

# **Higher Education: Does it cost or does it pay?**

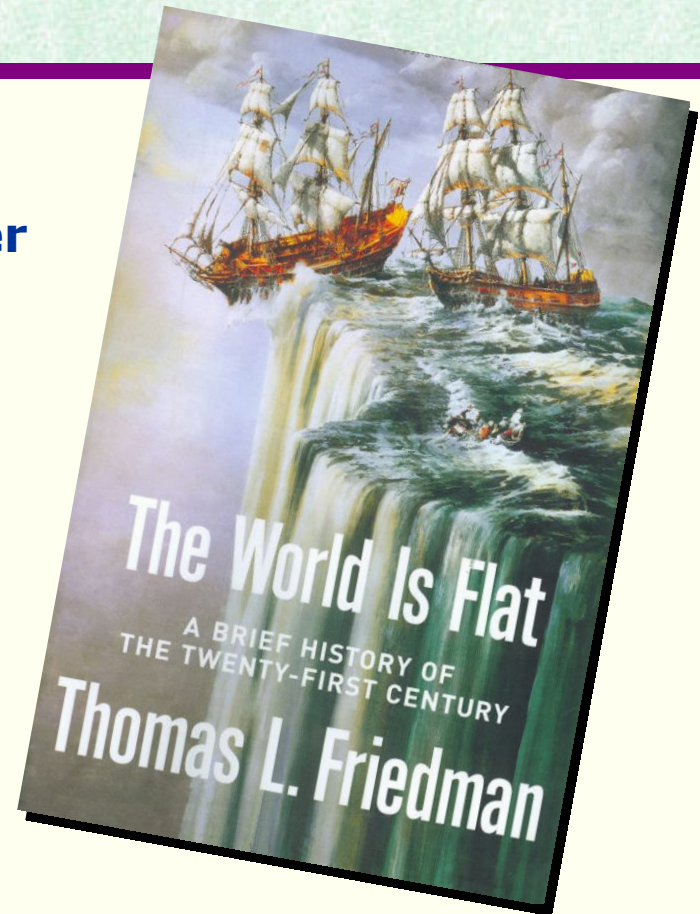
**Community College National Legislative Summit**

**Paul E. Lingenfelter, SHEEO**

**February 6, 2006**

# Forces Flattening the Global Playing Field

- ◆ **Fall of Berlin Wall**
- ◆ **First Mainstream Web Browser**
- ◆ **Work Flow Software**
- ◆ **Open Sourcing**
- ◆ **Outsourcing**
- ◆ **Offshoring**
- ◆ **Supply-chaining**
- ◆ **Insourcing**
- ◆ **In-forming**
- ◆ **“The Steroids” Wireless Mobile Digital Communication**



