

The image features a solid red background. In the top left corner, the word "RUTGERS" is written in a large, white, serif font. Below it, in a smaller, white, sans-serif font, are the words "THE STATE UNIVERSITY OF NEW JERSEY". A large, faint, circular seal of Rutgers University is visible in the background, centered behind the text. The seal contains the text "RUTGERS UNIVERSITY" and "THE STATE UNIVERSITY OF NEW JERSEY" around its perimeter, with a central emblem.

RUTGERS

THE STATE UNIVERSITY  
OF NEW JERSEY

# Rutgers Strategic Planning Fact book

March 6, 2013

## About this information

**Rutgers has undertaken a strategic planning process to set the university's course for the next 10-15 years.**

- A Steering Committee was formed in early December, and the team has been engaging with members of the Rutgers community to gather perspectives on the university's future
- On March 6th, ~200 leaders from across the university community came together to learn about the Committee's work to date and to provide input on the strategic plan

**These materials are intended to lay out a base of facts to allow the university community to be prepared for deeper conversations about Rutgers' aspirations and strategic plan**

- These materials were prepared with assistance from The Boston Consulting Group (BCG), Rutgers' partner in this strategic planning process
- BCG has conducted almost 120 interviews and 13 focus groups and received more than 5,000 survey responses from Board members, students, faculty, and academic administrators/staff<sup>1</sup>
- These slides were informed by these interactions with stakeholders, as well as through research and analysis and BCG's broader experience working in higher education

1. Student survey still open. Alumni survey has been released to 3,000 people

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# Summary: U.S. higher education trends (I/II)

## Role of the university

**Funding shift from public to private sources is raising the question of public vs. private good for higher education in US**

- State appropriations per student are decreasing and tuition is increasing

**Transparency and accountability in higher education is gaining attention on the national stage**

- Obama announced the *College Scorecard* in his recent State of the Union address

**NIH research funding is decreasing**

**More and more states are allocating funds based on outcomes they deem important**

- Many states have implemented or are transitioning to performance-based funding (~5-25% of total funding), therefore graduation rates becoming increasingly important

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## Students and value proposition

**Overall enrollment is growing, but beginning to slow down, and demographic shift is occurring**

- Largest growth segments for the next generation of students is 30-34 year-olds, and Hispanic and African-American students
- For-profits are capturing largest share of growing older demographic

**Value proposition has been questioned in recent years**

- Increasing tuition and debt for students
- Alternatives to traditional degrees are increasingly being viewed as viable options by students: three year degrees; "\$10,000 degrees" (earning credits in high school); stackable degrees; industry accreditations

## Summary: U.S. higher education trends (II/II)

### Operating model and productivity

#### **Technology is a major driving force impacting the traditional higher education model**

- Demand for online courses and programs is increasing, driven in part by fast growing MOOC enrollments
- Traditional universities are beginning to offer online degrees – most prevalent online offerings are masters degrees in business and education

#### **Faculty mix is shifting away from tenured professors to part-time and adjunct teachers**

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### Revenues and costs

#### **Revenue increases from tuition, federal funding and auxiliary services are partly offsetting declining state appropriations**

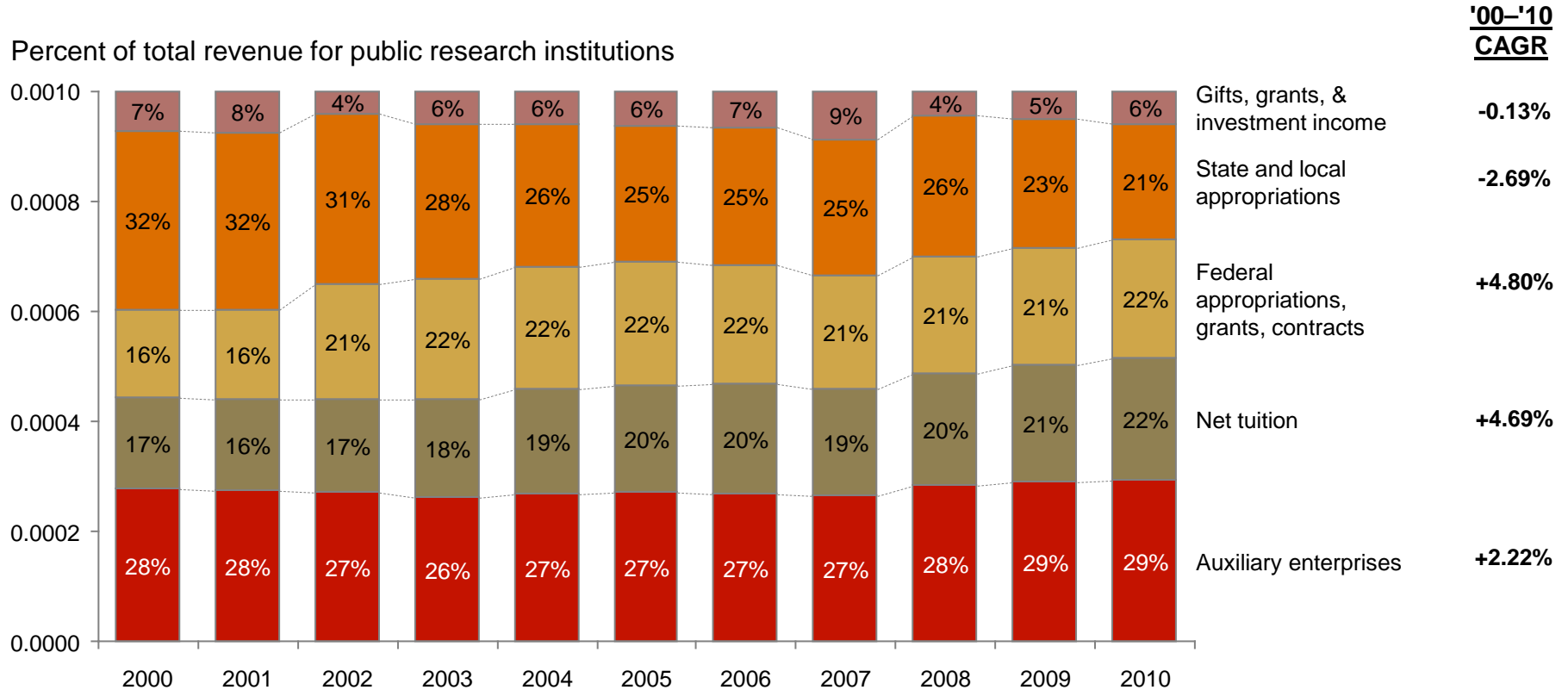
#### **Student aid has been increasing, driven by federal grants and loans, but sustainability is under question**

