WILLIAM J. HUGHES
CENTER FOR PUBLIC POLICY
THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

Higher Education Strategic Information & Governance (HESIG)

Policy Steering Council Supporting Material

September 24 - 25, 2013

STOCKTON
NEW JERSEY'S DISTINCTIVE Public College

Agenda and Introductory Materials

- Agenda and Discussion Questions
- Introductory Essay
- Top Higher Education Policy Issues 2013
- HESIG Mission
- 2012- 2013 Highlights

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THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

Preliminary Schedule and Agenda
HESIG Policy Steering Council

September 24, 2013

6:00- 7:00pm	Reception at the Seaview
7:00- 8:00pm	Dinner

September 25, 2013

8:00- 8:30am	Breakfast, Campus Center Meeting Room 5
8:30- 9:00am	Introductions and Overview of Meeting Agenda and Objectives
9:00- 10:15am	Topic #1- Trends Affecting the Future of Higher Education
10:15- 10:30am	Break
10:30- 12:00pm	Topic #2- Defining and Measuring the Value of Higher Education
12:00- 1:00pm	Lunch
1:00- 2:30pm	Topic #3- Governance Reform in an Era of Change
2:30- 3:00pm	Summation
3:00pm	Adjourn

HESIG Policy Steering Council Meeting, September 25, 2013

Discussion Questions

Topic #1: Trends Affecting Higher Education

1. What trends provide the greatest challenge/opportunity for colleges and universities?
2. What is superfluous, and inhibits finding clarity?
3. How should these trends be connected and communicated to policy makers and citizens, and internally, to lead to action on policy reform?
4. What do colleges need to do to improve strategic planning to address trends coherently?

Topic #2: Defining the Value of Higher Education

1. How should higher education define its purposes and value, qualitatively and quantitatively?
2. How do colleges structure messages to engage citizens and policy makers in a conversation about value, beyond the issue of cost and price?
3. How do colleges enhance the intrinsic and practical value of a degree?
4. How do colleges avoid adding programs and services at the margin to increase value, and instead enhance the core academic experience by reengineering cost, and increasing degree completion?

Topic #3: Governance Reform

1. Given emerging trends, how is the role of the governing board changing in relation to state and federal policy makers; and in relation to internal stakeholders?
2. In advocating less external regulation to provide college leaders with greater flexibility to innovate, what is the role of the board in assuring quality and public accountability?
3. As public colleges create more private partnerships and generate more non-business- related revenue, what is the evolving role of the governing board?
4. In an era of enterprise, greater competition for students and dollars, how does the structure of a board need to change? How does the board hold itself, presidents and others accountable for effective performance?
5. How does a board create new processes to encourage engaging the broader community served by the college?

Centrifugal Forces and Future Directions For Higher Education

A lot can happen in a year; and it seems that it has. While environmental, if not substantive change, is typically the norm, change is happening in American higher education at a more rapid pace than in many years. At the HESIG Policy Steering Council Inaugural Meeting, during June 2012, members identified **core financial support** for colleges and **access/affordability** as the top two issues facing colleges and universities. Sustaining public trust and increasing degree productivity/completion, followed on the list of top issues, with concerns about governance and regulation bringing up the rear as matters of principal concern.

Several new issues, including the **value of college,** and **governance** have joined the mix of "top of mind" concerns about where we are headed as an enterprise, and how we might get there. The big question affecting hope for accomplishing the promise of American higher education rests largely on how resilient and innovative colleges and universities can be in managing the centrifugal forces pulling apart long-standing policies and practices, while sustaining important centripetal values that help bring coherence to higher education's broad public purposes. What is clear on the horizon is that colleges and universities have significant opportunity to shape a brighter future by tackling creatively many of emerging challenges facing them today.

Trends Driving Change

1. Significant Financial Constraints- Perhaps no other issue drives college leaders' worries more than how to sustain financially the core enterprise. Earlier this year Moody's issued a very sobering "negative" outlook for higher education, projecting more limited public financial support, and a significant limitation of colleges' ability to increase net revenue from tuition and fees. Such a projection places great pressure on colleges to constrain cost, reduce dependence on price increases, and to reduce aspirations for facilities that increase debt service. Universities are forced to rethink traditional practices concerning more efficient use of faculty, support services, facilities and the effectiveness of the traditional academic calendar. In brief, in light of growing fiscal constraints, most analysts agree that the basic financial model sustaining colleges for decades requires a major overhaul.

2. Questions About the Value of the Investment- Following several years of intense policy focus on increasing educational productivity and degree completion, the even larger question of the value of college, including private and public cost and benefit, has emerged as a leading concern. Several studies have been published which confirm that individuals that attend college earn more and suffer less from economic downturns than do those without a college degree. A very recent OECD report confirms that this is true on an international scale, and goes farther to illustrate that college graduates not only earn more money in a lifetime, but also enjoy broader personal and social benefits, than do individuals without tertiary education. The OECD analysis finds, too, that the benefit of investment in college outweighs the public and private cost of college, and furthermore that the United States does not spend significantly more on higher education as a percentage of GDP, than most industrialized countries.

Yet, with all of this information, the critical policy question about the overall value of college remains a hot topic among policy makers and citizens, perhaps driven more by the perception of high price/cost, than any other single issue, as well as growth of interest in alternative, lower cost approaches to service delivery. Blurred lines about colleges' missions is another contributor of questions about value, as two-year and four-year colleges extend academic programming, and non-traditional colleges offer a wider variety of degrees. In a nutshell, higher educators and others are grappling with how to define and talk about the value of college, during a time of policy uncertainty. The matter of college value is at the heart of building greater public trust.

3. Concern about Inequity of Opportunity- It is paradoxical that the citizens strongly support broad college opportunity and hold high aspirations to attend college, but increasingly question its value. And it is disheartening, following decades of effort to expand college opportunity for low-income and racial/ethnic minorities, to observe how much more needs to be done to accomplish greater equity in college access, especially to highly- selective private colleges that receive significant public subsidy. Recent studies showing the paucity of low-income and minority students attending and graduating from elite private colleges underscore the need for larger policy examination not only of recruitment and admission policy, but also fundamentally of institutional and national student financial aid and pricing policy.

4. Accountability for Attainment and Completion- Encouraged by foundations such as Lumina and Gates, policy makers are actively considering adopting incentives for colleges to help students complete degrees faster, and performance measures to account for college effectiveness. A majority of the states have adopted, or are considering some form of performance-based budgeting for higher education. Closely tied to the performance/completion agenda, many advocates of college opportunity and policy analysts assertively tie college completion policy to school and college readiness programs to help close the educational achievement gap for minority and low-income students. Accordingly, colleges are being pushed to be more accountable for retaining and graduating the students they already serve, and to be more effective in partnering with schools and others to increase the chances of historically disadvantaged populations and adults achieving access to college, and degree completion.

5. Uncertainty about Student Financial Aid- Our federal student financial aid structure, built on the foundation of "choice," among many types of colleges faces stronger calls for policy reform concerning both equity and performance. Related to issue # 4, need-based student aid coupled with need- blind admission policy at highly selective private colleges has hindered opening the doors of elite colleges for greater numbers of low-income students. Reform of student financial aid, reigning in loan subsidy and tying Pell Grants to academic performance, are high on the agenda for Congress during consideration of the Higher Education Reauthorization Act.

At the state level, where only about 10 states account for two-thirds of all need-based financial aid, the slow growth economy and demands on state treasuries from other government agencies, indicate slower growth in these programs, and greater rationing of assistance to fit the student population. Some states, too, are considering linking grants to educational performance measures. A lingering question behind these issues, often not explicitly articulated is: Who pays for, and who benefits from the significant amount of money invested in student financial aid?

6. Governance Reform- Following several years of intense policy focus on accountability for college pricing and educational outcomes, the issue of governance rises as an important topic on the college reform agenda. Policy advocates concerned about college effectiveness are turning more attention to the role of governance in setting educational and financial policy, recognizing that new business models and new educational delivery methods cannot be developed effectively without review and reform of governance practices. As new educational delivery modes evolve, clearly the matter of the role of faculty in academic governance must be addressed.

AGB's recently created Commission on Governance is a case in point. As it relates to quality assurance and reform of business practices during a time of fiscal constraints, and greater competition for students, governance at the institutional and state levels is likely to get more attention. Greater tension between capitals and public college campuses is likely to be fostered by increasing demand from policy makers for more accountability, and on the other hand, colleges' desire for less regulation and greater policy flexibility, as they develop new business practices with limited public financial support.

7. Explosion of Interest in Technology- Not too long ago, few educators knew what a "MOOC" was. Within just two years, most individuals around higher education know more than they wanted to learn, with higher education news outlets covering the topic relentlessly. The rapid emergence of interest in Massive Open Online Courses is a proxy for much broader consideration of changing the long-standing place- bound face-to-face approach to delivery of traditional college education. Initial excitement about what MOOCs might accomplish through competency-based, modular e-learning, has cooled, as many private companies and college partners have experimented and learned that new technology in itself may not be the panacea for delivering low-cost “all-the-time” learning to the masses. Huge policy issues beyond course content must be overcome concerning the efficacy of a business model, student equity, and ultimately assessment and certification of learning outcomes. Still public policy makers, together with colleges and university systems (as in CA) are likely to encourage vigorously new modes of delivering higher education, using technology.

8. Demographic Shifts- One of the most fundamental issues providing a platform for reform of higher education policy rests with the matter of which citizens will attend college in the first instance. The demographics and geography of higher education deserve significant attention, too. In some cases colleges themselves may be more attuned to shifts in prospective student populations than are public policy makers. As a recent WICHE analysis indicates, some states will lose population and will experience a downturn in high school graduates headed to college, while others will experience significant increases. Ironically, many of the states facing population increases lack the tax base to expand higher education aggressively, while many of the states shifting to fewer students graduating from high school will have some of the most mature higher education systems with larger student capacity.

Certainly, given the diversity of demographic and financial change facing states, one-size-fits-all policy approaches to college access, affordability and accountability are an undesirable and unlikely outcome. Instead, different states will adopt different strategies to provide college opportunity for their citizens. Accordingly, this suggests that the environment may be rich for analysis of local and regional policy solutions to the challenges facing higher education; and certainly points to the need for assertive engagement of citizens as well as policy makers on a local level, to build support for policy change and mutual trust in proposed solutions.

Darryl G. Greer, HESIG Sr. Fellow, William J. Hughes Center for Public Policy
August 11, 2013

Top Higher Education Policy Issues- 2013

Association of Governing Boards of Universities and Colleges (AGB)

1. Value of Higher Education
2. Public Policy Mixed Messages
3. Fiscal Constraints
4. Future of Student Financial Aid
5. Student Attainment
6. Quality Assurance
7. Tax Policy

American Association of State Colleges and Universities (AASCU)

1. Institutional Performance
2. State Operating Support
3. Tuition Policy
4. Student Financial Aid Grants
5. College Deadlines
6. Immigration
7. Competency Based Online Education
8. Guns on Campus
9. Economic/ Workforce Development
10. For Profit College Consumer Protection

Higher Education Strategic Information and Governance (HESIG) Mission

The mission of HESIG, Richard Stockton College of New Jersey, is to serve as an agent for constructive higher education policy change, by recommending strategic policy action aligned with a public agenda to serve the public good. Guiding principles include: enhancing college access, affordability, college completion, productivity, accountability and public trust. Initially, the Center will focus, partnering with others, on identifying effective models for financing public colleges and building new partnerships to achieve these ends.

The Center, affiliated with the William J. Hughes Center for Public Policy, collects, analyzes, evaluates and disseminates objective, timely empirical information and governance best practices critical to the delivery of quality higher educational service. An important goal of the Center is to inform higher education leaders, policy makers and citizens to help bridge the gap between policy and practice; to align better higher education policymaking with the long-term needs of the citizens, institutions, and the state; to share comprehensive trend and performance indicators; and to promote strategic partnerships, effective trustee governance and public trust.

The means by which the Center informs institutions, policymakers and the public include data-driven publications and web-based information, project engagements, scientific polling, facilitation and training, and unique conferences and forums to convene all parties.

July 2012

Highlights of HESIG Accomplishments 2012- 2013

1. Inaugural Policy Steering Council Meeting June, 2012- Set priorities; refined mission.

2. 1st Technical Advisory Committee Meeting- Advised on scope of first HESIG/ Stockton Poll, February 2013.

3. 1st HESIG/ Stockton Polling Institute scientific poll, March 2013.

4. Published 1st HESIG Newsletter, Winter 2013.

5. Published six OPEDs on a wide range of topics within HESIG mission; the most recent on College Value in NJ.Com, June 2013.

6. Drafted two working papers on public opinion, and emerging higher education policy trends, January 2013.

7. Served on AASCU National Task Force on Making Public Higher Education a State Priority.

8. Engaged by a NJ College Board of Trustees to assist on President's performance evaluation, Summer- Fall 2013.

9. Obtained grant to support 2nd HESIG/ Stockton Poll, and regional round tables of educators and policy makers, July 2013.

8-7-13

HESIG Policy Steering Council Members

Robert A. Altman
Trustee
The College of New Jersey

Robert A. Altman, a member of the Board of Trustees of The College of New Jersey since 2006, has over 30 years of experience serving New Jersey higher education through board service in the public sector. He has been a member, and chair, of the Board of Trustees of Mercer County Community College, of Montclair State University, and of the New Jersey Association of State Colleges & Universities (ASCU). As Chair of ASCU (under its previous name, the New Jersey Association of Governing Boards), he served *ex officio* as a member of the New Jersey Board of Higher Education, and was a member of Governor Whitman's Task Force on Restructuring Higher Education in New Jersey.

Between 1980 and 1995, as Vice President of ETS, he supervised the on-going test development, statistics, research for, and operation of various programs, and led the expansion of ETS's international activities, including those in China, Japan, Korea, and the former Soviet Union. In 2012, he received a fellowship as a Fulbright Senior Scholar to work with Vietnam National University/Hanoi to design and implement new admissions criteria for the undergraduate and graduate students.

Dr. Altman is also involved in Princeton Adult School (where he serves as Treasurer) and the AARP/IRS Volunteer Income Tax Assistance program, where he serves as a volunteer tax preparer and site coordinator in Princeton and Lawrence.

His education includes an AB from Harvard College (History), MA from Columbia University (History), and a PhD from Columbia (Education). He was awarded a JD (Honorary) by Montclair State University in 1995.

Peter A. Caporilli
Foundation Board of Directors
The Richard Stockton College of New Jersey

Peter Anthony Caporilli is Founder & CEO of Tidewater Workshop, the highest-grossing manufacturer and direct marketer of cedar lifestyle furnishings in the United States of America. Caporilli is a catalog marketing expert and internet marketing pioneer with over 25 years experience and leadership in direct response marketing, quantitative business analysis, lean manufacturing, and optimized production.

Caporilli received a B.S. in Mathematics from Stockton State College in Pomona, NJ in 1985 with a concentration in Physics and Chemistry. Peter A. Caporilli holds an Honorary Doctor of Humane Letters degree from his undergraduate alma mater, The Richard Stockton College of New Jersey.

Upon graduation, Caporilli was hired as a Marketing Analyst by Spencer Gifts, Inc. a $300 million marketer of novelty goods. He joined W. Atlee Burpee & Co. in Philadelphia in 1988 as Marketing Manager for the nation's largest seed catalog and retail merchant and moved to New York City in 1991 as Director, Corporate Marketing for Hanover Direct, the $1 billion direct marketing subsidiary of the Horn & Hardart conglomerate.

Tidewater Workshop, under Caporilli's leadership, transformed the marketplace for outdoor furnishings in the United States. Named as an *Inc. 500* List of the fastest-growing companies in America, Tidewater Workshop, the company, is or has also been a *Casual Living* Top 100 Retailer, *Business News New Jersey* 6^{th} fastest-growing company.

In addition to his role as CEO of Tidewater Workshop, Caporilli has also lent his business acumen to numerous corporate and non-profit advisory and trustee boards including those of Boardwalk Bank, the Direct Marketing Association direct*voice, Atlanticare, The New Jersey Association of State Colleges and Universities, The LPGA ShopRite Classic, The Richard Stockton College of New Jersey Foundation, The Noyes Museum of Art and others.

Carmen Jordan-Cox
Associate Professor, Educational Leadership
Rowan University

Dr. Jordan-Cox's professional background represents experiences in a rich array of four year, two year, residential and commuter institutions. During her 39 year career in higher education, she has held administrative positions at Bryant University, Indiana University, Anne Arundel Community College and the University without Walls of Antioch University. She has served as Senior Student Affairs Officer at Wilson College in Chambersburg, PA, Spelman College in Atlanta (where she also was Assistant Professor of Education), the University of San Francisco (where she also was Assistant Professor of Education at the Master's Degree level), Laney College (where she also served as Acting President) and Merritt College, both in Oakland, CA. Presently, Dr. Jordan-Cox serves as Associate Professor of Educational Leadership (doctoral program) at Rowan University.

Dr. Jordan-Cox received her B.A. degree in Sociology from Indiana University, M.Ed. in Counselor Education and Student Personnel Administration from The Pennsylvania State University and Ph.D. in the Organization and Administration of Higher Education from Boston College. She completed post-doctoral study in Harvard University's Institute for Educational Management.

Daniel Douglas
Director, William J. Hughes Center for Public Policy
The Richard Stockton College of New Jersey

Daniel J. Douglas serves as Director of the William J. Hughes Center for Public Policy, having previously served as the Director of Communications for Stockton College.
Prior to joining Stockton, Dan served as Public Information Officer for the Casino Reinvestment Development Authority in Atlantic City. Previously, Dan worked at three institutions of higher education including Rutgers University (New Brunswick and Camden campuses), Seton Hall University and Eastern Michigan University. Dan also was Vice President of an e-learning company that provided custom course development and project management services to universities and corporations.

Dan served as the Assistant Commissioner of Personnel for the State of New Jersey, responsible for Communications, Public and Government Affairs, Workforce Policy and Planning, and the Human Resource Training and Development Institute. The Institute had 225 employees in 38 locations and provided training to over 75,000 state employees. He also served as Policy Advisor to the Governor of New Jersey, James J. Florio, and has held staff positions in the New Jersey Legislature, a public interest association and a public opinion research firm. As the Governor’s Representative, he led the State Planning Commission to the completion of the first State Development and Redevelopment Plan.

Dan earned a Bachelor of Arts in Political Science and a Master of Arts from Rutgers University, where he was a Fellow at the Eagleton Institute of Politics.

Stanley Ellis
Trustee
The Richard Stockton College of New Jersey

Mr. Stan Ellis has been a Board of Trustees member at The Richard Stockton College of New Jersey since 2004 and is the Immediate Past- Chair and member of the Executive Committee.

Mr. Ellis is the Vice President and Director of Strategy for the Burlington County Times. He previously held the position of Publisher for the Burlington County Times and several management positions within Calkins Media, Inc., the parent corporation of the BCT.

Stan is a graduate of Penn State University, with a B.S. in Marketing and earned his M.B.A. from the University of Pennsylvania Wharton School.

He is currently serving as Secretary and Treasurer of Family Service of Burlington County as well as chairing their Finance Committee. He is serving on the Conceptual Planning Committee of the Family Y of Burlington County, and chairs their Public Policy Committee. He has recently been elected to the Board of Directors of St. Mary's Hall/Doane Academy in Burlington City. Additionally, he serves on the board of the Burlington County College Foundation and was 1993

United Way General Campaign Chair, having previously served on the United Way Board of Directors and Executive Committee.

Stan has been a member of the New Jersey Press Association Board of Directors since 1993 and is a past president of NJPA.

In 1993, The Burlington County Chamber of Commerce presented Stan with its prestigious "Voice of Business" award. In addition, in 1995, the United Way of Burlington County awarded Stan "Volunteer of the Year".

Darryl G. Greer
Senior Fellow
The William J. Hughes Center for Public Policy

Darryl Gentry Greer joined Richard Stockton College of New Jersey in January 2012 as a Senior Fellow, Higher Education Strategic Information and Governance (HESIG); and is affiliated with the William J. Hughes Center for Public Policy.

Dr. Greer served as founding chief executive officer (CEO) of the New Jersey Association of State Colleges and Universities, Inc. (NJASCU) from 1986 until December 2011. He reported directly to an eighteen-member board consisting of state college and university presidents and trustees.

Dr. Greer played a primary role in advising the governor and legislature on the Higher Education Restructuring Act of 1994. During 2009-2010, the Association played a major role in advising on higher education reform law creating New Jersey's first cabinet-level Secretary of Higher Education.

Prior to beginning his New Jersey position in 1986, Dr. Greer served as Director of Government Relations, The College Board, Washington, D.C. Dr. Greer joined The College Board's Washington D.C. office in 1981, after serving as Policy Planning Officer since 1979 in the office of the president of The College Board, New York City, New York.
Dr. Greer worked in Ohio state government as Assistant to the Chancellor of the Ohio Board of Regents (1976-1979), Ohio's executive planning agency for postsecondary education, and as Legislative Research Associate to the Ohio Legislative Service Commission (1975-1976), the principal bill-drafting and research arm of the Ohio General Assembly.

He has served as a strategic direction consultant on several campuses and on foundation-funded public policy projects, such as the Higher Education Research Project funded by The Pew Charitable Trusts, the National Commission on Responsibilities for Financing Postsecondary Education. Furthermore, he has advised the National Center for Public Policy and Higher Education, as well as consulted for the Center for Public Higher Education Trusteeship and Governance, at the Association of Governing Boards of Universities and Colleges (AGB). Affiliated with the Academic Search Consultation Service 1989-2002, he has consulted with trustee boards nationally on numerous college presidential searches. He has published numerous articles concerning higher education politics, finance, governance, and equal opportunity.

Dr. Greer earned his Ph.D. in political science at Stanford University in 1979. He also holds an M.A. degree in political science from Stanford. His B.A. degree in political science was earned at Indiana University in 1970. He was awarded an Honorary Doctor of Humane Letters by Richard Stockton College of New Jersey in May 2000; and an Honorary Doctor of Laws in 1999 by William Paterson University.

Martin S. Grogan
Executive Associate, University Budgeting
Rutgers, The State University of New Jersey

As Executive Associate for University Budgeting, Marty Grogan is involved in a wide range of activities at Rutgers, including matters related to state support of higher education, the allocation and efficient use of university resources, state and media relations, and other key functions of the central administration.

Prior to joining Rutgers, Marty served as the Associate Director for Policy Research for the New Jersey State College Governing Boards Association (now the New Jersey Association of State Colleges and Universities). Before that, he was a Policy Analyst for the Public Affairs Research Institute of New Jersey, a think tank focused on state government issues, where he authored reports on topics such as transportation and K-12 education.

A graduate of the University of Notre Dame with a B.A. in Government and International Studies, Marty was a middle school teacher for two years before pursuing his Master of City and Regional Planning degree at Rutgers. His volunteer activities have included service on the boards of Sacred Heart School in Mount Holly and Friends Academy in Westampton, coaching youth soccer, and chairmanship of the policy advisory board responsible for creating the New Jersey Professional Development Center for Early Care and Education (now Professional Impact NJ) at Kean University.

Rochelle Robinson Hendricks
Secretary of Education
State of New Jersey

Rochelle R. Hendricks was named the first Secretary of Higher Education for the State of New Jersey in May 2011. As Secretary she is responsible for policy and program development to enhance the capacity and competitiveness of New Jersey's higher education institutions. Since starting the position, Secretary Hendricks has engaged the agency in the national higher education reform agenda while focusing on advancing the blueprint for reforming higher education recommended by the Governor's Higher Education Task Force chaired by Governor Kean, as well as the report issued by the UMDNJ Task Force chaired by Dr. Sol Barer.

She recently served as Acting Commissioner of the Department of Education; provided critical leadership during the search for a new State Superintendent of Newark Public Schools; and was instrumental in helping the Governor's education reform plans, including the creation and appointment of the Educator Effectiveness Task Force.

She joined the Department of Education in 1987, and has previously served in various capacities within the department, including Acting Deputy Commissioner and Assistant Commissioner.
Prior to joining the Department of Education, she worked for over 15 years at Princeton University in numerous capacities, including Assistant Dean of Students, Director of the Educational Opportunities Program and Interim Director of the Women's Program.

Secretary Hendricks graduated from Temple University, garnering the Emma Jean Johnson Scholarship for "outstanding potential in the field of education" and Princeton Theological Seminary with the Edler Hawkins Prize for Academic Excellence. She is also an alumna of Princeton University's Graduate Teacher Program and Bryn Mawr University's Institute for Women in Higher Education. Centenary College awarded her an Honorary Doctor of Humane Letters in January 2012.

Dave Hespe
President
Burlington County College

Mr. Hespe was appointed as 4^{th} President of Burlington county College in August 2012. Dave Hespe served as the Chief of Staff for the New Jersey Department of Education. He also served on the Governor's Education Transformation Task Force and the College and Career Readiness Task Force, comprised of K-12 and higher education practitioners and business community representatives.

Hespe is formerly the Co-Executive Director/Vice President for STEM Education at Liberty Science Center. He was the Interim Superintendent for the Willingboro School District having previously served as Assistant Superintendent. He was a faculty member in the Educational Leadership Department of Rowan University and served five years as department chair prior to becoming a school administrator.

Hespe also served as Commissioner of Education for the State of New Jersey from 1999 through 2001. Prior to that, he was the First Assistant Attorney General for the State of New Jersey. Hespe began his service in the Executive Branch of State Government as Assistant Counsel for Education and Higher Education to Governor Whitman.

Hespe also served in the Legislative Branch as Associate Counsel in the Education Section of the Office of Legislative Services where he was the Committee Aid to the Assembly Education and Higher Education Committee. Hespe received both a Juris Doctor and a Bachelor of Arts degree from Rutgers University.

Daniel J. Hurley
Director, State Relations and Policy Analysis
American Association of State Colleges and Universities (AASCU)

On behalf of the 400 U.S. public college and university presidents, chancellors and system heads that comprise the AASCU membership, Daniel Hurley provides analysis and commentary on a broad range of public policy issues affecting higher education at the campus, system, state and national level. His expertise includes issues related to higher education finance, student success, state relations and institutional best practices. Prior to joining AASCU in 2007, Hurley served as the director of university relations and administrative services for the Presidents Council, State Universities of Michigan. He has received degrees, associates through doctorate, in public administration, education, public relations and liberal arts, respectively.

Dennis P. Jones
President
National Center for Higher Education Management Systems (NCHEMS)

Mr. Jones has more than 40 years of experience in research, development, technical assistance, and administration in the field of higher education management and policy-making. A member of the NCHEMS staff since 1969, he assumed increasing levels of responsibility within that organization, becoming president in 1986. Under his leadership, and in collaboration with an extraordinarily talented staff, NCHEMS has achieved a position of preeminence as a leader in the development and promulgation of information-based approaches to policy-making in higher education.

Mr. Jones is widely recognized for his work in such areas as:

- Developing “public agendas” to guide state higher education policy-making.
- Financing, budgeting, and resource allocation methodologies for use at both state and institutional levels.
- Linking higher education with states’ workforce and economic development needs.
- Developing and using information to inform policy-making.

Mr. Jones has written many monographs and articles on these topics, has presented his work at many regional, national, and international conferences, and has consulted with hundreds of institutions and state higher education agencies on management issues of all kinds.

Mr. Jones is a graduate of Rensselaer Polytechnic Institute and served as an administrator (in business and institutional planning) there for eight years prior to his joining the NCHEMS staff. He has served as an advisor to the U.S. Secretary of Education, the Lumina Foundation for Education, the National Center for Public Policy and Higher Education and to numerous other associations, policy organizations, and state agencies.

