UNIVERSITY ENVIRONMENTAL SCAN

Fall 2018

EXECUTIVE SUMMARY

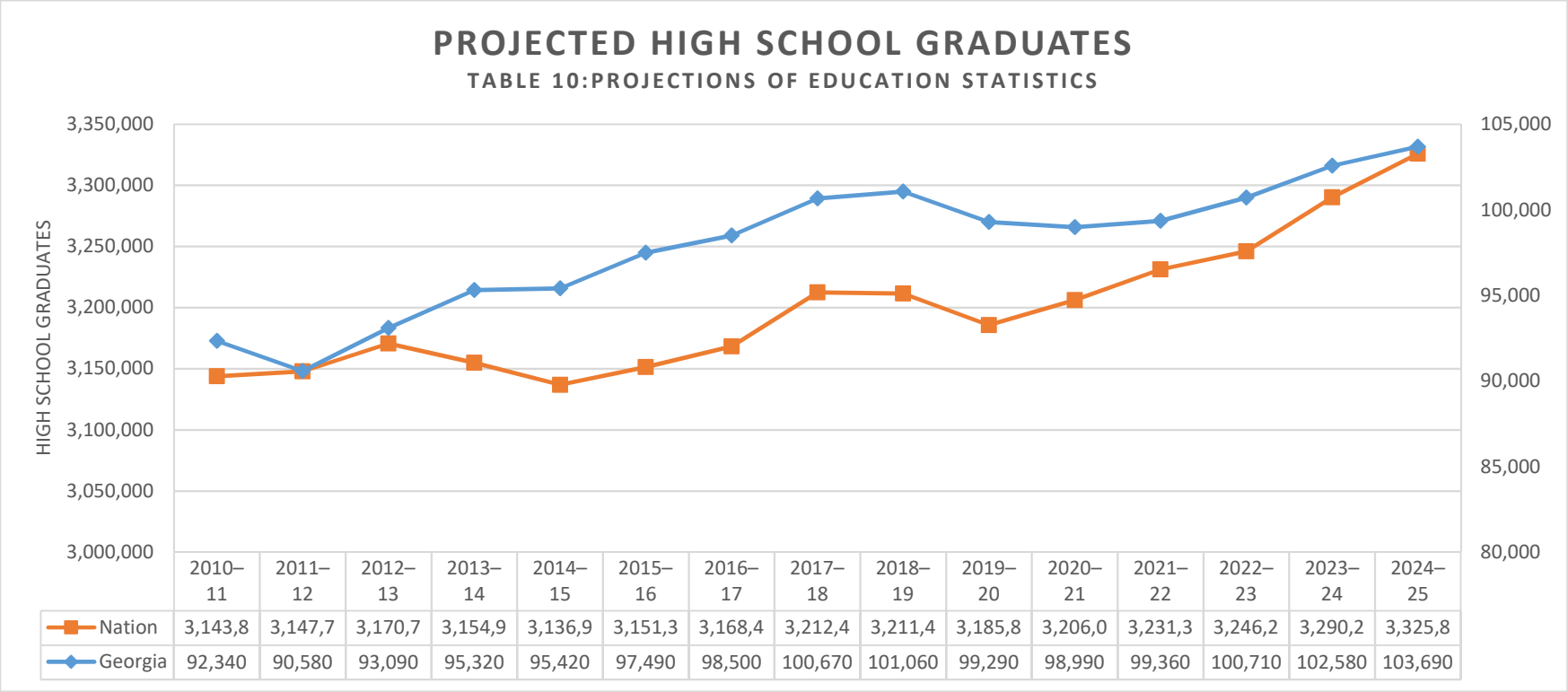
Traditionally, environmental scans follow the acronym STEEP and are organized within the topics of **S**ociety, **T**echnology**, E**conomics**, E**nvironment, **P**olitics and other trends in Higher Education.

