
STRATEGICALLY PLANNING CAMPUSES FOR THE “NEWER STUDENTS” IN HIGHER EDUCATION

Charles F. Falk, Northern Illinois University (retired)

Bruce K. Blaylock, Radford University

ABSTRACT

The “traditional” 18 – 22 year old, residential college student makes up only 16% of the students enrolled in public and private two- and four-year institutions. More than half of today’s students are older and are taking classes part-time. Over a million attend for-profit institutions and millions more participate in postsecondary education experiences offered by corporate universities. Most work full or part-time, have little interest in out-of-class activities, and are very savvy about computer-based technologies. These are the “newer students” of higher education and represent the largest market segment of those who will attend college in the foreseeable future. It would seem the drastic shift in market characteristics would be accompanied by strategic shifts in university planning. This paper considers how changes in college student body characteristics over the years have (or should have) prompted college leaders to alter their thinking about many aspects of campus offerings, facilities, operations, services, and pricing. We examined strategic plans of many universities and conclude that although many recognize the changing characteristics of the potential student population, many are pursuing strategies that may be strategically leading to their own downfalls.

INTRODUCTION

“If colleges and universities are to survive in the troubled years ahead, a strong emphasis on planning is essential (Kotler & Murphy, 1981).” Those words are as true today as they were almost 30 years ago when they were first written. Steadily changing student populations, rapidly deteriorating economic conditions, and continuously improving technologies will impact the “whom” and the “how” universities offer education.

This paper considers how changes in college student body characteristics should prompt college leaders to alter their strategic thinking about many aspects of campus offerings, facilities, operations, services, and pricing. The attributes and behaviors of colleges and universities that made them successful in the past may or may not be the same attributes and behaviors that will enable them to be successful in the future. In order to be competitive, survive, and flourish some institutions will need to strategically plan on becoming very different places than they are currently.

Three themes drive this conclusion: (1) population demographics, (2) the increased importance and changing characteristics of non-traditional students on college campuses, and (3) the economics of higher education. The implications from advances in computer and telecommunications technology will be considered throughout this discussion.

THEME ONE: DEMOGRAPHIC CHANGES MEAN STUDENT BODY CHANGES

Before considering the implications of demographic changes on strategic planning, it is useful to review characteristics of “traditional students” that were served for so long, in such large numbers, and who remain the focus of many universities’ strategic planning processes and work product.

A consensus in higher education literature suggests traditional students:

- ◆ *Are mostly in the 18-22 age bracket and recent high school graduates (Strage, 2008);*
- ◆ *Are, for the most part, people of the majority culture--white, non-Hispanic (Strage, 2008);*
- ◆ *Plan to, or do attend school full time (Pascarella & Terenzini, 1998);*
- ◆ *Plan to, or do take instruction on a ‘main’ campus instead of at extension centers (Pascarella & Terenzini, 1998);*
- ◆ *Frequently seek a “residential learning experience” (Pascarella & Terenzini, 1998);*
- ◆ *Look for a “warm and fuzzy” campus environment where they can expect extensive contact with “Mr. Chips”-like faculty members and advisors and with fellow students (Strage, 2008);*
- ◆ *Are interested co- and extra-curricular activities such as watching or participating in intercollegiate athletics, bands, music and drama outlets, etc. (Lake & Pushchak, 2006);*
- ◆ *Want significant campus-based social and entertainment options (like fraternities and sororities, clubs, academic societies, etc.) (Strage, 2008);*
- ◆ *Are quite concerned about the “reputation” and/or “prestige” of the college or university (Pascarella & Terenzini, 1998);*
- ◆ *Can afford through personal resources, parent’s resources, or through an ability to borrow, high tuition and fees as may be charged (Lake & Pushchak, 2006);*
- ◆ *May place high value on preparation for careers or vocations; but may also place high value on the arts and sciences, on the humanities, on liberal education; and may profess to have a “love of learning;”*
- ◆ *May be very aware of and interested in the college’s record of placing graduates in good jobs and/or in high quality graduate programs in areas like law, medicine, science, etc (Lake & Puschak, 2006).*

Decline of “Traditional Student” Enrollment

Reasonable scholars may disagree about the degree to which “traditional” students have or do not have all of these characteristics, but one fact is undeniable: traditional students are no longer the majority on college campuses and their numbers will continue to decline. Today, traditional students comprise only 16% of college students (U.S. Department of Education, 2008), more than half are over the age of 25, and go to school part-time (Eduventures, 2008). Approximately a quarter are taking online courses and over a million attend for-profit institutions such as the University of Phoenix, Argosy University, DeVry University, and others (Russo, 2006).

U.S. demographic studies reveal that the significant and steady growth in high school graduates that began in 1992 and fueled great growth on college campuses, reached its peak in 2007-2008 (Prescott, 2008). From that point onward, the number of graduates, depending upon location within the U.S., will either stabilize (projected for 12 states) or decline (projected for 28 states) (U.S. Department of Education, 2008). All remaining 20 states are projected to have growth of less than 10%.

