



The Changing Higher Education Landscape

Challenges and Opportunities for Missouri State University

The Argument in Brief



A Changing Landscape

- **State support** fails to keep up with rising institutional costs, creating more dependence on tuition
- Overall **enrollments already down**, steep demographic declines projected
- **Intensifying competition** for students creates winners and losers, drives down net tuition at many institutions
- Always important, **retention** now urgent for maintaining enrollments and reaching equity goals
- Students increasingly focused on “**return on investment**” and pathway to careers, even as employers value fundamental skills such as critical thinking and communication

Key Strategies

- Diversify student populations beyond traditional residential undergraduate
- Leverage proactive advising, improved pedagogy and reduced admin barriers to retain students
- Address ROI concerns with experiential learning, better career support
- Create, market, and deliver innovative academic programs designed around student needs
- Engage in regional partnerships with educational institutions, community groups, employers



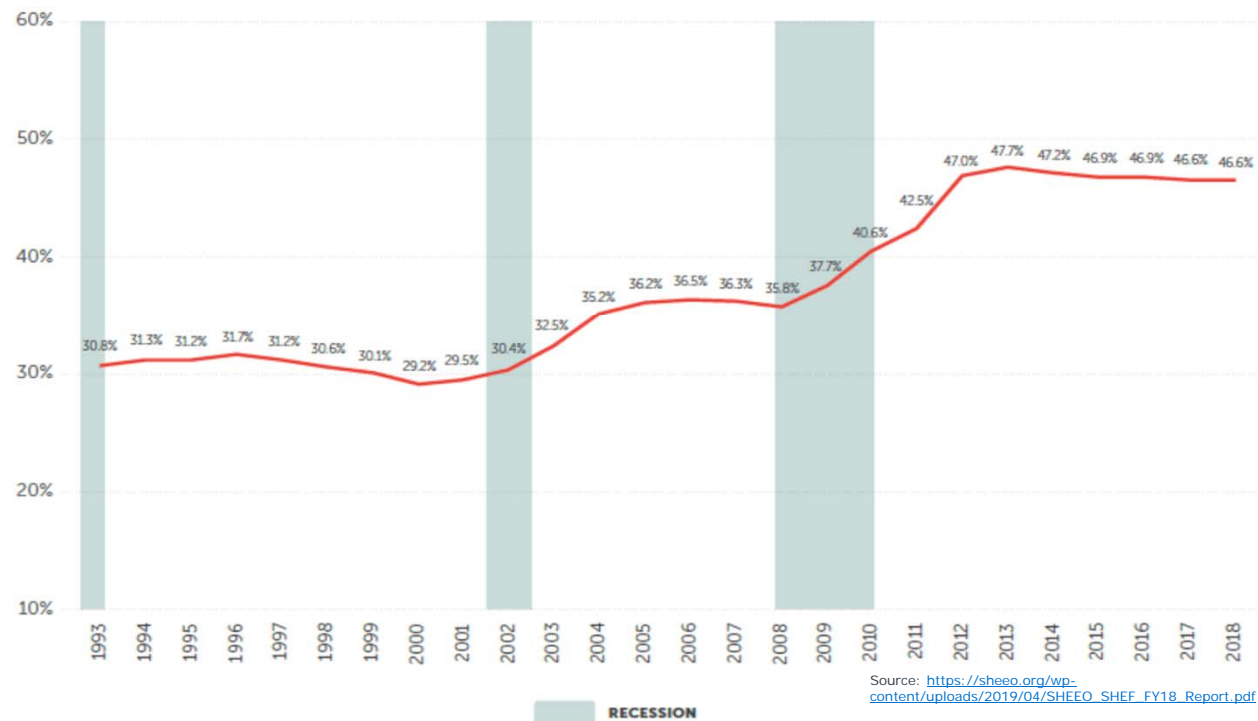
State Support

The Privatization of Public Higher Education

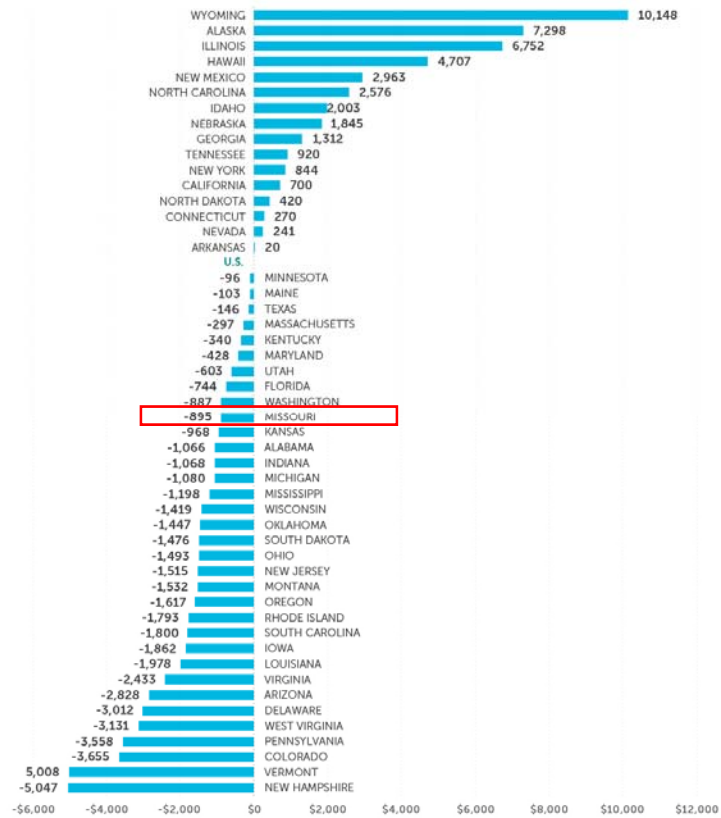


Public Funding Fails to Recover Even as the Economy Grows

**NET TUITION AS A PERCENT OF PUBLIC HIGHER EDUCATION
TOTAL EDUCATIONAL REVENUE, U.S., FY 1993-2018**



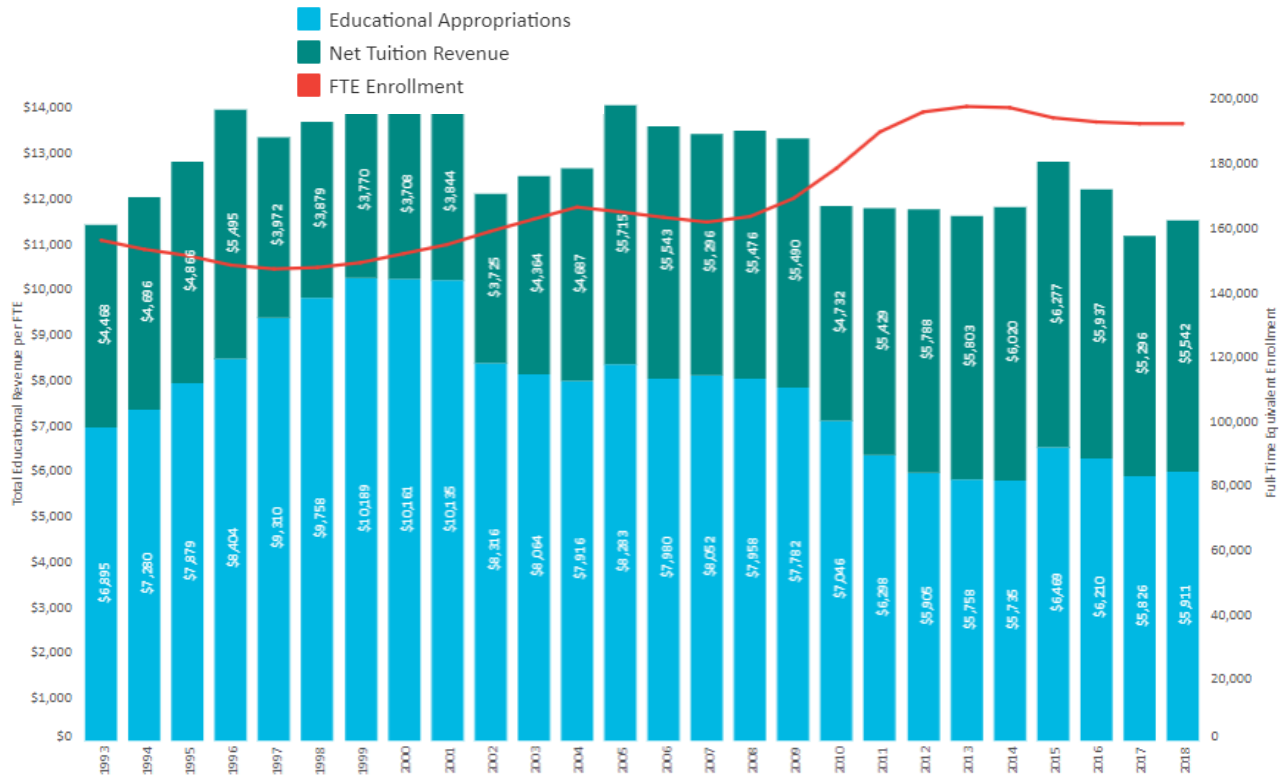
Missouri State Funding Slightly Below U.S. Average



State Funding Fails to Keep Up With Enrollment



Missouri Funding for Higher Education (per FTE Student)



Less Funding, More Strings Attached



State Legislatures Concerned About Efficiency and Outcomes

Common Legislative Concerns

- Graduation Rates
- Rising Tuition
- Student Debt
- Growing Administrative Costs
- Access for State Residents
- Alignment with State Workforce Needs
- Free Speech

Common Policy Levers

- Performance-Based Funding
- Caps on Tuition Increases
- Cost Benchmarking Studies
- Mandated Efficiency Reviews
- Cuts to Institutional Funding
- Caps on Non-Resident Students
- Campus Consolidations
- Public Data on Career Outcomes
- Free College

