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# Reckoning with Relevance

2024 Higher Ed State of the Sector



# Joining You Today...

## Meet Your Panelists



**Host**

**Carla Hickman**  
*Vice President,  
Research, EAB*



**Presenter**

**John Workman**  
*Managing Director,  
Research, EAB*



**Dr. Mildred García**  
*Chancellor, The California  
State University*



**Dr. Ted Mitchell**  
*President, American Council  
on Education (ACE)*



**Jeff Selingo**  
*Journalist and Higher  
Education Author*



# Education's Trusted Partner to Help Schools and Students Thrive



## Your Imperatives Determine Ours

### INSTITUTIONAL STRATEGY

#### Prepare Your Institution for the Future

Executive guidance rooted in research to support your strategic priorities

### MARKETING AND ENROLLMENT

#### Achieve Your Enrollment and Growth Goals

Tailored partnerships powered by a recruitment ecosystem with unrivaled reach to enroll your future classes

### STUDENT SUCCESS

#### Build a Student-Centric Campus

Technology trusted by 850 schools to retain, graduate, and empower more students

### DIVERSITY, EQUITY, AND INCLUSION

#### Advance DEI on Campus and in Your Community

Technology, research, and bold initiatives to strengthen your DEI strategy and eliminate equity gaps

### DATA AND ANALYTICS

#### Embrace Digital Transformation

Data and analytics solutions built for higher education to guide decisions and accelerate innovation

We partner with **2,500+** institutions to  
accelerate progress and enable lasting change.

**95%+** of our partners return to us year after year  
because of results we achieve, together.

## EAB's Strategic Advisory Services

Expert guidance and hands-on support to accelerate meaningful change



### Exclusive Focus on Education

Our team is entirely focused on higher ed, **appreciating the nuanced issues and the unique attributes** of the sector

**15+** Years exclusively focused on higher ed's greatest challenges

**2.5K+** Education partners globally



### Rigorous Research and Data Backbone

EAB's sector-wide vantage, data-rich research and root cause analyses uncover **deep insights, proven best practices and innovative, emerging strategies** to tackle higher ed's toughest challenges

**8K+** Peer-tested best practices

**500+** Annual research interviews



### Deep, Collective Expertise

Deliberately diverse, our experts and researchers include both **former higher ed practitioners** and those with **valuable out-of-sector experience**

**80+** Researchers and experts on staff

**170+** Years of higher ed experience among research staff



### Continuous, In-The-Market Sensing

Our experts are **immersed in the jetstream of discourse** with presidents, executive teams, boards and thought leaders

