

**Statement of Anne D. Neal, President
AMERICAN COUNCIL OF TRUSTEES AND ALUMNI**

**Before the
Commission on the Future of Higher Education**

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Thank you, Mr. Chairman, and members of the Commission for inviting me to speak today.

I am Anne Neal, president of the American Council of Trustees and Alumni (ACTA), a national education nonprofit founded in 1995. ACTA has a network of college and university trustees and alumni across the country dedicated to academic freedom, academic excellence and accountability in higher education.

Since our founding, we have had occasion to focus on colleges and universities in terms of academic freedom and academic standards. From this, we know that there are many challenges—challenges that bear directly on the future of higher education in America. The Commission’s efforts could not be more timely.

The Commission is charged with ensuring that America’s system of higher education remains the finest in the world. To do so, ACTA believes it is imperative that higher education leaders address the issues of academic quality and effective governance. Over the last fifty years, higher education has undergone many changes. It has gone from a post-World War boom to an era of limited public resources; from decades of low tuition to tuition increases far in excess of the rate of inflation; from a system that provided students exposure to broad areas of knowledge to one where students can pick and choose from a veritable smorgasbord of narrow and trendy offerings. Meanwhile, political correctness has become commonplace and inflated grades are the norm, rather than the exception.

According to a survey by the National Center for Public Policy and Higher Education, 84% of the public believes that a college degree is key to getting ahead. But against, this backdrop of high expectations, public confidence in our institutions of higher education has dropped from 61% to 25% over the past 25 years. Americans feel they are losing ground in the battle to pay for higher education. Nearly half—40%—believe that the cost is not justified for what is received. And the public has a right to be concerned.

The pre-eminence of our system of higher education is profoundly threatened by college curricula where, in the words of the American Association of Colleges and Universities, “anything goes”; rampant grade inflation that undermines the quality and integrity of college instruction; and a substantial need for more informed leadership from those who are vested with the financial and academic health of our colleges and universities—namely, college and university trustees.

Let me outline a few of these challenges.

Deficient General Education. At one time, most college students received a broad, general, and rigorous education that pushed their knowledge and thinking ability well past those who had only a

high school education. Today, however, many students graduate from college with less knowledge about the world, our nation, and our culture than would have been expected of high school students 50 years ago.

Earning a college degree does not require fewer credits than previously. The problem is that the curriculum has changed. Formerly, most institutions insisted on a cohesive curriculum that ensured students a strong general education in addition to the specialization of their major. These were courses designed to impart critical skills and expose students to broad areas of knowledge such as composition, history, literature, science, math, and foreign languages—material considered essential for an educated person.

Nowadays, however, virtually unlimited choice has supplanted the concept of a rigorous general education. *The Hollow Core*, a study by the American Council of Trustees and Alumni, found that 48 percent of the colleges surveyed, including the Big 10, the Big 12, the Ivy League, and the Seven Sisters, require no more than two core courses, and 24 percent require one or no core course at all. Even though there is a general consensus that college graduates must have analytical, writing and quantitative skills to participate fully and successfully in our contemporary economy, almost one third of the colleges/universities surveyed had no specific writing requirement; only 38 percent required a course in mathematics; 38 percent of the institutions failed to require a natural or physical science and not one of the colleges among the 50 demanded that its students study economics. In a democracy, citizens must be educated, familiar with their governing system and aware of their history. Yet a mere 14 percent of the colleges compel their students to study American government or history. We live in a global society increasingly shaped by actions and interactions of different cultures and civilizations. Yet nearly a quarter (24%) of the colleges surveyed do not require a foreign language.

Today's colleges give the *appearance* of providing a core curriculum because they require students to take courses in several subject areas—the so-called distribution requirements. Within each subject area, however, it is not uncommon for students to have dozens, *even hundreds of courses*, from which to choose—many of them narrow and even frivolous. Thus, at Indiana University, “History of Comic Book Art” has been used to satisfy the Arts and Humanities distribution requirement; at Penn State, “American Popular Culture and Folklife” to satisfy the Humanities requirement, and, at Duke, “Campus Culture and Drinking” to satisfy the Social Science requirement.

