

The Challenges Facing Higher Education in America Today

by
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Introduction

Today, I will discuss colleges and universities as economic and ethical forces in society, and describe some of the global challenges facing higher education. First, though, you should know that there are 7,000 Adelphi alumni in Florida, some early in their careers and others retired, representing a wide array of professions, including finance, healthcare, medicine, real estate, corporations, and diplomacy. They are supporters of arts and culture, and tax-payers, in your state.

I also would like you to know something about me. When I came to Adelphi in 2000, I was the sixth president in three and one-half years. Overall, I have been a college president for nearly 23 years, and I am - - as far as I know - - the only person ever to hold the top three jobs in higher education: head of a private university, a public college, and a state higher education coordinating board. I also have been non-executive chairman of a publicly traded company.

You also should know that in addition to attending numerous and varied student events, including performing in a main-stage student production of "Our Town," I regularly meet with small groups of students, faculty, and staff and ask at least two questions: "What is going well? What do you wish we had changed last week?"

For these reasons, I can report that students today face many different pressures from earlier periods, but approach life in patterns you would recognize: the career-motivated, the party-goer, the academic grind, the athlete and cheerleader, the campus politician, etc. They know more about some things, less about others; and they are 18, 19, 20, 21 years of age.

They have experienced terror in society and in their neighborhoods, but they have hope nevertheless. More colleges today have both adult students and female athletes in greater numbers. Both are good signs. In fact, if any one tells you that Title IX was a bad policy choice, and resulted in the elimination of the wrestling team, have them talk to me, your daughter, or your college's CFO responsible for the insurance premiums, and ask the college president why his or her football team carries more players than pro teams do.

But enough preamble. Now to our assignment.

As you are aware, the American and, indeed, the global economy have experienced a series of phases over the past one hundred-plus years. These economic and employment phases range from agrarian practices and extraction technology; to scientific agriculture, engineering and manufacturing; to a service economy; to an information economy; and now, to what many are now calling an “innovation” or “idea” economy. In each phase, there have been great dislocations for those employed and great opportunities for those who re-trained, sought advanced education, and developed the ability to solve new problems. This evolution in employment and the economy will continue, which places great responsibilities on universities - - as well as great opportunities for investors.

Throughout these cycles, the demand for advanced education has increased. Whether in white collar office jobs, healthcare, or even manufacturing, human capital has become more important and advanced education more necessary. As one scholar noted,

Following the 1980 recession, the restructuring of the economy from an industrial to post-industrial knowledge economy accelerated dramatically. As a result, the wage premium for workers with post-secondary education sky-rocketed throughout the 1980’s and 1990’s reaching 73% by 1999. The wage advantage of advanced degree holders over high school graduates was even higher, topping out at 124%.¹

According to a recent study, “someone born into a family in the lowest fifth of earners who graduates from college has a 19% chance of joining the highest fifth of earners in adulthood and a 62% chance of joining the middle class or better.”²

The advantages of a university education will continue.

Universities as Unique Institutions

Now more than 1200 years old, universities are distinctive organizations that serve three roles - - as creator, curator, and critic. Think of it: the university creates new knowledge through fundamental research into what is not known, new applications of what is discovered, and new interpretations of human activity through poetry and prose, body movement, music, and visual expression.

At the same time, the university is the curator of human activity, of our heritage as cultural beings, and the repository through archives as well as a databases of past accomplishments, whether for good and evil. This is why history is so important as a field of study. In fact, I think the study of history and the nourishment of imagination are two essential elements in preparing citizens.

¹ Carnevale, Anthony P. “College for All?,” Change, January – February 2008. pp 1 & 2.

² Eckholm, Erik. “Higher Education Gap May Slow Economic Mobility.” The New York Times, February 20, 2008.

The university is also a “critic” - - a forum for debate about the “status quo.” In this way, the university is at the margins of society, just as in its roles as creator and curator it is at the center. As critic, it raises ethical questions - - questions of fairness and justice.

It is in these ways that universities are unique. As my friend Laura Bornholdt, former Dean of Sarah Lawrence College said, “a college should be an institution where truth is sought, not where truth in all its dimensions is already known. In a college (or university) worthy of its name, cant and hypocrisy are abhorrent under any flag - - radical or conservative, conventional or experimental - - and the free exchange of opinions and views is the essence of life, change, and health for the institution.”

