APRIL 2025

The **State** of **Higher Education**

Jeff Selingo

Next

About Jeff Selingo

Jeffrey Selingo is an author, speaker, and strategist focused on the future of higher education and work. He is the author of three New York Times bestselling books, including his most recent, *Who Gets In & Why: A Year Inside College Admissions*, named one of The New York Times' 100 Notable Books of 2020. His forthcoming book, *Dream School: Finding the College That's Right for You*, to be published by Simon & Schuster in September 2025, draws on two years of research and an original survey of 3,500 parents to guide families through the evolving landscape of higher education.

Jeff regularly contributes to The Atlantic and The New York Times and serves as a special advisor to the president and professor of practice at Arizona State University. He co-hosts the highly rated podcast *Future U.* and authors the newsletter, *Next*.

A frequent keynoter, Jeff has recently appeared before the Milken Global Institute, Salesforce's Education Summit, and the World Bank/IFC's Global Education conference. He hosts monthly webinars and salon dinners, and facilitated a half dozen retreats for boards of trustees in 2024. Learn more about his work at **jeffselingo.com**.

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About this Report

By Jeffrey Selingo

This report got its start in January 2025, at the 10th anniversary gathering of the Arizona State University-Georgetown University Academy for Innovative Higher Education Leadership.

After a day of contemplating what's next, Randy Bass, Georgetown's vice president for strategic education initiatives, reminded the group of senior college and university leaders that higher education, like any other living organism, goes through lifecycles, and it is now ending its "conservation" period.

As we move from stability into release, reorganization, and then growth (see graphic to the right), "if all we think what we're doing right now is organizing the preservation of the current model," he said, "we're not seeing the whole cycle."

Higher ed: At the end of a lifecycle?

(Re)organization
A time of innovation, restructuring, and greatest uncertainty.

Conservation
Characterized by stability, certainty, and reduced flexibility.

Growth/Exploitation
Characterized by rapid accumulation of resources, competition, and seizing of opportunities.

Collapse/Release
Characterized by chaotic collapse and release of accumulated capital. This is a time of uncertainty.

Source and illustration adapted from Holling, C.S. 1986

Executive Summary

This State of Higher Education report is designed to present key highlights of the challenges and opportunities shaping the sector today, in order to guide institutional decision-making and innovation.

The seven main storylines in this report include:

Enrollment Challenges: With the "Demographic Cliff" now here, declining numbers of high school graduates will push institutions to better retain enrolled students and attract diverse populations.

Growth in Graduate and Online Education: Graduate enrollments are increasingly part-time and online, reflecting demand for flexible, career-oriented education.

R&D Funding Pressures: While overall research spending is up, new federal policies and rising graduate student costs threaten traditional research funding structures.

Rethinking Degree Value: The value of a college degree faces scrutiny as employers shift towards skills-based hiring, prompting institutions to clearly demonstrate ROI and affordability.

Athletics in Flux: Changes to Name, Image, and Likeness (NIL) rules and NCAA regulations are reshaping college athletics, pushing institutions to reassess their programs' roles and sustainability.

AI Integration and Impact: AI literacy is becoming critical, yet faculty and institutions struggle to adapt. Colleges must urgently prepare students to navigate AI-driven workplaces while leveraging AI for administrative efficiencies.

Academic Infrastructure Needs: Colleges face increasing challenges in attracting talent, managing campus space, and aligning academic offerings with student demand.

Unknown Unknowns

In any given year, colleges and universities face complex and uncertain situations.

But in 2025, higher education is in the news almost daily, given the raft of executive orders and policy changes coming from Washington. In the infamous words of Donald Rumsfeld, the former U.S. secretary of defense, they're the "unknown unknowns."

This report, its illustrations, and its key takeaways are from a moment in time in 2025. Anything can change, almost by the day.

As we look ahead, here are the biggest potential "unknown unknowns," some of which could impact the storylines in the pages that follow:

Changes to the accreditation system. If the federal government makes it easier for colleges to switch accreditors and for new accreditors to gain approval, the quality standards colleges will need to meet will also change.

Visa restrictions disrupting international enrollment. A further tightening of student visa policies will create unexpected barriers for international students, and lead to sharp declines in enrollment.

Federal shake-up of federal student loan administration. A sudden move to shift student loan management to agencies like the SBA or Treasury could disrupt delivery, creating uncertainty for students and cash flow challenges for colleges.

Research funding recalibration. Shifts in federal research priorities, security reviews of foreign collaborations, or budget cuts could leave R1 and R2 universities scrambling to replace critical grant dollars.

Cybersecurity catastrophe. A large-scale cyberattack targeting the core infrastructure of universities could lead to significant losses and compliance mandates.

Further collapse of the college athletics model. Another major legal ruling or further regulatory changes could swiftly dismantle the current college athletics structure, forcing institutions to absorb new financial liabilities.

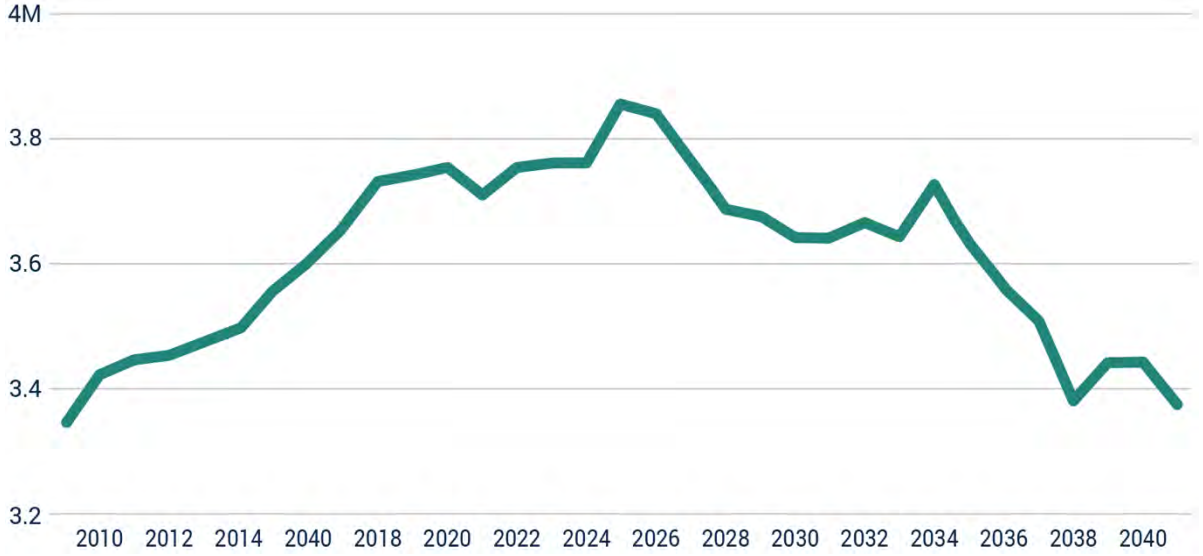
ENROLLMENT

After years of talk about the “Demographic Cliff,” it’s finally here.

- Peak high school enrollment has arrived with the Class of 2025. From now through 2041, the number of high school graduates will decline by 13%.
- While the numbers of White and Black students will fall, Hispanic and multiracial students—who have been historically underserved by higher ed—will increase.

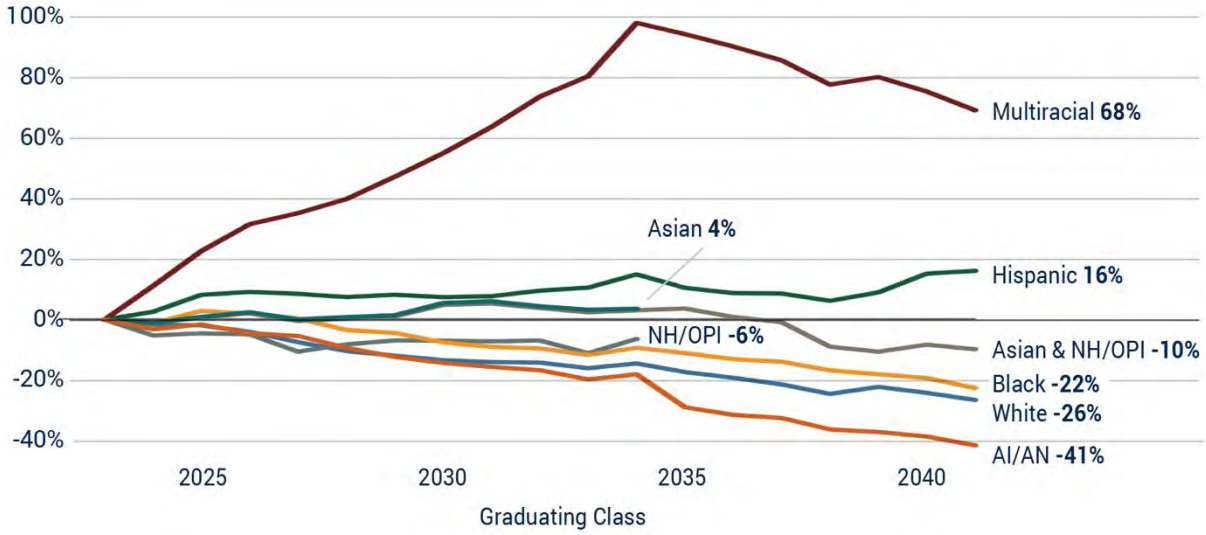
A Lengthy Drop in High School Grads

Only 12 states are expected to see an increase in graduates by 2041



Change in High School Grads by Race and Ethnicity

By 2041, White students will make up about 39% of the total public graduating class

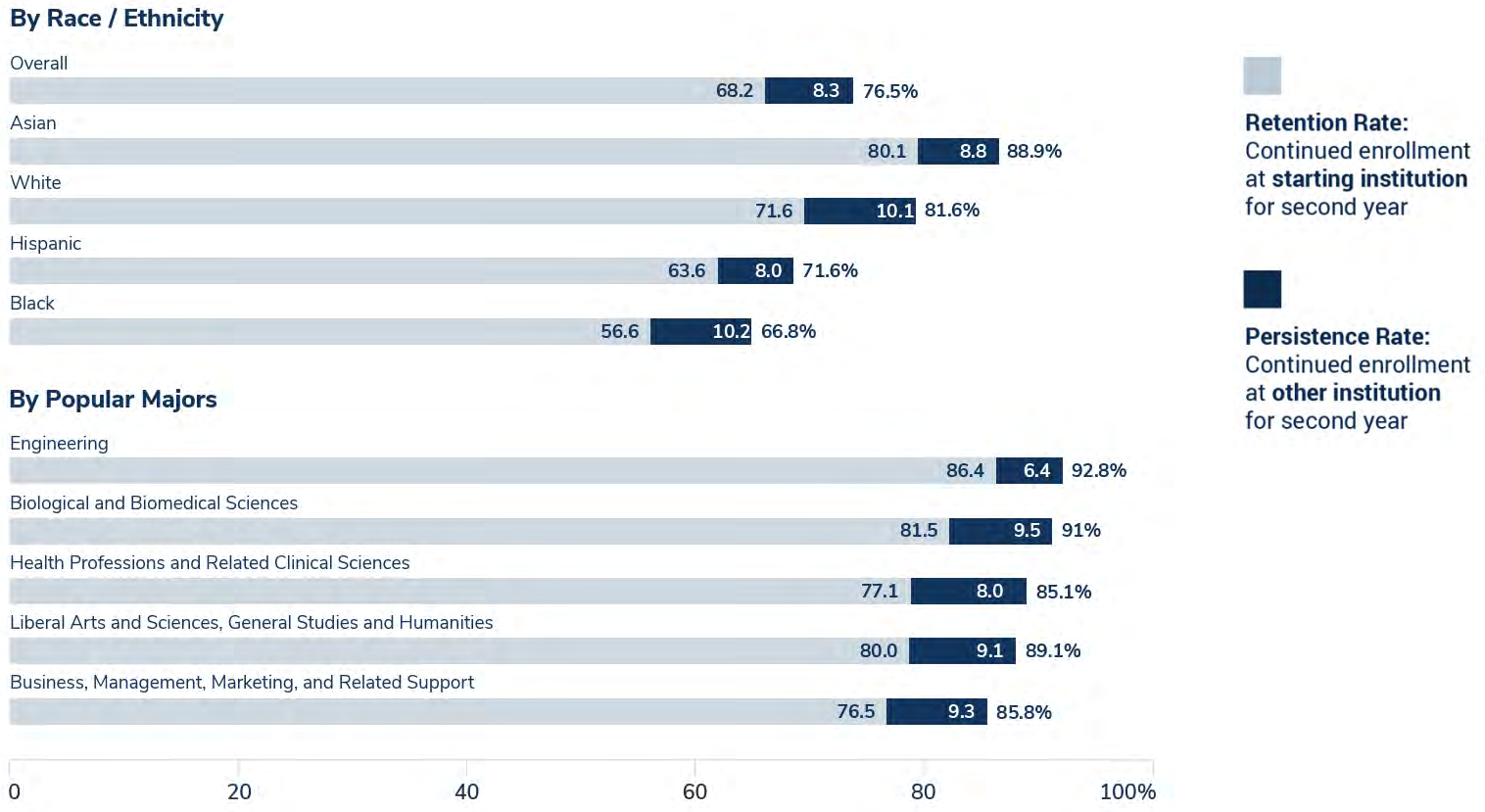


Sources: Lane, P., Falkenstern, C., & Bransberger, P. (2024). Knocking at the College Door: Projections of High School Graduates. Western Interstate Commission for Higher Education. https://www.wiche.edu/knocking.

…making it more important that colleges keep the undergraduates they enroll.

