From **Insight** to **Impact**











2026

ANNUAL REPORT

NCHEMS

Hello, once again!



Brian Prescott, President

In a year filled with constant change in the higher education field, at both the federal and state levels, it is essential for focus to remain concentrated on the people most affected by these changes: students. At the National Center for Higher Education Management Systems (NCHEMS), our work directly feeds into the decision-making processes of states, systems, and institutions, always seeking to drive improvements that positively impact students and their success. Although change is constant, this year experienced more than most, and we were grateful for the opportunity to provide evidence-based research for our clients across the country.

And though this can seem like a daunting task to take on, finding data-informed strategies to address the challenges states, institutions, and communities are facing, our team at NCHEMS took this one with stride. Here are some of our biggest accomplishments this year:

Strategic Direction

At the outset of our fiscal year, NCHEMS adopted a new strategic plan that will guide our work over a three-year period. At a time when change in our field is both constant and volatile, this plan will help focus our team's energy with purpose on the issues and topics that are most pressing for states, systems, and institutions. It is also guiding our own internal policies and practices to ensure that our core operations remain strong and resilient.

Impacts

Though it is not always easy to draw a direct line between our projects and the adoption of specific policies or practices, we always look for ways to measure success by our impact. Among other projects completed this year, the University of Hawaii System acted on our recommendations to adjust organizational structure to better address state needs. At the same time, our report prompted several bills and resolutions in the legislature. Also this year, the Mississippi Institutions of Higher Learning Board of Trustees approved a new funding allocation model based on our study.

Diversifying Workload

NCHEMS took on more grant-funded work this year, enabling us to address timely research questions that directly affect the field. Of the 18 projects we worked on this year, four were funded by grants, each supported by a different funding organization. This kind of work is core to our independence as an organization, and we're grateful to our funders for making it possible.

Across our current and completed work this year, several themes stood out. A significant share of our projects focused on **how states fund public higher education**. From a rural-focused funding model study supported by ECMC Foundation, to a full funding model review for the Mississippi Institutions of Higher Learning, to tuition policy work with the Tennessee Higher Education Commission, higher education finance remained a major topic of our activities. **Federal financial aid disruption** also shaped much of our agenda: our work with Strada Education Foundation and a Lumina Foundation-funded study of PLUS loan changes both asked how states should respond to shifts in federal aid policy. We continued to explore the essential **tie between education and the workforce**, from occupational forecasting for North Carolina to a workforce alignment study for the Iowa Department of Education. Several projects also examined **how public systems are structured and governed**, including a major study just underway on behalf of the New Jersey Office of the Secretary of Higher Education. And a number of our projects asked **how we define and measure student access and success**.

As I look forward to the year ahead, there are three topics gaining attention that NCHEMS will need to consider and anticipate, including:



Financial risk monitoring

The collision of demographic decline and financial strain means that states, systems, and institutions need better tools to monitor and respond to financial risk earlier.



State structure and financing

States continue to wrestle with foundational questions about how their educational assets should be structured, governed, and financed.



Education and workforce alignment

The need to align education with workforce demand has taken on a new urgency as artificial intelligence (AI) begins to reshape what employers need from graduates, a topic that is sure to affect much of our work in the coming year.

None of this work happens without the trust of our partners and the dedication of our team. I look forward to celebrating what we've accomplished in the field while remaining grateful for the opportunity to contribute to the continued progress and success of students, states, communities, and institutions. It continues to be my pleasure and privilege to lead this organization and its talented staff, which has consistently punched above its weight now for 56 years. We look forward to working alongside you in 2027!

With gratitude,



Brian Prescott, Ph.D.

Our Vision

We envision a future in which postsecondary education expands opportunities for all, strengthens communities, and advances the public good.

Our Mission

NCHEMS partners with institution, system, government, and community leaders to effectively use evidence to improve strategic decision-making in postsecondary education.

