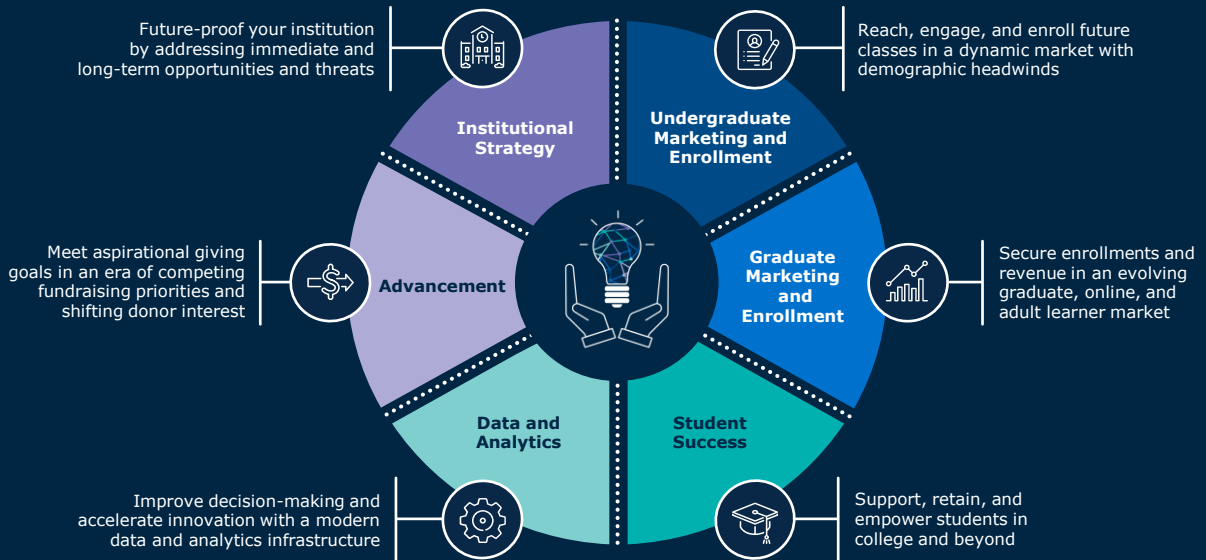# Reckoning with Relevance

2024 State of the Sector

Joining You Today…
Meet Your EAB Facilitator

Jennifer Latino, Ed.D
Senior Director,
Research Advisory Services

JLatino@eab.com

Insight-powered Solutions for Your Top Priorities and Toughest Challenges

Future-proof your institution by addressing immediate and long-term opportunities and threats

Institutional Strategy

Reach, engage, and enroll future classes in a dynamic market with demographic headwinds

Undergraduate Marketing and Enrollment

Meet aspirational giving goals in an era of competing fundraising priorities and shifting donor interest

Advancement

Graduate Marketing and Enrollment

Secure enrollments and revenue in an evolving graduate, online, and adult learner market

Data and Analytics

Student Success

Improve decision-making and accelerate innovation with a modern data and analytics infrastructure

Support, retain, and empower students in college and beyond

We partner with 2,800+ institutions to accelerate progress, deliver results, and enable lasting change.

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

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			

Whither Puppetry?

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?

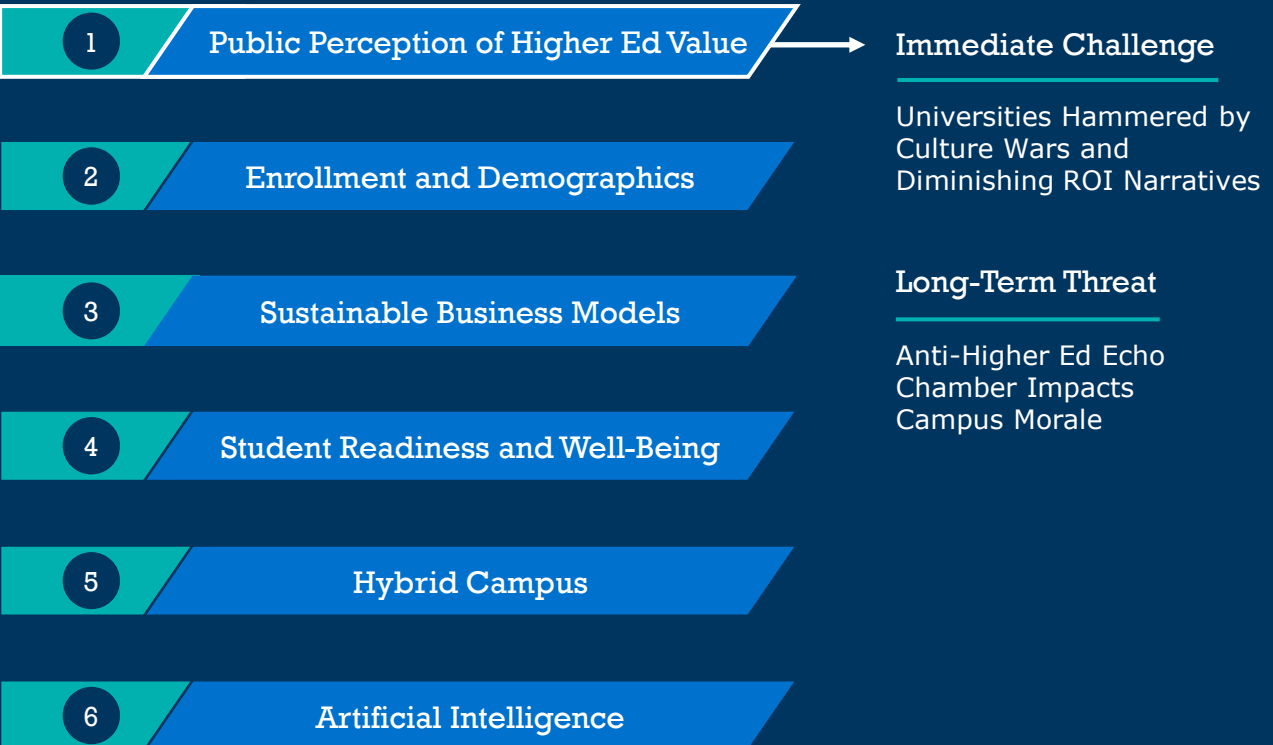### Relevant... for Whom?

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

Source: EAB interviews and analysis.

