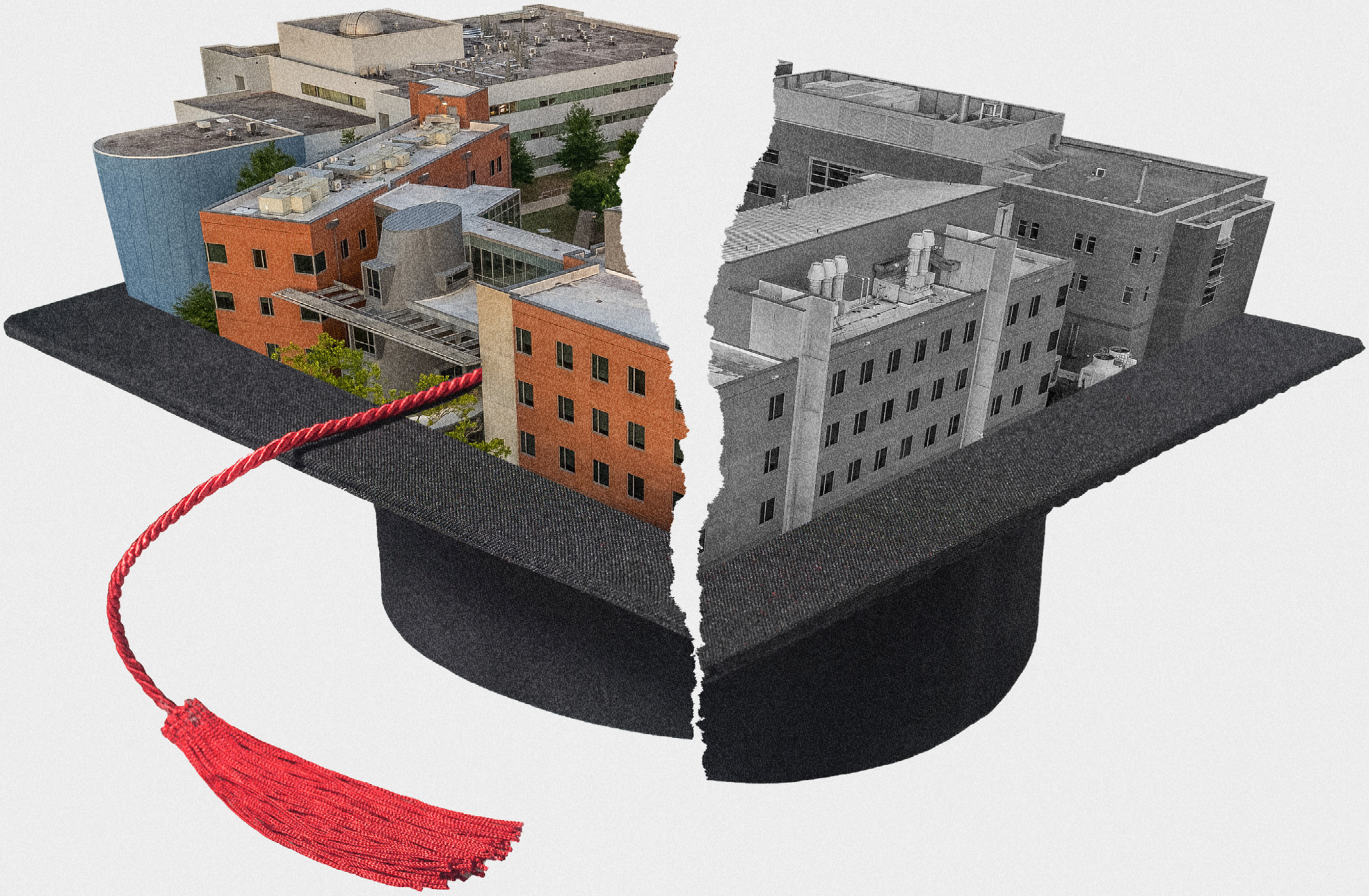
2025 Higher Education Trends

A look at the challenges and opportunities shaping America's higher education sector

Deloitte Center for Higher Education Excellence™



Deloitte Insights

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Introduction

"Higher education stands directly athwart the San Andreas Fault of American politics and American society, and that fault is the gap between the people in our society who have bachelor's degrees or more on the one hand and people who don't on the other."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

The past year saw extraordinary events across American higher education. These events have been highly visible and have significantly impacted public perception of the sector, prompting action on Capitol Hill as well as in many board rooms across the nation. The presidential election ushered in a new administration with a reform agenda aimed at reshaping many aspects of the public sector, including higher education. We are already seeing shifts in how instruction and research are funded, the standards for accreditation, how endowments are taxed, and other policy and regulatory changes with far-reaching implications for colleges and universities.

Trust in higher education continues to decline, as evidenced by the latest Gallup data (figure 1).[1] Concerns about the value of a degree, politicization, rising tuition costs, and perceived misalignment with workforce needs are contributing to the erosion of public confidence in US higher education.[2] In response, the National Education Foundation has initiated discussions on how the sector can rebuild trust. Sectorwide and institution-led initiatives aimed at restoring confidence in higher education are underway, with a focus on transparency, accountability, and community engagement—anchored firmly in student success.[3]

The percentage of Americans that express high confidence in the value of higher education fell from 57% to 36%.

Amid this change, higher education leaders and governing bodies are challenged to chart a course for their institutions that addresses the public's broader concerns while being tailored to their specific constituents' context. In what follows, we outline five areas that should occupy significant focus in leadership and governance circles as institutions plot their "long game" strategies.

1. Consider and adopt financial models that align the allocation of funds to the institutional mission; develop incentives for new programs and initiatives but with equal consideration and incentives focused on what should be discontinued.

2. Approach risk management and engagement in a way that is reflective of the current environment.

3. Embrace the imperative to align academic program offerings to the rapidly evolving labor market and to consider alternatives to the traditional degree as the gold standard credential.

4. Reassess what is needed in leadership and governance roles within higher education to meet the current moment.

5. Proactively and significantly shift toward systemness—through consolidations, mergers and acquisitions, franchising through satellite campuses, and through creation of vertical and horizontal networks—to achieve cost savings and efficiencies both in higher education's back office as well as the "front office."

Given the intersection of an array of forces affecting America's campuses and future workforce needs, the country is entering a new era for higher education—one that requires colleges to become entirely new institutions rather than staking their futures on tweaks at the edges.

