Current Issues in Higher Education: Living With “The New Normal”

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Four “D’s” that Shape the Future

• Demand
• Demographics
• Diminished Revenue
• Dynamic Competition
Dramatically Increased Demand for Workers with Postsecondary Education by 2018

By 2018, about two-thirds of all employment will require some college education or better.

Source: Authors’ analysis of March CPS data, various years; Center on Education and the Workforce forecast of educational demand to 2018

FIGURE 2.2

Percentage of Workforce by Educational Level

By 2018, about two-thirds of all employment will require some college education or better. Source: Authors’ analysis of March CPS data, various years; Center on Education and the Workforce forecast of educational demand to 2018

Figure 2.2: By 2018, about two-thirds of all employment will require some college education or better.

Source: Authors’ analysis of March CPS data, various years; Center on Education and the Workforce forecast of educational demand to 2018

We Mean Business in Higher Education
Level of Education Affects Income

Figure 1. Income By Level of Education – National

Source: U.S. Census Bureau, 2008 American Community Survey PUMS File.
Table A1.3a Population with tertiary education (2009)
Total Tertiary Education

With percentage of Tertiary Type A (bachelor’s), 25- to 34-year olds

OECD Education at a Glance 2011
Table A1.3a. Population with tertiary education (2009)
President Obama’s 2020 Strategic Vision and Goals

Goal
- 10 million more graduates from community colleges, four-year colleges and universities by 2020 (beyond 2+ million expected due to growth)

Goal
- Every American completes one year or more of higher education or advanced training in his/her lifetime

Result
- “Best educated, most competitive workforce in the world”
Achieving the 2020 College Completion Goal

Where will the additional 10 million come from?

A third will come from high schools
- 3.7 million more high school graduates will become college graduates

Two thirds will be adult learners
- 6.3 million adults will become college graduates

Note: The attainment rate reflects the number of individuals in the population who have attained the degree or diploma. This differs from the graduation/completion rate, which measures the number of individuals within a cohort who graduate or complete their program within a certain amount of time.
Figure 4. Average Annual Percentage Increase In Degree Production Needed
Demographics
Student Demographics in the U.S. Are Changing - Ethnicity

Figure 1
Public High School Graduates, by Race/Ethnicity: 2001 to 2022

Source: WICHE, Knocking at the College Door.
The Achievement Gap Persists

Current Educational Attainment
% of Adults Age 25-34 with an Associate’s Degree or Higher

American Community Survey 2007-2009

- Black: 26.5%
- Hispanic: 20.0%
- Asian: 68.9%
- Pacific Islander: 23.1%
- Native American: 18.8%
- White Non-Hispanic: 45.7%
- 2020 Goal: 60.0%
Student Demographics in the U.S. Are Changing - Characteristics

Figure 2
Percentage of Undergraduates with Nontraditional Characteristics

- Any characteristic: 69.5%
- Attends part time: 51.1%
- Is financially independent: 50.3%
- Delayed enrollment: 38.4%
- Works full time: 34.1%
- Has dependents: 27.1%
- Is a single parent: 13.2%
- Lacks a high school diploma: 8.6%

Diminished Revenue
Public Universities: Trend of Disinvestment

Full-Time-Equivalent (FTE) Enrollment in Public Higher Education
Percent Change by State, Fiscal 2005-2010

Figure 5
Full-Time-Equivalent (FTE) Enrollment in Public Higher Education
Percent Change by State, Fiscal 2005-2010

Source: State Higher Education Executive Officers
Educational Appropriations per FTE
Percent Change by State, Fiscal 2005-2010

Figure 6
Educational Appropriations per FTE
Percent Change by State, Fiscal 2005-2010

CA: -7.9%

Notes: Dollars adjusted by 2010 HECA, Cost of Living Adjustment, and Enrollment Mix Index.
Sources: State Higher Education Executive Officers
State Budget Gaps Projected Into 2013

Figure 2: State Budget Gaps FY 2002-FY 2013 (projected)

Source: NCSL survey of state legislative fiscal offices, various years.
Challenges to the Completion Agenda

Reductions in State Funding

Approximate Percentage Change in FY 2012 State Operating Support for Four-Year Public Universities

(AASCU, 7-2011)

Figure 4

Source: State Higher Education Executive Officers

Note: Net tuition revenue used for capital debt service is included in net tuition revenue, but excluded from total educational revenue in calculating the above figures.
Net Tuition as a Percent of Public Higher Education Total Educational Revenue by State, Fiscal 2010

Figure 7
Net Tuition as a Percent of Public Higher Education Total Educational Revenue by State, Fiscal 2010

Notes: Dollars adjusted by 2010 HECA, Cost of Living Adjustment, and Enrollment Mix.
Source: State Higher Education Executive Officers

We Mean Business in Higher Education
College tuitions continue to rise—at a rate faster than inflation and family incomes

Cumulative change in the price of college, 1988–2008 (current dollar change)


Source: Trends in College Spending 1998-2008
## Endowment Returns

### Average Annual One-, Three, Five, and Ten-Year Total Returns* for U.S. Higher Education Endowments and Affiliated Foundations for Periods Ending June 30, 2011 (Preliminary results as of 12/2011)

<table>
<thead>
<tr>
<th>Size of Fund</th>
<th>1-year</th>
<th>3-year</th>
<th>5-year</th>
<th>10-year</th>
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</thead>
<tbody>
<tr>
<td>Over $1 Billion</td>
<td>20.1</td>
<td>2.4</td>
<td>5.4</td>
<td>6.9</td>
</tr>
<tr>
<td>$501 Million to $1 Billion</td>
<td>18.8</td>
<td>2.6</td>
<td>4.8</td>
<td>6.0</td>
</tr>
<tr>
<td>$101 Million to $500 Million</td>
<td>19.7</td>
<td>2.6</td>
<td>4.4</td>
<td>5.3</td>
</tr>
<tr>
<td>$51 Million to $100 Million</td>
<td>19.3</td>
<td>2.8</td>
<td>4.4</td>
<td>5.1</td>
</tr>
<tr>
<td>$25 Million to $50 Million</td>
<td>19.4</td>
<td>4.2</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Under $25 Million</td>
<td>17.6</td>
<td>4.6</td>
<td>5.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Average</td>
<td>19.2</td>
<td>3.1</td>
<td>4.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Median</td>
<td>19.8</td>
<td>3.1</td>
<td>4.6</td>
<td>5.5</td>
</tr>
</tbody>
</table>

*Net of management fees and expenses.

