Higher Education in Tumultuous Times: A Transatlantic Dialogue on Facing Market Forces and Promoting the Common Good

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Foreword

From June 25 to 28, 2010, the American Council on Education (ACE), the Association of Universities and Colleges of Canada (AUCC), and the European University Association (EUA) convened approximately 30 college and university leaders from Canada, Europe, and the United States in the 12th Transatlantic Dialogue (TAD). The meeting focused on how higher education can serve as an engine of economic prosperity and social progress while confronting the challenges of diminished resources, increased expectations, and a climate of uncertainty.

While there is growing consensus that society depends on higher education to drive economic growth and social cohesion, institutions are buffeted by the pressures of competition, consumer demands, and public accountability. The recent financial crisis has highlighted the importance of higher education to national and global progress and well-being, while intensifying the pressure for institutions to be more strategic and efficient. The stakes for all societies are high, and the paths for institutions are complicated and sometimes cause conflict.

This invitational seminar explored institutional responses to this turbulent environment, focusing on internal decision making and resource allocation; the role of higher education institutions in local and regional economic development; and improving, assessing, and documenting student learning. The meeting concluded with a look ahead to 2020 and exploration of the impact of changing student demographics, faculty roles and profiles, and other factors and aspirations affecting higher education.

Executive Summary

Higher education institutions are being challenged on multiple fronts, from the ongoing economic crisis and an increasingly competitive global environment, to changing regulations and new requirements for public accountability. This essay—based on a conversation among approximately 30 college and university leaders from Canada, Europe, and the United States who participated in the 12th Transatlantic Dialogue in 2010—seeks to articulate the challenges occurring in Europe and North America, as well as to describe the ways in which university leaders have responded. It also aims to establish a course for the future and offers recommendations for leaders striving to navigate difficult waters.

Where Are We Currently?

Though it is often remarked that universities are resistant to change, considerable change has actually occurred over the centuries. Universities have moved from being embedded within a particular geographic location to being globally interconnected institutions that are both local and able to span continents. Technology has facilitated the movement of data and information in ways unimaginable just a few decades ago. As a result, not only has scholarship expanded its global connections, but the instructional space has as well, with the mobility of international students bringing economic benefit to both the sending and receiving countries. In recent years, efforts by institutions to develop curricular joint partnerships and international branch campuses also have expanded dramatically.

While the specific changes in university activities over the recent decades are important, this essay highlights the rapidity of change and how it challenges the decision-making structures of universities. The current environment is a constant flow of new, different, and unexpected events, occurring in

seemingly constant succession. This atmosphere burdens not only institutional management structures with new responsibilities, but also higher education systems, as they transition from independent actors in a national context to internationally interconnected actors in a global environment.

While countries are looking to their educational systems to provide economic returns—as well as the broader societal value that comes from an educated citizenry—the cultural expectations of the role and function of education in society are distinctive across countries. National expectations, traditions, and resource structures effectively allow or disallow certain university activities. They also frame the competitive market and the ability of institutions to respond to change.

Despite important variances, a number of common challenges are being encountered in various countries and institutions. This paper suggests nine broad challenges, including new global arrangements, commitments, and economic power centers; diminished resources; increasing public expectations, new external demands, and accountability mandates; demographic transformations that are bringing new populations to the university; a perceived possible decline in trust of the university as serving the public good; a demand by many stakeholders for simple solutions to difficult problems; and widespread uncertainty about the current environment.

Where Do We Think We Are Going?

For many Transatlantic Dialogue participants, the salient issue for the future is how the value that society places on higher education will change. Until recently, the pursuit of knowledge was commonly understood to be its own reward. Now, education is valued as a driver of economic growth: for producing an educated workforce, attracting new businesses to a region, and generating innovations in science and technology that resonate throughout society. Softer values are recognized as well, including the individual opportunities that accrue to students.

Second, the prominence of reform agendas for higher education—two, in particular—drew participants' comments. In the United States, the Commission on the Future of Higher Education, known as the Spellings Commission, issued a strong critique of the status quo and articulated a four-part reform agenda: Higher education in the future, it declared, will need to be open to more students, keep costs reasonable, maintain high standards, and be responsive to stakeholder demands. In Europe, the Bologna Process took a more positive approach, based on addressing the practical problems inherent in coordinating multiple systems of higher education: developing common tools and education structures to increase cross-border understanding, facilitating cross-border mobility of students and faculty, improving the quality and attractiveness of a coherent European higher education area, and improving Europe's ability to strategically compete and cooperate with other countries and regions.

In both North America and Europe, the future of higher education is also represented by a greater number and variety of students. This "massification" of higher education puts pressure on all institutions to accommodate more students, such as through expansions to the physical plant or development of technological solutions. It also brings with it a cultural shift, as much of the increase is coming from traditionally under-served minority groups, as well as from students who demonstrate unconventional attendance patterns.

Accompanying this shift is a corresponding demand for colleges and universities to help more students be more successful. Universities will be expected to identify unnecessary restrictions and requirements that dissuade students, and streamline procedures to make sure information about their institutions is available to all future students, including nontraditional learners, preparing to attend higher education. Distributed learning, blended learning, and asynchronous learning are opening the door to new ways of providing student access, but universities also must ensure that students have a quality experience while enrolled, and facilitate their continued enrollment and eventual graduation.

No discussion of expanding access can ignore existing economic models and assumptions—both of which need to be modified to take into account changes in available resources. As government support for colleges and universities declines, institutions will need to diversify revenue sources or become more efficient in operations and develop their existing organizational capacity without additional funds.

Ironically, as the state is being replaced as the primary sponsor of educational activity, policy makers have become less trusting of the university as a steward of its funds. This complicated situation means that colleges and universities will need to respond to all their different stakeholders while operating in an increasingly regulated environment.

Finally, the participants noted that higher education in Europe and North America is marked by competition for resources, students, faculty, and status. Competition comes not only in the form of other institutions seeking to expand their operations, but also through the new competitors from the private sector (though not in Canada). Without the same layers of government oversight, the for-profit sector, particularly in the United States, has established a business model that takes advantage of technology and economies of scale to provide mass higher education to students in targeted programs with low overhead.

What Do We Need to Get There?

Leaders should not expect real change to remain marginal or easily ignored. Preparation is key, said the Transatlantic Dialogue participants, and colleges and universities will need to examine their operating procedures and redefine their practices, particularly in seven critical areas.

- *Autonomy and Accountability.* Working with government funders as well as with students and the general public, colleges and universities need to use their

expertise in teaching and research to develop accountability measures that maintain autonomous institutions.