I believe this, but know as you do that there are topics in our society whose discussion is shunned, and whose mention yields catcalls of “appeaser,” “racist,” “Jihadist,” “Anti-Semite,” “traitor.” But if we cannot discuss controversial topics on a university campus, where can we? This is the role of the campus as critic, as the source of difficult questions.

However, when the university fulfills its role as critic, it must be ready to be held to the same standards. Unfortunately, they do not always stand up well. But more on this after we discuss the economic role of universities.

Universities as Economic Engines

Universities are economic engines. Imagine a community Chamber of Commerce that decided to start a strategic planning process for economic development, and included the following principles and priorities. First, they want to recruit an enterprise that would produce a product or service of which everyone could be proud. Second, they want an enterprise whose employees are highly educated and willing to be active in community organizations. Third, they want an enterprise that is respectful of the environment and supportive of green initiatives. Fourth, they want an enterprise willing to partner with schools, the civic community, and businesses. Fifth, they want an enterprise that would have a significant and positive impact on the local economy through operating and capital expenditures, as well as taxes paid.

Well, in Garden City, that enterprise is Adelphi University, whose annual budget of nearly \$200 million easily translates into an impact of almost one-half billion dollars, without counting the consequences of over \$115 million in capital expenditures in place.

Current capital projects employ geothermal heating and cooling to reduce energy consumption and to lessen maintenance costs, just as we employed in the residence hall opened in 2003. Numerous other measures will help the University earn at least a Silver and perhaps a Gold “LEED” Certification on the new 220,000 square feet of facilitate to open in April.

In addition, the University has received authority to build yet another residence hall, also using geothermal as the energy source, between two existing halls and adjacent to the renovated baseball/field hockey arena. As with the other new sports and performing arts facilities, this field

will be available for use by Garden City youth athletic teams - - just as the Early Learning Center and the Cardiac Rehab Program are available to local families.

The University collects FICA, federal, and state income taxes, and other taxes of over \$20 million annually. When one adds in the restaurant, hotel, and other expenditures of those who visit campus during the year for Homecoming, Reunion, cultural programs, graduation, and sports events, the economic impact grows even larger. Adelphi employs some 2,000 people and is home to eight “hotels”, two “restaurants”, a municipal “police” force, and a transportation system of nearly 85 vehicles of various sizes. We transported over 120,000 riders last year between the campus and public transportation services. In addition, we receive over \$50 million a year in federal and state financial aid and research grants. Futhermore, our students come from across the nation and over 60 other countries.

And Adelphi is but one of nineteen colleges and universities on Long Island, in two counties with 2.8 million people, whose annual operating expenses of over \$3.7 billion translate into a \$10 billion impact, without counting almost \$1.4 billion in projected capital investments before 2011. Then, add in the expenditures of nearly 185,000 students, 40,000 employees, and their visitors to the regional economy.

In your county, there are three colleges and universities – Ave Maria University, Hodges University, and Edison College - with a total of seven campuses and an annual economic impact of about \$220 million, with Ave Maria projecting 5,000 students on its 932 acre campus. In addition, three other colleges and universities – Florida Gulf Coast University, Barry University, and Nova Southeastern University - - serve the region with 245 undergraduate and graduate degree programs.³ And given the population projections by age group, employment opportunities, and average income, you will see more college opportunities become available.

But this is not all. While higher education is a major economic force, wherever it exists, our institutions are more than economic engines in and of themselves. Our institutions also are teachers and partners whose intellectual, cultural, and capital assets spur human and community development as well. We are the source of new medicines, new legal theories, new understanding of society, and new ways of thinking and expression, through teaching, scholarship, and service. At Adelphi, initiatives such as Vital Signs, the social health indicators reports; the Parenting Institute; the Critical Issues lecture series; the “Exploring Critical Issues” television program; the Long Island Non-profit Leadership Institute; the Center for Social Innovation; internships, voluntarism, and community research; and a robust cultural calendar, all add new insights and understanding to important segments of society.

These roles, by the way, are often under-appreciated by policy-makers. They and others focus on the need for engineers, scientists, and computer wizards without considering the number of technicians and technologists each requires, or the school teachers, police officers, entrepreneurs, civic leaders, and volunteers who make our communities attractive and livable. Cold Spring Harbor Labs and Brookhaven National Laboratory on Long Island could not exist

³ “Annual Budget for the Fiscal Year, October 1, 1007 – September 30, 2008,” Collier County, Florida.

without the infrastructure essential for their creative activity. Universities play a major role in supporting these functions as well.

Many studies support the role of universities as important to economic, cultural, and civic development in their regions and beyond. They use their intellectual, cultural, and physical assets to support society, hopefully as ethical institutions.