- Undergraduate retention and persistence is back up after declines in the pandemic.
- Among the students who started college in the fall of 2022, overall retention and persistence rates are higher than they have been at any point in the last decade.
- The biggest gains in retention over the last decade have come at community colleges and four-year public universities.

Who Is Staying In College?

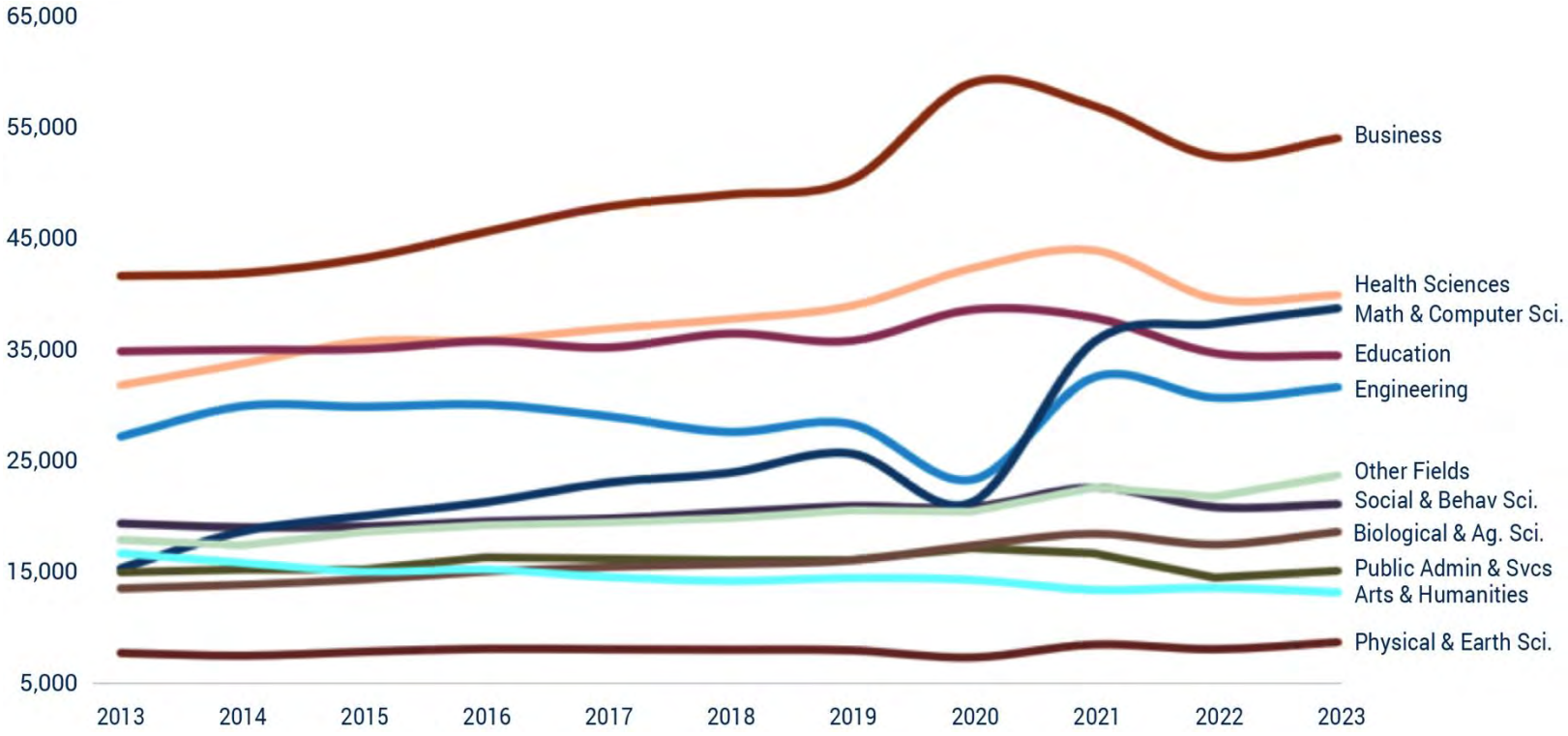


Source: National Student Clearinghouse Research Center, for entering cohort, 2022

While undergrad enrollment steadily declines, graduate enrollment has grown…

- Graduate enrollment grew 3.1% overall between Fall 2022 and Fall 2023.
- 3 programs—Business, Health Sciences, and Education—collectively represent 44% of first-time graduate enrollments.
- While graduate certificates generate buzz, graduate education continues to be dominated by the master's degree. 4x as many master's degrees were awarded in 2023 as graduate certificates and doctoral degrees combined.

First-time Graduate Enrollment by Field, 2013-2023



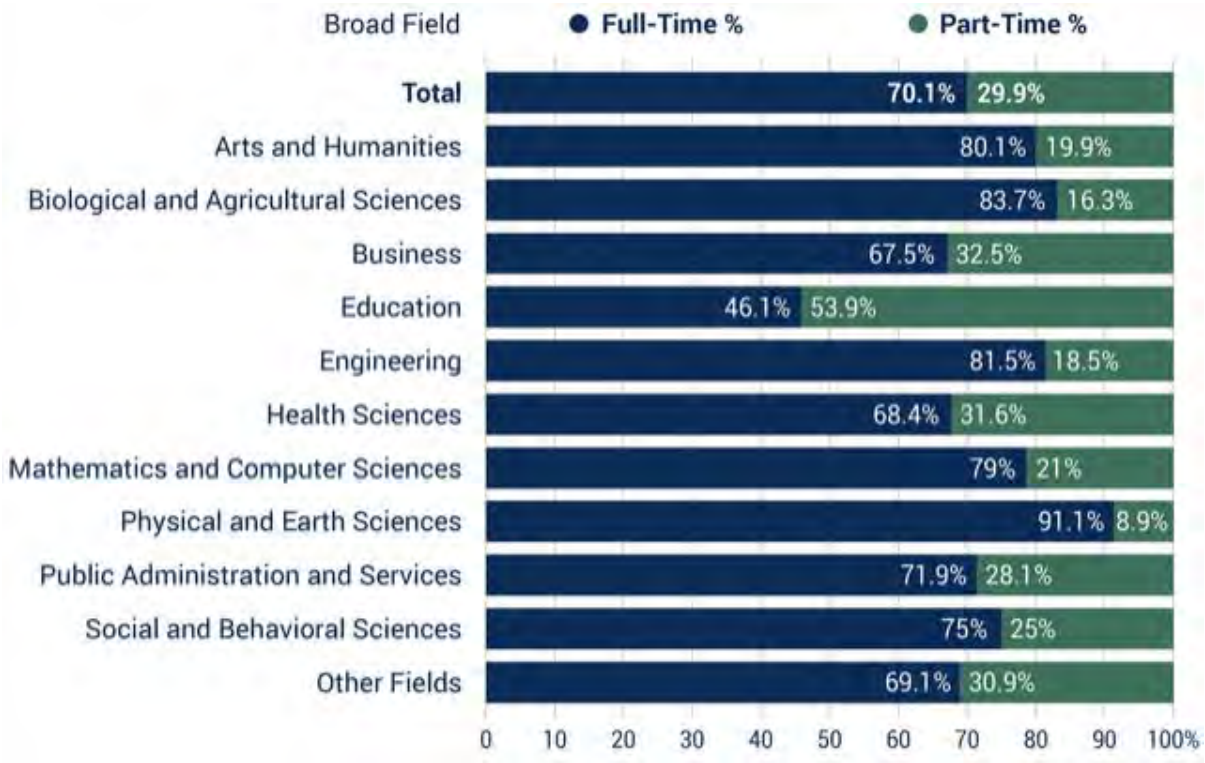
Note: Based upon institutions that provided data for all years from 2013-2023.

Source: Lanier, L., Zhou, E., Regio, A., & Hardy, T. (2024). Graduate Enrollment and Degrees: 2013 to 2023. Washington, DC: Council of Graduate Schools.

…with part-time enrollment in the largest fields steering the growth.

- While only about one-third of all graduate students are part-time, their numbers are the largest in the three biggest fields by overall graduate enrollment: Education, Business, and Health Sciences.
- In those programs, how much money and time students will need to invest and their ROI on that investment drive their enrollment decisions.
- Education is the only major program where part-time students outnumber full-time students, indicating demand for flexible programs among working professionals that is coming for other programs as well.

Graduate Enrollment by Field and Attendance Status, Fall 2023



Source: Lanier, L., Zhou, E., Regio, A., & Hardy, T. (2024). Graduate Enrollment and Degrees: 2013 to 2023. Washington, DC: Council of Graduate Schools.

Graduate programs are also driving international enrollment.

- Before the pandemic, international undergraduate students outnumbered foreign graduate students. Now those numbers have flipped.
- The number of international graduate students hit a new record in 2023-24. So did participants in optional practical training, or OPT.
- OPT allows foreign students to work in the U.S. for up to three years after they earn their degrees

- With more foreign students pursuing graduate degrees, particularly one- to two-year master's programs, more are eligible for OPT

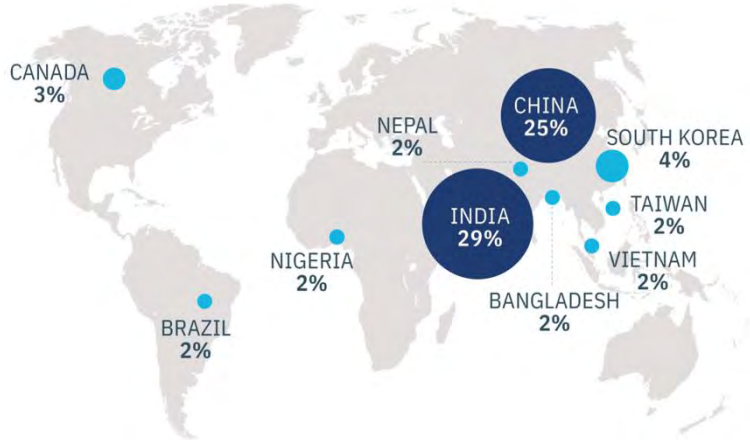
International Students by Academic Level

	Under-graduate	% change	Graduate	% change
2019/20	419,321	-2.9	374,435	-0.9
2020/21	359,787	-14.2	329,272	-12.1
2021/22	344,532	-4.2	385,097	17.0
2022/23	347,602	0.9	467,027	21.3
2023/24	**342,875**	**-1.4**	**502,291**	**7.6**

Source: Institute of International Education. (2024). "International Student Totals by Place of Origin, 2000/01-2023/24." Open Doors Report on International Educational Exchange.

- The big question: Will international enrollment remain on an upward trajectory given geopolitical forces that have turned against foreign students?

Leading Places of Origin of International Students, 2023-24



Opportunities: Enrollment

Andrey Popov/iStock

1. Perform a targeted segmentation analysis of current and prospective student populations to inform strategic decisions about new academic majors, recruitment practices, delivery modes (i.e., online, hybrid), and credential offerings.

2. Implement re-engagement strategies for the nearly 40 million Americans with some college credits but no degree. Many noncompleters are just a few credits short of graduating, and when they return, 37% choose their most recent institution.

3. Develop professional development upskilling and reskilling programs for alumni, potentially via annual subscriptions in online, face-to-face, and hybrid formats.

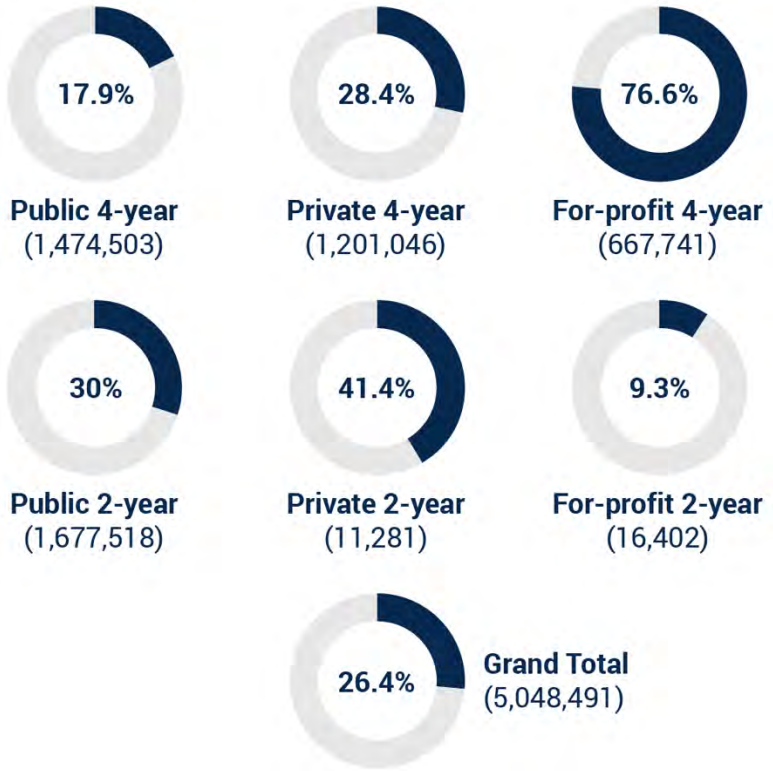
4. Create lifelong learning opportunities in response to the exploding global demand for post-career education.

ONLINE EDUCATION

Online learners account for a quarter of 19 million students enrolled in higher ed.

- After more than a decade of online learning being seen as an alternative to face-to-face, online-first has now been normalized at both the undergraduate and graduate levels.
- Even as enrollment fluctuated in higher ed after the pandemic—with an overall drop of more than 500,000 students compared with the Fall of 2019—online-only enrollment is up.
- Combined online-only enrollments (undergrad and graduate) have increased to 5.04 million from 3.47 million.

