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ABSTRACT

This report, the result of the reflection and study of a panel of 10 distinguished citizens in various fields, highlights key trends shaping the nation and its institutions into the next century. A summary letter to trustees and leaders outlines the panel's sense of urgency about changes that colleges and universities are not prepared to cope with. The first of the report's three articles, called "The Challenge of Change," argues that the world Americans thought they knew no longer exists due to powerful economic pressures, demographic changes, racial and cultural tensions, scientific advances, and a crisis of values. The next article, "It's 2010: Where Is Your Institution?" looks at how higher education institutions must rethink their roles, responsibilities, and structures in light of the challenges outlined in the previous paper. A final article, called "Leadership for a New Century: Strategic Boardroom Issues," reviews the challenges for governing boards and recommends that the boards create early warning systems to develop institutional responses, participate in ongoing dialogue with the Association of Governing Boards, and be prepared to address six strategic issues: (1) responding to economic hard times, (2) institutional reshaping for demographic change and cultural tensions, (3) institutional role in directing the nation's aspirations toward science, (4) setting new standards of quality, (5) responding to global interdependence, and (6) responding to the national crisis of values. Appendixes list members of the panel, meetings and special guests, and commissioned papers, and includes a section of acknowledgements. (JB)

TRUSTEES & TROUBLED TIMES IN HIGHER EDUCATION

Invitation to a Continuing Conversation

Report of the Higher Education Issues Panel
Association of Governing Boards of Universities and Colleges

Made possible by a ... grant from the Robert W. Woodruff Foundation with additional grants from the Lettie Pate Evans Foundation, the Prudential Foundation, and the Henry Luce Foundation

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PREFACE

A great historian of Western civilization, Arnold Toynbee, once lamented the shortsightedness of the "dogma that 'life is just one damned thing after another.' Human affairs do not become intelligible until they are seen as a whole."

For too many trustees, presidents, and other academic leaders, directing the affairs of their institutions has become just one problem after another. They lie awake at night wondering how to cope with the new depression in higher education. They worry about the changing demographic base of the student body. They struggle with the problems of maintaining institutional quality, while the larger society increasingly questions the returns on its investment in higher learning and the integrity of the enterprise itself. Leadership in this situation is far from easy.

In the belief that academic affairs will not "become intelligible until they are seen as a whole," Robert L. Gale, then president of the Association of Governing Boards of Universities and Colleges (AGB), invited ten prominent citizens to form a panel to help us look at the big picture. He asked this distinguished group to scan the national and international environments, to look out over the next generation—the next 20-25 years—searching for key trends that will shape our nation, our people, and our institutions. Following nearly two and one-half years of study, reflection, and debate, this report presents their conclusions and recommendations. It exemplifies Bob Gale's leadership and initiative by encouraging higher education leaders to think and act more strategically.

Each member of the Higher Education Issues Panel was superbly fitted to the assignment. The members included:

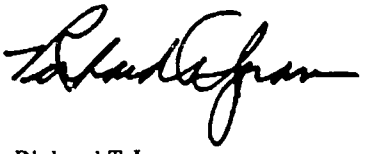
- a MacArthur Prize Fellow and former assistant to then-Vice President George Bush;
- the leading spokesman on public policy for higher education;
- a 24-year champion of efforts to improve the effectiveness of governing boards;
- an expert on the demographics of education;
- a vice president of one of the world's largest banks;

- the founding president of the first institute for Hispanic policy studies;
- a successful entrepreneur and former superintendent of one of the nation's largest school systems;
- a think-tank expert on immigration issues and former director of the National Women's Political Caucus;
- an internationally recognized labor leader and philosopher;
- a Pulitzer Prize-winning journalist and civil rights leader; and
- an educator and city planner who helped transform an urban dump into the Meadowlands complex.

What these people have to say is a primer for trustees. This document is sobering reading. One measure of its prescience is the following: Long before major civil unrest broke out in Los Angeles in May 1992, the panel concluded that racial and cultural tension is likely to increase in the United States. Among other issues, the authors conclude that higher education's financial problems are not ending but just beginning. They point to inexorable, powerful forces—demographic, economic, and international—bearing down on colleges and universities. They argue that every institution has to reexamine its fundamental mission and values, its ability to be all things to all people, and whether it can continue to define excellence as it always has.

Every institution must reexamine its fundamental mission and values, its ability to be all things to all people, and whether it can continue to define excellence as it always has.

But the future is ours to create. This document concludes with an action agenda of strategic boardroom issues to help trustees, presidents, and other academic leaders position their institutions for the challenges the future will place before them. Our special thanks go to the Robert W. Woodruff Foundation and to the Lettie Pate Evans Foundation, the Prudential Foundation, and the Henry Luce Foundation for supporting the panel's work.



Richard T. Ingram
President, Association of Governing Boards
of Universities and Colleges
September 1992

SUMMARY LETTER TO TRUSTEES AND OTHER LEADERS

We write as friends of higher education to convey our sense of urgency that great changes are afoot in the United States and the world, and our colleges and universities are not prepared to cope with them. We write as optimists, confident that higher education's leaders, effectively engaged, will do what is best for their institutions and the nation. But we write also as realists: The difficulties ahead for our institutions are real. They are sobering. They cannot be wished away.

Our central conclusion is that the world Americans thought they knew no longer exists. Powerful changes in recent decades have swept aside business as usual in corporations, in the world of work, in the nation's schools, and in foreign policy. Colleges and universities will find no special shelter from these winds of change.

The hard fact is that the illusion of the permanence of American institutions is rapidly being shattered amid global change. The harder question is: What will we create to replace the America most of us carry around in our mind's eye? We are confident in this nation's ability to weather the stresses before they fracture our colleges and universities, the jewel in the American education crown. These institutions represent a priceless resource that needs to be protected, enhanced, and adapted to new realities.

Of necessity, much of what we have to say is eclectic in origin: speculative, based on data, the counsel of wise advisers, and occasional straws in the wind. We claim no special talent for peering into the fogs of the future. But the outlines of the American future can already be discerned, occasionally with great clarity. In many ways, the future we anticipate represents the present come back to haunt us.

We rest our convictions on five propositions:

- Economic pressures can be expected to grow in the next generation, both domestically and internationally.
- Demographic change will continue to remake the face of the nation and the world.

- Racial and cultural tension in the United States will continue to mount as the pressures of diversity intensify.
- Scientific advances in the next generation will dwarf the changes of the last 25 years.
- The nation's crisis of values and ethics will deepen the difficulty of creating a sense of community in a new age.

Three statistical trends stand out against a gray background of confusing data. Between 1893 and 1970, the United States never experienced a merchandise trade deficit with the rest of the world; since 1975, it has never experienced a trade surplus. In the next 20 years, America will add 4.4 million minority youth (African American, Asian, Latino, Native American, and Middle Eastern); in that same period, the number of white youth will drop by 3.8 million. The United States is aging: By the year 2030, the Social Security system will be supported by only two workers for every retiree, a decline from 3.4 workers today and from 17 in 1955.

What will we create to replace the America most of us carry around in our mind's eye?

We believe that every college and university in the United States will feel the force of these changes. The financial shoe is going to pinch. Low rates of economic growth inevitably will hit higher education, increasing tuition dependence of both public and private institutions, with the greatest pressure in the public sector. The new depression in higher education will not end with the current recession. Higher education will be forced to dance to the economic music of the times.

Demographics are destiny for institutions of higher education. Colleges and universities are faced with two possibilities: Diversify the campus or shrink. The panel believes it essential that institutions of higher education respond to the growing diversity of this country and to the possibility of increased racial and ethnic tension with real efforts to increase minority enrollments. They should do so because it is the pragmatic thing to do. They should do so because it is the right thing to do. If appeals to pragmatism and morality are insufficient, a hard-eyed political calculus might be helpful: We do not believe the public will support a higher education system that appears to attend to the needs of the privileged while leaving the have-nots to fend for themselves.

The demands of science may, and in the panel's view should, force the restructuring of education in science from a process of the survival of the fittest to a commitment to provide all young people with the capability to function effectively in an increasingly technological world.

Finally, as Americans sort out their values in this new age of uncertainty, higher education has a profound obligation to light the road ahead. Despite the fact that we have often honored traditional American values more in the breach than in the observance, this nation stands as a model for much of the rest of the world. During the tenure of this panel, the ideals of freedom, justice, and economic opportunity

undermined from within one of the great dictatorships of the 20th century. Now is the time to reaffirm these ideals at home. It is also the time to add to them a new appreciation for the complexities of an interdependent world and nation in which excessive wealth exists beside debilitating poverty, hunger, and homelessness, in which the marvels of science and technology sit astride toxic dumps.

Despite their limitations, colleges and universities are among the finest achievements of secular society. Far too many people seek simple answers to the complex problems of today. The panel believes that university leaders and trustees must help point the way ahead. If they do not, demagogues of the left and the right, terrorists of the mind, may step into the vacuum.

We do not believe the public will support a higher education system that appears to attend to the needs of the privileged while leaving the have-nots to fend for themselves.

We call on governing boards to meet their major obligation in this matter: Help their institutions gain perspective, point them in the right direction, and urge them along the road. We also ask boards to understand that moving their institutions sometimes involves taking risks. But the risks have to be run, for the alternative is an organization adrift from crisis to crisis.

