

Macro Trends in Higher Education

PRESENTED BY

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Background

Higher Ed sector is facing strong headwinds

- Demographic pressures
- Market pressures
- Public perceptions
- Technological innovation

Shifting burdens on who pays for human capital investment

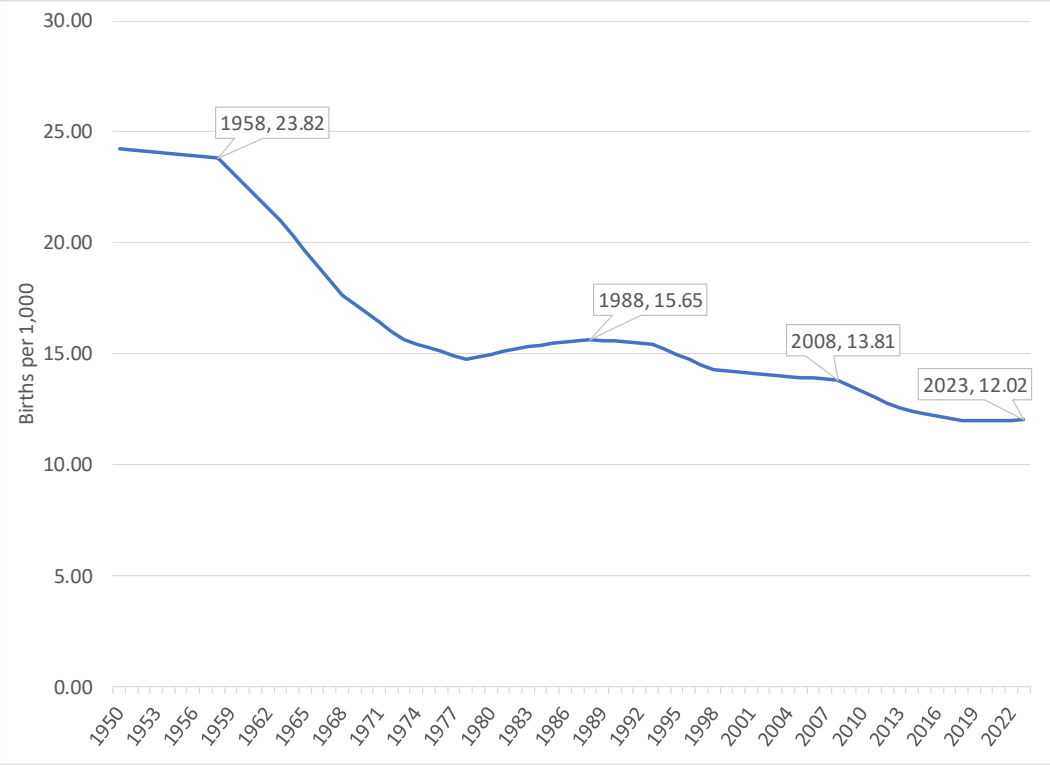
- Households
- Institutions
- Government

Value of completing a post-secondary degree continues to generate strong earnings premium

