



EDUVENTURES



THE PARTHENON GROUP

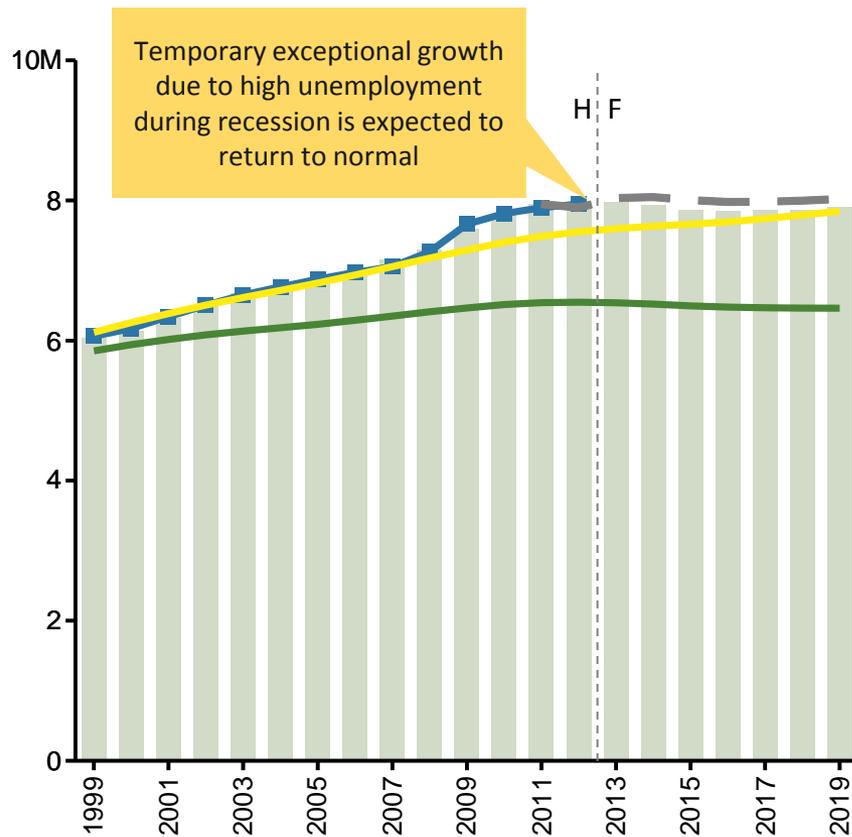
The Great American Higher Education Highway: Choosing Your Exit

**A Conversation with Eduventures' Senior Fellow, Dr. Kenneth Hartmann,
and Parthenon's Robert Lytle**

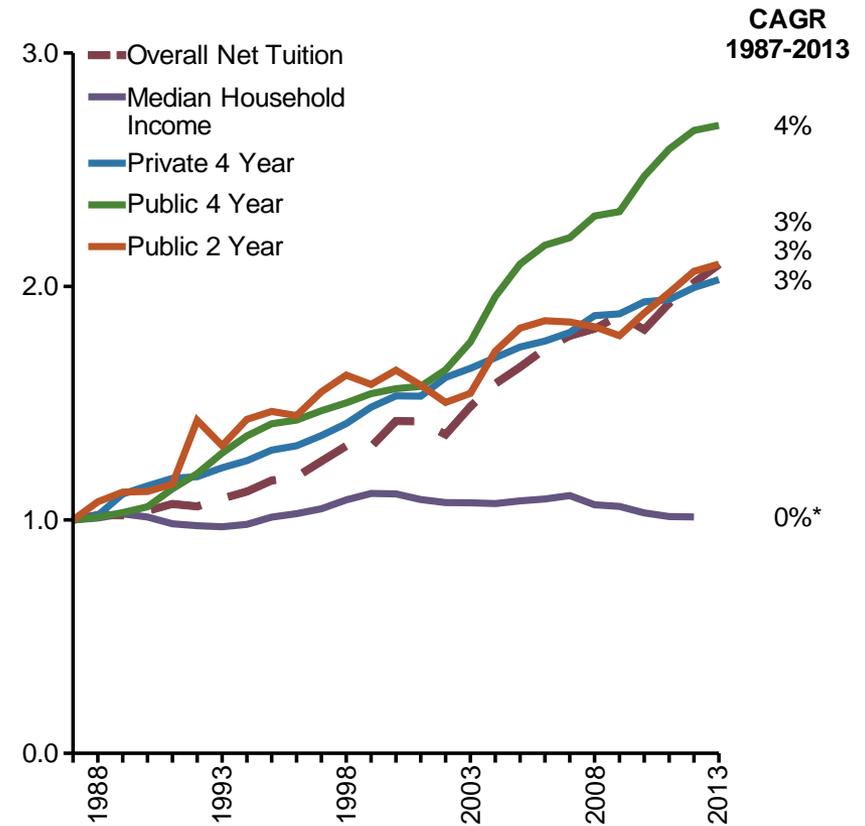
September 2014

The higher education sector faces flat enrollment growth and declining pricing power for the foreseeable future

4-Year Not-for-Profit Contributions to Enrollment Model, 1999-2019F



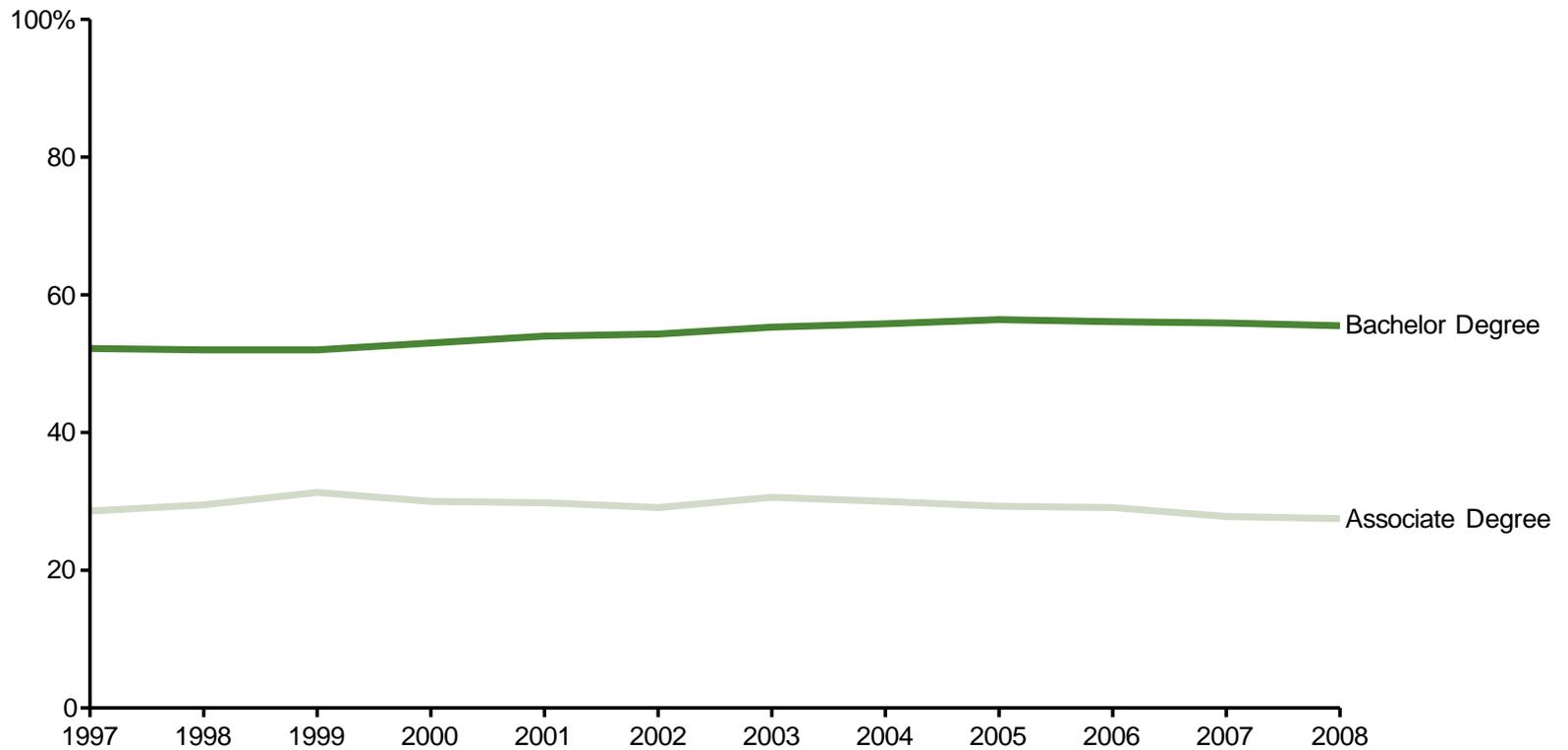
Tuition and Fees vs. Median Household Income



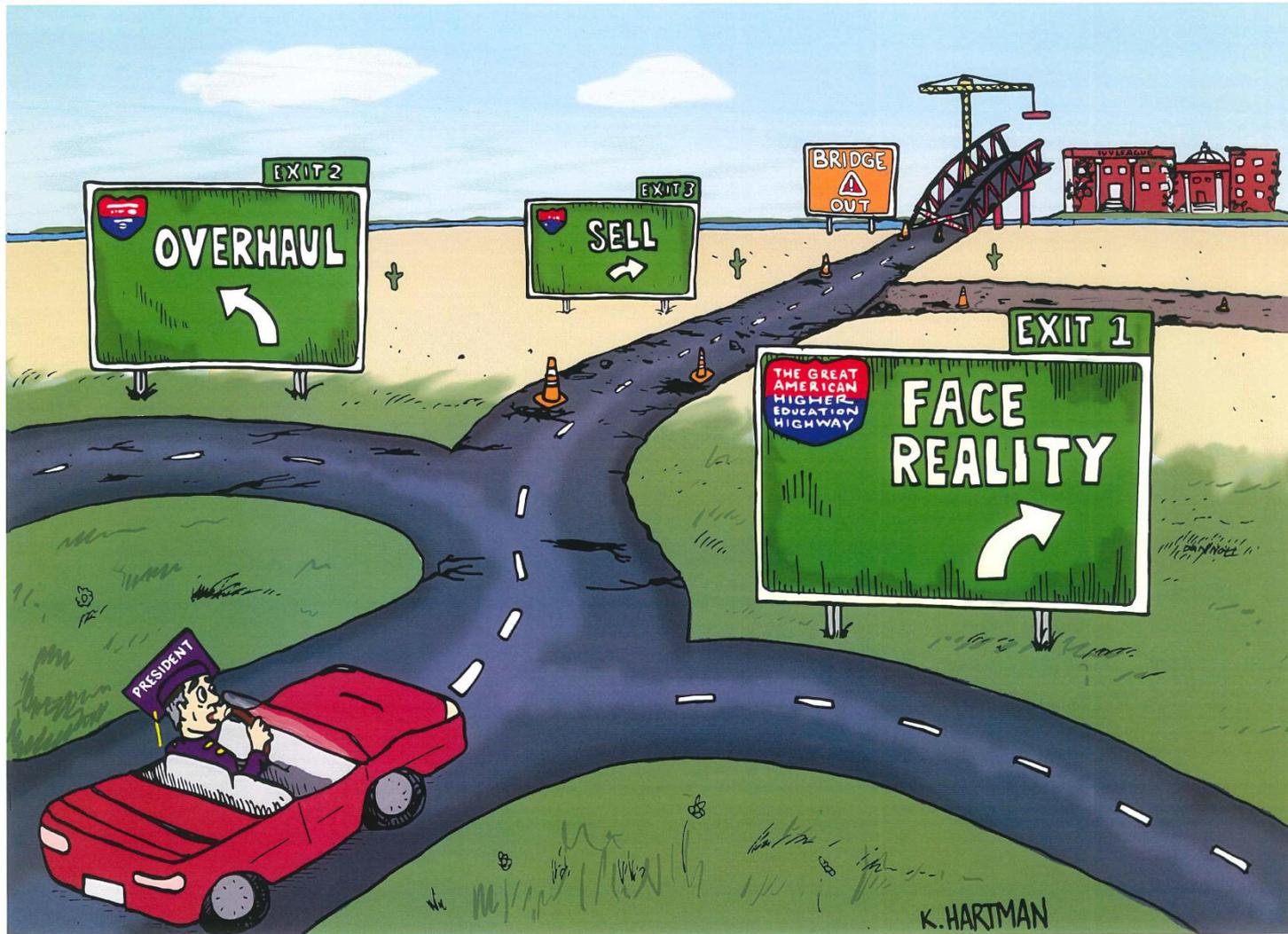
Note: Net tuition includes tuition revenue coming directly from students, net of institutional discounts and all grant aid; All figures are real and adjusted for inflation
 Source: U.S. Census Bureau; College Board Trends in College Pricing; Parthenon HED Enrollment Forecast

