



Forecasting the Impact of Covid-19 on Colleges and Universities

Cabinet and Board Briefing



We help schools support students from enrollment to graduation and beyond

➤ **ROOTED IN RESEARCH**

7,500+ Peer-tested best practices

500+ Enrollment innovations tested annually

➤ **ADVANTAGE OF SCALE**

1,500+ Institutions served

4 M+ Students supported by our SSMS

➤ **WE DELIVER RESULTS**

95% Of our partners continue with us year after year, reflecting the goals we **achieve together**

➤ Find and enroll your right-fit students

➤ Support and graduate more students



➤ Prepare your institution for the future

Today's Presenters



Megan Adams
Managing Director
madams@eab.com



Alexa Silverman
Associate Director
asilverman@eab.com

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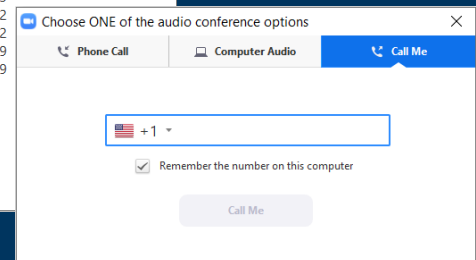
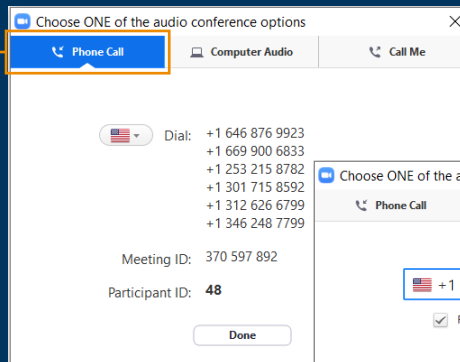
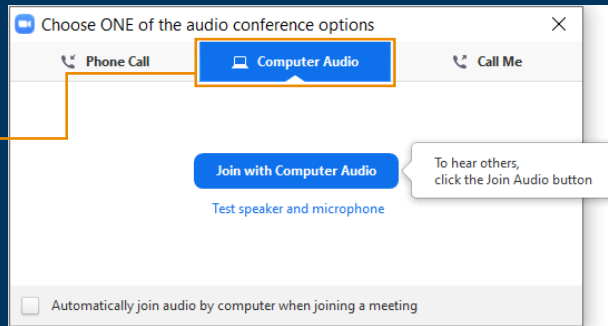
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Audio

- We suggest using your computer's audio and microphone through Zoom
- Or dial in using your phone
- Do not use both—it will cause feedback



Suggested Zoom View

The screenshot shows a Zoom meeting window with the following elements:

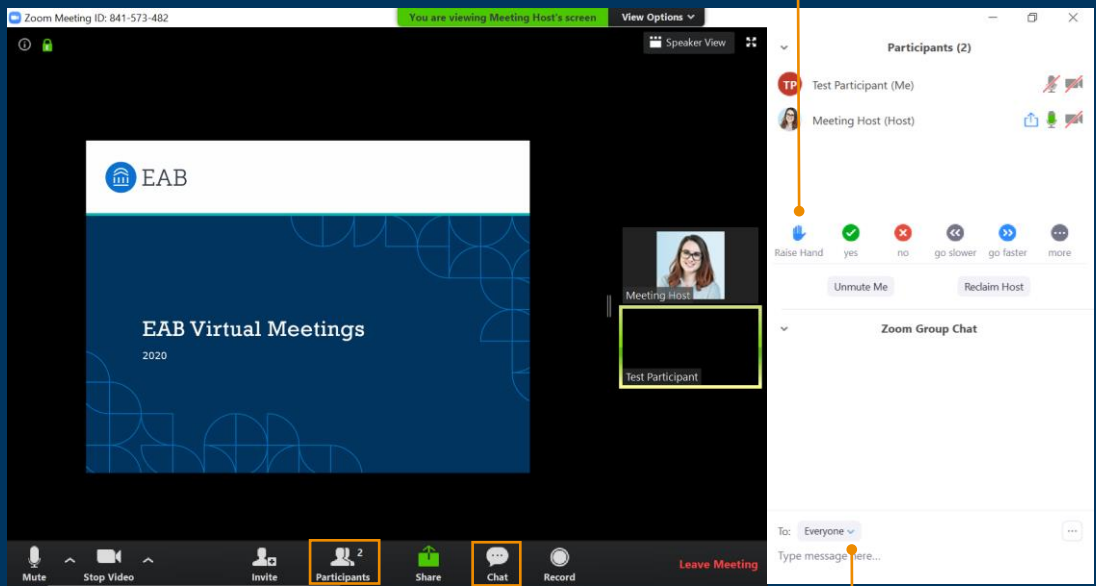
- Zoom Meeting ID:** 841-573-482
- Status:** You are viewing Meeting Host's screen
- View Options Menu:**
 - Zoom Ratio: Fit to Window
 - Request Remote Control
 - Annotate
 - Exit Full Screen
 - Side-by-side mode (checked)
- Meeting Host Video:** A small video window showing the Meeting Host.
- Participant List:** A list of participants with a 'Mute' button and a three-dot menu icon next to the name 'Participant'. The 'Hide Non-Video Participants' option is selected in the menu.
- Meeting Content:** A slide with the EAB logo and the text 'EAB Virtual Meeting 2020'.
- Bottom Toolbar:** Mute, Start Video, Invite, Participants (2), Share, Chat, Record, and Leave Meeting.

