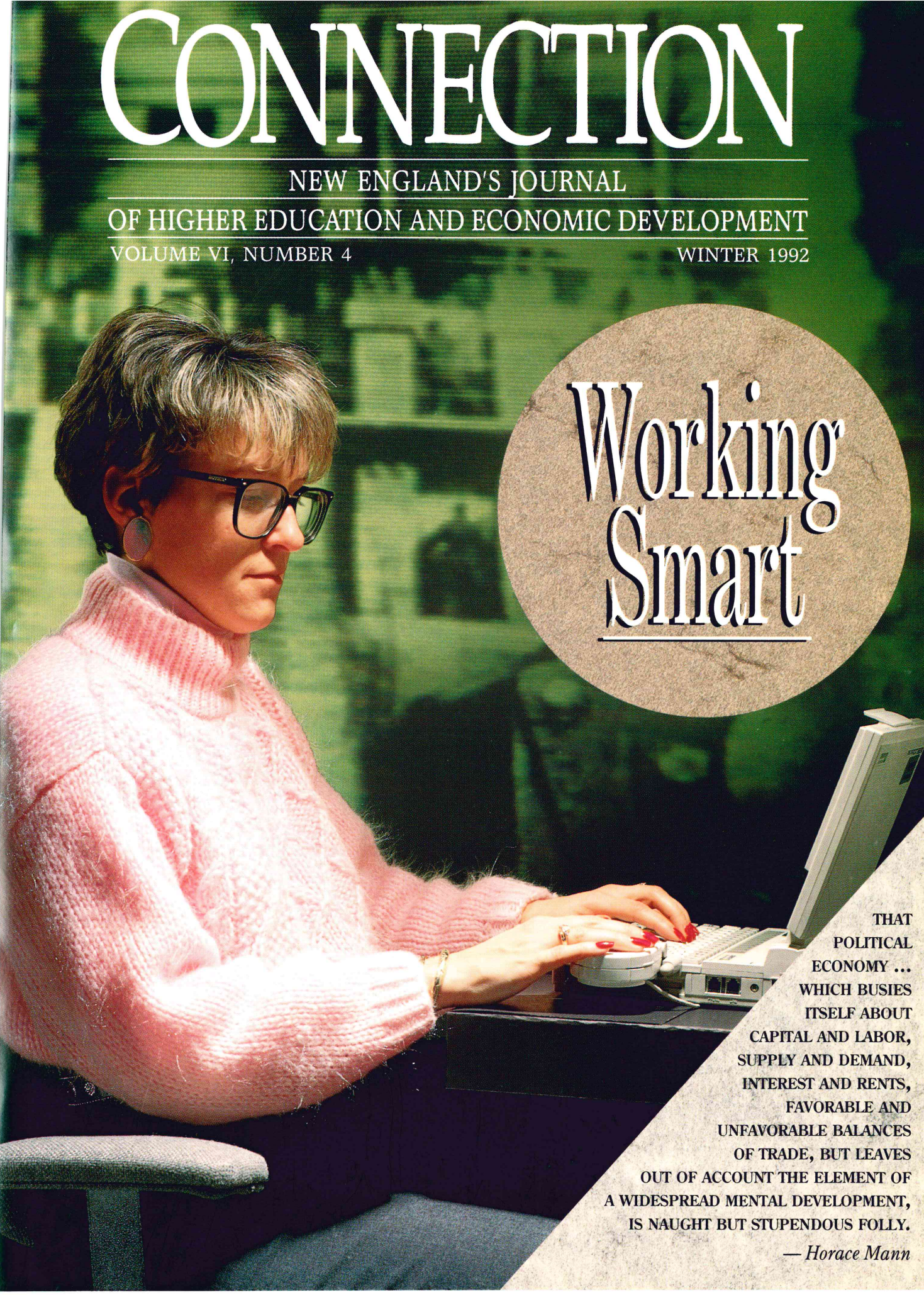


CONNECTION

NEW ENGLAND'S JOURNAL
OF HIGHER EDUCATION AND ECONOMIC DEVELOPMENT
VOLUME VI, NUMBER 4

WINTER 1992

Working Smart



THAT
POLITICAL
ECONOMY ...
WHICH BUSIES
ITSELF ABOUT
CAPITAL AND LABOR,
SUPPLY AND DEMAND,
INTEREST AND RENTS,
FAVORABLE AND
UNFAVORABLE BALANCES
OF TRADE, BUT LEAVES
OUT OF ACCOUNT THE ELEMENT OF
A WIDESPREAD MENTAL DEVELOPMENT,
IS NAUGHT BUT STUPENDOUS FOLLY.

— *Horace Mann*

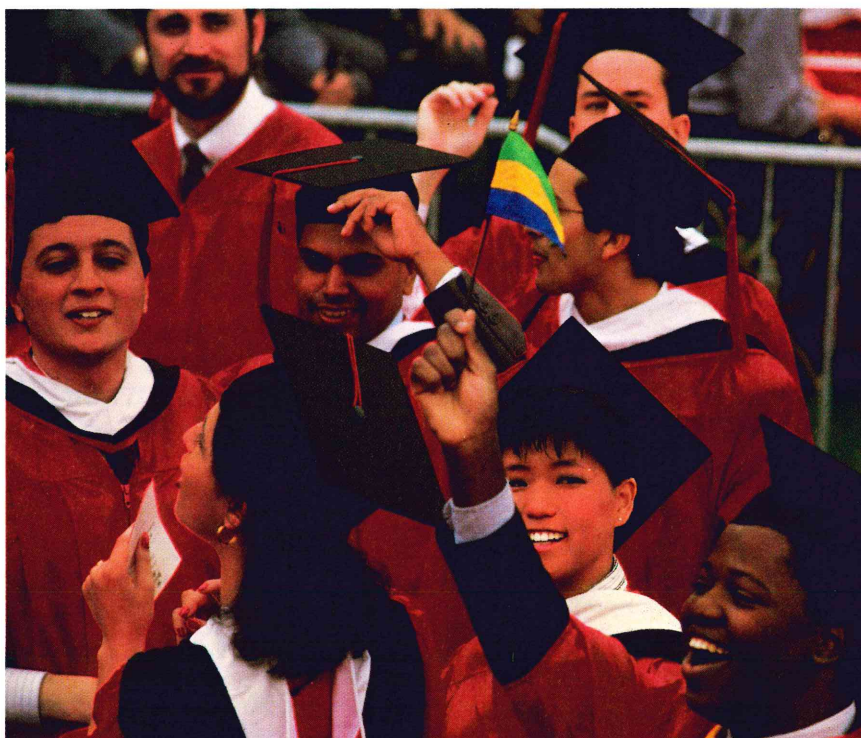
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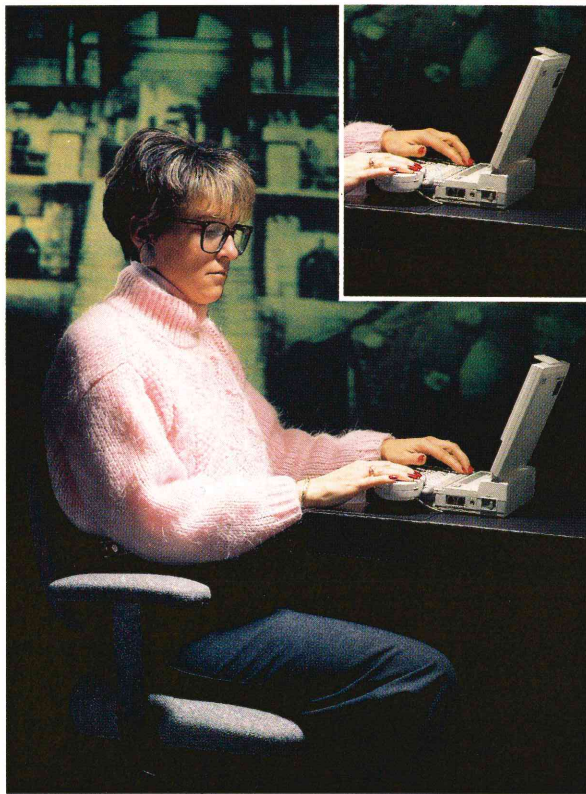
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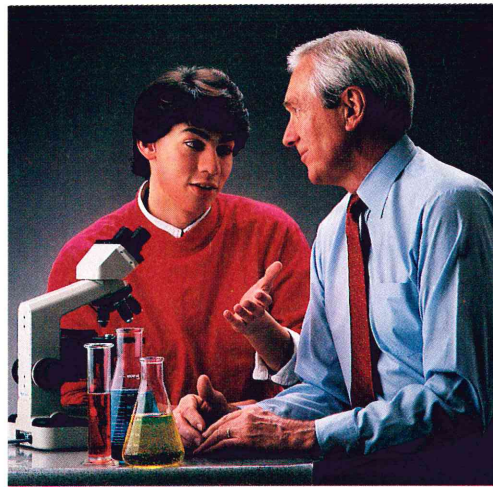
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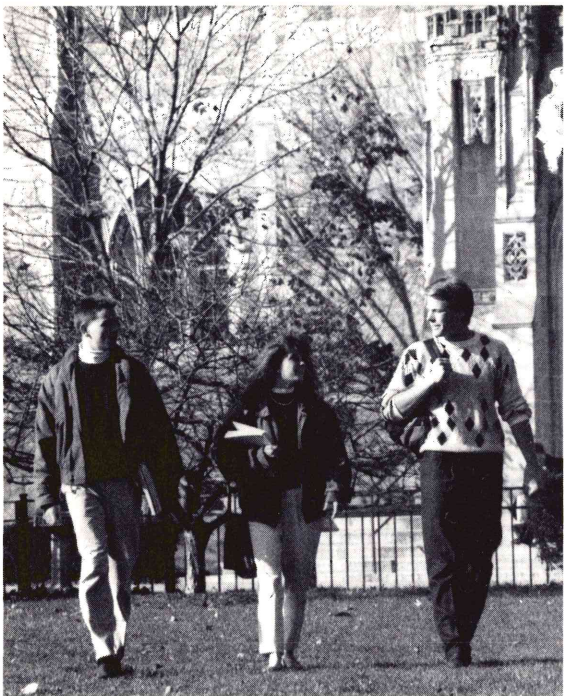
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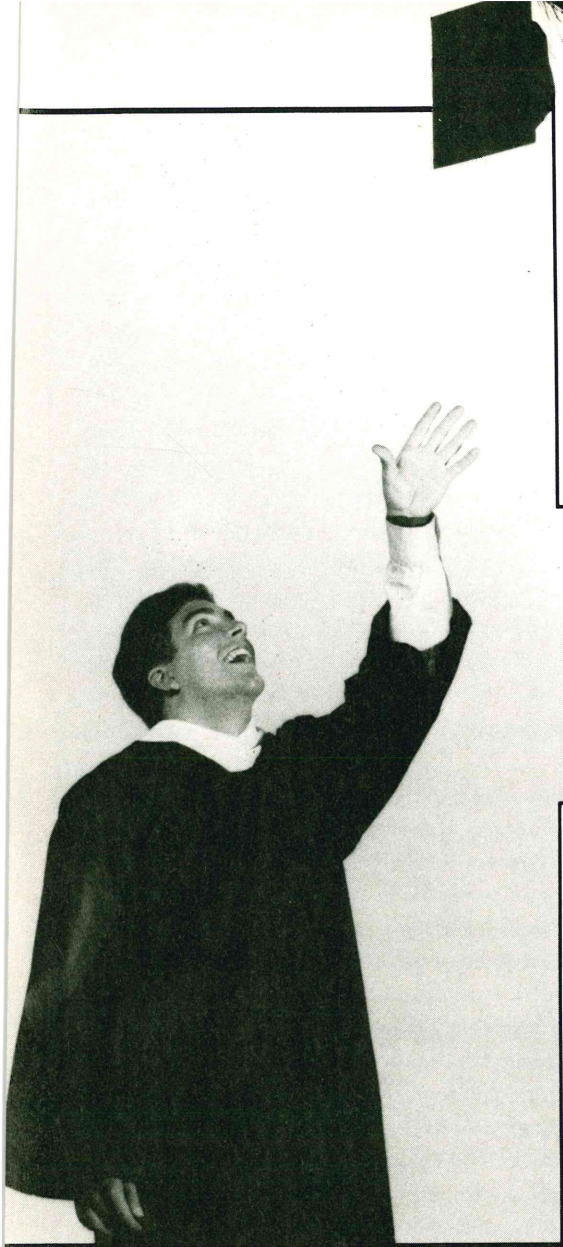
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OF HIGHER EDUCATION AND ECONOMIC DEVELOPMENT

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The New England Board of Higher Education was established as a nonprofit agency by the New England Higher Education Compact, a 1955 agreement among the six states that was authorized by the U.S. Congress. NEBHE's purpose is to advance and develop programs that encourage higher-education opportunities and improve efficiency in the use of resources among New England's public and independent colleges and universities.

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EDITORIAL MEMO

About 70 years ago, German film director Fritz Lang's *Metropolis* portrayed the city of the year 2000 with masses of workers enslaved by machines, toiling for the pleasure of decadent executives. In the 1960s, author Michael Harrington and others speculated that machines — controlled by computers — might abolish work. Today, with a little less angst, but under the heavy pressure of global competition, many in New England and across the United States are asking new questions about how management relates to labor, how man relates to machine — and more generally, about how we work.

This issue's "Cover Stories" by Robert Kuttner, Ira Magaziner and Sven Groenings et al shed light on the ongoing reassessment of the daily grind. Articles by Charles Kolb and Robert Wood tell us the oak and overstuffed chairs of law offices and universities provide no refuge from this rethinking of work.

Though there is disagreement on precisely how to improve the workplace, there is some agreement that success will begin with humans "working smart." It is true that machines don't call in sick, complain or organize for higher wages and better working conditions. But, for the most part, they don't offer good new ideas or anticipate problems, either. New England, with its lack of natural resources, is particularly dependent on smart workers who can exploit advanced technologies, rather than letting technologies exploit them.

Working smart, however, requires an overhaul of work organizations. Most U.S. companies are vertical, with a small number of decision-makers at the top and a large number of non-decision-makers at the bottom doing routine, repetitive tasks. But experts say the most effective work organizations flatten out the hierarchy. In these organizations, "frontline" workers are expected to make judgments, recommendations and decisions to ensure efficiency and quality. As decision-making authority is spread downward and outward in the modern workplace, managers will have to treat workers as equals, seeking and accepting their input. Because of changing workforce demographics, much of that input will come from women, minorities and older people, making the adjustment even more difficult for the most hidebound managers.

Unfortunately, two factors threaten to make working smart as fantastic as Lang's vision. One, workers — if they are to be relied upon — must have the knowledge and skills to improve production processes and the ability to work together to solve problems. Yet, many American workers lack the basic skills needed to read information from computer terminals and enter data correctly, let alone the ability to, say, weigh alternative production processes. Two, most employers know neither which skills to demand nor how to use them. And when they do discern a gap between the skills they need and those available in the labor force, many employers tend to view worker training as a cost, rather than an investment. In bad economic times like today's, most employers choose layoffs over skills upgrading. If we are to work smart, it seems, workers have a lot to learn, and old-line employers have a lot to "unlearn."

Clearly, 1992 New England should provide an attentive audience for new ideas about work life. Between the first quarter of 1989 and the third quarter of 1991, unemployment in the region rose steadily from 3.3 percent to 8.2 percent, and the share of the jobless who experienced unemployment for 15 or more straight weeks grew apace. On the heels of rising unemployment have followed plummeting consumer confidence, rising bankruptcy and increasing out-migration.

Of course, New England could choose the alternative to working smart: emphasizing docile workers, weak unions and low taxes. Kuttner calls it "working cheap." Horace Mann might call it "stupendous folly." □

John O. Harney is the editor of CONNECTION.

Growing or Shrinking?

The Association of Independent Colleges and Universities in Massachusetts (AICUM) reports that independent higher education in the Bay State is a \$12 billion industry.

The state's private colleges and universities pumped \$9.9 billion into the ailing Massachusetts economy and spread \$2.1 billion in economic benefits elsewhere during the 1989-90 academic year, according to AICUM. The institutions spent about \$2.3 billion of the total on salaries, wages and benefits for their more than 125,000 employees. They spent more than \$500 million on capital projects, equipment and land purchases.

Each year, the Massachusetts independents' economic impact grows. But a recent AICUM meeting featuring a presentation by Northeastern University President John A. Curry may be more indicative of private higher education's direction. The subject of Curry's talk: how to downsize.

Definitely Shrinking

Connecticut public colleges and universities enrolled about 2,300 fewer students last fall than one year earlier in the sharpest decline ever recorded by the state, according to headcount data released by the state Department of Higher Education. The 2 percent decline reflects enrollment drops in all types of public institutions except technical colleges, which saw a nearly 6 percent increase in students. Still, with a total enrollment of about 5,300, the five technical colleges combined serve fewer students than the state's largest community college.

Deciphering the Budget

The Bush administration claims its proposed fiscal 1993 budget would increase student-aid funding by 17 percent and create 410,000 additional awards. But the budget would actually provide \$95 million less than the current cost of existing programs and result in the loss of 1.25 million awards, according to American Council on Education Senior Vice President Charles B. Saunders Jr.

While the administration would raise the maximum Pell Grant from the current \$2,400 to \$3,700, other Bush proposals to tighten eligibility would deny Pell Grants to 438,000 students who are eligible for grants under current rules, Saunders says. And \$332 million of the increase in aid funds would be used to meet a fiscal 1992 shortfall in Pell Grant funding.

The Bush plan would also cut College Work-Study by 26 percent, while raising the institutional matching share from 30 percent to 50 percent, and cut Supplemental Educational Opportunity Grants by 38 percent, while increasing the institutional match from 15 percent to 50 percent. The plan would eliminate State Student Incentive Grants and capital contributions for Perkins Loans.

Meanwhile, the Senate has passed a bill to reauthorize the landmark Higher Education Act, minus two major proposals. One would have made Pell Grants an entitlement; the other would have eliminated banks from the Stafford Loan program and allowed institutions to lend federal funds directly to students. The Senate bill does increase guaranteed student loan limits, streamline the federal student-aid application process, remove home and farm equity from financial-aid calculations and raise funding for campus-based aid programs.

Saving on Tuition

More than 5,800 New Englanders have saved an average of \$2,930 on tuition bills in the 1991-92 academic year through the New England Board of Higher Education's Regional Student Program (RSP), according to new figures released by the board. RSP enrollment rose 3 percent over 1990-91, and total tuition savings topped \$17 million, compared with \$14 million a year earlier.

"It's gratifying to see an increase in the number of students participating in the program, even as the total number of traditional college-age students is dropping," says RSP Advisory Council Chairman Eugene A. Savage, the vice chancellor for university system relations in New Hampshire.

The RSP enables New England residents to pay significantly reduced out-of-

state tuition at public colleges and universities throughout the six-state region, if they pursue certain academic programs not offered by their home state's public institutions. Besides reducing college costs for students and their families, the program saves the New England states millions of dollars by allowing them to share resources, rather than duplicate costly academic programs.

More than 800 undergraduate and graduate certificate and degree programs are available at 84 New England colleges and universities through the RSP.

RI Law

Soon only two of the 50 states will be without law schools. Roger Williams College has announced plans to enroll students in Rhode Island's first law school as early as fall 1993. The Roger Williams College School of Law will be located at the college's Bristol campus, with a law clinic in Providence.

Rhode Island may not hunger for lawyers, but Roger Williams President Natale A. Sicuro says the Ocean State needs a law school to provide a focal point for law reform, legal research and continuing legal education.

College officials expect the school's start-up costs — including construction and library acquisitions — to approach \$11 million. The college's consultant on the project is Anthony J. Santoro, a member of the founding faculty of Western New England Law School and the founding dean of the University of Bridgeport School of Law. Santoro now heads the Widener University School of Law, which has campuses in Wilmington, Del., and Harrisburg, Penn.

Envirotech: Who Will Lead?

The Bay State Skills Corp. has published the *Massachusetts Environmental Industry/Education Resource Directory* with information about more than 300 environmental programs at 120 Massachusetts colleges and universities. The directory includes profiles of about 600 Massachusetts companies that provide environmental products or services and an

overview of environmental careers in the service, manufacturing and government sectors. It is the latest in a series of efforts to take inventory of New England's environmental resources and promote a coordinated march into a worldwide environmental market measured in the trillions of dollars.

But New England is not alone in its quest for "envirotech" superiority. The Pacific Northwest Economic Region — a sort of common market established last year by five northwestern states and the Canadian provinces of British Columbia and Alberta — met recently to set its agenda. Item No. 1: Make the Northwest the world's major supplier of environmental and pollution cleanup technology.

Globally Competent

The nation's oldest professional school of international affairs and oldest graduate school of management will offer a joint degree program they say will help the United States compete in the new international marketplace.

Dartmouth College's Amos Tuck School of Business Administration and Tufts University's Fletcher School of Law and Diplomacy will offer a joint master's degree in business and international affairs, starting in fall 1992. The three-year program will lead to a master of arts in law and diplomacy at Fletcher and a master of business administration at Tuck. Each degree normally takes two years to complete.

The program is designed to prepare students for management positions in international corporations, financial institutions and government agencies.

Around the Dial

This one goes out to struggling campus radio stations. WBUR-FM, the Boston University-owned public radio station, last fall attracted a larger weekday afternoon audience than any commercial station in the Boston area, according to Arbitron ratings for the period. That marks the first time a public radio station has won the ratings game in a major market. WBUR began in 1950 as a student-run radio station.

Education Continuum

New England high schools and two-year colleges — and in some cases, businesses — are forming federally funded Tech Prep programs that integrate high school and college curricula in fields such as computer-aided drafting and electrical engineering.

Students in Tech Prep programs earn credit for courses taken during the last two years of high school, which can be applied to associate degree or certificate programs. Tech Prep sponsors say the programs will bolster the technical workforce by encouraging high-school students to continue their studies in technical fields.

In Connecticut, two major employers are corporate sponsors of Tech Prep programs that will link community and technical colleges with high schools, beginning in fall 1992.

Pratt & Whitney will help the Manchester and Greater Hartford community colleges and the Hartford and Thames Valley technical colleges develop Tech Prep programs in manufacturing and chemical engineering. The aircraft engine manufacturer will also provide paid on-the-job training and tuition support to help 50 qualified Tech Prep students earn state apprenticeship certification. Groton-based Pfizer Corp. will sponsor a chemical engineering technology program at Thames Valley.

Andrew C. McKirdy, executive director of Connecticut's Community and Technical Colleges, says Tech Prep is a win-win-win strategy. "It's good for the students, it's good for the institutions, and it's terrific for businesses and industries that need people with more technical skills."

Education Continuum II

Spending scarce education dollars on programs for "gifted" students is controversial, considering the needs of "average" students. But two Massachusetts state senators say their plan to create a Massachusetts Academy of Mathematics and Science, while geared to high achievers, would have something for everyone in the Worcester area.

