



A look at the trends, challenges, and opportunities shaping America's higher education sector

A report by The Deloitte Center for Higher Education Excellence

Deloitte Higher Education Practice

The path forward is rarely well-paved. Time-tested practices may guide the journey, but they can only map the ground they have covered. Moving forward requires fresh thinking, the courage to venture beyond, and a capable partner to guide you on the way.

As a leading provider of higher education professional services, we offer the fresh perspective and unique skills needed to address complex challenges and explore promising opportunities. We bring big ideas and practical solutions to advance teaching, learning, research, and community service. On every step of your transformation journey, we're here to serve as collaborative partners on your path forward.

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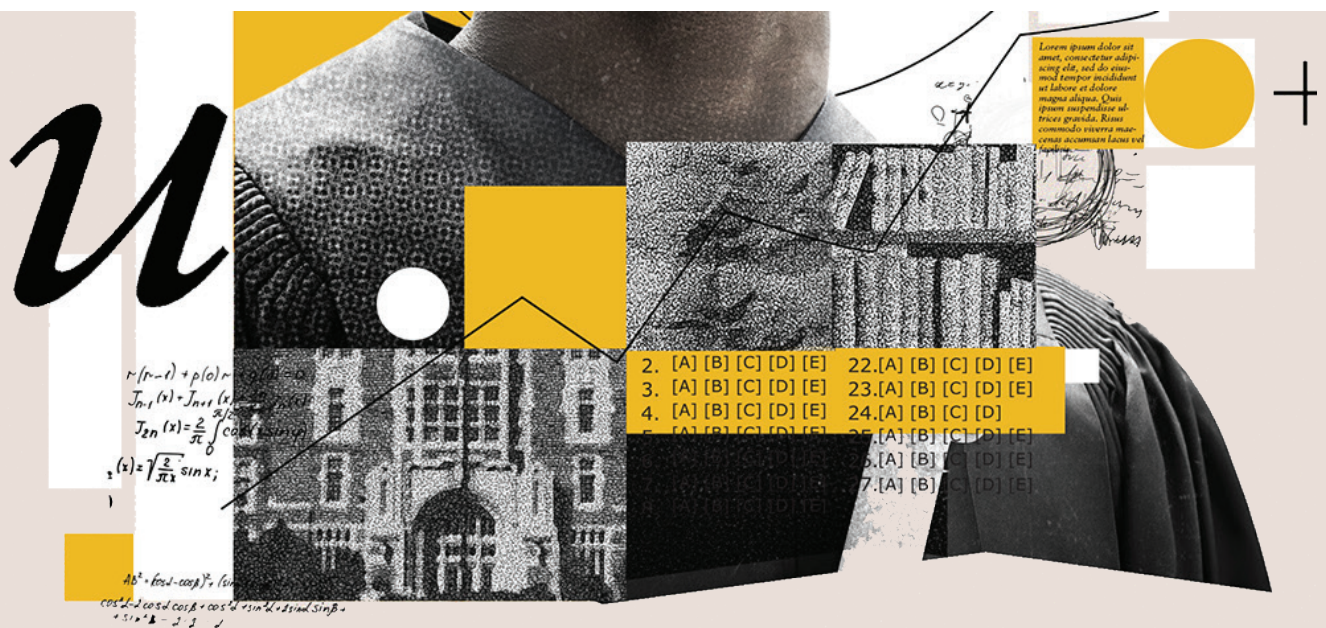
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Higher education's new era

Higher education is facing a moment of change.

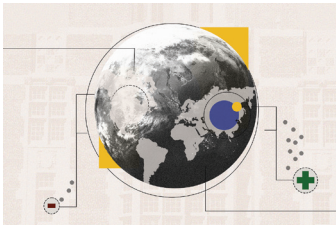
For the last three years, through a global pandemic, we have witnessed a great reassessment going on in the United States and around the world. It's happening on many different levels—from how we live and work to what we value in life—all with significant consequences going forward for higher education.

In many ways, this time is not unlike other moments of political, cultural, and economic upheaval throughout our history and the long-lasting impact each had on colleges and universities. Other disruptive eras such as after the Civil War and World War II or during the Baby Boom influx of students on campuses, the Internet Revolution, and the Great Recession of 2008— all tended to reward innovative players in the sector and transform the industry in ways we only fully understood years, or even decades, later.



The following pages outline trends and opportunities that face the higher education sector today, regardless of geography, institutional type (research, teaching, public, private), or brand. They include:

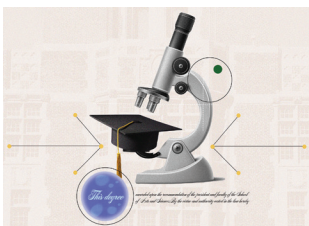
Trend No. 1



College enrollment reaches its peak.

Enrollment of traditional students has been falling for more than a decade. Now, a demographic cliff of high school graduates is projected to arrive in the middle of this decade putting further pressure on higher education just as other countries catch up with the United States in terms of educated populations.

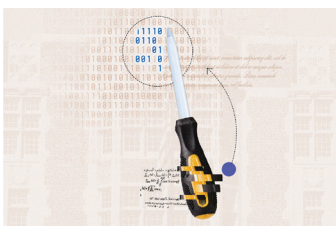
Trend No. 2



The value of the degree undergoes further questioning.

While the four-year college degree still provides a wage premium and career mobility, not all degrees are created equal. As a result, higher education needs to prove its value.

Trend No. 3



The business model faces a full-scale transformation.

With institutions no longer able to rely on traditional students, higher education needs to look beyond price and discounting to an understanding of demand and cost while serving new segments of learners.

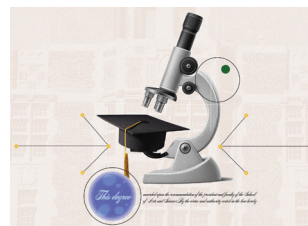
Trend No. 4



Talent management becomes a strategy.

In the post-pandemic environment, campus employees want improved work-life balance, advancement opportunities, and flexible schedules with options for hybrid and remote work, when it suits their needs.

Trend No. 5



The magnitude of risks demand a new response paradigm.

