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Toward Higher Ground: Reclaiming Public Confidence in a Competitive Environment

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First in a Series of Essays: Discussing Higher Education’s Future

Leadership Challenges Higher Education’s the for Collective Foresight: Future

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Toward Higher Ground: Reclaiming Public Confidence in a Competitive Environment

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The American Council on Education is grateful to Fidelity Investments for its support of this effort.
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Foreword

The first decade of the 21st century has been marked by pro-market, anti-tax, anti-government, and pro-private enterprise sentiment; changing demographics; and increased expectations for and demands on higher education. Within that context, colleges and universities of all kinds are struggling to compete effectively and continue to serve the public’s needs and maintain its confidence. It is a long, hard journey that pulls institutional leaders in often conflicting directions.

The American Council on Education (ACE) invited college presidents and other higher education leaders to two roundtable discussions. The first roundtable, held on January 5, 2006, explored recapturing public confidence in higher education. The second roundtable, held on March 1, 2006, focused on the effect of competition on colleges and universities. This essay stems from those two conversations.

The starting points for these roundtables were questions that were posed but left unanswered in a set of roundtables, convened in 2004 by ACE and the Futures Project: Policy for Higher Education in a Changing World, that focused on the changing relationship between states and their public institutions. In the 2004 roundtables, participants began to ponder, but did not have a chance to fully explore, the extent to which higher education is facing an erosion of public confidence that is undermining its ability to fulfill its mission, and the ways in which the competitive pressures of the marketplace may further undermine higher education’s ability to meet its social purposes. It is clear from those earlier conversations that the rules of the marketplace are dictating one set of behaviors, while those of the public policy arena prescribe a different set of actions. And academic priorities may well add a third set of conflicting priorities and behaviors to the mix. The result is that higher education’s leaders find themselves in difficult positions, trying to reconcile oft-competing forces. Shifts in public policy, increases in the number and reach of competitors, and insufficient public support all make the market increasingly important.

Shifts in public policy, increases in the number and reach of competitors, and insufficient public support all make the market increasingly important. At the same time, institutions face demands for greater accountability, with particular attention to how well higher education is meeting public goals while under pressure to keep costs low. And little evidence suggests that either accountability or market demand, independently or together, are leading to improved institutional performance.
Four essays stemming from the 2004 roundtable series—Shifting Ground: Autonomy, Accountability, and Privatization in Public Higher Education; Rewriting the Rules of the Game: State Funding, Accountability, and Autonomy in Public Higher Education; Bridging Troubled Waters: Competition, Cooperation, and the Public Good in Independent and Public Higher Education; and Peering Around the Bend: The Leadership Challenges of Privatization, Accountability, and Market-based State Policy—are available in PDF format from ACE’s online bookstore at www.acenet.edu. For additional information on the essays or the project’s roundtables, please contact Peter Eckel, project director, at the American Council on Education, Washington, DC 20036; (202) 939-9728 or peter_eckel@ace.nche.edu.

The roundtables have been supported by the generous contributions of Fidelity Investments. A list of roundtable participants appears in the appendix. We thank David Ward, Jaci King, and Melanie Corrigan of ACE and roundtable participants Bob Glidden, Ron Williams, and Lois DeFleur for their helpful comments on previous drafts of this essay. Kate Berniaz, project intern, provided valuable material and perspective and helped draft various sidebars.
While American higher education has traditionally been competitive and market focused, fiscal constraints, changing public policies, ever-rising levels of expectation by elected officials and the public, and the increase in direct and indirect competitors are further intensifying that competition. Most individual colleges and universities are selecting strategies that best position them to compete for faculty, students, tuition revenue, research funding, public favor (and dollars), and prestige. These strategies have both intended and unintended effects, including shaping how key opinion leaders and the public view higher education in general. Higher education’s ability to deliver its mission depends strongly on public support, favorable public policies, and granted autonomy. Without the requisite public trust and support, colleges and universities, both public and independent, face difficult journeys.

The Increasingly Competitive Environment

Competition has long had a strong presence in American higher education. Institutions of all kinds—two-year and four-year, large and small, public and private—have traditionally competed for students, faculty, resources, and often for prestige and recognition. In many instances, institutions gain from the innovative and improved academic programs, new facilities, and the knowledge capital and cache of “star” faculty necessary to compete effectively. Clearly, competition in many ways helps advance the needs and interests of institutions, students, faculty, staff, and the higher education sector as a whole.

Competition, however, is escalating across all higher education sectors, bringing both opportunity and risk. Pursuing competitive strategies in excess can have unintended consequences and can run counter to other priorities. For example, institutions often leverage their institution-based financial aid to recruit students who are attractive to the institution in some way. Those students bring significant benefits to the institution; however, using financial aid resources as a competitive tool may leave some other students slighted. For instance, based on data from the U.S. Department of Education (analyzed by ACE), the percentage of students in the highest income quartile receiving institutional aid increased from 1992–93 to 2003–04. At public institutions, close to 12 percent received aid, compared with 8 percent a decade earlier, while at independent institutions, almost 55 percent of high-income students received institutional aid in 2003–04, compared with...
30 percent of their colleagues 10 years earlier. These trends suggest that institutions increasingly invest their resources in wealthier students.

The competitive battle for students also means that students (as consumers) have gained significant influence, affecting the relationships between them and their institutions. For instance, the investment in high-cost amenities, such as new residence halls, improved information technology infrastructure, wired classrooms, and first-rate recreational facilities, garner headlines. Some of these facility investments are necessary and contribute to the institutional mission. However, others raise questions. The proliferation of climbing walls is an oft-cited example of how institutions are investing in amenities that seem both superficial and of little educational value to observers and critics. This quote from *The Chronicle of Higher Education* is illustrative:

The competition for students and recognition is fierce in Texas . . . the new distinction [of the biggest climbing wall] will help separate [the University of Texas at San Antonio] from the rest of the pack. The wall . . . beats out [the University of] Houston’s wall by one measly foot. That should sound familiar to Houston officials. Two years ago they built their climbing wall to be exactly one foot taller than the one at Baylor University.¹

Certainly, much of this competition is driven by students themselves (and in some cases, their families). Students make decisions about where to enroll based on numerous factors, including types of academic programs offered, the aesthetics of the campus, and the attractiveness of financial aid plans, which pushes institutions to react to their demands and desires.

Competition for students, as well as faculty and resources, is heightened further by the increasing numbers and types of competitors in the higher education arena. Between 1990 and 2000, the number of private, for-profit institutions increased by 112 percent to approximately 750 institutions (albeit they also fail at a fairly high rate).² Although private, for-profit institutions continue to serve a relatively small percentage of students (approximately 5 percent), their enrollment increased by 52 percent between 1995 and 2000, far outpacing growth in other segments of American higher education.³ While some observers do not believe that for-profits present a direct competitive threat to other institutions, their presence and aggressiveness help fuel a broader sense of competitiveness. In the ongoing negotiations surrounding the reauthorization of the Higher Education Act, the for-profits are working to exert their political influence and trying to shape legislation in their favor. Online education has further affected competition as competitors are now no more than a “click” away, making geographic location less important. Moreover, online learning is changing the level at which institutions

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compete, as students can now choose to enroll in a particular course or series of courses regardless of their home institution. Why struggle with a difficult math class or a course that has a reputation for being poorly taught at your home institution when you can take a better (or easier or cheaper) course online and apply it to your degree?

Trends abroad are fueling an increasing sense of competition here at home. For instance, the Chinese government has set a goal to develop (and fund) 100 world-class universities through its China 211 effort. The European Union has plans to create a world-class technological institute, and a primary objective of the Bologna Process is to create a competitive European higher education sector. A select group of German universities are receiving an influx of $2.3 billion in federal and state dollars through a competitive process to increase their competitive research capacities. Nations additionally have stepped up their efforts to recruit and educate international students and faculty. Australia has tripled the number of foreign students enrolled in its universities since 1990. United Kingdom institutions have increased the number of foreign students threefold since 1990 and fourfold since 1980. Countries increasingly concerned with keeping their own top scholars from working abroad are undertaking concerted efforts to recruit and retain their native-born scholars.

For example, in 2001, the Canadian government created a permanent program to establish 2,000 research professorships by 2008 through an investment of $300 million (CND) a year, and the New Zealand government is similarly investing $160 million (USD) in a series of research institutes with the hope of stemming brain drain.

Intensified tensions across domestic higher education sectors, particularly for resources, further complicate the picture. For example, in some states, public institutions are now competing with independent institutions for state funds other than the traditional subsidies for financial aid. In 2005, independent colleges and universities in New York state received access to public dollars for capital building projects, much to the chagrin of their public institution counterparts. Conversely, independent colleges and universities also are finding public institutions aggressively encroaching on their historic claims to private financing, particularly regarding private gifts. Of the 22 universities currently engaged in campaigns to raise $1 billion or more that are being tracked by The Chronicle of Higher Education, 13 are public.

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Finally, a small but highly visible public policy trend is adding to the heightened competition. Charter colleges, tuition deregulation, state enterprise status, public corporations, and restructuring are all terms describing policies—some resulting in small changes and others more dramatic—being implemented in states including Texas, Maryland, Massachusetts, Ohio, Colorado, and Virginia that reflect a combination of changing fiscal and regulatory policies and practices. The specifics of each vary, but as a whole, these approaches share some common elements. First, they reflect a greater market orientation and encourage more entrepreneurial behavior, the commercialization of knowledge, and a greater reliance on private dollars. Second, they often provide increased procedural autonomy and less regulation, including the ability to set, keep, and invest one’s own tuition and fee revenue. These policies are often accompanied by limits to public funding. Thus, institutions are pushed to pursue diversified revenue streams more aggressively to meet their financial needs. Finally, these policy changes typically include additional accountability requirements that often result in state-set performance measures.

Higher education leaders argue that such policy changes are an outgrowth of shrinking state spending and they point to a future of structural deficits that will continue to hinder states’ abilities to fund higher education at the levels they think necessary. Funding is always a highly complicated and debatable issue. Political leaders are quick to point out other indicators that suggest that state funding has kept pace rather well, such as one analysis that concluded that state and local tax appropriations per student increased on an inflation-adjusted basis for the three decades leading up to the economic downturn of the early 2000s. Regardless of which numbers one supports, the perception among college and university leaders is that fiscal times are tight for both public and private dollars, especially in light of the fact that institutional missions are broadening as they are called upon to do more in areas such as public service, outreach, and economic development. In turn, institutional leaders feel the need to compete more aggressively to secure revenue.

Funding is always a highly complicated and debatable issue.


Higher Education’s Public Favor

As colleges and universities become more competitive, many in the higher education community worry about what they perceive to be a steady erosion of the previously held public understanding of and confidence in higher education. Higher education, they argue, risks being seen as just one more example of a market-oriented, self-interested, and potentially corrupt industry that has abandoned its social roots. The implications for this turn in public perception range widely, from the potential for a loss of public funding to the possibility of curbs on academic freedom and institutional autonomy.

For the most part, the public gives higher education relatively high marks. As the National Center for Postsecondary Improvement remarked, “Colleges and universities today are earning a respectable B.”12 Similarly, the Educational Testing Service reported in 2003 that “a 56 percent majority of the general public award higher education an A or a B for how well these institutions are doing as a whole.”13 A more recent survey by the American Association of University Professors (AAUP) found that 41.6 percent of Americans have “a lot of confidence” in American colleges and universities, a significantly higher percentage than for the White House (20.7 percent), organized religion (29.9 percent), or the press (10.8 percent). (The only public institution with a higher percentage than colleges and universities was the military, with 53.9 percent.)14 In general, the public is supportive of overall performance and does not seem to scrutinize higher education the way it does K–12 education.15 Furthermore, the public continues to perceive higher education as absolutely essential to social mobility in this country.

