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U.S. DEPARTMENT OF EDUCATION

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THE SECRETARY OF EDUCATION'S COMMISSION ON THE
FUTURE OF HIGHER EDUCATION

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FIFTH MEETING

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THURSDAY
MAY 18, 2006

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The Commission convened at 1:00 p.m. in the Monticello Ballroom of the Watergate Hotel, 2650 Virginia Avenue, N.W., Washington, D.C., Charles Miller, Chairman, presiding.

COMMISSIONERS PRESENT:

CHARLES MILLER, Chairman
MARGARET SPELLINGS, Secretary of Education
NICHOLAS DONOFRIO
JAMES J. DUDERSTADT
GERRI ELLIOTT
JONATHAN GRAYER
KATI HAYCOCK
JAMES B. HUNT, JR.
ARTURO MADRID
ROBERT MENDENHALL
CHARLENE R. NUNLEY
CATHERINE B. REYNOLDS
ARTHUR J. ROTHKOPF
RICHARD STEPHENS
SARA MARTINEZ TUCKER
RICHARD VEDDER
CHARLES M. VEST
DAVID WARD
ROBERT M. ZEMSKY

EX OFFICIO MEMBERS PRESENT:

JOHN BAILEY
WILLIAM BERRY
EMILY STOVER DeROCCO
DAVID DUNN
PETER FALETRA (RAY ORBACH'S DESIGNEE)

ALSO PRESENT:

CHARYL OLDHAM
VICKIE SCHRAY
ELEANOR SCHIFF

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P R O C E E D I N G S

(1:15 p.m.)

CHAIRMAN MILLER: Good afternoon. Thanks for your patience. The government must go on.

We are honored to have Secretary Spellings here today. She is going to start the meeting with some comments of her own. I will follow and talk about the mechanics and the process of the meeting, and then we are going to launch into a serious discussion of all our issues. A lot of work has been done, and I think people enjoy seeing the product.

The Secretary can stay here through part of the beginning of the session. Dr. Nunley will launch that with the Secretary as our host, if you will. So with that, Madam Secretary, would you please begin?

SECRETARY SPELLINGS: Do you want me to stand up here?

CHAIRMAN MILLER: Yes, or wherever you like.

SECRETARY SPELLINGS: You know we all work for Charles. Just kidding. Thank you, Charles, for that, and thank you for the invitation to join you today. I know that you all have seen the world in your assignment. I am very grateful to all of you for devoting as much time as you have to this very

1 important topic, and I am really grateful for your
2 what I hope will be very excellent work, and that is
3 what I am here to talk about. So thank you,
4 everybody.

5 We have already succeeded, I think, in one
6 of my main goals, and that is to elevate the public
7 debate and discourse around issues in higher education
8 which, as I told you in the fall when we were
9 convened, I think that is overdue, and I think it is
10 necessary, and I think it is good for everybody for us
11 to have greater understanding around the issues in
12 higher education.

13 We Americans know how important education
14 is not only to our individual lives but to the life of
15 our economy and our civic democracy and so on. So I
16 think we cannot do too much of that, talk about this
17 as an important public policy issue, and I think
18 sometimes we in Washington get into the weeds of fixed
19 and variable rates and direct and so on and so forth,
20 that we kind of can't see the forest for the trees a
21 little bit. I am grateful to you for framing some of
22 these bigger, broader issues.

23 I think, as you all have traveled around,
24 of course, I followed the press about the Commission
25 and your hearings, and various editorial press and the
26 like, and I think we have hit a nerve. I think that

1 you all have hit a nerve. The American people know
2 this. It is important.

3 I think there is anxiety about this issue
4 and affordability in many families. I think people
5 understand our world's competitiveness and how each
6 and every day higher education as something that
7 people must have is growing, and I think they see that
8 people around the world are paying attention to their
9 higher education systems, too.

10 So I am glad we've gotten a lot of
11 attention. You all have gotten a lot of attention,
12 and I know, as you get down to the final days of your
13 work and the consensus building, all of that, that
14 will even become more interesting.

15 I guess a few things as you go into your
16 final stage here and as you build consensus around the
17 issue and making policy recommendations, I urge you to
18 be as concrete and as bold as you possibly can as to
19 how we in our country can continue to remain the
20 finest in the world, and make sure that that finest in
21 the world is fine enough for 10 years from now, 20
22 years from now, and beyond.

23 I don't want you to be shy or mealy-
24 mouthed about that. I'd like you to be as specific as
25 you possibly can, not only with respect to what the
26 country ought to do or the Congress ought to do, but

1 for what we at the Department of Education can do and
2 what state policy makers or governing boards or -- I
3 mean, think broadly about the various actors, because
4 I think the world is looking to you for that sort of
5 perspective.

6 As I said when this Commission was
7 launched, and I hope people are not offended by this,
8 but the analogy I like to use is: In the mid-eighties
9 when the National at Risk Report was framed, it really
10 served as a wake-up call in American public education
11 and was a kind of an analysis and review, a self-
12 reflection that had not happened previously.

13 Clearly, this is not a system at risk. It
14 is not in the same state as K-12 education was, but it
15 certainly laid the groundwork for a lot of important
16 reforms that have done a lot of good things for a lot
17 of kids in our country as we have begun to close the
18 achievement gap and understand the exact state of
19 affairs in American public education. So I hope your
20 work will have that effect as well.

21 As we all know and talk about all the time
22 -- and frankly, there is really good consensus around
23 this issue in the Congress and beyond -- I think
24 policy makers and the world generally are thinking
25 about America's competitiveness. How do we continue
26 to be the world's innovator? How do we do something

1 different from other parts of the world that we always
2 have done, and that is make sure we have very educated
3 citizens and that they can innovate, that our system
4 of articulation between the private sector and the
5 public sector is strong and mutually beneficial?

6 So I think the teachable moment, as we
7 talk about in education, of the world's
8 competitiveness is an important for us to have that.

9 You all know the facts. You all talk
10 about it when you make speeches about how 90 percent
11 of the fastest growing jobs require post-secondary
12 education. More than ever, higher education is
13 critical to not only individual success in our country
14 but our country's success itself.

15 At the Federal level, you know we are a
16 big investor in higher education, in the \$100-plus
17 billion dollar range, and I think we need to make sure
18 that we are maximizing and investing those resources
19 as wisely and well as possible on behalf of students
20 and our country.

21 I think we need more information about
22 whether we are doing that, whether we have done that,
23 and how to continue to generate public support and
24 trust and confidence in this system is require more
25 information about what is going on out there.

26 So to build a better system, I need your

1 leadership, your guidance. I am very open-minded
2 about what you might recommend. I know you all have
3 heard a lot of different points of view. I have read
4 some of the policy papers, and I think the quality of
5 your work has been extremely good and very thought
6 provoking.

7 So I am very open-minded about what you
8 all are going to think about, but I want you to be
9 bold to think about the various players that are
10 working on higher education, and really understand
11 that your role is to germinate and begin and inspire
12 the next generation of discussion that we need to have
13 at the Federal level.

14 So again, thank you. I am going to stay
15 and listen to your first deliberations. I want to say
16 a thank you -- a special thank you to my friend and
17 associate, Charles Miller, who is a heck of a leader,
18 and I appreciate the time he has committed to this
19 endeavor, and I am grateful to all of you.

20 So what the heck are you doing listening
21 to me? Get to work.

22 (Applause.)

23 CHAIRMAN MILLER: Thank you, Madam
24 Secretary, and I would like to say also, Dr.
25 Spellings. She received her honorary doctorate degree
26 from her alma mater last week, and I think that is

1 worth a special mention. Thank you.

2 (Applause.)

3 SECRETARY SPELLINGS: I'm in the Academy
4 now.

5 CHAIRMAN MILLER: She is in the Academy
6 now. Thank you for giving us a chance to serve our
7 country in this important capacity, and thank you for
8 appointing this outstanding group of people to work
9 together. They are committed. They are resourceful,
10 and they are dedicated, as dedicated a group as could
11 have been assembled. I think they are also cultured
12 and attractive and debonair and sophisticated, and
13 even down to earth.

14 As you will see, they have also worked
15 extremely hard. We have had, and we have been having,
16 a national dialogue. We have had five full public
17 meetings, including this one, two public hearings in
18 Seattle and Boston, numerous subgroup meetings. We
19 have taken huge quantities of public input in many
20 forms. We have done that in seven meetings, public
21 meetings, over seven months.

22 We have extensive e-mail and telephone
23 communication and many, many individual discussions,
24 meetings and speeches. Much more critical work needs
25 to be done.

26 I would like to discuss a little more the

1 process that led us here today and describe what we
2 are going to do, and then a little bit about some
3 proceedings.

4 I want to thank all of you all, the
5 Commissioners and the staff, for taking the extensive
6 time to review and comment on the discussion
7 worksheets which we distributed. Almost 150 pages of
8 worksheets were compiled, which represented what we
9 have heard from our national meetings, our public
10 hearings, our reports, studies, letters, and from you.

11 These worksheets were distributed to the
12 Commission for ranking of importance. This was done
13 informally but seriously, and 15 Commissioners
14 responded on some or all of the issues. All of us
15 have been commenting on those issues.

16 The staff took the results of those issues
17 and solutions considered to be the highest level of
18 importance and, as a result of hard work, that
19 original list has been whittled down to about 20
20 pages. This was accomplished under the guidance of a
21 group of Commissioners who I volunteered, who will
22 take those preliminary results and lead the related
23 discussion today and tomorrow.

24 There are some natural caveats in this
25 kind of process that everybody understands. Items are
26 not unanimous. The wording is certainly subject to

1 change. There was some overlap and redundancy.
2 Placement of issues in different sections could vary.
3 Some gaps have been identified, which has been good.
4 Others will be. New ideas can be added. Some items
5 could be consolidated or eliminated. In other words,
6 it is a work in process.

7 The current working summary could
8 represent an emerging consensus, in that we will
9 continue to refine these in this and subsequent
10 discussions. I would say these results are not
11 considered votes or final decisions.

12 The goals of the meeting, simply stated,
13 today would be to move toward a consensus on the major
14 issues that are facing higher education, and construct
15 several problems or issue statements, and then also to
16 move toward a consensus on the major recommendations
17 and solutions to resolve those issues or problems, a
18 simple pair of goals, not necessarily easy to
19 accomplish.

20 As far as next steps, the final product of
21 our work -- and I would like to describe it this way -
22 - the report will be defined within the boundaries of
23 the report. I want to relate that to something like a
24 contract theory. In other words, the Commission will
25 have the full and final say on whatever is in the
26 report in that content.

1 What is in it is in, and what is not is
2 not. In other words, it is in the boundaries of the
3 report. So anything we do before or after, during or
4 whatever in this kind of work, until it is there and
5 in the report and finalized, it is not official or
6 complete. The final wording is ours, or the
7 Commission's, and no one else's.

8 We will rely on the staff and any help we
9 can get to get the work completed, to do fact
10 checking, to get consistency and organization in form
11 and style. Commissioners are going to have a full
12 opportunity to participate all along the way, and will
13 be encouraged to respond continuously and in stages of
14 what will be an iterative process.

15 I see results going out now continuously
16 to all the Commissioners with feedback on a continuous
17 loop basis, and we have that set up and probably be
18 able to do it now for the first time completely.
19 Following this meeting, then I expect to have
20 virtually continuous contact with Commissioners.

21 Tentatively, we've tried to schedule a
22 meeting at the end of June, and we have set a date of
23 June 28. It is hard to get a large number of the
24 Commissioners together in the summertime. We knew
25 that. We could circle 11 or 12 almost regardless of
26 the date. Late June seemed to be the highest

1 likelihood.

2 That kind of meeting, if we hold that at
3 that date, would be consistent of several small
4 meetings, because if we work on details on writing, if
5 we do it publicly, we begin to publish, and that is
6 hard to do, and it is hard to do writing in a group.
7 So we would probably have small groups to work on
8 details and on writing, and then maybe one part of it
9 would be a public discussion where we bring some
10 conclusions or at least some next items to the table,
11 and that would be one of the ways we could have a
12 public meeting without doing the final publication.

13 We have retained a writer to help us
14 coordinate this, that would help us over the next two
15 months. His name is Ben Wildavsky. He is with the
16 Kauffman Foundation, and he has been -- He is a senior
17 researcher there, and he has been an editor and a
18 writer at U.S. News and World Report. You have seen
19 some of his work before, I'm sure.

20 He has done some good work on a previous
21 education report on teaching, and I believe you will
22 find that very helpful. The idea is to get some kind
23 of consistent organization and languaging and the
24 like, not to make any final decisions on the policy or
25 the details of the report. I think that is a prudent
26 way for us to proceed with the help of the staff and

1 the consultants, again to say it is the Commission's
2 report to do.

3 I met with Secretary Spellings just
4 recently, and we have agreed to extend -- She has
5 agreed to let us extend the presentation of the final
6 report, the report to the Secretary, to sometime in
7 the second half of September. We will pick a final
8 date when we have had time to talk with you all about
9 the details of it.

10 The reason is while a draft is being set
11 up for printing and production, we need to develop an
12 effective distribution and communications plan. Even
13 though we want to have the report done by August 1 as
14 planned, it can always be fine tuned and tweaked. But
15 while the Commission is still intact and can
16 contribute directly, we could build that -- I call it
17 the afterlife of the plan. I think that would be
18 helpful.

19 A date later in September would make
20 allowance for the usual seasonal circumstances, fiscal
21 year for the Federal government and, of course, all
22 the academic schedules.

23 We had it scheduled with what you could
24 call a dead spot in the summer. So I think that gives
25 us a chance to do some good finishing work and plan on
26 how to do the things that need to be done afterwards,

1 and help the Secretary with that. But still, the idea
2 would be to have a written report for us to work on or
3 to have, not to present to the Secretary, by August 1.
4 So we have a very fast timetable for that report.

5 Any questions on any of that from the
6 Commission?

7 COMMISSIONER ZEMSKY: Can you go over for
8 us what is public and what isn't public, and how we
9 are going to be able to circulate drafts in a way that
10 we don't get pre-committed, because once it circulates
11 -- just what the rules of the game are.

12 CHAIRMAN MILLER: Thank you for saying
13 that. Understanding the rules, we had a lot of
14 attention to it. There are some hard lines that are
15 fairly clear, and there are some that, I'd say, we are
16 not going to close to or over any lines, but give us
17 some flexibility or limit it.

18 If we were to start drafting something in
19 public, that is public information. If we draft
20 something and circulate it among the Commissioners,
21 that is not public, and we would label it draft and
22 deliberately do that.

23 The final draft would be something -- the
24 final one, which would be a report to the Commission --
25 -- we would invite signatures from the Commissioners,
26 and if we got a majority of Commissioners to agree to

1 sign a report, that would be it. We would work very
2 hard to get all Commissioners to sign off on a final
3 report, and it is an iterative process, as you can
4 imagine, with gives and takes in there.

5 The languaging would come from starting
6 off with some drafts with an outline that we discuss
7 and negotiate, and then something that merges down or
8 consolidates down to a final report.

9 COMMISSIONER ZEMSKY: Materials for
10 today's meeting -- are they in the public domain or
11 are they considered draft -- the notebooks in front of
12 us?

13 CHAIRMAN MILLER: I don't remember what is
14 in all the details of the notebook. If they were
15 circulated to you for the meeting, I would say it is
16 not public. Anything we put up here, discuss or put
17 out in hard copy, of course, that would be public, not
18 necessarily a final decision. Being public doesn't
19 mean we have resolved it. Yes, to be clear about it.

20 MS. OLDHAM: I was just going to comment
21 on that.

22 CHAIRMAN MILLER: See if that is on.

23 MS. OLDHAM: -- all the documents not for
24 public -- Anything that is pre-decisional is not
25 public information.

26 CHAIRMAN MILLER: If we had a quorum

1 present --

2 MS. OLDHAM: Obviously, when we discuss it
3 here and we start putting it up and people see it,
4 then it becomes -- you know, whatever we say here and
5 that kind of thing is, obviously, in a public forum,
6 but the documents that you have in your binder are
7 private.

8 CHAIRMAN MILLER: If you get in a group of
9 eight or more, which makes a quorum, that could become
10 a public meeting and would require some notice and
11 things. Just be careful. We've tried to keep the
12 groups small. That's what I meant about another
13 public meeting. If we wanted to discuss things in a
14 smaller scale, we would break into smaller units and
15 take a shot at drafts. Doing it in a big Commission
16 would be hard.

17 Any other questions? Thank you. I
18 appreciate it. Dr. Nunley, the floor is yours.

19 COMMISSIONER NUNLEY: I am going to stand,
20 because I am short. I want to be able to see
21 everybody, and because I am short, I can't see people
22 up at this end of the table when they want to
23 participate.

24 Hello, Madam Secretary. It's great to see
25 you again. Charles neglected to mention that you are
26 also an honorary associate degree holder of Montgomery

1 College as of yesterday.

2 (Applause.)

3 COMMISSIONER NUNLEY: I am very proud to
4 call you an alumnus, by the way.

5 What I am going to try to do today is
6 provide an opportunity for us to discuss the two
7 issues that have been assigned to me, which are
8 universal access and preparation.

9 What the group of us who are leading these
10 discussions today talked about by telephone is that we
11 would try to shape a statement of what is the problem
12 that we are trying to solve in this particular topical
13 area for your consideration today, and then begin
14 looking at some of the solutions that we think are
15 available to solve the issue.

16 As you know, you have gotten information
17 about some of the things where there tends to be some
18 more universal agreement, and I think we want to focus
19 on those first; because, to me, those are the easier
20 low hanging fruit. But I hope we won't limit
21 ourselves to that, because I think, if we do, we may
22 not get to the bold or the really forward moving kind
23 of recommendation, because typically it is the easier
24 stuff that we can agree on, and it is some of the more
25 challenging stuff that is more difficult.

26 So at the end of looking at what the

1 things are that we agree on, I will be asking you what
2 bold, far reaching, important solutions are we
3 missing, and we will see where that goes.

4 We are going to begin with universal
5 access. I just wanted to start by giving you what I
6 believe universal access means, because if we are at a
7 different place on that, then the discussion might not
8 be as fruitful.

9 To me, universal access means what I have
10 seen in several actually state higher education plans,
11 and it goes something like this: Every person who can
12 benefit from post-secondary education and who desires
13 to attend a college, university or private career
14 school should have a place in post-secondary
15 education, and it should be affordable.

16 It is not saying, to me at least,
17 universal attendance, which I think is a goal that it
18 is unlikely to achieve, but what it is saying is, if a
19 person is interested and has ability to benefit from
20 higher education, they should have the opportunity to
21 go, and it should be affordable to them.

22 That's what universal access means to me,
23 and if we don't have a common perspective on that,
24 maybe we should talk about that first. Is that a
25 reasonable definition, working definition, that we can
26 go with?

1 All right. So I began with -- Yes?

2 COMMISSIONER ZEMSKY: I have no idea what
3 you mean when you say it is to be affordable. I mean,
4 this is the issue that I have had all along, is if
5 it's a kind of arbitrary, that not more than 10
6 percent, 20 or 30 percent of family income, that's one
7 definition of affordable. Another definition of
8 affordable is it can be financed over a -- So when we
9 keep using this word affordable, that's quicksand,
10 because suddenly you have promised you are going to
11 make it affordable, and you have no idea what you have
12 promised.

13 COMMISSIONER NUNLEY: I guess -- again, I
14 would welcome other comments. I think that we need to
15 spend some time defining what that means. It could
16 mean things with regard to the financial aid system.
17 It could mean things with regard to escalation of
18 tuition costs. It could mean a variety of things, and
19 it would seem to me that clarification of that and
20 putting some parameters about it is something that the
21 Commission may want to spend some time on.

22 COMMISSIONER ELLIOTT: It's the right
23 word. Affordable is the right word. It is not low
24 cost. We are not saying that. We are saying that at
25 least that everybody has an opportunity to go, and
26 affordability is relative, depending upon the person.

1 So you are using the absolutely right
2 word.

3 CHAIRMAN MILLER: Well, it is also
4 relative to what you get, the quality. We are going
5 to find a lot of those kind of intersections that are
6 missing. I don't think we have to make the final
7 answer. I think that is the question. So that is not
8 a definitive statement. By doing it this way, this
9 process, we are going to leave a lot of blanks like
10 that. That is why it has been hard to do it.

11 So without a series of statements that
12 lead us to some kind of conclusion and some facts,
13 which you might have in a final report, it won't be
14 definitive. This will be just a way to communicate.

15 COMMISSIONER DUDERSTADT: When you say
16 opportunity, to me affordability is part of it.
17 Preparation is part of it. You know, there are many
18 characteristics of it.

19 Furthermore, I think when you look at the
20 concept of universal access, if an individual has a
21 need, a desire, an aptitude -- there are several
22 characteristics there.

23 One final component is that perhaps this
24 opportunity should become a right of all citizens
25 rather than a privilege based on other kinds of
26 considerations.

1 I see what you are driving at. I guess
2 what I am suggesting is that the barriers that prevent
3 this are broader than simply affordability.

4 COMMISSIONER NUNLEY: I agree with that.
5 I guess also, to me, affordability means that your
6 capability to be able to exercise that privilege or
7 right should not be determined by your income. You
8 know, that is a big part of what affordability means
9 to me. Okay.

10 COMMISSIONER VEST: We can spend all day
11 on this. This is not a crisp definition, but I find
12 it useful to turn it upside down a little bit. I
13 think of affordability as meaning that no one who has
14 gained, deserved admission to an institution should be
15 denied the ability to actually attend by unreasonable
16 financial loads or constraints.

17 That is not clear, but turning it upside
18 down a little bit, I think, helps. In other words, it
19 should not be a barrier.

20 COMMISSIONER NUNLEY: Okay. You know, I
21 think that is useful and something that we can maybe
22 ask the staff to continue to work on refining some of
23 that meaning, and because we are limited in time,
24 perhaps we ought to move to what I have tried to
25 structure in the way of a problem statement, which is
26 in front of you.

1 I tried to do it in brief form, and then I
2 tried to give a little more of the background of where
3 I saw some of the stuff that we have been provided
4 with and had testimony about.

5 The problem statement in brief form is:
6 Participation in and progression through higher
7 education need to be increased. Then I went on to
8 write: Universal access is fast becoming a necessity
9 to ensure the personal welfare of Americans and a
10 healthy, vibrant U.S. economy. Our economy continues
11 to demand an increasingly educated workforce. Global
12 competition is a growing challenge for our economy and
13 our workforce. Baby Boom retirements may lead to
14 workforce shortages, and workforce shortages already
15 exist in some fields.

16 Then I went from the workforce to the
17 individual: Education is a goal of increasing
18 percentages of youngsters. The vast majority of
19 today's third graders express a desire to attend
20 college. The student population of our elementary and
21 secondary schools is growing more diverse, and
22 increasingly comes from low income families. Yet too
23 often participation in college and the selectivity of
24 college attended are determined by socioeconomic
25 status and race. A variety of barriers persist that
26 prevent broad access to higher education: Rising

1 tuition rates; barriers to transfer; an overly complex
2 financial aid system that focuses too little on need;
3 and in some areas of the country availability of
4 higher education opportunity prevents students from
5 pursuing post-secondary education.

6 That was my attempt at a problem statement
7 for universal access. Have at it.

8 COMMISSIONER HUNT: I think that's good. I
9 don't see preparation there, however.

10 COMMISSIONER NUNLEY: Preparation is my
11 second topic. So I put the preparation stuff in the
12 topic of preparation. We may decide that they need to
13 be merged after looking at them, but when we move to
14 topic two, you will see that preparation is in there
15 in an important way. Yes, Art?

16 COMMISSIONER ROTHKOPF: This is a minor
17 suggestion, but I think when you say Baby Boom
18 retirements may lead to workforce shortages -- Unless
19 the situation changes dramatically, they will lead to
20 workforce shortages. There is really no doubt that we
21 will not have people to do the job unless there is a
22 real change.

23 COMMISSIONER NUNLEY; Okay. Jim?

24 COMMISSIONER DUDERSTADT: In your use of
25 the term higher education, Charlene, would you extend
26 that to "higher and further education," recognizing

1 that education is not something that will be packaged
2 in well defined degree programs early in one's life,
3 but will be a need throughout their lives?

4 COMMISSIONER NUNLEY: It's a great
5 suggestion to add to that. Yes, Bob?

6 COMMISSIONER ZEMSKY: Well, I think to
7 sort of merge several things that have been said, one
8 is to go back to what Chuck said; because I like the
9 thing about-- It talks about barriers, that you are
10 going to eliminate barriers, and that is a much richer
11 way of handling the cost issue than an arbitrary "some
12 price is the right price." So it is much better if
13 you talk about barriers.

14 I think that you really do have to bring
15 the -- as the Governor suggested, the preparation
16 thing up front. I think, statistically now, that what
17 the research is going to show over the next decade is
18 the big limiter to access is not money, but
19 preparation. That's the whole school -- That's what
20 the Secretary and her staff are doing with No Child
21 Left Behind and the like.

22 Then I am a little worried about the
23 socioeconomic status and race, not that I don't agree
24 with that. I think what we keep missing is there is -
25 - It's a 20 percent problem, but 20 percent of the
26 country is a lot of people, and that is rural America,

1 and rural America actually has a double whammy to it.

2 It has less economic development. It has less
3 families with resources, and it has less schools that
4 are producing people who are college ready.

5 So I think -- and that's -- If you look at
6 what Bowen and Tobin have done, that is part of their
7 book about the bottom quartile. Remember, 57 percent
8 of the bottom quintile, they point out, is white, and
9 it is not inner city. So that -- or just inner city.

10 So that I would find a way of broadening that
11 language some, but mainly to make it: Here is a list
12 of barriers that we have to be sure to overcome or we
13 do not have a functioning system of higher education.

14 COMMISSIONER NUNLEY: Bob, I was trying to
15 get at that, and maybe you can propose a way to make
16 it better, by the statement "and in some areas of the
17 country, the availability of higher education
18 opportunity." That, to me, went back to your point of
19 the rural areas of the country.

20 COMMISSIONER ZEMSKY: But it's not just
21 the availability. This is about schools. One of the
22 comments that actually Pat Callen taught me to make is
23 we don't want to blame students. The problem, really,
24 is not the students. It is the schools, and we have
25 got to keep coming back to that.

26 If schools aren't producing college ready

1 youngsters, then that is a barrier to higher
2 education.

3 COMMISSIONER MADRID: And I would add to
4 that, that part of the barrier is a socioeconomic
5 barrier, because there is a direct correlation between
6 poor students and bad preparation. The schools are
7 not working with them, and that may obtain, I'm sure,
8 for rural schools. I have no objection to that.

9 COMMISSIONER NUNLEY: Kati?

10 COMMISSIONER HAYCOCK: Let me, if I can,
11 disagree fundamentally with Bob on this one.
12 Preparation is a problem, but if you actually look at
13 the most recent data from the National Center for
14 Public Policy in Higher Ed., it is very clear we have
15 made way more progress in getting students better
16 prepared for college than we have on the higher ed.
17 side in getting them in and through.

18 So it is not about preparation is the only
19 problem. The truth of the matter is we got a lot of
20 work to do on preparation, but there are -- what? --
21 by Federal estimate some 400,000 college qualified
22 students who are not in college, because at the
23 Federal level, at the state level, and at the
24 institutional level we don't care enough about
25 prioritizing their financial need.

26 So we got to be clear about both, not

1 suggest that preparation somehow is it.

2 CHAIRMAN MILLER: I'll try to help you
3 with the input. Okay? I'll work with you.

4 COMMISSIONER VEDDER: Charlene, this is a
5 historic moment. I am going to agree largely with Bob
6 Zemsky, and I am going to disagree a little bit with
7 Kati, but not completely.

8 There are -- may be 400,000 people who are
9 missing out on higher ed because of financial reasons
10 and so forth, and I think that is an issue that we
11 should address, and I don't disagree with that. But
12 although Bob didn't put it quite this way, there are
13 also four or five million people who enter college who
14 never finish college because of various problems, some
15 of which are preparation related, which goes to the
16 Governor's suggestion which I thought was an excellent
17 one of integrating it all in the same document.

18 I live in Appalachia where one or two
19 other members of the Commission grew up, and I think
20 Bob's point on that is sound.

21 My final comment on all of this is it's a
22 heck of a thing for 19 people plus 10 or 12
23 functionaires beyond that, including the Secretary of
24 Education, to write a document -- and I kind of agree
25 with Charles' initial statement, is let's kind of not
26 spend too much time talking about the specifics of an

1 individual word, and kind of agree on the general
2 concepts that we are interested in, or we will be here
3 for days and days and days.

