

North Dakota
Legislative
Managements/
Interim Higher
Education
Committee

August 6, 2013

Context for Discussing
Issues Confronting the
North Dakota Legislature in
the Changing Environment
of American Higher
Education

*How North Dakota
Compares*

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President, Western
Interstate Commission
for Higher Education
(WICHE)

How North Dakota Compares

Competitiveness

Demographics

Finances

Productivity

How North Dakota Compares

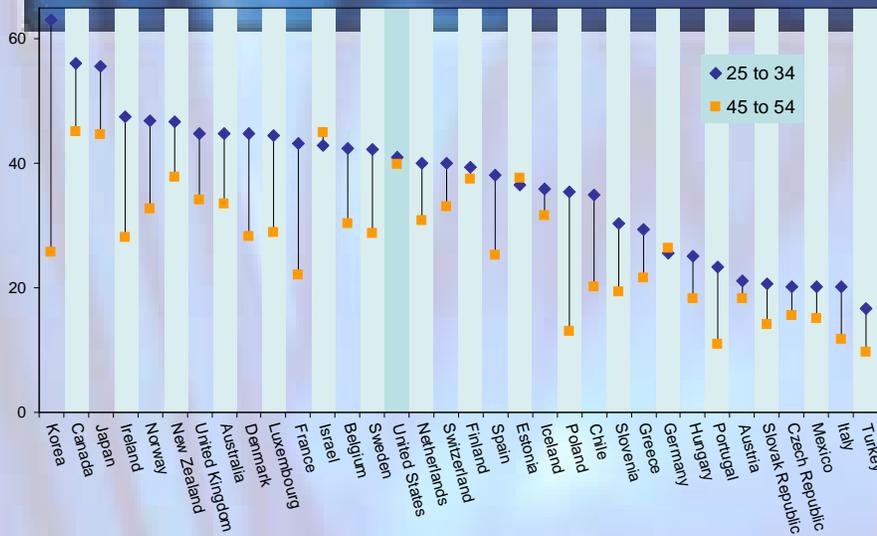
Competitiveness

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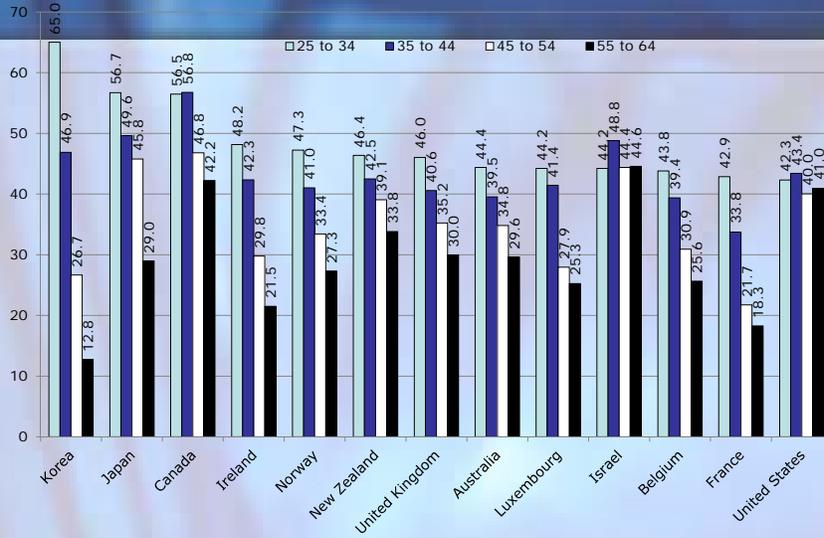
Differences in College Attainment (Associate & Higher) Between Younger & Older Adults—U.S. & OECD Countries, 2009



Source: Organisation for Economic Co-operation and Development (OECD), *Education at a Glance 2011*

