

# A Look Ahead at the External Influences Impacting Higher Education

By E. Lander Medlin


**N**ow more than ever, higher education institutions must think strategically about the future of their institutions. Today's economic and regulatory landscape remains unsettled and continues to change more rapidly every day. Similarly, educational facilities professionals must stay abreast of these broader issues to ensure the facilities organization is contributing to the greater good of the institution. As we look ahead, the following external influences will continue to impact society, the higher education industry, and ultimately all educational facilities management.

- **Everything is Going Digital, and Rapidly**—Technology remains transformative and will continue to change how students learn and how institutions are managed. The rate and pace of change in this area will continue to accelerate exponentially. We expect to see more online learning (moving beyond MOOCs), hybrid learning, flipped classrooms, and collaborative models. These will be typical rather than supplemental. With millennial students viewing technology as ubiquitous, information will be more accessible on a myriad of mobile devices and platforms, social networking will be used by everyone, and degrees in big data/analytics will be the norm. Or, are we already there? To survive, we need to understand and embrace the new technologies. Growth in higher education will rely on colleges and universities reaching out to students where they are located, rather than expecting students to necessarily reside on campuses.
- **Ensuring Education is Affordable**—A college education is increasingly unaffordable for many students, let alone their parents (the statistics are well-known and abound). Student loan debt has exceeded the trillion dollar mark, and student financial aid is in peril. Although most state governments' contributions to higher education institutions have stabilized, that share has seen little increase above the pre-2008 levels (before the Great Recession). Federal government's contribution remains in decline with questionable continued support of federal student aid. Both will affect public institutions and some private institutions as well. In the midst of this reality, we must seek to create a sustainable, yet adequate net tuition revenue base. We can expect increased scrutiny and more governmental regulation. The biggest fear is that this will lead to more cuts in funding and more intervention by government.
- **Rethinking the Business Model for Higher Education**—Since it is becoming abundantly clear that higher education will not return to a pre-2008 level of support, the cost spiral isn't sustainable. A new business model is needed with improved accountability in all areas. Alignment of institutional strategy with budget development and performance metrics will aid in future success. *Evolve or Atrophy* is driving the imperative to innovate.
- **Heightening Competition, Both Global and Local**—Higher education institutions are continuing to go global, with an increased presence outside the United States and rising numbers of international students and faculty on U.S. campuses. Institutions are establishing branch campuses on every continent, as well as contracting with other nations to plan and administer programs overseas. The international economic landscape brings China and India to the forefront given their commitment to education attainment and driving the need for increased numbers of trained, highly skilled workers. In addition, the ascendance of for-profit providers will continue to influence the very nature of higher education.

- **Measuring Outcomes is Increasingly Important**—The increased demand for accountability requires better tracking of outcomes. Informed institutional decision making should be data-driven, fact-based, and outcomes-based. There remains an increased need to prioritize needs and investments that are in alignment with institutional missions.
- **Anticipating Demographic Shifts**—If colleges and universities are to attract sufficient enrollment, they need to anticipate the radical demographic changes that are occurring now, and that will accelerate over the next several decades. For example, high school graduates are already slowing the enrollment of traditional age students and increasing the adult student population mix. Colleges must make their cultures more welcoming and responsive to prospective students in a wider demographic—and must shift their recruiting efforts accordingly.
- **Increasing Demands for Value**—Quality is number one. We must demonstrate productivity and efficiency of academic, administrative, and student programs and services and couple them with a corresponding achievement of student learning outcomes. Students are ultimately demanding value for their money and their perceptions are a powerful driver of change.
- **Improving Governance and Accountability**—The need for improvement in this area remains a high priority. Institutions (at all levels) must be prudent managers of the assets entrusted to them by donors, the government, and students. Looking at the institution's overall risk profile will become an increasingly common practice. There continues to be a push for communication with authenticity to achieve trust through transparency.

- **Using Assets Strategically**—Given today's competitive environment, colleges and universities need to think about how their financial and physical assets can best be aligned to achieve the institution's strategy. Institutions need to integrate and align their capital investments, debt and endowments, and management of operations to maintain appropriate liquidity levels and mitigate risk.
- **Staying Abreast of the Changing Regulatory Environment**—Legal and regulatory requirements affecting higher education institutions are constantly in flux. Colleges and universities need to have reliable and consistent processes in place for identifying and complying with applicable laws and regulations. The burden of these unfunded mandates will continue to climb.

Although these issues are all too familiar, their convergence is troubling for our industry. Add the rate and pace of change, and we indeed have that “perfect storm”. The “law of survivability” will be harsh if institutions have small endowments, poorly defined missions, a poor self-image, or low productivity.

Will institutions evolve or atrophy? Is higher education the next bubble? The challenges are many and the solutions are vexing. Yet, the time has come for new approaches and new solutions. Collectively, we are up to the challenge. 

Lander Medlin is APPA's executive vice president; she can be reached at [lander@appa.org](mailto:lander@appa.org).



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