Is it any wonder that recent surveys document a serious lack of literacy in our country and that many American businesses complain they must retrain their newest employees? Indeed, in technical fields, there is much evidence that businesses must hire foreigners because they cannot find young Americans with the right skills. In *Who's Not Working and Why*, economists Frederic Pryor and David Schaffer noted the increasing phenomenon of college graduates who have to take what have traditionally been “high school jobs” due to their low levels of cognitive abilities. The authors state that “The low functional literacy of many university graduates represents a serious indictment against the standards of the U.S. higher educational system.” In short: Some schools now graduate students who have received an education in name only. The severe gaps in students' education bear directly on the Commission's concern that “value added” at the higher education level is minimal. The structural deficiencies in most college curricula may also underlie the objection by many in the academy to measuring what students are learning—since, by looking at actual requirements, it is not very much.

While some trustees are beginning to respond, the fact is many are simply unaware of the problem. Most college catalogs are not designed with transparency in mind, and faculty do not typically solicit trustee input on curricular matters. Nevertheless, the importance of a coherent, connected curriculum has never been clearer since it gives students the broad-based knowledge and skills necessary to adapt to changing situations and to compete in the global marketplace. Moreover, by focusing on a high-quality and cohesive general education curriculum, higher education can help to address the pressing needs in K-12 education. Given the high costs of remediation, it is imperative that what students are asked to do and learn in high school be connected to post-secondary coursework and assessments—and there is no better place to do it than in the general education curriculum.

Historical Illiteracy. A related and troubling consequence of a diffuse curriculum is student ignorance of their own history and heritage. According to ACTA's 2000 study, *Losing America's Memory: Historical Illiteracy in the 21st Century*, not one of the top 50 colleges and universities today requires American history of its graduates. And virtually none of the students attending these universities has a solid foundation in this area. Indeed, a survey conducted for ACTA by the Center for Survey Research and Analysis at the University of Connecticut gave 81% of the seniors a grade of D or F in their knowledge of American history. They could not identify Valley Forge, or words from the Gettysburg Address, or even the basic principles of the U.S. Constitution. It's surely no surprise that a survey released last month by the McCormick Tribune Freedom Museum found that American adults could more readily identify Simpson cartoon characters than name freedoms granted in the First Amendment.

Citizens who fail to know basic landmarks of history and civics are unable to reflect on their meaning. They lack an understanding of the very principles which bind our society—namely, liberty, justice, government by the consent of the governed and equality under the law. In a time of global competition and conflict, this serious ignorance has wholesale implications for our ability to be informed and thoughtful citizens and to sustain our civilization.

Grade Inflation. Another troubling current in higher education is grade inflation. With only a few exceptions, ACTA's report, *Degraded Currency: The Problem of Grade Inflation*, shows that persistent grade inflation exists in colleges and universities across the country. At Indiana University, to use a local example, a study by professors David Beito and Charles Nuckolls found that A grades in 1983 amounted to less than 28% but had soared to 36% in 1997. More broadly, Arthur Levine and Jeannette Cureton examined grading data from 4900 undergraduate students across a wide range of institutions, comparing grades in 1969, 1976, and 1993. They found that the number of A's given increased dramatically over that time period, from only 7% in 1969 to 26% in 1993. Conversely, the number of C grades fell by 66%. And there is virtually no evidence of any change for the better.

If grade averages become unreliable indicators of effort and achievement, businesses must find—indeed are already finding - other and probably more costly ways of distinguishing between job applicants whom they want to consider.

And since grade inflation is not in fact uniform, it may subtly encourage a shift away from the more difficult fields (math and science) towards those fields with easier grading (the humanities and social sciences). As outlined above, at many schools, demanding courses are no longer required. As schools have moved away from the idea of a core curriculum and allowed students more and more leeway in choosing their courses, one consequence has been inflated grades. The problem of grade

inflation thus has a direct bearing on the supply of students with higher math and science skills—a serious national need acknowledged by the U.S. Congress.

Lack of Institutional Accountability and Transparency—The Governance Question.

