

Foundational Pressures (Current and Evolving) on Graduate Education in the South

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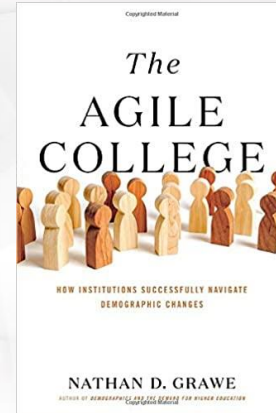
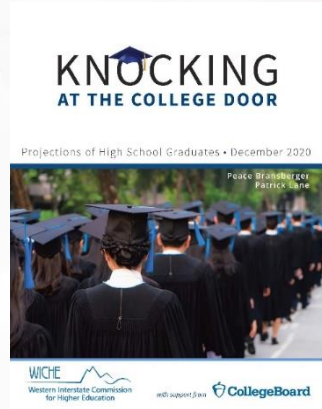
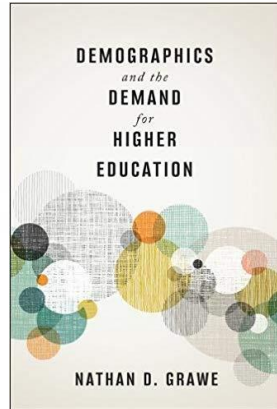
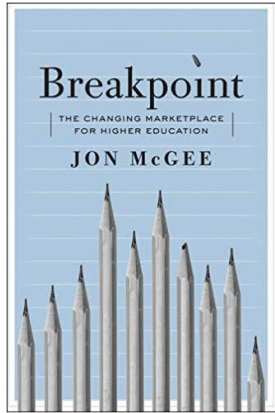
Advancement

Past-President CSGS

Agenda

1. Demographic Shifts Underway
2. The Impact of COVID-19 and the Acceleration of Pressure Points
3. Demographic Projections in the South
4. Trends in State Funding
5. The Foundational Pressures on Graduate Education

The Changing Landscape of Higher Education



How it All Began: Declining Birth Rates and Interstate Migration

70% of high school graduates attend some higher education. (NCES)

First Signs of Pending Inflection in Northeast (WICHE)

- Birth rates and interstate migration. Cities are shrinking.

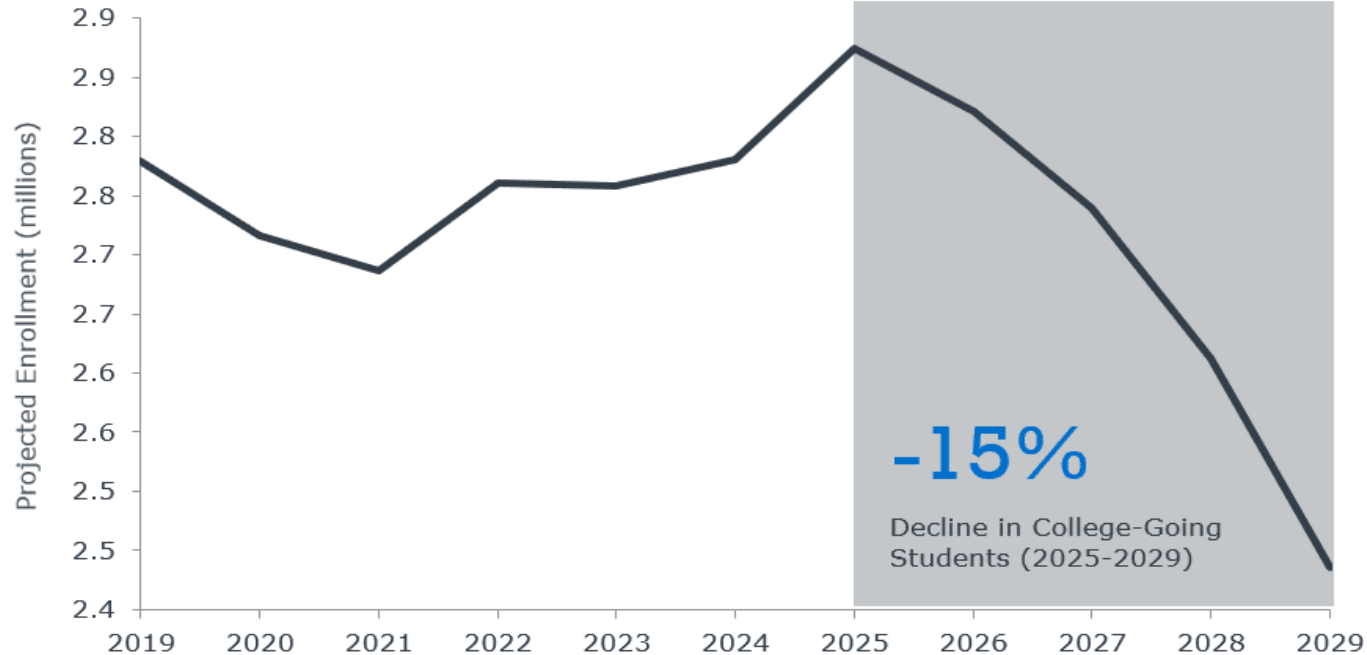
Births Drop Nationwide Following the Great Recession (Grawe)

- 500,000 fewer births from 2007-2017
- The birth rate has fallen every year since 2007:
 - 1.73 births per woman (below the 2.1 necessary for replacement) in 2018.

