

## The Operational Mechanism of the RAND Graduate School and Its Implications for Chinese Think Tank Construction (Post-print)

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**Date:** 2017-10-27T00:00:00+00:00

### Abstract

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### Full Text

#### A Study on the Operational Mechanism of Rand Graduate School and Its Inspiration to the Construction of China's Think Tanks

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## Abstract

**[Purpose/significance]** How does RAND Graduate School support its unique educational model and ensure high-quality talent cultivation through its management and operational mechanisms? Studying this question not only helps us understand how world-class think tanks operate, but also provides valuable references for the development and construction of Chinese think tanks. **[Method/process]** Based primarily on first-hand materials, this paper examines the talent cultivation advantages, financial operation mechanisms, and main characteristics of RAND Graduate School through case studies, literature analysis, and data analysis. **[Result/conclusion]** RAND Graduate School invests heavily in talent cultivation and organically links talent pipeline construction with the enhancement of think tank research capabilities through a well-developed financial operation system. It is recommended that Chinese think tanks place greater emphasis on youth talent cultivation and talent pipeline construction, increase investment in strengthening basic research capabilities, and improve think tank financial operation systems with a focus on talent.

**Keywords:** RAND Graduate School, talent cultivation, capital operation, think tank construction

**Classification Number:** G311

## 1. Research Background

China's characteristic new-type think tank construction is in full swing and has achieved important accomplishments. However, deficiencies remain in certain areas, particularly in think tank talent cultivation and talent system development. Experience from Chinese and foreign think tanks demonstrates that talent is the core of a think tank and the foundation for producing high-quality policy advisory 成果. A first-class talent team and reserve force are fundamental to ensuring the long-term vitality of a think tank. Once talent investment fails to keep pace with think tank development needs, bottlenecks emerge and decline may follow. In recent years, China's think tanks have developed too rapidly, resulting in a disconnect between the talent system and think tank development, especially in social think tanks where talent construction has been a persistent pain point and challenge.

World-class think tanks all attach great importance to talent cultivation and system development, with RAND Corporation being a particularly prominent example. RAND boasts a comprehensive talent cultivation system and a strong research team. Its affiliated "Pardee RAND Graduate School" is one of the eight earliest institutions in the United States to establish graduate programs in public policy analysis and holds doctoral degree-granting authority. Since its establishment in 1970, RAND Graduate School has delivered hundreds of outstanding policy research and decision-making advisory talents to various U.S. government agencies, the American think tank community, and major corporations. To ensure the high quality of talent cultivation at RAND Graduate School, financial

support from both RAND Corporation and the graduate school itself is essential. Through fundraising, fund operations, project support, student assistance, and other financial revenue and expenditure mechanisms, RAND Graduate School provides comprehensive, in-depth, and substantial financial support for talent cultivation, forming its unique system and advantages.

Domestic research literature on RAND Corporation is extensive, primarily focusing on analyzing RAND's successful experiences in policy research as a world-class think tank and its influence on the U.S. government, RAND's development history and characteristics, and its operational experiences and practices that could serve as references for Chinese think tanks. However, few studies specifically analyze RAND Graduate School, and specialized literature on the institution is scarce. Existing literature is mainly introductory in nature. For instance, Luo Yao provides a general introduction to RAND Graduate School, analyzing its talent cultivation characteristics and highlighting its student-centered educational system [?]. Wang Zheng examines RAND Corporation's evolution from a single-focus to a diversified organization and mentions the historical position of RAND Graduate School within this development [?]. Wang Jicheng and Feng Wei introduce RAND Corporation's human resource management system, in which RAND Graduate School serves as an important component of its multifaceted talent cultivation, with graduates mostly entering senior management positions in government agencies, private sector organizations, and academic institutions, making it a cradle for training senior decision-makers [?].

This paper conducts research based on first-hand materials and reports from the official websites of RAND Corporation and RAND Graduate School, employing case studies, data analysis, and literature review. It focuses primarily on the financial operation mechanism of RAND Graduate School, attempting to analyze the scale, structure, and operational methods of its funding sources and expenditures, as well as how these support and safeguard its talent cultivation system. From this perspective, it proposes experiential lessons for talent cultivation in Chinese think tanks.