4 COMMISSIONER DUDERSTADT: Thank you. I
5 find that I agree with everybody that spoke.

6 COMMISSIONER NUNLEY: Over here that you
7 can't see, Charles.

8 COMMISSIONER GRAYER: This conversation is
9 happening in the context of spiraling education costs
10 in this country. We are talking about universal
11 access and affordability, and Bob's point of
12 affordability. You think about the families and our
13 society's ability to pay for what we are talking
14 about.

15 We talked about college as a kind of
16 generic concept. I think that in any of our
17 discussions about access, we have to address what type
18 of access we can afford to provide. We are in a
19 situation now where the system is requiring more and
20 more, and people are buying products that they
21 necessarily cannot use when they are done with it.

22 If we are going to talk about access, the
23 question is: Is it going to be universal access to all
24 or universal access to an outcome that we can define.

25 Another way of saying it: Can we afford to provide a
26 four-year, liberal arts education to everyone who

1 wants it? We may not be able to afford that.

2 That doesn't mean that that is a good or
3 bad thing, but we are not really addressing what I
4 believe is the limited resource that we have.

5 COMMISSIONER NUNLEY: After hearing -- I
6 think, Bob, you are going to suggest maybe what you
7 had suggested originally. Go ahead.

8 COMMISSIONER MENDENHALL: A couple of
9 comments, and I don't -- I'm sensitive to not trying
10 to wordsmith things. But I want to speak in favor of
11 that very first line as a problem statement, in the
12 sense that I think it is really important for us as a
13 Commission to define very simply, concisely, directly
14 what the major issues are that we need to address.

15 To me, the two paragraphs under it amplify
16 on it, but I think it would be important for us to try
17 in each of these areas to come up with a single
18 sentence that encapsulates the problem.

19 I am also sensitive, Charlene, that you
20 are supposed to do the recommendations, too, and that
21 is going to take longer than the problem. But I would
22 suggest that, if we created a problem statement that,
23 one, included preparation, because that is a
24 significant issue in both participation and
25 progression, and that maybe we change progression to
26 completion in the sense of actually getting people out

1 the other end, but a statement that said preparation,
2 participation and completion of higher education needs
3 to be dramatically increased, particularly for low
4 income and minority populations, that that would
5 encapsulate the core of the problem, and we could get
6 on with recommendations.

7 COMMISSIONER NUNLEY: I like it.

8 COMMISSIONER ELLIOTT: That was going to
9 be my comment, too. I actually thought access was all
10 about making sure that we had the highest
11 participation amongst all segments of the population.

12 It wasn't about preparedness. We have a section on
13 preparedness. It wasn't about affordability. We have
14 a section on affordability.

15 This, to me, was all about diversity and
16 making sure that every segment of our population can
17 participate in the higher education system. We can
18 make as blown as we want to in terms of it is every
19 problem that we've got here, but I thought this was
20 very specific about diversity.

21 COMMISSIONER DUDERSTADT: I think that is
22 a good point of departure, and now move to say just
23 what do we have to do to make that happen.

24 COMMISSIONER ELLIOTT: Right.

25 CHAIRMAN MILLER: Let me add a sentence to
26 go on the record, because I put this out in Nashville,

1 and it may help a little bit.

2 Accessible, for me, wouldn't use the word
3 universal. I think that implies something different
4 than like we have in public ed, because it is
5 mandatory for young people. But when we are talking
6 about adults, universal for me doesn't have the same
7 context, and I don't know that we need it.

8 I said colleges and universities should be
9 accessible to all qualified students -- I used that
10 term to show they were prepared -- at all life stages,
11 and that continues. Education is very important.
12 That is going to be the biggest access problem we have
13 going forward, regardless of financial status. So I
14 want to have that on the record.

15 You know, somewhere along the line you
16 have to imply that certain people can't go to certain
17 places. There has to be some qualification for
18 certain universities. I think it adds to it, but I'm
19 open to that discussion. I think it says that you
20 just don't walk into a place and have access to it
21 just because you want to. I think you have to meet
22 some standard. It should be at all life stages, and
23 it shouldn't be a limit based on financial status.

24 That gets all the other things in that you
25 are trying to get in. Financial status is the hurdle
26 that can do that, but it also means preparation -- or

1 qualified does.

2 COMMISSIONER VEST: Charlene, I know we
3 need to move on, but I want a second. I think Charles
4 is right on the right track. Do a little wordsmithing
5 around it, but this is very important for this
6 Commission, because in much of the world they
7 literally have universal access. You graduate from
8 secondary school. You can not only go to university.
9 You can go to any university in the country you want,
10 and then they have to turn around and fail 50, 60, 70
11 percent of the students first year.

12 So I think -- I forget exactly who made
13 the comment about success is an important part.
14 Qualification spelled out the way Charles had is
15 important. I think we are at about the right point
16 here.

17 COMMISSIONER NUNLEY: Well, if we could
18 get that as maybe a second sentence, I think that that
19 would catch the substance of the conversations. Now
20 again, I guess, as a community college educator, I
21 have a little problem with the word qualification;
22 because at my commencement yesterday a young man who
23 was a drug addict and an alcoholic graduated as the
24 valedictorian. Certainly, when he walked in our door,
25 he wouldn't have probably met what the word qualified
26 might imply.

1 So, you know, there are aspects of higher
2 education that I believe should be there for people
3 who need a second chance or another opportunity, and I
4 wouldn't want qualification to be interpreted to
5 prevent that.

6 CHAIRMAN MILLER: Well, an institution can
7 have open access that would be -- That's a level --
8 Sure, that doesn't exclude that. I think that's a
9 great story, but that wouldn't exclude some people.

10 COMMISSIONER NUNLEY; Okay. yes, Bob?

11 COMMISSIONER ZEMSKY: You know, there is a
12 real issue here, and Bob Mendenhall sort of went
13 across it, and I think we ought to spend at least a
14 mini-second on it.

15 First, we got to deal with the 400,000,
16 Four hundred thousand out of something like 11
17 million, sort of just to scale it. The big problem is
18 the one that Jonathan talked about, that 5 million
19 start and don't go anywhere with it.

20 I think we would be much better off as a
21 Commission, and it would be much better as policy
22 guidance, if we begin to say, look, it's not the front
23 door; it is the progression through, because if you
24 just look at the statistics, we do all right on
25 numbers. You know, we get 90 percent-something on the
26 trail somewhere. We are just not finishing, and we

1 have created an environment when they don't finish,
2 and that is our fault.

3 So I think that we ought to at least think
4 about it, because when you get to financial aid, all
5 kinds of things -- you could tilt your financial aid
6 to actually reinforce retention, if you wanted to, for
7 example. Right now we have a financial aid system
8 that is all on the front door and much less on the way
9 through.

10 We could change that, if we wanted to.
11 You know, but again just to say that these things
12 aren't equal -- Our bigger problem is progression
13 through the system. It is not initial access to the
14 system.

15 COMMISSIONER GRAYER: Well, Bob, the
16 progression problem exists, because many of them are
17 starting programs that are not the right fit for their
18 needs, and we don't as a system make any effort to
19 market and sell a different version or --

20 COMMISSIONER DONOFRIO: Our higher
21 education system fundamentally has to become a hybrid
22 model for everything that we are talking about here to
23 come to pass. It will never happen based on brick and
24 mortar institutions.

25 To your point, Jim, you want to talk about
26 that there is a right. We've heard a lot of that from

1 a lot of students. You know, they think they want
2 this to be a right. We can't afford that in this
3 country, not that brick and mortar type of right. We
4 can give them a right to get an education and fit them
5 correctly to where.

6 COMMISSIONER DUDERSTADT: We can't afford
7 20th Century higher education.

8 COMMISSIONER DONOFRIO: I'm with you.

9 COMMISSIONER DUDERSTADT: But we can
10 afford learning opportunities for our society
11 throughout their lives but using much -- and that is
12 going to drive major innovation and major change. But
13 other countries, as Chuck said, are committing to that
14 and putting that in place, and that's the world we
15 have to --

16 COMMISSIONER DONOFRIO: So I am kind of
17 with Jonathan on this. I think the kind of commitment
18 we should be making is a commitment to this
19 hybrid/blended model that includes everything. That
20 is how everyone will actually get access, and by the
21 way, to Jonathan's point, some of them will actually
22 do better in some of these other forms of higher
23 education as opposed to sending everybody off to a
24 brick and mortar school.

25 COMMISSIONER DUDERSTADT: Okay. Amen.

26 COMMISSIONER HUNT: I just want to make

1 the point with regard to access. Not only are there
2 students who are shut out because they can't afford to
3 go or they don't think they can afford to go. We have
4 an awful lot of students who don't go to a college
5 that they really want to go to and would like to go
6 to. They go to something less expensive when the
7 nation needs them to go somewhere else.

8 We've got a lot of students who have to
9 work more than they ought to have to work in order to
10 get the kind of education and to get it as quickly as
11 they need it and we need for them to have it. This is
12 a pretty comprehensive problem with access. It isn't
13 just those who aren't going at all.

14 COMMISSIONER NUNLEY: And I guess from the
15 conversation I have heard so far, while I certainly
16 respect the point of view that progression through the
17 system is a very high priority, I still think there's
18 many people around this room that believe broadened
19 access to higher education for underserved populations
20 is an important national goal.

21 CHAIRMAN MILLER: I don't think anybody
22 disagrees with that statement, that I heard.

23 COMMISSIONER NUNLEY; Let's try to look at
24 some of the solutions, or maybe just for a second --
25 Yes?

26 COMMISSIONER STEPHENS: Charlene, I think

1 one of the questions, at least in my mind, that I
2 think we are beating a little bit around is have we
3 all agreed on the definition of higher education? I
4 keep getting a sense we are talking about four-year
5 institutions, the traditional brick and mortar, as Jim
6 said, Twentieth Century education; and if we are all
7 aligned that it is all of the educational
8 opportunities after high school, then I think we are
9 aligned, and we can get there.

10 So I just want to make sure we got that on
11 the table.

12 COMMISSIONER VEST: Post-secondary.

13 CHAIRMAN MILLER: Post-secondary is a more
14 descriptive term. We stayed away from it, because the
15 public doesn't get that term as much, but that is an
16 accurate -- That includes trade schools, community
17 colleges. It's called tertiary.

18 COMMISSIONER STEPHENS: But that's a
19 global term.

20 CHAIRMAN MILLER: Well, it's called
21 tertiary in places, actually. So we are not global
22 either, but post-secondary is what we are talking
23 about.

24 COMMISSIONER STEPHENS: But what do
25 average people call it?

26 CHAIRMAN MILLER: Higher education,

1 colleges and universities.

2 COMMISSIONER ELLIOTT: Right, but we mean
3 the broad definition of higher education.

4 CHAIRMAN MILLER: Lifelong learning.

5 COMMISSIONER NUNLEY: David?

6 COMMISSIONER WARD: I think we should also
7 -- I know we are building on strengths, and being very
8 positive that, compared to any other national system,
9 the diversity of opportunity of type of institution is
10 great. I think it constantly comes up, institutional
11 diversification and the fact that there is a kind of
12 consumer market here, both that is quality driven and
13 cost driven, while there is some disadvantages, and
14 that you might not have all of the students going to
15 the right place because of cost. Nevertheless, there
16 is choice there.

17 I think what we need to do is make sure
18 that choice continues to expand and to include
19 distance education and include short courses, lifelong
20 learning. But compared -- We are building on a
21 position of enormous strength in the diversity we
22 already have: Independent, public, and the range of
23 publics and independents in terms of what kind of
24 education you can get. The number who are actually
25 going to a four-year, integrate liberal arts college
26 right now is probably quite small.

1 COMMISSIONER NUNLEY: Absolutely. Good
2 point. Okay. I thought that, since we have pulled
3 preparation into this problem statement, if we could
4 go for a minute to the preparation problem statement
5 to see that we've got that adequately covered, and
6 maybe we can pull these two areas together into one.

7 In this problem statement, I tried to
8 focus on the fact that there is really two ends of
9 this equation. The first is the academically
10 unprepared students who aren't ready when they come to
11 college, but there also is this issue of high school
12 students completing their rigorous high school
13 curriculum and courses prior to Grade 12 and wasting
14 their senior year.

15 Both of those problems increase time to
16 degree and increase cost of higher education. They
17 both create inefficiencies in the educational system.

18 In the previous one on preparation where
19 we added preparation for, that tends to apply higher
20 level of preparation and doesn't really get at the
21 other side of the equation, and maybe you all don't
22 think that side is as important. But I see many, many
23 students who are ready, and they decide to really blow
24 off their senior year, basically, and not take any
25 rigorous classes, which is really a bad decision.

26 So that was where I was with preparation.

1 Do you think we should try to pull the two topics
2 together somehow or leave them separate?

3 CHAIRMAN MILLER: Well, we don't need to
4 have a final answer on some of these. Right? I mean,
5 to get this kind of conversation we need, and then we
6 can blend it over time.

7 COMMISSIONER NUNLEY: Okay. All right.

8 COMMISSIONER HUNT: I would like us to
9 work in the term "college ready."

10 COMMISSIONER NUNLEY: College ready.

11 COMMISSIONER HUNT: NAEP is using that a
12 lot. I think that term -- We want to prepare them to
13 be college ready.

14 COMMISSIONER STEPHENS: Can I suggest,
15 though, that it is higher education ready, because
16 college is a connotation. If we are going to talk
17 about higher education, everything after high school
18 or tertiary or whatever, I'm just concerned, if we say
19 college, we are locking into a definition that we are
20 going to avoid this discussion about it's lifelong
21 learning and all the elements.

22 COMMISSIONER HUNT: But college includes
23 all the community colleges.

24 COMMISSIONER STEPHENS: But it does not
25 include trade, technical schools and the others.

26 COMMISSIONER HUNT: Aren't most of them

1 called colleges?

2 COMMISSIONER STEPHENS: They are not.

3 COMMISSIONER HAYCOCK: But the good news
4 is -- I mean, there's a lot of recent research,
5 including a report that just came out this week from
6 ACT that looked specifically at what it takes in
7 reading and math and writing in order to succeed in a
8 traditional college and what it takes to succeed in
9 perforce training programs, and it's the same. So we
10 may call it college ready. We may call it college and
11 work ready, but it's essentially the same set of
12 skills.

13 CHAIRMAN MILLER: But the conclusion is
14 the broadest language possible over a life long
15 learning experience. That's -- We will work to get
16 that, and that includes new and innovative styles that
17 aren't even here today. I think that's what people
18 are saying.

19 COMMISSIONER ZEMSKY: I take second seat
20 to no one on the life long learning, but you got to
21 make them separate issues. What Kati is talking
22 about, about college ready, we are talking about
23 people in the eighth, ninth grade. That is where -- I
24 mean, if you look at the scores, the scores are
25 horrific, and they have to improve, and we aren't
26 going to solve the participation problem unless that

1 happens.

2 It turns out, I think, that life long
3 learning is much more going to prove to be dependent
4 on successful experiences of college. If you go
5 through college and figure out that it is a good
6 thing, you will keep going.

7 So I think here we need to make some
8 distinction, if you would, between life long learning
9 and what Kati is talking about, college ready.

10 The other thing, just as a caution again:
11 When we go to the language -- I don't mean to
12 wordsmith it now -- we need to not make it imply that
13 there is something wrong with the students. This is
14 an issue about schools and school --

15 CHAIRMAN MILLER: I agree with that.
16 Thank you.

17 COMMISSIONER NUNLEY: Good point. Kati,
18 you were going to add something to your comment, and
19 then I want to pick up Art and then --

20 COMMISSIONER HAYCOCK: Yes. I'm not sure
21 how much needs to go where, Charlene, but I think the
22 preparation problem is a little bit broader than the
23 one that you are laying out in that other page.

24 If we need vastly more of our students not
25 just to go to college but to succeed there, there's a
26 couple of things that we need to do. Number one is

1 get more to complete high school, period.

2 We are losing roughly a quarter to a third
3 of our students before they even get to graduation.
4 Then among those who graduate, roughly half meet some
5 reasonable definition of college and work force,
6 preparation ready.

7 So the two examples you gave are sort of
8 examples underneath that, but the preparation problem
9 is a bit broader.

10 COMMISSIONER NUNLEY: Okay. Well, let's
11 look at solutions. Well, wait, first I want to let --

12 COMMISSIONER ROTHKOPF: Let me make just
13 one quick observation. I agree with Kati and with the
14 point the Governor made. I think we ought to be
15 separating -- I think we ought to use college ready as
16 a term, and then the life long learning issue is one
17 that is critically important, but it comes at another
18 point.

19 The other point I would make -- and I
20 don't know if you want to go to the page on
21 preparation: It's not just alignment, but it is the
22 requirements. It's the point made by achieve, that
23 the rigor of these high school courses has got to be
24 dramatically increased so that not just one-third of
25 those graduating are college and workforce ready, but
26 it's a much higher number.

1 So I think it is both the rigor of the
2 curriculum and the alignment, both.

3 COMMISSIONER NUNLEY: Good point. Okay,
4 let's look at solutions for universal access, and then
5 we will look at solutions for preparation, and then we
6 will see later if the staff may want to tie all that
7 together.

8 These are the solutions that there seem to
9 be common agreement on, on the part of the majority of
10 the Commissioners, and I don't know, Vickie and
11 Cheryl, how you determined that they were general
12 consensus. Agreement was virtually everybody?

13 CHAIRMAN MILLER: Well, let's use the
14 agreement lightly, just a tendency or --

15 COMMISSIONER NUNLEY: They are the ones
16 that people tended to --

17 CHAIRMAN MILLER: Agreement is too strong.
18 Go ahead.

19 COMMISSIONER NUNLEY: So the first one was
20 target financial aid to truly needy students. Needs
21 based aid should be the dominant practice for
22 financial aid programs/offices. That seemed to have a
23 pretty good blessing on the part of the people who
24 looked at the solutions.

25 Second, refocus public subsidies at the
26 state and Federal level to enable access.

1 Third, our higher education system must be
2 flexible enough to accommodate the needs of adult
3 learners, transitioning workers, and people who need
4 more education in order to change careers. I wondered
5 if that might want to go in the workforce topic, but
6 it came up here.

7 Then fourth, achieve better coordination
8 within the higher education system and better
9 alignment with K-12 and employer needs.

10 Those were the four solutions on access
11 that seemed to have some level of agreement. Yes,
12 Sara?

13 COMMISSIONER TUCKER: The second one
14 called for?

15 COMMISSIONER NUNLEY: I don't think so. I
16 think that that solution actually comes up pretty
17 strongly in the affordability one that we are going to
18 discuss next. What I think that was about is the way
19 the state and Federal government support higher
20 education. That might be what it means at the Federal
21 level, but at the state level I think where states
22 fund much more than financial aid programs, it's the
23 general allocation of state resources in such a way
24 that they enable access that I felt that was --

25 CHAIRMAN MILLER: You could have an
26 incentive for retention and graduation, like Bob was

1 talking about, and not just entrance. In other words,
2 I think that is. Subsidies means broader than just
3 financial aid.

4 COMMISSIONER TUCKER: And the second point
5 is the nonacademic and nonfinancial barriers.

6 COMMISSIONER NUNLEY: You put those in
7 preparation, the nonacademic and nonfinancial
8 barriers? I'm not sure where those might show up.
9 You know, I drafted that problem statement without
10 really any tie to necessarily these solutions, because
11 these were only the solutions that people had an
12 agreement on.

13 So you wanted the --

14 COMMISSIONER TUCKER: The communication we
15 talked about.

16 COMMISSIONER NUNLEY: Oh, okay. Jim?

17 COMMISSIONER DUDERSTADT: Back on the
18 second again, I think there we have to keep in mind
19 that at the state level and communities level and
20 Federal level, governments support higher education in
21 many different roles, economic development, health
22 care and so forth.

23 I think that in some way that they suggest
24 that they give a higher priority to access, but you
25 have to allow them to determine what their priorities
26 are.

1 COMMISSIONER NUNLEY: Okay.

2 CHAIRMAN MILLER: I think Arturo was next.

3 COMMISSIONER MADRID: It's going to take
4 us a bit away from this, but sitting next to Bob
5 Zemsky, it's contagious. I have to support Bob Zemsky
6 in the whole question of access as related to rural
7 issues. He's talked about it in terms of rural
8 students not having access.

9 I would like to phrase it in terms of
10 something lacking is the delivery systems. We have to
11 assure delivery systems that are going to provide
12 access to rural students and to students who are
13 located in places that institutions, bricks and
14 mortars institutions, prefer not to be at present.

15 COMMISSIONER NUNLEY: Okay. So we need
16 something about delivery systems.

17 DR. FALETRA: I absolutely agree. This
18 might go back to my Catholic school and Sister
19 Marcella whacking me for not keeping the gerund
20 straight and so forth, but I see three of these
21 bullets as actual solutions, and I see one of them as
22 very vague and not a solution.

23 That is, I see "target." I see "refocus,"
24 and I see "achievement." When we say, "our higher
25 education system must," it doesn't sound like a
26 solution to me, and this goes to where both speakers

1 just before me, and Nick, I think, and Jonathan were
2 all going.

3 This doesn't really point to their issue
4 of where -- When a person reads this, what would they
5 take out of this? I wouldn't get that -- If I was a
6 person saying where is the access here for me, that
7 isn't the typical, normal higher education system. I
8 don't even see that here.

9 So I would like to see some sort of much
10 more pointed language in that third bullet to get to
11 that.

12 CHAIRMAN MILLER: We are going to have to
13 learn to take the "must" or "thou shalt" out in some
14 things, and we are going to have to avoid studies to
15 get the real solutions. We will have to be on that
16 kind of wording on other things. It's very easy to
17 say somebody should do it. That's not a solution.
18 That is a direction or goal.

19 I think Governor Hunt was next.

20 COMMISSIONER HUNT: Charlene, I think your
21 bringing to us kind of what you thought we agreed on.

22 COMMISSIONER NUNLEY: That's what the
23 staff thought you agreed on when you submitted those
24 little forms.

25 COMMISSIONER HUNT: Now we're working on
26 it to make it better.

1 COMMISSIONER NUNLEY: Right. Absolutely.

2 COMMISSIONER HUNT: When I see this, I get
3 the impression that we are just talking about
4 targeting what we've already got more effectively, and
5 refocusing what we've got. Folks, we got to spend
6 more.

7 Listen -- and I'm watching at the state
8 level -- you ought to see how much more we are
9 spending in K-12 education and pre-K. We are making
10 great big commitments to help those students be better
11 prepared, and we've got a long way to go, but we
12 understand that, in addition to doing it differently
13 and doing it better, we got to put more resources into
14 it.

15 Now I agree with everything up there, but
16 we are going to have to put more money into higher
17 education. Listen, college going has been about level
18 in America for the last number of years. It's got to
19 go up, and the people that need to go are these poor
20 students, in large measure. They are going to have to
21 replace this group that's so good that's about to
22 retire.

23 Now it is simply going to take more money.

24 I think we ought to say that here. I want to do all
25 say all these things, too, but we are going to have to
26 have more resources in higher education, just like we

1 are putting them into K-12 today.

2 COMMISSIONER NUNLEY: Who is next?
3 Charles?

4 CHAIRMAN MILLER: Actually, I think Gerri.
5 Sorry, my peripheral vision is not good.

6 COMMISSIONER NUNLEY: I'm facing that way
7 instead of this way. So I could be missing folks,
8 too.

9 COMMISSIONER VEST: I want to say
10 something that many of you know I am very passionate
11 about. So I'm sorry to say it again, but number one
12 here about need-based financial aid is maybe the
13 single most important, concrete, easily definable step
14 that this Commission could take, and let me explain
15 that for just a minute.

16 I, first of all, think that it is good for
17 us to say this should be the dominant practice of
18 financial aid offices; this is giving advice to
19 people. But it should then say that this should be
20 the dominant mechanism of Federal programs for
21 financial aid.

22 I am going to meet my esteemed colleague,
23 Governor Hunt, halfway. I agree with him that
24 ultimately, if we show we deserve it, we got to be
25 spending more, but this is one area where we can take
26 existing resources, which is most of the money that

1 Secretary Spellings mentioned to us a little bit ago,
2 and spend it more wisely. Target it to the kids and
3 the families who need it and get rid of programs that
4 subsidize those who don't need it, and in the process
5 of doing that we will not only help the truly needy,
6 but we will be able to take those resources and move
7 them up a little bit further into the pinched middle
8 class.

9 So the Secretary said be specific, and
10 this is one thing I'd like to plead with my colleagues
11 at the end of the day. Let's be very specific that we
12 need to reform the Federal financial aid programs and
13 put them on a need basis so the money goes to the
14 young people who need it.

15 COMMISSIONER ZEMSKY: Chuck, does that
16 mean the loan subsidies as well?

17 COMMISSIONER VEST: I would -- This is a
18 personal opinion now. I would move some of those loan
19 subsidies out and some of the tax credits out and
20 recast it as grants. But this is maybe a little --

21 COMMISSIONER ZEMSKY: Hey, I will sign up,
22 and then some. So it's not that I am quarreling.

23 COMMISSIONER VEST: No, no, I understand.

24 COMMISSIONER ZEMSKY: But I think that if
25 we don't put the loan subsidies on the table, then
26 there really isn't a way.

1 COMMISSIONER VEST: Absolutely. The loan
2 subsidies and, even more, the tax incentives are where
3 all the money is, and I would absolutely agree with
4 you.

5 COMMISSIONER NUNLEY: Okay. Where are we
6 here? I'm going to go on this side. Gerri?

7 COMMISSIONER ELLIOTT: I just want to be
8 super technical, honest to God, because one, two and
9 four don't belong here. They belong someplace else,
10 either in preparedness and affordable. Three is the
11 only thing that I think talks about access, and it
12 still doesn't get to what Jonathan was talking about
13 and what Nicholas was talking about, and I thought
14 that is what the access issue was all about.

15 There is a lot of redundancy, I know,
16 because of just the way things ended up, but none of
17 the solutions there except maybe 3 touching on it is
18 anywhere close to what I thought we were trying to
19 solve with access.

20 COMMISSIONER NUNLEY: The others didn't
21 have universal agreement, but --

22 COMMISSIONER DONOFRIO: I agree with you,
23 Gerri, but I wouldn't go -- Don't go too crazy here.
24 We can arrange this the way we need to.

25 COMMISSIONER ELLIOTT: I love all the
26 ideas. They need to just be in other places.

1 COMMISSIONER DONOFRIO: Go back to the
2 original question on universal access and make sure to
3 support Chuck's view. If we are going to do something
4 with the financial aid system -- You know, we heard
5 this over and over again. It is the most confusing,
6 complex and confounding system we have, apparently, in
7 the world. So could we simplify it, too?

8 COMMISSIONER NUNLEY: I think that that
9 probably is -- That is going to be under the
10 affordability topic. But, yes. Rich?

11 COMMISSIONER VEDDER: I agree. I agree
12 largely with Chuck Vest in his point, but more
13 fundamentally I do want to confront the Governor, who
14 has been in politics a hell of a lot longer than I
15 have or ever will be. You started during the -- I
16 think you were one of the 12 Apostles or something.

17 If we come out and say we need to spend
18 more money on higher education before we say we have a
19 system where it takes 30 percent more labor to educate
20 a student than it did in 1970, where in the private
21 sector, if anyone ran a business like this, there
22 would be heads rolling, and we do not address that, we
23 are dead in the water politically and morally and
24 every other way.

25 So I am fundamentally opposed -- just so I
26 make myself perfectly clear, fundamentally opposed to

1 the Governor, not his sentiment but to the notion that
2 we say this up front. I'm not even sure I'm against
3 spending more money, but I want to make myself --
4 Before you answer me, Governor, which I know you are
5 poised to do, let's take -- I just ask a question, and
6 this goes kind of -- We are kind of trying to get
7 basic ideas across here, and we are not talking about
8 specific wording.

9 I was struck by Secretary Spellings'
10 almost first sentence, and I wrote the words down.
11 "Be as concrete and bold as you can" -- "as you
12 possibly can." I wrote that expression down.

13 When you say something like target
14 financial aid to the truly needy students, needs based
15 aid should be the dominant practice of financial aid
16 offices or programs, which I agree with the principle,
17 and my position is pretty much the same as Chuck
18 Vest's on this, but are we really saying Harvard
19 University cannot give need based aid, and is there a
20 mechanism -- Are we going to elaborate more in our
21 report how you are going to get to this recommendation
22 or are we just going to throw this out?

23 I'm just -- I'm asking about concreteness
24 and detail. Here I know at this point we are in an
25 exercise here to try to get sort of common areas of
26 agreement, but the devil is in the details, and

1 there's an awful lot of detail there that is very,
2 very important and colleges are very sensitive about.

