

Aligning American Higher Education with a Twenty-first Century Public Agenda

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Today the United States faces the challenge of achieving prosperity and national security in a hypercompetitive global economy driven by knowledge and innovation. We have entered an era in which educated people, the knowledge they produce, and the innovation and entrepreneurial skills they possess have become the keys to economic prosperity, public health, national security, and social well being. To provide our citizens with the knowledge and skills to compete on the global level, the nation must broaden access to world-class educational opportunities at all levels: K-12, higher education, workplace training, and lifelong learning. It must also build and sustain world-class universities capable of conducting cutting-edge research and innovation; producing outstanding scientists, engineers, physicians, teachers, and other knowledge professionals; and building the advanced learning and research infrastructure necessary for the nation to sustain its leadership in the century ahead.

This conference focuses on a public agenda appropriate for American higher education in such a rapidly changing world. Who should define such an agenda? The public? The taxpayers? Political leaders? Students and other clients of the university? The academy? Society in general? The states, the nation, or the world? And for what purpose? To respond to the needs and desires of the present? To be responsible stewards of institutions built through investments and sacrifices of past generations? Or to secure and protect opportunities for future generations? What framework of policy, governance, leadership, public trust, and support will be necessary to align our colleges and universities with such an agenda? Will substantial evolution and transformation of our institutions be necessary? What about their governance and leadership?

These are all topics that will be considered in some depth during the course of the conference. This paper is intended to provide some background, and perhaps more important, to identify several issues, questions, and perhaps dilemmas that should be addressed during our discussions.

Defining a Twenty-first Century Public Agenda for American Higher Education

One might take several approaches in identifying an appropriate public agenda for American higher education. Of course we could rely on public opinion, as expressed by our political leadership, the media, or surveys. We could also draw from several important studies conducted by government commissions, foundations, and higher education associations. Or we could take

a more strategic approach by considering the changing world in which we live and which higher education must serve. Let us consider each approach.

Both the media and politicians commonly criticize higher education on issues such as cost and performance, but recent opinion surveys actually show remarkably strong public support for higher education (Callan and Immerwahr, 2008). Public attitudes remain favorable toward the quality of our colleges and universities and their contributions through teaching, research, and public service. Both the social and economic values of a college education are perceived as high and increasing. Yet rising costs could place a college education out of the reach of many students and families. Furthermore the integrity of higher education has been jeopardized by occasionally flagrant abuses of the public trust, such as the recent scandals in the student loan industry, fraud and other episodes of scientific misconduct, and the excessive commercialization of big-time college sports programs that exploit students while enriching coaches.

While public surveys still suggest strong support of higher education, numerous other studies have suggested that the past attainments of American higher education may have led our nation to unwarranted complacency about its future. Of particular importance here was the National Commission on the Future of Higher Education—the so-called Spellings Commission—launched by the Secretary of Education in 2005 to examine issues such as the affordability, accountability, and quality of our colleges and universities (Miller, 2006). This unusually broad commission, comprised of members from business, government, foundations, and higher education, concluded that “American higher education has become what in the business world would be called a mature enterprise, increasingly risk-averse, at times self-satisfied, and unduly expensive. It is an enterprise that has yet

to address the fundamental issues of how academic programs and institutions must be transformed to serve the changing educational needs of a knowledge economy. It has yet to successfully confront the impact of globalization, rapidly evolving technologies, an increasingly diverse and aging population, and an evolving marketplace characterized by new needs and new paradigms.”

More specifically, the commission raised two areas of particular concern about American higher education: “Too few Americans prepare for, participate in, and complete higher education.

Notwithstanding the nation’s egalitarian principles, there is ample evidence that qualified young people from families of modest means are far less likely to go to college than their affluent peers with similar qualifications. America’s higher-education financing system is increasingly dysfunctional. Government subsidies are declining; tuition is rising; and cost per student is increasing faster than inflation or family income.” (Miller, 2006) Furthermore,

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James Duderstadt speaking during Session I.

at a time when the United States needs to be increasing the economic value of a college education, disturbing signs suggest higher education is moving in the opposite direction. Numerous recent studies suggest that today's American college students are not really learning what they need to learn (Bok, 2006).

As a result, the continued ability of American postsecondary institutions to produce informed and skilled citizens who are able to lead and compete in the twenty-first century global marketplace may soon be in



question. Furthermore, the decline of public investment in research and graduate education threatens to erode the capacity of America's research universities to produce the new knowledge necessary for innovation (Augustine, 2005).

The Commission issued a series of sweeping recommendations to better align higher education with the needs of the nation. These include:

1. reaffirming America's commitment to provide all students with the opportunity to pursue post-secondary education;
2. restructuring student financial aid programs to focus upon the needs of lower income and minority students;
3. demanding transparency, accountability, and commitment to public purpose from our universities;
4. adopting a culture of innovation and quality improvement in higher education;
5. greatly increasing investment in key strategic areas such as science, engineering, medicine, and other knowledge-intensive professions essential to global competitiveness; and
6. ensuring that all citizens have access to high quality education throughout their lives through a national strategy to provide lifelong learning opportunities at the postsecondary level.

