



The Master's Degree Market Slowdown

NATIONAL TRENDS YOU NEED TO KNOW

Today more institutions than ever hope to grow master's degree enrollments. Whether to diversify revenues, recoup losses from a decline in traditional undergrads, advance a mission to lead economic development, or serve working adults, nearly every type of institution plans to double down on this market.

But the market has become more competitive than it was five years ago. What were once booming enrollments have now reached a plateau.

Every year since 2013 the National Center for Education Statistics has lowered its expectations for master's degree growth. It projects nearly flat growth over the next 10 years.

Many institutions will need to adjust their expectations for what's possible in this landscape. With revenue stakes high, understanding these trends and where the growth is—and isn't—will be critical to devising the right strategy for the years ahead.

Pockets of Growth Only in High-Cost Fields

Prior to 2011, the largest master's degree fields all experienced healthy growth, averaging about 5% each year. However, this pattern of broadly uniform growth ended after 2011 as growth patterns diverged.

Master's degree conferrals in health professions and computer science boomed, adding nearly 80K conferrals between 2011 and 2018. Specialized business fields, engineering, and public administration grew more slowly, and psychology barely grew at all.

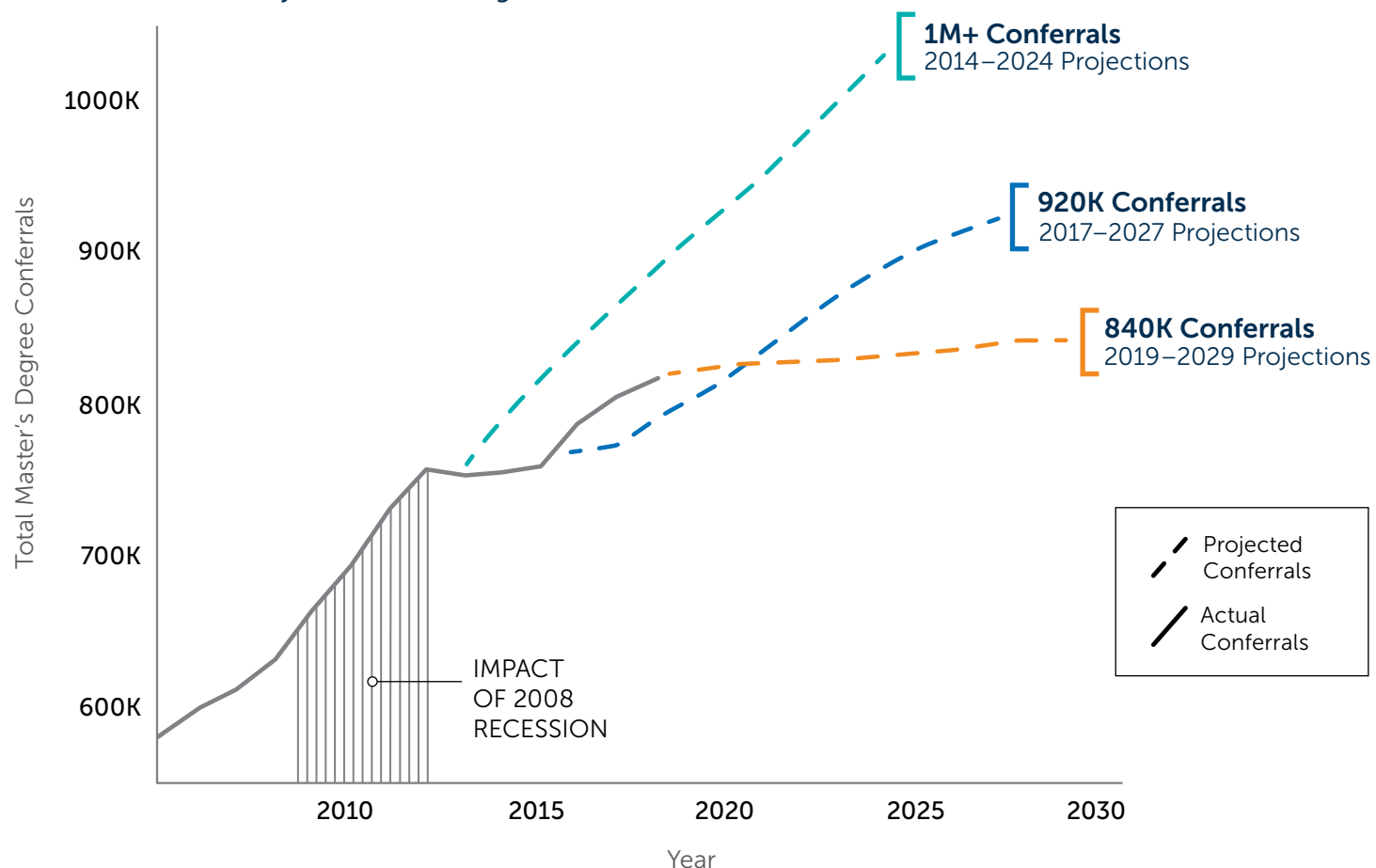
Education and MBA programs, which confer the most and third most master's degrees respectively, fell into a dramatic decline, together losing more than 48K conferrals.

