



CHANGE THE WORLD FROM HERE

Environmental Scan 2017

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August 23, 2017

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The ability to adapt to environmental conditions will be a challenge for institutions of higher education in the near future. The policies and pronouncements of the Trump administration, for example, have fostered uncertainty on many issues salient to higher education, including the status of international students, immigration, and undocumented domestic students; the future of federal programs for students with the greatest financial need; and federal support for faculty research. The current administration is also backing away from specific federal policies on civil rights, weakening regulations designed to protect students from private for-profit schools, and moving to investigate and sue colleges over their affirmative action policies.

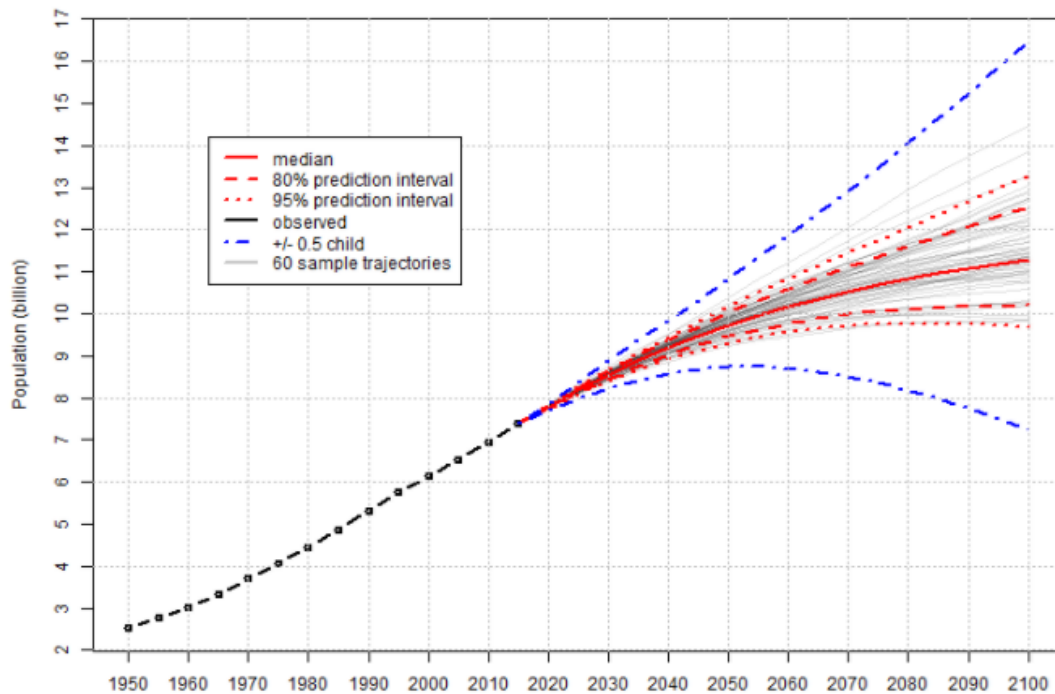
The University of San Francisco has a long history of adaptability and resiliency to environmental conditions, including to the San Francisco earthquake and fire of 1906, the two world wars and major economic depression of the first half of the 20th century, the dramatic national growth in college enrollment as a result of the GI Bill of Rights following World War II, the national economic recession and decline in college enrollment in the 1970s, and the major worldwide recession from 2007 to 2009. Such institutional adaptability and resilience will be crucial for USF's future. Below is an outline of select and interconnected demographic, economic, and political developments that have implications for USF and its adaptability, resilience, and capacity to promote learning in the Jesuit Catholic tradition.

Demographics

- There are 7.4 billion people on the planet, and demographers predict there will be 9.7 billion people in the world by 2050. More than half of the population increase will be in Africa, which is expected to rise from 1.2 billion people today to 2.5 billion by 2050, mainly as a result of advances in healthcare. Since 1990, more than 100 million children's lives have been saved through vaccinations and improved nutrition and medical care (Figures 1 and 2).
- In 2016, 54% of the world's population lived in urban areas, up from 43% in 1990. In the U.S., 82% of the population lived in urban areas in 2016, up from 75% in 1990. Much of the world's population grew up in the country, but has moved to the city.
- China currently has the largest population of any country, but by 2050, India will have surpassed China by over 350 million people. Other countries that are expected to have significant growth include Nigeria, Indonesia, Pakistan, Bangladesh, Brazil, Ethiopia, and the Philippines. By 2050, Nigeria is projected to have a larger population than the United States (Figure 2). By contrast, Japan's overall population, currently 126 million, will shrink by a third over the next 50 years, a result of rapidly declining birth rates and a highly restrictive immigration policy.
- China's drop in fertility rate, from 6.11 per woman in 1950, to 1.55 in 2015, mirrors the trend in wealthier countries in the region. The populations of Japan, South Korea, and Singapore have aged in recent years, with low birth rates weighing on the economy as labor forces have shrunk while social service costs have soared. Efforts to boost childbirths have been largely unsuccessful.

- Because of China's decades-long birth restrictions, the shrinking of China's working-age population has been dramatic. In 2015, China had 916 million people between ages 16 and 59, or roughly 66% of the population, down from a peak of 74.5% in 2010. The country's mean age, meanwhile, was 36 in 2014, considerably older than the mean age of 29 in India.
- The population of the U.S. is 326.6 million, but it is only growing at 0.73% per year, which is the lowest growth rate since the 1930s. The nation's fertility rate in 2016 was 62 births per 1,000 women, aged 15 to 44 years, down 1% from 2015. The nation's fertility rate plummeted during the 2007-09 recession, and is yet to fully recover. Were it not for immigration, the current fertility rate would put the U.S. population below replacement level.
- Every year since 2010, the Census Bureau has revised downward its estimates for immigration to the United States; 999,000 immigrants arrived in 2016, down 4% from 2015. President Trump's current immigration proposals, if passed by Congress, will further reduce immigration to the U.S.
- Americans continue to migrate from the Northeast and the Midwest to the Southern and Western States, with Utah, Nevada, and Idaho topping the country in percentage growth, while New York, Pennsylvania, and Illinois led the nation in population decline.
- The total number of Hispanics living in the U.S. is 54 million. The number of Hispanics has increased from 12.5% of the population in 2000, to 17.4% of the population in 2014, with a projection of 28.6% by 2060 (Figure 3). Throughout the 1980s and 1990s, the growth was primarily due to immigration. Now the majority of the growth is due to births of Hispanic children.

Figure 1: World Population, 1950-2100 (Projected)



Source: United Nations "World Population Prospects: 2017 Revision"

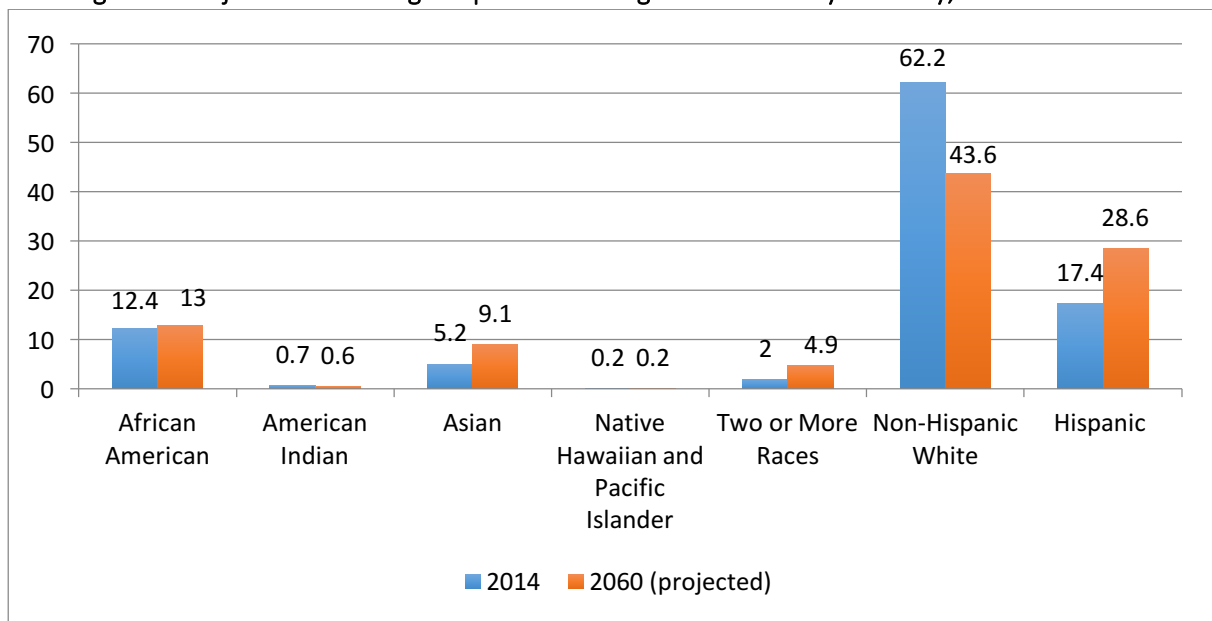
Figure 2: Population of the Ten Largest Countries by Population: 1950, 2017, and 2050

1950 Rank	Country	Population	2017 Rank	Country	Population	2050 Rank	Country	Population
1	China	562,579,779	1	China	1,379,302,771	1	India	1,656,553,632
2	India	369,880,000	2	India	1,281,935,911	2	China	1,301,627,048
3	United States	151,868,000	3	United States	326,625,791	3	Nigeria	398,328,349
4	Russia	101,936,816	4	Indonesia	260,580,739	4	United States	391,296,754
5	Japan	83,805,000	5	Brazil	207,353,391	5	Indonesia	300,183,166
6	Indonesia	82,978,392	6	Pakistan	204,924,861	6	Pakistan	290,847,790
7	Germany	68,374,572	7	Nigeria	190,632,261	7	Brazil	232,304,177
8	Brazil	53,443,075	8	Bangladesh	157,826,578	8	Bangladesh	228,066,276
9	UK	50,128,000	9	Russia	142,257,519	9	Ethiopia	193,092,763
10	Italy	47,105,000	10	Japan	126,451,398	10	Philippines	168,937,974

Source: United Nations and US Census Bureau, 2017

- From 1960 to 2014, the percentage of Americans identifying themselves as African American, Hispanic, Asian, or “other” increased from 15% to 38%. In the coming years, this trend is likely to be even more pronounced due to the high birth rate of Hispanics, immigration (subject to political decisions), and inter-racial marriage (Figure 3).
- More than half of the current residents of California are either Latino (38%) or Asian (14%).

Figure 3: Projected Percentage Population Changes in the U.S. by Ethnicity, 2014 to 2060



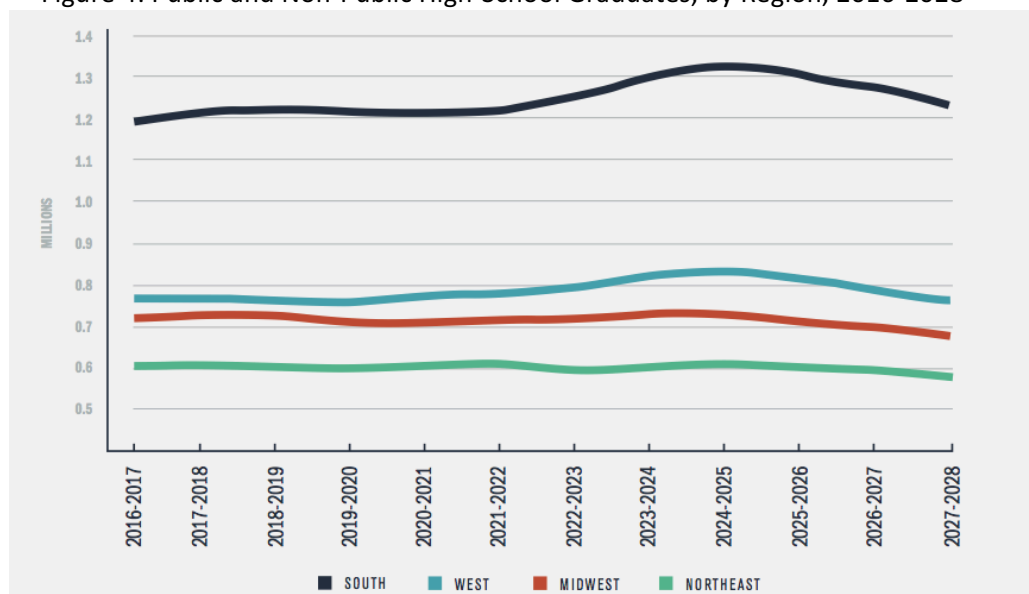
Source: U.S. Census Bureau, 2015

- California, with a population of 39.5 million, and with one of the world's 10 largest economies, has the lowest birthrate since the Great Depression.
- San Francisco, population 865,000, has no ethnic majority. Whites make up slightly less than half the population, Asians about one-third, and Latinos, 15%. The black population has significantly declined in the last decade, and stands around 6%.
- In 1970, a quarter of San Francisco's residents were children, nearly twice the level of today. Today, San Francisco has the lowest percentage of children of any of the largest 100 cities in the U.S., a reflection of families leaving the city. The share of children in San Francisco fell to 13%, which is low compared to other expensive cities. New York has 21% of its population under 18 years of age. In Chicago, it is 23%, which is the overall average for major cities in the U.S.
- Approximately 30% of San Francisco's children attend private school, the highest rate among large American cities.

Domestic Students: High School

- The number of high school graduates in the United States reached a peak in the 2010-11 academic year, but soon thereafter, all four regions of the country—the Northeast, Midwest, West, and South—saw a decline in the number of 18-year-olds. States in the Northeast and the Midwest witnessed the sharpest declines in the number of high-school graduates.
- The number of high-school graduates will average approximately 3.4 million annually for the next six years before rising somewhat in 2024-2025. After 2025, as children of the Great Recession begin to graduate from high-school, the numbers will drop off (Figure 4).
- Through the 2030s, the South, and to a certain extent the West, will account for nearly all the growth in the high-school population. Projections for the Northeast and the Midwest, home to the highest density of colleges in the U.S., and with a history of student migration between states, will show a continued and steady decline.
- A prime spot for recruiting traditional college students will be in the South, the only region that will see growth in high school graduates over the next decade, especially in Texas, which is rapidly becoming a touchstone for the changes in the ethnicity of tomorrow's college students.

