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Watching the Waterfront

Important Trends to Follow

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Watching the Waterfront – Important Trends to Follow

The deluge of information flowing from the tumult in higher education can be a blur. But there are salient factors that should rise to the surface for your leadership perspective and service.

Knowing the trends is more than just for conversation; it can be vital for strategic financial planning.

Agenda

- The good, the bad, and the ugly in higher education – changes you should know
- Trend lines for institutional enrollments – post-pandemic realities
- Financial pressures and their impact – reports and predictions

Why This Matters Now

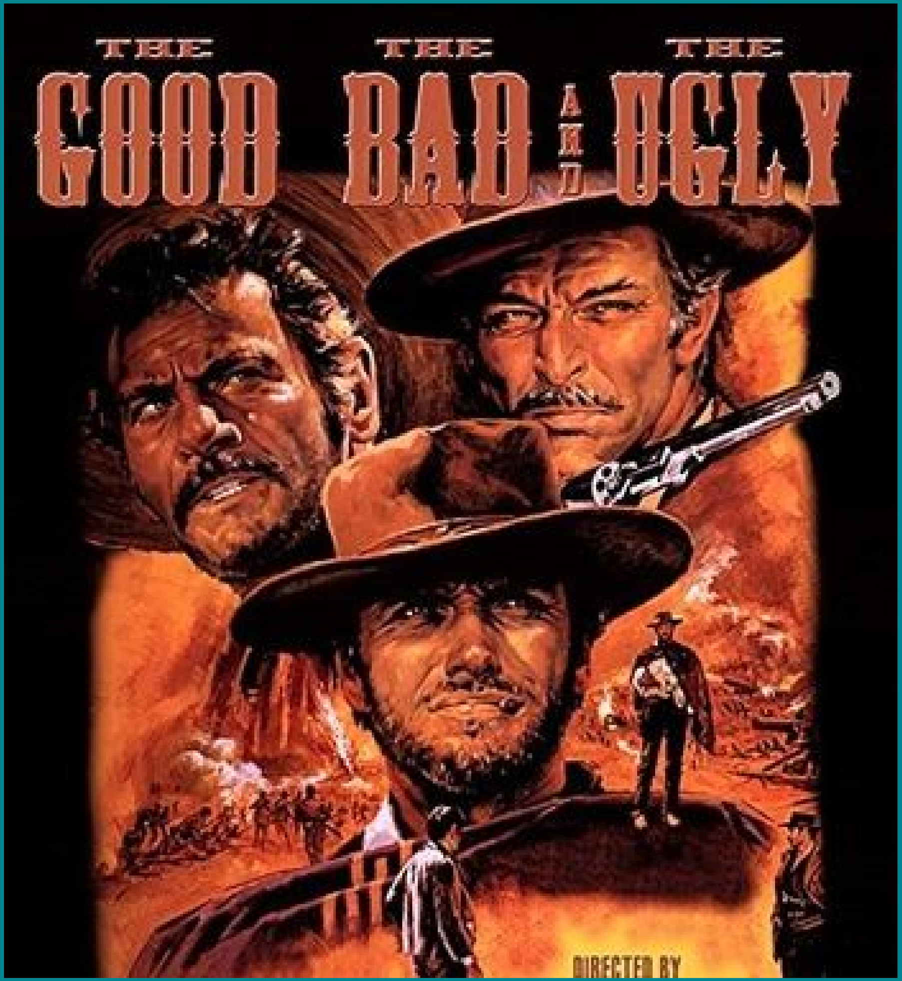
- Structural change in higher education
- Financial pressures are accelerating
- Trend awareness is stewardship

The Good, the Bad, and the Ugly

Changes you should know

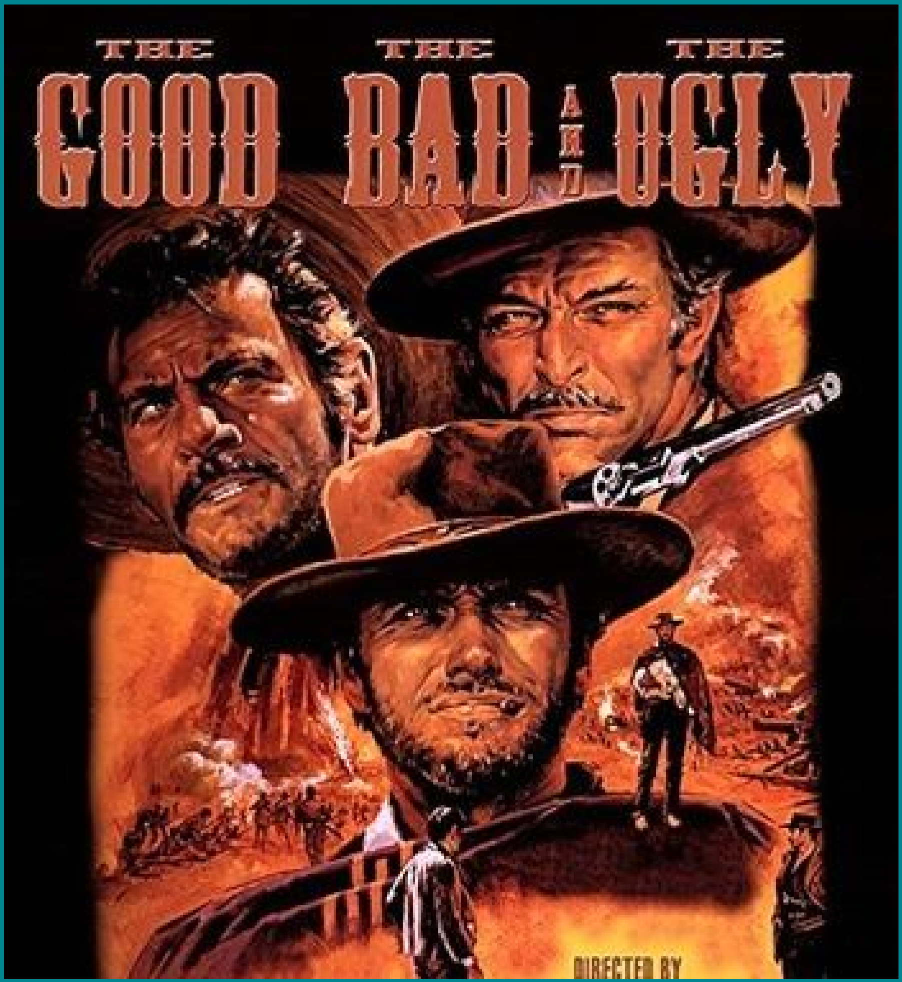
The Good: Mission Still Matters

- Clear Christian identity attracts students
- Mission alignment supports retention
- Donor loyalty remains a strength
- College education is still worth it



