



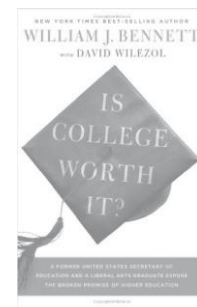
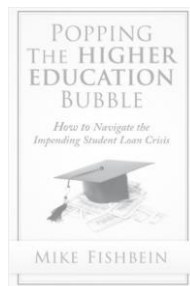
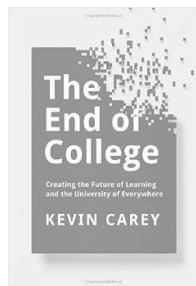
EAB

Strategic Planning in Today's Higher Education Environment

Prepared for Creighton University

- 1 Separating Fact From Fiction
 - 2 Shifting Economic and Demographic Realities
 - 3 Shifting Policymaker and Stakeholder Perceptions
 - 4 Implications for Strategic Planning
-

Higher Ed Assailed By A Drumbeat of Critiques



The Bubble Argument in a Nutshell

On the Verge of Disruption?



"For a growing number of Americans, a college degree is something obtained only through **enormous sacrifice and indebtedness** on their part or their parents', or a dream that is **entirely out of reach**. Meanwhile, most college leaders live in a bubble in which the costs of ever more **elaborate facilities, expanding administrative bureaucracies, and high-profile professors with light teaching loads** can simply be passed on to customers in the form of higher tuition.

But those days are about to end. Underneath the surface, upstart institutions are perfecting **radically new education technologies** and business plans at the same time that young people and their parents are becoming more frustrated with the traditional higher-ed model, and **more open-minded about alternatives**. There is every reason to suspect that, quite soon, these new institutions will do to higher education what Sony did to radios and Apple did to computing. Afterward, our colleges and universities will never be the same. Few Americans, one suspects, will look back in regret."

Stuart M. Butler

From The Coming Higher-Ed Revolution (2012)



College is unaffordable...



And increasingly inaccessible...



Because too much is spent on facilities, administration, and faculty who don't teach.



However, new technologies offer cheaper alternatives...



And students are beginning to abandon traditional institutions...



Which will force universities to change radically, or disappear.

The Other Side of the Story

Popular Accounts Driven by Lack of Understanding

Public Perception

Reality

Rising tuition is driving up student debt



Actually, falling family income, lack of savings, non-tuition costs fueling debt growth – and the problem lies with non-completers, graduate/professional debt, and for-profits

Rising tuition reduces access for low-income students



Access has never been higher; net tuition for low-income students is low, greatest barriers are cost of living (room and board) and opportunity cost of lost wages

College degree is losing value



College premium has never been higher; baccalaureate holders earn on average 1.8 times that of high school graduates in 2013, compared to 1.4 times in 1975

Universities are losing students to low-cost providers

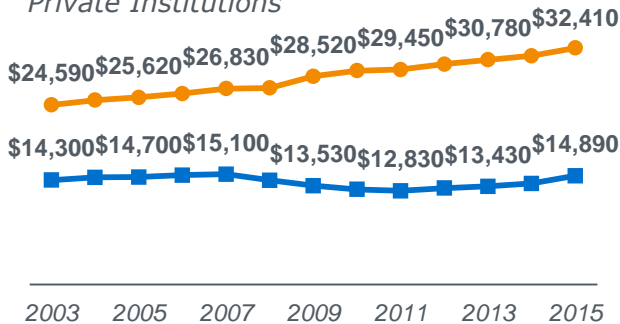


Community colleges and for-profits losing enrollment, “disruptive” innovators focused more on non-consumers

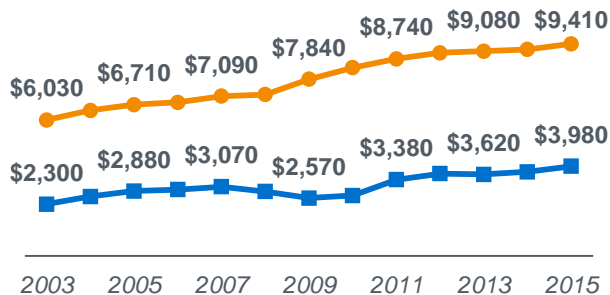
What Parents and Families Fail to Understand

Published vs. Net Tuition and Fees at Four-Year Institutions, 2015 Dollars

Private Institutions



Public Institutions



Leaving Families to Make Choices Based on Misperceived Costs

87%

of low-income parents inaccurately estimate first-year tuition costs

175%

average parent overestimation of four-year tuition and fees

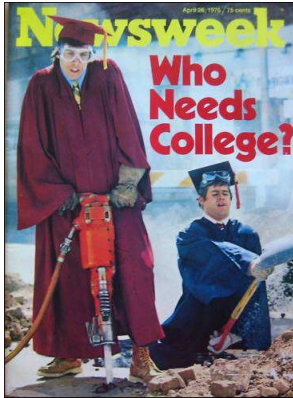
1.7M

non-FAFSA submitters in 2007 incorrectly assumed they were ineligible for aid

Sources: Eric Grodsky and Melanie Jones, "Real and Imagined Barriers to College Entry: Perceptions of Cost," *Social Science Research*, 2007; Laura J. Horn, Xianglei Chen, and Chris Chapman, "Getting Ready to Pay for College," *National Center for Education Statistics*, 2003; Mark Kantrowitz, "Reasons Why Students Do Not File the FAFSA," *FinAid.org*, 2011; Phillip B. Levine, "Transparency in College Costs," *Wellesley College and National Bureau of Economic Research*, November 2014; EAB Interviews.

Not Exactly News...

Value of College Has Been Called into Question for Decades



April 1976



Guess Which Quotes Are From 1976 vs. 2012

- “By all estimates, the rising costs of college have been paced by diminished economic returns on the college investment.”
- “Is all this investment in college education really worth it? The answer, I fear, is that it’s not.”
- “As much as 27 percent of the nation’s work force may now be made up of people who are “overeducated” for the jobs they hold.”
- “More than half of all recent graduates are unemployed or in jobs that do not require a degree.”

40 years before Sen. Marco Rubio’s comment:
“Welders make more money than philosophers. We need more welders and less [sic] philosophers.”

Fact Check: Twenty years after graduation, philosophy grads have a median **salary of \$97,000** while welding grads make **\$58,000**



Source: “Who Needs College,” *Newsweek*, April 1976; “Who Needs College? The Answer Might Surprise Newsweek,” *Huffington Post*, October 2012; <http://www.forbes.com/sites/katiesola/2015/11/11/rubio-welders-philosophers/#2a80837d12a1>; EAB interviews and analysis.