Government and the higher education community at the federal and state levels will implement several of these recommendations over the

next few years. Yet, because of the cacophony of criticism and speculation following the release of the Commission's report, it is also important to note here what were **not** included as recommendations: no standardized testing, no tuition price fixing, no national (federal) accreditation process, and no federalization of American higher education, which constitutionally remains the responsibility of the states and the private sector. From this latter perspective, it is not surprising that similar conclusions have been reached by groups at the state level such as the National Conference of State Legislators (NCSL, 2006), the State Higher Education Executive Officers' National Commission on Accountability in Higher Education (SHEEO, 2005), and the National Center for Policy and Higher Education's Measuring Up report cards (NCPHE, 2008). For example, the NCSL report begins with the premise: "There is a crisis in American higher education. It has crept up on us quickly. It has become clear that the states and the federal government have neglected their responsibilities to ensure a high-quality college education for all citizens. Too many students are falling through the cracks. As a result, U.S. citizens are not achieving their full potential, state economies are suffering, and the United States is less competitive in the global economy."

Yet, while such studies are extremely important and set both the framework and tone for policy development with their stress on performance, transparency, and accountability, they also are limited in scope to present-day concerns. Perhaps a more visionary perspective would consider the changing public agenda for higher education implied by phenomena such as globalization, changing demographics, powerful market forces, and an emerging innovation-intensive economy (Glion, 2008). More specifically, today we are evolving rapidly into a post-industrial, knowledge-based society as we steadily shift from material- and labor-intensive products to knowledge-intensive services. Today's radically new system for creating wealth depends upon new knowledge. But knowledge can be created and applied only by the educated mind. Hence schools in general, and universities in particular, play increasingly important roles as our societies enter this new age.

Our economies, companies, and social institutions have become international, spanning the globe and interdependent with other nations and other peoples. Markets characterized by lowering trade barriers are creating global enterprises based upon business paradigms such as out-sourcing and off-shoring, a shift from public to private

equity investment, and declining loyalty to national or regional interests. Market pressures increasingly trump public policy, and hence the influence of national governments. As the recent report of the National Intelligence Council's 2020 Project has concluded, "The very magnitude and speed of change resulting from a globalizing world—apart from its precise character—will be a defining feature of the world out to 2020. *Globalization*—growing interconnectedness reflected in the expanded flows of information, technology, capital, goods, services, and people throughout the world—will become an overarching mega-trend, a force so ubiquitous that it will substantially shape all other major trends in the world of 2020." (National Intelligence Council, 2005)

It is this reality of the hyper-competitive, global, knowledge-driven economy of the twenty-first century that is stimulating the powerful forces that will reshape our society and challenge our nation. Today, a college degree has become a necessity for most careers, and graduate education is desirable for an increasing number. In the knowledge economy, the key asset driving corporate value is no longer physical capital or unskilled labor. Instead it is intellectual and human capital. This increasingly utilitarian view of higher education is reflected in public

policy. The National Governors Association notes that "The driving force behind the twenty-first century economy is knowledge, and developing human capital is the best way to ensure prosperity." (NGA, 2004) Education is becoming a powerful political force. Just as the *space race* of the 1960s stimulated major investments in research and education, the *skills race* of the twenty-first century may soon become the dominant domestic policy issue facing our nation. But there is an important difference here. The space

race galvanized public concern and concentrated national attention on educating "the best and brightest," the academically elite of our society. The skills race will value instead the knowledge of our entire work-force as a key to economic prosperity, national security, and social well-being.

As Tom Friedman stresses in his provocative book, *The World is Flat*, "The playing field is being leveled. Some three billion people who were out of the game have walked and often have run onto a level

playing field, from China, India, Russia, and Central Europe, from nations with rich educational heritages. The flattening of the world is moving ahead apace, and nothing is going to stop it. What can happen is a decline in our standard of living if more Americans are not empowered and educated to participate in a world where all the knowledge centers are being connected. We have within our society all the ingredients for American individuals to thrive in such a world, but if we squander these ingredients, we will stagnate." (Friedman, 2005)

Here we face the challenge of rapidly *changing demographics*. The populations of most developed nations in North America, Europe, and Asia are aging rapidly. In our nation today there are already more people over the age of 65 than teenagers, and this situation will continue for decades to come. Over the next decade the percentage of the population over 60 will grow to over 30% to 40% in the United States, and this aging population will increasingly shift social priorities to the needs and desires of the elderly (e.g., retirement security, health care, safety from crime and terrorism, and tax relief) rather than investing in the future through education and innovation.

However, the United States stands apart from the aging populations of Europe and Asia for one very important reason: our openness to *immigration*. In fact, over the past decade, immigration from Latin America and Asia contributed 53% of the growth in the United States population, exceeding that provided by births (National Information Center, 2006). This is expected to drive continued growth in our population from 300 million today to over 450 million by 2050, augmenting our aging population and stimulating productivity with new and young workers. As it has been so many times in its past, America is once again becoming a nation of immigrants. We benefit greatly from their energy, talents, and hope, even as the ethnic character of our nation changes. By the year 2030 current projections suggest that approximately 40% of Americans will be members of minority groups; by mid-century we will cease to have any single majority ethnic group. By any measure, we are evolving rapidly into a truly multicultural society with a remarkable cultural, racial, and ethnic diversity. This demographic revolution requires Americans to interact with people from every country of the world.