- **Society/Demographics**: With the exception of a decline in the growth to begin next year and bottoming out a couple of years afterward, it appears the population of the college-eligible population will continue its upward trend well through 2024. Note: this population will continue to diversify.
- **Technology**: The utilization of personal devices as the central mechanism for individuals to access and learn new information is moving exponentially toward video rich content and away from text centric content. This is true in all learning environments whether formal or informal. The FCC's recent change related to "net-neutrality" may force higher education to pay fees to ensure that their online content, particularly bandwidth intensive video, continues to be accessible to students and the public at workable speeds.
- **Economics:** Demand continues to grow for **health care workers** (broadly defined and including nurses, physical- and occupational-therapy professionals.) Higher education also might study the association of gender with job sectors and examine indirect effect which that association may have on college attendance in single gender learning environments.
- **Environment:** Campus sustainability is developing some conventions: Moving goals from net neutrality to "net-positive"; scrutiny on power contracts and tougher negotiations with electric utilities (including threat of non-renewal), and even tighter focus in general on "emissions-related" impacts of campus activity.
- **Politics:** Scholars and social critics are laying blame for gaps in appreciation and understanding of civics principles, democratic values, and higher education. Many express frustration that the Academy is less tolerant to consider criticism, and indeed apparently feels no obligation to even recognize the irony related to charges of intolerance, suppressed thought, and closed-mindedness.

Society (Demographics)

Trends in College-ready Population:

An obvious beginning of any environmental scan is examination of population of college-ready students.



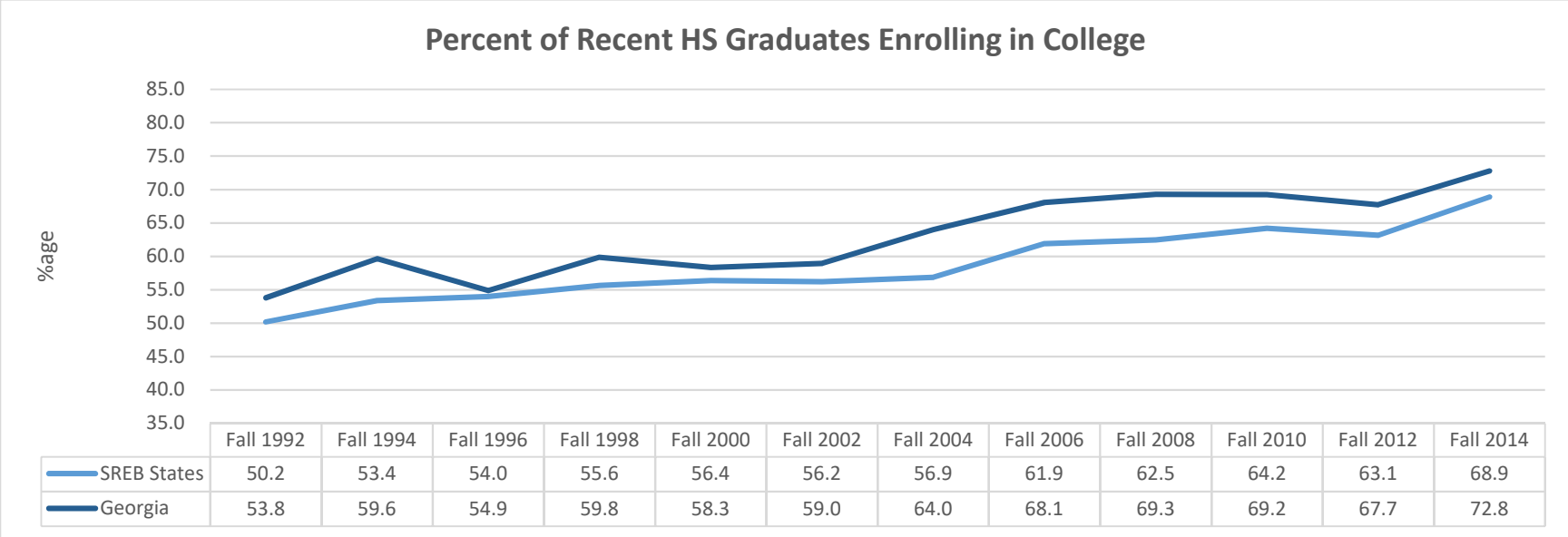
	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
Nation	3,143,8	3,147,7	3,170,7	3,154,9	3,136,9	3,151,3	3,168,4	3,212,4	3,211,4	3,185,8	3,206,0	3,231,3	3,246,2	3,290,2	3,325,8
Georgia	92,340	90,580	93,090	95,320	95,420	97,490	98,500	100,670	101,060	99,290	98,990	99,360	100,710	102,580	103,690

Data extracted from Table 10, Projections of Education Statistics (Hussar and Bailey 2016)

The data show a peak of sorts around 2018-2019 (which would positively impact Brenau the next year) followed by a gradual trough. A climb will begin around 2020 which increase pretty steeply through to 2024-2025.

Of course, "the story about demographics for colleges and universities is much more complicated than a single line that tracks high school graduates." While the South has grown more quickly in this subpopulation, the other areas of the country have declined. Increasingly, universities and colleges in the West, the Midwest and the Northeast are recruiting across regions. (Selingo 2016)

One of these questions is college participation.