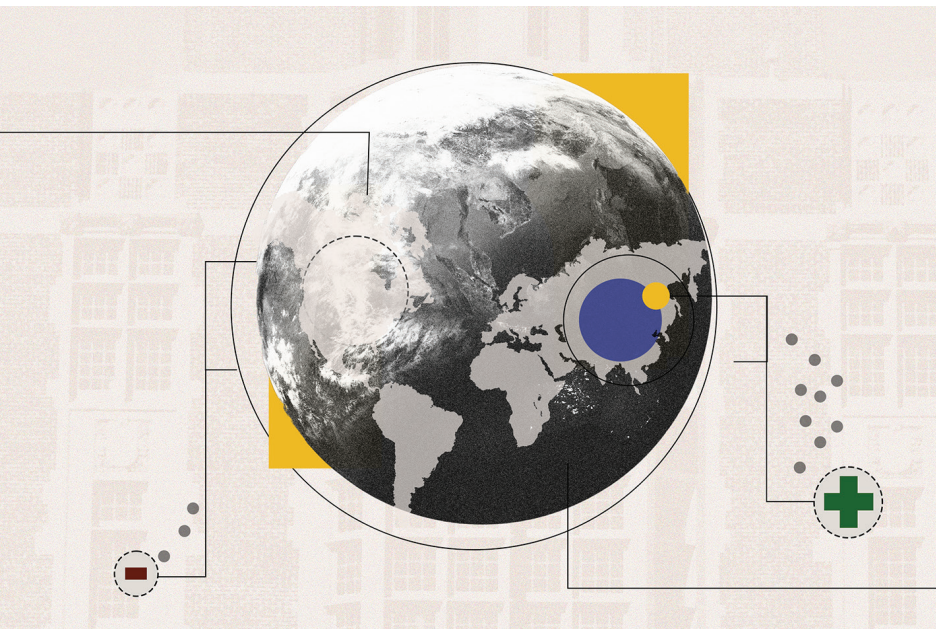
The current environment demands that institutions be more agile and deliberate about connecting and integrating the various offices around campus in planning for, averting, and managing the aftermath of a crisis, ultimately becoming more risk-aware institutions.

These trends shouldn't be taken as exhaustive or prescriptive, but rather as prompts to drive discussion and ideas for institutions. As we came to understand from our many and varied conversations with presidents and chancellors (see sidebar, "About the research"), there isn't a single pathway forward for higher education. Rather, the trends outlined here provide opportunity for institutions to mix and match opportunities, have them overlap, and evolve over time. But we can say this for sure from our discussions and direct engagement with institutions across the country: Given the intersection of enrollment, fiscal, and talent forces at play on campuses, coupled with the workforce needs of the future, this is a "new era" for higher education—one that requires colleges to set themselves apart as whole new institutions, rather than stake their future on tweaks around the edges.

About the research

Deloitte's Center for Higher Education Excellence convened college and university presidents in December 2022 at Deloitte University in Westlake, Texas. This inaugural annual Forum on the New Era of Higher Education (New Era Forum) was designed to foster a conversation in a closed, intimate setting on the trends driving disruption and opportunity for change on campuses in order to help leaders better understand the connective tissue between these key issues and the opportunities they create among the array of institutions that gathered at Deloitte University. The center's goal with the New Era Forum is to find ways for institutional leaders to share successes and learn from failures in order to achieve lasting and positive changes more rapidly. This research synthesizes and prioritizes trends that were informed by the discussions with the New Era Forum community.





Trend No. 1

College enrollment reaches its peak

Higher education in the US has only known growth for generations. But enrollment of traditional students has been falling for more than a decade, especially among men, putting pressure both on the enrollment pipeline and on the work ecosystem it feeds.¹ Now the sector faces increased headwinds as other countries catch up in the aggregate number of college educated adults, with China and India expected to surpass the U.S. as the front runner in educated populations within the next decade or so.²

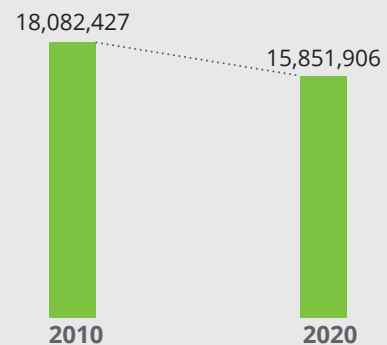
The demographic cliff of traditional college students that is projected to arrive in the middle of this decade is a well-known fact among higher education leaders. But that 2025 mark, when the number of high-school graduates in the US will reach its highest point until well into the 2030s, is far from the only macro-enrollment trend buffeting the sector these days.³

Undergraduate enrollment in the United States topped out in 2010-11 at 18.1 million.⁴ It then began a steady slide, with a sharp drop in the first full academic year of the pandemic. As of fall 2022, undergraduate enrollment was just under 15.1 million.⁵ Since 2020, some 1.23 million undergraduate students have disappeared from American colleges and universities, a 4% decline.⁶ This continued contraction in enrollment illustrates that the direct high school-to-college market—which had filled seats on campuses for generations and steadily grew over those decades with new subsets of students—might have finally reached its peak.

FIGURE 1

Undergraduate enrollment has been on a steady slide

After peaking in 2010–11, the number of students enrolled in college has been falling ever since.



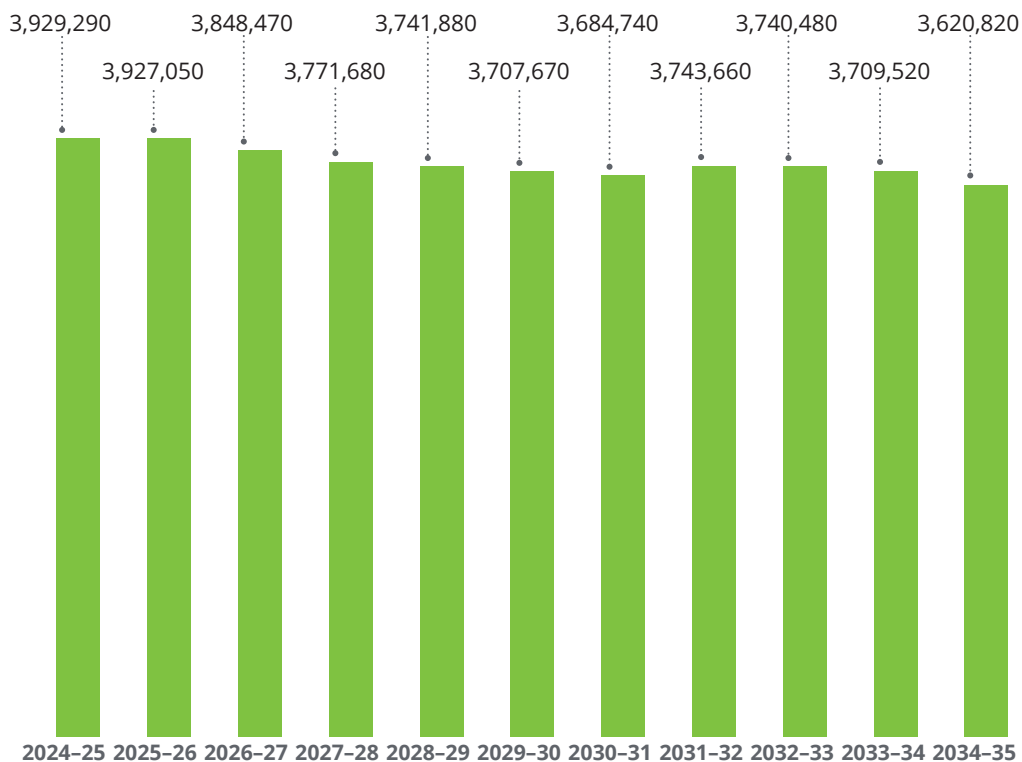
Source: National Center for Education Statistics.