Our Values

We **collaborate.** We are **pragmatic.**

We are **rigorous.** We **learn.**

We are **independent.**



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2026 BY THE NUMBERS

11
COMPLETED PROJECTS

47
PRESENTATIONS/ STATE ENGAGEMENTS

31
MEDIA ENGAGEMENTS

45
NCHEMS-ATTENDED CONVENINGS

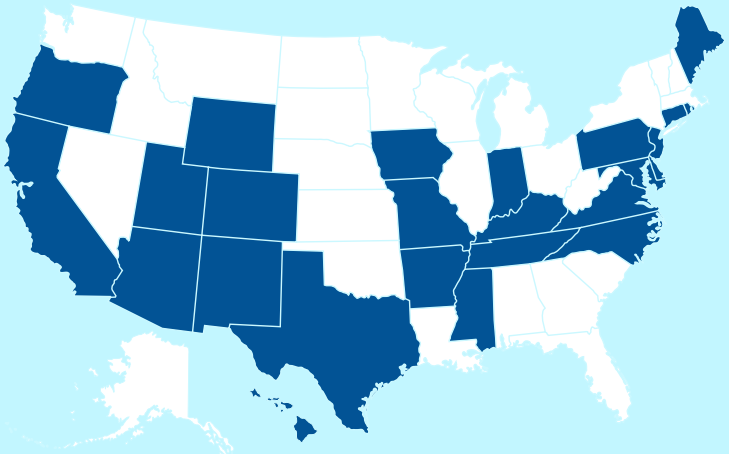
22
PUBLISHED REPORTS

13
BLOGS PUBLISHED

3
NCHEMS-HOSTED CONVENINGS

1,378
FOLLOWERS ON SOCIAL

NCHEMS ON THE GROUND



Redesigning How Mississippi Funds Higher Education

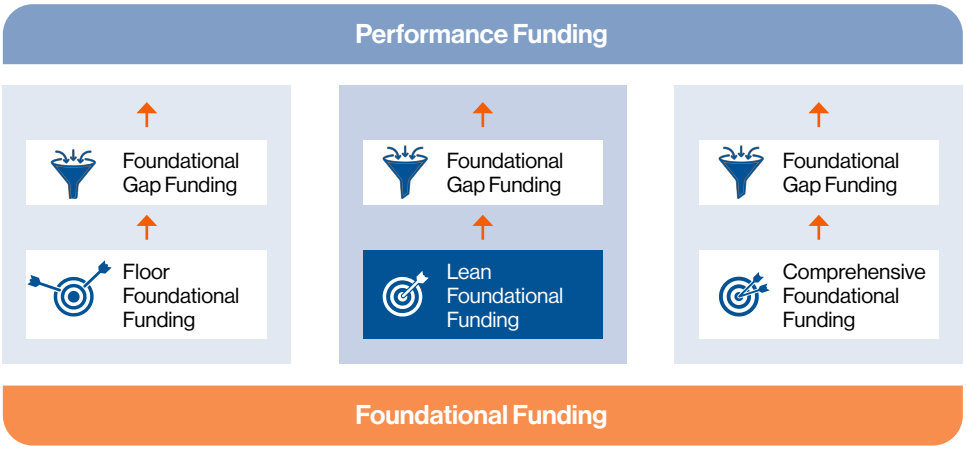
The Mississippi Institutions of Higher Learning (IHL), the board that governs the eight four-year public institutions in the state, worked with NCHEMS to redesign the formula it uses to allocate state support to each institution. To do this work, NCHEMS began by reviewing the state's previous and current funding models. We also engaged in robust stakeholder engagement, which included visits to all eight institutions and meetings with executive and legislative branch stakeholders. Based on what we heard, we developed a set of objectives for the redesigned model, and a set of potential model drafts. The objectives and model drafts provided a foundation for further stakeholder engagement that informed our final recommendation.

Drawing upon innovations in other states, NCHEMS recommended a new funding allocation model that balances foundational institutional support with performance-driven funding incentives. The foundational funding component considers various factors, including the institutional mission, estimated minimum expenditure levels, program costs, and students served. The performance funding component includes progression and outcomes metrics, as well as mission-based tiers. It also includes postgraduation success measures such as employment and earnings outcomes.