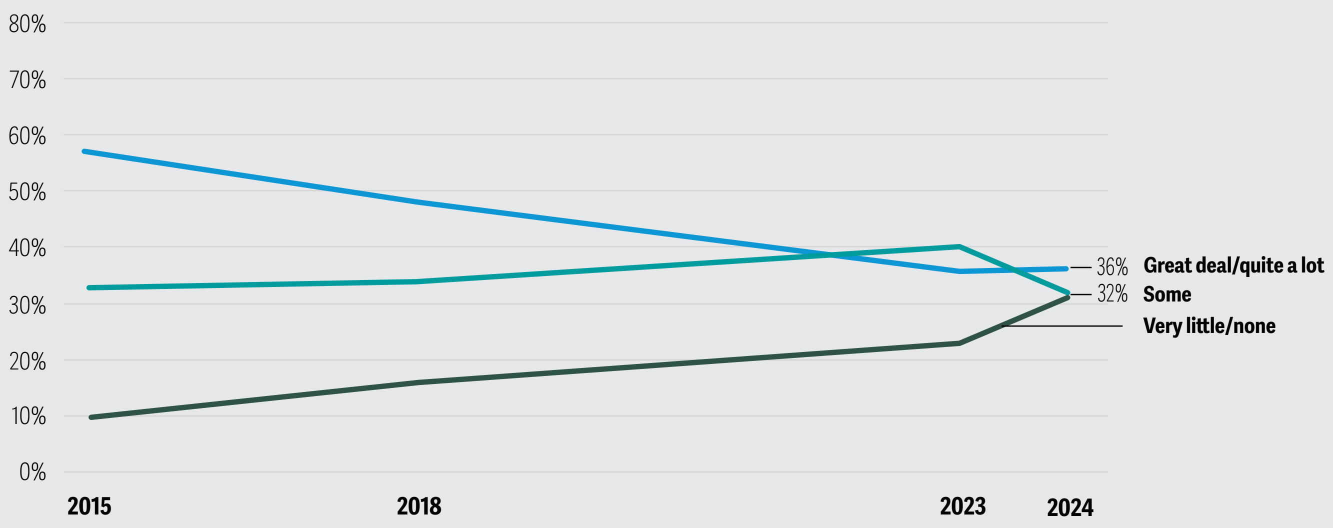
ABOUT OUR RESEARCH

Deloitte's Center for Higher Education Excellence convened college and university presidents in December 2024 at Deloitte University in Westlake, Texas. This third annual forum on the New Era of Higher Education was designed to foster conversations on trends driving disruption in the field to help leaders better understand these key issues and the opportunities they create. The goal of the New Era Forum is to allow institutional leaders to share successes and learn from failures to achieve lasting and positive change. This article describes and prioritizes trends identified by discussions with the New Era Forum community.

Figure 1

Public confidence in the value of US higher education has declined sharply over the past decade

Confidence in US higher education



Notes: "None" is a volunteered response. No opinion percentages are not shown.

Q: Please tell me how much confidence you have in higher education—a great deal, quite a lot, some, or very little?

Source: Jeffrey M. Jones, "U.S. confidence in higher education now closely divided," *Gallup News*, July 8, 2024.

Trend no. 1: Tackling significant financial headwinds

"If institutions keep operating this close to the margins, there is no room for error, no room for creativity, and no room for budget to align with strategy."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

The post-election landscape in America brings a layer of complexity to questions of financial sustainability for colleges and universities. The sector has experienced impacts to cashflow as well as uncertainty surrounding federal funding. This shift may push the dependencies for funding from the national to the state level and add costs and operating constraints to private institutions.[4] However, this environment may also create opportunities for institutions that have robust, trusted data sets on employment outcomes and return on investment. Additionally, there may be opportunities—albeit with short runway—for institutions to develop deeper relationships with private funders. Reform proposals being discussed include increasing the tax rate on income from endowments, ending or curtailing student loans for graduate students—and in some cases, undergraduates, as well—and restricting funding for institutions that do not redact explicit focus on promoting diversity, equity, and inclusion through academic and student success–focused programming and hiring.[5]

These changes come on the heels of a series of strong headwinds that institutions across the country are already facing. Higher demands on institutions clash with higher costs for services provided. Challenges include skyrocketing overhead costs—including health care, student mental health, and insurance premiums.[6] With more onus placed on institutions to provide increasing layers of wraparound services with less clarity on where the resources come from to support these initiatives, many colleges and universities are feeling the heavy burden of trying to find creative ways to tackle costs.

Across the sector, institutions face various degrees of financial precarity. Even the most well-resourced institutions are not immune. In 2023, four of the 14 universities currently in the Big Ten Conference reported large operating deficits.[7] Since the beginning of 2024, an average of one college each week has announced it would either close or merge with another institution.[8] At least 20 colleges closed in 2024, and more are set to shut down after the current academic year. Altogether, more than 40 colleges have closed since 2020 (figure 2).

Institutions now have an opportunity to consider the strategic budget choices that have all too often been made through inertia, rather than through a clear-eyed look at what activities, programs, and expenses are truly driving impact toward the institution's mission and exist for the benefit of students. Absent this reassessment, institutions may be faced with the realities of shrinking, merging, or the very real possibility of closure.

The financial strain faced by many colleges and universities, along with the need for a systemic approach to these strategic choices, is prompting institutions to adopt a more centralized approach to managing resources. This includes assessing strategic budget trade-offs against the mission of the institution and identifying activities that need to be stopped.

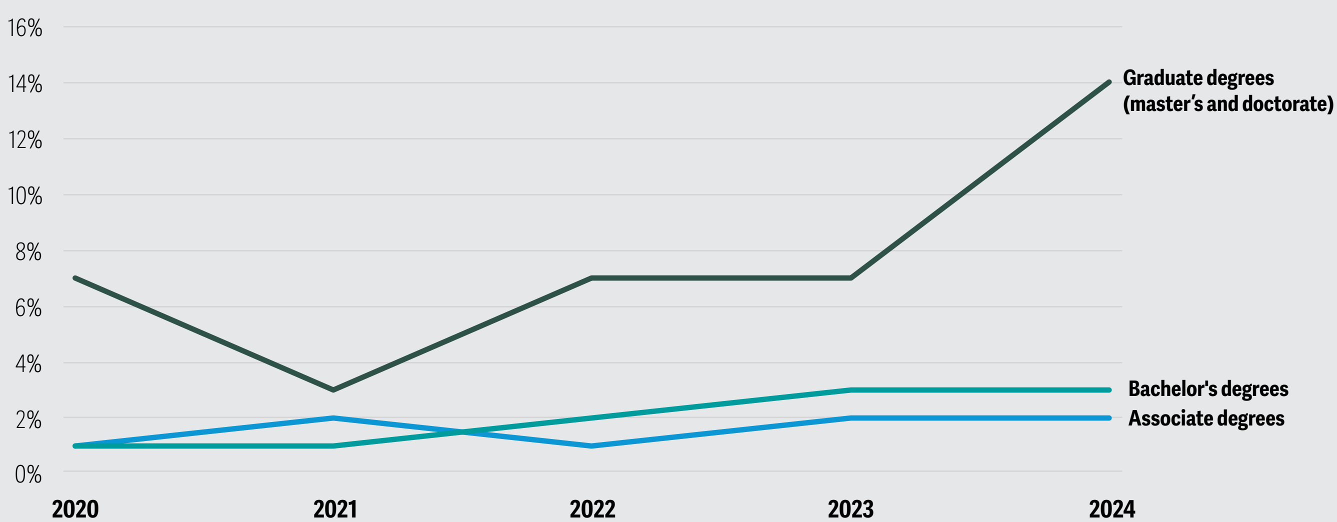
To tackle considerable financial headwinds, institutions need to align their financial resources more tightly with their institutional priorities, fostering greater accountability and ensuring that budgeting decisions support long-term goals and values. By conducting a clear assessment of the costs associated with academic and nonacademic offerings, institutions can identify overextensions in programs, staffing, and nonacademic investments and make informed decisions about which activities to discontinue. Nearly half of college and university presidents recently surveyed by *Inside Higher Ed* said their institution has too many academic programs and that some needed to close.[9]

Adopting strategic budgeting practices in higher education can enable institutions to align scarce financial resources more effectively with their institutional priorities. Strategic budgeting approaches that higher education institutions can adopt range from diversifying revenue streams—within mission—to taking a hard look at the resources and investment required to accomplish each strategic priority, aligned realistically within the expected revenue projections.

Figure 2

Since 2020, more than 40 colleges have closed in the United States

College closures by types of degree granting



Source: The Hechinger Report, "Counting college closures," December 2024.

"Building trust will allow for more financial stability because it invites people to collaborate to come up with solutions that are leaner and more aligned with mission while also avoiding duplication."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

Institutions that thrive in unpredictable environments couple this centralization with transparency in decision-making—clearly communicating who is making the decision and the criteria used—and with consistent communication to the community, framing the path forward in terms that resonate with those receiving the information. As Bob Brown, president emeritus of Boston University, put it, "When you are sailing through a storm, you don't want folks wearing headphones and not communicating with each other."[10]

To enable institutional agility, higher education leaders must ensure that resources are allocated in a mission-focused way that supports the institution's long-term goals, rather than allowing decisions to be made at the individual unit level. This may require a shift in mindset and will certainly require a look not only at the administrative support areas but also at the student support infrastructure and academic program array. Figuring out what to stop, accelerate, and start doing is vital.

