



Trends and Strategic Opportunities for Community Colleges in 2018

Ready-to-Use Slides

January 18, 2018



A Glowing Review

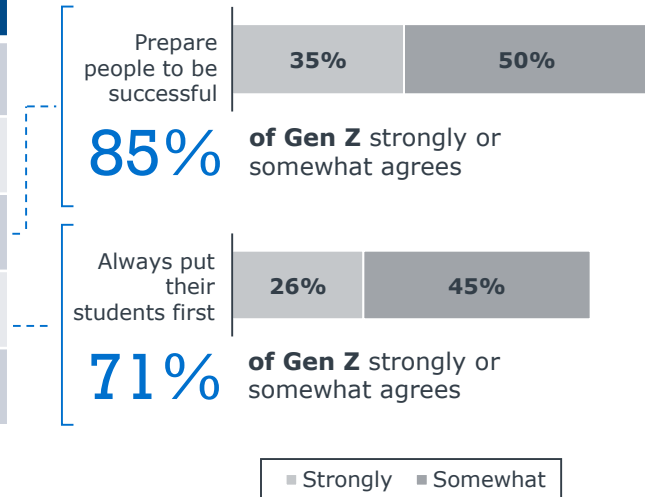
Positive Perception Stronger for Community Colleges Than Any Other Sector



Strong Perceived Value Across Generations

Percent Strongly or Somewhat Agree	
Contribute to a strong American workforce	83%
Are worth the cost	82%
Prepare people to be successful	80%
Are for people in my situation	64%
Always put their students first	62%

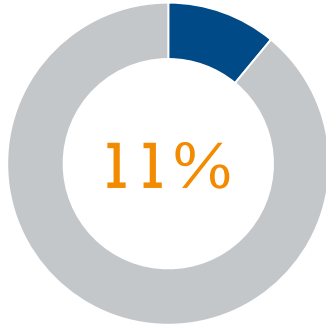
...with Especially Strong Support from Gen Z (18-22 year olds)



Yet Not a Moment for Complacency

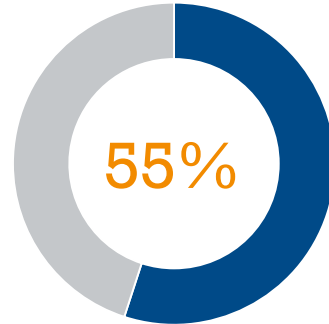
Concern About Financial and Enrollment Outlooks Top Presidential Agendas

Percentage of **Community College** Presidents Who Strongly Agree the Institution Will Be Financially Stable Over the Next Decade¹



Less than half of all presidents (all sectors) surveyed have confidence in the community colleges' business model

Percentage of **Community College** Presidents Who Are Very Concerned About Enrolling Students Likely to Be Retained and Graduate on Time



Only presidents of private baccalaureate institutions are more concerned about enrolling students likely to graduate on time