Of course, when all is said and done, these issues go to a more fundamental problem: institutional accountability. Who is in charge? It is our experience that few trustees know or understand what is happening on our college campuses. And this is not unintended. Rather than viewing them as a resource, higher education administrators and faculty often view them as meddlers or mavericks whose job should be to “put up and shut up.”

As early as 1992, Martin Anderson in *Impostors in the Temple*, blamed trustees for the sorry state of higher education. “We should not blame those who play by the rules laid down or condoned by the trustees of the universities,” he said. “We should blame those who make the rules ... for they are the ones who bear the guilt and the shame.” If higher education is going wrong, trustees and Governors who appoint many of them must be held accountable.

Lay governance is designed to bring the informed perspective of citizens to the very heart of the university. However, experience shows that the full promise and actual practice of lay boards are often far apart. Some boards rubber stamp administrative recommendations, while others—working closely with administrators—look at the big picture and willingly exercise the authority needed to make tough choices.

If we are to remain the best higher education system in the world, trustees must address the key issues of cost, quality, and accountability and do so without being intimidated by academic insiders. Today, trustees must be stewards of the public interest, helping colleges and universities provide a high-quality education at an affordable price. They must support their institutions, but be prepared to question the status quo. They must trust the president but feel free to seek other sources of information. Even in a world of shared governance, it is trustees who hold the ultimate responsibility for the academic and financial health of their institutions. In the words of Henry Clay, “Government is a trust, and the officers of the government are trustees, and both the trust and trustees are created for the benefit of the people.”

While certain governing boards including those at the University of Texas, George Mason University, and the State University of New York, have raised the bar for trustee engagement and thoughtfulness, not all boards offer the same leadership. It is critical that boards focus on the need to do their job more effectively.

One place to start is the governors. As the highest-level elected officials in their states, governors are the key to the cultural transformation. In most states, they appoint trustees and state education officials. They can and must be made aware of higher education challenges and set an agenda for change. They shape priorities for funding, can make use of the bully pulpit to identify key higher education issues, and can give trustees a mandate to address those issues.

Sources of governance dysfunction merit attention as well. One problem of modern trusteeship stems from the vast delegations that occurred in the 1960s. Trustees and presidents affected a wholesale transfer of power to faculties so that many boards and presidents now have little more than attenuated oversight of academic hiring and curriculum. The result of this arrangement over

time has been a serious erosion of checks and balances, with attendant declines in academic structure and rigor that threaten the stature of our higher education system.

At the same time, recent problems at American University and the University of California underscore a lack of institutional transparency—situations where boards are unaware of or condone massive presidential compensation packages that undermine the public trust. Elsewhere, there are highly publicized cases involving universities’ disregard of donor intent with profound ramifications for accountability.

Federal accreditors are also part of the problem. While the system of accreditation evolved to assure educational excellence and competence, there is quite a bit of evidence that, in fact, it undermines those values. Under the accreditors’ watch, colleges have allowed academic standards to slide, grade inflation to mount, and accountability to suffer. And when accreditors have sanctioned institutions, they have typically pointed to financial issues that are also reviewed by the Department of Education.

Rather than focusing on performance, accreditors are more interested in inputs— the number of books in the library, the credentials and demographics of the faculty. Numerous examples suggest they are interested in imposing extraneous social and political agendas as well. In a recent high-profile case sanctioning Auburn University, the accreditors even extended their reach into governance—a realm which is properly controlled by statute, charters, and bylaws.

In testimony before the Senate Health, Education, Labor & Pensions Committee, then University of Northern Colorado President and former Senator Hank Brown outlined how the accreditation process could be manipulated to reflect ideas injected by faculty and administrators. The question then looms high: Why should federally-approved accreditors—who, almost without exception, are university administrators and faculty members whose own interests may conflict with engaged trustees—have life and death power over universities, power that even gives them the ability to second guess boards who are legally responsible for their institutions?

Congress has placed too much reliance on the accreditors and should not let them remain as gatekeepers for student aid. Indeed, accreditors’ intervention risks undermining, rather than promoting, responsible stewardship and doing so at a cost, as institutions divert enormous amounts of time to the accreditors’ needs and recommendations.

