Credentials for an Unpredictable Market

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COE Forum

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COE Expected to Save the Day

No Institutional Type Immune from Revenue Pressure on COE Growth

Private women's college

- +500 students over 5 years (24% growth in enrollment)
- Predominantly through professional programs

Private research university

- +5,000 students in 5 years (doubling enrollment)
- Through master's-level and executive education

Regional public HBCU

- +300 graduate students in 1 year (25% growth in enrollment)

Public flagship university

- Double nontraditional program revenue in 3 years

Source: "Alverno's New Strategic Plan Aligns Strengths And Priorities With Milwaukee Region's Emerging Workforce Needs," *Alverno College*, 2017; Nikias, Max, "Online Education Has a Rightful Place in the Academic Mission," *USC Trojan Family: President's Page*, 2013; EAB interviews and analysis.

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In Search of Alternative Routes to Growth

Questions from COE Members

- *Should we adapt our graduate degrees into certificates for working professionals?*
- *Can we launch badges?*
- *How do we attract more international students?*
- *How can I attract more students with my existing non-credit portfolio?*
- *Can a degree completion program generate revenue quickly?*

What Boards, Presidents, Provosts, and Faculty Are (Still) Buzzing About

MITx

MicroMaster's: awarded for one semester of coursework and an exam, can stack to a master's program

galvanize University of New Haven

Partnership launched a 1-year master of science in data science program at Galvanize's San Francisco campus

Georgia Institute of Technology

Georgia Tech's MS in Computer Science: hybrid between an online master's degree and a MOOC

ASU Arizona State University

ASU-Starbucks College Achievement Plan: degree completion for Starbucks employees at ASU Online

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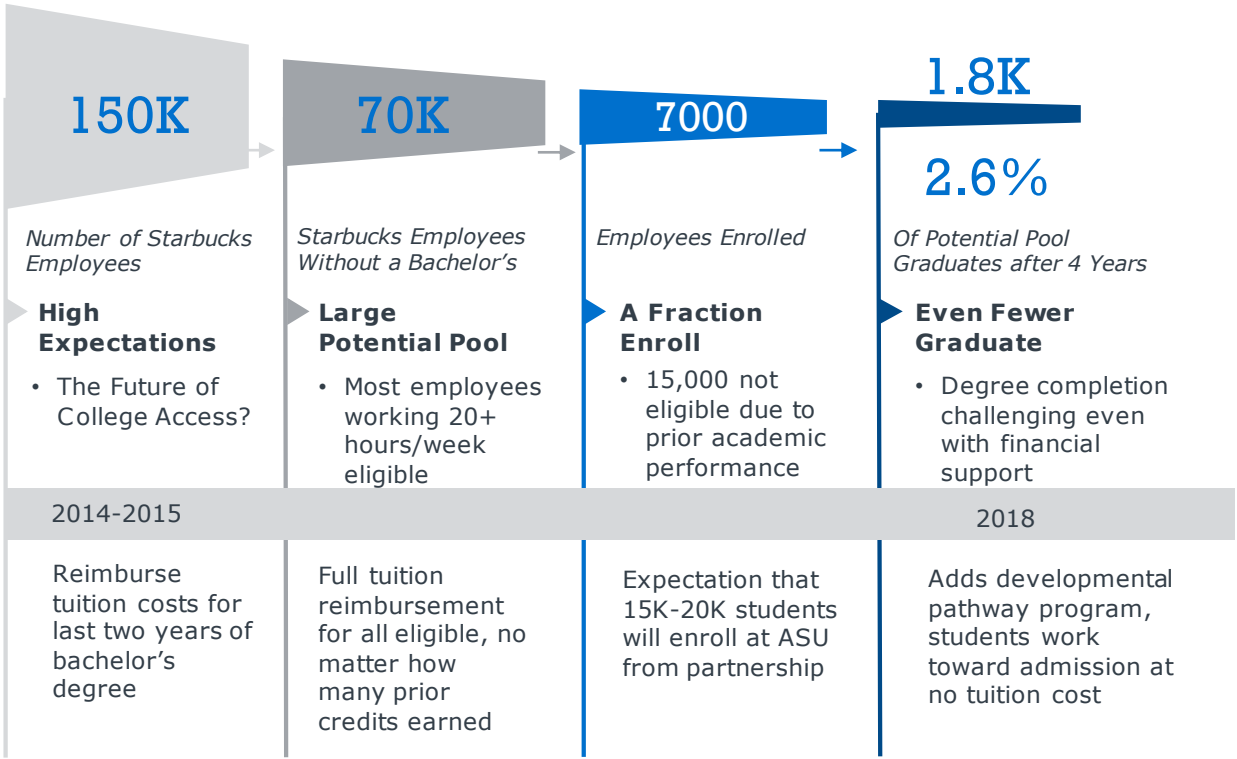
Source: EAB interviews and analysis.