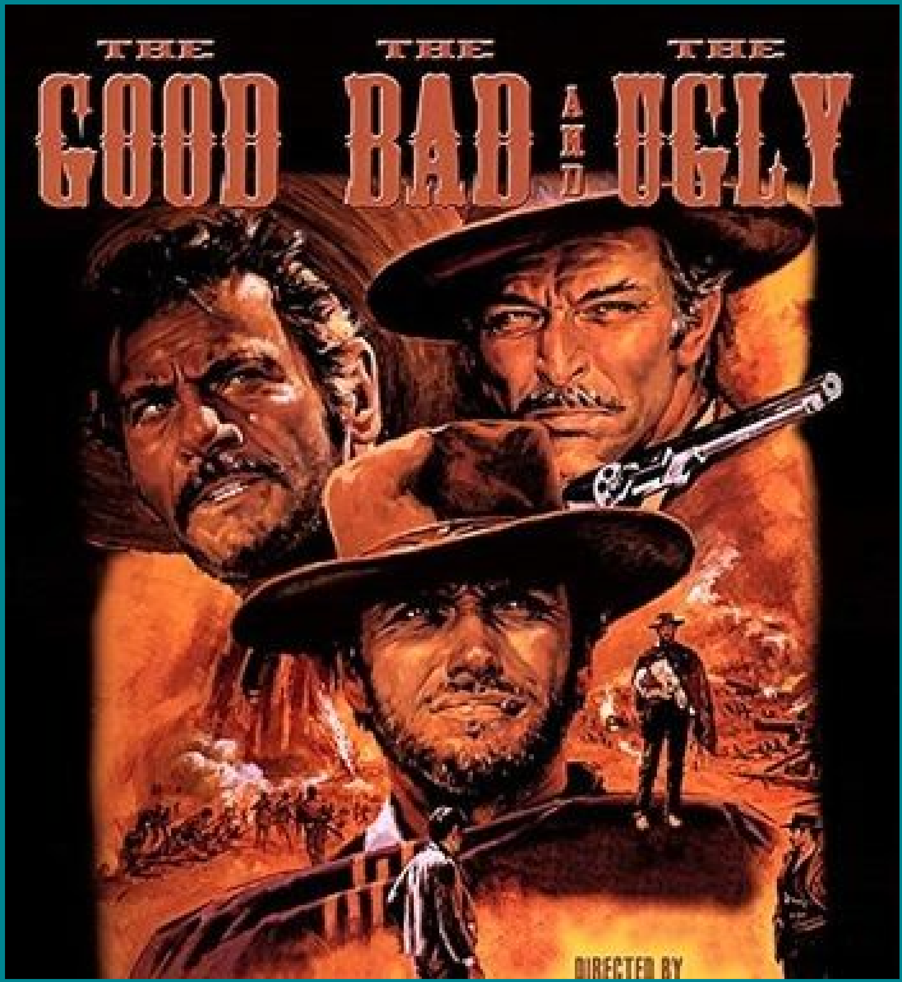
The Bad: The Math Has Changed

- Rising tuition discount rates
- Flat enrollment ≠ financial stability
- Legacy programs under pressure
- Greater regulation & costs



The Ugly: Reserves Becoming Revenue

- Operating deficits covered by cash
- Enrollment borrowing
- Deferred maintenance funded from reserves
- Strategic flexibility declining



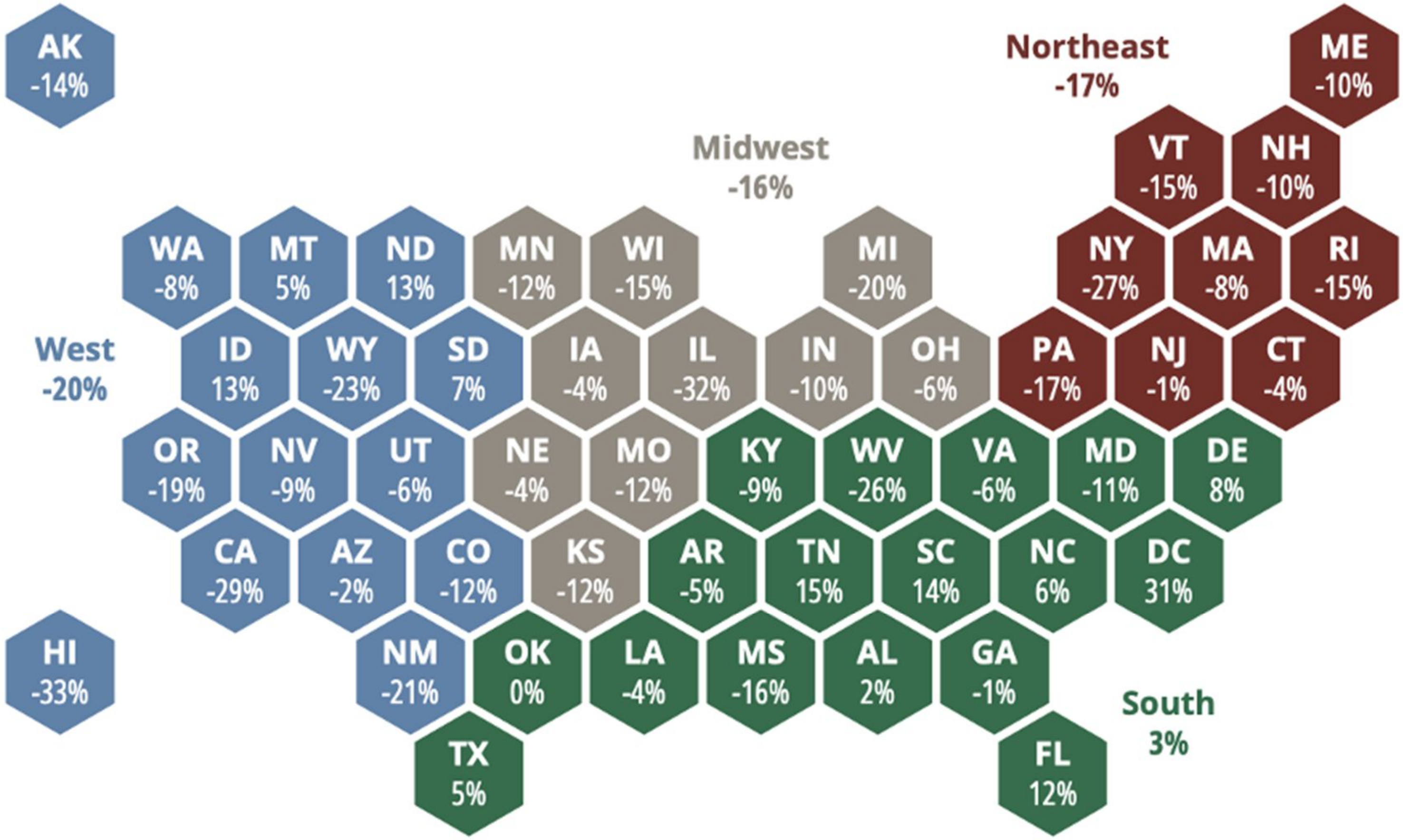
Trend Lines for Institutional Enrollments

