WHAT LIES AHEAD: CURRENT AND EMERGING REALITIES IN HIGHER EDUCATION

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OUTLINE

- The Higher “Education Value Proposition”
- Demographics
- Finance and Affordability
- Planning for the Future
SHIFTS IN THE HIGHER EDUCATION “VALUE PROPOSITION”

• Individuals’ perspectives
  – Job prospects
  – Return on investment measured in likely earnings vs. costs

• Policymakers’ perspectives
  – State educational attainment goals
  – Meeting workforce needs
  – Investments must accrue to the state (e.g., infuse state labor market)
  – Responsive
  – Demands for efficiency and innovation

• Growing partisan divide (Gallup & Pew)
• More active employer involvement

Access ➔ Completion ➔ Employment
Targeted Outcomes

- Completion
- Employment
- Low/affordable debt
- Equity gap reduction
DEMOGRAPHIC PRESSURES
PROJECTIONS OF HIGH SCHOOL GRADUATES

Source: WICHE
CHANGING RACIAL/ETHNIC COMPOSITION OF PUBLIC HIGH SCHOOL GRADUATES

Source: WICHE
REGIONAL VARIATION HAS SWEEPING IMPLICATIONS

- Northeast and Midwest regions face bleak prospects, plus have a heavy concentration of institutions, especially privates.
- Growth significant only in the South.

Source: WICHE
INSTITUTIONAL DENSITY: INSTITUTIONS PER 1,000,000 18-34 YEAR-OLDS, 2015-16

Source: NCES, American Community Survey
Percent of High School Graduates Directly Out of High School Going Directly to College, 2016


Note: Actual high school graduate numbers for 2016 not available from NCES Common Core of Data. WICHE High School Graduate Projections for 2016 substituted.
Growth in Out-Migration of Recent High School Graduates

Source: IPEDS
**Import/Export Ratio of First-Time Students, 2014**

Note: Import/Export ratio is the number of in-migrating students over the number of out-migrating students. A value of 1 means the in-migrants equals out-migrants; values above 1 show net in-migration while values between 0 and 1 show net out-migration. Source: NCES IPEDS
COLLEGE-GOING RATE BY RACE/ETHNICITY

Source: NCES Condition of Education, 2018
Estimates for 18-22 year-olds with a High School Diploma but without a Degree who are not Enrolled, by Income, 2012-2016

Source: U.S. Census Bureau, American Community Survey
Population Age 25-49 Enrolled in College as a Percent of Those with Less than an Associate’s Degree (Fall 2015)

Sources: NCES, IPEDS Fall 2015 Enrollment File; ef2015b Provisional Release Data File; U.S. Census Bureau, 2015 American Community Survey One-Year Public Use Microdata Sample.
These data are considerably lower for men than for women, and gaps between genders grow the more rural the locale.

Source: NCES Rural Education in America
SUMMARY OF DEMOGRAPHIC CHANGES

• Short-term reprieve from longer-term negative trends
• Continuing, rapid diversification – Hispanics key to overall change
• More:
  – First-generation students
  – Lower-income students
  – Reduced academic preparedness
• Market saturation concerns for Northeast and Midwest regions
• Growing reliance on non-residents
• Where are non-participants?
  – Low-income
  – Adults
  – Rural
  – Drop/Stop Outs
FINANCE AND AFFORDABILITY PRESSURES
FIGURE 3:
WHAT ARE THE COMPONENTS OF STATE TUITION SETTING POLICY?

<table>
<thead>
<tr>
<th>Component</th>
<th>All Sectors</th>
<th>4-Year Only</th>
<th>2-Year Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordability</td>
<td>19</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Budgetary Needs</td>
<td>19</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Offsetting Changes in State Funding</td>
<td>17</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Access</td>
<td>9</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Institutional Philosophy/Mission</td>
<td>9</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

NOTES:
1. We were unable to obtain data for Pennsylvania and the District of Columbia.
2. Data are based on an analysis of open-ended responses to "describe the tuition setting philosophy in your state."

SOURCE: State Higher Education Executive Officers
SUBSTITUTING STRATEGIES FOR A STANDARD

- Soapbox Moment: % vs. $  
- Standard: a clear and measurable expression of a target for students’ college expenses (enhanced by transparency)  
  - “Reasonable” work + “reasonable” borrowing
- Strategies: policies and practices that are intended to reduce college costs for students:
  - “Free” college (and debt-free college)  
  - Tuition guarantees  
  - Prepaid tuition plans  
  - Tuition rollbacks/freezes  
  - Income-based repayment  
  - Bonus payments (e.g., Massachusetts pilot, MDRC)
Drift Happens:

Net Tuition as a Percent of Public Higher Education Total Educational Revenue, U.S.