1

Separating Fact From Fiction

2

Shifting Economic and Demographic Realities

3

Shifting Policymaker and Stakeholder Perceptions

4

Implications for Strategic Planning

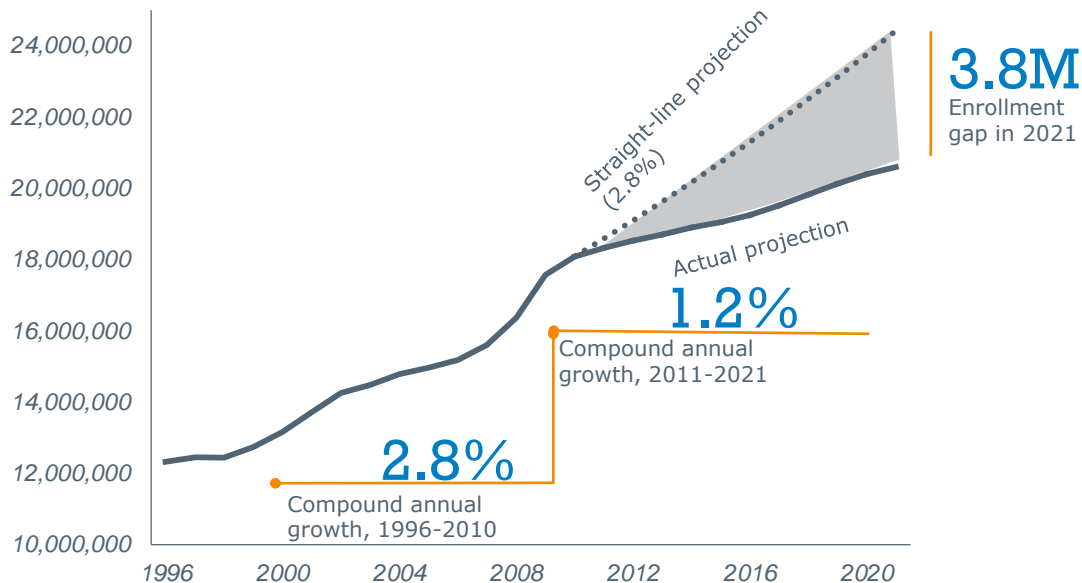
Honey, I Shrunk the Class



Demographic Decline in High School Graduates Tightens Undergraduate Market and Contributes to Decelerating Enrollments

High School Graduate Growth Slower after Demographic Decline

Total Fall Enrollment, 1996-2021 (projected)



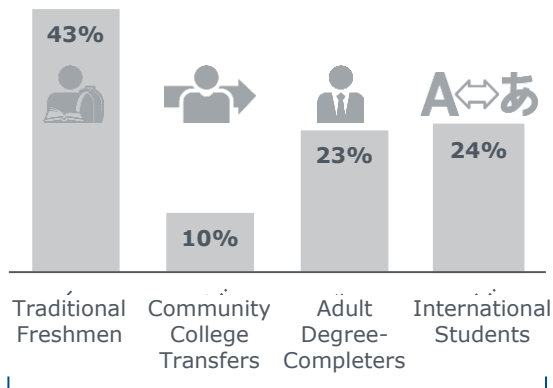
Source: National Center for Education Statistics, "Projections of Education Statistics to 2021," January 2013; National Center for Education Statistics, "Table 214," Digest of Education Statistics; EAB interviews and analysis.

Enrollment Growth Tied to Regional Demographics

Below the Averages, Local Demographics are What Matters

Contributors to Enrollment Growth

Share of National Growth by Segment, 2015-2025



Translating Growth into Enrollment Numbers

218,000

10-year increase in new undergraduate enrollments

89

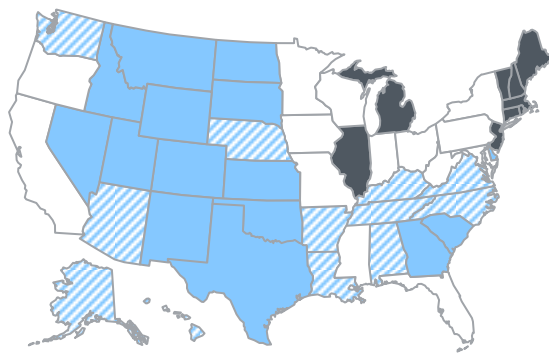
Students per institution

~9

Annual enrollment growth per institution

But Demographics Uneven Across Regions

Projected Growth, 2015-2025



But Not All Growth Has The Same Purchasing Power

Concentration of Growth in Low-Income Segment Raises Concerns about Tuition Revenue and College Readiness

Growth of Lower-Income Families Outpacing Middle and Higher-Income Families

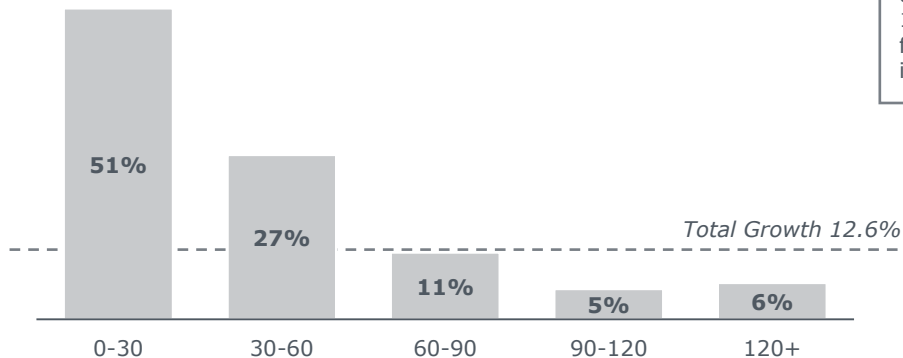
Percent Growth, 2000-2013

2013 College-Going Rates by Income:

46% Low

64% Middle

79% High



Income Range 2014 (in thousands \$)

"Student Affluence Test"

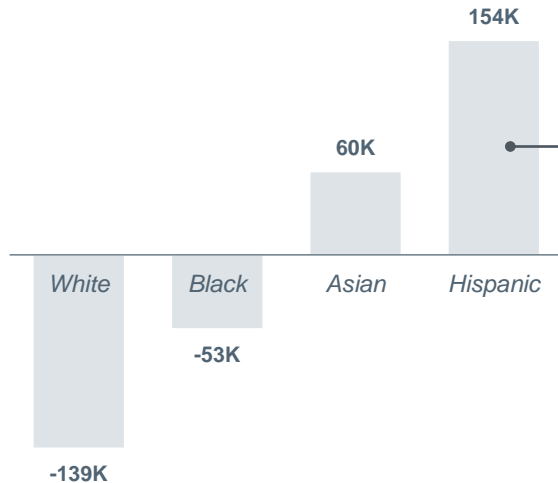
-262 pts

difference in average SAT 1600 score between students from lowest- and highest-income families, 2014