Claudine Keenan
Dean of Education
The Richard Stockton College of New Jersey

Dr. Claudine Keenan is the Dean of Education at Stockton, having served as Chief Planning Officer at the College since 2010. She previously held the position of Assistant to the Provost at Stockton since 2006.

During her academic career prior to Stockton, Dr. Keenan served as Senior Consultant for SunGard Higher Education, Director of Graduate Programs for Marlboro College, and a faculty member at Penn State University, where she administered a K-12 teachers-teaching-teachers National Writing Project site.

She earned her doctoral degree in Higher Education Leadership from the University of Massachusetts, Amherst; her master's degree in Rhetoric and Composition from the California State University, Northridge; and her bachelor's degree in English and Secondary Education from Adelphi University, NY.

Harvey Kesselman
Provost and Executive Vice President
The Richard Stockton College of New Jersey

During his thirty year career at Stockton, Dr. Kesselman has held several leadership roles, including Dean of Education, Interim Vice President for Administration and Finance, Vice President for Student Affairs, Director of Institutional Research and Planning, and Director of Educational Opportunity Fund Program.

Dr. Kesselman has served on numerous national and state boards and organizations and is the senior public college representative to the New Jersey Higher Education Assistance Authority (HESAA) and serves on its Executive Committee. The Authority is responsible for overseeing New Jersey's $1 billion financial assistance program.

He has been appointed by four different New Jersey governors to represent all of the senior public colleges and universities on several issues including accountability and outcomes, campus judicial affairs, student financial aid, and the infusion of technology into the curriculum of educational institutions.

Dr. Kesselman founded and chairs the Southern Regional Institute and ETTC Consortium. The consortium includes more than 24,000 educators from 90 school districts, and provides technology training and other forms of professional development to K-12 educators throughout central and southern New Jersey.

Dr. Kesselman holds an Ed.D. in Higher Education Administration and an M.A. in Student Personnel Services/Counseling. He holds a Leadership in Education certificate from Harvard

University's Institute for Management and Leadership. He was a member of the first graduating class from Stockton, receiving a bachelor's in 1979.

Michael W. Klein
Executive Director
New Jersey Association of State Colleges and Universities (NJASCU)

Michael W. Klein became the executive director of New Jersey Association of State Colleges and Universities (NJASCU) in January 2012, after serving the association more than 13 years as director of governmental and legal affairs.

Michael has published articles on intellectual property ownership, college finance, collective bargaining, and the First Amendment, and has made numerous national and international presentations on lay and higher education.

Michael was a 2003 fellow of the Higher Education Law Roundtable at the Institute for Higher Education Law & Governance, University of Houston Law Center, and a 2010-2011 Associate of the National Center for Public Policy and Higher Education. He was a fellow of Leadership New Jersey in 2002. Michael is a member of the Policies and Purposes Committee and the Council of State Representatives for the American Association of State Colleges and Universities (AASCU). Michael formerly served on the national Higher Education Government Relations Task Force.

Before joining NJASCU, Michael served for five years in former Governor Christine Todd Whitman's administration as assistant counsel to the governor, deputy director of legislative affairs for the Department of the Treasury, and special assistant to the commissioner of Community Affairs. Michael has also served as legislative director to then-Assemblyman Leonard Lance, now a member of Congress, and as an associate at Pitney Hardin Kipp & Szuch. Michael received a BA in history *cum laude* from Princeton University, a J.D. from Boston College Law School, and a Ph.D. in Higher and Postsecondary Education from New York University.

Lawrence A. Nespoli
President
New Jersey Council of County Colleges

Dr. Lawrence A. Nespoli is President of the New Jersey Council of County Colleges, the statewide coordinating and advocacy organization for New Jersey's community colleges. He also teaches in Rowan University's Doctorate Program in Community College Leadership. Nespoli previously served in a number of campus and state-level positions in Maryland and Pennsylvania. He has published extensively in the area of college finance and legislative trends, serves as a board member for several national community college organizations including the College Board's Community College Advisory Panel, and is a frequent presenter at national, regional, and state conferences. He holds a bachelor's degree from Bucknell University, a master's degree from Catholic University, and a doctorate from Penn State.

Richard Novak
Senior Vice President
Association of Governing Boards of Universities and Colleges (AGB)

Richard Novak is senior vice president for Programs and Research and Executive Director of the Richard T. Ingram Center for Public Higher Education Trusteeship and Governance at the Washington, DC – based Association of Governing Boards of Universities and Colleges (AGB). As senior vice president, he is a member of the association's leadership team – overseeing a division that provides consulting services; national, invitational and regional programming; and research and policy analysis. While at AGB, Novak has directed special initiatives on board and presidential leadership; led a multi-state study on the effectiveness of public college and university governing boards; facilitated policy discussions with boards and state policy leaders; and directed or co-directed studies in several states, including Alabama, Maryland, South Carolina, Louisiana, Mississippi, and New Jersey.

Prior to joining AGB, he was 13 years on the staff of the American Association of State Colleges and Universities. Internationally, he has co-directed a project on governance for the Ministry of Higher Education in Egypt funded by UNESCO, consulted with the Ireland Higher Education Authority, and worked extensively in the Republic of the Marshall Islands.

Jon M. Regis
President & CEO
Reliance Medical Group

Jon M. Regis, M.D. received his Bachelor and Medical Degrees from the University of North Carolina and completed his residency at Hahnemann Hospital and Medical Center in Philadelphia, Pennsylvania, and began a professional career with Cooper University Medical Center in Camden, New Jersey, and Episcopal Hospital in Philadelphia, Pennsylvania, respectively. His keen sense of business application enabled him to assume the role of Ob/Gyn Medical Director at Episcopal Hospital, while subsequently acquiring the role of Medical Director at Vanguard.

Dedicated to the principle that *"Access To Quality Healthcare Is a Right, Not A Privilege,"* Dr. Regis developed a vision in 1985 to ensure that high-quality, cost-effective, comprehensive medical services were provided to all patients, particularly those residing in primarily urban populations, and regardless of their ability to pay.

As a result of his dedication to service, as well as his careful evaluation of the needs of the communities, Dr. Regis developed RELIANCE MEDICAL GROUP ("Reliance"), a progressive, multi-specialty primary-care medical practice composed of a diverse, qualified team of medical professionals (i.e., physicians, mid-level providers and support staff) that, over the past two decades, have been committed to rendering a complete menu of services (i.e., Ob/Gyn, Pediatric, Family Medicine and Internal Medicine) to patients at several clinical facilities owned and/or operated by Reliance in various counties throughout New Jersey (i.e., Atlantic, Camden and Mercer).

Given Dr. Regis' leadership in providing healthcare services to varied populations and supporting local communities, he produced a worldwide division, known as RELIANCE INTERNATIONAL, which has provided over $30 million in medical supplies, assistance, and training to several countries outside of the United States. In such regard, Dr. Regis has been invited into many West African nations to assist those governments with revitalizing and/or establishing their respective healthcare delivery systems.

Herman J. Saatkamp
President
The Richard Stockton College of New Jersey

Dr. Herman J. Saatkamp became the fourth President of The Richard Stockton College of New Jersey in 2003. He is currently a Senior Fellow at the University of Pennsylvania's Center for Bioethics and an advisor and member of the Board of Directors, Center for Dewey Studies, Fudan University, Shanghai, China.
He earned a Ph.D. and M.A. from Vanderbilt University, a M.Div. from Southern Theological Seminary, and a B.A. from Carson-Newman College. The Aspen Institute and Harvard University are among many institutions where he has completed advanced educational programs.

Before coming to Stockton, Dr. Saatkamp was Dean of the Indiana University School of Liberal Arts in Indianapolis and held faculty appointments in Philosophy, Philanthropic Studies, American Studies, and in Medical and Molecular Genetics in the IU School of Medicine. At Texas A&M University, he was the Head of the Department of Philosophy and Humanities, the Department of Humanities in Medicine at Texas A&M College of Medicine, and Professor of Pediatrics at Scott and White Memorial Hospital. Dr. Saatkamp has published and edited 48 books and 45 articles. He has established MOUs with more than 80 international universities.

Sharon E. Schulman
CEO, External Affairs & Institutional Research
The Richard Stockton College of New Jersey

Sharon E. Schulman is the Special Assistant to the President for External Affairs and at The Richard Stockton College of New Jersey. During her tenure at Stockton she has held the positions of Executive Director of the William J. Hughes Center for Public Policy and Interim Chief Development Officer and Executive Director of the Stockton Foundation. The External Affairs portfolio includes marketing, public relations, publications, web and social media communications, creative services, government relations, and the Hughes Center.

Ms. Schulman has a strong background and vast experience in public relations, communications management, and regulatory and governmental affairs. Representative of this expertise were her positions as Chief of Staff and Chief Executive Officer at the NJ Board of Regulatory Commissioners and as Executive Director of the 1st legislative district offices for NJ Assemblyman Edward H. Salmon.

Prior to joining Stockton, Ms. Schulman was President and CEO of Aqua New Jersey, Inc., a State-regulated water and wastewater provider. She served as Manager, Public & Regulatory Planning and Manager, External Affairs for Atlantic Electric in Pleasantville, New Jersey, where she was responsible for short and long range strategic and corporate community, governmental and regulatory planning. She was founder and principal of Spe-Schul Communications of Vineland, New Jersey, a public relations, government affairs and advertising firm specializing in service industries and political campaigns and served as Executive Director for the Bridgeton-Cumberland Tourist Association.

Sharon holds a B.S. in Biomedical Communications, an M.A. in Communications, and an M.B.A./Marketing.

Jane Wellman
Executive Director, National Commission on University Board Governance
Founding Director, Delta Project on Postsecondary Costs, Productivity and Accountability

Jane Wellman will serve during 2013-2014 as Executive director of the AGB National Commission on University Board Governance. She has served as the Executive Director of the National Association of System Heads, a membership organization of the CEOs of public multi-campus college and university systems in the United States. NASH's mission is to improve the functionality of public systems to best meet future needs for higher education. Wellman is also the founding director of the Delta Project on Postsecondary Costs, Productivity and Accountability, an independent research and policy organization located in Washington, DC.

Wellman is widely recognized for her work in public policy and higher education, at both the state and federal levels, with particular expertise in state fiscal policy, cost analysis, and strategic planning. In addition to research and writing, she consults with national and international organizations, and is a frequent speaker on the topic of college finances. She began her career in higher education finance at the University of California system, served as the staff director of the California Ways and Means Committee, was Deputy Director of the California Postsecondary Education Commission, and Vice President of Government Relations with the National Association of Independent Colleges and Universities. She received bachelors' and masters' degrees from the University of California at Berkeley.

Linda Wharton
Associate Professor, Political Science
The Richard Stockton College of New Jersey

Linda Wharton, an Associate Professor of Political Science, has taught at Stockton since 2001. Her courses include Constitutional Law, Civil Liberties, Gender and Political Action, Advanced

Constitutional Litigation, Women and the Law, and Public Education and the Law. She earned her B.A. from Bryn Mawr College and her J.D. from Rutgers Law School. Professor Wharton's scholarly research and writing focuses on issues of state and federal constitutional law with a special concentration on the law of gender discrimination. Her work has been published in the Yale Journal of Law & Feminism, the Rutgers Law Journal, the Harvard Journal of Law & Gender, and the William and Mary Journal of Women and the Law.

Before joining the faculty at Stockton, she served as the Managing Attorney of the Women's Law Project, a public interest law firm located in Philadelphia, where she specialized in litigation and law reform relating to gender discrimination. She served as co-lead counsel in Planned Parenthood v. Casey, a challenge to Pennsylvania's restrictive abortion law that was heard by the United States Supreme Court in 1992. She has also taught a variety of law courses at the University of Pennsylvania Law School and Rutgers Law School. Professor Wharton was a law clerk to the Hon. Dolores K. Sloviter of the U.S. Court of Appeals for the Third Circuit in Philadelphia, PA. She has served as the Chair of the Board of Directors of the National Women's History Project and the Women's Rights Committee of the Philadelphia Bar Association.

John B. Wilson
President & CEO
Association of Independent Colleges and Universities

John B. Wilson is the president and chief executive officer of the Association of Independent Colleges and Universities in New Jersey and the Independent College Fund of New Jersey. The Association is the trade association for New Jersey's fourteen independent colleges and universities and the Fund is the corporate fund raising consortium for those institutions.

Prior to his current assignment, Wilson served in various administrative positions at Saint Peter's College and Seton Hall University in external affairs and intercollegiate athletics including nine years as the director of athletics at Saint Peter's. He is one of the founders of the Metro Atlantic Athletic Conference.

Wilson attended the U.S. Coast Guard Academy, received his B.S. degree in economics from Saint Peter's College and an M.B.A. from Rutgers Graduate School of Management. He earned a J.D. from Seton Hall University School of Law where he was editor of the *Journal of Sport Law* and was admitted to the New Jersey Bar upon graduation.

David Wolfe
Assemblyman
New Jersey's 10th Legislative District

Assemblyman David W. Wolfe graduated from Westminster College in Pennsylvania with a B.A. in History in 1964 and went on to receive his Masters of Education and Guidance from the University of Delaware in 1967. Assemblyman Wolfe moved to New Jersey in 1969 and started his career at Ocean County College in Toms River as Professor of Psychology.

Assemblyman Wolfe was elected as Councilman for Brick Township from 1975 to 1991 and served as Council President from 1980-81 and 1987-88. In 1991, he was elected as New Jersey Assemblyman for the 10th Legislative district and has been representing the district for over 17 years.

He has served as Chairman for the Education Committee and Vice Chairman for the Joint Legislative Committee on the Public Schools. He also serves on the Joint Legislative Committee on Public School Funding Reform. Aside from education, he is also assigned to the Telecommunications and Utilities Committee.

He worked closely with the Governor's (Whitman's) Advisory Panel on Higher Education Restructuring. During his time in office Assemblyman Wolfe has been recognized by many organizations and schools and has been honored by the NARFE, ASAH, COSAC, the Ocean County Council Boy Scouts of America, and the Ocean County Bar Association. In 1995, he received the Brick Township Republican of the Year Award. He has been given a Certificate of Appreciation from Richard Stockton College of New Jersey and Veterans Memorial Elementary School.

Topic #1

Trends

Moody's Investors Service

US Higher Education Outlook Negative in 2013
Eva Bogaty
January 16, 2013

Summary

For 2013, Moody's revises its outlook for the entire US higher education sector to negative, marking a shift to negative from stable for even the sector's market leading diversified colleges and universities. The outlook for the remaining majority of the sector remains negative, as it has been since 2009. The new sector-wide negative outlook reflects mounting pressure on all key university revenue sources, requiring bolder actions by university leaders to reduce costs and increase operating efficiency. As the economic growth languishes below previous benchmarks and the federal government seeks to reduce spending in key areas, even market leading universities with diversified revenues are facing diminished prospects for revenue growth. Universities have been restraining costs in response to the weak economic conditions since the 2008-09 financial crisis, but they have only recently begun examining the cost structure of their traditional business model.

Macroeconomic conditions and anticipated federal budget reductions have weakened or created considerable uncertainty around the prospect for growth of household income and wealth, philanthropic support, investment returns, state appropriations, and federal funding. In addition to recent tax code changes, the resolution of the federal fiscal deficit will likely involve flat to diminished research funding, cuts to Medicare and Medicaid as well as possible changes to federal student aid programs such as Pell Grants – all of which would impact important revenue streams for higher education.

The underlying value proposition of higher education persists, lending inherent credit strength and support for ongoing demand for the sector's services. However, the sector will need to adjust to the prospect of prolonged muted revenue growth. Strong governance and management leadership will be needed by most universities as they navigate through this period of intensified change and challenge.

We continue to watch the impact of several emerging trends in higher education which have already shown some destabilizing effects on colleges and universities, including the growth of on-line learning technology initiatives such as Massive Online Open Courses (MOOC); rising student debt burdens and defaults; greater government focus on cost and value of college education degrees and increased activity by accrediting agencies.

Critical factors contributing to the negative outlook:

1. Price sensitivity continues to suppress net tuition revenue growth
2. All non-tuition revenue sources are also strained; diversity no longer offers a safe haven
3. Rising student loan burden and defaults taint perception of value of a college degree
4. Increased public scrutiny drives escalated risk of more regulation and accreditation sanctions
5. Prospects for long-term sustainability depend upon strong leadership through better governance and management

Demand for higher education remains strong, but pricing power nearly exhausted.

Overall, postsecondary education remains a valuable long-term investment. College graduates still have much higher income and lower unemployment rates than those without college degrees as highlighted in Exhibit 1. While there is still no substitute for a higher education degree on the immediate horizon, education providers are experimenting with alternative forms of recognition/certifications for online courses. Families remain willing to pay for college, but their capacity to pay higher prices has been largely tapped and has dramatically dampened the sector's capacity to grow tuition revenue. The culmination of persistent economic pressure, heightened political focus, and major technological shifts in course delivery are forcing a reevaluation of the traditional higher education cost structure, mainly high cost of instruction due to guaranteed employment through tenure and continual investments in student services and capital facilities.

Moody's Investors Service

More US Colleges Face Stagnating Enrollment and Tuition Revenue, According to Moody's Survey
Emily Schwarz
January 10, 2013

Smaller, Highly Tuition-Dependent Colleges Have Greatest Need for New Revenue Strategies

Weakened pricing power and enrollment pressure are impeding top line revenue growth for an increasing number of US colleges and universities, according to our fourth annual tuition survey. The cumulative effects of years of depressed family income and net worth, as well as uncertain job prospects for many recent graduates, are combining to soften student market demand at current tuition prices. In addition to these economic challenges, tougher governmental scrutiny of higher education costs and disclosure practices is adding regulatory and political pressure that hinders tuition and revenue from rising at past rates. Federal budget negotiations may result in further pressure on colleges if student aid and loan programs are curtailed to any degree, as a rising share of students are dependent on these funding sources.

For fiscal year (FY) 2013, 18% of private university and 15% of public university respondents project a decline in net tuition revenue. A much larger share—a third of private and public universities—project that net tuition revenue will grow by less than 2% or decline for FY 2013, a level below the average rate of inflation. Such weak revenue growth often means a college cannot afford salary increases or new program investments unless it cuts spending on staff and existing programs. In FY 2008, before the global financial crisis, only 11% of privates and 9% of publics failed to grow net tuition revenue by at least 2%.

The survey also shows that nearly half of all universities are reporting lower enrollment for fall 2012, which for most universities means FY 2013 net tuition revenue will be lower than the previous year. Enrollment declines are concentrated in colleges with smaller enrollment size, high tuition dependence, weak selectivity/yield rates, and soft regional demographics. The survey indicates that market-leading, diversified colleges and universities rated Aaa or Aa continue to fare better than the majority of the sector and are still seeing healthy student demand.

In the face of persistent challenges to the higher education business model, management teams are exploring myriad ways to diversify and grow revenue as they more aggressively manage expenses. Universities are exploiting long standing strategies to grow enrollment and revenue, such as recruitment of higher-paying out-of-state students in the case of public universities or greater investment in student retention, as well as newer strategies, such as launching new online education classes or degrees.

The key findings from the survey results, which are discussed in more detail in the report, include:

» **Approximately 18% of private universities and 15% of public universities project net tuition revenue declines for FY 2013**, similar to FY 2012 projections in last year's survey.

» **A third of universities expect net tuition revenue growth below inflation for FY 2013.** Net tuition revenue growth fails to keep pace with inflation for a growing share of universities in FY 2013, with 33% of privates and 32% publics projecting net tuition revenue to grow less than 2% or decline, up from 11% and 9% of privates and publics in FY 2008.

» **Smaller, tuition-dependent, lower-rated universities are most vulnerable to revenue and pricing pressures experienced across the sector**. Private universities project a 2.6% increase in net tuition per student from FY 2012 to FY 2013 and public universities project a similar 2.7% increase. This year's increase for publics is much lower than net tuition per student increases over the past five years, which averaged 6.7%, likely in response to families' sensitivity to rising higher education costs.

» **Rated universities are moderately reliant on federal student loans as a share of operating revenue**, reporting a median of 20% of revenue funded by student loans in FY 2011.

Some public and lower-rated private universities, as well as for-profit universities, report higher rates of dependence.

» **Nearly half of university respondents report enrollment declines for fall 2012**, many weighed down by falling graduate enrollment. Despite these declines, overall median full-time equivalent (FTE) enrollment for the entire survey group in fall 2012 remained relatively flat compared to fall 2011. The survey results show there continues to be a flight to quality, with large, higher-rated universities generally experiencing enrollment growth.

» **Online course enrollment is beginning to alter the business model of US higher education.** While Aaa and Aa-rated private universities are leading the publicized massive open online courses (MOOCs) movement2, public universities and lower-rated private colleges report higher for-credit online class enrollment. Public universities have the highest for-credit online enrollment, with a median 22% of students taking at least one course. For-credit online courses still have low penetration at private universities, with only a median 2% of students taking at least one course online.

Moody's 2012 Survey Respondents

Moody's received 165 responses from not-for-profit private universities, 58% of our rated portfolio, and 127 responses from four-year public universities, 55% of our rated portfolio. The rating categories range from Aaa to B2 for the private university respondents, and Aaa to Baa1 for public university respondents. In several cases, borrowers did not supply responses to all of the questions and, in these instances, we excluded them from the analysis for those particular questions.

2012 in review: U.S. higher education on the verge of radical change

Larry Ladd, Director
Not-for-Profit Higher Education Practice

For much of the higher education sector, the status quo is not an option. Rising tuition, diminishing state support, skyrocketing student debt loads, declining admissions and changing demographics, such as a drop-off in high school graduates, are among the obstacles.

Throughout 2012, the industry came under intense criticism due to issues of governance, costs and accountability for results. Now more than ever, boards, presidents, provosts, trustees and CFOs of colleges and universities are grappling with how to address the many challenges facing their institutions. New strategies and action plans are mandatory — there is little choice in the matter.

U.S. higher education at a crossroads

Undoubtedly, 2012 was a challenging year for higher education institutions. In January 2012, Moody's said the higher education outlook was mixed, with positive outlooks for a minority of "diversified market-leading" public and private colleges and universities, and negative outlooks for the majority — those dependent on tuition or state money.[1] Then, in January 2013, Moody's Investors Service cut its 2013 outlook for U.S. higher education to negative, citing mounting pressure on revenue sources.[2] Concerns about rising tuition, diminishing state funding, crippling debt and struggles to attract students were on everyone's mind last year — issues that march on in 2013.

In a 2012 survey sponsored by TIME magazine and the Carnegie Corporation, the American public and senior administrators at U.S. colleges and universities overwhelmingly (96%) said higher education is in crisis.[3]

[1] Carlson, Scott. "Outlook for Higher Education Remains Mixed, Moody's Says," Chronicle of Higher Education, Jan. 23, 2012. Available at www.chronicle.com/article/article-content/130434/.
[2] McDonald, Michael. "Moody's Cuts 2013 Higher Education Outlook to Negative," Bloomberg, Jan. 16, 2013. Available at www.bloomberg.com/news/2013-01-16/moody-s-cuts-2013-higher-education-outlook-to-negative.html.
[3] Sanburn, Josh. "Higher-Education Poll," TIME, Oct. 18, 2012. Available at www.nation.time.com/2012/10/18/higher-education-poll/.

College and university presidents' chief concerns are financial, according to another national survey by Inside Higher Ed. Federal student aid was the leading worry, followed by budget shortfalls, declining state support and rising tuition affordability.[4]

Certainly there were bright spots. When Inside Higher Ed issued its second annual comprehensive survey of chief business officers of colleges and universities last year, most respondents described the higher education model as "strained but workable."[5] Two-thirds characterized their institution's financial health as either excellent or good.[6]

Even with many vibrant institutions, the industry suffered from an image problem in 2012. A Pew Research Center study found that only 60% of Americans believe that colleges have a positive effect on society, while 26% said that colleges have "a negative effect."[7] In fact, small businesses and technology companies were viewed more favorably than colleges in the same survey. (On a positive note, higher ed was not as unpopular as large corporations, auto companies, labor unions and the federal government, but this may be a cold comfort.)

Almost every college or university has a strategic plan to address the long-term picture. Are the right people at the planning table? Is that plan asking the right questions and arriving at innovative, well-conceived solutions? Last year, Smith College went through an extensive strategic planning process that engaged both faculty and trustees in a collaborative process to address many of the demographic and societal trends challenging universities head-on.[8] Other institutions are embracing similar planning approaches.

One thing is certain: Higher education institutions have no choice but to innovate if they plan to remain viable.

A financial tipping point

Financial matters — particularly affordability and sustainability — were atop the list of concerns of many college and university administrators in 2012. With sharp tuition increases and student and university debt at unprecedented levels, the annual cost of attending some private institutions hit the $60,000 mark last year.[9] Some argue that soaring tuition costs have reached a tipping point, after rising faster than the rate of inflation over the past four decades.[10]

4 The 2012 Inside Higher Ed Survey of College & University Presidents, March 8, 2012. Available at www.insidehighered.com/download/?file=2012IHEpresidentssurvey.pdf.
5 Ibid.
6 Ibid.
7 "Colleges Viewed Positively, But Conservatives Express Doubts," Pew Research Center for People & the Press, March 1, 2012. Available at www.people-press.org/2012/03/01/colleges-viewed-positively-but-conservatives-express-doubts/.
8 Christ, Carol. "The Power of Strategic Thinking," AGB's Trusteeship magazine, April 16, 2012. Available at www.agb.org/trusteeship/2012/3/power-strategic-thinking.
9 McDonald, Michael. "Moody's Cuts 2013 Higher Education Outlook to Negative," Bloomberg, Jan. 16, 2013. Available at www.bloomberg.com/news/2013-01-16/moody-s-cuts-2013-higher-education-outlook-to-negative.html.
10 Ibid.

[Universities'] debt levels more than doubled from 2000 to 2011 at the more than 500 institutions rated by Moody's, while the cash, pledged gifts and investments ... declined more than 40%.

