

STRATEGIC PLANNING ADVISORY COMMITTEE
ENVIRONMENTAL SCAN
Economic Data
Prepared by Deb Kerby

Missouri Budget (Source: Linda Lueberring, State Budget Director)

- Slower than expected recovery in 2010 due to European debt crisis and uncertainties about the waning impact of the fiscal stimulus
- In near term, recovery will be hampered by changes in government spending
 - Removal of federal stimulus
 - Sharp contraction of state and local expenditures
- Missouri unemployment currently above 9 percent
 - Projected unemployment by August 2011 still 8 percent
- Inflation is expected to remain low at approximately 1 percent through 2011
- Corporate profits are up, financial sector is improving, and interest rates are low.
 - Business investment is growing
 - Above-average growth is expected in 2011 but could be derailed by if consumer demand remains weak and unemployment fails to decline
- FY 2010 revenues came from two primary sources:
 - Individual income taxes: 65 percent
 - Sales tax: 26 percent
 - Income tax collection (both individual and corporate) down more in the Eighth Federal Reserve district than nationally. East and southern Missouri is in the Eighth District.
- FY 2011 general revenue collections estimated to be slightly higher than 2010 collections but still lower than FY 2009
 - Higher education is 11 percent of state budget for FY11. Elementary & Secondary Education get 36 percent and Human Services 29 percent.
- Ahead for FY 2012
 - \$420 million increase in revenue; 6 percent above 2011 estimate
 - May be overly optimistic
 - (\$700) million decrease in federal stabilization funds
 - So a (\$280) million decrease in available resources, a 5.3 percent decrease
 - Federal mandates create a \$170 million increase in spending
 - Budget gap of \$400 to \$500 million w/o \$180 million that must be spent on K-12
- How balance the budget?
 - Improve tax collections
 - Reduce costs
 - Eliminate non-mandatory spending
 - Most areas have had cuts. Higher education already reduced 5 percent; scholarships will not be restored. Higher education will face more reductions in funding.

Future of Higher Education (Source: John D. Walda, President and CEO of NACUBO)

Economic Outlook, College Costs, and Funding

- Full employment will not be reached until 2015
- State tax appropriations per FTE topped out at turn of century and have shown a general downward trend since
- Total state support down 3.4 percent in 2010 without stimulus and 1.1 percent with stimulus
- For period ended June 30, 2009, endowments were down on average 18.7 percent
- Contributions to colleges will be down for all institutions.
 - In 2009, contributions to institutions at all levels were down 11.2%.
- College tuition continues to rise at a rate faster than inflation (approximately 2 to 3 times)
- Loan usage and debt are up
 - 2008: Share of students with loan debt is public-62 percent; private, nonprofit 72 percent; and private for profit 96 percent
 - 2008: Average debt for graduating seniors from publics is \$20,200; private nonprofit is \$27,650; and private for-profit is \$33,050
- Net tuition generally rose about 5 percent a year from 2000 to 2007. In 2008, there was a net decrease of 2.5% and a 1.9% increase in net tuition in 2009.
- Share of Federal Student Aid in 2008 – 2009

	<u>Higher Ed Enrollment</u>	<u>Federal Student Aid</u>
Public	72.0%	46.2%
Private, non-profit	18.8%	30.2%
Private, for-profit	9.2%	22.9%

Tuition Discounting: Institutional Aid Patterns at Public and Private Colleges and Universities, 2000-01 to 2008-09 (College Board)

- Public 4-year institutions saw a steady increase in grant aid through 2007-2008. Evidence suggests a small decrease in 2008-2009

Figure 1: Total Tuition Discount Rate by Sector, 2000-01 to 2007-08 (and Preliminary 2008-09)