## 2. Overview and Talent Cultivation Advantages of RAND Graduate School

RAND Graduate School is a doctoral degree-granting educational institution built upon RAND Corporation. It is both the largest public policy doctoral training institution in the United States and the first doctoral program established within an independent public policy research institute. To this day, RAND Graduate School remains the only policy school in the United States that exclusively offers doctoral programs and also has the largest enrollment among such programs [?]. With over four decades of accumulated experience and successful practices in talent cultivation, RAND Graduate School ensures high-quality talent output through the support and management of its Board of Governors, a strong faculty team, and a specialized training model. The construction of China's characteristic new-type think tanks demands higher

standards for both the scale and quality of think tank talent, yet current attention to talent cultivation and pipeline development remains insufficient. The unique advantages of RAND Graduate School offer valuable insights.

## 2.1 Board of Governors

The Board of Governors serves as the decision-making and management body of RAND Graduate School. Board members are important donors to the school's funds, currently comprising 26 members who are primarily leaders from business, academia, and non-profit organizations. Frederick S. Pardee is the principal donor, and the graduate school is named after him. Board members act as strategic advisors for the school's development, formulating future strategic directions based on their professional expertise. Their primary function is to assist in fundraising and leverage their networks to attract additional donors or participants in the school's development. Board members' donations are mainly used for scholarships, dissertation funds, and "unrestricted funds." Additionally, the Board serves as a supervisory body, reviewing and monitoring the school's budget and providing recommendations on curriculum design to ensure RAND Graduate School can attract and retain top talent worldwide and serve as a new engine ensuring RAND Corporation's vitality. Improving governance structures is a crucial component of institutional innovation for China's characteristic new-type think tanks, and the Board of Governors represents a mature institutional framework that positively contributes to think tank development and talent cultivation.

## 2.2 Faculty

High-quality faculty resources provide a solid foundation for RAND Graduate School's talent cultivation system. A major advantage is that all full-time faculty members are drawn from RAND Corporation researchers with extensive experience in policy research. Unlike faculty at other schools who teach because they are assigned "teaching duties," RAND Graduate School does not assign teaching tasks to researchers. Those who teach at the graduate school do so purely out of passion for teaching—they volunteer to offer courses. Additionally, distinguished professors who regularly collaborate with RAND Corporation also teach at the graduate school. RAND Graduate School has over 220 full-time faculty members for approximately 110 students, yielding a faculty-student ratio exceeding 2:1. This high ratio ensures every student receives adequate attention and can choose their preferred instructors. Faculty members not only teach but also assist with dissertation writing and on-the-job training. Moreover, students can consult with nearly 1,000 full-time RAND Corporation researchers at any time, providing tremendous support for both dissertation writing and professional training. Simultaneously, RAND Graduate School offers RAND researchers opportunities for mutual growth through teaching, embodying the general advantages of university-affiliated think tanks [?]. The integration of research and teaching is also an advantage and characteristic of China's university-affiliated

think tanks, which we should actively explore and improve.

### 2.3 Student Cultivation

RAND Graduate School currently enrolls approximately 110 doctoral students, with 20-25 new students admitted annually (22 in 2016). They come from 25 countries worldwide, with international students comprising 35% and women 45% of the student body. The average student age is 29, ranging from 21 to 55, with an average completion time of five years. Students possess diverse academic backgrounds, with 75% already holding master' s or doctoral degrees. Major research areas include poverty, national security, equity, health, education, and environment [?].

RAND Graduate School' s talent cultivation consistently adheres to a problem-oriented and policy analysis-oriented approach, emphasizing instruction in basic theories and analytical tools. Consequently, the curriculum encompasses methodologies and analytical tools across mathematics, economics, statistics, political science, operations research, sociology, organizational behavior, and other fields, while strongly encouraging student participation in frontline RAND Corporation research projects to enhance professional research capabilities. All students can participate in RAND research projects, accumulating an average of two years of full-time research experience during their studies, which the school terms "on-the-job training." This ensures continuity with RAND Corporation' s research, providing students with direct internship bases and work platforms where they can engage with numerous real-world policy research topics, laying a solid foundation for employment. Through continuous cultivation of talent and intellectual resources, RAND Graduate School has effectively become a "think tank within a think tank" for RAND Corporation.