In the pool of individuals that represent the market for higher education programs offered by post-secondary institutions, the proportion of the market represented by traditional students is declining. At the same time the diversity of the individuals in the same pool is increasing. Diversity at the high school student level quickly translates into diversity at the college campus level. Between 2004-2005 and 2014-2015 the following changes are predicted to occur at the secondary school level (Prescott, 2008):

- ◆ *Hispanic graduates will increase by 54%*
- ◆ *Asian/Pacific Islander graduates will increase by 32%*
- ◆ *Black, non-Hispanic graduates will increase by 3%*
- ◆ *American Indian/Alaska Native graduates will increase by 7%*
- ◆ *White, non-Hispanic graduates will decline by 11%*

The realities of college and university enrollments are inextricably tied to the population statistics and demographics for the nation. From patterns and trends reflected in the above data, it is reasonable to suggest that the major group of students who found their way to campuses in the past—traditional students—will be fewer in number. To the extent that traditional students can be replaced, the replacements will be less traditional; and they will bring different cultural orientations, needs, and expectations with them. Campus leaders must not only grasp the significance of this demographic change, but be prepared to make the significant recruiting changes that will be necessary to compete in a totally different environment.

Strategic Impact of the Decline in “Traditional Student” Enrollment

The decline in the number of high school graduates and the diversification of the characteristics of future students will have a significant impact on “traditional student” enrollment, but not all institutions of higher learning will be affected the same way. Hundreds of colleges and universities have for decades depended upon high school graduates to go directly into higher education and fill their classes. If this population is declining, what happens on college campuses? We suggest the following: First, unless traditional students are replaced by other types of students, there will be plenty of empty college classroom seats, which will lead to financial peril for institutions. Second, the instinctual response by many college administrators will be to increase efforts to attract members of this diminished applicant pool, thus increasing competition for traditional students as well as the marketing or recruiting costs related thereto. Third, many of the traditional students remaining in the diminished applicant pool will likely seek to “trade up” by applying for admission to “better” schools that they would not have considered before—places from which they previously would have expected to receive only “rejection letters.”

Classification	Connotes	Comment
Tier 1	The best in the nation	Very strong reputation; “star” faculty; great facilities; the sources of new knowledge, innovations, and inventions; enormous breadth of programs (especially at the doctoral level); and highly-selective admissions
Tier 2	Excellent	Regional reputation; excellent faculty; breadth of programs; excellent facilities; appropriate accreditations; modest research outputs, selective admissions
Tier 3	Good	Local reputation; only <u>some</u> of a large number of programs offered may be noteworthy; adequate faculty; often very good facilities; teaching emphasis; slight interest in research; less selective admission policies
Tier 4	Fair	Limited reputation, faculty quality and credentials may be inconsistent; marginal facilities; no research; open admissions
Tier 5	Poor or Worse	“Diploma Mills” unaccredited by any reputable accrediting body; usually operating out of a P.O. Box; typically lacking any full time, qualified faculty members; limited or no substantive educational facilities.

*Community/junior colleges are not categorized in this exhibit.

Like most products and services, colleges and universities are differentiated by perceived and real levels of quality. The academy typically refers to these differences as tiers. Table 1 offers a taxonomy for consideration as a framework for viewing institutions of higher learning.

For the top colleges and universities, “Tier 1” schools, the need for adjustment may be limited. The “Ivy-League” universities and venerable institutions like, Stanford, Duke, Rice, Northwestern, Emory, Vanderbilt, Chicago, etc. will always get all of the applicants they need; and their admissions committees will continue to be in a position to offer seats to only a fraction of those who apply. It is quite likely that such schools are always going to be insulated from the vicissitudes of demographic change. The same can be said for the nation’s top public universities—places like Illinois, Michigan, Berkeley, North Carolina, Virginia, etc.

For many smaller, private/independent colleges or universities, and for many of the public universities that fall into Tiers 2 - 4, the challenge for campus leaders is often one of trying to strategically change a college in ways that make it more like that of their much more esteemed competitors and, therefore, making it more likely that a college can recruit the “better” students it hopes to attract. These strategic actions may be thought of as attempts to improve the value proposition for prospective students—promising more to students in exchange for the tuition and fees they will invest in their education. Many schools in tiers 2 – 4 are amassing debt to make these changes and improvements (for examples, see Gallagher, 2009; UC Newsroom, 2006; Phillips, 2009).

Altering product and service mix strategies are common tactics used by campus leaders in attempts to attract more traditional students, in a market segment where the population is declining and for which the competition is most intense. The product and service mix of a university is its programs, physical facilities, faculty members, and student support/development services. The intent of adjusting the quality of the product and service mix is to convince prospective traditional students that a given non-tier one college is more competitive with the higher tier schools than it may have been in the past. Campus leaders at Tier 2 - 4 institutions may find out the hard way that they may be chasing goals they are unlikely to attain. Clearly, the decline in the number of traditional students is more problematical for lower tier schools than for the elites because the demand for education in the top tier schools is inelastic. The demand in "lesser institutions;" however, is quite elastic. The top tier schools will cannibalize the 2nd tier schools to fill the seats at the tier one schools; and students who make the switch will be quite happy to adjust their aims--even if the prices are higher. The tier 2 schools will cannibalize the 3rd tier schools to fill seats in their classrooms; and the 3rd tier schools will cannibalize the 4th tier schools to fill their classrooms seats. Even community colleges may hurt as four-years schools accept students they would not have accepted in the past who might have otherwise attended the two-year institutions. As these adjustments occur, and as students behave rationally by enrolling in the better schools that previously would not have admitted them, colleges and universities on the lower end of the “perception of quality” scale, will suffer enrollment shortfalls; thereby potentially placing them in

financial jeopardy. This will be especially so for schools that have spent money aimed at increasing enrollments of traditional students, but which have, in the past, shown little interest in attracting and serving non-traditional students.