- Several entities are exploring options to redesign federal aid to incentivize completion and not just focus on access

#### **Expenditure mix has remained relatively unchanged over past decade**

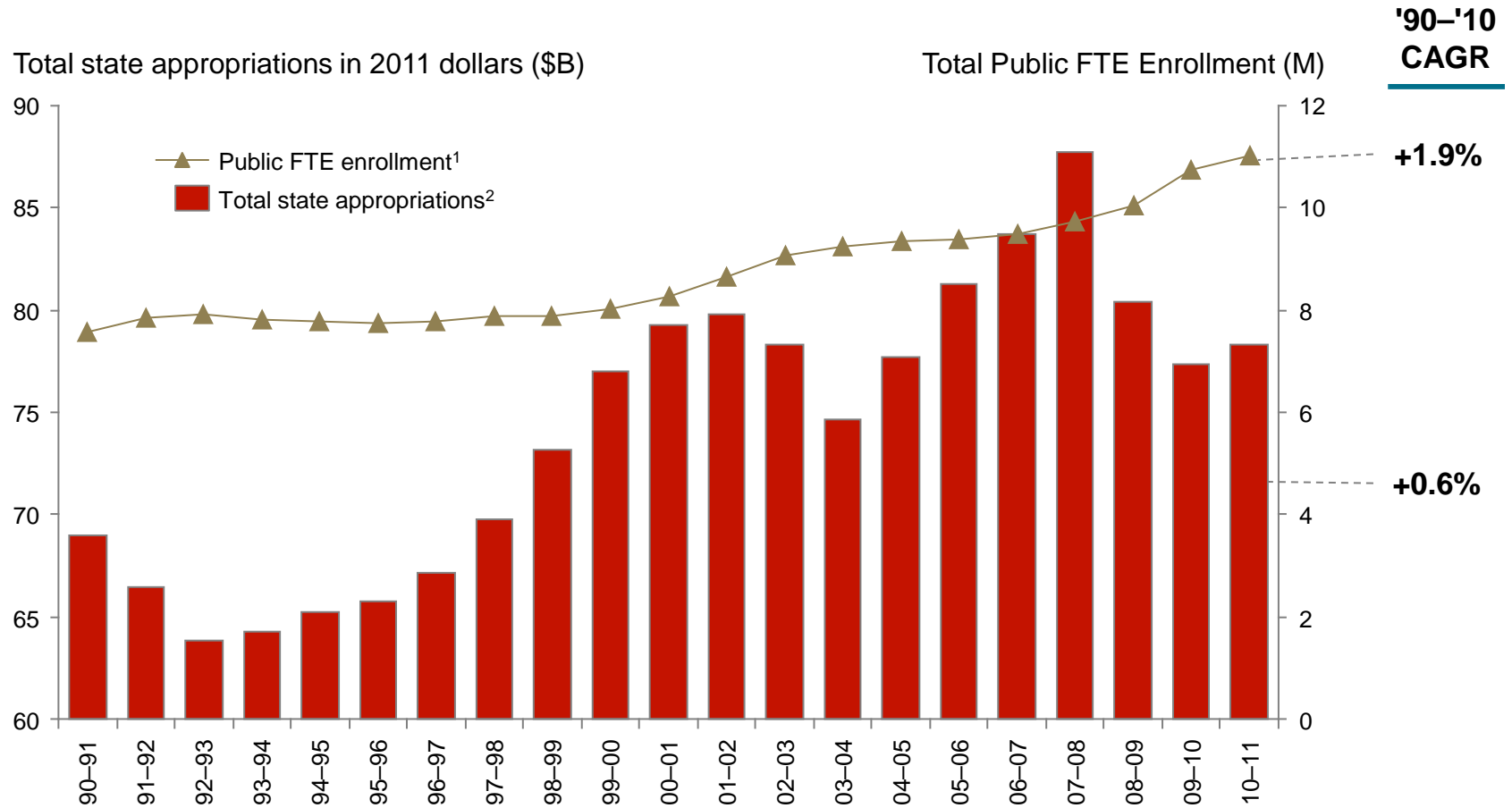
- Increases in faculty benefits and administrative costs

# Increases from tuition, federal funding and auxiliary services offsetting declining state appropriations



Note: Data for Public research institutions. Auxiliary enterprises includes revenues generated or collected from auxiliary enterprise operations of the institution that furnish a service to students, faculty, or staff and that charge a fee related to the cost of the service. Federal appropriations includes revenue coming from federal appropriations, grants, and contracts (excluding Pell grants). Source: IPEDS Analytics: Delta Cost Project Database 1987-2010. BCG Analysis.