- *Focus on Attainment.* A focus on attainment could place new attention on normalizing student success and result in numerous benefits: support for economic development through an educated workforce, forcing consideration of student preparation in primary and secondary education, and creation of a simple metric for evaluating institutional activity. But the way systems of higher education are organized in some countries needs to be reconsidered, particularly to address accommodations to adult returning students and other capacity issues.
- *Changing Faculty Roles.* A number of universities are making adjustments to how they hire and promote faculty to effect a change in the relationship between scholarly work and teaching. Paying high-performing teachers with salaries to equivalent to their research-productive peers or developing external peer review procedures for instructional activities were two strategies discussed.
- *Alternative Academic Models.* The traditional academic model was built upon an agrarian calendar, elaborate physical plant, time-defined learning, and all-inclusive pricing. These characteristics contribute to a labor-intensive process that adds costs and resists efficiency. Some institutions are considering alternatives such as developing short-term programs of study that accelerate the path toward a degree; reducing or eliminating student activities beyond direct instruction and academic advising; and harnessing the power of technology to gain economies of scale over the educational process.
- *Regional Development.* Much of the motivation for reform comes from the longstanding demand for higher education to be engaged in the community. Because the constituent parts of the community are changing, institutional engagement must change as well. Higher education agendas cannot be set in isolation but must involve all the major actors in the region, from policy makers to the private sector.
- *Internationalization.* Most directly, internationalization involves the growing mobility of students and faculty, but increasingly, it also means developing linkages and partnerships with institutions in other countries. It is therefore vital that local leaders understand and support this global commitment and recognize the inter-relationship between domestic agendas and universities as global entities.
- *Enhancing Capacity for Change and Innovation.* Colleges and universities must develop their own organizational capacity for change and innovation using the resources already at their disposal, including the creativity of college and university leaders, faculty, and other staff. In addition, institutions should seek ideas from outside the academy and consider how changes advocated by even academia's

staunchest critics and its competitors can be used to further the higher education agenda.

In addressing these challenges, discussants noted three areas as institutional imperatives.

1. Colleges and universities must focus on ensuring quality and access. Institutions have an obligation to assure all relevant stakeholders that the academic program is of the highest quality—because seeking a better way forward remains the essence of the university enterprise.
2. Higher education institutions must devote attention to independent evaluations of student learning and explore ways of measuring the effectiveness of learning even after graduation. In addition, universities are obligated to assess their own performance, particularly by continually reviewing their organizational activities to identify ways to increase efficiencies.
3. Colleges and universities must articulate their value to society. With revenue pressures serving as potential distractions, college and university leaders must remind their audiences (and themselves) why the altruistic inclinations of the university still guide everyday activity.

An Action Agenda for Higher Education Leaders

This report concludes with a set of implications for leaders who see the opportunities the current environment presents for directing their academic ship.

- *Develop the next generation of college and university leaders.* Higher education should be guided by leaders who have investment in and understanding of the academic mission of universities.
- *Create new funding models for the 21st century.* This imperative is driven not only by the anticipated reduction in government spending on higher education, but also—and more importantly—by the necessity to diversify revenue sources to give higher education the flexibility it needs to adapt and thrive in a fast-changing environment.
- *Recruit a range of faculty with diverse skills.* While remaining the scholarly center of the university, the faculty of the future will serve in a variety of new roles. Thus, institutions should recruit faculty who possess skills matched to the broadening goals of the academy.
- *Develop multi-directional leadership.* Take advantage of all the human resources at the university's disposal, and encourage involvement in the leadership of the institution at every level.
- *Value imagination and creativity.* The university should be a place where inspired and ingenious ideas find a home not only in the lab and the library, but also in the office of the chancellor president, vice-chancellor, and deans.

- *Address sustainability.* Simply put, all institutions must be sustainable economically, with revenue streams that are sufficient to its purpose and aligned with mission.

As the leaders at the Transatlantic Dialogue emphasized, college and university presidents must plan for the unpredictable and take advantage of resources that will support institutional goals. Consult with others who share those goals, and learn from mistakes as well as successes.

Introduction

Higher education institutions are facing turbulent times. Like ships on a stormy ocean, waves of change push and pull universities with great force. Universities are being challenged on multiple fronts, from the on-going economic crisis affecting Europe and North America and an increasingly competitive global environment to changing regulations and new requirements for public accountability. But much as the vessels on the sea move with the skilled direction from their captain and crew in response to the weather, institutions are not inactive. Though some may be tempted to drop anchor and wait for the storm to pass, in this essay we draw on the conversations, actions, and activities of institutional leaders who are actively responding to the events that surround them. They have seen that waiting for clear skies is not an option. These leaders have proposed and implemented creative initiatives that seek to take advantage of opportunities in this dynamic environment.

This essay seeks to articulate the challenges that are common across countries in Europe and North America, as well as specifying how individual countries and regions are unique. It describes the ways in which university leaders have responded to those challenges, and articulates lessons from the field. It also aims to establish a course for the future and recommendations for leaders striving to navigate difficult waters.

We organize our discussion around three key questions that emerged from an international meeting of university leaders. In simplified form, they are:

- Where are we currently? In other words, how can we best describe the countless forces that affect universities today? And how do the individual contexts represented by the countries of Europe and North America create unique opportunities or distinctive challenges that can inform our understanding of the global environment for higher education?
- Where do we think we are going? Given the forces demanding action from university leaders, how should we articulate the future agenda for higher education? And how do we align our agenda with national and global realities that represent a world in flux?
- What do we need to get there? With an agenda for the future,

what resources need to be brought to bear to realize university goals, and how should leaders orient their institutions to be successful under new realities?

In the sections that follow, then, we devote our attention to the change drivers and identify the response patterns. We draw on the experience of university leaders to navigate the hazards that institutions around the world are facing. We take a clear view of the horizon, to ensure our course is true to the unique mission the university serves within society.

I. Where Are We Currently?

Similarities and Differences

Almost all universities today, no matter their country of origin, have a common heritage that spans geopolitical boundaries and are similarly positioned within a thousand-year history of western higher education. It is often remarked that universities are resistant to change—that universities are the epitome of conservatism, where "nothing should ever happen for the first time." It only takes a glance, however, to see how much change has actually occurred over the centuries. From the seven-subject classical course comprised of just the trivium and quadrivium, to the multiple disciplines, specializations, and interdisciplinary studies housed within the modern university, the curriculum itself is evidence of profound shifts in knowledge and of the university's central role in defining new knowledge and serving society in its application.

The new geography of higher education demonstrates real organizational changes. Universities have moved from being place-bound organizations, embedded within a particular geographic location, to globally interconnected institutions that are both local and able to span continents. Although the university research enterprise has been internationally oriented for over a century, the range and global reach of partnerships has accelerated in recent years. Transportation advances make it relatively easy to move around the world, and technology has facilitated the movement of data and information in ways unimaginable just a few decades ago. As a result, not only has scholarship expanded its global connections, but the instructional space has as well. Mobility of international students has economic importance to both the sending and receiving countries. More recently, efforts by institutions to develop curricular joint partnerships and international branch campuses have expanded dramatically. The college town has become a global village, with the university sitting at the nexus of international activities.

While the specific changes in university activities over the recent decades are important, we are concerned here with the rapidity of change and how it challenges the decision-making structures of universities. Global interconnections, for example, while not new, are amplified by the instantaneous ability to communicate, share information, and distribute resources around the world. Global structures have emerged that can coordinate

far-flung activities with an ease that leaders in earlier decades would never have foreseen. In this environment, change has become a pervasive element that influences current activities and future planning. Institutions no longer can consider change in discrete episodes to be addressed in sequence. Rather the environment is a constant flow of new, different, and unexpected events, with hardly a moment's separation between them.

The strain of constant change is evident. For institutions, the changing environment burdens management structures that bend under the weight of new responsibilities. Identifying qualified leaders is challenging within a university system that values scholarly accomplishment over skill in managing complex bureaucracies. Nimble adjustments to changing conditions are not par for the course in a collegial university organization. Time for reflection and contemplation becomes increasingly rare when the urgency of immediate action and the risk of missed opportunity go hand in hand.

Higher education institutions are also strained by change as they transition from independent actors in a national context to internationally interconnected actors in a global environment. The value of higher education has never been higher, though, with countries looking to their educational systems to provide economic returns as well as the broader societal value that comes from an educated citizenry. Pressure for performance and demonstrated outcomes give notice to universities that they cannot expect a return to the status quo.