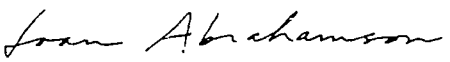
The panel believes that three major recommendations can help colleges and universities respond to the challenges ahead:

- We recommend that individual governing boards create "early warning systems" to permit them to scan the near-term environment and help develop appropriate institutional responses.
- We recommend that AGB commit itself to a continuing conversation with its member boards and with other higher education associations around the realities defined in this report.
- We recommend that individual governing boards adopt a framework of strategic issues to guide board-level discussions about the future of their institutions.

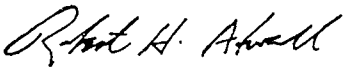
The strategic issues we consider essential for each board involve the following questions:

1. What will this institution be required to do in the face of economic uncertainty?
2. How should this institution be reshaped to be more responsive to emerging demographic realities, to reduce racial and ethnic tension, and to develop a more equitable society?
3. How can this institution respond to the challenges of an increasingly interdependent world?
4. What is the role of this institution in directing science toward the nation's aspirations?
5. How can this institution set new standards of quality?
6. How can this institution respond to the American crisis of values?

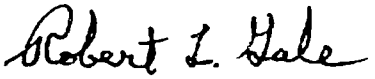
When all is said and done, the successes of the United States in the last two centuries far surpass its failings. Most of these successes belong to its people, who often struggle to live up to the aspirations embodied in the nation's ideals or to force society to respect these ideals. In this endeavor, colleges and universities have been at the front line. Now our institutions are called to a new challenge: to prepare a diverse people to live out the full meaning of the nation's values in a new age and a completely different world. Colleges and universities have succeeded before and will do so again.



Joan Abrahamson

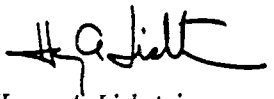


Robert H. Atwell



Robert L. Gale

Harold L. Hodgkinson



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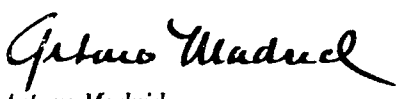
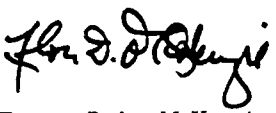
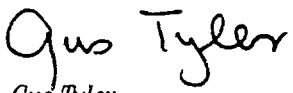


Arturo Madrid



Floretta Dukes McKenzie

Doris Meissner



Gus Tyler

Roger Wilkins (Vice Chair)

IN MEMORIAM

Paul Norman Ylvisaker
1921–1992

Paul Ylvisaker, educator, scholar, and public servant, served as chair of the Higher Education Issues Panel from its inception until his untimely death in March 1992. A powerful advocate for justice and social progress, he believed in education as the balance wheel of American life and in the university as the best hope for wisdom in human affairs.

THE CHALLENGE OF CHANGE

The world Americans thought they knew no longer exists. That is the central conclusion of this panel after nearly three years' discussion, debate, and reflection. The winds of change sweeping across America and the world with such speed and powerful cross-currents have overwhelmed the ability of experts to anticipate them. American corporations felt the first full force of that power as their share of global markets shrank. American labor has watched as secure, well-paying jobs melted away. American schools have been caught up in the backdrafts, and American diplomats have been left flat-footed. Now it is higher education's turn.

In the conditions of modern life, change is the only constant. The consequences of this new situation can be examined every morning in the daily newspaper: the end of the Cold War and the growth of regional instability; rejection of apartheid in South Africa and the resurgence of racism in North America and elsewhere; Nobel awards for American scholars and functional illiteracy in the general population; the pursuit of excess in the executive suite and the search for shelter on the streets; the spread of capitalism behind the Berlin Wall and the collapse of the thrift industry in the United States; the affluence of the "haves" in our country and elsewhere and the misery of the growing numbers of "have-nots"; the triumphs of American technology amid threats to the global environment.

The hard fact is that the illusion of the permanence of American institutions is rapidly being shattered amid global change. The harder question is: What will we create to replace the America most of us carry around in our mind's eye?

Change and the adjustments it demands strike everyone in a different way. The anxious feel threatened because change promises to make things worse. Cynics feel justified because they may be proved correct. Optimists are encouraged because things can always get better. And realists are challenged because the stress of change requires pragmatic assessments of risks and opportunities developed by people with both feet on the ground.

The members of this panel write as optimists, confident that things can be made better, not as anxious pessimists intent on projecting today's problems into a bleak future. But we also write as realists: The difficulties ahead are real, sobering, and cannot be wished away.

Our confidence in this nation's ability to weather the stresses rests on higher education. This nation's colleges and universities are the jewel in the American education crown. They have provided opportunity for millions of Americans. Worldwide, one out of four students enrolled in a college or university is enrolled in an American institution. University research has generated the new discoveries and products that have helped fuel American growth. Throughout this nation's history, higher education has demonstrated the ability to change and evolve to meet new needs. Today, these institutions represent a priceless resource as Americans adapt to new realities, adjust to challenge and change, and shape the future they will share in common.

The difficulties ahead are real, sobering, and cannot be wished away.

Of necessity, much of what we have to say is eclectic in origin: speculative, based on data, the counsel of wise advisers, and occasional straws in the wind. We claim no special talent for peering into the fogs of the future. In truth, the world in which this year's infants will enter college—say, the year 2010—cannot be defined. But its outlines can already be discerned, occasionally with great clarity. If leaders attend now to these outlines, there is every reason to believe in a bright future for the United States and for higher education. If they do not, the future will be the present come back to haunt us.

We rest our convictions on five propositions:

- Economic pressures can be expected to grow in the next generation, both domestically and internationally.
- Demographic change will continue to remake the face of the nation and the world.
- Racial and cultural tension in the United States will continue to mount as the pressures of diversity intensify.
- Scientific advances in the next generation will dwarf the changes of the last 25 years.
- The nation's crisis of values and ethics will deepen the difficulty of creating a sense of community in a new age.

ECONOMIC PRESSURES

Economics has been known as the "dismal science" since Thomas Malthus predicted, incorrectly, in the 18th century that geometric increases in population would lead to global poverty and starvation. Malthus had no way of predicting increases in agricultural and manufacturing productivity. Nonetheless, it appears clear that economic tension will increase in the next several decades, internationally and domestically.

Internationally, the decade of the 1980s saw the United States transformed from the world's greatest creditor to its largest debtor. Between 1893 and 1970, the United States never experienced a merchandise trade deficit with the rest of the world; since 1975, it has never experienced a trade surplus. In 1992, this country faces the prospect of growing economic competition from both the Pacific Rim and a Europe economically united for the first time since Charlemagne's time. Although massive investment and trade possibilities exist in the Commonwealth of Independent States, Eastern Europe, India, and China, the United States' public deficits and continuing difficulties competing economically in the international arena make it unclear who will be first to take advantage of the opportunities.

Alongside these developments, experts worry that the plight of underdeveloped nations threatens the world economy. The poorest 85 percent of the world's people are increasingly dependent on the wealthy for financing basic human requirements, including food. Institutional and human limits on transferring technology to poor countries are one problem. Insufficiency of energy supplies, particularly in South Asia, are another. Sharpening divides, often along racial or religious lines or between rich and poor countries, are yet a third.

The arithmetic is simple: The entering freshmen of the year 2010 are being born this year.

Domestically, similar conflict over economic resources can be anticipated. The fastest growing industrial sector in the United States in the coming decades will be found in information-related industries. But the information sector is relatively small; hence, the new jobs it will create will be relatively few, and most will be reserved for the best educated. The largest number of new jobs will be for retail sales clerks, registered nurses, janitors, maids, and food service workers—most of which require the fewest skills and the lowest levels of education and pay the least. The 1980s were a new Gilded Age for the few and threatened to become a Dark Age for many. By the end of the decade, the top one-fifth of Americans took home 44 percent of all income. The bottom fifth took home 4.6 percent. The incidence of poverty actually increased after declining for nearly 20 years. Left unattended, these income gaps can only grow.

REMAKING THE FACE OF THE NATION AND THE WORLD

Demography now rivals economics as a major forecasting tool. The reason is straightforward: Domestic demographics deal with the inexorable reality that, barring war, national catastrophes, and immigration surges, today's children will be tomorrow's adults. The arithmetic is simple: The entering freshmen of the year 2010 are being born this year.

Internationally, several trends are apparent. While the rate of increase in world population has peaked, the absolute numbers are immense: The United Nations estimates global population will increase from 5 billion in 1987 to 8 billion by 2023. About three in four people now live in the less-developed regions of the world. By the year 2025, more than four out of five will live in poor countries. These trends point to

growing international tension over food and water, economic growth, energy supplies, deforestation, soil depletion, and environmental degradation.

Within the United States, population growth, already less than 1 percent annually, will decrease steadily over the 50 years and then turn negative. Immigration, now about one million annually, will account for most growth. This immigration is no longer white. Nine of ten of today's immigrants come from Asia, Mexico, the Caribbean, Central and South America, and Africa.

The share of the U.S. population that is disadvantaged will increase. Although most low-income people in the U.S. will continue to be white, by the year 2020 approximately 17 percent of the domestic population will be African American and 18 percent will be Latino. Asian Americans, Pacific Islanders, and Native Americans will double from their present total of 8 million people. It is conceivable that the incidence of handicapping conditions also will increase: There are now about four million young people with disabilities, a number that may increase moderately if concerns about alcohol abuse and drug dependence among expectant women come to pass.

Poverty has been transformed from a problem of the elderly to a problem of children.