Six Priorities Shaping Higher Ed Strategy

1 Public Perception of Higher Ed Value →

Immediate Challenge

Universities Hammered by Culture Wars and Diminishing ROI Narratives

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3 Sustainable Business Models

Long-Term Threat

Anti-Higher Ed Echo Chamber Impacts Campus Morale

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Headlines Fuel Growing ROI Concerns

Why 50% of Gen Z students say they see less value in college

TIME *How America Started to Fall Out of Love with College Degrees*

College grads earn 80% more – but only 51% of Americans see

IHE *Recapturing American higher education's lost promise*

3 Ways Higher Education Can Flip the Script on Value

"alarming" numbers of Americans are rejecting college

F *Wake Up Higher Education. The Degree is on the Decline*

College is still w finds – although growing skeptical

half of Americans college degrees are waste of money

FORTUNE *Gen Zers don't see the point in getting a degree. Here's how to fix the ROI of college*

E *Was your degree really worth it?*

confidence in value of four-year degree

Tries to Bridge the 'Diploma Divide'

Source: Burt, *University Business,* June 7 2022; Anderson, *Time,* April 3, 2023; Pulsipher, *Forbes,* Jan. 10, 2023; Lederman, *Inside Higher Ed,* April 3, 2023; Dickler, *CNBC,* March 1, 2023; Marcus, *The Hechinger Report,* Aug. 10, 2022; *The Economist,* April 3, 2023; Kanno-Youngs, *The New York Times,* May 15, 2023; Eisgruber, *The Washington Post,* April 26, 2023; Rasmussen, *Fortune,* Oct. 31, 2022; Busteed, *Forbes,* Sep. 25, 2020; Hess, *CNBC,* Dec. 20, 2019; Mintz, *Inside Higher Ed,* July 27, 2023; EAB interviews and analysis.

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]

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

| Headline		Reality
Students and families only care about career outcomes	▶	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 4th 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]

Source: Individual sources linked above; 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
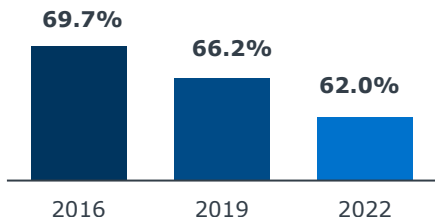
" **I've always seen and heard things about how there's no point in going to college** [...] because you usually end up with more debt than you can make, and it rarely works out for a lot of people that want to go."

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.

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.

Product Innovation, Community Partnership More Productive Endeavors

> **Public trust** is something to build locally, not nationally.
>
> *President Phillip Sisson*
> *Middlesex Community College*

> **The eight most dangerous words in higher education are 'we've just got to tell our story better'** because it implies that better comms are more important than actually doing better.
>
> *Alex Usher*
> *Higher Ed Strategy Associates*

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

- Future Scholars Program provides local low-income students and families with mentorship, campus visits, and college prep workshops

- 100% of program graduates have enrolled in post-secondary education

- Future Scholars model has been adopted by eight other universities so far

WSU
WICHITA STATE UNIVERSITY

- Wichita State's collaboration with local aviation sector has resulted in new programs, research partnerships, and P3-funded mixed-use buildings

- All students have applied learning experiences with industry partners

- WSU ranks 3rd in Kansas for market share growth since 2010, and is one of the few KS institutions that grew enrollment over the pandemic

Source: Usher, "Quid Pro Quo," Higher Education Strategy Associates, May 29, 2023' Rutgers Future Scholars Program, Rutgers University; Wichita State University, Wichita, KS; 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

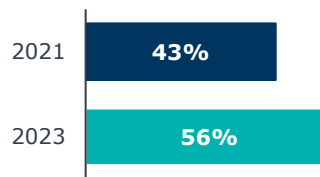Increasing workloads

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]

2021 **43%**

2023 **56%**

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

68%

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

Source: Bichsel et al., "2022 Higher Education Employee Retention Survey," College and University Professional Association for Human Resources, July 2022; Vyletel et al., "Exploring faculty burnout through the 2022-23 HMS faculty/staff survey," American Psychological Association, Aug. 31, 2023; EAB interviews and analysis.

Reflection   Public Perception of Higher Education

Immediate Challenge

Universities Hammered by
Culture Wars and
Diminishing ROI Narratives

What is the most urgent implication of this trend for your role/responsibilities?

Long-Term Threat

Anti-Higher Ed Echo
Chamber Impacts
Campus Morale

How has the public perception of higher education impacted your morale? The morale of your colleagues?

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 → **Immediate Challenge**

Post-Vaccine Enrollments Stabilize But Still Show Signs of Weakness

3 Sustainable Business Models

4 Student Readiness and Well-Being

Long-Term Threat

The Demographic Cliff "Levels Up" to Peak Population

5 Hybrid Campus

6 Artificial Intelligence

Average annual percent change in enrollment, IPEDS 2010-2021

Graduate

Strong growth across pandemic, with top 20% in the better position

2010-2019   *2019-2021*

1.7%

-0.1%

3.3%

0.9%

Non-Degree[1]

Pre-pandemic growth, with dramatic declines in lower 80% since 2019

2010-2019   *2019-2021*

3.2%

0.7%

0.8%

-6.3%

Undergraduate

Lower 80% has been declining since 2010, top 20% declining since 2019

2010-2019   *2019-2021*

0.3%

-1.4%

-2.6%

-3.0%
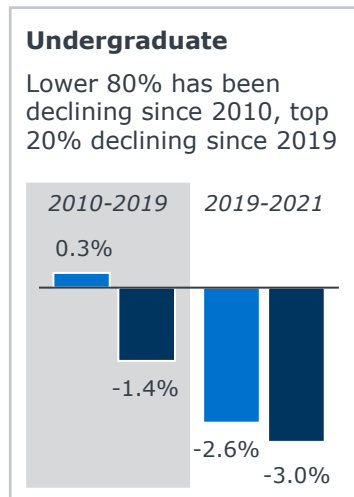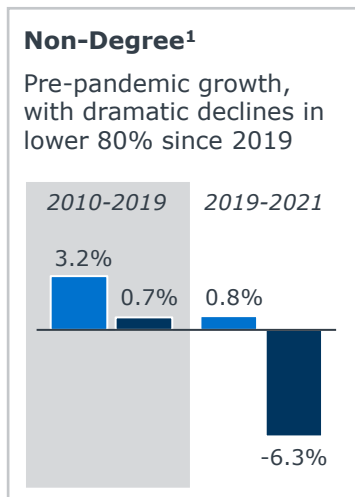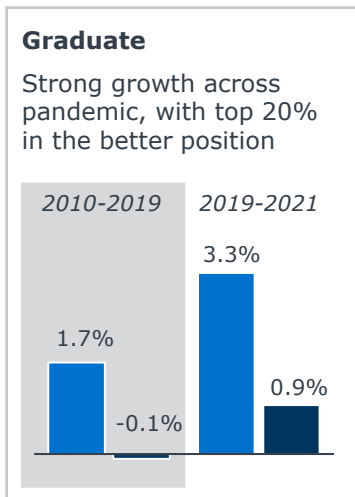
Top 20% of Market

