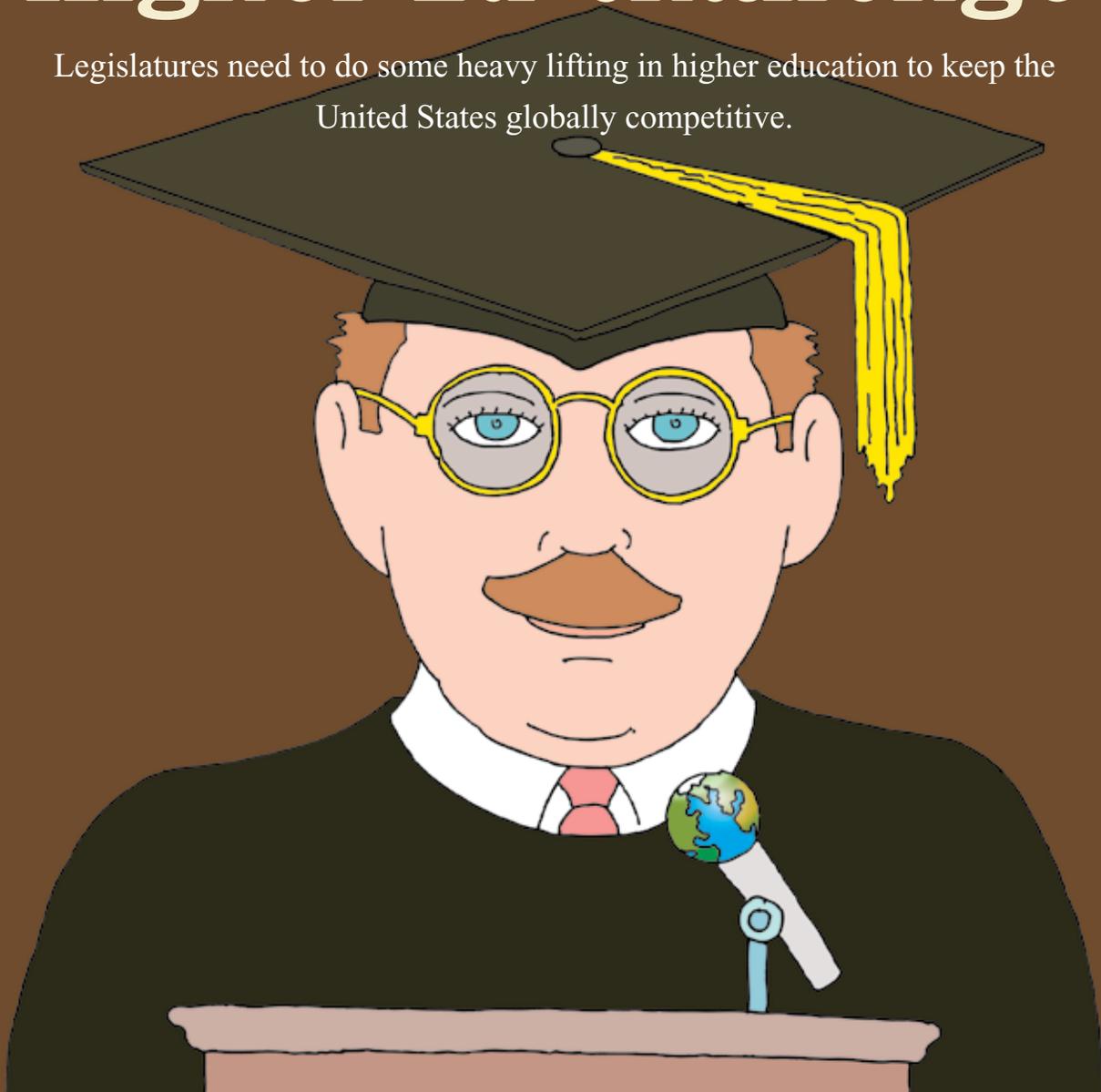


# Higher Ed Challenge

Legislatures need to do some heavy lifting in higher education to keep the United States globally competitive.



