

Higher Education: Does it cost or does it pay?

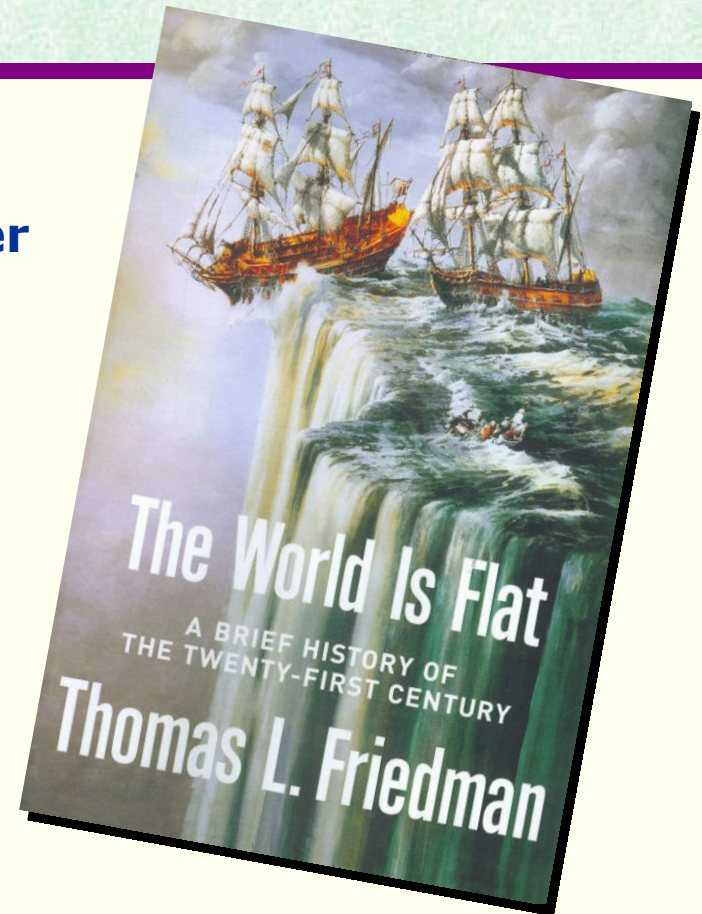
Community College National Legislative Summit

Paul E. Lingenfelter, SHEEO

February 6, 2006

Forces Flattening the Global Playing Field

- ◆ **Fall of Berlin Wall**
- ◆ **First Mainstream Web Browser**
- ◆ **Work Flow Software**
- ◆ **Open Sourcing**
- ◆ **Outsourcing**
- ◆ **Offshoring**
- ◆ **Supply-chaining**
- ◆ **Insourcing**
- ◆ **In-forming**
- ◆ **“The Steroids” Wireless Mobile Digital Communication**



The Price of American Workers

American (and Western European) workers are the most expensive in the world.

What will it take for them to be worth what they cost?

They must be the best educated in the world.

