#### **NAPA GROUP RESEARCH**



# Trends and Best Practices in Private Higher Education

## **Prepared for Regis University**

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#### **SUMMARY OVERVIEW**

- 1. Higher education's strategic challenges are complex as the U.S. attempts to regain its preeminent status in global postsecondary education and transform structures, processes and programs to be more flexible and more responsive to changing societal needs. Innovation, competitiveness and financial stability are significant themes in institutional planning and policy discussions focused on enrollments, costs, infrastructure, delivery methods, partnerships, majors, faculty, quality, access and adult students.
- 2. Jesuit Catholic colleges and universities in a centuries-old tradition of academic rigor, intellectual exchange and faculty commitment to each student's personal development face some additional historic challenges. Worldwide interdependence and globalization translate into new educational themes and contemporary models are required to maintain moral relevance, service to the community and educational access to talented students regardless of their economic status.
- 3. Pressures for a college education that leads to a job, changing workforce needs and employers' expectations of graduates are challenging traditional universities to determine where they can make the most impact and compete in a dynamic environment while preserving the best of their traditions, the benefits of liberal education and thriving campus communities.
- 4. Innovations in academic medical centers, schools of health professions and community health systems today are aimed at preparing new health practitioners with the skills to provide more patient-centered, safer and community-focused health care. Such trends include interprofessional education, patient communications, patient safety, specialties such as geriatrics and the continuum of community-based care outside the hospital setting.
- 5. Rising costs, rapidly developing new technologies, growing concerns about affordability and cutting waste are driving administrators and boards to take actions to become more cost-effective and efficient and remain available to high-performing students from all walks of life, not simply the elite. Nimble approaches reminiscent of "start-ups" in the business community target pricing, curriculum, governance, facilities, teaching and the academic workforce.
- 6. The boom in enrollment once forecast through 2020 is now in question as stagnating enrollments, particularly for smaller, tuition-dependent institutions, are forcing strategic responses about institutional business models and market share. Online course enrollment and the recent upsurge of MOOCs and other multi-institutional partnerships are altering the business model of U.S. higher education. The trend is not expected to meet President Obama's ambitious education goals to increase the number of Americans with postsecondary degrees from the current 40% to 60% by 2020. More than ever prospective students and parents seek education that is affordable, efficiently delivered and directed at career and professional success.

- 7. Universities and the business community are partnering to shape courses that will better prepare students for this century's workplace. This targeted focus on economic development fosters entrepreneurial partnerships and investments in university research and often implemented through venture funding or endowment yields.
- 8. The quality of the university workplace, its internal culture and its support for diversity are increasingly strategic themes in institutional planning. Broader engagement from faculty and staff are fostering collaboration and shaping policies in such areas as leadership and shared governance, professional development, compensation, respect, and work-life balance.
- 9. Given the prospect of continuing revenue constraints and the increasing need to prioritize available dollars, simply counting and reporting are insufficient when it comes to metrics and accountability. Both cost and ROI have become increasingly critical considerations when developing a higher education investment strategy, so that beyond degrees and patents, delivering an educated workforce is the fundamental priority.
- 10. As institutional positioning, branding and advocacy are vital to competition and impact, today's marketing and communications programs at colleges and universities have advanced far beyond the traditional roles of "PR," publicity and media relations. Along with their talents for strategic thinking and analysis, the best communications practitioners are trained to be ever mindful of their various audiences, bring "market reconnaissance" into discussions and translate their knowledge into marketing, communications and advocacy programs directed at multiple internal and external constituencies.

## I. Strategic Challenges for Higher Education

As higher education institutions transform their structures, missions, processes and programs to be more flexible and more responsive to changing societal needs, they are facing a number of broad-based strategic challenges. Summarized in a report by Educause a decade ago,<sup>1</sup> most of the leading challenges remain broadly across the higher ed landscape and specifically at many institutions – removing boundaries (the blurring of what is on-campus and what is not), establishing interdisciplinary programs, supporting entrepreneurial efforts and technology, redesigning and personalizing student support services, emphasizing connected and lifelong learning, investing in technologically competent faculty, building strategic alliances with others, incorporating learning technologies into strategic thinking, measuring program quality, achieving institutional advantage and transforming bureaucracy, culture and assumptions.

In 2012, the intense focus on disruption, dysfunction, innovation and reinvention has led to furious efforts at change – MOOCs, for example – but still unproven solutions from a long-term perspective. The very value proposition of higher education is being challenged. While many institutions are exploring strategic changes and implementing promising programs to improve higher education access and delivery, there is no agreed-upon panacea for a very dynamic landscape, and it is likely that successful approaches necessarily will be multi-layered and comprehensive.

As a result, the conversations and activities are big and bold:

- A focus on the ROI of a post-secondary degree and entrepreneurial ventures providing alternatives to all aspects of traditional higher education – from ways of teaching to course design and delivery and the very reality of residential universities
- A spectrum of opinions about MOOCs from skeptics to utopians
- Concerns that new models will threaten institutions at all levels from those focused on access to elite universities with substantial financial resources and, at the same time, squeeze out the institutions in the middle
- Massive consolidation (a few platforms educating the most people) and unbundling the onceintegrated components of course content, assessment and credentialing to modules based on convenience, flexibility and price
- State budget cuts, soaring student debt, for-profit institutions, and faculty-led technology startups driving alternatives to the traditional university setting
- Evidence that quality can be delivered at all scales, that multidisciplinary perspectives are vital to addressing global challenges and that employers have a voice in what universities teach

<sup>&</sup>lt;sup>1</sup> "Building a Leadership Vision," Donald E. Hanna. Educause, July-August 2003.