THEME 2: CHANGING STUDENT EXPECTATIONS - ATTRACTING “NEW” AND “NEWER” NON-TRADITIONAL STUDENTS BY UNDERSTANDING THEIR GOALS AND NEEDS

Based on the demographics cited, it is a near certainty that the “traditional” college student population is declining. It will likely become more difficult and more expensive to recruit traditional students who might actually agree to come to many campuses where they have always been the majority. This means the relative importance of enrolling non-traditional students to fill seats formerly filled by traditional students will become more imperative than ever before. We have asserted colleges and universities in lower tiered schools will be impacted most by this change. To keep their financial heads above the water, many down-market institutions will have to recruit and admit larger numbers of students with different wants and desires than those they had previously relied on to fill their classes. Thus, a logical question for these schools is, “Is it possible to recruit more non-traditional students to make up for what the campus will likely lose as traditional students choose to go elsewhere, or if they choose to skip a traditional approach to earning a degree altogether?” This section will address the strategic implications of answering that question.

“New” and “Newer” Non-traditional Students, Who are They?

If any institution wants to increase its attractiveness to potential non-traditional students, it is important for all of the “players” on a campus to know as much as possible about these segments (we argue) of the market for higher learning. When thinking about the non-traditional students, we were reminded of a line of dialog repeated many times in the old “Butch Cassidy and the Sundance Kid” film. The line was “Who are those people?” Well, for starters, the academic preparation of these students may be similar to those who have been admitted in the past, but their backgrounds, and current stations in life may be reflected in a much different set of expectations and needs that they required from the academic institution.

Societal, economic, and political changes all contributed to the rise of the “nontraditional” student. “The Allied victory in World War II, the decrease in blue-collar jobs, and changing gender attitudes encouraged members of minority racial groups, young people with low social-class standing, and women to attend college (Bean & Metzner, 1985).” Among the first waves of non-traditional students was the horde of returning military service veterans who, under the auspices of the “GI Bill,” flooded college and university campuses following the close of WWII and after the Korean Conflict (Ogren, 2003). To differentiate among the cohorts of non-traditional students that

will be discussed in the following narrative, this group has been labeled the “NTS-1” group, or the original group of non-traditional students. When the GI’s (the NS-1 group) came through the college doors, campus leaders made many modifications to accommodate them. Some of those campus adjustments became institutionalized and benefited other non-traditional students who came later. For example, financial aid and affirmative action increased the racial, class, and gender diversity of American campuses in the 1960s. As the cohort of returning veterans moved through the higher education system, their number soon abated and institutions re-focused upon what they had done in the past: mainly serving traditional students. The small number of remaining non-traditional students on campuses again experienced an education environment in which they were expected to “bend” to meet the schedules and policies of the institution instead of having the institution “bending” to meet the student’s needs.

By about 1970 things began to change again. A much larger number of non-traditional students began to appear on college campuses. This development elevated the impact and the significance of this category of students to an unprecedented level. Higher education scholars gave the 1970s’ – 1980s wave of non-traditional students the label of “the New Students in Higher Education.” This cohort is referred to as the “NS-2” group in this paper. To be classified as a member of the NS-2 cohort of non-traditional students, one or more of the following descriptors would have to be observable in the student’s status:

1. *Being older than typical college student ages (usually age 25 or greater);*
2. *Classified as a part-time student;*
3. *Not financially dependent on parents;*
4. *Work full time while enrolled;*
5. *Have dependents;*
6. *Are single parents; and*
7. *Are recipients of a GED or high school completion certificate. (National Center for Education Statistics, 2002).*

The differences in characteristics between traditional and “new non-traditional” students meant that the non-traditional student cohorts came to campuses with different needs and expectations of the institutions with which they became affiliated. The following list identifies typical wants and needs of this group.

- ◆ *New non-traditional students:*
- ◆ *Frequently want the ability to take instruction during the evening, on Saturdays, or on the weekends;*
- ◆ *Are interested in less than full-time study;*

- ◆ *Often seek off-campus classes (at extension centers) where they can take instruction at sites that are closer to either their home or work;*
- ◆ *Seek “discounted” tuition because they feel they don’t ask for, or need, many campus services which are in place largely to serve traditional students;*
- ◆ *Seek “student-friendly” course transfer-in policies (because they often started course work years ago elsewhere; and/or because they move around a lot due to job transfers);*
- ◆ *Want access to ways of earning credits for “life experience” or “work experience” so as to short-cut the time to degree-completion;*
- ◆ *Expect eligibility for institutional financial aid;*
- ◆ *Want institutions to sensibly offer all of the classes that make it possible for a student to earn full degrees in selected areas solely by studying part-time, or in the evening, or on Saturdays, or in weekend or off-campus classes;*
- ◆ *Expect to have campus support services, such as counseling; food service; bookstore; bill paying, transcript requests; advising; and tutoring assistance, available when and where non-traditional students are on the campus—at night, Saturdays, etc;*
- ◆ *Have only limited interest in the out-of-class opportunities such as student clubs, student government, theatricals, fraternities/sororities, and athletics that are available and of interest to the “traditional” students;*
- ◆ *Believe that a college or university’s “reputation” and its high-quality or “star” faculty is of some importance to them; but the convenience of learning and having the chance to get to degree-completion as fast as possible is more important for them (This is of the sharpest points of divergence between the traditional and non-traditional student);and*
- ◆ *Are highly-focused upon what their program will do to establish them in a career and/or enhance their path along a career they’ve already chosen to pursue.*

Soon, it wasn’t hard to find professional articles appearing in many venues that suggested how campus leaders should adapt what they did to meet the needs of this growing student population group (See Aslanian, 1980; Brazziel, 1989; Levine & Nidiffer, 1996; Pascarella & Terenzini, 1998, and London, 1992). Over time the “new students” in higher learning”—first the NS-1 group and, later, the NS-2 group--were no longer the oddities on campuses that they once were. They became fully-assimilated into the life, work, and systems of the institutions where they studied. At many institutions, NS-1 and NS-2 students, despite their differences from higher education’s first clientele, became the modern-day traditional students.

