



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 trends in higher education and the economy as we emerge from the COVID-19 pandemic. It includes current demographic data as well as projected data and special survey data of the past year, 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.*
- *The impact of COVID-19 on the economy and higher education is still evolving, although we can identify that hybrid and remote work is here to stay, and also preferable among higher education employees. However, half of higher education employees report they are likely to leave their current job within the year.*
- *Among students, persistence and retention rates remain lower than pre-pandemic times, and mental health concerns were a significant reason why students did not re-enroll in college over the past two years.*

Bachelor’s Degree Enrollments

There were approximately 10.8 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 2021–2022 school year.

Undergraduate enrollments decreased by 1.8% in September 2021 compared to September 2020; full-time undergraduate enrollments fell by 2.3% during the same period.

Demographically, they are distributed as follows:

- 57.1% Female; 42.9% Male
- 49.7% White
- 11.3% Black
- 18.3% Hispanic
- 7.2% Asian
- 3.7% International
- 4.2% Multi-racial
- 0.6% Native American
- 4.8% Race/Ethnicity Not Reported

Two- Year School Enrollments

There were approximately 4.7 million students enrolled in associate degree programs at just under 1,300 two-year institutions in the United States for the start of the 2021–2022 school year.

Two-year enrollments decreased by 4.3% in September 2021 compared to September 2020; full-time undergraduate enrollments fell by 8.6% during the same period.

Demographically, they are distributed as follows:

- 58.9% Female; 41.1% Male
- 44.6% White
- 13.4% Black
- 25.4% Hispanic
- 6.0% Asian
- 1.1% International
- 3.9% Multi-racial
- 0.9% Native American
- 4.4% Race/Ethnicity Not Reported

Selective School Enrollments

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 slightly more balanced gender profile, while there are significant differences in the racial-ethnic distribution.

Demographically, enrollments at the most selective four-year schools were as follows for September 2021:

- 54.2% Female; 45.8% Male
- 39.1% White
- 6.3% Black
- 15.6% Hispanic
- 19.1% Asian
- 10.7% International
- 5.6% Multi-racial
- 0.2% Native-American
- 3.3% Race/Ethnicity Not Reported

Demographics

According to the [CDC](#), the number of births in the United States and the general fertility rate increased for the first time in seven years during 2021, with a 1% increase in both births and the general fertility rate as compared to 2020.

Researchers at the [Population Research Bureau](#) warn that this increase may be more indicative of a blip than a trend upwards, as it could be a result of the disruptions to women's reproductive healthcare during the height of the pandemic. At that time, some clinics closed, and women missed medical appointments. Moreover, women with social and economic disadvantages faced increased barriers to contraceptive care as reproductive laws have been increasingly limited in some states. However, despite these changes, birth rates are expected to remain significantly below replacement levels.

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.

As a result, college enrollments are expected to continue to decrease over the next two decades.

Higher Education and COVID-19

The COVID-19 pandemic had a significant impact on college students; much of which we are still learning. However, new data highlight some important trends.

According to the [National Student Clearinghouse Research Center](#), of the 2.3 million students who started college for the first time in fall 2020 (approximately five months after the start of the pandemic), 75% persisted at an institution of higher learning in fall 2021. Among those 75%, approximately two-thirds (66.4%) continued at their initial institution (retention). This is higher than the percent of students who entered college in fall 2019 (persistence rate of 73.9%) but lower than the pre-pandemic class who entered college in fall 2018 (persistence rate of 75.9%).

There were stark differences in persistence rates for the class entering in fall 2020 by race. Asian students had the highest persistence rates (88.0%), followed by white students (79.5%). Latinx students (69.2%), Black students (65.5%), and Native American students (60.1%) trailed. A similar pattern existed regarding retention rates (students who continued their enrollment at their starting institution).

By gender, female students had higher rates of persistence and retention relative to male students. Women had a persistence rate of 76.2% and a retention rate of 67.4%. Alternatively, men had an overall persistence rate of 73.6% and a retention rate of 64.6%. (Note: The report did not provide rates for nonbinary students.)

Further, Lumina Foundation's [The State of Higher Education 2022 Report](#) found that COVID-19 is a significant risk to retention for currently enrolled students going forward. Thirty-six percent of bachelor's degree students and 39% of associate degree students reported it was difficult or very difficult to remain enrolled in college. Racial differences were also significant here. At the two- and four-year degree levels, white students were least likely to say it was difficult to remain enrolled.

