EAB

Reckoning with Relevance

2024 State of the Sector

Fate of Program Prompts Existential Angst on Higher Ed Relevance

The Chronicle of Higher Education.

- Bachelor of Fine Arts in Puppetry, West Virginia University
- 1 of 2 puppetry degree programs in US
- 3 students in major in 2021-22
- Included in WVU's approved cuts to 9% of majors

The Case for Puppetry

"Universities are supposed to be places where esoteric disciplines persist—where students can pursue unusual passions and learn things that don't just prepare them for the work force but enrich their lives. Maybe even a place for fun. […]

"Though they're happy to point out employment opportunities, puppetry's supporters make a more-fundamental case for its **relevance** that has little to do with dollars and cents. "I immodestly believe that puppetry is the center point of virtually every human creative endeavor," said Bart Roccoberton Jr., who helms the University of Connecticut's puppetry program—likely the only other program in America to offer degrees."

Emma Pettit, The Chronicle of Higher Education

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value

2 Enrollment and Demographics

3 Sustainable Business Models

4 Student Readiness and Well-Being

5 Hybrid Campus

6 Artificial Intelligence

Key Questions for College and University Leaders by Timeframe

Immediate Challenges
Next 12 Months

- What are the most pressing challenges facing our institution right now?

- What is the current impact on students, faculty, and staff?

- What difficult trade-offs do we need to make to enter next year in a stronger position?

Long-Term Threats
Next 5-10 Years

- What will be the most impactful changes to higher ed this decade?

- What decisions do we have to make right now to best position ourselves for this new normal?

- What will competitive differentiation look like in an altered landscape?

Relevant… for Whom?

| Students | Parents | Faculty | Staff | Government | Community | Society |

State of the Sector Reflection and Planning Worksheet

EAB

Trends	What's the most urgent implication of this trend for your institution?	What should we be doing now to prepare for this long-term threat?	Who else on your campus needs to be involved in this discussion?
Public Perception of Higher Ed Value • Immediate Challenge: Universities Hammered by Culture Wars and Diminishing ROI Narratives • Long-Term Threat: Anti-Higher Ed Echo Chambers Impacts Campus Morale			
Enrollment and Demographics • Immediate Challenge: Post-Vaccine Enrollments Stabilize But Still Show Signs of Weakness • Long-Term Threat: The Demographic Cliff "Levels Up" to Peak Population			
Sustainable Business Models • Immediate Challenge: Rising Budget Pressures Lead Universities to Pursue Host of Savings Strategies • Long-Term Threat: A "Less with Less" Mentality May Be Needed to Survive Demographic and Enrollment Changes			

©2023 by EAB. All Rights Reserved.

1

eab.com

Source: EAB interviews and analysis.

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value →

2 Enrollment and Demographics

3 Sustainable Business Models

4 Student Readiness and Well-Being

5 Hybrid Campus

6 Artificial Intelligence

Immediate Challenge

Universities Hammered by Culture Wars and Diminishing ROI Narratives

Long-Term Threat

Anti-Higher Ed Echo Chamber Impacts Campus Morale

Caught Up in the Culture Wars

Representative Policy Debates Impacting Higher Education

Affirmative Action Overturned

Affirmative Action Ruling Shakes Universities Over More Than Race, The New York Times

"Anti-Woke" Legislation

Texas Senate Approves Bill Barring Professors from "Compelling" Students to Adopt Certain Political Beliefs, Waco Tribune

DEI Bans Across the US

DEI Programs in Universities Are Being Cut Across the Country. What Does This Mean for Higher Education?, CNN

Challenges to Tenure

Georgia's University System Takes on Tenure, The New York Times

Critical Race Theory Backlash

Florida's State Colleges Say They'll Ban Promotion of Critical Race Theory, The Chronicle of Higher Education

Student Loan Forgiveness

Face Off: Student Loan Forgiveness Puts Spotlight Back on Higher Ed, Capital Analytics Associates

Source: Hartocollis, Harmon, "Affirmative Action Ruling Shakes Universities Over More Than Race," *New York Times,* July 26, 2023; McGee, "Texas Senate approves bill barring professors from "compelling" students to adopt certain political beliefs," *Waco Tribune-Herald,* April 12, 2023; Heyward, "Georgia's University System Takes On Tenure," *New York Times,* Oct. 20, 2021; Lee, "Student loan borrowers brace for 'the wave' as payments restart," *Yahoo Finance,* Aug. 5, 2023; Thomason, "Florida's State Colleges Say They'll Ban Promotion of Critical Race Theory," *The Chronicle of Higher Education,* Jan. 18, 2023; DuBois, "Face off: Student loan forgiveness debate puts spotlight back on higher ed," *Capital Analytics Associates,* July 2023; EAB interviews and analysis.
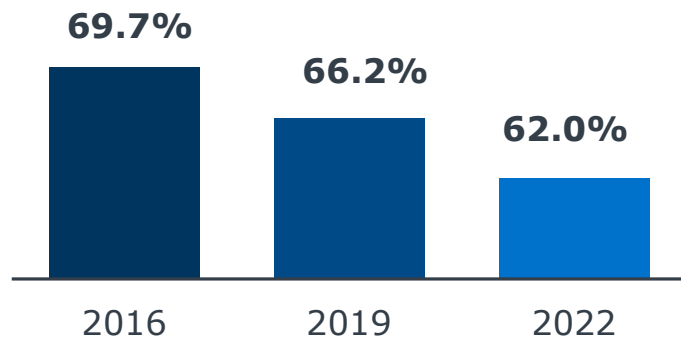
Despite Inaccuracies, Some Students Dissuaded by Negative Narratives

Recent HS Grads Less Likely to Enroll

College-Going Rate of Recent High School Grads, Bureau of Labor Statistics

69.7% 2016
66.2% 2019
62.0% 2022

> **I've always seen and heard things about how there's no point in going to college** […] because you usually end up with more debt than you can make, and it rarely works out for a lot of people that want to go."
>
> *21-year-old who did not attend college*
> **EAB Non-Consumer Survey, 2023**

Snapshot of Current Non-Consumers

59% Male	**27%** Hispanic
16% Black/African American[1]	**48%** White[1]

60% Living with parents or grandparents

1 in 3 Unemployed or not looking for work[2]

$9K Difference in median household income between non-consumers and college-going peers

1) Non-Hispanic population.
2) Excludes those not working due to disability

Source: Bureau of Labor Statistics, "The Economics Daily," May 22, 2017; Bureau of Labor Statistics, "The Economics Daily," May 22, 2020; Bureau of Labor Statistics, "Economic News Release," April 26, 2023; U.S. Census Bureau, "American Community Survey," accessed October 2023; EAB interviews and analysis.

Sensationalist Headlines Don't Reflect Actual Value or Perception of Higher Ed

Headlines		Reality
The cost of college has exploded	▶	**Inflation-adjusted net cost has declined 2.6-4%** [1] **annually since AY19**, and only increased 1.5% annually from AY10 to AY19 [2]
The ROI of a college degree is declining	▶	The **wage premium is at a near decades-long high**, with bachelor's degree holders earning 88% more than high school graduates [3]
Employers don't care about degrees anymore	▶	**Job posts** in the Information sector not requiring a degree have **increased 240%** faster than those requiring one, yet **actual hiring** for these roles **is only 3%** faster [4]
Perceptions of higher ed value are increasingly partisan	▶	**Republicans are more likely than Democrats** (60% vs 50%) to agree that Americans can get an **affordable, high-quality college education** [5]
America doesn't trust universities anymore	▶	Confidence in US institutions (incl. religion, banks, Congress) hit a record low (26%) in 2023, with **higher ed consistently ranked the 4th most trusted** [6]

Source: Individual sources linked above; EAB interviews and analysis.

Tailored Recruitment Strategies Needed to Appeal to On-the-Fence Students

INDIANA COMMISSION for HIGHER EDUCATION
Value Campaign Findings

✓ A hard sell using data invites pushback – students react best to hearing how higher ed gives **more control over your future**

✓ Long-term benefits are too vague – immediate impacts viewed as more **credible, believable**

✓ Framing **costs as "manageable,"** rather than "affordable," raised interest in aid, scholarship opportunities

UTAH VALLEY UVU UNIVERSITY

Use your institution's NSC report to identify non-consumer warm leads

- **3,500 students** that applied to UVU never enrolled elsewhere

- UVU launched campaign with targeted outreach and frequent messaging, resulting in **400 new enrollments**

UNIVERSITY OF MICHIGAN

Pre-application scholarship guarantees increase enrollment

- UM grants HAIL Scholarship to low-income, high-achieving students in Michigan before students apply

- HAIL has **boosted enrollment at UM from 12% to 27%** among this population

" *Higher ed isn't going to have a 'Got Milk' moment with some magical messaging that fixes everything.* We've got to start changing how we present ourselves to different groups to solve different problems.

President, Large Public University "

Source: Beasor, Kuehr, "Indiana's Education Value Movement," SHEEO Policy Conference, Aug. 10, 2022; Dynarski et al., "Closing the Gap: The Effect of Targeted Tuition-Free Promise on College Choices of High Achieving, Low-Income Students," National Bureau of Economic Research, December 2018; EAB interviews and analysis.

Negative Press Piles On Engagement Woes

⚠️

'Crisis of Meaning' Among Faculty and Staff

Negative media attention

Increased hostility from students

Eroding trust between administration, faculty, and staff

Increasing workloads

Non-competitive compensation

Rising student needs

Inflexible work arrangements

Caregiving responsibilities

Disaffection for Higher Ed Showing up in Turnover, Burnout

HE employees at least "somewhat" likely to seek work elsewhere in the next year[1]
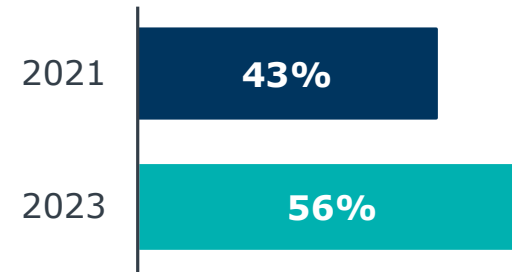
Year	%
2021	43%
2023	56%

4-year faculty feeling at least "somewhat…burned out because of work," Sep 2022 – May 2023[2]

68%

National narratives about higher ed's declining ROI, spiraling student costs, and link to lifelong debt **do not stand up to scrutiny.**

Nevertheless, repetition of these narratives, irrespective of how true or untrue they are, creates an "echo chamber" effect that is **dissuading on-the-fence students and families** and exacerbating higher ed non-consumption trends. Moreover, this echo chamber is impacting boards, local stakeholders, and our own employees.

Rather than attempting to "tell our story better," universities' time and energy is better spent **targeting messaging and product to critical student subsegments** as well as local education, industry, and government partners.

How EAB Can Help You Address Challenges with Public Perception of Higher Ed Value

Signature Service
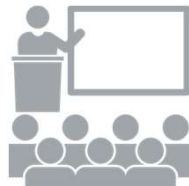
State of the Sector Presentation

Bring these insights to your campus. Equip your cabinet, board, or other stakeholders with a deeper understanding of the trends shaping higher education.