Online Enrollment by Sector



Note: Fall 2023 data, most recent year available

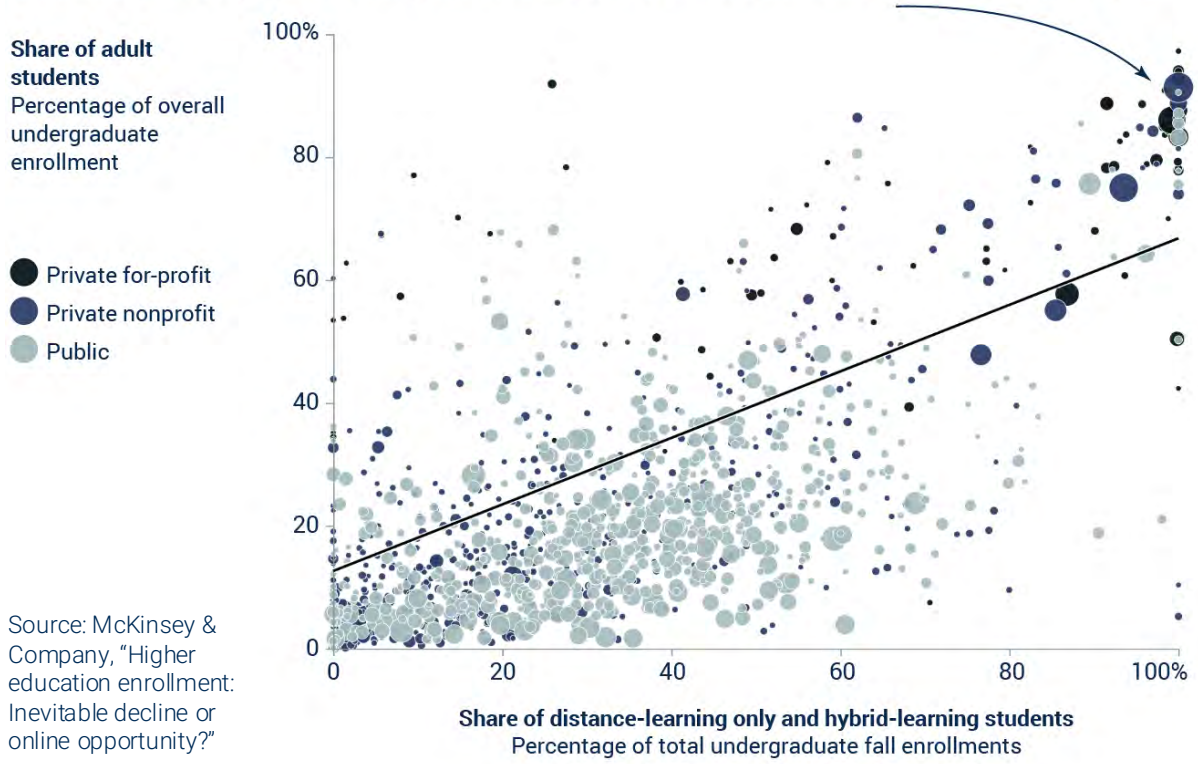
Source: Author analysis of data from Integrated Postsecondary Education Data System (IPEDS) and Phil Hill & Associates

Online education is a bifurcated market: a few big players and lots of smaller ones.

- While narrative about online education is focused on big national players, such as Arizona State University, Western Governors University, and Southern New Hampshire University, many smaller institutions have jumped online to serve a segment of students not interested in their on-campus programs.
- While conventional wisdom is that online programs take enrollment away from campus-based programs, universities are finding that they can grow enrollment online.
- Bottom line: It's not too late for institutions without an online presence to add programs. Most students go to college within 50 miles of home, and there's a segment of those time-pressed, place-bound students who can be captured online.

Still Time to Jump Into the Online Market

Each circle represents institutions with more than 1,000 undergraduates who have some students online. Despite conventional wisdom, the bulk of online learning isn't delivered by a few national brands (represented by the larger circles at the top right). The online market is largely served by many players, each with small shares of students. That means there is not only room for existing institutions to grow their online enrollment, but also to get into the game.



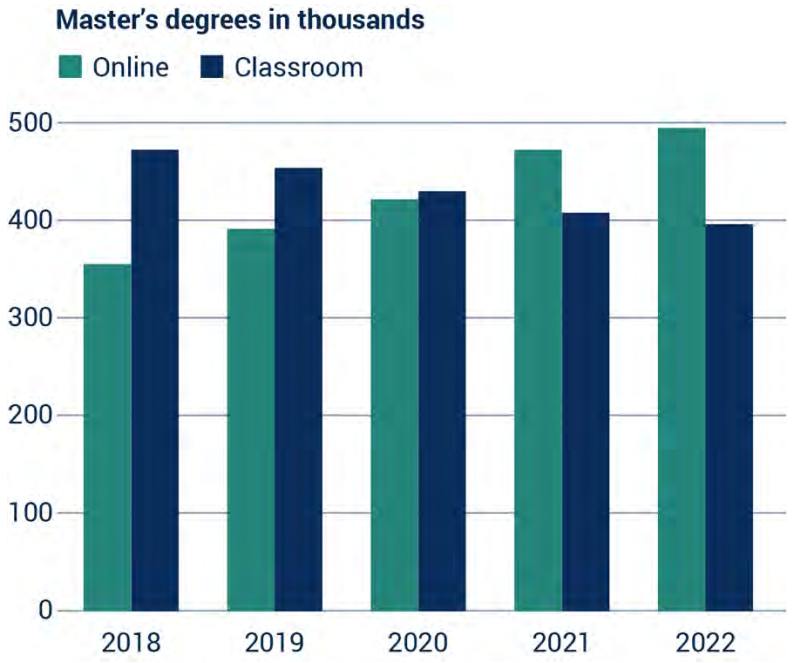
Source: McKinsey & Company, "Higher education enrollment: Inevitable decline or online opportunity?"

The growth in graduate education has been mostly online.

- Given that the growth in graduate education is mostly among part-time students, they're looking for the flexibility provided by online programs.
- In 2020, the number of master's degrees awarded online almost equaled those in on-campus programs. In 2021, those numbers flipped for the first time, fueled by the pandemic.
- The growth of online master's degrees continued even after the pandemic, and enrollments increased in 2022, suggesting that the future of graduate enrollment is now part-time (noted earlier) and online.

Moving Online

The number of master's degrees from online programs now surpasses those awarded from brick-and-mortar classroom programs.



Note: 2022, most recent year available

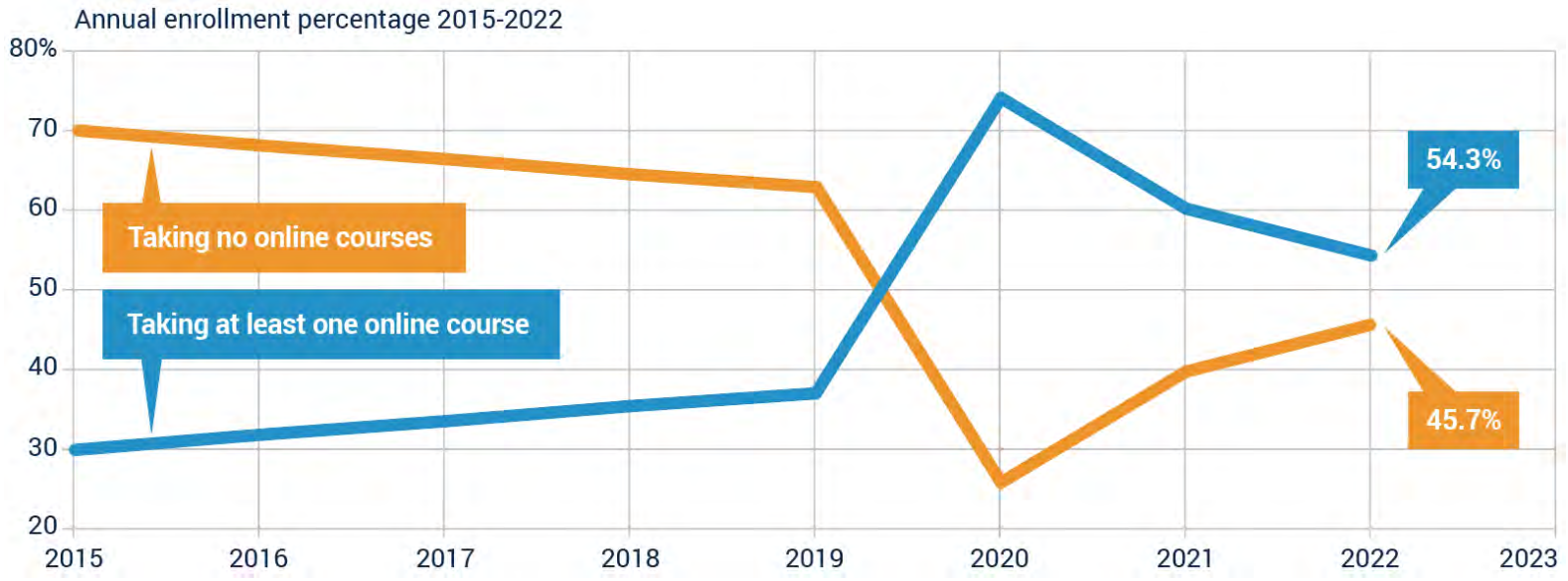
Source: Integrated Postsecondary Education Data System (IPEDS), RNL.

The pandemic didn’t make students yearn for the classroom; it turned them online.

- The popular narrative during the pandemic was that Zoom U. turned off students to online education.
- While the pivot to remote education was poorly executed on many campuses, where students got a taste of good online courses, they started to favor them.
- Much like listening and viewing habits are shifting from radio and legacy television to streaming, so too is learning.
- Residential students on campuses increasingly want to supplement their schedules with online courses to provide flexibility for core classes, work, and internships.

Percentage of Students Taking at Least One Online Course

The blue line is the percentage of students who took at least one class online in the fall of each academic year. It includes both students who are in online programs as well as students who are enrolled in traditional programs. It also includes both undergraduate and graduate students at two- and four-year colleges.



Source: U.S. Department of Education

Opportunities: Online Education

Prostock-Studio / iStock

1. Develop online program offerings to attract time-pressed and place-bound working adult learners who need flexibility.

2. Offer flexibility in academic schedules to accommodate diverse student needs and preferences, where learners choose between in-person, online, or hybrid courses.

3. Don’t just expand courses, but also enhance digital services to create more meaningful and connected student experiences. While campuses have invested heavily in physical amenities and support services, many lack the integrated digital backbone necessary for seamless student engagement.

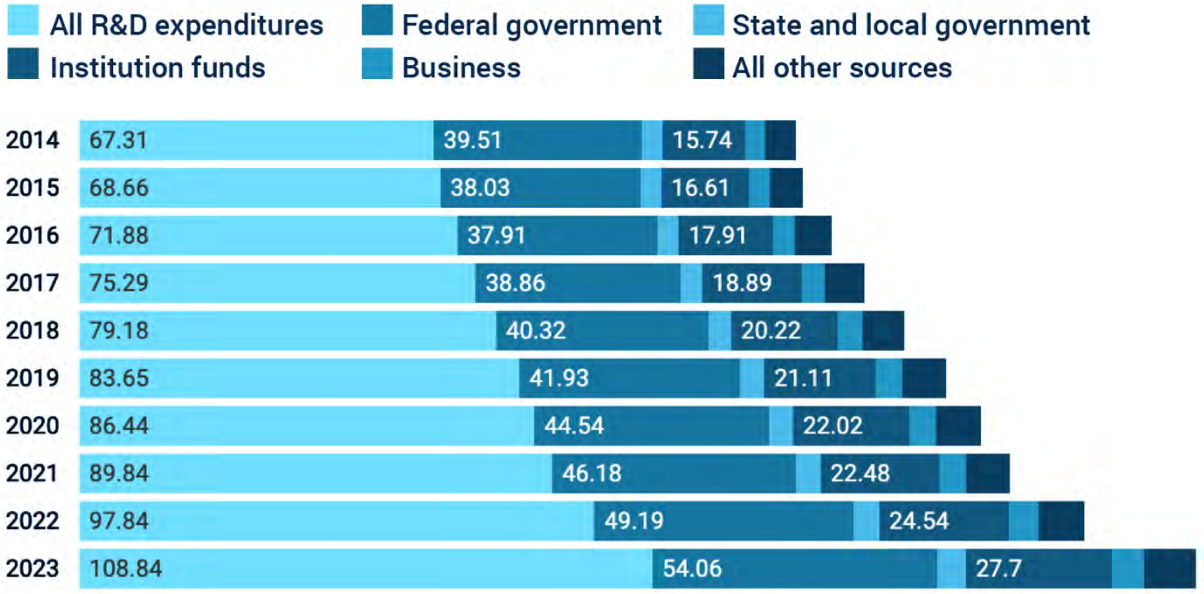
RESEARCH

Federal spending on research has spurred growth of institutional spending too…

- Research and development (R&D) spending by colleges and universities increased by more than 11% in fiscal-year 2023, the largest annual jump since 2003.
- In the last decade, higher ed R&D spending has grown 2.4% annually when adjusted for inflation.
- While federal sources are the leading funders of university research (about half), institutions' own funds are No. 2 (about a quarter). Colleges and universities increased their own spending by $3.2 billion in 2023.