Equally important is the communication of the budget across the institution. Financial legibility and transparency can help to build trust among constituencies, who can then collaborate to find creative solutions rather than remain at odds with leadership. This focused alignment of the institution's budget with its strategic plan can facilitate the creation of a new financial model that can be communicated with external audiences—such as philanthropy and policymakers—who can help to alleviate the strain if they are in partnership.

Leaning into the power of partnering with philanthropy, the private sector, and the government at the federal, state, and even local level can help find new models of financial stability. Developing clear communication with stakeholders, such as legislators, donors, and corporations, can assist with support for funding. In a tight market with shrinking resources and increasing costs, it becomes even more imperative to clarify the mission of the institution so that program prioritization can take place, while resources are invested in programs that align with vision and future goals. Financial transparency and legibility with internal and external constituencies can pave a path for collaborative responses to the increasing financial headwinds.

INSTITUTIONS TO WATCH

- The upstart **University at Austin** is designing the university from the ground up with streamlined costs, opting to provide offshore administrative services from teams in Guatemala.

- Institutions and systems are taking a data-informed and mission-driven approach to program array. **The University of Wisconsin Board of Regents** is reviewing academic programs across the state to understand how underenrolled programs can be grown, consolidated, or closed to reach a sustainable array that meets the the needs of the state and learners.[11]

- **Western Kentucky University** (WKU) undertook a significant initiative to enhance their use of data and analytics throughout the enrollment management process. This effort aimed to support lead generation, improve yield conversion, optimize financial aid awarding, and identify early student success risk indicators. Through this initiative, WKU was able to: increase student enrollment by over 100 net new students, adding an estimated US$2.4 million in net tuition revenue; revise its scholarship awarding framework to grow enrollment while balancing its record-high retention rates, adding another estimated US$2.3 million in net tuition revenue; and accelerate in-state and out-of-state recruiting in new markets, resulting in a gain of 20,000 net new prospects.[12]

- During this time, WKU explored over 50 potential changes to its financial aid framework, predicting the impact on net tuition revenue, enrollment headcount, and various academic and diversity metrics of the incoming cohort. The university also proactively reached out to students needing financial support using communications and behavioral nudges to promote low-income scholarships and federal grant applications, supporting first-generation enrollment. The strategic improvements have positioned WKU to not only enhance their enrollment management practices, but also to align their financial aid strategies with broader institutional goals, ensuring a diverse and academically strong student body.[13]

Institutions also need to consider the potential to leverage improvements in artificial intelligence to help leaders looking to tackle these financial headwinds by allowing more surgical precision with spending. AI-enabled tools can provide greater data-driven insights to factor into the budgeting processes. Predictive analytics, machine learning, and generative AI are enabling leaders to look across large amounts of university and public data in order to understand trends and make recommendations. This can include everything from enrollment trends to identifying the "right" amount of financial aid and correlating margin impact programs. Cross-walking data on student demand for programs with workforce needs and talent management through technologically enhanced analytics can help provide a road map for program prioritization and creation. Universities can also create more elaborate scenarios and virtual models to test out financial strategies.

Trend no. 2: A new risk paradigm befitting of today's risk landscape

Higher education leaders in America often face challenges, but over the last year, they have had to address issues such as campus turmoil, protests, and encampments, and changes in policy or practice made in response. Among the hot-button issues confronting leaders are challenges balancing free speech and campus safety, the ongoing impact of the COVID-19 pandemic on student preparedness, and political interest in higher education and the role of elite institutions in shaping our society.[14]

While the magnitude and direction of change in higher education is uncertain, it is clear that leaders should plan for change. Higher education has yet to fully embrace the opportunity and disruptive force that AI and technological change portends for both the preparation of students for the future and the conduct of research in this rapidly evolving environment. Given the unpredictable future of US higher education, it can be helpful for leaders to imagine different scenarios that might play out to advance the discourse about the state of the field and the kinds of adaptations that might be necessary in various future states.

Historically, risk management in higher education has focused on tangible assets like physical infrastructure and financial resources. However, the modern risk environment demands a more expansive view that includes intangible assets such as intellectual property, reputation, and data security. The risks colleges and universities face today are numerous, driven by factors like demographics, economics, politics, regulations, and technologies (figure 3). Even well-funded institutions are challenged, let alone those struggling to stay afloat.

To address this complex risk landscape, institutions should consider adopting a holistic risk management framework that integrates diverse risk areas into their strategic planning processes. This involves identifying and assessing a wide range of risks, both internal and external, and understanding their potential impact on institutional objectives. Legal professionals, compliance teams, and risk managers, along with institutional

Figure 3

Significant risks and risk drivers facing higher education in 2025

Significant risks facing higher education institutions	Significant risk drivers to higher education institutions
Cyber breaches	Public perception of the value of higher education
Faculty and staff attrition	Decline in US population growth
Student activism risks	Overdependence on tuition for revenue
Mergers, acquisitions, and closures	Declining student mental health
Shift in administrative priorities impacting funding sources	Evolving demand for program offerings
	Lack of institutional agility in decision-making
	Deferred maintenance
	Politicization of higher education

Source: Deloitte analysis.

AI AND RISK MANAGEMENT: A DOUBLE-EDGED SWORD

AI can be a double-edged sword as it is a means of minimizing risk in some areas while potentially increasing it in others. AI makes it possible to monitor very detailed network activities, logs, and incredible amounts of data to identify anomalies, and digital twins can help institutions to predict maintenance issues and concerns before they happen, to name just a couple of the risk minimization opportunities AI affords. On the flip side, AI can potentially give cyber attackers exponentially more ways to try to break in. If not used with consideration and thoughtfulness, it could lead to misuse or data privacy issues, or much worse.

leaders and boards, must exercise constant vigilance, sound judgment, and deep commitment to their stakeholders. By shifting from reactive to proactive risk management, higher education institutions can better safeguard their assets and ensure long-term sustainability. Today's risk drivers make it clear that risks cannot be managed in silos nor solely by risk management functions—they are too widespread and interrelated for those approaches to work.

The ability of higher education to thrive in uncertain times involves ensuring the adoption and effective implementation of an enterprise risk management (ERM) approach. This approach is designed to proactively identify, assess, and mitigate risks that could impact the institution's strategic objectives and overall sustainability, elevating the conversation of this strategic risk to the board. By doing so, the board plays a crucial role in safeguarding the institution's mission and long-term success. The risk of contagion—which refers to risks that can spread and amplify across various aspects of operations, creating a ripple effect of issues—should also be considered with measures taken to ensure accountability. For example, achieving ambitious enrollment targets may strain existing infrastructure, requiring institutions to address deferred maintenance and balance with new capital projects and other challenges. This interconnectedness of risks requires a comprehensive and proactive approach to risk management to ensure that a singular risk does not escalate into a series of compounded problems that could jeopardize the institution's overall stability and performance.

