

The Presidential Treatment

The Obama Administration makes big advances, faces tough challenges, in higher education policy

By Jon Marcus

WASHINGTON, D.C.

YOU'LL HAVE TO forgive them if the community college students, faculty and presidents looked star struck, squinting in the glare of the bright lights of the television news crews as Marine guards crisply showed them to their seats.

Dressed in their best, these 122 hand-picked representatives of higher education's most maligned, least influential sector were, after all, being ushered to the White House East Room, guests of the wife of the vice president of the United States, the chairman of the joint chiefs of staff, three cabinet secretaries, one congressman, the billionaire who co-chairs the nation's wealthiest foundation—and the leader of the free world.

As they waited restively beneath the crystal chandeliers, surrounded by gold draperies, and scrutinized by Gilbert Stuart's portrait of George Washington, they knew this was the most attention given to their colleges by any president since 1947, when a commission appointed by Harry Truman

recommended so big an expansion that there would be a community college campus within easy driving distance of every American.

Barack Obama himself soon was telling them, after he bounded from a side door to the presidential podium, that they were “the unsung heroes of America’s education system.”

Heady stuff. But the community college leaders at this first-ever White House Summit on Community Colleges also knew that grand plans for \$12 billion to help them

Impressive gains have been made in postsecondary education during the Obama Administration's first two years.

increase their abysmal graduation rates had been sacrificed for the sake of passing healthcare reform, even then being gleefully disparaged by Republican candidates in the midterm elections as “Obamacare.” They knew that this raised questions about the president’s goal—called the American Graduation Initiative—of boosting the nation from tenth place in the world to first by 2020 in the proportion of young adults with university degrees. They knew that deep public and congressional antipathy toward federal government spending would certainly slow the momentum of impressive gains that had been made in postsecondary education (Obamacation?) during the administration’s first two years. They knew that along with what billions had been approved for higher



President Barack Obama prepares to deliver remarks to community college leaders at the recent White House Summit on Community Colleges.

education were coming unrelenting calls for more accountability, that new rules meant to curb abuses in the fast-growing for-profit *continued on page 6*

The Virginia Plan

State's community colleges confront the need to do more with less

By Robert A. Jones

RICHMOND, VIRGINIA

THE FALL TERM had just begun, and the chancellor of Virginia’s community college system, Glenn

DuBois, was whizzing toward the Blue Ridge Mountains in the state airplane. DuBois and several aides were headed for two of the system’s upland campuses to deliver a message that was both expected and dreaded: Systemic failure was coming for the 40-year-old collection of colleges unless major changes were made.

Strapped into his seat, DuBois leaned toward a visitor and spoke almost conspiratorially about the day’s upcoming events. He knew, he said, that some faculty members were skeptical of his reform plans. Many previous reform plans had come and gone. But this time was different, and he was giving himself approximately one hour with the faculty at each college to turn them from skeptics to supporters.

“Our problems are like waves crashing on top of each

other. Big tsunamis,” DuBois said. “If we don’t acknowledge the size of this thing, we are going down. We can’t nibble at the edges. Today is my chance to make the case, to give them the whole loaf, to show them what’s at stake.”



“Our problems are like waves crashing on top of each other. Big tsunamis,” says Glen DuBois, chancellor of Virginia’s community college system.

The air of crisis in Virginia has built steadily over the last three years, as it has at most community colleges across the nation. Enrollment has exploded on most campuses, forcing some systems to turn away students for the first time in history. Meanwhile, state governments have drained budgets like vampires in the night.

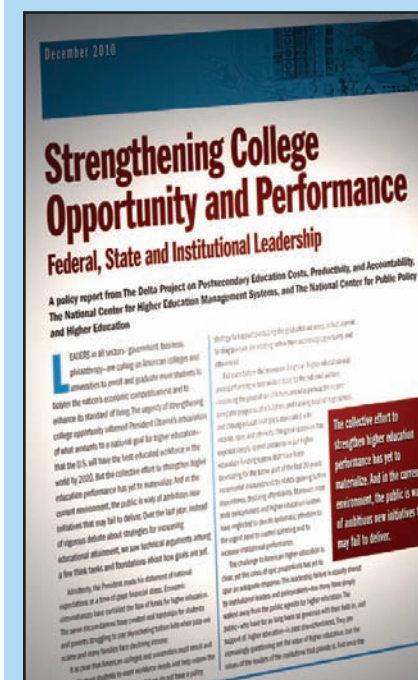
This double bind has occurred, ironically, just as community colleges have begun to re-

The air of crisis in Virginia has built steadily over the last three years, as it has at most community colleges across the nation.

ceive widespread recognition of their importance in the higher education pantheon.

Far cheaper than four-year institutions, community colleges teach the vast majority of poor, minority and immigrant students in the nation and offer the United States its best chance to regain its lost edge in educating its young people. President Obama has become a community college cheerleader *continued on page 15*

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POLICY REPORT from The Delta Project on Postsecondary Education Costs, Productivity and Accountability; The National Center for Higher Education Management Systems; and The National Center for Public Policy and Higher Education.



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The primary purpose of *National CrossTalk* is to stimulate informed discussion and debate of higher education issues. The publication's articles and opinion pieces are written independently of the National Center's policy positions and those of its board members.

Subscriptions to *National CrossTalk* are free and can be obtained by writing a letter or sending a fax or e-mail to the San Jose address listed below.

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EDITORIAL

By Governor James B. Hunt Jr., former Governor of North Carolina and Chair of the National Center Board of Directors, and Patrick M. Callan, President of the National Center

AN OLD ADAGE in life and work says, “Be careful what you wish for.” Our wish and mission when we established the National Center for Public Policy and Higher Education in 1998 as an independent, nonpartisan, nonprofit organization seemed clear-cut enough at the time: address the transition of American higher education and its public policy infrastructure at a time of transformational economic and demographic changes. Our commitment was to the improvement and success of American higher education in its service to society, that is, to the examination of critical higher education issues from the “outside looking in,” from the perspective of society’s needs.

We got our wish, but of course, the more time you spend looking in, the more you see that needs addressing. And the more you grapple with the emerging national economic and demographic changes, the more you recognize their profound and complex implications for colleges and universities.

Like its predecessor the California Higher Education Policy Center and earlier organizations with similar missions, such as the Carnegie Commission on Higher Education, the National Center was never designed to be a permanent institution. It was created to articulate and address a national policy agenda at a particular point in time—the early years of the new century—and we expected the National Center to operate for about ten years. We broke from this nice round number in order to complete a full decade of the *Measuring Up* series of report cards on the state-by-state and national performance of higher education, and to disseminate and follow up on its findings. This work will be completed next year, and the National Center will close on June 30, 2011.

Of course, in a broader sense, the work is never completed. Neither we nor our colleagues in this endeavor intend to retire, retreat, or otherwise diminish our efforts to strengthen higher education and its responsiveness to the needs of the nation and the states. We will continue this work from other venues.

We leave it to the future to assess the impact of the National Center. But as an organization charged with innovating and testing new approaches to public policy, we have learned a great deal. Here are five examples of innovations that we believe merit continuation by others:

• *Measuring Up* remains the only publicly credible, publicly available assessment of national and state progress on the critical components of higher educational attainment: college preparation, access, completion, affordability and student learning. The initiatives to improve data that are currently underway, particularly on student progression and college costs, will create further opportunities to strengthen this work. And consideration should be given to calibrating the assessments and grades to normative national goals, such as those set by President Obama and some national foundations. The most critical lesson here is that an iterative, publicly accessible national and state report card is a powerful instrument for establishing and sustaining a national policy agenda, a “public agenda” for American higher education.

• For more than a decade the National Center’s Associates program has convened and linked emerging leaders in higher education and public policy for intense examination of critical



James B. Hunt Jr.

policy issues.

• The five-state experiment with student learning outcomes followed up on the “incomplete” grades conferred on all states by the *Measuring Up* report cards, demonstrated the feasibility of an approach to assessing educational outcomes that is relevant to both institutional and public policy, cost effective and manageable.

• The unique longitudinal database on public and leadership opinion of higher education, a collaboration with the Public Agenda organization, has tracked changes in attitudes, some of them dramatic, over two decades.

• *National CrossTalk*, our publication, serves not as a house organ, but as a vehicle for commissioning independent freelance journalists to describe many of the most important leaders, institutions, programs and policies, and as a forum for perspectives on critical policy issues.

Our experience has also reinforced our belief that in every era there is a vital role for independent voices. From both a substantive and a strategic perspective, organizations that bring a broad public interest perspective and that are not agents of interested parties, government programs or foundation initiatives, can contribute in innovative ways to the policy and educational discourse, as they have throughout the modern history of American higher education.

We are grateful to the foundations that have supported the National Center; to our Board of Directors, particularly for its stewardship of our public interest mission; to current and former staff for their extraordinary dedication, competence and creativity; and to the researchers and consultants who have shared their knowledge and insights with us. We are also deeply appreciative of those throughout the country who have used our reports, tested our ideas, and provided the feedback, positive and critical, that made our work better.

—James B. Hunt Jr. and Patrick M. Callan



Patrick M. Callan

NEWS FROM THE CENTER

New Center Associates

FIFTEEN MID-CAREER PROFESSIONALS have been selected by the National Center for Public Policy and Higher Education as Program Associates for 2010-11. They include faculty members, administrators, legislative staff members and postsecondary education specialists. They will attend three formal meetings during the academic year and also will work with National Center staff members on a variety of projects. The goal of the program, financially supported by the Bill & Melinda Gates Foundation and Lumina Foundation for Education, is to engage emerging leaders in the examination of critical higher education policy issues. ♦



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CENTER REPORTS

Visit our website, www.highereducation.org, for two new National Center reports:

“Beyond the Rhetoric: Improving College Readiness Through Coherent State Policy”
(June 2010)

This recently released brief addresses the state policy dimensions of college readiness. It identifies the key issues and problems associated with the college-readiness gap, which is a major impediment to increasing the numbers of college students who complete certificates or degrees. This policy brief also provides governors, legislators and state education leaders with specific steps they need to take to close the readiness gap in their state. These findings and recommendations were prepared by the National Center for Public Policy and Higher Education, and the Southern Regional Education Board (SREB).

“Good Policy, Good Practice II
Improving Outcomes and Reducing Costs in Higher Education: A Guide for Policymakers”
(November 2010)

This report revises and updates the 2007 report, “Good Policy, Good Practice.” It is a resource for policymakers and educators seeking examples of programs and policies to improve college access, completion rates and cost effectiveness.

Indiana's "Eighth University"

Western Governors University brings its "competency-based" approach to the Hoosier state

By Kathy Witkowsky

INDIANAPOLIS

LAST NOVEMBER, Indiana Governor Mitch Daniels sat down in his office with Western Governors University President Robert Mendenhall; former Utah Governor Mike Leavitt was on the phone. The purpose of the meeting was to discuss whether Daniels might consider joining WGU's board of trustees. At the time, Daniels knew next to nothing about WGU, a nonprofit, online institution founded in 1997 by 19 governors, including Leavitt and then-Indiana Governor Frank O'Bannon. Each of them contributed \$100,000 in state funds for startup costs. WGU now has 20 member governors, and sustains itself on tuition. Daniels had agreed to the meeting purely out of respect for Leavitt, an old friend and one of the key players in WGU's inception.

"I'd never heard of WGU, let alone that Indiana had actually put its name and money into the thing," Daniels said in a recent interview. Nor did he realize that there were already nearly 250 Indiana residents enrolled in WGU, which offers more than 50 accredited degree programs in four high-demand areas—teaching, healthcare, information technology and business—and claims 21,000 students from all 50 states and the District of Columbia. But it didn't take long for Daniels to appreciate WGU's "competency-based" approach, which measures and rewards what students know, without regard to where or when they learned it. Think of it as digital versus analog learning—a way to focus only on the educational gaps, rather than having to follow a prescribed series of courses from start to finish.

"We hold the learning constant and let the time vary, as opposed to the traditional approach, which holds the time constant and lets the learning vary," said Mendenhall.

That's particularly appealing to working adults, because it means they don't have to waste time or money reviewing material

they've already mastered: WGU charges just under \$2,900 tuition (\$3,250 for its nursing and MBA programs) for six months enrollment; the average time to a bachelor's degree from WGU is 30 months, roughly half the national average.

It was appealing to Governor Daniels, too, who saw that with the right kind of marketing, the model could help Indiana climb

WGU Indiana, a wholly owned subsidiary of WGU, was established by Governor Daniels without any legislative action, state funding, or substantial political pushback.

out of the higher education pit that it's in. The state ranks 45th in the nation in terms of the percentage of adults with a bachelor's degree or higher, a statistic that troubles the governor. "Left unattended, it'll be a real problem for Indiana," Daniels said.

Historically, Indiana's heavy manufacturing base provided decent incomes even for those with only a high school diploma. But many of those jobs no longer exist. The Indiana Commission for Higher Education says the state will need to increase annual production of postsecondary degrees and certificates by more than 6,000 through the year 2025 to meet workforce needs.

So by the end of the meeting that November, Daniels had not only agreed to join the board of WGU, he was also asking whether the school had ever considered re-branding or "private labeling" itself as a state program. Thus was born the idea for what Daniels now refers to as Indiana's "eighth university": WGU Indiana, a wholly owned subsidiary of WGU, which Daniels established by executive order in June, without any legislative action, state funding, or substantial political pushback.

By then, WGU Indiana had rented office space in a downtown Indianapolis high-rise and hired a chancellor—Allison Barber, a former teacher and native Hoosier (see sidebar) with public relations and communications expertise—to oversee its branding and marketing. To date, WGU has stuck mainly with Internet advertising. But armed with \$1.75 million in seed money from the Lumina, Lilly, and Bill & Melinda Gates foundations, WGU Indiana has rolled out a million dollar marketing campaign that extends well beyond the Internet, to billboard, bus, print, radio and tele-

vision advertising. The governor appears in the school's materials and on its website, and was featured in its first radio and television ads. "Indiana needs more college grads. And you deserve the greater opportunities that a college degree can bring," Daniels said in the television spot, before encouraging viewers to "check out WGU Indiana today."

Daniels wasn't the first person to suggest private labeling WGU. The school has been looking at ways to expand and export its educational model, which is markedly different than traditional online programs.

WGU has been in conversations with a half dozen states, but Governor Daniels was "unique," said Mendenhall: "He got it immediately, wanted to do it, and invested a significant amount of his own time and effort in making it happen."

Fast forward to an unseasonably warm, windy day in late October of 2010. Inside an airy atrium of the Indiana state capitol, about 100 smiling onlookers enjoyed a classical string trio before Daniels delivered the commencement address to the first graduates of WGU Indiana. Because the school just started enrolling students in July, all the graduates were former WGU students who, by virtue of their Indiana residency, had automatically been transferred to WGU Indiana once the school was established.

