

Remarks by Ruth J. Simmons
Economic Club of Washington
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Thank you, Vernon, and my thanks to all of you for the invitation to be with you today. I want to acknowledge members of the Washington area Brown University family who have taken the time to be here today and the members of the Rhode Island delegation who are present. We are extremely fortunate to have outstanding representation here in Washington and we are grateful for the leadership of public servants such as Senators Jack Reed and Sheldon Whitehouse as well as our two congressional representatives, Patrick Kennedy and Jim Langevin.

This is important to say because, contrary to our good fortune with regard to the positive relations we enjoy with our delegation, these are gloomy times in the relationship between government and higher education. The degree to which U.S. Higher Education has fueled upward social mobility and economic growth at home is the result of a sustained period of positive coordination between these two sectors. But this once robust relationship is, from all appearances, under stress today, bringing with this change the specter of the diminishing pre-eminence of U.S. higher education just as major improvements in once lagging higher education markets elsewhere in the world may lead to an increasing advantage for those competing economies.

Brown's Horace Mann, an 1819 graduate of the University, led an early effort to make education broadly available to citizens through free public education. (We are also indebted to him for urging the elimination of flogging, by the way.) The pursuit of access to education for all social classes was crucial in setting this country on the path to becoming one of the most dynamic and

open societies in the world. Recognizing that impact, legislators rightly point to the urgency of making college available and affordable for a broader and more diverse segment of the population. This goal is to be applauded and implemented. However, there are certain dimensions of recent proposed funding mechanisms to make this possible that could pose serious risks to some of the greatest achievements and future promise of U.S. higher education.

Every year, world prizes such as the Nobels acknowledge preeminent scientific, economic and medical discoveries. While the most recent year was not the best for U.S. winners, one has only to look back to 2006 to see the stunning success of U.S. scientists in winning these prizes. Aside from those in Literature and Peace, ALL Nobel Prize winners that year were U.S. based. That is remarkable, but what is also to be noticed is the particular educational legacy that the winners share. They belong to a community of scholars produced by leading colleges and universities. The names of those institutions will not surprise you. In Chemistry, Roger Kornberg, born in 1945, was educated at Stanford. The Physics winners, John Mathis and George Smoot were educated at Berkeley and MIT, respectively. The winners in Physiology and Medicine, Andrew Fire and Craig Mello, went to Berkeley and Harvard -- Mello, after completing his undergraduate work at Brown. The sole Economics Nobel winner, Phelps, studied at Yale. Today, these scholars are at Stanford, Berkeley, UMASS, and Columbia; one is at NASA. These scientists were formed in a period in U.S. higher education when universities were able to pursue leads in science and technology with the strong support not only of industry and the federal government, but also that of research universities whose growth and support enabled and protected promising research.

Who would have predicted a century ago the environmental degradation that has led to climate change? Yet, universities stand ready in every era to identify such problems, raise awareness and change behavior, and bring

solutions to bear. This is the miracle of what the modern university and its research capacity offers the world today. What an evolution from the narrow missions of colonial universities!

Even the Report of the Spellings Commission acknowledges, "...it is no exaggeration to declare that higher education has become one of our greatest success stories."¹ So, if there is agreement, even among critics, that this sector, encompassing almost 4,000 institutions, has been the best in the world, what is it that is driving the current concerns about higher education? How can we address what is at the root of that concern without undermining the thriving organism that is our system of higher education?

This year, the House approved by a vote of 354-58 a Higher Education Act Reauthorization Bill (H.R. 4137) along with 27 amendments for debate. The latter included a provision that would have required universities to submit an annual report to the Secretary of Education on their endowment expenditures for "reducing the costs of the programs of instruction..." and a number of other measures that would increase regulations and reporting, thus diverting university resources away from instruction and research. The tuition and fee benchmarking amendment would single out institutions with the largest increase in their tuition and fees for annual benchmarks without the necessary consideration of the value that can be added for students based on the additional revenue. The pressure on universities to respond to these guidelines could, I fear, lead to some of the worst decisions in the history of higher education, decisions driven not by institutional mission, student need, or the push for excellence, but by the requirements of outside agencies insisting on actions that have no basis in or concern for excellence, however that is defined by that particular institution and the population it serves. As the Higher

¹ U.S. Department of Education, *A Test of Leadership: Charting the Future of U.S. Higher Education*. Washington, D.C., 2006, p. ix.