BY JOHN M. MUTZ

**D**eveloping the higher-education budget was remarkably simple when I entered Indiana's legislature in 1967. We would agree to a lump sum for all institutions and let the presidents of the

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state's two largest universities divvy up the money.

Things changed for the better after we created a state higher-education commission to advise us. But in the sessions that followed, enrollment-driven spending formulas were added, pressure from those with competing interests increased and budget line-items multiplied. Before long, our state budget was growing with all the chaos and determination of kudzu.

Most states followed this pattern. Even

today, as global competition intensifies, many legislative leaders have yet to address the dysfunction created by decades of failing to manage state policy and failing to invest tax money in ways that would generate the best returns from higher education for students, the national economy and American society.

In fact, college and university budgets have become so complex they serve as little more than revenue yardsticks for the institutions. That's because in most states the tasks of

## What Legislators Can Do to Make Higher Ed More Efficient

◆ **Target state spending.** Invest in the public two- and four-year institutions that will serve the largest share of students. State appropriations for public colleges and universities should be tied to the percentages of students finishing their degrees within a reasonable time, not just to the numbers of students enrolled in coursework.

◆ **Shorten the time to graduation.** While Europe is moving toward a shorter time to complete baccalaureate degrees, in the United States students are taking longer and longer to finish school. Revamping course scheduling would help. So would simplifying degree requirements.

◆ **Measure what's learned.** A college degree should be more than a mere credential. It should signify mastery of a body of knowledge. The Collegiate Learning Assessment, developed by the Council for Aid to Education with RAND Corp., measures the ability of college students to analyze complex, ambiguous situations by testing their reasoning and communication skills.

◆ **Increase needs-based aid.** Merit aid benefiting the brightest—and often the wealthiest—students has doubled during the past 10 years as many institutions have competed to assemble the optimal freshman class. These efforts to lavish financial assistance on academic superstars have come at the expense of helping solid students from families struggling to pay for college.

◆ **Revamp course delivery.** A series of pilot studies by the Center for Academic Transformation found that 25 of 30 institutions that redesigned popular introductory courses by making smart use of technology and engaging professors more efficiently resulted in lower costs and higher achievement. These experiments, underwritten by the Pew Charitable Trusts, succeeded at institutions as diverse as Ohio State University and Riverside Community College in California.

◆ **Improve college preparation.** This means adopting—and enforcing—rigorous K-12 standards. Almost one-third of entering college freshman required at least one remedial course. Students who reach college needing this extra help are more likely to drop out.

◆ **Expand adult education.** States and institutions can help reverse the declining college attainment rates of 25- to 34-year-olds by creating more flexible schedules, adding convenient sites that encourage class attendance, providing child care and other support for single parents and offering financial-aid packages to working adults.

passing higher-education budgets and setting education policy are carried out by separate legislative committees, often with no coordination. We need to invest our states' scarce resources in providing high-quality education to many more students. We should be setting clearer goals for colleges and universities while coordinating state financial aid, tuition, and appropriations policies in ways that hold these schools accountable for results.

### A CRITICAL TIME

Higher education in the United States has reached a critical point: Applications are up across the board, and the nation's top institutions are setting a global standard for excel-

lence. But we need a fundamental transformation to position our country for a world in which high school graduates are no longer guaranteed entry into the middle class. The sheer number of jobs that require postsecondary education has doubled since the 1970s, and employers' demands for more highly educated workers will only continue to grow as our world shrinks.

A recent report by the Organisation for Economic Co-operation and Development shows that, within a generation, the United States has fallen from No. 1 to No. 10 among industrialized countries in the percentage of 25- to 34-year-olds with college degrees. The same report suggests we spend at least twice

as much as the average developed country to achieve these disappointing results. At the same time, the cost of attending college in the United States has risen more rapidly than household incomes, and the availability of financial aid has not kept pace with tuition increases.