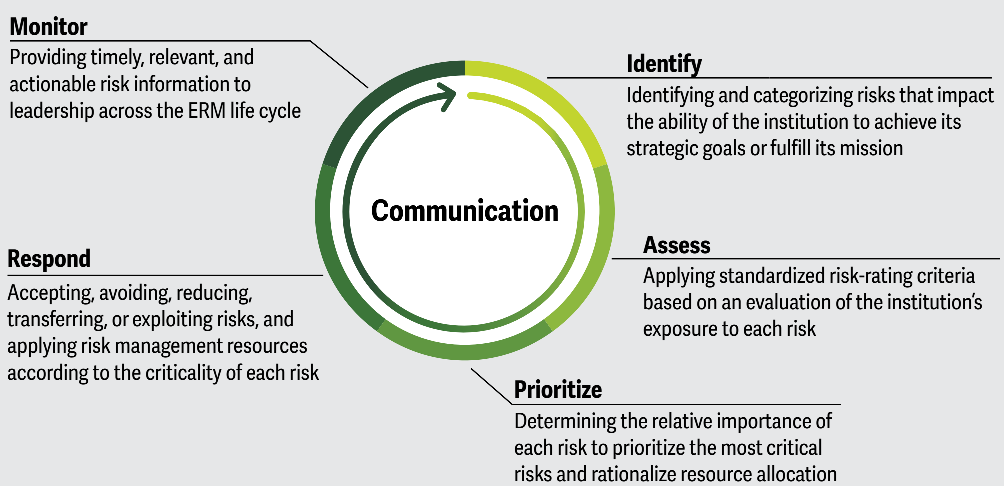
Once limited to the commercial and government sectors, colleges and universities are increasingly adopting an ERM approach (figure 4). ERM instills a holistic approach to addressing risks, replacing siloed practices with integrated ones. As a result, senior leaders, risk management professionals, and boards of trustees gain a panoramic view of risks and their interrelatedness and can develop more integrated and effective approaches to identifying, mitigating, and managing risk. Managing risk is no longer purely the domain of the general counsel's office or the audit committee of the board, but of every campus function. ERM enables leaders and risk managers to integrate risk management across the organization, instill risk awareness and procedures into everyone in the organization, and get to the roots of the complexity of the new risk landscape.

Navigating these challenging times can be aided with a three "O" framework. This framework consists of providing: *outlets* for stakeholders to express their viewpoints, *off-ramps* to allow stakeholders to de-escalate involvement in a crisis, and *outcomes* that ensure all actions taken are transparent. While straightforward, implementing this framework requires that institutions understand the disparate needs and points of view of their stakeholders, and proactively plan for a range of plausible possible outcomes. Knowing how to respond in a crisis and being clear on where bright lines exist well in advance of the moment allow leaders to make informed decisions on how to respond in a crisis.

ERM enables leaders and risk managers to integrate risk management across the organization, instill risk awareness and procedures into everyone in the organization, and get to the roots of the complexity of the new risk landscape.

Figure 4

High-quality risk information enhances decision-making and governance across the enterprise risk management (ERM) life cycle



Source: Cynthia Vitters, Jake Braunsdorf, and Joseph Lord, "Significant risks facing higher education," *Deloitte Insights*, Dec. 18, 2024.

To thrive in the new normal, higher education will need to become more agile to be able to respond to growing demands, student expectations, and new modalities. This will require creative thinking about the way institutions are organized and the ecosystem in which they operate. ERM processes that support agility in scenario planning can be helpful, including identifying significant risks, understanding who owns the oversight of these risks, and ensuring there is a clear governance structure in place to manage them.

INSTITUTIONS TO WATCH

- **DePaul University** has strategically integrated ERM into its core operations, demonstrating a strong commitment to maintaining a proactive risk posture. The university's leadership established an Enterprise Risk Committee, composed of executive leaders, to oversee and make decisions regarding the risk management program. This committee ensures that risk management is embedded into the university's strategic planning. Through a comprehensive risk assessment process, DePaul identifies and evaluates potential risks, prioritizing those that require immediate attention. Specific leaders are assigned to manage these risks, ensuring dedicated and focused responses.
- By aligning potential risks with its overarching strategy, DePaul leverages the "upside of risk" to advance its mission and reinforce its identity as a forward-thinking institution. This approach allows the university to capitalize on opportunities while mitigating threats. DePaul's approach to ERM not only enhances its ability to address risks proactively but also fosters a culture of continuous improvement and achievement. This strategic implementation of ERM serves as a model for other higher education institutions, showcasing how effective risk management can align with and support institutional goals.[15]
- **University of Massachusetts** has developed creative reporting methods to enhance communication between its leadership and the board of trustees to enable risk-informed decision-making.[16]
- **Western Governors University** has implemented a risk assessment process that identifies, assesses, and prioritizes risks, allowing for response and resource allocation to be focused on the most significant risks facing the university.[17]

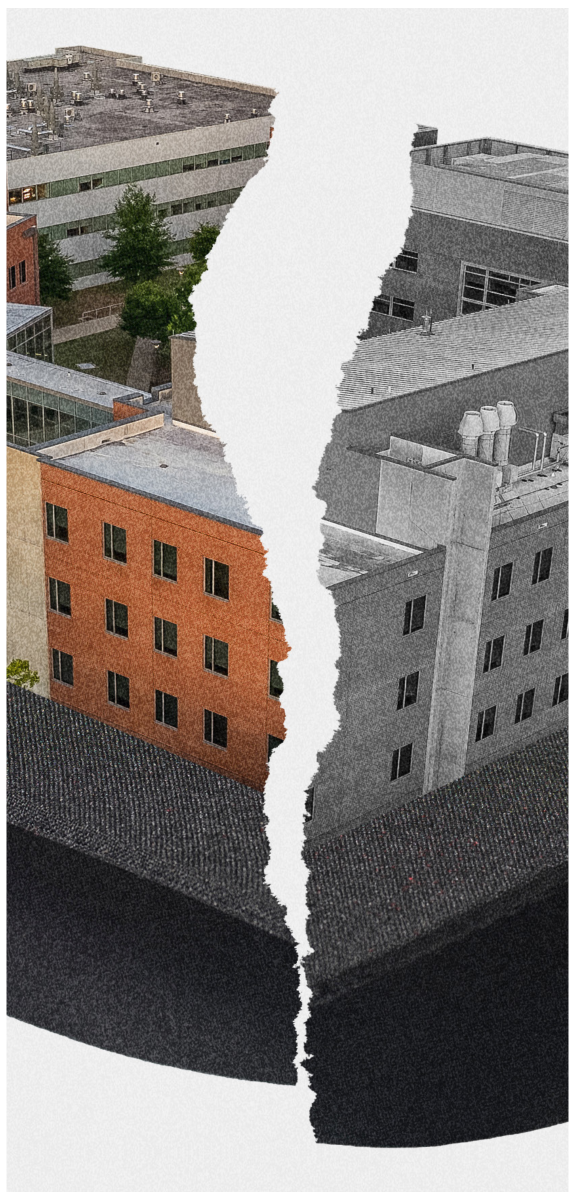
"To address the challenges of today, leaders should lean into upholding the values of the institution, especially in times of crisis. Returning to the values and re-narrating the value of the institution is a paramount component of crisis communication."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

Trend no. 3: The future of the four-year degree

The rapidly changing economic, political, and social landscape has shifted conversations about the traditional four-year degree. As questions about the value of post-secondary education are added to concerns about access to college, increasing numbers of Americans are wondering about the applicability and financial sustainability of four years in college. In response, some institutions have shifted their focus to new credentials. The result is a proliferation of alternative pathways, from apprenticeships and certifications to accelerated degree programs. These options are increasingly favored by students, their families, and employers alike for their cost-effectiveness and quicker path to employment, challenging the traditional four-year college model. Higher education institutions are creatively responding by breaking the 120-credit hour degree into shorter, more manageable segments, expanding dual enrollment programs, integrating more experiential learning opportunities, and developing flexible, competency-based degree programs. These programs focus on demonstrating competencies rather than just accumulating credit hours, ensuring students acquire the skills that employers have articulated are necessary for the job market. To complement these emerging programs, several accreditors have also made shifts to support these innovative approaches, aligning accreditation standards with the evolving needs of students and employers.

This is a timely and important trend that defines the new era of higher education, helping the national conversation about value focus on the relevance, structure, and outcomes of the traditional four-year degree. Specifically, it is important to explore how higher education maintains its role as a public good, shapes the leaders and workforce that society needs to address the pressing



"We need to abandon time as a measure of outcome or success. Instead, we need to focus on the credit as a demonstrated competency."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

"The new era of higher education is an era of employers and workforce. We simply can't keep minting degrees that have no value."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

concerns of today, and navigates an environment where many learners have a diminished appetite for—or access to—a "traditional" four-year student experience. The re-evaluation of the 120-credit hour degree can help to disrupt the triumvirate of access, attainment, and value that form the basis of the crisis of credibility that higher education is facing in America today.