Some 6 in 10 high-school graduates in the U.S. immediately go on to pursue some sort of postsecondary education.⁷ Moving the needle on that college-going rate remains challenging given the students left out are notoriously difficult to reach and serve. Today, 16.7 million young adults—around 45% of Americans aged 16 to 24—are not enrolled in any kind of schooling.⁸

Among the biggest group skipping out on college: men. Women surpassed men in terms of mean years of schooling in the 1980s, and now female students account for 56 percent of undergraduates enrolled at U.S. institutions.⁹ This steep decline in male participation in higher education has had ripple effects across the economy. The employment of working aged men has reached Depression-era levels.¹⁰

FIGURE 2

The projected demographic decline in the number of high school graduates through early 2030s

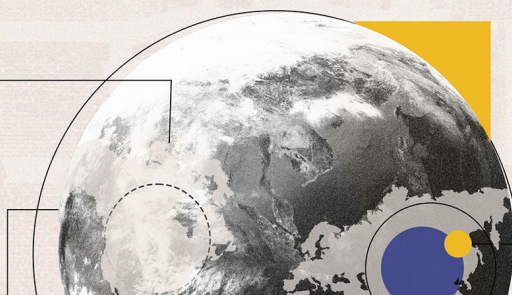


Source: Western Interstate Commission for Higher Education.

The levers that colleges and universities previously pulled to boost enrollment are either mostly tapped out or simply harder to move. Enrollment gains in the 1980s, when higher education also faced an enrollment trough caused by a smaller Gen X population, were driven largely by more women going to college. In contrast, the large demographic groups now underrepresented in higher education—students of color and low-income students—are much more likely to either not start college or stop out without a degree.¹¹

Meanwhile, adult students have turned into a siren song for higher education leaders looking for answers to their enrollment puzzle. The number of people who began college but left without a credential grew to 39 million in 2020, up nearly 9 percent in two years.¹² That represents more than one in five people in the U.S. over the age of 18, according to the National Student Clearinghouse Research Center.

For all the potential the adult student population offers, however, re-enrolling those who already have a head start toward a degree is not as easy as many leaders make it out to be. Compared to prospective 18-year-old college students, who are largely found in high schools, locating adult students who have accumulated post-secondary credits but are short of a credential is much more difficult. Then persuading them to come back to college is also tough when tuition costs are high, good-paying jobs are bountiful, and the payoff of the degree is either unclear or something that seems far into the future.



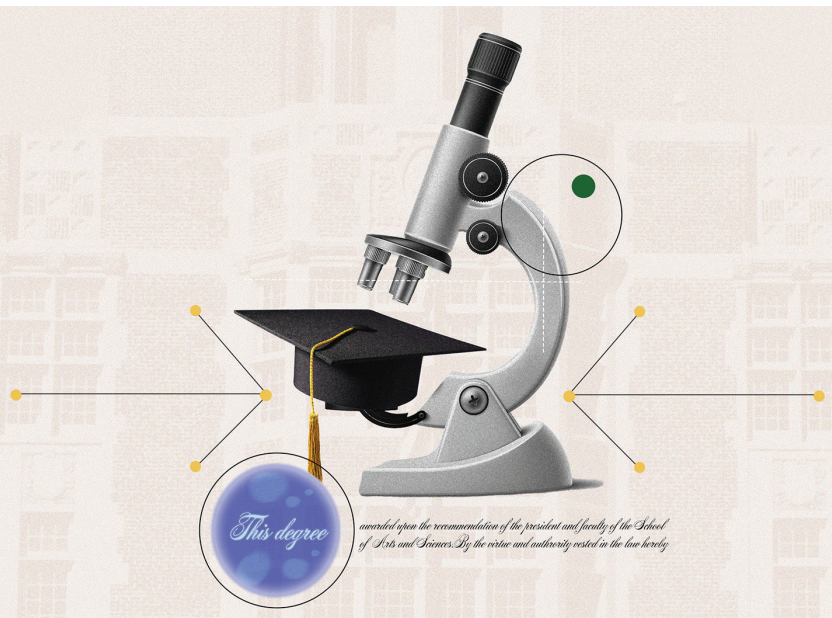
No matter how American higher education reverses these enrollment headwinds and begins to reimagine its operating model to attract millions of learners left out of the system right now, doing so is critical to the nation's future and its place in the global economy. At a time when population growth is slowing around the world, higher education has evolved as the newest natural resource to keep up with the demands of the labor market. The remarkable ascent of China and India, along with other middle-income countries, has upped the competitive pressure on nations everywhere to improve access to postsecondary education. China and India, according to Nicholas Eberstadt of the American Enterprise Institute, are on track to overtake the U.S. in the percentage of working-age adults (aged 25 to 64) with a postsecondary education in the next 10 to 15 years.¹³

The U.S. can no longer assume its pole position as the dominant source of higher education across the globe, which has wide-spread ramifications for the operating model of colleges, the future of the American workforce, and global security. The challenge for American colleges and universities is to set themselves apart as whole institutions rather than stake their future on a handful of new academic programs, a revised recruitment strategy, or a bolstered set of online offerings. Change around the margins is no longer enough to reverse or even slow down these enrollment trends.

Higher education in the U.S. has only known a growth mindset for much of the nation's history. The issue facing higher education now isn't adequate demand among learners; it's a mismatch of supply focused on a segment of students where demand is no longer growing. Figuring out how to continue to grow by reaching new populations of learners is a necessity not only for the financial sustainability of the sector in general, but for the nation as a whole.

Call to action

To navigate these headwinds, and seize opportunities, each institution must first define their target audience and a clear value proposition for this audience, assessing if this population has the scale to sustain the institutions. With a sustainable "raison d'être," institutions must intentionally identify areas of strength on which to focus while scaling back on areas that are not aligned, and on underperforming areas. Successful institutions will develop innovative academic offerings (not just degrees) that are integrated across the institutions to serve their learner population and design lifelong learning opportunities for re/upskilling.



Trend No. 2

The value of the degree undergoes further questioning

The perceived value of higher education has fallen as the skills needed to keep up in a job constantly change and learners have better consumer information on outcomes. While the four-year college degree still provides a wage premium and career mobility, not all degrees are created equal. As a result, higher education can no longer coast on the historical value of the degree; they now need to prove it.

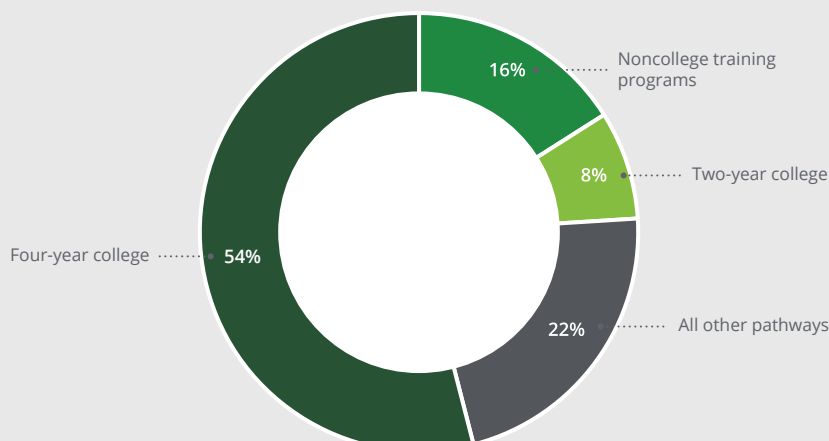
The wage premium accompanying a college degree has long been a selling point for higher education. But the paradox facing colleges and universities today is that even while the degree continues to deliver a strong premium in the job market, public confidence in college is sinking. There is rising skepticism across political lines that K-12 schools should be so focused on preparing students for college and that the degree should be the prerequisite for well-paying jobs.¹⁴

Various surveys over the past three years show that the pandemic upended our lives, habits, and traditions, including college as the default after high school. Americans have drastically shifted some of their priorities on K-12 education as a result. Getting kids ready for college has plummeted from the 1th highest priority to 47th, according to a 2023 study by Populace, which found the public wants schools to help students develop practical skills most of all.¹⁵ Even among recent college graduates, survey findings from the Strada Education Foundation reveal that 1 in 3 bachelor's degree recipients don't feel their education was worth the cost.¹⁶

FIGURE 1

Questioning value: Looking for alternatives to college

Question: Please think about your ideal situation; if there were no obstacles or limitations, what would/did you most want your child to do immediately after he or she finishes/finished high school?