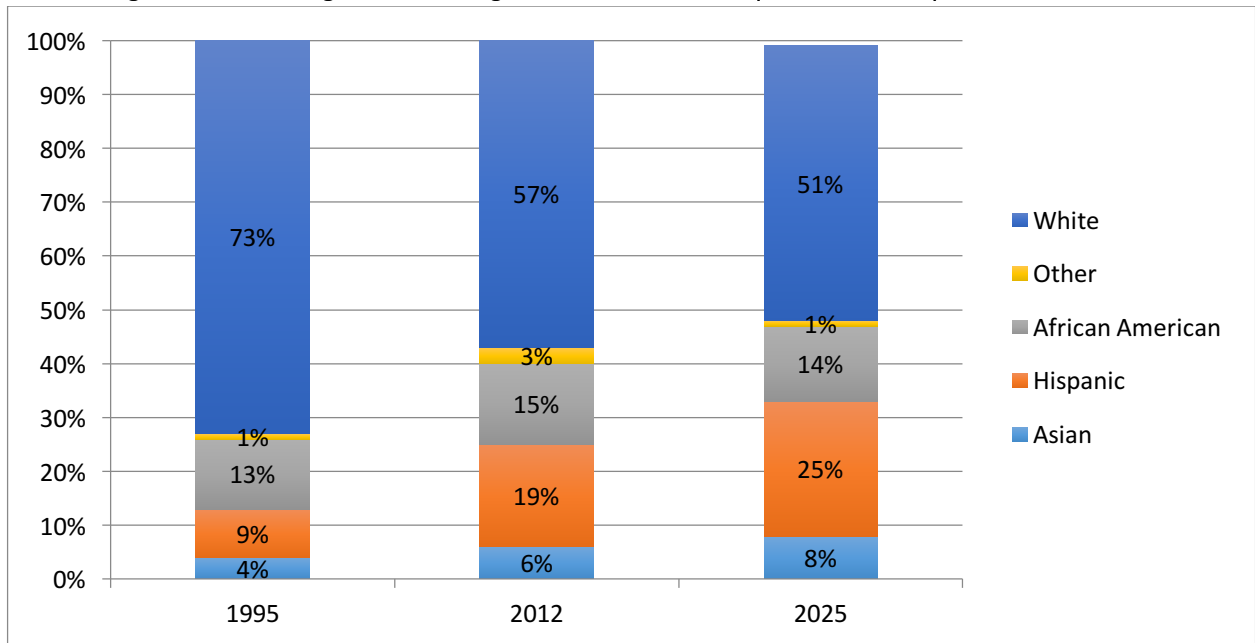
Figure 4: Public and Non-Public High-School Graduates, by Region, 2016-2028



Source: Western Interstate Commission for Higher Education, 2016

- The share of students graduating from public high schools who are white and non-Hispanic has declined, from 73% in 1995 to 57% in 2012. In that time period, the proportion that are Hispanic and Asian has grown. This trend will continue, and the public high school graduating class of 2025 will be 51% white (Figure 5).
- The varying birth rates of whites and Hispanics will further buttress the demographic trends across the country, as the percentage of white students decreases. California is projected to have 37,000 fewer white high school graduates by 2020 than it had in 1995. At the same time, the state will add 28,000 Hispanic students to its high-school graduating classes.
- There will be a major decline in the number of graduates from private high schools, which is expected to fall by 22% by the early 2020s.

Figure 5: Percentage of Public High School Graduates by Race/Ethnicity, 1995-2025



Note: 2025 figures are projected. Whites include only non-Hispanic; Hispanics are of any race.
Source: National Center for Education Statistics; Western Interstate Commission for Higher Education, 2012

Domestic Students: College

- Through 2025, the number of 18- to 24-year olds, the traditional age at which students attend college as undergraduates, is expected to decline by 2.4% (Figure 6).
- The population segment, ages 25 to 44, the group most likely to pursue graduate degrees, is projected to increase by 10.8% through 2025 (Figure 6).

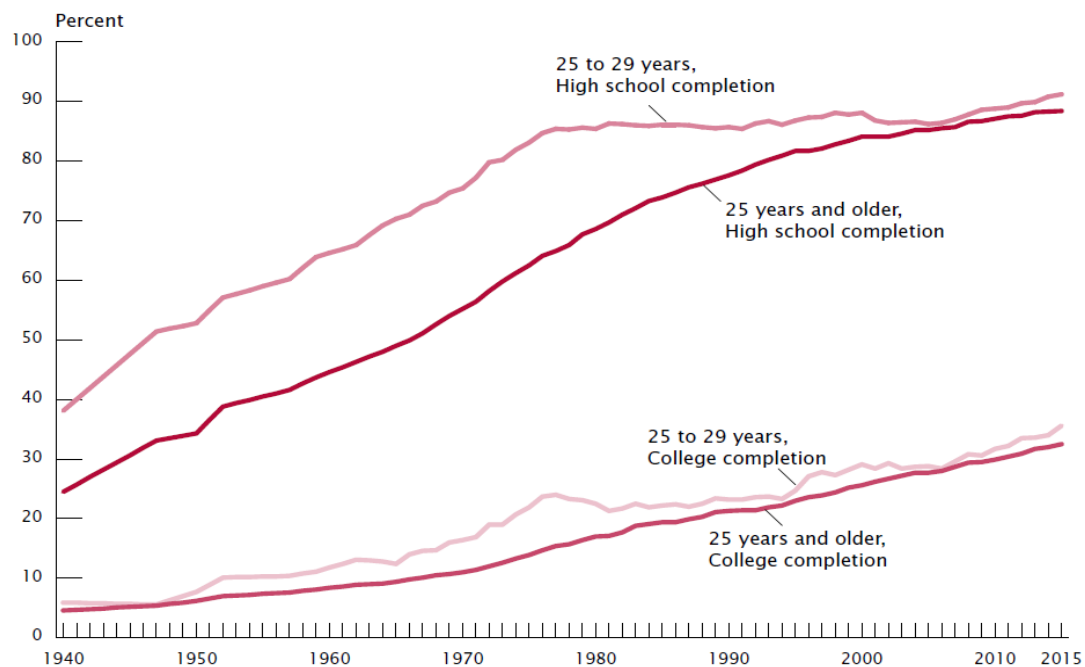
Figure 6: U.S. Population Projections by Age Group, 2013 to 2025

Age Group	2013	2015	2020	2025	% Change From 2013 to 2025
Under 18	73,585,000	73,635,000	74,128,000	75,015,000	1.91%
18-24	31,457,000	31,214,000	30,555,000	30,736,000	-2.35%
25-44	83,297,000	84,657,000	89,518,000	93,429,000	10.84%
45-64	83,083,000	84,032,000	83,861,000	82,235,000	-1.03%
65 and Over	44,704,000	47,830,000	56,441,000	65,920,000	32.18%

Source: U.S. Census Bureau, 2015

- In 2015, about 90% of both men and women had completed high school, but 60% of women had some college compared to 58% of men.
- The percentage of the adult population with a bachelor's degree or higher increased steadily from 1940 to 2015. In 1940, 5% of adults held a bachelor's degree or higher. By 2015, this percentage had increased to 33% (Figure 7).
- Native-born adults were more likely to have a high school education or higher, but were no more likely than foreign-born adults to hold an advanced degree.

Figure 7: Percentage of the Population 25 Years and Over Who Completed High School or College by Age Group: Selected Years 1940–2015

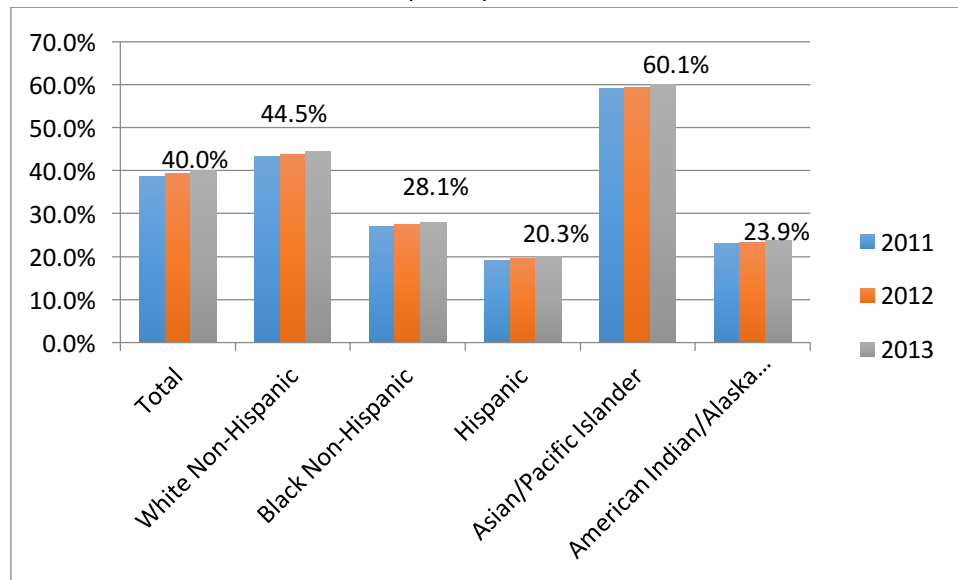


Note: Data for every individual year are not available for years prior to 1964.

Source: U.S. Census Bureau, 1947–2015 Current Population Survey and 1940 Decennial Census, 2016

- Wide and persistent gaps in higher-education attainment rates remain between white and Asian students compared to other ethnic groups. While the percentage of the population between 25 and 64 who have a college degree has increased to 40% in recent years, the rate for African Americans is only 28%, and lower for Hispanics at 20% (Figure 8). While attainment rates for every racial and ethnic group have risen in recent years, the gaps have failed to narrow.

Figure 8: College Degree-attainment Rates for United States Residents (ages 25-64), by Population Group, 2011, 2012, and 2013



Source: US Census Bureau American Community Survey PUM Files, 2015

- The number of full-time undergraduate students is expected to increase by 14% from 2014 to 2025, while the number of graduate students is projected to increase by 21% during this timeframe (Figure 9).
- By 2025, 3.1 million more students are expected to be enrolled in U.S. colleges than were enrolled in 2014. This 15.3% growth rate, however, represents a slowdown in enrollment growth compared to the 2000-2014 period, which had an enrollment growth rate of 31% at the undergraduate level, and 36% at the graduate level.
- Overall enrollment in colleges declined in the fall of 2016 for the fifth straight year. Total fall-term enrollment slid 1.4% to just over 19 million. The undergraduate student count fell 1.9%, to 16.3 million, while graduate student enrollment rose 1.5% to 2.7 million.
- Overall college enrollment is down more than 4% from its peak in 2010.
- Colleges in the Midwestern and Mid-Atlantic States reported the sharpest declines of new students from high schools in 2016.
- Applications to doctoral programs decreased by 4.3% in 2015 compared to 2014. At the master's level, math and computer sciences increased by 11.2% in applications.
- Education doctoral programs witnessed the largest one year increase among applications of all broad fields, and computer science had a jump of 11.2%.
- Women were the majority of first-time graduate students, comprising 58.2% of students enrolled in master's and certificate programs, and 51.3% in PhD programs.

- Through 2020, the U.S. Labor Department predicts a 22% increase in jobs that require at least a master's degree, and a 20% increase in jobs requiring a doctoral degree. For 11 of the 15 fastest growing occupations, some level of postsecondary education is typically required for entry.

Figure 9: Actual and Projected Enrollment in U.S. Colleges and Universities, 2014-2025 (in millions)

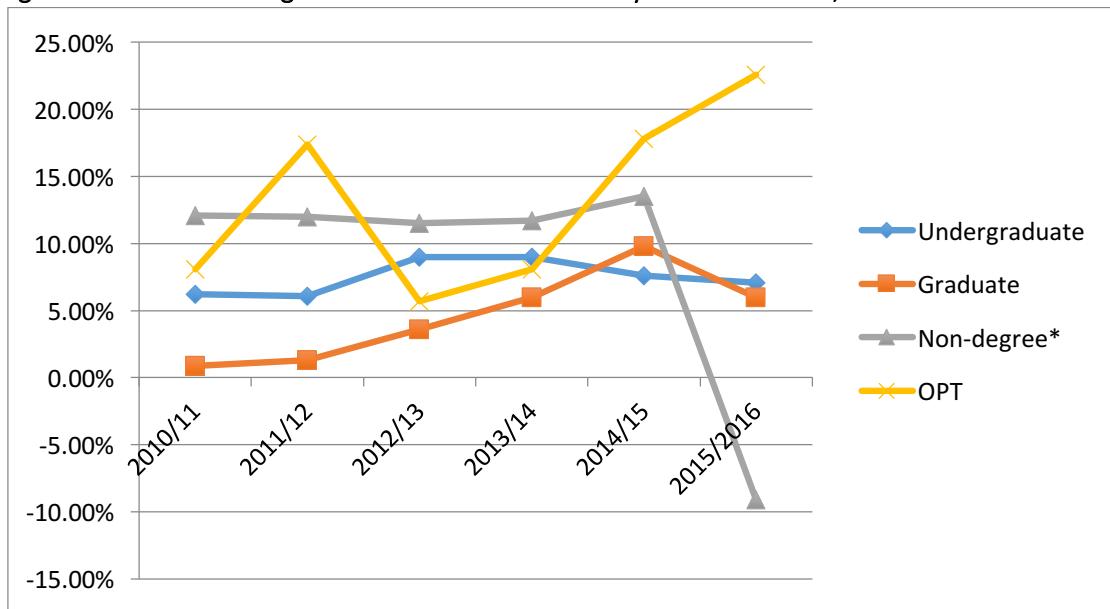
	2014	2025	% Change, 2014-2025
Undergraduate, 4-year	10.6	11.6	10%
Undergraduate, 2-year	6.7	8.2	21%
Undergraduate, female	9.7	11.3	17%
Undergraduate, male	7.6	8.4	11%
Undergraduate, full-time	10.8	12.3	14%
Undergraduate, part-time	6.5	7.5	15%
Graduate	2.9	3.5	21%
Graduate, female	1.7	2.0	18%
Graduate, male	1.2	1.5	25%
Graduate, full-time	1.7	2.0	18%
Graduate, part-time	1.2	1.5	25%

Source: The Condition of Higher Education 2016, U.S. Department of Education, 2016

International Students

- In the 2015-16 academic year, there were 427,313 international undergraduate students, 383,228 graduate students, 85,093 non-degree, and 147,498 Optimal Practical Training (OPT) students in the U.S. (Figure 10). Although the overall number of international students at U.S. colleges rose 7% from 2014-15 to 2015-16, that increase was in the number of OPT students. The number of undergraduate, graduate, and non-degree students declined from the prior year (Figure 10).

Figure 10: Percent Change of International Students by Academic Level, 2010-11 to 2015-16



* Includes those enrolled in English as a second language

Source: Institute of International Education, 2016

- California is the leading U.S. State hosting international students, with 150,000 students in 2015-16, an increase of 11% from 2014-15. Other states with high international student enrollment were New York, Texas, Massachusetts, and Illinois.
- China remains the most significant country for international enrollment. In 2015-16, Chinese students accounted for 31% of the foreign-student growth at U.S. colleges (Figure 11). In the 2015/2016 academic year, 328,547 Chinese students studied on U.S. campuses.
- The increase in the number of Chinese students studying at U.S. colleges in recent years is largely attributable to the growth of a Chinese middle class, which is able to afford foreign higher education, and the premium that families have placed on investing in that education.
 - Over the past 20 years, the Chinese government has opened hundreds of new colleges, and college enrollment has increased from 3.4 million in 1998 to 26.2 million in 2015, though much of that growth has been in three-year polytechnic programs.
 - Admission to China's best universities remains highly competitive, and is determined almost exclusively by a single national exam, the gaokao.
- A decade ago, more than 80% of the Chinese students in the United States were at the graduate level. Today the split between undergraduate and graduate students is nearly 50-50.
- Together, China and India account for nearly 45% of all international students in the U.S. A quarter of all Chinese students at American colleges study business or management, while 20% study engineering.
- The Chinese Ministry of Education reported that about three-quarters of Chinese students who go to college overseas return to China. About 400,812 returned in 2016.
- More than 90% of students from India are in masters or certificate programs. Graduate enrollment from South Korea is nearly evenly divided between the master's and doctoral level.
- The number of students from India, which remains the second-largest source country, was up 24.9% from 2014-15 to 2015-16. India has a growing middle and upper-middle class, has witnessed a recent upward trend in its economic growth, and its universities have the capacity to

educate only a fraction of its young and growing population. For FY 2016, India's Gross Domestic Product rose by 7.6%, the fastest pace in 5 years. India's demonetization policy and the weakness of the value of the rupee against the dollar, however, may weaken recruitment by U.S. institutions.