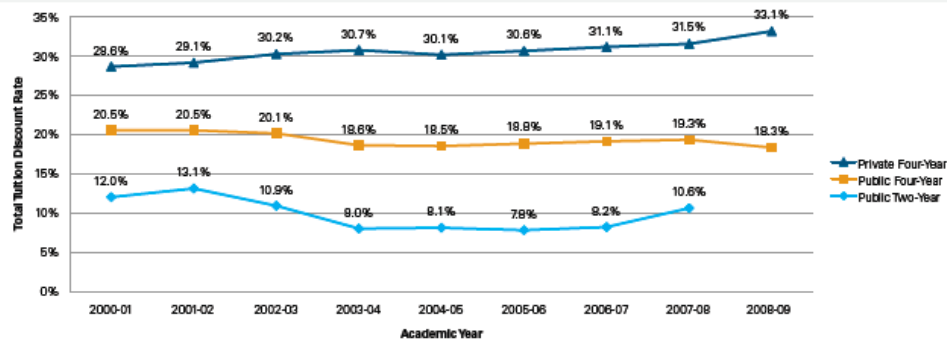


Table 3: Distribution of Total Discount Rate by Type of Discount and Sector, 2007-08

	General Institutional Grant Aid		Athletic	Tuition Waiver	All Types
	Meeting Need	Beyond Need			
Public Two-Year	30%	16%	11%	43%	100%
Public Four-Year	37%	32%	15%	17%	100%
Private Four-Year	64%	24%	5%	7%	100%

Note: Components may not sum to 100% due to rounding.

- Tuition and fees increased 77 percent from 2000-01 to 2007-08 while net price increase 73 percent at public 4-year institutions.
- Average discount rates at 4-year colleges were 19 percent in 2007-2008 and appeared to be slowing in 2008-09.
- Discount rate for aid that meets need has increased over time, while aid beyond need such as tuition waivers, and athletic discount rates has declined.

Table 14: Tuition Discounts by Type of Discount at Flagship Universities Compared to Other Public Four-Year Institutions, 2007-08

	Total Discount Rate	General Institutional Grant Aid		Athletic	Waiver	Published In-State Tuition and Fees	Average Full-Time Equiv. Students (FTES)	Average Percentage of FTES Out-of-State
		Meeting Need	Beyond Need					
Flagship	28.8%	11.1%	9.5%	4.4%	3.8%	\$7,340	19,157	22.7%
Other	16.6%	5.9%	5.1%	2.9%	2.6%	\$6,026	8,474	9.6%

Note: Components may not sum to totals due to rounding.

- There is still substantial unmet financial need so the College Board recommendation to institutions and policy makers is to reduce the awarding of characteristic-based aid to students

Postsecondary Institution and Price of Attendance in the United States: Fall 2009, Degrees and Other Awards Conferred: 2008-2009, and 12-Month Enrollment: 2008-2009 (National Center for Education Statistics, U.S. Department of Education)

Tuition and Fees Charged to Full-Time Undergraduate Students at Title IV Institutions in the United States

- During 2009-10, 4-year public institutions reported average tuition and required fees⁷ of approximately \$6,400 for in-state students and about \$15,100 for out-of-state students (table 3). Four-year private not-for-profit institutions⁸ reported charging approximately \$21,100, on average, and private for-profit institutions reported charging an average of about \$15,700.
- Between 2000-01 and 2009-10, 4-year public institutions reported a 46 percent increase in average inflation-adjusted in-state tuition and required fees and a 34 percent increase in average inflation-adjusted out-of-state tuition and required fees (table 4). Over the same 10-year period, 4-year private not-for-profit institutions reported a 31 percent increase and private for-profit institutions reported a 20 percent increase in average inflation-adjusted tuition and required fees.

Price of Attendance for Full-Time, First-Time Degree/Certificate-Seeking Undergraduate Students at Title IV Institutions in the United States

- Between 2007-08 and 2009-10, public institutions reported a 9.1 percent increase in average inflation-adjusted in-state tuition and required fees and a 7.5 percent increase in average inflation-adjusted out-of-state tuition and required fees (table 5). Over the same period, private not-for-profit institutions reported a 6.6 percent increase and private for-profit institutions reported a 5.2 percent increase in average inflation-adjusted tuition and required fees.
 - Among 4-year institutions, private for-profit institutions reported the highest average price of attendance during 2009-10 for students living on campus (approximately \$36,700), slightly higher than the average for private not-for-profit institutions (about \$34,200) (table 6). Public institutions reported an average price of attendance of approximately \$18,600 for in-state students living on campus and \$27,700 for out-of-state students living on campus.
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STUDENT EMPLOYMENT OUTLOOK