# The Price of American Workers

**American (and Western European) workers are the most expensive in the world.**

**What will it take for them to be worth what they cost?**

**They must be the best educated in the world.**

Geoffrey Colvin, *Fortune Magazine*, July 20, 2005



# U.S. Educational Attainment Losing Ground

**Countries approaching, equaling,  
or surpassing U.S. educational attainment:**

**Australia**

**Canada**

**Czech Republic**

**Finland**

**Ireland**

**Japan**

**Korea**

**New Zealand**

**Norway**

**Slovak Republic**

**Sweden**

**Switzerland**

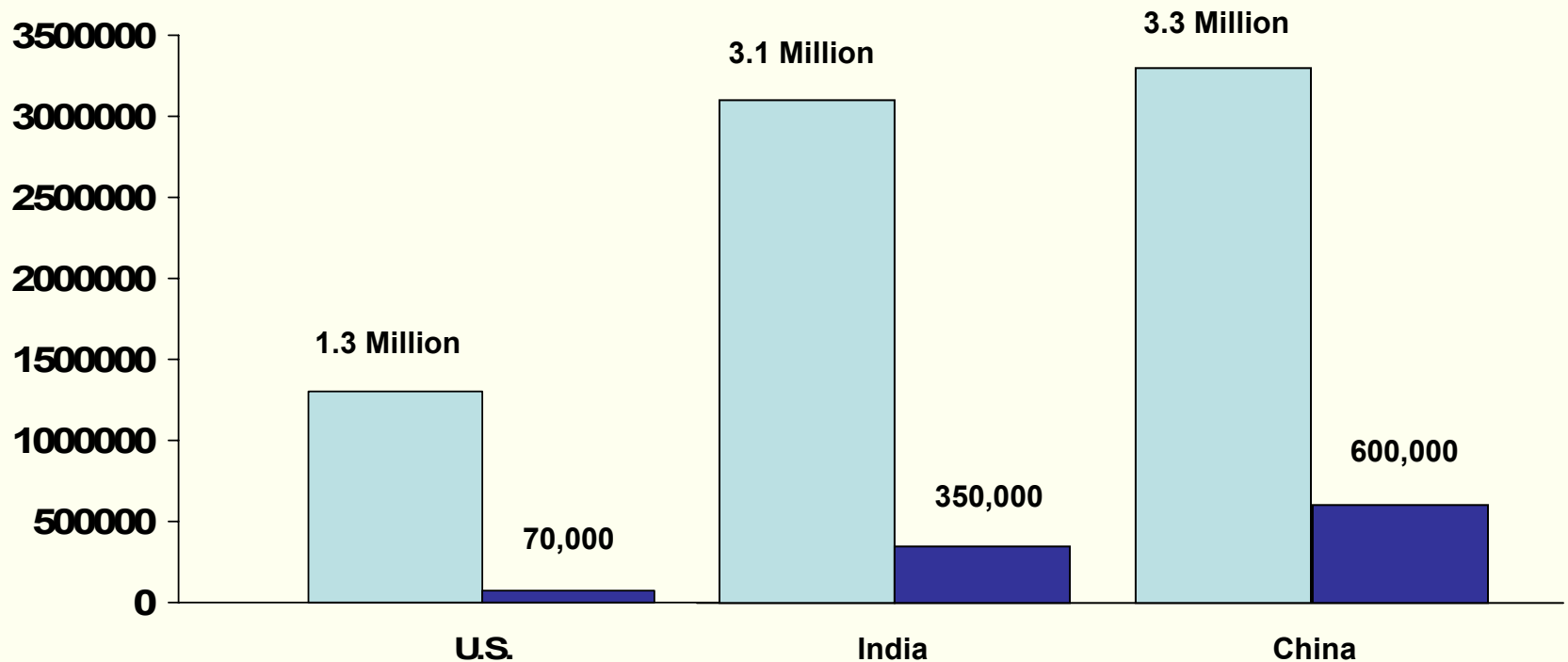
**United Kingdom**

Source: OECD Educational Statistics

# College Grads: US, India, and China

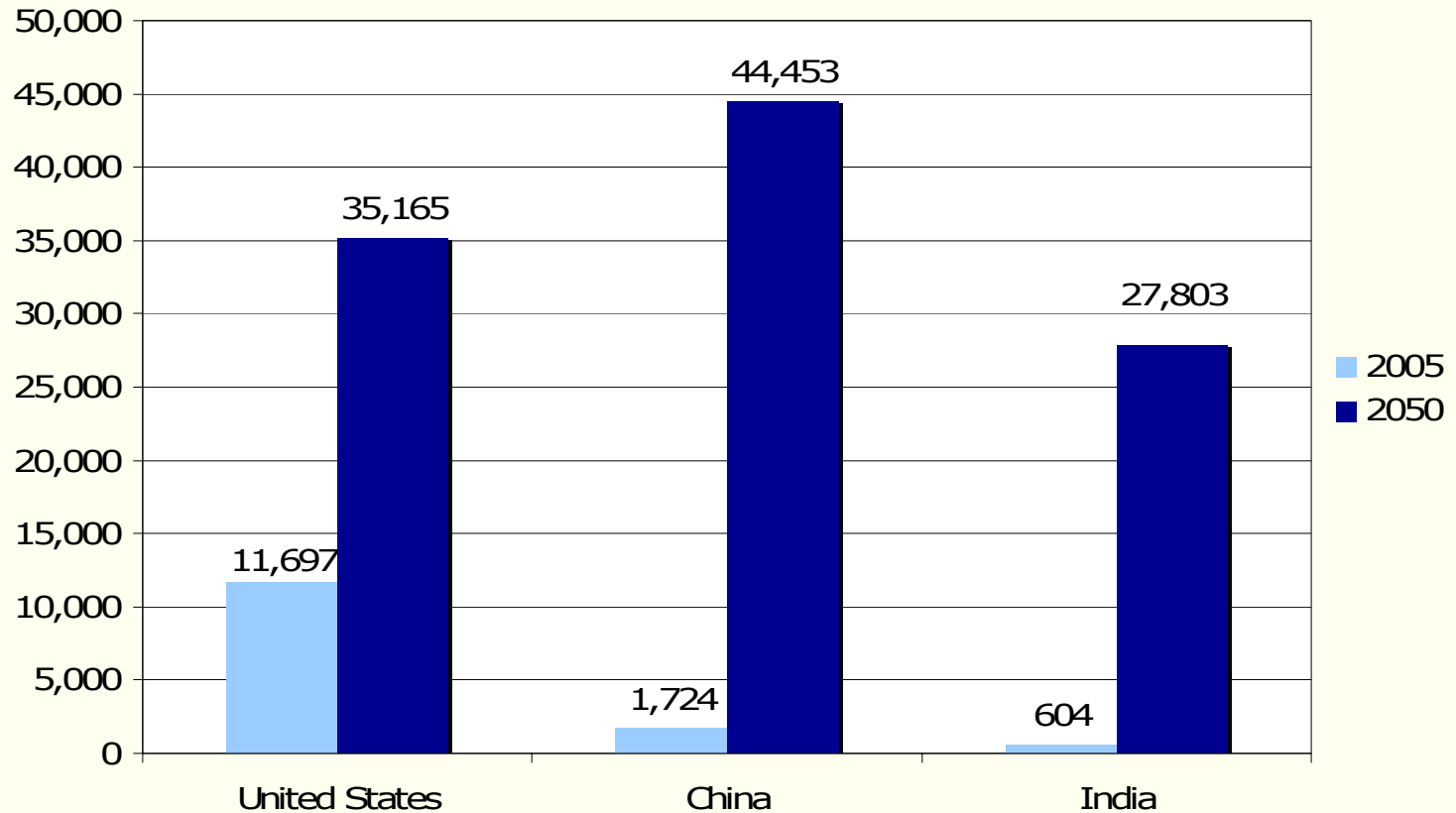
## College graduates this year:

■ Total College Graduates    ■ Engineering Graduates



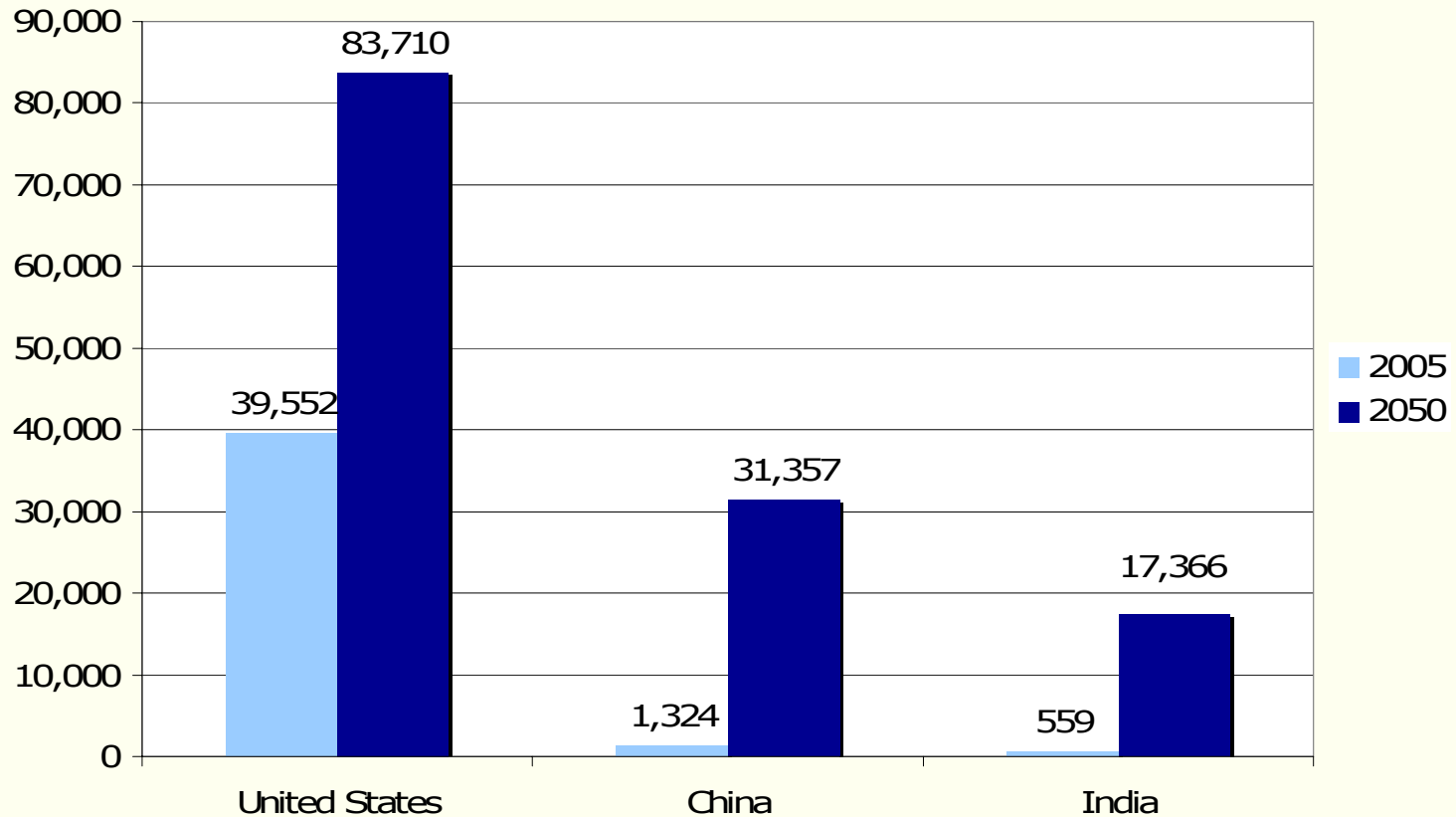
Source: Geoffrey Colvin, *Fortune Magazine*, July 20, 2005

# Projected US\$GDP in billions: 2005, 2050



Source: Goldman Sachs, Global Economies Paper No:99, BRICs Model Projections

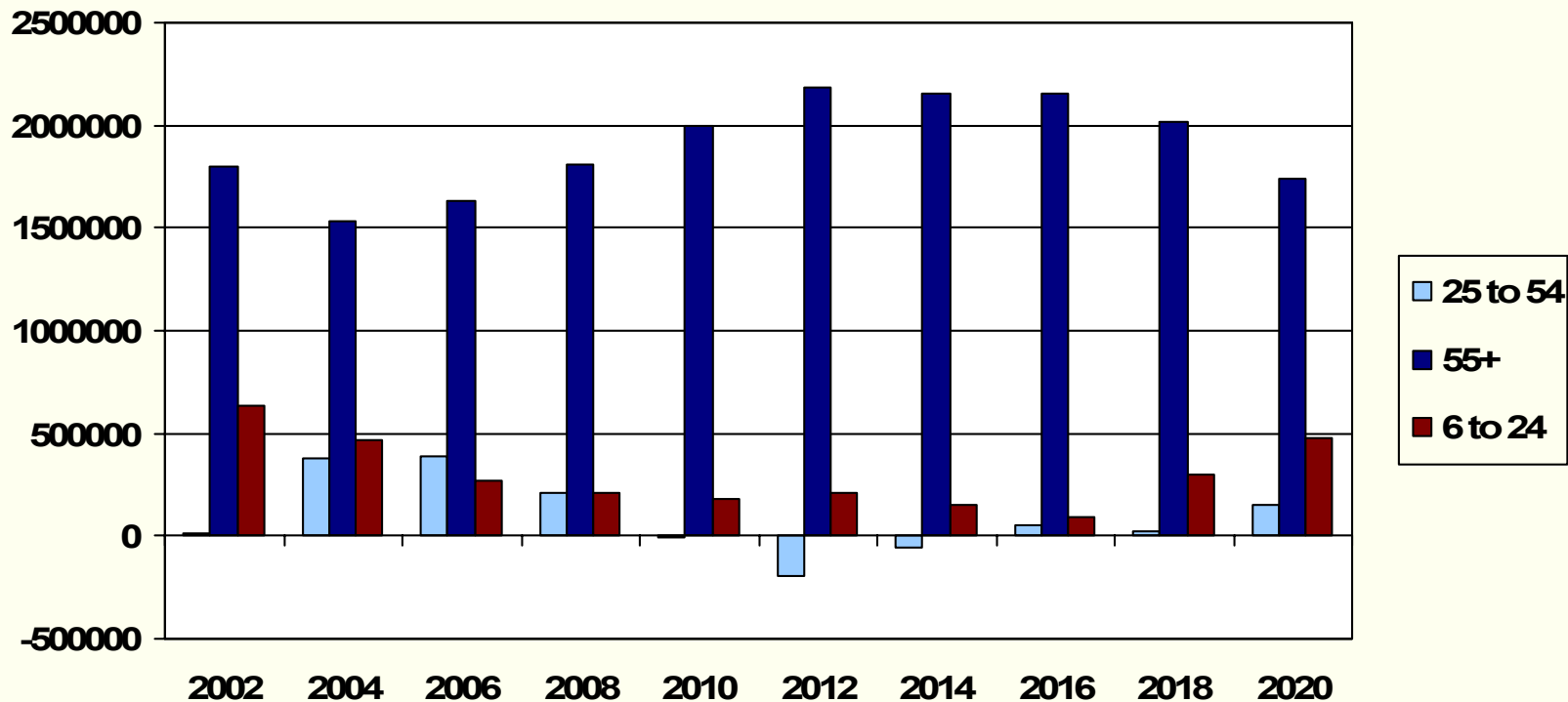
# Projected US\$GDP Per Capita: 2005, 2050