Figure 11: Top Five Countries of Origin of International Students in the U.S., 2014-15 to 2015-16

Rank	Place of Origin	2014/15	2015-2016	% of Total	% Change
1	China	304,040	328,547	31.2	8.1
2	India	132,888	165,918	13.6	24.9
3	Saudi Arabia	59,945	61,287	6.5	2.2
4	South Korea	63,710	61,007	6.1	-4.2
5	Canada	27,240	26,973	2.8	-1.0
	World Total*	974,926	1,043,839	100.0	7.1

*The top five countries comprise 59.6% of the total

Source: Institute of International Education, Open Doors Data, 2016

- The three countries that had the largest percentage growth in international students in 2015-16 were Kuwait (up 24%), Brazil (up 78.4%), and Nigeria (up 19.9%). All of these nations had government-sponsored scholarship programs to send students abroad.
- As the price of oil drops, the number of students coming from Saudi Arabia will likely decline, and enrollment growth from Brazil is likely to see a reversal. The Brazilian government has recently cancelled its government scholarship program.
- Nearly 30% of doctoral degrees awarded by American colleges in 2016 went to international students, and half of the degrees earned by those in the U.S. on student visas were in the fields of engineering, mathematics, and computer science.
- International students and their dependents contributed \$32.8 billion to the U.S. economy during the 2015-16 academic year, and 400,000 jobs were created or supported during this same timeframe.
- Compared to the growth in international enrollments, participation in study abroad by U.S. students is sluggish. The number of U.S. students studying abroad for credit during the 2014-2015 academic year grew 2.9% from 2013-2014, from 304,467 students to 313,415 students. This represents just over 1.5% of all U.S. students enrolled at institutions of higher education in the U.S.

International Travel Bans, Immigration, and Uncertainties for DACA Students

- In January 2017, President Trump issued an executive order that banned travelers from seven largely Muslim countries (Sudan, Syria, Iran, Libya, Somalia, Iraq, and Yemen) for 90 days, though Iraq was soon dropped from this list. Images of students and other travelers detained in airports or blocked from getting on flights were beamed around the world.
- A federal judge in Washington State temporarily blocked Trump's executive order, citing the damage it caused to businesses, family relations, freedom to travel, and higher education. Declarations citing the educational harm of the executive order were provided by the University

of Washington, Washington State University, and the state's two-year-college system. Seventeen universities filed briefs opposing Trump's position. A federal appeals court upheld the lower court order placing an injunction on Trump's executive order.

- The Trump administration challenged the federal court ruling and issued a revised executive order and new travel ban. Another federal appeals court blocked the second executive order.
- In June 2017, the U.S. Supreme Court said it will rule on the constitutionality of Trump's travel bans in October, but that the ban can take partial effect. The Court said that employees and students having "a credible claim of a bona fide relationship with a person or entity in the United States" are not banned from entering the country, though further interpretation of the order is forthcoming from the Department of State. As of August 2017, international students from the banned countries can attend U.S. universities.
- Depending on the Supreme Court's final ruling, President Trump's executive order could directly affect approximately 17,000 students from the banned countries, and will indirectly affect large numbers of students and scholars from other countries. Broader implications include:
 - Threatening the appeal of the United States as a destination for the brightest talents from around the world and diminishing U.S. higher education's standing in the world.
 - Weakening the strategic positions of U.S. Colleges, half of which include internationalization among their top strategic priorities. Many colleges have turned to international students to pay full tuition, and to fill holes caused by deteriorating taxpayer support or declining domestic enrollments.
 - Hampering recruitment of international students and scholars, and complicating, or quashing, overseas partnerships, programs, and research collaboration. Nearly 40% of U.S. colleges are seeing declines in applications from international students in 2017, and international student recruitment professionals report concerns from students and their families about visas and of a less welcoming climate in the U.S. The highest reported declines involved applications from the Middle East, and 39% of the universities surveyed reported declines in undergraduate applications and 31% reported declines in graduate applications from that region; 25% reported declines in undergraduate applications from China and 32% reported declines in Chinese graduate applications; 26% reported declines in undergraduate applications from India and 15% reported declines in graduate applications from that nation.
 - Nearly 33% of 2,104 prospective international students recently surveyed said they had less interest in studying in the U.S. due to the current political climate or travel restrictions.
- The anti-globalist policies of the Trump administration, and the increased isolationist and nationalistic rhetoric emanating from that administration, have college leaders concerned that fewer international students will want to study in the U.S. in the long term as well as the short term.
- Universities across Canada took to social media in the wake of the U.S. travel ban to remind international students of their country's welcoming reputation and to underscore Canada's more-liberal immigration policies.
- On February 24, 2017, the Department of Homeland Security issued new guidelines meant to increase arrests and speed deportations of undocumented immigrants, potentially affecting the Deferred Action for Childhood Arrivals (DACA) program, under which the Obama administration allowed young undocumented immigrants (referred to as the "Dreamers") who were brought to the country as children to remain in the United States to study or work.
- In response to these new threats and policies, college counseling centers added new programs for DACA students; campus legal clinics offered advice to them and their families; and many

schools created spaces and forums where students could share their feelings of frustration and fear.

- Students on many college campuses have pressed administrators to provide sanctuary for the undocumented. Many institutions, however, have rejected sanctuary status, as going beyond legal limits. Some schools point out that student information, including immigration status, is already protected under long-existing privacy laws requiring the authorities to show a warrant or court order before any data can be released without students' consent.
- As of June 2016, the Trump administration has indicated that cancelling the DACA program will not be a high priority, and that the administration would not immediately eliminate protection for DACA students. The administration indicated, however, that it had not yet made a final decision on the long-term fate of the program, and might yet follow through on a campaign pledge to deport *all* undocumented immigrants.
- In August 2017, President Trump endorsed a new U.S. Senate bill to reduce legal-immigration levels over the next 10 years. The legislation includes a "merit-based" system to cut down on the issuance of green cards to adults who are extended family members of U.S. citizens or permanent residents. Although the legislation would not immediately target international students who want to stay in the United States and work after graduation, it will likely affect perceptions, underscoring to prospective foreign students that the U.S. is an unwelcoming place.

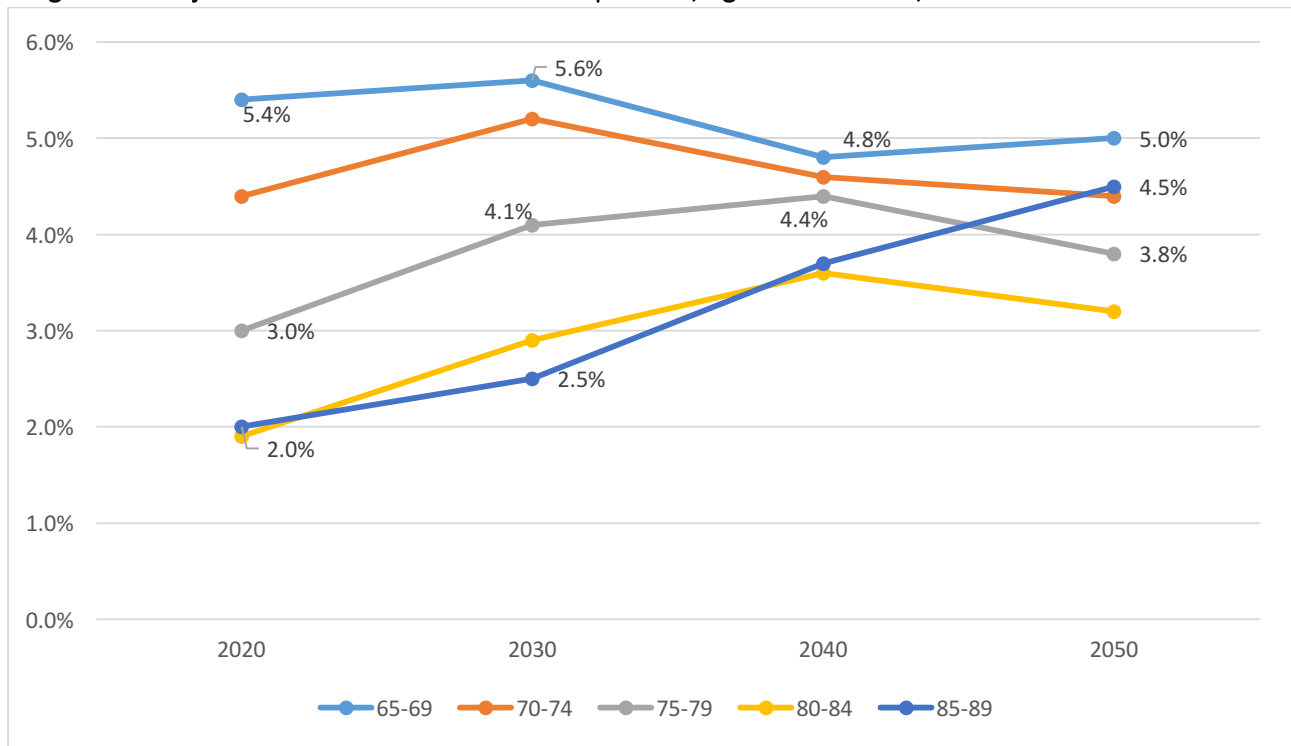
The World's Population and the Digital Revolution

- The digital revolution catalyzed by the internet has transformed how much of the world's population obtain information, invent products, communicate, and structure their daily lives.
- The global median for internet use by a nation's adult population is 67%. Jordan and Venezuela, for example, are at that median, with 67% of their adult populations connected to the internet. Most adults in developed countries use the internet, but that is less true in developing nations. Internet use ranges from 94% in South Korea, 93% in Australia, 90% in Canada, and 89% in the U.S., on the high end of the range, to 8% in Ethiopia, 11% in Uganda, and 15% in Pakistan, on the low end of the range.
- Some African and Asian countries are witnessing double-digit annual increases in the use of the internet. From 2014 to 2015 (the most recent data), adult users of the internet increased from 38% to 58% in Nigeria; from 35% to 54% in Ghana; from 45% to 58% in China; from 51% to 63% in Malaysia; from 32% to 43% in Indonesia; and from 31% to 42% in India.
- In early 2000, about half of all adults in the U.S. were already online. Today, approximately 89% of American adults use the internet.
- At least 6 million U.S. postsecondary students took at least one class online in 2015, up 11% from 2012, according to the most recent federal data. Prominent examples include Colorado State University's Global campus, which enrolled 18,000 online students in 2015, up from 200 students nine years ago; Maryland University College, which had 85,000 online students; and Southern New Hampshire University, which had 3,000 students on its home campus, but 80,000 students online.
- Overall, public and private four-year colleges and universities continue to see enrollment growth in their fully online programs, notwithstanding increased competition, and despite the fact that online courses are generally more expensive to produce than face-to-face courses. Large enrollments and additional student technology fees can make online courses financially viable.

The Aging U.S. Population

- The U.S. population, aged 65 and over, is projected to increase by more than 94% between 2012 and 2050, from 43.1 million to 83.7 million, and will account for almost 17% of the total U.S. population by 2020 and 21% by 2050 (Figures 12 and 13).
- The U.S. population, aged 85 and over, will account for 2% of the population by 2020, 2.5% by 2030, 3.7% by 2040, and 4.5% by 2050. By 2050, almost 18 million Americans will be 85 years of age, or older.
- By 2050, the population, aged 85 and older, is predicted to start increasing at a faster rate than the working-age population.
- By 2060, 604,000 Americans will be 100 years of age, or older.
- Government support for schools at every level will likely decrease as the population ages and healthcare and public pension costs continue to rise, adding pressure to state and federal lawmakers to reallocate resources.

Figure 12: Projections and Distribution of the Population, Aged 65 and Over, for the U.S.: 2020 to 2050



Source: U.S. Census Bureau, 2012 Population Estimates and 2012 National Projections, 2014

Figure 13: Population of the United States, by Age Cohort, 2012 to 2050

(Numbers in thousands)

Age	2012	2020	2030	2040	2050
NUMBER					
Total	313,914	333,896	358,471	380,016	399,803
Under 18 years	73,728	76,159	80,348	82,621	85,918
18 to 64 years	197,041	201,768	205,349	217,675	230,147
65 years and over	43,145	55,969	72,774	79,719	83,739
65 to 69 years	13,977	18,052	20,077	18,090	20,144
70 to 74 years	10,008	14,744	18,516	17,374	17,410
75 to 79 years	7,490	10,010	14,722	16,640	15,243
80 to 84 years	5,783	6,470	10,513	13,501	12,963
85 years and over	5,887	6,693	8,946	14,115	17,978
PERCENT					
Total	100.0	100.0	100.0	100.0	100.0
Under 18 years	23.5	22.8	22.4	21.7	21.5
18 to 64 years	62.8	60.4	57.3	57.3	57.6
65 years and over	13.7	16.8	20.3	21.0	20.9
65 to 69 years	4.5	5.4	5.6	4.8	5.0
70 to 74 years	3.2	4.4	5.2	4.6	4.4
75 to 79 years	2.4	3.0	4.1	4.4	3.8
80 to 84 years	1.8	1.9	2.9	3.6	3.2
85 years and over	1.9	2.0	2.5	3.7	4.5

Source: U.S. Census Bureau, 2012 Population Estimates and 2012 National Projections, 2014

Some Implications for USF

- Schools such as USF need to develop integrated strategic plans that include time horizons from three to five years. Toward that end, strategic plans should include:
 - A mission-based vision for the future.
 - An outline of future curriculum and program changes to meet anticipated student needs.
 - Strategies for enhancing the academic and co-curricular student experience.
 - Comprehensive and integrated recruitment strategies for undergraduate and graduate students, both domestic and international.
 - Retention strategies that focus not just on freshmen, but encompass all levels, including graduate students.
 - Financial aid strategies that achieve an optimal and sustainable mix of need-based and merit aid, that check the rising trend toward tuition discounting, and that focus on net revenue, recognizing that merit-based scholarships have become tools to price a university education competitively at every need level.
 - Market research aimed at adding new academic programs or modifying existing programs.
 - Clear articulation and demonstration to the public of the value of an academic degree and of opportunities for out-of-class experiences, internships, graduate and professional schools, and gainful employment.
 - An analysis of technology initiatives.
 - Strategies for enhancing revenue, fundraising, financial management, and investments.
 - Plans for enhanced visibility in the city, nation, and around the world.
- For schools like USF that heavily depend on student tuition, following trends in K-12 school enrollment by region is more critical now than ever before, as recruitment in higher education

becomes more competitive. The market for new students will increasingly be national and international rather than regional, though USF should continue to assess the competitive position of major West Coast public schools, such as U.C. Berkeley, and competitive private schools, such as Santa Clara University and the University of San Diego.

