

Social Sector Practice

COVID-19 and US higher education enrollment: Preparing leaders for fall

A college's first-year class helps define the student experience and heavily influences the institution's finances. Higher education leaders are concerned about what will happen in the fall; our latest survey insights can help.

by Hayoung Kim, Charag Krishnan, Jonathan Law, and Ted Rounsaville



The COVID-19 pandemic continues to take a massive toll on lives and livelihoods around the globe. The public-health crisis and economic devastation we are experiencing now have thrown entire industries and institutions into turmoil. Higher education leaders responded quickly by moving to remote learning for the remainder of the 2019 academic year, but they now face a new challenge: 2020 enrollment. Understanding the potential impacts of COVID-19 on enrollment is critical. In a recent survey, 86 percent of college presidents put fall or summer enrollment numbers at the top of their most pressing issues in the face of COVID-19.¹

The predictive-enrollment models that leaders have used to plan classes won't hold up in a COVID-19 world. Much will be tested, including an institution's ability to serve and educate all students and create the sense of community and vibrancy typically found on campuses nationwide—and their ability to do

so in a financially sustainable way; tuition and fees make up 26 percent of revenues for four-year public institutions and 35 percent for four-year private nonprofit institutions.² As we have seen, the effects of COVID-19 are not playing out equitably, which higher education leaders must take into account as they make decisions for their schools' futures.

To help higher education leaders navigate enrollment uncertainty, prepare for a number of different scenarios, and act with real-time information, we are conducting ongoing research and analysis to understand students' perspectives and concerns about their enrollment decisions—and how these shift as the fall 2020 semester approaches. Our research shows current enrollment numbers remain largely unchanged—but a remote fall semester could change things dramatically (see sidebar, "About the research: McKinsey's student enrollment survey").

¹ Maria Claudia Soler Salazar, Jonathan Turk, and Darsella Vigil, "College and university presidents respond to COVID-19: April 2020 survey," April 23, 2020, [acenet.edu](https://www.acenet.edu).

² Integrated Postsecondary Education Data System, National Center for Education Statistics, FY2018, nces.ed.gov.

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About the research: McKinsey's student enrollment survey

We conducted an online survey of 2,094 US-based high school seniors to understand their plans for enrollment in institutions of higher education in the context of COVID-19 between April 21 and 28, 2020. Within this group, we particularly focused on 1,459 students who are currently considering a full-time bachelor's degree program. This group included 276 (19 percent) black or African American students and 393 (27 percent) Hispanic or Latinx students. The survey sought to understand enrollment perspectives across a number of dimensions, helping add some details and nuances to the existing research:

- **Focus on equity and college readiness.** We oversampled underrepresented minority students and lower-income students, paying particular attention to

differences across demographic groups on various college-readiness and remote-learning-readiness factors, with implications for student success.

- **More nuanced analysis of certain enrollment decisions.** We surveyed enrollment plans for students who were previously not considering enrolling in a full-time bachelor's degree to understand not only the students who were no longer planning to enroll but also those newly deciding to enroll. In addition, to better assess the impact of a remote semester in fall 2020, we separate the potential impact between changes that have already occurred as of April and the possibility of a remote semester.

- **Analysis of students' actual shifts to date in first-choice schools.** We asked students to write in their first-choice school (before the crisis) and current-choice school (as of April) and analyzed the switching patterns. This allowed us to understand how student decisions have actually changed beyond what students simply state as important to them.
- **Understanding effects of timing on students' decisions.** Similar to other surveys, we plan to conduct another survey in one month to understand how attitudes and decisions shift over time and compare trends across the two.