Geoffrey Colvin, *Fortune Magazine*, July 20, 2005

U.S. Educational Attainment Losing Ground

**Countries approaching, equaling,
or surpassing U.S. educational attainment:**

Australia

Canada

Czech Republic

Finland

Ireland

Japan

Korea

New Zealand

Norway

Slovak Republic

Sweden

Switzerland

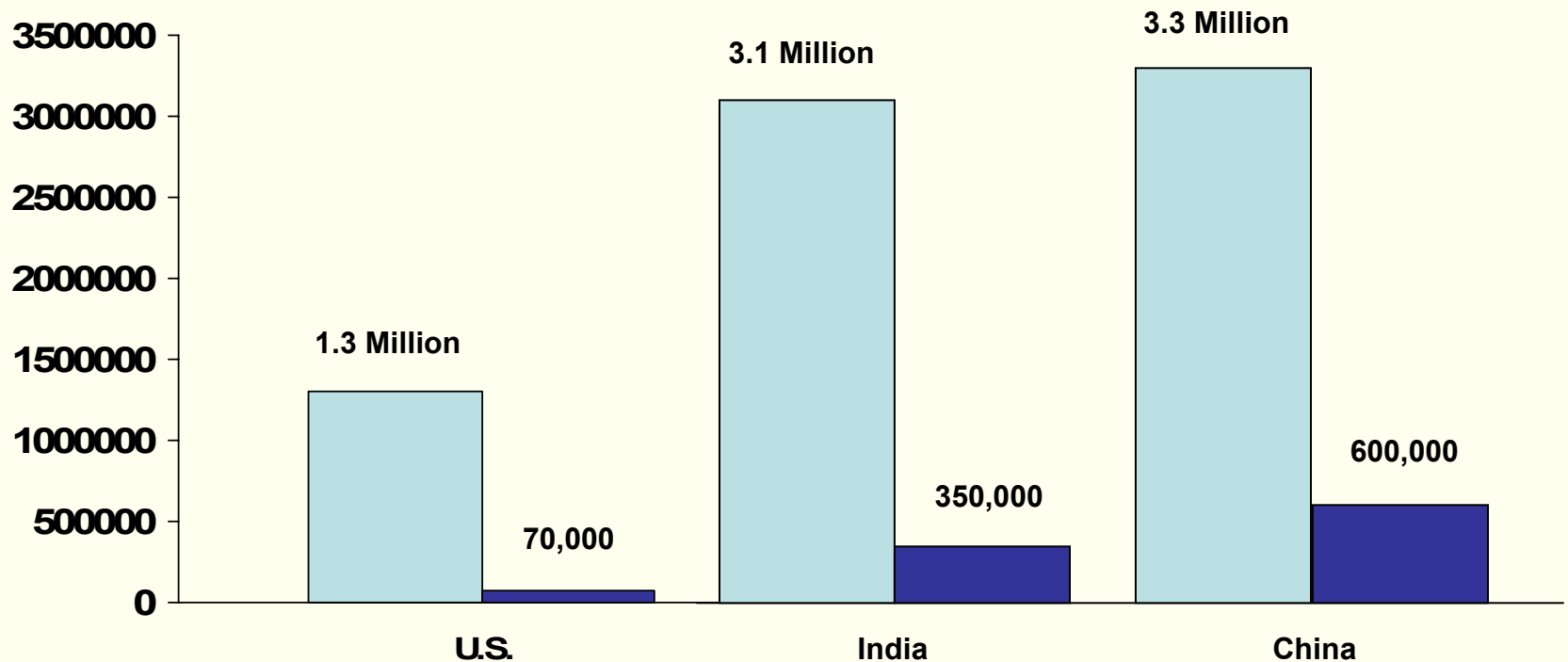
United Kingdom

Source: OECD Educational Statistics

College Grads: US, India, and China

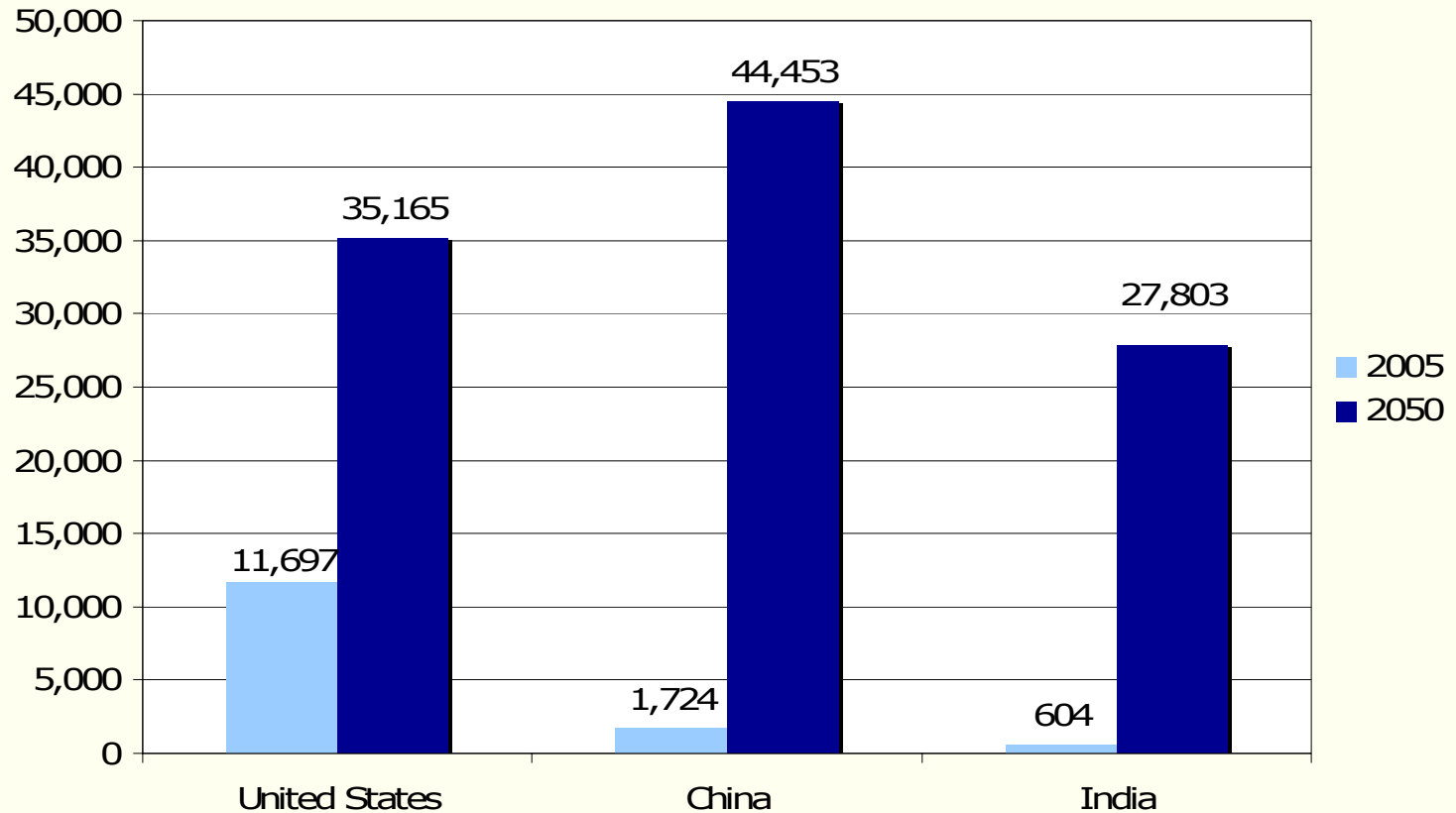
College graduates this year:

■ Total College Graduates ■ Engineering Graduates



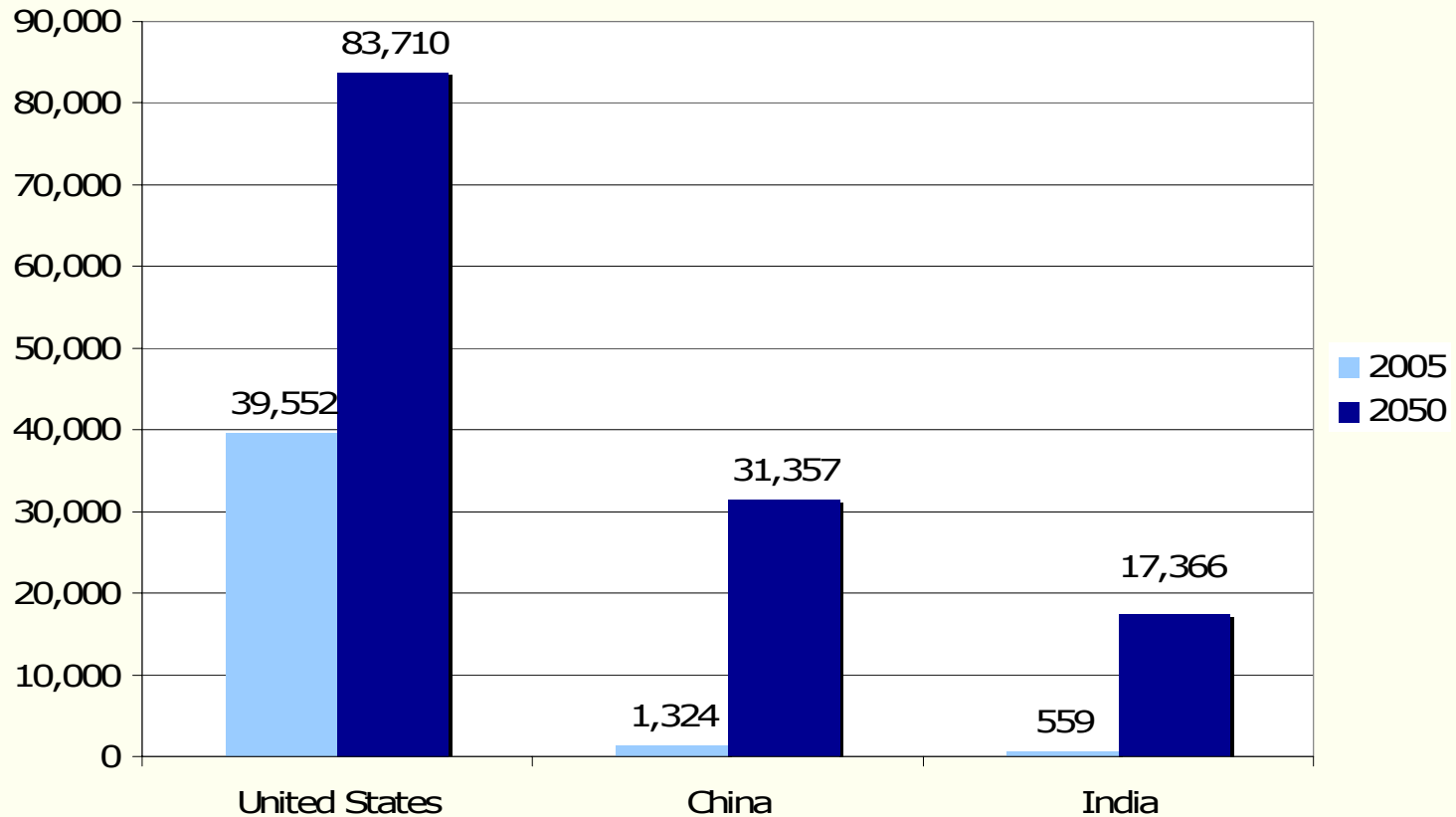
Source: Geoffrey Colvin, *Fortune Magazine*, July 20, 2005

Projected US\$GDP in billions: 2005, 2050



Source: Goldman Sachs, Global Economies Paper No:99, BRICs Model Projections

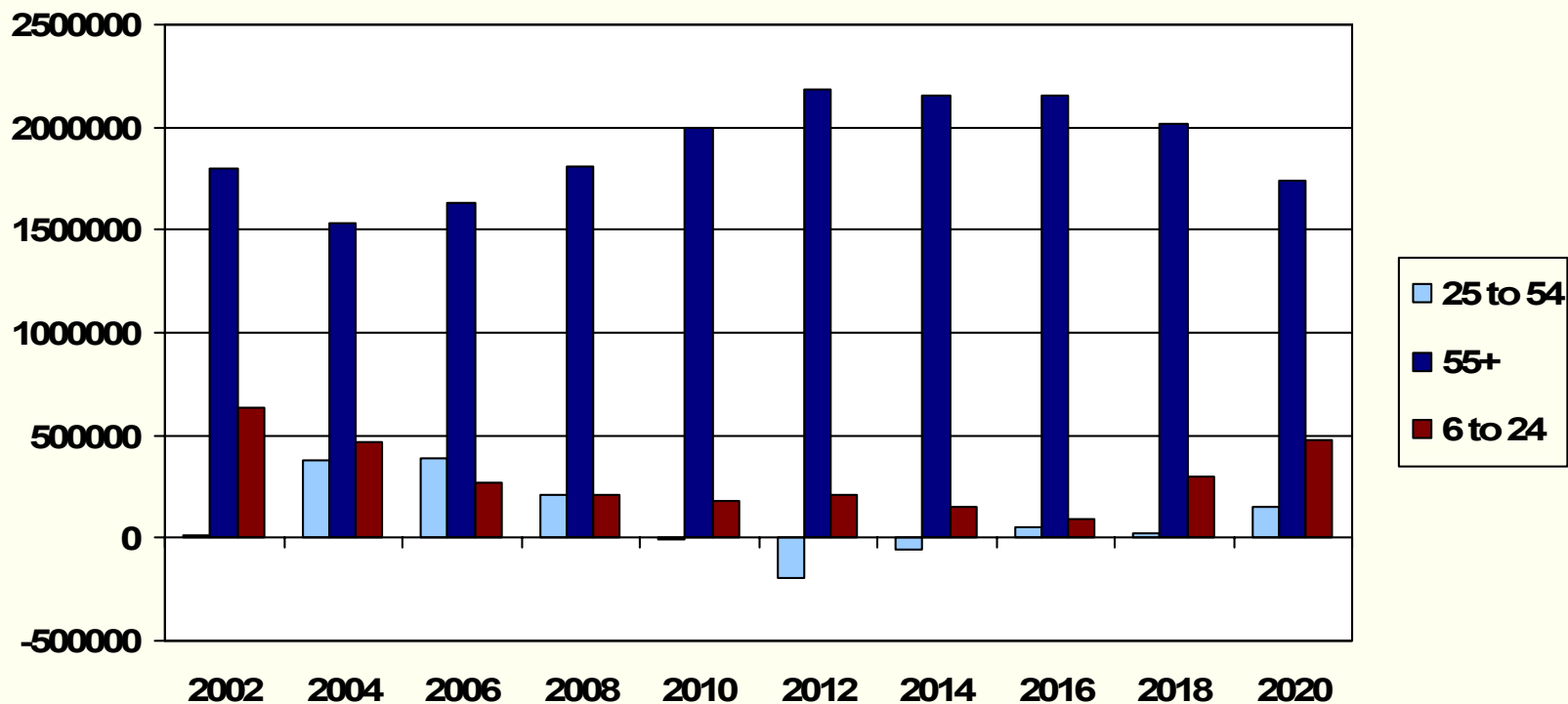
Projected US\$GDP Per Capita: 2005, 2050



