State of the Union for Higher Education
National Trends and Emerging Priorities to Inform Strategic Planning

Prepared for South Dakota State University
1. Separating Fact From Fiction
2. Shifting Economic and Demographic Realities
3. Shifting Policymaker and Stakeholder Perceptions
4. ROI Thinking Spreads Across Campus
Separating Fact From Fiction

Higher Ed Assailed By A Drumbeat of Critiques

Source: "Is College a Lousy Investment," Newsweek, September 2012; EAB interviews and analysis.
Separating Fact From Fiction

The Bubble Argument in a Nutshell

On the Verge of Disruption?

“For a growing number of Americans, a college degree is something obtained only through enormous sacrifice and indebtedness on their part or their parents’, or a dream that is entirely out of reach. Meanwhile, most college leaders live in a bubble in which the costs of ever more elaborate facilities, expanding administrative bureaucracies, and high-profile professors with light teaching loads can simply be passed on to customers in the form of higher tuition.

But those days are about to end. Underneath the surface, upstart institutions are perfecting radically new education technologies and business plans at the same time that young people and their parents are becoming more frustrated with the traditional higher-ed model, and more open-minded about alternatives. There is every reason to suspect that, quite soon, these new institutions will do to higher education what Sony did to radios and Apple did to computing. Afterward, our colleges and universities will never be the same. Few Americans, one suspects, will look back in regret.”

Stuart M. Butler
From The Coming Higher-Ed Revolution (2012)
Separating Fact From Fiction

Not the Root Causes of the Rising Cost of College

Everything is Bigger in Texas: The Great Climbing Wall War

Forbes

“Oh, So That’s Why College Is So Expensive”

Claims to be tallest in TX

<table>
<thead>
<tr>
<th></th>
<th>Baylor</th>
<th>Texas A&amp;M</th>
<th>U. of Houston</th>
<th>TSU San Marcos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Height</td>
<td>41’</td>
<td>44’</td>
<td>53’</td>
<td>54’</td>
</tr>
</tbody>
</table>

The Reality—Hardly Driving Up Costs

.001% Increase to $100M operating budget

And often funded by student-elected fees

The Shrimp on a Treadmill: A “Poster Child” for Wasted Tax Dollars

NSF-Funded Research Subject Becomes Internet Star, Provokes Backlash

Used in report denouncing NSF spending $3B on “waste, fraud, and mismanagement”

Ad says government spending on treadmill for shrimp instead of Medicare and Social Security

The Reality: Low-Cost Solution to Urgent Research Problem

$47 Actual cost of treadmill out of $500,000 NSF grant

Separating Fact From Fiction

What Parents and Families Fail to Understand

Published vs. Net Tuition and Fees at Four-Year Institutions, 2015 Dollars

Private Institutions

$24,590$25,620$26,830$28,520$29,450$30,780$32,410

$14,300$14,700$15,100$13,530$12,830$13,430$14,890

2003 2005 2007 2009 2011 2013 2015

Public Institutions

$6,030 $6,710 $7,090 $7,840 $8,740 $9,080 $9,410

$2,300 $2,880 $3,070 $2,570 $3,380 $3,620 $3,980

2003 2005 2007 2009 2011 2013 2015

Leaving Families to Make Choices Based on Misperceived Costs

87% of low-income parents inaccurately estimate first-year tuition costs

175% average parent overestimation of four-year tuition and fees

1.7M non-FAFSA submitters in 2007 incorrectly assumed they were ineligible for aid

Don’t Call it a Crisis

Student Loan Debt Crossing the $1 Trillion Mark...

Total US Student Loan and Credit Card Debt, in Billions

...But The Truth is More Nuanced

Sheer Number of Students on the Rise

Typical Student Owes Less Than You Think

For-Profit Student Debt Significant and Growing

Defaulters are Disproportionately Non-Completers

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Not Exactly News

Value of College Has Been Called into Question for Decades

Guess Which Quotes Are From 1976 vs. 2012

“By all estimates, the rising costs of college have been paced by diminished economic returns on the college investment.”

