Western Academic Leadership Forum

Rapid City, South Dakota

April 21, 2010

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President, Western Interstate Commission for Higher Education (WICHE)

Charting The Future in A Sea of National and International Initiatives

Rough Waters or A Perfect Storm?
Sailing the Turbulent Waters of American Higher Education

So, What of This Voyage?
- Rough Waters
- Perfect Storm

And, what about the vessel, itself?
Sailing the Turbulent Waters of American Higher Education - Pirates, or not?
Sailing the Turbulent Waters of American Higher Education - Hard to Turn Barge
Sailing the Turbulent Waters of American Higher Education - “Luxurious” Cruise Ship - Nice, but not necessary
Sailing the Turbulent Waters of American Higher Education - *DESTROYER*
Sailing the Turbulent Waters of American Higher Education - Tender
Sailing the Turbulent Waters of American Higher Education - *THE CAMPUS AT SEA*
Rough Waters or The Perfect Storm: What Others Are Saying

AASCU’s TOP TEN ISSUES

1. State’s Fiscal Crises
2. President Obama’s American Graduation Initiative
3. Tuition Policy and Prices
4. Enrollment Capacity
5. State Student Aid Programs
6. Federal Focus on Community Colleges
7. Expansion of Statewide Data Systems & New Reporting Metrics
8. Veterans Education
9. College Readiness
10. Teacher Effectiveness
AASCU’s TOP ISSUES Revised

The Fiscal Crisis: State Support, Tuition Policy & Prices, Student Aid

Student Access & Success: Enrollment Capacity, Veterans Education, the Graduation Initiative

Educational Improvement: College Readiness, Focus on Community Colleges, & Teacher Effectiveness

Accountability: Data Systems and Reporting Metrics.
Rough Waters or The Perfect Storm: What Others Are Saying

A World of Change
- Financing the Enterprise
  - Europe and the US – Hurting
  - The Rest – No Problem
- Student Access
  - Asia Expanding
  - Europe Filling Emptying Seats (AEBE)
- Educational Improvement
  - The Bologna Process
  - International Comparisons/ Building the Best
- Accountability
  - OECD Comparisons
Rough Waters or The Perfect Storm: From The WICHE Perspective

- Wave One: Our Economic Competitiveness
- Wave Two: Who We Are – Can We Be Competitive
- Wave Three: What We Have in Resources
The Liberal Borrowings

- **Knocking on the College Door** (WICHE)
- **Beyond Social Justice** (WICHE)
The Converging Waves

Wave One: Our Economic Competitiveness

Wave Two: Who We Are – Can We Be Competitive

Wave Three: What We Have in Resources
Relationship Between Educational Attainment, Personal Income, and Economic Strength

State New Economy Index (2002)

- **Top Tier**
- **Middle Tier**
- **Low Tier**

Source: NCHEMS
Percent of Population Ages 25-64 with a Bachelor’s Degree or Higher

Source: U.S. Census Bureau, 2007 American Community Survey. Via NCHEMS
Percent of Population Ages 25-64 with an Associate Degree

Source: U.S. Census Bureau, 2007 American Community Survey. Via NCHEMS
States Per Capita Income, 2007

Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce Via NCHEMS
Differences in College Attainment (Associate and Higher) Between Younger and Older Adults - U.S. and OECD Countries, 2005

The White Caps on the First Wave

- We’ve Been A Leader
- But Slip-Sliding Away
  - Losing Ground:
    - The West is the U.S. Problem
    - Falling Internationally

Public Policy Response
- On the One Hand
  - Question the data
  - Fight for Immigration Reform (Less and More)
- On the Other Hand
  - The President’s Graduation Initiative
The Converging Waves

Wave One: Our Economic Competitiveness

Wave Two: Who We Are – Can We Be Competitive

Wave Three: What We Have in Resources
Figure 3.9. Public High School Graduates in the West by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Figure 3.15. Public High School Graduates in the South by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Figure 3.11. Public High School Graduates in the Midwest by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Figure 3.13. Public High School Graduates in the Northeast by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

High School Graduation Rates - Public High School Graduates as a Percent of 9th Graders Four Years Earlier, 2006

Source: Tom Mortenson, Postsecondary Opportunity Via NCHEMS
College-Going Rates – First-Time Freshmen Directly Out of High School as a Percent of Recent High School Graduates, 2006

Source: Tom Mortenson, Postsecondary Opportunity Via NCHEMS
Difference in Education Attainment Between Whites and Hispanics (2006, Percent)

Source: U.S. Census Bureau, 2006 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File. Via NCHEMS
Difference Between Whites and Next Largest Race/Ethnic Group in Percentage of Adults Age 25-34 with an Associate Degree or Higher, 2000

Source: U.S. Census Bureau, PUMS (based on 2000 Census), Via NCHEMS
Patterns of U.S. High School and College Participation and Completion by Age (Average Annual from 2005 to 2007)

High School Participation
- Earn High School Diploma or Equivalent – Levels off at Age 21

Undergraduate College Participation – Peaks at Age 19, Levels off at Age 30

Complete Undergraduate College Degree – Peaks and Levels off at Age 31

Not Much Happens After the Age of 24

We are left with 13 percent of adults with no high school diploma, and 60 percent with no college degree.

