

# ERASING the Education DEFICIT

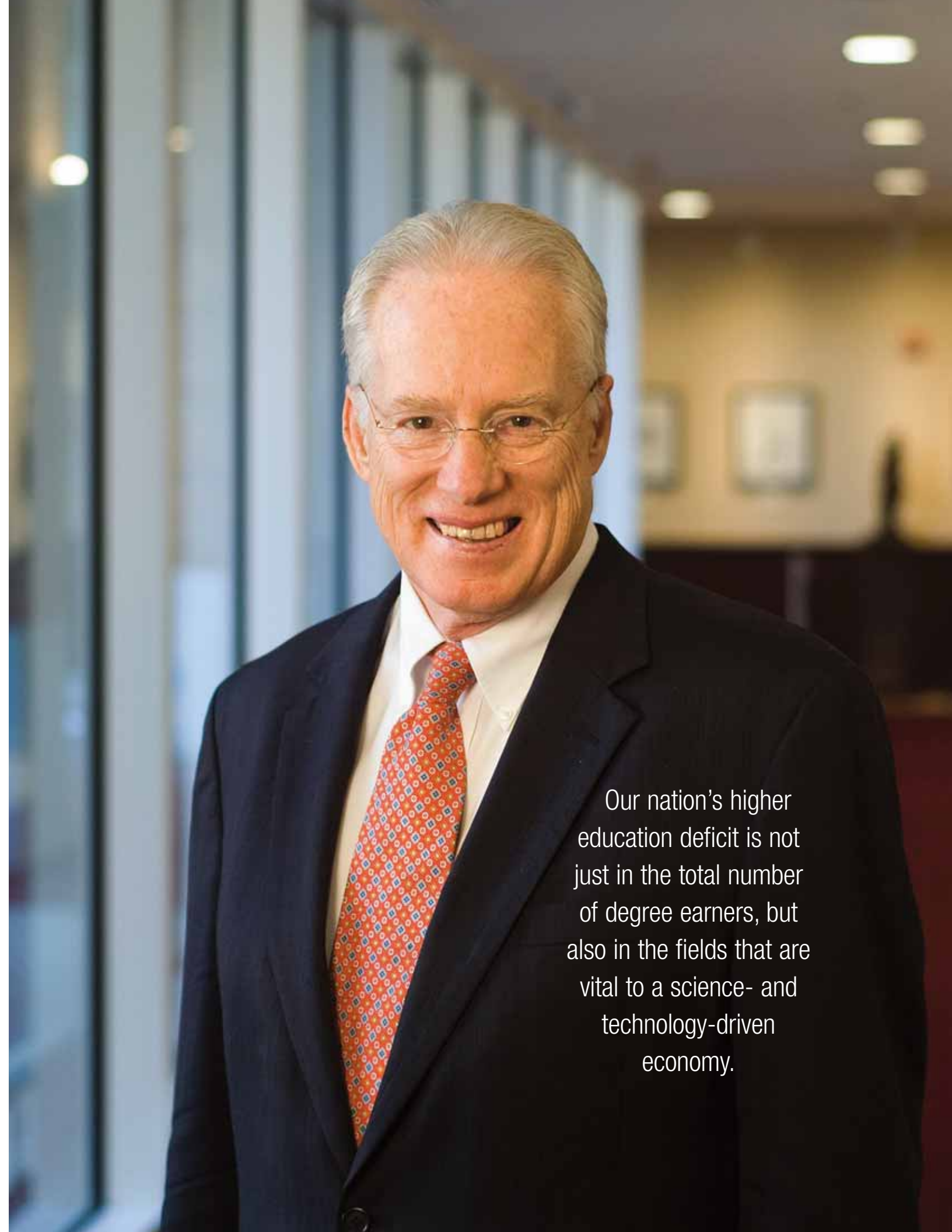
By William E. Kirwan

Ask anyone about the nation's trade deficit or budget deficit and you will hear words of concern, if not outright alarm. Ironically, there is a deficit potentially more damaging to our nation's well-being that many people either do not recognize or choose to ignore. It is our nation's "education deficit."

According to the National Center for Education Statistics, based on current participation and completion rates, for every 100 eighth graders in the United States today, just 18 will receive an associate or a bachelor's degree in the next 10 years. In a recent speech, U.S. Secretary of Education Margaret Spellings noted that the United States now ranks fifth among the industrialized nations in high school completion rates and seventh in college graduation rates.<sup>1</sup>

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Our nation's higher education deficit is not just in the total number of degree earners, but also in the fields that are vital to a science- and technology-driven economy. Again, the numbers tell an alarming story. In 2000, Asian universities produced 1.2 million science and engineering graduates. European universities produced 850,000. The United States produced 500,000.<sup>2</sup> In an economy dependent upon a skilled, creative, and innovative workforce, these trends—if left unchecked—threaten our nation's global competitiveness in the decades ahead.

