Fall 2020 Enrollment Scenarios, Part 2: Adult Undergraduates

Introduction

This is the second in our series of Insights Reports that weigh enrollment prospects for fall 2020 in the middle of the global COVID-19 pandemic. Part 1 looked at traditional-aged domestic undergraduates at four-year schools. This report turns to domestic adult undergraduates at four-year schools.

The countercyclical adult student story is a familiar one: when the economy crashes, adult enrollment jumps. The COVID-19 recession is certainly wreaking economic havoc but is not a normal downturn. The report considers the adult enrollment track record of different types of schools and weighs various factors that speak to the normality and abnormality of a pandemic-induced slump.

While we conclude that economically-distressed adults will need education and training, just as they always have, the question is whether this downturn will favor colleges and universities or prove a breakthrough for other providers. The currency of degrees, long and expensive, and often not directly tied to employment, will be tested as never before. Alternative credentials, typically short, relatively inexpensive and more closely aligned with the ultimate “good job” goal of most adult learners, may look particularly attractive. Some nontraditional providers are pressing to be admitted to federal student aid, which would break a distinct advantage enjoyed by college and universities.

The report projects five adult undergraduate enrollment scenarios.

Adult Enrollment in Recessions: Same Old Story?

Adult undergraduates are much fewer in number than their younger counterparts, making up about a quarter of all undergraduates at four-year institutions. Many adults seek to complete a degree started years before, while others commence postsecondary education for the first time.

In recessions past, adults proved most sensitive to the economy: enrolling in droves when the economy was down and vice versa. Will history repeat itself as the Coronavirus batters economic fortunes, or will things be different this time?

Figure 1 reviews how adult undergraduate enrollment trended during the recession of 2001 and the Great Recession of 2007-09.
Figure 1. Not So Simple: Schools and the Economy Impact Adult Enrollment

Fall Domestic Undergraduate Enrollment Aged 25+ at Four-Year Schools

Source: Eduventures analysis and modeling of IPEDS data. Data encompasses four-year public, private nonprofit and for-profit institutions. Domestic students only.

Figure 1 tells a complex story. Yes, when the economy was up in the late 1990s and mid-to-late 2010s adult undergraduate enrollment slumped, and surged when things went south, but enrollment growth lingered post-recession. Also, the inter-recession period of 2003-07 saw enrollment growth. The continued dip in 2001, mid-recession, was likely due to the shock and uncertainty of 9/11.

For both recessions, an enrollment lag makes sense: unemployment peaked after the recessions officially ended. The inter-recession momentum was driven, at least in part, by the newly invigorated for-profit higher education sector and the blossoming of online learning, both targeted at adult learners.

Indeed, Figure 2 highlights the acute counter-cyclicality of for-profit, four-year institutions, suggesting that school type and market focus (e.g. traditional age students versus adults) also matter. Figure 2 uses 12-month unduplicated headcount, rather than point-in-time fall enrollment, which better captures adult trends.

For-profit enrollment growth, considered over 12 months rather than just fall, was much more pronounced during the past two recessions. During these years, most nonprofits were less focused on adult learners. This, plus exceptional for-profit marketing spend and sometimes aggressive recruitment tactics, enabled these schools to thrive in hard times.
Adult-focused nonprofits matched the for-profit jump in 2001 but then fell behind, despite growing much faster than the nonprofits focused on traditional students. Only in 2012 did adult-focused nonprofits surpass for-profit momentum as for-profits conceded the field amid a strengthening economy, regulatory pushback, and media scrutiny. Adult-focused nonprofits outperformed for a few years, but by 2018, with the economy recession-free for almost a decade, adult undergraduate enrollment growth for both adult- and traditional student-focused nonprofits converged to near zero. Weak demand and more commonplace online and adult-oriented programming at many nonprofits explain this pattern.

Of course, some individual schools, for-profit and nonprofit, bucked the trend and have kept growing adult undergraduate numbers. In particular, a few very large online-centric schools, such as Southern New Hampshire University (SNHU), Western Governor’s University, and Capella University, have done well.
Community colleges—not shown in Figure 2—grew much faster than four-year nonprofits, even those focused on adult students, during the Great Recession, perhaps attracting the most price-conscious students in search of some quick retraining. Nonprofit four-year institutions did better as the downturn matured. It is not surprising that many adults take their time to plan an investment as big as a bachelor’s degree. For-profits and community colleges may have done best with the unemployed while four-year nonprofits were more likely to attract people who are in work but see a degree as a career mobility engine.

Today, with unemployment already pushing 20 million in early May 2020, far above the peak of less than 15 million in early 2010, with more economic pain likely, should we expect adult undergraduate enrollment through the roof?

