Nowhere to Turn

NO Mu MENTION

By Kevin Kiley

If colleges and universities thought they could ride out the current revenue challenges by becoming more like some other institution, Moody's Investors Service has a bit of bad news for them: The grass isn't greener on anybody else's quad. Not even Harvard University's.

In a report released Wednesday, the ratings agency outlines how every traditional revenue stream for colleges and universities is facing some sort of pressure, a finding Moody's uses as grounds for giving the whole sector a negative outlook. The agency has been pessimistic about much of the sector since its annual outlook in 2009 after the economic downturn began, but Wednesday's report contains a downward shift in how analysts view even market leaders, the elite institutions with high demand and brand recognition.

The pressure on all revenue streams is the result of macro-level economic, technological and public opinion shifts, the report states, noting that these changes are largely beyond the control of institutions. Moody's analysts caution that revenue streams will never flow as robustly as they did before 2008. The change will require a fundamental shift in how colleges and universities operate, they say, one that will require more strategic thinking.

"The U.S. higher education sector had hit a critical juncture in the evolution of its business model," wrote Eva Bogarty, the report's author. "Most universities will have to lower their cost structures to achieve long-term financial sustainability and to fund future initiatives."

The report's authors and other higher education observers say the individual components of the report come as no surprise and are backed up by a slew of reports in the past year that have called into question the viability of all these revenue sources. But observers note that the breadth of the Moody's report paints a picture likely to capture more attention than the piecemeal analyses.
“What’s new here is not the individual pieces,” said Rick Staisloff, a former college chief financial officer who now consults on higher education finance issues. “What’s new is that in a collective way, the model that we in higher education have been employing since the 1960s is really being called into question by external factors. And it’s that collectiveness that creates a new sense of urgency.”

The report notes that colleges will have to rely on more strategic leaders who address these challenges through better use of technology to cut costs, create efficiency in their operations, demonstrate value, reach new markets, and prioritize programs. Many of those efforts could be grounds for disputes with faculty members or other institutional constituents unless leaders can get the collective buy-in that has long been the staple of higher education governance.

“There is an awakening that is occurring – that has been occurring since the great recession – in higher education in that university leaders and boards, as well as faculty and staff, are becoming aware of these changes,” said Shandy S. Husmann, managing director for Huron Education.

“The comprehensiveness of this report is outstanding, and people take Moody’s seriously, and it will help get away from the daily litany of sensationalist stories about higher education.”

While the Moody's report is pessimistic about the state of the sector, there are some reasons for optimism. Several governors, including Jerry Brown of California, have proposed increased appropriations for higher education for the next year. Other reports from the past year have noted potential alternative sources of revenue, not touched on in the report, such as partnerships with the private sector, which has fared well in recent years.

Moody's rates 515 public and private colleges and universities who issue or wish to issue debt. Their ratings are designed to provide an assessment of an institution's financial health.

Out of Their Hands

The major revenue constraints the report details are attributed to larger changes in the economic landscape, including lower household incomes, an uncertain economic and federal government picture, a decline in the number of high school graduates, the emergence of new technologies and a growing interest in getting the most value out of a college education -- particularly as it pertains to employment after graduation.

"Macroeconomic conditions and anticipated federal budget reductions have weakened or created considerable uncertainty around the prospect for growth of household income and wealth, philanthropic support, investment returns, state appropriations, and federal funding,” the report states.

And a stable fiscal picture over all in the United States seems years away. The report notes that a stable outlook would require improved pricing power, a decrease in the unemployment rate, improvements in the housing market and several years of strong stock market returns, none of which seem likely in the near term.
The report, like many on higher education in the past year, is bullish on the ability of massive open online courses to disrupt the traditional higher education model, particularly by legitimizing online education and other technological innovations. "The rapid evolution and adoption of massive open online courses (MOOCs) signals a fundamental shift in strategy by industry leaders to embrace technological changes that have threatened to destabilize the residential college and university's business model over the long run," the report states.

The ratings agency argues that they are an opportunity for market leaders -- those institutions that already have diverse revenue streams and brand recognition -- to further improve their position. Such institutions could find ways to monetize MOOCs by potentially granting credit for a fee, licensing their courses to other institutions and advertising. Moody's also notes the possibility of technology to increase faculty productivity by increasing the number of students one faculty member can serve, potentially creating efficiencies in the long term.