Legislators and business leaders increasingly voice their frustration with what they see as rising costs and low productivity.

That said, some key signs suggest that higher education cannot afford to rest on its laurels. Legislators and business leaders increasingly voice their frustration with what they see as rising costs and low productivity, as well as athletics scandals, political correctness on campuses, tenure abuses, and excessive executive compensation. Media stories with headlines such as “Jacuzzi U.? A Battle of Perks to Lure Students” and “Bring on the Bling: State Schools Are Trying to Compete on Amenities” do little to put higher education in a favorable light.16 Increased attention also has been paid to college graduation and retention rates, which have sparked not only heated criticism but also calls for new accountability measures.

related to performance. When questions about performance are combined with concerns about cost, people start to ask, “Am I getting what I paid for?” This is a topic of conversation that is gaining traction in state houses and at family dinner tables alike. Indeed, the AAUP survey concluded:

In his 1999 report, *Doing Comparatively Well: Why the Public Loves Higher Education and Criticizes K–12*, John Immerwahr described America’s colleges and universities as “Teflon-coated.” By this he meant that while criticisms might sometimes be directed at them, their status as a valued social resource is such that those criticisms tend not to stick as far as American public opinion is concerned. We think some of the Teflon has worn off.17

Moreover, shifting public and political ideological beliefs have the potential to diminish the public’s view of higher education. For example, the currently perceived value of higher education is less about broad societal benefits and much more about private gain. Under this view, the primary beneficiary of higher education is the individual who attends an institution; the gains to society that come hand in hand with individual gains—such as lower unemployment and incarceration rates—seem to be less appreciated. As a result, many people believe that the individual who will benefit should pay, and less public funding should flow to higher education.

The expectations of elected officials regarding higher education’s roles and contributions also are escalating, and many institutions struggle to rise to these new challenges. Political leaders increasingly view higher education as an important, if not primary, economic engine of the state. States exert pressure on higher education to partner with corporations to increase applied research, sell discoveries in the marketplace, and train (and re-train) the workforce. Furthermore, the public and political leaders continue to insist that colleges and universities play a critical social role, looking to higher education to cure social ills, improve K–12 education,

**LAWMAKERS SPEAK OUT ON COLLEGE COSTS**

“**It’s not just the economy, stupid.** Though many recent accounts attribute the college cost crisis primarily to state budget cuts and difficult economic times, the facts show tuition increases have persisted regardless of circumstances such as the economy or state funding, and have far outpaced inflation year after year, regardless of whether the economy has been stumbling or thriving.” —Rep. John Boehner (R-OH) and Rep. Buck McKeon (R-CA), *The College Cost Crisis*, Sept. 200318

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17 Gross & Simmons. Americans’ views of political bias in the academy and academic freedom.
discover medical advances, and engage in urban renewal and rural development. State appropriations reflect those broader demands, and campus leaders must often discern what is requested of them by watching what activities state budgets support. Thus, higher education leaders must grapple with a shifting emphasis on economic benefits coupled with sometimes inconsistent demands for other important social benefits. Higher education is challenged to align its activities and priorities to meet these changed demands, continue to educate an increasingly diverse citizenry, and push the boundaries of research.

Finally, there is increasing skepticism about the role and performance of nonprofits and public agencies in general. No longer are they considered above the marketplace fray. Many people now believe that nonprofits and public agencies should be held accountable for their performance in measurable terms and prove their return on investment, and that their effectiveness should be tied to their efficiency and productivity just as any private enterprise would be judged.
Two important messages emerged from the roundtables held in January and March of 2006. The first message was that no institution is immune from the intensified competition and that competition plays out differently depending on institutional mission and context. However, the participants were divided over whether competition is having a positive or negative effect on higher education, and over the extent to which higher education leaders can alter competition’s ground rules and effects.

The second key message was a consensus among participants that public confidence is eroding and that higher education can and should—indeed, must—change its trajectory. Participants agreed that higher education’s key audiences—students, parents, elected officials, business and community leaders, and the media—do not have a firm understanding of what higher education does, how it does it, and why it costs so much. They also agreed that the challenges go beyond the public’s perception and understanding, and that real problems exist that need the attention of leaders regarding what higher education does, how it does it, and why it costs so much.

The Competition Debate
All of the institutions represented at the roundtable on competition—which included two- and four-year, public and private, large and small—acknowledged the ubiquitous pressures of competition. As one participant remarked, “Competition is so engrained in our culture that we don’t recognize [the impact of] a lot of it.” The participants also stipulated that institutions compete in different ways, and often compete with different institutions.

Participants agreed that higher education’s key audiences . . . do not have a firm understanding of what higher education does, how it does it, and why it costs so much.

or even groups of institutions, depending upon what they are competing over. As one president remarked, “We all compete along different vectors.” Some institutions compete for students, whereas others compete for faculty, and still others compete for media attention. As one president said, “We recruit the faculty and [a rich neighboring institution] doubles their salary and they leave; all we are left with are their moving expenses.” Within each stream of competition, the presidents are well aware of their competitors and of the various strategies each uses to compete. Competition further is complicated by a number of factors, including institutional
mission, selectivity, wealth, the number of institutions in the region, and the political climate and financial well-being of the state. For example, one public university president commented that his state works to limit competition between public institutions through strong policies (and corresponding financing) to differentiate missions, while another president noted that his state has made public dollars available to private institutions, including for-profit institutions, through state financial aid programs, thus fueling heated competition. He remarked with some frustration, “All you need is accreditation to have public revenues flowing all over you.”

While the discussion yielded high agreement about competition as a force and presence, deep distinctions surfaced in perceptions of what competition means for higher education. The conversation yielded two competing opinions. On one side of the debate were participants who questioned the assumption that competition is causing serious problems for higher education. These individuals believe that competition among institutions, particularly for students and faculty, had more positive effects than negative ones. Shortly into the conversation, one president asked, “Are we presuming competition is a bad thing?” He argued that competition is neither necessarily harmful nor antithetical to higher education, although it can lead to what he thought were foolish decisions in a consumer-driven environment. But he believed that for the most part, competition made institutions more responsive to changing public needs, more innovative, more conscious of costs, and more strategic in their investments.

Correspondingly, this group further questioned the idea that higher education could alter competition even if it was indeed a negative force. Said one participant, “The problem with this conversation is the assumption that competition can be controlled.” The current rules of competition are dictated by a range of factors that colleges and universities cannot easily influence. These factors—some internal, some external—include the markets for graduates in particular fields; public policies that encourage competition among institutions; downturns in public support and the concurrent willingness to make available public dollars to private organizations; basic values and assumptions about competition in American society; the very real effect of rankings by popular media and the National Research Council; pressure from alumni and supporters to rise in status; and faculty desire to teach better and brighter students.

While the discussion yielded high agreement about competition as a force and presence, deep distinctions surfaced in perceptions of what competition means for higher education.
THE WINNER-TAKE-ALL MARKET

Economists Frank and Cook (1995) describe higher education as a “winner-take-all” competitive environment. Small differences in performance translate into large differences in rewards and the “winners” reap the benefits with the other competitors walking away with little or nothing to show for their efforts. It is similar to an auction in which not only the winning bidder pays for the prize, but also the others who bid, even though they do not receive the auctioned item.

Success in this type of market is determined by relative standing, not functional or discrete results. For example, institutions strive to be in the “top 10” or among the “best in the world.” Thus, metrics of success are far from concrete and the pathways to success oblique at best. Not all players can be a top-10 university (regardless of what that means in terms of performance), and when demand is dictated in relative terms only a limited number of institutions can ever succeed. Furthermore, continued success is more likely to come to those already successful or adept at the game, creating uneven playing fields, since those already at the top are loath to give up their positions. And because strategies for success are ill-defined, challengers mimic the strategies of those at the top rather than play to their own strengths.

The rewards accumulated by the most successful institutions are highly visible and thus encourage newcomers to get in the game. Frank and Cook argue that most newcomers overestimate their chances of winning, thus too many competitors become easily attracted to a situation that will only pay off for those at the top. When too many contestants participate, they engage in unproductive patterns of consumption and spending as each tries to one-up the others to gain a competitive advantage. By doing so, they cancel out one another’s investments, and are often unable to recoup dollars that they have spent. The result is that all contestants run harder to stay in place and those that choose not to play the game quickly slip behind.

The other camp, which had more members, believed strongly that competition—while a contemporary reality—can lead colleges and universities down some dangerous pathways. The roundtable participants who argued this line of reasoning were not anti-market or anti-competition in principle, but rather thought that many competitive strategies have unintended consequences, as colleges and universities attempt to reconcile opposing pressures that result in trade-offs. This group was particularly concerned with the ways that competition leads higher education to inflate costs (due to star faculty hiring strategies, the use of institutional aid, pricey amenities, and so forth) that may in turn damage access or impede academic quality. As one president said, “I get concerned when the competition takes resources away from something important, for example, the climbing wall that takes resources away from class size.” Another concurred and stated, “We may soon create a market in which some students [particularly low-income or less-prepared students] are frozen out.”

Part of the problem may be that institutions are competing over the wrong things. One person said: “We reap what we sow, and we compete on dysfunctional elements. We do not compete over cost, student satisfaction, or student learning. The way we compete for students would be like choosing between the retirement funds of TIAA-CREF, Fidelity Investments, and Vanguard based on the quality of the bags they give out at the ACE Annual Meeting, and not on their returns on investments.” Said a different president, the competition for students is such that “if they want climbing walls, we give them the damn walls even if it is stupid. But students want them and they have a choice [in where to enroll].”

This problem arises at least in part because higher education does not have reliable and valid performance data, at least not data that are easily communicated to the public and policy makers. Potential students and their families cannot make a fully informed decision on which institution will best meet their needs, such as savvy investors can regarding retirement funds. Instead, prospective students and their families rely on proxies such as *U.S. News & World Report* rankings, which the participants agreed are flawed, or graduation rates, which other participants felt are poor indicators of success and have the potential to be easily misinterpreted. As one president said, “Many parents think that our graduation rate means that their kid has a 65 percent chance of graduating.” The group debated the relative merits of existing efforts to measure student learning and engagement such as the National Survey of Student Engagement, and the proposed federal unit record system to track student progress through the educational system. The conversation identified three fundamental problems with producing better quality indicators: First, comparative data are technically complex. What are reliable and valid indicators? How can data be collected and presented in an accurate yet straightforward manner? Second, the diversity of U.S. higher education makes it difficult to make meaningful comparisons. Third, many institutions may not want to make better information available as they benefit from the existing model.

**INFORMED COMPARISONS**

A new web site, *Economic Diversity of Colleges* at www.economicdiversity.org, allows users to compare data about colleges’ tuition prices, levels of student indebtedness, and student enrollment by family income and Pell Grant–recipient status. Robert Shireman, director of The Institute for College Access and Success, which created the web site, said that “he hoped such comparisons would prompt state legislators and educators to ask whether flagships were focused too much on competitiveness as opposed to serving state populations broadly.”