The academy, proposed by Sens. Arthur E. Chase and Matthew J. Amorello, would be operated through a public-private partnership between the state and Worcester Polytechnic Institute. Each year, 100 to 200 Worcester-area public high-school juniors and seniors would be selected, based on entrance exams and school performance, to enroll at the academy for two years. There, they would use WPI labs and other facilities and take classes taught by WPI faculty or "teacher/tutors" drawn from area public schools.

The teachers would serve the academy for one- or two-year stints, while taking WPI classes to improve their own math and science competencies. In addition, WPI students would identify and tutor economically disadvantaged students from the Worcester area who show an early interest and aptitude in math and science.

Under the proposal, the state would pay WPI a flat per-pupil fee based on average education costs in Massachusetts. "With the same dollar, you're getting the in-service training of public school teachers who, at the end of the period, will go back to their home schools as master teachers of math and science ... the result is more knowledge for the whole school," says Chase.

Students who complete the academy program successfully would earn one year of college credit, as well as a high-school diploma and a certificate from the state. If the program is funded, the first class of high-school juniors could enroll as early as fall 1992.

Education Continuum III

The University of Massachusetts at Amherst and the state's community colleges have launched an initiative enabling students to receive a dual offer of acceptance to both a community college and the university. Under the plan, students who complete an approved associate degree program with at least a 2.5 grade point average are assured in advance that they'll have access to specific university degree programs. Five community colleges will begin offering the dual acceptances in fall 1992; the other 10 will phase in the program over two years.



Jill Siegel before
we bought her student loan.

Jill Siegel after
we bought her student loan.

Like most students whose loans are sold to Sallie Mae, Jill hardly noticed the transition. Of course, there was a little extra mail at first, as we introduced ourselves. And now she mails her payments to a lock box instead of a bank.

But as you can see from her expression in the second picture, these changes didn't affect her too much. Because if she has a question about her account, Jill knows she can call us, even into the early evenings and Saturdays, too. And we'll be able to respond to her questions at the stroke of a key, since we have all the information on all the loans we purchase loaded into our system and immediately accessible.

And if Jill's FAA has a question about her account, we provide a toll free number (1-800-FAA-SLMA) especially for her FAA's use.

All of which goes to show that the sale of a student loan to Sallie Mae is no big deal. Just look at Jill.

SallieMae
1-800-FAA-SLMA

Refocusing on Education and Work

JOHN C. HOY

New England has been shedding jobs now for 36 months dating back to the “official” beginning of the regional recession in 1989. In 1991 alone, the region lost 266,000 jobs — the largest one-year decline since 1945.

Despite weak signals that the regional economy may be recovering, the severity of this recession tells us our knowledge-intensive, technology-based economy is not yet as resistant to business cycles as earlier believed. In fact, New England has fared far worse than the rest of the country: The regional downturn began 16 months before the national recession and remains deeply embedded. New England has lost 8.5 percent of its jobs, compared with the national decline of 1.2 percent.

The six-state region must do for itself what Washington has been unable to do for the nation. That is, reconsider from top to bottom the education and training of the workforce to match the skills of our global competitors.

New England embarks on this journey with one chief advantage over other regions — the diversity and quality of its higher-education resources. The region has 40 percent more colleges and universities per capita, and 60 percent more independent campuses per capita, than the country as a whole. As a result, New England is home to a higher proportion of college graduates than any other region of the United States.

With its remarkable array of universities, the region competes for and garners federal research and development funds far beyond its population share. New England receives 11 percent of all federal R&D dollars awarded to colleges, universities and nonprofit institutes — as much as \$1.3 billion annually. This represents the highest per-capita concentration of research dollars in the United States.

As the workplace becomes more com-

plex and demanding because of advances in information processing and computer technology applications, the diversity of New England’s higher-education base will become even more important.

The region’s two-year technical colleges and community colleges, for example, will take on an increasingly critical role. The majority of these are young institutions — most were founded after 1965. In a region dominated by four-year institutions, the community and technical colleges have struggled to gain acceptance. But their contributions to New England’s workforce are increasingly acknowledged. Already, the region awards 27,000 associate degrees each year, accounting for 25 percent of all undergraduate degrees — many of these are specialized degrees conferred by technical and community colleges.

New England embarks on this journey with one chief advantage over other regions — the diversity and quality of its higher-education resources.

Moreover, these institutions, working with their four-year counterparts and high schools, will be in the vanguard as New England seeks to rebuild its economy. For this rebuilding requires a regionwide, cross-sector approach to expand education and training and address the following economic and demographic trends: 1) rising occupational skill requirements necessitated by changing technologies and intense worldwide competition; 2) a restricted pool of younger trained workers as well as college graduates; 3) a growing proportion of minorities and immigrants who traditionally have been underrepresented in higher education; 4) inadequate training in our service sector, where productivity has increased at one-third the rate of manufacturing industries; and 5) the fact that two-thirds of growth in service industries will occur in knowledge-based fields led by health care, advanced business systems, education and engineering- and technology-based services.

In New England, leading-edge industries include telecommunications, bio-

medicine, software applications and environmental sciences.

While these trends are complex, one formula for success is clear: Place a premium on an educated workforce, improve the school-to-work transition and capitalize on the productivity of the region’s intensive scientific research to rebuild and create industries.

Today, half our high-school students who do not go on to higher education simply do not possess the basic educational skills and quality workplace training needed to compete. Further, recent studies reveal that America has one of the weakest school-to-work transition systems of any industrial country.

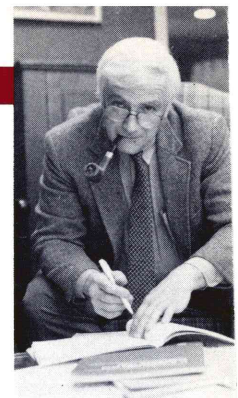
We must ensure that New England provides full access to education and training for all its residents. One way to do this is to expand our existing interstate education system aimed at providing educational opportunities for students in specialized fields. The New England Board of Higher Education’s Regional Student Program has been providing these kinds of opportunities for more than 35 years.

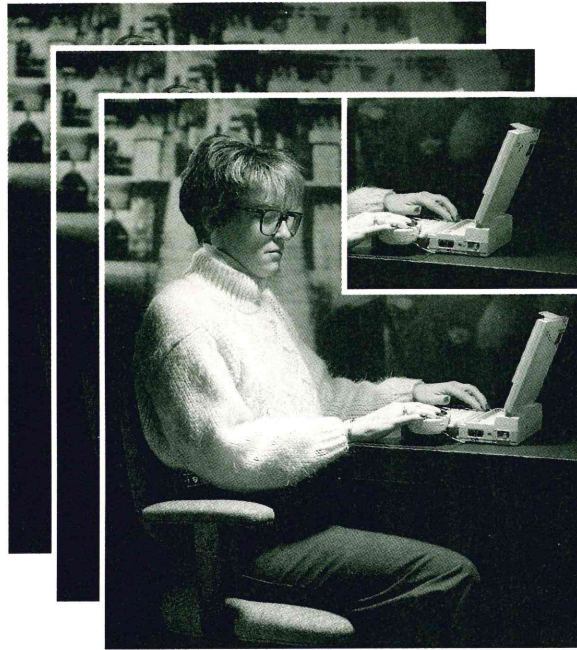
Place a premium on an educated workforce, improve the school-to-work transition and capitalize on the productivity of the region’s intensive scientific research to rebuild and create industries.

New England can recapture the momentum generated during its economic rebirth of 1978 to 1988 — not by dwelling on national causes for the recession or regional excesses, but by returning to its strengths: an unparalleled concentration of higher-education institutions, a predisposition to innovate and a hardy entrepreneurial spirit.

Above all, we must acknowledge that no nation has produced a well-qualified technical workforce without providing a sound general education system linked to strong occupational skills training. □

John C. Hoy is the president of NEBHE and publisher of CONNECTION.





WORKING SMART

THE NEW ECONOMY DEMANDS NOT COMPETENT DRONES,
BUT WELL-EDUCATED PEOPLE, ABLE TO PICK UP NEW SKILLS
THROUGHOUT THEIR WORKING LIVES



Robert Kuttner

It is hard to find a business leader who will not agree with the following syllogism: Education improves the productivity of the workforce. A productive workforce improves competitiveness and hence economic well-being. Therefore, we need to spend more resources on education.

But here the agreement on education and competitiveness ends — and for good reason. There is a widespread divergence of views on such issues as the merits of privatization and school choice, standardization of curriculum, investment in education versus training, higher education versus elementary and secondary education, and whether we need to spend

more or just spend more wisely.

Nonetheless, education clearly serves economic development in several distinct ways. First, a high-quality workforce not only attracts industry; it goes out and develops industry. More subtly perhaps, if workers are highly skilled and relatively expensive to hire, industry has an incentive to use them well and

AN EARLY WARNING

From New England's Vital Resource: The Labor Force, published in 1982 by the New England Board of Higher Education and the American Council on Education:

“ We must lay to rest the seemingly deathless issue of liberal learning versus technical training. Humanistic studies devoted to better understanding and coping with the world in which we live are the absolute core mission of our colleges and universities. But it cannot be denied that the technological society we are now engaged in creating requires all educated men and women to study mathematics, science and the nature of technology itself and to extend those studies to the degree of their career interest and personal needs.

In recognition of New England's 'new' economy, higher-education institutions would do well to take a leadership role in educating students more broadly and breaking down the barriers between the liberal arts and technical studies. One way to do this, according to Ray Stata, chairman and president of Analog Devices, is 'to focus on putting more humanist education in science and technology programs and more technology in humanist degree programs.'

... Thomas Jefferson would have included the study of agriculture and mechanics in a definition of the liberal arts; in an agrarian society, a responsible leader needed to comprehend the techniques and economics of farming. Today, we seem to have refined the meaning of 'liberal arts' to exclude all subjects having any possible practical application. Meanwhile, the rate of technological change has outstripped the ability of 'educated' men and women to comprehend it. Personnel directors of businesses are frustrated in their search for employees who can learn, who can express themselves and who will not panic at the sight of numbers. ”

to substitute capital for labor over time. That is why America, with relatively scarce workers, kept inventing machines. If workers are cheap, on the other hand, industry will just hire legions of low-paid human laborers rather than rely on technical progress.

Likewise, a critical mass of excellent universities attracts federal research and development dollars, which in turn, create a critical mass of knowledge and technical prowess that can be converted into comparative advantage for the regional economy. The connection between the Massachusetts Institute of Technology, federal R&D spending and the Route 128 cluster of high-tech industries is well documented, as is the link between Stanford and Berkeley, nearly a half-century of defense contracts and the growth of Silicon Valley. Moreover, a highly educated workforce becomes the constituency for high-quality public schools for its own children.

Now, in one degree or another, every state is trying to reinvent Route 128 and Silicon Valley, some with modest success. Michigan is attempting to create an "Automation Alley" in the corridor between Detroit and Ann Arbor, taking advantage of its historic manufacturing base coupled with high-quality universities and technical training institutes. Pennsylvania, through its Ben Franklin Partnership, explicitly attempts to incubate relationships between universities and entrepreneurs of the sort that grew spontaneously in the MIT-Route 128 golden era, when scientists and engineers became high-tech entrepreneurs.

For the most part, such initiatives are worth pursuing. They allow a state to play to strength and maximize resources it already has. It is not enough to simply upgrade education and wait for the industry to materialize. But at the same time, not every region is going to be another Silicon Valley.

The United States spends relatively more on higher education than most other countries and relatively less on elementary and secondary education. We do reasonably well at educating the high end of the labor force — the people Harvard University Professor Robert Reich calls "symbolic analysts." These professionals will hold their own in an increasingly open global economy where capital and knowledge are mobile, and the pool of the best engineers and physicists and bankers is truly worldwide. But we don't do so well at educating the lower end of the elementary and secondary pool of students nor students in the vocational part of the postsecondary system. And it's not clear that we do so well at educating the vast middle.

New England, however, begins with some advantages. The region

At the level of state economic development strategy, traditional "smokestack chasing" is a form of working cheap. The state government advertises docile workers, weak unions, low taxes or special tax incentives, and hopes to passively attract global industry. But with this strategy, wages tend to stay relatively low; taxes — and hence services — tend to stay relatively underdeveloped.

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New England

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is above average in the fraction of its workforce with a high-school diploma and well above average in the fraction of its adult population with a college degree. In the latter category, Massachusetts ranks first in the nation (Maine is lowest in the region, ranking 32nd nationally). And, of course, New England has more than its share of elite universities.

The annual *Development Report Card for the States*, prepared by the Corporation for Enterprise Development, ranks New England above average in both human resources and tech resources. However, much of what America needs to do to maximize the link between a well-educated workforce and global competitiveness is beyond the competence of any one state or region, because labor market and trade policy are both determined nationally.

In a global economy, a nation has a choice between working

In the 1950s, we went so far as to disguise perfectly sensible outlays for physical and human capital as extensions of the Cold War, thus the “National Defense Education Act” and the “National Defense Highway Act.”

cheap and working smart. Today, capital, technology and knowledge are portable; state-of-the-art production equipment can be paired with desperately poor workers. To earn wages higher than workers in Bangladesh, American workers have to produce more “value-added” per hour of work; that requires both smarter machines and smarter workers.

At the level of state economic development strategy, traditional “smokestack chas-

ing” is a form of working cheap. The state government advertises docile workers, weak unions, low taxes or special tax incentives, and hopes to passively attract global industry. But with this strategy, wages tend to stay relatively low; taxes — and hence services — tend to stay relatively underdeveloped.

The alternative strategy of working smart entails more investment in education generally and in training. It requires state education policymakers to resist pure vocationalism, for the most competitive industries in the new economy demand not workers who are merely competent drones, but well-educated people, able to pick up new skills throughout their working lives.

A decade or so ago, it was faddish for human-resources economists to claim that the workforce was being overeducated relative to the skill levels actually demanded by employers. Too many kids were going to college, some claimed. Now, it is clear that the disparity in wages between people who go to college and people who don’t has been rising dramatically. Wages *on average* peaked in 1973, but college-educated people have roughly held their own, while high-school graduates and high-school dropouts have fallen dramatically behind.

Between 1973 and 1984, for example, the inflation-adjusted wage of the average male college graduate fell by 11 percent. The wage of a man with less than four years of college education fell by 24 percent. And the wage of a high-school dropout fell by 46 percent. These gaps have persisted. To take another indicator, between 1979 and 1988, the earnings gap between college graduates and those with 12 or fewer years of education widened by 24 percentage points. Higher education is a better investment than ever.

Does this mean that everyone should go to college? Not quite. For one thing, society couldn’t afford it. For another thing, some jobs really do not require college degrees. But the facts do suggest we need to make systematic efforts to upgrade both the skill levels and the job content of the non-college-educated, while we get the very most out of the college dollar and experiment with new forms of knowledge diffusion.

In the past, far too much federal spending for both physical and human capital has occurred under the rubric of national defense. In part, this was the result of an ideological aversion to public expenditures aimed at pursuing commercial advantage; that was supposed to be the business of the free market. In the 1950s, we went so far as to disguise perfectly sensible outlays for physical and human capital as extensions of the Cold War, thus the “National Defense Education Act” and the “National Defense Highway Act.” We justified “National Laboratories” only to the extent that they developed technologies and pools of skilled researchers suitable for designing and fabricating weapons.

With the Cold War over and military spending winding down, an absolutely key policy dilemma for the 1990s and the next century will be how to design human-capital strategies and research programs that serve commercial and civilian objectives, but are not incidental spillovers or byproducts of defense spending. This will require revision not just of institutions, but of ideology. The United States will need to acknowledge that outlays

for research and education and infrastructure are desirable in their own right, even if the Reds are not at our gates.

Human capital can be strongly affected by public policy. It is no accident that Japan, poor in natural resources, is the champion economy of the 1990s, because Japan makes up for its poor physical endowments by having a world-class workforce, from the CEOs down to the sweepers.

The American economy, unfortunately, probably has the most ineffective system among the industrial nations for training and deploying its workforce. It is a well-known phenomenon that firms systematically underinvest in training for the obvious reason that a newly trained worker, upgraded at company expense, is free to take his skills across the street to a competitor. Training is what economists call an “externality.” The employer who foots the bill has no assurance that he will reap the benefits.

There is a real paradox here: The economy as a whole needs highly skilled, well-educated, autonomous workers. The new technology requires it; global competitiveness demands it. Yet individual employers — driven by the same competitive forces — are hiring more part-time, relatively low-wage workers in an effort to contain costs. One constituency for overcoming the externality — organized labor — is very weak; another likely source — the government — has been cutting back outlays for job training.

The big challenge for the 1990s will be to develop a more coherent system for the systematic training and upgrading of

The American economy, unfortunately, probably has the most ineffective system among the industrial nations for training and deploying its workforce.

the nation's workforce, both inside companies and in publicly subsidized programs. Richard Belous of the National Planning Association recently coined the phrase "Business Roundtable Socialism," meaning that large corporations will become a major constituency for more public outlays for both basic education and lifelong learning. Industry will also have to become far more sophisticated about maximizing its own "internal labor markets" — workers already on the job who would like opportunities for skill-building and promotion from within.

Underinvestment in training was something America could afford back when our economy operated in splendid isolation. But virtually all of our overseas competitors have more effective training systems than we do. The United States spends roughly 80 percent of its labor-market outlays on unemployment compensation — paying people not to work.

Other nations either have a much higher degree of loyalty between worker and firm (and vice versa) or they have mechanisms to socialize the cost of training and retraining the workforce. The German dual system of apprenticeship training creates a highly skilled workforce, whose training is both state-subsidized and state-certified, while being substantially under the control of industry trade associations and trade unions. In the United States, we have this in only a relatively small number of skilled trades — mostly building trades — and we have no public subsidy.

The French attempt to overcome the bias against training and upgrading by requiring all firms to invest 2 percent of their receipts in worker training. If the firm is small and finds it not cost-effective to set up an internal training program, it pays into an industry-wide training fund instead. The Swedes rely on a system of local and national labor-market boards, which subsidize training and upgrading and take advantage of episodes of regional or sectoral unemployment to offer workers retraining sabbaticals. The Swedish labor-market board keeps close track of demands for skilled workers and anticipates emerging bottlenecks. In the United States, the set of skills classifications used by the vocational educational system is not even compatible with the classifications scheme used by the Labor Department. This is emblematic of the patchwork nature of our system.

America's principal public outlays for labor markets are its 50-year-old system of unemployment compensation and state employment services. It is an open secret that neither serves contemporary needs very well, but there is unfortunately a powerful constituency for keep-

ing things just as they are. This constituency includes companies and unions in industries with seasonal layoffs, as well as industry generally, which likes the experience rating system and prefers low taxes to a systematic national program of training and retraining.

In America, there is only the bare beginning of a national recognition that competitiveness via educational upgrading means a great deal more than reducing the dropout rate or graduating more engineers. America needs to improve its system of education not just at the extremes, but across the board. Business, I suspect, can be a very important ally, yet too many businesses still value low taxes and cheap labor above all else, and we are a long way from Business Roundtable Socialism. Working cheap is static; a low-quality workforce doesn't make productivity gains, and it is increasingly out of step with the smart capital that is the real source of a wealthier economy over time.

Once, America, with its universal public school system, then with its land-grant colleges in the last century and its extensive state university systems in this century, was in the vanguard of nations whose wealth was built on a highly skilled workforce. We need to reclaim that heritage if we are to regain competitiveness in the global economy. □

Robert Kuttner is a syndicated columnist and author whose work appears frequently in The New Republic and Business Week.

GOING DOWN WITH THE SHIP

From an article by Bryan Deering and Robert Richardson in The Archway, the student newspaper of Bryant College:

“The workers at Electric Boat were expecting at worst a shot across the bow as they sat down before their televisions on a wintry night to hear President George Bush give his State of the Union Address. But instead, they took not one, but two direct hits, and the good ship Electric Boat is listing severely.

The shot across the bow was a warning to improve production, encourage early retirement, even lay off a small percentage of workers. But there was no warning at all of the cancellation of the Seawolf submarine program, let alone the Pentagon's rescinding of two Seawolfs under contract.

Electric Boat is the largest private employer in Rhode Island and the second largest in Connecticut. The cancellation of the program is expected to cost 21,500 employees their jobs. ...

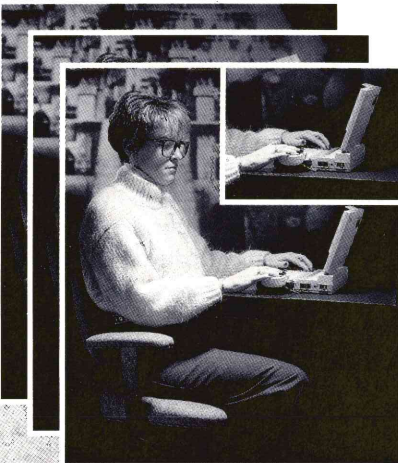
William B. Sweeney, a professor of economics at Bryant, says Electric Boat needs a 'master plan for converting from defense work to some commercial application' if the Quonset Point facility is to survive. ...”

HIGH SKILLS OR LOW WAGES?

A PLAN TO BUILD THE WORLD'S
PREMIER WORKFORCE



Ira C. Magaziner



In June 1990, the Commission on the Skills of the American Workforce released *America's Choice: high skills or low wages!*, a report that documents disturbing facts about the low skills many of our workers possess, our schools teach and our employers seek. The commission — a bipartisan panel of leaders from education, business, labor and government — argued that America is at a crossroads. We can choose an economy that relies upon low wages rather than high skills. Or we can create high-performance work organizations and the high skills to sustain them.

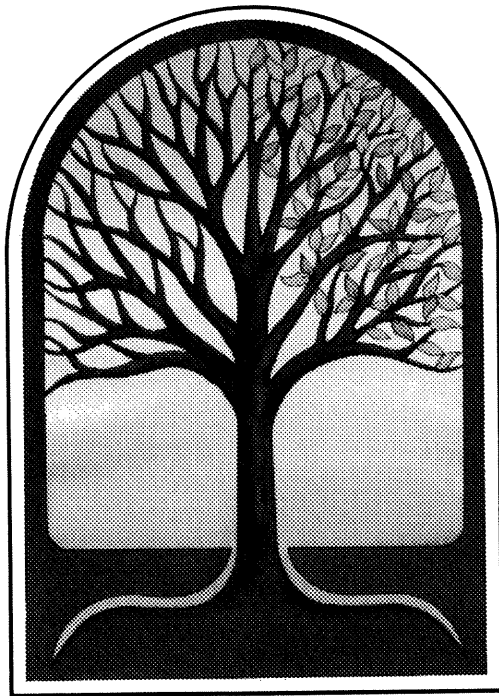
Unfortunately, the United States has been following the low-wage path. Instead of finding evidence of a skills shortage, the commission found that the education level of American workers roughly matches the demands of their jobs. Consider these findings:

- More than 95 percent of employers surveyed never requested a high-school transcript from employees. It didn't matter whether a job applicant received an "A" or a "D" in algebra. In fact, it didn't matter if the applicant had even taken algebra.
- More than 90 percent of employers viewed the high-school diploma as a sign only of an applicant's

reliability — proof that a student did not drop out. For this reason, many employers required a diploma, but few saw it as an indication of educational achievement.

