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Ep.85: Reading the Tea Leaves on the College Enrollment Drop

(THEME MUSIC PLAYING)

DOUG LETTERMAN :

College and university enrollments, particularly at community colleges, continue to plummet and they bottomed out. Will they recover if the economy cools off as expected? As enrollment dropped to a new lower plateau, that's likely to be the baseline going forward. Hello and welcome to this week's episode of The Key Inside Higher Ed's News and Analysis Podcast. I'm Doug Letterman, editor and co-founder of Inside Higher Ed and host of The Key. Hope you're all doing well. College enrollment data released last month by the National Student Clearinghouse Research Center continue to look scary, with overall enrollments for spring 2020 dropping by 4.1% from a year ago, or a total decline of about seven and a half percent since the pandemic began. No sector was spared. Unless you're among the 100 or two highly selective private and public research universities and four year colleges that have national and international reputations. But institutions that serve undergraduates, particularly those like community colleges that enroll working learners and first generation students, have been especially hard hit.

In today's episode, we'll dig into some of the reasons behind the enrollment declines and try to offer some insights into what's ahead. I'm joined for the discussion by Joe Garcia, chancellor of the Colorado Community College System, and Nate Johnson, a researcher and policy analyst whose firm Post-Secondary Analytics advises states, foundations and businesses on education and workforce policy. The conversation that follows probably isn't for the faint of heart. While today's guests suspect that meaningful numbers of Americans could flock back to college if, as is likely, federal efforts to tame inflation, raise unemployment in the next year or so. They also believe that some of the enrollment losses of the last two years may represent a new lower baseline going forward, which could force a lot of colleges to rethink their strategies and missions. Before we move into the discussion, here's a word from the sponsor of this week's episode anthology.

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DOUG LETTERMAN :

Now here's my discussion with Nate Johnson and Joe Garcia. Nathan. Joe, welcome to the kid and thanks for being here.

JOE GARCIA:

Thank you.

NATE JOHNSON:

Thanks, Doug.

DOUG LETTERMAN :

A lot of people in higher education expected or at least hoped that enrollments that were depressed by the pandemic would have begun to rebound by now. So, the latest data from the National Student Clearinghouse that we published last month about spring 22 enrollments were something of a gut punch for them. I'm curious whether the two of you were surprised at this point that enrollments haven't recovered. And what do you consider to be the major factors suppressing them? Nate, you want to start us off?

NATE JOHNSON:

I didn't really have a particular expectation at this point because my understanding of what we can expect for enrollments was broken a couple of years ago by the COVID pandemic. I'd been keeping track for since about 2012 of the change in unemployment rates from May to May, which ended up being a pretty good predictor of fall enrollment rates in community colleges, with about a two and a half point increase or decrease in enrollments at community colleges for every percentage point change in the unemployment rate. And so, what we had with COVID was about a 13 point increase in May to May unemployment rates, which using that model would have predicted about a 40% increase in community college enrollments, which obviously wasn't going to happen and wasn't what happened. And instead you had a really steep decline. And at that point, that was I didn't really know what was going to happen next. And that was going to depend on the economy, on what community colleges did to some extent, on the state of the pandemic.

And in some ways, I was just looking before our discussion now at the most recent numbers for unemployment. And in the last couple of years since 2020, when the pandemic first hit, the declines in community college enrollment have actually been kind of what you would expect. So in 2020, the unemployment rate was 13.2%. That was pretty close to the peak. And May 2021, that decline to 5.8%, which ordinarily would be a change where you would expect a big decrease in community college enrollments because of the decline in unemployment. And this may get down to another 2.2 points to 3.6%. So, the declines we're seeing now that in some ways are consistent with that historical pattern. But, you know, given how unexpected and dramatic the change was in 2020. I can understand the optimism and share that to some extent myself, that there would be some rebound just from the health consequences of the pandemic if we didn't know anything about what happened before May 2020. And we're just looking at the unemployment rate.

It would look like it was at a historic high. And we're in the midst of a huge recession and 13% unemployment rate. And then when that goes down, you know, further drops in community college enrollment would look like about what you would expect. It's almost like there was a new level set. We may go back to increases in enrollment when that unemployment rate starts going back up. It's kind of flattened out the last couple of months and I wouldn't be surprised at all to see it go up a bit and the next few months to a year. But whether any of that drop that happened in 2020 comes back or whether that sort of a new normal, I don't know yet.

DOUG LETTERMAN :

That's sort of the question. I think a lot of us are wrestling with. Joe does what Nate said makes sense to you. And then how does it look more on the ground there where you are?