Source: Goldman Sachs, Global Economies Paper No:99, BRICs Model Projections

# The Aging U.S. Population

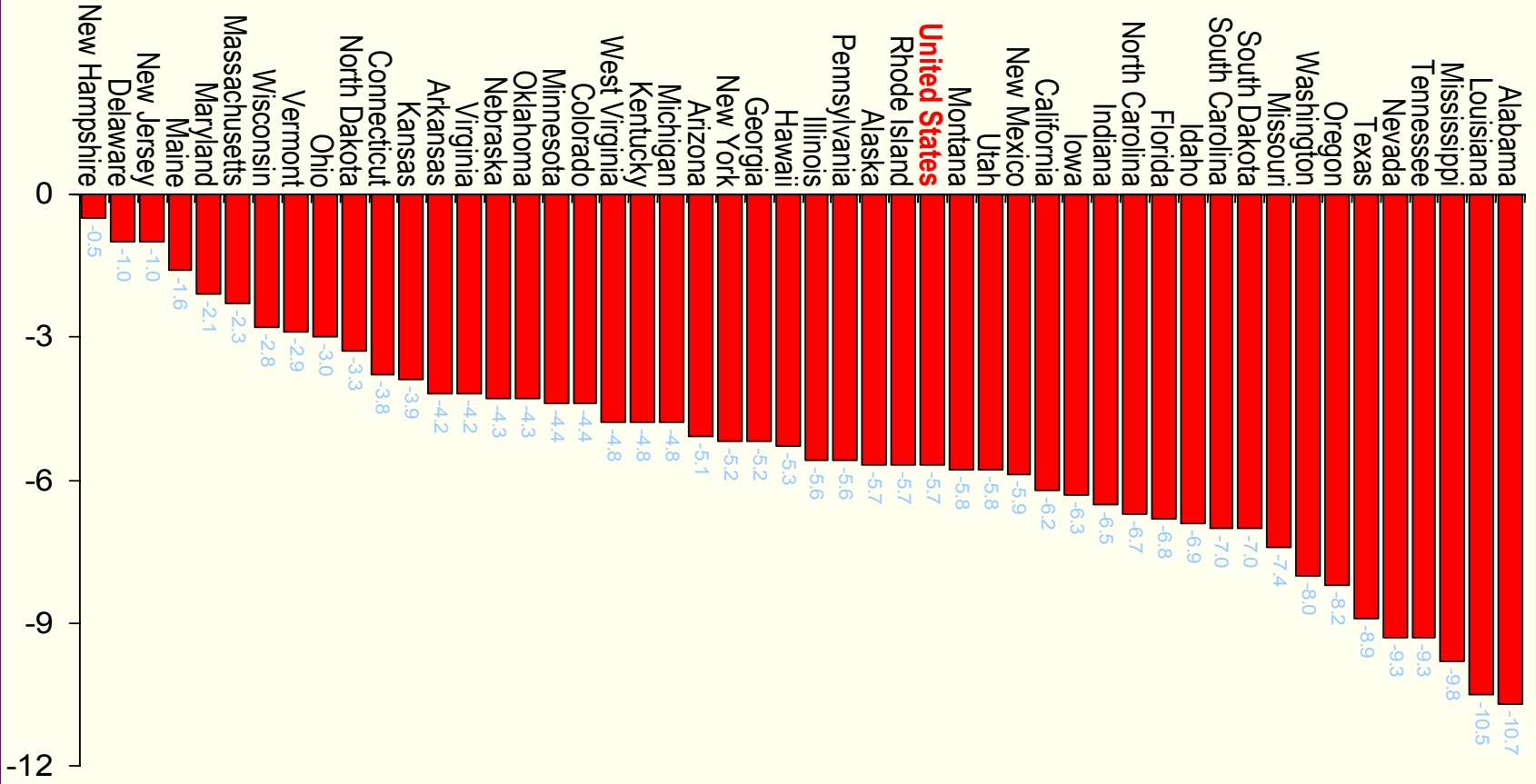
Year-to-Year Change in U.S. Population, 2002-2020