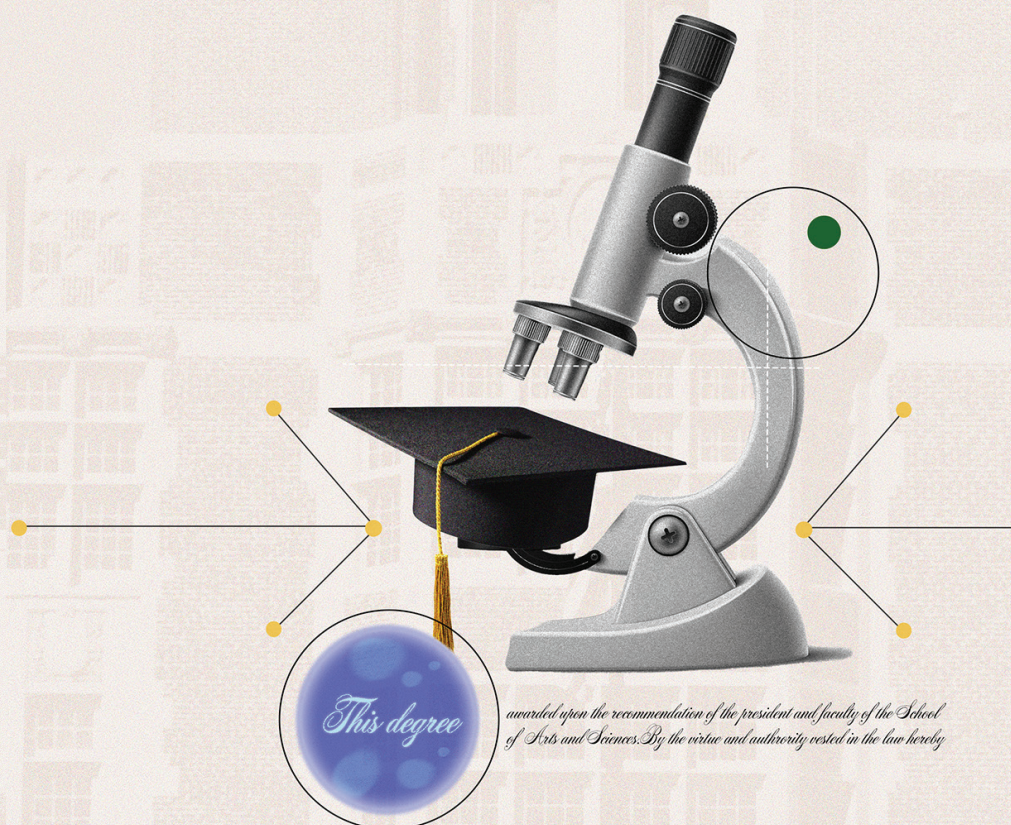
Source: Carnegie Corporation of New York and Gallup, *Family voices: Building pathways from learning to meaningful work*, April 2, 2021.

Attitudes about higher education are souring at a time when some states, including Maryland, Pennsylvania, and Utah, have stopped requiring a four-year degree for most jobs in state government. The private sector is moving toward skill-based hiring, too, with Delta, General Motors, Google, Apple, and IBM, among others, dropping the bachelor's prerequisite for many positions, further eroding the perception that college is the sole path to economic and social mobility.¹⁷

Higher education has yet to come to grips with the trade-offs students and their families are increasingly weighing in whether to obtain a four-year degree. Yes, the very top of the higher-education market is largely immune from many of these pressures. There is a flight to what consumers perceive as quality at big name public universities and elite private colleges as judged by rankings and admissions selectivity. But the problem facing the vast majority of colleges and universities is that they are not seen as providing the skills employers are seeking. This is especially the case as traditional degrees increasingly compete with a rising tide of microcredentials, industry-based certificates, and well-paying jobs that don't require a four-year degree.

Sure, the four-year college degree still largely wins over those alternatives, including no degree, in providing a wage premium and mobility in careers, especially for first-generation students and other under-represented students in higher education. In a recent study, The Burning Glass Institute concluded that the bachelor's degree delivers an immediate wage premium over the high school diploma of 25 percent within a year of graduation, a dividend the credential maintains over the first 12 years of a college graduate's career.¹⁸

But not all bachelor's degrees are created equal: the payoff, according to the Burning Glass research, is also heavily dependent on an institution's reputation, a student's major, and the skills they learn. Given most students don't attend highly selective colleges nor major fields with the highest return on investment, colleges can no longer insist the degree is valuable without providing students with the skills employers want.



Even as college leaders develop approaches to improve the value of the degree for current students, they also need to consider their total value proposition by upskilling and reskilling alumni who need to keep up with the demands of the modern economy. The global workforce is going through a great disruption in skills. In the U.S. alone, 37 percent of the top 20 skills considered necessary for the average job have changed since 2016. One in five skills is entirely new. And certain sectors—including fields that are also popular college majors such as finance, media, business management and operations, human resources, and information technology—have changed faster than others.¹⁹

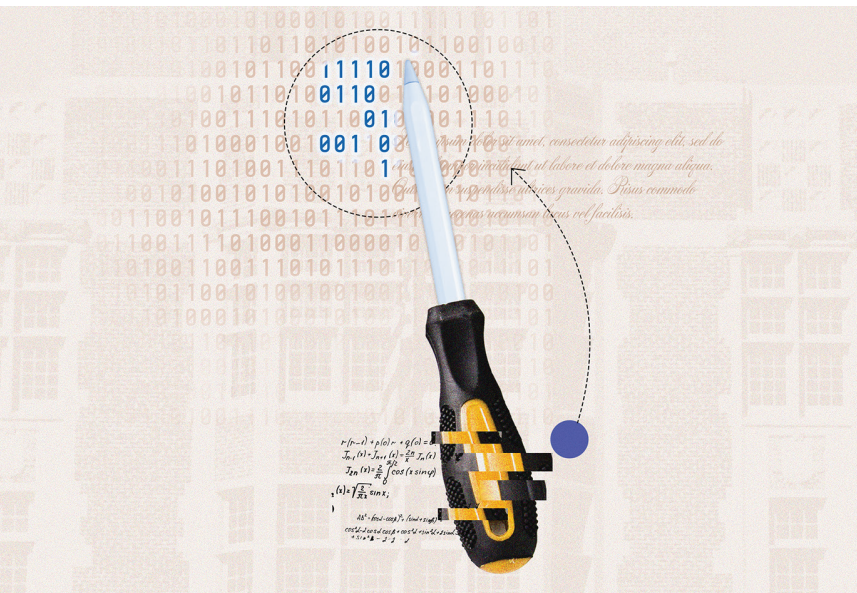
While it remains clear that opportunity and mobility in the U.S. is not possible without postsecondary education, what is becoming increasingly apparent is not all colleges and degrees are created equal. The “economic returns from higher education are often illustrated on a national level using broad brush strokes,” the Postsecondary Value Commission convened by the Bill & Melinda Gates Foundation concluded in its final report in May 2021, but “the payoff from higher education can vary widely.”²⁰

