

*Increasing Productivity: The Imperative Facing
Higher Education (As Seen from Outside)*

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2007 ASHE Conference
Louisville, Kentucky

November 10, 2007



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A Dominant Issue at the State Level

Creating an Economy that Will Yield:

- ▶ Economic Security and a High Quality of Life for Citizens of the State
- ▶ Tax Revenues that Can Sustain Provision of Government Services

In Short, an Economy that Will Be
Globally Competitive.

Concerns at the Core

About:

- ▶ High-Value Jobs
- ▶ A Workforce Prepared to Fill Those Jobs

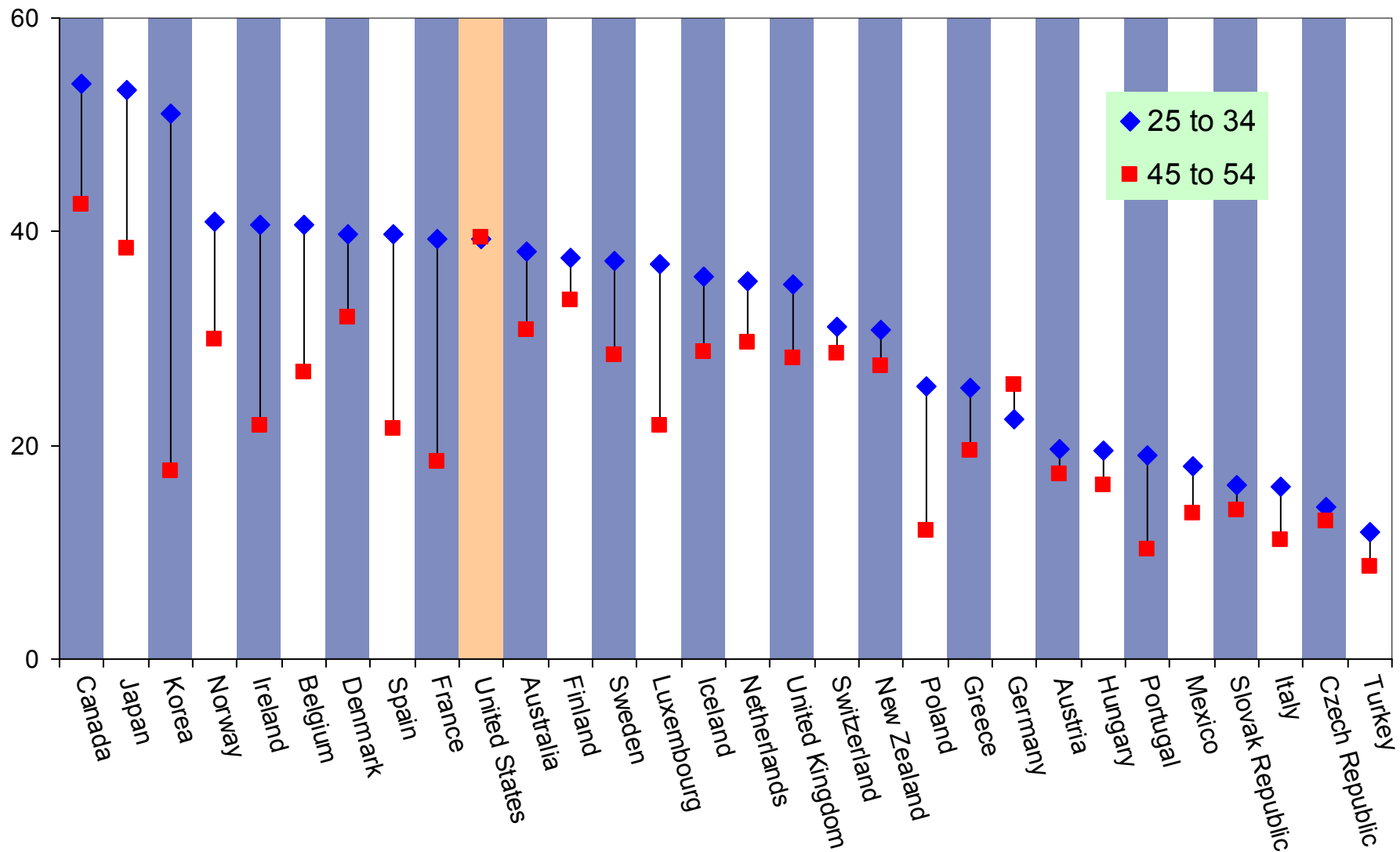
Premise

- ▶ The U.S. Needs a More Highly Educated Citizenry
- ▶ Neither States nor Students Can Afford—Separately or in Concert—to Pay for the Necessary Expansion of Opportunity
- ▶ Productivity Increases Will Be Necessary
- ▶ Productivity Increases Are Possible—We Know How to Do It