Education Act works its way through conference committee, I hope that some of the potentially harmful provisions can be changed before the final bill passes later this spring.

To be sure, independent institutions should not be immune from criticism, from adherence to the laws of the land, and from working with policy makers to improve the effectiveness of their service to society. In higher education, we should welcome the interest and involvement of policy makers in pointing to ways in which we can improve our institutions. Secretary Spellings, in her essay in Politico, noted that we are as an industry “entrenched...insular, clubby and wish to be accountable to no one”² but ourselves. She is only partly right. Clubby? Maybe. Arrogant and elitist? Perhaps too much of the time. But, entrenched, insular, and accountable to no one? No.

Universities and colleges freely share information with others – even the type that businesses would consider proprietary information – for the good of advancing knowledge. We provide our course syllabi and curricula to others free of cost and with no added remuneration to those who work hard to create these unique materials. We collaborate freely across institutions, sharing information about advances in knowledge to even our competitors. What corporation would do that? What government?

One reason for the claim of insularity is the criticism of the accrediting process for our universities. As President of the New England Association of Schools and Colleges, past chair of accrediting teams, and president of a university that relies on the accrediting process, I can tell you that these reviews are not necessarily as represented. Much of the criticism that we hear from policy makers relies too often on accrediting failures while largely ignoring the diligent work of thousands of independent minded educators who,

² Cited in *Higher Education*, February 7, 2008, p.7.

uncompensated, assess their peers and competitors with great independence and integrity. That accreditation can be improved is doubtless true, but the accrediting sector is not, from my experience, a vast, self-serving activity providing fake assessments to colleges and university.

Some of the interventions being proposed to address the perceived insularity of higher education would ostensibly institute uniform assessment models and testing approaches for a system that is far from uniform in its missions, its character, and its promise. The current landscape of higher education resulted from a loose network of different types of institutions that, over time, grew out of disparate goals and needs. Miraculously, perhaps both because they served specific and fundamental needs and because they were allowed to develop based on those needs and rather than in response to a central bureaucratic design, they flourished and produced a brilliant framework for the growth and development of the country.

I say “framework” because not every institution is excellent, not every student is well-served, and not everyone who teaches or does research is adding important information to the base of human knowledge. Accordingly, there is room for appropriate regulation and control to ensure that consumers are protected. However, the secret of their overall past success is, I believe, both in the way these institutions developed and in the way they continue to function today. One should be wary of any proposed solution that promises a better system based on little persuasive data, untested models of intervention, and other panacea that promise more than they can deliver.

The federalization of all of higher education is an idea whose time has not come. Let’s look at some of the reasons.

Most importantly, the diversity of these institutions is their strength and in that strength is the future of the nation. This diversity derives not merely from the fact that these universities are of many types and have many different missions, but also from the fact that they are generally independent of each other. One or several of us may fail but widespread failures are unlikely because our independence will inevitably lead to correcting flaws in how we function. Learning is, after all, our business, and by learning from each other and adapting, we become stronger. In that sense, our differences strengthen rather than weaken us. Furthermore, they protect and ensure the health of the ongoing pursuit and advancement of knowledge itself.

Countries that centrally mandate curricula and outcomes tend also to complain about the seemingly limited ability of faculty and students to create, criticize, and innovate. They often find broad based, energetic discovery and breakthroughs wanting in their system. In more centrally controlled, mechanistic practices is the risk of rote in-take, narrow testing, disinterested learners, lackluster scholarship, constrained intellectual curiosity, and limited innovation. What a risk that is compared with the purported ills of higher education today!