**Reclaiming Public Trust**

The negative effect of competition was a key issue discussed at the roundtable on reclaiming public confidence. Rather than cooperating and working toward the needs of the state, “We are seen as too much at each other’s throats,” one president remarked. He continued, “Obviously, we’re going to compete and try to outdo each other, but we have to find a way to come together [to address state needs].” As the roundtable participants discussed, part of higher education’s problem is that it is perceived as not adequately aligning its priorities with societal demands. Higher education, especially the four-year institutions, cannot seem to get its collective act together to address perennial questions related to cost, relevance, efficiency, and accountability, and elected officials are growing increasingly frustrated. One participant noted, “Each legislative session starts with the same questions by the same legislator: ‘Why are your graduation rates so low? What are we spending money on?’” Many roundtable participants agreed that too many four-year institutions are reluctant or slow to move the necessary resources into critical
workforce areas. As one public university leader woefully remarked, we “seem to be ignoring public demand.” He gave examples of institutions in his own state being slow to respond to articulated needs for more nurses and teachers, and he expressed frustration with his faculty for their seeming lack of interest in responding to well-known public needs. However, other presidents, particularly those from community colleges, argued that they have met and continue to meet public needs by aligning their activities with local demands. Indeed, they often receive strong support in the legislature for their visible impact on addressing state needs. The problem, they noted without pointing fingers, is that certain types of high-profile institutions receive harsh criticism, and higher education, in turn, collectively feels the pain.

Many participants believed higher education would gain a much better foothold in policy discussions by explicitly and consistently embracing a public policy agenda that reflects state needs. Instead, higher education often talks about fulfilling its mission, which frequently is interpreted by legislators and the tax-paying public as a counter agenda. As one person said, “We need to address the public agenda directly, show that we understand it, and that we are advancing it, and that we are demonstrating our progress toward it.” However, the roundtable participants had differing opinions and some participants warned that because the public policy agenda can vary from year to year, higher education should not waver from meeting longstanding social purposes. Ultimately, many discussants agreed with the view of one participant who said, “We can’t let current public agenda dictate our efforts, but we need to attend to it nevertheless,” while also continuing to meet broader and more timeless social needs.

The tension between the goals and desires of institutions and those set out in legislators’ and governors’ public policy agendas is partially explained by the emphasis policy makers are placing on the economic utility of institutions’ activities, noted roundtable participants. In some states, the short-term policy agenda focuses on workforce development and worker training and retraining. In other states, it is concerned with economic development and competitiveness. In both instances, institutions are pressured to deliver on economic priorities. The participants were concerned, as one person put it, that higher education might “let the governor define our values in terms of workforce development or how quickly we turn out graduates.” They thought that economic arguments are dominating public conversations on the contributions of higher education too much. One person asked: “The focus on efficiency and responsiveness is important to the public, but what about the ‘uselessness’ of all that we do? The unleashing of dreams, the better lives we build, the informed citizens we create, the nonutility or serendipity in the system that creates wonderful things?”
Although many participants took issue with the label *uselessness* to describe noneconomic contributions, the participants quickly concluded that higher education does not have good, clear language to describe the less tangible, noneconomic contributions higher education makes to individuals and society. One person lamented, “We don’t have the right words to capture these ideas, and if we as higher education leaders don’t, how can we expect others to communicate them?”

Roundtable participants were adamant that we cannot lose sight of these intangibles, nor allow these qualities to be subsumed by a broader economic agenda. But people made several counterarguments. The first was that higher education must put its economic foot forward first, knowing that the second “intangible” foot will move in lockstep. As one participant said, “The ‘uselessness’ will continue anyway . . . when we present our case, it has to be more retail driven, knowing full well that our faculty are going to transform lives.” Another suggested that if higher education cannot prove its worth economically, it will not survive and be able to serve its less tangible mission: “We have to be able to actually do what the states want us to do, and if we can’t do that, we’ll lose the whole argument.” A further argument—one that is no stranger to higher education—was that, as one person said: “The liberal arts are in fact utilitarian. When high-level business leaders are talking about communication skills, they are talking about the liberal arts.” But the participant who felt most strongly about protecting higher education’s noneconomic contributions did not back down, and maintained to the last that, “We can’t surrender entirely to forces that require us to present our case in ways that lose track of our transformative qualities.”

Roundtable participants identified two key issues that are of grave concern to both the public and political leaders: price and affordability. As institutions seek more resources to operate (and to compete), tuition continues to rise at rates far above inflation, putting real pressures on many students and families and creating a public policy problem as well as a public relations one. Although institutions make efforts to find efficiencies and hold down costs, one president remarked: “Cutting costs or holding costs is not in our DNA. We live in a world that has changed dramatically. There is a cost consciousness in the rest of society that we haven’t embraced. So we are seen as fat, happy, arrogant, and not sufficiently concerned about costs.” And, as the conversation suggested, elected officials and the public at large have little sympathy and even less tolerance for higher education’s repeated cries of rising expenses. Many onlookers believe that other sectors have found ways to trim costs and increase efficiencies, and higher education has been slow in (and even resistant to) doing so. One president said, for example, “Technology has driven costs up in our industry . . . everywhere else in the world, it drives costs down.”
Participants also pointed out that far too many colleges and universities of all kinds aspire to become a different type of institution, usually a step up the institutional hierarchy that often has implications for price and affordability. Bachelor's institutions seek graduate programs, master's institutions want to offer doctorates and expand their research portfolios, and, in some states, community colleges desire to offer four-year degrees. As one participant said, “We are poorly served by the importance we place on hierarchy in higher education.” Institutions’ desire to move up the ladder distracts higher education from its public purposes, skews missions, and alters institutional priorities and spending. Much of this activity has to do as much with the drive for status and prestige as with competitive opportunities or addressing unmet needs. The participants believed that this emphasis on status and hierarchy is often handed down from generation to generation through graduate training, during which existing faculty steep the next generations of faculty and academic leaders in the hierarchical culture. To be truly relevant, the roundtable participants argued, higher education needs to shift from the focus on hierarchy to a focus on articulating and meeting social objectives. Each institution must see and position itself as an institution that betters lives, develops the economy, advances knowledge, and applies research to solve societal problems as dictated by its own mission, not the mission of a different type of institution. However, participants also agreed that pressures from the faculty, alumni, and other key stakeholders make doing so difficult.

Finally, many participants noted that part of the problem facing institutions is less about what institutions do or don’t do, and more about the fact that higher education has not paid enough attention to the messages it sends intentionally and unintentionally. For example, participants all agreed that higher education has oversold the individual economic benefits of a college education at the expense of an emphasis on the social and public goods of higher education. The result is a common belief among policy makers and the public that, as one participant expressed it, “If you are going to double your income, then why not pay for it?” Participants also agreed that higher education is guilty of sending a series of mixed messages that often confuse and anger onlookers. For example, suggested one president, “We talk about how poor we are, but then hire a football coach for $2 million a year.” Finally, discussants agreed higher education needs to better communicate that it understands state and local needs and that it is addressing them. As another participant observed, “Too much of the message [coming from higher education] in the past has been that it’s about us, not about what we can do for you.”
Though the two roundtables focused on different elements of the challenging environment—competition and public confidence—a common blueprint for action emerged. The strategies varied, and included both communicating better and making needed change. As one leader said, “We can’t market our way out of the bind we’re in. Those holding us accountable are looking at our diversity rates, our retention rates, our graduation rates.” The participants were eager to share their ideas and stories about how institutions can address the challenges of competition and work to rebuild the public’s confidence. They agreed that higher education owns these problems, and higher education must do the hard work to reach higher ground. As one participant observed, “You have to gain public trust.”

Be diligent about balancing competitive demands with public policy objectives. Leaders know well the demands of the increasingly competitive environment and the tensions it creates with public purposes. Some efforts to increase competitiveness, such as reducing class size, may increase quality as well. Other efforts, such as investing in research capacity that advances local economic interests, are often in direct response to requests from important constituents. As one participant noted, pressures from the community and the state that “may pull campuses away from some other goals are more a reflection of the political and social climate than an indication of an intentional, competition-driven rejection of the original [educational] mission.” However, some marketplace strategies are at best loosely connected to public policy objectives, especially those of affordability and access. Being competitive has financial costs, and those costs—when passed along to students in the form of tuition increases—may limit access. Leaders face a dichotomy—on one hand, they are told to remain true to their missions. On the other hand, they receive continual encouragement to be more prestigious, do more research, and respond to more demands that may detract from their missions.

Some marketplace strategies are at best loosely connected to public policy objectives, especially those of affordability and access.

The challenge for institutional leaders is to recognize these competing objectives and intentionally find ways to manage both. Often, simply being aware of the potential tradeoffs, as well as of the cumulative effect of various decisions over time,
How often do strategic conversations about competition also include discussions of academic priorities and public purposes?

if the state supported public institutions at higher levels. They argued that the responsibility for achieving this balance should fall to the state as the current funding models elevate competitive priorities over social priorities. Thus, the challenge for leaders is to convince the state that its investments are insufficient and that elected officials need to adjust their expectations to match the state’s level of investment. However, another group of participants believed that given the fiscal situation faced by most states and the demands on state legislatures, such conversations would be ineffective. Instead, colleges and universities must find ways to fulfill these dual, if not competing, objectives on their own.

Be the solution, not a problem to be solved. Consensus emerged that too often higher education is viewed by elected officials as a public policy problem. The challenge, therefore, is to redefine higher education as a solution to state needs, so that policy makers no longer view it as just another problem among many. As one participant commented: “There is a difference between presenting someone with a bill and going to them with something they want to buy. Too often in higher ed, we have approached public leaders with bills to pay, not with goods to sell.”

Repeated, and seemingly unanswered, concerns over graduation rates, accountability for public dollars, and rising tuition, combined with requests for additional resources at a time when state coffers are empty, seem to be fueling this belief. Instead, higher education can go a long way toward gaining favor by helping identify and then playing a central role in addressing state problems. As one person put it, “We need to learn to read the tea leaves.” To do so requires listening carefully, identifying problems, crafting messages, aligning activities to address state needs, and demonstrating contributions through concrete and meaningful indices. Community college representatives at the roundtables stressed that their colleges have gained important political clout through responsiveness to the needs of their local citizenry and businesses.
As pointed out in the roundtable conversations, higher education tends to be concerned with a set of priorities that encompass a range of principles—both tangible and intangible. Examples of intangible elements discussed at the roundtables include broadening young minds, encouraging tolerance, and developing civicly engaged citizens. However, as the discussants noted, policy makers often are concerned with a narrower if not different subset of issues, such as college costs, workforce development, and economic needs. The challenge for campus leaders is to embrace the public agenda while also staying true to their own broader missions and purposes. Encourage activities that serve both purposes, while highlighting more aggressively the activities that support and advance the state’s public agenda. In many cases, as one person pointed out, “we simply need to shine a public light on those faculty who are already doing great things. Invite them to become more visible. Expose legislators to the work that is often already being done on campus.” The consensus from the discussions was that making a good faith effort goes a long way.

However, some participants warned that not all governors and legislators will respond in the same way, and much of their response depends on the amount of resources available and how receptive they are to higher education. One participant asked, “Is higher education in your state playing offense or defense?” Another participant described the situation in her state in which the public universities reduced costs by $123 million over a three-year period and while the legislature loved the effort, the governor’s response was, “You had all that fat?” The participants agreed that much rests on higher education’s ability to articulate its contributions and be acknowledged for them. As one person said, “You need an accountability system to let the public and policy makers know you have succeeded with your objectives. . . . Make sure the resources are there and demonstrate your effectiveness in delivering.”

