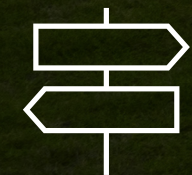
A photograph of a university campus at sunset. In the foreground, two students with backpacks are walking down a wide stone staircase with metal railings. The student on the left is a young man with brown hair, and the student on the right is a young woman with curly hair. They are both looking away from the camera towards a courtyard in the distance. The courtyard features a circular stone fountain, paved walkways, and green lawns. In the background, there are several university buildings, some with brick facades and others with more modern designs. Large trees with green foliage are scattered throughout the scene. The sky is a mix of blue and orange from the setting sun, which creates a warm, golden glow across the entire image. A semi-transparent dark blue triangle is overlaid on the right side of the image, partially covering the trees and buildings.

2026 Annual Higher Education Outlook Colleges & Universities at the Crossroads

**forv/s
mazars**

Introduction

College and university leaders face a complex scene unfolding before them. For many, it appears as a crossroads. Financial uncertainty, diminishing public perceptions of value, disruption from new technologies, cultural shifts, and difficult federal legislative focus all converge here.



The potential congestion at this intersection calls for pivotal decisions to transition complex entities between the known and the unknown. This crossroads is the threshold where institutional destiny may be irrevocably shaped.

If that sounds overstated and foreboding, consider the Ivy League institution discussing significant restructuring to save costs and centralize previously siloed operations.ⁱ In addition, other Ivy League institutions face fines and settlement payments totaling between roughly \$7 and \$8 billion, and still others are facing federal research funding cuts.ⁱⁱ

Consider a large public research institution that is eliminating over 100 academic programs across various disciplines before the 2026–2027 academic year.ⁱⁱⁱ These are only specific or notable examples of what is happening in both public and private institutions across the country. The list of announced cuts, program reductions, and closures in 2025 is large and growing. And those are just the ones that have been publicly announced. Many more schools are quietly engaging in efforts to reorganize or restructure. Still others are in closure or merger/acquisition mode.

Introduction

To avoid the appearance of “catastrophe-at-every-turn,” however, insightful observers will also notice numerous examples of both public and private institutions hitting record enrollment and expanding operations^{iv} this year. Total postsecondary enrollment was up 3.2% in spring 2025 compared to the previous year, with public two-year colleges growing at the rate of 5.4% over the prior year.^v Some state university system enrollment levels surged in the spring 2025 semester:^{vi}

- Utah: ↑ 9.4%
- Oklahoma: ↑ 7.3%
- Mississippi: ↑ 6.6%
- Indiana: ↑ 2nd consecutive fall enrollment increase in 2024 after decades of decline.

Private nonprofit institutions saw an increase of 49,000 students (a 1.9% increase).^{vii} While some applaud the apparent return of students to traditional educational pathways, college leaders also recognize they are at the unique crossroads commonly known as the demographic cliff.^{viii} The graph in Table 1 illustrates the pivot that is expected after the 2024–2025 academic year.

This pivot is one of the key reasons many schools are responding to these pressures. What has been will not continue indefinitely, so leaders reach this intersection needing to make decisions about the path to follow. Successful schools with growing enrollments will also face the harsh reality of fewer 18-year-olds in the coming years. As pointed out in the [2025 Outlook](#), however, they are buoyed by brand-based enrollment gains and winning philanthropic efforts.

Table 1

Enrollment Projected to Drop Sharply After 2025

Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation

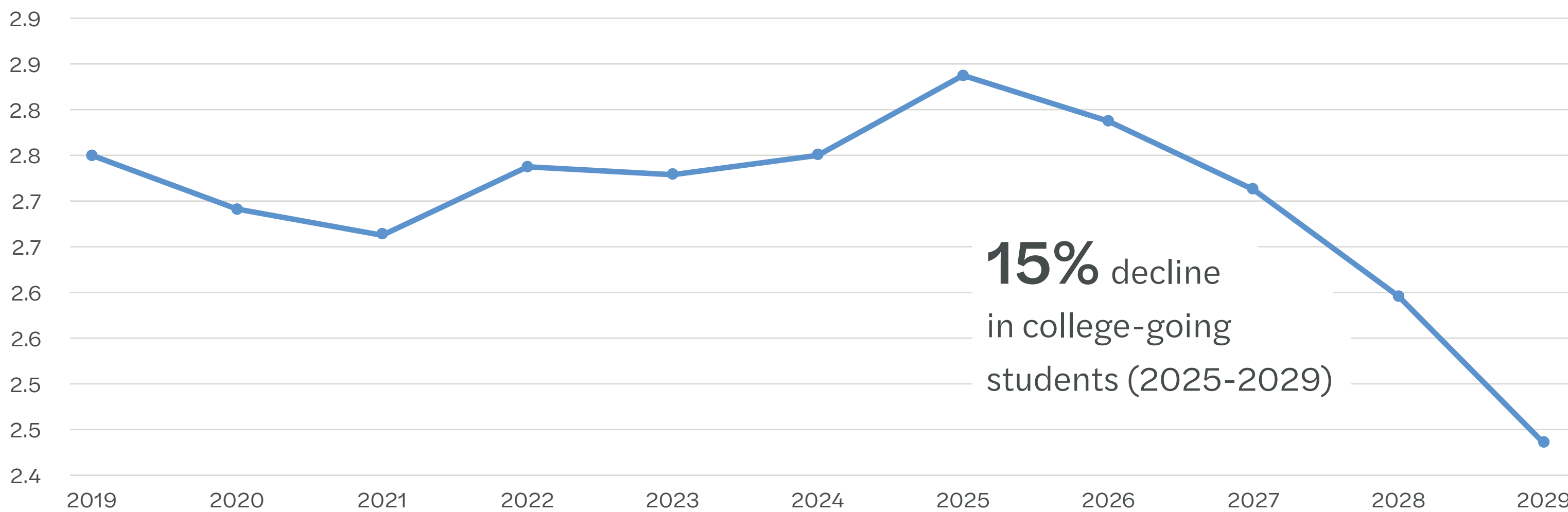


Figure 1: “What the Looming Demographic Storm Means for Your State,” eab.com, Why is college enrollment declining?, February 11, 2019.

