ANNOUNCER: This program was made possible by the generous support of the Lumina Foundation.

The economy has changed. Workforce needs have changed. And in the 21st century, (INAUDIBLE) must change. Higher education is a key to solving these challenges. The Lumina Foundation for Education is committed to graduating more students from college, because education beyond high school is the best investment we can make in the future.

UNIDENTIFIED MALE: And Frederic W. Scott, Jr, Anne R. Worrell and engaged citizen donors to the Miller Center Foundation from across the nation.

The world, our nation, education, society, the Miller Center of Public Affairs at the University of Virginia presents the Miller Center National Debates.


I'm Ray Suarez, senior correspondent for the PBS NewsHour.

College tuitions have risen dramatically over the past three decades.

Does this mean students are getting better educations?

Or is the business model of college broken?

Here to debate the issue are the heads of four institutions of higher learning.

Arguing that the business model of higher education is broken is Brit Kirwan, chancellor of the university system of Maryland; and Gail Mellow, president of LaGuardia Community College in Queens, New York.

Arguing that the business model is not broken is Rick Levin, president of Yale University. His teammate is Daniel Hamburger, president of DeVry Incorporated, a publicly held global provider of educational services, including DeVry University.

And our audience tonight includes students, parents, people who are paying college tuitions and the leaders of other institutions of higher learning and learned journals.

Welcome to everyone.

Before we begin our debate, some background.

(BEGIN VIDEOTAPE)
UNIDENTIFIED MALE: (voice-over): Numerous U.S. industries have struggling or failing business models today -- newspapers, airlines, car companies. And some might add to that category higher education.

There was a time in the 1960s when state governments provided the bulk of operating support for state colleges and universities, which kept tuition costs very low.

But that changed in the 1980s. As funding began to decline, colleges and universities turned to one area they could control -- increasing tuition and passing on rising costs to students and families -- a pattern that continues to this day.

Private universities also have struggled to keep tuitions in check. But the recent economic turmoil has drained endowments and contributed to escalating price tags.

In 2009, four year state tuition, room, board and expenses for a student averaged nearly $20,000 a year, according to the College Board. For a four year private school, it's almost $40,000 a year. And while median family income from 1982 to 2006 rose 147 percent, college tuition and fees soared by 439 percent.

Some argue that colleges and universities have failed to find ways to operate more efficiently, which would lead to lower tuition costs. Instead, many schools, competing to lure the best students, have engaged in what some call a facilities arms race -- spending billions to build bigger, newer facilities that only add to the college price tag.

Critics worry that cost cuts have been made at the expense of quality services and instruction, like scaling back on student counseling and advising and hiring less experienced adjunct faculty to teach classes while tenured professors focus on research and often enjoy healthy salaries and generous housing, medical and retirement benefits.

Even with financial aid, the huge costs are almost insurmountable for many low and middle income students. Some are discouraged from college attendance altogether. Those who do go face massive loans and longer hours spent working for pay while studying.

More than 1,000 community colleges across the country do offer lower cost alternatives for getting a college degree.

(BEGIN VIDEO CLIP FROM JULY 14, 2009)

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: Community colleges are an essential part of our recovery in the present and our prosperity in the future.

(END VIDEO CLIP)

UNIDENTIFIED MALE: President Obama has proposed a $12 billion plan to improve community colleges. However, those schools often are perceived as less prestigious and, therefore, less valuable to students.

(BEGIN VIDEO CLIP FROM TV COMMERCIAL, COURTESY KAPLAN UNIVERSITY)

UNIDENTIFIED FEMALE: There's a movement afoot in this country -- a student led revolution, a rallying cry for change in an otherwise unchanged educational system.

UNIDENTIFIED MALE: People like me demand a different kind of university.
UNIDENTIFIED MALE: Meanwhile, so-called for-profit private schools have begun to shake up the sector, successfully attracting older students, often already in the workplace, with year round and flexible course schedules, convenient locations and online learning options.

However, critics worry about the high cost, quality, oversight and transferability of credits of these new players. But others think traditional institutions can learn valuable lessons from that new business model.

Some are hopeful that competition among all those institutions is good and in the end will only benefit students and their families.

SUAREZ: Now to our debate.

Each participant will have a three minute opening statement. Then, we'll move to rebuttals and a wider discussion, which I will moderate. The debate will conclude with two minute closing statements.

Again, our debate resolution is the business model of higher education is broken.

Up first, arguing in favor of the resolution, is Brit Kirwan, chancellor of the university system of Maryland.

BRIT KIRWAN, UNIVERSITY SYSTEM OF MARYLAND: Thank you, Ray.

Given the nation's fiscal circumstances now and for the foreseeable future, the current higher education business model will not enable our institution to meet the needs of our nation in the coming decade. In this sense, the model is broken and must be fixed.

I'll focus on one area that I think highlights the broken model.

At present, only 39 percent of young adults have a two or four year degree -- the same percentage as three decades ago. Back then, we were the leader in college completion rates. Today, among the industrialized nations, we rank somewhere between 10th and 15th. To ensure we have the kind of workforce we need to drive a high performing economy and the upward mobility of low income students into high paying jobs a college education permits, many, including President Obama, are calling for the country to recapture leadership in college completion over this decade. In this sense, the model is broken and must be fixed.