**Make the case that higher education contributions extend beyond economic benefits.** Higher education is well versed in the economic language of education—career preparation, lifetime earnings potential, regional economic impact, workforce development, and workplace skills such as critical thinking and communication are a few examples. However, what are more difficult to communicate and often lost are the other benefits that improve individuals’ lives and advance society, such as civic engagement, student socialization, professional networking, and scholarly inquiry and debate. These benefits tend to be less tangible and do not have the luxury of drawing upon a familiar economic language. Indeed, as mentioned earlier, even the roundtable participants were at a loss for words, defaulting tongue-in-cheek to describing these characteristics as the purposeful “uselessness” of higher education.

The challenge for campus leaders is to embrace the public agenda while also staying true to their own broader missions and purposes.
This debate brings to light the idea that work must be done to capture higher education’s transformative qualities and find terms that can be easily communicated in positive, practical ways. Terms such as public purposes and social goods do not resonate easily with the general public. Higher education leaders must find ways to connect and articulate its social contributions to the issues faced by people on a daily basis.

**Manage messages intentionally and minimize future boiling points.** “We are really good at shooting ourselves in the foot,” said one president, referring to the damage that higher education does to its own image. At the public confidence roundtable in particular, leaders acknowledged that higher education has not been sufficiently media savvy. Conflicting messages can be found in any sector—business, politics, religion, nonprofits—but the participants believed that higher education has been particularly adept at them. Higher education has allowed (and contributed to) a chorus of messages, many of which conflict. Asking legislators for more money while also bragging about a new stadium, or telling the state that an institution cannot afford to offer a nursing program while also opening a new biotechnology building are just some examples of the types of messages that observers have trouble reconciling.

Furthermore, bad press is often difficult to avoid. As another roundtable participant noted, “Because of the complexity of our institutions, we’re all a bed check away from the next scandal.”

### SOLUTIONS FOR OUR FUTURE

**Solutions for Our Future** is a comprehensive outreach campaign to create a public dialogue about the critical role colleges and universities play in serving the public, solving pressing societal needs, and preparing people for the country’s future. It aims to make higher education a public policy priority and will raise the profile of higher education through media outreach and meetings with civic and business leaders. The campaign further is encouraging and supporting grassroots discussions through the participation of hundreds of campuses across the country. Organized by ACE and other higher education organizations and institutions, Solutions for Our Future was launched in March 2006.

Further information about the effort and avenues to participate are available on a comprehensive web site (www.solutionsforourfuture.org) that includes resources and tool kits for campus leaders, the media, community leaders, students and their parents, and concerned citizens.
At the same time, the public confidence roundtable participants warned of future boiling points and argued that higher education leaders must work to minimize their potential negative impact. There is work to be done on pinpointing the issues that are likely to crop up in the future and minimizing their impact. For instance, some participants warned that the lack of diversity among higher education’s students, faculty, staff, and leadership may undermine public confidence in the future. They thought that serious efforts must be undertaken on recruiting, mentoring, and building the pipeline for students, staff, faculty, and senior administrators. Others thought that faculty issues such as tenure, teaching loads, and political balance are potential boiling points that need to be monitored. And, of course, the conversation put the seemingly perennial issues of cost, efficiency, and productivity on the table as well.

Do the hard work on accountability.

One area of significant consensus across the two roundtables was that it is time for higher education to get serious about accountability. At the competition roundtable, the lack of good information about higher education’s performance and outputs was seen as one of the largest culprits fueling harmful competition. The *U.S. News & World Report* rankings were, not surprisingly, seen as the source of much grief in higher education. One participant lamented that higher education has let others define the variables over which it competes: “If we had a way of thinking about value added, those institutions that admit students with low SATs but graduating them well prepared would get the prestige [and recognition].” A community college leader further pointed out the incongruence and inequity of the system: “If you want to improve your *U.S. News* ranking, turn down a higher percentage of applicants. But I go out and brag that we’re a better institution because we turn nobody down.” Similarly, the lack of good information about higher education’s performance was also in part to blame for declining public confidence in higher education’s performance. As one person expressed it, “There is a tremendous lack of information, and we are what we have created.”
Participants put forward several principles for pursuing accountability. First, higher education itself must take the reins on accountability. As one observer warned, “The only way to avoid clumsy intrusiveness into this area is for institutions to take responsibility for assessing [their outcomes].” Second, higher education leaders should analyze the real issues of interest to the public and policy makers, to ensure that accountability measures target their concerns. At the same time, however, higher education must understand that while some areas of concern are longstanding, such as cost, others shift with the political winds, such as the current debate over legislating an Academic Bill of Rights for students.

The third suggestion was, “Don’t let the perfect be the enemy of the good.” The tendency in higher education is to dismiss attempts at accountability because they cannot perfectly capture everything that higher education does. Leaders at the roundtables cautioned against making accountability processes overly “academic.” Instead, higher education should seek to streamline accountability systems, make them accessible to the public, and not get tripped up in the potential complexity. Finally, participants agreed that accountability findings must be made public, and institutions must demonstrate that they are using the information to make adjustments.

Overall, the participants seemed neither opposed to, nor daunted by, accountability. One participant iterated the old saw “People will do what you measure.” And participants agreed that many concerns about accountability could be alleviated, so long as comparisons were drawn between logical peer groups and a one-size-fits-all approach was avoided.

Make concerted efforts on efficiency and cost, and communicate them. College costs seem to be the defining public policy issue in state houses and on Capitol Hill. Much of the attention stems from tuition increases and from the costly investments institutions make to remain competitive. Escalating costs translate into a host of problems for higher education—criticisms of management, legislative proposals to punish institutions that don’t keep tuition in check, movements to bring in outside leaders who might not understand academic culture but can impose fiscal discipline, and perceptions of higher education as aloof, out of touch, and elitist. While many of the leaders at the table might have agreed to some extent with

Many colleges and universities have made notable efforts to gain efficiencies and manage costs.
EFFECTIVENESS AND EFFICIENCY PROJECT: UNIVERSITY SYSTEM OF MARYLAND

Like so many other public universities, those in the University System of Maryland (USM) in 2003 faced the dilemma of serving more students while receiving less state funding, absorbing increasing costs, and making do with fewer personnel. Between 2002 and 2004, the system faced a 12.5 percent decrease in state funding, absorbed $75 million in increased costs annually, and served more than 5,500 additional students (FTE). In response, USM initiated the Effectiveness and Efficiency (E&E) Project in June 2003. This effort sought to strike a chord with elected officials concerned about the best use of public funds while tackling fiscal, enrollment, and personnel demands within the system.

The E&E project goals included:
• Increasing enrollment capacity, reducing costs, and funding academic quality.
• Achieving $26.6 million in savings or cost avoidance by June 2006.
• Accommodating an additional 2,100 FTE during 2005–07 at no additional cost to the state.

Strategies to reach these goals included:
• Consolidating key services, including merging various financial and human resource departments to reduce duplication.
• Increasing faculty teaching requirements.
• Undertaking bulk purchasing of goods and services, including energy, throughout the system.
• Standardizing credit requirements for bachelor’s degrees at 120 credits.
• Increasing enrollment at lower-cost comprehensive institutions and enhancing online learning opportunities.

As a result, USM saved $95 million in fiscal 2004 and an additional $83 million in fiscal 2005 through a variety of cost-reduction, cost-avoidance, and alternative-revenue strategies. For instance, faculty members’ classroom responsibilities have increased. Faculty at comprehensive institutions now teach seven to eight courses per year and faculty at research institutions teach five to six courses per year. USM has signed bulk purchasing contracts for computer software and energy. It is investigating bulk purchase options for on-call IT, system-wide subscriptions to periodicals, aggregated equipment insurance, and police-related commodities. USM continues its efforts by assessing duplications in service departments and identifying best cost-saving practices. Each student is required to take 12 credits toward their degree out of the classroom, such as through online learning, study abroad, service learning and the like, and a policy for a tuition surcharge for completing more than 132 credits is under review. Campuses have completed strategic plans to increase academic advising capabilities.

the “education is inefficient” mantra, they also acknowledged that this line of reasoning does not accrue political capital, and that while some changes have been made, more can be done. Many colleges and universities have made notable efforts to gain efficiencies and manage costs. Those efforts must be continued, but several participants forcefully stated that higher education leaders need to continue to make concerted progress. They then must communicate the savings clearly and demonstrate how savings help keep college affordable.
DEMONSTRATING IMPACT AT THE “RETAIL LEVEL”: CALIFORNIA STATE UNIVERSITY

In 2004, the California State University (CSU) implemented an extensive effort, called The Impact of the California State University, to increase the visibility of the system, highlight its contribution to California’s economic and social success, and make some important changes. CSU commissioned an analysis of the system’s contribution to the California economy at the state, regional, and campus levels in 10 key industries ranging from agriculture to computer/electric engineering and teacher education. CSU administrators and faculty worked directly with those industries—at what Chancellor Charlie Reed calls the “retail level”—to determine their workforce needs.

The CSU leaders then undertook extensive outreach efforts, developed a range of materials, and held a series of events that promoted the essential role of CSU in California. Specifically, their efforts highlighted the percentage of workers in key industries that were CSU graduates, the successful partnerships that CSU had formed with California companies, and the ways in which CSU campuses were meeting the needs of California’s key industries.

An important message of the campaign focused on CSU’s role as an access institution, particularly for meeting the needs of the state’s diverse populations. CSU leaders spent considerable time with minority leaders from religious and business organizations to assess what their communities need from CSU. They also worked extensively to encourage more underrepresented students to attend CSU. An information campaign was implemented to ensure that secondary students and their families were aware of CSU admissions requirements, and CSU worked with secondary school administrators to provide academic and student support to enable students to meet those standards. They also worked with the Los Angeles school district to redesign high school graduation requirements to be consistent with CSU admissions requirements.

CSU developed an informative web site, and produced fact sheets about each of the 23 CSU campuses covering general statistics, demographics, annual campus spending, and the economic impact of the campus on the surrounding region. They also developed a series of ready-made resources that campuses could customize for their needs, including message points, speech and PowerPoint outlines, and a sample letter to legislators asking for their support for CSU. The Impact of the California State University report is available on the CSU web site at www.calstate.edu/impact. This initiative has garnered support from the public and legislators in California for the CSU system and its campuses.

Do the necessary work inside the campus. The strategies suggested by roundtable participants for raising public confidence require hard work on the ground, both inside the institution and throughout the broader higher education enterprise. Institutional leaders’ responsibilities include interpreting and translating for their campuses state/regional problems and challenges, explaining legitimate requests from elected officials and the public, and showcasing the good work that is already underway on their campuses. They also must buffer their faculty from some of the shifting political winds to ensure that academics can continue their good work. However, leaders also must work with their campuses to identify state needs and priorities and find ways to address them. One person strongly
advocated “enlightened self-interest” to simultaneously advance the state’s and the institution’s priorities. Furthermore, the current institutional leaders must make concerted efforts to better prepare future leaders to take the helm. Participants concurred that today’s presidents have a responsibility to engage in leadership development by mentoring people with leadership potential and encouraging graduate programs to include preparation for higher education leadership as an aspect of faculty training.
The pressures of the marketplace are real, as are those to address public concerns. The market’s demands and constraints determine in large measure how higher education moves forward, given trends in financing higher education and public policy. The marketplace operates by different rules for different types of institutions, but the majority of institutional leaders feel the need to be competitive, secure additional resources, and project the right image. At the same time, however, institutional leaders want to serve the public’s needs, and recognize that the public’s support is critical to the future health and vitality of their institutions. While the roundtables did result in a number of coherent strategies, they also left unanswered a plethora of relevant questions that will likely continue to perplex higher education leaders for some time to come.