The report found that mental health concerns were the main reason students considered leaving college. The majority (71%) of students who reported they have considered leaving in the past six months say emotional stress was the driver of that decision. The pandemic itself (34%) and college costs (31%) distantly followed. The top reasons that students stay enrolled are the financial aid students received (reported by 51% of students) and their confidence in the value of the degree they will receive (49%).

The Lumina study also sheds light on the experiences of students who are not currently enrolled in college. The study found that about half of U.S. adults have recently considered enrolling in a certificate or degree program over the past two years, which suggests there is room for growth for institutions of higher education within these groups.

Looking across race, multiracial and Black students are more likely to report they have considered enrolling in a college or certificate program than are white and Asian students. Moreover, younger adults are more likely than older adults to consider enrolling. The study found that for every year increase in age, the likelihood of considering enrolling in a college program (degree or certificate) decreased by 0.9 percentage points. Regarding barriers to re-enrollment, the study found the cost of college topped the list, followed by family responsibilities and work conflicts.

U.S. Economy

Despite fears of a recession, inflation, and rising interest rates, the U.S. job market continues to be quite strong. As of December 2022, the unemployment rate stood at 3.5%, among the lowest rates in recent history. Among the employers responding to [Job Outlook](#), 80% said they are not planning for a recession during the 2022-23 recruiting year.

College hiring projections are also strong. Our [Job Outlook: 2023](#) found that employers plan to hire 14.7% more new graduates from the Class of 2023 than they did from the Class of 2022.

Employers also reported in Job Outlook that remote work—at least in some capacity—remains the favored work option.

- The hybrid modality of work is the most prevalent work model for all positions and for entry-level positions specifically; 50% of entry-level positions are hybrid as are 49% of positions overall.
- Fully remote positions represent just 12% of entry-level positions and just 15% of positions overall.
- The remaining 38% percent of entry-level positions are performed fully in person; overall, 36% of positions are performed only in person.

Inflation remains high in the United States, although rates seem to be falling. In October 2022, the U.S. consumer price index (CPI) dropped from 8.2% to 7.7%, suggesting that perhaps inflation may have reached its peak. Similarly, in December 2022, CPI fell further to 7.1%, indicating that inflationary price increases are still present, but are easing.

Starting Salaries of College Graduates

The Class of 2021, in raw numbers, experienced a higher starting salary six months after graduation. According to our [First Destination Survey](#), the overall starting average salary for Bachelor degree graduates was \$58,862—4.0% greater than the Class of 2020 average. The median salary rose only slightly to \$54,839—0.3% greater than the median for the Class 2020. However, when adjusted for inflation, the average starting salary fell by 2.9.

Associate degree graduates employed full time saw an increase of 9.6% in average salary in 2021 to \$48,263 from \$44,026 in 2020. Controlling for inflation, this represents a 2.4% increase in real terms. It is the only degree level that still saw an increase in average starting salary when adjusted for inflation.

Value of Higher Education

With a lot of discussion about the value of a higher education, AAC&U conducted [a national survey](#) on the value of a higher education degree. The study found that, overall, Americans agree that a college degree is worth the time and money involved, with 60% of respondents reporting that college is worth the investment. However, there are differences within groups of Americans:

- 87% of employers agree a college degree is worth the investment.
- 74% of Americans with an annual income greater than \$100,000 agree a college degree is worth the investment.
- 73% of individuals with a bachelor's degree agree that a college degree is worth the investment.
- 51% of individuals without a college degree agree that a college degree is worth the investment.
- 50% of those earning below \$50,000 annual agree that a college degree is worth the investment.

Among generations, younger cohorts are more likely to value higher education than older cohorts. Specifically:

- 59% of Baby Boomers (those born between 1946 and 1964) agree that a college degree is worth the investment.
- 54% of Generation X (those born between 1965 and 1980) agree that a college degree is worth the investment.
- 63% of Millennials (those born between 1981 and 1996) agree that a college degree is worth the investment.
- 61% of Gen Z (those born between 1997 and 2012) agree that a college degree is worth the investment.

There are also stark differences across political affiliation, with 70% of Democrats and 53% of Republicans agreeing that a college degree is worth the investment.