International similarities among universities and university systems, though, are influenced by the national and regional contexts in which they operate. For our group of institutions in North America and Europe, most resemblances are caused by the governmental relationships and control that exist among the countries in each region. Canada and the United States are nations with decentralized public educational systems. In Canada, jurisdictional responsibility for higher education lies with the provinces, while in the United States the states are nominally in charge of public institutions, though the nature of that relationship is changing. Europe, on the other hand, generally has ministerial control of education at the national level. Moreover, Europe is engaged in the development of a European Higher Education Area and has numerous agencies and organizations devoted to facilitating educational mobility among national systems. Nothing of similar scale exists in North America, though the coordination of education among the provinces and states in each country could be considered a variant.

Institutions no longer can consider change in discrete episodes to be addressed in sequence. Rather the environment is a constant flow of new, different, and unexpected events, with hardly a moment's separation between them.

The systems also have different levels of sectoral diversity. Canada is an almost entirely public system, with a small private sector and limited experience with for-profit ownership. The United States is unusual in that it has many private universities, including some that rank among the best institutions in the world. At

the same time, most U.S. students attend public institutions, and a rapidly expanding for-profit sector is targeting lower-level students with career-oriented credentials. Europe's diversity is reflected in the public-oriented systems of Western Europe (with some prominent exceptions) alongside an emergent private sector that developed in the transitional economies of Eastern Europe. The for-profit model has recently gained traction in Great Britain.

Cultural expectations of the role and function of education in society are also distinctive across countries. Whether fee-based or free, focused on career education or liberal education, serving all eligible students or just certain classes, national expectations and traditions effectively allow or disallow certain university activities. They also frame the competitive market and the ability of institutions to respond to change. Part of the changes faced by universities, though, are because of the changing societal expectations of what universities should do. Often these changing expectations create conflicting agendas for universities—develop world-class reputations at the same time as teaching growing numbers of students, serve as engines of economic development while maintaining a comprehensive scholarly profile—and the new expectations are often framed in regulations that constrain some activities as they obligate others.

Universities, obviously, need resources to accomplish all the tasks they are assigned by their sponsors and stakeholders. But if resources, for example, have traditionally come through government grants, generating additional revenues is more difficult than if multiple sources are already part of the mix. And in some countries the investment in education continues to be a priority, while in others the recessionary economic environment has meant a slipping commitment of government support of education. Thus the flexibility that universities have to respond to changing demands, create new initiatives, and compete effectively nationally and internationally, is influenced by these national contexts.

Challenges

Our meeting with college and university leaders engaged a thoughtful discussion of the national contexts for change, and the similarities among the countries and institutions represented served as an instructive introduction to the common challenges being encountered in the current environment. Although variations on these themes occurred throughout the dialogue, nine broad challenges can be identified.

POST WWII-ERA TRANSFORMATIONS

Transformations occurring after World War II represent both positive change and disorienting challenges in the environment faced by universities today. On the one hand, the conventions, accords, and agreements that have standardized policies surrounding international exchanges are welcome for universities as they move onto the global stage. The fall of communism in Europe and the resulting stability have ushered in a new era of regional cooperation. On the other hand, the educational world no longer has a

clear center, as emerging powers in Asia and the lure of Middle East investments attract educational capital away from European and North American strongholds. China, for example, is eager to draw on the expertise of western universities as it invests mightily in its own educational infrastructure. Dubai and Qatar promote themselves as educational hubs for their region as they seek out foreign investments for capacity-building activities. The Bologna process serves as a model for the harmonization of educational structures in Southeast Asia. Once secure in their place at the top of the educational hierarchy, universities in Europe and North America now find it impossible to ignore the competition from the rest of the world, even if their university models are being emulated elsewhere.

DIMINISHED RESOURCES

A second challenge for universities is the diminution or unpredictability of financial resources to carry out their missions. The recent recession and global economic crisis have accentuated a trend that many countries have seen for some time, i.e., the growing unwillingness or inability of governments to fully fund public universities. In some countries, the result has been a private sector emergence that serves a demand-absorbing function. But even then, the responsibility for the majority of education, especially at the higher levels, falls to colleges and universities, and universities in most countries around the world are being asked to do more with less. This challenge is exacerbated when the flexibility to seek new resources outside of those provided by the government is constrained. Even the opportunity for new revenue streams can be problematic if it opens up institutions to new risks. Market-based initiatives and soft-money support rise and fall. Many institutions have learned that what is a highly touted and valued activity in flush years quickly loses its luster during times of constraint.

INCREASING EXPECTATIONS

Even in an era of decreasing public support in terms of resources, universities are encountering increasing public expectations for performance as well as broad accountability mandates from government funders. Benchmarking is the norm in many countries, and league tables and rankings dominate the discussion surrounding university effectiveness. Outcomes are variously defined and measured, but include research accomplishments, economic contributions to regional development, graduation rates, and meeting specified national goals, among others. The challenge for universities is not in achieving quality or even in the efficient use of available resources. Rather, the challenge is in responding to the accountability calls in ways that are publicly transparent and reflect the external understanding of the value of the university.

DEMOGRAPHY

A fourth challenge articulated at our meeting involves the demographic transformations occurring in nearly every country. This means

expanding demand for education and increasing diversity in the student population. Whether this comes from new diversity within the country's population or expanding access to populations historically under-served by higher education, the result is that institutions are expected to serve a student body that is dramatically different and larger than in the past. The challenge is in accommodating the growth as well as in working with populations that may have different expectations for a university education. On the latter point, universities are recognizing that their curricula and ways of teaching need to be adjusted to match the new population's demands for practical skills required in the workforce. In many cases, as well, universities are seeking out new populations—non-traditional domestic students, for example, or international students, whether recruited abroad or through strategic affiliations in other countries—as a market-driven strategy to expand their tuition and fee base. Especially in countries where fees are an important source of revenue, the new demographic reality is a welcome development. It is less appreciated, though, by public institutions already straining to serve existing students than by enrollment-funded private sector institutions.

COMPETITION

The internationalization agenda that is in full force in many countries and at many universities also involves challenges, such as an institution's global position in a competitive environment. Competition is not new in higher education, but it has taken on new complexity. Transnational concerns move institutions out of their home neighborhood and traditional sources of prestige and reputation earned by years of service to the local community. Brand becomes important when former monopolistic environments transition to open, competitive ones. Globally, too, the trend is toward liberalization of trade barriers, meaning that exporting education can be an important factor in a nation's economy. Here the challenge is to maintain an identity grounded in (and often funded by) local concerns, as well as develop one in which the international community has a determinative voice.

HIGHER EDUCATION AND THE SOCIAL CONTRACT

A sixth challenge is the weakening of the social contract between institutions of higher education and a public that no longer assumes that institutions always act in the public interest and can therefore be granted autonomy. Perhaps an unfortunate result of the growing competition among institutions and between national education systems is that the assumptions about education as a public good, that have guided funding decisions and governance policies in past decades, no longer apply. Some participants worried that education may be perceived as a private good, with benefits that accrue to individuals more than to society as whole. Additionally, institutions of higher education are increasingly seen as just another special interest group seeking to maintain privileges and protections. This makes for an

ironic juxtaposition with the rising value of higher education: as the importance of education increases, it becomes too important to leave to educators.