Higher Education R&D Expenditures by Funding Source, 2014–23

(dollars in millions)



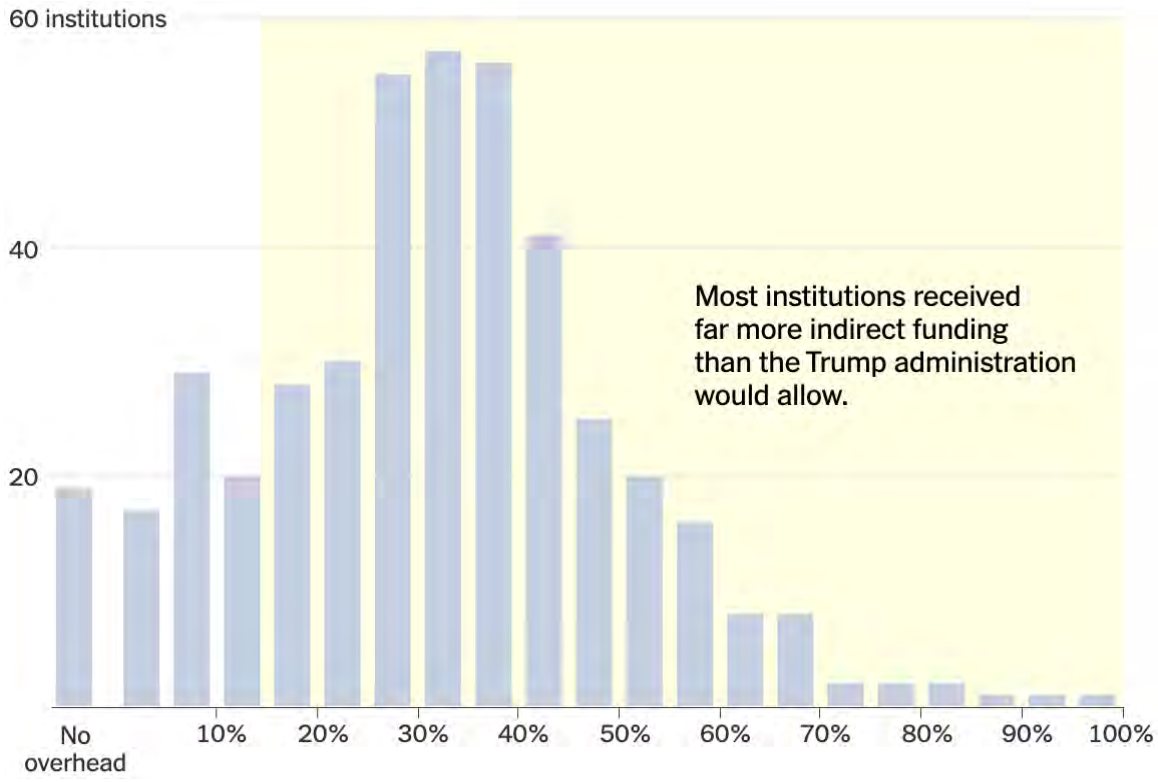
Source: National Center for Science and Engineering Statistics (NCSES). 2024. *Higher Education Research and Development: Fiscal Year 2023*. NSF 25-314. Alexandria, VA: U.S. National Science Foundation.

…but federal financial support of research is at risk, plus…

- The National Institutes of Health (NIH) have announced a new reimbursement rate that drastically cuts what universities get for so-called indirect costs (buildings, utilities, maintenance, and some administrative costs).
- While the NIH's action is caught up in the courts, all indications are that the federal government will pursue pathways to curb dollars going to universities.
- The question now is will anyone else pay the research costs the government won't anymore—states, students through fees, or universities themselves with their endowments?
- Universities increasingly might abandon certain kinds of research requiring sophisticated equipment or heavily regulated biosafety labs.

Distribution of Overhead Funding from NIH in 2024

(As a share of direct funding)



Source: The New York Times

…grad students, the lifeblood of university research, are increasingly costing more…

- Graduate students have long provided labor at a significantly reduced cost to universities.
- A strike by graduate students at the University of California in 2024 ended when university officials agreed to salary, benefits, and tuition demands totaling between $500 and $750 million over the life of the contract—a number Berkeley's CFO called a “financial shock.”
- Now presidents and provosts at other universities that depend on graduate labor are worried similar demands are coming their way.

Grad Stipend significantly lower than living wage in some areas

When comparing yearly PhD stipends from fifty different schools across the U.S., very few surpass the living wage in their area.

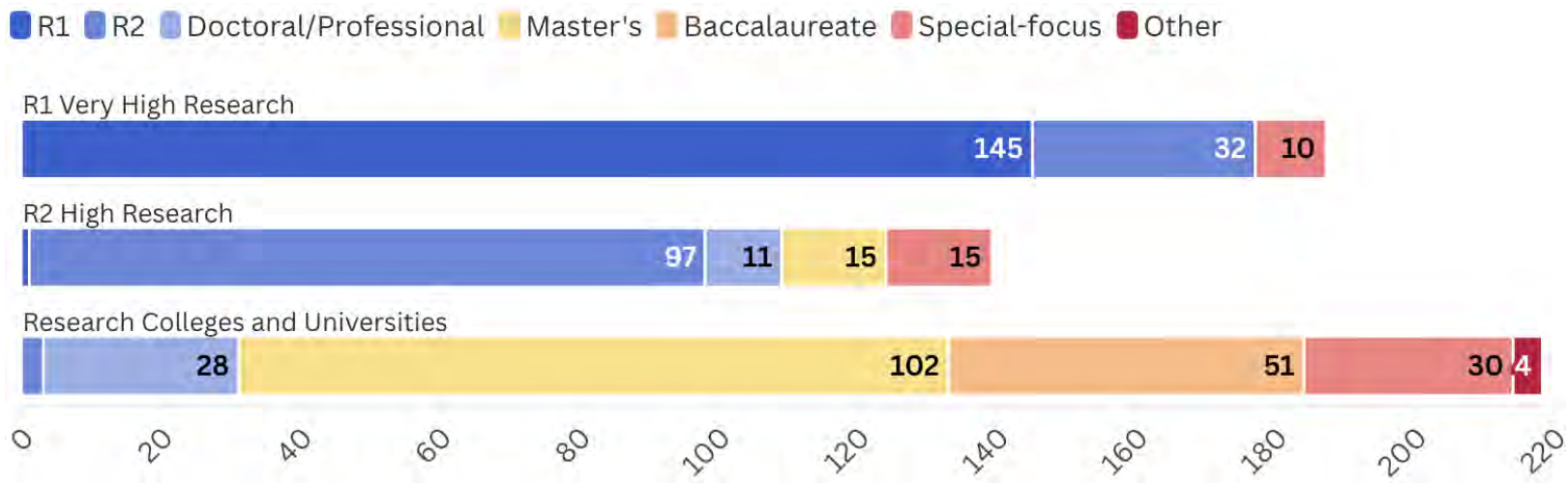
Source: Capital News Service, (cnsmaryland.org)

…all at a time when the ranks of research universities are swelling.

- Changes to the Carnegie classifications, which have long signified prestige in higher ed, mean that there are now three possible research categories that colleges can fall under.
- Becoming an R1 institution used to encourage a breadth and depth of research. Now there's a clear designation: $50 million on R&D annually and at least 70 research doctorates.
- The changes resulted in 41 more institutions being awarded R1, while a new category allows institutions that conduct research to get the designation even if they don't offer doctorates.

More Research Universities

There are three new categories of research universities: R1, R2 and Research. The bars below show the new categories, and the colors indicate how these universities were designated under the previous classifications.



Source: The American Council on Education and the Carnegie Foundation for the Advancement of Teaching.

Opportunities: Research

Anna Stills/ iStock

1. Redesign graduate education models to better serve students and society. By preparing students for diverse career paths beyond academia and creating more public-facing opportunities that benefit local communities, institutions can revitalize graduate education and increase its relevance.

2. Partner with venture capital to create new revenue sources for research. In addition to a new funding stream, such a strategy helps show society that universities are not walled gardens and are actively building companies that create jobs in the U.S.

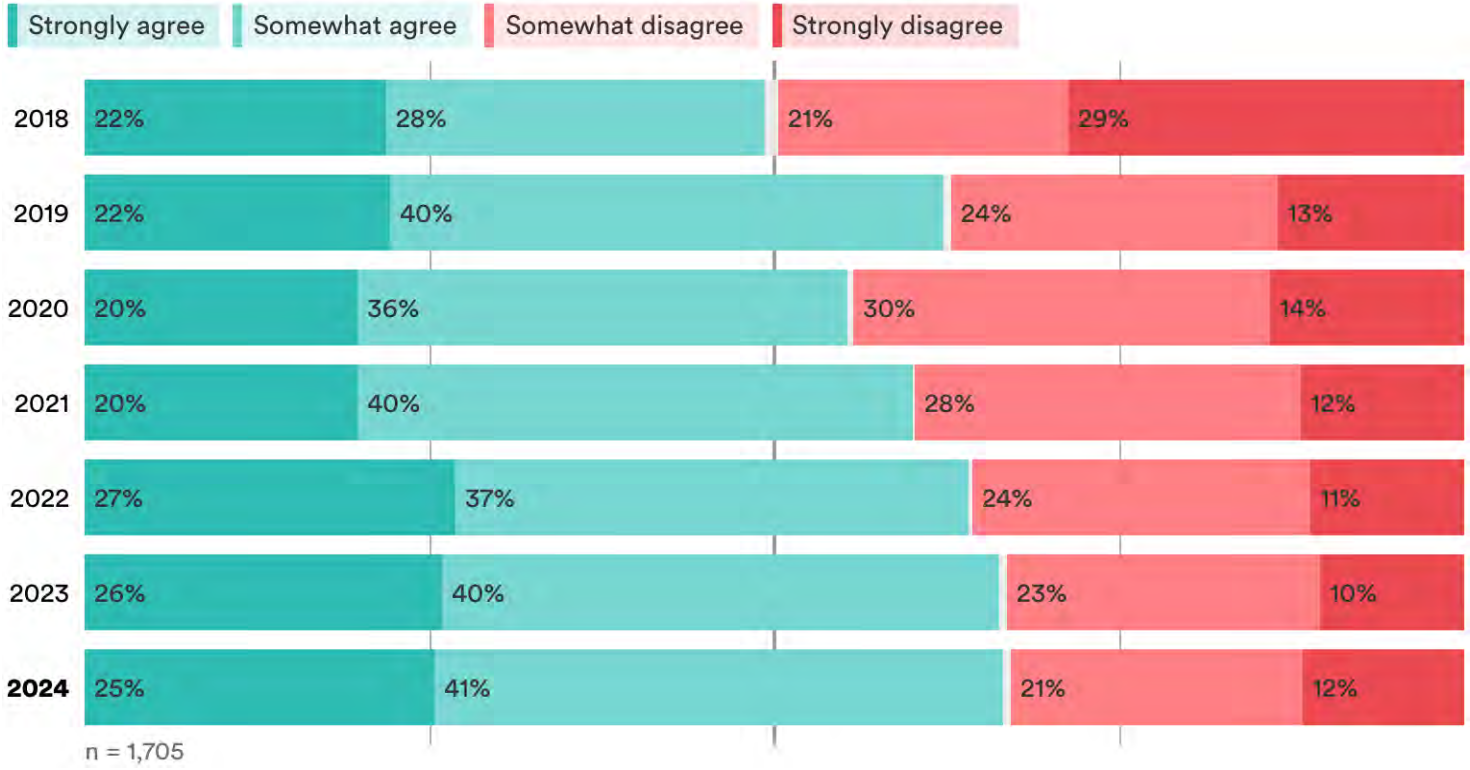
3. Deploy a hybrid computing strategy to transform your institution's research capabilities. By combining on-campus servers with cloud computing, universities can maintain valuable legacy supercomputing for traditional domains while expanding into life sciences, social sciences, and data-driven disciplines.

VALUE OF HIGHER ED

The college degree is facing an identity crisis.

- In recent years, several states have stopped requiring a four-year degree for most jobs in their state governments. The private sector, too, has moved toward skill-based hiring, with Delta, General Motors, Google, Apple, and IBM, among others, dropping the B.A. prerequisite for many positions.
- Between 2017 and 2019, some 46% of middle-skill jobs and 31% of high-skill occupations experienced a “degree reset,” according to research by the Burning Glass Institute.
- The shift has also fed the notion that college, and the bachelor’s degree in particular, isn’t necessary for success in life.

How much do you agree or disagree that there are lots of well-paying, stable jobs that people can find with only a high school diploma or GED?

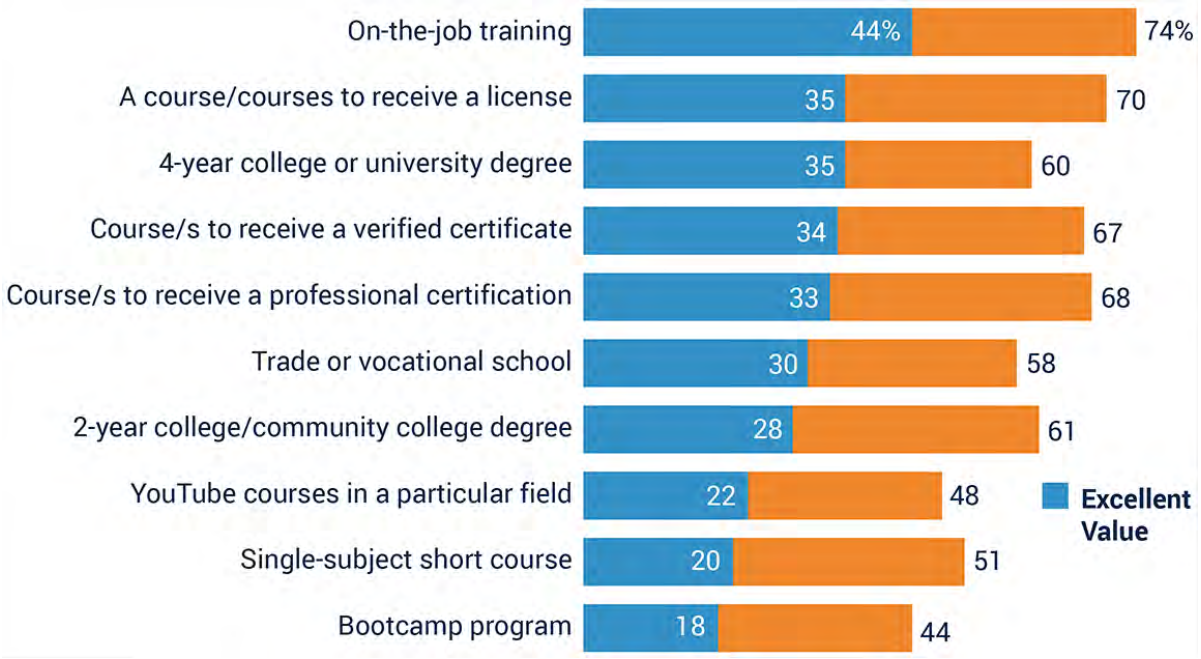


Source: New America/Gallup

Fewer high-school graduates are going right on to college.