The commencement was designed in part for the graduates and their families, and in part to generate "earned media coverage"—essentially unpaid advertising for the fledgling institution. "Everything I do better have some media visibility, because it's the only way I'm going to educate the state about the opportunities for higher education with WGU Indiana," said Chancellor Barber.

That there were only 16 graduates—only seven of whom were in attendance—didn't discourage Barber in the slightest. After all, as Mendenhall reminded the crowd, there was only one graduate at WGU's first commencement a decade ago; this fiscal year, the school expects to graduate between 3,300 and 3,400 students.

"Today is a one-of-a-kind occasion, to be followed by many more," Daniels told the crowd. He had good reason to be optimistic. Already, WGU Indiana has enrolled more than 450 students, who now represent about ten percent of all new WGU students. With enrollment increasing a whopping 30 percent annually, WGU is predicting it will grow from 21,000 students to 30,000 within the next few years. About 5,000 of those students are expected to be enrolled at WGU Indiana. Said Daniels: "WGU fits Indiana like a tailored suit."

What the governor means is this: Only about a third of the state's adults hold an associate's degree or higher. But 22 percent of the state's adult population—about 730,000



"WGU fits Indiana like a tailored suit," says Governor Mitch Daniels, who convinced Western Governors University to consider re-branding itself as a state program.

people—have some college under their belt. And that's exactly the population that WGU—and now WGU Indiana—targets. Those adult students, many of whom have families and other ties to the state, are far more likely than younger, traditional-age college-goers to remain in the state once they've completed their degrees, said Scott Jenkins, the governor's senior policy director for education. With startup and future marketing costs covered by foundation grants, and operational costs covered by tuition, "the profits are returned to the state in terms of degrees," Jenkins explained.

WGU Indiana functions exactly like WGU. It charges the same tuition; carries the same course offerings; uses the same faculty "mentors," who follow students through their programs, maintaining a one-on-one relationship with them throughout their educational career; and offers the same opportunities to complete programs at a pace that would be impossible at a more traditional institution. Dawn Hanson of Greenfield, In-

Historically, Indiana's heavy manufacturing base provided decent incomes even for those with only a high school diploma. But many of those jobs no longer exist.

diana, for instance, received her bachelor's degree in nursing in August—just four months after she enrolled in WGU with an associate's degree from Ivy Tech, Indiana's statewide community college.

"I'm grateful to WGU for providing the opportunity for me, a working wife and mom, to finish her education without sacrificing precious time with my family," the 39-year-old Hanson said during her commencement address, which followed the governor's. She shared a quotation by George Washington Carver, "When you can do the common things of life in an uncommon way, you will command the attention of the world," and then expressed her hope that, "in years to come, this graduation ceremony will be full of fellow Hoosiers, ready for their time



Robert Mendenhall, president of Western Governors University, reminded the small crowd at WGU Indiana's first graduation ceremony that there was only one graduate at WGU's first commencement.

to shine, their time to command the attention of the world.”

Among those moved by her words was Kara Tanner, 47, of Noblesville, Indiana, a new WGU Indiana student who has been

using her associate’s degree in information technology in her current job as a software analyst. With her daughter, whom she raised as a single parent, about to finish high school, Tanner decided to finally pursue her lifelong

Allison Barber

WGU Indiana’s chancellor leads a public relations campaign

ALLISON BARBER is back in her home state of Indiana after 18 years in Washington, D.C., and she’s fired up about her position as the first chancellor of WGU Indiana, which the governor has dubbed the state’s “eighth university.”

Her job description is as non-traditional as Western Governors University, the non-profit, online, competency-based institution she’s working for, which administers WGU Indiana’s programs. She doesn’t deal with academics. She’s meant to market WGU Indiana to potential students, academic partners and employers, in the process transforming it into a major player within the state’s educational landscape.

So Barber’s speech is peppered with phrases that most chancellors have never uttered: force multipliers; earned media; and of course, “campaign”—not a political campaign, but a public relations one.

“I am on a campaign to help Hoosiers get educated,” Barber explained. In particular, she’s trying to convince adults with some postsecondary education to return to school and complete their degrees, or earn new ones. “We’re selling a life-changing experience,” she said. “That’s not an easy sell.”

But it’s the sort of challenge that Barber embraces. A former teacher who has run her own public relations firm, served as deputy assistant secretary of defense for internal communications as well as Department of Defense public liaison, and helped the White House establish communications in Iraq, there’s not much that Barber likes more than work.

“I love trying to make a difference,” said Barber. She was slightly baffled when she first returned to the midwest, where people take the weekends off, waiting until Monday to return calls. “I thought my iPhone was broken,” she recalled, laughing.

The pace of life may be slower in Indiana, but Barber, who started as chancellor at the end of May, doesn’t appear to have adjusted her speedometer. She uses her iPhone plus two Macintosh laptop computers, which sit side by side on her desk in her tenth-floor downtown Indianapolis office, to keep tabs on WGU Indiana’s million-dollar marketing campaign, which includes online, bus, radio, billboard, print and television ads.

“Eyeballs matter,” Barber said. So she has made sure that WGU Indiana has been visible in the community, with tables at the Indiana State Fair, the Gary South Shore Air Show, the Black Expo, the TechPoint Innovation Summit, and on the community college and hospital campuses. Barber has spoken at the Indiana Association of Cities and Towns and met with the Indiana congressional delegation, and plans to speak at chambers of commerce and Rotary Club meetings. “We’re trying to figure out where the force multipliers are,” she said—in other words, who is most likely to pass the word about WGU Indiana.

Then there’s generating “earned media”—coverage due to an event. On the day that this reporter visited, for instance, Barber was on the phone with WGU Indiana’s public relations representative, hammering out details of the school’s upcoming graduation commencement. She wanted to make sure the Indianapolis news bureaus got a press release, that the Associated Press received a photo, and that local radio stations were alerted about graduates from their areas. How about a post-commencement e-newsletter? And had there been any “bounce” from the radio interview she did last week? The school now has 125 friends on Facebook, she mentioned, adding ruefully, “That’s pathetic.”

Then she was on to an e-mail from the vice president of workforce development at Vincennes University, letting her know that both the school’s president and provost liked her idea to partner with Vincennes, which was founded in 1801, to offer tuition discounts and an application fee waiver to their graduates who want to earn more advanced degrees through WGU Indiana. “That rocks!” Barber exclaimed, delighted. Her plan is to promote the relationship as Indiana’s newest university partnering with Indiana’s oldest.

Also on her agenda that day: finishing up paperwork sealing a deal with Dollars for Scholars, which provides money to college-bound high school seniors, to promote WGU Indiana to their parents. Through this new sponsorship, parents of Dollars for Scholars recipients who want to return to college are eligible for scholarships from WGU Indiana. The idea is to tap into families that obviously already value education, Barber said.

Meanwhile, she was preparing for a web-seminar with Indiana’s Department of Workforce Development, so that their employees could promote the school to the thousands of displaced and unemployed workers they counsel. Barber is also crafting a pledge for a coalition of Indiana companies who would help promote WGU Indiana to their employees, and promise to consider hiring WGU Indiana graduates.

“We’re going deep with our relationships with leaders of the state,” Barber said. “And that is the advantage we have as a state model.”

—Kathy Witkowski



dream of teaching.

“The time had come to lead by example and show her that you can live your dream,” said Tanner. But at the same time, she said, “The idea of going to school for eight years in the evenings part-time was just overwhelming.” She is hoping that she can leverage her knowledge of literature and history to get through WGU Indiana’s program in just three years. The graduation ceremony, she wrote in a follow-up e-mail, “really inspired me to continue to reach toward my goal, knowing that others have achieved their dreams, and so can I.”

Had she known about the school, Tanner, like other Indiana residents, could have enrolled at

WGU in the past. By branding it as a state institution, Indiana has made it possible for students to use state financial aid to help pay for tuition, although so far that does not appear to be a large factor in attracting students: Only ten percent of those enrolled have done so. Many working adults, like Tanner, don’t qualify for aid. But if they do, federal Pell grants often cover most of the cost of WGU’s tuition.

More importantly, the state version of WGU raises its profile and its credibility, and creates a local presence. WGU Indiana has hired 70 mentors and counselors who work out of the downtown offices; they won’t necessarily work exclusively with Indiana students, and WGU Indiana students may wind up with out-of-state mentors, but it’s good to have in-state employees. “People want to be connected to their neighbor,” noted Barber. WGU Indiana appeals to that desire.

“It’s the ’57 Chevy that’s been sitting in someone’s garage for a while until someone realizes you can make it work,” said Jenkins.

And Daniels wanted to get that car on the road in a hurry. “We always say here we like to move at the speed of business, not the speed of government,” he said.

When it came to getting WGU Indiana up and running, it helped that Daniels happened to be located in the same city as the Lumina Foundation for Education, which focuses on access and success in higher education; its “big goal” is to increase the percentage of U.S. adults with a college degree or credential from 39 percent to 60 percent by 2025. “If we’re going to get to that goal, we need to expand the understanding of what higher education is,” said Jamie Merisotis, president and CEO of the foundation.

As founding president of the Institute for Higher Education Policy, Merisotis was familiar with WGU even before he took the helm of the Lumina Foundation in 2008, and he had wondered why it hadn’t gotten to a bigger scale. He had even discussed a state-by-state model with WGU President Mendenhall. So it wasn’t difficult to convince Lumina, which previously had funded research to look at the effectiveness of WGU, to provide \$500,000 in startup funding for WGU Indiana. (At about the same time, the Bill & Melinda Gates Foundation, which focuses on low-income young adult students, agreed to provide \$750,000. Some months later,



Dawn Hanson received her bachelor’s degree in nursing just four months after she enrolled in WGU with an associate’s degree from Ivy Tech, Indiana’s statewide community college.

WGU Indiana received an additional \$500,000 from the Lilly Foundation, which, like the Lumina Foundation, is based in Indianapolis and often funds projects there.) “From Lumina’s perspective, this is testing whether it can be a model,” Merisotis said, adding that it was nice to do so in Lumina’s home state.

In part, WGU Indiana is being used as a tool to put pressure on the state’s other institutions to find ways to both increase degree production and shorten the time it takes to complete degrees. “A little competition is healthy,” said Daniels, who has encouraged those institutions to offer accelerated programs that allow students to earn an associate’s degree in just one year and a bachelor’s degree in just three. Over the past few years, the state has also adopted performance funding that rewards its institutions for degree production, on-time degrees, low-income degrees and completed credit hours.

But mostly, WGU Indiana is being promoted, and perceived, as a complementary

Western Governors University offers more than 50 accredited degree programs in four high-demand areas—teaching, healthcare, information technology and business.

educational offering, and a way to increase Indiana’s educational attainment—without the use of taxpayer money.

“They’re not competing for scarce dollars,” pointed out Indiana Commissioner of Higher Education Teresa Lubbers. “They’re competing for growing numbers of students. So that made it easier to roll this out.” At its June meeting, the Commission for Higher Education unanimously approved a resolution in support of the governor’s executive order that recognized WGU Indiana and instructed the commission to integrate the

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from preceding page

school's programs into the state's higher education policy and strategy.

More recently, Lubbers penned an opinion piece for Indiana newspapers in which she highlighted WGU Indiana as a flexible approach that "allows motivated students to earn their degrees faster and cheaper than they could otherwise."

WGU Indiana is also receiving a boost from the Indiana Department of Workforce Development (DWD), which Daniels' executive order directed to "explore methods for promoting online competency-based educational opportunities like WGU Indiana" for the dislocated workers and others it serves. In accordance with that order, the department is trying to ensure that its counselors know about WGU Indiana, and why it might be appropriate for their clientele, thousands of whom are eligible for federal Trade Adjustment Assistance money, which could conceivably cover the entire cost of a WGU degree. "In this business of a transforming economy, you've got to constantly adjust your portfolio of tools," said DWD Commissioner Mark Everson. "So we're delighted we're going to give this an emphasis."

Also happy is Tom Snyder, president of Ivy Tech, which earlier this year had approved an articulation agreement with WGU, prior to the establishment of WGU Indiana. Ivy Tech's enrollment has doubled in the past five years, to 110,000, and it transfers 10,000 students annually; the hope is to double that number. "We're going to do everything we can to encourage students to pursue this," Snyder said. One way the schools are working together: WGU Indiana will waive the \$65 application fee and give a five percent tuition discount to Ivy Tech transfers.

"It's a great option for our students," said Sandy Ward, director of the transfer center at Ivy Tech-Central Indiana, in Indianapolis,



MARY ANN CARTER, BLACK STAR FOR CROSSTALK

Kara Tanner is hoping that she can leverage her knowledge of literature and history to get through WGU Indiana's program in just three years.

where WGU Indiana promotional materials are prominently displayed. And it helps that WGU Indiana has a local recruiter who's often on campus, she said, because many of Ivy Tech's students are first-generation college-goers who aren't always comfortable negotiating a path to higher education. "Our students want that one-on-one contact," Ward said.

Ward's ties to WGU may soon go beyond the students that come into her office seeking to transfer. Although she had never heard of WGU until WGU Indiana was established, she quickly became so enamored with its approach that she recommended it to her 29-year-old son, who attended but never graduated from Ivy Tech; now he's planning to enroll as soon as January. Ward also said she'd heard of some Ivy Tech instructors who were planning to enroll at WGU Indiana to earn their master's degrees. "There's a lot of interest," she said.

But within the halls of the state's other institutions, there hasn't been much buzz about WGU Indiana, said Jo Ann Gora, president of Ball State University, which has a significant online presence, with 20 online degree programs and 6,600 students. The governor advised the state's institutional leaders about his plans for WGU Indiana prior to announcing them, but since then, "there really hasn't been much conversation about it," Gora said. "I think everybody is used to the idea that there will be alternate providers." And if more providers mean more degrees, then that's a good thing, she said.

Still, the governor's public endorsement of WGU Indiana did raise a few eyebrows. "Some people have questioned why he would tape a commercial for one public university and not another," Gora said. Given his role on WGU's board of directors, and his commitment to providing more online options within the state, she doesn't see his actions as inappropriate. But, she added, "I'd love the governor to come on the air and promote our program."

Some legislators were also taken off guard by the governor's press conference announcing the establishment of the state's "eighth university."