Unless trustees are made to take their role seriously as fiduciaries, and then given the freedom to make necessary changes, our colleges and universities cannot long remain the best in the world. This includes the will and ability to select and support strong leaders who will address the critical issues of cost, quality, and accountability.

So what is to be done?

Recommendations for ensuring academic quality and accountability:

Our colleges and universities have an obligation to direct the next generation of Americans, especially in the first two years of their college careers, to the most important courses—the

foundational subjects—that ensure a solid general education. They have an obligation to offer a grading system which tells students and employers where a student’s work stands in relation to the varied quality of student work generally. And they should welcome effective governance that promotes academic excellence and institutional accountability.

To that end, we urge the Commission to call for the following:

1. Review and reform of the general education curriculum. At very little cost, colleges and universities should engage in a process of curricular self-examination. The prevalent smorgasbord approach to the curriculum, allowing students to pick and choose among hundreds of courses, results in a hodgepodge that fails to prepare students for informed citizenship, diverse careers, and life-long learning.

2. An end to grade inflation. Rampant grade inflation does a disservice to students and employers alike. Institutions should address this trend in some way—by adopting a school average grade point or reporting more information than just the final grade. Notably, Princeton has capped the number of A’s it awards to undergraduates, while Dartmouth includes class size and median grade for students on each transcript. Adoption of these or other measures by the higher education community would be a major step towards curbing pervasive grade inflation.

3. Development of institutional expectations and assessments for student learning. Parents and taxpayers deserve to know that tuition dollars are well spent. Private and public governing boards should identify and voluntarily disclose institutional objectives and priorities and map out how they will measure progress toward accomplishing them. Already, a number of states are requiring institutions to file public report cards outlining their institutional progress.

It is important to look at various indicators—such as time to degree, admissions, affordability, and accessibility. But unless trustees stay focused on *what institutions are teaching* and *whether students are learning*, American higher education cannot remain the finest in the world. Individual institutional governing boards, working with faculty, students, and other stakeholders, must focus on *academic assessment*. And they should focus on measures which document what students actually know—not assessments divorced from substantive knowledge. The challenge is to get the right information to the right people and to do so in a way that does not require too many indicators and too burdensome information.

If we accept that a college education should make it possible for graduates to participate fully and successfully in our contemporary economy; understand their own governing system so that they may be engaged citizens; and enjoy personal enrichment, it makes sense for institutions to insist—as a graduation requirement—that students be tested in:

- a) writing;
- b) quantitative skills; and
- c) general knowledge.

The test would be given when students enter and when they leave—so as to indicate “value added.” And it should be a graduation requirement—but not something that keeps a student from

graduating. Rather, the transcript will note the student's performance on all three exams to inform any employer or others utilizing the transcript how well students have done in these basic areas.

By testing these three areas, institutions can assess basic literacy, basic numeracy, and general education. These clear and significant measures can in turn be used to reward performance and permit system-wide comparisons.

There is no question that institutions have a diversity of missions and students and that decentralized governance is a unique strength of American higher education. And education leaders should develop benchmarks that permit higher education institutions with similar missions to be compared. But institutional differences should not stop the higher education community from assessing whether it is doing a good job of teaching the next generation the skills and knowledge that are essential.

4. An end to the mandatory federal accreditation process. By making accreditation agencies gatekeepers for access to federal money, Congress has given them enormous leverage without clear and comparable benefit to students or the public. It is simply wrong for accreditation to be mandated out of the belief that it is synonymous with quality when academic standards have declined rather than improved under accreditors' watch.

Recommendations for ensuring effective governance of colleges and universities:

1. Focus by appointing authorities on informed trustees. It is essential that appointing authorities understand the importance of informed and qualified trustees. Currently, there is much cynicism surrounding the appointment process. In the public sector, trustees are said to be wealthy or uninformed hacks, unable to address the sensitive issues facing higher education. In the private sector, trustees are often hand-picked by the president, selected more for their ability to raise funds than their willingness to ask questions or bring special expertise. These perceptions and practices must be addressed by ensuring that trustees are engaged individuals who have the time and dedication necessary to tackle the many challenges facing higher education.

