

**THE 21ST CENTURY UNIVERSITY:  
A TALE OF TWO FUTURES**

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## The Forces Driving Change

There are powerful forces driving an increasing societal demand for higher education services. In today's world, knowledge has become the coin of the realm, determining the wealth of nations. It has also become the key to one's personal standard of living, the quality of one's life. We are in a transition period where intellectual capital—brain power—is replacing financial and physical capital as the key to our strength, prosperity, and well-being. In a very real sense, we are entering a new age, an *Age of Knowledge*, in which the key strategic resource necessary for prosperity has become knowledge itself, that is, educated people and their ideas. Our society is becoming ever more knowledge-intensive.

As knowledge and educated people become key strategic priorities, our societies have become more dependent upon those social institutions that create these critical resources, our colleges and universities. Yet there is growing concern about whether our existing institutions have the capacity to serve these changing and growing social needs—indeed, even whether they will be able to survive in the face of the extraordinary changes occurring in our world.

The forces of change of most direct concern to higher education can be grouped into three areas: i) financial imperatives, ii) changing social needs, and iii) technology drivers.

Financial Imperatives: Since the late 1970s, higher education in America has been caught in a financial vise.<sup>1</sup> On the one hand, the magnitude of the services demanded of our colleges and universities has increased considerably.

Enrollments have grown steadily; the growing educational needs of adult learners have compensated for the temporary dip in the number of high school graduates associated with the post-war baby boom/bust cycle. Yet the costs of providing education, research, and service have grown—even faster, in fact, since these university activities depend upon a highly skilled, professional workforce (faculty and staff), require expensive new facilities and equipment, and are driven by an ever-expanding knowledge base.

As the demand for educational services has grown and the operating costs to provide these services have risen, public support for higher education has flattened and then declined over the past two decades.<sup>2</sup> Colleges and universities

responded at first by increasing prices—tuition and fees—but this has provided only short-term relief, since it has triggered a strong public concern about the costs and availability of a college education, and it has accelerated forces to constrain or reduce tuition levels at both public and private universities.<sup>3</sup> As a result, colleges and universities are now looking for ways to control costs and increase productivity, but most are also finding that their current organization and governance makes this very difficult.

It seems increasingly clear that the higher education enterprise in America must change dramatically if it is to restore a balance between the costs and availability of educational services needed by our society and the resources available to support these services.

*The current paradigms for conducting, distributing, and financing higher education may be inadequate to adapt to the demands and realities of our times.*

Societal Needs: The needs of our society for the services provided by our colleges and universities will continue to grow. Significant expansion will be necessary just to respond to the needs of a growing population which will

result in a 30 percent growth in the number of traditional college-age students over the next decade. In addition, our institutions will be challenged to meet the needs of the growing population of adult learners in the workplace seeking the college-level education and skills necessary for their careers.

We are beginning to see a shift in demand from the current style of “just-in-case” education in which we expect students to complete degree programs at the undergraduate or professional level long before they actually need the knowledge, to “just-in-time” education in which education is sought when a person needs it through non-degree programs, to “just-for-you” education in which educational programs are carefully tailored to meet the specific lifelong learning requirements of particular students. The university will face the challenge of responding to other transitions, from passive students to active learners, from faculty-centered to learner-centered institutions, from teaching to the design and management of learning experiences, and from students to a lifelong members of a learning community

*Again there are many signs that the current paradigms of the university are no longer adequate for meeting growing and changing societal needs.*

Technology Drivers: As knowledge-driven organizations, it is not surprising that colleges and universities should be greatly affected by the rapid advances in information technology—computers, telecommunications, networks. This technology has already had dramatic impact on our colleges and universities. Our administrative processes are heavily dependent upon information technology—as the current concern with the approaching date reset of Year 2000 has made all too apparent. Research and scholarship depend heavily upon information technology, e.g., the use of computers to simulate physical phenomena, networks to link investigators in virtual laboratories or “collaboratories,” or digital libraries to provide scholars with access to knowledge resources. Yet, there is an increasing sense that new technology will have an its most profound impact on the educational activities of the university and how we deliver our services.

We generally think of the educational role of our institutions in terms of a classroom paradigm, that is, of a professor

teaching a class of students, who in turn respond by reading assigned texts, writing papers, solving problems or performing experiments, and taking examinations. Yet, the classroom itself may soon be replaced by learning experiences enabled by emerging information technology. Indeed, such a paradigm shift may be forced upon the faculty by the students themselves.