Enable side-by-side viewing of video and slides: View Options, then side-by-side mode

See only participants on camera: Click dots next to your name; then Hide Non-Video Participants

Chat and Nonverbal Feedback

Use icons to communicate answers and signals to presenter



Open Participants and Chat

Select whether you want to chat with everyone or a specific person

How We Think and Lead Differently in a Crisis

Common Traps to Avoid



Crisis Thinking

Instinct to protect one's own prevails, e.g. hoarding essential supplies

Zero-Sum Thinking

Loss Aversion

Focus on what's been lost and how to avoid further loss, vs. looking for alternative gains

Need for Social Proof

You go first: people unwilling to change behavior until they see others doing so

Irrelevant Urgency

Experiencing loss of control leads to seeking control in other, less important areas



Planning Implications

Silos exacerbated as each unit tries to protect its own interests without considering larger institutional imperatives

Dedicating all recruitment efforts toward minimizing undergrad declines instead of reaching new adult markets

Sector-wide reluctance to announce plans and innovations before others in the industry for fear of being wrong

Scarce leadership capacity devoted to lower-level operational tasks, not strategy

Leading Through Crisis On Multiple Horizons

Next Few Months

"How do we anticipate and prepare for the next wave of Covid-19 emergency issues?"

Emergency Response Tabletop Exercises

- Cabinet practices simulated emergency situations stemming from Covid-19 pandemic

Next 3-6 Months

"How bad will things get and what difficult decisions and trade-offs will we need to make by fall?"

Forecasting the Impact of Covid-19 on Colleges and Universities

- Workshop for board meetings and cabinets

Today's focus

End of 2020 and Beyond

"What will competitive differentiation look like in a radically altered higher ed landscape?"

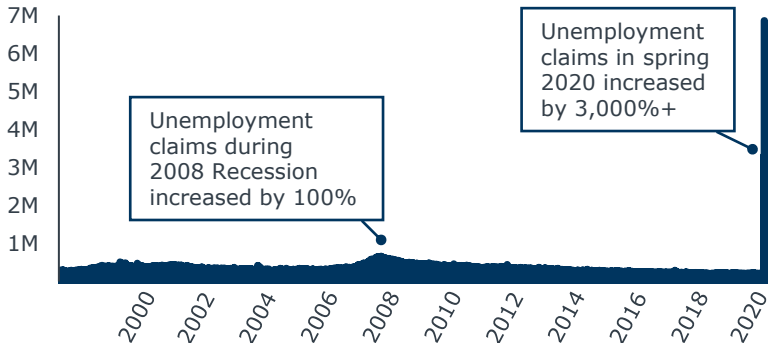
Forthcoming Summer 2020 Thriving in a New Normal: Strategies for a Post-Covid-19 Landscape

- How will institutions need to reinvent themselves to stand out?

- 1 **Preparing for the Financial Shock**
- 2 The Enrollment Cliff
- 3 Uneven Returns from Countercyclical Enrollments
- 4 The Future of Revenue Diversification

Why the 2008 Playbook No Longer Applies

Confronting the “Light Speed” Recession



33M+ Estimated unemployed Americans (May 2020)

28%

Share of newly unemployed with a bachelor's degree vs. 21% during 2008 recession

-3%

Predicted 2020 global economic contraction (vs. -0.1% during Great Recession)

73%

Average likelihood of a second wave of infection predicted by 18 disease modeling experts

A Categorically Different Downturn



Sudden-onset, external economic trigger



Simultaneous downturns in supply and demand



Unprecedented global supply chain disruption

Paralysis by Analysis

Dozens of Models and Scenarios for the Fall

Delayed Fall Start

*Simultaneous Online
and F2F Instruction*

*Modularized
"Mini-Mesters"*

*Full Return To On-
Campus Operations*

*Postpone Fall
Semester To
Spring*

“

“We’re spending so much time planning for fall contingencies—how do we decide who comes back, what about social distancing in the dorms, how do we test people who come back, it goes on and on. None of this matters if we just have to go fully remote when there is an outbreak. In the meantime we’re missing the opportunity to think about our overall survival and strategic advantages in the market.

VP Strategic Initiatives
Mid-Sized Private University

”

*Some Courses
F2F, Some
Online*

*Low-Residency
Model*

*Separate
People by Age*

*Early Summer
Start With Mid-
Fall Closure*

*Students on
Campus, Faculty
Remote*

*100% Remote
Instruction*

*Staggered Fall
Starts*

*Only Core and
Lab Courses F2F*

*Only First-year
Students Return*

*Students Live in
Dorms, Learn Online*

*Only Grad
Students Return*

Preparing to Enter the “Cone of Uncertainty”

Forecasting Range of Potential Outcomes, Not a Certain Future

Entering Uncharted Waters

- Must assume a break with past 5-10 years of trend data
- Covid-19 is first pandemic of its kind in over 100 years
- Goal to envision a range of potential outcomes based on proxy data and principled assumptions

Our Data Sources and Their Limitations

- Proxy and indicator data likely directionally correct, if not truly equivalent
 - Outcomes of 2008 recession: *slower onset, purely financial causes*
 - Previous epidemics (e.g., SARS): *shorter duration, more localized*
- Early economic and epidemiological projections including NCES, IHME, Federal Reserve