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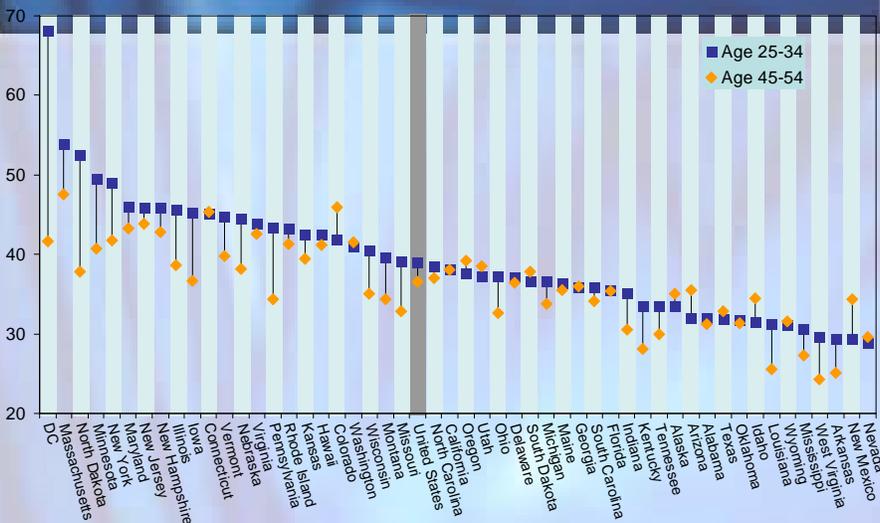
Percent of Adults with an Associate Degree or Higher by Age Group – U.S. & Leading OECD Countries, 2010



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Source: OECD, Education at a Glance 2012, U.S. Census Bureau, 2010 American Community Survey One-Year Public Use Microdata Sample File

Differences in College Attainment (Associate & Higher) Between Younger & Older Adults - U.S., 2009



slide 6

Source: U.S. Census Bureau, 2009 American Community Survey (ACS)

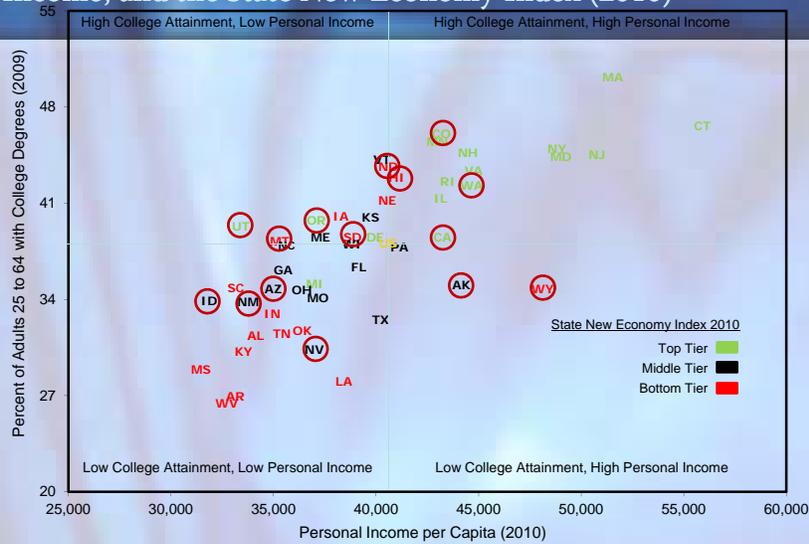
Comparing WICHE States with Nations and Other States in the Percentage of Young Adult Degree Attainment (Ages 25-34)



slide 7

Source: 2012 OECD Education at a Glance; 2010 American Community Survey

The Relationship Between Educational Attainment, Personal Income, and the State New Economy Index (2010)



Source: U.S. Census Bureau, 2010 American Community Survey; Bureau of Economic Analysis; Kauffman Foundation

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How North Dakota Compares

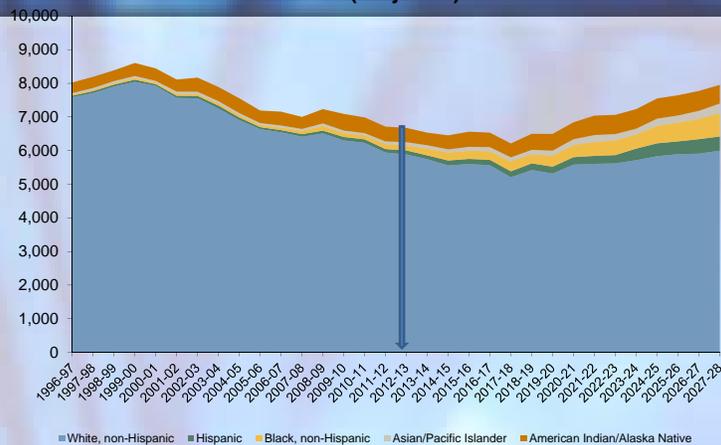
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North Dakota Public High School Graduates by Race/Ethnicity, 1996-97 to 2008-09 (Actual), 2009-10 to 2027-28 (Projected)