Near-term steadiness, but the future is uncertain

The theme underpinning many of our findings is uncertainty. Many high school students have not finalized their decisions about college—from where to study to whether to enroll—which presents planning challenges for leaders and enrollment officers. Between the start of the pandemic and now, some high school students have changed their plans. And as of April, around 8 percent no longer plan on enrolling in a full-time bachelor's degree program; however, this is counteracted by a similar boost of students who are newly choosing to enroll,

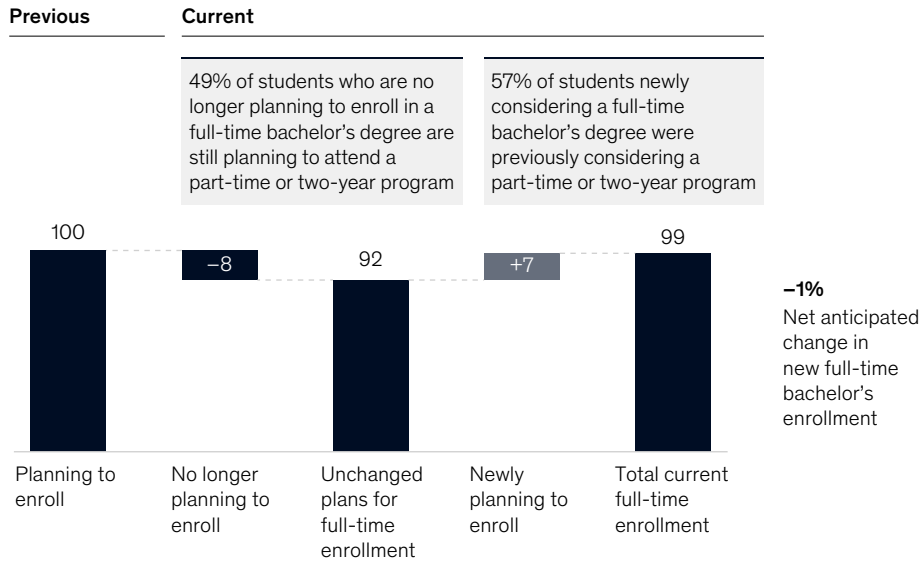
who had previously planned to either enroll in a part-time or two-year program or not enroll in school at all. Altogether, the total number of high school students planning to enroll in a full-time bachelor's degree program could remain largely unchanged (Exhibit 1). Indeed, students seem optimistic, with 37 percent reporting that they believe things will “go back to normal” within three months (by around the end of summer), and another 27 percent expecting “normal” within five months, which could be the reason the numbers are fairly steady.

Exhibit 1

While some high school seniors have changed plans since January, total new full-time bachelor’s enrollment may remain unchanged.

Full-time bachelor’s enrollment plans for high school seniors, current¹ vs previous,²

% of respondents (n = 1,459)



¹ Question: "How likely are you to consider each of the following for after you leave high school?"

² Question: "Prior to COVID-19 (eg, January 2020), how likely were you to consider each of the following for after you leave high school?"

Source: McKinsey COVID-19 Higher Education Enrollment Survey: Wave 1, conducted April 21–28, 2020, Screener portion

Students’ first-choice schools are changing

Since January 2020, just over one-fifth of students have changed their first-choice school, citing cost and location as their top reasons for doing so (Exhibit 2).

Of those students, 44 percent reported wanting to attend a school with a lower cost of attendance, 30 percent wanted to stay closer to home, and 26 percent wanted to avoid a COVID-19 hotspot at their first-choice school’s location. Indeed, we found that students choosing an in-state, public institution increased by ten percentage points. Moreover, an analysis of distance between chosen schools and students’ reported home zip codes found that students choosing an institution located within 50 miles from home increased by 11 percentage points, while students choosing to attend an institution located more than 500 miles from home decreased by seven percentage points (Exhibit 3).

Part of this shift toward lower-cost institutions may reflect a similar trend that typically occurs between January and April.

Interestingly, we have not yet observed a discernible shift in student preference by school size, urban or rural settings, or by online capabilities, which may suggest that uncertainty around travel (particularly air travel) is a major contributor to changing preferences.