The increasing *diversity* of the American population is both one of our greatest strengths and most serious challenges as a nation. A diverse population gives us great vitality. However, the challenge of

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increasing diversity is complicated by social and economic factors. Today, far from evolving toward one America, our society continues to be segregated and unable to assimilate minority and immigrant cultures. If our nation doesn't use the talents of all of our citizens, we are destined for increased social turbulence and a diminished role in the global community. Higher education plays an important role both in identifying and developing this talent. Yet many people are challenging long-accepted programs such as affirmative action and equal opportunity, programs that expand access to higher education to underrepresented communities and diversify our campuses and workplaces.

These factors are producing powerful *market forces* that are likely to drive a massive restructuring of the higher education enterprise, similar to that experienced by other economic sectors such as banking, transportation, communications, and energy. We are moving toward a revenue-driven, market-responsive higher education system because there is no way that our current tax system can support universal access to postsecondary education in the face of other compelling social priorities (particularly the needs of the aging). This is amplified by an accelerating influence of the market on higher education and a growing willingness on the part of political leaders to use market

forces as a means of restructuring higher education in order to increase the impact of the competition. Put another way, market forces are rapidly overwhelming public policy and public investment in determining the future course of higher education.

Yet the increasing dominance of market forces over public policy raises two important challenges. Whether a deliberate or involuntary response to the tightening fiscal constraints and changing priorities for public funds, the longstanding recognition that higher education is a public good, benefiting all of our society, is eroding. Both the

American public and its elected leaders increasingly view higher education as a private benefit that should be paid for by those who benefit most directly, namely the students. Without the constraints of public policy, earned and empowered by public investments, market

forces could so dominate and reshape the higher education enterprise that many of the most important values and traditions of the university could fall by the wayside, including its public purpose. As the late Frank Newman concluded: "A significant gap has developed between the public purposes of higher education, the needs of society that should be met by universities, and the actual performance of these institutions. The growing power of market forces will, in the absence of skilled intervention in the functioning of the market, make a difficult situation worse." (Newman, 2006)

Furthermore, while the competition within the higher education marketplace can drive quality, if not always efficiency, there is an important downside. The highly competitive nature of higher education in America, where universities compete for the best faculty, the best students, public and private financial support, athletic supremacy, and reputation, has created an environment that demands excellence. However, it has also created an intensely Darwinian, winner-take-all ecosystem in which the strongest and wealthiest institutions have become predators, raiding the best faculty and students of the less generously supported and more constrained public universities and manipulating federal research and financial policies to sustain a system in which the rich get richer and the poor get devoured (Duderstadt, 2005).

This ruthless and frequently *predatory competition* poses a particularly serious challenge to the nation's public research universities. These flagship institutions now find themselves caught between the rock of declining state support and the hard-place of the predatory rich private universities. As we have noted earlier, aging populations are not likely to give higher education a priority for state tax dollars for perhaps a generation or longer. Hence even as states are depending more on their public universities—expanding access to underserved communities, achieving world-class performance in research and graduate studies key to regional economic competitiveness—state appropriations are declining while demands for higher efficiency and accountability are intensifying.

In sharp contrast, due both to booming financial markets and favorable federal financial aid and tax policies, many private universities have managed to build endowments so large (at least on a per student basis) that they have become independent of the education marketplace (e.g., student tuition, R&D grants, even private support). This creates a serious competitive imbalance in the marketplace for the best faculty,

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students, and perhaps resources, since the wealth gap between the rich privates and flagship publics is growing ever larger. The situation is aggravated by political constraints on public universities—constraints on tuition, affirmative action, technology transfer, and globalization—that not only limit their agility, but also hinder their capacity to compete. The *plight of the public research university* is a serious challenge not only to the states, but to the nation as well, since these institutions represent the backbone of advanced education and research—they



produce most of the scientists, engineers, doctors, lawyers, and other knowledge professionals; conduct most of the research; and perform most of the public service sought by states. It would be a national disaster if the public research university were to deteriorate to the point where world-class research and advanced education could occur only in the 20 to 30 wealthiest private universities.

Finally, while we assess today's concerns and tomorrow's challenges and opportunities, we must also look to the past to remember and preserve those

enduring characteristics and contributions of the university. For a thousand years the university has been a learning community where both the young and the experienced could acquire not only knowledge and skills, but also the values and discipline of the educated mind. It has defended and propagated our cultural and intellectual heritage, while challenging our norms and beliefs. It has produced the leaders of our governments, commerce, and professions. It has both created and applied new knowledge to serve our society. And it has done so while preserving those values and principles so essential to academic learning: the freedom of inquiry, an openness to new ideas, a commitment to rigorous study, and a love of learning.