Update on a Big Bet

The Starbucks College Achievement Plan



Source: *EdSurge*, "ASU-Starbucks Deal Was Just the Beginning," June 2017; *The Atlantic*, "The Upwardly Mobile Barista," May 2015; Starbucks Newsroom, "Starbucks and ASU Expand College Achievement Plan," March 2017; "Starbucks College Achievement Plan Welcomes Its 1000th Graduate," December 2017.

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Converging Competition and Revenue Pressure

What's Harder Today and Tomorrow

- COE markets more saturated, and smaller than most estimates
- Fear of falling behind creates rush to launch new product types
- New emphasis on credentials themselves often overlooks unmet student needs

Our Roadmap

1. **Briefing on Why COE Markets Are More Challenging Now**
   - Talking points and slides to inform conversations on campus
2. **Data and Evidence about What Markets to Serve**
   - Frameworks for identifying and understanding student audience segments
   - Key product development business decisions

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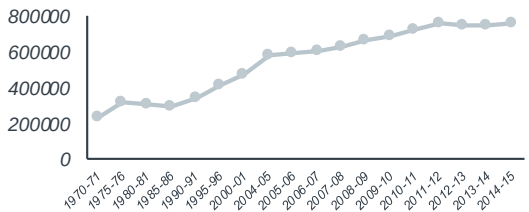
More Challenging in a Saturated Market

Conferrals Now Flat

Number of Master's Degrees Conferred by Year



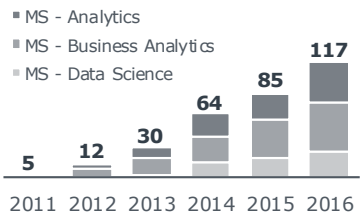
Increasingly Expensive to Recruit

226%

Increased **cost per click** for graduate programs from 2009-2014, as high as $88 for "RN to BSN Online" and $69 for "Online MBA"

Competition Even in "New" Fields

Fast Growth in New Data Science and Analytics Degrees…



…And More on The Way

57%

Increase in COE market research requests on data analytics opportunities, 2015-2016

Favorable Climate for New Entrants

126% vs. 57%

Growth in post-bacc certificates awarded from 2001 to 2015, compared to master's degrees (conservative estimate)

Support for Alternative Short Format Providers

Source: U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; Integrated Postsecondary Education Data System (IPEDS), "Completions Survey" (IPEDS-C:91-99); IPEDS Fall 2000 through Fall 2015; Completions component. NCES; "Master Degree Programs in Analytics and Data Science," Institute for Advanced Analytics: North Carolina State University, 2016; Keypath Education data; EAB interviews and analysis.

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All-Too-Familiar "Hype Cycle"

Forbes — *"Will Alternative Credentials Replace College Degrees?"*

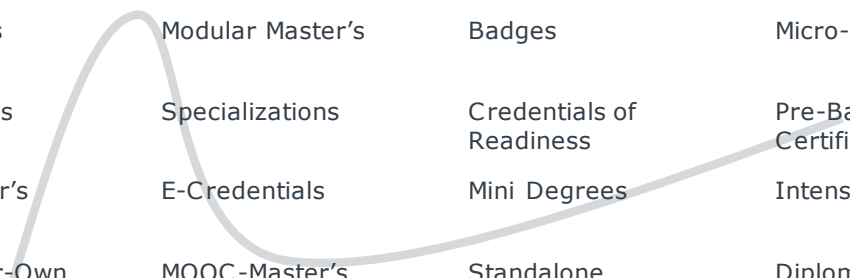
The Atlantic — *"The World Might Be Better Off Without College for Everyone"*

The Washington Post — *"The Future of Education is Virtual"*

Pressure from Above and Below

Everyone from Board members to instructional designers asking:

- How are we responding to growing demand for short-format offerings? Do we need alternative credentials to compete?
- Why don't we have an alternative credential like our competitors? Are we falling behind?
- Will degrees still be relevant for jobs that don't yet exist?



