



ENVIRONMENTAL SCAN
*A working document to support the strategic planning
of NACE members*

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NACE ENVIRONMENTAL SCAN

This environmental scan focuses largely on demographics. It includes current demographic data as well as projected data, with an eye toward the resulting repercussions that will drive significant changes in higher education, business and industry, the economy, and the labor force.

Chief among these data and, perhaps, most relevant to the NACE membership: falling enrollments in institutions of higher learning. With enrollments projected to “drop off a cliff” in the mid-2020s, it is critical that government, higher education, business/industry, and public policy makers develop strategies and a collective response to address the demographic realities.

DEMOGRAPHICS

Bachelor’s Degree Enrollments

- There were approximately 11 million students enrolled in bachelor’s degree programs at just under 2,400 four-year, degree-granting institutions in the United States for the start of the 2020-21 year. Undergraduate enrollments decreased by 1.2% in September 2020 compared to September 2019; full-time undergraduate enrollments fell by 2.2% during the same period.
- Demographically, they are distributed as follows:
 - 57.2% Female; 42.8% Male
 - 50.6% White
 - 11.5% African-American
 - 18.0% Hispanic-American
 - 6.9% Asian-American
 - 3.7% International
 - 4.1% Multi-racial
 - 0.6% Native-American
 - 4.4% Race/Ethnicity Not Reported
- The largest enrollment declines occurred among international students (-13.8%); males (-2.9%); and white students (-2.6%). These losses were balanced somewhat by growing enrollments among Asian-Americans (3.5%); Hispanic-Americans (2.5%); and multi-racial students (2.1%).

Two-Year School Enrollments

- There were approximately 5 million students enrolled in associate degree programs at approximately 1,300 degree-granting two-year institutions in the United States for the start of the 2020-21 year. Two-year school enrollments decreased by 10.0% in September 2020 compared to September 2019.
- Demographically, they are distributed as follows:
 - 59.8% Female; 40.2% Male
 - 45.0% White
 - 13.1% African-American
 - 25.5% Hispanic-American
 - 6.2% Asian-American
 - 1.2% International
 - 3.9% Multi-racial
 - 0.8% Native-American
 - 4.1% Race/Ethnicity Not Reported

- Every demographic group experienced an enrollment decline at two-year institutions in September 2020. Among the most significant were: Males (-14.8%); African-Americans (-12.6%); Hispanic-Americans (-11.1%); and white students (-8.8%).
- The National Student Clearinghouse is estimating that fall 2021 enrollments continued to decline. Overall undergraduate enrollments declined by 3.2%, with the largest declines among two-year institutions (5.6%), similar to what occurred in 2020. Enrollment declines were the largest for African-American students (down 5.1%) followed by white students (-4.8%). (Source: *Inside Higher Education*, October 26, 2021)

Selective School Enrollments

- The enrollment trends for highly selective institutions are looking much better. The selective private, not-for-profit schools saw freshman enrollments increase by more than 11% for fall 2021. Among the elite public four-year schools, freshman enrollments also grew, but by a much smaller amount – 1.2%. (Source: *Inside Higher Education*, October 26, 2021).
- The demographics for selective institutions are considerably different. For the top 100 most selective institutions based on the percent of admissions relative to applications, there is a considerably more balanced gender profile and the minority mix is radically different.
- Demographically, enrollments at the most selective four-year schools were as follows for September 2020:
 - 53.1% Female; 46.9% Male
 - 40.9% White
 - 5.8% African-American
 - 14.2% Hispanic-American
 - 18.9% Asian-American
 - 11.2% International
 - 5.5% Multi-racial
 - 0.2% Native-American
 - 3.1% Race/Ethnicity Not Reported
- College Scorecard data indicate that there are significant economic advantages to graduating from a selective college. The following represent the percentage increase in starting salaries between graduates from highly selective schools as compared with graduates of non-selective institutions by academic program areas:
 - Humanities – 35%
 - Social Sciences – 85%
 - Physical Sciences – 29%
 - Formal Sciences – 101%
 - Engineering – 24%
 - Business – 55%

Extended Demographic Outlook

- The U.S. birthrate declined in 2020, continuing the trend that has been in effect since 1990. The result is that the current decline in enrollments is likely to continue into the foreseeable future unless there are dramatic shifts in the demographic profile of the college population, e.g. a major increase in the proportion of the African-American population attending college. For September 2020, 21 fewer four-year institutions reported enrollment data compared with September 2019 – five fewer public colleges

and 16 fewer private, not-for-profit institutions.