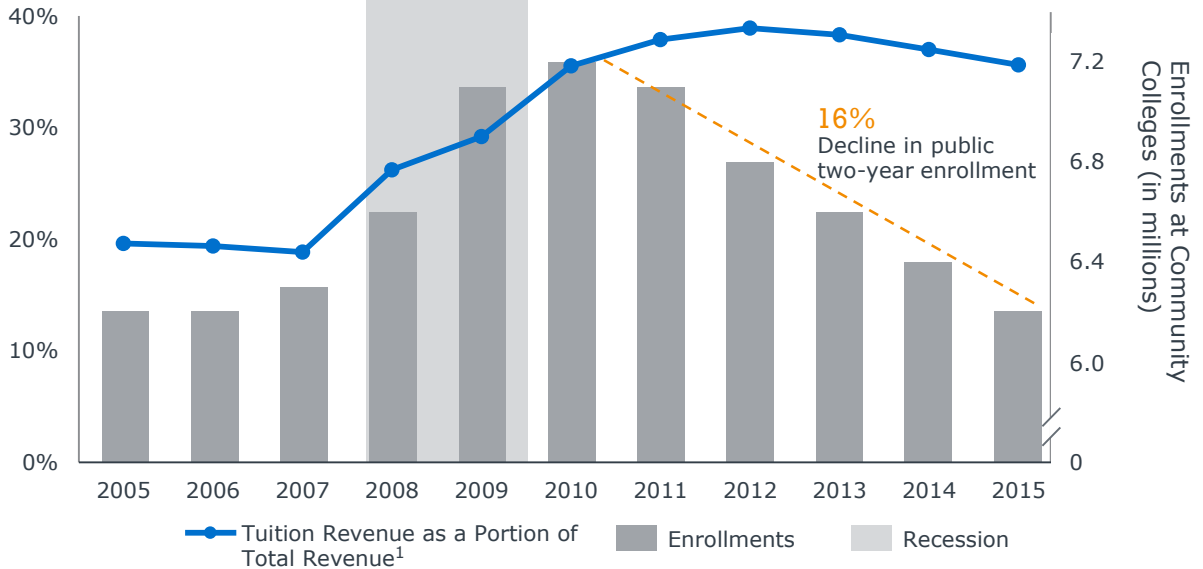
1) 236 respondents



Facing an Unsustainable Proposition

Chasm Grows Between Tuition Revenue Dependence and Enrollments

Tuition Revenue Share as a Portion of Total Revenue and Overall Enrollments



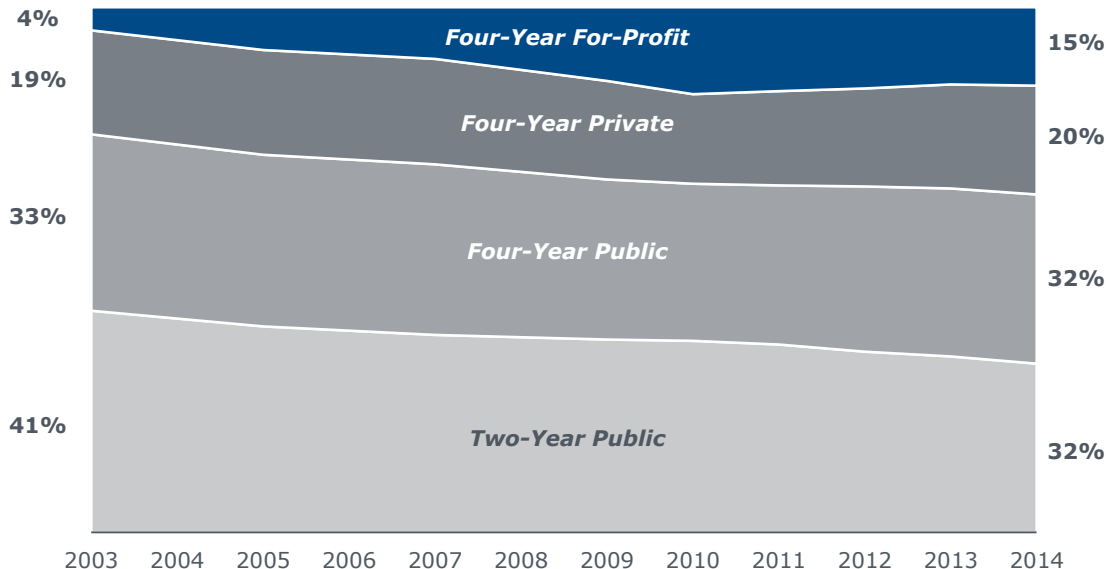
1) Out-of-pocket payments, student loads, and federal grants



Adult Headcount Loss Not Merely Cyclical

Market Share Declined Through Last Decade Despite Recession Boom

Share of Postsecondary Enrollments for Students Age 25+¹



1) Data from 2003-2009 comes from NCES, while data from 2010-2014 come from the National Student Clearinghouse. Percentages do not sum to 100% due to rounding and the exclusion of two-year for-profits.