Objectives of This Session



Wide-angle analysis of industry-wide change



Anticipate chain reactions across sector



Identify and prioritize individual institution risks

Meet the Research Team



Joseph Infantino
Senior Analyst

jinfantino@eab.com



Samantha Smith
Senior Analyst

ssmith2@eab.com



Brian Schueler
Senior Analyst

bschueler@eab.com

1

Preparing for the Financial Shock

2

The Enrollment Cliff

3

Uneven Returns from Countercyclical Enrollments

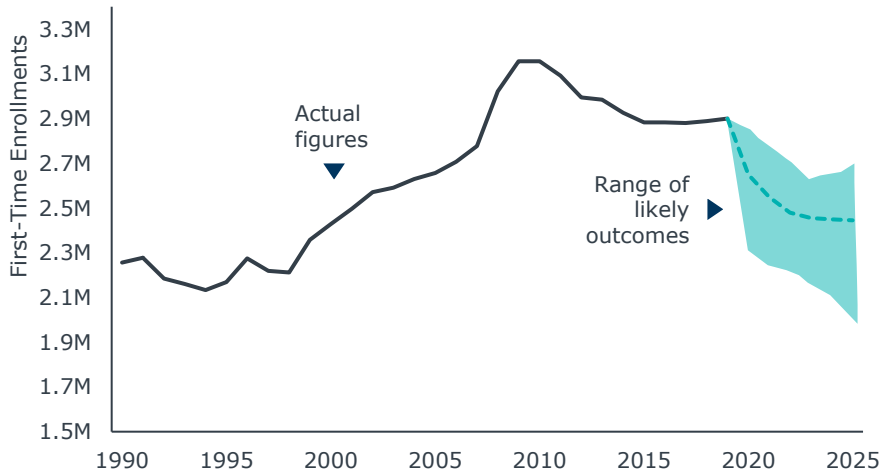
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The Future of Revenue Diversification

The Demographic Cliff May Already Be Here

Projecting the Impact of Increased High School Dropouts and Delayed College Plans

Number of first-time enrollments at 2-year and 4-year institutions, 1990-2025¹



Estimated range of inputs informing outcome:*

- High school dropouts: 1.2M-2M
- Students delaying matriculation due to financial stress, preference for in-person instruction: 5-40%
- Long-term decline in attendance due to decreased consumer confidence: 1-3x 2008 recession impact

*Range of possibilities is not a statistical model.

Institutions at Most Risk

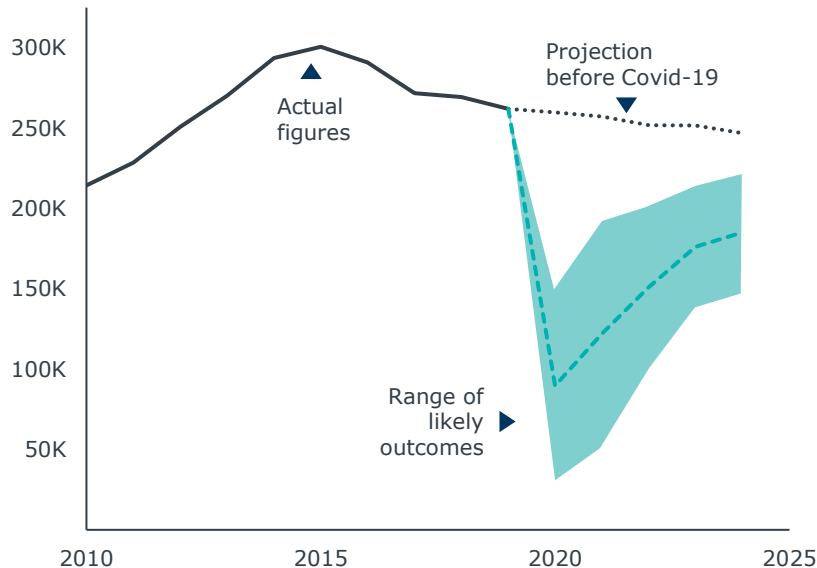
- Access-oriented institutions
- Small student populations
- Limited remote instruction capability

Institutions at Least Risk

- Larger student populations
- Ability to admit "down the waitlist"
- Robust remote instruction capability

Accelerating International Student Declines

Total new international enrollments, all levels and program types (actual and estimated)



Estimated range of inputs informing outcome:*

- Already studying in the U.S.¹: 12-28%
 - Unable to pay for education: 5-33%
- Not in U.S.: 88-72%
 - Ability/willingness to study online from home country: 5-40%
 - Ability/willingness to travel to US before mid-fall: 0%-15%

*Range of possibilities is not a statistical model.

Institutions at Most Risk:

- R1 Universities
- Located in or near MA, DC, NY, DE, ID, or PA
- 'Downstream' from institutions reliant on intl.

Institutions at Least Risk:

- Diversified recruitment pools
- Located in southern states
- Highly selective, niche institutions