> **"Mississippi's public four-year institutions are not interchangeable. Each institution serves a distinct program mix and caters to a different student population, playing a unique role in its region and the state."**
>
> Funding Mississippi's Future: A Performance-Based Funding Framework for the Institutions of Higher Learning

The IHL Board of Trustees voted to approve the performance funding framework in its June 2026 meeting and have used the formula to inform their legislative budget request. Full implementation of the formula is scheduled for the next budget year.

NCHEMS Proposed Funding Formula for Mississippi





Designing State Funding Models that Sustain Rural Colleges and Universities

Rural institutions play a crucial role for students that live in rural areas and for students that come from urban areas to attend them. In some cases, rural institutions provide programs tailored to local labor market demands and serve students unlikely to attend higher education otherwise. At the same time, the unique needs of rural institutions are not consistently reflected in many states' higher education funding approaches. This fact becomes especially challenging as enrollment and tuition revenues have declined in many rurally-located institutions.

NCHEMS therefore set out to better understand how state funding models and formulas impact public postsecondary institutions in rural areas. To do this, we convened state higher education agency experts, gathered available data, and built a publicly available mapping tool to help states visualize rural enrollment and outcomes. The mapping tool (seen at right) is especially helpful to states seeking to define rurality that may struggle with which definition to choose.



NCHEMS also collaborated with a subset of states to complete targeted technical assistance work. In each of these states, we explored several challenges related to definition, funding, and policy change. These projects involved policy reviews an danalyses targeted at better understanding the needs of postsecondary students from rural areas. NCHEMS explored these findings in a **policy brief** and shared them with each of the participating states.



Iowa Higher Education & Workforce Alignment

The state of Iowa sought NCHEMS' assistance in assembling a foundational set of facts about higher education in Iowa that state leaders could rely on to make strategic policy and funding decisions. The Iowa Department of Education specifically wanted to understand areas of alignment and misalignment across different regions of the state between workforce demand and the supply of graduates from postsecondary institutions. The project explicitly included all types of institutions: the state's public universities, community colleges, and private institutions.

NCHEMS organized our inquiry around the following sets of key questions:

- How is Iowa's population changing? How will the potential audience for postsecondary education change in the future?
- What does the labor market look like in Iowa? How does it differ by region, and what future changes are expected? What does this mean for postsecondary demand?
- Are the necessary postsecondary programs available to all students across the state? Where are the gaps in access?
- Where are the strengths and weaknesses in Iowa's education-to-work pipeline?
- What is the alignment—or misalignment—between educational supply and workforce demand? Are there disciplines and/or regions in which Iowa's postsecondary institutions are not graduating enough students to meet workforce needs?



Through data analysis and stakeholder engagement, we concluded that Iowa's public and private colleges and universities collectively have sufficient capacity to fulfill the state's current and future needs for college-educated talent. While local dynamics create regional differences, overall, the current level of degree and certificate production meets the state's needs.

At the same time, Iowa faces population and migration trends that impact its ability to meet its labor market needs. The population of 15- to 44-year-olds is shrinking in most parts of the state, while the population at retirement age is growing. More young, educated Iowans are leaving the state than moving to it. The primary education and workforce challenges from a statewide perspective, therefore, are not how to produce more college graduates or how to align programs with occupations better, but instead how to motivate college graduates to stay in Iowa, how to retain workers, and how to provide working adults with continuing education and upskilling while they remain employed.

In addition to migration out of state, young Iowans are increasingly moving from rural areas to the state's urban centers. Iowa stakeholders recognize the need for educational and economic opportunities that enable young Iowans, especially those from rural areas, to stay in their home communities for college and work. Throughout the project, we heard a repeated concern about "education deserts" in the state. Although the state is home to many postsecondary institutions and additional access points such as outreach centers and Cooperative Extension offices, some locations are not as well connected to postsecondary opportunities, particularly in-person education in specialized fields, as others. This is a difficult problem to solve, as it is unclear whether either the labor market or student demand is sufficiently large and stable to justify permanent investments as a solution to these challenges. Iowa and other states are just beginning to test new ways to ensure that locally relevant postsecondary opportunities are widely distributed, including to otherwise underserved, sparsely populated places within their borders, in ways that are simultaneously effective, efficient, flexible, and affordable. At a time when demographic realities now and in the future make innovation in achieving these goals imperative, and where the size of the educational supply pipeline is less a problem than population and migration trends, Iowa is, by necessity, positioned to lead on developing this kind of innovation in educational delivery.