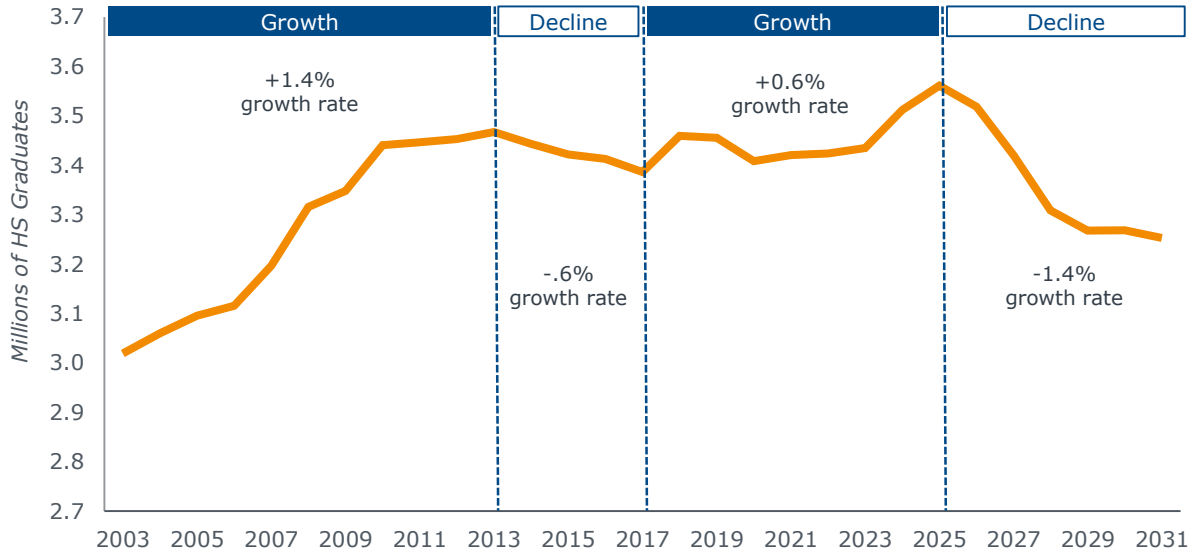
Source: *Digest of Education Statistics*, 2013, 2011, 2009, 2007, 2005, National Center for Education Statistics; "Current Term Enrollment Report—Fall 2014," National Student Clearinghouse, Dec. 2014; "Current Term Enrollment Report—Fall 2012," National Student Clearinghouse, Dec. 2012; EAB interviews and analysis.

Traditional Demographics Slowing

High School Graduates Won't Be Enough to Fulfill Growth Goals

High School Graduate Growth Rate Plateaus Before Precipitous Decline

Number of High School Graduates and Compound Annual Growth Rates

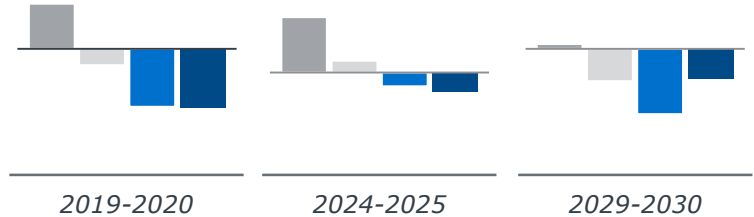
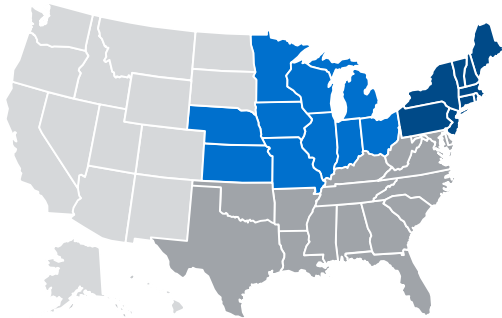