Amid the gloom, several institutions decided to alleviate the cost burden for families. Mount Holyoke College and at least 15 other colleges and universities froze tuition for 2012-13, while at least seven private universities announced tuition reductions.[11] However, other universities, including Princeton and Dartmouth, raised tuition by almost 5%, the largest increase since the beginning of the 2008 recession.[12] At the same time, financial aid from colleges, states, the federal government and private sources has been flat for two years.[13]

It's not hard to extrapolate from soaring tuition and flat student aid to massive student loan debt. Last year, the total amount of outstanding student loan debt exceeded $1 trillion.[14] Forty percent of people under 30 had student loans, and 27% of these 37 million borrowers had past-due balances of more than 30 days, according to a 2012 Federal Reserve Bank of New York report.[15] Overall, student loan defaults were on the rise in 2012.[16]

The sustainability of higher education cost structures was very much in question in 2012. Universities went deeper into debt, building amenities such as lavish residence halls and recreational facilities in efforts to attract students. Debt taken on by colleges has risen 88% since 2001, to $307 billion.[17] Overall debt levels more than doubled from 2000 to 2011 at the more than 500 institutions rated by Moody's, while the cash, pledged gifts and investments that colleges maintain declined more than 40% relative to that debt.[18]

Endowments have recovered somewhat from where they were in 2008, a disastrous year for most. Last year, however, many endowments were still struggling.[19] Moreover, endowment returns also continued to be squeezed in fiscal 2012.[20] According to Bloomberg's ranking of college endowment returns from 2008 to 2011, the largest endowments did not fare well, compared with smaller endowments. Princeton ranked 20th, Stanford 47th, Harvard 68th and Yale 70th.[21]

[11] Kiley, Kevin. "Same Numbers, New Calculations," Inside Higher Ed, March 1, 2012. Available at www.insidehighered.com/news/2012/03/01/mount-holyoke-and-handful-other-private-colleges-freeze-tuition-next-year.
[12] Kiley, Kevin. "Wait, Isn't This the Old Normal?" Inside Higher Ed, March 21, 2012. Available at www.insidehighered.com/news/2012/03/21/big-tuition-hikes-private-colleges-complicate-affordability-picture.
[13] Pérez-Peña, Richard. "Report Says College Prices, Once Stable, Are Up Again," The New York Times, Oct. 24, 2012. Available at: www.nytimes.com/2012/10/24/education/report-says-college-prices-once-stable-are-up-again.html.
[14] Selingo, Jeff. "Fixing College," The New York Times, June 25, 2012. Available at www.nytimes.com/2012/06/26/opinion/fixing-college-through-lower-costs-and-better-technology.html.
[15] Martin, Andrew and Lieber, Ron. "Fed Study of Student Debt Outlines a Growing Burden," The New York Times, March 5, 2012. Available at www.nytimes.com/2012/03/06/business/study-finds-a-growing-student-debt-load.html.
[16] Mitchell, Josh and Ensign, Rachel Louise. "Student-Loan Defaults Mount Again," The Wall Street Journal, Sept. 28, 2012. Available at www.online.wsj.com/article/SB10000872396390444712904578024412786219802.html.
[17] Selingo, Jeff. "Fixing College," The New York Times, June 25, 2012. Available at www.nytimes.com/2012/06/26/opinion/fixing-college-through-lower-costs-and-better-technology.html.
[18] Martin, Andrew. "Building a Showcase Campus, Using an I.O.U," The New York Times, Dec. 13, 2012. A vailable at www.nytimes.com/2012/12/14/business/colleges-debt-falls-on-students-after-construction-binges.html.
[19] McDonald, Michael. "UCLA Gifts Make Endowment Biggest Gainer as Harvard Lags Behind," Bloomberg, March 15, 2012. Available at www.bloomberg.com/news/2012-03-15/ucla-gifts-make-endowment-biggest-gainer-as-harvard-lags-behind.html.
[20] Martin, Andrew. "College Endowment Returns Fall Steeply," The New York Times, Oct. 25, 2012. Available at www.nytimes.com/2012/10/26/business/college-endowment-returns-fall-steeply.html.
[21] McDonald, Michael. "UCLA Gifts Make Endowment Biggest Gainer as Harvard Lags Behind," Bloomberg, March 15, 2012. Available at www.bloomberg.com/news/2012-03-15/ucla-gifts-make-endowment-biggest-gainer-as-harvard-lags-behind.html.

Hackers breached 53 universities at once in one single incident in 2012.

At the same time, cash-strapped states reduced appropriations for state-funded institutions in 2012, leaving colleges and universities relying on tuition dollars to cover many rising costs. Tuition as a share of revenue increased from 16% to 22% from 1999 to 2009 at public colleges and universities, and from 29% to 40% at private colleges and universities, according to the U.S. Government Accountability Office.[22]

Over the past few years, stepped-up IRS scrutiny of tax-exempt organizations, including higher education institutions, has prompted many institutions to closely examine their own governance practices. In 2012, the IRS audited or reviewed documents of more than 30 universities nationwide, including the University of Texas, Harvard, Cornell and the University of North Carolina.[23] The audits are a follow-up to a 2008 IRS survey of 400 universities, which revealed that some institutions are failing to account for and disclose taxable income. In particular, the IRS has been focused on tax code compliance and its intersection with good governance. Lois Lerner, the director of the IRS division that oversees charities, has said the IRS will use governance measures as an indicator of tax compliance at universities.[24]

Colleges and universities need a responsive strategy to address these financial issues and secure the health and sustainability of their cost structures for the long term. Good governance is at the heart of successfully addressing these issues.

Tightening belts amid a sea of operational priorities

Tightening operations is a commonly shared approach to some of the day-to-day financial woes facing universities, particularly given the weak endowment returns, which typically are used to finance operations, pay salaries and fund building projects, etc. Reducing costs and shoring up business practices, a focus of many university administrators, are steps in the right direction. University of Texas President Bill Powers announced that he was establishing a 13-member panel of business executives to recommend ways to reduce costs and improve business practices at the university.[25] Many other universities, too, are looking hard at ways to streamline costs.

Another priority in 2012 was taking care of long put-off maintenance of aging facilities. Deferred maintenance of existing facilities was particularly acute at public universities, many of which put off facility maintenance in the face of government support cutbacks.[26]

Other areas universities focused on in 2012 included shoring up their IT environments. Data breaches at universities make headlines annually, and 2012 was no different. Hackers breached 53 universities at once in one single incident in 2012.[27] As with prior years, there were a number of data breaches at big-name universities, subjecting those breached institutions to reputational damage.

IT environments are changing fast due to data security threats, new service delivery models, cloud computing, bring-your-own device platforms and growing demands for data analytics. Last year, EDUCAUSE, the association of IT professionals in higher education, announced its top IT priorities for 2012. Among them were updating IT professionals' skills and roles to accommodate these changes, developing a cloud strategy, using IT to improve operational efficiency, integrating IT into institutional decision-making, and establishing and implementing IT governance throughout the institution.[28] Building a secure data culture that can accommodate shifting IT needs and platforms must be a top priority for universities.

[22] "Financial Trends in Public and Private Nonprofit Institutions," U.S. Government Accountability Office, Report to the Ranking Member, Committee on Health, Education, Labor and Pensions, U.S. Senate, January 2012. Available at www.gao.gov/assets/590/587941.pdf.

[23] McDonald, Michael. "Cornell Joins Harvard as IRS Examines Ivy League Schools," Bloomberg, May 17, 2012. Available at www.bloomberg.com/news/2012-05-17/cornell-joins-harvard-as-irs-probe-looks-at-ivy-league-schools.html.

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Many leading universities, including the Ivy League, entered the online learning space in 2012, either building their own online ventures or partnering with an existing provider.

Embracing technology in the classroom and campus

Several developments throughout 2012 indicate that education is on the brink or in the midst of a digital revolution. Many universities embraced new class formats and technologies designed to meet evolving student needs and cut costs. Course schedules were redesigned for affordability. For example, last year Wesleyan University introduced a condensed schedule to enable students to complete their education in three years.[29] Others moved courses online or began using technology-based instruction for large, introductory courses.

Many leading universities, including the Ivy League, entered the online learning space in 2012, either building their own online ventures or partnering with an existing provider, such as Coursera and Udacity. Coursera, founded by two Stanford University professors, offers massive open online courses (MOOCs) through partner universities, including Caltech, Duke, Georgia Tech, Johns Hopkins, Michigan, Penn, Princeton, Stanford, University of Virginia and many others.30 Currently, 2.4 million students are taking 214 courses from 33 universities through Coursera.31 Last year, Harvard and MIT announced the creation of edX to offer free online courses.32

Smaller players, too, went digital in 2012. A consortium of 16 liberal arts colleges and universities in the South began the New Paradigm Initiative, offering online and blended courses open to students at any school within the consortium.[33]

Universities are also becoming savvier about using data tools, such as data analytics or mining, in order to guide students and support decision-making. These tools, common in corporate life for many years, continued to be applied in 2012 to understand student behavior and outcomes and to evaluate how well students are doing.[34]

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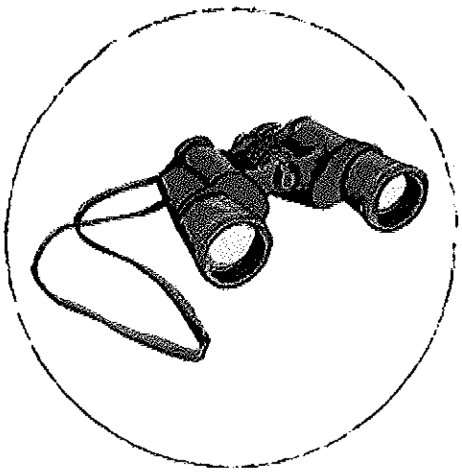

Justifying the value and integrity of a U.S. college education

With tuition costs ever growing and a still-weak job market, policymakers, the media and a growing number of Americans questioned whether a four-year college education was worth the hefty price tag in 2012. The good news is that a 2012 Brookings Institution analysis demonstrated that the benefits of attending college — increased lifetime earnings — pay for themselves.[35]

Another positive note is that U.S. higher education institutions continue to dominate the ranks of the best in the world. This is a testament to the bench strength of U.S. higher education.[36] However, a trend is shaping up — 51 of the 76 U.S. colleges from a worldwide ranking of 200 have slipped over time, while universities from Asia/Pacific Rim are gaining traction due to significant national investments.[37] Staying at the top of the rankings requires staying ahead of the competition.

At the same time, it also demands close attention to avoid damaging integrity violations, such as misreporting academic data. Many examples of this came to light in 2012, including at Emory University and George Washington University. Claremont McKenna College suffered a scandal related to misrepresenting SAT scores of entering freshmen for the past six years.[38] Gaming the rankings is obviously unacceptable.

Higher education trends to watch

- **Embracing digital education.** MOOCs, such as those offered by Coursera and Udacity, represent both an opportunity and a threat. The opportunity lies in new, lower-cost delivery of high-quality instruction; the threat exists if MOOCs are implemented poorly or if traditional delivery is driven out of business.
- **Solving the revenue problem.** Finding ways to balance diminished state support and soaring tuition costs will remain a priority for university administrators for some time.
- **Facing increased regulatory pressure.** Federal and state scrutiny of how public money is spent calls for improved compliance and attention to performance measures.
- **Seeking business community support.** More schools will undertake initiatives to infuse their management with best practices and cost-cutting measures.
- **Preventing dips in public perception of value.** Although most Americans still believe that higher education is worth the investment, public opinion may change if the issue of rising cost is not addressed.
- **Managing the risks of a data culture.** The rise of online learning (including the emergence of MOOCs) and increased reliance on cloud computing pose a security threat to the entire industry. Universities should proactively strengthen their virtual defenses and build an institutional culture centered on data security.

[35] Greenstone, Michael and Looney, Adam. "Regardless of the Cost, College Still Matters," Brookings Institution Hamilton Project, Oct. 5, 2012. Available at www.brookings.edu/blogs/jobs/posts/2012/10/05-jobs-greenstone-looney.html.
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Knocking at the College Door

Executive Summary: Projections of High School Graduates

Western Interstate commission for Higher Education

December 2012

The Western Interstate Commission for Higher Education (WICHE) has been producing high school graduate forecasts for over 30 years. This publication marks the eighth edition in the series, covering the period from 1996-97 through 2027-28, with projections starting with graduates of the 2009-10 academic year. WICHE is proud to produce these projections by state and race/ethnicity, which have become a trusted source of information for a wide and diverse audience of policymakers, enrollment managers, college counselors, schools and school districts, researchers, and the media.

As in the past this edition updates the projections for graduates of both public and nonpublic high schools for the nation, four geographic regions, and each of the 50 states plus the District of Columbia. Projections disaggregated by race/ethnicity are also available for public high school graduates. This publication includes detailed analysis of the data for the nation and the four regions. Readers are also invited to visit the *Knocking* website (www.wiche.edu/knocking), which provides profiles for each state individually and offers an interactive tool for exploring, graphing, and downloading the data.

WICHE's principal goal in generating these projections is to equip decision makers at all levels with information about how the supply of high school graduates is likely to change in the years ahead. Such information is crucial for planning and policymaking, to ensure that educational opportunities beyond high school are both widely available and of high quality. Providing that capacity and quality has never been more vital, as the global economy has spawned an increasingly competitive labor market, which demands high-level skills and innovation and where educational attainment is a profoundly important signal of the capabilities of both individuals and societies. In addition, higher education helps fuel an engaged and healthy citizenry and a civil society (a role that is equally important, if less easily measured). Accordingly, the pressure on the higher education enterprise has never been greater. Policy and practice must be informed by reasonably good estimates of what the future holds in terms of demographic change in order to be effective. One note: Although recent high school graduates are a core component of the demand for a college education, they represent a decreasing share of actual postsecondary enrollments, as more and more adult learners seek to upgrade their skills in response to rising labor market requirements.

Despite the growing need for an educated populace, we face significant challenges in creating one, especially in the wake of the economic recession of 2008. Another challenge: Our projections confirm a future marked by continued demographic change – change that is already reshaping the landscape of recent high school graduates contemplating college and that will only add to the magnitude of the task ahead. Over several editions of the *Knocking* report, our projections have told two stories: one about the overall number of individuals graduating from the nation's high schools, and one that, at least for those graduates of public high schools, indicates that the pool of future college students is rapidly growing more racially and ethnically diverse.

Changes in the Production of Graduates

The first story addresses changes in the overall supply of high school graduates from both public and nonpublic schools. Policymakers' first concern is to understand how those graduates enter college or the labor force directly, and whether our states and institutions have sufficient capacity to provide those bound for postsecondary education with suitable and affordable options. Projections indicate that the nation can look forward to significant changes in the overall size of the pool of graduates.

- Beginning around 1990 and continuing through about 2011, colleges and universities could count on an annually growing number of students graduating from the nation's high schools. But that period of abundance appears to be about to end. The nation is entering a period of modest decline in the number of graduates being produced, a decline that is closely tied to reduced births in the wake of the Baby Boom Echo.
- The peak occurred in the 2010-11 academic year, when total graduates from public and nonpublic schools reached 3.4 million.
- Production of high school graduates will fall over the immediate term, before settling down at a stable rate between 3.2 and 3.3 million nationally by 2013-14.
- The next period of sustained growth will begin in 2020-21 and continue through 2026-27. During this time national totals of high school graduates are projected to climb about 70,000 (2 percent), a much more gradual rise than the one we saw in the two decades preceding 2010, and one that will not quite reach the 2010-11 peak.

The change in the number of graduates will vary considerably by region and state. A few states will buck the national trend by continuing to see increases in graduates. These states will face ongoing pressure to ensure adequate capacity exists to fulfill the needs of a growing cohort of individuals looking to continue their education beyond high school. Other states will look ahead to a demographic future of substantial decreases in high school graduates. These states potentially face the opposite problem: sustaining existing infrastructure that was built up over many years. Our projections find that states can expect the following:

- **Dwindling production** (losses of 15 percent or more): The District of Columbia, Maine, Michigan, New Hampshire, Rhode Island, and Vermont (six states).
- **Slowing production** (losses of between 5 and 15 percent): Alaska, California, Connecticut, Florida, Hawaii, Illinois, Iowa, Kentucky, Maryland, Massachusetts, Minnesota, Missouri, Montana, New Jersey, Ohio, Pennsylvania, and Wisconsin (17 states).
- **Manageable decline** (losses of less than 5 percent): Arizona, Delaware, Indiana, Mississippi, North Dakota, Oregon, and West Virginia (seven states).

- **Manageable growth** (increases of less than 5 percent): Alabama, Arkansas, Georgia, Nebraska, New Mexico, New York, North Carolina, South Carolina, South Dakota, Tennessee, Virginia, and Washington (12 states).
- **Accelerated expansion** (increases of between 5 and 15 percent): Idaho, Kansas, Louisiana, Nevada, Oklahoma, and Wyoming (six states).
- **Swift expansion** (increases greater than 15 percent): Colorado, Texas, and Utah (three states).

While there is considerable variation among states, broad regional patterns are evident. In general, the South and the West are most likely to continue to see growth, while the Midwest and the Northeast can expect the greatest shrinkage.

Diversification

The second theme emerging from the projections concerns how rapidly the graduating classes of public high schools are growing more diverse.1 We project that 45 percent of the nation's public high school graduates will be non-White by 2019-20, compared to 38 percent in the class of 2009. This pattern is driven most obviously by the rapid increase in the number of Hispanics completing high school, corresponding to a nearly equivalent decline in the number of White non-Hispanics. At the same time, the number of Asians/Pacific Islanders graduating from high school is also rising rapidly, offsetting Black non-Hispanic numbers, which are expected to drop. Nationally, between 2008-09 and 2019-20, the nation's public high schools will collectively produce:

- 228,000 fewer White non-Hispanic graduates (a decline of 12 percent).
- About 197,000 more Hispanic graduates (an increase of 41 percent).
- 49,000 more Asian/Pacific Islander graduates (an increase of 30 percent).
- 41,000 fewer Black non-Hispanic graduates (a decline of 9 percent).
- More than 500 additional American Indian/Alaska Native graduates (an increase of just under 2 percent).

These national trends are reflected in diversification in each and every state, though the pace at which minority populations are gaining shares varies considerably. Between 2008-09 and 2019-20, the number of high school graduates of Hispanic descent is projected to increase noticeably in all states. Asian/Pacific Islander numbers will grow everywhere but in Wisconsin and Hawaii. Only a handful of states can expect to see growth in the number of White non-Hispanics, including Colorado, Idaho, South Carolina, and Utah. About half the states will see decreases among Black non- Hispanic graduates of at least 100. Also by 2019-20, our projections indicate that public high school graduating classes in Arizona, Florida, Georgia, Maryland, and Nevada will reach "majority-minority" status (where public high schools graduate more minorities than White non-Hispanics), joining California, the District of Columbia, Hawaii, Mississippi, New Mexico, and Texas, the states which had achieved that distinction by 2008- 09.

While the general trend toward greater demographic diversity is recognized by most Americans, understanding the size of the impending change, and its particular makeup, is critical – especially for policymakers and practitioners facing growing pressure to ensure that students succeed. The nation's track record for educating the underrepresented populations has not been particularly good, resulting in persistent educational attainment gaps. Given that our postsecondary education institutions, not to mention our public K-12 schools, will be counted on to serve ever-growing numbers of minority students, as these projections suggest, we need to address the fact that systems, policies, and practices designed for an earlier, more racially/ethnically homogeneous era will not suffice. More than ever, our national prosperity and security, in a globalized labor market driven by the prevalence of well-educated, highly skilled workers, depend on improving our performance with these populations. Therefore, policymakers and practitioners may need to examine issues of affordability, recruitment, curriculum design and delivery, alignment across educational sectors, effective student support services, and accountability.

Knocking at the College Door

Projections of High School Graduates

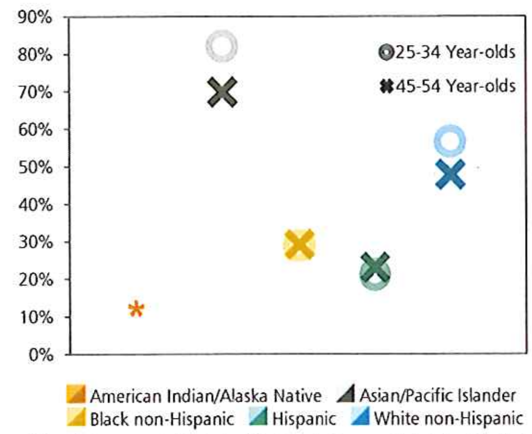
NEW JERSEY

National and regional trends mask important variation among states in the supply of high school graduates. This profile provides brief indicators for New Jersey related to: current levels of educational attainment, our projections of high school graduates into the future, and two common barriers to student access and success – insufficient academic preparation and inadequate finances.

Educational Attainment by Race/Ethnicity[1]

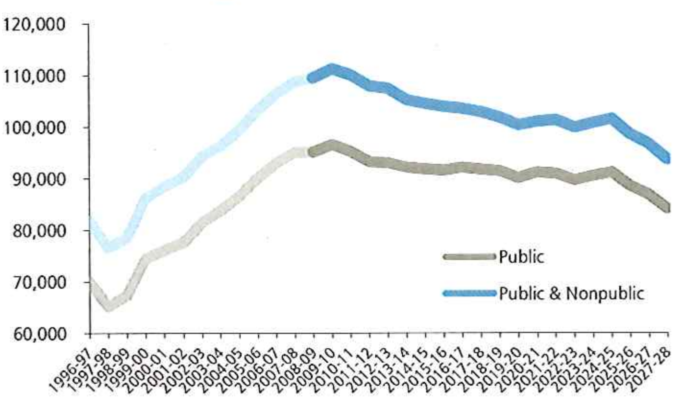
Workforce projections suggest a growing demand for well-educated labor, so that younger adults need to be as well as or more educated than older adults given how much longer they will need to be employed. In New Jersey between 2008 and 2010, 47.2% of younger working-age adults (aged 25-34) had earned postsecondary degrees, slightly more than the 43.7% of older adults (aged 45-54). Additionally, large gaps in educational attainment exist among racial/ethnic groups, especially for younger adults.

- More younger Asians/Pacific Islanders and White non-Hispanics adults had degrees than their older counterparts, 12.1 and 8.8 percentage points more, respectively.
- About 29% of younger Black non-Hispanics had earned a postsecondary degree compared to only 21.1% of younger Hispanics.
- This evidence suggests that the gulf in educational attainment at the postsecondary level among racial/ethnic groups in New Jersey is widening.



* No estimates are reported due to insufficient sample size or a coefficient of variation that exceeded 25% for at least one of the estimates.

Production of High School Graduates



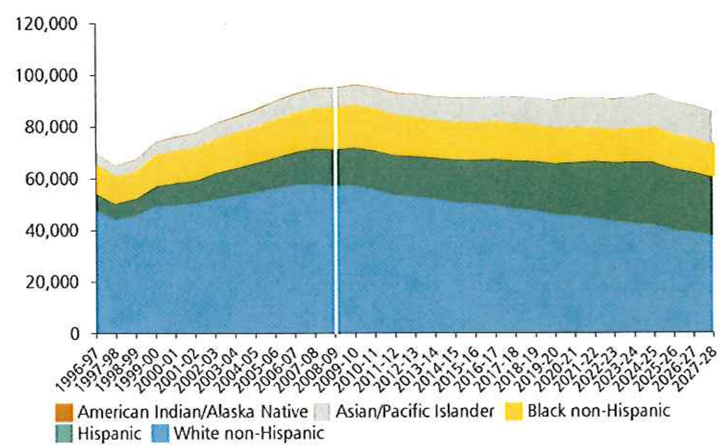
New Jersey's production of high school graduates went into high gear starting in 1997-98 but that continuous growth is about to reverse itself.

- There were 43% more graduates, about 32,878 more, on 2008-09 than in 1997-98
- After peaking in 2009-10 at over 111,000, New Jersey's graduating class is projected to will decline consistently through 2019-20, by about 10% or 11,000 graduates.
- Nonpublic schools have contributed robustly to the total number of graduates historically. But their production is also projected to fall substantially, by about 31% between 2008-09 and 2020-21, and over this timeframe they will decline from 13% of all graduates to less than 10%.

Public High School Graduates by Race/Ethnicity

Mirroring the pattern of public graduating classes in many other states, White non-Hispanics in New Jersey are in the midst of a projected long-term decline, projected to fall about 21% through 2019-20 from their peak in 2007-08.

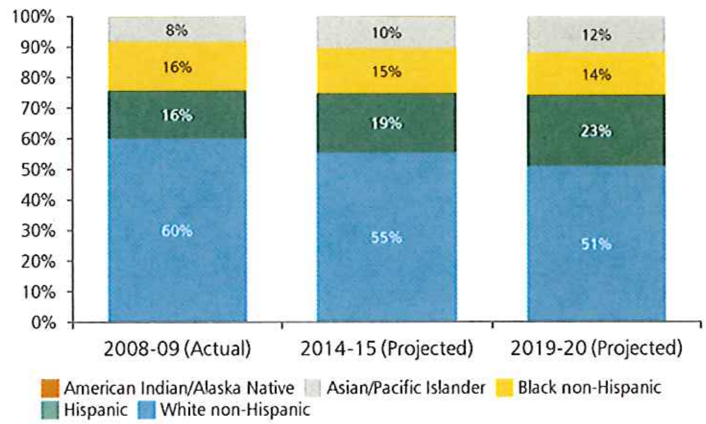
- Black non-Hispanics are projected to decline about 3,000 off their peak of about 15,500 in 2009-10.
- Hispanic and Asian/Pacific Islander graduate increases will partially offset the erosion. Hispanics show continuous increases up to about 25,000 graduates through 2024-25, and Asians/Pacific Islanders may reach about 13,000 graduates through 2025-26.
- Between 2008-09 and 2019-20, both Asians/Pacific Islanders are expected to grow by about 40%.



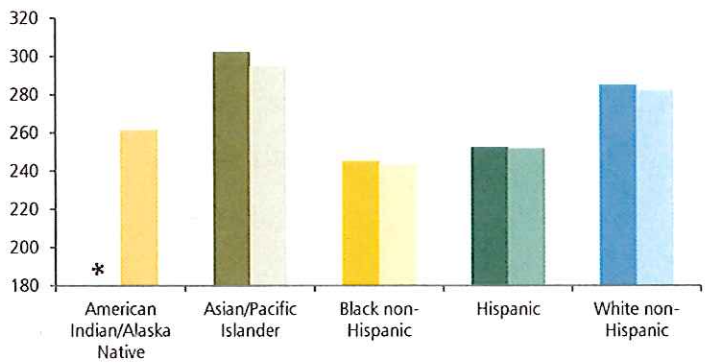
Composition of Public High School Graduates by Race/Ethnicity

Rapid increases in Hispanic and Asian/Pacific Islander graduates and swift decreases in White non-Hispanic graduates will reconfigure the racial/ethnic composition of New Jersey's public high school graduating classes.

- White non-Hispanics are projected to fall below 50% of the class for the first time in 2020-21, from 60% in 2008-09.
- The Hispanic share is projected to grow from 16% in 2008-09 to a quarter of all graduates by 2021-22.
- The proportion of Asians/Pacific Islanders will climb 4 percentage points to 12% by 2019-20.
- The Black non-Hispanic share will shrink modestly by about two percentage points over that same timeframe.



Composite Math and Reading Scores by Race/Ethnicity[2]



Note: New Jersey in darker shades; U.S. in lighter shades. *Reporting standards were not met and no score is available.

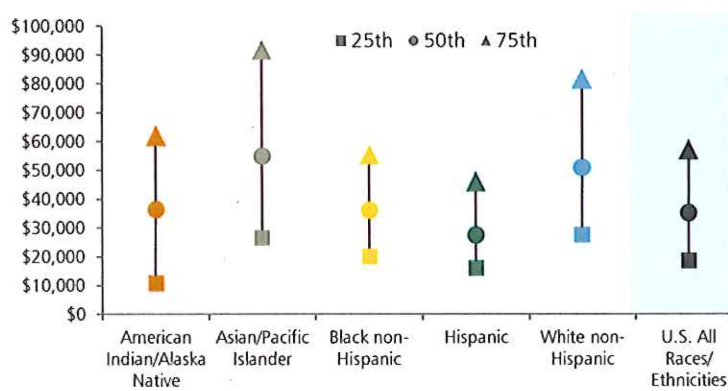
Academic preparation is a major factor in access to and success in college. One indicator of readiness comes from the National Assessment of Educational Progress (NAEP) math and reading scores for twelfth graders in 2009.

- Black non-Hispanics and Hispanics had substantially lower composite scores, 245.3 and 252.2, respectively, than White non-Hispanics and Asians/Pacific Islanders.
- At 302.2, Asians/Pacific Islanders scored significantly higher than White non-Hispanics, whose composite score was 284.9.
- All racial/ethnic groups in New Jersey, except American Indians/Alaska Natives for whom state-level data were unavailable, performed equally well as they did nationwide.

Annual Income by Race/Ethnicity[3]

A second major barrier is access to the financial resources needed to pay for college. In New Jersey from 2006 to 2010, the statewide median income for the working-age population (25-64) was $43,934, compared with $35,147 for the nation.

- The median income of Asians/Pacific Islanders was $54,917, higher than any other racial/ethnic group in the state, and about 56% more than the national median.
- A quarter of Hispanics earned less than about $16,000. Their median income of $27,372 was roughly equivalent to the least-wealthy quarter of White non-Hispanics. The median income for Black non-Hispanics was $36,095.