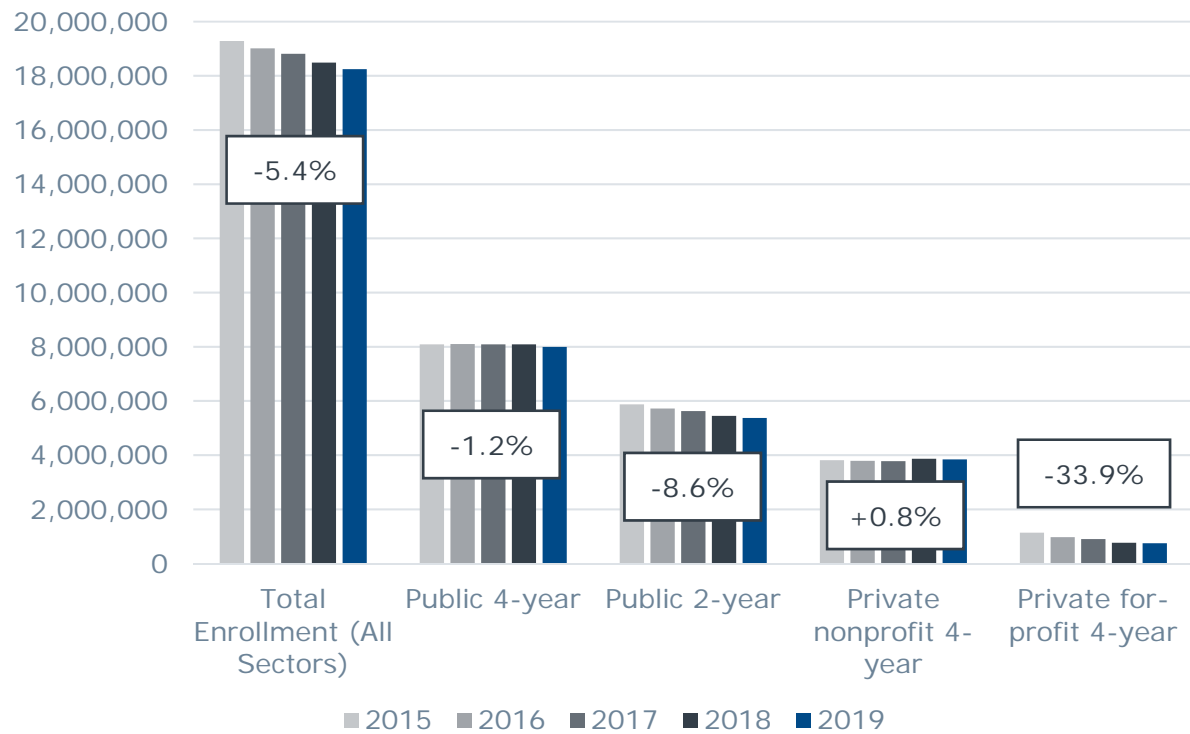


Demographics

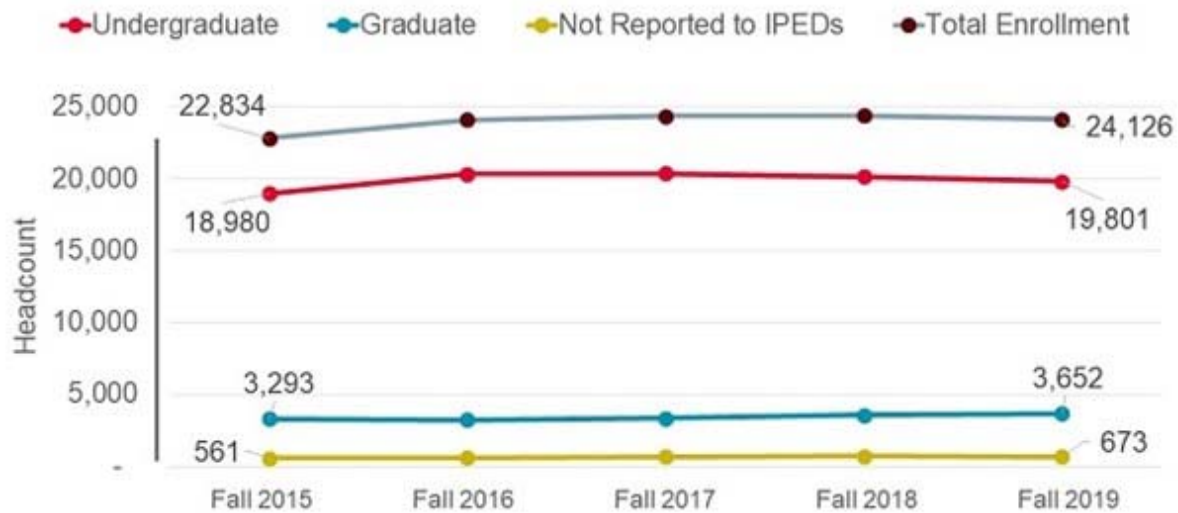
The Enrollment Decline Has Already Begun



Total Fall Enrollment by Sector, 2015-2019



III Total Enrollment



And It's About to Get Much Worse

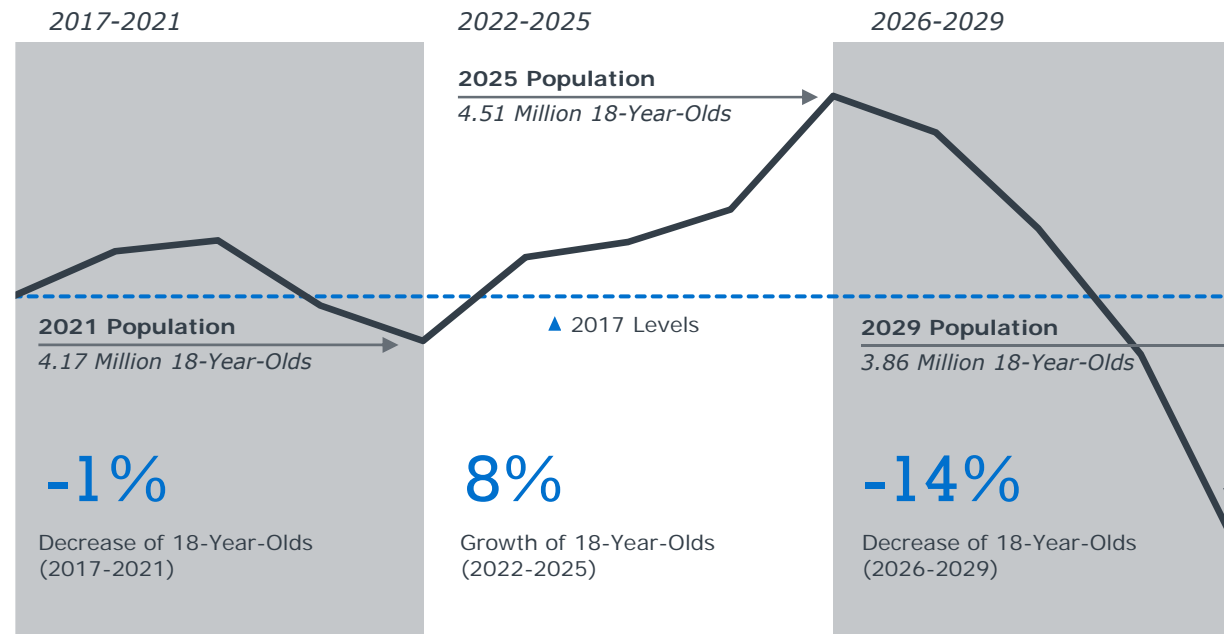


Population of 18-Year-Olds to Contract Sharply After 2025

Modest Decrease...

...Followed by Growth Spike...

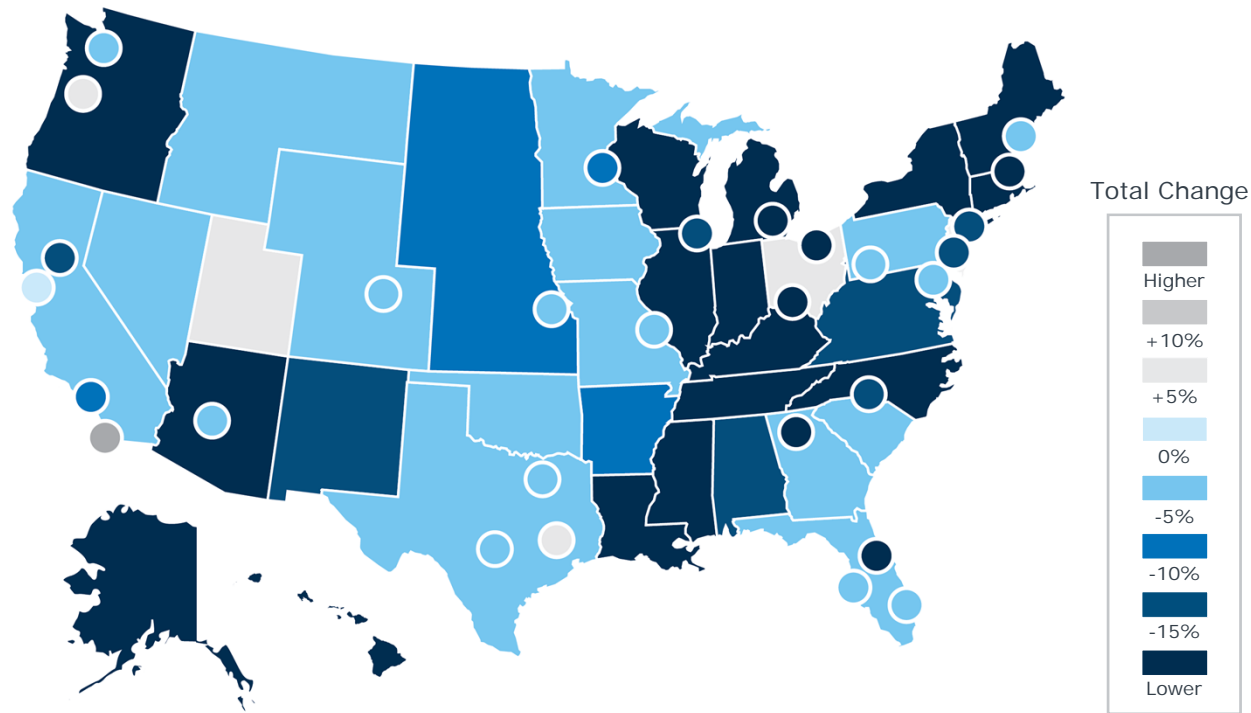
...Met with A Sharp Decline



Looking Further Out



Change in Americans Predicted to Attend College, 2019 to 2029

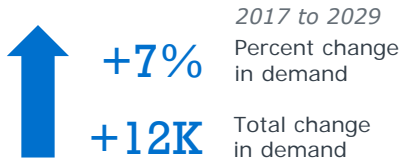


Summarizing by Segment and Selectivity



Elite HEIs

Top 50 research universities,
Top 50 liberal arts colleges
(USNWR rankings)

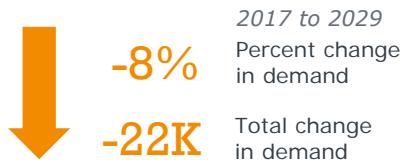


Timespan	% Change in Demand
2019 to 2023	3%
2024 to 2026	2%
2027 to 2029	-5%

- Continued strong demand for elite HEIs. Some may struggle to shape a diverse class as demographics shift.