### 2.4 Graduates

Most RAND Graduate School students secure their desired employment within six months of graduation, maintaining high employment rates and quality. Graduate employment concentrates in five major sectors: government agencies (public sector), private enterprises, research institutions, universities, and non-profit organizations. Employment data from 2006 to 2016 shows that 38% entered the public sector, 23% joined research institutions, 18% went to private enterprises, 17% entered universities, and 4% joined non-profit organizations. Positions in government agencies primarily include "policy analyst, department director, policy advisor, and administrative officer." Graduates in research institutions mainly serve as "research department directors" and "research fellows." Those in private enterprises hold positions such as "manager, consultant, and analyst," including roles like Boston Consulting Group consultant and Google Global Transportation Capacity Project Manager. University graduates initially serve as assistant professors or lecturers, while those in non-profit organizations work primarily as "policy analysts" and "senior consultants." Employment data indicates that most RAND Graduate School graduates pursue careers closely related to their train-

ing, primarily in policy research and decision-making consultation. In China, the pathway between university graduates and think tanks remains insufficiently smooth, partly due to the institutional nature of Chinese think tanks, but more importantly because of inadequate understanding of the characteristics and career planning needs of think tank-oriented talents during the talent cultivation process.

### 3. Financial Operation Mechanism

#### 3.1 Overview of Financial Revenue and Expenditure

RAND Graduate School's financial status is publicly disclosed. Revenue primarily comes from donations and tuition, with donations categorized as restricted/unrestricted gifts and endowments. Expenditures fall into two major categories. The first is basic operational funding covering expenses necessary to maintain normal school operations, including faculty and staff salaries, awards, student support, research projects, and office expenses. This category is managed through a unified fund pool (administratively termed the "Fund"), which comprises tuition, restricted/unrestricted gifts, portions of donations, and RAND Corporation contributions. The second category comprises donor-designated special expenditures—specific matters, special scholarships, and research topics required by donors in gift agreements—which account for the majority of donated funds and are essentially earmarked for specific purposes.

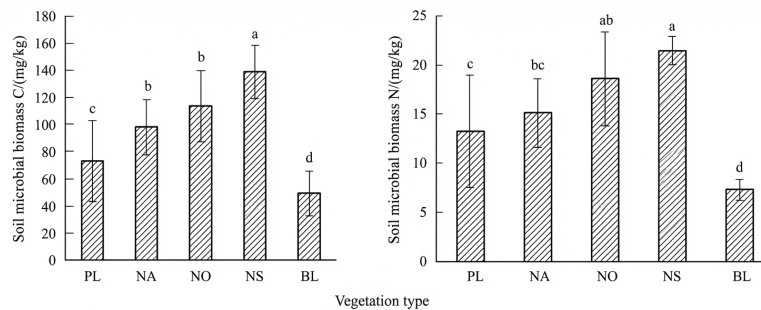


Figure 1: Figure 1

#### 3.2 The "Fund" –Ensuring Basic Operations

As previously mentioned, the "Fund" serves as the financial pool ensuring the school's basic management and operations. Revenue comes from tuition, gifts, donations, and RAND Corporation contributions, while expenditures cover personnel costs, teaching, research, and administration.