Our differences are our strength, I say. We have technical colleges and liberal arts colleges; on-line colleges and residential colleges; two year colleges and four year colleges; local or regional colleges and national colleges. These institutions make for an extraordinary range of access points to education. This broad access arose not merely with the help of government funding, but also with the commitment of untold millions of individuals who have built these universities because of their conviction that supporting education is a way to improve their country and the world.

Most students in the rest of the world are confined in their choices of education to the institutions for which they qualify upon leaving secondary

school. Often, they are simply assigned to one institution and have no choice in how to meet their educational goals. By contrast, American higher education remains open to students as long as they are able to learn. This level of access, often taken for granted, is a distinct advantage of our educational landscape, adding yet another significant asset to our economic and civic life.

When policy-makers talk about “efficiency” and “cost controls,” let it be known that, had institutions grown with just these goals as priorities in the narrow context that many proponents intend, they would have avoided many of the features that have made U.S. higher education so distinctive and valuable to the world. We would not have focused on great libraries, advanced technologies, and exceptional laboratories. We would not have focused on mature learners, those with remedial needs, or the underprivileged. We would not have focused on advancing knowledge or supporting research. We might not have offered programs in art, languages, public policy or education. We most certainly would not have focused on the risky, brave and brilliant work that exposed governments and challenged injustice. Imagine the great Francis Wayland, President of Brown from 1827 to 1855 challenging the morality of slavery in the face of a public fully willing to see this heinous practice serve the economic needs of the states? The fact that he and his university were independent and driven by other than cost factors made all the difference.

Institutional efficiency and productivity is an excellent goal when it allows us all to offer lower prices and provide wider access. It is not when it gives government a toe hold into restricting the ability of colleges and universities to set high educational goals, to carve out new knowledge, and to challenge injustice. Instead, that toe hold can be the means to eviscerate the quality of universities, community colleges, private liberal arts colleges, public universities, and most of the other educational institutions around the country.

To seek a uniform model for an extraordinarily diverse educational system that is designed for many different purposes may not be the best route to improving higher education. Not all institutions have the intention of creating Nobel level work. Not all should. Some, seeking primarily to teach well and prepare students for careers, can have a lower cost profile. Others may be at the opposite end of the spectrum, providing a range of highly advanced programs. There is room in U.S. higher education for lower-cost instruction and lower cost delivery. There should also be room for universities that offer a more costly program. Costs should vary widely if we are to offer the varied access points and programs that have proved so valuable in the past centuries.

The seeming target of public policy makers is a small sub-set of mostly private institutions in the country: those with endowments of over \$500 million, an arbitrary dividing line since there is enormous variability in expenditures among this group, depending on the scope of the institution's mission. Approximately 9% of undergraduates (or about 1.2 million students) attend colleges charging more than \$30,000. However, their attendance at these institutions, a matter of choice, may be prompted by the fact that these colleges make significantly higher investments in such features as technology, outstanding faculty, high quality instructional support, and advanced research.

Institutions that have a legitimate reason for more significant investments in instruction, advanced training and research should have the leeway to preserve their mission through the most effective management of their resources, up to and including setting tuition at an appropriate level and allocating their endowment revenues in keeping with their purpose. Intervention by government to change those allocations might have the unintended consequence of eliminating some of the best features of American higher education.

Throughout the history of higher education, universities have been able to improve continuously by use of internal standards of mission-setting, accountability, improved governance, critical assessments, and other measures. These measures result in ongoing expert assessments that identify needed improvements that colleges and universities must address if they are to retain credibility among their peers and remain competitive for students and faculty. The recent insistence on independent boards in public corporations follows centuries of practice in universities in which experts and independent volunteers provide oversight to colleges. They assist in devising and altering the mission of the university; they approve strategic goals; they exert fiduciary discipline; and they assure the integrity of the educational process. Efforts of government to step into or control this process by requiring even more assessment and reporting would not be likely to improve the oversight carried out at most of these colleges.

