Education Advisory Board

Future Students, Future Revenues

Creating a Principled and Sustainable Enrollment Strategy

Stephen F. Austin State University

March 5, 2014

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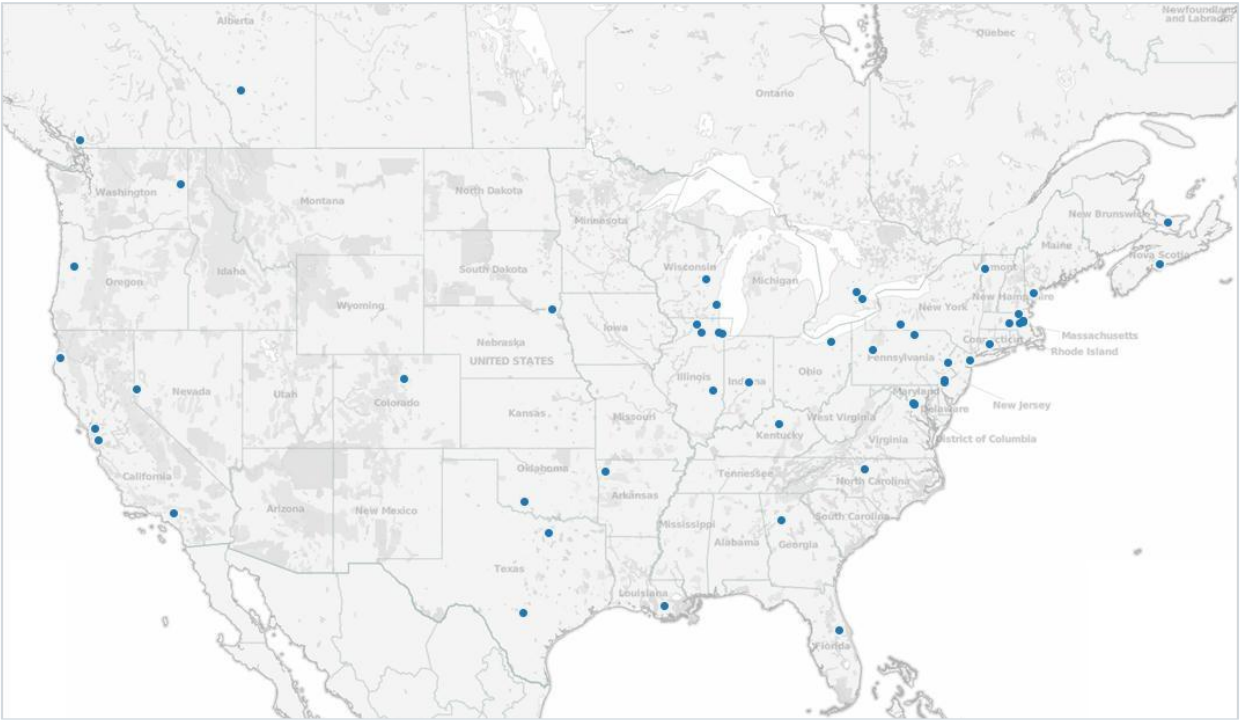
Education Advisory Board

The EAB "MOOC Mania" Tour

The Hottest Topic on Campuses Across North America



Source: Education Advisory Board interviews and analysis.

The Bigger Issues Behind "MOOC Mania"

Critical Strategic Concerns for Institutional Leadership

The Current MOOC Debate

Governors
"Can we use MOOCs as low cost alternatives?"

Administrators
"Will we fall behind if we don't do a MOOC?"

Boards
"Will students abandon us for MOOCs?"

Faculty
"Will MOOCs make us expendable?

The True Agenda

1 Sustaining Tuition Revenue

- Declining public funding
- New student markets
- Evolving student preferences
- Challenges to affordability
- New types of competitors
- Student success challenges

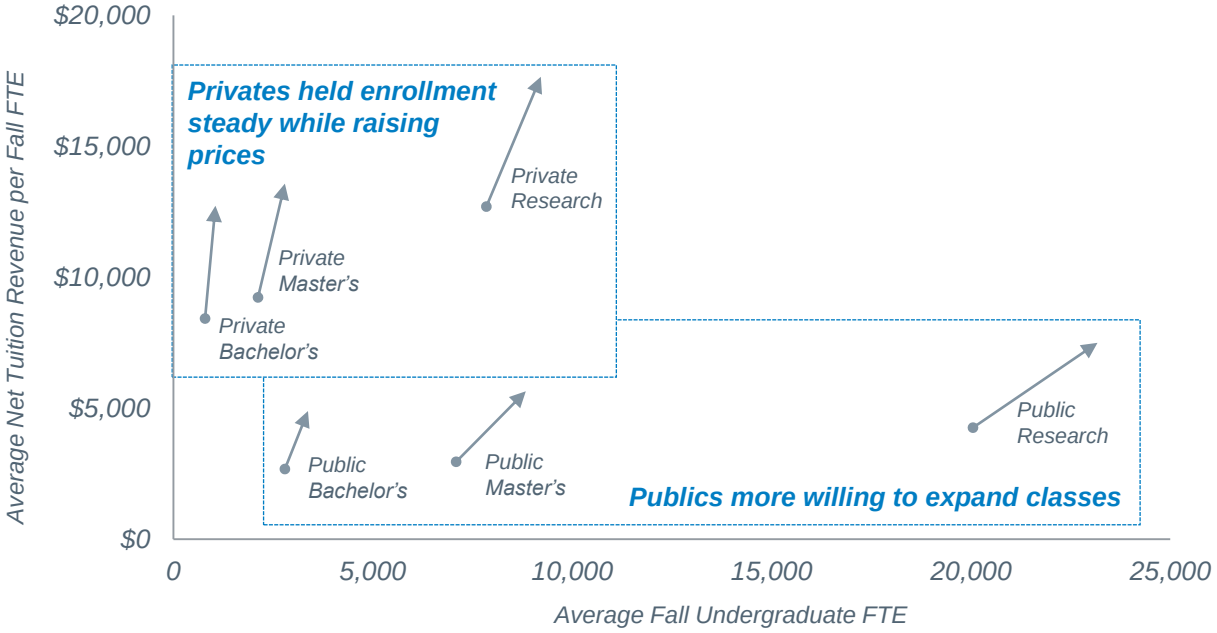
2 Building an Online Strategy

- Innovative program designs
- Improved instructional quality
- Economies of scale
- Regulatory risk
- Faculty development
- Student support services

A Good Run While It Lasted

Privates Leveraged Price, Publics Expanded Headcount

Growth in FTE Enrollment and Net Tuition Revenue Per FTE, 2002-2010

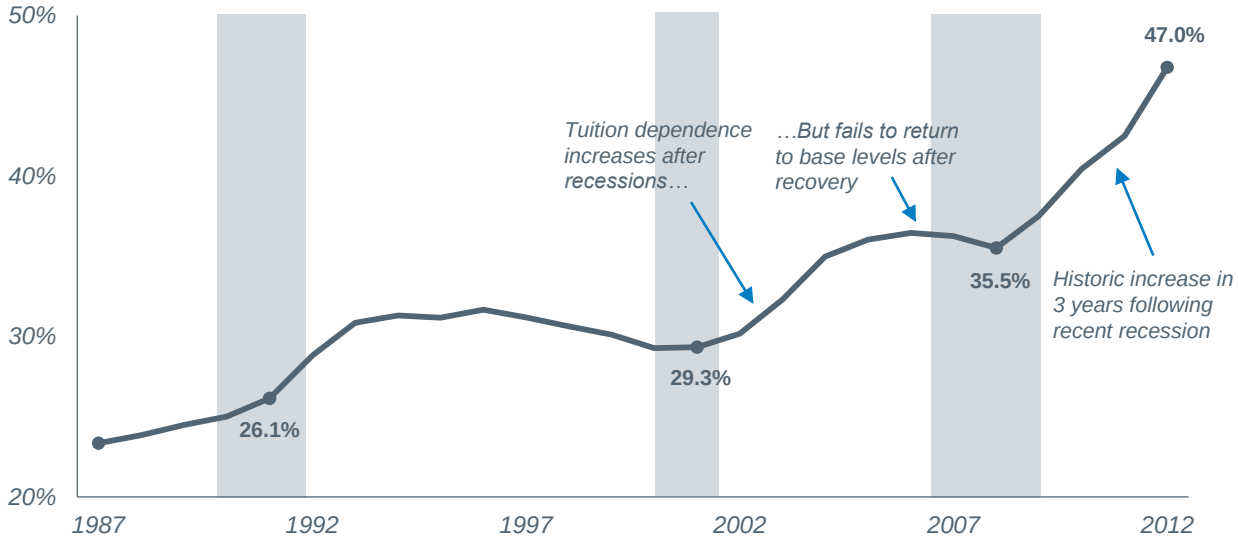


Source: National Center for Education Statistics, Delta Cost Project; Education Advisory Board interviews and analysis.

The Flip Side of Enrollment Growth

An Unprecedented Jump in Tuition Dependence

Tuition as a Percentage of Educational Revenues for Public Universities, 1986-2012



1) Shaded areas indicate recessions
2) "Educational revenues" includes state and local support for higher education (minus support for research, agriculture, and medicine), and net tuition and fees. It does not include federal grants or contracts.

Source: SHEEO, "State Higher Education Finance FY 2012"; Education Advisory Board interviews and analysis.

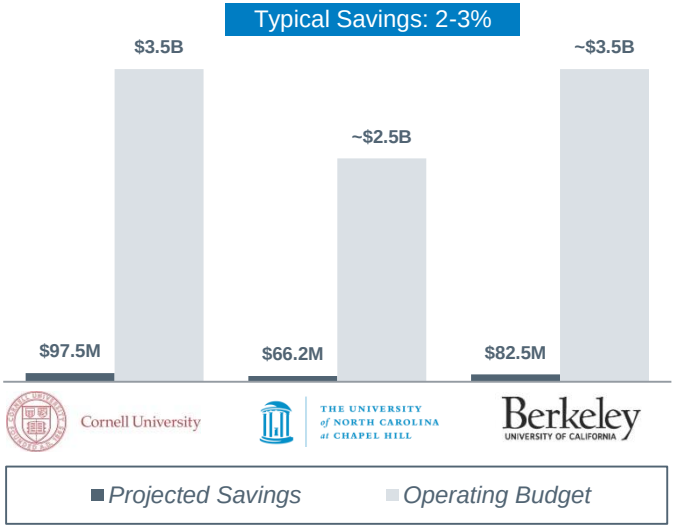
Blood From a Stone

Cost-Savings Measures a One-Time Windfall, Not a Panacea

BAIN & COMPANY

Huron CONSULTING GROUP

Prominent Consulting Engagements Achieve Savings…



… But Not a Long-Term Solution

> "Cost containment is an important issue, but **once you've achieved it**, **you won't become more efficient every year**. At some point there has to be revenue growth."
>
> *Higher Education Analyst*
> *Credit Rating Agency*

1) Both university cost savings estimates and operating budgets include sponsored research grants/contracts.

Source: EAB interviews and analysis

Downgrading the Entire Sector

Moody's Highlights Threats to Revenue

MOODY'S
INVESTORS SERVICE

"For 2013, Moody's revises its outlook for the entire US higher education sector to negative… The new sector-wide negative outlook reflects mounting pressure on all key university revenue sources… The sector will need to adjust to the prospect of prolonged muted revenue growth."

Pressure and Uncertainty Around All Revenue Sources

- Household income and wealth
- Philanthropic support
- Investment returns
- State appropriations
- Federal research funding
- Medicaid and Medicare
- Pell grants

Elite Schools Not Immune

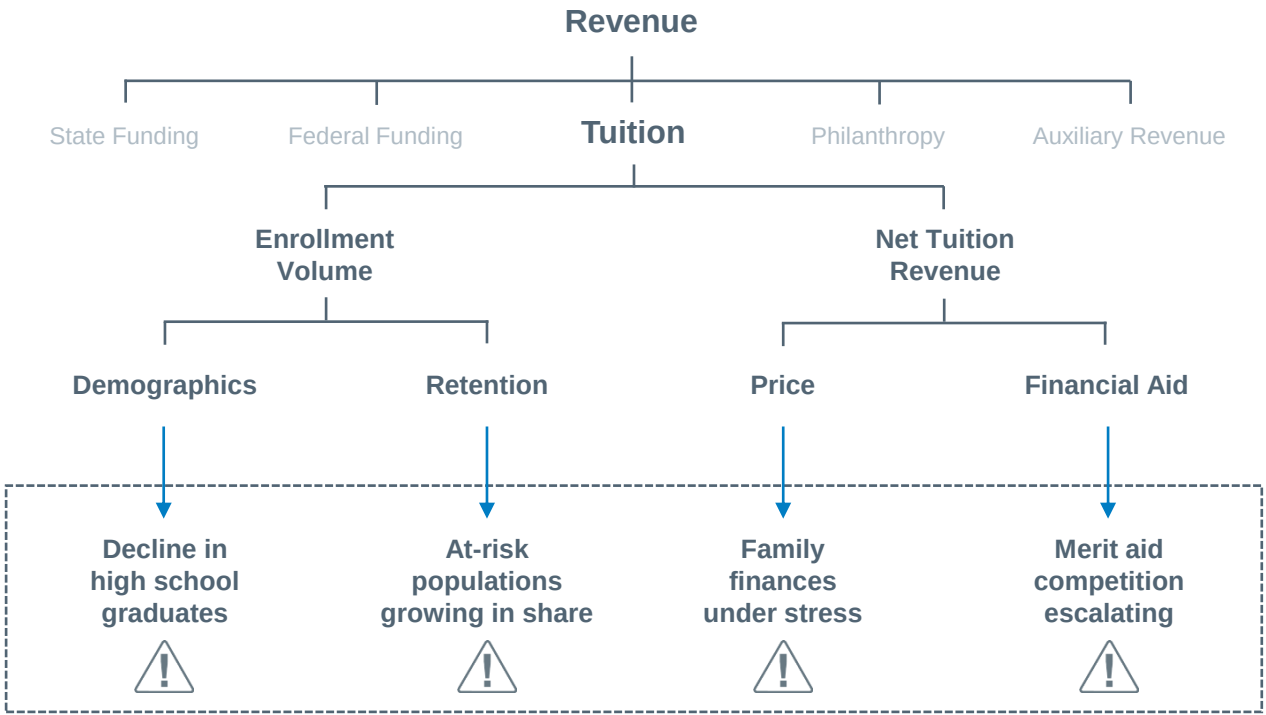
"Over the past year and a half, the credit ratings of several prestigious liberal arts colleges have been downgraded or assigned a negative outlook by Moody's Investor Service… These are institutions – **Haverford College, Morehouse College, Oberlin College, and Wellesley College** – that top students seek out…"

Ry Rivard, Inside Higher Ed

Source: Moody's Investors Service, "US Higher Education Outlook Negative in 2013" (January 16, 2013); Ry Rivard, "Prestigious liberal arts colleges face ratings downgrades," *Inside Higher Ed*, August 30, 2013; Education Advisory Board interviews and analysis.