Without dramatic change, our country will continue to fall behind, state by state. Other Western countries have long-range economic development strategies that hinge on strategic investment in widespread higher education participation. China and India are increasing their citizens' access to higher education at levels unseen internationally since the United States unveiled the GI Bill after World War II. To keep up, we must ramp up. The National Center for Higher Education Management Systems estimates we will have to educate 781,000 more college graduates each year through 2025 to compete with top-performing nations. That's more than a one-third increase in the number of students we are educating today.

These statistics are not yet well-enough known to be part of the everyday vernacular of the average legislator. But global economic activity is here to stay. There's no turning back the clock. When you compete today, you're not just up against other states, you're competing against Ireland, France, Germany and Japan. Not to mention China and India, which enjoy abundances of lower-cost, highly educated labor. The competition is real—and educational productivity does matter.

### UNPREPARED STUDENTS

Unfortunately, students entering college today are not as well-prepared as in the past. As baby boomers retire, demographic trends suggest our national economy will depend increasingly on minorities, first-generation college-goers, working adults and students from low-income families who often struggle to afford—and succeed in—college. They will need support, because we cannot afford to waste talent and expect to maintain a world-class workforce.

Stagnant postsecondary attainment is a national problem, but we do not have the luxury of waiting on the federal government to act. Higher education is primarily a state responsibility. Nonetheless, many state leaders, including lawmakers, ignore or downplay our plight. I hear comments like: "Yes, but

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getting an engineering degree in India is not like getting an engineering degree in the United States.” Try telling that to the U.S. companies that hire engineers educated in India and other emerging countries as quickly as they can find them.

Sadly, there are no big surpluses available to boost participation and degree-completion rates in U.S. higher education. Even if there were, the superior lobbying prowess of K-12 educators and other fiscal demands such as Medicaid and public safety often overshadow higher education.

#### **THE MONEY ISSUE**

Over time, state taxes have come to cover a decreasing share of college and university operating budgets. In some respects, higher education has been a victim of its own success. The perception is that colleges and universities are big fundraisers in their own right and can be held to modest funding increases. The truth is these private resources are unequally distributed. Students and parents are picking up the slack. Take community colleges: They have a tougher time raising money than four-year schools, yet they are expected to serve nearly half of all undergraduate students nationally.

To turn this around, public institutions will have to submit to greater scrutiny of, say, spending per degree conferred in return for additional public funding. Significant funding increases in the future will be tied to the economic development priorities of individual states and to proof of more-efficient spending.

I acknowledge that many college and university leaders are skeptical of claims that spending can be curbed in certain areas of the operating budget so money can be redirected to increase participation and student success. But innovators, such as William E. “Brit” Kirwan, chancellor of the University System of Maryland, recognized the need to demonstrate greater efficiency if they hoped to secure additional state funding for their institutions. The Maryland system has boosted its capacity to serve students by increasing faculty course loads, enhancing student-advising services to help students finish their degrees sooner, limiting undergraduate degree requirements and encouraging enrollment at less-expensive public institutions. The stunning result has been an ability to hold the line on in-state undergraduate tuition for the past two years.

#### **FACING THE CHALLENGE**

With funding from Lumina Foundation, the National Conference of State Legislatures formed a blue-ribbon commission that’s pushing legislators to address the challenges facing higher education proactively. Among the panel’s recommendations: make sure low-cost options such as community colleges receive adequate support, encourage high school students to take college coursework and address the differing needs of working adults. Lumina Foundation also is supporting Making Opportunity Affordable, a nationwide initiative that, in coming months, will provide grants to several states to support efforts aimed at encouraging smarter spending to ensure access to high-quality, affordable education for all students.

The good news is that polling by Public Agenda shows the electorate will support state lawmakers who champion efforts to make a high-quality college education affordable and available to all who might benefit. The need for change is clear, and the stakes are high.

The next steps are up to you.