Tracking HS Population Changes through 2030

Regional Variation Masks State-Level Differences in Projected Growth

Change in High School Graduates from School Year 2012-2013, by Region



	West	Midwest	Northeast	South
2019-2020	-11,500	-41,200	-42,000	32,200
2024-2025	24,900	-29,700	-26,200	117,900
2029-2030	-45,900	-26,200	-72,300	7,100

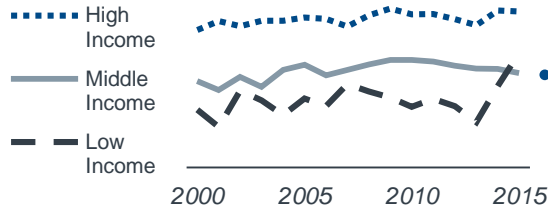
Source: Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates, 2016*, <http://www.wiche.edu/knocking>; EAB interviews and analysis.



Future Students Likely to Need More Support

Community Colleges Already Serve Higher Proportion of At-Risk Populations

Immediate College Enrollment Rate¹ Increasing Among Low-Income Students



Gap between students from **high-income** and **low-income** families narrowed by 10 percentage points (30% to 20%) between 2000 and 2015.

Gap between students from **middle-income** and **low-income** families closed 21 percentage points between 2000 and 2015. Enrollment rate for **low-income** students actually higher in 2015.

A National Snapshot: First Generation Students

30%

Of entering first-year students in US are first generation college students

4.5M

Are both first generation and low-income students

25%

Leave after their first year, a drop-out rate four times higher than peers¹

89%

Of low-income first generation students leave college after six years without a degree

1) Students who are enrolled in a college or university the October immediately following high school graduation.

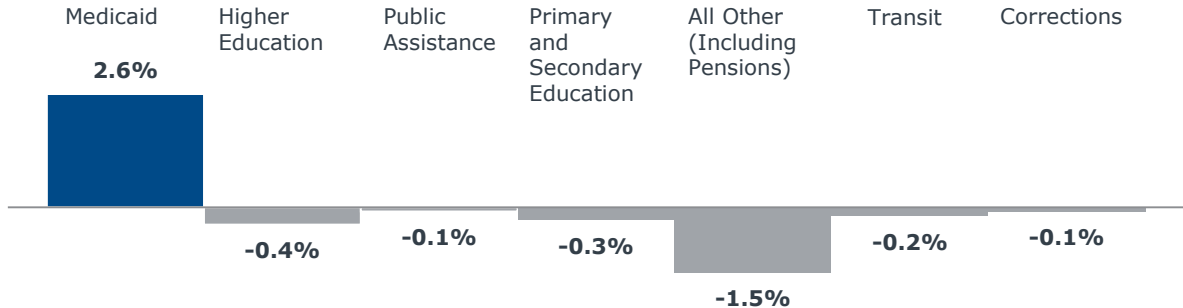


A Growing Disconnect

Higher Education Squeezed Out of State Budgets

Medicaid Crowding Out Higher Education (And Everything Else)

Change in Portion of State Budget by Category, FY2014 to FY2015



A Promise Has Been Made...

Work Ready Kentucky Scholarship Program



"...Kentucky is committed to increasing the currently low workforce participation rate by expanding the skilled, competitive workforce necessary to attract new businesses to the state."

Governor Matt Bevin

... But Spending Cuts Persist

↓ 32%

Percentage decrease in per-student funding for Kentucky's public colleges and universities from 2008 levels

Source: State Expenditure Report, National Association of State Budget Officers; "Cuts to Kentucky's Higher Education System Jeopardize Our Economic Future," *Center on Budget and Policy Priorities*, 2016; Watkins, "Bevin Creates College Scholarship Program," *Courier-Journal*, 2016; EAB interviews and analysis.