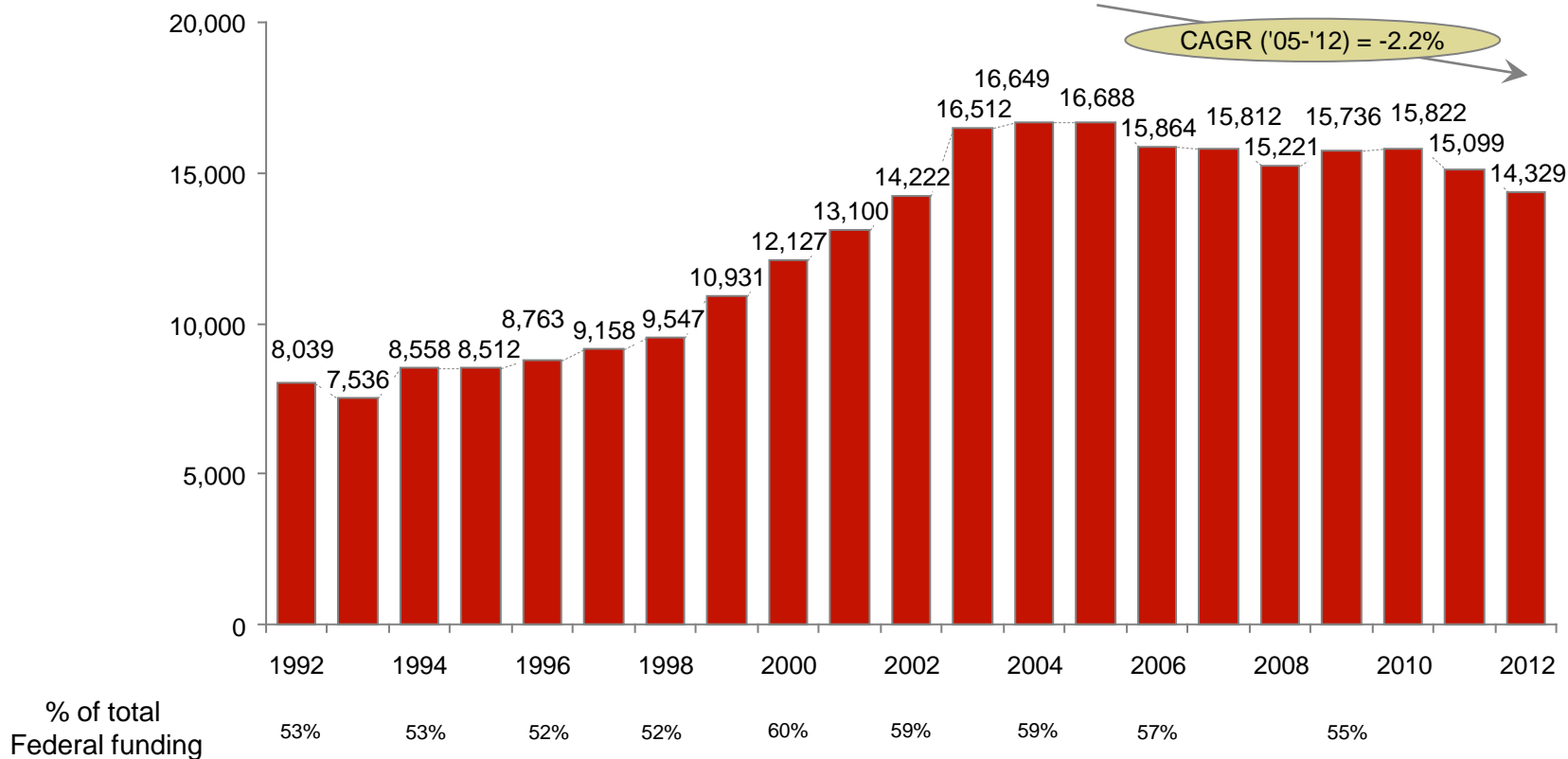
# Enrollment in public institutions growing faster than state appropriations



1. Enrollment figures are fall FTE enrollments for public two-year and four-year institutions. 2. Appropriations reported here are for institutional operating expenses, not for capital expenditures. Funding includes both tax revenues and other state funds allocated to higher education but does not include Federal Stimulus Funds. Source: Illinois State University, Grapevine reports; NCES, Digest of Education Statistics 2011, Table 227. BCG Analysis.

# Funding from the largest federal funder of university R&D, the NIH, has been declining since its peak in 2005

Federal NIH funding for universities in constant 2005 \$m



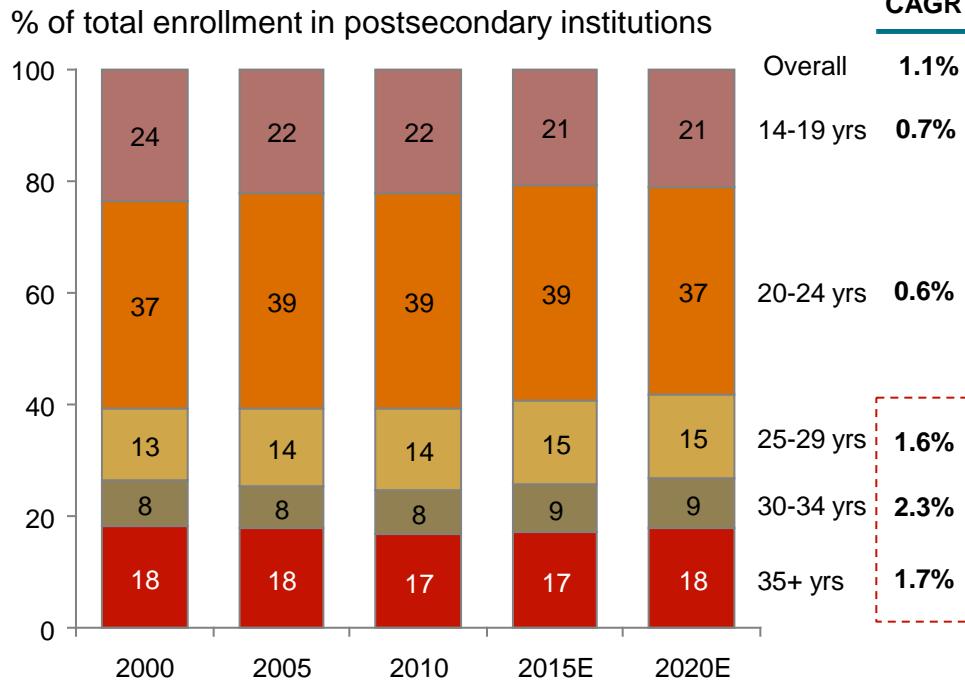
Note: These data do not include projects funded by the American Recovery and Reinvestment Act of 2009. NIH includes funding to Domestic Higher Education Institutions  
 Source: NIH, Research Portfolio Online Reporting Tools (RePORT). BCG Analysis.