NCHEMS made three recommendations to Iowa. The first concerned gathering additional relevant data for use in better understanding the flow of talent into the state's labor market; the second related to planning and coordination across entities and institutions; the third concerned the creation of capacity to deliver programs to remote sites as needed.

The Iowa Department of Education and the Iowa Board of Regents were among the first audiences to access our report. So far, the Iowa Department of Education is using the report to guide changes to the state's State Longitudinal Data System and support for adult learners. Leaders from those entities reported finding the report useful for educating decision-makers and driving policy change.

Tennessee Tuition Modeling and Analysis

NCHEMS assisted the Tennessee Higher Education Commission (THEC) in reviewing and revising its tuition policy. THEC is statutorily required to set this policy, which takes the form of annual limits on tuition increases for in-state undergraduates at all of Tennessee's public postsecondary institutions. In 2025, the Tennessee legislature granted THEC additional authority to grant exceptions to those tuition-increase limits or set different limits for different institutions. THEC then sought NCHEMS' expertise to review its existing methodology and recommend changes to maximize student affordability and institutional financial sustainability while responsibly managing state resources and supporting institutions in fulfilling their educational missions.

NCHEMS examined data on institutional revenue, enrollment, student financial aid, and financial health metrics in the context of tuition prices. This analysis aimed to identify areas where policies could better support THEC's goals. We then identified the role of tuition policy specifically and made recommendations for changes.

> **"THEC's attention to student affordability is too narrowly defined by and inadequately monitored through its authority to set a limit on published tuition prices... In serving the public interest, THEC can ensure that the topic of student affordability is treated with the complexity and sophistication it deserves."**
>
> Tennessee Tuition Policy: Analysis and Options

We found that the existing approach to the tuition policy was not sensitive to institutions' differing missions and financial realities, and did not address the increasing complexity and competition in the market. We also found that the tuition policy's impact on state goals was weak in isolation; those goals could be better supported through the alignment of tuition policy with other policies and funding streams, especially state financial aid and legislative appropriations. We made several recommendations related to policy alignment around targets for total revenue and the student share of that revenue, recognizing mission differences, accounting for out-of-state tuition and nonmandatory fees, which are not subject to the tuition policy, and requesting additional data and reports from institutions.

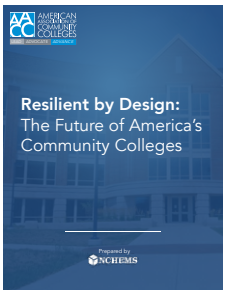
The work was well received by the Commission and its staff. It inspired substantive and thoughtful deliberation among Commissioners, and THEC staff reported that NCHEMS' materials were critical in helping prepare for a Commission vote on the tuition policy and institution-submitted exception requests. Over time, we expect our work to inform multiple changes to THEC policy and practice, starting with the process THEC uses to set tuition policy.

A National Call to Action for Community Colleges

On Oct. 1, 2025, the American Association of Community Colleges (AACC) released *Resilient by Design*, a call to action for the nation's community colleges to proactively and strategically adapt to the challenging conditions facing the sector in the coming years. NCHEMS authored the report on behalf of AACC's Board of Directors, and the association's new president has since made it the centerpiece of AACC's strategic plan — putting NCHEMS' analysis at the center of how the nation's leading community college association will guide the sector forward. The report drew on hours of interviews with changemakers across higher education, business, and policy research, supplemented by NCHEMS' own data analysis and years of impactful work with states, systems, and institutions nationwide.

The report itself calls for transforming institutions to better serve students and communities undergoing rapid change, as well as reconsidering old and outdated business models, as necessary adaptations to the challenges of demographic decline and the rising importance of new and different student populations, fiscal uncertainty, and rapidly shifting demands of the workforce. It highlights the need for community colleges to conspicuously demonstrate their value in ROI terms, to make better and more widespread use of data in decision-making, to link curricula to workforce-relevant skills and industry-recognized credentials through deeper connections with employers, to build schedules and services around their students' evolving needs, and to reimagine the ways they deploy their most precious resources — faculty and staff— to meet student and community needs. Colleges must ensure they are making the best possible use of technology and collaborating with one another to unlock opportunities to leverage their combined scale in meeting student needs. Resilient by Design expressly calls for a purposeful approach to incorporating artificial intelligence into its operations and curricula.