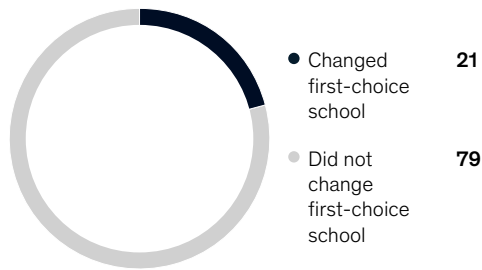
Students highlight COVID-19’s impact on college preparedness and potential for success

A significant portion of students reported that COVID-19 had affected their readiness, willingness, or ability to attend a higher education institution. For example, 45 percent of students said that COVID-19 has had a strong or extremely strong impact on their emotional and mental preparedness, while 30 percent reported a strong or extremely

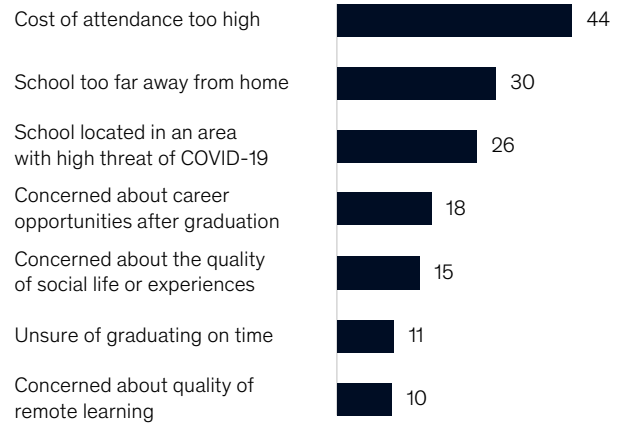
Exhibit 2

Of incoming students, 21 percent have changed their first-choice school, most often citing cost and location.

Students who changed their first-choice school,¹
% of respondents (n = 1,308)²



Reported reasons for changing first-choice school,³
% of respondents (n = 273)⁴



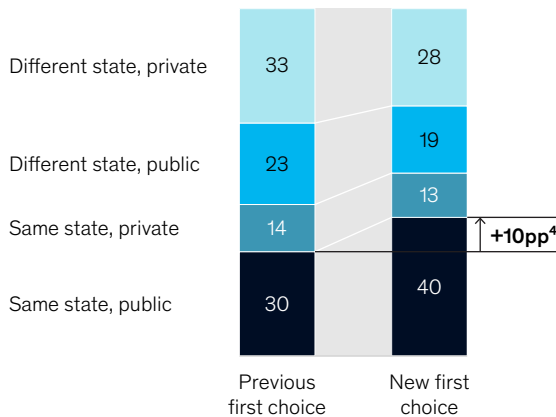
¹ Question: "You responded that your first-choice school has changed since COVID-19. Prior to COVID-19 (eg, Jan 2020), what was your first-choice school?"
² Only 1,308 students gave recognizable inputs for both previous and current choices of school.
³ Question: "And why did you decide to change your first choice?" Multiple responses allowed.
⁴ Only includes students who input different colleges as their first choice before and after COVID-19 and chose four-year institutions as both their initial choice and as their new choice.

Source: McKinsey COVID-19 Higher Education Enrollment Survey: Wave I, conducted April 21–28, 2020

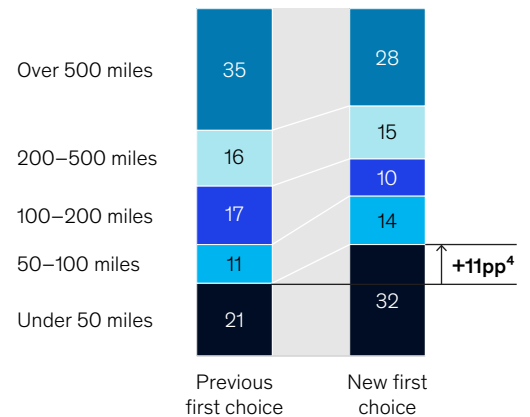
Exhibit 3

Students who changed their first choice are increasingly opting for in-state public institutions and/or schools closer to home.

Institution sector of first-choice colleges before and after COVID-19,¹ % of respondents (n = 273)²



Distance from respondents to their first-choice colleges before and after COVID-19,¹ % of respondents (n = 267)³



Note: Figures may not sum to 100%, because of rounding.

¹ Question: "You responded that your first-choice school has changed since COVID-19. Prior to COVID-19 (eg, Jan 2020), what was your first-choice school?" "What is your zip code?"
² Only includes students who input different colleges as their first choice before and after COVID-19 and chose 4-year institutions as both their initial choice and as their new choice.
³ Six respondents who changed their mind did not input valid zip codes and are therefore excluded.
⁴ Percentage point.

