Demographic Change: Challenges and Opportunities for Private Colleges

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Net Migration between Census Divisions among Children Ages 2 to 17, 2015 to 2016
Foreign-born population for U.S. states

(Foreign-born population density and the most common country of origin for the foreign-born population)

Source: Lattice Publishing analysis of the U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
It’s official: Minority babies are the majority among the nation’s infants, but only just
Total Fertility Rate per 1000 Women, 2007

Source: National Vital Statistics Reports Vol. 58, no. 24
US fertility rate falls to lowest on record

By Madison Park, CNN

Updated 9:30 AM ET, Thu August 11, 2016
Total Fertility Rate Per 1000 Women

Source: National Vital Statistics Reports Vol. 67, no. 1
Total Fertility Rate per 1000 Women, 2016

Source: National Vital Statistics Reports Vol. 67, no. 1
Projected Change in Numbers of High-School Graduates, 2012 to 2028

Projected Number of High School Graduates, 2012-2028

Question: Are headcounts the right way to think about future demand for higher education?
Figure 2.2 College attendance rates by Census division

Any post-secondary institution

Four-year institution

Institution ranked between 51 and 100

Institution ranked in top 50 colleges or universities

Source: Author’s calculations based on the 2002 Education Longitudinal Study restricted data
College Attendance Rates by Race/Ethnicity

- Any Post-Secondary
- Two-Year Institution
- Four-Year Institution
- Institution Ranked 51 to 100
- Institution Ranked in Top 50

- White, non-Hispanic
- Black, non-Hispanic
- Hispanic
- Asian
- Other
College Attendance Rates by Maximum Parent Education

- Any Post-Secondary Institution
- Two-Year Institution
- Four-Year Institution
- Institution Ranked 51 to 100
- Institution Ranked in Top 50

- <High school
- High school
- Some college
- Bachelor’s degree
- >Bachelor’s degree
Example:
Person A: Asian-American woman living in Boston with both parents who each hold a BA and earn $125,000

Person B: Hispanic man living in rural California with his mother who holds no degree and earns $40,000

Probability of attending four-year college or university:
  Person A = 96%
  Person B = 9%

Probability of attending four-year college or university ranked among top 50:
  Person A = 73%
  Person B = 2%
The HEDI Model

Basic Concept: Probability-weighted demand forecasts

Population increasing by 17%
Probability of attendance = 17%

Probability of attendance = 100%
Reality is complicated
Forecasted Number of Students Attending College by Institution Type and Year of High School Graduation

a) Two-year colleges

b) Regional colleges and universities

c) National colleges and universities

c) Elite colleges and universities
Example:
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Percent of Persons with Bachelor’s Degree or Higher, by Age

Source: Author’s calculations based on 2011 American Community Survey
Forecasted growth in students who will attend a **regional four-year institution**, 2018 to 2029
Forecasted growth in students who will attend a national four-year institution, 2018 to 2029
Forecasted growth in students who will attend an elite four-year institution, 2018 to 2029
Key Assumptions

• College attendance patterns are stable
• Migration and immigration patterns are stable

Counter-example: 1980s enrollments
• Increased college wage premium: from 20% to 60%
Race/ethnicity distribution of students attending four-year institutions, 2018 and 2029

- Non-Hispanic White
- Non-Hispanic Black
- Hispanic
- Asian American
- Other

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<tr>
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<th>2018</th>
<th>2029</th>
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<td>18-Year-Olds</td>
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<td>Elite</td>
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Parental education distribution of students attending four-year institutions, 2018 and 2029

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%

2018 2029
18-Year-Olds
2018 2029
Two-Year
2018 2029
All Four-Year
2018 2029
Regional
2018 2029
National
2018 2029
Elite

No BA
One BA
Both BA
Possible Responses by Others
• Recruit better
On the last evening of August 1894, people in a remote corner of northern Minnesota—people who were about to die or watch their children die—sat around dining room tables and chatted about their hopes for the future. They crawled into warm beds by ones or twos. They put out the lights and began to dream. But none of them could have dreamed of what was really coming.
Source: Department of Education Digest of Education Statistics
The Cost of Diversity

• Dominant Narrative: Trade-offs in admissions process—diversity vs. NFI.

• Possible Alternate Narrative: With increasingly diverse prospective student pools, failure to reach and retain diverse students leads to enrollment contraction.
• Recruit better
• Increased attention on retention
• Greater focus on primary mission
AT DEPAUW, GOLD IS OUR SPIRIT, OUR STANDARD, OUR COMMITMENT.

DEPAUW IS SO CONFIDENT IN THE OUTCOME OF ITS DISTINCTIVE LIBERAL ARTS EDUCATION, WE ARE THE FIRST UNIVERSITY TO GUARANTEE IT.

CLOSE TO 95% OF OUR STUDENTS ARE EMPLOYED OR IN GRADUATE SCHOOL WITHIN SIX MONTHS OF GRADUATION EACH YEAR, AND NOW, DEPAUW STUDENTS AND THEIR FAMILIES HAVE EVEN MORE ASSURANCE.
• Recruit better
• Increased attention on retention
• Greater focus on primary mission
• Increased international student recruitment
Source: Institute of International Education
• Recruit better
• Increased attention on retention
• Greater focus on primary mission
• Increased international student recruitment
• Closures and consolidation
Numer of Institutions Closing Their Doors

- Public
- Private Nonprofit
- Private For-Profit
U Wisconsin-Stevens Point to Eliminate 13 Majors

By Colleen Flaherty // March 6, 2018

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University of Montana plans to cut majors and staff numbers

Humanities subjects set to be hardest hit by restructure

May 9, 2018