Portland State University Board Retreat

February 2, 2018
The National Landscape (2018)

Trust

Higher Education’s Value Proposition

Campus Activism

Broken Business Models
Trust and the Value Proposition

Skepticism continues to mount about the fundamental value of higher education

• Increasing questions about cost and return on investment
• Not a welcoming environment for conservative thinking
• “Americans Losing Faith in College Degrees, Poll Finds” is just one of many headlines.
Examples from Recent Public Opinion Polls

- **Pew Research, 2017**: 58% of Republicans and Republican-leaning independents now say that colleges and universities have a *negative effect* on the country, up from 45% last year.

- **New America, 2017**: Only 25% of respondents believe that higher education is fine the way it is, and only 3% of Millennials (ages 23-37) believe the same.

- **Wall Street Journal/NBC News, 2017**: Just 49% of Americans believe a four-year degree will lead to a good job and higher lifetime earnings, compared with 47% who do not believe this. Among Americans without a college degree, only 40% believe that a four-year degree is worth the cost.
“The findings reflect an increase in public skepticism of higher education from just four years ago and highlight a growing divide in opinion falling along gender, educational, regional and partisan lines.”

*Wall Street Journal, September 7, 2017*
Need for Informed Advocates

Some skeptics are reaching conclusions based on anecdotes.

• A different story emerges when considering the facts.
• That story needs to be told and re-told by stakeholders and supporters of higher education as critical to the health and economic well-being of our country.

What are the facts?
A college degree leads to upward mobility

According to a study published by Pew, 84% of students whose parents were in the poorest quintile were able to better their socioeconomic situation once they earned a bachelor’s degree.

The Guardians Initiative: Reclaiming the Public Trust™

www.agb.org/Guardians
COLLEGE GRADUATES...

Make over $17,000 more annually than high school graduates, and on average, an additional $625,000 in earnings over a lifetime.

Are less likely to smoke, more likely to exercise, and report higher levels of health and happiness than those without a degree.

Contribute 91% more to society in the form of federal, state, and local taxes than high school graduates.

Are more likely to be civically engaged and to serve as leaders in their communities.

The Guardians Initiative:
Reclaiming the Public Trust™

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A COLLEGE DEGREE helps you weather economic downturns.

During the Great Recession, peak unemployment for college graduates was 4.7%. For high school grads, it was 10.3%.

As the economy recovers, 99% of the 11.6 million new jobs have gone to workers with at least some college education.

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The Guardians Initiative (AGB)

Designed to educate and engage board members to become advocates.

Governing and foundation boards and alumni can play a key role.

• They need appropriate information to become effective advocates.
• [www.agb.org/Guardians](http://www.agb.org/Guardians)
Our Value Proposition (Summary)

Higher education is a public good, worthy of public support.

• Universities provide great value to society.
• Universities are significant economic engines locally and nationally
• Success of our democracy depends on educated citizens.
• More education = higher wages, better health outcomes, more likely to be civically engaged...
Our Value Proposition

Criticism continues

• Public understanding about higher education's legitimate challenges and contributions is often lacking;
• There is less and less willingness to hear cogent, fact-based arguments;
• There is an urgent need to reassert the fundamental value of higher education.
Our Students --- Demographic Shifts

Nationally, there is a shrinking pool of high school graduates

- Record high school graduating class in 2013—followed by 10-year decline
- Midwest and northeast particularly hard hit
- Growth in graduates will look very different in the future
  - More ethnically diverse
  - More socioeconomically challenged
  - Even more first generation
Demographic Shifts --- Implications

What we see already:

• Intense competition to recruit and retain
• Different backgrounds require new support systems
  • Technology-driven recruitment, enrollment and student success strategies
  • Predictive/data analytics will drive all of our processes
• Financial aid policies may not be well aligned with new realities
• Raising tuition may not be possible and will not be the answer
Our Changing Campus and Community Cultures

Campus Activism
• Not since the 1960’s have we seen student activism as we are experiencing today
• Complicating this are external forces coming to our campuses/communities, much like in the ‘60’s

Issues Driving Activists
• Free speech
• Racial tensions
• #MeToo
“For several generations, American colleges and universities have charged less—substantially less in some sectors of higher education—than what it costs those institutions to educate students.”

“We have not been transparent about how we price and how we cover our costs.”

*From the Guardians Initiative*
Public Opinion and Rising Costs

Why are prices rising?

What are the complexities about pricing?

• Tuition payments make up only a fraction of operating revenues.
• The amount paid is less than what is expended to educate.
• Other sources make up the difference; these subsidies are not well understood.

From the Guardians Initiative
Financial Challenges

Traditional revenue streams are contracting
- Costs continue to rise; need for cost containment
- Need to further diversify revenue streams

Shrinking and fiscally weaker middle class

Public is focused on affordability

Many uncertainties
- endowment returns,
- pension liabilities,
- federal funding ....
Other Challenges to Our Business

Information technology, digital access
- Predictive analytics
- Text book replacement by open resources
- Online learning

Expanded student services
- Mental health issues
- Non-traditional students

Changing faculty composition
- Challenges to tenure
- Contingent faculty
Challenges (continued)

Entrepreneurship and innovation
  • For students and faculty

More and better partnerships/collaborations
  • With local community
  • Corporate and non-profits

Academic mission vs. job preparation
  • Growing/continuing tension
  • Student/parent expectations
  • Employer expectations
The Reality

• Cost of attendance is not as high as many believe
• Value of a post-secondary credential has never been higher (as reflected by the record number of young adults enrolling)
• Universities are highly complex from a business perspective, for understandable reasons, and traditional business models may no longer work
• Reforms are being implemented to improve cost transparency and maintain affordability
• We must begin to rebuild trust!