ANALYZING ADMINISTRATIVE COSTS AND STRUCTURES

Elizabeth C. Stanley and Jean W. Adams

Administrative growth and administrative expenditures are major issues for institutions of higher education. This paper reports on a study of administrative costs and structures at Iowa State University. Various indicators of administrative efficiency are examined, including those related to administrative structures, administrative costs, administrative salaries, and administrative intensity. For each of these aspects, the paper describes the methodology used, summarizes the findings, and provides comparisons to peer institutions when these are available. Conclusions and plans for the ongoing examination of administrative costs and structures at Iowa State University are presented. The final section discusses the adaptability of the methodologies used in this study to studies that could be conducted by other institutions of higher education.

The 1990s have begun with serious financial constraints for many colleges and universities in the United States. These constraints have prompted increasingly thorough reviews of programs and expenditures throughout the institutions. The general topic of cost containment was the focus of the November/December 1990 issue of Change, The Magazine of Higher Learning. Reductions in administrative costs were discussed (Langfitt, 1990), and it was suggested that new combinations of functions could reduce the number of administrators, particularly in small institutions (Zemsky and Massy, 1990; Chabotar and Honan, 1990).

Some authors have suggested that "administrative bloat" on American campuses is a major contributor to the financial problems faced by higher education. The November–December 1991 issue of Academe, Bulletin of the American Association of University Professors, for example, was devoted to the topic of administrative bloat and urged that faculty study administrative expenditures at their institutions (Andersen, 1991; Bergmann, 1991; Halfond, 1991). Growth in the number of nonteaching staff members, including administrators, has been
indicated by data collected by the U.S. Equal Employment Opportunity Commission (EEOC), with the highest percentage change, from 1985 to 1989, in the category of "other professionals" (Grassmuck, 1991). Zemsky and Massy (1990) discussed the "administrative lattice," defined as "the proliferation and entrenchment of administrative staff at American colleges and universities over the past two decades" (p. 22). They estimated that the increase in administrative staff between 1975 and 1985 had been 60 percent nationwide.

In Massachusetts, a task force appointed to examine the administrative organization and operation of the state's public higher education system examined statewide data on staffing and instructional expenditures and found "no substantive evidence whatsoever to support the claim that the public higher education system is top heavy with overpaid administrators" (Task Force on Administrative Organization, 1991, p. v.).

In the state of Iowa, the State Board of Regents directed each of the regent institutions (three public universities and two special schools) to conduct an intensive and comprehensive review of its programs and services to determine ways in which efficiencies could be increased and to adjust programs and services to the level of available resources. Iowa State University conducted this review within the context of its ongoing strategic planning efforts, developed nearly 100 recommendations for action, and identified 70 proposals and issues for further study. Among these were four university-wide studies initiated by President Martin C. Jischke, one of which focused on administrative costs and structures. The president appointed an eleven-member committee in December 1991, and charged it to examine administrative costs and structures throughout the university, conduct analyses of levels and trends at Iowa State University, and, where possible, provide comparisons to peer institutions.

The joint faculty and administrative committee began by reviewing available institutional databases for Iowa State University (ISU) and for peer universities, prior reports prepared by ISU's Office of Institutional Research, and a 1989 study of central administrative growth patterns conducted by a committee of ISU's faculty senate. In order to complete its report by the deadline of May 1992, the committee focused on selected aspects of administrative costs and structures for which data were available or could be obtained within the time frame of the study. These aspects, presented in the following sections, include administrative structures, administrative costs, administrative salaries, and administrative intensity.

Although the study described is specific to one institution, the methodologies employed can be adapted for use in other institutions of higher education. Other states and organizations are beginning to conduct similar studies, but there is not yet an accepted model for such analyses. The Massachusetts study cited earlier reported that, "Even the best available data on the subject of administrative efficiency and effectiveness are largely inadequate" (Task Force on Admin-