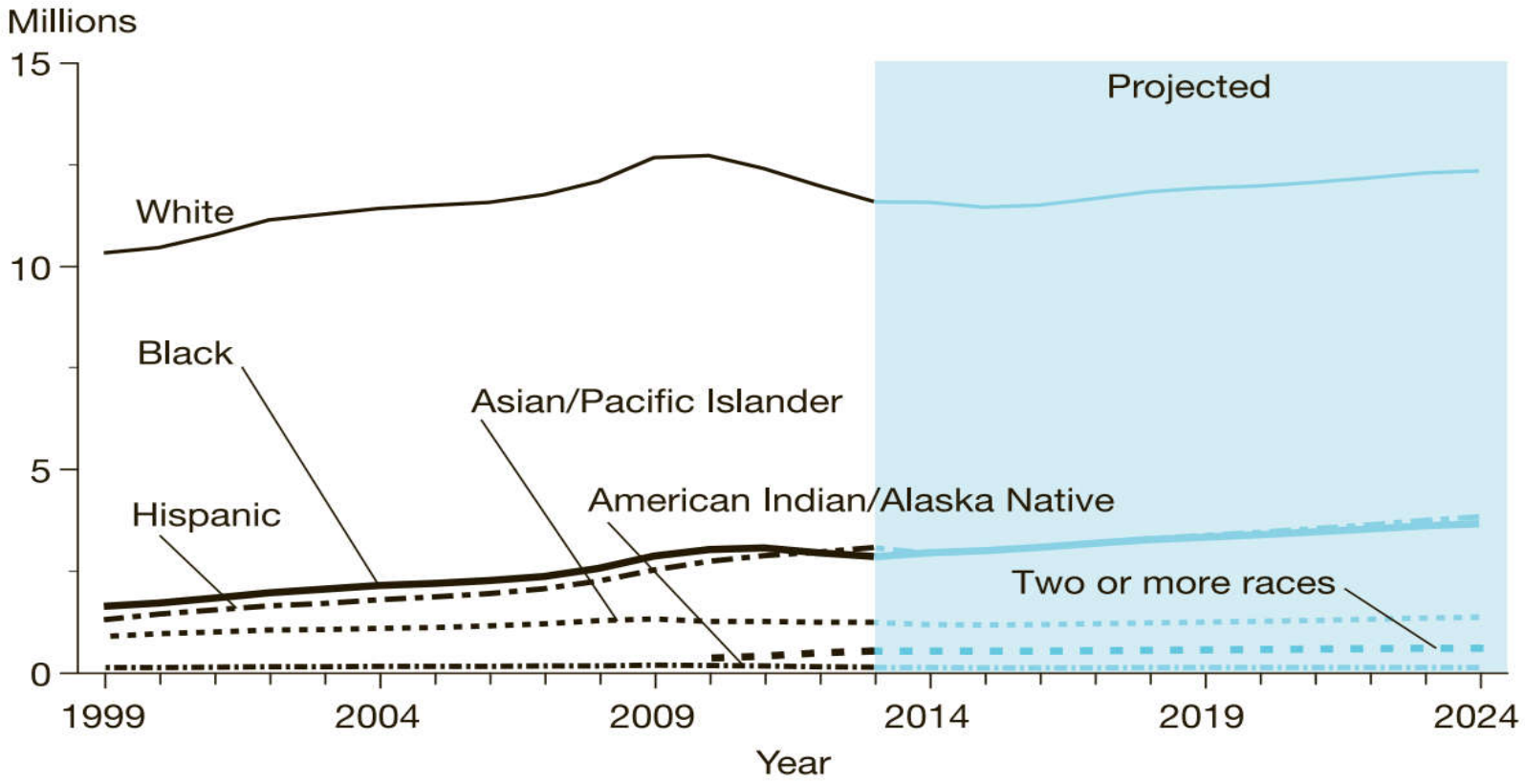


	Fall 1992	Fall 1994	Fall 1996	Fall 1998	Fall 2000	Fall 2002	Fall 2004	Fall 2006	Fall 2008	Fall 2010	Fall 2012	Fall 2014
SREB States	50.2	53.4	54.0	55.6	56.4	56.2	56.9	61.9	62.5	64.2	63.1	68.9
Georgia	53.8	59.6	54.9	59.8	58.3	59.0	64.0	68.1	69.3	69.2	67.7	72.8

