NWAF Annual Conference
April 28, 2006

David Longanecker
Executive Director,
Western Interstate Commission for Higher Education (WICHE)
www.wiche.edu

The Seven Wonders of Higher Education in the West
Western Wonders

#1

Montana State University
Western Wonders

The Great Land-Grant College Movement
Western Wonders

#3

The Great American Invention – The Community College
Western Wonders

The Diversity of our wonderful American version of Higher Education
Western Wonders

#5

Virtual Higher Education
Western Wonders

#6

Intercollegiate Athletics
Western Wonders

#7

The Great Research Engine
Wonder I: I wonder if states - if NWAF States - will be able to afford higher education as a "Public Good"?

- Higher Education’s “legitimate” hyper-inflationary cost structure.
  - HEPI and HECA both exceed CPI
    - High skill/high wage industry
    - The bleeding edge argument

- The demand function
  - All else being equal,
    - Will see substantial growth, on average, and
    - Exceptional growth, in specific areas
Demographic growth will range from a wish, to manageable, to a challenge.
Wonder I: I wonder if State Government is capable of supporting this as a public good?

- Can we afford this?
Total Educational Funding per FTE, Percent Change by State, FY 1991-2004

Notes: Total Educational Funding is the sum of Educational Appropriations plus Net Tuition Revenue. Constant 2004 dollars adjusted by SHEEO HECA.

Source: SHEEO SHEF
Recent History Is Not The Same

**Figure 6**

Public Higher Education Appropriations per FTE
Percent Change by State, Fiscal 2001-2005

Source: SHEEO SHEF
The Recent Decline in Funding

State appropriations per FTE for the region fell below the U.S. average appropriation until FY 2003 and FY 2004.

Source: WICHE Benchmarks
The Financing Context: Structural Deficits for Everyone

State and local surplus or shortfall as a percent of baseline revenues

Source: National Center for Higher Education Management Systems (NCHEMS)
Wonder I: I wonder if State Government is capable of supporting this as a public good?

- Can we afford this?
- In triage, do we let “the market” deal with higher education?
- Are there “more efficient” means to building a high-skill/high-wage workforce?
Wonder II: I wonder if folks will be able to afford college?

- The Pessimists’ View:
  - As reflected in *Measuring Up 2004*
    - Most states deserve “F” on affordability
  - We’re losing ground
    - Tuition is up
Tuition and fee revenues in the West accounted for 26.6% of total revenue from appropriations and tuition and fees in 2004 compared to 21.9% five years earlier.

Source: WICHE Benchmarks
The share of household income that goes to tuition and fees has increased dramatically over the past decade.

Source: WICHE Benchmarks
Wonder II: I wonder if folks will be able to afford college?

- The Optimists’ View:
  - Maybe this is an appropriate *market correction*.
    - ROI for individual is substantial
    - Demand has not eroded
  - And, maybe the increases aren’t really increases.
    - Some research shows not much change (Mundel, McPherson & Shapiro)
    - Most research ignores some resources (ie. Tax credits).
  - Three years don’t make a trend (especially when they are unique years.)
Wonder II: I wonder if folks will be able to afford college?

- The Optimists’ View: The West Is Comparatively Good
  - 2 Year Rates in 2004-2005
    - WICHE: 2,028
    - U.S.: 2,076
  - 4 Year Tuition & Fees
    - WICHE: 3,673
    - U.S.: 5,132
Mixed Signals on Financial Aid

Figure 10: State-need based grant aid per FTE has increased in the region and the nation over the past year.

Source: WICHE Benchmarks
Wonder III: I wonder if American higher education is capable of increasing productivity & effectiveness?

- Strategy of recent past & near future – Community Colleges
  - Effective at cost shifting
  - Less effective at productivity

- Technology as the Answer
  - Yes, as a part of the solution
    - The Pew Center for Academic Transformation
    - Great promise for remediation
    - Expands both access and convenience
  - No, not the whole answer
    - Not a cheap fix, if done right
    - The collegiate experience is still desired (and not just by the well to do)
Wonder III (continued): Can American higher education change enough to stay contemporary?

- Mission Creep
  - Disease?
  - Or inevitable “advancement”?

- Who’s The Culprit
  - Leaders who want to make a difference
  - Communities – build it and they will come
  - State Government – mine is better than yours
Wonder IV: I wonder if we add advantage or simply filter some folk out?

- Graduation Rates (Percentages) – 2003
  2 Yr  4 Yr  Doc

  WICHE       28.8  39.5  59.9
  US          23.1  41.9  59.5
Wonder V: I wonder if we’re doing a good enough job?

- “American Higher Education is the envy of the world.”
- Evidence today – on dual dimensions of quality
  - On quality of the product
    - Instruction
      - We simply don’t know – don’t measure comparative student learning
    - On throughput, we stink
  - On Research
    - Still the Best
    - But also the target (China, Korea, England, Canada, etc. have ambitious goals)
Percent of Adults with an Associate or Higher Degree

OECD Countries

Source: Organisation of Economic Cooperation and Development, American Community Survey. Derived from NCHEMS
How do the numbers compare?

College graduates this past year:

- **Total college graduates**
  - U.S.: 1.3 million
  - India: 3.1 million
  - China: 3.3 million

- **Engineering Graduates**
  - U.S.: 70,000
  - India: 350,000
  - China: 600,000

Source: Geoffrey Colvin, Fortune Magazine, July 20, 2005; via SHEEO
Wonder V (continued): Are we doing good enough?

Our Challenge

- Status Quo won’t do in a global economy and world
- “Essentialist” philosophy
  - Requires educating more, and more difficult to educate, and doing so better.
- And, that will require PUBLIC resources
Wonder VI: I wonder how we’ll know whether we are accomplishing our objectives or not?

- Accountability is key, but not well done today
  - Institutions as the problem
    - Confuse data for information
    - Confuse reporting with performance
    - Don’t like pay for performance (except enrollment)
  - Policy-Makers as the problem
    - Enamored of process factors, not outcomes
    - Lack data bases to support an outcomes based accountability system.
- Promising activities
  - SHEEO National Commission on Accountability
  - Prospects of a National Student Record Data Base
  - NCPPHE Report on Measuring Student Learning
  - Secretary Spellings National Commission
Wonder VII: I wonder if quality and equality are compatible public policies for higher education?

- What do you think?
- Are we up to the task?
- And what if we aren’t?