

Preparing for the Skills Economy

Realizing the Potential in Higher Education

Industry Point of View

Thought Leadership & Advisory Services



Employees have New Expectations of Work



Upskilling and reskilling
opportunities



Empowered
career development



Real-time
performance feedback



Contextual & intelligent
talent decisions

As C-level awareness to 'skills' risks continue to grow, developing strategies to find and develop key talent is more important than ever.

Higher Education

Challenges, Trends, & Opportunities

Challenges within Higher Education

Enrollment declines

- ❖ The most distressing challenge within Higher Education is that fewer people want what higher education offers; a 2022 report from the National Student Clearinghouse Research Center shows that total enrollment for Spring 2022 is down 4.1% – or 685,000 students – compared to Spring 2021.¹
- ❖ Since 2011, enrollment has declined 12.3% from then to today; while there are several reasons why enrollment is declining including increased access to inexpensive, online education, a big reason is a shift in individuals becoming more attracted to careers in trades that don't require a degree.¹

Increasing costs

- ❖ Another major factor influencing the decline in enrollment is rising costs, as the cost of a full-time attendance at a four-year university has risen more than 180% since 1980; at public four-year universities, tuition increases have outpaced inflation by 171% over the past 20 years.¹
- ❖ To combat rising costs and convince prospective students to attend, universities are discounting tuition in the form of financial aid; the discount rate for first-time undergraduate students reached a record-high 54.5% in 2021-2022, growing almost 10 percentage points over the last decade.¹

New alternatives to traditional higher education

- ❖ New careers are emerging, such as coding, that don't require a four-year degree. Rather, individuals interested in pursuing careers in these unorthodox trades can do a "bootcamp" that last a few months for a fraction of the price of a traditional four-year university, offering a substantial return on investment while leaving individuals largely debt-free.

Lasting **COVID-19 Impacts** on Higher Education

Hybrid teaching and learning model

- ❖ COVID-19 changed the nature of teaching and learning for students and faculty to an online model, opening greater opportunities for innovation in virtual mobility and collaboration.
- ❖ The rapid return to in-person teaching and learning and the stabilization of enrollment patterns suggest that the changes made from COVID-19 will not lead to a fundamental transformation of higher education, as face-to-face experience will still be prominent with digitized practices to complement the long term.