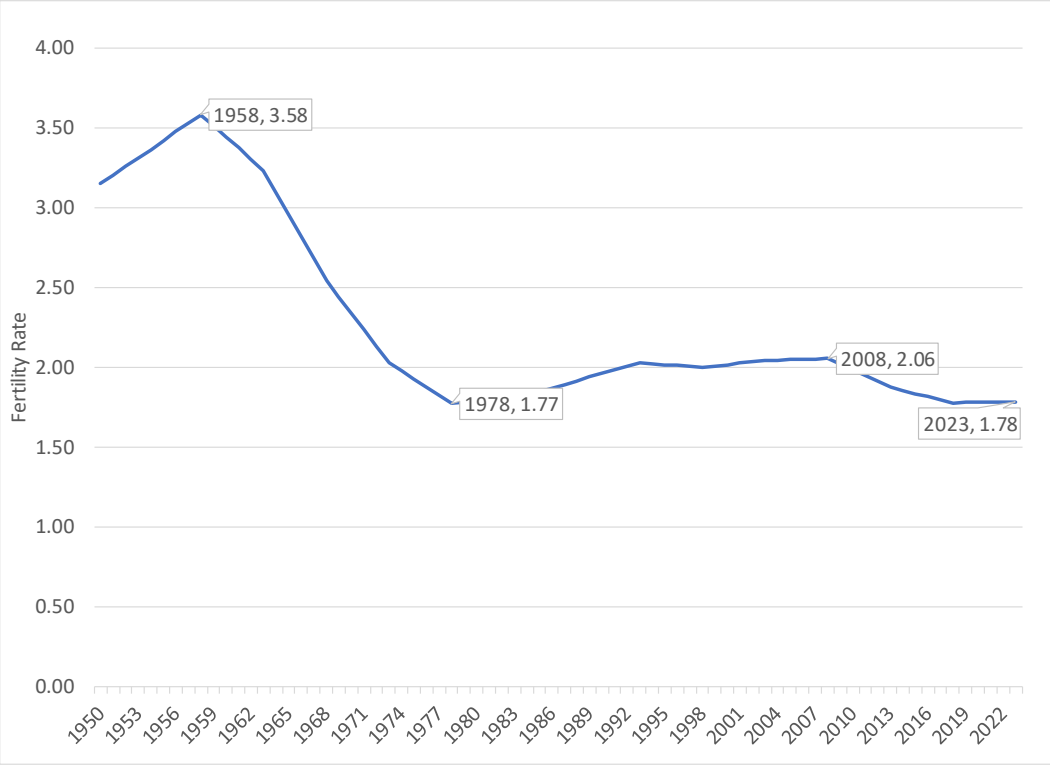


Demographic headwinds

U.S. BIRTH RATE



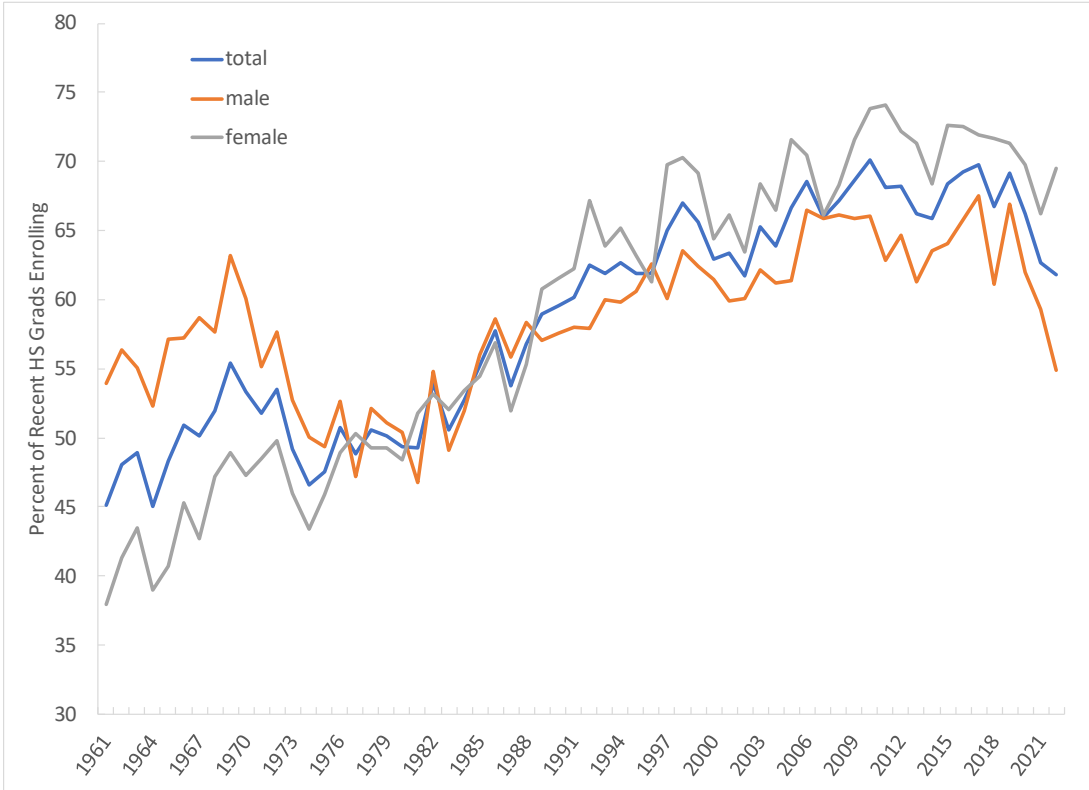
U.S. FERTILITY RATE



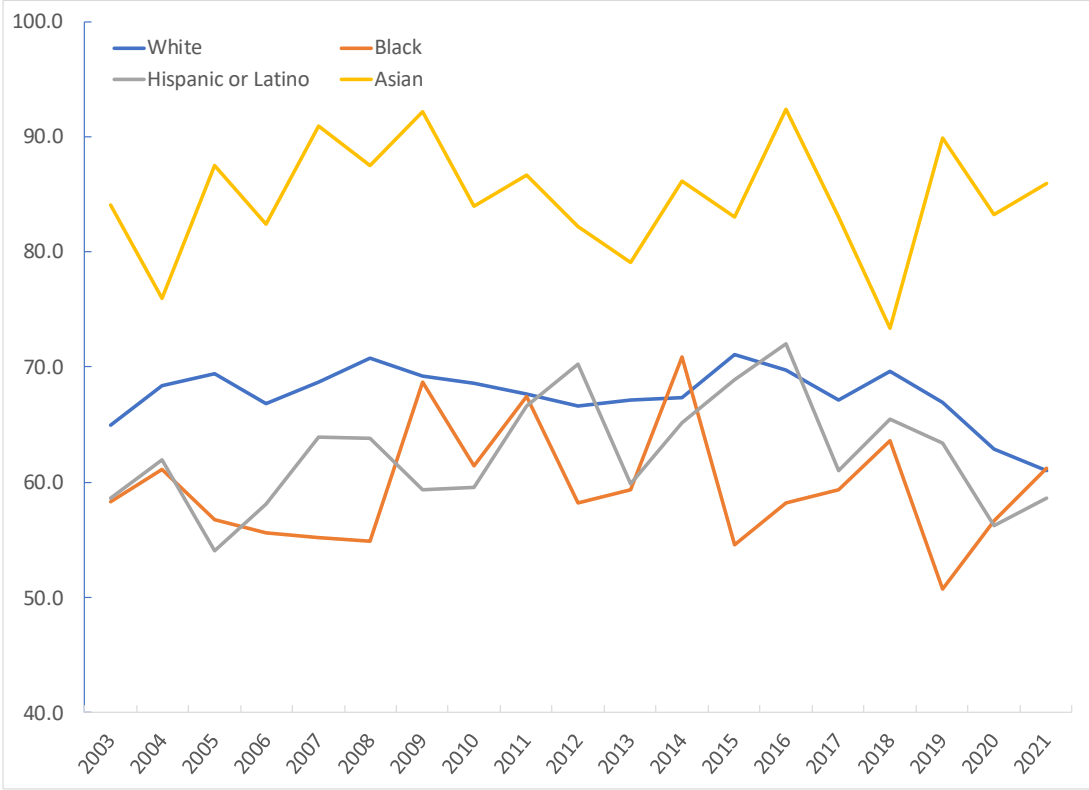
Source: UN World Population Projections

Student enrollment headwinds – recent HS grads