Questions Concerning Competition
- How can higher education leverage competition to advance its objectives better? Can competitive forces be used to improve quality or increase efficiencies?
- How can colleges and universities be responsive to the demands of their constituencies and the market while staying true to their core missions? What can be learned from institutions that have been successful at striking that balance?
- What are the most effective and efficient methods of competing for faculty? How can institutions effectively compete with one another for faculty without merely trading talent back and forth or simply increasing recruitment costs?
- Can we put an end to the competitive arms race? Can institutions back away from the use of merit aid, the war of amenities, or the need to invest in the latest information technology?
- Will competition and the focus on resources force colleges and universities to alter their missions or programmatic offerings, supporting only profitable activities or activities that are fully funded?
- How can a president make strategic changes that might not make a college more competitive? Can a president afford to ignore U.S. News & World Report rankings?
- If the U.S. News rankings disappeared tomorrow, would colleges and universities behave any differently, or is the case for status and prestige too deeply engrained?

Questions Concerning Public Confidence
- How can higher education create a common language for the noneconomic contributions of higher education in positive, practical terms?
• Has there been a change in public attitude that makes it harder for higher education to operate as an institution seeking out the public good?
• Is higher education doing a worse job today than it has done in the past, or is it just being judged more harshly, and to what extent are those judgments unrealistic?
• How can college and university leaders reconcile the competing and often conflicting goals of different constituencies, wherein what may seem an unwarranted expenditure to one group is considered a worthwhile investment by another?
• Can colleges and universities overcome inertia and bring about needed change? Are higher education administrators, faculty, and trustees prepared, equipped, and willing to take on these challenges? Are boards organized and their members selected in ways that provide the necessary leadership?

These roundtables sought to create a space for college presidents and other higher education leaders to explore the important and pressing issues that make up this terrain. The resulting conversations were candid and action-oriented as participants laid their cards on the table and sought solutions. The difficult conversations in which the presidents engaged left many unanswered questions, but they also revealed a great deal of innovation, enthusiasm, and hard work happening on campuses. The future calls for continued efforts by leaders to engage their institutions in meaningful discussions of their top priorities and to craft plans of action that ensure that they are serving the public’s needs, effective in reclaiming public confidence, and succeeding in the ever-competitive higher education marketplace. The strategies reflected in this essay—such as balance competitive demands with public policy objectives; be the solution, not a problem to be solved; do the hard work on accountability; and do the necessary work inside the campus—can serve as building blocks as college and university leaders move forward.
Appendix: 2006 Roundtable Participants

The following individuals participated in one of two roundtable conversations convened by the American Council on Education during 2006. Their titles and affiliations reflect their positions at the time of their participation in the roundtables.

F. King Alexander
President
California State University, Long Beach

Robert C. Andringa
President
Council for Christian Colleges & Universities

Richard Chait
Professor of Higher Education
Harvard University

Lois B. DeFleur
President
State University of New York at Binghamton

Ronald G. Ehrenberg
Director, Cornell Higher Education Research Institute
Cornell University

Dolores M. Fernández
President
Hostos Community College

Frank Friedman
President
Piedmont Virginia Community College

David J. Fulton
Chancellor
Indiana University East

Pamela Brooks Gann
President
Claremont McKenna College

Robert Glidden (Facilitator)
President Emeritus
Ohio University

John D. Haeger
President
Northern Arizona University

Judith G. Hample
Chancellor
Pennsylvania State System of Higher Education

William E. Kirwan
Chancellor
University System of Maryland

Paul E. Lingenfelter
Executive Director
State Higher Education Executive Officers

John V. Lombardi
Chancellor
University of Massachusetts Amherst

Sylvia Manning
Chancellor
University of Illinois at Chicago

Joseph M. McShane, S.J.
President
Fordham University

Richard Novak
Executive Director, Center for Public Trusteeship and Governance
Association of Governing Boards of Universities and Colleges

Charles B. Reed
Chancellor
California State University System
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<thead>
<tr>
<th>Name</th>
<th>Title and Organization</th>
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<tbody>
<tr>
<td>Mark H. Schulman</td>
<td>President, Goddard College</td>
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<td>Thomas J. Schwarz</td>
<td>President, Purchase College</td>
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<tr>
<td>David Ward</td>
<td>President, American Council on Education</td>
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<tr>
<td>David L. Warren</td>
<td>President, National Association of Independent Colleges and Universities</td>
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<tr>
<td>Ronald A. Williams</td>
<td>President, Prince George's Community College</td>
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<td>ACE Staff and Observers</td>
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<tr>
<td>Ellen R. Babby</td>
<td>Vice President, Advancement, Marketing, and Member Services, American Council on Education</td>
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<tr>
<td>Kate Berniaz</td>
<td>Project Intern, American Council on Education</td>
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<tr>
<td>Madeleine F. Green</td>
<td>Vice President, International Initiatives, American Council on Education</td>
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<tr>
<td>Terry W. Hartle</td>
<td>Senior Vice President, Government and Public Affairs, American Council on Education</td>
</tr>
<tr>
<td>Jacqueline E. King</td>
<td>Director, Center for Policy Analysis, American Council on Education</td>
</tr>
<tr>
<td>Marlene Ross</td>
<td>Director, ACE Fellows Program, and Deputy Director, Center for Effective Leadership, American Council on Education</td>
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<tr>
<td>Becky Timmons</td>
<td>Director, Government Relations, American Council on Education</td>
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<tr>
<td>Claire Van Ummersen</td>
<td>Vice President, Effective Leadership, American Council on Education</td>
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<tr>
<td>Linda J. York</td>
<td>Vice President, Fidelity Investments</td>
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Collective Foresight: The Leadership Challenges for Higher Education’s Future

By
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Peter D. Eckel
American Council on Education

With generous support from
TIAA-CREF institute
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Appendix: List of Roundtable Participants
Preface

Recent widely disseminated reports—such as the National Academies’ *Rising Above the Gathering Storm* and *Beyond Bias and Barriers*, the Spellings Commission’s *A Test of Leadership*, and *Mortgaging Our Future*, by the Advisory Committee on Student Financial Assistance—all forewarn of impending challenges facing higher education and highlight its shortcomings. Converging trends identified in these reports and elsewhere will undoubtedly shape American higher education in the future. The drive for more assessment, accountability, and transparency; the changing relationships between states and their institutions, including the “privatization” of public higher education; demographic changes among students, faculty, and senior administrators, including racial and ethnic diversity and the rise of a new generation and the impending retirements within another; advances in technology and the presence of science in everyday life; and the effects of globalization are just a few of these significant trends. Equally important are the unknown or emerging issues that will profoundly affect higher education in the not-too-distant future. Campus leaders have not only the challenge of responding to the impending future, but also the responsibility for shaping that future.

For the past four years, the American Council on Education (ACE) has held a series of roundtable conversations for presidents and other higher education leaders to explore the short-term implications of many of these trends—with a particular focus on accountability, public funding and privatization, market-based state policy, competition, and public confidence in higher education—and identify the work of leaders. Some of the questions discussed by roundtable participants have included:

- Where do state and higher education needs converge, where do they diverge, and how can higher education close the gap? Given trends in public funding, what is the appropriate balance among autonomy, accountability, and public funding?
- How does higher education renew, maintain, or in some cases, regain the confidence and respect of the public and state policy makers? How do the realities of the marketplace and current approaches to accountability complicate the situation?
- Given the rise of market forces, how do campus leaders move their institutions toward important public goals and objectives and maintain competitiveness? What tensions exist among academic prerogatives, the interests and needs of the public, and marketplace opportunities?

The conversations to date have been illuminating and resulted in a series of widely read essays, available on the ACE web site (see www.acenet.edu and select Center for Effective Leadership from
the Programs & Services menu, then click on Presidential Roundtables). The three most recent essays are:


The questions explored in the previous roundtables have been important, yet their focus has been on immediate concerns. Just as important, however, is the need to project what these—and other—trends portend for higher education over the next 15 to 20 years and the role of campus leaders in framing and delivering the kind of future that higher education desires. Little evidence exists to suggest that any of the developments outlined above will subside. Instead, some current trends will strengthen, while other new trends, now barely visible, will emerge as important. What are the possible future scenarios for American higher education? How can leaders best prepare and position their institutions for the present while keeping an eye on the future? How might leaders work to best shape public policy to advance both higher education’s common interests and individual institutional missions? How might leadership best lay a solid foundation today that will withstand an unknown tomorrow?

During a daylong conversation held in April 2007, we invited campus presidents to think broadly about trends affecting all of higher education and their implication for presidential leadership. This conversation provided an opportunity for leaders to reflect with colleagues from a range of institutions on what their visions for their own campuses might collectively mean for American higher education.

We thank Bette Landman, president emerita of Arcadia University (PA), who served as facilitator for this roundtable and a previous discussion on innovation in times of constrained resources and heightened accountability. We also thank roundtable participants Larry Bacow, Steve Curtis, George Dennison, Phil Glotzbach, David Maxwell, Judith Ramaley, and Lou Anna Simon for their responses to a previous draft of this essay. The TIAA-CREF Institute, under the leadership of Vice President and Executive Director Madeleine d’Ambrosio, supported this essay as well as the roundtable. We are grateful for the generous support provided by TIAA-CREF Institute and d’Ambrosio’s continued interest in ACE’s leadership activities.

For additional information on the ACE Presidential Roundtable Series and the subsequent essays, or if you are interested in participating in future conversations, please contact Peter Eckel, director of programs and initiatives in the American Council on Education’s Center for Effective Leadership, at leadership_programs@ace.nche.edu or (202) 939-9728.
University and college presidents are not clairvoyant. They cannot predict the future. Yet, increasingly, they must lead as though they can see well into the future. That is because the fortunes of higher education rest, in large part, on how well leaders today can anticipate and shape the trends of tomorrow. College presidents are fully aware of this. The stakes are high. For many, the very question of whether their institutions will thrive (or, in some cases, survive) hinges on their ability to make decisions today that will position their institutions to contend with changes that are over the horizon. The current environment—with its increasing competition, insufficient resources, and heightened accountability—creates increased pressure to “get it right,” and institutions have few resources to spend on risky ventures. Furthermore, it will be increasingly difficult to recover from miscalculations. Neither do the circumstances of today allow presidents to play it safe and find comfort in the status quo.

The future is something to be both excited about and wary of. Presidents, for the most part, are an optimistic lot. However, a few at the roundtable on which this essay was based were pessimistic about the academy’s prospects, predicting that some forces are going to deal a severe blow to higher education—one from which colleges and universities might not recover. Others, instead, believed that the winds of change already were moving institutions in ways that will serve them well in the unfolding future and that campus leaders, through individual and collective effort, can influence future circumstances. There was consensus among the participants regarding the major trends affecting higher education and implications of those trends for moving forward. Those at the roundtable also generally shared the prediction that American higher education has the capacity to respond to the changing world, is resilient enough to survive the challenges, and, with insightful and thoughtful leaders, can position itself to continue its three-century run as a relevant social institution. However, to accomplish this, the academy may need to transform itself in some dramatic ways. For this, it has much work to do.