**980+** Annual partner presentations

**15K+** Expert consultations and executive conversations annually



# 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

# Planning for Multiple Time Horizons, Stakeholders

7

## 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

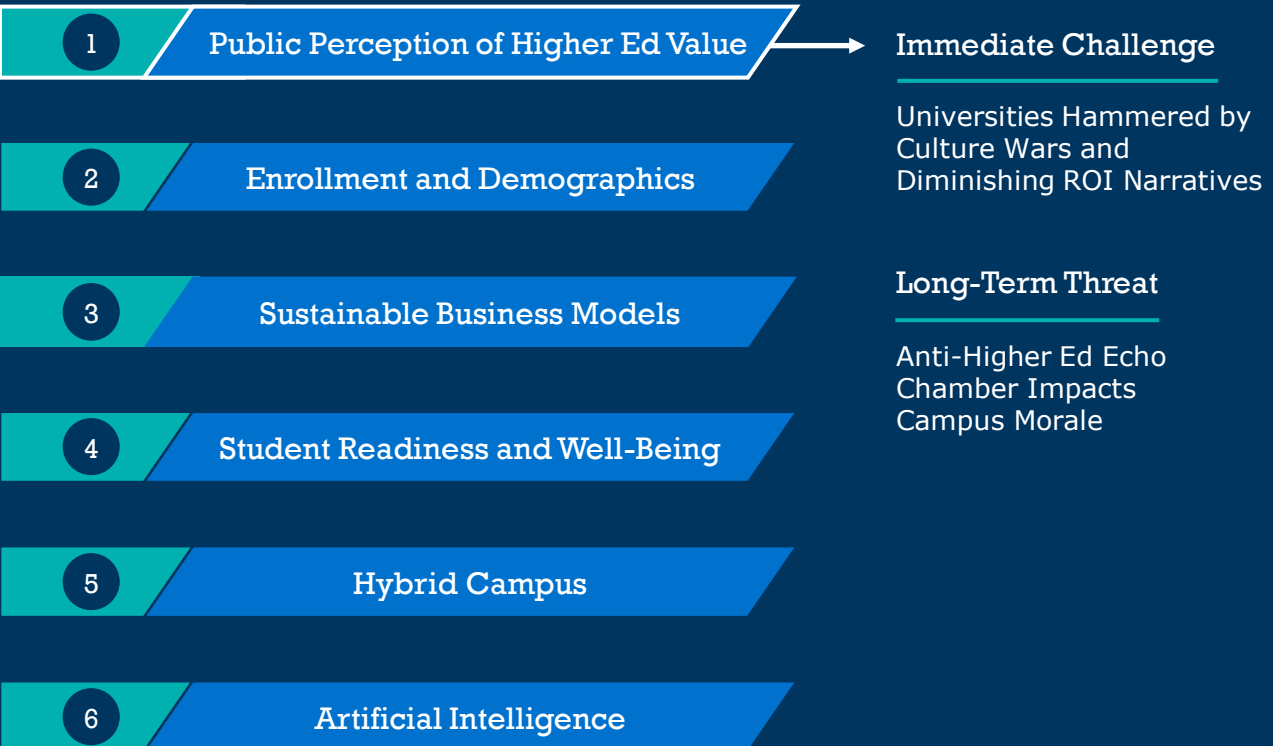
## Before We Begin

Which of the following areas is your top concern for your institution?

- A. Public Perception of Higher Ed Value
- B. Enrollment and Demographics
- C. Sustainable Business Models
- D. Student Readiness and Well-Being
- E. Hybrid Campus
- F. Artificial Intelligence



# Six Priorities Shaping Higher Ed Strategy





# “Reports of My Demise are Greatly Exaggerated”

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

### Headline

### 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]

Students are increasingly basing decisions on cost



**Low-cost options saw the greatest decline in enrollment** from 2019-21, with 2-years down 16% and 4-year regional institutions down 4% [3]

A college education equates to lifelong debt



**Most borrowers owe less than \$25k [4]**, and total student debt has declined by \$10.8B since 2017 [5]

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 [6]

Liberal arts degrees are a waste of money



While slower to start, liberal arts graduates typically experience **rapid wage growth** in their late 30s-40s – the fastest among any college major [7]

Only prestigious, selective colleges provide value



5 of the 10 top-ranked institutions based on earnings potential/economic mobility have **admit rates over 50%** [8]

Degree holders aren't any better off



College graduates report higher rates of **job satisfaction, financial well-being, and health** [9]

# “Reports of My Demise are Greatly Exaggerated”



11

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

### Headline

Students and families only care about career outcomes



### Reality

Students aren't making decisions based on scorecard data [\[10\]](#), and the number of **students who made career appointments dropped 12%** from 2021-2023 [\[11\]](#)

Gen Z is more skeptical about the value of higher education



Only **54% of Gen Z believe there are well-paying jobs for HS grads**, compared to 63% of Millennials and 75% of Baby Boomers [\[12\]](#)

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** [\[13\]](#)

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 4<sup>th</sup> most trusted** [\[14\]](#)

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 [\[15\]](#)

The big move online has decreased the quality of education



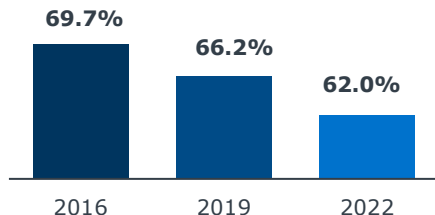
Only **29% of students feel fully online programs are worse than fully in-person programs** [\[16\]](#), and employers have an increasingly favorable view of online credentials [\[17\]](#)

# The Echo Chamber's Impact on Enrollment Decisions

## 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



“

**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

**60%**Living with  
parents or  
grandparents**\$9K**Difference in  
median household  
income between  
non-consumers and  
college-going peers**16%**Black/African  
American<sup>1</sup>**48%**White<sup>1</sup>**1 in 3**Unemployed  
or not looking  
for work<sup>2</sup>

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



# Negative Press Piles On Engagement Woes

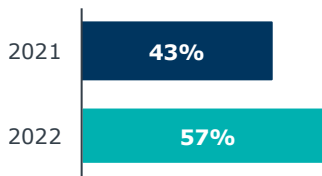


## 'Crisis of Meaning' Among Faculty and Staff

- 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<sup>1</sup>*



*4-year faculty feeling at least "somewhat...burned out because of work," Sep 2022 – May 2023<sup>2</sup>*



1) n=3,814.  
2) n=725.