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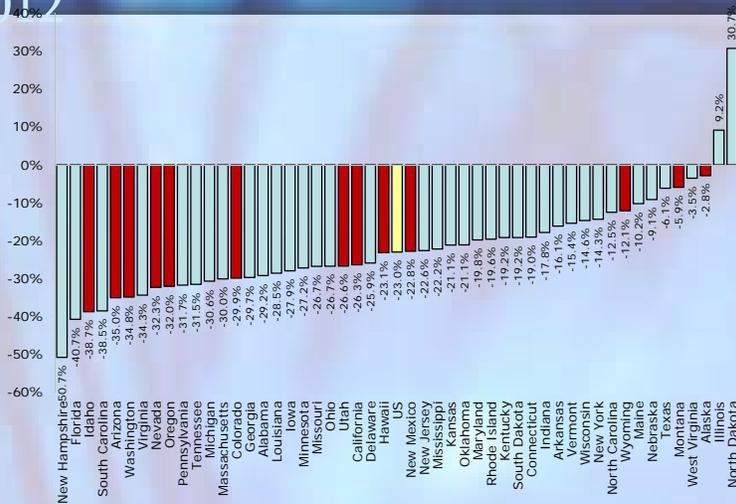
North Dakota Finances – In Comparison

- Above Average Wealth; Above Average Taxes (2010)
 - Per capita income (2011 – Source: NCHEMS):
 - North Dakota: \$45,747 (1.1 of U.S.; rank – 9th)
 - U.S. Average: \$41,663
 - Effective tax rate—state and local (2010 – Source: SHEEO):
 - North Dakota: 9.0% (1.13% of U.S.; rank – 8th)
 - U.S. Average: 8%

North Dakota Support of Higher Education – In Comparison (2012)

- Higher Education Appropriation per Capita
 - North Dakota: \$456 (1.88 of U.S.; rank – 3rd)
 - U.S. Average: \$242
- Higher Education Appropriation/FTE
 - North Dakota: \$6,938 (rank 12th)
 - U.S. Average: \$5,906
- Total Educational Revenues (Appropriations & Net Tuition Revenue)/FTE
 - North Dakota: \$13,585 (rank–8th)
 - U.S. Average: \$11,016

Educational Appropriations per FTE Percent Change by State, Fiscal 2007-2012



Note: Dollars adjusted by 2012 HECA, Cost of Living Adjustment, and Enrollment Mix Index.
Source: State Higher Education Executive Officers

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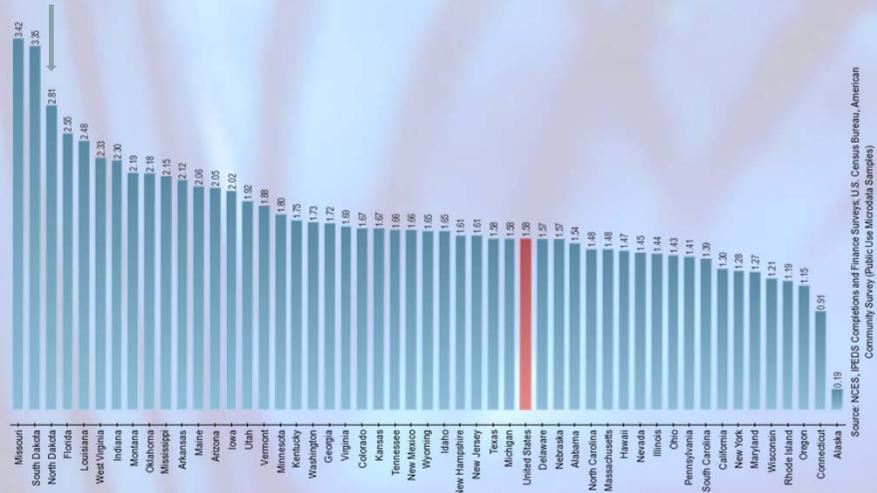
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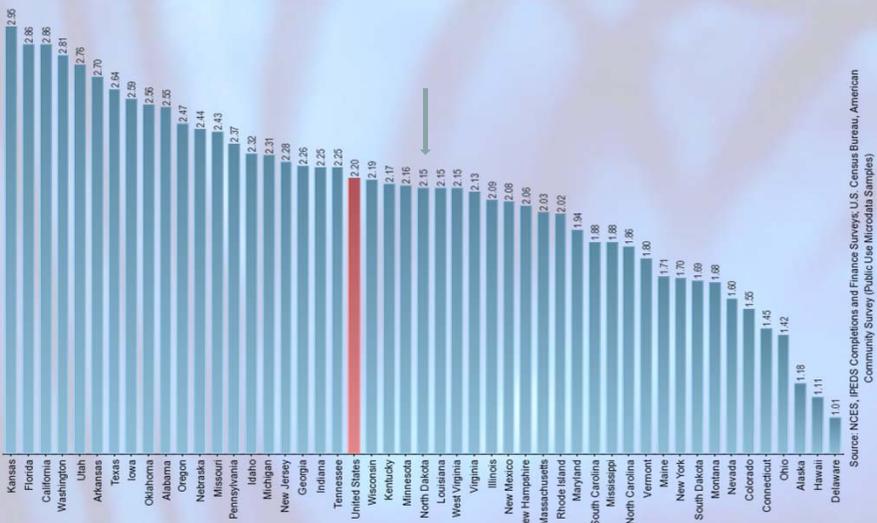
National Student Clearinghouse Information on Student Completion in Six Years

