

A NATIONAL DIALOGUE:  
The Secretary of Education's Commission  
on the Future of Higher Education

ISSUE PAPER

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to inform the work of the Commission*

Setting the Context

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American postsecondary education is operating at the confluence of multiple forces:

**Increased Demand**

As higher education increasingly is seen as the means to accomplish both quality of life and economic development goals for the nation and its citizens, demand for higher education products – learning, service, research – has increased. The number of American high school graduates will increase annually for most of the next decade; however, the ages and racial, ethnic and economic makeup of these students will be markedly different, as will the preparation levels and distribution of these graduates among the states, thus placing new demands on the system. The United States increasingly needs what the best of higher education has to offer: *graduates* who contribute positively to economic development through increased private and public revenues, greater productivity, increased consumption, more workforce flexibility, and decreased reliance on government financial support; *services* that fill economic and social demands in agriculture, commerce, health care, energy, defense, human development, natural resources, and other subject areas vital to our society; and *research* that contributes to the growing fund of knowledge, fires the engines of innovation, and advances the future of the nation.

**Diminished Capacity**

Several states are experiencing shortages of spaces for incoming students, while other states have excess capacity. Several institutions of higher education are admitting students who lack adequate preparation for college-level work, thus expending precious resources in remediation. Many colleges and universities are operating in traditional paradigms that do not take advantage of emerging best practices or potential improvements in productivity and quality, thus foregoing the promise of expanded capacity.

**Economic and Fiscal Stress**

States play a critical role in funding higher education, yet most states face long-term budget shortfalls and structural deficits, and higher education has received a diminishing proportion of state appropriations in the past few years. Many states and institutions are passing along steep cost increases in tuition and fees to students and their parents, thus jeopardizing college

affordability for a growing portion of the nation. At both federal and state levels, financial support for higher education programs is seen – and will likely continue to be seen – as less important or urgent than other budget priorities (defense, homeland security, disaster relief at the federal level, Medicaid and K-12 education at the state level, for example). Left unchecked, Medicaid and other entitlement programs are projected to crowd out basic public investments in the future. Higher education will need to explore new sources of revenue beyond traditional ones if it is to surmount these fiscal realities.

### **Demands for Accountability**

Higher education is beset from all constituencies for improved evidence of its effectiveness. In a time of scarce resources, and at the urging of concerned citizens, public officials at all levels are increasingly demanding justification for the higher costs of higher education. Many employers question the qualifications of current college graduates. Institutions, accustomed to measuring quality by inputs, have difficulty in adjusting to new demands for measurable outcomes. “What do students really learn?” and “What’s the value-added?” are questions increasingly being asked across America. Demands on institutions include calls for more transparency about real costs, and for new measures of quality and productivity. The nexus between improved accountability and the likelihood of renewed support is ever tighter.

### **International Competition**

Twenty years ago, the United States led the world in the share of its adult population that earned a high school diploma and a college degree. Today, the U.S. has slipped to ninth place in the share of its people, ages 25 to 34, that complete high school and to seventh place in the share that hold a college degree. In sheer numbers, our nation produces increasing numbers of college graduates, but our foreign competitors are leap-frogging us in producing more college graduates relative to the size of their adult populations. Other warning signs are ominous: due to technological advances and national investment strategies, other countries outpace America’s production of graduates in strategic fields of mathematics, science, engineering and technology. America’s signature resource – innovative ideas – may be in jeopardy.

As these forces coalesce, the need for a comprehensive national strategy for postsecondary education – Secretary Spellings’ call – has never been greater.