ALLERGY TO COMPLEXITY

One of our participants coined the phrase "allergy to complexity" to describe the challenge universities have in communicating with the public and policy makers. Colleges and universities are designed to problematize issues, devoting substantial resources to pursuing detail in the interest of accuracy and full insight into the intricacies of the task or issue at hand. The complexity that higher education investigates is not understood by a public that expects answers and a policy environment that values painless solutions. The university articulates options and eschews value judgments. Society, however, increasingly rejects the ivory tower at work and demands practicality aligned with public values. But when problems are especially difficult, the solutions are non-obvious, and options demand tradeoffs, the university is caught between simply being responsive and being fundamentally truthful in response.

SHORT-TERM HORIZON FOR DECISION MAKING

If change were not so pervasive a feature of the environment, time would be available to work through problems in the deliberative and collegial style to which universities traditionally have been accustomed. But that is not the case as delays bring more and different problems, and lengthy contemplation is a luxury few can enjoy. The challenge colleges and universities now face is adaptation to a short-term horizon for decision making. Even though many institutions have been around for hundreds of years, and most for the better part of a century, the ability to rely on the same structures that have provided stability in the past is fast disappearing. The choice institutional leaders face is an unpalatable one between top-down decision making that ignores traditional academic governance, and making only marginal shifts that do not rock the boat but do little to advance the organization.

UNCERTAINTY

Finally, uncertainty in the current environment poses its own challenges. College and university leaders are largely untrained in management and have come to their positions through successful careers in academia. The academic world they started in, however, does not represent the world they are now leading. It is difficult to know how the changes they face are affecting that world, and what parts of the old will survive in the new. The deep emotional attachment many have to their academic homes make the changing environment particularly disturbing, as it seems to disrupt without regard to tradition or respect for history. The challenge, then, for college and university leaders is to guide their institutions through uncertainty without timidity.

II. Where Do We Think We Are Going?

Challenges are also opportunities. As the college and university leaders at our meeting contemplated the future, they recognized how the changing dynamics in the environment suggest new directions for their institutions. Even so, traditional academic models are not obsolete. Old and new activities will just be combined in different ways, dependent on institutional context and societal demands for educational outcomes. There are few illusions about the difficulties inherent in the path ahead. But there were also no pessimists in our group who saw the ultimate demise of a thousand-year university tradition. Various ways forward were discussed that reflected on traditional values combined with new demands and cultural expectations.

The Value of Higher Education

For many participants, the most salient issue for the future is how the value that society places on higher education will change. Until recently, the pursuit of knowledge was commonly understood to bring its own reward. Learning for learning's sake, however, gives way when one's career is at stake. The intrinsic value of unfettered teaching and scholarship—the *lernfreiheit* and *lehrfreiheit* fundamental to the establishment of the modern research university—has less relevance in the current environment. Value is now judged by external products and outcomes. The pursuit of knowledge is valued for the consequences of knowledge.

What are those consequences that now give value to higher education? First, education is valued as a driver of economic growth. College and university activities produce not only an educated workforce, but also the cultural environment essential to attract new businesses to a region. Especially in recessionary times, skill development relevant to the labor market assists governments in creating stable employment levels, with all the subsequent implications for the tax base. Colleges and universities themselves represent powerful contributions to the local economy, and attracting students and faculty can be a net gain through the spending of discretionary income in the local community. Many countries have explicitly linked university success with broad economic development goals and have developed policies that assume the public benefit of education is primarily economic.

Apart from the direct economic value attributed to colleges and universities, states also attribute value to the innovations in science and technology that flow from research labs and resonate throughout society. The justification for publicly supported research grants are largely a post-WWII phenomenon, spearheaded by Vannevar Bush's call for a U.S. national science policy that fundamentally relied on universities. The National Science Foundation and other similar funding agencies were founded in response. Other countries adopted comparable models, with Europe establishing a European Science Foundation in the mid-1970s. Since at least the 1980s, then, scientific productivity has become the dominant metric for measuring institutional quality. It is what virtually defines a *world-class* university in any ranking, and the most prestigious and venerable institutions are those that excel in research.

The values that society holds for higher education, though, are not simply measured by economic and research results. There are also the softer values of offering individual opportunities to citizens and the development of social cohesion as a result. On the one hand, students gain personally from attending and graduating from colleges and universities. On the other hand, the national culture is embedded within the local institution and inculcated in each student through the curriculum. In providing individual opportunity and benefits, society benefits by disseminating general norms and values to a new generation.

Cultural transfer from one generation to the next is as vital as technology transfer from lab to the marketplace. Economic benefits accrue to the individual as well as to society at large. The key dimension, though, is the inexorable link between colleges and universities and society. No ivory tower remains behind ivy-covered walls. The value of higher education is in its usefulness to society.

Reform Agendas

An inescapable feature of the present environment is the prominence of reform agendas for higher education. Two were mentioned repeatedly by our college and university leaders in explaining their activities and anticipating future directions. In the United States, the Commission on the Future of Higher Education, known as the Spellings Commission, placed higher education reform in the spotlight with a strong critique of the status quo. In Europe, the Bologna Process established a common higher education area to standardize the educational cycles and create a European Higher Education Area.

Though the Spellings Commission was an initiative of the prior presidential administration, the impact of their 2006 report continues to be felt through its succinct articulation of a four-part reform agenda: access, affordability, quality, and accountability. Higher education in the future will need to be open to more students, keep costs reasonable, maintain high standards, and be responsive to stakeholder demands. More broadly, the commission removed any illusions that U.S. higher education would be immune from reform waves that have buffeted primary and secondary schools over the last quarter-century. Actual

policy initiatives are just beginning, but the systemic problems identified by the commission have resonated with policy makers and influenced the way college and university leaders frame the issues facing their institutions.

The Bologna Process represents a different sort of reform agenda, one that is based less on rhetorical critiques and more on addressing the practical problems inherent in coordinating multiple systems of higher education: standardizing degrees cycles, facilitating cross-border mobility of students and faculty, improving the quality and attractiveness of a coherent European model for education, and improving Europe's ability to strategically compete and cooperate with other countries and regions. Because of the scope of reform initiated under the process and the significance of the European region to global higher education activities, the impact of these efforts can be felt outside of the immediate signatory countries.

In the Spellings Commission and the Bologna Process, we have two reforms that, for different reasons, reflect the spirit of the times. With Spellings, the focus is on topics that can serve as launching points for the broad restructuring of the higher education landscape or narrow initiatives that affect institutional purpose, functions, or outcomes. It emphasizes dissatisfaction with current practice and willingness to go after those that were formerly sacred cows. With Bologna, the agenda demands cooperation and partnerships among disparate actors, and focuses on creating a common trajectory for higher education in the region. The reforms represent a reappraisal of the role of national systems of higher education in an increasingly borderless world.

Of course, reforms come and go in higher education. Not all amount to much real change. But the themes articulated by the current agendas and initiatives show the course that higher education is on, the routes to be navigated by college and university leaders moving forward.

Growth in Demand

Demand for higher education is increasing around the world. More students and a greater variety of students represent the future of higher education both in North America and Europe. For colleges and universities with long histories as institutions catering to a small and elite population, this represents a significant adjustment in mission. For others founded more recently, as well as those schools that have historically served large or diverse populations, this has been a reality for decades.

The growth curve experienced in recent years represents an enrollment shift at the system level, beyond what individual institutions have responded to on their own initiative. The "massification" of higher education in this respect puts pressure on all institutions to accommodate more students. Expansions in physical plant and development of technological solutions to capacity issues are part of the planning being done.

