BEYOND THE HORIZON

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PREFACE

Five years ago, College (Un)Bound: The Future of Higher Education and What It Means for Students, was published. It was my first book and I intended it to become a guide for students and their parents as they navigated the changes that I imagined colleges and universities would face in the following years. Not only did students and parents read the book, so did college leaders. I heard from many of them who used the book as a planning tool as they reimagined their own institutions.

Much has changed since College (Un)Bound was released in 2013. While the national and the world economies have largely recovered from the depths of the Great Recession, the financial underpinnings of American higher education remain unstable. Massive demographic shifts and changes in attitudes among traditional college-age students threaten the lifeblood of many campuses. Meanwhile, state subsidies provided to public colleges have quickly eroded even as the federal government increasingly questions how best to support students some fifty years after President Johnson signed the Higher Education Act. All this comes as learning itself continues to undergo a massive transformation thanks to technology—shifting how, when, and where students learn.

This report is designed as a supplement to College (Un)Bound and is structured around some of the central questions facing the near future of higher education:

• Who are tomorrow’s students, where will they come from, what will they want from college?
• Will only a select group of colleges compete for students from overseas?
• What will the technology wave bring next to campuses?
• Is there a future for State U.?
• Is the Higher Education Act irrelevant?

To assist in putting together this report, I asked three former colleagues of mine, Kelly Field, Karin Fischer, and Jeffrey R. Young to contribute their ideas. What follows is a look at what we think are the key issues facing higher education in the years ahead and how institutions might tackle these challenges.

Jeffrey J. Selingo
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INTRODUCTION

If history does indeed repeat itself, then the decades before the American Civil War should serve as a lesson for today’s higher-education leaders.

At the turn of the 19th century, American colleges were almost solely focused on the classic liberal arts and were designed to educate a small group of men—ministers, lawyers, and statesmen. But in the decades that followed, from about 1820 to 1860, the Industrial Revolution, and the growing legions of factories, railroads, and mechanized farms, forced colleges to rethink their missions, the students they served, and how they served them.

Sounds familiar, doesn’t it?

But unlike today, the reaction from many in higher education in the middle of the 19th century wasn’t to hunker down and hope for things to return to the way they were before. Sure, there were defenders of the status quo: Yale released a widely cited report in 1828 that dismissed vocationalism and the growing move toward credentialing the professions. (Yes, we were debating the purpose of college even 190 years ago.)

What differentiates the period of change in the 1800s from what’s happening today is that it was seen as a moment of great opportunity, optimism, and growth in higher education rather than one of great risk, despair, and retrenchment.

Dozens of new institutions were founded during this period. Stephen Van Rensselaer built the Rensselaer Polytechnic Institute in upstate New York to impart what he called “a very useful kind of knowledge, with its application to the business of living.”

A new credential was created during this era. The bachelor of science degree was first awarded in 1850 at Harvard. It wasn’t instantly embraced: it had lower admissions standards than the BA degree, and it was three years rather than the standard four. But within two decades, another two dozen institutions would open science departments and give credibility to this new credential.

Perhaps the most noteworthy moment of this era came in the midst of the Civil War when President Lincoln signed legislation giving land to the states to build agricultural universities, creating what would become our great land-grant universities from Michigan State to Iowa State to Penn State to Oregon State.

Why is this history lesson instructive to today’s college leaders?

Because right now the United States and the rest of the world are undergoing another economic revolution—this time from a national analog industrial economy to a global digital information economy. The world of work is undergoing a massive shift. Former Treasury Secretary and Harvard University president Lawrence Summers has called the changing nature of work “the defining economic feature of our era.”

While previous shifts in how we work have typically been accompanied by an expansion in the amount of education required to get a good job — the introduction of mandatory high school in the early 1900s, the expansion of higher education in the 1960s—it remains unclear whether simply adding more time to a person’s education early in life will be enough to compete in the 21st-century economy.

Rather, the purpose and structure of higher education will need to shift to keep pace with changes in the workforce. Instead of the industrial model of education, where students
follow a prescribed curricula delivered largely in formal classroom settings, higher education in the future will need to equip students with collaborative, problem-solving skills to self-direct their own learning for life in a way that allows them to complement rather than try to compete with technology.

Competencies such as computational ability, technical literacy, and writing will remain important in the future, of course. But what will separate the top talent from everyone else in the workplace of tomorrow will be a flexible and growth mindset that recognizes learning never ends. The ability to communicate, work in teams, solve problems on the fly, and adapt to change are more important than ever before, now that hard skills are constantly shifting and, in some cases, being replaced by automated machines and artificial intelligence.

