ENVIRONMENTAL SCAN 2019 – 20

A working document to support the strategic planning of NACE members

Created February 2020. Courtesy of the National Association of Colleges and Employers / www.naceweb.org
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
Data are most current available from the National Center for Education Statistics, IPEDS database.

Bachelor’s Degree Enrollments and Completions
- There were approximately 11 million students enrolled in bachelor’s degree programs at more than 2,400 four-year, degree-granting institutions in the United States for the start of the 2018-19 year. Undergraduate enrollments decreased by 1.1% in September 2018 compared to September 2017; full-time undergraduate enrollments fell by 1.5% during the same period.

- Demographically, they are distributed as follows:
  - 56.0% Female; 44.0% Male
  - 52.2% White
  - 11.5% African-American
  - 16.3% Hispanic-American
  - 6.5% Asian-American
  - 4.4% International
  - 3.9% Multi-racial
  - 0.6% Native-American
  - 4.4% Race/Ethnicity Not Reported

- Approximately 75.0% or 8,165,000 students were enrolled as full-time students.

- According to IPEDS data, there were significant changes in completions in terms of academic programs bachelor’s degree candidates. Virtually all of this change occurred between the classes of 2014 and 2017. From 2014 to 2018, the fastest growing academic programs in terms of bachelor’s degree completions were:
  - Computer Science (55% increase in the number of completions)
  - Engineering (33%)
  - Health Professions (25%)
  - Mathematics (21%)
  - Engineering Technology (21%)

- A number of majors have suffered significant declines in completions since 2014, according to BLS data. Chief among these are disciplines in the Humanities. Those most severely affected were:
  - History (-24%)
  - English (-20%)
  - Philosophy (-19%)
  - Foreign Languages (-16%)
  - Education (-16%)
• In 2018, there was something of a reversal:
  o Disciplines that increased in the proportion of bachelor degrees awarded were:
    ▪ Education (change of 0.9% in share of degrees granted)
    ▪ Social Sciences (0.7%)
    ▪ English (0.6%)
    ▪ History (0.4%)
    ▪ Visual and Performing Arts (0.4%)
  o Disciplines that saw decreases in their share of bachelor degrees awarded were:
    ▪ Health Professions (change of -1.8% in shares of degrees granted)
    ▪ Engineering (-1.0%)
    ▪ Computer Science (-0.9%)
    ▪ Business (-0.7%)
    ▪ Biological Sciences (-0.4%)
  o N.B. There were approximately 200 fewer schools that reported completions data for the
    Class of 2018 as compared with the Class of 2017. The reduction in the number of schools
    had interesting implications for the academic disciplines that grew or declined in their
    proportion of degrees awarded.

• In 2018, there were 1,844,778 bachelor’s degrees awarded, down nearly 6% from 2017.
  o The top five disciplines in terms of the number of bachelor’s degrees awarded were:
    ▪ Business (19.0%)
    ▪ Health Professions (10.6%)
    ▪ Social Sciences (7.7%)
    ▪ Psychology (6.3%)
    ▪ Biological Sciences (5.7%)
  o Note that, despite being among the top five disciplines, Business, Health Professions, and
    Biological Sciences were among those that lost ground between 2017 and 2018.

Extended Demographic Outlook
• The U.S. birthrate fell to a 32-year low in 2018, but has its roots in the Great Recession of 2008.
  Although the economy rebounded, the birthrate has not and is expected to continue to fall. The
  domino effect means that college enrollments will begin to drop sharply in the mid-2020s. Most likely
  to be hard hit by the drop in the number of available students are regional bachelor’s institutions,
  which could lose more than 11 percent of their students by 2029. (Source: CUPA-HR, The Looming
  Enrollment Cliff)
  o The combination of fewer entrants and less financially viable entrants for currently non-
    selective institutions will result in a major financial burden for these schools. Without
    alternative funding streams (state support, international students) these schools will be faced
    with the need to cut staff and program offerings.

• 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 also
  change. Underrepresented minorities will increase from the current 35% of the population to more
  than 39% by the end of this decade.
  o All of the growth in high school graduations will 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.
  o 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 regional serving four-year institutions in financial jeopardy by the second half of this decade.

• By the end of the decade, first-generation students are likely to make up a significant portion of college enrollments.
  o In general, many of these students will require financial support. Impacting institutions’ ability to provide such support is the drop in enrollments among international students, whose tuition payments have helped to offset financial aid to other students historically.

U.S. ECONOMY

• The U.S. economy continued to be strong in 2019. This continued the trend that has existed since 2009. The past year was the 11th consecutive year of economic growth in the United States, the second longest such streak in history. The longest recorded streak was the period from 1983 to 2008.