Source: SHEEO SHEF

Notes: Net tuition revenue used for capital debt service is included in net tuition revenue, but excluded from total educational revenue in calculating the above figures.
Net Cost as a Percent of Lowest Quintile Family Income, Public 4-Year Institutions

# Net Cost as a Percent of Median Family Income, Public 4-Year Institutions

Note: Data are for first-time full-time Title IV recipients enrolled as resident students at public four-year institutions. Source: NCES IPEDS
COLLEGE-GOING RATE BY INCOME LEVEL

Source: NCES Condition of Education, 2018
Percent of In-State Undergraduates by Hours Worked Per Week While Enrolled, 2015-16

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percent Working &gt; 26 Hrs/Wk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>39.2</td>
</tr>
<tr>
<td>$30,001-$48,000</td>
<td>40.3</td>
</tr>
<tr>
<td>$48,001-$75,000</td>
<td>35.3</td>
</tr>
<tr>
<td>$75,001-$110,000</td>
<td>29.4</td>
</tr>
<tr>
<td>$110,001-$160,000</td>
<td>26.9</td>
</tr>
<tr>
<td>More than $160,000</td>
<td>21.2</td>
</tr>
</tbody>
</table>

Note: Data are for in-state students only. Source: NPSAS
Note: Data are in inflation-adjusted 2016 dollars. 
Source: College Board, Trends in Student Aid
Average Grant Aid Dollars by Income Quartile, Resident Undergraduates at All Institutions, 2015-16

Source: NPSAS:16
Average Shares of Costs of Attendance Accounted for by Sources of Grant Aid, by Income

Note: Data are averaged for on-campus living by first-time full-year students attending public four-year institutions in California, Colorado, Hawaii, Illinois, Indiana, Iowa, Maryland, Minnesota, Oregon, Texas, and Washington. Sources: IPEDS Student Financial Aid, NASSGAP
IOWA COMPLETION BY INCOME GROUP
DEBT MEASURES

<table>
<thead>
<tr>
<th>HIGH-DEBT STATES</th>
<th></th>
<th>LOW-DEBT STATES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire</td>
<td>$36,367</td>
<td>Utah</td>
<td>$19,975</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$35,759</td>
<td>New Mexico</td>
<td>$21,373</td>
</tr>
<tr>
<td>Connecticut</td>
<td>$35,494</td>
<td>California</td>
<td>$22,744</td>
</tr>
<tr>
<td>Delaware</td>
<td>$33,838</td>
<td>Arizona</td>
<td>$23,447</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$31,915</td>
<td>Nevada</td>
<td>$24,128</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$31,563</td>
<td>Florida</td>
<td>$24,461</td>
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<tr>
<td>South Dakota</td>
<td>$31,362</td>
<td>Washington</td>
<td>$24,609</td>
</tr>
<tr>
<td>Maine</td>
<td>$31,295</td>
<td>Wyoming</td>
<td>$25,378</td>
</tr>
<tr>
<td>Alabama</td>
<td>$31,275</td>
<td>North Carolina</td>
<td>$26,562</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>$31,217</td>
<td>Oklahoma</td>
<td>$25,856</td>
</tr>
</tbody>
</table>

Source: TICAS, Project on Student Debt, Class of 2016

Undergraduate Student Loan Debt as a Percent of First-Year Wages for Graduates of Texas Public Institutions

60x30TX goal is to maintain undergraduate student loan debt at or below 60% of wages

Source: Texas HECB, 60x30tx.com, Goal #4
SUMMARY OF AFFORDABILITY CHALLENGES

• Information deficits among policymakers
  – Cost of attendance vs. tuition
  – Defining affordability
  – Links between aid packages and completion
  – Anyone who is not FTFT
  – Debt

• The role of institutional aid
  – Discounting vs. pricing resets in the private sector (and on out-of-state students)

• Return on investment
PLANNING FOR THE FUTURE
THE GOOD OLD DAYS

Source: WICHE

CHANGE IN NET OPERATING POSITION (SURPLUS OR DEFICIT) AT PASSHE INSTITUTIONS, THREE-YEAR AVERAGES, 2006-08 TO 2014-16

Source: RAND Corporation
Related Themes NCHEMS is Tracking

- Governance
  - Mergers and acquisitions
  - Closures
  - Potential loss of service to vulnerable populations

- Strategic finance
  - State-level
  - Internal institutional budgeting

- Curriculum
  - Workforce alignment
  - Technology-enhanced delivery
  - Quality assessment (competency)

- Data
  - Analytics
  - Employment outcomes
  - Capacity and use

- Quality assurance
BOOSTING INSTITUTIONAL RELEVANCE & ALIGNING COSTS WITH REVENUE

- Tuning academic program array
  - Responsive to a workforce demand, but beware…
    - 41,446 new programs since 2012 (21% increase) (Marcus, 2018)
    - 48 percent of programs yield <=10 graduates per year (Gray Associates)
  - Corresponding trimming?
- Employer engagement
  - Work-based learning -> student financial supports
  - Non-credit offerings and stackable credentials
  - Quality assurance
- Collaboration vs. competition
- Bending the cost curve
  - Redeploying human resources
PUTTING STUDENTS FIRST

• Finding space for school and life
  – Time and place
  – Addressing food insecurity
  – Childcare, parking, etc.

• Investing in student supports
  – Personal presence vs. physical presence
  – Clearer pathways, intrusive advising
  – Helping student address life when it happens
  – Assistance with non-traditional aid sources

• Competency-based programs

• Stackable credentials
WHERE DOES ADMISSIONS & ENROLLMENT MANAGEMENT FIT IN?

• Sifting students (non-residents, marketing/branding)
• Redefining “fit” from pre-matriculation to post-matriculation
• Partitioning your student body
  – Defining meaningful subpopulations of current students (e.g., part-time, geography, etc.)
  – How are those subpopulations putting demands on the institution in new and different ways?
  – Engage students as marketers
• Recruitment
  – Geography – where is your bread and butter?
  – Community colleges
  – Adults
• Pricing strategies that promote transparency
• Invest in proven retention strategies
• Helping lead the cultural shift to put students first
  – Faculty and all student-facing staff, including parking attendants, janitors, etc.
  – Reflective engagement with data
DISCUSSION

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