- One result of this shift in value: the percentage of high school graduates going right on to college has dropped from a high of 70% in 2016 to 62% in 2023.
- According to research, people who skipped college or left college, don't see the short-term trade-offs as worth it even if they know the degree is worth it over the long-run.
- Big picture: Colleges often say “higher ed needs to better tell the story of the value of the degree.” It seems people know about the value of the degree and they are still skipping out on college.

Value of Additional Education and Training Opportunities

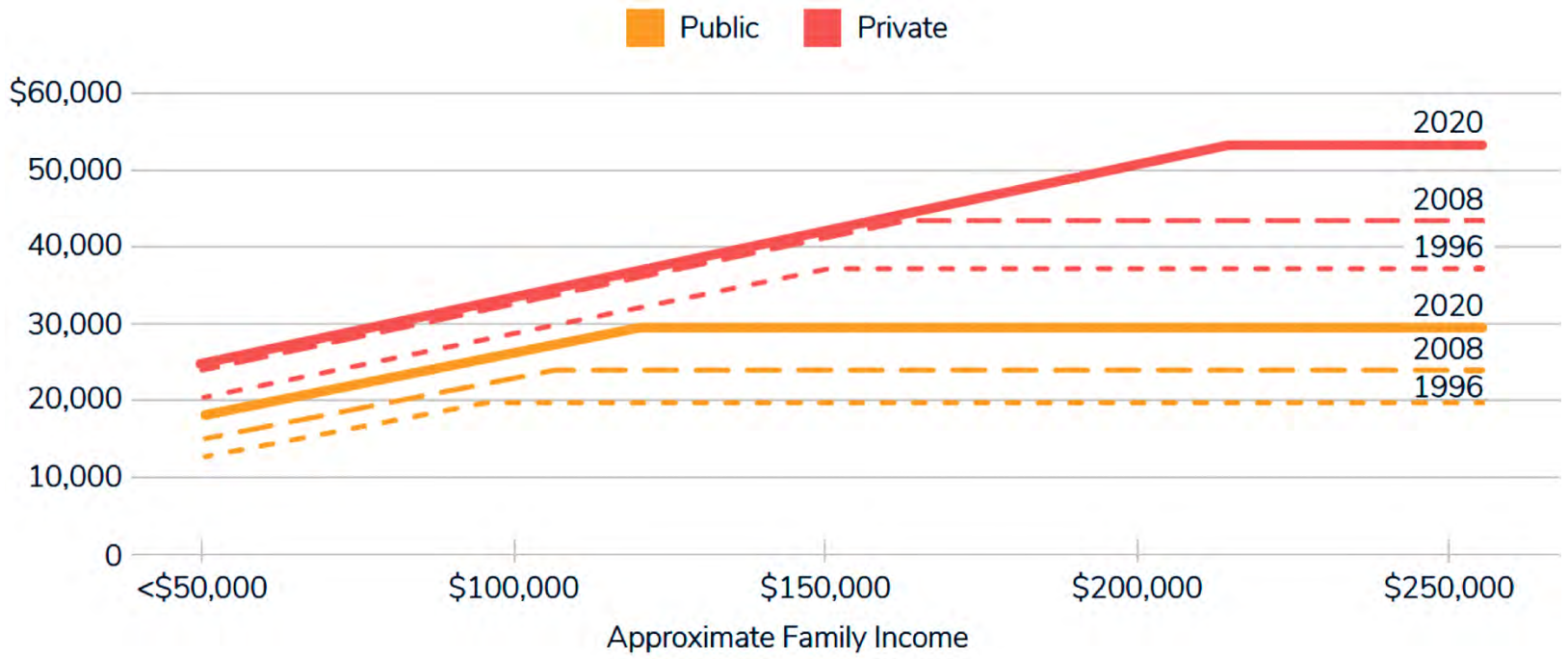


Source: Findings from Focus Groups and a Survey of High School Graduates who have not completed college. Edge Research/Gates Foundation, 2024

Affordability is a recurring theme about why students are skipping out on college.

- The sticker price of tuition is often what grabs the public's attention, but the net cost that learners actually pay can vary widely by income level.
- At public institutions, which account for some 70% of overall enrollment in higher education, net prices have risen for all students since 2011, with a steeper climb starting around the U.S. median household-income level of $80,000.
- Even among families at higher income levels who can pay full tuition, the falloff in such students at most colleges illustrates that there is less willingness to pay.

Comparison of typical net prices at four-year institutions, adjusted for inflation



Note: Previously unpublished tabulations based on the U.S. Department of Education, National Center for Education Statistics, 1995-1996, 1999-2000, 2003-2004, 2007-2008, 2011-2012, 2015-2016, and 2019-2020 National Postsecondary Student Aid Study.

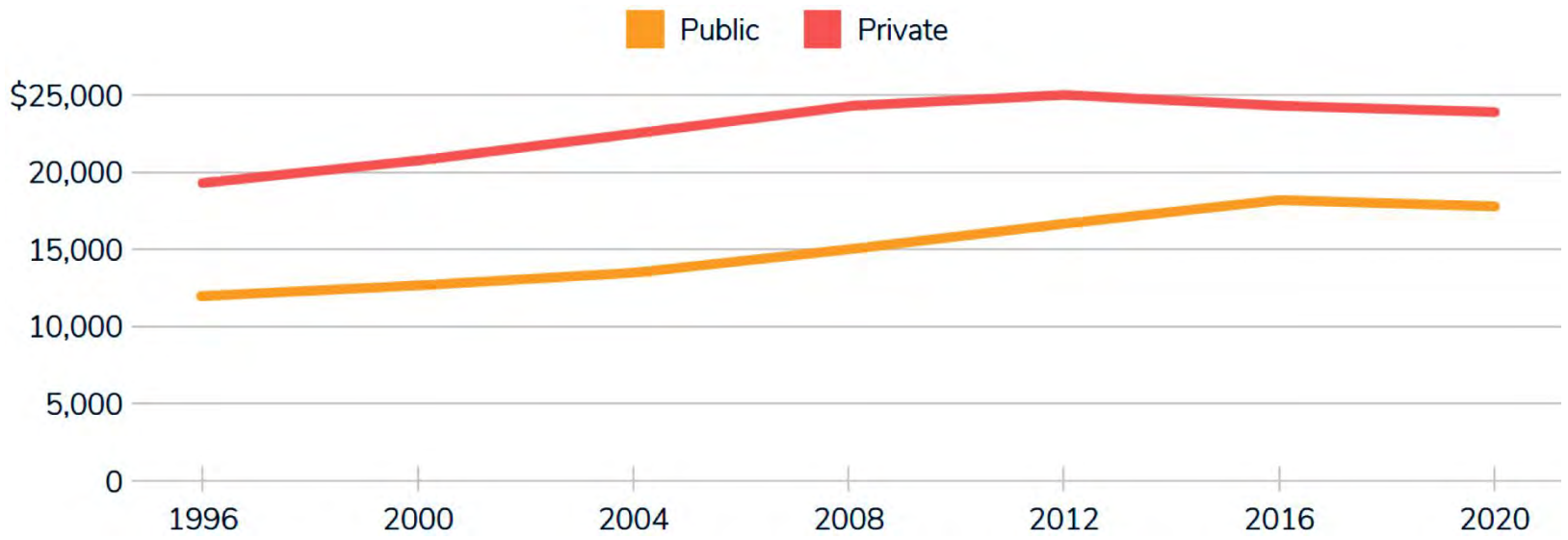
Source: Phillip Levine, Center for Economic Security and Opportunity at Brookings, 2024

…and that's especially the case for low-income, Pell Grant recipients.

- With federal assistance for low-income students expected to remain relatively level in the coming years, a greater share of the rising costs will be absorbed by these students.
- A long-running Sallie Mae study on how Americans pay for college finds that nearly three-fourths of them rely mostly on current income, including 63% of families earning less than $50,000 annually. That means even a small hiccup in a regular paycheck can derail college.

Rising prices for low-income students

Typical net prices for lower-income students at four-year institutions, adjusted for inflation



Note: Previously unpublished tabulations based on the U.S. Department of Education, National Center for Education Statistics, 1995-1996, 1999-2000, 2003-2004, 2007-2008, 2011-2012, 2015-2016, and 2019-2020 National Postsecondary Student Aid Study

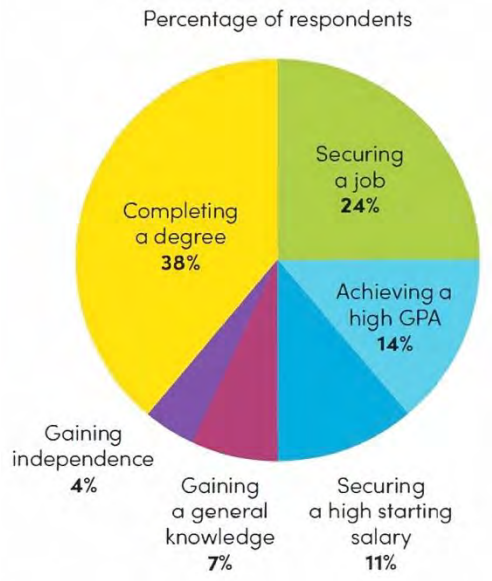
Source: Phillip Levine, Center for Economic Security and Opportunity at Brookings, 2024

Students also want to better understand the purpose of the degree and ROI on it.

- Students are going to college for one thing: a job.
- Now, data from the federal government's College Scorecard and other sources give students a granular look at earnings of graduates based on what they studied and where.
- So students and their families are increasingly questioning the value of paying tuition for just any college experience. If students don't think a college will do enough to provide them the skills to get a good job after graduation, they will look elsewhere.

Students want to feel like they belong and their education has an outcome

About two thirds of students see degree completion, employment prospects, academic attainment, and personal growth as their main objective to postsecondary ed…



…and where on campus they see community and belonging essential to their student experience.

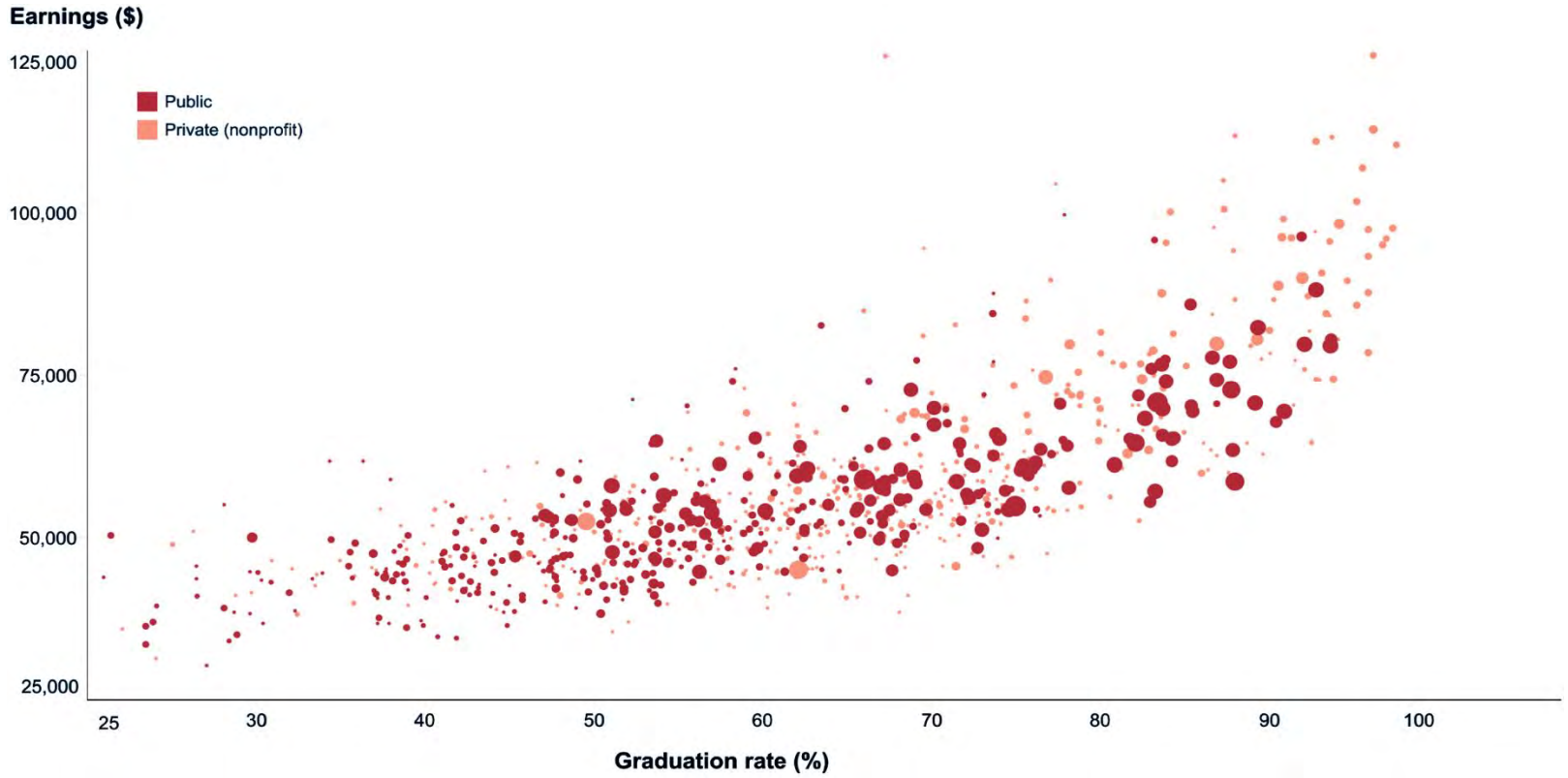
Note: Percentages don't total 100 due to rounding

Source: Educause survey of 18,500 undergraduates from 77 institutions in 6 countries and 31 U.S. states; Top Hat survey of 3,000 students in the U.S. and Canada.