#### And **new practices** are taking shape:

- Course redesign in a variety of disciplines
- Incentivizing faculty to change
- Instructor and institutional dashboards prodded by parent, student, employer and state drives toward college completion
- Rapid growth in game-based learning for a new generation of learners
- Self-paced learning that improves performance and speeds the time to degree
- Accelerated degrees and one of the newest ideas the "\$10,000 degree" that is being considered in Texas and Florida

While there are many experiments and recognition of the compelling need for change, there remains a widespread recognition that one size does not fit all. As multiple options are considered and evaluated in the evolving higher education marketplace, determining the lasting solutions will likely be a longer-term process of discovery and assessment. <sup>2</sup>

#### II. Jesuit Catholic Institutions for the Future

With a long history of providing access and opportunity to the disadvantaged and underserved, Catholic colleges are finding it harder to stay true to their mission of access and service in the face of market realities, concluded a fall 2009 conference sponsored by DePaul University's Center for Access and Attainment and involving enrollment management, marketing and mission officers. A few months later, representatives of some 200 Jesuit Catholic colleges and universities from around the world gathered in Mexico City. Their conference theme was Networking Jesuit Higher Education: Shaping the Future for a Humane, Just, Sustainable Globe. "A bold proposition," stated Adolfo Nicolás, S.J., Superior General of the Society of Jesus, "it suggests an extraordinary opportunity to have a hand in helping to shape the future, not only of our own institutions, but of the world, through 'networking.'" He also pointed out what Pope Benedict XVI described as the "principal new feature" of today's world as "the explosion of worldwide interdependence, commonly known as globalization." As Nicolás sees it, globalization presents several challenges to the Jesuit Catholic higher education community:

The laborious, painstaking work of serious, critical thinking often gets short-circuited by the ability
to access so much information quickly and effortlessly and react publicly and immediately in a blog
or when the latest opinion can go viral around the world. This combination of new technologies,
moral relativism and consumerism limits the fullness of people's flourishing as human beings and
their responses to a world in need of intellectual, moral and spiritual healing.

<sup>&</sup>lt;sup>3</sup> "Challenges to Jesuit Higher Education Today" by Adolfo Nicolás, S.J., Superior General of the Society of Jesus, at "Networking Jesuit Higher Education: Shaping the Future for a Humane, Just, Sustainable Globe Conference," Mexico City, April 23, 2010.



 $<sup>^{\</sup>rm 2}$  "College, Reinvented." Chronicle of Higher Education, December 17, 2012.

- Globalization requires action as a universal body with a universal mission to serve others as a
  worldwide community through local networks. He would like to see the Jesuit Catholic institutions
  establish operational consortia to focus on "frontier challenges" such as "new atheism...aggressive
  secularism and fundamentalism; to develop more adequate analyses and enduring solutions to
  poverty, inequality, suffering, violence and other forms of injustice; and to address concerns about
  global environmental degradation.
- The emerging cultural world of students requires finding creative ways to promote transformational depth of thought and imagination as well as to share the fruits of research with the excluded.
- Educating the "whole person" takes on additional meaning as traditional education is necessarily
  increasing infused with practical skills-based education and technological savvy to appropriately
  prepare students for careers and an interconnected world.

## **III. College Degrees and Workforce Growth**

Higher ed is regaining traction among young people – and for the first time, a third of the 25- to 29-year-olds in the U.S. have earned at least a bachelor's degree, according to a Pew Research Center analysis of census data. While the U.S. no longer leads the world in educational attainment, the recession and sluggish employment have been factors leading young people to see higher ed as their best option. In a 2010 Gallup survey, about three-quarters of Americans agreed that a college education is very important, up from only 36 percent in 1978.<sup>4</sup>

Meanwhile, almost half of the jobs lost in the recession that began in December, 2007 have been recovered and virtually all of those jobs required some form of postsecondary education, according to a new study by the Georgetown University Center on Education and the Workplace.<sup>5</sup>

- The wage advantage for workers with a bachelor's degree or better over high school has remained high and has held mostly stable at 97 percent.
- Jobs that require bachelor's degrees have been the big winner, increasing by 2.2 million jobs since the recession began. Those jobs that required some college or an associate's degree declined by 1.8 million in the recession but have regained 1.6 million of those job losses since the recovery began in 2010. At the same time 5.8 million jobs for those with high school or less have been lost since the recession began.
- In the mid 1970s, less than 30 percent of jobs in America required any education beyond high school; today the majority of U.S. jobs require a postsecondary degree or credential.

<sup>&</sup>lt;sup>5</sup> "College Graduates Lead National Growth Recovery, New Georgetown Study Finds." Lumina Foundation, 8/15/12.



<sup>&</sup>lt;sup>4</sup> "Record Number Complete High School and College." New York Times, 11/6/12.

Yet according to findings of a November 2011 survey of more than 1,000 employers by the Accrediting Council for Independent Colleges and Schools (ACICS), job applicants perform below employers' expectations in all hiring criteria included in the survey (including adaptability and critical thinking). Less than 10% of employers thought colleges do an "excellent" job of preparing students for work. More than half said finding qualified applicants is difficult; nearly 30% said finding the right applicant has grown harder in the past few years. Nearly half of the surveyed employers thought students should receive specific workplace training rather than a more broad-based education."

**Traditional Liberal Education:** A national survey of college graduates released in November 2011 affirms the value of the bricks-and-mortar model of liberal education. The Annapolis Group, which represents 130 private liberal arts colleges, found that among alumni of its member institutions, 77% rate their level of satisfaction with their undergraduate experience as "excellent," compared with 59% among private colleges graduates overall and 56% among graduates of top-ranked public universities. These alumni also were more likely than other graduates to say that their alma mater had prepared them for life after college, including for their first jobs.<sup>7</sup>

**STEM Careers:** The U.S. is suffering from a shortage of applicants in the science, technology, engineering and math fields -- or STEM. This is especially true for non-Asian minorities and low-income students, who are statistically less likely to be exposed to STEM professionals, have access to STEM education and hold STEM jobs. According to a recent study by Change the Equation, a non-profit initiative to improve STEM education in the United States, there are two job openings for every unemployed STEM professional.

A 2011 report <sup>8</sup> from the Department of Commerce projects that STEM jobs will grow by 17 percent by 2018, compared to 9.8 percent for non-STEM occupations.

- Over the past 10 years, growth in STEM jobs was three times as fast as growth in non-STEM jobs. STEM workers are also less likely to experience joblessness than their non-STEM counterparts.
- In 2010, there were 7.6 million STEM workers in the United States, representing about 1 in 18 workers.
- STEM workers command higher wages, earning 26 percent more than their non-STEM counterparts, and overall enjoy higher earnings whether they work in STEM or non-STEM occupations.