Post-pandemic realities

Enrollment Trends: Post-Pandemic Reality

- Smaller traditional student pipeline
- Increased enrollment volatility
- Greater reliance on regional and adult students

Figure 17. Projected percent change in high school graduates, 2023 to 2041

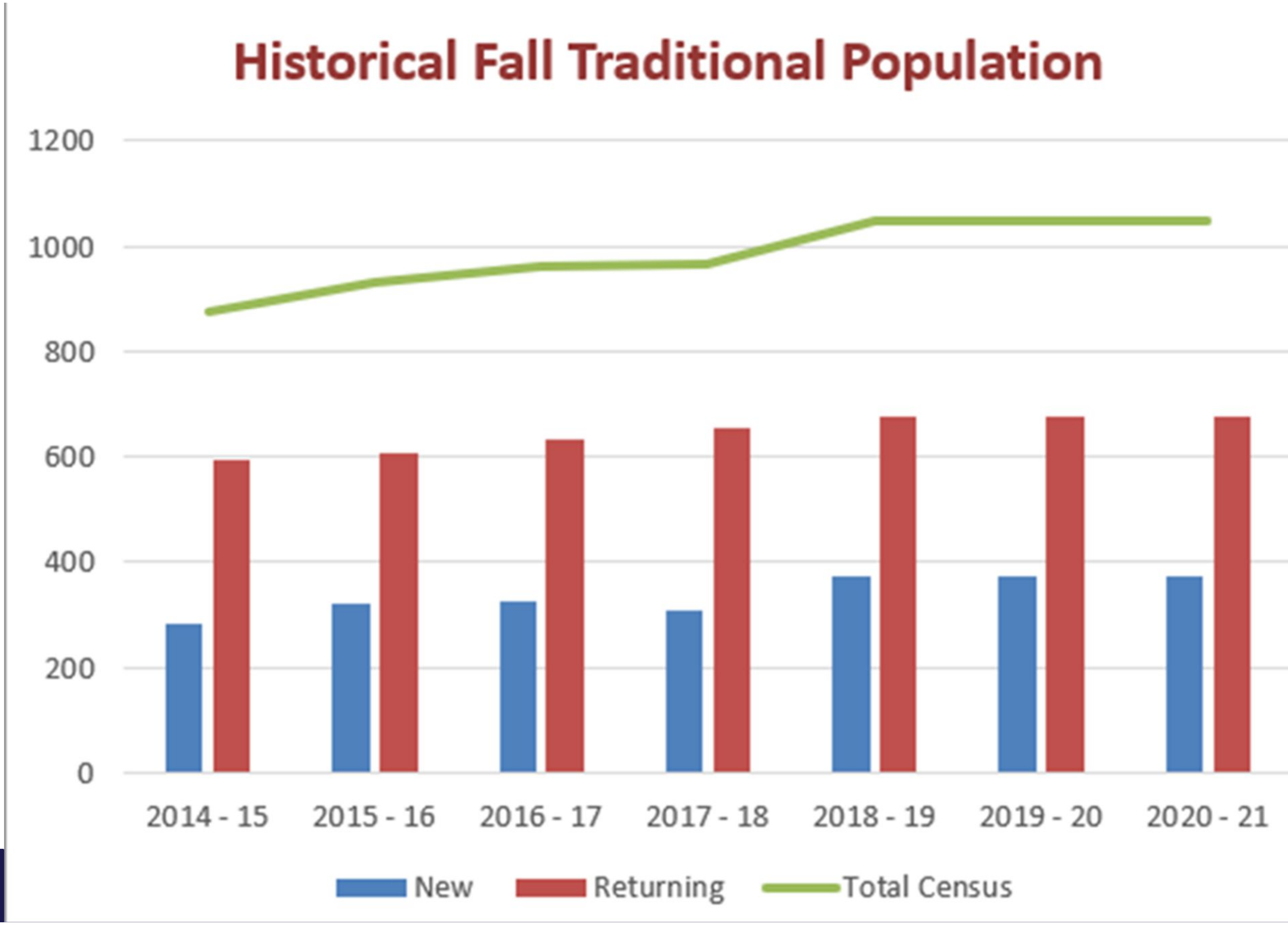


Notes: Total high school graduates include public and private schools. In these projections, the U.S. includes the 50 states and the District of Columbia. Future work will explore projected trends for the U.S. Territories and Freely Associated States.