This would require that roughly 55 percent of our young adults are attaining a college degree by 2020. With the current business model, a college completion rate of this magnitude would require an increase in higher education investment of 4 to 5 percent annually, on top of the 3 to 4 percent annual increase in fixed costs each year for the next 10 years.

In my view, it is highly unlikely that our economy will rebound at a pace so the states can make this kind of investment in public higher education.

So if the business model is broken, what is the fix?
I'll quickly mention three things.

First, we must learn to treat education as a continuum. Not enough students are able to move smoothly from high school to college and from two year to four year institutions. This creates a huge inefficiency in our system and results in wasteful expenditures on remedial education. We must align standards so the students can move from one sector to the other seamlessly.

Second, we must change the way we fund public institutions. At present, public colleges are funded, for the most part, on enrollment. At least some of the funding should be based on the number of graduates it produces.

And finally, given our fiscal realities, we must make cost-containment a way of life. In particular, we must ensure that our business model incorporates lower cost means of delivering high quality education. Fortunately, technology has reached the point where such innovations are possible and I will expand on some of those examples as we get into our debate.

It is difficult to envision the United States remaining a leader in things that matter if we don't re-engineer our education model and get sub -- get a substantially higher fraction of students through the system to a college degree.

SUAREZ: Chancellor, thank you.

Now arguing against the resolution, Yale University's Rick Levin.

RICHARD LEVIN, YALE UNIVERSITY: Thank you.

It's good to be here.

Actually, I agree with a lot of what you said, Chancellor Kirwan. And I really think that the fixes you suggested will be useful and, in fact, many of them will occur in time.

But I think it would be mistaken to conclude that today the business model of higher education is broken. In fact, it is really hard to think of another industry or another sector of the U.S. Economy that does better in competition against our foreign competitors than the higher education sector.

According to the Shanghai Jiao tong Survey, 17 of the top 20 universities in the world are in this country. A third of the students who leave their home country to travel elsewhere for education -- from the whole world -- come here. We look at China and we look at India, and we get a little nervous about the number of engineers that they're training. They look at us with envy. And, in fact, if you look carefully at what's going on in Asia, they're converting their systems of higher education to emulate ours. They're switching from four years specialized degrees and from professional education starting at age 18 to our model of a four year liberal arts education followed by professional education, because they think it trains leaders, trains people with creative abilities to think and adapt and the independent thinkers, trains people to have a multiplicity of disciplinary perspectives that will serve them well in life and make them more adaptable to new jobs and to changing circumstances.

And it's not only the quality at the top that differentiates the United States, it's our diversity. Most countries have only one type of educational institution or maybe two -- all state-run, state-owned and state-controlled. Here, we have -- even within the state sector, a rich diversity of community colleges, of state -- of state -- of state schools, of technical and vocational schools run by the
state governments and the flagship state research universities.

And then on the private sector side, we have the -- the non-profit research universities, the liberal arts colleges and the for-profit institutions that are creating a lot of innovation in the system.

Students can find the right kind of education that suits them and get the right kind of training that will be best for their own careers.

It is true that the cost of education rises faster than inflation. But if the model were truly broken, enrollments would be declining.

In fact, enrollments have been rising steadily over time and as a percentage of the high school graduating cohort, they've -- they've been rising steadily since the Second World War, to nearly 70 percent today.

Also, more adults are going back to school than ever before. So our gross enrollment ratio is the highest in the world and the highest it's ever been.

Why?

Because education pays. Because every year of schooling raises your lifetime income by about 10 percent. And that means that even with the burden of debt and even with the high cost, education is a good private investment, let alone it's a great public investment because of all the reasons that a higher -- more educated workforce is better for the nation.

SUAREZ: Thank you.

Now we'll hear from Gail Mellow, president of LaGuardia Community College.

GAIL MELLOW, LAGUARDIA COMMUNITY COLLEGE: Good evening, Ray.

And thank you for the opportunity to talk about the future of higher education.

America's startling growth in the 20th century was the result of our investment in higher education. The G.I. Bill, Pell grants, funding for scientific research, the extraordinary creation and growth of community colleges all propelled our nation to lead the world economically, socially, politically and culturally. We invested in higher education and it paid off handsomely.

But today, when we need it most, we are headed in the opposite direction. Tonight, I will be arguing that America's business model for higher education is broken and our broken system has led us to disinvest in higher education just at the time when we need it most.

We have entered a new era -- an era where knowledge and the ability to use sophisticated information to solve problems, to work with people who may be different from the people you grew up with and to understand everything from health care to collateralized debt obligations are essential to live a full life, to care for your family, to participate in your community.

To paraphrase Bill Green, who's the CEO of Accenture, an international company of 180,000 people globally, whichever country has the smartest people wins. He actually said whatever company has the smartest people wins.

(LAUGHTER)
Our policies, and especially our federal financial aid policies, are still bound to a nostalgic image of who goes to college, as if someone is heading off in the family station wagon to a four year college with mom and dad in tow. But the reality of who goes to college is this. The average age is 25. Eighty percent of those students work. Most are commuting to campus. And 40 percent are part-time.

As government support for higher education goes down, the broken business model is shifting that debt burden to students and their families, loading them often with punishing levels of in-of debt. This increasingly dysfunctional model has limited colleges' ability to hire the faculty, build the labs and -- and buy the computers they need to educate the next generation.

As a country, we have not spent our public higher education dollars wisely. Community colleges are the most effective form of higher education and community colleges educate almost half of all undergraduates in the United States. Yet they receive less support than elementary schools in this country and far less than if they went to a four year college.