> **"We are resilient because we choose to be. We are resilient by design. And together, we will build the future our students, our communities, and our country need."**
>
> President DeRionne Pollard, AACC
> Resilient by Design: The Future of America's Community Colleges



At its core, the report argues that community colleges must become more nimble, entrepreneurial, and proactive — not only to withstand a rapidly changing landscape, but to equip their students and graduates with the same resilience for careers that will keep evolving throughout their working lives. With *Resilient by Design* helping to power its new leadership and strategic direction, AACC is poised to lead the community college sector through the coming years with boldness and ambition.

Explore our other work this year:

First-Gen Definitions

Partnering with Sova, NCHEMS is examining how states set policy and define first-generation student status. The study combines a national policy scan, a review of Statewide Longitudinal Data Systems for first-generation definitions, and direct stakeholder engagement through a survey and focus groups to understand which policies and definitions exist at the state level and how they are applied in practice.

Strategic Insights for New Jersey Higher Education

Through three interrelated projects in partnership with the New Jersey Office of the Secretary of Higher Education, NCHEMS is engaging in research and analysis focused on structural reform options. The goal is to ensure the state's higher education ecosystem remains sustainable, high-quality, and responsive amid shifting demographic, financial, and technological realities.

CCA Research Framework

NCHEMS assisted Complete College America in developing a blueprint for a public-facing research resource. The blueprint identified sources and methods for a dataset that measures leading and lagging indicators of student success and college completion. This project added value to existing public data, providing a national context that supports state-level decision-makers.

Designing State Funding Models That Sustain Rural Colleges and Universities

NCHEMS developed resources and provided state-specific technical assistance focused on how states can incorporate rurality into their funding formulas. This project provided guidance on what to consider when defining rurality, how to apply those definitions to assess rural needs, and how to assess how a state's funding formula affects rural communities.

Maricopa West Valley Environmental Scan

NCHEMS completed an environmental scan focused on Allied Health and Advanced Manufacturing academic programs and workforce needs in the West Valley of Maricopa County, Arizona. The scan was designed to inform Estrella Mountain and Glendale Community Colleges' program and facilities planning.

Occupational Projections & Educational Requirements in NC

NCHEMS generated region-level projections of employment by occupation and educational requirements for North Carolina through 2040. The projections will inform myFutureNC's future planning and goal setting. Our projections applied methodology developed by Georgetown's Center on Education and the Workforce which had been used to set myFutureNC's current attainment goal.

Serving Rural America Through Land-Grant Colleges & Universities: Unlocking the Workforce Development Potential of Extension Services

NCHEMS developed, tested, and refined a framework for Cooperative Extension's role in rural community and economic development. NCHEMS supported the work of five project sites and wrote reports, briefs, and blog posts on how Extension systems are funded and governed and how states shape Extension's role.

States of Opportunity: Supporting State Financial Aid Policy Development in Dynamic Times

In this project, NCHEMS identified which aspects of the Free Application for Federal Student Aid (FAFSA) state financial aid systems rely on by examining statutory language and state websites of 381 state aid programs. NCHEMS also convened with state aid administrators from across the nation to learn how the FAFSA is used in practice, and what states are doing to ensure predictability and consistency in state aid processing.

Strong Start to Finish

NCHEMS continues to support Strong Start to Finish (SStF), an initiative focused on developmental education reform, with data collection and analysis. We assist SStF with its annual data collection on developmental education enrollment and student success from four partner states, analyze the data, and create visualizations/presentations.

Stronger Nation 2025

Since 2008, NCHEMS has partnered with the Lumina Foundation to produce an annual national report that tracks the educational attainment progress of the working-age population. NCHEMS provides the annual educational attainment statistics for the nation, states, counties, the District of Columbia, Puerto Rico, and Metropolitan Statistical Areas, as well as college enrollment trends for various age groups by race/ethnicity to help track progress toward Lumina's goal of 75% attainment by 2040.