Demographic Cliff by the Numbers (Pre-Covid)

Enrollment Projected to Drop Sharply After 2025

Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation



Racial Diversity within the Decline

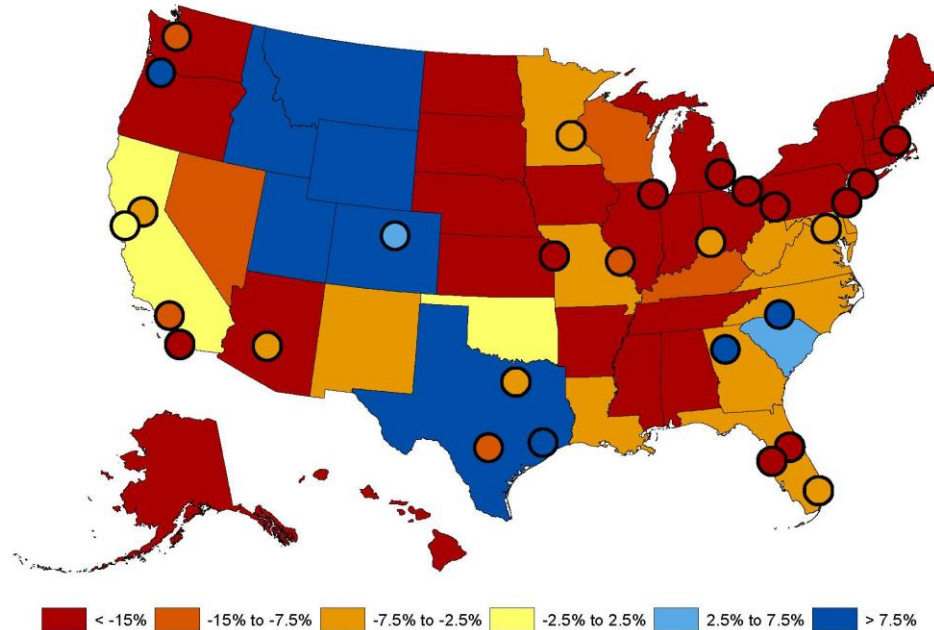
- Non-Hispanic white and non-Hispanic black high school graduates will decline significantly based on decline in birth rates and smaller percentage of immigration increases.
- Hispanic, Asian, and multi-race will increase based on birth rates rebounding and immigration.
- Moreover, Hispanics have made dramatic progress in terms of high school graduates:
 - In 2000, only 41% of eligible Hispanics graduated high school; 56% by 2016.

Nathan Grawe's Summation

“All four regions share an expectation of greater diversity in coming years. The greatest change is expected in the Northeast, where the non- Hispanic white share is expected to fall by almost 10% points. The other three regions anticipate a decline of about five percentage points. **By the time the high school classes of 2033 and 2034 graduate, the model projects that non-Hispanic whites will make up less than 50% of the class in all regions except the Midwest....”**

Forecasted Changes in College-going Students 2012-2032

Source: Grawe,
Nathan.
“Demographics
and the Demand
for Higher
Education”, HEDI
index figure 4.3



Source: Grawe, Nathan. “Demographics and the Demand for Higher Education”, HEDI index figure 4.3

And Then COVID-19 Enrollment Data Arrives

- Enrollment has declined by 5.1 percent (937,500) since 2020.
- Total enrollment dropped by 2.7 percent in fall 2021; 2.5 in 2020.
- Undergraduate enrollment declined by 3.1 percent in fall 2021 compared with fall 2020. Graduate enrollment declined by 0.4 percent. (Inside Higher Ed)

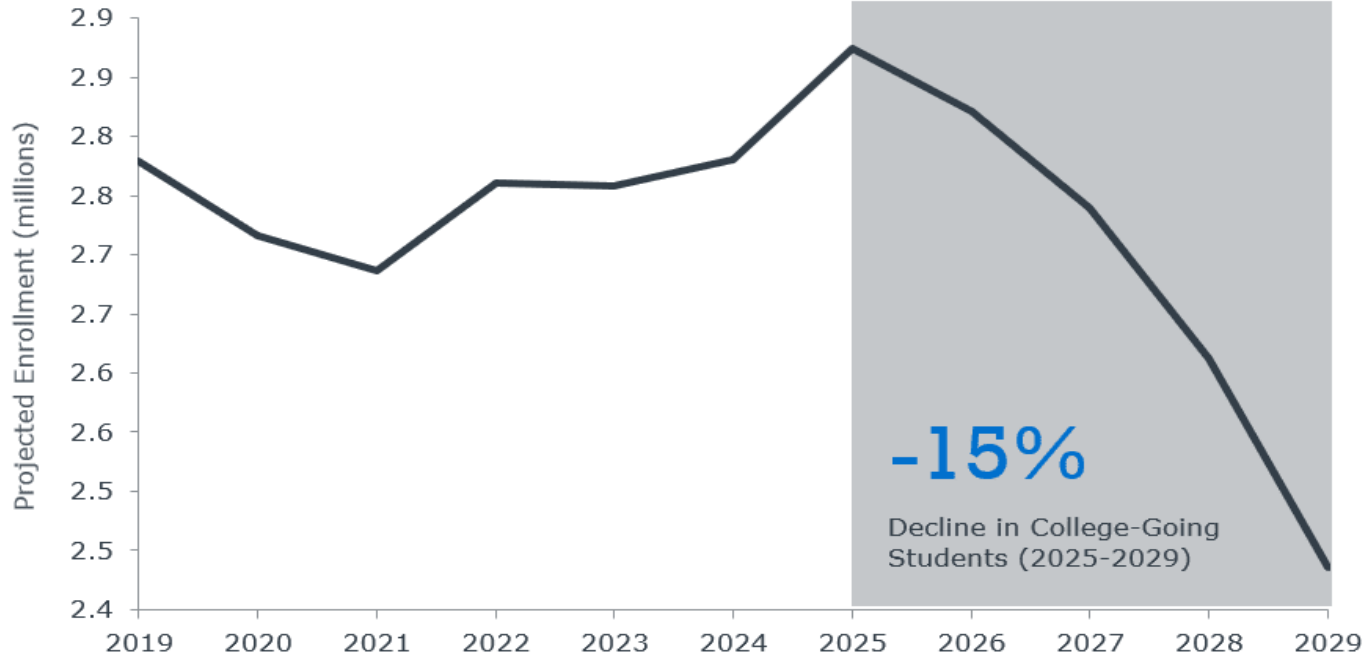
Decline by Institutional Type in 2021			
For-Profit	Non-Profit 2 yr.	Non-Profit 4 yr. Private	Non-Profit 4 yr. Public
-11%	-3.4%*	-1.6	-3.6 (251,400)