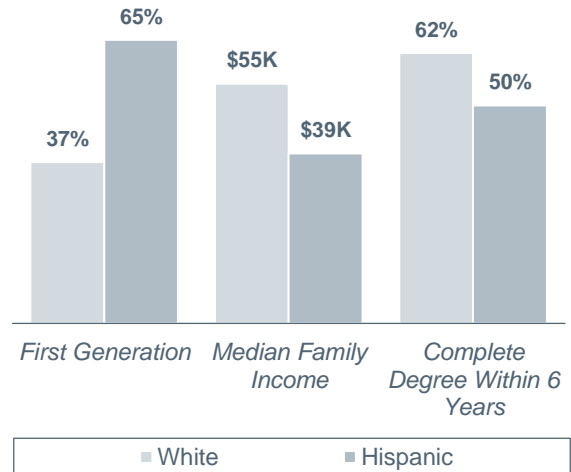
Shifting Student Mix

Demographics May Require Greater Investment in Student Success

Projected Net Growth in High School Graduates by Race, 2011-12 to 2021-22



Distinct Challenges Facing Hispanic Students

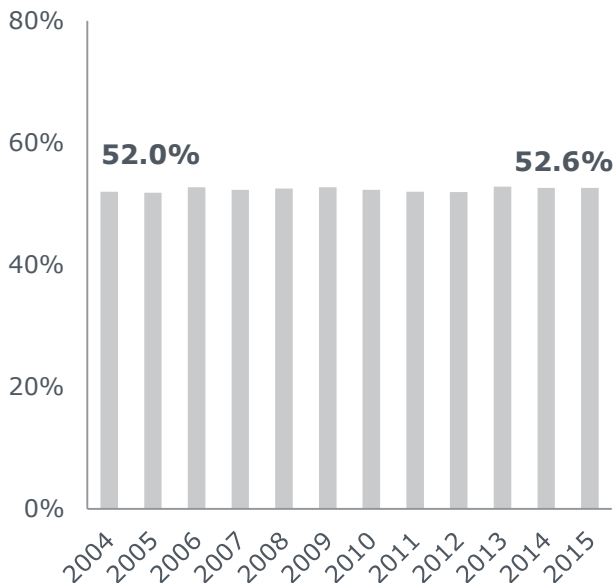


A Similar Story Nationwide

Flat Graduation Rates Despite Significant Student Service Investments

Average Five-Year Graduation Rates

Public and Private US Universities



11%

Average growth in student services spending per student FTE AY 2001-2011

**INSIDE
HIGHER ED**

College Completion Rates Decline More Rapidly

"...The nonprofit clearinghouse is able to track 96 percent of students nationwide. It found an overall national completion rate of 52.9 percent for students who enrolled in the fall of 2009. That rate was down 2.1 percentage points from that of the previous year's cohort of students, according to the clearinghouse, and the rate of decline is accelerating."

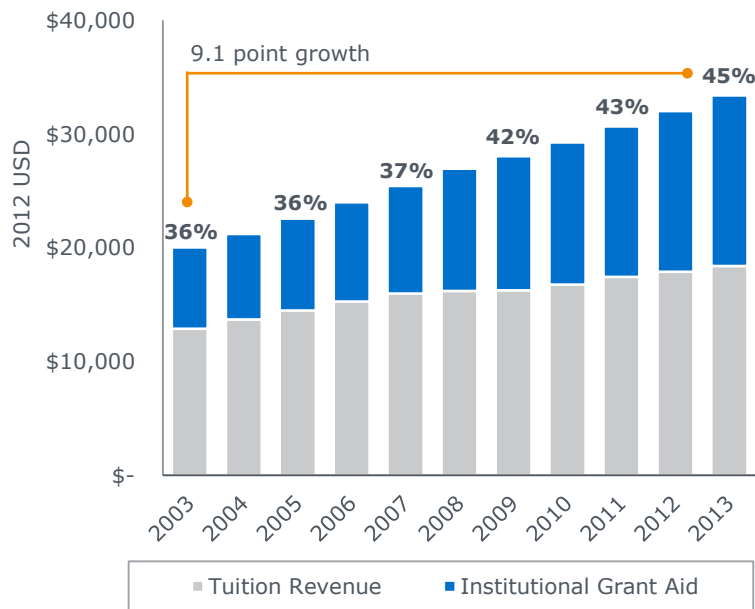
Source: ACT Research, Delta Cost Project, "Trends in College Spending, 2001-2011: A Delta Data Update," 2014, ; <https://www.insidehighered.com/quicktakes/2015/11/17/college-completion-rates-decline-more-rapidly>

Discounting: A Double-Edged Sword

Increasing Institutional Grant Aid Flattening Revenues at Privates

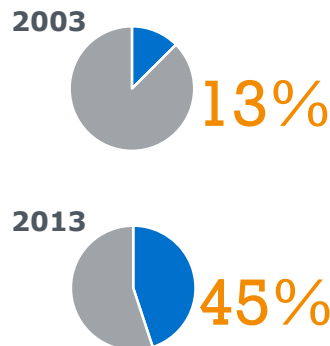
Institutional Aid Comprising a Greater Share of List Price at Four-Year Privates...