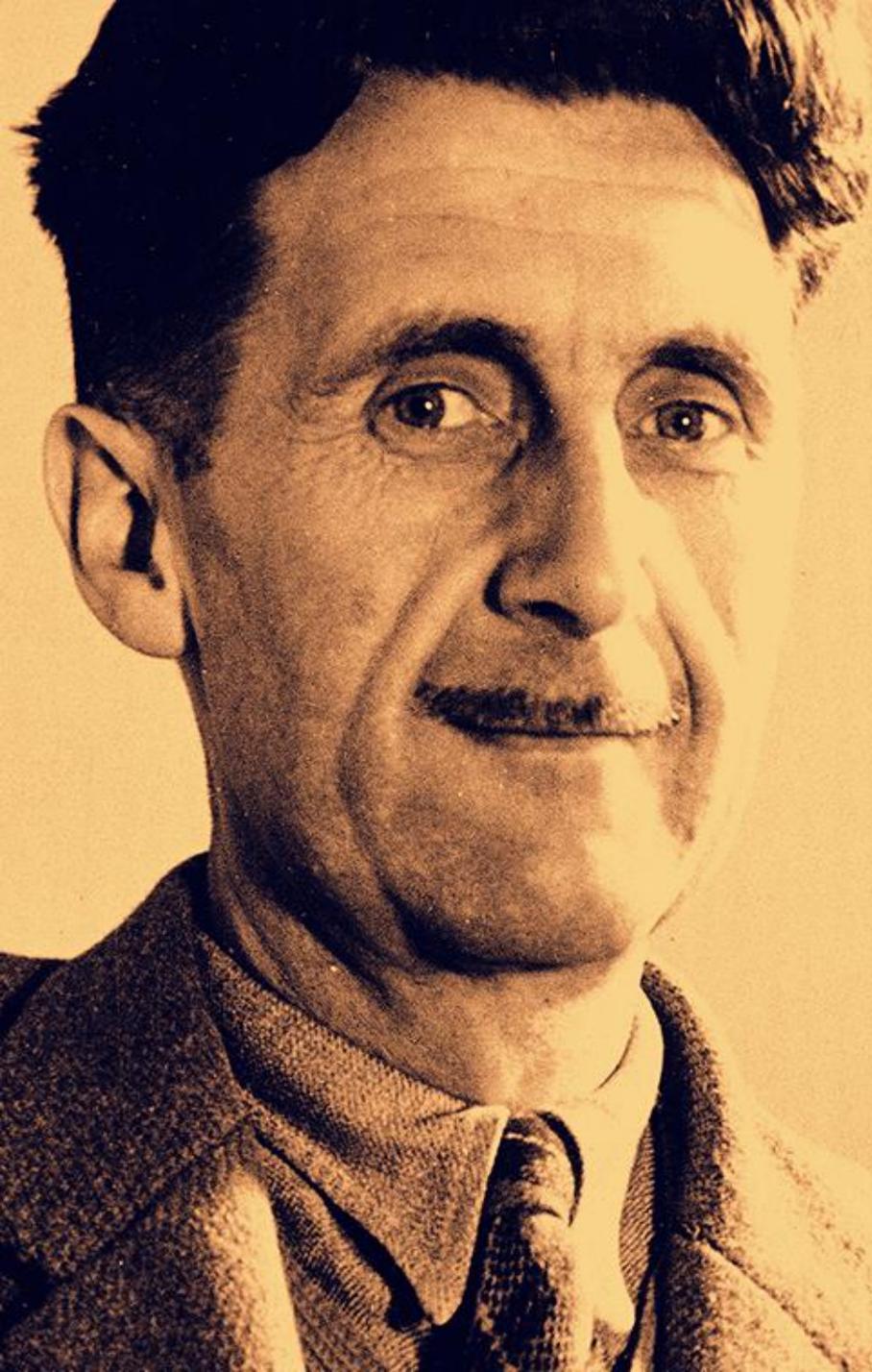
Graduation rates have been flat for the last decade despite a clear financial benefit and pressure to improve

Average Graduation Rate within 150% of Normal Time



The Road Ahead: The bridge ahead is out, and whether you like it or not, you are going to have to choose your exit soon





“At any given moment there is a sort of all-prevailing orthodoxy, a general tacit agreement not to discuss some large and uncomfortable fact.”

-George Orwell

For Some Graduates, College Isn't Worth the Debt

Roughly a Quarter Earn Barely More Than Those With High-School Diploma

By DOUGLAS BELKIN

Sept. 4, 2014 12:01 a.m. ET

Roughly a quarter of college graduates with jobs are earning barely more than those with only a high-school diploma, stoking debate about whether too many Americans are sinking into too much student debt with too little to show for it.

The new research, released by the Federal Reserve Bank of New York on Thursday, shows that, overall, a college degree significantly boosts income. The median wage of an American with a bachelor's degree was \$48,000 last year, far higher than the \$25,052 earned by those with only a high-school diploma. But the lowest-earning quarter of college graduates make \$27,000 or less.

Accompanying research by the New York Fed also shows that many Americans with college degrees are still finding jobs that require only high-school-level education.

Matter of Degrees

While college pays off for most people, about 25% of graduates do barely better than those with a high-school diploma at a time when underemployment is at a 20-year high for recent college graduates.

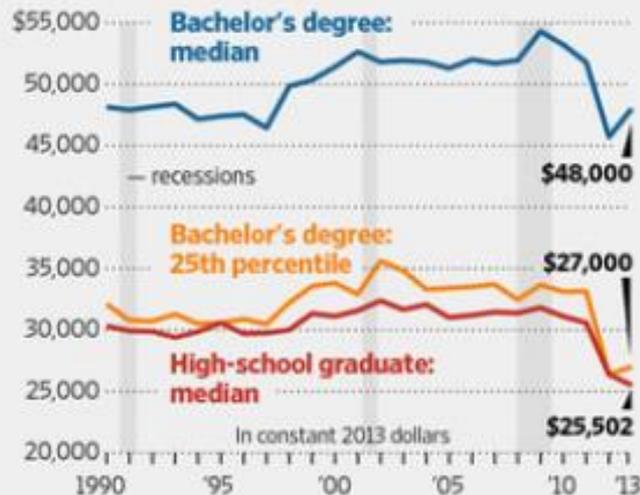
Annual wages for selected degrees of education Underemployment rate for college grads*

\$55,000 — Bachelor's degree: median 50% — Recent college graduates*
 \$48,000 — Bachelor's degree: 25th percentile
 \$27,000 — High-school graduate: median
 \$25,052 — High-school graduate: median

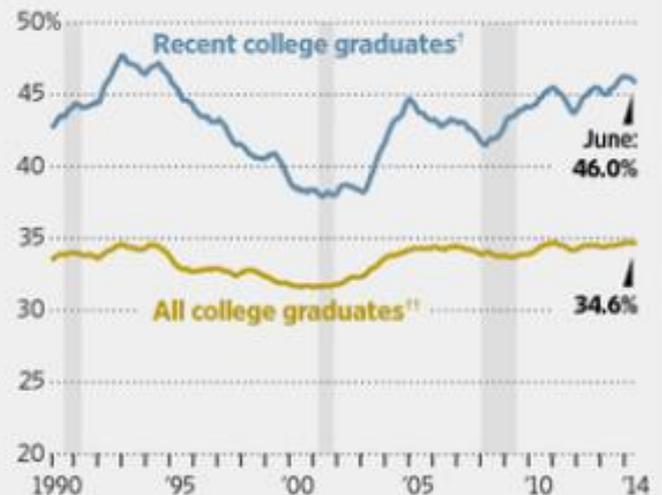
Matter of Degrees

While college pays off for most people, about 25% of graduates do barely better than those with a high-school diploma at a time when underemployment is at a 20-year high for recent college graduates.

Annual wages for selected degrees of education



Underemployment rate for college grads*



*Graduates working in jobs that typically don't require a college degree

†Age 22 to 27 with a bachelor's degree or higher

††Age 22 to 65 with bachelor's degree or higher

Source: Federal Reserve Bank of New York The Wall Street Journal

Wall Street Journal
9/4/14

Reach more than 1.2 million
talented higher ed professionals with
your job posting [CLICK to POST NOW](#)

Salle Mae survey finds families unwilling to pay more for higher education

Submitted by Kevin Kiley on July 23, 2013 - 3:00am

Colleges
universit
That is tr
An annu
paid for
their par

THE CHRONICLE OF HIGHER ED

November 29, 2013

Home News Global Opinion & Ideas Facts & Figures Blogs Advice Foru

Administration

July 23, 2013

Comment (0)

More Than 150 Private Colleges Flunked Financial-Health Test in 2011, U.S. Says

By Goldie Blumenstyk
Washington

More than 150 degree-granting colleges failed the Education's "financial responsibility" test for the 2011-12 school year, released on Monday show.

The number of nonprofit degree-granting instituti

November 26, 2013 by Scott Carlson

Moody's Issues a Negative Outlook for Higher Education

Moody's Investors Service on Monday issued a negative outlook for higher education in 2014—which should come as a surprise to no one. The bond-rating agency's report last week, a survey of net-tuition revenues, was grim, and its outlook for higher education in recent years has been mostly bleak.

This year Moody's cited a weak economy that will "affect families' willingness and ability to pay for higher education." It also anticipated federal budget pressures, including a looming sequestration threat, that could affect financial aid.

Moody's pointed to the "rapid rise" of massive open online courses, or MOOCs, as a factor that has "accelerated the pace of change in online delivery models over the last two years"—this despite a number of people lately who have declared the MOOC dead.

However, it's hard to argue with another threat outlined by the rating agency: that expenses are outpacing revenue for the higher-education sector. "After multiple years of stagnant capital investment and tightened

August 26, 2013 by Don Troop



Rising Debt Engulfs Colleges as Well as Students

President Obama took aim last week at rising levels of student borrowing, but two graduate students in sociology say the real culprit for growing college debt is Wall Street.

In a report posted last week on the Web site of the Scholars Strategy Network, Charlie Eaton and Jacob Habinek, doctoral candidates at the University of California at Berkeley, assert that the expanding burden of tuition debt is "partly driven by the indebtedness universities have taken on." Public research universities have passed along their own debt to students by raising tuition levels to 2010, say the authors. The report also says that financialization

November 25, 2013 by Scott Carlson



Are Colleges Ready to Adjust to a New Higher-Education Landscape?

Moody's Investors Service on Friday released a report with grim news, particularly for public institutions: In a survey, 28 percent of public institutions, compared with 15 percent the year before, said they expected declines in their net-tuition revenue, increasingly the lifeblood of many institutions. For private institutions, the news was not quite as dire. Nineteen percent expected declines, compared with 18 percent last year, but that finding should come with a caveat: The Moody's survey included only the institutions the credit-rating company evaluates, which means they are probably among the more financially stable private colleges out there.

One has to wonder if American higher education is the proverbial frog in a slowly warming pot of water, not realizing that it's about to be boiled alive. The Chronicle's own survey on enrollment trends at small private colleges and comprehensive state institutions, released last month, showed half of the 436 respondents missing their enrollment and net-tuition-revenue goals. The survey allowed respondents to leave comments on the state of affairs at their institutions. One respondent

INSIDE HIGHER ED

(http://www.insidehighered.com)

Reach more talented higher education professionals through your job postings

Salle Mae Sullivan on higher education

Submitted by Kevin

Colleges and universities: That is true

An annual report paid for by their parents

...expanding burden of tuition debt is “partly driven by the indebtedness universities have taken on.”

13 by Don Troop



g Debt Engulfs Colleges as Well as Students

Obama took aim last week at rising levels of student borrowing, but graduate students in sociology say the real culprit for growing debt is Wall Street.

In a report posted last week on the Web site of the Scholars Strategy Network, University of California, Berkeley, sociology professor

...debt-service payments had risen 86 percent from 2002 to 2010.

THE CHRONICLE OF HIGHER EDUCATION

November 29, 2013

Home News Global Opinion & Ideas Facts & Figures Blogs Advice Forums

Administration

Facebook Twitter LinkedIn Email Print Comment (0)

July 23, 2013

“One has to wonder if American higher education is the proverbial frog in a slowly warming pot of water, not realizing that it’s about to be boiled alive.”

However, it's hard to argue with another trend outlined by the rating agency: that expenses are outpacing revenue for the higher-education sector. "After multiple years of stagnant capital investment and tightened credit, generating revenue remains a challenge for institutions.

Higher-Education Landscape?

Moody's Investors Service on Friday released a report with grim news, particularly for public institutions: In a survey, 28 percent of public institutions, compared with 15 percent the year before, said they expected declines in their net-tuition revenue, increasingly the lifeblood of many institutions. For private institutions, the news was not quite as dire. Nineteen percent expected declines, compared with 18 percent last year, but that finding should come with a caveat: The Moody's survey included only the institutions the credit-rating company evaluates, which means they are probably among the more financially stable private colleges out there.

One has to wonder if American higher education is the proverbial frog in a slowly warming pot of water, not realizing that it's about to be boiled alive. *The Chronicle's* own survey on enrollment trends at small private colleges and comprehensive state institutions, released last month, showed half of the 436 respondents missing their enrollment and net-tuition-revenue goals. The survey allowed respondents to leave comments on the state of affairs at their institutions. One respondent

Student Drought Hits Smaller Universities

At Loyola, Freshman Class Size Plunges

[Email](#)
[Print](#)
[Save](#)
[171 Comments](#)
[f](#)
[t](#)
[+](#)
[in](#)

By CAMERON MCWHIRTER and DOUGLAS BELKIN [CONNECT](#)

July 25, 2013 7:28 p.m. ET



May 19, 2014

Education Trends in East Asia Could Disrupt Flow of Students to U.S.

Loyola University New Orleans faces a student drought that it had expected. *William Widmer for The Wall Street Journal*



Photo by Jaewon Lee

Expanded educational opportunities at home, including this campus, the result of a partnership with the State U. of New York, have contributed to a decrease in the number of South Korean students in the United States.

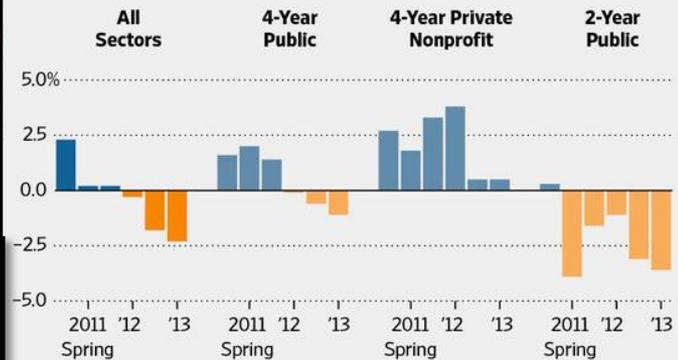
By *Karin Fischer*

Each fall, thousands and thousands of students from one East Asian

Enrollment Shortfall

Overall, colleges have seen their numbers decline in recent terms.

Percentage change in enrollment from a year earlier, by semester and sector*



*Title IV, degree-granting institutions, including certain for-profit schools

Source: National Student Clearinghouse Research Center

The Wall Street Journal

Close

U.S. NEWS

Student Drought Hits Smaller Universities

At Loyola, Freshman Class Size Plunges

Email Print Save 171 Comments f t g+ in A A

By CAMERON MCWHIRTER and DOUGLAS BELKIN [CONNECT](#)

July 25, 2013 7:28 p.m. ET



Loyola University New Orleans faces a student drought that it had expected. *William Widmer for The Wall Street Journal*

“Nearly half of the nation’s colleges and universities are no longer generating enough tuition revenue to keep pace with inflation.”