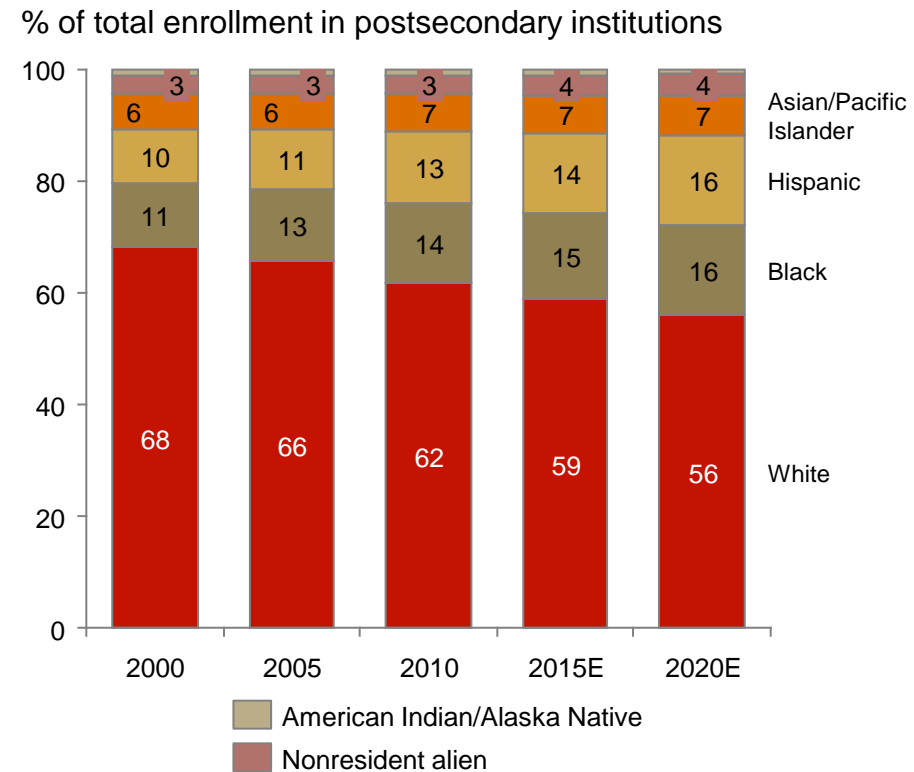


# Future growth in enrollments coming from older and non-Caucasian students

## Adult student group expected to grow faster than traditional college age groups



## Shift in racial demographics driven by Black and Hispanic student groups



Note: Race categories exclude persons of Hispanic ethnicity. Enrollment data in the "race/ethnicity unknown" (all years) and "two or more races" (2008 and 2009 only) categories of IPEDS "Fall Enrollment Survey" have been prorated to the other racial/ethnic categories at the institutional level  
 Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System, "Fall Enrollment Survey" (IPEDS-EF:95-99), and Spring 2001 through Spring 2010; Enrollment in Degree-Granting Institutions Model, 1980-2009; and U.S. Department of Commerce, Census Bureau, Current Population Reports, "Social and Economic Characteristics of Students." BCG Analysis.

# For-profits capturing largest share of older students

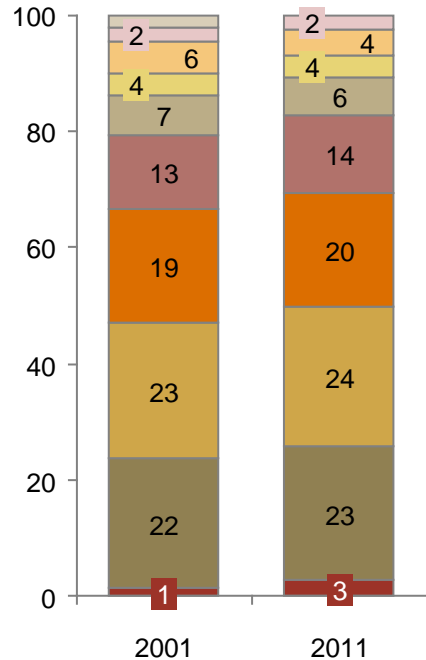
**4-year public**

**2-year public**

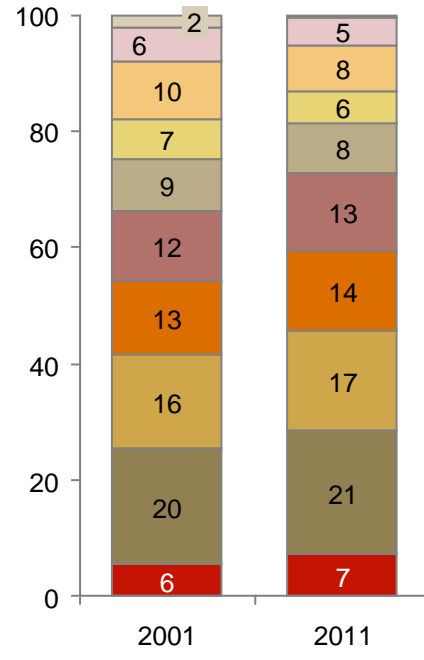
**Non-profit private**

**For-profit private**

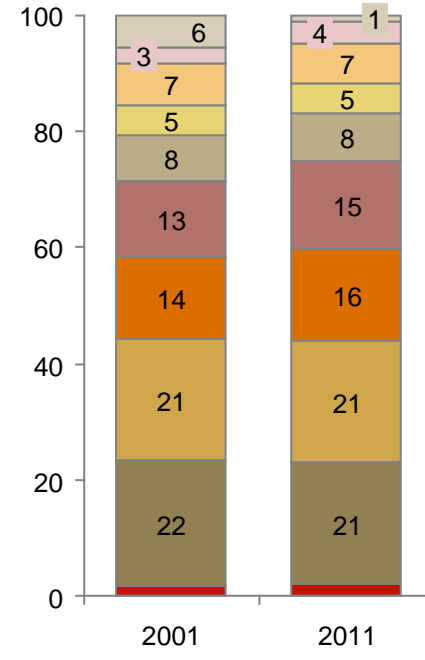
Enrollment by age group (%)



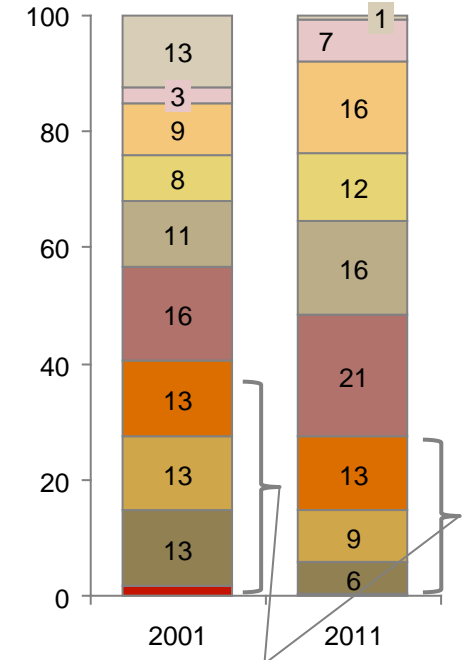
Enrollment by age group (%)



