

The Secretary of Education's Commission on the Future of Higher Education
Remarks by Charles Miller, Commission Chairman
Nashville, Tennessee
December 8, 2005

Good afternoon and welcome to everybody. We are pleased to be in Nashville, Tennessee to discuss Higher education in America. Our Task Forces have been working diligently and we will have some enlightening presentations from them and from other panels. Tomorrow, we will hear from one of the great national leaders in education, Senator Lamar Alexander. We should have time in this very busy structure to comment, ask questions and debate.

I want to make a short presentation of some of my personal views and raise some points about future work of the Commission.

When we started, a very important suggestion was made that we should make an effort to describe what we need and want from our Higher Education System. Because of time constraints, I thought it would be more productive to start immediately to work on the key issues described in our charge and then bring to you a statement of what it is we want – and then have the Commission edit, enhance and develop it further. That's what I have done, along with my personal view of what we have, what needs to happen and a specific avenue to pursue.

I am sensitive to the possibility that some of my language may sound critical, and some of it is. However, we need to be able to understand and define the problems before we can suggest long-term strategy to accomplish what we want.

What do we want from our Colleges and Universities?

- A world-class higher education system should educate its citizens and create new knowledge.
- It should be accessible to all qualified students at all life stages regardless of financial status.
- It should be accountable in performance and transparent in its operation to the American public and to their elected representatives.
- It should be productive and efficient in order to be affordable to the entire community of funders.
- It should contribute to providing career and employment opportunities and to developing skills in the workforce necessary for adapting to a rapidly-changing economy.
- It should serve as a fundamental contributor to innovation and global competitiveness.

What do we have at our colleges and universities?

- We have what most believe is the best Higher Education system in the world. However, as the Secretary's Commission, we are tasked to address issues of Access, Affordability, Accountability and Quality in Higher Education.

Today, Access is becoming more difficult. We are not preparing our young students well enough; our public schools and post-secondary schools are not well-aligned; and there are signs of elitism creeping into view.

Today, Affordability is becoming a major concern, especially among parents with young children, as prices and costs of Higher Education inexorably rise faster than other prices or incomes, but the biggest Affordability question is the total cost of those asked to fund higher education: federal taxpayers, state taxpayers, employers, contributors and suppliers.

Today, the Quality of teaching and learning in Higher Education is being questioned by employers and by students and former students. Institutions are often structured with other priorities, so as to make teaching and learning almost incidental. And the Quality of our research may begin to suffer from weak policies and competing financial priorities, as well as substantial and new international competition.

Today, Higher Education provides inadequate information in overly complex forms with little transparency about prices and costs or about many other key measures of value added or received. In other words, data is not available that will allow policy makers and the public to make the informed decisions necessary in a challenging environment. We need better information, in the information age, and with more Accountability.

Today, we do have the best Higher Education system in the world, but that could be just dangerous complacency. And that sort of complacency could be our ultimate loss.

We are not getting what we want and need. So, there is a great deal of evidence that Higher Education is at a critical juncture. Academic leaders and business leaders and policy makers are repeatedly calling for action in study after study after study, with a sense of urgency. The time is now. And the charge is ours.

So we have begun what this situation demands: A serious strategic Dialogue; a review which might lead the country to adopt new and more productive policies, which will require mostly a willingness to make changes for all of us to adapt.

Some of the changes we will require are clear. How to get there is not. The following developments will have to take place within the academy in order for it to maintain its support in the future.

At a minimum, the value of Higher Education will have to be more clearly demonstrated, not just the benefits for individuals---which is widely accepted---but the benefits for the community-at-large. Higher Education has focused on individual benefits very hard because that argument could be used to justify tuition increases and public funding increases. Now, a shift is taking place where institutions are arguing the “public good” derived from Higher Education, but the “public good” can’t be used only in the context of justifying more money, immediately. That is just not good enough.