- USF needs to continue to refine its predictive enrollment analytics to identify key variables associated with the likelihood of particular groups of students enrolling at the school, fostering a tailored recruitment strategy and more stable enrollment patterns.
- Institutions like USF that attract a significant portion of their student body from abroad need to continue to monitor shifting global trends, including economic and political changes, and changes in exchange rates.
- USF may find new markets for traditional domestic students in the growing population centers of the South, especially Texas. From the fall of 2012 to the fall of 2016, the number of USF students from Texas increased 209% from 47 to 145. Markets that are politically congruent with San Francisco may also continue to be fruitful, even as the populations of those states decline. From 2012 to 2016, the number of USF students from New York increased 114%, from 59 to 126, and Massachusetts witnessed a 53% increase, from 59 to 90.
- Given projected changes in the ethnic composition of California and the nation, USF should continue to actively recruit academically qualified students from diverse populations. The diversity of the U.S. and California is increasingly reflected in the student population of USF, which in recent years had been consistently rated as among the most diverse national universities (e.g., *U.S. News & World Report* placed USF 2nd among national universities in undergraduate ethnic diversity in its 2017 analysis). For the entire USF undergraduate and graduate student population in the fall of 2016, 22.5% were Asian, 19.5% were Latino, and 6.2% were African-American. In the fall of 2016, 16.3% of the total student enrollment was international.
- The retention of students from diverse backgrounds should continue to be a major focus of USF's efforts. The overall freshman-to-sophomore retention rate for the cohort that entered in the fall of 2015 was 85.8%, a 2.7% increase over the freshmen-to-sophomore retention rate for the cohort that entered in the fall of 2014.
- USF needs to continue reaching out to students who left USF without a degree. Re-enrolling former students can be cost effective, and it prevents the negative consequences faced by students who have some credits but no degree. Re-enrollment efforts may also generate insights into the causes of attrition, thus informing resource allocation to improve retention and graduation rates.
- Growing that portion of the endowment dedicated to need-based financial aid is critical to continue to attract low- and middle-income students. The expected growth in the Latino and Asian populations of California indicates that USF should also continue to cultivate financial support from foundations, corporations, and individuals that historically support diverse and multicultural institutions and programs.
- An area of potential growth at USF continues to be in graduate programming. Projections indicate there will be approximately a 21% increase in enrollment in the nation's graduate programs from 2014 to 2025, from 2.9 million to 3.5 million students. Many institutions of higher education, including USF, are developing new graduate programs, including programs that link undergraduate and graduate curricula and that combine two existing graduate disciplines.

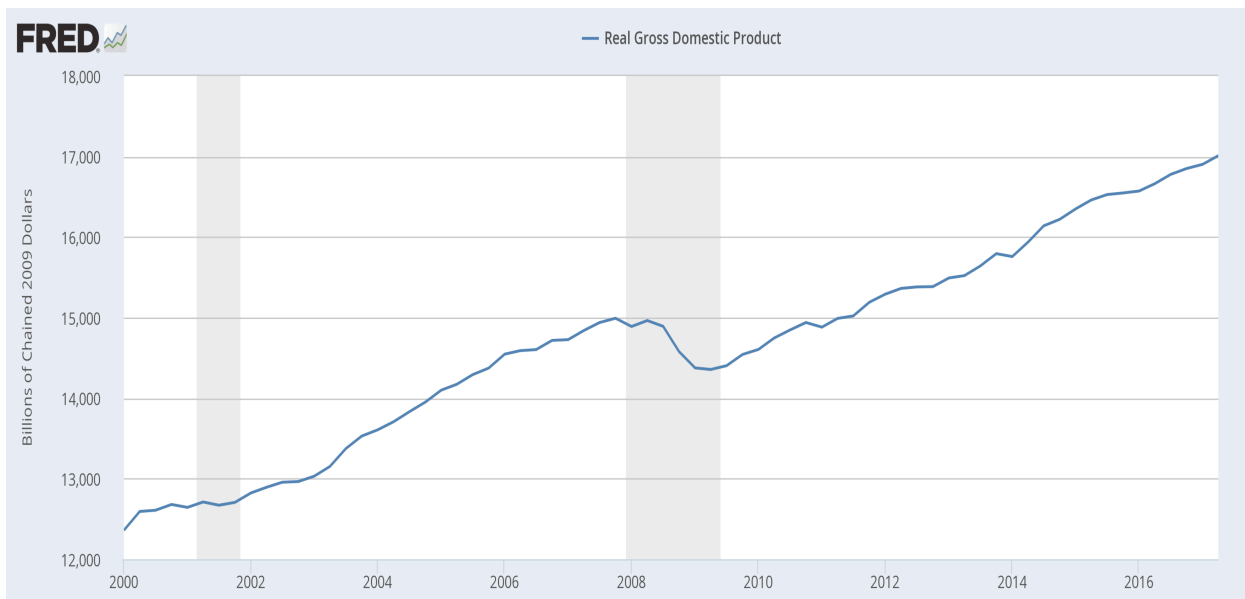
Markets for new graduate programs should continue to be researched, including areas where USF already has a relatively large undergraduate student and alumni base to draw upon.

- Continuing USF's efforts to attract highly-qualified transfer students from community colleges remains a worthwhile strategy. Community colleges offer a large pool of academically prepared and low-income students, affording USF an opportunity to continue its historic tradition of educating top performing, though economically needy students. The nation's public community colleges currently enroll more than 8 million students, nearly 40% of all the nation's undergraduate students. It is a population that is expected to grow approximately 21% from 2014 to 2025.
- The ethnic diversity of most community college student populations, especially in California, also provides an excellent source for continuing the ethnic diversity that is one of the hallmarks of USF. Facilitating the undergraduate degree-completion process for transfer community college students also increases the pool of low-income and underrepresented students who might be attracted to USF's graduate programs.
- In the near future, China will likely remain the most important source for international students. From the fall of 2012 to the fall of 2015, the number of international students enrolled at USF from China increased 34%, from 781 to 1048, though the fall of 2016 witnessed a 7% decline in the number of students from China compared to 2015. China still constitutes 54% of the total international student population at USF.
- India may increasingly emerge as an important source of international students. From the fall of 2012 to the fall of 2016, the number of international students from India increased 200%, from 32 to 96. Although nations such as Nigeria have rapidly expanding populations, economic, and political factors may limit its potential in the short term. In the fall of 2016, USF enrolled 12 students from Nigeria, 7 more than in 2015. Nevertheless, USF should continue to recruit students from a broad range of countries, not only for academic and diversity-related reasons, but because of the potential for sudden political and economic changes in a given country. USF currently enrolls students from 95 foreign countries.
- USF needs to continue to explore ways to capitalize on the ongoing internet revolution, including offering online and hybrid programs that reflect USF's academic strengths, that ensure high academic quality, and that are financially viable.
- Given the aging U.S. population, USF should consider degrees, certificates, and concentrations that focus on issues in gerontology (e.g., a DNP in Adult/Gerontology in Acute Care; an MBA with a concentration in managing senior centers, retirement communities, and assisted living facilities; a master's in kinesiology with a gerontology track).
- The impact of the Trump administration's immigration policy is yet to be fully felt at USF, though it may prove to be significantly negative in the long term, depending on the U.S. Supreme Court ruling in October 2017. In the short term, the impact on fall 2017 enrollment looks modest.
- USF's leadership, including the Board of Trustees, the President, and the Provost should continue to make it clear that international students and DACA students are welcome at USF, will have access to the full-range of university services, and will be protected by the university to the full extent of the law.

Economics

- The International Monetary Fund (IMF) currently forecasts U.S. economic growth, as measured by Gross Domestic Product (GDP), to be 2.3% in 2017 and 2.5% in 2018, an improvement from the 1.6 percent increase in 2016. The World Bank forecasts 2.2% growth in 2017, and 2.1 percent for 2018, arguing that there is too much uncertainty over the fate of President Trump's economic proposals to be confident in a higher forecast.
- Since September 2009, the low point of the Great Recession, the GDP has grown 29%, from \$14.4 billion in 2009 to \$17 billion in the second quarter of 2017 (Figure 14).

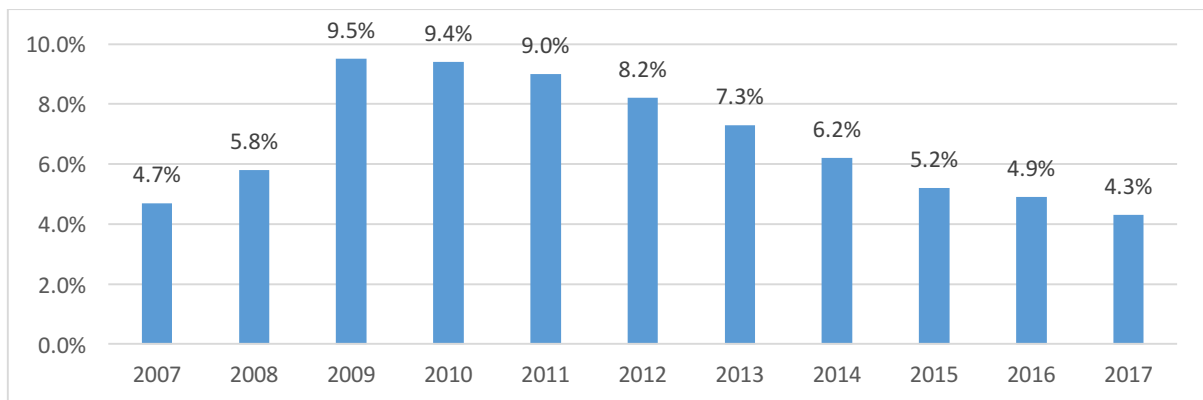
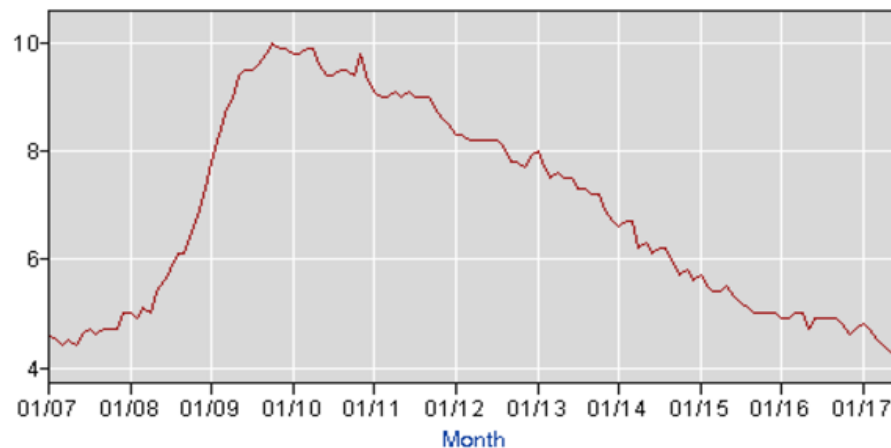
Figure 14: U.S. Real GDP, 2000 to 2016



Source: Bureau of Economic Analysis, Federal Reserve St Louis, 2017

- The U.S. economy added 209,000 jobs in July 2017, and the unemployment rate dropped to 4.3% (Figure 15), reaching its lowest level since May 2001. The economy has added an average of 184,000 jobs per month in 2017.
- The U-6 rate, which includes people who are working part-time but who want a full-time job, and those who would like a job but have given up looking out of frustration, fell to 8.6% in April 2017, the lowest rate since November 2007.
- In 2009, during the Great Recession, more than 15 million Americans wanted jobs and couldn't find them. In mid-year 2017, the number of unemployed has fallen to 7.1 million.

Figure 15: Average Yearly U.S. Unemployment Rate, July 2007 to July 2017

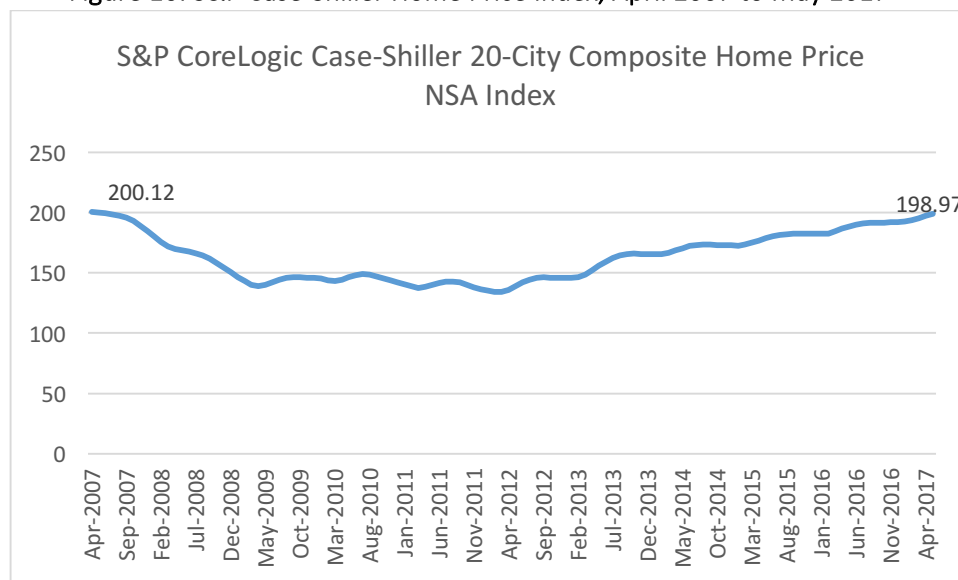


Source: Bureau of Labor Statistics, 2017

- Rising employment has prompted the Federal Reserve Board to raise short term interest rates twice in 2017. There is division on the Board, however, about raising interest rates a third time, since the annual rate of inflation sank to 1.4% in May 2017, down from 2.4% earlier in the year.
- Credit scores for U.S. consumers reached a record high during spring 2017, while the share of Americans deemed to be among the riskiest borrowers hit a record low. The average credit score nationwide hit 700 in April 2017, up one point from fall 2016, and the highest since 2005. The share of consumers deemed to be riskiest, with a FICO score below 600, hit a new low of roughly 40 million, or 20% of U.S. adults who have FICO scores. As credit scores rise, banks and other lenders are likely to make credit more widely available, and at lower interest rates, although since late 2016, there has been a broad slowdown in bank lending in major categories, including car and home loans, credit cards, and business debt.
- The personal saving rate for Americans rose to 5.5% in May 2017, the highest level in eight months.
- The U.S. housing recovery continued in 2017, and has been a steady contributor to broader economic growth over the past five years. The S&P/Case-Shiller national home-price index, released in May 2017 was 47% higher than its value at its low point in January 2012 (Figure 16).

- Sales of previously owned U.S. homes rose 4.4% in March 2017, to a seasonally adjusted annual rate of 5.71 million, the highest pace in more than a decade.
- Despite the increase in the sale of previously owned homes, overall homeownership rates remain flat. The homeownership rate of 63.6 percent in the first quarter of 2017 was not statistically different from the rate in the first quarter 2016 (63.5%), or the rate in the fourth quarter 2016 (63.7%).
- In the first quarter 2017, the homeownership rate was highest in the Midwest (67.6%), followed by the South (65.4%), the Northeast (60.6%), and the West (59.0%). It was highest for those householders ages 65 years and over (78.6%), and lowest for householders in the under 35 years of age group (34.3%).
- The homeownership rate for non-Hispanic White householders was 71.8%; for Asian, Native Hawaiian, and Pacific Islanders householders it was 56.8%; and for African Americans, the homeownership rate was 42.7%.
- There were 1.16 million total housing starts in 2016, up 4.9% from the previous year's total of 1.11 million units. Single-family production is expected to rise 10% in 2017, to 855,000 units, and will increase an additional 12% to 961,000 units in 2018.

Figure 16: S&P Case-Shiller Home Price Index, April 2007 to May 2017



Source: S&P Dow Jones Indices, 2017

- From January to June 2017, global stock markets had their best six months since 2009. All but four of the 30 world's largest stock markets by value rose in the first half of 2017, due to strengthening corporate earnings, improving economic conditions, and support from the central banks. Stock markets steadily increased despite setbacks to President Trump's economic and tax agendas, and political turmoil in countries from Brazil to the U.K.
- The U.S. Dow Jones, S&P, and Nasdaq Composite Indexes all posted significant gains in the first half of 2017. The Dow Jones Industrial Average and the S&P each rose about 8%, and the technology-heavy Nasdaq Composite Index gained 14%. Stock market indexes from India to South Korea to Spain all posted double-digit percentage increases in the first half of 2017.
- On August 11, 2017, the Dow Jones Industrial Average rose to 21,858, continuing a long-term increase since 2009 (Figure 17). Stocks declined somewhat during the weeks of August 7 and

August 14, due to escalating threats between the US and North Korea, and disappointing corporate earnings.