The next two sections reflect the collective wisdom of the assembled presidents. First, this essay explores the trends most likely to shape higher education over the next 20 years or so. These trends reflect changes both within the academy and in the larger world. The second section outlines the agreed-upon actions that campus leaders might consider to position their institutions now for the future.
By definition, collective dialogue brings together views informed by different perspectives and experiences that become shuffled and combined to lead to a more nuanced understanding. The images of the future that appear in a figurative crystal ball become clearer as more people gaze into it. The trends identified below reflect the cumulative wisdom of presidents looking at and understanding their own worlds, which are very much bound to institutional mission and geographic location and can be very different from one another. While the presidents found much to be optimistic about in the future—high-caliber faculty, dedicated alumni, a recognition by the public of high quality, a continued demand for undergraduate and graduate education, and a dedicated cadre of both present and emerging leaders—the roundtable conversation focused predominately on the challenges facing higher education. This attention given to forthcoming challenges signaled an implicit consensus that U.S. higher education cannot rest on its laurels and that, to remain effective in the future, it must directly confront the challenges it faces. The challenges identified fall into three broad categories—funding, the public and its perceptions, and knowledge and information.

Funding

*Escalating costs and rising tuition.* “The biggest issue,” said Skidmore College (NY) President Philip A. Glotzbach, “is cost containment.” Few in the room disagreed with him. From health care to utilities to new technology and the physical plant, the cost of managing colleges and universities is growing at a rapid pace, with the majority of campuses unable to maintain their current speed for much longer. Meanwhile, each year, state and federal legislators take less fiscal responsibility by either not raising tuition or challenging institutions not to do so. Students and their families face a greater burden in paying for higher education at a time when median family income is holding steady. The rising costs and the current nature of competition in which institutions are pressured to discount tuition, invest in merit aid, and offer top-flight amenities, create a fiscal calculus for disaster.

*Outcome-driven funding.* No president expressed a belief that the trend of insufficient public support for colleges and universities will significantly reverse itself. And the public support that might exist in the future may be strongest for efforts that directly produce tangible returns on investment, particularly in areas that meet state priorities, such as economic growth or workforce development. As one president said, “I have been asked by one state legislator, ‘Why are you concerned about undergraduates?’” the implication being that undergraduate instruction is the least important activity of colleges and universities, given immediate workforce and
economic needs. State policy may increasingly focus on short-term priorities as governments appear not to display the political discipline to devote attention to long-term effectiveness. In part, this trend is driven by parochial interests and the crises of the day, but it also may reflect the incapacity of public policy makers to take a long view due to factors such as term limits, budget cycles, and pent-up demands related to other underfunded priorities (such as K–12 education, state infrastructure, etc.) that are still affected by past cuts.

Concurrently, needed revenue may well come from private sources that expect something for their investment, a trend many presidents are seeing not only in contracts with corporations but also in donations from private individuals. If *quid pro quo* becomes the new funding principle, then successful universities will be those that most effectively show evidence of their ability to deliver benefits to either the state or private supporters. “We make grandiose statements about what our higher education systems do, but we don’t have a lot of evidence that we’ve done it and if we do, how we made it happen,” said George M. Dennison, president of the University of Montana.

Providing this justification will require campaigns based on solutions, said Lee Todd, president of the University of Kentucky. “You have got to find something that you can measure so that we can go to our legislators and document our contribution,” he said. “We have to sell higher education to the legislators so they will provide some funding.” Todd, for example, spoke of a pool of resources to fund faculty research that addresses pressing state problems, thus linking institutional strengths with state needs.

But such a reciprocal relationship raises questions as well: What are the implications of not being able to deliver on the problems handed to higher education, asked one president. The social problems are tough—declining schools, criminal rehabilitation, poverty, job creation. Solutions are not easy to develop and progress can be limited. Thus, if higher education is able to convince policy makers that it can solve these problems with adequate support, it risks becoming associated with failed efforts or the inability to make notable progress.

Finally, this changed financial calculus raises some key questions for campus leaders, particularly regarding the extent to which colleges and universities become entrepreneurial. How do institutions with financial constraints balance the pursuit of social missions with the pursuit of additional resources that have the potential to distort that mission? Consider, for example, the donor who makes a sizable gift to an athletic program while the institution is struggling to meet its need-based financial aid goals. Such a tension is what Lou Anna K. Simon, president of Michigan State University, calls the balance between “our entrepreneurial self and our public
self.” She added, “The questions that we need to grapple with are: What are the ethics of both of these roles? When is a good deal not a good deal?”

An unforgiving marketplace. Competition in higher education may quickly become survival of the fittest, and many institutions simply may not be able to survive. First, institutions will not be able to move slowly and methodically into the marketplace as they risk being left behind. “The market is going to be so unforgiving,” said Montana’s Dennison, “that if you don’t choose well, you’re going to get shredded.” Successful institutional leaders will develop the foresight to know when to act and when to pass on what might be considered an opportunity by others. Rather than do as others do (such as jumping into full-scale distance learning or opening degree programs in China), savvy leaders will develop their own indicators of when an opportunity might be beneficial.

Second, leaders will have to figure out how to respond to what Michigan State’s Simon called the “tyranny of parochialism,” in which institutions pursue their own agendas in order to compete, even though those agendas may work against a collective good. Market dynamics, she said, “make it difficult to operate as a collective because there is no longer a common interest across higher education. We may have lost a bit of our own common good.” Such individual action creates a fragmentation that also threatens the collaboration among institutions that is necessary for collective advancement. Many issues affect higher education broadly and, without the collective ability to respond, higher education is at a loss. For instance, colleges and universities are better able to shape favorable public policy through joint efforts rather than from a position of individual interest, but future trends may work against this cooperative approach.

Third, at the same time, institutions will have to find ways to get out from under the counter-pressure that works against institutions trying to chart their own courses. Simon also spoke of a “tyranny of accountability” that really pushes against all of the differentiation created from the new innovation.” Rigid accountability efforts can create narrow definitions of what is acceptable, focus institutional priorities in ways that don’t make sense given their missions and students, and, at an extreme, limit the ways in which institutions remain faithful to their missions.

The rub is that the unforgiving competitive market of the future promotes individualism that has the potential to undo higher education’s collective strength and, at the same time, to limit institutional flexibility to innovate in ways that advance missions.
The Public and Its Perceptions

**Access and social fragmentation.** Access is not only a public policy priority but also an important value of higher education. However, the realities of rising costs, insufficient public funding, and heightened competition work together to put that value at risk. “I see a certain train wreck coming between real financial need and commitment to merit aid,” said David Maxwell, president of Drake University. The result may be a two-tiered system, with some schools offering well-financed education to a small, elite group of students, and others meeting the needs of a mass market and doing so with significantly fewer resources per student. “I fear we are moving in a direction that will lead to a very stratified higher education experience where, for a small number of people, it still becomes possible to go off and have a very classic, residential experience. And that’s wonderful and valuable,” said Steven G. Poskanzer, president of the State University of New York at New Paltz. “Nevertheless, the percentage of people who will have that opportunity will decrease and we will see almost a mass education versus an elite education. What will that mean for the fabric of the society?” Even community colleges—in which access and affordability have long been points of pride—are struggling with values and priorities. Stephen M. Curtis, president of the Community College of Philadelphia, noted that his college has seen tuition increase by 55 percent over the past five years.

**Changing demographics.** The nation’s changing demographics will affect higher education significantly, if not dramatically. The tendency is to think about demographics in terms of race and ethnicity, which are important factors. For example, the number of high school students from diverse racial backgrounds is increasing, and the population of many states is being shaped by migration and immigration patterns, with some states becoming “majority minority.” However, other trends also are significant and complicate the American mosaic. Some states are experiencing tremendous population growth not just among people of color but also among all their citizens. Other states, mostly in the North, are facing the reverse, with predicted declines in population.

The forthcoming retirements of the baby boomers and the rise of other generations is further shaping the demographic picture. As baby boomers age, many are leaving the workforce. At the same time, others of that age are unable to do so for economic reasons and are returning to college for more education and training. Health care, a priority for aging boomers, is competing directly with higher education in the public policy arena. Baby boomers also predominate in the population of senior faculty and campus administrators, while new faculty hires are members of Generation X and the traditional-age students enrolling now are known as the Millennials. Each group has its own set of expectations, priorities, and ways of thinking, which may be at odds with one another in the classroom and elsewhere on campus. Furthermore, ACE data show that close to 50 percent of all college and university presidents are 61 years of age or older. We can expect a generational change not only in campus leadership but in the faculty as well. Finally, income inequities are growing. The recent economic climate has treated some
individuals extremely well, while creating more difficult times for a growing proportion of the population.

*Growing public skepticism about higher education.* Amid these changes, higher education struggles to maintain its esteemed position as a relevant social institution. “The mythology of education as the great equalizer has faded,” said Dennison of Montana. “Education is the key to succeeding in America. That’s my family’s story,” he said. “But I’m not sure whether that is going to be so common a story going forward. I’m not sure whether there’s the same value. I’m not sure people value [highly] enough what education means.” A great deal of the skepticism has to do with a public perception that higher education simply is not responsive to contemporary societal needs. “I think we have to get very real with whether we are providing relevant knowledge, skills, and experiences for our students in higher education,” said Martha A. Smith, president of Anne Arundel Community College (MD). Colleges further lose public favor because of their seeming inability, or worse, unwillingness, to be accountable. Sizable, if not outright huge, endowments and billion-dollar capital campaigns do little to convince the public and policy makers that more public dollars are needed and that public policy has shortchanged higher education. Do taxpayers believe their money is being spent wisely, given the recent news articles on coaches’ salaries and conflict of interest in student loans?

Ironically, at the same time and through the lens of economic development, higher education is increasingly revered by policy makers and corporate leaders. A recent analysis of the state of the state addresses by the nation’s governors found that 76 percent of governors spoke of initiatives to foster partnerships that link the research capacities of colleges and universities with business needs, and close to 50 percent described initiatives to engage higher education more effectively in preparing their workforces to be globally competitive. The result is that higher education is caught between two realities regarding its favored status; given the decline in relative public expenditures, disfavor seems to be winning.

**Knowledge and Information**

*Shifting foundations of knowledge.* Much of the traditional understanding of what constitutes knowledge and how it is validated and transmitted is being reshaped by changes in technology, particularly by web sites such as Wikipedia and Google, as well as by free open-source courseware. This shift surfaces assumptions about knowledge that have the potential to drastically reshape higher education. How is knowledge created and disseminated? Who verifies knowledge, particularly in the age of Wikipedia, “the free encyclopedia that anyone can edit” (according

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to its own web site)? What is the role of degrees and credentials, given trends in knowledge creation, ownership, and dissemination? What do virtual communities—Second Life, Facebook, and so forth—mean for the academic community, given the dynamic manner in which ideas are generated and shared in today’s global society? “The way knowledge is being created globally is collaborative and interdisciplinary,” said Winona State University (MN) President Judith A. Ramaley. “It’s co-created through networks and cyberspace.”

In many ways, colleges and universities have had a corner on knowledge and the ability to exploit it. But this historical reality may be changing, weakening the position of academe. Furthermore, while access is free and expanding, other forms of knowledge, particularly that generated by “big science,” is increasingly costly and governments are becoming disinclined to invest in it unless the payoff is immediate and concrete. These two trends, while pulling in opposite directions regarding the flow of knowledge, both have chilling effects for universities and colleges. Some types of understanding are widening; other avenues of knowledge are being foreclosed.