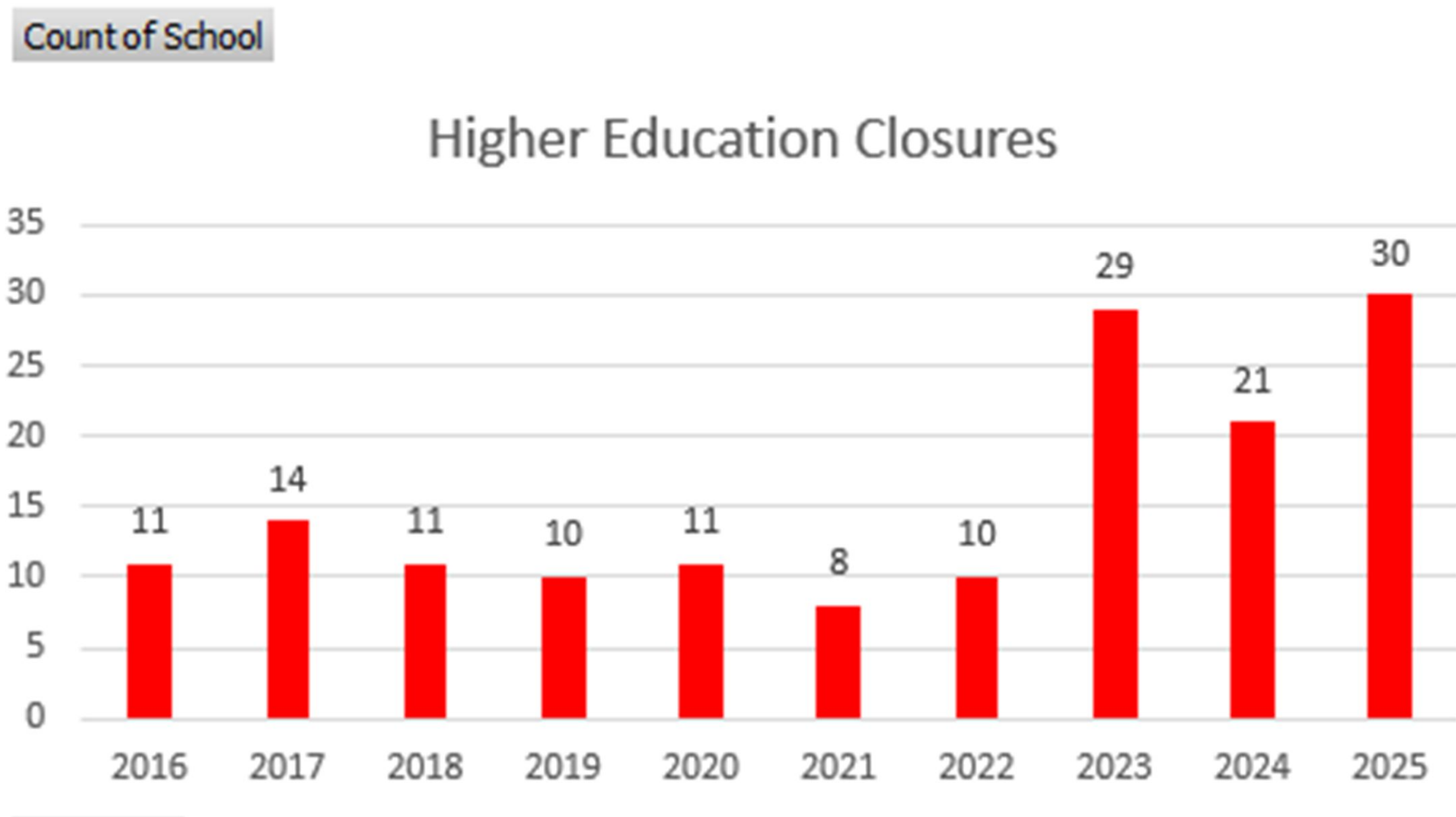
Enrollment Trends

- Undergraduate international enrollment continued to grow in Fall 2025, but at a slower pace
  - 3.2% year-over-year increase, less than half the growth rate of Fall 2024
- Graduate enrollment declined 0.3%, driven by a 5.9% drop in international graduate students
- Dual enrollment students continue to emerge as a strategic enrollment segment for institutions
- Shorter-term credentials outpaced traditional four-year degree growth
  - Associate degree enrollment up 2.2% year over year
  - Undergraduate certificate enrollment up 1.9%
- Bachelor's degree enrollment growth remained modest, increasing only 0.9% year over year

Source: National Student Clearinghouse Research Center, January 2026



Historical Fall Traditional Population
1200
1000
800
600
400
200
0
2014 - 15
2015 - 16
2016 - 17
2017 - 18
2018 - 19
2019 - 20
2020 - 21
New
Returning
Total Census


Count of School
Higher Education Closures
35
30
25
20
15
10
5
0
11
14
11
10
11
8
10
29
21
30
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025