A study by Burning Glass, a company that analyzes online job data, found that soft skills are often the “baseline skills” needed just to get in an employer’s door. Burning Glass analyzed the requirements listed in 20 million job postings across all industries in 2014 and compiled its list of the most requested baseline skills (see Figure 1).
The analysis found that the number of baseline skills was actually fairly limited: 25 skills appeared in three out of every four job advertisements, no matter the industry. Virtually every job posting included in its top five requirements communication, writing, and organizational skills. Writing, for example, was an important skill even in information technology and health care jobs. Other competencies frequently requested across industries were a combination of soft skills—customer service, problem solving, planning, and being detail-oriented—as well as very specific hard skills—Microsoft Excel and Word.

This revolution in how we work requires higher education not to hunker down and hope the storm passes by, but rather to transform our institutions to better prepare for the century ahead of us.

Unlike during previous economic revolutions, the digital economy we are now living in focuses less on a fixed process and more on outputs. In education, the focus is now on learning; process and time are flexible because knowledge is no longer simply a commodity delivered from teacher to student. Knowledge is everywhere.

In this third education wave, education can be delivered anytime, anywhere. Yet we still think of education as a linear process and we think of schooling as something that happens to young people. Education in the 19th and 20th century was based not on diversity but conformity. But the digital revolution of the 21st century requires us to not only rethink higher education or reform it, but to revolutionize what we learn, when and where we learn, and how we learn.

Many higher-education institutions stand at a crossroads right now. Forces largely out of their control—financial, demographic, political, and technological—promise to bring substantial changes to the sector in the decade ahead. This report aims to assist leaders as they develop approaches and strategies for the decade ahead with a focus in the five sections that follow on enrollment management, internationalization, technology, state approaches to higher education, and federal policies.
The College Students of the 2020s

SECTION 1

What’s Next for Enrollment
Enrollment is the lifeblood of colleges and universities. For selective institutions, enrollment is an art, focused on shaping the “perfect” class from the avalanche of applications they receive each year.

But for the vast majority of colleges, enrollment is a science that requires the right formula of tuition discounting and marketing to persuade students that an institution is the right fit for them. Add in a growing number of graduate and professional programs, part-time and online degrees to the mix, and one thing has been certain in higher education over the last three decades: enrollment just kept growing year by year.

In the decade between 1994 and 2004, enrollment in American higher education jumped 21 percent. It grew another 17 percent in the decade that followed. Today, U.S. colleges and universities enroll more than 20 million students, compared to 12 million in 1980. Higher-education leaders have generally assumed that the number of students lining up at the starting line for college right out of high school—a number now just shy of 70 percent in the U.S.—would continue to inch up and put more young adults on a pathway to lifetime education. Few have considered that number might move in the opposite direction.

If demographics are destiny, the outlook for enrollment in higher education among the traditional 18-22-year-old demographic in the decade ahead is dire. Sure, colleges always have other outlets for students, such as the enormous adult market where 80 million Americans have no college degree and the insatiable demand for higher education among international students. But most colleges have little experience or success in truly penetrating the adult market and the number of new international students at American universities is already declining, as the next section outlines.

No matter what, the demographic projections for the next ten-plus years illustrate that colleges must begin the planning process for enrollment in the 2020s right now. Admissions on many campuses over the last decade has been about looking only a year ahead—about filling the next class. Such a strategy is destined to fail in an environment where the biggest growth areas in students for most colleges are in new geographic markets and from family backgrounds that historically haven’t succeeded in college or gone at all.

Overall, the number of high-school graduates nationwide is projected to remain relatively flat for the next several years before rising a bit in the middle of next decade. But between 2026 and 2031, the ranks of high school graduates are expected to drop by 9 percent.

Not only are the overall numbers shifting, but the changes won’t be evenly distributed. The South and to a certain extent the West will account for nearly all the growth in the high school population over the next decade-plus (see Figure 1). At the same time, the Northeast and Midwest — home to the highest density of colleges in the United States and where students frequently migrate between states — show a continued and steady decline.

What’s more high-school graduating classes will become more diverse, with fewer white students and more Hispanic

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**FIGURE 1**
The South and West will account for 80% of high-school graduates in a decade.

*National average growth 2013-2025: 4.7%*
students, according to demographers, and a greater range of academic abilities. With family incomes likely to remain stagnant, student financial need will increase.