Figure 17: Dow Jones Industrial Average, August 2007 to August 2017

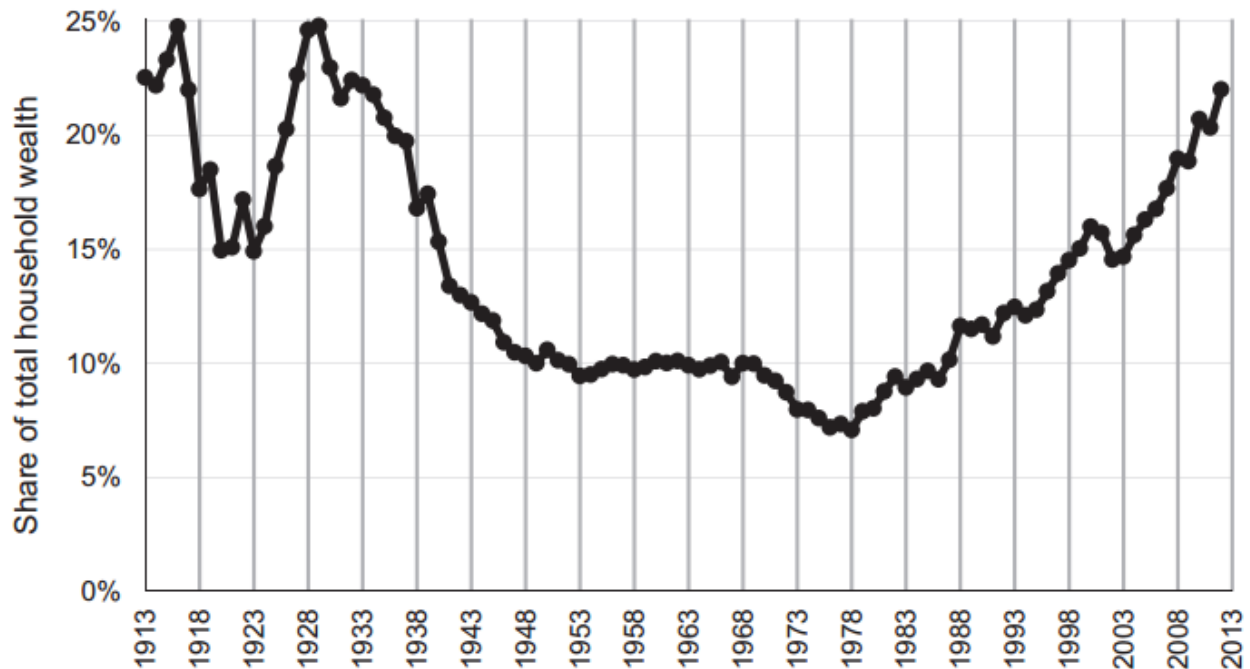


Income Inequality

- Over the past 40 years, the bottom half of the nation's families have been largely shut out from income growth. The rich are getting richer, and the poor are getting poorer.
 - The average pretax earnings of an American in the bottom 50% of income has only gained 2.6% since 1974, while the top 10% of Americans witnessed their pretax incomes grow by 231%.
 - Forty years ago, the top 1% of earners took home 10.5% of the total national income, and the bottom half earned 20% of it. By 2014, those percentages largely reversed, with the top 1 percent earning a 20% share, with the bottom half dropping to 12.5%.
 - Government spending has helped somewhat to lift lower incomes, but that increase was mostly due to increased healthcare spending on the elderly.
 - Median per capita income in the U.S., when adjusted for inflation, has been essentially flat since 2000. The typical American family makes slightly less than a typical family did 15 years ago.
 - In 21 states, more than half of the children enrolled in K-12 schools come from families making less than \$40,000 a year.
 - Taxes in the U.S. have become increasingly less progressive, a trend that will likely continue under the current administration.

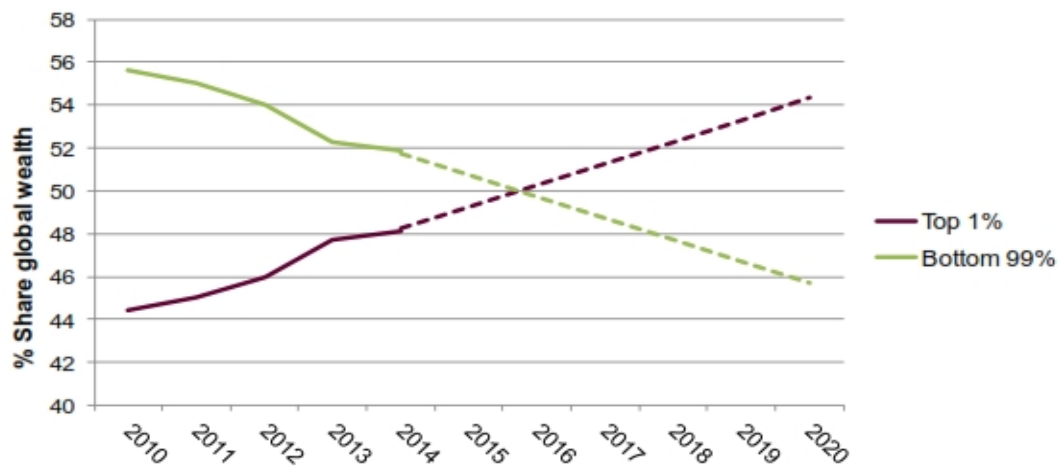
- According to data from both the IRS and Federal Reserve, the top 0.1% of families in the United States (about 160,000 families) have a net wealth above \$20.6 million, and control approximately 22% of the wealth of the nation, fast approaching the distribution of the nation's wealth a century ago (Figure 18).
- From a global perspective, 1% of the world's population control more than 50% of the world's wealth (Figure 19).

Figure 18: Top 0.1% Wealth Share in the United States, 1913–2013



Source: Saez, E., and Zucman, G., Wealth Inequality in the United States since 1913, *The Quarterly Journal of Economics*, Vol. 131, May 2016, p. 521.

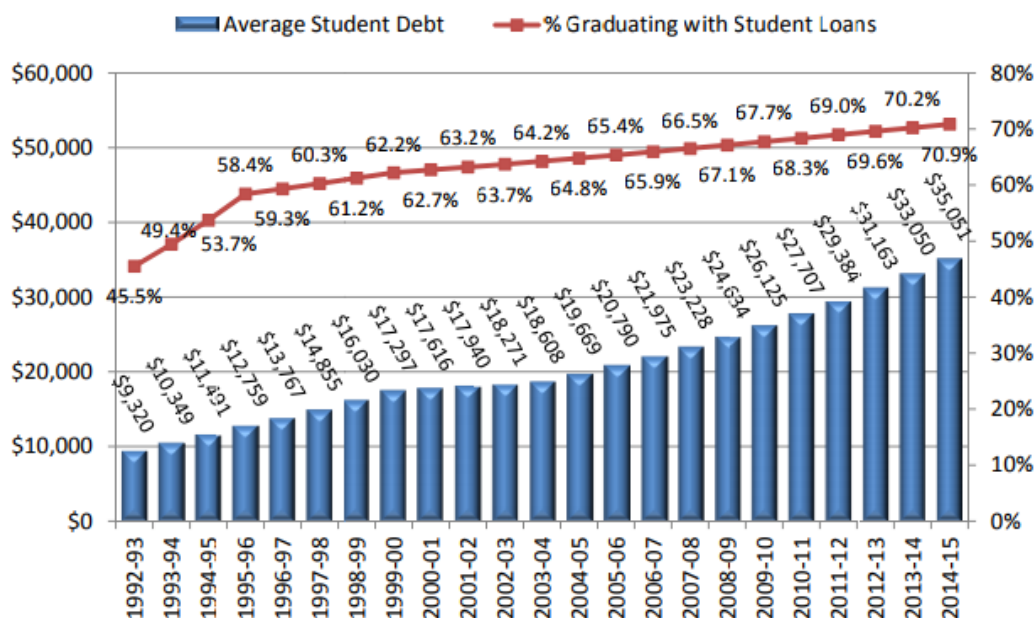
Figure 19: Percentage Share of Global Wealth, 2010 to 2020 (Projected)



Source: Oxfam, 2015

- Reflective of overall income inequality, there is a growing economic divide among groups of students entering higher educational institutions.
 - About 25% of students from the richest families attend a selective, elite college. Less than one-half of 1% of children from the bottom fifth of U.S. families attend a selective, elite college.
 - Higher income students are more likely to enroll in college and are also more apt to graduate: 45% of students who graduate from high-income high schools leave college within six years with a degree. Among graduates from low-income high schools, just 24% graduate within 6 years.
- The costs for three of the largest expenditures made by middle-class families (housing, college tuition, and health care) have risen faster than the rate of inflation. Even as colleges discount their tuition more each year (the average discount rate reached an all-time high of 48% for freshmen at non-profit private colleges in 2015-16), family incomes are not keeping pace.
- In 2016, almost 40% of students who decided not to attend their first-choice college did so because of cost-related reasons.
- One out of every five families in the U.S. pays 100% or more of their annual income to cover the net price of college, so those families need to borrow or use savings to cover tuition bills. Among families in the lowest income quartile, half pay 100% or more of their annual income to cover the net price of college.
- The proportion of students who borrow to finance their undergraduate educations, and the amount they borrow, continues to grow. The proportion has risen to its current 70% by an average of a point a year since the early 1990s (Figure 20).
- On July 1, 2017, the U.S. Department of Treasury raised student loan interest rates. Undergraduate student loan interest rates increased from 3.76% to 4.45%; graduate student loan interest rates increased from 5.31% to 6%; and Parent PLUS loan interest rates increased from 6.31% to 7%.

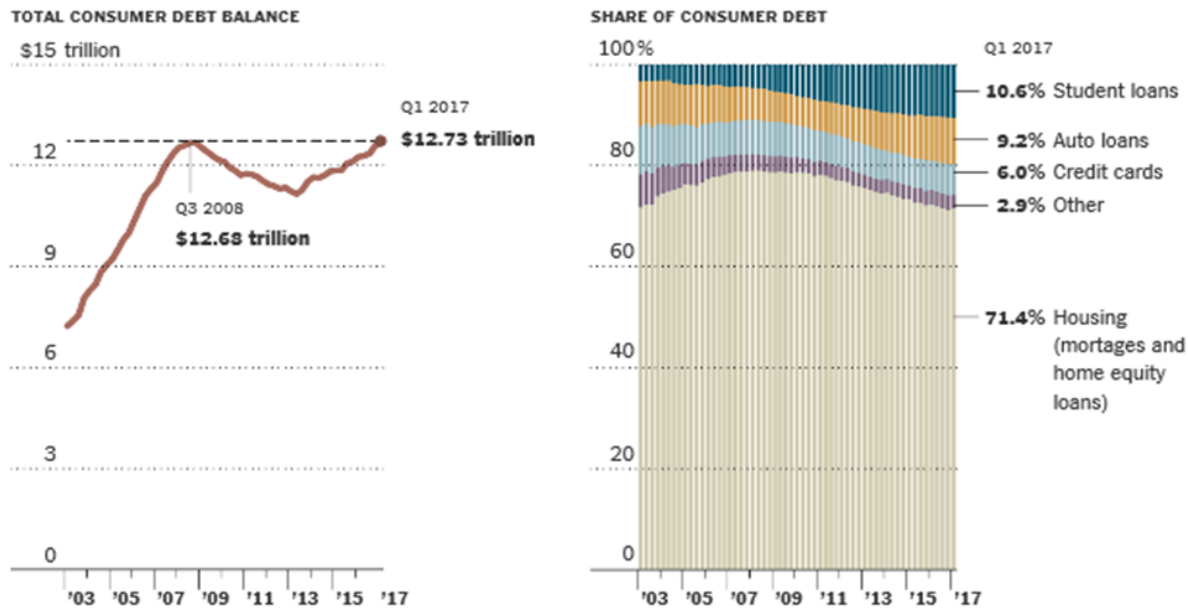
Figure 20: Growth in Student Loan Debt at Graduation for Bachelor's Degree Recipients, 1992-2015



Source: Inside Higher Education, National Postsecondary Student Aid Study, 2015

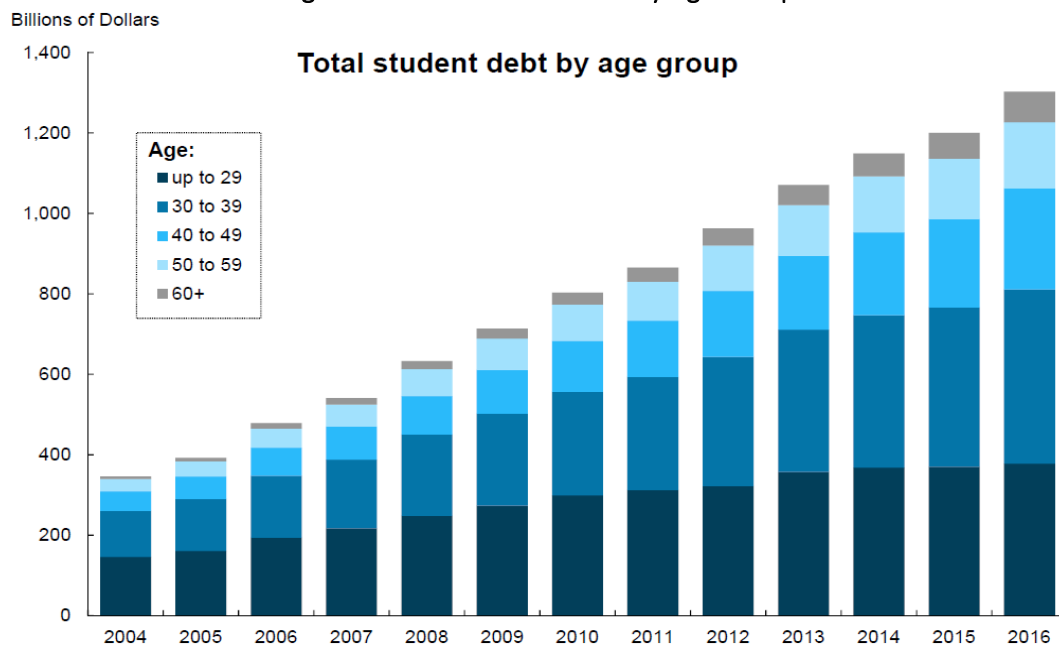
- In the first quarter of 2017, consumer debt rose to \$12.73 trillion, exceeding its peak in the third quarter of 2008. Student loans accounted for 10.6% of that total, up from 3.3% in 2003, while housing's share, though still great, and has fallen back to 2003 levels (Figure 21).
- There are more than 44 million borrowers with \$1.4 trillion in student loan debt in the U.S., a 170% increase since 2006. The average student debt in the class of 2016 was \$37,172.

