

Towards a Dominican Model of Higher Education

The seal of Barry University is located in the upper right corner of the slide. It is a circular emblem with a central shield. The shield is divided into four quadrants, each containing a different symbol: a cross, a book, a scale, and a lamp. The shield is surrounded by a circular border containing the text "BARRY UNIVERSITY" at the top and "1940 FLORIDA" at the bottom.

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“A Thousand Year Old Industry on the Cusp of Profound Change” Meets an Eight Hundred Year Old Religious Order Prepared to Take Names and BUC Kick.

The views expressed in this presentation are solely those of the presenters and do not necessarily reflect those of Barry University

The power point slides are based on a more complete and detailed manuscript of the same title. Please email smorrell@barry.edu or alanga@barry.edu for a copy of the complete paper.

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Summary

- Few, if any, colleges and universities including Dominican sponsored ones will be immune from the unfolding, profound, seismic shifts occurring in U.S. higher education.
- But, Dominican founded colleges and universities possess a unique though largely untapped competitive advantage - a national network whose missions, values and core commitments are all deeply rooted in the charism, history and heritage of the O.P.
- Collaboration is advocated as an effective means of realizing this unique competitive advantage and advancing growth, development and societal contributions.
- The Consortium of Dominican Colleges and Universities (CDCU), a new learning organization, is proposed as the vehicle for achieving collaboration, innovation and fuller mission effectiveness.



Outline

“Let’s Talk!”

Emerging even stronger

- I. The gathering gale of “creative destruction.”
- II. Driving forces of change in U.S. higher education.
- III. Implications for the higher education sector.
- IV. A collaborative strategic complement for Dominican colleges & Universities: The Consortium of Dominican Colleges and Universities (CDCU).
- V. Next Best Done.



I. The Gathering Gale of “creative destruction.”

- “Over the next 10-15 years the current university model – a broad based teaching and research institution, with a large base of assets and back office – will prove unviable in all but a few cases.” Ernst & Young, *University of the Future*, 2012.
- “We anticipate more closures for these types (very small, private colleges with a high reliance on student charges, indistinct market positions, and limited donor support) of colleges given the current pressures...” Moody’s Investor Service, 2013.
- “We know the status quo is not sustainable. Of the 4,000 universities in this country, maybe 500 have economic immunity because their endowments are so high...everybody else is going to be profoundly impacted.” Hilbert College President Cynthia Zane. *Wall St. Journal*. 2013.



The Gathering Gale of “creative destruction.”

- “Higher education is an industry in danger.” HBS Professor Clayton Christensen. *Forbes*, 2014.
- “Warnings about strenuous shifts in U.S. higher education, such as closures and mergers, are certainly not new and often have proved to be grossly overstated.” Langa and Morrell, 2014. P3.



II. Driving forces of change in U.S. higher education.

- Demographic Shifts.
- Technological Changes.
- Emergence of New Competitors.
- Questions about Value Creation.
- Financing Constraints and The Other Debt.



IIA Demographic Shifts.

Number of U.S. high school graduates peaked in AY 2010 -2011, and is expected to show scant growth for the next 15 years.

<u>AY</u>	<u>Number of High School Graduate</u>	<u>Average Annual 10 year change</u>	<u>Average Annual 10 year Growth Rate</u>
1996 – 97A	2,612,740		
2006 – 07A	3,196,104	58,336	2.14%
2010 – 11A	3,409,160	NA	PEAK YEAR
2016 – 17P	3,286,964	9,086	0.28%
2026 – 27P	3,355,606	6,864	0.21%

Source: Western Interstate Commission for Higher Education. *Knocking at the College Door: Projections of High School Graduates*. December, 2012.



IIB Technological Changes.

1. MOOCs (Massive Open On-Line Courses).
2. Tablet Computing.
3. Gameification.
4. Big Data.
5. 3D Printing.
6. Wearable Technology.

NMC Horizon Report: 2013 Higher Education Edition.



IIB MOOCS and Technological Change

- 8 week 2014 Coursera delivered course developed and presented by Yale's Bob Shiller, 2013 Nobel Laureate in Economics.
- 160,000 students registered. 85,000 paid \$50 to \$100 for Course Completion Verification.
- Gross revenues = \$4.25 Million to \$8.50 Million
- B. Shiller Fee = \$1.0 Million
- Yale & Coursera Costs = \$ 2.0 Million
- Yale & Coursera Surplus = \$1.25Million to \$5.50Million
- Source: Charlie Rose 4/23/2014 interview with R. Levin, and author's calculations



IIIC Emergence of New Competitors.

Year	Total	Public	Private Non-Profit	Private for-Profit	% Full Time	% Female
1992	14.5M	11.4M	2.8M	0.2M	56	55
2002	16.9M	12.9M	3.3M	0.7M	60	57
2012	20.6M	14.9M	4.0M	1.8M	62	57
2002 - 2012						
Cumulative	+3.7M	+2.0M	+0.7M	+1.1M		
Change	+22%	+16%	+21%	+157%		

Source: National Center for Education Statistics, *Digest of Education Statistics, 2013*. Table 303.10



IID Questions about Value Creation

Does the conceptually correct and properly measured increment to lifetime earnings from obtaining a college degree exceed the conceptually correct and properly measured risk-adjusted opportunity cost of the resources required to obtain the degree?