*2 yr. Colleges Hit Hardest: -13.2% since 2019. (Source: National Student Clearing House)

Demographic Cliff by the Numbers (Pre-Covid)

Enrollment Projected to Drop Sharply After 2025

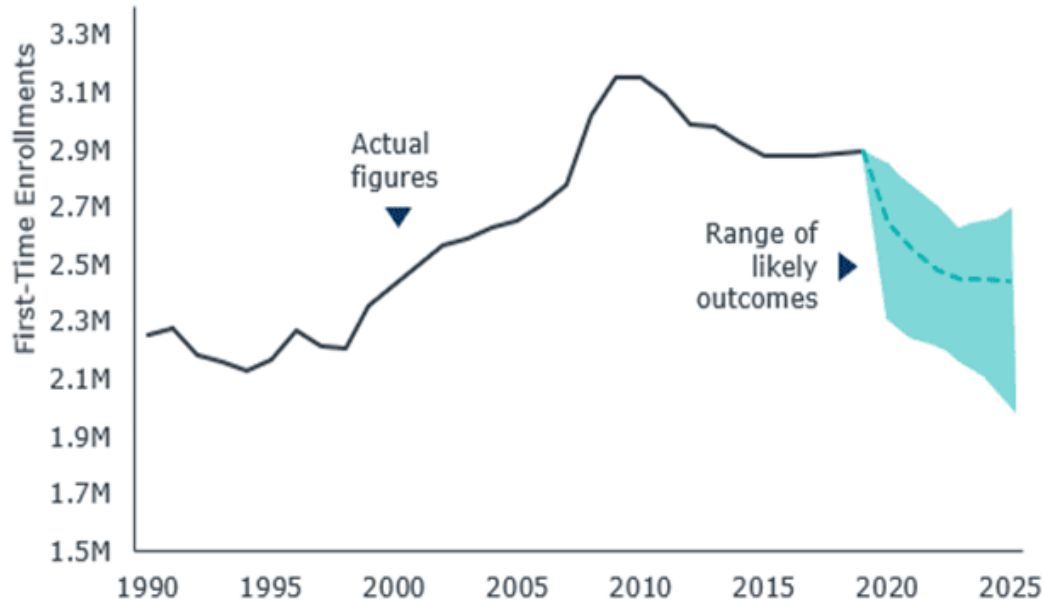
Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation



Demographic Cliff by the Numbers (Evolving)

Projecting the Impact of Increased High School Dropouts and Delayed College Plans

Number of first-time enrollments at 2-year and 4-year institutions, 1990-2025¹



Estimated range of inputs informing outcome:*

- High school dropouts: 1.2M-2M
- Students delaying matriculation due to financial stress, preference for in-person instruction: 5-40%
- Long-term decline in attendance due to decreased consumer confidence: 1-3x 2008 recession impact

*Range of possibilities is not a statistical model.

The Potential Consequences

The College Stress Test, by Bob Zemsky, Susan Shaman, and Susan Campbell Baldrige, 2020.

- 10% of all colleges and universities are in danger of closing in the next few years.

BASED ON PRE-COVID ANALYSIS of institutional enrollment and financial data submitted to IPEDS.

The Potential Consequences

EY-Parthenon Research and Consulting

35% (800) of nonprofit institutions face at least three of the following threats:

- No online programs
- Annual tuition increases over 9%
- Discount rate above 35%
- Tuition dependence greater than 85% of budget
- Endowment income less than 1/3 of expenses
- Debt obligations greater than 1/10 of expenses

The Potential Consequences

Professor Scott Galloway and others analyze data set of 436 colleges and universities.

Every university was plotted across two axes: value (credential x experience x education/tuition) vs. vulnerability (endowment per student + percentage of international students).

Four Quadrants:

- Thrive (High Value, Low Vulnerability)
- Survive (High Value, High Vulnerability)
- Struggle (Low Value, Low Vulnerability)
- Perish (Low Value, High Vulnerability)

From Galloway's *No Mercy/No Malice*. "USS University," July 17, 2020.

The Potential Consequences

US HIGHER EDUCATION: VALUE VS VULNERABILITY

N=436 COLLEGES AND UNIVERSITIES RANKED BY US NEWS AND WORLD REPORT



SOURCE: PROF. G.