Another significant fact is that although the overall U.S. population is aging, sizable distinctions exist among racial and ethnic groups. Minorities and immigrants today are substantially younger than native white Americans (25, 22, and 32 years old respectively). The "age-race" gap is likely to grow. The fastest growing population in the United States is the group aged 75 and older. The percentage of those under age 35 will decline, including the 18 to 24-year-old cohort, which will decline throughout this decade and grow again in the next.

Perhaps the most striking demographic trend is the change in the makeup of youth. In the next 20 years, America will add 4.4 million more minority youth (African American, Asian, Latino, Native American, and Middle Eastern). In the same period, the number of white youth will drop by 3.8 million. Many of these minority youngsters are concentrated in "youth rich" states. Between 1985 and 2000, five states—California, Florida, Texas, Arizona, and North Carolina—will account for three-quarters of the national gain in children. In most of these states, particularly in urban areas, the word "minority" has lost statistical significance: No single racial or ethnic group forms a majority. The converse of this development also requires attention: Most states will remain predominantly Anglo, and 20 of them will be "youth poor."

The powerful dynamics of these changes are almost self-evident. But one example makes the point. Today's mature workers have lived through two decades in which poverty has been transformed from a problem of the elderly to a problem of children. Dramatic increases in retirement benefits have placed most of the elderly above the poverty line. But deliberate decisions about support for young people and families have created a de facto strategy of national child neglect, indeed abuse.

More than one in five children today lives in poverty, including nearly half of all African-American children. When today's workers reach their golden years, these neglected children will be expected to support their retirement benefits. In 1955, every person on Social Security was supported by 17 workers paying Social Security taxes. Today, each retiree is matched by only 3.4 workers. By the year 2030, only two people will be at work for every person retired. Although Social Security reserves are expected to be adequate to protect retirees' benefits, these demographic changes undoubtedly will exert strong pressures on the retirement system. The present can return to haunt us, including those who thought they had escaped it.

RACIAL AND CULTURAL TENSION

The past can also come home to roost. From its beginnings, the United States has been shackled by the quandary of race and the reality of cultures in conflict. But the official histories have often ignored the perspective of the Native Americans and Hispanics who preceded Anglos in the New World, of the Asian Americans whose labor helped build the West, and of the African Americans who, though brought here as chattel, have enriched our culture and have helped make America a world power. History is written by the victors.

New people are entitled to their place in the sun, for the future belongs to them as much as to anyone.

The pain of the past is perhaps most apparent in the case of African Americans. The great black scholar, W.E.B. DuBois once wrote of "two-ness" in African Americans, but he could have been speaking of all minorities. He described two powerful tendencies at war in the heart: "an American and a Negro; two souls, two thoughts, two unreconciled strivings," each struggling for expression in one body. "Unreconciled strivings" is also a metaphor for two contradictory strains in the nation's larger life: The principle of human equality coexisted with the practice of human subordination; the instinct to advance freedom flourished alongside slavery, Jim Crow, and the dispossession of tribes and peoples; belief in the dignity of the individual shared space with a violent and brutal effort to fulfill a white Manifest Destiny.

In terms of the broad sweep of human affairs, the last generation has witnessed remarkable improvement in race relations in this nation and growing tolerance for cultural difference. But burgeoning demographic change exposes anew the raw nerve of race and ethnicity in the United States. Economic scarcity exacerbates it. Race-baiting on campus and in political campaigns, police brutality on the highways, and debates about "political correctness" are far from universal. But they are common enough to reveal the tensions concealed beneath the surface. New people seek their place in the sun. They want to sit at the table—inside the system—sharing in the benefits, the power, and the debate about the American future. And they are entitled to that place, for the future belongs to them as much as to anyone.

SCIENTIFIC ADVANCES

Oswald Spengler's 1918 treatise, *The Decline of the West*, owed much of its mistaken energy to the belief that "scientific thought shall have reached the limits of its evolution" by the year 2000. Spengler could not have been more wrong. The advance of science in the 20th century added as much to the store of human knowledge as all of the discoveries in the 19 that preceded it.

Science and society thrive on each other. Science not only influences culture but is itself profoundly influenced by the complex demands of the larger world. The effects are both a blessing and a curse: We now know, for example, that the combustion engine and its fossil fuels are smothering our cities and that chlorofluorocarbons from aerosol cans threaten to destroy the very atmosphere that makes life possible. Whether blessing or curse, science pervades modern life.

The values that have shaped the past have given way, and new goals that might summon all citizens to a better life remain elusive.

Breathtaking opportunities still beckon at the frontiers of science. In genetics and biomedicine, space and materials science, in microelectronics, telecommunications, and information technology, new breakthroughs are almost literally within reach. They promise unprecedented understanding of the genetic makeup of living organisms, the possibility of permanent scientific bases in the heavens, and new materials to transform the production, distribution, and storage of energy in the United States and the rest of the world.

Some believe that if the Industrial Revolution increased productivity by a factor of about 100, the development of information technologies can enhance productivity by ten times that amount. Just one example of the possibilities: Scientific calculations that once took days to complete now take minutes, even seconds. Scientific knowledge is now doubling every 13 years. Science, in short, has yet to "reach the limits of its evolution" and is unlikely to do so in the lifetime of today's infants.

THE AMERICAN CRISIS OF VALUES

The people of the United States and the world are now experiencing an exposure to global change rivaled only by the great age of exploration in the 16th and 17th centuries. Bombarded constantly by new information, confronted daily by unusual foreign value systems, and challenged by the stresses of changing demographics, a troubled economy, and new sources of diversity in society, the old integrating institutions of school, neighborhood, family, and church are under siege. People move more frequently. They change jobs rapidly. The days of an extended family in a close-knit community no longer exist for many people.

Like individuals, societies need a sense of purpose. They need goals for the present and a vision of the future. Many observers sense a growing confusion among our people as the values that have shaped the past have given way, and new goals that might summon all citizens to a better life remain elusive. Questionable, even illegal, conduct by prominent political, business, academic, and religious leaders is deeply troubling. Such behavior invites the young to overlook the common good in search

of private gain. It encourages their parents to believe that voting, the basic obligation of citizenship, is an empty ritual devoid of meaning. It supports the image of the affluence of the well-to-do and the developed world at the expense of the poor and the rest of the globe.

Against this backdrop, a compelling need exists for all institutions in the United States to share in building new, common values. What those values are remains to be seen, but in the panel's view they must include a new sense of community; a commitment to participating in society; a belief, grounded in work and school, in personal efficacy and responsibility; and respect for the principles of opportunity, fairness, and tolerance for diversity. Above all, these values must involve reverence for human beings, both here and abroad, and for the very planet itself.

ENTERING A NEW CENTURY

These five great issues—economic pressure, demographic change, racial and cultural tension, scientific advance, and the ongoing crisis in American values—will shape the United States as it enters a new century. Great forces such as these can be described at the national level, but they play themselves out in homes, communities, and local institutions across the country. These five issues will affect every education institution in the United States, including every college and university. None can escape them. The issue is, how to respond?

For several years, a public service campaign has posed the following question to parents: "It's ten o'clock. Do you know where your children are?" As a trustee, imagine America a generation down the road and ask yourself this question: "It's the year 2010: Where is my institution?"

IT'S 2010: WHERE IS YOUR INSTITUTION?

Institutions of higher education that do not rethink their roles, responsibilities, and structures in light of the preceding analysis can expect a very difficult time in the next decade and the next generation. Some will not survive. Most will be expected to do much more with far less.

The 1991-92 academic year was a difficult one. For the first time in 30 years, total state appropriations for public higher education declined below the level of the year before. Flagship public and private universities stretched to meet deficits; cuts reached deep into classrooms and research laboratories; entire departments disappeared. The story is little different in state colleges, liberal arts institutions, and community colleges: Teachers are handling more courses and more students; teaching assistants are scarcer; tuition is rising; and salary increases and financial aid are decreasing. Although 1991-92 was difficult, it was not an anomaly. The situation will get worse before it gets better.

ECONOMIC EFFECTS ON INSTITUTIONS

The economic situation promises some grim arithmetic. This panel asked experts to model three economic scenarios for higher education: (1) "The Sky's the Limit" with robust national economic growth of 3 percent per year in real terms through the year 2020, high levels of public confidence in higher education, and enrollment growth of 2 percent per year. (2) "Muddling Through" with average economic growth of 1.5 percent, a medium level of public confidence, and today's enrollment growth of 1 percent a year. (3) "The Roof Caves In" with no economic growth (intensified global competition and the pressure of federal deficits on markets and public spending), a low level of public confidence, and no enrollment growth.

We conclude that no matter what level of public confidence is assumed, resources per student for higher education can increase only if the economy grows robustly over the next 30 years. No matter how high public confidence rises, resources per student

will decline if economic growth is nonexistent. The roof really will cave in with low economic growth according to these scenarios: Low economic growth, combined with low public confidence, will see resources per student drop by 42 percent in real terms, according to one estimate. Low economic growth, even with high public confidence, results in a 13 percent drop in resources per student. A weak economy will inevitably increase tuition dependence of both public and private institutions, with the pressure likely to be greatest in the public sector.

The panel believes that higher education cannot, in the foreseeable future, expect to enjoy the same growth in resources that occurred in the 1980s. In the short term, the economic recession and continuing criticism of higher education will limit resource growth. In the longer term, resources will be constrained by global competition, more demands on public funds, and the inability of many families to cover tuition.

The central point cannot be evaded: In the decades ahead, higher education will have to adjust to the economic changes of the times.