Early Signals

One challenging dimension of the COVID-19 recession is its suddenness and counter-intuitive relationship with the health of the underlying economy. Analysts look in vain for market variables that betrayed the first blush of trouble. The U.S. economy was considered in decent health as late as February.

Some evidence points to an absence of burgeoning adult enrollment interest:

- Strada Education, the policy and philanthropic organization running weekly surveys of U.S. adult sentiment mid-pandemic, says interest in education or training is flat compared to a year ago.
- FAFSA applications by “independent” students, typically aged 24 or older, were down by 9% for the first three months of 2020 year-over-year.
- Google Trends data for search terms such as “degree” and “college” appear stable.

This may reflect the uncertainty generated by COVID-19. Widespread job losses and insecurity, a lack of clarity concerning government aid, and not knowing when the virus may subside and the economy will rebound, is hardly a climate conducive to quick decisions about future education. Many parents are busy with children home from school, and many may have sick loved ones or may themselves be ill. Just as many high school seniors are hedging their bets, hoping that campuses can reopen in the fall, many adults may hesitate over today’s online-or-nothing higher education menu.

Yesterday vs. Today

There are other things different about today’s recession compared to those of the past. The proportion of 25-34 year-olds, the age group that makes up the bulk of adult undergraduate enrollment, with at least a bachelor’s degree has climbed by almost a third since 2007 to 40%. 
This is consistent with a labor market that increasingly favors college graduates but also means that the prospective student market is relatively smaller. On the other hand, the number of 25-34 year-olds in the U.S. is up 13% since 2007 as the record-breaking high school graduating classes of a decade ago have aged.

Higher education also creates its own adult learner pipeline. While inching up in recent years, about 40% of bachelor’s-seeking undergraduates do not complete their degree in six years. The sizeable “some college, no degree” population, over 32 million people, is in the sights of adult recruiters. Less well-known is that the attrition rate for adult learners is often worse still, particularly for part-time students. For-profits may have outperformed in the past two recessions, but many of these schools relied on ill-prepared and under-informed prospective students who ended up dropping out, often in significant debt. Enrollment growth is not always a good thing. As federal “outcomes” data, first reported only four years ago, seeps into public consciousness, prospective adult students may ask tougher questions when colleges come calling. This data does not always show nonprofits in a good light, and online learning tends to exacerbate retention issues.

Price and debt are also negatives. Eduventures Research has highlighted that 100% online schools have the best track record of holding down tuition, but overall, for students young and old, higher education is more expensive than it was at the dawn of the Great Recession. For adults without a bachelor’s degree, median wages, controlling for inflation, have fallen in much of the 21st century. The wage premium that accompanies a degree may be higher than ever but so is the price. The upward trajectory of student debt, second only to mortgages in volume, has become a media staple.

The Quality Matters-Eduventures CHLOE Survey shows that most colleges and universities, at least as of 2019, still use uniform pricing for online and campus degrees, to signal comparable quality, rather than exploit the potential cost savings of online learning.

**Today vs. Tomorrow**

While these cautions must be taken seriously, there is also reason to think that over the coming months circumstances will persuade many adults to enroll in something. As the rest of the year unfolds, career opportunities will be constrained, and wages depressed. For consumers, simply waiting things out may seem a poor substitute to using education to take ownership of the future. No one likes to go into debt, but the pandemic will keep borrowing costs low. Tuition assistance dollars from employers will be much scarcer this year but that always happens during recessions and adult enrollment rises nonetheless.

Degree vs. non-degree may prove the real question. For graduate programs, the subject of a subsequent Insights Report from Eduventures, this dilemma is yet more pressing but also applies at the undergraduate level. A bachelor’s degree may be associated with significant wage gains but takes a lot of time and costs a lot of money. Corporate resume-sifting algorithms continue to use a bachelor’s degree as a convenient proxy for candidate capability and outlook, shoring up
degree hegemony, but hiring managers know that this is a blunt instrument. Shorter credentials targeted to specific in-demand skills could fund a rival currency.

The debate is complicated. Federal and state student aid still privileges accredited colleges and universities but non-degree programs as short as 15 weeks are eligible. Equally, short-program eligibility has not hampered the fortunes of degrees, which still cast a long shadow over undergraduate certificates. Rightly or wrongly, degrees mean something in a way certificates do not.