<sup>&</sup>lt;sup>8</sup> Economics and Statistics Administration (<a href="http://www.esa.doc.gov">http://www.esa.doc.gov</a>), July 14 2011



<sup>&</sup>lt;sup>6</sup> "Employers Say College Graduates Lack Job Skills," by Lacey Johnson. Chronicle of Higher Education, December 5, 2011

<sup>&</sup>lt;sup>7</sup> "Alumni of Liberal-Arts Colleges See Value in Their Degrees" by Eric Hoover. Inside Higher Ed, November 16, 2011

• More than two-thirds of STEM workers have at least a college degree, compared to less than one-third of non-STEM workers.

### IV. Health Sciences Education and Delivery

Innovations in academic medical centers, schools of health professions and community health systems are aimed at ensuring that new practitioners have the skills needed to provide more patient-centered and community-focused health care through multiple means – increased emphasis on an interprofessional, team-based education for physicians, nurses and other clinicians; curricular topics such as critical thinking/reasoning, geriatrics; a shift to more competency-based assessments; and a focus on more community-based learning to foster social responsibility through service opportunities and earlier introduction of students to patients with the integration of basic and clinical sciences.<sup>9</sup>

Health care is expected to generate more new wage and salary jobs than any other industry between 2008 and 2018. Already the source of 10 of the fastest-growing occupations in the U.S., the sector will add 3.2 million jobs; at 22 percent, the increase in health care employment during 2008-18 will double that predicted for all other industries combined.<sup>10</sup>

Nursing: Despite deep budget cuts and resource restraints in many colleges of nursing, the interest in nursing remains high and so does the job placement rate for new BSN graduates, according to preliminary data in the American Association of Colleges of Nursing (AACN) annual survey released in December 2011. Enrollment in all types of professional registered nursing (RN) programs increased from 2010 to 2011, including a 3.9% increase in entry-level Bachelor of Science in Nursing (BSN) degree programs, according to the annual survey data from 647 of the 840 U.S. nursing schools with baccalaureate and/or graduate programs. With the focus on expanding access to primary care nationwide, many more nurses with doctoral degrees will be needed to provide essential health care services and serve as pivotal members of hospital, outpatient and home health care teams, specifically Advanced Practice Registered Nurses and other specialty roles.

With a strong emphasis on safety in nursing education, a growing body of research has clearly demonstrated that higher levels of RN education are linked to better patient outcomes and lower mortality rates. These advances have been supported by improved technology, such as simulation

<sup>&</sup>lt;sup>11</sup> "New AACN Data Show Significant Enrollment Increases in Baccalaureate, Master's and Doctoral Nursing Degree Programs." American Association of Colleges of Nursing, December 6, 2011.



<sup>&</sup>lt;sup>9</sup> "A Snapshot of Medical Student Education in the United States and Canada." Academic Medicine, September 2010

<sup>&</sup>lt;sup>10</sup> Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics, 2008.

centers using high-tech mannequins to help prepare nurses (and other health care providers) for real-life situations for routine and emergency care in patients of all ages.

Yet bottlenecks continue – and more than 51,000 qualified applications were turned away from 503 entry-level baccalaureate nursing programs in 2011, a number expected to grow before report data is finalized. The primary barriers to accepting all qualified students at nursing colleges and universities continue to be a shortage of clinical placement sites, faculty and funding.

**Allied Health:** Strong forces are converging to make allied health professions among the most opportune career choices for students. The most powerful of these forces – demographics, shifting delivery models and health care reform – also make themselves felt in the educational system that produces pharmacists, physical and occupational therapists and other health care professionals.

As prescription drugs become more complex, and as more people take multiple medications, the potential for dangerous interactions grows and so does the need for pharmacists to involve themselves in patient care – to counsel on the proper use of medication, monitor drug regimens and intervene proactively before harmful drug interactions occur. While fewer pharmacists will be needed in retail settings simply to fill prescriptions, at least six times more will be necessary by 2020 to meet these more complex patient needs within or in support of hospitals. <sup>12</sup> Demand for new drug products resulting from scientific advances and expanded prescription coverage (as well as the needs of an aging population) will continue to spur employment growth for pharmacy.

Among the innovations in the health sciences, the Doctor of Physical Therapy degree (DPT) is now a standard in 86% percent of U.S. programs and will be required by the end of 2015 by the Commission on Accreditation in Physical Therapy Education as the degree to complete such programs, while, despite growth in master's or combined bachelor's/master's programs, only four OTD doctoral programs are credited today in the U.S.

Opportunities for physical therapists should be particularly good in acute hospital, skilled nursing and orthopedic settings, where the elderly – who most need PT services – are most often treated.<sup>14</sup> Factors in the demand equation include: 1) changes to restrictions on reimbursement for PT services by third-party payers, which will increase patient access; 2) medical/technological developments that will increase survival rates among trauma victims and newborns with birth defects and permit the treatment

Bureau of Labor Statistics, U.S. Department of Labor. Physical Therapist Job Outlook, Health Guide USA. Occupational Outlook Handbook, 2010-11 Edition



<sup>&</sup>lt;sup>12</sup> Conference on Professionally Determined Need for Pharmacy Services, Pharmacy Manpower Project, Inc. and University of Maryland School of Pharmacy, Baltimore, MD October 29-31, 2001.

<sup>&</sup>quot;Financing Physical Therapy Doctoral Education: Methods Used by Entry-Level Students and the Financial Impact after Graduation," by Kris Thompson, Jill Coon and Leandrea Handford. Journal of Allied Health, Winter 2011, Vol. 40, No 4.

of previously untreatable disabling conditions; and 3) the federally mandated Individuals with Disabilities Education Act, which guarantees student access to PT and other rehabilitative services. <sup>15</sup> Growing demand for OT professionals will be driven by the increasing number of people with disabilities or limited function at both ends of the age spectrum who require therapy services and by the health reform trend toward more ambulatory and at-home services. <sup>16</sup>

## V. The Umbrella Issue – College Costs

The costs of new technology, growing concerns about affordability and cutting waste are among the issues universities face as they seek to become more efficient and cost-effective and remain available to high-performing students from all walks of life, not simply the elite. Nimble approaches reminiscent of "start-ups" in the business community target pricing, curriculum, governance, facilities, teaching and the academic workforce at existing institutions.<sup>17</sup> This is coupled with demands by consumers and governing boards that higher education become more relevant and market-driven. While the solutions are only beginning, the trends data is evident from numerous perspectives.