Today's students are members of the "digital generation." They have spent their early lives surrounded by robust, visual, electronic media—*Sesame Street*, MTV, home computers, video games, cyberspace networks, MUDs, MOOs, and virtual reality. Unlike those of us who were raised in an era of passive, broadcast media such as radio and television, they expect, indeed demand, interaction. They approach learning as a "plug-and-play" experience, unaccustomed and unwilling to learn sequentially—to read the manual—and inclined to plunge in and learn through participation and experimentation. While this type of learning is far different from the sequential, pyramid approach of the traditional university curriculum, it may be far more effective for this generation, particularly when provided through a media-rich environment.

It could well be that faculty members of the 21st Century university will find it necessary to set aside their roles as teachers and become designers of learning experiences, processes, and environments. Tomorrow's faculty may have to discard the present style of solitary learning experiences in which students tend to learn primarily on their own through reading, writing, and problem solving. Instead, they may be asked to develop collective learning experiences in which students work together and learn together, with the faculty member becoming more of a consultant or a coach than a teacher. Faculty members will be less concerned with identifying and then transmitting intellectual content and more focused on inspiring, motivating, and managing an active learning process by students. We should note that this will require a major change in graduate education, since few of today's faculty members have learned these skills.

Most significant here is the way in which emerging information technology has removed the constraints of space and time. We can now use powerful computers and networks to deliver educational services to anyone at anyplace and anytime, confined no longer to the campus or the academic schedule. Technology is creating an open learning environment in which the student has evolved into



an active learner and consumer of educational services, stimulating the growth of powerful market forces that could dramatically reshape the higher education enterprise.

*Again, we must face the possibility that the current paradigm of the university may not be capable of responding to the opportunities or the challenges of the new knowledge media or the needs of the digital generation.*

## Reacting to Change

To be sure, most colleges and universities are responding to the challenges and opportunities presented by a changing world. They are evolving to serve a new age. But most are evolving within the traditional paradigm, according to the time-honored processes of considered reflection and consensus that have long characterized the academy. Is such glacial change responsive enough to allow the university to control its own destiny? Or will a tidal wave of societal forces sweep over the academy, both transforming the university in unforeseen and unacceptable ways while creating new institutional forms to challenge both our experience and our concept of the university?

In this paper, we will discuss two sharply contrasting futures for higher education in America. The first is a rather dark future in which strong market forces trigger a major restructuring of the higher education enterprise. Although traditional colleges and universities play a role in this future, they are both threatened and reshaped by aggressive for-profit entities and commercial forces that drive the system toward the mediocrity that has characterized other mass media markets such as television and journalism.

A contrasting and far brighter future is provided by a vision of a culture of learning in which universal or ubiquitous educational opportunities are provided to meet the broad and growing learning needs of our society. Using a mix of old and new forms, learners are offered a rich array of high quality, affordable learning opportunities. Our traditional institutional forms, including both the liberal arts college and the research university, continue to play key roles, albeit with some necessary evolution and adaptation.

Although market forces are far more powerful than most realize, we also believe that it is possible to determine which of these or other paths will be taken by higher education in America. Key in this effort is our ability as a society to view

higher education as a public good that merits support through public tax dollars. In this way, we may be able to protect the public purpose of the higher education enterprise and sustain its quality, important traditions, and essential values.

If we are to do this, we must also recognize the profound nature of the rapidly changing world faced by higher education. The status quo is no longer an option. We must accept that change is inevitable and use it as a strategic opportunity to control our destiny, retaining the most important of our values and our traditions.

### Scenario #1: A Massive Restructuring of the Higher Education Industry

Universities have long enjoyed a monopoly over advanced education because of geographical location and their monopoly on certification through the awarding of degrees. In the current paradigm, our colleges and universities are faculty-centered. The faculty has long been accustomed to dictating what it wishes to teach, how it will teach, and where and when the learning will occur. This faculty-

centered paradigm is sustained by accrediting associations, professional societies, and state and federal governments.

This carefully regulated and controlled enterprise could be eroded by several factors. First, the growing demand for advanced education and training simply cannot be met by such a carefully rationed and controlled paradigm. Second, current cost structures for higher education are simply incapable of responding to the needs for high quality yet affordable education. Third, information technology is releasing higher education from the constraints of space and time (and possibly also reality). And fourth, all of these forces are driving us toward an open learning environment, in which the student will evolve into an active learner and consumer, unleashing strong market forces.