Armed with data from the federal government’s College Scorecard and other sources, prospective students are looking more closely at their potential return on investment (ROI) when searching for a college and a degree. At the same time, several organizations, including the American Council on Education, are brokering new ways to measure degree outcomes above and beyond earnings and economic mobility.

As these tools improve and students use them more as they weigh where, and whether, to get a degree, the pressure on the value of higher education will only increase. No longer can colleges coast on the historical value of the degree; they now need to prove it going forward.

Call to action

To succeed in this new era of higher education, institutions must more effectively measure outcomes that matter to parents, employers, and students pre- and post-graduation to make a clear case for both for the value of higher education and also specifically for their institution and programs. State governments are increasingly calling for studies on the ROI of a college degree—by engaging in this discussion proactively, or even leading the charge, higher education institutions can help to shape this conversation of ROI to be a holistic and meaningful representation of the value of education.

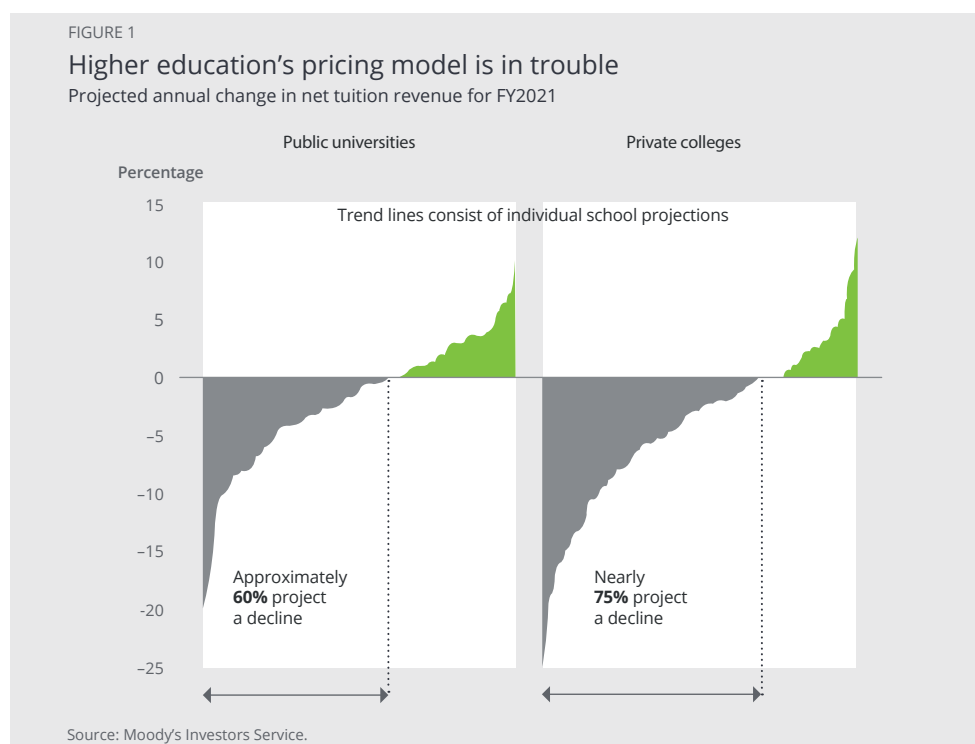


Trend No. 3

The business model faces a full-scale transformation

The traditional business model of higher education, which largely relies on subsidizing ever-rising tuition prices with a combination of government grants and loans, discounting, and other institutional cross subsidies, is broken. With institutions no longer able to rely on traditional students (as outlined in Trend No. 1), higher education needs to look beyond price and discounting to an understanding of demand and cost while serving new segments of learners in a student-centric institution.

Colleges and universities were built around the needs and desires of faculty. Academic majors mimicked departments and disciplines; faculty designed the curriculum on their terms and timelines; course catalogs and schedules were dictated by the needs of professors; at many institutions research was seen as more important than the student experience, and the success of students was often left up to them. That model, which left behind large swaths of adolescents and young adults who never went to college or ended up leaving short of a degree, worked for a half century as demand for higher education continued to grow among the core audience. And while demand will remain for traditional higher education among top-ranked, brand-name institutions, most colleges and universities are in need of a complete overhaul to their business model that is better aligned to the economic and social realities of the prospective learners that these institutions could serve.