Source SREB Factbook. (Lounsbury 2017) Also from call to Susan Lounsbury at SREB: 404-879-5546 or 404-875-9211

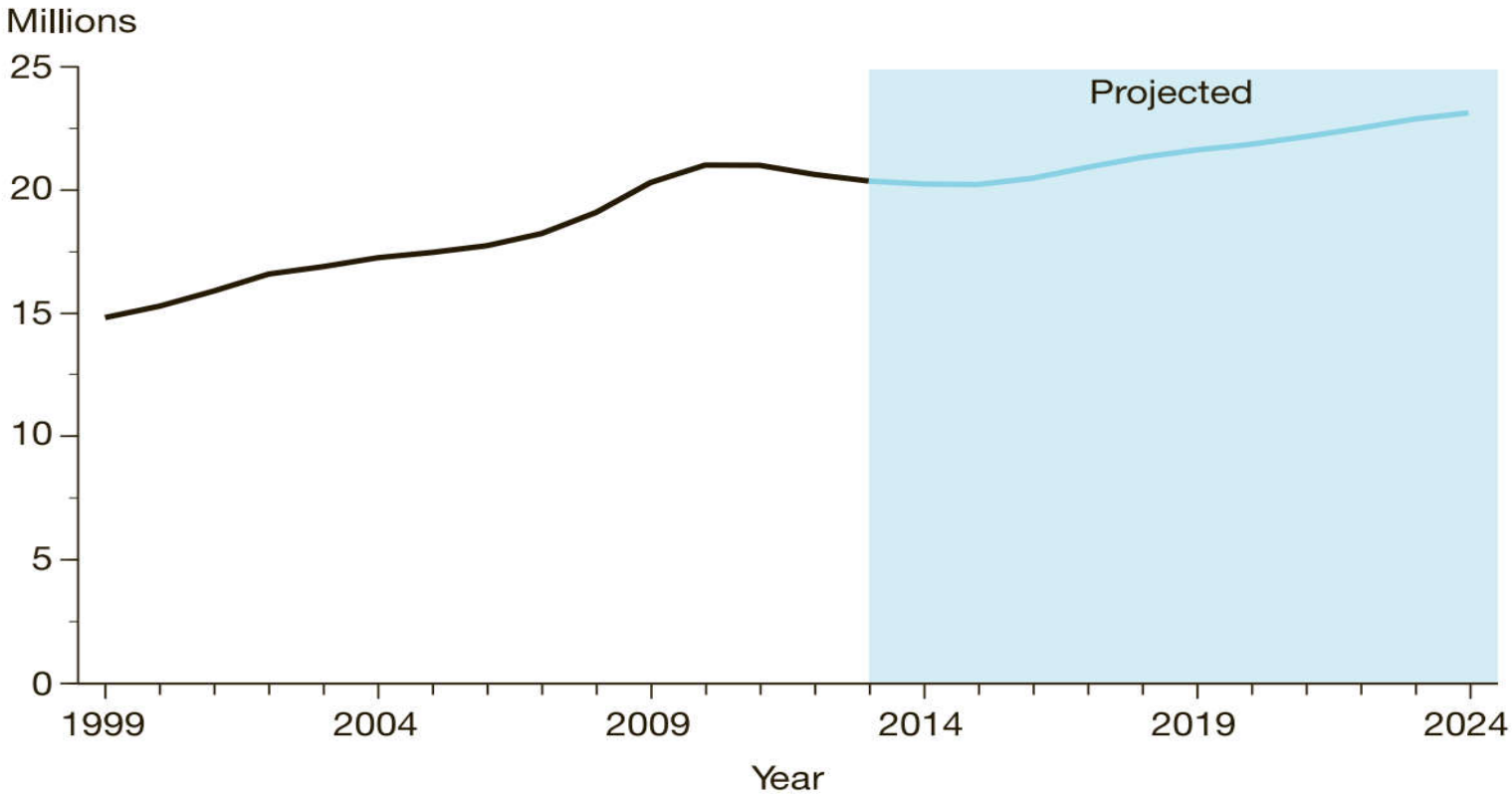
Participation rates seem to continue to climb. Thus, observable currents (number of graduates X matriculation rates) portend no threat. Certainly another factor to watch is the composition of the college-ready population. The demographers assume the share of white students will decrease and the gap will be made up of Hispanic students. (Selingo 2016) Recent developments in politics may challenge this assumption.