Boot Camps

Nanodegrees

Micro-Master's

Create-Your-Own Degree

Modular Master's

Specializations

E-Credentials

MOOC-Master's Pathways

Badges

Credentials of Readiness

Mini Degrees

Standalone Concentrations

Micro-Bachelor's

Pre-Baccalaureate Certificates

Intensives

Diplomas

Source: Caplan, Bryan, "The World Might Be Better Off Without College for Everyone," *The Atlantic*, 2018; Horn, Michael, "Will Alternative Credentials Replace College Degrees?" *Forbes*, 2017; Wadhwa, Vivek, "The future of education is virtual," *The Washington Post*, 2018; EAB interviews and analysis.

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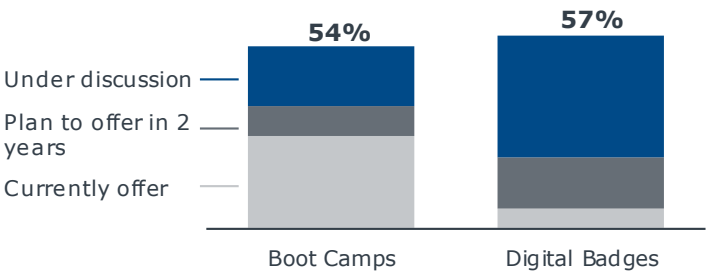
Beyond Stackable

Investigation of Modularized, Flexible, and Customizable Education

Widespread Interest and Planning Among COE Leaders

585 Incoming research requests focused on alternative and short-format credentials since 2015

Over Half of COE Member Sample Offering or Planning Short-Format Credentials



What COE Members Are Asking:

- Market Demand Questions
  - *Do employers value micro-credentials, digital badges, etc.?*
  - *Will our student audience really enroll in micro-degrees?*
  - *What's more important: the badge or the skill?*
- Implementation Questions
  - *How do we embed micro-credentials into for-credit programs?*
  - *How should we price alternative offerings?*
  - *What content is appropriate to group into a badge?*

Source: COE Organizational Benchmarking Survey; EAB interviews and analysis.

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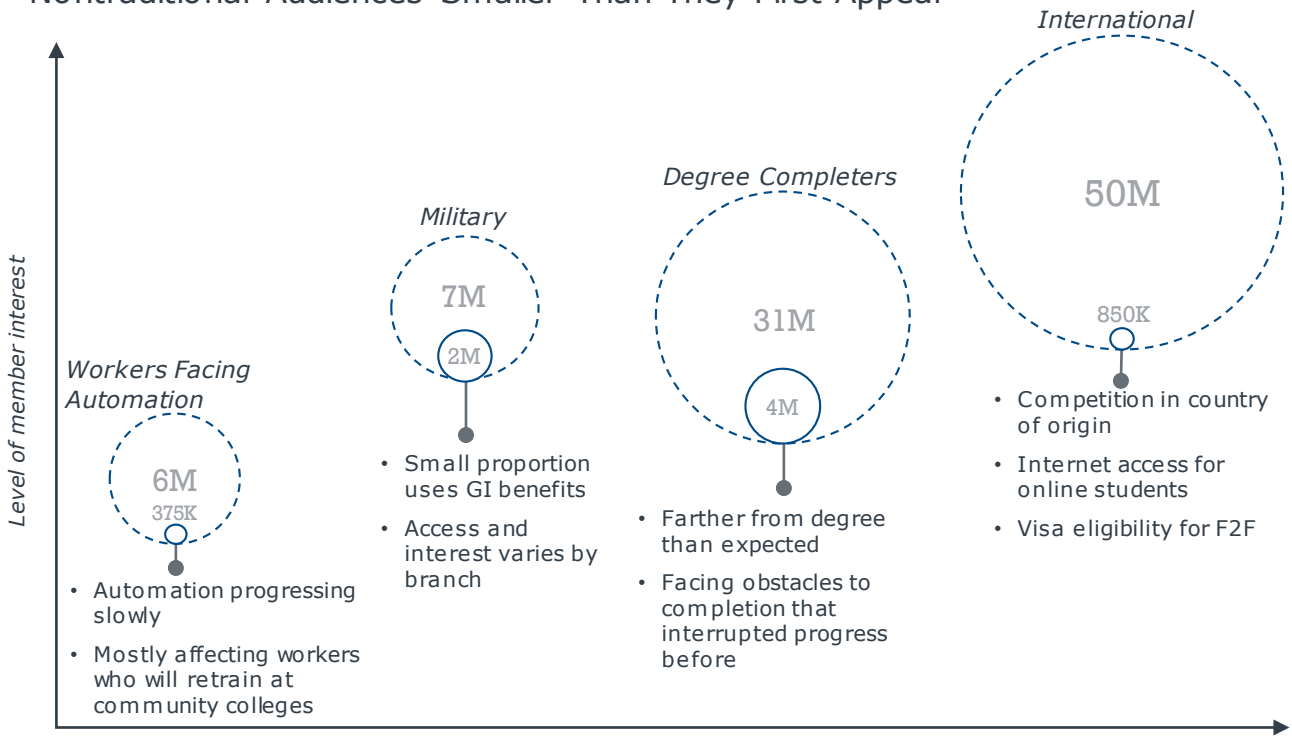
Ambition Leads to Outsized Expectations

Nontraditional Audiences Smaller Than They First Appear



Source: EAB analysis of sources available upon request.