More EAB Resources

Immediately Available

- [Principled Differentiation and Student Value Proposition Workshops](#)

- [Employee Value Proposition Workshop](#)

- [Dynamic Strategy Resource Center](#)

Forthcoming Resources

Non-Consumption Research and Workshops

- Understand the drivers of higher ed non-consumption

- Evaluate messaging strategy to counter negative narratives and reach those opting out

Six Priorities Shaping Higher Ed Strategy

1 — Public Perception of Higher Ed Value

2 — Enrollment and Demographics →

3 — Sustainable Business Models

4 — Student Readiness and Well-Being

5 — Hybrid Campus

6 — Artificial Intelligence

Immediate Challenge

Post-Vaccine Enrollments Stabilize But Still Show Signs of Weakness

Long-Term Threat

The Demographic Cliff "Levels Up" to Peak Population

Summary of Key Enrollment Trends

1 **Grad market grows through pandemic, expanding again in 2023.** Top of market in stronger position, with high-ranking institutions and low-cost online options experiencing largest gains. Grad certificate programs surge, growing 10% from 2021.

2 **After persistent undergraduate declines, Fall 2023 brings potential optimism.** Most of the market shrunk 2010-2019, and nearly all institutions in decline since, with only highly selective institutions growing from 2019-2022. However, total undergrad grew in Fall 2023 for the first time since start of pandemic, with 60% of the growth attributable to community colleges.

3 **Undergraduate non-degree enrollment grew pre-pandemic, proves volatile in 2020s.** The vast majority of institutions experienced sharp declines in lower-level non-degree enrollment this decade, even as interest in alternative credentials rose[1].

4 **Enrollment recovery strongest for youngest cohorts, variable for older cohorts.** Traditional-aged cohorts (<20) and older cohorts (30+) growing, as age groups 21-29 struggle, creating U-shaped recovery.

5 **Large and selectives win out as efficient student sorting grows.** Students sort up through selectivity pyramid as institutions compete over smaller population.

6 **Non-consumption on the rise.** College-going rates for high school grads have declined by ~8 percentage points since 2016, even as HS graduation rates improve.

---

1) Undergraduate certificates grew through pandemic, but are counted as degree-seeking enrollments by IPEDS.

Source: IPEDS; National Student Clearinghouse; Bureau of Labor Statistics; EAB interviews and analysis.

Population Decline Signals Global Transformation

World Population Could Peak by 2055

Global Population and Projections through 2100

- – – IHME Projection - Main
- – – UN Projection - Main
- – – UN Projection - Faster

> **"**
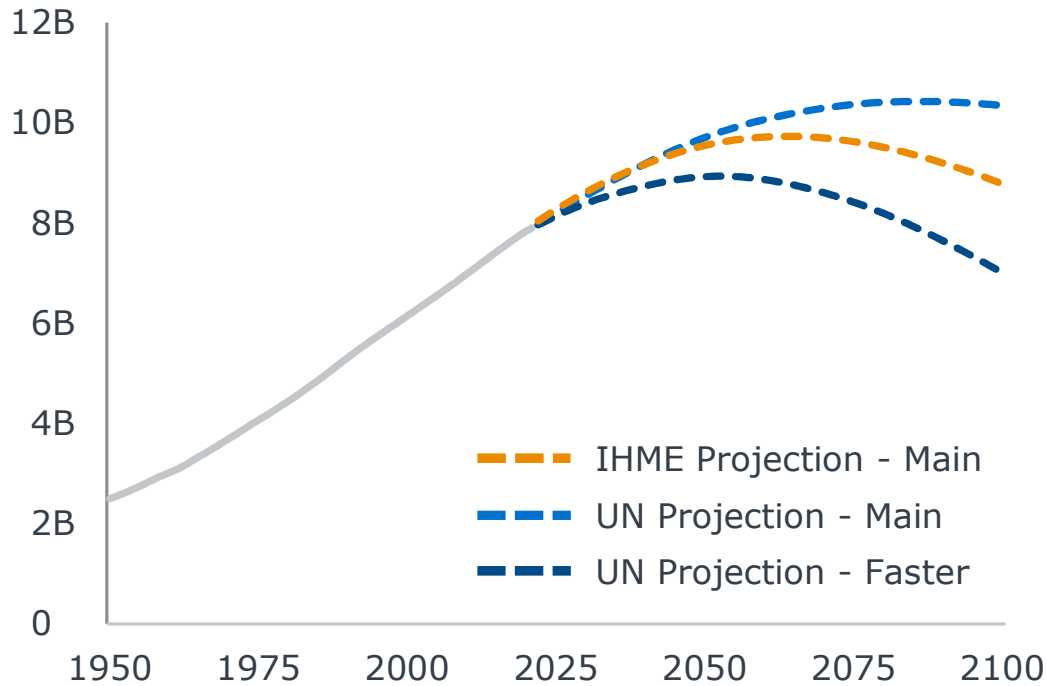
Most of the world is transitioning into natural population decline. I think it's incredibly hard to think this through and recognize how big a thing it is; **it's extraordinary, we'll have to reorganize societies.**

Christopher Murray, Director
Institute for Health Metrics and Evaluation

Some Countries Peaking Far Earlier

USA
2060
8% decline by 2100

Canada
2080
3% decline by 2100

China
2022
49% decline by 2100

India
2046
32% decline by 2100

Germany
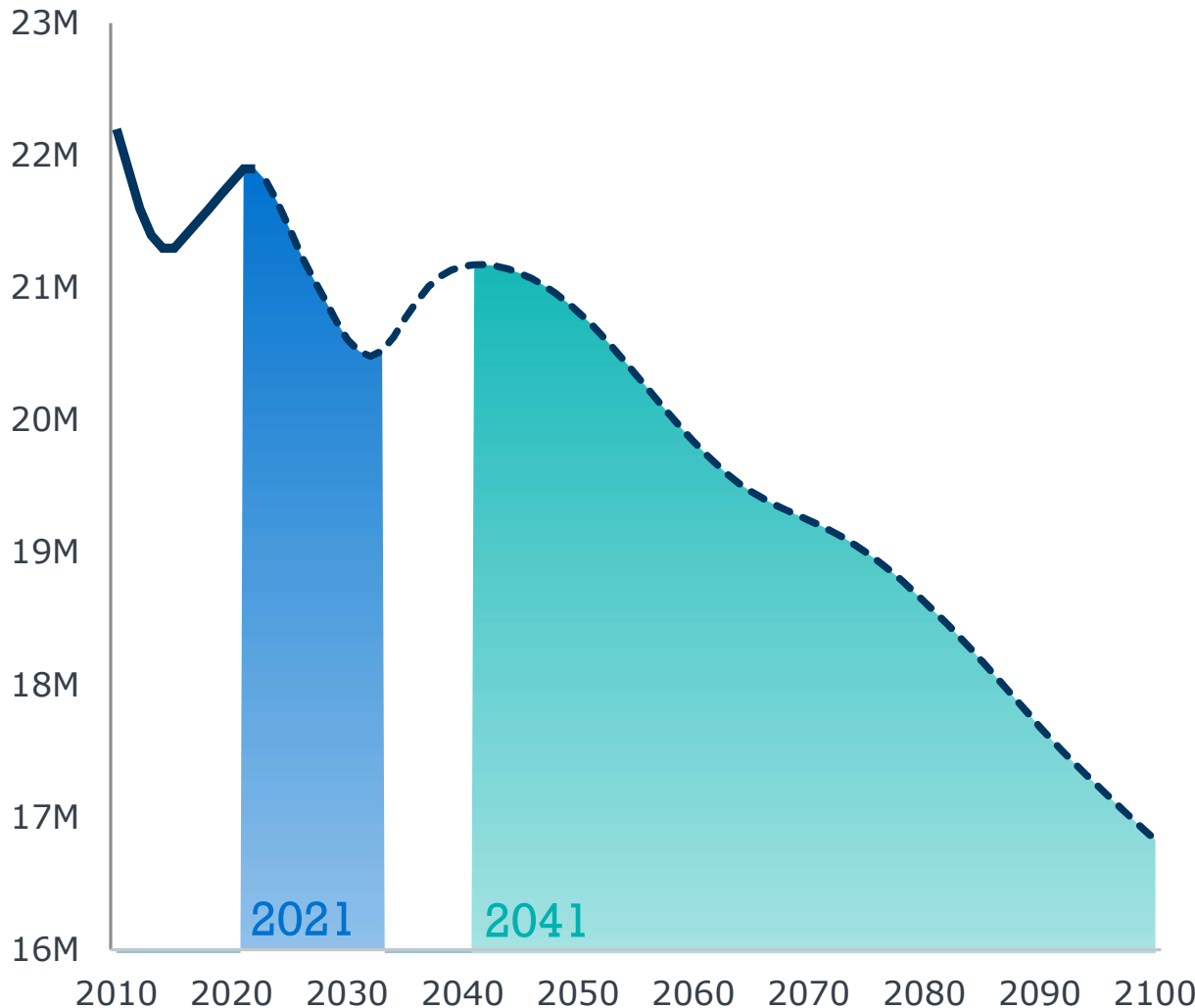**2035**
22% decline by 2100

Japan
2010
54% decline by 2100

Demographic Cliff Followed by Even Steeper Decline Through 2100

United States 15-19-Year-Old Population, IHME Projection

The Demographic Cliff

-6.3% or **-1.4M**

Decline in the 15-19-year-old youth population, 2021-2032

Peak Population

-21% or **-4.3M**

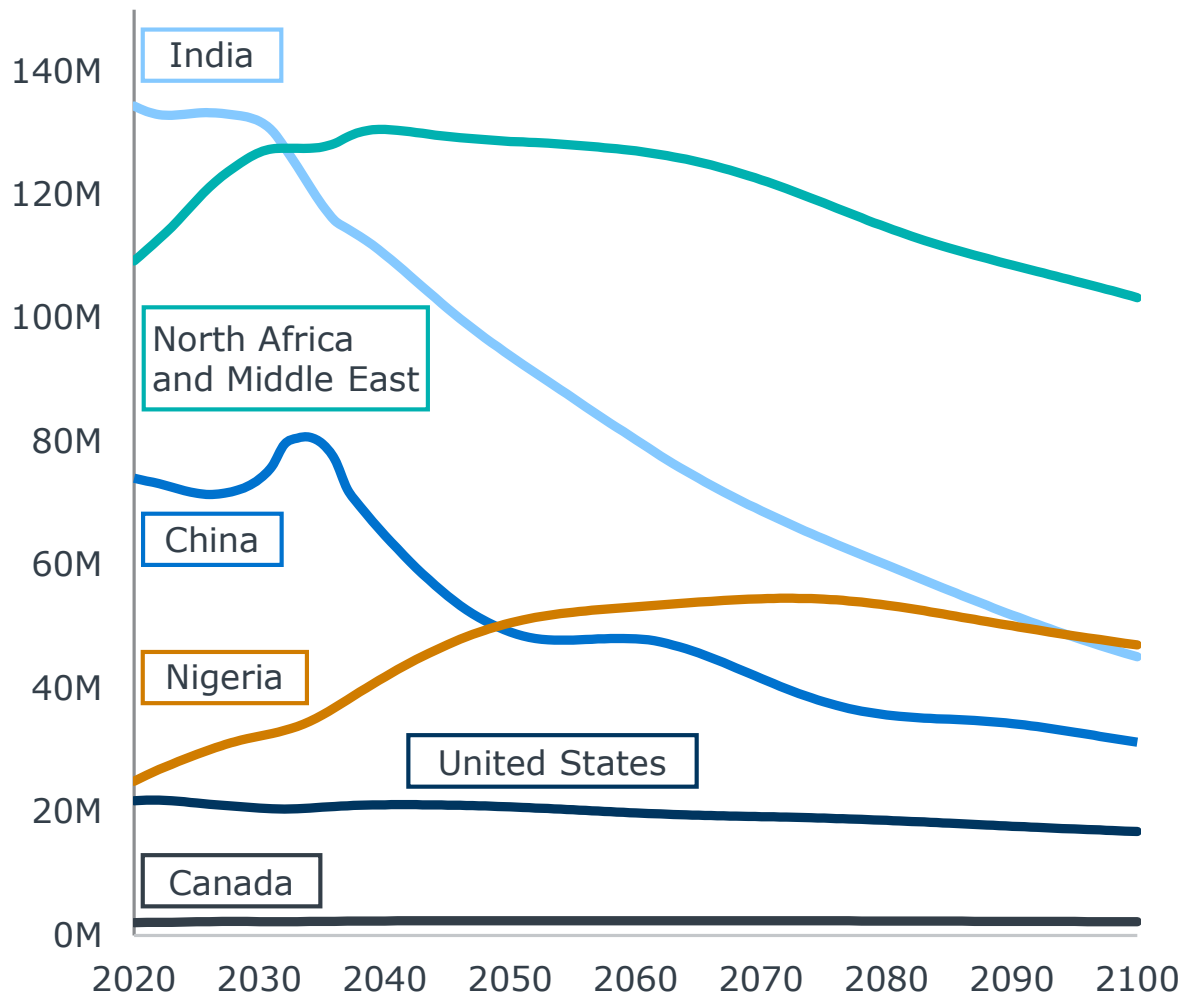*Decline in the 15-19-year-old youth population, 2041-2100*