NOTE: 1 COLLEGE AND 4 SCHOOLS ARE ON THE CHART THAT FALL INTO EACH QUADRANT

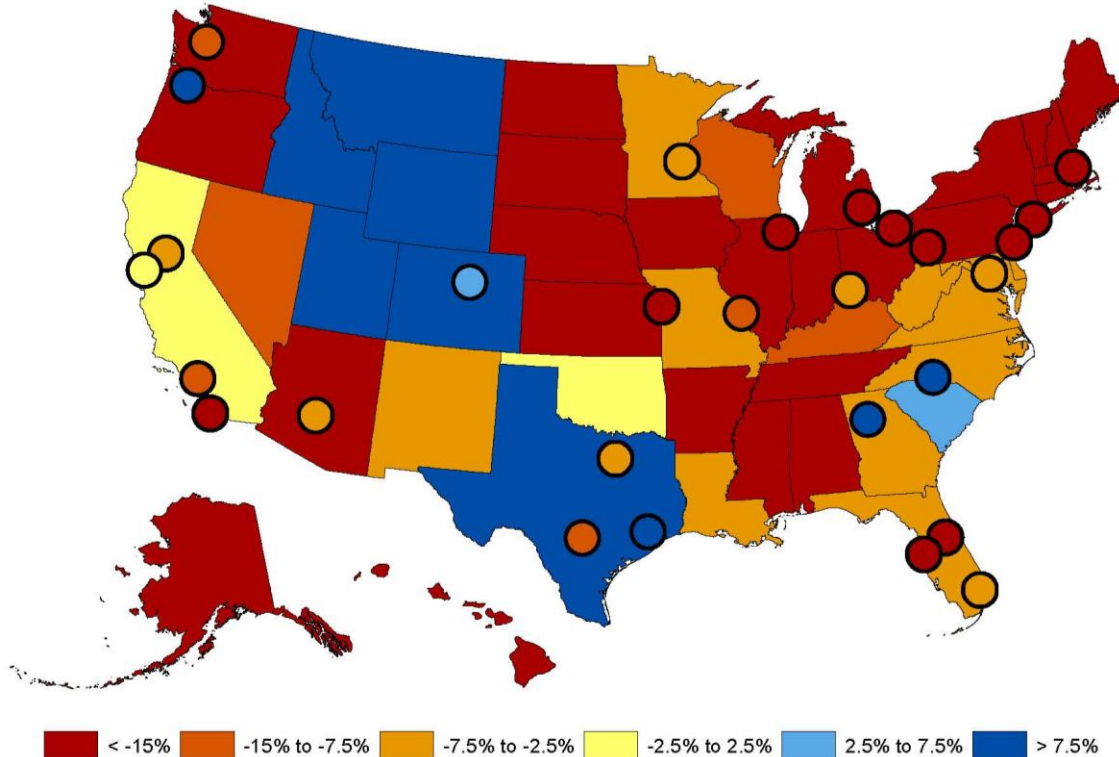
The Potential Consequences

ACE Survey of College Presidents (2021)

- 60% identified enrollment as their primary concern
- 54% identified the mental health of their faculty and staff as a pressing concern.
- **42% were concerned about the long-term financial sustainability of their institution.**

And the South Specifically?

Source: Grawe,
Nathan.
"Demographics
and the Demand
for Higher
Education", HEDI
index figure 4.3



Demographic Trends in the South

- West and South show best enrollment projections after peak in 2025, with variations based on institutional type.

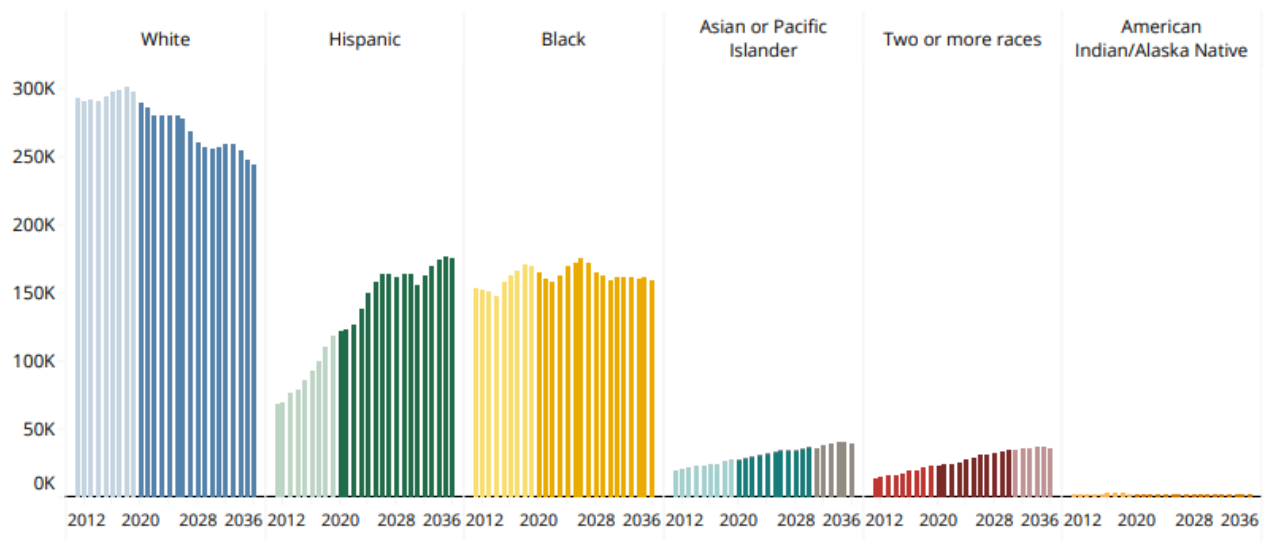
4-year National Institutions		4-Year Regional Institutions		2-Year Colleges	
West	+12%	West	+5%	West	-6%
South	+16%	South	-6%	South	Flat

- Added context for Southern regionals:
Public will depend on private.