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Looming Threat of Automation

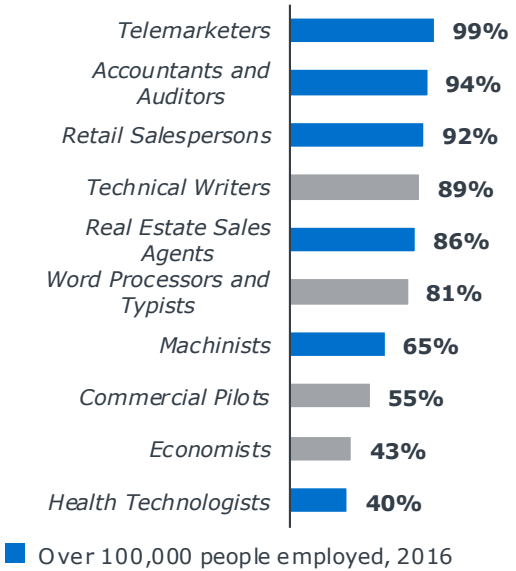
Potential for COE to Reskill Automated Workers Relatively Low

SOURCE: THE NEW YORKER

- 3 of every 1000 workers replaced by 1 robot
- Of replaced workers, most will:
  - Seek roles with on-the-job training
  - Attend community college training programs

Professions At Risk of Losing Jobs to Automation In 20-Years' Time

Sample of Various Service Jobs by Likelihood of Job Loss Due to Automation



Source: Kolhatkar, Sheelah, "Welcoming our New Robot Overlords" *The New Yorker*, 2017; Frey and Osborne, "The Future of Employment: How Susceptible Are Jobs to Computerization?" *University of Oxford*, 2013; White, Gillian, "How Many Robots Does It Take to Replace a Human Job," *The Atlantic*, 2017; Bureau of Labor Statistics; EAB interviews and analysis.

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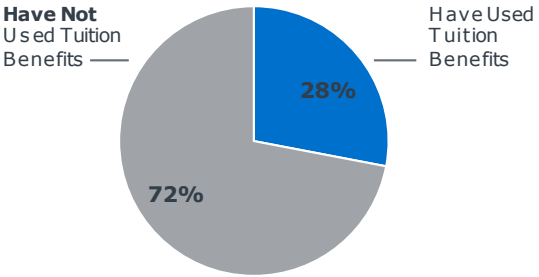
A Complex, Fragmented Military Audience

Less than 30% Eligible Use Benefits

Tuition Benefits Usage by Eligible Military-Affiliated Population



Specialized Needs Depend on Branch and Length of Service

- Branches institute different educational requirements for advancement
- Early and mid-career service members prioritize quick time to completion
- Service members close to separation and veterans prioritize preparation for next career

Not Surprisingly, Conferrals Follow Funding Increases

Number of Credentials Awarded Using Post-9/11 GI Bill

The Forever GI Bill

- Expanded eligibility and removed expiration dates for benefits use
- Allows enrollment at non-college providers for technology programs (e.g., coding boot camp)
- Expanded eligibility makes private institutions more affordable for benefit users

Source: "2015 Demographics Profile of the Military Community," *Department of Defense*, 2015; "Total Force Military Demographics," *Department of Defense*; Molina, Dani and Morse, Andrew, "Military-Connected Undergraduates," *American Council on Education*, 2015; EAB interviews and analysis.

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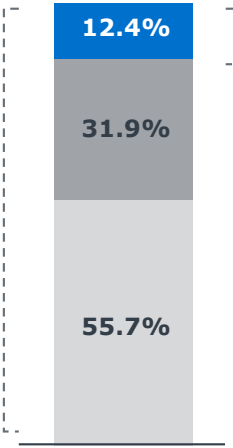
Degree Completion—Not All Can Scale

The Hype

31M

Size of degree completion market (some college, no degree) often cited—used in vendor sales pitches, strategic plans.