“As much as 27 percent of the nation's work force may now be made up of people who are "overeducated" for the jobs they hold.”

“Is all this investment in college education really worth it? The answer, I fear, is that it’s not.”

“More than half of all recent graduates are unemployed or in jobs that do not require a degree.”

40 years before Sen. Marco Rubio’s comment: “Welders make more money than philosophers. We need more welders and less [sic] philosophers.”

Fact Check: Twenty years after graduation, philosophy grads have a median salary of $97,000 while welding grads make $58,000

Separating Fact From Fiction

It’s the Economy, Stupid

The Long-Term Consequences of Graduating in a Recession

Unemployment and Underemployment by Graduation Year

The “Lost Class”

1.4M college graduates

Lasting Consequences to a Late Start

Lisa Kahn,
Associate Professor of Economics
Yale University

7-25%

Percentage starting income of new graduates falls for every one-point increase in national unemployment

10%

Percent less earned on average after 17 years than those who graduated in a strong economy

$100,000

Present value of lost income

1. Separating Fact From Fiction
2. Shifting Economic and Demographic Realities
3. Shifting Policymaker and Stakeholder Perceptions
4. ROI Thinking Spreads Across Campus
Demographic Decline in High School Graduates Tightens Undergraduate Market and Contributes to Decelerating Enrollments

High School Graduate Growth Slower After Demographic Decline

High School Graduates, by year, in millions, with CAGRs (2002-2011; 2011-2014; 2014-2023)

- 2002-03: 2.7
- 2004-05: 2.8
- 2006-07: 2.9
- 2008-09: 3.0
- 2010-11: 3.1
- 2012-13: 2.8
- 2014-15: 2.6
- 2016-17: 2.7
- 2018-19: 2.8
- 2020-21: 2.9
- 2022-23: 3.0

CAGRs:
- 2002-2011: +1.6%
- 2011-2014: -2.4%
- 2014-2023: +0.6%

Sources: IPEDS; EAB interviews and analysis.
Shifting Economic and Demographic Realities

Enrollment Growth Tied to Regional Demographics

Below the Averages, Local Demographics are What Matters

Contributors to Enrollment Growth

*Share of National Growth by Segment, 2015-2025*

- Traditional Freshmen: 43%
- Community College Transfers: 23%
- Adult Degree-Completers: 24%
- International Students: 10%

But Demographics Uneven Across Regions

*Projected Growth, 2015-2025*

Translating Growth into Enrollment Numbers

- 218,000: 10-year increase in new undergraduate enrollments
- 89: Students per institution
- ~9: Annual enrollment growth per institution

Source: EAB Analysis of IPEDS Data
Shifting Economic and Demographic Realities

Spotlight on South Dakota

High School Graduates, By Year, in South Dakota

Actual

Projected

Hidden in the Data

<table>
<thead>
<tr>
<th>Student population</th>
<th>2000</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>60</td>
<td>1000</td>
</tr>
<tr>
<td>Black</td>
<td>41</td>
<td>452</td>
</tr>
<tr>
<td>Asian-Pacific Islander</td>
<td>83</td>
<td>604</td>
</tr>
<tr>
<td>American Indian/Alaska Native</td>
<td>334</td>
<td>551</td>
</tr>
</tbody>
</table>

©2016 The Advisory Board Company • eab.com

Source: Western Interstate Commission on Higher Education
Harder to Subsidize Low Income Students from High Income Students

**r**

**Shifting Economic and Demographic Realities**

**The Robin Hood Strategy Hits a Wall**

- Fewer Wealthier Students, More Low Income

*Annual Growth in Share of Postsecondary Enrollments by Family Income*

- Low Income: 13.2%
- Middle Income: 1.0%
- High Income: 0.5%

**“Student Affluence Test”**

-262 pts

difference in average SAT score between students from lowest- and highest-income families, 2014

- The Rising Cost of Access for Low Income Students
  - Rising recruiting costs
  - Increasing investments in aid
  - Investments in professional advising and other support
  - Cost of attrition

- Limited Revenue Growth from High Income Students
  - Rising recruiting costs
  - Increased discounting
  - Amenities arms race
  - Caps on out of state and international at some publics

“Colleges have been criticized for rising costs and rising tuition, and many experts believe these trends, along with the subsequent rise in financial aid, are unsustainable. But these are in part a result of increasing income inequality in America.”