Growth also represents a cultural shift, as much of the increase is coming from under-served minority groups that have not been such a

significant part of the student body. A second cultural shift comes from different attendance patterns that new students tend to prefer: more part-time students and those with substantial family and work obligations will be increasingly part of the mix. Further, new students are coming from a greater diversity of economic backgrounds, with consequential implications for their ability to afford university study.

Many see the growing demand as a positive development for higher education. After all, a basic principle of economics is that demand for a product increases its value in the marketplace. Especially for institutions that can rely on student fees as a significant source of income, more students mean more revenue. New resources can be spent on expansion, recruitment of faculty, and improving infrastructure. Competition for students may be fierce in some pockets, but the rising tide of students lifts all boats and creates opportunities for well-positioned colleges and universities.

Access and Outcomes

The specific expectations for higher education now and in the future have been in flux, but two issues can be identified with certainty. Colleges and universities will need to improve access for students seeking a higher education, and they will need to improve outcomes for the students who attend their institutions. In other words, colleges and universities need to help more students be more successful.

The access dimension of these changing expectations reflects the growing demand for higher education discussed previously. But access will not simply mean throwing open the doors of higher education to all who want to attend. Universal access is not the goal. Rather, access means removing the barriers to entry that prevent many otherwise qualified students from finding a place in the system. Universities will be expected to identify unnecessary restrictions and requirements that are roadblocks for students, and streamline procedures to make sure information about their institutions is available to all students preparing to attend higher education. This includes information for adult students and others who may be approaching university from a non-traditional path.

A significant aspect of access is the role that technology can place in making barriers of time and place irrelevant. In just the last decade, online education has become commonplace among institutions of higher education. No longer radical options, modes of instruction such as distributed learning, blended learning, and asynchronous learning are opening the door to new ways of providing student access to university. Moreover, the ability to communicate easily and efficiently has eased the coordination of the vast activities of the modern university. Before enrollment, students can find information about the school, its requirements, and opportunities for learning; once enrolled, they can access library resources, discuss assignments with faculty, and work with peers at a distance. Advancements in technol-

A significant aspect of access is the role that technology can place in making barriers of time and place irrelevant.

ogy make what we do today seem simple tomorrow, and what we will be able to do tomorrow seem unimaginable today.

Just getting students in the door, however, is not the final step. Universities must ensure that they have a quality experience while enrolled, and facilitate their continued enrollment and eventual graduation. The learning outcomes of education are important to the value proposition for colleges and universities across all countries. Important too are outcome measures such as timely graduation, attaining gainful employment, paying back student loans, and achieving competencies in a range of practical skills. Colleges and universities are clearly responsible for students during their time at the institution. A look to the future suggests that responsibility extends to students' career success once they leave school as well.

Economic Adjustments

Old economic models and assumptions will need to be modified to take into account changes in resources available for higher education. Most often this is discussed in terms of declining government support. Particularly in this recessionary environment, education is seen as discretionary spending and is subject to cuts when government coffers run low. In some countries, however, it is more accurate to speak of declining support relative to student enrollment. State support increases modestly, but not enough to keep up with the growth in student numbers. More broadly, though, the amount of government support will not keep pace with increasing higher education costs. Colleges and universities will have to adjust.

There are two ways to accommodate these changing economic conditions. The first involves bending the cost curve. Colleges and universities need to become more efficient in operations and develop their existing organizational capacity without additional funds. They may rely less exclusively on a labor- intensive model for providing education, develop shorter degree plans, or make full-year use of their physical plant. Efficiencies may also come from outsourcing non-essential activities.

The second strategy is to diversify revenue sources, so declines in one area are not devastating to the entire operation and can be made up for by increases in other areas. Charging student fees is now commonplace, even in countries that have historically sponsored all students in higher education. Some institutions are looking expansively to earn more from those fees. Options include opening tuition-driven branch campuses, establishing higher fees for certain degree programs, contracting with partners to deliver curricular products, and recruiting internationally for fee-paying foreign students. Other revenue sources include research grants, licensing intellectual property, and consultancies.

There are two ways to accommodate these changing economic conditions. The first involves bending the cost curve… The second strategy is to diversify revenue sources, so declines in one area are not devastating to the entire operation and can be made up for by increases in other areas.

Economic adjustments are not just reflected in internal university

operations. Universities must also come to terms with the changing relationship between the perceived value of a degree and its cost. No longer can universities be assured that the degrees they award are, by definition, worth the expense that students incur in earning them. The diversification of revenue sources suggests that students will be paying a greater proportion of the cost for their education, and subsidies are not offsetting the personal financial impact of this shift. In this environment, the value of the degree to the student—in terms of increased income or personal well-being—will need to increase. But also students will begin to make different decisions. They will be looking for lower cost options and making price conscious evaluations of a university education, further forcing a re-evaluation of the economics of higher education.

Shift in Governmental Control

A double-barreled shift in government control comes from the reduction of state resources dedicated to higher education, as well as increasing regulation and oversight coming from the state. Ironically, as the state is being replaced as the primary sponsor of educational activity, policy makers have become less trusting of the university as a steward of its funds. This complicated situation means that colleges and universities will need to respond to all their different stakeholders while operating in an increasingly regulated environment.

Regulations appear to many college and university leaders as unfunded mandates: requirements that increase operating expenses but with no corresponding increase in funding to offset added costs. In some cases, colleges and universities have sought relief from these mandates by promoting a privatization agenda. Even without explicit negotiations, higher education leaders look for ways to obviate oversight by creating private endowments and foundations that can operate without triggering regulatory mechanisms. The effect is further separation of colleges and universities—financial and otherwise—from their government patrons.

As the relations with the government continue to change, we should expect pushback from policy makers who are loath to relinquish their link with and control over higher education. At least until a new equilibrium between government sponsorship, funding, and regulations is achieved, each side will continue to view the other warily.

Competitive Environment

Higher education in Europe and North America is marked by competition for resources, students, faculty, and status. The competition is highlighted by the declining importance of geography and borders. No longer bound to a particular region, colleges and universities are able to strike out in new directions and challenge those that formerly made up the educational landscape.

Competition comes not only in the form of other colleges and universities seeking to expand and extend their operations, but also through the emerging new competitors from the private sector, though this applies to the United States and

Europe with no relevance to Canada. Without the same layers of government oversight, the for-profit sector has demonstrated an ability to react quickly to the changing environment and to attract programs and students away from publicly-funded institutions. For-profit higher education, where it exists, has established a business model that takes advantage of technology and economies of scale to provide mass higher education to students in targeted programs with low overhead. They can, in this way, lure students away from established institutions, putting pressure on the internal subsidies that all colleges and universities have where enrollment from less expensive programs supports the operation of more expensive programs.

With the rising demand for education overall, many colleges and universities have yet to fully feel the impact of the new competitors. Private and for-profit institutions serve a demand-absorbing role in many places, enrolling students who would not have a space at existing schools. At lower levels of education, though, the pressure of the for-profit sector is acute. And, as the U.S. experience has shown, with time these institutions will ratchet up their programs and seek more head-to-head competition with colleges and universities. The recent decision in the UK to allow a for-profit degree granting institution, owned by the same company that owns the massive University of Phoenix in the United States, shows the direction Europe may be heading. As the competition heats up, it forces colleges and universities to be more entrepreneurial and market-oriented.