In private boards, governance committees must be encouraged to recruit the most capable and highly committed board members. Constituent groups should be invited to offer suggestions. Independence and judgment must be emphasized. Independence means trustees who are successful in their own careers, not dependent on favors from the university administration, with sufficiently strong characters to exercise their own best judgment. Judgment means experience and, ideally, a diversity of experience—legal, financial, governmental, business, civic, etc.—since many kinds of issues come before the board.

2. Trustee training. There are training programs for new college presidents and a similar and sustained program should be developed for trustees. In the wake of Sarbanes-Oxley and the growing demand to apply strict standards to nonprofit trustees, this kind of training is timely and important.

Colleges and universities are unique institutions, and academic culture is very different from the experience of most trustees. If they are to be successful in performing their fiduciary responsibilities, and encouraging beneficial change, trustees need training in how to be effective leaders in the unique context of an academic institution. And it is imperative that they remain up to date on central issues

in higher education with expert advice and information, not only from insiders, but from outside experts as well.

Mandated training on the state level can make this possible in the public sector. Virginia already does so. On the private side, boards should set aside funding each year for continuing education. Alternatively, substantial private or public resources must be identified to fund a vigorous sector-wide educational effort.

3. The need to hire presidents who will be agents of change. An era of accountability requires a new style of presidential leadership. Higher education is currently faced with substantial challenges—academic and financial. Board chairmen should be primed to insist that boards cast a wide net and find innovative leaders who are not afraid to question the status quo. And they should be encouraged to follow the model of two systems—City University of New York and California State University—that utilize an alternative to traditional “headhunters” in locating presidential candidates. Instead, they have relied on technical and administrative support with outside consulting provided at key points in the search process. This model ensures that the institution retains control over the search rather than delegating its authority to a search firm.

Effective boards understand the tradition of shared governance—the participation of faculty, and sometimes students, in developing policies that affect academic life—but do not confuse the value of that tradition with their own ultimate authority and accountability.

4. Board transparency. Since public funds and tuition dollars are the source of most compensation, the public, students, and tuition payers have a right to know how their money is being spent. Accordingly, at a minimum boards should annually report the compensation of highly paid employees and senior administrators on their website. The New York Board of Regents once removed almost an entire college governing board for permitting enormous presidential compensation (of which the board was ignorant) on the grounds that it was their legal obligation to conduct adequate oversight. Courtney Leatherman, “New York Regents Vote to Remove 18 of 19 Adelphi U. Trustees,” *The Chronicle of Higher Education*, Feb. 21, 1997.

Once the selection process is completed, boards must make it clear that they will annually evaluate and document the president’s performance, including use of institutional assets. Too often, presidential assessment is pro forma, limited, or sporadic, and fails to tie the president’s performance to the board’s strategic plans and priorities.

In the face of mounting tuition fees and static faculty pay, trustees must rein in administrative compensation packages that rival those of for-profit corporations. The current uncontrolled growth in expected compensation assumes a limited pool of experienced and eligible candidates from the academic world. But experience has shown that leaders in other areas—business, government, the military, or the professions—can make outstanding university presidents. What they lack in academic background they can make up for in their ability to think “outside the box.”

Finally, public and private trustees should annually post their own report cards—disclosing compensation and reimbursement of trustees, whether conflict of interest policies are in place, board member attendance records, and the names and addresses of all trustees. Today, institutions are too often reluctant to release information on trustees and presidents’ offices typically limit

contact with the governing board. If higher education is to retain the public's trust, it is imperative that governing boards take steps to increase transparency and accountability.

5. More effective governance structures. Higher education structures must be examined to ensure that they are responsive to needs in the 21st century. In North Carolina, for example, ACTA called upon the legislature to confer full appointing authority on the governor for all institutional boards of trustees and to reduce the size of the UNC system Board of Governors from an unwieldy 32 to 15.

In other states across the country, education leaders and policymakers are exploring ways to better align K-12 and higher education. State legislatures should be encouraged to hold hearings on how to achieve an effective and accountable higher education system that dovetails efficiently with K-12.