- In 2004 the average tuition and fees at private non-profit institutions absorbed 46% of median household income. By 2013 it absorbed 59% - an increase of 28%.
- In 2004 the average tuition and fees tuition at public institutions absorbed 12% of median household income. By 2013 it absorbed 17%. – a 42% increase.

- Annualized Average 20 yr. ROI 7.74% \$444,160 = \$100,000(1.0774)²⁰

PayScale Top 10 Schools

- Annualized Average 20 yr. ROI 10.10% \$685,088 = \$100,000(1.101)²⁰

S&P 400 Stock Market Index



IID Questions about Value Creation

Differences between 25 – 32 year olds with:

At Least Bachelor's Degree

High School Diploma

▪ Real Median Income	\$45,500	\$28,000
▪ Unemployment Rate (2012)	3.8%	12.2%
▪ % Working Full Time	89%	82%
▪ % Living in Poverty	6%	22%

Pew Research Center. "The Rising Costs of Not Going to College." February 11, 2014



IIE Financing Constraints and The Other Debt.

- The Tuition Dependency rate has doubled to about 48% for public colleges and universities since 1988. It has advanced to between 55% and 94% for different types of private colleges and universities.
- Private college debt related to PP&E totaled roughly \$93 billion in 2012. Direct long-term debt for public colleges and universities totaled about \$90 billion. Debt outstanding has doubled in the last 10 years.



III. Implications for Higher Education

Lessening of Pricing/Tuition and Fees Flexibility

Slowdown in Revenue Growth

Higher Per Unit/Average Cost and Incremental/Marginal Cost

Unbundling of Services

Squeeze on Surplus/Profit Margins

Expanded Regulation and Higher Regulatory Compliance Cost

Disinvestments

Mergers

Acquisitions

Closures

After the Storm

New Model



IV. A Collaborative Strategy: The Consortium of Dominican Colleges and Universities

The vast majority of the approximately 4,000 U.S. institutions of higher education facing the uncertainties of the future do so largely independently of each other. Each institution invests heavily in what they consider to be a unique mission, and attempts to persuade and inform others that their missions are indeed distinct and do indeed create value.

In this process ... everybody does what they think is best for their institution. Competition between institutions thus prevails and cooperation, if it exists at all, is limited.



IV. A Collaborative Strategy: The Consortium of Dominican Colleges and Universities

- In contrast...the 19 Dominican institutions of higher education possess a unique though largely untapped competitive advantage - a national network whose missions, values and core commitments are all deeply rooted in the charism, history and heritage of the O.P.
- The shared missions and values of the Dominican higher education institutions are a zeal for the pursuit of truth; the integration of study and contemplation; seeing God in all things; compassion and justice; and engaged scholarship. The mission statements of all Dominican founded colleges and universities refer to the Dominican Tradition, the pursuit of truth, an emphasis on study and learning, service (truth in action), community, and transformative leadership.
- Dominic de Guzman's Order of Preachers was a bold experiment in innovative collaboration. His 800 year old precedent calls us to propose a serious, thoughtful, thoroughly researched and vetted, purposeful exploration of formalized collaboration .



IV. VISION: The Consortium of Dominican Colleges and Universities

- In a time of rapid and far reaching change the systemic risks faced by Dominican founded colleges and universities can be successfully addressed by *collaborative* and *innovative* actions rooted in the *unique* shared values and characteristics of the Order of Preachers.
- True collaboration requires creating genuinely cooperative relationships across and between Dominican founded colleges and universities. The autonomous, inherently competitive nature of colleges and universities in general, including Dominican founded ones, while still a very viable model in many critical respects, can be effectively complemented by a model which emphasizes what they have in common. The Consortium of Dominican Colleges and Universities (CDCU) will guide and support this mutual exploration of opportunity.



IV. Values: The Consortium of Dominican Colleges and Universities

- The Consortium of Dominican Colleges and Universities (CDCU) believes that a significant competitive advantage of Dominican founded colleges and universities and their traditions of excellence can be ably supported by the creation of a dynamic and actively facilitated organization for collaboration and innovation. The CDCU is committed to acting as a special resource that can augment and complement the ongoing individual efforts of continuous improvement of our member institutions.
- Our Vision is one that involves the creation of a learning organization. If successful, it will improve individual mission effectiveness, enhance educational quality, boost enrollments and retentions, and facilitate resource stewardship.



Examples, for purposes of illustration only, of activities of the CDCU

- Share knowledge and skills of faculties.
- Share expertise in specific colleges, schools, programs, majors, disciplines, student activities, etc.
- Offerings to students at all Dominican member colleges & universities could include:
 - Online courses provided by a member institution in an area of its strength and/or uniqueness and offered to students at all member institutions.
 - Online “bridge” programs for at- risk entering students.
 - Student exchange programs
 - Study abroad programs



Examples, for purposes of illustration only, of activities of the CDCU – continued.

- Forums, Networks, Blogs
- Preferential access to graduate/professional programs.
- Small group learning
- Collaborative Alternative Spring Breaks.
- Summer programs.
- Student internships(experiential and service learning) at, for example, AD Literacy Center, Dominican Sponsored Hospitals, Dominican Endowment Portfolios (SMIF students).
- Sharing Best Practices.
- Faculty and student exchanges.
- Dialogues on areas for collaboration...and much more.



V. Next Best Done

- Interest and desire to make collaboration happen.
- Strong, ongoing support from Boards & Heads of Member Institutions.
- Start-up financial support.
- Location.
- Organization

