

Differentiate or Die

Colleges need a clear niche to thrive in the coming demographic crisis

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New England higher education is about to experience a decade-long demographic crisis unlike anything in its history. While the crisis will significantly affect all six New England States, it will be most acute in the three northern states, as the competition for qualified high school graduates begins to intensify.

In Vermont, for example, Gov. Jim Douglas has predicted that the number of high school graduates will decline by as much as 20 percent over the next decade, and figures from the state Department of Education back up his warning. Specifically, Vermont schools enrolled 7,599 high school seniors in 2006, while there are only 6,205 first-graders in the “pipeline” to replace them, according to state data. That suggests a precipitous decline of more than 18 percent in the size of Vermont’s graduating high school cohort 11 years from now.

Figure 1 provides this “pipeline” comparison for all six New England states using 2006 enrollment figures for grades twelve, nine and one. In some states, the numbers suggest a slight enrollment increase until 2010, after which the bottom begins to fall out. The decline is most severe in Maine, followed by Vermont, New Hampshire and, to a lesser degree, Rhode Island.

Figure 1: Cohorts of K-12 Students in the Pipeline in 2006, by State

State	Grade Level			Projected % Change in Graduating Cohort Size
	12th	9th	1st	
Conn.	39,895	48,498	42,665	+9%
Mass.	67,619	82,320	71,497	+6%
Maine	18,024	19,628	14,393	-20%
N.H.	17,543	20,128	15,765	-10%
R.I.	10,836	13,935	10,429	-4%
Vt.	7,599	8,164	6,205	-18%

The statistics may distort the full gravity of the situation, however, as they fail to take into account high school dropout rates, which range between 3.8 percent in Massachusetts and 1.3 percent in Rhode Island. Moreover, school-aged population declines aren’t New England’s only demographic problem. Of equal concern is the “out-migration” of younger

New England adults. New England’s productive young people—single, college-educated individuals between the ages of 25 and 39—are leaving the region at an alarming rate. In Maine, for example, there was a net out-migration of 1,706 people in this age bracket between 1995 and 2000, according to Census data. (See Figure 2.)

Figure 2: High School Dropouts, Net Migration and Revised Graduating Cohort Projections, by State

State	Dropout Rate	Net Migration Total	Revised % Change in Graduating Cohort Size
Conn.	1.8%	- 6,315	+4%
Mass.	3.8%	- 1,062	+2%
Maine	2.7%	- 1,706	-23%
N.H.	3.1%	- 3,154	-12%
R.I.	1.3%	- 4,225	-7%
Vt.	2.9%	- 2,252	-23%

When adjusted for both dropouts and net migration out of New England, the change in cohort size looks even worse. For example, the predicted decline in high school graduating cohorts in Maine is actually more than 23 percent—three percentage points higher than the numbers projected in Figure 1.

All this leads to one conclusion: barring a dramatic improvement in our demographic profile, the New England states—and our colleges and universities—will soon be competing aggressively for a dwindling number of prospective students. Research shows that the vast majority of high school graduates who attend college in their home state tend also to stay and work in that state upon graduation. In Vermont, for example, the percentage of students who attend a Vermont public college and then leave the state to work elsewhere is just 3 percent. Conversely, students who come from out-of-state to attend college are much more likely to leave following graduation. National data puts this percentage at 90 percent. So each state’s future tax base—and its economic future—is inextricably linked to keeping its youth at home for college.

Governors in all six New England states are talking about the need to address this looming problem. The governors of Maine, New Hampshire, Rhode Island and Vermont have each put forward proposals aimed at stopping the “brain drain” using targeted scholarship money for students who stay in-state. Additionally,

five states (Vermont excepted) are increasing higher education capital expenditures to provide public colleges with facilities that will attract and retain students. New Hampshire invested more than \$150 million in its public colleges last year, while Massachusetts is proposing to spend \$2 billion over the next 10 years.

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But it will take more than just capital improvements to attract students. Colleges and universities will also need to target specific markets over the next decade. To borrow a phrase from a basic marketing text, “differentiation” will be the name of the game. Institutions that employ a strategy that makes them look like “all things to all people” are likely to struggle to maintain enrollments. Those that enjoy—or can carve out—a unique niche will be in the best position to withstand the coming crisis. Each institution will have to determine its own focus, and this focus may be an internal or external strength. College A, for example, may emphasize its unique or particularly attractive location, while College B may focus its recruitment on a programmatic strength such as sustainable practices, a specific art program or even athletic success. Schools that can closely connect their degree programs to job opportunities in New England will also have a distinct advantage. Traditionally, K-12 teaching jobs have been very attractive to college students wanting to stay in New England. As K-12 enrollments decline, however, we might see teacher education programs suffer. Students wishing to stay nearer to home will likely select majors that offer more local promise. College leaders need to ask: What are those majors? Do we offer them?

All colleges should evaluate the communities from which their students are coming to determine what it is that makes their college attractive to that market and seek to replicate it in other promising ones. At the same time, colleges should not overlook the opportunity to focus on out-of-New England markets. Nationwide, New England higher education is held in very high regard. Institutions that can capitalize on that generic reputation should.

At my college, Vermont Technical College, we know the looming demographic crisis will place a market premium on students who graduate with technical workplace skills. So a logical and historical niche already exists for the college. The challenge is to make

this niche appeal to more students who are selecting college majors. To ward off enrollment pressure expected in the near future, Vermont Tech is taking a three-pronged approach to continuing its growth. First, it is using a “pull” strategy by expanding its bachelor’s degree offerings in an effort to retain students for four years, rather than just two. In the past two years, the number of juniors and seniors at Vermont Tech has risen by 50 percent. For every additional junior the college retains, it can enroll one fewer freshman and still maintain a stable enrollment.

The second strategy is gender diversification. Vermont Tech’s main campus has seen its percentage of female students increase from 20 percent to 27 percent this fall alone. This kind of diversification adds to the quality of student life, aids in the recruitment of new students and creates positive perceptions among the school’s male and female students.

Finally, the college is focusing recruitment efforts on communities where it has a track record of success. These are both in-state and out-of-state communities where the college has a concentration of alumni, has recruited student athletes who have generated local press coverage or where excellent school counselor relationships and awareness of Vermont Tech exist. The assumption is that deeper penetration into markets where the College is already successful is likely to bear more fruit—rather than focusing new resources in new markets. That said, the College is closely monitoring enrollment data and will shift resources as new opportunities show promise.

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Ultimately, the impact of the coming demographic decline can be partially, if not fully, mitigated by the proactive actions of state and university leadership. There are two more years to get plans finalized and activated before the demographic forecasts become reality. The key is for institutions to return to marketing fundamentals and to focus on product differentiation and market penetration. The college that positions itself uniquely, relative to other New England schools, will be the college that thrives in the years ahead.

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