Lower 80% of Market

Top 20% and Lower 80% determined by top enrollment institutions in each category

Undergraduates account for 79% *of the*
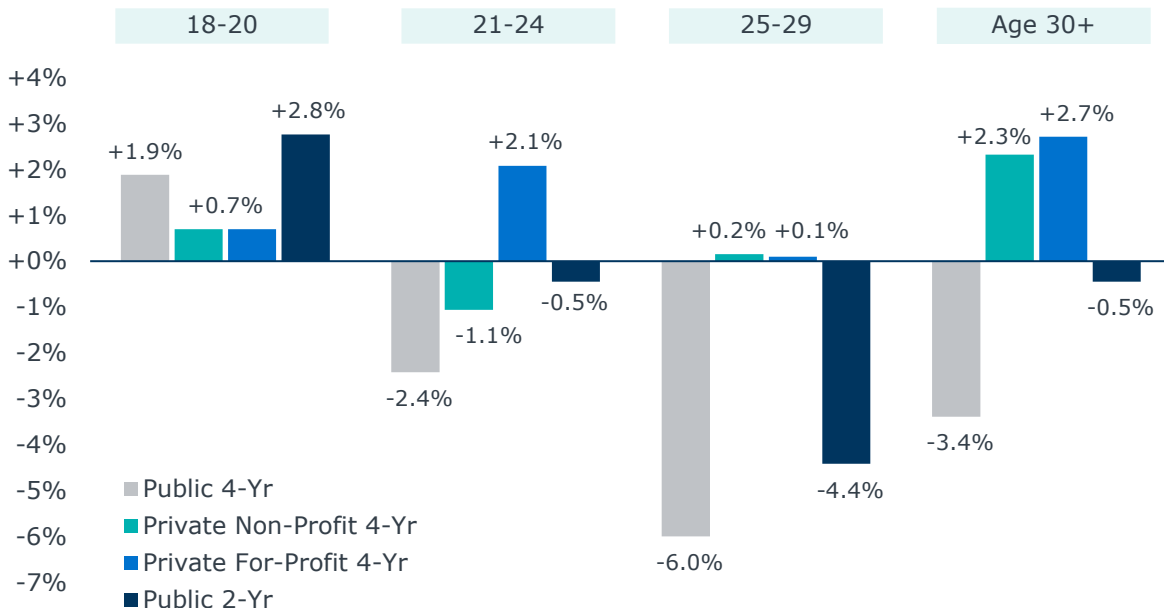
$203 billion in est. tuition revenue over AY21

1) Undergraduate non-degree only.

Students in 21-29 Age Cohort Disproportionately Down Over Last Two Years

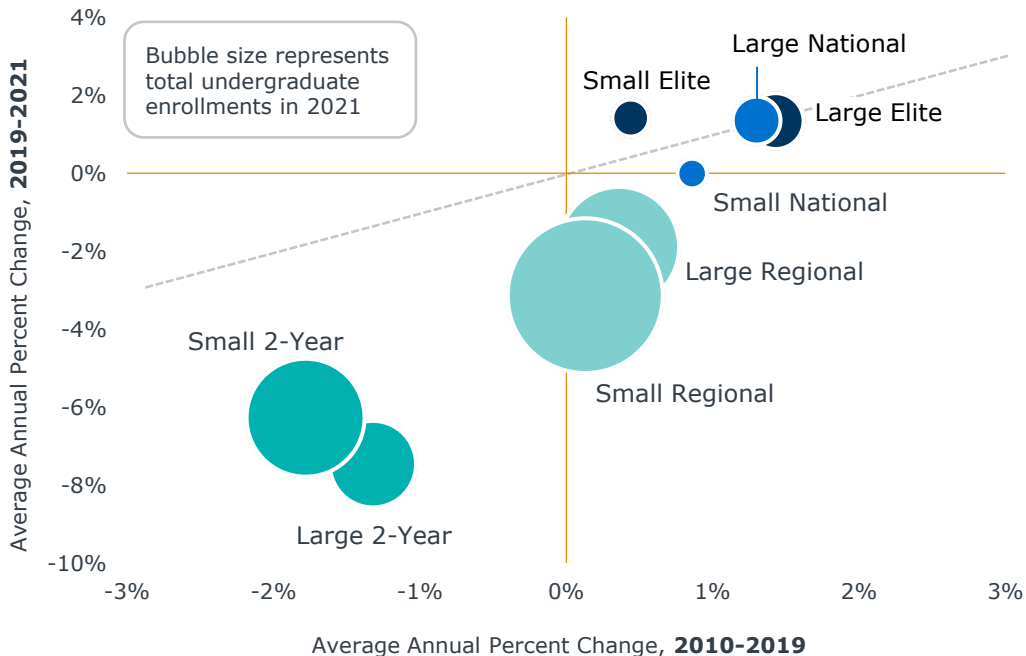**Average Annual Percent Change in Undergraduate Enrollment By Age**
Fall 2021-2023

| 18-20 | 21-24 | 25-29 | Age 30+ |

Bar chart legend:
- Public 4-Yr
- Private Non-Profit 4-Yr
- Private For-Profit 4-Yr
- Public 2-Yr

18-20: +1.9%, +0.7%, (+0.7%), +2.8%
21-24: -2.4%, -1.1%, +2.1%, -0.5%
25-29: -6.0%, +0.2%, +0.1%, -4.4%
Age 30+: -3.4%, +2.3%, +2.7%, -0.5%

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

Source: "Stay Informed with the Latest Enrollment Information," National Student Clearinghouse, Oct. 26, 2023; EAB interviews and analysis.

Undergraduate Enrollment Trends by Segment

Grawe and IPEDS Data, 2010-2021

Bubble size represents total undergraduate enrollments in 2021

Average Annual Percent Change, **2019-2021** (y-axis)

Average Annual Percent Change, **2010-2019** (x-axis)

Labels: Small Elite, Large National, Large Elite, Small National, Large Regional, Small Regional, Small 2-Year, Large 2-Year

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.

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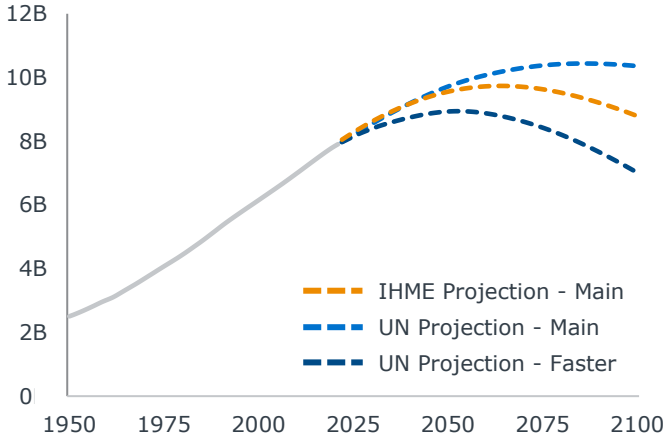
1) Undergraduate certificates grew through pandemic, but are counted as degree-seeking enrollments by IPEDS.

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

> 66 99
>
> 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

Source: Institute for Health Metrics and Evaluation, "Global Fertility, Mortality, Migration, and Population Forecasts 2017-2100," 2020; Department of Economic and Social Affairs Population Division, "World Population Prospects," United Nations, 2022; Human Capital Data Explorer," Wittgenstein Centre, 2018; Silver, Huang, "Key facts about China's declining population," Dec. 5, Pew Research Center2022; EAB interviews and analysis.