Source: U.S. Census Bureau



# Projected State and Local Budget Deficits as a Percent of Revenues, 2013



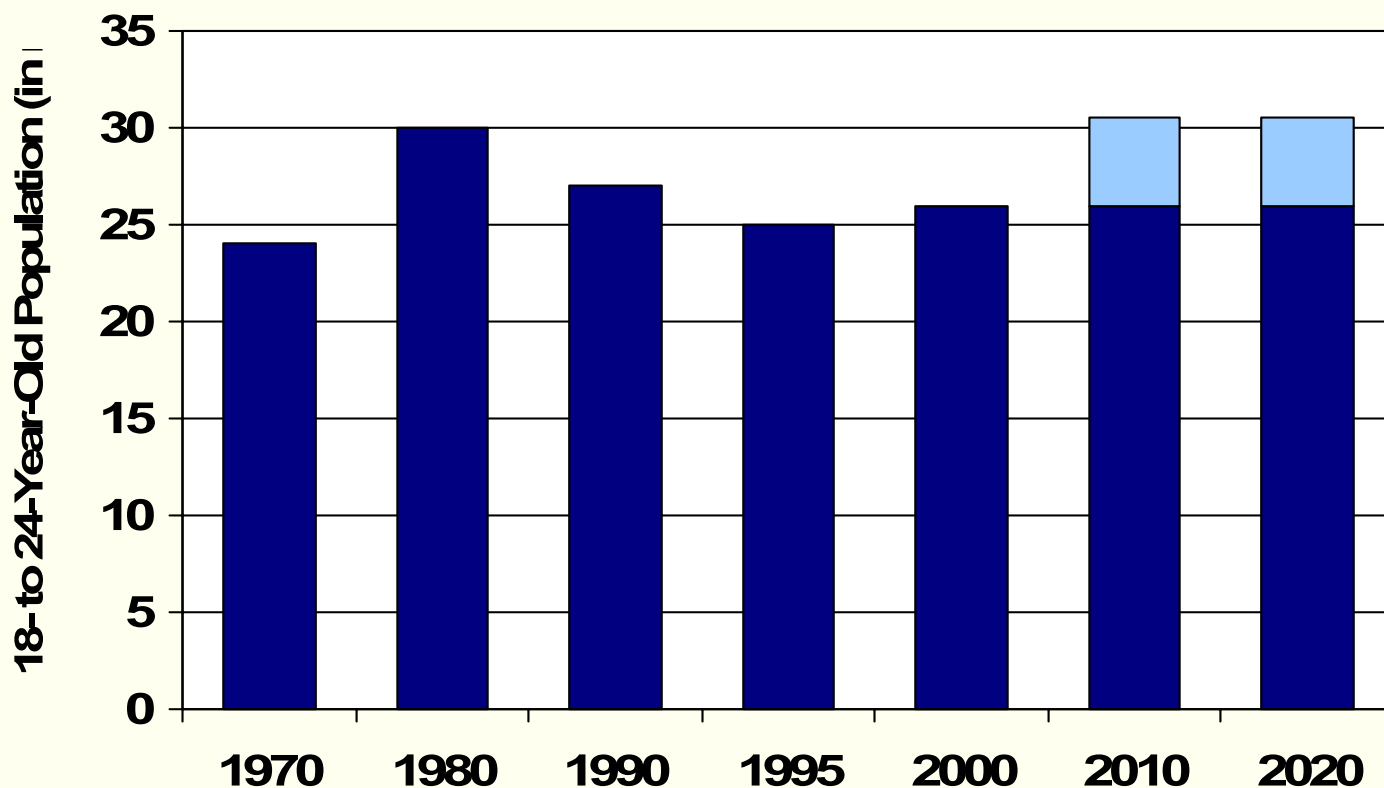
Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2005

# College Participation by SES status

College Participation By Achievement Test and Socioeconomic Status Quartile		SES Quartile	
		Lowest	Highest
Achievement Quartile	Highest	78%	97%
	Lowest	36%	77%

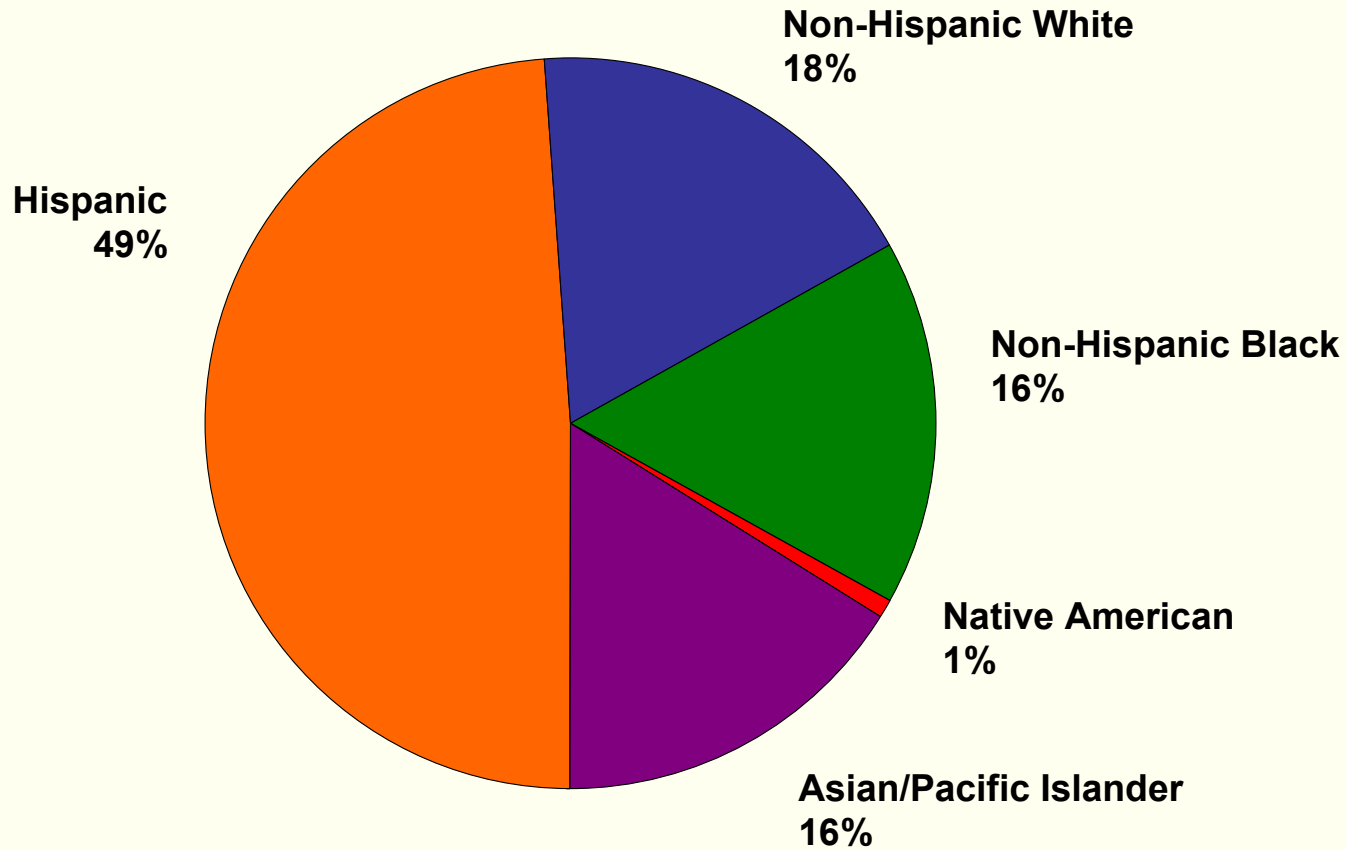
Source: *Access Denied*, Department of Education, February 2001