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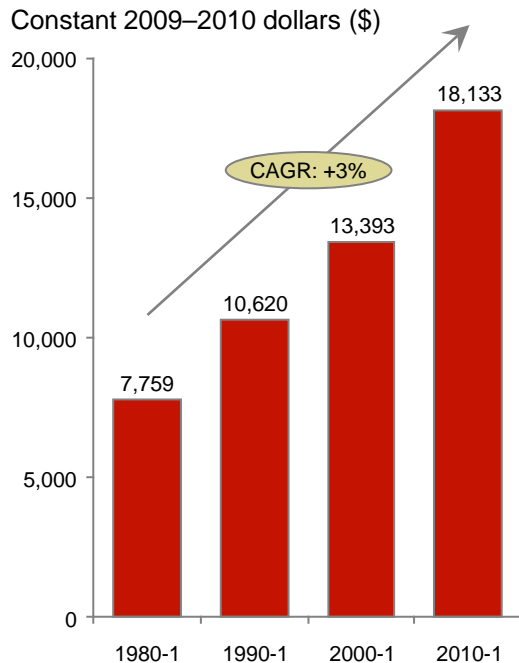
Unknown
  40-49
  30-34
  22-24
  18-19
  50+
  35-39
  25-29
  20-21
  Under 18

Note: Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs.  
 Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System. BCG Analysis.  
 Draft: advisory, consultative & deliberative material for discussion purposes only

# Value proposition has been questioned in recent years

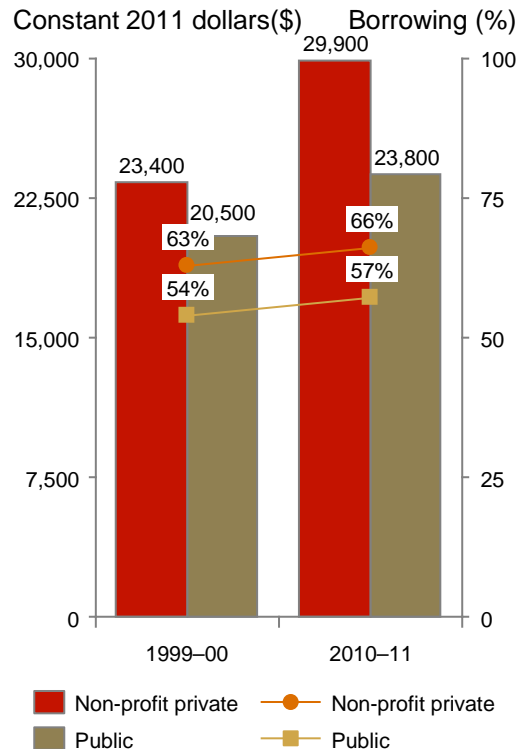
## Increasing tuition

US higher education tuition <sup>1</sup>



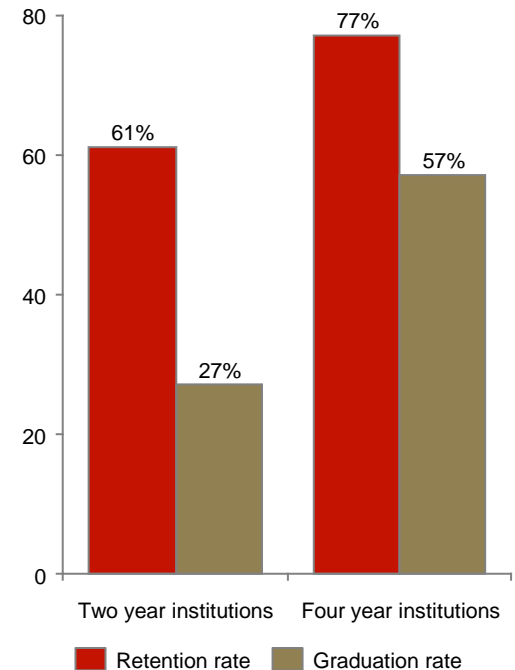
## Increasing indebtedness

US average debt/borrower <sup>2</sup>



## Outcomes

US higher education retention and graduation rates (%)<sup>3</sup>



1. Includes private for-profit, private non-profit and public total tuition, room and board rates charged for full-time undergraduate students in degree-granting four year and 2 two year programs

2. Average total debt levels of bachelor's degree recipients, private non-profit and public four year colleges and universities, in 2011 dollars from The College Board

3. Fall 2009 data from NCES report published in Chris Kirkham, "For-Profit Colleges Spend Much Less On Educating Students Than Public Universities,"

The Huffington Post May 25, 2012. BCG Analysis.

## Three year degrees emerging as an alternative choice to traditional degrees



- One of the largest 3-yr programs in the nation
- Launched in fall 2009;
  - Started with 18 but up to 87 students in fall 2011
- Students complete 120 credits in three years,
  - 18 credits each semester
  - 4 credits in a short January Term.
- Available in more than 20 majors



- Called "UNCG in 3", the program was launched in fall 2010
- Open to students in 17 departments
- Students must enter the program with 12 hours of college credit gained in high school
- Administrators believe the program will grow in the future
  - Large numbers of students below the poverty level who could benefit from forgoing 4th year



- Launched in fall 2010 in economics, sociology and music
- No admission process – academic advisors present the option and students can decide whether to pursue
- Geared to students who have amassed considerable AP or IB credits in high school

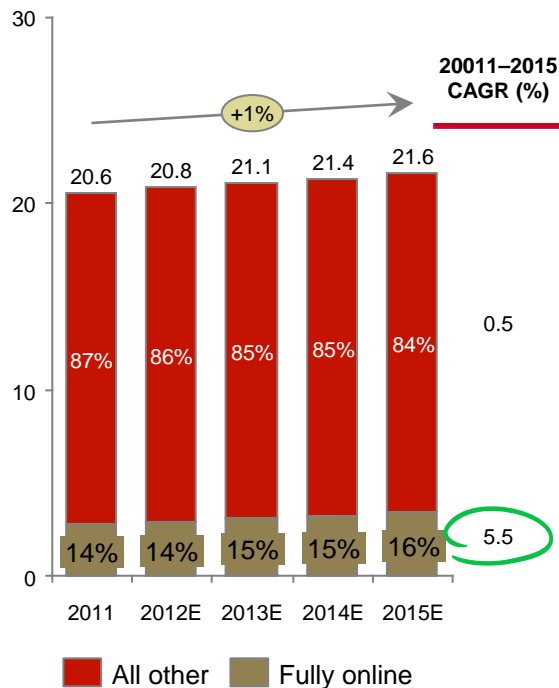


- "Global Scholars Program" launched in fall 2011
- Only for students interested in School of International Service
  - 3-year B.A. program with the option of enrolling in 4-year BA/MA
- Intense academic program that focuses on undergraduate research, collaborative work, global study and shared learning