What Got Us Here Won't Get Us There

Revenue "Tailwinds" Can't Be Relied On Going Forward

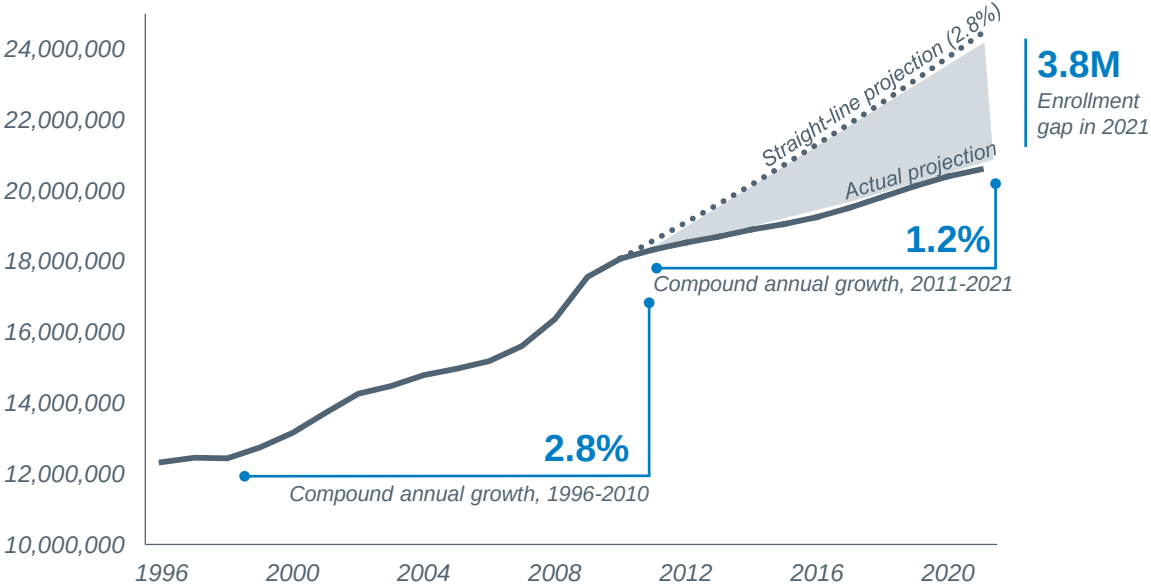


Source: Education Advisory Board interviews and analysis.

Mind the Gap

Enrollments Will Continue to Grow, But at a Slower Rate

Total Fall Enrollment, Title IV-eligible Institutions, 1996-2021 (projected)



1) Includes total enrollment (undergraduate and graduate)

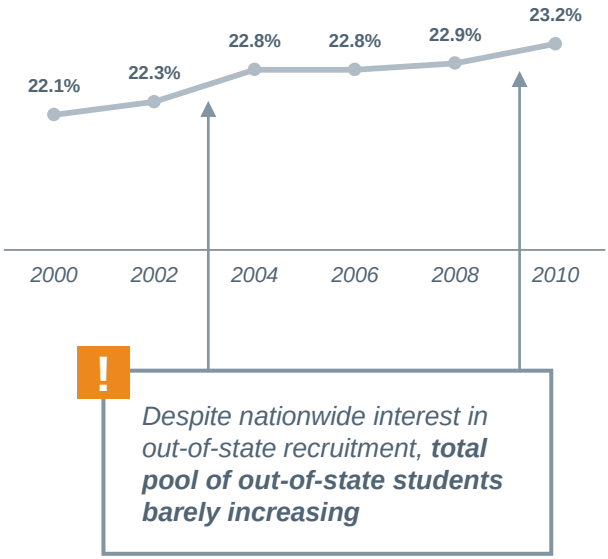
Source: National Center for Education Statistics, Projections of Education Statistics to 2021," Jan 2013; National Center for Education Statistics, "Table 214," *Digest of Education Statistics*; Education Advisory Board interviews and analysis.

Location Matters, Still

But Some Regions Will Face Significant Demographic Headwinds

Net Change in High School Graduates, 2012-2022

Percentage of Freshmen Studying Out of State, 2000-2010



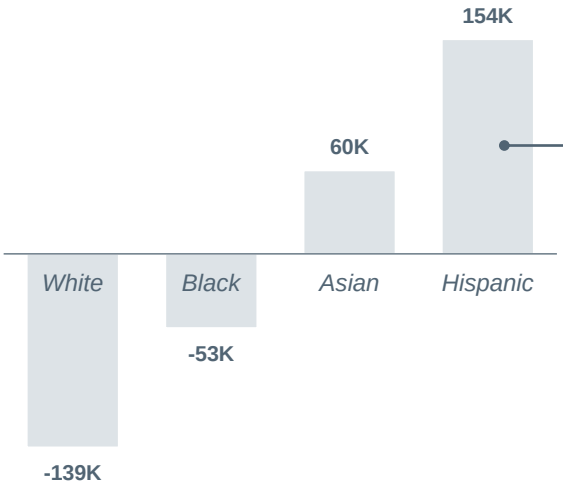
1) Percentage of freshmen studying out-of-state was calculated across nonprofit four-year institutions that reported student residence and migration data to NCES in each listed year.

Source: WICHE, "Knocking at the College Door," Dec 2012; National Center for Education Statistics, *IPEDS Data Center*; Education Advisory Board interviews and analysis.

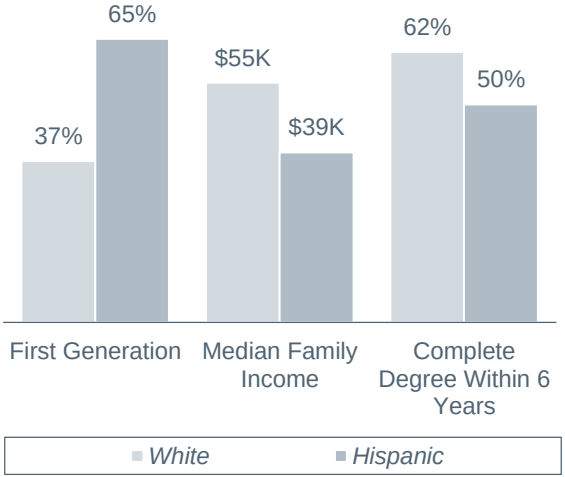
Shifting Student Mix

Demographics Will Require Greater Investment in Student Success

Projected Net Growth in High School Graduates by Race, 2011-12 to 2021-22



Distinct Challenges Facing Hispanic Students Remain, Despite Recent Gains

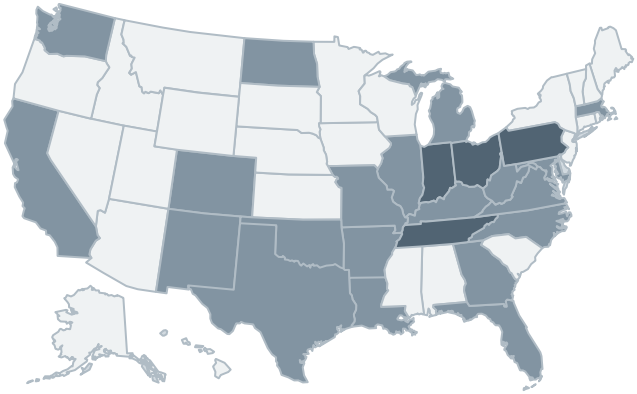


Source: Western Interstate Commission for Higher Education, "Knocking at the College Door," Dec 2012; Education Advisory Board interviews and analysis.

Performance-Based Funding 2.0

State Funding That Remains Will Have More Strings Attached Than Ever

Performance Funding Spreading Across Nation (Again)



Before 2010:

- Pennsylvania
- Indiana
- Tennessee
- Ohio

After 2010:

24 states (and counting) have now approved or are currently planning new funding models

Why This Time May Be Different

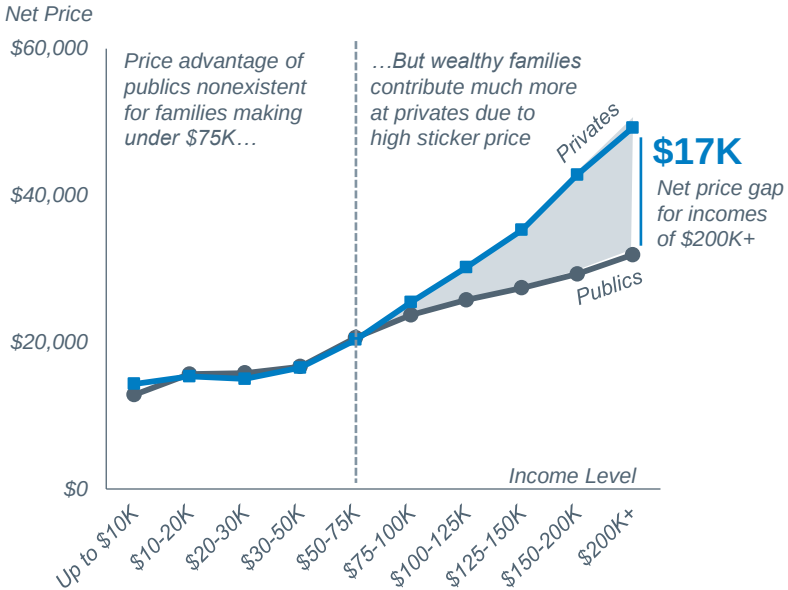
PBF 1.0	PBF 2.0	
Sudden, disruptive rollouts	Gradual, phased roll outs	*Harder to Kill*
Overly simplistic rubrics	Rubrics customized to mission	
Insignificant funds on the table	Meaningful dollars at stake	*Harder to Ignore*
Funds offered as bonus	Zero-sum competition for base	

Source: Education Advisory Board interviews and analysis.

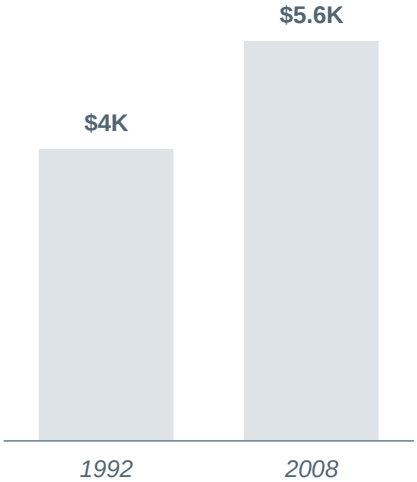
The Art of Price Discrimination

Even Publics Increasingly Rely on Full-Pay Students

Net Price by Income Level for Public and Private Institutions, 2012 (n=318)



Difference in Net Tuition at Publics for Highest and Lowest Income Brackets



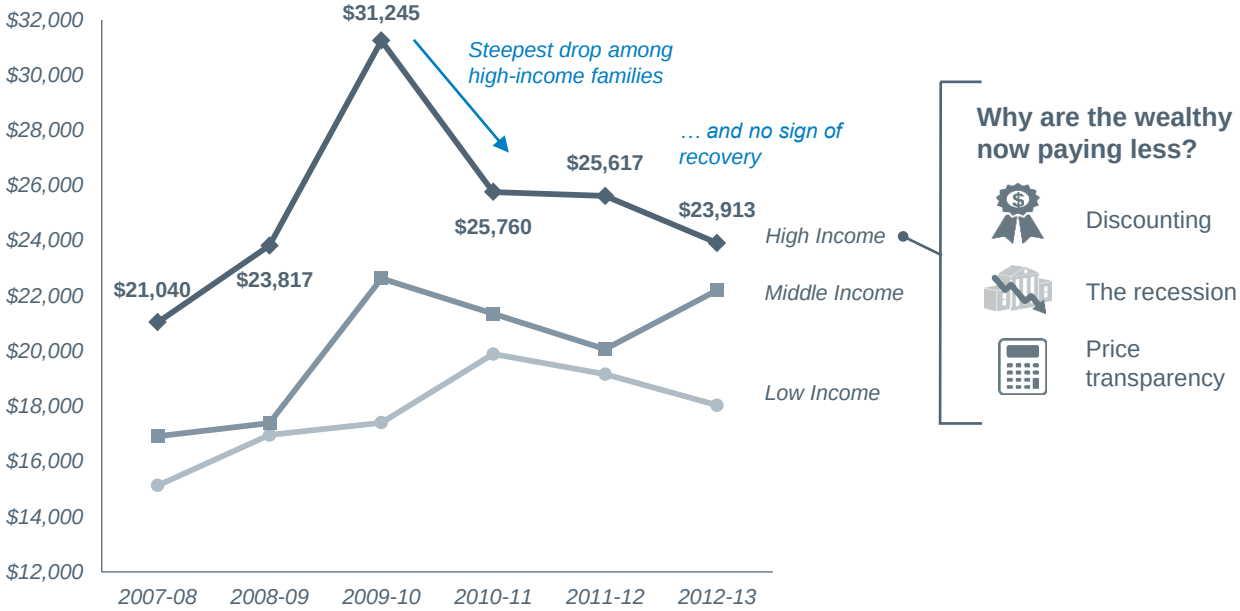
1) "Net price" describes total cost of attendance, including tuition, fees, and room & board. Includes both out-of-pocket family payments and loans.

Source: Greg Perfetto, "Landscape of Higher Education: Net Price," Presentation at Middle States Regional Forum, 2/13/2013; Education Advisory Board interviews and analysis.

High-Income Families Cut Back

Falling Family Income Threatens Ability to Pay

Average Amount Paid for College by Income Group, Year-over-Year



1) Includes out-of-pocket payments, borrowing, and grants and scholarships.

Source: Sallie Mae, "How America Pays for College 2013; Education Advisory Board interviews and analysis.