The Reality of "Potential Completers"



4M

- **Potential completers** (multiple term enrollees with 2 years' progress or more)
- One-term enrollees
- Multiple-term enrollees with less than 2 years' progress

NATIONAL STUDENT CLEARINGHOUSE

"Potential" Still May Not Lead to Completion

Comparison of "Potential Completers" to Actual Completers by Number of Stop-Outs

17.1%

Actual completers with 2 or more stop-outs

33%

Potential completers have 2 or more stop-outs

Source: Shapiro, D., Dundar, A., Yuan, X., Harrell, A., Wild, J., Ziskin, M. (2014, July). Some College, No Degree: A National View of Students with Some College Enrollment, but No Completion (Signature Report No. 7). Herndon, VA: National Student Clearinghouse Research Center; EAB interviews and analysis.

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International Challenges Mirror Domestic

Regionalism and Increasing Competition Threaten Distance Education

Change in Portion of Students Staying in Region, 1999 and 2012

Increased Regionalism

12% → 26%
Arab States

25% → 37%
Central and Eastern Europe

18% → 28%
Sub-Saharan Africa

Emerging Competitors

2638
Fully Taught English Degree Programs in Asia

440k
International Students in China in 2016 – **11.4% Increase from Previous Year**

30k
Number of International Students Taiwan Plans to Court by 2019

University of Arizona Expands Access, and Revenue Potential, by "Exporting" Education

13
Campus partnerships reached, goal of 25

25k
Projected students educated through microcampuses

Source: "Higher Education to 2030," *OECD Publishing*, 2008; Neghina, Carmen, "Asia Rising: The State of International Education," *StudyPortals*, 2017; Redden, Elizabeth, "Going Big Into 'Microcampuses'," *Inside Higher Ed*, 2017; EAB interviews and analysis.

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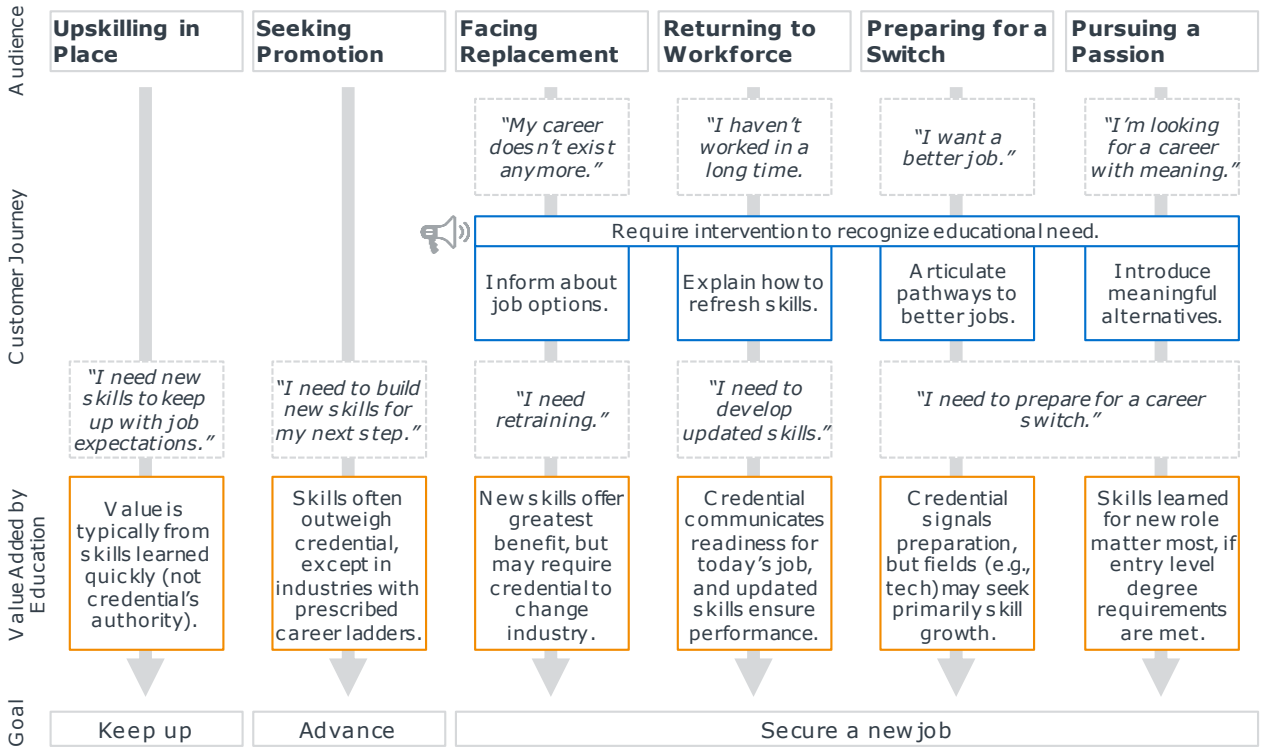
Getting Beyond "Working Professionals"

Complex Motivations and Inflection Points Across Career Lifecycles



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Source: EAB interviews and analysis.