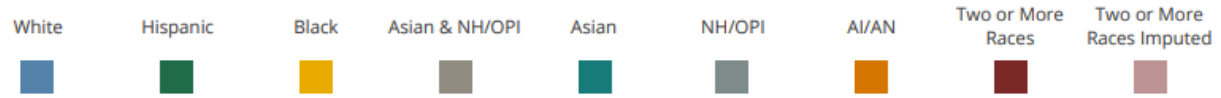
Public High School Graduate Trends, Class of 2011 to 2036

• Between the Class of 2019 and 2036, the share of non-white public graduates is projected to **increase** from **53%** to **63%**

Public High School Graduates by Race/Ethnicity



First Fully Projected Year, Class of 2020
 Click on a population below to highlight trends in the chart above



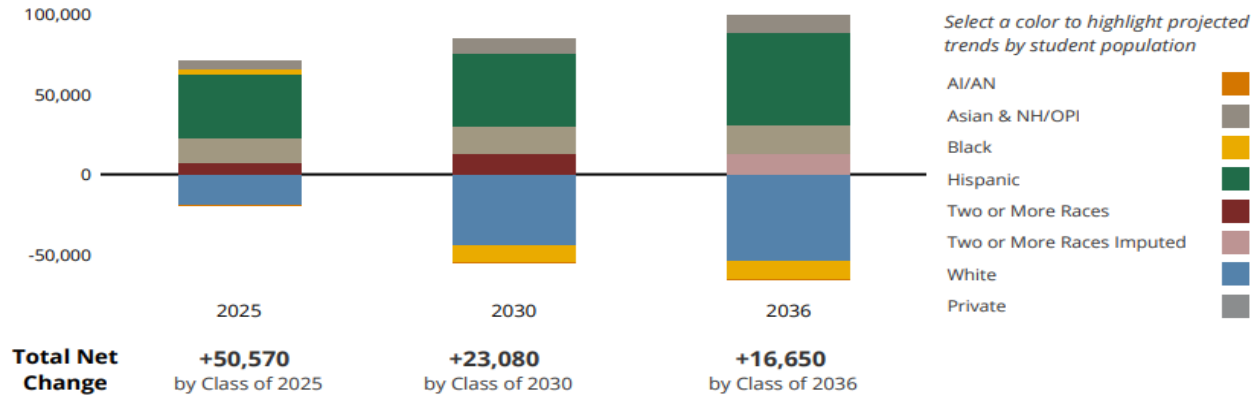
! Two or more race values for SY 2030-31 to 2035-36 are estimates and not a fully projected value. For Asian or Pacific Islander: In the years the detail is available, the number that are Asian or Native Hawaiian/Other Pacific Islander (NH/OPI) are charted separately as stacked bars. Beginning with Class of 2031, the combined total of Asian or NH/OPI is charted. Use the button below to view additional charts for projected public high school graduates by race and ethnicity.

Source:
 Western
 Interstate
 Commission on
 Higher
 Education,
 “Knocking at the
 College Door”
 (WICHE)
 South Atlantic
 Region

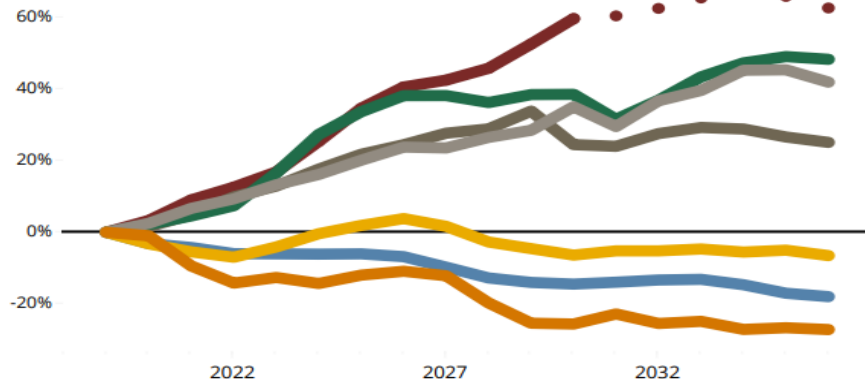


Projected Changes in High School Graduates Compared to the Class of 2019

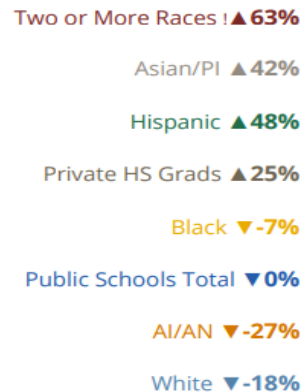
Cumulative Change in the Number of Graduates



Cumulative Percent Change



Change between 2019 & 2036



Source:
Western Interstate
Commission on
Higher Education
Knocking at the
College Door
(WICHE)
South Atlantic
Region

! Two or more race values for SY 2030-31 to 2035-36 are estimates and not a fully projected value.