National HEIs

Top 50-100 research universities,
Top 50-100 liberal arts colleges
(USNWR rankings)

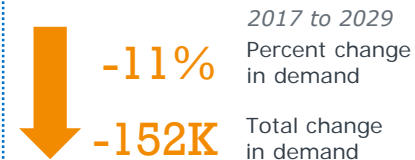


Timespan	% Change in Demand
2019 to 2023	1%
2024 to 2026	2%
2027 to 2029	-11%

- Aggregate gains among elite HEIs could offset projected losses at national HEIs who capture "spillover" demand.

Regional HEIs

Research universities and liberal
arts colleges ranked outside of
Top 100 (USNWR rankings)



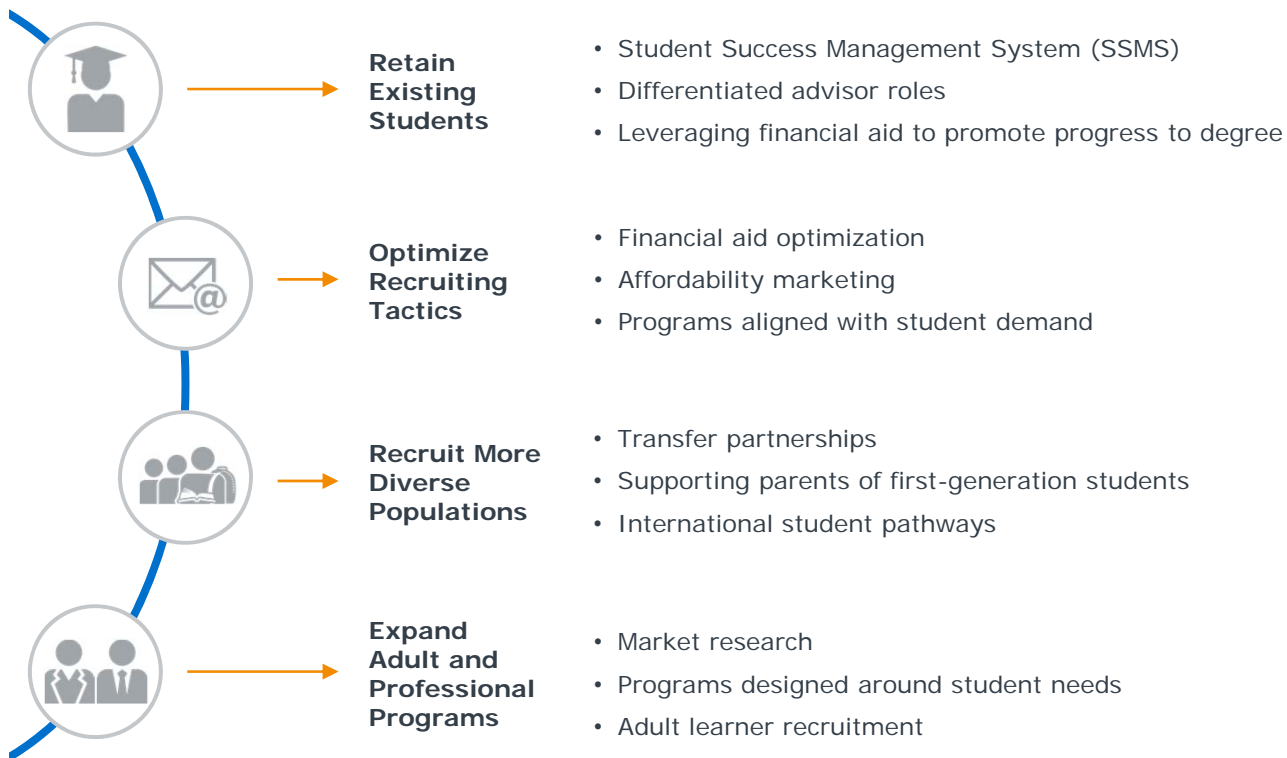
Timespan	% Change in Demand
2019 to 2023	0%
2024 to 2026	2%
2027 to 2029	-12%

- Most subject to demographic volatility as core student population is least likely to travel and most skeptical of college value proposition.

Responding to Demographic Decline



Four Imperatives



Different Student Populations, Different Needs



Understanding the Opportunities and Challenges in Serving Each Group

Direct from High School

Challenges

- Demographic “cliff” in 2026
- Intensifying competition esp. for high income, high ability

Opportunities

- Serving students with diverse backgrounds

Adult Degree Completers

Challenges

- Credit articulation
- Low persistence in online programs

Opportunities

- Prior learning assessment and competency-based education

Community College Transfers

Challenges

- Declining comm college enrollments
- Affordability concerns

Opportunities

- Improving credit articulation and advising

Professional Masters/ Certs

Challenges

- Intensely competitive
- Rapid program innovation and launch

Opportunities

- Niche programs focused on regional employer needs

International Undergraduates

Challenges

- U.S. immigration policies
- Foreign government scholarship funding

Opportunities

- Better career counseling

Research Graduate Students

Challenges

- Require large institutional subsidies
- Competitive federal funding

Opportunities

- Cross-disciplinary, grand challenge projects



Student Success

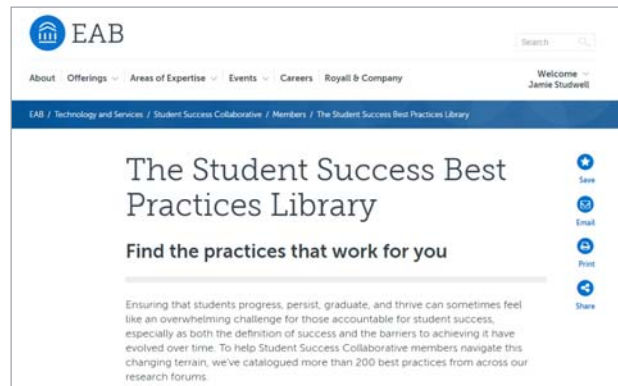
EAB's Library at Your Fingertips



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Where to Access EAB's Student Success Best Practices

www.eab.com/studentsuccesslibrary



8 Problem Areas



Organization and Accountability



Onboarding and Engagement



Degree Planning and Progress



Next-generation Advising



Early Intervention



Career Development



Financial Wellness



Special Populations

Evolution of Student Success



How Our Practice Has Changed Over Time

Practices from the EAB Library:



Co-curricular mapping



Engagement apps



Flash polling



Evolution of Student Success



How Our Practice Has Changed Over Time

Practices from the EAB Library:



Staff support networks



Peer mentoring



Affinity videos



Evolution of Student Success



How Our Practice Has Changed Over Time

Practices from the EAB Library:



University
101 courses



Learning
communities

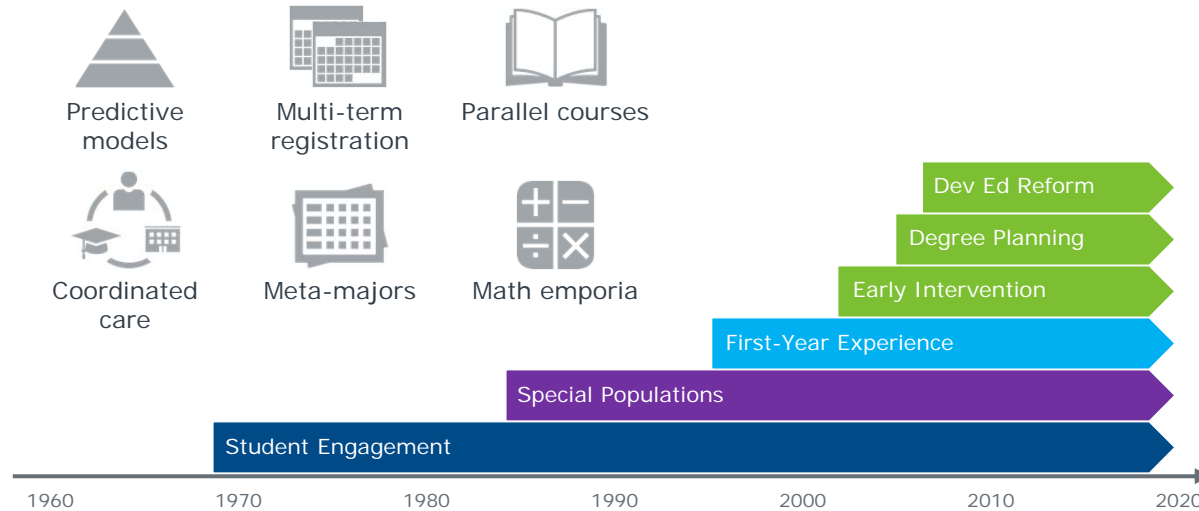


Evolution of Student Success



How Our Practice Has Changed Over Time

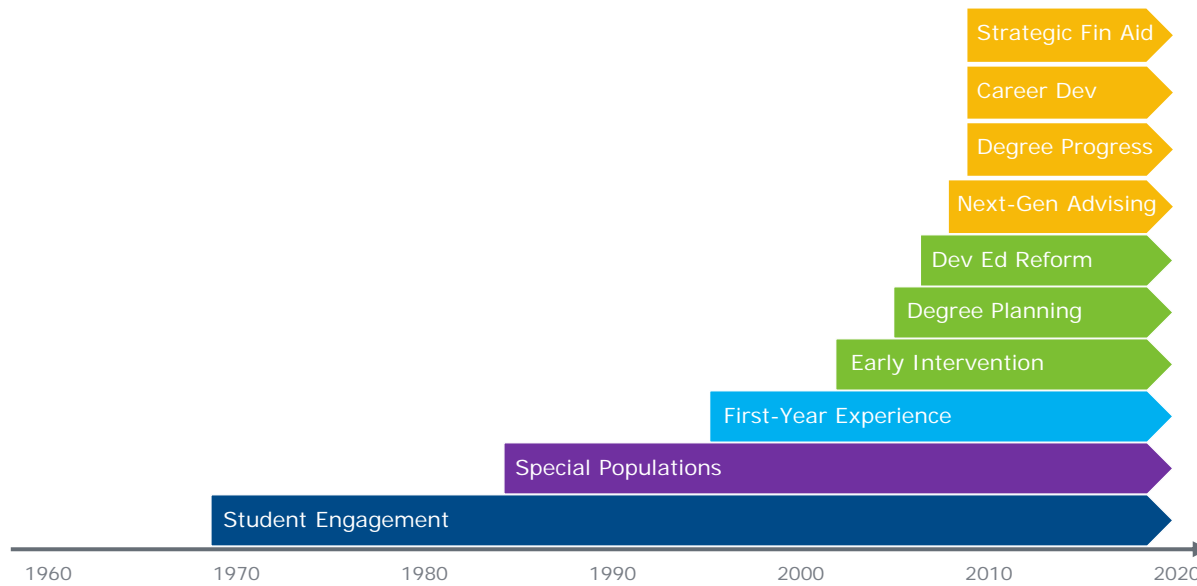
Practices from the EAB Library:



Generating a Return on Education



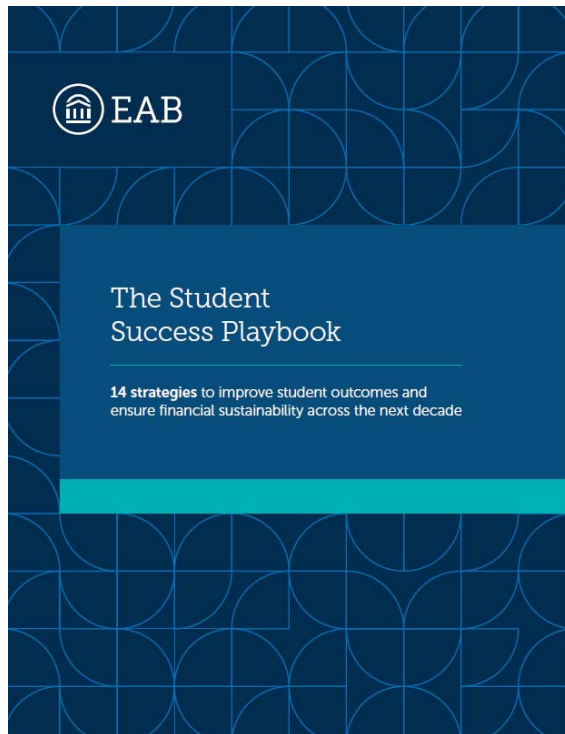
How Our Practice Has Changed Over Time



Our Latest Summary of Student Success Practices



23



- Reduce Registration and Financial Barriers
- Support Students with Integrated and Proactive Advising
- Build Belonging and Academic Confidence
- Improve Course-Level Success
- Integrate Experiential Learning and Career Exploration in the Curriculum



Competition



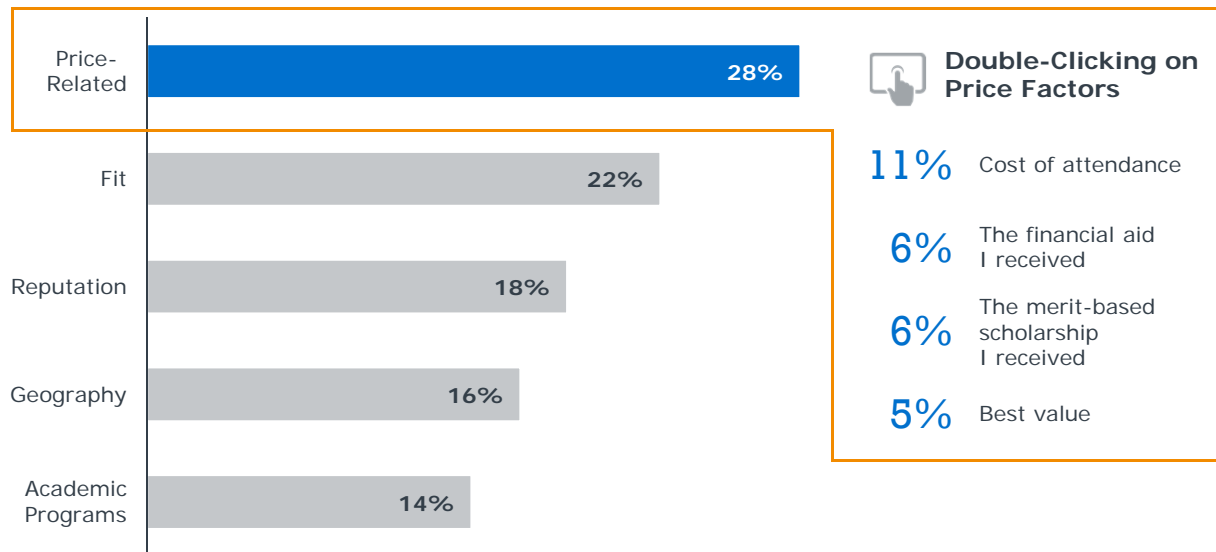
Price-Shopping Wreaks Havoc on Yield

Price Outpacing Reputation and Geography as Critical Student 'Tiebreaker'



What Factor Made You Decline Acceptance and Choose a Competing Offer?

EAB Enrollment Services 'Deposit IQ' Survey, 2017 n = 190,227 FTFT Admitted Not Enrolled Students



NACAC Ethics Changes Will Intensify Competition



Admission Isn't the Only Office that Needs to Reconsider Business as Usual



Effects of the September 2019 NACAC Vote

1

It is permissible to **recruit students already committed** to another 4-year institution

2

It is permissible to **recruit students already enrolled** at another 4-year institution

3

It is permissible to **offer special perks** to early decision applicants/matriculants

With the possibility of poachers, don't let your department make for easy targets.

Student Life



Should we require spring orientation?

Registrar



Should we tighten our withdrawal policy?

Financial Aid



Should we consider early decision grants?

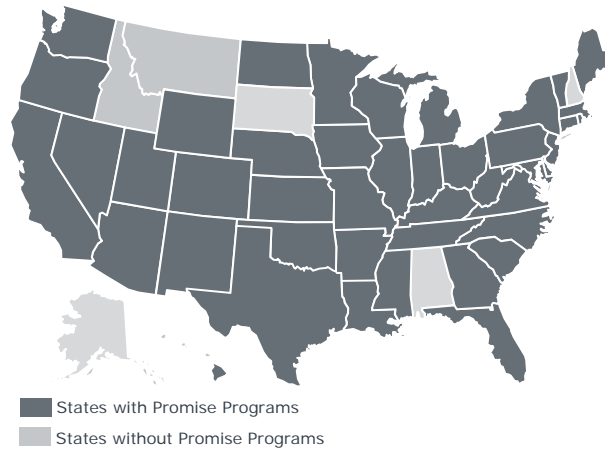


Sizing the Impact of “Free”

Proliferation of Free Tuition Programs Across the Country

Promise Programs Abound

Free Tuition Movement by States, Municipalities, Philanthropists, and Companies



350

Local and state college promise programs in **44 states**

Four-Year Institutions Follow Suit

Free Tuition Initiatives Announced by Many Selective Institutions



Boiler Affordability Grant



Go-Blue Guarantee



Illinois Commitment



RICE

The Rice Investment



HARVARD UNIVERSITY

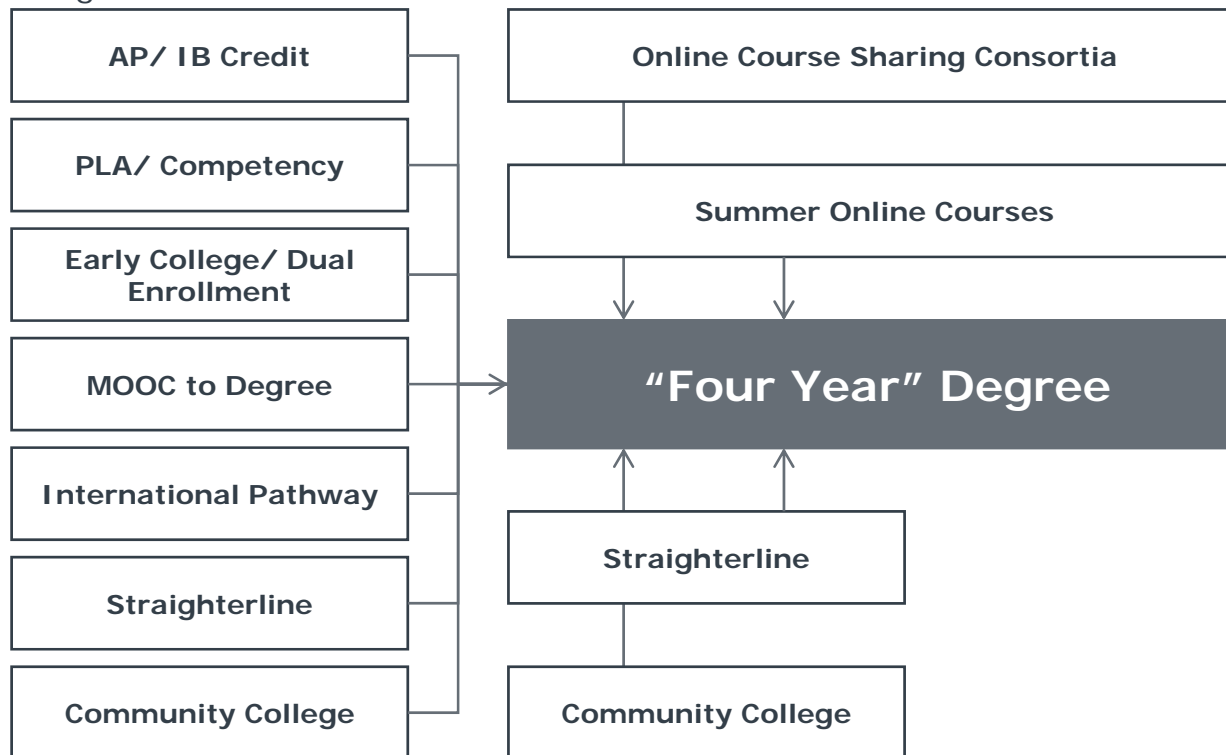


Yale

Are There Any “First Time, Full Time” Students Left?