3x Declines from 2041-2100 represent a reduction in the college-going population ~3x the size of pandemic-era enrollment losses

More Students Set to Come from "Emerging Markets"

15-19-Year-Old Population, IHME Projection

Chart legend: India, North Africa and Middle East, China, Nigeria, United States, Canada

Y-axis: 0M, 20M, 40M, 60M, 80M, 100M, 120M, 140M

X-axis: 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090, 2100

▶ By 2030, young Africans are expected to make up **42% of the world's youth population**

▶ In last 2 years, US institutions saw 18% growth in students from Africa and **22% growth from Nigeria** specifically

▶ **International enrollments from China will peak in 2027**, declining through the 2030s

▶ In 2020, **64% of international student tuition and fees were covered by aid**, which is projected to increase as more students come from emerging markets

Source: "Africa's Future: Youth and the Data Defining Their Lives," Population Reference Bureau 2019; Cuthbert, "Danger! Beware of cliff edge; population numbers affecting int'l education," *The PIE News*, Feb. 16, 2023; "70% of 10-Year-Olds Now in Learning Poverty, Unable to Read and Understand a Simple Text," The World Bank, June 23, 2022; "Higher Education Institutions Awarding Financial Aid to International Undergraduate Students," College Board, 2020 EAB interviews and analysis.
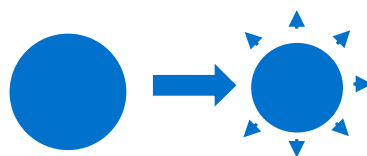
Your Enrollment: More Than Demographic Decline

The Critical Threats That Continuously Shape Your Enrollment

Demographic Decline

College-Going Rates
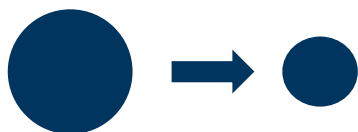
Market Share
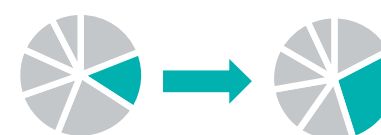
-12% Projected decline in number of 18-year-olds, 2025 – 2030

-7.9% Decline in share of HS Grads entering college, 2012-2022

65% Of enrollment changes explained by market share

Undergraduate Enrollment Outlook
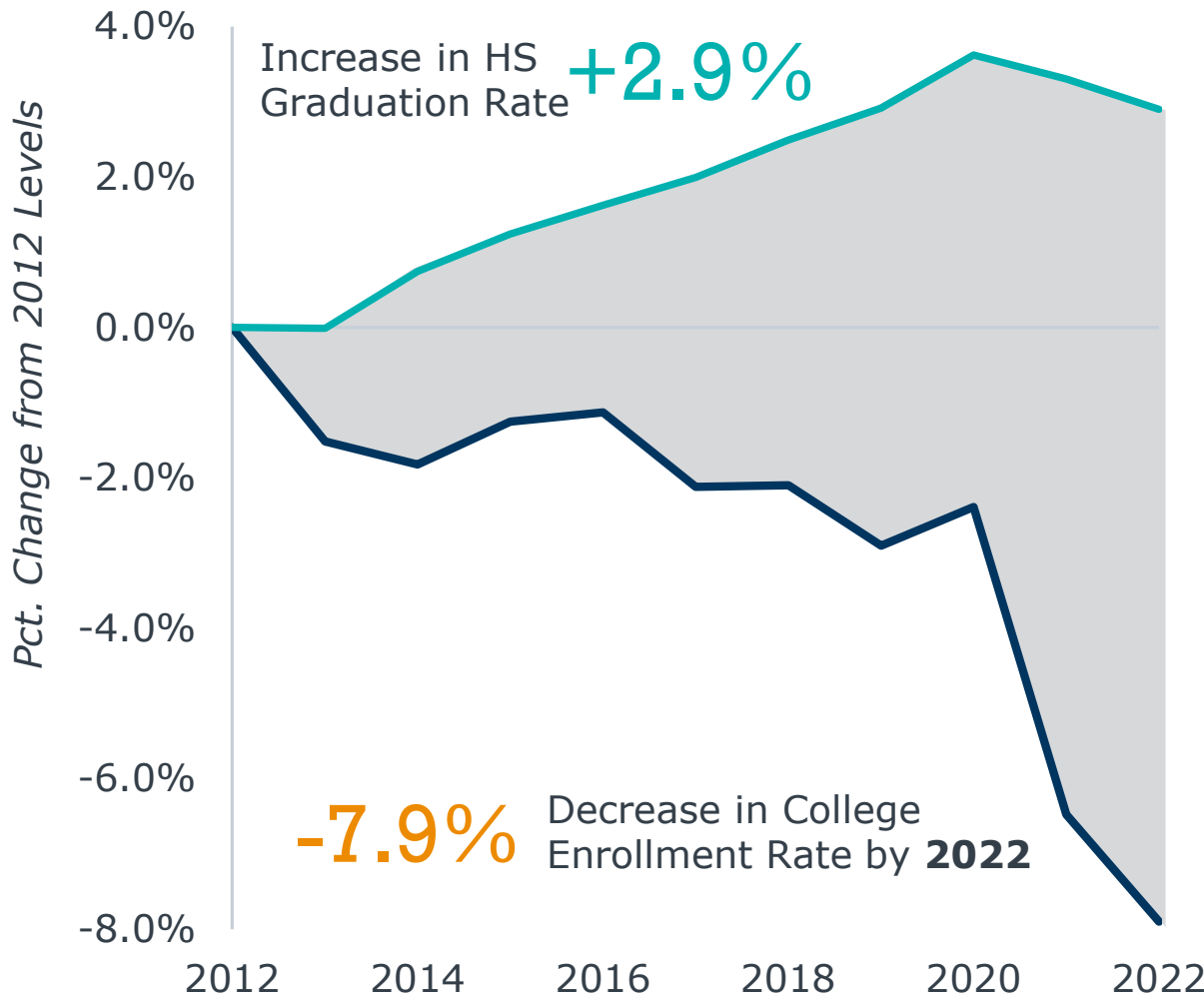
Source: Projections from *The Agile College,* Dr. Nathan Grawe, 2021; EAB analysis of American Community Survey data; EAB Analysis of IPEDS Fall Enrollment Data.

The Non-Consumer Undergraduate Market Getting Bigger Every Year

Pct. Change in K-12 to College Pipeline (2012 to 2022)

Increase in HS Graduation Rate **+2.9%**

-7.9% Decrease in College Enrollment Rate by **2022**

Pct. Change from 2012 Levels

4.0%
2.0%
0.0%
-2.0%
-4.0%
-6.0%
-8.0%

2012 2014 2016 2018 2020 2022

Recent Data Suggests No Post-Pandemic Rebound

Early Estimates For 2022-2023

WICHE[1] Estimates of High School Graduates

+37K Increase in Number of HS Graduates

EAB Estimates Using NSC and IPEDS data[2]

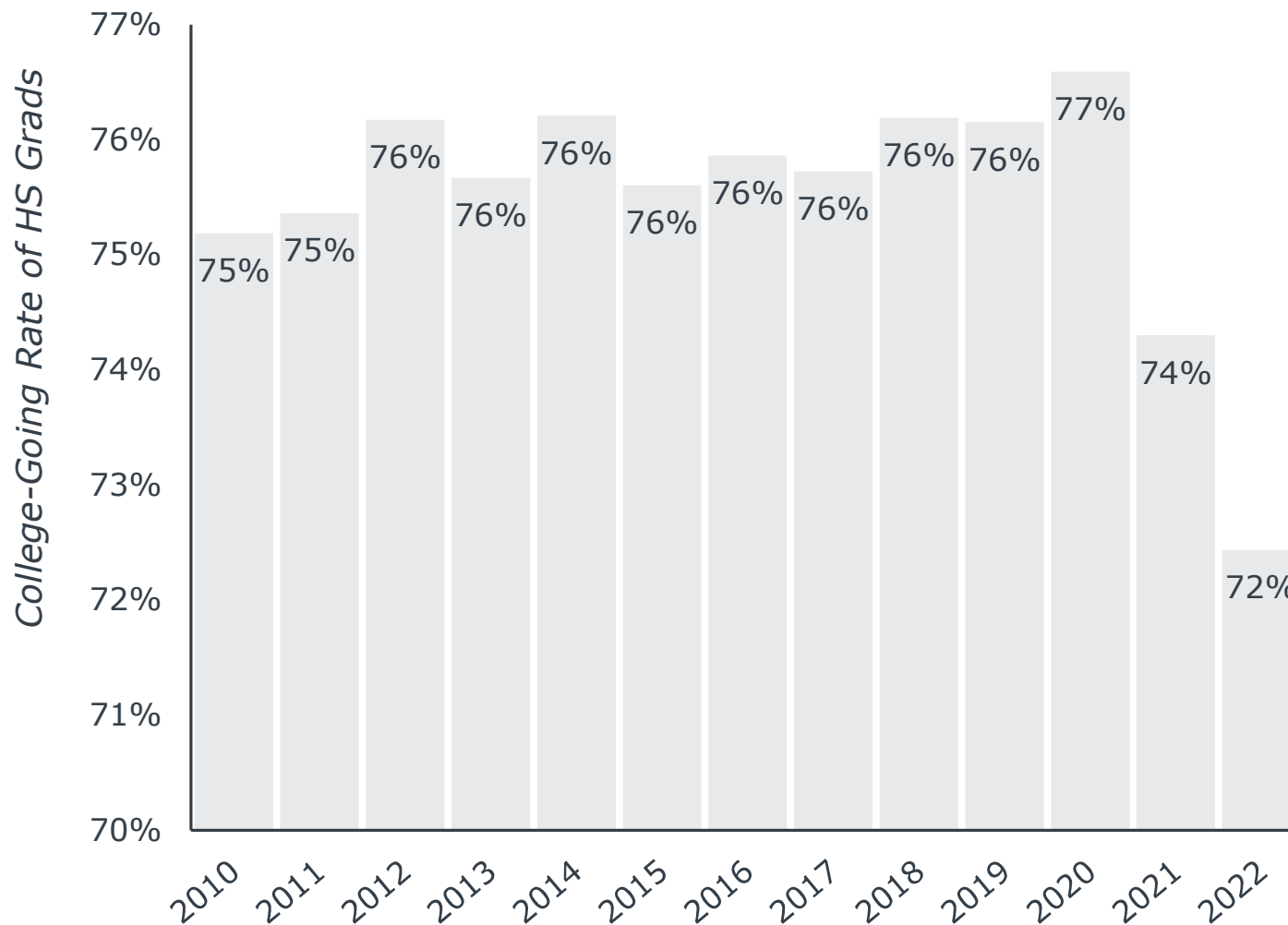**-99K** Decrease in First-Time Enrollments

How College-Going Rates Have Changed

What Percentage of High School Grads From California End Up Enrolling In College?