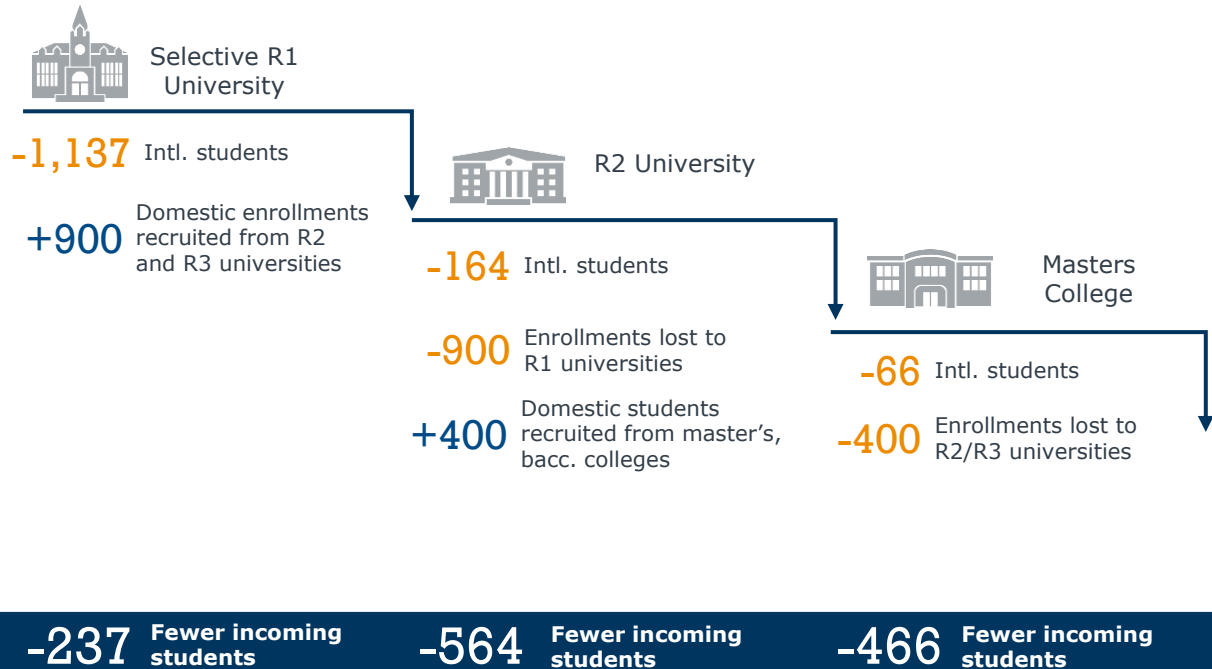
1) Current international high school students and undergraduates.
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Source: Institute of International Education. (2019). IPEDS Fall Enrollment 2018, EAB 2020 Coronavirus Survey, March 17, 2020. Christine Farrugia, 'Globally Mobile Youth', IIE, 2017 ([Link](#)), EAB interviews and analysis.

No Segment Immune from International Downturn

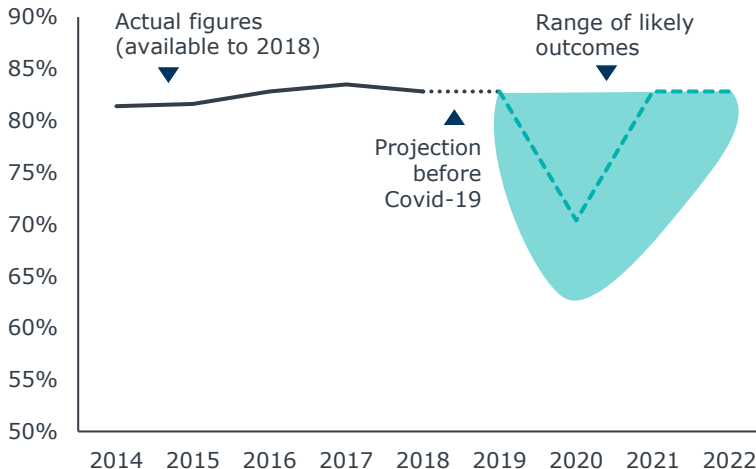
As R1s Look to Enroll “Down the Waitlist,” All Segments Face Tighter Competition

Illustrative Example



How Will Covid-19 Impact Student Success?

Full-time first year retention rate¹, all four-year and two-year institutions, 2014-22, actual and projected



Estimated range of inputs informing outcome*:

- Transfer institutions or stop out: 0-20%
- Delaying education to care for ill family member: 0-2%
- Internet connection insufficient for remote instruction: 0-10%
- Duration of COVID-19 impacts: 0-2 years

*Range of possibilities is not a statistical model.

Students Most At Risk:

- Marginalized populations
- Live in COVID-19 hotspots
- Working to fund education

Students Least At Risk:

- Live near college campus
- Multiple devices with broadband at home
- Financing education with family savings

1) Measured as the percentage of first-time, full-time students returning to the same institution from the previous year.

Audience Poll

The Enrollment Cliff

Over the next 12 months, which of these enrollment trends are you most concerned about?

- First time, full-time enrollments
- International enrollments
- Student success

Please answer using the Zoom poll function.

1

Preparing for the Financial Shock

2

The Enrollment Cliff

3

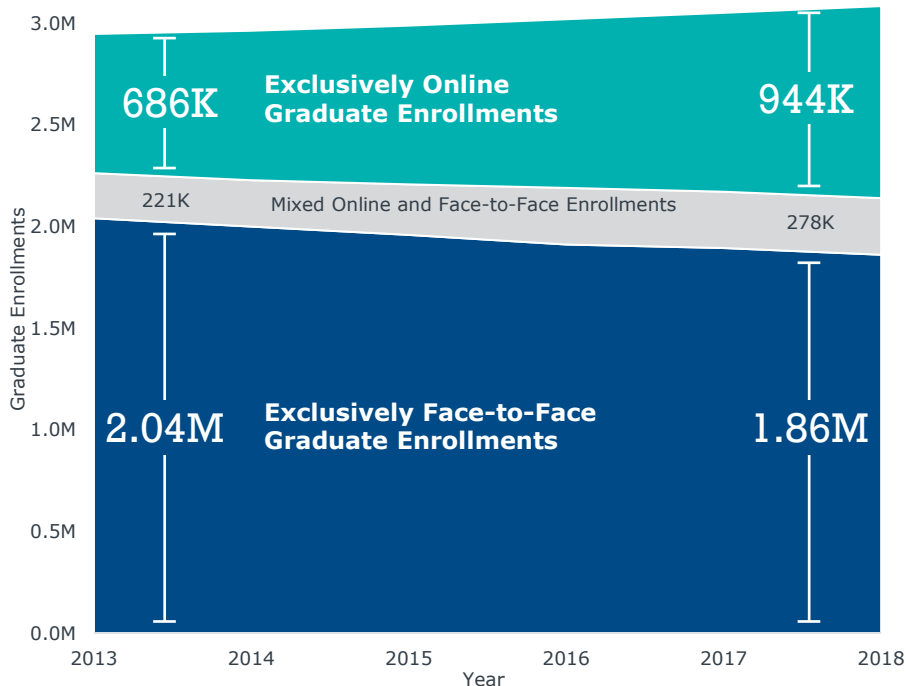
**Uneven Returns from
Countercyclical Enrollments**