JOE GARCIA:

It's challenging here on the ground because it's a confluence of events that we've never seen before. You know, as both of you were talking about in the past, when the economy took a downturn and fewer jobs were available as unemployment rates went up, community college enrollment generally went up. But here at the beginning of the pandemic, when unemployment rates were high, we thought, again, that we might see more students returning. But those students faced other challenges. They had to deal with kids who couldn't go to school, transportation systems they did not want to utilize. And so, we saw both the decline in employment, but also a decline in enrollment. Those two rarely go together. Then is the pandemic beginning to begin to emerge again? We thought we would see enrollment start to climb, but there was such an increase in prevailing wages and in demand for jobs, frankly, for workers who didn't have a lot of skills. But trying to revive the service sector. So, many of our students or potential students saw the opportunity to suddenly make 16 or \$18 an hour or get a \$500 bonus for coming back.

And so they said, Why would I go to college now? Now is the opportunity to make up for some of the lost wages over the last year and a half. And let's not lose sight of the fact that, frankly, four years prior to the pandemic, we'd been losing enrollment not at the same rate, but we had a robust economy. We had already begun to see a decline in the number of white high school graduates nationally since 2012. So, and so we're seeing increasing competition for those students, for students who we formerly assumed were ours. But now the four years, the regional comprehensives, everybody was going after the students. It used to be assumed to be a community college material.

DOUG LETTERMAN :

Discussion like this is pretty tricky. We obviously don't have a ton of answers yet. And I think the smart thing is to be humble about what we try to assert with confidence. We had a cataclysmic event that knocked enrollment down. Then at the point where we might have started seeing some rebound, maybe we saw the economy recover and started to see the counter-cyclical behavior we normally see with people on that, you know, education, work bubble, choosing to take jobs rather than going and getting more education and training at a community college. So, recognizing that there was a decline leading into the pandemic, then a big drop because of the pandemic, then a lack of recovery due to the improved job market. How likely is it in your view that we are at a new lower plateau and what are the implications of that, especially given that before the pandemic we were talking about how we needed more Americans to get some kind of post-secondary education and training. We were deeply concerned about equity, which was only reinforced by the events of a couple of summers ago.

Where do you think we are in the community college sector, particularly more broadly within the group of underrepresented students who have historically been most excluded from higher education?

JOE GARCIA:

We're not in a good place, candidly. You know, we had all 13 of our presidents before our board yesterday presenting their budgets for next year, and all of them were projecting flat or even continuing slight declines in enrollment. We not only faced the problem with students, we also face a problem with our own employees. A couple of our larger colleges said that their workforce faculty, staff, administrators had turned over a 23% turnover in a single year. So, we're not able to staff the way we should, and particularly in areas like financial aid and student support services, exactly the areas that we need to be fully staffed to serve the populations that we know we need to serve, to close the equity gaps that we've been so focused on over the last decade. And now we're beginning to see those gaps widen once again. That is not a good place for our colleges, and that's not a good place for our country.

NATE JOHNSON:

I think one of the challenges that relates to what Joe was saying for community colleges is that where there are some bright spots and that's with student demand in fields like licensed health professions, technology, construction trades, there's a lot of student demand in those areas, but those are the most costly, historically the most costly fields for community college instruction and for kind of obvious reasons. I mean, they're you have to hire the people who have those skills. And the reason that there's a lot of student demand is because wages are high in those areas. So, it's kind of a self-reinforcing cycle. So, unless you can pay a nurse, what the hospitals are paying her to teach nursing classes or pay an electrician what they can make wiring houses or installing solar panels? Then you're not going to have instructors who can teach students how to do those things. And so, I think to some extent, policymakers have to get their heads around the fact that competitive salaries for instructors in the fields where they themselves see want to prioritize technology, workforce fields, it's going to require some investment.

JOE GARCIA:

Nate's exactly right. We cannot find faculty. We cannot get a nursing director who needs to have a doctorate. We cannot get construction trainers because they are going full speed and we can't begin to match the wages. And then even if we can get the instructors, those career and technical education programs that are in such demand are our high cost programs. We've always charge pretty much the same tuition as our general education programs, but we've cross-subsidize those career and tech ed programs through the enrollments in our general ed programs, which are declining. So, we're getting less money and we're need to offer proportionately more courses. There are the high cost courses. That is a real challenge for our colleges.

DOUG LETTERMAN :

When you think about where the Colorado institutions have seen the biggest drop and again going back to pre-pandemic in the pandemic and in this, you know, emergent period where we're where we're seeing the impact of the job market. Give us a little bit of a sense about where you're seeing the biggest impact and what you're most worried about in terms of the enrollment piece.