Beyond the triad mission of teaching, research, and service, universities are the chief agents of discovery, the major providers of basic research that underlies new technology and improved health care. As Frank Rhodes has observed, “Universities are the engines of economic growth, the custodians and transmitters of cultural heritage, the mentors of each new generation of entrants into every profession, the accreditors

of competency and skills, and the agents of personal understanding and societal transformation.” (Rhodes, 1999) There seems little doubt that these roles will continue to be needed by our civilization. There is little doubt as well that the university, in some form, will be needed to provide them. The university of the twenty-first century may be as different from today's institutions as the research university is from the colonial college. But its continued evolution will be necessary to provide its ancient values and contributions to a changing world.

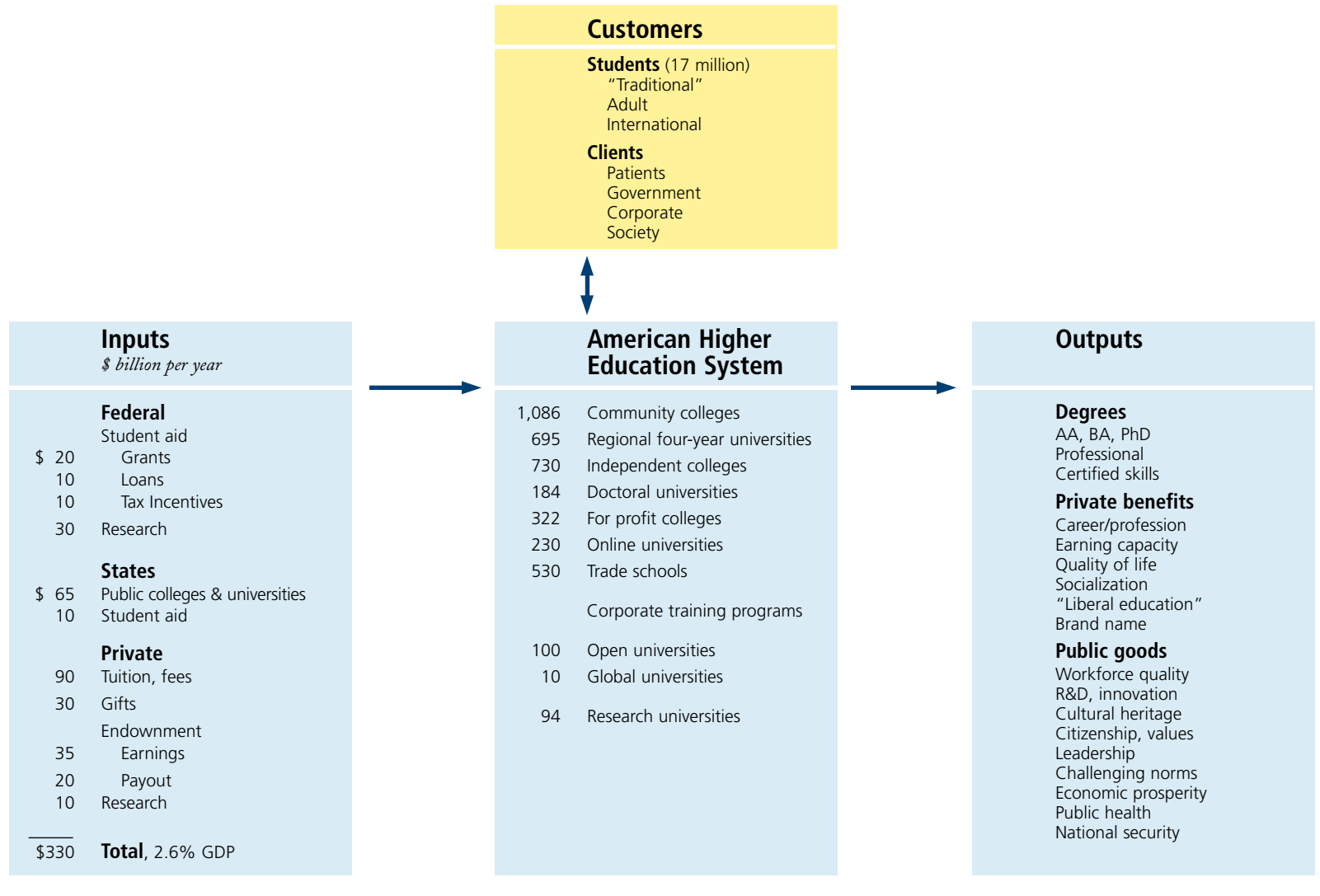
Governance and Leadership

Higher education in the United States is characterized both by its great diversity and an unusual degree of institutional autonomy—understandable in view of the limited role of the federal government in postsecondary education. As the *Economist* notes, “The strength of the American higher education system is that it has no system.” (*Economist*, 2005) More generally, the strength of American higher education depends upon characteristics such as:

- The great diversity among institutions and missions.
- The balance among funding sources (private vs. public, state vs. federal).
- The influence of market forces (for students, faculty, resources, reputation).
- Its global character (attracting students and faculty from around the world)
- A limited federal role that leads to highly decentralized, market-sensitive, and agile institutions, students, and faculty.
- Supportive public policies (academic freedom, institutional autonomy, tax and research policies).
- The research partnership between universities, the federal government, and industry.