You Don't Need Disruptive Technologies to Unbundle the “Four Year” Degree





Affordability

The Evolution of a More Discerning Customer



Key Life Events Shape the Gen Z Mindset

Paradigm Shift in Information Access



Gen Z have always had information at their fingertips and now expect transparency in all interactions

49%

want brands to make it easy for them to find what they want quickly

Great Recession & Financial Crises



Gen Z watched savings shrink and markets crash during their formative years, making them more pragmatic and cautious

79%

of students say cost is a factor in college choice

A New Way of Shopping



Gen Z is looking for a good deal. They are used to comparing prices across products, and not sacrificing quality for cost

43%

compare prices when making a purchase decision

Weight of Student Debt on Millennials



Millennials have more student debt than previous generations and their struggles to pay have received a lot of media coverage

69%

of Gen Z is "seriously concerned" about taking on student loan debt

No Shortage of Efforts to Solve the Price Problem



How Do We Cut Through the Noise?

Increase Merit Aid
Income Share Agreements
Tuition Resets
Larger Discounts
Matching Prices of Flagship Publics
Loan Repayment Assistance Program
Tuition Lock Tuition Freeze
Increase Need-Based Aid
Differential Tuition for STEM, Business and Arts
In-state Tuition for International Students
Net Price Guarantee



- ▶ *Are you using your pricing and aid strategy as effectively as you can?*
- ▶ *How are you communicating your price and value?*

**IN THE
EAB
LIBRARY**



**Appealing but
Ineffective: Tuition
Resets**



**Environmental Scan:
Tuition Freeze
Policies**



**Strategic
Use of
Grant Aid**

Affordability Marketing 101



Baseline Thresholds for Communicating Value to Prospective Students

PRE-APPLICATION

Increase Clarity about Pricing and Aid



Make Net Price Calculators User-Friendly

Many net price calculators are time-intensive and cumbersome; a streamlined calculator can improve usage.



Simplify Aid Award Letters

The best aid award letters will use language those unfamiliar with FA jargon will be able to understand.

Communicate Aid Pre-Application



Send Scholarship Notices as First Outreach

Communicate anticipated aid awards early in the recruitment process.



Personalize Aid Award Estimates

Ensure estimated aid awards are personalized to the particular characteristics of the student.

POST-ADMITTANCE

Incorporate ROI into Award Notifications



Focus Aid Award Letter on Outcomes

Aid award letters should include information on expected outcomes/return-on-investment of college education.



Focus Aid Conversations on Discussion of Value

In conversations with families appealing aid awards, the focus should be on value rather than strictly cost.

On-Demand Webconference:

["Promoting Cost Transparency, Simplifying Financial Aid Communications"](#)

Future Research Projects

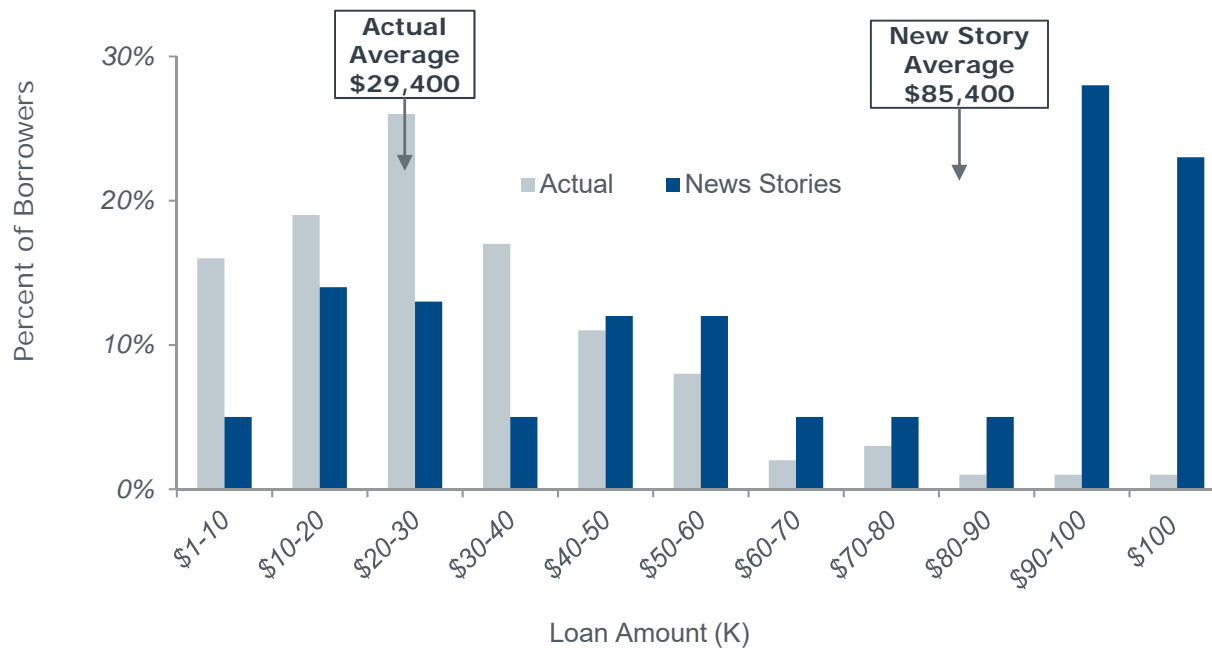


Media Reports Dramatically Overstate Debt Problem

33

Focus on Outliers Rather Than Averages

Distribution of Student Debt, Actual vs. Anecdotal Reporting



Why Is Student Debt Increasing?



Rising Tuition Is Only One Factor

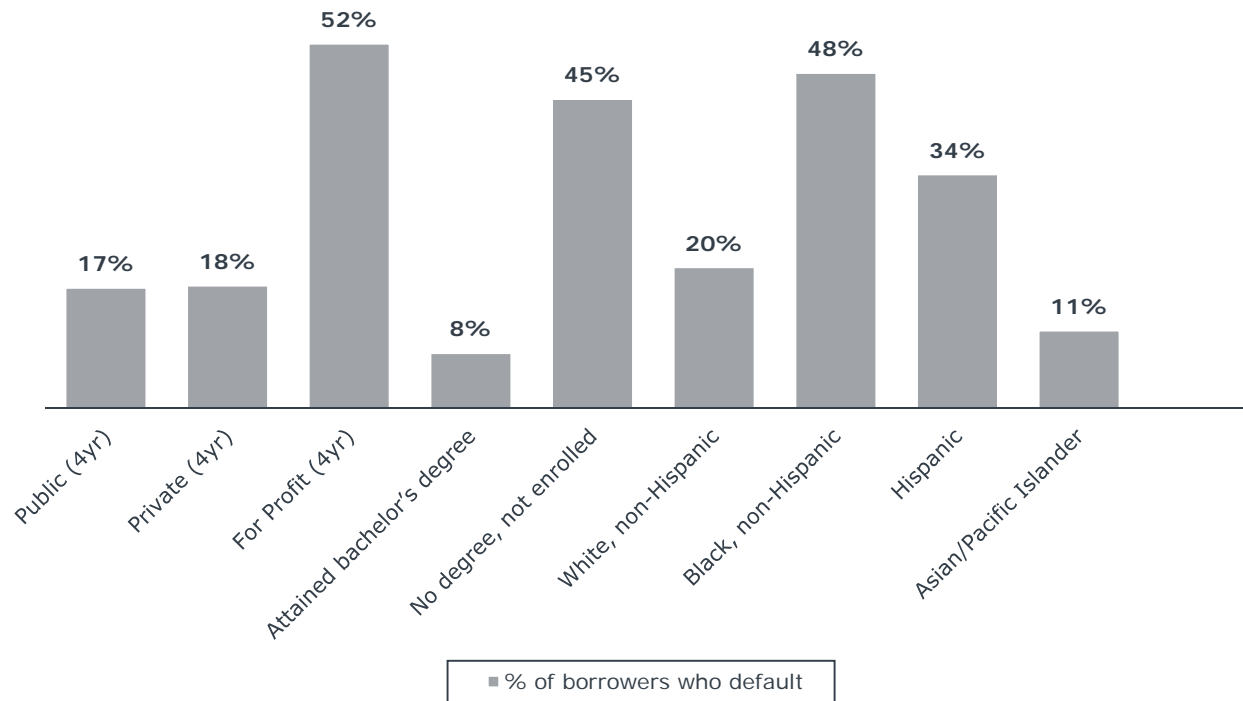
- More students enrolling in higher education (~30% of increase in debt)
 - Increasing undergraduate enrollment
 - Increasing graduate and professional enrollment
- Greater percentage of students borrowing
 - More low-income students who need to borrow attending
 - More high-income families taking on debt
- Students who borrow are borrowing more
 - Rising tuition (15-20% of increase in debt)
 - Rising living expenses
 - Increasing use of loans to pay for college (vs other financing)
 - Higher federal caps on loans enable students to borrow more

The Real Problem Is Return on Investment



Debt Is Only Too High If You Are Unable to Repay It

Percent of First-year Entrants v. Borrowers who Default in 12 Years, 2004-2016



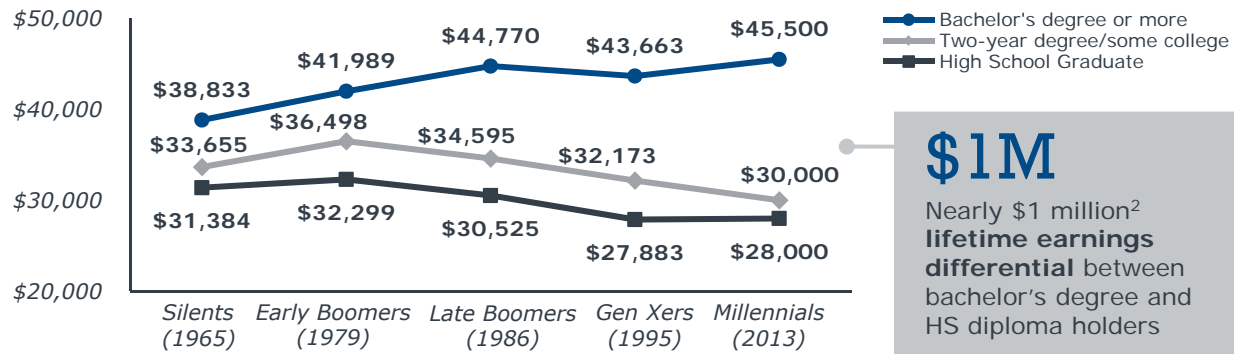


Return on Investment





Value of College Degree has Never Been Higher

Median Annual Earnings Among Full-Time Workers Ages 25 to 32




Benefits Beyond Earnings

+47% 
 Likelihood of having health insurance through employment

+72% 
 Likelihood of having a retirement plan through employment

+44% 
 Likelihood of reporting health to be very good or excellent

+21% 
 Likelihood of being married

1) Return on Investment.
 2) Median lifetime earnings differential \$964,000.
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Source: Pew Research Center, 2014, "[The Rising Cost of Not Going to College](#)"; Georgetown University Center on Education and the Workforce, 2011, "[The College Payoff](#)"; Lumina Foundation, 2015, "[It's Not Just the Money](#)"; EAB interviews and analysis.