III. What Do We Need to Get There?

A thousand years of tradition gives a measure of legitimacy to the university enterprise that has been a bulwark against the many challenges higher education faces. But clearly the institutions of higher education are not impervious to persistent assaults. Leaders cannot rely on "the way it has always been," and anticipate that real change will remain marginal, easily ignored, and easily kept away from anything that really matters. Rather, change is a persistent zephyr that can threaten to grow to gale force. Preparing for the wind does not make it blow any harder, but it can create the right circumstances to weather a storm.

Redefining Institutional Practice

To create these circumstances, colleges and universities need to examine their operating procedures and redefine institutional practices. Rather than resisting or denying that events can overtake traditional activities, university leaders need to see what opportunities may exist. These seven areas, as discussed in the meeting, are challenges that can be reframed as opportunities.

AUTONOMY AND ACCOUNTABILITY

Autonomy and accountability are traditionally linked together. Increases in the latter restrict freedoms enjoyed under the former. Accountability demands on higher education are, therefore, often decried for decreasing autonomy, rather than for any real objection to delivering results. At the same time, many accountability schemes are formulated in ways that create conflicting expectations for universities or are presented by competing stakeholders with asynchronous requirements. By fully addressing all the accountability requirements that society has, higher education is placed at risk of only performing to the test rather than acting in concert with institutional mission.

The shift needed, then, under the new environment involves integrating accountability demands as part of the responsibility of autonomous institutions. The development of measureable outcomes should be standard operating procedure, and reporting those results to stakeholders equally routine. But the outcomes measures should not simply be variations on externally generated claims on university activities. Working with state funders as well as with students

and the general public, colleges and universities need to exercise their expertise and develop accountability measures that maintain the distinction of an autonomous institution. To be clear, this is not about claiming autonomy by resisting external demands for accountability. That is the old paradigm. Now, universities need to embrace accountability as a core function at the same time making independent decisions about the results that are important to measure.

FOCUS ON ATTAINMENT

Attainment is one outcome measure that would seem to fit in well with the new realities facing higher education, at least in the U.S. context. Certainly, the federal government has developed bold goals for student enrollment and graduation, and most U.S. universities understand student success to be a core mission. The difficulty is that the United States has a higher education system that normalizes attrition. Some students will not enroll. Of those that do enroll, some will not graduate. Because it is an everyday event, the numbers do not shock or offend. But a focus on attainment places new attention on normalizing student success.

There are several benefits to adopting such an approach. Importantly, it fits with what governments see as a primary benefit of supporting higher education: the economic development of the region or country through an educated workforce. The approach also forces consideration of the preparation of students for post-secondary academic work and requires higher education to engage with primary and secondary education to ensure all students have the opportunity to learn. An attainment focus places responsibility for student success at all levels of higher education as well and creates a simple and readily measured metric to evaluate institutional activity.

The way systems of higher education are organized in some countries would need to be reconsidered, however. The universal pipeline approach to education, with levels reflecting age-appropriate placement of students, for example, is not accommodating to adult returning students. And capacity issues would need particular attention, especially with quality issues continuing to challenge any model that dramatically ramps up access. But at this juncture, attainment can give focus to these other issues and guide a complicated dialogue around a clear and common goal.

CHANGING FACULTY ROLES

A clear need for colleges and universities in the new environment is what one of our participants called a "new rhetoric of faculty work." The standard faculty framework of research and teaching, with research paramount, is showing its age. The significance of research to the faculty career is increasingly at odds with university and societal goals that place student attainment in the foreground. Of course, faculty can be good researchers and strong teachers, and an argument can be made that professors engaged in research make for more engaged professors in the classroom. But changing faculty roles and rewards to bring a higher

value to teaching has made little progress.

The intransigence of the faculty is not the only issue, however. Universities, too, send mixed messages about teaching, and even the language used to describe the various activities faculty engage in belie the diminished status of teaching. We have, for example, teaching "loads" and research "opportunities." We "release" faculty from teaching obligations but never from research expectations. Often, the number of classes a faculty member teaches reflects his or her status within the institution.

A number of universities are making adjustments to how they hire and promote faculty to effect a change in the relationship between scholarly work and teaching. Paying salaries to high-performing teachers that are equivalent to their research-productive peers or developing external peer review procedures for instructional activities are two strategies discussed at our meeting. The most radical options involve disaggregating the faculty role; have three separate individuals in charge of teaching, curriculum design, and assessment, for example. The use of part-time faculty, or faculty with only obligations to the classroom are other options, though not without their own problems within the academic culture. But colleges and universities will have to explore these and other methods to better balance the faculty role with the demands of the new environment.

ALTERNATIVE ACADEMIC MODELS

Along with revamping standard faculty roles, colleges and universities also are exploring adaptations to the traditional academic models that currently characterize higher education. An agrarian calendar, elaborate physical plant, time-defined learning, and all-inclusive pricing are all parts of a labor-intensive process that adds costs and resists efficiency.

Several changes to traditional models discussed at the meeting are being implemented at different institutions. First is the development of short-term modules or programs of study that accelerate the path toward a degree. A parallel model involves various ways of breaking up the curriculum into smaller chunks and making them more accessible to students. The calendar itself is up for discussion, as there is a growing awareness that colleges and universities cannot afford to let their instructional capacity stand idle for several months each year. Another alternative involves reducing or eliminating any activities provided to students beyond direct instruction and academic advising. Such "no-frills" education, already typical for technical education, short-cycle education, and U.S. community colleges, is suggested as a way of ramping up access without requiring the creation of expensive new research universities. Finally, the power of technology is consistently cited as a way to gain economies of scale over the educational process. Once an online course is appropriately designed, thousands more students can be taught with little impact on marginal costs.

These alternatives are often seen as reflecting a for-profit model of education. They focus on the unit cost of educating students and seek to develop ways of reducing expenses associated with instruction. But college and university leaders also see them as ways they can adapt to the new environment while still supporting a traditional academic model as the core of their enterprise. In response, institutions are implementing hybrid solutions. Term courses are offered alongside an accelerated summer session, for example, or students enroll both in online and in-class courses.

Successful implementation of plans to manipulate traditional academic models, of course, relies on new faculty roles in the process. But the new roles and corresponding academic models are not intended as a wholesale replacement of the old. Rather, university leaders are relying on incentives to encourage early adopters of new models to serve alongside—and without penalty—their more traditional peers. The new university, therefore, will itself be a hybrid. Right now, the balance between old and new still includes much internal tension and even suspicion of motives. College and university leaders and other members of the academic community will need to address these tensions as they seek equilibrium in the new environment.

REGIONAL DEVELOPMENT

Much of the motivation for reform comes from the longstanding demand for higher education to be engaged in the community. Since the constituent parts of the community are changing, institutional engagement must change as well. The informal or idiosyncratic contributions that counted as engagement previously now need to be assembled under a common rhetoric of regional development.

Regional development is inherently about inter-institutional cooperation. Goals and plans must reflect the broader agenda of the region. This implies that higher education agendas cannot be set in isolation but must involve all the major actors in the region—not just state agencies and policy makers, but the private sector as well. The government is concerned with linking its investment in university activities to locally identifiable economic outcomes. The private sector is looking to the university to provide intellectual capital as well as improvements to the workforce necessary for a vibrant economy.

Regional development benefits higher education as well as the community. Colleges and universities gain increased relevance for and access to local community leaders. Institutions can access new revenue streams as well as new reservoirs of good will. This reflects a revitalized relationship between universities and their communities, replacing town-gown antagonism with partnerships striving for shared results.

