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# *Summary of Research and Trends in Post-Secondary Education*

*Wallace K. Pond, Ph.D. Founder and CEO*

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# Introduction

**The Challenge | The Current Crisis**

# The Challenge

Higher education is currently facing the greatest challenges in its centuries-long history. Even before the pandemic, the industry was in the 9th year of consecutive enrollment and revenue declines precipitating nearly 1,500 reorganizations, mergers, and closures. The traditional, credit-bearing, degree granting sector of the post-secondary education ecosystem is shrinking and will continue to decline for the foreseeable future. It is essential that when the shakeout is complete that the market, though smaller, be more dynamic, nimble, customer-centric, and better integrated with other elements of the post-secondary ecosystem than it is today. There is a critical role for higher education to play in the ecosystem, but only if there is broad transformation, leading to a compelling value proposition and concrete ROI across multiple stakeholder groups.

# How We Got Here

## The Ten-Year Contraction in Higher Education

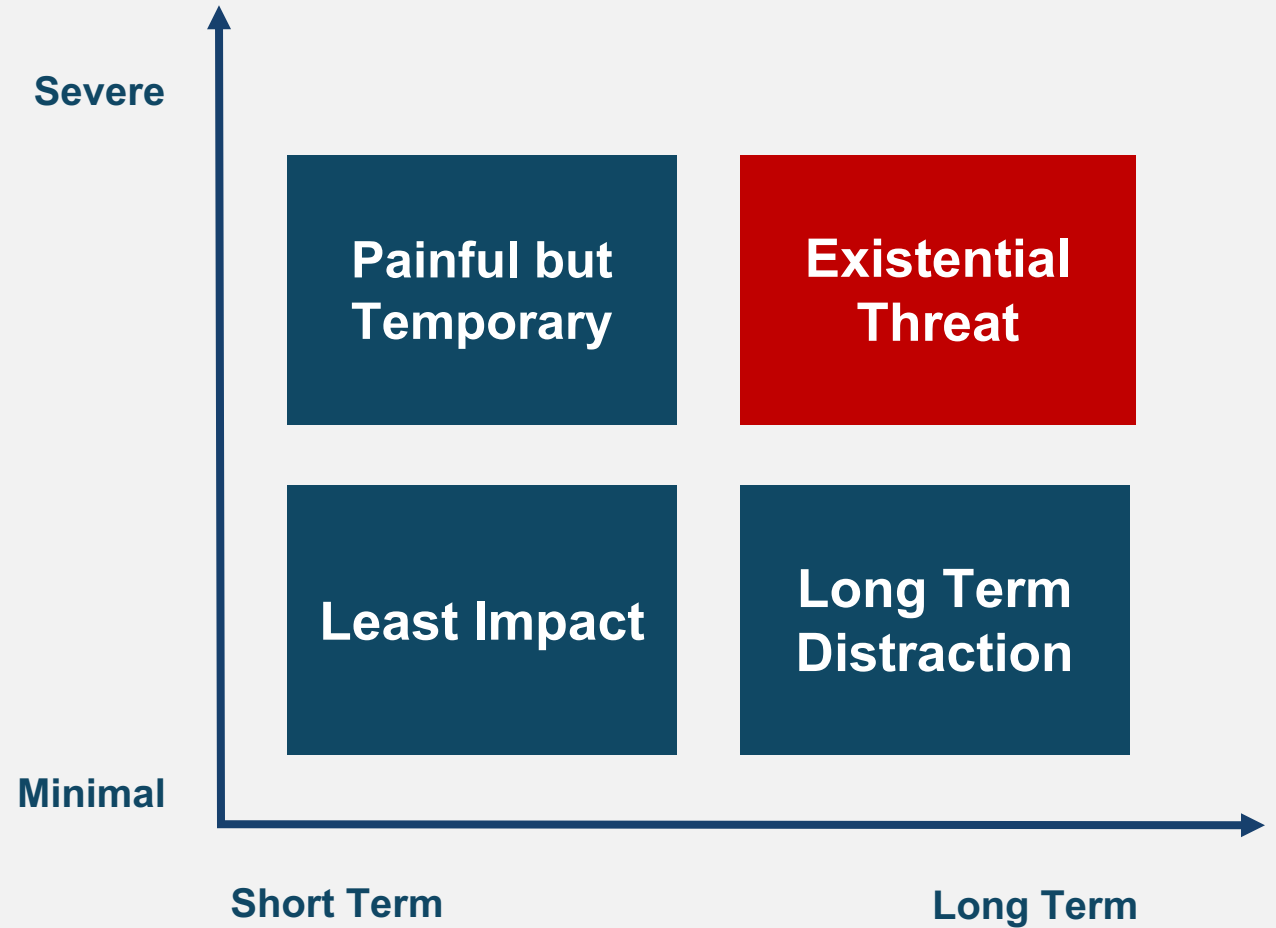
- Demographics (Declining Birthrates)
- Economy (Recession/Depression)
- Economics (Cost of Education and Debt)
- Negative Societal Opinions about Higher Education
- **Alternatives to College Programs**
- ***COVID-19 Pandemic***

