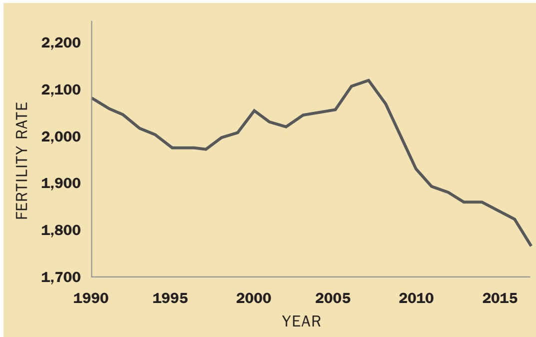
Total Fertility Rate per 1,000 Women in the United States, 1990–2017



SOURCE: Centers for Disease Control and Prevention

results—called the Higher Education Demand Index (HEDI)—provide a more nuanced picture of how higher education demand might be expected to develop in the decade ahead.

The maps on page 9 present HEDI projections of potential demand for four-year institutions by state and major metropolitan area from 2012 to 2029. Separate forecasts show expected changes for institutions that *U.S. News & World Report* ranks among the top fifty national colleges or universities, a total of one hundred "elite" institutions; "national" schools ranked from fifty-one to one hundred on those two lists; and "regional" colleges and universities ranked outside the top one hundred. The resulting picture points to deep challenges for most institutions. Regional institutions can anticipate few growing markets, and the Northeast is uniformly dismal, with each state and metropolitan area projected to see a decline in potential demand of at least 15 percent, with an average loss of more than 20 percent. Even this summary of the model's forecasts for regional schools arguably understates the coming threat to institutions' viability. First, some submarkets are even worse off. Contractions are projected to be particularly large in nonmetropolitan New England (down 29 percent), Cleveland (24 percent), Pittsburgh (27 percent), and Detroit (31 percent). Moreover, the echo of the financial crisis creates an abrupt contraction: in the four years from 2025 to 2029, the forecasted number of students from the Midwest, the Middle Atlantic, and New England attending regional four-year schools falls by 18 percent.

There is some reason to believe that private liberal arts colleges may face a particularly difficult future recruiting the students who remain in recruitment pools.

By comparison, the forecasts for elite schools are much more optimistic (with those for national schools somewhere in between). However, even though the number of students with demographic markers associated with attending elite institutions is expected to increase through most of the country, the Northeast will still likely see fewer such students. What explains the relatively more positive projections for elite schools? The answer lies in the successes of higher education in recent decades. Over the last forty years, the share of students who attend college after high school graduation has increased from 49 percent to 70 percent.[7] As a result, future generations of parents will be more educated than those in the recent past. And parents' educational attainment is a strong predictor of going to college in general and going to elite colleges in particular. As a result, the rising trend in parent education portends increasing demand for more selective forms of education in the future, a force that will buoy demand for elite education up to the mid-2020s, when the weight of the birth dearth driven by the financial crisis will offset some of the elite institutions' demand growth.

The HEDI can also tell us about the projected characteristics of future students. For example, the rise in parents' educational attainment mentioned above means that we might expect first-generation students to make up a *smaller* share of the student body at all institution types. At regional schools, the share of students with two parental bachelor's degrees is expected to rise by more than 10 percentage points, while the share of students with no parental bachelor's degree falls by more than 5 percentage points (though "no parental bachelor's degree" will remain the plurality status, accounting for almost half of all students). Moreover, while institutions of all types should expect increased ethnic/racial diversity, this diversity will largely be represented by a rising share of Hispanic students at two-year and regional four-year schools (up almost 5 percentage points), while diversity growth on elite and national campuses is likely to reflect increasing numbers of Asian American students.

Taken together, HEDI forecasts of regional schools—the largest share of institutions—suggest deep contraction in total demand, particularly in geographic regions with the largest numbers of schools, even as the demographic makeup of those students continues to evolve toward previously underrepresented groups. There is