- More than 85 percent of employers said they had no trouble finding workers with appropriate skills.

■ More than 80 percent of employers said their primary concern was finding workers with a good work ethic and appropriate social behavior, as in a good attitude and pleasant appearance. Those who did focus on education and skills worried about the wrong things, for example, abilities that most high-



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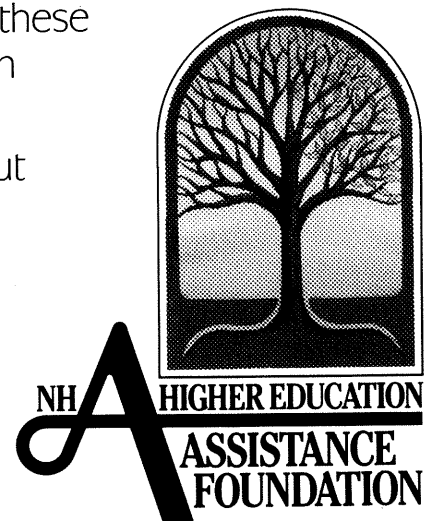
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school graduates possess such as being able to read and solve simple math problems.

■ Most managers said education is important, but few companies invested substantial funds in training frontline workers or provided active support for workers to improve their own skills.

■ Despite the widespread presumption that advancing technology would create higher-skilled jobs, 95 percent of firms did *not* expect their skill requirements to change.

■ Of the \$30 billion spent by American employers on training each year, only one-third is spent on the non-college-educated workforce, affecting no more than 8 percent of frontline workers.

■ Of that \$30 billion, \$27 billion is spent by one-half of 1 percent of all U.S. employers.

■ Only 100 to 200 U.S. companies spend more than 2 percent of their payroll on formal training.

These facts paint a portrait of how work is organized in the United States. Most American employers rely upon outmoded styles of work in which semi-skilled workers perform simple tasks by rote. This is a principal reason U.S. productivity has stagnated. Our companies can no longer rely on more sophisticated machinery alone to improve their competitiveness, because in many cases, the raw materials and technology used to make today's products have become standardized in both low- and high-wage

NEW ENGLAND'S ELUSIVE EMPLOYMENT PICTURE

From The New England Economy in Recession: An Assessment of Its Economic and Social Dimensions and Consequences, a monograph by Andrew M. Sum and Paul E. Harrington of the Center for Labor Market Studies at Northeastern University:

“ New England's fall from economic grace in early 1989 was abrupt and largely unanticipated, and the magnitude of the economic downturn has been repeatedly underestimated until now by most of the region's economic forecasters. In the fall of 1988, several of the economic forecasters associated with the New England Economic Project (NEEP) provided optimistic projections of renewed employment growth in both Massachusetts and New England manufacturing industries during 1989. The actual outcome was a decline of nearly 26,000 manufacturing jobs in Massachusetts (a 4 percent drop) and a loss of nearly 50,000 manufacturing jobs throughout the region. The fall 1988 NEEP forecast also projected employment growth of 2 percent annually in the region's non-manufacturing industries over the 1989 to 1991 period. Yet, rather than increasing as projected, the number of wage and salary jobs outside the manufacturing sector declined by 379,000 or 7.1 percent between February 1989 and September 1991.

In the early spring of 1990, Richard Syron and Lynn Browne of the Boston Federal Reserve Bank prepared an assessment of current economic conditions in the region and the future outlook for New

England. As part of their assessment of the short-term outlook, they projected that '1990 will be a repeat of 1989, with total nonagricultural employment falling about 1 percent from fourth quarter to fourth quarter.' While the projected direction of the employment change was on target, the magnitude of the actual decline was far greater than projected. Between the fourth quarters of calendar years 1989 and 1990, the total number of nonagricultural and wage and salary jobs in New England fell by 269,000 or 4.1 percent.

More recently, DRI/McGraw-Hill, a Massachusetts-based national and regional forecasting firm, projected that wage and salary employment in Massachusetts would decline by 31,000 or approximately 1 percent between the second quarters of calendar years 1990 and 1991. Unfortunately, the actual magnitude of the job loss was 158,000 or 5.3 percent. Clearly, the timing and magnitude of the current economic downturn have been unforeseen by most of the region's leading economic forecasters. As President Bush remarked in his discussion of the failure of the national economy to recover as strongly as earlier predicted by economists, 'Economics is an inexact science at best.' Given the pessimistic short-term and long-term employment outlooks contained in many of the more recent state and regional projections, one can only hope that the margins of error in these forecasts remain equally large, but in the opposite direction, that is, understating future employment growth in New England.”

countries, as has the mass production system itself. Low-wage nations can use the same sophisticated equipment and produce goods and services more cheaply.

What worked for us in the past won't work in the future. To succeed in the new global marketplace of open borders, where consumers demand quality, variety and immediacy, high-wage nations like the United States can continue to earn higher wages only by producing higher-quality products, providing customers with greater product variety, introducing products more frequently and creating automated systems that are more complex than those operating in low-wage countries. The problem is that the existing method of organizing work around low skills will not allow us to succeed at these tasks.

There is an alternative. The best companies in the United States and abroad have created high-performance work organizations where workers use judgment and make decisions rather than follow, by rote, cumbersome procedures spelled out in detail. From the shop floor to the front office of a bank, jobs are being redefined and management layers are disappearing. The result is more productive frontline workers and the reduction of costly bureaucracies of middle managers, quality checkers, materials handlers, maintenance staff and other employees who do not actually "make" the product or "provide" the service.

The best companies in the United States and abroad have created high-performance work organizations where frontline workers use judgment and make decisions rather than follow, by rote, cumbersome procedures spelled out in detail.

It more closely resembles what the commission observed in several of the foreign countries it studied. While the countries vary in economies and culture, they share an approach to education and training workers and to high-performance work. For example, they insist that nearly all their young people reach high educational standards and they emphasize effort, not innate ability. They provide professional training for non-college-bound students to prepare them for high-skilled careers and to ease the school-to-work transition. They operate comprehensive labor-market systems that combine training, labor-market information, job search and income maintenance. They support company-based training and they have growing consensus on the importance of moving toward high-performance work organizations.

America's Choice challenges the United States to create the skills gap it lacks — and fill it — simultaneously. What is required is

nothing short of a revolution in the way our schools teach, the way our companies organize work and the way our employment and training programs operate.

To ensure a continued high standard of living, we must improve productivity. This can be done in a high-wage nation only by developing a better educated, better trained workforce; by committing as a society to prepare every young person for a productive career; and by encouraging employers to redesign the workplace, so workers make use of new skills to be more productive. If we do not "work smarter," but rather try to compete by "working cheaper," U.S. productivity will continue to falter, real wages will continue to decline and both our college-educated and non-college-educated workers can expect to slide into relative poverty together.

America's Choice presents a five-point framework for developing a high-quality American education and training system that is closely linked to skilled, productive work:

1) Create a new educational performance standard, benchmarked to the highest in the world, to be met by all students at about age 16. All young people must start with a solid foundation of competencies and knowledge, whether they pursue a college degree or not. We must set high standards that have real value and insist that virtually all students reach them. Educational success must be defined by demonstrated achievement, not "time in the seat."

2) Develop alternative learning environments, such as "learning centers," for those individuals and their families who need assistance in attaining this new standard. We must make a systemic commitment to educate potential and actual high-school dropouts through prevention and recovery efforts that bring social services into places of learning.

3) Establish industry-specific training programs leading to valuable certificates in order to "professionalize" occupations that may not require a four-year bachelor's degree. These programs would command the same respect and status as a college degree by offering clear expectations, accountability, real work experience, a broad educational foundation and specific occupational training, as well as a prestigious industry credential.

4) Provide employers with assistance and incentives to invest in further training and education of frontline workers and to reorganize work in a way that makes use of new skills. By disseminating models of successful high-performance work organizations and using managers and workers as mentors, we can help firms learn how to become more productive and how to give employees the tools they need to become more productive.

5) Reorganize employment and training programs into a coherent, comprehensive system driven by customer needs. By making it easier for all citizens to have their needs assessed and to benefit from the system — without restrictions on eligibility, funding sources or reporting requirements — we will be better able to make decisions about what training services are needed, what works and what doesn't and where to allocate resources.

Taken together, these goals can help us build the world's premier workforce. In so doing, we can create a formidable competitive advantage and raise the standard of living for all our citizens. Instead of continuing to produce unskilled workers for unskilled

jobs, we can train skilled workers, reward real effort and achievement with better pay and a career path and help companies become high-performance work organizations.

Since the release of *America's Choice*, more than 20 states have taken steps to implement the report's recommendations. Some have enacted legislative mandates; others have decided to start with only one or two of the proposals; still others have organized "grassroots" groups to develop a plan of action. For example, in Rhode Island, a commission representing various constituencies is inviting school districts and employers to participate voluntarily in designing implementation plans. This approach is faithful to the notion of high-performance work, where frontline employees define goals, determine how resources and responsibility will be allocated and decide how goals will be achieved.

The changes required of frontline workers in schools will be no less dramatic than the changes required of frontline workers in factories

The report's recommendations also have support on the national level, where the U.S. departments of Labor, Education and Commerce are helping industries organize work-based training programs, and a multitude of government and private sector efforts are underway to develop new educational standards and performance-based assessments.

Regardless of the state, the forum or the recommendation, all the efforts have three common elements: They are designed to encourage long-term, systemic changes, not simply more individual pilot

programs. They are planned, developed and operated by frontline workers and grassroots organizations, from classroom teachers to parents, from service providers to machinists. And they involve a significant role for higher-education institutions.

In fact, the changes required among workers in schools will be no less dramatic than those required of workers in factories and offices. And if our schools are to be reorganized to operate as high-performance work organizations — where teachers work in teams and teach skills such as problem-solving — our colleges of education must rethink the way they prepare teachers.

School personnel will need new skills and more professional development if they are expected to participate in the restructuring and governance of their schools, in defining standards, developing new assessments and helping to devise new curricula. Higher education must assume this responsibility by redesigning programs to prepare student teachers and by developing new methods and tools to assist current teachers.

Some young people will need special help, a special environment or a different course of study in order to attain the high educational standards envisioned in *America's Choice*. Here, too, colleges, universities and other postsecondary institutions have important contributions to make. Community "learning centers," for example, would allow communities to take responsibility for services to enable all individuals to meet high educational standards and earn high-school diplomas. The learning center — both a concept and a facility — would provide information, advocacy, instruction and services in a centralized location. These alternatives to regular school would look to neighboring higher-education institutions to provide staff, resources and specialized instructional tools.

TECHNICAL AND PROFESSIONAL EDUCATION

From America's Choice: high skills or low wages!, the report of the National Center on Education and the Economy's Commission on the Skills of the American Workforce.

“A comprehensive system of Technical and Professional Certificates and associate degrees should be created for the majority of our students and adult workers who do not pursue a baccalaureate degree.

The goal is to establish a structure that will give our frontline workers the systematic skills, professional qualifications and respect that their counterparts enjoy in other countries.

The system we propose would also provide a clear structure for young people to make a smooth transition from school to

work. It would offer them clear routes to a variety of career qualifications, opportunity for work-based learning and an alternative path to college.

Technical and Professional Certificates would be offered across the entire range of service and manufacturing occupations. A student could earn the first occupation-specific certificate after completing two or four years of combined work and study, depending on the field. A sequence of advanced certificates, attesting to mastery of more complex skills would be available and could be obtained throughout one's career.

This proposal contains four elements:

1) Performance-based assessment standards should be established for jobs

covering the broad range of occupations in the United States that do not require a baccalaureate degree. Achievement of standards would result in awards of Technical and Professional Certificates and associate degrees for various mastery levels. The standards, at least equal to those set by other advanced industrialized countries, should be set by national committees convened by the Secretary of Labor.

2) High schools, community colleges, proprietary schools and other educational and training institutions should be encouraged to offer courses leading to the Technical and Professional Certificates and associate degrees. Programs and their providers should be accredited by state boards of higher edu-

Helping classroom teachers redefine their jobs, set standards and teach those standards is only part of the answer. Students must have a reason to work harder and attain higher goals, or standards will simply drive more young people away from school. Learning must be linked to earning. Higher skills must be synonymous with a higher standard of living.

If employers and secondary schools are to fashion new professional and technical training programs, it is our postsecondary institutions that must supply the glue to create a true school-to-work transition. Industries must start by defining their skill needs and setting high standards for a new breed of "professional" frontline workers. Secondary schools must better understand the world of work and impart the foundation skills from which students can advance. Postsecondary institutions must bridge the worlds of school and work by offering industry-specific programs, combining occupational training, general classroom instruction and work experience. Such programs would culminate with a "professional certification" that would have value to employers, because employers helped define *and* teach the needed skills.

The United States — and particularly New England — is well-suited to meet these challenges. With our multitude of postsecondary institutions and the flexibility and variety they offer consumers, we can create new career opportunities for young people who do not pursue a four-year bachelor's degree. Community colleges, business schools, proprietary schools, trade shops, vocational and technical training centers could all seek to offer certified programs that meet industry standards.

Finally, if American companies are to transform themselves into high-performance work organizations, they will need guidance. Again, higher education must play a critical role. Just as the agri-

cultural assistance program and the land-grant colleges provided the research and assistance necessary to help U.S. farmers become the most productive in the world, research centers at our colleges and universities can help today's employers meet a new set of needs. They can help companies understand the changes required by high-performance work, offer successful models among like industries and share the most up-to-date advances in work organization. Many postsecondary institutions already have productivity centers that work with local employers, especially smaller firms that cannot afford research and development operations of their own. With the emergence of more productive work organizations throughout the world, new roles will be sought from higher education — in the training of tomorrow's managers in graduate schools of business, in outreach efforts to support local economic development and in research to discover new ways to remain competitive.

Higher-education institutions will be required to reinvent themselves to no less a degree than the K-12 system or businesses. Colleges and universities will need to evolve into high-performance workplaces themselves, restructuring their governance, reallocating resources and aligning themselves with the changing needs of various customers. Some may choose to transform themselves into unique institutions where students and faculty work together in research teams in a limited number of fields.

America is on the verge of a third industrial revolution — developing frontline workers into high-skilled professionals in high-performance work organizations. While there is much work to

be done in our schools and our workplaces, our diversity and flexibility as a nation offer reason for optimism. And something else bodes well for the United States and New England: the strength of our higher-education institutions. It is this level of education that tends to be the weakest among our formidable trading partners and may prove to be our winning edge.

With its abundance of colleges, universities, and vast array of schools, New England is poised to help lead this revolution as it did the fight for freedom during colonial times and the fight for prosperity upon the birth of the industrial revolution. This new challenge is just as vital to our future. Will we silently slide into the class society of "the skilled" and "the unskilled" or will we revolutionize our schools and workplaces to usher in new economic freedom for all our citizens?

This is America's choice. □

Ira C. Magaziner is the president of SJS Inc., a public policy strategy firm based in Providence, R.I. He is chairman of the Commission on the Skills of the American Workforce.

cation and vocational education.

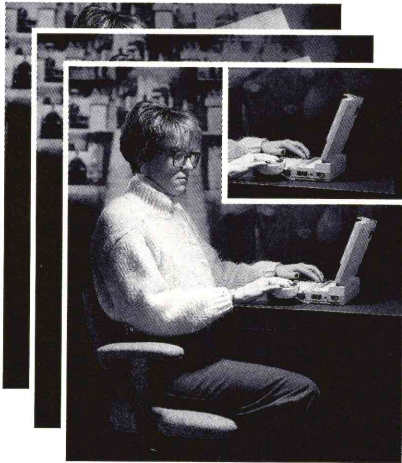
3) Employers should provide part-time work and training as part of the curriculum in each certification course and reward those who attain the certificates with higher-quality jobs and better pay.

4) The states and federal government should furnish four years of financing to all Americans to allow them to pursue education beyond the Certificate of Initial Mastery at some point in their adult lives. [The commission's proposed Certificate of Initial Mastery would be awarded to students who meet a national standard of educational excellence by age 16 or shortly thereafter. Students who hold the certificate would be qualified to choose among going to work,

entering a college-preparatory program or studying for Technical and Professional Certificates.]

A system of industry-based skill classifications has a number of attractive features. It would facilitate communication between schools and industry about employer and union expectations and goals. By setting criteria for hiring, it would help employers find qualified applicants. For employees, it would establish clear knowledge and skill-based standards for career progression, help prevent hiring discrimination and improve the transferability of skills. Finally, for government, a system of skill-based certification would offer an independent means of assessing the competence of training deliverers. ”

EDUCATION REFORM AND INVESTMENT



NEW ENGLAND'S ECONOMIC STAKE



Sven Groennings, Kent Lloyd,
Jack Carlson and Diane Ramsey

Education and workforce training are the keys to New England's economic growth and pressing national issues that belong at the center of the 1992 election-year debate. The presidential candidates must provide leadership on these issues and the American people must offer stronger support if the United States is to have an education agenda in 1993.

Americans are confronting personal and national disaster. Our system of education and training is failing to produce Americans who are educationally and economically competitive. Despite our past leadership in education and training, research, innovation, technology, entrepreneurship and management, the American dream is fading. The rate of growth in the nation's standard of living has slowed.

Since 1973, growth in per-capita income has averaged less than one-half that of the preceding 25 years, resulting in an average \$28,000 loss in earnings for each New Englander.

Today, 80 percent of American goods and services or components compete with those of other countries. Between 70 percent and 90 percent of the value of these goods and services depends upon

immediate human input. Foreign countries are developing better-educated and better-trained workers than the United States. As a result, their productivity growth is much higher. By contrast, U.S. workers and businesses increasingly produce less skill-intensive, less technology-intensive goods and services, resulting in slower growth of productivity, pay and profits. Consequently, we are

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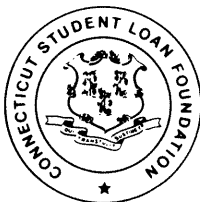


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forced to rethink our educational and training objectives in a knowledge-based global economy, just as we had to redefine our knowledge and skills in the early 1900s as we moved from an agricultural to an industrial economy.

We cannot wait until the year 2000 or beyond for school improvement. We have 7 million children enrolled in U.S. preschools (only half the number that should be served), 47 million students in elementary and secondary schools, and an additional 14 million enrolled at postsecondary institutions. We also have 126 million workers. Most need their skills upgraded if they — and the nation — are to become more productive and enjoy greater benefits from their labor.

Tomorrow's growth in productivity and income depends on today's education and training, the only investment that is entirely for the benefit of U.S. workers and citizens. Our major challenge is to invest scarce resources effectively to ensure the educational competitiveness of our students, workers and managers. By doing so, we can establish a more responsible citizenry, a higher standard of living and an enriched quality of life for all Americans.

Major U.S. studies show that education made a very large contribution to the economy's growth from 1948 to 1973. During the 1970s and '80s, however, the low quality of education and inadequate training restricted growth of output per worker hour. Only with the entry of massive numbers of women and baby boomers to the workforce was the United States able to grow even modestly. The slower growth expected from these sources heightens the need for higher-quality education and training to match the growth in productivity and income experienced between 1948 and 1973 — and to catch up with other major industrial countries.

From an investment perspective, there are two strategies. The first is to improve educational quality with our current investment. As international comparisons of student achievement show, we are not getting as much for our money as other countries. The second strategy is to invest more dollars in education. Without new investments, we are not likely to improve our use of current spending to become economically competitive.

Current U.S. spending on elementary and secondary education does not match that of competing countries. The United States spends only 4.1 percent of gross domestic product (GDP), compared with a 4.6 percent average among industrial countries. Sweden spends 7 percent and Japan 4.8 percent. Compared with these countries, we not only spend proportionately less, but gain less student performance for our money. Moreover, the United States will need to spend proportionately more than other countries because of the more heterogeneous nature of U.S. students and workers.

Better use of existing funds would provide great gains in performance to add to the gain from additional expenditures. Indeed, citizens, taxpayers, parents, students, legislators and business leaders are unlikely to invest new money in education unless educators first agree to commit themselves to wiser uses of the funds now available. Needed is a sort of "educational competitiveness contract" between educators responsible for reform and those who authorize new expenditures.

What would it take for the United States to achieve the annual growth in GDP of countries such as Japan, Germany, Italy and

France, through the coming decades? It would require that we improve growth in U.S. GDP by one percentage point, from the recent 2.25 percent to 3.25 percent, about the rate we enjoyed from 1948 to 1973.

The investment in educational reform and additional spending — including preschool, primary, secondary and higher education and worker training — could be phased in to more than pay for itself each year. In New England, according to our model, additional spending for education and worker training could be phased in over five years. Over 10 years, the income benefit could be \$7,300 for each person, while the investment cost would be only \$4,750.

At the end of this period, effective reform and investment strategies will boost the nation's and New England's economic growth by one percentage point and allow us to regain competitive growth.

When the full effect of 20 years of competitive investment in education is realized, the benefits could reach a whopping \$40,000 per person with a cost of only \$11,000, providing benefits 345 percent greater than costs. The returns for lower-income New England states and families would be much greater as they benefit from access to the techniques and reforms of other states and schools.

Our present "vicious cycle" of lower worker productivity, less income, reduced tax receipts and cutbacks in educational investment must be converted to a "virtuous cycle" leading to higher skills, increasing productivity, greater income, increasing tax receipts and greater education funding from public and private sources. To accomplish this outcome, new investment and reform should begin in 1993 and should show gains each year until our rate of growth is comparable to that of our competitors.

Who will pay? Given the painful recession-related cutbacks in state revenues, the limitations and inequity of property taxes, and the national challenge of global economic competitiveness, increased federal and private funds will be required. Because the Cold War is over, federal resources may be shifted from defense to education, enabling additional spending and reform efforts to be shared more equally than under current policies. The federal government could account for 24 percent of education and training expenditures, compared with just 10 percent now. State and local governments could pitch in for 36 percent, compared with 55 percent now. The private sector might contribute 40 percent, compared with 35 percent now.

We will not achieve either the reforms or the new investment in education needed for economic growth without the strong direction and commitment of education consumers — all citizens, but especially students and their parents and workers. Their representatives and intermediaries — government and business — must act decisively. Providers of education services will be required to do much in response to education consumers. But while reform requires participation by the education, business and government sectors, these sectors are not effectively engaged, independently or collectively.

The federal government as yet has neither recognized nor fulfilled its role as a major contributor in the education reform movement.