Tomorrow's student will have access to a vast array of learning opportunities, far beyond the faculty-centered institutions characterizing higher education today. Some will provide formal credentials, others will provide simply knowledge, still others will be available whenever the student—more precisely, the learner—needs the knowledge. The evolution toward such a learner-centered educational environment is both evident and irresistible.

As a result, higher education is likely to evolve from a loosely federated system of colleges and universities serving traditional students from local communities into, in effect, a knowledge and learning industry. Since nations throughout the world are experiencing growing needs and demand for advanced education, this industry will be global in extent. With the emergence of new competitive forces and the weakening influence of traditional constraints, higher education is evolving like other “deregulated” industries, e.g., health care or communications or energy. In contrast to these other industries, which have been restructured as government regulation has weakened, the global knowledge-learning industry will be unleashed by emerging information technology that frees education from the constraints of space, time, and credentialing monopoly.

Many in the academy would undoubtedly view with derision or alarm the depiction of the higher education enterprise as an “industry” or “business,” operating in a highly competitive, increasingly deregulated, global marketplace. This is nevertheless an important perspective that will require a new paradigm for how we think about postsecondary education. As our society becomes ever more

dependent upon new knowledge and educated people, upon knowledge workers, this global knowledge business must be viewed clearly as one of the most active growth industries of our times. It is clear that no one, no government, will be in control of the higher-education industry. It will respond to forces of the marketplace.

In fact, one could well make the case that higher education today is about where the health care industry was a decade ago. The first waves of change are lapping on the beach, and hover the horizon there may be a tsunami of market forces!

Just remember that while Washington debated federal programs to control health care costs and procrastinated taking action, the marketplace took over with new paradigms such as managed care and for-profit health centers. In less than a decade the health care industry was totally changed. Today, higher education is a \$200 billion a year enterprise. It will almost certainly be “corporatized” similarly to health care. By whom? By state or federal government? Not likely. By traditional institutions such as colleges and universities working through statewide systems or national alliances? Also unlikely. Or by the marketplace itself, as it did in health care, spawning new players such as

virtual universities and for-profit educational organizations? Perhaps.

Several months ago, representatives from a leading information services company visited with my institution to share with us their perspective of the higher education market (and sell us a new educational product, an “MBA-in-a-box”, based on “Sim City” like software). They believe the size of the higher education enterprise in the United States during the next decade could be as large as \$300 billion per year, with 30 million students, roughly half comprised of today's traditional students and the rest as adult learners in the workplace. (Incidentally, they also put the size of the world market at \$3 trillion.) Their operational model of the brave, new world of market-driven higher education suggests that this emerging domestic market for educational services could be served by a radically restructured enterprise consisting of 50,000 faculty “content providers,” 200,000 faculty learning “facilitators,” and 1,000 faculty “celebrities” who would be the stars in commodity learning-ware products. The learner would be linked to these faculty resources by an array of for-profit services companies, handling the production and packaging of learning-ware, the distribution and delivery of these services to learners,

and the assessment and certification of learning outcomes. Quite a contrast with the current enterprise!

The perception of the higher education enterprise as a deregulated industry has many implications. There are over 3,600 four-year colleges and universities in the United States, characterized by a great diversity in size, mission, constituencies, and funding sources. Not only are we likely to see the appearance of new educational entities in the years ahead, but as in other deregulated industries, there could well be a period of fundamental restructuring of the enterprise itself. Some colleges and universities might disappear. Others could merge. Some might actually acquire other institutions. One might even imagine a Darwinian process emerging with some institutions devouring their competitors in “hostile takeovers.” All such events have occurred in deregulated industries in the past, and all are possible in the future we envision for higher education.

The market forces unleashed by technology and driven by increasing demand for higher education are very powerful. If allowed to dominate and reshape the higher education enterprise, we could well find ourselves facing a brave, new



world in which some of the most important values and traditions of the university fall by the wayside. While the commercial, convenience-store model may be very effective way to meet the workplace skill needs of some adults, it certainly is not a paradigm that would be suitable for many of the higher purposes of the university. As we assess these market-driven emerging learning structures, we must bear in mind the importance of preserving the ability of the university to serve a broader public purpose.