Source: Goldman Sachs, Global Economies Paper No:99, BRICs Model Projections

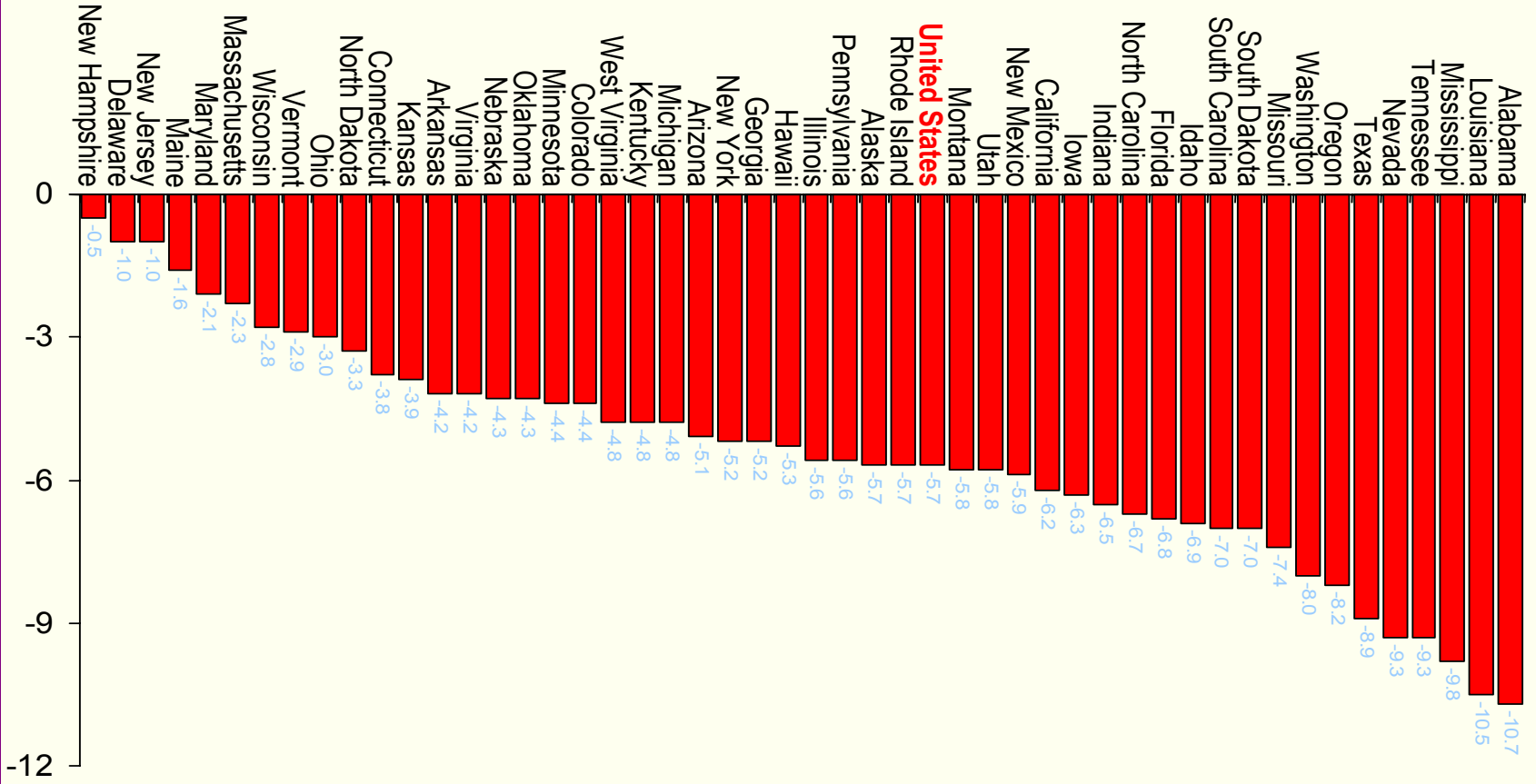
The Aging U.S. Population

Year-to-Year Change in U.S. Population, 2002-2020



Source: U.S. Census Bureau

Projected State and Local Budget Deficits as a Percent of Revenues, 2013



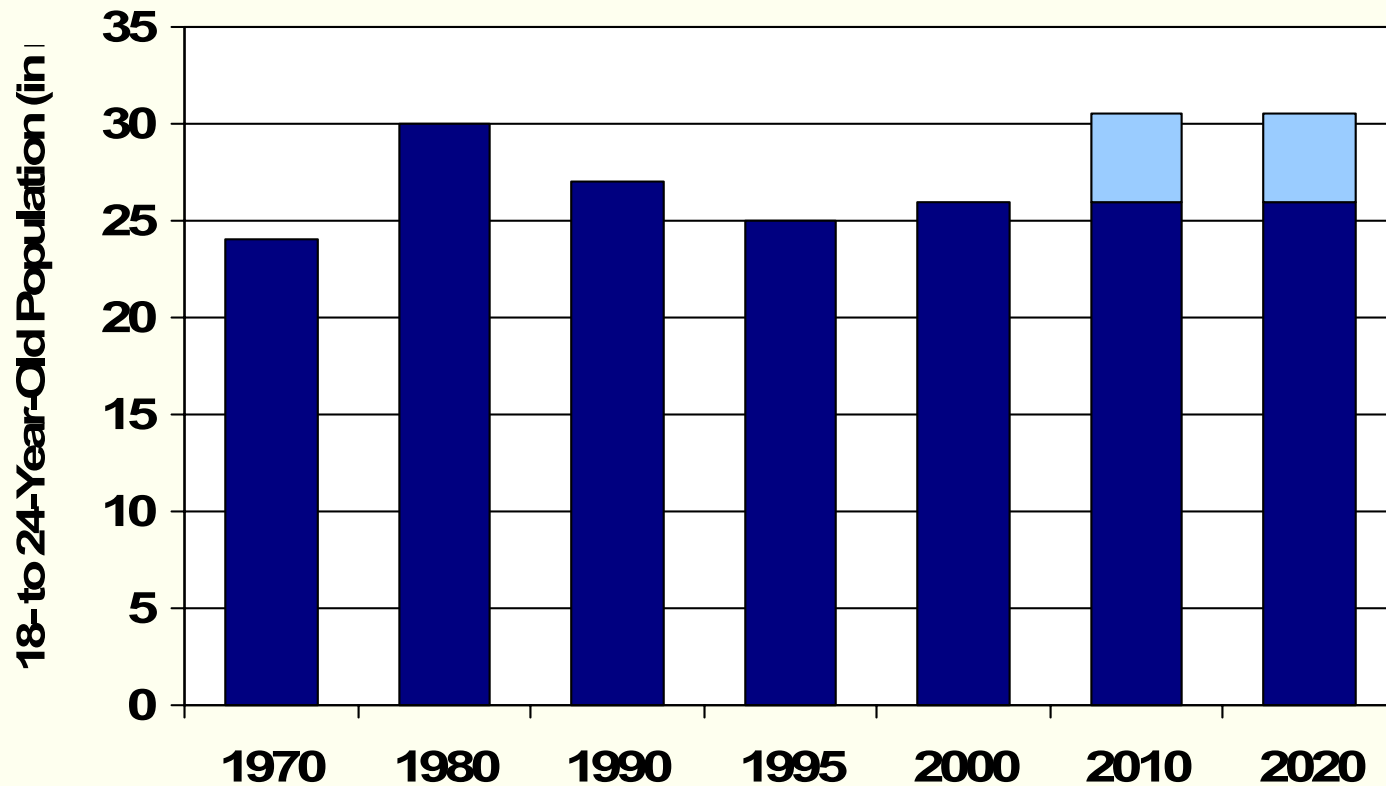
Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2005

College Participation by SES status

College Participation By Achievement Test and Socioeconomic Status Quartile		SES Quartile	
		Lowest	Highest
Achievement Quartile	Highest	78%	97%
	Lowest	36%	77%

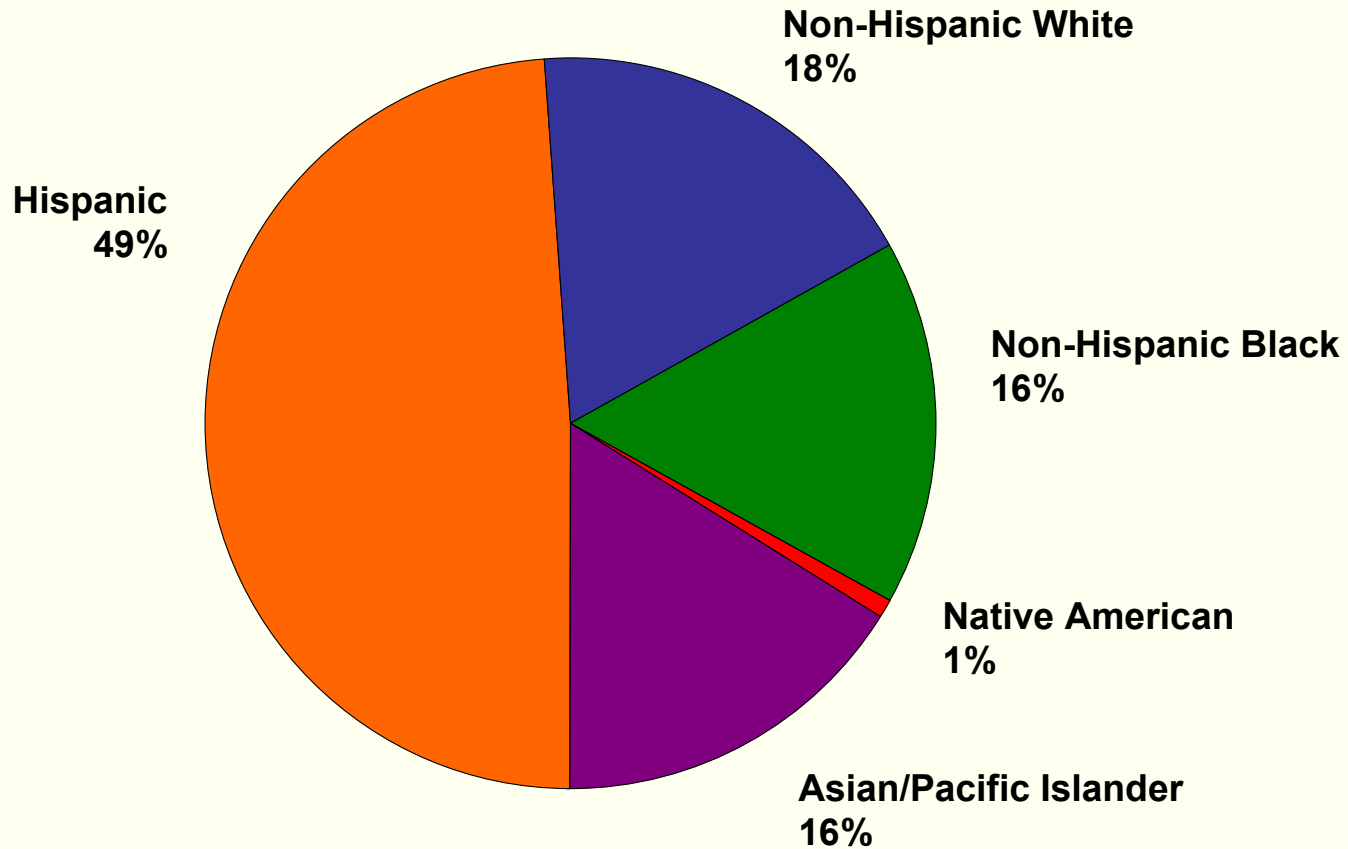
Source: *Access Denied*, Department of Education, February 2001