Projections of high school graduates are from WICHE, *Knocking at the College Door: Projections of High School* Graduates, 2012. 1996-97 to 2008-09 are actual reported graduates and 2009-10 to 2027-28 are projections. The National Center for Higher Education Management Systems supplied the data used in the first and last figures. State-level estimates for those figures are only reported for a racial/ethnic group when the coefficients of variation for all estimates do not exceed 25% and sample size is 50 or greater. Readers should understand that estimates for small samples can be imprecise due to large standard errors. WICHE provides relevant data tables at http://wiche.edu/knocking-8th/technicalNotes.

[1]*Source:* U.S. Census Bureau, 2008-10 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File. Average annual percent of population aged 25-34 and 45-54 with an Associate's degree or higher in 2008-10.

[2]*Source:* U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), 2009 and 2011 Mathematics and Reading Assessments, generated using the NAEP Data Explorer. http://nces.ed.gov/nationsreportcard/naepdata/. *Notes*: Composite scores are the average of the Math and Reading scores for 12th graders tested in 2009; Math scores (0 to 300) were converted to fit the Reading scale of 0 to 500.

[3]*Source:* U.S. Census Bureau, 2006-10 American Community Survey Five-Year Public Use Microdata Sample File. *Note*: Percentiles for wage/salary income were calculated for persons age 25-64 with positive earnings; unemployed persons with $0 income were also included. Figures are in 2010 dollars. Native Hawaiians are included in Asian/Pacific Islander.

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Visit http://wiche.edu/knocking to obtain the full publication and download these projections as graphs or data files.

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THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

HIGHER EDUCATION STRATEGIC INFORMATION AND GOVERNANCE (HESIG)/STOCKTON POLLING INSTITUTE STUDY ON COLLEGE AFFORDABILITY, COMPLETION; 1000 NJ ADULTS; MAR.15-31, 2013; **MARGIN OF ERROR (+/-) 3.1%**

SUMMARY HIGHLIGHTS:

CITIZENS VIEW NJ COLLEGES AS HIGH QUALITY AND VALUE, AND ESPECIALLY IMPORTANT TO JOBS AND WORKFORCE DEVELOPMENT; BUT SEE COST AS A MAJOR BARRIER; VIEW THE STATE AND COLLEGES SHARING RESPONSIBILITY ON AFFORDABILITY; AND TRUST COLLEGE LEADERS TO MAKE NEEDED REFORM.

1. Citizens perceive colleges as high quality (78%) and high value for the investment (80%).

- A majority (52% combined) view jobs (27%) and workforce development (25%) as the major ways in which colleges help the state, and about 42% cite jobs (16%) and career development(26%) as the way college help them personally. Surprisingly, 25% say that college is not very important in helping their family.
- Overwhelmingly, citizens prefer traditional 4-year colleges to provide a high quality college experience (88%), over 2-year, or on-line options.

2. College cost is viewed as the single biggest barrier to attending and completing college (70%).

- Less than a majority (47%) finds college in NJ affordable, while roughly 40% say flatly that college in not affordable.
- A majority (54%) indicate that it is unlikely that student financial aid will be available to them or their families, adding a double whammy to the cost/ affordability issue.

3. NJ colleges and the state of NJ share responsibility for rising college costs and for policy change to make college more affordable.

- Citizens see state funding cuts and salary increases as about equal factors in the causing college costs to rise (26%/28%, respectively). Another factor driving cost in the public's mind is the cost of facilities and technology (15%).
- Citizens take a balanced view of responsibility for state and college reforms to improve college affordability and completion, with about 42% indicating that more state funding (20%) and student financial aid (22%) is needed, while about an equal number (45%) say that better college cost control (22%) and tighter reins on tuition (23%), such as tying tuition to rate of inflation, would help families afford college.
- Asked another way, regarding the most important way to improve college affordability, nearly 58% indicate more student aid and more government funding (32% and 26%, respectively), with 44% indicating managing college budgets better as most important.
- Other policy reforms to help complete college faster include easier transfer of credits (31%) and better information about job and career opportunities (21%). Among possible reforms to improve affordability and completion, it seems as if the public expects state and college leaders to stick to basics, and not get lost in policy weeds for reforms that help only marginally with college opportunity and completion.
- Regarding new modes of delivering college courses, it appears that new technologies will take time to be absorbed. Not only do citizens prefer traditional colleges over on-line programs, but also on-line delivery did not rank high (15%) as a fix for the affordability/completion challenge. Also, nearly 30% of citizens believe that only some NJ colleges should specialize in on-line degree programs. 54% think that all colleges should offer on-line programs. This response taken with the strong preference for traditional 4-year college instruction indicates that the public may favor a hybrid approach to college learning, not simply more technology.

4. Finally regarding trust to take responsibility for improving college access, affordability and completion, citizens trust college leaders 2-1 over the governor and legislature (43%/21%/22%, respectively).

- While colleges and the state share responsibility for making college more affordable, it seems that the public trusts presidents and boards of trustees to continue to provide high quality service, and to make needed reforms. It seems to that Trenton officials are making the right choice to work in partnership with colleges, as opposed to taking a punitive, regulatory approach to reform.

More information at: www.stockton.edu/hughescenter/hesig

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4-13

Inside Higher Ed

CFO Survey Reveals Doubts about Financial Sustainability

Doug Lederman

July 12, 2013

Hardly a day goes by without some author or commentator predicting that the end is nigh for higher education, or significant portions of it. Such predictions understandably grate on many administrators and professors.

But what do those with the closest eyes on their own institutions' bottom lines -- chief college and university business officers -- think? Turns out they're not particularly upbeat, either -- about their own colleges' futures or the higher education landscape more generally.

In a new survey by *Inside Higher Ed* and Gallup, barely a quarter of campus chief financial officers (27 percent) express strong confidence in the viability of their institution's financial model over five years, and that number drops in half (to 13 percent) when they are asked to look out over a 10-year horizon.

Asked to assess the sustainability of the business models of various sectors of higher education, they take a more negative than positive view on several of them (nonselective private and non-flagship public institutions, and for-profit colleges).

And more than 6 in 10 CFOs disagree or strongly disagree with the statement that "reports that a significant number of higher education institutions are facing existential financial crisis are overblown."

"This is a 'Houston, we have a problem' report," says Jane Wellman, a higher education finance expert. "People who know what they're talking about think we have a problem down the road if some things don't get fixed."

Inside Higher Ed's third Survey of College and University Business Officers, released today in advance of this weekend's annual meeting of the National Association of College and University Business Officers, in Indianapolis, takes the pulse of college and university chief financial officers about a range of pressing topics. The online survey, conducted by Gallup in April and May 2013, was completed by a total of 457 campus and system chief business and financial officers. Only 12 business officers from for-profit institutions completed the survey, so their responses were not explored in depth. A copy of the survey report can be downloaded here.

Among the highlights of the survey, in addition to the CFOs' views on the viability and sustainability of colleges' financial models:

- Health care costs are weighing increasingly heavily on the minds of campus business officers. Asked which issues they were paying more attention to than they were five years ago, the cost of providing health insurance and benefits appeared second only to market limits on increasing tuition. (In 2012, five other issues topped health care, including government mandates and campus infrastructure.) And overwhelming majorities of CFOs agreed or strongly agreed that their institutions had experienced increased health care premiums for employees and students this year, and that they had changed their institutions' offerings (though not who is covered by health plans) as a result.

- Retention is displacing recruitment of new students as institutions' top priority. Asked to cite their most important strategies for increasing revenue in the near future, a full 92 percent of CFOs cited retaining current students, far outdistancing strategies such as expanding online programs or recruiting out-of-state, full-paying or international students.
- Large proportions of business officers want to better-use data to evaluate programs and identify potential problems or solutions. But many of them acknowledge that their institutions do not have the data or the information to make informed decisions in key areas.
- A solid majority of CFOs (57 percent) agree or strongly agree that new spending at their institution will come from reallocated dollars rather than new revenue.
- Nearly half of business officers say their institution has increased its dependence on debt to finance projects. While few officers believe their institutions should take on significantly more debt than they have now, a majority say their current debt levels are appropriate.

2 OVERVIEW OF FINDINGS

Six years ago, Sallie Mae started a conversation with American families, asking them important questions about how they meet the cost of higher education and how they view the value of that investment.

The *How America Pays for College* study, conducted by Ipsos Public Affairs, shows that American families are settling into a post-recession reality with regards to how they pay for college. Since 2010, families have reduced how much they spend on college, with parents' contributions in particular seeing a significant decline. The use of grants and scholarships, now the largest contributor, and student borrowing have increased to make up for some of this deficit. In 2013, the use of college savings plans has also increased to its highest level ever.

Throughout the recession and recovery, families have adopted cost consciousness in relation to how they choose and pay for college. Most eliminated colleges from their choice set due to cost at some point during the admissions process, and almost all took at least one action to make college more affordable such as increasing work hours, having the student live at home, or filing education tax credits.

Despite these difficult economic times, American families' belief in the value of college has been unwavering, the vast majority of families believing that college is an investment in the future. In 2013, the data show that parents in particular are slightly more optimistic than in previous years about the value of college and their ability to pay for it. Parents continue to worry about paying for college, but to a significantly lesser degree than they had over the last three years.

This report will expand on the post-recession reality theme and look at the composition of college spending in-depth in the Discussion of Findings. In addition, the report introduces separate chapters containing new analysis around spending and attitudes by college major, planning, and expectations with regards to college expenditure, and college students' use of credit cards.

FIGURE 1 — HOW THE TYPICAL FAMILY PAYS FOR COLLEGE 2013: AVERAGE PERCENT OF TOTAL COST PAID FROM EACH SOURCE

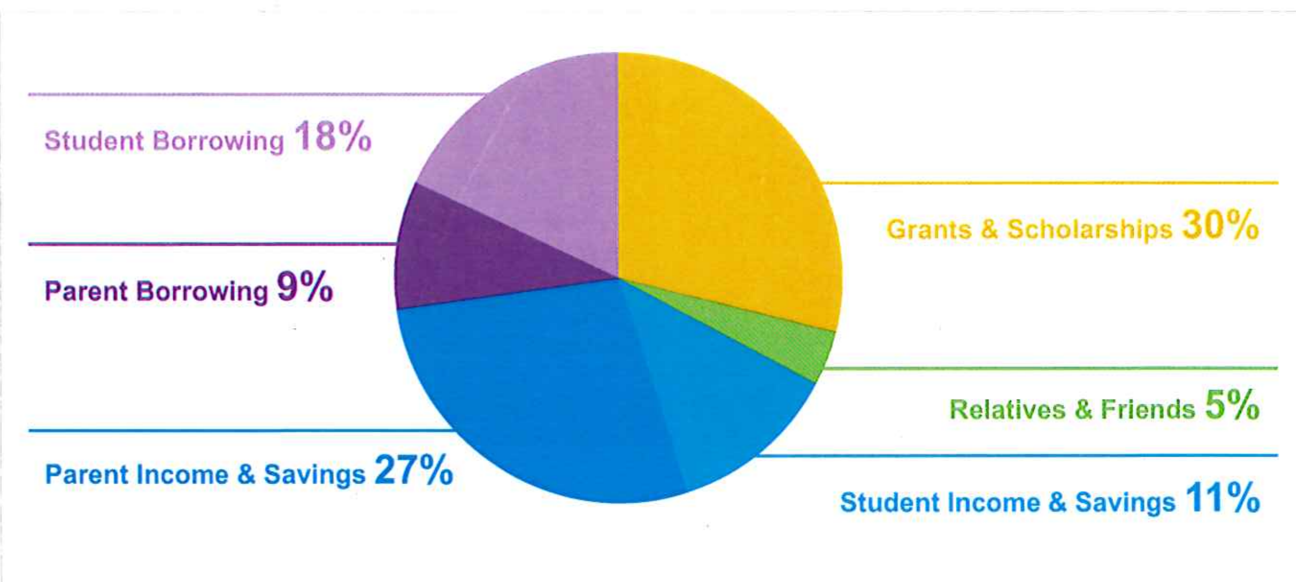


FIGURE 11 — STUDENT ATTITUDE TOWARD COLLEGE, RATED STRONGLY AGREE, YEAR-OVER-YEAR

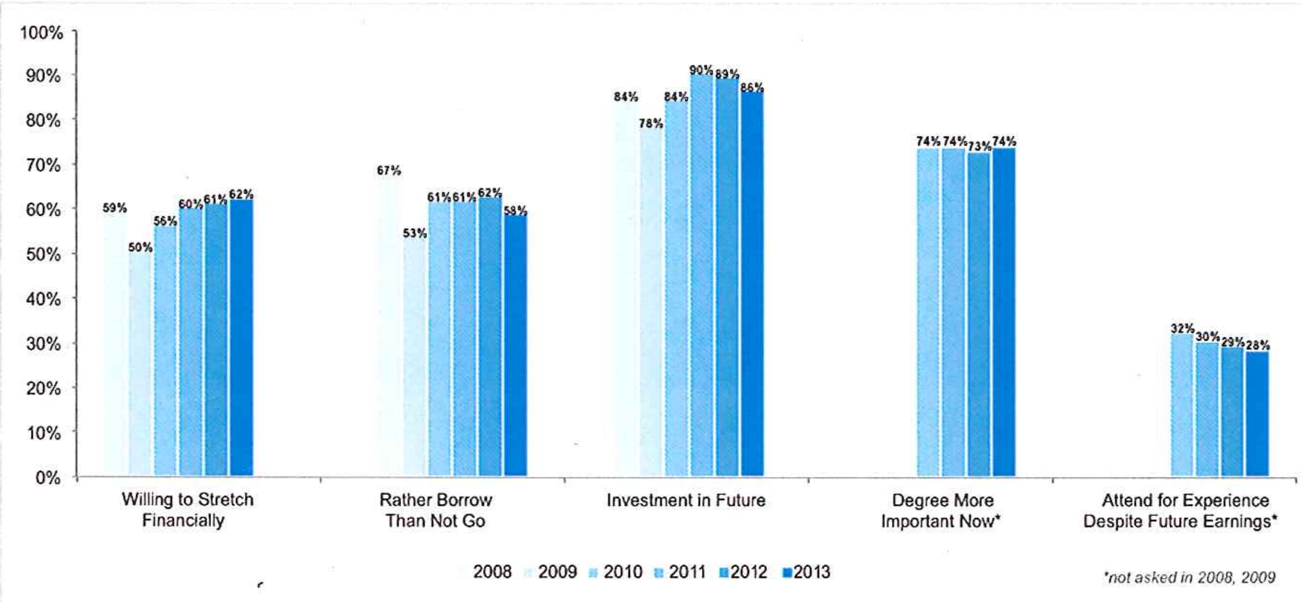


FIGURE 12 — PARENT ATTITUDE TOWARD COLLEGE, RATED STRONGLY AGREE, YEAR-OVER-YEAR

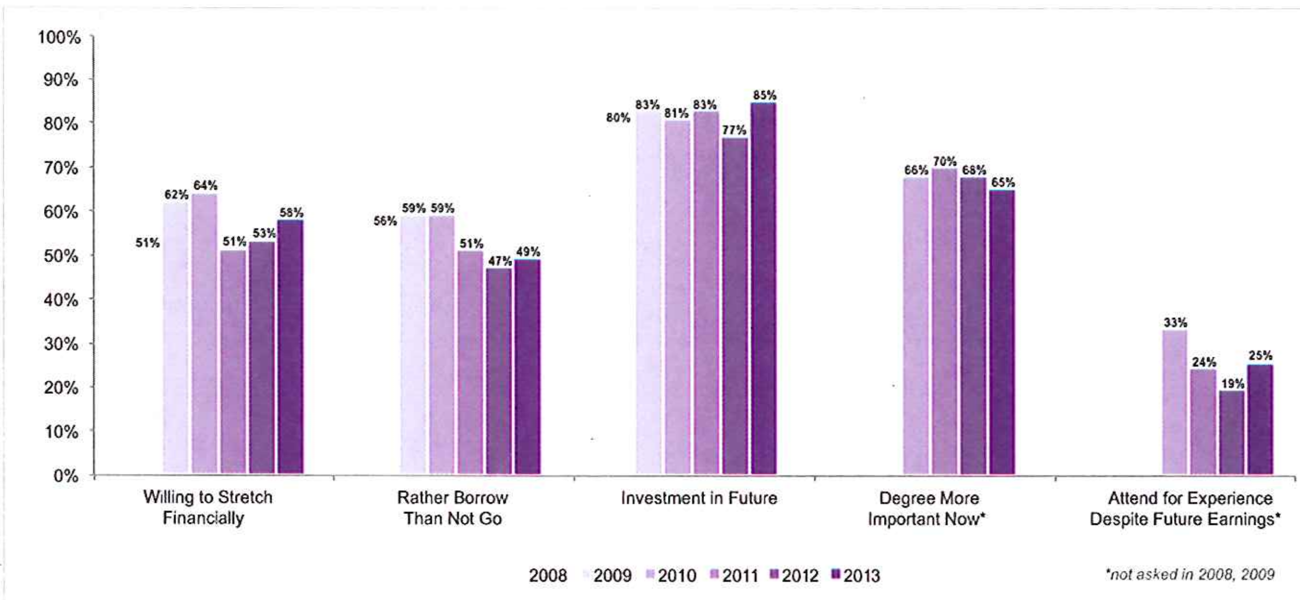


FIGURE 13 — STUDENTS' REASONS FOR ATTENDING COLLEGE, RATED STRONGLY AGREE, YEAR-OVER-YEAR

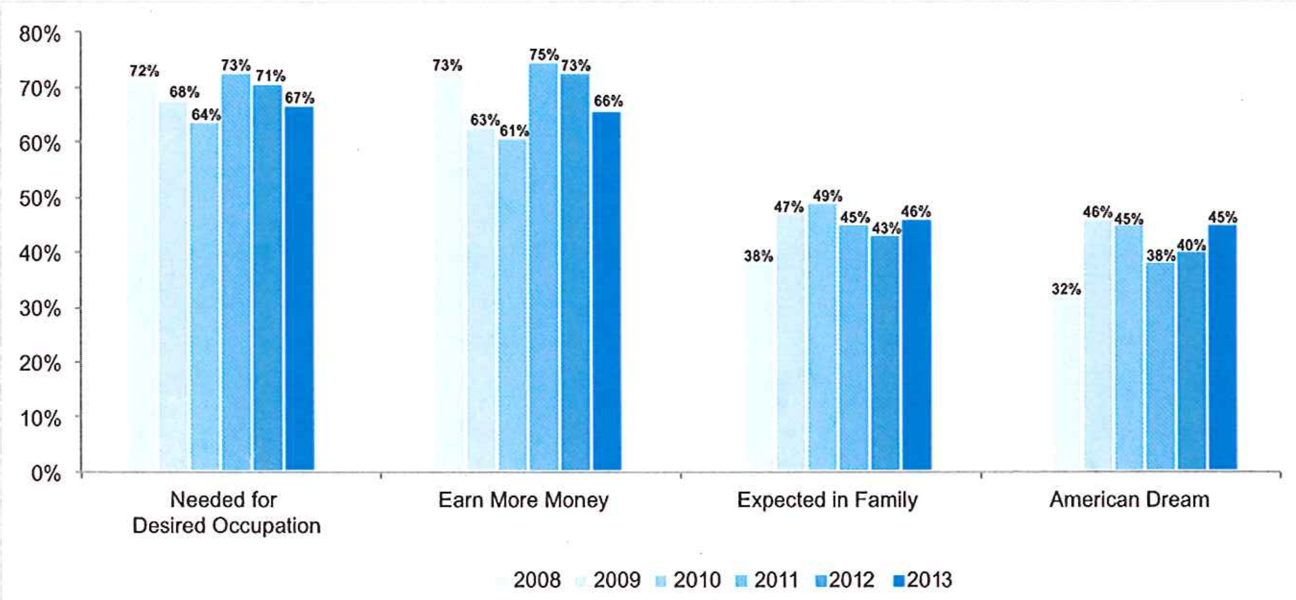


FIGURE 14 — PARENTS' REASONS FOR ATTENDING COLLEGE, RATED STRONGLY AGREE, YEAR-OVER-YEAR

FAMILIES ARE OPTIMISTIC ABOUT COLLEGE AS AN INVESTMENT IN THE FUTURE

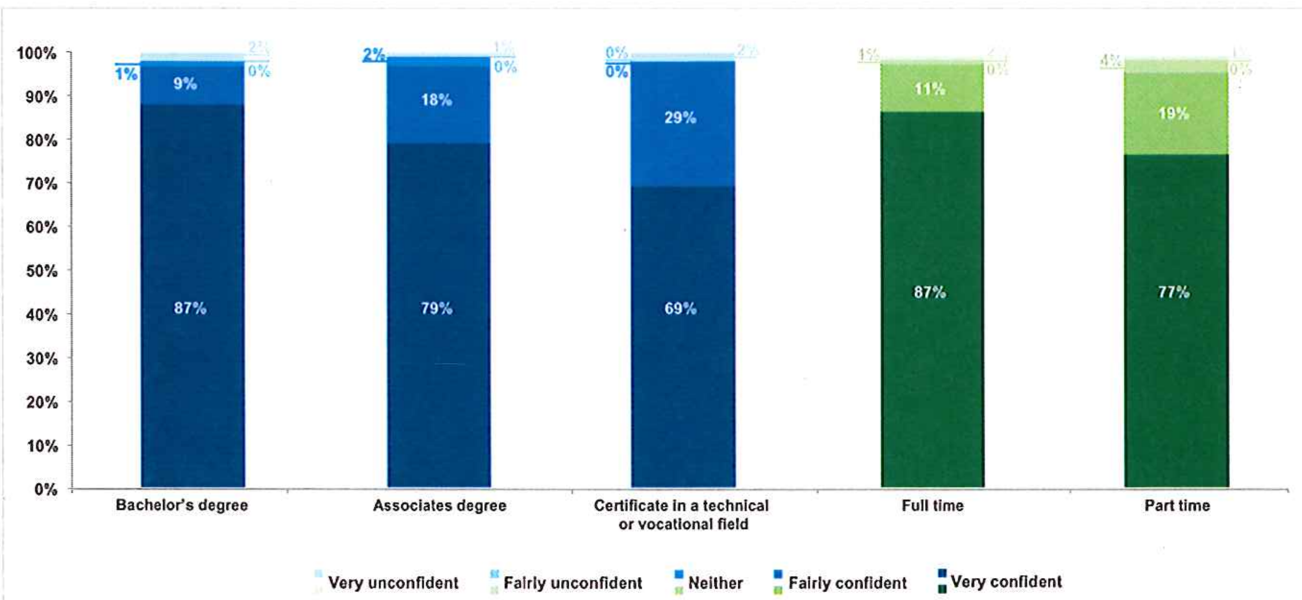
Since the beginning of the *How America Pays for College* study, families have strongly believed in the practical and financial value of a college education, weathering the effects of the economic uncertainty of the last four years.

While there has been a considerable drop in parents' agreeing that the college experience is valuable for the intellectual and social experience alone—by 8 percentage points since 2010—85 percent of parents felt strongly that college was an investment in their child's future in 2013, the highest proportion seen in the last five years.[5]

The belief that students will earn more money with a college degree has remained consistently strong in 2013 (64% among all families), and more than half of families felt they would rather borrow to pay for college than not go at all. This is consistent across income groups, even those with the most protracted economic concerns.

In addition, families are optimistic about school completion. Almost all families (97%) were confident (combined "very confident" and "fairly confident") that their students will complete the degree they set out to achieve. Ninety-two percent of families believed the degree will be completed within five years, and three-quarters believed the degree will be completed within four years. However, just over half of parents were at least somewhat worried their funds will run out before their child has completed college.

FIGURE 15 — LEVEL OF CONFIDENCE THAT STUDENT WILL ACHIEVE EXPECTED DEGREE



[5] Responses represent "strongly agree" which is a five on a scale of 1-5, unless otherwise noted.

American Association of State Colleges and Universities

Creating a New Compact between States and Public Higher Education
AASCU Task Force on Making Public Higher Education a State Priority
June 2013

A Legacy of Support for American Public Higher Education

Throughout our history, Americans have placed their confidence in public colleges and universities to strengthen and revitalize our communities, states and the nation. As the U.S. builds an economic foundation in the second decade of the 21st century, it is clear that our national economic security must be sustained through a workforce with the knowledge, skills and creativity to adapt to an ever-changing global marketplace. To achieve this future, policymakers must look to the successes of the past—opening the doors of opportunity by providing access to an affordable, high-quality public higher education.

Eroding State Support for Public Higher Education

In recent decades, state financial support for public higher education has declined on a multitude of measures. The status quo of the higher education financial model—declining per-student state funding, escalating tuition rates, and increasing student debt—is inadequate in today's knowledge-based economy and for our nation's changing demographics and workforce needs. The U.S. faces a paradox in which state policymakers' strong rhetorical support for public higher education is misaligned with the support it receives as a state investment priority. The state-to-student college cost shift will soon put an affordable college education—along with the aspirations of millions of people to join the American middle-class—increasingly out of reach.

Establishing a New Compact Between States and Public Higher Education

A new compact between state government and public higher education must be created to fully leverage the capacity of public colleges and universities to fortify the economic security of our states and nation, as well as the democratic foundation that underpins our society. The new compact must represent a shared commitment to broaden college access, make college more affordable, improve student outcomes and ensure academic quality. Higher education leaders and state officials must work collaboratively to craft a shared public agenda predicated on mutual understanding, trust and accountability.

Challenges Higher Education Must Address to Establish a New Compact

College leaders must address public higher education's change-averse reputation, especially as it involves online and other alternative educational delivery models. It is essential that institutions embrace innovative program delivery models that can educate more students, enhance learning outcomes and reduce instructional costs. College leaders must also respond to misperceptions policymakers may have about higher education and develop a shared understanding of critical higher education priorities in their state.

Four Commitments Higher Education Leaders Can Make Toward a New Compact

Higher education leaders can take the following four actions to reassure state policymakers of their commitment to an affordable, accountable and high-quality public higher education system. Establishing a new compact will require dedication to these obligations as well as an equal commitment by state policymakers to provide consistent and sustained financial investment and support for the policy needed to achieve shared state goals.

- Make Institutional Accountability the Foundation of a New Compact. An institutional orientation that fuses accountability and performance for taxpayer-provided monies and students' tuition dollars must serve as the foundation for a new state-university compact.
- Build an Institutional Agenda Linked to State Needs. Work actively with state policymakers to shape an ambitious, forward-looking state agenda tied to state needs.
- Address College Affordability Concerns. Amplify efforts to help policymakers better understand the cost of higher education; factors that influence costs; institutional efforts to control costs; and the state's role in providing institutional operating support and need-based financial aid to keep college affordable.
- Convey Institutional Outcomes. Communicate institutional and system-wide outcomes and achievements using the most accurate data available in order to build trust and support among policymakers and the public.

Accounting for State Political Dynamics in Forging a Higher Education Agenda

Understanding the larger context within which political and higher education leaders operate is essential to crafting a new compact. Elevating higher education as a state budgetary priority ultimately requires tough choices and actions by political leaders functioning in a political environment. Higher education leaders must understand this landscape and be willing and able to assist political leaders who are navigating within it.

Seven Strategies to Elevate Public Higher Education as a State Investment Priority

College leaders and advocates can utilize a number of strategies to strengthen the relationship between public universities and state government, fortify higher education's ability to serve the state and encourage increased state investment in public higher education.

- Align Messaging with the State Agenda. The messages sent by the public higher education community to state leaders must be simplified, emphasizing the integral role these institutions play in building the state's future.