### **Dangerous Trends**

It is ironic that in the midst of this “education deficit,” there exists an overwhelming recognition of the importance of higher education. Virtually every parent, regardless of income, race, or ethnicity, wants his or her child to get a college degree. It is seen as the means to an economically and socially satisfying life. But just as

we have reached the apex in appreciation for a college education, we also have reached the nadir of public support for higher education. The decline in public support has continued almost unabated for the past three decades. In the mid- to late-1970s, our nation invested in higher education at a rate of more than \$10 in public funds for every \$1,000 of personal income. Today, that investment stands at about \$6 for every \$1,000 of personal income.<sup>3</sup> Higher education has gone from being seen as a *common good*, deserving of public support, to a *private benefit*, requiring those who seek it to pay an ever greater share of the cost.

In recent years, this trend has accelerated. Federal and state budgets are strained by a growing national deficit, the effect of recent state and federal tax cuts, burgeoning health-care and energy costs, and mandated spending for primary and secondary education. Higher

education, which is generally the largest discretionary item in most state budgets, has borne the brunt of recent cuts. Maryland is a good, but by no means unique, example. From 1990 to the present, state support for higher education has dropped—in constant dollars—from almost \$7,900 per student to less than \$5,700 per student, a reduction in state investment of almost 28 percent in fewer than 15 years. The story in most other states is similar.

This decline in state support has had two consequences, both of which greatly complicate our nation's ability to address its education deficit and workforce needs. First, tuition has risen at an exorbitant rate over the last decade. Again in constant dollars, the average tuition and fees at four-year public institutions across the country have risen from just over \$3,000 (in 1993–94) to more than \$4,500 (in 2003–04), or by almost 50 percent.<sup>4</sup> Second, campuses have not had sufficient resources to accommodate the growing student demand. For perhaps the first time in history, community colleges in some states have been forced to limit access due to inadequate funding.

Given the “baby boom echo” generation now on higher education's collective doorstep, rising tuition and inadequate capacity present a devastating combination of trends. Unchecked, they will surely compromise our nation's status in the global economy.

### **Setting an Action Agenda**

Besides cursing our fate and wringing our hands, what should we in higher education be doing about this situation? What actions should we be taking to address the enormous challenges facing our institutions and to better meet our responsibilities to our communities and our

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nation? What steps can we take to rebuild public investment in higher education?

I offer three actions I believe the higher education community must collectively embrace if we are to regain our standing as an investment priority and meet our obligations to advance our nation's prosperity and quality of life.

First, we must make a much more serious commitment to controlling the costs of our operations. We currently operate under a model in which educational expenditures at colleges and universities across the country are rising by about 4.5 percent to 5 percent annually. In a nation with an entrenched 3 percent inflation rate, this is not sustainable over the long term, no matter what our source of revenue. Along with this fiscal reality comes the fact that we have little hope of regaining public support for increased investment unless we are seen as more effective stewards of public funds.

To address this issue in Maryland, the University System of Maryland launched an effort two years ago that we call our Effectiveness and Efficiency Initiative (E&E). It consists of a systematic examination and reengineering of all of our academic and administrative processes. We have increased faculty classroom responsibilities, limited the number of credits required for most degrees, expanded online educational opportunities, required credits to be earned outside the classroom, consolidated back-office operations, and leveraged our power as a system to drive down prices and negotiate favorable contacts with suppliers.

Our commitment to these E&E efforts—and the \$40 million in cost savings that we have realized so far—were specifically cited by Maryland's governor both when he provided a modest funding

## Fulfilling Our Obligation

By Nancy E. Cantor



**In an age of rising costs** and recruiting brochures that promise to help college students achieve their true potential, it is no

surprise that many of our students and their parents see themselves as higher education "consumers" who are well aware of the benefits and are shopping for brand names and value.

It also is no surprise that recent polls show that the American public sees colleges and universities as conferring largely private benefits, student by student, and does not tend to appreciate what higher education contributes to society as a whole. Nor does the public see why government funding for higher education should be a priority.

As college and university presidents, we know that it is no longer sufficient—if it ever was—to treat students as passive consumers of knowledge, concerned only with their individual potential and achievement. To thrive in the dynamic, global, fast-changing world they are entering, students must be active learners who are able to empathize and collaborate with others, learn from one another, and produce new knowledge.

As we research new ideas, promote informed dialogue on difficult issues, and create communities in which people can come together to

find solutions to societal problems, we also are teaching citizenship—which is critical to the preservation of democracy in America. Through the arts, we preserve and celebrate cultures of the past and become intimately aware, without feeling threatened, of lives and sensibilities that are different from our own. Colleges and universities also are creating tomorrow's workforce, sustaining scientific advancement, maintaining economic growth, and increasing global competitiveness.