In fact, few institutions have checks and balances as robust as colleges and universities. In addition to external bodies that provide independent guidance, strong internal governance watches over every dimension of university life. Many may question the wisdom of some of the perspectives, policies and actions in play, but policies and decisions are determined by a multi-tiered, inclusive array of governance mechanisms. Any governance system can lead to failures, but university governance has, through the success of excellent, long-lived institutions, proved its capacity to challenge bad practices and force a change of course when needed.

These and other mechanisms contribute to the extraordinary robustness, long term stability, and growth of higher education. That stability has fueled sustained economic growth in the United States. Over time, record numbers of families have moved from poverty to the middle class and beyond thanks primarily to the openness and accessibility of advanced education. During

recent periods, extraordinary discoveries arising from the Academy have improved health and extended life, saved the country from economic collapse as technologies advanced, and improved access to information and communication across the globe. Facing an increasingly global reality, our country is best served by a university sector that is free to exploit fully its strengths, some of which I have outlined above, and to chart an informed path to identifying and meeting the challenges of the future. Imposing spending and price restraints on U.S. higher education may have the unintended consequence of driving institutions away from excellence, consolidating them toward median or lower quality, and assuring the rise of university systems elsewhere that would happily assume the mantle of the best university system in the world.

The U.S. economy, we have seen, is not immune to blight. Indeed, far too many sectors on which our economy depends are experiencing massive failure. Were higher education to experience a similar fate, one would expect a radical intervention. If such signs appeared, we should not only welcome but insist on such measures. Not only is higher education nowhere near that degree of failure, (and certainly NOT the institutions I cited earlier that are the target of endowment spending regulations) it is enjoying some of its best days. Indeed, the reason for the broad interest in cost and access is that the demand for higher education is greater than ever. It is greater because of the strong past performance of our best colleges, which have delivered the outcomes to improve lives, shore up the economy, and transform society in positive ways.

Another factor in the strength of U.S. higher education is the competition that its institutions enjoy with each other, and I don't mean on the athletic field. We all compete for students, faculty, government grants, awards and prizes, philanthropic support, and rankings. Those institutions that compete most successfully attract better students and more resources and, in so doing, they continue to improve, extending their success in more and more powerful ways.

Those institutions that are weaker may fall back and even go out of business. Economists tell us that competition is good and that, under most circumstances, it leads to improvement. Our competition relies on our differences, the advantages that we can establish, the niches that are uniquely ours. Regulations that reduce the differences that are the basis for that healthy competition may lead to uniformity with insufficient commitment to excellence and limited incentive to improve.

Efforts by Congress to address high tuition and too rapidly escalating student costs of education no doubt have as their intent a sensible concern: to make education affordable to the largest possible number of students. There is no educator worth her or his salt who would disagree with the importance and urgency of such a goal. The more students we educate, the more we succeed as a society. And, by the way, that truth extends across all types of institutions. The data show that, no matter what type of college one attends, the chances of an improved life and greater earning capacity increase. However, the quest for enhanced access fails miserably as a compelling argument for uniformity across institutions. That uniformity would destroy the very assets that bring students to colleges: these institutions' particular approaches to education.

I found my way to a small black college in New Orleans that the drive to uniformity would have eliminated scores of years ago. Today, Dillard is bravely striving to overcome the wreckage of Hurricane Katrina. Not even that ferocious storm could wash away the past achievements and future promise of its one and a half century existence. The striving of that small black institution and others like it saved this nation from its intolerable tolerance of segregation and racial discrimination, giving rise to a generation of empowered African-American leaders.