HS Grad College-Going Rates for California

College-Going Rate of High School Grads

75% to 72%

change from 2010-2022

☐ College-Going Rate of HS Grads[2]

1) Estimated using WICHE 10th Grade Total Enrollments from 2-Years Previous
2) College going rate calculated using representative sample from ACS 2010-2022 1-Year data on state residents 19-24-years old that have graduated high school (GED or equivalent included).

EAB analysis of IPEDS Fall Enrollment by State of Residence Data, American Communities Survey data, WICHE 10th Grade Enrollment Data, and National Assessment of Educational Progress data; EAB interviews and analysis.

Connecting Historical College-Going Rates To First-Time Enrollment Changes in California

Total 18-Year-Old Population, First-Time Students & HS Grad College-Going Rates for California

College-Going Rate of HS Grads (left axis: 70%–77%)

Number of 18-Year-Olds/Students (right axis: 0K–600K)

Years: 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

Legend:
- **18-Year-Olds[1]** (dark line)
- **First-Time Enrollments** (blue line)
- **College-Going Rate of HS Grads[2]** (gray bars)

College-Going Rate of High School Grads

75% to 72%

change from 2010-2022

18-Year-Old Population

-10,095 Students

-2% change from 2010-2022

First-Time Students

-56,144 Students

-13% change from 2010-2022

1) Estimated using WICHE 10th Grade Total Enrollments from 2-Years Previous
2) College going rate calculated using representative sample from ACS 2010-2022 1-Year data on state residents 19-24-years old that have graduated high school (GED or equivalent included).
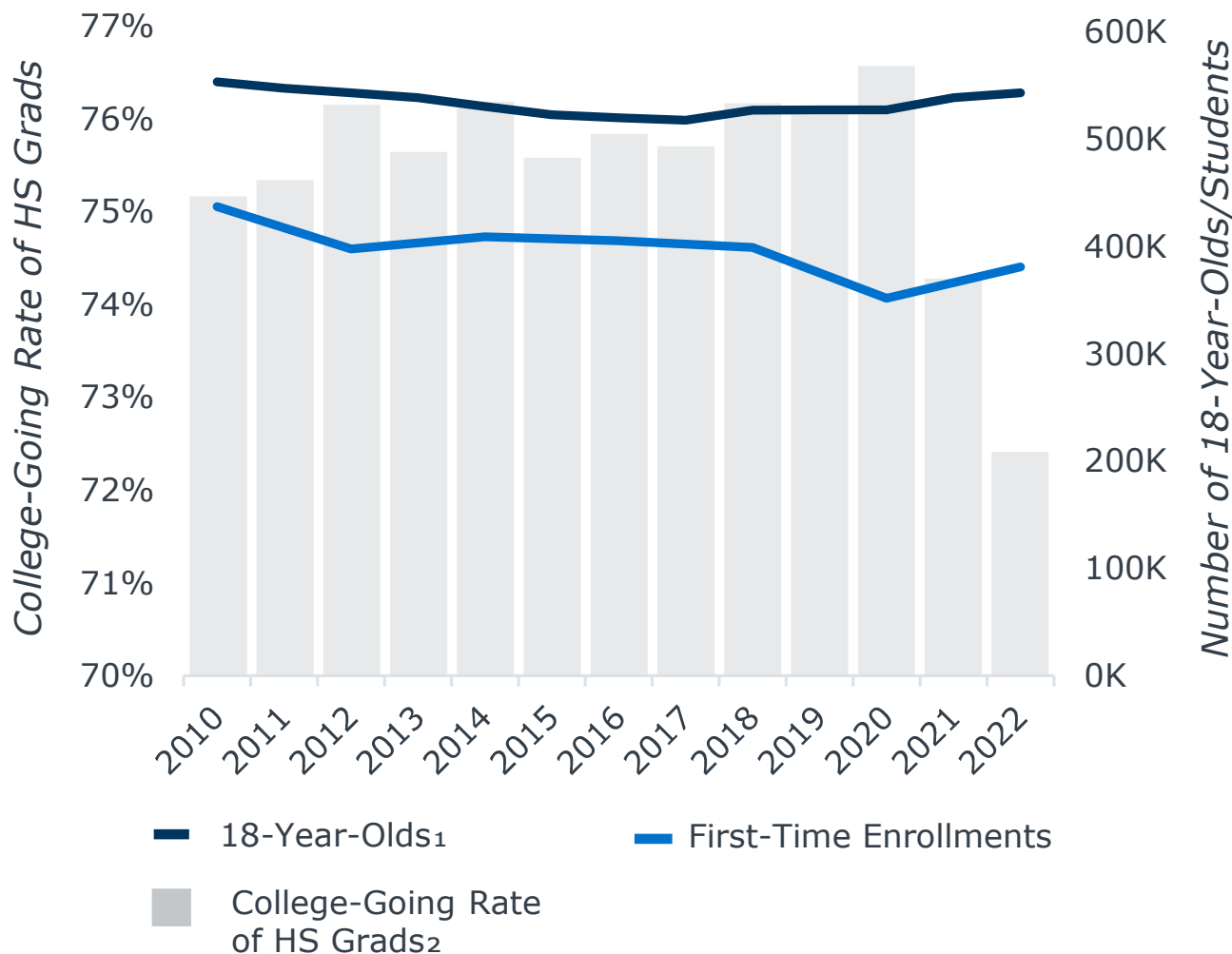
EAB analysis of IPEDS Fall Enrollment by State of Residence Data, American Communities Survey data, WICHE 10th Grade Enrollment Data, and National Assessment of Educational Progress data; EAB interviews and analysis.

Future Non-Consumption in California

What If Past College-Going Trends Persist?
Our Projection for California

Total 18-Year-Old Population, First-Time Students & HS Grad College-Going Rates for California

College-Going Rate of HS Grads (left y-axis, 60%–80%)

Number of 18-Year-Olds/Students (right y-axis, 0K–600K)

Legend:
- ▬▬ 18-Year-Olds[1]
- ▬▬ First-Time Enrollments
- ▨ College-Going Rate of HS Grads[2]

College-Going Rate of High School Grads

72% to 70%

change from 2022-2035

18-Year-Old Population

-68,332 Students

-13% change from 2022-2035

First-Time Students
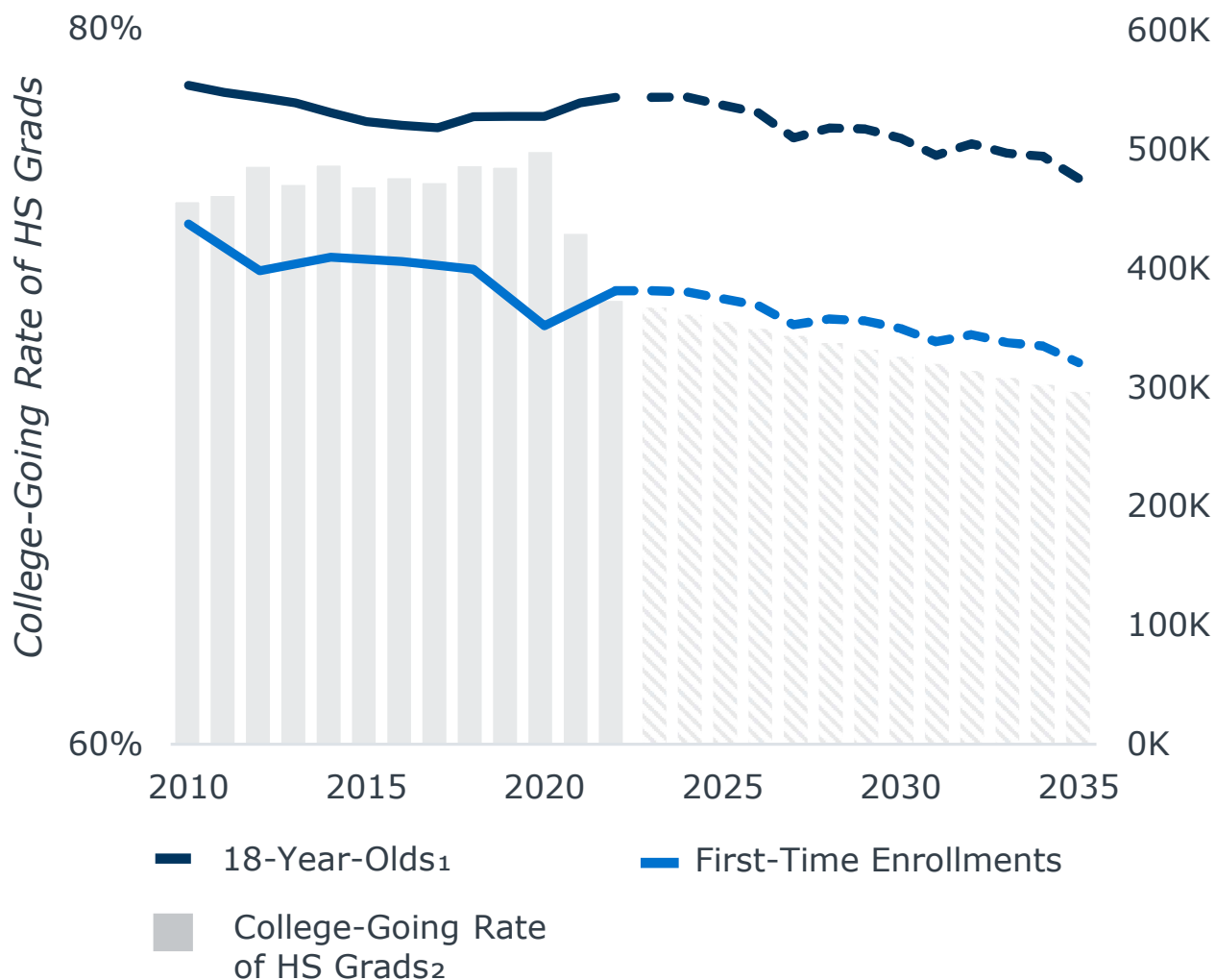
-60,546 Students

-16% change from 2022-2035

1) Estimated using WICHE 10th Grade Total Enrollments from 2-Years Previous
2) College going rate calculated using representative sample from ACS 2010-2022 1-Year data on state residents 19-24-years old that have graduated high school (GED or equivalent included).