The 2018-2019 and 2019-2020 and 2020-2021 year over year enrollment declines were the largest of the entire decade-long contraction.

Demographics cannot reverse the current trend until about 2038—and then only marginally—which would require a substantial increase in birth rates.

# The Current Crisis (It Started 10 Years Ago)

The current crisis is long term, severe, existential, and we will not return to the previous normal when it's "over."



# The Current and Future States

**External and Internal Factors Contributing to the Decline in Traditional Higher Education and the Need for Reinvention**



# The Current State

Some substantial number of institutions will not survive as they exist today:

- 1,000,000 fewer students in Career Colleges since the mid 2000s
- Over 3,000,000 fewer students across all of higher ed
- Ten-year enrollment decline with the last two years showing steepest declines
- Virtually all growth in less than 100 of 5,800 Title IV institutions
- Thirty percent of colleges were operating in the red **before** COVID-19
- HEERF funding expiring
- Significant market shift to non-credit, non-degree options
- Approximately 1,500 colleges total have merged or closed since 2010

At current rates, at least 300 private, non-profits could merge/close by 2030 and a similar number of for-profits could close in the same period

# The Reality of COVID-19

The COVID-19 crisis has been a powerful accelerant of existing trends

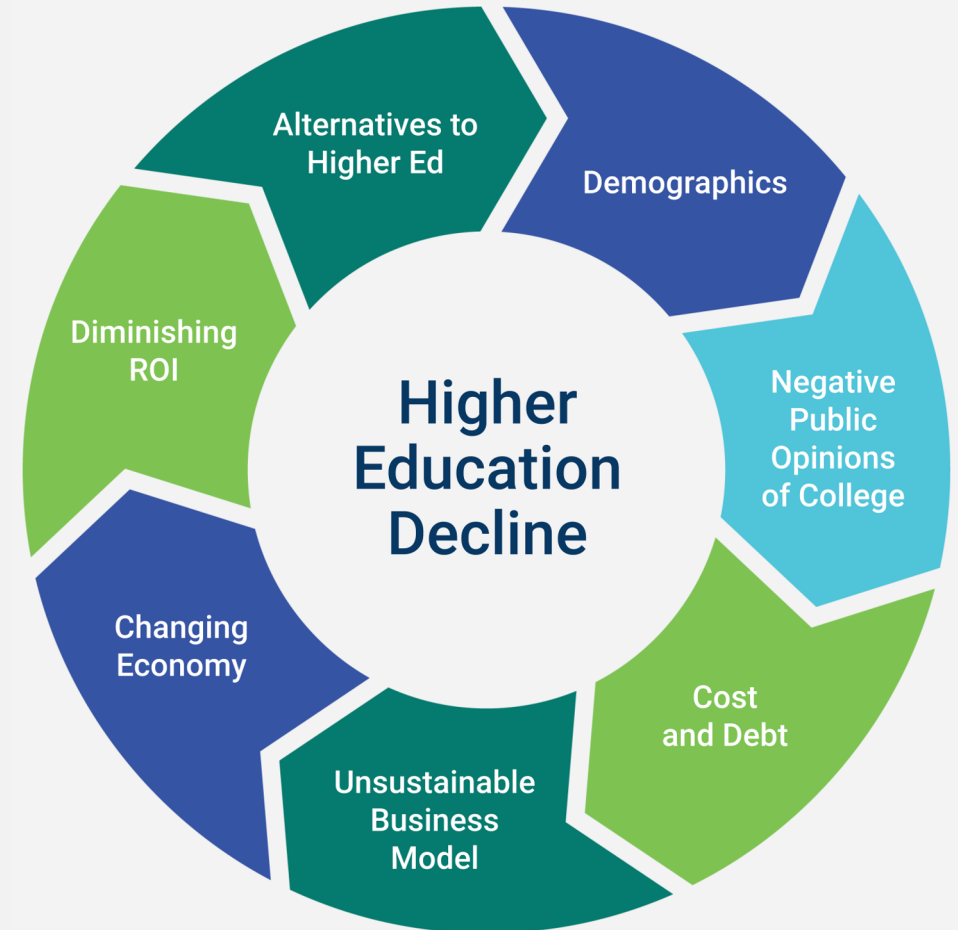
- Higher education as a retail business
- Remote delivery of services and instruction
- Shorter, non-degree programs (CBE, certificates)
- Centralized decision making
- Reduced public funding
- Move away from the traditional calendar