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## Immediate Challenge

Post-Vaccine Enrollments Stabilize But Still Show Signs of Weakness

## Long-Term Threat

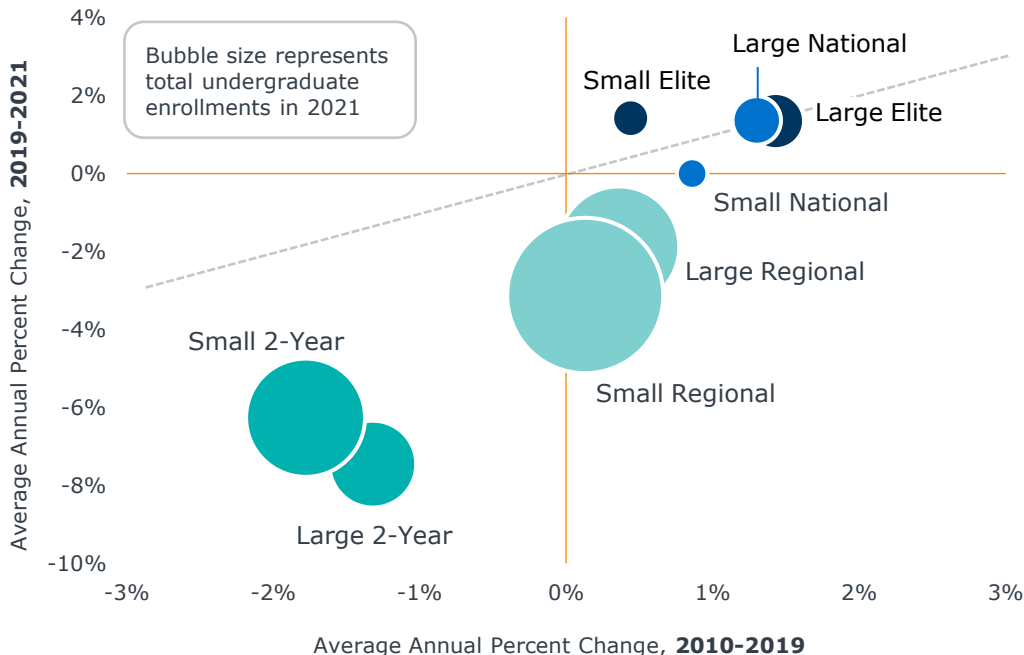
The Demographic Cliff "Levels Up" to Peak Population



# Flight to Size and Selectivity Continues

## Undergraduate Enrollment Trends by Segment

Grawe and IPEDS Data, 2010-2021



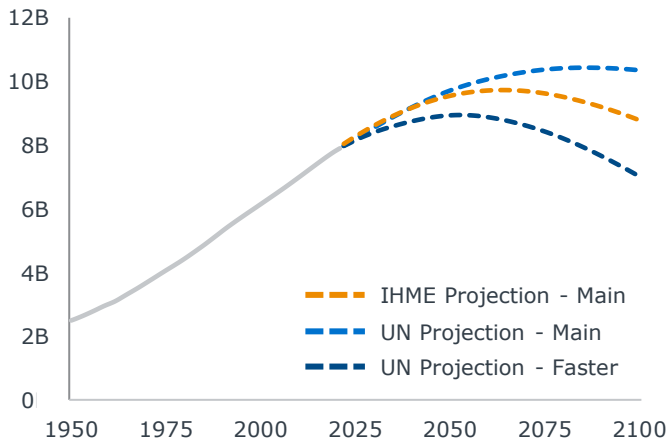
1) Large => 2500 first-time, first-year enrollments in 2010.  
 2) Elite (Top 50 from US News Rankings in 2019); National (Top 51-100); Regional (outside top 100).

Source: [IPEDS](#), National Center for Education Statistics, Brand, "Whitepaper Series," Cornell College February 2019; EAB interviews and analysis.