Unrealized Needs

Students Not Always Looking for Next Educational Step

Facing Replacement

Returning to Workforce

Preparing for a Switch

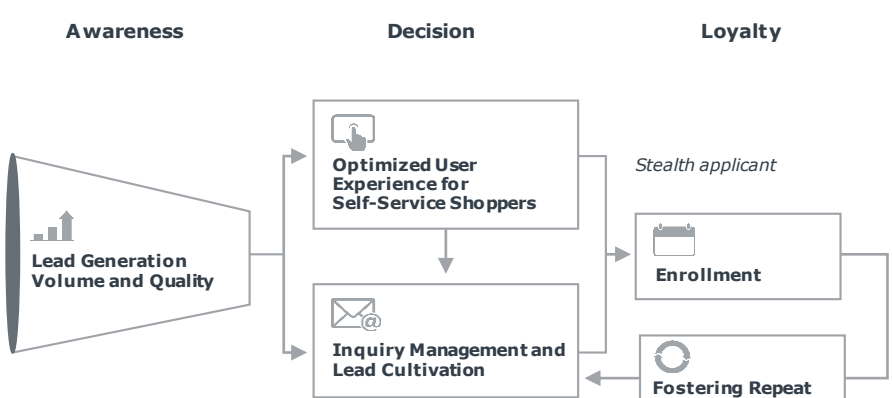
Pursuing a Passion

Upskilling in Place

Seeking Promotion

Unrealized Educational Needs

Audiences require proactive outreach from COE unit to recognize higher education is necessary for their next step.



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Source: EAB interviews and analysis.

Evolving Approach to Market Demand Analysis

Looking Back at Six Years of COE Market Demand Research

2012
Real-Time Employer Demand Intelligence

burningglass TECHNOLOGIES

EAB pioneers use of real-time employer intelligence in program demand analysis, and partners with Burning Glass/LMI.

2014-2016
Connecting Employer and Student Demand

Web and Mobile Optimization Audit

Competing on Student Outcomes

COE Forum research identifies strategies to bridge gap between employer demand and student demand:

- Assessing web presence and positioning that appeals to prospects
- Reaching career changers and communicating outcomes

2018
Aligning Program Design to Labor Market and Student Needs

3000+ Projects Later…

Partnerships and pilots initiated with a focus on holistic approach to market demand assessment:

360° Program Growth Audit
A analysis focused on repositioning programs that diagnoses multiple barriers to student enrollment.

Emsi

Additional Labor Market Intelligence Provider
A leader in analyzing macro-labor market trends and real-time demand to align programs with market need.

Credential Innovation Workshop
Hands-on session to integrate student audience intelligence into credential design.

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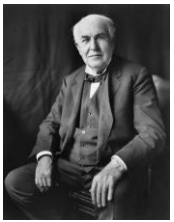
Source: EAB interviews and analysis.

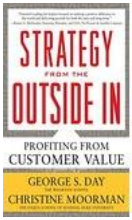
Inside Out vs. Outside In

Last Century's "MOOC Mania"



"I believe that the motion picture is destined to revolutionize our educational system, and that in a few years it will supplant largely, if not entirely, the use of textbooks." - *Thomas Edison (1922)*

Lessons from Other Industries: What Did The Wizard of Menlo Park Get Wrong?



Companies that continued to profit and grow throughout the boom-and-bust cycles of the last 20 years pursued an **Outside-In Strategy**, vs. Inside-Out.

Inside-Out Strategy Begins with Capabilities

What are we good at? What are our capabilities and offerings?

- How can we sell more? Gain more share? Improve productivity?
- Where can we apply our new productivity?

Outside-In Strategy Begins with Customer Needs

What customer value do we provide with what capabilities?

- Is our value proposition perceived as superior?
- How are the needs of our customers changing?
- What new competitors are anticipating and meeting these needs?

Source: Moorman, Christine and Day George, *Strategy from the Outside In: Profiting from Customer Value*, McGraw Hill, 2010; Oppenheimer, Todd, "The Flickering Mind," New York Times, 2004; Wikimedia Commons; EAB interviews and analysis.