The United States Needs a More Highly-Educated Citizenry

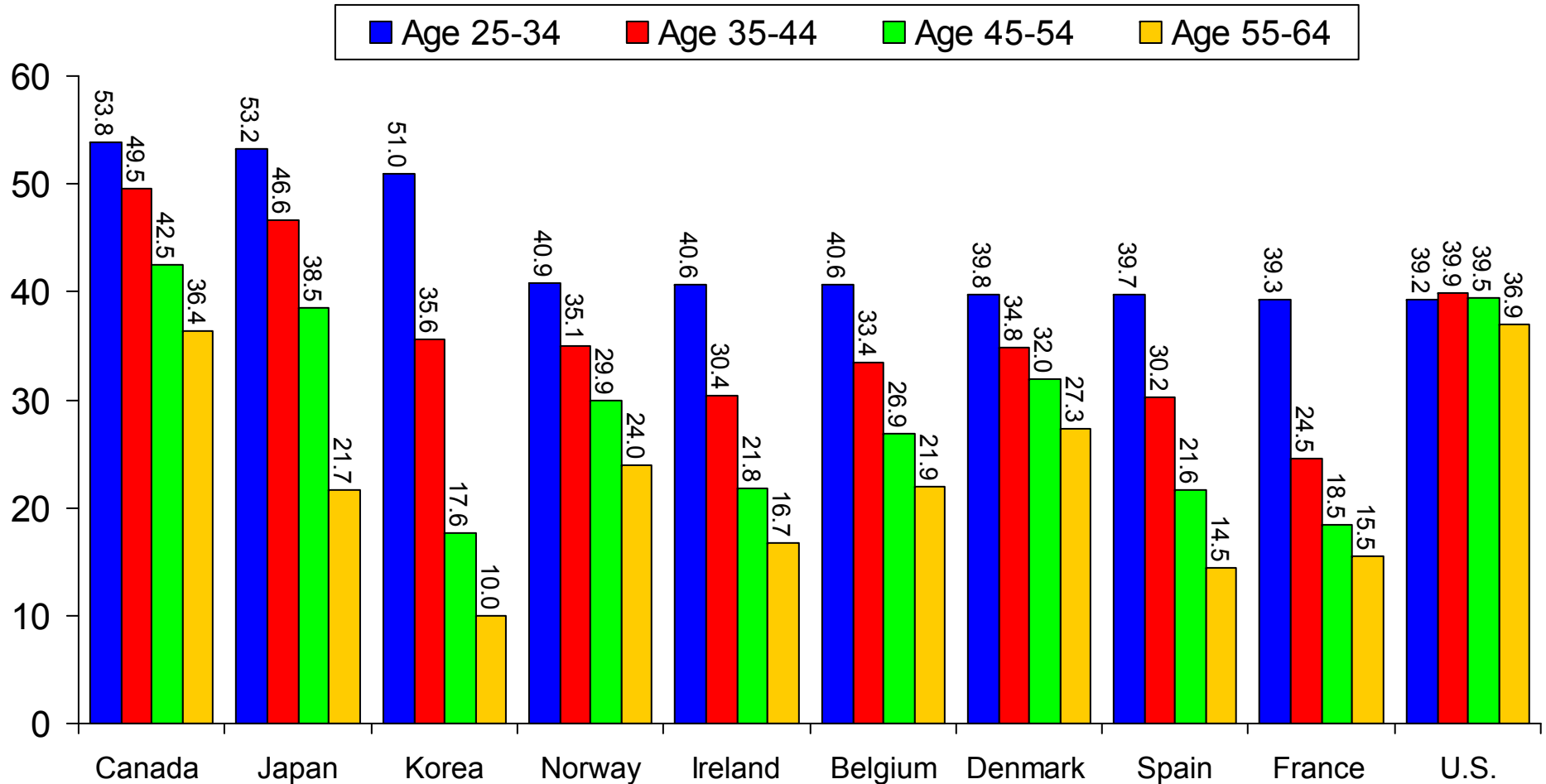
- ▶ To Meet Global Economic Challenges
- ▶ To Meet Future Workforce Needs
- ▶ To Improve Economic Circumstances and Quality of Life of the Nation's Citizens

Differences in College Attainment (Associate and Higher) Between Young and Older Adults—U.S. and OECD Countries, 2005



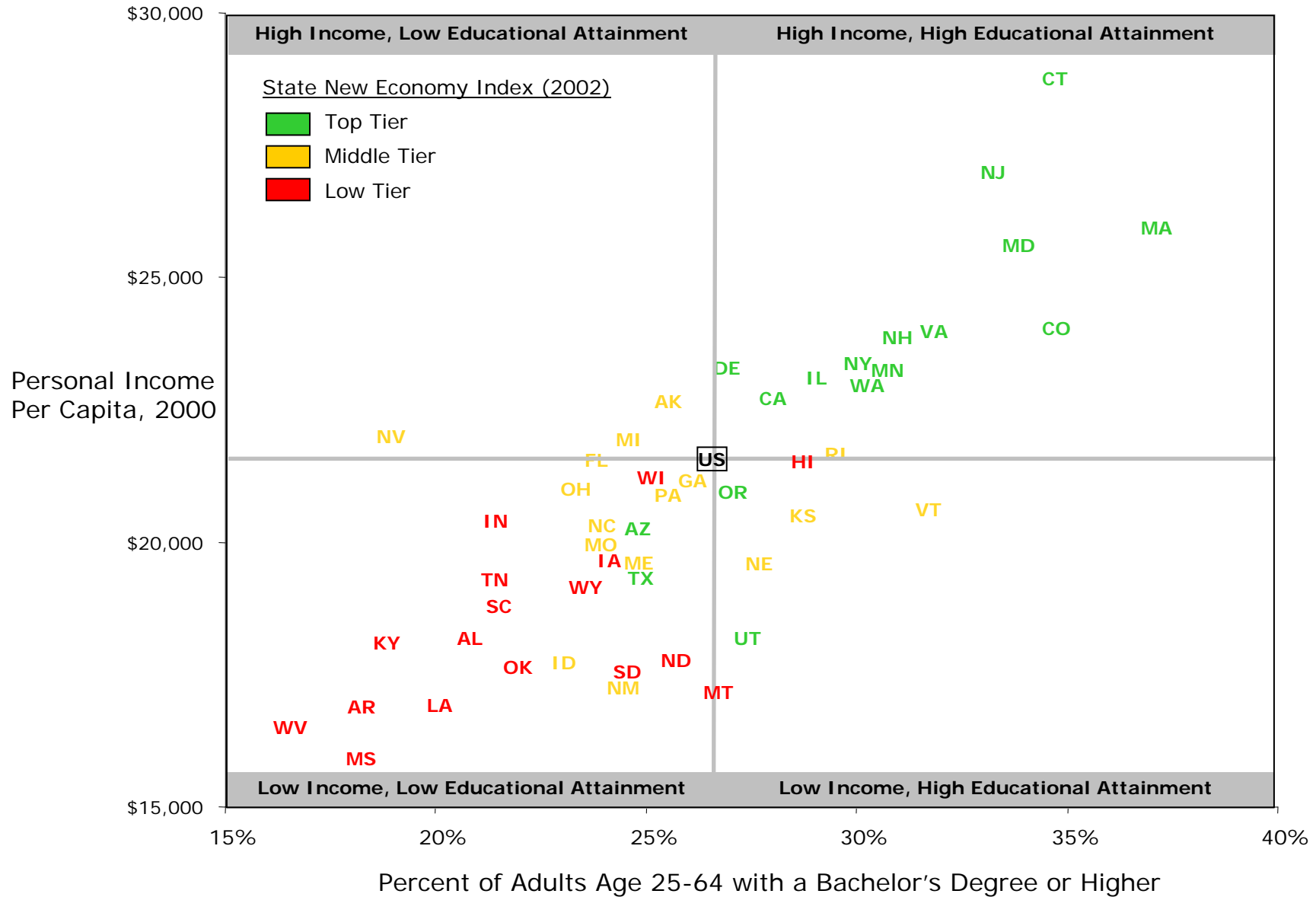
Source: Organisation for Economic Co-operation and Development (OECD), *Education at a Glance 2007*

Percent of Adults with an Associate Degree or Higher by Age Group—Top Countries and the United States