How We're Responding

Delaying the Demographically Inevitable

Source: Education Advisory Board interviews and analysis; http://chronicle.com/article/The-Admissions-Playbook-Is-Up/141625/

The Rising Costs of Traditional Students

Enrollment Costs Rising at Both Selective and Non-Selective Institutions

Different Challenges, But Similar Effect on Costs

Open Access

The Completion Challenge

- Low cost to recruit, High cost to retain
- Up to 40% of instructional expenses spent on remedial education and students who never graduate
- Exacerbated by demographic trends that emphasize performance gaps

Moderately Selective

Growing costs from both recruitment and retention

Highly Selective

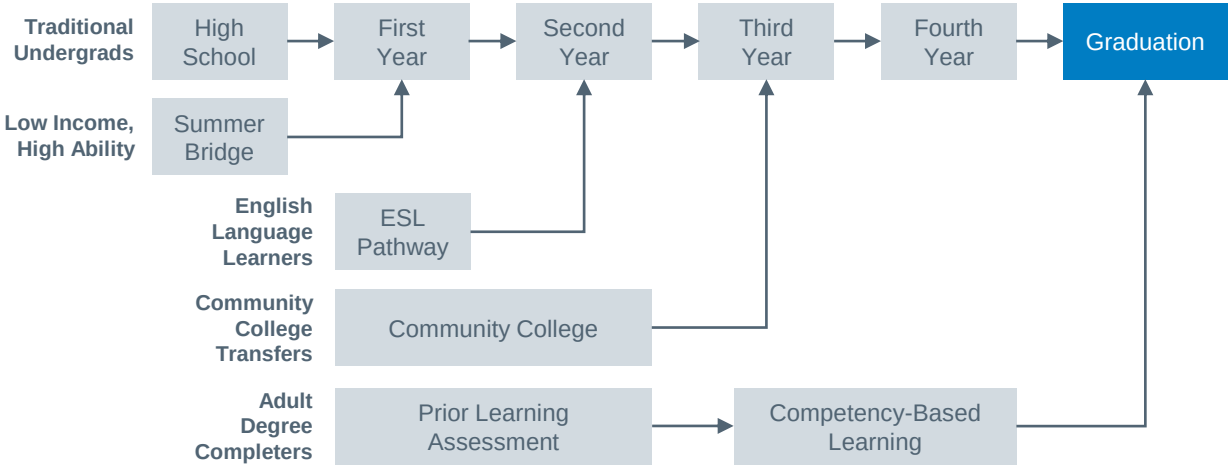
The Competition Challenge

- High cost to recruit, Low cost to retain
- Up to 40% of gross revenue spent on tuition discounting, with growing emphasis on merit aid
- Exacerbated by growing competition for static pool of high-income students

Source: Education Advisory Board interviews and analysis.

Pathways to Success

A Model for Recruiting and Graduating Non-Traditional Students



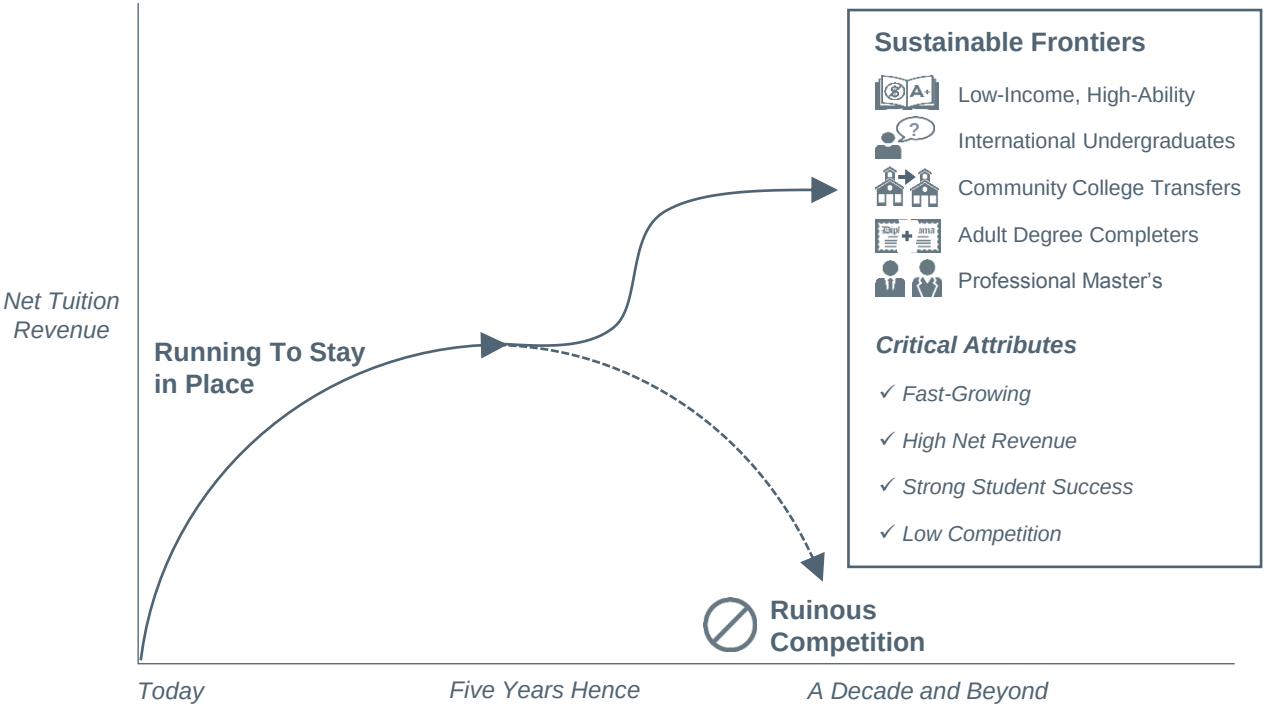
Advantages of Pathways

- Widen recruiting funnel
- Increase diversity
- Assess readiness
- Improve success rates
- Maintain selectivity
- Generate revenue

Source: Education Advisory Board interviews and analysis.

Seeking Sustainable Frontiers

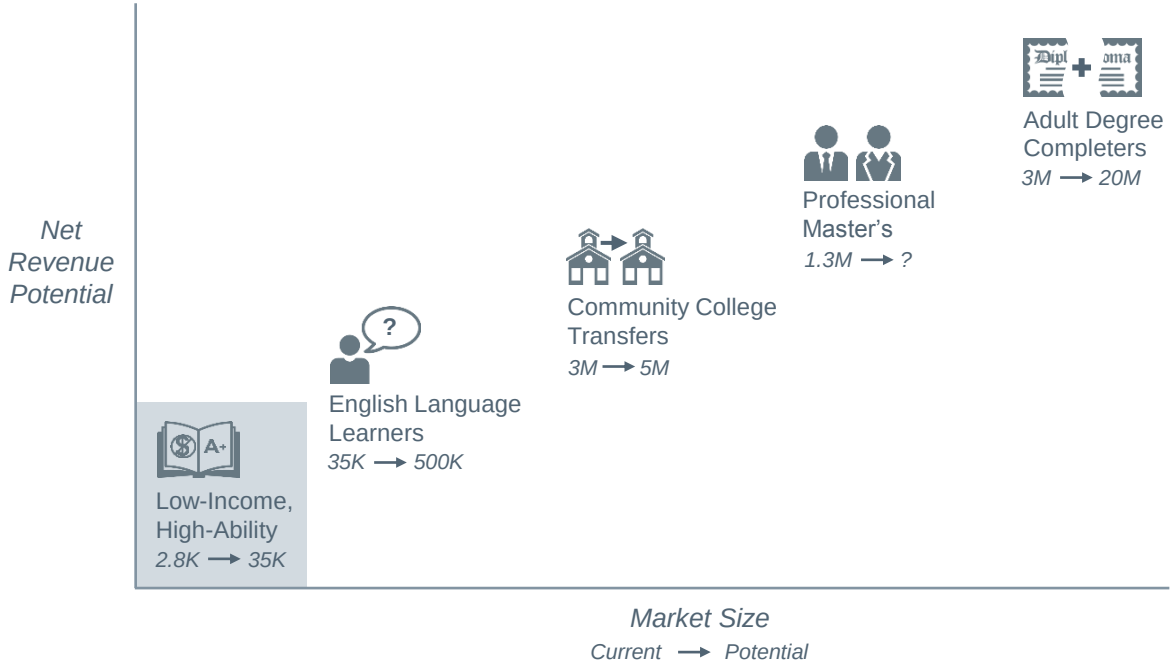
Diversifying Today to Reach Students of Tomorrow



Source: Education Advisory Board interviews and analysis.

Choosing Where to Compete

Five Emerging Student Segments

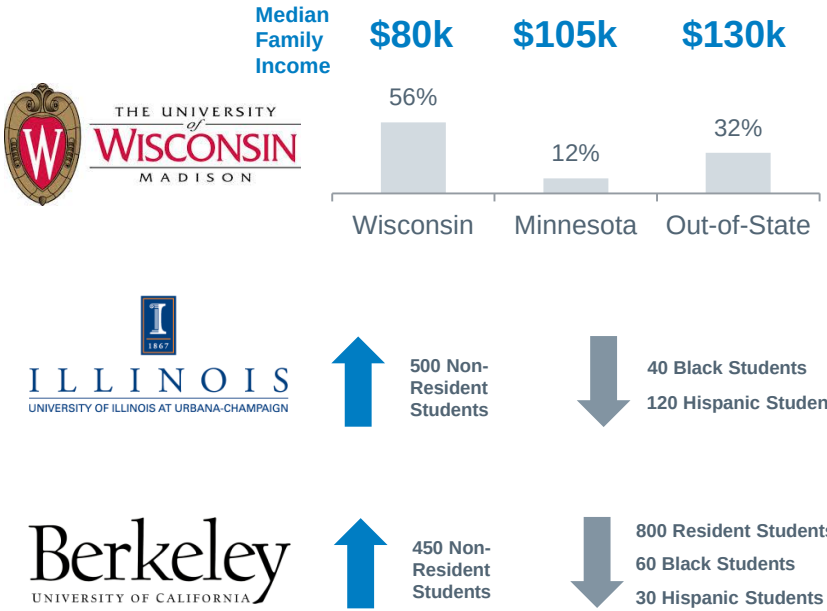


Source: Education Advisory Board interviews and analysis.

Moving in the Wrong Direction

Political Pressure on Publics Rising to Serve Low-Income Students

Flagships Increasing Out-of-State Population at Expense of URMs, Residents?



UNIVERSITY of VIRGINIA

"Citing mounting program costs, UVa recently announced it was **cutting back on its highly lauded AccessUVa program**, which had ensures low-income students' financial needs would be met with grants and not loans."

Source: Kevin Kiley, "UW-Madison faculty call for student body to be more socioeconomically representatve," *Inside Higher Ed*, May 10, 2013; Kevin Kiley, "Crowded Out," *Inside Higher Ed*, April 30, 2013; Richard Pérez-Peña, "Income-Based Diversity Lags at Some Universities," *The New York Times*, May 30, 2013.; Awilda Rodriguez, "At Elite Colleges, No Room at the Dance for Low-Income Students," *Chronicle of Higher Education*, September 25, 2013.

The Blame Game

Pundits, Practitioners Trade Accusations As Prices Rise for the Poor

Institutions Rob From the Poor, Give to the Rich?

"There is compelling evidence to suggest that many schools are… **using Pell Grants to supplant institutional aid [for] financially needy students**, and then **shifting these funds to help recruit wealthier students**."

Stephen Burd
Senior Policy Analyst, New America Foundation

States and Rankings Mania to Blame

"I don't think everything you see here is intentional as much as it is **a response to the ranking race, and declines in state support** that are getting institutions to look for other forms of revenue."

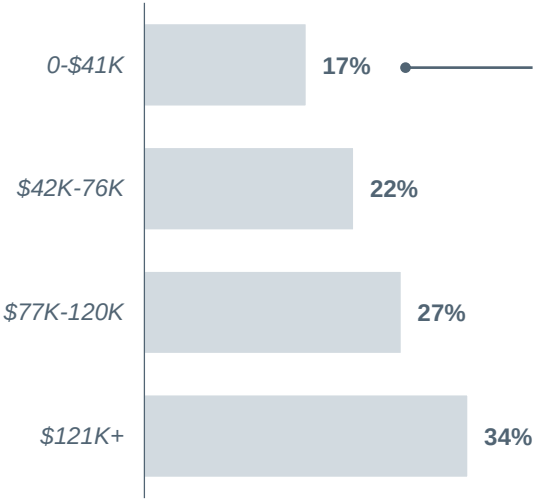
Michael Reilly
Executive Director, AACRAO

Source: Stephen Burd, "Undermining Pell: How Colleges Compete for Wealthy Students and Leave the Low-Income Behind," New America Foundation, May 2013; Kevin Kiley, "Merit Consideration," *Inside Higher Ed*, May 8, 2013.

A Greater Supply Than Previously Thought

Significant Numbers of Low-Income Students Have High Ability

High-Ability Students by Income Quartile



35K Number of low-income students who scored in top tenth on SAT/ACT

8% Percentage of the above who apply to schools commensurate with their test scores

> Once they apply to a selective college, "there is no statistical difference in their probability of enrolling or in their progress toward a degree."
>
> *Caroline Hoxby and Christopher Avery*

1) "High-ability" students are those who scored in the top 10% on the SAT I or ACT.

Source: Caroline Hoxby and Christopher Avery, "The Missing 'One-Offs': The Hidden Supply of High-Achieving, Low-Income Students," National Bureau of Economic Research, December 2012; Education Advisory Board interviews and analysis.

Not Getting Through

Breakdowns Suspected at Every Stage of Outreach Process

Enrollment Strategy → **Admissions** → **Support**

Where is the Funding for Them?

"We have the capacity to educate many more students at our campuses. What we **don't have is the funding to admit more California students."**

Brookings / Princeton Report

Struggling to Find Them

"Our low-income outreach program **works closely with community organizations nationwide** but we can't find more than **40-45 students** to enroll each year."

Associate Dean
Private Liberal Arts College

Can't Keep Them Even When They Come

"It's easy to get low-income Hispanic kids in but **difficult to get them to stay** for a second or third year. **Homesickness is common**; even kids from in-state will want to visit home every other week.

Professor of Education
Public Research University

Key Barriers

- **Pressure to Recruit High-Margin Students**
- **Low-ROI Nature of Outreach**
- **Lack of Information and Acculturation**
- **Cultural Bias Towards Studying Near Home**
- **Students Likely to Work or Support Family**

Source: Ron Haskins and Cecilia Elena Rouse, "Time for Change: A New Federal Strategy to Prepare Disadvantaged Students for College," Brookings Institution, May 7, 2013.

High-Ability Students Not Immune

Low-Income Achievers Struggle Despite Special Attention

EMORY UNIVERSITY

Angelica Gonzales

Dropped out after three years

Accumulated Debt: $60K

What Else Can We Do?

"Slow to consider Emory, [Angelica] got a late start on the complex [financial aid] process… Though Emory **sent weekly e-mails – 17 of them, along to an invitation to a program for minority students –** they went to a school account she had not learned to check…

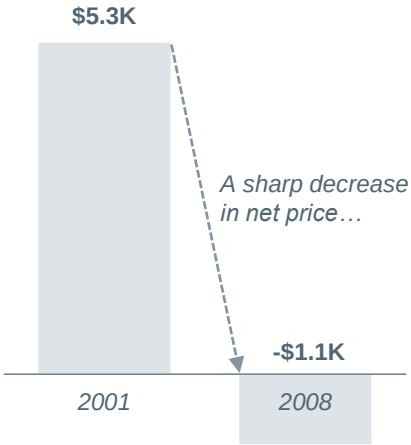
As classes approached … she drove 14 hours to Atlanta hoping to work things out. But by then Emory had distributed all of its aid… **The only way to enroll was to borrow from a bank."**

Source: Jason DeParle, "For Poor, Leap to College Often Ends in a Hard Fall," *The New York Times*, December 22, 2012.