Higher education is an inactive stakeholder in the reform movement. It has a fundamental interest in improved secondary-school learning and is responsible for formal teacher education. Its graduates develop curriculum and assess student achievement in elementary and secondary schools. Increasingly, higher education will be accountable to government appropriations committees for its own relevance, especially as it competes for scarce dollars with sorely pressed preschool, elementary and secondary education, as well as worker training. Clearly, it is in higher education's own interest to provide stronger leadership to the New England and national reform movements.

Business, as the employer of graduates, is the largest stakeholder in education improvement, finding education essential to both productivity and market development. Because business does not get the qualified workforce it needs, business and consumers pay dearly for remedial education, on-the-job errors, higher labor costs and necessary shifts to lower-skill intensive goods and services. The result is less return for workers and business as well as less consumer satisfaction. Today, business is a dissatisfied taxpayer. Through philanthropy and employee volunteerism, business has become active in education reform — but only modestly. In 1989, business gave \$220 million to K-12 throughout the United States. That equals about one-third of the federal allocation to the public schools of New York City alone — or one-tenth of 1 percent of the nation's K-12 budget.

Business will remain a marginal and frustrated actor until it devotes informed attention to public policy at every level. Business people have first-hand information about how well we compete in the domestic and global knowledge economies. But few corporations pursue a vision of how to stimulate education reform. Participation in and representation by such organizations as the National Alliance of Business, The Business Roundtable and the Chamber of Commerce are helpful but not sufficient today. The failure of corporations to be more closely involved in the national politics of education permits a continuing ideological stalemate that leaves

the largest arena — the federal government — to the self-serving incremental budgetary politics of specialized interest groups, whose agendas often conflict with the broader public interest.

The federal government as yet has neither recognized nor fulfilled its role as a major contributor in the education reform movement. Yet it represents the national interest, negotiates with foreign countries concerning trade and finance, connects to all states, cities and communities, and has the greatest potential to leverage resources for improved learning. It has the country's — indeed the Western Hemisphere's — largest education and training budget: \$66 billion in program budgets and off-budget funds and \$18 billion in tax expenditures (education and training deductions) in 1991. Over the decade, federal program spending is likely to exceed \$1 trillion. It is important that federal dollars be well targeted, managed and evaluated for improved learning. Leadership from Washington is essential to making the public understand that educational change and investment are crucial to our standard of living and quality of life. We are not likely to achieve timely and widespread educational gains without federal leadership in partnership with state and local governments and the private sector.

New England has a unique opportunity for leadership in education in 1992. The region also has particularly high stakes, with its strong specialization in the technologies and services of the global knowledge economy. It has the nation's oldest traditions of public and private elementary and secondary education and the highest concentration of public and private institutions of higher education. Its congressional leaders continue to contribute forcefully to the nation's education debate. This election year provides the best opportunity to shape New England's and the nation's education agenda and strategies for the rest of this century. □

Sven Groennings is a NEBHE senior fellow and vice president for education at American Express Co. Groennings, Kent Lloyd, Jack Carlson and Diane Ramsey are co-authors of The Third American Revolution: Knowledge for all Americans to Compete in Our Global Economy.

FOUNTAINS OF EXPERTISE

From Worker Training: Competing in the New International Economy, a report of the U.S. Congress Office of Technology Assessment:

“ Reorganization [of work] alters the relationship between shopfloor workers and engineering staff. Both product engineers and manufacturing specialists may be expected to act on suggestions and ideas from production workers, join in quality circle or *kaizen* meetings, and otherwise treat shopfloor employees more or less as equals. Many companies have found this to be a painful experience for their engineers, who tend to view themselves as fountains of expertise and the workforce as receptacles. ”

IS THE LEGAL SYSTEM A DRAG ON THE ECONOMY?



Charles E. M. Kolb



In 1989, the New England Board of Higher Education (NEBHE) Commission on the Legal Profession and the Economy of New England published a benchmark report calling for a variety of reforms in the way lawyers are trained, and recommending that new lawyers provide a minimum number of hours of pro bono service to the poor and elderly. The report, Law and the Information Society, also noted that lawyers played a critical role in New England's 1980s transformation from a dying industrial region to an economic success story. NEBHE recently convened a group of distinguished New England lawyers, judges and law school deans at Boston College Law School to revisit the role of lawyers in the regional economy, this time against the backdrop of a severe recession. The following is adapted from the keynote speech delivered by Charles E.M. Kolb, deputy assistant to President Bush for domestic policy. Kolb previously served as deputy undersecretary for planning, budget and evaluation and deputy general counsel for regulations and legislation at the U.S. Department of Education.

I want to commend the New England Board of Higher Education and its Commission on the Legal Profession and the Economy of New England for focusing on the issue of attorneys, their role in the regional economy and ways to reform our legal system. NEBHE's work, in my judgment, is in the finest tradition of attorneys serving both public and private interests.

Law and the Information Society noted that during the past 25 years, the ratio of lawyers to population in New England has doubled. Where the ratio was roughly 1-to-600 a quarter century ago, it is now 1-to-300. The report goes on to note that this increase in the ratio of lawyers has come not only in relation to population growth, which it exceeds, but also in relation to the overall growth of the economy, which it directly approximates.

But do these growth rates reflect a correlation or say something profound about causation? If lawyers played a central role in New England's economic renaissance, as the NEBHE report suggests, then what are we left to conclude about the role of attorneys when there is an economic downturn? Or to raise that infamous chicken-and-egg question, did the economy slow because suddenly there was a drop in the number of attorneys, or was it the case that the economy declined — and so declined the number of attorneys? And what are we to conclude if the number of attorneys should decline while the economy recovers?

Every correlation does not necessarily imply a causal relationship. If it did, the solution to economic growth — both in New England and throughout America — would be very simple. Instead of killing all the lawyers, as suggested by a famous playwright, we could simply hire more. I'm not so sure it's that easy.

While the NEBHE report finds no clear evidence of a glut of attorneys, it nonetheless expresses legitimate concerns about the cost of legal services being too high for the middle class and the poor. The most effective way to address such issues is to consider structural reforms — as distinguished from merely procedural reforms — which can alter the incentives that lead to what many people are now calling America's "litigation explosion."

It is this litigation explosion which brings me to the President's Council on Competitiveness and Vice President Quayle's recommendations last August for civil justice reform in America.

Why did we focus on attorneys? Why did we decide to propose a series of reforms that were intended to reduce the time and expense so often associated with American-style litigation? While it would be both an oversimplification and inaccurate to state that lawyers constitute the chief drag on American competitiveness, there is no doubt in my mind that the cost of lawyering today does indeed have a quantitative and adverse impact on our ability as a nation to compete in an increasingly global environment. The facts point to what Vice President Quayle has termed a self-inflicted competitive disadvantage for our economy.

Efforts to quantify the impact make clear what has happened. There are approximately 800,000 lawyers in the United States — roughly 279 for every 100,000 people. This figure compares with 114 in the United Kingdom, 77 in the former West Germany, 29 in France and 11 in Japan. The growth rate of lawyers in America has been four times our population growth. And

while we have 5 percent of the world's population, we boast 70 percent of the world's lawyers.

One can take these facts a step further to identify the competitive disadvantages our extreme litigiousness has imposed upon our society. Take the issue of product liability insurance. Many of our foreign competitors face product liability insurance costs 20 to 50 times below those faced by U.S. manufacturers. According to one study, nearly half of U.S. manufacturers have withdrawn products because of fear of potential liability. Our society now spends more than \$80 billion a year, it is estimated, on direct litigation costs and higher insurance premiums — and possibly \$300 billion a year, including costs associated with avoiding liability.

In the area of tort damages, the Association for California Tort Reform recently found that the average punitive damages awarded by state juries from 1987 to 1989 increased 178 percent to \$3 million. I am not arguing against the need for access to our judicial system as a means to address problems, but I question whether civil litigation — 95 percent or more of which settles prior to trial — is the most effective means of dispute resolution in today's America. For example, the Rand Corp. found that in 1986, our legal system spent \$16 billion to \$19 billion in transaction costs to award \$14 billion to \$16 billion in net compensation to plaintiffs. I don't believe that by any standard this is a cost-effective way of doing business or of addressing injuries.

Similar questions about the cost-effectiveness of litigation can be raised from the perspective of the American consumer. A few years ago, Gordon Crovitz wrote in *Policy Review* magazine that more than 9 percent of obstetricians and gynecologists had given up their practice in 1983, chiefly because they could not afford the skyrocketing costs of malpractice premiums. All of us have heard of public daycare centers, playgrounds and swimming pools — municipal facilities — that have closed because of the inability to afford liability insurance. A drug used to treat pregnant women who suffer from morning sickness is no longer marketed because of the cost of product liability suits alleging birth defects, notwithstanding studies and reviews which show the drug to be safe and effective.

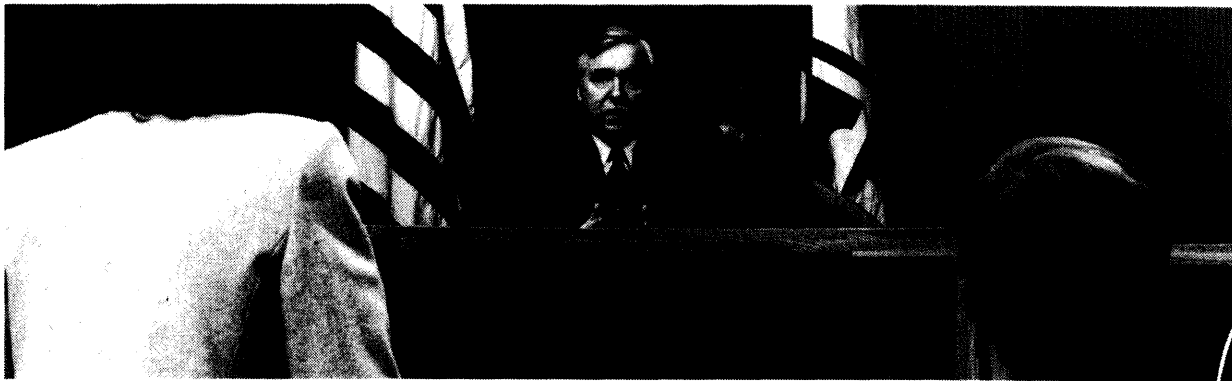
Likewise, a survey by the Conference Board found that 47 percent of U.S. manufacturers have withdrawn products from the market, 25 percent have discontinued some form of product research, and roughly 15 percent of U.S. companies have laid off workers as a result of their experience with the product liability system and fear of civil liability under the existing rules.

Alexis De Tocqueville, cited on just about every subject, did of course have something to say about lawyering when he observed (I'll paraphrase) that somehow or another, just about every contested issue in America ends up a legal issue. Contrast this with Japan, where it is an insult if you show up at a business meeting accompanied by a lawyer.

But while there may be something inherent in our history and

If lawyers played a central role in New England's economic renaissance, then what are we left to conclude about the role of attorneys when there is an economic downturn?

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our character as a nation that favors litigation, recent trends in our judicial system have accentuated — perhaps even aggravated — this tendency. In my view one of the reasons behind our litigation explosion is the relative lack of certainty, stability and predictability when it comes to the legal rules by which our system operates. The blame here lies not just with attorneys who function within that system, but also with the legislators who draft statutes and the judges who interpret them. After all, one cannot fault attorneys in their representation of clients for exploiting ambiguities, whether they be intentional or accidental ambiguities, in loosely drafted statutory or regulatory language.

Similarly, a quarter century or more of state law jurisprudence has resulted in what has been called the “death of contract.” This so-called death of contract was aided by a period of jurisprudential activism in which some socially conscious judges took it upon themselves to engage in an unprecedented degree of judicial activism, often rewriting contractual agreements on the basis of what they, the judges, thought the parties meant or should have meant, rather than what the parties themselves had actually agreed upon. This death of contract has been a major cause of hyper-litigation throughout American society and in virtually all our courts.

This situation represents an enormous waste of resources, particularly considering the cost of discovery. The vice president’s report notes that approximately 80 percent of the cost of lawyering is for discovery. It’s also very expensive. A University of Wis-

consin study showed that during the past 15 years, business-versus-business litigation exploded, with spending on legal services increasing 90 percent. The Colorado Bar Association has proposed that businesses finally stop suing each other and start talking to each other out of court. That bar association believes that an atmosphere more conducive and friendly to business would not only reduce courtroom congestion, but would attract more business to Colorado.

To illustrate my point about the death of contract, consider the fact that many companies now litigate, whereas previously they may have negotiated among themselves on a less formal basis. The University of Wisconsin study reports that contract cases between corporations in federal courts grew to 6,277 in 1986, up from 518 in 1971 — an increase of 1,112 percent. Firms are now suing virtually every entity they deal with, including suppliers, distributors, marketers, creditors, and even increasingly their own lawyers. There is litigation over everything imaginable — misleading advertising, civil racketeering, bankruptcy, property rights — and the list goes on and on. And in a somewhat ironic twist, lawyers are beginning to sue other lawyers with increasing frequency. It’s worth noting that bankruptcy proceeding costs, for example, have been estimated to be 10 times the cost of out-of-court settlements.

It’s now the case that contract litigation has replaced tort litigation as the most frequently filed form of civil litigation in federal courts. And while businesses spend more on litigation



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than individuals do, tort litigation continues to impose substantial costs as well. As a percentage of gross national product (GNP), tort costs remained stable from 1965 to 1975, but roughly doubled by 1989.

One of the more curious features of our society and our civil justice system is that we go out of our way to encourage litigation and lawsuits. We have all realized that if you tax something, you tend to get less of it. Conversely, if you subsidize something, you tend to get more of it. We subsidize litigation.

How? First, our tax dollars are used to subsidize the courts and the thousands of employees, from judges to docket clerks, law clerks, secretaries and others who make that system run. Secondly, corporate America enjoys a tax deduction for legal expenses as a legitimate cost of doing business — a subsidy. Third, many statutes — the number approaches 200 at the federal level— entail one-way shifting of fees which clearly encourages the filing of lawsuits. Fourth, our system of punitive damages often results in litigation more fitting for a Las Vegas casino than a courtroom where one can pursue truth and justice. And fifth, the operation of the “American Rule” serves as a clear incentive for litigation, including frivolous lawsuits or what some critics have called “strike suits” — complaints of dubious merit which may force an innocent defendant to seek a quick settlement in order to avoid the cost of litigating his own defense on the merits.

Notwithstanding its deficiencies and certain inefficiencies, our legal system has a history second to none when it comes to preserving and guaranteeing the rights of our citizens. What can we do to preserve the many positive aspects of lawyering in America? What responsibilities do we have to ensure that our system continues to function on behalf of our citizens, not on behalf of itself? It was these types of questions that sparked some of us in the Bush administration to begin a movement for civil justice reform.

In early 1991, Vice President Quayle established a working group of the President’s Council on Competitiveness and asked Solicitor General Ken Starr to identify meaningful ways to reduce the costs and delays associated with our system, make the system simpler and more certain and encourage individuals and companies to resolve their differences without litigation. Meeting over a seven-month period, we heard from people inside and outside the administration, judges, corporate counsel and several people who were both participants in or consumers of the civil justice system. At the end of the period, we recommended a hard-hitting package of approximately 50 civil justice reforms.

Many of our recommendations would introduce market-type incentives that alter the calculations potential parties and lawyers make before deciding to engage in litigation. Some of these proposed changes include the so-called “English Rule,” also known as “The Loser Pays Rule.” The vice president calls it the “Fairness Rule.” This means that in federal diversity cases, a non-victorious plaintiff would have to pay not only his own legal fees and costs but those of the defendant.

Of all the proposals, the English Rule has sparked the most controversy and probably the most misleading claims. I would emphasize that the working group actually proposed a *modified* English Rule that would cap the costs of the losing plaintiff at the amount spent by that plaintiff to pursue his own claim. This modification

would ensure that less affluent plaintiffs would not be deterred from bringing claims against wealthier defendants because they would fear having to pay huge litigation expenses run up by the defendants. In fact, under this system as we have proposed it, both parties would have every incentive to keep their own legal costs low.

We would also require parties to pay for excessive discovery, limit punitive damages and require that experts be used only for widely accepted theories. In other words, no more “junk science” in the courtroom. Taken together with reforms of pretrial discovery, the use of a multidoor courthouse, alternative dispute resolution and other proposals, we believe these civil justice reforms will make America more competitive by making America less litigious. They will also help reduce the length and cost of lawsuits and help ensure that new products and services are not denied to the American consumer.

These reforms will also ensure fewer frivolous cases, so meritorious claims can receive prompt and efficient adjudication. Long delays in adjudicating lawsuits occur for many reasons. In some instances, courts and judges can do a better job managing their dockets. Standards of liability, statutes of limitation and other key provisions of law could be written with greater precision to avoid the necessity of litigating what they mean.

And finally, incentives for attorneys to prolong litigation through excessive discovery can also be reduced. Needless delay means wasted money and a competitive disadvantage for American companies. Endless delay often means individuals and companies never receive timely adjudication of their claims.

To implement these civil justice reforms, we are proceeding along three simultaneous tracks. First, the federal government has begun to police itself. Last October, President Bush signed an executive order imposing upon federal litigators many of the reforms we are urging upon others. Second, we will propose legislation to implement those reforms that require statutory changes. Finally, we will propose amendments, where needed, to the Federal Rules of Civil Procedure and the Federal Rules of Evidence to implement these reforms.

The NEBHE report observes the parallel between the growth of lawyers in New England and the region’s economic renaissance. I believe quite strongly that lawyers, economic growth and competitiveness *can* go together — and in the same direction. To achieve this, however, we need to work together to make sure that our civil justice system is carefully reformed and that incentives are introduced to enhance the ability of lawyers to promote economic growth and not impede productivity.

Unfortunately, there is today another correlation which associates higher GNP growth with countries that have fewer attorneys per capita. Some might say this is simply one of those correlations that lacks a true causal relationship. Perhaps they are right. But if they are wrong, I hope we all will be able to work together not only in a common spirit of inquiry about how to make lawyering more cost-effective, but in a spirit of cooperation to ensure that our legal system will continue to be a shining example of American freedom, ingenuity and efficiency. □

In 1986, our legal system spent \$16 billion to \$19 billion in transaction costs to award \$14 billion to \$16 billion in net compensation to plaintiffs.

- > Maine's national rank in state appropriations for higher-education operating expenses per \$1,000 of personal income: **33**
- > Rhode Island's rank: **45**
- > Connecticut's rank: **46**
- > Vermont's rank: **48**
- > Massachusetts' rank: **49**
- > New Hampshire's rank: **50**
- > Average number of private companies spun off each year by the Computer Science Department at the University of Massachusetts at Amherst: **2**
- > Estimated minimum value of annual software sales by all companies spun off by the department: **\$20,000,000**
- > Total student financial aid from all sources to students at New England colleges and universities, fiscal 1989: **\$837,579,000**
- > Total from federal government: **\$205,216,000**
- > Total research and development expenditures at New England colleges and universities, fiscal 1990: **\$1,418,016,000**
- > Total from federal government: **\$981,113,000**
- > Number of Americans who graduated high school in the spring of 1977: **3,100,000**
- > Number who graduated high school in the spring of 1990: **2,600,000**
- > Increase in college degrees conferred on men between academic years 1989-90 and 1990-91: **1.2%**
- > Increase in degrees conferred on women: **4.8%**
- > Number of foreign students enrolled in U.S. colleges and universities in academic year 1990-91: **407,529**
- > Number enrolled in New England: **32,399**
- > Change in foreign enrollment at Maine institutions between academic years 1989-90 and 1990-91: **+16%**
- > Change in foreign enrollment at Vermont institutions: **-30%**
- > Total U.S. philanthropic contributions in 1990: **\$122,600,000,000**
- > Total given to education: **\$12,400,000,000**
- > Total given to religion: **\$65,800,000,000**
- > Mean Scholastic Aptitude Test (SAT) verbal score among 1991 high-school seniors with family incomes of \$70,000 or more: **469**
- > Mean verbal score among 1991 high-school seniors with family incomes of \$10,000 or less: **353**
- > Share of African-American, Hispanic and Native American engineering majors who go on to earn bachelor's of science degrees in engineering: **36%**
- > Share of non-minority engineering majors who do: **68%**
- > Percentage of non-White one-year-olds in the United States who are fully immunized against polio: **82**
- > Number of countries with higher percentages: **55**
- > Number of states that do not require any training for staff of family daycare homes: **35**
- > Number of states that do not require specific levels of formal training for teachers hired in child care centers: **32**
- > Share of college freshman who think being well-off financially is an essential or very important objective: **74%**
- > Share who think influencing the political structure is an essential or very important objective: **18%**

Sources:

1,2,3,4,5,6 Center for Higher Education, Illinois State University; 7,8 Computer Science Department, University of Massachusetts at Amherst; 9,10 U.S. Department of Education; 11,12 National Science Foundation; 13,14 Research Associates of Washington; 15,16 U.S. Department of Education; 17,18,19,20 Institute of International Education; 21,22,23 AAFRC Trust for Philanthropy; 24,25 The College Board; 26,27 National Action Council for Minorities in Engineering; 28,29 UNICEF, U.S. Immunization Survey, 1985; 30,31 Children's Defense Fund; 32,33 American Council on Education and University of California at Los Angeles

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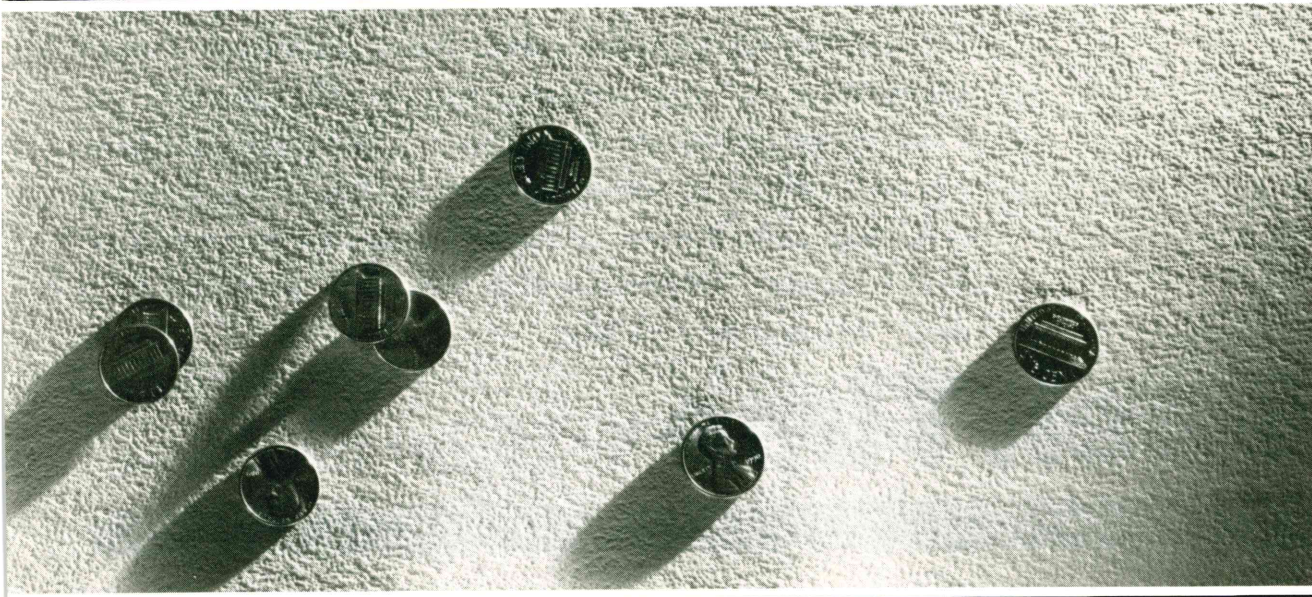
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About a decade ago in *Daedalus*, I wrote that among all major American institutions suffering from distress and disbelief, “those committed to teaching and learning seem especially vulnerable.” At a time of general national malaise, I noted, both *plain* and higher education suffer more than other institutions from a “loss of a sense of mission” and a dramatic decline in “comprehensive, instinctive general support.” This estimate of the situation — a commonplace then — is now close to a cliché.