In summary, the waves of market pressures on our colleges and universities are building, driven by the realities of our times: the growing correlation between one's education and quality of life, the strategic role of knowledge in determining the prosperity and security of nations, the inability of traditional higher education institutions to monopolize an open-learning marketplace characterized by active student-learner-consumers and rapidly evolving technology. Driven by an entrepreneurial culture, both within our institutions and across American society, the early phases of a restructuring of the higher education enterprise are beginning to occur.

Without a broader recognition of the growing learning needs of our society, an exploration of more radical learning paradigms, and an overarching national strategy that acknowledges the public purpose of higher education and the important values of the academy, higher education may be driven down roads which would indeed lead to a winter of despair. Many of the pressures on our public universities are similar to those which have contributed so heavily to the current plight of K-12 education in America. Furthermore, our experience with market-driven, media-based enterprises has not been reassuring. The broadcasting and publication industries suggest that commercial concerns can lead to mediocrity, an intellectual wasteland in which the least common denominator of quality dominates.

### Scenario #2: A Culture of Learning

But there is also a spring of hope, stimulated by the recognition of the role that knowledge and learning will play in our future. Whether one refers to our times as the Information Age or the Age of Knowledge, it is clear that educated people and the knowledge they produce and utilize have become the keys to the economic prosperity and well being of our society. One's education, knowledge, and

skills have become primary determinants of one's personal standard of living, the quality of one's life. We are realizing that, just as our society has historically accepted the responsibility for providing needed services such as military security, health care, and transportation infrastructure in the past, today education has become a driving social need and societal responsibility. Today it has become the responsibility of democratic societies to provide their citizens with the education and training they need, throughout their lives, whenever, wherever, and however they desire it, at high quality and at an affordable cost.

Of course, this has been one of the great themes of higher education in America. Each evolutionary wave of higher education has aimed at educating a broader segment of society, at creating new educational forms to do that—the public universities, the land-grant universities, the normal and technical colleges, the community colleges. But today, we must do even more.

An interesting aside here, returning to the research university and the Endless Frontier partnership. As the dominant form of higher education in America today, the research university, was shaped by a social contract during

the last fifty years in which national security was regarded as America's most compelling priority, as reflected in massive investments in campus-based research and technology. Today, in the wake of the Cold War and at the dawn of the age of knowledge, one could well make the argument that education itself will replace national defense as the priority for the 21st Century. Indeed, one might suggest that this will be the new social contract that will determine the character of our educational institutions, just as the government-university research partnership did in the latter half of the 20th Century. We might even conjecture that a social contract based on developing and maintaining the abilities and talents of our people to their fullest extent could well transform our schools, colleges, and universities into new forms which would rival the research university in importance.

So what might we expect over the longer term for the future of the university? It would be impractical and foolhardy to suggest one particular model for the university of the 21st Century. The great and ever-increasing diversity characterizing higher education in America makes it clear that there will be many forms, many types of institutions serving our society. But there are a number of themes which

will almost certainly factor into at least some part of the higher education enterprise.

- *Learner-centered*: Just as other social institutions, our universities must become more focused on those we serve. We must transform ourselves from faculty-centered to learner-centered institutions.
- *Affordable*: Society will demand that we become far more affordable, providing educational opportunities within the resources of all citizens. Whether this occurs through greater public subsidy or dramatic restructuring of our institutions, it seems increasingly clear that our society—not to mention the world—will no longer tolerate the high-cost, low productivity paradigm that characterizes much of higher education in America today.
- *Lifelong Learning*: In an age of knowledge, the need for advanced education and skills will require both a willingness to continue to learn throughout life and a commitment on the part of our institutions to provide opportunities for lifelong learning. The concept of student and alumnus will merge. Our highly partitioned system of education will blend increasingly into a

seamless web, in which primary and secondary education; undergraduate, graduate, and professional education; on-the-job training and continuing education; and lifelong enrichment become a continuum.

- *Interactive and Collaborative:* Already we see new forms of pedagogy: asynchronous (anytime, anyplace) learning that utilizes emerging information technology to break the constraints of time and space, making learning opportunities more compatible with lifestyles and career needs; and interactive and collaborative learning appropriate for the digital age, the plug-and-play generation.
- *Diverse:* Finally, the great diversity characterizing higher education in America will continue, as it must to serve an increasingly diverse population with diverse needs and goals.
- *Intelligent and Adaptive:* Knowledge and distributed intelligence technology will increasingly allow us to build learning environments that are not only highly customized but adapt to the needs of the learner.