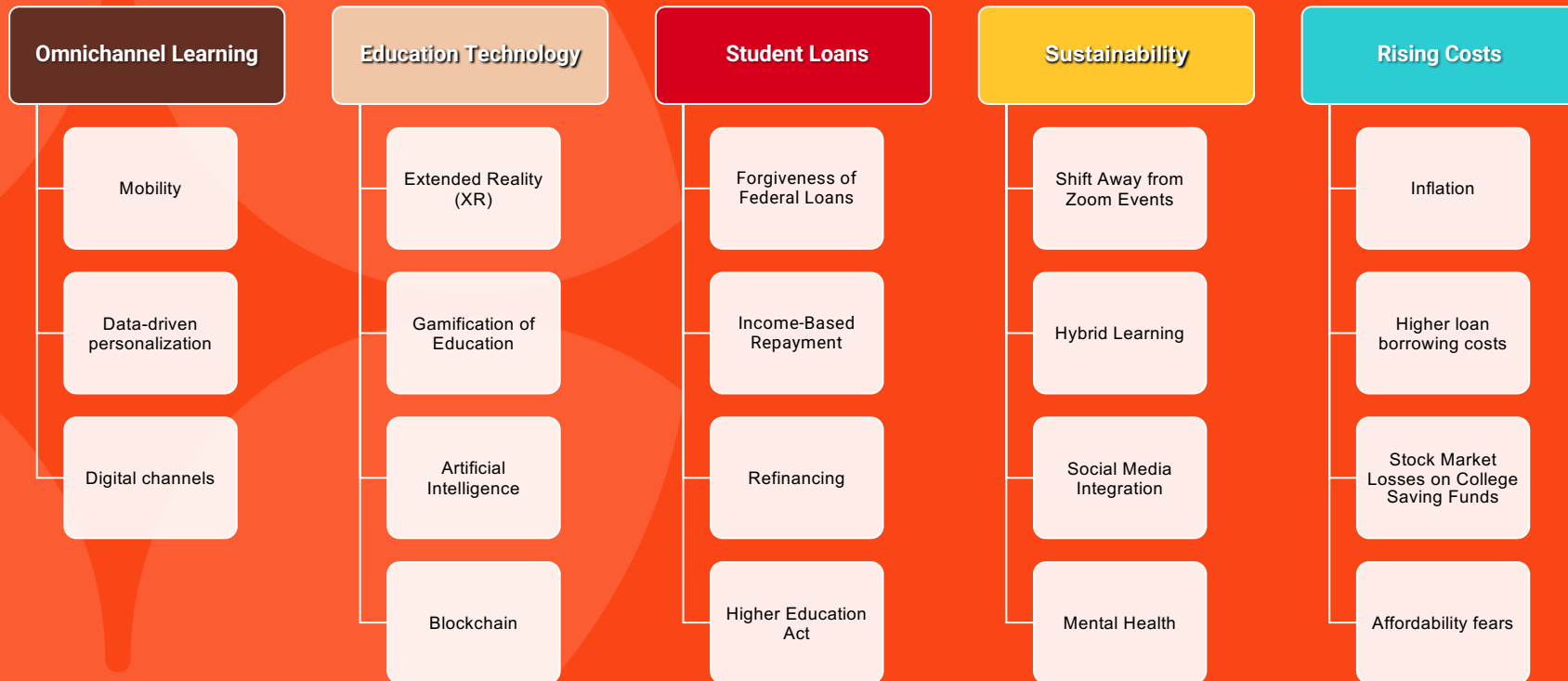
Cash flow

- ❖ As institutions lost reliable cash flows such as parking fees, dining outlet sales, and other auxiliary expenses, they also faced unexpected expenses, including partial refunds on fees, room, and board, and the need to scale virtual engagement modalities. While most universities are back to fully operational, it is not guaranteed that these cash flows will recover to the same levels they were pre-pandemic.¹
- ❖ For institutions that were already financially stressed or operating from a deficit position prior to the pandemic, short-term unanticipated expenses and longer-term enrollment declines will likely threaten their solvency, potentially forcing numerous closures and mergers.

Uncertain enrollment

- ❖ While historically enrollments are counter-cyclical, uncertainty in enrollment forecasts into the next academic year due to fewer channels, potential student dissatisfaction with level of service, and financial crisis impacts on parents and students are making planning difficult.

Trends continuing to shape the future of Higher Education



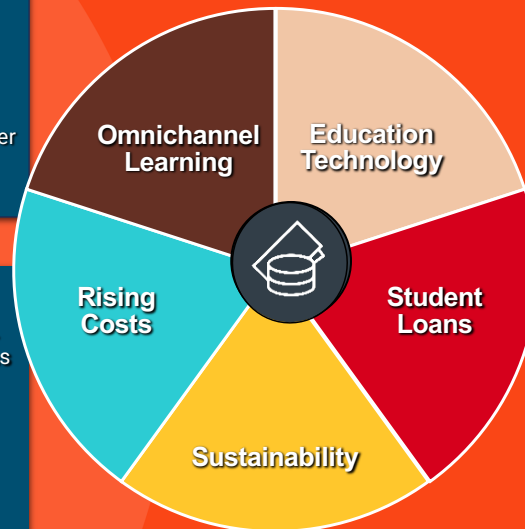
What these Trends mean for Higher Education

Mobility has influenced the way individuals learn, as advancements in smart devices, including laptops, mobiles, tablets, and more, has impacted the way educationists interact and engage with students.

The use of **data-driven personalization** in learning will become critically important, which has become clear in higher education where curriculum must be designed for each student's skill level and style of learning.

For the 2021-2022 academic year, average tuition and fees rose between 1.3% to 2.1% depending on the type of school. For this year, some universities are raising tuition as much as 5%, citing **inflation** as the primary reason.⁴

Nearly half, or 44%, of currently enrolled undergraduate students with federal or private loans have considered dropping out of school due to the financial burden, citing **affordability fears** as a primary reason.⁴



Extended Reality (XR) such as AR (Augmented Reality), VR (Virtual Reality), and MR (Mixed Reality) enable the virtual world to integrate with the physical world and deliver life-size experiences to students, scholars, and teachers.