Wall Street Journal
11/22/13

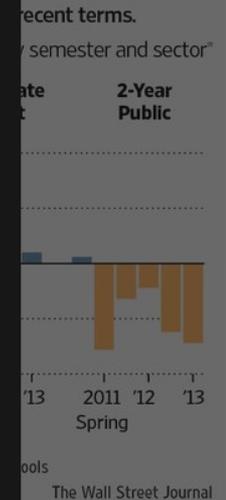


Photo by Jaewon Lee

Expanded educational opportunities at home, including this campus, the result of a partnership with the State U. of New York, have contributed to a decrease in the number of South Korean students in the United States.

By Karin Fischer

Each fall, thousands and thousands of students from one East Asian





REGISTER FOR A FREE TRIAL ▶
SUBSCRIBE FOR FULL ACCESS ▶

THE BOND BUYER

Friday, May 23, 2014 | as of 11:25 AM ET

MARKETS WASHINGTON REGIONAL NEWS MARKET DATA & TOOLS CALENDAR & SALES RESULTS CONFERENCES & EVENTS

REGIONAL NEWS

Harrisburg University Misses Bond Payment

BY PAUL BURTON
MAR 5, 2014 6:25pm ET

Harrisburg University, in Pennsylvania's distressed capital, missed a \$1.8 million bond payment on revenue bonds, according to a securities filing.

Multim



REGISTER FOR A FREE TRIAL ▶
SUBSCRIBE FOR FULL ACCESS ▶

THE BOND BUYER

Friday, May 23, 2014 | as of 11:35 AM ET

MARKETS WASHINGTON REGIONAL NEWS MARKET DATA & TOOLS CALENDAR & SALES RESULTS CONFERENCES & EVENTS

REGIONAL NEWS

Moody's Downgrade Splits Morehouse College Ratings Further

BY SHELLY SIGO
MAY 15, 2014 4:39pm ET

Moody's Investors Service downgraded Atlanta's Morehouse College two notches to Baa3, citing potentially insufficient cash flow for debt service, among other issues.

May, 30, 2014 7:09 PM ET

Credit rating downgraded at Vermont State Colleges

By LISA RATHKE, Associated Press

AIM Share
MONTPELIER, Vt. (AP) — A Wall Street firm has downgraded the long-term debt rating of the Vermont State Colleges from an A+ to an A, saying it believes there is a low likelihood that the state would help out the state colleges in the case of financial emergency.

In the past, there was a moderate likelihood, Standard & Poor's said.

"This change results in the elimination of a one-notch boost to VSC's long-term rating; however, its stand-alone credit profile remains unchanged," S&P's credit analyst Jennifer Soule said Thursday.

The negative outlook was based on the state colleges' current

- More News Video
- San Francisco man charged in explosives case
Jun. 3, 2014 1:48 PM ET
- Before recalls, safety was low in GM hierarchy
Jun. 3, 2014 1:42 PM ET
- Police arrest man wanted in FBI explosives case
Jun. 3, 2014 1:23 AM ET
- Doctors lean more left, political donations show
Jun. 2, 2014 8:18 PM ET

THE CHRONICLE OF HIGHER EDUCATION

March 4, 2014

Welcome, Kenneth | Events | Store

Subscribe Today

Home News Global Opinion & Ideas Facts & Figures Blogs Advice Forums Jobs Search The Chronicle Go

Administration

March 4, 2014

Comment (0)

Swings in Credit Ratings Hint of Challenges Ahead for Colleges

By Goldie Blumenstyk

From 2009 through 2013, the number of downgrades of colleges' credit ratings by Moody's Investors Service outpaced upgrades by nearly five to one.

More evidence of colleges' weakening financial picture? Yes, but that



Most Popular

REGISTER FOR A FREE TRIAL ▶
SUBSCRIBE FOR FULL ACCESS ▶

THE BOND BUYER

Friday, May 23, 2014 | as of 11:25 AM ET

MARKETS WASHINGTON REGIONAL NEWS MARKET DATA & TOOLS CALENDAR & SALES RESULTS CONFERENCES & EVENTS

IMAGINE HAVING \$1.5 BILLION

REGISTER FOR A FREE TRIAL ▶
SUBSCRIBE FOR FULL ACCESS ▶

THE BOND BUYER

Friday, May 23, 2014 | as of 11:35 AM ET

MARKETS WASHINGTON REGIONAL NEWS MARKET DATA & TOOLS CALENDAR & SALES RESULTS CONFERENCES & EVENTS

“According to Ms. Fitzgerald, one common factor in nearly all of the recent downgrades by Moody’s has less to do with finances and more to do with leadership. **“Weak governance and weak management”** play a key role, she said, particularly in this **“disruptive period”** when colleges face mounting demands to control costs, improve quality, and **adapt to new academic models.”**

May, 30, 2014 7

Cre Ver

By LISA RA

AIM MONTPELIER

long-term de
to an A, sayin
would help d
emergency.

In the past, there was a moderate likelihood, Standard & Poor’s said.

“This change results in the elimination of a one-notch boost to VSC’s long-term rating; however, its stand-alone credit profile remains unchanged,” S&P’s credit analyst Jennifer Soule said Thursday.

The negative outlook was based on the state colleges’ current

Before recalls, safety was low in GM hierarchy
Jun. 3, 2014 1:42 PM ET

Police arrest man wanted in FBI explosives case
Jun. 3, 2014 1:23 AM ET

Doctors lean more left, political donations show
Jun. 2, 2014 8:18 PM ET

Swings in Credit Ratings Hint of Challenges Ahead for Colleges

By Goldie Blumenstyk

From 2009 through 2013, the number of downgrades of colleges’ credit ratings by Moody’s Investors Service outpaced upgrades by nearly five to one.

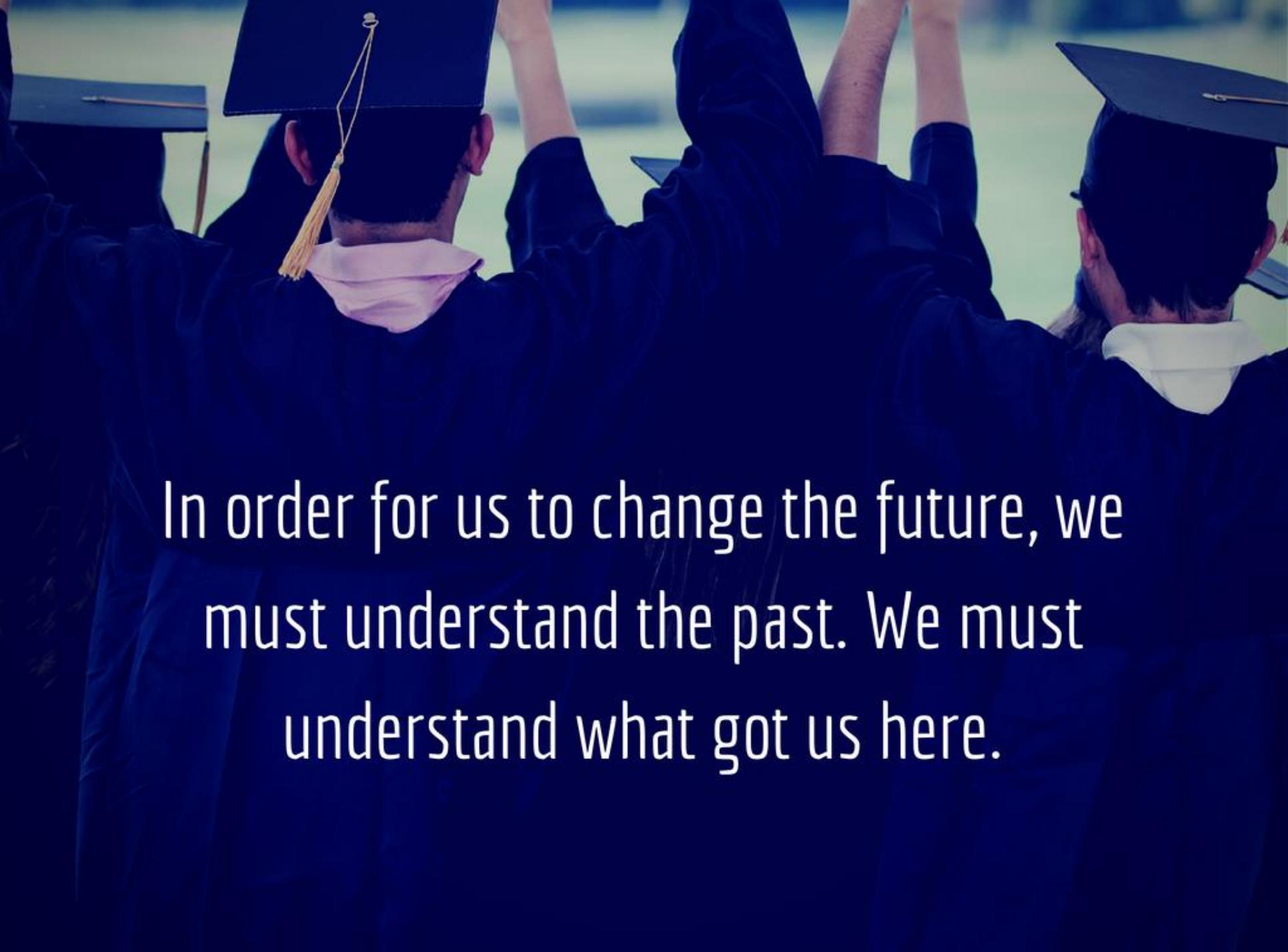
More evidence of colleges’ weakening financial picture? Yes, but that

WE ARE

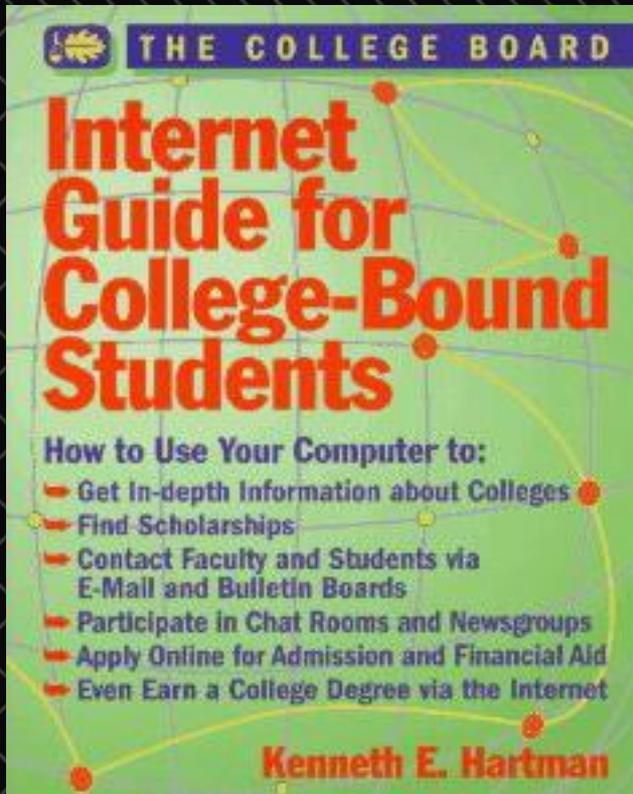


ST. JOHN'S UNIVERSITY

Most Popular

A photograph of graduates in blue gowns and caps, seen from behind, with their arms raised in celebration. The scene is set against a bright, slightly blurred background, possibly outdoors. The overall color palette is dominated by the deep blue of the gowns and caps, with a touch of white from the mortarboards and the inner lining of the gowns.

In order for us to change the future, we
must understand the past. We must
understand what got us here.



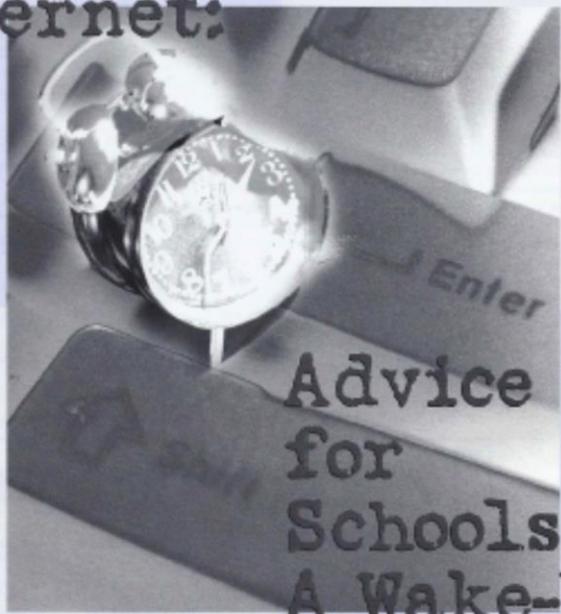
Published in 1996

“By 1999, or sooner, all collegiate institutions are expected to be online... college-bound students can now tap into vast amounts of insightful information that was not available or hard to find in the past.”

“You will soon have access to vertical browsers that go out on the Net to find pertinent and specialized college information for you...”

College Selection and the Internet:

by Kenneth E. Horvath



Advice for Schools, A Wake-Up Call for Colleges

“Technology can change the way teachers teach and students learn, and it’s beginning to change how colleges admit and recruit high school seniors.”

Published in 1997

RE-EXAMINING & REPOSITIONING HIGHER EDUCATION: TWENTY ECONOMIC AND DEMOGRAPHIC FACTORS DRIVING ONLINE AND BLENDED PROGRAM ENROLLMENTS

Kristen Betts, EdD
Drexel University

Kenneth Hartman, EdD
Drexel University Online

Cari Oxholm III, JD, MPP
Drexel University

ABSTRACT

Economic and demographic shifts in the United State are transforming higher education. With substantial reductions in state funding, increasing campus energy and operational costs, endowments generating reduced returns, and a national economic readjustment of unprecedented proportions, higher education must re-examine and reposition itself to meet new and emerging challenges. This paper identifies ten economic factors and ten demographic factors that are confronting colleges and universities and driving online and blended program enrollments. While traditional face-to-face programs will always play a critical role in higher education, online and blended programs provide new opportunities to expand current student markets by offering quality programming that supports the institutional mission, increases brand recognition, and expands an institution's alumni base.

KEYWORDS

Distance Education, Online Education, Blended (Hybrid) Education, Higher Education, Economics, Demographics, Enrollment, Endowment, Recruitment, Retention

I. INTRODUCTION

"Severe economic pressures have created a defining moment for colleges and universities, which must fundamentally reinvent themselves to survive."

