President and Provost Roundtable
The Future of Higher Education:
Demographics & the Business Model

Questions:
Can SHSU stay ahead of the projections?
What opportunities can SHSU build upon?
What are challenges to overcome?

Trends in student populations
• Decline in traditional college age
• More diverse
• More 1st generation
• Less urban
• Less prepared
• From poorer families

Trends for managing in higher education
• Serve all demographics
• Increased need in student success
• Contain costs (tuition & fees)
• Ongoing decline of public support
• Increasing tuition discounting (net)
• Family support on rise
• Flattening full pay students

Higher Education Issues
• Imbalance of supply and demand
• Strain of steady expense growth (rising labor costs)
• Suppressed revenue – decreases in state funding make public institutions more reliant on tuition
• Expansive services, new facilities and amenities
• Tension between tradition and innovation
• Mega-universities
• A lifespan on the S&P 500 has dropped from 67 years in the 1920s to 15 years today
• Shore up institutions and reinvent for future
• Market forces

Diagnosing Problems
• A close accounting of costs and revenue, down to the student, is crucial to setting priorities, cutting back, and investing wisely
• Reining in academic sprawl requires examining enrollment patterns in departments, majors, courses, and even course sections
• Administrative ranks have grown for some important reasons, but that growth demands scrutiny to keep the staff lean and effective
• Building booms, deferred-maintenance, backlogs, and poor space utilization challenge institutions, which should maintain space inventories and consider plans for no net growth
• Financial stewardship means grappling with data and engaging with campus stakeholders to understand options and set a course

Streamline Operations
• Inefficiencies hide in decentralized processes and programs; leaders should look for any waste in how the college operates
• Financial data at the granular level will guide decisions about which academic programs to invest in or diminish
• Sprawling departments and courses may offer more options than a college can sustain and be out of sync with student demand
• Lean management can gain traction on a campus and generate considerable savings to reinvest

Collaborate and Consolidate¹
• Combining efforts by sharing resources or merging can create economies of scale without compromising institutions’ identities
• Partnerships take time to negotiate and administer, as institutions work through differences in policies, software, and culture
• The primary objective may not be financial efficiency, but positioning colleges to achieve broader goals
• An unlikely partner might prove valuable to expand an institution’s portfolio in a certain direction

Reinvent Yourself²
• Bold moves may come from an existential crisis, as desperation spurs action
• The work-college model attracts students focused on affordability and gaining professional experience
• An emphasis on interdisciplinary learning can engage students and distinguish an institution
• Adult students represent a growth market if flexible programs accommodate their working lives

Four Unforgiving Paradoxes³
1. Even amid growing awareness that the business model is broken, colleges and states are doubling down on it
   a. Continuing “defunding” of higher education
   b. While state support decreases, the state regularly imposes constraints on tuition increases
   c. High fixed cost structure
   d. As we become increasingly privatized, how do we preserve the public mission & access
2. The way we are managing our education model is undermining its relevance & value
   a. Cutting liberal arts & humanities when their importance is likely to increase rapidly over the next 20 years
   b. Institutions are constructed to deliver 2- and 4-year or graduate models of education, not continuous and lifelong learning – static education is no longer sufficient to prepare graduates for sustained success in the workplace
   c. We need to rethink what and how our institutions are teaching students
3. We need to change quickly, but our institutions are operating at capacity and our governance models are not supportive of rapid innovation
   a. Need to deploy new programs rapidly & ensure there is a match between graduates & employer demand, but highly specialized faculty are not easily transferrable
   b. Need to place greater emphasis on cross discipline pedagogy & interdisciplinary research as opposed to term-limited skills, but faculty & curriculum are not organized & structured in cross-disciplinary ways.
4. The research is clear that the value of a degree is increasing, but public skepticism of the value is growing at the same time

Strategies for Navigating These Paradoxes³
• Student success will generate financial resources we need - if we increase retention, we increase revenue
• We need to leverage those faculty who “get it” – engage in discussions about more creative approaches to curriculum, faculty workload and departmental structure
• Look for models of innovation, both within and outside of higher education
• Developing leadership capacity is the strategic wedge – develop mid-level leaders who take thoughtful risks, anticipate and respond to opportunities, and work together collaboratively to create the future

Resources