

# CHANGING REALITIES: WILL STATES AND INSTITUTIONS RESPOND?

Larry A. Isaak, President  
Midwestern Higher Education Compact

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On behalf of the Midwestern Higher Education Compact, I thank you for the opportunity to be with you today. In keeping with the theme for this meeting my remarks today are titled *Changing Realities: Will States and Institutions Respond?*

As you know, many of the demographic and economic challenges our country is experiencing now and will face over the next 25 years will affect this region of the country more dramatically than the rest of the nation. This region has historically prided itself on the strength of its educational institutions and its role as both the nation's breadbasket and its manufacturing center. We have already seen how the contraction of the manufacturing sector—in particular the automotive and steel industries, for example—has hit the Midwest particularly hard. Technological advancements in agriculture have increased production yields exponentially, but have also reduced significantly the role of the family farm. As if that were not enough, the combination of low population growth and the impending retirement of nearly 20 million baby boomers in the Midwest will challenge even the healthiest economies as states struggle to provide the services required of an aging citizenry with a smaller workforce.

Here is a news flash: This issue is not about higher education, per se. It is about sustaining an economy. It is about ensuring an adequate supply and an appropriate talent level of a workforce to sustain an economy in an age of global competitiveness. If you think that the United States will continue to be the world's economic leader by doing what we have always done consider this: In a June 12, 2006, *Newsweek* article, 'How Long will the World Lead America,' Fareed Zakaria wrote:

*Queen Victoria's Diamond Jubilee, held in London on June 22, 1897, was one of the grandest fetes the world had ever seen. 46,000 troops and 11 colonial prime ministers arrived from the four corners of the earth to pay homage to their sovereign. The event was as much a celebration of Victoria's 60 years on the throne as it was of Britain's superpower status. In 1897, Queen Victoria ruled over a quarter of the world's population and a fifth of its territory all connected by the latest marvel of British technology, the telegraph, and patrolled by the Royal Navy, which was larger than the next two navies put together. The New York Times gushed: 'We are part.....of the Greater Britain which seems so plainly destined to dominate this planet.'*

The Zakaria article goes on to say that

*Americans have replaced Britons atop the world, and we are now worried that history is happening to us. History has arrived in the form of the three billion new capitalists, as Clyde Prestowitz's recent book puts it, people from countries like China, India and the former Soviet Union, which all once scorned the global market economy but are not enthusiastic and increasingly sophisticated participants in it. They are poorer, hungrier and in some cases well trained and will inevitably compete with America and Americans for a slice of the pie.*

A Goldman Sachs study concludes that within 40 years, China will replace the United States as the largest economy in the world. Meanwhile, since 1991 the United States has slipped from 2nd to 15<sup>th</sup> in the world in the proportion of the youth population going to college. The extent to which the nations of the world are "catching up" to the United States on postsecondary participation and attainment has been analyzed by the National Center for Public Policy in Higher Education. Pat Callan, the Center's president, states the following in his overview of *Measuring Up 2006*:

*The expansion of a knowledge-based global economy has raised the bar for higher education in the United States—particularly in light of the rapid growth of college opportunities in many other nations. These nations have made their greatest gains in college access and attainment more recently than the United States has. One consequence is that the comparative educational advantage of these countries rests with their younger adults and workers.*

I visited China in 2002. At that time an official with their Department of Education told me that “Job One” in China was to educate their citizenry. Well, today we know that the number of college graduates in China will increase from 50 million in 2002 to 90 million next year. Now that’s commitment and results.

Added to global competitiveness is the issue of an aging population. It is almost cliché to talk about the “aging” of America’s workforce, but nowhere can the implications of this phenomenon be seen more dramatically than in the Midwest. More than one quarter of the nation’s population—78 million Americans—are moving toward their retirement years. The sheer massiveness of this demographic shift is unprecedented in our nation’s history. As these individuals leave the workforce, they will take with them an enormous cache of knowledge and experience. It is an understatement to suggest that the nation will be challenged to replace this wealth of talent.

At the same time, the diversification of the American workforce is no longer concentrated in pockets along the nation’s coasts and in our urban centers. Communities throughout the Midwest have, in recent years, welcomed significant numbers of migrants and immigrant families seeking safer communities, improved economic opportunities, and better environments to raise their children. These new faces, together with members of growing African-American and Hispanic-American communities, constitute an increasing proportion of the region’s future workforce. A significant majority of the young people in these communities will be the first members of their families to attend college.