Figure 21. Actual and projected numbers for enrollment of U.S. residents in all degree-granting postsecondary institutions, by race/ethnicity: Fall 1999 through fall 2024



https://nces.ed.gov/pubs2016/2016013.pdf

Figure 16. Actual and projected numbers for total enrollment in all degree-granting postsecondary institutions: Fall 1999 through fall 2024



Despite the changing (e.g., racial and ethnic) dynamics within the population of college-aged, college enrollment overall is nonetheless predicted to trend upward in the near future (see chart above from Hussar and Bailey 2016). An opportunity will present to colleges that prepare to recruit and serve minority students as they will comprise 50% of the college aged population over the next decade.

Georgia: Non-traditional aged college prospects

Even though an increasing number of this 25-and-older population are getting degrees, and the percentage of those in the baccalaureate or higher "attainment" category grows, in fact the real number of people in this sector without degrees (prospects for higher education) will likely continue to grow. This is a function of overall growth. The numbers look like this:

Population 25 and older

Date	Georgia	Attainment	Difference in real #s	Portion
1970	2,355,810	218,948	2,136,862	9%
1980	3,085,528	450,267	2,635,261	15%
1990	4,023,420	777,158	3,246,262	19%
2000	5,185,965	1,260,178	3,925,787	24%
2005-2007	5,945,347	1,578,689	4,366,658	27%
2006-2008	6,069,802	1,640,314	4,429,488	27%
2007-2009	6,155,887	1,684,388	4,471,499	27%
2008-2010	6,154,545	1,685,250	4,469,295	27%
2009-2011	6,243,020	1,710,587	4,532,433	27%
2010-2012	6,326,651	1,754,259	4,572,392	28%
2011-2013	6,403,956	1,801,222	4,602,734	28%
2015-2017	6,683,767	2,000,113	4,683,654	30%

In Georgia the segment aged 25-49 has consistently remained around 40 percent of the total population and has grown (and will likely continue to grow) in real numbers. Source: Susan Lounsbury SREB

Nationally Southern states will grow in population faster than the north or mid-west, but also experience increased competition from schools outside south recruiting the region.

College campuses are going to be reflective of more racially and ethnically diverse students who are less academically prepared and are from lower income families. This will present a distinctly different college environment than that propelled by the growth in higher education over the previous four decades (Chronicle of Higher Education 2016).

TECHNOLOGY

The impact of technology on higher education is ever expending. The breath now begins and ends with the life-cycle of the students. It is no longer simply a platform or modality for teaching. Data rich profiles of prospective students, current students, and alumni are guiding decision making for the colleges and the participants.

Data Analytics

Data collection and its use for identifying potential student applicants has become increasing more complex and aggressive. No longer are the most effective institutions waiting to respond to applicants, instead, they are identifying potential students and marketing to them to create an interest in the school. Data mining activities are expensive, but are necessary rather than passive approaches of the past. This phenomenon gained its foothold with adult student markets and is expanding exponentially to the traditional student market. College admission groups are not yet adept at utilizing this approach, but the marketplace has providers for this type service. In either case, prospective student data is being collected, bought, sold, and consumed at an ever increasing rate in efforts to grow student populations.

Data analytics is also being used to track student performance. Collecting and analyzing data about student performance provides universities with information leading to improved advising and course delivery. Managing the student experience using data will lead to early interventions and a better understanding of predictive patterns of behavior. Predictive analytics promises better student recruitment through more closely matching desires with institutions and retention through aggregated data on student learning.

Access

"Net neutrality" is the idea that all web content should be treated equally by internet service providers. Under the FCC proposal ISPs will have the freedom to slow down or even block websites or online services that do not serve their

commercial interests. They could also charge their customers a fee to prioritize the delivery of their content through the creation of internet "fast lanes."(McKenzie 2017)

Chairman Ajit Pai was nominated to lead the agency by President Trump in January 2017. Having served as an FCC commissioner since 2012, Pai has made no secret that he thinks the 2015 regulations were a mistake and an example of government overreach. His appointment was celebrated by telecom companies. (McKenzie 2017).

The FCC's move will allow companies like Comcast, AT&T and Verizon to charge internet companies for speedier access to consumers and to block outside services they don't like. The change also axes a host of consumer protections, including privacy requirements and rules barring price gouging and unfair practices. FCC Chairman Ajit Pai says the plan eliminates unnecessary regulation. But many worry that his proposal will stifle smaller rivals to broadband providers and leave ordinary citizens more at the mercy of cable and wireless companies. (A Press 2017)

What does all this mean for colleges? Colleges will need to prepare contingency funds for unpredictable increases in the costs for services. This is playing out in courts and it will take some time before we'll know the whole story (Washington Post 2018).