Another interesting finding from the study was about Americans' views on civic engagement and social justice in the college experience. Overall, Americans are less likely to report that colleges are a venue for civic engagement learning and social justice. Specifically:

- 29% of American adults think that civic learning and engagement, including providing an understanding of the democratic process, should be a top priority of higher education.
- 32% of Americans believe that higher education should foster a sense of social justice as a necessary element for long-term career success.

These findings varied across groups:

- 41% of employers believe that fostering social justice in college is very important for long-term career success, as compared to 48% of Democrats; 28% of Independents; and 19% of Republicans

The Great Resignation and Higher Education

The Great Resignation—workers leaving their jobs for better pay and work environments—has dominated the narrative for the past two years.

In the summer of 2022, CUPA-HR [piloted a survey](#) to better understand the proportion of the higher education workforce that is at risk of leaving their current job. Highlights of their findings include:

- More than half of higher education employees are at risk of leaving their jobs within the year, with 35% of higher education likely to very likely to leave; and another 22% are somewhat likely.
- In terms of where employees are looking for new jobs:
 - 68% were looking for another higher education institution.
 - 64% were looking at private, for-profit companies.
 - 51% were looking at a nonprofit organization outside of higher education.
 - 43% were looking at their current institution.
- The top three reasons why employees are looking to leave include:
 - Pay/salary increase (74%)
 - Opportunity to work remotely (43%)
 - Flexible schedules (32%)

These three reasons align well with the most-offered benefits by career centers as captured in NACE's 2021-22 Career Services Benchmarks Report. The number of offices that offer these benefits has also increased substantially since the pandemic started.

Moreover, CUPA-HR's study revealed a strong preference for remote and hybrid work among higher education employees and found that the ideal work arrangement for employees overall was a hybrid modality (some days working onsite and some working remotely).

- 71% of respondents stated they agreed or strongly agreed that most of their duties could be performed remotely.
- However, there was misalignment in how their work was actually performed. Only 14% of employees worked remotely and 23% worked hybrid.

Public Policy

The midterm elections in 2022 served to bring divided government. The U.S. House of Representatives has flipped to a Republican majority, while the U.S. Senate remains in Democratic control.

A driving priority for Republicans in the House is oversight of agency activities and regulations that have taken place under the Biden administration. Recent communications from Republicans to Secretary of Education Cardona indicate that we can expect hearings on how much the public service loan forgiveness program is costing taxpayers, an investigation of the legal authority of President Biden's student loan forgiveness program, and how pandemic relief was spent in schools.

In "Commitment to America," Republicans also included bolstering parental rights in schools; Title IX changes, particularly the reinterpretation of the law to protect gender identity; the promotion of free speech on college campuses; and the question of the scope of academic freedom in public institutions. We can also expect Republicans to find ways to draw attention to the Department of Education's new borrower-defense rules and the upcoming gainful-employment rules.

Workforce issues and college affordability will remain high on the agenda. This will likely include discussions surrounding the role community colleges play in meeting the needs of employers and revisiting the idea of establishing Pell grants for short-term training programs.

On the House side, Republicans have changed the name of the House Education and Labor Committee back to the House Education and the Workforce Committee. Virginia Foxx of North Carolina is the committee chair. Bobby Scott of Virginia, who was chair, has become the ranking member.

On the Senate side, former Chair Patty Murray has left the Senate Health, Education, Labor, and Pensions (HELP) Committee to chair the Appropriations Committee. Her Republican counterpart, Senator Burr (R – NC), has retired. This leaves two committee leadership openings. Senator Bernie Sanders of Vermont is expected to be the new chairman, and Senator Bill Cassidy of Louisiana will be the lead Republican on the committee. Senator Sanders has been a vocal supporter of increasing access to higher education; he has advocated for providing free college for all, canceling student debt, and increasing federal spending. Senator Cassidy was one of the original sponsors of the College Transparency Act and is a strong advocate for students with disabilities. He is known for his ability to work across the aisle and has signaled a strong interest in working in a bipartisan manner.

Workforce proposals that tend to be more bipartisan, such as short-term Pell Grants, funding for apprenticeships, and an increase to the tax break for recipients of employer education benefits, have a good chance of passing in calendar year 2023. There is also a good chance for bipartisanship as Congress looks to reauthorize the Workforce Innovation and Opportunity Act (WIOA). Conversely, given the solid partisan divide and tight margins, it is unlikely that we will see a reauthorization of the Higher Education Act, which expired in 2013.