We need a higher education model that creates greater funding equity among the two and four year colleges. And we have a new player in the higher ed world that's destabilizing the higher education model. The for-profit colleges now serve about 10 percent of all college students, but they receive about 21 percent of all Pell grants. We need to make a business model for higher education that does not let colleges make profits for shareholders while taking needed tax dollars away from the public higher education model.

We have to care enough to fix higher education to fix our future.

SUAREZ: Thank you, Gail Mellow.

And finally, opening remarks from Daniel Hamburger of DeVry.

DANIEL HAMMBERGER, DEVRY, INC.: Thank you, Ray.

I'm honored to be here with my colleagues representing a diverse array of schools serving a diverse array of students. So, no, I don't think the model of higher educator is -- education is broken, because we don't have one model. We have three. And that diversity democratizes education. It makes it accessible to everyone.

So we have independent schools like Yale. We have public sector schools like Maryland and LaGuardia. And we have private sector schools like DeVry. No other country in the world has the breadth of opportunity we have.

Now, obviously, people are concerned with public sector or state schools right now because of the drastically reduced state revenues. But our system of education is broader than one sector. The strength of our system is its diversity and its flexibility.

Is it perfect?

No. But it may be perfectly adaptable to the challenges that we face. And so we do face challenges and I know we'll address them in the Q&A.

And, Ray, here are three issues I think we should be challenged with tonight -- capacity, quality and access.
First, how are we, as a nation, going to fund more educational capacity?

With health care reform, it’s estimated that we’ll need a million more nurses by the end of the decade. Public sector schools can't fund that capacity alone. The tax revenue just isn't there. So it's good we have more than one model, including private sector schools with the capital to build more capacity.

And I’d like to offer an example from my experience right here in the D.C. area. Our Chamberlain College of Nursing is opening a new campus right now with state-of-the-art patient simulators. They can cost almost $100,000 apiece. That's a private sector college building a new campus without asking taxpayers for a dime of the investment capital.

Now, the capacity is only good if it's of high quality. So that's issue number two. We in higher education have traditionally focused on measuring inputs. And I would suggest we need to focus more on quality outcomes. Many colleges are reporting the career success of their graduates. That's the kind of accountability we should expect from our universities.

And that brings me to access. Access for the often underserved, like first in their family to go to college, single moms, working adult students, as Gail mentioned. These are often called non-traditional students. But it may surprise you to know that the non-traditional has become the traditional. Seventy-five percent of all college students today are non-traditional students and our diverse system is adapting to serve them.

In fact, last year, of the top schools graduating Hispanic bachelor's in computer science, nine of the top 10 are private sector colleges.

So one way these private sector schools have responded to these students' needs is through online learning and many public sector and independent colleges now offer online courses, as well, showing how we can all learn from each other. Somewhere in Iraq, a soldier is probably taking an online course right now from the University of Maryland University College, a school in Chancellor Kirwan's system. And, Brit, you've been an online pioneer.

That's shared learning across sectors and that competition, as we saw in the set piece, is good for students.

In some countries with just one model, only the elite go to college. But with our three models, we serve a much broader range of students and adapt to their needs. The strength of our system is its diversity. That's good for students, it's good for our economic competitiveness and it's a sign that our system is working.

Thank you.

SUAREZ: Daniel Hamburger, thanks a lot.

Now, we'll get rebuttals from each team, starting with the team in favor of the resolution.

And to Gail Mellow.

MELLOW: Thanks, Rich and Daniel.

You've mentioned how there is a diverse array of higher education offerings, how America often is touted as leading in terms of the amount of -- the quality of the education that we have here. And you've talked about the way in which we need to look at capacity, quality and outcomes.
I think one of the outcomes that you haven’t really talked about -- and I hope we do -- is really the way in which each of those sectors are funded very inequitable, how -- how taxpayer dollars go into every sector -- for-profit, public and private. And we really need to look at the return on our -- our investment.

But I think overall what you haven’t touched on is that our policies and our structures of higher education, our business model, were set at a time very different than the time we are in now. It was predicated on a four year college. It’s predicated on full-time students. It really does not try and think about the future of America, where we want to educate a very different populace. And I really think that the power of community colleges to embrace that diversity and to look at that within a business model would really allow us to broadly educate the low income students that we need to educate.

But to do that, we need to rethink how is the money distributed?

What is the quality?

What are the graduation rates?

What do we need to do?

And in that, we’re really talking about an extraordinary investment in a lot of ways -- in students' lives, in -- in family lives and in our government.

SUAREZ: Thank you, Gail.

And now we'll move to Rick Levin.

LEVIN: Well, I think that, in fact, our friendly adversaries here are arguing our case, because your -- in many ways, you’re talking about the richness and -- and diversity and excellence of our institutions.

Look at the community college system and how remarkably adaptive it is. When there are job needs in different -- in different parts of our economy, community colleges are always the first to adapt, to create new courses of study that adapt to the needs of industry and the needs of business.

It -- it's -- it's actually a remarkable record. We're much more flexible and adaptive than we give ourselves credit for. The system actually works.

As for the funding models, I just -- a couple of cautions. I mean, Brit, you suggested that we actually reward people for graduating students. In first blush, that seems like a great idea. But think about the incentives that creates for giving people courtesy passes and graduating students who don't deserve their degrees.