Demographic Cliff Followed by Even Steeper Decline Through 2100

United States 15-19-Year-Old Population, IHME Projection
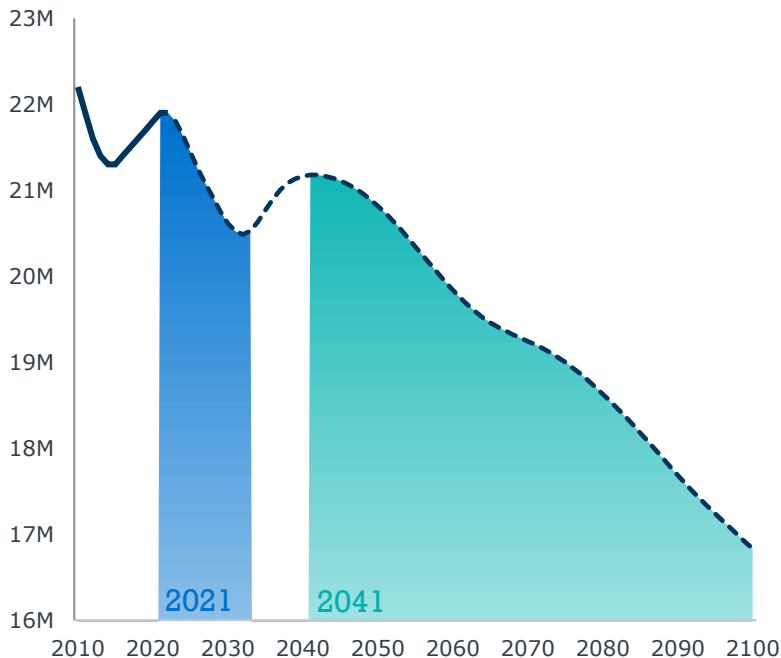
The Demographic Cliff

-6.3% or -1.4M

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

Peak Population

-21% or -4.3M

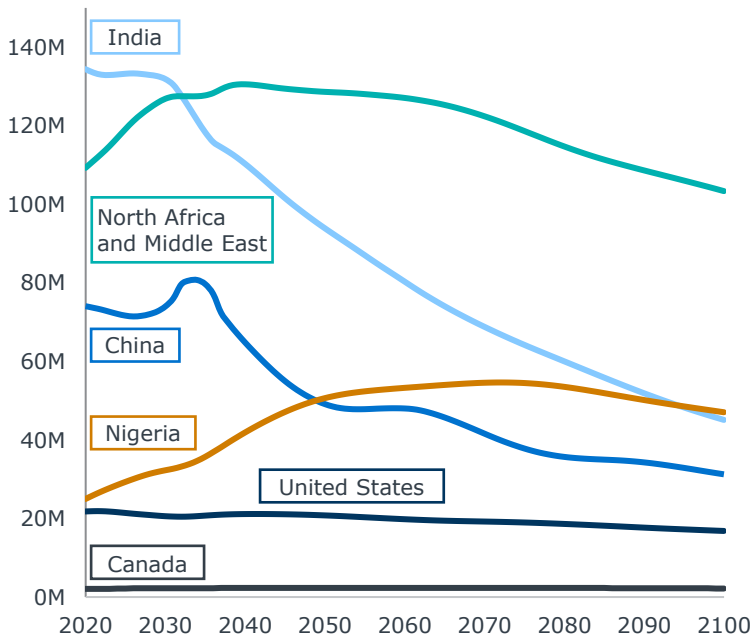*Decline in the 15-19-year-old youth population, 2041-2100*

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

India

North Africa and Middle East

China

Nigeria

United States

Canada

▶ 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.
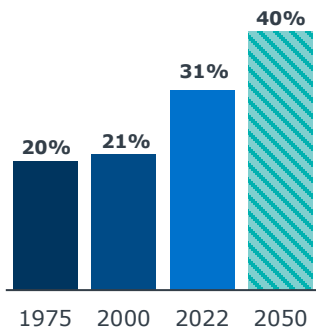
US Old-Age Dependency Ratio on the Rise

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

Source: "Old-age Dependency Ratio," OECD, 2023; Aborn, Cahill, "Higher Education Takes a Hit During Recessions. But it Doesn't Have To," Bipartisan Policy Center, Oct. 27, 2020; "Do School Spending Cuts Matter? Evidence from the Great Recession," National Bureau of Economic Research, January 2018; "The 2023 Long-Term Budget Outlook," Congressional Budget Office June 2023; EAB interviews and analysis.

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
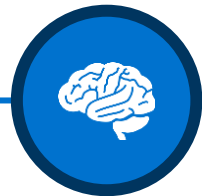
Service Economy

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.

Reflection Enrollment and Demographics

Immediate Challenge

Post-Vaccine Enrollments
Stabilize But Still Show
Signs of Weakness

What is the most urgent implication of this trend for your role/responsibilities?

Long-Term Threat

The Demographic
Cliff "Levels Up" to
Peak Population

What should you be doing now to prepare for this long-term threat?

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

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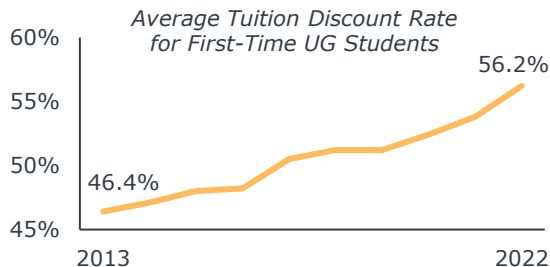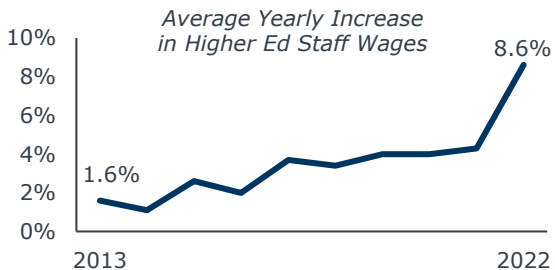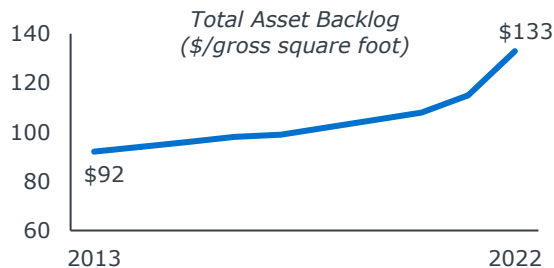
Long-Term Threat

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]

1.6% ... 5.2%

Total Asset Backlog ($/gross square foot)

$92 ... $133

Average Yearly Increase in Higher Ed Staff Wages

1.6% ... 8.6%

Average Tuition Discount Rate for First-Time UG Students

46.4% ... 56.2%
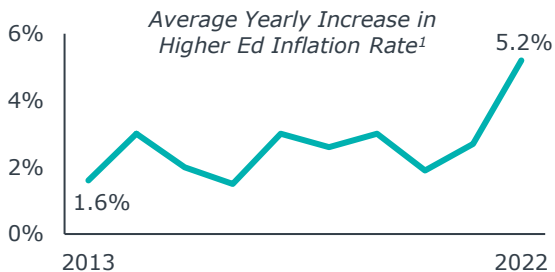
A Short-Term Lifeline Comes to an End

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

Facing Pressure, Institutions Turn to Familiar Cost-Cutting Measures

West Virginia University

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

Southern OREGON UNIVERSITY

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

chatham UNIVERSITY

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

HENDERSON STATE UNIVERSITY

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

DEPAUL UNIVERSITY

- $56M budget gap
- 77 voluntary separations

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.