INTERNATIONALIZATION

A parallel theme to regional development is internationalization. Regional development is about higher education contributions at a local level, and internationalization broadens

the impact to consider the ability of higher education to engage the global community. Most directly, this involves the growing mobility of students across international borders. They are seeking out the best colleges and universities in which to meet their educational goals, no matter where they are located. Again, this provides a source of revenue for higher education in most countries, as government subsidies rarely extend to foreign student populations. But more importantly, universities are seeking out new students to establish an international environment on campus for educational purposes at home. Moreover, institutions in many countries encourage their own students to engage in international experiences through study abroad and other short-term travel. Mobility also involves academic movements of faculty and the curriculum. Faculty members are engaged through research and scholarly collaborations with colleagues in other countries. Universities support the internationalization of the curriculum by encouraging global perspectives in the classroom. The larger point is that an educated citizen of the world must have knowledge of other cultures to be successful. This is driving the international agenda of universities in almost every country represented at our meeting.

Internationalization, however, means more than just mobility. It also means developing linkages and partnerships with institutions in other countries. Particularly in Europe, universities are engaging in joint curricular programs with foreign institutions so that students abroad can access a European education. In these cases, the internationalization efforts are directed externally, and often independently, of efforts on the home campus. Other cross-border activities include the development of international branch campuses in partnerships with foreign governments and private providers.

There is a need for higher education to ramp up these international activities and develop global reputations to attract partners and participants around the world. Colleges and universities are important not just to their local communities, but also to national and global progress and well-being. It is vital that local leadership understands and supports this global commitment and recognize the inter-relationship between domestic agendas and the university as a global entity.

ENHANCING CAPACITY FOR CHANGE AND INNOVATION

Note that none of the above issues are about governments giving higher education more money. Though almost certainly none of the leaders at our meeting would refuse the offer, they understood that times have changed. Colleges and universities have to develop their own organizational capacity for change and innovation using the resources already at their disposal. These include the creativity of college and university leaders, faculty, and other staff to understand the environment and respond proactively to the new imperatives facing higher education. No participants were looking for a return to the years of full funding with no questions; when student outcomes were measured

in average grades at the end of the term and competition only involved intercollegiate sports. The changing environment requires new ideas and rethinking old assumptions.

To begin with, innovation can be the hallmark of the university. Some participants thought that the resources of institutions should be directed toward developing internal innovations of policy and practice. The point is not to end higher education as we know it. Rather we can take advantage of the innovation surplus inherent in the modern institution of higher education—a surplus that emerges from engagement with ideas and from pushing the boundaries of knowledge—and imagine the institutions of the future. The reputation of colleges and universities as places resistant to change simply has to end.

Second, some participants thought that institutions could seek out ideas from outside the academy and consider how changes advocated by even our staunchest critics can be used to further the higher education agenda. Alternative perspectives can generate reform. All ideas can be critically assessed and adopted in whole or in part, or not adopted at all if those ideas unduly pressure higher education to violate its core mission and purpose. Institutions may respond differently, but all can respond.

Third, capacity for change can be enhanced by looking at new competitors and understanding what it is that they do well, and that colleges and universities can emulate. For example, for-profit providers in the United States have been remarkably successful at attracting new students by offering programs of study geared to workplace demands. They also design their academic activities around the needs of the students, not the expectations of the faculty. Colleges and universities could take some of these lessons to heart. At the same time, for-profit institutions also have a curriculum that is devoid of the liberal arts and is uninterested in the pursuit of new knowledge. The challenge is in taking innovation lessons from them without rejecting the core mission of higher education.

Finally, change and innovation feed off of themselves. Small adjustments can lead to bigger reforms. But change is not accomplished just for the sake of change. Colleges and universities have missions and values that are worth preserving regardless of the tumultuous times. It is true that complacent institutions will have a tough time, and rudderless institutions will never show progress. Only those institutions that have a clear sense of direction have the compass necessary to avoid rocky shoals.

The point is not to end higher education as we know it. Rather we can take advantage of the innovation surplus inherent in the modern institution of higher education—a surplus that emerges from engagement with ideas and from pushing the boundaries of knowledge—and imagine the institutions of the future.

Institutional Imperatives

The future success of higher education relies on leaders making good decisions in the face of incomplete information. Three areas were consistently noted during our meeting as institutional imperatives, which leaders must keep in mind. Colleges and universities need to focus on

assuring quality and access. They need to continue assessing student outcomes and institutional activities. Finally, they must be comfortable articulating their institutional values and their value to society.

ASSURING

Quality assurance is among the most significant activities that institutions of higher education undertake. Typically understood as a feature of external evaluation, it should be placed in its broader context as an institutional imperative. That is, colleges and universities have an obligation to assure all relevant stakeholders that their academic program is of the highest quality. Institutions do this not because someone is looking over their shoulder or to gain competitive advantage over others. Rather, quality assurance is an institutional imperative because it is in the very nature of the university to seek a better way forward. Academic quality is not a commodity to be traded. In that respect, it is synonymous with institutional reputation, even more so because, like reputation, quality often seems intangible or ephemeral. Constant vigilance, therefore, is required.

Universities and colleges are obligated to review their own performance. In particular, they need to continually examine their organizational activities and look for ways to increase efficiencies and decrease waste. They need to scan the environment for opportunities to extend their mission into new areas, and evaluate existing activities to see if they should continue. Finally, universities should examine their own goals and benchmarks to make sure they are aligned with local needs and global initiatives.

A different level of assurance comes from higher education's access mission, which is the obligation to assure that its doors remain open to the widest segment of society possible. Of course discrimination is unacceptable, but so is restricting access based on elitist qualifications that are unrelated to the potential of a student to be successful. In a competitive world, universities may find it easy to proclaim an edge based on selectivity and increase value through scarcity, but access to higher education is too important a societal good for myopic institutional interests to push aside.

These two assurances go hand in hand. Colleges and universities must make sure that students have access to education, and that the academic programs they provide—as well as the research and other activities conducted in their name—are exemplary in quality. Access without quality is a fraud. Quality without access is a mirage. Both are required to assure society that higher education continues to be worth the investment.

ASSESSING

Linked to the assurance of quality and access, higher education next has the imperative to focus on assessing student learning and outcomes. The assessments required involve probing into what students have actually accomplished in their studies. The assumption that seat time equals learning is not tenable, nor can faculty assume that

grades will be sole measures of achievement. Institutions of higher education must devote attention to independent evaluations of learning and explore ways of measuring the impact of learning, even after graduation. Demonstrated competencies and workforce participation will be part of the mix, and it is likely that third party student evaluations will become more significant. European universities have developed internal quality arrangements that even go beyond measuring learning outcomes.

It is crucial that assessments to be tied to improvement. There is no value in doing assessments, only in their use as tools to better the institution. For example, the transparency movement in the United States argues for student assessments to be used for instructional improvement, as well as part of the institution's consumer information portfolio. University performance assessments can be used to drive the academy's version of continuous quality improvement and provide data for external evaluations by accreditation agencies. The imperative that drives the assessments must come from within the institution, however, and not simply be a response to external demands.

ARTICULATING

In all of these matters, college and university leaders need to be confident in articulating how institutional activities and actions correspond to institutional values. This means more than just justifying the latest initiative based on a generic mission statement. The core principles of teaching and research, and the focus of institutions of higher education as organizations based on scholarly principles must be clear to internal audiences and external stakeholders alike.In a newly competitive environment with revenue pressures serving as potential distractions, college and university leaders need to remind their audiences—and themselves—why the altruistic and charitable inclinations of the traditional university model still guide everyday activity.