# Increasing demand for online programs and courses, but still small proportion of total

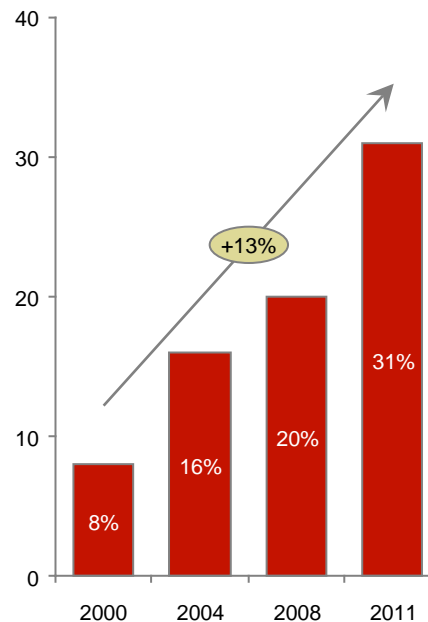
## Growing enrollments in online courses

Enrollment in degree-granting postsecondary (M)<sup>1</sup>



## ~31% of undergraduates took at least one online course in 2011 vs. 8% in 2000

Undergrads enrolled in at least one online course (%)<sup>2</sup>



## Traditional universities increasingly embracing online and blended models<sup>2</sup>

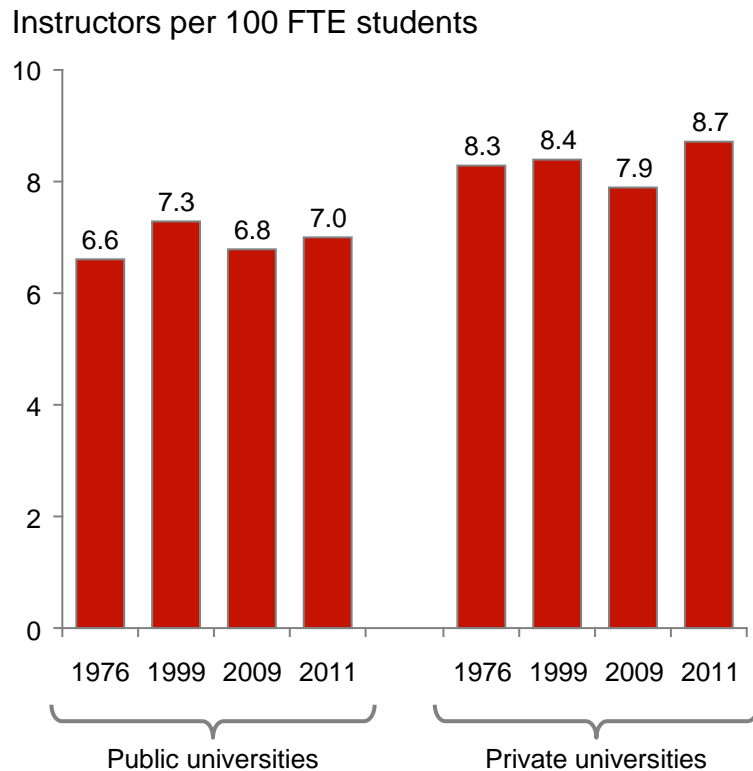
### Examples:

- University system of Maryland requires undergrads to complete 12 credits in alternative-learning modes, including online learning
- Texas university system proposed similar requirement with 10% of credits to be earned in alternative-learning modes
- Minnesota State Colleges and Universities system proposing that 25% of all student credits be earned online by 2015

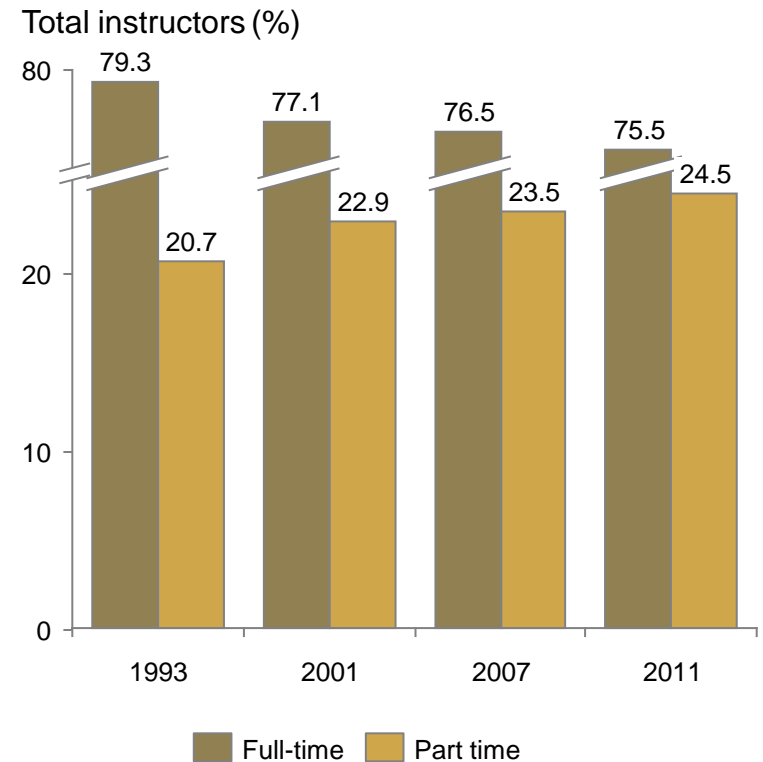
1. Online enrollment indicates a course where most or all of the content is delivered online, typically without face to face meetings. Fully online programs are those where a student is enrolled in a distance education degree program versus simply in a distance education course. From BMO Capital Markets "Education and Training 2012" and Eduventures 2. National Center for Education Statistics for 2000-2008, data Sloan Consortium for 2011 data. BCG Analysis.