- E. Gordon Gee, Ohio State University [1]

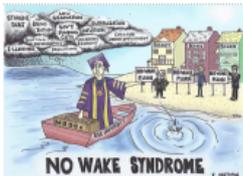
Higher education is at a pivotal time. As with many nonprofit organizations and corporations, survival will depend upon achieving the elusive balance between flat or declining revenues and increasing expenses. As economic and demographic shifts continue to challenge higher education, and as financial constraints reset consumer preferences, institutions will have to redefine and reposition themselves as part of an increasingly competitive landscape. As Facione says, "It is time for some straight talk, starting with the realization that organizations that can't or won't adapt will fail" [2].

With severe cuts in state funding, increasing campus operational costs, reduced endowments, and a national economic crisis, the question that must be answered is: *How can higher education institutions increase revenue without sacrificing or damaging the quality of programming or brand?* For many

“Economic and demographic shifts in the United State are transforming higher education.

With substantial reductions in state funding, increasing campus energy and operational costs, endowments generating reduced returns, and a national economic readjustment of unprecedented proportions, higher education must re-examine and reposition itself to meet new and emerging challenges.”

Views



The 'No Wake Syndrome'

February 11, 2013

By **Kenneth E. Hartman**

While many of us spent 2012 writing, reading and debating about whether massive open online courses (MOOCs) will forever change American higher education, Richard Linder was quietly and methodically becoming what historians will no doubt cite as America's first true MOOCer. For the past four years, the 21-year-old, who left his home at age 16, was cobbling together enough MOOC-like online courses to earn an associate degree for under \$3,000 -- with not one of the MOOC-like courses being taught by an accredited college.

The truth is that MOOCs are just a small and largely undefined "pebble" within online education; yet this pebble has caused a ripple that has turned many campuses on their heads and nearly cost a president her own. That president, like many college presidents today, faces what could be called "The No Wake Syndrome," whereby key institutional stakeholders demand leadership and action on a host of mission-critical issues, yet are not willing to accept the wake caused by change, albeit small, that will ensue as a result of the action.

E-learning is one such issue; one such wake.

SHARE

- Email
- Facebook
- Tweet
- Google +
- LinkedIn
- Pinterest
- Print

RELATED ARTICLES

Essay on context behind the MOOC experiments

Essay on online learning strategies for black colleges

Drexel's Online Nursing Program Scholarship Experiment

The Next Big Thing

“Future economic and political circumstances will fundamentally change the role of a college president from one of building more buildings and growing endowments, to one as lead advocate for the fundamental transformation of the institution’s core academic product.”

Published in 2013

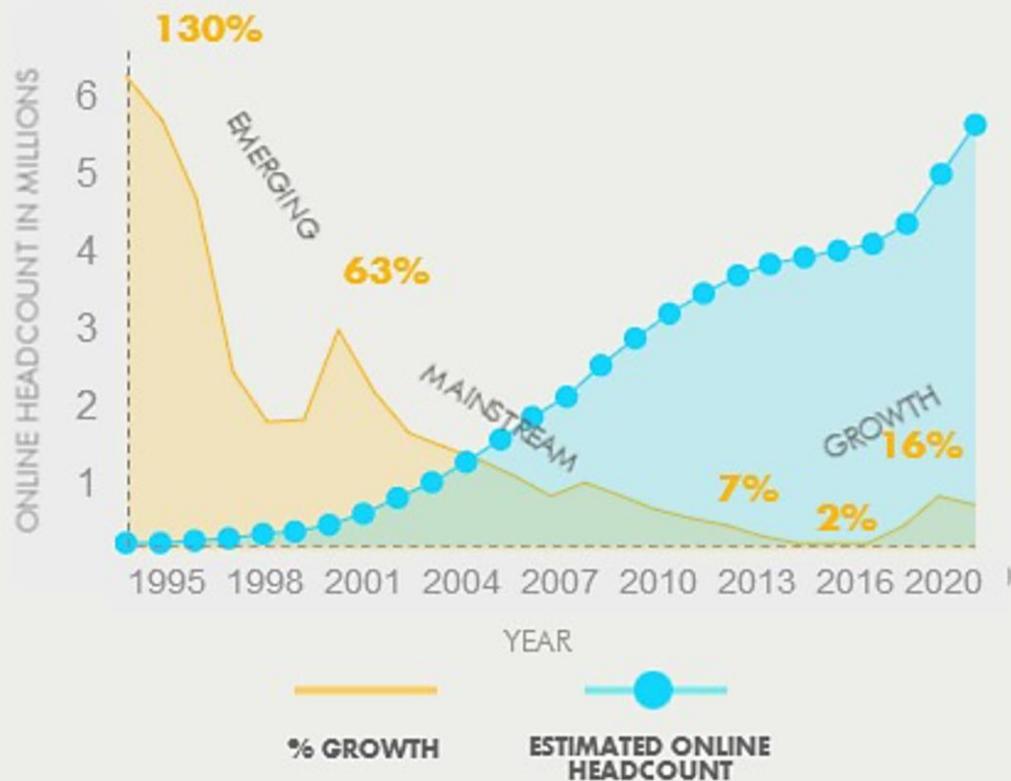


NO WAKE SYNDROME

K. HARTMAN

A MARKET POISED FOR GROWTH

BY 2020, AFTER YEARS OF SLOWING GROWTH, THE MARKET WILL REBOUND, PROVIDING A HUGE GROWTH OPPORTUNITY FOR SCHOOLS CURRENTLY INVESTING IN A LONG-TERM ONLINE STRATEGY.



THREE MILLION+

STUDENTS ARE PURSUING ONLINE PROGRAMS THIS YEAR.

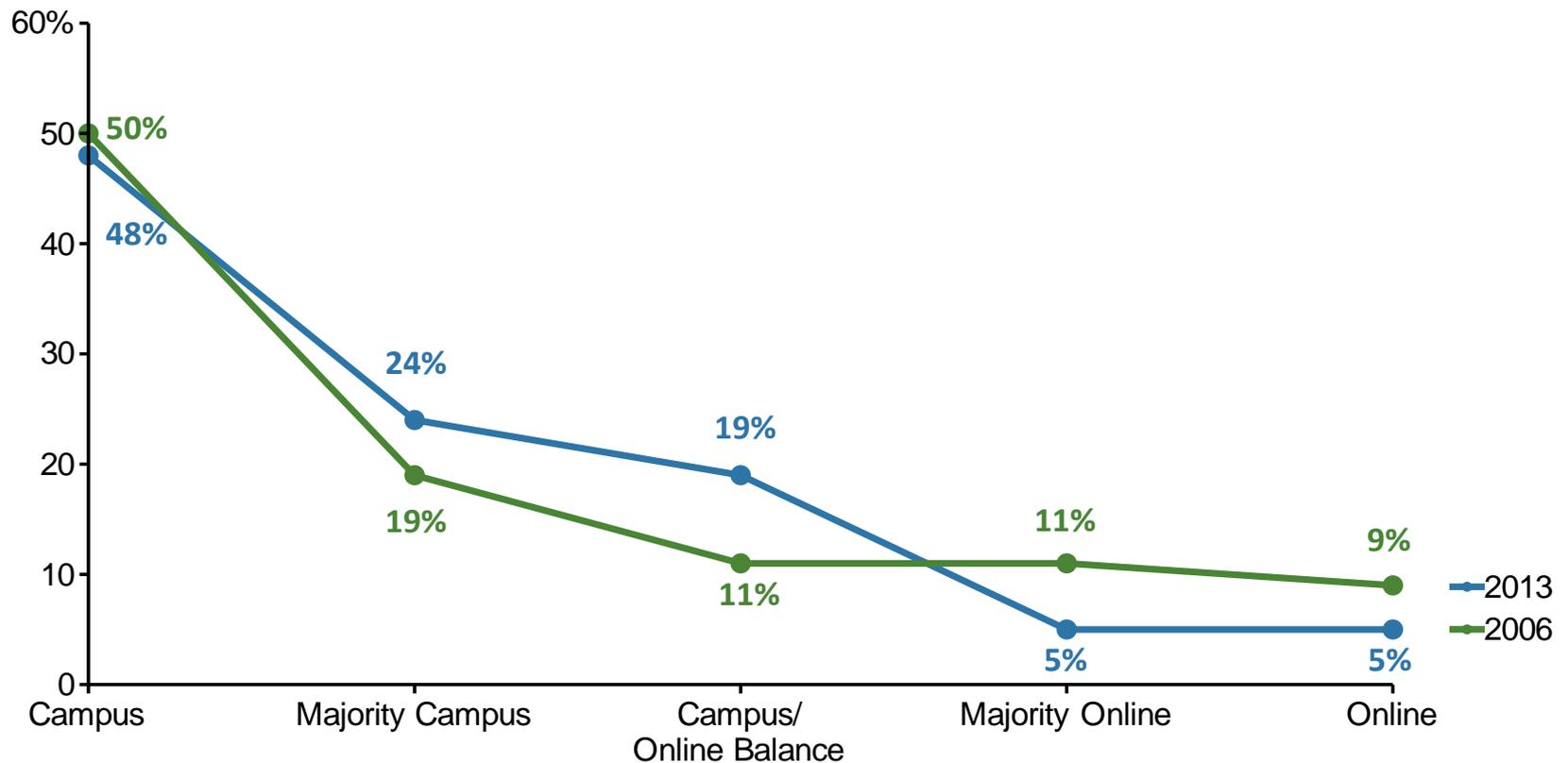
60%

OF SCHOOLS CURRENTLY OFFER ONLINE PROGRAMS.

*Online = Programming where 80% or more of all content is delivered online, excluding students taking online courses as part of an otherwise face-to-face program.

Prospects Aged 18-24: Pretty solid “campus” interest; growing enthusiasm for blended, but waning for wholly/majority online

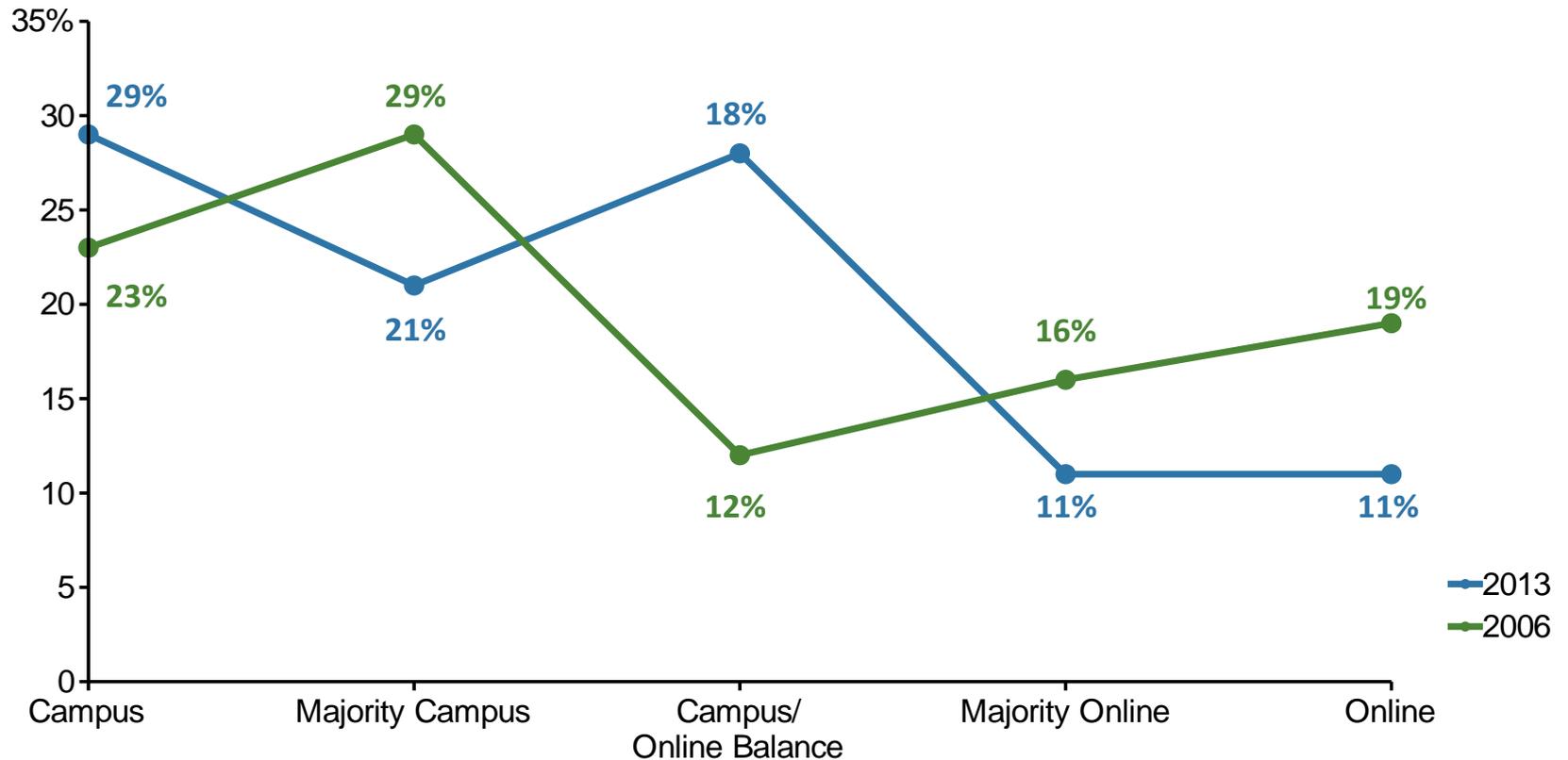
Delivery Mode Preference of 18-24 Year Old Prospects, Comparison of 2006 and 2013



Source: Eduventures consumer surveys in 2006 (n= 2,033) and 2013 (n= 3,080). Consumers interested in going/returning to school in the next three years

Prospects Aged 25-34: Enthusiasm for campus and different blends, but waning for wholly/majority online

Delivery Mode Preference of 25-34 Year Old Prospects, Comparison of 2006 and 2013



Student Expectations: Online Teaching and Learning

Today

Online is no longer a differentiator.

Throwing vast amounts of marketing money is not a option.

Savvier consumers have many options.

Talking PowerPoint slides are no longer cutting edge.

