

Higher Ed Faces Big Issues

A discussion with top college officials highlights the challenges for the profession

By Tim Smart

Very few sectors of society are facing the challenges confronting higher education, which still uses an old methodology to deliver its product in a digital age. The teacher-student relationship has not really changed for centuries, but the needs of the student entering a global workforce have. Meanwhile, the cost of an undergraduate degree from a top-flight institution continues to rise annually at a rate higher than inflation. College officials brought together by Fidelity Investments and *U.S. News & World Report* at a recent conference in Lake Buena Vista, Fla., talked



MATT SLABY—LUCERO FOR USN&WR

The Experts Speak

Government and higher education industry insiders gathered recently at Walt Disney World for the Fidelity Investments/*U.S. News* forum. (Clockwise from top left.)



Moderator:
BRIAN KELLY,
 Editor, *U.S. News & World Report*

Speakers:
RENU KHATOR,
 President, University of Houston System

LEWIS DUNCAN,
 President, Rollins College

PHILIP HANLON,
 Provost, University of Michigan

EDUARDO OCHOA,
 Assistant secretary for postsecondary education, U.S. Department of Education

about the challenges of dealing with a global economy and a changing student population. The panelists were Lewis Duncan, president of Rollins College; Philip Hanlon, provost at the University of Michigan; Renu Khator, president of the University of Houston System; and Eduardo Ochoa, assistant secretary for postsecondary education at the Depart-

ment of Education. The panel was moderated by *U.S. News* Editor Brian Kelly. Excerpts:

KELLY: Is this a sector that is in trouble?

OCHOA: So many governors and legislatures—state legislatures—are cutting back dramatically the support for higher education to the point where I think that the traditional understanding and compact

that we've had in our society for public higher education, which was perceiving of it as a public good and deserving of state subsidy, is being eroded.

And so there's a bit of an arms race between institutions, which has been driving cost as amenities and features are added to differentiate institutions from each other. So those are two different kinds of prob-

lems. I will say that there's also some positive developments going on in higher ed.

One of the positive byproducts, I think, of that prominence of rankings like *U.S. News's* is that it has focused—to the extent that people critique it, they have to come up with some alternatives because the question has been raised. What is it exactly—what is academic quality? How do you measure the quality of an institution?

So there's been a whole shift toward a focus on learning outcomes. And I happen to think that there's an interesting linkage that needs to be highlighted between the transition to learning outcomes and maybe some of the solutions or ways of addressing the funding or capacity crunch in higher ed.

I think that there has to be a real transformation in our system where we introduce a new dynamic of continuous productivity improvement in higher education, something that hasn't occurred before.

HANLON: On top of the traditional broad knowledge and deep expertise and critical thinking, which I can imagine measuring, going forward we need to layer on a set of skills that will allow students to deal with this new work environment, which is things like the confidence and experience to innovate, to create, the

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ability to reinvent themselves, the ability to work in teams and particularly with diverse sets of people and increasingly in an international situation.

DUNCAN: Speaking from the perspective of private schools, particularly the small liberal arts college approach, we fully endorse the idea of accountability in what we do. The moving towards standards tends to then move institutions toward homogeneity and yet the real strength of the American system is in its diversity. So how do we preserve that strength, the continuum of the types of institutions that serve our students, while still holding us accountable to some agreed-upon standards that are reasonable?

HANLON: One of the problems is that the higher ed industry is not a homogenous university. It's many, many different kinds of institutions serving many different populations with many different needs. And I think one single test does not work well. But, you know, I like the idea of tests which serve different sectors. That might work.

KHATOR: Let me address your question from

a very different angle. First of all, we should all realize and admit that America's higher education is still the most emulated, the most wanted, highly prized throughout the world. So there is something that has gone wrong with higher education. And all of this time of evolution of higher education, it wasn't done with outcome assessment.

It's very hard to put a number on a parent's love or on a teacher's teaching or an artist's creativity. Yes, you can harness some of it. You can't completely measure it. So I am all for it. And, I mean, I measure and we have a progress card in our universities.