As shown in Table 1, Figure 2

, and Figure 3 [FIGURE:3], total "Fund" revenue from 2012-2016 was approx-

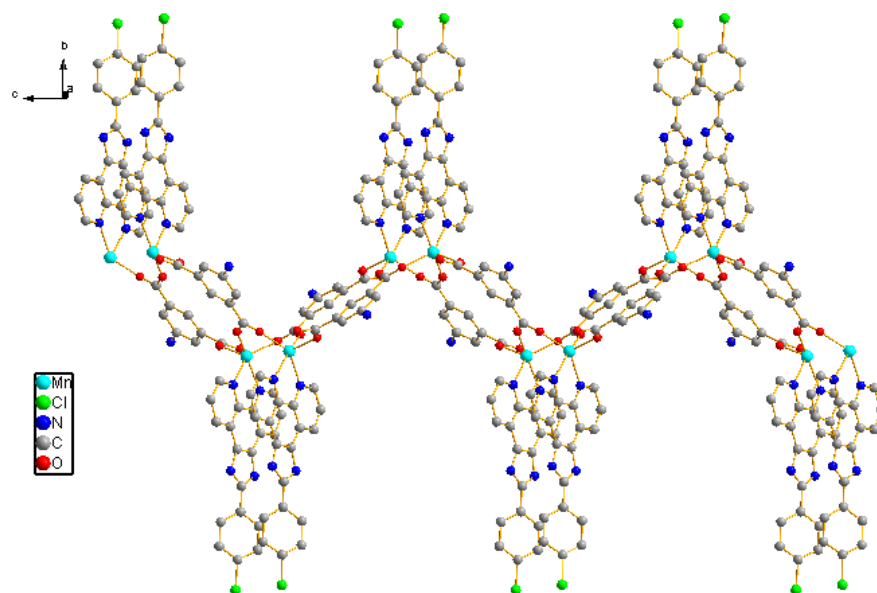


Figure 2: Figure 2

imately \$21.46 million, averaging about \$4.3 million annually [?]. Revenue comprises six main categories: tuition, donations, unrestricted gifts, restricted gifts, RAND Corporation contributions, and contracts/awards. Tuition and donations constitute the major portions, with tuition accounting for nearly 50% and donations approximately 20%. The proportions of tuition and donations remain relatively stable, while gifts, RAND Corporation contributions, and other categories show greater variation. Restricted gifts were particularly substantial in 2016. RAND Corporation contributions represent a small and declining percentage, while contracts and awards existed in certain amounts in 2012 and 2013 but disappeared in 2015 and 2016.

[FIGURE:3]

As shown in Table 2, Figure 4 [FIGURE:4], and Figure 5 [FIGURE:5], total “Fund” expenditures from 2012-2016 were approximately \$24.33 million, averaging about \$4.87 million annually. Expenditures fall into four main categories: (1) faculty expenses, primarily faculty awards; (2) student expenses, including student support, dissertation awards, initial funding and awards, and scholarships; (3) administrative expenses, including general administrative costs and institutional operational support; and (4) program expenses, including academic research projects, management staff research projects, and Asian economic development projects. Administrative expenses cover basic faculty and staff salaries, while program expenses support student and faculty research projects.

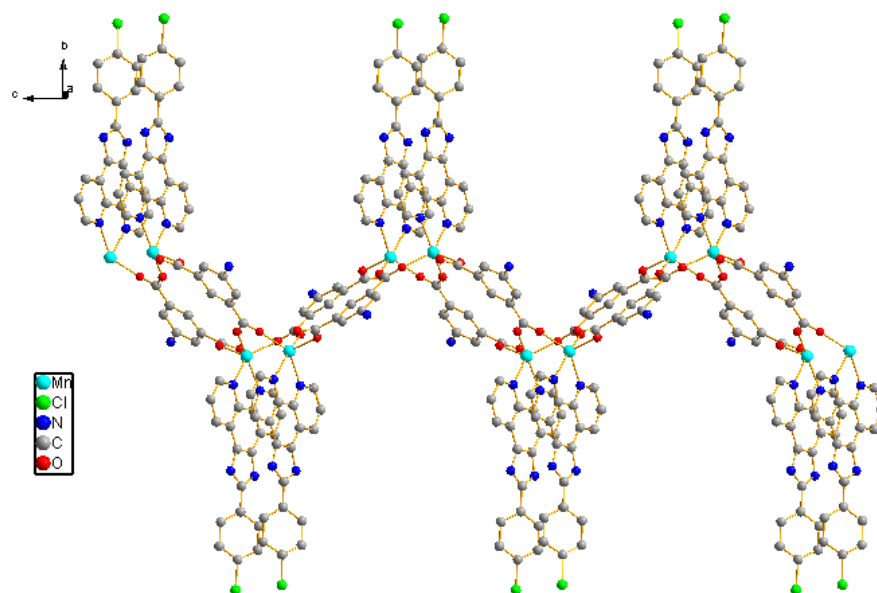


Figure 3: Figure 2

Overall, annual student support expenses exceed 50% of total expenditures, roughly equivalent to the proportion of tuition in revenue (though exceeding it in absolute amount). Administrative expenses remain relatively stable, averaging approximately 35% of total expenditures. Faculty awards were absent in 2012 and 2014, while dissertation awards began only in 2016. Scholarships for 2016 were likely expended in 2017 and thus do not appear in the 2016 expenditure data. Management staff research projects apparently operate on cycles longer than one year, resulting in no expenditures in 2015 and 2016. The Asian economic development project was established in 2012 with no subsequent expenditures.