BY SEX



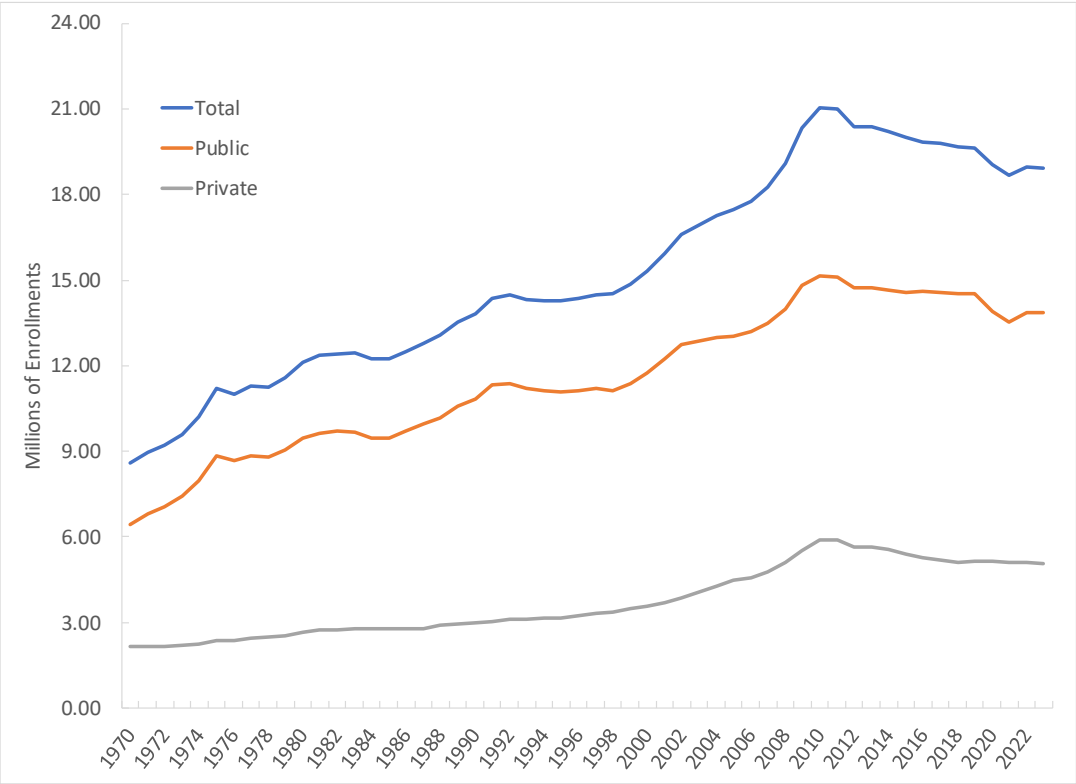
BY RACE/ETHNICITY



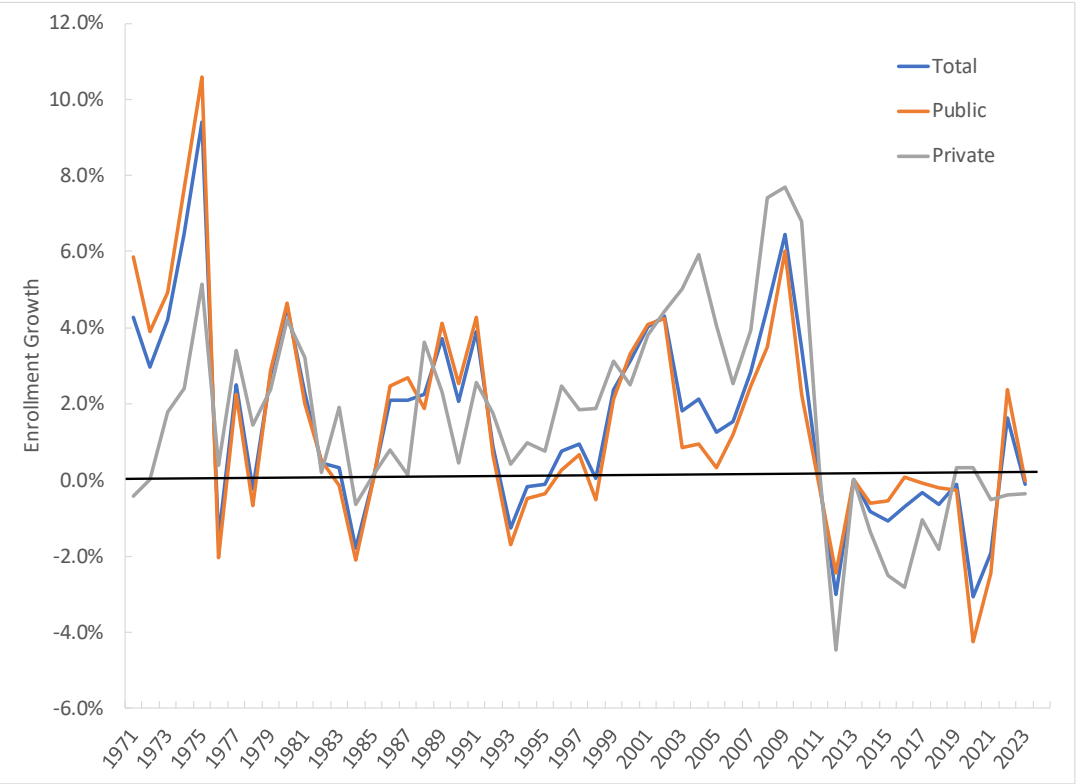
Source: BLS

Student enrollment headwinds – public vs. private

TOTAL ENROLLMENT



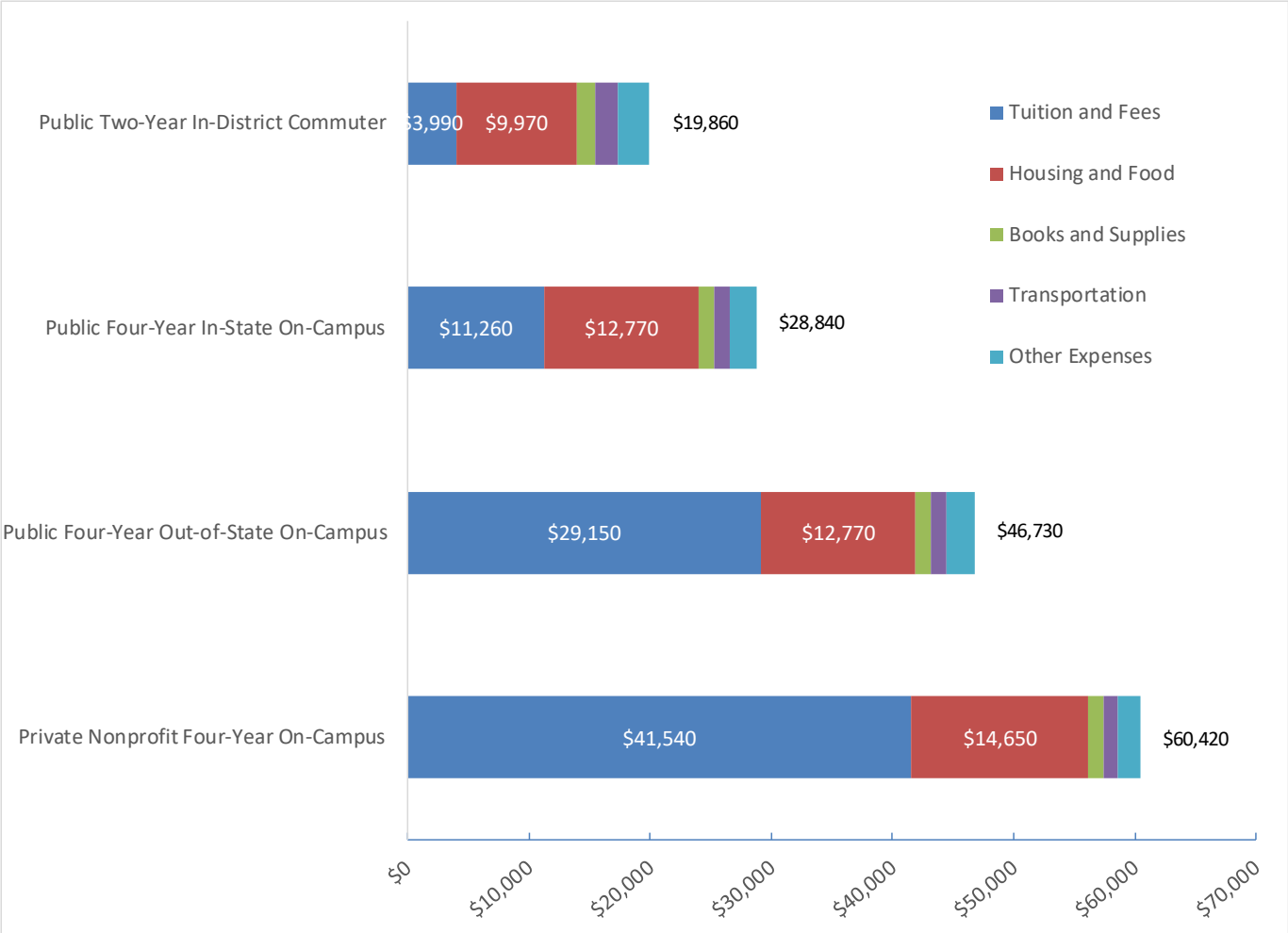
ENROLLMENT GROWTH



Source: NCES