Private boards should engage in a thorough governance review, ensuring that their size, structure, and composition are designed to maximize effective governance and transparency. While one size does not fit all, boards which exceed 15 in number are more likely to be unwieldy and “nongoverning,” whose large numbers and diffuse “constituencies” vest power by default in the president, rather than the board. To avoid this delegation of authority, boards should also realize that presidential leadership does not depend upon being a member of the board. Approximately 60 percent of all presidents of private colleges today have voting rights on the board. However, this status confuses the governance relationship. Presidents, after all, work for the board and frequently bring proposals to the board; sometimes presidents are also members of the faculty where various conflicts of interest can arise. Permitting the president to serve as a nonvoting ex officio member, or to attend board meetings upon the call of the board, can eliminate this problem.

Some argue that larger boards are necessary to raise funds. Our experience shows that the goals of fund-raising and governance conflict. Accordingly, it is important that boards keep their eye on the ball—governance not fundraising—and remain small. There are other ways to structure development programs within the university.

6. The need for boards to have their own staff and budget. Currently, most boards of trustees have no staff and no budget. They are, for the most part, entirely dependent on the president's staff for support and for continuing education. It is not surprising that, given this fiscal arrangement, most boards are not independent.

To reverse this, it is imperative that boards receive funding that permits continuing education and allows for at least one staff person to be available solely to the board. This will give boards of trustees greater autonomy, make them less reliant on the institution for information and funding, and help provide greater independence. In the public sector, this is most likely addressed by state legislatures. Private boards can immediately set aside resources that allow independent information and support.

7. The need for the media to pay attention to the workings of public and private boards. While boards should not conduct their business in the press, it is nevertheless critical that the media examine closely the workings of private and public boards. In the public sector, media focus will ensure that governors take their appointments seriously. In the private sector—as in the case of American University—public attention can help expose questionable practices and stimulate corrective action. Higher education is a \$250 billion enterprise and, for that reason alone, warrants close scrutiny.

8. Engaging the issues of increased board member liability and grantor standing. It is perhaps time to reconsider the historic restriction on the standing of a university's co-owners. Judge Jose Cabranes, formerly a Yale trustee, has suggested that a limited but effective form of standing should be given to allow a cause of action against individual directors and the full board for the enforcement of the boards' fiduciary obligations. A minimalist approach might set a minimum monetary threshold for donor enforcement suits to screen out frivolous lawsuits.

Conclusion

For too long, constituencies such as alumni, trustees—and, yes, Commissioners—have been expected to remain outside the walls of the ivory tower, particularly when it comes to issues of academic quality and accountability. Indeed, since the Commission was launched, many inside those walls have watched with suspicion and trepidation. There are those inside the academy who studiously believe they should have absolute autonomy. For them, the role of trustees, alumni, and government commissions is to provide support—period.

The logic behind the tradition is deceptively simply. Academic decisions should be made on academic grounds—hence they should be made by academics. But as I have attempted to outline, current conditions in the academy urgently call for outside scrutiny.

The American Council of Trustees and Alumni was launched a decade ago to focus on those conditions and to mobilize thoughtful alumni and trustees on behalf of rigorous general education, good teaching, high standards, low tuition and academic freedom. Alumni and trustees know and understand that, to remain competitive, our institutions of higher learning must remain focused on academic standards, academic excellence and transparency. And they are alarmed by what they see. They are troubled by rising costs, a diffuse and “dumbed down” curriculum, and lack of accountability. They are seeking appropriate oversight of an educational system that relies on their support, while vigorously rejecting their input.

Most institutions—and their internal constituencies—need checks and balances and higher education is no exception. That is why the work of this Commission is so important and why ACTA is grateful to have the opportunity to articulate the concerns of trustees and alumni who believe that certain trends in the academy threaten its future stature.

It is imperative that our colleges and universities refocus their efforts on academic quality and accountability if they are to remain the finest in the world. ACTA urgently hopes that the Commission will call upon colleges and universities to rededicate themselves to these values.