• The growth in 2019 did slow somewhat. Real GDP grew by an estimated annual rate of 2.1% for 2019 compared with 2.5% in 2018 and 2.8% in 2017. (Source: Bureau of Economic Analysis - BEA)

• The current overall unemployment rate is 3.5%; the overall rate for 2019 was 3.7%. This is the lowest rate since the turn of the century. However, the percent of the population employed is still less than it was prior to the Great Recession. The employment-population ratio for 2019 was 60.8%; the ratio for the period 2000 – 2008 ranged from 62.2% to 64.4%. (Source: Bureau of Labor Statistics - BLS)

• The stock market rebounded strongly in 2019 from a relatively poor performance in 2018. Average stock value increased by 25% between December 2018 and December 2019 as measured by the S&P 500 index after declining by 6% between December 2017 and December 2018. (Source: Macrotrends.net)

• Despite the strong economic figures from 2019 there are some cautionary indicators that may impact economic growth in the next year or two.
  o The most immediate threat is from the spread of the coronavirus. This has now been labelled a pandemic by the World Health Organization, and it is seriously impacting China, the world’s second largest economy. Travel restrictions and direct quarantines within China will likely reduce global trade and hamper production pipelines in the United States and other Western economies.
  o A second factor that may seriously disrupt global trade patterns is Brexit. Britain formally left the European Union at the end of January 2020. This will require negotiating new trade agreements between Britain and the European Union and likely with the United States. While a final break with the European Common Market will not take place until 2021, actions by industries and investors will likely occur during the course of this year in anticipation of the final dissolution, with “unknown” consequences for the world’s economies.
  o Rising levels of consumer debt may significantly reduce consumer spending in the near future. American consumer debt has now reached the same level as just prior to the Great Recession of 2008 (MarketWatch). Consumer spending has been the driving force behind the expansion of the American economy in recent years and a drop in those spending levels would impair, if not completely halt, the growth in the nation’s GDP.
  o A more long-term threat is the aging of the American work force. Since 2000, there has
been a decided shift toward older workers in the American labor market. Participation among individuals over the age of 55 has increased substantially during this period while participation among those under age 35 has decidedly decreased. This is a situation similar to that faced by Japan in the previous decade, resulting in a devolution of the Japanese economy over the course of the decade.

PUBLIC POLICY

- In 2020, a general election will be held to choose the president, a new House of Representatives, and one-third of the Senate. Typically, general election years do not result in significant legislative action. Consequently, little will be done outside of executive orders, such as the expansion of the Trump Administration’s travel ban to include citizens from six additional countries (Eritrea, Kyrgyzstan, Myanmar, Nigeria, Sudan, and Tanzania).

- The chief legislative accomplishments are likely to be in the area of trade deals. The Congress has already approved the new United States, Mexico, and Canada (USMCA) trade agreement, which replaces NAFTA. If a U.S.-China trade package is finalized, it is also likely to receive congressional approval.

- A comprehensive Higher Education Act (HEA) reauthorization is now highly unlikely. The Democratically controlled House Education Subcommittee has drafted its version of HEA—the College Affordability Act (CAA)—but that bill has not reached the House floor and would face significant opposition in the Republican-controlled Senate. Negotiations are ongoing between the Senators Alexander (R-TN) and Murray (D-WA) regarding Senate legislation, but the prospect here is for a limited package of bills rather than a comprehensive reauthorization bill.

- Immigration issues will continue to roil Washington and affect higher education. Issues surrounding DACA and H-1B visas are still unresolved. Everything is on hold regarding DACA until a Supreme Court decision is handed down regarding the legality of the president’s decision to end DACA. The Trump Administration’s travel ban and immigration policy have impacted the interest of foreign students in studying in the United States. Applications for admission to U.S. colleges from foreign nationals continue to decline, with significant financial implications for many U.S. colleges and universities.

- Last year’s congressionally approved budget package was relatively generous to U.S. higher education, with increased funding for research and operations. However, initial indications are that such increases will not likely continue in the next federal budget.

- The capacity of the federal government to respond to an economic downturn may be seriously hampered by the growing levels of federal debt. The current U.S. debt to GDP level is 105.46—the highest level since the end of World War II. By contrast, the debt ratio from the end of 2000 to the end of 2008 ranged from a low of 54.24 to a high of 73.49. The U.S. debt to GDP ratio is now the fifth highest among the industrialized nations of Western Europe and the Far East, exceeded by only Japan, Greece, Italy, and Portugal.

COLLEGE LABOR MARKET

Data are from BLS unless otherwise noted.

- The unemployment rate for young (20-24) bachelor’s degree holders dropped to 5.2% in 2019 compared with 5.5% in 2018. This is the lowest unemployment rate for young bachelor’s degree holders since 2006 when the rate was 4.9%.
• The percent of young (20-24) graduates employed averaged 76.9% in 2019—the exact percentage as in 2018. These employment-population ratios are still well below those recorded for the years prior to the Great Recession. During the years 2000 – 2007, the employment ratio for young bachelor’s degree holders ranged from a low of 78.4% to a high of 81%.