Cost of attendance – undergraduate budgets

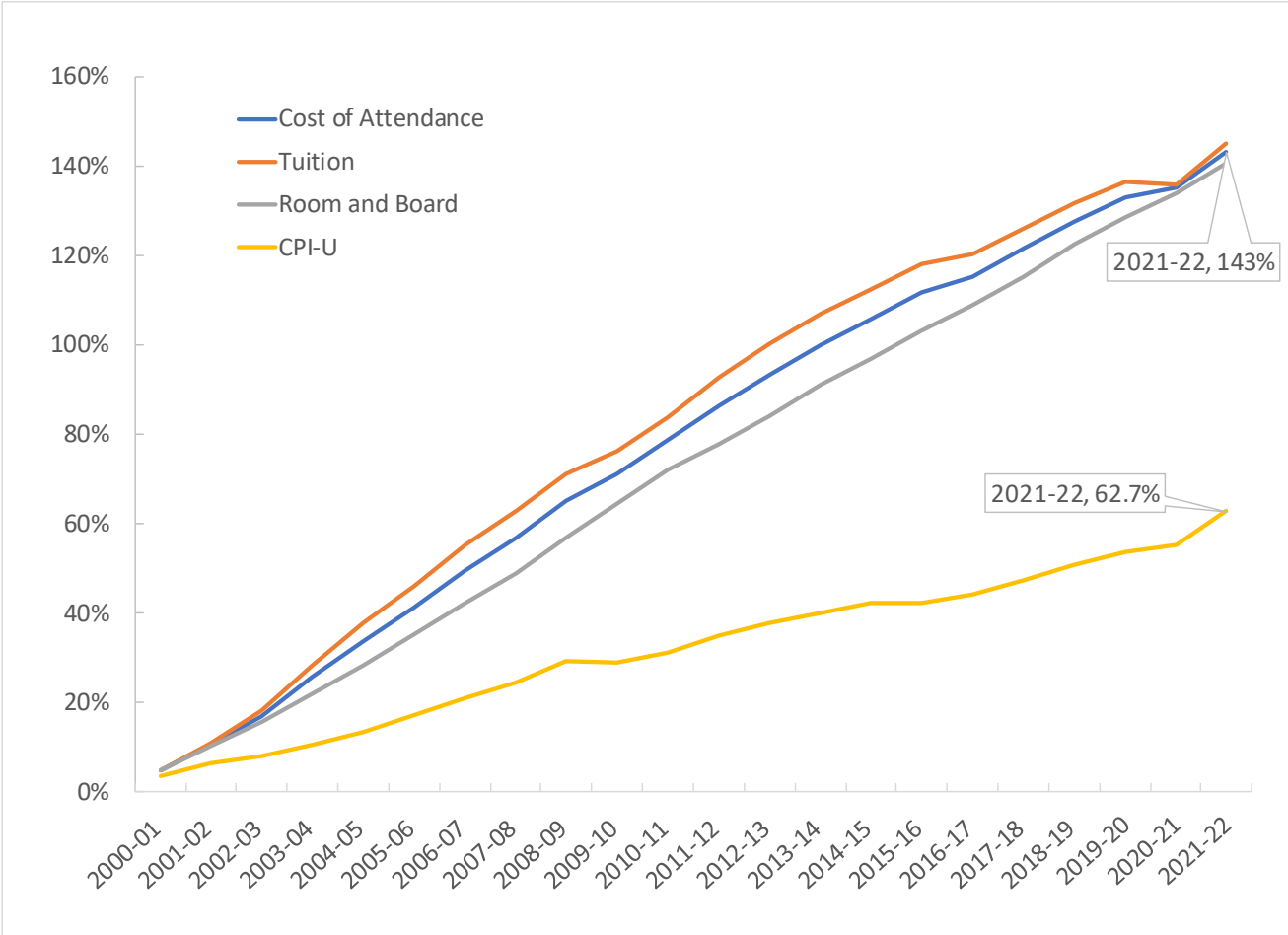
ESTIMATED 2023–2024 SCHOOL YEAR



Source: College Board

Cost of attendance headwinds – growth relative to inflation

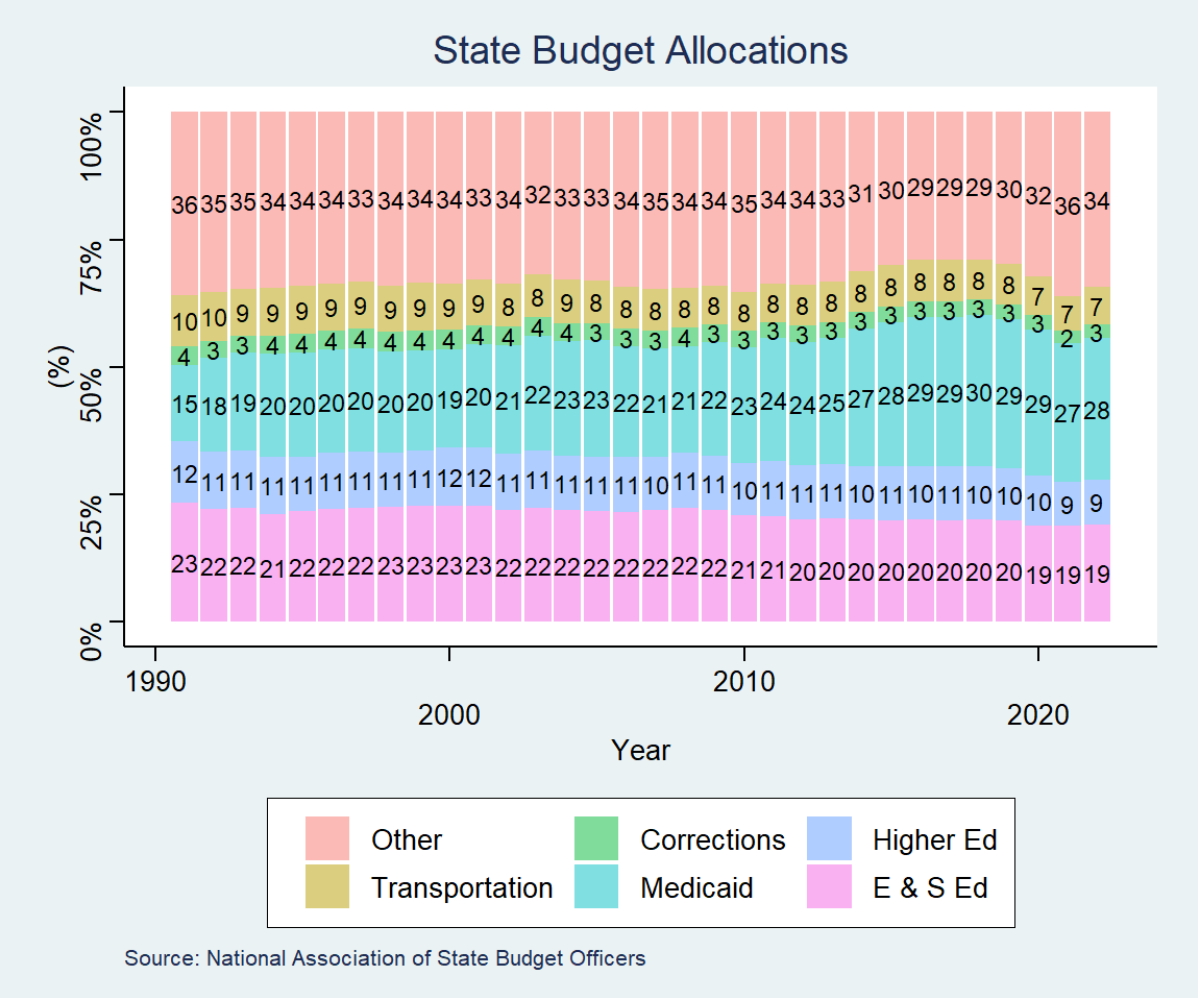
CUMULATIVE GROWTH: 2000 to 2022