3 I just want to point that out. I don't
4 know that we should have that discussion today, but I
5 think -- I'm interested what the feeling of the
6 Commissioners are. Do we just make these kind of
7 pronouncements or do we go -- are we more concrete, as
8 the Secretary says?

9 CHAIRMAN MILLER: I'm going to say it
10 again. I don't think there is a final conclusion or
11 an agreement or a vote or anything that comes out of
12 any of this process. Until we agree on what's in the
13 content of a final report, we don't have an agreement.

14 COMMISSIONER: VEDDER: I understand,
15 Charles, but should we be -- I mean, the final report
16 -- I know we are not there yet, but --

17 CHAIRMAN MILLER: Well, I guess, if
18 everybody around the room said yes, I like that. But
19 I haven't heard anything yet where we could say that.

20 But the point is, this is the reason we are having
21 the discussion, to have the difficulty come forward of
22 doing something like this, and this process is
23 difficult; because we took very complex issues and
24 then tried to break them down into simple parts. I'm
25 not sure that was in advance or not, and there is a
26 failing, because we are humans, when we transfer one

1 of those things to another set.

2 So this isn't a perfect set-up, but it's a
3 way for us to talk about the issues.

4 COMMISSIONER DUDERSTADT: There are some
5 truly broad things. I think, Chuck, you put a broad -
6 - you know, that first sentence, "target financial aid
7 to truly needy students." In the process of
8 discussion, someone may come up and say, now here is
9 the way to do that. We eliminate all Federal tax
10 policy that relates to this and shift all of those
11 dollars into Pell grants, a highly specific thing.

12 This is a process where those things come
13 out under a very broad umbrella.

14 COMMISSIONER NUNLEY: I think if we can
15 get to the point where we have some agreement on some
16 of the broad principles, then again in the writing and
17 so on that the staff does, they can come back with
18 making some more specifics based on some of the things
19 we have talked about and heard of how to go about
20 doing that, and then we can look at it as part of the
21 process and say whether it's good, bad or indifferent.

22 COMMISSIONER ROTHKOPF: I think it's
23 important -- and I happen to agree 100 percent with
24 Chuck, but I think it's important when we write this
25 to suggest that, in order to target financial aid to
26 the truly needy, you are going to have to make some

1 hard decisions about what is now in the law. We have
2 tax credits for those who do not need it. We have
3 loans for those who do not need it -- or everyone
4 needs it in some way, but we have to make clear that
5 hard decisions have to be made. I think we ought to
6 say it.

7 One other point, and I don't know whether
8 it's the right place. The point I made earlier was
9 about high school rigor, and we've got alignment here.

10 Maybe high school rigor belongs under preparation,
11 but it is, to me, one of the single most important
12 items.

13 COMMISSIONER NUNLEY: I think that,
14 Governor, you wanted to raise one.

15 COMMISSIONER HUNT: I'm going to be brief.

16 I don't want to be brief, but I am going to be brief.

17 Let me say this and, you know, I looked
18 at you all when I said we got to put more money into
19 higher education, and I saw those blank stares around
20 this table.

21 COMMISSIONER NUNLEY: I'm with you,
22 Governor.

23 COMMISSIONER HUNT: And of course, we've
24 got to change the way we do things, and we do -- we
25 ought to change the priorities here, and we ought to
26 do more about capacity and making the whole darn thing

1 more efficient. The University of Maryland's
2 President has done it, and it ought to be done around
3 the country. But, folks, you mentioned politics. If
4 you think you are going to go out there and take those
5 tax credits away from those middle class families, you
6 ought to re-enroll in Politics 101 in some college
7 somewhere.

8 They are going to keep those. We need to
9 add to what we have available so that it can go to
10 those needy students.

11 CHAIRMAN MILLER: Let me follow up on that
12 and try to maybe help bring this to a conclusion.
13 Nick talked about a way to simplify the system. One
14 of the things we put on the table is we do have what I
15 would call a grotesque financial aid system at the
16 Federal level, but we have a layered system, because
17 we have state financial aid, and a lot of that is both
18 need and merit based. It is hybrid.

19 We have now the competitive initiative, \$3
20 billion worth of need and merit based aid. So
21 unraveling that would be hard, besides politically.

22 This -- a simple proposal. You got this
23 Harvard study recently, a proposal put in front of us
24 to simplify the current financial aid. This is a
25 postcard sized application for financial aid, if you
26 use the adjusted gross family income -- and do it much

1 more efficiently, and the cost is actually minimal for
2 a few people who might be able to get into college
3 that wouldn't otherwise qualify.

4 So there are things like this
5 specifically, and I think this is a really wonderful
6 report. So I commend it to you. We could come up
7 with -- But the biggest recommendation would be to
8 point out how poorly served we are with the current
9 system, because when we do that with the big pictures,
10 we can -- by showing how bad that system is, we can
11 help a lot, and then come up with some broad policy
12 ideas about how to go forward.

13 I want to make a caveat about saying need
14 based to the exclusion of the other kind. I'm the guy
15 with the message about limited resources, but I don't
16 think you say to Americans we are going to give it
17 only on income or need, and it doesn't matter about
18 striving or merit. I don't believe the American
19 people -- it's not just politics. I don't think they
20 will accept that.

21 I think they want somebody who does
22 certain things, maybe makes a good grade, shows signs,
23 to be able to get some of that. So I wouldn't want to
24 make it a battle versus one versus the other. We just
25 have to get the best financial aid system and maybe
26 talk about more priorities, talk about more money that

1 should go into need based aid, just more dollars.
2 That may be the most effective incremental dollars we
3 could have, but not -- Hopefully, we wouldn't make it
4 a pure either/or, because I don't think that would be
5 the ultimate -- I don't think that would get anything
6 done, and I don't think that's the ultimate best
7 policy; not that we don't need more need based aid.
8 I'm not saying that.

9 COMMISSIONER NUNLEY: How am I doing on
10 time , Vickie?

11 MS. SCHRAY: You have about half an hour
12 to finish both topics.

13 COMMISSIONER NUNLEY: We have 30 minutes
14 to finish both topics.

15 CHAIRMAN MILLER: I'm sorry to hear that.

16 COMMISSIONER NUNLEY: Charles wants to
17 move on, I think. Let me to go Emily. She hasn't had
18 a chance.

19 MS. DeROCCO: Thank you, Charlene. Just
20 very quickly, because I think this will apply across
21 all the topics in reference to bullet number three.

22 Since the problem statement and the
23 solutions really for adult workers aren't very well
24 aligned, I think that we need to continue to separate
25 and keep in the workforce preparation, the adult
26 learning section, the focus on solutions that are

1 specific to that population, because I think things
2 like financial aid and accessibility factors are going
3 to be just slightly different.

4 That is an important component of the
5 Commission's work, but I don't believe that that
6 bullet 3 fits within the context of your earlier
7 articulated problem statement and focus.

8 COMMISSIONER NUNLEY: Let me ask what is
9 missing, because we've got to try to move through
10 this. For example, I think one of the very big issues
11 with the lower socioeconomic status students is
12 information and the development of a perspective that
13 higher education is possible for them. I don't see
14 that anywhere up there on our access solutions.

15 So I think, Sara, we should try to get
16 that on as one of the discussion points, if that is
17 something that people would concur with. Bob, you may
18 have some other things that are missing.

19 COMMISSIONER MENDENHALL; Well, two
20 comments. I think the problem statement we came up
21 with a little while ago implied recommendations in
22 three areas, preparation, participation and
23 completion. I assume that we are still coming to
24 solutions on preparation, because it was a different
25 area, but that is where we have the recommendation on
26 getting the information out.

1 The reason I think, as you said, I really
2 think they ought to be combined is that a lot of them
3 overlap. For example, number 4 up there in terms of
4 alignment with K-12 has a lot to do both with
5 preparation and with completion, if they have the
6 right preparation to come through it.

7 The thing that seems to be missing is any
8 recommendation at all around completion. We are
9 talking about getting people in, and there is nothing
10 really up there about getting people through.

11 So I might suggest a recommendation that
12 says something to the effect of that we should report
13 on and incentivize colleges and universities for
14 graduation rates, particularly of these
15 underrepresented populations, or maybe you add to
16 number 2, refocus public subsidies to enable access
17 and completion, particularly for these
18 underrepresented populations.

19 There may be a much better recommendation
20 on completion, but we need something.

21 COMMISSIONER HAYCOCK: The first language
22 was best. Jim?

23 COMMISSIONER NUNLEY: Jim?

24 COMMISSIONER DUDERSTADT: I'd like to
25 follow on to your suggestion, though. I think one of
26 the barriers here is really public understanding, and

1 I think that many of our papers and discussions have
2 made the case of kind of national awareness, the
3 competition of a global knowledge. But at the level
4 of parents and students, there is still a belief among
5 many -- and our polling in Michigan suggested maybe as
6 much as 50 percent -- that our kids can get a decent
7 job with only a high school diploma, and that is just
8 plain wrong over the longer term.

9 We've got to educate them that that
10 credential is no longer sufficient for a life span and
11 a career of 40 or 50 years, which you are going to
12 have to do.

13 COMMISSIONER NUNLEY; Looking around :
14 Okay, Bob.

15 COMMISSIONER ZEMSKY: I'd like to go back
16 to Charles and link what Charles said and what Bob
17 Mendenhall said.

18 I think we've got to not let the agenda
19 today, which split up things, keep things separate. I
20 think we are very, very close. So let me try just
21 what I think is a kind of summary.

22 I think we are saying we need to refocus
23 and recast programs of Federal and state financial
24 aid, and then we need to say "such that they achieve"
25 the following four or five things.

26 Now we are getting to much more concrete,

1 and we are really saying, and you will be judged if:
2 If access goes up, if preparation is increased; if
3 life long learning is increased, if completion is
4 increased. But you would say we are not going to
5 redesign Federal student aid here, but that would seem
6 to me one of the most major things we could say to the
7 Secretary: Madam Secretary, it is in your bailiwick;
8 we've just blown another chance at reauthorization.
9 Get it set up for next time. This is a system that
10 needs to be recast, refocused, simplified, and made
11 purposeful.

12 All of this discussion says that this
13 financial aid system flunks on all of the above. If
14 we could get that focused, then I think we get what
15 Chuck Vest is talking about, and we get it there
16 without having to actually write the details, because
17 we can't legislate anyway.

18 CHAIRMAN MILLER: My nuclear physicist
19 friend said nuke the current system, which I thought
20 was pretty appropriate.

21 COMMISSIONER NUNLEY: Kati?

22 COMMISSIONER HAYCOCK: I'm actually going
23 to agree with Bob this time, but suggest one addition.

24 That is, the Secretary encouraged us not just -- not
25 to think narrowly about who our audience is here. Bob
26 suggested we talk about Federal and state aid. There

1 is also this stuff called institutional aid.

2 I have been wallowing for the last two
3 weeks in a lot of data, looking at student financial
4 aid and who it goes to, and the message is
5 overwhelmingly clear. We have at the Federal level,
6 at the state level, and at the institutional level
7 increased investments in low income kids, but we have
8 increased investments in upper income kids much
9 faster.

10 We have not made a priority of meeting the
11 full needs of the students who absolutely need
12 financial aid in order to attend at all, and we need
13 to make that a priority, not just for Federal, not
14 just for state, but for institutional aid as well. So
15 we need to call on them, too.

16 COMMISSIONER ROTHKOPF: May I also suggest
17 that, while we have obviously no or little or not
18 control over what private institutions do, I think we
19 do have a bully pulpit here. I would encourage those
20 institutions to begin to do things, because as Kati
21 indicated, increasingly so called merit aid is being
22 offered, and the need based numbers are going down.

23 There was a big article in the Chronicle a
24 couple of weeks ago about the percentage of Pell grant
25 recipients at institutions. I don't want to pick on
26 one, but I will mention Harvard. With a \$25 billion

1 endowment, eight percent of their students are Pell
2 grant eligible. I think that is a very, very low
3 number, and it is not unusual in the private sector.

4 COMMISSIONER NUNLEY: One thing, too, that
5 I wanted to add as an access issue is that an access
6 barrier is the relationship between two and four-year
7 colleges, and the fact that so many of the
8 economically disadvantaged students begin with
9 community colleges, and the process of being able to
10 pull students through the pipeline into the four-year
11 colleges is a big access issue that I didn't see in
12 the solutions.

13 Governor Hunt?

14 COMMISSIONER HUNT: Well, I think a lot of
15 colleges and universities are handing out this aid to
16 middle and upper income students, because they are
17 going to look better on U.S. News and World Report
18 rankings. Now that's a bad thing to do, I think.

19 So I really think that this needs to be a
20 powerful statement by this Commission. When this
21 thing is all written up, you know, we are going to
22 have a certain number of things that, hopefully, the
23 language is going to be very compelling and people
24 will be quoting it, that sort of thing.

25 This is very, very important, as far as I
26 am concerned, and again I would hope we would not just

1 target financial aid as if to say we are going to take
2 it away from these and give it to these, though I
3 would be willing to do that. But I would target it
4 and increase financial aid to needy students.

5 COMMISSIONER NUNLEY: Okay, and you are
6 agreeing with Kati's point, that we shouldn't just
7 take on the Federal and state but also the
8 institutional aid question.

9 CHAIRMAN MILLER: Well, the financial aid
10 -- Excuse me. I don't mean to interrupt that way.
11 But the financial aid today comes from even other
12 sources, institutional aid could be private or
13 corporate or philanthropic, but when we were looking
14 at our own in Texas, the percentage from private
15 contributors was very large, and more money, as Sara
16 and others raised, from the corporate side coming from
17 that direction.

18 You would want for the future to encourage
19 that, and maybe there are other tax and other
20 incentives for corporate contributions for training
21 the workforce. That is something for the future we
22 should talk about. We are looking back a little bit
23 at the current system and relating to that, and we
24 need to be more open, because we will have other
25 sources, and we need to encourage that.

26 That is what Jim was implying. The

1 Federal government could raise the visibility of the
2 issue and the conversation we are having now will do
3 that. That could attract other kinds of funders and
4 supporters.

5 COMMISSIONER NUNLEY: Arturo?

6 COMMISSIONER MADRID: I want to get back
7 to your point that Bob and Chuck may be wanting to
8 react to.

9 COMMISSIONER MADRID: Okay.

10 COMMISSIONER VEST: It is a quick
11 reaction. I wanted to second what Governor Hunt just
12 said, and also Art's statement about the bully pulpit,
13 and volunteer to help anybody who is trying to draft a
14 little language about this.

15 There is a long history behind this,
16 including the fact that I fought an almost two-year
17 court battle with the United States Department of
18 Justice trying to keep this system among the privates
19 from spinning apart, as it ultimately did.

20 There is recently a scholarly book by a
21 guy in the U.K. looking at the whole American system
22 and its history, with a title something like "Buying
23 Students" or "Helping Students." That's not quite it,
24 but it's the point. It is a long history behind this.

25 I think we should use our bully pulpit to
26 exhort institutions, on the one hand, but on the other

1 hand, come up with very specific Federal programs.

2 COMMISSIONER NUNLEY: Okay. We are back
3 to Arturo. Bob, did you want to make a point about
4 that?

5 COMMISSIONER ZEMSKY: We just have to be a
6 little bit careful that, if you actually sit at the
7 institutional table, most of the money is now being
8 consumed by something called resource aware
9 admissions. It is not just the label "merit aid."
10 that is easy to target. If you really want to know
11 where it is hemorrhaging, as you said, as an
12 institution, a private institution actually talks
13 about -- they uniformly talk about their discount
14 rate. They say their discount rate will be X, and
15 they drive it down from there.

16 I'm not saying that we should be silent on
17 the subject. I'm just saying that we have to be a
18 little bit careful, that things have evolved into a
19 pricing mechanism instead of a financial aid
20 mechanism; and if we just lay out and challenge the
21 "merit aid," they will say, great, and it will have no
22 impact even from a bully pulpit.

23 If we want to weigh in on this, we are
24 going to have to understand better how private
25 institutions really have evolved over the last decade,
26 their pricing mechanisms, and their discount.

1 CHAIRMAN MILLER: That is where
2 transparency of accountability is going to come in.

3 COMMISSIONER ZEMSKY: That's right.
4 That's right.

5 COMMISSIONER VEST: That is why I said it
6 is complicated, but I am still opposed to it.

7 CHAIRMAN MILLER: Spoken like a physicist.

8 COMMISSIONER NUNLEY: Arturo. After
9 Arturo, I would like to at least take a look at the
10 solutions that were under preparation. Okay? Then we
11 can wrap me up. Arturo.

12 COMMISSIONER MADRID: I thought Bob's
13 summary a few minutes ago was wonderful, and the
14 recasting of this thing. If we agree that we are
15 talking about not only access but participation and
16 completion, then your point about the barriers -- one
17 of the barriers that exists here of not being able to
18 move smoothly from one level to another one takes me
19 back to the question of delivery systems, not only
20 about having delivery systems where they are most
21 needed and where there aren't, but it has to be
22 delivery systems that work, that float, that permit,
23 for example, movement between high school and
24 community college, if that is the appropriate thing,
25 and also between a community college and a four-year
26 institution, and likewise between other post-secondary

1 delivery systems.

2 COMMISSIONER NUNLEY: Thank you. You
3 know, I guess I would say that I think one of the
4 fastest ways that we could go about addressing the
5 lack of lower socioeconomic status students at more
6 costly institutions is from better partnerships
7 between two and four-year colleges where our lower
8 socioeconomic status students tend to begin.

9 So I would hope that we would provide some
10 attention to that.

11 Let's take a look at the solutions that
12 the group seemed to affirm with regard to preparation.

13 The first one is about better alignment, and I think
14 we would add Art's point of rigor to that one.

15 The second is one that we've heard about,
16 we have seen, and I think we have tended to feel good
17 about, was doing college preparation tests earlier.
18 Kati, I don't know if you think 11th or 10th grade
19 would be the choice on that, but then to use the 12th
20 grade to prepare students for college, and perhaps add
21 to that, or to accelerate progression of students who
22 are already ready for college based on those results.

23 The information issue is here. I think it
24 is both an access and a preparation issue, and again
25 we may want to merge.

26 This is about goals that Bob Mendenhall

1 was talking about: Increasing the rate of students
2 continuing their education after high school, the rate
3 of students graduating from college in three to six
4 years, and the rate of adults with a college degree.

5 Another area where we had agreement is
6 more students should participate in advanced
7 placement, IB or dual enrollment programs, and provide
8 incentives for dual enrollment programs to give high
9 school students early familiarity with the college
10 environment.

11 I think that's the array of solutions that
12 people tended to concur with in the preparation area.

13 Are there comments about that? Kati?

14 COMMISSIONER HAYCOCK: Yes. We just have
15 to fiddle with the first two. There is, in fact, a
16 national strategy underway already. It is called the
17 American Diploma Project. There are 24 states that
18 are already well along the path toward higher ed
19 faculty, workforce people, and K-12 working on
20 aligning standards, assessments, and curriculum.

21 Eight states have now put a college prep
22 curriculum as a default curriculum for all kids. So
23 there is a lot of work underway. We need to embrace
24 it, enhance it, encourage other states to move in that
25 direction, but not to pretend like there is no
26 strategy.

1 COMMISSIONER NUNLEY: Okay. Take
2 advantage of models that are already available.

3 COMMISSIONER HAYCOCK: Put our shoulder
4 behind that wheel.

5 COMMISSIONER NUNLEY: Yes.

6 COMMISSIONER STEPHENS: I hate -- I'm sort
7 of still stuck on this term of college versus
8 workforce. You would find, I think, me and, I think,
9 many in industry that would agree having a rigorous
10 curriculum that will enable students to attend college
11 -- I don't think there is any argument with that. But
12 my observation thus far -- and if I look at the data
13 that shows about the number of students that are
14 dropping out of high school, because they don't see
15 themselves as going to college, but they are looking
16 for an opportunity for well paying jobs and work
17 readiness. I think it is an important distinction
18 that we need to think about our terminology that we
19 use.

20 My concern is we are going to continue to
21 head down this path, and whatever we say will be
22 important from a policy standpoint. But, frankly, the
23 ones we are trying to talk to are the students. When
24 you have a third of the students today that are not
25 completing high school because they say I'm not going
26 to go to college, I'm going in the job market, I think

1 part of this needs to address: So how are we going to
2 attract those students to higher education so they
3 move their way along the path and eventually get the
4 education they need to go in the workforce?

5 I just think we are missing that in our
6 discussion.

7 COMMISSIONER NUNLEY: Something under
8 discussion points about a workforce focus in the
9 preparation area.

10 COMMISSIONER ROTHKOPF: I think it is a
11 very important -- Kati referred to it, and we have
12 been doing quite a bit of work on it. ACT has got
13 this very important study that says, in order to be
14 workforce ready, you need to have the same curriculum
15 and graduate high school. So I think the idea that,
16 oh, gee, you can drop out in the 11th grade and get a
17 job -- you can't even get a job if you don't finish, a
18 real job that would support you and ultimately your
19 family, unless you finish high school and have the
20 rigorous -- same rigorous course that you need to go
21 to college.

22 COMMISSIONER NUNLEY: Governor.

23 COMMISSIONER HUNT: I want to say that
24 Rick is convincing me. Could we develop a term of
25 art, "college and workforce ready"? That's a little
26 wordier, but I think he is right. There are a lot of

1 kids out there that aren't expecting themselves to go
2 to college. We want them to be ready for those jobs
3 that they are going to need to get, that we need them
4 to be ready for.

5 May I also -- and I don't know how this
6 came out in the forms we sent back in, but I think it
7 would be very helpful in America if we had a 12th
8 grade NAEP that did tell us whether or not students
9 were college and workforce ready when they finished
10 high school, and we have a 12th grade NAEP now. I
11 don't know who uses it. I never hear about it, but it
12 just gives you national results.

13 It would need to give us state by state
14 results, because it is in the states that we take
15 strong action to change things. So has there been any
16 discussion of this? Would anybody object to us going
17 on record here in terms of solutions proposing a 12th
18 grade NAEP that does measure college and workforce
19 ready and that gives us state by state results?

20 COMMISSIONER MENDENHALL: Governor, my
21 suggestion would be -- I was really impressed with
22 Charlie Reed's suggestion that you do that. They do
23 it in California in the 11th grade, so that they can
24 give students a read on here's what you lack to be
25 college ready, use the 12th grade productively and do
26 something. At the end of the 12th grade, we can't do

1 anything about it.

2 COMMISSIONER HUNT: We need to do that,
3 too, but if you've got something at the end of the
4 12th grade, when you are talking within the state of
5 Utah or wherever you are, you are saying, oh, our
6 students did graduate ready to go to college, to go
7 into the workforce.

8 Of course, at the end of the 11th grade we
9 need to know where they are, what they need to do in
10 that 12th grade, because that 12th grade ought to be
11 really full of content and a lot of things and moving
12 into college courses. But I think the 12th grade NAEP
13 as a measure, the kind of thing we talk about in terms
14 of how well we are doing -- I think that would be very
15 useful, and it would sure be talked about, and it
16 would be addressed by policy makers.

17 COMMISSIONER NUNLEY: Jim, did you have a
18 comment on that?

19 COMMISSIONER DUDERSTADT: Something is
20 kind of bothering me about this, and maybe it's the
21 term workforce. The term that was used in the late
22 Nineties is the high performance workplace,
23 recognizing that that is a bar that is continuing to
24 go up. At that time, it was felt that the high
25 performance workplace will require roughly 20 percent
26 of an employee's time spent in formal learning

1 activity.

2 What we are talking about is a knowledge
3 economy where the bar is being pushed up higher and
4 higher, and when you say workforce, people think I am
5 going to work in a factory and get paid. They are
6 not. They are going to work in knowledge intensive
7 services, and their education is essentially an
8 education for a life long process of learning.

9 I think that is a different strategic
10 objective for K-12 than they currently set. So
11 somehow you've got to articulate that workforce need
12 as comparable intellectually in many ways to
13 preparation for college.

14 COMMISSIONER STEPHENS: So I would agree
15 with that. My concern and what I am struggling with
16 is I look at the Boeing Company today. So I head HR
17 for the Boeing Enterprise, 153,000 employees. Eighty-
18 eight thousand have degrees. Okay? Those are
19 associates, bachelors, masters doctorates.

20 There is no question that the employees we
21 have are all about bringing knowledge to the table to
22 solve problems for the Boeing Company, large scale
23 problems that no one else can solve. But my concern
24 is those other 70,000 employees. They may not have a
25 college degree, but I can assure you, we spend an
26 awful lot of time, energy and money about the

1 education they need to be successful.

2 We have 5 million hours of training in the
3 Boeing Company we delivery every year, 5 million
4 hours. That says every day I have 2500 employees of
5 the Boeing Company in school. So we recognize that,
6 but it is not a four-year institution -- not
7 necessarily a two-year institution, and these are the
8 people that are creating airplanes, that are doing
9 assembly.

10 So I'm just concerned again about this
11 terminology, because as I go out and look in the
12 marketplace and talk to students in high school, they
13 are saying, you know, I really want a good paying job,
14 and I want to be successful in the marketplace, and
15 community college may be enough to get me there, and
16 certainly I need the work readiness, but I'm just not
17 going to go to a four-year institution, and this term
18 college is the concern I have.

19 COMMISSIONER DUDERSTADT: I agree, but the
20 preparation that you are requiring from K-12 in both
21 cases is to enable that student to continue to learn,
22 and whether it is in a collegiate environment, whether
23 it is in workplace training, the key is that they got
24 to be prepared to continue to learn throughout their
25 lives. Learning is the key.

26 COMMISSIONER: STEPHENS: We are in

1 violent agreement. I'm fussing with the term college,
2 because I believe in America it has a specific --

3 COMMISSIONER NUNLEY: Since you two agree,
4 let me see what Bob has to say.

5 COMMISSIONER ZEMSKY: I'm lost, Charles,
6 here. I don't know why we need -- I thought No Child
7 Left Behind was going to give us the testing data that
8 we need. I know it gives us the testing data we need
9 in Pennsylvania.

10 Rick isn't going to hire at the Boeing
11 Company somebody who doesn't meet the barriers, the
12 three barriers that are set there. So the
13 communications barrier, there is a math barrier, and
14 there is a reading barrier. I don't care what term we
15 use, Boeing isn't going to hire somebody that can't
16 read, and we actually have in place testing like that.

17 So I think that what we ought to do is
18 sort of say out loud, well, we may not have been in
19 favor of No Child Left Behind, but it sure does give
20 us some good benchmarks, and we ought to be paying
21 attention to them.

22 I think that you would -- If you did it
23 that way, you could get away from Rick's concern with
24 the words, because it is about basic skills. These
25 are the basic learning skills that you cannot succeed
26 without in a knowledge economy, and I think that is

1 what we are talking about, students with basic
2 learning skills, so that they can succeed in a
3 knowledge economy. Then we don't have to use either
4 term, actually.

5 CHAIRMAN MILLER: I think the definition
6 of a skill set is very valuable, because going
7 forward, when we talk about student learning in
8 college, shifting to talking about skill sets works
9 there, too. Same thing. It is continuous, rather
10 than course work or whatever.

11 The No Child Left Behind didn't finish the
12 high school work, as it could have, actually; and the
13 Congress chose in the last round not to finish it. It
14 does come up for reauthorization next year.

15 There are probably some things we can say
16 on alignment that affect high schools. We have a
17 really fine paper just presented to us that covers a
18 lot of these things. It would probably be worthwhile
19 for us to go back to look at that. That alignment
20 issue includes some of the things we are talking
21 about.

22 COMMISSIONER NUNLEY: Right. The high
23 school piece of it really isn't fully --

24 CHAIRMAN MILLER: It's not finished, but
25 focusing on the skill sets would be one of the key --
26 That's a common denominator.

1 COMMISSIONER ROTHKOPF: I would like to,
2 if I could, endorse Governor Hunt's idea of whether it
3 is a NAEP test or some other test at 12th grade, maybe
4 11th grade, but something that will permit us to judge
5 how a system has worked at the end of the day. In
6 other words, it's okay at fourth grade and eighth
7 grade, but we don't know what is going on in that high
8 school, which many people think is a wasteland.

9 I think it is important, one, the parents
10 and people who live in the state could judge the
11 quality. Frankly, it is important to prospective
12 employers. They want to put a plant somewhere or a
13 facility. They say, well, gee, this state isn't
14 producing well, but this one is doing well. I think
15 it will, I believe, create a competition to have
16 better high schools.

17 COMMISSIONER HUNT: If I may just add one
18 second. That is exactly what will happen. If your
19 12th grade NAEP scores show that a high percentage of
20 your students are college and good job ready, and
21 states next to you aren't doing as good or you aren't
22 doing as good as they are, I want to tell you, they
23 will react to that. It will cause things to happen.