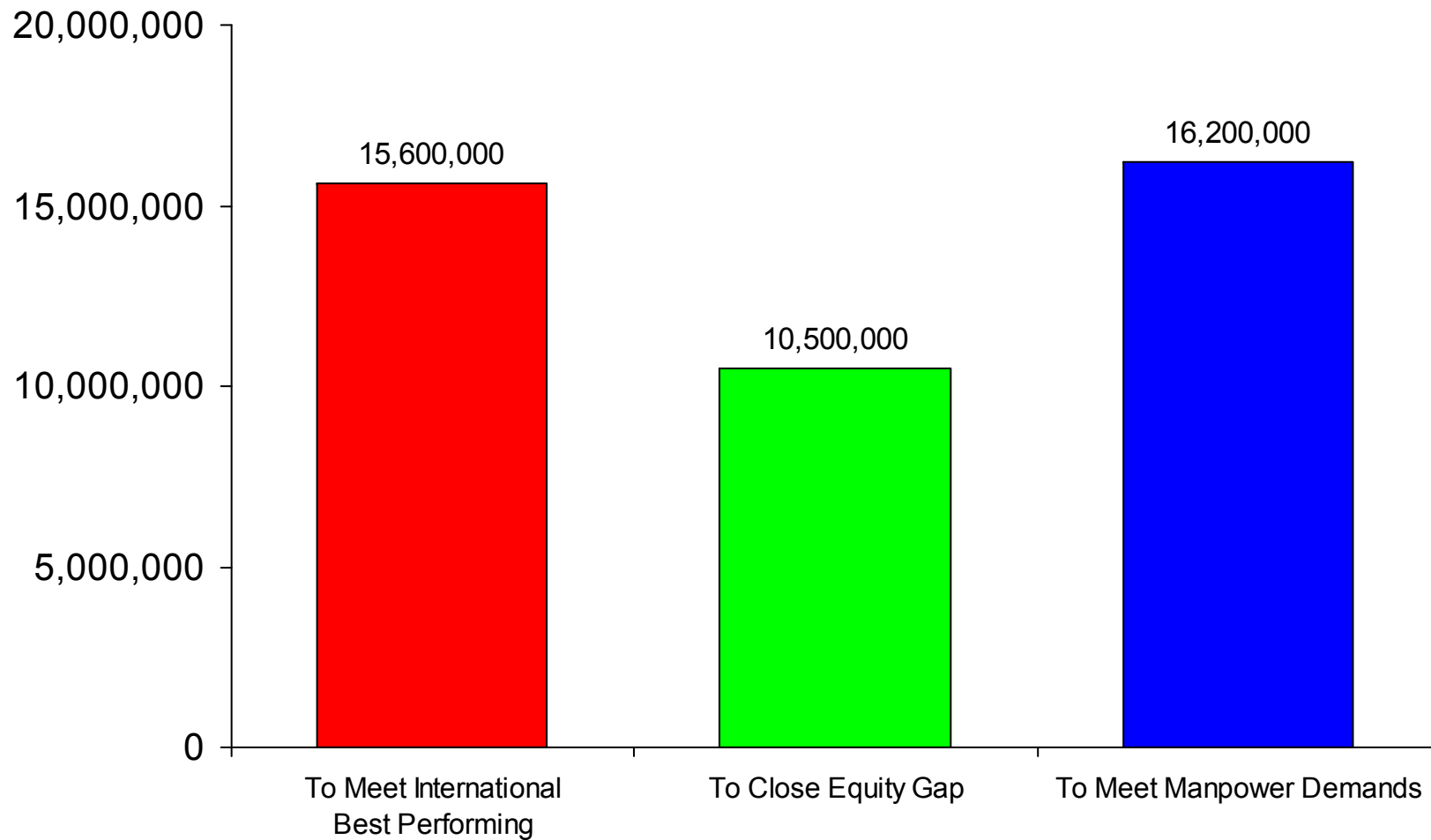


Source: OECD, *Education at a Glance 2007*

Relationship Between Educational Attainment, Personal Income, and Economic Strength



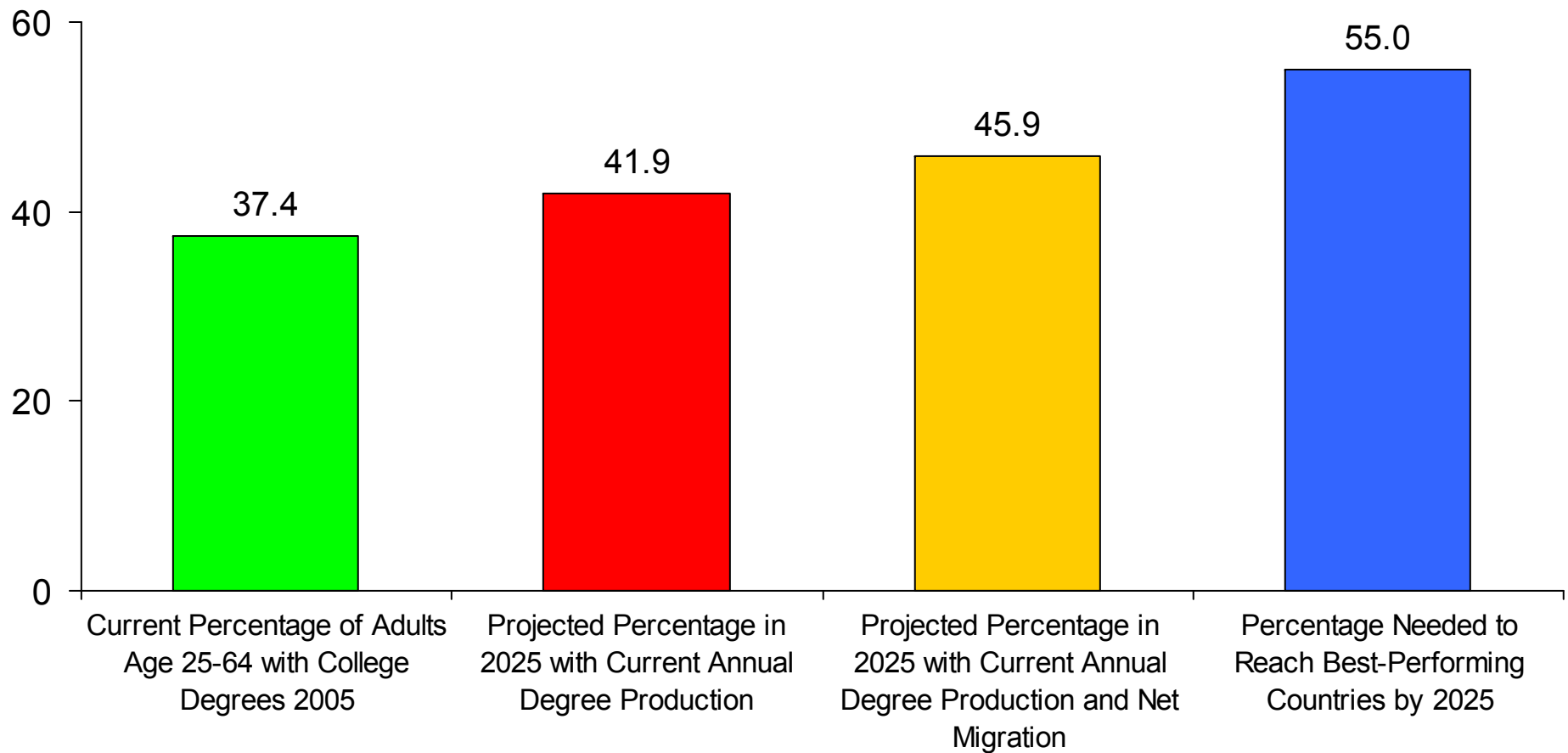
Closing the Gap—Number of Degrees Required Beyond Current Production



