

# **Breaking the Social Contract. The fiscal Crisis in Higher Education**

A report by the Commission on National Investment in Higher Education  
Council for Aid to Education 1997-05-00

This report presents the results of a 2-year study of the fiscal condition of higher education in the US. The study found that the college costs and demand are rising much faster than funding. If future tuition rates are capped at the rate of inflation (which Lane does), colleges and universities will face a massive shortfall of resources by the year 2015. This report recommends the following:

1. Political leaders reallocate public resources to reflect the growing importance of higher education
2. Institutions improve performance-based assessment, faculty productivity, and internal accountability
3. Institutions pursue greater mission differentiation
4. Institutions develop sharing arrangements to improve productivity
5. That all citizens be encouraged to pursue some form of postsecondary education

The higher education sector is facing a catastrophic shortfall in funding. By 2015, effectively half of those who want to pursue higher education will be shut out.

- ❑ Assess the relative value of departments, programs and systems in order to reallocate scarce resources.
- ❑ Institutions should focus on their points of comparative advantage rather than striving to become a full-service campus
- ❑ Share arrangements to enhance productivity

Article focuses on the importance of education for all and the need for restructuring how a college functions.