- Communicate the Public Good of Public Higher Education. College advocates must make the case for public higher education as a public good that yields broad economic and social returns on state investment.
- Encourage Others to Speak for Higher Education. Utilizing the voice of key beneficiaries of public universities, especially business leaders, to discuss the value they derive from an affordable and high-quality public higher education system, can bolster efforts to increase state investment.
- Utilize a Strategic Institutional State Relations Program. An institutional state relations program carried out in cooperation with the state higher education system's efforts is an effective means of conveying an institution's mission, policy priorities and commitment to serving the state.
- Establish a Public Engagement Master Plan. Creating a new compact requires a comprehensive plan for engaging all constituencies, not just those confined to the state political and policymaking sphere, therefore, establishing a public engagement master plan should be an institutional goal.
- Champion the Vital Role of Public Comprehensive Universities. Those who advocate on behalf of public comprehensive universities should communicate the essential role these institutions play in educating the populations that will drive our future economy and their efficiency in generating high-quality and comparatively low-cost degrees.
- Emphasize Collaboration and Cooperation among Education Sectors. Meeting the growing needs for higher education requires contributions from every sector of higher education and strong collaboration between postsecondary and K-12 education.

Acting with Urgency in Establishing a New Compact

The time to act is now. The economic and societal implications of establishing a new compact between states and public higher education are enormous. Creating a long-term state higher education investment strategy is not a matter of simple institutional self-interest, but rather a requirement for ensuring state and national economic competitiveness and a vital democracy.

Complete College America

Shift to Performance Funding

Completecollege.org

WHY SHIFT TO PERFORMANCE FUNDING?

One of every two students who enter a four-year university does not finish and even fewer make it to graduation day at two-year colleges. With most states cutting checks to colleges and universities based on head count alone, there is little incentive to focus on who doesn't show up next semester, next year, or ever again.

State appropriations typically are driven by enrollment: Funding is based on the number of students enrolled at a college or university near the beginning of the semester. As a result, colleges have a financial incentive to boost enrollment at the start of the term, rather than make sure students successfully complete classes and earn degrees.

Performance funding describes a funding approach that values outcomes (e.g., classes successfully completed, credentials awarded). Shifting from a funding system based solely on enrollment to one that includes performance matters because:

- Funding is a powerful incentive. With today's funding priorities, colleges are motivated by head count rather than student success. The result? Decades of increasing enrollments with virtually no increases in completion rates.
- Performance funding allows states to align their fiscal policies with their statewide goals for workforce development and economic prosperity. For example, states can provide funding based on the number of courses completed or the number of degrees and credentials earned. States also can emphasize more specific goals by providing funding incentives in areas such as the success of low-income students or degrees produced in key industry sectors such as health care, engineering, and technology.
- Performance funding sends a strong market signal, alerting higher education leaders and faculty that state taxpayers expect a greater return on their investment: higher student success and more graduates. Without it, institutions will continue to perceive enrollment as their highest priority.

WAYS TO SHIFT TO PERFORMANCE FUNDING

States that want to leverage the power of performance funding can learn from both emerging success stories and past missteps. Lessons learned include:

- **Keep it simple.** Having too many priorities is the same as having no priorities. One state experimenting with performance funding included 37 measures as part of its approach. States should start with a small number of explicit, easy-to-understand measures that are laser-focused on completion. These measures should represent the most critical data points, such as courses completed, degrees produced, credentials with labor market value earned, and on-time completions.
- **Involve legislators and higher education officials early and often.** While performance funding systems should be simple to be effective, the process of constructing them is not. Helping policymakers and higher education leaders fully understand the rationale and mechanics of performance funding, as well as giving them the opportunity to help shape it to meet the state's needs, will be important to sustain it.
- **Count enrollment on the last day of class instead of during the first two weeks of the semester.** This simple change reflects the true goals of higher education — access and success — and ceases to reward schools that don't retain their students. Alternatively,

states can base funding on completed courses rather than courses attempted. Either method makes the necessary shift from paying for showing up for class to paying for success.

- **Find the sustainable tipping point.** Modest changes in funding won't lead to a serious shift in focus from enrollment to completion. For example, if 2 percent of funding is based on performance, the 98 percent of dollars that reward enrollment will win every time. However, a modest percentage of performance funding (5 percent or more) that starts now and compounds annually will get institutions' attention. Success comes from finding the right balance. If the percentage of performance funding is too high, policymakers inevitably face political pressure because the institution's budget appears to be at risk. The key to success is sustaining performance funding over time. Designating new money for performance funding — and identifying budget cuts using the same measures — will have a cumulative effect that can be a game changer.
- **Stand strong against "hold-harmless."** Various states' experiences show that guaranteeing a floor of funding guts a performance funding approach. Failure without consequences is not performance funding.
- **Institute statewide data systems.** States must have robust, student-level data systems that allow for significant data analysis and transparency at the state and campus levels. To be fair to institutions and promote the success of traditionally underprepared students, states should be able to follow students across campuses, disaggregate data, and have access to credit and course completion metrics.
- **Recognize the importance of progress indicators.** Performance funding systems must be anchored by degree completion. At the same time, these systems also can reward progress made in areas that influence completion, often called momentum points or leading indicators. For example, research suggests that completing credit-bearing math and English courses within the first year, returning each semester, and transferring from a two-year institution to a four-year institution positively influence completion. Thus, community colleges shouldn't be penalized when a student transfers to a university before completing a degree or credential. In fact, when their students transfer with significant credits, those colleges should be rewarded.
- **Align funding systems with state economic goals.** Every state has industry clusters and sectors that demand skilled workers. Performance funding that emphasizes degrees and credentials in these areas will further the state's economic development goals, provide trained workers to the industries that most need them, and attract new employers to the state.
- **Explore options to reward closing completion gaps.** Performance funding can include incentives for completion gains among certain groups, such as Pell Grant recipients. Depending on its demographics, a state may add extra incentives for closing achievement gaps for low-income, African-American, and Latino students. As states' demographics change, this approach is not just an equity issue but an economic imperative.
- **Begin immediately and then build to implementation.** Experience dictates that states should begin performance funding immediately. If a state announces plans to

implement performance funding in one year, political pressure can keep it from being implemented. Once performance funding is in place, states can step up the percentage of the budget tied to completion each year. This phased-in approach allows states and institutions to plan for both fiscal and programming changes. It also can mitigate the fiscal shock for poorly performing institutions and allow for policy adjustments in the future.

- **Use authority vested in your governing boards and don't make legislators walk the plank back home.** More than 20 state university governing boards currently have the authority and flexibility to distribute state higher education funding after their state legislatures appropriate it. Using these bodies to allocate funds based on performance can help insulate legislators from difficult local politics. Experience shows that the pressure on legislators to introduce "hold harmless" provisions for colleges and universities is immense. If possible, ask legislators to make the tough vote to enact the policy one time — not every budget session.

STATES IN ACTION

Since the 1990s, more than 20 states have implemented some form of performance funding. Results have been mixed because of inconsistent state commitments and political pressure from higher education constituents. Still, we've learned from these examples about how best to structure funding plans.

Indiana, Ohio, and Washington are states with especially well-designed funding approaches that hold promise for yielding significant gains in completion.

- **Indiana** tied funding to its goals for course and degree completion, graduating more students on time, graduating low-income students, and successfully transferring students from two- to four-year institutions. Moreover, Indiana has used performance funding not just to allocate funds but also to cut them: This year, rather than doling out across-the-board cuts, the state's higher education commission determined institutional budget reductions by examining enrollment *and* cost-per-student and degree production data.
- **Ohio** ties state funding to course and degree completion as well as to achievement of institutional goals that are aligned with the state's 10-year strategic plan for higher education. Funding differs by type of institution and program, and there is extra support for STEM areas and at-risk students.
- In fall 2009, **Washington** introduced the Student Achievement Initiative, a performance funding approach for community colleges. The initiative uses measures related to building college skills, first-year success, math proficiency, and completion. The focus is on intermediate outcomes (momentum points) that signal meaningful progress toward degree and certificate completion.

Topic #2

Value

NJ.com

Make College Affordable to Keep America Strong: Opinion

Darryl G. Greer

June 02, 2013

As New Jersey's leaders finalize higher education appropriations for 2013-14 and consider new performance and accountability standards for colleges, they should sustain existing college opportunity and student financial aid programs — and not reduce operating support for the state's colleges and universities.

The expansion of college opportunity since World War II has been a major contributor toward America's prosperity, global economic competitiveness and world leadership. While most Americans recognize that access to an affordable college is central to fulfilling the American dream, the outlook for more public investment in higher education is "negative," according to Moody's Investors Service and other analysts.

It's paradoxical that colleges, so successful in advancing social and economic mobility, are under heavy scrutiny for their cost and pricing, as well as accountability for their results. Given rising college costs, citizens question the value of the investment, while public funding stagnates and families and students pay a bigger share of the funding burden.

Policymakers and educators raise legitimate questions about higher education's business model. The demand for savings is accelerated by the availability of new educational technology. Consumers, who are upset about growing personal debt to finance college, want to finish college faster, with assurance that degrees are tied directly to work and career development.

As we search for policy reform, good ideas, as well as some bad ones, crop up. One such bad idea is former U.S. Education Secretary Bill Bennett's recent book, "Is College Worth It?" Bennett writes that the value of a college degree is not worth the cost, unless a student attends one of 150 elite colleges. He reaches his conclusion by misapplying a simplistic "return on investment" analysis — what students pay compared with what they earn after college.

Bennett's assertion offers no real policy remedy for the college cost/price dilemma, other than: Don't go. I suspect the former secretary's purpose, besides selling his book, is to support even less public investment in college and to lower aspirations for attending.
Even though a college graduate earns up to 80 percent more in a lifetime than those who don't go to college, the value of a degree far exceeds projected earnings. Studies on the value of a college degree, regardless of the field studied, find that college graduates do better throughout life than those without college experience.

Research by the Organization for Economic Co-operation and Development indicates that, globally, college graduates earn more, produce more, are healthier, stay married longer, commit fewer crimes and are more engaged in communities than those who don't attend college. Every developed and emerging country in the world seeks to invest in creating more college graduates, not fewer, to improve the lives of its citizens.

Given the American democratic experience, it is preposterous to assert that America would be a freer, fairer, more open or prosperous society without more Americans acquiring higher learning.

Richard Stockton College of New Jersey has identified 10 "essential learning outcomes" to help assure its degrees have lifetime value. The ELOs include: adaptability, communication skills, creativity/innovation, critical thinking, ethical reasoning, global awareness, information and research skills, expert knowledge, quantitative reasoning and teamwork/collaboration. These attributes make college worthwhile far beyond what a college graduate might earn.

New Jerseyans want greater college opportunity, not less, and at an affordable price. Citizens want college courses and degrees that relate to jobs and career development. But most of all, they understand that higher learning leads not just to higher earnings, but also to the opportunity to create a foundation to learn for a lifetime, to take thoughtful risks, to fulfill dreams and aspirations, to compete, to contemplate and to understand a broader world, to innovate and to achieve, and to contribute to the greater good.

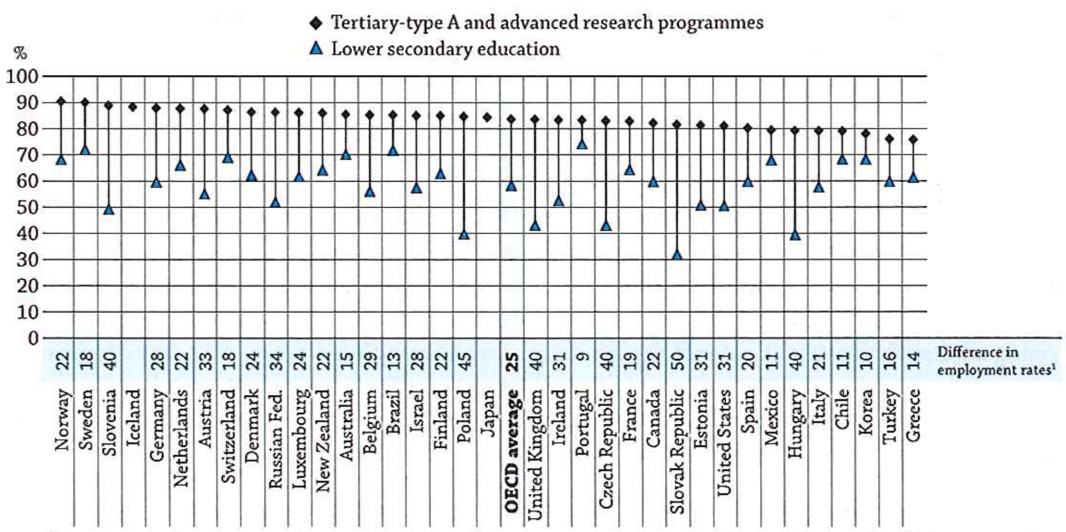
This is why college is important, and why higher learning in a free society always will be.

INDICATOR A5

HOW DOES EDUCATIONAL ATTAINMENT AFFECT PARTICIPATION IN THE LABOUR MARKET?

- Across OECD countries, employment rates are highest among people who have a tertiary education; and these individuals are also most likely to be employed full time.
- Unemployment rates are nearly three times higher among individuals who do not have an upper secondary education (13% on average across OECD countries) than among those who have a tertiary education (5%).
- Individuals who have at least an upper secondary education have a greater chance of being employed than those without that level of education.
- Gender differences in employment rates are smallest among tertiary-educated individuals and largest among men and women who do not have an upper secondary education.

Chart A5.1. Employment rates among 25-64 year-olds, by educational attainment (2011)



1. Difference in employment rates (in percentage points) between tertiary-educated adults and those with only lower secondary education.

Countries are ranked in descending order of the employment rate of tertiary-educated 25-64 year-olds.

Source: OECD. Table A5.1a. See Annex 3 for notes (*www.oecd.org/edu/eag.htm*)

StatLink http://dx.doi.org/10.1787/888932846481

Context

The economies of OECD countries depend upon a sufficient supply of high-skilled workers. Educational attainment is frequently used as a measure of human capital and the level of an individual's skills. This indicator shows how well the supply of skills matches the demand. For example, high unemployment rates could indicate a mismatch between the educational attainment of the population and labour-market demands.

During the recent economic crisis, unemployment rates climbed steeply in most OECD countries and have remained high ever since. People without an upper secondary or post-secondary non-tertiary education were hit hardest: between 2008 and 2011 the unemployment rate among them increased by almost 4 percentage points, from 8.8% to 12.6% (Table A5.4a). But even before the crisis, rapid technological advances had been transforming the needs of the global labour market. People with higher or specific skills are in strong demand, while low-skilled workers are more likely to find that their jobs have been automated.

Data on employment and unemployment rates over time provide a basis for assessing the long-term trends and variations in labour-market risks among men and women with different levels of education and at different ages. These data could help governments better understand how economies may evolve in the coming years. In turn, that understanding could inform education policies with the aim of ensuring that the students of today are better prepared for the jobs of tomorrow.

Other findings

- **The probability of working full time increases with the level of education.** Some 64% of people with below upper secondary education work full time, while 71% of people with an upper secondary education and 75% of people with a tertiary education work full time.
- **Women are less likely to work full time than men.** On average across OECD countries, 60% of employed women work full time compared to 80% of employed men. The higher the educational attainment of women, the greater the likelihood that they are employed full time.
- Across OECD countries, **individuals with a vocationally oriented upper secondary education are more likely to be employed (76%) than those who have a general upper secondary degree (70%).** They are also less likely to be unemployed (7.4%) than those with a general upper secondary degree (8.4%).

Trends

Over the past 15 years, employment rates across OECD countries have been consistently higher for people with a tertiary education than for those without that level of education. Conversely, unemployment rates among lower-educated men and women have been higher than among those who have attained a tertiary education. The economic crisis only widened these gaps, and young adults who have just entered the labour market have suffered most. With few exceptions, unemployment rates among younger adults are higher than those among older adults. This trend holds true at all levels of educational attainment, but the gaps are particularly wide among those who have not attained an upper secondary education.

Across OECD countries, it appears that the labour market recovered slightly in 2011 for those with the lowest levels of education; but a full understanding of how the labour market developed during this period will be possible only after data from more recent and future years are available.

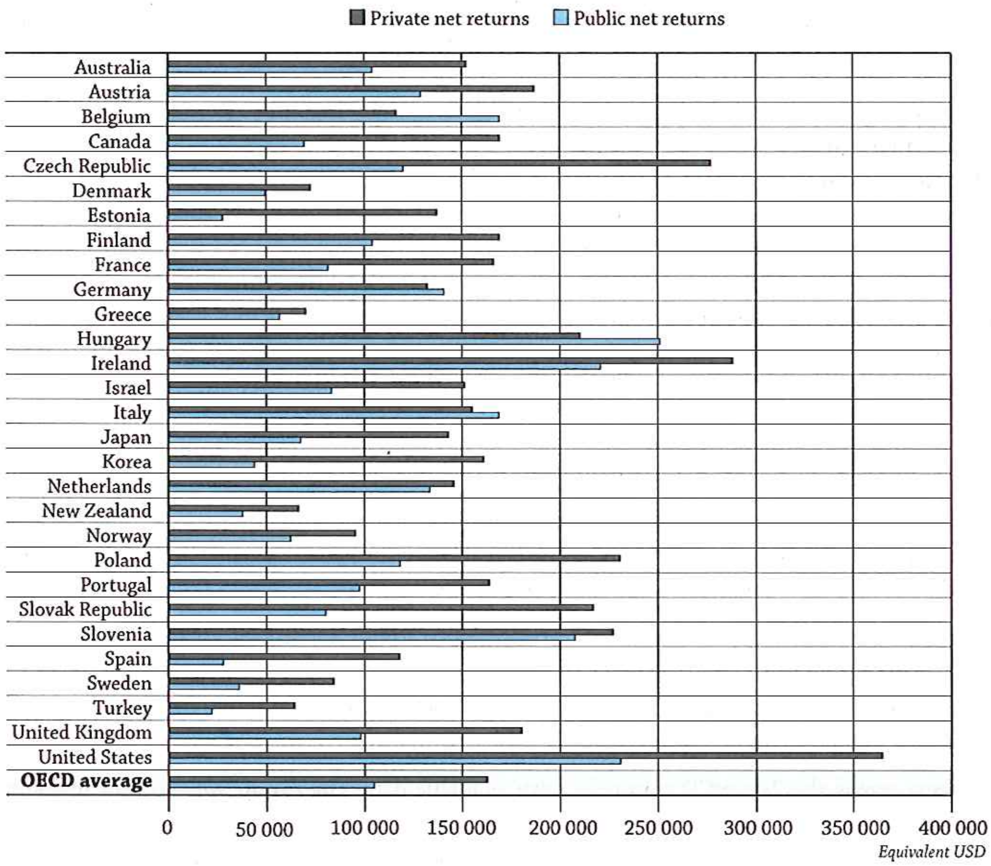
INDICATOR A7

WHAT ARE THE INCENTIVES TO INVEST IN EDUCATION?

- The private returns on investment in tertiary education are substantial.
- Not only does education pay off for individuals, but the public also benefits in the form of greater tax revenues and social contributions.
- The net public return on investment for a man in tertiary education is over USD 100 000 across OECD countries – almost three times the amount of public investment in that man's education. For a woman, the public return is around USD 60 000, which is almost twice the amount of public investment.

Chart A7.1. Net private and public returns associated with a man attaining tertiary education (2009)

As compared with returns from upper secondary or post-secondary non-tertiary education



Notes: Turkey refers to 2005. Japan refers to 2007. Italy, the Netherlands and Poland refer to 2008. All other countries refer to 2009. Cashflows are discounted at a 3% interest rate.

Countries are shown in alphabetical order.

Source: OECD. Tables A7.3a and A7.4a. See Annex 3 for notes (*www.oecd.org/edu/eag.htm*).

StatLink http://dx.doi.org/10.1787/888932846633

Context

Higher educational achievement benefits both individuals and society, not only financially, but in the well-being with which it is also associated. For individuals, having a higher education improves chances for employment and reduces the risk of unemployment. Better opportunities in the labour market (see Indicator A5) and higher earnings expectations (see Indicator A6) are strong incentives for individuals to invest in education and postpone consumption and earnings for future rewards. Society, in turn, profits through reduced public expenditure on social welfare programmes and revenues earned through taxes paid once individuals enter the labour market.

It is crucial for policy makers to understand the economic incentives for individuals to invest in education. For instance, large increases in labour-market demand for more highly educated workers can drive up earnings and returns before supply catches up. That signals a need for additional investment in education. In countries with rigid labour laws and structures that tend to limit differences in wages across the board, this signal will be weaker.

An understanding of the returns from education is also relevant for policies that address access to education, taxes and the costs of further education for the individual. It is important, then, to consider the balance between private and public returns together with the information from other indicators in this publication. It is not sufficient to consider only the public rate of return to determine the optimal amount governments should invest in education (Box A7.1). Large discrepancies between private and public returns may indicate that there might be distorting tax schemes in effect or that education is being disproportionately subsidised.

In countries with lengthy tertiary programmes and relatively high incomes after upper secondary or post-secondary non-tertiary education, the effect of foregone earnings is considerable (see Indicator B1). The magnitude of this effect also depends on expected wage levels and the probability of finding a job. As the labour market for young adults worsens (see Indicator C5), investment costs fall. Since more highly educated people tend to fare better in the labour market in times of economic hardship (see Indicator A5), larger earnings differentials add to the benefit to both the individual and society. In coming editions of *Education at a Glance*, data from 2010 and 2011, when the effects of the global economic crisis were most strongly felt, are likely to show even greater incentives to invest in education from both private and public sources.

Other findings

- **Gross earnings benefits from tertiary education**, compared with the income of a person with an upper secondary or post-secondary non-tertiary education, **are USD 330 000 for men and USD 240 000 for women across OECD countries.**
- **Gross earning benefits for an individual attaining an upper secondary or post-secondary non-tertiary degree**, compared to benefits for an individual who has not attained this level of education, **are particularly high** in Austria, Norway and the United States. They amount to at least USD 250 000 for a man and USD 150 000 for a woman.
- On average across the 28 OECD countries with available data, **the public return** (net present value) **for a man who completed upper secondary or post-secondary non-tertiary education is about USD 38 000** compared with a man who did not complete that level of education. **For a woman, the public return is USD 22 000.**
- With few exceptions, **the net private returns related to attaining a tertiary education exceed those related to upper secondary or post-secondary non-tertiary education.** Only in Denmark and Sweden does upper secondary or post-secondary non-tertiary education bring higher returns to both men and women. In Norway and Korea, upper secondary or post-secondary non-tertiary education returns exceed tertiary education returns for men; in New Zealand, the same is true for women.
- **Across OECD countries, individuals invest about USD 55 000 to obtain a tertiary degree.** In Japan, the Netherlands, the United Kingdom and the United States, average investment exceeds USD 100 000 when direct and indirect costs are taken into account.

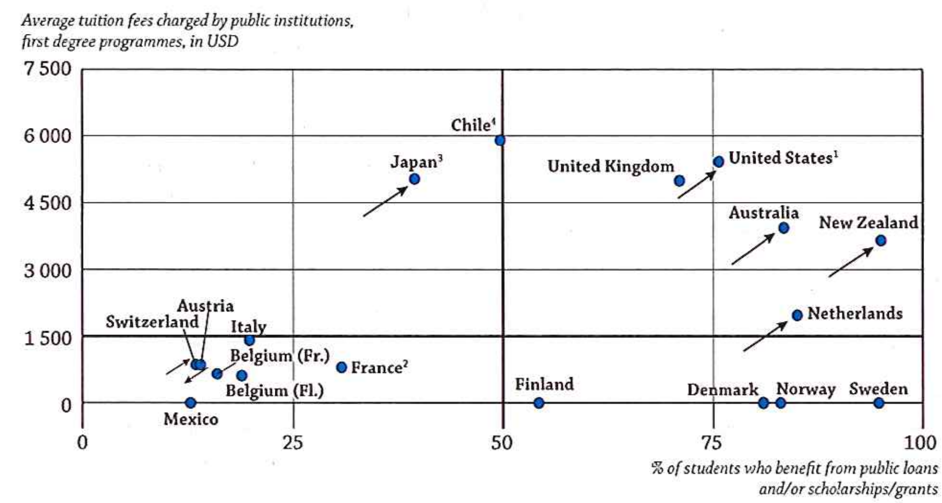
INDICATOR B5

HOW MUCH DO TERTIARY STUDENTS PAY AND WHAT PUBLIC SUPPORT DO THEY RECEIVE?

- OECD and G20 countries differ significantly in the amount of tuition fees charged by their tertiary institutions. In eight OECD countries, public institutions charge no tuition fees, but in one-third of the 26 OECD countries with available data, public institutions charge annual tuition fees in excess of USD 1 500 for national students.
- Countries with high levels of tuition fees tend to be those where private entities (e.g. enterprises) contribute the most to funding tertiary institutions.
- An increasing number of OECD countries charge higher tuition fees for international students than for national students. An average of 22% of public spending on tertiary education is devoted to supporting students, households and other private entities.

Chart B5.1. Relationship between average tuition fees charged by public institutions and proportion of students who benefit from public loans and/or scholarships/grants in tertiary-type A education (2011)

For full-time national students, in USD converted using PPPs for GDP, academic year 2010-11



1. Figures are reported for all students (full-time national and full-time non-national/foreign students)
2. Average tuition fees from USD 200 to 1 402 for university programmes dependent on the Ministry of Education.
3. Tuition fees refer to public institutions but more than two-thirds of students are enrolled in private institutions.
4. If only public institutions are taken into account, the proportion of students who benefit from public loans and/or scholarships/grants should be 68%.

Source: OECD. Tables B5.1 and B5.2. See Annex 3 for notes (*www.oecd.org/edu/eag.htm*).

StatLink http://dx.doi.org/10.1787/888932847108

How to read this chart

This graph shows the relationships, at the tertiary-type A level of education, between annual tuition fees charged by educational institutions and public support to households for students' living costs. The arrow show how the average tuition fees and the proportion of students who benefit from public support have changed since 1995 following reforms.

Context

Policy decisions relating to tuition fees affect both the cost of tertiary education to students and the resources available to tertiary institutions. Public support to students and their families also enables governments to encourage participation in education – particularly among low-income students – by covering part of the cost of education and related expenses. In this way, governments can address issues of access and equality of opportunity. The impact of such support must therefore be judged, at least partly, by examining participation and retention in, and completion of, tertiary education.

Public support to students also indirectly funds tertiary institutions. Channelling funding to institutions through students may also help increase competition among institutions. Since aid for students' living costs can serve as a substitute for income from work, public subsidies may enhance educational attainment by allowing students to work less. This support comes in many forms, including means-based subsidies, family allowances for students, tax allowances for students or their parents, or other household transfers. Governments should strike the right balance among these different subsidies, especially in a period of financial crisis. Based on a given amount of subsidies, public support, such as tax reductions or family allowances, may provide less support for low-income students than means-tested subsidies, as the former are not targeted specifically to support low-income students. However, they may still help to reduce financial disparities among households with and without children in education.

Other findings

- **Around half of the 26 OECD countries with available data differentiate tuition fees by field of education** in first-degree programmes. There is no common pattern across these countries between the level of tuition fees charged and the field of education students pursue. The main criteria for differentiating fees in these countries are **the public cost of the field of study and labour-market opportunities.**
- Across OECD countries, **tuition fees for second and further degree programmes are generally not much higher than those for first-degree programmes** for public institutions and government-dependant private institutions. Exceptions to this pattern are found in Australia, Chile and the United Kingdom.
- **The high entry rates into tertiary education in some countries that charge no tuition fees are also probably due to these countries' highly developed financial support systems for students, and not just to the absence of tuitions fees.**
- **OECD countries in which students are required to pay tuition fees but can benefit from sizeable financial support do not have below-average levels of access to tertiary-type A education.**
- **Student financial support systems that offer loans with income-contingent repayment to all students combined with means-tested grants can help to promote access and equity** while sharing the costs of higher education between the state and students.