*The Environment Within
Which Competitiveness
Will Have to Be Pursued*

U.S. Educational Attainment

Current, In 2025 with Current Degree Production, and Best-Performing Countries in 2025 (Percent)



*Collective Cost to States, Assuming:
Tuition Stays the Same*

\$ 31.0 Billion = Annual Costs of Additional Students
at Current \$ per Student

\$ 78.2 Billion = Current State Contribution

39.7% = Percent Increase in Annual State
Support Needed

*Average Cost to Students, Assuming:
No Additional State Investment*

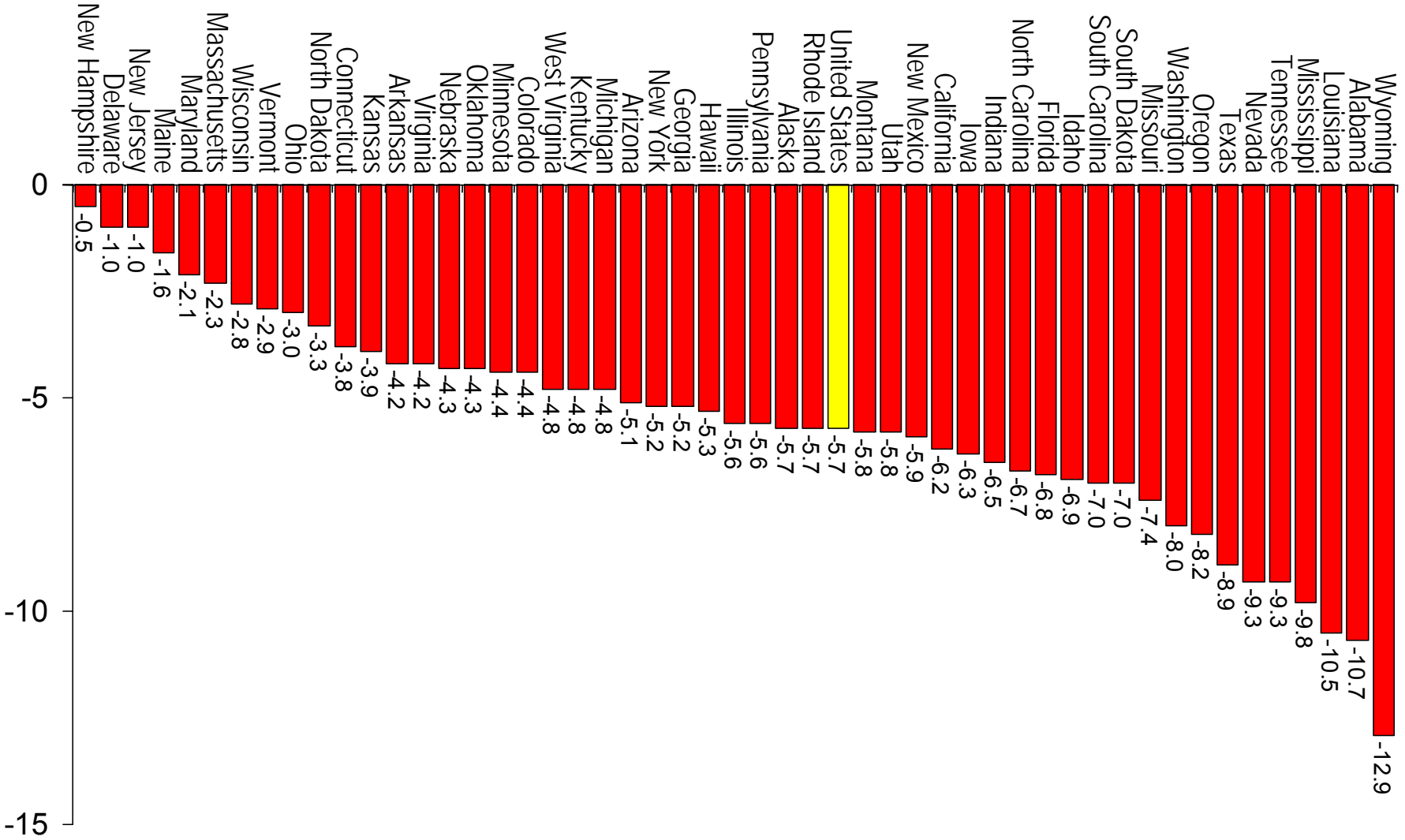
\$ 2,565 = Additional Annual Costs to Students at
Public Four-Year Institutions

47.9% Increase in Tuition and Fees
(Currently \$5,355)