JOE GARCIA:

We're very worried about the enrollment piece for traditional age students. We're seeing fewer of those enroll in college at any college in the fall immediately following their graduation. But what we saw this past two years was an even greater drop in the number of students who are returning for the beginning

of their sophomore semester because frankly, they're saying, I'll stop out because I can get a good job now that pays 16 or \$18 an hour. Now, those students may come back, but it's not going to happen overnight. And when they come back, they're going to be looking for training in allied health fields, which are expensive to offer. And where we have the shortages in cybersecurity and IT and construction in CTE fields, which again are more expensive, require smaller class sizes, more expensive labs and equipment, and certainly harder to find instructors. And yet that's where the policymakers go. Talk to a legislator or someone in the governor's office. They say, give us more people from the skilled trades, not understanding really that that costs us for to produce them.

And so, when we have a long waiting list for a nursing program, the policy makers say, why would you have a long waiting list just admit more students. So, we cannot staff up our faculty and we can't place them in the hospitals where they need to get the clinical training. So it's not that we don't want to produce more nurses, for example. We are at capacity.

SPEAKER:

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DOUG LETTERMAN :

I'm speaking today with Nate Johnson, founder of Post-Secondary Analytics, and Joe Garcia, chancellor of the Colorado Community College System. Nate based on your sort of panoramic view of these trend lines, what else should we be thinking about and paying attention to?

NATE JOHNSON:

I think that the choice framework has shifted in ways that may be lasting rather than temporary. So, before the pandemic and still to some extent, the main competitive advantage, as you as it were, for community colleges, is that their local community colleges and you can go there and you can get in-person instruction and especially for general education classes, that's something where increasingly there are online options available. And again, before the pandemic, public four year universities there, some that were very good at providing a lot of online classes like Arizona State, but the vast majority of them weren't. Right. Faculty have learned how to use Zoom, and most majors you would be interested in weren't available online. But post-pandemic, suddenly everything was available online because it had to be. And so, the student who before might have chosen to do their general ed in Miami because it was close to home and they couldn't move to Orlando or Tallahassee or wherever for your school.

Now, those institutions, even if they're going back to in-person learning, have a lot more capacity to offer online programs. So, community colleges have lost a little bit of that advantage. Back in 2012, when I first started keeping track of it. Community colleges had more online students than four year public institutions. But by 2019, before the pandemic started, four year colleges had quite a few more than two year institutions then, so they had kind of outpaced them in offering online classes. What kinds of discussions are you having about the role of community colleges in in a world with Arizona State and southern New Hampshire and Rio Salado? And what's the unique contribution of community colleges in that space? Or is it better to double down on training electricians and nurses and stuff that really is easier and better to do locally and hands on?

JOE GARCIA:

Really good point Nate because you're right, we were in the lead when it came to online delivery 20 years ago. And certainly our competition tended to come from the proprietary institutions that were really going full bore on online. People wanted online, but some programs nursing, welding, construction, you really can't do much of that online. So, even during the pandemic, I was taking a welding class myself from the first year of the pandemic, you know, who had to be in a welding lab to do it. You cannot learn to weld online and you can't deliver a clinical experience for a nursing student either. So, we really are doing more of that. But we have seen for years who are looking at it is simply a revenue generator. Everybody is looking at online, is a profit center, help offset losses elsewhere. And so, every four year institution that didn't have before an online program is creating one. The ones who are out in front University of Maryland Global Campus or Arizona State or Western governors really been difficult for us because they're taking students who previously came to us.

But what they are offering that we can't offer or couldn't before was a full four year degree online. We offered generally courses, but not even full programs. So, it was something that people supplemented their traditional instruction with one or two online classes. That's not what people want to do. They want all of their instruction online, and the ones who wanted the most are the adults, the adult learners, the working adults. And frankly, they're the ones who also have the greatest difficulty in being successful with purely online. So, we have to figure out not just how to offer online, because we can all do that, how to make sure that it works for students. So, it actually that just completing a course but completing a program and a degree and getting a credential.

DOUG LETTERMAN :

So, we talked about the pandemic. We talked about the job market. We talked about the intensified competition. What we haven't talked about. And I'm curious about what kind of a factor, if any, you think it is, is the larger questioning of the value of going to college. And by value, I mean thinking about what it costs, opportunity, cost and outcome. And that presumably factors at least somewhat into the discussion about the job market. And do I go take this \$18 an hour job that you were talking about, Joe, versus spending the time to go further? My education that might pay off down the road, et cetera. Are you hearing learners, potential learners, those who are making decisions not to come to the extent you're hearing from those people, do you think that's starting to play a role and if so, how much?