Figure 21: Outstanding Federal Student Loans Compared to Other Consumer Loans, 2003-2017



Source: New York Times, 2017

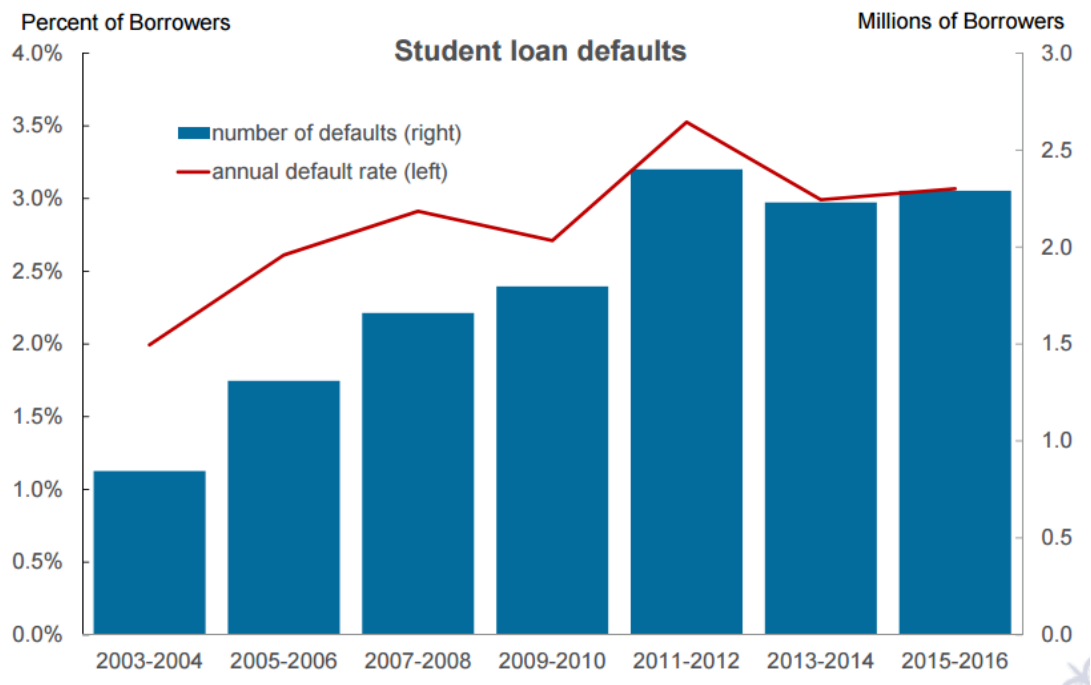
Figure 22: Total Student Debt by Age Group



Source: New York Fed Consumer Credit Panel/E, 2017

- For-profit colleges and universities enroll less than 10% of all college students in the nation, but are associated with more than 25% of educational debt, and have a significantly higher percentage of loan defaults than do public and nonprofit schools: 66% of graduates from public colleges had loans (average debt of \$25,550), 75% of graduates from private nonprofit colleges had loans (average debt of \$32,300), while 88% of graduates from for-profit colleges had loans (average debt of \$39,950).
- Total student debt has risen for all age groups from 2003 to 2016, including those aged 60 and over, jeopardizing their economic security in retirement (Figure 22).
- Student loan default rates increased through 2012, but have stabilized since 2013 (Figure 23).

Figure 23: Student Loan Defaults, 2003-2016



Source: Federal Reserve Bank of New York, 2017

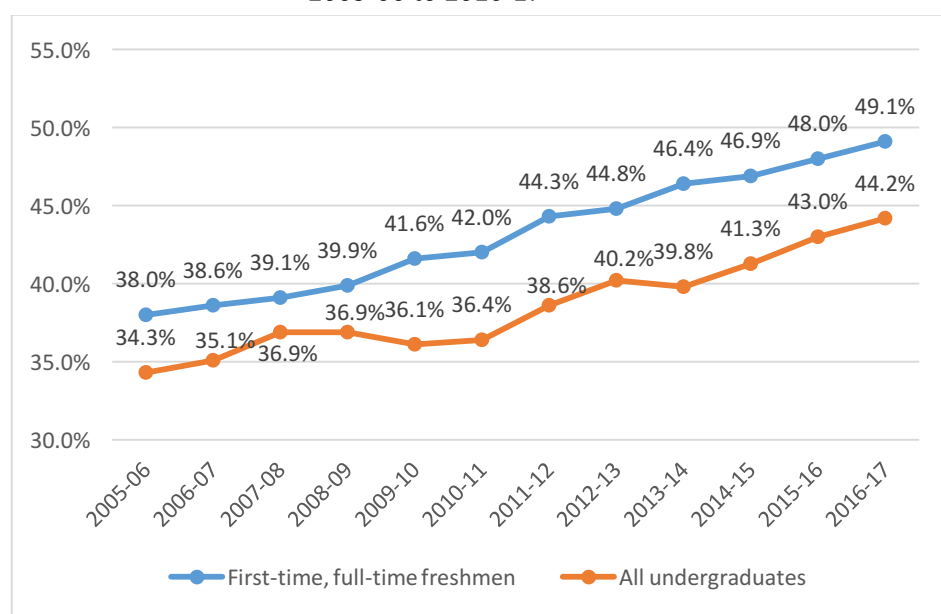
Enrollment, Tuition, and Institutional Discount Rates

- In 2016, more than 40% of private colleges and almost 30% public schools missed both enrollment and tuition goals, 32% of private colleges and 22% of public colleges revised their tuition-revenue goals downward, and 28% of private colleges and 19% of public institutions lowered their enrollment targets.
- The past decade has witnessed a steady rise in average tuition discounting for first-time, full-time freshmen among the nation's colleges. In 2005-06, the average tuition discount rate for first-time, full-time freshmen was 38%, but by 2015-16, it had grown to 48%, a new record. The average tuition discount rate for all undergraduates has followed a similar pattern (Figure 24).
- The 2015-16 freshman tuition discount rate ranged from just over 41% (the 25th percentile) to slightly more than 56% (the 75th percentile).
- A growing number of private nonprofit colleges offer steep tuition discounts to most of their students, while the cost of this practice is starting to equal or exceed its benefits. Some

institutions made small gains in enrolling more students by offering more institutional financial aid, but the revenue that they reaped from increasing enrollment was eroded substantially by their expenditures on institutional grant aid.

- Across all types of institutions, the percentage of first-time, full-time freshmen receiving institutional grants rose to an estimated 87.9% in 2016-17, up from 87.2% the year before, while 78.5% of all undergraduates received institutional grants in 2016-17, up from 78.2% the previous year.
- In a recent survey of colleges and universities, 44% said their discounting strategies are sustainable in the long term, 32% said their strategies are sustainable in the short term but not in the long term, and 20% would only say their strategies are sustainable in the short term.

Figure 24: Average Tuition Discount Rate for First-Time Full-Time Freshmen and All Undergraduates, 2005-06 to 2016-17*

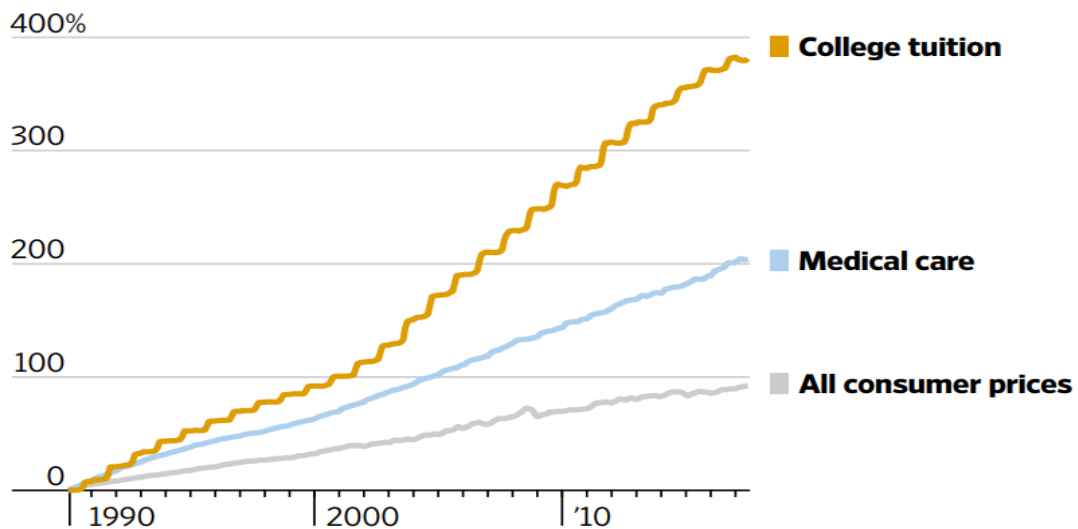


Source: NACUBO Tuition Discounting Studies, 2005 to 2016, 2017. *Data as of fall of each academic year. Estimated for 2016-17.

- In 2016-17, average U.S. college tuition grew at the slowest rate in decades, following nearly a 400% increase from 1990 to 2016 (Figure 25).
- Tuition at the undergraduate and graduate level rose 1.9% during the 2016-17 academic year, after scholarships and grants were factored in, consistent with overall inflation. By comparison, from 1990 to through 2016, tuition grew an average of 6% a year, more than double the rate of inflation.
- Net revenue, defined as gross tuition and fee revenue minus institutional financial aid expenditures, has been volatile over the past decade. While average revenue per first-time freshman increased by 5.4% in 2005-06 over the prior year, it fell to -0.8% in 2008-09, during the Great Recession. Since 2008-09, the net revenue has fluctuated, with another negative return of -0.3% in 2011-12, and with a slight increase of 1.5% in 2015-16 (Figure 26). The average growth in net tuition revenue per first-time, full-time freshman is expected to be only 0.4% in 2016-17. Small institutions reported that average net tuition revenue increased just 0.2% per freshman in 2016-17. Research institutions reported an average increase of 2.6%, and comprehensive institutions reported an average increase of 2.1%.

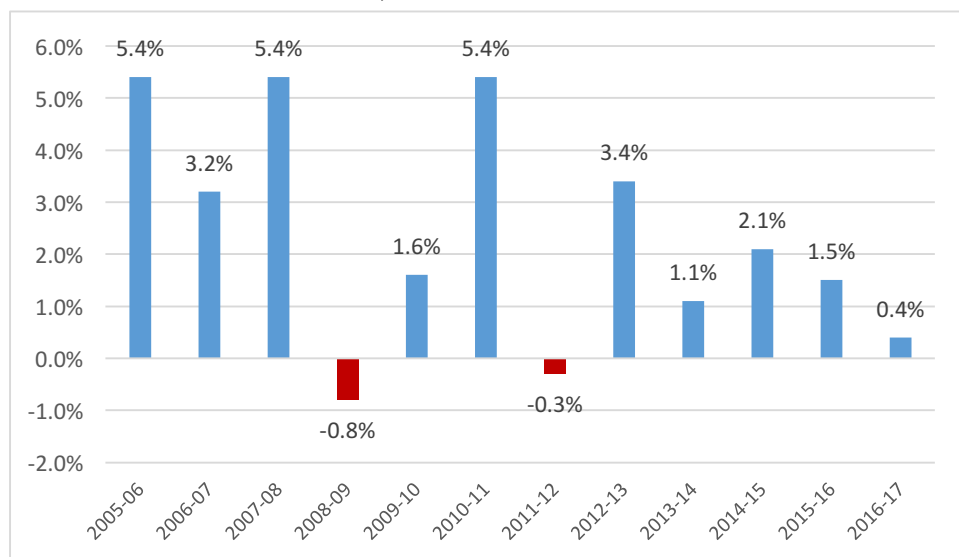
- A net tuition revenue estimate of 0.4% per full-time freshman for 2016-17 will be below the rate of inflation as measured by the Higher Education Price Index, which rose by an estimated 1.8% in FY16.
- In 2015-16, among the nation's colleges, 12.4% of total institutional grant aid was funded by endowments. In the prior year, 11.3% of institutional grant aid was funded by endowments.

Figure 25: Inflation of College Tuition, Medical Care Costs, and All Consumer Prices, 1990-2017



Source: U.S. Labor Department, 2017

Figure 26: Average Annual Percentage Change in Net Tuition Revenue per Full-Time Freshman in Current Dollars, 2005-06 to 2016-17*



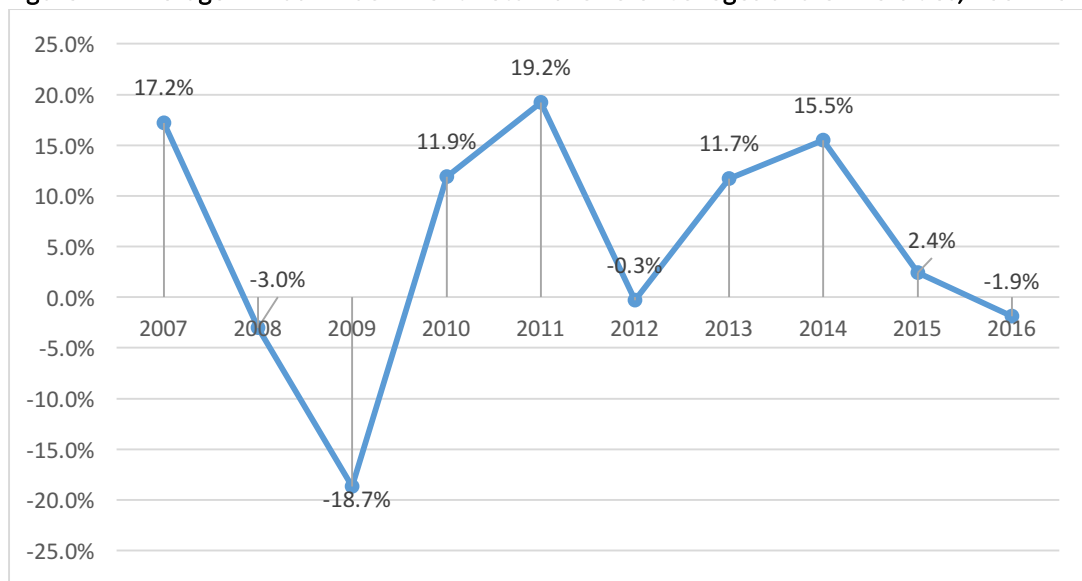
Source: NACUBO Tuition Discounting Studies, 2005 to 2016. Data as of fall of each academic year.

*Estimated for 2016-17.

College Endowments

- College and university endowments' net returns declined for the second straight year in 2016, dropping into negative territory, and posting their poorest results since the depths of the Great Recession in 2009 (Figure 27).
- Data gathered from 805 U.S. colleges and universities for the 2016 NACUBO-Common Fund Study of Endowments show that participating institutions' endowments returned an average of -1.9% (net of fees) for the 2016 fiscal year (ending June 30, 2016), compared to 2.4% for the 2015 fiscal year. The 805 schools that participated in the 2016 study had \$515.1 billion in endowment assets. While the size of the average endowment was about \$639.9 million, nearly half of the study's participants had endowments that were \$100 million or less.
- The 2016 return was the lowest since FY 2009 and contributed to a decline in long-term 10-year average annual returns to 5% from last year's 6.3%. For 2016, the long-term return figure is well below the 7.4% that most endowments report they need to earn in order to maintain their purchasing power after spending, inflation, and investment management costs.
- Many of the nation's wealthiest institutions witnessed a decrease in the size of their endowments in FY 2016 (Figure 28).