4

The Future of Revenue Diversification

Online Education Anchors Growth in Grad

Graduate¹ Enrollments 2013-2018: Exclusively, Some, and No Online² Courses



+258K

Total Increase in
Online Graduate
Students 2013-2018

+6.6%

Avg. Annual Growth

-179K

Total Decrease in Face-
to-Face Graduate
Students 2013-2018

-1.8%

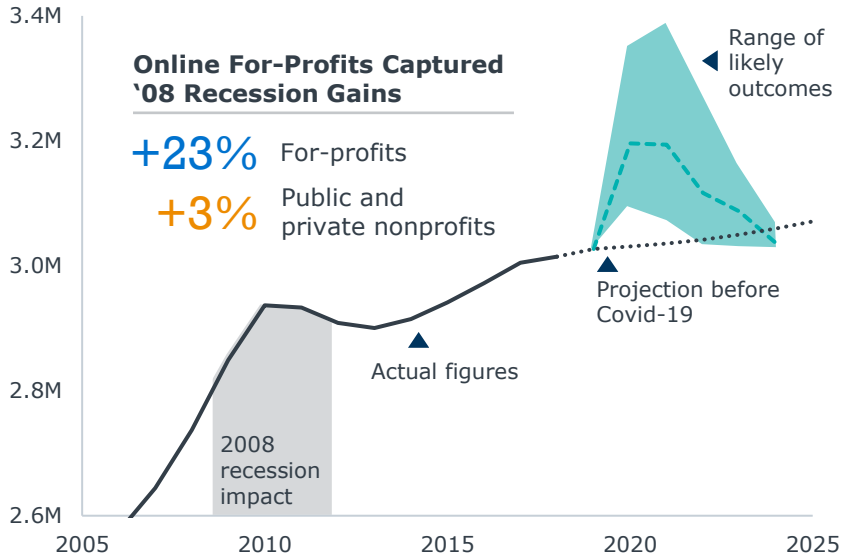
Avg. Annual Decline

1) Graduate students include both master's and doctoral students.

2) Recorded as 'Distance Education' in IPEDS data

Temporary Grad Bump for Mega-Universities

Total graduate enrollments, actual and estimated, 2005-2024



Estimated range of inputs informing outcome*:

- Unemployment (Q2 2020): 14-18%
- Duration of high (8%+) unemployment: 1-3 yrs.
- Student expectation of economic recovery : 0-25% reduction in countercyclical effect
- Share of countercyclical grad. enrollments pulled to alternative providers: 0-25%
- Enrollment decline due to cost aversion: 0-3% above '08 effect

*Range of possibilities is not a statistical model.

Institutions Least Likely to Benefit:

- In-person/ traditional modality
- Fall start date
- High cost

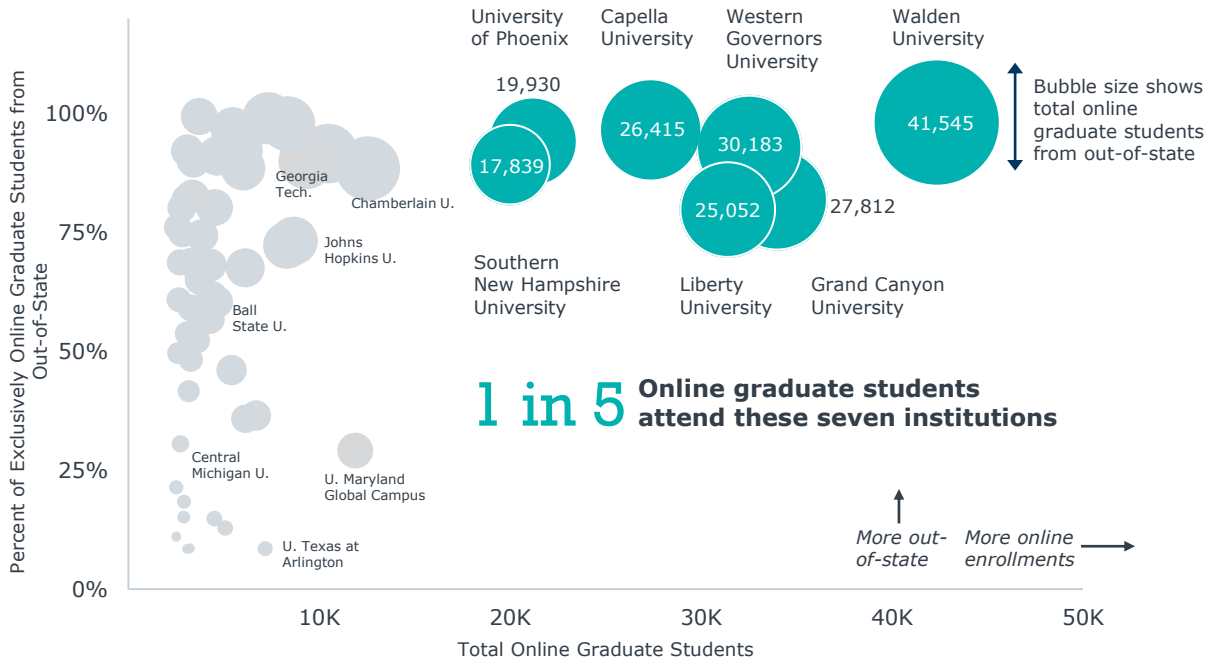
Institutions Most Likely to Benefit:

- Online & convenient
- Multiple start dates throughout the year
- Low-cost

1) Estimates produced by comparing enrollments where avg. annual unemployment >8%, correlating enrollment above/below trend with unemployment, and applying to potential unemployment figures for 2020-2024

Online Grad Market Already Highly Concentrated

Institutions With More Than 2,500 Exclusively Online¹ Graduate Enrollments, Fall 2018
 Total Exclusively Online Graduate Enrollments and Percent From Out-of-State



1) Recorded by IPEDS as exclusively distance enrollments.

Audience Poll

Countercyclical Enrollments

Which of these priorities is most urgent for your graduate program strategy?

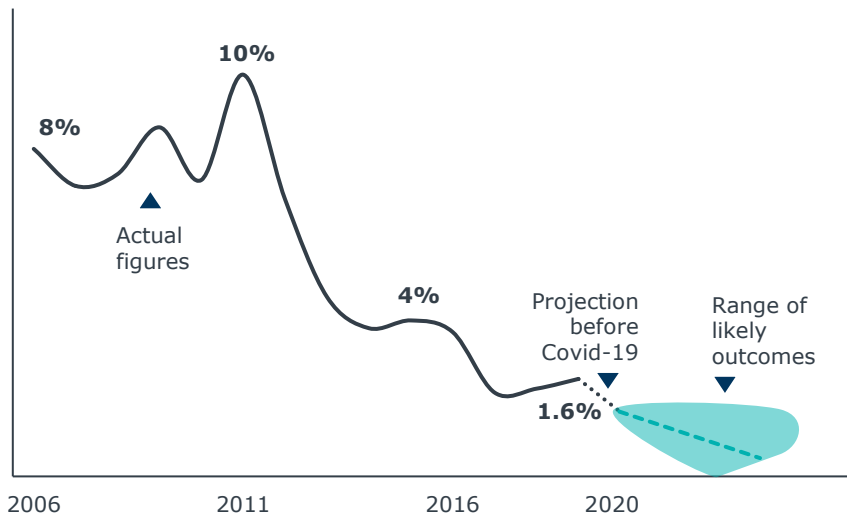
- Aligning the program portfolio with market demand
- Recruiting prospective students and building brand awareness
- Designing short-format, stackable, accelerated, and/or flexible program options
- Developing a robust infrastructure for online course delivery
- We don't have any graduate programs (or aren't interested in growing in this space)

Please answer using the Zoom poll function.

- 1 Preparing for the Financial Shock
- 2 The Enrollment Cliff
- 3 Uneven Returns from Countercyclical Enrollments
- 4 **The Future of Revenue Diversification**

Little Chance NTR Rebounds

Estimated Annual NTR Growth Rate for Undergraduate and Graduate Combined, Public and Private Average, 2006-2020



Estimated range of inputs informing outcome:*

- First-time enrollment decline: 4-20%
- International student decline: 40-90%
- Out-of-state student decline: 0-35%
- Overall per-term undergraduate tuition discount rate: 0-46%
- Discount rate for new graduate student groups: 0-50%
- Tuition freezes

*Range of possibilities is not a statistical model.

Institutions at Most Risk

- Fewer in-state students
- More international students
- Mostly undergraduate

Institutions at Least Risk

- Fewer international students
- More local students
- Existing graduate portfolio

Urgent State Priorities Crowd Out Higher Ed

State Spending Down Across the Board

-8%

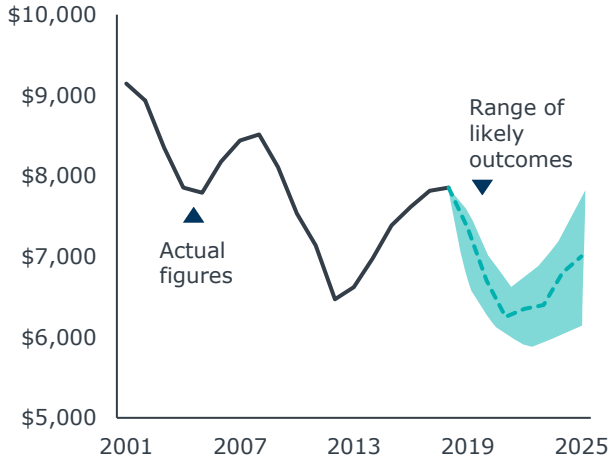
Decrease in state spending on higher education since 2007

-\$659

Fewer state dollars spent per student since 2007

Despite Recent Rebound, State Spending Will Likely Drop Again

State appropriations per student, 2001-2025¹



Estimated range of inputs informing outcome:*

- Decreased spending on higher ed: 10-40%
- Increased spending on public health: 0-60%
- Duration of impacts on state funding: 2-5 years

*Range of possibilities is not a statistical model.