Source: College Board

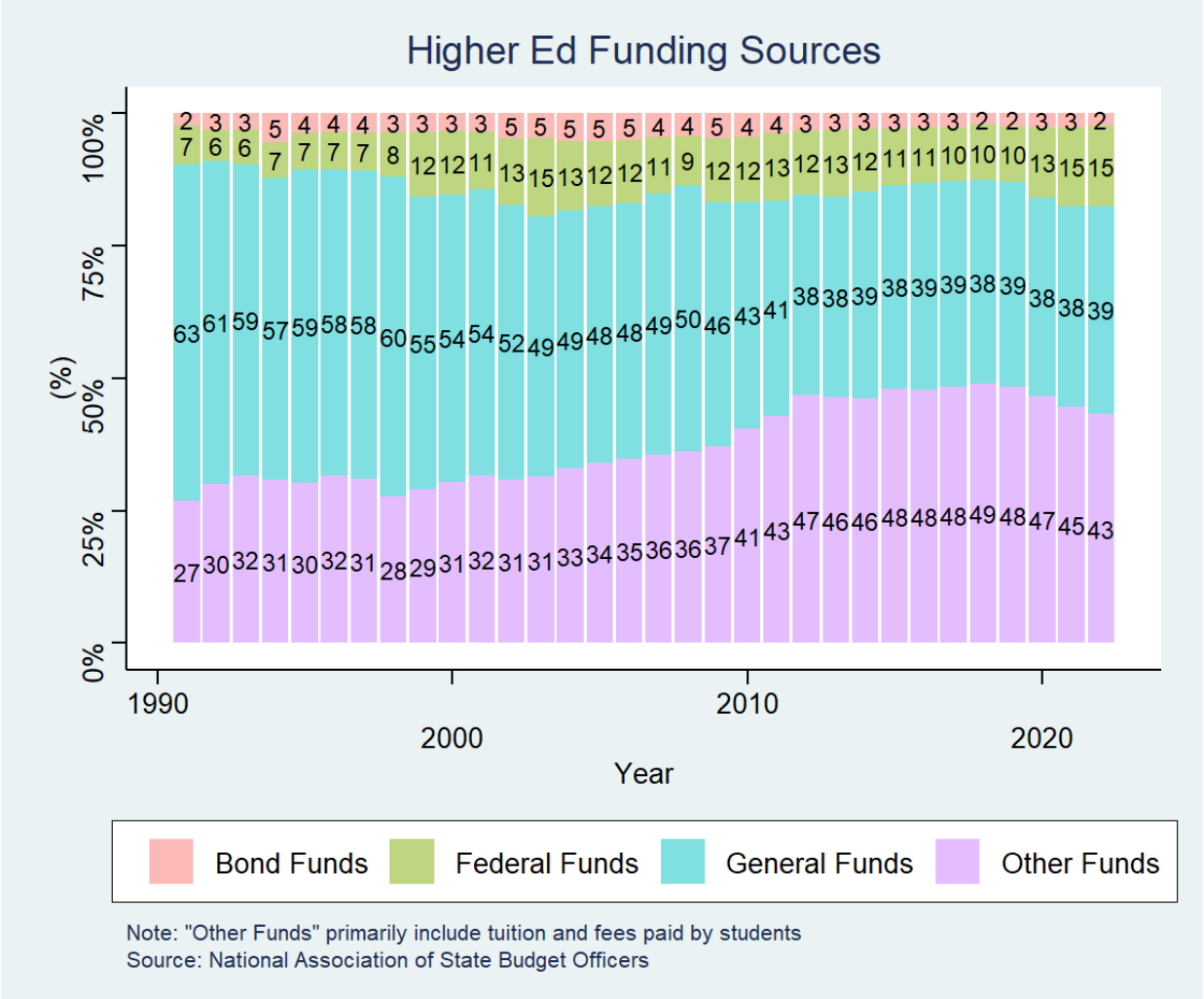
Public support headwinds – government spending on public higher ed

STATE GOVERNMENT EXPENDITURES BY FUNCTION



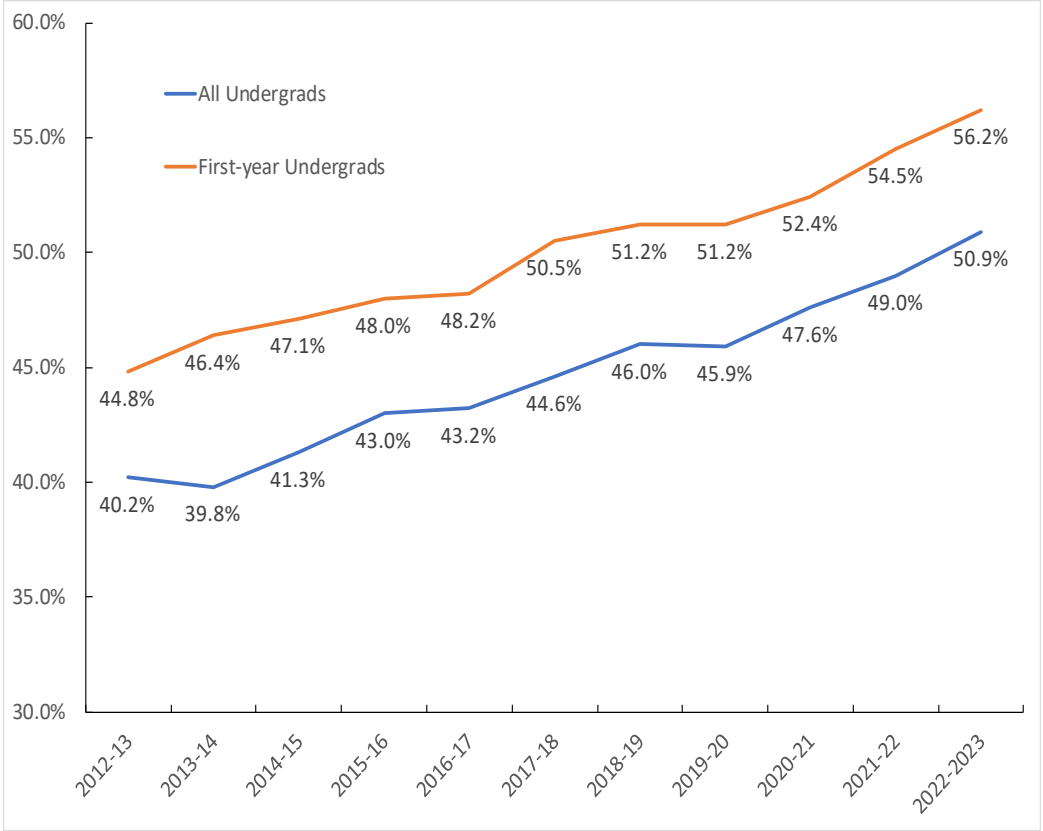
Public support headwinds – spending on public higher ed