So it's a good way to start thinking about the problem. I don't think it gets you to an answer.

You suggested, Gail, that -- that we ought to rethink how we fund students. But, you know, actually, we get efficiency and innovation out of the way we fund students. Financial aid goes to the student. Low income students get Pell grants and they can take them where they choose. That drives competition in the -- across all of the educational sectors.
Similarly, student loans -- people are eligible for them no matter where they take them. I actually think that's good.

There is more than that. There's state funding in the form of direct subsidy and capitation grants for our state colleges, as well there should be. And there should be more of it. I think we would all agree on that.

But -- but -- and we all would agree with you, Brit, that in a -- you know, looking at this problem from the time of the depths of a recession, it's pretty hard to say the picture -- the future is rosy.

But, you know, there have been times -- people said these things 20 years ago and our system is robust and our state institutions are still very strong. If you look at the rest of the world, you would be very proud to be an American relative to the kind of education you get in state-run institutions all -- elsewhere.

SUAREZ: Thanks a lot.

Now let's move on to a broader discussion. In general -- in general, only one member of each team needs to answer each question, but, really, if you feel moved to jump in, signal to me that you want to do so and please join the conversation.

There's been a very interesting back and forth on what drives costs and whether or not this is worth it. But, you know, for years, the rationale for the fact that TV used to be perceived to be free and now costs a lot of money is well, now you get much more and much better TV.

Well, if the cost of college has gone up 439 percent in the last 25 years, is there any way we can measure whether you're getting a much better education for that much greater amount of money you're paying?

Rick Levin?

LEVIN: Starting in 1985, the rate of private return to higher education started to rise. And, in fact, economists have studied this carefully. And what we've seen is that the -- the actual amount of future income that a year of college education gets you is now higher than it was 25 years ago, despite the 400 percent increase in the cost.

The rate of return is higher. So for every dollar invested, even if it's four times as many dollars, you're -- your lifetime income is going up by even more.

SUAREZ: Brit Kirwan, can we point to a college education being worth that much more than it -- than it was worth before to justify that much higher cost?

KIRWAN: Well, I -- you know, I think that the -- there's no question that the -- the value of an -- of an education, at this point in time, continues to justify the cost. My concern is that as we look into the coming decade, with the economy as it is, that the states and the public sector will not be able to make the investments to hold down tuition. And so what I think we are at risk of in the coming decade is a great ramp up in the cost of -- of public higher education if we continue with this current business model.

SUAREZ: Daniel Hamburger, you talked about access. And I'm puzzled in an industry that doesn't move customers through the system to get a credential at the end why there's an access problem. Yes, it's tough to get into the two or three dozen most demanding colleges in the
country, but in most states in the union, if you graduate high school, you can go to college somewhere in your state.

Is that really an access problem...

(CROSSTALK)

SUAREZ: -- if we're actually turning people out without a credential at the end of their education?

HAMBURGER: You can go unless you want to be a nurse and then you're waiting on a wait list for two, three, four years. So we've got shortages in many -- it's -- it's incredible. Even though we've got 9.7 percent unemployment, we've got a whole bunch of job categories where we could cut the rate of employment overnight if we had enough people educated to take those jobs -- nursing, engineering, there's many other examples.

So that's where some of the issues are at that nuanced level of which program are we talking about?

MELLOW: It also, though, depends on which college you're going to. And I think we really have to be serious about the crushing debt that students can come out of some of these programs with and what a public good is.

So do you want a school teacher to come out with a debt like my niece has, who's teaching in a parochial school in Lexington, Kentucky, can't afford an apartment. She's a great teacher. I want her in fourth grade. But her debt from going from -- to a public university is so overwhelming, that she can't live the kind of life that we want.

I worry about the students who are at LaGuardia. It costs about $6,000 for them to get an associates degree, let's say, in -- in nursing. If it costs $42,000 or $68,000 at another college, is that worth it?

I do think we have to look at the kinds of public good we want and the kinds of costs we're having our students bear.

SUAREZ: Gail Mellow makes a good point, Rick Levin.

UNIDENTIFIED MALE: I want...

SUAREZ: It discourages...

UNIDENTIFIED MALE: I want to...

SUAREZ: -- going into certain fields that aren't highly remunerative, doesn't it?

LEVIN: I don't -- no, I don't think so, because if you look at student debt, yes, the numbers seem high at the time you take the debt on. But because there's such demand for skills in the economy, people repay their debts. The default rate no student loans is lower than the default rate on credit cards. The default rate on student loans is lower than the default rate on auto loans.

People pay their debts off because they get life time earnings capacity by getting the education.
SUAREZ: But we -- you know, the examples are many of people now ending their college careers with very large debt. Doesn't this discourage going into not very remunerative but very needed fields?

And Gail Mellow used the example of a fourth grade teacher.

LEVIN: I don't think there's really any evidence that the burden of debt has very much shaped the career choices of our students. They -- they dis -- they go where the jobs are. They train where there's opportunities in the labor force, whether the debt -- and the debt has been rising steadily. And there's really no evidence that says we're not getting enough people to go -- go into the right fields.

But there is evidence, as Daniel was pointing out, that we have some bottlenecks in the training capacity, so we don't train enough nurses. That's -- that's true. But that's not a fault of the -- of people being discouraged because of the costs.

KIRWAN: Ray, if I -- I could make a point. You know, if -- if the -- if the model wasn't broken, why is it that we have not increased the percent of young adults who get a college degree?