States and Regions at Most Risk

- Already-low state funding for higher ed
- Region hit particularly hard with cases
- Political indifference to higher ed

States and Regions at Least Risk

- Proactive financial planning by state gov'ts
- Relatively few cases in region
- State culture of supporting higher ed

Higher Ed Highlights from the CARES Act

Higher Ed Relief Funds

\$14.2B

Devoted to helping higher education institutions and students

\$12.5B

Amount of the \$14.2B that is spread out among each institution through formula (75% Pell recipient enrollment, 25% total in-person enrollment)

Averages by Institution Type¹



\$7.7M

Estimated average funding per 4-year public institution

\$2.8M

Estimated average funding per 2-year public institution

\$1.4M

Estimated average funding per 4-year private institutions

Eligible Uses



50%

Minimum amount of funding that must go to student aid, including:

- Costs associated with campus closures and shift to virtual instruction
- Eligible cost of attendance expenses

Remaining balance of funds can be used for most costs incurred by Covid-19, including the shift to online instruction

1) Average calculated using analysis from APLU. these are preliminary estimates and are illustrative at a high level of how the funding will be broken down among industry segments

Audience Question

Looking Ahead

- What are you most worried about in the next 12-18 months?
- What are you most optimistic about?

Please type your responses into the Chat box.

Most Pressing Concerns Emerging from COVID-19

30

How EAB Can Support Your Efforts to Navigate the Crisis and Beyond



Strategy and Organization

- How should we deploy **federal relief** funds for optimal impact?
- How do we address immediate **cost-cutting** needs while preserving strategic options for the future?
- How can we use this **crisis as a catalyst** to prompt difficult decisions (e.g., program review) or enact bold change?
- What **enduring changes** (virtualization, financial fragility, safety-ism) will carry into the post-COVID-19 world, and how can we prepare?



Undergraduate Recruitment

- How can we adapt our **yield, financial aid, and net tuition revenue** models for COVID-19?
- What **virtual** methods and strategies can we use to effectively **engage prospective students** and their parents?
- How can we convey an authentic, honest, and **meaningful portrayal** of our institution in a **virtual world**?
- How do we **augment our future prospect** pool when Search names are delayed?



Student Success

- How can we address the **needs of underserved** student populations hurt most by COVID-19?
- How do we **virtually onboard** new students most effectively, so they don't reconsider their decision to attend?
- What do we do now and over the summer to **reenroll our fall class**?
- How do we use the lessons of the spring to **protect course completion** rates in the fall?



Adult Learners

- What **educational offerings** will adult learners need most **amidst economic uncertainty**?
- What strategies will allow us to **expand** our adult learning efforts **within a cost-constrained** world post-COVID-19?
- How do we improve our **flexible and online delivery capabilities** to meet students where they are?

Select EAB Resources



EAB's Coronavirus Resource Center on EAB.com



Enrollment Services, Financial Aid Optimization, and Agency Services



Navigate (Student Success Management System)



Adult Learner Recruitment Marketing



Academic Performance Solutions and Education Data Hub



YouVisit Interactive Content and Virtual Tours



Student Success Playbook



Market Responsive Program Design

Leading Through Crisis On Multiple Horizons

Next Few Months

"How do we anticipate and prepare for the next wave of Covid-19 emergency issues?"

Emergency Response Tabletop Exercises

- Cabinet practices simulated emergency situations stemming from Covid-19 pandemic

Next 3-6 Months

"How bad will things get and what difficult decisions and trade-offs will we need to make by fall?"

Forecasting the Impact of Covid-19 on Colleges and Universities

- Workshop for board meetings and cabinets

End of 2020 and Beyond

"What will competitive differentiation look like in a radically altered higher ed landscape?"

Forthcoming Summer 2020 Thriving in a New Normal: Strategies for a Post-Covid-19 Landscape

- How will institutions need to reinvent themselves to stand out?

Strategic Adaptation Requires Organizational Resiliency

Sign up today for one of EAB's Leadership Circles exclusively for college and university presidents.

May 18 2:30 PM ET | May 19 11:00 AM ET | May 21 12:30 PM ET | May 27 10:00 AM ET



Appendix

Data Sources and Methodology

Appendix: First-Time College-Going Population

Data Source

NCES IPEDS Fall Enrollments

- Total fall enrollment of first-time degree/certificate-seeking students in degree-granting postsecondary institutions
 - Includes all 2-year and 4-year institutions
 - Includes full- and part-time enrollments
 - Data available through fall 2018

Understanding Our Projections

Assumptions and Calculations

- Estimate of pre-Covid-19 trend
 - Trendline generated from 1990-2018 enrollment data
- Students Enrolling in Fall 2020
 - Campus status: Assumed most institutions re-open for instruction in the fall, even if on a remote-only basis
 - High school dropouts: Based on extrapolations from regional crises (Hurricane Katrina, Superstorm Sandy), assume range of potential drop-out rate of 1.2M (equal to 2019) and up to 2M
 - Delays to matriculation: based on range of indicators including EAB Enrollment Services partner data, surveys of high school seniors (Art & Science Group, Simpson Scarborough, and others)
 - Increased rate of delays due to continued remote instruction: Surveys find 1-20% of students prefer in-person instruction to online instruction
 - Consumer confidence: Hypothesized reduced confidence in investment in higher ed in the mid-to-long term future

Appendix: Total New International Enrollments

Data Source

Institute of International Education

- New International Student Enrollment, 2008-09 to 2018-19
 - Includes undergraduate, graduate and nondegree students
 - Does not include students enrolled in Optional Practical Training (OPT)

Understanding Our Projections

Assumptions and Calculations

- Estimate of pre-Covid-19 trend
 - Trendline estimate based on 2014-2018 data
- New international students already in the U.S.
 - Undergraduates: international high school students account for about 14% of U.S. international undergraduate students
 - Graduates: Data unavailable. We estimate 10-40% already in US as recent graduates or as workers on OPT
 - Ability to Pay: We estimate 5-33% of students already in the U.S. may be unable to pay for education due to the recession's effect on personal finances
- Prospective international students outside the U.S.
 - Online Courses: We estimate only 5-40% of students outside the US will be able or willing to enroll in online coursework.
 - Travel to US: We estimate 0-15% of students outside the US will be able or willing to travel to the US by early to mid-fall.

