

HOUSE COMMITTEE ON HIGHER EDUCATION, INNOVATION AND WORKFORCE DEVELOPMENT

ANALYZING, INTERPRETING & UNDERSTANDING COLLEGE COSTS

February 4th Committee Hearing



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ANALYZING, INTERPRETING & UNDERSTANDING COLLEGE COST DRIVERS

OUTLINE OF PRESENTATION

- American Higher Education: A Brief Environmental Scan
- Media Impact
- Concentrated Focus on Cost Drivers
- Governance Challenges
- Specific Examples of Requested Metrics
- Q&A



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MOODY'S 2015 OUTLOOK – US HIGHER EDUCATION

Slow Tuition Growth Supports Negative Outlook

- Net tuition growth for 4-year colleges will be the weakest in over a decade.
- Low revenue growth + mounting expenses = weaker operating performance.
- "However, against the backdrop of challenging business conditions, there are signs of emerging stability, including overall strong student demand and balance-sheet strengthening...But because most colleges rely heavily on student charges, net tuition growth matching the pace of industry inflation would be necessary for a stable outlook."



FOCUS

- The focus of this discussion: the current environment, the why, when and how change is occurring in an industry that is virtually unaccustomed to change.
- ...And has been like that for centuries



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THE ROAD SIGNS OF CHANGE



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MEDIA MANIA

- New words defining American Higher Education, courtesy of the Public Media:
 - Affordability, attainment, accountability, collaboration, debt, defaults, disruption, transformation, equalizer, scorecards, metrics, transparency, regulations, MOOCS, 40-40-20, productivity, mergers and acquisitions, and myriad other terms connecting the public interest to H.E.



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COST DRIVER 1:

Federal Regulations, Reporting & Compliance

- Accountability for \$166 billion
- Graduation Rates
- Debt/Default Metrics
- Employment
- Title IX & Sexual Assault
- Accreditation
- Score Card



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OTHER COST DRIVERS

- Marketing
- Security
- Litigation
- Student Services
- Athletics
- Technology



WHAT ABOUT INSTRUCTION?

- No real change between 1994 and 2009
- But some say there should have been



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DEMOGRAPHICS:

10 YEARS

- More part-time
- More asynchronous scheduling (on-line)
- More underrepresented minority students
- More lower income students
- More older students
- More mergers/acquisitions/partnerships
- More time from enrollment to graduation



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DATA ANALYTICS

- Student Level Data Base
- Privacy Concerns
- Personal Achievement Records
- Access, Affordability, Graduation, Employment



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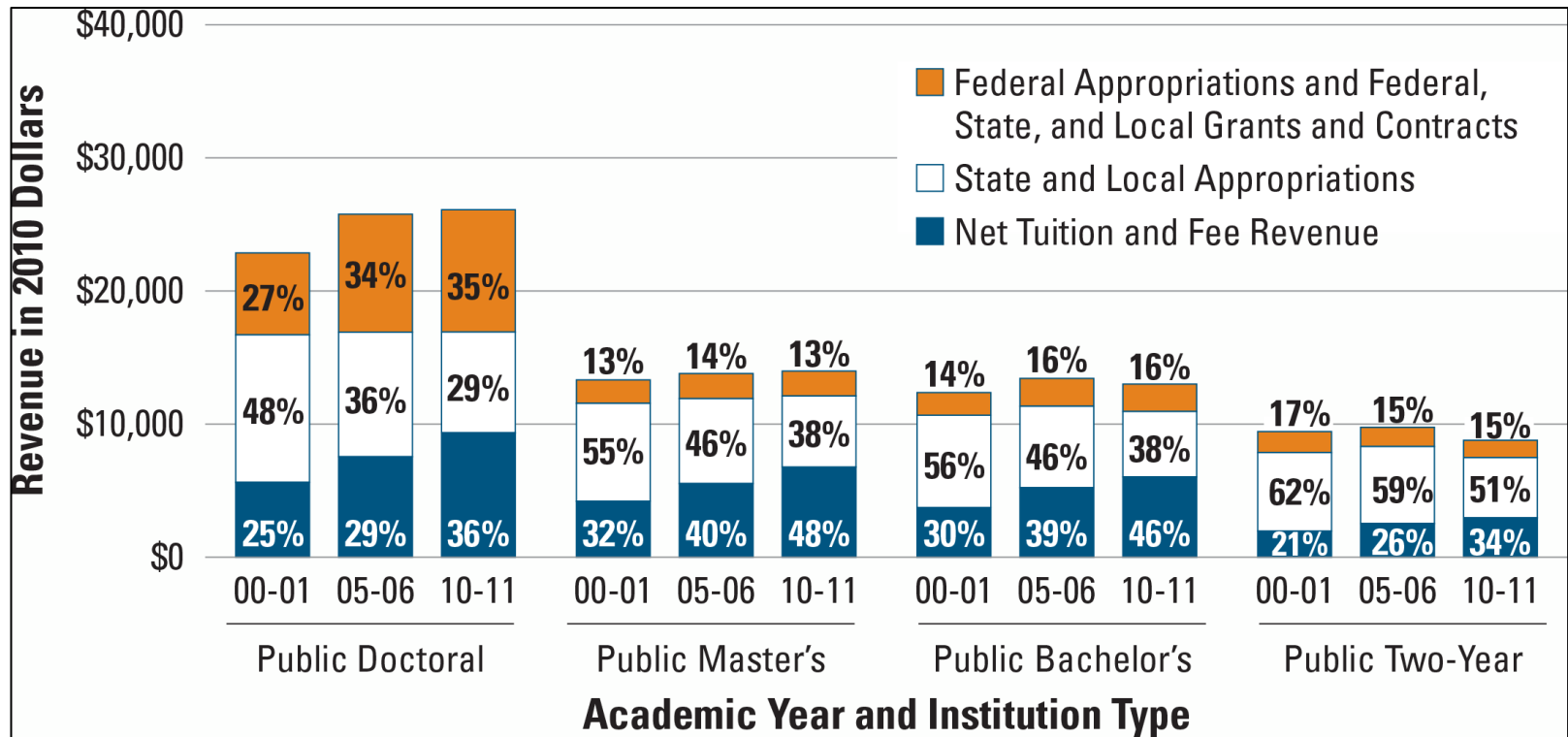
TUITION

