



Higher Education Concerns

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Question

- What has **increased in cost** at a rate greater than inflation, **offers a lower return on investment**, and has **decreased in quality** over the past several generations?

Answer

HIGHER EDUCATION

Concerns Facing Higher Education

- **Cost of Higher Education**-outstripped inflation and less affordable
- **Increased Student Debt**-constraints on graduates and families
- **Low College Completion rates**-adding to overall costs
- **Declining Learning Results**-increased employer dissatisfaction
- **Decline in Value of a College Degree**
- **Many good paying non-college degree jobs are going unfilled**

Cost of Higher Education

- Average annual cost at a **Public** Institution-**\$16,789**
- Average annual cost at a **Private** Institution-**\$33,047**
- From 2000 to 2013, the **cost of tuition and fees increased by 121%**, while health care costs increased by 63%, and general inflation by 35%
- The percent of higher education budgets for **faculty** has decreased from 39% to 34%, while the share for **administration** increased from 35.4% to 42.9%
- In **2012** the average cost of tuition and fees at Public Institutions increased by **6.7%** while general inflation was 1.7%.
- U.S. **household incomes have fallen by 7%** over the past six years

Increased Student Debt

- Total **Student debt** now **exceeds \$1.2 trillion**
- Total **Student debt-higher than both credit card and auto loans**
- Total **Student debt is exceeded only by total mortgage debt**
- **Default rate** on Student Debt is **14%**, up from 5.9% in 2000
- The **average student debt** is **over \$33,000**; up from \$9,364 in 1990, and \$26,682 in 2012
- **Over 67% of all graduates** have student debt
- In 2000 average student debt was **32%** of average household income; **in 2012** it increased to **54%**

Increased College Enrollment

- In 1970, **5% of the U.S. adult population** over 26 held a college degree
- Today over **32% of the U.S. adult population** over 26 hold a college degree
- In **2002 14.4 million** students attended college
- In **2012, 19.7 million** students attended college
- An **increase of 36.8% in ten years**, while the U.S. population grew by only 8.3%
- In 2015 **20.2 million** students are attending college
- In most organizations when the base increases there are **economies of scale**, to lower unit cost, this has not occurred in higher education

Declining College Results

- **40%** of the students who start college **do not finish** after 6 years
- About **60%** who do not finish **have student debt**
- **71% of college drop-outs** did so for necessary work commitments
- **Students graduating with an 'A' average** increased from **8% in the 1960's** to almost **40% today**
- **82% of college students admitted that they cheated**
- **Majority** of college students **study less than 5 hours per week**
- **The average GPA has gone from 2.52 (1950's) to 3.11 today**
- **8% of students graduated with an 'A' average (1960's) today 40% do**