Source: McKinsey COVID-19 Higher Education Enrollment Survey: Wave I, conducted April 21–28, 2020

strong impact on their ability to afford school. Almost a third of respondents shared concerns about their academic preparedness for school, likely because of the unforeseen disruption in learning during a pivotal year of high school.

Variances in trends among demographics also emerged in our findings. For example, 41 percent of Hispanic or Latinx students report a strong or extremely strong impact on their ability to afford school; 40 percent of students from lower-income households report the same—an increase of 10 to 11 percentage points from the general population (Exhibit 4).

A remote fall semester introduces more uncertainty

While overall college preparedness is top of mind during the pandemic, the possibility of remote

learning adds complexity for higher education institutions. Only 25 percent of students responding to the survey agree that they feel prepared for a remote freshman year of college, compared with 54 percent who believe they are prepared for an in-person first year. In addition, only 23 percent of students are confident they can get a quality education through remote classes, and just 19 percent are confident they can build relationships in a remote environment.

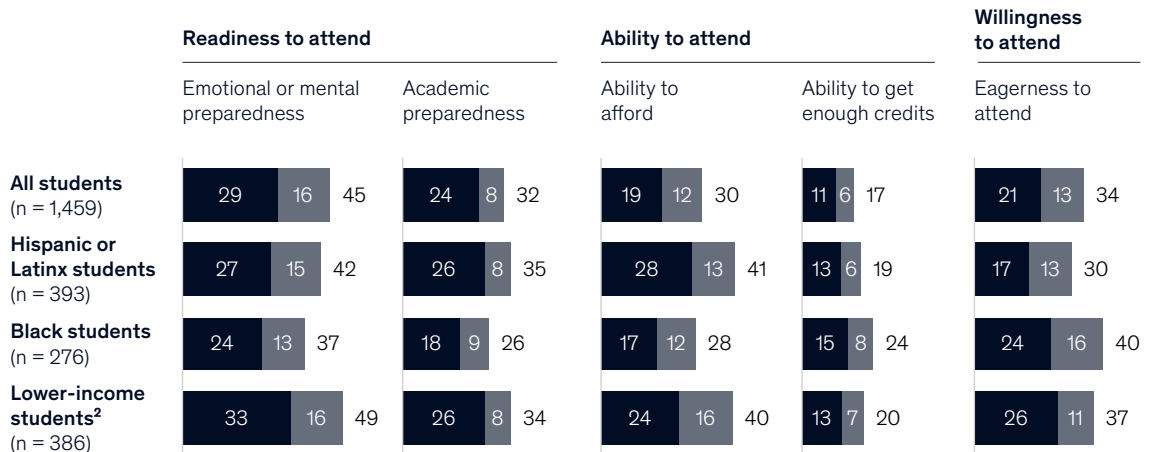
These and other concerns are contributing to enrollment uncertainty in the case of a remote fall semester, and the number of students changing their enrollment plans may yet more than double. Nearly half of the students surveyed report being very likely to change their plans: 15 percent of those students are very likely to defer by at least a semester, and up to 45 percent are very likely to look for a different school (Exhibit 5). The most

Exhibit 4

A significant portion of students may continue to be at risk in terms of readiness, ability, and willingness to enroll.

Level of reported impact on college preparedness factors,¹ % of respondents

■ Had a strong impact ■ Had an extremely strong impact



Note: Figures may not sum, because of rounding.

¹ Question: "What, if anything, has been the impact of COVID-19 on the following aspects of your preparedness for college?"

² Includes students with an annual family income of less than \$50,000.

Source: McKinsey COVID-19 Higher Education Enrollment Survey: Wave I, conducted April 21–28, 2020

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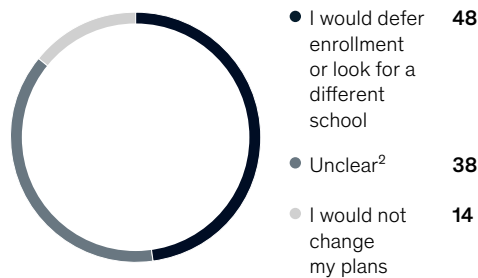
commonly cited reasons include doubts about the quality of remote learning, the lack of campus experience, and the costs—the latter of which may be seen as too high for an online experience. If institutions have to shift to remote learning in the fall, 32 percent of students report that they're most likely to look for schools with better online

capabilities, 29 percent would look for lower cost of attendance, and 25 percent would look for greater job-placement resources. The vast majority of students (83 percent) expect a tuition discount in the case of a remote fall semester, which, combined with potentially lower enrollment, would significantly affect university revenues.