# Population Decline Signals Global Transformation

## World Population Could Peak by 2055

*Global Population and Projections through 2100*



“ ”

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

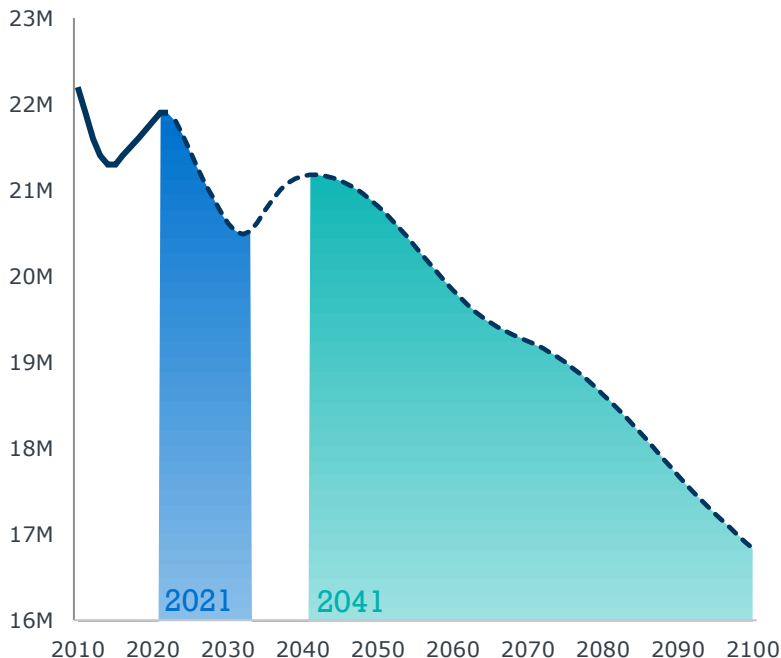


# Fewer People Means Fewer Enrollments



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

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## 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



# Canaries in the Coal Mine?

## Facing Pressure, Institutions Turn to Familiar Cost-Cutting Measures



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



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



- \$56M budget gap
- 77 voluntary separations



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



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



- \$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.

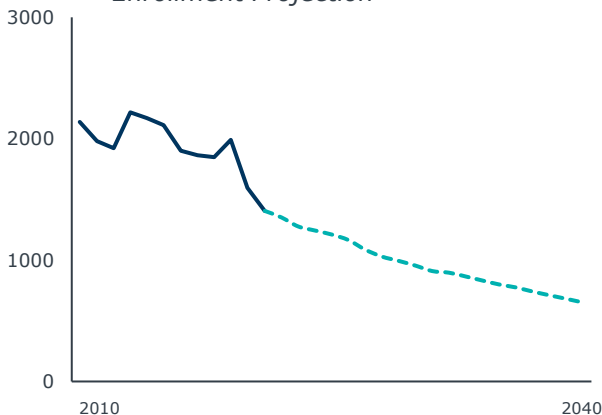
# Many Campuses Poised to Shrink in Coming Years

## EAB Analysis of Future Institutional Enrollments

### Three Primary Drivers in Enrollment Projections

- 1 Demographics:** Demographic-driven declines will affect all segments, but will be worse for some
- 2 Participation Rate:** While the high school graduation rate generally increased in the last decade, college-going is falling
- 3 Market Share:** The flight to large and selective institutions across student types will continue fueling market concentration

Illustrative Institution First-Year Enrollment Projection



### Estimated Cumulative Number of Four-Year Institutions with 25% and 50% Declines in First-Time First-Year Enrollment from 2022



# Is It Time to Embrace a “Less with Less” Mentality?

## 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



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## 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

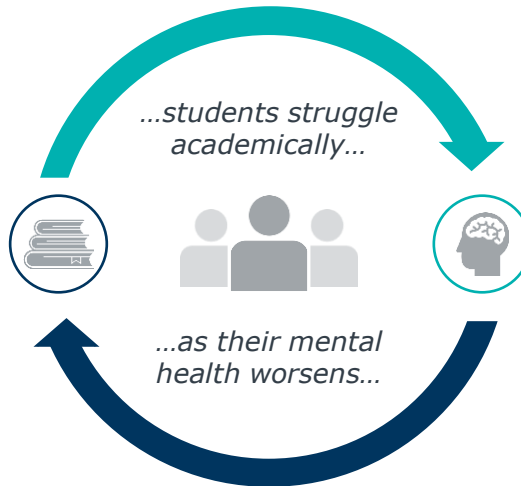




# A Vicious Cycle

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



Feelings of hopelessness and anxiety cause decrease in focus and studying, which in turn **leads to poorer grades**