At the state level, Democratic and Republican leaders have consistently supported bipartisan efforts to align education and training with the needs of employers:

- In Michigan, Governor Whitmer was reelected. Her Michigan Reconnect initiative provides free community college for state residents who are at least 25 and haven't already graduated from college.
- Governor Bill Lee of Tennessee was also reelected to a second term. His state supports Tennessee Promise, a program that uses proceeds from the state's lottery to provide free community college to all the states graduating high schoolers.
- In Pennsylvania, Josh Shapiro was elected governor. He has vowed to improve job training in high schools and after.
- In Massachusetts, Maura Healey was elected governor. She wants to allocate more funding to community colleges and help students eliminate loan debt.
- In Florida, where Governor Ron DeSantis was reelected, we will be watching to see what additional changes to higher education will be proposed for the state's public universities.

The other important story regarding the midterm election was the turnout among young voters. Young voters, ages 18 to 29, turned out to the polls in significant numbers for the 2022 midterms.

- According to the [Center for Information & Research on Civic Learning and Engagement \(CIRCLE\)](#) at Tufts University, 27% of young people voted in the 2022 midterm elections. This is the second highest turnout by young voters in the past 30 years.

- Moreover, CIRCLE estimated that, in the battleground states (FL, GA, MI, NC, NH, NV, OH, PA, WI), young people showed up in even greater numbers, with the aggregate youth voter percentage standing at 31%.
- CIRCLE further found that the youth vote helped to sway election outcomes in several battleground states. For example, in the Pennsylvania Senate race, Democrat John Fetterman earned 70% of the voters between ages 18 to 29, while Republican candidate Mehmet Oz captured just 28% of the youth vote in the state. In contrast, Fetterman was supported by 55% of voters between 30 and 44 years old and Mehmet Oz dominated among voters who are 45 years old and older.
- Similar trends in other battleground states demonstrate that the youth in the midterms went overwhelmingly Democratic, mirroring the 2020 election. CIRCLE researchers further found that across categories of race, differences certainly emerge.
- In the 2022 midterms, 89% of young Black voters and 68% of young Latino voters opted for a Democratic candidate for the House of Representatives, as compared to 58% of young white voters.

Young people as a voting block also have differences within their demographic when it comes to policy support. Research from [Ignite](#) found that the overall the top five policy priorities for Gen Z (those born after 1996) are:

- Healthcare for all
- Mental health funding
- Allowing immigrant children to become citizens
- Forgiving student loan debt
- Abortion rights.

However, when we look across gender and sexuality, Ignite researchers found that cisgender Gen Z men rate inflation, healthcare, and mental health as the top three issues, while Gen Z women, trans and gender non-conforming respondents rated healthcare, mass shootings, and mental health as the top three issues.

A deeper look into the trends around youth votes in the midterm elections by level of education will be available later in the year, but insights from the 2018 and 2020 elections indicate that college students tend to have much higher voting rates than the overall youth. According to the [Institute for Democracy and Higher Education](#):

- 40% of college students voted in the 2018 midterm, while the overall youth voting rate stood at 28% percent.
- The higher voter engagement by young people who are enrolled in college also demonstrates the role of higher education institutions in promoting civic engagement.
- However, there are differences within the college student vote. Looking at voting patterns by race and gender from 2012 to 2018:
 - Female students tended to turnout to vote at rates higher than male students.
 - Black and white students have higher voting rates than Asian and Hispanic students.
 - Black women college students had the highest average turnout from 2012 to 2018, followed by white women, white men, and Hispanic women.

Conclusion

The preceding environmental scan provides the most updated view of the landscape as related to career development and the early career talent attraction space. In brief:

- Enrollments are shrinking, students are citing financial and mental health pressures, demographics are shifting, all while the (perceived) value of higher education remains strong.
- Workplace preferences are shifting toward increased flexibility for workers (including higher education staff), and career centers in particular are shifting with these preferences.
- The public policy space over the next two years should see both bipartisanship on certain issues and gridlock on others.

We look forward to visiting this scan again next year to see how the landscape continues to evolve.

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