Key Trends Key Actions REVISITED

A Discussion with the Board of Trustees
November 13, 2020
Presentation Overview

How has COVID-19 affected Key Trends and Strategies in:

- Enrollment
- Financial
- Faculty
- Research
- Future of Learning
Key Trends — Enrollment
Demographic mismatch for students of the future:

- Northeast continued decline in birth rates and high school graduates.
- Greatest decline - well-prepared students with high income.
- Greatest growth – urban, lower income, first-in-family, minorities.
Penn State Actions Taken—Pre-Pandemic

• Achieve Penn State: Programs and philanthropic strategy for scholarships that enable low income first-in-family students to graduate and graduate on time (PASSS, STEP, RaiseMe, Complete Penn State, Smart Track to Success).

• Ensuring graduation of a population not expected to graduate (US News – predicted vs. actual) But...low income students still graduate 22% below the university average.

• $477 million raised for Open Doors Program priority to date.

• Inaugural Discover Awards: Cost competitive – adjacent seven states; 775 new student admits for Fall 2020.
Current Penn State Actions

- Data-driven media approach to recruitment.
- “All In”: The importance of an inclusive campus.
- Common Application: Increase in applications and diversity of applications.
- Strategic focus on diversity, equity and inclusion.
- Educational Equity Scholarships (total impact $25M).
- Next level of commitment - taskforces nearing completion (Report to Board’s Oversight Taskforce on November 18).
  - Select Commission on Racism, Bias and Community Safety
  - Student Code of Conduct
Pandemic’s Toll on Higher Ed Enrollment

- Largest enrollment declines in freshman, part-time (community colleges declined 8%) and international students (11.2%).
- Enrollment among undergraduates is down 2.5% this year across all types of institutions, and graduate enrollment is up 3.9%.
- Overall enrollment is down 1.8% compared with the same period last year.
- Four-year publics have the most robust enrollments.

Source: National Student Clearinghouse Research Center
Penn State’s Fall 2020 Enrollment Data

• Overall enrollment, excluding Penn College, saw a 1.8% decline to 89,816 compared to fall 2019.
• Undergraduate enrollment is 74,446, down 2.2%.
• First-time baccalaureate students number 15,614, down 2.3%.
  • 8,465 at University Park
  • 6,799 at the Commonwealth Campuses,
  • 350 in the World Campus
• Nearly even if “deferred” enrollment included
• Graduate enrollment increased 0.6% to 14,039.

Source: Penn State Census
Post-Pandemic Forecast

- Most predictions suggest a short-term enrollment impact.
- Whitman Insight Strategies – Penn State analysis:
  - Opportunity to attract students who wish to remain close to home.
  - Students “stuck” in the decision-making process despite improved personal outlooks.
  - Desire personal connections to make decisions (e.g. tours).
  - Parent concerns about COVID safety and career success.
  - Penn State favorability markers are higher now than in June.
  - Perceptions of openness and inclusion – Penn State rated highly compared to peers.
Penn State needs to:

- Focus on flexibility – “meet you where you are.”
- Focus on those thinking “locally” to drive Commonwealth Campus enrollment.
- Double-down on our “fit” – provide unprecedented access to students, faculty and space virtually.
- Proactive communication on what we are doing and how we are moving forward.
- Focus on career outcomes (e.g. recruiter surveys rank us 5th; tied with MIT).
Key Trends — Financial
National Financial Trends — Pre-Pandemic

- Financial ranking organizations place 1/3 of all colleges and universities as unsustainable (another quarter at risk).
- Small schools most problematic: enrollment demographically controlled; 40% have fewer than 1,000 students; 80% have fewer than 5,000 students (800 schools have critical finances).
- State flagships and well-heeled privates: the most robust.
- State funding is predicted to continue to decline.
- Forbes most recent report (Nov. 2019) has financial conditions deteriorating. D financial grade colleges have increased by 61% since 2013.
Pandemic’s Toll on Higher Ed Finances

- Forbes estimates pandemic impact on higher ed exceeded $120 billion by the start of the semester – not built into any university plan.
- Cost-cutting measures have become common.
- Dependency on enrollment growth appears even more problematic.
- Overwhelmingly, colleges and universities went “remote.”
- Pandemic revealed a lack of innovation in higher ed.
- Students believe online education delivers less quality and value.
- Loss of liquidity.
Penn State’s Pre-Pandemic Actions to Ensure Financial Stability

- Focus on recruitment.
- Tuition taskforce.
- Focus on retention to graduation—becoming key financial factor—a student retained is a student we don’t have to recruit.
- Substantial efforts to create efficiencies and savings for innovation and affordability. Huron savings approach—Penn State’s leadership commitment to the Board.
Penn State’s Strategies Since Pandemic

- Plan for a budget that cannot be balanced by reliance on traditional out-of-state students who are increasingly financially challenged. Will pendulum swing even more to international, but are they less likely to come?
- Started early on extensive cost-cutting measures – hiring chills, salary freezes, unit budget cuts, etc.
- Innovation dollars sacrificed for financial stability.
- Accelerated investment in the vibrancy of online/remote education, building upon Penn State foundations and expertise.
- Strong efforts to protect our enrollment.
Key Trends — Faculty
National Faculty Trends—Pre-Pandemic