Introduction

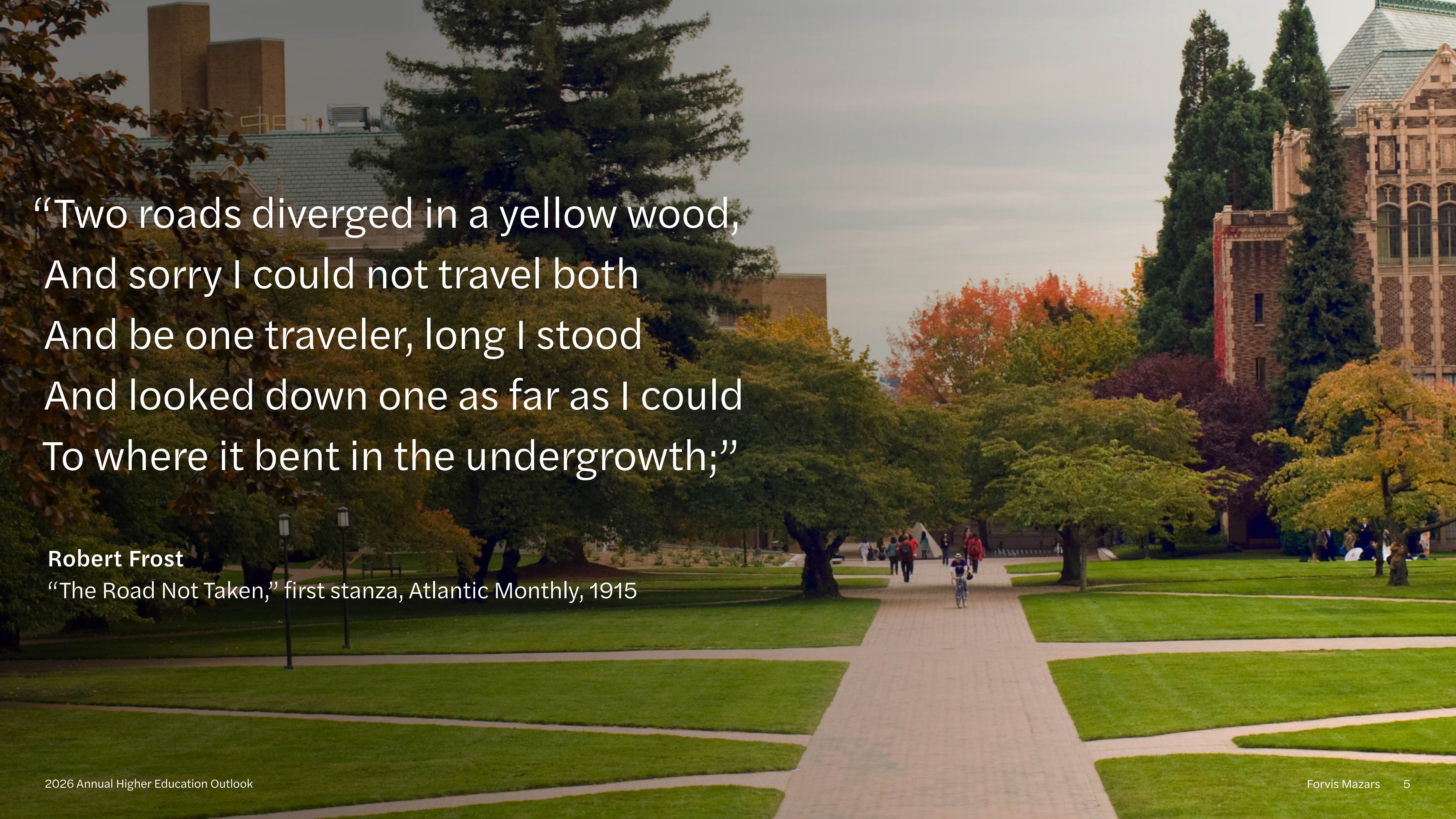
The 2026 Annual Higher Education Outlook will bring insights into key issues as follows:

- 1 **Crossroads: An Overview**
- 2 **Financial Challenges**
- 3 **Eroding Value Proposition**
- 4 **Technological Disruption**
- 5 **Cultural & Political Challenges**

This document serves as an in-depth overview. Reports on the other issues, as well as relevant strategic considerations, will be released serially throughout 2026 on an approximately bimonthly basis, or more frequently, as new opportunities and threats emerge.

Through these publications, Forvis Mazars aims to share our multidisciplinary thought leaders' experienced insights to help you prepare for what's next as you approach your own crossroads.





“Two roads diverged in a yellow wood,
And sorry I could not travel both
And be one traveler, long I stood
And looked down one as far as I could
To where it bent in the undergrowth;”

Robert Frost

“The Road Not Taken,” first stanza, Atlantic Monthly, 1915

Crossroads: An Overview

The 20th century saw advancements in some technologies, including the first transcontinental telephone call in 1915. By the mid-1970s, the Apple computer made its first appearance. The 21st century is characterized by the ubiquity of the internet and mobile phones, the rise of artificial intelligence (AI), increased globalization, and shifting cultural/social dynamics.

No longer do binary choices present the primary form of decision. College and university leaders face a dizzying number of “roads” to choose as they seek to solve multifaceted financial, cultural, and political puzzles. Thus, a crossroads seems a proper analogy where numerous roads converge, each bringing its own set of causes and effects, requiring leaders to look at them all and make complex decisions, taking each into consideration.

The following includes some of the key converging “roads.” Each one will be explored, and approaches to the unique problems each presents are suggested.

The four roads identified include:

Financial Challenges: Characterized by declining enrollment, increased costs to deliver education, rapidly increasing (and unsustainable) student debt, funding challenges (including federal student financial aid, research funding, and cultural/social penalties being threatened or imposed), all creating the need for disciplined enterprise risk management.

Eroding Value Proposition: Characterized by falling public confidence in the ability of the current educational strategies offered to help students attain their life goals. Governmental overseers also retain a skeptical eye about the necessary funding to maintain enterprise structures and programs of “true” value, which they identify primarily as career earnings potential. Wavering confidence from employers (one of the key ultimate beneficiaries of the skills and talents of students) also continues to grow.

Technical Disruption: Characterized by an increasing pace of disruption, the rate of change appears to be far ahead of some institutions’ desire or ability to adapt. Changes in digital learning, AI, communication systems, and the rising need for more specialized and adaptable student formation like immersive and interactive learning experiences and skill sets that include specific technological micro-credentials, e.g., the Google Cloud Fundamentals Credential and the IBM Data Science Professional Certificate, are all part of this mix of issues. In addition, the current pressure on higher education from cybersecurity threats has never been more intense.

Cultural & Political Changes: Characterized by a student mental health crisis and changing political and social expectations for higher education, this area of disruption may be the most daunting because (unlike the financial challenges) the strategies seem devoid of defined tactics aligned with proven ability to positively impact the root causes of these issues.



Financial Challenges

Financial Challenges

The financial challenges can be described by exploring the potential impact on the following key drivers:

- Expense Reduction
- Revenue Generation
- Endowment Management
- Monetizing Other Assets
- Debt Management
- Demographic Cliff

Expense Reduction Embraced

In the first half of 2025, nearly 70 schools in 22 states publicly acknowledged their financial challenges. These courageous institutions were transparent. Many others quietly work to look down the road to where it bends in the undergrowth and determine a path to resilience and long-term financial health.

Current Tactics Used

Unbalanced budgets were present in many colleges, including wealthy elite privates and large research public universities. Staff layoffs were most frequently used as the primary source for expense reduction. Some deployed academic program changes and sunsets. A few athletic programs in both public and private universities were even eliminated, but these instances were rare.

Future Cost-Reduction Methods

Current thinking of college and university senior financial officers is on other tactics that may be used later in this cycle of adjustments, including more cost sharing; merger, acquisition, and partnership activity; investment in student success; and use of AI in back-office departments to streamline operations. This creativity will continue.



Financial Challenges

Revenue-Generation Pressure Expands

The 30-plus-year expansion of the 18-year-old population ready to enter college peaks in 2025. The decline in enrollment could dip to 15% of the current population. Some models (post-COVID-19) steepen that decline, and it does not begin to rise again for many years to come. See the section on the demographic cliff on page 13.

Limited Net Tuition Growth

Due to shrinking student populations, competition tactics in the form of pricing discounts continue aggressively, now exceeding 56% for first-time freshmen.