The ratio of instructors to students has remained steady, but the mix has shifted away from tenured professors

**Total number of instructors per student steady over the past ~30 years**

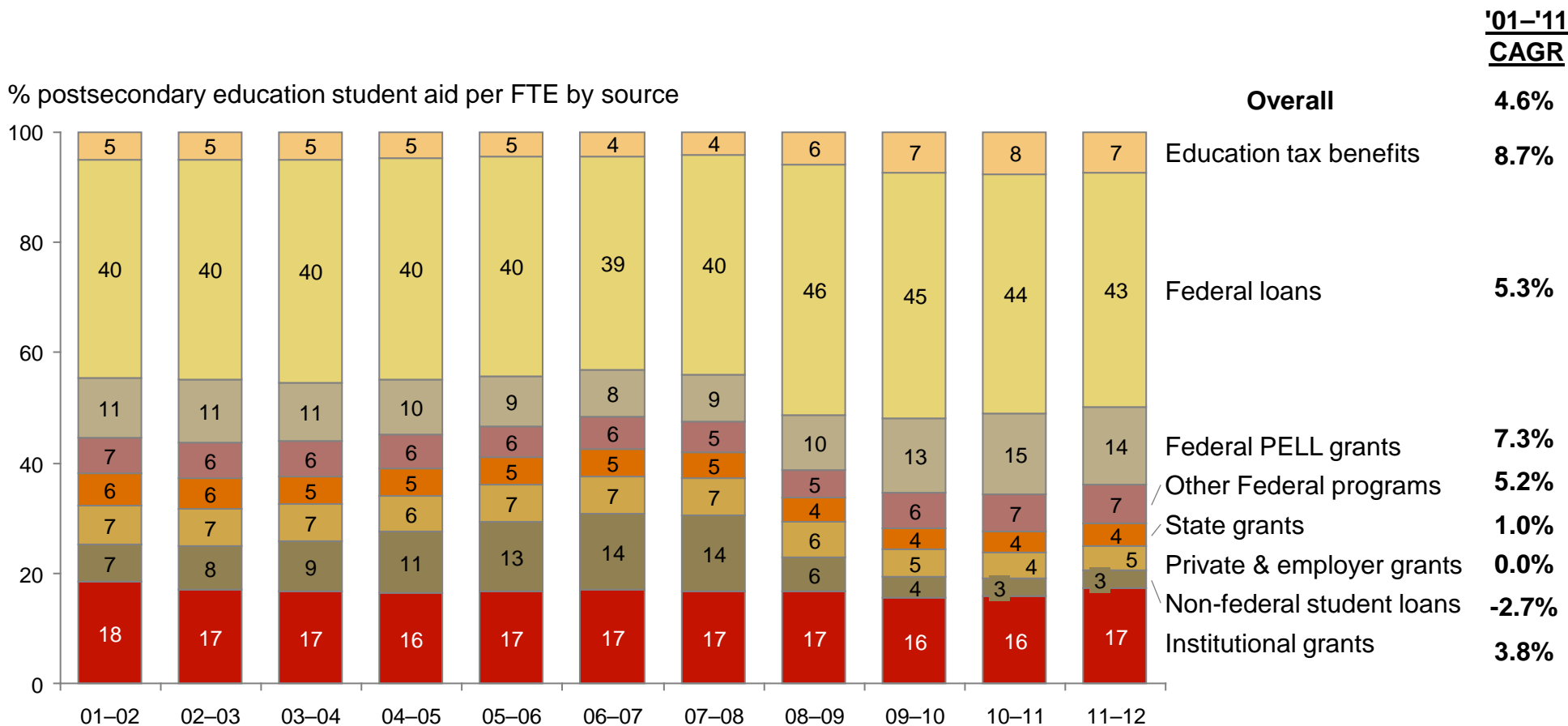


**Shift of faculty from full-time tenured/tenure track to part-time professors among AAU public universities**



Source: NCES, IPEDS Data Center; "Trends in Higher Education," The College Board, Figure 26A. BCG Analysis.