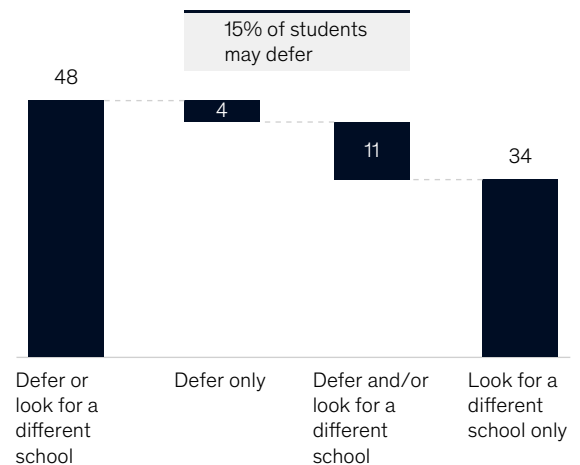
Exhibit 5

In the case of a remote fall semester, 48 percent of students report being very likely to defer enrollment or look for a different school.

Likely college plans given a remote semester,¹
% of respondents (n = 1,459)



Breakdown of defer enrollment or look for a different school,
% of respondents (n = 1,459)



Note: Figures may not sum, because of rounding.

¹Question: "If the fall semester were to be fully remote due to COVID-19 how likely would it be to impact your plans in the following ways?" Multiple selections allowed. Responses aggregated by "Very likely" option

²Includes respondents who responded that they were not "Very likely" to do any of the options or responded that they were "Very likely" to both change their plans and not change their plans

Source: McKinsey COVID-19 Higher Education Enrollment Survey: Wave I, conducted April 21–28, 2020

The challenges of remote learning are not distributed equally

Particularly concerning is the fact that students' ability to succeed in a remote-learning environment may differ greatly by income levels. Less than half (40 percent) of students from lower-income households report being able to get the necessary equipment for remote learning compared with 72 percent of students from high-income households. Furthermore, only 56 percent of students from low-income households report having reliable internet access and 45 percent report that their home environment could support remote learning, compared with 77 percent and 64 percent of high-income students, respectively (Exhibit 6).

Losses for universities could add up to \$19 billion

Our survey focused on domestic, prospective first-year undergraduate students, which account

for about 16% of overall student enrollment in four-year higher education institutions.³ As such, this survey serves as a starting point to consider how a potential enrollment drop among various student populations may affect university financials.

Our analysis suggests that domestic first-year undergraduate enrollment may drop as much as 15 percent in the case of a remote fall semester. That drop, paired with a more modest 5 percent drop in domestic non-first-year undergraduates (assuming that non-first-year enrollment may be "stickier" than first-year enrollment) could lead to almost \$7 billion in lost tuition and fee revenues at the sector level (all four-year higher education institutions across the United States). In the case of an overall enrollment decline of 20 percent across all undergraduates, revenue losses could be \$19 billion from lost tuition and fee revenues alone (Exhibit 7).