State Funding Fluctuation

Many states have worked to provide more support to their colleges and universities since 2020. After adjusting for inflation, however, half the states saw a decrease in higher education funding between 2024 and 2025. By 2024, 22 states still had not recovered their higher education funding to pre-Great Recession levels.

Federal Funding Pressures

The federal government is considering dismantling the U.S. Department of Education and moving the funding for those activities to state block grants. The federal government also recently dropped significant funding for research projects. This is causing significant strain on even large public universities, which may need to cut hundreds, if not thousands, of jobs on individual campuses.

Financial Challenges

Endowment Management’s Changing Landscape

Trends Are Mixed

From year to year and from small to large endowment, trends are mixed. Smaller endowments outperformed larger ones in 2024 largely due to asset allocation to large technology companies, which comprise an outsized weighting in major U.S. market indexes like the S&P Global Ratings (S&P). Larger endowments that typically allocate larger portions to the private equity space experienced short-term return pressures this year, although long-term returns historically exceed public equity.

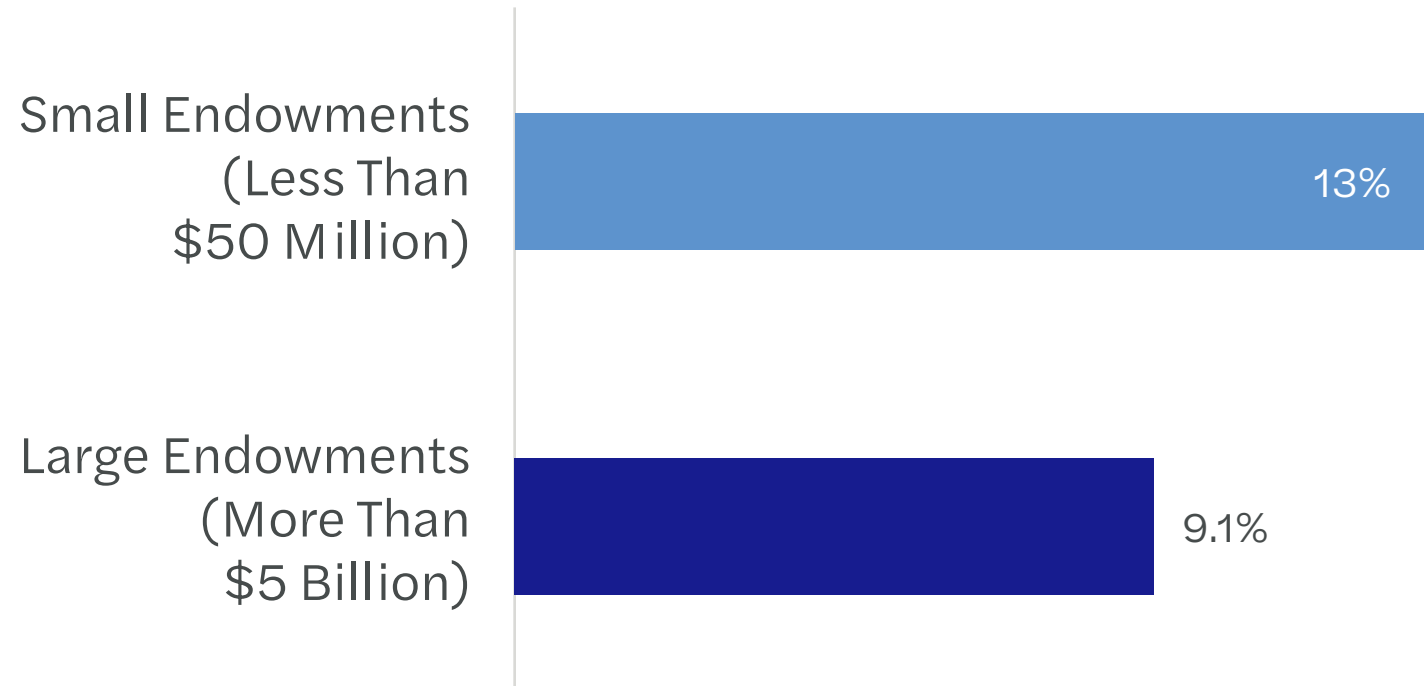
One-year investment returns for fiscal year (FY) 2024 averaged 11.2%, and for FY 2023 they averaged 7.7%. Three-year returns averaged just 3.4%, however, owing to a return of -8.0% in FY 2022. Over the past decade, FY 2021 generated

the highest return for endowments (30.6%), but two years produced negative returns and two more resulted in positive but low single-digit gains. At FY 2024, trailing five-year returns averaged 8.3%, and 25-year returns averaged 6.1%.

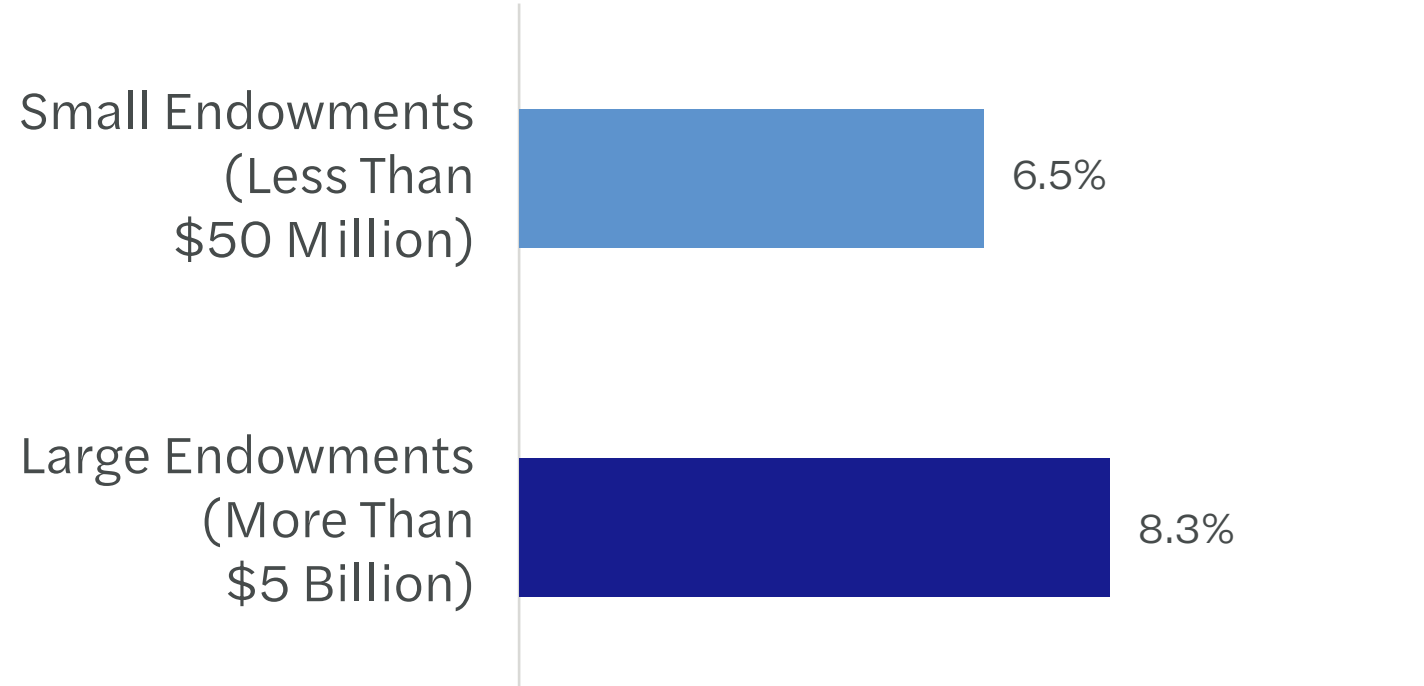
Capital Market Expectations & Challenges