Crunch Time for Higher Education

Robert Wood

*In the face
of adversity,
prescriptions
for change*

In the years since I made those observations in “The Disassembling of American Education,” educational institutions have been hammered from all sides. During the past decade, it was American public schools that came under siege. Beginning with *A Nation at Risk* and going on to President Bush’s *America 2000*, an avalanche of harsh criticism descended upon the schools. In the 1990s, it is higher education’s turn. Now colleges and universities, public and private, are being pummeled.

Those of us in higher education are told that our prices (tuitions) are too high and the value added by our enterprise is too low. Our curriculum is proclaimed to be at once out-of-date and avant-garde. The integrity of our research — especially in the natural sciences — is under systematic attack from Congress and peer groups alike. Our focus on conventional cohorts of 18-to-24-year-olds runs squarely against the demographic trends of the time. As an academic who has lived through almost a generation of unremitting assault, I admit to some *deja vu* when reading contemporary criticism. Nonetheless, I sense now a special depth and intensity in the disillusionment, signaling that this time, it’s crunch time for higher education.

Reflecting on how one long committed to higher education responds to the deteriorating situation, three judgments seem in order. One, we need to shift from a largely defensive posture to one of offense. Two,

we need structural — as well as substantive — reform. That is, we have to rationalize the respective roles of public and private institutions and downsize both. Simply focusing on substantive reform, curricular revamping, multiculturalism and the like will not suffice. Three, we need to face the fact that in terms of curricular reform or “what we do,” we seem to be moving in two almost opposite directions. And both of them are wrong.

We in higher education are mocked by journalists such as Robert Kimball; the title of his book, *Tenured Radicals: How Politics Has Corrupted our Higher Education*, conveys his major thesis. We are attacked from within by deserters such as Allan Bloom. Again, his book title, *The Closing of the American Mind: How Higher Education Has Failed Democracy and Impoverished the Souls of Today’s Students*, tells all. Meanwhile, a former attorney gen-

eral of the United States, egged on apparently by a former secretary of education, treats us as if we were grubby businessmen intent upon monopolizing a dwindling market.

In response, we have adopted a siege mentality; indeed, we are close to becoming chronic whiners. The world does not understand us, we complain. We live in "fragile" institutions, we assert. Academic freedom is always in danger, we warn, even as campus language becomes increasingly uncivilized. As time goes on, people inside as well as outside the academy grow weary of such handwringing.

We are also defensive in the sense that we point fingers at our colleagues in K-12 and bemoan the fact that we receive their graduates woefully unprepared for life in the traditional college. Yet we resist serious efforts to provide remedial work, disclaiming all responsibility for the totality of the educational system. So, it is little wonder that governors, legislators, private benefactors and once-loyal alums grow weary at our constant protests.

It is time then that we move to an offensive posture. How? First, we should recognize the reality that the conventional college population will shrink at least until 1994 and not grow spectacularly thereafter. Second, we should recognize that restoring the American economy to a position of genuine world competitiveness is a long-term venture, and the means by which we can do so remain highly uncertain. Third, we should acknowledge that the drag of the deficit, the entrepreneurial and financial disarray of our large banks and corporations, and the heritage of the greedy, inept and sometimes corrupt savings and loans and real estate developers will linger for years. With these conditions stipulated, we should attack.

At the outset, we should shake out the structure of higher education — the more than 3,000 U.S. institutions which offer college- and university-level programs — and downsize them.

I once proposed in Massachusetts that we strike a bargain between the highly competitive public and private sectors of education in that state. I proposed shutting down private junior colleges in favor of the demonstrated quality of community colleges. In exchange, we would disman-

tle four-year state colleges in favor of their clearly superior private counterparts, which could comfortably absorb the community college graduates. We could also downsize and rationalize both public and private universities by identifying, through statewide planning, complementary rather than duplicatory missions. That policy, I asserted, would save resources and improve education.

A retreat to the Great Books of Allan Bloom is a wistful return to yesterday, when the ancient Greek, knowing neither statistics nor psychology, could commend to us a society class-structured and embracing slavery.

My colleagues in both the public and private sectors threw lighted matches at me. Now, considering the fiscal crises facing both sectors, perhaps they may be disposed to reconsider.

Besides downsizing, we need to adopt a new strategy in our outreach for clients. One obvious commitment is to the so-called non-conventional student, inclined toward lifelong learning. Hard-pressed institutions have already made more than marginal commitments in this direction, but prestigious private colleges have not yet understood how they and their faculties can profit from older and different students rather than those fresh from prep schools and elite

public high schools. Faculties everywhere need to recognize that real learning often takes place outside class and off campus. Internship programs in both public and private sectors are now of such quality and capable of such oversight that they provide genuine opportunities for students to learn and to earn. Northeastern University, as a pioneer in cooperative education, has blazed a trail which now should become a universal experience.

In terms of taking the offensive, we should also re-examine what we can do to reduce the time it takes to earn a degree; former Dartmouth College President John Kemeny crossed this frontier a generation ago when he introduced the trimester calendar over the protests of a sullen but not quite mutinous faculty. Still the four-year college experience (more like five years now) remains a virtue — if only to faculties committed to winter, spring and summer breaks.

Finally, we come to the issue of curricular reform. Here the debate has been joined between the defenders of classical liberal arts and the advocates of multiculturalism, now perceived to be the most politically correct. John Searles in *The Storm over the University* has dealt so authoritatively with this matter that there is little to add except that both sides are wrong. Searles makes clear that neither a return to the classics nor a great leap forward to cultural relativism is conducive to rational, empirical, scientific thought. A retreat to the Great Books of Allan Bloom is a wistful return to

FOCUS ON K-12 FINANCES: *Teacher Salaries*

Estimated Average Salaries of Public School Teachers 1989-90 and 1990-91

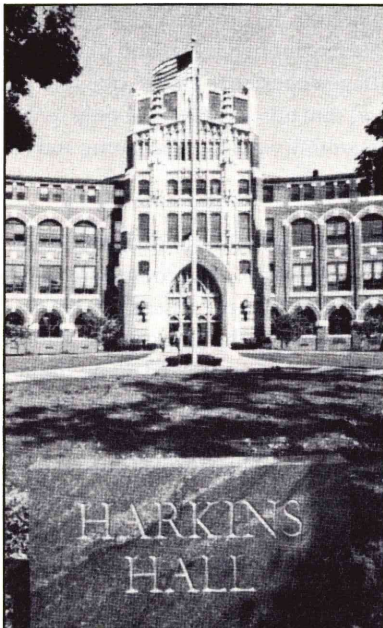
STATE	AMOUNT			NATIONAL RANK	
	1989-90	1990-91	% Change	1989-90	1990-91
Connecticut	\$40,461	\$43,808	8.3	2	1
Rhode Island	36,057	37,674	4.5	8	9
Massachusetts	34,712	36,090	4.0	10	10
New Hampshire	28,986	31,273	7.9	25	24
Vermont	28,798	30,986	7.6	27	25
Maine	26,881	28,531	6.1	36	33
U.S. Average	\$31,361	\$33,041	5.4		

Source: NEBHE analysis of National Education Association data.

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yesterday, when the ancient Greek, knowing neither statistics nor psychology, could commend to us a society class-structured and embracing slavery. Even updated to the age of reason, it is a love affair with an academic ghost.

Multiculturalism fares little better. A potpourri of deconstructionists, feminists, proponents of gay and ethnic studies, it proclaims itself to be post-structuralist and sensitive to cultural and demographic diversification. Yet to date, it exhibits little appreciation of this country's genuine growth challenge: how to cope with an explosion of new immigrants and new ethnic cultures, while maintaining cultural and political consensus sufficient to preserve the union.

We can do much better in curricular reform than simply tolerating this spectacle of two armies clashing in the night. If it is economic revitalization and demographic consensus we seek, one component of a new curriculum clearly must be economics. Economists are not the most charismatic of people or even the best forecasters. But of all social scientists, they have the rigor and quantitative skills that undergraduates need in order to consider the behavior of our political and social institutions. Along with economics must come a new emphasis on communication. To be sure, that includes writing, a thoroughly respectable requirement in most colleges today. But communication increasingly involves oral and visual skills, and these remain neglected. An understanding of the natural sci-

ences and technology also is imperative, and we must go further than "physics for poets." We must recognize that the economy advances to the degree that technological frontiers are pushed back.

Finally, we need to pay special attention to human behavior in large organizations. For better or worse, large organizations drive our economy, direct our government and shape our social and cultural lives. We have nibbled at organizational behavior in business schools, public policy schools and in the various disciplines of the social sciences. Now, we need to make the study and teaching of organizations a major part of our curriculum.

These prescriptions for academic reform in the face of adversity differ considerably from the "post-everything" formulations of multiculturalism. They also stand apart from the return to the liberal arts as conventionally understood. But they are, I think, the most responsive to our new conditions of economic hard times and demographic pluralism. At a minimum, they will permit us to sail with the wind at our backs as we go about the task of ensuring that Americans are competent for their times. □

Robert Wood is the Henry R. Luce Professor of Democratic Institutions and the Social Order at Wesleyan University. He served as undersecretary and secretary of housing and urban development in the Johnson administration and as president of the University of Massachusetts and superintendent of Boston Public Schools. His most recent book is titled, Remedial Law: When Courts Become Administrators.

FOCUS ON K-12 FINANCES: *Expenditures Per Pupil*

Estimated Current Expenditures for Public Elementary and Secondary Schools Per Pupil in Average Daily Attendance 1989-90 and 1990-91

STATE	AMOUNT			NATIONAL RANK	
	1989-90	1990-91	% Change	1989-90	1990-91
Connecticut	\$7,869	\$7,914	0.6	3	4
Rhode Island	6,425	6,989	8.8	6	6
Massachusetts	6,172	6,351	2.9	7	8
Maine	5,541	5,894	6.4	12	12
Vermont	5,418	5,740	5.9	13	13
New Hampshire	5,111	5,504	7.7	17	15
U.S. Average	\$4,975	\$5,261	5.8		

Source: NEBHE analysis of National Education Association data.

Item: Boston University announces it will require students who receive full-tuition scholarships to live in student housing, beginning in September 1992. BU officials say the move is meant to improve the education environment on campus. Some students claim the goal is to fill dorms and raise revenue to head off a deficit.

Item: Brown University reports an increase in unpaid application fees and requests for fee waivers. Despite ongoing efforts to trim expenditures, the university sets up an emergency \$1 million financial-aid fund for students stung unexpectedly by the recession.

Item: Students from private four-year colleges arrive at Mattatuck Community College in Connecticut, transcripts in hand. They want to transfer to the lower-priced public two-year college.

Item: Northeastern University embarks on a program to eliminate positions and programs — and faculty groups support it.

Welcome to the tumultuous 1990s — a decade that could profoundly change the landscape of the nation's academic heartland. In the 1980s, just two New England colleges ceased operations, according to the New England Board of Higher Education. Already in the 1990s, Hartford College for Women has merged with the University of Hartford, and the University of Bridgeport is preparing to shut down in a bankrupt city that epitomizes the fierce economic pressures bearing down on the region.

New England's public colleges and universities have been ravaged by four years of budget cuts. Now, many of their independent counterparts are struggling with similar challenges as the recession squeezes annual giving, endowment growth and students' ability to pay tuition bills.

The economy is not the only problem. Maintenance of buildings can no longer be deferred. The number of high-school graduates continues to shrink. New England's high-school class of 1994 is projected to be more than 20 percent smaller than the class of 1988. Students ("consumers" now) no

longer stand for tuition hikes far in excess of inflation. Anticipating growing anger about rising college costs, BU, Dartmouth College and Wesleyan and Tufts universities are among the many institutions that have announced their lowest percentage tuition hikes in more than a decade. And state and federal scholarships are not filling the widening gap between family incomes and costs.

Meanwhile, federal research largess is holding, but the future is uncertain. A recent \$270 billion military spending bill includes \$29 million for a Center for Photonics at BU, \$6 million for an Advanced Materials Research and Development Center at Northeastern University and \$2 million for a National Center of Complex Systems at Brandeis University. (Bridgewater State College, a public institution, recently received a \$10 million Department of Energy grant to establish a high-technology training center for teachers and workers.) But if the end of the Cold War doesn't trim federal research spending in New England, stepped-up federal scrutiny of billing practices, rising sentiment against "pork barrel" funding and an effort to disperse research dollars across the nation may.

Something has to give. "We're going to see some marginal schools close and some schools drift in quality unless they make some hard decisions about what they are," says Arthur Levine, a lecturer at the Harvard Graduate School of Education and former president of Bradford College. For many institutions, change will be a prereq-

Independent Higher Education's **New Diet**

John O. Harney

uisite for survival. "Some schools will move away from the notion of being comprehensive department stores to being more specialized boutiques," Levine says.

Institutions with small endowments, fairly open admissions, high acceptance rates and low admissions yields are in the most danger of closing, according to Levine. As for the drift in quality, college catalogues and annual reports won't provide much insight. But Levine and others say institu-

Many institutions will trim down, some will starve

tions that address the fiscal crisis by simply freezing positions and holding the line on spending will almost surely compromise instruction.

Many of New England's elite institutions are trimming expenditures based on strategic plans as they try to deal with slowed income growth and the soaring cost of items such as employee benefits, marketing and student financial aid.

One casualty may be so-called "need-blind" admissions, which guarantees every entering freshman all the financial aid needed to attend an institution. In considering a plan to take need into account when admitting wait-listed students, Wesleyan University could join Brown, Smith College and a few others in *acknowledging* the retreat from need-blind admissions in its purest form. Brown accepts about 95 per-

cent of its student body on a need-blind basis, then calculates how much aid it has committed and selects the rest of the class with some consideration of ability to pay. Says Brown's Vice President for University Relations Robert Reichley: "We are spending between \$18 million and \$19 million a year on aid. We can't afford to play Russian roulette with the aid and fund everybody who comes only to discover later that we spent \$20 million."

More institutions have dropped need-blind admissions quietly. And some that have held onto the policy for entering freshmen are increasing the gap between financial *aid* and financial *need* as students move toward graduation — a practice that Levine says will lead increasing numbers of students to drop out of college.

If the financial squeeze offers any consolation, some say, it is that colleges are discovering efficiency and productivity. Institutions will build on strengths and cut weak programs loose.

Brown University is a good example. The university's operating budget grew by more than 150 percent during the 1980s, fueled by a 220 percent jump in financial-aid costs and a 210 percent rise in employee-benefit costs. The university established 25 interdisciplinary centers and programs, launched a range of building projects and expanded its workforce by nearly half. By design, the 1990s will not be a repeat.

"Some schools will move away from the notion of being comprehensive department stores to being more specialized boutiques."

A "re-allocation" process underway for three years will allow Brown to continue forging new initiatives and expanding where appropriate. But no longer will the university grow simply by generating new revenue. Funds for high-priority areas such as graduate fellowships and maintenance will have to come from low-priority or inefficient areas. Brown already has reduced travel and entertainment allocations, eliminated four varsity sports, stopped publishing its biweekly tabloid, reorganized the offices of the controller and human resources and eliminated instructional computer grants.

E N D O W M E N T S

Eighteen New England colleges and universities rank among America's top 100 independent institutions in endowment value per student ...

U.S. RANK	INSTITUTION	MARKET VALUE JUNE 30, 1991	# FTE * STUDENTS	ENDOWMENT ASSETS PER STUDENT
6	Harvard University	\$4,669,683,000	17,057	\$273,769
8	Yale University	2,566,680,000	10,702	239,832
13	Wellesley College	388,186,000	2,217	175,095
14	Amherst College	268,411,000	1,597	168,072
17	MIT	1,442,526,000	9,339	154,463
18	Williams College	315,056,000	2,041	154,364
23	Smith College	343,133,000	2,641	129,925
26	Bowdoin College	161,556,000	1,385	116,647
27	Dartmouth College	594,582,000	5,112	116,311
32	Middlebury College	209,182,000	2,001	104,539
37	Wesleyan University	271,903,000	2,814	96,625
39	Mount Holyoke College	180,974,000	1,914	94,553
50	Trinity College	144,321,000	1,910	75,561
72	Brown University	431,444,000	7,265	59,387
87	Colby College	78,144,000	1,741	44,885
88	Bates College	68,740,000	1,537	44,723
90	Brandeis University	161,112,000	3,716	43,356
100	Radcliffe College	106,817,000	2,711	39,401

... but only three New England universities or systems rank among the top 100 public institutions.

U.S. RANK	INSTITUTION	MARKET VALUE JUNE 30, 1991	# FTE * STUDENTS	ENDOWMENT ASSETS PER STUDENT
17	University of Vermont	\$75,020,000	9,307	\$8,061
79	University of Maine System	31,900,000	22,974	1,389
85	Univ. of Rhode Island Found.	12,083,000	12,730	949

* Number of full-time equivalent students enrolled, Fall 1990.
Source: National Association of College and University Business Officers.

Brown officials say raiding the institution's \$431 million endowment is not an option. In fact, to try to bring the fund closer to the level of other Ivy endowments, the university is gearing up for a \$450 million capital campaign, and next year, will limit the amount it can draw from its endowment to 5.4 percent, down a percentage point from last year despite the revenue squeeze.

The Ivies and other institutions with national reputations and strong financial underpinnings will survive the turbulent '90s. The University of Bridgeport and probably a few others will not — at least not as we know them.

Fiscal conservatism is the order of the day. Despite a 3 percent rise in applications, Brown is reducing the size of its undergraduate student body. And to make sure dorm rooms don't sit empty, officials are meticulously calculating how many stu-

dents will be on leaves of absence or studying abroad at any given period.

Though Brown has cut or re-allocated \$6 million over the past three years, it will have to trim an estimated \$8 million more over the next four years.

New England's other Ivy League institutions face similar pressures. At Dartmouth, officials are making good on a 1989 commitment to bring annual tuition and fee increases down from the double-digit rates of the early 1980s to nearer the national higher-education price index of just over 5 percent. But expenses for items such as financial aid, library resources and physical plant continue to rise. President James O. Freedman recently announced that the college's budget will remain balanced without significantly affecting core academic programs, cutting tenure-track faculty, abandoning need-blind admissions or reducing the college's compensation pool for faculty. The budget-balancing plan does eliminate 20 positions.

While Dartmouth's budget will grow by

at least 5 percent annually over the next three years, Provost John Strohhahn says the college is examining its programs and making "hard choices" to fit priorities. For example, next year's tuition hike of about 6 percent is the lowest since 1965. But because of the recession, many American families cannot afford the increase, according to Strohhahn, so the college will increase its financial-aid budget by almost 14 percent. To fund that increase, Dartmouth will have to take about \$1.6 million from other areas, among them, the financial-aid budget for international students.

Harvard University Vice President for Finance Robert H. Scott told the Harvard Board of Overseers in January that the recession had put pressure on the university to limit tuition and fee increases, while slowing revenue growth. Harvard received more in gifts than any other U.S. university in 1991, but 3.7 percent less than a year earlier. The return on Harvard's \$4.7 billion endowment dropped from 7.5 percent in 1990 to 1.1 percent in 1991. And though Harvard's expenses increased by only 5.7

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percent during 1991, the university had to raise salaries and benefits to attract leading faculty and increase financial aid to address reduced family incomes.

For the first time, Harvard included on its balance sheet the estimated annual cost of keeping its facilities in good condition: \$77 million. With that figured in, the university posted a \$42 million shortfall in its 1991 operating budget of \$1.2 billion — the largest deficit in its history.

Last year, about 350 of 800 eligible non-faculty staff at Harvard accepted the university's early retirement program. Harvard is now trying to decide which positions should be filled and which can be eliminated through increased efficiency. Scott says Harvard won't cut academic programs, financial aid or faculty to solve its budget problems, but will focus its budget-balancing measures on expenditures, rather than income. "I don't think any university can expect to solve financial problems by just trying to raise new revenues," says Scott. "Many of the things we are going to want to do in the future will have to be financed by finding ways to do a little bit more with a little bit less."

Yale University is running a deficit in excess of \$10 million for this fiscal year and will have to spend an estimated \$1 billion over the next decade to fix aging facilities. In 1991, the university laid off nearly 100 employees and reduced library hours, teaching assistantships and several sports teams. Early this year, Yale's Committee on Restructuring the Faculty of Arts and Sciences, comprised of faculty and adminis-



trators, recommended cutting faculty positions by more than 10 percent through attrition and eliminating or consolidating academic departments over the next 10 years. A similar process was undertaken in the late 1970s, but abandoned in the prosperous '80s.

Trimming isn't easy. "During the 1980s, we came to expect that things would get better every year and even that they would get better by more every year," says Michael McPherson, director of the Williams College Center on the Economics of Higher Education. "Everything was on an escalator. We expected healthy increases in salaries and benefits, reduced teaching loads and better students. Simply getting people used to the idea that things may get better more slowly or that, for a while, things might *not* get better is a big communications job. It's like turning around a supertanker."

But it beats sitting on the Titanic. The

The University of Bridgeport:

"Like everybody else, we overexpanded in the '50s and '60s, then the student pool started to shrink."

Ivies and other institutions with national reputations and strong financial underpinnings will survive the turbulent '90s. The University of Bridgeport and probably a few others will not — at least not as we know them.

The University of Bridgeport is likely to be out of business by fall. "Like everybody else, we overexpanded in the '50s and '60s, then the student pool started to shrink. We had an administration that negotiated very generous contracts with the faculty. Expenses were high, we had a modest endowment and income was falling, because we had a limited fundraising operation and a shrinking student body," says university spokesman Walter Wager.