Shifting Economic and Demographic Realities

A Similar Story Nationwide

Flat Graduation Rates Despite Significant Student Service Investments

Average Five-Year Graduation Rates
Public and Private US Universities

<table>
<thead>
<tr>
<th>Year</th>
<th>Graduation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>52.0%</td>
</tr>
<tr>
<td>2005</td>
<td>52.0%</td>
</tr>
<tr>
<td>2006</td>
<td>52.0%</td>
</tr>
<tr>
<td>2007</td>
<td>52.0%</td>
</tr>
<tr>
<td>2008</td>
<td>52.0%</td>
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<tr>
<td>2012</td>
<td>52.6%</td>
</tr>
<tr>
<td>2013</td>
<td>52.6%</td>
</tr>
<tr>
<td>2014</td>
<td>52.6%</td>
</tr>
<tr>
<td>2015</td>
<td>52.6%</td>
</tr>
</tbody>
</table>

11%
Average growth in student services spending per student FTE AY 2001-2011

"...The nonprofit clearinghouse is able to track 96 percent of students nationwide. It found an overall national completion rate of 52.9 percent for students who enrolled in the fall of 2009. That rate was down 2.1 percentage points from that of the previous year's cohort of students, according to the clearinghouse, and the rate of decline is accelerating."

Win-Win for Retention and Revenue

Even Moderate Increases in Retention Generates Significant Gains

Revenue Gains from 1% Annual Improvement in Retention Over Three Years

Mid-Sized Public University
15,000 Undergraduates

120
Additional students in year one

Year 1
$2.1M

Year 2
$6.1M

Year 3
$12.0M

Source: EAB Interviews and Analysis.
## Six Roles for Faculty in Student Success

### Individual and Collective Responsibilities to Guide Institutional Change

<table>
<thead>
<tr>
<th>Collective Decision-Making</th>
<th>Individual Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Remove Curricular Barriers to Completion</td>
<td>Evaluating and scaling high-impact learning innovations across courses and disciplines</td>
</tr>
<tr>
<td><strong>2</strong> Redesign Academic Policies</td>
<td>Equipping faculty with the right tools and techniques to maximize early warning systems</td>
</tr>
<tr>
<td><strong>3</strong> Support Evolving Advising Models</td>
<td>Targeting faculty engagement efforts toward students lacking a strong connection to campus</td>
</tr>
<tr>
<td><strong>4</strong> Enhance the Learning Experience</td>
<td>Considering student success in each stage of curricular decision-making</td>
</tr>
<tr>
<td><strong>5</strong> Flag Signs of Student Risk</td>
<td>Garnering support for student-facing rule changes that promote persistence to degree</td>
</tr>
<tr>
<td><strong>6</strong> Mentor Rising-Risk Student Groups</td>
<td>Building buy-in for, confidence in, and collaboration with central and professional advising staff</td>
</tr>
</tbody>
</table>
The Growth Imperative

Bending the Cost Curve More Achievable than Outright Cost Reduction, and Revenue Growth Probably More Achievable Than Both

Potential Administrative Cost Savings Small Compared to Overall Budget

*Typical Administrative Savings Found by Consultants as Percent of Operating Budget, Based on 24 Consulting Engagements with Research Universities*

<table>
<thead>
<tr>
<th>Category</th>
<th>Identified Best Case</th>
<th>Identified Base Case</th>
<th>Projected to Realize</th>
<th>Realized to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Utilization</td>
<td>4.3%</td>
<td>2.6%</td>
<td>2.2%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Academic Efficiencies Can Free Up Capacity, But Not Easy to Shed Costs