Although historically the Midwestern states have enjoyed an advantage in postsecondary performance, the region’s advantage is shrinking. An analysis of the National Center’s data for the MHEC states reveals areas of concern, particularly in the area of student preparation, college completion, and college affordability. We simply must find ways to open the doors of higher education to more people, regardless of their financial means. Without higher education, students miss out on an opportunity to better their lives, and the states in which they reside lose the opportunity to increase their social and economic capital by “growing their own” current and future workforce.

Each of our states will face unique challenges in the years ahead. These challenges may come in the form of population changes, fiscal limitations, competing budgetary priorities, or other significant issues. In this time of challenge, individual states and their colleges and universities can seize the opportunity to create innovative solutions through collaboration. For example, I believe the issue of

tomorrow for higher education will be *productivity*, with a level of focus and attention similar to what *accountability* has been during the past decade. The focus on productivity included in a recent report on higher education from the National Conference of State Legislatures and Lumina Foundation for Education signal the heightened interest surrounding this issue.

As I mentioned, the Midwestern advantage in postsecondary performance is shrinking. However, what has not changed is the overall strength of our educational system and the payoff that results from an investment in human capital. But even in this area our competitive advantage is shrinking as other countries in the world recognize the need to invest more heavily in education to secure their respective economic futures.

So, to summarize, the realities are:

- An aging population.
- A global competitiveness based on getting people into and through higher education.
- A shifting economy.
- Cheaper labor overseas.
- Students less well prepared entering college.
- A more diverse population and workforce.
- Calls for more accountability.
- An increasing focus on higher education productivity.

So, who is going to lead and what should we do? First of all, let me say that intellectual capital is the gold of both today and tomorrow. Given this, where does the most significant concentration of that intellectual capital reside? --In higher education institutions. So, that being the case, shouldn't higher education step up to the plate?

But again, as I stated before the issue is not about higher education. It is about ensuring that the country has an educated and skilled workforce able to compete in the world. So what has to be done?

To put it simply: We must get millions of additional people into and through higher education in the next 20 years. Not thousands...MILLIONS. It is imperative that higher education leaders and faculty ensure that this happens. We should not and cannot wait for "government" or the "private sector" to do it. *We* must do it.

So, let me close by offering some suggestions:

1. Take the lead in making sure high schools prepare more students for college. Don't sit on the sidelines. Propose bold measures that will make this happen.
2. Educate a much larger portion of our 25-50 year olds.
3. Increase the production of college graduates. This is job one. We must not wait for the states or federal governments to "provide resources" to do this. They won't have the resources to make a meaningful dent. Their resources will more and more be targeted toward caring for the elderly, health care, safety, homeland security and defense. We can either moan about this or find a way to increase higher education production without massive infusions of government dollars. I say we accept the challenge. What will this mean?
  - Hire campus leaders with a passion and commitment to increasing productivity and student success.
  - Align high school and college readiness standards.
  - Change significantly the time framework in which we teach. Replace the old post-World War II models of classroom and seat time with competencies and assessments of learning.
  - Use technology in a much more significant way to deliver basic instruction, and then use faculty as expert facilitators and advisors.
  - Revise campus, state and federal funding formulas to focus on degree and certificate completers. Reward departments and institutions that increase productivity and student success. Give funding priority to departments and institutions that can accommodate increased numbers of students at the lowest cost and reward those that graduate large percentages of those that enter.
  - Focus more of the accreditation process on student success and productivity.
  - Focus campus resources on strategic priorities.
  - Reward collaboration that increases productivity within an institution and between institutions.
  - Encourage greater use of faculty who have had career experiences since there will be a significant pool of talented retirees who can offer

this knowledge. This may not meet all of the input requirements of accreditation, but it will mean serving more students.

- Farm out non-instructional work wherever possible to hold costs in line.
- Match education to jobs for the future, but not at the expense of a good liberal education. Out with the old, and in with the new.
- Encourage or provide incentives for faculty and academic units to collaborate to offer what students need anywhere, anytime.
- Remove regulatory and budget control barriers to permit departments and higher education entities to use fully their intellectual capital to engage in research and leading edge instruction.
- Develop leadership coalitions of government, the private sector and education to provide vision and strategies for fully educating the workforce.

Again, the challenge is this: We simply must get millions of additional people into and through higher education in the next 20 years. It will require bold leadership that will challenge the status quo in delivery models, funding models and accountability measures. I believe the leadership to make this happen lies within the higher education community. The future of our country depends on this leadership if we have any chance of sustaining and growing the nation's economy and providing a high quality life for our citizens.