

Reviewed by Stephen J. Handel
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Nathan D. Grawe, a Carleton College social sciences professor, adds his voice to an increasingly crowded chorus that predicts massive shifts in U.S. higher education enrollment. Unlike other books of this ilk, however, Grawe’s prose steers clear of hysteria, suggesting only once that admission officers would be wise to retool for a new career. His book inserts analytical backbone to a debate that is characterized largely by rhetoric and obsessive hand-wringing. To be sure, Grawe’s message to higher education is grave. Grawe’s cool, analytical prose provides readers with an otherwise even-handed narrative that nevertheless describes how the quietly receding shoreline signals the approach of a tsunami. He also warns us early that he has few satisfactory suggestions to address the calamity that his data suggest – reminding us that the demographer’s obligation is to assess whether the deck chairs are in danger, rarely to suggest how to rearrange them. Still, Grawe manages to strike a balance that both alerts higher education to the challenges ahead while providing a nuanced treatment, emphasizing unique institutional perspectives and strategies.
Grawe’s book is refreshingly short, a mere 175 pages, but he treats the topic with authority and depth. He begins by describing the commonsense influences on higher education in the future, such as changes in fertility rates and immigration policies. Grawe then speaks to our inner admissions officer by linking these population dynamics to variables that influence college-going, such as prospective students’ income levels, race, ethnicity, and geographic location. He combines this information with defensible, though understandably tentative, predictions about the impact of demographic changes and college-going on different kinds of colleges and universities, including community colleges, regional four-year institutions, and highly-selective universities. It is this linkage—and the author’s appreciation for the diversity of higher education institutions in the United States—that makes this book valuable.

**Destiny or Demography?**

At the get-go, Grawe stresses that examining aggregate college-going population alone, which has been the general approach of state and federal reports on this topic, is a poor proxy for demand. The reason, as any experienced admissions officer knows, is that different postsecondary education institutions attract different students who possess diverse academic and socioeconomic profiles. If the birth rate falls for affluent parents—who are more likely to send their children to elite colleges and universities—the impact will be felt at those institutions primarily. If, however, the birth rate declines mostly among low-income parents, the likely impact will be felt disproportionately on community colleges and non-selective colleges and universities. “Even within a given state or division, children with different family backgrounds and demographic characteristics do not enter equally into the demand function for higher education” (p. 23).

So, what is Grawe’s story about the future of higher education demand? Like most things, it’s complicated. But Grawe spills his guts rather early:

Unless something unexpected intervenes, the confluence of current demographic changes foretells an unprecedented reduction in postsecondary education demand about a decade ahead (p. 45).

Grawe goes on to recite basic demography that to “maintain a stable population over time without immigration, a society must average a bit more than two children per woman…” (p. 11). He notes, however, that only eight states hit this threshold in 2015 and his model predicts an even stronger “birth dearth” for the coming decade. Of course, the U.S. population will increase, but the key to understanding his dire predictions is in understanding where there will be growth. Grawe predicts that states west of the Mississippi River will prosper, but predicts almost no growth in New England, most of the Northeast, and the eastern half of the Midwest.

Admissions officers seeking a new career should note that Grawe’s short-term view is not entirely negative. Although the birth dearth will have an undeniable impact on the pool of potential college-goers, the next five years or so should be business as usual. The author describes outcomes from *Knocking on the College Door*, produced by the Western Interstate Commission on Higher Education (WICHE), a popular resource that estimates future higher education demand. “In aggregate, the WICHE report… provides reason for medium term optimism, as it signals a healthy 5% rise in the number of public and private high school graduates over the next decade” (p. 15). After 2025, however, higher education will see profound regional differences in the number of high school graduates. As already noted, the Northeast will suffer the most, where Grawe predicts declines in high school graduates between 15% and 20%. Like a canary in the higher education coal mine, this region currently
boasts the highest proportion of students who attend college, supported by the greatest number of postsecondary institutions in the nation. Although there will be growth in other regions of the country, it will not be sufficient to counter losses there.