EAB analysis of IPEDS Fall Enrollment by State of Residence Data, American Communities Survey data, WICHE 10th Grade Enrollment Data, and National Assessment of Educational Progress data; EAB interviews and analysis.
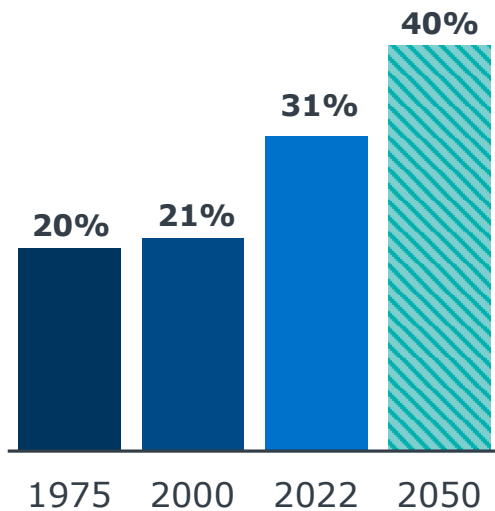
US Old-Age Dependency Ratio on the Rise

Dependency Ratio

The number of older (65+) dependents for every 100 people of working age (20-64)

Old-Age Dependency Ratio by Year, OECD Data

- 1975: 20%
- 2000: 21%
- 2022: 31%
- 2050: 40%

Aging Population Projected to Strain Government Budgets

Growth in Social Security Spending

↑

5.1% to **6.2%**

increase in the share of US GDP going to Social Security, 2023 to 2053

Growth in Medicare Spending

↑

3.1% to **5.5%**

increase in the share of US GDP going to Medicare, 2023 to 2053

Education Spending Often First to Be Cut

Higher Education Budgets at Risk

↓

25%

Decline in state higher education funding post-Great Recession

But K-12 Cuts May Be The Real Threat

↓

6%

Decline in college-going rates for every $1,000 per capita drop in K-12 spending

Higher Ed Benefitted from Transition to Knowledge Economy, Will It Last?

Industrial Economy

Late 19th to early 20th century

Mechanized production and assembly lines led to boom in manufacturing, urbanization

Service Economy

Mid-20th to early 21st century

Globalization catalyzed off-shoring as retail, healthcare, and banking sectors flourish

Knowledge Economy

Early 21st century to present

Tech advances lead to era of intellectual capital, innovation, and R&D, with particular focus on **"Learning Economy"** skills
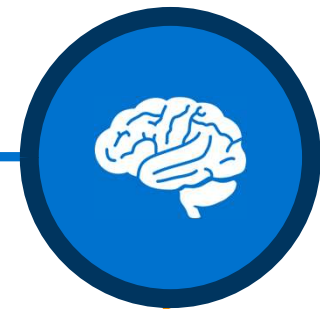
Back to Services?

Aging and declining population likely to steer the US from a knowledge-centric economy back to a service-oriented one—potentially altering the demand for degrees in the market and emphasizing non-traditional learning. Extreme caregiver labor shortages are also likely to drive many away from pursuing degrees.

Source: Shalal, "Aging population to hit U.S. economy like a 'ton of bricks' – U.S. Commerce Secretary," *Reuters*, July 12, 2021; "How Aging Populations Are Impacting the Higher Ed Sector," QS, Aug. 8, 2019; Seidman, "From the Knowledge Economy to the Human Economy," *Harvard Business Review*, Nov. 12, 2014; EAB interviews and analysis.

Labor Shortages Turn Higher Ed Institutions into "Labor Factories"

Shorter Degrees	Different Degrees

Denmark Pushes to Condense Degrees

- Government currently pushing to shorten 35% of master's degrees to one year only

- Policy meant to better prepare students for the labor market

- However, the policy is facing criticism as students may have less time to pursue internships and jobs

- Institutions would see reduced tuition revenue as students will only pay for one year of studies

Australia Passes Job Ready Graduates Package

- In 2021, the Australian government reduced fees for "high-priority" degrees (in STEM and health care)

- "Low-priority" liberal arts degree tuition was raised by as much as $30,000 to lower demand

- Considered a failure by education leaders and likely to be replaced by the new Labour government

- Low-SES[1] students often face barriers to enter "high-priority" programs, but cannot afford to enter the more expensive "low-priority" programs

1) Socioeconomic status.

Source: Szumski, "Denmark Presents Controversial Plan to Shorten Master's Programmes," *Euractiv*, March 3, 2023; Hurst, "The Coalition Says Australia Needs More Science and Maths Graduates. But Does the Funding Add Up?" *The Guardian*, June 22, 2020; EAB interviews and analysis.

Key Takeaways

While enrollment has stabilized post-pandemic, we are far from "back to normal." The undergrad flight to size and selectivity continues, **leaving most institutions facing outright declines**. On the horizon, the much-discussed "demographic cliff" marks just the initial phase of a larger phenomenon.

The United States and the world will soon approach peak population, wherein total population will reach a maximum before steadily declining. The **US youth population will experience a 23% reduction by 2100**, translating to fewer students everywhere.

Beyond enrollment, this demographic change will **impact government funding and the labor market**, representing both opportunities and challenges for higher education institutions.

How EAB Can Help You Address Challenges with Enrollment and Demographics

Signature Service

Undergraduate Enrollment Outlook

Schedule a consultation to review how market forces are impacting your enrollment. The UEO reviews historical enrollment and forecasts how demographic decline, changing college-going rates, and increased competition will affect your institution through 2035.

More EAB Resources

Immediately Available

- Best Bets for Enrollment Growth Workshop
- Credential Innovation Workshop
- Custom EAB Market Insights for program development and redesign

Forthcoming Resources

- Strategic enrollment management (SEM) planning consultations
- Enrollment Growth Strategy Resource Center
- Blueprint for Growth Executive Briefing

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value

2 Enrollment and Demographics

3 Sustainable Business Models

4 Student Readiness and Well-Being

5 Hybrid Campus

6 Artificial Intelligence

Immediate Challenge

Academic and Mental Health Struggles Spiral Post-COVID

Long-Term Threat

Readiness Will Continue to Decline as Youngest of COVID Generation Arrive on Campus

A Vicious Cycle

Academic and Mental Health Struggles are Mutually Reinforcing

Poor grades, falling behind on assignments **lead to feelings of stress and inadequacy**, which exacerbate mental health struggles

…students struggle academically…

…as their mental health worsens…
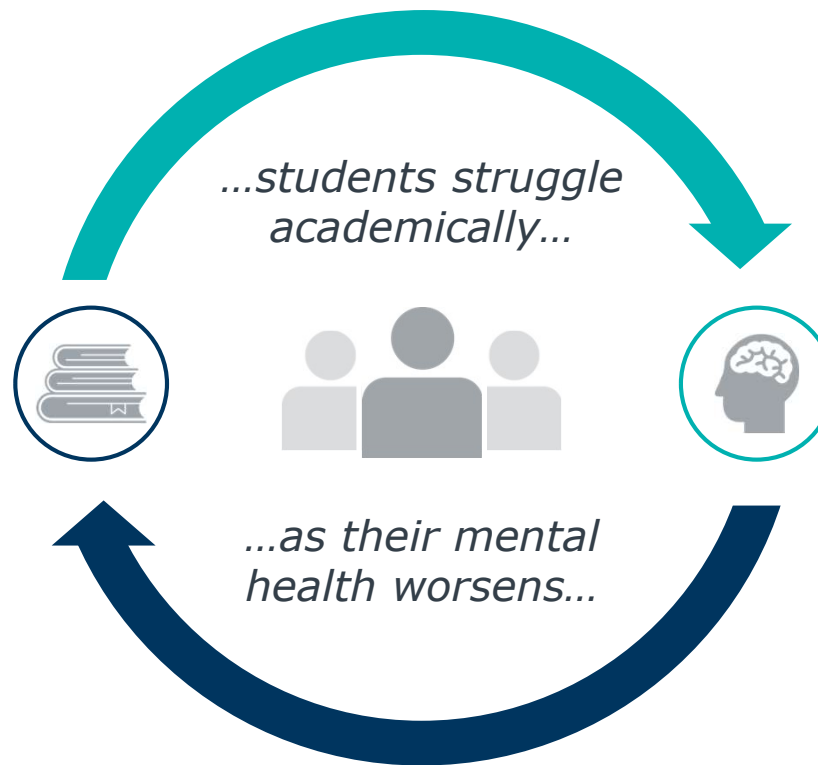
Feelings of hopelessness and anxiety cause decrease in focus and studying, which in turn **leads to poorer grades**

Source: EAB interviews and analysis.

Anxiety and Depression Nearly Doubles Among Students Over Last Decade

Healthy Minds Study, 2013-2023

Legend: ■ 2013 ■ 2023

Category	2013	2023
Anxiety	17%	36%
Severe Anxiety	6%	17%
Any Depression	22%	41%
Major Depression	9%	20%
Has Seen a Therapist in Past Year	19%	36%
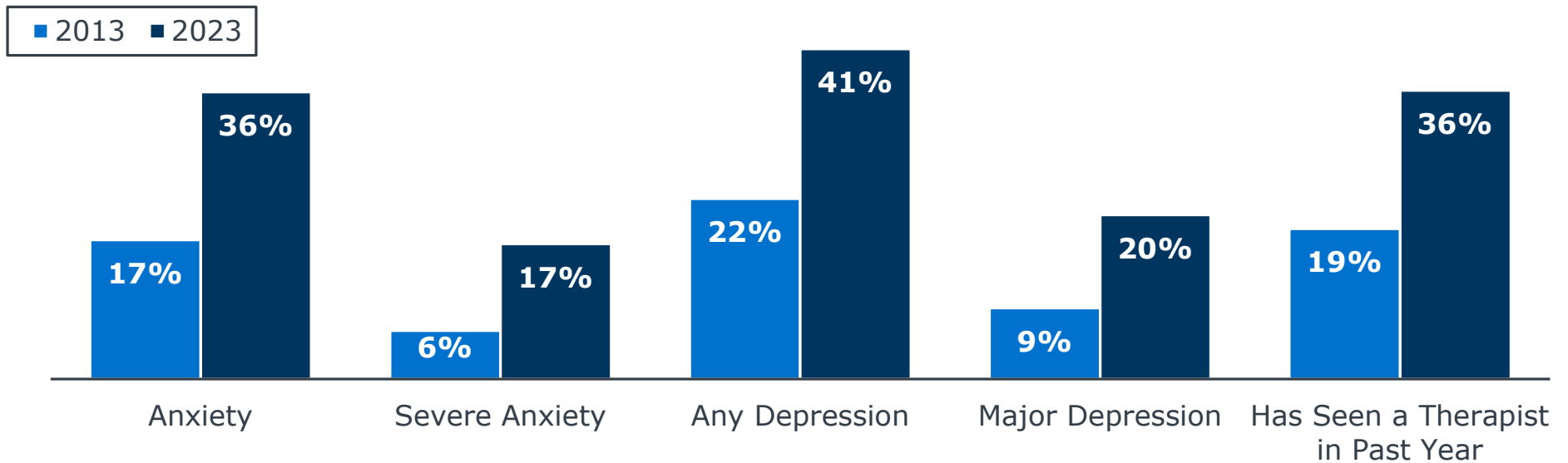
" Three decades ago, the gravest public health threats to teenagers in the United States came from binge drinking, drunken driving, teenage pregnancy and smoking. These have since fallen sharply, replaced by **a new public health concern: soaring rates of mental health disorders.**

Matt Richtel
Author of *It's Life or Death: The Mental Health Crisis Among U.S. Teens* "

1) College students.

Source: *The Healthy Minds Network*, University of Michigan, 2023; Proulx, "*Lesson of the Day: 'It's Life or Death': The Mental Health Crisis Among U.S. Teens*," *New York Times*, May 5, 2022; EAB interviews and analysis.

K-12 Unfinished Learning Has Arrived on College Campuses

Challenges that Began in High School...	...Are Now on Campus
2/3 **of students struggled with coursework** due to home disruptions and mental health concerns from COVID	**Chronic absenteeism**[2] continues to grow on college campuses
42% of ACT-tested 2022 HS grads met **none of the college-readiness subject benchmarks** in English, reading, science and math[1]	Academic struggles lead to **higher DFW**[3] **rates** in introductory courses
	Institutions report incoming students struggle with **gaps in core knowledge** and **poor study habits**
2x **The chronic absenteeism rate has doubled** from 16% in 2019 to an estimated 33% in 2022	**Widening expectation gaps** between faculty and students on work expected outside the classroom

1) Doubled from 26% in 2019.
2) Defined as missing 10% or more of the academic year.
3) D grade, F grade, or withdrawal.