What the Policy Landscape Gets Wrong



What College Costs Beyond Instruction

Operating Budgets Neglected as Promise Programs Proliferate

Promise Programs represent latest in direct-to-student funding absent concomitant increase in institutional funds

Support for Workforce Development Doesn't Extend to Funding

Congress's proposed budget reduces funding and leaves support up to states; National Gov. Assoc. calls for ED to restore funding at federal level



Who Community Colleges Serve

Noncredit Students Not Reflected in Reported FTEs

More than 40% of community college students are enrolled in noncredit education—from corporate training to individual skills building courses to personal enrichment.

Majority of Promise Programs Apply Only to FTFT Students

TN first and only state to extend Promise benefits to adult learners, while NY's Excelsior Scholarship requires 30 SCH and full-time status



How Vital Holistic Support Services Are

Campus Child Care Program Among Proposed Cuts

Federal budget proposal includes elimination of Child Care Access Means Parents in School (CCAMPIS), as number of undergraduates raising dependents reaches ~5M

Nearly level funding to Pell, TRIO and GEAR UP, SEOG, Work Study

Programs that support low-income, first-generation, and students with disabilities not keeping up with costs

Thriving Amid Population and Economic Change

How to Support High Fixed Cost Model as Local Conditions Evolve

1960s

- Boom period for the sector
- High point of suburbanization
- Physical distribution of wealth relatively dispersed
- 7 of top 10 states by population in the Northeast and Midwest

Today

- Re-urbanization
- Declining tax bases, aging populations, and slow job growth in secondary markets
- Erosion of public subsidies to support access, completion, or workforce alignment



Built For A Different Time and Place

When you have a local population in Erie and Niagara that's getting older, smaller, and poorer, do we need all of this infrastructure? Now is the time to be bold enough and brave enough...to begin to realize that intramural competition between these two junior colleges makes no sense for anybody. It's the same geographic, demographic area that both institutions are servicing. It's the same marketplace.

Joel Giambra, Former Erie County Executive

Competition Closing In

Erosion of “Local Advantage” as Enrollment Competition Intensifies

Undergraduate Institutions with Campuses in Mesa, AZ

Incumbent For-Profits

National



Carrington College



DeVry University



Everest College



Regency Beauty Institute

Local



Arizona College



Grand Canyon University

Community Colleges



Stuck in the Middle?

- For-profits competing on convenience
- Four-years competing on reputation
- Community colleges at risk of competing on cost alone

Four-Year Non-Profits

In-State

Arizona State University



Northern Arizona University



Out-of-Market

Albright College (PA)



Benedictine University (IL)



Upper Iowa University (IA)



Wilkes University (PA)



Eliminated from the Equation?

New Models Threaten to Bypass Community Colleges Altogether

New Models and Ventures Pose Threat to Community College Market Position



Yeshiva Offers Associate Track to Applicants Falling Short of Admit

Yeshiva launches associate degree option in 2016 to provide enrollment option to those just below admit bar



PA Authorizes "CC-Like" Partnership to Serve 9 Counties

Gannon University will use videoconference technology to serve adults in greater NW PA



Bootcamps a \$200M Industry

Sector continues to see strong overall enrollment growth—from 2,178 graduates in 2013 to 17,996 graduates projected this year



Nonprofit Ed Making Bolder, Riskier Partnership Bets

Does Purdue's acquisition of Kaplan represent broader trend toward more aggressive moves by incumbents?