Traditional College-age Population



Source: *Demography and the Future of Higher Education Policy*, Richard Fry, April 2001

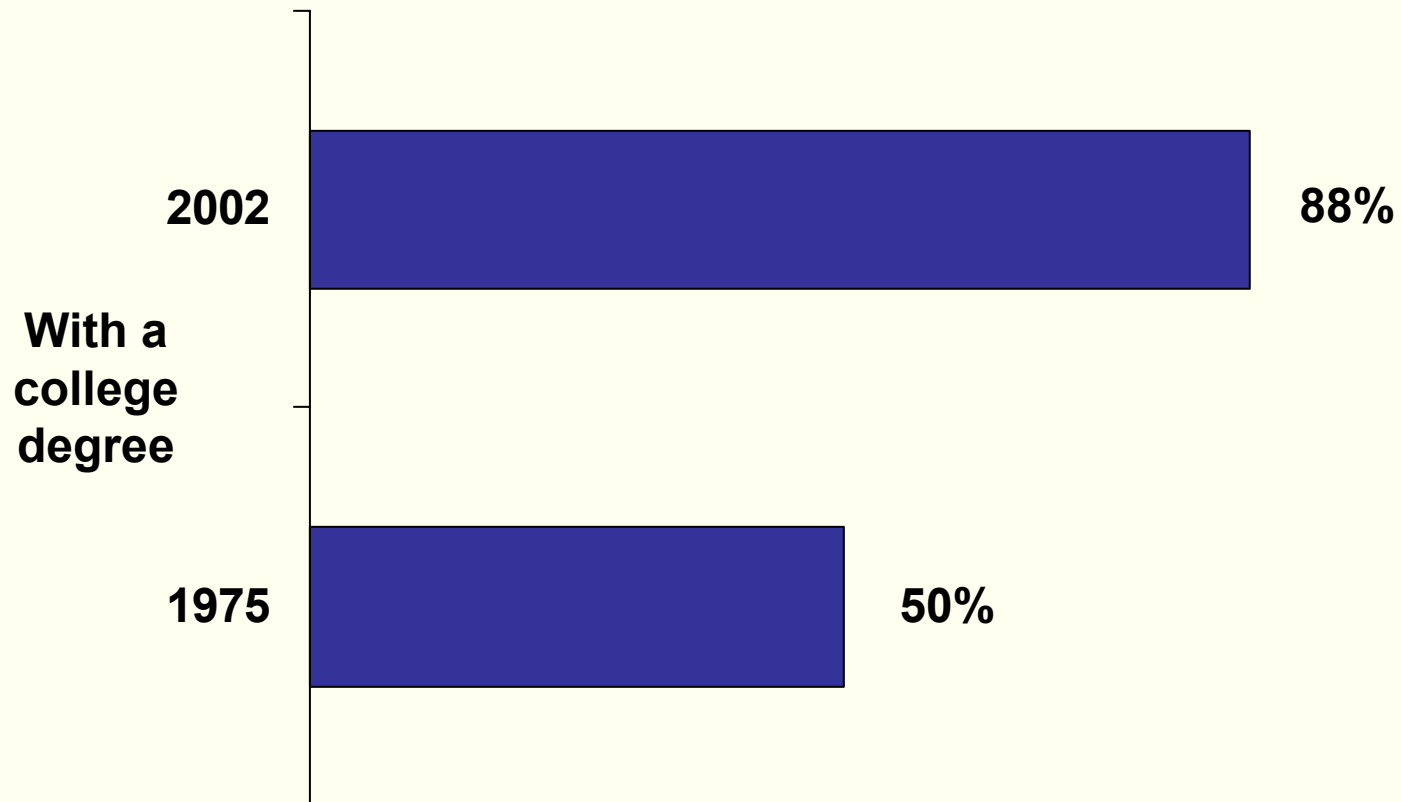
New 18-24 Year Olds by Race



Source: *Demography and the Future of Higher Education Policy*, Richard Fry, April 2001

Earnings Premium of a College Degree

The economic benefits of a college degree over a high school education are large and growing



2002 High School Sophomores Plan:

- ◆ **At least a baccalaureate degree – 80%**
- ◆ **A graduate or professional degree – 40%**
- ◆ **Some postsecondary education – 11%**
- ◆ **No postsecondary education – 9%**

What Does America Need?

**To double the degree production
of the 1960s with
no compromise in quality.**

What's the Answer?

Money!