*Typical Academic Program Efficiency Metrics, From EAB Analysis of 7 Public Doctoral Universities*

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Utilization</td>
<td>50%</td>
</tr>
<tr>
<td>Underutilized Sections</td>
<td>33%</td>
</tr>
<tr>
<td>Students with Excess Credits</td>
<td>30%</td>
</tr>
<tr>
<td>Course Drop/Fail Rate</td>
<td>20%</td>
</tr>
<tr>
<td>Faculty Teaching Less than Standard Load</td>
<td>60%</td>
</tr>
</tbody>
</table>

Going After More Mature Markets

Adult Undergraduates To Grow Twice as Fast as Traditional Students

The Degree Completion Opportunity

U.S. Population by Education Level

- 50% say they want to go back to school – only 3% do so
- 54 million adults have some college or associate’s

Adult Undergrad Students at Four-Year Institutions

- Projected annual growth, 2011-2021
  - 0.9% for Undergrads Aged 18-24
  - 2.2% for Undergrads Aged 25+

Shifting Economic and Demographic Realities

Master’s Surpasses the Baccalaureate Student

Graduate and Professional Programs Growing Faster than Baccalaureate

**Projected Growth by Award Level**

*2012–2013 to 2022–2023*

- Bachelor’s: 17%
- Master’s: 36%
- Doctorate: 24%

**Current and Projected Degree Completions by Award Level**

- Bachelor’s: 6%
- Master’s: 28%
- Doctorate: 66%

1,934 Number of graduate programs added between 2011-2013

2012-13
- Bachelor’s 6%
- Master’s 28%
- Doctorate 66%

2022-23
- Bachelor’s 6%
- Master’s 31%
- Doctorate 63%

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The End of Information Asymmetry

When an Experience Becomes A Commodity – Or a Transaction

Buying a Car: Then and Now

1989
Salespeople Have Exclusive Access to Product Details

Consumer
- Financials:
  - Sticker Price
  - Personal Budget
- Priorities:
  - Safety
  - Towing and Storage Space
  - Reliability
  - Color: Red

Salesperson
- Financials:
  - Invoice Cost
  - Financing Options
- Safety:
  - Rating
  - New Airbags
- Towing and Storage:
  - Competitor Specs
- Reliability:
  - Repair frequency
  - Cost to repair
- Color
  - Availability of other colors

2016
Readily Available Information Shifts Power to the Consumer

Consumer
- Financials:
  - Invoice price
  - Rebates
  - Shows distribution of prices paid
- Safety:
  - Rating
  - New Airbags
- Towing and Storage:
  - Competitor Specs
- Reliability:
  - Repair frequency
  - Cost to repair
- Color:
  - Availability of other colors

Shifting Policymaker and Stakeholder Perceptions

College Scorecard: 2015 Only the Beginning

From “Quality Assurance” to “Consumer Protection”

High Utilization of Federal Scorecard Itself Uncertain...

College Scorecard
(Selected Measures)

Loan Repayment Rates
- Share of Students Making Progress in Paying Loans within 3 Years of Leaving College
- Improvement on Default Rate

Earnings
- Average Income 10-Years-Out
- Percentage of Students Earning Over $25,000 6-Years-Out

...But More Aggressive Accountability Measures Still on the Table...

Ratings tied to federal funding in the future?