- For over 2 decades average tuition has increased more than CPI
- And more than family income
- Tuition shouldering more of the load
- But all nonprofit colleges and universities subsidize students

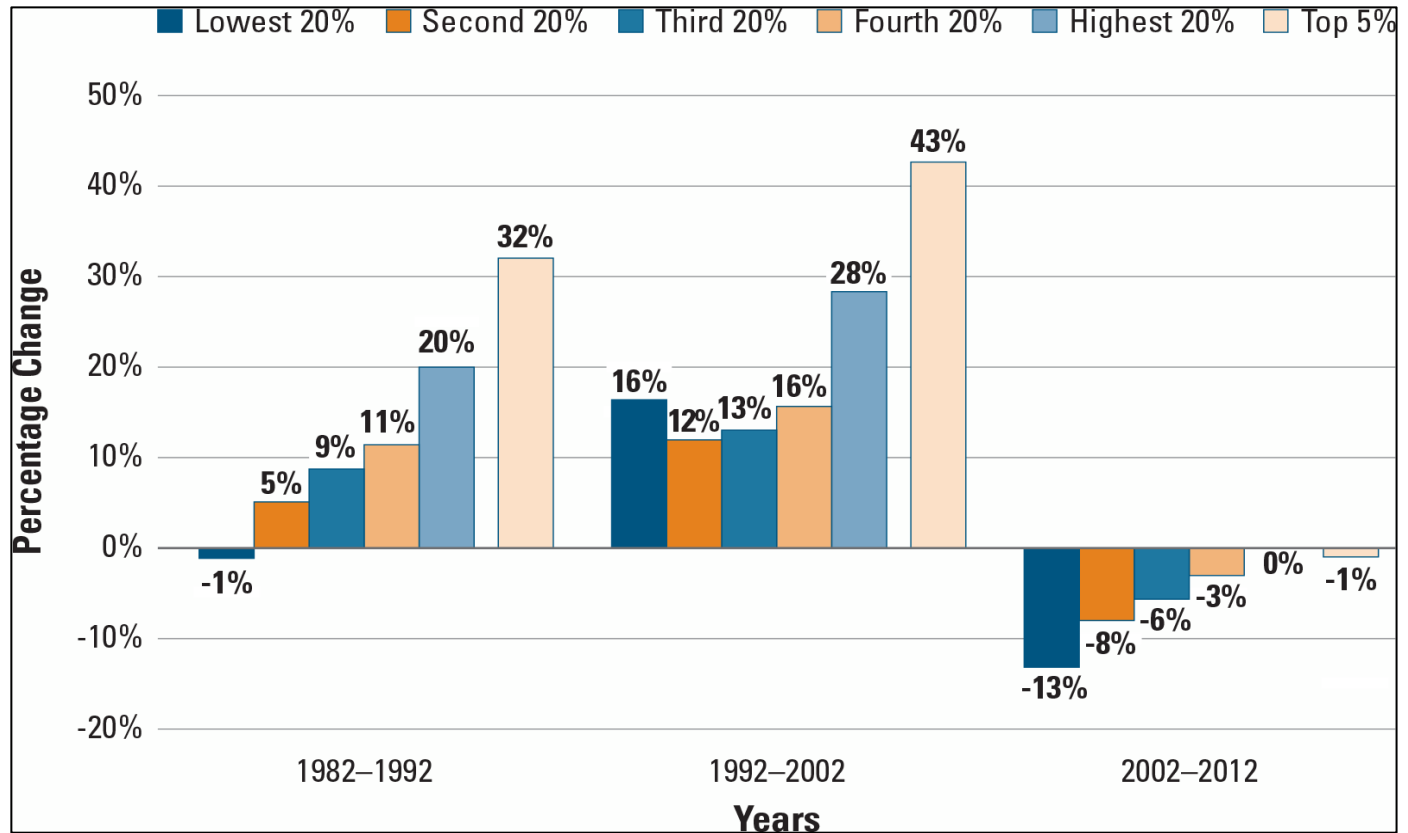


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INSTITUTIONAL REVENUES PER FULL-TIME EQUIVALENT (FTE) STUDENT IN 2010 DOLLARS AT PUBLIC INSTITUTIONS BY REVENUE SOURCE, 2000-2001, TO 2010-2011, SELECTED YEARS



PERCENTAGE CHANGE IN INFLATION ADJUSTED MEAN INCOME BY QUINTILE, 1982-1992, 1992-2002 & 2002-2012



AFFORDABILITY CHALLENGE

- Affordability and the need for revenue growth are in conflict
- Constraints on tuition growth can't be achieved without confronting costs
- The majority of costs are compensation



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DO WE THINK THIS IS POSSIBLE?

INSIDE HIGHER ED

% saying these strategies are
important to increase revenue in the

Reducing the discount rate	83%
Retaining current students	98%
Recruiting more out of state students	87%
Recruiting more international students	78%
Developing / expanding on-line programs	82%
Investing in more fund-raising activities	90%
Increasing the endowment	97%



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GOVERNANCE

Leadership On and Off the Campus

- Changing Demands on Presidents
- \$ Raising
- Strategic Positioning
- Learnable Moments
- Communication Under the Ivy-Covered Walls



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GOVERNANCE

Presidents & Shared Governance

- Alignment
- Accountability
- Innovation: Initiating v. Evaluating



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PROFILE OF ALLIANCE STUDENTS

- 43% from Oregon
- 19% of Oregon undergraduate enrollment
- 23% of all baccalaureate degrees granted in Oregon
- 32% Pell Grant eligible
- 92% of Freshman enrolling full-time receive financial aid
- 21% of STEM undergraduate degrees