Graduation rates and earnings differ widely across higher education institutions...

- Graduation rates range from 20% to more than 95% across four-year colleges.
- Five years after graduation, median earnings of graduates range from $30,000 to more than $100,000 annually.
- A strong relationship exists between graduation rates and earnings across colleges. In other words, the higher the graduation rate, the higher the earnings.

Variation on grad rates and earnings



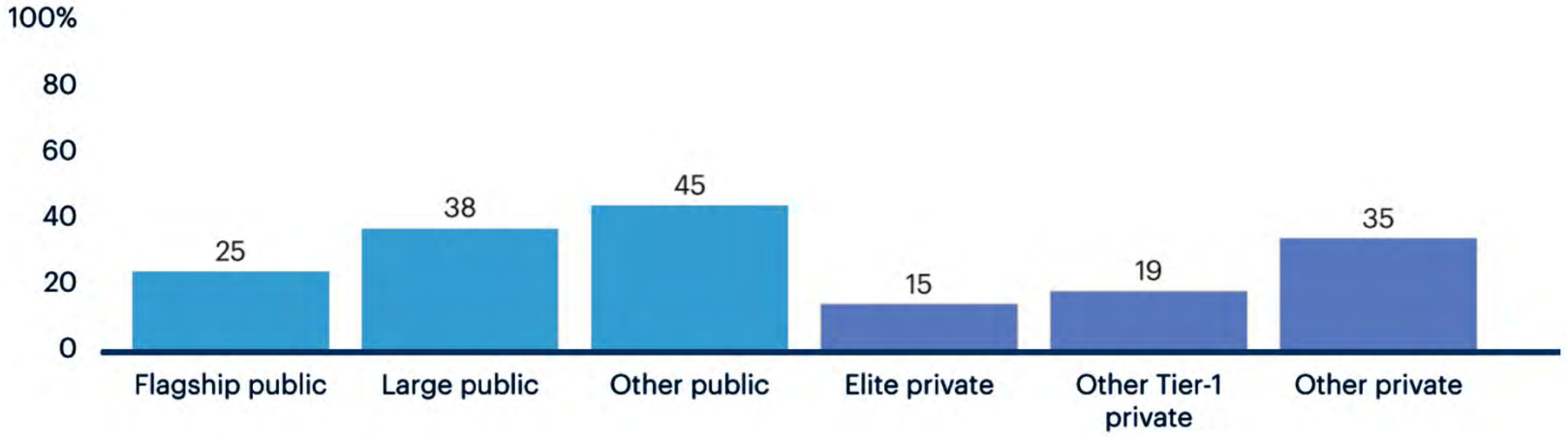
Note: Only one filter can be used at a time

Source: Bain & Company, "Beating the Odds: Improving Student Outcomes in Higher Education," 2024. Illustration used with permission.

...and are often a function of who enrolls, although policies can improve results.

- Who a college enrolls is highly correlated with graduation rates; where graduates work, and the cost of living, impacts earnings.
- Institutions can't control many factors, such as a student's family income, gender, race, and first-generation status without changing their mission and who they enroll.
- But colleges can improve graduation rates by reorienting an institution to put students first by removing systemic barriers, such as courses with high failure rates and students who stop out because they owe small balances.

Percentage of students receiving a federal Pell Grant

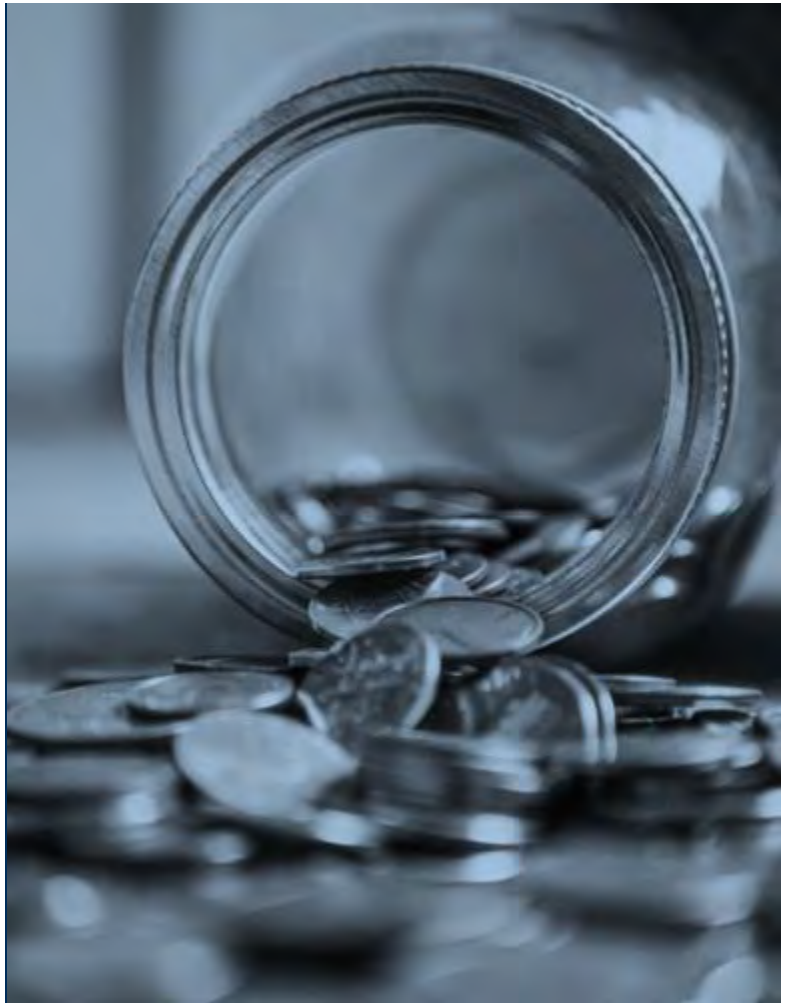


Average outcomes (all students in institution type)

Graduation rate	74%	63%	50%	93%	80%	62%
Future earnings	$63,000	$57,000	$49,000	$87,000	$76,000	$55,000

Source: Bain & Company, "Beating the Odds: Improving Student Outcomes in Higher Education," 2024. Illustration used with permission.

Opportunities: Value



Jerome Maurice/ iStock

1. Focus on improving the value of the degree developing innovative pathways: embed industry-recognized certificates into traditional degrees, create accelerated programs, develop strategic transfer partnerships for 2+2 degrees, and break the bachelor's degree into smaller, usable credentials.

2. Establish integrated data systems to ensure everyone works from a common set of facts, allowing for clear measurement of incremental improvements, celebration of progress, and identification of necessary course corrections.

3. Make work-based learning accessible by integrating practical experiences throughout students' educational journeys, including job shadowing, internships, co-ops, and on-campus employment.

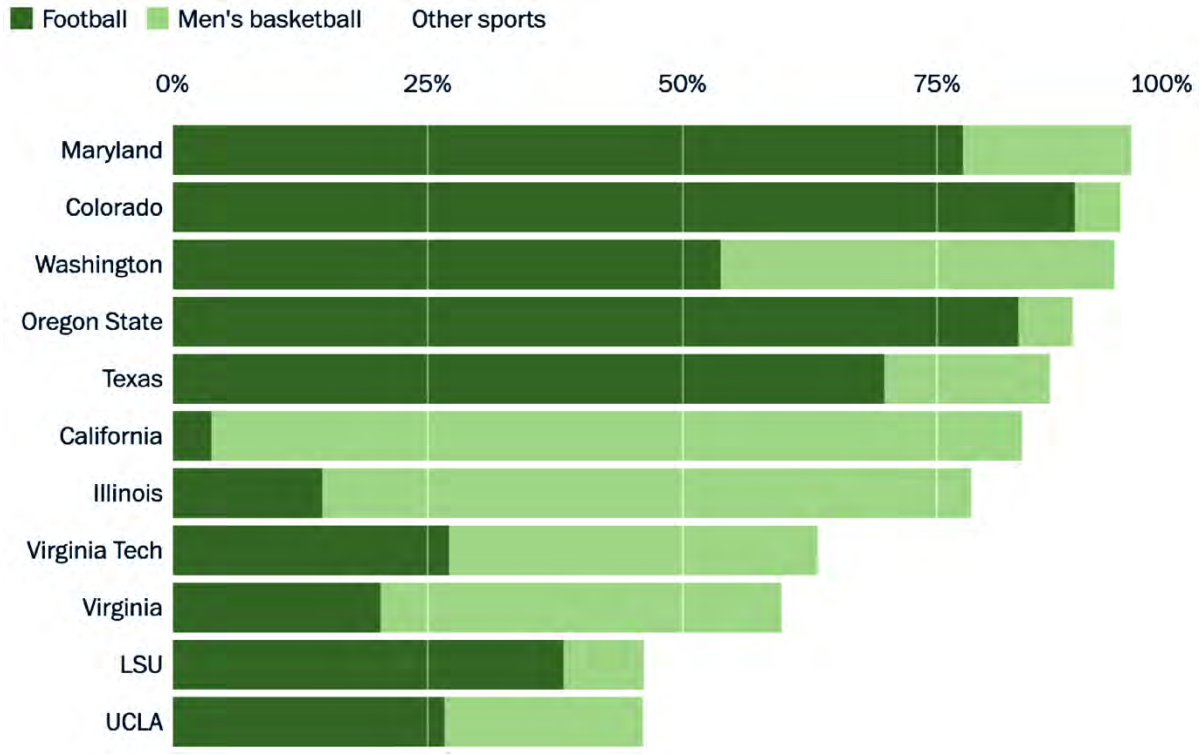
ATHLETICS

College athletics is undergoing a seismic shift...

- The rise of Name, Image, and Likeness (NIL) and the NCAA's tentative $2.8 billion settlement in the *House* case will have wide-ranging implications for university budgets.
- The *House* deal includes an initial "salary cap" of $20.5 million in the first year for Division I, eventually rising to around $30 million with roster caps replacing scholarship limits
- But largely unregulated "NIL collectives" allow boosters to now openly offer players sizable sums to transfer.
- To pay back damages to athletes, the NCAA plans to cut $1.6 billion from future revenue distributions, with the Power Five schools (Big Ten, SEC, etc.) absorbing 40% of the cuts.

Football and men's basketball rule NIL payments

At some institutions, NIL dollars given to football players make up the bulk of all payouts



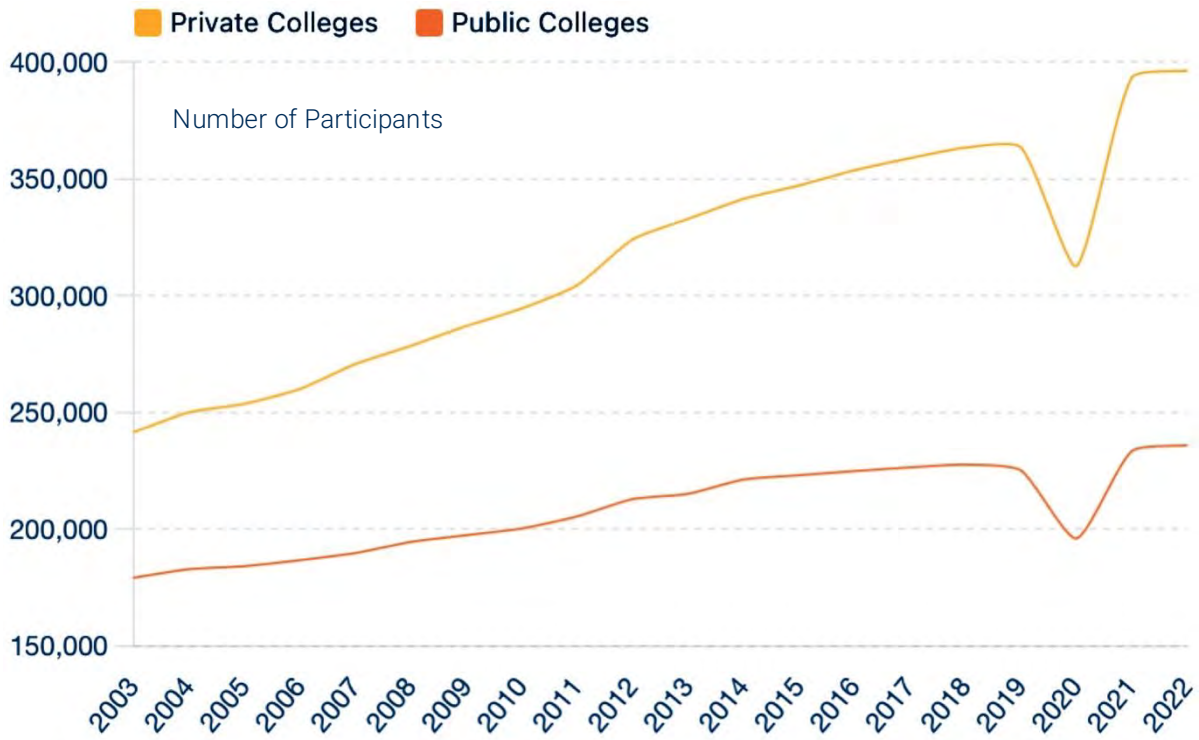
Source: Washington Post

...forcing many colleges to reassess the role of sports in the student experience.