What all of this means is that the financial shoe will begin to pinch almost all colleges and universities more sharply. Every institution will feel the discomfort: some will collapse. (Between 1960 and 1990, 323 institutions of higher education in the United States, most of them private, went out of business.) Weak institutions still have time to pull themselves together to greet a new century. The complacent, no matter how strong today, may be surprised. The central point cannot be evaded: In the decades ahead, higher education will have to adjust to the economic changes of the times.

DEMOGRAPHIC EFFECTS

The panel does not share the belief that demography is destiny for the nation. But demography is destiny for institutions of higher education. The children born each year are the youngsters who will apply to our colleges and universities 18-20 years later. Numerically, demographics have not favored higher education for the last decade, but institutions have been able to dodge the enrollment bullet by reaching out to nontraditional and older students. That alternative has been played out.

Higher education faces staggering changes in its ethnic demographic pool. Between 1990 and 2010, the nonwhite youth population will increase by 4.4 million, while the white youth population will decrease by 3.8 million, according to U.S. Census figures. Minority students today comprise about 30 percent of all public school students, and the system already is failing many of them. They will make up about 40 percent of the public school population by the year 2010. Nearly half of them are poor, and they are likely to become poorer: 46 percent of African Americans under 18 are growing up in poverty, including 50 percent under age 6, and 53 percent under age 3. Without changes in the public schools, will they do any better?

These changes bring with them the most profound questions for higher education. The most immediate is whether colleges or universities are able and willing to adapt to the new market conditions of the next 25 years. The new conditions are made up of a dwindling cohort of 18 year-olds throughout most of this decade, a cohort that is ethnically transformed and less well prepared in conventional terms; an aging population possibly less inclined to support higher education; culturally diverse students, many of them foreign born; and an increase in the number of low-income students arriving on campus at the very time institutional resources for financial assistance are drying up. The demographic facts of life presented in the first chapter bear directly on institutions of higher education: About 20 states will be "youth poor"; in these states formidable pressures to limit education expenditures are likely to develop. Even in the five "youth rich" states (California, Florida, Texas, Arizona, and North Carolina), financial pressures may lead to demands for "caps,"—that is, ceilings—on enrollment.

With California as the lens for the future, the challenge for higher education is clear: Diversify the campus or shrink.

Next in importance is the issue of faculty: The vast majority of today's faculty members have little experience with the students they will be teaching tomorrow. Faculty will require frequent, if not constant, training to overcome their academic isolation and encourage a more intimate interaction with their new students and their new communities.

If it is true that the American future arrives first in California, consider the following: Of every 100 white youngsters born in that state, about 27 receive a bachelor's degree; of every 100 Latino youngsters, only two attain a degree. A black male child born in California in 1988 is five times more likely to be murdered than he is to be admitted to the university system. Higher education needs to diversify because it is the pragmatic thing to do. But it also needs to diversify because it is the right thing to do. With California as the lens for the future, the challenge for higher education is clear: Diversify the campus or shrink.

RACIAL AND CULTURAL TENSION

In the 19th century, Horace Mann, politician, educator, and college president, described education as "the great equalizer of the conditions of men, the balance wheel of the social machinery." That education and the nation have not always lived the true meaning of Mann's words diminishes neither the value nor the energy of that ideal. New educational options for the disadvantaged—the striking down of dual school systems in the 1950s, dismantling segregated southern university systems in the 1960s and 1970s, and providing public education for the handicapped in the 1970s and 1980s—have created greater opportunities and provided more youngsters with a fairer start in life.

Higher education is diverse. The community college's response to racial and cultural diversity cannot be the same as the research university's. But community colleges cannot be expected to carry the burden alone: All institutions must respond. What this means in practice remains to be worked out, campus by campus, but we believe it involves at least the following. First, higher education has to become involved with the public school systems that provide their students. It is time to stop blaming the schools and start helping to solve the very difficult problems with which they must deal.

Second, institutions must put a stop to several charades that pretend to respond to the demand for racial and ethnic diversity. "Color blindness" is not the answer. Pledges of nondiscrimination, while helpful, are inadequate. Competing with each other to recruit middle-class, suburban minorities each year—diversity by triage—adds little since these students have been enrolling for years. In the final analysis, the issue involves a hard-eyed calculus about the practical consequences of continuing business as usual: The public will not continue to pour its treasure into a higher education system that attends to the needs of the privileged and leaves the have-nots to fend for themselves.

Being well educated in a new century absolutely demands understanding the role of science and technology in our society and our world.

As the 21st century approaches, the equalizing and balancing function of higher education becomes all the more confounding. The United States cannot live up to its founding ideals of freedom, equality, and social justice—nor succeed in a more competitive world—without expanding access and opportunity. The dilemma is both moral and economic. Unless this nation responds to the imperatives of diversity, this society cannot function. The essence of the effort should be designed to ensure that every youngster has a chance, an equal opportunity to become not simply equal but all he or she is capable of being.

SCIENTIFIC ADVANCES

Science is one of higher education's great strengths. But in the generation ahead, two issues require attention. First is the need to maintain and expand the pipeline of young people interested in careers in mathematics, science, and engineering. Second, a need to make science the property of the people, not the private possession of its priesthood.

Despite the growing importance of science in our national lives, the proportion of undergraduate degrees in science and engineering has stagnated since 1960. Since 1982, the number of freshmen planning to enter engineering has dropped by 25 percent. Only 60 percent of freshmen planning a career in science or engineering receive a B.S. degree. Undergraduate degrees in engineering and the physical sciences dropped steadily throughout the 1980s. The number of advanced degrees in

science awarded to Americans has plummeted, and the number of advanced degrees in science awarded to minority Americans is pitifully small. Most years, American universities can count the number of African Americans awarded the Ph.D. in mathematics on the fingers of one hand.

Our institutions must turn these trends around. Although recent predictions of a developing crisis in the form of a shortage of engineers and scientists appear to be overstated, it remains true that the progress of nations requires large numbers of professional scientists, engineers, and mathematicians.

This panel understands that declining public support, especially declining assistance for graduate study, contributes to the dreary statistics. But the panel suspects that the major cause lies elsewhere. Mathematics, science, and engineering are the best examples of how disciplines encourage instruction to benefit the discipline instead of the student. More and more, science and other disciplines are taught in the first years of college in order to identify and attract the most promising neophytes, leaving others to fend for themselves.

If colleges and universities cannot help point the way ahead, demagogues of the left and right may step into the vacuum.

The panel believes that undergraduate preparation needs to be redefined to include a strong component in science, quantitative reasoning, and technology for all students, not because these topics are good for the disciplines but because being well educated in a new century absolutely demands understanding the role of science and technology in our society and our world.

VALUES AND THE ACADEMY

This century has properly been called the age of uncertainty. It was the century in which a belief in a "war to end all wars" gave way to the realization that humanity could destroy itself. A time in which hope for democracy, decency, and human dignity had to struggle with the reality of injustice, poverty, and the existence of monstrous evil. Neither our people nor our society has come to terms with these profound questions of values.

The future of America, indeed of the world, will be shaped not only by economics, demographics, science, and global markets, but also by the strengths of the human spirit, the values we hold, and the ideals we are willing to defend. In a changing world, values, the stars by which we must steer, become all the more important.

In colleges and universities, this means a commitment to truth. Our institutions must be willing to seek the truth and live with its consequences. It means advancing fundamental standards of ethical human behavior: honesty, fairness, and responsibility for one's actions. And it means that institutions and their officers must come to understand that what they do is far more important than what they say. Institutions must practice what they preach.

But a larger set of issues—the breakdown of the sense of community, a sense of connectedness to the nation and the world—are of singular concern today. Americans inhabit a very small part of a very small planet. At the start of this century, about one billion people inhabited the planet. Today the number approaches six billion and is growing by a billion each decade. As the end of what Henry Luce liked to call "the American century" looms, we have a long way to go before approaching Wendell Willkie's "one world." But our world is surely getting smaller and more crowded every day.

Higher education's obligations in this situation must encompass helping to reexamine the competitive values that have been so much a part of the American experience. The 19th-century values of the frontier, of the Oklahoma land rush and the despoliation of the West, must be revisited in the context of an interdependent world and nation in which extreme wealth exists beside debilitating poverty, hunger, and homelessness, in which the marvels of technology sit astride toxic dumps.

Despite their limitations, colleges and universities are among the finest achievements of a secular society. If they cannot, or will not, respond to the powerful forces now shaping our nation and the world, it is unclear how the center can hold. Far too many people seek simple answers for the complex problems of the day. If colleges and universities cannot help point the way ahead, demagogues of the left and right may step into the vacuum. Unchallenged, these terrorists of the mind will frame the terms of the debate about the American future. Trustees, volunteer leaders of our institutions with deep roots in every community, have a key role to play in seeing to it that this does not come to pass. We do not pretend that the obligations of this role will be easily or quickly fulfilled. But they must be taken up and, once underway, done well.

LEADERSHIP FOR A NEW CENTURY: STRATEGIC BOARDROOM ISSUES

The forces closing in on higher education—new economic realities, changing demographics, the growth of poverty, and international change—will play themselves out regardless of whether our institutions are prepared for them. In combination, they probably mean that higher education cannot, in the next 25 years, survive in the same form. Mergers and fire sales are one possibility. Distance learning and new relationships with the communications industry are another. Statewide restructuring of systems is yet a third. Whatever the outcome, business as usual will be a thing of the past, whether in a community college, a state college, a liberal arts institution, or a world-renowned research center. The next 25 years probably will be extraordinarily difficult. Institutions unprepared to cope will suffer.