Appendix: Total Graduate Enrollments

Data Sources

NCES IPEDS Fall Enrollments

- All Graduate Students (2005-2018)
 - Includes all students pursuing master's, professional doctorates, PhDs, and graduate certificates

US Bureau of Labor Statistics

- National Unemployment Rate, Monthly, 2005-18

Congressional Budget Office (CBO)

- Current Projections of Output, Employment and Interest Rates for 2020 and 2021

Understanding Our Projections

Assumptions and Calculations

- Impact of unemployment rates on graduate enrollment: during and after the Great Recession, graduate enrollments rose as unemployment increased.
 - A 1% increase in unemployment correlates with a 1.2% increase in enrollments on top of existing trends
- Application of model to unemployment projections:
 - Best Case (smallest countercyclical effect): Based on CBO projections, 14% for Q2, below 8% by mid 2021.
 - Worst Case (largest countercyclical effect): Unemployment hits 18% for Q2 and remains above 8% well into 2023.
- Other forces that could dampen countercyclical effect:
 - Student expectations of a quick recovery could reduce added countercyclical enrollments by up to 25%
 - Alternative/non-university education options could reduce added countercyclical enrollments by up to 25%.
 - Cost aversion could reduce total graduate enrollment by up to 3% beyond effect captured in unemployment model

Source: Schmidt, Erik, 'Postsecondary Enrollment Before, During, and Since the Great Recession', April 2018, US Census Bureau ([Link](#)), Parker, Clifton, 'The Great Recession spurred student interest in higher education, Stanford expert says', March 2015, Stanford News ([Link](#)), Congressional Budget Office, 'CBO's Current Projections of Output, Employment, and Interest Rates and a Preliminary Look at Federal Deficits for 2020 and 2021.', April 24, 2020. ([Link](#)); EAB interviews and analysis.

1) (enrollment % above trend)=1.23% * (unemployment rate) - 6.5%

Appendix: First-Year Retention

Data Source

National Student Clearinghouse

- First-year persistence, full-time students, entering cohort 2009-2017
- Percentage of **first-time, full-time** students who returned to **the same institution** in the fall after matriculating in the previous year
 - Includes two-year and four-year institutions
 - Does not include nondegree credentials
 - Data includes 2018 fall retention data

Understanding Our Projections

Assumptions and Calculations

- Transfer institutions or stop out:
 - Based on informal survey, EAB Navigate partners have seen anywhere from 80-100% reregistration for fall
- Delaying education to care for ill family member:
 - Approximately 2% of U.S. Covid-19 cases are critical
 - Covid-19 expected to infect up to 80% of Americans
- Internet connection insufficient for remote instruction:
 - 10% of households in the U.S. do not have internet access and 27% do not have broadband (Pew)
 - Share without internet likely lower for college students
- Duration of Covid-19 impacts: 0-2 years
 - University of Minnesota researchers predict Covid-19 could last up to 2 years
 - Used to calculate how quickly retention rates rebound to pre-Covid-19 levels

Appendix: Public and Private NTR Growth Rate

Data Source

Moody's Tuition Revenue Survey

- n=170 private institutions, 127 public universities
- Inclusive of undergraduate and graduate tuition revenue
- Limitations:
 - Backward-looking data
 - Initial 2020 projection made before Covid-19 pandemic
 - Small share of all higher ed institutions

Understanding Our Projections

Assumptions and Calculations

- Pre-Covid-19 growth rates and projection:
 - 2006-2020 data averaged for public and private university rates; 2020 estimate based on Moody's pre-pandemic projection
- First-time enrollment: Assumes high school dropouts, delayed matriculation, and lower consumer confidence drive decline
- International student enrollment: Decline based on current location, ability to travel, and ability to study online from home country
- Out-of-state enrollment: Up to 35% of collegebound students may reconsider staying closer to home, according to Arts & Sciences Group's survey of 487 high school seniors
- Tuition discounting: Discounts as high as 46% have been announced for undergraduates and 50% for certain graduate student populations across different terms, according to EAB's review
- Dozens of institutions have announced tuition freezes

Appendix: State Spending on Higher Education

Data Source

State Higher Education Executive Officers Association. State of Higher Education (SHEF) Report, 2019

- State-level higher education funding data, 1980-2019

Understanding Our Projections

Assumptions and Calculations

- Pre-Covid-19 growth rates and projection:
 - Used the State Higher Education Executive Officers Association SHEF report to chart state spending on higher ed per student from 1980 to 2018
- Decrease in state funding in the short term: Assumes a dip in state spending on higher ed, as in the 2008 recession
- Post-crisis funding for higher education: Assumes that states either return to pre-crisis levels of funding, as after the 2008 recession, or potentially permanently cuts state budget allocations for higher ed
- Competition with other funding priorities: Assumes at least some near-term competition with public health and unemployment related funding priorities; in the worst case, these new priorities become permanent programs that compete with higher ed for state attention
 - Examples in states such as Massachusetts after the funding of the state-funded medical insurance program



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