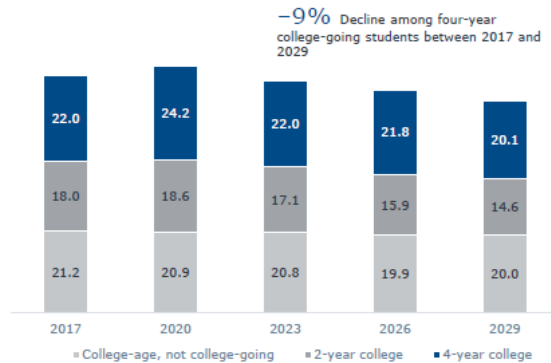
State Outlook: Alabama

Demographics Trends

Recruitment Pool to Shrink in the Next Decade

An uptick in enrollment of four-year college-going students in the next three years will be followed by a steady decrease until 2029.

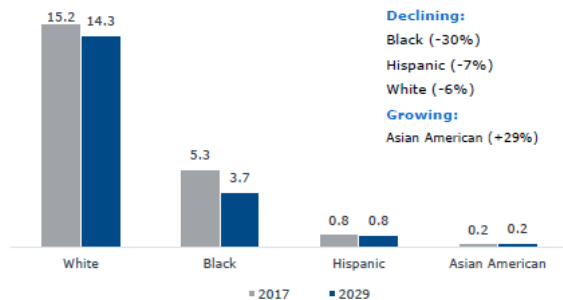
Forecasted Number of College-Aged and College-Going Students in Alabama (Thousands), by Year of High School Graduation



Significant Decline in Black and White Student Populations

The greatest decline will be seen among non-Hispanic black students (a decrease of 1,600 students between 2017 and 2029), followed by non-Hispanic whites.

Projected Number of four-year College-Going Students in Alabama (Thousands), by Race/Ethnicity



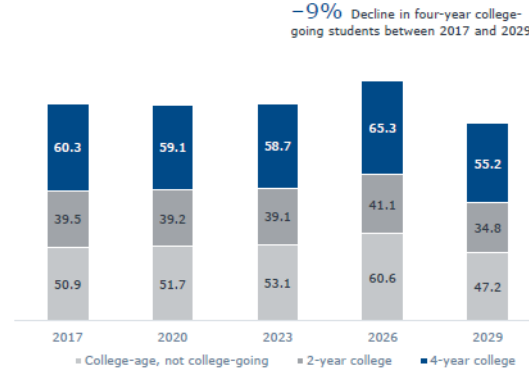
State Outlook: Georgia

Demographics Trends

Recruitment Pool Set to Shrink in the Next Decade

The largest decline in enrollment of four-year college-going students will occur between 2026 and 2029 (15% decrease over three years).

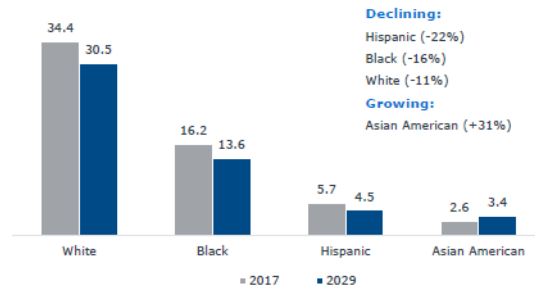
Forecasted Number of College-Aged and College-Bound Students in Georgia (Thousands), by Year of High School Graduation



Decline Among All Student Segments Except Asian Americans

Hispanics, White, and Black student segments will all decrease in size. Growth will be seen only among the Asian American student population.

Projected Number of Four-Year College-Going Students in Georgia (Thousands), by Race/Ethnicity



State Outlook: Mississippi

Demographics Trends

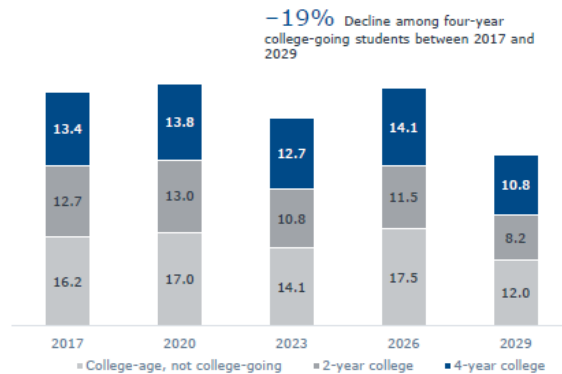
Recruitment Pool Set to Shrink in the Next Decade

The largest decrease in enrollment of college-going Mississippi students will be seen between 2026 and 2009 (23% decline). This decline will mainly result from an appreciable drop in the population of college-aged individuals.

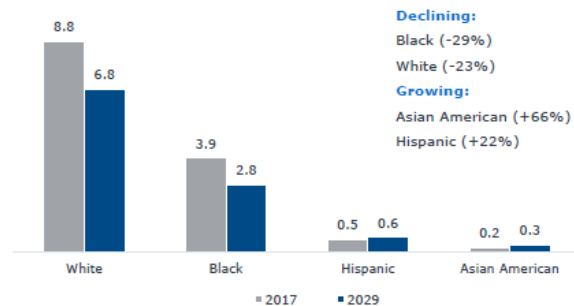
Large Decline in White Student Population

The Non-Hispanic White student population will decrease by 23% over the next decade with a loss of about 2,000 students. The Non-Hispanic Black population will experience a similar decline, decreasing by 900 students between 2017 and 2029.