Bridgeport's enrollment plummeted from 9,100 in 1967 to around 3,000 this year. Says Wager, "The baby boom ended, and we were left with a very expensive stroller."

To be sure, Bridgeport had a few special problems. A tolerant billing policy resulted in \$4 million in unpaid tuition at one point last year, according to Wager. And a bitter faculty strike that began in 1990 scared off students. Though a new administration was able to cut operating costs and triple fundraising, it was too late.

In a last-ditch effort to survive, Bridgeport trustees in November considered, but ultimately rejected, affiliation with a group backed by the Unification Church. Bridge-

FOCUS ON K-12 FINANCES: *Revenue Per Pupil*

*Public School Revenue Per Pupil in Average Daily Attendance
1989-90 and 1990-91*

STATE	AMOUNT			NATIONAL RANK	
	1989-90	1990-91	% Change	1989-90	1990-91
Connecticut	\$8,353	\$8,410	0.7	4	4
Vermont	6,638	7,497	12.9	8	6
Rhode Island	6,590	7,170	8.8	10	8
Massachusetts	6,794	6,914	1.8	6	9
New Hampshire	5,993	6,593	10.0	14	11
Maine	5,826	6,206	6.5	17	15
U.S. Average	\$5,519	\$5,811	5.3		

Source: NEBHE analysis of National Education Association data.

port officials then announced they would eliminate 31 undergraduate and graduate degree programs. By this time, the 750-student law school was ready to bolt. When the law school faculty voted to support Law Dean Terence Benbow's proposal to join Quinnipiac College, the university fired Benbow.

After sometimes bitter deliberations over where the law school would reside, law school personnel, including Benbow, went on Quinnipiac's payroll on March 1. Quinnipiac planned to pay \$1 million to buy Bridgeport's law library and enter into a leasing agreement that could bring the cost of the transaction to about \$4 million. Quinnipiac pledged to operate the law school in its present location for at least three-and-a-half years and to try to maintain a permanent presence in Bridgeport after that period. In the meantime, Bridgeport's deteriorating financial situation put the law school's American Bar Association accreditation in jeopardy. Bridgeport officials have tried to strike a deal that keeps the remaining academic programs at one institution. But Sacred Heart University, the University of New Haven and Quinnipiac have all expressed an interest in some of the programs.

When the baby boom ended, the University of Bridgeport was "left with a very expensive stroller."

The University of Bridgeport's demise should not be underestimated. "Institutions evolve, but they're very hard to kill off," says David W. Breneman, a visiting professor of education at Harvard and former president of Kalamazoo College in Michigan. "What happened in the '70s and '80s to prevent a lot of the weaker schools from closing was that a lot of them radically changed their programs and shifted over to professional fields. They turned out to be pretty adaptive when push came to shove."

If the University of Bridgeport is an early loser in some New England higher-education shakeout, Quinnipiac is an early winner. Located in pastoral Hamden, Conn., about an hour drive, but worlds away, from struggling Bridgeport, Quinnipiac has seen its enrollment grow by 29 percent since 1986, while applications have risen by 51 percent, according to college offi-

cial. Forty percent of Quinnipiac alumni send checks to their alma mater, compared with a national average of 23.2 percent.

A campaign that ended in 1989 raised \$4.5 million for construction of a new health sciences center. Now Quinnipiac is in the midst of a \$7 million fundraising campaign to support construction of a School of Business Center; more than \$4 million was raised during the advance gifts phase of the campaign.

Quinnipiac faces some of the pressures other colleges do; for example, it has had to nearly double its institutional financial

aid in the past four years. But the college has benefited from a philosophy the Ivies are only now adopting: You can't be all things to all people.

Founded in 1929 as a business school, Quinnipiac later established strong health sciences programs and essentially stuck to those two fields. With a full-time undergraduate enrollment of 2,500, Quinnipiac offers only 40 undergraduate and six graduate programs (about half as many as Bridgeport). Quinnipiac officials have set strict parameters for which programs the

Continued on page 63.



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Presidential Turnover *Wendy A. Lindsay*

Do you have a record of visionary leadership? How about a high level of integrity, openness, collegiality, stamina and enthusiasm for hard work? Do you excel in budgetary and fiscal management? Can you communicate effectively with diverse constituencies — faculty, staff, students, administrators, legislators, trustees, alumni and the community? Do you have an earned doctorate and experience as a successful senior level administrator? If so, you may be a hot commodity.

Despite the lure of salaries from about \$80,000 at two-year colleges to more than \$130,000 at doctoral institutions — plus generous fringe benefits, often even cars and houses — New England campuses are struggling to attract presidents who will make long-term commitments to one institution. In recent years, the president's office on some campuses has had a revolving door, with new chief executives walking into a situation more complex and demanding than anticipated — and walking out soon afterward. The president's chair has become a hot seat, as budget and enrollment crises have forced leaders to make difficult, often unpopular decisions.

A major challenge facing today's presidents — especially on public campuses — is the changed fiscal priorities of govern-

ment budget-writers. "Higher education ranks much lower than it did during its growth period," says David Knapp, who was president of the University of Massachusetts from 1978 to 1990. "We're in a period where accountability looms much larger for higher education than it did 20 years ago, and this is tied very directly to questions about the integrity and reputation of academic institutions, including their internal management."

In the past two years alone, about one-quarter of New England's more than 260 colleges and universities have changed presidents. There were 25 new presidents on the region's campuses in 1990, and an additional 30 in 1991. Nine presidents who resigned in 1990 had served a decade or more.

Turnover among New England land-grant presidents has been particularly high. The University of Connecticut and the University of New Hampshire named new presidents in 1990; the University of Rhode Island did so last year. The University of Maine will have a new president in April. Both the University of Massachusetts at Amherst and the University of Vermont have interim leaders. (The Massachusetts Institute of Technology, the region's only independent land grant, also named a new president in 1990.)

High attrition at the region's public land grants may come as little surprise. The fiscal vise is tightening, and the pressure from taxpayers, political leaders, faculty and students is intense. Take the case of UVM. In 1990, George Davis replaced Lattie Coor, who had led the institution for more than a decade. Davis resigned after only one year and one highly publicized climb up a ladder to speak with students occupying his office to protest a lack of cultural diversity on campus. The symbolism was not lost on UVM's interim president, former Vermont Gov. Thomas P. Salmon, who upon his appointment emphatically told the *Boston Globe*, "I'm not climbing any ladders."

Nationally, about one-third of land-grant institutions changed presidents in 1990, according to a study by William E. Davis, chancellor of Louisiana State University, conducted for the National Association of State Universities and Land-Grant Colleges (NASULGC). Davis found that the average tenure of land-grant presidents in 1990 was only three-and-a-half years. Fewer than 10 percent of land-grant presidents had served 10 or more years at one institution in 1990, down from 17 percent in 1980, according to the NASULGC study.

In New England, only 50 college presidents have served the same institution for

A FOUNDER RETIRES

That endangered species known as the New England Founding President is about to become even rarer. Robert E. Miller, president of Connecticut's Quinebaug Valley Community College since its establishment 21 years ago, announced he will step down in April.

When Miller took office, new community colleges were opening across the country at the rate of one a week. Two decades later, downsizing has replaced expansion, and presidents are hard-pressed to make the case for their institutions.

"Attempting to convince the various important constituencies — those who provide the funding and support, the alumni groups and so forth, and the community at large — that higher education is important, is probably more of a challenge today than 10 or 20 years ago," says Miller.

Today's college presidents must encourage accountability and responsibility among all members of the academic community, Miller says. Above all, the chief executives must "build a sense of community in the institution — give everyone in the institution the feeling of belonging ... and the opportunity to have an appreciation for the global view of the institution."



Miller: *Build a sense of community ...*

more than a decade. Of those, 39 are presidents of independent colleges, including two who will retire this summer.

Nationally, the average tenure of current independent college presidents is seven years, compared with 10 years for the leaders they replaced, according to a study by the Association of Governing Boards of Universities and Colleges. The average tenure of current public college presidents is six years, versus eight years for their predecessors.

"Today, college presidents tend to be more committed to the profession of being a college president than to a particular institution," says Vincent J. Mara, who has been president of Fitchburg State College in Massachusetts since 1976. "They may stay at one institution for four or five years, then move onto another, bigger and better presidency."

That wanderlust is hurting institutions, according to Mara, who notes, "Colleges move slowly, and it takes time to fulfill the vision that a president may have for a college."

Today, at least 15 New England colleges — both public and independent — have interim leaders. And several other independent colleges are seeking replacements for presidents who plan to resign this year.

If these institutions follow current trends, they will probably dismiss the possibility of promoting one of their own to the top job, and instead launch national presidential searches. They are also likely to turn to consultants such as Academic Search Consultation Services of Washington, D.C., a nonprofit group that has recruited presidents for 20 New England colleges and universities since 1986 and is seeing an increase in business. Says Senior Principal Christine Young, "Today more colleges need help finding a suitable president, because the job has become increasingly difficult and less attractive."

Above all, colleges may seek presidents with a penchant for making the most of tough times. "Most presidents of the recent past have grown up during a growth period in academic life," says Knapp. "Today it's a changed environment — and colleges need presidents who understand the nature of the change." □

Wendy A. Lindsay is the associate editor of CONNECTION.

FOCUS ON K-12 FINANCES: *Who pays?*

Estimated Percentage of Revenue for Public Elementary and Secondary Schools 1989-90 and 1990-91

From Local Governments ...

STATE	PERCENTAGE		NATIONAL RANK	
	1989-90	1990-91	1989-90	1990-91
New Hampshire	89.3%	90.3%	2	2
Vermont	58.2	58.0	10	9
Massachusetts	60.6	58.0	7	10
Connecticut	51.3	53.9	20	17
Rhode Island	52.5	51.8	18	20
Maine	40.8	40.7	32	32
U.S. Average	44.9%	44.9%		

From State Governments ...

STATE	PERCENTAGE		NATIONAL RANK	
	1989-90	1990-91	1989-90	1990-91
Maine	52.9%	53.3%	21	20
Rhode Island	43.6	44.2	31	28
Connecticut	44.8	42.1	28	34
Vermont	36.5	37.0	43	42
Massachusetts	34.5	36.9	46	43
New Hampshire	8.0	7.3	50	50
U.S. Average	48.6%	48.9%		

From the Federal Government ...

STATE	PERCENTAGE		NATIONAL RANK	
	1989-90	1990-91	1989-90	1990-91
Maine	6.3%	6.0%	27	27
Massachusetts	4.9	5.2	40	33
Vermont	5.3	5.0	34	36
Rhode Island	3.9	4.0	49	46
Connecticut	4.0	4.0	47	47
New Hampshire	2.6	2.4	51	51
U.S. Average	6.4%	6.2%		

Source: NEBHE analysis of National Education Association data.

When Angela Gonzalez was in high school, she told her guidance counselor she wanted to go to college. But instead of being placed in the usual college-preparatory classes, Gonzalez, a Hopi Indian, was tracked into auto shop and wood shop. Upon graduating from high school, she spent a year at college, where she “didn’t do too much academically,” she says, “because I didn’t have guidance and didn’t have the opportunity to look for guidance.”

After a three-year break and a brief flirtation with cosmetology, Gonzalez returned to community college in the evenings and received her degree. Now a graduate student at Harvard University, she gives little credit

for her academic success to the counselors who were supposed to assist and advise her. “If I had listened to my counselor,” Gonzalez says, “I’d probably have Angie’s Beauty Salon right now.”

Gonzalez’s story is not unusual. Tales of teachers and counselors who discouraged minority students from pursuing educational opportunities were traded with startling

frequency by the more than 350 Black, Hispanic and Native American students who gathered at the Massachusetts Institute of Technology in November for the second annual meeting of the New England Role-Model Network, organized by the New England Board of Higher Education (NEBHE). The students, from high schools and colleges throughout New England, met with more than 60 faculty of color from the region’s colleges and universities to share their experiences and to offer one another

support, encouragement and advice on penetrating — and surviving — New England’s predominantly White campuses.

“The network is filling a void,” noted Cardinal Warde, an African-American professor of electrical engineering at MIT. “The psychological isolation and discouragement experienced by many minority students seem to be sharply reduced as a result of their interaction with the role models, both faculty and other students.”

Faculty and graduate students served as role models and mentors for the high-school, community college, undergraduate, graduate and professional students attending the network meetings and workshops. Role models and students took part in panel discussions on such topics as transferring from a community college to a four-year institution, getting into and succeeding in graduate school and preparing for careers in emerging fields. Above all, role models encouraged students to continue their education and consider teaching as a career option.

Yet often as not, the role models shared with students their own experiences of being discouraged rather than encouraged to pursue an education. “When I told my counselor I was applying to Dartmouth, I was told ‘Perhaps you should adjust your goals, maybe you’re aiming too high,’” said Vermont Law School Professor Bruce Duthu,

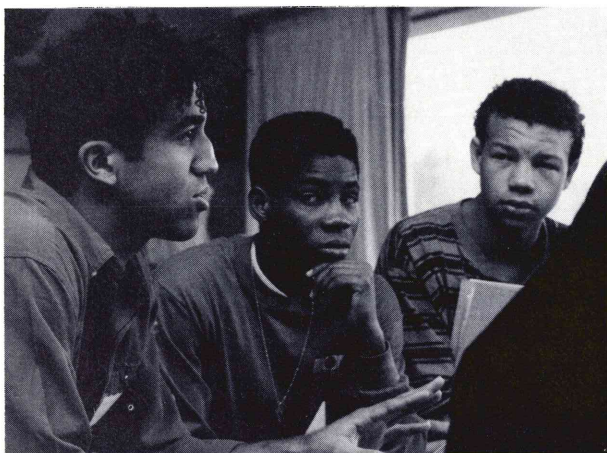


Photo courtesy of Tracy Aiguier.

Students at the second annual meeting of NEBHE’s New England Role-Model Network. Blacks, Hispanics and Native Americans comprise more than 9 percent of New England’s population, but received just over 4 percent of all bachelor’s degrees awarded by New England colleges in 1989.

Minority Participation in Higher Education:

A role-model network offers hope

Jennifer McCauley

a Native American and a specialist in American Indian Law. "I couldn't understand why, since I was fourth in a class of 700."

Perhaps because of such experiences — and the dearth of minority role models available in their day — many faculty participants said they welcomed the opportunity to serve as role models and mentors for a new generation of minority students. "My mentors were all White males, because that's all there were in my field," said Lydia Villa-Komaroff, a Hispanic associate professor of neurology research at Harvard Medical School.

Carmen Cid-Benevento, a biology professor at Eastern Connecticut State University, knew the feeling. "I'm the only Hispanic ecologist in my field in this country," she told students. "I never see so many minorities in one room."

**Only 2.3 percent
of New England's faculty
members are Black;
1.3 percent are Hispanic
and 0.2 percent are
Native American.**

Student participants told of feeling particularly isolated in classrooms where White teachers taught White history and culture to overwhelmingly White classes. "Everything I'm taught excludes me and my people," said Iris Rodríguez, a student at Bowdoin College.

Throughout her education, Rodríguez said, teachers told her Latino history and culture were not taught because there was no material on the subject, and because Latinos had not made significant contributions or published enough to warrant coverage. Ironically, Rodríguez said the lack of attention given to her culture inspired her to become a teacher. "Every teacher who never taught about Latinos inspired me to get an education," she said. "I want to get a Ph.D., to write, to teach, so I can say 'Here it is. I'm a Latina, I wrote it. Now teach it!'"

Many New England colleges and universities are attempting to increase the diversity of their student bodies. The region's campuses have long been disproportionately White, with Blacks, Hispanics and Native Americans

being the most underrepresented groups. According to NEBHE data, while these groups comprise more than 9 percent of the regional population, they received just over 4 percent of all bachelor's degrees awarded by New England colleges in 1989.

In some graduate fields, the numbers are even grimmer. In academic year 1989-90, for example, New England public and private universities awarded 418 doctorates in engineering. But of the U.S. citizens or permanent residents who received the degrees, only two were Black, one Hispanic and none Native American.

New England college faculties also remain disproportionately White. Only 2.3 percent of the region's faculty members are Black; 1.3 percent are Hispanic and 0.2 percent are Native American.

Patience is growing thin. Last April, student demonstrators at the University of Vermont occupied both the former president's office and the registrar's office, demanding that the university increase its efforts to recruit minority students and faculty. In 1990, less than 6 percent of UVM students and just 1.4 percent of UVM faculty members were minorities.

Students at Harvard Law School have also held demonstrations to denounce the low number of women and minority faculty at the school. And at many campuses, the kind of cultural bias that Iris Rodríguez confronted has exploded into a fiery debate over "Eurocentric" curricula and "political correctness."

The underrepresentation of Blacks, Hispanics and Native Americans in higher education is at least partly a "pipeline" problem. A recent study by The College Board and the Western Interstate Commission on Higher Education projects that by 1995, one-third of all students in U.S. public schools will be minorities. But high-school graduation rates among minorities are not expected to keep pace with increases in the K-12 population; for some groups, decreases are projected.

For example, by 1995, public school enrollment of Native Americans is projected to increase 29 percent over 1986. Yet the number of Native Americans who will actually receive high-school diplomas is expect-



Photo courtesy of Hakim Raquib.

The regional meeting sets the stage for state- and campus-level networking.

"These conferences are spinning off other events, like pot luck suppers and cultural events ..."

College participation rates of 18- to 24-year-olds, 1990

Whites: 33%
African-Americans: 25%
Hispanics: 16%

High-school graduation rates, 1990

Whites: 83%
African-Americans: 77%
Hispanics: 55%

Growth in college enrollment, 1988 to 1990

Asian-Americans: 11.7%
Hispanics: 11.5%
Native Americans: 10.8%
African-Americans: 8.2%
Whites: 3.8%

Source: American Council on Education, Tenth Annual Status Report on Minorities in Higher Education.

ed to rise just 11 percent. And while Black K-12 enrollment is projected to grow 13 percent during that period, the number of Black students graduating from high school is expected to drop 2.6 percent by 1995. Stereotypes persist. Ample evidence suggests that many minority students get less positive reinforcement from teachers than their White peers do and are far more likely to be tracked into low-ability groups.

As a result, the number of minority students who go on to college — while increasing — lags far behind the increases in the college-age minority population.

Average unemployment rate, 1991

African-Americans: 12.4%

Hispanics: 9.9%

Whites: 6%

Source: U.S. Department of Labor Bureau of Labor Statistics

Getting into college, it seems, is only half the battle. For like high school, college has been an incomplete experience for many minority students. Enrollment gains have not translated into increased degree production. According to a 1990 study by the American Council on Education (ACE), the number of Hispanics enrolled in higher education

rose 29 percent between 1980 and 1986. Yet by 1986, less than a third of Hispanic students who entered a four-year college in 1980 had received bachelor's degrees.

One reason is that minority students, particularly those from inner-city schools, often have not had the same level of academic preparation as White students. "The

AS PART OF ITS EQUITY AND PLURALISM ACTION PROGRAM, NEBHE RECENTLY PUBLISHED THE NEW ENGLAND DIRECTORY OF BLACK, HISPANIC AND NATIVE AMERICAN DOCTORAL STUDENTS.

The directory — which lists nearly 350 minority graduate students interested in college teaching positions — was distributed to presidents, graduate deans and affirmative action officers at colleges and universities throughout New England. To order a copy, mail a check for \$3 to NEBHE, 45 Temple Place, Boston, MA 02111.

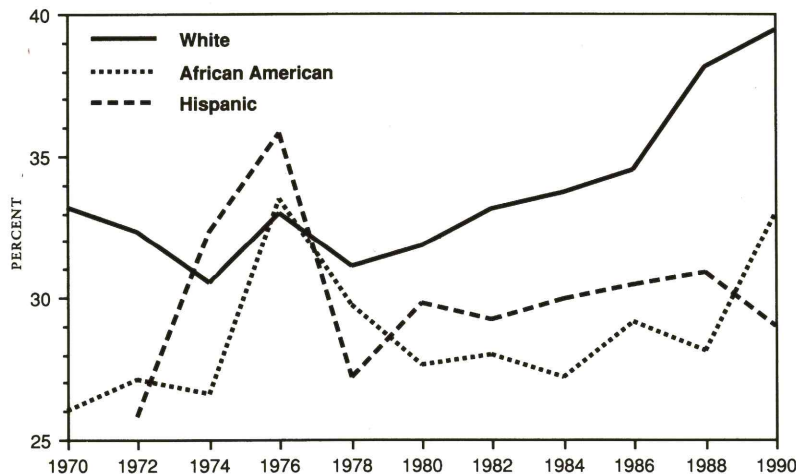
shock of the rigor of college education is sometimes substantial, particularly if there aren't sufficient support programs, tutorial programs, student mentors, all of those things that will assist students in staying in school," says ACE senior scholar Reginald Wilson. The support is particularly important during a student's freshman year. Nearly half of all Black students who drop out of college do so during their first year, according to Wilson.

At the network meeting, minority students stressed the need for mentors and support groups not only to inspire them to pursue a college education, but also to help them survive and thrive in mostly White educational settings once enrolled. James Grant, an African-American student at the University of Massachusetts at Boston, advised student participants to seek out and become involved in support groups like the Role-Model Network. "You need to plug into this kind of resource," he said. "You need to plug into people of your own kind to get that understanding, because culturally, you're not going to get it in the classroom."

But while stressing the importance of minority role models, Cid-Benevento encouraged students to seek out White mentors as well. "It's great to have [minority] mentors," she said, "but there are other people out there who want to help and you should seek out these people."

Role models encouraged students to network with other students and faculty with-

College Participation Rates, 1970-90



Note: Figures are for high-school graduates 18 to 24 years old.
* Hispanics may be of any race. Data before 1972 are unavailable for Hispanics.

Source: American Council on Education, *Higher Education & National Affairs*.

in their chosen field. Faculty members told students not to be afraid to make the first move and contact a professor who could serve as a role model. "As mentors, we're not being flooded with calls," said Eric Jolly, a Native American psychology professor at the University of Rhode Island. "We're not being overwhelmed by people of color who say 'Give me a hand.'"

Students participating in the annual regional conference maintain contact with one another and meet new students and role models through participation in statewide support networks that have been formed in all six New England states. JoAnn Moody, NEBHE vice president and director of the Equity and Pluralism program that created the network, said business and education leaders in each state have organized the state networks with help from students who attended the regional conference and minority student groups. "What's so heartening is that after the initial creation of the state networks, subsequent meetings are mostly sponsored by the students," Moody said.

Moreover, student interaction both with role models and one another has continued

beyond the regional and state network meetings. "These conferences are spinning off other events, like pot luck suppers and cultural events, organized totally by the students themselves," said Emorcia Hill, assistant director of the Equity and Pluralism program.

Other activities undertaken by network students include the formation of campus support networks, tutoring groups and high-school outreach programs. "The students have really sustained the momentum by taking the initiative and creating these programs at their high schools and campuses to support one another," Hill said.