Per Capita Tuition Revenue and Institutional Grant Aid



...Reaching a Point of Desperation for Many

Privates with Discount Rates Above 50%



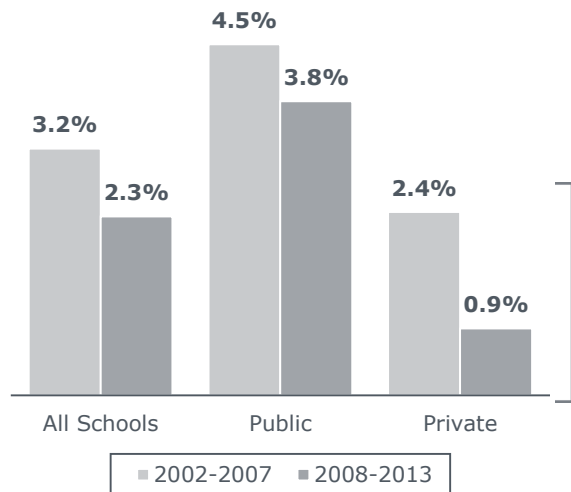
Watch Out: Publics now mastering discounting and are at the level that privates were pre-recession

A Slow and Steady Decline

Not All Private Colleges Doing the Same in New Budget Reality

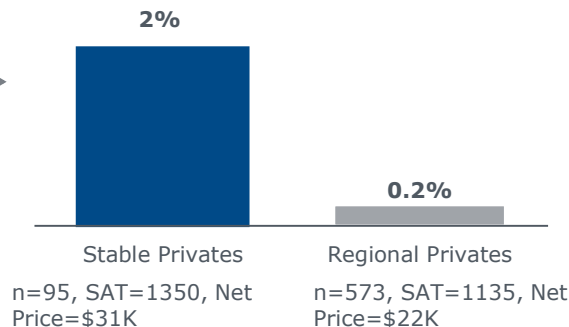
Tuition Revenue Growth Slows Post-Recession

Tuition Revenue Per Capita Growth Rates, Pre- and Post-Recession



Minimal Tuition Revenue Growth for Regional Privates

Average Tuition Revenue per Capita Growth Rates, 2008-2013



Missed Target

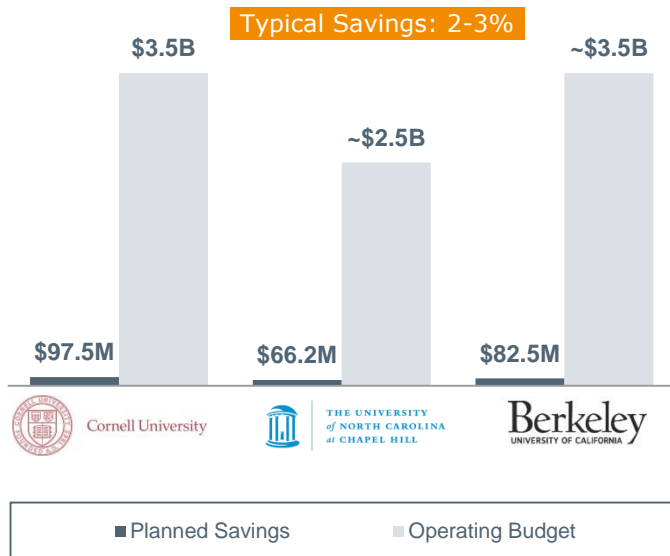
3%

annual growth rate required for sustainable financing according to Moody's

Blood From a Stone

Cost-Savings Measures a One-Time Windfall, Not a Panacea

Prominent Consulting Engagements Achieve Savings But Not A Long Term Solution



Struggling to Meet Consultants' "Best Case" Savings Targets

4.30%

Average "best case" savings estimate provided to institutions engaged in consultancy-led efficiency audits

2.03%

Actual savings as a percentage of total operating budget achieved

“

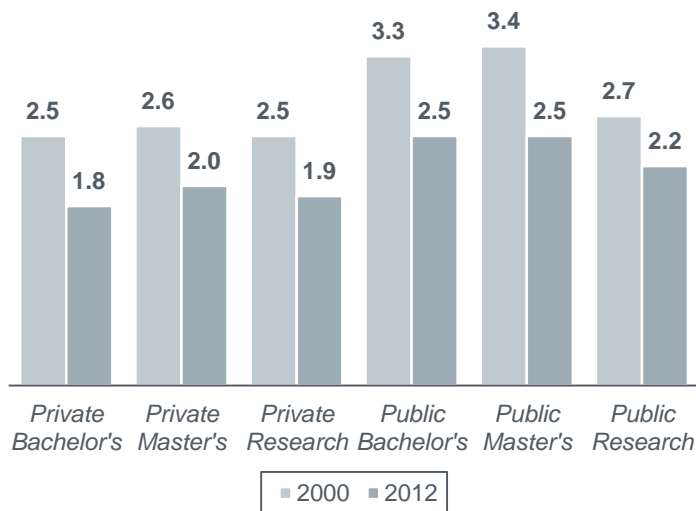
“Cost containment is an important issue, but **once you’ve achieved it, you won’t become more efficient every year.** At some point there has to be revenue growth.”

*Higher Education Analyst
Credit Rating Agency*

Administrative Labor Under Intense Scrutiny

2014 Delta Cost Report Focuses on Growth in “Administrator” Ranks

Number of FTE Faculty and Instructional Staff per FTE Professional



Most Growth in Student Services

However, the report also shows that the majority of salary expense growth is tied to Student Services, not Institutional Support.

“Wage and salary expenditures for student services have grown faster than other spending categories.”

*Delta Cost Project
February 2014 Issue Brief*

1,411

Number of professional staff laid off by colleges and universities in 2014 – as opposed to **650** faculty members

The Low-Hanging Fruit is Gone

Do We Have the Appetite to Go After Inefficiency in the Academic Enterprise?



Space Utilization



Course Offerings



Course Success



Curricular Complexity



Faculty Workload

-
- Identify course access bottlenecks
 - Better leverage existing space
 - Consolidate underutilized sections
 - Reduce number of small courses
 - Expand bottleneck courses
 - Redesign high-DFW courses to increase engagement
 - Streamline major requirements
 - Reduce elective offerings
 - Maximize capacity utilization
 - Differentiate faculty workloads

50%

Classroom Utilization

33%

Underutilized Sections

20%

Attempted Credits Not Completed

30%

Students Graduating with Excess Credits

60%

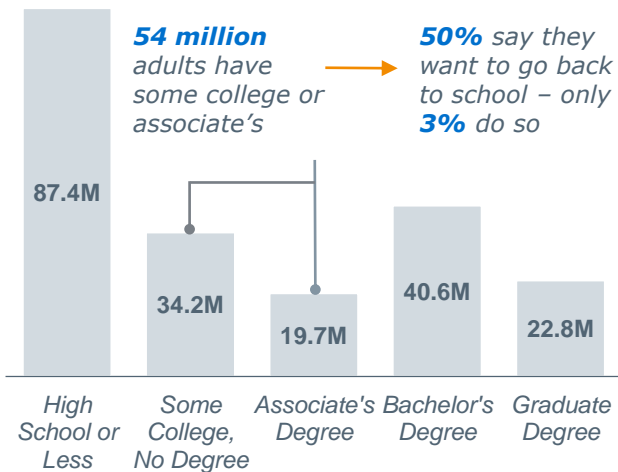
Faculty Teaching Less than Standard Load