Decline of civil society. A deeper social change is creating a chill on many campuses that affects how students learn, what they learn, and possibly more importantly, how open they are to learning and new ideas. Discourse increasingly is thwarted by some individuals—students, faculty, alumni, and trustees, but also off-campus interest groups—who advocate narrow, extremist views with little willingness to solicit other viewpoints. Instead of engaging in open and constructive dialogue, they seek easy answers from a parochial viewpoint and are unwilling either to examine their assumptions or to do the hard work that generates deeper thought. At its extreme, this intolerance parallels other national and international movements around fundamentalism and extremism. Glotzbach of Skidmore College called it “the loss of rationality.” He said, “It is intrinsic in our [academic] nature to ask [difficult] questions, but our social context has come to expect extremely simple answers to those questions.” The rational discourse, essential to a liberal education, may be a way of the past. Asked Poskanzer of SUNY–New Paltz, “How do we retain the values of linear thought and arguments, so that students learn to engage in rational discourse, which traditionally is always at the center of the university consciousness? That is something in danger of being lost.”

In such an environment, civil debate also suffers. People hold their positions and vie to see who can proclaim their points of view the loudest, rather than work toward better understanding. People hold their positions and vie to see who can proclaim their points of view the loudest, rather than work toward better understanding.

In such an environment, civil debate also suffers. People hold their positions and vie to see who can proclaim their points of view the loudest, rather than work toward better understanding. This creates a growing unwillingness to engage in constructive dialogue as individuals search for ways to skirt the hard choices rather than confront them. Said Drake’s Maxwell, “We no longer have role models in the public arena.”
A related casualty to this loss of discourse and the rise of sources such as Wikipedia and other networked sites is the value of science, according to some members of the roundtable. The practice of scientific discovery and objective inquiry is increasingly being countered by the emotionalism of opinions and beliefs. The volume of the arguments, not the proven facts, seems to be carrying the day. Anyone with an opinion on global warming can modify an online entry or post a paper regardless of his or her scientific training. Naysayers with a click of a mouse can “edit” years of scientific work to advocate their own untrained opinions.

Losing ground to global competition. Globalization puts two sets of pressures on institutions: to prepare students for a different future, and to be able as institutions to compete in an expanded market. Losing ground on the above areas also may mean that our country slips behind other nations in creating and supporting the infrastructure associated with the global knowledge age. As James Bernard Machen, president of the University of Florida, remarked about China’s escalating investment in higher education, “There are 200 million people learning to read English in China today, but they aren’t learning it so they can read Chaucer.” How well colleges and universities address these two pressures will influence the extent to which the nation remains economically competitive and colleges and universities remain socially relevant. The solutions to these challenges must be consistent with academic values and priorities, and in many instances be at least self-supporting.

First, institutions are being pressured to educate students for the global workplace. State governments, corporations, and, increasingly, parents of potential students are pressing colleges and universities to guarantee that graduates will find a high-paying job in the global knowledge economy. “When I think about global competition, one of the things that worries me is our ability to produce high-quality graduates who can compete with anyone in the world on a continuous basis,” said Jerry Sue Thornton, president of Cuyahoga Community College (OH).

Second, countries such as India, Korea, Germany, France, Australia, and China are investing deeply in their universities and advancing public policies that enable them to develop strong international presences. Students—including those from developed and developing countries—will shop a global market for educational opportunities. U.S. students may more readily look abroad for postsecondary education—particularly those in international fields—pitting American universities against one another as well as foreign institutions in a global competition for domestic and international students. Faculty members will be a part of this same global interchange. Worldwide competition also extends to research grants and corporate contracts, as multinational firms invest in R&D in different countries. Florida’s Machen said, “The global landscape is such
that there are credible academic faculty at these [now] major universities. . . . The world has changed.”

A growing number of new ways to structure international partnerships and engagements exist to address both of these challenges. The trick will be to develop and maintain these new types of relationships. “Our joint collaboration with China is more of a business venture than a standard academic partnership,” said Simon, of Michigan State. “Our facility, which opened a year ago, really acts as more of a traffic cop for us on a wide range of activities,” not just academic initiatives. Such approaches also meet the dual objectives of advancing academic values and priorities and increasing institutional self-sufficiency.

Concern for the environment. Interest in and concern for the natural environment, socially, politically, and economically, is growing and higher education institutions are finding themselves swept up by this trend for several reasons. First, campus scientists are at the forefront of research on the environment. Second, students are right behind them, as advocates for a more environmentally conscious society. And third, faculty members and students on campus are pushing colleges to be among the first institutions to embrace greener processes and technologies, whether in the consumption of energy or the construction of environmentally friendly facilities.

The Unpredictable Unknowns
All these trends touch on the social, cultural, technological, and economic forces that are currently pressing on colleges and universities. However, there is another part of the conversation about the future that is difficult, if not impossible, to address. These are unknown or newly emerging issues that will profoundly affect higher education in the near future. Some of the important challenges for the future are less visible now than others. Before 2001, who would have predicted that issues of homeland security would become such a dominant national policy priority? No one was concerned about Wikipedia and user-driven knowledge (or the “democratization of knowledge”) when they were still relying on peer-reviewed journals and even the Encyclopedia Britannica. Until recently, academics were concerned with the demise of community as students spent more time on e-mail and the web, not with issues of privacy and other fallout from community networking sites such as Facebook and MySpace. Much about the future remains unknown and unpredictable.
Leading for the future requires three capacities. First, college and university leaders must have a clear sense of what they want their institutions to be and do. Creating their visions comes through a deep understanding of the mission of the institution and the ability to work with key stakeholders to design a mosaic of what the institution can become. Second, leaders must discern the problems and opportunities ahead. Knowing the forthcoming terrain helps prepare one for the journey. The ideas presented in the previous section serve as a useful, if incomplete, starting point. Finally, leaders must lay the groundwork now to position their institutions to realize their vision, given the emerging future.

While none of these requirements is easy to fulfill, the third charge may prove most difficult. Leaders must simultaneously live in the present with all its demands and do the work for tomorrow, which may seem like a distraction or even an imprudent use of time and resources, given immediate pressures. Laying this groundwork for the future may have few short-term gains, and may even be costly. For instance, convincing one’s faculty and students during times of financial duress to invest for the distant future rather than spending on today’s needs can be one of the most challenging tasks for a leader. Yet, making that argument successfully is essential to effective leadership. This section focuses on this third challenge, providing some concrete steps for institutional leaders to secure their institution’s future.

People

Attend to those historically left behind. A casualty of the changing financial calculus may easily be low-income students. As state policy moves toward market structures and public support fails to keep pace, and as institutions ratchet-up merit aid, students from low-income backgrounds may suffer disproportionately. The country cannot afford to turn its back on those students. Competing in the global marketplace will require maximizing all the human talent the nation has to offer. “I’m very concerned that we get to all citizens of this country because we are going to need every single one of them if we’re going to achieve the goal of being competitive in the world,” said Smith of Anne Arundel Community College.

Much of the challenge is grounded not only in holding costs down and providing adequate need-based aid, but in addressing prior schooling. In order to achieve this, higher education will have to join forces with elementary and high school educators more deliberately than in the past.
“We’ve got to get our hands dirty with K–12 and try to get those kids who are not considering going to college,” said Kentucky’s Todd.

**Develop talent for tomorrow.** An essential component of higher education’s future and its ability to change successfully is effective leadership. “We have a challenge to build a cadre of leaders who can identify and react to what today we’re calling the unexpected,” said Linda M. Thor, president of Rio Salado Community College (AZ). “We must prepare leaders who will be more in tune with the trends and are able to act on them proactively.” This challenge becomes even more pressing as the latest ACE data show that almost half of today’s presidents are aged 61 or older; they will retire in the near- to midterm. Many key attributes of successful leaders will remain the same, such as the importance of academic credentials and experience in higher education, the ability to articulate and embody academic values, the capacity to articulate and develop a vision, the skills to get things done by building committed communities and securing necessary resources, and a deep passion for higher education. Yet this new generation of leaders may require new characteristics as well. For instance, future leaders will need an ability to more effectively engage external audiences as partners, as discussed above, to advance the institution’s mission (in ways beyond raising money), and generally to advocate on the institution’s behalf. The leader of the future will need to identify strategically and then secure a wider array of resources to support the institution.

Leaders also will need to effect different types of change continually. They must recognize that different times will require different leadership and then be able to adapt. They must be able to strike balances between competing priorities and stakeholders without having either side feel shortchanged. The job of the president, ultimately, may be about framing problems and engaging people to develop solutions.

The future success of colleges and universities does not rest solely with administrative leaders, however. Engaged faculty members also will be essential. On many campuses, a new spirit of responsibility is emerging among talented young professors. Presidents notice that these new academics are more engaged, concerned about the effectiveness of their work, and interested in socially relevant questions or applications of their work than faculty from previous generations. They are unwilling to sit on the sidelines or hide in their classrooms and labs, and are strongly committed to positioning their institutions for the future. Others are concerned that this sense of self-determination offered by a new generation of faculty ultimately will succumb to characteristics shared more generally by other young people in their age group, who have a loose sense of connection to institutions and are less inclined to feel a sense of personal obligation for institutional direction and stability. Said Maxwell of Drake University, “I fear that may have a negative impact on faculty fulfilling their responsibilities for shared governance, for taking ownership of the institution’s future in the ways that their predecessors have.”
Purposes

Resolve tensions in what and how we teach. The type of learning needed to prepare students for the future is placed at risk if higher education cannot address some fundamental tensions in its curricula. First, the tension between the liberal arts and professional education will need to be resolved so institutions can best prepare students for a future that demands both intellectual and practical skills. “If you talk to the corporate leaders, they’ll tell you a liberal education is needed to get ahead. Yet, if you talk to the human resources people [who do the hiring], they’ll tell you [they] want somebody who has practical skills,” said Montana’s Dennison. “Yet liberal educators don’t want to talk about careerism, and vocationalists don’t want to talk about liberalism. That will have to change.” The uneasy truce between academic tribes that currently allows this to occur (e.g., typical distributed general education curricula) may not be sufficient in the future. Instead, campuses will need to find constructive ways to provide both types of education in an intentional and integrated manner.

Second, teaching will need to become even more collaborative and more cross- and interdisciplinary. This starts, of course, with the faculty. Graduates in many areas already are expected by their employers to move beyond a single academic discipline to solve problems from an interdisciplinary perspective as part of a team, real or virtual. “Interdisciplinarity is one issue that, if you look at the next 10 or 20 years, will take more of a center place,” said SUNY–New Paltz’s Poskanzer. “The capacity to have students working across fields will require universities to at least make spaces for that” process to occur. Interdisciplinary learning will also take place outside the traditional classroom. Linking different fields and disciplines will be important, but so will be the ability to link learning from different experiences. Putting ideas into practice and having opportunities to make those connections under the tutelage of skilled experts helps deepen learning.

Finally, the burden will increasingly fall to higher education to teach the values and practices of deliberative democracy. The presidents expressed deep concern not only that people seem to be less inclined to take on the responsibilities of citizenship, but that there exist virtually no arenas in which such practices can be learned. Colleges and universities will need to devise an “education for civic engagement,” said Lawrence S. Bacow, president of Tufts University.