"People were like, 'Huh?'" said state Representative Peggy Welch, a Democrat from Bloomington who serves on the bipartisan budget committee that oversees state expenditures. At the committee's September meeting, members from both parties expressed concerns, she said. They wanted to know whether any state dollars were being used for this online university "that's called Western Governors University," Welch added (with emphasis on "western"), and whether WGU Indiana would compete with the state's existing institutions. Those questions and concerns were addressed in the

October meeting, Welch said, when Barber gave a presentation explaining that no state dollars were used to create or sustain WGU Indiana, and that the school is meant to complement, not compete with, the state's existing institutions.

"I still have questions about limited resources and how we're using those, but I don't know that I have a problem with WGU," Welch said. "If it's helping people achieve the education and training they need to get a job and rise up the ladder, so be it."

That is WGU's overarching goal. WGU is, first and foremost, "about demonstrating a new model of higher education that is more

With enrollment increasing a whopping 30 percent annually, WGU is predicting it will grow from 21,000 students to 30,000 within the next few years.

efficient and more effective," said Mendenhall, who has been with WGU since 1999, and whose leadership there recently earned him the prestigious Harold W. McGraw Prize in Education. "We'd love to have [this model] serve millions of students," he said. That's far more than WGU alone can handle, but however it's done, Mendenhall said, "I do think other states will adopt this model, or something like it, because it makes so much sense." ♦

Kathy Witkowsky is a freelance reporter in Missoula, Montana.

OBAMA**from page 1**

higher education sector were threatening to backfire on traditional nonprofit colleges. And they knew that massive increases in federal financial aid were already being sucked up by spiraling tuition charged by universities still reeling from state budget cuts and endowment losses.

For all the value of the attention they were getting, for all they may have relished the unprecedented presidential praise, for all

Obama has placed higher education near the top of a crowded agenda. He has spoken often and unusually personally about the value of his own further education.

the glamour of a summit at the White House, everyone in the East Room knew that it was more or less a consolation prize.

"The administration came out of the gate strong with the 2020 goal, and then the wind went out of their sails when they traded the American Graduation Initiative

for healthcare," said one Washington insider. "It feels like ever since then they've been grabbing on to whatever they can to show they're really serious about higher education."

The poorer prospects for progress in the next two years seem dimmer still because of the inevitable comparison with the enormous strides made so quickly in the previous two. Obama immediately elevated higher education to near the top of a crowded agenda—and spoke often and unusually personally about the value of his own further education and his wife's, which had been less of a birthright than for many of his predecessors. Huge amounts of money were appropriated for higher education, goals were set for raising graduation rates, and regulations were fine-tuned to protect students and encourage quality.

First came \$100 billion in stimulus money to states for education, \$23 billion of which went to higher education (\$16.5 billion for additional financial aid and \$6.6 billion to plug holes left by budget cuts).

The lower-than-low standing of the bonus-happy big financial institutions that helped force the need for that stimulus spending in the first place also helped the administration, in the middle of the healthcare frenzy, to accomplish what earlier administrations could not: eliminate billions of dollars in federal subsidies to banks for student loans in favor of lending the money directly. It was also crucial that—unlike the



DENNIS BRACK, BLACK STAR FOR CROSSTALK

President Obama's goal—called the American Graduation Initiative—is to boost the nation from tenth place in the world to first by 2020 in the proportion of young adults with university degrees.

Clinton administration, which tried to do the same thing but invited opposition from higher education lobbyists and their friends in Congress by proposing that the savings go toward balancing the budget—the Obama team promised that the money would be funneled to the Pell grant program, which provides university tuition grants to students

who fall within given income requirements, and which will be beefed up by \$39 billion and indexed to inflation starting in 2013.

Obama made some other big advances too. He got a \$2,500 tuition tax credit passed, and oversaw the implementation of a new GI Bill, signed by his predecessor, with the most generous terms since World War II. He

vastly simplified the bafflingly complex Free Application for Federal Student Aid, or FAFSA, eliminating roughly a quarter of the questions and attracting 33 percent more applicants in just two years. Historically black colleges and universities got a \$2.6 billion windfall from the savings freed up by the student-loan reform.

The president indisputably elevated the profile of those long-suffering community colleges, and announced his goal of raising graduation rates by 2020 to restore the nation's global primacy in the proportion of college-educated 25- to 34-year-olds. He secured a \$2 billion earmark for the Labor Department to hand out over four years for career training by community colleges and other postsecondary institutions. And his Education Department started cracking down on practices such as incentive payments to student recruiters, with rules that were clearly aimed at for-profit colleges the General Accounting Office had caught misleading applicants.

Even these accomplishments provoke some critics. The stimulus funds for higher education kept the lights on and avoided layoffs. But, unlike the Race to the Top program (under which \$4 billion of federal stimulus money was awarded to primary and secondary schools in a competitive process to reward reform), the stimulus funds came with comparatively few strings, other than that states had to use them to provide the same level of funding they had in 2006. "That's a big string," said Martha Kanter, U.S. undersecretary of education for postsecondary, vocational and adult education, and federal student aid, and herself the former chancellor of a community college district.

One exasperated advocate for higher education reform argues that the stimulus grants effectively doubled, if only temporarily, federal spending on higher education, offering an unprecedented and likely not-to-be-repeated chance to push for greater productivity, curbs or downright caps on tuition, and operational efficiencies. "One place they had the money was the stimulus, and they didn't use it," he said. "Instead of using it to incentivize things, they just put the money out there and said, 'Spend it.'"



The Obama Administration has "demonstrated a willingness to impose more federal control than I think is necessarily desirable," says Terry Hartle, of the American Council on Education.

But others say that practical considerations made it all but impossible to create a stimulus-fueled Race to the Top in higher education—never mind that universities and colleges adamantly oppose the idea of any further federal involvement in their business. For one thing, said Ben Miller, a policy analyst at the Washington think tank Education Sector, there was great urgency. "In an ideal world you would have seen more strings attached" to the stimulus money, Miller said. "[But] there was such a need to get it done and out the door as quickly as possible that that would have been tough given the timeframe they were working with."

Nor does higher education track the sort of benchmarks readily available in the world of primary and secondary schools—whether K–12 students can read at grade level, for example, and how they do on tests—said Robert Zemsky, founding director of the University of Pennsylvania's Institute for Research on Higher Education. And without measures, it's impossible to set standards, something the people in Obama's Education Department were beginning to find out, to their frustration, as they worked on crafting new higher education regulations. Besides, Zemsky said, if you tie funding to results in higher education, universities can simply rig the game in ways that public schools can't, by turning away at-risk applicants and lowering even legitimate barriers to graduation.

There was one more giant pot of money that the president could still divert to higher education: the massive subsidies, which the Congressional Budget Office projected to be worth some \$87 billion over ten years, that went to banks providing student loans. And in spite of dogged lobbying by private lenders, the Democratic-controlled Congress added an amendment to the healthcare bill eliminating subsidies for banks and switching to direct-to-student loans. It was a big fourth-down higher education score for the Obama camp. But there was little-noticed angst and intrigue even with this.

For one thing, although they didn't oppose it, the alphabet soup of higher education associations that ring Washington's Dupont Circle, including the American Council on Education and the National Association of Independent Colleges and Universities, did curiously little to help get student-loan reform across the goal line, even knowing that the billions in savings would be used for Pell grants—and even though such benefits as lower interest rates that lenders once offered university financial-aid officers to keep them on their side had long ago dried up. "If you look at the student-loan fight, you didn't see NAICU, you didn't see ACE heavily supporting something that was going to result in their members getting billions of additional dollars," Miller said.

It was an important turning point. That's because the higher education associations, which had largely welcomed Obama, the Democratic Congress, their higher education platforms, and the huge amounts of money they were likely to receive, were starting to grow worried that the president envisioned a greater federal regulatory role, including by attaching

exactly the kind of new conditions to the money generated by the student-loan reform that it hadn't required in exchange for the stimulus funding. "There were some concerns with some of the administration's policy proposals, in terms of expanding the state role in higher education, and that somewhat diminished our willingness to provide an open-ended endorsement," said Terry Hartle, senior vice president for government and public affairs at ACE.

Another problem was that the projected return to the government from cutting subsidies turned out to have been vastly overestimated. Many universities had already voluntarily switched to direct

lending, which meant their students' loans were no longer federally subsidized. That helped diminish the expected savings to \$46 billion over ten years instead of the predicted \$87 billion. Most of the total (\$39 billion) went, as promised, to the Pell grant program—allowing for an impressive doubling of the amount available to be divided among the growing number of income-eligible students, and enough to raise the individual maximum grants themselves by the inflation rate for four years beginning in 2013—but not immediately, or for ten years, as originally intended. That was partly because the projections had been so overly optimistic and partly because more than a third of the Pell grant money ended up going to cover previous years' shortfalls caused by burgeoning demand for aid from students and their families struggling to pay persistent hikes in college fees in the midst of the recession.

After taking 35 years to grow to \$13 billion in 2007, when there were 12 million applicants and five million recipients, the cost of Pell grants will have mushroomed to an estimated \$35 billion by next year, when there will be an estimated 19 million applicants and nine million recipients. That's more money than the budgets of eight cabinet-level government agencies. The runaway upsurge in the cost of Pell grants has been propelled in part by those tuition increases—7.9 percent for public and 4.5 percent for private universities and colleges this year, according to the College Board, during a time when other consumer prices actually fell by one percent, and family income grew by only one percent. Only 24 states used any of their stimulus money to keep tuition down.

Obama also pledged to commit \$12 billion of the loan-subsidy savings over ten years to help community colleges meet his goal of boosting graduation rates with more online learning, business partnerships and worksite education, plus facility improvements. But that amount kept dropping, too, to \$10 billion in the House bill and \$2 billion in the final legislation. The balance went to offset some of the cost of the healthcare bill. The \$2 billion that was left for higher education would still be destined for community colleges, but not for the purpose of increasing access or completion rates. It would go to job training, especially for mid-career work-



"Taxpayers are entitled to ask legitimate questions about what they're getting for their money," says Harris Miller, president of the Association of Private Sector Colleges and Universities.

ers and workers whose jobs had been exported. And it would be spread out over four years, in a program run not by the Education Department, but by the Department of Labor.

It was at a community college in Michigan that Obama had announced his American Graduation Initiative to increase the proportion of 25- to 34-year-olds with associate's degrees or higher, from 38 percent to more than half, restoring the nation from ninth (or tenth, depending on the source of the statistics) to first in that measure by 2020. The number of jobs requiring at least an associate's degree is growing twice as fast as the number of jobs that don't, and the Center on Education and the Workforce at Georgetown University estimates that, if current trends continue, the United States will fall

The Obama Administration accomplished what earlier administrations could not: They eliminated billions of dollars in federal subsidies to banks for student loans in favor of lending the money directly.

short of meeting the demand for college- and university-educated workers by at least three million as soon as 2018. Meeting the goal of the president's graduation initiative would require graduating an additional eight million students by the end of this decade, an increase of four percent, according to the National Center for Higher Education Management Systems.

Community colleges, where only one in four students now earns a degree within three years, are "the lynchpin" of this plan, Kanter told reporters in a conference call the night before the White House summit. They would have to turn out an additional five

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million graduates by 2020. This at a time when, in addition to their chronic problems with completion, community colleges in 32 states were struggling just to get by on flat or lower budgets, and when their full-time enrollments had ballooned by 24 percent in the two years from fall 2007 to fall 2009. A survey of community colleges by the Education Policy Center at the University of Alabama found that most were in no financial condition to meet the graduation goals.

Yet as crowded and cash-strapped as they are, the community colleges seemed as ambivalent about that lost \$12 billion as their university counterparts on Dupont Circle had been about the savings generated

The president elevated the profile of the community colleges, and announced his goal of raising graduation rates by 2020 to restore the nation's global primacy in college education.

by the student-loan reforms, and on the same grounds: because the government, for the first time, wanted to attach significant conditions to the money. To get it, they would have to set and meet graduation, job-placement, and other goals reviewed and approved by bureaucrats in Washington.

"We're not even that close to Dupont Circle, and you could hear the crying and screaming from here" as the reality of the tradeoffs sank in, said Harris Miller, president of the Association of Private Sector Colleges and Universities, which represents the for-profit schools that have become community colleges' biggest competition.

Miller's members were beginning to feel their own pain.

Prodded by consumer advocates, high student-loan default rates, and allegations of fraud, the administration was proposing regulations clearly aimed at cracking down on for-profit universities in ways the previous

administration had not. Among those doing the prodding: traditional nonprofit universities and their associations.

Private, for-profit schools, after all, now account for nearly a quarter of all Pell spending, or \$4.3 billion last year alone—and students who attend them borrow billions more per year to pay for tuition. But two years into repayment, nearly 12 percent of those students have defaulted on their loans, three times the rate at nonprofit private institutions, and double the proportion at public universities and colleges. (The for-profits argue that their default rate is disproportionately high because they serve a lower-income market already struggling to make ends meet. According to Harris Miller, three-quarters of their students are financially independent of their parents, and nearly half of them have children.)

Undercover investigators from the General Accounting Office, posing as prospective applicants to 15 for-profit colleges, found that all 15 gave them deceptive information, and four encouraged downright fraud to help the applicant qualify for federal financial aid. Some of the purported students, the investigators say, were urged to falsify financial information. Others got exaggerated estimates of what they could expect to earn after they had graduated, or misleading information about the cost of courses, and were pressured into signing contracts. An investigator who inquired about a certificate program in massage therapy was told the \$14,000 fee was a good value when, in fact, a nearby community college charged only \$520.

The Florida Attorney General's Office also has announced that it is looking into alleged misrepresentation by for-profit universities. Previous investigations found that some for-profit institutions were enrolling grossly unqualified students for the sake of getting access to their federal financial aid.

Long experienced in Washington politics as a senator's aide, a House committee staffer, and a candidate for Congress from Virginia, Miller deftly seized on Obama's graduation plan and positioned the for-profit universities as part of the solution. With ten percent of total enrollment, or 2.3 million students, the for-profits said, they were there to help. "The president is very much singing our song," Miller said. "We are in violent agreement that there is this huge

population of underserved students and that they need a higher education, in terms of their personal growth and fulfillment, and for our country's sake to be globally competitive."

The administration wasn't biting. Education Department officials started work early in Obama's term on 14 regulations to control abuses. Several were clearly aimed at the for-profits. One, the "gainful-employment" rule, proposed to measure the loan debt of students in vocationally oriented programs as a proportion of their estimated annual income. Programs with a debt-to-income rate that is

too high would lose their eligibility for federal financial aid, effectively shutting them down. Another regulation prohibits bonuses or other incentives for student recruiters or admissions officers based on how many students they sign up or how much financial aid they bring in. The Education Department gave itself more clout to ban deceptive marketing and advertising, and institutions will have to disclose their graduation and job-placement rates and students' median debt.