Financial Pressures and Their Impact

Reports and Predictions

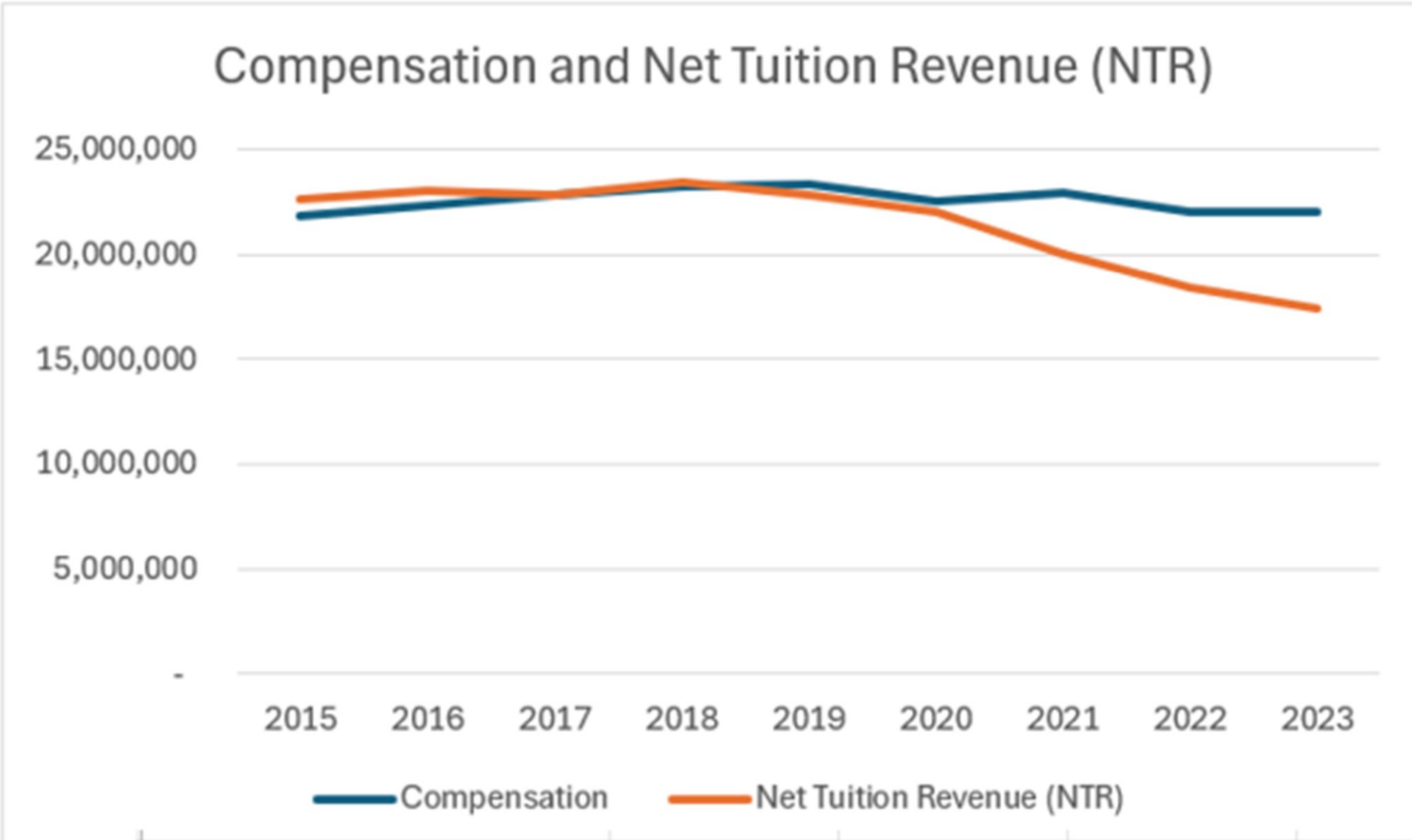
Revenue Pressures

- Gross tuition growth is misleading
- Headcount is the wrong goal
- Net tuition revenue per student declining
- Aid growth offsetting tuition increases

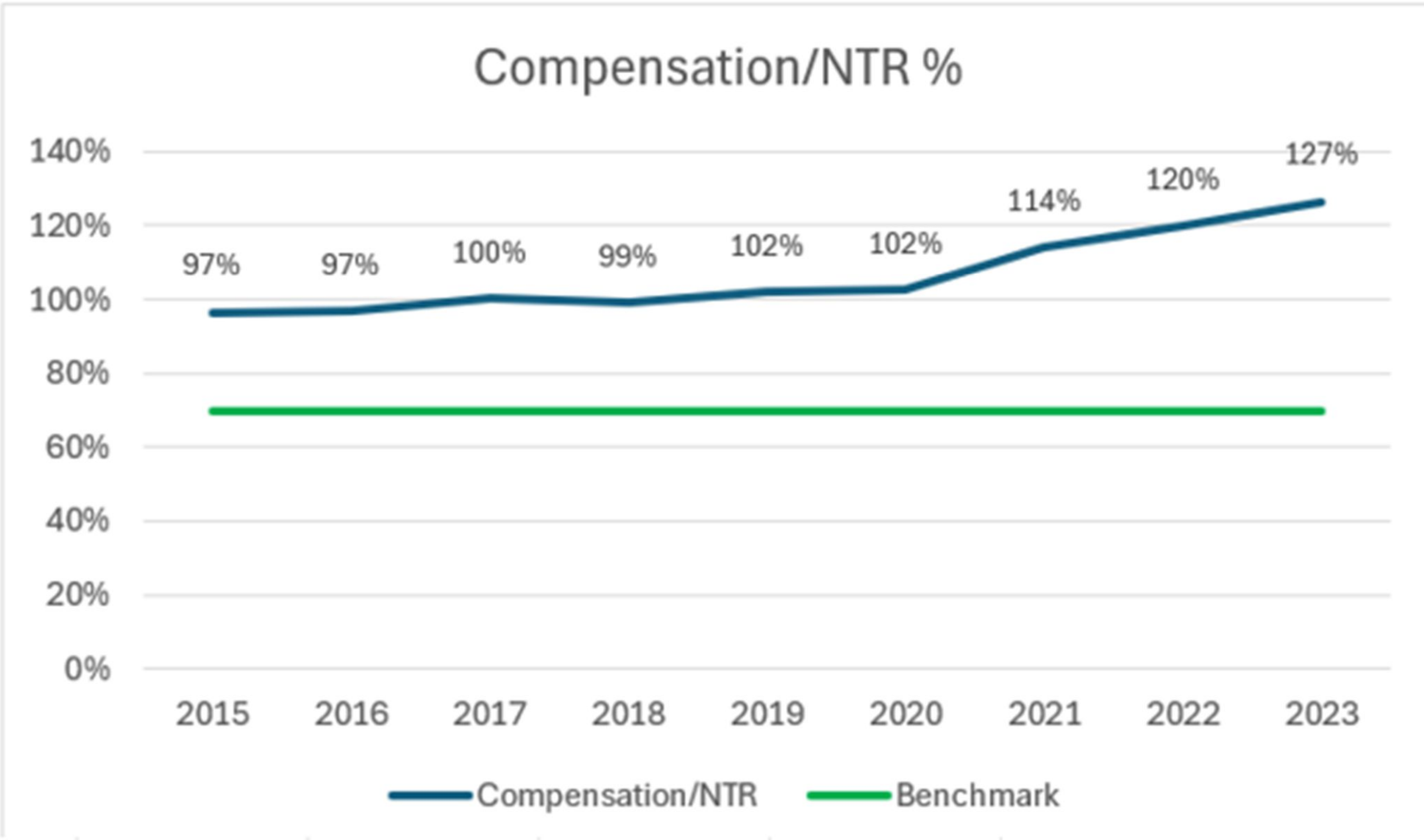
Metric	Year 1	Year 2	Change
Student Headcount	1,000	1,050	**+5.0%**
Sticker Tuition (per student)	$30,000	$31,000	+3.3%
Gross Tuition Revenue	$30.0M	$32.6M	**+8.7%**
Average Discount Rate	45%	**52%**	**+7 pts**
Institutional Aid	($13.5M)	**($16.9M)**	**+25%**
Net Tuition Revenue	**$16.5M**	**$15.7M**	**–4.8%**
Net Tuition per Student	$16,500	**$14,952**	**–9.4%**