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

Potentially Better Conditions for Some Academic Cost-Saving Strategies

OPPORTUNITY	WHAT WE'VE DONE	WHAT WE'VE NOT DONE	WHAT'S DIFFERENT TODAY
Space Utilization	Deployed a range of occupancy trackers to collect utilization data…	…without creating any incentives for departments to relinquish under-utilized offices and classrooms	Remote and hybrid work have changed and, in many cases, reduced the use of space, creating potentially large opportunities for rationalization
Academic Program Review	Gathered data on cost, enrollment, student success, and other metrics…	…without divesting from programs that require difficult resourcing decisions	Future efforts may be able to ride in the wake of current first-movers who are absorbing worst of PR pushback
Instructional Capacity	Reduced underfilled sections and excessive numbers of small courses…	…without optimizing faculty course loads or reducing overall curricular complexity	Better data today than in the past, and news of program closures likely makes faculty more willing to tackle curricular complexity
Departmental Reorganization	Aligned departmental evaluation with institutional priorities…	…without making wholesale changes to organizational designs	Expected wave of faculty retirements may enable leaders to redesign departments from the ground up with fewer change-management battles
Course Sharing Consortia	Partnered on some small, mostly invisible back-office services…	…without pursuing partnerships to streamline academic offerings	Increases in quality and willingness to take online courses mean physical distance, location matter less

Source: 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

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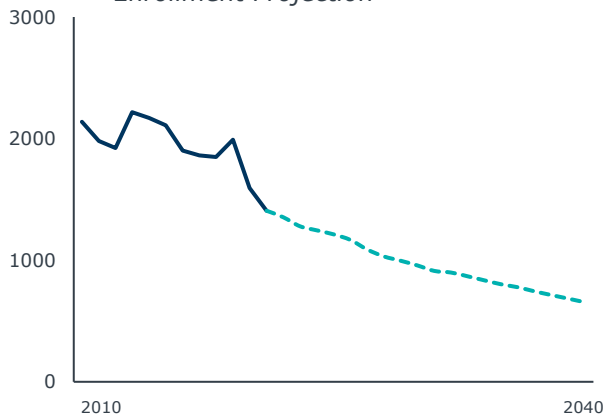
Estimated Cumulative Number of Four-Year Institutions with 25% and 50% Declines in First-Time First-Year Enrollment from 2022

2030		2035		2040	
449	182	534	227	566	247
25% Decline	50% Decline	25% Decline	50% Decline	25% Decline	50% Decline

Source: Integrated Post Secondary Education Data System, National Center for Education Statistics; 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%   ➡   18%

2022   2023

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
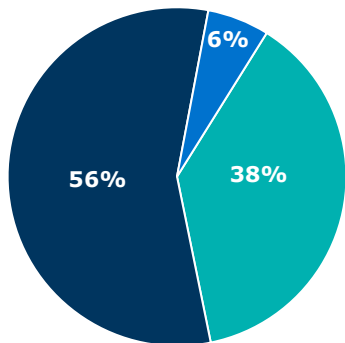
Source: EAB interviews and analysis.

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

Flat[1] in 2030

- Growth window is closing as pressures intensify
- Still opportunity to get ahead of the storm

Shrinking in 2030

- Fuller adoption of cost-savings playbook needed
- Strategies with largest savings potential often require longer runway; institutions must begin implementing now

6%

56%

38%

Growing in 2030

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

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.

Source: 2006-21 ACS Survey Data; Table 318.10, NCES Digest of Education Statistics; "COVID-19 Transfer, Mobility, and Progress," National Student Clearinghouse, Sept. 13, 2022; EAB interviews and analysis.

Reflection Sustainable Business Models

Immediate Challenge

Rising Budget Pressures
Lead Universities to Pursue
Host of Savings Strategies

What is the most urgent implication of this trend for your role/responsibilities?

Long-Term Threat

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

What are your reactions to a "less with less" approach? Why is this a difficult cost savings consideration for higher education?

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

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

…students struggle academically…

…as their mental health worsens…

Poor grades, falling behind on assignments **lead to feelings of stress and inadequacy**, which exacerbate mental health struggles
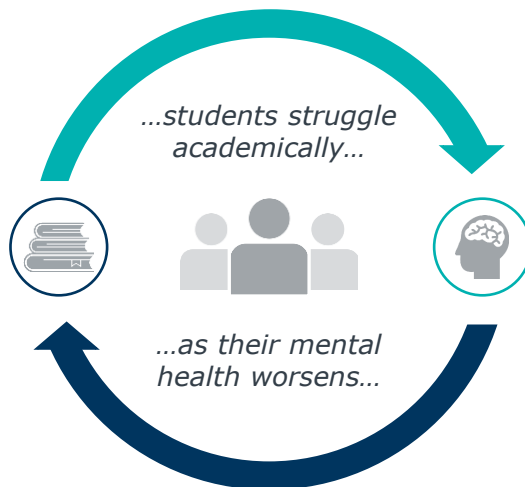
Feelings of hopelessness and anxiety cause decrease in focus and studying, which in turn **leads to poorer grades**

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%
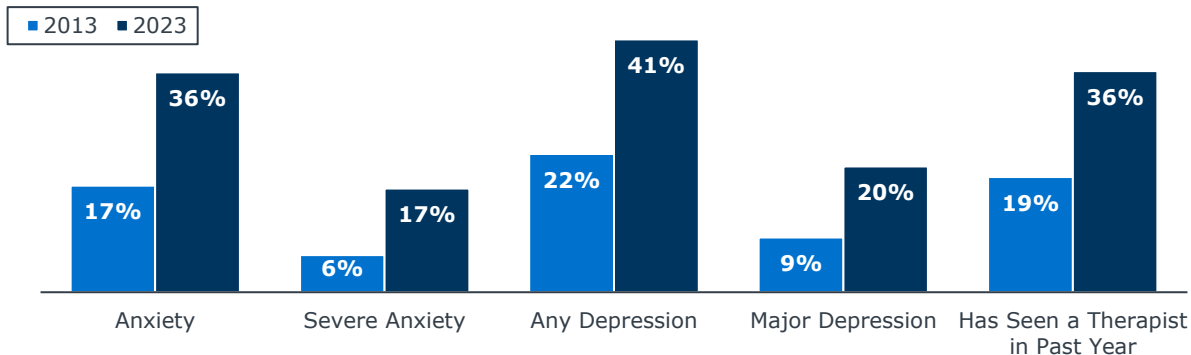
> "Three decades ago, the gravest public health threats to teenagers in the United States came from binge drinking, drunken driving, teenage pregnancy and smoking. These have since fallen sharply, replaced by **a new public health concern: soaring rates of mental health disorders.**
>
> **Matt Richtel**
> 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.