The for-profit sector fired back with guns blazing. Although they were also forcefully opposed to the incentive-compensation regulation, their principal target was the gainful-employment rule. They said it would require huge amounts of paperwork and would discourage institutions from starting new programs. They said that was counterproductive at a time when unemployment is so high and so many Americans need more, and not less, vocational and career training. They said the Education Department couldn't possibly review the estimated 53,000 programs nationwide that would be affected. Besides, they and others said, the cutoffs seem arbitrary: What's a fair ratio of debt to income, and who gets to decide?

Education Department rule-makers responded by proposing a complicated formula under which the debt would not be allowed to exceed eight percent of expected earnings, based on a ten-year repayment schedule. Five percent of programs were projected to fail that test. Another suggestion is that a university or college might be required to prove that there is a "reasonable relationship" between the cost of a program and the added amount a graduate can expect to earn with a relevant degree or certificate.

The for-profits promise a court battle on due-process grounds if the gainful-employment regulation is approved, and have spent \$3 million since the beginning of the year alone on lobbying to help make sure it isn't, according to the independent, nonpartisan Center for Responsive Politics. (Federal lobbying on education overall rose to a record \$106 million in 2008 and topped \$100 million last year. From January through October of 2010, NAICU spent \$223,000 on federal lobbying, ACE \$150,639, and the Association of Public and Land-grant Universities \$250,000; but the Apollo Group alone, parent of the University of Phoenix, spent \$337,000, Career Education Corporation \$460,000, and the Washington Post Company, owner of Kaplan, spent \$420,000.)

Some 91,000 comments on the gainful-employment measure were submitted to the *Federal Register*, by far a record response to any Education Department proposal. On the other side, a coalition of 30 consumer, student and civil-rights groups lined up to



"Jobs in today's economy require more than just vocational training," says Debra Humphreys, vice president of the American Association of Colleges and Universities, which advocates for the liberal arts.

say the gainful-employment guidelines don't go far enough. Shares of for-profit education companies have slumped since the Apollo Group, citing "regulatory and other scrutiny," forecast a decline in new enrollment at the University of Phoenix. Overwhelmed, the Education Department postponed a decision on the gainful-employment rule, though all the other regulations moved forward and will take effect July 1, 2011.

"We'll continue to do battle with the administration on this," said Harris Miller. "The divergence comes in terms of how one determines what is or is not a quality institution, and whether Washington or the consumer should make that decision."

Even Margaret Spellings, education secretary for George W. Bush, weighed in. "At a time when the administration should be focused on job creation and strategies to prepare today's students for tomorrow's jobs, it is targeting private-sector higher education providers that serve about 3 million students a year," Spellings wrote in a *Washington*

The runaway upsurge in the cost of Pell grants has been propelled in part by tuition increases—7.9 percent for public universities and colleges this year.

Post op-ed. "The result could be more jobs lost and fewer Americans getting the education they need to secure good jobs."

Spellings lauded Obama's graduation initiative, his support for community colleges, and the increase in Pell grants, which Bush raised, too. But she blasted the end of federally subsidized private lending, saying it robbed consumers of choice, and said the



Education Secretary Arne Duncan has emphasized greater federal oversight, something that both for-profit and nonprofit institutions dislike about the Obama Administration's higher education strategy.

crackdown on for-profit schools would disproportionately hurt low-income and minority students. The president's good start had "quickly faltered," Spellings wrote. "The Obama administration's tendency to spend more money and support aggressive government solutions began to get the better of it." (Spellings, who now runs her own political consulting firm, declined to be interviewed.)

Meanwhile, a funny thing had happened on the way to the rule-making process. Conventional nonprofit universities, among the for-profits' most consistent critics, realized the regulations would affect them, too. It turned out that 40,000 of the 53,000 programs that fell under the gainful-employment proposal, for example, were at traditional nonprofits, and while most of those were likely not endangered, all would now be under closer federal control. Among other quandaries this presented, if a student started at a for-profit institution and transferred to a nonprofit university, the total of his or her loans would count against the nonprofit's debt-to-income ratio. The nonprofit universities and colleges were so worried about this that they got rule-makers to revise the measure in order to avoid it.

"Be careful what you ask for," Harris Miller joked. "You might get it."

Kanter defends the regulations as consumer protections. "We've made great strides on the access side, but we have a lot more to accomplish to ensure that students are earning that first-class education that is a hallmark of America," she said. "Higher education will always be suspicious of anything the federal government does, and certainly there are legitimate concerns. But we've got to measure progress."

What nonprofits and for-profits dislike equally about Obama's higher education strategy is its shift toward greater federal oversight of what they do. That's at the heart of tension that has wilted the initial enthusiasm for the new president from the same university associations that worked to stifle

calls for more accountability in higher education, including a national student database, by the Commission on the Future of Higher Education, known as the Spellings Commission, during Bush's term. While they welcome the boost in Pell grant funding and other strategies of the new administration, said Hartle, "That doesn't mean we automatically love everything they do. They also have demonstrated a willingness to impose more federal control than I think is necessarily desirable."

Harris Miller is less nuanced about the way he thinks nonprofit universities have grown to regard Obama: "While Bush was in the White House and Spellings was in the White House, they thought, 'Jeez, if we can

Meeting the goal of the president's American Graduation Initiative would require graduating an additional eight million students by the end of the decade.

just wait these people out and hold on until the Democrats get back in, all this pressure will disappear," said Miller, whose own sector was—justifiably, as it turned out—under no such illusion. "But, no, Barack Obama shows up, and (Education Secretary) Arne Duncan shows up, and they're of the same mindset, and the governors are of the same mindset," that American higher education, as the global stakes increase, should be held accountable for its results.

In this regard, the universities aren't up against only the president. Legislators, governors, and tuition-paying students and their parents, too, want more accountability, in a

growing movement unlikely to be discouraged by endless stalling. "That pressure's not going away," said Alisa Federico Cunningham, vice president of research and programs at the Institute for Higher Education Policy. "Higher education has not yet totally adjusted to the fact that the country—the taxpayers, the parents, everybody—has decided that a little bit of luster has faded from the higher education system," said Harris Miller. "The way to regain that luster and credibility is not to pound the table and say, 'We've been around for 800 years and we know best,' but to accept the idea that, because you do have so much money involved, that taxpayers are entitled to ask legitimate questions about what they're getting for their money."

A few universities and university associations are already voluntarily publishing some outcomes information to avoid being forced to do it. "They're trying to head off any federal intrusion in this area by self-policing," said Donald Heller, director of the Center for the Study of Higher Education at Pennsylvania State University. "They're going to fight tooth and nail to avoid the federal government telling them what information they have to make available. It's a 350-year tradition of autonomy they don't want to give up. The public institutions say they're already heavily controlled and regulated by their states, and that it's in the best interest of their students for them to make those decisions, not for the federal government to do it."

But the Obama administration already is doing it, with new rules covering the definition of a credit hour that puts the government not only on the campus, but in the classroom. It's another Bush initiative the universities had hoped would go away, and another example of a rule aimed at for-profit universities that has spilled over into the nonprofit sector. And it follows yet more bad press, this time about the accreditation of a for-profit online school called American InterContinental University, by the Higher Learning Commission of the North Central Association of Colleges and Schools, in spite of questions about the value of an unusually large number of credits awarded for unusually short courses. That prompted House Education Committee Chairman George Miller to demand a standard definition of a credit hour to ensure that students and taxpayers get their money's worth. The Education Department has since responded by proposing that one credit hour should be equal to at least one hour of instruction plus two hours of preparation per week, though institutions would be left to determine what "reasonably approximates" that measure.

"They're almost starting to take the next step—that the government tells the educators how to educate," said William Zumeta, a professor of public affairs and education at the University of Washington and president of the Association for the Study of Higher Education. "It rubs against the traditional grain of institutional autonomy," Hartle said. ACE members' objection to the credit definition "is simply that when it comes to postsecondary education, one size doesn't fit all, and the federal government has no choice but to impose fairly generalized regulations



"We've got our work cut out for us," says Martha Kanter, U.S. undersecretary of education. "Like everyone in this country, we have to do more with less."

on all institutions, whether it's a welding school or a research university. The issue is not that the federal government shouldn't make sure its money is well spent and impose appropriate regulations. When any industry is getting nearly \$150 billion a year in federal support, some reasonable federal regulation and oversight has to be expected. The challenge is to find the right balance and not insist on a uniform set of outcome measures for all institutions."

Balanced or not—and whether or not universities expected it from the Obama camp—more regulation is all but certain, most observers say. "The role the federal government has to play in all of this is always tenuous," said Education Sector's Ben Miller. "You don't want them to be getting heavily involved in curriculum matters. But you do want them to create an incentive for colleges and states to keep their tuition affordable and make sure students are graduating with credible degrees. As it stands now, the federal government is the rich uncle who hands out the money for financial aid, but after you get the money you do whatever you want with it." As for the continuing resistance from universities and colleges to greater regulation, Miller said: "Any time you've been operating for a long period of time without much oversight, there's going to be a great deal of pushback. They don't really want people to take a closer look."

And higher education has been pushing back, opposing provisions of Obama's proposal for a \$2.5 billion Race to the Top-like College Access and Completion Fund, which would have been awarded to states that promised to improve their graduation rates. Private, nonprofit universities in particular chafed at the idea of outsiders setting goals for them to meet. In the end, the plan was dropped in favor of a \$750 million boost to the existing College Access Challenge Grants, designed to increase the number of university-enrolled low-income students. Universities didn't like the president's idea of diverting federal Perkins loans to schools that held down their tuition. That failed, too. And they helped thwart a plan to lower the charitable tax deduction for the rich, which

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By the Numbers

Higher education in Obama's first two years

- Amount of stimulus money that went to higher education: \$23 billion
- Projected ten-year savings from eliminating student-loan subsidies: \$87 billion
- Actual savings: \$46 billion
- Amount of this that was supposed to go to community colleges: \$12 billion
- Amount that actually did: \$2 billion
- Amount that went to Pell grants: \$39 billion
- Number of applicants for Pell grants in 2007: 12 million
- Number of recipients: 5 million
- Amount dispensed: \$13 billion
- Expected number of applicants next year: 19 million
- Expected number of recipients: 9 million
- Estimated amount to be dispensed: \$35 billion
- Increase this year in public-university tuition: 7.9 percent
- Increase this year in private-university tuition: 4.5 percent
- Inflation rate: -.4 percent
- Current proportion of 25- to 34-year-olds with a postsecondary degree: 38 percent
- Obama's goal: 60 percent by 2020
- Number of states whose community college budgets were down or flat this year: 32
- Two-year increase in community college enrollment: 24 percent
- Private, for-profit share of total postsecondary enrollment: 10 percent
- Share of Pell grants that now go to students at private, for-profit schools: 24 percent
- Questions eliminated from the Free Application for Federal Student Aid (FAFSA): 22 (more than 20 percent)
- Increase in FAFSA applications filed since then: 33 percent

Sources: U.S. Department of Education, American Association of Community Colleges, Congressional Budget Office

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would have raised \$318 billion over ten years but also might have cost them contributions.

As unemployment has become Obama's single most persistent political problem, universities have also grown uncomfortable with what they say is his administration's narrowing focus on higher education as a means of training Americans for work. In October, with the midterm election looming, the president announced a public-private partnership linking community colleges with companies including McDonald's and the Gap to improve job training. And while he and other high-ranking government officials refer to the colleges' educational missions, too, it is often second to the idea that they should help match classroom skills more closely to workplace needs.

"Getting Americans back to work is America's great challenge," Jill Biden, a community college instructor and the wife of Vice President Joe Biden, told community college leaders at the White House summit. "And community colleges are critically important to preparing graduates for those jobs." Community colleges, the president chimed in, "aren't just the key to the future of their students. They're also one of the keys to the future of our country."

But higher education isn't solely about job training, said Debra Humphreys, vice president of the American Association of Colleges and Universities, which advocates for the liberal arts. "Even if you stay on the economic front, if you're talking only about the role that higher education is playing to prepare more and more students for a changing workplace, there's a lack of understanding of how jobs in today's economy require more than just vocational training. People have in their minds a very 20th-century idea of the economy. What I think is emerging in the 21st-century economy is that students actually need a broader set of skills and abilities that are provided not just by narrow training but by the broader college learning that America has traditionally excelled at."

What Obama could do better, Humphreys said, "is to help the public see the difference between narrow training and real

college. We have to create ladders of opportunity so students, no matter where they start, have a base of learning that will allow them to come back into the system and continue to build their portfolios of skills. And at the moment it's a bit too muddled about what the Obama administration is trying to advance. Without these distinctions being clear, too much emphasis could go toward training programs that won't really prepare students for long-term success."

With prospects bleak for much new funding in the next two years, speaking out may be the most effective thing Obama can do now to keep his higher education strategy on track, according to Washington observers. "Not everything takes money," said Zumeta. "Talk does help."

"We've got our work cut out for us," Kanter conceded. "Like everyone in this

Private, for-profit schools now account for nearly a quarter of all Pell grant spending, or \$4.3 billion last year alone—and students borrow billions more per year to pay their tuition.

country, we have to do more with less," she said, adding that the president has "painted a picture of a call to action. We have helped bring to the forefront the need for Americans to go to college and complete college. We have a lot of challenges in the funding of that, and a lot of starts and stops, but the country understands we have a lot of reforms under way."

Obama and his team now have an opportunity to use their bully pulpit to make increased graduation rates a truly national agenda, instead of a federal one, by reaching out to states, according to a Beltway insider.

That's already happening. Many states have started to set goals for graduation rates,

and tied some public university funding to outcomes rather than enrollment. The Southern Regional Education Board has called for 16 southern states to raise the proportion of their populations with postsecondary credentials to 60 percent by 2025.

But without the money the administration hoped to put behind it, Obama's goal of restoring the nation to first in the world in 25- to 34-year-olds with postsecondary degrees will be difficult to achieve. "It just won't happen on a national level," Ben Miller said. "All the exciting stuff about best online practices and

trying to get states to set up actual plans to improve completion—all the money for that really disappeared. Had things worked out the way they wanted, it would have gotten more than just attention. They could have been more game changers with higher education than they've been."

Nor is there likely any money left to come. "Given the growing concern about the federal budget deficit, the likelihood is that there will be enormous pressures on federal spending," Hartle said. "We are entering a period when budget will define policy." Even some of the gains of the president's first two years are at risk, many fear. They worry that the \$2,500 tuition tax credit will be allowed to lapse by a belt-tightening Congress, that the Republicans who control the House will balk at any additional spending, and that Pell grants will be frozen even as tuition continues to go

up. (Said Hartle: "Anybody who looks at the Pell grants has to think, if Congress does decide to cut the budget deficit, they will look at this program and say, 'Why has it expanded so quickly, and what can we do about it?'"")