Unlike the authors of the WICHE’s report, however, Grawe shows how this drop off in high school graduates will affect different kinds of institution based on the college-going rates of various student constituencies who are likely to go to college. He focuses on low-income students, underrepresented racial and ethnic minority students, and students from families that do – or do not – have parents who attended college. Grawe’s analyses indicate that there will be sustained growth for Asian Americans and Hispanic (non-white) students in the coming decade and, perhaps, beyond. However, the nation will see a significant decline in the number of white and African American high school graduates.

The distribution of college students across race/ethnicity will shift noticeably in the next 15 years. The share of non-Hispanic white and non-Hispanic black college students will closely follow shares in the 18-year-old population, falling approximately ten percentage points. Half or more of this reduced share is attributable to the five percentage point increase in the Hispanic share, with the remainder accounted for by smaller increases in the shares of Asian American and other students (pp. 53-54).

This is sobering news for colleges and universities that are late to the game in attempting to expand significantly the racial and ethnic diversity of their student populations. Moreover, the race-neutral strategy many institutions have used to attract such students is likely to be ineffective. In perhaps the most contrary of his prognostications, Grawe argues that the recent focus of higher education institutions to enroll more first-generation students – students whose parents do not hold a four-year degree – will not yield the diversity they desire. The supply of these students, often used as proxy for a variety of higher education equity needs, is likely to decline in the future. This is because the number of parents with higher education degrees is increasing. “[T]he shares of 18-year old [students] with no parental model of four-year college completion will fall five percentage points [between 2012 and 2029]” (p. 55).

This is clearly a good news – bad news tradeoff. It is well established that the offspring of college-going parents are more likely to attend college than students without parents possessing a college degree. (Grawe shows that the offspring of parents possessing a college degree are almost twice as likely to attend college as children with parents that have no college degree.) Thus, higher education’s efforts to democratize its institutions have succeeded for individuals who might not have otherwise been able to attend college. But the number of first-generation students will increase in only a few pockets of the country where there are already sizeable increases in the population. Reiterating a point that finally becomes the book’s mantra, Grawe observes, “…there is simply too little difference between the ‘population as a whole’ and the ‘subset of the population that attends some form of college’ for rising parental education to offset a 12 plus reduction in the total fertility rate” (p. 26).

Who Sinks? Who Swims?

The bumpy ride ahead for higher education enrollments will affect the sectors of higher education differently and in ways that run contrary to current expectations. Pundits often argue that the rising cost of higher education will undercut demand for elite education, fueling growth in less costly postsecondary options, such community colleges. This may, of course, come to pass, although the demand for elite education...
continues to skyrocket even as community college enrollments decline. Grawe, however, believes that such single-variate analyses miss the forest for the trees. The rapid drop off in higher education demand will overwhelm higher education sectors, he predicts, in ways not immediately evident to the most experienced education policy maker.

The author begins his analysis by sorting higher education institutions into three categories, as identified by US News and World Report: The highest ranked 50 institutions (“Elites”); institutions ranked 51-100 (National Four-Year Institutions); and those not in the top 100 (Regional Colleges and Universities). Using this classification, the author predicts that the strongest enrollment demand in the next 10 years will be among the top two segments (25%) compared to more modest growth among regional four-year institutions (6%). However, declining demand will begin in 2025 for all three segments mainly because of the birth dearth. This will be especially pronounced for lower-ranked institutions (not in the top 100):

The reversal among elite schools (9%) is about half that anticipated for institutions outside the top 100 (17%). Because demand prospects differ substantially both in the initial period of growth and during the birth-dearth contraction, the net effect is a distinct advantage for elite institutions (up almost 15%) relative to regional colleges and universities (down by nearly an equal degree), with national schools breaking even until the final year of the forecast, when demand takes a decidedly negative dip to end down 10% (pp. 71-72).

Even though elite colleges and universities are likely to weather the birth dearth, they will be unable to accommodate all the students who wish to attend them. As a result, non-elit schools may benefit from a kind of “trickle down” effect, enrolling students unable to get into the top 50 institutions.