**Higher Education
doesn't cost, it pays!**

Paul Stone, Illinois Legislator

Wrong Ideas about Money

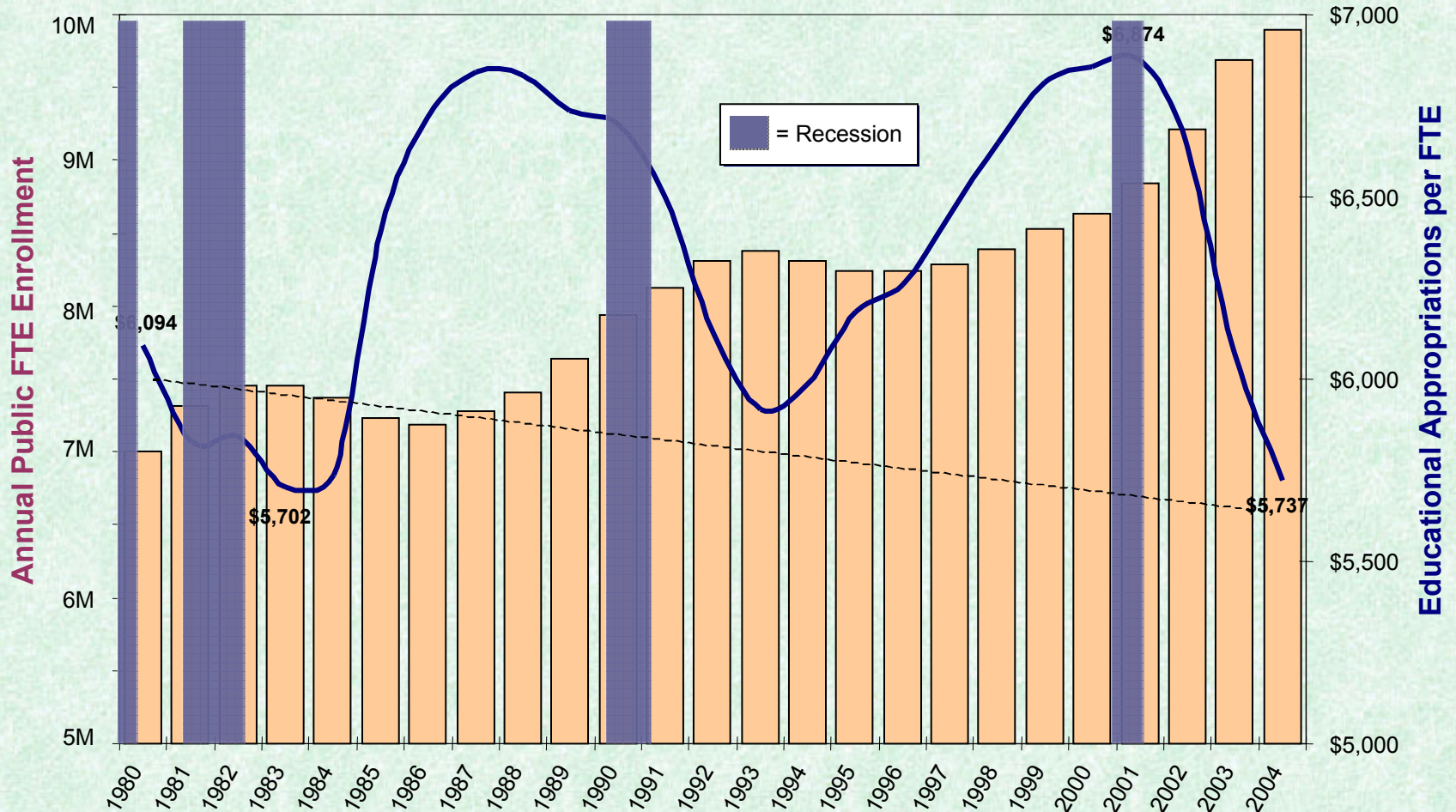
- ◆ **There is a “right” amount**
- ◆ **The only way to get better results is spend more money**
- ◆ **We can get the results we need without spending more money**

Right Questions about Money

- ◆ **What do we need from higher education?**
- ◆ **What can we do better with the money we have?**
- ◆ **Where can additional investment help us obtain what we need?**

State & local support per student, 1980-2004

U.S. Public Higher Education Enrollments and State & Local Support per FTE, Fiscal 1980-2004
(Constant 2004 dollars adjusted by SHEEO Higher Education Cost Adjustment)