The Smartphone Hypothesis vs. the Hellscape Theory

Smartphones Associated with Less Sleep, Dissatisfaction with Life Among Teens

2016
Instagram hits 500M users[1]

2012
50% of US owns a smartphone

2007
iPhone released

— Students[1] with <7hrs of sleep per night
— Students[1] that "Can't do anything right"
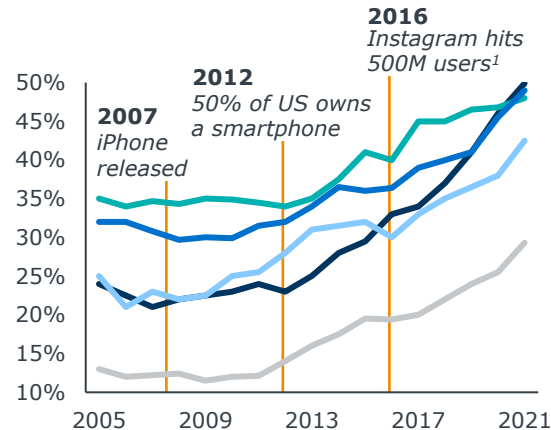— Students[1] that "Don't enjoy life"
— Students[1] that "Often feel lonely"
— Depression rate of teenage girls (12-17)

Climate Change "Doomerism" Linked to Youth Psychological Distress

Beliefs of 16-25-year-olds in the US

People have failed to care for planet	78%
The future is frightening	68%
Humanity is doomed	46%
Less opportunity than parents	44%
Hesitant to have children	36%
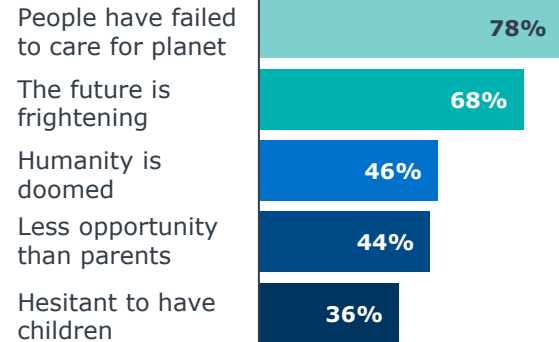
Psychological burden of climate change "apocalypse" worsened by social media algorithms that amplify content with high click rates

1) 8th-12th graders.
2) Monthly active users.

Source: Twenge, "Generations: The Real Differences Between Gen Z, Millennials, Gen X, Boomers, and Silents," April 25, 2023; "Youth Risk Behavior Survey," CDC, 2022; "*Climate anxiety in children and young people and their beliefs about government responses to climate change*," *The Lancet Journal*, 2023; Ruby, "78 Instagram Statistics Of 2023," *DemandSage*, Aug. 7, 2023; 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
2x — **The chronic absenteeism rate has doubled** from 16% in 2019 to an estimated 33% in 2022	Institutions report incoming students struggle with **gaps in core knowledge** and **poor study habits**
	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?

Source: "Change Your Class Just for Me," Reddit; EAB interviews and analysis.
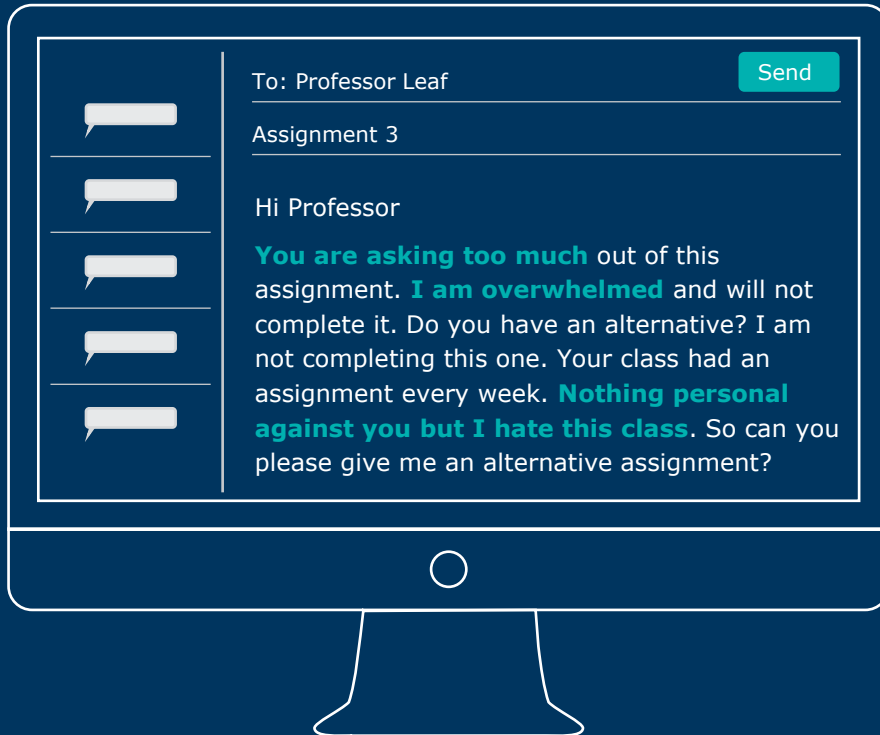
Academic and Mental Underpreparedness Influencing Student Decisions

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

Source: McCarthy, "Emotional Stress Remains a Burden on Students as COVID Fades," Gallup-Lumina, March 23, 2023; Eisenberg et al., "Promoting Behavioral Health and Reducing Risk among College Students," Healthy Minds Network; EAB interviews and analysis.

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

- 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

- 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

- 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

Strategic Investments To Make Now to Support Future Cohorts

CURRENT STATE ➔ **FUTURE STATE**

Math and English placement testing	**Multiple measures assessments**
Many students who could have taken college-level courses are placed in remedial education, pushing back time to degree	More accurate math and English placement results in fewer students in remedial education and overall higher student success rates
Noncredit remedial courses	**Supplemental/corequisite instruction**
Extra courses for no credit cost students time and tuition dollars, as well as slow academic momentum	Taken in parallel to gateway courses, corequisite courses provide "just in time" support, resulting in higher pass rates and retention
College algebra and calculus sequence	**Statistics and other sequences**
Traditional math instruction in college algebra or calculus can feel too difficult and disconnected from daily lives of most students	Realign math requirements with major coursework expectations (e.g., math for liberal arts, statistics, data science sequences)
Reactive tutoring	**Proactive academic support**
More tutoring staff and centers likely needed, but work must also be done to increase participation in these services before critical success junctures	Internal resource awareness campaigns and effective early alert systems that connect students with supports improve utilization and effectiveness

Source: Inside Higher Ed, "Multiple Measures, Better Outcomes," October 27, 2023; EAB, "Attack of the 'Math Shark': Why Unfinished Learning is a Lurking Threat to Student Success in the Late 2020s," July 28, 2023; EAB interviews and analysis.