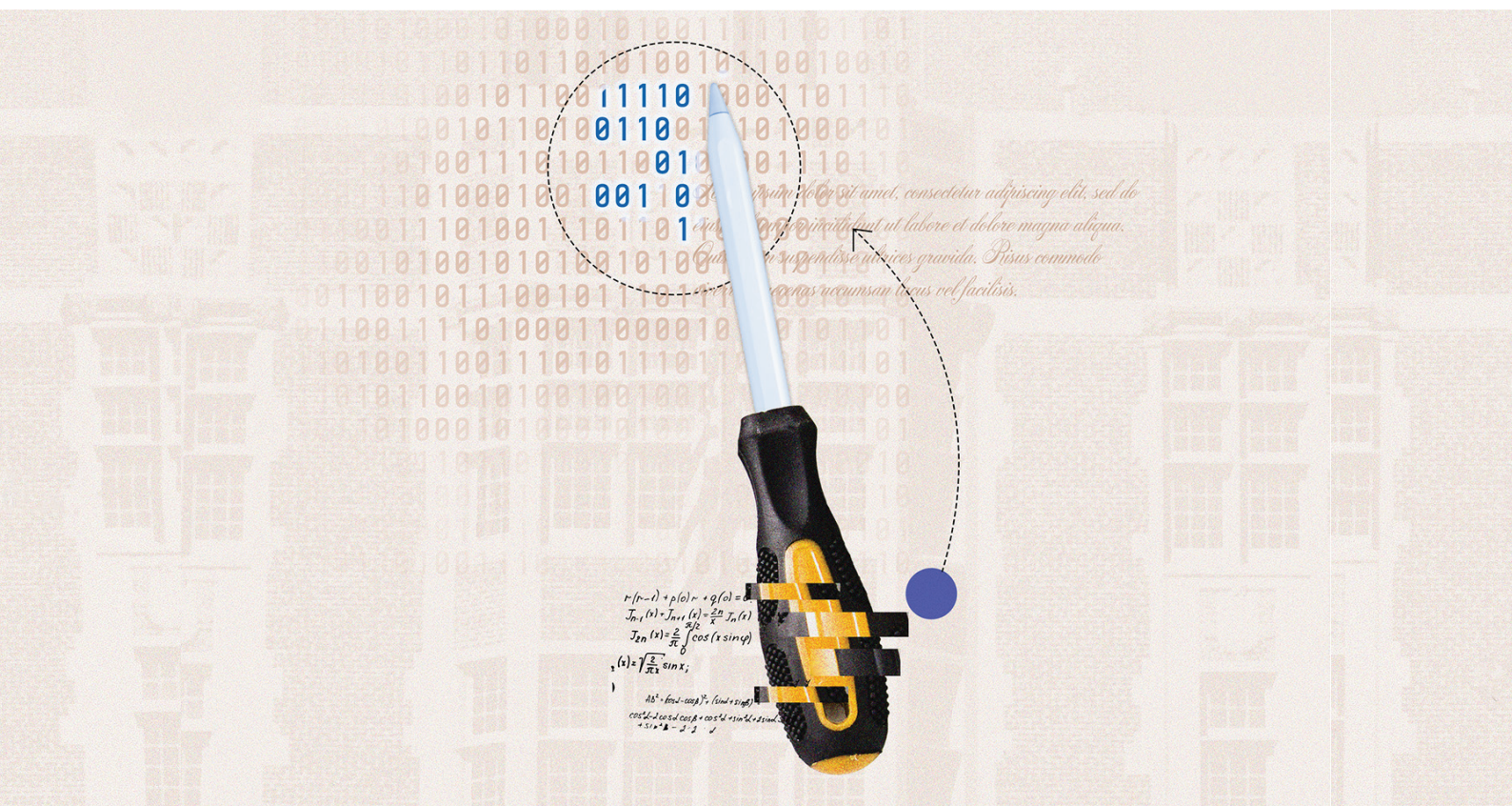


Current models have two fundamental flaws that need to be immediately addressed for institutions to survive and thrive. First, the cost-value equation is out of whack. When institutions set their annual tuition prices, they often look at what they charged last year, the rate of inflation, and what their competitors are charging. This model is at odds with a public unwilling to pay ever rising prices. Colleges and universities rarely look at what it costs them to offer their education, especially at the academic program level and the net revenue they're in reality making on those programs that drive enrollment (or what they're likely losing on low-demand programs). Without this comprehensive understanding of cost and net revenue, institutions fail to grasp where strategic cuts can be made without damaging the academic core nor do they know where demand is shifting and how that intersects with what they're good at or where they need to build institutional muscle by reallocating resources.

Second, the business model has largely been driven to this point by middle-class and affluent, well-prepared high-school graduates (of all racial and ethnic backgrounds) whose parents attended college. The kind of students who propelled expansion over the last 20 years will not disappear, but they won't spur growth either. The reality is that today's learners are quite

different from their counterparts previously. As Trend No. 1 summarized, finding adult students who have accumulated post-secondary credits but are short of a credential is much more difficult than recruiting high school students into college. What's more, many adult learners are juggling the demands of work, caregiving responsibilities for children and aging parents, as well as a frayed social safety net that oftentimes means a car repair or a sick child derails their progress toward a degree. A recent survey by Gallup and Lumina found that 56 percent of one-time students who stopped out before the pandemic would be open to re-enrolling, but they also cited work and family obligations as huge hurdles to returning to college.²¹ Many colleges lack the administrative and student structures to re-enroll and retain adult learners, putting even more pressure on the business model.

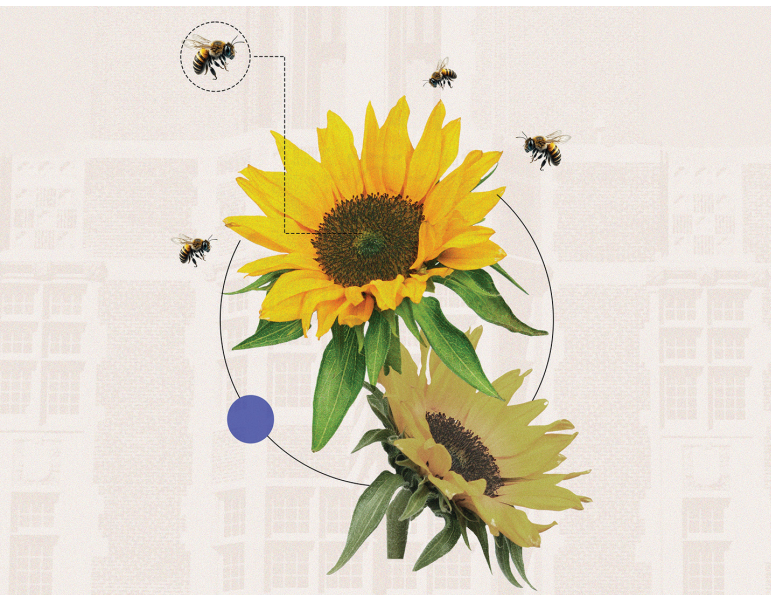
Yet the opportunities for colleges and universities that shift their business model to a more student-centric one that serves the needs of a wider diversity of learners at different stages of their lives and careers is immense. Politicians and policy makers are looking for solutions to the demographic cliff facing the workforce and the need to upskill and reskill generations of workers in an economy where the half-life of skills is shrinking. This intersection of needs—higher ed needs students; the economy,



needs skilled workers—means that colleges and universities, if they execute on the right set of strategies, could play a critical role in developing the workforce of the future. For many colleges, this shift will require a significant rethinking of mission and structure as many institutions weren't designed for workforce development and many faculty don't believe it's their job to get students a job. But if a set of institutions prove successful on this front, they could in the process improve the public perception of higher education, potentially leading to more political and financial support for growing this evolving business model in the future.

Call to action

Outside of the top tier of institutions, there is a critical need to develop innovative means of delivery which will require institutions to take measured risks and design new operating models and programs. Such models will call on institutions to challenge the “sacred cows” of higher education: reconsidering the ongoing viability of investments in areas such as athletics and research, assessing the use case for alternative models such as credit for prior learning, and considering even the assumption of 120 credits as the basis for a degree. There's a compelling opportunity for institutions to develop more competitive certifications/short credential programs and lifelong learning opportunities aligned with market needs. Institutions who succeed here will bring faculty to the table to redefine “workforce development” to include both the immediate term technical skills employers are seeking as well as the longer term “human skills”—foundational to a liberal arts degree – that employees need to be successful in a rapidly changing skill environment.



Trend No. 4

Talent management becomes a strategy

Enrollment management fueled the growth of higher education. Now the sector needs a “talent management strategy” to sustain itself, particularly when it comes to leadership, which is vital to the long-term health of institutions and higher education as a whole.

College campuses are often seen as teaching and learning centers, research enterprises, and living quarters for students. But they are also workplaces. As the pandemic exhibited, running a campus is like running a city—and the Great Resignation that has impacted every sector of the economy has created a stark new reality for higher education leaders when it comes to talent.