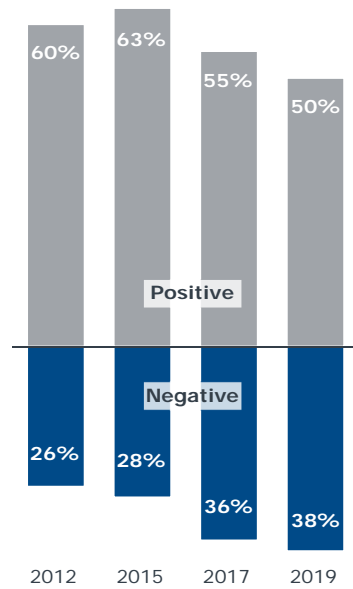
More Adults Say College Has Negative Impact on US

38

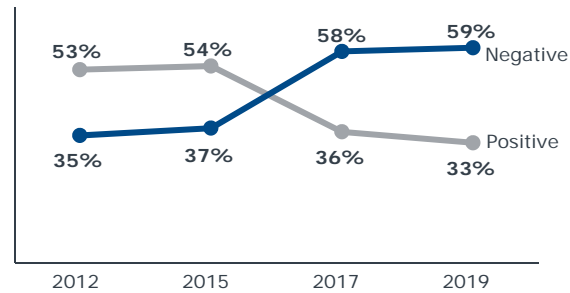
Increase Reflects Growing Partisan Divide

Percent Saying Colleges and Universities Positively/Negatively Affect US

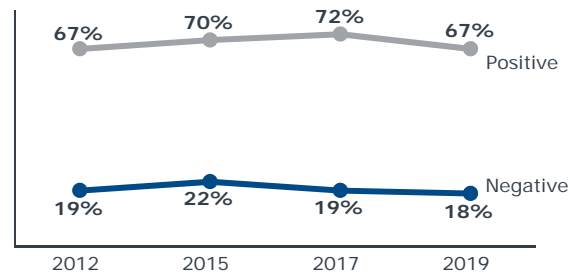
Among All Adults



Republicans and Republican-Leaning Respondents



Democrats and Democrat-Leaning Respondents

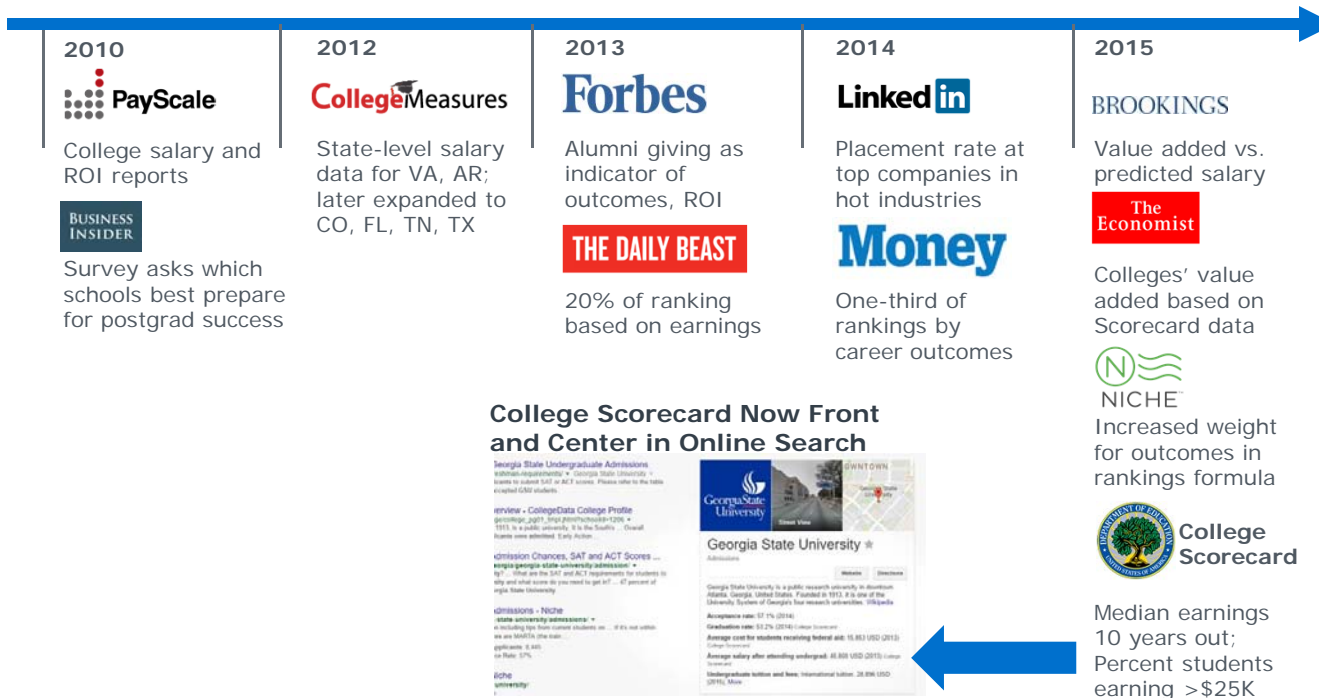




(Perceived) Value More Important Than Price

Proliferation of Rankings and Search Tools Based on Career Outcomes

New Resources to Measure ROI Emerge Post-Recession



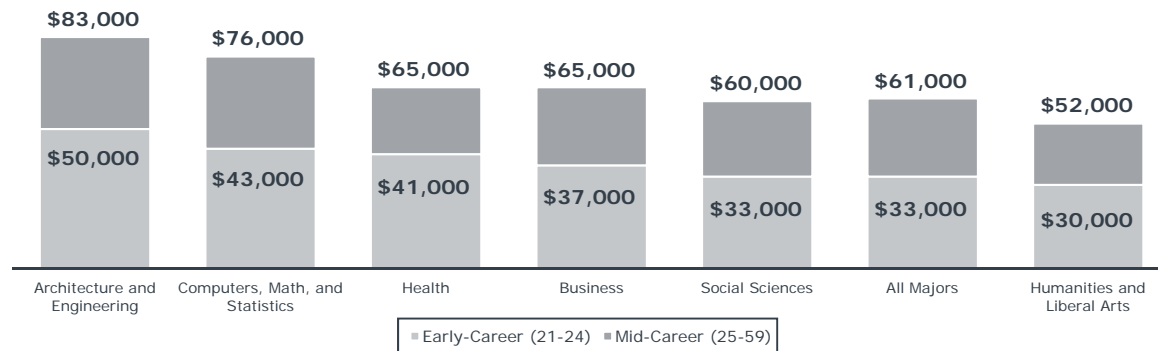


Putting a Price on Every Discipline

The Economic Value of a Bachelor's Degree

Not All Bachelor's Degrees Are Created Equal

Median annual wage of college-educated workers



\$1M Difference in lifetime wages of college and high school grads

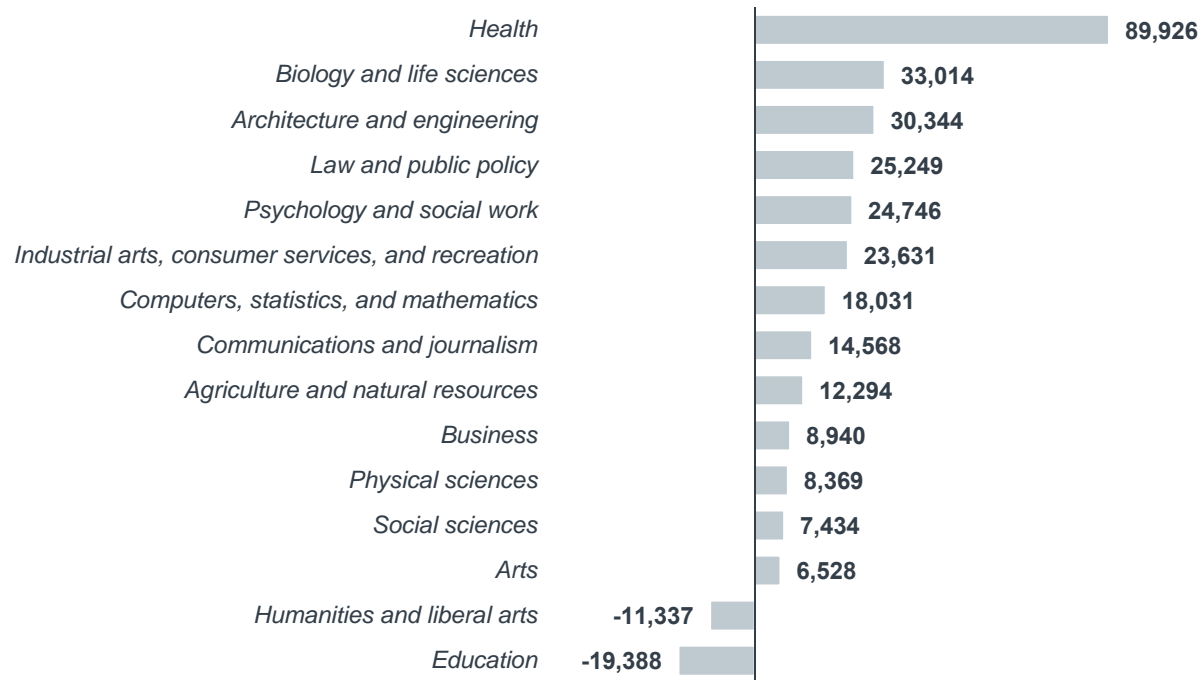
\$3.4 M Difference in lifetime wages of highest- and lowest-paying majors