Tomorrow

Transformative pedagogy, compelling outcomes, and substantial cost reductions.

Meaningful, impactful, engaging, and adaptive learning.

Maximum mobility of content.

Ongoing career and networking opportunities within courses and programs.

Higher expectations of faculty and support services.

Student Expectations: Online Teaching and Learning

Today

Online is no longer a differentiator.

Throwing vast amounts of marketing money is not a option.

Savvier consumers have many options.

Talking PowerPoint slides are no longer cutting edge.

Tomorrow

Transformative pedagogy, compelling outcomes, and substantial cost reductions.

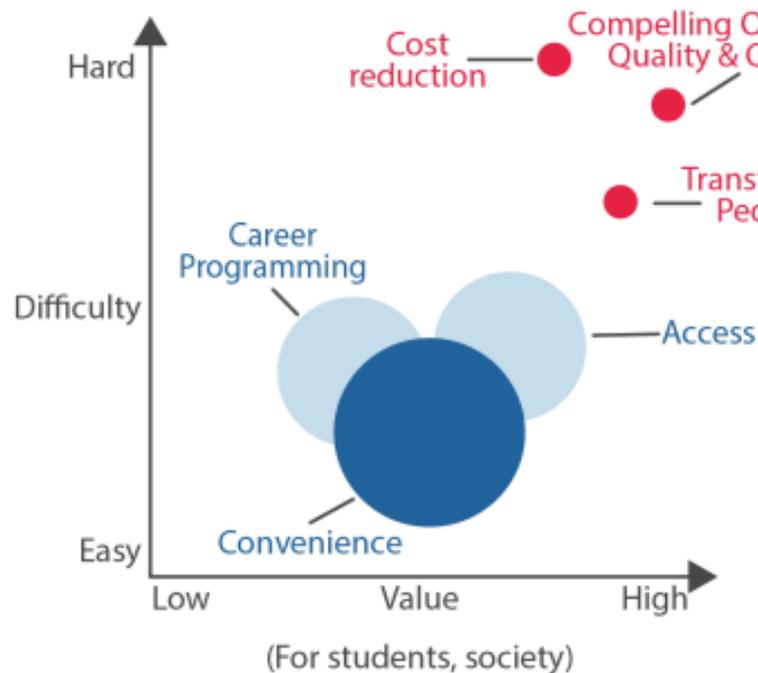
Meaningful, impactful, engaging, and adaptive learning.

Maximum mobility of content.

Ongoing career and networking opportunities within courses and programs.

Higher expectations of faculty and support services.

Evolution of Online

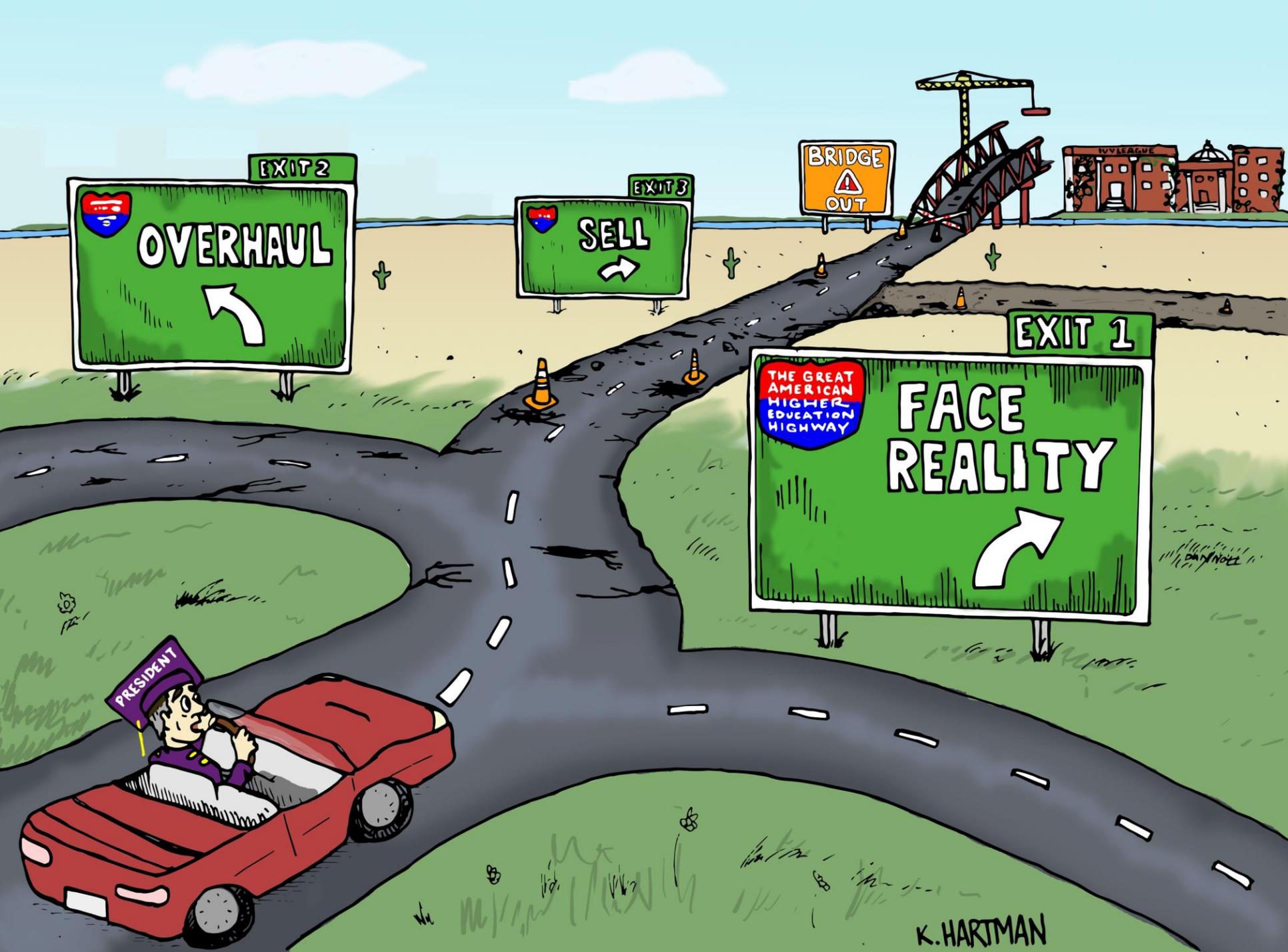


Key = Circle size indicates relative progress made by online higher education on a particular objective – the larger the circle, the greater the progress. Blue circles denote significant progress, while red circles indicate modest progress.

N.B. All coordinates are notional and estimated by Eduventures based on extensive study of this market over time.

Is online higher education like a
1980s cell phone?





EXIT 2

OVERHAUL



EXIT 3

SELL



BRIDGE
OUT

EXIT 1

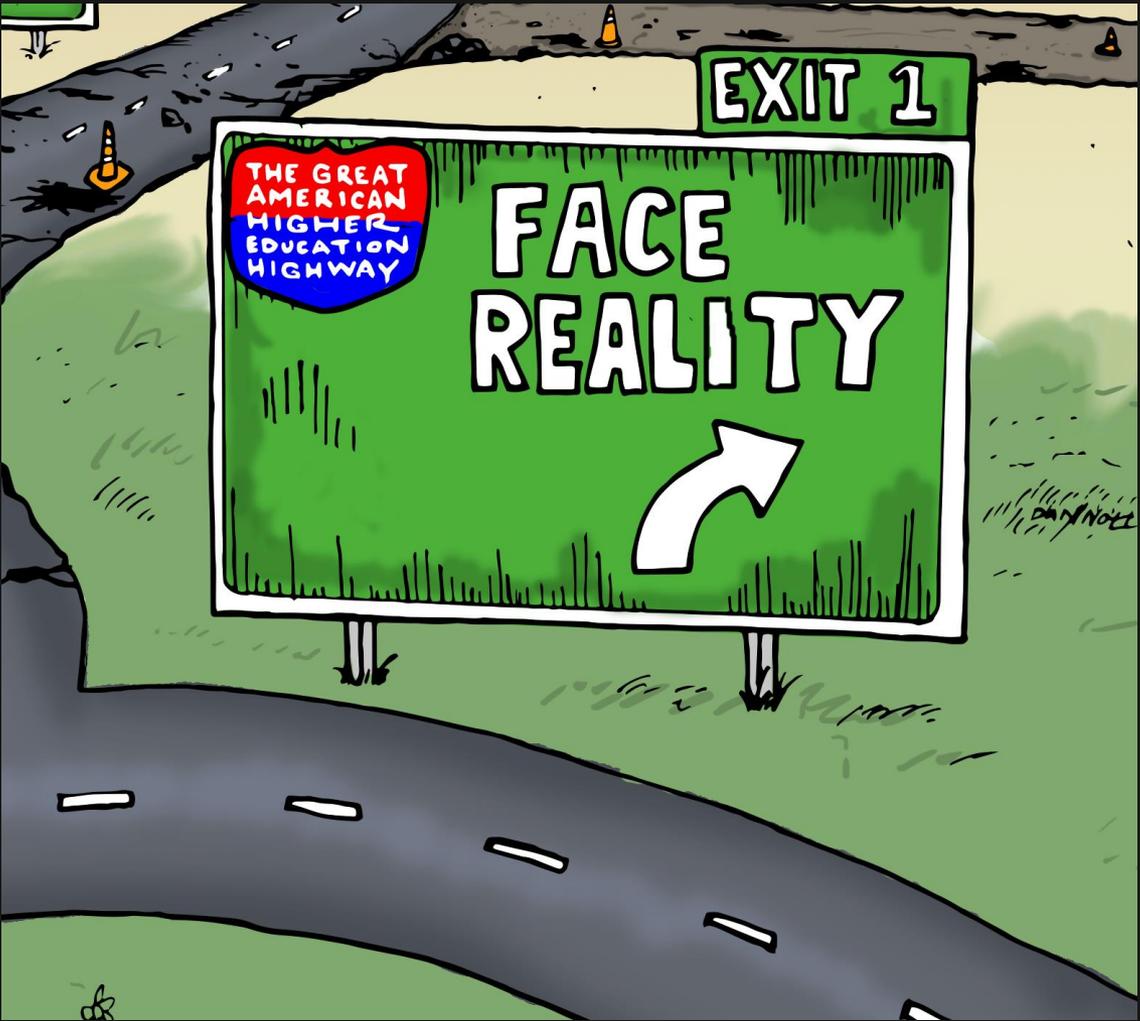
THE GREAT
AMERICAN
HIGHER
EDUCATION
HIGHWAY

FACE
REALITY



PRESIDENT

K. HARTMAN



EXIT 1

THE GREAT
AMERICAN
HIGHER
EDUCATION
HIGHWAY

FACE
REALITY



Exit 1

News



No Confidence in Anyone

May 27, 2014
By [Ry Rivard](#)

Professors at Saint Joseph's University are so distrustful of their administration that they're running out of administrators to take no confidence votes in. Faculty members recently tabled a no confidence vote in their president because they feared that if he were weakened, another senior official in whom they've voted no confidence would come to power.

Such is the acrimony at the Philadelphia private college. Starting last fall, the faculty have approved a series of statements criticizing the most powerful leaders at the university.

The Faculty Senate censured the whole administration in September. In March, it took a no confidence vote in two senior administrators, including a former interim president who

Saint Louis U. faculty and

SHARE

- Email
- Facebook
- Tweet
- Google +
- LinkedIn
- Pinterest
- Print

RELATED ARTICLES

INSIDE HIGHER ED

NEWS VIEWS CAREER ADVICE BLOG U SURVEYS WEBINARS

ADMISSIONS | BOOKS | TECHNOLOGY | COMMUNITY COLLEGES | DIVERSITY | TEACHING & LEARNING

News



Wither Pennsylvania

December 2, 2013
By [Ry Rivard](#)

Pennsylvania's 14-university state system is feeling the burn of budget cuts and declining enrollment with little relief in sight.

In the last few years, the universities have shed 5 percent of their permanent work force and discontinued or frozen new enrollment to 198 academic programs. But that wasn't enough to shore up their budgets. Now universities in the Pennsylvania State System of Higher Education are looking to end programs, lay off dozens of full-time faculty members, and cut ties with numerous adjuncts and more staffers.

The 110,000-student system is coming to terms with budget and demographic pressures that are at once familiar to public colleges across the country and unique to Pennsylvania.

Clarion University President Karen Whitney, who made a career

SHARE

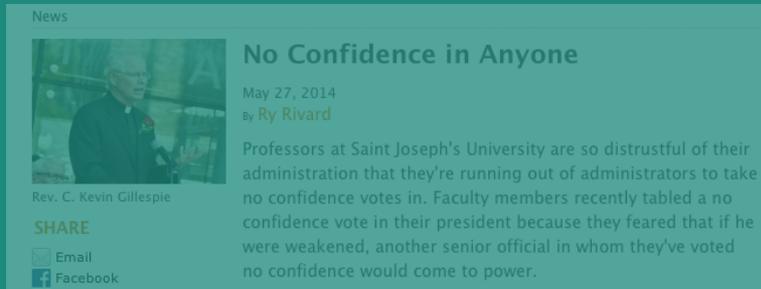
RELATED ARTICLES

State funding upturn: familiar pattern or newfound importance for higher ed

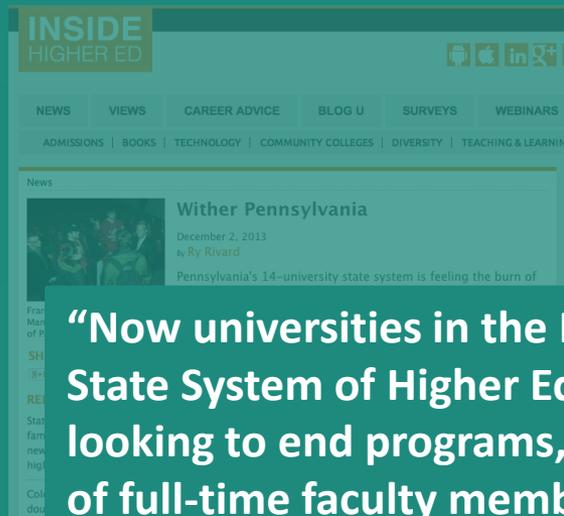
Colorado colleges can double-count merit



Exit 1



Professors at Saint Joseph's University are so distrustful of their administration that they're running out of administrators to take no confidence votes in.