**Institutional finances and strategy:** Analyzing these trends, Bain and Company estimated in a provocative report in 2012 that one-third of the institutions have been on an "unsustainable financial path" in recent years, and an additional 28 percent are "at risk of slipping into an unsustainable condition." The report analyzed nearly 1,700 public and private nonprofit colleges. At a surprising number of colleges, operating expenses are rising while available cash is diminishing. Bain and Sterling Partners, a private-equity firm, published their findings on a publicly available interactive Web site that allows users to type in the name of a college and see where it falls on the analysts' nine-part matrix. <sup>18</sup>

Moody's reported that for FY 2013, 18 percent of private university and 15 percent of public universities surveyed project a decline in net tuition revenue and one-third project that net tuition revenue will grow by less than 2 percent or decline, a level below the rate of inflation – and thus impacting the ability to provide salary increases or new program investments without other budget cuts. These percentages are higher than before the 2008 recession. Nearly half of all universities reported lower enrollments for fall 2012, particularly smaller colleges with high tuition dependence, weak selectivity/yield rates and soft regional demographics.<sup>19</sup>

**Northeastern University** is one of a handful of institutions that are radically changing their business models to meet what they see as 21<sup>st</sup> century needs. Northeastern's model builds regional platforms for

Occupational Employment Statistics/Occupational Employment and Wages, U.S. Bureau of Labor Statistics, May 2010.

<sup>&</sup>lt;sup>19</sup> "More US Colleges Face Stagnating Enrollment and Tuition Revenue," Moody's Investors Service, January 2013.



<sup>15</sup> Ibid.

<sup>&</sup>lt;sup>17</sup> "Where Will Innovation Begin?" Chronicle of Higher Education, October 20, 2011.

<sup>&</sup>lt;sup>18</sup> "One-Third of Colleges Are on Financially 'Unsustainable' Path, Bain Study Finds." Chronicle of Higher Education, July 23, 2012.

graduate educational and collaborations between higher education and industry based on a strategy to be visibly part of the community and understand the community with education supplemented by virtual dimensions. The urban Boston University opened its first regional campus in Charlotte, N.C., in 2010 and has scheduled its next opening in Seattle in early 2013.<sup>20</sup>

Programs are "hybrid" – both virtual and classroom, which combines the benefits of face to face instruction with the convenience of online learning. Degrees will be tailored to the demands of the local economy – health informatics in Charlotte, a strong health care center, and information assurance in Seattle, a high-tech zone. In fact, the satellite campus will be across the street from Amazon and its 12,000 workers. Similarly, research partnerships will be based on sustainable impact on the local labor market. Northeastern has been a leader in experiential learning through its co-op program that integrates classroom study with professional experience – and has relationships with more than 2,500 employers, including including Fortune 500 companies, NGOs and other enterprises. Outposts in Silicon Valley, Austin and Minnesota are under discussion. Northeastern has hired 261 tenured and tenure-track professors in the last five years, about twice as many as in the previous five, and plans to add 200 more in the next three years — all of whom will be based at the home campus in Boston and teach the regional programs.<sup>21</sup>

**Tuition, fees and student debt:** According to the National Center for Public Policy and Higher Education, average college tuition and fees soared 440% over the past 25 years – more than quadruple the rate of inflation and almost double the rate of health care costs. Increases in financial aid applications in 2009-10 were reported by 90% of colleges, and 74% reported an increase in the number of students receiving institutional grant aid. This placed greater demand on institutional budgets and fundraising activities in a tough economy. According to the National Association of College Admissions Counseling, 60% of private institutions planned to continue the practice of higher awards in 2010-11 and 53% planned to offer grants to more students.<sup>23</sup>

More than half of the seniors surveyed by the College Board and the Art & Science Group in December 2011 and January 2012 said they had ruled out colleges based on their sticker prices, without considering the availability of financial aid. And 58 percent said they planned to or had applied for aid, while only 7 percent said they could afford go to nearly any school they chose.<sup>24</sup>

<sup>&</sup>lt;sup>24</sup> "Many Prospective Students Are Still Hung Up on Sticker Prices." Chronicle of Higher Education, September 25, 2012.



<sup>&</sup>lt;sup>20</sup> "In Seattle, Virtual University Will Have a Physical Campus, Too." New York Times, October 29, 2012.

 $<sup>^{21}</sup>$  "Joining Trend, College Grows Beyond Name." New York Times, December 27, 2011.

<sup>&</sup>quot;Will Higher Education Be the Next Bubble to Burst?" by Joseph Marr Cronin and Howard E. Horton. Chronicle of Higher Education, March 22, 2009.

<sup>&</sup>lt;sup>23</sup> "Managing the Admissions Challenge," by Scott Jaschik. Inside Higher Ed, September 25, 2009.

The Institute for College Access and Success reports that the average student-loan debt of borrowers in the college class of 2011 rose to about \$26,500, a 5 percent increase from about \$25,350 the previous year. Two-thirds of graduates with a bachelor's degree had loans. The report covered only public and nonprofit colleges, not for-profit colleges in which students are far more likely to borrow more. <sup>25</sup>

The 2012 annual report of the National Survey of Student Engagement (NSSE) found that a majority of students worry about paying for college and as many as 1 in 3 do not buy required academic materials because of the cost. Among the factors impacting students' ability to succeed is the need to work to pay for education. The survey of 285,000 first year students and seniors attending 546 U.S. colleges and universities also affirmed that full-time students working more than 20 hours per week face the greatest financial stress: three in five said that their job interfered with their academic performance, yet just as many had considered working more hours.