Projected 10-year annual returns are far below the historical average over the last 10 years. The expected returns run from a low of 3.0% to a high of 7.1%. Firms in this review included Goldman Sachs, Northern Trust, Research Affiliates, Charles Schwab, and Vanguard. While Morgan Stanley does not prepare a 10-year forecast, their September 2025 analysis indicates an expectation of long-term capital market return in a more muted position than in the last 10 years. They advise preparation to pivot strategies to maintain portfolio returns.

Annual Returns – 2024



Trailing 10-Year Returns



Financial Challenges

Monetizing Other Assets Expected

Monetizing Activity Expected to Accelerate

Colleges and universities are already monetizing assets to address inflationary pressure, loss of research funding, low enrollment expectations, and other financial challenges. Although not a widely used expense reduction or revenue enhancement strategy currently, schools are expected to use this tactic to bolster financial sustainability aggressively in the future. Projects are expected to include:



Campus energy infrastructure, including solar, geothermal, and wind. Partnering with external energy companies is also being explored. This activity may slow, however, with the substantial revisions to the Inflation Reduction Act of 2022 (IRA), which was revised by the *One Big Beautiful Bill Act* (OBBBA). The impact is expected to include:

- Accelerated Project Timelines – Projects must begin before July 4, 2026 or be placed into service by December 31, 2027 to remain eligible for credits.
- Decreased Incentives for Large Projects – The eligibility bonus credit became more difficult under the OBBBA, especially for large projects.



Sales or long-term ground leases to generate revenue from underutilized properties.



Use of public-private partnership to develop campus land for commercial purposes, such as building campus housing and retail and mixed-use properties. Some schools have used this strategy for town and gown relationship management.



Use of esports to monetize sponsorship, merchandise, and digital content.

Financial Challenges

Debt Management

Rating Agencies Deflate Outlooks

With the three primary debt rating agencies (Moody's, Fitch Ratings, and S&P) turning negative on the higher education sector, the possible result will be harsher credit terms. Lower interest rates from the Federal Reserve, if that happens, may mitigate against the deflated outlooks as colleges and universities seek capital financing.

Debt Capacity: Institutions are enhancing financial flexibility by expanding debt capacity and credit lines, though this is being managed cautiously in a higher-rate environment.

Maintaining Liquidity & Margin

Liquidity & Margin, the Currency of Financial Stability

The ability of a school to find a path to liquidity and margin annually will differentiate those schools that are able to stabilize and thrive and those that

are not. Smaller and tuition-dependent schools will have the hardest job, but expanding the sources of revenue and managing costs while maintaining academic quality will be the skill that creates divergent financial outcomes for all schools.

Weathering Liquidity Shocks

Carefully considering and building plans to deal with hidden costs will help schools weather unexpected liquidity shocks from elements such as:

- Climate events
- Health crises
- Legal difficulties
- Cybersecurity incidents
- Deferred maintenance or physical plant emergencies
- Investment market meltdown
- Campus civil disruption
- Unexpected reputational disruption





Financial Challenges

One tactic used by many schools, both public and private, is to formalize enterprise risk management (ERM). According to the updated 2025 Disaster Resilient Universities (DRU) National Higher Education Enterprise Risk Management Survey,^{ix} many schools actively use ERM. Key takeaways from that survey include:

- Most respondents (71%) said their institutions of higher education (IHEs) have ERM programs, and this represents an increase since the last survey in 2022. In 2025, most respondents (59%) said their ERM programs were at least five years old.
- Staffing for ERM programs averaged 1.8 full-time employees (FTEs) and often is just one FTE.

Almost twice as many respondents (from 2022 to the 2025 survey) said their IHEs now have systems for tracking risks. Relatively few, but still a growing proportion, reported that their IHEs have risk categorization, response, or monitoring systems.

- Respondents consistently said the biggest challenge for ERM programs is a lack of interest in, support for, and/or awareness of ERM, and the work it involves. Respondents said a lack of resources and the size and scope of the work are the other two major challenges.

Financial Challenges

Demographic Cliff

While this oft-repeated phrase has become worn, one thing to recognize anew is that it has been blamed in the last several years for many of the enrollment problems that have given rise to the need to cut costs. Depending on the location of the institution, the enrollment cliff is actually NOT supposed to arrive until the 2025–2026 recruiting season. The illustration shown in Table 1 on page 3 identifies the start of “the cliff” as 2025 (this year).

Institutions that feel comfortable because they have had some recruiting success will want to scrutinize their regional data carefully to make sure they are not banking on false hope and letting their guard down because of healthy enrollments up to this point in time. Other things remaining equal, “the cliff” may not really begin its downward pressure until this upcoming 2025–2026 cycle. If your enrollment

has already begun to slide in the last few years, the real villain may be a combination of pandemic recovery and the deteriorating value perception of higher education. This could mean that your efforts to stabilize enrollment may need to be redoubled because if it has been bad for you recently, it may get worse.

Likewise, if your enrollment has been strong, it may not actually be a byproduct of your brand strength and your great marketing approach. It may be partially due to the fact that the population of 18-year-olds has continued to grow steadily until 2025. As of the 2025–2026 recruiting year, that may, depending on your geography, start to change as the illustration in Table 1 demonstrates. The pain of the actual “cliff” is now at the doorstep.



A photograph of a long, arched walkway with brick walls and columns, leading to a bright outdoor area with trees. The walkway is covered by a series of arches supported by columns. The floor is paved with bricks. The walls are made of brick and stone. The columns are made of stone. The arches are made of brick. The walkway leads to a bright outdoor area with trees. The text "Eroding Value Proposition" is overlaid on the left side of the image.