Trends

As reported in *Education at a Glance 2012*, since 1995, 14 of the 25 countries with available information implemented reforms to tuition fees. In all of these 14 countries except Iceland and the Slovak Republic, the reforms were combined with a change in the level of public support available to students.

Since 2009, further changes have been made to tuition fees and public support systems in various countries. For example, in the United Kingdom, tuition fees doubled – and nearly tripled in some universities – in 2012, as part of a government plan to stabilise university finances. However, the data presented here, which are for 2010-11, do not reflect these more recent changes. Similarly, in 2011, Korea implemented reforms to increase the level of public support for higher education, with the goal of expanding access to and improving equity in tertiary-type A education.

Education Sector

Degrees of Value: Evaluating the Return on the College Investment
Andrew Gillen, Jeffrey Selingo, and Mandy Zatynski
May 9, 2013

As a knowledge-based workforce has transformed the American economy over the last several decades, few people have questioned the value of higher education. Enrollment has surged at all types of colleges—up by more than one-third in just the last decade—as the college credential has become the ticket to a better life. From a purely economic standpoint, the numbers back up the prevailing wisdom that college is worth it: College graduates earn more and are less likely to be unemployed than those with only high school diplomas.

But with the onset of the Great Recession in 2008, the perimeters of the value debate in higher education began to shift. College prices continued to climb even as average household wealth declined. Average tuition today eats up nearly 40 percent of the median earnings in the United States, where a decade ago it consumed less than a quarter of income. At the same time, total student debt surpassed the $1 trillion mark in 2012. Since 2000, the average federal PLUS loans for parents increased by about one-third, to around $12,000.

Higher debt, along with stories of college graduates living in their parents' basements or working as baristas at Starbucks, is leading prospective students and their families to increasingly ask the value question: What will we get in return for our investment in college, especially if we are taking on significant debt? Often it's not that students and families are questioning the value of college *per se*, just the value of attending *certain* colleges.

The answer to the value question is ambiguous, often dependent on factors unique to each student and college pairing, such as campus preference, location, or even fit. Graduation rates and earnings data are helpful, but in their current state, incomplete and difficult to access and interpret. Students need simpler tools that allow them to pull up the information they need—from graduation rates that account for all students (or students like them) to lifetime career earnings that go beyond the first, often poorest, year-after-graduation salaries. With more comprehensive, accessible data, institutions will have a clearer picture of their outcomes, and students and their families will have a better chance of answering the value question.

MOST BANG FOR THE BUCK

In February, President Barack Obama thrust this return-on-investment question into the national spotlight when he used his State of the Union address to introduce the College Scorecard. This new resource, the president said, would allow parents and students "to compare schools based on a simple criteria: where you can get the most bang for your educational buck." Now there would be a government-backed tool that allowed students to compare colleges the same way consumers size up cars or televisions in *Consumer Reports*.

The idea of applying economic measures to a degree makes most academics uncomfortable. It fails to account for higher education's contributions to society, nor does it measure the less tangible benefits of a college degree, such as improved health, civic engagement, and broad knowledge of the world.

Moreover, not everyone gets the same benefits out of education. "When you come into Staples, you come out with office supplies; when you go into a car dealer, you come out with four wheels and a motor," says Michael Hout, the Natalie Cohen professor of sociology and demography at the University of California at Berkeley. "It's not clear what you come out with, with a college degree. It's a different thing for everybody."

Yet despite its unease with the idea, higher education for decades has been selling its economic returns as the primary reason students and families should pay ever-increasing tuition prices. Indeed, the College Board publishes a report every three years titled *Education Pays*, which presents detailed evidence about the benefits of higher education.

The difference now for higher education is that the data allow comparisons between individual institutions, and by that measure, not all college degrees are created equal. Colleges can no longer simply cite the national averages that they have relied on since the 1970s to sell their degrees at nearly any cost.

In 1974, Jacob Mincer wrote *Schooling, Experience, and Earnings*, a book whose ideas have dominated the discussion about college rates of return ever since. While many had realized that labor market earnings were affected by schooling and work experience, Mincer's key contribution was a clever arrangement that allowed for an easy estimation of what came to be called "the rate of return to education." The Mincer earnings equation has been used to estimate this "rate of return to schooling" ever since, and most analysts find that it is "on the order of 6-10 percent," meaning that every additional year of schooling tends to increase annual earnings by 6 to 10 percent.

This is a large boost in earnings and, when maintained over decades of paid employment, it means that on average, there will be a large difference between the earnings of college graduates compared with high school graduates. Indeed, some calculations find that over their lifetimes, college graduates earn $1 million more than high school graduates.

THE COLLEGE DISCONNECT

Considering this large discrepancy in earnings, higher education should be highly valued and seen as necessary. But surprisingly that's not the case among a large swath of Americans. Only 37 percent of men and 50 percent of women think that colleges provide an excellent or good value for the money spent by students and their families. What's even more curious, given the boost in earnings, is that many students who would likely benefit from college do not enroll or enroll only to drop out without receiving a degree.

There are many reasons for the disconnect: Qualified students may be unaware of or ignore information on the benefits of attending college. They may have other pressing matters—for example, financial and family obligations. It might be that the measurement of college value is skewed. Or it could just be that smart, directed students will succeed financially whether they have a college degree or not.

Unaware of the Benefits of College

When students are aware of the higher rate of return on investment in higher education, evidence shows that they tend to pursue more education. One recent analysis by Ran Abramitzky and Victor Lavy studied the effect of a sharp change in the rate of return to education in Israeli kibbutzim (communities). Some of these communities functioned as communes, where the earnings of all members were pooled together and distributed among the community. Since any earnings needed to be shared with the entire community, the rate of return to education was virtually zero for any individual member. In the late 1990s and early 2000s, some of these communities reformed to allow individuals to keep more of their personal earnings. Since more education-enhanced income could be kept by the individual earning it, "these reforms caused a sharp and salient increase in the returns to education for kibbutz members." By exploiting differences in the timing of these changes across different communities,

Abramitzky and Lavy were able to determine that "students in kibbutzim that reformed early increased their investment in education." In other words, once students were able to keep the higher earnings that often accompany additional education, they tended to acquire more education.

But some students simply lack information about the economic value of a college degree. In the United States, students from families making less than $50,000 a year tend to "systematically underestimate the returns to education," which with other economic factors can lead to lower enrollment rates among low-income students. Children from families who earn more than $90,000 have a one-in-two chance of getting a bachelor's degree by age 24. That falls to a one-in-four chance for those from families earning between $60,000 and $90,000, and a one-in-seventeen chance for those earning under $35,000. Students from high-income families are also four times more likely than those from low-income families to attend a selective college.

Measured Rate of Return is Wrong

Another explanation for lower than expected enrollment is that the rate of return may not be the appropriate measurement for students to use in determining whether they should enroll in college.

The first problem is that Mincer's earnings equation ignores the costs of education.[7] This would be similar to a restaurant determining its profits by only counting its sales, without taking into account the cost of the raw ingredients or the labor needed to turn those ingredients into meals. Failing to account for costs means that the rate of return as estimated by the Mincer equation will be higher than the true rate of return, and since the cost of attending college has grown over time, this overestimate has grown more severe over time.

A second way in which the high rate of return may be wrong is that it incorrectly credits education with higher earnings when they really may be due to something else. Natural intellectual ability is perhaps the most important alternative explanation for the higher earnings of those who graduate from college. The argument is that students with high intellectual ability will tend to stay in school longer and earn more later in life. But the higher earnings are not necessarily due to additional formal schooling; they are due to the student's innate intellectual ability.

Not Everyone is Average

Even if the average rate of return for going to college is high, not everyone enjoys the average return. In fact, scholars have observed returns as low as −32 percent (in which case more education actually lowers earnings) and as high as 51 percent. This astounding variation in financial outcomes is certainly one reason that students are wise to not base their decisions entirely on the average rate of return. A number of factors influence a student's outcome.

Academic Performance Matters

How students perform academically is one driver of differences in earnings. Students at the top of their classes have more job opportunities than their less academically stellar peers, and the quality of those jobs in terms of financial compensation also is generally better.

Majors Matter

A student's choice of major is also an important driver of earnings. The Center on Education and the Workforce at Georgetown University has been studying the economic value of college degrees for years, and a recent study analyzed differences in median earnings of recent graduates. It found that median earnings "vary dramatically" by major, "from $29,000 for Counseling Psychology majors to $120,000 for Petroleum Engineering majors."

Selectivity Matters

In addition to what you major in, where you enroll may also have an impact on the economic returns from a college degree. Researchers have been probing the question of whether it matters where you go to college for several decades, and for the most part, have found the more selective the institution, the higher the economic returns for a graduate.

In one study, Caroline Hoxby, a Stanford economist, separated hundreds of schools into eight groups based on selectivity. She looked at men who entered these colleges in 1960, 1972, and 1982. A student who entered one of the colleges in the most selective group in 1982 could expect to make $2.9 million over his career, compared to a student who enrolled in a college in the least selective group who would make about $1.75 million.

In 2009, Mike Hoekstra, a professor at Texas A&M University, examined the salaries of young men who were barely admitted to an unnamed state flagship university to those who were just below the cutoff and ultimately rejected. While the students were nearly identical in their academic profiles, the difference between getting in and not was significant on their financial futures. Those students who attended the state flagship had wages that were 20 percent higher.

TOOLS FOR MEASURING VALUE

When *U.S. News & World Report* started ranking colleges in the 1980s, it ushered in a new era of consumer information for students, parents, and counselors searching for colleges. Colleges obliged by publishing dozens of admissions brochures, and later, slick websites. The federal government followed with College Navigator, which displays virtually every piece of data the U.S. Department of Education collects on higher education institutions.

Within the last year, new consumer-information websites have come to market that allow users to interact with data in more in-depth ways, allowing detailed comparisons between and within institutions like never before.

College Scorecard

The White House released the College Scorecard in February, the day after the president plugged the new concept in his State of the Union address. The website allows users to browse colleges based on specific criteria, such as location, enrollment, and majors, or go right to detailed information about individual colleges. The information about specific institutions is separated into five categories: net price, graduation rate, student loan default rate, median borrowing, and employment.

The College Scorecard is a good start, but as many observers have pointed out, there is much room for improvement. Users of the Scorecard, for instance, can't make side-by-side comparisons of institutions unless they print out information on each college they are considering. The Scorecard gives a link to an individual institution's Net Price Calculator, but that requires students and their families to enter their financial information multiple times. And the section on employment is blank while the U.S. Department of Education figures out how to provide information on earnings.

Economic Success Measures

These state databases report earnings for recent college graduates broken down by college and major. They were first launched in 2012 by College Measures, a partnership of the American

Institutes for Research and Matrix Knowledge, a consulting firm, and now include Arkansas, Tennessee, Virginia, Colorado, and Texas. Other states are expected to follow.

These databases are one of the first attempts to bring precise earnings down to the academic program level within a college, and some of the findings defy conventional wisdom. In several states, average first-year salaries of graduates with two-year degrees are higher than those with bachelor's degrees. Technical degree holders from community colleges often earn more their first year out of school than those who studied the same field at a four-year university. In Tennessee, for example, graduates in health professions from Dyersburg State Community College not only finish two years earlier than their counterparts at the University of Tennessee at Knoxville, but they also earn $5,200 more, on average, that first year after graduation.

The surveys have been heavily debated because of data limitations. Since they depend on unemployment insurance records for earnings data, they only include graduates who live in the state and also exclude those who are self-employed. In all but Virginia, they only include public colleges. And all of them track only first-year earnings, which tend to be the lowest over the course of a lifetime for most college graduates. Designers of the tool say they are working to include more years of wage data.

College Reality Check

This site from *The Chronicle of Higher Education* takes many of the same elements of the College Scorecard and puts them in an interactive tool that allows users to compare up to five institutions at the same time. Users can search for colleges based on selectivity, location, net price, and graduation rates or navigate directly to college pages. By selecting one of five income ranges, users can also see what the college might actually cost for students like them.

Unlike the Scorecard, College Reality Check includes wage data, but it is not as detailed as what is included in Economic Success Measures. For wage data, this site depends on payscale.com, a website that collects self-reported salaries from users.

All these new data sources have been met with skepticism by higher education leaders, who worry that prospective students will place too much emphasis on the economic returns of a college degree. Even so, a few institutions are beginning to design their own tools that attempt to answer the return-on-investment question. Using surveys and social media, St. Olaf College in Northfield, Minn., built a website with detailed employment and salary data for 92 percent of its Class of 2011. The website allows users to view their graduates' employers and job titles and sort by major.

MEASURING VALUE: AN IMPOSSIBLE TASK?

One reason college officials dislike focusing solely on the economic returns of higher education is that most believe a college degree serves multiple purposes, many of which are difficult to value. A college education is also what economists often refer to as an "experience good," meaning its quality and value can't be discerned in advance. It's only after you have experienced the product (obtained the education) that you can place a true value on it (and arguably not even then, since you have little to compare it to).

But choosing a college is not the only time in our lives when we make a decision based on limited information about the potential outcomes. Take health care. Despite efforts to inform patients and make it easier to pick doctors and insurance plans, many people are still not clear on the choices they're making, says Nancy Kendall, an ethnographer at the University of Wisconsin at Madison.

More often, people rely on word-of-mouth, asking friends and colleagues for physician recommendations. When they have a negative experience, they are likely to switch; but when the experience is tolerable, Kendall says, "they tend to just stay because it's hard to figure out what would be better."

Those who make very explicit decisions, however, tend to have a major goal in mind: top-notch OB/GYN care, for example. The same goes for college, Kendall says. A student interested in research is going to look for an institution with quality, undergraduate research opportunities. "These are the kinds of pieces that are hard to make scorecards for, but it's what people really want," Kendall says. So, she asks, why not create materials similar to those that new employees receive when they're signing up for health insurance? Categorize colleges, so students know what different types of institutions can do for them. They could narrow their choices based on career interests, location, or other priorities. She calls it a "flexi-card," because while there are core pieces all students want to know, college decisions are often made amid the unpredictable details of personal preference.

In the meantime, Richard Arum, a professor of sociology and education at New York University, says prospective students should push for answers on learning outcomes: How does an institution measure them? Where are there opportunities for improvement, and how is the institution addressing those? "If they can't answer those, they're not attending to the academic quality of the programs," says Arum, co-author of *Academically Adrift*, a 2010 book that found many students didn't learn much in college. Ask for copies of class syllabi, Arum says, to see what types of reading and writing assignments are required. It's time-intensive and perhaps a tedious way to sort through college decisions, but, Arum adds, it's the best students can do with the limited information available.

MOVING FORWARD: BETTER WAYS TO EVALUATE RETURN ON INVESTMENT

Prestige in higher education is measured not by outputs of how much students learn or by how students fare in the labor market, but mostly by inputs measured by the *U.S. News & World Report* rankings: factors such as faculty salaries, SAT scores, and acceptance rates. As a result of this prestige race, higher education institutions spend an inordinate amount of time, money, and effort investing in those measures that move the rankings, but do not necessarily improve a student's return on investment.

Without adequate measures of institutional outputs, prospective students find themselves lost as they try to differentiate among the colleges they are considering. Their ultimate decisions on where to enroll have real consequences. Consider data produced by College Measures in Virginia. According to this data, graduates of the business program at the University of Richmond earn, on average, $24,000 more a year than those of Virginia State University or Ferrum College. George Mason University business graduates earn about $22,000 more.

That is a significant difference made even more considerable when one looks at the prospect of graduating from any of those institutions with a degree. The six-year graduation rate at Ferrum is 31 percent; at Virginia

State, 41 percent; at George Mason, 63 percent; and at Richmond, 87 percent. So not only do some graduates at Virginia State and Ferrum have average first-year salaries that are significantly lower than those of the other two institutions, they are less likely to even make it to graduation day.

Students in every state should have access to this type of information—and more—as they weigh their college decisions. A system to better measure return on investment needs to be national in scope, since a patchwork of state systems will leave many gaps in coverage. Among the factors it should measure:

***Graduation and default rates*.** Both graduation rates and default rates should be expanded to provide more complete and accurate information. Default rates, for example, are reported by cohort, defined as all students who entered repayment within a certain period. However, it would be more useful to distinguish between the default rate of graduates and the default rate of dropouts—and even among graduates with different majors. Similarly, current graduation rates only account for first-time, full-time students, but these students make up less than half of all students currently enrolled in college. Graduation rates should be tracked for all students.

Beyond this, the data to calculate input-adjusted measures should be publicly available. Raw graduation rates make colleges that serve at-risk students look worse than colleges that cater to the affluent. For example, a college that enrolls many low-income students will tend to have a lower graduation rate, even if it provides the same education as a college that enrolls only high-income students. This problem can be avoided by devising input-adjusted graduation rates, which in this example would take into account the income of enrolled students.

***Lifetime earnings*.** First-year earnings matched by College Measures are simply too limiting given that employees' salaries are often volatile in the years right after college graduation. A more useful dataset would show lifetime earnings, sortable by institution and major, and connect to other government data sources, so policymakers could more easily track the earnings of those who received government aid, such as Pell grants or student loans.

Career mapping. When viewed in isolation, career earnings can be misleading, if for example an institution places most of its graduates in public-service fields. A better consumer information system would give students and policymakers a snapshot of the types of jobs graduates from particular colleges and majors end up taking.

Student satisfaction surveys. Satisfaction means a lot, from restaurant outings to doctor visits. If the experience is a good one, that person is likely to recommend it to friends and other peers. College is no exception. By uniformly collecting and reporting results of student satisfaction surveys, prospective candidates would have much richer information about students' experiences in class and on campus, what kind of value they put on their four (or more) years at an institution, and whether they believe the experience helped them land a job.

Higher education has been selling the degree premium for decades as a reason to pay its ever-escalating prices. Now the time has come for colleges and universities to help build a system that gives better information on the value of a college education.

Inside Higher Ed

Jobs, Value and Affirmative Action: A Survey of Parents About College
Scott Jaschik
March 20, 2013

Study hard, and you'll get into the college of your dreams.

It's debatable whether that advice -- given to generations of American children -- was ever really true. But the first *Inside Higher Ed* poll of parents of pre-college students suggests that the truer statement today might be "study hard and you can get into the college we can afford," or perhaps "study hard, and we'll help you get into a college that can find you a job."

Only about 16 percent of parents are sure they won't restrict colleges to which their children will apply because of concerns about costs (although another 14 percent said that it was "not very likely" that they would do so), the results show. Parents are also likelier to see vocational certificates than liberal arts degrees as leading to good jobs for their children -- and they view job preparation as the top role for higher education.

And at a time that a case before the Supreme Court could limit the way colleges use affirmative action, the poll found that most parents (including most white parents) do not believe that affirmative action is costing their children spots in college.

Parental concerns about paying for college and the importance of college programs that prepare students for jobs appear to grow as children get closer to college age, the poll found.

The poll was conducted for *Inside Higher Ed* by Gallup as part of the polling organization's nightly poll of Americans on a range of subjects. These results are based on responses from

3,269 adults with children in the 5th through 12th grades. According to Gallup, the sample size yields a 95 percent confidence that the results are accurate within two percentage points. Margin of error may be larger for subgroups of the total.

A booklet with all of the survey data, plus related articles from *Inside Higher Ed,* may be downloaded here.

Sticker Price Still Matters

For decades now, a consistent message from college and university leaders has been that potential students should not be scared off by sticker price, and should be open to applying to even the most expensive of colleges (judged by the rates for tuition and other expenses), knowing that so many colleges offer generous financial aid. To judge from the survey results, this message is not getting through in a consistent way to parents.

Two-thirds of parents say they are very likely or somewhat likely to restrict the colleges to which their children apply -- meaning that these future students may never know of the potential of financial aid to reduce the payments expected of them and of their families. And the likelihood of parents restricting colleges to which their children can apply goes up as the students get closer to college age.

Will Parents Restrict Colleges to Which Children Can Apply, Based on Tuition?

Response	Child in 5th-8th Grade	Child in 9th-12th Grade	All
Not at all likely	17%	16%	16%
Not very likely	17%	13%	14%
Somewhat likely	31%	36%	34%
Very likely	33%	34%	34%

Richard Ekman, president of the Council of Independent Colleges, said that the results should be "a wake-up call" to college leaders. Despite all the talk about the variety of ways that exist to pay for college, most parents remain unaware that tuition sticker price is not the only important number.

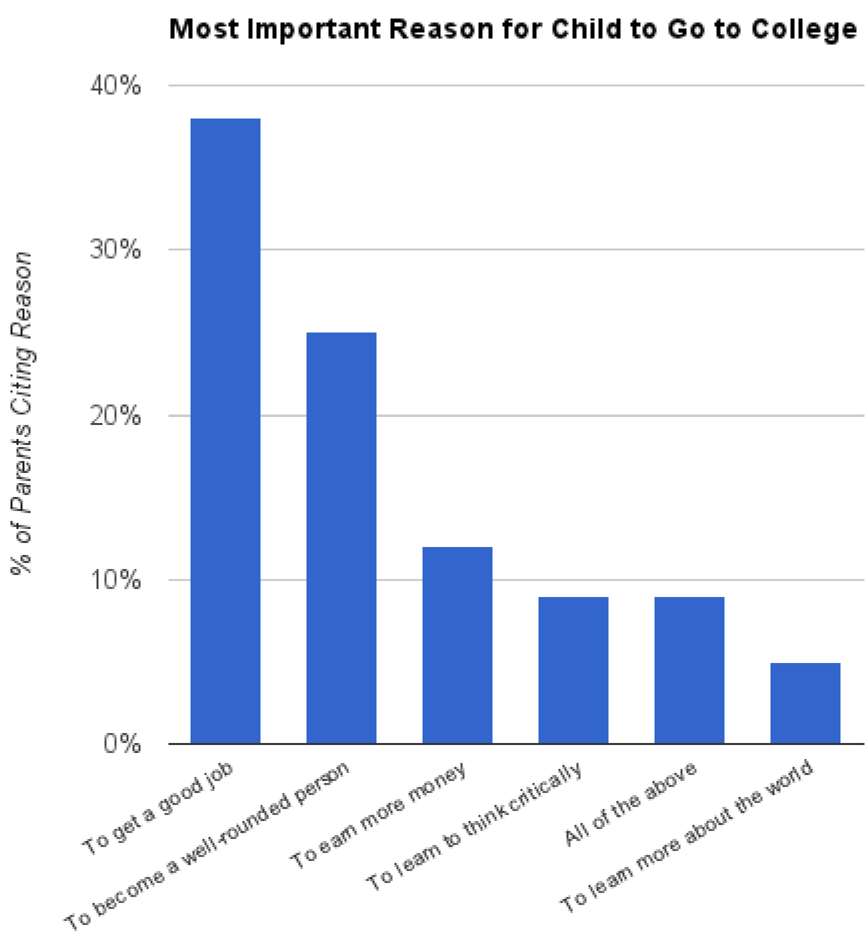
"We have to get people past this affordability mental block," he said. He said that there is a "tremendous amount of aid" being offered by colleges where the sticker price has very little relationship to what most students pay. Somehow colleges have failed to make people understand this, and parents are a crucial audience to reach, he said.

"I think that too many of us in higher education may assume that certain things are understood," he said. "They aren't."

Ekman said cost concerns relate to several economic issues. "Emphasis on jobs and on affordability has been building for a very long time," he said. "What's new is the tremendous acceleration of the emphasis of jobs at the same time there is a tremendous emphasis on affordability. And this is a direct consequence of the economic meltdown."

While this survey is new, and doesn't have past years for comparison purposes, it is clear that jobs are very much on the minds of parents.

Parents were asked to identify the most important reason for their child to go to college and the top answer by far (at 38 percent) was "to get a good job." The third most common answer (at 12 percent) was "to make money," while answers associated with more educational reasons lagged. Parents were given an option of "all of the above," but relatively few took that option.

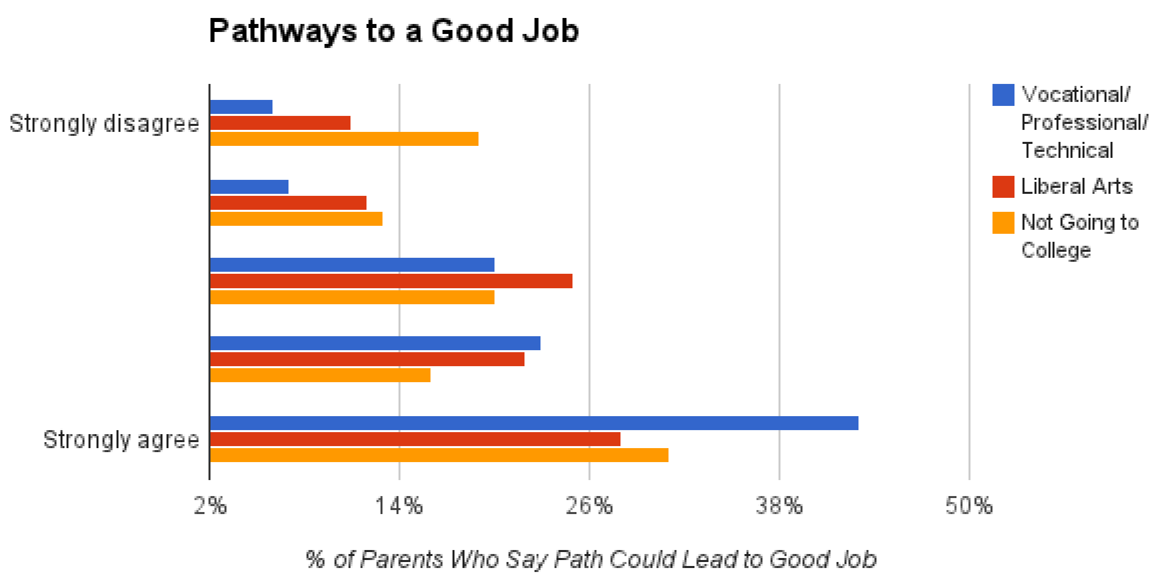


Breaking apart the data into those whose children are closest to going to college suggests that parental anxiety over jobs grows during those years. Consider the shifts in the top two answers. Of parents of children in 5th-8th grade, 35 percent said "to get a good job" was the top reason to go to college. But the figure rose to 41 percent for parents of 9th-12th graders. And the percentage saying that "to become a well-rounded person" as the top reason fell from 27 percent to 24 percent.

Potentially alarming to colleges is that many parents do not believe that going to college is a necessary step to getting a good job -- notwithstanding what President Obama and many educators would say, citing plenty of data to back up their points. In recent years a growing number of pundits and politicians have questioned the idea that everyone benefits from college -- and the *Inside Higher Ed* poll results suggest that some parents (a significant minority) agree with this critique.

Parents were asked to respond to the statement: "I am confident that there are ways other than going to college that could lead my child to a good job." On a five-point scale, where 5 was "strongly agree," 31 percent answered 5, and another 16 percent answered 4. Only 19 percent strongly disagreed.

Parents were also asked whether they believed a liberal arts education or a vocational/technical/professional program would lead to a good job. The results show that parents are more likely to strongly believe that no college at all can lead to a good job than to believe that a liberal arts education can lead to a good job.



For many education leaders who promote the idea of liberal education (and who don't see that as inconsistent with preparing for careers), some of the responses are frustrating.