Universities as Ethical Entities

As ethical forces in society, universities must hold up a mirror as well as a spotlight. In recent months, I have seen troubling images. No doubt you read about financial aid directors who took rewards from certain financial institutions and promoted these lenders to their students. Did you read about the institutions that ignore large numbers of alumni so that the denominator used to calculate the percentage of alumni donors each year, an important criterion for *U.S. News and World Reports* rankings, is higher than it would otherwise be? Some institutions do the same when they “omit” certain categories of students when calculating average SAT scores to be reported to college guides. Some institutions even “bulk” up their annual giving percentage by applying the senior class gift to 100% of the graduating class, even if only 10% donate, and counting each senior class gift over five years - - even if initial donors do not repeat.

Think of universities that use their tax-exempt bonding authority to sell hundreds of millions of bonds to build sports palaces in which they then sell “sky-boxes” for \$50-\$100,000 per year. Think of institutional leaders who seem more concerned with personal enhancement than in the dedication to duty. We learn about board members who have conflicts of interest, or lack adequate information in a timely manner to make critical decisions, or who fail to emphasize the need for transparency and compliance. We read about courses with one to two thousand students in classes where responsibility for teaching is left to graduate students whose first priority is their own degree. How do colleges calculate the student-faculty ratio? Do they count faculty who actually teach in a given semester, or all those with faculty rank, whether they are teaching or not?

Unfortunately, I could go on. Misleading photographs in admissions booklets, grade inflation, the graduation rates of Division I athletes, the conflicts caused by medical research sponsored by Big Pharma, the absence of a culture of conscience and civic responsibility, the lack of availability of courses needed for students to graduate on time: my “industry” has some serious issues - - not universally, but sufficiently widespread to cause me concern.

How can universities be a critic of society, as well as creator and curator, if they cannot withstand scrutiny? Why is it that universities have crossed the ethical “line in the sand”?

One explanation is the unintended consequence of two decades of pressure for public-private partnerships that distort an institution’s mission-market balance; of encouragement to find new sources of cash, in lieu of state support for public institutions and tuition increases for both public and private campuses; of rewards to administrators for increasing non-student revenue - - even when the assets valued and sold, such as athletics, are related to students. The law of unintended consequences is having a field day on campuses because states do not want to keep

taxes in line with needs, and public and private campuses are pressured to be entrepreneurial by “selling” assets for boosters’ support.

Fortunately, this is not the end of the story. For every example of ethical breakdown, I can cite hundreds of cases of positive behavior. Universities are not only teaching environmental sensitivity, they are behaving as “green” institutions and partnering with civic groups and businesses to promote sustainable practices.

Colleges are working closely with school districts in preparing new teachers and providing continuing professional development to teachers, principals, and superintendents in areas such as science, math, technology, foreign languages, writing and leadership.

Universities are employing a range of tools to assess student learning and improve faculty teaching. There are more instruments and databases available now than ever before to assess institutional effectiveness, and they are used. All accrediting bodies expect their use, as well as reports on both progress and comparisons to benchmarks.

University laboratories are exploring epidemics such as diabetes and HIV/AIDS, how people learn, and aging, among numerous other critical issues. Higher education institutions foster global literacy, leadership training for non-profit groups, and voluntarism in local communities. Think of students on spring break helping others in Appalachia, New Orleans, and inner-city schools. Athletes volunteer to feed the homeless and bring joy to the disabled. Students and faculty undertake research to assist communities and senior citizens. Faculty scholarship leads to scientific breakthroughs.

United States higher education is a beacon to the world, and five times as many students come here as leave to study elsewhere. More of our students should study in other cultures, to be sure, but other countries actually have strategies to compete with us for international student recruitment, and borrow from our quality control practices.

Global Challenges

Those of us in higher education and those of you involved as members of boards of trustees or campus advisory boards or alumni councils know the three “A” words: affordability, accessibility, and accountability. These principles have been discussed in higher education for several decades now, not only in reaction to federal and state agendas, but also in response to regional accrediting bodies and higher education voluntary associations. The mantra is that institutions should be mindful of the price they charge and make student financial aid even more available so as to be affordable to more families. There have been many actions taken to increase the accessibility of the general populous to post-secondary education, whether at local community colleges or elite national universities. Policies of restriction and bias have been removed, and programs of affirmative action have been initiated, so that talent, not family connections or income, could be the primary criterion. Financial aid has multiplied. Diversity of income is now as prominent a concern as other forms of diversity.