Going After More Mature Markets

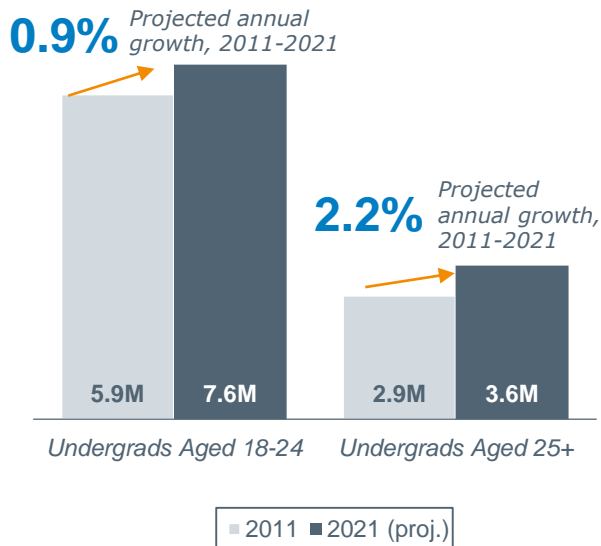
Adult Undergraduates To Grow Twice as Fast as Traditional Students

The Degree Completion Opportunity

U.S. Population by Education Level



Adult Undergrad Students at Four-Year Institutions



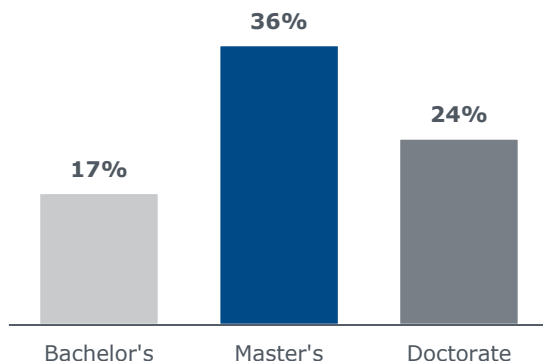
Source: National Center for Education Statistics, *Projections of Education Statistics to 2021* and *Digest of Education Statistics 2012*; National Student Clearinghouse Research Center, "Completing College: A View of National Attainment Rates," November 2012; U.S. Census Bureau, "Educational Attainment in the United States: 2012." Education Advisory Board interviews and analysis.

Master Surpasses the Student

Graduate and Professional Programs Growing Faster than Baccalaureate

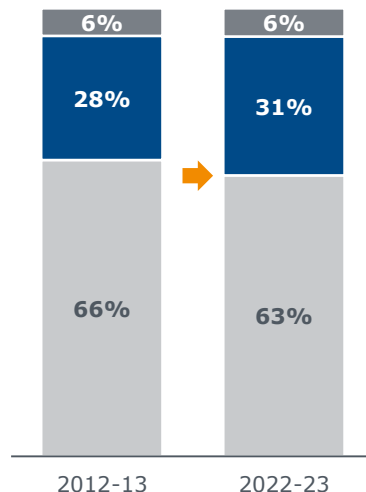
Projected Growth by Award Level

2012-2013 to 2022-2023



1,934 Number of graduate programs added between 2011-2013

Current and Projected Degree Completions by Award Level



■ Bachelor's ■ Master's ■ Doctoral

1

Separating Fact From Fiction

2

Shifting Economic and Demographic Realities

3

**Shifting Policymaker and Stakeholder
Perceptions**

4

Implications for Strategic Planning

The End of Information Asymmetry

When an Experience Becomes A Commodity – Or a Transaction

Buying a Car: Then and Now



1989

Salespeople Have Exclusive Access to Product Details



Consumer

Financials:

- Sticker Price
- Personal Budget

Priorities:

- Safety
- Towing and Storage Space
- Reliability
- Color: Red



Salesperson

Financials:

- Invoice Cost
- Financing Options

Safety:

- Rating
- New Airbags

Towing and Storage

- Competitor Specs

Reliability

- Repair frequency
- Cost to repair

Color

- Availability of other colors

2016

Readily Available Information Shifts Power to the Consumer

TRUECar

- Invoice price
- Rebates
- Shows distribution of prices paid

carwoo!

- Dealers bid for sale
- Buyer selects most favorable deal

Consumer Reports

- Reliability data
- Safety ratings

cars.com

- Aggregated car availability
- Specs for all models

College Scorecard: 2015 Only the Beginning

From “Quality Assurance” to “Consumer Protection”

High Utilization of Federal Scorecard Itself Uncertain...



*College Scorecard
(Selected Measures)*

Loan Repayment Rates

- Share of Students Making Progress in Paying Loans within 3 Years of Leaving College
- Improvement on Default Rate

Earnings

- Average Income 10-Years-Out
- Percentage of Students Earning Over \$25,000 6-Years-Out



Information previously unavailable to public



Data considered inaccurate, unrepresentative, and misleading

Volume of information difficult to navigate

...But More Aggressive Accountability Measures Still on the Table...



Ratings tied to federal funding in the future?



ASSOCIATION OF
PUBLIC
LAND-GRANT
UNIVERSITIES

Some trade associations expressing tentative support

... And Part of Larger Student Shopping Shift



Data incorporated into emerging consumer information sources



Re-defining what “ROI” shopping means

The Rise of “Outcomes Shopping” ?

Proliferation of Rankings and Search Tools Based on Career Outcomes

New Resources to Measure ROI Emerge Post-Recession

2010



College salary and ROI reports

BUSINESS INSIDER

Survey asks which schools best prepare for postgrad success

2012



State-level salary data for VA, AR; later expanded to CO, FL, TN, TX

2013



Alumni giving as indicator of outcomes, ROI



20% of ranking based on earnings

2014



Placement rate at top companies in hot industries



One-third of rankings by career outcomes

2015



Value added vs. predicted salary



Colleges' value added based on Scorecard data



Increased weight for outcomes in rankings formula



College Scorecard

Median earnings 10 years out; Percent students earning >\$25K

College Scorecard Now Front and Center in Online Search

Georgia State Undergraduate Admissions
admission-requirements • Georgia State University •
Rankings to select SAT or ACT scores. Please refer to the state
accepted GED students

review • CollegeData College Profile
georgiastate_univ1.html?searchid=1206 •
1913, is a public university. It is the health • Overall
licensing were admitted. Early Action.