# Traditional College-age Population



Source: *Demography and the Future of Higher Education Policy*, Richard Fry, April 2001

# New 18-24 Year Olds by Race

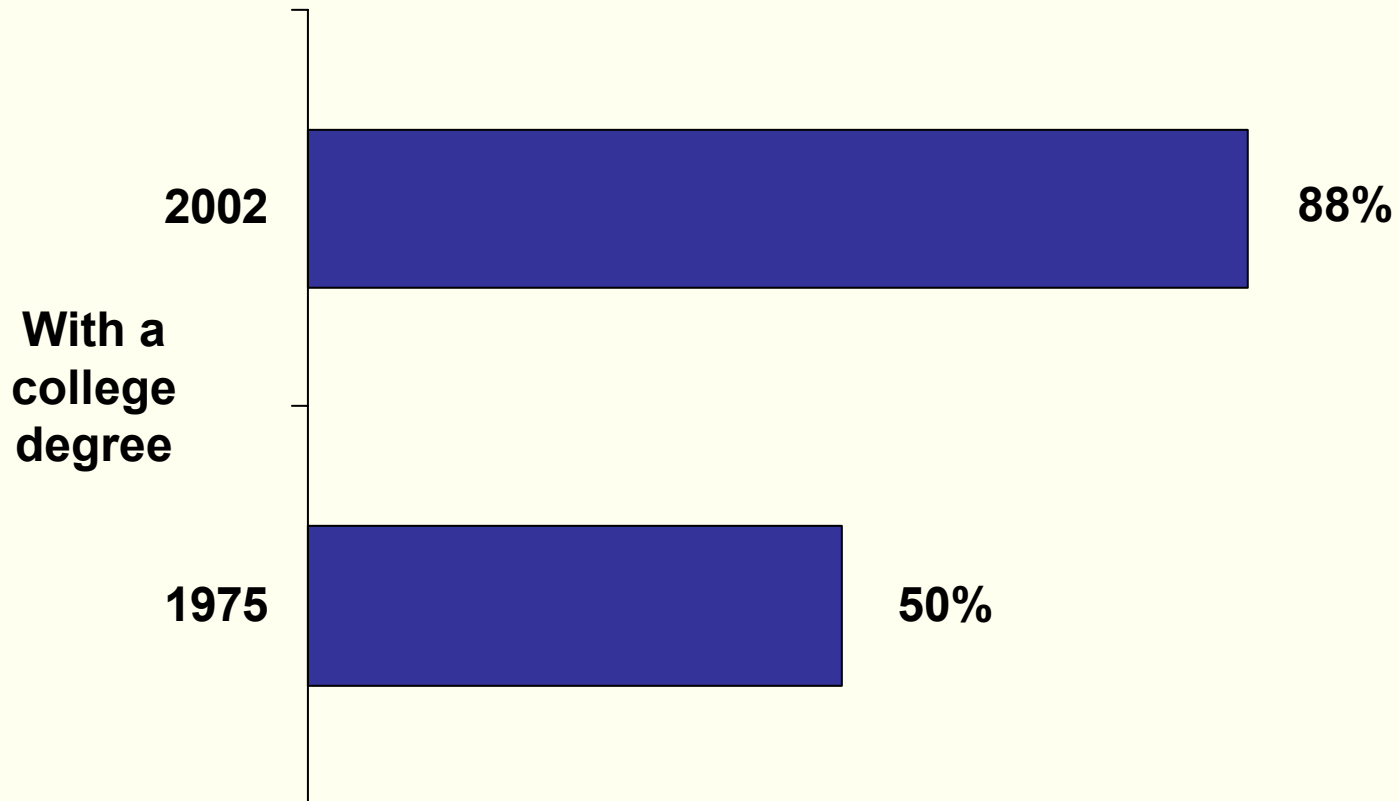


Source: *Demography and the Future of Higher Education Policy*, Richard Fry, April 2001



# Earnings Premium of a College Degree

The economic benefits of a college degree over a high school education are large and growing



# 2002 High School Sophomores Plan:

- ◆ **At least a baccalaureate degree – 80%**
- ◆ **A graduate or professional degree – 40%**
- ◆ **Some postsecondary education – 11%**
- ◆ **No postsecondary education – 9%**