In the 1990s, as the millennium approached, yet a different group of non traditional students began to emerge. This group, to whom we refer as “newer students,” is also discussed by Obligner (2003). She reported that the group included “Boomers, Gen-Xers, and Millenials.” Further, she

asserted that each component of this triumvirate brought different traits and expectations to the table when then entered campuses and classrooms. The writers have, however, chosen homogenize this group and to call it the “newer students” cohort of nontraditional students and we’ve labeled the group as “NS-3” in this paper. The NS-3 cohort has some attributes in common with the NS-2 cohort, but this latest group to arrive on campuses brought their own unique characteristics with them. Given population demographic trends, it is likely that this latest group to appear in the higher learning marketplace will be both increasingly more significant in numbers and also more significant in terms of their likely influence on college campuses.

A profile of the characteristics of the “newer” students (NS-3 cohort) is described in the following list:

- ◆ *The “Newer Students in Higher Learning”*
- ◆ *Often are foreign born. If not foreign born, their parents are; and they may well be the first person in their family attempting a college experience;*
- ◆ *Often use English as their second language; having been reared with another language being the first language spoken in their homes;*
- ◆ *Frequently have meager financial resources;*
- ◆ *Often work minimum wage jobs; and do not have access to employer-sponsored employee tuition assistance programs; and*
- ◆ *Typically have extensive needs for remedial/developmental education (English language proficiency, writing skills, reading skills, study skills, math competency, etc.) in multiple areas.*

Along with these characteristics come a different set of expectations from the NS-3 non-traditional student. Table 2 compares the wants and needs of the NS-2 and NS-3 non-traditional students.

Table 2 Campus/Program Characteristics of Interest or Concern to Students: Comparing the “new” and “newer” non-traditional students		
Campus/Program Characteristics of Interest or Concern to Students	Importance to the NS-2 Cohort	Importance to the NS-3 Cohort
Out-of-class and/or extra-curricular activities (especially if they would require a student to come to a campus on a day of the week or at time of day when they would not plan to be on campus to begin with)	Low Importance	Not Important

Table 2 Campus/Program Characteristics of Interest or Concern to Students: Comparing the “new” and “newer” non-traditional students		
Campus/Program Characteristics of Interest or Concern to Students	Importance to the NS-2 Cohort	Importance to the NS-3 Cohort
Ability to classes full time instead of just taking classes on a part-time basis	Not Important	Important
Ability to enroll in day-time courses because they may work full or part-time in evening jobs. (This is a big point of difference between the “new” and the “newer” students)	Not Important	Very Important
Want to have prior course work, perhaps from foreign institutions, evaluated for domestic course equivalency and then applied to domestic degree program requirements	Important	Very Important
Ability to live in housing in the community more than in college-owned or sponsored housing	Not Important	Low Importance
Expect or seek the ability to enroll in on-line or other media-based courses to minimize commuting time, trips to campuses, and time to degree completion	Very important	Very Important
A campus culture that permits students to quickly amass credits that will lead to degree completion (Concerns for quick completion may trump concerns about learning; Credentialism, not learning, may be the more sought-after value for this student group)	Important	Very Important
A teaching-learning system that utilizes computer-based and telecommunications technology in classes or used to deliver classes more conveniently available in distant locations	Important	Very Important
A setting where students and faculty members place high value on academic honesty and integrity	Low Importance	Not Important
An institution that accommodates varied religious traditions or customs	Low Importance	Very Important
The institution has excellent “customer service” standards	Important	Very Important

Strategic Implications for “New” (NS-2) and “Newer” (NS-3) students

Administrators who are accustomed to having traditional students making up the majority of the student population on their campuses are now faced with a multifaceted dilemma. Their future environment includes:

- ◆ *A diminished applicant pool from which traditional students can be drawn, formerly an institution’s primary customer prospect;*

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- ◆ *An intense need to replace traditional students with others so that campus economic imperatives can be addressed; and*
 - ◆ *A realization that the market from which replacements might be drawn is segmented in ways that it has not been in the past (including a mix of NS-2 and NS-3 students).*

We will examine the strategic implications of replacing traditional students in two categories: recruiting and service mix.

Recruiting

Universities have become very sophisticated at targeted recruiting. They will need to become even more so if they want to succeed in recruiting and enrolling students from the “new” (NS-2) and “newer” (NS-3) non-traditional student segments of the market to replace likely losses from the “traditional” student cohort. For example, university Websites must become the center piece for recruiting because the newer non-traditional students (NS-3) use electronic sources as their first point of contact, if not their only source of information. Other web-based strategies will encompass embellishments for the campus: Facebook and MySpace pages, You-tube promotions, and campus tours, including even virtual reality sites as places where potential newer non-traditional students can be interested, informed, and, hopefully influenced.

Messages should also change to appeal to an older adult with more life experiences and responsibilities. Many of the NS-3 students are aware of the educational programs available to them, but have decided that the return on investment of their limited time and money does not justify enrollment. Emphasis on convenience and receiving credit for life experiences will be important to both the “new” and “newer” non-traditional student.