Note: Includes associate and bachelor’s degrees, but not certificates.
Source: U.S. Census Bureau, 2005-07 American Community Survey (Public Use Microdata Sample)
Those with whom we have succeeded are declining
Those with whom we have not succeeded are increasing
“Average” won’t sustain us, and may not even be achievable
The White Caps on the Second Wave

Public Policy Response
- Mission Creep
  - More focus on research
  - More focus on the highest achieving
    - Merit aid (institutional and state policy)
    - Enrolment caps, allowing creaming
- Challenges to affirmative action
- Relative comfort with the status quo
  - Not Our Fault
    - Students for not being white and bright
    - States for not being supportive
    - Feds for not providing even more
The Converging Waves

Wave One: Our Economic Competitiveness

Wave Two: Who We Are – Can We Be Competitive

Wave Three: What We Have in Resources
Life could have been worse


Note: Net tuition revenue used for capital debt service is included in the above figures. All figures are adjusted by SHEEO Higher Education Cost Adjustment (HECA).

Source: SHEEO, SHEF 2008
Revenues Per Student from Net Tuition, State, & Local Appropriations Public Research

Revenues Per Student from Net Tuition, State, & Local Appropriations Public Masters and Baccalaureate

Revenues Per Student from Net Tuition, State, & Local Appropriations Public 2-Year

<table>
<thead>
<tr>
<th>State</th>
<th>Revenues Per Student</th>
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Prospects look bleak for much more in the short term
New Normal suggests a very different future than past.
Triage often sacrifices the most vulnerable
The White Caps on the Third Wave

- And the Perverse Public Policy Response
  - A stimulus package that discouraged innovation and change
  - A funding structure that inadequately supports equity oriented institutions
  - Mission creep, which reduces teaching productivity
  - A few cuts in need-based aid (Illinois)
  - Tax cuts
The Western story – *Three Huge Converging Waves* -- *The Makings of A Perfect Storm*

- Demographics present a challenge, all else being equal

- The finances are perilous

- We have been educationally competitive, which has made us economically competitive and comparative just, but:
  - Were slipping
  - And the good life has not been equitably distributed
  - Public Policy inconsistent with the times or their needs
An Alternative Western Story – Three Real Opportunities

Opportunity One: Our Economic Competitiveness

Opportunity Two: Our Changing Demographics

Opportunity Three: Our Revenue Base
Opportunity One: Our Economic Competitiveness

- We remain the wealthiest country in the World. Most States have “the financial capacity”
- Some Positive Policy Trends
  - Benchmarking to Global Indexes
Opportunity Two: Our Changing Demographics

- We start from a reasonably successful base, over all.

- Improvements in serving students of color, particularly Hispanic students, will reap huge benefits.
Opportunity Two: Our Changing Demographics

- Positive Policy Trends
  - Pay for Outcomes
    - Evidence based
    - Many focused on reducing the Gaps
  - Renewed focus on smart need-based student financial aid
    - Preservation
    - New Initiatives
  - Less is More in the Curriculum
  - Reinvention of Remediation (CAT)
  - Broader adoption of the Equity Scorecard
  - Federal Initiatives – SAFRA & AGI
Opportunity Two: Our Changing Demographics

- Positive Policy Trends
  - For Adult Students
  - More flexible financing
    - Amnesty
    - Payment plans
    - Tailored financial aid (Arkansas)
- Concierge Service
Opportunity Three: Our revenue base

- Seems Dire
- And Is Daunting
- But reason for optimism
  - Room for improvement in productivity
Productivity: Total Funding per Degree/Certificate (Weighted*, 2006-2007)

*Adjusted for value of degrees in the state employment market (median earnings by degree type and level)

Sources: SHEEO State Higher Education Finance Survey 2008; NCES, IPEDS Completions Survey; U.S. Census Bureau, American Community Survey (Public Use Microdata Samples)
Opportunity Three: Our revenue base

- Seems Dire
- And Is Daunting
- But reason for optimism
  - Room for improvement in productivity
  - Capacity in many states
State Tax Capacity & Effort
Indexed to U.S. Average

State Tax Capacity (Total Taxable Resources Per Capita)

State Tax Effort (Effective Tax Rate)

Source: State Higher Education Executive Officers (SHEEO)
Opportunity Three: Our revenue base

- Seems Dire
- And Is Daunting
- But reason for optimism
  - Room for improvement in productivity
  - Capacity in many states
  - And only way to progress is to embrace the equity agenda – Beyond Social Justice
The Alternative Western Story –
Three Real Opportunities

Opportunity One: Our Economic Competitiveness

Opportunity Two: Our Changing Demographics
- We start from a reasonably successful base, over all
- Improvements in serving Hispanic students will reap huge benefits

Opportunity Three: Our Revenue Base
- Productivity enhancements will be key to equity enhancements
- Many States & Feds have the capacity if it can develop the Will
- Feds will need to target funding to help those at capacity today.
That’s all there is; there is no more.

Enough Already