"They're going to disrupt the revenue picture," Staisloff said. "They're not there yet, but they're going to get it figured out. But the real disruptor is the acceptance of that as an appropriate delivery vehicle for higher education."

The Moody's report also highlights two other related challenges facing higher education that are leading to increased scrutiny: the growing profile of student debt and default rates and pressure on politicians and accreditation agencies to ensure the value of degrees.

"While employment and earnings data continue to support the underlying value of a college degree, alarm over a potential student loan bubble and diminishing affordability of higher education has reached a fever pitch in the last two years," the report notes.

That growth has increased scrutiny on institutions by politicians, who have typically been focused on ways to limit the cost of higher education while improving outcomes. That has led to a raft of proposals that have ranged from calls for $10,000 degrees -- which the report notes "do not address the actual cost structure behind offering the degree" -- to outcomes-based funding, which is now in place or being discussed in 33 states.

Rethinking Strategy

Both Staisloff and Husmann said the proliferation of revenue constraints will force institutions to be more strategic in their allocation of dollars, with both noting that the "buffet model" of higher education -- where institutions try to be all things to all people -- is over.

Institutions need to prioritize programs, ensuring that they have enough programs generating profits to support those that aren't, they said.

The report notes that any efforts to prioritize programs will likely run into opposition from various campus stakeholders. The governance model of universities vests varying authority in boards, managers, and faculty members. Even when faculty members are cut out of decision-making, the institution of tenure gives them leverage.
Higher education disputes are often characterized in terms of management versus faculty, but the report notes that boards, which often have different views from other campus stakeholders, are also an emerging source of tension. "University managers are driven increasingly by market strategy even as they face rising faculty opposition to change, while the boards often remain largely focused on political tactics to deal with state government criticism or promoting a corporate focus lacking communication style suitable to universities," the report states.

Such disputes have become apparent at multiple universities in the last year, including the University of Virginia, the University of Texas (both the system and the Austin campus), and Texas A&M University System, with boards often reflecting short-term political interest, faculty urging either more incremental (or no) change, and managers either caught in the middle or pushing their own agendas.

Finance officials say the only way institutions are going to get students to pay higher tuition is by demonstrating that the outcomes -- including their campus experience, postgraduate employment, graduate school enrollment, and long-term success and happiness -- are worth the tuition they pay. "When they look at options, they want to know 'What do I get for my investment?' " Staisloff said.

While many in higher education have argued that adjusting to the "new normal" will require innovative thinking, Staisloff said many of the tools are already available and have been employed by institutions that were in trouble long before the 2008 recession.
UM System in line for more state funding

New measures are in place this year.

By Rudi Keller

Wednesday, January 16, 2013 at 2:00 pm

JEFFERSON CITY — The University of Missouri System will qualify for increased state aid based on a performance funding model that will be used for the first time in the coming fiscal year, Deputy Commissioner of Higher Education Paul Wagner said Tuesday.

In testimony explaining the model to the House Appropriations for Education Committee, Wagner provided data showing that five of the state’s 10 four-year universities and university systems met all five of the goals necessary to win the funding.

The Coordinating Board for Higher Education has recommended the schools receive a 3 percent boost in basic state aid and as much as 3 percent more based on performance, Wagner said. Gov. Jay Nixon, who will make his spending recommendations Jan. 28 when he delivers the State of the State message, has said if he recommends new funding this year, only schools that meet performance goals will be eligible.

Nixon called for development of the model in August 2011. The plan was developed through negotiations of all the schools involved, Wagner said. "This was a very open, inclusive process where we worked on building consensus," he told the committee.

The basic plan calls for limiting the annual amount set aside for performance funding awards to between 2 percent and 3 percent of a school’s basic state aid. If a school receives the money one year, it would be built into the basic budget for the next year and could not be taken away because the school does not continue to progress.

For some committee members, that is too limited a program. They will hear today about progress on a funding model for higher education that covers all appropriations and sets aside 10 percent of funding annually for performance awards.