“Now universities in the Pennsylvania State System of Higher Education are looking to end programs, lay off dozens of full-time faculty members, and cut ties with numerous adjuncts and more staffers.”



“No such explosion of debt has ever escaped a day of reckoning and no such monetary surge has ever had a happy ending.”

Exit 1

Start with an open and honest discussion

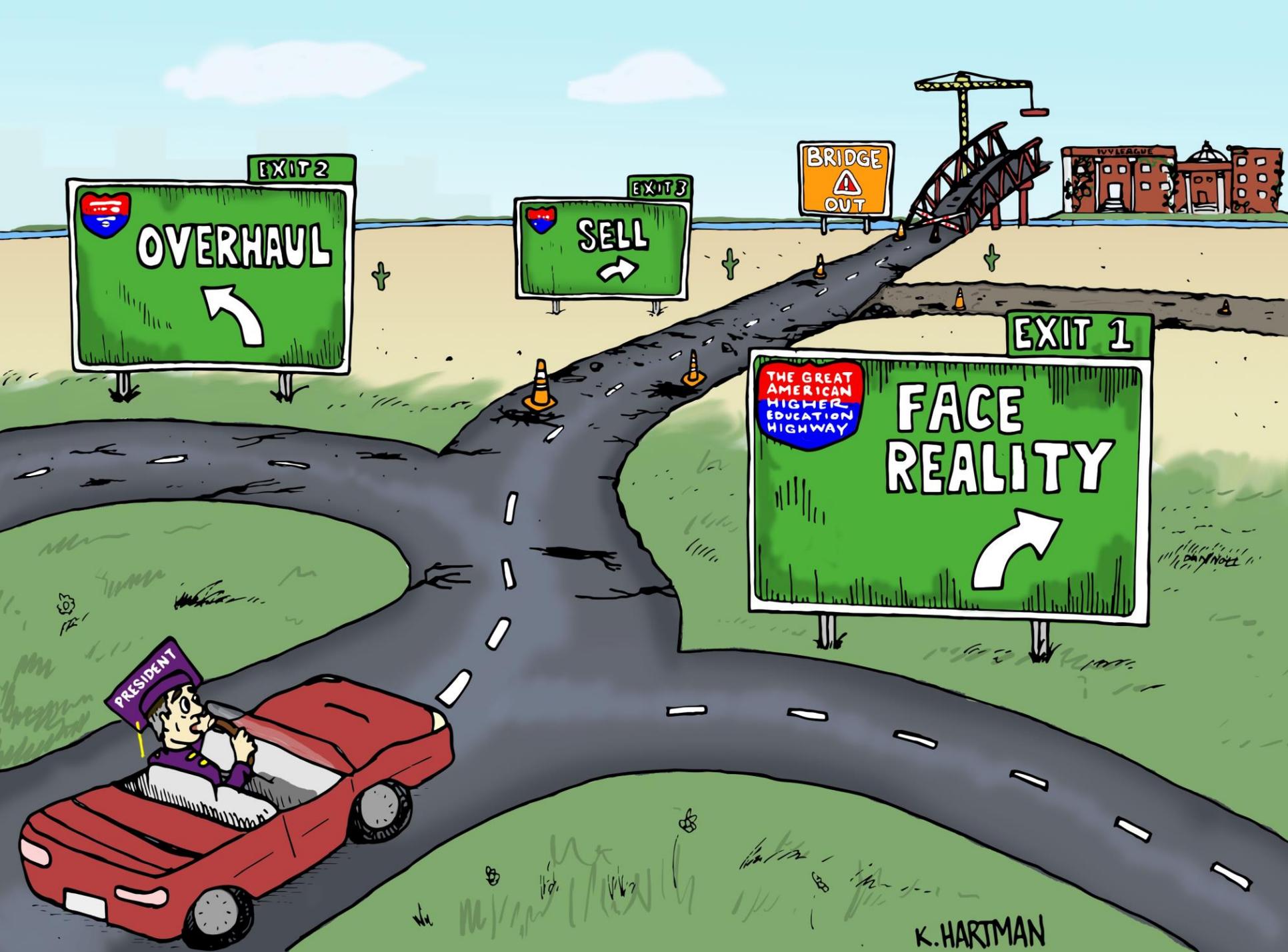
Enhanced retention efforts

New and innovative paths to degrees

Bold cost reductions

Teaching policies that lead to greater faculty productivity

Transformative pedagogy, compelling outcomes, and substantial reduction of instructional cost



EXIT 2

OVERHAUL

EXIT 3

SELL

BRIDGE
OUT

EXIT 1

THE GREAT
AMERICAN
HIGHER
EDUCATION
HIGHWAY

FACE
REALITY

PRESIDENT

K. HARTMAN



Exit 2

May 14, 2014 by Charles Huckabee

[f](#) [t](#) [g+](#) [e](#) | [Comment \(0\)](#)

In New Round of Layoffs, S.C. State U. Lets 90 Part-Time Workers Go

South Carolina State University sent termination letters to about 90 part-time and temporary employees on Tuesday in a second round of layoffs under a stringent deficit-cutting plan that seeks to reduce a cash shortfall of more than

[Democrat](#) reported.

The letters informed the employees that their jobs would end a Thursday, the Orangeburg, S.C., newspaper said.

The terminated employees served in support positions across administrative assistants, office coordinators, athletics staff members and specialists. The university plans to reassign full-time workers to

The campus's president, Thomas J. Elzey, said the terminations were "unpleasant but necessary in order to help the university to get back on track and recover."

The state's Budget and Control Board recently granted the university a \$6-million loan to help it meet its payroll and pay other bills. But that was "a temporary lifeline," Mr. Elzey said. "Therefore, we are looking for a long-term viable solution to work with the governor and

THE WALL STREET JOURNAL

BUSINESS SCHOOLS

Struggling Thunderbird Business School Finds a For-Profit Lifeline

School Takes Drastic Step to Stay Afloat

By MELISSA KORN

Updated July 9, 2013 11:16 a.m. ET

The Thunderbird School of Global Management, one of the world's top-ranked business schools, is selling its campus to a for-profit college operator as part of a last-ditch effort to bolster its finances as more people question the value of an M.B.A.

The partnership with Laureate Education Inc. pushed at least two board members to resign in protest last week and angered pockets of its 40,000-person alumni community. Administrators and other insiders said Thunderbird needed to take a drastic step in order to stay afloat.

December 14, 2012 by Eric Kelderman

[f](#) [t](#) [g+](#) [e](#) | [Comment \(0\)](#)

Costs Skyrocket for Rutgers U. Merger With N.J. Medical School

When Gov. Chris Christie of New Jersey initially proposed merging much of the University of Medicine and Dentistry of New Jersey with Rutgers University, no cost estimate was available. A price tag of about \$50-million was eventually attached to the plan, which drew sharp criticism over a doomed recommendation to merge Rowan University and the Rutgers campus at Camden.

Governor Christie, a Republican, signed legislation to carry out the much-changed plan in August.

But now that the governor, state lawmakers, and Rutgers's two governing boards have approved the acquisition of the new medical facilities, the real price is becoming painfully clear. Robert L. Barachi, the new president of Rutgers, told state legislators on Thursday that the merger would cost at least \$60 million and as much as \$75 million, according to a

The New 'System': Private Nonprofit

September 30, 2013

by Ry Rivard

In an effort to cut costs, a new kind of business model may be emerging for small colleges: multi-state, nonprofit college systems.

Saybrook University, a 600-student professional school in San Francisco that specializes in humanistic psychology for adults, is the latest stand-alone institution throw in with such a system.

Saybrook President Mark Schulman told staff, faculty and students last week that Saybrook will join TCS Education System, a Chicago-based entity with three professional schools and 6,000 students.

TCS, along with the National University System, is trying the system model, which is designed for an era of efficiency. TCS, which was founded in 2009, says it saves colleges money by handling back office services and relying on other economic scale. "Our idea is we're doing the stuff that has low student touch so the college can do the stuff that has high student touch," said TCS's president and CEO, Michael Horowitz.

November 12, 2013 by Nick DeSantis

[f](#) [t](#) [g+](#) [e](#) | [Comment \(0\)](#)

Ga. Regents Approve Merger of Southern Polytechnic State and Kennesaw State

The University System of Georgia's Board of Regents has voted to approve the merger of Southern Polytechnic State University and Kennesaw State University, the system announced on Tuesday.

The board's approval comes despite opposition from students and others at Southern Polytechnic, who objected to the consolidation plan shortly after it was announced this month.

The system has said that Kennesaw State's president, Daniel S. Papp, will serve as president of the merged institution, which will also keep Kennesaw State's name.

Exit 2

May 14, 2014 by Charles Huckabee

Facebook Twitter Google+ Email Comment (0)

In New Round of Layoffs, S.C. State U. Lets 90 Part-Time Workers Go

South Carolina State University sent termination letters to about 90 part-time and temporary employees on Tuesday in a second round of layoffs under a stringent deficit-cutting plan that seeks to reduce a cash shortfall of more than \$100 million, *Democrat* reported.

The letters informed the employees that their jobs would end at the end of the fiscal year.

THE WALL STREET JOURNAL BUSINESS SCHOOLS

Struggling Thunderbird Business School Finds a For-Profit Lifeline

“Student-loan balances increase \$31 billion to \$1.1 trillion, maintaining its place as the fastest growing debt category.”

specialists. The university plans to reassign part-time workers to other departments.

The campus's president, Thomas J. Elzey, said the terminations "were difficult but necessary in order to help the university get back on track and recover."

The state's Budget and Control Board said it would help it meet its payroll and pay other obligations, he said. "Therefore, the governor and

December 14, 2012 by Eric Lipton

Costs Skyrocket With N.J. Merger

When Gov. Chris Christie of the University of Maryland University, no cost estimate of \$75 million was eventually over a doomed reconstruction of Rutgers campus at Camden.

Governor Christie, a Republican, signed legislation to carry out the much-changed plan in August.

But now that the governor, state lawmakers, and Rutgers's two governing boards have approved the acquisition of the new medical facilities, the real price is becoming painfully clear. Robert L. Barachi, the new president of Rutgers, told state legislators on Thursday that the merger would cost at least \$60 million and as much as \$75 million, according to a

The partnership with Laureate Education Inc. pushed at least two board members to resign in protest last week and angered pockets of its 40,000-person alumni community. Administrators and other insiders said Thunderbird needed to take a drastic step in order to stay afloat.

for-profit college operator as

“There’s shock, disbelief, confusion – we’re really just still reeling from this,” said a faculty member who did not want to be named, citing concerns about job security. “I don’t know how to express to you, in terms of information, how little we got [about the cuts].”

System model, which is designed for an era of efficiency, by handling back office services and relying on other economic scale. "Our idea is we're doing the stuff that has low student touch so the college can do the stuff that has high student touch," said TCS's president and CEO, Michael Horowitz.

Ga. Regents Approve Merger of Southern Polytechnic State and Kennesaw State

The University System of Georgia's Board of Regents has voted to approve the merger of Southern Polytechnic State University and Kennesaw State University, the system announced on Tuesday.

The board's approval comes despite opposition from students and others at Southern Polytechnic, who objected to the consolidation plan shortly after it was announced this month.

The system has said that Kennesaw State's president, Daniel S. Papp, will serve as president of the merged institution, which will also keep Kennesaw State's name.

Exit 2

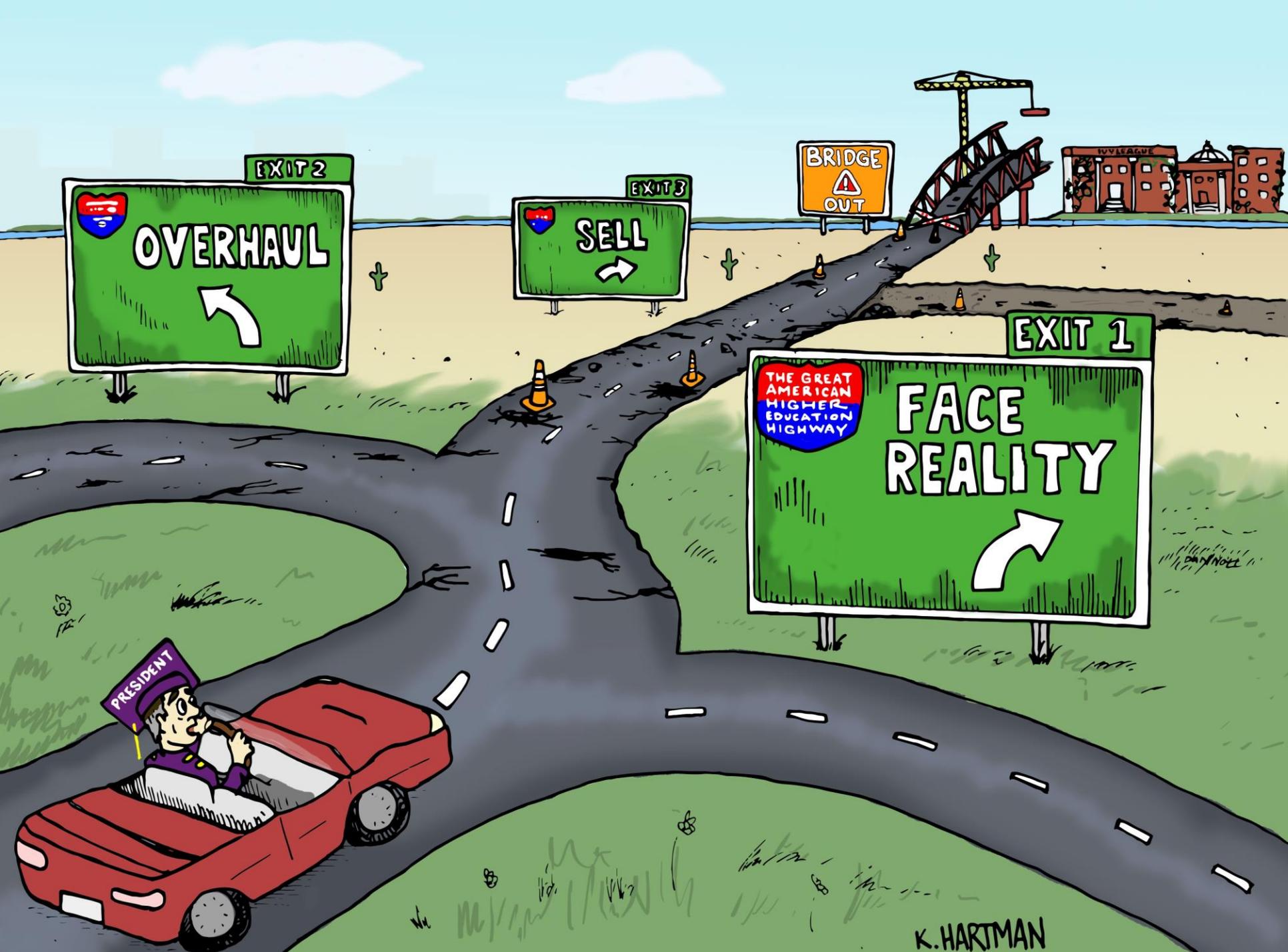
This exit is harder – you'll need to explain why you intentionally missed exit #1

Fewer options

Significant capital infusion needed

Need to seek out external resources and strategic partnerships.
Consider non-profit and for-profit opportunities.