Following the Money



Students Move to Health & Engineering, Away from Education & Humanities

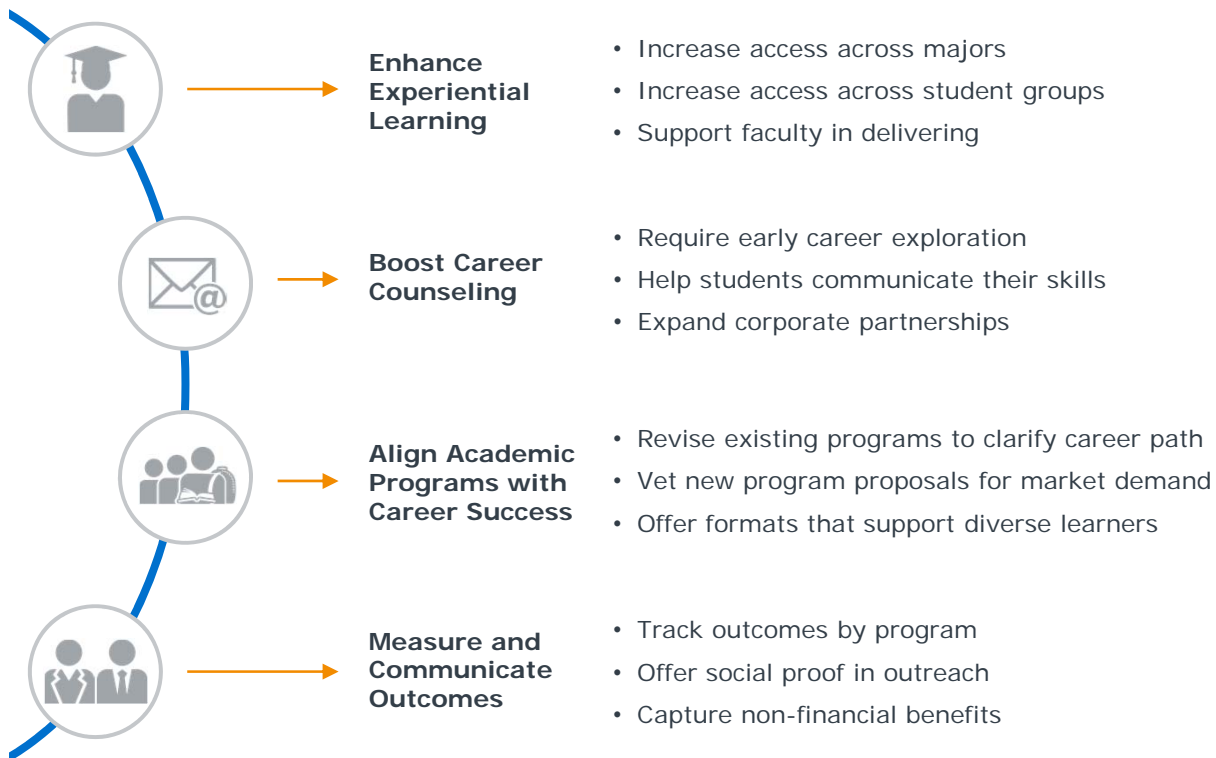
Change in Number of BA Degree Completions by Major Group, 2007-2015, All Institutions



Responding to ROI Concerns



Helping Students See the Value Trumps Price





The Rise of Outcomes Marketing

Case in Point – American University’s “We Know Success” Portal

For AU **Undergraduates** with a degree in **History** in the **College of Arts and Sciences**

Not just basic outcomes...

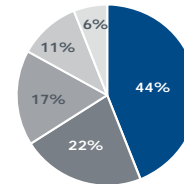
92%

Working, grad school, or both

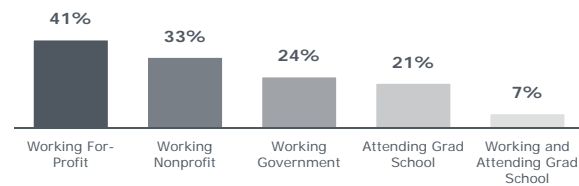


..how much they make...

- Less Than \$20K (17%)
- \$20-\$30K (22%)
- \$30K-\$40K (44%)
- \$40K-\$50K (11%)
- \$50K-\$60K (0%)
- More Than \$60K (6%)



...but where they went...



Employers

Grad Schools

...and what they did to get there

74% Participated in an **internship**

- Top Internships For Credit**
- National Museum of American History
 - US Department of State
 - US Holocaust Memorial Museum
 - American University
 - Bonhams Auction House

▶ More

53% Took advantage of **study abroad**

- Top Study Abroad Locations**
- United Kingdom
 - Spain
 - China
 - Belgium
 - Chile

▶ View Map

1) Results based on Graduation Census as of six months after graduation.

The “Big Six” Experiences



“Big Six” Experience	Odds of being engaged at work if graduates had this experience	Strongly agree they had this experience
Had at least one professor who made them excited about learning	2.0x higher	63%
Had professors who cared about them as a person	1.9x higher	27%
Had a mentor who encouraged them to pursue their goals and dreams	2.2x higher	22%
Worked on a project that took a semester or more to complete	1.8x higher	29%
Had an internship or job that allowed them to apply what they were learning in the classroom	2.0x higher	29%
Was extremely active in extracurricular activities and organizations	1.8x higher	20%



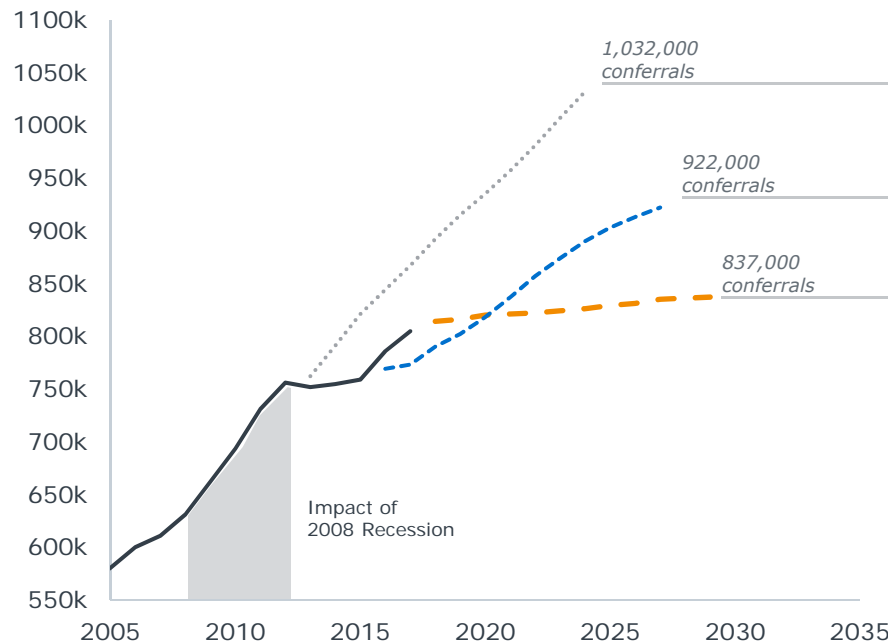
Adult and Online Education

The Master's Degree Bubble Has Already Burst



Lower Expectations for Growth Every Year Since 2013

Master's Degree Conferrals



10-Year Projections

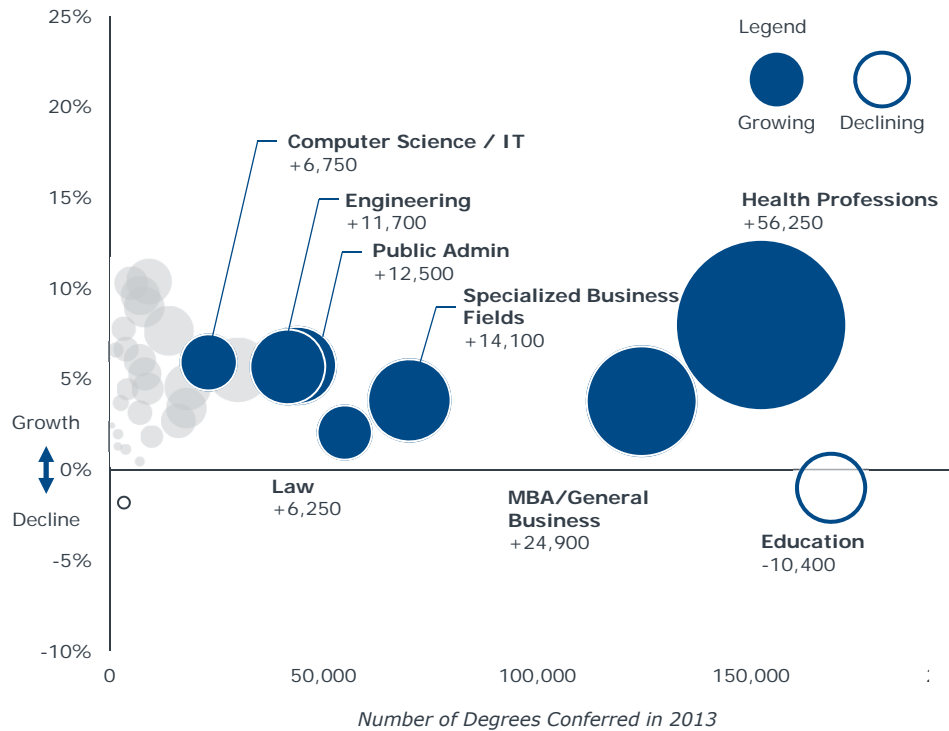
- 2.8%**
Projected Annual Growth
2014 - 2024
- 1.7%**
Projected Annual Growth
2017 - 2027
- 0.3%**
Projected Annual Growth
2019 - 2029
- 1.7%**
Actual Annual Growth
2013-2017

Almost Every Major Field Growing Five Years Ago



Change in Master's and Professional Doctorate Conferrals by Field (2-Digit CIP) 2007-2013