The gamification of education is among the latest EdTech trend. According to Forbes, the global gamification market is expected to reach \$30.7 Billion by 2025, and the global market for game-based learning to \$24 Billion by 2024.¹

Forgiveness of student loans has recently become a big issue in the last two presidential campaigns, with the biggest proposal on the table to be to forgive all \$1.7 trillion of student loans, equating to up to \$20,000 in forgiveness²

A review of the 1965 **Higher Education Act**, a law intended to strengthen the educational resources of American colleges and universities, is in order to update it to 21st century educational needs and realities, including making community college free.²

Hybrid learning is here to stay regardless of the status of COVID-19, as teachers and students have adapted to remote life. Through the pandemic, universities have realized that virtual learning is more practical for certain situations and cost saving.

In the latest Student Voice survey by Inside Higher Ed and College pulse, 65% of students have reported having fair to poor **mental health**, with while only 15% have engaged in college-offered counseling in the past year.³

Opportunities within Higher Education moving forward

1. Hybrid learning for professors and students is the future

- ❖ The pandemic forced Higher Education organizations to accelerate flexible learning, changing the way professors teach and students learn.
- ❖ As universities are safely able to return to the classroom, many higher education institutions are maintaining a hybrid learning model, noticing how an omnichannel strategy has benefitted professors and students, giving them more flexibility to teach and learn in the most efficient way possible.

2. Embracing emerging education technologies

- ❖ As it's clear education technologies such as virtual reality and augmented reality are very much in the plans, there are opportunities for workers outside of traditional higher education such as software engineers and coders to play significant roles in the future.
- ❖ Integrating emerging education technologies in the curricula of higher education provides flexibility for all parties involved, creating time to invest in solving critical issues around affordability and applicability to new generations.

Skills in **Higher Education**

Skills Outlook in Higher Education

- As the skills needed in the workplace shift due to shifting demand, higher education institutions must evolve, meeting the demands of this new environment generally led by technology and innovation.
 - For example, job skills required for accountants have expanded beyond computing balancing sheets and forecasting projections by hand. With technology automating these tasks, accountants have more time to critically evaluate, interpret and visualize their results.
 - In turn, accountants must now be skilled beyond the traditional technical skills. They must be adept problem solvers, able to interpret data, collaborate with clients in identifying the types of data to include in the reports, and coordinate projects across departments.
- A joint Conference Board and Society for Human Resource Management study found that the most important skills for a college graduate to possess are **oral and written communication, teamwork/collaboration, professionalism/work ethic** and **critical thinking/problem-solving**.
- Despite continuing efforts to grow and develop curricula and pedagogy within colleges and universities, employers continually report shortcomings in graduates' possession of these skills.
 - This leads to the perception of a “skills gap” between what higher education institutions are producing and what the workforce needs.



Higher Education Top Skills Identified (using TLAS Research)

❖ Leadership

❖ Strategy

❖ Teaching

❖ Finance

❖ Budgets

❖ Community Outreach

❖ Communication

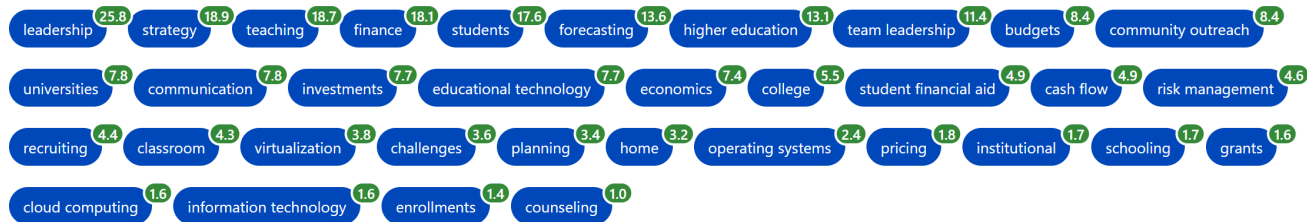
❖ Investments

❖ Educational Technology

❖ Risk Management

Detected skills

Those skills were found in text, and our filtering algorithm confirmed that the skills were relevant. It also assigned a confidence score: the higher the score, the more we consider the skills to be relevant.