We will need a new paradigm for delivering education to even broader segments of our society, perhaps to all of our society, in convenient, high quality forms, at a cost all can afford. Fortunately, today's technology is rapidly breaking the constraints of space and time. It has become clear that most people, in most areas, can learn and learn well using asynchronous learning, that is, "anytime, anyplace, anyone" education. Lifetime education is rapidly becoming a reality, making learning available for anyone who wants to learn, at the time and place of their choice, without great personal effort or cost. With advances in modern information technology, the barriers in the educational system are no longer cost or technological capacity but rather perception and habit.

But even this may not be enough. Perhaps we should instead consider a future of "ubiquitous learning"—learning for everyone, every place, all the time. Indeed, in a world driven by an ever-expanding knowledge base, continuous learning, like continuous improvement, has become a necessity of life.

Rather than "an age of knowledge," we could instead aspire to a "culture of learning," in which people are continually

surrounded by, immersed in, and absorbed in learning experiences. Information technology has now provided us with a means to create learning environments throughout one's life. These environments are able not only to transcend the constraints of space and time, but they, like us, are capable as well of learning and evolving to serve our changing educational needs. Higher education must define its relationship with these emerging possibilities in order to create a compelling vision for its future as it enters the next millennium.

### Evolution or Revolution?

In spite of the growing awareness of these social forces, many within the academy still believe that change will occur only at the margins of higher education. They see the waves of change lapping on the beach as just the tide coming in, as it has so often before. They stress the role of the university in stabilizing society during a period of change rather than leading those changes. This too shall pass, they suggest, and demand that the university hold fast to its traditional roles and character. And they will do everything within their power to prevent change from occurring.



Yet, history suggests that the university must change and adapt in part to preserve these traditional roles. It is true that many, both within and outside the academy, believe that significant change must occur not simply in the higher education enterprise but in each and every one of our institutions. Most of these people see change as an evolutionary, incremental, long-term process, compatible with the values, cultures, and structure of the contemporary university.

There are a few voices, however, primarily outside the academy, who believe that both the dramatic nature and compressed time scale characterizing the changes of our times will drive not evolution but revolution. They have serious doubts about whether the challenges of our times will allow such gradual change and adaptation. They point out that there are really no precedents to follow. Some even suggest that long before reform of the educational system comes to any conclusion, the system itself will collapse.<sup>4</sup>

The forces driving change in higher education, both from within and without, may be far more powerful than most people realize. It could well be that both the pace and nature of change characterizing the higher education enterprise

both in America and worldwide will be considerably beyond that which can be accommodated by business-as-usual evolution. As one of my colleagues put it, while there is certainly a good deal of exaggeration and hype about the changes in higher education for the short term—meaning five years or less—it is difficult to stress too strongly the profound nature of the changes likely to occur in most of our institutions and in our enterprise over the longer term—a decade and beyond.

While some colleges and universities may be able to maintain their current form and market niche, others will change beyond recognition. Still others will disappear entirely. New types of institutions—perhaps even entirely new social learning structures—will evolve to meet educational needs. In contrast to the last several decades, when colleges and universities have attempted to become more similar, the years ahead will demand greater differentiation. There will be many different paths to the future.

For the past decade we have led an effort at the University of Michigan to transform ourselves, to re-invent the institution, if you will, so that it better serves a rapidly changing world.

We created a campus culture in which both excellence and innovation were our highest priorities. We restructured our finances so that we became, in effect, a privately supported public university. We dramatically increased the diversity of our campus community. We launched major efforts to build a modern environment for teaching and research using the powerful tools of information technology. Yet with each transformation step we took, with every project we launched, we became increasingly uneasy.

As we came to understand better the forces driving change in our society and its institutions, we realized that these were stronger, more profound than we had first thought. Change was occurring far more rapidly than we had anticipated. The future was becoming less certain as the range of possibilities expanded to include more radical options.

We came to the conclusion that in a world of such rapid and profound change, as we faced a future of such uncertainty, the most realistic near-term approach was to explore possible futures of the university through experimentation and discovery. That is, rather than continue to contemplate possibilities for the future through abstract study and

debate, it seemed a more productive course to build several prototypes of future learning institutions as working experiments. In this way we could actively explore possible paths to the future.