Finally, there has been a great emphasis on accountability, not only for adherence to the principles of affordability and accessibility, but also to the fulfillment of missions, to demonstrate that institutions actually do what they say they would do, and that students would be prepared in the ways that we say they would be.

Therefore, current efforts by Congress to impose price controls on tuition and fees, to force acceptance of credits by baccalaureate institutions from all programs at community colleges and for-profit schools, and to require new forms of accountability using tests similar to those used in elementary and secondary school are all problematic.

I also question Congress's desire to require institutions to spend 5% of endowment income on operations each year. Investment earning for most institutions provide a cushion for quality and should not be used for routine operating expenses. For the few institutions that have significant endowments, there may be a policy issue, but most of them already spend more than 5% - with an average of 16%. It is those institutions that have small endowments, and can least afford the mandate, who spend less than 5%. In addition, some eighty percent of endowment funds are restricted in how they can be used, and are meant to assure "inter-generational equity."⁴

The recent attention given to the Harvard tuition plan, inspired in part because of Congress's concern about the size of certain endowments and the amount of tuition charged, but also about the socio-economic diversity of the student body, has many unintended consequences, among which in New York State is that public institutions could become tuition-free and private institutions, without Harvard's endowment, could be obligated to greatly increase their tuition discounting.

In recent years we have heard about a facilities "arms race," as colleges and universities have incurred vast amounts of debt to build new and luxurious facilities in order to compete for students. During flush times, campus officials can argue that rising enrollments and a bullish stock market will produce the revenue necessary to pay the extra debt service. Those of us who are more cautious, however, know that eventually the business cycle will change, and we will enter a period of recession where investment returns will decline, enrollment in baccalaureate programs will become problematic, and both annual giving and capital gifts will be delayed. I believe we could be entering such a period, and that the conservative among us will weather the stresses without having to reduce staff or freeze salaries, while those who have relied upon annual giving, stock market returns, and auction-rate bonds to construct facilities and cover debt service will have to retrench. We have seen this before, and will see it again.

At this point, I must add that a university president's role in fundraising is misunderstood. A university president, as chief executive, must give leadership to the educational, intellectual, developmental, and aesthetic life for students, faculty, and staff on campus, and lead the efforts to enhance the environment for teaching and learning. It is never about the money alone. Alumni and friends can be involved in numerous ways to enhance the environment for teaching and learning, including lectures, internships, networking, and contracts, as well as through personal and corporate giving.

⁴ Sedleck, Verne O. "The 5% Solution." AGB Trusteeship, January/February. 2008, pp. 8-13.

In addition to the economic and political challenges institutional leaders of higher education face in the day's ahead, most of which alumni can assist in meeting, there are some truly global challenges as well. Over forty years ago, the late sociologist David Resman used the metaphor of "reptile" to describe how higher education institutions copy in policy and practice the undulating body of a snake, with Harvard as its head. That metaphor still holds, as we see exemplified in Harvard's tuition pricing, General Education plan, and use of alternative investment vehicles.

Institutions follow leaders, just as other organizations and individuals do. As more American universities develop campuses in other parts of the world, we will find increasing pressure on institutions to create degree programs, centers, and campuses in other countries. There is a proper role for institutions in the support of global education and the global literacy of their graduates, but the old maxim of "know your business" obtains here as well. If institutions pursue global connections primarily for monetary gain, in order to protect their home base, they should be wary, just as institutions which entered the on-line educational business in the late 1980's and early 1990's, and failed, should have been wary. However, to create and enhance exchange programs is a time-honored initiative that should be expanded. In some cases, this is the best way to sustain enrollment in certain graduate programs, and to meet the organized efforts of Australia, Japan, and EU countries to recruit graduate students from other nations.

Conclusion

In conclusion, U.S. higher education is not perfect, to be sure. But it is laudable as well as fallible, more successful than not, and generally serves society well as creator, curator, and critic - as a major force for economics and ethics in society.

I hope you get the idea that I have the best job in the world, one where people, ideas, and resources are brought together to make progress and shape the future.

American higher education has a glorious past and faces great prospects, but leaders need to focus on mission principles as well as market opportunities. As Daniel Webster said to the U.S. Supreme Court in the famous 1819 Dartmouth College case about the independence of private college trustees, "Sirs, it is a small college, but there are those of us who love it." That is the impact of a college education when it is provided with attention to student learning and development. And so it is with Adelphi, and I hope with your alma mater, too.

Thank you.