Some trade associations expressing tentative support

... And Part of Larger Student Shopping Shift

Data incorporated into emerging consumer information sources

Re-defining what “ROI” shopping means

Information previously unavailable to public

Data considered inaccurate, unrepresentative, and misleading

Volume of information difficult to navigate

### The Rise of “Outcomes Shopping”?  

**Proliferation of Rankings and Search Tools Based on Career Outcomes**

**New Resources to Measure ROI Emerge Post-Recession**

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>PayScale</td>
<td>College salary and ROI reports</td>
</tr>
<tr>
<td>2012</td>
<td>College Measures</td>
<td>State-level salary data for VA, AR; later expanded to CO, FL, TN, TX</td>
</tr>
<tr>
<td>2013</td>
<td>Forbes</td>
<td>Alumni giving as indicator of outcomes, ROI</td>
</tr>
<tr>
<td>2014</td>
<td>LinkedIn</td>
<td>Placement rate at top companies in hot industries</td>
</tr>
<tr>
<td>2015</td>
<td>Brookings The Economist</td>
<td>Colleges’ value added based on Scorecard data</td>
</tr>
</tbody>
</table>

**College Scorecard Now Front and Center in Online Search**

- Increased weight for outcomes in rankings formula
- Median earnings 10 years out; Percent students earning >$25K

Students Recognize that ROI Varies Significantly by Discipline

### Median Annual Wages of College-Educated Workers Age 25-29 by Major Supergroup

<table>
<thead>
<tr>
<th>Major Supergroup</th>
<th>Median Annual Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEM</td>
<td>$76,000</td>
</tr>
<tr>
<td>Health</td>
<td>$65,000</td>
</tr>
<tr>
<td>Business</td>
<td>$65,000</td>
</tr>
<tr>
<td>All majors</td>
<td>$61,000</td>
</tr>
<tr>
<td>Social sciences</td>
<td>$60,000</td>
</tr>
<tr>
<td>Career-focused</td>
<td>$54,000</td>
</tr>
<tr>
<td>Arts, liberal arts, and humanities</td>
<td>$51,000</td>
</tr>
<tr>
<td>Teaching and serving</td>
<td>$46,000</td>
</tr>
<tr>
<td>High school graduate</td>
<td>$36,000</td>
</tr>
</tbody>
</table>

An Information Experiment

- Sample of students asked to predict their earnings at age 30
- Students then exposed to data showing their major’s expected earnings
- Percentage of students who decided to change major in response to earnings data: 12%

Difference in lifetime earnings between highest and lowest-earning major ($3.4M) exceeds difference between college and HS degree ($1M)

Shifting Policymaker and Stakeholder Perceptions

First Precedent for Tying Salary Outcomes to Funding

Performance Based Funding Models Sweeping the Nation

- Florida PBF scoring system yields $16.7M for FSU in 2015
- If median first-year earnings ($31,600) had been $400 less, would have scored 1 point lower on formula and gotten zero dollars

Financial sustainability at risk for schools not focusing on high-earning majors?

Other Perverse Incentives of PBF

- Limiting access as increased selectivity improves graduation rates

37 States transitioned or transitioning to performance based funding for two-year or four-year institutions as of 2015

4 States that had adopted performance based funding prior to 2010

3 States tie PBF funds to graduate earnings

Millions of Dollars at Stake, May Depend on Undergraduate Major Mix

Shifting Policymaker and Stakeholder Perceptions

Worse than We Thought

Student Disciplinary Clustering

Certified Instructional Programs, Four-Year Not-for-Profits, 2012

>40% of degrees granted by 10 of 362 programs

~70% of freshmen apply to one of 10 programs

Impact of out of state, international students, and historically underrepresented minorities?

Changing Program Enrollments at Michigan State University

Undergraduate Enrollment by College, 2003-2015

Sources: EAB Analysis of IPEDS Data; EAB Interviews and Analysis.
The Economic Value of a Liberal Education

Don’t Be Misled by Early Career Earnings Data

The Mythical College Graduate Barista

Unemployment Among People with a Terminal Bachelor’s Degree, 2013


Wage Gaps Close Between Liberal Arts and Professional Majors

Median Salaries of Recent College Graduates and at Peak Earnings

10% more likely to obtain an advanced degree than Professional majors

Shifting Policymaker and Stakeholder Perceptions

The Difficulty of Chasing “Hot Jobs”

The Case of Petroleum Engineers in the U.S.