Source: Smith A, "Private Universities Branch into 2-Year Programs," *Inside Higher Ed*, Dec 9 2016, <https://www.insidehighered.com/news/2016/12/09/private-universities-branch-associate-degrees>; Schackner B, "Non-Traditional College Will Serve Rural Counties," *Pittsburgh Post-Gazette*, May 26 2017; Eggleston L, "2016 Coding Bootcamp Market Size Study," *Course Report*, June 22 2016, <https://www.coursereport.com/reports/2016-coding-bootcamp-market-size-research>; Fain P and Seltzer R, "Purdue's Bold Move," *Inside Higher Ed*, Apr 28 2017, <https://www.insidehighered.com/news/2017/04/28/purdue-acquires-kaplan-university-create-new-public-online-university-under-purdue>; EAB interviews and analysis.

Capitalizing on Strategic Opportunities

Strengthening Our Position in an Evolving Education Ecosystem

Drivers of Change



Risk in Relying on Tuition Revenue



Federal and State Policies Inadequately Capture CC Needs



Overcoming Geography as Destiny



Rise of Riskier Models Threatens Market Share

Community College at the Nexus



K-12 Education



Community Organizations and Policy Makers



Employers and the Workforce



Four-Year Institutions

In Search of a New Partnership Paradigm

Seeking a Financially-Sustainable Model for Dual Enrollment

The Opportunity

96%

Share of public two-year institutions offering high school programs

The Reality

\$2B

Annual cost of community college dual enrollment programs

The Challenge

<8%

Dual enrollment participants who enroll at host community college after HS graduation

Key Barriers to Strengthening K12 Partnerships

✘ Lack of Consensus on Instructor Qualifications Places Limit on Scale

- HLC revises policy such that all instructional college faculty, including HS teachers in dual-credit courses, must hold a master's degree in the specialty they're teaching

✘ Tuition Discounting Policies Limit Financial Benefits of Dual Enrollment

- Deep discounting likely right answer for students yet colleges challenged to create a sustainable funding model to support instruction absent state or federal funding support

Getting Credit for Dual Enrollment

HACC's College-Branded High School Hallway Feeds Enrollment Pipeline

HS Students Unaware of Source of College Credits

55%

Estimated share of high school dual enrollment participants unable to name host college



“Our marketing department is kept separate from our high school programs. We offer many dual enrollment courses, but nowhere in that course do students learn that we’re conferring the credits. It’s a wasted recruitment opportunity.”

*Vice President for Marketing
Community College*

Redecorated High School Hallway Increases Visibility of Host College

William Penn High School (WPHS)

No high school bell

HACC banners



Walls painted HACC colors

Spare HACC furniture

Paving New Ways To and Through

Collaborative Pathways Combine Credentials Across Institutions



HS to Bachelor's

- Dual enrollment links Arlington Co. Schools to Tarrant County College
- Articulation to UT Arlington for BA
- Funded in part by Arlington Chamber



Regional Center

- 100,000-sq-ft Regional Center built in the UI Research Park
- STEM-focus
- Serves students pursuing tech or advanced degrees



Reverse Transfer

- Innovative RN to BSN path starts at four-year college
- Two years at CC for intensive RN training
- Final year hybrid while practicing



HS to MBA

- Expedited 5-yr path to AA, BLA, MBA
- Dedicated advisor for all 3 programs
- NM HS student on scholarship could complete for \$12k

1+1+2

1+3

1+2+1

2+1+2

Engine of Economic Growth and Productivity



Preparing Graduates for the Realities (and Whims) of the New Economy

Strong Job Growth Outlook...



US Economy Expected to Create 55M Jobs by 2020

- 24M new positions created
- 31M openings due to expected boomer retirements
- Healthcare, Community Services and STEM three fastest-growing occupational clusters
- 5M jobs will require postsecondary vocational certificate
- Additional 17M will require some college or associate's

...Combined with the Threat of Automation Yields Demand for Continuous (Re)Learning



More than a Third of US Jobs at "High Risk"

- PwC report reveals **38%** of US jobs at high risk of automation by early 2030s
- Trucking likely first form of fully automated driving in US



Career-Aligned Curricula Newly Urgent

- Tight coordination with local industry seen as the defining characteristic of job training programs that work