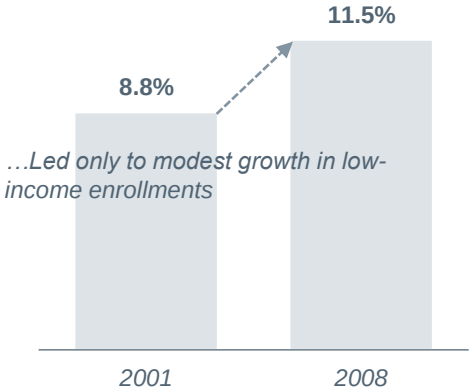
Throwing Money at the Problem

Generous Aid Fails to Significantly Increase Enrollment

Average Net Price and Enrollment of Low-Income Undergraduates At High-Endowment Private Institutions, 2001 and 2008



Average Net Price



Share of Enrollment from Low-Income Students

1) "Low-income" refers to students in first and second income quintiles. Average net price is inflation-adjusted.

Source: Williams Project on the Economics of Higher Education, "Affordability of Highly Selective Private Colleges and Universities II," Jan 2011; Beckie Supiano and Andrea Fuller, "Elite Colleges Fail to Gain More Students on Pell Grants," *Chronicle of Higher Education*, 27 Mar 2011, Education Advisory Board interviews and analysis.

Information Asymmetry

Limited Exposure to Selective College Graduates Inhibits Student Choice

Little Contact with Other High-Ability Students

Low-Income Students	*High-Income Students*	
4%	**17%**	Percentage of cohort that is high-achieving
19.3	**2.6**	Distance in miles to find 20 high-achievers
17%	**67%**	Percentage whose parents hold bachelor's degrees

Why Typical Outreach Efforts Fail

Urban-centric

Admissions staff and college access programs primarily serve cities with high concentrations of high-ability students

"Underneath the Lamppost"

Admissions staff tend to reach out to students who apply – and ignore those who don't

Source: Caroline Hoxby and Christopher Avery, "The Missing 'One-Offs': The Hidden Supply of High-Achieving, Low-Income Students," National Bureau of Economic Research, December 2012; Education Advisory Board interviews and analysis.

Scaling Low-Income Outreach

Mailer Experiment Causes Students to Apply to More Selective Colleges

Experimental Four-Part Mailer Educates Students at Scale

"College Counseling in a Box"	Graduation rates of nearest colleges, state flagship, and random selective colleges
Personalized Net Price Information	List and net prices for low-middle income students at nearby selective institutions
Uniform Application Fee Waiver	Waiver covers 171 selective colleges and includes instructions
Parental Education	Counseling and net price info for parents, designed for adults with limited English proficiency

$6 Intervention cost per student

Application Behavior

- Submitted 19% more applications
- 15-19% more likely to apply to a "peer" institution
- More likely to use an application fee waiver

Admissions Results

- Admitted to 12% more colleges
- 31% more likely to be admitted to a "peer" institution

Enrollment Outcomes

- 19% more likely to enroll in a "peer" institution
- Chose institutions with higher graduation and instructional spending rates

Source: Caroline Hoxby and Sarah Turner, "Expanding College Opportunities for High-Achieving, Low-Income Students," Stanford Institute for Economic Policy Discussion Paper No. 12-014, March 28, 2013; Education Advisory Board interviews and analysis.

Bridging the Cultural Divide

Next Steps to Reaching Low-Income, High-Ability Students

Recruitment Reach

Tailoring Initial Outreach

- Establish recruitment partnership with charter school network
- Organize high school visits by first-gen faculty/administrators
- E-mail or phone outreach from current LIHA students
- Emphasize experience over academics in outreach materials

Building Parental Buy-in

- Dedicated parent/family-run outreach organization
- Separate orientation for parents
- Parental admissions/financial aid liaison
- Parent-tailored recruitment documentation (brochures, landing pages, deadline reminder e-mails)

Mitigating "Summer Melt"

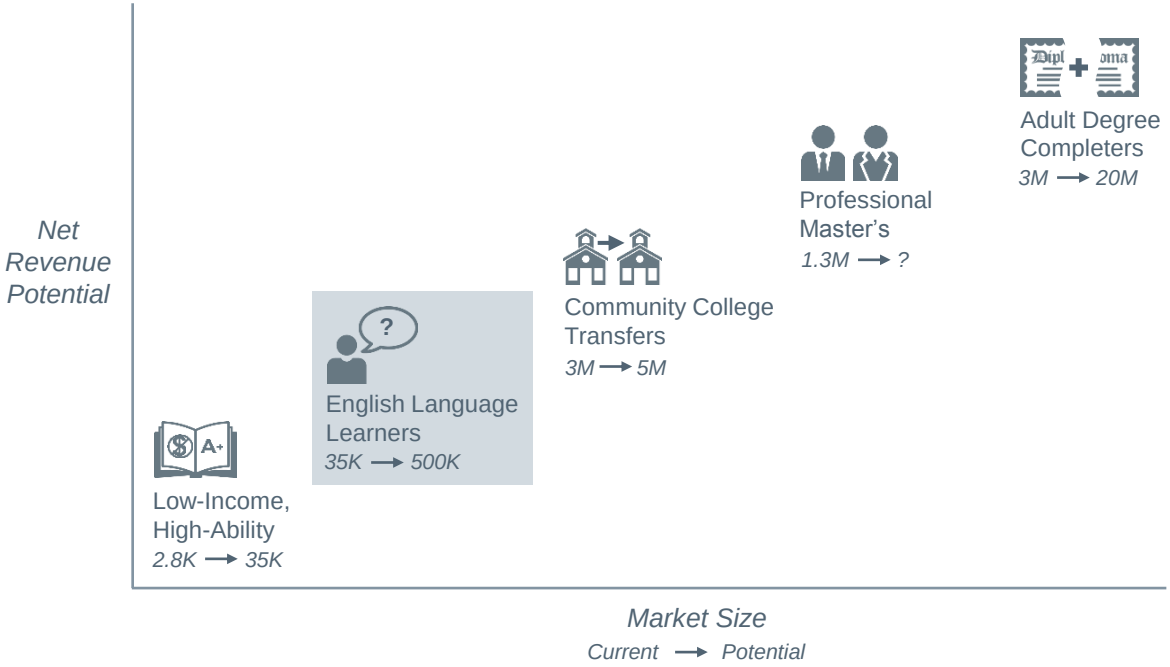
- Summer enrichment/bridge program
- Social media communities for admitted students
- Peer mentor engagement during summer months

Stage in Recruitment Process

Source: Education Advisory Board interviews and analysis; Arnold, Fleming, DeAnda, Castleman, and Wartman, "The Summer Flood: The Invisible Gap Among Low-Income Students," National Education Association, 2009.

Choosing Where to Compete

Five Emerging Student Segments

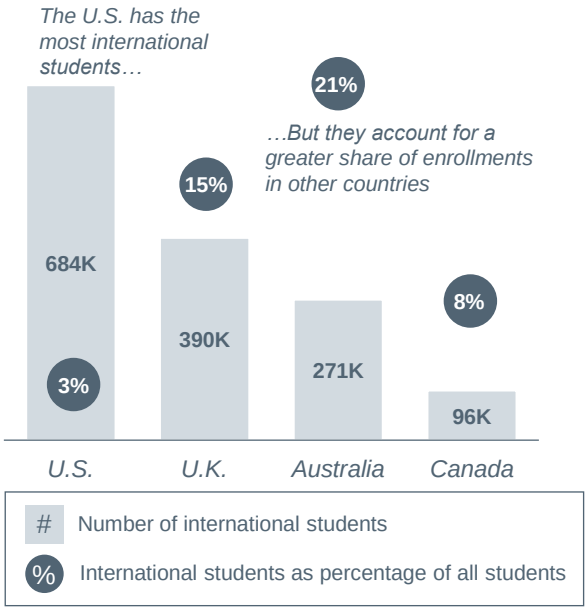


Source: Education Advisory Board interviews and analysis.

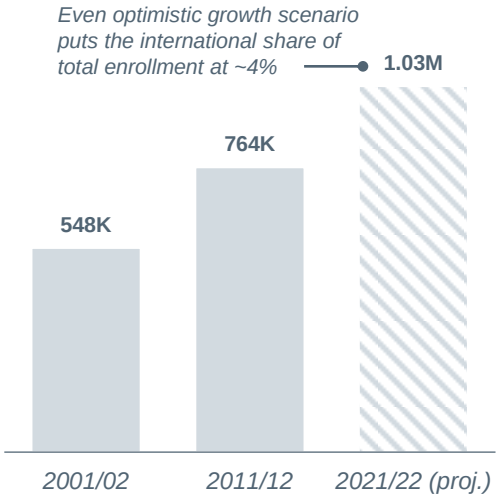
Sizing the Market for International Students

Rising Numbers, But Relatively Small Share of Total Enrollment

Number and Percentage of International Students in Total Enrollment, 2010



Total International Students in U.S., 2001-2021



1) Our "optimistic" growth scenario assumes U.S. international enrollments maintain their 20-year historical growth rate.

Source: UNESCO Institute of Statistics, "Global Flow of Tertiary-Level Students 2010,"; World Education Services, "Trends in International Student Mobility"; Institute for International Education, *Open Doors 2012;* Education Advisory Board interviews and analysis.

Too Few or Too Many?

For Most, Expanding Capacity a Greater Challenge Than Recruiting

Do we have enough capacity?

- Seats in high-demand programs
- Classrooms and laboratories
- Student residence accommodations

Are we ready to serve them?

- English language support
- Academic advising
- Immigration compliance
- Career services

Is the campus culture ready?

- Faculty sensitivity training
- Intercultural staff
- Student attitudes
- Religious tolerance

Will they adjust to our culture?

- Academic integrity standards
- "Ghettoization" of international students
- Reluctance to seek counseling

Slow Population Ramp-Up is Key – No Easy Way to Mitigate Cultural Issues

"You need to ramp up gradually. We moved faster than the campus was emotionally ready for. When we got to 6-7% international students, people started to push back."

VP for International Programs
Public Research University

"Even bringing 500 new students has had an impact on the student health center, counseling, and the registrar. It created a ripple effect on campus."

VP for Enrollment Management
Private Master's University

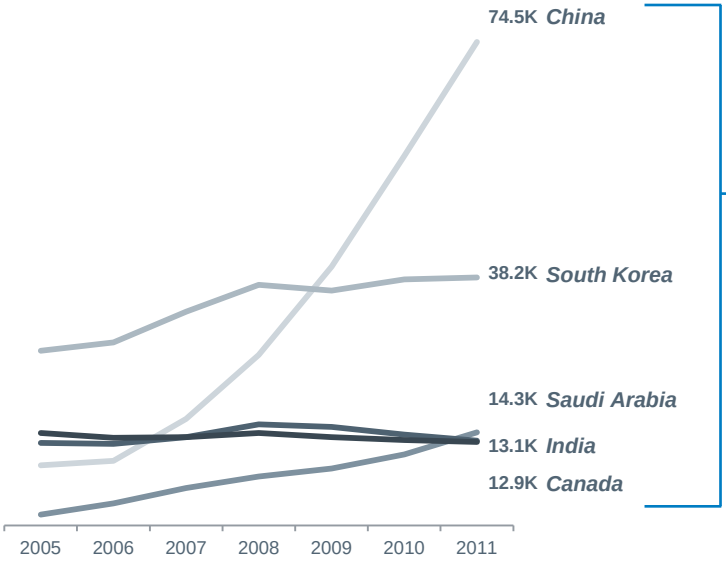
Source: Education Advisory Board interviews and analysis.

Looking for Revenue

Doctoral Share Declines as More Students Pay for Bachelor's and ESL

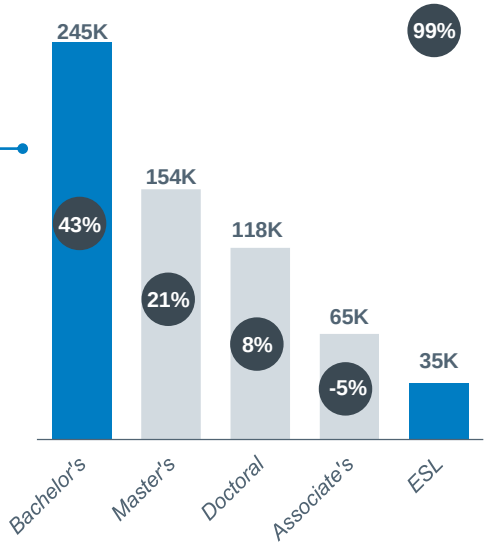
>90% of Net Growth in Int'l Enrollments Due to China

International Undergraduate Enrollment by Nationality, 2005-2011



Growth Driven by Fee-Paying Undergraduates

Increase in International Enrollment and Growth Rate by Level, 2006-2011

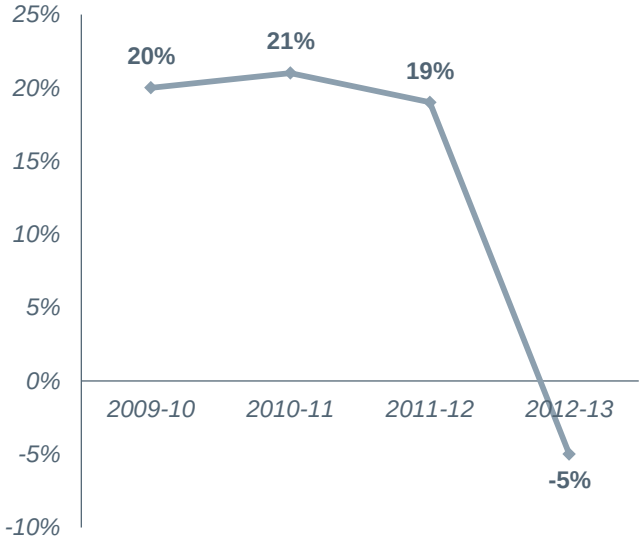


Source: National Center for Education Statistics, *IPEDS Data Center*,; Institute of International Education, *Open Doors 2012;* Education Advisory Board interviews and analysis.

The Diversification Imperative

To Minimize Risks, Institutions Must Identify New Markets

Percentage Change in Graduate Applications from China, 2008-2012



A Looming Financial Catastrophe?

"If only half of my Chinese students were able to get visas to study, it would be financially catastrophic for us. And we're probably less Chinese-dependent than many institutions, which might get two-thirds to 80% of their international students from China."