Hydraulic Fracturing (Fracking) Unexpectedly Revitalizes Oil Industry

Declining Oil Prices Lead to 6,800 Fewer Jobs in H1 2015

Supply > Demand within 7 years

2008

Responding to Industry Need, Universities Begin Multi-Year New Program Launch Process

Students Enroll with Expectation of Six Figure Salaries

2015

Graduating Students Receive Withdrawals on Job Offers

“The economy bounces all over the place in terms of jobs that we hear are ‘hot’ all the time, like tech jobs. The reason that they’re hot is precisely because you can’t predict them.”

Peter Cappelli, Professor, Wharton School of Management

Shifting Policymaker and Stakeholder Perceptions

Training Burden Shifted to College

“Training Gap” Masquerades as a “Skills Gap”

Employers Doing More with Less

Employers Reluctant to Train Hires

“A generation ago you would never expect that somebody could come into a reasonably skilled, sophisticated position in your organization and immediately make a contribution. That’s a brand new demand...[A] huge part of the so-called skills gap actually springs from the weak employer efforts to promote internal training for either current employees or future hires...”

Peter Cappelli, Wharton School of Business

Signs of the Times

• Federal training expenditures declined from $2.1 B in 2000 to $1.2 B in 2012
• Only 21% of US employees received any formal workplace training in a five-year period (Accenture)
• While 57% of employers offer employee reimbursement, spending per employee has declined

Shifting Policymaker and Stakeholder Perceptions

The New Learning Economy

Knowledge Economy

Economic value from knowledge of a topic, skill, or process not held by others

Learning Economy

Economic value from gathering, adapting, and applying knowledge from diverse sources

- Constant skill and information acquisition needed
- Traditional siloes of knowledge less relevant
- Networks even more important—for individuals and organizations

New Strategies

- Learning to learn—and apply knowledge
- Lifelong education
- Taking advantage of knowledge networks in higher education

Number of Jobs Held Over Lifetime

<table>
<thead>
<tr>
<th>Generation</th>
<th>Jobs Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>GenY</td>
<td>20</td>
</tr>
<tr>
<td>Boomer</td>
<td>11</td>
</tr>
</tbody>
</table>

# Enhancing the Liberal Arts

## Improving Career Outcomes without Sacrificing Broader Educational Goals

### New Track or Minor in Major
- Publishing and Editing
- Susquehanna University
- Mount Holyoke

### Add-On Content from Another Unit
- Professional Edge
- New York University
- Professional Bootcamp
- Fullbridge

### Joint Program Across Two Units
- CS + Humanities
- Stanford
- Business and German
- Elon University
Separating Fact From Fiction

Shifting Economic and Demographic Realities

Shifting Policymaker and Stakeholder Perceptions

ROI Thinking Spreads Across Campus
## ROI Thinking Spreads Across Campus

### Could Newton Get Funded Today?

Changing Expectations for the Impact of Scientific Research

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Mathematical Principles of Natural Philosophy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abstract</strong></td>
<td>This project will describe the mathematical laws that govern the motions of all bodies and will propose a law of universal gravitation from which can be derived the motions of the planets.</td>
</tr>
</tbody>
</table>
| **Principal Investigator** | Isaac Newton  
Lucasian Professor  
Trinity College  
Cambridge University |
| **Email Address**      | Isaac.Newton@trinity.cam.ac.uk                |
| **Proposed Budget**    | $500,000 over 3 years                        |

### Reviewers’ Comments

What kind of societal impact might this project have?

Have you lined up any corporate partners?

Do you have institutional matching funds?

Do you have collaborators from other disciplines (esp. engineering, bioscience)?

Are there potential military applications?