Eroding Value Proposition

Eroding Value Proposition

Three main themes emerge and drive the sense of value in higher education. These are expected to move the sense of value in the future:

- General Attitudes
- Affordability (Debt) & Outcomes
- Labor Market Concerns

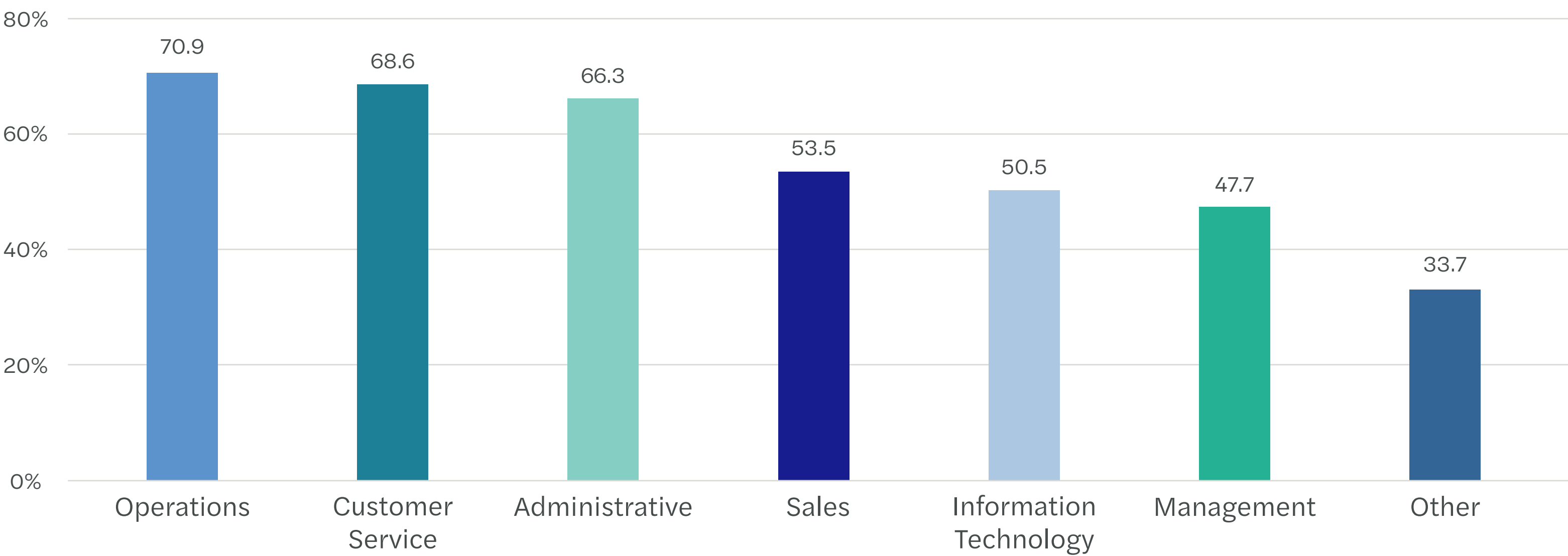
General Attitudes

While the demographic cliff may not be responsible for the last few years of lower enrollment, general attitudes about the value of higher education might be to blame.

Attitudes About Jobs After College

According to the Spring 2025 NACE Survey,^x recent trends include the following areas:

Percent Hiring With Degree Equivalency



Employers hire roles that are available to those **without** a degree, but equivalent experience is **51.4%** overall.

2/3


Almost 2/3 of employers use skills-based hiring to help identify job candidates.


Eroding Value Proposition

Combine this data illustrating employers’ willingness to hire without degrees with the advertising push to “tear the paper ceiling,” and a new competitor to higher education emerges. This campaign, joined by corporate giants (partners), major national associations (allies), major national philanthropy organizations (philanthropy), and major national advocacy organizations (supporters), seeks to join the skilled through alternative routes (STARs) organization with major employers who are willing and ready to consider non-degreed staff.

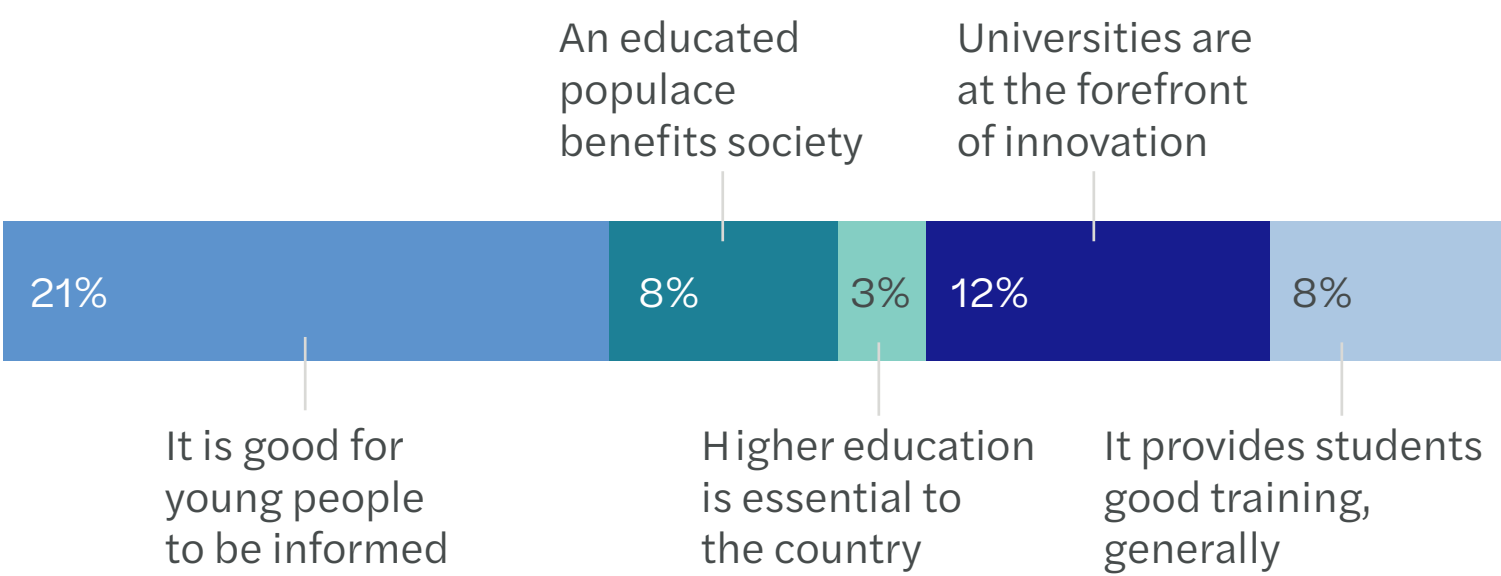
The foundational belief of STARs is that their growing body of research is “driving a new narrative – that the 70+ million workers known as STARs, have the in-demand skills to fill millions of higher-wage jobs.”^{xi} It seems appropriate to take this seriously and address it in strategic planning sessions. Is this an opportunity or a threat, and how should it be dealt

with accordingly? Examples of colleges taking a proactive approach to adding value with creative non-degree academic programs^{xii} includes:

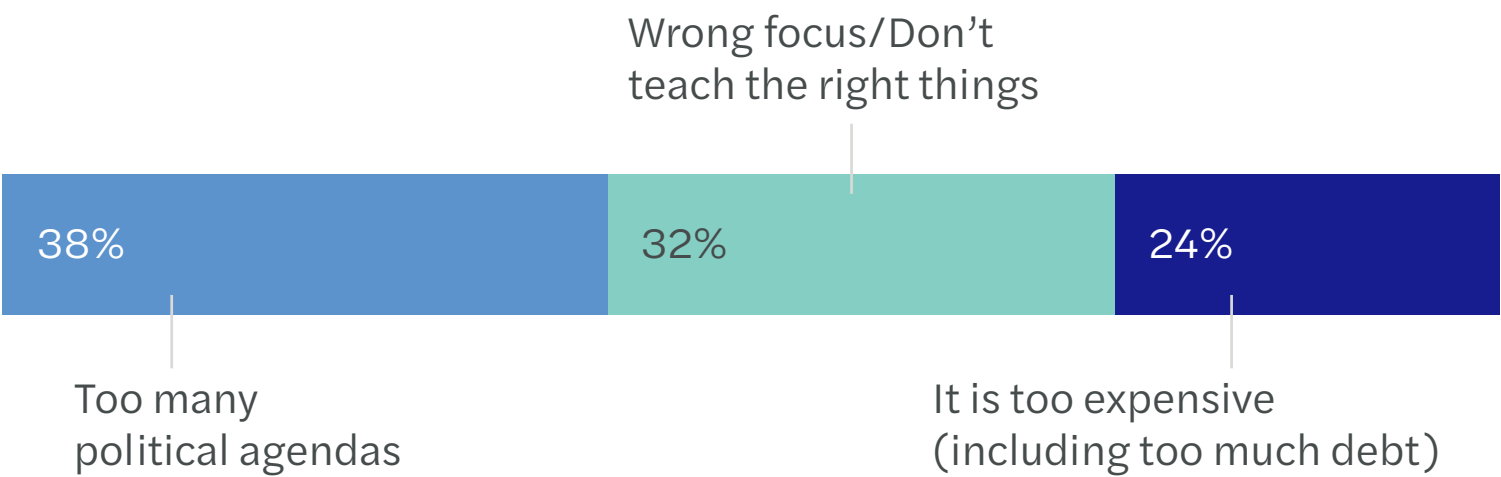
 **Project CLIMB** – A partnership between Villanova’s College of Professional Studies and Delaware County Emergency Services to provide leadership training to emergency services employees and first responders in the county

 **Kansas State University Salina Aerospace and Technology Campus** – Offering immersive training, continuing education, and professional development programs including the Uncrewed Aircraft Systems (UAS) Pre-College Certificate, Aviation Maintenance Certification Program, and Applied Cyber Systems Design Certificate

Based on those who say they have a great deal or quite a lot of confidence in higher education, the following reasons were cited as reasons higher education has value (and the percentage that responded):



Among those who say they have very little confidence in higher education, the following themes were present:



Eroding Value Proposition

Attitudes About Confidence in the General Value of Higher Education

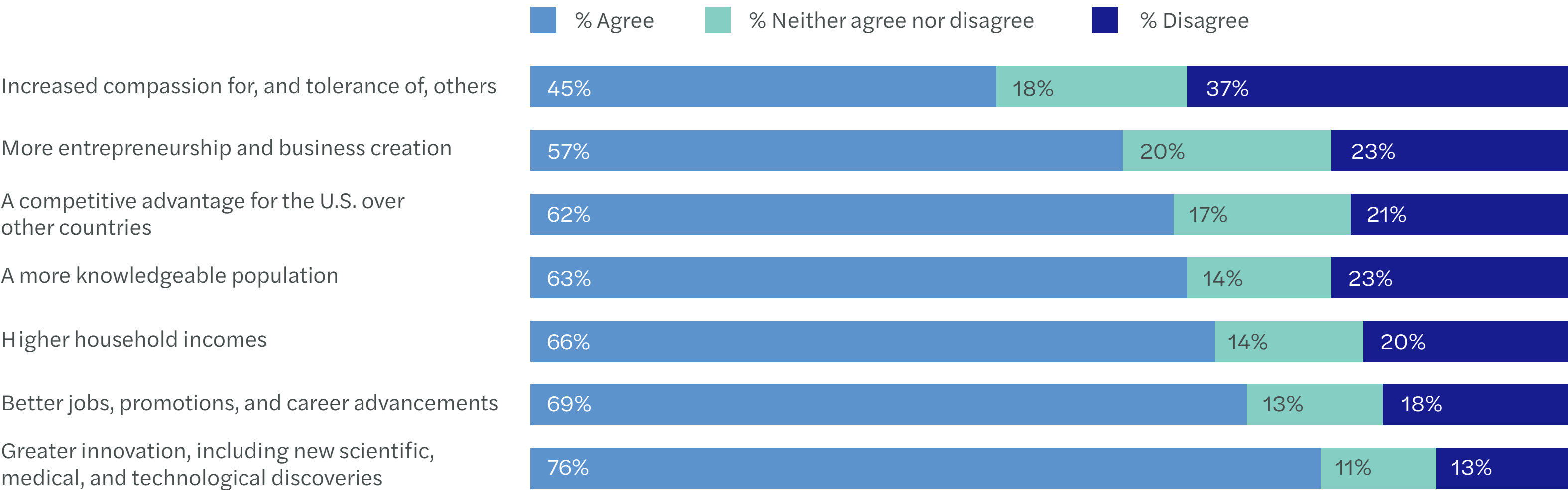
According to a July 2025 report from Gallup and the Lumina Foundation, public confidence in U.S. higher education rose to 42% in 2025, up from a low of 36% the previous year. However, this is still significantly lower than the 57% confidence level recorded in 2015.^{xiii} Part of the purpose of the study was to explore reasons why people value higher education.

When all respondents were asked what would make them more confident in higher education, including those who are currently confident in higher education and those who are not, the responses largely echoed the chief complaints about it. These complaints included failure to focus instruction on practical career and job skills, the need to lower tuition and costs, and the need to eliminate politics and political bias from the classroom.

It seems there is enough here to celebrate that confidence in the higher education industry appears to have turned a corner, but as Courtney Brown, Ph.D., a vice president of impact and planning for Lumina Foundation, asks, “What if we’re misreading the uptick? What if this isn’t about institutions changing, but about focusing on the wrong signals or measuring the wrong things?”^{xiv} She suggests the shift is more about a move from outcomes to optics. From “What a college does for me?” to “What a college symbolizes?”^{xv} She closes with an important observation, “... To truly build lasting confidence, colleges and universities must create tangible value for individuals. We are not there yet.” She continues with a section titled “**Value Creation, the Missing Piece.**”^{xvi}