Vice President for Enrollment Management, Private Research University

1) Though data is preliminary, previous preliminary reports have aligned closely with final figures.

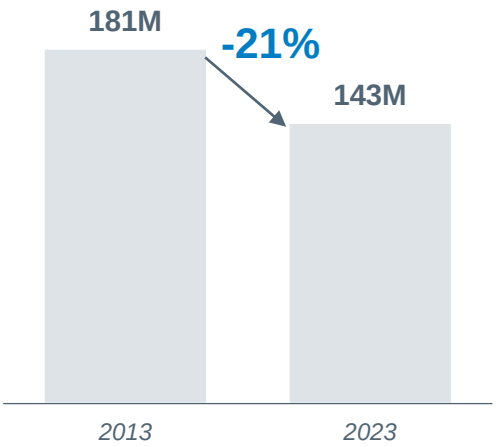
Source: Karin Fischer, "In 'Disturbing Reversal, Chinese Applications Fall at U.S. Graduate Schools," *The Chronicle of Higher Education,* 3 May 2012; Education Advisory Board interviews and analysis.

Preparing for China's Baby Bust

Worsening Chinese Demographics Will Create Hunt for New Markets

One Child Policy and Increasing Affluence Have Throttled Birth Rates…

Number of 15-to-24 Year-Olds in China



… Undermining Previously Bottomless Source of Int'l Students

Projected Growth in Outbound Int'l Students, 2011-2020

1. India (70K)
2. Nigeria (30K)
3. Malaysia (21K)
4. Nepal (17K)
5. Pakistan (16K)

…

26. **China (3K)**

Source: The Economist, "Peak Toil," January 26, 2013; British Council, "The shape of things to come: higher education global trends and emerging opportunities to 2020

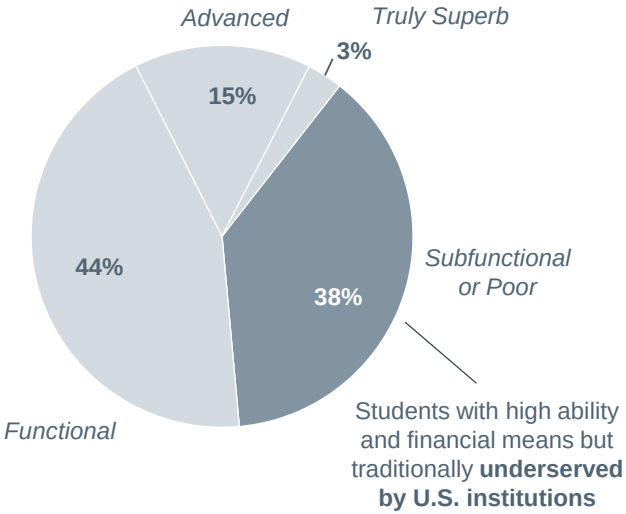
The ESL Opportunity

Traditional Recruitment Efforts Ignore Half the Market

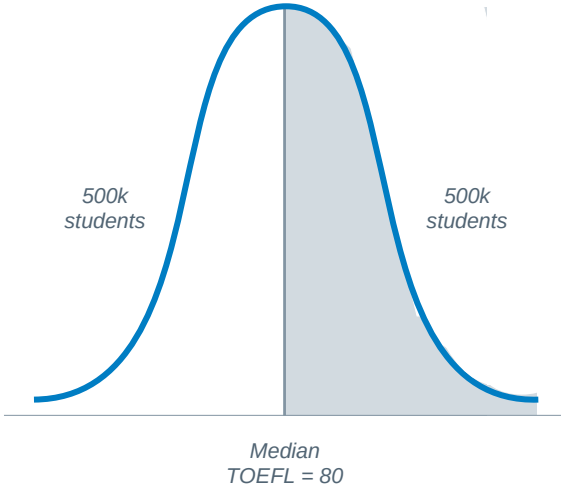
U.S. Study Not Just for Elites Anymore

Chinese Students Interested in U.S. Study by Proficiency Level

n = 18,000



Expanding to the Other Half of the Bell Curve



Source: Tom Melcher, "Chinese Students: Survey Profiles Key Indicators," Zinch China, April 2012; Inside Higher Ed, "The Internationalization Agenda," February 21, 2003; Education Advisory Board interviews and analysis.

Choosing the Right Pathway for You

Pathways Return More Revenue with Greater Institutional Oversight

Considering ESL Pathway ROI and Institutional Investment

Revenue Potential

Community College Pathway

- Community colleges recruit students, offer ESL and acculturation support
- Students transfer after receiving associate's

Vendor-Assisted ESL Pathway

- Students take a year of ESL while earning credit toward major
- Partner firm manages recruitment and support in exchange for flat fee plus tuition share
- Best for institutions with capacity constraints or limited brand recognition

In-House ESL Pathway

- In-house recruitment, administration and revenue collection
- Best for institutions with well-developed international support office and well-known academic brand
- Generally leverages existing English language institute
- Promotes cultural unity of pathway students with domestic students

Institutional Investment

Source: Education Advisory Board interviews and analysis.

Building a Bridge to Top Universities

Community College 2+2 Provides ESL, Acculturation for Transfer

Green River COMMUNITY COLLEGE

Green River Associate's Program → **Preparing to Transfer**

~750 international students complete one of 20+ transfer associate's degrees every year

Academic advisors develop individualized transfer plan **tailored to student's top-choice destination schools**

Average international student GPA is 3.51, **higher than domestic population**

Guaranteed admission agreements available with 20 four-year partner institutions

Green River hosts **biennial transfer recruitment events** for ~100 universities

90+% of students ultimately transfer to a four-year

Sample Partner Institutions

- *UC-Davis*
- *UC-Irvine*
- *Illinois Institute of Technology*
- *Univ. of Oregon*
- *Univ. of Washington*
- *Univ. of Victoria (BC)*

Source: Education Advisory Board interviews and analysis

Building an Academic Pathway

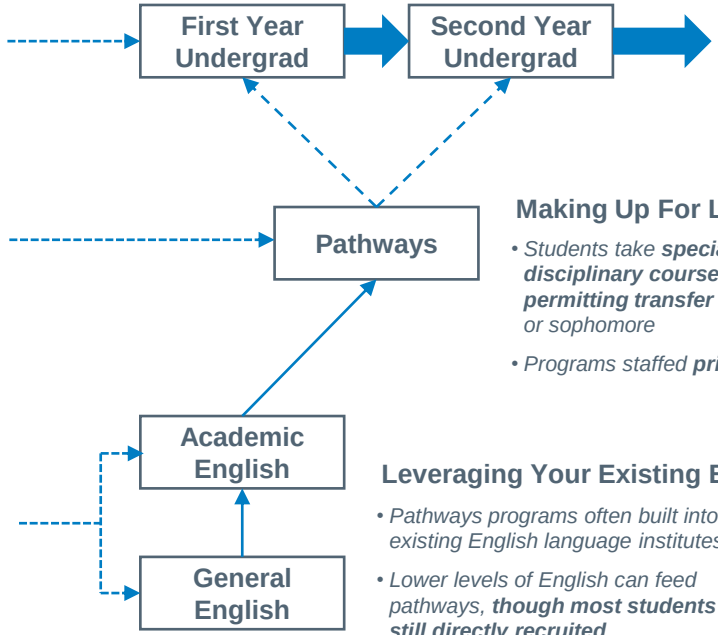
Pathway Entry Points and Services Scaled to Student Preparedness

TOEFL Requirement

TOEFL 75+

TOEFL 60-75

No Min TOEFL



Surprising Success Statistics

- *Pathways students who matriculate have **GPAs better than or equal to direct entry** international students*
- ***>60% of students successfully matriculate** to "general population" from most pathway programs*

Making Up For Lost Time

- *Students take **specially-designed disciplinary courses in addition to ESL, permitting transfer** as 2nd semester freshman or sophomore*
- *Programs staffed **primarily by adjuncts***

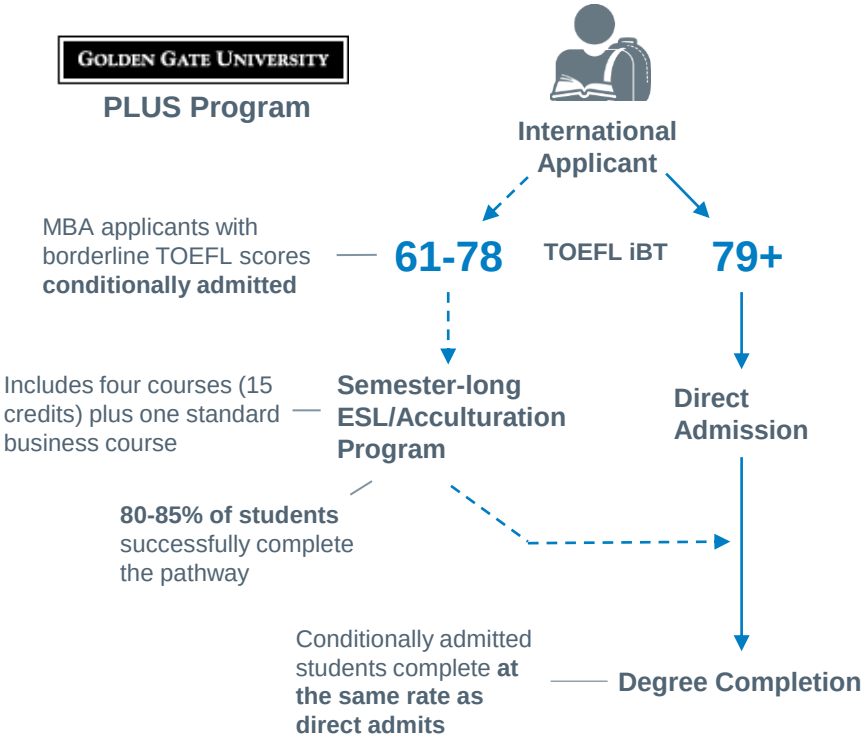
Leveraging Your Existing ELI

- *Pathways programs often built into existing English language institutes*
- *Lower levels of English can feed pathways, **though most students still directly recruited***

Source: Education Advisory Board interviews and analysis.

The Graduate Opportunity

Pathway Model Easily Applied to Business Education



Source: Education Advisory Board interviews and analysis

Widening the Graduate Pipeline

Rigorous Academics Allow Institutions to Reach Underserved Students

Both Academically Rigorous…

Intensive: 15 contact hours per week over 5 courses ensure students don't lose time to degree.

Disciplinary Focus: Case study methods and presentation skills woven into ESL courses to build both English and business competencies.

Support-Heavy: Four full-time instructors and four adjuncts provide one-on-one attention to ~50 students per term.

Instructors receive extensive training in cross-cultural communication, common support issues.

… And Financially Viable

$500K

Annual cost of ESL/acculturation program

↓

$400-500K

Annual PLUS net tuition

↓

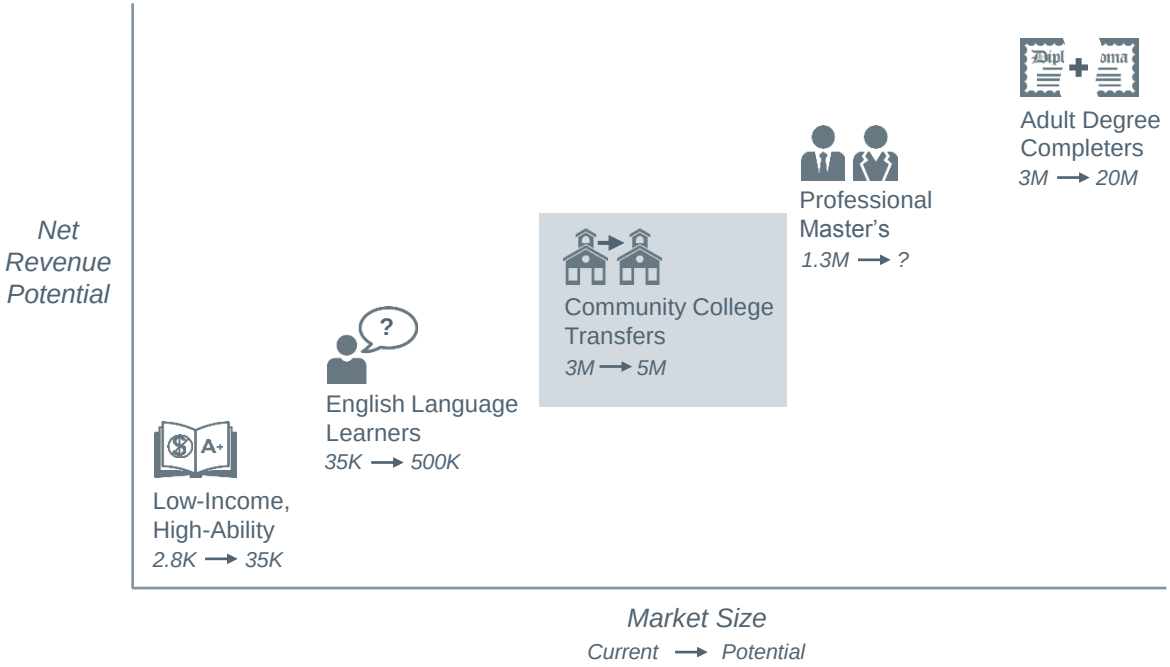
$5.1 million

Net tuition per cohort from conditional admit grad students **who otherwise would not have been admitted**

Source: Education Advisory Board interviews and analysis

Choosing Where to Compete

Five Emerging Student Segments



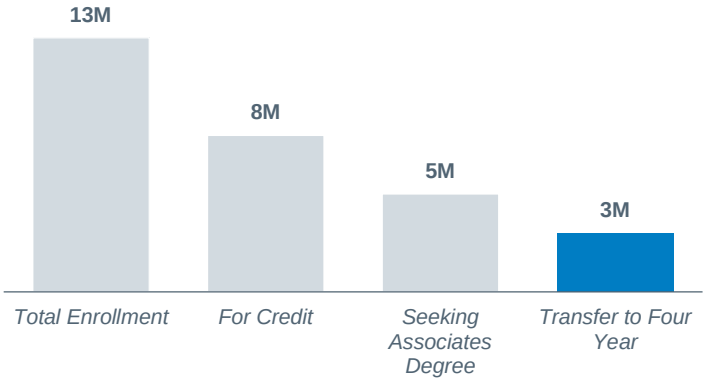
Source: Education Advisory Board interviews and analysis.