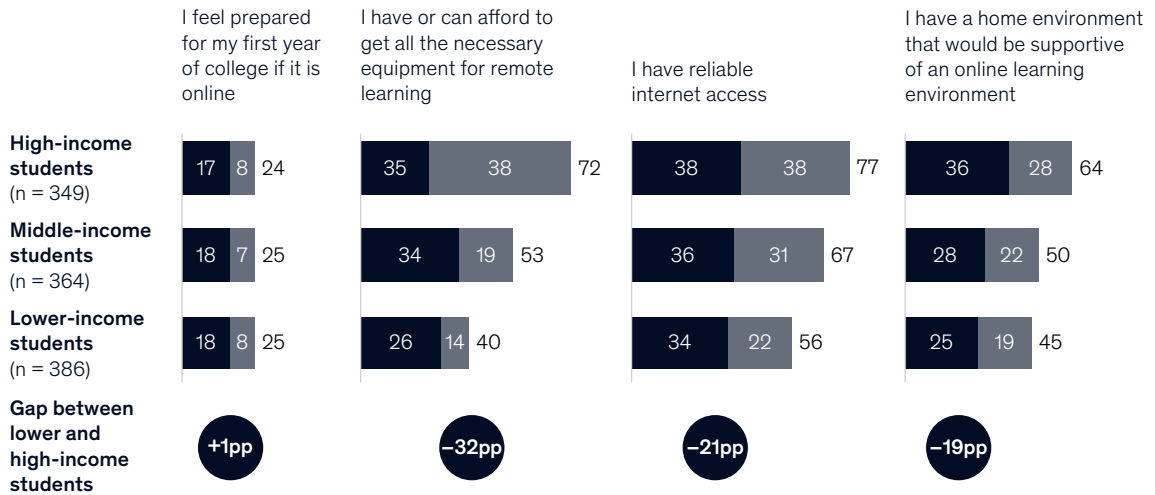
³ Integrated Postsecondary Education Data System, National Center for Education Statistics, FY2018, nces.ed.gov.

Exhibit 6

There are large differences in students' self-reported ability to succeed in a remote environment across income levels.

Readiness to access remote learning from home¹ by income level,² % of respondents

■ Agree ■ Strongly agree



Note: Figures may not sum, because of rounding; pp = percentage point.

¹ Question: "Please indicate how strongly you agree or disagree with each of the following statements."

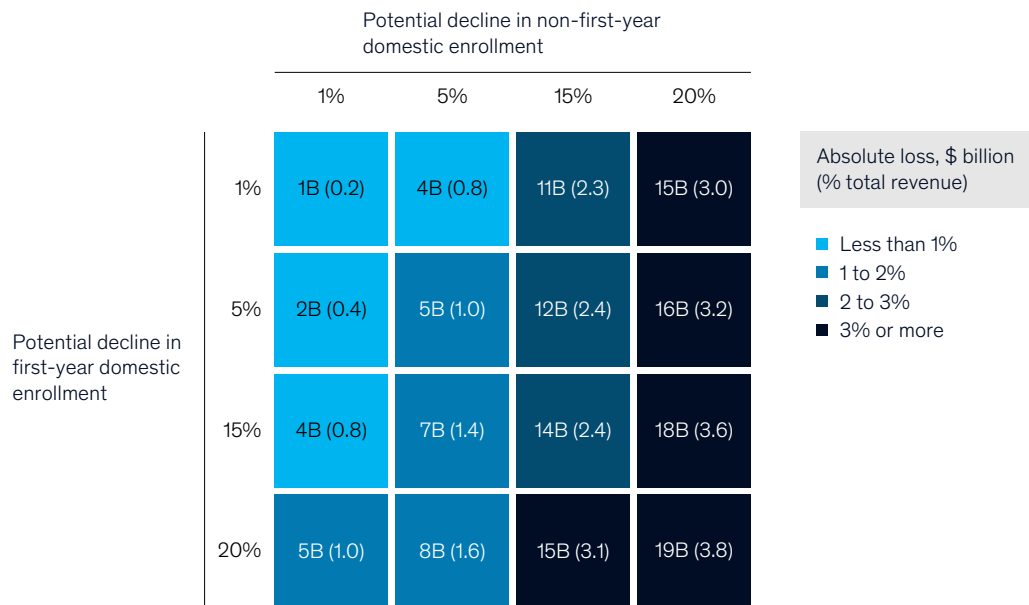
² "Lower income" includes students from families with annual income less than \$50,000, "middle income" includes \$50,000 to \$100,000, "high income" includes \$100,000 or more.

Source: McKinsey COVID-19 Higher Education Enrollment Survey: Wave I, conducted April 21–28, 2020

Exhibit 7

Declines in domestic undergraduate enrollment could lead to as much as \$19 billion in revenue losses.