What types of outreach will be involved (beyond an academic publication in Latin)?
A Slowdown That Feels Like a Cataclysm

Even a Deceleration Requires Significant Readjustments

The End of the Growth Era?
Federal Non-Defense R&D (Billions of Constant 2016 Dollars) and as Share of Non-Defense Discretionary Budget

A Chorus of Concern

ROI Thinking Spreads Across Campus

An Increasingly Inefficient System

The Perverse Consequences of Increasing Federal Investments in Research

Bottlenecks in the Talent Pipeline

57% of beginning doctoral students complete the PhD

50% of STEM degree holders are employed in STEM fields

25% of PhDs in biomedical sciences ended up in tenure track positions

Significant Skew in Faculty Research Output

20% of doctoral faculty produce no measurable research output (65% with no grants at some)

82% of humanities articles are never cited (27% for natural sciences)

82% of grant proposals to NIH are not funded (76% at NSF)

Limited Technology Transfer

5% of faculty file for a patent in any given year

5% of patents are ever licensed or commercialized

73% of tech transfer offices fail to break even

A New Breed of Donor

With Heightened Expectations for the Organizations They Support

An Emerging Donor on Everyone’s Mind

The Donor-Investor Seeks

Transformative Impact
Evidence that their gift has led to change that would not otherwise be possible

Compelling Ideas
Innovative, large-scale solutions to local, national, or global problems

Credible Connections
Investment in people who can link big ideas to impact

“Donors everywhere are much more strategic and thoughtful about their giving. They want to see data and outcomes. They constantly ask ‘Can you show me the numbers?’”

Heidi McCrory
Vice President, College Relations
Kenyon College

Source: Advancement Forum interviews and analysis.
Rationalizing Fundraising Priorities

Defining What is a “Big Idea”

Ensuring Success By Clarifying What is Expected

A Big Idea Should:

- Transform the University and the world
- Make the University unique in the marketplace
- Focus on where the University is good but could become better
- Include areas where the University is emerging as a leader

A Big Idea Should Not:

- Be defined *solely* by a capital project
- Bundle together smaller ideas
- Solely feature a naming opportunity
- Lead to slow, incremental improvement

Source: University of California, Davis, CA; Advancement Forum interviews and analysis.
Failure to Prioritize

Priority Creep and Initiative Proliferation Turns Strategic Plan Into a Wishlist that Disperses, not Concentrates, Resources

### Number of Total Initiatives (Per Plan)
- <10: 13%
- 10 to 19: 34%
- 20 to 29: 25%
- >40: 28%

### Number of Individual initiatives (Per Plan by Category)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
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<tbody>
<tr>
<td>Academic Programs</td>
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<tr>
<td>Faculty Development</td>
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<td>Infrastructure Upgrades</td>
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<td>Student Learning Outcomes</td>
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<tr>
<td>Community Engagement</td>
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<tr>
<td>Institutional Reputation</td>
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<tr>
<td>Research</td>
<td>1.4</td>
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<tr>
<td>Administrative Processes</td>
<td>1.3</td>
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<td>Financial Management</td>
<td>1.1</td>
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<td>Diversity</td>
<td>1.0</td>
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</table>

Experts recommend that plans identify no more than seven strategic initiatives per planning cycle.

Source: Education Advisory Board interviews and analysis
# A New Paradigm

Shifting Our Perspective on Resource Allocation

<table>
<thead>
<tr>
<th>From Enhancing Quality Everywhere...</th>
<th>...To Targeted Investments in Excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximizing inputs</td>
<td>Maximizing outcomes</td>
</tr>
<tr>
<td>The only way to improve quality is to spend more</td>
<td>The only way to improve quality is to focus on what works</td>
</tr>
<tr>
<td>Same performance expectations for all departments and faculty</td>
<td>Differentiated roles and workloads based on ability to contribute</td>
</tr>
<tr>
<td>Grow every department, student population, and program at the same rate</td>
<td>Seeking excellence in all areas will lead to mediocrity</td>
</tr>
<tr>
<td>Resources should be allocated fairly</td>
<td>Resources should be allocated effectively</td>
</tr>
<tr>
<td>Siloed plea for additional resources</td>
<td>Institution-wide alignment of resources with priorities</td>
</tr>
</tbody>
</table>