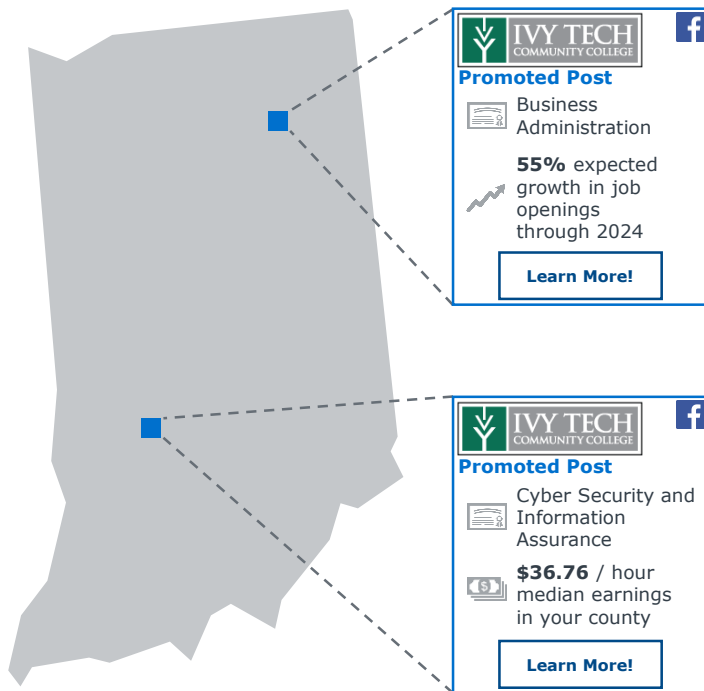
Skills cycles are shorter than ever and **65%** of the jobs Gen Z will perform do not even exist yet. People will increasingly find they need to upskill and diversify into new areas.

*ManpowerGroup
The Skills Revolution*

Source: Carnevale A et al, *Recovery*, Georgetown University Center on Education and the Workforce, June 2013; Berriman R, "Will Robots Steal Our Jobs?" PricewaterhouseCoopers, March 2017, <http://www.pwc.co.uk/economic-services/ukeo/pwcukeyo-section-4-automation-march-2017-v2.pdf>; ManpowerGroup, "The Skills Revolution," http://www.manpowergroup.com/wps/wcm/connect/5943478f-69d4-4512-83d8-36bfa6308f1b/MG_Skills_Revolution_FINAL.pdf?MOD=AJPERES&CACHEID=5943478f-69d4-4512-83d8-36bfa6308f1b; EAB interviews and analysis.

Personalized Labor Market Ad Campaign

Geotargeted Ads Highlight Relevant Career Opportunities



Triggering Interest from Underemployed



Geotargeted advertisements highlight relevant local labor market data



Educational ads highlight career, not program, opportunities



Social media promoted posts allow for further segmentation based on desired demographic parameters



Labor market data infused in print collateral, website, and program pages to create fully integrated, multi-channel marketing campaign

P3s Spurring Growth and Work-Ready Grads



Luminant Academy

Joint partnership between Tyler Junior College and Luminant, a subsidiary of Energy Future Holding Corp, revitalizes pipeline of skilled workers for Texas plant and mine operations.

Attracting and Growing Talent in Advance of Boomer Retirements

- Decades of stable workforce conditions and limited growth led to closure of training facility in 1995
- New demand apparent in 2006; study reveals 60% of Luminant workforce eligible for retirement across next decade; 500 expected retirements within five years
- Luminant Academy, partnership with TJC, opens in 2008
- TJC receives CE contact hour reimbursement from State of TX per employee contact hour of training



~\$2M investment in 24k sq-ft facility on TJC West Campus



Power Track scholarship funds tuition & books for Power Plant Tech AAS



300 combined TJC CE students and Luminant employees served



55 PPT AAS graduates in first cohort; 87% now employed in electric utility industry