We're in the same place we were three decades ago. So we are not serving the -- the -- the younger generation by providing educational opportunities through to a college degree. And...

SUAREZ: Well, let me stop you right there.

How do you answer that question?

Why do we have -- you've been in higher education during that whole time?

KIRWAN: Right.

SUAREZ: Why do we have roughly the same number of people completing a credential as we did 10, 20 years ago?

KIRWAN: Well, I think we have -- we have a number of issues.

First of all, we have a system of education that is compartmentalized to such an extent, there's very little communication be -- between the sectors. And so the transition from high school to college is broken. The exit standards in -- in high school are not aligned with the entrance expectations in college.

So too many students get discouraged about going to college, taking remedial education. The cost that builds up by a lot -- by the added burden in terms of time that that -- that takes, means that we are having too many young people start through the process, but not complete a col -- a college degree.

You know, if -- if cost wasn't such a factor, then you wouldn't have the results of -- of a study I think that just came from the National Advisory Committee on Financial Aid that said there were something like 300,000 high school graduates, college ready, who did not go to college last year because of the cost of higher education.

SUAREZ: What can you do for them?

HAMBURGER: Well, there's a number of ways that we can reduce the costs of education. When
we talk to students, I'm always reminded that we need to focus on the total cost. It's not just the
 tuition. It's living expenses. It's the time they're in school that's an opportunity cost.

They could be out working, right?

So how can we reduce that total cost?

One of the things that some of our schools do, like our Chamberlain College of Nursing, you can
get a bachelor's degree in nursing, a four year degree, in three years, because we have a year
round program with full schedules year round. So that saves students a lot of money.

Also, we have locations -- over 100 locations in 30 states. Many of our students work -- you
know, live at home and don't have those living costs. That's another way.

And then I think online -- and, Brit, again, you've been a pioneer at the University of Maryland
University College. That helps students continue on their path and speed up their time to degree.
That's another way that -- and technology is something new on the horizon here that, for the
first time, I think, can really help us break through some of these challenges.

LEVIN: One -- just one fact. One reason that the percentage of students getting college degrees
has been flat for a while is that the percentage of students completing high school has not been
rising. And -- and so, you know, to say that we're broken because we're not getting the inputs is
not a -- you know, it's really -- the blame is much more on the under funding and inadequate
support for public K through 12 education in this country, where we could be doing a much
better job, where we're not the envy of the world.

MELLOW: But about 60 percent of all the people who are going to be employed over the next 20
years are in the economy right now. And you said yourself, Rich, that we -- one of the things that
we've really done a lot is with the adult population.

LEVIN: Right.

MELLOW: So it's not just about high school.

LEVIN: Well, (INAUDIBLE).

MELLOW: I think it's really coming to grips with we're in a different place. And we need to really
understand how, as a country, we want to put this together.

I mean when I look at what the for-profits do, I'm envious. They're incredible businesspeople.
They make a lot of profits for their shareholders. They get to spend a lot of money on
advertising. And I wish I had those investments.

So I think it's very exciting to sort of look at all those pieces.

But then we've got to look at the quality. And we really do have to look at the quality. And I think
that's also true at every level. And we have to look at high school, we have to look at what's
going on at community colleges. It's not just about completion. It's also can we get people ready
for the next century, where the skills are going to be so much more profoundly different?

And I think businesses want us to do that and I think it means an investment in a very different
model than the one that we have now.
(CROSSTALK)

SUAREZ: But how -- how come, then, Gail Mellow, if -- if what you're saying is the case, how come Rick Levin never is short of applicants to Yale?

He could make it $100,000 a year and he'd never have any problem filling the class of 2014 that's coming to school in September.

MELLOW: Well, I'll -- I'll -- you know, and I would love my daughter to have gone to Yale. She didn't. But there are have and have-nots. I mean one of the things I would say is I would love it if four of my graduates got to transfer to Yale, but that's not really something that often is happening in -- in a lot of the Ivies.

One of the reasons that Yale is so wonderful is because they're pretty small. There may be 125,000 students go to the Ivies. It's nothing near what Brit does. I mean I have 45,000 credit and non-credit students in one college.

So part of it is scale. And -- and, you know, God bless the Yales and the Harvards and the Dartmouths. That's fabulous. But half of all undergraduates are at community colleges. And we're investing in them like we're investing in elementary schools. We won't get the quality that we need and the faculty and the students.

HAMBURGER: Yes...

SUAREZ: OK, Daniel, I'll come to you for -- in a second.

I just want to flip the question around.

HAMBURGER: Sure.

SUAREZ: If your school could be free, if the City University of New York system could revert to being free, as it once was, would you graduate more people, by definition?

MELLOW: Well, I hope that I would. My God, then I would have $100 million more in my back pocket. My -- my -- my best and most expensive program is my nursing program. And most community colleges graduate almost everybody from there. We spend maybe $20,000 on each one of those students. But the rest of my students, I'm spending about $7,000. And so that differentiation, which goes throughout the United States, is a powerful indicator of how we're investing our dollars not wisely.

And we're also not measuring wisely. We don't really ask me, how many of your students made it through developmental education?

How many of your students made it through the first year?

How many of the students who went to the University of Maryland made it?

And so our metrics are broken, our federal measures are broken and our policies around financial aid are broken.