Right Under Our Noses

The Sizable Community College Transfer Market

3M Entering Pipeline Annually…

Community College Students by Goal



… But Millions More Would Like To

60-80%

First-time community college students who **expect to transfer and earn a B.A.** – only about 1/3 currently do so

1) NCES data adjusted based on interview with community college presidents

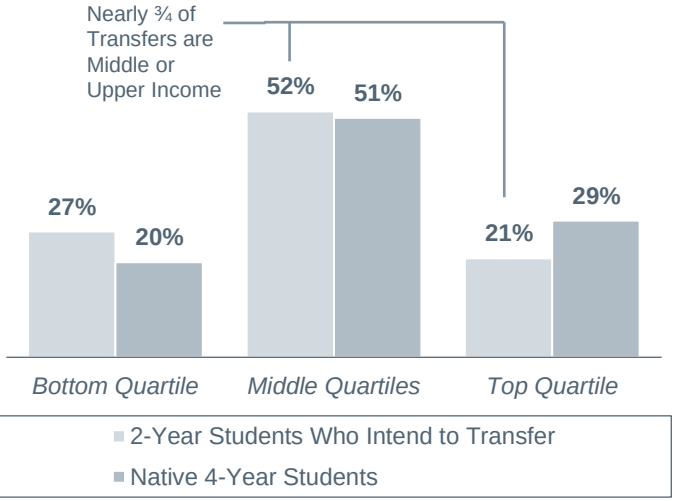
Source: American Association of Community Colleges, "Reclaiming the American Dream: Community Colleges and the Nation's Future," 2012; National Student Clearinghouse Research Center, "Transfer & Mobility: A National View of Pre-Degree Student Movement in Postsecondary Institutions." College Board Advocacy and Policy Center, "Understanding the Transfer Process," December 2012"

As Good As Your Freshmen

Transfers Match "Natives" Performance and Financial Status

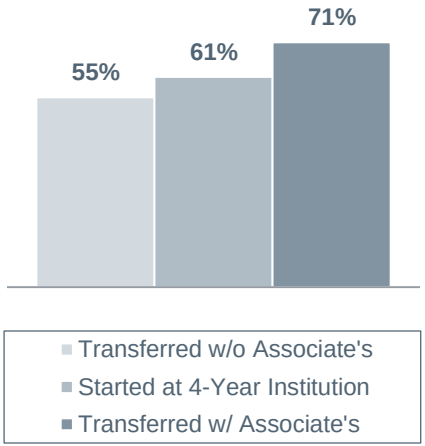
Transfer Students Share Financial Characteristics with 4-Year "Natives"

Income Distribution of Prospective Transfers vs. Direct Admits, 2003-2004 Cohort



… And Are Highly Likely to Succeed

National 6-Year Graduation Rates by Transfer Status, 2006 Entering Cohort



Source: National Student Clearinghouse Research Center, "Transfer Outcomes," and "Completing College: A National View of Student Attainment Rates"; National Center for Education Statistics, Beginning Postsecondary Survey; Education Advisory Board interviews and analysis.

Captive Market No More

Traditionally Place-Bound Transfers Now Face Host of New Options

The Empire Strikes Back

- **3+1 transfer partnerships** between two community colleges and online giant announced in December 2012
- Phoenix plans to expand to **100 employer-advised transfer partnerships with community colleges** by end of 2013 to buttress sagging enrollments

> **No Choice But to Work With For-Profits**
>
> "If our public universities won't create the options, and our non-profit private institutions won't, then we have to seek alternatives, and the University of Phoenix is one of those that we're trying."
>
> *Bob Templin*
>
> *President, Northern Virginia Community College*

Online Non-Profits Join the Fray

- 10,000-student Coastline Community College piloting Gates-funded pathway to **UMassOnline and Penn State World Campus** online bachelor's in spring 2013
- Partnership hopes to serve 10,000 students
- Total degree would cost **~$25K**

Source: Sarah Pavlus, "For-profit university targets community college students," *The American Independent*, December 5, 2012; Paul Fain, "Calif. Community college goes out-of-state with online degree partnerships," *Inside Higher Ed,* October 30, 2013.

Standing On Their Own Two Feet

Two-Years Increasingly Able to Offer Their Own Bachelor's Degrees

A Legislator's Dream?

- First state to permit community college bachelor's degrees in 2001 **in an effort to drive low-cost completions**
- 13K community college students now pursue bachelor's degrees, up from 2.4K in 2005.

> "There is no guarantee that graduates of four-year universities are going to stay in Florida, **but that's not the case with community colleges**. They tend to be tied to the area… We are growing our own."
>
> *Pamela Menke*
>
> *Vice Provost for Education, Miami Dade College*

The March of the Community College Bachelor's

2001		*2011*
92	**Bachelor's Degrees Issued by Two-Years**	**6.1K**
8	**Two-Years With Bachelor's Programs**	**192**
11	**States Where Two-Years May Issue Bachelor's**	**21**

(+1)

Michigan's community colleges **begin offering 4 bachelor's programs in 2013** despite university opposition

Source: National Center for Education Statistics, IPEDS Degree Completions database; Jennifer Gonzalez, "Go to Community College, Earn a Bachelor's Degree: Florida Likes That Combination," June 12, 2011.

Building a Sustainable Pathway for Transfers

Investing in Flexibility, Relationships, and Support Services

Attractiveness to Students

Recruitment at Scale

- Transfer Admissions Consortium
- Digital Transfer Pathways
- **Transfer "Express Lanes"**

Building a Long-Term Pipeline

- Automated Reverse Transfer
- **Automated Articulation Center**
- Curriculum Alignment Forum

Low-Cost Quick Wins

- Honors Program Recruitment
- Non-Linear Advising Guides
- Advising Presence on 2yr Campus

Resource Investment

Source: Education Advisory Board interviews and analysis.

Credit Evaluation Bottleneck at Both Ends

Slow and Unpredictable Process Hinders Students, Frustrates Faculty

Prospective Transfer

Transcript Credit Evaluation

Academic Department

Students meet with advisors to review credit transfer…

… but **don't know which credits will transfer until they enroll**

Departments evaluate transcripts for transfer credit…

… through **labor-intensive, inconsistent process**

Bridging the Gap with an Automated Articulation System

- ✓ Offer **self-service, pre-application** articulation information
- ✓ Limit **faculty and staff time investment** in articulation

Source: Education Advisory Board interviews and analysis.

Automating Articulation

Building a Frictionless Transfer Mechanism

Transfer Inquiry and Application

DEPAUL UNIVERSITY

Credit Assessment and Enrollment

15 FT staff

120K approved courses

Self-Evaluate Credits

- Receive pre-application guidance on transferable courses

Pre-Enrollment Credit Report

- After application (but before enrollment), **students receive Degree Progress Report**

Instant Credit Assessment

- Credit for 120,000 courses from 2,500+ institutions can be assessed instantly

Coming Soon

- Pre-application reports to expand transparency

Systematize New Credit Evaluation

- **Apply departmental standards** when clear equivalents exist
- **Escalate ambiguous cases** to departmental representatives

Build the Database

- Load approved courses from new or strategic partners **(5-10 schools per year)**
  - **$14K per year** subscription to College Source course catalog database
- **No start-up costs**; "database" is an Excel spreadsheet that interfaces with PeopleSoft

Source: Education Advisory Board interviews and analysis

From the Student’s Perspective

Wraparound Advising Keeps Students on Track

Traditional Transfer Pipeline

Student unsure about 4yr course requirements, financial aid

Student must take initiative to see an advisor and ensure she is on track to transfer

Student fails to complete paperwork, delaying admission or limiting credit transfer

High School | *1st Year at CC* | *2nd Year at CC* | *Transfer*

UCF enrollment staff lead financial aid workshops during 2yr orientation, sign students up to advising mailing list

UCF advisors begin **sharing advising caseload** after 30 credits; students receive consistent communication through CRM

Shared transcripts and test scores between institutions **limits student responsibility**; advisors provide consistent reminders

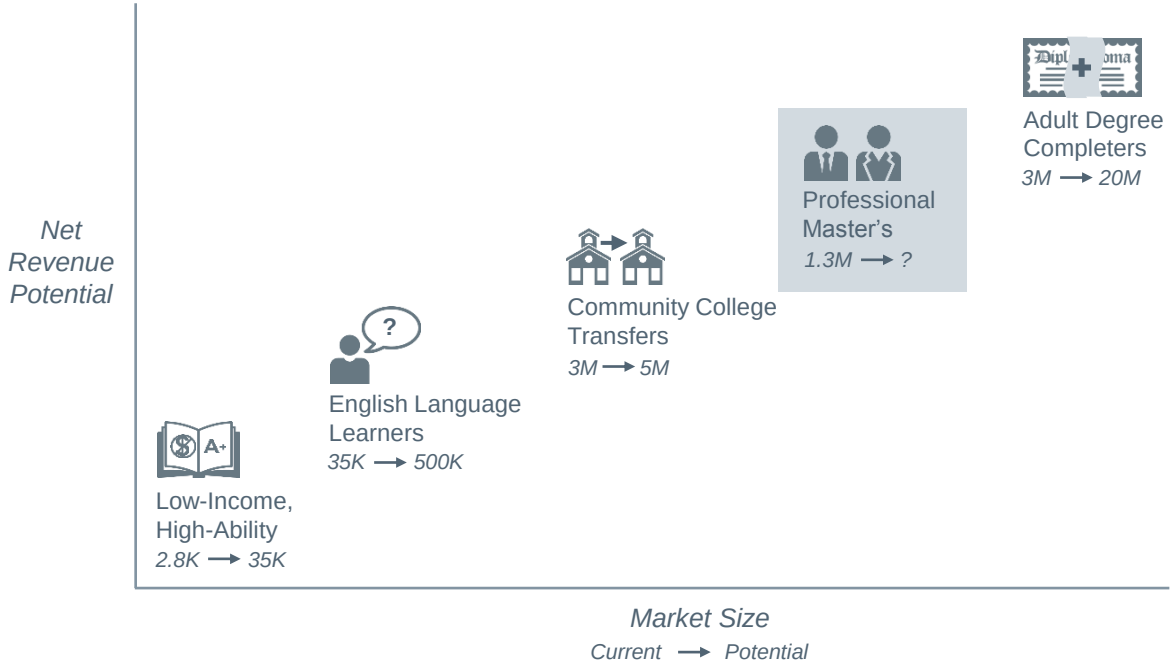
DiRECT CONNECT TO UCF

UCF advisors take over full-time at 45 credits to ensure students are prepared for transfer

Source: UCF Regional Campuses, “DirectConnect to UCF,” http://regionalcampuses.ucf.edu/directconnect/; Education Advisory Board interviews and analysis.

Choosing Where to Compete

Five Emerging Student Segments

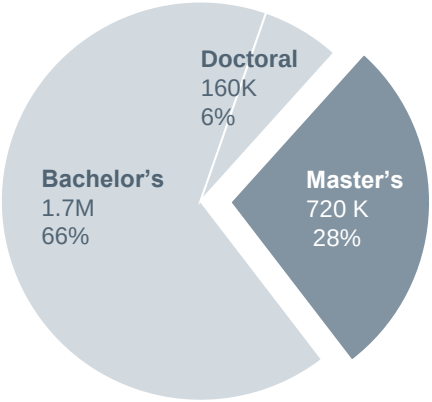


Source: Education Advisory Board interviews and analysis.

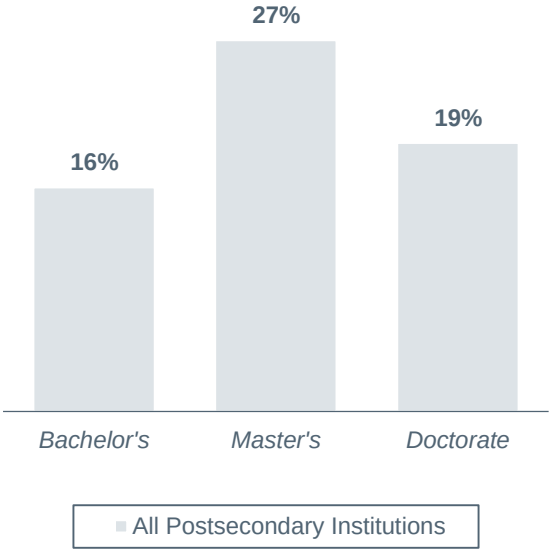
The Professional Master's Opportunity

Master's to Drive Greater Share of Enrollment Growth over Next Decade

Master's as Share of Total Degree Completions, 2011



Projected Growth by Award Level, 2011-2021



Source: National Center for Education Statistics, "Projections of Education Statistics to 2021," Jan 2013; Education Advisory Board interviews and analysis.

Driven by Both Supply and Demand

Why Master's Degrees Are Increasingly Popular

Ready Supply from Universities

- Generates enrollment revenue as core markets stagnate
- Protects selectivity and brand of core programs, including bachelor's
- Not subject to caps on undergraduate tuition
- Makes use of lower cost, more flexible instructors

Growing Demand from Students, Employers

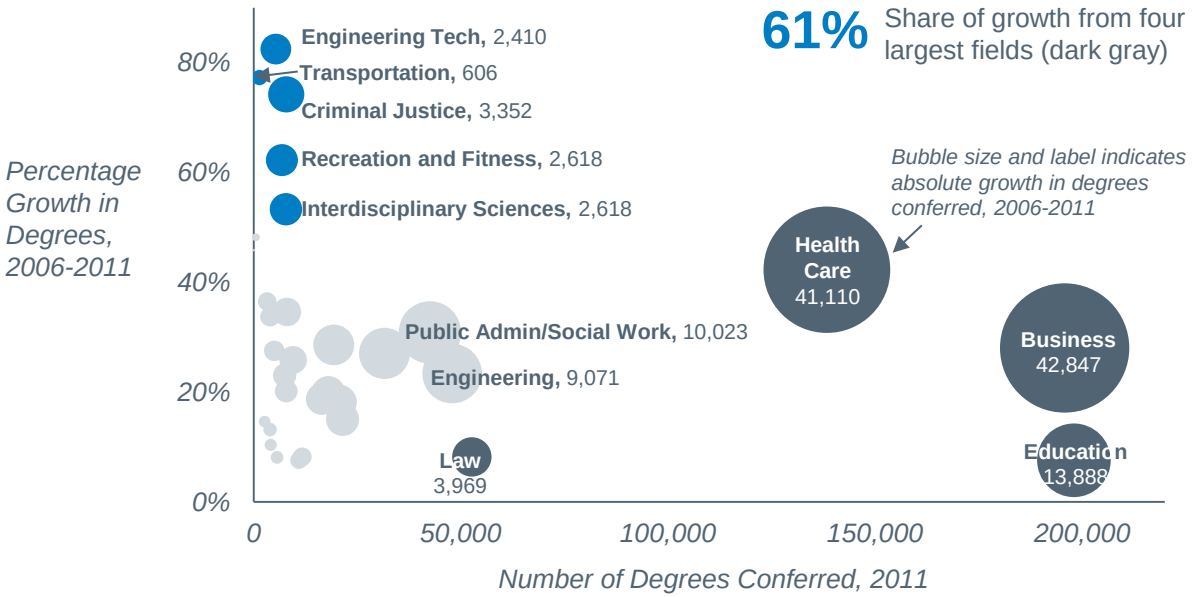
- Delivers specialized skills for increasingly technical roles
- Provides practical experience that eases entry into workforce
- Allows midcareer professionals to keep pace with upskilling
- Offers shorter, less costly alternatives to traditional graduate degrees

Source: Education Advisory Board interviews and analysis.