JOE GARCIA:

Absolutely. I think in years past, it was common for us to say everyone should go to college. It's really important to get that post-secondary credential. But in more recent years, we've heard people with very loud megaphones and generally people with college degrees saying college isn't worth it, you shouldn't do it. Skills are more important than degrees. All of those things that we have heard and that it's not worth it, it costs too much. Now, a lot of times students avoid coming to even our community colleges, where most low income students go for free. But all we've heard is it's too costly. Don't do it. Of course, it's not just the cost of free tuition and fees and books. It is very importantly, you mentioned the opportunity cost of coming. If you could instead be making \$16 an hour and that sounds like good money to you. But we try to point out is both during the pandemic and after the last recession, that people who were most likely to remain employed were those with a post-secondary credential.

It still important to protect yourself from those downturns? So, come to college anyway and you don't have to get a four year degree in English. You can get a two year certificate, you can get a nursing

credential, you can get a welding credential. Those things will help. But often policymakers who are most supportive of community colleges and say, go to community college, it's cheaper and get a skill. Again, there are the individuals who neither attend community college and certainly aren't sending their kids there. They're sending their kids to the name brand four year residential universities because there is value in that. We do think there is value in coming to the community college, getting that short term certificate, you will have a better chance of getting a living wage job. But when you say college isn't for everybody, some post-secondary education absolutely is. If you want to compete for a job, it doesn't have to be a bachelor's degree. If you're not coming in, getting a certificate that demonstrates you have a particular skill that's valuable in the marketplace, you're going to be out of luck.

DOUG LETTERMAN :

Nate do you have thoughts, additional thoughts here.

NATE JOHNSON:

There have also been shifts within four year institutions and what students are majoring in with big increases in STEM and health professions and declines in humanities. So, to some extent, that's a big part of what's in the transfer curriculum at community colleges. That decline is parallel to something, a shift that's happening within the four year sector as well. And some of that is responsive to economic conditions. So, you know, I hear the same anecdotes and I read the occasional Gallup survey with increases in people questioning the value of college, although not that dramatically, at least in the broad based surveys. And to some extent, that's consistent with the economic trends. I mean, it's not a constant in general. It's been true for hundreds of years, but it varies and how true it is from year to year or decade to decade and for whom and in what fields. And so, there are the trade offs do change over time as the price of the net price goes up or down. Occasionally it goes down.

And as wages go up or down in some fields, those trade offs change. And so, when people are questioning the value of college and some of that is a response to real changes in the nature of the economy, in the workforce. And some of it some of it may be bad information or misdirected ambition, but some of it's just responding to the way the economy is. It does annoy me when policymakers who have college degrees from selective universities or majors in psychology or English get on their high horse about either college itself or the value of the liberal arts or social sciences, when clearly that worked out well for them. Even though I sympathize at some level with being true for some people. I worry especially about the importance of both college and certain broad based kinds of education for civic engagement and representation in state legislatures and Congress and governors. And unless that's distributed well and equally and high quality, then that's where that's where it could end up mattering in ways that I really want to think about.

DOUG LETTERMAN :

Wanting to return to the topic of equity that we discussed briefly before. Pre-pandemic, we had been seeing some real gains kind of overdue in attainment for underrepresented groups. And it sure seems as if the pandemic and what's ensued has set back some of those gains. So, I'm curious how worried you are, especially if, as Nate was hypothesizing, overall enrollments have plateaued at a new lower level and students of color and low income students are disproportionately represented in the students who have been lost. Have those overall enrollment losses set back the equity and attainment goals that the system was focused on?

JOE GARCIA:

Frankly, I'm terrified. You know, I spent a career working on trying to close those equity gaps, those post-secondary attainment gaps that we that have plagued our country throughout its history. We know it is important not just to underrepresented communities, but to our entire nation. When we look at the changing demographics that we have to get more black and brown youngsters, particularly young men, through a post-secondary education because, you know, white folks are aging out of the workforce and they're going to be replaced by black and brown folks. But only if those folks have a credential. And it is more likely that you need a post-secondary credential now than it was when you and I were entering the workforce 40 years ago. It is absolutely imperative. And yet these are students who hadn't been coming. We started making some really hard fought gains and now those are at risk. We've really seen our nation, our educational institution, educational systems and our communities move backwards.

We cannot afford to let that happen. But the students who we're losing are the students who are most reliant on having a high school counselor because they don't have college educated parents at home who can help them navigate the system. If during those last two years, when they were not coming to school, when they were doing things virtually, they were becoming more and more disengaged, more and more disconnected from the secondary schools. They were a lot less likely to make that transition to a post-secondary institution. And that's that's a disaster for our economy.