Joint ventures



EXIT 2

OVERHAUL



EXIT 3

SELL



BRIDGE



OUT

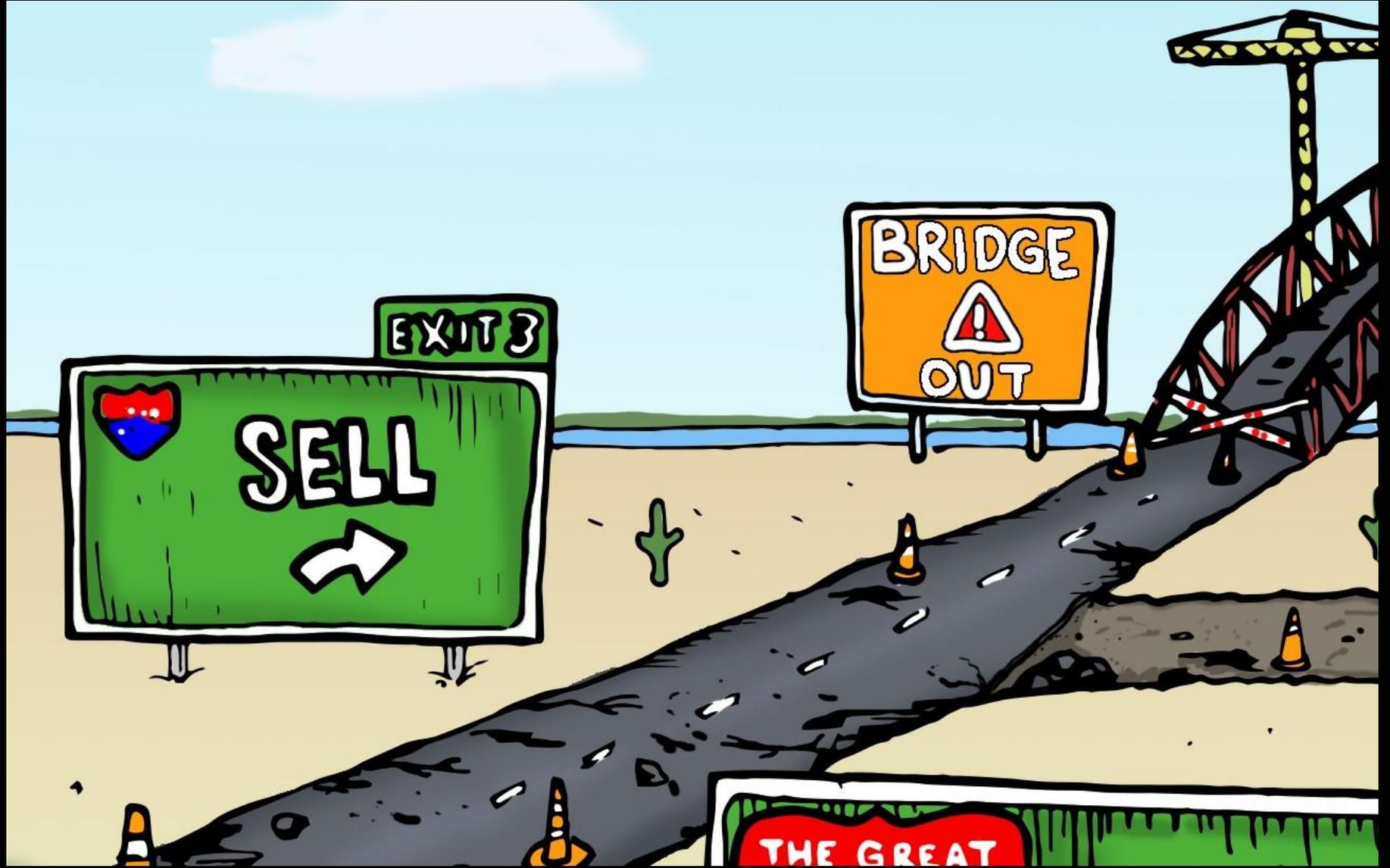
EXIT 1

THE GREAT
AMERICAN
HIGHER
EDUCATION
HIGHWAY

FACE
REALITY



K. HARTMAN



Finish off the Year with the Edge at Ascutney! New members receive 3 complimentary personal training sessions!
Join in August until January 1st: Renewing members receive 1 complimentary personal training session!
223 HOTEL ROAD, BROWNSVILLE, VT 802-484-3511 WWW.FACEBOOK.COM/THEEDGEATASCUTNEY

Lebanon College To Close; School Cancels Fall Classes

By Maggie Cassidy and John P. Gregg
Valley News Staff Writers
Tuesday, August 19, 2014
(Published in print: Tuesday, August 19, 2014)

Lebanon — Following years of economic turmoil, Lebanon College has canceled all of its classes for the upcoming fall semester in what is likely "the first step towards closing" the school, President Ron Biron said in an email Monday evening.

"Without a substantive increase in enrollment across the board and particularly in the areas of our allied health programs and certificates, we feel this is the first step



October 7, 2013 by Nick DeSantis

Virginia Intermont College Eyes Possibility of a Merger

The private college, in Bristol, Va., is fighting a decision by the Southern Association of Colleges and Schools' Commission on Colleges to drop the institution from its membership because of financial troubles. The college won an injunction in federal court to temporarily restore its accreditation while the case proceeds.

Ronda Gentry, Virginia Intermont's vice president for institutional advancement, told alumni in an e-mail newsletter that the college was expecting to announce a merger partner "in the coming weeks," though the identity of that partner institution is not yet known.

April 16, 2013 by Nick DeSantis

Accreditor Approves Plan to Merge Missouri Colleges

The Higher Learning Commission of the North Central Association of Colleges and Schools has approved a plan to merge God colleges in Springfield, Mo., under the umbrella of a consolidated institution, Evangel University, that is expected to announce a merger partner "in the coming weeks," though the identity of that partner institution is not yet known. The panel overseeing the merger selected Carol A. Taylor, president of Vanguard University of Southern California, as the consolidated institution's leader. The church's governing body voted in 2011 to go forward with the merger, which will combine Evangel with the Assemblies of God Theological Seminary and Central Bible College. Similar efforts to consolidate the institutions had failed in previous years, most recently in 1995.

Exit 3

May 1, 2014 by Charles Huckabee



\$6-Million Loan Will Help S.C. State U. Avoid 'Disaster,' but Deficit Still Looms

South Carolina State University, said last week to be a month away from "financial disaster," won a state board's approval on Wednesday to borrow \$6-million to help meet its payroll and pay other bills, according to reports by two South Carolina newspapers, *The State* and *The Times and Democrat*.

The State Budget and Control Board approved a resolution authorizing the \$6-million loan by a 3-to-1 vote on Wednesday, with one board member abstaining. Gov. Nikki Haley, a Republican who is the budget board's leader, voted to approve the resolution and said she hoped the legislature would come up with the rest of the \$13.6-million the university needs to cover its deficit. But a legislative leader who also sits on the board and opposed the loan said the odds of that happening this year were "slim and none."

The board set some conditions on the loan, including requiring the university and its foundations to provide three years of audited financial statements. The university will also have to hire a consultant to help it "assess and improve its financial management," and its trustees will have to adopt an anti-nepotism policy and sign a conflict-of-interest statement. And the loan will have to be repaid by the end of the state's 2015 fiscal year, which is a little over a year away.

N.J. lawmakers turn focus to college costs

Share Tweet +1 Reddit Email 1 COMMENT

Jonathan Lai, *Inquirer Staff Writer*

LAST UPDATED: Monday, June 2, 2014, 1:07 AM

The Inquirer New Jersey legislators, who last session restructured higher education and released \$1.3 billion to expand and renovate campuses, now are tackling the skyrocketing price of college.

"We have some very critical issues that are happening in the state, but the cost of higher education has to be one of our most critical," said Assemblywoman Celeste Riley (D., Salem), who chairs the Higher Education Committee.

"It drives our economy. It becomes our workforce, and so, if we are not investing in higher education and looking at it all the time, we will fall behind," she said.

AUCTION
JUNE 21 AT NOON

ULTIMATE LUXURY OASIS ON SO. JERSEY BAY
22 SEAVIEW DR. | LONGPORT, NJ

STUNNING BAY VIEWS FROM NEARLY EVERY ROOM OF THE HOME
150' ON THE OPEN BAY

Exit 3

April 16, 2013 by Nick DeSantis



Accreditor Approves Plan to Merge 3 Missouri Colleges

The Higher Learning Commission of the North Central Association of Colleges and Schools has approved a plan to merge three Missouri colleges in Springfield, Mo., under the umbrella of a new consolidated institution, Evangel University. A panel overseeing the merger selected Carol A. Vanguard, president of Vanguard University of Southern California, as the new institution's leader. The church's governing board has moved forward with the merger, which will combine Vanguard University, Assemblies of God Theological Seminary and Vanguard University. Similar efforts to consolidate the institutions had been made in previous years, most recently in 1995.

“...one of the most controversial bills, which would require closing four-year colleges that do not achieve a six-year graduation rate of at least 50 percent.”

May 1, 2014 by Charles Huckabee



Legislation to Help S.C. State U. Avoid Deficit Still Looms

The legislature last week to be a month away from “financial statements” released on Wednesday to borrow \$6-million to help meet the deficit, according to reports by two South Carolina newspapers, *The State* and *The Post and Courier*. The legislature approved a resolution authorizing the \$6-million loan, with one board member abstaining. Gov. Nikki Haley, the board's leader, voted to approve the resolution and the loan, which came up with the rest of the \$13.6-million the university needs to cover its deficit. But a legislative leader who also sits on the board and opposed the loan said the odds of that happening this year were “slim and none.”

The board set some conditions on the loan, including requiring the university and its foundations to provide three years of audited financial statements. The university will also have to hire a consultant to help it “assess and improve its financial management,” and its board will have to adopt an anti-nepotism policy and sign a conflict-of-interest agreement. And the loan will have to be repaid by the end of the state's 2015 fiscal year, which is a little over a year away.

October 7, 2013 by Nick DeSantis

Virginia Interns See Possibility of a Merger

The private college, in Bristol, Va., is a member of the Association of Colleges and Schools. The institution from its membership. The college won an injunction in court to prevent accreditation while the case is pending. Ronda Gentry, Virginia International University's advancement, told alumni in a letter she is expecting to announce a merger with the identity of that partner.



Legislation to Turn Focus to College

Email 1 COMMENT

Inquirer Staff Writer

Monday, June 2, 2014, 1:07 AM

New Jersey legislators, who last session restructured higher education and allocated \$1.3 billion to expand and renovate campuses, now are looking at the skyrocketing price of college.

Some of the very critical issues that are happening in the state is the cost of higher education has to be one of our top priorities,” said Assemblywoman Celeste Riley (D., Essex County), who chairs the Higher Education Committee.

STUNNING BAY VIEWS FROM NEARLY EVERY ROOM OF THE HOME

130' ON THE OPEN BAY

“It drives our economy. It becomes our workforce, and so, if we are not investing in higher education and looking at it all the time, we will fall behind,” she said.