**Reevaluating accreditation:** The National Advisory Committee on Institutional Quality and Integrity has been developing recommendations to overhaul the nation's accreditation system and remove what many perceive as barriers to potential aspects of education reform. Among the impacts of accreditation is financial aid – accreditors serve as gatekeepers to an estimated \$150 billion of federal student aid. On recommendation is to decouple accreditation from eligibility for federal student financial aid; another would eliminate the geographical barriers of the six regional accreditors, while still another would propose a tiered system of accreditation, similar to the Carnegie Classifications. <sup>27</sup>

**Less expensive alternatives – online:** The advent of high-quality online learning has produced new, less-expensive institutional alternatives to traditional universities and is demonstrating positive student learning outcomes. Institutions with such competitive online offerings are responding effectively to the national need for increased college participation and completion. Yet the need to balance costs and access is also matched by continuing emphasis on the importance of place-based education fostering liberal arts as an important ingredient in an educated workforce and blended learning environments on these campuses.

More cost-effective online degree programs are also helping improve financial footing while enabling students to take classes at their convenience while earning a degree from a program with the same admission and graduation requirements as its on-campus counterparts. While nearly 12 million post-secondary students in the U.S. take some or all of their classes online, this number is expected to

<sup>&</sup>lt;sup>28</sup> "The Inevitable Change Ahead," by Clayton M. Christensen and Henry J. Eyring." Inside Higher Education, July 14, 2011.



<sup>&</sup>lt;sup>25</sup> Student-Loan Borrowers Average \$26,500 in Debt." New York Times, October 18, 2012.

<sup>&</sup>lt;sup>26</sup> "Promoting Student Learning and Institutional Improvement: Lessons from NSSE at 13—Annual Results 2012," The Carnegie Foundation for the Advancement of Teaching, November 15, 2012.

<sup>&</sup>lt;sup>27</sup> "Advisory Panel Wades into Sticky Accreditation Issues." Chronicle of Higher Education, February 4, 2011.

skyrocket to more than 22 million in the next five years. The trend is already prevalent in K-12 schools as well; before long students who take at least some classes online are expected to outnumber those who take all of their classes in physical classrooms.<sup>29</sup>

In many cases, public universities are leading the charge, and private universities are profiting from the lessons of these early efforts. Considerations for private universities include competition with public universities as well as the demand for ease of educational access by their student markets.

**For-profit colleges:** Enrollments are declining at many for-profit colleges while online courses at traditional universities grow. In October, the University of Phoenix, the nation's largest university, announced it was closing 115 campuses and satellite locations. Enrollment is also down 15 percent at The Washington Post Company's Kaplan University, which is closing 9 campuses, down 21 percent at Career Education Corp., and down 16 percent at ITT Educational Services. This is occurring as for-profit colleges are under increasing government scrutiny. The latest government figures show for-profits have twice the federal student loan default rate of public colleges. These figures also show that while total enrollment in higher ed nationally in fall 2011 fell for the first time in at least 15 years, the overall decline of 0.2 percent was driven by a 2.9 percent drop in the for-profit sector.<sup>30</sup>

## VI. Student Demographics, Enrollment and Success

College enrollments will be more diverse over the next decade, with community colleges and for-profits capturing an ever-larger share of the market. The National Center for Education Statistics projects an overall boom in college enrollment and degree completion through 2020, but who enrolls (and finishes) will vary widely. The numbers are not expected to meet President Obama's ambitious goals to make the U.S. the nation with the highest proportion of college graduates by 2020, which will require 3 to 4% annual growth in the number of degrees awarded by colleges and universities:<sup>31</sup>

- Postsecondary enrollments are expected to rise 13% to 23 million students from 2009 through 2020.
   The average age of students will keep trending higher as people go back to college to obtain additional credentials to advance or change to new careers.
- The "traditional" 18-22 year-old full-time undergraduate student residing on campus *represents little more than 16% of the higher education population in the United States* fewer than three million of the more than 17 million students enrolled today.<sup>32</sup> In 2000, 60% of college students were

<sup>&</sup>lt;sup>32</sup> "Hidden in Plain Sight: Adult Learners Forge a New Tradition in Higher Education," Eduventures, 2006.



<sup>&</sup>lt;sup>29</sup> "Most College Students to Take Classes Online by 2014," by Ambient Insight. Campustechnology.com, October 28, 2009.

<sup>&</sup>lt;sup>30</sup> "Enrollment Declining at For-Profit Colleges," Associated Press, 10/21/12.

<sup>&</sup>lt;sup>31</sup> "Shifts in Politics and Policies Complicate College-Completion Agenda for States. Chronicle of Higher Education, August 14, 2011

ages 18 to 24, and 21.1% were ages 25 to 34. In 2016, 58.8% will be 18 to 24, and 24% will be 25 to 34. From 2007 to 2016, the population of college students ages 18 to 24 will increase by 11.1%, but the population of students ages 25 to 34 will increase by 26.8%.<sup>33</sup>

- The number of **part-time students** will increase more quickly (16%) than the number of full-time students (11%) between 2009 and 2020.
- **Hispanic and Latino enrollments** (46%) will outpace those of other racial groups: 25% for Black and Asian/Pacific Islander students, 1% for White students and a drop of 1% for American Indian or Alaska Native students. Just after 2020, minority students are likely to outnumber whites on college campuses for the first time.
- Women's enrollment will grow by 16% compared with men's by just 8%. By 2020 women will make up 59% of all postsecondary students, up from the current 57.1%.
- The location of a college, and the geographic spread of its influence and recruiting area, will remain significant factors as the Northeastern states will see declines and the number of graduates in the Midwest will fall by about 8 percent by 2014-15 and fluctuate after that. In the West, the peak for high-school graduates was reached in 2009 and a slow decline is forecast until 2014-15. Thereafter, the number of graduates in the West will begin climbing again. The South will be completely different from the rest of the country. The number of graduates will consistently increase, and there will be 9.4 percent more graduates in 2020-21 than in 2008-09.<sup>34</sup>
- The number of foreign students in the U.S. continued to climb, led by Chinese students and reaching more than 723,000 in 2010-2011. These strong increases have significant economic impact on the United States, as international students contribute more than \$21 billion to the U.S. economy, through their expenditures on tuition and living expenses, according to the U.S. Department of Commerce.<sup>35</sup>

#### The Attainment Gap in Colorado

Colorado's new Master Plan for higher education cites a number of critical issues related to costs and student success. <sup>36</sup> While public investment in higher education has shrunk dramatically, tuition and fees have grown, limiting access for lower- and middle-income families. Beyond funding, the report says that too many students are not academically prepared and fail to obtain their college degrees, a situation

<sup>36 &</sup>quot;Colorado Competes: A Completion Agenda for Higher Education." Colorado Commission on Higher Education, October 2012.



