



# Time for Higher Ed to Survive Crisis and Thrive

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**A**mericans watched with interest recently as U.S. automakers paraded through a wary Congress in search of a bailout package. As the CEOs sought to explain their loss of market competitiveness, many wondered aloud, “Don’t these executives get it? Didn’t they see this coming? Can’t they see their competitors passed them by? Doesn’t this require more than a short-term fix?”

Though the circumstances of New England higher education differ in many ways from the auto industry, the key questions are similar: Will we do simply what it takes to survive — or will we do what it takes to *thrive* and reposition ourselves for a new competitive environment and changed world? If not now, when?

New England higher education is experiencing the direct impact of the global economic meltdown that has been unfolding for several months.

The meltdown has cost many families jobs, homes and the capacity to save for college, just as student loans have been tightened. Falling tax revenues have pushed states to cut their higher education budgets. Colleges face liquidity challenges, shrinking endowments, borrowing difficulties and panicked parents and students.

The economic downturn hits New England students and postsecondary institutions at a critical time. They were already facing: demographic changes that portend a shift from traditional to traditionally underserved students; a history of underinvestment by government in higher education infrastructure and student aid; and the legacy of the nation’s highest college tuitions and fees. Now, as we experience the worst economic crisis since the Great Depression, the road ahead for New England higher education just became even more uncertain.

Colleges and universities have been in budget-cutting and crisis-management modes. But now it’s time for a more proactive, strategic posture. New England higher education institutions must invigorate their competitive instincts and leverage large-scale change for reinvention, not simply survival. Specifically, New England educators and policymakers must:

**Work together to understand the impact of demographic change on student demand and hone responses.** Beyond the impact on recruitment and admissions, institutions must better understand students’ attendance patterns, use of multiple institutions and the particulars of their consumer behavior. We must learn from the world of customer service how to keep students and build repeat business.

**Expand cost-saving collaboratives in administrative and academic realms.** The region has several successful examples, including public-independent partnerships, to build upon. As demographic and economic forces heighten competition, smart institutions will look beyond competition to collaboration.

**Employ innovative ways to meet changes in demand for higher education.** This is particularly pressing at public campuses, which are more popular in the downturn, but sadly less able to take in applicants and keep prices affordable. More online learning and flexible and intensive programs would be a start. Higher education’s calendars, credentials and program formats are designed for a bygone age — not for the fast-moving, career-changing knowledge economy of tomorrow. We continue to sell eight-cylinder Cadillac DeVilles when students want Smart Cars to zip quickly to their next career opportunity.

**Revisit higher education financing structures.** States must provide new systems that give incentives for degree completion (versus enrollment), increased productivity and entrepreneurial, market-driven approaches. As increased state investment is not currently possible, states should grant public institutions the autonomy and flexibility needed to determine their own destinies and respond to public needs.

**Address unneeded spending on remediation.** One big higher education cost is remedial education for students who didn’t get the preparation they should have in K-12. New England states should provide financial incentives for students (particularly under-represented students and first-generation college-goers) to complete a rigorous college-preparatory curriculum while in middle school and high school.

In December, NEBHE assembled leaders of higher education, business and government to try to understand the economic meltdown and its causes; assess the implications for higher education, students and families; and stimulate the capacity for strategic responses by college and university leaders. New England colleges and universities have their work cut out for them. NEBHE aims to be an important facilitator of this timely dialogue and invites your thoughts and input. For proceedings of the December event, visit: [www.nebhe.org/economy](http://www.nebhe.org/economy).

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