Pennsylvania State Board of Higher Education Data Dashboards

NCHEMS supported Pennsylvania's newly formed State Board of Higher Education in building a series of public data dashboards. We focused on finance data dashboards, which provide information on state appropriations and financial aid and indicate how Pennsylvania's investments compare to other states.

University of Maine Extension Strategic Planning

NCHEMS is supporting UMaine Cooperative Extension's Strategic Planning Working Group through data analysis, stakeholder engagement, and research on peer Extension systems. NCHEMS will provide evidence-based recommendations for strategic priorities, along with short- and long-term goals, to guide their progress over the next several years.

INSIGHTS & UPDATES BLOG

Community Colleges Must Become Resilient by Design

READ POST

How States Fund Public Colleges and Universities

READ POST

States of Opportunity: Building Meaningful Connections Between the FAFSA and State Financial Aid

READ POST

Why Cooperative Extension Belongs in Statewide Higher Education Strategy

READ POST

THREE-PART SERIES:

Cooperative Extension and Community Colleges: Partnering for Resilience

Extension and Community Colleges: Collaboration for Healthy Forests and Strong Rural Economies

Extension and Community Colleges: Aligning Strengths to Respond to Community Needs

UMaine Extension Shows What Recognition of Extension Learning Looks Like Elevating the Public Interest in Enrollment Management

READ POST

The Rise of Direct Admissions and What States Need to Consider

READ POST

Workforce Pell Doesn't Come With State Aid Instructions

READ POST

Strengthening Cooperative Extension's Workforce Development Impact through External Partnerships

READ POST

Pennsylvania Takes a Bold Step Forward in Higher Education Transparency

READ POST

PROJECT PARTNERS

NCHEMS gratefully recognizes the partnership of these organizations, and others, that have worked with us to advance strategic decision-making through the use of evidence. Over the past year, NCHEMS has worked shoulder-to-shoulder with each of these partners to address challenges in higher education finance, governance, planning, and other issues.

Ascendium Elevating opportunity

SOVA

Lumina FOUNDATION

COMPLETE COLLEGE AMERICA

EDUCATION COMMISSION OF THE STATES

DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

FOUNDATION for CALIFORNIA COMMUNITY COLLEGES

myFUTURENC 2 million by 2030.

