

# Key Trends in New England Higher Education & The Case for Public Investment

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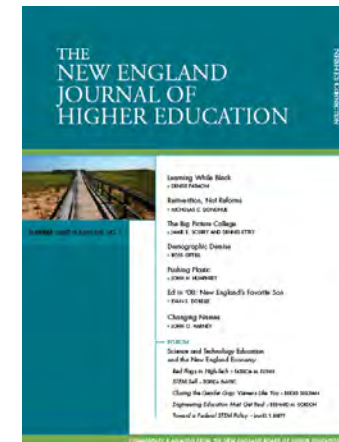
# About NEBHE

- Mission: Expand education opportunities and resources
- Key areas:
  - Cost savings & affordability
  - College readiness & success
  - Policy leadership on key issues related to education & economy
  - Strengthening higher education's link to local and regional economic development

# About NEBHE

NEBHE  
Policy &  
Research

- Regional Student Program “Tuition Break”
- College Ready New England
- Issue-oriented Conferences & Annual Excellence Awards
- Professional Development in STEM
- *The New England Journal of Higher Education*
- Policy & Research Reports, including “Trends & Indicators”
- Master Property Insurance Cost-saving Collaborative



# New England at a Glance

- 260 non-profit postsecondary institutions
- Contributes an estimated \$100 billion annually in overall impact
- Employs over 185,000 people
- 971,618 students enrolled Fall 2010
- Regional institutions grant almost 200,000 degrees annually

# Critical Crossroads

- Prolonged global economic recession
- Continued decline of public support for higher education
- Increased demand and constrained capacity
- Clear national mandate to radically expand the number of citizens with postsecondary credentials
- Projected increase in demand for individuals with postsecondary credentials, suggesting that in New England, 64% of jobs will require some postsecondary education by 2018; of these jobs, 72% or 3.7 million jobs will require a postsecondary degree

# Degree Completion in Context

Percentage distribution of education requirements among all job openings by 2018

	High School Graduate	Some College, No Degree	Associate's Degree	Bachelor's Degree	Master's Degree or Higher	Total Postsecondary Education
Connecticut	26%	16%	11%	26%	15%	67%
Maine	31%	19%	11%	23%	9%	62%
Massachusetts	23%	16%	10%	28%	16%	70%
<b>New Hampshire</b>	<b>26%</b>	<b>19%</b>	<b>11%</b>	<b>26%</b>	<b>11%</b>	<b>67%</b>
Rhode Island	25%	19%	11%	25%	11%	66%
Vermont	28%	19%	10%	25%	12%	66%
<b>US</b>	<b>27%</b>	<b>17%</b>	<b>12%</b>	<b>24%</b>	<b>10%</b>	<b>63%</b>

- Industries with largest projected growth in number of jobs:
  - Colleges, Universities, and Professional Schools
  - Offices of Physicians
  
- Occupations with largest projected growth:
  - Registered Nurses
  - Personal financial advisors
  - Teachers and instructors

The emphasis on increasing college participation and completion rates...

# What is the cost of college?

- Actual cost
  - (Institutional) Spending per FTE, per degree, etc.

Education and Related Spending per FTE, 2009								
	Public Research		Public Masters		Public Bachelor's		Community Colleges	
	2009	% Change since 2004	2009	% Change since 2004	2009	% Change since 2004	2009	% Change since 2004

<b>US</b>	\$15,919	12%	\$12,363	9%	\$13,235	8%	\$10,242	7%
<b>New Hampshire</b>	\$14,824	18%	\$12,343	3%	\$10,340	-25%	\$10,875	21%

Education and Related Spending per completion, 2009								
	Public Research		Public Masters		Public Bachelor's		Community Colleges	
	2009	% Change since 2004	2009	% Change since 2004	2009	% Change since 2004	2009	% Change since 2004

<b>US</b>	\$64,179	8%	\$54,167	4%	\$68,393	2%	\$46,759	-2%
<b>New Hampshire</b>	\$55,082	7%	\$54,630	-4%	\$25,303	20%	\$42,300	14%



# What is the cost of college?

- Actual cost
  - (Institutional) Spending per FTE, per degree, etc.
  - (Student) Tuition share of education and related costs

	Net Tuition Share of Education and Related Costs, 2009			
	Public Research	Public Masters	Public Bachelor's	Community Colleges
US	52%	49%	44%	32%
New Hampshire	79%	75%	78%	59%

# What is the cost of college?

- Actual cost
  - (Institutional) Spending per FTE, per degree, etc.
  - (Student) Tuition share of education and related costs
  - (Public) State appropriations