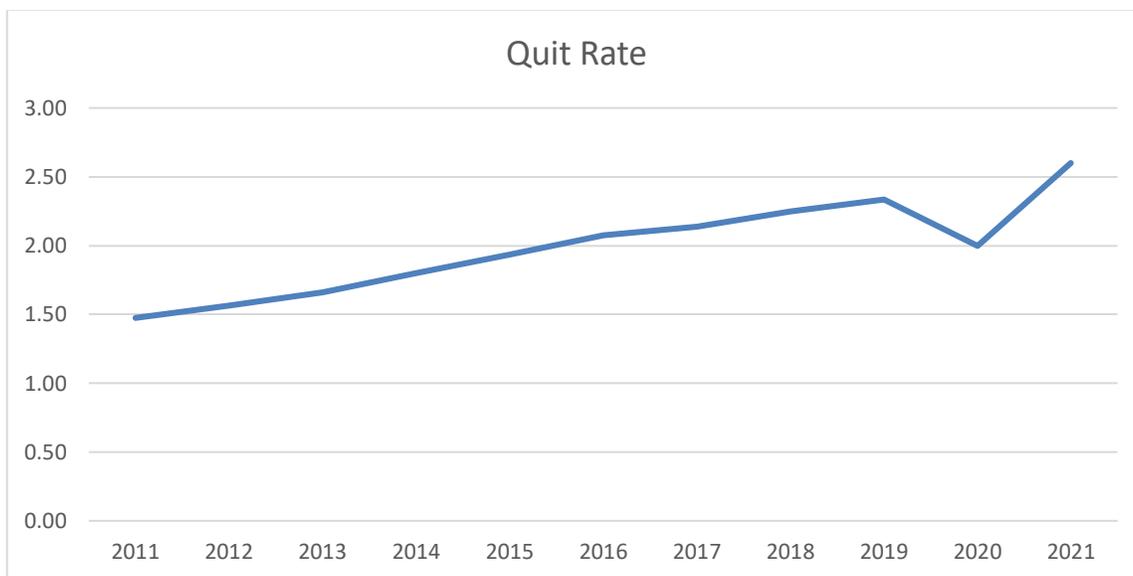
- Based on data from WICHE's (Western Interstate Commission on Higher Education) *Knocking at the College Door* report, high school enrollments in the United States will peak in 2024-25 before decreasing sharply (9%) until 2031-32. In addition, the racial/ethnic profile of these graduates will change. Underrepresented minorities will increase from the current 35% of the population to more than 39% by the end of this decade.
- The growth in high school graduations will mostly occur in the Southern and Western United States. This is significant because the underrepresented minority population of high school graduates in these states will exceed 50% in about half of the states and will be more than 40% in most of the others. In addition, high school graduates in these states tend to be disproportionately low income, ranging from a low of 39% in Virginia to a high of 71% in Mississippi.
- Minority and low-income high school graduates tend to be the least likely to enroll in bachelor's degree programs (see above).
- Student tuition money is currently the dominant source of funding at four-year institutions. The proportion of funding from the states declined from 72% in FY2000 to 35% in 2013. (Source: *Center on Budget and Policy Priorities*).
- The combination of lower enrollments, a higher percentage of enrollments that will need financial support, and lower public funding levels will likely place many four-year institutions in financial jeopardy by the second half of this decade.

U.S. ECONOMY

- The U.S economy has recovered better than originally expected from the disruptions caused by COVID-19. GDP declined in 2020 by 3.5%, bettering the projections made midway through the year of a 7% decline. Currently, GDP is growing at an annualized rate of 6.7%. (Source: *Bureau of Economic Analysis, News Release, September 30, 2021*)
- The U.S. labor market has also recovered faster than anticipated. The current (September 2021) overall unemployment rate is 4.8%; the overall rate for September 2020 was 7.7%. The drop in the unemployment rate is taking place considerably faster than anticipated: The Congressional Budget Office (CBO) projected that employment would not completely recover from the lows hit during the pandemic during this decade. The CBO 2020 forecast was for the unemployment rate to drop to 7.6% by the end of 2021 and to reach a low of 4.4% by the end of 2030. (Source: *Bureau of Labor Statistics: Current Population Survey*)
- The stock market barely missed a beat during the COVID-19 pandemic. The Dow Jones Average dropped 37% at the start of the crisis in late March but recovered to finish 2020 with a gain of 7.25%. For 2021, the Dow is running ahead at a rate of 13.5%. (Source: *Wall Street Journal: Daily Tracker*)
- Although there has been considerable improvement in the economy since spring of 2020, there are concerns in two areas: 1) the number of jobs going unfilled and 2) indications of price inflation.
- The Bureau of Labor Statistics reported that there were nearly 11 million job openings in July 2021. While the unemployment rate has decreased, it is not due simply to an increase in new hires. The percentage of the population either holding a job or looking for work has declined over the past two years to under 63%. In addition, the percentage of those who are quitting their jobs has

increased substantially in 2021. The current percentage quitting is at 2.6% per month compared with 2.0% in 2020 and 2.3% in 2019.