Higher education in the aggregate has been one of the most successful and adaptable institutions established in this society. An elite model of private schooling, preparing the children of the well-to-do for professional careers, it was augmented in the 19th century by colleges of the people, land-grant institutions. Large graduate research institutions are balanced by small liberal arts colleges. In the last generation, as the need for preparation short of an undergraduate degree became increasingly desirable, higher education added community colleges to its list of successes. Colleges and universities have survived change before and can do so again.

If that is to happen, the leadership role of governing boards will be called on as never before, because now the test of adaptability is raised in unprecedented ways. The issue today is not making room for more traditional students while managing growth. The issue today revolves around integrating nontraditional students while managing decline. Although the problem is pervasive, the answers have to be worked out and put in place institution by institution. But the answers must be developed: The stakes for our students, institutions, and society are so high that trustees ignore these issues at the peril of all three.

LEADERSHIP AND GOVERNING BOARDS

The panel understands the ambiguities inherent in the governing board's function. Trustees are volunteers. They do not "lead" in the traditional executive sense because, as individuals, they lack the legal authority to do so, and the board's legal authority is traditionally exercised with considerable restraint. Shared governance in academic institutions reflects the collegial nature of academic life and the simple reality that volunteers cannot manage a complex organization in the few weeks a year they devote to its affairs.

But trustees and governing boards possess essential leadership functions—as advocates, as overseers, as guardians of the public interest and social conscience. This final chapter presents a leadership agenda of six strategic issues for boardroom consideration.

The quality of leadership is easily confused with charisma, management skill, or lightning-fast decisions right on the money. Yet the essence of leadership involves none of these things: All of us know charismatic charlatans, managers unable to lead their child's scout pack to the campsite, and snap decision makers who create more problems than they solve. Genuine leadership is something else.

"The first responsibility of a leader," says businessman Max DePree in a 1989 book, *Leadership Is an Art*, "is to define reality." That strikes this panel as a pretty good first principle. The leader's essential task in any organization—public or private, profitmaking or nonprofit—is to point people in the right direction and urge them to get moving. What we are concerned about is the changing nature of reality as we understand it over the next generation. This first responsibility of the trustee-as-leader should be to point institutions in the right direction and urge them along.

A great friend of higher education, former cabinet member and founder of Common Cause John Gardner, has examined leadership for more than 25 years. Much of what he has learned is summed up in a 1989 volume, *On Leadership*. He writes persuasively about the "issues behind the issues" that require leadership: motivation, shared values, social cohesion, and institutional renewal. At the root of the problem of leadership is the challenge of mobilizing resources, encouraging sacrifice, focusing energy, and sustaining commitment. As Gardner points out, a major responsibility of the leader of any organization is developing trust in the people who have to do the work. Management gurus call it team-building. What they are really talking about is some appreciation and feel for the human element in the enterprise.

The third characteristic is the courage to take risks. Leaders have to be willing to grasp nettles. And effective leaders will risk themselves not once, not twice, but over and over, accepting inevitable disappointments as part of the price of moving the organization. Institutions in transition or in crisis face many unpalatable possibilities. Sometimes none of the alternatives is attractive. But decisions must be made, and if leaders lack the courage to make them, the alternative is organizational drift from crisis to crisis.

Above all, DePree argues, leaders are stewards. The best of them leave behind a legacy of accomplishment and assets, a sense of organizational momentum and

effectiveness, and an institution that not only expresses the values of civility and human decency but also defends them. That's a solid legacy for any organization, but it is the essential reason the nation's colleges and universities exist.

To the end, then, of helping institutions define reality, develop trust in the people who have to carry out the work, grasp some nettles, and help AGB and trustees fulfill their role of leaders-as-stewards, this panel offers three recommendations.

I. We recommend that individual governing boards create "early warning systems" involving board members, administrators, faculty, and students—systems that will permit them to scan the near-term environment (for example, the next ten years) to help develop appropriate institutional responses.

By an "early warning system" the panel does not mean a planning and priority-setting process, although what we have in mind might readily add immeasurable value to such a process. Most college and university governance structures have some formal or informal mechanism for establishing broad goals as well as someone with the authority to plan for attaining the goals, define priorities, select means and resources, and fit these activities within some kind of policy framework. We consider these to be essential elements of university governance, but they are insufficient to the current scope and sweep of change.

The panel believes that economic and demographic realities are shifting the ground beneath us so rapidly that thoughtful college and university leaders will understand the wisdom of becoming nimble and surefooted. Hence, our suggestion is that each institution establish an early warning system, a tracking system with a solitary objective: to keep university leaders alert to developing changes in their environment. Under this recommendation, the board's major responsibility lies in seeing to it that the institution's administrators establish and staff this early warning system. The board's substantive engagement with these issues is addressed in Recommendation III.

What kind of changes might be of interest? The following is only a partial list: Do 90 percent of your students come from within state, from the surrounding five states, or from a broad region, such as the Midwest? Or do you pride yourself on being a "national university" with a nationally and internationally representative student body? Whatever your answer to these questions, do you know what is happening in your recruitment region? Is employment growing or declining and by how much? Is the population aging or getting younger, and what does that mean? Is the region becoming more homogenous or more diverse, or are new immigrants, possibly with English-language difficulties, becoming more common? How healthy is the fiscal condition of local and state government in your region, and what signals are you receiving from members of the public about their satisfaction or irritation with higher

education? For these, and hundreds of other questions, responses need to be developed institution by institution. Failure to be on the alert for such important market signals may mean that the last major manufacturing plant in the region is closing before it dawns on the admissions office that most prospective students are leaving with it.

II. *We recommend that AGB enter into a continuing conversation with its member boards and with other higher education associations around the issues defined in this report.*

Each year, literally hundreds of documents are produced about the state of American higher education. They range from the incisive and insightful to the banal and boring. The best of them, skillfully marketed, come to the attention of the public for one day as grist for the journalistic mill. Very few of them last beyond a week or a month, much less a year. Most of them, if read at all, become footnotes in doctoral dissertations. The reports are produced and put on library shelves.

This is an unfortunate state of affairs, because most of these documents raise significant issues for the organizations that sponsor them, the institutions the organizations represent, and the public that deserves some understanding of what is going on in the nation's colleges and universities. A major part of the problem, in our view, is that the organizations sponsoring these efforts, and the funders supporting them, give little thought to the institutional structures required to keep these issues on the front burner long after the document has been produced and its authors have moved on to other things. The report becomes the end of the effort rather than a means of stimulating a sustained conversation.

This recommendation calls on AGB to continue the leadership it displayed in setting this panel in motion by planning to return periodically to the issues voiced in this report. The organization should take advantage of its annual meeting as one forum to keep these issues before individual trustees on a regular basis. We hope it will also take them up in its network of publications and dissemination efforts. Another possibility is to work with other organizations representing key constituencies in higher education to examine how these issues play themselves out in different kinds of institutions. Finally, we believe AGB owes it to its member boards to help them grapple with the complexities and consequences of these issues on their own campus. AGB's efforts to help its member boards and chief executives plan for the future by establishing a Center for Strategic Studies in Higher Education is a step in the right direction. Regional meetings and conferences, organized around the concerns of this report, may be one way to proceed.

The important thing in all of these efforts is the establishment of a process to keep the discussion of these vital issues alive. In all cases, the questions must repeatedly be put: Will these matters have the same salience twelve months from now, five years

from now, as they appear to have in 1992? What did the panel overlook? Where did it overstate its findings, and where did it underestimate the effects? The issues are too important, and AGB has invested too much time and energy in developing them, to permit the discussion to falter now.

III. *We recommend that individual governing boards adopt the following framework of strategic issues to guide intensive board-level discussions about the future of their institutions.*

This panel believes its major contribution is to pass on its experience. It urges individual boards to repeat, for their own institutions, the panel's process of posing and probing questions about the future.

Described at its best, the process of this panel was one of inquiry and investigation, in which each member checked his or her personal hobby horses and agendas at the door. At its worst, the process was organized chaos. Regardless, the process always was helpful, the discussions fascinating, our insight into the nature of these issues always expanding, the relationships among them continually growing more complex. We urge individual boards to put themselves through the same exercise. If they do—whether in a single meeting, a series of seminars, or at a conference with other trustees—we believe the future of our colleges and universities will begin to take care of itself.

STRATEGIC ISSUES FOR BOARDS

To discipline the conversation, we raise six strategic questions as guides to discussion. Each of the questions is constructed in the same sequence: (1) the issue posed as a broad question, (2) an introductory statement, and (3) observations about the topic to guide board discussion.