<sup>&</sup>lt;sup>33</sup> "The College of 2020: Students." Chronicle of Higher Education Research, June 2009.

<sup>&</sup>lt;sup>34</sup> "The College of 2020: Students," Ibid.

<sup>&</sup>lt;sup>35</sup> Institute of International Education, 2011.

exacerbated for students from traditionally underserved populations. As in all states, this has broad implications for the state's economic future. A 2010 study, The Degree Dividend, identified three chronic challenges: (1) Colorado ranks among the lowest states in the nation in its funding of public institutions of higher education; (2) Colorado has the second largest degree attainment gap in the country (the gap between the educational attainment of white students and of the next largest ethnic group, the Hispanic/Latino population; and (3) While there are nearly 3.3 million adults aged 25 and older in Colorado, 90% have a high school diploma or higher, yet only 37% hold a bachelors degree or higher.

#### **Student Life and Student Success**

Caring for the "whole student" through integrated services linked to student success is a driving force in higher education today, and often student affairs professionals are leading these innovations in partnership with other colleagues in their universities. At Cornell, the office is called Student and Academic Affairs, acknowledging the interrelationship of these aspects of student life. The Vice President's scope includes the Dean of Students, the Registrar, athletics, campus life, career services, health services, residential living-learning communities, a student public service center and other more traditional student activities and support services.

New issues requiring sophisticated multi-faceted approaches constantly develop for student affairs specialists, reinforcing the need to be knowledgeable about all aspects of the student experience, from academic to extracurricular life, and to have the training and experience to develop and model innovative responses. The objective – enabling students to thrive and succeed – positions student affairs professionals firmly in the role of educators.

Although a slightly higher number of college students now graduate in four years' time compared to a decade ago (39% versus 36%), an average of 56.4% of college students now take five years to graduate. The Higher Education Research Institute at UCLA suggests that evaluating a student's likelihood of staying in college and completing a degree earlier than other requires going beyond reviewing SAT scores and high school grade point averages. Key factors include visiting a college before enrolling, participating in clubs and other activities, and using the Internet for research and homework. The university's cost and size also affect student success. <sup>37</sup>

First-generation college students, whose parents do not have degrees, face additional challenges. Often working to put themselves through college and also supporting their families, they have less parental involvement, may have entered college with less academic preparation and study skills and participate in fewer if any extracurricular activities, internships and career networking. Campus resources are vital

Almanac of Higher Education 2011, ibid; "Gazing into Higher Ed's Future." Inside Higher Education, September 22, 2011; and "Keys to College Students" Success Often Overlooked." University Business, December 1, 2011.



to building their social and professional connections.<sup>38</sup>

#### Other trends include:

- (1) The First-Year Experience and increasingly Second-Year Experience continued innovations in structured student support services in the first and second years, regarded as the most vulnerable, both to nurture success and to provide a comprehensive safety net for students at risk for leaving college before completing their degrees.
- (2) One-stop shopping for all student services with an emphasis on customer service including enrollment/admissions, orientation, financial aid, student accounts, mentoring, career counseling, clubs, computers and technology, bookstore and other retail, records and registration, etc.
- (3) Residential facilities with prime emphasis on the common spaces for peer-to-peer interaction in support of the academic mission and informal areas for connecting with others while designing more efficient use of private or shared rooms, suites or apartments.
- (4) Student Engagement a growing body of extensive research over the years about the relationship between student success, the campus environment and the services universities provide. The NSSE report cited above, for example, found that support for learning in college was beneficial regardless of how engaged students had been in high school. Although high school engagement was related to subsequent engagement in college, on average, students who experienced a more supportive campus environment evidenced higher levels of engagement. Numerous retention studies have validated the critical value of student services, particularly for first-generation college students, students working to pay for their education and other categories of students who need additional psychological, academic, financial and social support to complete their degrees.

## VII. Revenue Generation, Research Commercialization and Industry Partnerships

As U.S. businesses continue to face growing global competition and a pressing need for quality products and processes, universities are being challenged to demonstrate value by fueling innovation and educating a future workforce. A McKinsey and Company report – "An Economy That Works: Job Creation and America's Future" – found that the U.S. labor force will grow steadily, reaching 170 million by 2020, but that "too few students will obtain college degrees, too many will have no more than a high-school diploma, and the number of Americans without even a high-school diploma will rise." 39

<sup>&</sup>lt;sup>39</sup> "An Economy That Works: Job Creation and America's Future." McKinsey and Co. Global Institute, June 2011.



<sup>&</sup>lt;sup>38</sup> "First Generation Focus." Inside Higher Ed, March 23, 2012.

Whether as a presidential initiative or an investment strategy, universities are expanding their efforts to address these realities in new ways as never before. Universities and the business community are partnering to shape courses that will better prepare students for this century's workplace, too. The trends strongly support the value of a liberal education along with more professionally focused careers. One example is Con-Agra Foods in Omaha, which recruits humanities students into its IT internship program due to priority needs for critical thinking, leadership and "soft skills." ConAgra IT department interns from the greater metropolitan area include Creighton University and University of Nebraska students majoring in finance, journalism, biology, accounting and marketing. As one official put it, the value is in "smart kids who are going to learn" and students who can analyze information, write and present. The result – a workforce that has the capabilities to adapt to a future of fast-changing technologies.<sup>40</sup>

In another example of collaboration, scientists, economists and others all came to the table last year to tackle MIT's high-priority "Production in the Innovation Economy" project, which, like President Obama's "Advanced Manufacturing Partnership," demonstrates more cross-disciplinary collaboration engaging various universities. 41 42

Capital investment, too, is a way in which higher education is reaching out in the economic development arena. An excellent example is Brown University's new \$45 million Warren Alpert Medical School, now housed in a converted, four-story, 134,000-square-foot costume jewelry factory building that dates to 1928. <sup>43</sup> Opened in August 2011, the new medical school is about a mile from campus in the midst of what's been dubbed the "Knowledge District," a 360-acre area intended to draw high-tech, high-wage jobs to Rhode Island. Neighbors expected to come in soon include toy maker Hasbro and 38 Studios, a video game company started by the former Boston Red Sox pitcher Curt Schilling. Through its Economic Development Corporation, the state gave a \$1.6 million sales tax exemption to Hasbro, which said it would create 284 new full-time jobs, and a \$75 million loan guarantee to 38 Studios, which has promised to bring in 450 new jobs.