Reflection Student Readiness and Well-Being

Immediate Challenge

Academic and Mental Health
Struggles Spiral Post-COVID

What is the most urgent implication of this trend for your role/responsibilities?

Long-Term Threat

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

What should you be doing now to prepare for this long-term threat?

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

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

Broad Uptake of Flexible Work

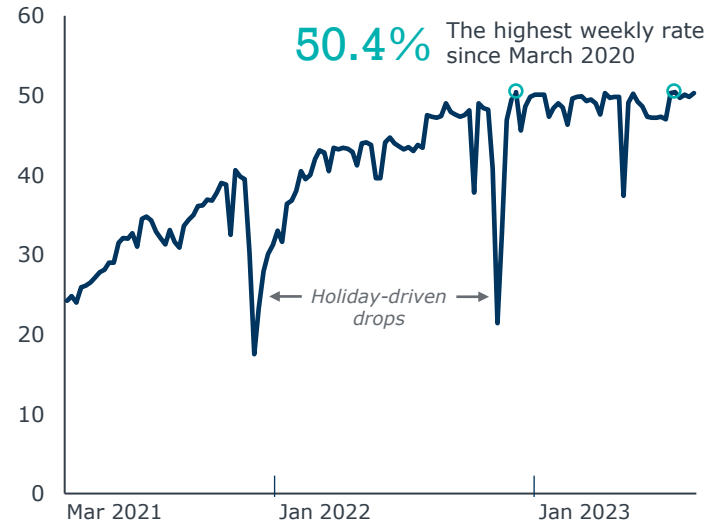# 74%

of employers offer hybrid work arrangements

81%

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

-19%

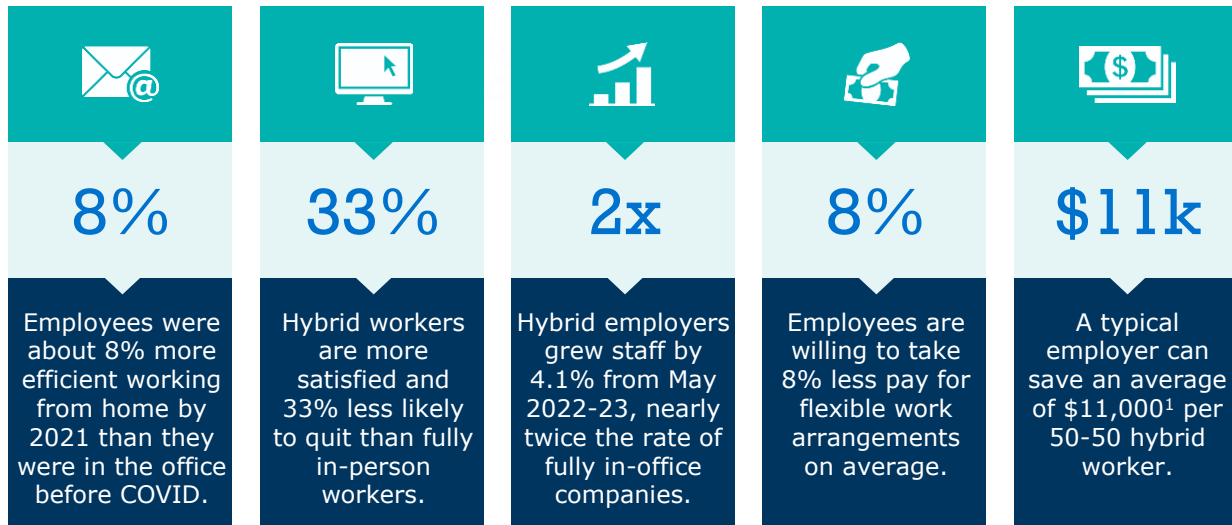In Q2 2023, average US office lease size decreased to 3,275 sq feet, 19% less than average in 2019

Average Weekly Office Occupancy in Top 10 US Cities

50.4% The highest weekly rate since March 2020

Holiday-driven drops

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.

A Strong Case for Flexibility

Demonstrated Impact on Productivity, Engagement, Hiring, and Cost

8%

Employees were about 8% more efficient working from home by 2021 than they were in the office before COVID.

33%

Hybrid workers are more satisfied and 33% less likely to quit than fully in-person workers.

2x

Hybrid employers grew staff by 4.1% from May 2022-23, nearly twice the rate of fully in-office companies.

8%

Employees are willing to take 8% less pay for flexible work arrangements on average.

$11k

A typical employer can save an average of $11,000[1] per 50-50 hybrid worker.

1) Savings derived from increased productivity, reduced turnover, and real estate costs.

Source: Bloom et al., "How Hybrid Working from Home Works Out," National Bureau of Economic Research. July 2022; Guilford, Gwynn. 2023; "Need to Hire Workers in a Hot Job Market? Let Them Do Some Remote Work," Wall Street Journal, Aug. 5, 2023; "Work from Home Experience Survey Results," Global Workplace Analytics, 2020; Emanuel and Harrington, "'Working' remotely? Selection, treatment and the market provision of remote work," April 9, 2021; Barrero et al., "Why Working from Home Will Stick," NBER, April 2021; EAB interviews and analysis.

Adoption, Policy, and Execution Still Highly Variable Across Institutions

Uneven Uptake of Flexible Work

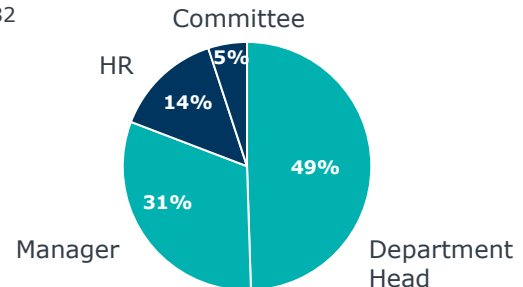**54%** of higher ed staff were hybrid or fully remote, as of 2023[1]

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

Committee 5%

HR 14%

Department Head 49%

Manager 31%

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

ELON UNIVERSITY

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

University of Manitoba

Up to 2 days per week at home

WP WILLIAM PATERSON UNIVERSITY

Up to 4 days per week at home

1) Based on EAB survey data.

Source: "2023 Survey of College and University Presidents," *Inside Higher Ed*, April 10, 2023; "Flexible Work Overview", Elon University, accessed Sept. 2023; "UM flexible work program continues," University of Manitoba, May 17, 2023; "Remote Friendly Hybrid Work Arrangements," William Paterson University; accessed Sept. 2023; EAB interviews and analysis.

University Leaders Raise Principled Concerns About Campus and Culture

"Hybrid work will erode our campus culture."

"Hybrid work will hurt the student experience."

"Hybrid work will create inequities."

Deliberate use of **known engagement inflection points** (e.g., onboarding, check-ins, team meetings) combined with **thoughtful in-person experiences** can help preserve—and even strengthen—campus culture.

60+% of students say staff in departments like residential life, career services, student affairs, registrar, bursar, and IT support **do not always need to be on campus**.

Units that need staff physically present more often can still **achieve flexibility with rotation schedules, reduced hours, shorter weeks**, and other intentional work scheduling tactics.

