The Demographic Decline and Colleges’ Financial Future

An Inside Higher Ed webcast
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Presenters

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Continued Shifts in Composition

Year When Whites Become Minority by Age Group

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AGE</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
<td>under 18</td>
</tr>
<tr>
<td>2027</td>
<td>18-29</td>
</tr>
<tr>
<td>2033</td>
<td>30-39</td>
</tr>
<tr>
<td>2041</td>
<td>40-49</td>
</tr>
<tr>
<td>2050</td>
<td>50-59</td>
</tr>
<tr>
<td>after 2060</td>
<td>60+</td>
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</tbody>
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Source: William H Frey analysis of U.S. Census population projections released March 13, 2018 and revised September 6, 2018
Number of Births, 1975-2020

Births (Millions)

Source: National Vital Statistics Reports, various years
Cumulative Effect of Fertility Downturn, 2008-2020

Source: Kenneth M. Johnson (2021)
Projected Number of College-Going Students Relative to 2018, by Region

Source: Author’s calculations based on data from the American Community Survey (2017), Centers for Disease Control and Prevention National Vital Statistics Reports (2018, 67(7)), 2009 High School Longitudinal Study (restricted and unrestricted), and the Panel Study of Income Dynamics (2011; 2015)
Race/Ethnicity Distribution of College-Going Students, 2018-19 and 2033-34

18-Year Olds
- Non-Hispanic White
- Non-Hispanic Black
- Hispanic
- Asian American
- Other

Source: Author’s calculations based on data from the American Community Survey (2017), Centers for Disease Control and Prevention National Vital Statistics Reports (2018, 67(7)), 2009 High School Longitudinal Study (restricted and unrestricted), and the Panel Study of Income Dynamics (2011, 2015)
Financial Implications

Compositional Change
• Declining average net financial income ... but changing composition offers hope for stability in “full-pay” population
• Tension between short-run (NFI vs. diversity tradeoff) and long-run (need to invest in a diversifying future) considerations
• Continued need for professional development related to changing demographic

Fertility Decline
• Shrinking pool from mid-2020s until at least end of 2030s
• Increased value of access agenda
• Increased premium on retention and persistence
Questions?
Thanks