Source: Spark, "New Graduates' ACT Scores Hit a 30-Year Low," *EducationWeek*, Oct. 12, 2022; Chang et al., "Pandemic Causes Alarming Increase in Chronic Absence and Reveals Need for Better Data," Attendance Works, Sep. 27, 2022; EAB interviews and analysis.

I'm Just Not Feeling It Today, Bro

To: Professor Leaf

Send

Assignment 3

Hi Professor

You are asking too much out of this assignment. **I am overwhelmed** and will not complete it. Do you have an alternative? I am not completing this one. Your class had an assignment every week. **Nothing personal against you but I hate this class**. So can you please give me an alternative assignment?
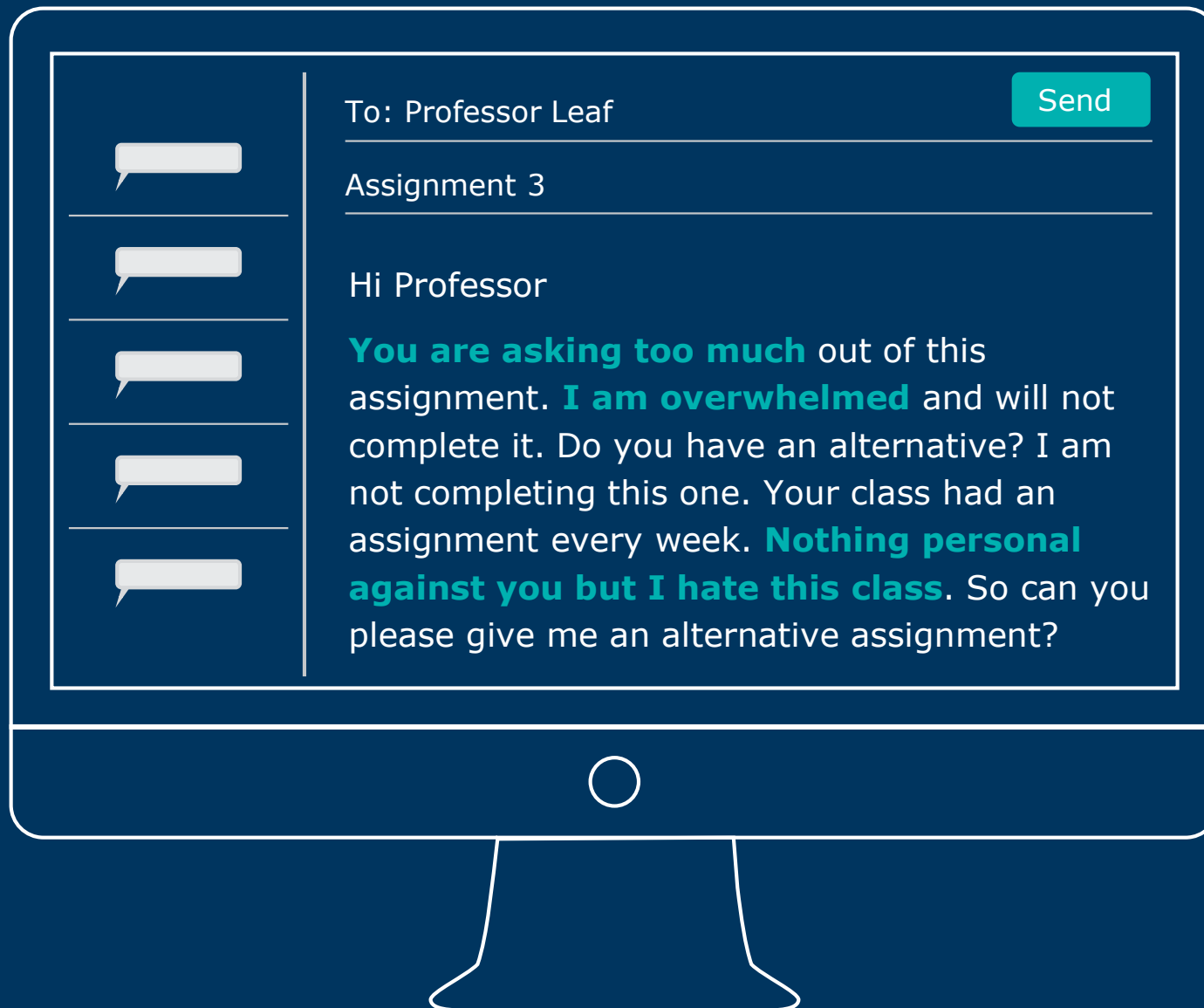
Academic and Mental Underpreparedness Influencing Student Decisions

Before Enrollment...

Mental, Academic Readiness Key Concerns for Optouts

22%

of students who opted out of college in 2023 cited "not mentally ready" as their reason, up from 14% in 2019

33%

of high school counselors cited academic readiness as the top factor deterring their students from attending college

After Enrollment...

Stress, Well-Being Increasingly Behind College Stopout Trends

75%

of college students who have considered dropping out in 2022 cited emotional stress as the primary driver

2x

Students with mental health concerns were twice as likely to stop out before graduating from college
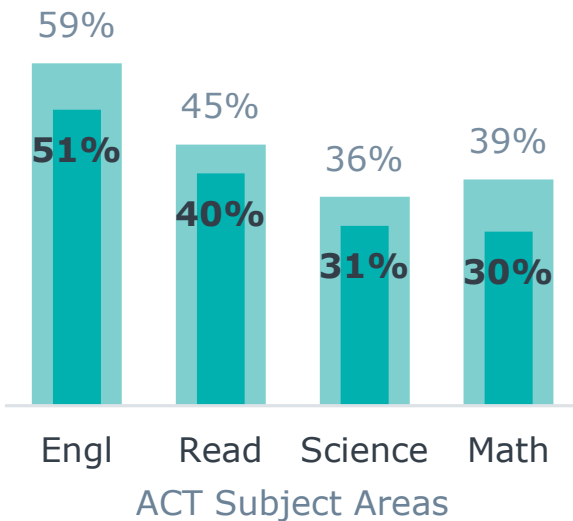
It Will Get Worse Before it Gets Better

Gaps from Unfinished K-12 Learning Will Be Felt for Years to Come

Pre- and Post-COVID Math Readiness by Age Cohort

| Current College First Years | Current Ninth Graders | Current Fifth Graders |

ACT College Readiness Among 2023 HS Grads

■ 2019 ■ 2023

ACT Subject Area	2019	2023
Engl	59%	51%
Read	45%	40%
Science	36%	31%
Math	39%	30%

ACT Subject Areas

On Pace for College Math in 8th Grade (i-Ready)

■ 2019 ■ 2023

Majority Enrollment at School	2019	2023
All	43%	38%
White	50%	44%
Latinx	30%	27%
Black	32%	25%

Majority Enrollment at School
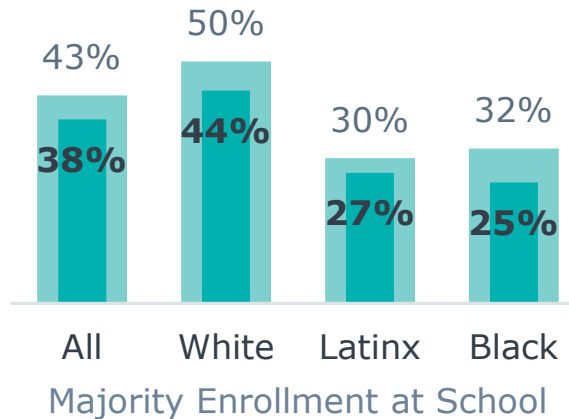
On Pace for College Math in 4th Grade (i-Ready)

■ 2019 ■ 2023

Majority Enrollment at School	2019	2023
All	69%	56%
White	76%	65%
Latinx	60%	41%
Black	54%	35%

Majority Enrollment at School
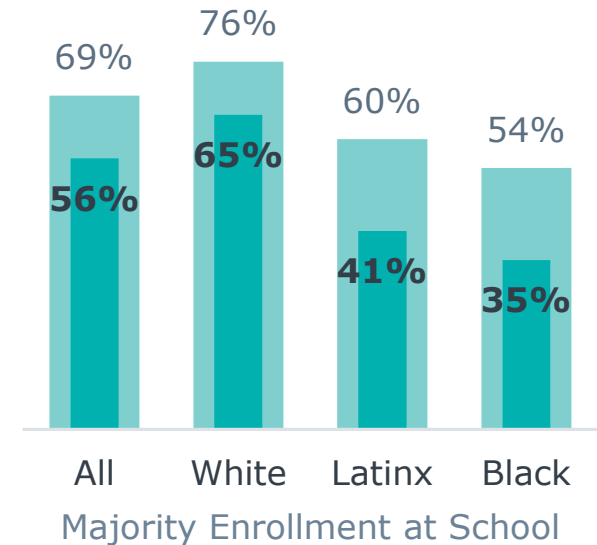
Source: EAB analysis of data from Curriculum Associates "State of Student Learning in 2023"; ACT U.S. High School Class of 2023 Graduating Class Data; NAEP Scores 'Flashing Red' After a Lost Generation of Learning for 13-Year-Olds

Competing Philosophies?

Supporting Holistic Student Needs vs. Preparing Independent Adults

Building Foundations for Lifelong Mental Wellness

Core Philosophical Tenets

▶ Effective student learning requires healthy emotional well-being

▶ Universities have a duty to support their students' mental health needs while in their care

> ❝ Beyond in loco parentis responsibility, it's incumbent on universities to provide the tools and therapies to students, not just to support them while they're here, but to **set them up to be mentally healthy for a lifetime**.❞
>
> President
> *Private Research University*

Promoting Grit and Resilience into Adulthood

Core Philosophical Tenets

▶ Universities should encourage the development of independent, resilient adults

▶ Suggests that overemphasis on support structures creates dependence, coddles students

> ❝ [S]afetyism is likely to make things even worse for students who already struggle with mood disorders. […] I don't want you to be safe ideologically. I don't want you to be safe emotionally. I want you to be strong. That's different. I'm not going to pave the jungle for you. **Put on some boots, and learn how to deal with adversity**. I'm not going to take all the weights out of the gym; that's the whole point of the gym. This is the gym.❞
>
> Jonathan Haidt, Author
> *The Coddling of the American Mind*

Source: Haidt, "The Coddling," The Coddling of the American Mind; EAB interviews and analysis.

Key Takeaways

Student mental well-being and academic achievement are closely intertwined, with **academic struggles leading to greater stress and greater stress leading to difficulty studying**. Declining mental health is a known and growing challenge. And universities are already feeling the **impact of K12 unfinished learning** caused by emergency remote instruction, as evidenced by higher absenteeism, spiking DFW rates, and greater student demand for academic accommodation.

Importantly, **this dual challenge will get worse before it gets better**. The largest drops in test scores occurred with current 8th and 9th graders—students who will arrive at university in 4 to 5 years. Universities must prepare now to support their least academically prepared cohort in only a few years.

How EAB Can Help You Address Challenges with Student Readiness and Well-Being

Signature Service

Mental Health Collaborative

Join (or nominate a student affairs leader to join) a cohort of peers to learn, discuss, and plan implementation of student mental health best practices, including how to embed support, leverage data, empower faculty, and fundraise for mental health and well-being.