Tennessee distributes aid to colleges and universities based on school performance, Chairman Mike Lair, R-Chillicothe, said after the hearing. He indicated he wants to see a larger share of
funding dedicated to the program and more accountability measures that are specific to each school.

"To get the taxpayers the most bang for their buck, then we need to see performance data that is measurable and easy to quantify," Lair said.

The model uses four statewide measures, each with options, and one school-specific measure. They are:

- Student success and progress. A school can either measure the number of freshmen who become sophomores or the number of freshmen who complete 24 credit hours.
- Degree production. A school can either measure whether it is giving more degrees, year over year, or increasing the rate at which students graduate in six years or less.
- Quality of learning. A school can make a general assessment of student achievement, measure student achievement in their major or document the number of graduates who pass occupation or professional licensing tests.
- Financial responsibility. A school can look at whether it is increasing the portion of its budget spent on its core mission or whether it is keeping costs increases below the rate of inflation.

For its school-specific measure, the UM System measures whether it is increasing the money it receives from federal research and development grants.

State Rep. Kathy Swan, R-Cape Girardeau, was a member of the Coordinating Board until December, and she said the system is a start but needs a larger share of total spending dedicated to funding performance.

Because state colleges and universities have seen budgets stagnate or fall for the past decade, they have sought to economize and are now fairly lean, Swan said. New money now should have a bigger impact, she said. "It is timely to do this because we are receiving more money" in state revenue, she said.

Rep. John Wright, D-Rocheport, also is a committee member. He said he is comfortable with the model presented as a starting point.

"It would be prudent to give it a little time to see how it works," he said.

The results show that the model isn't a weak one because half the schools measured didn't meet their goals, he said. "The fact that not all can achieve five out of five is a good fact."

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Posted in Education on Wednesday, January 16, 2013 2:00 pm.
MU recruits international students, bringing enrollment to record high

By Ayano Shimizu
January 17, 2013 | 6:00 a.m. CST

COLUMBIA — As the beat of the guitar and fiddle filled Stotler Lounge in MU’s Memorial Student Union with upbeat folk music Tuesday night, Jim Thaxter, the dance caller, coaxed the students to square dance.

"Grab your partner and promenade," he told them. Square dancing and a potluck meal were among the activities at the welcome party for new international students who arrived at MU for the spring semester. About 70 people, including international students and volunteers, sampled a variety of food, such as Thai noodles, curry, pizza, potato chips and granola bars.

Thaxter has called dances at MU’s international student orientation three or four times. This year, he taught 40 students and volunteers three dances — a simple circle, the Cumberland Reel and the Virginia Reel — that have been around for more than 200 years. Thaxter said he chose easy dances.

"Once you hear the fiddle, you can’t stand still. You have to dance," he said. About 100 new international students started their lives in Columbia this week. International student enrollment at MU has reached a record high this academic year.

In fall 2012, there were 2,135 international students at MU, according to the registrar. That’s up more than 9 percent from the 1,943 international students enrolled last year. MU officials are ramping up their international recruiting efforts, saying students from other countries bring untold economic and cultural benefits.

Orientation started Monday for international students beginning their studies this semester. David Currey, director of international student and scholar services, makes it a rule to ask all the international students which country they’re from when he closes his greeting speech on the first day of orientation.
This year, students from China, South Korea and India made up about half the crowd. That's no surprise. In the fall, 1,021 of MU's international students, or nearly half, were from China. There were 188 from South Korea and 152 from India. Currey said that's a common trend across the country. He cited the size of China's population, the country's economic growth and the value it places on higher education as factors.

MU has 150 to 200 active or pending international agreements and programs, Currey said. Within the last two to three years, many agreements have been developed with Chinese or Indian universities, he said. Students at the orientation came from all over the globe, including Iraq, Yemen, France and Germany, Currey said.

"It's always encouraging to see students from every corner of the world," he said.

**International recruitment initiative**

MU's admissions office started a new international recruiting initiative in fall 2011.

"The goal is to increase international student enrollment to 3 percent of the overall undergraduate population," John Wilkerson, assistant director of admissions and the international recruiter, said. International enrollment among first-time college students stands at 2 percent now, he said. Wilkerson hopes for a "marked sustainable growth" in international enrollment.