I. *What will this institution be required to do in the face of economic hard times?*

For private institutions, tuition and other direct costs are rising faster than inflation. Costs passed on to students also are rising at public institutions, and state support has declined for the first time in 30 years. With a difficult economic outlook and pressing demands on the public purse and family incomes, further retrenchment, at least in the short run, appears inevitable. Colleges and universities no longer can promise to be all things to all people. A complete examination of institutional structure and mission appears to be required. The broad question is framed as follows: "When the financial crunch really hits, what will your institution do?" Within that context, walk through the following list of questions with your board colleagues:

- How was your institution affected by the recession of 1990-1992 and how have you accommodated the consequences? What have been the effects on staff, faculty salaries, morale, and educational programs? How will your institution be affected by a long-term shortage of funds?
- Have you examined your mission and adjusted resources and priorities as a result? If not, do you need to reexamine it now to ensure your institution's economic health?
- Is internal operating efficiency as high as it can be, bureaucracy as low as it can be? Are "doing more with less" and "mean and lean" the watchwords at your institution, or is business pretty much going on as usual?
- Are hard choices being made? Are programs that no longer fill a need being scrutinized? Are basic reconfigurations, rather than incremental change, under consideration? Has your board examined the degree to which your mission, student body, and course offerings mirror those of nearby institutions?
- Are you satisfied that the financial planning processes now in place reflect state-of-the-art techniques from the most efficiently managed public and private organizations?
- Have you considered raising revenues or cutting costs by exploiting the value of patents and other institutional intellectual property or by exploring cooperative ventures with other education institutions or the private sector?
- Is a time bomb of deferred maintenance and capital improvement developing on your campus?
- Are current sources of financial support secure, and are new sources being identified and pursued?
- Can you squeeze new efficiencies out of your existing plant by reexamining the school calendar? Should school terms or school days be longer? Can weekends and summers be used?
- If the economic future remains bleak, should a merger with another institution be explored before desperate circumstances require it? If dissolution is a real possibility, should you be planning for it now?

II. How should this institution be reshaped to take advantage of emerging demographic realities, to reduce racial and ethnic tension, and to develop a more equitable society?

A great university leader, Robert M. Hutchins, once defined education as "a kind of continuing dialogue, and dialogue assumes different points of view." By that definition, most four-year colleges and universities fall short of the mark. One point of view predominates: It is largely white, male, and elitist. It should be evident that the panel believes that emerging demographics will have a profound effect on our campuses. Campus life will feel new stresses. We have not, to date, succeeded in dealing with diversity on our campuses; there is no reason to believe we can do much better in the

future without persistent and genuine dedication to the effort. The broad question is: "What does this campus need to do to create an open and hospitable environment for students, staff, and faculty whatever their race, color, religion, beliefs, or national origin?" Within that general framework, trustees should work through the following issues:

- Education has been called the Great American Equity Machine. Is your institution playing its part in advancing equity?
- Does the background of trustees, administrators, and faculty reflect the increasingly diverse recruitment pool and student body? Are members of the campus community sensitive enough to this issue? Does the faculty include competent teachers and researchers of diverse backgrounds as role models for both minority and majority students?
- Has the administration recently examined the campus to encourage a hospitable environment for all? Does the social climate address the reasonable needs of all members of the community? Are protocols in place to provide guidance on how to deal with racial and ethnic clashes?
- Do new demographic trends suggest that the curriculum be reviewed? Is it sufficiently broad and inclusive, or is it narrow, Western, and Eurocentric? Do we have in place procedures to continually review academic offerings and services to ensure they address changing demographic realities?
- Are the policies of this institution crystal clear that race-baiting has no place on campus and that racial incidents will be used as an opportunity to educate all students on cultural tension, conflict, and stress?
- Are sufficient resources available to allow you to enhance equity and provide the financial aid, counseling, tutoring, and other services new populations may require? Have you articulated the need forcefully enough to make sure the resources are there when you need them?
- Does your institution participate in national and local coalitions to advocate improvement in schools and in the social and economic circumstances of the next generation's students?
- How can we help provide the minority teachers needed in the public schools of the United States? Once, nearly 15 percent of all school teachers were members of minority groups and were primarily female. As new opportunities beckon, there is a danger that the number of minority public school teachers will dwindle while minority school enrollment grows to 40 percent.
- What can this institution do to help resolve the crisis in urban elementary and secondary education? Have you considered joint trustee meetings with local school boards to help advance education reform?

III. *What is the role of this institution in directing the nation's aspirations toward science?*

The panel asked distinguished scientists to tell us what science can provide in the future so that trustees can think about their institution's role in adapting to scientific change. The answer was short and straightforward: Science can provide whatever society chooses to value, decides to ask for, and is willing to pay for. Even if overstated, the response confirms the need to improve science education for all. Trustees might want to pose a twofold general question: Is our institution helping to develop a new generation of mathematicians, scientists, or engineers, and at the same time, is it providing all undergraduates with the broad grasp of scientific concepts required in an increasingly technological age? Within that broad framework, trustees might want to contemplate the following issues:

- What is your institution doing to encourage the interest of junior high and high school students in careers in mathematics, science, and engineering? Are there cooperative programs with local secondary schools? Has your faculty tried to work with local or national organizations to advance promising new K-12 science curricula?
- Is your faculty targeting untapped markets for new students, including high school vocational students, minorities, and women? If they are not, the nation's future technical talent is being drawn from perhaps only 10 percent to 15 percent of all high school graduates.
- What steps has your institution taken to ensure that undergraduate preparation in science and engineering is more than simply the survival of the fittest? For example, do you provide tutoring, counseling, and other services to help most entering technical majors complete their degrees?
- What steps have been taken to integrate new technologies into the educational process—interactive video capabilities, CD-ROM, personal computers, and computer networks—either to improve campus-based instruction or to encourage new distance-learning techniques?
- What efforts has your institution initiated to improve the general level of computer literacy among all students, including familiarity with new and emerging technologies?
- Has the faculty and administration at your institution regularly reviewed the curriculum to ensure that all students are exposed to a rigorous sequence of instruction in the processes, methods, potential, and pitfalls of science and technology?
- Has your board made any special provisions for rising costs in science education? Has it, for example, considered the costs of facilities, laboratories, and instrumentation or examined the cost implications of establishing centers of excellence in specific disciplines?

- What special efforts are being made by the institution to bring new technology to library collections? Are trustees preparing for the time when knowledge will not be centralized or centrally controlled—when the library of the future will consist of databases throughout the world?
- Are the faculty and administration prepared to deal with the moral and ethical implications of new scientific developments—for example, genetic research and the emergence of biological engineering? Does the curriculum address how science and technology can both enrich and threaten life?

IV. *How can this institution set new standards of quality?*

Maintaining quality in the face of diminishing resources requires institutions to do as much or more with fewer resources. The panel is convinced that the new realities also require institutions to redefine quality. Despite the existence of multiple models of institutional organization in American higher education—world-class research universities, multicampus public college and university systems, independent liberal arts institutions, community and junior colleges intent on transferring students to four-year programs—there is only one model of excellence. That model, by and large, is driven by the prestige of research. Quality is measured more by the kinds of students excluded and turned down than by the kinds of students included and turned out. It is measured not by how much value is added to students' knowledge, but by the size of the endowment, the range of scores, and the number of doctorates produced. Quality, in short, has become something to stoke academic egos instead of students' dreams.

If higher education is to prosper in the coming 25 years, all of that has to change. The broad issue is: "How can the incentive system in higher education be recast to reward teaching and public service as much as research and public service?" Within that context, the panel believes every institution has to reexamine its mission and values, its ability to be all things to all people, and whether it can continue to define excellence as it always has.

- Is good teaching valued on campus or supported only with lip service? Is teaching as important a criterion in tenure decisions as research? What is your institution doing to develop the pedagogical skills of the teaching assistants and young faculty members who bear the lion's share of undergraduate instruction on many large campuses?
- In making tenure decisions, is faculty service weighed on the same scale as research and publication?

- When minority faculty members seek tenure, do they receive credit for serving on innumerable campus committees or for mentoring minority students? Most minority faculty are pulled from pillar to post on campus with service obligations because there are so few of them, and their advice, quite properly, is often sought.
- What is your institution doing to increase the rates of transfer between two-year and four-year institutions? Have you entered into articulation agreements with two-year institutions, and if so, are the agreements straightforward and comprehensible or so complicated that few people understand them?
- Has your institution made any effort to clarify broad instructional objectives, including examining course objectives and improving assessment of what your students know and are able to do?
- What have you done to improve the quality of teacher training at your institution? What should you do?
- Has there been a proliferation of separate disciplines in your institution? If so, is that good or bad?
- What steps have you taken to enhance quality through technology? Have you, for example, considered technology to augment competent teaching, reduce teaching loads, provide programmed instruction for drill, or reduce administrative load?
- What is your institution doing to meet the instructional needs of the 40 percent of all undergraduates who are older than 23 (more than half of whom also are older than 35)?

V. *How can we respond to the challenges of an increasingly interdependent world?*

Marshall McLuhan's prediction of the world as a global village has by now become a cliché. Despite this, the image reflects the new realities of the world. The flow of people among different cultures is already immense and will only increase in the next generation. The growing interdependence of the world is both catalyst and consequence of the rise of the global corporation. The emergence of powerful transnational business entities, capable of transferring investments, livelihoods, raw materials, and products around the globe at the stroke of a keyboard, is one of the most profound and poorly understood developments of our times. But to whom—other than national and international shareholders and their search for a return on their investment—is the global corporation responsible? The basic question is: "What should our institution be doing to prepare its graduates to function effectively in an increasingly interdependent world?" Among the factors to be considered are the following:

- Does your own board, its advisory panels, and your faculty include people with national and global perspectives?

- How have you responded to the need to provide more students with working competencies in foreign languages, not only those of Western Europe but also those of Asia, the Pacific Rim, the Middle East, and Eastern Europe?
- Is your institution prepared to respond to the needs of additional foreign students on campus?
- Do the members of your faculty and administration understand that one of your institution's major contributions to global understanding lies in educating foreign students who tomorrow will be the leaders of their nations?
- What arrangements have you made to expand opportunities for economically disadvantaged U.S. students to study abroad and for Third World students to study in this country?
- Are you preparing your students to learn to live and work with more immigrants in the United States, with radically different ways of being, perceiving, thinking, and acting?
- Have you considered extending study-abroad programs to Latin America, Asia, the Middle East, and Africa, not just Europe?
- Do your curricula recognize global interdependence, international institutions, and the need for international cooperation?
- Do your curricula incorporate issues of the global environment such as ozone depletion, rain-forest devastation, and global warming?
- Has your institution responded in any way to the new global demands of corporations in which American managers need to function globally, foreign-owned corporations become local employers, and American managers and workers need to adjust to different organizational models?