The growth of personal devices and technological interaction between people, especially among young adults, is pushing learning platforms toward a mediated environment. The device of choice has become the preferred method for receivers of information to access it. US adults now average watching 6 hours of video per day (Techcrunch.com 2018). This includes all forms, but video streaming on a personal device or TV/computer is growing exponentially in consumption time. The preference for video delivered sources of information has a direct impact on expectations for instruction modalities, course information resources, and time available to focus on course materials.

Environment

While environmental scans normally include a section on the natural environment (one which is usually smaller in proportion to the Society, Technology, Economics and Politics sections), recent climate science discoveries and environmental developments indicate that attention to the natural environment is a growing concern for those in higher

education. Consideration of climate and its impact on the design and maintenance of physical resources is becoming an important factor in strategic planning.

Due to a little-understood phenomenon called Arctic intensification, the Arctic region continues to warm up at a pace that is roughly double that of the rest of the planet.

> The current decline of Arctic sea ice is "outside of the range of natural variability and unprecedented" in the past 1,450 years, based on one reconstruction of past sea ice behavior. The speed at which Arctic surface temperatures are rising, meanwhile, is unprecedented in (at least) the past 2,000 years… The ice is also thinner and less long-lived, and it rarely remains frozen throughout the summer and into the next winter. In 2017, "multiyear ice," which is older and lasts through the summer melt season, made up just 21 percent of total Arctic ice, Osborne said. In 1985, it was 45 percent. (Mooney 2017b) (NOAA 2017)

There are dozens of such stories of wide-ranging environmental topics but they have a common theme: climate change. And recent climate models have scientists concerned that previous climate models underestimate temperature rise. As the use of energy changes at a rapid paces so does climate. Environmental patterns of temperature impact the cost of energy required to maintain comfortable learning and working space, change the manner in which outdoor student activities and sports are managed, and routine maintenance of facilities from the effects of extreme weather conditions.

Instruction

A 2013 study by the Shelton Group offers evidence that millennials may not practice sustainability; that their sustainability attitudes contrast with their actions.

"Millennials have grown into young adults, but their actions as consumers do not reflect their "green" upbringing." (Kaitlin Schuler 2016) Some research (Head 2013) suggests that older generations have been buying "truisms" about millennials' commitment that are not true. In fact, older generations may actually outpace millennials in the actual practice of sustainability.

The 2013 (Shelton Group) Eco Pulse study reports that millennials

- "….are particularly comfort-focused."
- "… don't consider themselves to be more personally responsible than other age groups to change their daily habits and purchase practices to positively impact the environment"
- "… are not more knowledgeable about many sustainability issues."

"We've softened this finding with mitigating explanations like, "Most of them aren't homeowners yet – so they don't have a need for a lot of green home improvement products," or "Their economic circumstances limit their ability to buy a lot of green products, since those products often cost more." Maybe we've cut them too much slack. [Need to face] the unvarnished truth about Millennials".

This presents an opportunity to model and teach students about climate, its effects on the cost of living and doing business, and encourage them to work on projects that lead to reasonable solutions for the lifetime ahead of them. The problem presents an opportunity across many curricular areas for problem based learning activities.

ECONOMICS

The increasing percentage of minority students entering college-aged is paralleled by the increasing population of low income students entering college-aged. States having more than 50% of households identified as low income (family income $20,000 - $40,000) have increased from four (KY, NM, LA, MS) in 2000 to 21 (DE, IL, WV, KY, NC, TN, SC, GA, FL, AL, MS, AR, LA, OK, TX, NM, AZ, UT, NV, CA) in 2013.

There has been a hallowing out of the middle class since the turn of the century. Data showing the stagnation of family income compared to data showing the rise of tuition over the same period demonstrate how tuition continues take a larger share of family income for the middle class. In 2004, roughly 32% of families were spending 100% of their annual income to cover the annual cost of tuition. That figure had increased to 51% of families by 2012. The rising cost of college tuition, healthcare, and housing continue to rise at rates faster than inflation. Alternatives to these rising costs are being sought by families that can no longer afford them.

As the size of the middle class has decreased over the past four decades and the lower income class has increased, colleges are experiencing a socioeconomic "barbell" effect, with only those from affluent families who can pay the full cost of attendance or those from poor families who qualify for full need based financial aid packages being able to afford the cost of attendance. This has had the effect of increased tuition discounting for the middle class and reduced net tuition for the colleges.