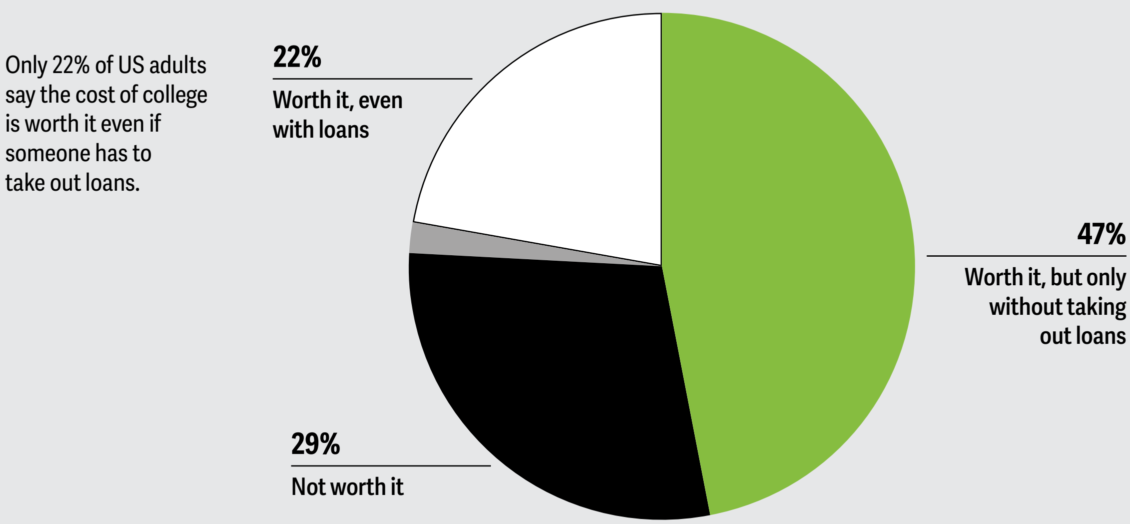
Across this rapidly changing landscape, there are some powerful statistics that illustrate the complexity that institutional leaders are considering as they adapt to the need for a more flexible approach to credit hours and learning. Only 47% of Americans believe that the four-year degree is worthwhile without loans—the number drops to 22% when loans are included—underscoring the imperative for institutions to adapt to more cost-effective pathways for attainment (figure 5).[18] By contrast, 76% of trade school graduates consider their education worth the cost, compared to just 56% of college graduates. It is no surprise therefore that trade school enrollment has been steadily increasing at a healthy rate of 4.9% per year, while enrollments for a subset of other institutions continue to decline.[19] Apprenticeships are also on the rise. In the last decade alone, the number of apprenticeships in the United States has more than doubled, from approximately 317,000 to 640,000, foreshadowing the possibility that America may be following the European path.[20]

To thrive in a world in which students, parents, and funders are relentlessly outcomes-focused, successful educational institutions must prioritize enhancing the

Figure 5

Fewer than half of US adults say the cost of college is worth it if students don't have to take out loans

Percentage saying the cost of getting a four-year college degree today is ...



Note: Share of respondents who didn't offer an answer is shown but not labeled.

Source: Survey of US adults conducted between between Nov. 27 and Dec. 3, 2023; Pew Research Center, "Is college worth it?" May 15, 2011.

flexibility of their degree programs. Today's modern learner expects to be able to commence, pause, and conclude their studies in alignment with their personal and professional commitments. To achieve the expected results, institutions will need to personalize and optimize the educational experience in ways that balance technology and human capabilities to address the escalating costs of higher education and the urgency for students to enter the workforce more swiftly. By offering more affordable and efficient pathways to degree completion, institutions can mitigate financial pressures and expedite career initiation.

Just as critical as the need to increase program flexibility is the need for institutions to align programs to well-defined and meaningful competencies and outcomes. Programs that clearly showcase students' ability to apply their knowledge and skills in real-world scenarios will propel students into their first careers and rapidly become more valuable and sought after by students. Expect to see institutions experimenting with various methods for assessing and cataloging skills and capabilities, including practical assessments, portfolio reviews, project-based learning, and performance evaluations. These approaches help to provide tangible evidence of a student's proficiency in specific areas and allow them to progress based on their mastery of the subject matter rather than the number of credit hours completed.

To be successful in challenging the orthodoxy of the four-year degree, institutions will need to develop three-way collaboration among faculty, workforce, and accreditors to reimagine new pathways to completion. While we are seeing the traditional 120-credit hour standard for degree completion in the United States being re-evaluated and, in some cases, broken, there are real questions to be addressed to preserve and enhance the value of a degree. How do we measure knowledge and capability attainment? What role can and should AI play in this measurement? As the definition of a degree evolves, does the role of faculty change? Will current accreditation standards remain relevant?

> "Only a third of employers believe that graduates have the skills they need to have. This means we have to take a hard look at who we are credentialing, for what, and why."
>
> —Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

INSTITUTIONS TO WATCH

- Several institutions and states have been experimenting with the "degree-in-three" model, while others have dropped necessary credit hours to combine with internships, apprenticeships, or other skills-based competencies. **Johnson & Wales University** offers a 90 to 96 credit three-year (on average) bachelor's degree,[21] while several consortia are piloting a **College-in-3 Exchange** where they pool their course offerings with career pathways to develop alternative pathways.[22]

- States leading the policy path in this area include **Indiana** and Utah. Indiana passed a state law requiring that all public universities offer at least one three-year degree program by July 1, 2025.[23] This legislative move aims to modernize higher education to better meet current economic and educational demands, providing students with a faster route to degree completion while maintaining educational quality. For its part, **the Utah Board of Higher Education** sanctioned the creation of a new category of three-year degree programs that are designed to align with industry needs by reducing the number of elective courses required. These degrees offer a broader scope than two-year associate degrees but are more specialized than traditional four-year bachelor's degrees. The goal is to more efficiently provide students with the necessary skills and knowledge for specific industries.[24]

- **The University of Texas System's** Texas Credentials for the Future embeds industry-recognized microcredentials into bachelor's degree programs to meet the needs of employers and give its graduates in-demand skills to make them more competitive in the labor market.[25]

Trend no. 4: Changing workforce needs reflect broader changes transforming the academic enterprise

"The main job of a president is to increase the value of a degree from your institution."

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

Colleges and universities across the country are beginning to rethink and realign roles and responsibilities within institutions to reflect broader changes taking place across the sector. Over the coming years, this realignment is likely to be reflected in both the leadership ranks—where we are seeing the confluence of high-pressure roles and limited succession planning create institutional gaps—as well as in the employee ranks, where a nexus of cost pressure and technological advancement is reshaping how work is done across the academic enterprise. We are also likely to see the role of faculty continue to evolve as institutions consider what it means to be student-centric in today's world.