Higher Education must demonstrate successful efforts to improve productivity and efficiency, which is a big order for change-resistant institutions. This means that existing funding streams have to be used better. It also needs to be made clear that new funds will not just be added on top of an inefficient structure.

Higher Education must become more transparent and accountable. Consumers and other providers of funds need to know what they get for their time, energy and money, especially when economic conditions are difficult for everyone.

Higher Education needs to become more responsive to the needs and demands of students, employers, taxpayers and policy makers, especially in the situation involving non-traditional students and lifelong learning.

Yet, there must be a sustained and substantial investment in higher education to build the system we want and need to maintain a competitive economy and provide opportunity for all.

That leaves a giant problem before us. Where will the resources come from to support the changes needed and the Higher Education system we want?

At the local, state and federal level, it seems highly probable that Higher Education will not receive incremental funding priority over other demands for public funds. In other words, public money for Higher Education will be very tight for the foreseeable future. It would be a strategic mistake to depend primarily on increases in public funding in real, per capita terms. This situation will impact virtually all Higher Education institutions.

The demands for funds made on local and state governments from public education, health care, infrastructure needs, pension funds and cost shifting from the federal government will be large and persistent, and especially exacerbated during cyclical downturns, and these demands for funds will tend to grow at rates higher than broad economic activity and tax revenues.

Available funds at the federal level will be constrained sharply by entitlement growth, especially in health care and social security, by homeland defense needs, under-funded corporate pension funds and other global and demographic imbalances. It seems highly probable that Higher Education will not stand near the front of the line, even if taxes are increased, near or long-term.

Again, this does not mean more investment in Higher Education is not in the national interest and it could be soundly argued that more investment is warranted. Where we are today is that significant additional public funding is not available. What has been happening is a cost-shifting --- from state to federal --- and now to students and their families. The end of that cost-shifting is near and higher education will have to become more productive and perhaps find new funding sources---or it will be in a long-term period of decline in quality.

Well, then where else could we go from here for resources to address this “Not-Longer-So-Quiet Crisis”? The Commission will at have to bring that question to the forefront and even attempt to answer it.

One serious possibility is to look toward the Private Sector. That does not mean just the current model of “For Profit” companies---although they can and will make a major contribution by responding to specific needs of consumers of Higher Education, especially non-traditional students. Shouldn't we at least look toward attracting a larger set of new investors and risk-takers and profit seeking capitalists to Higher Education?

There is ample Private Capital in the world today, available at reasonable prices, compared to any earlier standard. The industrialized world – Europe, Japan and the U.S. – is wealthy, although their governments are fiscally limited by aging populations and entitlement liabilities. It would be prudent, indeed sophisticated self-interest, to invest in long-term educational improvements in order to maintain our edge in innovation so critical to our economic future.

After all, while our Higher Education system is the best in the world, admired by others, our capital markets have also been the best in the world, a major contributor to our economic prosperity. The productivity of capital in America is as important as other productivity factors. In fact, one could make the case that our true strength in America is a combination: Education and research obtained from our colleges and universities combined with our skills in bringing intellectual capital to the markets and

to the real economy. That combination will probably drive our ultimate destiny as a competitive economic player. It is our unique comparative advantage.

Without specific ideas --- yet --- about how to apply the concept of more engagement of Private Capital, it could be a major goal for the Commission to pursue possible policies and incentives which would encourage and enable Private Capital to flow into Higher Education in a collaborative and competitive way. After all, if Higher Education is so valuable to society and to individuals, it could also be expected to attract capital to enhance and expand that value in the right circumstances.

At the meeting in San Diego, we hope to bring further focus to resources and especially the role of Private Capital in Higher education. By that time, we will have made significant progress on the earlier issued of Access, Affordability, Accountability and Quality, and we will begin to refine those and integrate other issues. We will bring new resources to the Commission process and will operate more as a "committee of the whole."

Thank you for your involvement and we look forward to a productive series of presentations and Dialogue.