Bain and Company (2012) found that colleges have continued to expand facilities and resources to justify the rising tuition costs and predict that business model is unsustainable. "Institutions have more liabilities, higher debt service, and

increasing expenses without the revenue or the cash reserves to back them up. In the past, colleges and universities tackled this problem by passing on additional costs to students and their families, or by getting more support from state and federal sources. Regardless of whether or not families are willing to pay, they are no longer able to foot the ever-increasing bill, and state and federal sources can no longer make up the difference."

Investments held in university endowments will remain volatile as the market slows from the post-recovery growth period. This will impact intuitional draws used to assist in funding operations and could impact the assets needed to provide covenant coverages on debt instruments.

Politics

Nationally

The Department of Education is modifying the oversight and regulations related to Title IX. Through a set of interim guidelines, Secretary DeVos provided new guidance on the process of investigation and adjudication of findings for accusations of sexual assault. The guidelines are intended to provide more protection to both the accuser and the accused when an allegation of assault is made.

The department also has removed the requirement that schools demonstrate gainful employment for certain graduates of academic programs who used student loans for financing their degree programs. This regulation provided difficult to deliver evidences and often proved difficult to collect and receive information from the graduates.

The Federal Commission on School Safety released guidelines on keeping students and teachers safe at school. The guidelines, a 177 page document outlining 93 best practices, serves as a resource for students, faculty, and staff to give instruction about how to prevent, mitigate and recover from acts of violence.

Locally

The state is adopting a plan for higher education focused on building educational partnerships, access and affordability, flexible degree options, student support, and quality of learning. Funding for the state initiatives is focused on public schools, but the state continues support of private education through the Tuition Equalization Grant and Hope Scholarships. TEG funds are grants that are awarded in equal amounts to all Georgia residents attending private colleges. The Hope Scholarship Program is merit based and awarded on a sliding scale attached to the student GPA. The state monitors eligibility for the Hope program through the Georgia Student Finance Commission. In addition to Hope, the commission administers the Zell Miller Scholarship, REACH Georgia, Dual Enrollment, Student Access Loans, and the Georgia National Guard Service Cancelable Loan programs. All these programs are available to qualified Georgia residents who attend private universities.

General Comments

The challenges facing higher education in the current and coming decade will always be in motion, but conducting an environmental scan provides an overview of those most pressing. *Trusteeship* is a publication focused on providing guidance to boards on a variety of governance issues and has recently published (2016) a meta-analysis of research pointing to issues that boards should be addressing with the administrators they oversee. The *Chronicle of Higher Education* examined the same topic by combining a meta-analysis of existing research with surveys of those personally involved in the higher education sector. The results are summarized below and offer an outline for guiding thoughts when thinking about strategic directions for the university.

May/June 2016. Outlook for higher education. *Trusteeship*.

1. Enrollment volatility will persist
    a. Increases in enrollment among lower income and ethnically diverse students
    b. South will grow in population but also in competition from schools outside the region

2. Downward pressure on tuition will require restructuring of the cost of operations at the human resources level
    a. O&M budgets will increase and personnel lines will decrease as workloads increase
    b. Value equals perceived quality in alignment with the net price
    c. Institutions cannot cut O&M, borrow for capital expenses, or increase tuition discounts to drive enrollment to levels necessary for success

3. Balanced approaches that are highly targeted and focused on redeploying budgets assets will be the only sustainable approach to creating margins

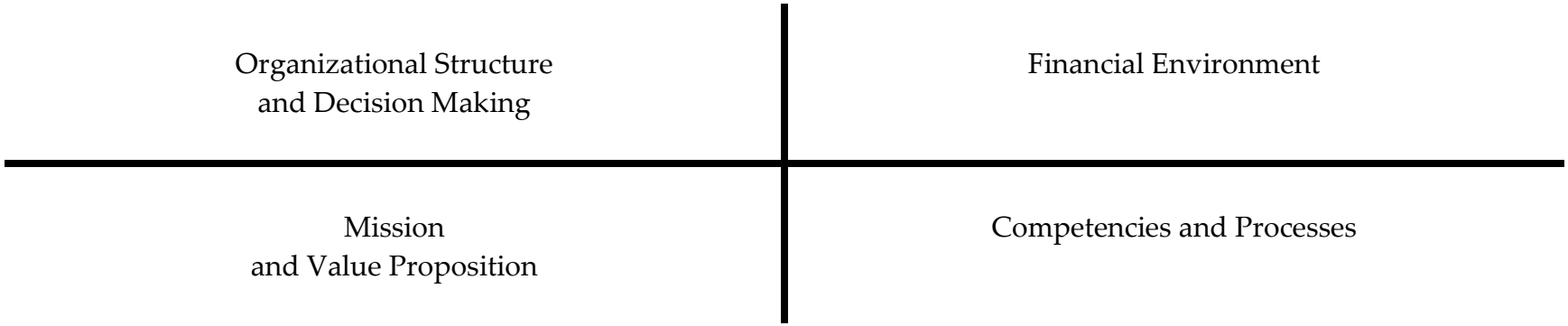
4. Debt fueled campus development is highly risky and creates an intergenerational inequity passed on the future boards
    a. Debt may need to be moved from bonds to private placement to avoid negative outcomes if interest rates become volatile
    b. Debt needs to be restricted to support programs with high probabilities of future success rather than used as a lifeline to extend the life of programs