Under the new initiative, members of the admissions office developed social media and a video that introduces MU to prospective students. Wilkerson and other staff members have visited high schools around the world to talk to students, parents and guidance counselors. Wilkerson has visited 28 countries in the past several months and has overseen visits to 40 countries.

The admissions office considers three criteria when deciding which countries to visit:

- Whether the education system prepares students for success at MU.
- Whether the country's economy is growing and makes funding available to students.
- Whether the country fosters a culture that encourages studying abroad.

Wilkerson said he's exploring possibilities in Latin America, the Middle East and Southeast Asia. When he visits foreign high schools, Wilkerson works in collaboration with EducationUSA, a division of the U.S. State Department's Bureau of Educational and Cultural Affairs, that helps identify students who might be a good fit for U.S. universities.
Wilkerson's talks offer broad information about campus life in general across the U.S. He also does separate presentations promoting MU and tries to get a feel for students' goals and needs.

"It is important to understand what the needs of students are," he said. Wilkerson usually visits three to four high schools per day in each country he travels to, and every trip takes him to several countries, he said. When he went to Latin America last year, he hit four countries in 13 hours.

"It's rewarding," Wilkerson said, adding that there are many merits to having international students at MU.

According to the National Association of International Educators, international students at MU pumped $52.4 million into the economy in 2011-12.

"The educational impact of the international students are unquantifiable," Wilkerson said. "The benefit of that opportunity for (American students) to interact with students from other cultures is unmeasurable."

Wilkerson said the new recruiting initiative has already boosted MU's profile abroad, but he doesn't expect to see tangible results for three to five years. After one visit to a top high school in Central America, the guidance counselor sent him an email saying that nine students listed MU among their top choices.

"To know that students are excited to study in Mizzou makes me excited," Wilkerson said.

The College of Engineering is trying to boost the number of international students in the program. Vladislav Likholetov, director of international partnerships and initiatives at the college, said it has about 30 agreements with universities in China, two in Iraq and several in India. He said MU was among the first U.S. universities to accept master's students from Iraq. Some members of the first class of Iraqi students graduated in December.

Engineering Dean James Thompson has set a strategic plan to have 500 undergraduate students in the college, which has about 3,000 students in total.

"We look forward to having a diverse undergrad population," Likholetov said. New MU students Zebin Lin and Jinpeng Wang are both from China but lived in different provinces. They met each other online while using QQ, a Chinese social media platform, to discuss MU. Lin said QQ has four different groups dedicated to MU; each has about 200 members.
Lin, a economics transfer student from Wuhan Textile University, said he asked QQ members about MU to prepare himself for his new life in Columbia. It also came in handy when he was preparing his application. Lin said he doesn’t anticipate missing home too badly because people in Columbia have been so nice.

Wang has been studying chemical engineering at Shandong University of Technology and will continue to do so at MU. He arrived in town Monday and said he has never been this far from home.

"I want to get a part-time job in a lab that will help me with my major," he said. Another new student, Zona Jerral, has a mission in Columbia. As a cultural ambassador to the United States from Pakistan, her goal is to mend the image of Pakistan and inform people about the potential of her home country.

Jerral was selected by International Research and Exchanges Board, a nonprofit organization known as IREX that promotes positive lasting change around the globe, to study at MU and experience American culture while sharing information about her homeland. The organization covers her living expenses and tuition while she spends one semester at MU.

Jerral will study anthropology, American literature and architecture while she’s here. She also will perform 20 hours of community service and make a presentation about her country. She plans to volunteer at either Habitat for Humanity or the Cedar Creek Therapeutic Riding Center. During her time at MU, Jerral wants to know how diversity contributes to American prosperity. She’s also interested in learning about community development.

Although she has lived on her own for more than four years and is accustomed to being away from home, she said the distance between the United States and Pakistan will make it difficult to see her family.

"I went home once every two months, but now it's going to be once in five months," she said.

Before Jerral came to the U.S., her friends threw three farewell parties for her. There were so many people, she couldn’t count them all. Many friends advised her to have fun — and to get a boyfriend.

"I'm sure I'm not going to get one," she said. Since many Pakistanis speak English, language won't be a barrier for Jerral. She already feels the workload creeping up on her, though.

