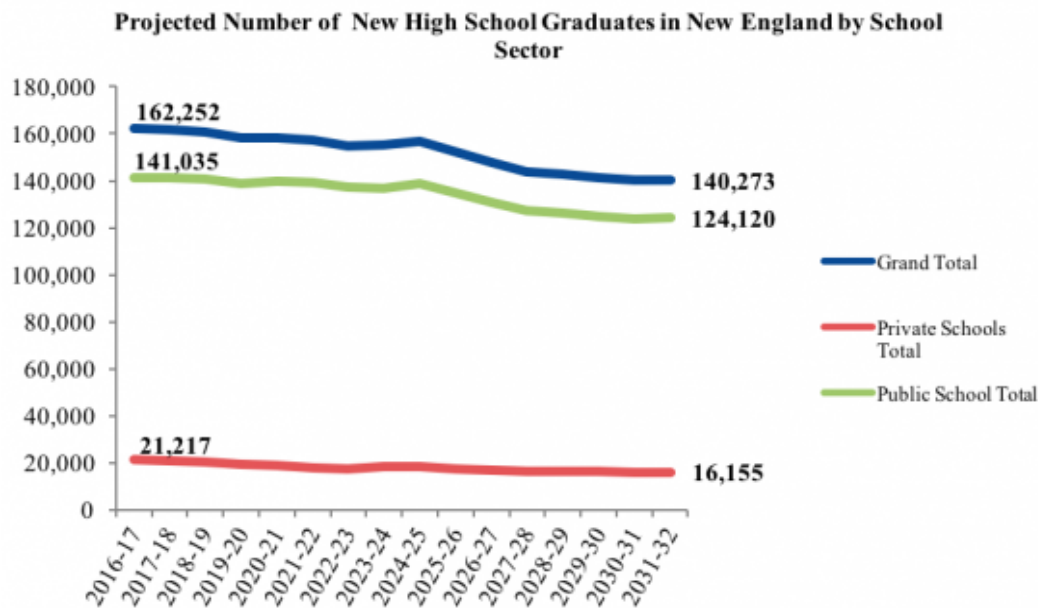


This report was prepared for the NEBHE delegates at the board’s Fall 2018 meeting. The report contains projections for a long-term decline in the number of high school graduates and how this decline will impact higher education enrollment in all parts of the country including New England.

## Projecting Higher Education Supply and Demand

In 2017, NEBHE released a regional analysis of data in the most recent *Knocking at the College Door* report from the Western Interstate Commission for Higher Education (WICHE). According to the data, by 2032, the number of new high school graduates in New England is projected to decline by 14%, or by 22,000 to 140,273 total high school graduates. Within the region, Connecticut and New Hampshire face the greatest declines with the number of new high school graduates in both states expected to decrease by 20% by 2032.

While these long-term projections forecasted by WICHE are useful for state policymakers and higher education institutional leaders, they do not take into account numerous other factors likely to influence college going by future generations. Factors such as the student’s sex, the educational attainment of their parents, family income, and the location of students’ high schools are not considered. Nor does *Knocking at the College Door* project where geographically a future high school graduate is likely to enroll in higher education, or whether they are likely to enroll at all.



## A New Approach to Projecting Educational Demand

Nathan Grawe, a sociology professor at Carleton College in Minnesota, has attempted to look beyond projected high school graduates by developing a demand index for his 2018 book, *Demographics and the Demand for Higher Education*. Grawe adjusts for these factors to

project demand for higher education in the future, including the probable size of future generations to enroll in college.

According to Grawe, the key headwinds for New England include a birth rate lower than other areas of the country, expected declines in immigration, persistent interstate migratory forces away from New England and the Northeast in general, and continued demographic changes.

There is some good news for the Northeast (comprising New England and Middle Atlantic states):

- Children from the Northeast are 40% more likely to attend a four-year institution than those from the West and South Central regions of the country.
- The geographical differences are further compounded for enrollment in selective institutions. A child from New England is 10 times as likely as a child from the West or South Central to attend a college ranked in the top 50 in part, because many of these institutions are located in New England.
- Contributing to the region’s high college going-rate is the percentage of families whose income exceeds \$100,000 and parents holding degrees and advanced degrees.

While the college enrollment rate for the region is expected surpass the country’s into the next decade and beyond, there appears to be no expected change in New England’s biggest challenge: low fertility rates.

### What is the Higher Demand Index? An Overview

Two sets of information are used for this calculation: 1) The number of 18-year-olds in a geographic location for a given year, and 2) the share of those students who are likely to attend college, based on factors such as students’ sex, parents’ educational attainment levels, family income, and the location of students’ high schools.

### Projecting the Impact

| Sector                     | Projections  |
|----------------------------|--|
| <b>2-Year Institutions</b> | <ul style="list-style-type: none"> <li>• No more than a 2% national increase from present enrollment through 2025 and then a significant decline</li> <li>• Overall decrease by 13% by 2029</li> <li>• Most New England states projected to have a decline of &gt;15%</li> </ul>                         |
| <b>4-Year Institutions</b> | <ul style="list-style-type: none"> <li>• Modest growth of 2% until 2025, then steep decline</li> <li>• From 2025-29, projected to lose 280,000 students nationally</li> <li>• Overall loss of 150,000 by 2029</li> <li>• New England net decline of 25%</li> </ul>                                       |
| <b>Overall</b>             | <ul style="list-style-type: none"> <li>• Population growth shifting to Southwest, and Hispanics in particular</li> <li>• Modest growth, followed by steep decline beginning in 2025</li> <li>• Second half of the decade beginning in 2025, shrink by nearly 450,000 first time college-goers</li> </ul> |

- While community college enrollment is geographically localized and highly dependent upon labor market demands, national enrollment figures project a higher rate of decline than the college-age population as a whole, especially during 2025 to 2029. The community college enrollment change in the New England region during this period is projected to be -13%.
- Nationally, a modest increase in enrollment in four-year institutions is projected before a significant constriction takes place beginning in the mid-2020s. In the next few years through 2025, growth is expected to be much stronger for more selective colleges and universities than for lower-rated institutions. Then, beginning in 2025, the affect of declining birth rates will be most acute, but the relative drop will be less for selective institutions. The enrollment change is expected to be -25% in New England.

### **Projecting Beyond 2030**

Nationally, there is little evidence that fertility rates are on the rebound despite the improving economy and labor market. Wage stagnation, especially for the lower and middle class, is simply too powerful an anchor. Grawe envisions that to beat the odds, highly nimble institutions will deploy a combination of cost containment, strategic recruitment in new territories and adaption to market changes.