Strategies which target regional or local students as prospective enrollees will work for schools located in or near metropolitan areas. For schools not located in dense population areas, satellite learning centers may become necessary, which will also imply changes to the institutions service mix.

Service Mix

There are two key ideas for campus leaders to consider if they view NS-3 students as replacements for the diminishing number of traditional students. First, the NS-3 students may not want or need much of what institutions have traditionally included in their product/service mix (Dorm life, intercollegiate athletics, fraternities and sororities, co-curricular clubs, and other forms of campus life--like student government, drama and entertainment programming, fitness centers, etc.). Second, the NS-3 students may not be able to pay the prices that institutions have charged traditional students. Non-traditional students from either the NS-2 or the NS-3 cohorts may question

why they should pay, in the form of tuition and fees, for so many campus attributes and/or services that do not want or need but which heavily influence campus pricing models.

If these assumptions can be accepted as having some validity, then it follows that campus leaders need to re-think their concept of their product and of the aptness of the campus' product/services mix for this emerging segment of the higher education market. Leaders will have to consider cost-cutting measures that will bring costs (and therefore tuition and fees) into line with what the customers from the non-traditional segment of the market would likely be willing and able to pay.

Universities cannot assume that new, modern, or renovated on-campus living quarters will be attractive to the NS-2 or NS-3 groups as both tend to work full or part-time, have other family obligations, and generally have little interest in on-campus activities or other aspects of dormitory or campus life. Learning and growth opportunities outside of the classroom, such as intercollegiate athletics, fraternities and sororities, co-curricular clubs, student government, drama and entertainment programming, and fitness centers have little attraction for the same reasons.

What does interest the NS-3 student is convenience, flexible programming and/or class scheduling, credit for life experiences, career-focused learning, career development and placement services, and financial aid packages. Convenience includes access to necessary university resources: admissions, advising, registration, orientation, bill paying, libraries and computer labs, and parking. Flexible programming includes day, evening classes, and, perhaps, weekend classes. Credit for life experiences suggests innovative ways to award credit to those who have been in the workforce and actually "doing" much of what they are scheduled to study. Most non-traditional students, because of family circumstances and responsibilities, seek ways to advance their careers as quickly as possible. They have little time for classes that will not have an immediate benefit to them. For-profit universities exploit this need and have turned it into a billion dollar industry. Career focus may also mean reconsideration of how subject matter is learned (Blaylock, et. al, 2009). Finally, financial aid can no longer be made available only to full-time students. Universities may have to partner with lending institutions and employers to create new loans and tuition assistance programs for part-time students. Pricing differentials must also be considered because most non-traditional students are not interested in or willing to pay for many of the extra-curricular activities or services on campus. An example might be health centers. No one would argue that health centers are not worthwhile or important, but non-traditional students seldom use them, so, they reason, why should they be required to pay for them?

The critical reader by now has concluded many of the above changes can occur on campuses with adoption of new technologies. Admissions are already done by many campuses on-line, often with a consortium of other institutions. As broad-band access becomes more readily available any type of interview can be done. Skype, Adobe Connect, and other conferencing technologies make meeting online almost as effective as meeting face-to-face. Distance learning systems are now pervasive in the for-profit education industry. Tier 2 – 4 schools have adopted such technologies

as add-ons, but they may now need to become a central focus. Quality of such courses is always important. Husson and Waterman (2002) have determined that selecting suitable faculty members for web-based delivery classes, providing them with training and support, carefully designing the learning environment, providing students with technical and academic support, and developing policies to run the system are the most important characteristics for a successful distance learning program.

To return to the question posed at the beginning of this section, “Is it possible to recruit more non-traditional students to make up for what the campus will likely lose as traditional students choose to go elsewhere, or if they choose to skip a traditional approach to earning a degree altogether?” The answer is yes, but institutions will be successful only if they change their mindsets about the students who will be the majority on campus and about the very different needs they will have. This is nothing short of a cultural change. A metamorphosis of this type may be lengthy and it may require turning loose of old traditions, but it will be an essential step for many schools whose survival will be “on the line.”

THEME THREE: ECONOMICS

Campus Development

Strategic and long-range planning has become a central part of leadership on college campuses. Leaders must actively position their institutions within ever changing marketplaces by creating institutional environments designed to meet the needs and desires of future students. Planning goes beyond creating new programs or revamping current ones. It also entails infrastructure, support services, and program delivery options. Critical to any strategic plan are the assumptions upon which the plan is built.

Some universities and colleges seem to cling to assumptions true in the past, but which may be questionable now. Among these are

- 1) *More students, just like those served in the past, would be drawn to newly-enlarged and modernized campus,*
- 2) *Students would expect services and facilities to be as good as or better than those demanded in the past,*
- 3) *Tuition can be increased on an average of 5% per year into the indefinite future, and*
- 4) *Though possibly difficult, it is always possible to increase market share; but maintaining market share will be “no problem,” and losing market share is not a plausible future outcome.*

Colleges and universities across the country (See Himmelspach, 2008; University of Alabama at Birmingham, 2007; Harvey Mudd College, 2007; University of Kansas, 2007; University of Wisconsin, 2007) have been engaged in extensive projects to create new and/or renovate old facilities. It would seem that they have adopted the philosophy of “If you build it, they will come.” One is tempted to conclude that planners on these campuses, as they have invested heavily in major traditional bricks and mortar projects, have failed to notice the significant presence and success of on-line and virtual universities, or that planners have not perceived these programs as a market threat to their own institutions. One is further tempted to conclude that demographic changes, that clearly will affect the number and type of future students that will come to their campuses, were not perceived as relevant. Are some of these institutions headed toward committing a major error by erecting an ever-larger or ever improved physical plant? Even if gift and grant income could be obtained to fund many of the planned improvements, there are recurring costs (for utilities, maintenance, repairs, and maintenance staff) that could cause wonderful new teaching and learning spaces to become a financial albatrosses around the neck of any institution where projected increases in enrollment fail to materialize, or where enrollments actually decline.