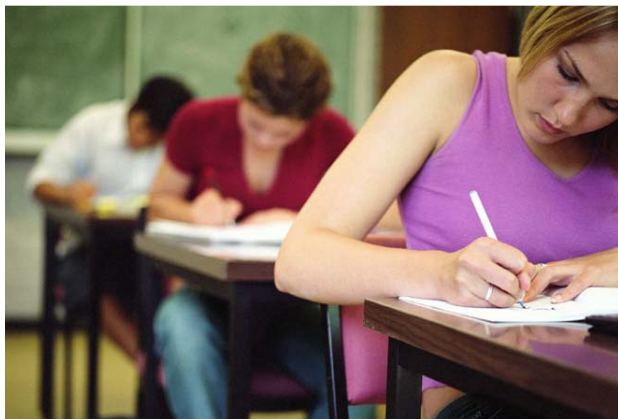
As a consequence the contemporary university is one of the most complex social institutions of our times. For example, the manner in which American higher education is supported is highly diverse, complex, and frequently misunderstood. In the simplest sense, today the United States spends roughly 2.6% of its GDP on higher education (\$330 B), with 55% of this (\$185 B) coming from private support, including tuition payments (\$90 B), philanthropic gifts (\$30 B), endowment earnings (\$35 B on the average), and revenue from auxiliary activities such as

The structure of American higher education



clinics and athletics (\$30 B). Public sources provide the remaining 45%: the states provide 24% (\$75 B) primarily through appropriations directly to public colleges and universities; the federal government provides the remaining 21% (\$70 B) through student financial aid, subsidized loans, and tax benefits (\$40 B) and research grants (\$30 B).

This very large dependence on private support—and hence the market-place—is unique to the United States, since in most other nations higher education is primarily supported (and managed) by government (90% or



greater). Thus on a per student basis, higher education in America is supported at about twice the level (\$20,545 per year) as it is in Europe (OECD, 2008). There is a caveat here, however, since roughly half of this cost is associated with non-instructional activities such as research, health care, agricultural extension, and economic development—missions unique to American universities. The actual instructional costs of American higher education are quite comparable to many European nations.

The university's external constituencies are both broad and complex, and

include not only students but also patients of its hospitals; federal, state, and local governments; business and industry; and the public at large. The university is not only accountable to this vast base of present stakeholders, it also must accept a stewardship to the past and a responsibility for future stakeholders. In many ways, the increasing complexity and diversity of the modern university and its many missions reflect the character of American and global society. Yet this diversity—indeed, incompatibility—of the values, needs, and expectations of the various constituencies served by higher education poses a major challenge.

Governance

The importance of the university to our society, its myriad activities and stakeholders, and the changing nature of the society it serves, all suggest the need for experienced, responsible, and enlightened university leadership, governance, and management. Here we should distinguish between leadership and management at the institution or academic-unit

level by administrative officers such as presidents, deans, and department chairs, and the governance of the institution itself by governing boards, statewide coordinating bodies, or state and federal government. The governance of public colleges, universities, and higher education systems is particularly complex, involving many organizations with responsibilities for not only the welfare of the institution but also for funding and regulating its activities and ensuring its public accountability.

At the most basic level, the principles embodied in the Constitution make matters of education an explicit state assignment. State governments have historically borne the primary role for supporting and governing public higher education in the United States. The states have distributed the responsibility and authority for the governance of public universities through a hierarchy of governing bodies including the legislature, state executive branch agencies, higher education coordinating boards, institutional governing boards, and institutional executive administrations.

American colleges and universities have long supported institutional governance involving public oversight and trusteeship by lay boards of citizens. Although these boards have both a legal status as well as fiduciary responsibility, their limited knowledge of academic matters leads them to delegate much of their authority to the university's administration for executive leadership and to the faculty for academic matters. Because of their lay character, university governing boards face a serious challenge in their attempts to understand and govern the increasingly complex nature of the university and its relationships to broader society. Boards must be attentive to the voluntary culture (some would say anarchy) of the university that responds far better to a process of consultation, communication, and collaboration than to the command-control-communication process familiar from business and industry. This situation is made even more difficult by the politics around governing boards, particularly in public universities, that not only distracts boards from their important work, but also discourages many experienced, talented, and dedicated citizens from serving on these bodies. The increasing intrusion of state and federal government in the affairs of the university, in the name of performance and public accountability, but all too frequently driven by political opportunism, can trample upon academic values and micromanage institutions into mediocrity. Furthermore, while the public expects its institutions to be managed effectively and efficiently, it weaves a web of constraints through public laws that make this difficult. Sunshine laws demand

that even the most sensitive business of the university must be conducted in the public arena, including the search for a president. State and federal laws entangle all aspects of the university in rules and regulations, from student admissions to financial accounting to environmental impact.

The great diversity of university governance—state government, coordinating boards, boards of trustees, faculty senates—suggests that the most appropriate governance structure would likely be unique for

each institution. Yet while this collegial style of governance has a long history both in this country and abroad, the extraordinary expansion of the roles and mission of the university over the past century has resulted in a contemporary institution with only the faintest resemblance to those in which shared governance first evolved. Despite dramatic changes in the nature of scholarship, pedagogy, and service to

society, today's university is run in a manner little different from the far simpler colleges of the early twentieth century. This situation is especially problematic for the contemporary public university facing an era of significant challenge and change.