Not Just the Big Hitters

Large Fields Still Popular, But Smaller Fields Growing Faster

Growth in Graduate Degrees Conferred by Discipline, 2006-2011

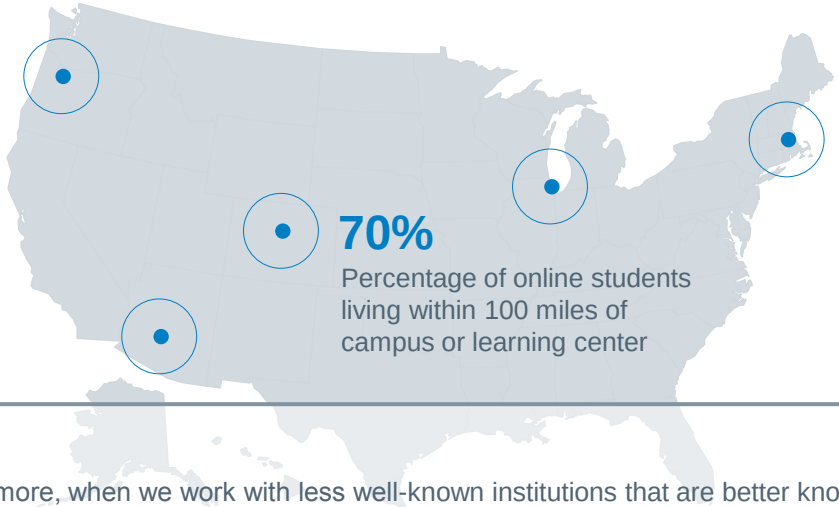


1) Disciplines are defined by 2-digit Classification of Instructional Program (CIP) codes. Data includes master's and doctoral degrees.

Source: National Center for Education Statistics, *IPEDS Data Center*; Education Advisory Board interviews and analysis.

A Stubbornly Regional Market

Local Brand Shapes Geography of Online Audience



70%

Percentage of online students living within 100 miles of campus or learning center

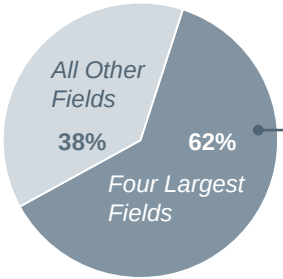
> "More and more, when we work with less well-known institutions that are better known in their own regions, the direction is relatively clear: why not attract local populations, rather than national? …These individuals know them, local employers know them, and they have greater credibility."
>
> *Carol Aslanian,*
> *Senior Vice President, Education Dynamics*

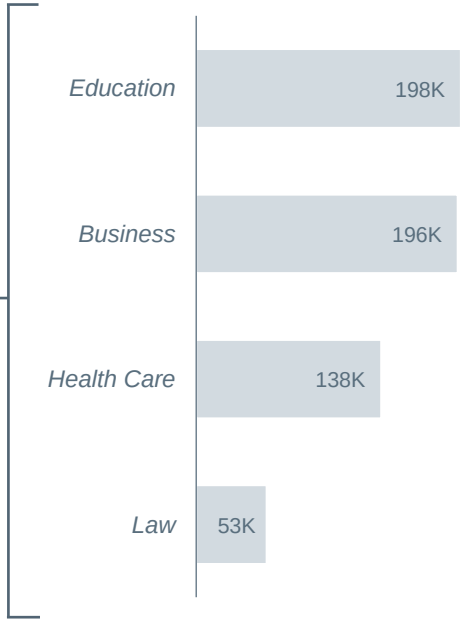
Source: The Learning House, Inc. and Aslanian Market Research, "Online College Students 2013," june 2013; Steve Kolwich, "Buying Local, Online," *Inside Higher Ed*, 23 Jul 2010.; Education Advisory Board interviews and analysis.

Yesterday's Opportunities?

Core Professional Programs Face Threats to Demand Or Capacity

Graduate Degree Completions by Discipline, 2011





Declining M.Ed. demand due to policy upheaval and new competitors

Declining MBA demand due to market saturation and wavering value

Rising applications, but limited capacity due to clinical sites and faculty

Declining J.D. demand due to weak job market and high student debt

Source: National Center for Education Statistics, *IPEDS Data Center*; Education Advisory Board interviews and analysis.

Solving the Supply and Demand Challenges

Designing Programs to Expand Markets and Use Existing Capacity

Softening of Traditional Demand

- Economic recession
- Shifting industry structures
- Regulatory changes

Identify "nontraditional" professional students subject to a different set of market and industry trends

Roadblocks to Expanding Supply

- High fixed costs (faculty, facilities)
- Accreditation standards
- Rankings anxiety

Develop "side" programs that draw on existing resources without detracting from rankings or accreditation

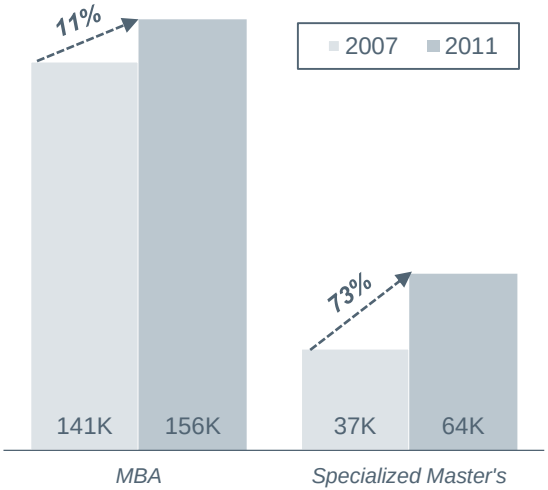
Design new programs that deliver existing courses in ways that appeal to new student markets

Source: Education Advisory Board interviews and analysis.

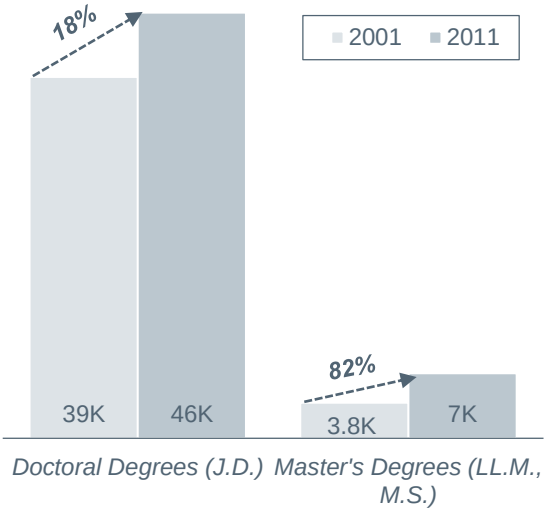
The Specialized Master's Degree

Upstarts Growing Faster than Traditional MBA or J.D.

Enrollments Reported to AACSB By Degree Type, 2007-2011



Law Degrees Completed By Award Level, 2001-2011



Source: Association to Advance Collegiate Schools of Business, "Business School Data Trends 2013," Feb 2013; Association to Advance Collegiate Schools of Business, "Business School Data Trends and 2009 List of Accredited Schools, March 2009; Education Advisory Board interviews and analysis.

Not Just "Working Professionals"

Designing Programs to Serve Distinct Market Segments

Professional Goals

Entry into new field | *Advancement in current field*

Academic Background

In related discipline | *In unrelated discipline*

Career Starters

Recent graduates seeking professional degree before entering workforce

- Accelerated format
- Stackable credentials
- Practical experience

Career Climbers

Mid-career professionals seeking graduate degrees for promotion or raise

- Flexible delivery
- Stackable credentials
- Professional development

Career Changers

Mid-career adults seeking graduate degrees to move into new fields

- Accelerated format
- Interdisciplinary pathways
- Practical experience

Career Crossers

Mid-career professionals seeking cross-training to advance in current fields

- Flexible delivery
- Interdisciplinary pathways
- Professional development

Source: Education Advisory Board interviews and analysis.

For Career Starters

Speed Entry into Workforce, Lead into Advanced Degree

M.S. in Management/MBA

Recent graduates jumpstart career with one-year master's, then return with work experience for MBA

Accelerated Format

- 10 courses from MBA program
- Tuition incentive covers cost of 4 courses for young alumni who complete in 2 semesters

Alternative Approach

Reduce time to master's with 4+1/3+2 option

Stackable Credentials

- 9 courses count toward MBA
- Returning students can earn MBA after only 7 more courses, including capstone

Alternative Approach

Build stackable certificates out of master's curricula

Practical Experience

- No experience required for MS
- Students must earn 2+ years of work experience before returning for MBA

Alternative Approach

Offer 3-semester MS to allow for summer internship

Source: Education Advisory Board interviews and analysis.

For Career Crossers

Customize Format and Curriculum for Target Audience's Industry

THE UNIVERSITY of TENNESSEE UT

Physician Executive MBA

Distinct professional needs of niche audience shape delivery of general business competencies

Flexible Delivery

- One-year, blended format reduces excess commitment
- Saturday classes recorded in case of emergency absences
- 4 one-week residencies fit into typical PTO & CME allowance

Alternative Approach

Offer 100% online route to expand geographic bounds

Interdisciplinary Pathways

- Curriculum teaches business principles through health care applications and case studies
- No prior business coursework assumed

Alternative Approach

Provide introductory courses to "level" diverse backgrounds

Professional Development

- Credential-conscious health care industry values MBA over non-degree programs
- Annual symposia connect 450 physician alumni for continuing education and networking

Alternative Approach

Diversify audience to facilitate interprofessional learning

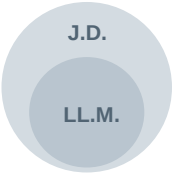
Source: Education Advisory Board interviews and analysis.

Don’t Start from Scratch

New Programs Commonly Draw on Existing Faculty and Courses

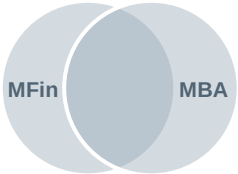
Models for Crosslisting Content

100% Existing Courses
LL.M. in American Law



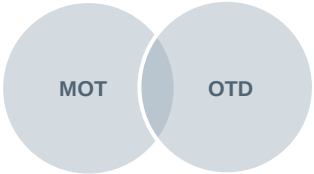
New students fully integrated into existing classes

Substantial Cross-Listing
Master of Finance



Program combines existing courses with newly created ones

New Content, Shared Personnel
Advanced Doctorate in OT



Existing faculty develop new set of courses at advanced level

Source: Education Advisory Board interviews and analysis.

Capturing the Career Aspirant

Accelerated Bachelor's/Master's Degrees Challenging But Promising

3+1

Master of Teaching

University of Virginia

- ✔ Captures high-achieving undergraduates for a year or more of graduate study
- ✔ Can path in students from other institutions through 3+X articulation agreements
- ✔ Reduces cost (and opportunity cost) of education in price-sensitive environment
- ✔ Aligns with growing popularity of AP credits and advanced standing for undergraduates

3+2

Master of Phys. Asst. Studies

Duquesne University

- ✖ Hampered by logistics of coordinating credit and tuition across academic units and levels
- ✖ Discouraged by accreditors and state license boards in closely regulated fields
- ✖ Inadequately promoted to potential market of undergraduates who might have interest
- ✖ Lacks appeal to many students who still want a traditional four-year undergraduate experience

3+3

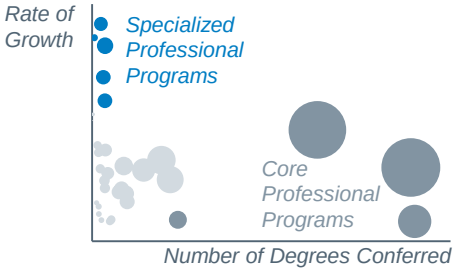
Juris Doctor

Western New England University WNE

Source: Institutional websites; Education Advisory Board interviews and analysis.

A Market-Driven Approach to Program Design

Creating Niche Programs Micro-Targeted to Specific Roles



Core Professional Programs

- Larger enrollment
- Slower growth
- Targeted to large professions and roles within relatively stable industries
- Less focus on specialized skills

Specialized Professional Programs

- Smaller enrollment
- Faster growth
- Targeted to new industries, new roles within rapidly changing industries
- More focus on specialized skills

Marketing focused on institutional brand and reputation

Micro-targeting students based on roles, skill clusters, industries

Source: Education Advisory Board interviews and analysis.

New Program Types Require New Capabilities

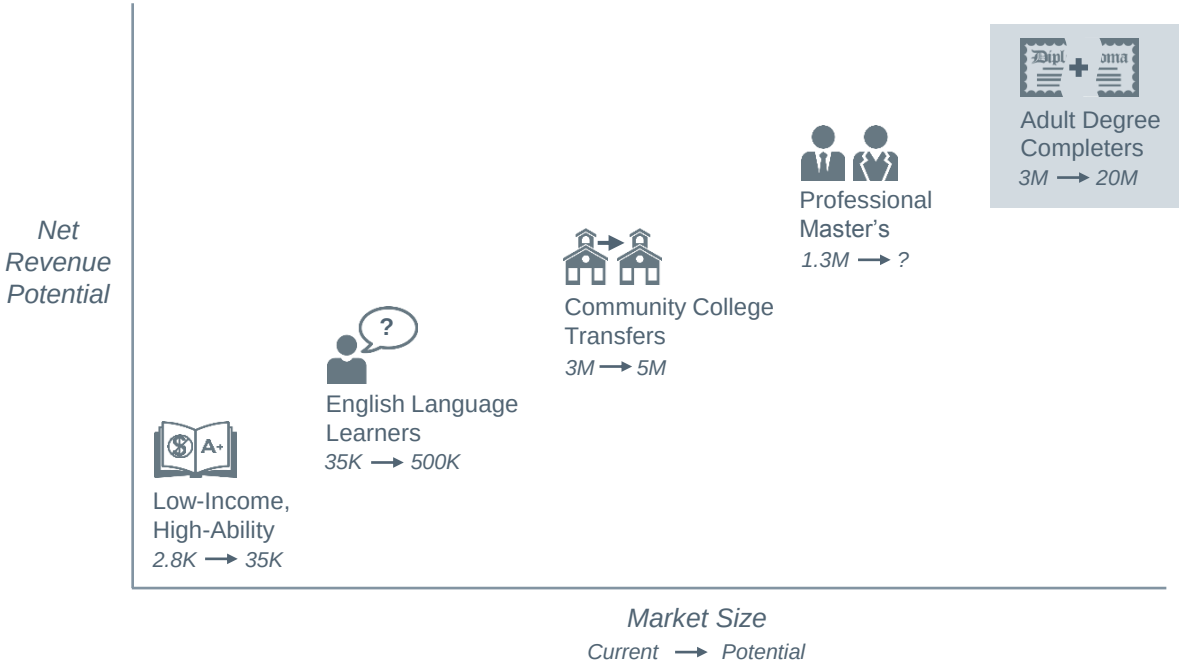
A Contrast To Traditional Master's Programs

Professional Masters Students		New Program Requirements
In Fast-Changing Industries	→	Faster Program Approval
Strongly Focused on ROI	→	Rigorous Market Research
Long Out of College	→	More Flexible Admissions Requirements
Evaluating Multiple Programs	→	Student-Centric Program Design
Shopping Online	→	Online Marketing and Recruiting
Working Full-Time	→	Flexible Delivery Modes
Expect 24/7 Support	→	Working Adult Support Services
Looking to Rise within Their Org	→	Leadership Development
See Masters as Route to a Specific Job	→	Career Placement

Source: Education Advisory Board interviews and analysis.