- Some D-I universities are likely to reclassify down to D-III to save money, a move the University of Hartford recently made.
- D-III is seeing the largest growth in athletes. 40% of all college athletes compete in D-III, mostly at private colleges, which make up 80% of the division.
- Private colleges see athletes as an enrollment play. Many of those young athletes who spent a large chunk of their childhood in travel sports often want to continue their sport in college. They can't all go to selective schools or D-I.
- On average a quarter of the enrollment of a D-III college is made up of athletes, but at some institutions it's much higher.

Rise of athletics at private colleges

Growth of athletes at private colleges vs. public colleges



Source: U.S. Education Department's Equity in Athletics Data Analysis

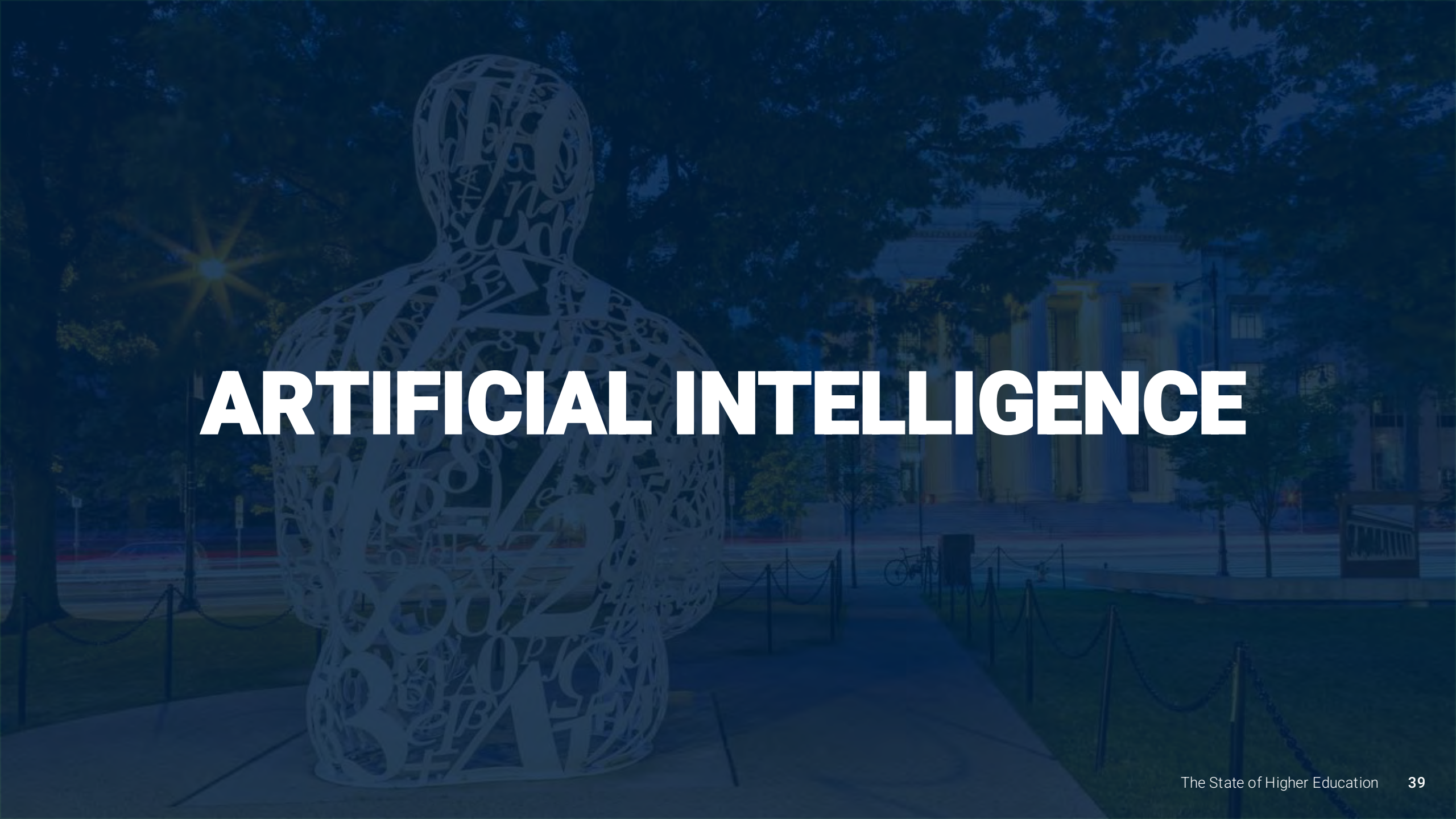
Opportunities: Athletics

umdash9/ iStock

1. Develop a comprehensive athletics strategy at the enterprise level to ensure full board and administrative understanding of costs, purpose, and sustainability.

2. Explore alternative competitive frameworks beyond traditional NCAA divisions. By adopting models championed by institutions like Eastern Illinois University and UNC-Asheville, colleges can create more student-centered athletic programs, potentially sponsoring fewer sports with higher levels of support.

3. Scale athletics' proven engagement benefits, especially at D-III to build other cohort-based models across campus that improve retention and graduation rates.



ARTIFICIAL INTELLIGENCE

Students don’t feel AI-ready and say colleges aren’t meeting their expectations...

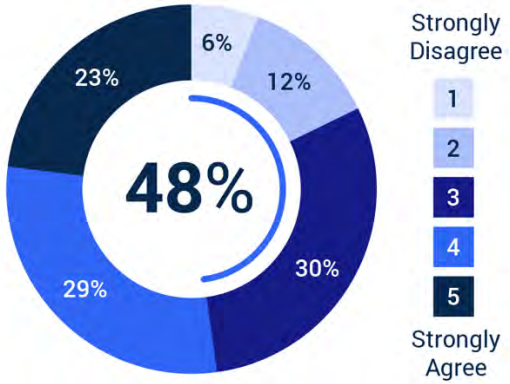
- While students widely use AI tools for studying, writing, and problem-solving, many faculty members remain skeptical or unsure how to teach with or about AI.
- A survey of instructors by the non-profit consultancy Ithaka S+R shows fewer than 20% of instructors feel confident using AI pedagogically; the primary challenges include lack of time, training, and clear guidance.
- But faculty are beginning to use AI to automate administrative tasks, design grading rubrics, generate quizzes, and develop course materials—saving time for teaching.

What students think of AI and higher ed

Question:

To what extent do you agree or disagree with the following statement:

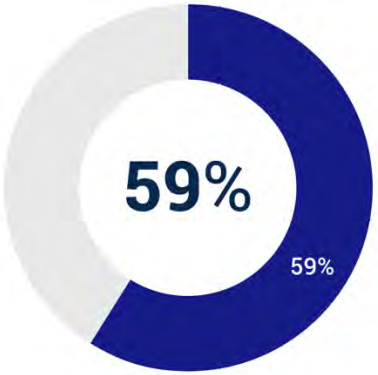
I feel prepared for a future workforce that heavily utilizes AI.



Question:

To what extent do you agree or disagree with the following statement:

I expect my university to increase the use of AI in teaching and learning.



Source: Digital Education Council Global AI Student Survey 2024. Illustrations used with permission

...even as AI models continually change, moving the goal posts for higher ed.

- AI is still looking for its "product market fit." While chatbots and ChatGPT are nice to have, we still haven't seen the transformational moment like when email or social media came along during the Internet era.
- When GenAI first came on the scene, "prompt engineers" were all the rage, leading some colleges to develop courses and certificates in the field. But as AI models evolve and develop their own prompts, a fair portion of prompt-engineering jobs seem like a passing fad.
- How we interact with the first iteration of GenAI tools is unlikely to remain constant for years to come. So colleges need to take a wait-and-see approach but also be ready to pounce when the opportunity arises.

The core capabilities of GenAI

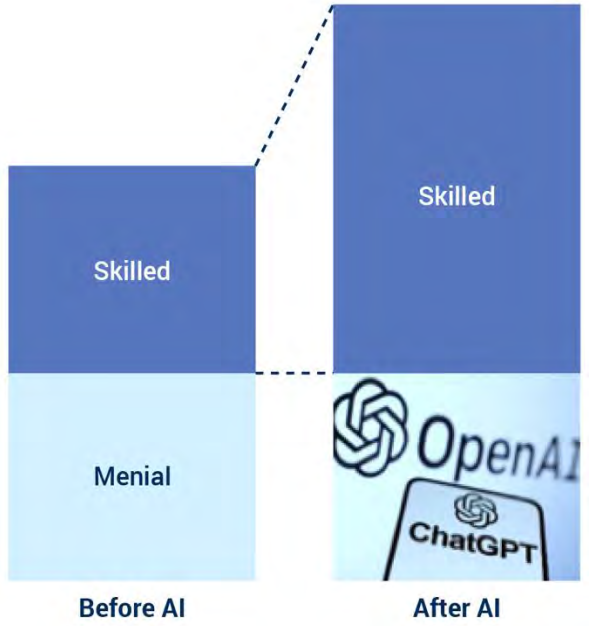
Bars represent the average vote of Morgan Stanley's U.S. software and internet research teams on a score of 0-7.

Source: Morgan Stanley

Colleges will need to prepare students to “ladder over” jobs with tasks done by AI.

- GenAI is automating many tasks assigned to entry-level employees—like coding, content creation, and data review—raising employer expectations for productivity and AI fluency while reducing demand for early-career roles.
- While AI may narrow the skills gap by making digital tasks more accessible, it widens the experience gap, as employers increasingly prioritize demonstrated ability to apply those skills—a challenge for new grads lacking real-world exposure.
- As AI handles repetitive tasks, entry-level positions will require higher-level thinking, judgment, and domain expertise.

Composition of work in good entry-level jobs



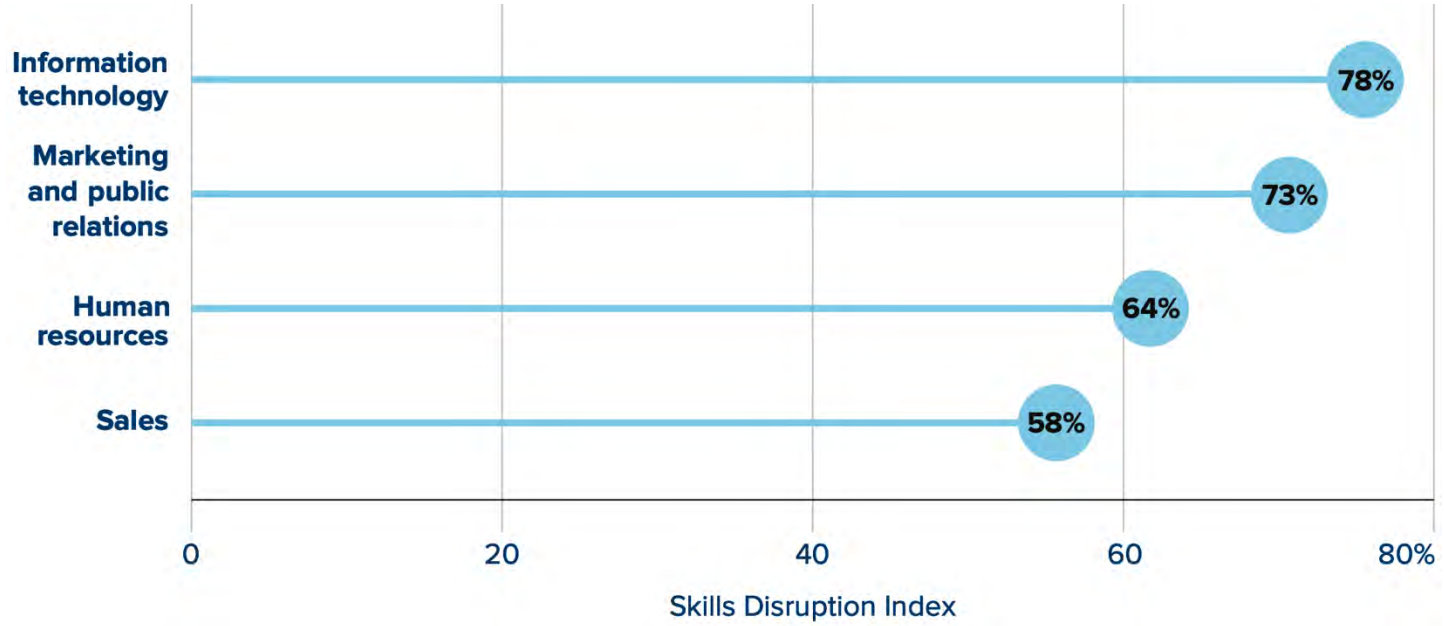
Source: Gap Letter/Ryan Craig

Majors aren’t neatly packaged into jobs, yet some are more at risk.

- The pace of change “has accelerated such that jobs are more disrupted today than ever before,” according to a report by the Boston Consulting Group and the Burning Glass Institute.
- Rather than jobs being created and destroyed—the typical narrative about the future of work—what is really happening is a “great disruption” of skills..
- In the U.S., 37% of the top 20 skills considered necessary for the average job have changed since 2016. One in five skills is entirely new.
- And certain sectors, including fields that are also popular college majors, have changed faster than others.