- Faculty are aging: at least 25% of tenured and tenure-track professors are approaching 70. Renewal of the faculty is more challenging than ever.
- Institutional response: hire part-time and non-tenure track (In 1969, 80% tenured; now, less than 1/3). But does high use of adjuncts result in decreased student success?
- Emergence of mission faculty; mission support—preceptors as well as TA’s; coupled with instructional designers (if you can afford it).
- Does shared governance become a burden?
Number of faculty in degree-granting postsecondary institutions, by employment status: Selected years, fall 1999 through fall 2018

In fall 2018, of the 1.5 million faculty in degree-granting postsecondary institutions, 54% were full-time and 46% were part-time.

Penn State Actions—Continuing

• 47% tenured or tenure-track; adjuncts only 6% of credit hours.
• Voluntary Retirement Program was an opportunity to add young faculty (202 faculty) with $14M in savings from faculty and staff positions.
• End of college/campus recycling associated with significant shift to non-tenure track (restarted because of pandemic).
• Philanthropy providing endowments to support new faculty hires: Digital Innovation, Transformative Experiences, Impact the World themes.
• Strategic funding of technical and support staff.
Key Trends — Research
National Research Funding Trends

• Considerable downward pressure on federal support.
• Post-recession: Flat to declining federal support except in areas perceived as having more direct impact (e.g. NIH, computer science).
• 1960: Feds 73% of university support – now 60%; corporate sponsorship 3% to 6%; universities 10% to 20%.
• Research universities flat or slight increase; smaller educational institutions flat or decrease.
Pandemic’s Impact on Research

- AAU reports that the research university response to the pandemic has built a stronger degree of trust that is bi-partisan.
- Pandemic has demonstrated the importance of interdisciplinary research.
- Opportunity to leverage that trust by continuing to focus on enduring problems.
Penn State Actions Taken—Continuing

• Focus on global issues—energy, water and food security; human health; economic development (Impact the World themes).
• Focus on national needs (AI, additive manufacturing, 5G, opioid epidemic, child maltreatment).
• Importance of interdisciplinary investments.
• Continued growth in research expenditures (up over 4% and exceeding $1.0 billion for the first time in our history).
• Diverse research portfolio receives funding from all 15 Federal agencies.
Some Specific Penn State Actions Taken Since the Pandemic

• Rapidly shifted labs and research to study COVID-19 to contribute to the national effort.
• Contributed PPE to hospitals and medical personnel when there were national shortages.
• Focusing on safety, while enabling research personnel and students to continue their research.
Key Trends — Future of Learning
Future of Learning—Pre-Pandemic

• Upward mobility: High School 4%; AAU College 45%.
• Rapid automation/“Jetson’s lifestyle”: College education even more important to achieve high salaries.
• Cognitive, intrapersonal, and interpersonal skills key to career success (role of internships plus other engagement).
• Learning through failure vs. learning by syllabus.
• Competency-based, badge-based; stacked credentials.
• Data analytics in the classroom.
Four Key Trends
From the Berlin School of Creative Leadership

1) The *unbundling* of education--more competency-based approaches.
2) *Personalization*--through technology and other resources.
3) *Continuous* education--transcending time, place, and the traditional 'bundles' of requirements.
4) *Creativity orientation*--commitment to integrate arts and humanity-minded learning with more technical and critical thinking skills.
Penn State Actions—Pre-Pandemic

- “Open concept” for courses across the university to allow for seamless progress toward degree.
- Strategic Plan focus: priorities including Digital Innovation and Transformative Experiences (requires major investment).
- Living laboratories.
- Invent Penn State.
Pandemic’s Toll on Learning

Whitman Insight Strategies – Penn State analysis

- Students are concerned about the value and quality of online.
- Students want the college experience: Socialization, extracurriculars, sports, living away from parents.
- By a large margin, students want a combination of in-person and online instruction: The college experience with flexibility and choices.
Penn State Strategies Moving Forward

- Analysis of outcomes are driving decisions.
- Focusing on “meeting students where they are” with in-person, hybrid, remote synchronous, and remote asynchronous classes.
- Accelerating opportunities and resources to enable remote teaching at a high level.
Key Conclusions—National

- The pandemic has accelerated many of the trends in higher ed.
- Financial strain is exacerbated by the pandemic coupled with demographic changes and decreasing support for public higher education.
- Predictions indicate robust outcomes for public flagships (research points to need for flexibility, career success, support programs, fit, etc.—strategies already in place at Penn State that we can amplify).
- Students want a college experience with flexibility.
Key Conclusions—Penn State

• One Penn State 2025 is more important than ever: Pandemic accelerated this path (meet students where they are; invest in educational experiences online; need for transformative experiences even if online).
• Much of our strategic programming reflects national trends.
• Key issue is innovation in the face of growing financial strain.