Zemsky, who served on the Spellings Commission, thinks the money pouring into Pell grants is misplaced anyway. "Right amount, wrong target," he said. He thinks those billions should be diverted to middle schools, helping higher education by improving the preparation of its applicants. "Spending more and more on Pell grants does two things: It just increases the flow of funds higher education is extraordinarily successful in soaking up by increasing tuition, and it encourages people who aren't ready for college to go anyway," Zemsky said. He also proposes that Obama organize a U.S. version of the multi-stage Bologna Process, which standardized academic degrees in Europe, helping smooth the credit-transfer process that so often frustrates students into abandoning their educations. "These are the kinds of places where the battle is being lost, and I don't see anything in the graduation initiative that even begins to address them," Zemsky said.

Foundations have, though. They've stepped into the funding breach more forcefully than during previous administrations, pushing higher education to change by wielding tens of millions of dollars in competitive grants. "The amount of money those groups are going to be able to provide is way less than what the federal government could, but it's not chump change either," Ben Miller said. The model was the influence during the healthcare debates of the Robert Wood Johnson Foundation and others, said Jamie Merisotis, president of the Indianapolis-based Lumina Foundation for Education, which focuses on increasing postsecondary enrollment and completion. "Because what a lot of us do is so closely aligned with what the president chose to identify as the administration's higher education goals, it turns out there's a lot of opportunity for collaboration," Merisotis said.

Melinda Gates, co-chairman of the Bill and Melinda Gates Foundation, which is also working on improving postsecondary completion, said, "We see ourselves as a tiny piece of the pie. We're here to be catalysts to help that change. That's how we



"College leaders are recognizing the need for significant change," says Jamie Merisotis, president of the Lumina Foundation.

view our work." After all, as Merisotis put it, "Philanthropy has the capacity to do what government historically did, which is more of the analytic work, more of the support for innovation."

That innovation might be happening more slowly than the president would like. "College leaders are recognizing the need for significant change, although I don't see the evidence yet that they've figured out how to get from there to here," Merisotis said. "I think that the hunker-down-and-wait-it-out mentality, which we even saw at the beginning of this economic crisis, is transforming into a commitment to think the unthinkable. There's a recognition that change needs to happen. But there's also clearly a gulf between thinking the unthinkable and taking the action to do it."

Obama is as serious as ever, he insisted to his audience in the East Room.

In the 19th century, Obama said, America bankrolled public schools and land-grant colleges; in the 20th, the country invested in the GI Bill and math and science education. "But in recent years, we've failed

Investigations have found that some for-profit institutions were enrolling grossly unqualified students for the sake of getting access to their federal financial aid.

to live up to this legacy, especially in higher education," he added.

"That not only represents a huge waste of potential; in the global marketplace it represents a threat to our position as the world's leading economy. To use an expression familiar to those of you from the midwest: You don't eat your seed corn. We can't accept less investment in our young people if our country is going to move forward." ♦

Jon Marcus is a writer based in Boston who covers higher education in the U.S. for the (U.K.) *Times Higher Education* magazine.



Robert Zemsky, of the University of Pennsylvania's Institute for Research on Higher Education, says that if funding is tied to results in higher education, universities can simply rig the game by lowering barriers to graduation.

OTHER VOICES



Not Ready for College States must have a systemic, comprehensive agenda for college preparation

By David Spence

THIS SUMMER, the National Center for Public Policy and Higher Education and the Southern Regional Education Board (SREB) published “Beyond the Rhetoric: Improving College Readiness Through Coherent State Policy,” a report describing how states can improve their efforts to improve high school students’ college readiness. It outlines the magnitude and nature of the college-readiness problem and suggests a more systemic and comprehensive set of steps that states can use to address this challenge more urgently and effectively.

The extent of the readiness problem

“Beyond the Rhetoric” asserts that high school students’ lack of academic readiness for college is much more severe than many policymakers understand or than has been widely reported. Identifying the size of the readiness problem is difficult because in most states

About 68 percent of the 50,000 entering freshmen at Cal State campuses require remediation in language arts or math, or both.

postsecondary education does not share common college-readiness standards that are applied through common assessments and qualifying scores for all entering freshmen.

And even in the few states where postsecondary education uses the same readiness assessment for entering freshmen, the performance levels expected of students are too low to predict their chances for success in college accurately. So, based on these varying standards, college-placement tests and low scores, many state policymakers and education leaders estimate that only about 25 to 35 percent of students entering

public four-year institutions, and about 60 percent of those in community colleges, need remedial education.

The problem is far greater than that.

Research and several states’ experiences now strongly suggest that these rates would be much higher if states had higher, more uniform college-readiness standards to help them predict high school students’ chances for success in college—like the new Common Core State Standards adopted by many states across the nation in the past year. Two examples in which such readiness standards are applied to large numbers of students clearly show the magnitude of the readiness problem:

- ACT, Inc. has established college-readiness benchmarks in reading and mathematics that correlate with students’ success in first-year college courses. While the benchmark scores of 21 in reading and 23 in math are modest, these scores (if applied by all colleges in determining students’ college readiness) would result in two-thirds of all ACT test takers who enroll in college requiring remedial education in English, math or both.

- A similar conclusion has emerged in the massive California State University system, which for many years has applied substantial placement or readiness standards in reading, writing and math linked to first-year college coursework. All first-time students at all 23 Cal State campuses must meet these standards, principally through performance on common statewide placement exams given in high school. Despite a systemwide admissions policy that requires students to have taken a college-preparatory curriculum and earn a B average or higher, about 68 percent of the 50,000 entering freshmen at Cal State campuses require remediation in language arts or math, or both. Most states likely would have similar remediation rates if they employed similar college-readiness standards and placement tests across all of their public community colleges and less selective public universities.

So, why are the rates of students who need remedial education in college underestimated by 20 or 30 percentage points, or more? One reason is the continuing misunderstanding

between college *admissions* and college *readiness* (or placement). Students are admitted to college using varying kinds and levels of criteria, including their grades, courses taken, and SAT and ACT scores. Admissions criteria are high at selective public universities, lower at most regional universities, and virtually non-existent at community colleges. More than 80 percent of freshmen who enter public institutions attend these less selective or open-door universities and community colleges.

Once admitted, students’ reading, writing and math-related skills are assessed. The high admissions criteria in selective universities normally means that students who qualify for those institutions already have the skills they need to succeed in first-year courses. However, lower, or fewer, admissions criteria—or the absence of them—at most public regional universities and community colleges requires that admitted students are tested on their reading, writing and math-related readiness skills, because college admissions in these institutions does not guarantee college readiness.

There also are technical reasons behind the low estimates of remediation rates: Individual institutions or systems within states use different tests to determine students’ readiness levels, and set their own qualifying scores. Also, required qualifying scores are often too low to predict students’ success in first-year college courses. Importantly, it is common that most college-readiness tests do not address the kinds and levels of reading skills needed for college. Many current placement tests do not require students to comprehend appropriately complex texts and write about them accurately. In other words, current testing for college readiness often downplays the most important skill students need in order to succeed in college courses.

Moreover, through our college-readiness work with states at SREB, we have found two other conditions that suppress statewide efforts to determine the scope of the readiness problem: The first is the practice in most states of not relating readiness-test performance to actual student-performance outcomes in the first year of college. Setting accurate readiness test scores should be an empirical and validated process.

Second, some officials and educators are concerned that setting more accurate, predictive and higher scores will force remediation rates to spike. Indeed, remediation rates may rise in the near term. But phasing in more accurate measures of students’ readiness levels is a far better option than allowing the college-readiness problem to continue unrecognized—and largely unabated.

Rather than continue to allow too many students who begin postsecondary education to enroll and never finish any type of degree or certificate, states and their college systems are better off setting valid rates now and using the senior year of high school to address students’ lack of college readiness. Moreover, where relevant, states need to put on hold plans to remove remedial education from senior colleges. Remediation will remain with us for awhile, as states begin to acknowledge the real size and nature of the college-readiness challenge and finally begin to address it.

The nature of the readiness problem

The most telling characteristic of the readiness problem traces to the high percentages of students who pass a college-preparatory curriculum in high school but do not have the key foundational learning skills in reading, writing and math they will need for college. Most students entering four-year, less selective public institutions have completed a college-prep curriculum—but appropriate college-readiness standards would show that more than 60 percent of those students would need remedial education. Clearly, at this point, taking the right courses is not sufficient.

A college-prep curriculum does not ensure the development of the critical thinking and learning skills associated with reading, writing and math that are the fundamental, cross-cutting skills needed for college success in all subjects. And they are skills that college placement or readiness tests expose as insufficiently mastered by most entering students.

In their defense, high schools are hampered by a lack of clear signals from all postsecondary education about the skills students need for college. Postsecondary education has been clear that students need the right courses in high school, but has not clearly outlined the *kinds* and *levels* of reading, writing and math-related skills that students need. High schools cannot help students develop those skills if postsecondary education has not identified them.

Building a systemic, comprehensive agenda for college readiness

Strengthening students’ college-readiness skills requires a *systemic* embedding of high reading, writing and math standards in high school—as part of a comprehensive statewide policy agenda that can help states address the problem on a number of fronts.

The statewide agenda should be based on building consensus between K–12 and postsecondary education on the higher, deeper and more specific reading, writing and math standards that high school students should be expected to meet. The new Common Core State Standards adopted recently by many states for K–12 schools can provide the basis for this step. State assessments in high school can help to further define and apply these standards statewide.

However, for the standards to lead to higher student achievement, states must take additional action to make the college-readiness standards central to high school coursework, teachers’ development and evaluation, and school accountability. Moreover, all postsecondary institutions need to embrace and apply the readiness standards uniformly. In short, the higher readiness standards will help to improve college readiness only if they are

States need to address the college-readiness challenge with a clearer understanding that the problem is much greater than is commonly recognized.

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applied systemically, as part of a comprehensive state policy agenda, which should include the following steps:

- *Common readiness standards.* States need to have all schools and colleges statewide adopt common college-readiness standards in reading, writing and math, that should be highlighted components of the official state academic standards for K–12 schools and that are used by all colleges in determining students' readiness for credit-bearing courses. The content of the standards needs to be expressed in performance terms through the development of assessments and curricular frameworks, model assignments and common grading practices. These performance standards must predict true college readiness, even though the standards will require students to show higher levels of skill than for minimum diploma requirements—and higher than existing college-readiness or college-placement standards now in use by postsecondary education. States need to validate these standards by correlating them to actual performance in introductory college courses. The new Common Core State Standards provide a sound basis for such readiness standards.

Current testing for college readiness often downplays the most important skill students need in order to succeed in college courses.

meeting the readiness standards no later than the junior year of high school, which in many states could require new or amended state assessments. The assessments under development by the assessment consortia associated with the Common Core State Standards will be a promising source of these college-readiness focused tests. In the meantime, a number of states are moving to end-of-course assessments in high schools that can be tailored to measure student performance on the readiness standards, especially in English 3 and algebra 2.

- *High school tests tied to the readiness standards.* States need to assess students' progress in meeting the readiness standards no later than the junior year of high school, which in many states could require new or amended state assessments. The assessments under development by the assessment consortia associated with the Common Core State Standards will be a promising source of these college-readiness focused tests. In the meantime, a number of states are moving to end-of-course assessments in high schools that can be tailored to measure student performance on the readiness standards, especially in English 3 and algebra 2.

These readiness assessments are critical because their results can be used to modify high school instruction and/or curriculum to focus on the standards and to direct students into courses that can help them sharpen key skills—so that more high school students will be ready for college.

- *Common application of the standards by postsecondary education.* For the readiness standards to have the greatest impact statewide, all community colleges and regional universities should agree on and use a uniform assessment and qualifying scores based on the common readiness standards. Systemic reform will happen only if high schools and colleges apply the same standards.

- *Emphasis of the readiness standards in high school courses.* While the adoption of the statewide readiness standards and development of associated assessments are fundamental steps, building the standards deeply into high school coursework and teaching will determine ultimately whether more students meet the standards. Accordingly, the school curriculum should be modified, starting in the middle grades or earlier, to focus explicitly in each course on the development of skills that will enable students to learn at the college level. Recognizing that it will take some time to implement these standards fully in all grades and courses, SREB calls for the development of supplemental 12th grade courses to help students who are not on track to be college-ready, based on 11th grade assessments. These courses should focus explicitly on the reading, writing and math readiness skills that students need.

- *Teaching of the readiness standards.* The most critical part of the readiness agenda is K–12 teachers' effectiveness in helping more students develop the skills they need. Teachers can help students reach these higher levels of skill, if they are supported by clear, unified, common statewide readiness standards; the application of these standards in school assessments and school-accountability systems; and, curriculum frameworks and pre-service and in-service preparation focused on the standards.

Teacher development, both pre-service for prospective teachers and in-service for practicing teachers, should focus more precisely on the clearer standards and helping students meet them, along with course content, assignments and grading practices.

- *State accountability systems also should emphasize college readiness.* Despite all the emphasis on accountability in K–12 and postsecondary education, most states do not hold either sector accountable for improving students' college readiness. States should require high schools and local K–12 systems to increase the percentages of high school graduates who are college-ready annually. In addition, to push postsecondary education and K–12 schools to improve students' readiness jointly, states should hold postsecondary education accountable for increasing the proportion of remedial students who transition into college courses, and the proportion of these students who complete college degrees and certificates. Postsecondary education must be held accountable for its roles in improving college readiness and degree-completion rates—while maintaining access.

In summary, states need to address the college-readiness challenge with a clearer understanding that the problem is much greater than is commonly recognized. What's more, strengthening students' college readiness not only involves better standards and assessments, but also curriculum, teacher development and accountability.

States need to address the college-readiness challenge with urgency—and systemically

Higher readiness standards will help to improve college readiness only if they are applied systemically, as part of a comprehensive state policy agenda.

and comprehensively. States simply cannot afford to wait until new high school assessments can be developed. Best practices in states such as California, Texas, Florida, Kentucky and others provide enough guidance for states to move quickly to improve students' college readiness—and to use higher standards in school curriculum and teaching. Now is not a moment too soon. ♦

David Spence is president of the Southern Regional Education Board.



Making the Middle Class

Don't let the recession fool you—postsecondary education is more valuable than ever

By Anthony P. Carnevale and Michelle Melton

WE'VE BEEN HERE before. The Great Recession, like recessions before it, has many people publicly wondering whether college is a safe investment. With many college graduates unsuccessful in finding work, the temptation to reject postsecondary education as a viable option grows stronger, especially among working families.