All four-year postsecondary schools, domestic undergraduates only



Note: Analysis assumes domestic graduate students on average contribute 1.76x more net tuition per student, international undergraduate students contribute 2.66x more, and international graduate students contribute 2.24x more compared with domestic undergraduates. Percent revenue figures reflect percent total revenues, not just tuition and fees.

Source: IPEDS, NCES National Postsecondary Student Aid Study 2015–16

Of course, these potential losses would impact institutions differently based on their circumstances. For instance, some schools rely more heavily on tuition revenue, while others have a large population of graduate students or international students. Our survey also suggests that other factors, such as the institution’s reliance on out-of-state students, overall cost of attendance, or online capabilities may also affect whether or not they are able to retain similar levels of enrollment—especially in the case of a remote fall semester.

How higher education institutions should respond

College enrollment is continuing down a path of uncertainty as schools grapple with reopening—whether that means a bustling campus or virtual

classrooms and labs—but getting a glimpse into students’ thinking can help provide a foundation of information on which to make decisions about preparation. Above all, higher education leaders must determine how to balance the financial implications, students’ experience and safety, and equitable access to high-quality education. Admissions and enrollment officers can apply a number of best practices, even beyond their deposit deadlines in this context of uncertainty.⁴ The next few months are critical for universities to understand and address students’ concerns to the best of their abilities—and communicate what it is that they are doing, especially for institutions planning a partially or fully remote semester. Enrollment activities will likely remain high priorities throughout the summer, so higher education leaders should consider actions now to prepare for what’s to come.

⁴ For more, see Hamilton Boggs, Charag Krishnan, Samvitha Ram, and Jimmy Sarakatsannis, “Best practices for an unusual US admissions cycle amid coronavirus,” April 2020, McKinsey.com.

Communicate with students and provide additional resources

Schools should be much more proactive about their communications with students, and through various touchpoints. When asked what would make them think more favorably about a school in the case of a remote fall semester, 52 percent of students cited conversations with faculty about an academic major or remote learning; 42 percent wanted clear communications and responsiveness from the school; and 25 percent wanted to observe an online class.

Schools can also consider hosting virtual events to build a sense of community. Thirty-six percent of students ranked virtual first-year student gatherings as their top choice to build community, while 21 percent of students chose virtual student organizations; another 21 percent selected virtual mentoring, such as buddy events with returning students.

Since many students will not be as emotionally or academically prepared to enter college as they may have been otherwise, providing mental-health resources and remedial-help options as well as helping connect students with social service organizations can fill that gap. In addition, schools can play a role in scaling outreach, such as through video options for counseling, online mindfulness classes, and other applications and tools.

Help students weather the financial impact of COVID-19 and prioritize equitable access

If they haven't already, higher education institutions should immediately begin the certification process to receive CARES funding. As of mid-April, more than three-quarters of schools hadn't initiated the process. College leaders should develop a distribution plan to ensure students in need receive aid in a timely manner and coordinate with

student-affinity groups and organizations to ensure the most at-risk students are aware of funding availability early on. Proactive communication from the university can help students throughout their decision-making process.

Students will have questions, so colleges should develop and deploy an easy-to-use student portal that addresses commonly asked questions on eligibility, deadlines, and eligible expenses, with links to a simple application portal.

Colleges could also repurpose institutional funds to support students who do not have Title IV eligibility, such as those who are undocumented or international.

Help students succeed in a remote-learning environment

Schools will need to consider providing support for students to succeed in a remote learning environment, especially those who may not have the necessary equipment or reliable internet access.⁵ Institutions can offer stipends for internet access and laptop rentals or purchases, or they can directly procure and lend equipment for under-resourced students. In addition, schools can research options for, provide information to, and advocate for students, including working with state and local providers and agencies to request government support.

In the face of such disruption, a public-health crisis, and a global economic downturn, fall enrollment remains uncertain. But the higher education leaders keeping a pulse on students' and parents' concerns, perspectives, and thinking—and responding accordingly—will be the ones best positioned to serve them in meaningful ways come fall.

⁵ Christine Heitz, Martha Laboissiere, Saurabh Sanghvi, and Jimmy Sarakatsannis, "Getting the next phase of remote learning right in higher education," April 2020, McKinsey.com.

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