	Completion		Not Enrolled or Completed	
	<i>ND</i>	<i>US</i>	<i>ND</i>	<i>US</i>
Public Universities	57%	61%	25%	23%
Community/2 yr Colleges	61%	36%	31%	44%

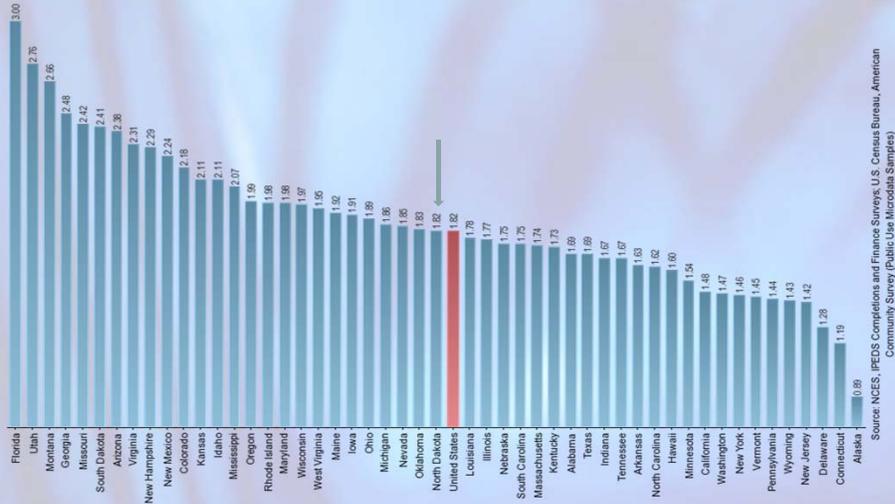
Credential & Degrees Awarded Per \$100,000 of Education & Related Expenditures – Public Two-Year Institutions



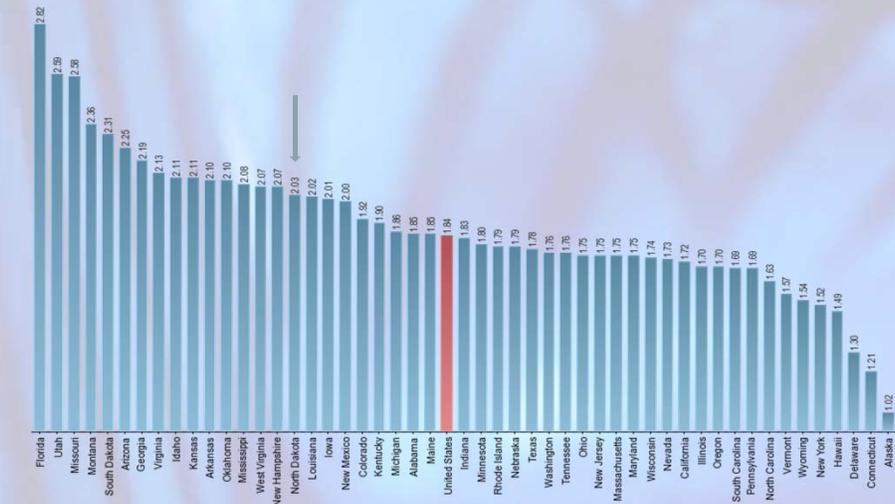
Credential & Degrees Awarded Per \$100,000 of Education & Related Expenditures – Public Bachelor's & Master's Colleges & Universities



Credential & Degrees Awarded Per \$100,000 of Education & Related Expenditures – Public Research Universities



Credential & Degrees Awarded Per \$100,000 of Education & Related Expenditures – Total: Public Colleges & Universities



In Sum:

You're **Competitive**, but not recognized as such

On **Demographics**, you're lacking compared to the rest of the U.S.