Strategic Implications of Campus Development

Making decisions about the location and type of physical facilities needed to support college and university programs are, from the point of view of strategic planning, among the most significant decisions that academic leaders ever make. Apart from cost, facilities decisions are strategically important because they must support and be congruent with the institutional mission. If an institution has ambitions to grow, change, or improve, such aims have implications for the facilities and other resource requirements.

As higher education has evolved, and as new providers have entered markets, new approaches have emerged for providing physical facilities to support educational programming. Traditional institutions with long histories in their communities were developed under a model that includes elaborate and spacious grounds, punctuated with many specialized buildings, served by an extensive support staff, and accompanied by an expectation that students come great distances to partake of academic options offered. Consider such places as “Model 18” campuses—given that the model was developed in the 18th Century in the U.S. Campuses developed under this model were, and still are, very “place bound” which makes it difficult for institutions to respond to changing demographics that affect demand. Significantly, the Model 18 campus also carries with it substantial overhead costs that must be factored into institutional pricing strategies. This aspect can be problematical—irrespective of challenges an institution might face when demographics change.

Newer entries in higher education have entered markets with an entirely different physical facilities model. Think about institutions like the University of Phoenix, Argosy University, and

DeVry University/Keller Graduate School of Business as the exemplars of the newer entries that have seized upon a different approach to campus design. Having settled on a somewhat standardized design model, the newer entries have replicated the model in many cities across the country. We refer to these newer campuses as “Model 21” campuses—given that this concept of campus design emerged in the 21st Century in the U.S. The Model 21 campus design embeds value judgments that developers have made about what things are important to NS-3 students. A Model 21 approach has often been used, to a degree, by Model 18 campuses when such institutions have sought to expand their scope by offering courses in distant settings. Table 3 illustrates contrasts the elements of the newer (Model 21) campus facilities model with those of the traditional (Model 18) campus facilities model.

Facility Attribute	“Model 21” - Newer Campus Models	“Model 18” - Traditional Campus Model	Comment
Ownership	Modest, leased space in office buildings	Extensive, buildings and grounds owned by the institution Model 21 allows easy entry and exits into and out of markets	
Reason for Location Choice	Site selection driven by an assessment of market potential	Site selection driven by an historical assessment of market; political and other factors	Model 18 campuses cannot easily adapt to changing demographics
Transportation Considerations	Critical site selection criteria are proximity to arterial roads and public transportation and/or ample parking	Transportation issues were not usually considered. The citing of many campuses predated modern road system developments	Model 18 campuses may originally been located near heavy rail stations
Who Staffs?	Staffed by a Center Director and a small number of support staff who may be part-time employees	Staffed by extensive number of administrators and support staff members	
Library/Learning Resources	“Library” may be a room with a few computer terminals for on-line searches and a limited number of periodicals and reference works; little or no staff support	Extensive resources and many full time staff members to offer service	In Model 21 schools, students are told to use community libraries and libraries of other higher learning entities, thus shifting an institutional cost to others

Facility Attribute	“Model 21” - Newer Campus Models	“Model 18” - Traditional Campus Model	Comment
Computer Utilities	Computer utility may be a room with a small number of computers	Extensive computer utility and staff to support it	In the new model, students are expected to have their own access to computers and connectivity at home or at work
Food Service	Vending machines provided under contract with outside supplier	Extensive food service operation offering food in multiple campus sites. Institution staff or outside vendor may provide the service	Offering high quality food service was once, and still is, an important competitive feature on Model 18 campuses
Physical Education/Health & Wellness Opportunities	None provided	Extensive facilities and full time staff provide these opportunities	
Maintenance	Provided by lessor or provided by lessee under contract with outside firm	Provided by an extensive maintenance staff on the institution’s payroll	
Security	If provided—offered by part-time contract personnel	Extensive staff of full time campus security officers	
Faculty	Predominantly part-time, independent contractors	Mix of full time employees and part-time, independent contractors, and teaching assistants	Though diminished as a percentage of the total faculty, full-time, and often tenured, faculty members were the pride, and a major selling point, of Model 18 campuses
Marketing Slant	“The institution is where you are! It’s convenient and close.”	“Come to where we are and bask in the beauty and tradition of our campus.” Model 21 institutions adopt the “Marketing Concept”; Model 18 institutions are pursuing the “Production Concept.”	