- Those leaving the workforce appear to be concentrated in four industries: Manufacturing-non-Durable Goods (Computer & Electronics sector); Retail Trade; Health Services; and Accommodation & Food Service. College-level, professional workers are the featured group leaving their jobs in the high-tech manufacturing and health services areas. The intense work schedules/environments of the pandemic in these two sectors appear to be the main reasons for the high number of quits. (Source: Ian Cook, "Who is Driving the Great Resignation," *Harvard Business Review*)
- In addition to being concentrated in specific industrial sectors, what is being termed the "Great Resignation" appears to be concentrated among older Millennials. The one college-educated age group whose labor participation rate has declined since 2019 is the 35-45 age cohort. (Source: Bureau of Labor Statistics, *Current Population Survey*).
- There is evidence that the current spate of job resignations is actually part of a longer-term trend that was interrupted by the pandemic in 2020. The average monthly quit rate has increased steadily since 2011. This appears to be affecting companies of all sizes except for the largest (5,000 employees or more), where the average quit rate has stayed steady at around 1.0%. (Source: BLS, *Job Openings and Labor Turnover Survey*)



- Consumer prices rose at annual rate of 5.3% in August 2021. The CPI has been running at an annual rate increase of approximately 5% since May compared with the 1.3% increase in 2020 and the 2% increase in 2019. (Source: Bureau of Labor Statistics, Consumer Price Index).
- The U.S. economy is characterized by a relatively large measure of inequality. The classic measure of equality/inequality is the Gini Index. The index ranges from 0, a state of perfect equality (every households share of income is exactly the same), to 100, a state of perfect inequality (all income is possessed by only one household). According to World Population Review, the U.S. Gini Index in 2021 is 41.1. The U.S. Index was below 40 between 1944 and 1982. It has been rising steadily since 1974 when the index was 36.6. By comparison, virtually all the major democratic, industrialized nations have indices below 40 (India – 35.7; South Korea – 35.4; United Kingdom – 34.8; Canada – 33.3; Japan – 32.9; Germany – 31.9; France – 31.6; Sweden – 28.8). (Source: World Population Review)
- The inequalities are continuing during the economic recovery from the pandemic. College-educated workers are recovering from employment declines much better than their less-educated fellow citizens. Since February 2020, the number of employed has increased by just under 1% for those with a bachelor's degree or higher. By contrast, the number of employed individuals with just a high school degree has decreased by 6.3%. (Source: Bureau of Labor Statistics as cited in the New York Times, October 8, 2021).
- The average unemployment rates by demographics for 2021 for those 25 and over are:

	All	Bachelor's Degree or Higher
White	4.6	3.2
African-American	8.2	4.8
Hispanic-American	6.5	4.2

PUBLIC POLICY

- While the labor market is going through the Great Resignation, the political system is going through the “Great Stagnation.” While Democrats control both the legislative and executive branches of the federal government, they do so with only nominal majorities, and the American political system is designed to be activist only under super majorities. Consequently, while the Biden Administration has proposed a significant legislative framework for readjusting the American social landscape to make it more equitable and inclusive, the administration is unlikely to see much of its legislative program passed because it does not have the super majority necessary to legislate action, particularly in the Senate.
- The window for action is short. Midterm elections will be held in November 2022. So, legislative action of almost any kind will need to be finished by July 2022.
- Midterm election prospects tend to favor the Republicans. Historically, the President's party tends to lose seats in a midterm following a presidential election. In addition, redistricting based on the 2020 Census results is also likely to favor Republicans because of the dominance Republicans hold in state legislatures.
- If the Republicans do take over in 2023, federal legislative action on virtually any meaningful bill is likely to cease. The federal budget is almost certain to be curtailed, with social spending the target for cuts. Progressive legislation promoting equity will also likely be tabled as well as immigration legislation. Potentially, support for higher education will be reduced because of general Republican legislative views toward the Academy.

COLLEGE LABOR MARKET

- Job Outlook for the Class of 2022 suggests that this will be the strongest recruiting year for new college graduates within memory. [The report is pointing to a 26.6 percent increase](#) in the number of college hires in 2022. The report indicates that this increase will not be confined to any particular industry or region but will be widespread across all industries.
- This follows a relatively strong initial rebound from the depressed market of 2020 in the spring of 2021.
- However, some additional credence to these indications is lent by data from the Bureau of Labor Statistics. BLS reports an unemployment rate for young bachelor degree holders equal to the rate in September 2019 – pre-pandemic when the college hiring market was strong. (*Source: Bureau of Labor Statistics, Current Population Survey, October 2021*).
- Virtual recruiting, which was mildly increasing prior to the pandemic, has now become dominant. A [NACE Quick poll conducted in August 2021](#) found 83 percent of employer respondents changed their talent acquisition strategy by increasing virtual recruiting.
- Virtual recruiting was also identified as the number one method for increasing diversity in college hiring. [A NACE Quick poll conducted in August 2020](#) found increasing workplace diversity through hiring greater numbers of minorities to be a primary objective in redefining college talent acquisition strategies after the pandemic and the social justice movement of 2020.