Boosting Postsecondary Education Performance

August 2015
Overview

The Challenges

• Rising cost of college and skyrocketing college loan debt
• Shrinking state budgets
• Demographic shifts

The Results

• Skills gap results in jobs going unfilled or companies seeking talent overseas
• Colleges not adequately preparing students with 21st century skills
• U.S. falling behind other industrial countries in college completion

Some Solutions

• Support broad-access institutions (less selective state schools, community colleges and for-profits)
• Improve online learning options
• Shift to competency-based learning
• Business must play a role
How much are students borrowing for college?

Total student loan balances, 2014 Q4: $1.3 trillion
Average balance per borrower: approx. $25,000

Source: Federal Reserve Bank of New York
How has the cost of college changed compared to other goods and services?

Percentage increase in consumer prices since the first quarter of 1978

- Tuition & Fees: 1,225%
- Medical Care: 634%
- Shelter: 370%
- CPI: 279%
- Food: 257%

Source: Bureau of Labor Statistics

Bloomberg Visual Data
Across socioeconomic levels, how much are students paying?

### Annual tuition, fees, books, room & board, 2011-12

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Lowest 25%</th>
<th>Lower middle 25%</th>
<th>Upper middle 25%</th>
<th>Highest 25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family income</td>
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<tr>
<td>Out-of-pocket</td>
<td>$10,000</td>
<td>$20,000</td>
<td>$30,000</td>
<td>$40,000</td>
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<td>&quot;Discounts&quot;</td>
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<td>Student loans</td>
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Source: National Center for Education Statistics, 2014
States have made deep cuts to higher education funding in recent years.
Demographic shifts in the U.S.


- Whites
- Hispanics/Latinos
- African-Americans
- Native Americans
- Asian/Pacific Islanders
- All Minorities
Are graduates prepared for the workforce?

Business: 34% of college grads not prepared

... high school grads equally deficient

Source: 623 business leaders, 2013

Source: 217 employers, 2008
Colleges aren’t preparing students with 21st century skills

**Unfilled Jobs**

If you currently have unfilled jobs, what is the primary reason why the jobs are unfilled?

- Lack of applicants for those positions
- Other
- Reluctance to hire due to economic uncertainty
- Unable to identify applicants with relevant experience or skills
- Not applicable

**Industry**

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<tr>
<th>Industry</th>
<th>NATIONAL</th>
<th>Services</th>
<th>Construction</th>
<th>Retail Trade</th>
<th>Nonclassifiable Establishments</th>
<th>Wholesale Trade</th>
<th>Manufacturing</th>
<th>Finance, Insurance &amp; Real Estate</th>
<th>Mining, Oil And Gas</th>
<th>Agriculture, Forestry &amp; Fishing</th>
<th>Transportation, Communications, Utilities</th>
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<td><strong>Lack of applicants for those positions</strong></td>
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<td><strong>Reluctance to hire due to economic uncertainty</strong></td>
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<td>33%</td>
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<td><strong>Not applicable</strong></td>
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College completion is rising, but not at the level for students and the nation to maintain a globally competitive edge.
The U.S. is far behind other industrial countries in college completion.

Chart 1: Organisation for Economic Co-operation and Development Degree Attainment—Young Adults and Working-Age Adults

Degree Attainment Rank, Associate's Degree or Higher, 2009: Working Age Adults (Ages 25-64)

Degree Attainment Rank, Associate's Degree or Higher, 2009: Young Adults (Ages 25-34)

Source: OECD, Education at a Glance 2010, Table A1.4a.
Support broad-access institutions (less selective state schools, community colleges, and for profits)

Southern New Hampshire University, an innovative broad-access institution

- Southern New Hampshire University offers a three-year honors program in business. This program contains the same number of credits as a traditional four-year degree but is specifically designed to be accomplished in three years, without night or weekend classes.

- The accelerated time frame of the degree means that students save a year of tuition and associated costs, which are up to $40,000.

- Third-year students act as consultants, completing projects for renowned companies such as American Express.
Improve online learning options

Rio Salado Community College in Arizona

- Rio Salado has been a pioneer in online learning development and even partnered with industry leaders Microsoft and Dell to develop a custom online learning platform, RioLearn. Through RioLearn, students turn in assignments, contact instructors and fellow students, view class syllabi, access student services and more.

- Rio Salado offers a unique academic calendar with courses in 16-week blocks. Courses start 48 times per year, which allows students to select a course without semester restrictions. Tuition is $76 per credit for in-state students and $215 per credit for out-of-state online students.

- The college has grown 173 percent from 2000 to 2010 and it partners with more than 50 major employers.
Online learning (continued)

Western Governors University

- Western Governors University (WGU) has created a new model that harnesses technology to increase access and reduce costs while also maintaining quality by measuring learning outcomes rather than credit hours. Instead of earning credits based on the number of courses taken, students progress by successfully completing required competency assessments.

- Utilizing technology allows students to learn at their own pace. Students can accelerate their program depending upon the competencies they already possess.

- WGU provides personal faculty mentoring for all students, and all students are part of learning communities throughout their degree programs. The university has more than 30,000 students, is still growing by 30 percent annually, and has over 14,000 graduates across all 50 states.
Competency-Based Education

• To increase educational attainment and participation for working-age adults, competency-based education is an increasingly popular option, particularly for those who never enrolled in college or who left without completing a program.

• Under competency-based education, students' progress and completion are based on each student’s demonstrated mastery of the skills and knowledge, rather than seat-time and credit hours.

• Working-age students are turning to competency-based education because they are likely to be most interested in short-term postsecondary programs that offer credentials with immediate value in the labor market.
Business must play a role

Walmart

• Wal-Mart in 2010 announced the inauguration of a Lifelong Learning Program that provides educational opportunities for its employees. The company has established a partnership with American Public University (APU), a for-profit school based in West Virginia that offers on-line courses. Wal-Mart negotiated a 15 percent reduction in tuition for employees taking APU courses and will offer $50 million over three years in other tuition assistance.

Starbucks

• Starbucks partners with Arizona State University (ASU) to help provide a college education to its employees. Employees who work a minimum of 20 hours a week have the opportunity to enroll in one of 40 online programs offered by ASU for a slashed price, with no requirement to stay with the company afterward. Freshman and sophomore baristas receive a discounted tuition rate, while juniors and seniors are reimbursed by Starbucks for any costs not covered by federal aid, once they have reached 21 credits.