Exit 3

There's no cavalry coming (think Detroit)

Merger may be your best option

Bond holders will demand restructuring

Significant loss of control

There is still time to successfully navigate your institution through the rough road

Face Reality

- Tune up the value proposition
 - Better segmentation and differentiation
 - Focus on student outcomes
 - Tighter linkages to labor markets
 - Identify alternative revenue sources
 - On-line programs
 - International students
 - Operational efficiency, process redesign, and cost reduction
-

Overhaul

- Deep rightsizing
 - Fundamental changes that may impact the mission
-

Sell

- Mergers
- Alternative capital sources
- Teachouts

Segmenting by motivation reveals six segments split between traditional and non-traditional students

Student Segments

1

Coming of Age (10%)

Traditional (18-21 year old) students who are not yet sure what they want to get out of college, but have the luxury of taking the time to figure it out

- *"I am in college not only to get a degree, but to grow as a person. The social skills, critical thinking skills, writing skills, public address skills, and life skills are making the tuition price worth it"*

2

Aspiring Academics (24%)

Typically 18-21 year old students who are more academically driven to achieve and often intent on graduate school

- *"I plan on completing my BA in order to be accepted in medical school... education as a whole gives you a great advantage. Not only when it comes to knowledge but also growth"*
- *"I am motivated to dedicate all of my time to succeeding in school, and I hope a lot of people share my motivation"*

3

Career Starters (18%)

Traditional age students who use college to advance their lot in life. While some have specific degrees in mind, others just know that college will help them figure it out

- *"I am finally getting to complete what is necessary for my dream job"*
- *"I just want to finish school. I love learning and all, but truth is I don't even know what I want to do in life. I just want to make sure that I will never be poor again"*

4

Career Accelerators (20%)

Typically older, often currently employed students who are going to college with the aim of advancing their career

- *"I want to graduate and prove myself that I can move forward in my chosen career"*
- *"I am currently a CNA, and I have been in this position with my company for 6 years. I really enjoy it but would like to sharpen my skills and advance to CNA II"*

5

Industry Switchers (17%)

Typically older, students whose aim is to find a new career that suits their interests and provides them with financial security

- *"I hope to return to school, broaden my knowledge base, and have the opportunity to work in more than one field. Cost and time largely impact the reality of achieving this goal"*
- *"I messed up my chance to succeed in college by going straight out of high school...I am now going to get the degree I know I am capable of, and moving forward to get the job I want"*

6

Academic Wanderers (8%)

Adult students who don't know exactly what they want out of college, but imagine that getting some type of degree is worth it

- *"I want to better my life as well as my family's and feel this is the best way to do it"*
- *"I am ambivalent about pursuing a degree, as I'm not sure how much it will help me advance, and I'm not sure how much work life I have left."*

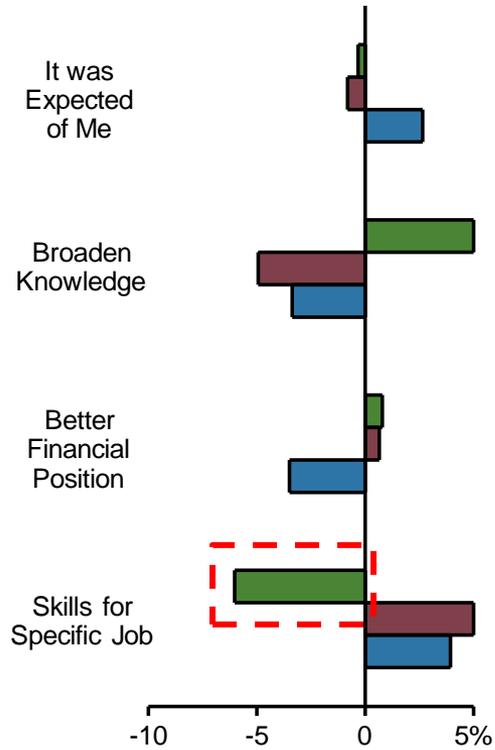
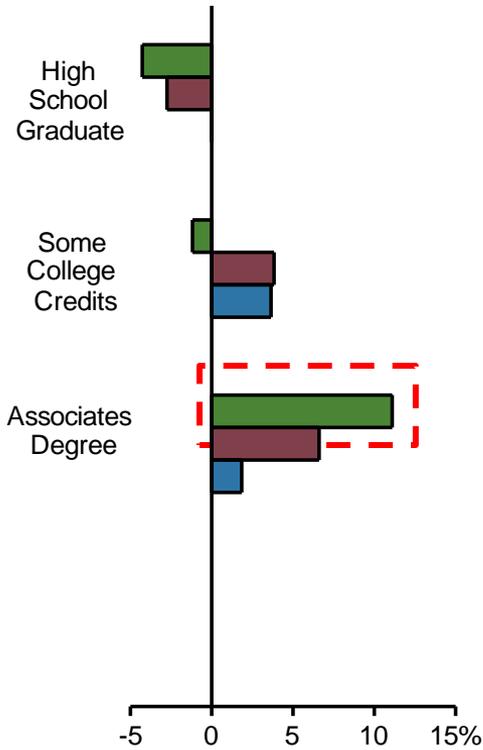
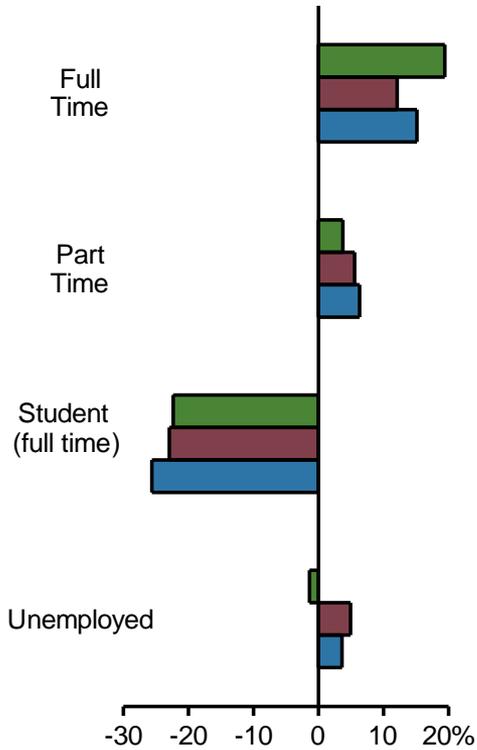
Non-traditional segments are slightly more aligned in observable characteristics, but differ in their motivations

When compared to the average answers across the segments, each student type exhibited differing preferences and approaches to their bachelor's degree experience...

Q: Please indicate your employment status

Q: What is the highest level of education you have attained?

Q: What is your primary motivation for selecting college as postsecondary plan?



■ Career Accelerator
 ■ Industry Switcher
 ■ Adult Wanderer

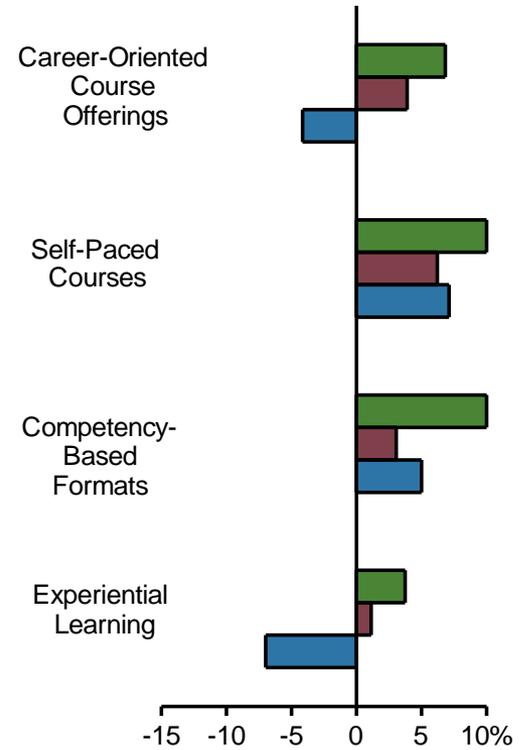
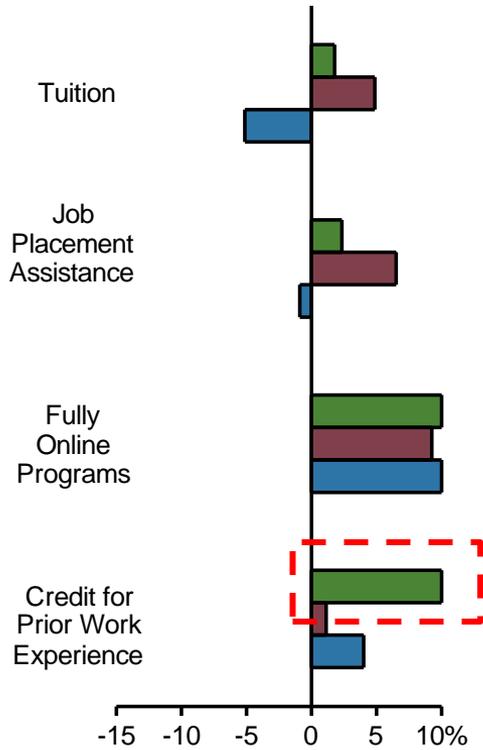
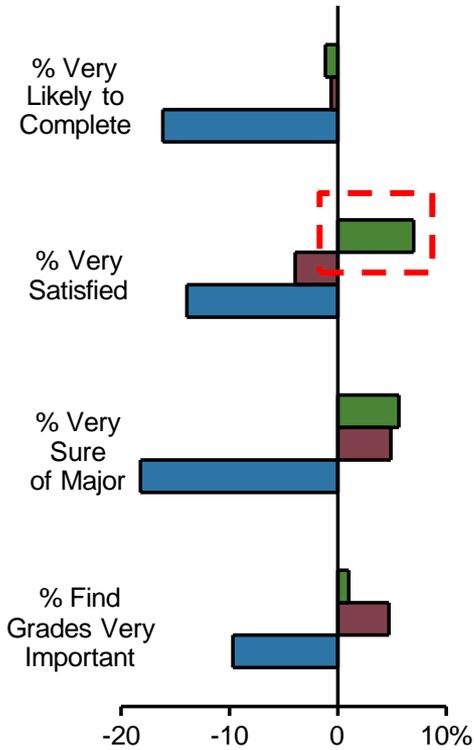
Career Accelerators are particularly interested in credit for prior work and academic credit

When compared to the average answers across the segments, each student type exhibited differing preferences and approaches to their bachelor's degree experience...

Q: How do you think about your experience in terms of satisfaction, likelihood to complete, etc.

Q: What factors did you consider when deciding what school to attend?

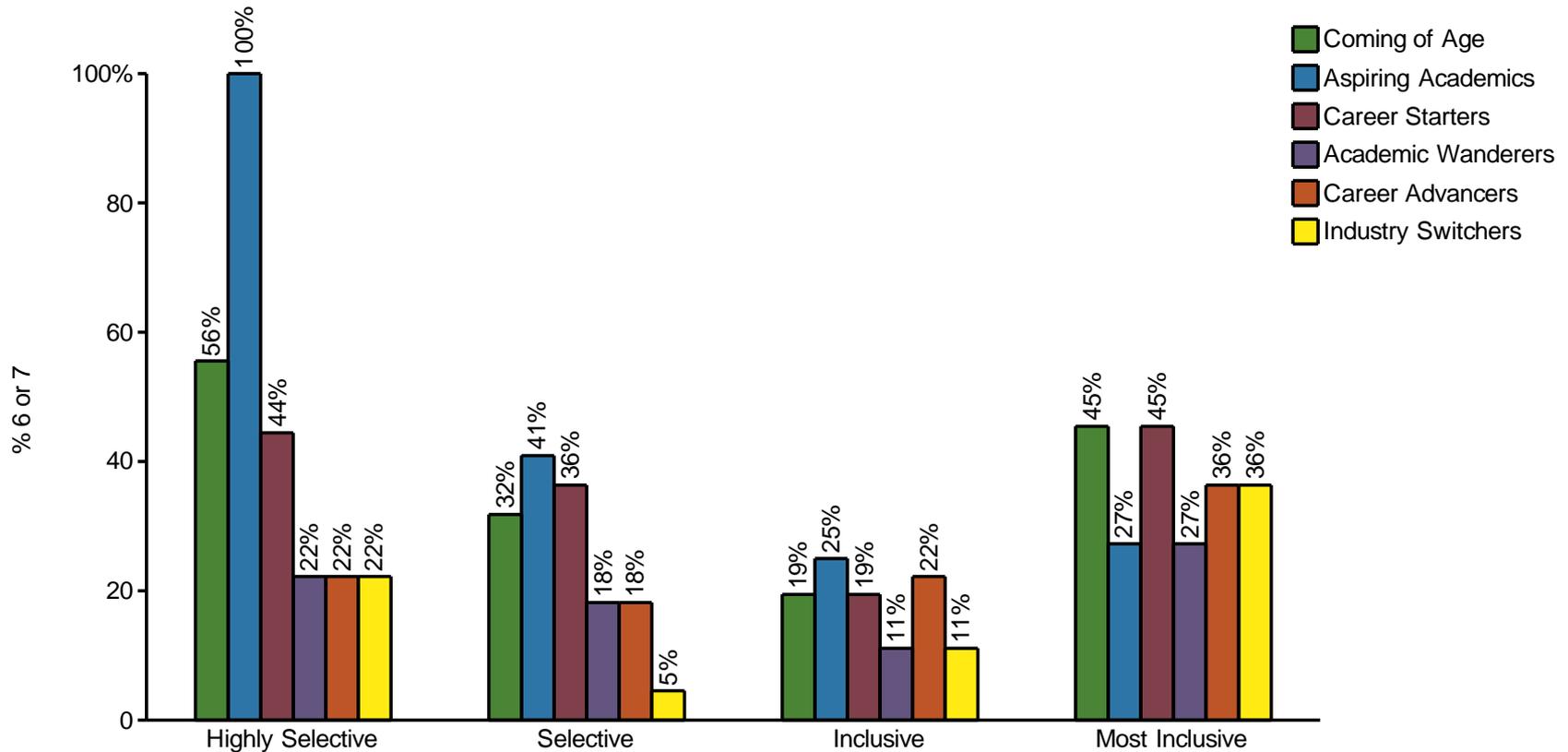
Q: How important are the following academic opportunities?



■ Career Accelerator
 ■ Industry Switcher
 ■ Adult Wanderer

There appears to be a disconnect between student needs and how well universities believe they meet those needs

Q: How well does your University cater to the specific needs of the following types of students?
Please rate on a scale from 1 to 7, where 1 = Not well at all and 7 = Extremely well



About Eduventures

Eduventures is the industry leader in research, data, consulting, and advisory services for the higher education community. For 20 years, college and university leaders and education industry providers have looked to Eduventures for innovative and forward-looking ideas, for insights into best practices, and for help with making the strategic and operational decisions vital to their success.

More about Eduventures can be found at www.eduventures.com.

About Parthenon-EY

About Parthenon and EY

Parthenon combined with Ernst & Young LLP on August 29, 2014. Parthenon is a leading advisory organization focused on strategy consulting. We are committed to combining our unconventional thinking with our clients' smarts to deliver actionable strategies. In today's complex business landscape, creativity has become a necessary ingredient for sustained success. Together with EY, we have an ideal balance of strengths – specialized expertise with broad executional capabilities, intimate client relationships with larger networks of support, and proven processes along with a progressive spirit – to unlock opportunity for our clients, amplify the impact of our strategies, and make Parthenon the global partner of choice for business leaders.

About Parthenon-EY's Education Practice

Parthenon-EY has served as an advisor to the education sector since our inception in 1991. Our Education Practice – the first of its kind across management consulting firms – has an explicit mission and vision to be the leading strategy advisor to the global education industry. To achieve this, we invest significantly in dedicated management and team resources to ensure that our global expertise extends across public sector and non-profit education providers, foundations, for-profit companies and service providers, and investors. Parthenon has deep experience and a track record of consistent success in working closely with universities, colleges, states, districts, and leading educational reform and service organizations across the globe.

THANK YOU... Contact Information



THE PARTHENON GROUP

Robert Lytle

Managing Director, Co-Head of Education

robl@parthenon.com

617.478.7096



EDUVENTURES

Dr. Kenneth Hartman

Senior Fellow

khartman@eduventures.com

609.929.8234