Leaders on many campuses should use caution with respect moving ahead with campus development plans—especially if and where they involve significant commitments to infrastructure and brick and mortar projects. The arguments in favor of exercising caution include the following:

- ◆ *Projected decline in the pool of “traditional students,” reported above suggests that college and universities farther down on the “Perception of Quality Scale” (Table 1) will be those that lose the largest number of students from that group. This will, of course, imperil the financial conditions on such campuses.*
- ◆ *College leaders, most especially those heading up Tier 3 and Tier 4 institutions, in a quest for institutional viability, will need to vigorously, recruit students in the NS-3 cohort to replace any traditional students that will be lost, most likely, to Tier 2 schools.*
- ◆ *If the NS-3 students recruited to replace lost traditional student enrollments on a campus cannot afford to pay the costs of their education in the same manner as did traditional students; or as did the NS-2 cohort, a college will most likely have to discount tuition more aggressively than usual to get the NS-3 students to enroll. Thus, in a situation where an institution was able to replace 200 lost traditional students with 200 NS-3 non-traditional students, discounting would reduce gross revenues; and per student profit margins will decline. The financial problem will be exacerbated if the 200 NS-3 students need extra services (such as more tutoring assistance in basic language skills) that would boost the expense side of the ledger. As can be seen, the loss of one traditional student will have to be made up for by recruiting more than one NS-2 or NS-3 student in order to get an institution in a state of financial equilibrium.*
- ◆ *If the NS-3 cohort is not buying what traditional colleges are selling, then campus leaders should think twice before building, creating, or offering more of the “same old thing” going forward into a changing higher education market place. It is imperative that campus strategic planners discern contemporary student needs and demands or else they will fail to develop facilities, services, programs, or other initiatives that will have high probabilities for success, financial or otherwise.*
- ◆ *The growth and success trajectory of on-line and more career-focused, for-profit institutions of higher learning strongly suggests that such institutions are going to continue to make in-roads into the market shares of traditional colleges and universities. More traditional colleges and universities, especially, those operating at the margins of higher education, must create strategies to fend off those incursions on their market share if they seek to survive going forward.*
- ◆ *Student interest in alternative schedules, in the ability to take on-line courses, and in taking instruction at distance learning facilities should be factored into a traditional college’s future strategic plans even if these modalities have not been*

emphasized in the past. Institutions considering more traditional bricks and mortar expansions should pay special attention to the increased likelihood that these structures, representing part of their service mix strategies, may not be as successful as history suggests.

Increase in Higher Education Cost

Meeting the demands of a changing market by adding or adjusting product/service offerings is a costly proposition in most industries. This is true for higher education institutions as well. Like product/service mix changes made by private sector organizations, improvements to college and university campuses are costly too. On the typical campus, revenue comes from only four sources: 1) tuition and fee income; 2) sales from auxiliary services such as food service, housing, facilities rentals, and bookstore operations; 3) grant and contract income; and 4) donations and non-monetary gifts. Of the four sources, tuition and fee income is the most important on any campus.

An examination of recent institutional behavior seems to suggest that most college and university leaders are assuming that they can upwardly adjust their tuition and fees over the years to cover the increased costs of providing a more attractive value proposition for traditional students. From the 1996-97 to 2006-07 school years, tuition and fees at private four-year institutions increased 82.8% and 96% at public four-year schools (U.S. Department of Education, 2008). During that same period, the Consumer Price Index has increased 56.2% (InflationData.com, 2009). In other words, a belief exists on many campuses that there is no point at which consumers will say “no” to tuition and/or fee schedules. Apparently, college and university leaders don’t believe that they can price themselves out of the market. Wrongly, they assume that the demand for higher education is inelastic. That is to say, students will continue to enroll in a college no matter how high tuition and fee charges ascend. In truth, demand for higher education may be very elastic. This leads to the inevitable conclusion that a high cost structure looms as a serious potential problem on many campuses.

An analogy can be made between the attitudes of many college leaders and the attitudes of many in the real estate industry. The mortgage market melt-down of 2008-2009 proved housing prices would not increase indefinitely going into the future. The correlated crisis in the financial system has brought additional, unwelcome changes in many sectors of society—including a reorientation of student and parent decision-making about spending money on college tuition. Black, writing in the *Chicago Tribune* (2009), reports that students who have applied for and gotten acceptance notices from elite schools are opting to enroll in less-prestigious schools for financial reasons. “Even as the amount of tuition loans rises, students deciding on colleges are increasingly weighing finances as a major factor, forcing many to opt for their second or third choice.” Other students, who normally would have aimed to enroll in more selective, or more prestigious private institutions, have shifted their focus toward the less-costly public universities. One observer noted

that "...we have seen 60-65 percent of students applying to public universities... whereas, a year ago, it was just the inverse."

Strategic Impact of Increased Higher Education Costs

The extant and emergent stresses in the economy and in the financial markets during 2008-2009, and its likely extension into 2010, will surely test the elasticity/in-elasticity of demand argument with respect to high education. Campus leaders are encouraged to pay attention to the results of that test. What is the writers' guess? First, it is likely that campus financial conditions will get worse before they get better—especially among institutions that, historically, have been publicly-funded (i.e., the "state schools"). Until the millennium approached, higher education had, for decades, been the "favored child" of state legislatures; and funding from the legislatures flowed into state schools in predictable and generous ways. However, from about the early 1990s onward, competing social priorities began to eclipse higher education as the areas where public dollars were thought to be most need (Kane, Orszag, & Gunter, 2003). More often than not, expanded social services, public safety improvements (including prison expansions), health care improvements, environmental concerns, early childhood education, and other issues have been considered more worthy of funding than was pouring more funds into the coffers on the ivied college and university campuses. As a result of this shift in legislative emphasis, campus administrators had no riper place to turn, as they looked for revenue to replace diminishing state support dollars, than to tuition and fee structures. Tuition and fees have increased at a much higher rate than has inflation or state budgets (U.S. Department of Education, 2008). On some campuses, increases have been steady but more moderate. It is likely that this trend will continue wherein students and/or their parents (and not the state) will be expected to carry more and more of the cost burden for a student attending a state school (Kane & Orszag, 2003; Archibald & Feldman, 2006). The private universities have been just as prone to increasing tuition as have the public schools, but they have sought to mitigate the increases to a degree by being both more aggressive and sophisticated than the public school leaders in seeking private support from alumni and other donors.