Figure 27: Average Annual Endowment Returns for U.S. Colleges and Universities, 2007-2017



Source: 2016 NACUBO-Common fund Study of Endowments, 2017

Figure 28: Colleges with the Largest Endowments, 2015 and 2016

Institutions	2016 Endowment Values (in \$000s)	2015 Endowment Values (in \$000s)	Percentage Change
Harvard University	34,541,893	36,448,817	-5.2
Yale University	25,408,600	25,572,100	-0.6
The University of Texas System	24,203,213	24,083,150	0.5
Stanford University	22,398,130	22,222,957	0.8
Princeton University	22,152,580	22,723,473	-2.5
Massachusetts Institute of Technology	13,181,515	13,474,743	-2.2
University of Pennsylvania	10,715,364	10,133,569	5.7
The Texas A&M University System & Related Foundations	10,539,526	10,477,102	0.6
University of Michigan	9,743,461	9,952,113	-2.1
Northwestern University	9,648,497	10,193,037	-5.3
Columbia University	9,041,027	9,639,065	-6.2
University of Norte Dame	8,374,083	8,566,952	-2.3
University of California	8,341,073	7,997,099	4.3

Source: Inside Higher Education, 2017

- The 20 wealthiest private nonprofit universities in the nation hold approximately \$250 billion in assets, accounting for 70% of the total wealth among all private nonprofit universities. That wealth is likely to grow, as the wealthiest schools are raising money at a faster rate than the rest of the schools. With one exception (University of Miami), the 20 private nonprofit institutions that raised the most in private donations in the 2016 fiscal year also ranked in the top 31 among all institutions with the largest endowments.
- The top 20 fund-raising institutions took in 27.1 % of the \$41 billion raised in total by all institutions.
- The concentration of wealth among a small group of elite schools parallels the concentration of wealth in the United States among a small percentage of families. The wealthiest schools serve an ever smaller percentage of students, relative to the nation's total undergraduate population. Enrollment at the nation's wealthiest elite institutions has remained relatively constant, while the number of students going to college has significantly increased over the past decade.
- In the 2016 fiscal year, the amount of money donated by corporations increased 14.8%: by foundations, 7.3%: and by other organizations, 9.8%. Continuing a trend of recent years, the amount of money donated by alumni in fiscal 2016 decreased by 8.5%, to \$9.93 billion. Giving by non-alumni individuals (donors, parents, etc.) decreased in fiscal 2016 by 6% (Figure 29).

Figure 29: Estimated Voluntary Support of Higher Education by Source and Purpose, 2015-2016

Estimated Voluntary Support of Higher Education by Source and Purpose, 2015 and 2016

(Dollars in Millions)

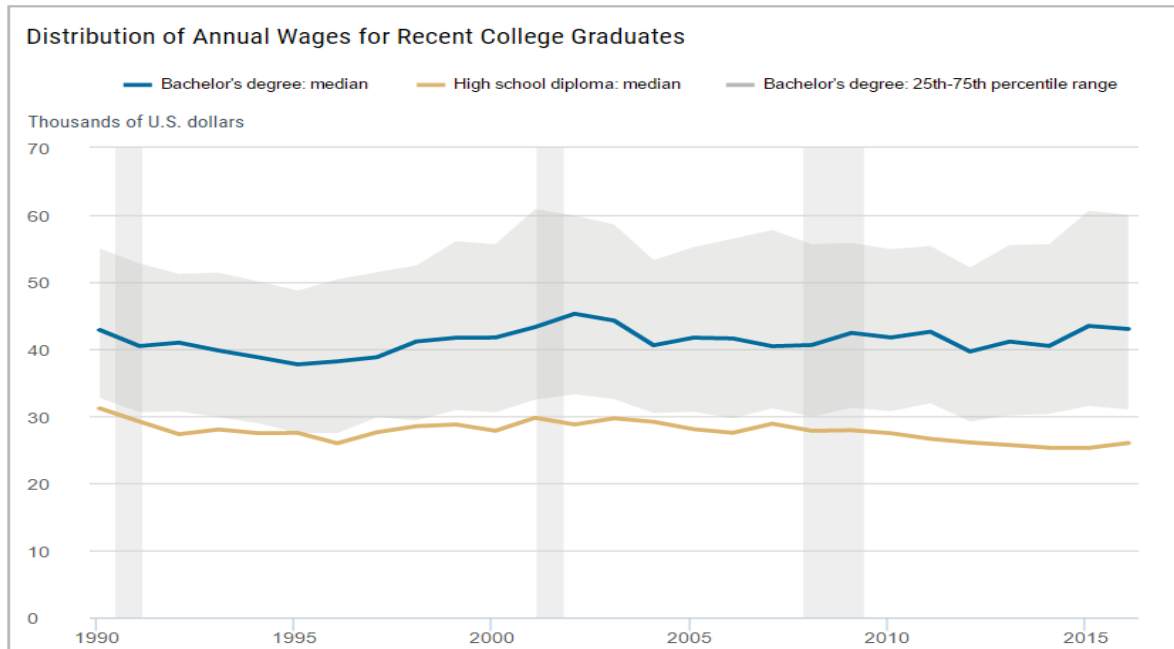
	2015		2016		Percentage Change 2015 to 2016	
	Amount Raised	Percentage of Total	Amount Raised	Percentage of Total	Current \$	Adj. for Inflation
Total Voluntary Support	\$40,300	100.0	\$41,000	100.0	1.7	0.4
Source						
Alumni	\$10,850	26.9	\$9,930	24.2	-8.5	-9.6
Nonalumni Individuals	8,000	19.9	7,520	18.3	-6.0	-7.2
Corporations	5,750	14.3	6,600	16.1	14.8	13.3
Foundations	11,600	28.8	12,450	30.4	7.3	6.0
Other Organizations	4,100	10.2	4,500	11.0	9.8	8.4
Purpose						
Current Operations	\$24,650	61.2	\$25,150	61.3	2.0	0.7
Capital Purposes	15,650	38.8	15,850	38.7	1.3	0.0

Source: Inside Higher Education, 2017

Income and Employment for Recent Graduates

- In 2016, college graduates entered one of the strongest job markets in years and salaries rose. Incomes for the newest college graduates are now at the highest level in more than a decade, while unemployment rates are falling:
 - The average base pay for college graduates increased to \$49,785, up 3% from 2015.
 - Bachelor's degree holders earned a median \$43,000 in 2016, a slight increase from 2015.
 - Adjusted for inflation, 2016 salaries were 14% higher than in 2007, before the start of the Great Recession.
 - Starting salaries in software-development roles climbed 5% in the past year to \$65,232, while engineers earned \$63,036 on average, and the salaries of entry-level scientists and researchers rose to \$58,773.
 - The median salary for a worker with only a high school diploma was \$26,000.
- The experience of recent college graduates highlights a growing divide in the U.S. economy between those with a college degree and those without a college degree. The earnings gap between college graduates and those without a college degree has significantly increased in recent decades (Figure 30).
- The unemployment rate for college graduates with a bachelor's degree or higher has fallen from 5% in February 2010, its peak, to 2.6% in July 2017. For high school graduates with no college, the unemployment rate was 4.5% in July 2017. The unemployment rate for those with some college or associate degree is 3.9%, and those with less than a high school diploma have a 6.9% rate in July 2017 (Figure 31).
- Individuals with a bachelor's degree have higher homeownership rates than those with only an associate's degree or no college (Figure 32).
- Increasing educational attainment is one of the best ways to combat growing income inequality. Over the last 40 years, the wages of college-educated workers have increased substantially compared with the wages of those without a college degree.

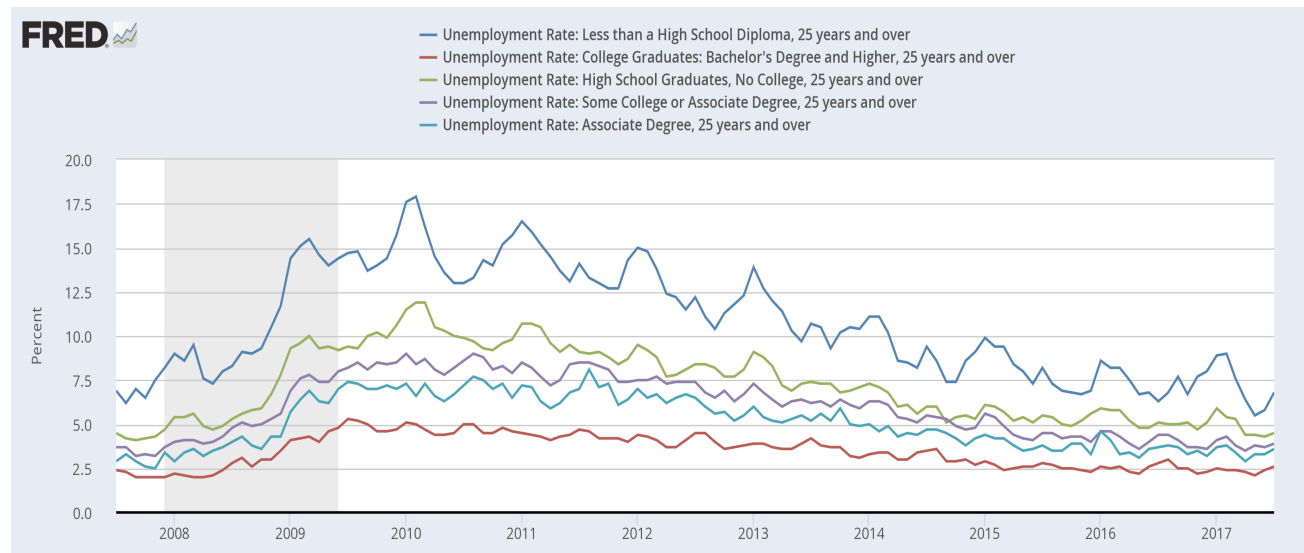
Figure 30: Annual Wages for Recent College Graduates, 1990-2016



Sources: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey, March Supplement (IPUMS); U.S. Bureau of Labor Statistics, Consumer Price Index, 2017

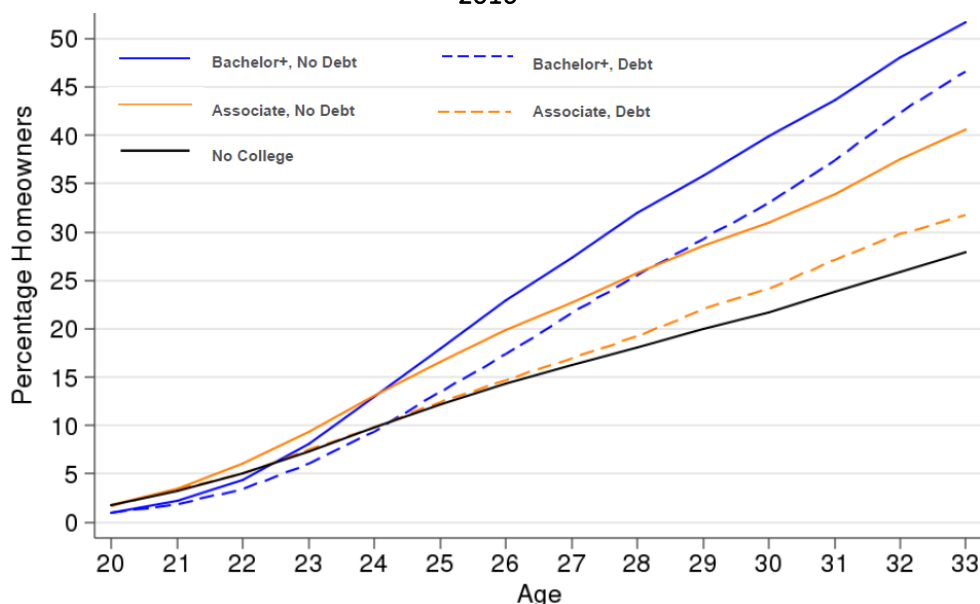
*Notes: Annual wages are expressed in constant 2016 dollars. Recent college graduates are those aged 22 to 27 with a bachelor's degree only; high school graduates are those aged 22 to 27 with a high school diploma only. Figures are for full-time workers and exclude those currently enrolled in school.

Figure 31: Unemployment Rate by Educational Attainment, Age 25 and over, July 2007– July 2017



Source: U.S. Bureau of Labor Statistics, Federal Reserve of St Louis, 2017

Figure 32: Homeownership Rate by College Attendance, Graduation Status, Student Debt Status and Age, 2016



Source: New York Fed Consumer Credit Panel/Equifax and National Student Clearinghouse, 2017

Some Implications for USF

- Schools like USF need to continue to refine financial aid models to strike the optimal balance among need-based, merit-based, and full-paying students to achieve enrollment targets. USF needs to increase net tuition, while simultaneously assessing whether current discounting rates are sustainable in the long term. During the 2016-2017 academic year, 72.1% of all USF undergraduates were awarded some form of financial aid, averaging \$36,152; including 24.7% who were awarded Pell Grants. Among first-time freshman during the 2016-2017 academic year, 82.9% were awarded some form of financial aid; including 25.8% who were awarded Pell Grants, and 82.3% who were awarded institutional grants, averaging \$24,117.
- For middle-class and upper-middle class families that own their own homes, that have invested in mutual funds and individual stocks, and that have managed to save, the growth in their net worth since the Great Recession, and their capacity to borrow against that net worth at relatively low interest rates, should continue to financially underpin a USF education for their children.
- Federal financial aid uncertainties under the Trump administration underscore the importance of development efforts to increase the scholarship endowment for a diverse and academically talented student body that have financial need; to build endowment support for academic programs and faculty; and to further develop a campus that is technologically advanced, and that promotes learning in the Jesuit tradition. As of June 30, 2016, USF's endowment was \$293,000,000.
 - USF's total endowment increased by 54% over the last ten years, from \$190 million to \$293 million, as of June 30, 2016.
 - Spending from the endowment during the 2016 fiscal year provided \$11 million to USF operations.
 - USF's endowment average annual return for the past ten years was 5.7%, exceeding the Investor Force peer benchmark of 4.9%, with the endowment ranking in the top 15% of its peer group.

- USF's Private Capital portfolio was the highest performing asset class over the past 10 years, with an average annual return of 8.6%, compared to a 7.4% return for the Russell 3000 Index over the same time period.
- \$6 million in new gifts and transfers were added to USF's endowment in the most recent fiscal year.
- USF should continue to enhance its image in the local, national, and international communities, underscore its mission and achievements, and concurrently devote the human and fiscal resources needed to make USF's message transparent to potential donors, alumni, and the public it serves. Through numerous electronic and print mediums, USF needs to continue to articulate its distinct identity as the first and only Jesuit Catholic University in San Francisco, a city that every international rating service considers one of the ideal urban environments in the world. USF's history of academic firsts and accomplishments; its repeated awards for community engagement and social justice; its innovative global initiatives; and its extraordinary vision to do nothing less than change the world, should identify USF as an absolutely unique institution for learning, teaching, and service, worthy of continuing financial support.

Government Budgeting, Regulations, Politics, and Accreditation

- President Trump's proposed budget for FY18 was released in March 2017, and it presents significant challenges to higher education. The proposed budget plan:
 - Cuts \$9.2 billion (13%) from the U.S. Department of Education, the agency that provides funding for college and university under Title IV student aid programs.
 - Eliminates the Supplemental Educational Grant (SEG) program, which provides some \$732 million in grants to about 1.6 million low-income students per year.
 - Continues the Pell Grants program, but leaves the maximum Pell Grant amount frozen, further eroding its purchasing power for the nearly 8 million low- and moderate-income students that rely on it. Proposal will take \$3.9 billion from the program's \$10.6 billion surplus, and reallocate it to other parts of the government.
 - Cuts the TRIO program, which supports the progress of low-income, first-generation, and disabled students, starting in middle school, by 10% from current funding levels.
 - Excludes any new grant awards to local partners under the Gear Up program. Gear Up provides six to seven years of support for tutoring, mentoring, scholarships, and other services to low-income students and families.
 - Maintains federal support for historically black colleges and universities (HBCUs) and other minority-serving institutions at about \$492 million, but does not include any new funding, a key request from HBCU institutions.
 - Cuts the budget of the National Institutes of Health by 18% from \$31.7 billion to \$25.9 billion, while proposing a major reorganization of NIH's institutes and centers. It cuts NIH funds for research into preventing and curing diseases, an area of concern for all age groups, but especially for the nation's aging population.
 - Slashes the Environmental Protection Agency's budget by 31%, more than the reductions sought in any other federal agency. Eliminates a wide range of federal environmental and climate programs, including the Advanced Research Projects Agency-Energy. Calls for a combined 9.8% cut in the budgets of all other environmental protection programs and agencies.