\$ 1,824 = Additional Annual Costs to Students at
Public Two-Year Institutions

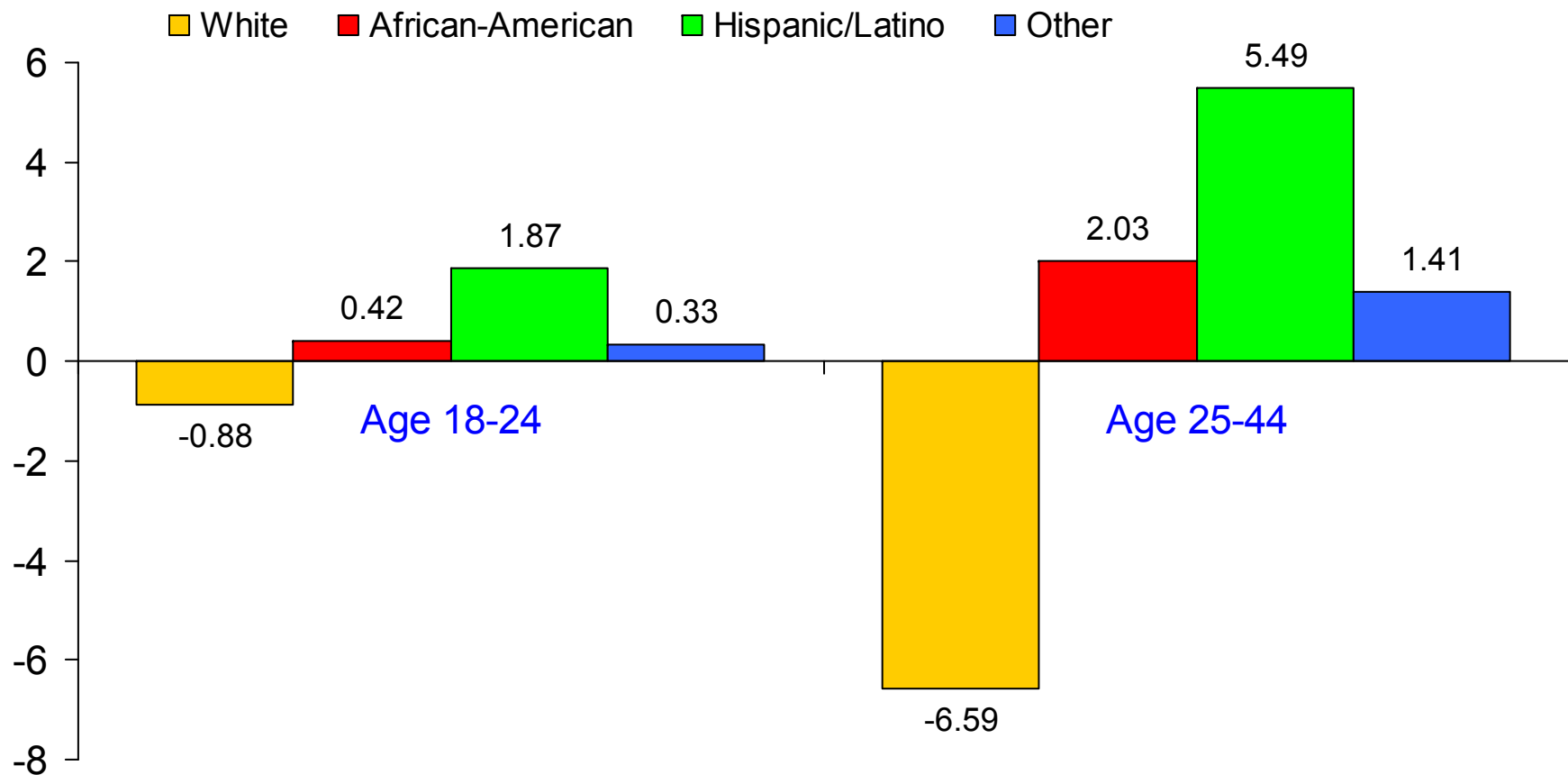
108.8% Increase in Tuition and Fees
(Currently \$1,677)

State and Local Fiscal Surplus (Gap) in 2013 as a Percent of Revenue

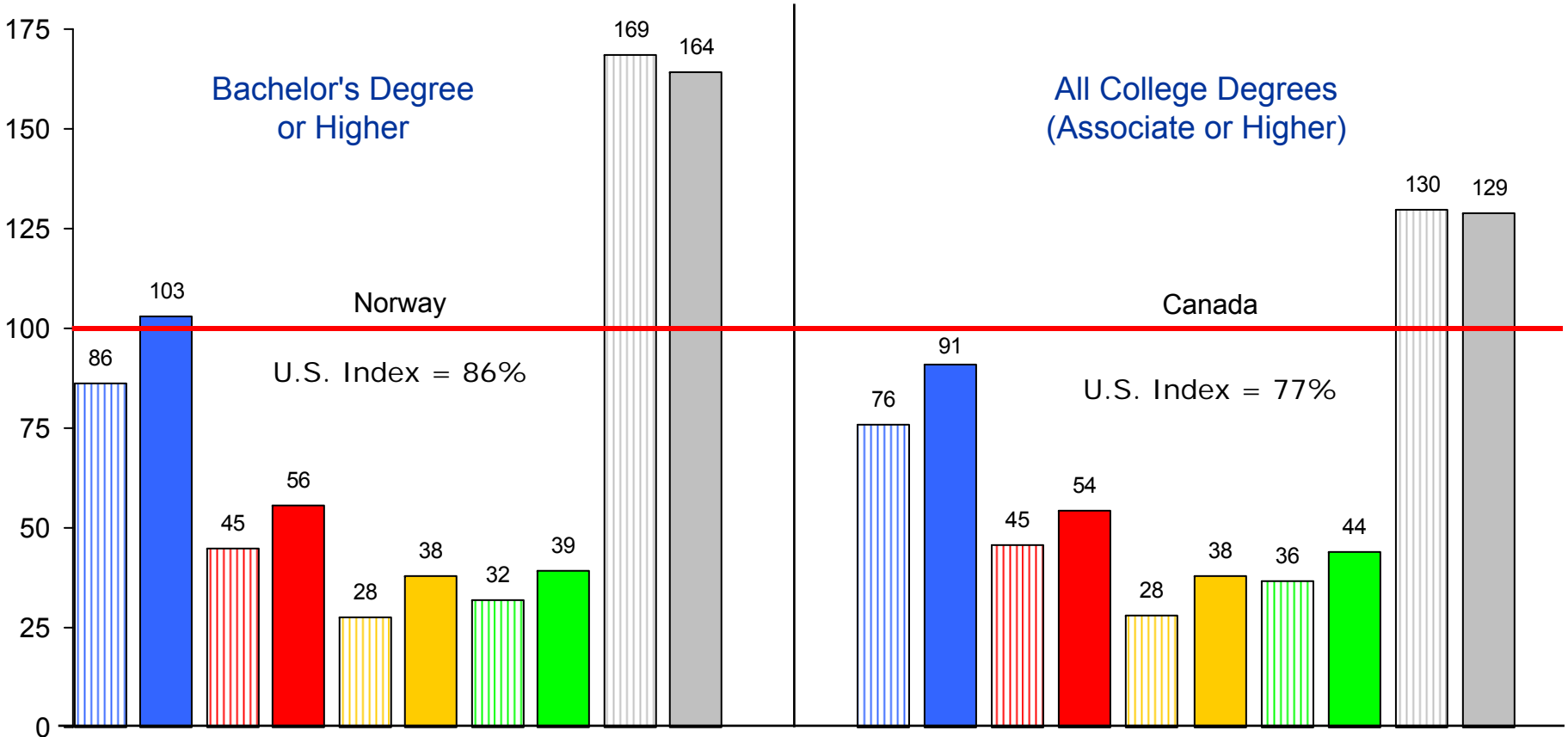
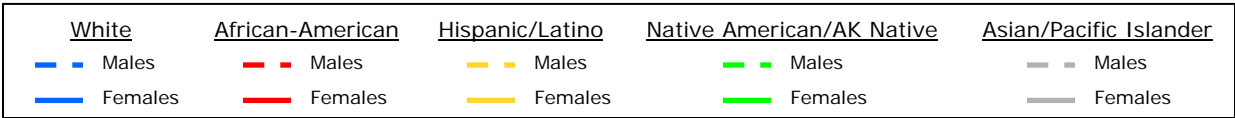


