

The Transformative Collaborative™ Take on Higher Education



June, 2022

Big Picture

The underlying fundamentals have gotten quite a bit worse since 2019 and it is arguable that a substantial swath of the higher ed industry may be vulnerable to collapse. No, that is not hyperbole. It simply reflects multiple underlying realities related to consumer behavior, market shifts, increasing student attrition, unsustainable business models, and substantial moves away from college degrees as credentials for employment.

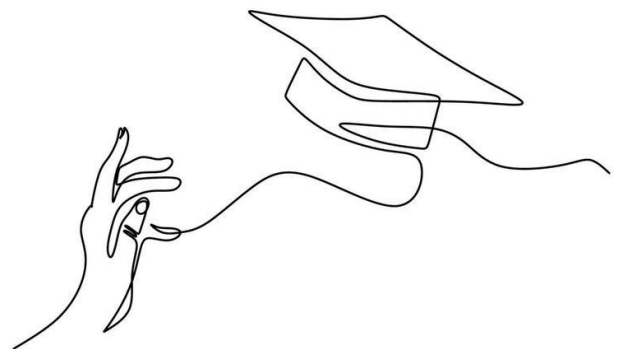
Deepening Trends

- Growth in Non-credit Market (Opportunity)
- Increase in number of college dropouts (Opportunity)
- Growth in combined program models: Guild, Grow with Google, etc. (Opportunity)
- Continued decrease in 2 and 4 yr enrollments (Opportunity)
- Worsening demographics (Threat)
- Worsening public opinions about the value of higher education (Threat)
- Shift away from college degrees as employment credential (Threat + Opportunity)
- Persistent resistance to proprietary education by public funding sources and policy elites (Threat)

Key Data Points

Overall college enrollment down nearly 10% since 2019.
(**But** post-secondary enrollment **up in certain sectors**, among certain demographics in certain markets)

The demographic cliff alone will decrease the potential freshman population 15% by 2029. (Driving from the market many post-secondary education competitors)



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Key Data Points Continued

Three million students leave college each year because of a time-sensitive financial crisis of \$500 or less. (Enrollment **finance is broken**; resources for attendance are abundant but too many barriers block access among students with low resources/liquidity and sophistication; those resources are difficult to access for non-degree programs and credentials).



Adult learners who earn credit for prior learning are 17% more likely to graduate than those who do not.

Despite significant resources and partnership between IHEs and Insidetrack, only about 11% of dropouts are re-enrolled for at least a semester. (**Gaps** between student needs and institutional resources remains large)

Sometimes even free isn't a good enough value (Calbright, Tennessee CC system) (Ignore the cost/value proposition **at your peril**; that includes competing on **the basis of price** or failing to articulate consistently, forcefully **the value add.**)

In 2022, there are 4.1 M fewer enrollments compared to 2011; 1.4M fewer since 2019. (But the **underlying demand for PSE is stronger than ever**, and will continue to grow as eroding economic conditions – fewer employment opportunities + higher cost of living/inflation – drive adult learners back to PSE)

In the first six months of 2022, 41% of CC students and 32% of bachelor's degree students are considering leaving school due to mental health issues. Drop outs are up 8.6% since 2019. (Student experience and student support **must evolve** quickly to retain enrolled students at greater levels.)



The TC Take on Higher Education

Private, non-profit colleges have increased the average discount rate to 55% of charged tuition and fees.

There has been a dramatic decline in percentage of high school grads intending to attend 4-yr college from 71% in 2019 to 48% in 2022. (Perceptions about value of PSE eroding across all sectors; attitudes of new high school grads (NHGs) are **bellwether indicators** for greater PSE market). The K-12 population is down 4% since 2019.

The demographic cliff and decline in undergrad enrollment will significantly impact graduate enrollment starting primarily in about 2025 and the pressure will grow well into the 2030s and beyond. (**Fidelity/brand loyalty** to provider of non-degree PSE through baccalaureate level persists at grad level if **student experience is strong** and **value proposition is salient**.)

Seventy percent of college students now say that affordability has affected their enrollment plans. (Not always a commentary on price but **always a reflection of the value** proposition.)

Thirty-six percent of parents took money from their children's college funds to compensate for pandemic related financial challenges. (And yet the **resources available** to participate in PSE should be assumed to be **unlimited**.)

Seventy million adults have skills through alternative routes, but no college credential. (Their PSE experience must be **demonstrably different/better/more immediate/more relevant** in order for them to enroll and persist.)



The shift away from requiring bachelor's degrees for employment has expanded from the private sector into government. (But the development, delivery of **PSE instruction** through a myriad of institutional and organizational channels **continues to grow**, under the surface or sometimes in broad daylight).

Enrollment in non-degree coding programs increased 70% in 2020. And those programs graduated approx. 30,000 students in 2021. (Gateways to PSE enrollment must be agile, diverse, affordable, strong value proposition, and **deliver excellence** in student experience.)