Educational Appropriations per FTE (Constant 2010 Dollars)						
	FY 2005	FY 2009	FY 2010	1 Year % Change	FY2010 Index to US Average	5 Year % Change
Connecticut	\$8,329	\$8,430	\$8,450	0.2%	1.31	1.4%
Maine	\$6,628	\$6,586	\$6,215	-5.6%	0.96	-6.2%
Massachusetts	\$6,564	\$6,530	\$6,006	-8.0%	0.93	-8.5%
<b>New Hampshire</b>	<b>\$3,317</b>	<b>\$3,173</b>	<b>\$2,884</b>	<b>-9.1%</b>	<b>0.45</b>	<b>-13.1%</b>
Rhode Island	\$6,633	\$4,818	\$4,817	0.0%	0.75	-27.4%
Vermont	\$3,035	\$2,690	\$2,754	2.4%	0.43	-9.3%
<b>US</b>	<b>\$6,662</b>	<b>\$6,951</b>	<b>\$6,451</b>	<b>-7.2%</b>		<b>-3.2%</b>

# What is the cost of college?

- Actual cost
  - (Institutional) Spending per FTE, per degree, etc.
  - (Student) Tuition share of institutional spending
  - (Public) State appropriations
- **Opportunity Cost for not investing in higher education**
  - **Return on Investment (ROI)**

If New Hampshire produced an additional  
100 Undergraduate Certificates,  
100 Associate Degrees, and  
100 Bachelor's Degrees...

**An additional \$376,149 in total state  
revenues would be generated.**

- \$5,124 in State Income Tax Revenues
- \$207,985 in Property Tax Revenues
- \$133,843 in Medicaid Savings
- \$29,197 in Corrections Savings

If New Hampshire produced an additional  
100 Undergraduate Certificates,  
100 Associate Degrees, and  
100 Bachelor's Degrees...

**An additional \$5,036,778 in total  
personal income would be generated.**

How have states balanced economic development strategies, a constrained fiscal environment and the benefits of college completion?

# Strategies for Increasing Productivity

- Strategic Finance
  - Performance Based Funding
  - Purchasing Agreements
- Lower costs for students
  - Tuition-setting
- Academic preparation and readiness
  - Reducing remediation rates and increasing college readiness

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# Degree Completion in Context

## Educational Attainment of Adults 25 to 64

	Percent With Associate's or Higher Degree	
	2005	2009
Connecticut	46.0%	46.4%
Maine	37.2%	38.6%
Massachusetts	48.7%	50.2%
<b>New Hampshire</b>	<b>44.0%</b>	<b>44.6%</b>
Rhode Island	41.3%	42.6%
Vermont	43.7%	44.2%
US	37.4%	38.1%

- New England states generally have higher-than-average degree attainment rates
- Degree attainment rates among young(er) adults, age 25-34, are also generally higher-than-average in New England (with the exception of Maine)
- Even so, the 55% degree attainment goal will not be reached with current rates of degree attainment

# Resources on Performance Based Funding

- *Performance Funding: From Idea to Action* on key design principles in putting in place performance funding policies (NCHEMS)
- *Catalyst for Completion: Performance-Based Funding in Higher Education* case study of three states (NEBHE)

# Other State Initiatives on Cost Savings

- RI Special House Commission to Study Public Higher Education Affordability and Accessibility in Rhode Island
- MA Commissioner's Task Force on Collaboration and Efficiency
- ME Employee Health Plan Task Force, University of Maine System
- Prioritizing registration for certain students at CA community colleges
- Setting a “rational tuition policy” at SUNY

# Trends in NH College Spending

## Changes in State Support (Excluding Federal ARRA funds)

	1-Year % Change (FY11-FY12)	2-Year % Change (FY10-FY12)	5-Year % Change (FY07-FY12)
Connecticut	-12.2%	-11.3%	2.2%
Maine	1.1%	3.7%	5.1%
Massachusetts	1.0%	17.5%	-8.5%
<b>New Hampshire</b>	<b>-41.3%</b>	<b>-40.0%</b>	<b>-32.8%</b>
Rhode Island	3.9%	2.4%	-16.7%
Vermont	-6.2%	-5.7%	2.3%
US	-4.1%	-1.9%	-3.8%

## Net Tuition as a Percent of Public Higher Education Total Educational Revenue

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Connecticut	39.8%	40.5%	39.8%	39.4%	41.3%	41.0%
Maine	46.7%	48.1%	48.9%	49.6%	53.5%	55.2%
Massachusetts	41.8%	40.6%	40.1%	40.7%	43.1%	45.2%
<b>New Hampshire</b>	<b>69.4%</b>	<b>68.5%</b>	<b>70.4%</b>	<b>70.5%</b>	<b>70.9%</b>	<b>72.0%</b>
Rhode Island	51.8%	52.7%	54.9%	58.7%	64.5%	65.4%
Vermont	77.9%	79.5%	80.2%	81.1%	83.8%	83.7%
US	36.2%	36.1%	36.2%	36.1%	37.7%	40.3%