Projected Population Growth by Age and Race/Ethnicity from 2000 to 2020 (In Millions)

U.S. Must Dramatically Increase Degree Production While Serving More Minority Populations that Historically Have not Succeeded at Nearly the Rates of Whites



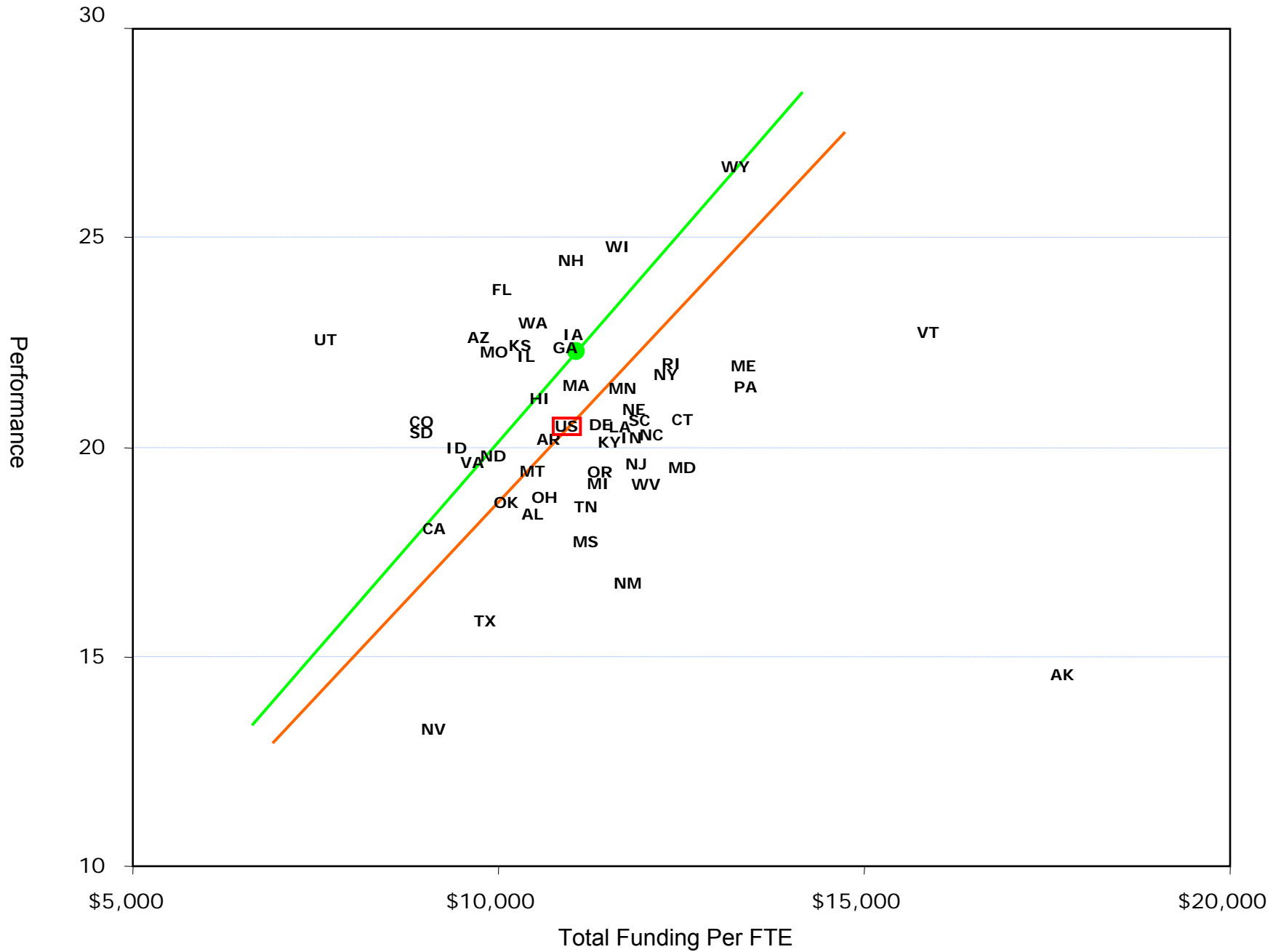
Educational Attainment of Young Workforce (Age 25-34) Indexed to Most Educated Country, 2005



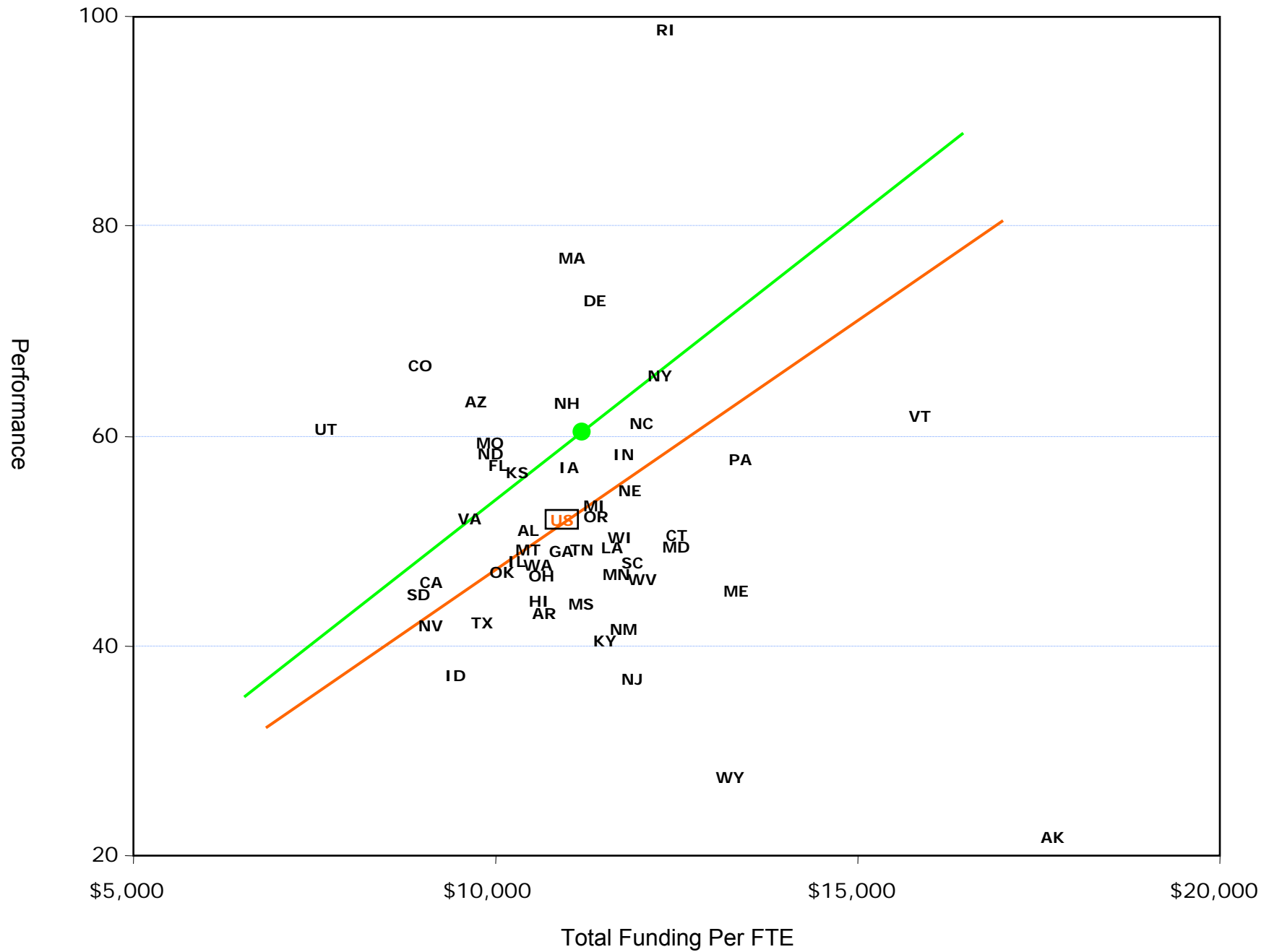
Source: U.S. Census Bureau's 2005 American Community Survey; OECD