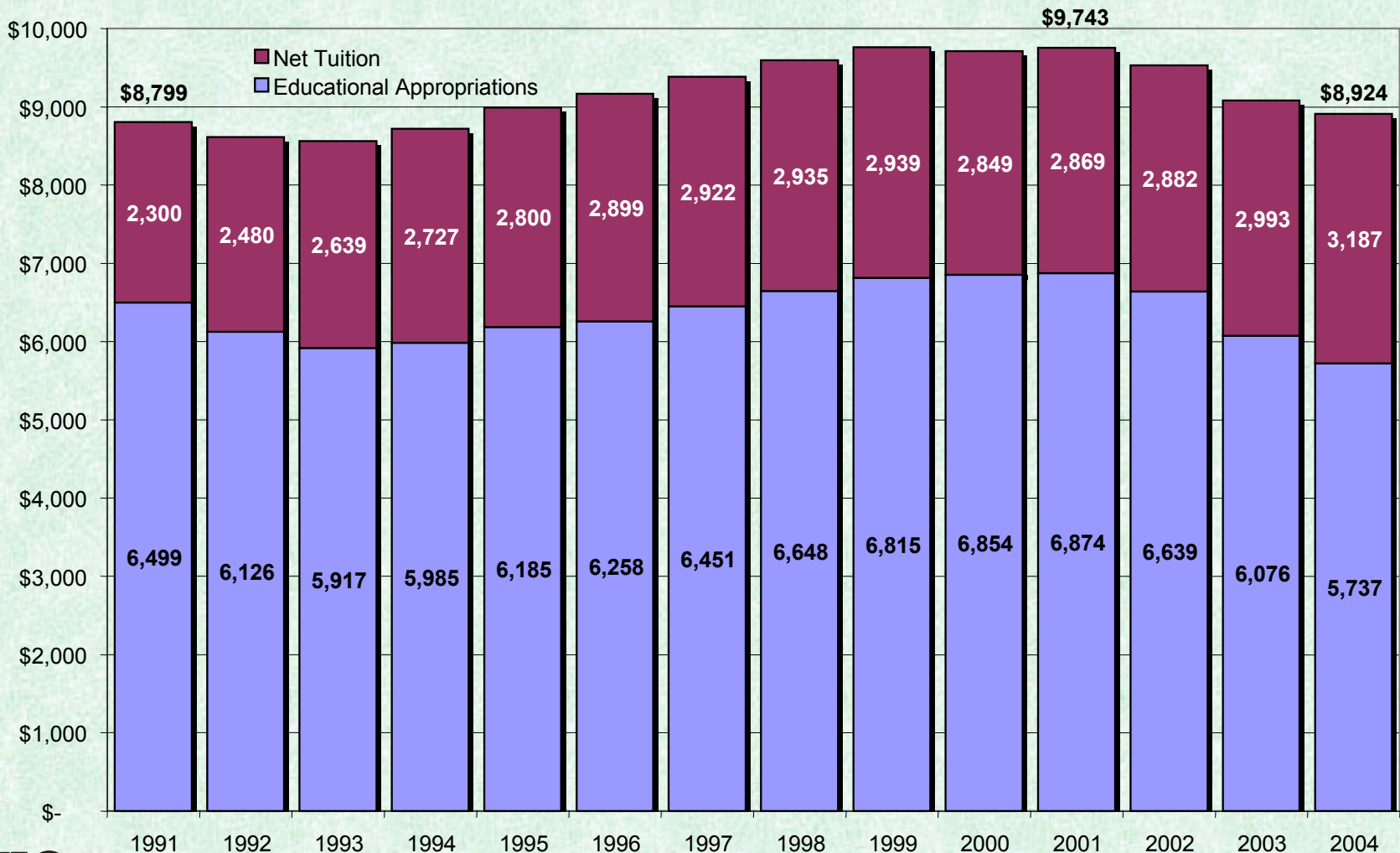


Note: State and local government support, excluding research, agricultural, and medical.

Source: SHEEO SHEF

Educational revenues per FTE, 14 years

Total Educational Revenues per FTE by Component, U.S., Fiscal 1991-2004
(Constant 2004 dollars adjusted by SHEEO Higher Education Cost Adjustment)



Community Colleges and Public 4-year Institutions

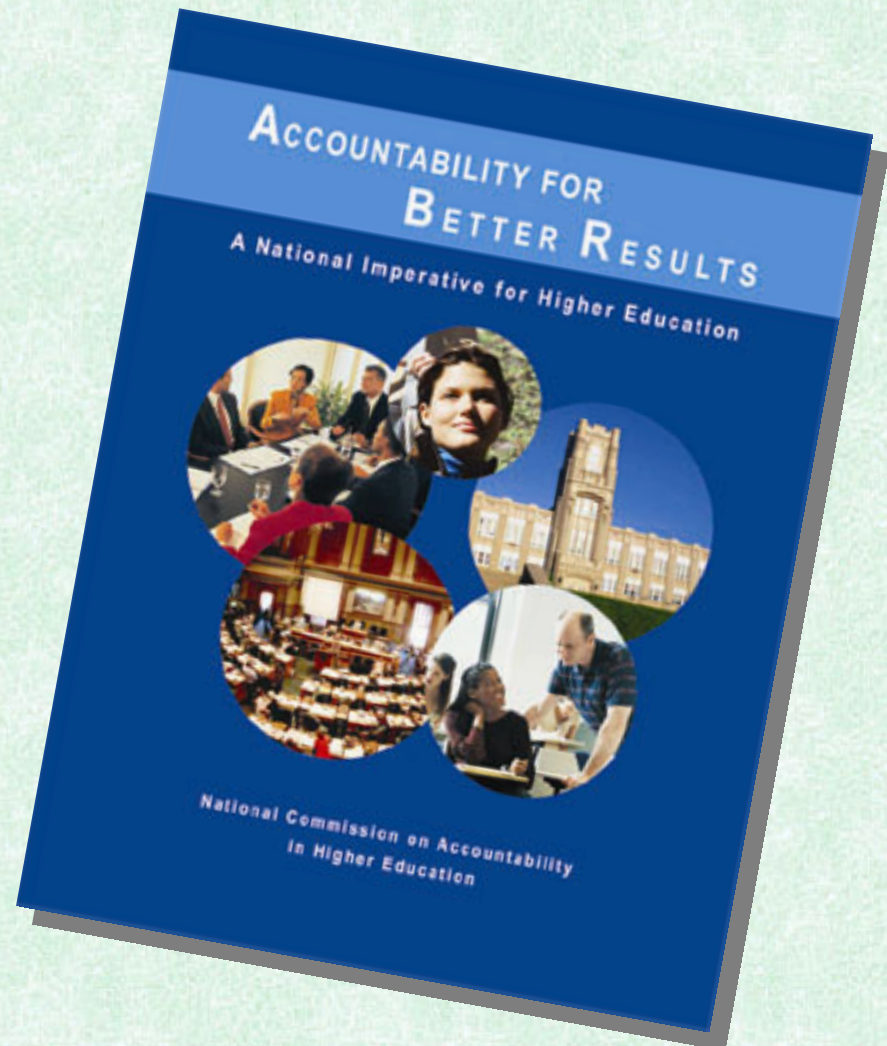
	Community Colleges	Public 4-Year	Total Postsecondary Institutions
Enrollment Growth, 1995-2002	18.8%	11.5%	16.5%
Percent that are Minority, 2002	37%	30%	33%
Percent that are age 25-64, 2001	47%	32%	40%

Source: *Digest of Education Statistics*

The National Commission on Accountability in Higher Education

*Report was
released*

*March 10,
2005*



What is “Better Accountability?”

- ◆ **Not the status quo – Unfocused, unread, unused reporting exercises;**
- ◆ **Not measuring performance, rewarding performance or punishing the lack of performance;**
- ◆ **Not centralized bureaucracies, but**

A WAY TO IMPROVE PERFORMANCE

The National Commission on Accountability in Higher Education

Fundamental Principles

- ◆ **Responsibility for performance – *and* accountability – is shared among**
 - Teachers and learners
 - Policy makers and educators

- ◆ **Effective accountability will be based on:**
 - Pride, not fear
 - Aspirations, not minimum standards

- ◆ **Effective accountability will be:**
 - A tool for self-discipline, not finger-pointing

The National Commission on Accountability in Higher Education

Components of Effective Accountability

- ◆ **Affirm and pursue fundamental goals**
 - The public agenda vs. market position
- ◆ **Establish and honor a division of labor**
 - Top-down centralization is a dead end
- ◆ **Focus on a few priorities at every level**
 - No focus, no progress
- ◆ **Measure results, respond to evidence**
 - Elementary Baldrige

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