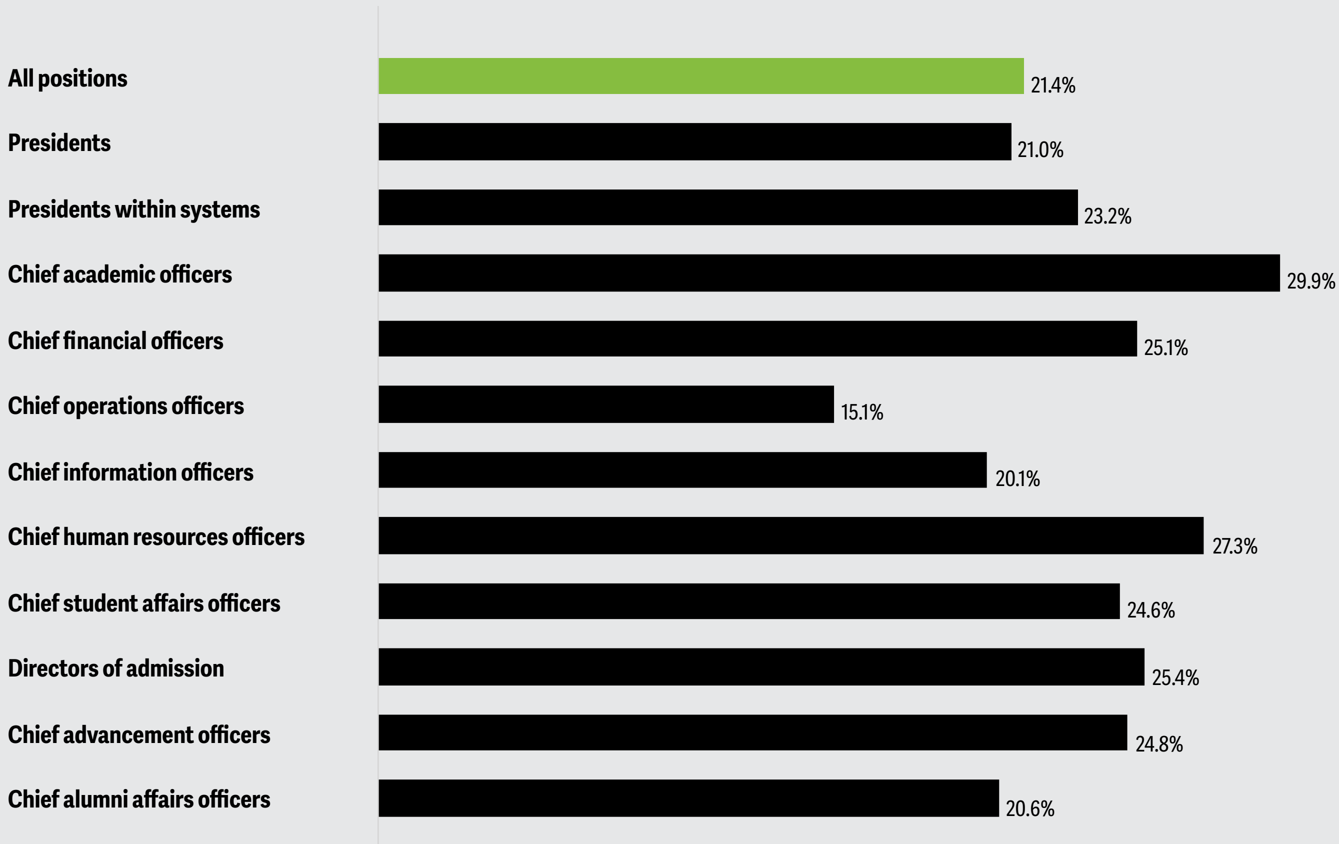
The flight of university leaders is not an emerging trend; however, the industry has failed to develop succession pathways which may deepen the challenges that this may cause. The turnover rates of top leadership positions in higher education have reached an unprecedented high of over 20% between 2022 and 2024 (figure 6).[26] This significant increase in turnover reflects the intense pressures and challenges leaders face in the sector. Leadership roles within higher education have experienced high levels of turnover—albeit at varying rates. Chief academic officers and chief human resources officers have consistently exhibited high turnover rates, highlighting persistent challenges in academic leadership and talent management. The average tenure for chief academic officers in higher education is approximately 4.7 years, according to the American Council on Education (ACE). A study by ACE found that nearly 50% of CAOs have been in their current position for three years or less, and 30% plan to retire within the next five years. The data for chief human resources officers reflects a similar trend. These statistics highlight the challenges institutions face in maintaining stable leadership in key administrative roles.

In the most stable of times, the job of president, provost, and senior academic and administrative leadership requires a higher level of resiliency and adaptability. The ability to remain flexible in the face of unexpected challenges or crisis while maintaining their commitment to the institution's mission and values is critical. The role of senior leadership at colleges and universities is rapidly changing. Consider the position of university president, for instance, which has continued to evolve amid a shrinking pool of willing candidates and shortened tenure, prompting a shift toward multiyear interim roles with increasing demands for maintaining continuity and driving significant change.[27]

How is higher education addressing these short tenures and traditionally limited succession planning? The trend of appointing multiyear interim roles is becoming increasingly common in higher education. In recent years, a growing number of colleges and universities have opted to appoint interim or acting presidents to lead their institutions for two or more years, reflecting a shift in leadership strategies.[28] This trend parallels a similar shift in the corporate world, where interim executives are increasingly favored. Multiyear interim presidents can help maintain institutional continuity, drive cultural changes, and provide the board with additional time to conduct a thorough search for the next permanent president. However, interims can also be challenged to drive change and build effective coalitions within their

Figure 6

Average turnover rates in top leadership roles over the past decade hit an unprecedented high of 21.4%



Source: Higher Education Publications, Inc, "Turnover in top higher education administrators 2014–2024," 2024.

institutions as it is simply too easy to "wait them out." Visible board and leadership backing for interim leaders and effective succession planning are crucial for ensuring an effective transition within higher education institutions. By identifying and preparing potential leaders in advance, colleges and universities can mitigate the impact of leadership turnover and maintain stability.

Beyond the remaking of existing roles, we are seeing new leadership positions arise within institutions, particularly around athletics. Universities are adding staff to manage NIL (name, image, and likeness) contracts for athletes—with some going so far as to partner to launch in-house agencies to help athletes build their brand connections and navigate NIL offers.

The roles of university staff are also evolving rapidly. With the spread and increasing capabilities of AI, many leaders are beginning to consider what aspects of the work of campus personnel can be woven or delegated to AI, and what new roles might need to be created to weave in AI throughout institutions.

> "It's Amara's Law: In terms of technology—in the short term, we overestimate its impact, but in the long term, we underestimate its impact."
>
> —Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

> "My greatest fear is that like most technological advances in education over the past half century, AI will exacerbate rather than reduce the digital divide within the US and around the globe."
>
> —Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

AI offers the opportunity to bend the cost curve of administrative work in higher education. To succeed in this endeavor, institutions must invest in upskilling staff so that the university's talent is equipped to make use of these new tools in an effective manner. Presidents and chancellors must rethink the remit to IT, and the role of the chief information officer as an institutional changemaker. Tight partnerships with academic affairs and an innovation or technology office can be a vital asset. As the technological landscape changes at a rapid pace, universities must adapt or be left behind.

The role that may be subject to the greatest disruption is the role of faculty. Pressure on students to graduate with not only a foundation in thinking and learning but also with career-ready skills on day one is pushing faculty to prepare students differently to succeed in the modern world of work. This is prompting more institutions to incorporate high-impact learning practices—often in the form of hands-on research or integration with corporations and civic or governmental agencies—into their curriculum. The role of faculty is also evolving to serve an increasingly intergenerational study body comprising high school students taking dual enrollment classes, parents juggling kids and work with learning, and retired individuals seeking a next career, on top of the traditional pipeline of 18 to 22-year-olds. Further, we are seeing the continued shifting of academic and advising to a staff role, with faculty stepping in as student mentors—leaving behind the administrivia of modern advising.

AI will continue to have a transformative impact on learning and education by enabling personalized learning experiences, enhancing student support, and improving accessibility—and a host of other possibilities that we can only imagine today. But the integration of AI in higher education also raises important ethical and social issues that are being debated at institutions across the country, including ensuring AI systems are free from bias and provide fair treatment to all students, and protecting student data and privacy, as well as the potential for AI to displace human labor. Strategic investments in AI must manage expectations realistically.