Role models also commented on the impact the network has had on student members. MIT's Warde, a role model for two years, said, "I've seen splendid results in the attitude and confidence level of the students who have participated." □

Jennifer McCauley is a staff writer for CONNECTION.

Progress?

African-Americans as a percentage of U.S. full-time faculty

1989: 4.5%

1979: 4.3%

Source: American Council on Education, *Tenth Annual Status Report on Minorities in Higher Education*.

NEBHE RECENTLY JOINED HARVARD MEDICAL SCHOOL'S MINORITY FACULTY DEVELOPMENT PROGRAM AND THE MASSACHUSETTS MEDICAL SOCIETY IN COSPONSORING THE NEW ENGLAND BIOMEDICAL SCIENCE CAREERS CONFERENCE.

The aim of the conference: Give underrepresented minority high-school and college students an opportunity to meet with role models from the medical and biotech fields.

Minorities make up less than 3 percent of U.S. medical school faculties. One reason the number is so low is that many minority students are unaware of opportunities in academic medicine, according to Harvard Medical School officials. A 1990 survey revealed that more than half of the school's minority faculty and house staff, while undergraduates, had never even discussed pursuing academic careers in medicine.

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New England's private two-year colleges increasingly confront dwindling endowments, declining enrollments and a bleak overall demographic outlook. The problems have prompted institutions such as Bay Path, Endicott, Lasell and Mount Ida colleges to re-evaluate their missions and plan strategically for the next century. And they're not doing it alone: They are seeking help from educational consultants who have found a burgeoning market on New England campuses that are short on both money and students.

Bay Path, for example, sought consulting expertise to help carve a niche for the next century. College officials — with advice from consultants — identified several options to bring before trustees: Focus attention on strengthening academic programs. Enhance faculty credentials through professional development. Enrich library resources. Expand cur-

riculum. Identify new markets. Jettison single-sex status or convert completely to a four-year college.

The introduction of business-oriented consultants to academe can generate friction. Author and consultant George Keller noted almost 10 years ago that those in the business world can be insensitive to the fragile culture and environment of campus life. Conversely, one strategic planner recently warned that consultants often find on campuses "inflexible attitudes, cumbersome operating structures ... flawed decision processes and sacrosanct practices."

Still, educational consultants can effectively jolt a leadership team — or a whole campus — to look in new directions for solutions to problems like endowment erosion, enrollment decline and poor financial management. A recent report by The Pew Charitable Trusts suggests consultants help institutions coordinate "top-down leadership and bottom-up management" by broadening faculty involvement in institutional financial matters. As objective outsiders with experience both in developing consensus in difficult circumstances and delivering a decision when consensus is impossible, consultants are able to coordinate strategically the fiscal and human resource elements of each project, while remaining relatively insulated from divisive campus politics.

Consultants' clients are not

limited to small institutions. After closing its undergraduate nursing program, Boston University sought consulting help to find a suitable home for a highly regarded graduate nursing program that university officials believed was no longer economically feasible. Consultants worked with university officials to identify and narrow the field of potential transfer institutions, establish appropriate financial and contractual parameters, forge a negotiating strategy and develop a strategic, practical plan for achieving curricular, personnel, library and administrative transitions. Eventually, the program and its assets were transferred to Northeastern University.

Consultants remain relatively insulated from divisive campus politics.

By engaging a consultant, BU was able to develop a multifaceted marketing plan beyond the scope of its internal staff resources and to transfer with academic integrity and administrative efficiency a graduate program no longer economically viable nor integral to its central academic mission. For Northeastern — which could not likely have afforded to start a new freestanding graduate program from scratch — the transaction served as a useful vehicle to achieve a needed mea-

Advice 101

James Martin and James E. Samels

Consulting firms see a growing market on New England campuses

riculum. Identify new markets. Jettison single-sex status or convert completely to a four-year college.

All of these options standing alone proved less than optimal. After more study, Bay Path's president and the consultants returned to the trustees with a plan to offer two-plus-two bachelor's degree programs, in which baccalaureate candidates earn associate degrees before entering one of several "plus-two" upper-division degree programs. This approach permitted the college to enter the senior college market while stabilizing its associate-level enrollment and enhancing its women's junior college tradition.

Becker College, Dean Junior College, Franklin Institute and Newbury College also are working with consultants to study

sure of program diversification and degree elevation.

Similarly, Emerson College sought consulting help to acquire *Ploughshares* literary magazine and thus bolster the power and prestige of its Creative Writing, Publishing and Literature Division. The college engaged consultants to assist with contract negotiations, corporate restructuring (creating an editorial board of overseers separate from the college) and strategic marketing. Emerson acquired a critically important journal and avoided the financial burdens associated with starting a publication.

**Consulting fees
range from \$2,500
to more than \$50,000,
depending on
the project.**

BU, Northeastern and Emerson will not be the last large institutions to benefit from the use of consultants, as the problems facing New England colleges and universities worsen.

Consultants range from specialized sections of large accounting and law firms to smaller shops focusing on areas such as executive search, marketing, enrollment, licensing, accreditation and strategic planning. Fees run from \$2,500 to \$5,000 for student or alumni preference polling to \$50,000 or more for ongoing oversight of an institutional merger or reorganization.

For institutions contemplating significant changes, the initial decision to pay for a consultant's services may prove in the long run to be less critical than choosing the right kind of firm.

For example, sections of big

accounting and law firms can bring enormous resources to bear on an institution's problem, but have been criticized for being remote to campus life and the higher-education enterprise. Smaller higher-education strategic planning firms may invest more time in learning the institution's academic culture and heritage, but become less effective if they don't manage their own growth and exercise restraint in their choice of clients. And while specialists in fields ranging from institutional advancement to executive search provide needed expertise, the institutions that hire them may have to fight the perception that they have given over the care of their alumni "families" or recruitment efforts to an impersonal, profit-driven agency.

Consultants occupy an unprecedented position in the traditional world of New England higher education. While

their clients remain guided by nonprofit models, consulting firms address the institutions' needs as both business and educational partners. A clear acknowledgement of this fact is the appropriate way to begin a lasting and effective client-consultant relationship. Well-trained consultants ultimately act more as change agents than data collectors. They welcome the responsibility not only to articulate more fully the most difficult institutional decisions, but also in the process, to serve as role models for the leadership team which must finally implement them and manage the results. □

James Martin, vice president for academic affairs at Mount Ida College, and James E. Samels, a higher-education attorney, are partners in the Samels Group, a higher-education consulting firm based in Natick, Mass.



"The Village Commons"
at the front doorstep of Mount
Holyoke College. Campus
surroundings are not lost on
prospective students.



Colleges Find Revenue *in Real Estate*

Randal D. Lilly and John F. Weis

Faced with escalating costs and changing demographics, some New England colleges and universities are looking beyond traditional cost-cutting measures and finding that new uses of real estate assets can provide income as well as a degree of control over campus surroundings.

For example, land with little or no carrying costs can be developed into affordable housing for faculty, conference centers or health-care facilities. Colleges can enter into long-term leases with private developers to build dormitories without using institutional funds. Retail space for bookstores and restaurants can be developed in existing buildings.

Because New England's recession has been marked by weakened demand for private development and real property, many colleges and universities may now find particularly attractive prices for property that will be important in meeting future needs. But indeed, some colleges and universities have been turning real estate to their advantage for some time.

Boston University has been in the process of defining its campus since moving to its Charles River location in 1920.

Initially frustrated when the Metropolitan District Commission took its riverfront property for Storrow Drive and the Charles River Embankment Park, BU soon began acquiring property along Commonwealth

Unlike typical property owners who need to demonstrate immediate profits, educational institutions tend to have long-term perspectives on investments.

Avenue for housing, classrooms and administration. Farther east along the avenue, however, the commercial and residential environment of Kenmore Square was in decline. Recognizing that deterioration of the nearby com-

mercial area was not in its interest, BU began acquiring and upgrading Kenmore Square property — and helped reverse the square's economic slide.

In 1981, the university acquired a six-story, 80,000-square-foot vacant building and rehabilitated it into the Boston University Bookstore, a vertical mall featuring the Charlesbank Bookstore, a cafe, computer store, travel agency and other businesses used by both the university community and the general public. A year later, BU bought and rehabilitated several other buildings for professional services, housing and retail uses. And in 1988, the university acquired a Kenmore Square nightclub complex, with the goal of eventually eliminating such uses from the square.

Unlike typical property owners who need to demonstrate immediate profits, educational

institutions tend to have long-term perspectives on investments. This perspective has enabled BU to balance some short-term costs with impressive long-term financial benefits in Kenmore Square. BU's interest in the square also has helped ensure that an important gateway to the campus will not be threatened by intrusive uses or physical decay.

Across the Charles River in Cambridge, Mass., the Massachusetts Institute of Technology recently organized and planned the development of the former Simplex Manufacturing site. The 27-acre site has no historical relationship to the institute, but is located just a few blocks south of Massachusetts Avenue near a mixture of MIT-owned housing, recreation space and education buildings. Also located near the site is low-cost "incubator" space — the kind of space scientists and entrepreneurs use to transfer MIT research to commercial applications.

MIT has a decidedly long-term perspective regarding the property. In 1970, the institute began the process of gaining control of the site. In 1981, after determining that a mixed-use development was desirable, it prepared a "request for proposals" for interested developers. MIT decided on a proposal by Forest City Enterprises of Cleveland, which called for 1.7 million square feet of office, research and development and retail space, a 300-room hotel and 400 units of mixed-income housing.

Taking care to address the concerns of Cambridge residents, the developer then spent five years gaining necessary zoning, environmental and other local approvals. Currently, 350,000 square feet of office space — primarily for biotech-

nology companies — has been built and occupied, as have 150 units of mixed-income housing. MIT leases the property to the developer in the form of a 75-year ground lease. While each building must stand on its own merits, MIT now controls an integral piece of real estate that supplements its technology-transfer mission.

Mount Holyoke College recently completed a nine-building retail complex called "The Village Commons," located virtually at the college's "front door" in South Hadley, Mass. The development was designed to create the feeling of a traditional New England village with two- and three-story buildings clustered together and connected by courtyards and covered walkways. The project consists of 100,000 square feet of mainly retail space — including bookstores, clothing stores, restaurants and two movie theaters — as well as apartments and office space. The development is currently 80 percent leased.

...the profit potential is obvious.

Mount Holyoke embarked upon the project in 1985 after fires destroyed much of downtown South Hadley, including a restaurant that was a central gathering place for students and faculty. The college first purchased four acres of land adjacent to a two-and-a-half-acre parcel it already owned, then later bought another adjacent acre along with a building owned by the former Bank of New England.

The decision to undertake this development, owned entirely by the college, was based on a variety of factors. Because the property is located

in Mount Holyoke's front yard, the college was concerned that if it did not control the land, a developer might build a project that was not in Mount Holyoke's best interest in terms of architectural integrity or services available to students, faculty and staff, as well as the wider community. Moreover, Mount Holyoke officials believe the appeal of a college's immediate environment is important to prospective students who are selecting a college — that a high-quality education is now only part of the equation for students choosing a college.



Mount Holyoke organized a nonprofit subsidiary with a separate board of directors to oversee the project and conducted extensive market research, working closely with students, faculty and the community. The project ultimately was conceived to serve not only Mount Holyoke and South Hadley, but also students at other area colleges and residents of adjacent communities.

In 1976, Babson College opened the Babson Recreation Center on 26 acres of land in Wellesley, Mass., after determining that the property was not an integral part of the college's long-range academic plans. The facility, owned by Babson, operates as an independent, for-profit organization

The Babson Recreation Center sits on 26 acres of land. The center has generated a strong return on Babson's investment and a positive relationship with the larger community.

with its own board of directors.

The Recreation Center began with an indoor skating facility and indoor tennis courts. As the center grew in popularity, it expanded; the complex now includes a skating rink, seven indoor and four outdoor tennis courts, three racquetball courts, indoor and outdoor swimming pools, two fitness centers, a dance and aerobic studio, whirlpool spas, saunas, locker rooms, a full-service lounge and snack bars. The center uses cogeneration to produce its own electricity, heat and hot water at substantial savings.

Today, the Recreation Center has about 4,000 year-round members and an additional 2,000 summer members. The center also operates various summer sports camps for more than 5,000 campers and subcontracts its facilities to private camps such as the Red Auerbach Basketball Camp. The center has provided a very good return on the college's investment. Equally important, it has fostered a positive relationship with surrounding communities.

In the 1980s, Babson determined that its 56-acre parcel of land in the nearby town of Needham would not be part of its plans for the foreseeable future — but that continued ownership

was critical. The college embarked on a venture involving a long-term land lease to a major developer of life-care facilities. These facilities are designed to provide elderly residents with meals, a variety of daily services and health care. In 1984, a 340-unit complex was built along with an attached 60-bed nursing home. The land lease is a long-term annuity for Babson, generating revenue from land that otherwise would not be used.

Springfield College recently initiated development of a life-care facility on 25 acres that the college determined will not be part of its future needs. The college has leased the land on a long-term basis to a developer, who intends to offer internships to Springfield College students enrolled in programs such as health fitness, health services administration, health promotion, physical therapy and occupational therapy. A main facility and housing complex will accommodate about 160 people. A 40-bed skilled health-care facility will also be built on the site. The project is currently in the presales phase, with construction slated to begin in about two years.

These institutions have made decisions about real property assets which have made or will

make positive contributions to their financial strength and marketability as well as to their communities. While the long-range financial benefits are considerable, there are short-range benefits as well. Economist Milton Friedman has suggested that colleges and universities increasingly will have to be managed like for-profit corporations in order to address the projected cost increases of the future. And several university presidents have noted that cost reductions can go only so far.

If institutions are to remain competitive, new means of revenue enhancement must be found. Finding new uses for underutilized property is an important part of that process for all institutions, whether they are located in urban or rural areas. Colleges and universities have a substantial captive market in students, faculty, support staff and alumni who will continue to bring vitality to the institutions for centuries. Considering the fact that most real estate loans are fully amortized in 30 years or less, the profit potential is obvious. □

Randal D. Lilly and John F. Weis are partners with the North Reading, Mass.-based New England Institutional Consulting Group.

Enrollment Management: Confronting Megatrends

John Maguire

In the late 1960s and early 1970s, Boston College was in trouble. The college depended heavily on tuition revenue, and enrollment shortfalls meant serious operating deficits. A new administrative team had just begun to grapple with severe budgetary challenges linked to enrollment pressures,

when Executive Vice President Frank Campanella coined the phrase “enrollment management” — a term that now signifies innovation to many, but

nothing more than “sound and fury” to skeptics who erroneously view it as a mere euphemism for slick admissions marketing.

Enrollment management at BC was seen as a “systems” approach, integrating the often fragmented functions of recruiting, funding, tracking, retain-

ing and replacing students as they move toward, within and away from the college.

With increasing frequency, terms such as marketing, recruitment, pricing, financial aid, demand analysis, student flow, retention, student-information systems and marketing research came to characterize the work of an extraordinary team of thousands of faculty, alumni, administrators and students who shared the goal of vastly increasing student demand and, thereby, student quality. That goal was pursued effectively to the point where applications to BC tripled between the early 1970s and early 1980s.

College presidents are concerned about enrollment volume and its inexorable impact on finances.

A perusal of recent editions of *The Chronicle of Higher Education's* "Positions Available" section, meanwhile, reveals that job titles containing the words "Enrollment Management" are among the fastest-growing in all of higher education — especially in the Northeast and Midwest, where the demographic decline and enrollment crunch have been most severe.

The expertise of enrollment management consultants fits well with present and future market needs. Studies indicate that today's college presidents, in fact, are more concerned about enrollment volume and its inexorable impact on finances than any other factor. And there is the further concern about the quality of students seeking and gaining admission.

If enrollment management is growing — and if my entrepreneurial colleagues and I are

increasingly being sought out as consultants for this mushrooming field — it is precisely because in our time, three megatrends have simultaneously pointed downward. These are: the volume of available students, the health of financial indices and objective measures of quality.

A moment's reflection tells us that this convergence is a monumental accident of history — that in the aggregate, these are independent variables, any two of which could improve while a third declined. But at least through the mid-1990s — and especially in New England and the rest of the Northeast — all three indicators will very likely continue along pessimistic tracks. And while they are very much independent in the aggregate, when any one of them begins to work its corrosive influence on an individual college, they quickly become interdependent. For example, unstable finances erode quality, and resulting problems such as deferred maintenance often deflate numbers of students, putting more pressure on finances and leading to even lower retention rates, extraordinary tuition increases and further reduced quality. And the spiral can very well continue unabated.

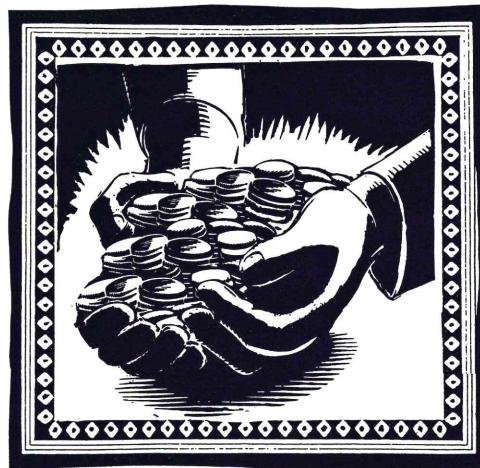
The enrollment management consultant's role is to help an institution confront these realities strategically.

Enrollment success requires that both human and technological dimensions be fully honed and synchronized in a strategic plan.

Among the human elements: Top leadership must exhibit a sense of urgency for sophisticated enrollment management and commit resources to execute the plan. If a president habitually cancels meetings with admissions officers to go to

power lunches, the urgency simply isn't there.

Another must is a distinctive and marketable mission statement and niche. BC, for example, was able to capitalize on the



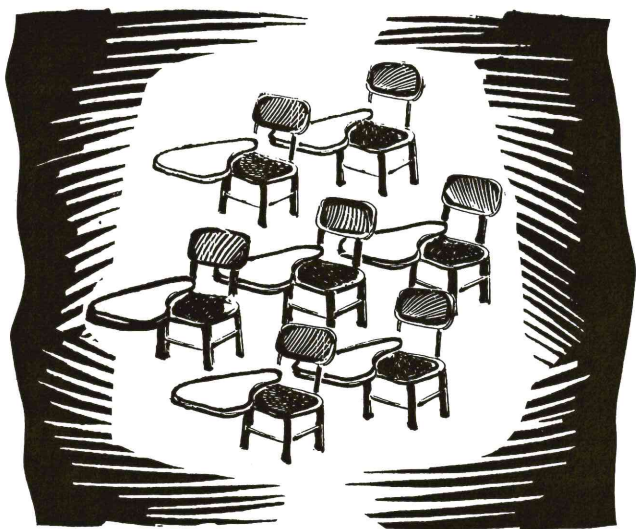
powerful combination of "Jesuit" and "Boston," which together defined the college in a uniquely positive way.

An institution's strongest representatives are its students, faculty and alumni.

Institutions also need a table of organization that links key components in an enrollment management system. Exactly which components depends on the institution, but generally links should be forged among the admissions and financial aid offices, the registrar, student-information systems and research. This integration helps resolve the inherent conflicts between, for example, financial-aid officers, who have been inclined to zealously defend the financial aid of returning students, and admissions officers, who have tried to negotiate as much aid as possible to attract new entrants.

Finally, a strong orientation toward people is crucial. An

institution's strongest representatives are its students, faculty and alumni. The best predictor of success in enrollment management is a high-volume, well-functioning network of alumni volunteers working with admissions officers to recruit students. Although I've known some successful schools that are



deficient in this area, I've yet to find a single example of a college with a good alumni recruiting program that was not doing extraordinarily well overall in admissions and enrollment management.

On the technological front, advanced management information systems should connect inquiry, applicant and enrolled student files. These systems, coupled with advanced word processing software, permit individualized, research-based communications at all steps of the student decision-making process. Once upon a time, individualized communications meant little more than inserting "Mary," or "John," in the body of a letter. Today, with well-developed research techniques and sophisticated software, a college can send 40,000 letters, each appealing to a student's individual interests.

A commitment to market research at all stages of the

admissions funnel enables an institution to better understand its image and position in an increasingly competitive environment. Market research can be used to establish gross and net price, set optimal tuition and package financial aid in a way that maximizes quality, diversity and — for schools with excess capacity — net tuition revenue.

Suppose an institution wants to know how many applicants are women from New York who are interested in economics and have Scholastic Aptitude Test scores over 1,000. How many enroll? How many graduate? The management of "microfunnels" enables institutions to track and influence all types of market segments throughout their progression along the admissions stream from prospect to inquirer to applicant to enrollee to alumnus — and to predict and influence choices at key crossroads. As a consultant, I have never encountered a college with this state-of-the-art system of "student transition management" that does not have a successful program overall. Though no more than 10 percent of institutions have such sophisticated systems up and running, the number is growing.

The 1990s will also see a dramatic increase in the use of "electronic focus groups," integrating the flexibility of the small focus group with the statistical power of well-designed mail and telephone surveys administered to large samples. In an electronic focus group, college-bound students watch a real-time presentation on a television screen and use meters to indicate which parts of the presentation they like and which parts they don't. The data are instantaneously transmitted to a computer,

which generates graphs showing student preferences broken down by demographic groups.

Institutions also will rely increasingly on multivariate research techniques — using 50 variables or more — to determine how students choose a college. How much influence do parents have? What about the reputation of faculty? The answers will come from a range of multivariate research techniques with such arcane names as factor analysis, ANOVA, conjoint analysis and CHAID.

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Over the past two decades, enrollment management consultants have worked with hundreds of schools to develop strategic plans that incorporate many of these dimensions. The synergy of human and technological systems — striking a delicate balance between art and science — is essential to enrollment success. □

John Maguire is the president of Maguire Associates Inc., an enrollment management consulting and market research firm based in Concord, Mass. He is a former physics professor, dean of admissions and dean of enrollment management at Boston College.

During the past two decades, colleges and universities have made enormous strides in improving the management of non-academic functions — the areas in which consultants have been most active. The use of information management systems to analyze classroom utilization, cost allocation, enrollment trends, maintenance programs and virtually every other aspect of administration has brought significantly improved management — and created positions for several specialists where there had been one generalist.

In the past, consultants — the acknowledged experts in their specialized fields — applied their skills directly to the work that needed to be done. But with the increased availability of money in the 1980s, institutions allocated funding to support in-house specialists. Staff specialists began to tackle the actual work; consultants provided organizational and staffing advice, as well as the training needed to achieve higher levels of staff professionalism. In the 1990s, as budgets are cut and retrenchment required, only those areas that produce revenue — such as enrollment management and advancement (development, alumni affairs and public relations) — will be able to maintain the same degree of specialization.