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Unlikely Success in a Saturated Market

Serving Segments Reveals Unmet Student Need for Liberal Arts College

University of MOUNT OLIVE

Small liberal arts college targets nontraditional student segments

- Established as a two-year college in 1950s
- 900 traditional undergrad students
- 80 miles from the highly populated Research Triangle

> "As a day campus, we simply could not survive doing what we had always been doing."

Traditional undergrads well-served in the RTP

- Highly competitive elite institutions attract students nationwide

22 Other higher ed institutions in region

Targets police and gov't workers for BA completion (required for promotion).

Program offerings include:

- Criminal Justice
- Business Admin.
- RN to BSN

Location in strip malls for easy access and parking

Offers 5-week courses

390 Students enrolled in RTP location

3800 Adult students total across main campus and 7 off-site locations

Source: "Education," Research Triangle Region, 2017; The University of Mount Olive, 2017; EAB Interviews and Analysis.

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Program Design from the Outside In

EMBRY-RIDDLE Aeronautical University

Long History of Serving Military-Affiliated Students

- Named "One of Nation's Best Colleges for Military Students and Veterans"
- 57% of student body active-duty, reserve, or veteran

Zeros in on Active Duty Air Force Service Members

- Main campus in Daytona Beach 85 mi from nearest air force base
- Credential needed for service members at turning point in careers:
  1) Aiming for promotion or
  2) Preparing for return to civilian life

MS in Aeronautics Tailored to Distinct Student Needs

1 **A Premium on Master's Degrees**
Graduate degree required for advancement in Air Force, unlike Army or Marines

- Master's fields matched to common areas of Air Force expertise

2 **Fast Time to Completion Most Important Factor**
Students meeting promotion deadlines or preparing for impending military exit

- Can complete 36-credit program in 30 credits with thesis (instead of capstone)

3 **Easy On-Off Ramps Critical for Success**
Sudden stop-outs common due to unexpected deployment, relocation, or travel assignments

- Policies favor easy course drops, refunds
- 12 start dates/year

Source: Embry-Riddle Aeronautical University, 2018; EAB interviews and analysis.

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Preparing Early Career Managers to Lead

Direct-to-Employer Outreach Shapes Program for New Managers

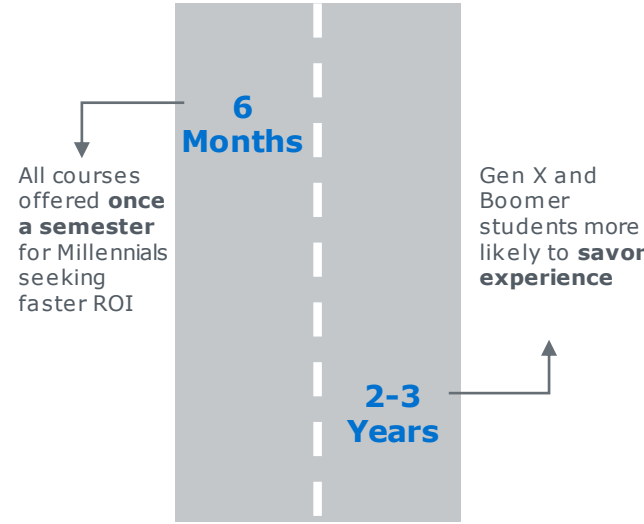
Emerging Leaders Certificate

University of Wisconsin-Milwaukee School of Continuing Education

$5,500; 8 day-long courses

- Employer survey highlighted manager skills gaps
- Designed for people with <5 years of management experience
- 30 students in open enrollment certificate; considering contract-based program
- Over 90% of students sponsored by employers

"Fast Lane" Option for Motivated Millennials



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Source: EAB interviews and analysis.

Putting Market Needs at the Center

Getting to "Outside In" Product Design

BEFORE ▶ AFTER ▶

Product-First Strategy

Key inputs:

- Success stories at other institutions
- Programs already in the portfolio
- Credential macro-trends

Representative questions:

- *Should we start offering micro-credentials?*
- *What short-format, non-traditional credentials do our peers offer?*
- *How can I find students for our modular programs?*

1 **Understanding Adult Student Segments and Motivations**

2 **Assessing Regional Labor Market Demand**

3 **Aligning Opportunities with Internal Capabilities**

Audience-First Strategy

Key inputs:

- Student motivations, career pathways, and market sizing
- Regional labor market data
- Program portfolio performance