5. Endowment purpose needs vigilant monitoring
    a. Should avoid being used for debt leverage
    b. Must adopt a low percentage, long view spending policy to protect assets against volatility and inflation

6. Donor giving will move from offering stored wealth bequests at death to pledged, planned giving overtime as donors protect their long-term assets for personal and dependent future security

August 2016: Drafting a future: How institutions must rewrite economic business models for ongoing viability. *Chronicle of Higher Education*.

Four Dimensions of Higher Education Economic Model



Examining the Value Proposition
Examining Student Access, Affordability, and Quality Outcomes

1) Financial Environment: *Why does higher education cost so much?*

   a) Highly labor intensive, low-efficiency work models
   b) Rich, long-term benefits structures
   c) Long-term capital expenses and outlays for short-lived returns

2) Organizational Structure: *Who is guiding the ship?*

   a) Limits to shared governance because of slow decision making systems

b) Faculty productivity difficult to correlate to operational objectives

3) Competencies and Processes: *What is being measured internally and externally?*

a) Improvement is directly linked to measurement, institutions only improve what is measured
b) Using assessment to measure outcomes and the activity of cost and revenue centers
c) Online degrees, CBE, and non-degree activity is increasing, but is it effective

4) Mission and Value Proposition: *What is the value of higher education and this particular university?*

a) Shifting student philosophy from improving life and personal liberty to utilitarian outcomes
b) Shifting government and accreditation attention from learning to degrees completed and jobs attained

As part of ongoing Enterprise Risk Management, Brenau University actively attends to current and future trends and challenges facing higher education. The rapidly changing environment demands proactive exploration and assessment of the probability and subsequent impact of each and the university's ability to continue its mission and the decisions necessary to sustain it.

Brenau University's routinely assesses the configuration and viability of its instructional structures and program offerings in the context of the current and futures educational environment. This is achieved through various approaches including: (1) university leadership participating in professional organizations and accreditation organizations where these issues are examined, researched, and discussed; (2) institutional strategic and annual planning processes to assess effectiveness of current structures; (3) deployment of structured and ad hoc work groups of administrators and faculty to examine and consider strategies for the future; (4) utilization of external consultants employing data analytics to measure

challenges and opportunities in the marketplace; and (5) annual development of an in-depth environmental scan for use by all at the university as they consider the future of Brenau in the context delineated as service areas.

The administration at Brenau has charged particular individuals and groups across the university to explore issues confronting higher education and develop proposals to address them. Some examples of trends and issues being considered by these individuals and groups include:

- Is the university mission and its related value proposition attractive to today's potential students?
- How can the university maintain and increase its quality in all facets of the student experience?
- Which academic programs currently are highly desirable and how will those change in the near future?
- What are the elements of a university that are most attractive to potential students?
- Is the structure of the university the most appropriate for programmatic delivery and success?
- Is the undergraduate experience at Brenau attractive to traditional students?
- Is the undergraduate and graduate experience at Brenau attractive adult students?
- Are current graduate programs delivered in the most effective and attractive formats?
- What types of affirmation of completed learning objectives and competencies are desired by students and employers now and what will be desired in the near future?
- Where are opportunities for program expansion to attain sustainable operations?
- What is the best balance of liberal learning and professional development in academic programs?
- How can technology be employed to increase effectiveness?
- What is the best instructional model and combination of faculty and machine learning to employ?
- What is an appropriate cost for student investments in their future?
- What structural changes must be considered to increase investment in student learning experiences and improve their learning outcomes?
- How can the university develop approaches for program delivery that attend to cost containment?

- What are the emerging trends in donor cultivation that will affect future campaigns and giving opportunities from supporters and alumni?
- How can the university create program formats that include undergraduates earning substantial amounts of collegiate credit prior to leaving high school?