HIGHER ED FUNDING SOURCES



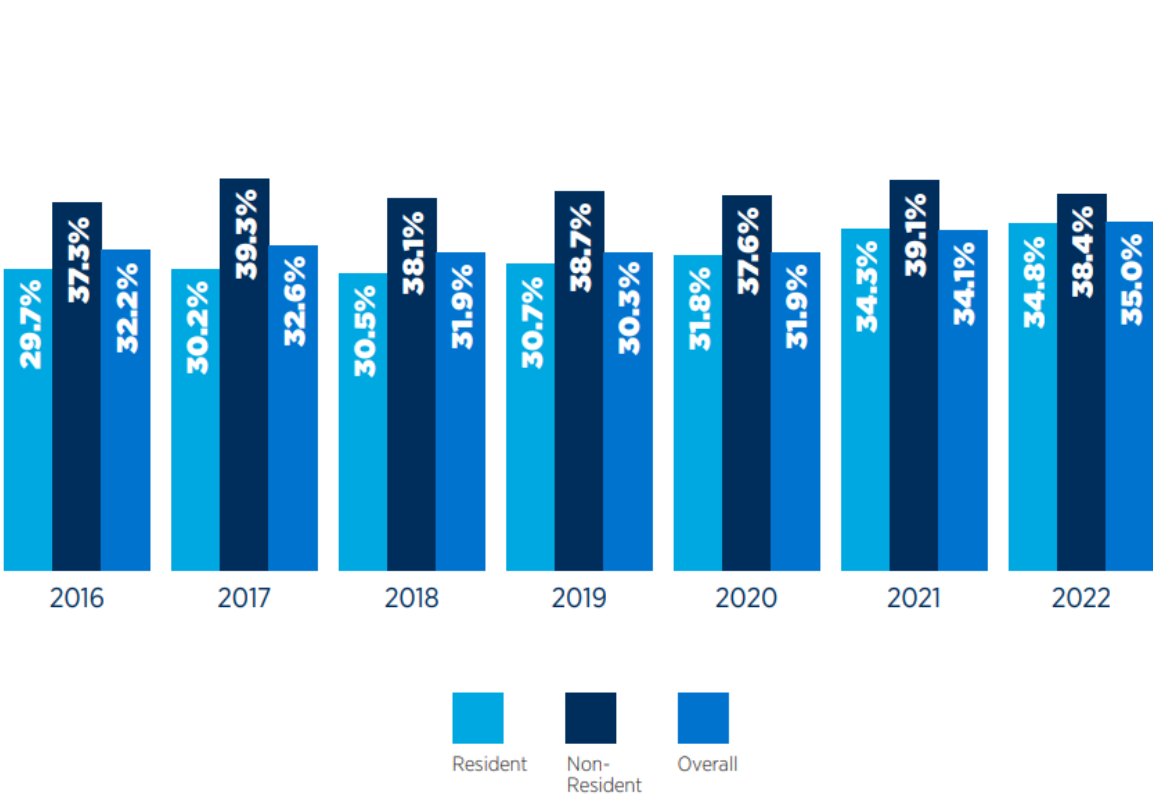
HE support – student discounts

PRIVATES INSTITUTION DISCOUNTS



Source: NACUBO

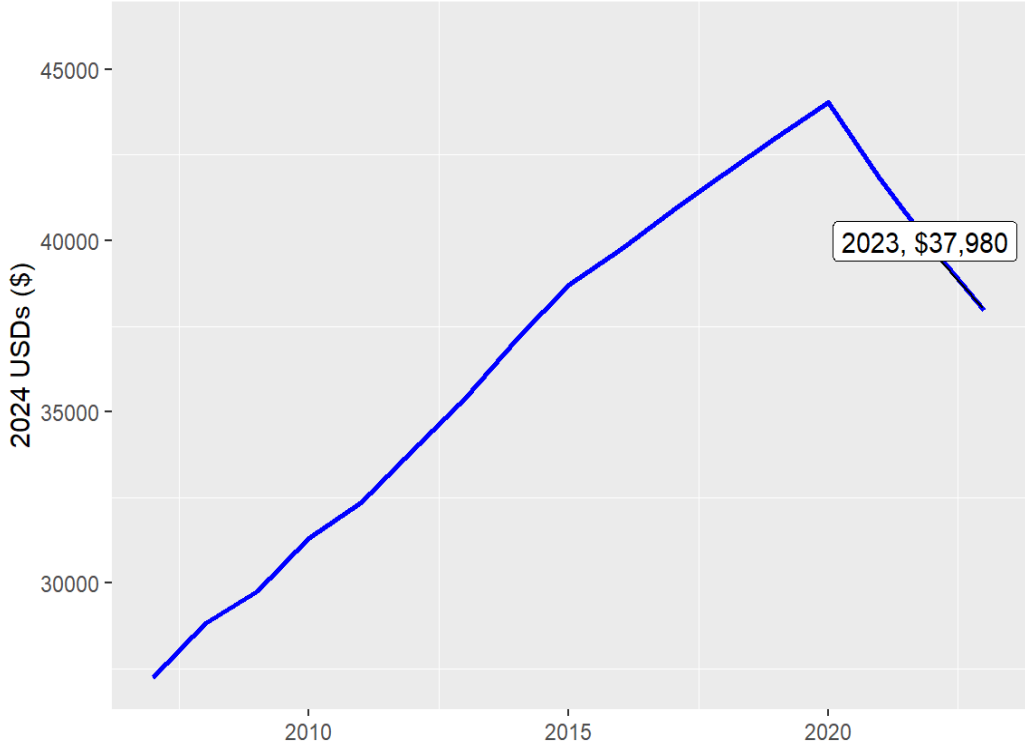
PUBLIC INSTITUTION DISCOUNTS



Source: RNL (2023). 2023 Discounting Report for Four-Year Private and Public Institutions.