Nevertheless, these institutions will need more than a trickle to overcome an astonishing loss of over quarter million students by the end of the next decade. Grawe’s model predicts a 7% rise through the year 2025 before the weight of the current birth dearth reduces enrollment more than 15% in the latter half of the 2020s. He concludes: “In just four years, at the end of the four-year sector, it stands to lose 280,000 students.” (p. 69)

And what about community colleges, the largest postsecondary education sector in the United States? Their accessibility and low-cost should make them relentlessly attractive, especially to an America that will, for the foreseeable future, continue to support the widest breach of haves and have-nots in the Western World. Grawe predicts otherwise, however. At the very time when community colleges seem to have risen out of the shadow of four-year colleges and universities in their ability to address the national need for more individuals with postsecondary credentials, two-year college leaders may need to turn their efforts toward simple survival: “The primary challenge for the two-year sector in the next 15 years is clear: dramatically reduced enrollments” (p. 66).

Forewarned or Flummoxed?

A strict supply-side economist might find all this dire talk about a shrinking higher education market to be a bit over the top. Markets ebb and flow in all industries and they, in turn, adapt over time. The problem with this genial perspective is that the country’s economic future depends on an educated workforce. Grawe notes, as do others, that the nation will need to increase degree production by nearly 40% to meet workforce needs in the coming decades. For Grawe, the higher education industry will need to adapt, and quickly:

[I]f we continue under the same systems in the future as in the past, then we can expect little change. Overall attendance rates will lag behind projections for our
economy’s needs, and large gaps across groups will persist or even grow (p. 125).

How are institutions to plan for the certain decline in the demand for higher education? Grawe offers three earnest if not especially unique strategies: 1) reduce institutional expenses; 2) redeploy recruitment resources in new markets; and 3) enhance college-going among student constituencies that have not traditionally attended higher education institutions at high rates.

Grawe’s hard-nosed budget approach advises colleges and universities to analyze their cost structure, make cuts where appropriate, and set tuition prices that reflect value. For some institutions this will require a shift to a high tuition/high aid model. Of course, in the presence of low(er)-cost alternatives, colleges using this approach will be at the mercy of a buyer’s market. Moreover, it may undercut the perception of higher education as a public good.

Grawe does not have much confidence in the second strategy – expanding institutional recruitment – since the on-coming demographic shifts likely will overwhelm any such efforts. He also cites research showing that since most students do not travel more than 500 miles to attend college, the yield from aggressive recruitment initiatives outside specific regions is likely to be modest for most institutions.

The third strategy, the one for which Grawe devotes most of his attention, involves higher education institutions increasing the rate of college-going among traditional constituencies and aggressively recruiting new groups of students to prepare for college. This has worked during previous demographic upheavals, resulting in higher numbers of women and older students enrolling in higher education institutions.

To test the robustness of this approach, the author conducts two thought experiments. The first essentially halves the impact of family-income on college attendance. Results indicate a relatively small impact on community colleges since that sector is not especially affected by price. The big changes occur at four-year colleges and universities: “In the counterfactual world in which income plays a smaller role in college attendance decisions, the gap between high- and low-income students in the year 2028 falls by approximately one-quarter, from 38 percentage points to 29 points.” (p. 131). This would also decrease the gap among the college-going rates of Asian American and Hispanic and African Americans, helping the latter two constituencies to close their college-going rate gaps with Asian Americans.

The second thought experiment reduces college-going differences by incorporating strategies that favor the race/ethnicity of prospective students. Grawe notes that the utility of this strategy is modest compared to the income reduction initiative and comes with the considerable political baggage associated with providing admissions preferences for students from certain underrepresented ethnic or racial groups. Still, Grawe is cheered by the results of his thought experiments, concluding that:

[Impressive overall gains – nearly 25% increase in attendance rates – using policies that, while aggressive, are plausible both politically and economically. (p. 133)]

This is the most positive news Grawe can generate among his otherwise steely prophecies that constitute the thrust of his short but powerful book. I suspect some readers of Demographics and the Demand for Higher Education will draw from Grawe’s conclusions a simple check-list of institutional winners and losers in the coming decades, as if the potential closure of good many colleges and universities is a national disaster. Clear-eyed readers, assuming they do not avert their gaze at the last moment, will witness a slow-motion description of an impending car crash. And if Grawe’s prose is less than electrifying
and therefore unlikely to rally a fragmented higher education community in the development of structured and strategic responses, we can at least say we were warned that the road ahead is rocky, that the bridge over these troubled waters is in danger of collapsing, and that our future rests on a foundation that looks more like a pier than a yellow brick road.

About the Reviewer

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