24 Now we've got to have what Bob is talking
25 about at the end of the 11th grade, but that's got to
26 be individual. That's got to be for an individual

1 student so they can use the 12th grade most
2 effectively, but 12th grade NAEP, folks -- I want to
3 really urge you all to give support to this. This is
4 something we can propose, and I think our support for
5 it can move it down the road toward happening in
6 America.

7 COMMISSIONER GRAYER: Something that
8 we've talked around, I think, three or four different
9 times today really addresses the marketing function of
10 the Commission.

11 COMMISSIONER NUNLEY: We can't hear you.

12 COMMISSIONER GRAYER: Is this better?
13 Sorry. What is the marketing message of the
14 Commission's report? If you look at preparation, a
15 very large goal of improving preparation has to be the
16 graduation rate, the finishing rate, the completion
17 rate of the chosen path that the student takes.

18 It seems to me that what our system does
19 lack is an intense effort to help students find the
20 best fit for the need that they are going to have, and
21 we are really not addressing that issue.

22 We are saying, well, if we prepare
23 students better, that is a good thing, and clearly
24 that is, and it doesn't matter if they are going to
25 get their education at MIT or at a tech center that
26 Microsoft sponsors. Better basic skills are going to

1 lead to better outcomes. But there is no mechanism in
2 our system to help students find the best match for
3 their goals.

4 If we had to go around the table and guess
5 what the actual graduation rate is of the student who
6 starts an associate's degree, a student who starts a
7 bachelor's degree, I believe we would all be very low.

8 Preparation must lead to finishing if we are going to
9 have an efficient system, because every student who
10 doesn't finish takes a lot of resources out of our
11 system.

12 We have to prepare them better, but we
13 have to inform them better of their choices so they
14 make better choices for their needs and, therefore,
15 have a better chance of succeeding, therefore, less
16 costly, more efficient education.

17 What role can we speak to that will
18 provide that, because right now it does not exist?
19 People go to college, if they can. Many of them don't
20 finish.

21 CHAIRMAN MILLER: All right, we are close
22 to the time. Is there anybody who has a very urgent,
23 must say comment?

24 COMMISSIONER ZEMSKY: Charlene, could you
25 just say why ed. schools aren't on the list?

26 COMMISSIONER NUNLEY: Why ed. schools?

1 Well, it didn't come up in our universal agreement,
2 but that's what we are doing. We are adding things
3 that are missing to the list. So --

4 CHAIRMAN MILLER: Well, what about nuclear
5 physicists for that one, too?

6 COMMISSIONER ZEMSKY: Right. That's
7 another job that one should think seriously about.

8 COMMISSIONER NUNLEY: Bob, you want to
9 recognize the responsibility of higher education in
10 the preparation of teachers and how that plays into
11 the whole thing?

12 COMMISSIONER ZEMSKY: I would certainly
13 want to say -- and it ain't been doing too good.

14 COMMISSIONER NUNLEY: Okay.

15 CHAIRMAN MILLER: I would like to offer
16 the pioneer award to Charlene for starting off this.

17 (Applause.)

18 COMMISSIONER NUNLEY: Okay. thank you.

19 CHAIRMAN MILLER: Good job is right, and
20 she just graduated her class and had a commencement
21 yesterday. Thank you.

22 With no delay, Bob Mendenhall is going to
23 talk about affordability, one of the easier topics.

24 COMMISSIONER MENDENHALL: I'd rather sit
25 down, but I decided I really couldn't see this side of
26 the room at all. So we will try to do it from this

1 side.

2 Some of the things we have under
3 affordability we touched on already, but I think again
4 our goal in this discussion is to try to get a very
5 clear statement of the issue or the problem we are
6 trying to solve before we start into the
7 recommendations to solve it.

8 So I read most everything we have
9 received, at least on the topic of affordability, if
10 not all of the other topics, and admit that this is my
11 own summary of everything I read. So I'm open to your
12 changes and comments.

13 Here is what I propose as a starting point
14 for a problem statement and would welcome your
15 thoughts. Post-secondary education is becoming
16 increasingly unaffordable for greater numbers of
17 Americans, especially low income and minorities who
18 represent an increasing percentage of our population
19 or workforce, which I think --

20 COMMISSIONER ZEMSKY: Are there any
21 statistics that will back that up? It is expensive.
22 There is no doubt that it is becoming more expensive,
23 but actually enrollments are going up. I don't
24 understand, if enrollments are going up, population is
25 not growing that fast, how we can conclude that it is
26 becoming increasingly unaffordable.

1 It may be too expensive. It may be asking
2 people to sacrifice, but that -- I just don't think,
3 statistically, that statement holds water. It's the
4 word increasingly.

5 COMMISSIONER MENDENHALL: Okay. It's not
6 the word unaffordable?

7 COMMISSIONER ZEMSKY: Well, it's the word
8 unaffordable, too, but it is the -- and it is true. I
9 make no bones that 400,000-plus -- Probably, I think
10 it is slightly larger. Higher education, as it is
11 priced, is unaffordable. I do not see -- In fact, I
12 actually believe, as I look at the numbers, the
13 numbers -- We have decreased the problem.

14 COMMISSIONER NUNLEY: No, I think the fact
15 that students are withdrawing from college is very
16 much tied to affordability. It's very tied into --
17 Certainly, the research we have done shows that it is
18 the number one reason why our students don't return.

19 COMMISSIONER ZEMSKY: Charlene, even if I
20 didn't want to -- if I wanted to argue with that, but
21 the question I'm asking: Is it increasing?

22 COMMISSIONER MENDENHALL: See, the way I
23 tried to write this, Bob, having read your comments
24 earlier, is that it avoids the issue of is it
25 unaffordable and at what price is it unaffordable.
26 But it is clearly more unaffordable today than it was

1 ten years ago, and the data I would quote --

2 COMMISSIONER ZEMSKY: The data?

3 COMMISSIONER MENDENHALL: The data I would
4 quote, the most compelling data I thought we saw as a
5 Commission was in our first meeting, I think, or the
6 Nashville meeting, was this little chart that showed
7 for the bottom income quartile the unmet need after
8 aid had increased substantially. I mean from \$3,000
9 to \$5,000 annually, that the unmet need for the second
10 bottom quartile increased even more -- it seems to me
11 like from \$800 to -- I actually have the data with me
12 over there -- and that the excess over-need for the
13 highest income quartile had actually increased as
14 well.

15 So it became more affordable for the upper
16 quartile and, clearly, less affordable for the bottom
17 two quartiles in terms of unmet need.

18 COMMISSIONER ZEMSKY: Affordability says
19 you don't go, and your data doesn't say someone
20 doesn't go.

21 COMMISSIONER HAYCOCK: No. It's how you
22 finance it. It's how you finance it. The students
23 that talked to us at the public hearings, the stories
24 that made the press on the loan burden that they are
25 taking today is going to have consequence going
26 forward. So they are going, but their stories are not

1 good stories.

2 COMMISSIONER HUNT: And Mr. Chairman, you
3 measure it as a percentage of family income. For
4 those families, the income has been steady or going
5 down, certainly, in real terms.

6 COMMISSIONER MENDENHALL: I think tuition
7 has increased at about twice the rate of personal
8 income in the last 10 years. That seems to be
9 increasingly unaffordable to me.

10 COMMISSIONER ZEMSKY: No, it's
11 increasingly expensive. The term unaffordable means I
12 don't buy it if it is unaffordable. We don't say this
13 about health -- Well, we do say it about health care.

14 Health care is increasingly unaffordable, and we have
15 data on it that people are going without health care.

16 They are not going without higher education.

17 COMMISSIONER MENDENHALL: Well, I think a
18 lot of people are.

19 COMMISSIONER DONOFRIO: Bob, what word do
20 you want to use to describe the sentiment of the rest
21 of us, because we all have pretty much the same
22 feeling on this.

23 COMMISSIONER ZEMSKY: I think the issue is
24 that -- Actually, I think it goes back to how you pay
25 for it. I think that is the real issue. I think to
26 use the term affordable or unaffordable leads us in

1 the wrong direction.

2 This is an issue, and if you just listened
3 to what Bob said about his chart, because I agree
4 with the chart, the chart says that we are creating a
5 system of higher education that puts increased
6 pressure on lower income people through pricing
7 mechanisms, and that's wrong.

8 I would say that this is about the pricing
9 mechanisms. It also leads to what Charles wants to
10 do, and maybe Chuck Vest, too, about nuking the
11 financial aid system and starting from scratch,
12 because it says these are the issues, instead of this
13 -- I use the word pell mell as a pun, but this pell
14 mell that we've got doesn't work.

15 So as soon as we say unaffordable, this
16 has enormous public saliency, because everybody says,
17 oh, they are going to lower the price for me. We
18 shouldn't lower the price for everybody. We should
19 find reasonable, targeted ways of financing the
20 missing 400,000, and the next level up.

21 COMMISSIONER DONOFRIO: I would agree with
22 that.

23 COMMISSIONER MENDENHALL: Chuck, and then
24 Richard, and then Arturo.

25 COMMISSIONER VEST: Let me make a
26 suggestion, and it goes back a little bit to my

1 earlier thought about removing barriers.

2 I think the most stunning thing that I
3 have learned and seen working on this Commission is
4 the little graph you are talking about that showed the
5 two quartiles. There is our fact. We don't have to
6 call it anything.

7 We could have our problem statement here,
8 the ability or the experience is that high income kids
9 go on, low income kids do not; what are the barriers
10 that are causing that, how do we remove them.

11 I am sure that, if we tear that apart, we
12 are going to find that part of the barriers are purely
13 financial, and part of the barriers are all these
14 other cultural and rural problems and so forth. But
15 if we could -- I don't know exactly the words to use
16 here, but if we could start with the message of that
17 graph and make that our problem statement, then we can
18 get rid of all these semantics and go on to solutions.

19 COMMISSIONER VEDDER: Yes. I was just
20 going to -- On cost/benefit grounds, I think we are
21 spending a little too long on semantics for 60 minutes
22 here. I do think Bob Zemsky should be the next editor
23 of the Oxford English Dictionary. But that's picking
24 up on great graphs, and I think this graph is a
25 tremendous graph, but there was another great graph
26 that was presented at the first meeting.

1 For every 100 people who start high
2 school, how many graduate from college? Was it 18,
3 20, something in that magnitude. If you concocted the
4 same graph in Norway or in Britain or any other major
5 industrialized nation, I suspect that 100 becomes 30
6 or 40 or 50, some higher proportion.

7 That is a huge part of the problem, and I
8 agree with Bob. Money is the secondary part of the
9 issue, but that's what we are talking about now, is
10 money. So let's get on with the discussion. We can
11 work on the words later on.

12 COMMISSIONER NUNLEY: I think, though, you
13 also have to add to the equation that a lot of that
14 enrollment growth has happened in America's community
15 colleges, which are the affordable vehicle for higher
16 education. The affordability issue may also be
17 redistributing students in various forms of higher
18 education, and I'm proud of the affordability mission
19 of community colleges, but I really believe that the
20 massive expansion in access and participation you have
21 seen, if you look at the data, you will find has come
22 in the accessible, affordable institutions.

23 COMMISSIONER HUNT: Mr. Chairman, I just
24 want to say this. If a report is going to have any
25 power and any impact, you have to be candid and call
26 things what they are sometimes.

1 Now I think it is becoming increasingly
2 unaffordable for these people, and I think there is a
3 lot of evidence for that. You know, we can put this
4 off now, but I sure want to argue against let's -- you
5 know, if we've run into something we don't agree on,
6 we will just kind of water it down somehow and not
7 call it anything.

8 CHAIRMAN MILLER: No, we are going to try
9 not to do that. That is going to be one of my main
10 responsibilities. We may have to duke it out, do
11 something, but we need to not run away from the
12 language or the tough stuff when we get to that.

13 COMMISSIONER: We could take a straw vote
14 over the Internet maybe.

15 CHAIRMAN MILLER: Yes, sir. Arturo was
16 next, and then David. Thank you.

17 COMMISSIONER MADRID: I agree with my
18 colleague and friend, Bob Zemsky, that it is about
19 discourse, and I think he should be the next editor of
20 the Oxford English Dictionary, but we have many
21 meanings to affordable, and you beat me to one.

22 We do talk about affordable health care,
23 and we do talk about affordable housing, and I think
24 we could talk about affordable higher education.

25 COMMISSIONER WARD: I think some of our
26 problem is the taxonomy we have created for ourselves,

1 which is causing a lot of redundancy. It is
2 inevitable at this stage in the process. So that
3 there is a challenge, and I think probably at the end
4 of the day, if we could talk about the process or the
5 experience as distinct from categories that we are
6 talking about, I think Chuck comes closer when he says
7 how do we get more kids better prepared into college
8 without a lot of debt.

9 Then the second question is how do we get
10 them through college in an accountable, effective and
11 useful way? In a way, it's a kind of continuum of a
12 student experience, and I think if you try to say what
13 is happening to students and why are they not or why
14 are they succeeding is the question we are trying to
15 get to.

16 I think these categories were certainly
17 useful to me in order to get more information, but
18 there is going to be a point when we have to
19 reaggregate in order, I think, to get a more succinct
20 outcome, because I think we keep tripping over
21 ourselves.

22 Particularly, I think, affordability and
23 access are, in a sense, redundancies. When the
24 student looks at trying to get into college, two
25 things are not useful words anymore. It's the sort of
26 challenges or barriers. They want to go to college or

1 they want to go to some kind of further education.
2 What is it that makes it difficult for them to get
3 there. That's question one.

4 Question two is, once they are there, do
5 they succeed? I think we answer both of those
6 questions in a very dramatic way. We simplify what is
7 going on, but I don't think we can get there until a
8 little further on in the afternoon, but I wanted to
9 put that -- punctuate the dialogue with that right
10 now.

11 CHAIRMAN MILLER: I'd like to change the
12 direction a little bit, because I don't agree with the
13 problem statement entirely. I might put a period
14 after Americans.

15 I think we have to be careful when we talk
16 about affordability to consider who pays for higher
17 education, and I'm going to cover some of that or try
18 to cover some of that in the accountability side.

19 What David said is right. We can't --
20 Some of these things become pretty simplistic by
21 trying to subdivide them and break them down into
22 small parts. So this is natural.

23 I would be very concerned about
24 affordability for the country, because I think there
25 is a lot of evidence that the rate has gone -- the
26 cost, the rate, whatever the right number is, has gone

1 much higher than virtually any other normal, natural
2 price.

3 We had promised at one time for this to be
4 an entitlement. It no longer is. People are coming
5 to the front door and finding out they cannot afford
6 to do certain kinds of education. Maybe they can go
7 somewhere, and we are not talking about the quality in
8 any of these things, which we will need to do, because
9 that is what happened in health care. You could get
10 to health care. Virtually, everybody has got
11 available health care, actually. They are not all
12 insured, but the quality goes down.

13 So there is a conjunction here of several
14 of these things. So you have to say it's affordable
15 for some kind of entrance, but maybe not the kind of
16 education you really need or the country needs.

17 Back to the meeting in Nashville, what we
18 spend on education, taking out research -- well, the
19 average post-secondary student, excluding research, in
20 other OECD advanced countries is \$7,299. Comparable
21 U.S. expenditure is \$18,574, rough two and a half
22 times the OECD average. That's a sign of some very
23 heavy expenditures.

24 That doesn't mean we shouldn't spend it,
25 but we sure have to argue that we spend it
26 productively, and it has something to do with how we

1 deliver the service. When we see these kind of cost
2 pressures for the students not being able to do it as
3 well, families not, taking more debt is true.

4 Maybe we want people to take some debt.
5 That's your point, I think. It's okay for people who
6 get a long term benefit to maybe go into some debt,
7 but we are hearing from students that showed up here
8 that there is a pressure point.

9 So there is a lot of evidence, and even in
10 the last five years these pressure points have
11 accelerated almost geometrically, and at the same time
12 available resources are shrinking, public resources.

13 So I think we are off the scale when we
14 come to how much we spend on it relative to other
15 people that do it. We still do it better than
16 anybody. There is no doubt about it. We always want
17 to. We always want to spend more money if we have it,
18 but there is an affordability question for the whole
19 system for America, I think.

20 COMMISSIONER MENDENHALL: Jim.

21 COMMISSIONER DUDERSTADT: I would kind of
22 like to parse it in three parts. To respond to Bob,
23 of course, no college student pays the real cost of
24 their education, whether they attend a public or
25 private institution, a community college or research
26 or graduate school.

1 The real question is: Those subsidies
2 from public and private sources, how are those
3 allocated? Right now, they are primarily being
4 allocated to the upper economic quartiles, and in
5 fact, the need is at the lower economic quartiles. It
6 comes back to Chuck.

7 I think the issue you have pointed out,
8 going beyond that -- you know: What is the economic
9 impact on individuals? -- it is what is the economic
10 impact. To address that, I think two things have to
11 happen.

12 The first one is we've got to look a bit
13 at the mission of higher education in this country. I
14 would maintain that one of the reasons why the cost of
15 higher education in this country is twice that of
16 Europe, for example, many European countries, is that
17 we've spent a tremendous amount of money on the
18 socialization of young people, a task which most of
19 the rest of the world assumes is handled elsewhere, by
20 the armed forces, by community service, by secondary
21 schools.

22 So we need to redefine what those missions
23 are. I think Bob's own institution has demonstrated,
24 if you strip that socialization process out, those
25 costs lower.

26 The second thing, and that is what has

1 been missing from this whole context, is I don't think
2 we have come to grips yet with the issues of
3 productivity, efficiency and cost containment in
4 higher education.

5 I don't know how we get the right
6 incentives in place, the right knowledge in place, but
7 we are going to have to do that. We can't handle the
8 growing education needs of a growing population even
9 if we put more money into it without dealing with
10 that. You are just not credible, and somehow that has
11 to be in this.

12 CHAIRMAN MILLER: I'll try to bring some
13 of that in, in the accountability side.

14 COMMISSIONER MENDENHALL: That's a great
15 segue into -- without getting agreement on this slide,
16 going to the next slide, and --

17 COMMISSIONER VEST: May I make one last
18 point, because the Governor is always got me thinking,
19 and I'm sure he has felt this; because I think it ties
20 together today.

21 I absolutely agree that we should not fuzz
22 things up, because people intuitively understand
23 affordability, cost pressures, and so forth. But
24 there is another thing the American people understand
25 instantly and intuitively, and that is fairness and
26 unfairness.

1 The message, to me -- and I am going to
2 oversimplify this, but the message of this graphic we
3 were talking about is, you know, you are better off
4 being rich and dumb than you are being poor and smart.

5 I think we have to say it a little more
6 nicely than that, but that is a message that, to me,
7 is every bit as urgent as the strict affordability. I
8 think it has run through this whole conversation
9 today.

10 COMMISSIONER MENDENHALL: I really agree
11 with that. Let me say two things.

12 From what I have heard with all of you as
13 a Commission, I think affordability really boils down
14 to two different issues, and Jim, you really said
15 them.

16 One is affordability is how we pay for it,
17 like how do people afford it. What aid do they get?
18 What loans do they get? How do they afford it?

19 The other half is how do we control the
20 costs, and how do we keep costs from increasing at
21 twice the rate of inflation, and how do we become more
22 efficient and more productive in what we do in the
23 educational enterprise?

24 So my view is that within affordability we
25 ought to have recommendations that address those two
26 sides of the equation. With that --

1 CHAIRMAN MILLER: Would you agree that we
2 can expand affordability beyond the students directly
3 and have a broader definition of that word?

4 COMMISSIONER MENDENHALL: Yes. I think
5 that is what those general costs mean, exactly.

6 COMMISSIONER ZEMSKY: Let me -- Besides
7 agreeing to what Chuck said, there is a world of
8 difference between the word affordable --
9 affordability and unaffordable. It is certainly right
10 for us to talk about -- Actually, I like Chuck's word,
11 fairness, better, but I'll accept that one. Doesn't
12 matter whether I accept it or not, but affordable
13 works for me, because we are talking about a fairness
14 system and one that does it right.

15 It is just a blanket statement about
16 unaffordable that leaves this aside. Now affordable
17 and affordability work fine for me.

18 CHAIRMAN MILLER: Well, that was the theme
19 that the Secretary gave us, was affordability. That's
20 the one the U.S. Congress used. So that doesn't take
21 away the balance issue.

22 COMMISSIONER HUNT: Mr. Chairman, we don't
23 have a special section that we are talking about these
24 two days on efficiency.

25 COMMISSIONER MENDENHALL: We are going to
26 get to it.

1 CHAIRMAN MILLER: I am going to try to
2 bring it out in accountability.

3 COMMISSIONER HUNT: I want to say that I
4 think we ought to raise it up real high. I'm very
5 serious about this now, because this is not being
6 addressed most places very well.

7 COMMISSIONER MENDENHALL; I'd like to get
8 there, too, and I saw a lot of nods, but maybe I
9 should be more explicit. Do I dare ask? Do we have
10 general agreement that affordability has these two
11 sides of the coin, one, how you pay for it, and two,
12 how we determine - The Chairman says go on. Okay.

13 I took a stab at three recommendations to
14 address those, and we weren't able to create it so I
15 can bring up bullet points one at a time. So don't
16 read the three bullets. Just read the top line.

17 The first one is that we need to -- and we
18 have talked about this a lot already today --
19 restructure financial aid to make higher education --
20 I hate to use the word -- more affordable to allow
21 people to pay for it more easily.

22 I think we all have some general agreement
23 about restructuring financial aid. We could talk
24 about how we want to do that, but the items that I
25 heard over the course of our time together was this
26 shift was merit based to needs based aid, not an

1 either/or but a shift; because it has clearly shifted
2 from need based aid to merit based aid over the last
3 10 or 20 years, and we are really saying can we swing
4 the pendulum back a little bit.

5 I made up three in the next line: Reduce
6 17 financial aid programs to something -- maybe it's
7 one. Maybe it's three, but it isn't 17. And can we
8 streamline and make more simple the financial aid
9 programs, with an emphasis on grants as opposed to
10 loans. That really goes more to the access group,
11 because we know that grants make a difference in
12 participation, and loans don't, although loans make a
13 difference in completion.

14 The last one, Governor Hunt said I have no
15 political sense at all, and we probably shouldn't try
16 to eliminate tuition tax credits, but perhaps shift,
17 as Chuck said earlier, somewhat from -- what were the
18 two things? -- tax credits and loan subsidies. Shift
19 tax credits and loan subsidies to grants.

20 COMMISSIONER VEST: And I think tax
21 credits should become sliding scale.

22 COMMISSIONER MENDENHALL: So reaction?

23 DR. FALETRA: I don't think most Americans
24 that I know at least would buy most of what we are
25 saying here as far as this merit based versus need
26 based. I was a teacher in high school for 10 years,

1 and since the guidance counselor -- I think that's the
2 name of it -- knew almost nothing about going to
3 college other than he went to college, guided students
4 very poorly. So it fell on me in this reasonably poor
5 town to guide students into this.

6 The lower middle income people, anyone who
7 owned a house, their students regularly said to me, my
8 mother and father told me that, if I studied hard and
9 I did really well in school, I'd get a scholarship,
10 and it never happened.

11 Every single parent told me that, and I
12 don't know where people come up with this, because
13 most middle income Americans don't believe it. So I
14 just -- I think we fall flat on our face if we say
15 something like shift from American -- in America from
16 merit based to need based. It's just, to me, in
17 middle America most Americans that -- all Americans
18 that I know would not believe that.

19 COMMISSIONER GRAYER: Again we are
20 thinking in terms of a traditional family with a
21 teenager applying to college. Most -- More than half
22 of people moving into higher education are applying as
23 their own adult with different sets of issues, and the
24 merit versus need base issue is not even on the table
25 for them. They are really in a need based situation
26 to begin with, and saying it to them is almost -- It's

1 a reference point that I think speaks from where we
2 are coming, and I think we have to be careful about
3 that.

4 Do you understand that point. Most of the
5 people going to college don't even think in terms of
6 merit based available assets at all. It's not even
7 something that they even know about.

8 DR. FALETRA: They didn't even know about
9 a FAFSA.

10 COMMISSIONER GRAYER: Exactly. Fifty
11 percent of the people going into their -- whatever we
12 debated is called have no notion of what we are
13 talking about.

14 COMMISSIONER MENDENHALL: Charlene and
15 then Chuck.

16 COMMISSIONER NUNLEY: I was just going to
17 say, in the earlier discussion we seemed to settle on,
18 instead of trying to make it a tradeoff of one kind of
19 paying against another, that we wanted to make a
20 recommendation about increasing the Federal, state and
21 institutional investment in needs based aid, which I
22 think is a recommendation that doesn't have to appear,
23 but we are putting one thing against another, and
24 encompassed adults and younger students and all of
25 that.

26 CHAIRMAN MILLER: And that has to be

1 accompanied with the simplification in the access to
2 the aid and probably, as Richard noted -- he said some
3 evidence that the money is going to be spent well,
4 because anytime you start -- Anytime we ask for
5 additional funds, we are going to have to say
6 something better than we are getting for the money,
7 and maybe no matter what else we do, that's we need to
8 say.

9 COMMISSIONER VEST: I'd like to respond a
10 little bit to the statement with which I have quite a
11 bit of empathy about many people not understanding
12 what we are even talking about here.

13 I think, going back to this fairness
14 concept a little bit, that there are two thing. One
15 we can call opportunity, and the other, sticking my
16 neck out, we will call affordability.

17 I believe the message is that gaining the
18 opportunity, being admitted to the right kind of
19 institution to realize your dreams, is what ought to
20 be based on merit in some appropriate sense, but I
21 think we should push back on the fact that for
22 efficiency and fairness our Federal government ought
23 to be putting most of its, if not all of its,
24 financial resources to help the young people afford
25 the education that their merit has gained them the
26 opportunity and the access for.

1 That's the view that I hold.

2 COMMISSIONER MENDENHALL: Richard?

3 COMMISSIONER VEDDER: I was struck by
4 Peter's comment, and I'm generally in favor of the
5 general thrust of the recommendation as stated there,
6 but we have an awful lot of people who go to college
7 who are in their fifth year and sixth year and seventh
8 year who are not there because of reasons of
9 unaffordability or family. They are there because
10 they are playing. They are climbing rock walls. They
11 are drinking. They are doing a lot of things, and yet
12 they are still getting Pell grants, some of them.
13 Some of them are getting various forms of subsidies,
14 up to a point.

15 I think we should in our targeting keep
16 that in mind as well. I'm wondering if we shouldn't,
17 given the huge attrition rate, have a need based
18 approach that is involved in getting kids a chance,
19 giving them an opportunity. Everyone should have an
20 opportunity. But if they fail for reasons -- If they
21 are a bad investment, they are doing poorly, if they
22 are getting 1.7 averages and all, should we continue
23 to support them?

24 I'm wondering if the merit based should
25 come in at some point as a more important factor, that
26 we ought to incentivize good performance after initial

1 admission. I'm wondering about that, because we have
2 this huge attrition rate. How do we get -- lower that
3 attrition rate?

4 One way to lower it is to incentivize kids
5 to do better, and that is merit, I guess, or it's hard
6 work. We don't say much about that.

7 CHAIRMAN MILLER: The new Federal proposal
8 has that element. You have to maintain or do
9 something in the later years, the American competitive
10 plan, and many of the state -- or some of the state
11 financial aid systems try to do that.

12 COMMISSIONER VEDDER: Well, we should
13 endorse that, I think.

14 COMMISSIONER MENDENHALL: Catherine?

15 COMMISSIONER REYNOLDS: I'd like to make
16 just a couple of points and, while I would completely
17 agree that the cost of education is high, I would
18 still maintain that, instead of looking at it as a
19 cost, it is -- probably continues to be the best
20 investment a young person can make, and that is
21 evidenced through their income that they will earn
22 over their lifetime.

23 So I appreciate the cost side of it, but I
24 do think that it is an investment and should be looked
25 at as that.

26 Also in sort of a historical context, I

1 think the government shifted from a need based
2 financial aid system back during reauthorization about
3 1991 or '92, and that, I think, happened as a result
4 of private initiatives, meaning nongovernment
5 guaranteed loans, which I was a part of.

6 We created programs that were based
7 strictly on creditworthiness from middle class folks
8 and created it much like a mortgage so that it worked
9 with the financial rhythm of a family. There was no
10 government guaranty involved.

11 What was interesting about that is that
12 the results of those programs, the default rates, and
13 now we have 20 years of history, have averaged about
14 one percent per annum. So what it says is that
15 individuals or families really value that education
16 and do pay it back.