## **VIII. Technology for Administration and Teaching**

From student recruitment to teaching and research, administrative systems and fundraising, cost-effective investments in information technology infrastructure are high priority concerns in institutional planning. Trends identified as key drivers of technology adoptions from 2010-15: the ability to work, learn and study whenever and wherever; cloud-based technologies and decentralized IT support;

<sup>&</sup>lt;sup>43</sup> "Brown Opens New Med School Building," by Erika Niedowski. wpri.com, August 16, 2011.



<sup>&</sup>lt;sup>40</sup> "IT Jobs for Non-Techies." Inside Higher Education, December 16, 2011.

<sup>&</sup>lt;sup>41</sup> "Academics Aim to Reinvent Factories." Boston Globe, December 6, 2011.

<sup>&</sup>lt;sup>42</sup> "Obama Calls on University Research to Help Create Manufacturing Jobs." Chronicle of Higher Education, June 24 2011

collaborative work by students; more cross-campus collaboration with faculty and departments – all meaning more interactive classrooms and more information at students' fingertips.

Challenges include how best to apply emerging technologies for student research and problem-based learning, digital media literacy as a key skill in every discipline and the opportunities offered by mobile computing, which is already at the point of critical mass. There is a strong emphasis on creating an IT vision for shaping business and learning applications and a strong trend toward open computing – or purchasing IT resources from a number of vendors, expecting them to work together on systems that are flexible and adaptable enough to meet their needs.

The mobile web is a fact of life at universities now. University Business Magazine's annual "state of the mobile web" survey 44 in 2/12 found that:

- 59 percent of surveyed institutions (total 261) reported having a "mobile solution" (mobile website, accessible website, native mobile device applications, etc.) in place compared to just 37 per cent a year earlier
- The traditional expectation of adopting new online channels without any new budget is still the rule for the majority of "mobile-ready" institutions. However, the share of this no-budget category decreased from 75 percent of the existing mobile web solutions in 2011 to 65 percent in 2012.
- These yearly budgets are still very small, as more than half (57 percent) ranges from a few hundred dollars to \$5,000 and only a third (34 percent) from \$10,000 to \$30,000.
- While internal audiences have been top of mind for mobile web solution designers in higher education, things could change drastically in the future with 90 percent (vs. 86 percent in 2011) of the planned solutions expected to target prospective students. According to a recent Noel-Levitz Trend Report, 52 percent of prospective students have viewed a school's website on a mobile and administrators say that 75 percent of the planned mobile solution should have a clear student recruitment goal.

#### **MOOCs and Dynamic Changes in Online and Blended Education**

The upsurge of MOOCs – massive open online courses – have caused educators, administrators and boards to evaluate more fully the "what, who and how" of online and blended learning. The shifting landscape for learning options has also sent institutions scrambling to come up with solutions to satisfy several trends, from demands for greater access, convenience and completion to greater competitive positioning and recruitment. Some of the major developments in the second half of 2012 include:

Next fall, 10 prominent universities, including Duke, UNC-Chapel Hill and Northwestern, will form a
consortium called Semester Online, offering about 30 online courses to both their students. Their
students' tuition will cover these courses while students elsewhere would have to apply, be

<sup>&</sup>lt;sup>44</sup> "The 2012 State of the Mobile Web in Higher Education." University Business, March 28, 2012.



accepted and pay more than \$4000 per course. Unlike most of the free MOOCs, Semester Online classes will be small and will offer credit. They promise the "most rigorous, live, for-credit online experience ever." Other schools include: Brandeis, Emory, Notre Dame, the University of Rochester, Vanderbilt and Wake Forest. 45

- The American Council on Education (ACE) will examine select Coursera courses for college credit.
   Such a move might improve college affordability for the 2000 institutions that currently accept the recommendations of ACE CREDIT, but it will also raise logistical questions for administrators.
- The rise in MOOCs could bring in new revenues to and heighten the brand recognition of major universities while posing challenges to smaller schools and for-profit colleges, Moody's Investors Service predicts.<sup>47</sup>
- The average student pursuing postsecondary education completely online is a white, 33-year-old woman with a fulltime job and a household income of around \$65,000 per year and she is likely to be studying business the chosen field of 34 percent of students in fully online programs, according to a new surveys. Meanwhile, the market for online higher education aimed at adults may be reaching maturity, according to a report from Eduventures. Thus a better-defined product may be necessary to sustain growth so that online education does not become simply a backup to oncampus classes. Citing survey findings and market data, the report found that 38 percent of prospective adult students prefer to study fully or mostly online, but that remains virtually unchanged since 2006.

## IX. Internal Culture/Workplace

The Chronicle of Higher Education's "Great Colleges to Work For" survey identified 12 features of excellent academic workplaces in four broad areas – leadership (collaborative governance, confidence in senior leadership, supervisor or department-chair relationship), careers (professional career development programs, teaching environment, tenure clarity and process), compensation (compensation and benefits, job satisfaction, respect and appreciation) and the workplace (diversity; facilities, workspace and security; work-life balance).

More than 20,000 faculty and staff at 310 colleges and universities of all sizes and types from across the country assessed their employers in those terms. The top-rated benefits were 1) vacation and personal time off, 2) retirement plans such as 403(b) or 401(k), 3) tuition reimbursement for employees, and 4) medical insurance and tuition reimbursement for family members. One of the highest-scoring statements among employees at colleges recognized as great places to work was, "I understand how my

<sup>&</sup>lt;sup>49</sup> "Mature Market for Higher Ed." Inside Higher Ed, 9/19/12.



<sup>&</sup>lt;sup>45</sup> "University Consortium to Offer Small Online Courses for Credit." The New York Times, 11/16/12.

<sup>&</sup>lt;sup>46</sup> "Managing MOOC Credits." University Business, 11/15/12.