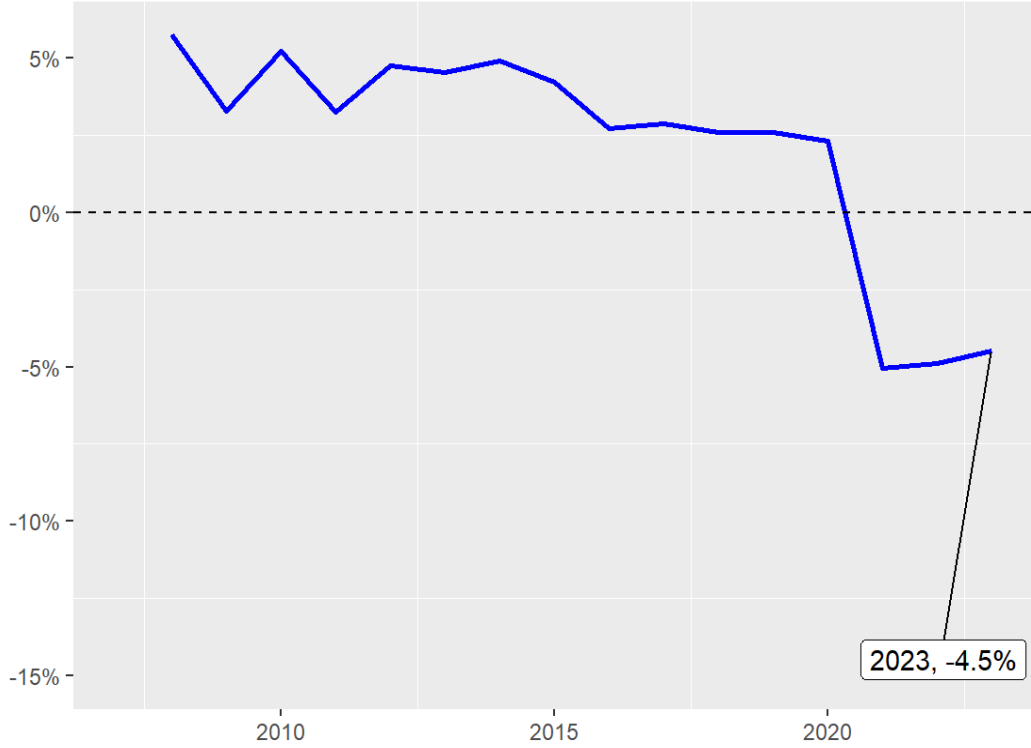
Household finance – student loan debt

Average Debt at Graduation
By Graduation Year



Source: educationdata.org

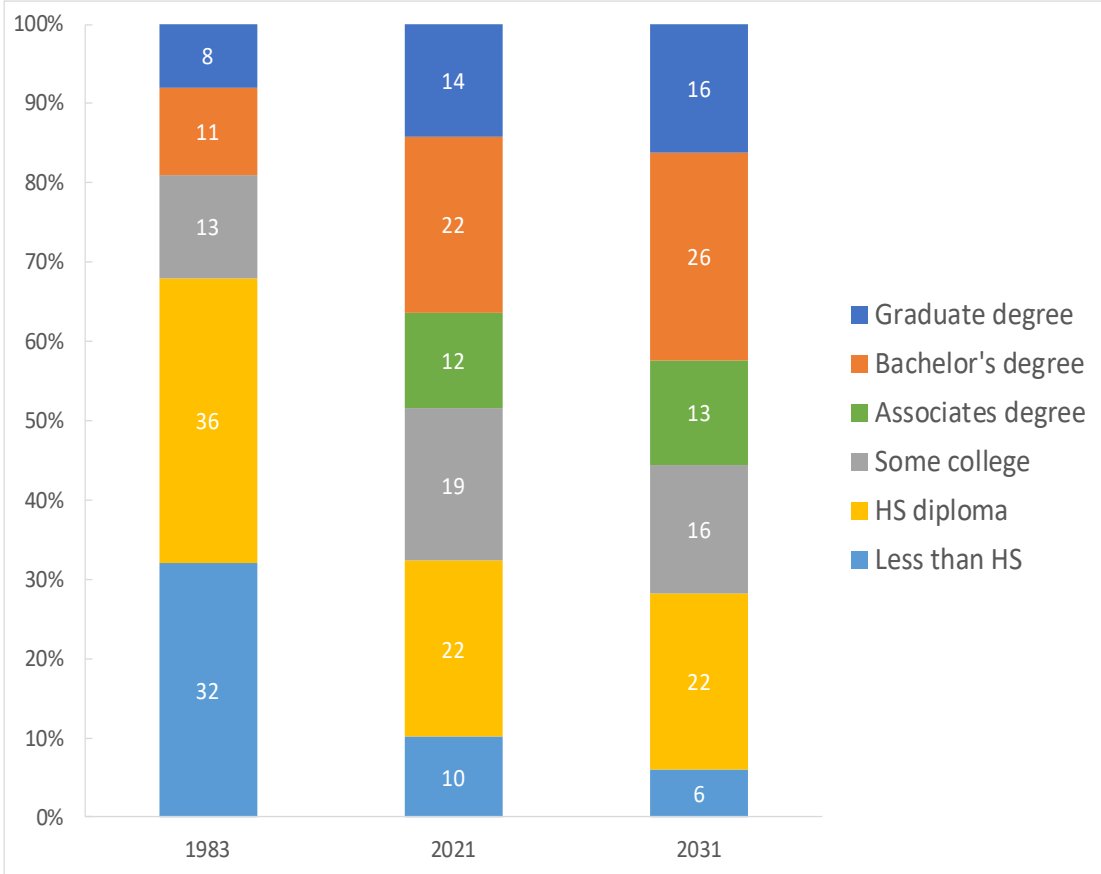
Growth in Average Debt at Graduation
By Graduation Year in 2024 USDs