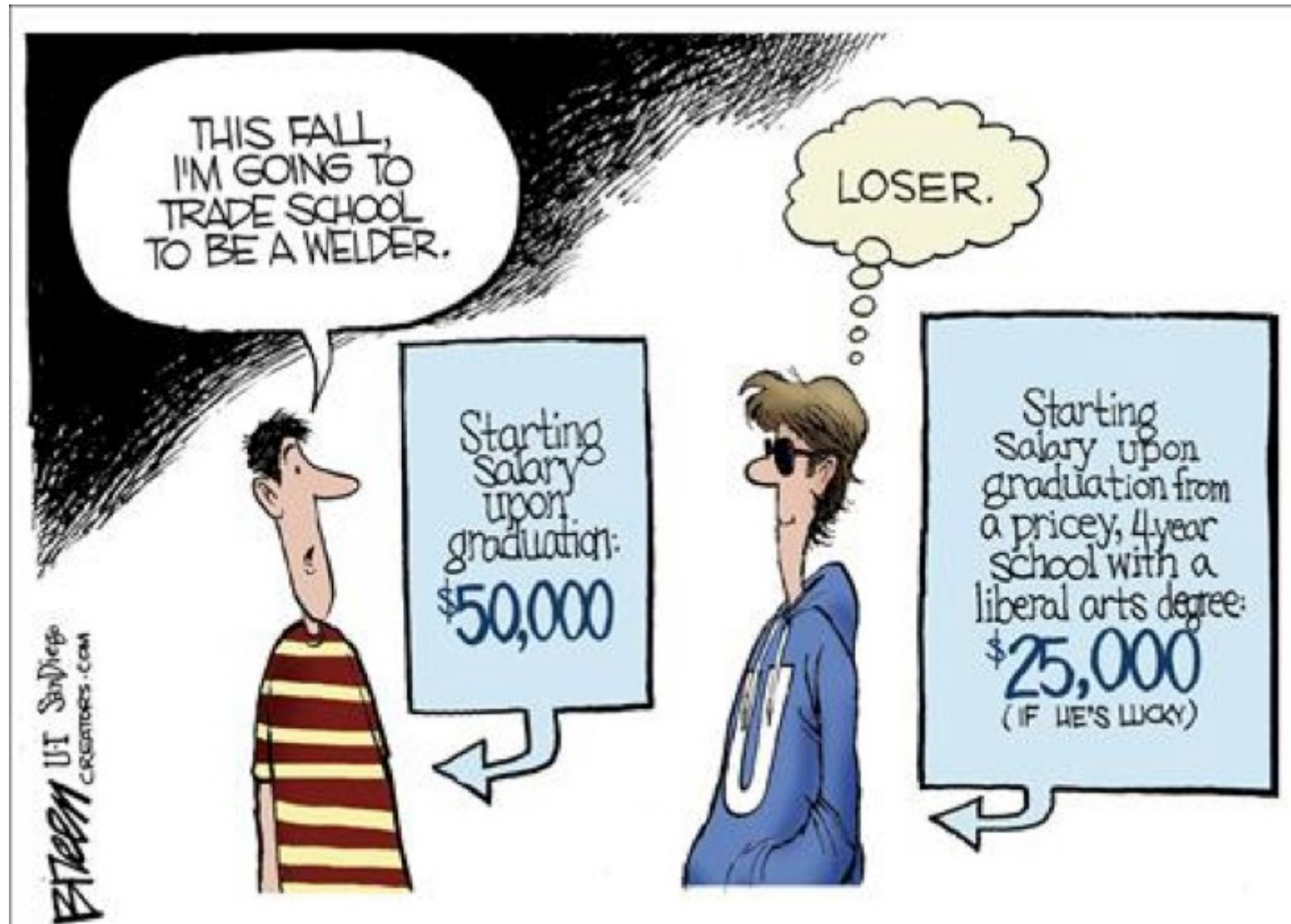
Declining Value of College Degree

- **Average annual salary** of college graduates peaked in real terms in 2003 and has declined since 2010.
- In 2013 **40% of the college graduates** were forced to take jobs that did not require a college degree
- Over 57% of graduates reported that **colleges fail to provide good value for the money spent**
- **Employers are hiring college grads** for traditionally non-college jobs, crowding out non-grads
- Some **jobs that did not require a college degree now do** as there are more college graduates available.
- **Degree Inflation-many jobs now require advanced degrees** that required bachelor's degrees in the past
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Employer Dissatisfaction with Graduates

- **31% of employers** of college graduates report that **graduates were not adequately prepared** for their jobs
- **45%** of the college students from class of 2009 **did not demonstrate any significant learning** during first two years
- **36% did not demonstrate** any significant learning over four years
- **Communications, critical thinking, analysis and problem solving** are the most lacking skills of recent college graduates
- **54% of employers** reported difficulty in **finding qualified grads**
- **Many high paying non-degree jobs are going unfilled**

Many non-degree jobs are going unfilled



Issues Facing Higher Education

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- **Low College Completion rates**-adding to overall costs
- **Declining Learning Results**-Increased Employer Dissatisfaction
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My Question

What can we do?

Answer

Create Awareness and
work together to set a
new direction



Suggested Actions

- **Reduce structural costs of higher education:**
 1. Consolidate all higher education in Arkansas under one administration
 2. Consolidate administrative functions
 3. **Adopt zero based budgeting**
- **Focus on centers of educational excellence** for the state
- Focus more higher educational **resources on technical training**
- **Drop programs** that do not have high demand and that do not lead to good paying careers
- **Restore rigor and high standards** to higher education
- **Change the basis of state funding** to a focus on cost reduction, learning, and career outcomes
- **Reduced use of student loans**



Questions

How do you see it?