[FIGURE:4]

[FIGURE:5]

Comparing revenue and expenditure, Figure 6 [FIGURE:6] shows balanced budgets in 2012, 2013, and 2016, but deficits in 2014 and 2015 of 16.54% and 19.00%, respectively. The deficits stemmed from 2014's significantly lower revenue, with "restricted gifts" at their five-year minimum of only \$350,000 (compared to over \$700,000 in other years) and donation income also at its lowest, while administrative expenses reached their five-year maximum. In 2015, revenue remained stable (though not high), but expenditures were significantly higher than other years, with four categories reaching five-year peaks, particularly rapid growth in student support, initial awards nearly doubling year-over-year, and scholarship

increases exceeding 40%.

[FIGURE:6]

### 3.3 Donations—Promoting Overall Teaching and Research Strength

A portion of donation funds enters the school’s management “Fund” to ensure basic operational expenses, while the majority supports various research projects to enhance overall research strength. Most donors typically designate fund uses for specific fields and specialized topics.

For example, the Cazier Initiative was established by John M. Cazier, who in 2014 created the John and Carol Cazier Environmental and Energy Sustainability Initiative at RAND Graduate School with a \$5 million endowment aimed at generating new concepts, tools, and methods to improve public policy and cultivate talent with better practical experience.

As shown in Figure 7 [FIGURE:7], total donations have maintained growth from 2010 to 2016, exceeding \$35 million in 2016—2.4 times the 2010 amount. Donation categories include student scholarships, faculty teaching awards, dissertation awards, the Cazier Initiative, core student support programs, and others, with the vast majority allocated to student support. Core student support programs have maintained stable growth, exceeding \$15 million in 2016. Additionally, student scholarships, dissertation awards, and teaching awards have all increased substantially.

Notably, RAND Graduate School launched the “Be the answer” initiative in 2011, which is also the school’s motto. The fundraising campaign aimed to raise \$15 million to strengthen the school’s financial foundation and ensure its future development. Through generous donations from alumni, board members, management, RAND trustees, and the broader RAND community, the campaign far exceeded its original five-year target, with donations beginning substantial growth from 2011 onward. Funds raised support infrastructure, student scholarships, dissertation funding, and faculty academic program development.

[FIGURE:7]

RAND Corporation’s contribution to RAND Graduate School’s donations lies primarily in brand and intangible assets. As a private educational institution, RAND Graduate School’s fundraising methods are no different from other U.S. private institutions and schools, relying mainly on social donations for operating funds. However, “backed by a big tree,” the graduate school leverages RAND Corporation’s brand advantage, possessing distinct professional characteristics and greater social acceptance. Therefore, despite minimal direct annual financial investment from RAND Corporation, the graduate school receives crucial indirect support in terms of reputation, board and management resources, alumni networks, and connections, making it easier to secure social donations.

### 3.4 Student Financial Support—Comprehensively Improving Talent Cultivation Quality

With strong financial support, RAND Graduate School students receive comprehensive funding. On one hand, they can apply for generous scholarships; on the other, they earn compensation by working as student assistants on RAND Corporation projects. In their first year, every student receives a full-tuition scholarship. In the second year, students receive partial tuition scholarships and must increase their assistant researcher workload to earn additional research compensation for the remaining tuition. From the third to fifth years, tuition decreases while research assistant compensation increases, allowing students to have surplus income after paying tuition. Once students begin writing their dissertations, they can apply for dissertation awards, enabling them to reduce research assistant work while devoting more energy to dissertation writing and still receiving income. Various funding sources allow students to meet living expenses after tuition payment, enabling them to fully devote themselves to studies and project research without financial worries.

As shown in Table 3, students in their first and second years can not only cover full tuition through assistant research compensation and tuition scholarships but also earn nearly \$23,000 in net annual income, while third- to fifth-year students earn over \$30,000 annually. Additionally, dissertation awards are substantial: in 2016, RAND Graduate School provided over \$370,000 in funding for 32 dissertations, averaging approximately \$12,000 per award, with a maximum of \$25,000 and minimum of \$4,230—not including other scholarships and research project income. Students seeking additional scholarships and support can apply for U.S. government direct funding programs, Unsubsidized Stafford loans, and GradPlus loans.

RAND Graduate School consistently maintains a student-centered approach to financial investment. On a per-capita basis, annual per-student basic expenditures have approached \$50,000 in recent years, with per-student donations reaching \$350,000. Adequate funding support combined with professional operational management removes students' financial burdens, providing comprehensive support throughout their entire journey from enrollment to graduation and enabling them to truly enjoy a talent cultivation environment befitting a "world-class think tank."