"I can see it coming," she said. But "it's good to have a difference in life."
Medical records exchange includes MU Health

University joins data exchange.

By Jodie Jackson Jr.

Wednesday, January 16, 2013 at 2:00 pm

More than 85,000 patients have joined a health information exchange that makes their medical and health records instantly available to a network of 11 hospitals and health care providers in Central Missouri.

The Tiger Institute Health Alliance includes University of Missouri Health Care and Rusk Rehabilitation Center in Columbia and Capital Region Medical Center, Community Health Center of Central Missouri and Jefferson City Medical Group in Jefferson City.

Officials at Boone Hospital Center and University Hospital did not respond before the Tribune's deadline to confirm whether Boone Hospital and BJC Health Care will become part of the network. Currently, some 750 physicians and health care providers are part of the new system.

The system makes information such as lab results, medications and medical history from one hospital's electronic record available to physicians at other hospitals and clinics.

"We believe the Tiger Institute Health Alliance is an important new tool for patient care in Central Missouri," said Mike Seda, manager of the Tiger Institute Health Alliance.

MU Health Care physician Kevin Dellsperger said in a news release that the information exchange will save valuable time.

"Before this system, if I had a patient come to me from Jefferson City because of a heart condition, I would have to contact his primary care physician to have a copy of his medical records mailed or faxed to me," but that could take a day or two, said Dellsperger, who worked with Tiger Institute staff to help develop the system.
If the patient's regular physician is a member of the health information exchange, he would be able to log into the network and view the patient's records before the appointment.

Other members of the exchange include Carroll County Memorial Hospital in Carrollton, Cooper County Memorial Hospital in Boonville, Nevada Regional Medical Center, Samaritan Hospital in Macon, Scotland County Hospital in Memphis, Mo., and Robert Sparks, a doctor of osteopathy in Kirksville.

Patients at member health care organizations are offered the option to join the network and make their records available to all their health care providers throughout the system.

Electronic health records, or EHRs, are the result of the federal stimulus package that created the Health Information Technology for Economic and Clinical Health, or HITECH, Act. The federal law established incentive payments from Medicare and Medicaid programs for hospitals and health care providers to make "meaningful use" of an EHR system to improve patient care.

The EHR system is intended to reduce errors and redundancy in medications and testing and streamline processes. In 2011, nearly 2,700 hospitals — just over half of all community and federal hospitals — earned meaningful-use payments for having purchased, or for having a contract to purchase, an EHR. As of March 2012, payments to eligible hospitals totaled more than $3 billion.

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MU Stankowski Field turf sold at surplus auction

By Greg Kendall-Ball
January 16, 2013 | 6:39 p.m. CST

COLUMBIA — Several attendees had ideas for the used turf. Running his hand over the stiff yellow bristles, James Turner thought about what a great addition the artificial turf would make to his Missouri football game tailgating setup. Similarly, Gabe Meyer imagined the various ways he could employ the green, gold and black pieces of turf in an art installation for the True/False Film Fest.

"I was thinking about it as some sort of covering for some surface somewhere," Meyer said. But the surplus turf — Lot 74, stacked three feet high over eight cargo pallets, and on offer Wednesday at the MU Surplus Property Warehouse auction — won't be turned into art or tailgate decorations.

Guy Robert, a local show promoter, was the high bidder for the turf at Wednesday morning's auction. He estimates his $100 final bid netted him between 4,000 and 6,000 square feet of the Mondo turf, remnants from when Stankowski Field was resurfaced two years ago. Diane Dahlmann, director of MizzouRec services and facilities, said the installer typically hauls off the remnants when the installation is complete, but in this case, they were asked to leave the angular, irregular-shaped pieces behind, just in case there was a use for them. After two years, MizzouRec finally decided to part with the pieces and sent them to the surplus warehouse, Dahlmann said.

Robert plans to use it to cover part of the Boone County Fairgrounds' arena in March during the 2013 Missouri Deer Classic and Outdoor Expo. Robert said he was quoted a fee of about $5,000 to cover the arena floor during the event, but his auction purchase should help him save a little on overhead costs.

"I got the whole lot of it, and we'll be able to cover a big part of the floor with that," Robert said. After his event, he said he might rent the bright floor coverings to other groups hosting events in the area.