admission Chances, SAT and ACT Scores ...
georgia georgia state university admission •
1913 • What are the SAT and ACT requirements for students to
study and what score do you need to get in? • 47 percent of
regional State University

admissions • Niche
state university admissions •
Including tips from current students on ... If it's not within
are an 100% pass rate.
applicants: 8,445
on Rate: 57%

niche
university



Georgia State University

Admissions

Georgia State University is a public research university in downtown Atlanta, Georgia, United States. Founded in 1913, it is one of the University System of Georgia's four research universities. (Wikipedia)

Acceptance rate: 67.1% (2014)

Graduation rate: 53.2% (2014) (College Scorecard)

Average cost for students residing in-state: \$10,853 USD (2013) (College Scorecard)

Average salary after attending undergraduate: \$5,800 USD (2013) (College Scorecard)

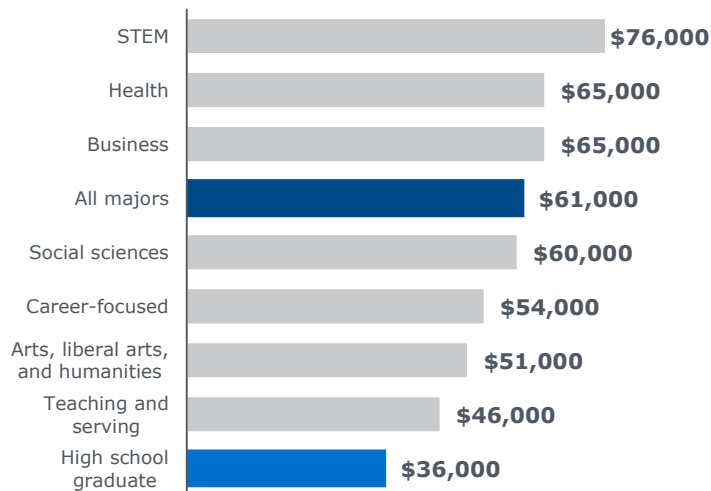
Undergraduate tuition and fees: International tuition: 28,896 USD (2015), Non

Majors Matter



Students Recognize that ROI Varies Significantly by Discipline

Median Annual Wages of College-Educated Workers Age 25-29 by Major Supergroup



Difference in lifetime earnings between highest and lowest-earning major (\$3.4M) exceeds difference between college and HS degree (\$1M)

An Information Experiment



Sample of students asked to predict their earnings at age 30



Students then exposed to data showing their major's expected earnings



12%

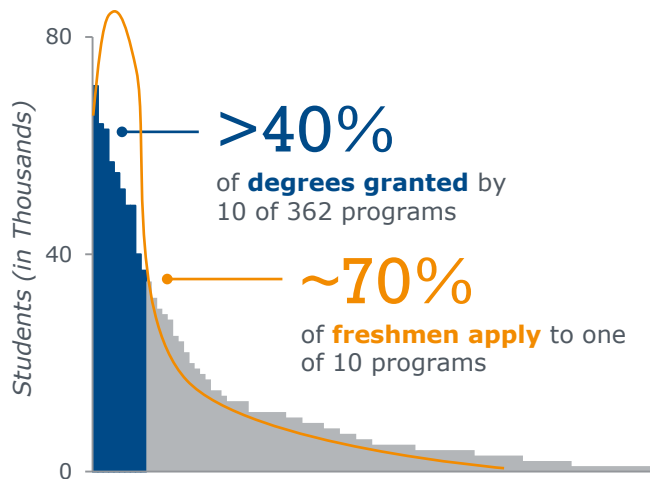
Percentage of students who decided to change major in response to earnings data

Sources: "The Economic Value of College Majors," Georgetown University Center on Education and the Workforce, 2015; Wiswall, M. Zafar, B. "Determinants of College Major Choice: Identification Using an Information Experiment," Federal Reserve Bank of New York Staff Reports, June 2011; revised August 2014; EAB interviews and analysis.

Worse than We Thought

Student Disciplinary Clustering

Certified Instructional Programs, Four-Year Not-for-Profits, 2012



Changing Program Enrollments at Michigan State University

Undergraduate Enrollment by College, 2003-2015



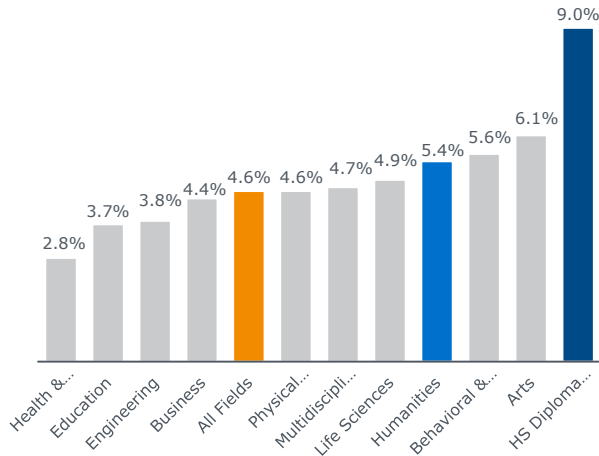
Impact of out of state, international students, and historically underrepresented minorities?