More EAB Resources

Immediately Available

- Adapting Student Career Development for the Gen Z Era presentation and Executive Briefing

- Mental health and well-being research catalog, diagnostic, and student services web audit

Forthcoming Resources

- Provost roundtable series featuring new research on next gen advising and career development

- Best of Student Mental Health Insights Report

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value

2 Enrollment and Demographics

3 Sustainable Business Models

4 Student Readiness and Well-Being

5 Hybrid Campus
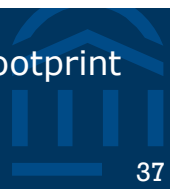
6 Artificial Intelligence

Immediate Challenge

Flexible Work Decisions Impact Operations, Productivity, and Hiring

Long-Term Threat

Future Campuses Will Require Different Mix and Use of Space and Potentially Reduced Footprint

Many Campuses Have Wrong Mix of Space

Likely Too Little

Likely Too Much

Residence Halls

Residential halls shrank as a share of campus space between 2007-2021, despite students' increasing desire to be on campus

Collaboration Spaces

Students increasingly join classes remotely but study in-person

STEM Labs

The number of STEM degrees/certificates awarded grew by 42% from 2011 to 2021, increasing the need for labs

Office Space

Office space has increased more than any other type, with NASF[1] per student increasing 182% from 1974-2021

Parking

Fewer daily commuters—employees and students—reduce need for spots

Lecture Hall Space

With about half of students enrolled in at least one online course, less demand for large lecture spaces

1) Net Assignable Square Feet

How EAB Can Help You Address Challenges with Hybrid Campus

Signature Service

Remote Work and Hybrid Workplace Consultation

Schedule a 1:1 expert consultation to discuss your campus flexible work policy and learn about the landscape of remote and hybrid work in higher education and your out-of-sector competitors.

More EAB Resources

Immediately Available

- Flexible Work Collaborative for Hybrid and Remote Employees (new cohorts launch in 2024)

- Remote Work Policy Audit

- Remote Work and Hybrid Workplace Resource Center

Forthcoming Resources

- Market-Credible Staff Compensation Playbook

- Executive Resources on Performance Management and People Analytics

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value

2 Enrollment and Demographics

3 Sustainable Business Models

4 Student Readiness and Well-Being

5 Hybrid Campus

6 Artificial Intelligence

Immediate Challenge

Select Policies, Training Necessary to Navigate AI Transition

Long-Term Threat

AI-Infused Curriculum Required to Prepare Students for Future of Work

Incorporating AI into the Curriculum to Match Societal, Workplace Changes

Provide 24/7, Personalized Student Support with One-Stop Conversational AI

Supercharge Faculty and Staff Productivity to Pursue More Strategic Tasks

Maximize Enrollment and Advancement Yield with Hyper-Personalized Content Generation

Transcend Historical Bounds of Innovation in Research by Using AI to Expand Human Capabilities

Support Faculty, Staff and Student Use of AI

Encourage Faculty Use of AI in Pedagogy

Institutional Statement Embracing AI

USC's Provost and Academic Senate released a statement urging faculty to encourage students to explore AI [1]

AI Literacy Courses

Auburn offers a hands-on "Teaching with AI" course that has already been completed by ~ 700 faculty [2]

Faculty AI Teaching + Learning Workshops

The University of Mississippi launched a paid ($1,000 stipend) two-day AI Summer Institute for Teachers of Writing [3]

Create AI Learning Opportunities for Students

Student Orientation Session on ChatGPT

USF developed a Zoom orientation session on Chat GPT for incoming students, focused on pros, cons, and ethics of using AI for schoolwork

On-Demand Student Trainings

Vanderbilt offers free, extensive AI training (including workshops and online courses) for students, faculty, and staff

Subsidized Tokens and Microcredentials

UHK pays half of course fees for students taking Coursera modules on AI and provides them with 500K AI access tokens (costing ~$1-2 per student per month)

Additional sources not linked above: Hong Kong University, Hong Kong, China; University of San Francisco, San Francisco, CA; Vanderbilt University, Nashville, TE; EAB interviews and analysis.

Key Takeaways

Generative artificial intelligence (AI) technology reached an inflection point in late 2022 with the launch of ChatGPT, which hit **100 million users in an astonishingly fast two months**.

Initial reactions among university leaders centered on academic integrity and cheating concerns. However, most quickly realized the "genie was out of the bottle," and **shifted focus to productively incorporating AI into pedagogy**. In the short-term, investments in JIT training and short-format modules for students and faculty show promise.

More fundamentally, universities must adjust teaching and learning to **prepare students for a post-AI world**, as well consider AI applications in student success, staff and faculty productivity, and research.

How EAB Can Help You Address Challenges with Artificial Intelligence

Signature Service

AI and the Future of Higher Ed: What Every Cabinet Needs to Know Webinar

Dial up our on-demand webinar to learn how AI stands to transform higher education. Our experts explore common misconceptions, current opportunities, and how leaders like you are navigating the risks and rewards of AI.

More EAB Resources

Immediately Available

- Chronicles of Innovation: Tracing AI's Early Footprints in Higher Ed presentation

- AI Strategy expert consultation

- 6 Innovative Ways Higher Ed can Embrace AI insight article

Forthcoming Resources

- Campus AI Investment Prioritization Workshop

- Presidential Experience Lab: Artificial Intelligence and the Future of Work on June 4-5, 2024 | Silicon Valley

Public Perception of Higher Ed Value

Immediate Challenge

- Universities Hammered by Culture Wars and Diminishing ROI Narratives

Long-Term Threat

- Anti-Higher Ed Echo Chamber Impacts Campus Morale

Enrollment and Demographics

Immediate Challenge

- Post-Vaccine Enrollments Stabilize But Still Show Signs Of Weakness

Long-Term Threat

- The Demographic Cliff "Levels Up" to Peak Population

Sustainable Business Models

Immediate Challenge

- Rising Budget Pressures Lead Universities to Pursue Host of Savings Strategies

Long-Term Threat

- "Less with Less" Mentality May Be Needed to Survive Demographic and Enrollment Changes

Student Readiness and Well-Being

Immediate Challenge

- Academic and Mental Health Struggles Spiral Post-COVID

Long-Term Threat

- Readiness Will Continue to Decline as Youngest of COVID Generation Arrive on Campus

Hybrid Campus

Immediate Challenge

- Flexible Work Decisions Impact Operations, Productivity, Hiring

Long-Term Threat

- Future Campuses Will Require Different Mix and Use of Space and Potentially Reduced Footprint

Artificial Intelligence

Immediate Challenge

- Select Policies, Training Necessary to Navigate AI Transition

Long-Term Threat

- AI-Infused Curriculum Required to Prepare Students for Future of Work

Source: EAB interviews and analysis.

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value

2 Enrollment and Demographics

3 Sustainable Business Models

4 Student Readiness and Well-Being

5 Hybrid Campus

6 Artificial Intelligence

Immediate Challenge

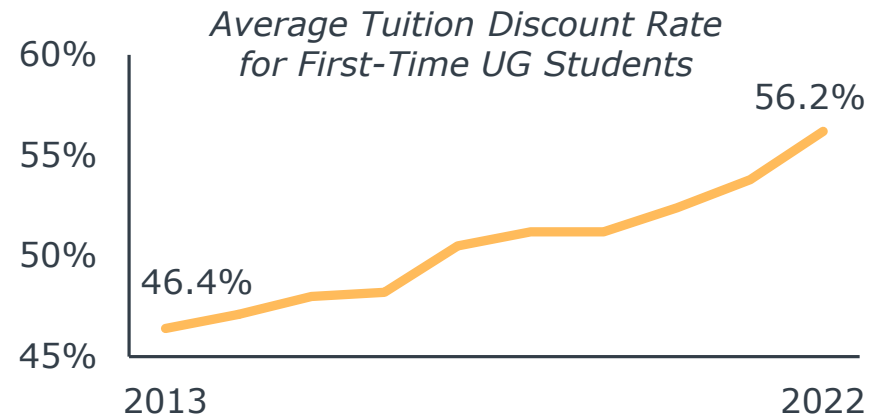Rising Budget Pressures Lead Universities to Pursue Host of Savings Strategies
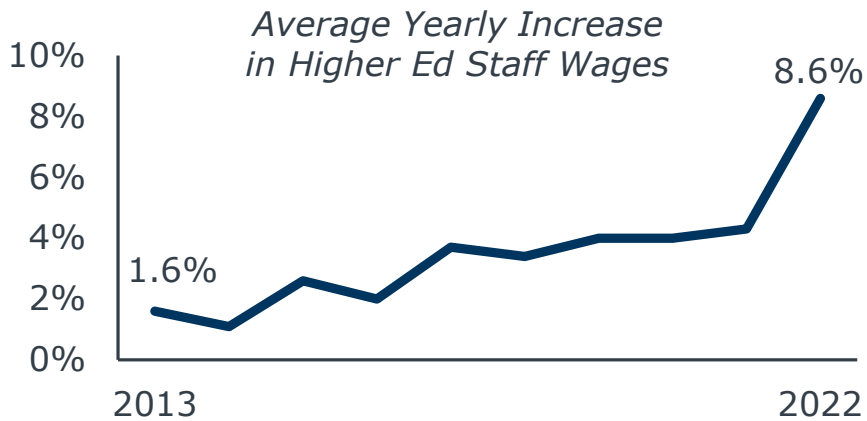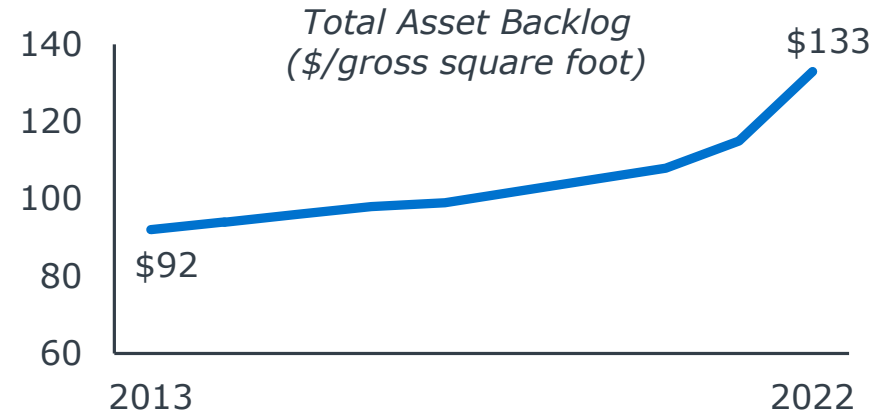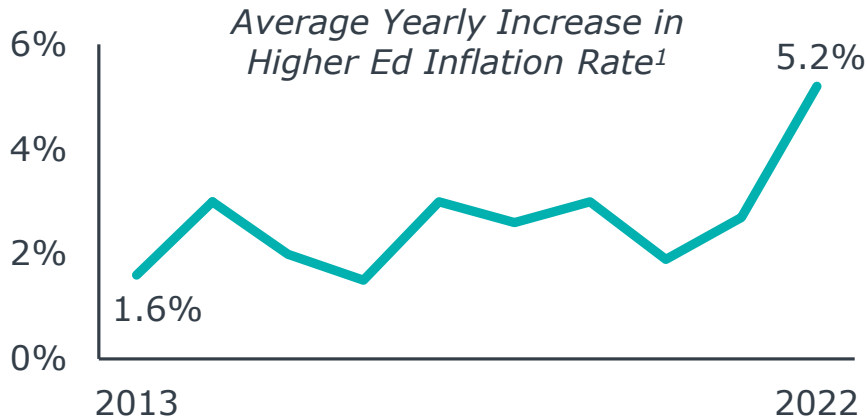
Long-Term Threat

A "Less with Less" Mentality May Be Needed to Survive Demographic and Enrollment Changes

Converging Challenges Squeeze University Budgets

Inflation, Discounting, Operational Costs Worsen Simultaneously

Average Yearly Increase in Higher Ed Inflation Rate[1]

6%

4%

2%

0%

1.6%

5.2%

2013   2022

Total Asset Backlog ($/gross square foot)

140

120

100

80

60

$92

$133

2013   2022

Average Yearly Increase in Higher Ed Staff Wages

10%

8%

6%

4%

2%

0%

1.6%

8.6%

2013   2022

Average Tuition Discount Rate for First-Time UG Students

60%

55%

50%

45%

46.4%

56.2%

2013   2022

A Short-Term Lifeline Comes to an End

Pandemic relief funding ($75.3B in total) prevented short-term financial disaster in 2021 and 2022. But with certain restrictions and a deadline to spend/plan by June 30, 2023, most institutions could not use their share of funding to address longstanding financial challenges.