17 When the Federal government during their
18 reauthorization in the early Nineties saw that, they
19 were experiencing default rates in the high teens, low
20 twenties. So they created programs like the PLUS loan
21 program, which today, for example, Bill Gates could
22 get a PLUS loan program for his child, if he wanted
23 to.

24 I think most people would agree with you,
25 Chuck, that doesn't seem fair, but that was done, I
26 think, to lower the overall default rate.

1 good. Let me move to the second recommendation. The
2 words I used was eliminate artificial barriers to
3 increasing supply and developing new models in higher
4 education.

5 The thought behind this, before you read
6 all of the bullets, is I suppose, number one, that I
7 subscribe to Rich Vedder's argument that, when we
8 increase demand and hold supply constant, prices are
9 likely to go up, and I am now trying to get at the
10 issue not of how they pay for it but of how we
11 control costs as a society and as individual
12 institutions.

13 I come at it, frankly, from a personal
14 point of view that says we don't make any significant
15 change in costs by keeping the same model and trying
16 to be a little more efficient -- you know, squeezing a
17 couple of more hours out of faculty or using our
18 classrooms for a few more hours a week.

19 We make fundamental changes in
20 productivity by changing the models of the way we do
21 things. That is how American industry has
22 fundamentally changed their productivity over the last
23 20 years, and yet there are significant barriers to
24 developing new models. There's significant barriers
25 to new institutions.

26 If we increase supply in higher ed, it

1 should help both the access issue and the cost issue
2 in terms of providing some lower costs.

3 So I really want to stop with that first
4 line and get your reaction before we talk about what I
5 perceive to be some of the barriers and what we ought
6 to do about them. But is the general idea that we
7 would support increasing supply and then new models in
8 higher education one we would endorse or oppose?

9 COMMISSIONER DONOFRIO: I think it's right on,
10 and I just -- Maybe I'm going to say it in my own
11 words, because I said it earlier.

12 I think you are getting to it. This
13 blended, hybrid model that I keep kind of putting out
14 as a picture and a vision is really what we are trying
15 to do here. I mean, we know -- We know that we've got
16 to deal with all of the issues that Jim Duderstadt
17 reminded us of in terms of, you know -- what are
18 there, 3800 institutions of higher learning in this
19 country? The top 200 are in terrific shape, and we
20 worry about the other 3600 or something like that.

21 We know there are other models. Other
22 countries are using other models. We are starting to
23 use other models. We've got to talk about those other
24 models. We got to promote those other models.

25 Talk about doing something bold. I'll bet
26 you, half the people in the country don't even know

1 what these other models are.

2 I'll bet you, the bulk of the people in
3 the country don't know what you do for a living or
4 what Western Governors University actually is, and yet
5 -- And yet they provide a lot of the answer to this
6 issue of affordability that we are talking about.
7 They turn out to be more efficient and effective, and
8 somehow we should be driving demand to this capacity,
9 and we are not.

10 So I mean, I think we got to get bold and
11 tough on this point. So I applaud you for doing it.

12 COMMISSIONER MENDENHALL: Rich and Jim and
13 Jonathan.

14 COMMISSIONER VEDDER: Well, I hate to be a
15 teacher here, but I am an economist, sort of, and
16 there are only two ways you can reduce the growth in
17 the cost of higher education. You either have to
18 reduce the growth in demand or you have to increase
19 supply or a combination of both.

20 This is -- We have been emphasizing demand
21 a lot, and I think supply is where the problems are,
22 and we give more financial aid per student to the
23 colleges whose greatest claim is we deny students
24 access by having selective admissions policies. I'm
25 not looking at anyone in this room or their
26 institutions when I say this.

1 That is what we do. We incentivize
2 reducing supply, and we should incentivize increasing
3 supply. It's just a simple change of direction. It
4 means new innovations, new models, what Nick is
5 talking about. It means online education. It means
6 more emphasis on community college education.

7 You can lower the cost of the growth of
8 higher ed, have every sector within higher ed, costs
9 continue to grow at the same rate it's growing now,
10 higher than the inflation rate, but bring down the
11 aggregate cost per student simply by changing the mix,
12 moving a larger percentage of our students to the
13 lower cost models, the community colleges, to online
14 education, to Western Governors University, to Kaplan.

15 You can make enormous improvements in the
16 whole question of meeting that objective without even
17 worrying about productivity within institutions,
18 although I think we should worry about it, as Jim
19 Duderstadt said.

20 Just work the numbers. Just work the
21 percentages. It's a mathematical exercise, and we
22 ought to be doing it. So Bob should be the fifth name
23 or face on Mount Rushmore.

24 COMMISSIONER DUDERSTADT: This whole issue
25 of how do you encourage more innovation and, to some
26 degree, it's going to be driven very much by cost, is

1 a critical one. You've got to get the barriers out of
2 the way . You've got to let Western Governors
3 University, the British Open University, the new kind
4 of paradigms. Technology is going to drive a lot of
5 that, whether it is the open course initiative or the
6 Goggle library digitization project and so forth.

7 Let me put one caveat on the table. In
8 many areas of education, we are grappling with a
9 knowledge base that is doubling every two years, and
10 therefore, the amount of education required in many of
11 those areas, particularly the professions, is also
12 increasing very rapidly.

13 I think a century ago when you could get -
14 - you could become a doctor with six months of
15 education. Okay, look at it now. There was a major
16 convocation of the Engineering Professional Societies
17 last week who pretty much concluded that engineering
18 education is moving to the graduate level. The
19 baccalaureate engineer is no longer capable to
20 practice.

21 So you got to watch it, because I think
22 much of the innovation and cost savings will go into
23 even deeper education in those fields where the
24 knowledge base has expanded so rapidly.

25 COMMISSIONER MENDENHALL: Great.

26 COMMISSIONER GRAYER: We are as a country

1 well ahead in online education than anyone in the
2 world. No one is close to us, and we operate around
3 the world, and I can say that.

4 The biggest place that we have room to
5 improve, and we can be very concrete on this -- we've
6 talked about it, and it might come up in another
7 section -- is the transferability of credit issue. It
8 is an enormous inhibitor for innovation, because
9 learners cannot design their own degrees. They cannot
10 move around the country. They cannot blend online and
11 placed based learning.

12 We spend an enormous amount of money,
13 because we do not allow this flexibility of learning.

14 How do you do that and maintain quality in the
15 outcome is something we should address head on, but
16 you can make an enormous impact in the cost of the
17 system by breaking through on this one issue alone.

18 This one issue -- we are so behind the
19 rest of the world in the concept of transferability,
20 and if you look at articulation agreements, they are
21 the original antitrust kind of barrier that has been
22 put up in our system that we allow, and we should
23 address it head on, and we can fix it, and there isn't
24 a lot to defend.

25 COMMISSIONER ZEMSKY: How would you fix
26 it? You say we can fix it.

1 COMMISSIONER GRAYER: Well, fixing it
2 really has to go to the accreditation issue. You
3 know, what is the metric that is being used to decide
4 that quality is there, because that is what
5 institutions use to say they will not accept
6 transferred credits.

7 Either we are going to have an
8 accreditation system we believe in, that says this is
9 a program that should count toward a given outcome, or
10 not. We really have two going on. Right? We have
11 regional accreditors accrediting institutions, and
12 then we have institutions themselves deciding what
13 they will and will not use, and we are paying for all
14 of it.

15 So the answer really lies in an
16 accreditation process that we believe in, that we hold
17 our institutions accountable for using Federal money
18 in their programs.

19 Now how that works, as my joke indicates,
20 it would be pretty controversial, but it would go
21 right at the issue of innovation.

22 COMMISSIONER MENDENHALL: As an aside,
23 Congress made a small step -- started to make a small
24 step in that direction with HEA where they had in HEA
25 that you wouldn't deny transfer of credit based solely
26 on who accredited you, as is the practice today, which

1 the House got talked out of it and dropped in the bill
2 they just passed. I think it is still in the Senate
3 side.

4 One of the things we could do would be to
5 endorse at least -- It shouldn't be based solely on
6 the issue of, well, you are nationally accredited as
7 opposed to regionally accredited; therefore, we don't
8 take any of your credits, we don't have to do any
9 evaluation. I mean, that's a start toward that issue.

10 Let me just for a moment look at these
11 bullets. I don't know that these are the right ones,
12 but here's three suggestions: One, that we could
13 recommend that Congress, the Department of Ed and
14 state governments change the laws and regulations
15 currently that impede and/or develop new laws that
16 promote innovation and efficiency in higher education,
17 including whatever list you want to say.

18 There are lots of laws and regulations at
19 the moment that just assume it is a semester program,
20 that four months is the ideal unit of instruction,
21 that all students learn at exactly the same rate and,
22 therefore, a set time is the right approach, assume
23 three semesters a year of approximately four months
24 each, and on and on and on.

25 In my view, we need substantial work with
26 the current laws and regulations simply to open it up

1 for new models and new ideas.

2 COMMISSIONER ZEMSKY: Bob, I agree with
3 the end game entirely. That's why I was pushing with
4 Jonathan. You know, the difference between my world
5 and Jonathan's world is he lives in a corporate
6 structure, and I live in a medieval guild.

7 COMMISSIONER GRAYER: He's right.

8 COMMISSIONER ZEMSKY: That's an actual
9 historic statement. That was not meant to be
10 rhetorical. That's fact. Right.

11 The fundamental problem is I think you
12 could change all those laws, and none of us would even
13 know you had changed them, and we wouldn't change
14 anything.

15 This is really going to the heart of the
16 culture of higher ed, as to who controls quality. One
17 of the reasons I argue about against getting involved
18 in the accrediting morass is because they don't know
19 how to change medieval guilds either, but it might
20 really be that one of the places a really strong
21 rhetorical statement about the role of change itself,
22 where we didn't pretend to say we could change laws
23 because I guaranty that won't make any difference at
24 all -- I really believe that.

25 COMMISSIONER GRAYER: But, Bob, just one
26 quick point. Mine was not that we should change the

1 accreditors. It is rather that we should make the
2 institutions adhere to the standards set. It's the
3 guild issue that is the problem, not the form that --
4 We are not going to come up with a better form
5 necessarily, but who has the power?

6 The Federal government holds the loan
7 money, ultimately has the power to make any type of
8 change that we are talking about, unfortunately.
9 Right?

10 COMMISSIONER ZEMSKY: Well, remember what
11 Derek Bok said when we were in the assessment, and
12 Cheryl and her staff got us all to see the Derek Bok
13 op ed in the Washington Post. That was on just a
14 minor point of let's have required testing, let alone
15 any of the rest. As he said, we will have a decade
16 civil war on our hands, and we will.

17 I'm not happy about that either, but this
18 is one of the places you have to start changing the
19 climate before you can start changing the structure.
20 I think that our role here is -- really is probably
21 limited to rhetorical and marketing and not pretend
22 that there are levers out there that somebody could
23 turn the dials to, and the result that you want or I
24 want would take place.

25 COMMISSIONER GRAYER: Better you say that
26 than I. Fair enough.

1 COMMISSIONER MENDENHALL: Bob, my only
2 issue on it is that, you know, I don't know that -- I
3 know that the traditional institutions won't take
4 advantage of those changes, but I think it will
5 encourage the entry of new institutions, new models,
6 new approaches, which is kind of under the broader
7 goal. It may or may not.

8 COMMISSIONER NUNLEY: I would just in a
9 sense like to agree with Bob, because even though the
10 accreditation issue tends to be in play with most
11 community colleges, the system of faculty quality
12 oversight in four-year universities results in ways
13 being found for our students to lose many credits in
14 transfer. So that it is a cultural change that has to
15 come about as much as a regulatory and legal change
16 that will have an impact.

17 COMMISSIONER ZEMSKY: If I could just come
18 back, this is where Charles and his transparency
19 becomes so important. If you start the cultural
20 discussion at a rhetorical level here and say the next
21 time this subject comes up in five years, there is
22 real data showing the quality of Charlene's students,
23 then you have moved the discussion forward.

24 At the moment now, if you sit in a faculty
25 discussion, they say what's the problem, I don't see
26 the problem, but this is one we need more data on the

1 table broadly accepted before enough people will see
2 the problem.

3 COMMISSIONER DUDERSTADT: One more thing
4 to add into this. We are not alone. The European
5 Union has already moved ahead with the process, and
6 prior to that the process to do this. It is beginning
7 to happen to some degree in Asia.

8 There are universities right now that are
9 rapidly trying to move into the global marketplace,
10 and they are going to have to grapple with this. So
11 we can do it on a global basis. Why the hell can't we
12 do it in the United States?

13 COMMISSIONER MENDENHALL: Let me mention
14 briefly the second bullet up here, and then there is a
15 third recommendation, and I am kind of watching the
16 time here.

17 The second bullet -- I don't know that we
18 have talked much as a Commission, but the idea here is
19 that states currently essentially have their own -- a
20 number of states have their own approval for operation
21 within the state. So even though you are accredited
22 and approved in 20 other states, New York and Texas
23 and a few other states say we want to run, what's the
24 equivalent of an accreditation process from our state
25 to allow you to offer degrees within our state
26 boundaries, which seems to me to be a significant

1 limiter of supply of universities who now have the
2 ability, basically, to deliver their degrees anywhere
3 in the country being locked out of states or making
4 huge investments to get into states, which seems to me
5 a very significant issue in terms of supply and one
6 that we ought to at least address in the sense that,
7 if you are accredited, if you are approved by your own
8 state or five other states or whatever, why does every
9 state want to or feel the need to repeat the process,
10 particularly when it is the very same state that is
11 complaining about the resources they have for higher
12 education, and we don't have enough but we are going
13 to spend them that way.

14 So that's what was behind that one. I am
15 just going to save the third bullet and let Arthur
16 handle it when he gets to accreditation.

17 Let me go to recommendation number three.

18 I will admit here to no sub-bullets and needing some
19 help. But the general recommendation would be that
20 Federal and state government in their support of
21 higher education needs to incentivize institutions to
22 improve efficiency and productivity.

23 I don't know exactly how those incentives
24 ought to take place, but it seems to me right now
25 there is no incentive for institutions to improve
26 efficiency and productivity.

1 COMMISSIONER MADRID: We'll give them more
2 money to spend. Is that how we are going to do it?

3 COMMISSIONER DUDERSTADT: I'm going to --
4 This is the hand grenade over here. Bob Zemsky sent
5 around a little paper pointing out that the wealthiest
6 of institutions have absolutely no incentive, because
7 it is much easier to generate more revenue than it is
8 to lower costs.

9 Those institutions in which the wolf is at
10 the door, which are a lot of the public institutions,
11 unfortunately either are constrained by agreements
12 like collective bargaining and so forth or they don't
13 have the knowledge base to do it.

14 Part of the problem here is the -- kind of
15 the nuclear word -- tax policy and the way that we
16 treat institutions. You know, the so called tax
17 expenditures that the nation invests in higher
18 education are almost never put on the table for these
19 discussions, and they, in fact, are driving much of
20 this disincentive to control costs and incentive
21 simply to generate more revenue, whether it is through
22 launching yet another capital campaign, building
23 endowments to stratospheric levels or whatever.

24 CHAIRMAN MILLER: Why don't you list a few
25 of those, the tax incentives. Could you list a few of
26 those?

1 COMMISSIONER DUDERSTADT: Well, I mean,
2 you know, others put the numbers out on the table, but
3 the point is --

4 CHAIRMAN MILLER: No, not the numbers,
5 just name them.

6 COMMISSIONER DUDERSTADT: Well, you know,
7 clearly there is the tax incentive associated with
8 charitable giving. There is the tax treatment of
9 income generated by very large endowments.

10 Now these are important for institutions,
11 and, of course, there is enormous variation in the
12 importance of that from institution to institution,
13 but some of our institutions are now essentially
14 operating as banks with enormous Federal subsidy, and
15 somehow that is not only a disincentive, but that is a
16 very significant investment in national resources.

17 That is generally never allowed on the
18 table, and I think it is an important one in this
19 incentive, and it is an important one when it has to
20 do with cost of higher education.

21 COMMISSIONER MENDENHALL: Rich.

22 COMMISSIONER VEDDER: Just to pick up on
23 Jim, and I don't want to pick on Harvard and
24 Princeton, but these are two institutions that, if you
25 divide their endowment by the number of students and
26 assume a five percent rate of return, which Charles

1 would tell you is chump change in the investment
2 world, you would have figures like \$70,000 or \$80,000
3 per student in endowment income.

4 So the question comes, why do they charge
5 tuition at all? And seven or eight other sub-
6 questions -- I'm just agreeing with Jim. Are there
7 things that you can do? there's all kinds of things
8 we can do.

9 Why don't we have a government program --
10 someone suggested this -- where we incentivize the
11 leaders of the institutions? The heck with the
12 institutions. The institutions -- The president of
13 the university gets \$100,000 -- I mean, this is what
14 the private sector -- Rick is nodding his head.

15 I mean, let's have stock options for
16 higher ed. Let's have a \$100,000 bonus for the
17 president of XYZ university who manages to have -- and
18 Charles is going to talk about this, or someone is,
19 later on -- value added at a high level for their
20 students -- that's the quality side -- and at
21 affordable cost and a falling cost or a level cost,
22 someone who shows they are being efficient and being
23 productive.

24 Why don't we have the Federal government
25 give 100,000 bucks, which is chump change. I mean,
26 that's less than this Commission spends on a cocktail

1 party. Strike that. Strike that.

2 Why not? I mean, there's a lot -- I mean,
3 there's 100 dozens of ways you can incentivize, and
4 you should talk to our business people here. They
5 will tell you.

6 COMMISSIONER MENDENHALL: Okay.

7 COMMISSIONER ZEMSKY: I was joking with
8 Bob a minute ago but, you know, there is a bad street
9 here where state governments have tried to incentivize
10 institutions by giving them more money at the margin
11 which, of course, just lets them waste more money.
12 It's a kind of oxymoron in an odd way.

13 I think that there are ways you put real
14 money on the table, though, and you called it loans --
15 so an institution really had to pay it back -- that
16 you would make access to capital that has to be repaid
17 at some rate as a way of jump starting.

18 The problem that Jim was talking about,
19 about a lot of the publics and the wolf at the door,
20 is they don't have any money to change anything. They
21 can even see how to change, and they simply don't have
22 the first nickel to spend on it, in the way the
23 appropriations and all of that work.

24 Real money -- I don't mean a \$50,000 FIPSE
25 grant. Forgive me, but that doesn't work. I really
26 mean a \$5 million because you are going to reengineer

1 your business processes, and then you are going to pay
2 it back.

3 I think that also is that you could get at
4 the supply issues. There are institutions that would
5 start new programs. Or for profits -- I don't mean to
6 exclude for profits from this, but the whole thing is
7 it becomes a revolving fund. But the most important
8 thing is the institution has to pay it back. So it
9 just doesn't become an add-on. It doesn't become more
10 revenue. It doesn't really change the cost structure.

11 If we could think in those terms, I think
12 it would be helpful.

13 CHAIRMAN MILLER: Yes, I thought of the
14 loan side. When there is no ability to fail or there
15 is moral turpitude involved in borrowing the money,
16 you just take the money. What's the penalty? You go
17 to jail, or there is no bankruptcy. There is no
18 bottom line.

19 In the private sector, lending has some
20 ability, but when you get into the government sector,
21 we know the connection between the people who borrow
22 the money and the people who benefit from it and pay
23 it are different. So what's the penalty? If an
24 institution borrows \$5 million, does that -- because
25 the leadership decides to do that and it's good for
26 their time on the watch, and three or four or five

1 years later they fail, do they take the students out?

2 COMMISSIONER ZEMSKY: I don't know how you
3 do it in Texas. In California I know that, if you are
4 a California institution and you get publicly
5 guaranteed bonds to build residences, the bonding
6 authority, which is a separate -- actually gets the
7 first dollar so that they can actually take the money.

8 So it isn't a matter of that, if you fail,
9 there is real price, because your first dollar gets
10 garnished, I guess, is the right word in that case.
11 But there are mechanisms.

12 CHAIRMAN MILLER: On infrastructure, it's
13 a little easier to make some case for that. Just I
14 can't see it on operations. I mean, I'd like to,
15 because I think they have some merit for incentives,
16 but I don't know if the incentive -- when you get the
17 money and there is no penalty. In other words the
18 failure side for borrowing money like that doesn't
19 seem to connect for me.

20 COMMISSIONER MENDENHALL: I think we have
21 about three minutes left. Any other -- Independent of
22 all of these, any other bold, concrete recommendations
23 that we have missed that you feel like are really
24 important in affordability that we ought to add? Now
25 we got all kinds of hands.

26 COMMISSIONER DUDERSTADT: I'm concerned

1 that a lot of institutions see the need, simply don't
2 have the knowledge base to know what is possible. I
3 have always wondered whether some kind of a not-for-
4 profit entity, a foundation or something, could build
5 a stable of tiger teams of expertise to kind of help
6 these institutions.

7 I think of some of the work that the
8 Kauffman Foundation, for example, has done in trying
9 to help institutions understand how to build programs
10 in entrepreneurial activities. But I think part of
11 the problem is the knowledge base is insufficient. It
12 is too dispersed.

13 You know, when my institution lost a third
14 of our state support during the early 1980s, we
15 learned how to do this and provided consultants from
16 the University of Washington and a number of other
17 places. There are people that know how to do this,
18 and maybe some kind of structure is necessary.

19 COMMISSIONER MENDENHALL: Okay. Arturo?

20 COMMISSIONER MADRID: Bob said that we are
21 dealing with an institution where the culture is the
22 heart of it and the problem, but not all of them are
23 all the same, I think. Certainly, my institution is a
24 medieval guild. Adjuncts are few and far between, but
25 I'm not very far away from an institution where the
26 guild is much smaller, and we have a very large

1 percentage of apprentices or wage slaves.

2 The question here is: Is there any way of
3 incentivizing institutions to move away from
4 determining progress toward degree in any other ways
5 other than seat time, and whether there might be a way
6 of creating incentives for institutions that do that,
7 for moving away from funding formulas that insist on
8 that seat time?

9 CHAIRMAN MILLER: You'd like that.

10 COMMISSIONER MENDENHALL: That would be
11 good. That's part of what I meant by changing some of
12 the laws and regulations, including all the financial
13 aid regulations which are based on time as opposed to
14 learning.

15 COMMISSIONER VEST: I want to try to earn
16 my guild stripes back again after 25 years in
17 administration and say something that I mean quite
18 sincerely.

19 It's fun and it's code words to sit around
20 and talk about the guild and we are 3,000 years old
21 and so forth and so on, but the real point is that in
22 the institutions I know anything about, faculty are
23 there because they believe they are doing something
24 very important, and they are driven to a very large
25 extent not by the traditional financial incentives,
26 and I don't say it's zero but not to the extent that

1 one normally is in private industry -- that's why they
2 are in colleges and universities. They are driven, by
3 and large, to excel and to be the best they possibly
4 can at what they do.

5 I think, while I certainly would not
6 purport to put words in his mouth, this is a little
7 bit what Derek Bok was trying to say in his op ed
8 piece, that, yes, we can talk about financial
9 incentives and disincentives, but what we really have
10 to do is to get our colleagues to accept as a metric
11 or an indicator of what it means to be excellent in
12 the Twenty-First Century: (a) changing, innovating
13 and, in fact, delivering, if you will, a better
14 product less expensively.

15 We can't just do this by saying we are
16 going to either whack you or we are going to give you
17 more money. It's got to be internalized in the
18 culture, and I think we make an awful mistake if we
19 start off with rhetoric and language that sort of
20 denigrates the deepest values of the people who
21 actually are the ones that have to come through and
22 make the change.

23 I realize it's a little bit of a nebulous
24 statement, but it is a tone that I hope we can accept.
25 people have to want to change, and they have to
26 believe that they are going to be doing an even better

1 job if they do so.

2 COMMISSIONER ZEMSKY: I'm properly chided.

3 The real point about bringing up the guild and the
4 rhetoric got away from me. So I apologize.

5 COMMISSIONER VEST: No, no. I'm not just
6 pointing to you.

7 COMMISSIONER ZEMSKY: No, no, but the
8 thing about the guild, the point that I was really
9 trying to make is that you have to change individuals.
10 there isn't a CEO that you can change, and that is
11 really what I was distinguishing in my environment and
12 Jonathan's environment, and that's very tough to do.

13 I think what you have said about Derek is
14 right, is get some evidence out there, and that
15 culture will change.

16 COMMISSIONER VEST: And also I think --
17 and I'm speaking more on the educational side per se
18 than necessarily the efficiencies. There is a lot of
19 innovation going on in the very best schools in this
20 country, and I think we need to get out and tell those
21 stories and, just as we have watched for 30 years,
22 everybody wants to be like institution A, B and C,
23 because they are the world's greatest researchers.

24 We need to build a culture and a
25 communication system that says we want to be like A, B
26 and C, because they are doing the most innovative,

1 forward looking, best job at teaching young people.

2 I'm not ready to give up on that. I think
3 we can do it.

4 COMMISSIONER MENDENHALL: Thank you for
5 your help and input. I think the Chairman is next,
6 and I don't want to impinge on his time. We will let
7 David be the last word, and then we're done.

8 COMMISSIONER WARD: Yes. Since I do put
9 my hand up before speaking -- I would like to say that
10 I want to just reemphasize what Charles has said, and
11 that is that the amount of innovation on a small scale
12 that is going on in higher ed is very high. The
13 problem is we can't scale it to institution, and that
14 brings me back to the point about the guild.

15 It may be greatly exaggerated. I think
16 one of the values that our institutions have is
17 something which we often call autonomy, and also
18 extreme competitiveness with their peers. There is
19 sort of value in that, the competitiveness, but in a
20 sense, if the competitiveness is not resulting in a
21 scaling up of best practices to compete but rather
22 circling the wagons to compete, or in fact not
23 collaborating in order to do a better job, we have
24 some problems there.

25 So I think it's more than just a pure
26 faculty attitude. I think this is -- Whether it's

1 alumni, whether it is the administration or whatever,
2 there is a deep sense of institutional pride which
3 also, I think, prevents -- well, transfer, for
4 example. I think there is a sense of protecting
5 something more than just quality, but the nature of a
6 degree given by that institution which makes it a kind
7 of cultural issue.

8 So I think there are a lot of overlaying
9 issues, but more important, I think, for us if we are
10 interested in innovation is not to assume that it is
11 not occurring. What we have failed to do, I think, is
12 to scale it and to share it.

13 CHAIRMAN MILLER: Anybody for a final
14 comment on that? Thank you, Bob, very, very much.
15 Good work.

16 (Applause.)

17 CHAIRMAN MILLER: I may have one of the
18 shorter presentations. I didn't follow the exact
19 outline for the rest of the people. I have a problem
20 statement, and I have some other comments here.

21 I don't like to go back and keep repeating
22 the same thing. So if you will forgive me, I was
23 trying to go forward a little bit, but I think the
24 problem statement is fairly easy.

25 Accountability on assessment and consumer
26 information is what I was going to talk about, and I

1 want to combine those two and explain the difference
2 in my own mind, and then see if you agree. Then Art
3 Rothkopf is going to talk about accountability in
4 accreditation.

5 When we started, we divided accountability
6 into three elements. The assessment was focused on
7 measuring student learning, a special case of a
8 broader -- what we now call consumer information. I
9 want to remind you, when we started, we were calling
10 it institutional measurement systems, a very fancy
11 term. But what we were looking for is what are ways
12 to measure performance of higher education
13 institutions.

14 Those are the kind of things that cover a
15 lot of other measures. We talked about it in the
16 national meeting. For example, things like graduation
17 rates, labor market outcomes. Student knowledge would
18 be part of that, faculty productivity, institutional
19 efficiency, reputation, consumer satisfaction.

20 There are probably an infinite number of
21 things you can use to measure institutional
22 performance, and we need to do that. But we separated
23 assessment, because it is one of the major missions to
24 measure student learning. Then we put accreditation
25 in the mix, because that is both a lever and it is an
26 accountability system, and we will talk about that.

1 We've turned the institutional measurement
2 system into a discussion about consumer information,
3 and I thought that was very wise. A number of people
4 here have brought it up.

5 I'd like to just allow the broad
6 definition of consumer. We talked about that earlier
7 also. Normally, when we think of consumer, we think
8 of the students. But when we get right down to it,
9 another kind of consumer is the one who pays for it or
10 benefits from it. When you think of that, then that
11 is more of the list that we -- Society benefits -- we
12 talk about that -- from higher education, and many of
13 us pay for it, and we want the many of us to pay for
14 it.