Carol Geary Schneider, president of the Association of American Colleges and Universities, said that she viewed "all of the above" as the "correct answer" on the purpose of college. But she said that the results reflected the reality that many people believe in a dichotomy between education that prepares one for a job and education that encourages critical thinking and other valuable qualities.

In particular, she said that there is a problem for liberal arts colleges and disciplines in that there is a "very confused and ill-informed understanding of what one means by the liberal arts" in the public at large. The AAC&U has conducted a series of surveys of employers on what they look for in college graduates, and has a new survey coming out next month.

Those results, she said, will mirror past surveys in showing that employers are very concerned about whether new hires are critical thinkers, understand the world, know how to solve problems and work with others, and so forth.

A majority of employers surveyed think that these qualities are "more important" than the major, she said. But much of the current discussion about careers suggests that all that matters is picking a job-specific field of study. "Too many people think that the major is all that matters, and everything else is irrelevant.... What employers are really looking for is that they want to know that students can apply their learning to new settings and to complex problems," and that can be true of any number of majors.

Ekman of the Council of Independent Colleges agree that part of the problem is that the public doesn't really know what a liberal arts college is any more -- and that liberal arts colleges describe themselves in different ways. "There are very few so-called pure liberal arts colleges," he said. "Almost every college that calls itself a liberal arts college offers a few professional programs, and general education, and that's a very good model."

Schneider, however, also faulted politicians, the news media, and academic leaders for seeming to accept the idea that narrow education with a job focus is the best kind. "I think policy leaders and public officials who should know better are contributing to the public perception," she said. "The ill-advised rush from the Obama administration and state capitals to track the return on investment of a particular major is simply reinforcing outdated thinking."

Not only will people be better off over their lifetimes with a broader education, but so will the country, she said. "The academy needs to be more courageous that there is a fundamental connection between liberal education and future of democracy," she said.

Others, however, say that colleges can do much more to help students prepare for jobs.

Wake Forest University has greatly expanded career counseling offered to all students, with formal courses, more advisers, and a constant flow of information on career paths. Parents have started to donate money for career services, and other colleges send teams to study the Wake model.

Andy Chan, vice president for personal and career development at Wake Forest, said that the emphasis parents are placing on jobs shouldn't surprise or necessarily alarm anyone. "I think it's indicative of what's happening in the general market place and the anxiety families feel," he said. "When I think about it, if colleges really invest in personal and career development, and show the connection and the actual outcomes of what getting a liberal arts education can result in, and show that there's a lot of support, then parents will feel better about investing in a liberal arts education."

Chan said, however, that too many colleges and too many programs don't provide the services or the information that will reassure parents. Wake recently started publishing person-by-person job titles for academic majors. The names are not given, but the year of graduation is, along with the city. For art history, for example, one would find that recent graduates are employed as a "tasting room associate" in a winery in Napa; an English teacher; a curatorial assistant; and so forth. Many are in graduate school (with institutions named); one is an au pair. "When you gather the information, there is a lot of good news, but most places aren't telling the story," he said.

Loans? Don't Be Sure You Can Count on Mom and Dad

While parents are very worried about their children getting good jobs, only some are willing to borrow money themselves to pay for their children's higher education. *Inside Higher Ed* asked the parents how much debt they would be willing to accumulate for a four-year degree for a child. Some are willing to take on quite a lot of debt -- with 21 percent saying that they would consider borrowing $50,000 or more. But nearly as many (20 percent) said that they were unwilling to take on any debt, and another 7 percent would not consider debt greater than $10,000.

For this question, there appears to be a relationship between parent reactions and parent income. Of those who earn at least $7,500 a month ($90,000 a year), 31 percent would be willing to borrow $50,000 or more. Of those with family income up to $3,000 a month, only 11 percent would be willing to take on that level of debt.

But those earning $7,500 a month or more were also more likely than those earning up to $3,000 to say that they would take on no debt for their child's education (21 percent to 19 percent).

Affirmative Action: Who Loses?

Inside Higher Ed surveyed parents at a time of growing public debate over affirmative action in higher education. The Supreme Court has heard arguments but has yet to issue a ruling in challenge to the consideration of race in admissions by the University of Texas at Austin. While the case could be decided narrowly about the policies at Texas, it also could (if those suing have their way) lead to limits or a ban on consideration of race in higher education admissions. The case was filed in the name of Abigail Fisher, a white woman whose lawyers say that she would have been admitted to UT-Austin but for its consideration of race. Critics of affirmative action talk regularly about Fisher and people like her, suggesting that individuals are being excluded from elite colleges for not being a member of a minority group. (Of course, the evidence of the impact of affirmative action on any one individual isn't easy to determine and many argue that Fisher wouldn't have gotten into Texas even without programs that consider race.)

Given the political significance of the debate, *Inside Higher Ed* asked parents whether they believed that affirmative action hurt their children's chances of admission to college. Only a minority of American parents (and only a minority of white parents) believe that this is the case. (A key caveat: Gallup officials did not consider that their sampling of Asian-American parents was large enough to draw conclusions about their views, and Asian-American groups have been split on affirmative action.)

The results below show that there are minorities of black and Latino parents who believe that their children's chances of admission are hurt by affirmative action. But black parents were far more likely than other parents to strongly disagree with the statement that their children's chances of admission were hurt. The results suggest parents may be aware of one of the points made by defenders of affirmative action: that most students get into the colleges they apply to, and that there are only a small proportion of colleges with highly competitive admissions for anyone.

Parents on Whether Affirmative Action Hurts Their Children's Chances of Admission

View	All	White	Black	Hispanic
1 (strongly disagree)	27%	23%	53%	26%
2	15%	17%	9%	15%
3	23%	24%	15%	25%
4	13%	13%	7%	16%
5 (strongly agree)	20%	23%	16%	18%

NEW REPORT FROM TREASURY, EDUCATION DEPARTMENTS: THE ECONOMIC CASE FOR HIGHER EDUCATION

"We can't allow higher education to be a luxury in this country. It's an economic imperative that every family in America has to be able to afford." - President Barack Obama, February 27, 2012

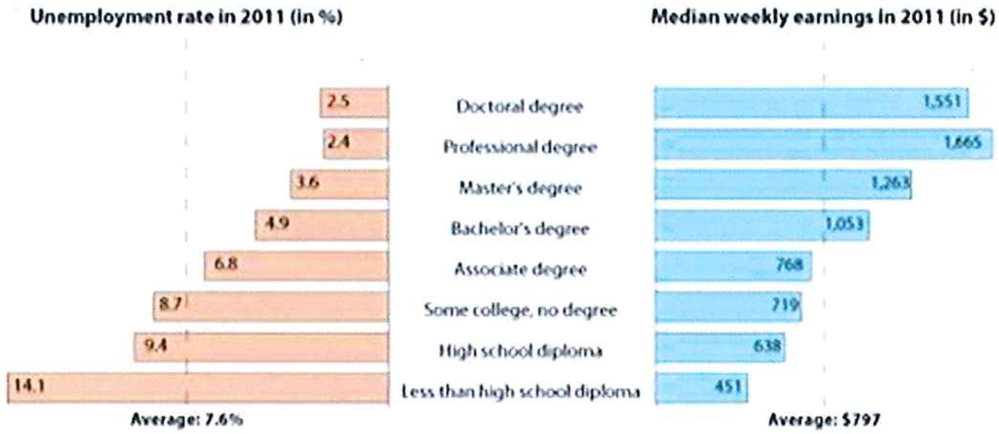
In his State of the Union address, the President called on Congress to keep interest rates low for the 7.4 million borrowers who are expected to take out subsidized Federal student loans next year. If Congress does not act, interest rates on new subsidized loans will double, increasing from 3.4 percent to 6.8 percent on July 1.

This analysis, prepared by the Department of the Treasury, with the Department of Education, examines the economic case for higher education. The data and analysis confirm that higher education is critical for socioeconomic advancement and an important driver of economic mobility. Moreover, a well-educated workforce is vital to our nation's future economic growth and competitiveness. As state budgets have repeatedly come under stress, state support for higher education has declined as a share of funding for public higher education. Hence, students and their families increasingly count on education grants and affordable loans through Federal financial aid. However, the Federal government can't address this issue alone. The President has also called on states and colleges to come together around our shared responsibility for college affordability.

The economic returns to higher education are large and have increased dramatically in recent decades. Higher education provides a pathway for individual economic advancement as well as mobility. Key findings demonstrate that:

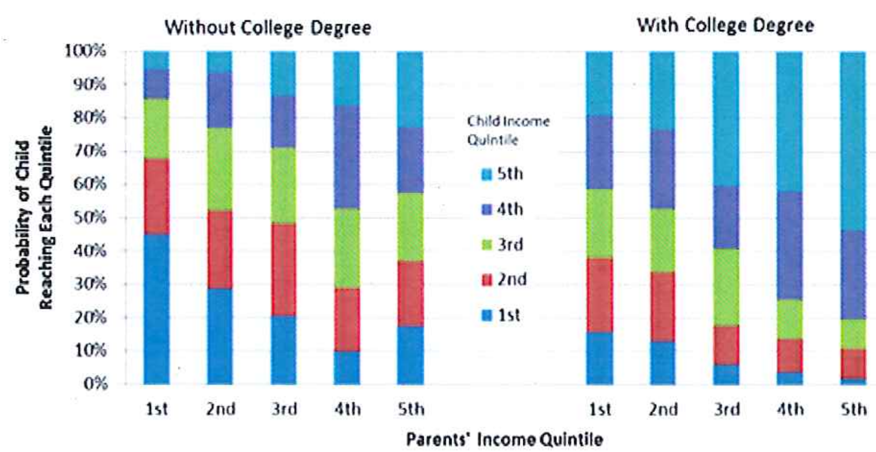
- There is substantial evidence that education raises earnings. The median weekly earnings for a full-time, full-year bachelor's degree holder in 2011 was 64 percent higher than those for a high school graduate ($1,053 compared to $638, as shown in Figure 1).
- The earnings differential grew steadily through the 1980s and 1990s. Recent evidence suggests that today's earnings gap is the highest it has been since 1915, the earliest year for which there are estimates of the college wage gap.
- Higher education is important for intergenerational mobility, as shown in Figure 2. Without a degree, children born to parents in the bottom income quintile have a 45 percent chance of remaining there as adults. With a degree, they have less than a 20 percent chance of staying in the bottom quintile of the income distribution.

Figure 1: Education Pays



Notes: Bureau of Labor Statistics (2012).

Figure 2: Intergenerational Mobility

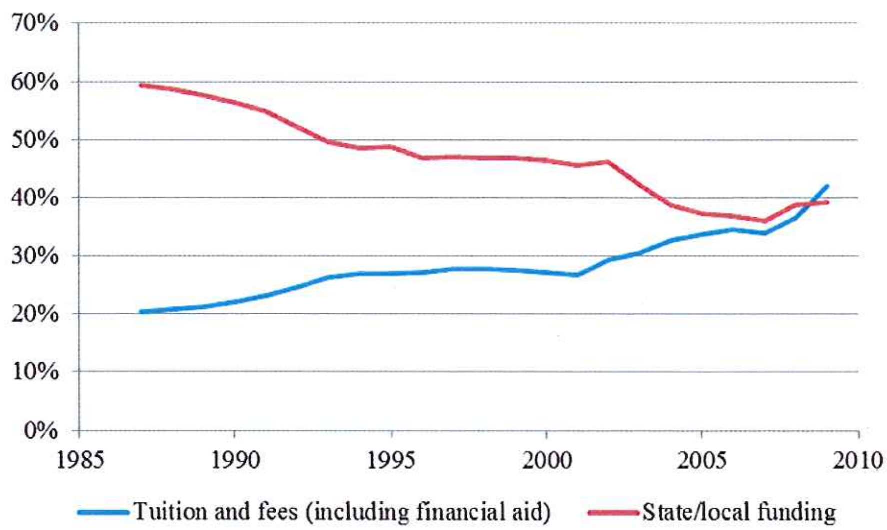


Notes: Brookings analysis of the Panel Study of Income Dynamics (Isaacs, Sawhill, & Haskins, 2011).

State funding support for public higher education, which enrolls the vast majority of students, has declined rapidly as a share of their revenue since the 1980s. Faced with declining support from state governments, public institutions have turned to tuition, which has become an increasingly important source of funding. Recently, President Obama challenged governors across the nation to do their part to help educate our nation's students.

- State and local funding for public four-year institutions of higher education has declined from almost 60 percent of their revenue in the late 1980s to slightly below 40 percent in recent years.
- Public institutions have become more reliant on tuition as a revenue source. Recently, over 40 percent of public institutions' revenue has come from tuition, including Federal financial aid, up from just 20 percent in 1987.
- In the aggregate, the increase in tuition funding is almost identical in size to the decrease in the share of revenue which came directly from state and local governments, as shown in Figure 3. Recently, tuition revenue surpassed state and local government support as the largest source of funding for public four-year institutions for the first time.

Figure 3: Share of Revenue at Public Four-Year Institutions

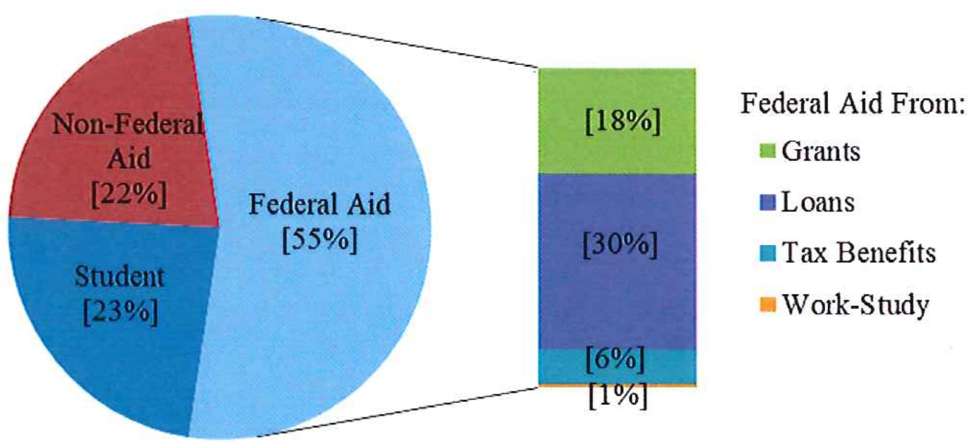


Notes: Based on data from IPEDS and the Delta Cost Project. Total revenue decreased in recent years in part due to falling endowments. As a result, even though government support became less generous during this period, it still increased slightly as a proportion of total revenues.

Additionally, Federal financial aid plays an important role in covering the cost of higher education. Pell Grants help to make college more affordable for students who come from middle-class and working families, while the Stafford program provides loans to enrolled students and their families to ensure that access to higher education is within reach.

- Federal financial aid represents 55 percent of all financial aid to undergraduates at two- and four-year institutions.
- The two largest components of Federal financial aid are Pell Grants and Stafford loans. Economic evidence suggests that increased grants and affordability of student loans both increase college-going.
    - Pell Grants provide eligible undergraduate students with grants for higher education. The Obama Administration has increased the maximum Pell Grant by over $900 and provided support to more than 3 million additional students.
    - Stafford loans are part of the Federal student loan program for undergraduate and graduate students. Forty-four percent of all Stafford loans are subsidized, meaning that students do not pay interest while in school; for unsubsidized loans, the student is responsible for paying interest while still enrolled.

Figure 4: Aggregate Spending On Undergraduate Education (2009-2010)



Notes: From Table 1A of *Trends in Student Aid 2011* (Baum & Payea, 2011).

With middle-class families facing greater financial stress and more students than ever trying to achieve their educational goals, access to higher education should be a national priority, not a luxury. This report demonstrates the economic case for higher education as a source of both economic opportunity and mobility. Where we make our investments demonstrates our priorities. In order to ensure access to higher education, we must all do our part toward our shared responsibility to make these critical investments in today's students and tomorrow's workers.

PewResearchCenter

Social & Demographic Trends

EMBARGOED FOR RELEASE AT 8 P.M. EDT ON SUNDAY, MAY 15

May 16, 2011

Is College Worth It?

College Presidents, Public Assess Value, Quality and Mission of Higher Education

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EXECUTIVE SUMMARY

This report is based on findings from a pair of Pew Research Center surveys conducted this spring. One is a telephone survey taken among a nationally representative sample of 2,142 adults ages 18 and older. The other is an online survey, done in association with the Chronicle of Higher Education, among the presidents of 1,055 two-year and four-year private, public, and for-profit colleges and universities. (See Page 4 for a description of our survey methodology.)

Here is a summary of key findings:

Survey of the General Public

Cost and Value. A majority of Americans (57%) say the higher education system in the United States fails to provide students with good value for the money they and their families spend. An even larger majority—75%—says college is too expensive for most Americans to afford. At the same time, however, an overwhelming majority of college graduates—86%—say that college has been a good investment for them personally.

Monetary Payoff. Adults who graduated from a four-year college believe that, on average, they are earning $20,000 more a year as a result of having gotten that degree. Adults who did not attend college believe that, on average, they are earning $20,000 a year less as a result. These matched estimates by the public are very close to the median gap in annual earnings between a high school and college graduate as reported by the U.S. Census Bureau in 2010: $19,550. A more detailed Pew Research Center analysis (see Chapter 5) shows that this gap varies by type of degree and field of study.

Student Loans. A record share of students are leaving college with a substantial debt burden, and among those who do, about half (48%) say that paying off that debt made it harder to pay other bills; a quarter say it has made it harder to buy a home (25%); and about a quarter say it has had an impact on their career choices (24%).

Why Not College? Nearly every parent surveyed (94%) says they expect their child to attend college, but even as college enrollments have reached record levels, most young adults in this country still do not attend a four-year college. The main barrier is financial. Among adults ages 18 to 34 who are not in school and do not have a bachelor's degree, two-thirds say a major reason for not continuing their education is the need to support a family. Also, 57% say they would prefer to work and make money; and 48% say they can't afford to go to college.

Split Views of College Mission. Just under half of the public (47%) says the main purpose of a college education is to teach work-related skills and knowledge, while 39% say it is to help a student grow personally and intellectually; the remainder volunteer that both missions are equally important. College graduates place more emphasis on intellectual growth; those who are not college graduates place more emphasis on career preparation.

For Most College Graduates, Missions Accomplished. Among survey respondents who graduated from a four-year college, 74% say their college education was very useful in helping them grow intellectually; 69% say it was very useful in helping them grow and mature as a person; and 55% say it was very useful in helping them prepare for a job or career.

Above All, Character. While Americans value college, they value character even more. Asked what it takes for a young person to succeed in the world, 61% say a good work ethic is extremely important and 57% say the same about knowing how to get along with people. Just 42% say the same about a college education.

Survey of Presidents

Right or Wrong Direction? Six-in-ten college presidents say the system of higher education in this country is headed in the right direction, but a substantial minority—38%—say it is headed in the wrong direction.

Declining Student Quality. A majority of college presidents (58%) say public high school students arrive at college less well prepared than their counterparts of a decade ago; just 6% say they are better prepared. Also, 52% of presidents say college students today study less than their predecessors did a decade ago; just 7% say they study more.

We're *Not* Number One. Only 19% of college presidents say the U.S. system of higher education is the best in the world now, and just 7% say they believe it will be the best in the world ten years from now. Most presidents —51%—describe the U.S. system as one of the best in the world.

Doubts about Achieving Obama's Goal. Nearly two-thirds of college presidents (64%) say it is unlikely that, by 2020, the U.S. will achieve the goal set by President Obama to have the highest share of young adults with a college degree or certificate of any country in the world.

Who Should Pay? Nearly two-thirds of college presidents (63%) say students and their families should pay the largest share of the cost of a college education. Just 48% of the public agrees. An equal share of the public would prefer that the bulk of the cost of a college education be borne by the federal government, state governments, private endowments or some combination.

Split Views of College Mission. Presidents are evenly divided about the main role colleges play in students' lives: Half say it is to help them mature and grow intellectually, while 48% say it is to provide skills, knowledge and training to help them succeed in the working world. Most heads of four-year colleges and universities emphasize the former; most heads of two-year and for-profit schools emphasize the latter.

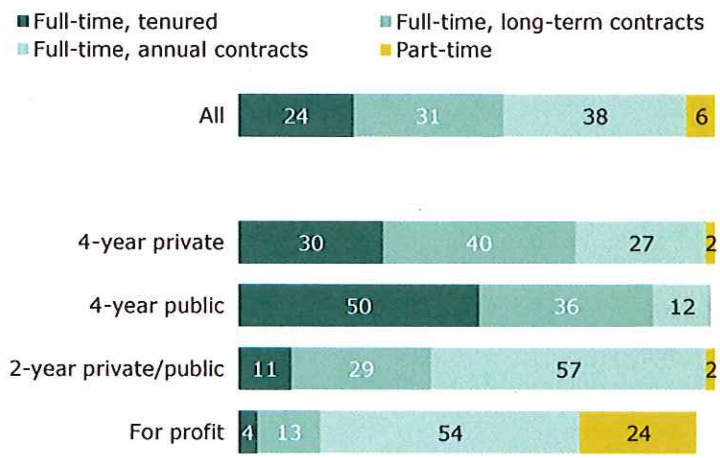
Measuring Grade Inflation: Just over a quarter (27%) of college presidents say that the faculty at their own institution grades students too leniently. Only 1% says they grade students too stringently. The vast majority (73%) says students are graded about right.

Scant Enthusiasm for Faculty Tenure. Only a quarter (24%) of presidents say that, if given a choice, they would prefer that most faculty at their institution be tenured. About seven-in-ten say they would prefer that faculty be employed on annual or long term contracts.

long-term (31%) contracts. Tenure is more popular among heads of public four-year institutions (50% say it is their preferred option for most faculty members) than among heads of private four-year institutions (30%). There is very little support for tenure among heads of public two-year colleges (11%) or for-profit colleges (4%).

Ideal Faculty

If given the choice, which of the following would you prefer make up most of the faculty at your institution? (%)



Note: Percentage of 4-year public college presidents choosing "part-time" was less than 1%. "No answer" responses not shown.

PEW RESEARCH CENTER P/36

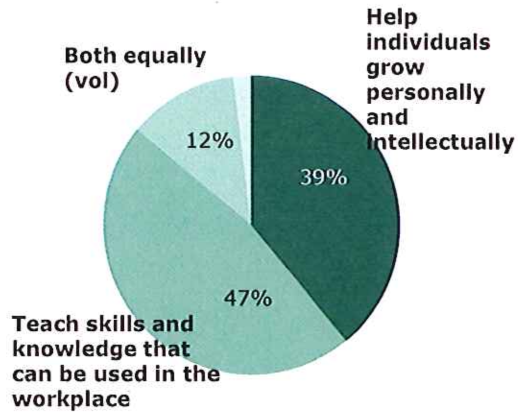
- **Heads of For-Profit Colleges the Most Downbeat.** The for-profit sector of the higher education system has been growing rapidly in recent years, and its leaders have a downbeat point of view on many issues covered in the survey. A majority of them, compared with a minority of other college presidents, say the U.S. higher education system is heading in the wrong direction and that colleges offer less value for the money spent than they did 10 years ago. They are more likely than other presidents to say public high schools are doing a worse job of preparing students for college now than they did 10 years ago. Also, heads of for-profit schools are more likely than other presidents to endorse a workplace-related mission for higher education, rather than a goal of promoting intellectual growth or responsible citizenship.

Mission and Role

- **Public Has Split Views about Mission of Higher Education.** By a small but statistically significant margin, the public says that the main purpose of a college education should be to teach work-related skills and knowledge (47%) rather than to help an individual grow personally and intellectually (39%). An additional 12% volunteer that these missions are of equal importance. College graduates tend to place more emphasis on personal and intellectual growth (52%) over career preparation (35%), while those who are not college graduates lean the other way, emphasizing career preparation (51%) over personal growth (34%).

Main Purpose of College?

% saying ...



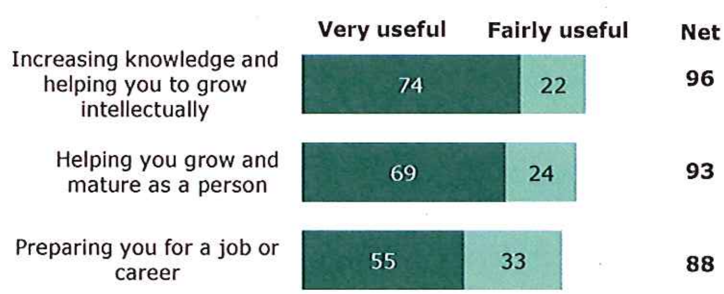
Note: "Don't know/Refused" responses are shown but not labeled.

PEW RESEARCH CENTER GP/20

- **Most Graduates Say College Was Very Useful on Key Goals.** Among college graduates in the survey, 74% say their college education was very useful in helping them increase their knowledge and grow intellectually; 69% say it was very useful in helping them grow and mature as a person; and 55% say it was very useful in helping them prepare for a job or career.

How Useful Was College For You?

% of college graduates saying college was very/fairly useful in ...



Notes: Based on four-year college graduates, n=757.

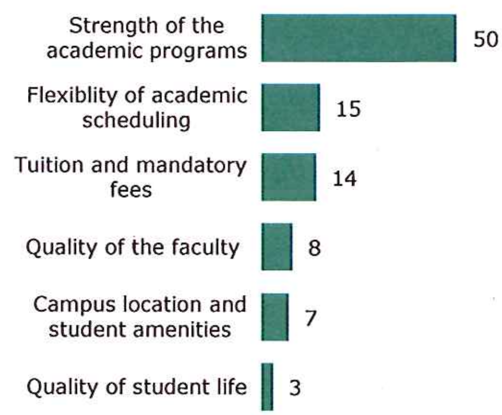
PEW RESEARCH CENTER GP/35

- **Presidents See Multiple Missions for College ...** College presidents are evenly divided about the main role colleges play in the lives of their students; about half (51%) say it is to help them grow intellectually and mature as a person; while 48% say it is to provide skills, knowledge and training to help them succeed in the working world. These views differ by institution type. Seven-in-ten heads of four-year public and private colleges emphasize intellectual and personal growth, while about two-thirds of the heads of two-year and for-profit colleges emphasize career preparation. When asked about the most important roles that colleges play in the broader society, the presidents cite preparing students to become productive members of the workforce (40%) and responsible citizens (28%), and to ensure that all qualified students have equal access to a college education (21%).

- **... And Say Academic Programs Are the Key to Attracting Students.** When asked to name the most important factor in their competition with other institutions to attract students, 50% of presidents say it is the strength of their academic programs, far ahead of other factors such as flexibility of academic scheduling (15%); tuition and fees (14%); quality of the faculty (8%); campus location and student amenities (7%); and quality of student life (3%).

How Colleges Attract Students

Which one would you say is the most important factor as your institution competes with other institutions to attract students? (%)



Note: Results are based on combined responses of Q.37 and Q.38 in the college presidents' survey (P), which incorporate those who pick only one item as "very important" in Q.37a-g into Q.38.

PEW RESEARCH CENTER P/37-38

The Economic Benefit of Postsecondary Degrees
State Higher Education Executive Officers and
National Center for Higher Education Management Systems
December 2012

Introduction

In response to the declining international ranking in the percentage of young adults with a postsecondary credential, President Obama, philanthropic and policy organizations, and states have set bold goals essentially to double the number of postsecondary degrees and certificates produced in the next 8 to 13 years. Behind this commitment to increased attainment is a value proposition for policymakers and the general public that achieving these goals will lead to social and economic benefits for individuals, states, and the nation.