<sup>47 &</sup>quot;MOOCs Could Hurt Smaller and For-Profit Colleges." Chronicle of Higher Education, 9/12/12.

<sup>&</sup>lt;sup>48</sup> "The Online Student." Inside Higher Ed, 7/25/12.

job contributes to this institution's mission." About 57% of employees strongly agreed with that. Another statement that won positive reaction was, "I am given the responsibility and freedom to do my job," with nearly 53% in strong agreement.<sup>50</sup>

## X. Metrics and Accountability

Given the prospect of continuing revenue constraints and the increasing need to prioritize available dollars, the National Governors Association July 2011 report, *Complete to Compete: From Information to Action -Revamping Higher Education Accountability Systems*, also contains important information for private institutions, because metrics are vital to "navigating the convergence of the rising demand for highly educated workers, fiscal constraints, and an influx of new and different students." <sup>51</sup> Cost and ROI are also critical considers when developing a higher education investment strategy, so that, beyond degrees and patents, delivering an educated workforce is the fundamental priority, the report says. Questions to be asked at the university system level – Are we increasing completion? Improving transitions between campuses and systems? Containing or reducing cost per completion? Investing in the right mix of institutions and programs?

The report identifies key metrics to demonstrate efficiency gains that are not achieved at the expense of student learning: direct measures of learning (skill assessments, licensure exams, degree qualifications framework); indirect measures of learning (acceptance rates for graduate education, employer and alumni surveys, placement rates for recent graduates); measure of the learning environment (student surveys, academic audits) and other metrics to consult (workforce projections, credentials awarded, educational attainment, graduation rates, student migration, time and credits to credential, enrollment, enrollment/success in remedial education, transfer rates, state appropriations, tuition revenue,).

## XI. Marketing and Communications

University public relations (PR) offices (also called communications, marketing, information and public affairs) typically offer a broad range of services. Because these services are in great demand throughout the institution, the most successful PR departments are strategic, proactive and collaborative. Traditionally they have been regarded as news bureaus and information processors, rather than strategic partners in an institution's planning, policy and outreach to its various constituencies. According to research by The Napa Group, increasingly this has changed as universities have adopted private-sector business models for their administrative practices and as the complexity of issues has increased the value of senior public relations expertise to institutional management.

<sup>&</sup>quot;Complete to Compete: From Information to Action - Revamping Higher Education Accountability Systems." National Governors Association, July 2011.



<sup>&</sup>lt;sup>50</sup> "Great Colleges Reap the Benefits of Great Workplace Culture." Chronicle of Higher Education, July 24, 2011.

Universities have structured their central communications offices in various ways, and in practice, such offices can be titled according to what makes sense in the institutional context, as long as their roles are understood. Most, however, report directly to the top executive (president, chancellor or CEO) or to a VP who reports to the top executive. In any case, two best practices characterize the most effective PR programs – the chief PR officer has a seat at the strategy table and the relationship between the chief executive and the chief PR officer, wherever this position reports, is vital.

Today's PR programs at colleges and universities, whether public or private and regardless of size, have advanced far beyond the traditional roles of publicity and media relations. The overwhelming changes in higher education in the past few decades have elevated the role of public relations significantly. Along with talents for strategic thinking and analysis, the best PR practitioners are trained to be ever mindful of their various audiences and bring "market reconnaissance" into discussions. With the president as the principal communicator, assisted by the chief PR officer, the institution's senior leadership (VPs, deans and directors) must work together to advance relationships with external and internal constituencies. Failure to do so will send conflicting messages across the institution – and beyond.

## XII. Leadership, Boards and Shared Governance

The impact of changing trends across university structures, academics and governance has become visible in the relationships among leadership groups at several universities. In recent months, activities at both private and public institutions have brought multiple issues to the forefront. Two examples are NYU and St. Louis University. A third is the University of Virginia (see Napa Group whitepaper – *Joint Governance: A Platform for More Aggressive Change in Higher Education*, October 2012). The latest in the NYU situation is summarized below:

### New York University<sup>52</sup>

The faculty of NYU's College of Arts and Sciences, upset by what they regard as years of unilateral decision making by President John Sexton and disregard for faculty concerns, voted 144 to 114 to hold a vote of no confidence in the president in March. This time the provocation is the planned expansion of NYU in Greenwich Village.

Votes of no confidence are a rare, particularly at institutions like NYU, where finances are generally strong, faculty members generally have good salaries and academic freedom, and the institutional outlook is positive. No-confidence votes also have unpredictable effects. Sometimes they contribute to the case for a presidential resignation, as in the case of former Harvard President Lawrence Summers; other times they are ignored by boards, as at Kean University.

<sup>&</sup>lt;sup>52</sup> "Not Your University." Inside Higher Education, 12/19/12.



The NYU situation makes visible the widening gulf between the beliefs of faculty members and administrators – not just at NYU, but across higher education – about how shared governance should be constructed and how it is carried out. The antagonisms are frustrating the types of change that many in higher education say are necessary. Administrators face new demands on their time, such as fundraising, and pressure by boards to enact change quickly during economic difficulty, and on many campuses, faculty members have played key roles in administrative decisions in areas such as the role of technology and development of branch campuses. Other campuses such as Duke, Emory and Saint Louis have or are weathering these challenges. Administrators say the current challenges cause them to question whether the traditional models of shared governance are still viable or whether new models are needed.

#### **Results of AGB Survey of Higher Education Governance**

The Association of Governing Boards of Universities and Colleges (AGB) survey of Higher Education Governance, involving governing boards of over 700 public and independent colleges and universities, finds that further improvement is needed in such areas as risk assessment, board member assessment and board understanding of financial matters. In addition, boards of institutions with larger budgets are more engaged in key areas of board work than are those with smaller budgets.

#### Other findings:

- Board recruitment remains more challenging than it was five years ago for one-fourth to onefifth of boards in view of concerns about increased fundraising expectations and accountability.
- Almost all boards—fully 90 percent—annually assess their presidents. But only 50 percent of boards do a comprehensive presidential assessment every three to five years, as recommended by AGB.
- Approximately one-third of all boards lack some understanding of institutional budgets and the strategic use of resources to achieve priorities.

<sup>&</sup>lt;sup>53</sup> AGB 2011 Survey of Higher Education Governance.





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