*State Systems of Higher Education Have
Very Different Levels of Performance
Relative to Funding Levels*

Undergraduate Credentials Awarded per 100 FTE Undergraduates, 2002-03



Bachelor's Degrees as a Percent of High School Graduates Six Years Earlier, 2003



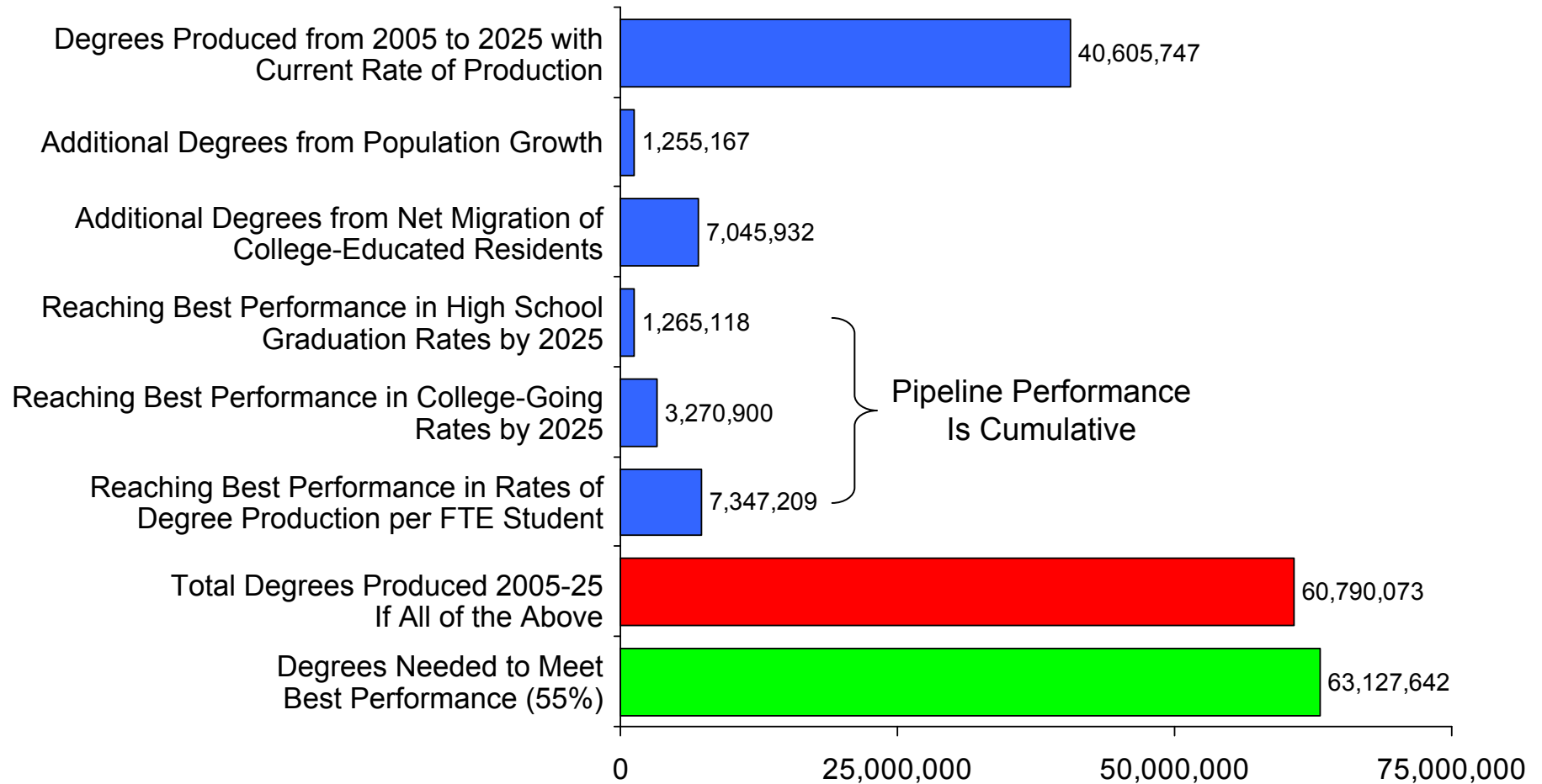
*Approaches to Achieving
Greater Productivity*

Tackling the Productivity Gap

- ▶ No Single Solution—Need for:
 - Sustained Investment **and** More Effective Resource Use (Reinvestment)
 - Change in Institutional Practice **and** Public Policy
- ▶ Solutions Must Focus on **Quality, Cost, and Access**—Cannot Sacrifice One to Make Progress on Others

How Can the United States Close the Gap?