Unfortunately, the media have added confusion to the story at a time when clarity is needed most. Media stories on the value of college follow the business cycle, and when the cycle is down, journalists on deadline often find it easy to write a story that bucks the conventional wisdom. Headlines that suggest postsecondary education no longer pays off in the labor market are news because they play into middle class parents' fears that they will not be able to give their children the advantages they had. The bad advice gets more pointed as the recession deepens. This year, the *New York Times* had "Plan B: Skip College," while the *Washington Post* ran "Parents Crunch the Numbers and Wonder, Is College Still Worth It?" Even the *Chronicle of Higher Education* has succumbed, recently running "Here's Your Diploma. Now Here's Your Mop," a story about a college graduate working as a janitor that implies a college degree may not be worthwhile in today's economic climate.

The current recession isn't the first to produce such gloom. The *New York Times* and other prominent newspapers were printing the same stories in the early 1980s, during the last severe recession. At that time, the *Times* ran headlines like "The Underemployed: Working for Survival Instead of Careers." The *Washington Post* even ran the college graduate-to-janitor story back in 1981: "When Lyman Crump graduated with a liberal arts degree he was confident his future rested in an office somewhere. But after working a year as a file clerk, Crump, 31, took a higher-paying job as a janitor."

And it's not just the journalists that get gloomy. The *New York Times* quoted Ronald Kutscher, associate commissioner at the Bureau of Labor Statistics in 1984, as saying, "We are going to be turning out about 200,000 to 300,000 too many college graduates a year in the '80s." Yet the 1980s was a decade that saw an unprecedented rise in the wage premium for college-educated workers over high school-educated workers that has not been matched since—an indication that the postsecondary system was underproducing college graduates, not, as Kutscher went on to say, that "the supply far exceeds the demand." The Bureau of Labor Statistics still hasn't changed its mind; according to the bureau, in 2008 the education system produced 22 million more people with postsecondary education than the economy required. Never mind that the college wage premium over high school degrees still exceeds seventy percent.

The sensationalist stories, the high unemployment among college grads, and the misleading official data are unlikely to keep middle- and upper-class youth from going to college. The real tragedy of these headlines is the message they send to less privileged youth for whom college is not an assumed path. The negative press on college fuels pre-existing biases among working families that college is neither accessible nor worth the cost and effort. Moreover, the bad press and worse data strengthen the hand of elitists who argue that college should be the exclusive preserve of those born into the right race, ethnicity and bank account.

Yet evidence demonstrates increasing demand for college, and the future promises more of the same. By 2018, 63 percent of jobs nationwide will require some form of postsecondary degree. Moreover, postsecondary education has become the only way to secure middle-class earnings in America and, for the least advantaged among us, is now the only way to escape poverty. In 1970, about 60 percent of Americans who attained middle-class status were high

The negative press on college fuels pre-existing biases among working families that college is neither accessible nor worth the cost and effort.

school graduates or dropouts. Today, only 46 percent can be found there. In contrast, 44 percent of the top three income deciles had postsecondary education in 1970; today, 81 percent do.

The press coverage and expert stumbles don't reflect the empirical reality, but they are symptomatic of a mundane human instinct. People tend to project what's happening in the present into the distant future. If housing prices are great, they'll be that way forever! If job creation is slow, it will be that way forever! The reality is that jobs come and go with economic cycles. But what lies beneath the economic cycles, and what has remained constant, is the relentless engine of technological change spurred onward by global competition that demands more skilled workers. It is this persistent dynamic of up-skilling that has been driving the increased demand for more postsecondary education and training. There is no indication that the trend has suddenly reversed itself.

Meanwhile, when jobs disappear, more college is also the best safe harbor to wait out the recession and improve prospects in anticipation of the recovery. Indeed, college-educated workers are much more likely to be employed than their high school-educated counterparts, even during a recession. Even the bemoaned janitor in the *Chronicle's* story emphasized that his current job scrubbing toilets was a good job—because it would pay for his graduate school. He clearly understands, in spite of a less-than-ideal present, that the future benefits of more postsecondary education will eventually pay off.

In 1970, 44 percent of the top three income deciles had postsecondary education—today, 81 percent do.

Irrespective of the current economic conditions, individuals need to consider college as a life-long investment decision. Likewise, the

investment horizon for economic development needs to be measured in decades, not annual budget cycles. Skipping or shortening college on the basis of a headline or even a few years of bad economic news is

foolish for individuals whose careers will span forty or more years of working life. On average, skipping an associate's degree will cost a high school graduate half a million dollars in earnings, and skipping a bachelor's degree will cost a million and half dollars in potential earnings over a lifetime.

Our own research shows that we have under-produced college graduates by almost ten million since 1983. We also find that through 2018, at least three million jobs that require postsecondary education and training will be unfilled due to lack of supply. The share of jobs for those with a high school education or less is shrinking. (See chart.) In 1973, high school graduates and dropouts accounted for 72 percent of jobs, while by 2007 it was 41 percent. The opposite has happened for those with at least some college: The share of jobs has increased from 28 percent in 1973 to 59 percent in 2007, and is projected to be 63 percent by 2018. Likewise, the share of national wage income from college-educated workers has increased from 38 percent to 73 percent since 1970, and there is every reason to believe that this trend will continue.

The longer we are focused on the past, the less time we will have to confront the realities of our fast-approaching economic future. In reality, the recession is *accelerating* the shift to jobs requiring postsecondary education. The jobs that replace the jobs we're losing will be very different kinds of jobs, requiring very different kinds of workers, that will need different kinds of preparation—mostly postsecondary preparation in one form or another.

While the economics of higher education are clear, the politics are not. Investing in schools and higher education is an easy political applause line, but it is often neglected in the budget line. The economy's lackluster demand in recession, coupled with the stories questioning the value of college, makes it easier to excuse cuts in public funding for postsecondary education. In the short-term, federal stimulus funds have helped fill the gaps for postsecondary cuts driven by declining state revenues. But the stimulus funds will be unavailable after 2011, and federal money can't make up the difference indefinitely. Paradoxically, we need postsecondary education more than ever but are less able to pay for it.

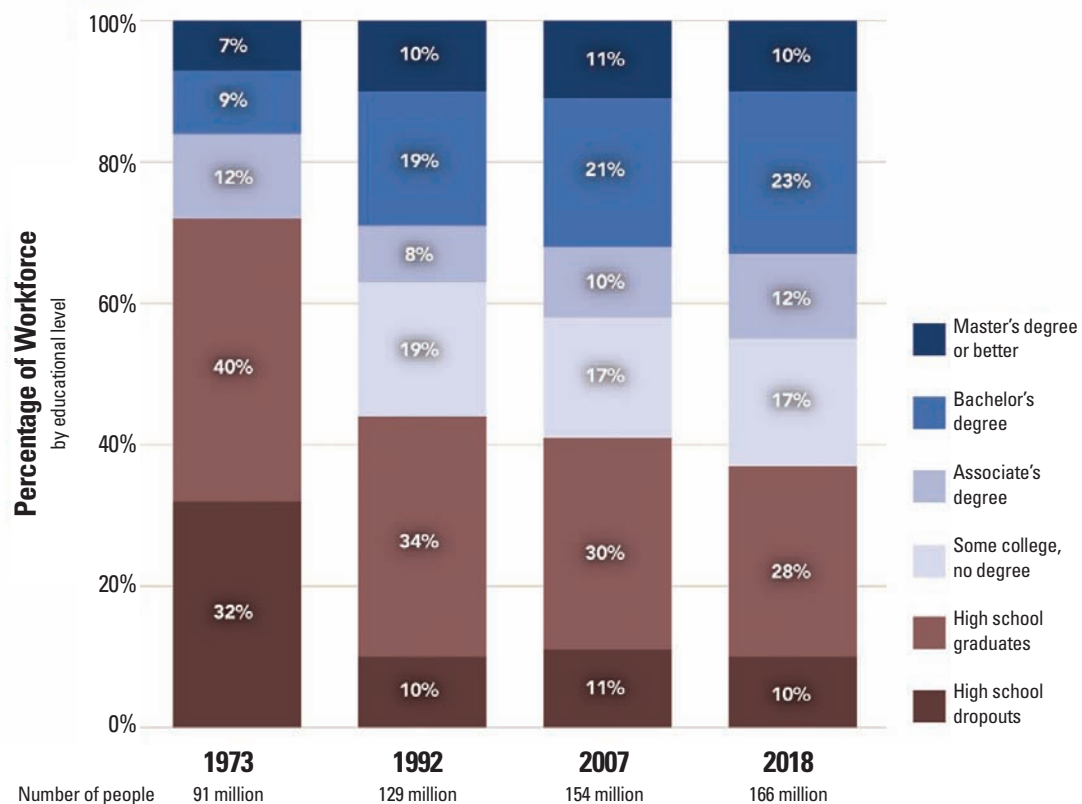
The current funding crunch in higher education is a symptom of a larger mismatch between public revenues and public commitments. Higher education is especially vulnerable in the debate about public priorities. It lacks the core constituency and the immediacy that issues like Social Security or homeland security have.

Reducing funding for postsecondary education is bad economic policy and also bad social policy. The consequences will reverberate society-wide because slashing higher education budgets is a decision that will affect inequality for the next several decades by determining who gets access to middle-class careers.

Calls for greater efficiency in higher education are often touted as a way to squeeze more from the system without allocating additional resources. Although more efficiency in postsecondary education is necessary, simply increasing professor course-loads and cutting services without addressing the way that we allocate funding in higher education is likely to result in further stratification of our already inequitable system. Currently, the bulk of the resources of our higher education system are going to insti-

Irrespective of the current economic conditions, individuals need to consider college as a life-long investment decision.

By 2018, about two-thirds of all employment will require some college education or better



Source: March CPS data, various years; The Georgetown University Center on Education and the Workforce

tutions concentrated at the top of the postsecondary hierarchy, and the fewest resources are allocated to the institutions that serve the majority of postsecondary students—especially the community colleges, which serve 43 percent of all undergraduate students. Only about seven percent of students are enrolled in institutions that spend more than \$25,000 per enrollee, while almost half of students enroll in institutions that spend less than \$10,000 per enrollee. Differences in spending at private schools and public schools amounts to \$6,000 to \$20,000 per student, per year—or up to \$80,000 over four years.

These discrepancies are not just between public and elite, private institutions. On average, differences in spending *among* public institutions run about \$4,000 per student per year—or \$16,000 over the course of four years of study. These gaps are growing as spending at two-year institutions declines, spending at four-year public institutions remains flat, and spending at private, four-year institutions grows.

This growing stratification is not just about money; it is also about the individual empowerment that money buys. Those with access to the brand-name four-year colleges are on their way to professions that not only deliver higher earnings but also bring higher levels of personal empowerment at work and in our society at large. Those who end up in the less selective colleges find their way into jobs, and more narrow social roles, in the rank-and-file professions like K-12 teaching and the uniformed services. Those with certificates and associate's degrees tend to find their way into even more narrow roles as technicians and para-professionals. The least advantaged, those with no postsecondary credential, risk life-long economic and social marginalization.

The institutions that we are systematically underfunding not only serve the majority of students, but they are also far more likely to serve low-income, older and minority students. The inequitable distribution of resources has detrimental impacts on access, quality and completion in the system, and consequently it has enormous impact on the economic mobility of individuals in our society at large.

The increasingly powerful role of postsecondary education as the arbiter of economic and social empowerment is not a problem by itself; the problem is the mounting evidence that postsecondary access and selectivity may be becoming an institutional device to perpetuate intergenerational reproduction of social stratification. The only way to ensure that these trends don't solidify is to make high-quality postsecondary education more available.

The point is not to take away all the money allocated to elite institutions and spread it around. Siphoning money from these institutions is not a solution. Elite institutions are well-funded, but redistributing their resources would only level down quality to the lowest common denominator across the system. If we cannot move large numbers of these less advantaged students into the higher-priced and higher-quality programs at the selective colleges, then we may need to move quality programs, and the additional money to pay for them, to the community colleges and less selective four-year colleges where the least advantaged are currently enrolled.

Investing in schools and higher education is an easy political applause line, but it is often neglected in the budget line.

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Without resolving the inequality in the way we fund the institutions in our postsecondary education system, greater efficiency is likely to perpetuate a cycle where the privileged alone have access to the skills and credentials necessary to lead in the 21st century economy. The economic consequences of failure to act are costly—and the social consequences are ruinous.

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Baby Bonds

Government sponsored child savings accounts could help families to pay for college

By David L. Kirp

IT'S HARDLY NEWS that tuition has spiraled out of sight. In 1980 the average private university tuition was 20 percent of median family income; today it's 50 percent. The average public university tuition, four percent of median income in 1980, is now 11 percent. College has come to seem unaffordable to many, at precisely the time when the country's need for a college-educated population has never been greater.

As ever, the least well-off are the hardest hit by the rising cost of college. It's especially difficult for kids from poor families to envision the long-term benefits of going to college when, with nothing in the bank to fall back on, they are confronted with bills to pay and looming family obligations to meet. The result, lowered expectations, translates into truncated futures and wasted opportunities, both for these youngsters and for the rest of us.

Federal child savings account legislation is a politically attractive notion, and one whose appeal crosses party lines.

The problem is all too familiar—but what's the solution? A host of ideas are now on the table, among them simplifying the federal student aid system, bringing loan repayment in line with economic realities, and expanding initiatives like the "I Have A Dream" Foundation and the federal GEAR-UP program, which assure poor youngsters that if they graduate from high school their college bills will be covered.

Another proposal, which has attracted less attention, deserves a serious look: the child savings account. It's variously called a baby bond, a child development account, a stakeholder account, a college access fund or a child trust fund; whatever the sobriquet, it's a well-thought-out strategy that stimulates families as well as the government to invest in higher education.

Here's how the plan works. The government opens an investment account for every baby. Each family decides whether to put those funds in safe money markets or to take a chance on stocks, and families are able to add to the account. Most versions of the trust fund specify that the government matches each dollar that a low-income family contributes, up to a specified annual maximum. Aunts and uncles, grandparents and godparents can also chip in. So can church groups, employers and anyone else with a commitment to a youngster's success.

Thanks to the workings of compound interest, the trust fund swells mightily over time. When youngsters turn 18, they can use the money for college tuition or job training, and in some versions of the plan they may also spend it on a first home or invest in a retirement account. While the particulars of the proposals vary, there is broad agreement on the underlying principles: The child trust fund must be universal, progressive, simple and enduring.