Brown University, like so many others with endowments over \$500 million, recently received a letter from the Senate Finance Committee requesting information about our endowment payout. The goal of this letter was presumed to be that of applying pressure on us to take our endowment gains and apply them to reducing tuition and increasing financial aid. We had been increasing our financial aid by leaps and bounds, well before the letter from Congress. Indeed, our financial aid budget is the fastest growing line in our budget; it has grown by some 60% in the last 5 years. The notion that Congress should not only mandate a specific payout from endowments but also how those funds are to be deployed within education is, I believe, an effort that could, in the end, greatly compromise the quality of higher education. For decades, such funds have been used to increase financial aid, support the highest quality instruction, underwrite advances in disease prevention and cures, and myriad other useful purposes that advance society.

As we all know, the cost of modern discovery is very high. Ask any research division of a corporation. Ask them, too, how they would compare their in-house proprietary research operation to the research engines at universities. Which do you think are more cost-effective? The one serves the interests of shareholders; the other serves the interests of the entire world. The one is directed at market place demand; the other seeks to answer questions and enlarge the body of knowledge and creative expression. Removing from certain research universities the flexibility to support these costly endeavors when they can raise the funds to do so is not only short sighted but would undermine the long term public interest. As Howard Bowen's "revenue theory of costs" implies, universities raise revenue for a wide variety of purposes and apply those revenues to specific aims. To conclude that these revenues should be directed to some other purpose is to change the mission of these institutions.

I continue to believe that the real value of American higher education is the unique way in which its network of institutions allows every student to aspire to a higher level of achievement across the spectrum of colleges and universities. The knowledge of that fact allowed me to study at a small, low-cost college with limited breadth, satisfied that I would be able to move on to a larger university in time. When people ask why I was able to do well at Harvard, I like to remind them that it was not in spite of my Dillard education but because of it. The point is that no one is required to attend a costly college to get a good education. However, we can say that one is required to attend a costly institution to study and conduct research at the leading edge of knowledge, a necessity for a relatively small percentage of learners.

I do not argue for recklessly higher costs, waste, lack of accountability or, heaven forbid, limited access to universities. I do not argue that we are immune from reasonable governmental oversight and regulation. I believe that there are some features of the Spellings report that remind us of ways that we can improve on what we are doing. First, this process tells us that, as Lamar Alexander has observed, we need to be better at speaking in plain English about what the Academy is up to. Even more to the point, I believe that we need to practice more listening as well. Secondly, transparency is very important. Why should we fear making information available? We need to find new ways of not simply providing good information about costs and expenditures, but also of letting the public see how our internal processes of priority-setting are often as good as or better than those of most institutions. I believe that transparency extends to making available reports on outcomes from our universities and colleges. I see no reason that our accreditation reports should not be available to the public, provided that the prospect of making them public does not alter the candor, rigor and value of this assessment process. However, the creation of a “robust culture of accountability and transparency” should not include the kinds of regulations, systems and strategies that transform this system into a

shadow of its current success wherein innovation is encouraged, unique approaches are permitted, and discovery is driven to its highest potential.

Peter Heather, writing about the fall of the Roman Empire, noted that the confiscation of local endowments in the third century caused “a major shift in local political power away from town councils to imperial bureaucrats. This did away with the whole point of the local displays of generosity recorded in early imperial inscriptions.”³ One hopes that, chastened by the efforts of some to redirect their good intentions, donors do not conclude that supporting education no longer offers the same promise to help the world. The Romans did not see past the impact of their near term goals when they confiscated those endowments, leading to a diminution of civic intentions and the building of self-interested bureaucracies. Let us not make the same mistake.

Instead, let us hope that we are open to correcting any deficiencies in our practices such that we may retain the confidence of policy makers and preserve the diversity, breadth, and independence of higher education. For, I believe that the strength of our universities is in our ability to continue to set priorities and make investments in excellence at the forefront of knowledge.

Thank you for your attention.

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3. Heather, Peter, *The Fall of the Roman Empire*, (Oxford University Press, 2006), 116.