In other words, the decade ahead will be turbulent for college enrollment.

“Unless something unexpected intervenes, the confluence of current demographic changes foretells an unprecedented reduction in postsecondary demand about a decade ahead,” Nathan D. Grawe, an economics professor at Carleton College, wrote in a new book called Demographics and the Demand for Higher Education.

It’s not just changing demographics that portend a much different future for higher education than the recent past. Migration patterns and the shifting dynamics of learning and work mean that the admissions business is about to change in ways we haven’t seen since the birth of the enrollment-management industry in the 1970s.

There are five major trends likely to define enrollment in the years ahead:

1. **The Growing Use and Sophistication of Student Segmentation**

Historically, colleges have divided their students into two camps: traditional (full-time, 18-22-year-olds) and nontraditional (basically everyone else). While age remains an important differentiator in how schools recruit and serve students, it fails to capture many differences in their higher-education preferences.

In recent years, a few colleges have taken a page from the playbook of consumer marketers who long ago developed a process to tailor their products to the needs of their different customers. What’s different about segmenting students by the job that needs to be done is that the various groups that result are based on the motivations and mindsets of students rather than just their demographics.

Two surveys of students by the Parthenon Group and Eduventures, along with additional research conducted for this paper, show that students—even those of similar ages—are not a monolithic group. To figure out what specific segments of students exist on their campuses, schools should survey their prospective students, as well as their current students. But in the meantime, college officials might take some hints from national studies on the subject (see graphic, right).

### Major Segments of Students

*Here are five common student segments, many of them crossing generational boundaries, that have been identified by national studies:*

**The Scholar.** These are academically driven and high-achieving students. Specific majors, quality faculty, and a college’s reputation are most important to this group. They will likely choose the most selective school they can get into without regard to price.

**The Value Student.** Price matters the most to this group. Their list of colleges is a mix of inexpensive public institutions as well as private colleges known to heavily discount tuition. In the end, they will be swayed most by the school that provides the best deal, and often for adult students that’s an online program.

**The Career Climber.** These students are focused on outcomes—a combination of a school’s overall brand or its reputation in placing students within specific industries or companies. Career services, faculty who are practitioners in their fields, and building a network with current students or alumni are most important to these students.

**The Place-Bound Student.** Proximity to campus is critical for this group. They want schools nearby for the convenience, lower overall cost, or for family considerations.

**The Explorer.** The campus climate is top of the list for this group. They want places that feel welcoming and provide an active social culture, along a wide variety of majors and activities, given that this group of students are more likely to explore their options once on campus.
2. Shifting Migration Patterns

The key question for college officials is whether the next generation of students will make the same choices as their predecessors and travel long distances to attend college. Evidence based on demographics and traditional student migration suggests they won’t. Even as more schools expand their search areas for admissions—Northeast universities, for instance, setting up shop in California—many indications suggest the market for students willing to get on a plane or drive several hours to college is not growing at the same rate.

Students from the high-school class of 2015 traveled a median distance of 116 miles to college, according to data collected by Hobsons through its college-planning tool, Naviance (see Figure 2). But nearly 40 percent of first-year students still enroll at an institution less than 50 miles from their home. The farther away prospective students live from a college or university, the less likely they are to enroll there.

In researching his book, Grawe created something he called the “Higher Education Demand Index.” It attempts to adapt population trends into college-attendance forecasts, using federal education data to estimate the probability that different populations from different cities and states will go to college.

The overall number of high school graduates, he argues, is not sufficient in determining the future for colleges. For the most part, higher education is a local market. Most students, especially those with average academic records, go to schools close to home that have a reputation for attracting close-by applicants. Far fewer potential students mean these regional schools are likely to struggle to fill seats.

According to Grawe’s demand index, several historically large markets of students, such as New York, Philadelphia, and Boston, will post “dramatic losses of 15 percent or more” in college-going students. Overall, he estimates that four-year colleges nationwide stand to lose almost 280,000 students in just one four-year period at the end of the 2020s (see Figure 3). Not all schools will be affected equally, Grawe argues. Elite colleges—those in the top 50 of the U.S. News & World Report national rankings—will have about half the drop-off in student demand as those outside the top 100 because household brand names attract students willing to travel far (see Figure 4). That finding presents interesting opportunities for those schools ranked 50 to 100 because they could benefit from a spillover of students who can’t get in to the top 50 schools (historically, the top schools haven’t expanded the number of spots to accommodate demand).