1) From the Commonfund Institute's Higher Education Price Index

Breakdown of 4-Year Institutions by Projected First-Time, First-Year Growth Rates in 2030

Shrinking in 2030

- Fuller adoption of cost-savings playbook needed

- Strategies with largest savings potential often require longer runway; institutions must begin implementing now
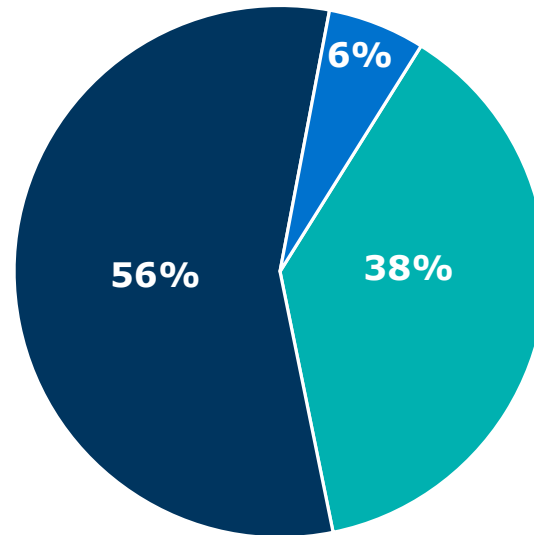
Flat[1] in 2030

- Growth window is closing as pressures intensify

- Still opportunity to get ahead of the storm

Growing in 2030

- Size and selectivity "winners"

- Adopting "less is less" mentality in certain areas creates flexibility, allows reinvest in areas of strength

Pie chart: 56%, 38%, 6%

Growth Opportunities Are Few and Far Between

-13%
Decline in undergraduate adult (25+) learner enrollment, 2006-2021

-10%
Decline in transfers from two-year to four-year institutions, AY19-20 to AY21-22

1.1%
Projected annual growth rate for master's degree conferrals, 2021-2031

1) Defined as growth between -2% and 2% growth in first-time, first-year enrollment.

Facing Pressure, Institutions Turn to Familiar Cost-Cutting Measures

WestVirginia University

- $45M deficit
- Approved plan to cut 28 programs, 143 faculty

chatham UNIVERSITY

- 20 staff laid off
- Hiring freeze
- Reduced overtime and benefits

DE PAUL UNIVERSITY

- $56M budget gap
- 77 voluntary separations

Southern OREGON UNIVERSITY

- 13% reduction in workforce
- Early retirement, no backfilling roles

HENDERSON STATE UNIVERSITY 1890

- Financial exigency
- 90-day hiring freeze
- Restructured academic departments

Queen's UNIVERSITY

- $62.8M operating budget deficit
- Hiring freeze

Getting Ahead of the Storm

With Pressures Only Growing Worse...

- Eroding state allocations
- Rising real estate and maintenance costs
- Shifts in international enrollment trends
- Research funding funneling to the top
- Domestic undergraduate decline
- Weakening adult and transfer markets

...Universities in the Black Also Cutting Costs

Bates

Senior staff asked to reduce programmatic spending by 5%, despite $3M surplus in FY 2022.

Source: Quinn, "Despite National Pushback, West Virginia Will Cut Faculty, Programs," *Inside Higher Ed*, Sept. 15, 2023; Deto, "Chatham University reduces staff, streamlines operations to address budget deficit," *Tribune-Review*, Sept. 12, 2023; Querolo, "Largest Catholic University in US Faces $56 Million Budget Gap," *Bloomberg*, April 14, 2023; Coppolino, "Queen's projects a $62.8 million deficit," June 26, 2023; Collins, "Worried about rising costs, Bates College plans cuts," *Sun Journal*, Jan. 9, 2023; EAB interviews and analysis.

Pivoting to a Strategic Model that Reflects Changing Market Realities

2000s ——————————— 2010s ——————————— 2020s →

More with More

- "If we build it, they will come" mentality fuels growth-minded boom of programs, facilities, and research expenditures

- Amenity and experience arms race requires more tech and staff to deliver

- Share-the-wealth budget decisions promote stability in times of growth

More with Less

- Emphasis on efficiency and belt-tightening to keep output constant

- Difficult prioritization and trade-offs deferred when metrics show incremental improvement

- Growing workloads lead to staff burnout, as there's always "more" to do

Less with Less

- Intentionally decreasing "productivity" in favor of sustainable operations

- Budget decisions must reflect market realities of enrollment, funding

- Saying "no" is rewarded

- Potentially better staff experience; work is scaled to reasonable level

---

"Smaller but Better"

Percentage of CBOs that said their institutions "tightened focus" and are positioned to be "smaller but better."

4%
2022

➡️

18%
2023

Source: "Survey of College and University Business Officers," *Inside Higher Ed*, 2023; EAB interviews and analysis.

Leaders Must Make Tough Budget Decisions to Ensure Viability

Blanket Cuts Are Unsustainable, Can Damage Strategic Capacity

Impacts of Across-the-Board Cuts Identified in Gartner Analysis

43%
of organizations achieve desired savings in first year of cuts

11%
of organizations able to sustain cuts over three years

Erode sources of persistent value

Penalize efficient parts of the org

Lock in status quo processes

IPEDS Analysis of Institution Cost Growth Following Across-the-Board Cuts

67%
of institutions' three-year-average cost growth increased following large cut

45%
of institutions exceeded previous cost-growth trajectory within three years

Source: Wiles, "7 Cost-Reduction Mistakes to Avoid," Gartner, Aug. 17, 2022; IPEDS, Delta Cost Project Database, National Center for Education Statistics; EAB interviews and analysis.

Potentially Better Conditions for Some Administrative Cost-Saving Strategies

OPPORTUNITY	WHAT WE'VE DONE	WHAT WE'VE NOT DONE	WHAT'S DIFFERENT TODAY
Centralization	Opportunistically collapsed or merged units when doing so posed low change-management risk…	…without systematically reviewing chances to consolidate and centralize work across campus	Shifts to cloud-based and hybrid work dampen largest complaints (e.g., staff proximity, access) about redesigns
Workflow	Simplified processes (e.g., removed duplicative steps) to ease workloads…	…without eliminating the paper-based processes that slow action	Forced remote work during the pandemic catalyzed widespread digitalization
Vacancy Review	Asked the right questions about whether to backfill a position…	…without mandating hold-open periods to analyze multiple vacancies together	As job-switching increases with each generation, higher number and more regular vacancies likely
Energy	Achieved visibility into the biggest energy draws…	…without replacing legacy systems with more energy-efficient technologies	Improvements in technology (e.g., solar, water) and costs make green energy ROI more achievable
Purchasing	Increased enforcement of on-contract spending and purchasing policies…	…without automating procurement processes that enhance compliance	Advances in AI, such as robotic process automation, can streamline repetitive buyer tasks like issuing purchase orders

Source: EAB interviews and analysis.

Zombie U.
Alive, Sort Of

Hiring freezes and across-the-board layoffs include mission-critical and hard-to-hire roles

Mental health and career counselors reduced by half; students lament lost services on social media

Older admin building shuttered due to rising O&M costs, forcing lease of expensive space downtown

Voluntary severance taken by strongest faculty, hollowing out popular programs

Shift to adjunct-only faculty eases hiring and firing, erodes commitment to university mission

Lurching onward, stuck in a doom loop, and increasingly appearing in Chronicle articles questioning its survival prospects

Rightsize State
Strategically Pruned and Thriving

3-month hold-open periods and central vacancy reviews frustrate busy staff but allow for AI, automation, and reorg solutions

Aggressive outsourcing of auxiliary tasks harms "community employer of choice" status but reduces risk, improves service

Demolishing under-filled residence halls prompts alumni uproar but offloads millions in deferred maintenance costs

Program review process narrows portfolio (and faculty headcount) while preserving mission-aligned offerings

Eliminating adjunct contracts and increasing section sizes impacts academic workload but avoids further layoffs

Fewer students, programs, space, and staff – but resilient and fiscally stronger due to choices made for long-term good

Source: EAB interviews and analysis.

Given the *guiding principles* and *considerations for resource/personnel management* provided by leadership - what considerations/adjustments are you making within your unit to be ***more*** efficient with resources?

Key Takeaways

The combination of enrollment shortfalls, inflation, and rising wages have created **severe budget pressure for most institutions**. Even some campuses currently in the black are aggressively pursuing cost savings to prepare for what they see as a coming storm.

In the short term, university leaders must **avoid damaging one-time, across-the-board cuts in favor of more sustainable, principled savings tactics.** However, declining demographics mean that for most universities, this is not a storm to be weathered, but an existential change.

Rather than continuing to try to "do more with less," many should be pursuing a **"less with less" strategy of strategically shrinking—** reduced footprint, fewer offerings, fewer students—to become leaner and more resilient.

How EAB Can Help You Address Challenges with Sustainable Business Models

Signature Service

Financial Performance Engagement

Work directly with an EAB Senior Research Advisor to establish a norm of continuous program review and business process improvement, course-correct flagging programs, and prioritize among cost savings opportunities.

More EAB Resources

Immediately Available

- Consultations on budget model design

- Financial Performance Collaborative for Provosts (Recruiting now for January cohort)

- Process Improvement Resource Center

Forthcoming Resources

- New research initiative on achieving administrative efficiency and effectiveness

- New research initiative on understanding academic costs and instructional capacity

Public Perception of Higher Ed Value

Immediate Challenge

- Universities Hammered by Culture Wars and Diminishing ROI Narratives

Long-Term Threat

- Anti-Higher Ed Echo Chamber Impacts Campus Morale

Enrollment and Demographics

Immediate Challenge

- Post-Vaccine Enrollments Stabilize But Still Show Signs Of Weakness

Long-Term Threat

- The Demographic Cliff "Levels Up" to Peak Population

Sustainable Business Models

Immediate Challenge

- Rising Budget Pressures Lead Universities to Pursue Host of Savings Strategies

Long-Term Threat

- "Less with Less" Mentality May Be Needed to Survive Demographic and Enrollment Changes

Student Readiness and Well-Being

Immediate Challenge

- Academic and Mental Health Struggles Spiral Post-COVID

Long-Term Threat

- Readiness Will Continue to Decline as Youngest of COVID Generation Arrive on Campus

Hybrid Campus

Immediate Challenge

- Flexible Work Decisions Impact Operations, Productivity, Hiring

Long-Term Threat

- Future Campuses Will Require Different Mix and Use of Space and Potentially Reduced Footprint

Artificial Intelligence

Immediate Challenge

- Select Policies, Training Necessary to Navigate AI Transition

Long-Term Threat

- AI-Infused Curriculum Required to Prepare Students for Future of Work

Source: EAB interviews and analysis.