And I would love to see, you know, emphasis on accountability, on transparency, on outcome. But we have to first figure it out. What outcome do we want, because be careful what you ask for because you'll get that.

DUNCAN: Our costs are rising faster than the consumer can pay for it—the number of financially capable, intellectually able, and willing to pay students is diminishing. One of the responses is expanding internationally because, as was pointed out, we have a higher


ed system, including private higher ed, which is the envy of the world. The value statement of a liberal education needs to be better made. Why it is important and why small classes, why small student-faculty ratios, why the Socratic dialogue method of teaching has value for many students.

And we have not delivered that message very well and have to get back to it because there are a number of small private liberal arts colleges that are in very deep financial trouble. Their discount rates—the amount that we give back from the tuition we collect—keep rising. Some are well over 60 percent. I point out to our campus that when it hits 100 percent, we're absolutely out of business.

It's escalating at a rate that's unsustainable. So we've been focused on this for a few years. But there is no magic one solution. Small liberal arts colleges need to have—we talk about needing to have all of the inefficiencies that we can afford—small classes taught by fully credentialed faculty, not by graduate students, faculty focused on teaching.

KELLY: What pressures do you feel are com-


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ing down on you and how are you addressing them?

DUNCAN: Although we are a roughly 1,800-student, residential liberal arts college, we have more than 1,000 students who are non-traditional, following the less straight path to their degrees. At our commencement this past weekend, the oldest graduate was 74. So [we are] delivering to a different student body as well, as well as a business school which I think responds to the community.

HANLON: So what universities need to do—and the public peers that I know are all mindful of this at this point—is they need to commit to efficiency and expenditure reduction on the operations side consistently over a long period of time. I think that the cost of a higher education, particularly at a research university, will always trend above CPI [the consumer price index]. There's a couple of reasons for that. One well recognized is that we're very intensive in human resources and salary, and benefits always track above CPI.

KHATOR: So I think taking real serious control of that and interest in that is going to be a very important thing. Another thing that's been very important for us, and that is Houston has several institutions and several industries there. Trying to run on your own just does not work and it will not work. So we have created so many partnerships and that is sort of the future for us.

We have invested in the energy research park, which I think in Houston is a no-brainer. And now the energy industry has come forward. They are funding it with the state. And we are really developing an incubator for energy-related research where the public, private, and the academic sectors can all work together. And it's working just really beautifully right now.

At the exact same time when we're complaining and we're thinking about, you know, producing the minimum-cost degree, there are countries who are—every four months I have some country delegation coming and asking—saying, we want to build an American-style university. Can you come on our board? Can you help us do that?

You have no idea, I mean, how much that pressure is growing now at this point, which means, again, while we are taking care of the base of the pyramid, we cannot let our eyes go from that pinnacle of the pyramid because we already know how to do it best right now. India is building 14 world-class universities. China has declared that they want to bring 1,000 of their Chinese-American professors back home.

We are facing real encroachment on the talent that we have taken for granted for a

very long time. And therefore as we have this conversation about cutting costs and doing for less, I'm 100 percent for it. But at the same time, we have to keep that dream always alive that America is—America's higher education is at the top and it will stay at the top and we'll do whatever is necessary to do so.

OCHOA: And there's also, if we're going to achieve the 2020 goal the president has of being once again the most educated country in the world, it's not just about producing degrees, but it's imbuing the students with the knowledge, skills, and abilities that are implied by those degrees. So quality has to be maintained and increased. We hope to do some things that will play kind of a synergistic role in promoting change in higher education ... as well as support and stimulus for innovation in terms of new pedagogies, new approaches to learning, and also ways of doing it more efficiently.

DUNCAN: I think there's a vanguard mostly of younger faculty who are embracing technology as a tool and, I mean, are teaching much more effectively and broadly. We haven't really had great discussions in the academy yet about how it's changing what we teach, and because the academy changes at glacial speeds when it comes to that topic, it will take a little while for us to catch up. |

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