Out is the old rulebook where campus employees tolerated low pay and a heavy workload in exchange for fulfilling a mission they believed in. In is a new rulebook where employees want improved work-life balance, advancement opportunities, and flexible schedules with options for hybrid and remote work, when it suits their needs. But the city-like aspect of college campuses hasn’t changed, leaving institutional leaders to grapple with the tension of running a vibrant, 24/7 campus community while satisfying and retaining employees.

FIGURE 1

The overall percentage of college and university employees looking to switch jobs is greater than that of those likely to stay on
Likelihood of looking for other employment within the next 12 months



Source: College and University Professional Association for Human Resources, “2022 employee retention survey,” July 2022.

So far, balancing both has been a struggle. Administrative offices, in particular, still feel empty and are contributing to the perception from those outside academia that higher education is still very much in “pandemic mode.” Indeed, faculty and staff expectations across the sector show no signs of returning to pre-pandemic attitudes of where and how work can and should be performed. More than three-quarters of higher education employees think the sector is a less appealing place to work than it was a year ago.²² The College and University Professional Association for Human Resources (CUPA-HR) found that 75 percent of staff report increased pay as a driver for seeking new opportunities, with 42 percent of searches motivated by a desire for remote work arrangements.²³

While colleges and universities have long had enrollment management strategies for recruiting, enrolling, and retaining students, most lack a similar “talent management strategy” that in many ways is just as critical to the institution. Even where there has been such an approach, faculty are seen as the “talent” on campuses while staff are seen as replaceable. But even faculty recruiting, retention, and engagement is suffering. Only 22 percent of provosts agree that their institution “very effectively” recruits and retains talented faculty. Movement away from the traditional tenure model continues, with half of institutions reporting they have replaced tenure-eligible positions with contingent faculty appointments (compared to just 17 percent of the sector in 2004).²⁴

Both faculty and staff want colleges to stop making them choose between a commitment to students and their own careers and needs of their families. The higher education workforce has gone from asking, “How can I help us achieve our mission?” to demanding “What are you doing for me, and how are you helping me in my personal life to be successful?”

Among the faculty ranks, a hierarchy of importance exists—separating senior and tenured faculty from junior faculty and adjuncts at a time when colleges and universities are emphasizing diversity, equity, and

inclusion. Many faculty feel that universities have evolved in ways that have pulled them away from their core mission of working with students and conducting research to better society: they’re spending more time dealing with research compliance, managing procurements, navigating mental health challenges, and contending with outdated administrative processes and technology systems. Higher education is no longer distinctive; the private sector now provides a range of opportunities for knowledge workers seeking to make an impact in their field and within research-driven missions all with promises of state-of-the-art labs and access to funding with fewer strings attached and less bureaucracy.

On top of all of this, the C-suite on campuses has a revolving door, and that’s particularly true of presidents where turnover continues at an unprecedented rate. While burnout from navigating the unprecedented challenges of Covid is certainly driving retirements, the extreme pressures of the job—and pinhead that leaders must balance on to be successful—are reducing the number of qualified leaders willing to step into this role. Coupled with a limited pipeline of talent, due to the neglect with which most higher education institutions treat succession planning and leadership cultivation, and the fact that



over 80% of presidents historically hail from within higher education (a figure that has not changed in decades), the gaps in the top role are growing more pressing.²⁵

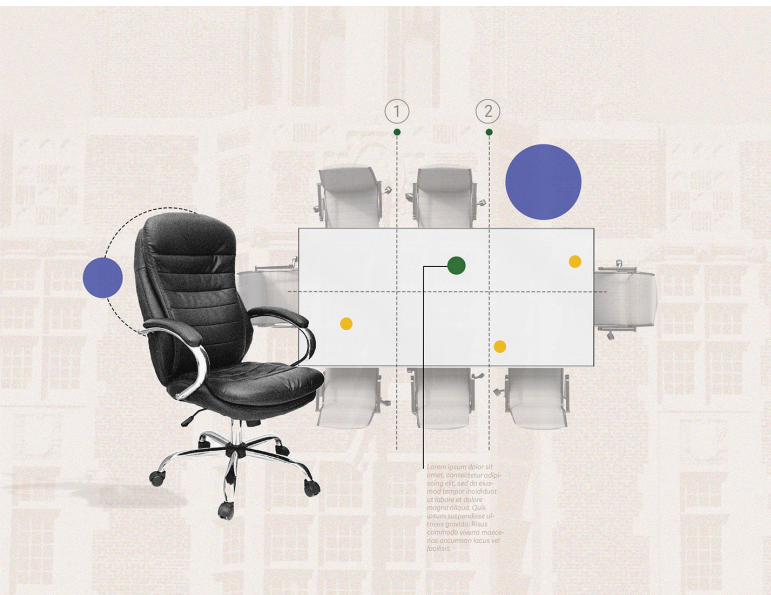
Given the top position in higher education is unique—more akin to a CEO of a public company but with many of the elements of a politician—finding and preparing future leaders within the academy is vital to the long-term health of the institution and higher education as a whole. Until trustees dedicate time and attention to creating meaningful succession and contingency plans, the pervasive gaps in leadership will continue to impede an institution's ability to develop a meaningful talent strategy or make progress on the difficult path to operating model changes.

In the end, colleges and universities are knowledge organizations predicated on the idea of human development. Now they need to start designing an employee experience that matches the time, effort, and energy that they have put into the student experience. Doing so is critical not only for renewing the faculty and staff, but also for fueling the pipeline to senior leadership positions on campuses.

Call to action

Going forward, institutional search committees need to open the aperture of talent pool considerations and look for leaders who come from diverse backgrounds and can bring new practices to higher education, while at the same time better identifying and cultivating talent from within so that new leaders are prepared to step into advanced roles. For these leaders to be embraced by campus, leaders who emerge from outside of higher education must be set up with a team to help understand the culture and context of higher education broadly and of their institution specifically. A critical enabler of this is better training and development of Boards to be partners in the success of their institutions, beginning with clearly identifying the appropriate purview of Board Governance, Faculty Governance and Management decision making. Given the increased politicization of higher education, defining these lines, and educating Boards to serve as both a partner to management in advancing the mission of the institution and as an oversight body is necessary for success.

Beyond this, institutions must refocus on core needs (faculty, student services, research) and seek any and all opportunities to use technology or outsourcing to reduce work that is not core to the mission. This will require standardization and flexibility, and will allow a more narrow focus on most valuable employees in terms of learning and development, compensation, and succession planning. Now is a moment for higher education to leverage their own internal resources to train and develop staff, leaning into the degree benefits that employees are typically granted, leveraging these to build and develop their own workforce.



Trend No. 5

The magnitude of risks demands a new response paradigm

Because higher education institutions have survived depressions and world wars, colleges tend to be overconfident about forecasting the future and too narrow in their assessment of the range of outcomes that may occur. But the current environment demands that institutions be more agile and deliberate about connecting and integrating the various offices around campus in planning for, averting, and managing the aftermath of a crisis.