Forecasted Number of College-Aged and College-Going Students in Mississippi (Thousands), by Year of High School Graduation



Projected Number of Four-Year College-Going Students in Mississippi (Thousands), by Race/Ethnicity



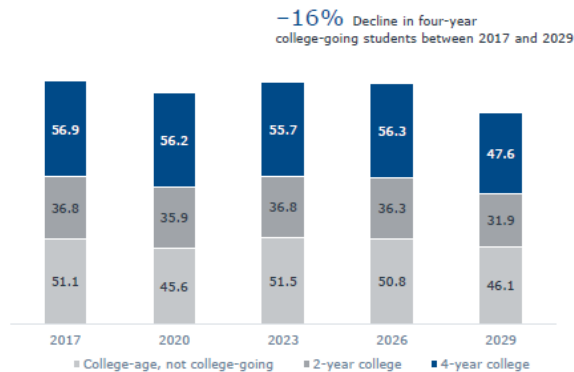
State Outlook: North Carolina

Demographics Trends

Recruitment Pool Set to Shrink in the Next Decade

After minimal changes in North Carolina's enrollment patterns until 2026, demand for four-year college-going students will contract quickly and significantly between 2026 and 2029 (by 15%).

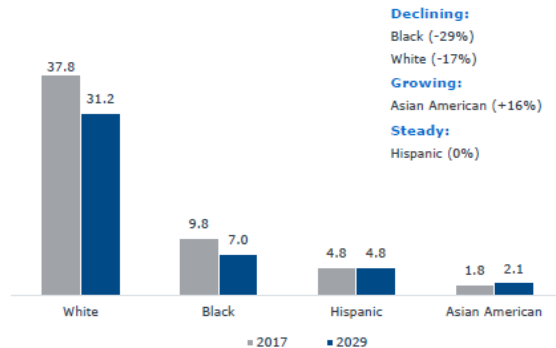
Forecasted Number of College-Aged and College-Bound Students in North Carolina (Thousands), by Year of High School Graduation



Large Decline in NC's White Student Population

The Non-Hispanic White student population will see the greatest decline in absolute terms (loss of about 7,000 students) over the next decade, followed by a significant decrease in the Non-Hispanic Black population. The only growth will be seen among Asian American students.

Projected Number of Four-Year College-Going Students in North Carolina (Thousands), by Race/Ethnicity



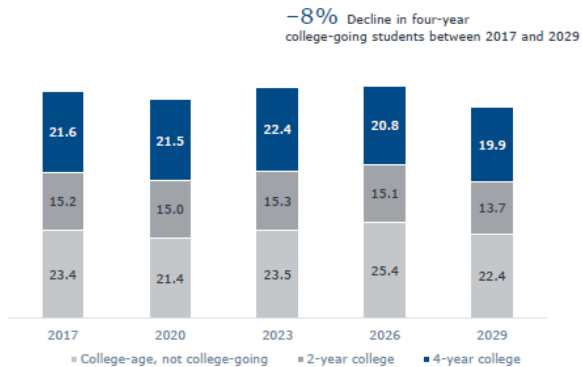
State Outlook: South Carolina

Demographics Trends

Recruitment Pool Set to Shrink Slightly in the Next Decade

There will be small changes in enrollment of four-year college-going students until 2029, with the largest decline occurring post-2026 (11% drop between 2023 and 2029).

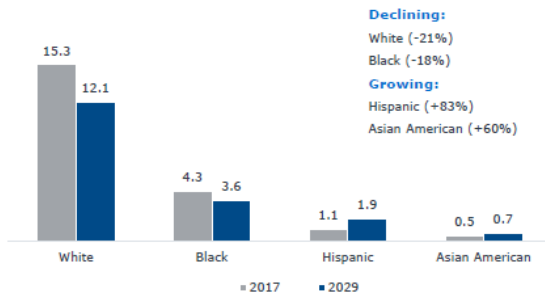
Forecasted Number of College-Aged and College-Bound Students in South Carolina (Thousands), by Year of High School Graduation



Large Decline in White Student Population

South Carolina's Non-Hispanic White student population will decrease by 21% over the next decade with a loss of over 3,000 students. The Non-Hispanic Black student segment will also decrease in size, while the Hispanic segment will grow significantly.

Projected Number of Four-Year College-Going Students in South Carolina (Thousands), by Race/Ethnicity



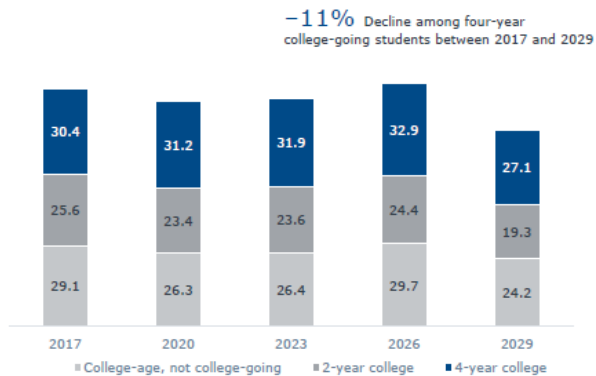
State Outlook: Tennessee

Demographics Trends

Recruitment Pool to Shrink in the Next Decade

Small changes in enrollment of Tennessee's four-year college-going students until 2026 will be followed by a sharp decline post-2026 (18% decline within three years).