SUAREZ: Well, do you have a ball park percentage on how many people who finish a two year program at your school go on to a four year college?
MELLOW: Of the students who graduate from LaGuardia, about 67 percent go on to a four year college.

SUAREZ: Daniel...

(CROSSTALK)

MELLOW: About 20 percent of all PhDs in the U.S. are from community colleges.

SUAREZ: Including yourself.

HAMBURGER: Yes. And several dozen every year go from LaGuardia to DeVry University, which is across the street in - in Queens. So -- and I agree, we need to increase the support for community colleges. They're a vital part of our higher education system.

The private sector schools, like DeVry, who are taking those transfer students, the students are coming to our schools for a reason. They're getting support. And we are investing. I mean you -- you made some statements there that really aren't true, Gail.

We are investing in the private sector in counseling. We just added 50 career counselors at DeVry University. We now have 150 career counselors, one of the largest career services offices of any university in the country to support the DeVry University graduates. And the outcomes are compelling.

Since 1975, nine out of 10 -- over nine out of 10 of the graduates in the active job market of DeVry University have been employed in their field of study within six months of graduation, nine out of 10.

So there are -- yes, we have to measure quality and one of those ways of measuring quality is what do the employers say?

So, clearly, the employers are seeing the value of a private sector education in that case.

SUAREZ: Well, you mentioned that LaGuardia students transfer to DeVry. If you finish a two year, an associate's degree at DeVry, can you transfer to Yale?

LEVIN: If your performance is good enough and if you're lucky enough to be in this tiny number. We take about 20 transfer students a year out of the...

SUAREZ: But you'll accept DeVry's credits?

HAMBURGER: And I want to explain...

LEVIN: Sure.

HAMBURGER: Those are transferred from the two year to the four year bachelor's program at DeVry University. And, yes, the transfer credits -- and I heard that in the set piece, for quality institutions that are accredited -- and, by the way, our institutions are accredited by the regional accrediting bodies, the Higher Learning Commission of the North Central Association, the same body who accredits the big 10 schools, for example, accredits DeVry University, accredits Chamberlain College of Nursing.

KIRWAN: You know, I think it's very interesting that the two individuals who say the model isn't
broken are serving very small, relatively speaking, populations. Eighty percent of the students in higher education are in public two year or public four year institutions. Our nation's ability to provide the size of educated workforce we need and to provide the opportunities for moving up the economic ladder ride and fall on the public sector.

And you know it's wonderful to talk -- look back retrospectively about what this great system we have built in this country and how other institutions admire who we are. But let's talk about the future.

Where are we headed?

In -- in California, the community colleges, these are the universal access institutions. The community colleges turned away 200,000 students this year. California state university turned away 40,000 Cal State ready students.

Where is our nation going to be in 10 years?

If we continue with this same model, we are going to go from, three decades ago, having the highest proportion of college educated people in the industrial word -- world, to the lowest percentage of educated -- higher educated people in the industrial world.

SUAREZ: Well, he's just thrown it down for both of you...

(LAUGHTER)

SUAREZ: -- that you are, in fact, niche players and, of course, the business model looks like it works when you're a niche player.

What do you have to say, Rick Levin, about what we're seeing in state systems across the country, where coming from the statehouse, support is dwindling because of the tremendous pressure on revenues in those state capitals?

LEVIN: Well, you do have to separate out the fact that we're in the deepest recession since the 1930s and we're still pulling our way out of it. And the -- the -- the catastrophe that is California -- and I say this as a native Californian with -- with everyone else in my family having been graduates of the University of California, Berkeley, which is one of the world's greatest institutions.

You know, I -- I think, you know, the voters of California somehow, paradoxically, voted themselves into bankruptcy, I mean by -- by constraining what the state government can raise in taxes. That's -- that's not the fault of the higher education system. That's -- that's -- that's an absence of mind of -- of -- of our democracy.

What can I say?

(LAUGHTER)

KIRWAN: Look, but, Rick, the situation in -- in California, it may be a great grander scale there, it's being replicated in state after state around the country. In Maryland, which I think has been reasonably well treated in this recession by the state, we're not growing enrollment.

LEVIN: But community colleges aren't turning people away. The open access schools are actually taking people in...
KIRWAN: Not in...

LEVIN: -- pretty much...

KIRWAN: -- not in every state.

MELLOw: Right.

KIRWAN: Certainly not in California. They're turning them away.

LEVIN: Well, that's what I'm saying.

(CROSSTALK)

LEVIN: California is a unique fiscal catastrophe.

KIRWAN: I don't think it's the only state, Gail, that's turning away --

MELLOw: It is not, and in New York, we turned away people. But it's not just because of the depression.

The disinvestment in higher education has been going on for the last 15 years. I mean you all can read those graphs. And I think part of it is to really re-invent who we are. Someone once said that perhaps higher education is becoming too important to our society to leave to the educators, and that sort of chills me.

And it also chills me a little bit when you said, Rich, that paying for completion would lead to grade inflation because we're forgetting a very important sector, which are the faculty. And the faculty that I know are extraordinary. They are professional.

They would no more pass somebody out of their class because they, you know, wanted to go play baseball, or they wanted to get an A, or their president told them we'll make more money if you do that.

And so part of the investment, I think, just as it is in K-12, is invest in the college faculty, and we have not been doing that. We really have not been doing that.

The other thing, and I'm echoing Brit when I say this, is also as college presidents though, we have to stand up and say we are far too important to do what we've always done in the way that we've always done it.