Adopt a truly global orientation. What has been accomplished thus far regarding U.S. higher education’s interaction with the rest of the world is most likely but the tip of what is to come. U.S. higher education has a strong track record in educating international graduate students and recruiting foreign-born academics, and a consistent record in sending students overseas for short programs (albeit one that has not seen steep growth). Many institutions also are making concerted efforts to expose their students on campus to international ideas and issues. However, American colleges and universities will need to make significant progress in sending more students overseas for both short and long stays. A handful of institutions are making commitments
and developing the means to do this, but for the vast majority, study abroad is not becoming significantly more prevalent. Colleges and universities will need to incorporate international ideas and perspectives fully into the curriculum. Students, regardless of career choice or discipline, will need to acquire an understanding of the world beyond the nation’s borders and develop the capacity to learn from and about different cultures. International dimensions can no longer be an “add on” or an option that students can select—or not.

Beyond educating their own students, and as noted previously, American campuses will need to prepare themselves for the growing international higher education marketplace. They will find increased competition with international universities for international students, non-U.S. born faculty, and research dollars. At the same time, their offerings and degrees may be in higher demand, thus they will need to develop capacities, online and face-to-face, to work in other countries, understanding the needs of the local community, the regional higher education system, and pertinent quality assurance mechanisms.

Finally, campus leaders may have to convince the public that international education is beneficial, as some Americans may not share that same sentiment. Said Thornton of Cuyahoga Community College, “At colleges and universities, we clearly understand the need to compete. We clearly understand the need to globalize our education and international education, but I’m not sure [that] in our broader American population there is as much support for that as we feel in higher education. There is an America that has a huge pushback to it.” Of particular concern are those who feel their jobs and livelihoods are threatened by global outsourcing.

As institutions adopt a global view, they must simultaneously attend to the needs of their local communities. Colleges and universities, regardless of mission, rely on their local communities and, in turn, have a responsibility to address certain local needs.

Serve as stewards of place. As institutions adopt a global view, they must simultaneously attend to the needs of their local communities. Colleges and universities, regardless of mission, rely on their local communities and, in turn, have a responsibility to address certain local needs. The work of institutions can go a long way in raising the stature of their localities (whether defined as city, state, neighborhood, or region) and improving the lives of area citizens. Noted Winona State’s Ramaley, “Most of us are important engines for change and critical place keepers.” The work can be grouped into two large categories of issues, which are more likely to overlap than to be separate and distinct. On the one hand, institutions are relied on to address pressing social issues such as K–12 education, aging, health care, or poverty. The other set of issues—related to regional economic development, including workforce development, new business incubation, innovation, and competitiveness—is increasingly finding itself front and center on institutional agendas, as policy makers and corporate leaders recognize higher education to be a key driver and resource in the growing knowledge economy.
Articulate higher education’s social purpose. Finally, higher education can best do well by doing good. Leaders, in the midst of budgets, entrepreneurial activities, curricular decisions, and strategic plans, can best be served by reinforcing and stressing higher education’s social purpose. “I think the thing we will always bear in mind is that we are valuable to society and valuable to industry, in particular because we are different,” said Bacow of Tufts University. Reaffirming the values and the means that make higher education a special contributor to society helps elevate the work of institutions and their leaders above the fray of simply management and accountability. Given the pressures, it is too easy to become distracted or intentionally downplay those key contributions and the special roles played by colleges and universities. Without a deliberate strategy to remind key stakeholders beyond the campus that higher education is a unique and essential social institution, we risk being viewed in simple terms, and in effect, as much less than we actually are.

Practices

Question assumptions. How higher education collectively advances itself depends on what we choose to do, how we are structured, and where we set our priorities. But it also depends on the assumptions we hold that shape our future actions. Said Maxwell of Drake University, “Our operating behavior as institutions and organizations is based on a set of assumptions—assumptions about the world, assumptions about who we are, assumptions about what we do. Ultimately, the biggest challenge for us is determining which of the assumptions we are making right now are still going to be valid and operative in 20 years.” What are those assumptions that will serve us well, and which ones may need to be jettisoned? How do we create solutions for future problems, some of which are only now beginning to come into clarity?

Perfect collaboration. Higher education in the future may well need more voices, not fewer, in shaping its direction, and may rely increasingly on a broader array of institutional and other partners. Said Bacow, “The boundaries that traditionally have defined organizations have become much more permeable. And we’re struggling in some ways with how to deal with these more permeable membranes.” The ability to collaborate effectively will play itself out in numerous arenas.

First, governing campuses in the future will be a much more open and collaborative process. As the demands on institutions grow, so will the number of stakeholders involved with a serious and sustained commitment to institutional success. Said Maxwell, “There are shifts in ownership in the future of the institution. . . . There are a lot of people who really do have a stake in the future of the institution, from students and their parents, to faculty, the governing board, the alumni. We’ve had a very successful and reasonably static model of governance for the last half century. It has served us well. But I think we are seeing shifts in how the parts of that formula understand and place their [own] role, particularly the public sector.”
Second, institutional leaders will need to know how to work collaboratively within their institutions to identify and tap leadership in others as the issues become more complex and the stakes become higher. Said Skidmore’s Glotzbach, “I think there is one thing that’s very clear: People who are in leadership positions are going to rely upon a skill that has not been traditionally honored in the leadership of higher education and that is relationship building—the capacity to negotiate, the capacity to network with a broad range of leaders.”

Third, campus leaders will have to manage relationships with other organizations, including other colleges and universities, but also community organizations, government agencies, and businesses. Said Dennison: “Our relationships with other institutions will also have to become more fluid so that we can respond to a societal need or so we can bring together the right compilation of sources to tackle the obstacle. We’re going to have to have new types of networks and ties to these different types of factors. Otherwise, we will really start to seem irrelevant.”

Creating new partnerships and organizational structures can range from tedious to frustrating to gut-wrenchingly difficult. But more and more examples are emerging of colleges and universities finding new ways to collectively deliver education, produce scholarship, and improve society. Dennison spoke about his efforts in Montana to encourage collaboration among public higher education institutions. The effort included building new facilities, integrating staff and administrative infrastructure, and developing new curricula. Additionally, colleges and universities have to continue working to resolve the awkwardness of building beneficial partnerships with the private sector. “We’ve broken the interface between the academy and business,” Bacow said, “which is much more challenging and interesting today than it was in the past.”

**Develop the capacity for continual innovation.** Resolving the problems facing institutions will require hard work by leaders and their institutions. Increasing affordability and containing costs, making scarce dollars go further toward advancing institutional priorities, addressing regional and economic development demands and interests by policy makers, developing more effective pedagogies and assessment processes, adapting effectively to changing student (and faculty) demographics, and responding to anticipated and unanticipated social and epistemic trends will all require sustained innovation. As Michigan State’s Simon said, “The pressure on all of us is to continue to change very rapidly.” Her solution was to create institutional capacity for what she called “serial innovation” or the ability to innovate continuously throughout the institution in a range of areas, not one particular area, such as technology transfer, teaching writing to undergraduates, or internationalizing the student experience. Innovation also is required in multiple dimensions of teaching and learning, as well as in administrative areas that increase efficiency and effectiveness, and finally, in the ways that institutions fulfill their public purposes, including economic development, workforce development, and research and...
scholarship. Developing this capacity campus-wide will require systems and processes that encourage, foster, and support innovation throughout the institution. In some instances, implementing these efforts will require important yet minor change. However, for other institutions, such change will require a shift in culture.

Part of developing the capacity to innovate is to continually develop new streams of revenue. Given trends in public funding and growing costs, higher education may best be served by developing the ability to support itself. While long the *modus operandi* of independent institutions, the scope and scale of self-support predicted by the public institution presidents is unprecedented.

*Look beyond higher education.* Leaders can try to prepare for an unknown future by looking in atypical places. Higher education historically struggles to move beyond the “it-wasn’t-invented-here syndrome.” Unlikely sources of insight are often looked down upon by higher education because we (or they) are different. However, because they are different, they offer new perspectives that can reveal much. Several sources of new approaches to emerging trends include:

- **Our youth.** For better and worse, the young are redefining our future. Nowhere is this more evident than in their use of technology to facilitate social networks and information sharing. In essence, they are defining what Ramaley of Winona State University called the “co-creation of knowledge.” Such shared and user-driven efforts may be the foundation for how knowledge will be transmitted, if not developed, in the future.

- **Other countries.** As other nations develop and seek to enhance their own systems of higher education, they are adapting to the global marketplace in many ways more rapidly than U.S. colleges and universities. Roundtable participants often mentioned China. “Currently, [the Chinese] are looking to replicate our system, but they are pouring so many resources into it. Then they are going to innovate and move beyond us,” worried Machen of the University of Florida. Other nations are investing more heavily in their higher education institutions and creating favorable public policies that encourage their development, and giving those institutions the freedom to innovate as they realize that higher education is essential to the knowledge economy.

- **The private sector.** Although critics often lament that universities have lost their way and are trying to become “more like businesses,” in some ways corporate America may be better poised than higher education to address some of the demands of the changing world. Corporations intentionally invest in R&D to improve their products, their management, and their production processes. They more readily create partnerships, even with their own competitors. And they invest in developing the leadership abilities of their people. Campus leaders may do well to take notice. Said Maxwell of Drake University about systematically looking at corporate processes: “It reinforces how unusual we are in how we organize our—
selves, how we manage ourselves, and how long we’ve been doing things the same way. Given the success that other sectors are having in managing themselves differently, I suspect we’re going to need to continue to take a hard look at the way we do things.”
Conclusion:
Three Deceptive, Simple Questions

The reality is that the clarity of crystal balls is poor. Conversations about the future inevitably result in more questions than answers. Try as we might, foresight is fleeting.

A conversation such as the one captured in this essay broached many questions; participants tackled some of them but avoided others. Their complexity varied, as did their relevance. However, the conversation circled back repeatedly to three fundamental questions. On their surface, as one participant commented, they are “deceptive yet simple.” Yet, given the challenges of peering into the future and making changes now to best prepare for that future, no quick answers exist.

- Who are we going to teach and serve?
- What are we going to teach and study, and what methods will work best?
- How are we going to pay for it?

Although basic, these questions cannot be answered simply, not by presidents in conversations with their peers, not through a campus's one-time board retreat, and not solely through the next strategic plan. However, it is imperative to answer these deceptive, simple questions, and each campus must find its own means to address them. The work of leaders is to develop processes that continually put these questions in front of key stakeholders and collectively progress toward answers. The challenge is that by the time they are answered, the future has changed, adding new opportunities and different constraints that require institutions to go through the process of asking and answering once again.
Appendix:
Participants
at the April 2007 ACE Presidential Roundtable

Key Trends and Their Implications for Year 2027: A Presidential Conversation to Develop Collective Foresight

The individuals listed below participated in the April 2007 ACE Presidential Roundtable held in Washington, DC. Their titles and affiliations reflect those at the time of the discussion.

Lawrence S. Bacow
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Steven G. Poskanzer
President
State University of New York at New Paltz

Stephen M. Curtis
President
Community College of Philadelphia (PA)

Judith A. Ramaley
President
Winona State University (MN)

George M. Dennison
President
University of Montana

Lou Anna K. Simon
President
Michigan State University

Philip A. Glotzbach
President
Skidmore College (NY)

Martha A. Smith
President
Anne Arundel Community College (MD)

James Bernard Machen
President
University of Florida

Linda M. Thor
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Rio Salado Community College (AZ)

David Maxwell
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Drake University (IA)

Jerry Sue Thornton
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Center for Effective Leadership  
American Council on Education  

Claire Van Ummersen  
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Center for Effective Leadership  
American Council on Education  

Jeanie Watson  
Consultant  

Byron P. White (Scribe)  
Associate Vice President  
Community Engagement  
Xavier University (OH)
Please let me know when you will install CS3 on the Macs. This is the third email request.