Cost Structure Reality

- Staffing misaligned with NTR
- “Fixed” costs are often policy choices
- Facilities underutilized
- Sacred Cows



Compensation and Net Tuition Revenue (NTR)
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
2015
2016
2017
2018
2019
2020
2021
2022
2023
Compensation
Net Tuition Revenue (NTR)


Compensation/NTR %
140%
120%
100%
80%
60%
40%
20%
0%
97%
97%
100%
99%
102%
102%
114%
120%
127%
2015
2016
2017
2018
2019
2020
2021
2022
2023
Compensation/NTR
Benchmark

Cost Structure Reality

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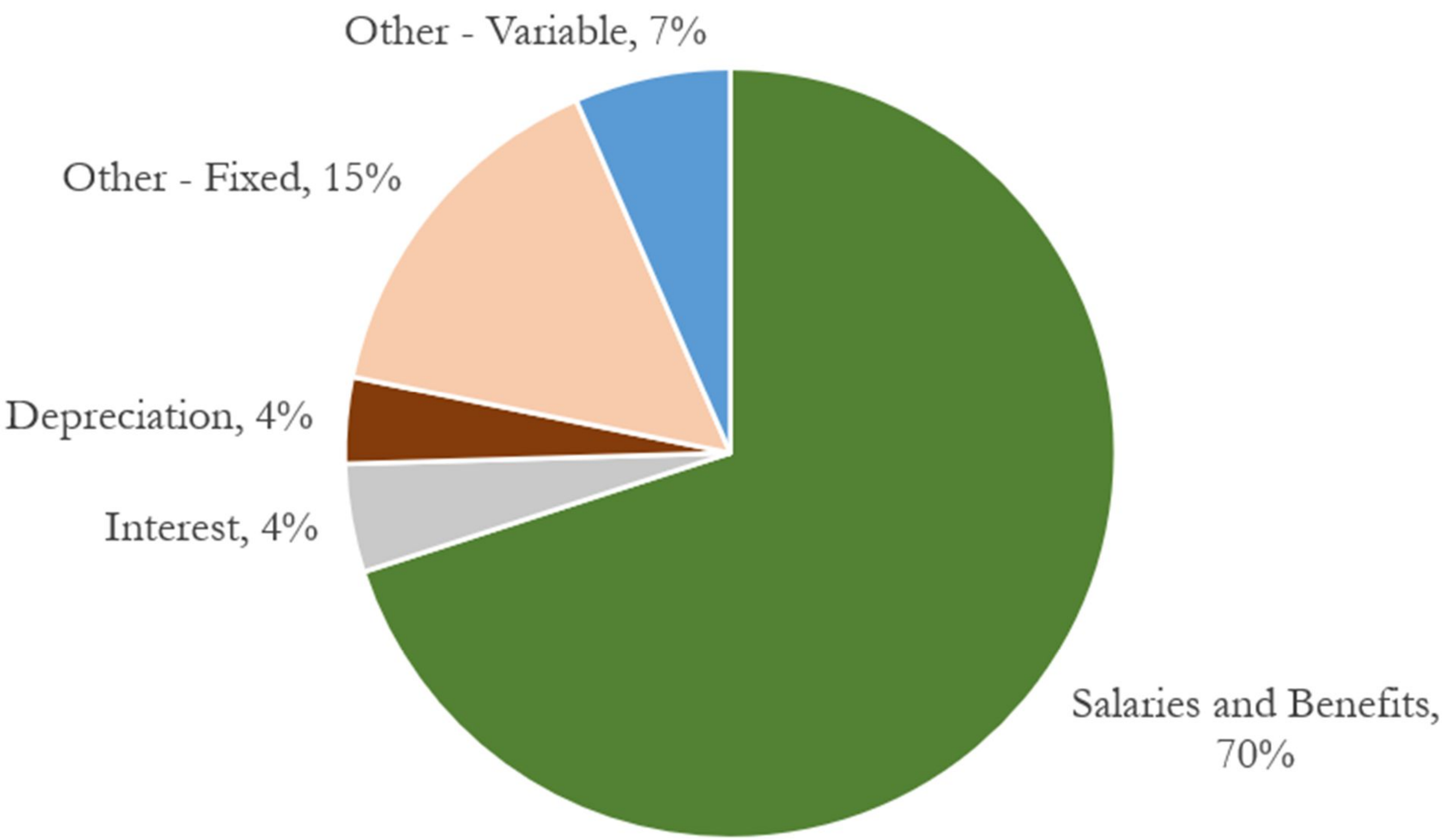
- Sacred Cows

Expenses


Other - Variable, 7%
Other - Fixed, 15%
Depreciation, 4%
Interest, 4%
Salaries and Benefits, 70%