Future of Higher Education (Source: John D. Walda, President and CEO of NACUBO)

Employment Outlook

- Higher Education and Employment Connection
 - Seasonally Adjusted Unemployment Rates

	<u>May 2009</u>	<u>May 2010</u>
Less than a high school diploma	15.4	15.0
High school graduates	10.0	10.9
NATIONAL AVERAGE	9.4	9.7
Some college or associate's degree	7.8	8.3
Bachelor's degree or higher	4.8	4.7

- People who do not complete postsecondary education are falling out of the middle class (\$30,000 to \$79,000)

	<u>1970</u>	<u>2007</u>
High school dropout	46%	33%
High school graduate	60%	45%
Some college, no degree	53%	45%

- Bachelor's degree holders and better earn a substantial wage premium (Approximately \$30,000 over those with some college and \$40,000 per year for high school or less)

- By 2018, about two-thirds of all employment will require some college education or better
 - By 2018, the postsecondary system will have produced 3 million few college graduates than demanded by the labor market

Education Pays 2010: The Benefits of Higher Education for Individuals and Society (College Board)

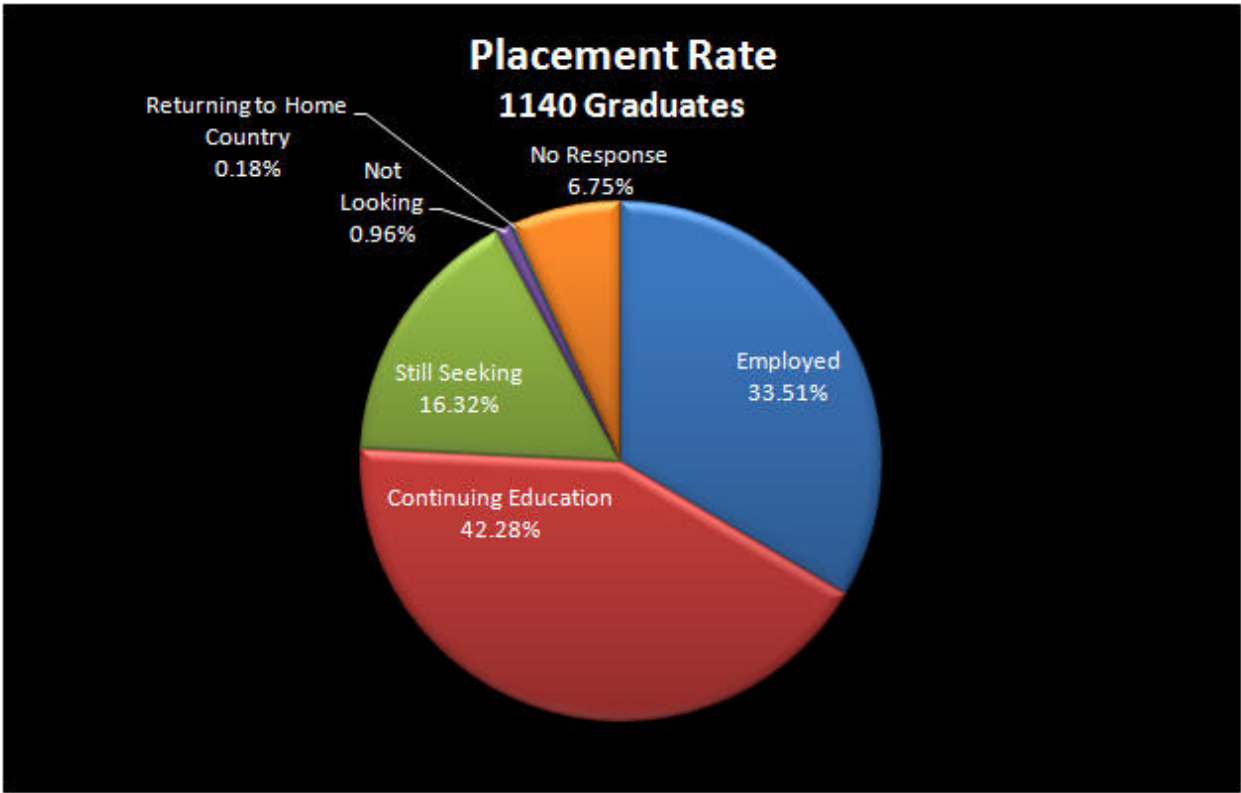
- By age 33, the higher earnings of college graduates (after 11 years of work) match the cumulative earnings of high school graduates and also returns the average tuition and fee payments at a public four-year university.
- Individuals with higher levels of education earn more and are more likely to be employed
- The financial return associated with additional years of schooling beyond high school and the gaps in earnings by education level have increased over time.
- Federal, state, and local governments enjoy increased tax revenues from college graduates and spend less on income support programs for them.
- College-educated adults are more likely than others to receive health insurance and pension benefits.
- College education leads to healthier lifestyles, reducing health care costs for individuals and society.
- Students who lack financial resources, who do not have strong academic preparation, or are unfamiliar with the expectations and requirements of colleges and universities—need more and better information and advice—and more generous financial support.