# What Does America Need?

**To double the degree production  
of the 1960s with  
no compromise in quality.**

# What's the Answer?

**Money!**

**Higher Education  
doesn't cost, it pays!**

Paul Stone, Illinois Legislator



# Wrong Ideas about Money

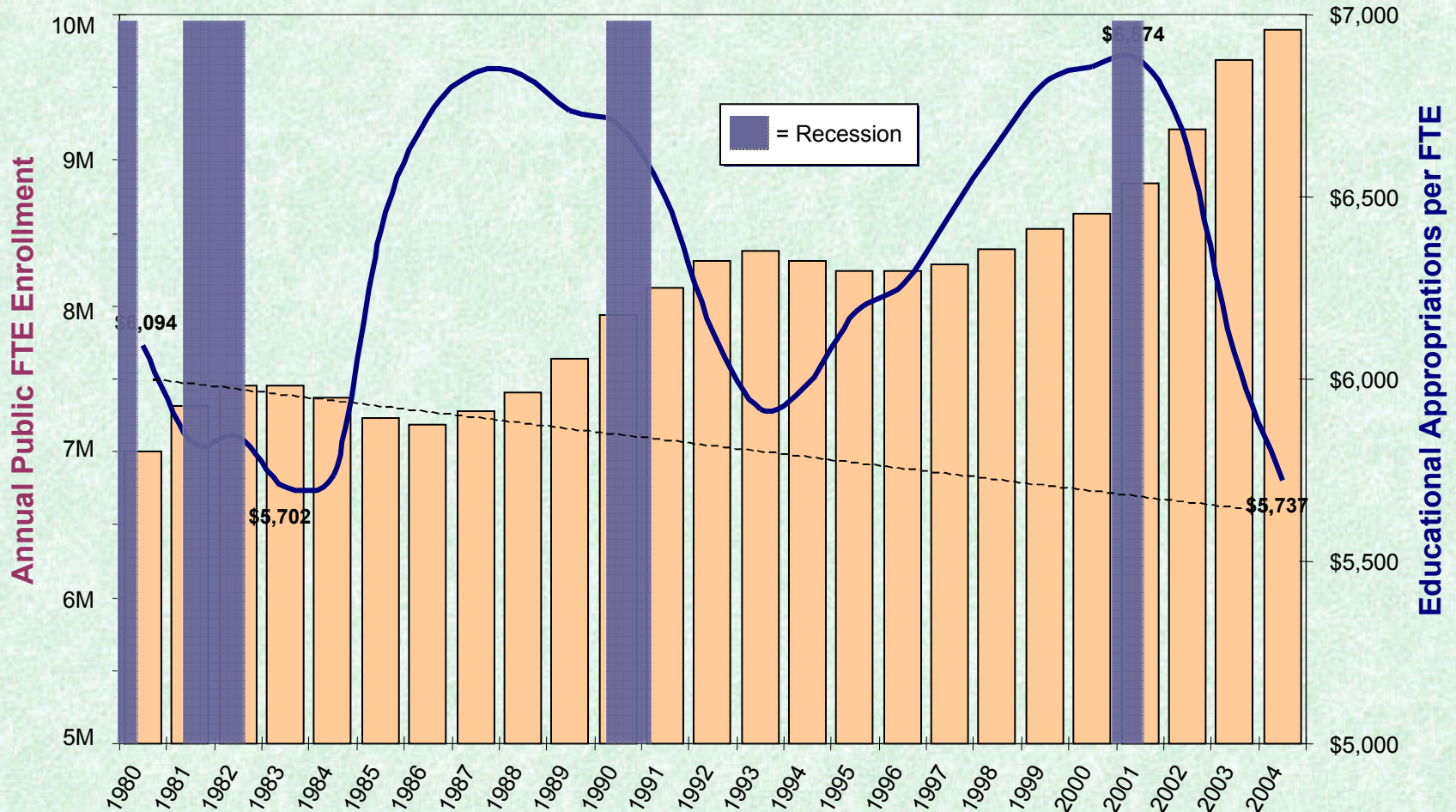
- ◆ **There is a “right” amount**
- ◆ **The only way to get better results is spend more money**
- ◆ **We can get the results we need without spending more money**

# Right Questions about Money

- ◆ **What do we need from higher education?**
- ◆ **What can we do better with the money we have?**
- ◆ **Where can additional investment help us obtain what we need?**

# State & local support per student, 1980-2004

U.S. Public Higher Education Enrollments and State & Local Support per FTE, Fiscal 1980-2004  
(Constant 2004 dollars adjusted by SHEEO Higher Education Cost Adjustment)



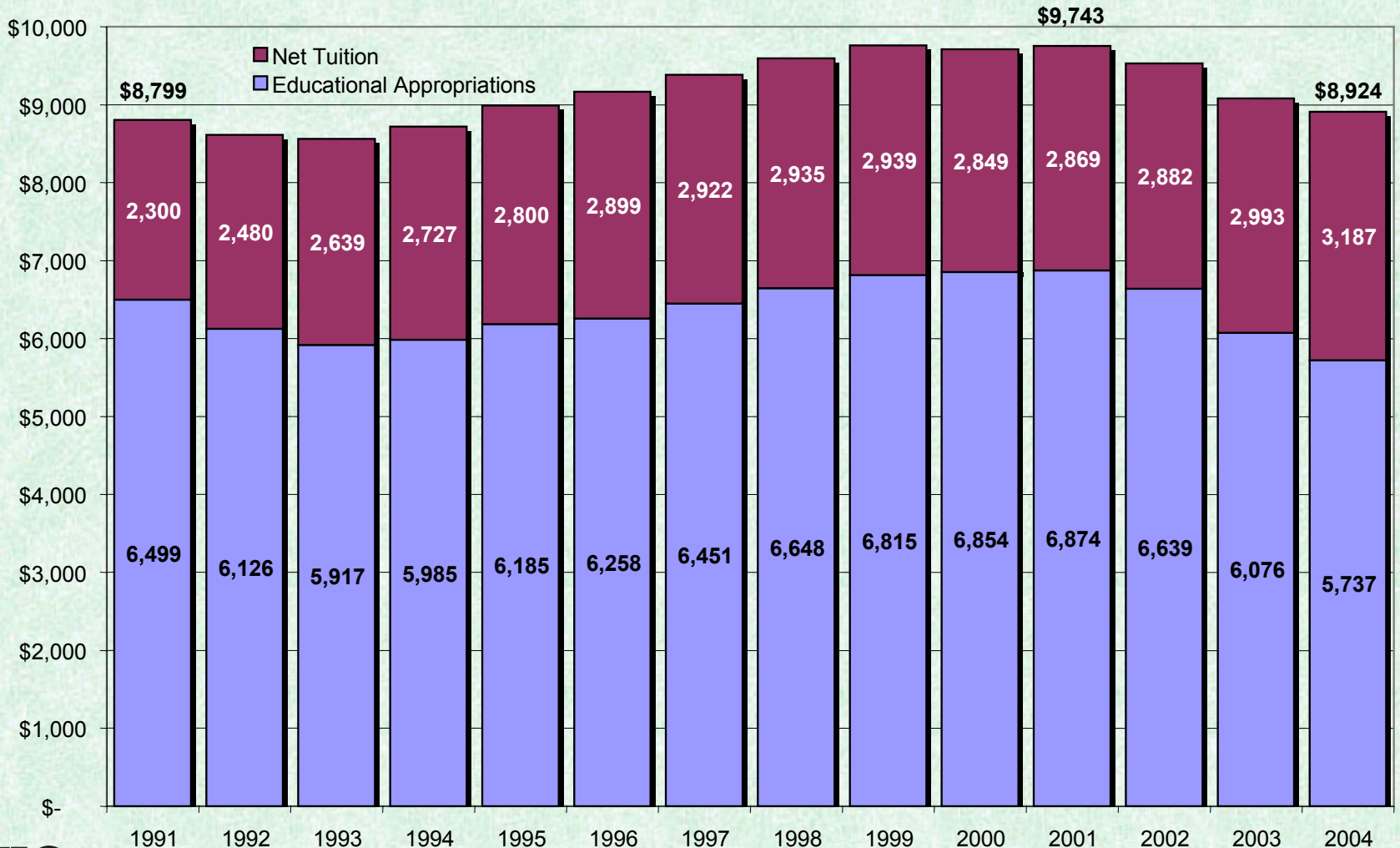
Note: State and local government support, excluding research, agricultural, and medical.