But the non-degree hand is stronger this time around. During the Great Recession there were no MOOCs, no coding bootcamps, and no microcredentials. Non-college forms of postsecondary education existed but not anything like today’s variety and quality. The recent Strada survey found that respondents interested in education and training in the next six months were more likely to anticipate non-degree enrollment (59%) than degree, particularly among adult learners. Categories are not always uniform, but this does suggest higher non-degree interest than evident in Eduventures 2019 Adult Prospect Research. At the same time, adults who are first to raise their hands may not be representative of adults who take longer to decide. And Strada also reported a year-over-year bump in interest in colleges and universities, regardless of desired credential, while “other online nonacademic course” allegiance was flat.

This is a reminder that non-subsidized postsecondary enrollment is often cyclical rather than the countercyclical norm for credit-bearing higher education. University of California Extension, the largest university continuing education operation in the nation, and primarily noncredit, saw enrollment dip during the Great Recession. As companies rein in discretionary spending and consumers weigh the out-of-pocket expense of subsidized college versus unsubsidized alternatives, the latter can seem a lot less appealing.

It may transpire that both degrees and alternatives will see enrollment gains later this year. The ratio of adults who say they plan to enroll in formal education, 40-50% pandemic or not, is much higher than the percentage of those who actually do, which is in the low single digits in any given year. Stir in enough economic uncertainty, which a global pandemic certainly provides, and enrollment will look like the decent bet it has always been.

Colleges are smartening up. Facing budget shortfalls, schools are busy rationalizing program portfolios: weeding out less viable offerings that relied on cross-subsidy, putting more programs online, merging overlapping programs, and even shortening overly long programs to make them more cost-effective and competitive. Come fall, adult learners may have a more focused, coherent, and convenient set of programs to choose from, which should aid enrollment overall. With many big-spenders from other industries on the sidelines, school marketing costs are lower than usual, helping schools to raise awareness.

Enrollment scenarios may turn on whether alternative non-degree providers manage to gain new stature and subsidy, and whether colleges and universities can successfully position online learning as something other than second-choice. The latter is less of an issue for adult undergraduates, 30-40% of whom already study fully online and value its convenience. But the delivery mode is still not the majority choice and is a questionable fit for some programs. The scale of the federal stimulus is also an enrollment factor, for students and schools.
Given these variables in play, Figure 3 projects five adult undergraduate enrollment scenarios for academic year 2020/21, acknowledging that many adults do not enroll in the traditional fall window. The scenarios concern colleges and universities only, not other kinds of providers.

**Figure 3. Adults Need Education in a Downturn, but Will They Turn Away from Colleges?**

**Forecast- Adult Undergraduates (aged 25+) Academic Year 2020/21**

- **Very Positive**: Strong Stimulus, Compelling Online, Weak Alternatives
- **Positive**: Strong Stimulus, Compelling Online, Weak Alternatives (2 of 3)
- **Net Neutral**: Strong Stimulus, Compelling Online, Weak Alternatives (1 of 3)
- **Negative**: Weak Stimulus, Inadequate Online, Strong Alternatives (2 of 3)
- **Very Negative**: Weak Stimulus, Inadequate Online, Strong Alternatives

*Source: Eduventures forecasts drawing on IPEDS and National Student Clearinghouse data. Figure 3 uses the 2018/19 academic year as the baseline because adult undergraduate enrollment in the 2019/20 academic year has been impacted in unclear ways by the pandemic.*

If holes in personal and institutional finances are plugged, online learning comes across as creative and futuristic, and alternative providers are left outside the gates of federal funding, the pandemic-induced economic swoon should mean a bumper year for adult-serving colleges and universities. But if that equation unravels, then the next 12 months could be a turning point for alternative providers. Of course, colleges and universities are also purveyors of certificates and microcredentials but the economics of higher education still assume lucrative degrees as the norm.
Whether adult undergraduate enrollment at four-year schools is up or down this fall, another question is the fate of the average institution versus the online giants. The resources, visibility, and experience of the giants may stand them in good stead. In the first quarter of 2020, while independent student FAFSA applications fell 9% across the board, applications to SNHU jumped 9% to over 53,000. The COVID-19 recession will see brand equity accrue to the best known and most capable institutions.

The Bottom Line

It is hard to envisage that the pandemic will not induce more adults to undertake some form of postsecondary education. Enrollment offers individuals agency in an unsettling and uncertain situation. Adults turn to college because times are hard.

But COVID-19 will test some received wisdom: that ever-more adults will and should pursue a bachelor’s degree, that more online learning is the future for this population, and that degree alternatives are little more than an educational curiosity.

This month Eduventures is launching a survey of U.S. adults to update learner sentiment and market direction. To stay on top of this dynamic environment, Eduventures will run a follow-up survey later in the year.
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