- Many enroll in colleges that are less selective and less challenging than those to which they would likely have been admitted based on their academic qualifications, reducing the probability that they will earn a bachelor's degree

Starting Salary Offers to College Class of 2010 Decline (NACE)

- Starting salary of 2010 bachelor's degree candidate was \$47,673, which is 1.7 percent lower than the average of \$48,515 in 2009
- Business finance and accounting majors saw their earnings rise by 1.6 and 0.4 percent respectively, to \$50,546 and \$48,575. Business management and marketing majors' earnings fell by 8 and 2.1 percent, respectively, to \$42,094 and \$42,710, respectively.
- Graduates earning computer-science degrees saw their earnings rise 4.7 percent or to \$60,426.
- Graduates earning liberal arts degrees received salary offers that were 8.9 percent lower at \$33,540.
- Employers prefer hiring someone with relevant work experience (approximately 76 percent for the past three years)
 - Another 16 – 18 percent prefer anyone who has had any type of experience
- When equally qualified candidates, the following attributes influence the decision (in order of influence):
 - Has held a leadership position
 - Major
 - High GPA
 - Involved in extracurricular activities
 - School attended
 - Has done volunteer work

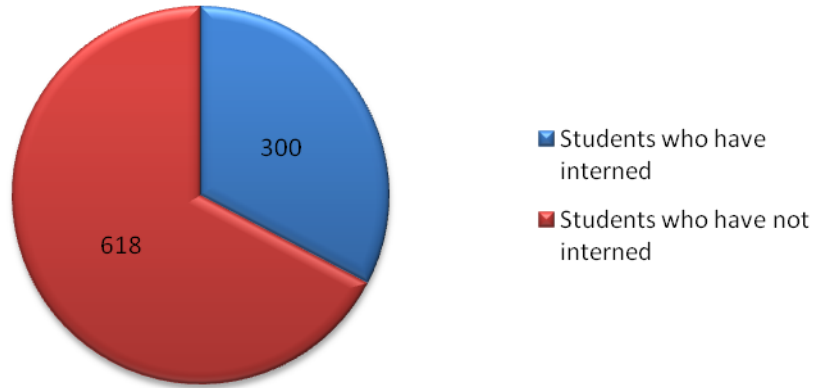
2009 Placement Data from Truman State University Career Center



**INTERNSHIP STATISTICS OF TRUMAN UNDERGRADUATE STUDENTS
AS REPORTED TO THE CAREER CENTER AT THE SPRING 2010 GRADUATION FAIR**