• The NACE Job Outlook survey projects a 5.8% increase in new graduate hiring for 2020, a significant drop from the 16% increase that was projected for 2019. *(Source: Job Outlook 2020)*

• Students are responding to the demands of the labor market by increasingly graduating in majors with better job prospects.

• For the Class of 2018, academic disciplines with the highest percentage of bachelor’s degree graduates employed in full-time positions six months after graduation were:
  - Engineering Technologies
  - Computer Science
  - Business
  - Engineering
  - Education
*(Source: First Destinations for the Class of 2018)*

• At the bachelor’s degree level, disciplines with the highest starting salaries were:
  - Computer Science
  - Engineering
  - Mathematics
  - Engineering Technology
  - Health Professions
*(Source: First Destinations for the Class of 2018)*

• BLS projects the following occupations requiring a bachelor’s degree with no experience to be the fastest growing between now and 2028:
  - Information Security Analysts
  - Software Developers
  - Operations Research Analysts
  - Substance Abuse/Mental Health Counselors
  - Market Research Analysts

• BLS projects the following occupations requiring a bachelor’s degree with no experience to have the most total job openings from both replacement and growth:
  - Registered Nurses
  - Software Developers
  - Market Research Analysts
  - Management Analysts
  - Accountants and Auditors

TALENT ACQUISITION AND MANAGEMENT
*Data are from the NACE 2019 Recruiting Benchmarks Survey Report unless otherwise indicated.*

• Approximately 90 percent of employers identified diversity as a key focus of their recruiting program.
  - 87% of employers said the diversity of the student body is considered very/extremely important in terms of school selection.

• Approximately 94 percent of employers said that branding their organizations and identifying talent early through internships/co-ops are very or extremely important aspects of university recruiting.
Research suggests that the intern’s interest in entering a particular field/industry is the single-most important factor affecting conversion. Satisfaction with the internship experience—characterized by having meaningful assignments, friendly coworkers, and a mentor—is also key. (Source: “Predicting Interns’ Intentions to Convert,” February 2020 NACE Journal, based on analysis of NACE 2019 Student Survey.)

- Nearly 80% of paid interns use the campus career center. (Source: NACE 2019 Student Survey)
- Among respondents, career fairs continue to be the most popular branding technique—used by 95%.
- 68% of responding hiring organizations use social media for branding and recruiting.
  - Half of those who used social media in their recruiting contacted potential candidates through it; the bulk (86%) used it to provide information to recruits.
  - Employers were most likely to favor LinkedIn in terms of use (96%) and effectiveness (74% said it was very or extremely effective).
  - Overall, 62% of students report they use LinkedIn and 67% are comfortable with employers contacting them via social media. (Source: NACE 2019 Student Survey)
  - Students were less inclined to see social media as especially useful in the job search. Even in terms of LinkedIn, just 30% saying it was helpful. (Source: NACE 2019 Student Survey)

- Although 66% of respondents reported using formally scheduled on-campus interviews, use of such interviews continues to decline as does percent of hires from such interviews (49%).

- In place of on-campus interviews for initial screening of candidates, employers said they favored telephone interviews (53%) followed by in-person interviews at the organization (31%). Only 16% used video interviews for the initial screening.

- According to a SHRM study, one-fourth of employers ranked automated sourcing tools as the top trend shaping the recruiting industry during the next 5 - 10 years.

- Building programs and resources for achieving a diverse work force is one of the top three trends for future talent management. (Source: LinkedIn.)
  - 57% of recruiters have focused responsibilities related to diversity recruitment. (Source: SHRM)
  - Among respondents to NACE’s Recruiting Benchmarks Survey, 82 percent have a formal program in place to recruit a diverse work force.

- A recent study found that approximately 60% of job seekers have had a poor candidate experience. (Source: Workplacetrends.com)
  - Based on research by Mary Scott key candidate complaints are:
    - Application portals that provide little in the way of feedback to the applicant
    - Online assessments that have little to do with the job and can be easily “gamed” by the candidate.
    - Generic outreach messages from employers.
    - Overly broad job descriptions.

- According to LinkedIn, 72% of job candidates visit the employer’s mobile site to explore employment opportunities.

- Also according to LinkedIn, 45% of candidates are applying using mobile devices.
• However, more recent research by Mary Scott suggests those numbers may be seriously inflated. Her data found only 10% of college job seekers are using their smartphones to explore employment opportunities and only 1% are applying for jobs on mobile devices.

• 74% of responding hiring organizations use social media for branding and recruiting. (Source: NACE Recruiting Benchmarks Survey)
  o 69% of students report they use LinkedIn and 67% are comfortable with employers contacting them via social media. (Source: NACE Student Survey)

• 93% of employers prefer to hire college candidates with experience, typically gained through an internship. (Source: NACE Job Outlook Survey)

• 87% of graduating seniors taking part in NACE’s Student Survey cited “developing job specific skills” as most important to them in an employer/job, making this the top-rated preference.

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