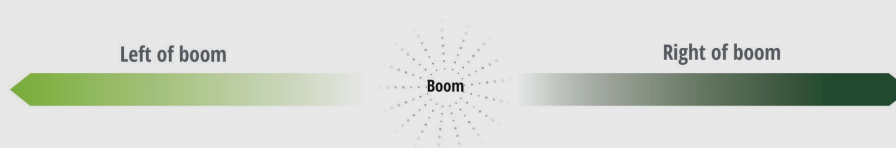
The Covid-19 pandemic and the rapid pivot to remote emergency operations exposed a weakness in most college risk management plans that were often written with the siloed approach in which campuses have historically operated. While campus divisions might have developed contingency plans if their operations were interrupted, few institutions had worked out what would happen if the entire campus was forced to close for weeks or months on end.

A global pandemic is only one of many risks that colleges and universities of all sizes and complexity face today. From a campus shooting to national disasters to a cyberattack to a campus protest or major macroeconomic shifts, the current environment demands that institutions be more agile and deliberate about connecting and integrating the various offices around campus in planning for, averting, and managing the aftermath of a crisis.

Managing risk is no longer the domain purely of the general counsel's office or the audit committee of the board, but of every campus function. In this era where the crisis du jour is the new normal on campuses, higher education leaders must put more time, effort, and resources toward what is referred to as "left of boom." That's the time before a disruptive event, when institutions can prepare and potentially avert a crisis, or at least substantially minimize its impact.

FIGURE 1

The disaster management framework, simplified



Source: Juliette Kayyem, "Enterprise risk management and crisis management," Forum on the New Era of Higher Education, Deloitte University, Westlake, TX, December 16, 2022.

Planning should be focused on the high-consequence events with the level of probability (e.g., hurricanes, active shooters, and cyberattacks) aligning with the amount of preparation that can be done in advance. These activities can take many forms including policies, community engagement, communications, and preparedness plans. It's critical that these risks are managed through a campuswide lens to identify strategic and reputational risks that can impact an institution's ability to meet its missions and goals. This approach to enterprise risk management allows institutions to build risk into the strategic decisions of senior leaders and board members, better positioning the university to accomplish its objectives.

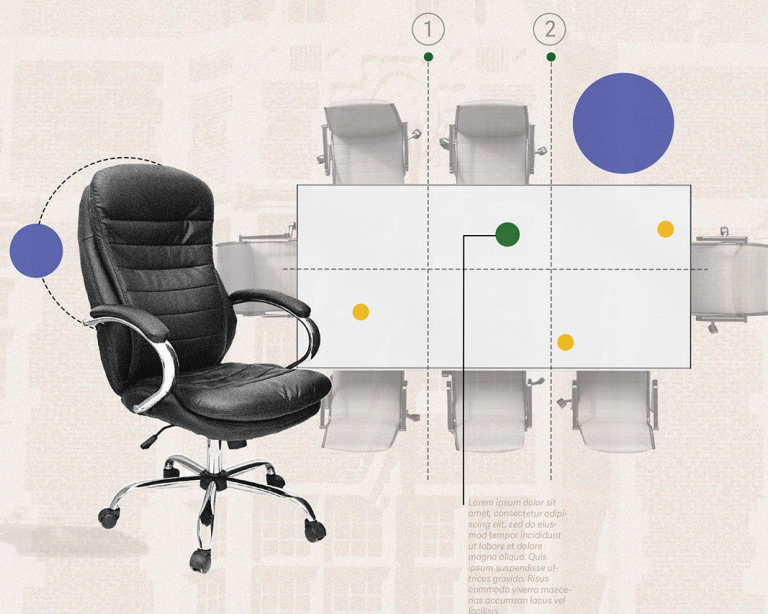
Meanwhile, the "right of boom" is the set of events that follow a crisis. The measure of success here is not to try and avoid all disruption but rather to make the disruption "less bad." Investment in preparedness is what enables that outcome, knowing that there will be some high consequence/low probability events, or "black swans", that can only be anticipated after the fact.

The ability of a campus to both prepare for and respond to a crisis is dependent on its physical infrastructure as well as human resources and leadership. Yet, with few notable exceptions, higher education institutions have failed to modernize these resources. The current state of risk management and

resiliency on most campuses is far below the level of most other complex enterprises. The status quo is usually a risk officer who is embedded into a compliance function with little authority to engage critical stakeholders (senior management or the board) on not only what risks exist but also the institutional plan for embracing—and most important-- recovering from an unforeseen event. Because higher education institutions have survived depressions and world wars, colleges tend to be overconfident about forecasting the future and too narrow in their assessment of the range of outcomes that may occur.

In scenario planning and stress testing, institutions must ensure they don't suffer from organizational biases that drive leaders to favor information that supports their positions and suppresses information that contradicts them.²⁶ In the face of a disruptive event, it's also critical to have the appropriate leaders in place who are trusted and empowered to make the appropriate decisions.

Confidence in leadership is a key element to community trust in a time of uncertainty. Ensuring that the board, the president, and the rest of the executive leadership team are capable and prepared to show up during a crisis is significant in helping the organization get through a crisis and eventually recover.



Call to action

Higher education leaders must take this moment to take stock of risk management processes and plans. Are the right leaders selected that represent each faction of the institution involved in the identification, assessment, prioritization and response of the most likely and highest impact risks to the institution? Does the Board have a process in place to receive the right level of information at the right time and the ability to reevaluate these risks as the environment in which the institution operates evolves? And—importantly—for those risks that are deemed highest impact/most salient, are institutional resources aligned to both mitigate the risk (left of boom) and respond quickly and appropriately (right of boom)?

Conclusion

In this period of high conflict, polarization, and eroding trust in institutions, both public and private, a strong higher education community that is increasing access to education—and therefore economic mobility—and expanding the frontiers of research is more important than ever.

Higher education is far from monolithic. The sector is a tapestry of institutions that serve a wide variety of constituents and stakeholders. Yet, many institutions share similar challenges, despite being very different in terms of their location, learners served, and scope and scale. Despite the differences across the sector, there are many issues, challenges, and opportunities that are common across institutions. By meaningfully engaging in topics that have implications for the entirety of the sector, the future of higher education will emerge stronger, informed by the experiences and innovations that have developed organically and inorganically across institutions and within adjacent sectors.

The prevailing external narrative around higher education today is of a sector slow to change, starved for business and operating model innovation, and possibly even predatory in some cases (as evidenced by the steadily declining public trust and erosion in the belief in the “return on investment” of the sector). Some of this decline in trust is not without merit. The “paradox” of declining public trust and the empirical evidence of the value of higher education is becoming stark. Despite this prevailing narrative, there has been significant innovation from all corners of the higher education spectrum from which we can all learn—although institutions will continue to incorporate aspects differently into varied missions.

As the higher education sector emerges into its new era, there is a compelling need to break down intra-industry silos, finding the common ground among top research schools, small/mid-sized privates, regional publics, state systems, athletic conferences, religious affiliation, etc. Limiting the scope of our common efforts could minimize innovation and reduce our collective ability to truly change the declining perception of higher education in America and internationally.

Change comes slowly in higher education, and this isn’t helped by the relatively slow pace of the exogenous forces acting on us (slow drip of enrollment declines, confined only to certain segments of the higher ed panoply, or the incremental jumps in distrust in other institutions, which leads us to believe: “We’re better than most ... so why change?”). Regardless of what corner of the higher education ecosystem an institution occupies, these challenges (and opportunities) are shared by all.



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