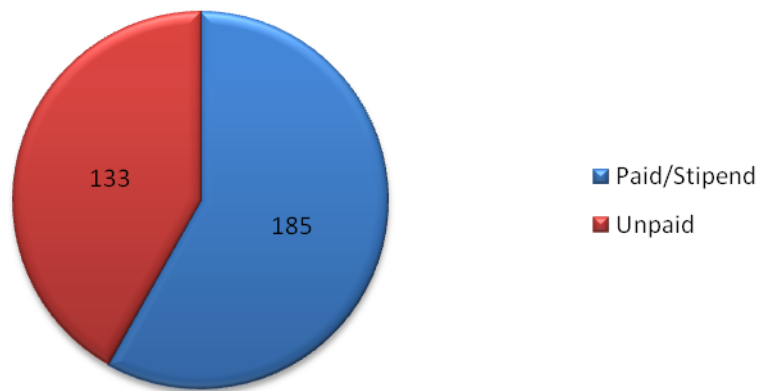
Graduating Seniors	918
Total Number of Internships Reported	318
Students who have completed at least 1 internship	300
Students who completed 2 Internships	17
Students who completed 3 Internships	1
Total Majors Reporting Internships	27/35 = 77.14%
Total Majors Not Reporting Internships	8/35 = 22.85%
Number of Unique Cities	97
Number of Unique States	24
Number of Unique Countries	14
Number of Internships Outside of the USA	18

32.68% of Students Reported an Internship

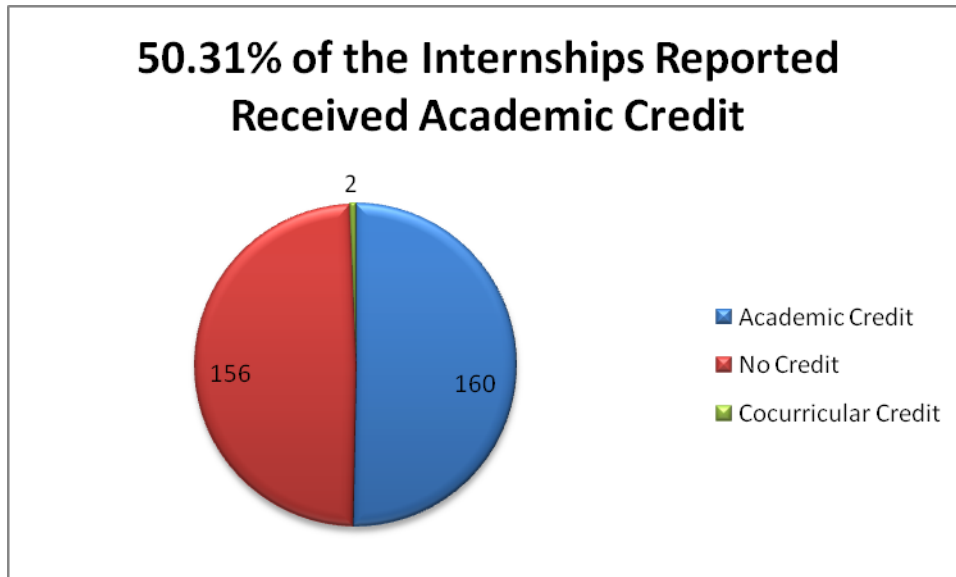


Paid/Stipend	185
Unpaid	133

58.18% of the Reported Internships were Paid/Stipend



Academic Credit	160
Cocurricular Credit	2
No Credit	156



- Specific majors reported from 0% to a high of 82% with internships

FACULTY AND STAFF OUTLOOK

FY 2009 Faculty Salary Survey (AAUP)

Type of Control and Academic Rank	<u>2008</u>	<u>2009</u>
Public: All Ranks	73.2	77.0
Professor	98.3	104.5
Associate Professor	72.2	75.2
Assistant Professor	60.8	63.4
Instructor	43.4	44.7
Private: All Ranks	88.2	92.3
Professor	122.2	128.3
Associate Professor	79.2	82.9
Assistant Professor	65.8	69.0
Instructor	49.9	51.6

Truman State University in FY 2009 (AAUP Survey)

	<u>All</u>	<u>Men</u>	<u>Women</u>
Professor	73.5	74.2	71.5
Associate Professor	56.5	57.6	54.9
Assistant Professor	48.2	45.4	51.7
Instructor	39.8	37.7	40.5

Average Faculty Salaries by Field and Rank at 4-Year Colleges and Universities, 2009-10