Cost Structure Reality

- Staffing misaligned with NTR
- “Fixed” costs are often policy choices
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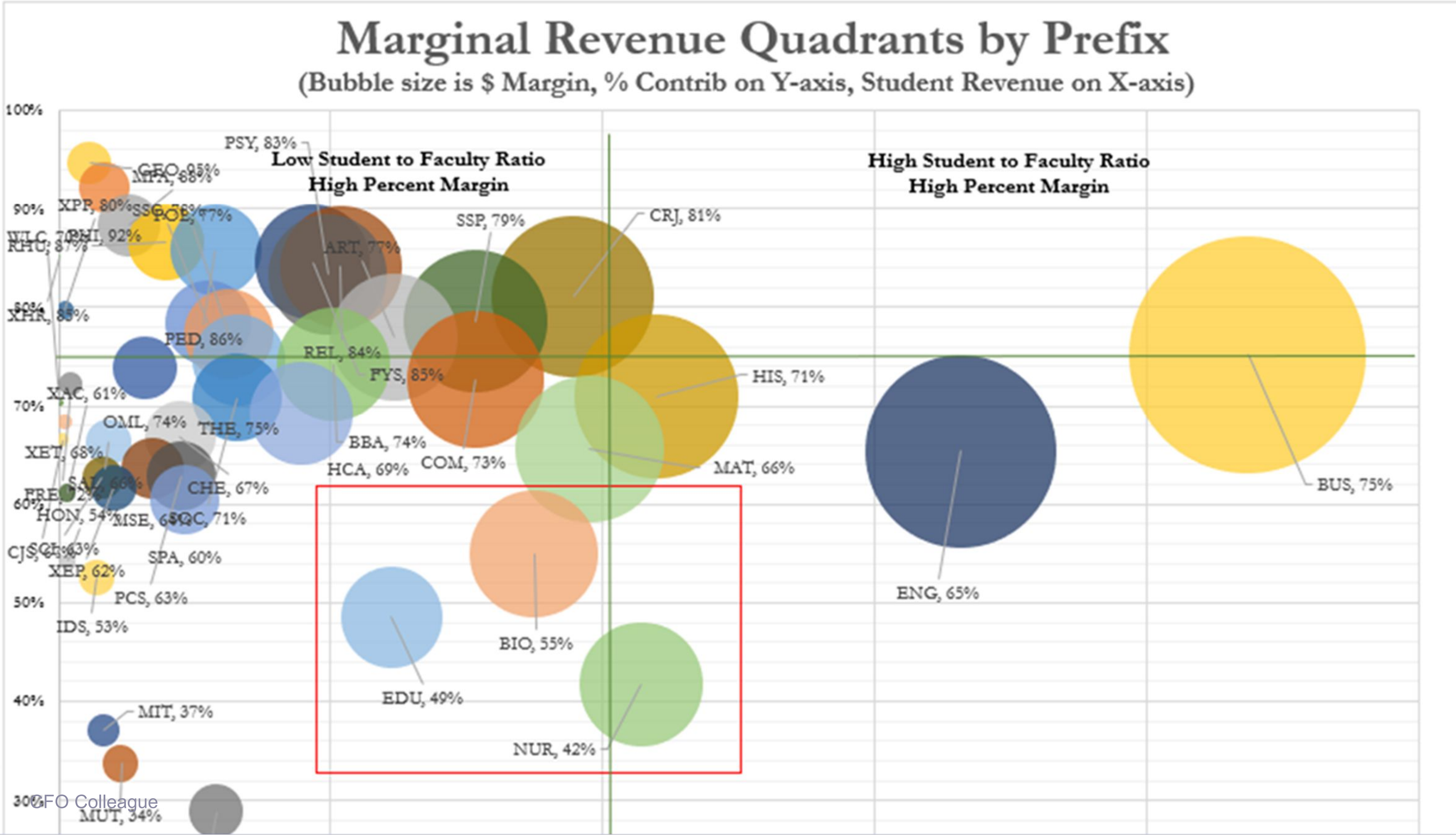
- Sacred Cows

Academic & Programmatic Sacred Cows

- Low-Enrollment Academic Programs
- One-Size-Fits-All Faculty Workloads
- “Every Program Must Be Comprehensive”


Marginal Revenue Quadrants by Prefix
(Bubble size is $ Margin, % Contrib on Y-axis, Student Revenue on X-axis)
100%
90%
70%
60%
50%
40%
30%
Low Student to Faculty Ratio
High Percent Margin
High Student to Faculty Ratio
High Percent Margin
PSY, 83%
XPP, 80%
PHI, 92%
RHC, 87%
POL, 77%
ART, 77%
SSP, 79%
CRJ, 81%
XHR, 85%
PED, 86%
REL, 84%
FYS, 85%
HIS, 71%
XAC, 61%
OML, 74%
THE, 75%
BBA, 74%
XET, 68%
HCA, 69%
COM, 73%
MAT, 66%
BUS, 75%
CHE, 67%
SOC, 71%
HON, 54%
SPA, 60%
XEP, 62%
PCS, 63%
IDS, 53%
ENG, 65%
BIO, 55%
EDU, 49%
NUR, 42%
MIT, 37%
MUT, 34%
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Financial & Enrollment Sacred Cows

- Tuition Discounting as a Growth Strategy
- Flat or Across-the-Board Budgeting
- Protecting Legacy Revenue Streams