The Economic Value of a Liberal Education

Don't Be Misled by Early Career Earnings Data

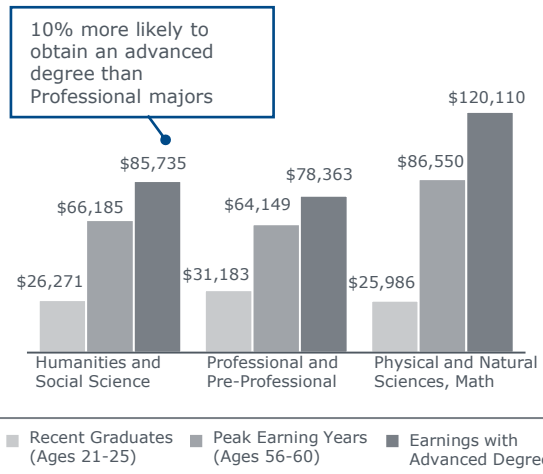
The Mythical College Graduate Barista

Unemployment Among People with a Terminal Bachelor's Degree, 2013



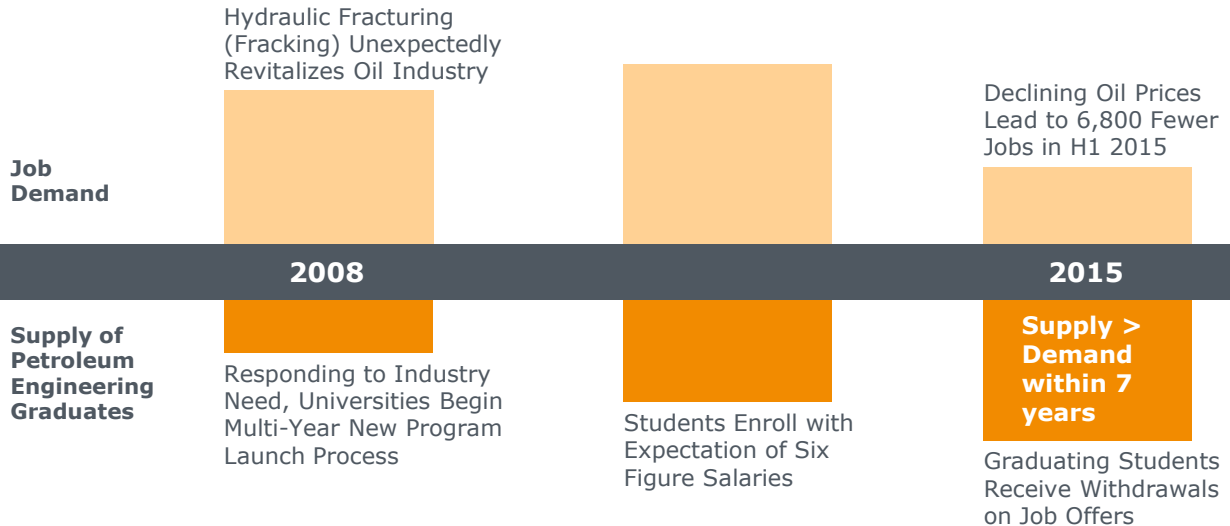
Wage Gaps Close Between Liberal Arts and Professional Majors

Median Salaries of Recent College Graduates and at Peak Earnings



The Difficulty of Chasing “Hot Jobs”

The Case of Petroleum Engineers in the U.S.



“The economy bounces all over the place in terms of jobs that we hear are ‘hot’ all the time, like tech jobs. The reason that they’re hot is precisely because you can’t predict them.”

Peter Cappelli, Professor, Wharton School of Management

Enhancing the Liberal Arts

Improving Career Outcomes without Sacrificing Broader Educational Goals

New Track or Minor in Major

Publishing and Editing



Nexus



Add-On Content from Another Unit

Professional Edge



NEW YORK UNIVERSITY

Professional Bootcamp



FULLBRIDGE

Joint Program Across Two Units

CS + Humanities



Business and German

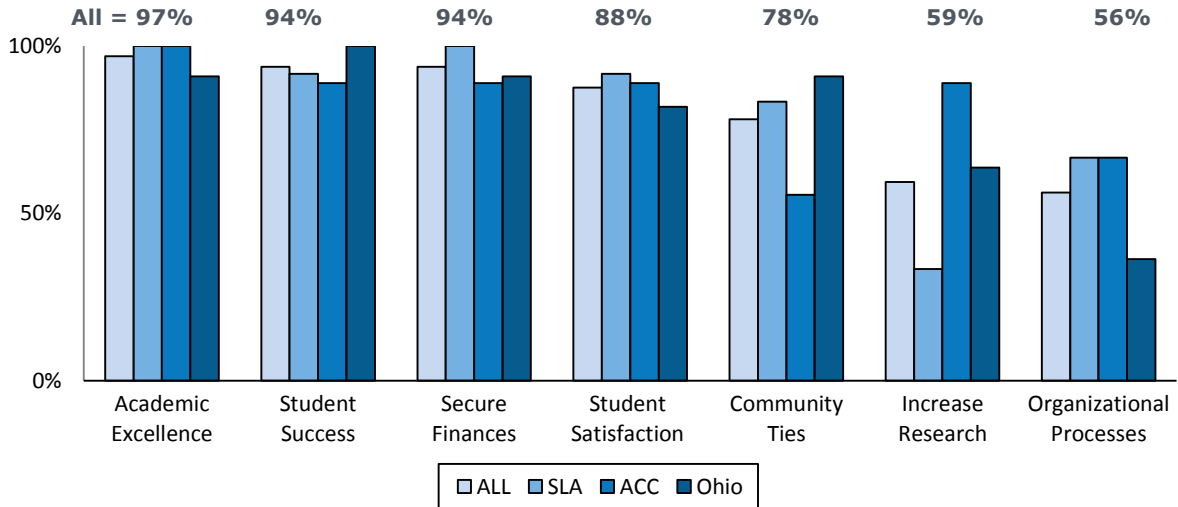


- 1 Separating Fact From Fiction
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All Things to All People

Strategic Plans Too Often A Declaration of Values, Not a Roadmap Toward Differentiation

Percentage of Strategic Plans That Include Indicated Strategic Goal



(n=32 strategic plans; ACC=9; Ohio=11; SLA=12)*

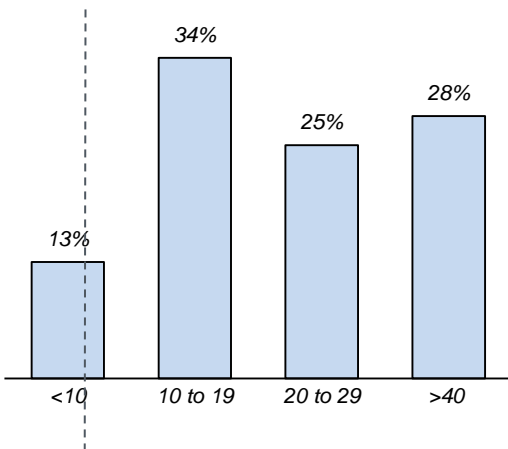
1) *Audit participants include a selection of schools from the Atlantic Coast Conference, the University System of Ohio, and several small liberal arts conferences.

“Our Most Important Stakeholders are Students, Faculty, Staff, Alumni, and the Community”



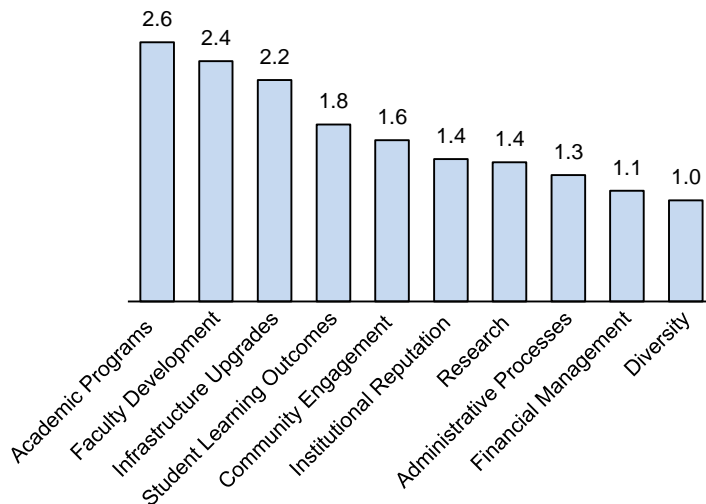
Priority Creep and Initiative Proliferation Turns Strategic Plan Into a Wishlist that Disperses, not Concentrates, Resources

*Number of Total Initiatives
(Per Plan)*



Experts recommend that plans identify no more than seven strategic initiatives per planning cycle.