While it may be impolitic to be so blunt on the campus, the simple fact of life is that the contemporary university is an extremely important and complex public corporation that must be governed with competence and accountability to benefit its diverse stakeholders. These public and private interests can be served only by a governing board that reflects the best practices of corporate boards, comprised of members with expertise commensurate with their fiduciary obligations, albeit with a deep understanding of the academic culture and values characterizing the university. And, like corporate boards, the quality and performance of university governing boards should be regularly assessed, and their members should be held accountable for their decisions and actions through legal and financial liability. This suggests the need for considerable restructuring of university governing boards, as illustrated in the diagram on page 27.

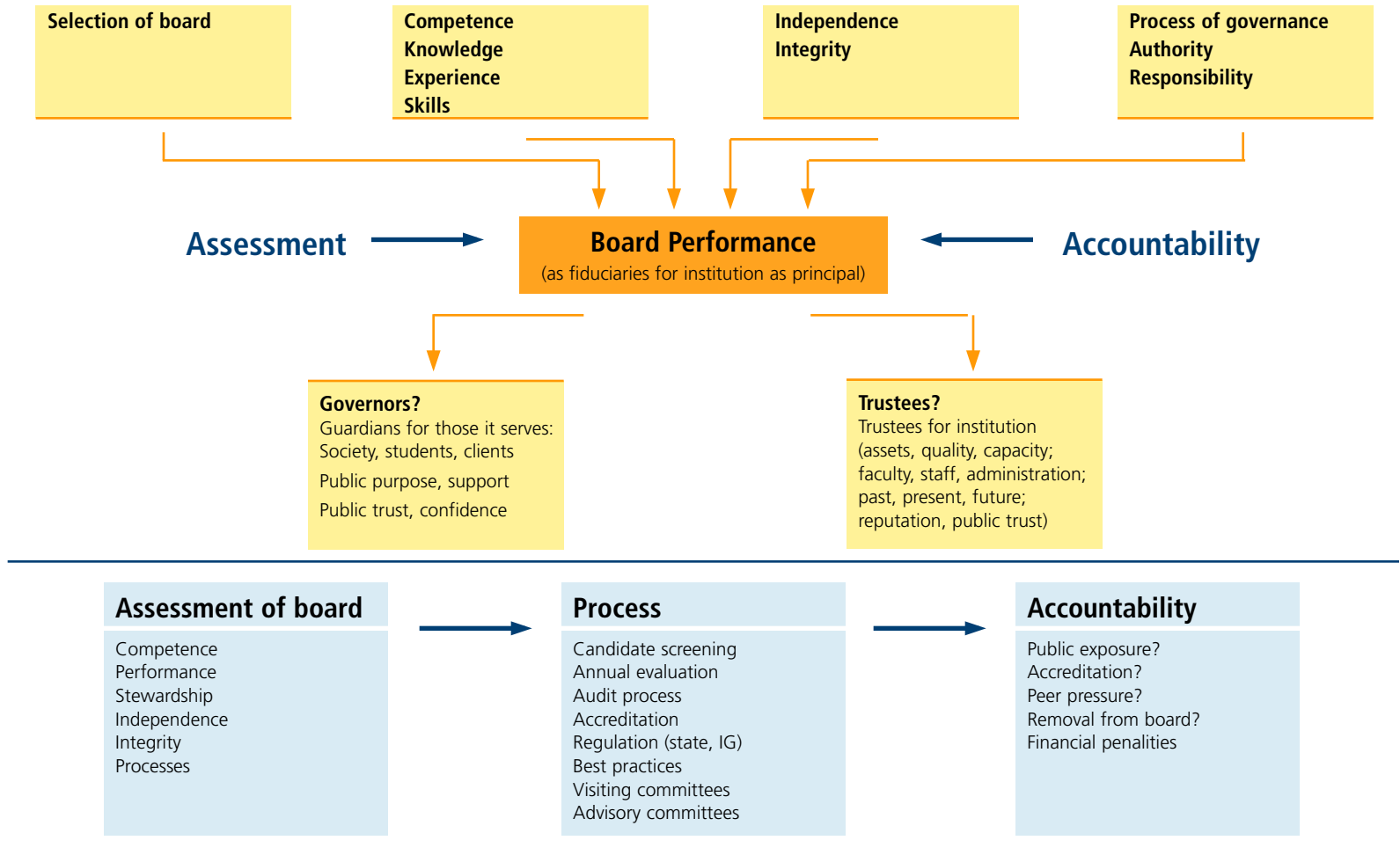
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Leadership

It is interesting to note that both the report of the Spellings Commission, *A Test of Leadership: Charting the Future of U.S. Higher Education*, and the report of the AGB Task Force on the State of the University Presidency, *The Leadership Imperative*, stressed the importance of “leadership.” Both recognized that for higher education to play the role it must during a period of challenge, opportunity, and responsibility, it must establish a stronger sense of trust and confidence on the part of the American public. Key in earning and sustaining this trust and confidence are university presidents, working in concert with their governing boards and faculties. No leader comes to personify an institution in the way a president does. A president must provide academic leadership at the same time he or she must assimilate and tell the institution's story to build pride internally and support externally. The president has primary responsibility for increasing public understanding and support for the institution as a contributor to the nation's continued vitality and well being (AGB, 2006).