**The only higher ed sector where enrollment is up is four-year, for-profit institutions (4%)**

# The End of Higher Education As We Know It

- Higher education is at an existential crossroads in which a combination of external factors have conspired to render the traditional financial and operational models obsolete for a majority of institutions
- About a third of all colleges and universities enroll students with some level of exclusivity, but as enrollment continues to decline the top will cannibalize the schools below it, decreasing exclusivity for all
- A very small number of extremely exclusive and well-funded colleges can continue to operate much the way they have. This represents less than 10% of all IHEs

**There is a difference between being “open” and being relevant, robust, and sustainable**



<https://wallacekpond.com/2021/01/02/the-end-of-higher-education-as-we-know-it/>

# Alternatives to College

Growing move away from college degrees

## Short Courses

- Industry badges & certifications
- Boot camps

## On the Job Training

- Ab-initio training
- Apprenticeships



Netflix bootcamp in partnership with Norfolk State University & 2U



Google certificate training in several areas made available to the public, blowing up both the degree and tuition models at the same time



Amazon training programs

# Research

Data | Trends

# Enrollment

- Overall enrollment decline starting in 2011, initially in for-profit schools
- Total decrease in enrollment of over 3,000,000 since 2010
- Fall 2020 enrollment declines hit hardest at schools serving more lower income people and people of color
- Most significant year over year declines from 2019 to 2020 in community colleges (10%)
- Spring 2021 enrollment dropped most for 18-to 24-year-olds, especially at community colleges
- Fall 2021 undergrad enrollment declined again at 3.2% over 2020
- Only three states saw an enrollment increase in Fall 2021
- Fall 2021 decline could total 500,000 students
- Lion's share of growth in a small number of institutions

## Continued Enrollment Declines in Fall, 2020

- Freshmen down 16%
- First time CC enrollments down 23%
- International enrollment down 43%
- Pell recipients down 8%

<https://cci.stradaeducation.org/pv-release-may-19-2021-back-to-class/>  
[https://www.chronicle.com/article/undergraduate-enrollment-continues-its-slide-dipping-3-2-percent-from-last-year?utm\\_source=Iterable&utm\\_medium=email&utm\\_campaign=campaign\\_3087091\\_nl\\_Academe-Today\\_date\\_20211026&cid=at&source=ams&sourceid=](https://www.chronicle.com/article/undergraduate-enrollment-continues-its-slide-dipping-3-2-percent-from-last-year?utm_source=Iterable&utm_medium=email&utm_campaign=campaign_3087091_nl_Academe-Today_date_20211026&cid=at&source=ams&sourceid=)

# Non-Degree Program Research

- 62% of adults would prefer a non-degree program over any degree program
- 51% of non-degree programs are offered by non-college organizations
- Alumni outcomes of non-degree programs are higher than associates degrees, but slightly less than bachelor's degrees
- Labor market outcomes (pay and job satisfaction) are better for non-degree programs than associate degree programs, and the highest value programs are in health sciences
- Adults who combine any college degree with a non-degree program report the highest quality and value

According to the Department of Labor, the average tenure for American jobs was down to 4.1 years in 2019, but the average life span for work is 60 years. Therefore, a college degree has to provide value for 15 different jobs over six decades!