Colleges and universities have been leaders among nonprofit organizations in employing experienced development staff and in recognizing the need to integrate development, constituency relations and public relations. Today, most institutions — even medium-sized colleges and small universities — employ a vice president in charge of these advancement offices. At the start of the 1980s, this was the exception to the rule. The trend reflects an upgrading of the role of advancement and the widespread acknowledgement of the benefits to be gained by providing the resources needed for effective advancement programs.

Fundraising in higher education has made steady progress during the past two decades, in large measure because most institutions' advancement staffs have grown significantly, adding specialists such as researchers, full-time grant-writers, deferred-giving officers and events coordinators. Additionally, the number of major gifts officers has grown along with staff specializing in parent programs, corporate giving, annual funds, media relations and publications. Many colleges and universities also have expanded alumni relations staffs by hiring assistants to develop active chapter programs, better reunions, affinity services, career networks and student recruitment efforts, while encouraging more alumni involvement in the life of the institution generally.

Staff specialization has changed the role of fundraising consultants.

The availability of a professional staff directed by a vice president has enabled campuses to do a remarkably better job with the three basics of fundraising: prospect identification, cultivation and solicitation.

Presidents and other leaders now arrive at alumni chapter meetings knowing who in attendance can be most helpful and who in any given area

deserves a special visit. There is adequate staff support for the variety of advisory boards and councils that cultivate the interest of area business leaders and other prospects. Social events at

DEVELOPMENT *in the '90s*

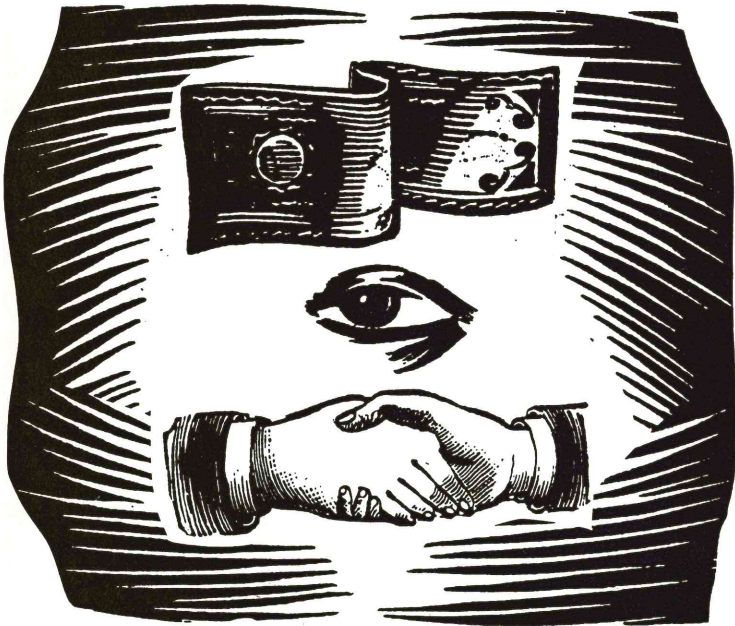
Barbara W. Snelling

many institutions are now genuinely entertaining and well-received by the giving community. Volunteer campaign leaders and staff professionals have the background information and prospect management systems needed to design solicitation strategies that take into account each prospect's interests, past involvement with the institution and business and social relationships. The results of this increased specialization have been more donors, larger gifts, a greater sense of satisfaction among volunteers — and a changing role for fundraising consultants.

When advancement staffs were small and relatively inexperienced, virtually the only way to conduct a capital campaign was to engage a professional cam-

A new blend of staff professionals and expert consultants

campaign director, usually from a consulting firm. But the evolution of large institutional advancement staffs consisting of ever more experienced and capable professionals has



reduced the need to hire full-time campaign managers from outside the institution.

The professionals on the new advancement staffs realize that *they* know how to raise money and *they* should maintain relationships with campaign leaders and donors. The institutional staffs seek the outside perspective, assistance and advice of an experienced consultant. They also rely upon the consultant for help with strategy, planning, writing and editing. But it is the staff members who take responsibility for the daily functioning of the campaign. Institutions find this arrangement reduces campaign costs while further enhancing staff capabilities and strengthening relationships with constituents.

What other roles are development consultants likely to play in the 1990s? Institutional advancement audits con-

ducted by consultants provided much of the rationale and impetus for expanding fundraising staffs in the past two decades. The audit will continue to be an effective way to assess progress and design improved program plans for years to come. Boards and presidents will use audits to evaluate their advancement programs for cost-effectiveness; vice presidents will use them to corroborate their judgment in refining programs. A comprehensive audit of an institutional advancement program evaluates all the prerequisites of advancement success from institutional climate, leadership, policies, planning and organizational structure to program details, and makes recommendations for improvements as needed. Audits also include candid advice to presidents and trustees about their roles and responsibilities. The consultant, as an experienced and trusted outsider, is exceptionally qualified to make these judgments and recommendations.

Audits also include candid advice to presidents and trustees about their roles and responsibilities.

Consultants also will continue to conduct planning and feasibility studies in advance of capital campaigns. While other techniques will provide supplemental information, this will remain the best way for an institution to obtain an expert and independent assessment of its preparedness for a major capital program. Because consultants can extend the assurance of confidentiality to prospective donors during pre-campaign interviews, prospects are likely

to be forthright in expressing their opinions of the institution and its leadership, as well as their reactions to the proposed campaign objectives. Such assurances from staff members, no matter how well-intentioned, tend to be suspect.

Consultants will have to continually broaden their knowledge and experience if they are to benefit increasingly knowledgeable presidents, vice presidents and boards.

Additionally, consultants will still be used to train staff, help solve specific problems and serve as sounding boards as issues arise.

Fundraising consultants of the future will be valued highly for their ability to interpret the needs of the vice president for advancement to the president and the academic side of the institution — and for their skills in forging effective working relationships and common goals among the institution's leadership in academics, finance, advancement and governance. Working with boards of trustees in strategic planning, trustee development and management of volunteers will continue to be high priorities. Consequently, consultants will require exceptional skill in working with people. Moreover, consultants will have to continually broaden their knowledge and experience if they are to benefit increasingly knowledgeable presidents, vice presidents and boards. □

Barbara W. Snelling is the president of Snelling & Kolb Inc., a fundraising and executive search firm based in South Burlington, Vt.



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NEW BRITAIN, CONN. —

Central Connecticut State University and Babson College launched an initiative to help Central Europe adopt a market economy. Supported by a \$180,000 grant from the U.S. Information Agency, the Program for Entrepreneurship Educators in Central Europe will send CCSU and Babson faculty to Poland to conduct seminars for entrepreneurs and educators from Poland, Hungary and Ukraine. Seminars will focus on issues such as cash-flow management, entrepreneurial marketing and financing and teaching entrepreneurship.

WORCESTER, MASS. —

The Howard Hughes Medical Institute awarded a five-year, \$600,000 grant to the College of the Holy Cross to bolster the study and teaching of science and math in the Worcester public schools and support Holy Cross science programs. The grant will enable 40 minority students in grades 6 through 8 to attend an intensive science program at Holy Cross during school vacations and fund year-long learning sabbaticals at the college for eight secondary-school science teachers.

**DURHAM, N.H. —**

The University of New Hampshire formed the grant-supported UNH Environmental Network to provide Granite State communi-

ties with low-cost environmental technical assistance and information while giving UNH students field experience. Among network services, a Community Environmental Outreach Program will match teams of UNH graduate and undergraduate students, faculty and staff with selected communities to tackle local environmental problems such as solid-waste disposal.

NEW HAVEN, CONN. —

A California surgeon and his wife announced they will donate their \$25 million estate to Yale University. The gift from Dr. John Anlyan, a Yale graduate, will be applied mainly to Yale Medical School, while \$2 million will be earmarked to endow a professorship in the humanities. Meanwhile, the Yale University Press received its largest-ever gift — \$1.25 million from the former chairman and chief executive officer of the MacMillan publishing company. That gift will be used toward a \$4 million expansion and renovation of Yale Press.

MEDFORD, MASS. —

Tufts University's Lincoln Filene Center established the Public Service Fellows Program to provide fellowships for people who have dedicated their lives to public service. The fellowships are individually structured, with participants meeting informally with students and faculty, lecturing, writing or pursuing other projects. The first public service fellow is Richard Ring, executive director of Boston's Pine Street Inn, a shelter for the homeless.

CAMBRIDGE, MASS. —

Harvard University's School of Public Health received a five-year, \$6 million grant from the U.S. State Department to improve use of health resources in developing countries. The funds from the

Agency for International Development will allow the School of Public Health and consortium partners to conduct workshops, training, research and data analysis in more than a dozen developing countries.

WAKEFIELD, MASS. —

The Gordon Institute announced the creation of a two-year, part-time program leading to a master of science degree in engineering management. The institute already offers a one-year, full-time program designed to train engineers to be technical leaders.

WINDHAM, MAINE —

Three professors at Saint Joseph's College received a \$10,800 grant from the National Science Foundation to improve student access to powerful computer-based techniques for data collection, analysis and modeling in biology, chemistry and physics laboratories.

FAIRFIELD, CONN. —

The U.S. Department of Education awarded a two-year, \$98,900 grant to Fairfield University to create a model program to combat alcohol and drug abuse. Fairfield plans to expand a variety of substance-abuse initiatives and develop a smoke-, alcohol- and drug-free "wellness residence" as an alternative to traditional student residence halls.

MANCHESTER, N.H. —

Notre Dame College won approval from the New Hampshire Postsecondary Education Commission to offer a master of arts in theology program, beginning in fall 1992. The program will include a biblical-theological core with concentrations in educational or pastoral ministries. Notre Dame officials say no similar program is currently offered in New Hampshire or Maine.

BRIDGEPORT, CONN. —

Greater Bridgeport civic and business leaders formed a foundation to help raise funds for Housatonic Community College. The foundation will seek funding for scholarships, equipment, community outreach and the Housatonic Museum of Art.

SPRINGFIELD, MASS. —

Springfield Technical Community College received a \$45,000 grant from the Massachusetts Division of Occupational Education to improve its Laser Electro-Optics Technology program. The college will use the grant to buy five state-of-the-art fiber optics lab stations, allowing hands-on instruction. United Technologies Photonics of Hartford provided an additional grant of \$35,000 for laser curriculum development and faculty training. The college also received \$36,682 from the National Science Foundation to buy equipment for a holograph nondestructive testing lab.

BAR HARBOR, MAINE —

College of the Atlantic was awarded a three-year, \$133,800 grant from the U.S. Department of Education to develop an interdisciplinary program in community planning and decision-making that will incorporate state-of-the-art computer software and deal with actual community issues on Mount Desert Island.

WEST HARTFORD, CONN. —

Saint Joseph College received \$125,000 from the Davis Educational Foundation to renovate the college's anatomy and physiology laboratory. Saint Joseph renovated its chemistry lab last year as part of its ongoing effort to enhance science facilities. Officials say the new grant will also benefit the college's nationally recognized "Adventures in Science" initiative, which provides middle-school students — espe-

cially females and minorities — with access to college labs.

AMHERST, MASS. —

Hampshire College was awarded a \$600,000 grant from the National Institutes of Health and the federal Alcohol, Drug Abuse, and Mental Health Administration to form a science education partnership with the towns of Holyoke and Chicopee. Designed to stimulate interest in science among middle-school and high-school students, the partnership will run summer workshops for teachers, a residential summer science program for students, field trips to Hampshire's science labs and a mentor project matching Hampshire undergraduates with students in the two fiscally strapped communities.

NEW HAVEN, CONN. —

South Central Community College began offering on-site, associate-level courses to employees of Miles Pharmaceutical Inc. and their families. South Central joined Fairfield and Fairleigh Dickinson universities in a consortium offering courses at Miles' new corporate headquarters and research facility in West Hartford.

HANOVER, N.H. —

Dartmouth College kicked off a five-year, capital campaign to raise \$425 million. Dartmouth officials say most of the funds will be used to support faculty, expand student financial aid, enrich academic programs and build and renovate academic facilities. Dartmouth's last capital campaign, which ended in 1982, raised more than \$200 million.

AMHERST, MASS. —

Amherst College received a \$500,000 challenge grant from the National Endowment for the Humanities to support renovation and expansion of the college's Robert Frost Library. Amherst

must generate \$4 for every \$1 provided by the NEH.

WEST HARTFORD, CONN. —

The University of Hartford's College of Engineering received three grants totaling nearly \$150,000. The largest grant — \$78,600 from the Society of Manufacturing Engineering Education Foundation — will be used for computer-integrated manufacturing software in the college's mechanical engineering laboratory.

HAVERHILL, MASS. —

Northern Essex Community College received \$57,200 from the U.S. Department of Education to expand its cooperative education program, which provides work experience and course credit for students. Last fall, 140 students were placed at 125 work-sites in Merrimack Valley. The college will use the grant to hire three part-time staff members in an effort to boost co-op participation by 25 percent.

DURHAM, N.H. —

University of New Hampshire chemical engineering Professor Virendra K. Mathur and Tecogen Inc. of Waltham, Mass., revealed they would seek a patent for a device that electrically zaps acid-rain-producing nitrous oxides from smokestack and tailpipe emissions. The technology developed by Mathur uses up to 20,000 volts to break down nitrous oxides into harmless nitrogen and oxygen.

BRUNSWICK, MAINE —

Bowdoin College received a \$1 million gift from a member of its governing board to help fund an endowed chair in Asian culture. The gift from financial investor Stanley F. Druckenmiller comes three years after Bowdoin expanded its Asian studies program to include a full major.

CAMBRIDGE, MASS. —

Lesley College was awarded a two-year, \$432,300 grant from the U.S. Department of Education to establish an Academy for Early Literacy. The academy will offer a model curriculum for training New England teachers and reading specialists in "Reading Recovery," a program to help first-grade children who are at risk of failure in reading. "Teacher-leaders" will train at Lesley for a year, then return to their districts to train other teachers and specialists.

NASHUA, N.H. —

Daniel Webster College was selected to receive a Federal Aviation Administration Airway Science Grant of \$750,000. The college announced it will use the grant toward a \$1.5 million expansion of its Flight Center, as well as renovations and new equipment.

AMHERST, MASS. —

A University of Massachusetts at Amherst associate professor of computer science was awarded a five-year, \$250,000 Faculty Award for Women by the National Science Foundation. Jan Cuny will use the grant to continue research in programming support for "massively parallel machines," used in fields such as signal processing and weather prediction. The NSF program helps outstanding female associate professors earn increased visibility in their fields.

HENNIKER, N.H. —

New England College received a \$3 million gift from former U.S. Treasury Secretary William E. Simon and his wife. The college is in the midst of a fundraising campaign to support building and renovation projects and boost endowment for academic programs and student scholarships.

PROVIDENCE, R.I. —

Brown University changed the name of its 20-year-old Program in Medicine to the Brown University School of Medicine. Brown officials said the change reflects the growth and reputation of the medical program, which last year accounted for more than 28 percent of federal research expenditures at the university.

WARWICK, R.I. —

The Community College of Rhode Island received a \$189,000 grant from the U.S. Department of Education to support its cooperative education program, which involves students in work experiences as part of their curriculum. Each year, the program places about 460 students at more than 250 businesses and other organizations.

MEDFORD, MASS. —

Tufts University's Fletcher School of Law and Diplomacy received a two-year, \$50,000 grant from the Ford Foundation to help students and researchers in the former Soviet Union and Central and Eastern Europe better understand Western political, economic and legal systems, while giving Fletcher students and faculty the chance to learn about changes in that part of the world. Fletcher's Soviet and Central European Program includes personnel exchanges, lectures, conferences, expansion of library holdings and access to videotaped news.

WINDHAM, MAINE —

Saint Joseph's College announced plans to introduce a major in physical education, beginning in fall 1992. The bachelor's level program is designed for students who will pursue certification as elementary- and secondary-school teachers.

NORTON, MASS. —

Wheaton College received a \$76,800 grant from the U.S.

Department of Education to train students for leadership roles in public service. Over the next two years, the grant will enable at least 40 students to spend a summer in service to the local community at no cost to sponsoring agencies. The students will earn a stipend from the college.

HANOVER, N.H. —

Dartmouth College's Native American programs received a \$1.6 million endowment from 1955 alumnus Gordon W. Russell. The donation will support the directorship of the college's Native American Program, responsible for student support services and cultural programs, as well as a visiting professorship in Native American Studies and a scholarship fund for



Native American students. Since 1970, Dartmouth has enrolled more Native Americans than all other Ivy League institutions combined.

SMITHFIELD, R.I. —

Bryant College, known for its business curriculum, announced it will introduce a liberal arts degree program, beginning in September. Students in the bachelor of arts program will be required to take about 25 percent business courses, compared with the 40 percent required for students pursuing bachelor of science degrees in business administration.

NEW HAVEN, CONN. —

Albertus Magnus College received approval from the Connecticut Board of Higher Educa-

tion to offer its first graduate degree program. The college planned to begin offering evening classes in January toward a new master of arts in liberal studies degree.

AMHERST, MASS. —

The National Science Foundation awarded more than \$865,000 to the Five College/Public School Partnership for a project that will give middle-school teachers practical environmental research experience. Over three years, up to 120 teachers from western Massachusetts will work in teams with faculty from the five colleges: Amherst, Hampshire, Mount Holyoke, Smith and the University of Massachusetts at Amherst. The goal is for teachers to design and develop scientific research programs to use with their students.

HARTFORD, CONN. —

The University of Hartford was awarded a two-year, \$170,000 grant from the National Science Foundation to help teachers make calculus more interesting to high-school and college students. During the first year of the grant, one third of Connecticut two- and four-year colleges will participate in the program, emphasizing lab work, realistic calculus problems and the modern technology needed to deal with them.

NEW HAVEN, CONN. —

The McDonnell Douglas Foundation awarded a three-year, \$150,000 grant to Yale University to support the university's new undergraduate concentration in international studies. The grant will enable 10 students in the program to study abroad each summer.

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NEW DIET...

Continued from page 41.

college will offer. If an engineering program were suggested, it simply wouldn't fit. Neither would fine arts. A new program in business or health might, but only if it were self-supporting. The law school meets both of Quinnipiac's most important criteria: It's career-oriented and it will pay for itself.

"You see institutions the size of Quinnipiac trying to offer an engineering school, a business school, a fine arts school, a school of education and a school of chiropractic," says President John L. Lahey. "You just can't support that many programs and offer quality unless you have a national reputation and a very large endowment. If an institution like Yale with a \$2.6 billion endowment can't offer everything it's trying to, I think that certainly sends a message to other institutions."

The message is twofold. One part says diversity among institutions may be a good substitute for diversity within them. "There will always be programs that students and faculty or community and business interests will want you to offer — and there clearly are needs for these different programs," says Lahey. "But it doesn't mean that every institution has to offer every one of them."

Another part of the message is that colleges that aren't as strong as Yale may have to fight to survive. "The institutions that are most at risk are the small liberal arts colleges that are not well-known and not well-endowed," says Lahey. "The other kind of institution that is at risk is the institution that grew too large too fast and has too many programs to support and doesn't downsize quickly enough."

In Massachusetts, the nation's largest independent university may indeed be downsizing fast enough. During the 1980s, Northeastern University typically enrolled a whopping 3,800 freshmen. But in 1990, the demographic downturn — coupled with a surging crime rate in Boston — pushed freshman enrollment down to 3,100, and Northeastern's future was uncertain. Instead of lowering standards to bring classes back up to size, Northeastern is "repositioning" itself, according to President John A. Curry.

The university now limits its freshman classes to between 2,400 and 2,800 — and plans to stay at those levels even when the number of high-school graduates rebounds.

Northeastern is known widely for its cooperative-education program, which has managed to keep its "unemployment rate" below 4 percent, despite New England's wracked economy. But now the university is emphasizing academics, selective admissions and smaller class sizes.

"We've been advocating a smaller, leaner, better Northeastern," says Curry. "I want to move away from the image of Northeastern as being big and bureaucratic and move toward a stronger reputation in academic circles for its small classes and responsiveness to students."

Despite elimination of 400 administrative positions and 100 faculty positions, many professors appear to be behind Curry's effort. With input from faculty committees, the university has merged two of its colleges — the Boston Bouve College of Human Development Professions and the College of Pharmacy and Allied Health Professions — and eliminated three majors: physical education, school and community health education and recreation management, for an estimated savings between \$1 million and \$2 million over the next three years.

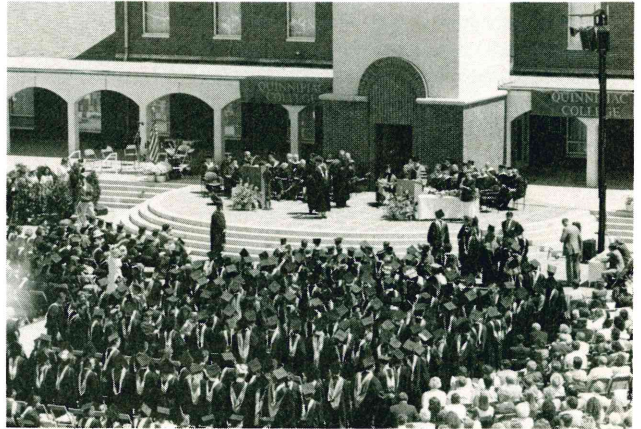
"Faculty wouldn't go along with consolidations and eliminations of positions and programs unless they felt we were headed toward a new kind of Northeastern," says Curry. "It's a very chancy, risky involvement, but I don't want to see us come to the year 2000 and still be looking for 3,800 freshmen. I think the faculty is in accord with the direction of a more selective university, smaller in numbers and emphasizing quality." Prospective students also seem to like the idea: In the winter, freshman and transfer applications for fall 1992 were running well ahead of last year's pace.

Might the new financial pressures on independent higher education at last create a sense of shared interests between New England's private colleges and its chronically underfunded public institutions? Doubtful.

Just as surely as Bridgeport officials pin some of the blame for the university's fall

on the lower tuition available at the state-supported University of Connecticut, the recent starvation of public higher education in New England now may nourish the region's independent colleges and universities.

For the third year in a row, Massachusetts posted the largest *two-year* drop in state appropriations to higher education of any state — 28 percent, according to the Center for Higher Education at Illinois State University, which tracks state funding of



Quinnipiac College: Forty percent of graduates send checks to their alma mater, compared with a national average of 23.2 percent.

higher education. Connecticut, Rhode Island and Vermont were among the dozen other states that experienced two-year losses in state appropriations. And the University of Maine System in the winter took the rare step of implementing midyear tuition increases to cope with continuing budget cuts.

Says McPherson of Williams, "In an ironic way, the disaster that's striking public higher education in the Northeast will have as a byproduct benefits for private institutions. Students are going to be more open to the idea of paying more to go to a private institution when there are headlines about layoffs at public institutions."

That raises a disturbing question for a region that has already lost some of its most important industries: Will students — and faculty — be more open to leaving New England when the headlines talk of cuts at the region's public *and* independent institutions? □

John O. Harney is the editor of CONNECTION.

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