Yet the ability to be an effective spokesperson for higher education in America is strongly dependent upon the governing boards' and faculties' support for the voice of the president (or at least their tolerance). Many universities find that the most formidable forces controlling their destiny are political in nature—from governments, governing boards, or perhaps even public opinion. Unfortunately, these bodies are not only usually highly reactive in nature, but they frequently either constrain the institution or drive it away from strategic objectives that would better serve society as a whole and in the long run. Many university presidents—particularly those of public universities—believe that the greatest barrier to change in their institutions lies in the manner in which they are governed, both from within and from without. University governance is more adept at protecting the past than preparing for the future. An earlier AGB effort highlighted these concerns when it concluded that the governance structure at most colleges and universities is inadequate. “At a time when higher education should be alert and nimble, it is slow and cautious instead, hindered by traditions and mechanisms of governing that do not allow the responsiveness and decisiveness the times require.” (AGB, 1996) The commission went on to note its belief that many university presidents were currently unable to lead their institutions effectively, since they were forced to operate from “one of the most anemic power bases of any of the major institutions in American society.”

Restructuring university governing boards to include assessment and accountability



A decade later the AGB Task Force on the university presidency found that the presidents of American colleges and universities still face impediments in their efforts to provide capable leadership, particularly on important national issues (AGB, 2006). The university presidency is all too frequently caught between these opposing forces, between external pressures and internal campus politics, between governing boards and faculty governance. Today there is an increasing sense that neither the lay governing board nor elected faculty governance has the

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expertise and the discipline—not to mention the accountability—necessary to cope with the powerful social, economic, and technological forces driving change in our society and its institutions. The glacial pace of university decision-making and academic change simply may not be responsive or strategic enough to allow the university to control its own destiny. To strengthen the voice of the presidency and secure the ability to provide the necessary

leadership during a period of considerable change, challenge, and opportunity, the task force set out three imperatives:

1. To reconnect the president with the core academic mission of the university, i.e., learning and scholarship. The presidency is not simply just another CEO role, dominated by fund-raising or lobbying. Instead, academic leadership is a president's highest priority.
2. To urge boards, faculties, and presidents themselves to view the university presidency not as a career or a profession in and of itself, but rather as a calling of immense importance, similar to those of other forms of public service, deserving personal compensation and benefits appropriate to the academy.
3. To seek to establish what the AGB Task Force termed *integral leadership*: "A new style of collaborative but decisive leadership. A president must exert a presence that is purposeful and consultative, deliberative yet decisive, and capable of midcourse corrections as new challenges emerge. Integral leadership succeeds in fulfilling the multiple, disparate strands of presidential responsibility and conceives of these responsibilities as parts of

a coherent whole. Leadership of this sort links the president, the faculty, and the board together in a well-functioning partnership purposefully devoted to a well-defined, broadly affirmed institutional vision." (AGB, 2006)

In summary, today there remain many concerns about the governance and leadership of higher education, particularly for public colleges and universities. Many governing boards have become overly politicized, focusing more on oversight and accountability than on protecting and enhancing the capacity of their university to serve the changing and growing educational needs of our society. While faculty governance is critical in sustaining the consultative character of the university, it can also become cumbersome and possibly even irrelevant to the issues facing the contemporary university. University leadership, whether at the level of chairs, deans, or presidents, has insufficient authority to handle the powerful forces of change on higher education. And nowhere, either within the academy, at the level of governing boards, or in government policy, is there a serious discussion of the fundamental values so necessary to the nature and role of the public university.

To be sure, the contemporary university has many activities, many responsibilities, many constituencies, and many overlapping lines of authority, and from this perspective, shared governance models still have much to recommend them: a tradition of public oversight and trusteeship, shared collegial internal governance of academic matters, and experienced administrative leadership. But clearly the university of the twenty-first century will require new forms of governance and leadership capable of responding to the changing needs and emerging challenges of our society. Governing board members should be selected for their expertise and commitment and then held accountable for their performance and the welfare of their institutions. Faculty governance should focus on those issues of most direct concern to academic programs, and faculty members should be held accountable for their decisions. Our institutions must not only develop a tolerance for strong presidential leadership; they should demand it.

Remaining Questions, Concerns, and Caveats

Today American higher education faces many challenges, including:

- an increasing stratification of access to (and success in) quality higher education based on socioeconomic status;
- questionable achievement of acceptable student learning outcomes (including critical thinking ability, moral reasoning, communication skills, and quantitative literacy), cost containment, and productivity; and
- the institutions' ability to adapt to changes demanded by the emerging knowledge services economy, globalization, rapidly evolving technologies, an increasingly diverse and aging population, and an evolving marketplace characterized by new needs (e.g., lifelong learning), new providers (e.g., for-profit, cyber, and global universities), and new paradigms (e.g., competency-based educational models, distance learning, open educational resources).