15 People, contributors -- I mean
16 philanthropy pays for a large part of American higher
17 education. We like that, and we would like them to be
18 able to understand what they are getting for their
19 money. We would like the taxpayer to understand what
20 they are getting for their money. We would like them
21 to know the effect of their policies. We would like
22 them to know the quality of the institutions they are
23 supporting. We would like to know how they compare
24 one institution with another.

25 All of those folks need the information,
26 and some have more direct ways to change it, but over

1 a long period of time, the information has the ability
2 to transform societies, institutions, policies,
3 behavior.

4 So the simple pieces we would have for
5 accountability is: It is information driven. It
6 creates transparency, and that creates trust, and it
7 is better to be able to be transparent, even when you
8 show the failures or the inefficiencies or the lack of
9 anything, because that creates trust. The American
10 public is very, very good at that.

11 There are some things about higher
12 education, in my humble opinion, that don't have
13 transparency and could lead to a lack of trust, or
14 have some. We honor it, and then the polls show we
15 have a great deal of respect for it. But there is a
16 very, very thin level of knowledge about it. In other
17 words, we really don't understand it. A lot of the
18 public doesn't. Most policy makers don't.

19 I think that is dangerous when you have
20 certain kind of conditions, and I think we are there
21 today. But just in the general sense, in the
22 information age, by my definition, the way we
23 accumulate and produce information for higher
24 education is archaic. Maybe it fits the guild period.

25 It is pretty much out of date.

26 So I think focusing on producing the best

1 information for all those consumers would be a major
2 goal. I'm hopeful that we could produce a generic
3 statement about assessment that would say we support
4 measuring certain kinds of skills and student
5 learning, because I think that is a primary mission.
6 I think it's available to be done, and I think it
7 would be a great addition to the public discussion,
8 and it would allow institutions to measure their own
9 quality on that score, and I think that would be a
10 very productive and positive advantage.

11 Without naming specific names or anything,
12 I think we could come up with a generic statement.

13 I think it is hard to discuss quality when
14 we talk about higher education. We have that
15 difficulty throughout, and one of the reasons is we
16 don't have easy ways to measure outcomes. We haven't
17 found ways. We haven't produced the models of
18 measuring outcome like we do in other places.

19 We can measure inputs and have some ideas
20 about quality. That's what the News and World Report
21 does. We can talk about the amount of money, the
22 endowment size or the SAT of the students or the
23 faculty ratio, whatever. Those are not bad quality
24 measurements. I mean, resources can make a
25 difference, but it is not enough, and we need --
26 especially for change and for a different kind of

1 environment.

2 So we need to measure outcomes a lot more,
3 and we can measure an infinite number of outcomes, and
4 we can make an infinite number of comparisons. We
5 could do a large amount of rankings, and we could do
6 almost any kind of weighting if we had that
7 information system that is up to date and
8 sophisticated and current, modern.

9 So I think we could talk more about
10 quality if we had the ways to measure it. That is why
11 I say quality and accountability is an intersection.
12 I don't think you can reach policy decisions about
13 quality when you really don't have an objective way to
14 measure it other than those ones I just named.

15 The same thing with productivity: We have
16 had trouble talking about the financial model of
17 higher education. I have had trouble. I discovered
18 when I went on the Board of Regents that it was a
19 revenue based model, and I went after every revenue
20 source I could to try to maximize it. I wasn't going
21 to change the world. So I understood it and got
22 there, but I think that is not a good long term place,
23 especially with the current conditions with finances.

24 The way you measure productivity is to be
25 able to measure outcomes. If you haven't any way to
26 measure outcomes, you can't measure your decisions,

1 your policy decisions, and you can't find ways to get
2 productive. So you don't have -- You can't build in
3 the incentives.

4 All the things we said we should do, you
5 really have a very difficult time, if not an
6 impossibility, to get them done, because you don't
7 have the ways to measure outcomes or results.

8 So I think it is imperative that we get an
9 information system that allows us to measure virtually
10 anything, that is easily accessible to almost anyone
11 for virtually no cost, and help them make their own
12 models, their own judgments, and their own
13 conclusions, help them meaning all the consumers.

14 I think that is very easily available
15 without any legislation, without a lot of cost, and we
16 could give it a very big push forward by encouraging
17 that or demanding that.

18 Open for business.

19 COMMISSIONER DUDERSTADT: Maybe it is
20 because I come out of a public institution, and maybe
21 it is also because I have recently been on a small
22 task force dealing with University of California. Its
23 regents are meeting today. But transparency is
24 absolutely essential for public trust and confidence,
25 and public trust and confidence is absolutely
26 essential for the level of support that higher

1 education needs.

2 So the question is how to achieve that. I
3 guess you have taught me a good deal, Charles, over
4 the last several months, and I keep coming back to the
5 way we treat the capital markets in which disclosure,
6 transparency, certain standards are necessary to build
7 enough confidence in those markets that people will
8 trade and so forth.

9 I don't know that we need the 10Q's and
10 10Ks and so forth, but I do believe that some effort
11 for institutions to describe to the public this is
12 what we are trying to do, this is how well we are able
13 to achieve it, these are the resources we have to put
14 in to achieve that, are important.

15 I know there is a concern about public
16 versus private, but I was told last week by Myles
17 Brand that in September they are going to release the
18 full financials for all Division 1-A athletic
19 departments, public and private. If you can do it in
20 athletics, which I would define as fairly competitive,
21 I would think there must be a way to do it for the
22 institutions as a whole.

23 CHAIRMAN MILLER: They also maintain a
24 unit record system at the NCAA.

25 COMMISSIONER ROTHKOPF: Charles, an
26 observation. I fully subscribe to the idea of

1 transparency and endorse what Jim is saying. I think
2 what you have now is a system in which there is data
3 at the Department of Education in the IPEDS which is
4 virtually incomprehensible to the average person.

5 There may be other data there, if he or
6 she wants to find out about education. Then you have
7 information that is put out by the institution on its
8 website or in other places that is often self-serving,
9 and in fact, I wrote a couple of op ed pieces in the
10 Chronicle several years ago saying I thought some of
11 the data was wrong, misleading, erroneous, because,
12 for example, on admissions it may be put together by
13 the Admissions Office and where the person's job hangs
14 on having some good data, or alumni contributions,
15 some of which then goes to another place, which are
16 these U.S. News and Barron's and all these other
17 folks.

18 I think what is critical is that we make
19 sure the data is accurate and in one place and in a
20 form that people who are individuals, students,
21 potential students and their parents, can compare
22 institutions and see what is really going on. But I
23 think it is very important that that information be
24 attested to in some form, certified, audited, so that
25 there is accurate information.

26 I might just add one other thing. I am

1 going to be talking about accreditation. I think some
2 form of accreditation data ought to be available.
3 That is a very controversial subject, I know, among
4 many, and I was the President of a private
5 institution. But I still think -- I know the privates
6 don't like this. I think it is important for the
7 public to know a lot more about accreditation, which
8 is the ultimate black box of higher education.

9 CHAIRMAN MILLER: Robert.

10 COMMISSIONER ZEMSKY: Jim, you've helped
11 me see something that I had missed. I think that we
12 are talking about two separate streams of information,
13 two quite different formats. I always saw the
14 consumer side. I'll come back to that in a moment.

15 The idea that you would have the kind of
16 information you need with an IPO -- that actually is
17 not going to help a parent choose a college, but to
18 have that in the public stream in that kind of form
19 would be enormously helpful, but it's best not to
20 confuse that stream of information and the stream that
21 is going to help parents or children or adults.

22 You know, I've lived my life in this
23 realm, and I don't know how to do it, but I know there
24 are people out there. I always keep saying there's
25 somebody at Consumer's Union pretty smart about how to
26 do this. They've learned over 35 years how to

1 actually get you to focus on the quality of a product
2 with simple stories, simple testing, simple graphics.

3 I know why we don't go there, because we
4 don't like the word consumer in colleges. Higher
5 education, they don't mind it, but in colleges we
6 don't like the word consumer, but then I think it is
7 time to kind of bite that bullet.

8 We have created this system of higher
9 education where the states don't really have much
10 power left, because they want to spend as little as
11 possible. The Governor is right. They ought to be
12 spending more, but they won't.

13 The Feds mainly spend in terms of
14 financial aid in totally oblique ways that nobody
15 understands, and the only group that could possibly
16 change American higher education are actually
17 consumers, and they have zero information with which
18 to do it.

19 I think that this is something that we
20 can't design, but we could certainly call for. We
21 could say -- and I know they use Consumer Reports as a
22 trade name. So I don't know what you do about that.
23 But to give -- That's the image of what we need, not a
24 website, but something that the American public is
25 familiar with.

26 It's interesting, and the real difference

1 between that and -- if Wildavsky will forgive me --
2 U.S. News is the trouble with the U.S. News game is
3 that they wanted winners and losers. Consumer Reports
4 actually is perfectly willing to rate everybody at the
5 top, and that is the spirit you want to bring to the
6 table. It is not that you are going to have a number
7 one ranking, but you are going to have a set of
8 standards that you rate to in a way that people
9 understand how it is done.

10 We are a long way away from that, but
11 whatever we could do to shove us in that direction on
12 the consumer side -- There are actually good models
13 for what Jim has in mind on the investor side, you
14 know, the IPO kind of statement. I think calling for
15 those two things and telling the Congress to invest in
16 their development would be great.

17 CHAIRMAN MILLER: I am going to respond to
18 that in a minute, too, because we are closer to that
19 than you think.

20 COMMISSIONER VEDDER: You pointed to me,
21 Charles. Yes, this is one issue I think so far I have
22 heard everyone agreeing.

23 The Consumer Union analogy and Consumer
24 Report analogy that Bob raised is a good one. What if
25 Consumer Reports came out with a report on cars that
26 said Lexus is the best because they use 2,117 pounds

1 of steel in the car, and someone else is bad because
2 they only use 882. That's kind of what U.S. News and
3 World Report does. It measures inputs and not
4 outputs.

5 Getting to the measurement, getting to the
6 output, is the absolute critical sort of basic
7 beginning before we can do anything as a Commission to
8 deal with efficiency, productivity, transparency,
9 accuracy, all of these things. We got to get the data
10 down, and I think, Charles, I haven't heard anyone
11 here who disagrees with it.

12 Now we can quibble and, you know, this
13 isn't the stage where we are going to do this, as to
14 how you do that, what we do, and so on. That is
15 coming next. But I think we are all agreeing.

16 CHAIRMAN MILLER: Thank you. We have an
17 expert in the audience when I get stumped on that to
18 call on. The head of the Institution of Education
19 Sciences is here and wrote the earliest paper. We
20 have several people. I think Governor Hunt was next.

21 COMMISSIONER HUNT: Mr. Chairman, I'd like
22 to get a little more specific, and I want to begin by
23 saying that I think the move in K-12 education to
24 measure learning and report to the people on it has
25 been a very good thing for the schools and for the
26 students and for America.

1 It has been a powerful thing. I want to
2 tell you when legislators and Governors and others see
3 it, the President of the United States, Secretary of
4 Education -- when they see what is happening with
5 these NAEP scores and these state tests and so forth,
6 they pay attention, and you can come in and get
7 policies changed, and some of them have had to be
8 tough: Raising standards and -- we haven't raised
9 them as much as we should -- more resources and so
10 forth.

11 It has been a very powerful and good
12 thing, I believe. I think it would be the same way
13 for higher education. It's got to be done
14 differently. I know that, but I would hope very much
15 that this Commission would come out in favor of
16 measuring learning in higher education.

17 Now the National Center on Public Policy
18 in Higher Education did some work on this, and
19 Chairman Miller, you know about that, because you were
20 there at the very beginning. We had a group that
21 invited states who wanted to take a crack at this to
22 participate, and five states did.

23 These are the kinds of measurements that
24 were used. They used the Collegiate Learning
25 Assessment with four-year college learning, work keys
26 for two-year college learning, placement exams for

1 those entering college, licensure exams, readiness for
2 the professions, nursing, teaching and so on, the GRE,
3 the MCAT, LSAT, readiness for graduate study.

4 There are a number of things that you all
5 know a lot more about than I do that can be used, not
6 perfect measurements, but they are pretty good
7 indicators of how we are doing, and I would strongly
8 urge that we encourage that kind of thing nationwide.

9 Now I'm not suggesting that this be done
10 and every institution be measured, we have a great
11 big report that we print up. The truth is I wouldn't
12 mind having that happen, but I'm not proposing that.

13 I would suggest that we encourage states
14 to do this and institutions to do it. I would hope
15 that we as a Commission would propose incentives for
16 it, some Federal funding to provide some incentives to
17 do this kind of thing. I just tell you that it would
18 be a powerful thing.

19 One other thing I'd like to mention, Mr.
20 Chairman, is the National Literacy Survey is a very
21 good indication for the population generally, and you
22 can break it down in terms of whether or not they have
23 been on to college and so forth. It is now measured
24 only every two years.

25 CHAIRMAN MILLER: You could do that more
26 often, yes.

1 COMMISSIONER HUNT: And we don't have
2 information for the states. We just have a national
3 information. I would hope that we would specifically
4 recommend that we do this more often and that we have
5 a sample big enough so that we would get state
6 information.

7 I know this is kind of a sensitive thing
8 with people in higher education. I know that we have
9 to use somewhat different approaches, but I strongly,
10 strongly urge that we come out in favor of measuring
11 learning in appropriate ways and providing that
12 information to the American people.

13 CHAIRMAN MILLER: Thank you. I think Dr.
14 Vest was next.

15 COMMISSIONER VEST: Just two or three
16 quick points. Obviously, from Day One or even before
17 Day One Charles has challenged us all on this issue,
18 and I think all of us have thought a lot. I wish I
19 had come to a more concrete position, but I want to
20 make a couple of points.

21 First, there is a really interesting way
22 to take an overview of an institution, and that is to
23 look at the documents it submits to get its bond
24 rating. I think the best data I have ever seen on my
25 own institution is what we provide to bond rating
26 agencies.

1 Now this is not for the person in the
2 street, the parent, the student, but for those who
3 want to get this kind of overview, it is a wealth of
4 information. But let me turn things upside down and
5 say what it is, Governor Hunt, that I think caused so
6 much of higher education to rebel against the idea of
7 measuring student learning, etcetera.

8 It is a fear of things that we have seen
9 in the past. One is that we would come up with a
10 couple of simplistic numbers that did not mean all
11 that much that we would use to compare apples and
12 oranges with each other, that this might lead to a lot
13 of what we don't want, which is sort of gaming the
14 system, the same thing as teaching to the test as
15 opposed to really educating kids in K-12, and a fear
16 that we are going to get a big bureaucracy that would,
17 even though it is certainly not what Charles or
18 anybody else intends, would do the opposite of what we
19 want, which is quash attempts to innovate and do
20 things differently.

21 So I put these out not to argue against
22 it, but to say let's keep these in mind as we figure
23 out what the solution actually is.

24 I like the idea of a Consumer Report-like
25 rating, and whatever we do I would go back to exactly
26 what you just said, Governor, which is that there is

1 not going to be one measure that is going to make a
2 lot of sense. You got to look at these multiple
3 things.

4 I think that the starting point is to get
5 some standards out there or some way of challenging
6 institutions to much more explicitly state what their
7 educational goals are and how they measure their
8 progress against it.

9 Now we may come up with the opposite,
10 which is that there is a single uniform way that this
11 ought to be done, but I know that, as shocking as it
12 may be to our Chairman, I actually got an award once
13 for having pushed outcome measures in the accrediting
14 process for engineering schools. But there, the
15 emphasis, as imperfect as it may be, was on getting
16 the institutions to state what they want to accomplish
17 and coming up with their own ways of measuring against
18 it.

19 Now maybe we can make the jump from there
20 to a single national approach. I am not quite there
21 yet, but I just did want to say what it is I think we
22 want to avoid as we come up with a solution.

23 CHAIRMAN MILLER: Charlene and then David.

24 COMMISSIONER NUNLEY: The institutions
25 that are providing half of the undergraduate education
26 are not measured by U.S. News and World Report, which

1 is America's community colleges, and we are glad
2 because we would have to spend all that money to try
3 to rise up in the rankings. It lets us, I think,
4 focus on our mission.

5 The reservations I have about this relate
6 to the fact that there is such variation in the kinds
7 of missions that American higher education is
8 approaching, and I can't imagine that, if we measure
9 only exiting student learning outcomes of students at
10 Montgomery College and measuring learning outcomes of
11 students at MIT, that we are going to find comparable
12 learning outcomes.

13 I am very convinced that, if we want to do
14 this, value added has to come into the equation as an
15 absolutely fundamental principle, so that we consider
16 where people come from and where they get to. I think
17 that that is crucial, differences in the nature of the
18 missions of the institutions.

19 I guess, you know, maybe somehow Consumer
20 Reports has the best small car, the mid-size car, the
21 large car. I mean, we can't have a one-sized fits
22 all, I think, approach to this, and again I am
23 particularly concerned that value added be a
24 significant part of whatever way we have of rating
25 higher education institutions and letting the public
26 know what they get from their investment in higher

1 education.

2 CHAIRMAN MILLER: Thank you. Let me
3 continue, and I know there's some folks down here. I
4 think David is next.

5 Just for the record, I'm in total
6 agreement on student assessment, that that is what we
7 are talking about, value added. I think I have been
8 pretty consistent about that, which gives you the
9 common denominator.

10 COMMISSIONER WARD: I think this is one of
11 those cases where the devil is in the detail. I don't
12 think any of us are uncomfortable with more and better
13 data, and I think that the public advantage of that --
14 I think also the management advantage of that and the
15 advantage to consumers is great.

16 The real question is can we get it right,
17 because what we have right now may not be very
18 effective. So what we recommend may be at two levels.

19 One is that we believe in the principle, but that we
20 might need to look at more research to determine
21 exactly what is the best way to do this.

22 I think the real challenge in some ways is
23 not the absence of data but the poorness and the lack
24 of comparability in the existing data. So one of the
25 things we might want to recommend is the extreme
26 redundancy that we have in our data -- it's a bit like

1 the lack of innovation in our institutions. There is
2 a lot of it going on, but it doesn't ever scale up to
3 anything.

4 So I would like to see us put as much
5 emphasis on eliminating data that is -- I suppose the
6 same is true about regulations, too. There are so
7 many things that really are not particularly useful,
8 and doing less of bad things is as important as doing
9 more of good things.

10 The second thing is that I think there is
11 also an issue of perhaps putting some research into
12 the reliability of these measures to make sure that,
13 if we are going to use them in an ambitious way, we
14 find a way to truly validate them so that the Academy
15 has real confidence in it. I mean maybe just the way
16 we do it. It may not necessarily be -- We've got to
17 figure out how we can get the buy-in to the
18 reliability. I think there are communications
19 strategies that could be used to get there.

20 The other issue is to also make a
21 distinction between what might be called aggregate
22 institutional data and individual data. I don't
23 think, again, institutional data is that much of a
24 challenge, if the data is presented. But as we all
25 know, there is a considerable resistance to individual
26 level data on students specifically, either because of

1 privacy issues or indeed the sheer cost of it.

2 It may well be that a sample -- as a form
3 of demography, a sample could probably tell us as much
4 with less cost than a total set of all units being
5 there. I think that is something else that is
6 involved.

7 Finally, I think we've got to recognize,
8 as with accreditation, we've got strengths that are
9 institutional. I think that is primarily what Charles
10 is talking about with the CLA and so on, but much of
11 our enterprise in colleges is about specialized
12 knowledge, disciplinary knowledge, which has a whole
13 different set of measures and, in fact, most of the
14 pride of many of our institutions is usually the sum
15 of the merit of individual disciplines, not
16 necessarily something that is general to the college.

17 That is very characteristic, I think, of four-year
18 liberal arts colleges, and one of their strengths is
19 they see the integrated strength of some general
20 education requirement.

21 So I think that there are a variety of
22 issues about this that I don't have any fear of. I
23 think they can all be addressed, but I do think that,
24 as in many issues, if we get buy-in from the Academy,
25 if we are able to address these and be a little bit
26 sensitive to the idea that either one size fits all or

1 that kind of rhetorically -- how could I put it? --
2 the kind of pirating of what this is will play in the
3 Academy, rather than the reality which I think you
4 want.

5 I think how we nuance or the tone of how
6 we go at this will be pretty important.

7 One final point I would say, particularly
8 if we are trying to measure general education, is as
9 we move to mass higher education, the age at which
10 people may perform at a certain level on what might be
11 called the skills or competencies may actually be
12 accomplished because of maturing variation.

13 Some kids, at 16 they will display
14 excellence across this range of skills, and for others
15 it might be 21. So one of the other difficulties here
16 is making sure our knowledge of the brain and
17 developmental psychology and the fact that we are now
18 dealing with perhaps 70 percent of the age group, not
19 10 or 15 percent of the age group, that we acknowledge
20 a normal curve at which a person might be fully
21 competent; and if they do lousy at age 17, make
22 absolutely sure there is nothing debilitating about
23 that, because at 19 they may do better than people who
24 at 17 did very well.

25 Testing, in a sense, is a very nuanced
26 issue, and I think by taking it as a complex issue,

1 which may go against how we are communicating with the
2 public -- I mean, the public, it's got to be simple,
3 direct and comprehensible. But inside the Academy, I
4 think it will have to have a slightly more complex
5 view, and I hope that we can sort of encourage them to
6 think about it that way, as well as dropping things
7 they currently do as a quid pro quo.

8 CHAIRMAN MILLER: I want to respond to
9 some of those things, but I was curious, too. Do the
10 teachers change over age, too?

11 COMMISSIONER ZEMSKY: They are like fine
12 bottles of old wine.

13 COMMISSIONER WARD: But I mean between 17
14 and 20 is a little different than 40 to 43.

15 COMMISSIONER GRAYER: I'm on the other end
16 of the rankings game. Kaplan does not produce
17 rankings. We are by far the largest seller of test
18 prep books. Our guides do not have rankings in them.
19 They don't sell very well. Our Newsweek Kaplan
20 College Guide does not have rankings.

21 Our sister publication departed from our
22 philosophy in its high school rankings, and many of
23 you probably know what is going on there this week
24 where the high school rankings that Newsweek uses is
25 almost solely determined by the number of AP test
26 takers in a given high school divided by the total

1 population, a bit of a controversial approach. But
2 again, I am a bit of a broken record on this.

3 We are talking about a very specific
4 population of the college marketplace. Kaplan College
5 has 79 institutions. The number one determinant of
6 where a student will go in our catch basin is
7 commutation pattern, proximity.

8 For this growing population of people
9 accessing higher education, what U.S. News does so
10 well for its consumers again is not relevant. What we
11 need -- not that we shouldn't be talking about this;
12 it's very important, but what we need from a Consumer
13 Union type approach is almost not a ranking, not even
14 a sorting, but a Good Housekeeping Seal of Approval
15 concept.

16 You have four schools that are within
17 seven miles. Two of them are doing what they say they
18 are doing, and this gets back to accreditation. It
19 gets back to whatever you want to call it. We do need
20 quality oversight, but we don't need to go beyond
21 that.

22 We have 80 schools that are competing
23 against 100 schools. We are talking about thousands
24 of distribution points. What our students need to
25 know is are we measuring up to a standard that their
26 education dollars should command. That can be done

1 through an accreditor. It can be done through what
2 you are suggesting, but that service does not exist
3 today and, no matter how you refine a U.S. News
4 approach, it never will address that market, and it is
5 the fastest growing portion of the student population
6 in this country.

7 CHAIRMAN MILLER: Governor.

8 COMMISSIONER HUNT: Mr. Chairman, I want
9 to say two or three things about this, and I -- it's a
10 little hard for me to read this Commission on this
11 issue here, watching you all.

12 I want to say, first of all, to the
13 wonderful President of our community college that,
14 when we measure learning in K-12, we report on how an
15 institution is doing or how a county is doing or state
16 is doing.

17 We also report on how poor students are
18 doing and how various minority groups are doing. We
19 do look at all those things, and we see the progress
20 that those groups are making, and we give credit for
21 that.

22 So I don't think, you know -- I want you
23 to -- I'm sure you know this, but I hope you
24 appreciate the fact that this can be of help to us
25 when we have this kind of information.

26 Now let me share with you all that in the

1 Research Triangle of North Carolina we had the
2 superintendents of Wake County -- that's Raleigh --
3 and Durham County, which is Durham, North Carolina,
4 retire this year. The Wake County superintendent had
5 been Superintendent of the Year in America two or
6 three years before. The one in Durham, the woman in
7 Durham had done a great job.

8 At the time they retired, they talked
9 about their accomplishments or the accomplishments in
10 their school districts, and they talked about
11 increases in student learning. Over a course, these
12 superintendents had been there probably 10-15 years a
13 piece, and they had set goals with their school board
14 of raising test scores on reading, for example, in the
15 elementary grades to 95 percent, a pretty high goal,
16 and at the time they retired they pointed out their
17 progress.

18 They hadn't gotten there. They had only
19 gotten to about 90 percent, and the increase in scores
20 in minority students was as great or greater than,
21 particularly in Durham, than other students.

22 Now, folks, that was really -- It was a
23 goal to shoot for, everybody to work for, to tell the
24 people about: Here's what we are trying to do. Hold
25 it out to the teachers and everybody else. This kind
26 of thing really does work.

1 up, Governor, on that, I want to remind us of -- I
2 think it was at our last Commission meeting, in
3 contrast to your superintendents who were retiring, we
4 heard the story that was published in the Washington
5 Time. I think it was the President of George
6 Washington University that was retiring, and by all
7 accounts had done great, but the write-up in the Times
8 talked about, you know, he had increased the endowment
9 a certain amount. The athletic teams had become more
10 competitive, a whole variety of accomplishments, none
11 of which spoke to student achievement or increased
12 student learning or efficiency, for that matter.

13 So there is something to be said here for
14 what do we value and what do we reward in higher
15 education.

16 I just wanted to come back, Charles, to a
17 couple of the solutions that were suggested in the
18 materials that went around, for which I think there is
19 some high degree of agreement. But I think in
20 general, this Commission has been -- expressed some
21 support for a unit record type of longitudinal data
22 system that would collect information over time and,
23 certainly, a consumer friendly database that would
24 consolidate information into a place that could be
25 accessed in a variety of different ways.

26 I think there is a high degree of

1 agreement around a push for -- we may not know exactly
2 what type of, but evidence based assessment of student
3 learning and educational effectiveness, whether it is
4 value added tests like CLA or results on graduate
5 entrance exams or all of the measures that you
6 mentioned had been done in your pilot study. But I
7 would like to encourage the Commission to support at
8 least those things, a data tracking system, a database
9 that would report information, and a variety of test
10 measures that would give us some feel for quality.

11 I am not convinced there is a single test
12 that can test things across all kinds of disciplines
13 and majors and tell us what we have learned, but I
14 think we can significantly increase the testing of
15 student learning -- the identification of what
16 learning we want, the testing of that learning, and
17 the reporting of those results outside of the Academy,
18 and that would be of benefit to institutions to
19 improve their performance and to the public and
20 funders of institutions to know what that performance
21 is.

22 We are unlikely to improve it at all if we
23 don't measure it or report on it.

24 COMMISSIONER ZEMSKY: Governor, you may be
25 surprised. I actually support everything you said. I
26 just need to remind the Commission that the difference

1 between, in a way, where we went with K-12 -- we are
2 talking about smaller units, institutions, and where
3 people have choice whether they go or not. By and
4 large, in K-12 you are dealing with catchment areas.
5 So that there is a different dynamic there.

6 I also want to be cognizant of what David
7 Ward just said, that whatever we do we have to do with
8 sensitivity. So what I am about to say does not have
9 a lot of sensitivity to it, but that it might get us
10 one way of thinking about it, and I also reminded
11 Bob, now I have a real action where the laws do
12 matter.

13 With a stroke of a President's pen after a
14 Congressional action, it would be possible to require
15 full transparency of any institution that was
16 participating in the Federal aid program, and simply
17 for permission to participate in the Federal aid
18 program, including the for-profits, the following
19 information list has to be available.

20 That actually could be done tomorrow.
21 Well, it takes the process, but I mean it is not -- I
22 sort of go back and forth on it, because that is the
23 way to get it started. If that was to happen,
24 Charles, within a year some entrepreneur will have
25 invented my Consumer Reports, whether it was Consumer
26 Union or not.

1 On the other hand, the war that would take
2 place over getting that piece of legislation through
3 is really quite dramatic. So -- But the real
4 principle is, if these are publicly --

5 COMMISSIONER GRAYER: Bob, explain why it
6 would be so dramatic. Why would it be so dramatic?

7 CHAIRMAN MILLER: Well, I could tell you
8 very clearly. We have a large set of institutions who
9 just don't want to expose information. It's their
10 benefit, and not to the benefit of the public, and
11 that sounds like an accusation. That is natural. We
12 all tend to do that. We protect our privileges and
13 our advantages.