The ASPIRE Act (America Saving for Personal Investment, Retirement and Education), which codifies this universal-and-progressive approach, has been introduced in Congress every year since 2004. The legislation, with an annual price tag of \$3.8 billion, would create a \$500 stakeholder account for every infant, \$1,000 for families with below-median incomes. The government would match contributions made by the less

Money in the bank, research shows, prompts parents to save more and to think more carefully about their children's future.

well-off families on a one-to-one basis, up to \$500 a year, and the trust fund would mature when the child became 18.

As with Social Security, the ASPIRE Act gives something to every family, and those on the lower rungs of the economic ladder get the most, an estimated 80-plus percent of the public largesse. It's a politically attractive notion, and one whose appeal crosses party lines. Over the years, federal child savings account legislation has been backed by conservative stalwarts like South Carolina Senator Jim DeMint, former Pennsylvania Senator Rick Santorum and former House Speaker and presidential hopeful Newt Gingrich, who regard it as a way of turning supplicants into investors. It has also been embraced by Democrats like New York Senator Chuck Schumer, Secretary of State Hillary Clinton and former White House Chief of Staff Rahm Emanuel, who see it as an anti-poverty strategy. Last February, in a display of bipartisanship almost unheard-of these days, the ASPIRE Act was introduced in the House of Representatives by two Democrats and a Republican.

Elsewhere child savings accounts are up and running. There's legislation on the books in Singapore and South Korea, with pilot projects around the globe, from Hong Kong to Uganda. (The Child Trust Fund was operating in Britain until last May, and although it was an undoubted success, it was among the casualties of the government's massive budget cuts.) Every baby born in the state of Maine now receives a \$500 trust fund as a kick-start for higher education.

This makes for good economics. It's a way to nudge families into saving by vividly demonstrating how compound interest operates to build a nest-egg. If parents add nothing to the account, then the government's \$500 deposit would grow to \$1,012 by the time their child turns 18, assuming that the account increases by four percent a year. But the big payoff comes when a family takes advantage of the dollar-for-dollar match. The family that puts in \$500 each year sees the account swell to \$27,684—enough money to pay the college bills for a couple of years, even if tuition doubles while the account is maturing.

What's less obvious but just as important, owning something of value changes the dynamics of a family, making it more education-minded. Money in the bank, the research shows, prompts parents to save more and to think more carefully about their children's future. The baby bond obliges them to play an active part in deciding how to invest the funds, and so they are drawn, out of self-interest, into the world of finance. Parents' aspirations for their kids escalate when the savings account is opened, and more assets mean ever-higher parental expectations. In turn, those expectations have a demonstrable impact on youngsters' grades as well as on how they assess their future chances.

Many of us regard kids as little hedonists who think only about the pleasures of the moment, yet with the right kind of encouragement they morph into little Puritans. In one study, 1,171 elementary, middle and high school students were offered a dollar-for-dollar match for money they saved. They accumulated more than \$1.7 million over three years. That amounts to \$1,518, nearly \$50 a month, for each youth, with half of the money coming from their own savings and the rest from family members. What's more, the fact of having an account boosted their self-esteem and made them wiser in the ways of money. The fourth-graders who had been given investment accounts were more likely to mention savings as one way to finance college—pretty savvy for a bunch of ten-year-olds—and they scored significantly higher on a financial literacy test. That stands to reason, since, with their own money to attend to, they had something to be literate about.

The prospect of greater financial literacy among the next generation has made apostles out of such influential economists as Peter Orszag, the former director of the Office of Management and Budget, and Gene Sperling, counselor to Treasury Secretary Timothy Geithner, who headed the National Economic Council during the Clinton Administration. The College Board, that arbiter of students' fates, has also signed on. Its 2008 report, "Rethinking Student Aid," endorses the child trust fund as one promising way to make college more affordable.

Polls show that voters react positively to the child development account. Mirroring the research, they believe that the incentive will encourage families to save more, that children's ambitions will expand and that they will become more knowledgeable about money. But voters also appreciate that, by itself, the child trust fund isn't enough. Good early education is necessary to improve opportunities for kids who otherwise don't come to school ready to learn; and more financial aid is necessary to boost college enrollment.

The child trust fund isn't a cure-all, as the voters recognize, but it can alter the arc of a youngster's life. Not only does it help to bring higher education within financial reach, it also makes adolescents more inclined to think seriously about going to college. In short, it's a promising response to the two biggest issues in higher education, affordability and access. ♦

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The College Board, in its 2008 report, "Rethinking Student Aid," endorses the child trust fund as one promising way to make college more affordable.

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VIRGINIA

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and recently chaired a White House summit to search for answers to the funding dilemma.

Few states, however, have gone as far as Virginia in confronting the need to do more with less. When DuBois arrives on campuses to make his pitch these days, he brings not only a litany of gloom—\$100 million in budget cuts over the last two years; an increase of 20,000 full-time equivalent students in the same period—but also his ambitious plan to increase the number of graduates, to get them out the door faster and at lower cost.

Judging the performance of community colleges can be tricky because of their multiple roles, but the traditional measurements suggest Virginia's 23 colleges could use some improvement. Their average graduation rate

Judging the performance of community colleges can be tricky, but the traditional measurements suggest Virginia's 23 colleges could use some improvement.

of 14 percent over the past five years puts them below the national average, as does their 14 percent rate of transferring students to four-year institutions.

The Virginia plan is designed to change those numbers dramatically by 2015. Produced by a team of college presidents and administrators known as the re-engineering task force, it attempts to grapple with some of the unique burdens of community colleges. Here are a few:

- Unprepared students. Every year Virginia community colleges assign roughly half of their incoming students to remedial or developmental courses because they are not prepared for college work. Of those, only a small percentage succeeds. The Virginia

plan will toss out its old developmental program, replacing it with a model designed to be more individual and productive, and will establish beachheads in high schools to improve the quality of graduates.

- Jobs. The flip side of community colleges is vocational job training, and Virginia plans to expand programs that offer customized training for individual employers whose needs are growing. Over the next four years the state promises to double the number of such programs to include 10,000 employers across the state.

- College dropouts. At the receiving end of the nation's education ills, from dysfunctional high schools to students without financial resources, community colleges have dismal graduation rates. Virginia is promising to increase by 50 percent the number of students graduating or transferring to four-year colleges, and to increase those numbers by 75 percent for poor and minority students.

- Life support. New students in community colleges often are bewildered by the complexities they encounter, and student advising constitutes a crucial but expensive support system. Virginia intends to partially replace one-on-one advising with an online system featuring an avatar who will eventually plan course schedules, track student success and even nag when necessary.

Strikingly, Virginia plans to accomplish these goals without an increase in per-student funding from the state between now and 2015. In fact, DuBois believes the situation with state funding is more likely to grow worse than better. On his recent tour, he bluntly told the faculty at New River Community College near Blacksburg, "I think we're going to lose another gazillion dollars (in state funding) before it's all over."

That's not to say that Virginia will neglect other possible sources of funds. The re-vamping plan incorporates a goal of raising \$550 million from a mixture of government and foundation grants and private parties. Already, in fact, Virginia has become something of a darling of the Lumina Foundation for Education and the Bill & Melinda Gates Foundation.

Several Virginia community colleges, for example, were early participants in Lumina's Achieving the Dream program, which funds efforts to use quantitative measurements to improve student outcomes. After a hesitant start, Virginia became one of the stellar performers in the program.

Jamie Merisotis, president of Lumina, spoke at Virginia's annual retreat for community colleges this summer, and told the gathering, "You have reached a level that most of the nation can rightly aspire to. What's happening here in Virginia is what needs to happen nationally."

Nonetheless, foundation grants do not provide operating funds, and the crushing budget declines—a 41 percent drop in per-student funding over the past five years—have left Virginia with the necessity of pulling off what one administrator called "the hat trick": achieving dramatically more with less.

Robert Templin, president of Northern Virginia Community



JAN PAUL BLACK STAR FOR CROSSTALK

"If this place was not here, I couldn't afford to become a Honda mechanic," says, Rory Lavallee, a 19-year-old trainee at Tidewater Community College's automotive technology center, which works in a partnership with Toyota, Honda and Chrysler to train mechanics for dealerships.

College, and the chairman of the planning team, described the dollar dilemma this way: "If we merely tried to achieve these goals by seeking more state funding, we would need an additional \$300 million. There are few prospects we would get it. So we must increase productivity by an equivalent amount. There's really no choice. If we don't, we begin to edge toward mission failure."

Following the old business school dictum that problems are merely opportunities in disguise, Virginia has focused its early attention on the sinkhole of all community colleges: the unprepared student. These young people show up at community colleges by the tens of thousands with few academic skills, low self-confidence and dim prospects.

One Virginia study showed that only 16.4 percent of students sent to developmental math classes ever manage to pass a college-level math course. Overall, developmental students graduate or transfer to four-year colleges at half the rate of other students. Discouraged and defeated, the great majority of them drift away from college after a few semesters.

DuBois and the planning team decided that the old system of assessing and handling unprepared students was such a bust that they needed to throw it out and begin afresh. The new system will divide students into three groups—liberal arts, science and job training—that reflect the different course requirements those students will encounter. Each group can then be tested separately and assigned to its own remedial courses.

Moreover, the new assessment tests will tease out students' skills in various sub-categories, or "modules," so a student who passes, say, three modules and fails one will only need to take a makeup course in that single module. If it works as planned, the process should operate in a more customized fashion, presumably producing higher success rates, while taking less time.

"Not everyone is required to take the same level of math in college, so why shouldn't we have an assessment process that reflects that?" asked Templin. "We looked all over the country for a test that worked the way we wanted, and couldn't find it. So now we're developing our own."

David French, a math teacher at Tide-

water Community College in Chesapeake for 17 years, said the new approach has created debate among his colleagues, with some fearing that the module approach will divide math into disconnected segments and erode the sense of continuity. But it is clear, he said, that the old system needed to be changed.

"Under the old system, math teaching tended to be a mile wide and an inch deep because teachers did not have time to linger," said French. "And why on earth would a liberal arts student need to know how to do long division of polynomials?"

When the new system cranks up in about 18 months, Templin and other college leaders will know fairly quickly whether it has succeeded. That's because the Virginia system has adopted the "culture of evidence" engendered by its Achieving the Dream experience over the last half decade. "Without Achieving the Dream, Virginia would not be in a re-engineering mode today," said Templin. "It started the conversation about focusing on student success and on using our

Virginia has focused its early attention on the sinkhole of all community colleges: the unprepared student.

data to measure the results."

Among all the metrics used by Virginia, the most closely watched are the "Student Success Snapshots," issued regularly from Richmond, that give college-by-college results for programs ranging from student retention to graduate job placement. The idea was cross-pollinated from Florida where colleges had used it successfully.

All agree that the snapshots, by their regular appearance, have drawn the attention of campus presidents and have gotten the competitive juices flowing. When a snapshot is posted on the system's website, the results for each college are all too easy to see.

One snapshot, for example, compared results for "distance learning" classes where

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DENNIS BRACK, BLACK STAR FOR CROSSTALK

"We must increase productivity," says Robert Templin, president of Northern Virginia Community College. "If we don't, we begin to edge toward mission failure."

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professors teach through video screens. The snapshot showed that 88 percent of students at Blue Ridge Community College earned a grade of C or better for classes where the instructor was teaching over a live feed, whereas only 49 percent of students at New River Community College performed as well.

“So college presidents will see numbers in a snapshot and ask themselves, ‘Does this measurement mean anything important? And, if it does, how can I change things for the better?’” said Templin.

At Tidewater College, President Deborah DiCroce has used another data pool to transform the school’s job training programs. In the past, she said, colleges set up training programs for particular skills and expected them to last forever. But databases on employment in the Norfolk area showed that demand for jobs like truck driving or nursing waxes and wanes dramatically over time.

“So we paid good money to purchase these databases, and now we use them to shape our training programs,” DiCroce said. “If the demand for truck drivers is dropping, we know about it and slow down the driver training program. And vice versa, if demand starts to jump up. We now assume that every program has a shelf life.”

The number crunching also allows Tidewater to connect with individual employers who are growing and need skilled employees. In the past year the college has worked with 1,375 local companies to develop training programs specific to their needs, and the college now has 9,000 students enrolled in these customized programs.

Sitting in a light industrial park, next to a medical clinic for children, Tidewater’s automotive technology center exemplifies this new wave. Looking nothing like the dark garages that often house auto repair programs, the two-year-old technology center sparkles, its classrooms filled with computers, its repair bays spotless.

The center works in a partnership with Toyota, Honda and Chrysler to train mechanics for dealerships. The manufacturers determine the curriculums for their particular makes and supply new cars to be used as repair guinea pigs. The Tidewater teachers do the rest.

In some cases, said center director Bud

Brueggeman, local dealerships pay tuition for individual students and pretty much guarantee employment after graduation. “When we first proposed this facility, some wanted us to put it in a barn at the edge of town. It was the old grease monkey idea. We said, ‘No, no, no, if you want Toyota as a partner, you need to have a different kind of place.’”

Rory Lavallee, a 19-year-old trainee from Richmond, said the elegance of the center was startling when he first arrived. He is paying his tuition himself, but the total cost over two years will come to \$8,000, versus \$20,000 for a commercial training program. And pretty soon, he will be a certified Honda mechanic.

“If this place was not here, I couldn’t af-

In the past year Tidewater Community College has worked with many local companies to develop customized training programs specific to their needs, and now has 9,000 students enrolled in them.

ford to become a Honda mechanic,” Lavallee said.

Just as important as quantitative measurements, Virginia administrators say, will be a nearly obsessive introduction of technology. DuBois pushes this theme constantly. “Higher education is one of the last sectors that sees technology as just another cost, rather than a way to increase productivity and actually lower costs,” he told the faculty at New River College near Blacksburg. “We need to change that.”

Soon, Virginia hopes to lower its costs for processing financial aid applications—and also increase financial aid to students—by centralizing, computerizing and speeding up the application process. Another technology program will beam distance-learning classes from college to college

throughout the state. Existing programs such as online tutoring and skills teaching will be greatly expanded.

Usually, when DuBois mentions technology, he also uses the word “scalable,” meaning that a program, once established, can be expanded at little additional cost. The human-to-human interchanges of teaching and counseling generally cannot be scaled up, he said, but technology changes that.

Nowhere is the enthusiasm for technology and scalability more evident than with the program known as the Virginia Wizard, a new effort that will attempt to convert the laborious and expensive process of student advising into an online experience.

The Wizard begins by administering a career assessment program and then, via an avatar known as Jenny, leads students through college selection, course planning, registration, and possible transfer to a four-year institution. The program was developed through a \$2.5 million federal grant and, if successful, could eventually replace several hundred human advisors that the system otherwise would be forced to hire as a result of increased enrollment.