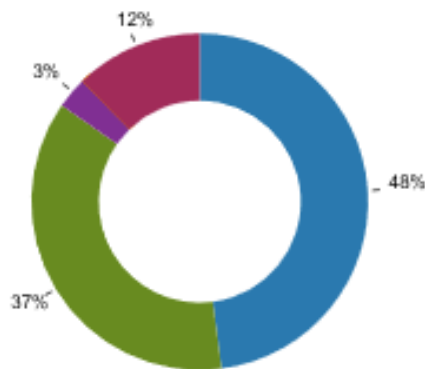
- Eliminates funding for the National Sea Grant College Program, a network of 33 college and university programs conducting research and focusing on conservation to serve the needs of local communities and industries.
- Cuts programs designed to help lower income and rural Americans including Meals for Wheels programs for seniors, the Infants and Children program, and subsidies for home heating oil, as well as the Energy Star program that boosts the efficiency of household appliances.
- Eliminates funding for restoration of the nation's major water bodies, including the Great Lakes and the San Francisco Bay.
- Cuts federal funding for the Corporation for Public Broadcasting.
- Reduces the Department of Labor's budget by \$2.5 billion, or 21%. Cuts federal support for job-training and employment services, and shifts more responsibility to states, cities, and employers.
- Eliminates the \$15 million CCAMPIS program, which helps low-income parents in college afford on-campus childcare.
- Eliminates the Corporation for National and Community Service (CNCS), which funds the AmericaCorps program for teachers who seek training and certification in low-income communities, and that provides funding for college students engaged in community service.
- Cuts career and technical education (CTE) by \$168 million, a 15% reduction from the year before.
- Eliminates programs that foster foreign-language study, and reduces spending that supports international-education programs and exchanges, such as the Fulbright Scholar program, by 55%.
- Cuts the Federal Work Study program, which subsidizes the wages of students who work on campus to pay for their education by an estimated \$490 million, though the exact figure has not yet been released.
- Eliminates the Federal Public Service Loan Forgiveness program, lets the Perkins Loan program expire, and ends the subsidy that pays the interest on some undergraduate loans while borrowers are in college.
- Reduces the research part of the National Science Foundation (NSF) by 11.1%, while cutting education programs in both higher education and K-12 schools by 13.6%.
- Includes an additional income-driven repayment program for undergraduate student loans, a campaign promise by President Trump that raises borrowers' maximum monthly payment to 12.5% of income, but shortens the total payment period to 15 years.
- Makes deep reductions in discretionary spending for nearly every executive agency, in order to offset \$54 billion in increases for the Departments of Defense, Homeland Security, and Veterans Affairs.
- Allocates \$400 million to expand charter schools and vouchers for private and religious schools, and another \$1 billion to push public schools to adopt choice-friendly policies.
- Allocates \$2.6 billion as an initial payment on an estimated \$30 billion wall on the U.S. border with Mexico.
- President Trump also proposes to eliminate the National Endowments for the Arts and the National Endowment for the Humanities.
 - No other president has specifically proposed eliminating the NEA and NEH before, although both endowments have been repeated targets of fiscal and social conservatives in Congress and in the White House.
 - A group of 25 Democratic and Republican senators sent a letter to the president on February 2017, expressing their support for continued funding of these two cultural endowments.

- If the NEA and NEH were eliminated, the changes would be felt on campuses across the country. The nearly \$300 million appropriated for the two agencies for the 2016 fiscal year is disbursed across all 50 states, with much of it going to state arts and humanities councils.
- Congressional leaders have started railing against many of the president's more drastic cuts, noting that Congress has the final say on appropriations bills.

Figure 33: Total Projected Mandatory (\$2.7 Trillion) and Discretionary Spending (\$1.05 Trillion), and Interest on Federal Debt, FY 2018

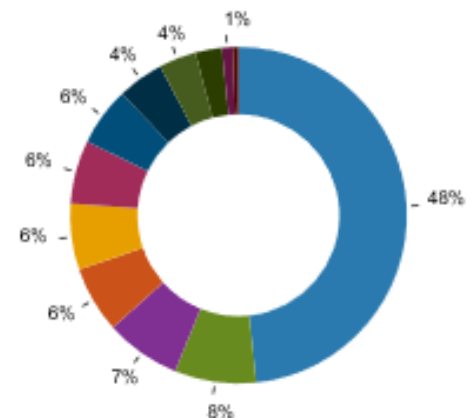
FY 2018 Mandatory Spending

■ Social Security, Unemployment, and Labor
 ■ Medicare and Health
 ■ Veterans' Benefits
 ■ Education
 ■ Other Mandatory Programs
 ■ Net Interest



FY 2018 Discretionary Spending

■ National Defense
 ■ Social Security, Unemployment, and Labor
 ■ Veterans' Benefits
 ■ Medicare and Health
 ■ Energy and Environment
 ■ Housing and Community
 ■ Education
 ■ Government
 ■ International Affairs
 ■ Science, Space, and Tech
 ■ Agriculture



Source: Office of Management and Budget - Table 8.5

- In June 2017, the U.S. Department of Education announced plans to delay enforcement of rules on borrower defense, and to renegotiate gainful employment rules, two of the Obama administration's primary regulations aimed at reining in for-profit colleges.
 - The defense-to-repayment regulation, set to take effect July 1, 2017, gives borrowers who claim they were defrauded by their colleges a process for having their loans forgiven by the federal government.
 - The gainful employment regulation, already in effect, penalized schools and programs whose graduates' loan payments exceeded a set percentage of their earnings.
- Although gainful employment affects non-degree programs at many community colleges and borrower defense applies to all higher education institutions, the for-profit sector is the most affected by both regulations. Critics of the Trump administration's rollback of federal regulations believe they will only benefit for-profit colleges. They note that Robert Eitel, who now serves as senior counsel to Betsy DeVos, the new education secretary, was an executive at Bridgeport Education, a for-profit college group, and that DeVos herself has always advocated for the privatization of schools. Consumer advocates view both rules as essential to protecting students against misconduct by colleges and urged the Trump administration not to weaken them.
 - The number of for-profit colleges eligible to award federal financial aid fell to 3,265 in 2015-16, down 7.4% from 2012-2013.

- The number of public colleges dipped by just under 1% from 2012-13 to 2015-16, while the number of private nonprofit colleges increased, up 1.5% from 2012-2013 to 2015-16.
- Among 4-year colleges that participated in federal financial aid programs, enrollment declined by 9.3% in the for-profit sector, increased by 0.6% in the public sector, and increased by 0.7% in the private nonprofit sector from 2015 to 2016.
- A coalition of 18 states, led by Massachusetts, is suing the education secretary, and her department, over its decision to roll back Obama-era regulations aimed at reducing abuses by for-profit colleges that defraud students.
- Soon after taking office, Secretary DeVos stunned representatives from Historically Black Colleges and Universities (HBCUs), and many others, when she publicly stated that HBCUs were “real pioneers” in “school choice,” revealing her lack of historical knowledge as to why HBCUs got started in the first place, which was because of racism and discrimination that prevented blacks from attending any white schools.
- In early February, Jerry Falwell Jr., president of Liberty University, was appointed by President Trump to lead a task force on higher education. Many expect that the task force will take up concerns regarding federal regulations and will urge their weakening.
- In June 2017, President Trump signed an executive order removing federal restrictions on apprenticeship programs, of which the nation has more than 600,000 (less than 1% of all jobs). Apprentices gather job skills, while their employers pay for related courses and degrees at a nearby college. Apprentices are paid for their work, but at a lower rate. Critics question whether the quality of such programs would suffer without effective accountability.
- In August 2017, the Justice Department under Trump’s appointee Jeff Sessions, announced plans to investigate and sue colleges over affirmative action policies in admissions, less than a year after the U.S. Supreme Court upheld university admissions policies to include consideration of race and ethnicity.
- In February 2017, the Trump administration reversed a guideline of the Obama administration, which had required schools throughout the nation to protect the rights of transgender students under Title IX, by allowing transgender students to use bathrooms of their choice based on their gender identity.
- In June 2017, the Department of Education outlined changes to civil rights investigations that could prompt less consistent findings of systemic discrimination at colleges. Under the Obama administration, certain types of civil rights complaints triggered broader investigations of whether a pattern of discrimination existed at a school or college. The DOE, under the new rules established by Secretary DeVos, will no longer follow these Obama-era guidelines.
- Overall, the Department of Education seems to be lacking a coherent message regarding how the federal government intends to address some of the major challenges in higher education, including student debt, degree completion, and work force preparation. If there is a mission under Secretary DeVos, it appears to be opposition toward federal involvement in higher education.
- During the first half of 2017, Secretary DeVos suggested that the landmark legislation that governs higher education, the Higher Education Act of 1965, should be scrapped, having outlived its usefulness.
 - The legislation has been amended several times since it was first authorized.
 - Senators are currently working on the next set of revisions for the Higher Education Act, and critics note that DeVos’s suggestions show how little the Trump administration understands higher education.

- In April 2017, the U.S. Senate passed the Continuing Resolution (CR) for FY17 to keep the federal government funded and running. By delaying consideration of the CR until April, it proved more difficult for financial aid offices to award financial aid packages to students.

Accreditation

- In 2016, the Department of Education (DOE) outlined changes in how it expects accreditors to do their jobs and how they will be considered for federal recognition, which is required for them to serve as gatekeepers for federal student aid. Colleges must be accredited by a federally recognized accreditor in order for their students to be eligible for such aid. In particular, the DOE indicated that:
 - Accreditors should emphasize standards that consider how students are performing in areas such as graduation rates, retention rates, job placements, and student loan repayments depending on the type of college and its mission.
 - The DOE said it will ask about the above outcomes when it considers whether an accreditor is fulfilling its duty to the federal government. The department may ask an accrediting agency to explain why it uses different standards than does a similar agency, or why student outcomes at the colleges it accredits are lower than the outcomes at colleges overseen by similar accreditors.
- For more than a decade, the federal National Advisory Committee on Institutional Quality and Integrity (NACIQI) has increasingly focused on federal higher education policy making and has often signaled the priorities of the federal government on accreditation issues.
 - In 2016, NACIQI recommended denying recognition to the Accrediting Council for Independent Colleges and Schools (ACICS), which oversees 245 for-profit educational companies, including the now-bankrupt Corinthian Colleges, Inc. NACIQI also criticized the ABA for its lack of attention to student achievement in the law schools it accredits.
 - Following NACIQI's lead, the U.S. Department of Education revoked the recognition of ACICS in September 2016, after accusing it of lax oversight in its accreditation of two for-profit organizations: ITT Educational Services Inc. and Corinthian Colleges, Inc. The outgoing Secretary of Education, John B. King Jr., upheld the DOE's decision in December 2016.
- In 2016, DOE organized in one website all the current accreditation standards, setting forth the state of how to "engage" students in quality learning and the potential impact on students across many different metrics. The regional accreditors, in different ways, require attention to broad learning or general education. But only the WASC Senior College and University Commission (WSCUC) provides any specificity on expected student capabilities, requiring, for example, that its members address "core competencies including, but not limited to, written and oral communication, quantitative reasoning, information literacy, and critical thinking."
- In 2016, the Southern Association of Colleges and Schools' Commission on Colleges (SACS) placed Baylor University and the University of Louisville on probation for 12 months. The commission found Baylor out of compliance with several accrediting requirements related to the sexual-assault scandal that has plagued that university. The school failed to provide adequate support services for students, and did not have adequate fiscal and administrative control of the institution's athletic program. The sanctions require both institutions to correct their deficiencies and report back to the accrediting agency on their actions.
- In June 2017, the Southern Association of Colleges and Schools, and the Distance Education Accrediting Commission, met before the federal National Advisory Committee on Institutional Quality and Integrity (NACIQI), at which time NACIQI continued to raise issues that reflected the

members general view that accreditors are not doing enough to push colleges to graduate more students and improve their post-graduation outcomes.

- None of the current NACIQI members are Trump appointees, and the new administration's position on higher education quality assurance is unclear. The DOE, under DeVos, gave the first accreditor it reviewed, however, the Distance Education Accrediting Commission, a clean bill of health and proposed giving it five full years of recognition. A series of concerns were raised, however, by some NACIQI members, who accused the Distance Education Accrediting Commission of setting too low a bar for graduation rates, which were far below the federal average.
- Graduation rates and student repayment rates remain of major concern to some members of NACIQI, who continue to advocate for firm floors, or "bright lines" for certain metrics, in holding colleges accountable. There is no legal requirement, however, that accreditors set minimum standards for graduation rates or repayment rates.
- In late 2016, SACS, and other regional accrediting agencies, agreed to apply special scrutiny to those institutions with low graduation rates.

Some Implications for USF

- Although budget authorization for the 2018 fiscal year will need Congressional approval, there is little likelihood that the outcomes of the current debates at the federal level will be very positive for nonprofit higher education institutions such as USF. Although political compromises may help save some federal programs, there will likely be major reductions in federal support for higher education in the near future. Maintaining the current level of federal support for education will be a challenge for those members of Congress who are committed to higher education, and USF needs to continue to be as economically independent as possible by growing its endowment and carefully allocating its resources.
- For the short term and potentially the long term, the Trump administration's budgeting and policy orientation will increase inequality between the nation's rich and poor, counter to USF's mission, which calls for "a sense of responsibility for the weak and the vulnerable." The impact of the Trump administration's education budget on low-income students is consistent with the ramifications of other Trump proposals. Low-income families, for example, would see their health care subsidies reduced under the administration's healthcare plan, while wealthier families will benefit.
- President Trump's proposal to eliminate funding for the National Endowment for the Humanities and the National Endowment of the Arts, and his proposed reduction in funding for the National Institutes for Health, will affect USF faculty members who obtain research funding from these federal agencies. The elimination of the Corporation for National and Community Service (CNCS), which funds the AmeriCorps program, and supports college students engaged in community service programs, will affect USF students and faculty engaged with these programs. For eight consecutive years, USF had been named to the President's Higher Education Community Service Honor Roll by CNCS.
- Given early signs that the Trump administration is pulling back from Obama-era regulations that most directly affected the private for-profit sector of higher education, there will likely be a resurgence of for-profit schools, and consequently, an increase in the competition faced by nonprofit private schools such as USF.
- Requests for data from regional and professional accrediting agencies, and myriad other private and public agencies, have steeply increased in recent years and show no sign of lessening.

Increased human resources will need to be devoted to the ever-increasing demands for institutional data.

- Although USF has a long history of successful accreditation efforts with WSCUC (the regional accreditor) going back to 1950, and with various professional accreditation agencies (e.g. the American Bar Association [ABA] to 1935, the California Commission on Teacher Credentials [CTC] to 1948, the Association to Advance Collegiate Scholar of Business-International [AACSB] to 1953, the Commission on Colligate Nursing Education [CCNE] to 2003, and the National Association of Schools of Public Affairs and Administration [NASPAA] to 2012), past success does not guarantee future success, as the recent challenging but ultimately successful accreditation processes with ABA and AACSB demonstrated. Significant resources will need to be committed to continuing accreditation efforts.

Conclusion

External demographic, economic, and political factors have profoundly influenced the development of the University of San Francisco for 162 years. During that long history, the institution's leaders have repeatedly demonstrated reason, creativity, faith, and moral courage to face external challenges. In every instance, the institution responded effectively to external threats, and eventually the university emerged stronger. With careful strategic planning, USF should be able to transcend the current political and economic turbulence with renewed vigor and an enhanced commitment to its Jesuit Catholic mission.