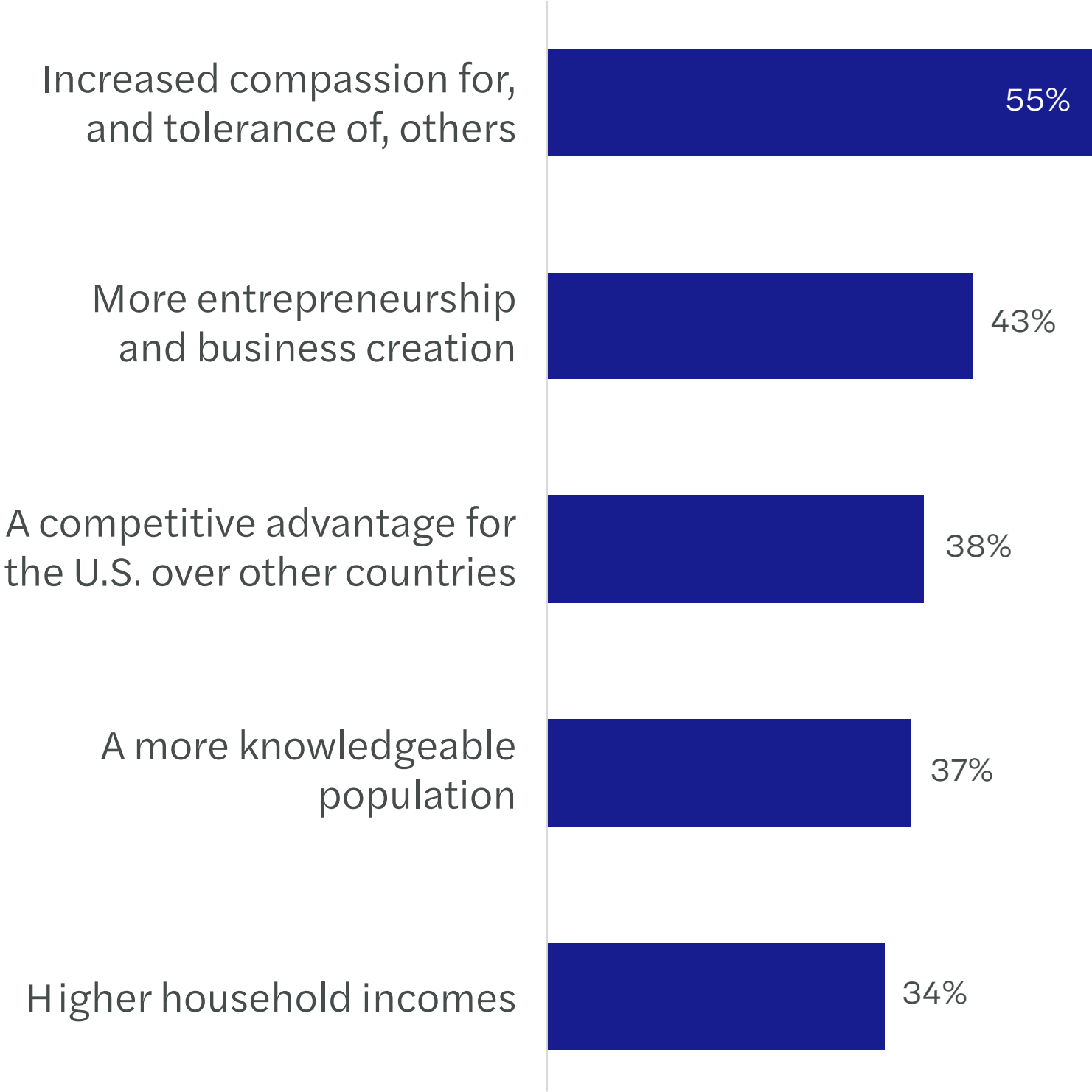
Finally, Americans believe there are benefits to higher education. They include the following:

Americans’ Belief in the Personal and Societal Benefits of Higher Education



Eroding Value Proposition

Although this presents encouragement that positive opinions are present about the value of higher education, it still is evident from this survey data that a third or more of respondents either have no opinion (they neither agree nor disagree) or they disagree that higher education has:



In addition to weakened general attitudes about higher education, two other concerns weigh on the level of value placed in American higher education:

- Rising Costs & Debt
- Labor Market Concerns

Affordability (Debt) & Outcomes

Approximately 47% of Americans view a college degree as worthwhile when they can finance the education without loans. That view of the worth of the education drops to 22% when loans are involved, according to an EducationDynamics study.^{xvii} When the presence of loans dampens the appetite for higher education, combined with job prospects, there is ample reason (beyond demographic decline) to see why enrollments are sagging in some schools.

This issue will have light shed on it as the 2025–2026 academic year unfolds and the new federal regulations regarding student loans take effect. Under the legislation, college and university programs may lose student loan eligibility if they cannot prove that students will experience an earnings boost from their studies. For undergraduate programs, schools must demonstrate that at least half their graduates earn more than workers with only a high school diploma in their state. These regulations will be subject to the process known as negotiated rulemaking, so the details are yet to be worked out. Negotiated rulemaking meetings have started and will continue through January 2026.



Eroding Value Proposition

Labor Market Concerns

Two concerns ask for attention:

- Weakening Job Market
- Growing Presence of Skills-Based Hiring

Weakening Job Market for New Grads

2025 data shows a more challenging job market for recent graduates.

As noted in a September 2025 **Newsweek** article, an analysis from the Federal Reserve Bank of New York reported that job opportunities for recent college graduates “deteriorated noticeably” in early 2025, with their unemployment rate rising to 5.8%; its highest point since 2021. They also reported that young college graduates were experiencing significantly higher unemployment rates than in 2019, suggesting they may be struggling more to gain a foothold in the job market.^{xviii} Generative AI (GenAI) no doubt plays a role here.

Skills-Based Hiring

A recent National Association of Colleges and Employers (NACE) survey found that about half of employers have jobs that are flexible without a degree, and almost two-thirds use skills-based hiring to identify qualified candidates.^{xix} This reflects a shift in hiring practices that could reduce the importance of a traditional degree. See the previous discussion on jobs after college.

Technological Disruption

AI

In 2025, colleges and universities are undergoing significant technological disruptions driven by the rapid maturation of AI and the expansion of online and immersive learning. These changes are reshaping everything from classroom practices and administrative tasks to student engagement and career preparation.

AI continues to be the most powerful disruptive force in higher education in 2025. Tools are moving beyond simple content generation to become integrated teaching, learning, and administrative agents.

Technological Disruption

For Students

- Personalized learning: AI agents function as personalized tutors, adapting to individual learning styles and offering targeted, real-time academic support.
- Study aids: Tools are available that can automatically transcribe lectures and generate customized study guides, flashcards, and quizzes.
- Shifting learning expectations: GenAI is reshaping how students conduct research and engage with course material. They expect instant, synthesized answers, which challenge traditional library and research instruction methods.
- Ethical dilemmas: The widespread adoption of AI has intensified debates around plagiarism and academic integrity, forcing institutions to develop new policies and adjust assessments to encourage critical thinking over AI shortcuts.

For Faculty & Staff

- Redefined roles: AI is not replacing faculty but is redefining their roles, shifting the focus from rote instruction to mentorship and fostering critical thinking.
- Automated content creation: AI tools are automating the creation of course outlines, quizzes, and multimedia resources, helping reduce faculty workload.
- Streamlined administration: AI is increasingly used to automate routine administrative tasks, such as course scheduling and processing admissions, freeing up staff to focus on more strategic initiatives.
- Data-driven insights: Learning analytics, driven by AI, provides educators with valuable insights into student performance, allowing for adaptive teaching and targeted interventions.

Technological Disruption

Flexible & Hybrid Learning Models

Hybrid and online learning, once a temporary measure during the pandemic, have become a permanent feature of higher education. Students increasingly demand flexible options that accommodate their jobs, families, and diverse learning preferences.

- Border-crossing campuses: Hybrid models are blurring the line between on-campus and online learning, expanding the concept of a campus community. Student life now includes virtual clubs, global networking opportunities, and online discussion forums alongside traditional in-person activities.
- Evolving student demographics: Flexible learning caters to non-traditional and geographically diverse student populations, including working professionals and those in rural areas.
- Blended approaches: Many institutions now offer a mix of online-only, hybrid, and in-person courses. This model offers students choice and accessibility but requires them to manage their time more proactively.

Immersive Technologies

Virtual reality (VR), augmented reality (AR), and mixed reality (MR) are creating engaging, hands-on learning experiences, pushing the boundaries of the traditional classroom.