<https://www.bls.gov/opub/ted/2020/median-tenure-with-current-employer-was-4-point-1-years-in-january-2020.htm>

Strada Education: <https://cci.stradaeducation.org/pv-release-july-28-2021/>

# Financial State of Higher Ed

- Roughly 1,360 colleges and universities have seen declines in first-year fall enrollment since 2009, including about 800 four-year institutions
- Nearly 30 percent of all four-year schools brought in less tuition revenue per student in 2017-18 than in 2009-10
- About 700 public campuses received less in state and local appropriations in 2017-18 than in 2009-10, and about 190 private four-year institutions saw the size of their endowments fall relative to their costs
- 30% of all colleges were operating in the red before COVID-19
- 650,000 higher ed employees were laid off in 2020

Approximately 1,700 IHEs were operating with less revenue than expense in 2019, and many of those had been in a deficit scenario for years prior to that

As HEERF funding ends, so will the temporary reprieve

<https://www.highereddive.com/news/moodys-lowers-higher-ed-outlook-to-negative-amid-coronavirus-crisis/574414/>  
<https://hechingerreport.org/analysis-hundreds-of-colleges-and-universities-show-financial-warning-signs/>



# Demographics

- We are in the “trough” of previous declining birthrates
- Below the “replacement rate” of 2.1 live births since 1971
- Lowest ever in 2018 and 2019 (1.72), then lower again in 2020!
- Freshmen class cannot grow until at least 2040
- African American enrollment declined 13% from 2014 to 2019 and minority populations suffered the greatest declines in 2020 and 2021.

“Millions of Americans will be absent first from the classroom and then from the labor market because, to put it bluntly, they were never born.”

*The Demographic Drought - Emsi*

“The rate has generally been below replacement since 1971 and consistently below replacement for the last decade”

- CDC

<https://www.economicmodeling.com/2021/05/04/demographic-drought/>  
<https://cci.stradaeducation.org/pv-release-may-19-2021-back-to-class/>

## Two Year Trend

“

“If this current rate of decline [2019-2021], were to hold up it would be the largest two-year enrollment decline in at least the last 50 years in the U.S.”

”

**Doug Shapiro**, National Student Clearing House Research Center

# The Economy

- Historically Inequitable Distribution of Wealth
- Highest Unemployment Since the Great Depression
- Hollow Recovery from 2008 Recession
  - 57,000,000 moved into gig economy
  - 80% of re-employed made less than before the recession
  - Millions moved from home-owners to renters
- Highest Level of Economic Vulnerability in Modern Times (even BEFORE the pandemic)
- 5,000,000 fewer workers in Fall 2021 than Fall 2019

<https://www.washingtonpost.com/news/wonk/wp/2018/05/25/the-alarming-statistics-that-show-the-u-s-economy-isnt-as-good-as-it-seems/>  
<https://wallacekpond.com/2019/10/06/struggling-through-good-times-why-were-so-stressed-despite-a-strong-economy/>