Facilities & Capital Sacred Cows

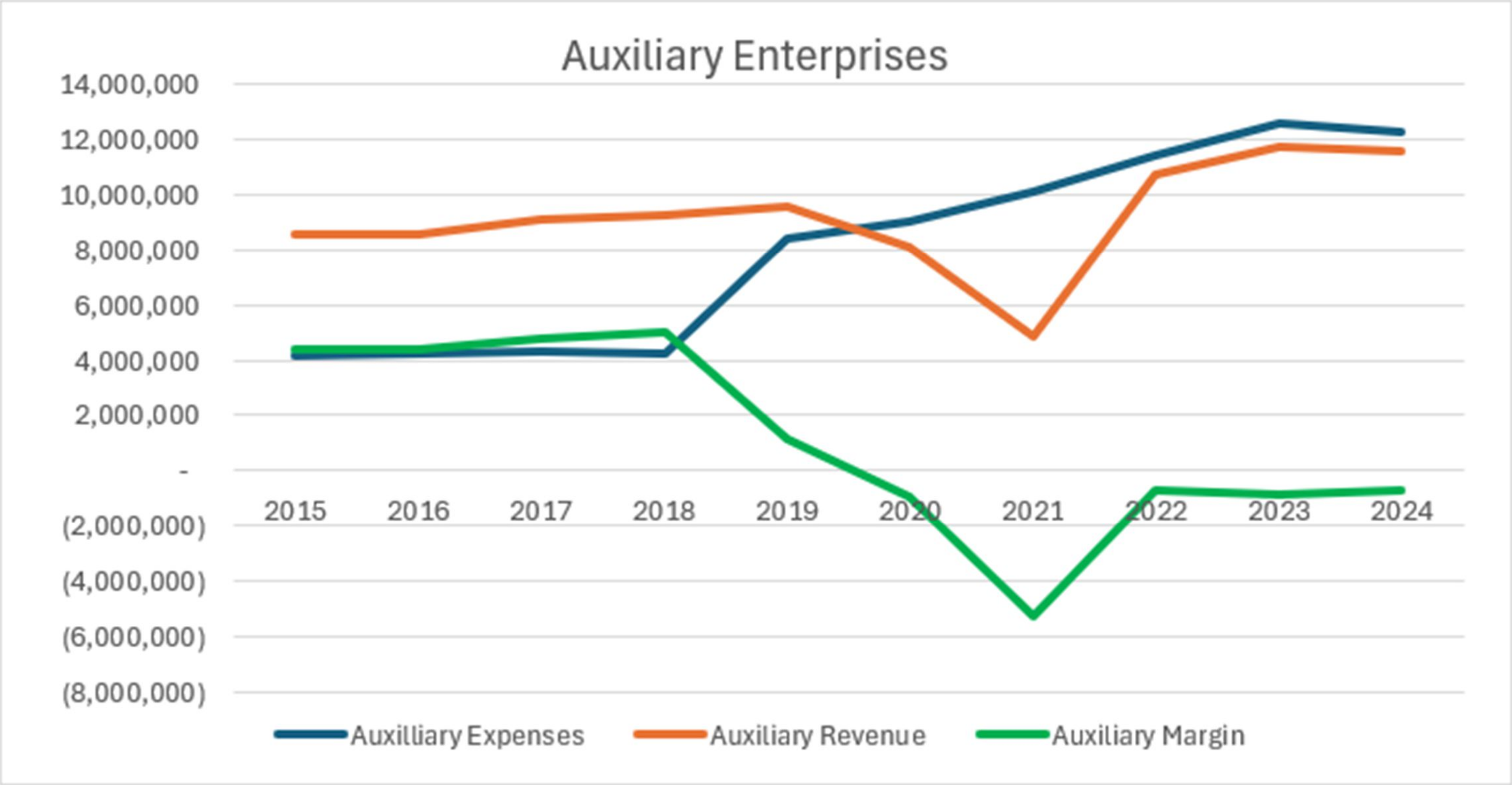
- Maintaining Underutilized Facilities
- “Build It and They Will Come”

Organizational & Cultural Sacred Cows

- Administrative Growth Without Accountability
- Governance by Exception
  - ✓Individual programs or faculty protected by special rules
  - ✓Inconsistent application of financial standards

Student Experience & Mission Sacred Cows

- “Students Expect Everything”
  - ✓Expanding services, amenities, and customization
  - ✓Limited evidence of impact on retention or outcomes
- Avoiding Program Closures at All Costs


Auxiliary Enterprises
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
(2,000,000)
(4,000,000)
(6,000,000)
(8,000,000)
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Auxilliary Expenses
Auxiliary Revenue
Auxiliary Margin

Liquidity as a Strategic Asset

Provides flexibility

Enables proactive decision-making

4–6 months unrestricted cash target

Sector Reports & Signals

- Structural change, not temporary disruption
- Early action preserves choice
- Delay increases risk
    - ✓The 70% Rule: Decision-Making Under Uncertainty

Leadership Implications

- Protecting yesterday's model is risky
- Financial leadership translates trends into action
- Courageous conversations required

Courageous Leadership in Times of Change

- "There are risks and costs to action. But they are far less than the long-range risks of comfortable inaction."
  — John F. Kennedy
- "Courage is contagious. When we are brave with our leadership, we make it easier for others to be brave too."
  — Brené Brown
- "Courage is not simply one of the virtues, but the form of every virtue at the testing point."
  — C.S. Lewis

What To Do Now

- Assess financial reality honestly
- Revisit reserve and liquidity policies
- Stress-test assumptions

From Defense to Strategy

Invest selectively, not evenly

Preserve flexibility

Align finances with mission priorities

Watching the Waterfront

- Watching the waterfront is stewardship
- Clear-eyed leadership protects mission

“Have I not commanded you? Be strong and courageous. Do not be afraid; do not be discouraged, for the Lord your God will be with you wherever you go.”
— *Joshua 1:9 (NIV)*

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Partner's Perspectives

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What You Need to Know

First-Year Student Enrollment Spiked 5.5% In Fall 2024

New data is promising for higher education institutions. This reverses earlier misreported declines. Overall college enrollment rose 4.5%. Read more below.

5 High-Impact Trends Shaping Higher Education Business in 2025

Offering a roadmap for resilience . There's no sugar-coating it: Institutions are dealing with several daunting realities. Read more below.

What Are Colleges Worried About Most Right Now?

2024 shed insightful light on the top risks faced by higher ed. The "Top Risks Report: Insights for Higher Education". Read more below.

News from the world of private higher education Business Offices. Tips, tricks, best practices days in the life of university operations.

Business Office RESET

Recent Topics:

- Financial Aid with Ryan Downs, Parts 1 & 2
- What's Going Well (Auditor Version!) with Scott Spear and Jackson Magdy
- BREAKING One Big Beautiful Bill and current events with Dave Moja
- What’s Going Well
- 2024 Recap: Bank Reconciliations
- Tough Times in Higher Ed - Risk Management
- Tough Times in Higher Ed - Senior Leadership
- Cross-Cabinet Communication

https://www.speaker.com/show/business-office-reset

Thank you!

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