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PROFILE OF ALLIANCE GRADUATES

- 49% stay in Oregon
- Workforce Contribution
 - Undergraduate Degrees
 - 30% of Math
 - 37% of Physical Sciences
 - 58% of Nursing
 - 27% of Public Administration & Social Service
 - Graduate Degrees
 - 49% of Health Professions
 - 61% of MBAs
 - 93% of Rehabilitation & Therapeutic Professions
 - 57% of Education



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EFFICIENCY OF ALLIANCE INSTITUTIONS

- Oregon Opportunity Grant Recipients
 - Income eligible students who began 2006 shared identical graduation rates with general population
- Time to Degree – OOG Recipients
 - 56% graduate within 4 years
 - 64% graduate within 6 years
- Time to Degree – General Population
 - 60% graduate within 4 years
 - 68% graduate within 6 years



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CLASS SIZE

- Many institutions participate in the voluntary Common Data Set, which is the source of the information below

UNDERGRADUATE CLASS SECTION SIZES

	2-9	10-19	20-29	30-39	40-49	50-99	100+	TOTAL
Total Classes	435	729	637	298	80	33	3	2212
Percent of Total	20%	33%	29%	13%	4%	1%	0%	100%

5 Institutions, Aggregated

- Median student to faculty ratio is 12:1, with range from 6:1 to 34:1



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AFFORDABILITY

- Fund student aid through tuition discounting
- Average discount for tuition is approximately 42%
- Student aid packages typically include some on-campus work study
- Multiple other sources of grant aid



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AFFORDABILITY II

- Student Debt
- National Challenge

NSLDS 3-Year Default Rates

	FY 2010 Cohort	FY 2011 Cohort
National	14.6	13.7
Oregon	14.8	14.3
Alliance	4.5	3.6

- Average student debt at Alliance Institutions
 - C. \$28,500
- Sweat Equity
- Matched College Savings Plan



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Q&A



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