The movement to increase the percentage of U.S. citizens with a high quality postsecondary degree or credential has proceeded alongside a prolonged economic downturn in which state appropriations have fallen below enrollment growth and inflation. Nationally, state and local support per student is down 12.5 percent in constant dollars from FY 2006 to FY 2011[1]. Meanwhile, despite substantial annual tuition increases in most states, between FY 2006 and FY 2011, student full time enrollment increased an average of 16.9 percent nationally. And bachelor's degree production during the period of this study, FY 2005 to FY 2010, grew by 12.7 percent.

Increases in both the demand for and the cost of higher education have resulted in a growing number of students relying on student loans to finance postsecondary education. In academic year 2010-11, the percentage of undergraduates who took out federal Stafford loans reached 34 percent compared to 28 percent ten years earlier. This trend, along with higher unemployment rates for recent college graduates, has led some to question the value of a college degree. The media have reported stories of Americans struggling to find jobs and to pay off their student debt after graduation. Other stories cite a few high profile examples of entrepreneurs who are not college graduates; one entrepreneur has even offered "fellowships" for students to drop out of college and pursue start-up ideas.

Despite such skepticism, the evidence clearly demonstrates the value of a college education. According to our analysis of U.S. Census data, those who obtain a bachelor's degree have a median income of $50,360 compared to a median of $29,423 for people with only a high school diploma. An associate's degree leads to a median income of $38,607, more than $9,000 higher than a high school diploma. Those with a graduate degree have a median income of $68,064, 35.2 percent more than those with a bachelor's degree.

Additionally, *The College Advantage: Weathering the Economic Storm*, from the Georgetown University's Center on Education and the Workforce, shows that workers without a college degree have been significantly worse off in the recent economic downturn than those who have attended college. Four out of every five jobs lost in the recession were held by workers with no postsecondary education experience. Although the unemployment rate for recent college graduates is higher than for older workers with comparable education levels, their unemployment rate of 6.8 percent is still more than 17 points lower than for new high school graduates, which is at 24 percent.

Purpose of the Analysis

While the relationship between education and income is strong, incomes vary significantly among the types of degrees by level and discipline and within each state. It is beneficial for policymakers to understand market conditions as they make investments in higher education.

Another report from the Center on Education and the Workforce, *What's it Worth: The Economic Value of College Majors,* examines the economic value of individual certificates and degrees by major. Its national-level research consistently finds that the credential's subject area has a significant impact on the size of the wage premium. That is, while postsecondary education pays off in terms of higher wages, this wage differential is significantly higher for specific degrees (specifically those in STEM-related fields). For example, a bachelor's degree holder on average earns 84 percent more money over a lifetime of work than those with just a high school diploma. However, male Petroleum Engineering majors earn a median income of $120,000 per year, while male Counseling Psychology majors earn a median income of $29,000.

This report adds to the dialogue about the value of a college degree in two ways. First, on a national level it examines trends in degree production in terms of the median income associated with different degrees. The data suggest that both student choice and institutional degree production are being influenced by higher wage premiums. Second, this report provides state-level data on the wage premiums associated with degree attainment across seven broad discipline categories, in effect, taking the national-level analyses down to the state level. The discipline categories used, consistent with previous SPRC reports on degree production trends, are listed below:

- Arts and Humanities;
- Business and Communications;
- Education;
- Social and Behavioral Sciences;
- Science, Technology, Engineering, and Math (STEM);
- Health; and
- Trades.

The data in this study are aggregated nationally (including Washington, D.C.) and by state. The report shows how the value of a degree varies across states and across disciplines within a state, providing states with both an overview of national trends and a more detailed look at the degrees produced and the economic value of those degrees within each state.

Topic #3

Governance Reform

Association of Governing Boards of Universities and Colleges
The AGB Announces Formation of The National Commission on College and University Board Governance
Agb.org
July 25, 2013

The Association of Governing Boards of Universities and Colleges (AGB) today announced the formation of the National Commission on College and University Board Governance. AGB President Richard D. Legon has charged the Commission with reviewing current governance practices and recommending changes it believes could help boards better meet the financial, educational, and legal challenges that confront higher education today. Philip N. Bredesen, the former governor of Tennessee (2003-11), will chair the Commission, and education policy expert Jane Wellman will serve as executive director.

“America is justifiably proud of its institutions of higher education and their contributions to our nation’s success,” Bredesen said. “A robust system of self-governance has been an integral part of the strength of these institutions, but higher education is facing new and escalating challenges in its mission, environment, and public expectations.

“The boards of these institutions and their approach to governance need to respond to these challenges. This is far better accomplished within the system than by state and federal mandate or public pressure. The goal of this Commission is to provide a resource to boards of higher education to help them accomplish this.”

The new 26-member Commission includes current and former university board members and college presidents, as well as business leaders, faculty representatives, and national experts in finance, public policy, and nonprofit governance.

“Board members are loyal and tireless supporters who want to do the best thing for their institutions,” said Legon. “But with increasing pressure on boards to adapt to rapid changes, this Commission will evaluate whether boards are appropriately structured and charged to meet the challenges of the 21st century.”

“This is a ‘how’ commission, not a ‘whether’ or a ‘why’ commission,” said Wellman. “Report after report, at both the state and national level, has confirmed the need for change in higher education to meet the public needs ahead. The challenges facing higher education are clear: the question is how to respond. Boards can be part of the problem; they must instead be part of the solution.”

The Commission is expected to publish its recommendations in September 2014. It plans to begin by identifying the preliminary set of topics that appear to be most worthy of attention, followed by the development of its proposed solutions. The Commission plans to consult widely with stakeholder groups and experts in governance as it works.

"We invited Phil Bredesen to serve as chair of this important initiative because his track record on education speaks for itself," said Legon. "He left a lasting legacy in Tennessee by forging a bipartisan education agenda at all levels, from pre-K through higher education, that vigorously connected policies to the future welfare of his state."

As governor of Tennessee, Bredesen continuously stressed education at every level as being the state's highest priority. He was a leader in the national standards movement, established a state-wide system of voluntary pre-K classrooms, and created the Governor's Books from Birth Foundation. Bredesen put particular emphasis on high-school and college completion, and *Education Week* earlier this year identified Tennessee as having led the nation over the past decade in its increase in high school graduation rates. At the college level, Tennessee's Complete College Act is nationally recognized as a model. He currently chairs Complete College America, a national nonprofit that works with states to significantly increase the number of Americans with college degrees or certificates.

Wellman is widely recognized for her 30 years of work in public policy and higher education at both the state and federal levels. She was the founding director of the Delta Cost Project and recently served as the executive director of the National Association of System Heads, where she continues to consult. She was vice president for government relations at the National Association of Independent Colleges and Universities, the deputy director of the California Postsecondary Education Commission, and staff director of the California Assembly Ways and Means Committee.

Legon has been president of the Association of Governing Boards of Universities and Colleges since 2006. His experience working across public and independent higher education—with governing bodies (campus and system boards) and boards of public institutionally related foundations, as well as other nonprofit organizations—extends over 35 years. He is a trustee of Spelman College and previously served on the governing boards of Virginia State University and the University of Charleston (West Virginia).

For more than 90 years, the Association of Governing Boards of Universities and Colleges (AGB) has had one mission: to strengthen and protect this country's unique form of institutional governance through its research, services, and advocacy. Serving more than 1,240 member boards and 36,000 individual citizen trustees, AGB is the only national organization providing university and college presidents, board chairs, trustees, and board professionals of both public and private institutions and institutionally related foundations with resources that enhance their *effectiveness. In accordance with its mission, AGB has developed programs and services that strengthen the partnership between the president and governing board; provide guidance to regents and trustees; identify issues that affect tomorrow's decision making; and foster cooperation among all constituencies in higher education.*

The Chronicle of Higher Education

In Tense Times, Governance Group Promises Tough Medicine for Boards

Jack Stripling

July 25, 2013

At a time of significant turnover in college presidencies, diminishing financial resources, and abounding sports scandals, a group of higher-education experts hopes to change the way college trustees do business.

The Association of Governing Boards of Universities and Colleges announced on Thursday the formation of the National Commission on College and University Board Governance, which over the course of the next year will develop a set of recommendations for college trustees. Philip N. Bredesen Jr., a former governor of Tennessee, will be chairman of the 25-member group, which includes policy analysts, college presidents, and board members from public and private institutions.

A series of high-profile controversies that raise questions about good board governance loom large behind the work of this brain trust.

The Board of Visitors at the University of Virginia was criticized for its botched ouster of a president last summer, and Pennsylvania State University's trustees took heat for failing to ask tough questions that might have shed light on the abuse of children at the hands of Jerry Sandusky, a former assistant football coach. In a report released just this week, a law firm hired by Rutgers University concluded that the institution's Board of Governors had largely been left in the dark about allegations of player abuse made against Mike Rice Jr., the former head men's basketball, who was fired in April.

Richard D. Legon, president of the association and an ex officio member of the newly formed commission, said it would look broadly at the challenges of effective board oversight that underpin the major controversies of the last few years.

"AGB is mindful of, and we are attentive to, the public examples of places where governance has really gone wrong, and that's certainly part of the context," Mr. Legon said. "But the symptoms are fairly widespread."

Jane V. Wellman, an expert on college costs, will serve as the commission's executive director. She said boards need to be more proactive about setting financial priorities for the institutions they lead.

"We've got to connect the dots between spending and student success," said Ms. Wellman, who recently served as executive director of the National Association of System Heads, where she continues to consult. "We can no longer ignore how the money is spent and whether it advances quality and student success."

'Looking Into the Dark Corners'

The commission's members are expected to convene four times and produce a report in September 2014.

Mr. Bredesen said he hoped to stimulate candid debate among the members, culminating in a set of recommendations that may be provocative. While there is no set agenda for the meetings at this point, Mr. Bredesen said he hoped to explore how deeply boards should be involved in touchy subjects like academic-program review. He also suggested that boards need to do more to ensure their policies, in areas such as whistle-blower protection and research conduct, are being followed.

"These boards are probably not used to popping the hood and looking into the dark corners in quite the way that would best serve them going forward," said Mr. Bredesen, who is chairman of Complete College America, a nonprofit group that works with states to increase student attainment of degrees and certificates.

Of the commission's 25 members, college faculty members and students are the least represented groups. Just two members are principally identified as professors, although college presidents typically hold faculty appointments as well.

Most college boards do not include professors as voting or nonvoting members, but a significant number do. At more than one-quarter of private colleges and 22 percent of public institutions, faculty members are represented on the board, according to a 2010 report by the governing-boards association. Students, who are not at all represented on the commission, hold board positions at 71 percent of public colleges and one-fifth of private institutions.

Asked about the commission's makeup, Mr. Legon said, "We will reach out as we need for other resources."

The faculty members on the group include Richard P. Chait, a professor in Harvard University's Graduate School of Education, and Gary Rhoades, head of the department of educational-policy studies and practice at the University of Arizona.

Mr. Rhoades was general secretary of the American Association of University Professors until 2011, when the AAUP's executive committee voted not to renew his contract. The decision created great dissension within the organization, which has the stated purpose of advancing shared governance and academic freedom on college campuses.

Mr. Legon said he wanted to assemble a group of people who "can ask tough questions" and propose thoughtful solutions.

"This is a special moment," he said. "The 21st century has already been very unique in higher education, and I anticipate that will not let up."

Inside Higher Ed

Be Strategic on Strategic Planning

Patrick Sanaghan and Mary Hinton

July 3, 2013

Just about every higher education institution periodically engages in strategic planning. Some of this planning is part of the fabric and culture of a college, but many campuses engage in planning only when required by accrediting agencies or mandated by statewide system offices, or after a crisis. Regardless of the motivating factor, challenges with the planning process result in too many campuses failing to achieve their original planning goals even when a great deal of time and effort are invested

We wanted to find out what made strategic planning work on campuses and initiated a series of discussions with presidents, faculty and senior administrators of institutions that believe in strategic planning and embrace it as a cultural practice.

We also spoke to a handful of campus leaders and faculty who were unsure about the importance of strategic planning. While these presidents conduct planning in order to comply with a variety of mandates, they question the value of the process and indicate that plans are rarely utilized once developed. These postures of resistance to planning are as valuable as hearing from those who truly believe in its value. In fact, both perspectives are needed.

The following advice might provide some helpful information to administrators and faculty as they think about crafting their institution's strategic planning process and connecting it to the life of the campus.

1. Visible and committed senior leadership is essential. The president needs to be seen as visibly and meaningfully supporting, but not exclusively controlling, the planning process. If campus stakeholders believe the president is engaged in the planning process, they tend to participate more. If they don't witness this engagement, they will question the credibility of the process and meaningful participation will be minimal. In fact, if the president is resistant to planning or in any way intimates that the plan will not be utilized once developed, campus stakeholders will pick up on this and will have limited or no investment.

On many campuses today, there are senior-level administrators whose titles include planning or planner. While these individuals are responsible for carrying out the planning process, in no way should they be the sole drivers of the plan. Rather, these administrators should be ensuring that the information needed to develop the plan is readily available. They should also ensure that all of the planning processes are transparent and that there is widespread engagement in the process. While many presidents may be tempted to divest themselves of the planning process and allow the "planners" to take the lead, this is a mistake. A president must be the leader of the planning process and use the designated "planner" as a key resource.

2. Authentic faculty involvement and engagement will make or break a strategic planning process. Without the meaningful engagement of faculty in the strategic planning process, the resulting plan will not get carried out. Top-down, administrative planning simply won't work any more. There was a time when senior leadership, along with the board, created a strategic plan and "sold" it to the campus with limited results. Those days are gone. In fact, faculty should play a key role – often in concert with the president and any "official" planners on campus -- in designing the process.

Presidents also need to organize a planning task force of highly credible leaders throughout the campus and make sure a majority of the task force consists of faculty. On many campuses this task force will emerge from – or morph into – a standing committee that is responsible for monitoring the implementation and assessment of the strategic plan.

Campuses should seriously consider the benefits (and challenges) of having such a standing committee. On the plus side, it does ensure that a wide swath of the campus has ongoing engagement with the strategic plan. It also increases the likelihood that the plan will be subject to rigorous assessment if a group is formally charged with carrying it out. A potential negative consequence, though, is that the campus community may view this standing committee as *the* group responsible for the plan when, in fact, the plan is owned by the entire campus community. If such a committee is in place, one of their explicit directives must be to engage all campus stakeholders in the planning process.

Again, faculty should play a leading role in this process. The president and senior leaders need to talk openly with the faculty about the strategic planning process and its importance to the institution. Most importantly, they need to listen to the hopes and concerns of campus stakeholders, especially faculty. If they listen well, they will have access to vital information many senior leaders never hear.

3. The board of trustees needs to have a balanced role in the strategic planning process. Having faculty and other campus community stakeholders lead the strategic planning process may be difficult for some trustees to hear as they often take seriously their charge of setting the trajectory and strategic priorities of the institution. This is a trend presidents across higher education are reporting. Of course, trustees need to play a prominent and informed role in the planning process. However, while they are responsible for ensuring the plan is carried out and strategic goals accomplished, the day-to-day execution of the plan happens on the campus.

In fact, regional accreditors discourage top-down planning and instead emphasize collaborative, participatory planning processes. The board is responsible for ensuring that an intelligent, disciplined and inclusive planning process takes place for their institution. Trustees need to charge the president and senior leadership with conducting this kind of process and hold them accountable.

4. It is important to avoid "listening to yourself too much." Attention to the external environment is an ongoing necessity and practice. Faculty and administrators need to pay attention to what is going on regionally, nationally and internationally. They need to be well versed about program enrollment trends, student demographics, parent expectations, broad financial trends and issues, employment demand, technological innovations and new teaching strategies. Just think about how much change we have experienced over the past five years.

The next five years promise to be equally complex, fast-paced and challenging. Campus stakeholders throughout the campus, not just the senior level, need to understand the big picture and changing context of higher education on an ongoing basis. This type of engagement can only happen if the president and senior leaders create opportunities for people to convene and discuss the events, trends and issues facing their institution. This is not a one-shot thing. There should be multiple opportunities throughout the year for these important and strategic discussions. These internal SWOT (strengths, weaknesses, opportunities, threats) analyses are a vital component of the planning process and remain equally critical once the plan is implemented in order to ensure assessment of the plan is realistic and ongoing.

5. You need to make extraordinary efforts to communicate with stakeholders throughout the planning process. Too often there is some kind of an official kickoff to a strategic planning process and then things just seem to fade away until the plan is launched, when another big event may be held. This is poor process. Instead, the strategic plan needs to be a part of the fabric of the community, from the time it is being developed until the time it is concluded. While many campuses believe periodic e-mail updates about the plan are sufficient, it is important to use a variety of communication vehicles that include both high-touch (e.g., town hall meetings or "chews and chats" where stakeholders congregate over a breakfast or light lunch to discuss institutional issues and receive updates about the planning process) and high-tech.

High tech has its place (e.g., electronic newsletters and updates) but don't make technology your primary vehicle for communication. It may be efficient and convenient but we have found that face-to-face interactions keep the planning process alive. This is especially important during the planning process when you are trying to gather campuswide input into the plan priorities. Rich dialogue can help unveil hidden aspirations that are easily ignored or passed over when using electronic communication tools. Utilizing a variety of communication tools enables participants to choose their most comfortable level of engagement and increases the likelihood you will hear from a variety of perspectives.

6. Trust is the most important factor in a planning process. This was *the* pervasive theme in all of our conversations. It kept coming up over and over again. Trust is one of the most enduring and fragile elements in institutional life. With a great deal of trust you can accomplish many things, even if there are scarce resources. Without a fair amount of institutional trust, every detail becomes a debate; conversations quickly become contentious and things move at a glacial pace. Without trust, a “perfect” plan will be sure to fail. Campus leaders need to know how to build and nurture institutional trust if they are going to carry out their strategic plan. They can build campus trust by creating an inclusive, transparent and participative planning process.

7. Planning is not a linear process. There is a myth that lives large in higher education that there is a perfect process. This myth is driven by the belief that facts, data and quantitative information are all you need to create a strategic plan. Although good information and clear thinking are essential to effective planning, people's hopes and aspirations, fears and doubts all play an important role. People, not perfect data, develop and execute plans. Great care should be taken to avoid the "plan to plan" syndrome where there is way too much research, planning, analysis and synthesis in an attempt to do planning perfectly. In these instances there is a lot of thinking but little doing. The plan never really lifts off the ground. Perfection should never be the goal for either the planning process or the plan. Rather, campuswide engagement, a shared vision, and ongoing feedback about achieving goals is the priority.

The linear approach is an attempt to control the future, which simply cannot be done. Intelligently responding to and influencing the future, however, is possible. We need to build agility and resiliency into our strategic planning process given the changing and complex environment we live in. Recognizing this early on in the planning process will ensure work is done rather than merely thought about.

8. Visionaries are a dime a dozen. Those leaders who can actually execute important things are as rare as blue diamonds.

It is not difficult for really smart people to create beautiful pictures of the future. But beautiful ideas won't matter unless things are actually accomplished. Senior leadership needs to be committed to paying attention to the process, rewarding and recognizing accomplishments, and resourcing the strategic plan. Implementation is the hard part of strategic planning but essential to its success. If the campus culture lacks rigor and discipline, and is unwilling to hold stakeholders accountable for shared aspirations, implementation will falter.

9. Campus stakeholders need a way to keep score. People need to see and feel that they are making progress toward the goals outlined in their plan. This can only happen if processes and protocols are established that keep people informed and updated. At a minimum, senior leadership needs to commit to a series of yearly "report outs" to the campus community about progress toward institutional goals. This holds stakeholders accountable for implementation and communicates to everyone that the strategic plan is an institutional priority.

It is essential that leadership reports shortcomings as well as successes, especially in dynamic times. It helps build transparency, credibility and faith in the planning process, especially in low-trust environments. If a campus has been less than successful in accomplishing their stated goals, senior leadership can communicate why certain things did not occur and share what they will do moving forward. These report outs also further the premise that the campus "owns" the strategic plan, not the president, a planner, or a committee.

10. The danger of doing too much. When it comes to carrying out the strategic plan there is often an attempt to do way too much in the first year. People want to see progress toward the plan goals and often try and move on all fronts. This well-intentioned effort soon becomes exhausting rather than creating momentum and energy. Pace and manage the implementation process in chewable chunks. Ongoing communication about achieving goals, no matter how small, is key to keeping the momentum of the plan alive.

Taken together, the above ten points suggest that the most important elements of planning are around connectedness. Connecting colleagues across the campus in the development of a shared vision and shared plan. Connecting in multiple modes – face-to-face and electronically – to gather robust feedback and support. Connecting our individual institutions to the broader higher education landscape. Connecting the planning process and the subsequent plan to the daily operations of the institution. Connecting realistic goals with shared aspirations. And, finally, connecting what we do with what is measured and valued on our campus.

These connections are led and facilitated by the president and extend up to trustees and down to faculty, staff and students. The plan becomes a reflection of the valuable – and valued – connections needed to thrive.

The role of governance in fixing the higher education business model

Mary Foster, Managing Director, Not-for-Profit Higher Education Practice

There are some stark realities facing higher education and its current business model. The industry — and more specifically, its governing boards — need to address a number of major challenges, including skyrocketing tuition prices, escalating student tuition debt loads, poor endowment returns, diminishing state support for public colleges and universities, and questions about the value of high-cost college education. These trends stack up to some tough choices for college and university governing boards and trustees.

Higher education affordability* challenges the current business model

- The past decade has seen the largest public higher education cost shift — from states to parents/students.
- Since 1987, tuition prices have steadily increased to offset reductions in state subsidies. They now account for more than 40% of public university revenues, compared to 20% in 1987.
- Posted tuition prices (in 2012 dollars) at private nonprofit colleges rose 81% between 1991 and 2013, from $16,000 to $29,000; however, net tuition prices (after federal and state grants, institutional aid and tax benefits) rose at a slower rate of 25%.
- Average in-state posted tuition prices at public universities increased 158% (in 2012 dollars) between 1991 and 2013, while net tuition prices increased 58%; however, the increase in net tuition prices since 2008 has been slight, due to increases in grants and tax benefits.

* Source: Department of the Treasury and Department of Education. The Economics of Higher Education. December 2012. Available at www.treasury.gov/connect/blog/Documents/20121212_Economics%20of%20Higher%20Ed_vFINAL.pdf

Today's boards are becoming more involved in matters that once were strictly under the purview of provosts, such as academics and research.

These issues took on even greater visibility when President Obama discussed the higher education affordability and student debt issues in his 2013 State of the Union address. He challenged colleges and universities "to do their part to keep costs down." Later, President Obama laid out plans to hold colleges accountable for cost, value and quality by incorporating new benchmarks for affordability and student outcomes into the existing accreditation system, and as criteria for receiving federal student financial aid.

It is clear that higher education governance is being tested like never before. The traditional governance model at most colleges and universities has long been one of shared governance, in which various stakeholders have played a role in decision-making. For example, tenured faculty, as well as alumni, students, donors and corporate interests, have often exerted significant influence in major decisions. But this model of shared governance may be difficult to maintain given the pressures and challenges facing the industry. Today's boards are becoming more involved in matters that once were strictly under the purview of provosts, such as academics and research.[1] As governing boards become more involved in assessing academic and research priorities, faculty productivity, and student outcomes, these discussions can create tension with provosts and tenured faculty.

Board roles and responsibilities

On Aug. 17, 2012, the board of directors of the Association of Governing Boards of Universities and Colleges (AGB) published four principles to clarify their vision for the roles and responsibilities of college and university boards, and boards' relationships with presidents, administrators, faculty and other stakeholders:[2]

1. Preserve institutional independence and autonomy.
2. Demonstrate board independence to govern, established by charter, state law or constitution.
3. Keep academic freedom central and be the standard-bearer for the due-process protection of faculty, staff and students.
4. Assure institutional accountability to the public interest.[3]

A key issue addressed by the AGB statement is the critical importance of independence. Boards need to be "open to external input and responsive to societal needs," but still keep their decision-making process free from "undue pressures from external stakeholders."[4] The external stakeholders noted by AGB include appointing authorities such as state governors or elected officials, as well as regulators, donors, alumni, corporate sponsors, special interest groups and policymakers. Decision-making should be guided by the organization's mission and higher education's inherent values — academic freedom, institutional autonomy and self-regulation, according to AGB.[5]

At some public universities, state governors still appoint board members, while university managers focus on generating independent sources of revenue.[6] This is a long-standing practice among public universities; however, board members still need to be able to make decisions without unwarranted influence from powerful stakeholders.

[1] Kiley, Kevin. "What's Up With Boards These Days?," Inside Higher Ed, July 2, 2012. Available at www.insidehighered.com/news/2012/07/02/trustees-are-different-they-used-be-and-uva-clashes-will-be-more-common.
[2] Association of Governing Boards of Universities and Colleges, "AGB Statement on External Influences on Universities and Colleges," Aug. 17, 2012. Available at www.agb.org/sites/agb.org/files/u3273/2012_AGB_Statement_External_Influences.pdf.
[3] Ibid.
[4] Ibid.
[5] Ibid.
[6] Moody's Investors Service, "Moody's: UVA dispute highlights emerging governance stress in US higher education," July 2, 2012. Available at www.moodys.com/research/Moodys-UVA-dispute-highlights-emerging-governance-stress-in-US-higher-PR_249925.

Effective governance practices

Moody's has also weighed in on effective governance practices for higher education boards. Moody's asserts that the board has ultimate authority to set strategic direction, even if governance is shared with a state legislative body.[7] Moreover, Moody's argues that higher education governance demands, among other things:

- a diverse mix of skills, experiences and perspectives;
- c early articulated policies and internal controls that provide evidence of transparency, accountability and oversight (reviewed by the board to ensure they stay relevant to the institution's mission and financial operations); and
- timely public disclosures about student outcomes, research productivity, financial performance and organizational efficiency.[8]

In addition, Moody's suggests that boards must have a clear understanding of the institution's strategic plan and midrange and long-range budget projections, as well as relevant external benchmarks and self-assessment metrics, in order to be properly engaged in policy determinations. Finally, boards must be able to communicate the economic benefits their institutions provide to the nation, state and region, for example, as educators, workforce developers, science and technology incubators, and employers.

Ultimately, robust governance can only be achieved and sustained when the traditional boundaries between board committees and senior administrators are dissolved. This requires a team approach with new formats and practices for sharing information, concerns and challenges.

Institutional data pertaining to student outcomes, research productivity, financial performance, organizational efficiency and capital investments can serve as a catalyst for a more engaged and aware board, but each individual board member must be able and willing to speak openly, freely and respectfully. Higher education boards must remain independent of external influences, but responsive to them, in order to ensure that the higher education business model does not break.

9 best practices for higher education boards

1. Examine board composition to ensure it represents a diverse and independent mix of skills, experiences and backgrounds.
2. Foster a culture of board engagement and open communication for sharing information, concerns and challenges. Board members must be able to question the status quo without creating a divisive environment.
3. Stay apprised of meaningful changes and trends in the external environment that may affect your institution, especially issues that could potentially divide the board.
4. Ensure institution's transparency and accountability to the public.
5. Open up communication channels between the board and external constituents to publicize the university's mission.
6. Communicate the economic benefits that your institution provides to the local region and state.
7. Collaborate with other institutions to enhance the academic experience and leverage research and economic development.
8. Ensure that external benchmarks and self-assessment metrics are relevant to your mission and multiyear plans.
9. Identify and mitigate key risks to achieving mid- and long-term goals.

[7] Moody's Investors Service, "Moody's identifies governance and management as key underpinnings for ratings of universities," Nov. 22, 2010. Available at www.moodys.com/research/Moodys-identifies-governance-and-management-as-key-underpinning-for-ratings-PR_209851.
[8] Ibid.