Making Hybrid Work for You

Effective Flex Work Requires Smart Policy and Investments in Tech, Training

Specific In-Office Days

- Set not only number of days in office, but specific days of the week for each team
- Stanford research shows so-called "anchor day" approach achieves benefits of both hybrid, in-person work and leads to 3-5% productivity boost

Audio/Visual Experience

- Employees don't get the benefits of in-person work if they simply recreate virtual experiences at the office
- Ensure your space and technology produces benefits of bringing people together to create a truly hybrid experience

Bias Mitigation

- Hybrid work could create biases against employees who choose to work from home
- Train managers and supervisors on such biases to protect against unintentional preference for in-office interactions

Clear Eligibility Guidelines

- Give managers clear guidance for deciding who and what types of jobs can go hybrid to enable flexibility while ensuring equity
- Virginia Tech created and published a step-by-step guide and detailed checklists that helps leaders assess role and employee suitability for work-from-home

Source: Williams; "Hybrid Work Makes People Better at Their Jobs, from Commuting to 'Deep Work'" *Fortune*, Feb. 12, 2023; Stanford Institute for Economic Policy Research, July 2022; "Remote and telework suitability guidelines," Virginia Polytechnic State University, accessed September 2023; EAB interviews and analysis.

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

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1) Net Assignable Square Feet

Source: "Campus Facilities Inventory," The Society for College and University Planning, 2021; Smalley, "Half of All College Students Take Online Courses," *Inside Higher Ed*, Oct. 12, 2021; "Digest of Education Statistics, 2022," National Center for Education Statistics, accessed September 2023; EAB interviews and analysis.

Reflection Hybrid Campus

Immediate Challenge

Flexible Work Decisions Impact Operations, Productivity, and Hiring

What is the most urgent implication of this trend for your role/responsibilities?

Long-Term Threat

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

What should you be doing now to prepare for this long-term threat?

Key Takeaways

"Return to the office" in the corporate world has been overstated, and higher ed remains an outlier on hybrid work norms. Concerns about negative impact on campus culture or the student experience are principled, but **progressive organizations have shown that culture can be maintained** with intentional management structures and strategic use of in-person time.

Universities that embrace aspects of hybrid stand to benefit from improvements in hiring, retention, operations, and productivity.

More fundamentally, almost regardless of exact hybrid policy, **most universities now have too much space and the wrong mix of space**, given changes in work and student preferences.

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

AI Breaks the Mold of Technology Adoption

ChatGPT's User Base Grew Faster Than Other Tech Breakthroughs

What is Generative AI?

Latest development in AI that refers to deep-learning models that can **generate high-quality text, images, and other content** based on the data they were trained on.[1]

ChatGPT's Meteoric Adoption Rate Sets Historical Precedent

Time to 100M Users By Technology

ChatGPT
2 months

Facebook
5 years

http: Internet
8 years

Television
38 years

Telephone
75 years

Time to 100 Million Users
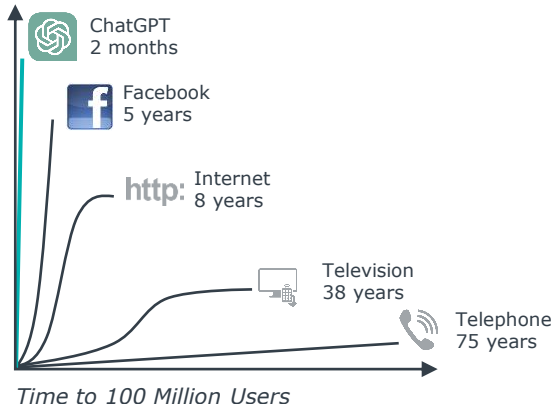
Generative AI Reaches Inflection Point Due to Unique Developments

▶ **Accessible and User-Friendly**

Web-based access allows anyone to use AI via PCs and smartphones. Users can use simple text prompts to deliver commands and process outputs.

▶ **Trained on Vast Knowledge Base**

Models are trained on large sets of data (e.g., books, web texts, and articles from billions of Internet webpages).

▶ **Generates New, Human-Like Content**

Tools can generate new, creative content across domains (e.g., text, images, software) that is often indistinguishable from human outputs.

OpenAI   DeepMind   Stable Diffusion   xkool   DeepL

1) IBM Research definition.

Source: Gerwitz, "How does ChatGPT actually work," *ZDNET,* July 13, 2023; Hu, "ChatGPT sets record for fastest-growing user base – analyst note," *Reuters,* Feb. 2, 2023; EAB interviews and analysis.

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

Source: EAB interviews and analysis.

Support Faculty 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

UNIVERSITY OF SAN FRANCISCO

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.

Levels of AI Knowledge by Future Workforce Demand

~1%
of knowledge-sector jobs will be **advanced level**

The AI Visionary

- Designs novel AI algorithms, optimizes model architecture, parameters, and neural networks
- Approaches AI with original ideas and imagination. A futurist thinker.

~9%
of knowledge-sector jobs will be **intermediate level**

The AI Manipulator

- Can train AI models on sample data and has experience with frameworks like TensorFlow
- Understands learning tasks, can fine-tune AI models, and can deploy ML[1] models

~90%
of knowledge-sector jobs will be **basic level**

The Common AI User

- Understands basic AI concepts
- Has used AI through consumer apps and user-friendly large language models

1) Machine learning.

Source: EAB interviews and analysis.

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

Generative AI Expectations from Select Syllabi

Penn

Business

"I expect you to use AI (ChatGPT and image generation tools, at a minimum), in this class. **In fact, some assignments will require it.**"

Colgate UNIVERSITY

Data Structures and Algorithms

"Generative AI systems (like ChatGPT), if used correctly, can serve as **powerful tools for learning and idea refinement.**"

THE UNIVERSITY OF QUEENSLAND AUSTRALIA

Teaching Humanities and Social Sciences

"AI in education is **a vital topic** for pre-service teachers who have to navigate ongoing changes in the educational landscape."

HOWARD UNIVERSITY

Advanced Legal Writing

"I expect you to use technology in this class. Technology can be as useful for writers as **a calculator is for mathematicians.**"

UMASS LOWELL

Social Media Marketing

"There is a good possibility that using tools like these [Gen AI] are going to become **an important skill** for careers in the not distant future."

Central Michigan University

Various Geography and Teaching Methods

"I think of [generative AI technology] as **the new Wikipedia** […] but you, as the author, are responsible for the information and outputs."

Source: University of Pennsylvania, Philadelphia, PA; Colgate University, Hamilton, NY; The University of Queensland, Queensland, AUS; Howard University School of Law, Washington, D.C.; University of Massachusetts Lowell, Lowell, MA; Central Michigan University, Mount Pleasant, MI; EAB interviews and analysis.

Reflection Artificial Intelligence

Immediate Challenge

Select Policies, Training
Necessary to Navigate
AI Transition

What is the most urgent implication of this trend for your role/responsibilities?

Long-Term Threat

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

What disciplines are already addressing AI skill development?
What barriers do you see that will slow progress around
curriculum development?

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

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