COLORADO Department of Education

ECMC Foundation

IHL

STRONG START to FINISH

Extension University of Missouri

NEW MEXICO HIGHER EDUCATION DEPARTMENT

1865 THE UNIVERSITY OF MAINE Cooperative Extension

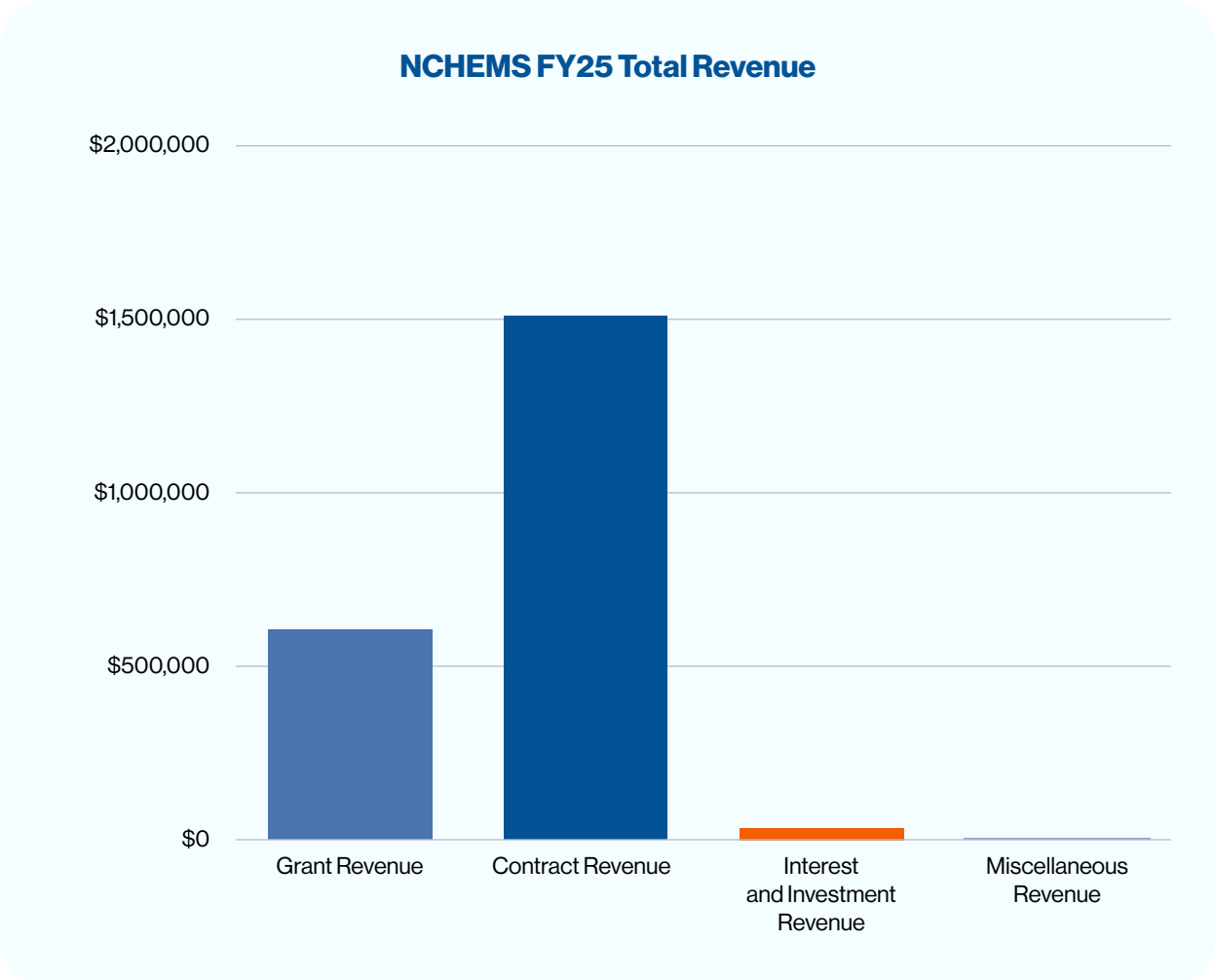
strada EDUCATION FOUNDATION

THEC

SRDC

IOWA Department of Education

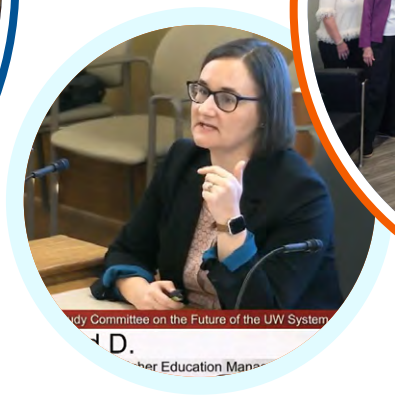
As a 501(c)(3) nonprofit, NCHEMS works with institutions, higher education systems, governments, and community leaders to complete projects that help improve their strategic decision-making. To support this work, NCHEMS recognized **$2,156,361 in total revenue** in the 2025 fiscal year. Of this total, **$1,509,867 came from contracts, $612,904 from grants**, and **$33,590 came from other sources** (shown in the graph below as interest and investment and miscellaneous revenues). The included financial statements reflect NCHEMS' most recently completed audit.



FY25 Revenue Report

Grant Revenue	**$612,904**
Contract Revenue	
▪ *Direct Public Support*	*$149,727*
▪ *Government*	*$749,630*
▪ *Program Service Contributions*	*$603,364*
▪ *Other Consulting Revenue*	*$7,146*
Total Contract Revenues	**$1,509,867**
Interest and Investment Revenue	**$30,668**
Miscellaneous Revenue	**$2,923**
Total Revenue	**$2,156,361**









Help us move from **insight** to **impact.**

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