Choosing Where to Compete

Five Emerging Student Segments

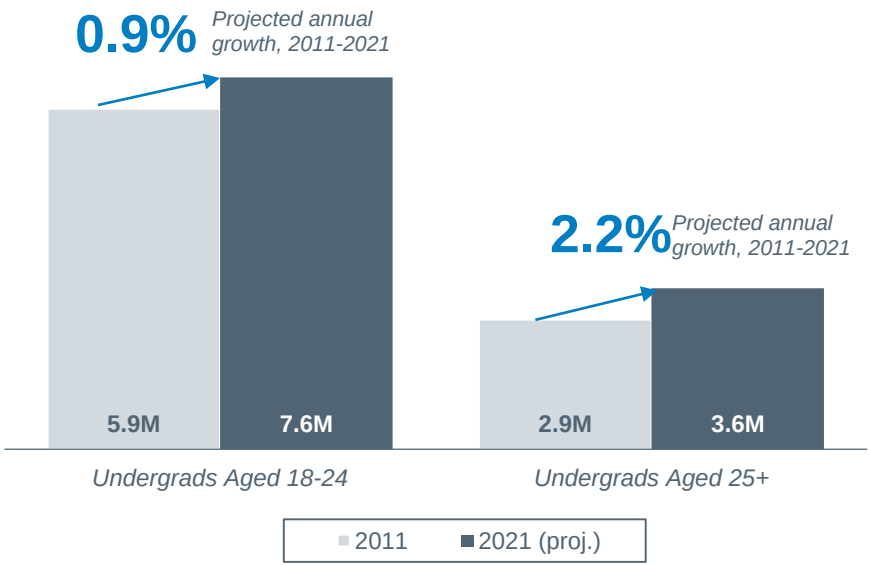


Source: Education Advisory Board interviews and analysis.

Joe College Goes Gray

Adult Undergrads to Grow Over Twice as Fast as Younger Students

Adult Undergrad Students at Four-Year Institutions



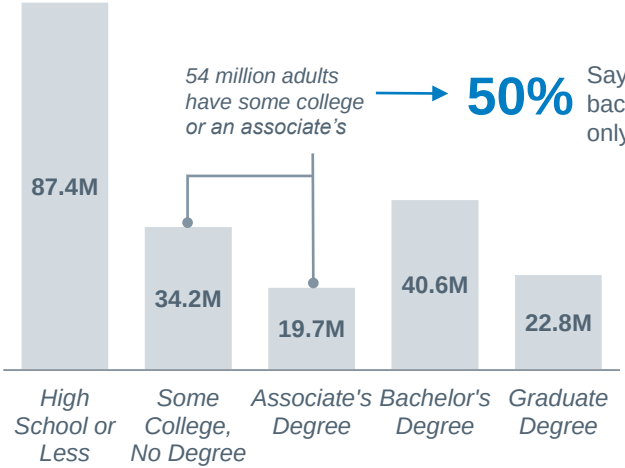
Source: National Center for Education Statistics, *Projections of Education Statistics to 2021* and *Digest of Education Statistics 2012*; Education Advisory Board interviews and analysis.

A Second Chance for a College Degree

54M Adults Have Completed Some College, But No Bachelor's Degree

The Degree Completion Opportunity

U.S. Population by Education Level



54 million adults have some college or an associate's → **50%** Say they want to go back to school – only 3% do so

Yesterday's Dropouts, Tomorrow's Clientele

1.8 million

… undergraduates start at 4-year institutions every year

↓

450,000

… will have dropped out or transferred to a 2-yr within six years, **becoming potential degree completers**

Source: National Student Clearinghouse Research Center, "Completing College: A View of National Attainment Rates," November 2012; U.S. Census Bureau, "Educational Attainment in the United States: 2012." National Center for Education Statistics, *Digest of Education Statistics 2012;* Education Advisory Board interviews and analysis.

The Best Hope for Meeting Completion Goals

Foundations and Governors Pin Hopes on Degree Completers

Lumina Leads the Completion Charge

Lumina FOUNDATION

Percentage of Americans with "high-quality degrees or other credentials"

38% → **60%**

2010 2025

States Add Their Own 2025 Pledges

- **Colorado** plans to double the number of degrees produced in its state system
- **Arkansas** pledges to double the total number of degree holders in the state
- **Tennessee** "Drive to 55" would increase proportion of citizens with higher education by >20 points by 2025

Non-Traditional Students are Non-Negotiable

"While the specifics and timeframes of these goals may differ, one thing is true across the board: none of them will be met by only improving the 'traditional' education pipeline. States and institutions will also have to increase the number of adults who earn a postsecondary degree."

Patrick Lane, Demaré K. Michelau, and Iris Palmer
WICHE/HCM Strategists

Source: WICHE, "Going the Distance in Adult Degree Completion: Lessons from the Non-Traditional No More Project," June 2012; Education Advisory Board interviews and analysis.

Adult Learners 101

Reach Out to Middle-Class Working Women to Drive Adult Enrollment

White Women in Their 30s Dominate the Adult Landscape

Demographic Characteristics of Adult Learners

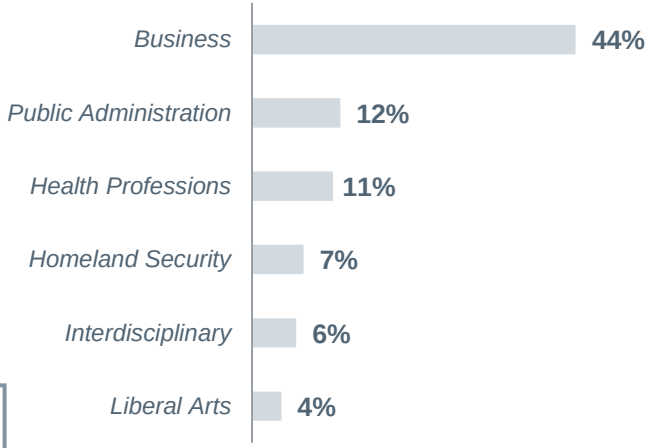
- **Age:** Mid-late 30s
- **Gender:** Female (~70%)
- **Race:** White (~90%)
- **Previous Education:** At least two years of college
- **Income:** $40-60K/yr
- **Enrollment Intensity:** Part-time

!

Younger, less experienced students increasingly prevalent in degree completion sections since recession?

Degree Interests Overwhelmingly Professional

Undergraduate Completions at Primarily Adult-Serving Institutions, 2011



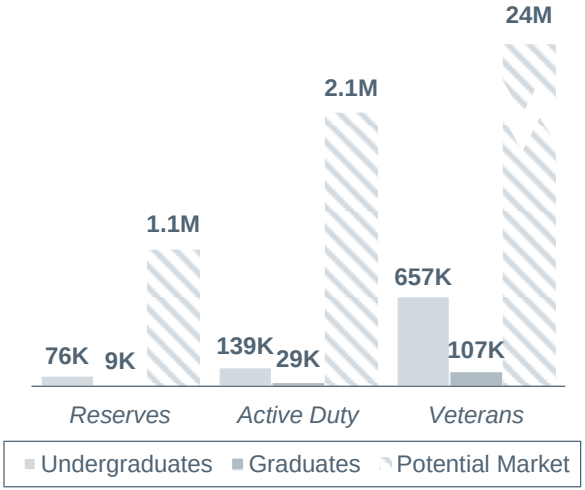
Source: Carol Aslanian and Natalie Green Giles, "Hindsight, Insight, Foresight: Understanding Adult Learning Trends to Predict Future Opportunities," Education Dynamics; National Center for Education Statistics, IPEDS Degree Completion Database

Reporting for Duty

Military and Veteran Student Population Growing Steadily

Undergraduate Veterans Dominate the Military Market

Military Enrollment by Level and Service Status



Enormous Growth Rates Since 2009…

137% Veterans

125% Active Duty

224% Dependents

… With Even Greater Growth Potential

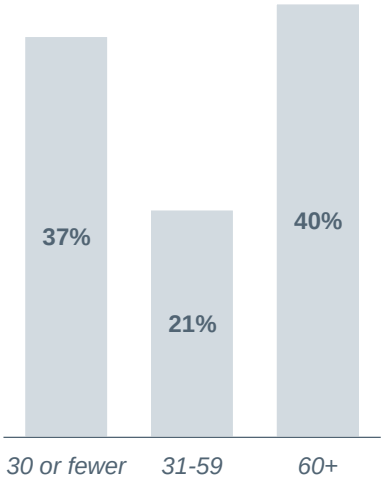
5% Of enlisted personnel **hold a bachelor's degree or higher**

Source: NCES, "Military Service Members and Veterans: A Profile of Those Enrolled in Undergraduate and Graduate Education, 2007-2008," September 2011.

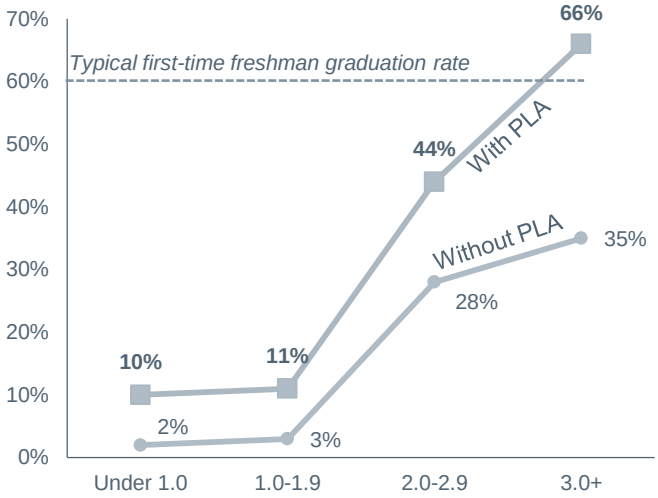
Credit Where Credit Is Due

Prior Learning Assessment Critical for Adult Student Success

Percentage of Degree Completion Students by Previous Credits Earned



Graduation Rate for Adult Students by Prior Learning Status and GPA



Source: Council for Adult and Experiential Learning (CAEL), "Fueling the Race to Postsecondary Success," March 2010. National Student Clearinghouse Research Center, "Completing College: A National View of Student Attainment Rates," November 2012; Education Advisory Board interviews and analysis.

How Much Will You Need to Change?

Adult Students Need Broader Range of Flexible Options

Affordability

- Low price
- Shorter courses
- Experience with military or corporate tuition assistance

Convenience

- More evening hours
- Flexible schedules
- Credit for prior courses
- Childcare
- Online

Career Outcomes

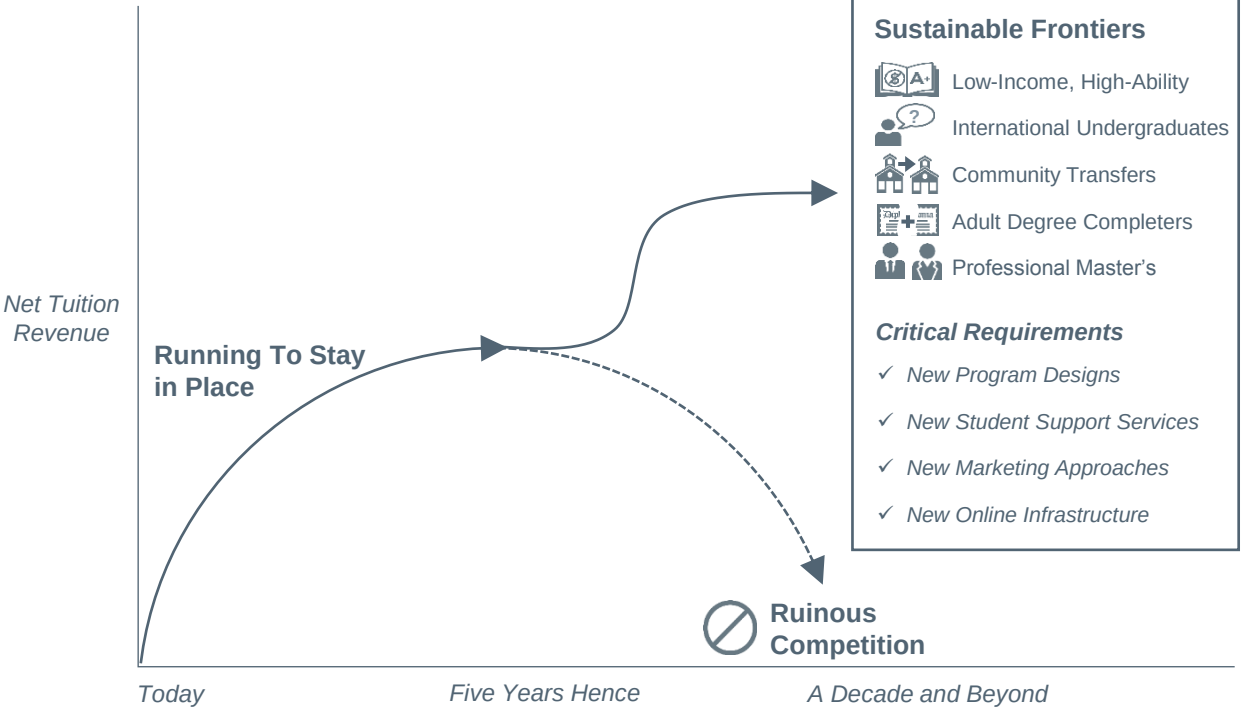
- Programs linked to available jobs
- Career placement services
- Internships and practicums

Though 50% of adult students prefer hybrid instruction – **only 30% want fully online**

Source: Education Dynamics, "Converting Credits to Degrees," Aslanian Seminars; Education Advisory Board interviews and analysis.

Seeking Sustainable Frontiers

Diversifying Today to Reach Students of Tomorrow



Source: Education Advisory Board interviews and analysis.