Our nation continues to reap benefits from the public investments in higher education and research that were made 40 and 50 years ago. Think about the laser, for example, and in recent years, web browsers, virtual reality, and nanotechnology. Think of all we are learning about early childhood, aging, and genomics. Our nation needs to increase its investments in higher education, not just maintain them.

I urge my fellow presidents and chancellors to support the Solutions for Our Future campaign as it seeks to increase public understanding of the ways in which colleges and universities serve the common good. Together, we can fulfill our obligation to future generations to ensure that colleges and universities continue to generate new ideas and new technologies and educate the people who will solve problems and improve the quality of our lives and our communities. ■

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increase last year (5.5 percent) and when he proposed a significant (14.5 percent) increase this year.

My second proposed action is to reestablish the primacy of *need-based* financial aid. From the time financial aid programs

became common 50 years ago, aid was aimed almost exclusively at students who would otherwise be unable to afford college. A decade ago, the introduction and subsequent expansion of the HOPE Scholarship Program in Georgia, and its counterpart in

*Continued on page 21*

# Addressing Essential Workforce Needs

By Charlene R. Nunley



**Students come to community colleges** for a wide variety of reasons: to prepare for transfer to a four-year institution, to complete an associate degree or certificate program that will prepare them directly for the workforce, to upgrade their skills or educational background, or

simply to take classes that will enhance their lives.

Our students often tell us that they attend community colleges because we are convenient and affordable. But most important, they also say it's because we offer a high-quality academic experience, with small classes and top-notch professors who love to teach. Today, the role of the community college is more important than ever, as more students across the nation look to pursue their education through the two-year college.

Given this, community colleges are key to addressing essential workforce needs. Police officers, fire fighters, nurses, electricians, automotive technologists, diagnostic medical sonographers, and physical therapy assistants prepare for their careers, in large numbers, at

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locally based community colleges. The same goes for many of our nation's teachers and other educators. And you might be surprised to know how many engineers and scientists get their start at community colleges.

We are also primary providers of adult literacy programs and English for non-native speakers, making it possible for many in our community to become more effective contributors to the local economy. And we provide retraining to adults whose jobs have been eliminated by changing workforce needs.

It is essential to our nation's economy that we have the resources to build on the important work we do. We in higher education must be creative, efficient, and resourceful in maximizing our resources. And we must have adequate public funding.

Without this investment, we face two crucial problems. We risk turning students away from college, when now—more than ever—their economic well-being depends on a college education. And, even more important, we jeopardize our ability to maintain economic competitiveness in the changing, global world economy, an economy in which skilled jobs will lead the way. The stakes are too high for our nation to let either of these things happen. ■

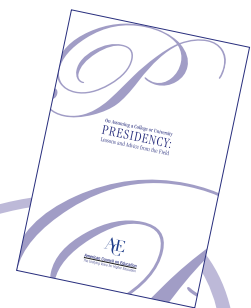
## *On Assuming a College or University Presidency: Lessons and Advice from the Field*

*T*his collection of three essays offers advice about both the big picture and daily details of a college or university presidency. Contributors Margaret Lee, president of Oakton Community College; James F. Jones Jr., president of Trinity College; and Robert M. Berdahl, former chancellor of the University of California, Berkeley, address issues that are common among presidents, as well as several that reflect each writer's unique experiences and perspectives.

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other states, marked a turning point. Since the early 1990s, need-based aid has seen very modest increases, while merit-based aid has virtually exploded.

The reasons behind this shift seemed laudable: Attract outstanding students, keep bright students from leaving the state, reward academic achievement, and ease the financial burden on middle-class families. We have, however, gone too far in the use of merit aid. For the most part, merit aid has the effect of subsidizing students who are already college bound. At the same time, Congress's Advisory Committee on Financial Aid estimates that 500,000 college-capable students did not attend postsecondary institutions in 2003-04 because of financial reasons. Future growth in all financial aid programs—at the state and institutional levels—should target need-based aid.

My third point is that we in higher education must learn to speak with a common voice. We must make it clear that we cannot close the nation's education deficit just by being more efficient or making more need-based

Imagine the entire spectrum of higher education, in a unified front, presenting a coherent message.

financial aid available. As important as it is to demonstrate our commitment to access and to holding down costs, we will not prosper as a nation in the decades ahead if we do not also convince the body politic that we need and deserve greater investment of public funds. We must seek out enlightened third-party advocates

who understand what is at stake and are willing to help carry our message to the general public. (Of course, it will be easier to recruit such people if they are convinced that we are serious about holding down costs.)