Source: SHEEO SHEF



# Educational revenues per FTE, 14 years

Total Educational Revenues per FTE by Component, U.S., Fiscal 1991-2004  
(Constant 2004 dollars adjusted by SHEEO Higher Education Cost Adjustment)





# Community Colleges and Public 4-year Institutions

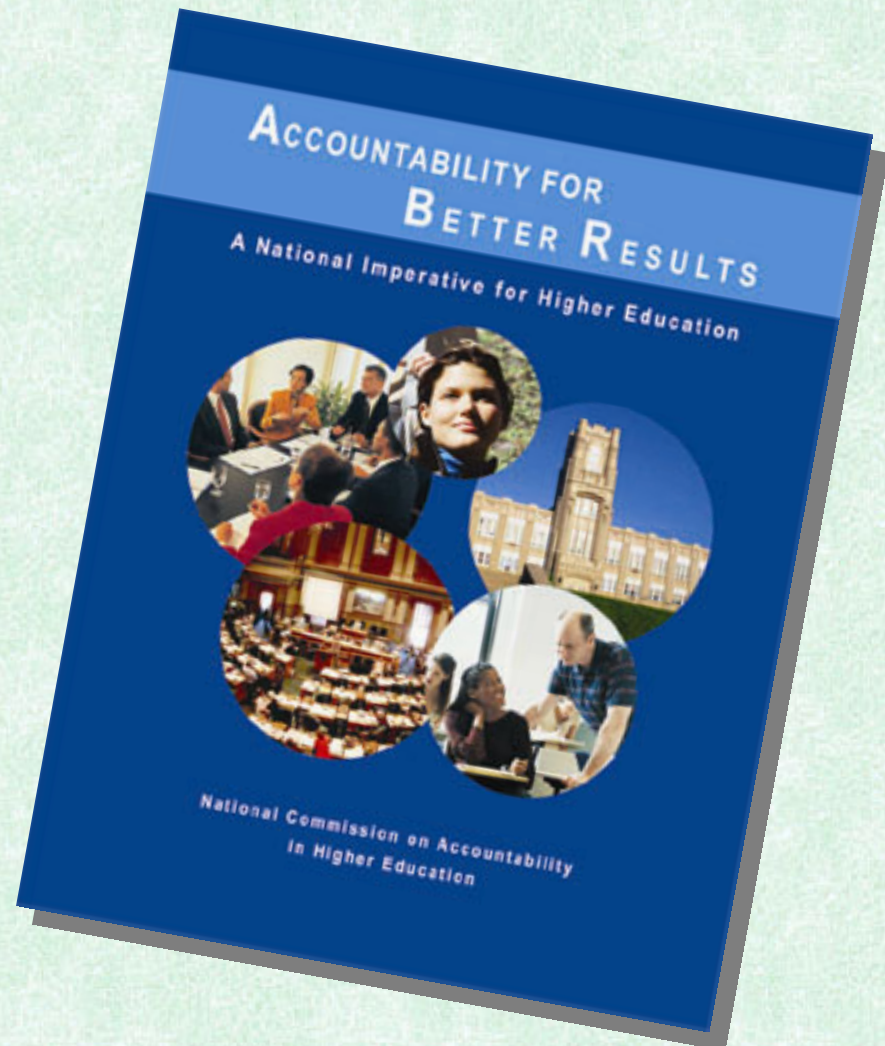
	Community Colleges	Public 4-Year	Total Postsecondary Institutions
Enrollment Growth, 1995-2002	18.8%	11.5%	16.5%
Percent that are Minority, 2002	37%	30%	33%
Percent that are age 25-64, 2001	47%	32%	40%

Source: *Digest of Education Statistics*

# The National Commission on Accountability in Higher Education

*Report was  
released*

*March 10,  
2005*



# What is “Better Accountability?”

- ◆ **Not the status quo – Unfocused, unread, unused reporting exercises;**
- ◆ **Not measuring performance, rewarding performance or punishing the lack of performance;**
- ◆ **Not centralized bureaucracies, but**

**A WAY TO IMPROVE PERFORMANCE**



# The National Commission on Accountability in Higher Education

## Fundamental Principles

- ◆ **Responsibility for performance – *and* accountability – is shared among**
  - Teachers and learners
  - Policy makers and educators
  
- ◆ **Effective accountability will be based on:**
  - Pride, not fear
  - Aspirations, not minimum standards
  
- ◆ **Effective accountability will be:**
  - A tool for self-discipline, not finger-pointing



# The National Commission on Accountability in Higher Education

## Components of Effective Accountability

- ◆ **Affirm and pursue fundamental goals**
  - The public agenda vs. market position
- ◆ **Establish and honor a division of labor**
  - Top-down centralization is a dead end
- ◆ **Focus on a few priorities at every level**
  - No focus, no progress
- ◆ **Measure results, respond to evidence**
  - Elementary Baldrige

# Contact Information

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