

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

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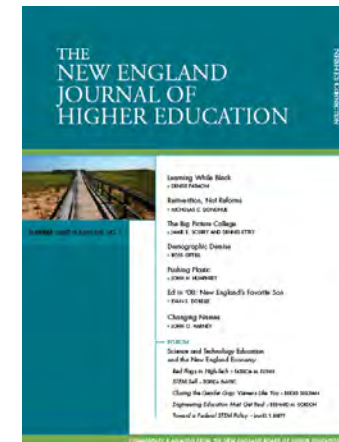
# About NEBHE

- 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

## 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%
New Hampshire	44.0%	44.6%
<b>Rhode Island</b>	<b>41.3%</b>	<b>42.6%</b>
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

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

# 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%
New Hampshire	\$3,317	\$3,173	\$2,884	-9.1%	0.45	-13.1%
<b>Rhode Island</b>	<b>\$6,633</b>	<b>\$4,818</b>	<b>\$4,817</b>	<b>0.0%</b>	<b>0.75</b>	<b>-27.4%</b>
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?

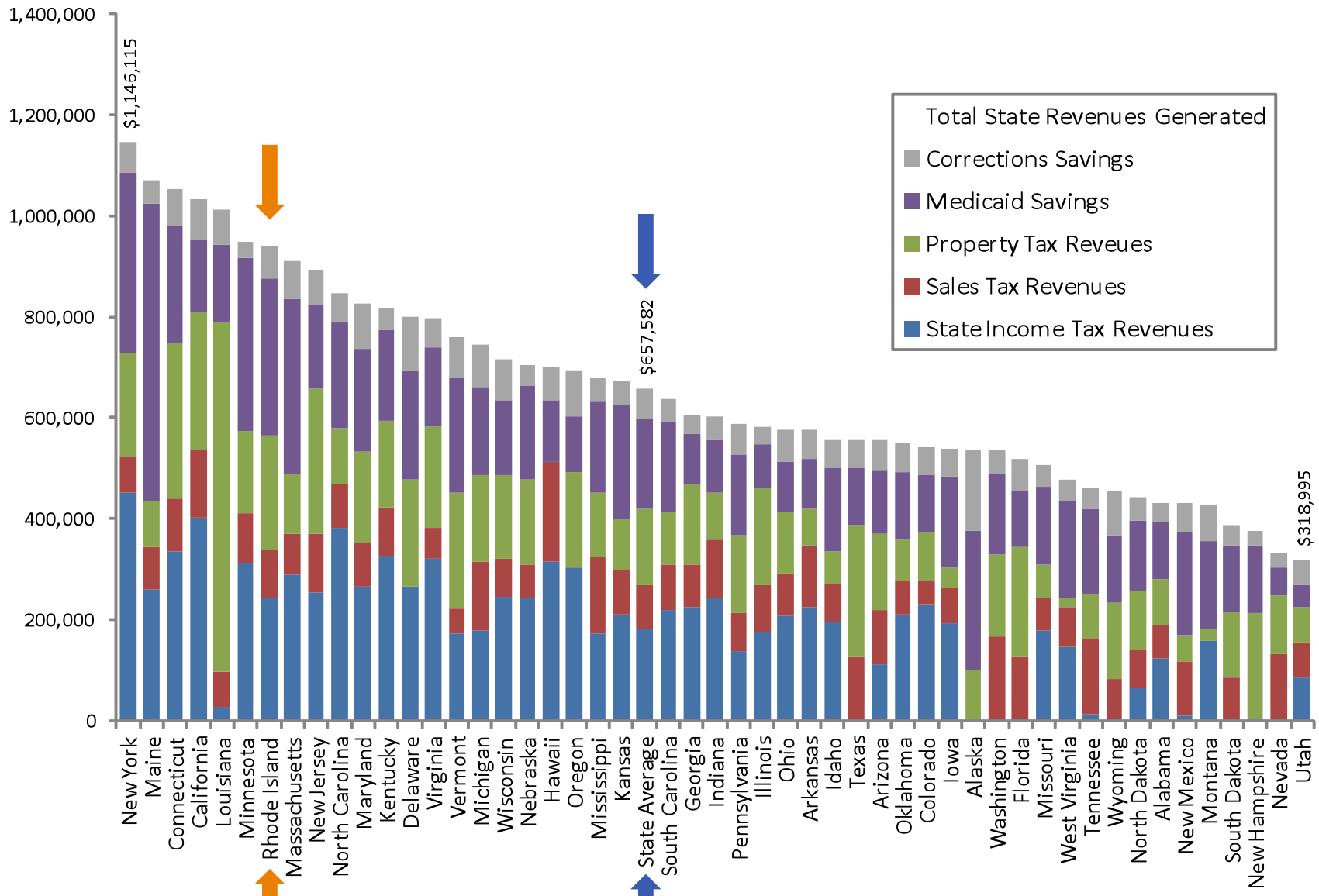
- Actual cost
  - (Institutional) Spending per FTE, per degree, etc.
  - (Student) Tuition share of institutional spending
  - (Public) State appropriations
- **Opportunity Cost for not investing in higher education**
  - **Return on Investment (ROI)**

If Rhode Island produced an additional 100 Undergraduate Certificates, 100 Associate Degrees, and 100 Bachelor's Degrees...