For example, through a major strategic effort known as the Michigan Mandate, we altered very significantly the racial diversity of our students and faculty, thereby providing a laboratory for exploring the themes of the “diverse university”. We established campuses in Europe, Asia, and Latin America, linking them with robust information technology, to understand better the implications of becoming a “world university”. We launched major initiatives such as the Media Union (a sophisticated multimedia environment), a virtual university (the Michigan Virtual University), and played a key role in the management of the Internet to explore the “cyberspace university” theme. We launched new cross-disciplinary programs and built new community spaces that would draw students and faculty together as a model of the “divisionless university.” We placed a high priority on the visual and performing arts, integrating them with disciplines such as engineering and architecture, to better understand the challenges of the “creative university”. And we launched an

array of other initiatives, programs, and ventures, all designed to explore the future.

An example: The Michigan Virtual Automotive College, In 1997 we launched a venture known as the Michigan Virtual Automotive College (MVAC) as a private, not-for-profit, 501(c)3 corporation aimed at developing and delivering technology-enhanced courses and training programs to the automobile industry. The MVAC is a college without walls that serves as an interface between higher education institutions, training providers, and the automotive industry. Courses and programs can be offered from literally any site in the state to any other technologically connected site within the state, the United States, or the world. Although technologies are rapidly emerging, it is expected that MVAC will broker courses which utilize a wide array of technology platforms including satellite, interactive television, Internet, CD-ROM, videotape, and combinations of the above. It will seek to develop common technology standards between and among providers and customers for the ongoing delivery of courses. It currently offers over 100 courses and training programs, ranging from the advanced post-graduate education in engineering, computer technology, and business administration to entry

level instruction in communications, mathematics, and computers.

All of these efforts were driven by the grass-roots interests, abilities, and enthusiasm of faculty and students. Our approach as leaders of the institution was to encourage strongly a "let every flower bloom" philosophy, to respond to faculty and student proposals with "Wow! That sounds great! Let's see if we can work together to make it happen! And don't worry about the risk. If you don't fail from time to time, it is because you aren't aiming high enough!!!"

To be sure, some of these experiments were costly. Some were poorly understood and harshly criticized by those preferring the status quo. All ran a very high risk of failure, and some crashed in flames—albeit spectacularly. Yet, while such an exploratory approach was disconcerting to some and frustrating to others, fortunately there were many on our campus and beyond who viewed this phase as an exciting adventure. And all of these initiatives were important in understanding better the possible futures facing our university. All have had influence on the evolution of our university.

## The Questions Before Us

Many questions remain unanswered. Who will be the learners served by these institutions? Who will teach them? Who will administer and govern these institutions? Who will pay for them? What will be the character of our universities? How will they function? When will they appear?

Perhaps the most profound question of all concerns the survival of the university in the face of the changes brought on by the emergence of new competitors, a question raised by futurists such as Peter Drucker. Could an institution such as the university, which has existed for a millennium, disappear in the face of such changes?

Most of us, of course, believe quite strongly that the university as a social institution is simply too valuable to disappear. On the other hand, there may well be forms of the university that we would have great difficulty in recognizing from our present perspective.

Let me suggest a somewhat different set of questions in an effort to frame the key policy issues facing higher education:

1. How do we respond to the diverse educational needs of a knowledge-driven society? Here we must realize that, while the educational needs of the young will continue to be a priority, we also will be challenged to address the sophisticated learning needs of adults in the workplace while providing broader lifetime learning opportunities for all of our society.
2. Is higher education a public or a private good? To be sure, the benefits of the university clearly flow to society as a whole. But it is also the case that two generations of public policy in America have stressed instead the benefits of education to the individual student.
3. How do we balance the roles of market forces and public purpose in determining the future of higher education? Can we control market forces through public policy and public investment so that the most valuable traditions and values of the university are preserved? Or will the competitive and commercial pressures of the marketplace sweep over our



institutions, leaving behind a higher education enterprise characterized by mediocrity.

These are some of the issues that should frame the debate about the future of higher education.

### An Action Agenda

So, where to next? How do we begin to prepare our institutions for a new century, the new millennium. Let me suggest a sequence of steps:

1. Determine those key roles and values that must be protected and preserved during this period of transformation, e.g.,

Roles: education of the young, preservation of culture, basic research and scholarship, critic of society, etc.

Values: academic freedom, a rational spirit of inquiry, a community of scholars, a commitment to excellence, shared governance (?), etc.