	Professor	Associate professor	Assistant professor*	New assistant professor	Instructor
Agriculture, agriculture operations, and related sciences	\$90,053	\$71,583	\$61,645	\$62,589	\$45,123
Air transportation	\$99,803	\$71,605	\$59,434	-	\$45,545
Architecture and related services	\$95,723	\$73,319	\$60,181	\$58,935	\$50,040
Area, ethnic, cultural, and gender studies	\$98,375	\$73,570	\$58,198	\$57,246	\$46,048
Biological and biomedical sciences	\$91,184	\$68,294	\$57,545	\$57,021	\$44,193
Business, management, marketing, and related support services	\$109,919	\$92,573	\$85,996	\$95,822	\$57,192
Communication, journalism, and related programs	\$83,656	\$65,006	\$53,599	\$54,424	\$44,616
Communications technologies/technicians and support services	\$81,269	\$63,907	\$56,041	-	\$52,089
Computer and information sciences and support services	\$101,219	\$82,230	\$70,791	\$72,199	\$51,854
Education	\$82,919	\$65,182	\$54,953	\$54,009	\$45,553
Engineering	\$112,679	\$86,031	\$75,226	\$75,450	\$56,974
Engineering technologies/technicians	\$87,592	\$71,688	\$62,439	\$60,452	\$48,995
English language and literature/letters	\$79,372	\$61,684	\$51,502	\$51,204	\$40,519
Family and consumer sciences/human sciences	\$87,638	\$66,526	\$56,724	\$55,506	\$44,869
Foreign languages, literatures, and linguistics	\$85,620	\$65,129	\$53,529	\$52,271	\$42,577
Health professions and related clinical sciences	\$94,610	\$74,162	\$62,704	\$64,296	\$52,279
History	\$82,354	\$62,630	\$52,047	\$51,811	\$42,297
Legal professions and studies	\$134,146	\$101,045	\$83,991	\$92,033	\$64,292
Liberal arts and sciences, general studies and humanities	\$82,541	\$62,700	\$52,279	\$50,427	\$42,429

	Professor	Associate professor	Assistant professor*	New assistant professor	Instructor
Library science	\$87,336	\$67,716	\$54,741	\$55,175	\$46,191
Mathematics and statistics	\$84,324	\$66,012	\$55,765	\$55,186	\$42,782
Multi/interdisciplinary studies	\$91,380	\$69,001	\$57,503	\$55,284	\$44,615
Natural resources and conservation	\$91,420	\$68,653	\$58,170	\$59,361	\$47,029
Parks, recreation, leisure, and fitness studies	\$80,513	\$64,126	\$53,246	\$53,189	\$43,523
Philosophy and religious studies	\$84,621	\$63,460	\$53,018	\$53,668	\$43,160
Physical sciences	\$88,147	\$66,898	\$56,720	\$56,483	\$43,084
Psychology	\$83,840	\$64,461	\$54,850	\$54,584	\$43,493
Public administration and social-service professions	\$89,342	\$68,896	\$56,572	\$57,873	\$47,669
Science technologies/technicians -		\$75,577	\$63,100	-	\$46,622
Security and protective services	\$84,569	\$66,374	\$54,538	\$53,482	\$44,230
Social sciences	\$89,351	\$68,363	\$57,901	\$58,466	\$45,854
Theology and religious vocations	\$71,473	\$59,979	\$51,605	\$50,535	\$42,752
Visual and performing arts	\$79,098	\$62,197	\$51,480	\$50,762	\$43,113