VI. *How can this institution respond to the American crisis of values?*

A society is as much the imagination of its people as it is population, borders, or natural resources. As events in the former Soviet Union and in Eastern Europe confirm, nationality cannot be abstractly defined. The sense of a society that is whole and healthy emerges from the ground up in the minds of people united around shared norms, expectations, purposes, and values. In a dynamic society, values are constantly rediscovered and recast, the best of old traditions adapted to meet new realities.

This document is as much about new realities and futures as it is about higher education. But higher education has a special responsibility here: Colleges and universities are first and foremost moral institutions with a special obligation to nurture, protect, and advance human potential in changing, often difficult, sometimes dangerous times. The basic question is: "What is your institution's obligation to nurture the human spirit in a new age and a different interdependent world?"

Trustees might want to examine the following:

- In light of changes in the capabilities of traditional institutions in United States to transmit values—and pressures on traditional values—how are your institution's responsibilities to teach personal qualities such as honesty, responsibility, and concern for the larger community changing?
- Are all of your students exposed to some coherent consideration of their responsibilities to themselves, their families, their communities, and their nations?
- In your professional preparation programs—engineering, finance, law, education, and medicine—are the ethical obligations of membership in these professions clearly spelled out?
- How can your institution do a better job of helping students understand they are citizens not only of their communities and the nation but of the world?
- Can your institution help build a sense of community in the United States by illuminating its own small corner as a model of respect, tolerance, and recognition to all members of the community, regardless of background?
- What can your institution's teaching, research, and public-service activities accomplish to advance the ideals of freedom, justice, and tolerance in the United States and throughout the world?
- In its investment decisions, relationships with the local community, research, and management of public funds, does your institution model the ethical behavior it preaches?

A FINAL WORD

In his little volume titled *Excellence*, John Gardner points out that teachers and leaders share a trade secret: If they expect high performance, they are likely to be rewarded with it. The expectations we hold for trustees are remarkably high. But as accomplished men and women, trustees can meet these expectations. The agenda incorporated in the foregoing questions also sets very high expectations for the men and women who teach, staff, and study in our nation's colleges and universities. We have no doubt that they, too, can live up to that agenda.

When all is said and done, the successes of the United States in the last two centuries far surpass its failings. Most of its successes belong to its diverse peoples, many of whom struggle against great odds to live up to the aspirations embodied in our national ideals or to force the larger society to respect its own heritage. In this endeavor, the nation's colleges and universities have been on the front line.

Now the nation and its institutions of higher education are called to a new challenge—to prepare a diverse people to grow and prosper in a new age and a completely different world. Colleges and universities have succeeded before. We have no doubt they will succeed again.

APPENDICES

APPENDIX A

MEMBERS OF THE HIGHER EDUCATION ISSUES PANEL

Joan Abrahamson, president, Jefferson Institute
President of a public-policy institute concentrating on creative thinking applied to practical problems, such as the future of the cities, international security, and economics. White House Fellow, 1980–81, and assistant chief of staff to Vice President George Bush, 1981–84. Converted the Fort Mason Pier Area in San Francisco to a community learning center, 1973–76. MacArthur Prize Fellow, 1985–1990.

Robert H. Atwell, president, American Council on Education
President of American Council on Education since 1984. Executive vice president of council, 1978–1984. Former government official serving in the Office of Management and Budget, the State Department, and the National Institute of Mental Health. Vice chancellor, University of Wisconsin, Madison, 1965–1970. President, Pitzer College, California, 1970–1978.

Robert L. Gale, president emeritus, Association of Governing Boards of Universities and Colleges
President of AGB from 1974 until retirement in 1992. Chairman of the board, Gale Associates, 1966–74. Government official, 1962–1966, including service as director of Peace Corps recruiting. Vice president, Carleton College, 1957–62.

Harold L. Hodgkinson, director, Center for Demographic Policy
Director of policy institute since 1987. President, National Training Laboratories, 1979–1983; director, American Management Association, 1977–1979. Appointed by President Ford to direct National Institute of Education, 1975–1977. Dean, Bard College, 1962–1968; dean, School of Education, Simmons College 1958–1962. Widely known lecturer and analyst of demographic trends.

Henry A. Lichstein, vice president, Citibank, N.A.
Served with Citibank since 1970 working initially in corporate analysis and managing corporate management-information-systems development. Regional treasurer, Nairobi, Kenya, 1976–1977. Financial controller, treasurer, and chief of staff to chairman, manager of technology ventures, 1978–1992.

Arturo Madrid, president, Tomàs Rivera Center
Founding president of Rivera Center since 1985. Professor of Spanish, Dartmouth College, 1965–1970; Third College of the University of California, San Diego, 1970–1973; University of Minnesota, 1973–1986. Directed Ford Foundation's Graduate Fellowship Program for Mexican Americans, 1975–1976. Appointed by President Carter to direct Fund for Improvement of Postsecondary Education, 1980–1981.

Floretta Dukes McKenzie, president, The McKenzie Group
President of a comprehensive educational consulting firm offering a range of services to both public and private organizations. Former superintendent and chief state school officer of the District of Columbia Public Schools. Former deputy assistant secretary, U.S. Department of Education; U.S. Delegate to UNESCO; deputy superintendent, Montgomery County Schools, Maryland; and assistant deputy superintendent. Maryland State Department of Education.

Doris Meissner, senior associate, Carnegie Endowment for International Peace
Senior associate and director of immigration policy project. Carnegie Endowment, since 1986. Former service in a variety of positions, including acting commissioner, U.S. Immigration and Naturalization Service, 1981–1985. Deputy associate attorney general, U.S. Department of Justice, 1977–1980. White House Fellow, 1973–1974, and executive director, National Women's Political Caucus, 1971–1973. Assistant director, student financial aid, University of Wisconsin, Madison, 1964–1968.

Gus Tyler, assistant president, International Ladies' Garment Workers' Union
Assistant president of international union for last two decades. Nationally syndicated columnist and author of nine books on economy, politics, crime, Mexican-American affairs, and urban affairs. Senior fellow, Aspen Institute of Humanistic Studies and visiting professor, Queens College, New York. Taught or lectured at dozens of colleges; widely known lecturer before management, union, and government agencies.

Roger Wilkins, Robinson Professor of History, George Mason University
Robinson Professor of History, George Mason University, 1987 to present. Fellow, Institute for Policy Studies, Washington, D.C., 1982 to present. Commentator on National Public Radio, 1990 to present. Employment history includes editorial positions with the *Washington Star*, *Washington Post*, and *New York Times*, 1972–1982, and service as assistant attorney general, U.S. Department of Justice, 1966–1969. Shared Pulitzer Prize with Bob Woodward, Carl Bernstein, and Herblock for coverage of the Watergate scandal in 1972.

Paul N. Ylvisaker (deceased), dean emeritus, Harvard Graduate School of Education
A professor of education at the Harvard Graduate School of Education, 1982 until retirement in 1992. Academic career began as an instructor at Bethany College in 1943. Executive secretary, mayor of Philadelphia, 1954–1955; chairman of President Johnson's Task Force on Cities, 1966–1967; commissioner, New Jersey Department of Community Affairs, and chairman of the New Jersey Hackensack-Meadowlands Development Agency, 1967–1970.

APPENDIX B

MEETINGS AND SPECIAL GUESTS

Outlining and Reviewing Issues of the Committee on the Future

The Carter Center
Emory University
Atlanta
January 8-9, 1990

COMMISSIONED PAPER:

Paul N. Ylvisaker
Chairman, HEIP

RESPONDENTS
TO THE COMMISSIONED PAPER:

Johnnetta B. Cole
President, Spelman College

James M. Gustafson
Professor, Emory University

James T. Laney
President, Emory University

Donald Ratajczak
Professor, Georgia State University

SPECIAL GUEST:

President Jimmy Carter

INVITED GUESTS:

Charles Bedford
Executive Director, University Center-Georgia

J. Thomas Bertrand
Secretary to the University, Emory University

James Brasher
Director of Development, Carter Presidential Center

Ofelia Garcia
President, Atlanta College of Art

Don Greene
Assistant Vice President, Coca-Cola Company

Victor Gregory
First Vice President, Sun Trust Banks, Inc.