Conversations about the workforce of higher education also intersect with conversation about how institutions can re-think their offerings and the college experience to better align with workforce needs. With the resurgence of interest in skills-based hiring, the need to build the bridge from institutions to the employer side is more vital than ever before. Offering curricular interventions that bring coursework or program offerings closer in line with workforce demands, and co-curricular opportunities such as internships and apprenticeships can also help build bridges and restore public faith in higher education.

Gallup polling suggests that enhancing the quality of the student experience through initiatives such as mentoring, internships, and campus-based work opportunities is essential for restoring trust.[29] This is because it directly affects students' perceptions value, improves educational and employment outcomes, increases student satisfaction, and, perhaps most importantly, builds a network of advocates to address common criticisms of higher education. By focusing on these areas, institutions can demonstrate their commitment to providing a valuable and supportive educational experience which can also help rebuild and maintain public trust.

Students comprise a ready and willing workforce for campuses struggling to streamline costs while also creating meaningful experiences for learners to support themselves financially as they simultaneously gain valuable skills training. Leveraging on-campus talent can empower students and also expose them to hands-on opportunities to leverage what they are learning in the classroom while supporting the work of the university. Campuses such as Arizona State University and the Ohio State University that have leaned into student workforce development are seeing higher levels of student engagement and commitment to the institutions where they enroll.[30] Offering more opportunities for students to plug in can help reduce financial headwinds while strengthening the student experience.

INSTITUTIONS TO WATCH

- Interim presidents are being called upon to make tough calls amid intractable budget deficits. **Sonoma State University's** interim president was appointed with the imperative to close the persistent budget deficit after enrollment fell over 30% in five years, while spending remained largely flat.[31] Among other tough calls, the president has taken the unprecedented step of eliminating intercollegiate athletics,[32] igniting community backlash.
- Paul LeBlanc, former president of Southern New Hampshire University, aspires to design and launch the first AI-centric university. While he has begun to scale back an "all-AI" approach, his AI-first approach challenges current thinking around which roles are fundamentally human, which roles are commodities, and where a human touch can be amplified through AI.[33]
- Taking a page out of the professional sports playbook, **Clemson University** is setting up a front office for NIL to help the institution attract and retain top student-athletes. The front office is responsible for overseeing contract details, compliance, and allocation strategy. The university is also creating an in-house agency to help athletes build their brand connections and navigate NIL offers.[34]

Trend no. 5: Embracing 'systemness'

In her 2012 State of the University address, former State University of New York Chancellor Nancy L. Zimpher explained the concept of systemness this way: "Systemness is the coordination of multiple components that, when working together, create a network of activity that is more powerful than any action of individual parts on their own."[35] Systemness, Zimpher noted, "comes in many shapes and sizes, from shared purchasing agreements to a common general-education framework across campus. Over the past decade, systemness has emerged as a modus-operandi for campus leaders and governing boards seeking to accelerate transformation across multiple campuses."

Fast-forward over 20 years and, for the first time ever, two public two-year institutions have closed, highlighting the urgency of this concept. Leaders from across America's higher education sector are exploring ways to put their institutions on a more sustainable fiscal trajectory through consolidations, mergers and acquisitions, franchising through satellite campuses, and by creating vertical and horizontal networks. The increasing frequency of budget gaps is acting as a forcing function, compelling higher education institutions to move into the uncomfortable territory of entering into agreements to share resources to find scale. In the United States, while we are seeing an uptick in M&As across higher education, "whole-cloth" acquisitions are both expensive and pose value-realization challenges. Even when a healthy institution is acquired, true integration—forming shared purpose and culture among administrative functions, student organization, and faculty governance—is necessary to realize positive impact. An alternative to wholesale mergers is a focus on systemness.

"The future of higher education resides in coordination and collaboration."

—Nancy Zimpher, chancellor emeritus of the State University of New York

“We have to think creatively about how we can collaborate with other universities, K-12 systems, and community colleges to achieve financial sustainability. It’s about finding strategic partnerships that can help us share resources and reduce costs while still fulfilling our mission.”

—Participant at the 2024 Forum on the New Era of Higher Education, Deloitte University

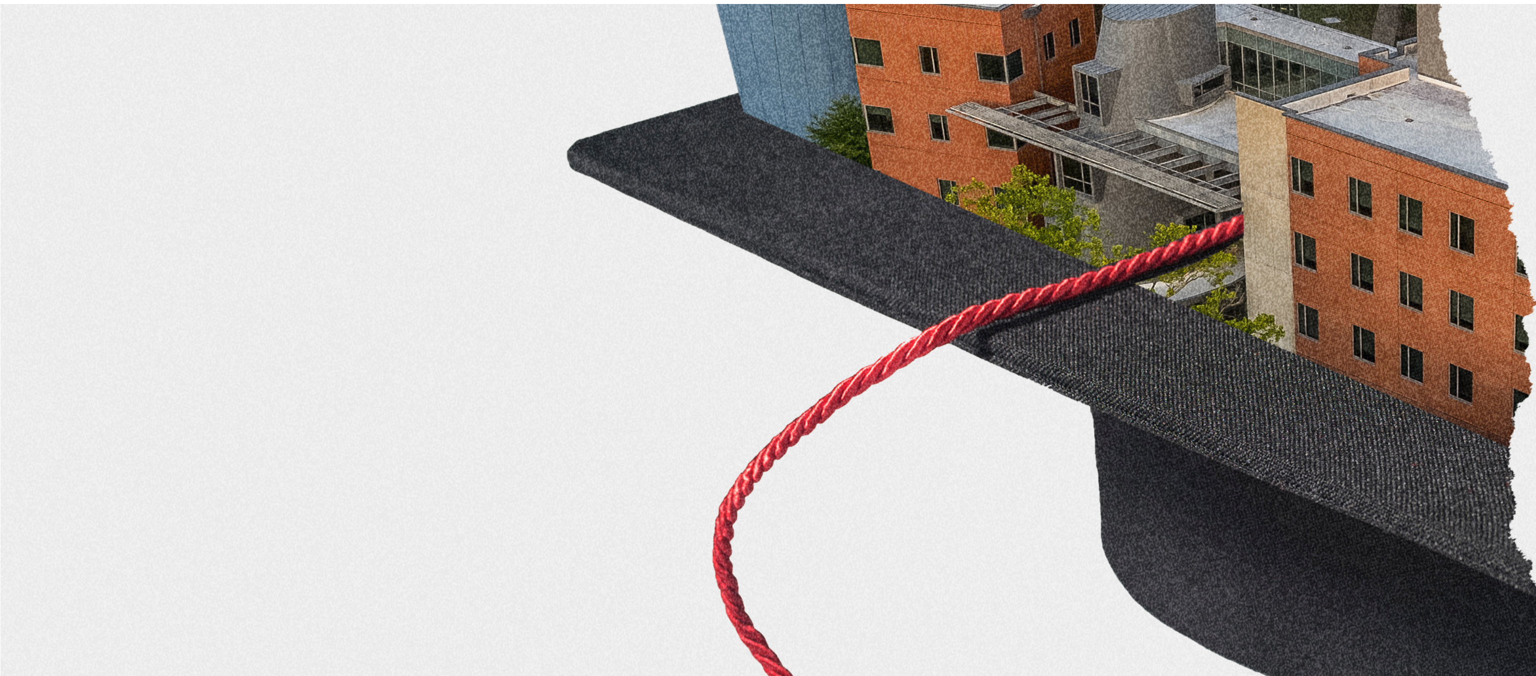
The concept of “systemness” focuses on reducing administrative redundancies by identifying opportunities for shared administrative and operational functions among campuses. Additionally, systemness expands student access to academic resources, courses, and programs across multiple campuses within a region, thereby increasing overall cost efficiency. This approach can not only streamline operations, but it can also enrich the educational experience for students, making higher education more sustainable and effective.