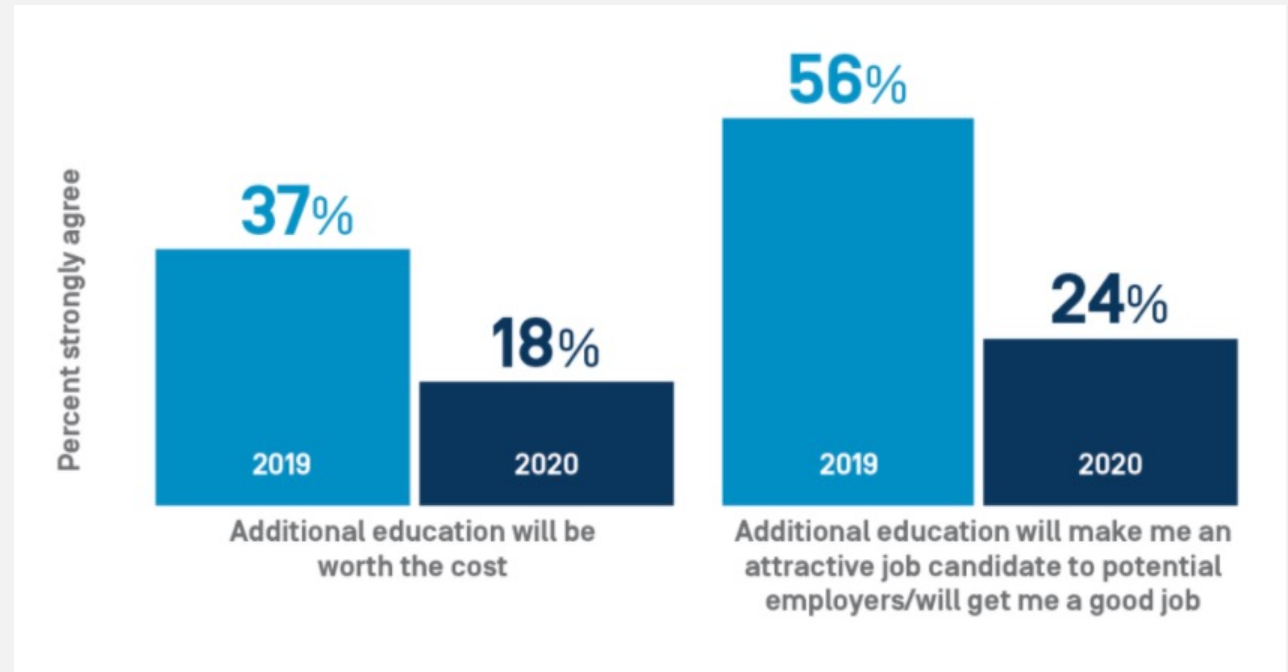
# Economics of Higher Education

- Tuition has increased 40% in the last ten years
- Since 1989, tuition has doubled, after inflation (eight times faster than increases in wages)
- Total student debt is now \$1.7 trillion (exceeding both credit card and auto loan debt)
- Average student debt is now over \$32,000 per person and roughly 20% of students owe more than \$100,000 dollars
- Half of all borrowers were making interest-only payments before the pandemic
- The combination of time and money required for a traditional degree program is becoming untenable for many post-secondary students
- We may see massive default rates when Covid-based loan deferrals expire

- The cost of education has exceeded customer elasticity
- Many students now feel that the ROI is either not positive enough or actually negative

# Negative Societal Opinions about Higher Ed

- Gallup Survey (declining confidence)
- Pew Survey (headed in wrong direction)
- Harvard Survey (student debt is a major problem, source of enrollment decision)\*
- Strada Survey (return on investment)



\* Millennials under 30

<https://cci.stradaeducation.org/pv-release-december-20-2020-insights-from-2020-implications-for-2021/>

# Higher Ed Value Proposition

## National Alumni Survey

- Career | Money | Personal (Basis of Value Proposition)
- Income Over \$40K | Worth the Cost | Achieved Goals
  - 52% achieved all three after graduating
  - Lower for female students, first-gen students, and students of color
- Industry/Career Connection Most Important to Degree Value
- Degree Skills Gap Compromises Value
  - Math, Digital Literacy, Data Analysis, Project Management

<https://cci.stradaeducation.org/wp-content/uploads/sites/2/2021/10/public-viewpoint-charts-102721.pdf>

# The Likely Future of Higher Education

Many of these realities cannot be achieved with incremental change

- Be less dependent on tuition
- Be staffed by even more contingent workers
- Be market driven and move to more “small bite” programs rather than formal degrees
- Be defined by partnerships
- Have less face-to-face interaction, even on residential campuses for both instruction and services
- Be less calendar-focused, with more flexible, multiple-length academic terms
- Include non-credit, non degree programs
- Be brutally competitive in a retail context
- Be much more open to innovation for those institutions that survive
- Be customer driven (and dependent on a compelling value proposition)
- Be constantly in flux

# The Old vs. The New

How many of these boxes can your school check?

Traditional		Transformed
Academic Programs		Product Strategy
Fixed Academic Calendar		Just in Time Offerings
Transactional		Transformational
Proprietary/All in House		Shared/Partnerships
One Business		Multiple Businesses
Accredited		Industry Validated
Credit-Bearing/Degree Granting		Certificate/Industry KSAs
One and Done		Life-Long Relationship
KPIs		Sustainability
Standardized		Customized
Institutional Outcomes		Student Value Proposition



# Summary

- Higher education has struggled before, but never faced all of the simultaneous external threats that exist today
- For most institutions, to thrive, and in some cases to even survive, they must engage in transformative change
- The traditional channels of support for higher education are themselves broadly incapable of supporting transformation, which is where the *Transformation Collaborative*<sup>™</sup> comes in



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# Contact Information

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Thought Leaders Who Execute™

Wallace K. Pond, Ph.D.  
*Founder*

wallace@transformationcollaborative.net  
719-344-8195



Anthony Bieda  
*Founder*

anthony@transformationcollaborative.net  
703-399-9172



# Appendices

# Why the *Transformation Collaborative*<sup>TM</sup> Exists

Problem Statement	Higher education is currently facing the greatest existential challenges in its centuries-long history—challenges that require transformative change—yet most IHEs do not have the capacity to reinvent themselves even when survival is in the balance
Purpose	To preserve higher education as a profoundly important societal asset
Action	To help colleges and universities survive and thrive through transformation

## Foundational Challenges to be solved:

- Diversity
- Accessibility
- Relevance
- Workforce Development
- “Sansdemic” in higher ed and labor markets