*Number of Individual initiatives
(Per Plan by Category)*



A New Paradigm

Shifting Our Perspective on Resource Allocation



From Enhancing Quality Everywhere....

Maximizing inputs

The only way to improve
quality is to spend more

Same performance expectations
for all departments and faculty

Grow every department,
student population, and
program at the same rate

Resources should be
allocated fairly

Siloed plea for
additional resources



...To Targeted Investments in Excellence

Maximizing outcomes

The only way to improve quality
is to focus on what works

Differentiated roles and workloads
based on ability to contribute

Seeking excellence in all areas
will lead to mediocrity

Resources should be
allocated effectively

Institution-wide alignment
of resources with priorities



Where Do We Start?

Inclusive Nature of Strategic Planning Often Results in Broad Goals



Strategic Planning by Committee...

Committee of more than 70 faculty, staff, students, alumni, and community members develops strategic plan over the course of a year.



...Often Leads to Goals That Lack Specificity

Example goals from University of North Carolina at Greensboro strategic plan:

1. Make UNCG the first choice of more students
2. Improve health, wellness, and quality of life for children, adults, families, and communities
3. Offer transformational undergraduate and graduate education
4. Support faculty as they work collaboratively with diverse communities
5. Integrate international and intercultural experiences

A Focusing Process

Implementation Teams Bring Definition to Broadly-Stated Strategic Plans

SP Committee

Chancellor and Strategic Plan Implementation Teams

Strategic Plan
Approved by
Board
29 Goals

Chancellor Assigns
Teams **29 Goals**

Chancellor
Activates **19
Goals¹**

Chancellor Funds
7 Goals

**Step 1:
Action Item
Reports**

*(Action items, KPIs,
and benchmarks)*

**Step 2:
Resource Reports**

*(Financial, data,
and space needs)*

**Step 3:
Implementation
Begins**

1) The Dean's Council recommends to the Chancellor which goals should be activated.

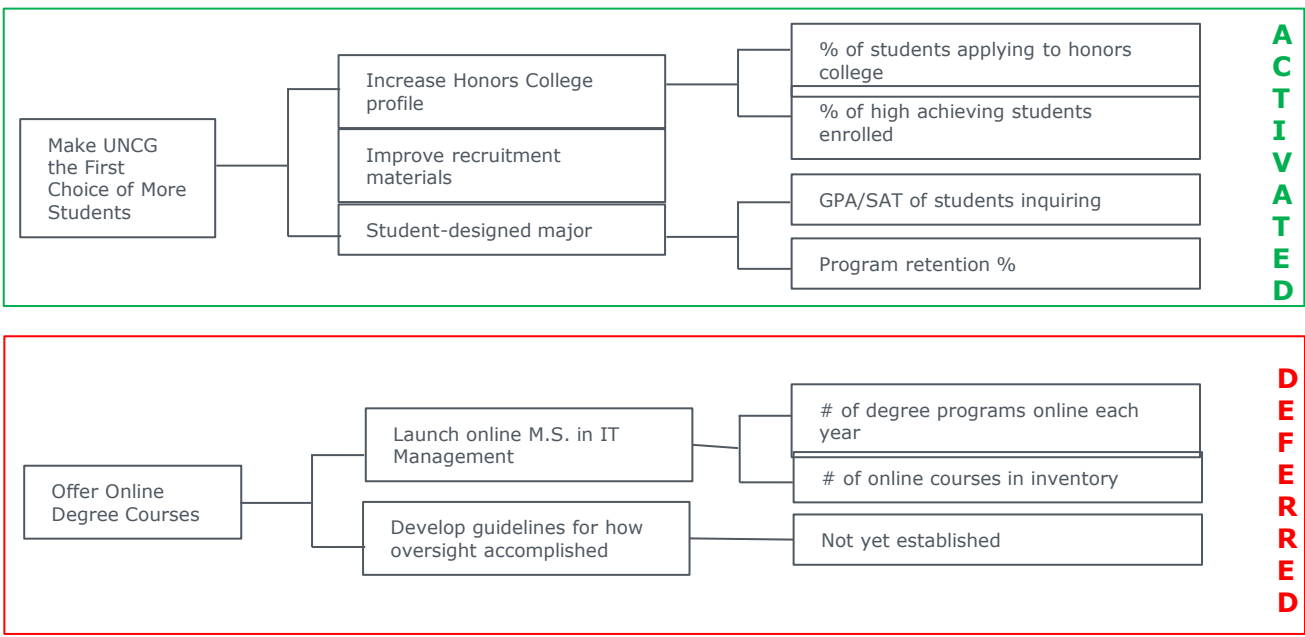
Doing the Legwork

Defining Action Items and KPIs Helps Chancellor Decide What to Activate

Strategic Plan Goal
SP Committee

Action Items Established
Implementation Team

KPI Targets Determined
Implementation Team



Defining the Requirements

Financial, Space, Faculty, and IT Requirement Specificity
Enables Accurate Planning

Key Areas of Resource Requirement Definition at UNCG



Financial Needs

- **3-Year Projections:**
Define annual and total costs as well as revenue or cost-savings potential
- **Funding Sources:**
Determine most appropriate source—state recurring, state one-time, or discretionary—for each action item



Space and Faculty Needs

- **Space and Seats:** Identify support space (i.e. conference room, analytical core lab), seat-use frequency, and specialized equipment
- **Collaboration Potential:** Establish if space:
 - Needs to be near existing
 - Can be shared
 - Can be off-campus
 - Will impact classroom scheduling
- **Position Specificity:** Specify positions (i.e. adjunct, web designer) and spatial need (private office, bullpen)



IT and Data Needs

- **Services Required:**
Establish IT support provider (i.e. central, contracted)
- **Data Focus:** Define if and where metrics and reporting exist (i.e. Banner, IR)
- **Back-up Plan:** If services, data, or reporting do not exist, develop cost estimates



EAB

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