# Vicious Cycle's Impact on Enrollment, Persistence

## 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

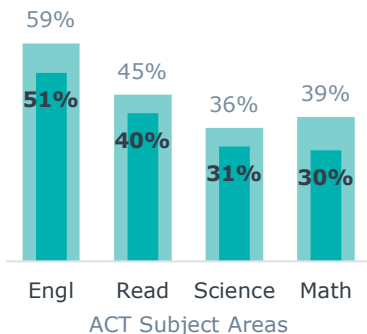
Gaps from Unfinished K-12 Learning Will Be Felt for Years to Come

## Pre- and Post-COVID Math Readiness by Age Cohort

### Current College First Years

#### ACT College Readiness Among 2023 HS Grads

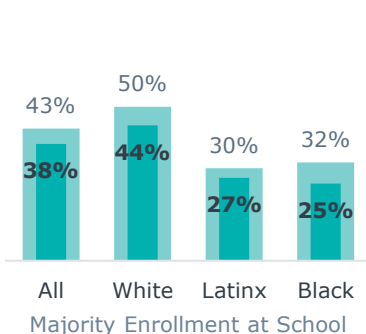
■ 2019 ■ 2023



### Current Ninth Graders

#### On Pace for College Math in 8<sup>th</sup> Grade (i-Ready)

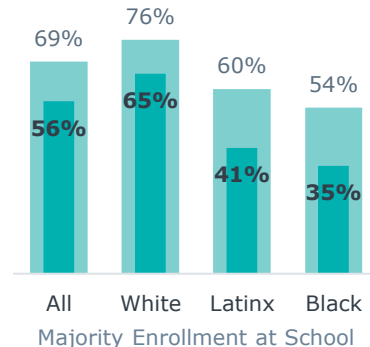
■ 2019 ■ 2023



### Current Fifth Graders

#### On Pace for College Math in 4<sup>th</sup> Grade (i-Ready)

■ 2019 ■ 2023



# Six Priorities Shaping Higher Ed Strategy

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## 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



# Hybrid Work the Clear Norm Going Forward

## Majority of Employers Reach Steady State of Two to Three Days at Home

### Broad Uptake of Flexible Work

**74%**

of employers offer hybrid work arrangements

**81%**

of employees work in hybrid (52%) or exclusively remote (29%) positions

**-19%**

In Q2 2023, average US office lease size decreased to 3,275 sq feet, 19% less than average in 2019

### Average Weekly Office Occupancy in Top 10 US Cities



Source: McKendrick, "Hybrid Work Is Now The Norm For The Year Ahead - And Beyond," *Forbes*, Dec. 28, 2022; "Employee Benefits Survey," International Foundation of Employee Benefit Plans, 2022; Grant, "Office Tenants Are Renewing Leases—but for Far Less Space," *Wall Street Journal*, Aug. 22, 2023; "Back to Work Barometer," Kastle, Oct. 23, 2023; EAB interviews and analysis.

# Higher Ed a Notable Hybrid Outlier

Adoption, Policy, and Execution Still Highly Variable Across Institutions

## Uneven Uptake of Flexible Work

54%

of higher ed staff were hybrid or fully remote, as of 2023<sup>1</sup>

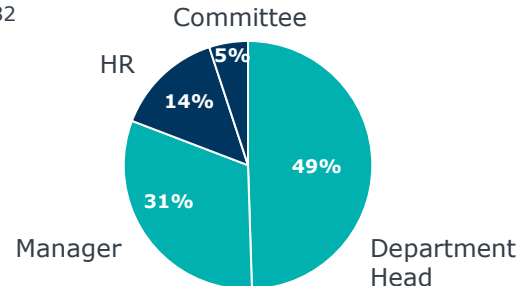
52%

of institutions have made only "modest" changes to their flexible work policies since the pandemic started

## Still Mostly a Local Decision

Who on campus decides whether an employee may work hybrid/remote?

n=82



## Adoption Spans the Spectrum, from Very Low to Very High Flexibility



No work from home during fall/spring, up to 2 days a week during summer



Up to 2 days per week at home



Up to 4 days per week at home

# 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<sup>1</sup> 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