Even though the master's degree market as a whole grew between 2011 and 2018, most of this growth occurred in only a few programs which are also the most expensive to develop and run.

Computer science, health professions, engineering, and specialized business fields all require large investments to recruit faculty and develop essential facilities.

As ever fewer students enroll in a smaller number of fields, it is increasingly important for institutions to carefully evaluate their master's degree strategy.

Lower Expectations for Growth Every Year Since 2013
NCES Actual and Projected Master's Degree Conferrals



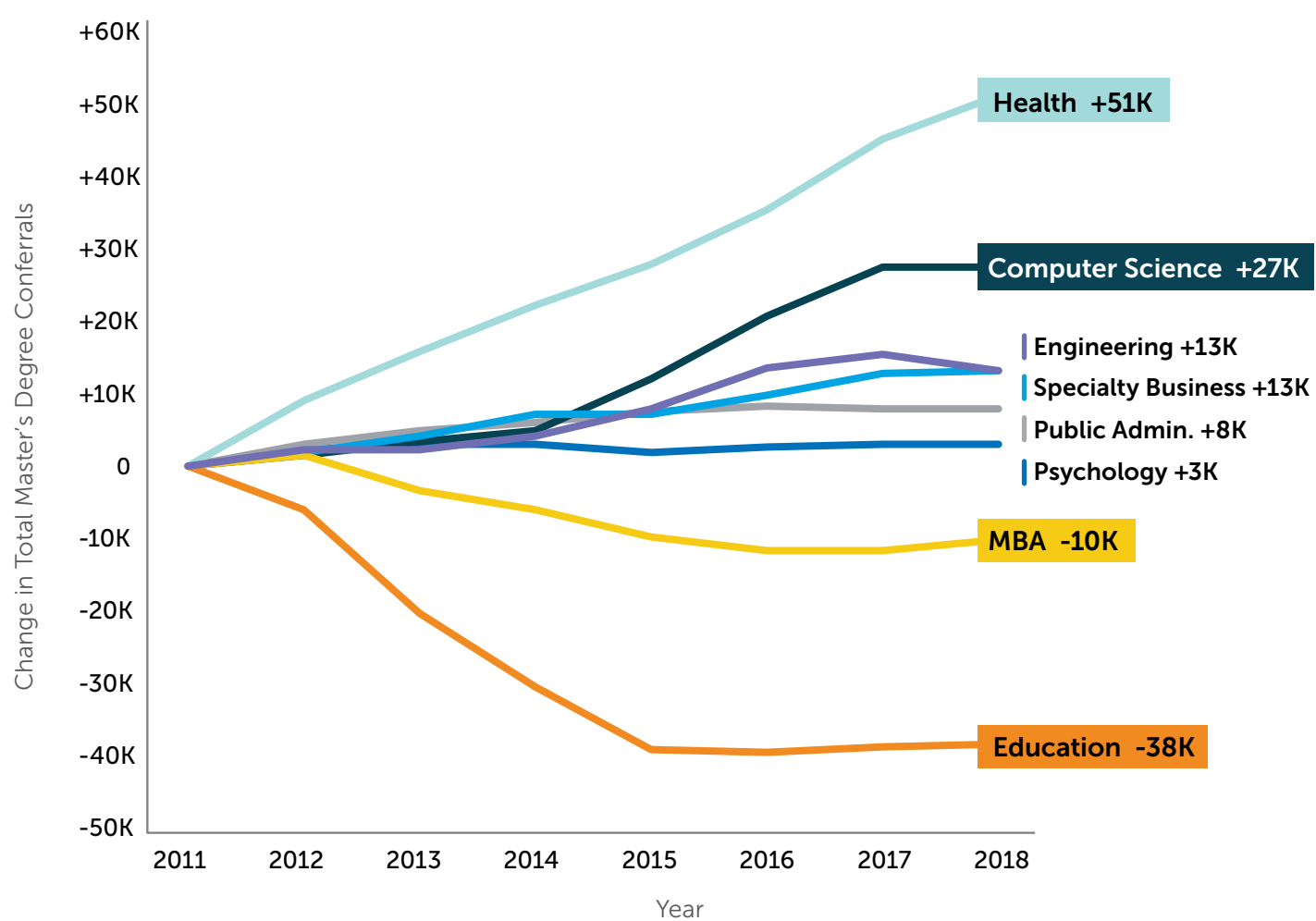
↓ 400K

fewer master's students than previously anticipated

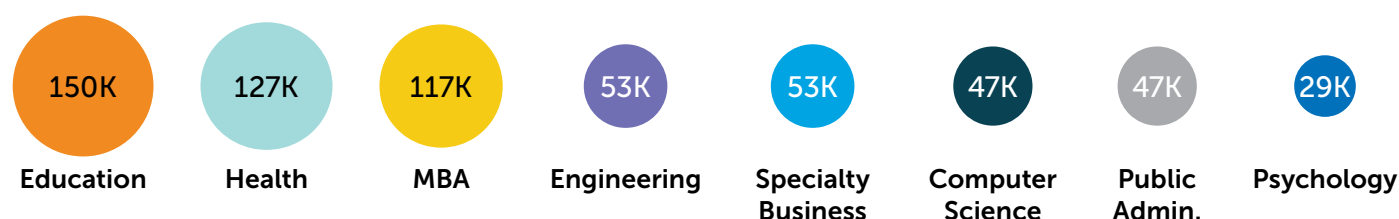
↓ \$7.2B

estimated master's degree tuition revenue projected in 2013 that is no longer expected

Change in Master's Degree Conferrals from 2011 to 2018 for the Eight Largest Programs and Fields



Total Master's Degree Conferrals in 2018 for the Eight Largest Programs and Fields



Sources: NCES Digest of Education Statistics Table 318.10, NCES Completions Data Files, EAB analysis.

10 Questions Higher Education Leaders Should Ask About Their Institution's Master's Degree Portfolio:

Strategy Questions

- > What assumptions are we making about the potential for master's degree growth?
- > Who are our competitors and is there still room for us to grow?
- > How are we setting targets for both revenue and margin across the portfolio?
- > How expensive will it be to reach these targets?
- > Do we have the right infrastructure and specialized expertise to recruit adult students?

Program Questions

- > Should we focus on launching new programs or growing existing offerings?
- > Which of my existing programs have potential to grow with the fewest resources?
- > How do we evaluate market demand?
- > What drives program launch decisions—market demand or faculty interest?
- > How hard will it be to discontinue a program that underperforms?