14 COMMISSIONER ZEMSKY: Just think about it.
15 You have institutions -- Leave aside the pricy --

16 COMMISSIONER GRAYER: I'm aware of why,
17 but I mean, in that dialogue is exactly what --

18 COMMISSIONER ZEMSKY: Well, that's what I
19 say. I put that on the table, because I think we want
20 to get to the dialogue. But just to show you it is
21 not all what Charles said, we have public institutions
22 that engage in collective bargaining. They don't tell
23 those unions all --

24 COMMISSIONER GRAYER: But unions aren't
25 living off of public dollars. That's what is so
26 unbelievable about it. I know the arguments. I've

1 been in those arguments, and on the other hand, we are
2 funding it.

3 CHAIRMAN MILLER: Actually, 25 percent of
4 private universities' fundings comes from the Federal
5 government, 25 percent.

6 COMMISSIONER ZEMSKY: No, no.

7 CHAIRMAN MILLER: That's a public
8 institution. We can call it private, but what we
9 ought to do is talk about what the definition of
10 public and private would be. If we could go back to
11 the early scroll there, we are not talking about
12 either the Academy likes or doesn't like it or the
13 students like it or don't like it.

14 We have a whole set of people who are
15 interested in the public interest. If we really are a
16 public good and in the public interest and interested
17 in all the community, then we need to say things
18 pretty directly.

19 COMMISSIONER ZEMSKY: I'm the one that
20 says we could do it. We could do it tomorrow. We
21 would need to find in this case a rhetorical way of
22 putting it on the table that met David's definition of
23 sensitivity.

24 CHAIRMAN MILLER: Well, I understand that
25 sensitivity.

26 COMMISSIONER ZEMSKY: I'm serious, because

1 what you don't want is the war.

2 CHAIRMAN MILLER: Well, I don't know. I
3 don't want a war either. I think the Academy has
4 already responded. I'm amazed, actually, in the last
5 six months to see major associations dealing with that
6 student learning, and I think it has come about
7 because of the original work Governor Hunt and his
8 group did talking about -- They did a grade of student
9 learning in every state, and they gave every state an
10 incomplete, and that started a dialogue. There has
11 been a national commission on accountability.

12 Every state's higher ed officer is talking
13 about it. Every legislature is. Every Governor has
14 been, and we advance that discussion, and I see now
15 major associations like the land grants and ASCU and
16 the AAU told us they are working on it.

17 So I think by just having this dialogue,
18 this discussion, it has had the Academy respond. So I
19 think that is very positive evidence that that would
20 happen.

21 COMMISSIONER DONOFRIO: Jim, you had your
22 hand up first. Go ahead. Did you not have your hand
23 up?

24 CHAIRMAN MILLER: Can't see very well.
25 Thank you.

26 COMMISSIONER DUDERSTADT: Let me throw one

1 other thing into the hopper while we are doing this.
2 One of the great frustrations at the National Academy
3 over the last 10 years is there's probably been more
4 progress in understanding cognitive science,
5 neuroscience, how the brain works, than in human
6 history. I mean, it's just exploding. But yet almost
7 none of that has made it into education, and it has
8 very little impact on learning, on learning
9 assessments.

10 I really think that what you could do is
11 trigger a major interagency effort involving the NIH,
12 the National Science Foundation, Department of
13 Education to go seriously into applying this knowledge
14 that is now evolving in an exponential way to really
15 understand how learning occurs and how to measure it
16 in far more sophisticated ways.

17 That provides a mechanism that I think the
18 Academy itself would support, but I think you are
19 going to need that, if you are going to -- You don't
20 need it right away, but sooner or later that will
21 improve this process.

22 CHAIRMAN MILLER: I'd like to come back to
23 that.

24 COMMISSIONER DONOFRIO: Mr. Chairman, I
25 agree with that. Of course, we heard from the person
26 from CMU who filled courses that were correct by

1 construction and self-correcting by construction.

2 There is one cohort or constituency that
3 is left out here, Mr. Chairman, and that is industry.

4 I don't think we can really take this forward without
5 having some content here or some thought about
6 industry.

7 After all, if I remember correctly, they
8 consume 70 percent of the consumers.

9 CHAIRMAN MILLER: Can we scroll back down?

10 COMMISSIONER DONOFRIO: Yes, you can
11 scroll to the top. I checked. I didn't see it there.

12 CHAIRMAN MILLER: Well, I used employers.
13 I beg your pardon.

14 COMMISSIONER DONOFRIO: Employers, okay.

15 CHAIRMAN MILLER: I beg your pardon.
16 That's what I meant by that.

17 COMMISSIONER DONOFRIO: Okay. Business
18 has got to be accounted for in the final analysis.

19 CHAIRMAN MILLER: Thank you. I agree with
20 that 100 percent. More than any group is what I
21 think.

22 COMMISSIONER DONOFRIO: More than any
23 group, and we've talked about this before. We've got
24 to find a way to -- and you know, Bob keeps chastising
25 me on this -- make them joint stewards of whatever we
26 are doing here. They have a liability as well as, you

1 know, an obligation that we seem to be letting them
2 slip through here.

3 CHAIRMAN MILLER: I think they understand
4 and honor higher ed. They understand the need for it.
5 They respect the workforce that comes from that.
6 They see the deficiencies as well as that. They pay
7 the taxes for it. They see the long term global
8 competitiveness benefit.

9 We do need something to bring that
10 together.

11 COMMISSIONER DONOFRIO: Yes, and they end
12 up reeducating and retraining people in order to get
13 them to fit with what industry really wants.

14 CHAIRMAN MILLER: They are educators to
15 some extent, but they are also organizational
16 geniuses. American capital shows that. We know how
17 to manage things. So I think there is that, and I
18 hope we can talk a little more about that.

19 COMMISSIONER GRAYER: Just very briefly,
20 the reason I sort of started by saying what people
21 were fearful of and what we wanted to avoid is this.
22 I don't think for the vast majority of the Academy it
23 is an issue of not doing this. It is an issue of only
24 doing it if we are measuring meaningful things, that
25 they fit the context of the institution, and that they
26 lead to improvement.

1 It is just not wanting to go down the path
2 of measuring numbers that don't really mean anything
3 or help. Nick would be the first. We wouldn't impose
4 a single metric that's supposed to work for Boeing and
5 then IBM and Amgen all at once, but internally you
6 guys, just like we do, we measure ourselves all the
7 time. We assess the reading, communication skills,
8 and progress of our students, all these things.

9 So it is not that we are opposed to this.

10 It's just got to be done in the way that is
11 meaningful, fits the context, and leads to
12 improvement.

13 CHAIRMAN MILLER: Yes. I agree. I
14 certainly agree. I testified three years ago at the
15 beginning of the HEA reauthorization, and I am going
16 to pass around my written testimony, now that I've
17 come out of the closet on some of this, so you'll see
18 what I've said, and you can hold me to it.

19 As an example, I quoted other people,
20 because I think it should come from the Academy. I
21 have used all my examples that other people -- the
22 Career College Association has proposed and required
23 this report card, Institutional Mission, which is what
24 you get into directly, demographics, student/faculty
25 ratio, instructional expenditure for students,
26 services provided to students, graduation rate,

1 retention rates, transfer rates, post-graduation
2 employment services, licensure exam pass rates,
3 student/alumni satisfaction, and employer satisfaction
4 with graduates.

5 That is a pretty good model. It isn't
6 going to be the only model. If we have a search
7 engine that has the data in the right form, virtually
8 anybody could construct the kind of measures they
9 want, and they would become fairly standard, because
10 some group would come up with a really good model that
11 everybody else would begin to attach to.

12 There might be a dozen standards, but it
13 would be very easy for there to be two dozen consumer
14 reports. We actually have less than 20 rankings of
15 universities anywhere in the world, and most of them
16 are -- The most prominent ones are done by newspapers.

17 COMMISSIONER ZEMSKY: Would you add to the
18 list, Charles, the things that the Governor said, GRE
19 exam, the licensure exams, MCAT, that whole thing.

20 CHAIRMAN MILLER: Well, excuse me.

21 COMMISSIONER ZEMSKY: Because all of that
22 information doesn't require anything new. It is all
23 available, and the rule of the game would be, if you
24 want Federal aid, you get the testing agency. Get the
25 testing agency to commission to report your mean
26 median upper quartile, lower quartile.

1 CHAIRMAN MILLER: Well, I like very much
2 the idea that, if you take public funds -- that's the
3 model of the public market -- that you are required to
4 produce a certain amount of information for the
5 public. You are not required to take the public money
6 and, if you are a private company or a private
7 individual, you can do virtually anything you want
8 within certain safety and health and other
9 regulations. But once you get the public money, you
10 have an obligation.

11 It doesn't have to be like a 10Q or an SEC
12 report. It could be totally different, but you report
13 the money. You report the operations through the
14 Federal government, because that is the collecting
15 agency. Then you have to make it available easily.

16 The information is there in too much
17 volume today, but it is not very accessible, and it is
18 not able to be massaged, I would say, with the kind of
19 -- But we could do that today. In fact, we got a
20 society that is going to demand it more and more.

21 I am afraid a little different for you,
22 David, that there will be resistance to giving this
23 information, private information and pricing and
24 things like that, that probably should be more
25 available. That's the ultimate market information we
26 need.

1 So there may be some information.
2 Obviously, there is some resistance to unit records.
3 I said to the AAU, the feeling of the higher ed data
4 management is like a guild of 200 years ago. It is
5 archaic as anything I've seen.

6 In the financial markets, again you are
7 tied to what you know. In 2004, through a private
8 entity, the Depository Trust Company -- it's not a
9 government agency; it is not a for-profit company;
10 hardly anybody ever heard of DTC -- we did most of our
11 financial transactions for this country, a giant
12 amount of them, netted some things off, paper didn't
13 change hands, some of the most complex transactions in
14 history continuously, and hardly anybody realizes
15 there is a problem.

16 These are the most sensitive kind of data
17 you could possibly think of, everybody's financial
18 data. If you did any banking, brokerage, commodity
19 trading, currency trading, you probably had some
20 connection through this DTC. We did \$1.4 or \$1.5
21 quadrillion worth in that year. That's a thousand
22 trillion, 10^{15} power, the most complex kind of
23 transactions. But compare that to what we do at
24 higher education.

25 We have 4,000 institutions, little pockets
26 of information, and they have their own systems. They

1 are not very well protected. They claim they are
2 protecting their students by not letting us have unit
3 records, but who appointed them to protect the
4 students?

5 So we have a very archaic system, and we
6 have a lot of people doing it in these little places
7 where it is out of date. I mean, we are going to
8 eventually be overwhelmed by the need for the data,
9 and we are going to have to get some central way to
10 collect that data and make it available to the public,
11 because it is public information.

12 Then you could have a dozen Consumer
13 Reports easily done.

14 COMMISSIONER WARD: There are, Charles,
15 however, some student privacy issues.

16 CHAIRMAN MILLER: Well, of course. Sure.
17 this DTC has privacy issues exacerbated. The whole
18 world could collapse if we didn't have that privacy.
19 It's dependent on it every single day. So I'm not --

20 COMMISSIONER WARD: You are just saying
21 the systems provide that protection?

22 CHAIRMAN MILLER: Oh, yes. That's a
23 minimum obligation. You start with that obligation,
24 and you are very, very, very careful, whatever that
25 would be.

26 COMMISSIONER ZEMSKY: Charles, I don't

1 know how organized this is. I don't know if anybody
2 else on the Commission got it. I've gotten a string
3 of letters, e-mails really. This issue of the student
4 records has really heated up, and actually, the
5 letters that I got -- I don't know if anybody else got
6 them -- didn't have to do with privacy. It had to do
7 with political manipulation.

8 I know none of the facts of the case other
9 than what is being thrown at me, but the argument was
10 that in some states that had gone and forged these
11 unit record systems, the government in power was using
12 it to purge voting rolls.

13 Now I don't know if that is true or not.
14 I'm just telling you, that is part of the argument
15 that is out there, for what it is worth.

16 CHAIRMAN MILLER: Well, sitting here in
17 D.C. it is hard to argue that there is not sometimes
18 some problems with government and information. I'm
19 not going to say that that couldn't happen. On the
20 other hand, if you take the public money, you have a
21 public responsibility to give public disclosure.

22 COMMISSIONER ZEMSKY: Well, that's
23 different than the unit record system. There is one
24 thing about the institution has the obligation. When
25 you begin linking individuals, these people in the e-
26 mails argue, something else happens.

1 CHAIRMAN MILLER: Well, it is different.
2 Here is the answer, though, why it is necessary.
3 Ultimately, without that information we are going to
4 have 70 percent of the people in higher education,
5 whatever we call it, doing things with all our
6 resources and making very critical decisions with
7 policy makers who are blindfolded. We are in the
8 dark. We don't have the information to follow those
9 students.

10 So we have no ability to know what the
11 right policies are. We are just guessing with most of
12 our future without that data.

13 COMMISSIONER TUCKER: Jim and I were
14 talking. The immigration reform debate is raging, and
15 the Secretary said he needed to make sure that this
16 report is compelling 10 years from now, 20 years from
17 now. We don't know the demographics of the student
18 population 20 years from now.

19 CHAIRMAN MILLER: That's right.

20 COMMISSIONER TUCKER: So to the extent
21 that we don't do unit record systems, we can't address
22 access, if we don't know where the linkage is. So if
23 we are going to fix access for the long term, we need
24 that feedback.

25 COMMISSIONER HAYCOCK: If I could just
26 piggyback on what Sara just said, Charles, and I know

1 you already know this, but I think we need to say this
2 for this group. That is, we could track all those
3 measures that you talked about in this testimony and
4 all the ones we have talked about here, and track only
5 averages. It is really important that we be tracking
6 the progress on all these measures of low income kids,
7 kids of color, so we know how we are doing, not just
8 how the average is doing.

9 CHAIRMAN MILLER: We could disaggregate
10 the data privately and protectively, and find all
11 those things out if we had the record system.

12 COMMISSIONER HAYCOCK; All of that has to
13 come.

14 CHAIRMAN MILLER: And we would be very
15 informed and ahead of the world on, as we all agree,
16 one of the most important things we do, which is
17 educating people.

18 COMMISSIONER NUNLEY: I think we are in
19 the dark, too, without it. I mean, even the data that
20 we looked at about 100 people coming into ninth grade
21 and 18 graduating from college -- that is tied to, I
22 believe, the IPEDS data which focuses more on first
23 time, full time students. It doesn't take into
24 account the transfer of people and the way they are
25 moving back and forth through various institutions of
26 higher education.

1 I think that higher education is actually
2 being painted with an excessively negative brush,
3 because we don't have a way of thoroughly and
4 accurately documenting the progression of students
5 through the system.

6 So I know that I have a lot of colleagues
7 that have reservations about this issue, but when you
8 are transferring students out of state, a state system
9 that is tracking students through the state isn't
10 providing the full information that institution needs
11 to be able to know what is happening.

12 So with the fact, again, that I recognize
13 the reservations about privacy, I think the benefits
14 that we could gain by this, if we can address those
15 issues, are enormous.

16 CHAIRMAN MILLER: Thank you. Any last
17 comments?

18 COMMISSIONER DONOFRIO: We have talked
19 about this before. We will address these issues of
20 privacy and security with unit records. So we have
21 taken the matter seriously. We are -- As you know, we
22 are working on these issues to try to understand and
23 resolve them one by one.

24 Maybe at some point in time I should send
25 you all an e-mail and give you an update on where we
26 are --

1 CHAIRMAN MILLER: That would be very
2 helpful.

3 COMMISSIONER DONOFRIO: -- with our
4 approach here. It is going to be every bit as ornery
5 as you said, but we do have, I think, a much better
6 framework to try to make this happen this time around.

7 CHAIRMAN MILLER: We are getting specific
8 help from IBM and working on that very complex topic
9 and very critical topic. So we want to get the
10 confidence about privacy out there substantively, not
11 emotionally.

12 I think we can do that with some
13 specifics, but I use that example of the DTC, because
14 that is as complex as it could be, and it is probably
15 where you will head us, and it is very, very critical
16 to our whole society, and there is no reason we can't
17 do something similar or relatively complex in higher
18 education.

19 Thank you all. You've been a great
20 audience. We will turn it over to the famous Arthur
21 Rothkopf presentation.

22 (Applause.)

23 COMMISSIONER ROTHKOPF: It's always a risk
24 to be the person making a presentation just before the
25 reception. So we will do our best, and try to move
26 along. I am going to do it a little bit differently,

1 because I just have -- should be up there -- a
2 statement. Okay, there it is, statement of the
3 problem.

4 Let me make a couple of observations
5 beforehand and then move to that, and then I am going
6 to ask each of the Commissioners to look at his or her
7 book to pick up the accreditation section and talk
8 about potential solutions.

9 I guess it is fair to say, and
10 particularly for those in the room who have not just
11 spent a good deal of time in higher education, post-
12 secondary education, that accreditation is an
13 extremely complicated and sort of baroque subject.

14 I would urge those who have not done so to
15 read Vickie's excellent piece on accreditation. I
16 think each of you were sent it. I think she sort of
17 lays out what it is that this system -- how it has
18 developed, the different pieces, the role of the
19 Federal government which is the gatekeeper to
20 financial aid, the role of an organization named CHEA,
21 the Council for Higher Education Accreditation. Then
22 we have regional accreditors and national accreditors.

23 It's a complicated story.

24 I would say everyone who is accredited by
25 the Federal government or recognized is recognized by
26 CHEA. So it is complicated, and I am not going to try

1 and explain all of it, but this subject is completely
2 intertwined with Charles' subject Charles talked
3 about, which is that of accountability.

4 It is entwined with issues of assessment
5 and quality, because ultimately it is -- This is the
6 device that has been used by higher education to
7 measure the quality of various institutions, and it
8 is, first of all, a question of recognizing the
9 accreditor or the accrediting body, of which there are
10 numerous, and then accrediting body going out to the
11 institutions with a self-study, with a team and so on.

12 Let me now turn to how I have formulated
13 the problem, and it is really -- I took the issue set
14 forth in a document that appears as Section E,
15 Accreditation, and let me just read it to those of you
16 who haven't seen it.

17 Accreditation is a critical element in
18 achieving a higher degree of accountability. A robust
19 and transparent accreditation process is essential in
20 assuring quality education. The current complex
21 system must become more open and transparent in order
22 to provide assurance that it is serving the public
23 interest and not restricting innovation. The
24 accreditation process has historically placed most of
25 its emphasis on inputs and process. It must do a much
26 better job of measuring quality outcomes and student

1 learning.

2 This picks up many of the previous
3 discussion, and I put it out here for a comment before
4 we then turn to some potential solutions. Any
5 thoughts or comments from anyone? Yes, Bob?

6 COMMISSIONER MENDENHALL: This is a
7 subject about which I have some strong opinions,
8 because we have gone through about six accrediting
9 exercises in the last four years. Because I'm -- I
10 guess I need to be careful exactly what I say. But I
11 don't think accreditation is the right vehicle for
12 accountability or for higher quality.

13 You know, accreditation, the way it really
14 works is there is a bar for quality which represents
15 the lowest common denominator, and you get over the
16 bar and you get accredited. They make no comment
17 about low quality or high quality, just unacceptable
18 and acceptable quality. It's pastel and the bar is
19 real low.

20 I do agree with the last two sentences in
21 the problem statement in terms of being more open and
22 innovation and emphasis on inputs and process, but I
23 would say the problem statement, Arthur, a little bit
24 differently and maybe a little too harshly. But I
25 would say it like this: Accreditation impedes new
26 entrants, innovation and efficiency by focusing on

1 inputs and traditional models and by taking too long
2 to make decisions.

3 I don't think we look to accreditation to
4 add to accountability or quality. I think we look to
5 it to not get in the way of innovation and change and
6 new models. I'm not proposing we get rid of it, and I
7 am not proposing we replace it with some other system.

8 It does well what it does.

9 It is good institutional review. They
10 have the ability to help institutions do self-
11 examination and self-improvement, but they don't look
12 at or develop measures that would help us in comparing
13 across institutions or expanding accountability or, in
14 my view, quality.

15 COMMISSIONER WARD: Well, I think the
16 challenge probably is the variable nature,
17 particularly of regional accreditation. I have been
18 on teams and been the subject of reviews, which really
19 vary enormously, and I think one of our challenges, as
20 with data, is getting -- It's not so much the
21 standards alone, but the practice of how it is done,
22 because the teams are volunteer teams.

23 So I think you were fairer toward the end
24 of the beginning, and in your beginning it was like
25 not a particularly useful process, because it didn't
26 deal with outcomes to the degree you would wish, and

1 perhaps I think saying that it inhibits innovation --
2 Often an institution is invited to be judged in the
3 second phase on what it wants to put on the table as
4 its most experimental curricular activity.

5 So I think in some ways I would see them
6 as a progressive instrument that is not quite come
7 into its own. It could do more.

8 The second thing I would say -- So on one
9 hand, I agree it is uneven, and I agree that it can be
10 often very cumbersome, and I'm talking only about
11 institutional regional accreditation. I think
12 national or professional accreditation is very varied
13 in its character, and I don't want to talk about that.

14 The regional is important, because it is
15 the institutional seal of quality.

16 COMMISSIONER MENDENHALL: We have done
17 regional, national and specialized, and there isn't
18 much difference.

19 COMMISSIONER WARD: I think that would be
20 -- I think the difference between, for example, ABET
21 and many of the others is very considerable, and I
22 think most regional accreditation, I think, is on the
23 whole quite quality, but we can differ on that. It's
24 important we establish that.

25 I do think also that my experience has
26 been that, to the degree institutions I know have

1 developed an interest in outcome evaluations being
2 through accreditation, there is no other force in the
3 Academy that had more effect. I think ABET has had a
4 strong influence on engineering education, and I think
5 some of the very best regional accreditation as being
6 the first ignition point of developing a quality
7 review.

8 Now to some degree, it is a reciprocal
9 process. The institution doesn't respond, and in some
10 sense I suppose that is a challenge, but I think in
11 some ways other countries are currently trying to
12 adopt this peer, nongovernment model, empowered by the
13 government, and I hope there is a way we cannot --
14 find a way to encourage them to continue to improve
15 themselves.

16 Now whether that alone provides the
17 legitimacy for all the outcome issues that you are
18 raising is another issue, but I think they could do
19 some of that, and have in fact led the way, in my
20 view, more than institutions themselves in trying to
21 develop an interest in outcome measures.

22 COMMISSIONER ROTHKOPF: Jim and then Rich.

23 COMMISSIONER DUDERSTADT: I kind of agree
24 on both sides. I think that the accreditation process
25 is one that measures the lowest common denominator,
26 the entry point.

1 To their credit, I think some of the
2 regional accreditation agencies and some of the
3 professionals, and I would use ABET again as an
4 example, really are trying to shift to assessing
5 educational capacity, educational effectiveness,
6 outcome measures and so forth, but are also trying to
7 align the particular process they use with the nature
8 of the institution.

9 So if it is an established institution,
10 that process serves much more as a consultant than
11 someone that is trying to see whether they are in or
12 our, whether they are accredited or not.

13 The difficulty, however, is that it has
14 not yet evolved to the point where it can usefully
15 generate information that we can compare. You know,
16 I'd love to see the transparency. I'd love to see the
17 site visit before it is made public, but in reality
18 there is so much variation right now as they go
19 through this evolution that I don't think it would be
20 useful output.

21 I do agree with David that, as the
22 accreditation -- whether it is institutional
23 accreditation or professional accreditation -- moves
24 toward requiring evidence based assessment of
25 effectiveness, it is going to drive institutions to
26 develop just the kind of measurement and assessment

1 data that we want to see. So they can be useful
2 there. But I don't think they can really be useful in
3 actually making the assessment.

4 COMMISSIONER ROTHKOPF: Well, let me make
5 an observation. Then I'll get Rich.

6 People should understand that, at least as
7 to the regional accreditors, while there is much
8 cooperation, there is no national consistency
9 necessarily. They try to come up with consistency,
10 and I know that it is an effort; but historically,
11 there are these regions, and institutions could end up
12 with somewhat different results, and some are pushing
13 outcomes and have been pushing that for sometime.
14 ABED is probably a model. Of course, it is not a
15 regional. It is a national accreditor that has been a
16 model for that. Yes, Rich?

17 COMMISSIONER VEDDER: Yes. if Judith
18 Eaton is sitting back there, she better take her heart
19 medicine now, because she is not going to like what
20 I'm going to say.

21 This goes to -- If -- I'm asking a
22 question. If we did what Governor Hunt suggested and
23 what Charles Miller suggested, and we came in with
24 truly a good system of transparency, of knowledge, and
25 information, where the consumer has got a good set of
26 information and the policy makers have a good set of

1 information, the employers have a good set of
2 information, why do we need accreditation?

3 IBM is not accredited. It is doing okay.
4 Boeing is not accredited. Rick looks prosperous.
5 Why do we need it? The only reason I can think we
6 need it is a political reason that Jim Duderstadt
7 alluded to and that Charles has alluded to on previous
8 occasions. It is a lever by which the
9 government can use to force or push or coerce,
10 whatever word you want to use -- you pick the verb --
11 encourage, thank you; that's not strong enough, in my
12 opinion -- but us to move in the direction that
13 Governor Hunt was talking about earlier, moving to a
14 system. It is one way of doing it.

15 If you don't do it, you don't get
16 accredited, if you don't provide this kind of
17 information. So it does have that leverage point, but
18 it is at a very high cost.

19 So I don't want everyone to think that Bob
20 Mendenhall is at the end of the continuum on this
21 issue amongst this Commission. I'm not sure,
22 incidentally, I want to do away with accreditation,
23 but I need to be convinced personally why we need it,
24 if we do; because what Governor Hunt was proposing was
25 a new form of accreditation, a new form of providing
26 information to people, and maybe we still need it.

1 I'm talking mainly about regional
2 accreditation, maybe not specialized subject
3 accreditation here, but I'm just asking the first
4 principle type question. Why do you need
5 accreditation, if you have a truly transparent,
6 moderately uniform system, including value added
7 assessment, etcetera. Why do we need it at all?

8 COMMISSIONER ROTHKOPF: Anyone want to
9 talk to that? Sara had her hand up before.

10 COMMISSIONER TUCKER: I guess it's always
11 tough to follow Rich here, but I'm going to try, and
12 I'm not going to answer your question.

13 At our last Commission meeting we had a
14 speaker who talked about what her campus went through
15 when she went through accreditation and when -- She
16 went through to the Malcolm Baldrige, and she had
17 significant return on investment from the exercise at
18 the Malcolm Baldrige.

19 I was reminded in my life at AT&T when we
20 introduced quality, there was such resistance to it,
21 but as the technicians, as the workforce starting
22 seeing the improved productivity, better
23 efficiencies, people got onto it, and the language
24 changed and the culture changed.

25 I guess the tough thing for me is nobody
26 enjoys going through it. I think, with all due

1 respect, when I was Chairman of a Board of Trustees we
2 never looked forward to accreditation. And I agree
3 with Jim that it is important in terms of being --
4 showing comparable data, but in our last conversation
5 we talked about having to expect college and
6 universities to become more productive and efficient.

7 Why wouldn't we look at that
8 accreditation as a way of making -- going through
9 processes that help you get better at what you are
10 doing so that you embrace it and look to it to learn
11 about how to do what you are doing better? And to the
12 extent that accreditation does that, then maybe there
13 is a purpose for accreditation.

14 COMMISSIONER ROTHKOPF: I would just say -
15 - and I will call on Jonathan. I just give you some
16 personal experience with accreditation.

17 I went through one major accreditation
18 process, and I have to say it was very helpful in
19 terms of providing ideas and having peers. A
20 president of a peer institution led the group. There
21 were some very smart people who were on it, and at the
22 end of the day I was able -- we were able to suggest
23 some improvements and go to the board of trustees and
24 say, look, the accreditors suggested we need to do
25 this, do study abroad, and this with the library and
26 this with that.

1 So I think it is helpful, and I have
2 chaired teams where I've heard it was helpful to the
3 institution. So I guess my personal sense is we ought
4 to keep it, but we need to improve it, and I think we
5 also need to have some of the points that we were
6 talking about included.

7 I'll go first to Jonathan, then you,
8 Governor.

9 COMMISSIONER GRAYER: I think that Jim's
10 point is exactly the issue, that at different places
11 in the spectrum of these institutions we are talking
12 about, this serves a radically different role. In the
13 for-profit sector it is doing its job, and it is very
14 tough on us, and it needs to be.