While the concept of systemness can apply across a variety of institutions, it is particularly germane for higher education’s many state systems in today’s environment. Traditionally, system offices have had a policy remit, functioning as a loose affiliation of highly independent institutions. The financial entanglements vary, with some systems comprising a single balance sheet (meaning that if one institution runs short on cash, the other institutions are responsible for shoring up their financial position), while others operating as independent fiscal entities hung together under a system policy umbrella. Across the board, all have traditionally been referred to as a collection of strong, independent institutions.

However, the role of the system is changing rapidly across higher education—with an emerging focus on the concept of systemness for boards and leadership alike. Boards are driving toward this from two different positions: 1) a position of dire necessity as costs outpace revenues for some intuitions; and 2) as an opportunity to exploit the scale of the collective system as a competitive advantage. In short, collaboration rather than competition can benefit leaders, boards, and—most importantly—students by tackling financial headwinds while offering expanded program offerings and building bridges for the future.

Beyond the benefits to the institution and to students, leveraging scale economies as a competitive advantage allows states that adopt systemness early to gain a head start in workforce development and talent attraction. Systems that move quickly in this direction can innovate, grow, and expand more effectively, positioning themselves as leaders in the higher education landscape.

However, a shift to systemness is not an easy path. To achieve the benefits of shared resources, institutions must have true commitment and buy-in from leaders who are capable of driving the change and must have effective plans in place to manage the change, revising processes, policies, data standards, roles and training to reach an effective collaborative operating model. Such collaboration requires strong leaders, with the institutional capital to sponsor the change, and hold their direct reports accountable for cascading sponsorship. Given the high turnover and limited succession planning across higher education, such leaders are in short supply.



INSTITUTIONS TO WATCH

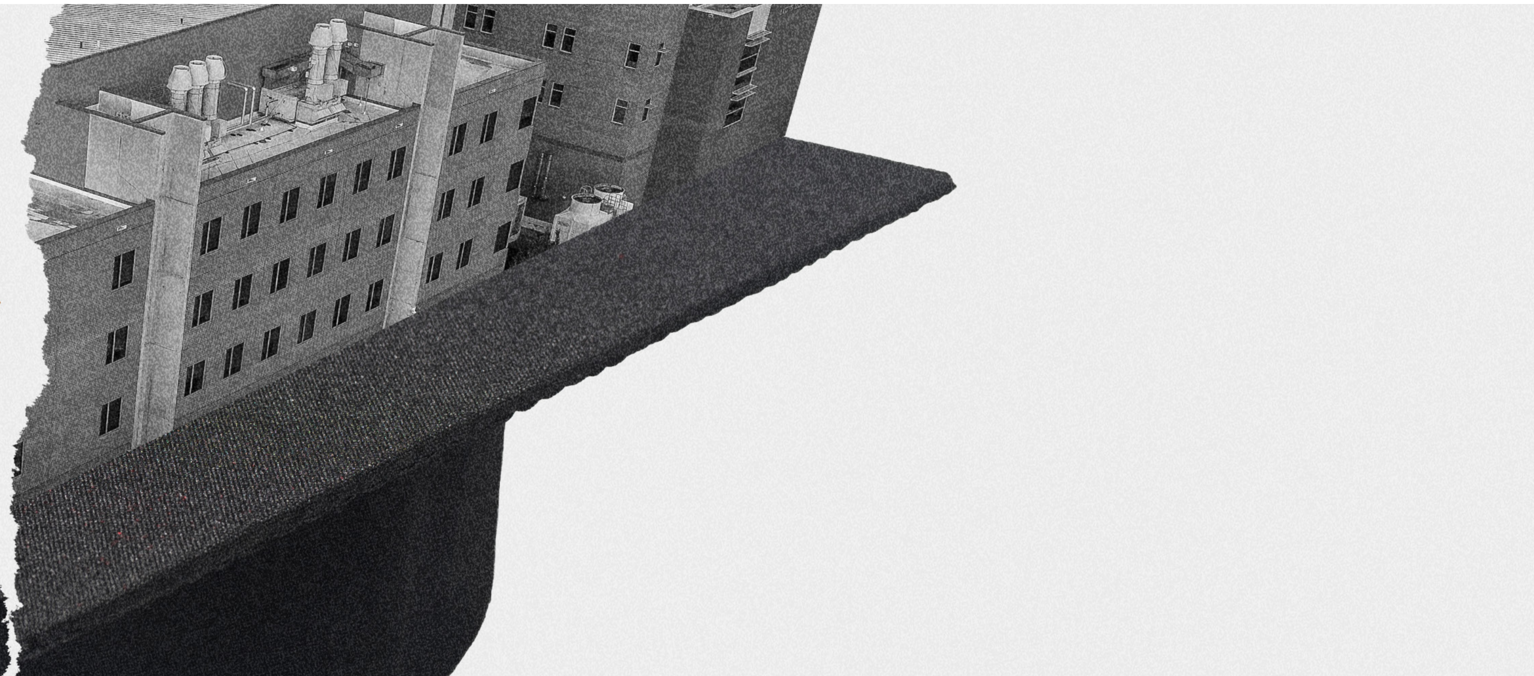
- Launched in August 2023, the **California State University's (CSU) Multi-University Collaboration Initiative** arose from the CSU presidents' desire to explore new ways to collaborate across the system. Key opportunities for increased functional collaboration were initially identified through focus groups, workshops, and interviews with representatives across the system. Through continued analysis and discussion led by the initiative's steering committee—composed of presidents and leaders across functional areas and universities—three focus areas were selected for the first wave of design and implementation: benefits administration, information security, and procurement. The CSU then expanded the initiative into additional workstreams, including systemwide work on student success and financial aid, as well as individual assessments with two universities to focus on key administrative functions, improve stakeholder services, and identify cost-saving opportunities. As it unfolds, this can be a model for a new type of systemness emerging within already established systems.[36]

- The **National Association of State Higher Education Systems** convened four systems—including **Texas State University System**, **Southern Illinois University System**, **University of Hawai'i System**, and **Montana University System**—in an improvement community focused on course sharing. The goal was threefold: help students avoid bottleneck courses, provide them with access to classes and programs that may not be offered at their home campus, and enhance scheduling flexibility to support on-time completion. As a result of this initiative, the number of students registering in cross-registered courses increased by 21.5% across all four participating systems.[37]

- The **College of Saint Benedict** and **Saint John's University** have developed a robust integration model that enables resource-sharing while preserving their unique identities, aiming to enhance adaptability and responsiveness. Located in close proximity, these institutions have long collaborated by sharing classrooms and faculty, which inspired their leadership to further capitalize on this partnership. Despite operating as separate entities, each with its own 503C status and distinct bylaws, they have created a remarkable synergy through a joint presidency and a streamlined board of trustees, uniting 44 members to serve both schools. This collaborative spirit extends to a unified cabinet, guiding their respective divisions on each campus under a joint operating agreement. This agreement clearly defines which functions are shared and which remain separate, highlighting both the unique and common elements that foster efficiency and academic excellence.[38]

- Higher education institutions are increasingly centralizing their enterprise resource planning and student information systems at the system level to reduce overhead costs associated with IT personnel and infrastructure. This centralization often involves adopting cloud-based systems to replace outdated, homegrown, or hosted systems, thereby enhancing efficiency and scalability. A notable example of this trend is the **University of Arkansas System**, which implemented the Workday Platform and Workday Student, consolidating 17 separate systems into a single, unified multi-system platform. This consolidation has streamlined operations and reduced costs significantly.[39]

- With shifting global labor markets and demand for education, there will likely be international opportunities for collaboration and systemness, such as the successful PLuS Alliance created by **Arizona State University**, **University of New South Wales (Australia)** and **King's College London (United Kingdom)**.[40]



A call to action

Higher education institutions face complex issues that require them to adapt and evolve. The primary mission of higher education is to deliver high-quality education and contribute to societal progress. To fulfill this mission today and in the future, institutions must be willing to challenge the status quo, take risks, and innovate. This is a call to action for universities to seize control of their future. We encourage you to take the lead in shaping this future.

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