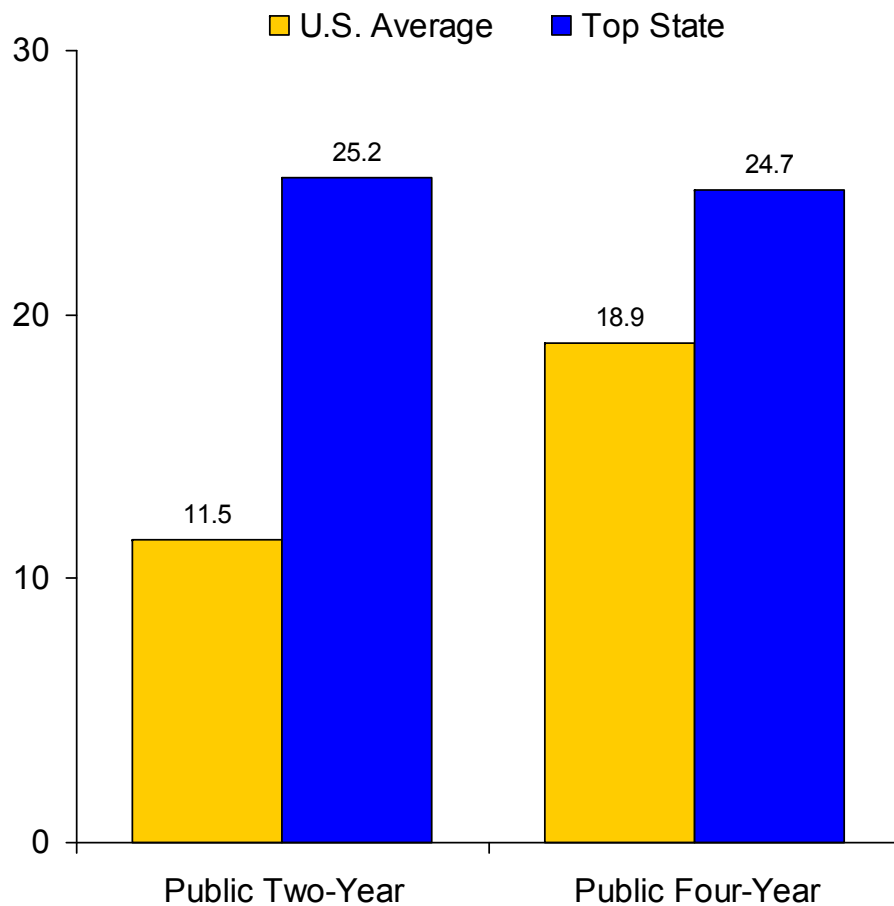
Current Degree Production Combined with Population Growth and Migration, and Improved Performance on Student Pipeline Measures



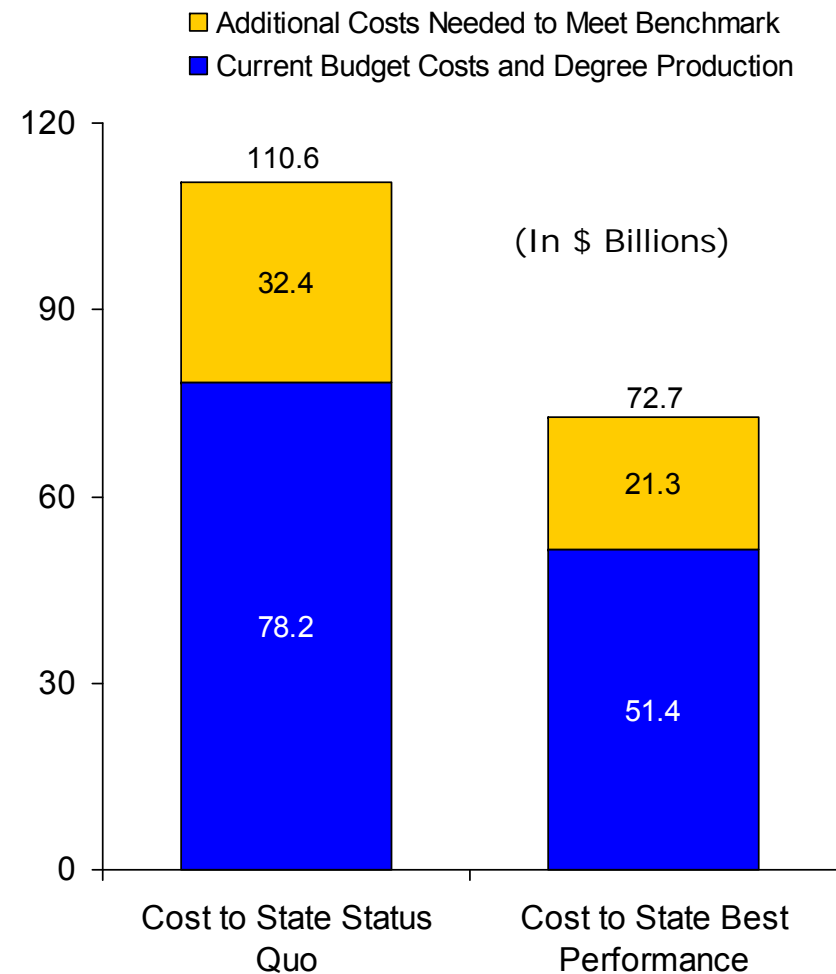
*Best performance = average of top three states

Savings to States if U.S. Reaches Top Performance in Degree Production

Undergraduate Degrees Awarded Per 100 Full-Time Equivalent Students



Reduced costs to states would be **\$37.9 billion** by improving efficiency of degree production to level of top states



Approaches to Achieving Greater Productivity

- ▶ Build Cost-Effective Systems
- ▶ Change the Academic Production Function
- ▶ Reduce Demand Each Student Places on the System
- ▶ Reduce Leaks in the Pipeline

Building Cost-Effective Systems

- ▶ More Appropriate Mix of Institutions
- ▶ Create New Types of Providers
- ▶ Effective Collaboration Among Institutions
- ▶ More Efficient Use of Existing Resources

Changing the Academic Production Function

- ▶ Create Programs of Cost-Effective Size
(Elimination in Some Cases, Collaboration in Others)
- ▶ Reengineer Curricula
- ▶ Reengineer Course Delivery
- ▶ Change Composition and Deployment of Human Assets

Reducing Demands Each Student Places on the System

- ▶ Students Come to College Fully Prepared (No Remediation)
- ▶ Accelerated Learning
- ▶ Minimize “Rework”
- ▶ Improve Rates of Course Completion
- ▶ Reduce Credit Hours to Degree
- ▶ Encourage Use of Assessment/“Test-Out” Options
- ▶ Learning in the Workplace/Credit for Experience

Reducing Leaks in the Pipeline

- ▶ Curricula Alignment
- ▶ Financial Aid Incentives
- ▶ Early-Warning Systems
- ▶ Improve Consumer Information