DOUG LETTERMAN :

And Nate, do you sense that there's a path to recover those losses?

NATE JOHNSON:

I think there is a little bit of good news in this story, which very qualified because I share all of those concerns that he was talking about. But one thing that is also true is that completion numbers are not down nearly as much as enrollment numbers. They're down. And some of it can be a lag effect if you don't if nobody is coming in, nobody's going to be going out. But overall, over the last ten years or so, both completions and completion rates completions increased for a long time. And then they may have started to decline a little bit now, but not nearly as much as enrollments. That's good in the sense that a higher proportion of people who are starting are finishing, especially at community colleges and especially among black and Latino populations. So, that's part of the success of the kinds of efforts that Joe's been leading and people in other states. But again, you know, if the number of people coming in continues to decline, it's not going to be enough to keep up with that.

And then on the other side of things, if we do end up in an economic recession or if the unemployment rate ticks up a bit, the silver lining of that, I think probably will be some return, which will include both first time in college students and people who may have started something five years ago and then dropped it to take a \$20 an hour, low skilled job that no longer exists. So, now it's a good time to go back.

DOUG LETTERMAN :

Nate, really just on that last point is your overarching sense that while the pandemic may have shaken up that historical link, it doesn't sound like you think that the patterns have been completely upended. It sounds like you think there's a reasonable chance that the historical counter cyclicalities will be sustained, even if maybe moderated somewhat by some of the other value question and some other things that we've been talking about.



NATE JOHNSON:

I'm less sure about whether community colleges will ever get back the 10 to 15% pandemic related decline. I mean, there may be kind of a new base. But I think barring another pandemic or war or other non kind of event, that I would be surprised if unemployment rates go up in the next year and community college enrollments don't follow to some extent. Expressed a lot to be concerned about in this conversation so far. I guess I want to just focus sort of at the end on what institutions can, should, must be doing going forward. You know, again, assuming, I guess, that there's no magical turnaround. Joe, you just talked about bringing your presidents together. What is your sense about the job that the institutions have in front of them and how able they are to do it, given some of the workforce things that you talked about, et cetera?

JOE GARCIA:

Well, we know there's a lot that we can do and that we have to do. And one of those is focusing more on adult learners. Community colleges have always served adult learners, but frankly, we had seen the average age for our students going down in recent years as we are looking at more traditional students. But we're all competing for traditional students, and that's a shrinking population. We know there are a lot of adults out there who would love to have a better job, an actual career, and they can't do it without coming back and getting an education. But that means we've got to change how we deliver instruction. We've got to do more online. We've got to offer more classes in the evenings and weekends. And not just classes, but student support services. But we've always offered classes and student support and financial aid at times that work for us. And we've got to focus more on what's going to work for our students. That's costly and it takes a lot of effort, but that is the only way we're going to be able to sustain enrollment levels that will allow us to keep the doors open.

And more importantly, it's the only way that we're going to help strengthen local economy. So, I think that's a key thing. And the other one is Nate mentioned, as we've seen, greater completion rates. In the old days, when I first started community college, the idea was really just trying to enroll as many students we could, and we knew we were going to lose a lot of them before graduation, in fact, before the end of their first semester. In recent years, I've been pleased that we've been more focused on what it takes not just to enroll students, but to retain and graduate them. And what we're now focused on is not just that, but whether we're graduating them with a credential that will allow them to get a living wage job. And so, we've got to have that broader focus if we want students to keep showing up and paying for our services.

DOUG LETTERMAN :

That was Joe Garcia, chancellor of the Colorado Community College System and Nate Johnson founder of Post-secondary Analytics Policy and consulting firm, talking about the recent and possibly future enrollment picture, particularly for two year institutions and for the kinds of students historically underrepresented in higher education. It's not a real upbeat situation at the moment, and responding to it is going to require a lot of hard work from a lot of people. At a time when a lot of you are already straining, I hope you were able to find some signs of hope from today's conversation and that you're able to keep in mind Joe Garcia's words about the importance of education in changing lives. That's why you do the work you do, and it has never been more important than it is now. Thanks to Joe and Nate for their insights today to Anthology for its support for this episode. And to you as always, for listening, please reach out to me at [dougletterman.insidehighered.com](mailto:dougletterman.insidehighered.com) if you have ideas for topics that we at the key should be exploring in the coming weeks.

I'd love to know what would help keep you motivated and prepare you for the work ahead. I'm Doug Letterman. And until next week. Stay well. Stay safe. (THEME MUSIC PLAYING)