Representative Questions

- *What is more important to students and employers: the credential or the skills?*
- *Does this segment realize more education is necessary for advancement?*

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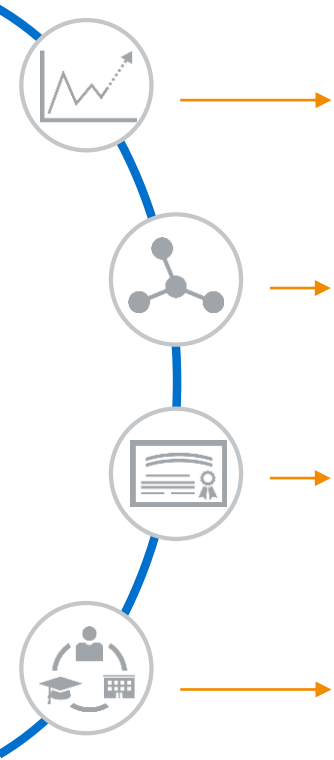
Source: EAB interviews and analysis.

Lessons Learned from 3000+ Market Analyses

Regional Market Signals Reveal Student Needs



Signal	*Potential Audiences and Opportunities*
Shifting Economic Composition	• Develop programming to ready those preparing for a switch or seeking promotion for now-present opportunities • Anticipate workers facing replacement or displacement in new regional industry mix to require training for new roles
Industries with Evolving Needs	• Provide additional training for employees upskilling in place to take on newly emerging roles • Equip career changers preparing for a switch to fill new high-need roles
Advancing Role Expectations	• Educate current staff upskilling in place for more complex responsibilities • Ensure preparatory programs prepare students for today's jobs before they must be upskilling in place
Changing Policy and Regulatory Environment	• Create programs for new and existing (upskilling in place) practitioners under new regulations • Prepare those returning to the workforce to meet updated regulations

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Source: EAB interviews and analysis.

What Kind of Market Are You Really In?

Data to Determine Regional Market Signals Available in Regional Market Profiles

Industry Mix

Are there:

- Major shifts in the share of jobs in each industry?
- Industries likely to increase educational expectations?
- Industries susceptible to automation and/or digitalization?

Occupational Mix

Are there:

- Major shifts in the types of jobs available?
- Jobs susceptible to automation and/or digitalization?
- Jobs that are experiencing up-credentialing or increasing skill demands?

Unemployment

- How does regional unemployment compare to national?
- Is there an unemployed population that needs to return to school?
- How concerned are employed workers about performance in current jobs?

Educational Attainment

- How does educational attainment compare to regional employers' requirements?
- Is there an over- or under-supply of candidates at any level?

Income

- Can the regional audience afford educational costs?
- What income levels will new careers need to offer to be appealing?

Sources Include both Real-Time and Structural Market Data:

Emsi Analyst

Burning Glass Labor Insight™

Bureau of Labor Statistics

American Community Survey

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Source: EAB interviews and analysis.

Harnessing the Power of Regional Data

Data and Analysis for Key Market Signals

- Immediately available on request
- Examine five U.S. regions
  - New England
  - Mid-Atlantic
  - South
  - Central
  - West

  and Canada
- Apply in program development, redesign, and recruitment
  - Inform Outside-In strategy with information on industry and occupational mix, unemployment, educational attainment, and income
  - Incorporate data on career opportunities into recruitment messages

Source: EAB interviews and analysis.

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Supporting Data-Informed Portfolio Planning

Three Main Types of Market Demand Analyses

1

What are our best program opportunities?

- Prioritize top 3-5 program opportunities
- Match to regional labor market needs
- Analyze market saturation data, where available
- Analyze peer programs

2

Is there enough employer demand to justify a new program launch?

- Quantify demand for jobs
- Identify in-demand job skills
- Identify top employers for specific jobs
- Analyze peer programs

3

What positioning and curricular elements can refresh or scale a program?

- Identify what positions students prepare for
- Offer in-demand skills to highlight in marketing messages
- Recommend new curricular elements
- Present job growth trends to highlight in marketing

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Source: EAB interviews and analysis.

Forthcoming Fall 2018

Answering Key Questions to Compete in Regional Markets:

- *How do we identify and size potential student markets in our region?*
- *What signals will tell us whether markets are growing or declining?*
- *What resources, relationships, and specialized services will we need to be successful?*
- *What is the right strategy to optimally price and structure offerings for different audiences?*

Compendium of Briefings

Succeeding in Online International Markets

Meeting the Diverse Needs of Military-Affiliated Audiences

How to Serve Adult Student Segments through Alternative Credentials

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Thanks Again!

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