Building a Future-Ready Workforce in Today's
Higher Education Industry

Aligning Talent Priorities within Higher Education

Building towards a future-ready talent strategy with an emphasis on skills

Talent priorities

Why these priorities are important

How Cornerstone Helps

Re-Imagining the Future

Skilled for any future

- ✓ Close talent and skills gaps faster
- ✓ Plan for the skills your organization needs next

Always a place to grow

- ✓ Allow your people to explore career pathways
- ✓ Provide access to inclusive high-impact content

Prepared for any outcome

- ✓ Transform the way you source talent
- ✓ Deploy skills and talent where and when you need them

- ✓ Cornerstone's [Skills Graph](#) connects learners, skills, & content
- ✓ Invest in employee career journeys with [cutting-edge AI, Machine Learning & Content Curation](#) at their fingertips
- ✓ A [single solution](#) to unite the organization's top priorities and their talent initiatives
- ✓ Empower leaders with [automated reporting and dashboards](#) keeping teams compliant and focused on the future

Benchmarking and Client Success within **Higher Education**

Benchmarks to aid discovery

% of American Employees Actively Disengaged	13%
Average Cost to Develop 1hr of Level 2 eLearning	\$18,430
Annual Training Hours per Employee	26 hours
Regulatory and Compliance Training	15% of Total Training Spend
U.S. Higher Education Voluntary Turnover Rate	14%
Cost of Replacing a High Performing Employee	90% to 400% of Annual Salary

Benchmarks to aid discovery

Using benchmarks in conversation

“Approximately **13%** of American employees are actively disengaged at work, meaning their needs aren’t being met; how is your company measuring engagement and its impact on the business?”

“It costs, on average, **\$18,430** per finished hour of developed level 2 eLearning. Consequently, the impact of leveraging 3rd party content for less than 10 hours of training can have a 6-figure impact. How is 3rd party content being leveraged today within L&D?”

“On average employees spend **26 hours** annually on training; how many hours of training are your employees receiving annually?”

“On average, organizations are allocating **15%** of their total training budget to regulatory and compliance training. Is this close to the amount allocated by your organization?”

“The average voluntary turnover rate for the U.S. Higher Education Industry is **14%**; what are you doing to combat the shortage of skilled workers and retain your employees?”

“Research tells us that the cost to replace a high performing employee can be anywhere from **90% to 400%** of their annual salary; do you have visibility across your organization to high performing / potential employees?”

Noncompliance in Higher Education

The Clery Act

- Requires all colleges and universities that participate in federal financial aid programs to keep and disclose information about crime on and near their campuses.
- Compliance is monitored by the U.S. Department of Education (USDoE) who can impose penalties per each violation.
- Examples of Clery Act violation fines
 - **\$357,000** for failing to report the suspicious death of a female student whose body was found in her dorm room (Eastern Michigan University)
 - **\$165,000** related to instances of forcible sex offenses between 2001 and 2002 (Yale University)
 - **\$2,400,000** for violating the Clery Act in light of the Pete Sandusky sex scandal (Penn State University)

SOURCE:

Allied Universal, *The Clery Act and the Cost of Noncompliance for Colleges*



Did you know?

- ❑ *59% of companies list compliance data being housed in disconnected and/or unintegrated systems as a top challenge¹*
- ❑ *81% of organizations still use excel or another spreadsheet tool to track compliance¹*
- ❑ *Non-compliance costs more than twice the cost of maintaining compliance²*

SOURCES:

⁽¹⁾Ethisphere and Convercent, *Compliance Strategy and Performance*

⁽²⁾IRIS, *The True Cost of Non-Compliance in Business*

NOTE: The following fines are not representative of the total, as there is many fines that are not required to be made public.

Some of our **Higher Education** customers...

Examples of Cornerstone's
North America **Higher Education**
customers:



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE



UNIVERSITY OF
GEORGIA



UNIVERSITY
OF MIAMI



Impacts from select Cornerstone
North America **Higher Education**
customers:

- ✓ Saved over \$100,000 by creating their own online courses and uploading them to Cornerstone
- ✓ Increased participation in compliance training while decreasing compliance-issue cases by 35%
- ✓ Increased certificates and degrees awarded by 110%

"Having a window into the work taking place is a game changer. I can envision the shift from a focus on day-to-day issues to thinking strategically about how goals are being served by my team, their skill sets and their performance."

*Director of Learning & Talent Management,
North America Higher Education Client*

Thank You!