The most popular college majors most likely to be disrupted

The Burning Glass Institute/Boston Consulting Group assigned a relative value from 100 for the job with the greatest disruption to 0 for the job with the least disruption.



Source: Burning Glass Institute/Boston Consulting Group

For all the focus on AI in the classroom, it's an untapped administrative resource.

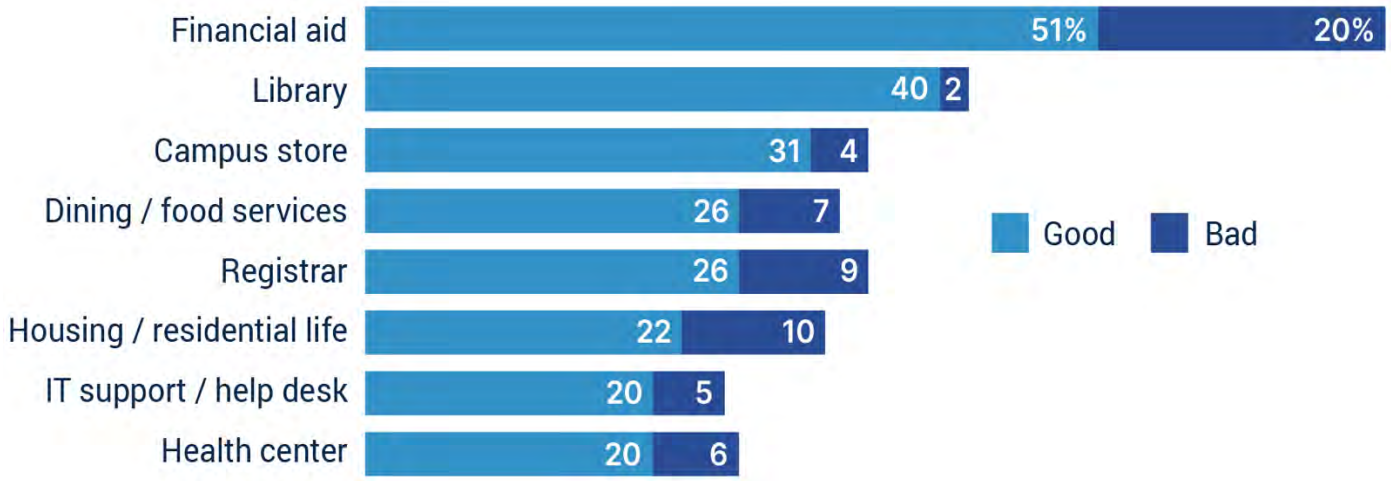
- AI is beginning to reshape administrative functions, starting with admissions offices. Transactional encounters at colleges, such as submitting forms and asking questions, using mobile apps and chatbots, are moving online to improve the recruitment process.

- Examples: The admissions bot at Texas State Technical College in one month engaged in more than 1,200 chats, with 95% ending in a successful conclusion and saving 45 hours of staff time. Finalizing admissions decisions at Southeast Missouri State University has gone from one month to two days thanks to AI.

- Students want an integrated and seamless experience on campus like they have with Amazon 1-Click, Netflix preferences, Instagram likes.

Customer Service on Campuses

Where students have good and bad experiences



Source: Inside Higher Ed/Campus Pulse Survey, 2022

Opportunities: Artificial Intelligence

Marcio Silva / iStock

1. Transform institutional operations by approaching AI as a strategic resource rather than just another software tool.

2. Create cross-functional AI innovation centers to foster collaboration between academic departments and administrative units. By establishing shared resources and expertise, institutions can accelerate the development of AI applications that address specific campus challenges while creating valuable experiential learning opportunities for students.

3. Redesign career preparation models to align with AI-driven workplace demands. By urgently shifting toward work-integrated learning—prioritizing internships, apprenticeships, and real-world projects in coursework—institutions can ensure graduates possess both technical skills and practical experience.

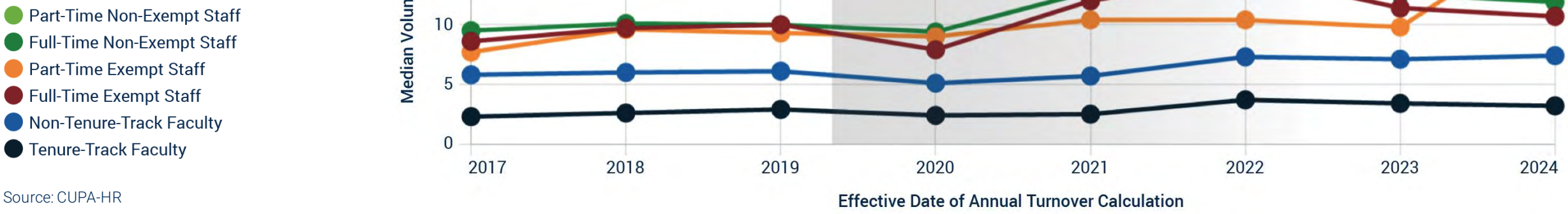
THE ACADEMIC INFRASTRUCTURE

A new talent model is needed in higher education.

- While the Great Resignation has been declared over, colleges are still finding it difficult to recruit and retain talent. The generations-old value proposition of working in higher education—that lower pay and sometimes longer hours served a greater good and came with tuition benefits, too—no longer holds sway.
- The idea of working long hours for a greater societal good doesn't resonate with Gen Z, who will soon be the second largest generation in the workplace after Millennials. The old model was based on sacrifice and suffering; the new model is one centered on supporting employee well-being and success.

More employee churn on campuses

All major employee groups now experience more voluntary turnover compared to before the pandemic.



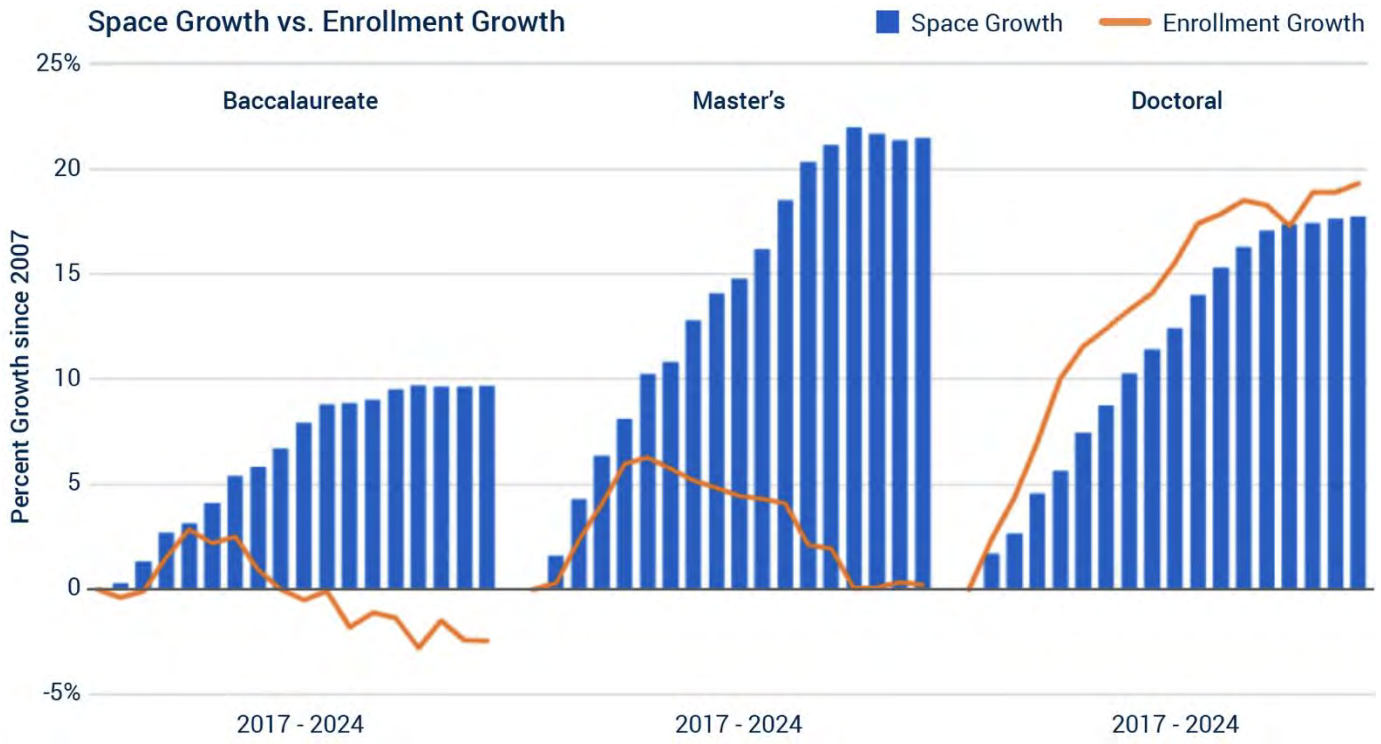
Source: CUPA-HR

The bill is coming due for the campus building boom.

- The mid-aughts were a boom time for campus construction: Nearly 90 million square feet of space were built on campuses just between 2004-2006.
- The “age of plant” at colleges continues to tick up. Colleges face upwards of $950 billion over the next decade in spending on deferred maintenance, facility upgrades, and construction projects.
- For years, most colleges tried to manage deferred maintenance by using their net margin. They no longer have that cushion.

Too much space

At all but the largest research institutions, college space has been growing faster than enrollment.



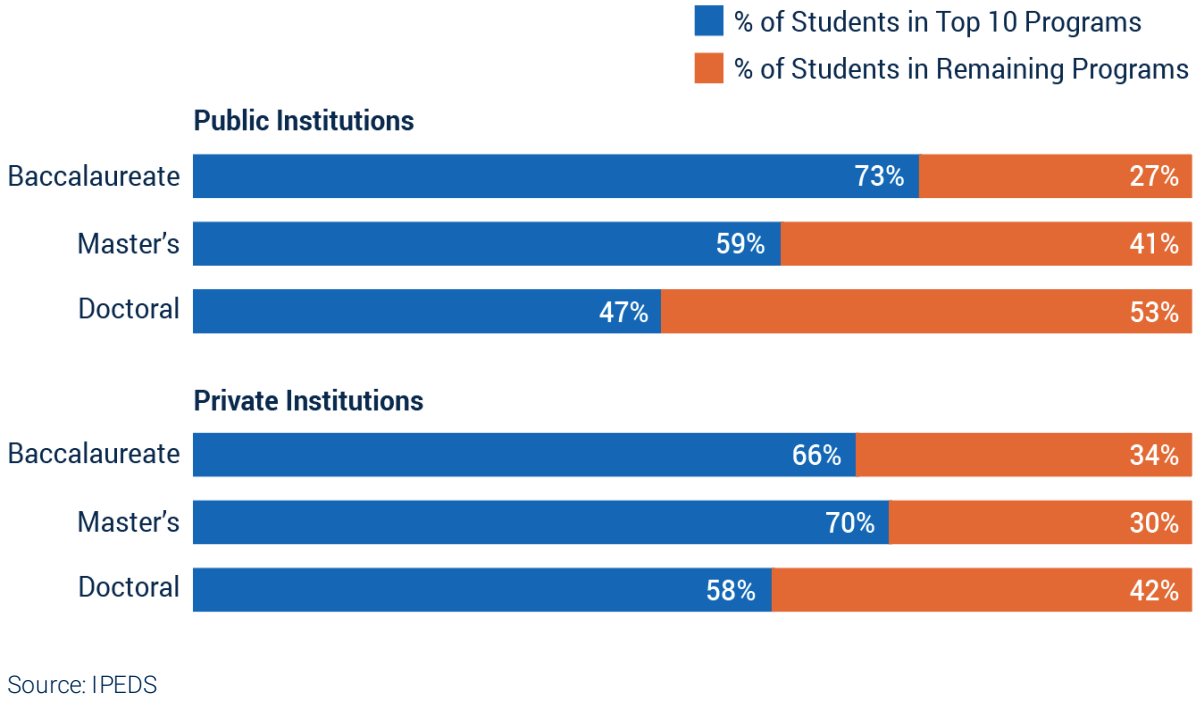
Source: Gordian, The State of Facilities in Higher Education, 2025

On campuses, too many majors and not enough students.

- Colleges and universities have highly concentrated student enrollment, with a small number of programs containing a large percentage of students.
- Only about 11% of bachelor's degrees awarded in 2023 went to humanities majors, down from 16% a decade ago. While this phenomenon was distributed across all subject areas in the humanities, the most dramatic declines occurred in English and History.
- The proportion of bachelor's degrees awarded to computer science majors more than doubled in the last 10 years. Taken together, engineering and computer science degrees have now surpassed all humanities degrees combined, both by proportion of all BA's and sheer numbers.

Academic Program Compression

On most campuses, half of the students are enrolled in just 10 academic majors.



Source: IPEDS

Opportunities: Academic Infrastructure

Monkeybusinessimages/ iStock

1. Implement internal gig marketplaces to enhance employee development and institutional agility. By creating platforms where staff can engage in short-term projects across departments, institutions provide valuable professional growth opportunities without disrupting regular operations.

2. Establish cross-institutional course-sharing networks to sustain majors and specialized programs by collaborating with peer institutions.

3. Optimize campus space utilization by identifying opportunities to repurpose, renovate, or divest underutilized buildings. Urban institutions can generate revenue by selling or leasing vacant properties, while public-private partnerships (P3s) offer alternatives to traditional capital projects.

The State of Higher Education

Jeff Selingo

This paper was funded by AWS. The author retained absolute editorial control.
The views and analysis in this report are the responsibility of the author alone.

Cturtletrax / iStock