Herky Harris
Vice Chair, Board of Directors, Atlanta College of Art

Sheila Kearney
Program Officer, Prudential Foundation

Charles H. McTier
President, Robert W. Woodruff Foundation

Douglas W. Oldenburg
President, Columbia Theological Seminary

Ruth A. Schmidt
President, Agnes Scott College

Jake B. Schrum
Vice President for Development, Emory University

Melissa S. Topping
Associate Director, Henry Luce Foundation

Demographics

The Tomàs Rivera Center
Claremont, Calif.
May 30-June 1, 1990

COMMISSIONED PAPERS:

Jorge Chapa
Professor, Lyndon B. Johnson School of Public Affairs

Harold L. Hodgkinson
Panel Member, HEIP

RESPONDENTS
TO THE COMMISSIONED PAPER:

Susana Navarro
Executive Director, Achievement Council

Eugene Wilson
President, ARCO Foundation

INVITED GUESTS:

James R. Appleton
President, University of the Redlands

Barbara Collif
Trustee, Grossmont-Cuyamaca Community College District

Clyde Cook
President, Biola University

David Feldman
Vice Chancellor for Development & Community Relations, Grossmont-Cuyamaca Community College District

Katherine Gabel
President, Pacific Oaks College

Isabelle Gonthier
Vice President, Board of Trustees, Rio Hondo Community College District

Murley Gurlach
Trustee, University of San Diego

James N. Loughran, S.J.
President, Loyola Marymount University

Richard H. Lowe
Superintendent/President, Mt. San Jacinto Community College District

Neal Mangham
Executive Director of Administrative Services, University of the Redlands

Dorothy Martin
Chairperson, Educational Policy Committee, Pacific Oaks College

John C. Menzie
President, Barstow College

Jerry H. Miller
President, California Lutheran University

Patrick F. Owens
Trustee, Los Angeles Community College District

Donald G. Phelps
Chancellor, Los Angeles Community College District

Henry E. Riggs
President, Harvey Mudd College

Alex Sanchez
Superintendent/President, Rio Hondo Community College District

Myrna Schlenker
Assistant to the President, Loma Linda University

Roland Seidler
Chief Executive Officer, Seidler AMDEC

Leigh Taylor
Dean & CEO, Southwestern University School of Law

Sherry Vinson
President, Board of Trustees, Barstow College

Donald E. Walker
Chancellor, Grossmont-Cuyamaca Community College District

Sydney Wiener
Trustee, Grossmont-Cuyamaca Community College District

Dallas Willard
Trustee, Biola University

Jerry Young
President, Chaffey Community College District

Science and Technology

Harvard University and Massachusetts Institute of Technology
Cambridge, Mass.
January 6-8, 1991

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Mildred S. Dresselhaus
Institute Professor and Professor of Electrical Engineering and Physics, Massachusetts Institute of Technology

William O. Baker
Retired Chairman, Bell Laboratories

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Senior Research Associate and Benjamin Pierce Professor of Technology and Public Policy, Harvard University

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Lee Eliot Berk
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Paul P. Castrucci
Managing Director, Paul Castrucci & Associates

Abigail Cheever
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John Collins
Director of Development, Berklee College of Music

John E. Deegan, O.S.A.
President, Merrimack College

Joseph Duffey
President, University of Massachusetts

Sandra Elman
Assistant Director for Commission on Institutions of Higher Education, New England Association of Schools and Colleges

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Francis Lutz
Dean of Undergraduate Studies, Worcester Polytechnic Institute

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President, MGH Institute of Health Professions

J. Donald Monan, S.J.
President, Boston College

Edward M. O'Flaherty, S.J.
President, Weston School of Theology

Gregory S. Prince, Jr.
President, Hampshire College

Lynda Rappa
St. Michael's College

Paul J. Reiss
President, St. Michael's College

Richard J. Santagati
Trustee, Merrimack College

George H. Sinclair, Jr.
President, Andover Newton Theological School

Audrey Smith-Whitaker
Director of Administration, Efficacy Institute

Claire Van Ummersen
Chancellor, University System of New Hampshire

Cynthia Ward
Associate Commissioner, Rhode Island Board of Governor for Higher Education

Richard Wilton
Trustee, Berklee College of Music

Linda S. Wilson
President, Radcliffe College

Dorothy Zinberg
Kennedy School of Government

Ethics and Values

Center for Psychosocial Studies
Chicago
June 2-4, 1991

COMMISSIONED PAPERS:

Benjamin Lee
Executive Director, Center for Psychosocial Studies

Roger Wilkins
Panel Member, HEIP

RESPONDENTS
TO THE COMMISSIONED PAPER:

Michael Holquist
Director, Council for Soviet and East European Study, Yale University

Leo Lee
Professor of Chinese Literature, UCLA

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Jameson A. Baxter
President, Board of Trustees, Mt. Holyoke College

Richard C. Becker
President, Illinois Benedictine College

J. Steven Bergerson
Trustee, North Central College

Joseph Brosnan
President, Belmont Abbey College

Rev. Jonathan De Felice
President, Saint Anselm College

Wesley M. Dixon, Jr.
Trustee, Lake Forest College

James L. Edwards
President, Anderson University

William H. Finch
Chairman, Board Committee on Academic and Student Services, City Colleges of Chicago

James P. Gorter
Chairman, Board of Trustees, Lake Forest College

Theodore L. Gross
President, Roosevelt University

George A. Hearne
President, Eureka College

Robert A. Holt
Member, State Board of Trustees, Indiana Vocational Technical College

David G. Horner
President, North Park College and Theological Seminary

Eugene Hotchkiss, III
President, Lake Forest College

Thomas O. James
President, Benedictine College

Larry Kramer
President, Avila College

Gerald I. Lamkin
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Thomas D. Layzell
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Rev. John F. Murtha
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Carmen Notaro
President, St. Gregory's College

Sr. Colman O'Connell
President, College of Saint Benedict

Lawrence K. Pettit
Chancellor, Southern Illinois University

Robert Preston
Senior Vice President and Provost, Illinois Benedictine College

Br. Dietrich Reinhart
President-Elect, St. John's University

Leo Ryska
Provost & Vice Rector, Saint Meinrad College

David R. Spangler
President, St. Martin's College

John B. Stephenson
President, Berea College

Alan J. Stone
President, Alma College

David Swanson
Senior Vice President & Director, Berea College

Rev. Hilary Thimmesh
President, St. John's University

A. D. VanMeter, Jr.
Chairman, Board of Trustees, Southern Illinois University

Sr. Thomas Welder
President, University of Mary

Harold R. Wilde
President, North Central College

Global Competition and Economics

Airlie House
Airlie, Va.
December 5, 1991

COMMISSIONED PAPERS:

Arthur M. Hauptman
Consultant, American Council on Education

Henry A. Lichstein
Panel Member, HEIP

RESPONDENT
TO THE COMMISSIONED PAPER:

Lawrence Summers
Vice President, The World Bank

INVITED GUESTS:

Higher Education Issues Panel Members

APPENDIX C

COMMISSIONED PAPERS

Baker, William O., and Mildred S. Dresselhaus, "Future Higher Educational Issues: Trends in Science and Technology." Washington, D.C.: AGB, 1990.

Chapa, Jorge, "Minorities and the College Graduating Class of 2010: An Analysis of the Demographic and Socio-Economic Characteristics of Pre-School Age Children in 1988." Washington, D.C.: AGB, 1990.

Hauptman, Arthur M., "The Economic Prospects of American Higher Education in the Year 2020." Washington. D.C.: AGB-ACE, 1991.

Hodgkinson, Harold L., "Demographic Perspectives on Higher Education." Washington, D.C.: AGB, 1990.

Lee, Benjamin, "Towards a Critical Internationalism." Washington. D.C.: AGB, 1991.

Lichstein, Henry A., "Looking at Economics: A Backdrop for Discussion of Issues in Higher Education." Washington, D.C.: AGB, 1991.

Wilkins, Roger, "Some Observations on Values: Who Do We Think We Are, Anyway?" Washington, D.C.: AGB, 1991.

Ylvisaker, Paul N., "Outlining and Reviewing Issues of the Committee on the Future." Washington, D.C.: AGB, 1990.

All of these papers are available from AGB Publications, One Dupont Circle, Suite 400, Washington, D.C. 20036; or call 202/296-8400.

APPENDIX D

ACKNOWLEDGEMENTS

The Higher Education Issues Panel wants to express its appreciation to the many individuals and organizations whose efforts made this document possible.

Our first tribute goes to the Robert W. Woodruff Foundation, Inc., in Atlanta, which, along with the Prudential Foundation and the Henry Luce Foundation, provided generous support for the panel's work.

Next, we want to express our gratitude to the guests who shared their insights with us during our meetings and to the experts who prepared the careful and thoughtful papers that served as background for many of our discussions.

We also acknowledge the outstanding support the panel received from the staff of the Association of Governing Boards. The panel was the brainchild of Robert L. Gale, president emeritus of AGB, and benefited from his membership and keen interest throughout its lifetime. Executive Vice President Richard T. Ingram (recently appointed president of AGB) and Senior Vice President Rick Legon also provided essential encouragement, suggestions, and support. On a day-to-day basis, AGB's director of public policy—initially Janet Jackley, succeeded by David Ray—served as an enthusiastic and effective liaison with the panel. Judy Steine, Amanda Rogers, and Monica Johnson handled the many logistical mysteries of our activities effortlessly and without complaint.

Special acknowledgement is owed two people who lived with a particularly difficult aspect of our work, the development of a document reflecting the scope and complexity of these issues and our diverse views. Panel member Henry Lichstein performed a small miracle in developing the basic draft of this report, and James Harvey, Harvey & Associates, Washington, D.C., wrote the final version.

Final editing and manuscript preparation was done by AGB Vice President for Publications Daniel J. Levin, and the report was designed and produced by Johnson Design Group, Falls Church, Va.

Finally, we owe a greater debt than we can adequately convey to the late Paul Ylvisaker, chair of the panel until March 1992, and to the vice chair, Roger Wilkins. Paul's tireless optimism gave us the confidence to persevere, and his initial paper describing our charge framed our thinking to the end. Roger Wilkins developed a powerful paper on values and provided skillful leadership during the last difficult months of Paul's illness and the final revisions to this document.

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