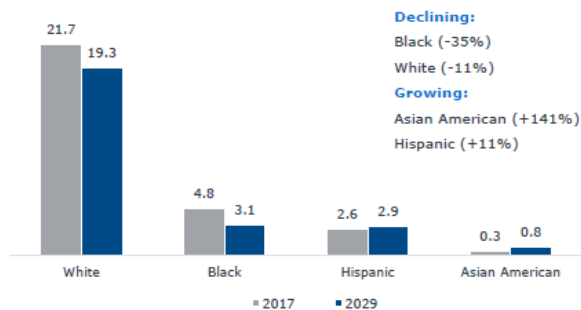
Forecasted Number of College-Aged and College-Going Students in Tennessee (Thousands), by Year of High School Graduation



Changing Profiles of College-Going Students

White and Black student populations in Tennessee will decrease in size over the next decade, while the Hispanic and Asian American segments will continue to grow.

Projected Number of Four-Year College-Going Students in Tennessee (Thousands), by Race/Ethnicity

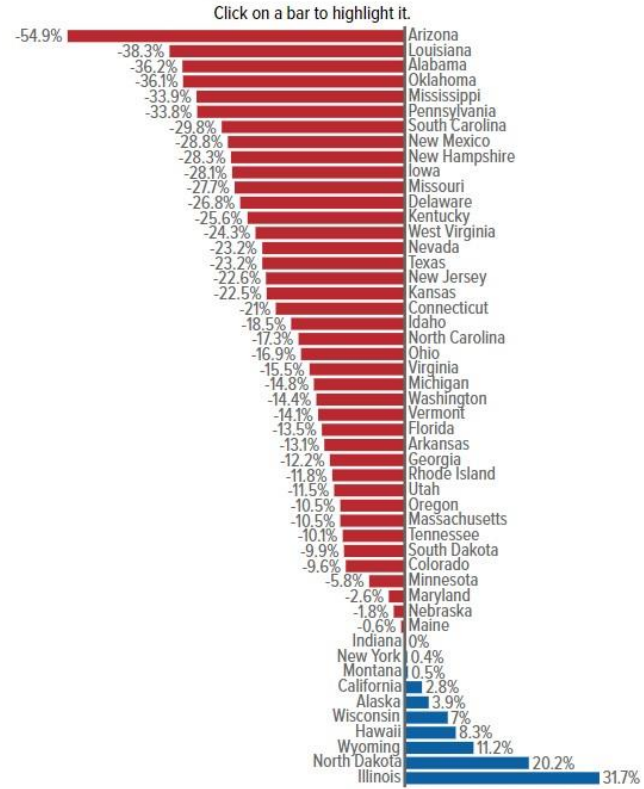


4 of the bottom 6 from CSGS region:
 Louisiana
 Alabama
 Mississippi
 South Carolina
 Carolina

State Funding for Higher Education Remains Far Below Pre-Recession Levels in Most States

Pick a dataset:
 Percent change in state spending per student

inflation adjusted, 2008-2018 (↓ CSV)



Source: CBPP analysis using SHEEO State Higher Education Finance Report and BLS CPI-U-RS

Source: Center on Budget Policies and Priorities (CBPP), *Higher Education Finance Report*.

State Funding for Higher Education Adjusted for Inflation, 2008-2018 (CSGS)

Alabama	-54.9
Arkansas	-13.1
Florida	-13.5
Georgia	-12.2
Louisiana	-38.3
Mississippi	-33.8
North Carolina	-17.3
South Carolina	-29.8
Tennessee	-10.1
Texas	-23.2
Virginia	-15.5

So What about Graduate Education?

Things to Remember

- The higher education ecosystem.
 - Any shift in post-secondary attendance impacts graduate education.
- Enrollment projections impact more than higher education.
- Different states have different priorities and varied higher education governance.
- EVERYONE sees the same data.

The Foundational Pressures

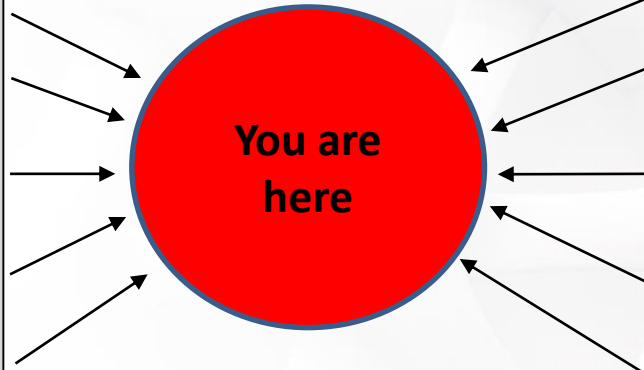
The foundational pressures on graduate education are based not solely on enrollment trends; **they are equally (even exponentially more) based on the *reactions* to enrollment trends by state legislatures, boards of trustees, university presidents, other states, and other schools.**

The Foundational Pressures

Or the joys of being in graduate education

Decreases in Undergraduate Enrollment

- Efficiencies and Growth
- University Reorganization
- Graduate Program Portfolio
- New Budget Models
- Performance Metrics
- Smaller Staffs
- More Fundraising



Labor Shortage and Increased Demand for Expertise

- State Legislatures
- Chambers of Commerce
- External Stakeholders
- New Presidents
- New and Increased Competition
- New Rankings