Second, it is also likely that in response to ever-increasing tuition and fees, students (and their parents, employers, or whomever subsidizes students' school attendance) will begin to rebel against these rising tuition and fee charges. The rebellion will likely be fueled by cost-benefit analyses that could reveal that the projected income from jobs that might be assured to those who earn college degrees may not be high enough to justify the increasing expense of earning those degrees (Fish, 2009). If the projected rebellion does occur, it should be greatest among students who might normally pursue degrees in the social sciences, education, and fine arts and the humanities where salary incomes are lower than in business, medicine, law, engineering, and the hard sciences.

Third, rejection of the college degree as "preparation for the world of work" of work might be abetted by further disintegration of the domestic economy. When domestic job creation slows,

when unemployment rises, and when so many domestic jobs are out-sourced off-shore, a predictable adverse effect upon the perceived benefits of earning a college degree will become a matter of fact (Lyll & Sell, 2005; Fish, 2009).

Ip (July 2008) recently commented on this topic when he observed that “A four-year college degree, seen for generations as a ticket to a better life is no longer enough to guarantee a steadily rising paycheck...For decades the typical college graduate’s wage rose well above inflation. But, no longer! In the economic expansion that began in 2001 and now appears to be ending, the inflation-adjusted wages of the majority of U.S. workers didn’t grow, even among those who went to college...College-educated workers are more plentiful, more commoditized and more subject to the downsizings that used to be the purview of blue-collar workers only (Ip, July 2008).” Ip continues on by writing that workers today need to understand “... how insecure any job can be and how little a college degree by itself stands for...Employers are going to ask ‘What else have you done in your life besides going to college?’”

As these realities begin to “sink in” with prospective students, it is quite logical to believe that the appeal of traditional degree programs will decline, especially at institutions where traditional degree programs are delivered in traditional locations, in traditional formats, and with traditional methods of instruction. At the very least, it is likely that when prospective students consider their options, a shift in student preferences will occur—away from four-year college and university programs and toward lower cost, shorter-term, career-focused programs, like those offered in community colleges. Other beneficiaries of a shift could be the for-profit, career-focused two- and four-year colleges. Tuition is not cheap in such schools, but they operate in ways that tend to compress the experience and minimize “time to degree” (and, therefore, minimize both out-of-pocket and opportunity costs for students). That is certainly a marketing advantage when consumers are price-sensitive. Those career-focused institutions also tend to do a better job in concurrently providing both distilled theoretical knowledge and hands-on training to their students. As noted, this combination is one that employers increasingly favor.

Finally, while elite colleges and universities will always have enough cachet to draw students irrespective of cost, many “down-market” schools don’t, and won’t ever share that lofty position in the pantheon of higher education institutions. Those colleges and universities in the lower tiers on the academic quality perception scale face a significant competitive challenge on many fronts that will influence their ability to do well—or maybe even their ability to survive—in the higher education market place in the years that lie ahead. If these same institutions, in addition to their other competitive challenges, persist with ever-increasing tuition and fee structures, they will surely drive themselves out of the market for students. They will especially drive themselves out of the market made up of the diminishing pool of traditional students.

About a decade ago, Levine (1998) observed that “...this is also a time of danger. It is not clear that higher education as it has evolved to the present day can survive unchanged into the future. Its present design and structure may not be sustained. It faces a radically different environment than

in the past...” We not only think that it remains a time of danger, but that the danger has increased because the environment is even more hostile than when Levine wrote those words. Previously venerable and admired institutions that fail to adjust their strategies to the realities of the contemporary higher education marketplace will be more vulnerable than ever before.

CONCLUSION

Shifting demographics, changing student attitudes and expectations, volatile economic considerations, galloping advances in technology, globalization, and increased competition within the higher education market place present significant, on-going challenges to college campus leaders who are responsible for charting the strategic directions for the future of the institutions which they lead.

Successfully coping with these changes requires campus leaders to engage in what Fullan (2001) calls “reculturing.” Stop for a moment and think about how foreign the following tactical and implementation steps are within the academic strategies followed by a very large number of very traditional U.S. colleges and universities: highly career-focused curricula; tele-courses, internet/on-line courses and degrees, and other forms of non-face-to-face; credit-for-life experience programs; service learning experiences; off-site courses and degree programs in distance learning centers and employer workplaces; differential tuition pricing; inter-institutional collaboratives, etc. These and any number of other contemporary methods for delivering instruction, providing services, and otherwise working with students are hardly the sacrosanct and hallowed practices within most traditional institutions that currently work in the higher education market space. Yet, it is exactly that type of reculturing which is needed on many traditional college campuses to better strategically position themselves to compete in the marketplace for the kind of students who will be available and interested in pursuing a degree. The strategic re-positioning would involve the adoption of many of the marketing, pricing, delivery methods and student services that have been mentioned in this paper.

Strategic approaches to responding to the projected declines in traditional student populations will yield opportunities for institutional survival and success, but only if academic leaders can release many of their fond and happy thoughts about the old alma mater that are, in reality, constraints.

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Fonte: Academy of Educational Leadership Journal, v. 14, n. 3, p. 15-38, 2010. [Base de Dados]. Disponível em: <[http://: web.ebscohost.com](http://web.ebscohost.com)>. Acesso em: 2 set. 2010.

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