**An additional \$939,750 in total state revenues would be generated.**

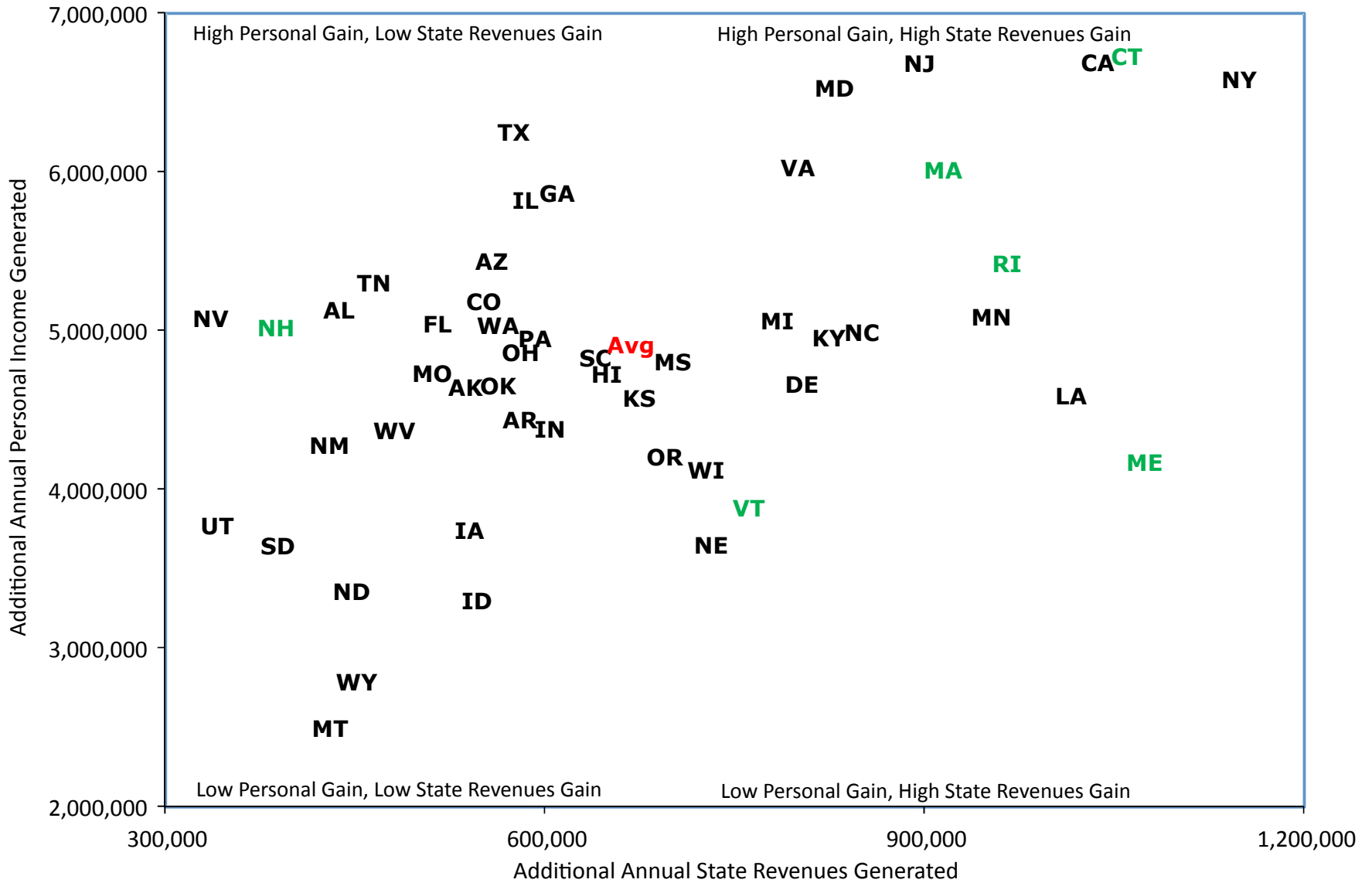
- \$241,139 in State Income Tax Revenues
- \$97,021 in Sales Tax Revenues
- \$228,058 in Property Tax Revenues
- \$308,974 in Medicaid Savings
- \$64,558 in Corrections Savings

## State Returns (by Category) If Each State Produced an Additional 100 Undergraduate Certificates, 100 Associate Degrees, and 100 Bachelor's Degrees



Source: National Center for Higher Education Management Systems (NCHEMS) and CLASP analysis

The Personal and State Returns If Each State Produced an Additional 100 Undergraduate Certificates, 100 Associate Degrees, and 100 Bachelor's Degrees



Source: National Center for Higher Education Management Systems (NCHEMS) and CLASP analysis

How can states increase their college completion rates?

# 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



**Graduation and Transfer Rates by State and Type of Institution, 2009**

	% Graduating	% Transferring to Other Institutions
<b>Public Two-Year</b>		
Connecticut	10%	21%
Maine	25	15
Massachusetts	17	17
New Hampshire	25	NA
<b>Rhode Island</b>	<b>9</b>	<b>20</b>
Vermont	12	NA
<b>New England</b>	<b>16%</b>	<b>16%</b>
<b>Public Four-Year</b>		
Connecticut	47%	10%
Maine	40	23
Massachusetts	50	NA
New Hampshire	56	NA
<b>Rhode Island</b>	<b>45</b>	<b>NA</b>
Vermont	43	NA
<b>New England</b>	<b>48%</b>	<b>NA</b>
<b>Public Land Grant</b>		
Connecticut	78%	16%
Maine	58	7
Massachusetts	65	NA
New Hampshire	72	NA
<b>Rhode Island</b>	<b>60</b>	<b>NA</b>
Vermont	73	NA
<b>New England</b>	<b>68%</b>	<b>NA</b>

Source: NEBHE Trends & Indicators, 2011



# 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

# Initiatives on Affordability

- Setting a “rational tuition policy” at SUNY
- Public-private partnerships for state grant aid in Washington state
- Vouchers in Colorado
- Models for dispensing financial aid (MDRC’s Opening Doors Study)