2. Listen carefully to society to learn and understand its changing needs, expectations, and perceptions of higher education, along with the forces driving change.
3. Prepare the academy for change and competition, e.g., by removing unnecessary constraints, linking accountability with privilege, redefining tenure as the protection of academic freedom rather than lifetime employment security, etc. Begin the task of transforming the academy by radically restructuring graduate education.
4. Restructure university governance—particularly lay boards and shared governance models—so that it responds to the changing needs of society rather than defending and perpetuating an obsolete past. Develop a tolerance for strong leadership. Shift from lay boards to corporate board models where members are selected based on expertise and commitment and held accountable for their performance and the welfare of their institutions.
5. Develop a new paradigm for financing higher education by first determining the appropriate mix of public support (i.e., higher education as a “public good”) and private support (higher education as a personal benefit). This

should include a full accounting of both direct public support (e.g., appropriations, research grants, and student financial aid) and indirect public subsidy (e.g., “tax expenditures” currently represented by favorable tax treatment of charitable gifts and endowment earnings and distributions). Furthermore, consider key policy issues such as:

- The appropriate burdens borne by each generation in the support of higher education as determined, for example, by the mix of grants versus loans in federal financial aid programs.
  - The degree to which public investment should be used to help shape powerful emerging market forces to protect the public purpose of higher education.
  - New methods for internal resource allocation and management that enhance productivity.
6. Encourage experimentation with new paradigms of learning, research, and service by harvesting the best ideas from within the academy (or elsewhere),

implementing them on a sufficient scale to assess their impact, and disseminating their results.

7. Place a far greater emphasis on building alliances among institutions that will allow individual institutions to focus on core competencies while relying on alliances to address the broader and diverse needs of society. Here alliances should be encouraged not only among institutions of higher education (e.g., partnering research universities with liberal arts colleges and community colleges) but also between higher education and the private sector (e.g., information technology and entertainment companies). Differentiation among institutions should be encouraged, while relying upon market forces rather than regulations to discourage duplication.

The key to this action plan is a focus on the transformation of the entire higher education enterprise rather than upon a particular institution or institutional type.

### Concluding Remarks

We have entered a period of significant change in higher education as our universities attempt to respond to the

challenges, opportunities, and responsibilities before them. This time of great change, of shifting paradigms, provides the context in which we must consider the changing nature of the university.

Much of this change will be driven by market forces—by a limited resource base, changing societal needs, new technologies, and new competitors. But we also must remember that higher education has a public purpose and a public obligation.<sup>5</sup> Those of us in higher education must always keep before us two questions: “Who do we serve?” and “How can we serve better?” And society must work to shape and form the markets that will in turn reshape our institutions with appropriate civic purpose.

From this perspective, it is important to understand that the most critical challenge facing most institutions will be to develop the capacity for change. We must remove the constraints that prevent us from responding to the needs of rapidly changing societies, to remove unnecessary processes and administrative structures, to question existing premises and arrangements. Universities should strive to challenge, excite, and embolden all members of their academic

communities to embark on what should be a great adventure for higher education.

While many academics are reluctant to accept the necessity or the validity of formal planning activities, woe be it to the institutions that turn aside from strategic efforts to determine their futures. The successful adaptation of universities to the revolutionary challenges they face will depend a great deal on an institution's collective ability to learn and to continuously improve its core activities. It is critical that higher education give thoughtful attention to the design of institutional processes for planning, management, and governance. Only a concerted effort to understand the important traditions of the past, the challenges of the present, and the possibilities for the future can enable institutions to thrive during a time of such change.

Those institutions that can step up to this process of change will thrive. Those that bury their heads in the sand, that rigidly defend the status quo or, even worse, some idyllic vision of a past which never existed, are at very great risk. Those institutions that are micromanaged, either from within by faculty politics or governing boards or from

without by government or public opinion, stand little chance of flourishing during a time of great change.

Certainly the need for higher education will be of increasing importance in our knowledge-driven future. Certainly, too, it has become increasingly clear that our cured paradigms for the university, its teaching and research, its service to society, its financing, all must change rapidly and perhaps radically. Hence the real question is not whether higher education will be transformed, but rather *how* . . . and by *whom*. If the university is capable of transforming itself to respond to the needs of a culture of learning, then what is currently perceived as the challenge of change may, in fact, become the opportunity for a renaissance in higher education in the years ahead.

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