Just as important as the articulation of institutional values is the articulation of the value of higher education to society. That value proposition is the main reason for public support of higher education, and more generally is required to maintain the legitimacy of an academic enterprise devoted to serving the public good. Higher education leaders need to articulate how their institutions serve the public interest in terms of the specific needs of their community and nation, including their role as global ambassadors on the world stage.

Value to society, of course, should dovetail with institutional values. Institutions of higher education should not become mere conduits for government projects, nor should they engage in mission creep simply to satisfy a political agenda. But the work of colleges and universities must have both extrinsic and intrinsic value. Articulating both sets of values equally is a challenge higher education leaders must meet.

IV. An Action Agenda for Higher Education Leaders

Universities, like battleships, don't turn on a dime. But neither are they immune to expert navigation tuned to current environmental conditions. Leadership for the future demands knowledge of how the arc of change facing higher education today will influence where our institutions are tomorrow. This is not deterministic, however. Leaders, like captains of slow-turning vessels, guide the university toward common goals that are valued by society while maintaining the values of academia. This report, then, concludes with a set of implications for leaders who see the opportunities the current environment presents for directing their academic ship.

Develop the Next Generation of Leaders

As many institutions have long histories, leaders have an obligation to respect what has come before. Equally important, though, is to focus on ensuring that those who follow are prepared to do the same. The next generation of leadership should not be turned over to those who see demolition as the only opportunity for the future of the university. Higher education should be led, rather, by those who have investment in and understanding of the academic mission of universities [note: recent CIC and ACE reports emphasize this risk]. Of course this does not mean that a simple replication of past practices is all that is required. Indeed, as the rest of this report should have made clear, the changing environment demands a changing university. The next generation, then, should not only know the system, but also be ready to change it.

Create New Funding Models for the 21st Century

Government as the dominant source for higher education funding offers many advantages for a system devoted primarily to the preservation and dissemination of knowledge. But that traditional mission has expanded. New activities, especially those that are initiated from an entrepreneurial agenda, can be constrained by government-imposed limitations or regulatory requirements. For example, expansion outside the geo-political boundaries of a state entity is limited by an obligation to the place-bound citizens who support higher education through their taxes. The imperative, then, to develop new funding models is

supported by other factors, as well as the anticipated reduction in government spending on higher education in many countries. More important is the necessity to diversify revenue sources in order to give higher education the flexibility it needs to adapt and thrive in a fast changing environment. Non-government funding through private sector partnerships and multi-institutional collaborations, as well as building fee-based programs of instruction in selected areas, add flexibility to the university economy. In the future, new government resources, when available, would provide the cushion for experimentation and risk-taking, and reductions in state funding, when they occur, can be mitigated by stepping up alternative sources.

Recruit Faculty with Diverse Skills

The faculty of the current university will continue to serve the university of the future and remain the scholarly center of our institutions. They will be joined, though, by other faculty with different skills to serve in a variety of new roles mandated by the changing environment. Currently, increasing numbers of part-time and other contingent faculty are hired, at least in the United States, and are justified as prudent accommodations to a difficult financial situation. The new faculty of the future university, however, should not be recruited simply to save money. Robust intellectual engagement and connection to societal needs and workforce demands need to be part of the academic dynamic, and strategies for hiring and promoting individuals with these skills have to be part of the leadership repertoire. The faculty role itself also will be more diverse, with traditional teaching and research roles dividing and combining in new ways. Moreover, internationalization and technology are pushing universities to reconsider their expectations for faculty involvement in an academic mission that places value on global reach and access. Faculty committed first to their discipline, and second to their campus employer, may find their options limited. Faculty committed to engaged higher education, on the other hand, with skills matched to the broadening goals of the academy, will be sought out for new positions and opportunities.

Develop Multi-directional Leadership

Leadership is not just about what happens at the top of the pyramid. Universities are notorious as loosely coupled systems; it is difficult for everything to move in unison with multiple sources of authority simultaneously present. Top-down direction by itself is as ineffective now as it will be in the future. Our focus on leadership, then, should not be understood as imposing a command and control structure on the university, or a recommendation to duplicate the strict discipline of a corporate environment. As one of our participants said, we need good bottom-up to be paired with good top-down. This means taking advantage of all of the human resources at the university's disposal, and encouraging involvement in the leadership of the institution at every level. Advice and counsel from the faculty is important, as is the

development of leadership teams cross-populated with responsible parties from across the university. Meeting the challenges higher education faces is bigger than one person, and recognizing opportunities is easier when everyone is paying attention.

Value Imagination and Creativity

Universities of the future cannot be bound by tradition, even though they are empowered by that tradition. The conventional freedoms of academic life can be used to welcome unconventional thoughts and create new opportunities with unbounded imagination and creativity. The damage done by assumptions of inevitability and rote duplication of last year's model can be catastrophic. Especially in an environment that is changing so rapidly, imaginative ideas open up possibilities and creative use of existing resources presents new options to consider. The university, then, should be a place where the inspired and ingenious ideas not only find a home in the lab and the library, but also in the chancellor's office and the dean's conference room.

Address Sustainability

All of the innovation and creative solutions to the issues facing higher education will come to naught if questions of sustainability are not addressed. First, all institutions must be sustainable economically, with a revenue stream that is sufficient to their purpose and aligned with their mission. Private institutions have their own ways of developing that stream, but publicly-subsidized institutions should not be expected to be self-supporting. But they can be expected to be self sufficient. Private institutions cannot simply pursue their business model without validating the continued salience of their academic model. From this perspective, sustainability requires the institutional mission to be consulted in planning for the lean years, and ensuring rainy day funds never go dry. In addition to economic sustainability, universities should also be sustainable environmentally. If higher education expects to be around for another thousand years, the long-term consequences of resource usage must be at the forefront of strategic planning.

Toward an Action Agenda

- Develop the next generation of leaders
- Create new funding models for the 21st century
- Recruit faculty with diverse skills
- Develop mult-directional leadership
- Value imagination and creativity
- Address sustainability

V. Concluding Remarks

We close with a few reminders to summarize our main points. First, setting future goals demands a realistic appraisal of current circumstances. Even the best sailors cannot reach port without knowing their position on the sea. Scan the environment. Take stock of strengths and weaknesses. Be aware of momentum and inertia. Identify the organizational capacity for change.

Equally important to knowing where you are is recognizing the options and opportunities in the current environment. A breeze is not the same as a gale, but both will move a ship and most assuredly will affect the ease of a journey. So focus on what is controllable and understand what is not. Plan for the unpredictable and take advantage of resources that will support institutional goals.

Finally, there are many ways of setting a true course, by guide stars or coastal landmarks. But the farther one is from the familiar route, the more important it is to have several ways to cross-check the new route. So consult with others who share your goals. Learn from mistakes, as well as successes. Don't be distracted by changing circumstances.

Higher education today faces a host of challenges, but they are experienced differently in different countries and different institutions. Some universities will find they need to do more with less. Others will be expected to do more with more. It is important to recognize that both scenarios demand hard choices for a future that will not be kind to the status quo.

VI. Appendix: Transatlantic Dialogue Participant List

The individuals listed below participated in the June 2010 Transatlantic Dialogue held in New York City, NY. Their titles and affiliations reflect those at the time of the dialogue.

CANADIAN PARTICIPANTS

Michel Belley
Rector
Université du Quebéc à Chicoutimi

Amit Chakma
President
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Paul Davidson
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