# Six Priorities Shaping Higher Ed Strategy

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## Immediate Challenge

---

Select Policies, Training  
Necessary to Navigate  
AI Transition

## Long-Term Threat

---

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



# AI's Transformative Opportunities in Higher Ed



- 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

# AI Reconstructs Nature of Work Across Industries



## Before Generative AI



### TV & Movie Writing

Studios rely on writers for source material and actors for performances



## After Generative AI

### Writers & Actors on Strike

Generative AI writes scripts and creates backdrops, replacing writers and background actors



### Legal Services

Only basic document review can be automated or outsourced



### Rise of Robot Lawyers

Research finds nearly half of legal work could be automated



### Graphic Design

Designers create projects based on preset visuals, fonts, and layouts



### Designs on Steroids

Microsoft Designer tool generates complex designs in an instant based on text descriptions



### Software Engineering

Engineers write code to implement software functionality using various programming languages



### 2X Faster with AI

McKinsey study shows software developers complete coding tasks up to twice as fast with generative AI



# Florida Infuses AI Education Into All Disciplines



## Key Elements of the University of Florida's [AI Initiative](#)



### Top-Down Approach to AI

UF President and Provost strongly encouraged and incentivized incorporation of AI across all 16 colleges



### AI-Specific Faculty Hired

UF hired 100 new faculty with AI backgrounds or experience across disciplines, with each college receiving at least one new hire



### AI Courses Across All Disciplines

230 AI courses offered at undergraduate, graduate, and professional levels, and range from introductory to major-specific



### AI Pathways Career Coach

Career center staff educate students on the use of AI in the job recruitment process

## UF | Artificial Intelligence UNIVERSITY of FLORIDA

### Course Offerings

- AI in Agriculture and Life Sciences
- Business Applications of Artificial Intelligence
- AI in Healthcare and Public Health

### Research Applications

- AI System Detects Bruised Strawberries Before Market
- Building Equitable Workplaces with AI Technologies
- AI Platform Predicts Surgical Complications

# Six Priorities Shaping Higher Education Strategy



## Public Perception of Higher Ed Value

- Universities Hammered by Culture Wars and Diminishing ROI Narratives

Immediate Challenge

- Anti-Higher Ed Echo Chamber Impacts Campus Morale

Long-Term Threat



## Enrollment and Demographics

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

- The Demographic Cliff "Levels Up" to Peak Population



## Sustainable Business Models

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

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



## Student Readiness and Well-Being

- Academic and Mental Health Struggles Spiral Post-COVID

Immediate Challenge

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

Long-Term Threat



## Hybrid Campus

- Flexible Work Decisions Impact Operations, Productivity, Hiring

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



## Artificial Intelligence

- Select Policies, Training Necessary to Navigate AI Transition

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

# Your Panelists



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**Dr. Mildred García**

*Chancellor, The California  
State University*



**Dr. Ted Mitchell**

*President, American Council  
on Education (ACE)*



**Jeff Selingo**

*Journalist and Higher  
Education Author*

# POLL

Based on insights shared today, which of the following areas is now your top concern for your institution?

- A. Public Perception of Higher Ed Value
- B. Enrollment and Demographics
- C. Sustainable Business Models
- D. Student Readiness and Well-Being
- E. Hybrid Campus
- F. Artificial Intelligence

# What's Next?



## How EAB Can Help Your Institution Address Your Biggest Challenges

### 1 Attend an Upcoming Event

---

Mar 4-5, Apr 11-12 | Washington, DC  
**Roundtable for Chief Business Officers**

Mar 19-20 | Washington, DC  
**EAB IGNITED: Summit for Cabinet Leaders**

Mar 26-27 | Washington, DC  
**Roundtable for Provosts**

Apr 24-25 | Washington, DC  
**Special Joint Session on the Research Enterprise for Provosts and VP Research**

June 4-5 | Silicon Valley, CA  
**Presidential Experience Lab**

EAB Partners can RSVP at [eab.com/events](https://eab.com/events)

### 2 Bring This Material to Campus

---

Equip your cabinet, board, or other stakeholders with a deeper understanding of the trends shaping higher education.

### 3 Diagnose Your Strategic Priorities

---

Connect with an EAB expert to chart your strategic priorities and identify best-fit resources.

### 4 Learn More About Partnership?

---

Choose this option to connect with our team.

## A Quick Ask



We value your feedback.

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Please take a few minutes to **complete the short survey** that pops up at the close of this webinar.

Thank you!



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