- Virtual labs and simulations: Students are using immersive tech to perform virtual science experiments, practice medical procedures in a simulated operating room, or walk through historical settings.
- Enriched campus tours: Prospective students can take virtual reality tours of campuses from anywhere in the world.
- Accessibility and equity challenges: While offering significant potential, cost and access to specialized equipment present challenges that must be addressed to help ensure equitable opportunities.

Technological Disruption

Cybersecurity & Data Management

As universities embrace digital transformation and collect more data, they become more attractive targets for cyberattacks.

- Heightened security focus: Institutions are prioritizing cybersecurity to protect student data and institutional assets, with a focus on automating network security protocols.
- Growing complexity: The increasing number of connected devices, applications, and state and federal data privacy regulations creates a complex security landscape that many schools, especially smaller ones, struggle to manage.

New Credentialing Models

The rise of digital badges and microcredentials is a response to the demand for more flexible, career-focused learning and a more dynamic way to validate skills.

- Validating skills: These credentials offer an alternative to traditional degrees by allowing learners to build and showcase a specific set of skills aligning with their career goals like the Kansas State and Villanova examples mentioned earlier.
- Blockchain integration: Blockchain technology is emerging as a secure, transparent way to verify and authenticate academic records and credentials, helping to mitigate fraud.

For Employers

GenAI is reaching ubiquity in the private sector. Many companies have begun to leverage this technology to do work previously reserved for entry-level personnel. This has the potential to further disrupt:

- The perception that a college degree has value on the job market
- The number of available positions over the next 10 to 15 years, and beyond



Cultural & Political Challenges

In 2025, colleges and universities are facing significant cultural and political shifts driven by federal policy changes, intensifying debates over free expression and diversity, evolving student demographics, and widespread financial pressures. These trends are projected to accelerate through 2027, forcing institutions to fundamentally reassess their mission and operations.



Cultural & Political Challenges

Political Shifts

Federal & State Political Pressure

- Targeting of DEI initiatives: Following the Supreme Court's ban on race-conscious admissions, conservative lawmakers and the Trump administration have intensified their crackdown on diversity, equity, and inclusion (DEI) programs through executive orders and investigations.
- Regulatory overhaul: The U.S. Department of Education is undertaking massive regulatory changes that will alter how higher education is funded, monitored, and operated.
- Attacks on academic freedom: Efforts will likely increase at both the federal and state levels to exert political control over public universities. This includes legislation to undermine tenure, weaken accreditation, and censor academic speech.
- Fiscal austerity: Colleges are bracing for a period of financial retrenchment driven by political pressure. Key proposals include ending student loan forgiveness programs and privatizing student loans, which could significantly increase student debt. See the discussion above on expense reduction. Much of that activity, especially at public universities, is being driven by federal changes in research and DEI initiatives. Large private universities are also experiencing this sudden need for austerity due to research funding cuts and threatened fines related to their handling of campus protests last year.
- Potential elimination of the U.S. Department of Education: Other proposals also include dismantling the U.S. Department of Education, dispersing its remaining programs, and reducing non-political staff.
- Impact on federal funding: The new administration has moved to cut discretionary funding for research, potentially jeopardizing innovation and institutional capacity, a trend that is likely to continue.

Cultural & Political Challenges

Free Expression & Institutional Neutrality

- Post-protest crackdown: In the wake of intense pro-Palestinian campus protests in 2024, many institutions are re-evaluating their policies on free speech and institutional neutrality.
- Increased student intolerance: Despite some slight decreases in student self-censorship, reports from the nonprofit Foundation for Individual Rights and Expression (FIRE) indicate that students are increasingly intolerant of speakers with opposing viewpoints. According to FIRE, record numbers of students find it acceptable to use disruptive tactics.^{xx}
- Adopted neutrality policies: A growing number of institutions, including Harvard, Vanderbilt, and Yale, have adopted institutional neutrality policies designed to limit universities' official statements on political issues. Through 2027, this trend is likely to continue as leaders attempt to de-escalate political tensions and satisfy calls for non-partisanship.





Cultural & Political Challenges

Cultural Shifts

Evolving Student Demographics

- Shift away from traditional students: The “demographic cliff” of traditional-age, high school graduates has arrived, requiring colleges to attract and serve more non-traditional students, including adults, first-generation learners, and students of color.
- Increased racial diversity: Enrollment data from spring 2025 shows rising enrollment among Black and multiracial students, a trend that will continue to reshape campus culture and programming.
- Migration to HBCUs: Amid political and cultural turmoil at traditional universities, Black students are increasingly turning to Historically Black Colleges and Universities (HBCUs) as places of refuge and affirmation, fueling enrollment growth at these institutions.

Mental Health & Campus Well-Being

- Intensified focus on mental health: The mental health crisis among college students continues to be a central concern, pushing institutions to innovate their support services.
- Increased strain from political climate: The political conflict places an additional strain on students’ well-being. This will necessitate that schools provide more resources for emotional support and difficult dialogue.

Conclusion

Crossroads, including Financial Challenges, Eroding Value Propositions, Technological Disruption, plus Cultural and Political Challenges all merge today, creating a future of increasing uncertainty. Navigating will require insights, innovation, and intelligence. Fortunately, higher education institutions have the inherent capacity to successfully plan and execute strategies that will address these issues and the others that will arise. Forvis Mazars stands ready to assist in the many challenges ahead.

Sources

- i Cornell University Plans to Restructure Later This Year Amid Federal Funding Declines,” [highereddive.com](#), August 25, 2025.
- ii “Harvard Independent Student Weekly, Elite Universities Weigh the Costs of Settlement With the Trump Administration,” [harvardindependent.com](#), August 28, 2025.
- iii “Indiana University Guts More Than 100 Academic Programs,” [newsweek.com](#), July 1, 2025.
- iv “CGU Projects Record Enrollment of 133,000 Students for 2025-26 Academic Year,” [news.gcu.edu](#), August 25, 2025.
- v Ibid
- vi Ibid
- vii Ibid
- viii “What the Looming Demographic Storm Means for Your State,” [eab.com](#), February 11, 2019.
- ix “2025 DRU National Higher Education Enterprise Risk Management Survey,” [resilient.uoregon.edu](#), February 2025.
- x “Job Outlook 2025 Spring Update, NACE (National Association of Colleges and Employers),” [naceweb.org](#), April 2025.
- xi “Tear the Paper Ceiling,” [tearthepaperceiling.org](#), accessed October 13, 2025.
- xii “Building Capacity, Expanding Pathways: Accelerating the Growth of Credential Innovation – A Higher Education Playbook, The Online & Professional Education Association,” August 2024.
- xiii “U.S. Public Trust in Higher Education Rises From Recent Low,” [gallup.com](#), July 15, 2025.
- xiv “Is America Falling Back in Love With Higher Ed, or Are We Measuring the Wrong Things?” Brown, Courtney, [luminafoundation.org](#), July 16, 2025.
- xv Ibid
- xvi Ibid
- xvii “Key Findings From the 2025 Landscape of Higher Education Report,” Tomlinson, Katie, [educationdynamics.com](#), October 21, 2024.
- xviii “It’s the Worst Time to Be a College Graduate in Years,” [newsweek.com](#), September 4, 2025.
- xix “Trends & Predictions From NACE,” [naceweb.org](#), accessed October 13, 2025.
- xx “2026 College Free Speech Rankings: What Is The State of Free Speech on College Campuses?” [fire.org](#), 2025.