Annual Growth Rate in Degrees



3.7%
Overall Annual Growth Rate
Total Graduate Degree Conferrals 2007-2013

+171K
Net Increase in Conferrals
2007-2013

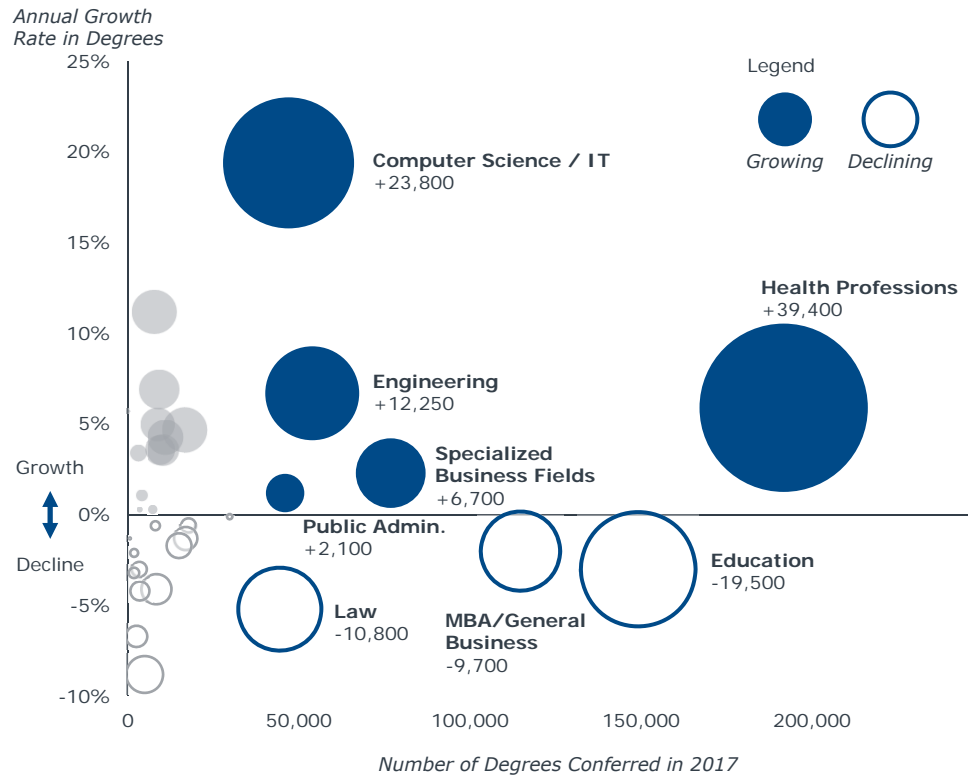
+182K
Increase from Growing Fields
2007-2013

-11K
Decrease from Declining Fields
2007-2013

Now Growth Limited to High-Cost to Deliver



Change in Master's and Professional Doctorate Conferrals by Field (2-Digit CIP) 2013-2017



1.4%
Overall Annual Growth Rate
Total Graduate Degree Conferrals 2013-2017

+50K
Net Increase in Conferrals
2013-2017

+99K
Increase from Growing Fields
2013-2017

-49K
Decrease from Declining Fields
2013-2017

Contending with Both Local and National Players

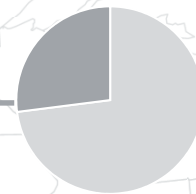


Total Students At Four-Year Institutions Enrolled Exclusively in Distance Education

Total Online	# Institutions	% In-State	% Out-of-State
0-500	1,275	71%	29%
500-1000	288	73%	25%
1000-2000	220	71%	27%
2000-3000	78	69%	29%
3000-4000	78	70%	29%

4000+	92	27%	73%
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Most Institutions Recruit Online Students from Their Local Area

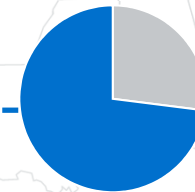


27%

Of online enrollments come from out-of-state students

~1.6M Total Online Students

The Largest Players Recruit Online Students from Everywhere



73%

Of online enrollments come from out-of-state students

~1.5M Total Online Students

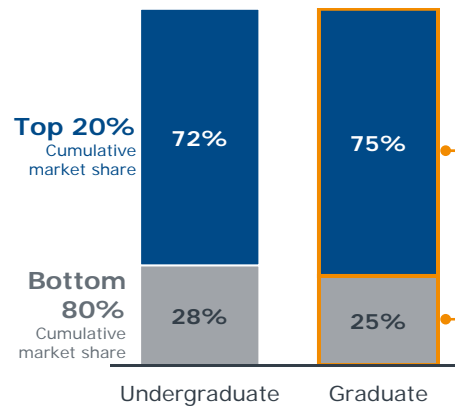
Source: IPEDS, EAB research and analysis.

Portrait of a Concentrated Market



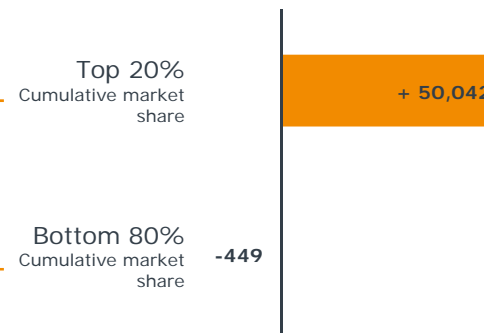
Institutions with Highest Conferrals Control Most of the Market

Market share, 2017



And for Graduate Degrees, the Biggest Have Only Gotten Bigger

Net change in number of graduate degrees conferred, 2013-2017



What Does the Top 20% of the Graduate Market Look Like?

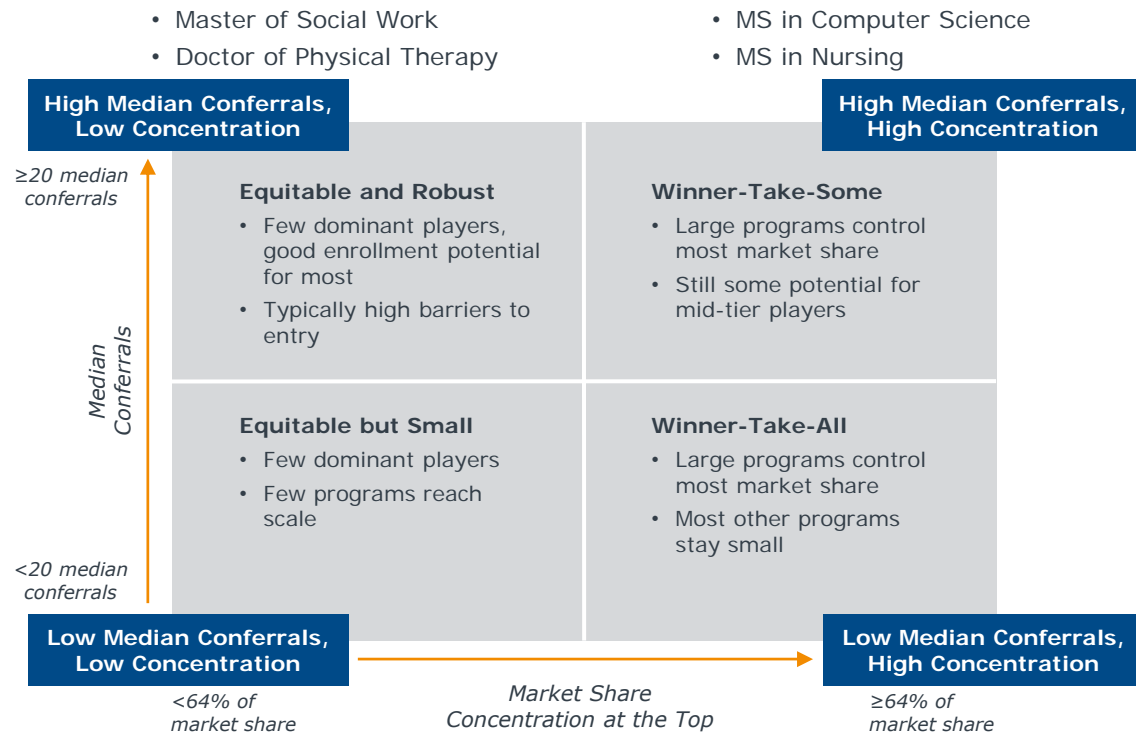


- 423 institutions
- 26% are R1 institutions
- 36% are in large cities



- 54% are public
- 41% are private, non-profit
- 5% are private, for-profit

Four Types of Competition in a Mature Market



- Master of Social Work
- Doctor of Physical Therapy

- MS in Computer Science
- MS in Nursing

- MEd Higher Ed Administration
- MS in Exercise Science

- MS in Cybersecurity
- Master of Public Health



Understanding the Competitive Landscape

Winning on Execution

Sizing the Adult and Grad Ed Market



- Master's Degrees
- Credit and Non-Credit Certificates
- Adult Degree Completion
- Corporate Training Partnerships
- Short-Format and Just-in-Time Offerings

 *Smart Growth in a Competitive Market*

Anticipating Future Markets




- The Future of Work
- Long-Range Impacts of AI, Automation
- Accreditation and Policy Changes
- Trends in Non-Consumption

 *Future-Proof Portfolio Design*

Maximizing Bottom-Line Impact




- Assessing the Revenue Opportunity
- Avoiding Profitless Growth
- Maximizing Program Margins
- Portfolio Diversification Strategy

 *Program Growth and Margin Calculator*

Competitive Infrastructure



- Capabilities, Expertise, Investments Needed to Compete
- Agile Response to Shifting Consumer Behavior
- Market Leader Organizational Profiles

 *Infrastructure Readiness Diagnostic*

It's All in the Delivery



Format Increasingly Essential for Program Success

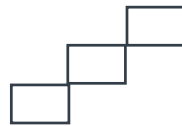
A Tour of Emerging Program Design Options



Accelerated

Shorter than a typical academic program

- Microcredentials
- Mini-MBA
- Second Bachelor's
- Bootcamps



Modular

Short modules that combine into credentials

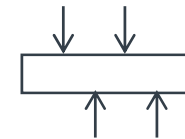
- DIY Programs
- Modular Master's
- Tiered Content Portfolio



Experiential

Integrated opportunities to build skills

- Client-Based Projects
- Team Capstone Projects
- Virtual Internships



Demonstrated Mastery

Progress based on assessment of competencies

- Project Based Master's
- MOOC to Master's
- Course to Assessment
- Competency-Based Education



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