## 4. Implications for Chinese Think Tank Construction

### 4.1 Emphasizing Youth Talent Cultivation and Talent Pipeline Construction

Talent is the core of a think tank, and a first-class talent team is key to producing first-class 成果. Currently, Chinese think tanks are in a rapid development phase with increasing investment and external influence. However, overall, think tank talent pipelines remain inadequate and talent system development is incomplete [?]. On one hand, institutional think tanks are relatively closed, lacking flexible

incentive mechanisms and diversified talent systems, which restricts youth talent growth to some extent. On the other hand, private think tanks focus on inviting experts as part-time researchers while neglecting the cultivation of young think tank talent reserves despite their own talent disadvantages, constraining research capabilities. RAND Graduate School's support for young scholars offers valuable insights. While Chinese think tanks cannot completely replicate its approach, they can draw lessons in philosophy and investment while innovating in methods and mechanisms. For example, official think tanks could further improve incentive mechanisms for young talent, build flexible promotion channels, and provide corresponding guarantees in research and 成果. University-affiliated think tanks could offer “revolving door” mechanisms, encouraging young think tank talent to hold concurrent positions in government agencies and enterprises to better ground themselves in practice, understand Chinese characteristics, and propose Chinese solutions. Private think tanks could jointly establish post-doctoral research stations with institutional research organizations to gradually build their own talent reserves.

#### 4.2 Increasing Investment in Strengthening Basic Research Capabilities

Intellectual capacity is the soul of a think tank, while substantial research strength is the source of continuous think tank intellectual capacity. Currently, Chinese think tanks generally lack adequate research strength development, leading to several problems: First, some think tank research 成果 are mostly emergency-oriented and policy-responsive, lacking in-depth research on major issues such as discourse power, civilization, and institutional questions. This is not to say that think tanks should not conduct emergency research—indeed, rapid policy-responsive research and quick solutions to specific problems are precisely think tank strengths. However, such rapid research must be built upon long-term, substantial basic research rather than impulsive, temporary measures. Second, many research 成果 and policy suggestions are disconnected from reality, lacking feasibility and operability, missing the “critical leap” from theoretical research to think tank research. Third, many research 成果 lack methodological and empirical quantitative research support, resulting in overly general conclusions and policy recommendations with insufficient scientific rigor and specificity, which is unhelpful for solving real-world problems. RAND Graduate School's investment in basic research, its cultivation of students in methodology and research tools, and RAND Corporation's long-term emphasis on basic research and development of methodological tools all offer valuable insights. Only by increasing investment in strengthening basic research capabilities and think tank methodological tool development can think tanks provide truly scientific, reasonable, and useful solutions in a society undergoing major transformation and transition, demonstrating professionalism and distinctive characteristics.

### 4.3 Improving Financial Operation Systems with Talent as the Center

A sound financial operation system is crucial for think tank sustainable development. National and social investment in think tanks continues to increase, and funding is no longer a constraining factor for Chinese think tank development. However, how to manage and use funds reasonably and effectively to generate good incentives and benefits is an important issue we must address. Currently, many Chinese think tanks are keen on “building platforms, inviting celebrities, and holding forums,” using funds for various think tank activities, leading to serious waste and formalism in think tank construction. We must recognize that funding and talent are inseparable; think tanks produce ideas and 成果, which are generated through intellectual input from talent. Therefore, intellectual input must be reasonably compensated to motivate think tank talent to focus on improving research quality and promoting content innovation. RAND Graduate School’s financial operation system offers strong reference value: talent-centered approaches that reflect intellectual value should be the main thread of think tank financial operations. Specifically, regarding revenue, we could explore establishing a “think tank fund system” to raise social funds for a pooled fund with flexible allocation. Regarding expenditures, we could construct an “成果 purchase system” centered on talent intellectual output, matching intellectual input with various think tank 成果 to leverage financial incentives. Simultaneously, we should further improve various award mechanisms and establish a high-quality 成果-oriented evaluation system to stimulate creativity among talent at all levels, particularly young think tank talent.

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### Author Contributions

**Song Lu:** Designed the article framework, wrote the main content, and proposed the conclusions;

**Liang Kun:** Collected and organized literature materials and data, designed charts, and wrote partial content.

*Source: ChinaXiv – Machine translation. Verify with original.*