Source: educationdata.org

Tailwinds – U.S. labor market requires skilled workers

EDUCATIONAL REQUIREMENTS FOR OPEN JOBS



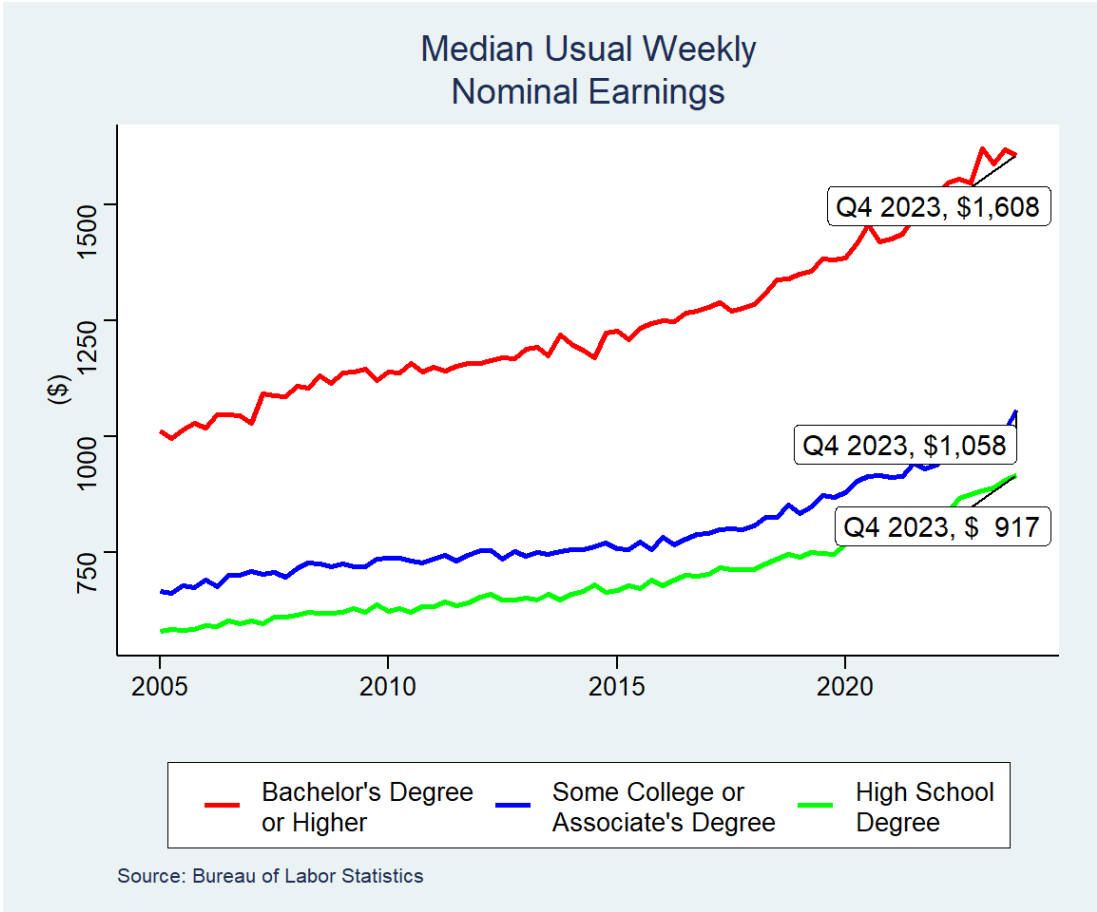
DEMAND BY ACADEMIC AREA

Academic Discipline	Percentage of Total Respondents Hiring Discipline
Engineering	75.90%
Business	72.30%
Computer Sciences	64.30%
Accounting	57.10%
Economics	28.60%
Misc. Majors	21.40%
Physical Sciences	20.50%
Communications	17.90%
Social Sciences	14.30%
Humanities	11.60%
Agriculture	4.50%
Education	1.80%
Health Sciences	1.80%

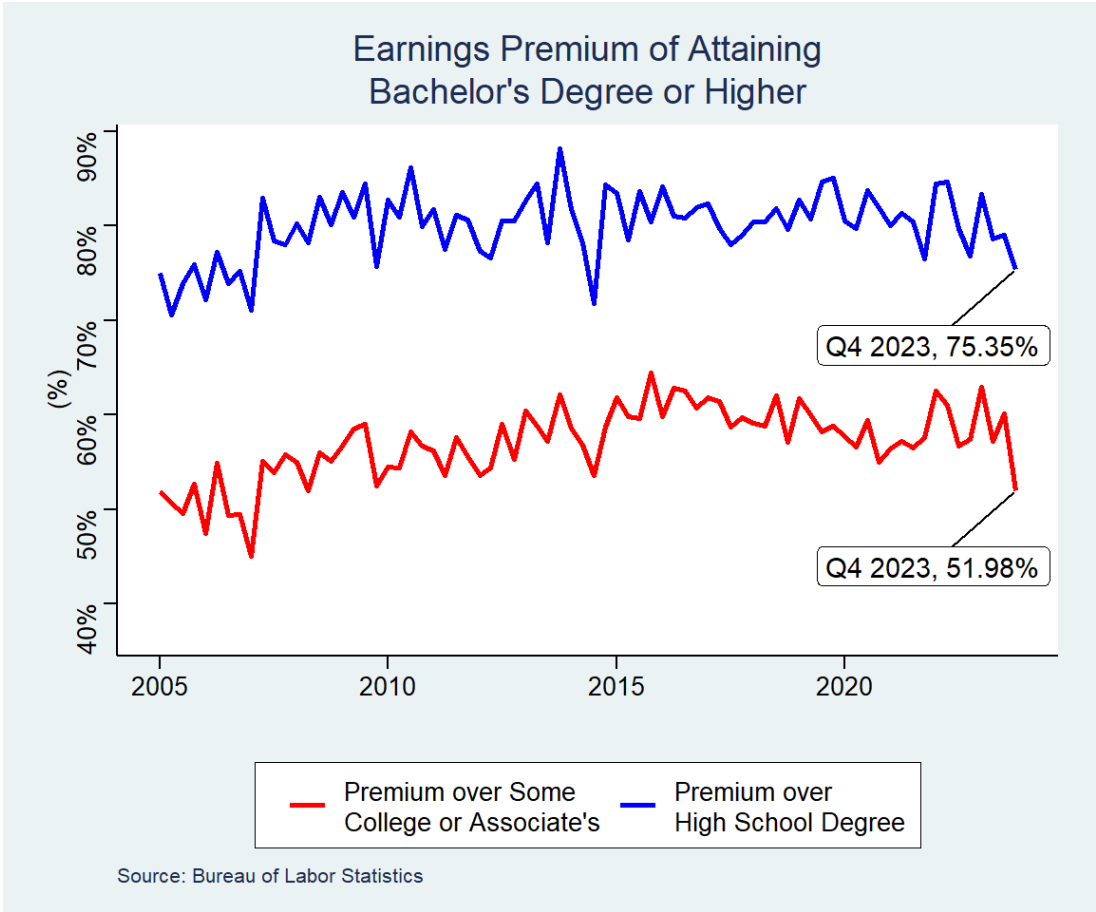
Source: Georgetown University Center on Education and the Workforce

Tailwinds – college earnings premium

AVERAGE WEEKLY EARNINGS, BY EDUCATION LEVEL



COLLEGE EARNINGS PREMIUM – BACHELOR DEGREE



Final thoughts

- Significant headwinds for HE
- Demographics
- Cost
- Public support for financing of education seems to be waning
 - Increased pressure on households to pay
- Household problem: How to finance a two to four years capital investment?
 - Savings
 - Cash-on-hand
 - Debt
- Is HE degree a worthwhile investment?
 - For many households, an investment with a strong lifetime return if they can afford it!





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