DuBois loves to anticipate the future of Jenny. Conceivably, he said, she could eventually detect students’ errors in course selection, remind them of upcoming exams via text messaging, and even nag them when their class attendance falls. “Getting through college is complicated, and most kids can’t do it by themselves,” DuBois said. “Jenny could be there 24 hours a day, 365 days a year, and that’s something no human can do.”

In all, the Virginia plan seems determined to introduce change into every nook and cranny of the Virginia system. DuBois already has placed special counselors inside 150 state high schools to help with college planning, and promoted joint efforts with school superintendents to write more effective high school curriculums. The reform plan also will attempt to redefine the role of adjuncts—the miserably paid and overworked part-timers who form the backbone of the teaching corps at community colleges.

On and on it goes. To spend a day with DuBois is to be assaulted by ideas, plans, programs. His determination, in part, seems to stem from his own personal history. He was raised poor by a single mother and is the product of a community college himself. He has a French name and an Irish face, and his steely resolve is often combined with Irish charm. With faculty members he disarms and cajoles as easily as a Dublin ward heeler.

He has also learned the trick of enjoying himself in the midst of relentless work. A bicycle enthusiast, he once rode his bike more than 700 miles through Virginia’s back roads to raise money for foster-home kids to attend community college. On his two-college tour by state airplane this fall, he made hour-long addresses to two campus faculties, met with college presidents, and pressed the flesh with students, all without a break for ten straight hours, and seemed ready for more at the end of the day.



David French, a math teacher at Tidewater Community College, supports the new “modular” assessment approach. “Why on earth would a liberal arts student need to know how to do long division of polynomials?”

PHOTOS BY JAY PAUL BLACK STAR FOR CROSSTALK

Whether he can transform the culture of Virginia’s system remains to be seen. Community colleges have the most complex mission in higher education, teaching quantum physics on one side of campus and truck driving on another. They operate remedial high schools during the day and transform themselves into adult education centers at night. And they must do it far more cheaply than full-fledged colleges, because that’s all the market will bear.

And because they are so intertwined with their local communities, community colleges can be difficult to change. “Reforms tend to fail at community colleges because the problems are bigger than the colleges themselves. To change the college in an important way, you also have to change the community,” said Earl Simpson, a retired English professor in the Virginia system.

But others sense that the sheer magnitude of the current problems is creating a momentum for reform in Virginia and elsewhere. “After talking about reform for so long, we are finally seeing some institutions change themselves across the board, rather than in pockets and corners,” said Robert McCabe, executive director of the National Alliance of Community and Technical Colleges. “They are developing new ways of delivering education.”

DuBois agrees that momentum is on the side for change. But, returning on the state airplane to Richmond, he argued that Virginia’s efforts, contrary to the views of some, are not intended to redefine community colleges and are not intended to offer all things to all people.

“We could be starting honors programs for kids with high SATs,” DuBois said. “And we could be offering four-year baccalaureate degrees. A lot of community colleges are doing that, and you’ll notice that some have even removed the word ‘community’ from their names.

“We’re not interested in those kinds of programs. Honors kids don’t really need us; they’ll do just fine. Our programs are aimed at the kids without the money, without the best background, the first ones in their family to show up at college. The simple truth is, those are the kids who need us, and we’re going to help them. That’s what the change is all about.” ♦

Robert A. Jones is a former reporter and columnist for the *Los Angeles Times*.



Deborah DiCroce, president of Tidewater Community College, has used databases to shape the school’s job training programs, based on demand in the community for certain jobs. “We now assume that every program has a shelf life,” she says.

December 2010

Strengthening College Opportunity and Performance

Federal, State and Institutional Leadership

A policy report from The Delta Project on Postsecondary Education Costs, Productivity, and Accountability, The National Center for Higher Education Management Systems, and The National Center for Public Policy and Higher Education

LEADERS in all sectors—government, business, philanthropy—are calling on American colleges and universities to enroll and graduate more students to bolster the nation’s economic competitiveness and to enhance its standard of living. The urgency of strengthening college opportunity informed President Obama’s articulation of what amounts to a national goal for higher education—that the U.S. will have the best-educated workforce in the world by 2020. But the collective effort to strengthen higher education performance has yet to materialize. And in the current environment, the public is wary of ambitious new initiatives that may fail to deliver. Over the last year, instead of vigorous debate about strategies for increasing educational attainment, we saw technical arguments among a few think tanks and foundations about how goals are set.

Admittedly, the president made his statement of national expectations at a time of great financial stress. Economic circumstances have curtailed the flow of funds for higher education. The same circumstances have created real hardships for students and parents struggling to pay skyrocketing tuition bills when jobs are scarce and many families face declining income.

It is clear that American colleges and universities must enroll and graduate more students to meet workforce needs and help ensure the country’s economic competitiveness. Yet we do not have a policy

strategy to support producing the graduates we need. In fact, current funding policies are eroding rather than increasing opportunity and attainment.

But even before the recession, American higher education was underperforming in two areas critical to the national welfare: increasing the proportion of Americans who participate in and complete programs of education and training beyond high school, and closing educational gaps associated with income, race, and ethnicity. The great recession has exposed deeply rooted problems in our higher education funding system that have been developing for the better part of the last 20 years: incremental disinvestment by states, growing tuition dependency, declining affordability. Moreover, most state policymakers and higher education leaders have neglected to devote systematic attention to the urgent need to control spending and to increase institutional performance.

The challenge to American higher education is clear, yet this crisis of epic proportions has yet to spur an adequate response. This leadership failure is equally shared by institutional leaders and policymakers—too many have simply walked away from the public agenda for higher education. The public—who have for so long been so generous with their faith in, and support of, higher education—is past disenchantment. They are increasingly questioning not the value of higher education, but the values of the leaders of the institutions that provide it. And once the

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public trust in the academy is lost, regaining it will take years, if not decades.

Leadership is needed now as never before, and it is essential that we provide those who are committed to the task at hand with the tools they need to lead effectively. At the state level—the real focal point for policy leadership and change in higher education—the primary tool for change is funding policy. It is clear that the funding approaches relied upon in the past are broken. While there is no question that more public resources will be required to significantly raise national and state levels of educational attainment, expectations for more funding must be tempered by the fact that the U.S. currently spends a substantially greater proportion of GDP on postsecondary education than any other country. Significant progress can and must be made through more effective use of resources already available. That will require restructuring of deeply rooted budget policies and funding practices that are disconnected from public goals and priorities and have brought us to this precipice. These counterproductive practices:

- Encourage an almost single-minded focus on increasing revenues rather than on managing costs and are often predicated on the expectation that tuitions can and must increase each year at rates that outpace inflation and the growth of family income;
- Promote a pattern of incremental cost shifting rather than cost management—tuition increases cancel out growing federal support for

student financial aid (including recent increases in Pell grants)—resulting in no net national gain in college access and affordability;

- Contribute to the erosion of financial support for the educational missions of colleges and universities—the resources devoted to instruction of students—even during recent periods of revenue growth;

- Focus accountability on procedural and regulatory compliance rather than results;

- Provide few incentives for innovation in policy or practice.

The nation needs a concerted effort to build broad understanding and consensus around national higher education goals: What are the requirements of the nation and the states for education and training beyond high school? What portion of the American people should have access to and complete college-level certificate programs and associate's and baccalaureate degrees? President Obama's challenging goal of international leadership by 2020 is achievable, but there is little evidence of deep

commitment beyond some initiatives by a few national foundations. An early proposal to use resources (freed up from the redesign of the loan program) to construct a federal-state-institutional partnership to support attainment ended up on the cutting room floor. Meanwhile,

the responses of most states and colleges to economic troubles have reduced accessibility and affordability and raised new impediments to college completion, even as various initiatives to improve college participation and completion are being planned and launched.

Building consensus around goals is fundamentally a political and leadership responsibility and must be addressed as such. There is a need for a well-designed strategy for a national discourse that will build commitment to explicit national goals, from policymakers at the national and state levels, college and university leaders, and business and community leaders.

Even with goals, the nation lacks a comprehensive strategy for paying for the college opportunity and success it needs and wants. Additional public investment must be part of any strategy to significantly increase the proportion of Americans who enroll in and complete college programs. But it is unlikely that increases in funding will be commensurate with the increasing numbers of students who must be successfully served. Two tests of effective funding strategies must be that: (1) the colleges and universities bearing the greatest responsibility for improving access and completion have adequate resources; and that (2) the productivity of all institutions of higher education is substantially improved. This will require significant revision of federal and state financing of higher education to:

- Create greater clarity about the roles of the partners in funding—federal and state governments, students, and institutions;
- Ensure that state and federal programs and funding are mutually reinforcing;
- Better align the components of public finance—appropriations and grants to colleges and universities, tuition, and financial aid around public needs and priorities.

Leaders at national, state, and local levels have unique responsibilities. Failure at any level will consign the overall effort to the list of notable initiatives that have come up short.

The federal government has two critically important roles to play.

First, it must take the point more proactively in the political/ leadership aspects of the strategy. To date, the Obama Administration has articulated a national goal, but its emerging strategy is federal not national, and even then, it is partial rather than comprehensive. There is no clear outline of a national strategy that would mobilize the public, state governments, campus leaders, and the business community around the goal, and it is unlikely new federal expenditures and programs, however well designed, can be successful

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in the absence of such mobilization.

Second, the federal government must more effectively deploy its current higher education resources to leverage change at the state and institutional levels. While numerous federal programs make contributions to the overall goal, there is nothing that parallels the impact of Race to the Top in changing the policy environment at the state and local levels. The use of federal programs needs to be much more strategic than has been the case to this point.

This strategic approach should include:

- Outreach to the states—perhaps beginning with a summit meeting of governors and state legislators convened by the president and the secretary of education;

- Establishment and legitimization of explicit national and state benchmarks consistent with the national goals—perhaps by an independent national commission of state, business, and educational leaders;

- Review of new and current federal programs to ensure that they align with national higher education goals and that federal resources encourage and incentivize state and institutional progress toward national goals and state benchmarks. The federal government must use the measures it applies to postsecondary education more consistently across all cabinet departments and agencies;

- Re-evaluation of federal regulatory and reporting relationships to emphasize policy and performance over compliance reporting. The regulatory focus is often more driven by considerations of compliance

President Obama's challenging goal of international leadership by 2020 is achievable, but there is little evidence of deep commitment beyond some initiatives by a few national foundations.

and by the federal government's role as manager of categorical programs than by the national policy goals of increasing access and college completion. The data collection capacity is almost entirely detached from the capacity to translate data into meaningful

information for the improvement of policy and practice; and

- Accountability indicators to monitor state and national progress towards goals and state benchmarks, with results communicated regularly and publicly.

State responsibilities are more extensive.

First, there is a need for a clear articulation of goals that reflect each state's unique demographic and economic circumstances and its share of the effort for increasing educational attainment,

formulated in a way that reflects the unique circumstances of each state. This extends to setting performance expectations for each sector (or individual institution) in the state's postsecondary education system.

Second, the states must ensure that there is institutional capacity sufficient to achieve established goals. The broad access institutions must be relied upon to meet most of the increased enrollment demand. Mission creep must be constrained to preserve capacity and contain costs in the institutions that have the access and success of undergraduate students as their primary, if not sole, mission.

Third, states must create and implement new budgeting and financing approaches for higher education. This may be the hardest task of all, because it will mean abandoning well-understood and deeply ingrained practices that, in their time, served institutions and states admirably. Most are based on enrollments and equitable funding of similar institutions, rather than on contributions to goals. They serve to preserve the institutional status quo rather than creating incentives for vital changes, such as improved persistence and graduation rates, or cost containment. New funding policies should:

- Align the allocation of state resources with explicit state goals;
- Integrate policies regarding appropriations to institutions, tuition, and student financial aid within a coherent framework;
- Encourage good management practices;
- Promote productivity increases;
- Create incentives for degree and certificate completions, not just enrollments;
- Maintain affordability for students and taxpayers;
- Ensure that the state (not each individual institution) is responsible for need-based student financial aid, and restructure state student aid, as necessary, to enable students to take full advantage of changes in federal financial aid; and
- Be sustainable in good and bad economic times.

In the process of fiscal restructuring, states (1) must eliminate budgetary practices that discourage good management (e.g., prohibitions against carrying over funds from one year to the next); and (2) examine the root causes of growth in administrative costs, including the structure of pensions and health plans. Regulatory requirements that lead to unproductive use of resources must be identified and eliminated.

Because funding is at the core of higher education policy at the state level, proposed changes will encounter opposition at every step. This makes explicit and well-understood goals with public support all the more important.

Finally, states need to adopt a set of metrics consistent with established goals, publicly report each year on progress, and use this

Additional public investment must be part of any strategy to significantly increase the proportion of Americans who enroll in and complete college programs.

information to intervene with new or revised policies when progress falls below expectations.

Colleges and universities and their leaders—presidents, trustees, and faculty—face what is arguably the most difficult challenge.

They must lead in the creation of a new operational culture, one that focuses primarily on (1) cost management rather than revenue enhancement; (2) on the core instructional mission rather than extending the mission to pursue new sources of revenue and status

(i.e., research, graduate programs); and (3) on strategic choices rather than short-term fixes. The new culture will have to make the successful education of undergraduates the dominant priority of all but a handful of institutions. This will require a commitment to using whatever resources are available to achieve outcomes that are enhanced in both qualitative and quantitative terms; productivity must be a mantra, not an epithet. College and university leaders should:

- Establish clear goals for increases in degree and certificate production;
- Develop clear metrics for measuring progress toward institutional goals and widely communicate the

results each year;

- Develop a strategic financing plan that: creates and supports the capacity to achieve goals; restructures institutional budgets to assure that programs necessary for access and success have the highest priority and can be sustained; reinforces the pursuit of student success; reflects an expectation of productivity improvement; and

controls costs and maintains affordability for states and students.

For many institutions this agenda will involve wrenching change and will require extraordinary leadership. To support institutional leaders in this daunting work, goals must be communicated explicitly, and state and federal policy must be formulated in ways that reinforce leaders for enlisting their institutions in pursuit of the larger good.

We cannot afford to wait. For too long, policymakers and higher education leaders have engaged in a “we need to change, but you go first” conversation. Meanwhile, costs have skyrocketed, attainment has stagnated, and the public has grown skeptical. Failing to act will not result in catastrophic failure in American higher education, but a slow and steady erosion of confidence, investment, and quality. We will be able to claim only that we have the most expensive system of higher education in the world rather than the best. We encourage all in a position to lead to do so with deeds, not words. Waiting for conditions to improve or for optimum conditions for change will ensure that neither will occur. The right time for action is now. ♦

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Leaders at national, state, and local levels have unique responsibilities. Failure at any level will consign the overall effort to the list of notable initiatives that have come up short.