And so I think some of what we've been talking about -- the diversity, the creativity -- is essential because we can't narrowly train for jobs today. Those jobs aren't going to be here tomorrow, and the investment is extraordinary.

SUAREZ: Daniel Hamburger?

HAMBURGER: Yes. I think the question Brit put down is so important. It's good that all four of us weigh in on that one because you're right. And I think we've acknowledged in our thesis that there are issues, particularly among the public sector schools.

But what we're saying is we have a diverse system. And we can look to other countries as well.
For example, Brazil which is the fastest-growing economy on earth. They're soon to become the fifth largest economy on the planet.

Well about ten or twelve years ago, the government looked around and said what is the biggest requisite for the economic growth that we are shooting for? Obviously it's an educated workforce.

And at that time, all the colleges were either state run or run by the church. And so they actually welcomed private sector investment into the country, and now a very large sector or Brazil -- in fact about half of all college students in Brazil -- are going to private sector schools with quality and regulation.

There are certainly quality markers that the government monitors very carefully, but that has been one way that they have encouraged the formation of new campuses and new capacity.

So I'm not saying that that's the only answer. I'm just saying that community colleges, public, state schools, private and independent colleges, and private sector schools are all part of the solution.

SUAREZ: Briefly, Daniel Hamburger, earlier you heard President Mellow refer to the large amount of Pell Grant dollars that are heading into for profit institutions including your own. And she questioned the wisdom of that. Quick response, and then I want to hear from her again.

HAMBURGER: Well -- well, the response is they're not going -- they're going to the student. So this Pell Grant is going to the student -- to the family. And now I'm paraphrasing Secretary of Education, Harry Duncan, when I say he says that's the way it should be. The students vote with their feet. And they have the choice. That kind of choice is good for our system as opposed to well, you only have one choice. It's the government run system.

So that is -- that is the reality of the Pell Grant, and -- and the rest of the financial aid system. The money goes to the student...

(CROSSTALK)

SUAREZ: And what about that? That's -- that's student directed spending. Not a question of government money heading into a private business?

MELLOW: Well, first of all, it is heading into a private business. They're making profits. And you know, I think they're great business people. We also need to think about the higher education system as a system. So that the for profit colleges really are educating sort of the easiest to educate in a narrow band. And God bless them, they do it very well. And they make a lot of money for their shareholders.

But they really don't educate the wide band of folks that we need. The people who will be the innovators and the creators. And the other thing is that we are leading students into debt. So my student who graduates from LaGuardia Community College in Queens with a -- a fourth year (ph) degree in computer science has about $6,300.00 worth of tuition. They have about $42,000 of tuition from DeVry.

Now those are -- those are choices that people make. But they make it on the basis of a regulatory system that really doesn't require the broad range of liberal arts programs that I think are really the heart and soul of where we need to be in the United States. So we need to look at that load. We need to look at regulation. We need to look at what we want as an American
higher education system, and whether or not -- last year for example, of the top 10 institutions receiving Pell Grants, seven of those were for profit. So seven of those Pell Grant campuses were going to shareholder profits. Again, they're incredible business people. We also need to look at things like graduation rate. If I look at the University of Phoenix in Kansas City, their six rate -- six year graduation rate is about 9 percent.

For a comparison, the University of Kansas City, Missouri has a 42 percent six year graduation rate. So we do need to look at graduation rates. Getting jobs is great. But we need to look at graduation...

(CROSSTALK)

SUAREZ: Very quickly.

(CROSSTALK)

SUAREZ: Do you know your five and six year graduation rate?

HAMBURGER (?): Yes. And if I could just respond about the electronic student?

SUAREZ: Very quickly.

HAMBURGER (?): Goes for a -- sure they're going to absolutely have a lower cost at the community college. And that's great. We support that. The difference is that community college receives taxpayer subsidies. The private sector college does not. So that's why the student is going to pay more at any private sector school.

And by the way, it's sort of an apples to oranges comparison, because the DeVry program has 71 credits, and the LaGuardia program has 60. The DeVry student gets a laptop included in the program, and other equipment. So it's not really a fair comparison, Gail, to be fair. And by the way the actual cost is in the mid $30's. Not what -- the number that you cited. So I was prepared for that, cause you cited that incorrectly in an article recently.

So, you know, when you look at...

(CROSSTALK)

MELLO: You can go back and forth on that one...

HAMBURGER I saw this study recently that shows for every student who attends a public sector or a state school, the taxpayer subsidizes that. So it's really about $13,000 -- $14,000. When a student goes to a private sector school, the taxpayer doesn't subsidize that. The -- actually those schools paid taxes back to the economy. And we'll pay over $100 million in taxes this year.

SUAREZ: Quickly (ph)...

(CROSSTALK)

(UNKNOWN MALE): But does that -- oh, excuse me.

SUAREZ: Yes. No go ahead. You wanted...

(UNKNOWN MALE): I was just going to say it does -- the taxpayers do subsidize it because
students are using Pell Grants to come to school...

(CROSSTALK)

HAMBURGER (?): Sure. And all of our schools -- Pell Grants -- students are eligible for...

(UNKNOWN MALE): Right.

HAMBURGER (?): ...Pell Grants at all of our schools. They always will financially at all of our schools. I'm just saying the...