Furthermore, while American research universities continue to provide the nation with global leadership in research, advanced education, and knowledge-intensive services such as health care, technology transfer, and innovation, this leadership is threatened by rising competition from abroad, by stagnant support of advanced education and research in key strategic areas such as science and engineering, and by the complacency and resistance to change of the academy.

Yet there remain many questions for those responsible for governing, supporting, leading, and providing higher education services to society. For example:

- What do people expect from higher education? Are these reasonable expectations or do they arise from a lack of understanding of the broad role of higher education? Perhaps more germane to a public agenda is the question of what people really need from higher education—including roles such as social criticism that are rarely valued at the time.
- To whom is the university responsible? To whom should it be held accountable? Students? The public? The taxpayer? The politicians? The media? How about responsibility and accountability to society at large? States? The nation? The world? Or framed in a different way, how would one prioritize accountability to the needs of the

present with being a responsible steward for past investments and commitments while also enabling our universities to serve future generations?

- Who should be held accountable for the performance and quality of higher education? Elected public officials such as governors and legislators? Governing boards? University faculties? University presidents? Football coaches (at least at some institutions...)?
- How does one persuade an aging population, most concerned with issues such as retirement security, health care, safety, and tax relief, that both their own welfare and their legacy to future generations depend on investing public resources in the strong support of higher education?
- In recent years there has been a trend toward expanding the role of state governments in shaping the course of higher education. Many of these accountability movements call on universities to narrow their goals to focus on near-term imperatives, such as more efficient classroom instruction, increased undergraduate enrollments, limiting tuition increases even as state support deteriorates. How can the broader purposes of higher education—such as creating the educated citizenry necessary for a democracy, preserving cultural assets for future generations, enabling social mobility, and being a responsible social critic—be acknowledged as public priorities by state leaders?
- Considering the eroding support and increasingly intrusive regulation directed toward public higher education, can state government continue as a responsible steward for our universities, which are also critical assets for broader society and the nation itself? Term-limited legislators and governors, political parties controlled by narrow special interest groups, and a body politic addicted to an entitlement economy have ceased to be reliable patrons of higher education in several states. Little wonder that governing boards are seeking more autonomy over decisions such as admission, tuition and fees, faculty and staff compensation, procurement, and other areas sometimes micromanaged by state government.
- What role should the federal government play in setting and achieving the public agenda for American higher education? While the states have primary responsibility for sustaining

public higher education, federal policies have frequently provided the primary stimulus for change through initiatives such as the Land Grant Acts, the GI Bill, the government-research partnership, and the extension of educational opportunities through the Higher Education Acts. What is a national agenda for higher education appropriate to prepare America for tomorrow?

So what are state governments, boards of trustees, and university leaders to do, as their academic institutions are buffeted by such powerful forces of change, and in the face of unpredictable futures? We should always begin with the basics, considering carefully those key roles and values that should be protected and preserved during a period of transformation.

For example, how would an institution prioritize among roles such as educating the young (e.g., undergraduate education), preserving and transmitting our culture (e.g., libraries, visual and performing arts), basic research and scholarship (e.g., graduate and professional education), and serving as a responsible critic of society? Similarly, what are the most important values to protect? Clearly academic freedom, an openness to new ideas, a commitment to rigorous study, and an aspiration to achieve excellence would be on the list for most institutions. But what about values and practices such as lay governing boards, shared governance, and tenure? Should these be preserved? At what expense?

Of course, we all aspire to excellence, but just how do we set our goals? The paradigm characterizing many elite institutions, which simply focuses more and more resources on fewer and fewer, does not seem to serve the broader needs of our society. Rather, the goal will be the development of unique missions for each of our institutions, missions that reflect not only their tradition

and their unique roles in serving society, but their core competency as well. If such differentiation occurs, then far greater emphasis should be placed on building alliances with other institutions that will allow them to focus on core competencies while relying on these alliances to address the broader and diverse needs of society.

University leaders should approach these issues concerning institutional transformation not as threats but rather as opportunities. True, the status quo is no longer an option. However, once we accept that change is inevitable, we can use it as a strategic opportunity to control our destiny, while preserving the most important of our values and our traditions. Visionary leaders can tap the energy created by threats such as the emerging for-profit marketplace and technology to engage their campuses and to lead their institutions in new directions that will reinforce and enhance their most important roles and values.

Yet consider one important caution: In its September 10, 2005, issue, the *Economist* summarized the status of higher education in America as follows:

“There is no shortage of things to marvel at in America’s higher-education system, from its robustness in the face of external shocks to its overall excellence. However, what particularly stands out is the system’s flexibility and its sheer diversity. It is all too easy to mock American academia. But it is easy to lose sight of the real story: that America has the best system of higher education in the world!” (Economist, 2005)

Hence, while higher education in the United States faces many challenges, responsibilities, and opportunities, those people responsible for the governance and leadership of American higher education—for establishing its public agenda and ensuring that it addresses these priorities—must always approach their task by heeding the admonition of the Hippocratic Oath: “First...and always...do no harm.”



True, the status quo is no longer an option. However, once we accept that change is inevitable, we can use it as a strategic opportunity to control our destiny, while preserving the most important of our values and traditions.

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