# Student aid has been increasing in the past decade, mainly driven by growth in federal loans and PELL grants

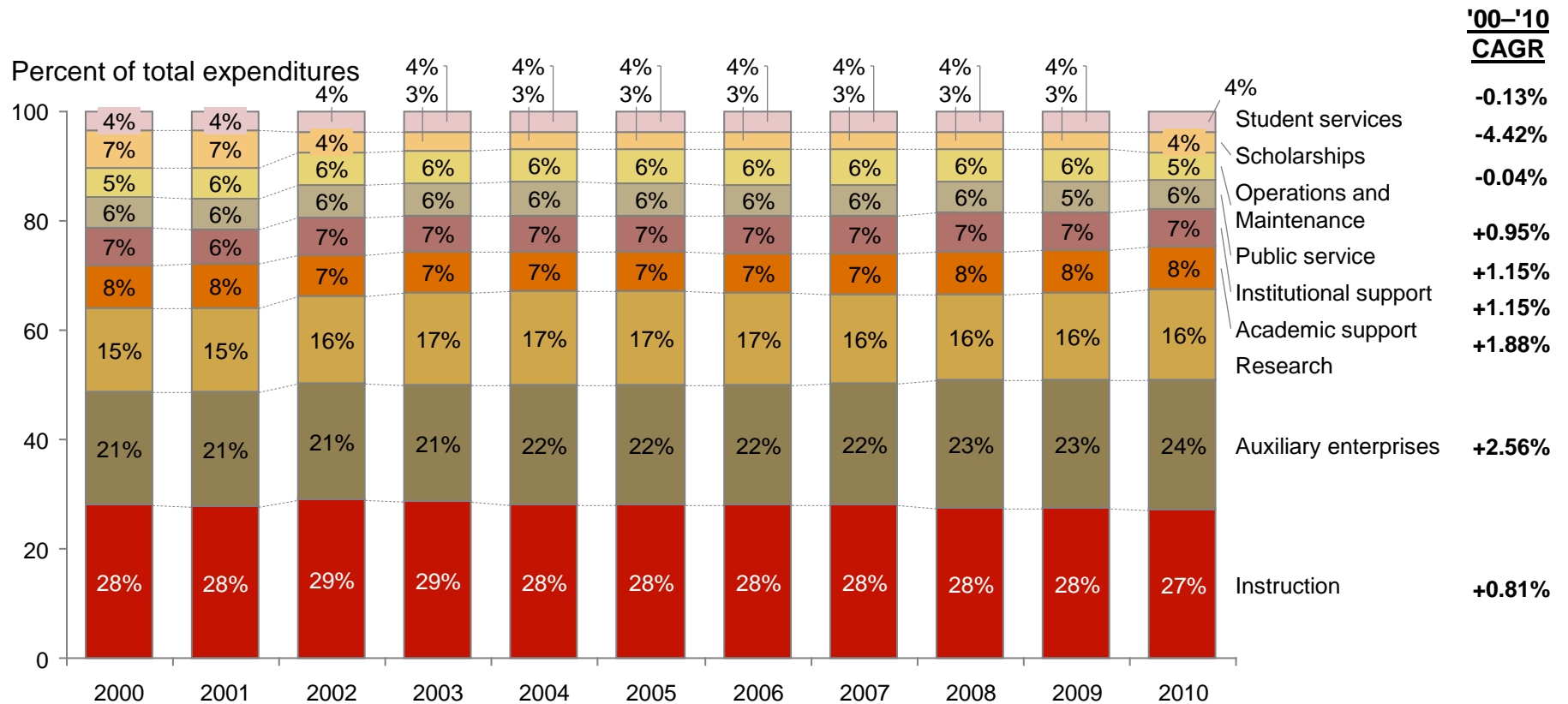


Source: "Trends in Student Aid," College Board, 2012. BCG Analysis.

*Draft: advisory, consultative & deliberative material for discussion purposes only*



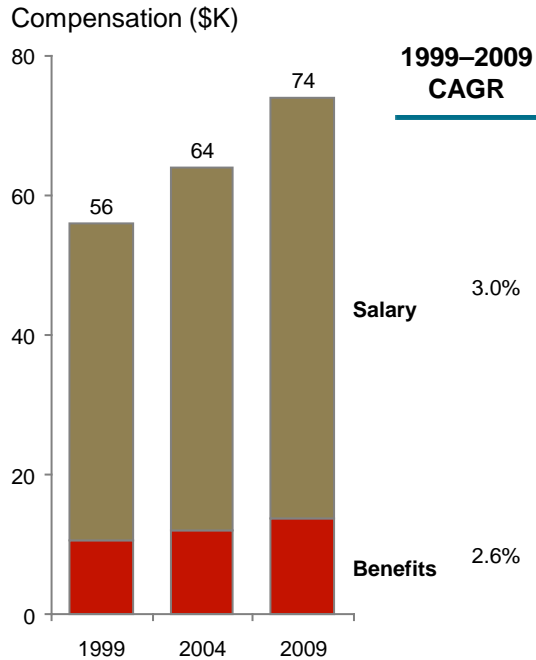
# Expenditures mix relatively constant over last decade



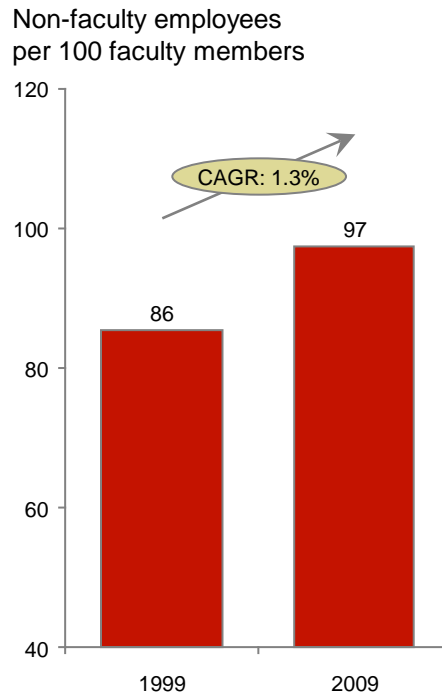
Note: Data for Public research institutions. Scholarships and fellowships net of allowances includes institutional spending on scholarships and fellowships net of allowances. Does not include federal aid, tuition waivers, or tuition discounts (which since 1998 have been reported as waivers). It is a residual measure that captures any remaining aid after it is applied to tuition and auxiliaries. Student services includes noninstructional, student-related activities, including admissions, registrar services, career counseling, financial aid administration, student organizations, and intramural athletics. Academic support includes research and public service, including libraries, academic computing, museums, dean's offices, and central personnel for curriculum and course development. Auxiliary enterprises includes dorms, bookstores, and meal services. Public service includes costs associated with conferences, reference bureaus, public broadcasting. Source: IPEDS Analytics: Delta Cost Project Database 1987-2010. BCG Analysis.

# Faculty compensation and administrative costs increasing

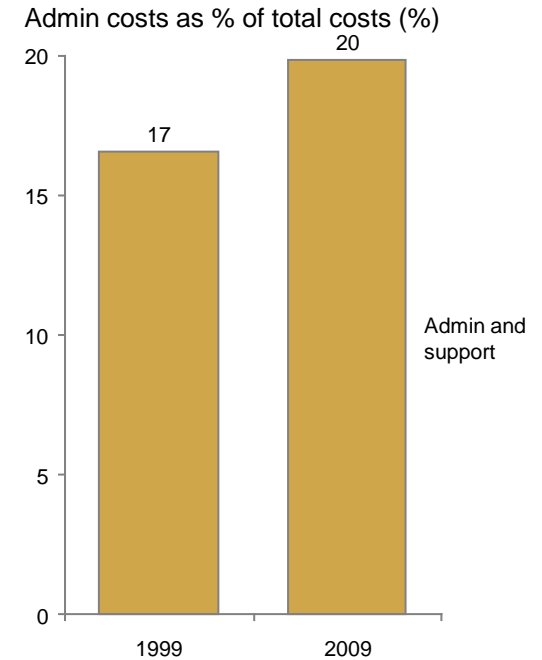
## Increase in faculty compensation



## More staff hired to support faculty



## Higher proportion of costs spent for admin



Note: Average total compensation is the sum of salary (which excludes outside income) and fringe benefits (which includes benefits such as retirement plans, medical/dental plans, group life insurance, or other benefits). Salaries reflect an average of all faculty on 9- and 10-month contracts.

Source: "Not What It Used To Be," The Economist, December 1, 2012; U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Winter 2011-12, Human Resource component, Salaries section; Winter 2011-12 and Spring 2012, Finance component. BCG Analysis.

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