The American Council on Education is launching just such an initiative this spring. Solutions for Our Future will include impressive corporate partners, dedicated full-page ads in prestigious newspapers, and free TV spots on a major network.

However, as we know, "all politics is local." It will not be enough to have a national campaign on the importance of reinvesting in higher education. We must launch state-by-state efforts as well. In Maryland, we have pulled together every two-year, four-year public, and four-year private institution into a single statewide effort to broadcast a unified message. Imagine the entire spectrum of higher



## Chart Your Course

### Institute for New Chief Academic Officers 2006-07 class now forming

ACE's Institute for New Chief Academic Officers, designed for CAOs in their first three years on the job, provides practical executive leadership development through a year-long series of meetings. The Institute enables participants to explore a broad range of leadership issues, including making difficult strategic and financial decisions, managing academic personnel, setting and evaluating institutional and personal agendas, leading change (and stability), and working with key internal and external constituencies.

The Institute offers new chief academic officers:

- Lessons and insights about the leadership challenges faced by CAOs.
- Different (and competing) perspectives from peers and higher education leaders.
- A low-risk setting to test ideas.
- An extended professional network of fellow CAOs from a cross-section of institutions.

The Institute will run during the 2006-07 academic year, with meetings in **August**, **February**, and **June**.

[www.acenet.edu/links/caos/200512a.cfm](http://www.acenet.edu/links/caos/200512a.cfm)

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# Launching a Critical Dialogue

By Stanley O. Ikenberry



## The nightmare of Hurricane

**Katrina** may help Americans confront a powerful truth: Education shapes communities and defines us as human beings. In New Orleans, and in all our towns and cities, education—and especially higher education—supports and defines the quality of life. The people who will rebuild New Orleans, deal with the environmental damage, and build the stronger levees will be the graduates of America's colleges. The real tragedy is that those who were hardest hit by Katrina were not just poor and left behind at the Superdome; they had been left behind by an educational system that had failed them.

Around the country, the economic and social challenges that confront us are more daunting than most of us can remember having faced in our lifetimes. It is ironic, then, that at the very moment a college education is more valuable than ever before, the resolve to invest in higher education and create the solutions we'll require for the future seems to be waning. The relative decline of state government as a force in financing U.S. higher education has been underway for more than 20 years. A recent national study by the Brookings Institution shows a decline in state investment

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STANLEY O. IKENBERRY is regent professor and president emeritus, University of Illinois, and former president of the American Council on Education.

in higher education from \$8.50 per \$1,000 in personal income in 1977, to \$7.00 in 2002, a drop of roughly 20 percent.

To counter this trend, colleges and universities need more engagement and help from the public. The Solutions for Our Future campaign is designed to help every college and university in America launch a dialogue with the public. The aim is to commence a three-year-long conversation, exploring the future, the challenges we face, and the contributions colleges and universities can and do make.

We need to come out of that discussion with a clearer notion of higher education's compact with society. Opinion leaders should see a stronger connection between higher education and the nation's future; the content of editorial pages and talk shows should be different from what it is today; business and civic leaders should be more engaged in higher education; and policy makers should see colleges in a different light.

I can't remember a moment in my lifetime when America and its colleges and universities have been free from challenge. States and communities, families and neighborhoods, the economy and the democracy—all confront steep obstacles and high expectations in a rapidly changing world. What is important is that together we invest in intelligent solutions for the future and that the system gets fixed. The academic levee needs mending before it's too late. ■

education, in a unified front, presenting a coherent message. We will be holding “listening” tours across the state with private-sector partners, conducting opinion surveys to better understand the public perceptions we must address, and hosting other events to highlight the broad public benefits of higher education.

At both the state and national levels, we must work to remind the public that higher education raises incomes and reduces poverty. Higher education creates opportunities and solves problems. Higher education reduces barriers and elevates civic engagement. Higher education enhances social equality and creates a broader middle class. Higher education changes the lives of the people who will change the world.

These are the reasons why we must ensure access for all qualified students to a high-quality

higher education. These are the reasons why we must join together to generate a groundswell of support for this quintessential common good.

## Notes:

1. Inaugural Meeting of the Commission on the Future of Higher Education. (2005, October).
2. National Science Foundation, National Science Board. (2004). *Science and engineering indicators 2004*. Available at [www.nsf.gov/statistics/seind04/](http://www.nsf.gov/statistics/seind04/).
3. State tax fund appropriations for higher education, FY1961 to FY2005. (2005, January). *Post-secondary Education Opportunity*, 151.
4. The College Board. (2003). *Trends in college pricing 2003*. New York: Author. Available at [www.collegeboard.com/press/article/0,3183,29541,00.html](http://www.collegeboard.com/press/article/0,3183,29541,00.html).



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& Teach the People  
Who Change the World**



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