On **Finance**, North Dakota higher education is well financed, can afford it and could stand improvement on affordability.

You have issues with respect to **Productivity**

Major Issues Facing American Higher Education & The Policy Responses

Five Thrusts of the Change Agenda *Policy & Practice*

- ❑ **The completion agenda**/Expanding the concept of student
- ❑ **The productivity agenda**/Student Learning Outcomes, Reducing Production Costs, Competence versus Seat Time
- ❑ **Innovation & disruption**
- ❑ **The new normal for funding**
- ❑ **Accountability 2.0 -- Consequences**

The Completion Agenda – Access to Success

- ❑ *The President's Challenge*
 - ❑ *First in the World Again*
 - ❑ *Meet our Workforce Needs*
 - ❑ *65% of Young Adults – some postsecondary credential of value – 2020*
- ❑ *Lumina -- 60% by 2025*
- ❑ *Complete College America -- 32 States*
- ❑ *Angst*
 - ❑ *Do we really need to get there?*
 - ❑ *Can we get there from here?*
 - ❑ *Will quality suffer?*
- ❑ *Implications for North Dakota*
 - ❑ *Good as you are, that won't be good enough*
 - ❑ *Focus on economic diversification*

The Completion Agenda -- Expanding the Concept of student

- ❑ *Looking down*
 - ❑ *Early learning high schools (the Gates redesign)*
 - ❑ *College/Postsecondary in all high schools (AP, dual & concurrent enrolment, IB, CTE)*
 - ❑ *Improving Preparation*
 - ❑ *Common Core*
 - ❑ *Reinventing Remedial – The High School as partner*
- ❑ *Looking up*
 - ❑ *Adult College Completion – low hanging fruit*
 - ❑ *New Adult Focus – A mighty heavy lift*
 - ❑ *The new GED (s)*
- ❑ *Redefining college*
 - ❑ *The “course level” movement*
 - ❑ *Demonstrated competence (more to come)*
- ❑ *Implications for North Dakota*
 - ❑ *“Foster” change, don’t “accept responsibility”*
 - ❑ *Become evidence-based – get the data*

The Productivity Agenda

Student Learning – the new name of the game

- ❑ *A good idea whose time has come*
 - ❑ *Acceptance with Academe has “evolved”*
 - ❑ *“Evidence based practice” has caught on in public policy*
 - ❑ *Analytics can support evidence based practice (CLA, CAAP, ETS Proficiency Profile, AHELO, Work-keys, etc.)*
 - ❑ *Being Supported financially – Lumina’s DQP & Tuning work*
- ❑ *Angst*
 - ❑ *Whopping big change – moving to external validity*
 - ❑ *Still sorting out right respective roles -- Teacher’s role, Institution’s role, Governing board’s role, Government’s role*
- ❑ *Implications for North Dakota*
 - ❑ *Get With The Program*
 - ❑ *For State Government*
 - ❑ *Incentivize Engagement (regulation &/or incentives)*
 - ❑ *Don’t micro-manage*

The Productivity Agenda

Competence – the new coin of the realm

- ❑ *Competency Assessment for Student Sake*
 - ❑ *Transfer and Articulation – Trusting the community (Transfer Passport – credit hours or competency)*
 - ❑ *Demonstrated college level learning outside the Academy*
 - ❑ *Standard measures – CLEP, testing out, etc.*
 - ❑ *Prior Learning Assessment – PLA*
- ❑ *Competency Assessment for Institutions Sake (Educational Improvement & Credibility)*
 - ❑ *Predictive Analytics*
 - ❑ *Degree Qualifications Profiles, Tuning*
- ❑ *Implications for North Dakota*
 - ❑ *Get with the program*
 - ❑ *Policy audit: are you “competency friendly”*

The Productivity Agenda Reducing Production Costs/Increasing Quality

- ❑ Don't provide something for nothing **more** in return.
 - ❑ Metrics and evidence are the new name of the game