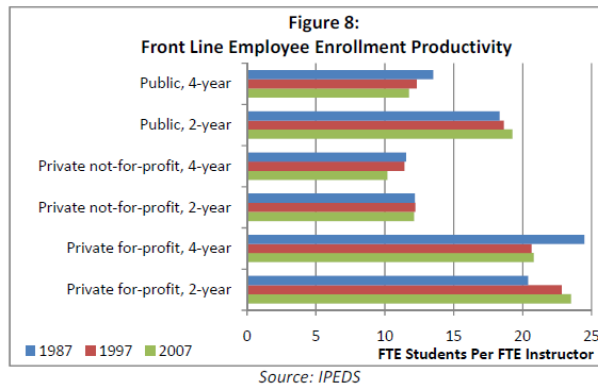
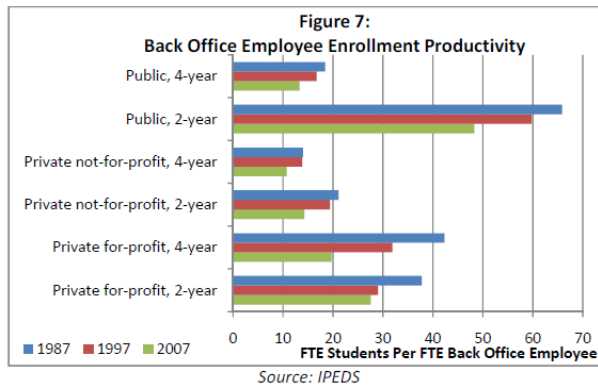
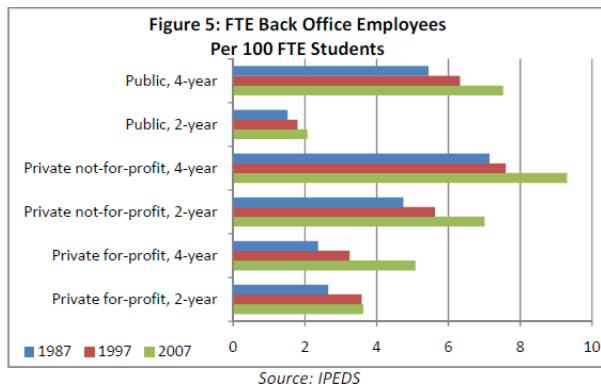
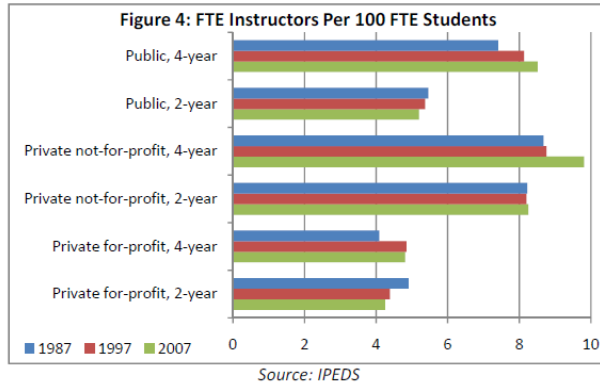
*Includes data for new assistant professors