(CROSSTALK)

HAMBURGER (?): ... direct subsidy -- our schools don't have a taxpayer subsidy. They don't have an endowment. And they pay taxes.

LEVIN: Colleagues, I'm distressed at this squabbling in the (inaudible). I mean, the honest truth is innovation induced by each of these different sectors is good. It's healthy. It's competitive. It makes us all better. And Brit (ph), you're completely right. And Gail the only way the system as a whole is to survive, we have to invest in our public institutions. I -- it is 80 percent of the people. And if Daniel is -- is J.D. Rockefeller, still he won't get more than 30 percent, and you'll still have 70 percent of the students in the country.

So I don't -- none of us disagrees with the fact that there needs to be investment. But you know, there also needs to be cross containment. And you said that. And one of the great things about competition is it will force us to do that. I mean, a little bit of constraint on our cross -- on -- on our funding sources. It means we just have to get more competitive. We have to use technology. We have to find ways to -- to -- to reduce our back office costs.

We're all doing that now. I mean, the current recession is forcing us all -- even Yale with its large endowment -- you know, we've been forced to reduce our costs by -- by about 15 percent. Our entire budget. And this is happening everywhere. And it's good and it's healthy. And we will -- and we will be stronger as a system by taking the excess costs out.

SUAREZ: Rick Levin, thank you. Now we'll have two minutes for a closing statement from each team. Daniel Hamburger will be speaking for the team arguing against the resolution.

HAMBURGER: Well thanks, Ray. And thanks again to PBS and to the Miller Center for sponsoring the debate. You've done a great service in raising the awareness of critical issues like education.

Well, Rick Levin and I have argued that the business model of higher education is not broken, and that in fact it's more diverse, adaptable, and democratic than ever. As Rick stated earlier, a higher education system is the envy of the world. Other countries copy it. And students from overseas flock to our schools and to our research institutions. Which is not to say that we don't have challenges.

Public sector schools in particular are facing difficult funding issues as we've all acknowledged and we all agree. We need more support for that. But our system with three models -- not one -- has the flexibility and the diversity to meet these growing challenges. And as we do, we need to address the issues that I brought up at the beginning around capacity, quality, and access. Especially access for the so-called non-traditional student, who is 75 percent of today's students.

These are the single moms, the working adults, the first in family to go to college. They're called
non-traditional, but they make up over seven of 10 of today's college students. And their success is proving how the diversity of our educational system is its strength.

The Arizona Republic ran a story last year on Bonnie Brown (ph). A DeVry University student who is a stay at home mother of three who wanted to get a degree in biomedical engineering technology and get back into the work force. Well, she graduated last year in just three years, taking classes year around. And now has a job at Phoenix Children's Hospital.

She received a quality education in a growing field on a schedule that fit her lifestyle and her busy life. And it's not that she went to DeVry University. I'm sure Brit (ph) and Gail, you've had students just like her. It's that she had the opportunity. There are thousands of people out there just like her. And our diverse educational models recognize their needs, and we responded as a system as colleagues.

So not too long ago students like Bonnie (ph) might not have had the chance to go back and get a degree. But today because of changes in technology, because of how we offer classes to students, and because of our flexible diverse higher education system, she can. And to me, that shows that our system is working.

SUAREZ: Thank you, Daniel Hamburger. And the last word goes to our team arguing in favor of the resolution and Brit Kirwan.

KIRWAN: Thank you, Ray. The coming decade will be one of the most challenging higher education has ever experienced. At the very time our nation needs to dramatically increase the proportion of students getting a college degree. Because the business model by which we operate is broken, our institutions are turning away tens of thousands of students.

I just mentioned 200,000 from community colleges in California alone. We are in a critical crossroads. We can do what we usually do in a recession. Hunker down, try and scrape by with continued large increases in tuition, and temporary budget cuts, and hope for a return to business as usual. I submit this is a strategy of putting our heads in the sand. And ignoring the realities of our time. This recession is different.

Take just one example which is replicated across the country. The University of Washington just received a new budget cut bringing its total reduction to one third of its state support over the past three years. To return to its previous level of funding would require a 50 percent increase over its new reduced budget. Does anybody really think that can occur over this decade?

So the odds are very high in my mind that if we follow the hunker down and hope strategy, we will end the decade with a 39 percent college completion rate at best. And our nation will likely be last among industrialized nations in college completion. But there is another path. We can change the business model. We can embrace the nation's college completion goal with the sense of priority it deserves.

We can form the partnerships necessary to build a seamless system of education. Please Google through college. We can draw upon the creativity of our faculty, and emerging -- and the emerging technologies to dramatically lower the cost of delivering high quality higher education. We can do these things and move our nation toward being once again the leader in the education level of our citizens.

Nothing less than the future well being of our nation depends upon which of these two paths we choose.
SUAREZ: Chancellor Kirwan, thank you very much.

Audience, I hope you will agree that our debaters have marshaled strong, cogent, and smart arguments to back up their side of the proposition. Thanks to our debaters on the pro side – Brit Kirwan, Chancellor of the University System of Maryland and Gail Mellow, President of LaGuardia Community College in Queens, New York.

And to the opposition, Richard Levin, President of Yale University, and Daniel Hamburger, President of DeVry, Incorporated. For more information about this debate and future Miller Center debates, visit the Miller Center website. And for our broadcasts, please check the schedules for your local public television station.

On behalf of the Miller Center, I’m Ray Suarez from the PBS News Hour. Thanks for watching.