- ❑ Implications for North Dakota
 - ❑ Your unique circumstances – you can afford to buy increased productivity
 - ❑ Invest new dollars in productivity enhancements, not same old, same old
 - ❑ Use measures of productivity (cost per unit of outcome) rather than measures of effort (cost per unit of input or process)
 - ❑ Foster productivity efforts that permeate the system
 - ❑ Measure success, and adjust as necessary

Innovation & Disruption are good (everything else is boring)

- ❖ *The list (partially)*
 - ❖ *New providers of degrees*
 - ❖ *The expansion of the for-profit sector & WGU*
 - ❖ *The expansion of on-line*
 - ❖ *New providers of courses & services*
 - ❖ *MOOCS*
 - ❖ *Courses only – Straighter Line, DreamDegree, etc.*
 - ❖ *Support services only – Insidetrack, Kahn Academy, Smarthinking, etc.*

- ❖ *Implications for North Dakota*
 - ❖ *Support innovation; don't impede it*
 - ❖ *Beware of promises of something for nothing*
 - ❖ *Demand evidence of effectiveness*

The New Normal for Funding

- ❑ *Why a new normal & not return to the old normal*
 - ❑ *Can't afford the old normal*
 - ❑ *Hyper-inflationary model is unsustainable (unaffordable)*
 - ❑ *Shouldn't afford the old normal*
- ❑ *What the new normal will look like*
 - ❑ *Performance funding is the wave to be on*
 - ❑ *Makes sense at the state level*
 - ❑ *HCM Strategists: 16 implementing, 3 in transition, 19 in discussions, & 12 not engaged*
 - ❑ *Seeping into institutional finance – RCM*

The New Normal for Funding

- ❑ *What the new normal is beginning to look like*
 - ❑ *Performance funding isn't the only new dog in the hunt*
 - ❑ *Expenditure strategies*
 - ❑ *The cheap way out -- \$10,000 degree*
 - ❑ *Outsourcing*
 - ❑ *WGU expansion*
 - ❑ *Coursework outsourced*
 - ❑ *Enrolment Management*
 - ❑ *Revenue enhancement strategies*
 - ❑ *Chase rich students*
 - ❑ *Chase any students*
 - ❑ *Rethink tuition discounting & financial aid*
 - ❑ *North Dakota's Unique Circumstances -- Invest wisely*

The New Normal for Funding

- ❑ *North Dakota's Unique Circumstances*
 - ❑ *Capacity "to invest"*
 - ❑ *"The beginnings" of performance funding*
 - ❑ *But, still have a piecemeal approach*
 - ❑ *Appropriations, Tuition, and Financial Aid (ATFA) not aligned*
 - ❑ *Invest smartly – on evidence, not hunches or a slick story*
 - ❑ *Balance supply & demand factors (institutional & student incentives)*
 - ❑ *Know the difference between incentive & performance funding*

Accountability

- ◆ *Moving from "reporting" to "delivering"*
 - ◆ *Benchmarking and/or Continuous improvement*
 - ◆ *Beware of rates rather than numbers*
 - ◆ *Consequences for performance*
- ◆ *State authorization*
 - ◆ *A state responsibility – consumer protection*
 - ◆ *Today's efforts outdated*
 - ◆ *An opportunity for interstate reciprocity on authorization of institutions to operate*

Accountability

- ◆ North Dakota's Accountability Scheme -- The Higher Education Roundtable
 - ◆ A national exemplar
 - ◆ But a generation behind
 - ◆ Too much information
 - ◆ Too little information on outcomes
 - ◆ No consequences associated with results
- ◆ Implications for North Dakota
 - ◆ Rethink, maybe reinvent the roundtable
 - ◆ Consider consequence oriented approach
 - ◆ Performance funding
 - ◆ Evidence-based regulation
 - ◆ Evidence-based incentive funding

Managing Change – Choosing Chaos or Intentionality

- *The Change Agenda*
 - *Massive*
 - *Rapid*
 - *Often fact free*
- *Impact*
 - *The way we provide education*
 - *Who we educate*
 - *The way we assess quality & effectiveness*
 - *The way we finance the enterprise*

Managing Change – Choosing Chaos or Intentionality

- ❑ *Implications for North Dakota*
 - ❑ *Be Aware*
 - ❑ *Be nimble*
 - ❑ *Be ready to change, even if you are already good*
 - ❑ *Intentionality requires evidence*

Thanks