Source: Preliminary Results for 2011 NACUBO-Commonfund Study of Endowments
Philanthropy Increased Slightly in 2010

Voluntary Support by Type of Institution, 2009 and 2010
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>2009</th>
<th>2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount</td>
<td>Average per Institution</td>
</tr>
<tr>
<td>Research/Doctoral</td>
<td>218</td>
<td>$17,787,241</td>
<td>$81,593</td>
</tr>
<tr>
<td>Private</td>
<td>74</td>
<td>8,407,644</td>
<td>113,617</td>
</tr>
<tr>
<td>Public</td>
<td>144</td>
<td>9,379,597</td>
<td>65,136</td>
</tr>
<tr>
<td>Master's</td>
<td>329</td>
<td>2,157,936</td>
<td>6,559</td>
</tr>
<tr>
<td>Private</td>
<td>169</td>
<td>1,333,384</td>
<td>7,890</td>
</tr>
<tr>
<td>Public</td>
<td>160</td>
<td>824,553</td>
<td>5,153</td>
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<tr>
<td>Baccalaureate</td>
<td>265</td>
<td>2,322,880</td>
<td>8,766</td>
</tr>
<tr>
<td>Private</td>
<td>228</td>
<td>2,171,389</td>
<td>9,524</td>
</tr>
<tr>
<td>Public</td>
<td>37</td>
<td>151,492</td>
<td>4,094</td>
</tr>
<tr>
<td>Specialized</td>
<td>54</td>
<td>1,224,200</td>
<td>22,670</td>
</tr>
<tr>
<td>Private</td>
<td>37</td>
<td>438,458</td>
<td>11,850</td>
</tr>
<tr>
<td>Public</td>
<td>17</td>
<td>785,742</td>
<td>46,220</td>
</tr>
<tr>
<td>Associate’s</td>
<td>161</td>
<td>200,513</td>
<td>1,245</td>
</tr>
<tr>
<td>Private</td>
<td>2</td>
<td>4,517</td>
<td>2,258</td>
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<tr>
<td>Public</td>
<td>159</td>
<td>195,996</td>
<td>1,233</td>
</tr>
<tr>
<td>Total All Institutions</td>
<td>1,027</td>
<td>$23,692,771</td>
<td>$23,070</td>
</tr>
</tbody>
</table>

Source: Council for Aid to Education, 2011
Pell Grant Funding

**FIGURE 13A** Total Pell Expenditures (in Billions), Maximum Pell Grant and Average Pell Grant in Constant 2009 Dollars (in Thousands), and Number of Recipients (in Millions), 1976-77 to 2009-10

Source: College Board, based on ED data
Undergraduate and Graduate Student Aid by Source and Type

FIGURE 2A
Undergraduate Student Aid by Source and Type (in Billions), 2010-11

Source: Trends In Student Aid 2011
Dynamic Competition
International Students – Where They Study

Top 8 Host Countries of Globally Mobile Students, 2001 & 2010

2001
Worldwide: 2 million students

- All Others: 34%
- U.S.: 28%
- Belgium: 2%
- Spain: 2%
- Japan: 3%
- Australia: 4%
- France: 7%
- Germany: 9%

2010
Worldwide: 3.7 million students

- All Others: 30%
- U.S.: 20%
- UK: 12%
- Japan: 4%
- Canada: 5%
- Germany: 7%
- Australia: 7%
- France: 8%
- China: 7%

Source: Atlas of Student Mobility
http://www.iie.org/projectatlas

We Mean Business in Higher Education
## For-Profits
### Number of Degree-Granting Institutions in the U.S.
#### 11-Year Trend

<table>
<thead>
<tr>
<th>Type</th>
<th>1999–2000</th>
<th>2009–10</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public 4-Year</td>
<td>614</td>
<td>672</td>
<td>9.4%</td>
</tr>
<tr>
<td>Public 2-Year</td>
<td>1,068</td>
<td>1,000</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Private NFP 4-Year</td>
<td>1,531</td>
<td>1,539</td>
<td>0.5%</td>
</tr>
<tr>
<td>Private NFP 2-Year</td>
<td>150</td>
<td>85</td>
<td>-43.3%</td>
</tr>
<tr>
<td>Private FP 4-Year</td>
<td>218</td>
<td>563</td>
<td>158.3%</td>
</tr>
<tr>
<td>Private FP 2-Year</td>
<td>503</td>
<td>636</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, Table 275, Chapter 3
Fall Enrollment in For-Profits
(Degree-granting Institutions)

Source: U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, Table 204, Chapter 3
Enrollment and Share of Federal Student Aid

Comparison of Enrollment and Share of Federal Student Aid

Higher Education Enrollment (2008)
- Private For-Profit: 18.8%
- Public: 9.2%
- Private Non-Profit: 72.0%

Federal Student Aid (2008-2009)
- Private For-Profit: 30.2%
- Public: 22.9%
- Private Non-Profit: 46.2%
- Foreign: 0.7%

Source: Majority staff analysis of U.S. Department of Education data