15 At different places along the continuum it
16 is probably different. It's certainly -- Up at
17 University of Michigan and MIT and University of
18 Wisconsin, it's a completely different thing.

19 As innovation occurs, you do need a number
20 of threshold setting organizations. The regional
21 accreditors do work well, not to say that it shouldn't
22 be improved even for us, but the issues around
23 consumer protection in the form of data really
24 addresses the other end of the spectrum that the
25 regional accreditation might not be as useful a
26 measure for.

1 COMMISSIONER ROTHKOPF: Bob.

2 COMMISSIONER ZEMSKY: I would make a plea.

3 If you listen to this discussion, we are not clear
4 what exactly it does, who exactly it does it to, with
5 what exact effect. I think that probably there is
6 some center weight, that it isn't going to be the
7 lever anybody is going to use in the short run to
8 change. But I am very cognizant of what Jonathan
9 said.

10 Jonathan said this to me the last time we
11 were together. So I don't -- I think this is one of
12 those subjects that we could be blessed quiet on, that
13 we've got enough sort of fish to fry. We have enough
14 fish to fry. This one -- I don't think we could say
15 anything that would make any difference, and would
16 just sort of create more noise in the atmosphere.

17 COMMISSIONER GRAYER: Just to be concrete,
18 what regional accreditors do is make sure, if you are
19 offering an online program in criminal justice, that
20 your faculty is the right faculty to offer that
21 program.

22 In an innovative environment, it is very
23 easy to see edges that can be cut and halfway houses
24 that could be served. That's what the regional
25 process does and, as you said, there are many other
26 ways to get at the same outcome than addressing that

1 part of the equation.

2 COMMISSIONER ZEMSKY: I just really mean
3 that we should be quiet. That's an unusual statement
4 from me, I understand, but I think we should be.

5 COMMISSIONER ROTHKOPF: All right, let me
6 move on. We got two others. Governor Hunt, and then
7 Gerri.

8 COMMISSIONER HUNT: Well, Mr. Chairman, I
9 don't think this is the most important thing we are
10 going to talk about or recommend about. But I think
11 accreditation is important, and it has some very
12 practical value.

13 I recall in between my terms as Governor
14 working with a very small liberal arts college that my
15 family was deeply involved in. My father had been
16 Chairman of the Board for a number of years. This was
17 a fairly new college, and the accreditors made clear
18 that the people supporting it, mainly a particular
19 denomination, had to raise more financial resources if
20 this college was going to be able to stay accredited.

21 Now that was pretty strong -- That was a
22 pretty powerful argument in going out to the folks
23 that had to help raise that money and be supportive.

24 This week I went to the leaders in the
25 state Senate in my state of North Carolina, most of
26 whom are very good friends, to make the case for a new

1 library for my alma mater, a public university, and
2 one of the main things I cited to them was how little
3 library space our university had, fifteenth among 15
4 universities at the state system, and what the
5 accreditors require for continued accreditation.

6 Now it wasn't very -- You know, it wasn't
7 fuzzy. We knew exactly what the number was. Well,
8 the number may not be exactly right. The point is we
9 could go in there and say this is what you have to
10 have to keep your accreditation. Assuming that it is
11 pretty accurate, value, we had something we could hold
12 up to them and ask them to make the kinds of
13 appropriations we needed to have.

14 So I think as a practical matter, it has
15 some real value.

16 COMMISSIONER ROTHKOPF: Gerri?

17 COMMISSIONER ELLIOTT: My preamble is I
18 have never participated in an accreditation process.

19 COMMISSIONER ROTHKOPF: You are fortunate.

20 COMMISSIONER ELLIOTT: But I would assume
21 that they see amazing innovation and that they can
22 recognize innovation when they see it, I assume, and
23 we have always talked about a particular solution
24 being this clearinghouse and this sharing of best
25 practices and this amazing IP sharing.

26 Why can't we turn this into something

1 positive and say, with all the different accreditation
2 bodies there are, and assuming that they would know
3 innovation when they saw it, they can facilitate the
4 sharing of these best practices and these great ideas.

5 COMMISSIONER DUDERSTADT: I think the
6 difficulty is that assumption. You know, they look at
7 thresholds, and they have great difficulty in
8 understanding innovation. Some of the most innovative
9 institutions in our country now have enormous
10 difficulty with accreditation.

11 COMMISSIONER ROTHKOPF: It very often
12 depends on who is on the team. You can have
13 variation.

14 COMMISSIONER ELLIOTT: But you could
15 change their goal. My point is can we change it into
16 something positive? I'm sorry, but we have been
17 negative about the accreditation process, and maybe
18 because it has been a reviewer/reviewee type
19 relationship. Why can't it be a best practice sharing
20 relationship instead?

21 COMMISSIONER ROTHKOPF: Let me ask --
22 Charles wanted to comment.

23 CHAIRMAN MILLER: Well, it's a
24 continuation of the same thing to respond to what
25 Rich said. Why do we have it?

26 I believe it is a barrier to innovation,

1 personally, just for the record. I think that's the
2 culture, but I think it could be changed with the
3 right -- and particularly with good information, and
4 maybe five or 10 or 20 years from now, if the
5 information flows were adequate, you would have less
6 need for it. But it is part of the mosaic of the
7 higher ed system, and it would be very hard to say you
8 would get a benefit from just eliminating it today.

9 It is a self-regulatory body. That is
10 what it was set up to do, and it is a stopper against
11 other kind of government intrusion. So if you took
12 away the accreditors today and began to show flaws,
13 then you get into a crisis situation, where I think we
14 would be heading, the response would be very harsh and
15 hard.

16 So it is to the benefit of the Academy to
17 do it better, and it needs to fix its own system,
18 because it belongs to the Academy. If it doesn't,
19 something else is going to happen to it -- to the
20 Academy. So I think it is very protective and
21 important for it to get it right, and some of these
22 other things we are talking about also, or it will get
23 done to them. As a Federalist but not a government
24 person, I don't think that is productive for the
25 Federal government or any other government to start
26 regulating the Academy more, which is inevitable if we

1 don't fix it.

2 COMMISSIONER ELLIOTT: I interrupted you,
3 though. Why don't you finish your point. You started
4 a point that I interrupted. Go ahead.

5 COMMISSIONER ROTHKOPF: Well, we were
6 talking about -- You were asking the assumption that
7 innovation is there. I think it often relies on the
8 team that's there. I have seen -- We have had some
9 accreditors come in, very innovative, very thoughtful.
10 In other cases, a team would come in not that way.

11 So it's -- and there are variations, of
12 course, not only with the teams but variations
13 regionally as to the nature of it.

14 Let me get a couple of more, and then on
15 the assumption that we are going to still have
16 accreditation, we've only got 20 minutes to talk about
17 the solution. So let me go to Charlene, Bob and
18 peter.

19 COMMISSIONER NUNLEY: I'm guess not
20 prepared to throw out accreditation. I really think
21 that in a large sense accreditation is what an
22 institution makes of it, and the self-study process
23 that it requires is very important. If you have a
24 regional accrediting body that is going to have some
25 flexibility, you can create a self-study process that
26 is really going to look at issues that are very

1 important for the future of your institution, and I
2 agree that at some point, if we have better databases
3 and so on, you could come to the point where the need
4 for this kind of process could become obsolete, but in
5 the absence of that, I think it serves a very useful
6 purpose.

7 Again, I have seen a substantial change in
8 focus to more learning outcomes oriented criteria for
9 an accrediting team. We have a long way still to go,
10 but I think that it serves a useful purpose.

11 COMMISSIONER ROTHKOPF: Let me go around.
12 Bob?

13 COMMISSIONER MENDENHALL: I'm sort of
14 feeling the need to clarify what I said earlier,
15 because I'm not sure all of it got heard.

16 I meant to say, if I didn't say it -- I
17 mean, I certainly think accreditation has a role, and
18 it plays a role in institutions doing their own self-
19 evaluation and self-improvement.

20 What I was suggesting is that as a
21 Commission, number one, I don't believe they are up to
22 a new and greatly expanded role that would lay on them
23 responsibility for quality or accountability, because
24 I don't think that has been their mission, and I don't
25 think that is the best way for us to accomplish it.

26 Having said that, then our comment on

1 accreditation should be on how they could improve. My
2 comment earlier, I suppose, was on their weaknesses,
3 which is the other side of how they could improve.
4 But there are ways that they could be more effective.

5 Arthur, to follow on your comment about we
6 need to move on to what we are going to recommend as
7 opposed to just the problem, let me suggest two or
8 three things.

9 One, that accreditors need to focus more
10 on results and quality and not dictate governance,
11 process or other input measures. You know, just as an
12 example, I hear people say they are moving more toward
13 quality measures. I had a conversation with a
14 commissioner from one of the regionals who said we are
15 moving more toward outcomes. I said, let me just give
16 you an example. You know our institution. We define
17 learning, and we measure whether people have learned
18 it based on competencies. If, in fact, we enroll
19 students and they get in our college, and we measure
20 it and they graduate and we have a good graduation
21 rate, why would you care whether our faculty have PhDs
22 or Bachelor's degrees? He looked at me, and he said,
23 oh, I see what you mean.

24 I mean, they do care. That's one of the
25 standards. So, yes, we are kind of moving toward
26 outcomes, but we are still really interested in

1 inputs, regardless. Anyway, I think we could make a
2 recommendation that they focus increasingly on results
3 and quality and not dictate things like governance and
4 process and other inputs.

5 Secondly, that -- and this is more for new
6 institutions, but that accreditors respond in a more
7 timely fashion to new ideas and new institutions. It
8 is not uncommon for it to take at the regional level
9 five years. That is not exactly encouraging
10 innovation and change or new models.

11 It's kind of like, if you can manage to
12 exist that long offering degrees that are not
13 accredited, you probably deserve to be accredited.
14 But most of you will go out of business before we have
15 to deal with you.

16 The last one, which is more controversial,
17 but was mentioned by someone else, I think, at our
18 last meeting, and I just picked up on it: I think it
19 would be an improvement to accrediting to open up or
20 require that accrediting commissions have at least
21 some percentage -- I think at the moment they have
22 maybe one or two public members or members from
23 outside the Academy-- but to suggest that accrediting
24 commission have at least -- pick your number -- 40
25 percent of members from outside the higher ed
26 community, simply to provide a broader perspective in

1 this goal of improving quality within the institutions
2 that they measure.

3 I think those are things that would help
4 accreditation.

5 COMMISSIONER ROTHKOPF: Most of those are
6 in the proposed solutions in one form or another.
7 Just quickly, Kati and then Peter.

8 COMMISSIONER HAYCOCK: This may actually
9 pick on something Bob said, and let me be clear. I am
10 among the people who think that on balance regional
11 accreditation has had a positive effect that is
12 getting more positive over time.

13 That said, I worry about the absence of a
14 bottom line. There are 71 accredited four-year
15 colleges and universities in this country that have
16 more than five percent of their students are African
17 American, and the six-year graduation rates for those
18 students are less than 10 percent.

19 There are more than that number of four-
20 year universities in this country that are fully
21 accredited and have a six-year graduation rate for all
22 students of less than 20 percent, and there are
23 hundreds of accredited institutions that are producing
24 those very students that the NAAL's assessment showed
25 us are barely literate.

26 That means to me, there is not a

1 sufficient bottom line. Whether we do this through
2 accreditation or we do this through some other
3 process, there has to be a bottom line, because we all
4 know who suffers when there is no bottom line. Who is
5 the most likely to be underneath it? If we care at
6 all about that, there has to be a bottom line.

7 COMMISSIONER ROTHKOPF: I just would
8 comment. I think it goes back to the point that Bob
9 made originally, that it is setting a pretty low
10 standard and, once you are in, then it is very, very
11 hard to move someone out. In fact, occasionally when
12 the accrediting body tries to take away accreditation,
13 usually that group goes to Congress to try and get
14 Congress to turn it around.

15 So it is a very highly political thing,
16 and I think it is very difficult to take it away.
17 Last comment. Peter, did you have anything?

18 DR. FALETRA: Yes. The only comment I
19 really wanted to make was the absence of industry in
20 this process. I'm fully on the side of Nick with
21 this. I think industry as the consumer here is one of
22 the most important players, and they are just not
23 involved. To my knowledge -- correct me if I'm wrong
24 -- they are not involved with this process.

25 COMMISSIONER DUDERSTADT: They are often
26 involved in the self-study. But you are right, not in

1 accreditation.

2 COMMISSIONER ROTHKOPF: Right. Let me
3 just -- Last comment.

4 COMMISSIONER GRAYER: I just want to
5 crystalize the power in this whole process. Kaplan is
6 the only online law school of size in the world, 1500
7 people studying at Concord Law School, and it can't
8 get ABA accreditation. Why can't it? Because ABA
9 requires you to have a library of 38,000 square feet.
10 I told them we would build one, but no one would
11 come.

12 Well, because our school is not
13 accredited, our graduates cannot practice outside of
14 the state of California. I tell them simply to lay
15 out exactly how the system now works.

16 The regional accreditors have been much
17 more open to online education, have done a much better
18 job than the professional accreditors who have much
19 more at stake and a much smaller group of
20 stakeholders. I throw it out there for anyone who can
21 help.

22 COMMISSIONER DUDERSTADT: With respect to
23 Peter, the professional accreditation is dominated by
24 the marketplace.

25 COMMISSIONER GRAYER: You're right. You're
26 right.

1 COMMISSIONER DUDERSTADT: It's a very
2 interesting juxtaposition. There is no question.

3 COMMISSIONER ROTHKOPF: All right. Now I
4 am going to make the assumption that accreditation
5 will continue and that the Commission wants to say
6 something about it.

7 So let's look to the solutions, and I
8 guess we posted them up here. These are the solutions
9 that appear in your paper that was distributed, and
10 let me try and move quickly. As I say, we don't have
11 a lot of time, but there are some major changes in
12 here.

13 First, I think on the first one the idea
14 of additional transparency, expanded and more useful
15 information to the public about institutional
16 performance and student achievement, as well as
17 accreditation decisions.

18 I would hope that would be all part of the
19 transparency, although what you say about the
20 accreditation process is a complicated question. Any
21 thoughts on this one?

22 COMMISSIONER DUDERSTADT: You know, it is
23 interesting that the accreditation, self-study, the
24 site visit and even the rulings are in the public
25 domain for public institutions. Anybody can get them
26 through Freedom of Information.

1 So you really ought to talk about the
2 private institution for a collection process.

3 COMMISSIONER ROTHKOPF: And as well as
4 whatever decision is reached and whatever comes in.
5 So I think Jim is completely right. It's the privates
6 that really only say accredited/not accredited. This
7 suggestion would be that there be some form of
8 transparency on that. Any objections or concerns on
9 that one?

10 The next one: This one really goes to
11 what we have been talking about for the last couple of
12 hours: Engage institutions and programs to define
13 their learning outcomes based on their own missions --
14 based on their own missions and the input of the
15 employers and other stakeholders. However, these
16 goals would require institutions and programs to use a
17 common format so that similarities and differences are
18 transparent to students, parents and employers.

19 Comments on that one?

20 COMMISSIONER DUDERSTADT: Well, again it's
21 happening in a way. I think of WOSC that has an
22 institutional capacity and learning effectiveness, a
23 two-part process, and they have a very complex matrix
24 you have to fill in, but they allow you to determine
25 what your objectives are and how you measure to test
26 the evidence base.

1 So I think that the problem here is that
2 the great diversity of institutions that will be under
3 the umbrella of regional accreditation, I think, would
4 rule this out for them.

5 CHAIRMAN MILLER: Let me ask --

6 COMMISSIONER MENDENHALL: The problem is
7 the common format, not -- The first sentence is fine.
8 The common format.

9 CHAIRMAN MILLER: I think that
10 accreditors, to their credit, have been trying for a
11 decade to measure outcomes, student outcomes or
12 student learning. I think they have been limited,
13 because the Academy hasn't done that. So until the
14 broad use of assessment is -- until it is widespread,
15 they really are stuck with whatever the institutions
16 tell them.

17 So we really need to give the rest of the
18 Academy the understanding that the accreditors will do
19 something about it if they don't measure it. But I
20 think it is happening now that we get a broad
21 assessment, the accreditors will have the ability to
22 do what they have been trying to do but
23 unsuccessfully, because they didn't have the ability
24 to do it. The Academy wasn't doing it.

25 COMMISSIONER ROTHKOPF: Okay. Could I
26 skip one of these solutions for the moment and go on

1 to the one that says: Develop information management
2 standards that address how all accredited institutions
3 and programs should manage, report and share
4 information as a condition of accreditation. These
5 standards should minimally address public reporting,
6 consumer profiles, sharing student level information,
7 and assuring data quality.

8 It goes again to some of the things we are
9 talking about, but here we are talking about
10 information management standards that would be
11 available.

12 COMMISSIONER ZEMSKY: Why would you do
13 that through accreditation rather than through the
14 mechanism of the student financial aid? If you do it
15 through accreditation, you got to go through this
16 endless series of meetings. If you do it through the
17 financial aid, hey, you get it done, you're done.

18 COMMISSIONER MENDENHALL: I think that is
19 part of what I was saying about -- I think we can
20 unrealistically expand the mission of accreditation,
21 and they are just not up to it. I mean, you would
22 have to get 70 different institutions with different
23 goals to sign up for one system, and it would be much
24 better to create it in the financial aid system or
25 elsewhere to where you control the system better, I
26 think.

1 COMMISSIONER ROTHKOPF: There is sort of
2 agreement this is one task too many for the
3 accreditors. But this was something that we would
4 talk about and recommend, but it would all be done as
5 part of the financial aid requirement.

6 The last item says: Create a national
7 accreditation framework that includes: (1) performance
8 outcome measures that place the strongest emphasis on
9 the demonstration by institutions a program that they
10 are producing results, especially evidence of student
11 learning; second, open and flexible process standards
12 that encourage innovation and diversity in higher
13 education and do not proscribe specific input and
14 process standards such as facilities, faculty, a point
15 that Jonathan just made about facilities; and then
16 model for continuous improvement based upon such
17 things as Baldrige.

18 Any comments or thoughts on those items?
19 What's that?

20 COMMISSIONER NUNLEY: What do we mean by
21 national accreditation framework?

22 COMMISSIONER ROTHKOPF: I'm sorry, I can't
23 hear you.

24 COMMISSIONER NUNLEY: What do we mean by
25 national accreditation framework? What does that
26 language mean? Does that mean we are going to have a

1 national accreditation process or we are going to
2 better integrate the regional accreditation process?
3 What does it mean?

4 COMMISSIONER ROTHKOPF: Charles, you have
5 a thought on that?

6 CHAIRMAN MILLER: No. I thought she's
7 asked a very pertinent question.

8 COMMISSIONER ROTHKOPF: It could be a
9 national -- You could bring them altogether and talk
10 about making these things happen.

11 COMMISSIONER WARD: There is a group
12 called CRAC which is the Association of Regional
13 Accreditors which meets and tries to establish some
14 threshold of common standards. So there is an
15 illusion at least of a national framework. The
16 problem is that neither the public nor the Congress
17 nor maybe their own members fully understand that.

18 So I think there is a rhetorical, if not
19 functional, need for them to indicate that they really
20 are a regional organization of a national system,
21 which is really what we need. I mean at the very
22 least.

23 So I would strongly suggest that, while
24 there may be some historical reasons why they are
25 organized regionally, the idea that they share some
26 common basic ingredients, both in how they do it and

1 what they demand, is pretty critical, I think.

2 COMMISSIONER ROTHKOPF: What do you do
3 about the national or the specialized accreditors?

4 COMMISSIONER WARD: Well, I mean, they are
5 national. I mean, they are -- There is no regional
6 structure.

7 COMMISSIONER ROTHKOPF: Oh, I see.

8 COMMISSIONER WARD: See, the regional
9 structure gives you the idea that there are regional
10 standards. I mean, a person coming from abroad to the
11 U.S. now is curious about why they are called
12 regional.

13 COMMISSIONER ROTHKOPF: I guess the point
14 I am making is I thought this proposed solution was
15 suggesting that all organizations have -- you know, do
16 this and that the nationals would be part of the
17 conversation as well as the regionals.

18 COMMISSIONER WARD: Yes, but the nationals
19 are national, and the regionals is a regional
20 structure of the national system. I think they do
21 such different things that keeping institutional
22 accreditation apart from disciplinary or profession is
23 probably okay.

24 COMMISSIONER DUDERSTADT: That's right. I
25 mean, the learned professions by themselves have
26 completely different cultures, standards. That is why

1 it is the profession itself that accredits rather than
2 the academicians. That's really not a peer
3 accreditation.

4 COMMISSIONER MENDENHALL: That's right.

5 COMMISSIONER ROTHKOPF: I just would
6 observe, and I want to get to Bob: The point that
7 Jonathan made about the law schools suggest, though,
8 that you need something to say. I mean, they've got
9 national but yet they've got a rule that says some
10 facility is necessary, which is completely unnecessary
11 -- you know, based upon what I've heard.

12 COMMISSIONER DUDERSTADT: Absolution for
13 you. When Google finishes digitizing our law library
14 next year, we'll let you know.

15 COMMISSIONER MENDENHALL: You know, I
16 think we heard from CHEA last meeting that in some
17 sense they purport to provide some set of standards
18 that cut across regional, national and specialized
19 accreditation.

20 The way I read this was that accreditors
21 are recognized by the Secretary, and it seems to me
22 that the Department of Education could require simply
23 these three items in order to be a recognized
24 accreditor. It doesn't change the system. It doesn't
25 create a national system. It simply says accreditors
26 must demonstrate to us -- and these are broad enough

1 that I think they cut across specialized and national,
2 regional accreditation.

3 We are looking for accreditors to go in
4 this direction, and would provide a good push toward
5 moving them in the directions that I think the
6 Commission generally feels like we ought to at least
7 be moving.

8 CHAIRMAN MILLER: The Secretary obviously
9 has an obligation, because it is in the law.

10 COMMISSIONER ROTHKOPF: The Secretary has
11 obviously a key role, because unless she recognizes
12 them, they can't get financial aid.

13 COMMISSIONER ZEMSKY: So, Arthur, the
14 correct statement up there: The Secretary should
15 create a national accreditation framework. The
16 question begged up there is who is going to do that.
17 You are saying the Department of Education shall --
18 Our recommendation would be, if we adopt this, that we
19 will tell the Department of Education that's one of
20 their additional duties, current duty they have that
21 they should do better.

22 COMMISSIONER ROTHKOPF: Do you think they
23 should?

24 COMMISSIONER ZEMSKY: No, I'm just asking.
25 We keep writing these statements. Everybody thinks
26 somebody else is getting the short stick.

1 CHAIRMAN MILLER: We'll have to be more
2 specific when we write it.

3 COMMISSIONER DUDERSTADT: My sense is what
4 David said. There already is an umbrella organization
5 among the regionals. So -- and you know, if we want
6 to say anything at all, we would encourage them to get
7 their act together.

8 COMMISSIONER ZEMSKY: Well, it's one
9 thing, Jim, to encourage them to get their act
10 together for their own interests and another to have
11 the mega-regulator, the Secretary, do it. I just say
12 we ought to be clear which of these two
13 recommendations -- They are quite different as soon as
14 you do that.

15 COMMISSIONER ROTHKOPF: Yes, okay. Rich?

16 COMMISSIONER VEDDER: Well, I'll try it
17 again. Judith Eaton, made unemployed a few minutes
18 ago when I said to -- On accreditation, I'm going in
19 the opposite direction, which shows you how
20 inconsistent I am. That's what happens when you get
21 old and have tenure.

22 Why not let CHEA or some private group do
23 this, as David was saying, and with -- in cooperation
24 with the Secretary of Education. That looks at it as
25 a partnership and involves the Secretary, but in terms
26 of what Bob is saying, it isn't asking the Secretary

1 to do it, and she still has ultimate control over the
2 process, but it would be a way to get it done.

3 COMMISSIONER ROTHKOPF: Yes. I have to
4 say there is a bit of an inconsistency. I'm not sure
5 which organization would do it. I think, David, you
6 were talking about CRAC or -- CHEA. This would be
7 CHEA.

8 COMMISSIONER WARD: No, I think CHEA. She
9 wanted to include all accreditors.

10 COMMISSIONER ROTHKOPF: CHEA has all
11 accreditors -- well, most accreditors. Chuck?

12 COMMISSIONER VEST: I want to ask a naive
13 and irreverent question, and it is probably best
14 answered over cocktail hour rather than here.

15 Does this Commission uniformly believe
16 that grades are totally meaningless entities that have
17 nothing to do with student learning outcomes?

18 I've heard over and over again in every
19 segment today that we have no measures of student
20 learning and so forth and so on.

21 COMMISSIONER DUDERSTADT: Would you like a
22 response to that on a discipline by discipline basis,
23 because I can show you certain of our schools and
24 colleges that give everyone A's.

25 COMMISSIONER VEST: This is partly why I
26 asked the question.

1 COMMISSIONER ROTHKOPF: I have to say I
2 think the issue of grade inflation is one that we
3 really haven't addressed but is one that is out there
4 in a very real way, and no school -- I mean, no
5 college or university can change it, because all our
6 students are going to be disadvantaged when they apply
7 to graduate school. That's the argument.

8 COMMISSIONER WARD: The evidence of grade
9 inflation is really quite confusing, and we are going
10 to be holding ourselves to strong evidence based
11 standards. I think the very concept of grade
12 inflation doesn't --

13 COMMISSIONER VEST: But my point is not to
14 argue about grade inflation. It is that, if you look
15 around the world, our students are tested 100 times
16 more than they are in any other country. They are
17 tested continually, and I hope that those grades have
18 some significance; and if they don't, maybe that is
19 something you work on, and maybe we should have things
20 -- You know, one of the fallacies of U.S. News and
21 World Report's ridiculous rankings is that you are
22 better if you pass everybody. If you have some people
23 that fail every now and then, there's something wrong
24 with you.

25 I mean, seriously, people spend huge
26 amounts of time and effort to grade students and, if

1 it has nothing to do with learning, we better know
2 about it.

3 COMMISSIONER VEDDER: Yeah, Chuck, I agree
4 with you 100 percent, but Arthur raised -- Now that
5 the Pandora's box has been opened, although it's
6 during cocktail hour --

7 COMMISSIONER ROTHKOPF: I think maybe it's
8 a cocktail conversation.

9 COMMISSIONER VEDDER: It's a cocktail hour
10 thing, but I do -- I am wondering why we aren't
11 addressing issues like grade inflation. Why aren't we
12 addressing it? You mentioned also another one up
13 here, general education. Why aren't we addressing the
14 fact that 60 percent of the college seniors in the
15 United States don't know when the Civil War occurred?
16 Why aren't we addressing these kind of things, too?

17 CHAIRMAN MILLER: Well, excuse me. We
18 have addressed them, actually. We've had testimony
19 about it, and we had an issue paper that described it
20 in great detail.

21 COMMISSIONER VEDDER: But we are talking
22 about the report, Charles.

23 CHAIRMAN MILLER: Okay, but the report --
24 Okay, the report is not done yet. so we still have
25 the ability to fill those --

26 COMMISSIONER ROTHKOPF: Yes. There is

1 actually a session at the end tomorrow on gaps. So
2 you are free to raise that. Thank you very much.

3 (Applause.)

4 COMMISSIONER HUNT: Mr. Chairman, I want
5 to raise one more matter before we go over to the
6 Kennedy Center, sort of coming back to this, but I
7 want to talk to your hearts.

8 I think everybody around this table agrees
9 that we need more financial aid for truly needy
10 students. There might be one exception, but that's a
11 definition.

12 All right. If you believe that, I think
13 it is a cop-out to pretend that we are going to get
14 that aid by just suggesting that these tax credits
15 that have gone largely to the middle class be
16 eliminated and that that money be given to the truly
17 needy.

18 You won't get 10 percent of the votes in
19 the U.S. Senate or the House of Representatives for
20 that vote. It is not going to happen.

21 Now we can call for it, and we will have
22 done a futile thing, and we won't make any difference.

23 Fine to call for it. I'm in favor of calling for
24 it. But I really believe that we ought to consider
25 recommending that there be, provided by the Federal
26 government, substantial additional Federal aid for

1 truly needy students in higher education, and
2 recommend that states do it and that institutions do
3 it.

4 I don't know exactly how you word it,
5 where you put it, but I really hope you will think
6 hard about that, because if this is going to be a
7 significant report, and I believe it is, I think that
8 needs to be in there, and I think it can help make
9 that kind of thing come about.

10 CHAIRMAN MILLER: Thank you. Good finish,
11 Governor.

12 We will meet again tomorrow here at 8:30.

13 (Applause.)

14 (Whereupon, the foregoing matter went off
15 the record at 5:57 p.m.)

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