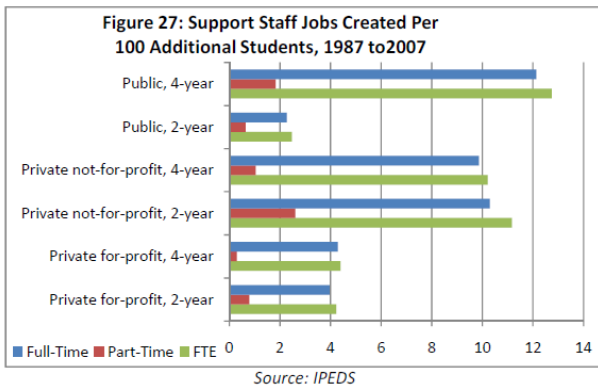
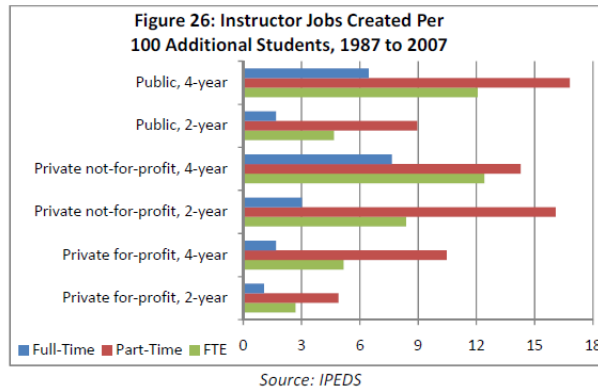
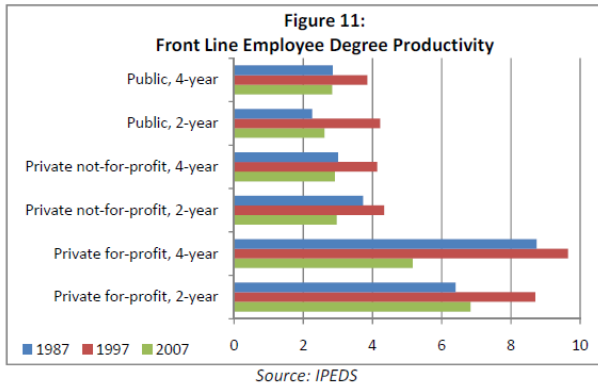
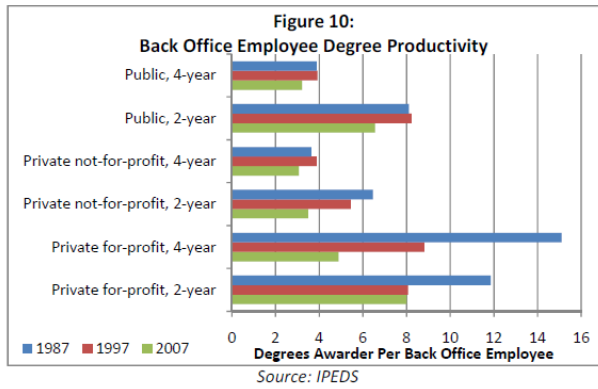
Note: © 2010 by College and University Professional Association for Human Resources. Contact CUPA-HR (<http://www.cupahr.org>) for permission to reprint the data. All rights reserved. The figures are averages for public and private institutions combined. The data are based on reports covering 215,309 faculty members and 4,031 researchers at 822 public and private four-year colleges and universities. The figures cover full-time faculty members on 9- or 10-month contracts. A dash indicates insufficient data.

Source: College and University Professional Association for Human Resources

Insert Table from Chronicle

Trends in the Higher Education Labor Force: Identifying Changes in Worker Composition and Productivity (Center for College Affordability and Productivity, April 2009)





What we find is that *enrollment productivity* declined at all but the 4-year private not-for profit sector between 1987 and 2007, with all sectors experiencing a decline in back office enrollment productivity and all but the 2-year public sector a decline in front line enrollment productivity. *Degree productivity* declined in both the 2- and 4-year for-profit sectors, as well as in the 2-year private not-for-profit one. The 4-year private not-for profit and both the 2- and 4-year public sectors experienced an increase in degree productivity during the period. All six segments realized a drop in back office degree productivity, and only the 2-year for-profit and 2-year public sectors had an overall gain in front line degree productivity during the period. The above analysis indicates that the for-profit sectors are more productive than the not-for-profit sectors and that the 2-year sectors are more productive than their 4-year counterparts.

Aging Faculty: Workforce Challenges and Issues Facing Higher Education, Harrison & Hargrove, Business Perspectives, Friday, September 22, 2006

- Average age of retiring faculty members is between 60 and 70 years
- Reduced support to public universities is leading to acceleration of faculty retirements through early retirement benefits
 - Challenge to recruit, hire, and retain faculty; particularly in light of enrollment increases and greater diversity in the student body
 - Challenges reputation of institution and quality of its instruction
 - Threat to faculty morale
- No evidence of an increase in doctoral program admissions
 - May create upward pressure on salaries and benefits
- Recruiting high-quality faculty requires competitive compensation and benefits and attractive working conditions
 - Institution must be aware of its funding status—staffing plans to determine whether to hire tenure-track, full-time contract employee, or adjunct
- To retain employees, must offer competitive salaries and benefits
 - Offer attractive health care benefits
 - Should understand the preferences and attitudes of the current employees
- Retirees are especially concerned about rising health care costs
 - Universities must plan for the type of benefits that can be offered
- Benefits of phased retirements
 - To employee—part-time employment and transition to retirement
 - To employer—encourage low-performing members to retire earlier or have older faculty available to mentor new hires
- Institutions should research factors that motivate individuals to pursue and academic career
 - Also, if new hires cannot be found, what incentives can be given to retain faculty