



— EAB'S HIGHER ED —

# State of the Sector

NAVIGATING UPHEAVAL ON FOUR FRONTS

2025–26



# Higher Education Stands at an Inflection Point

This moment in higher ed's history is defined not by a single shock, but by the cumulative weight of many. Political volatility, financial strain, demographic headwinds, and rapid advances in AI now reinforce one another, accelerating pressures that have been building for more than a decade. What once felt like gradual drift has given way to a converging set of forces reshaping long-standing assumptions about value, demand, and institutional sustainability.

The implications for institutions are becoming impossible to ignore. Campuses are being asked to do more for students with greater needs and higher expectations, while operating with fewer degrees of freedom. Public skepticism is rising, student confidence is fragile, and the pace of economic change is outstripping the pace of institutional adaptation.

▶ What's unfolding is less about any single executive order or funding cut and more about a **fundamental rewriting of higher ed's social contract**—one that increasingly links federal support to ideological alignment and measurable economic return.

Success in this environment will require sharper focus, faster institutional learning cycles, and more deliberate trade-offs as leaders reassess long-standing practices and confront risks that can no longer be deferred. Institutional viability—and higher education's broader legitimacy—now depends on the ability to adapt under fundamentally different conditions.

This year, our *State of the Sector* research examines how institutions are navigating upheaval on four fronts:

## Sector Headwinds



### **FRONT 1** **External Accountability**

Adapting to tenuous public support and heightened political scrutiny

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## Campus Readiness



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Driving campus change to unlock opportunity in a disrupted sector

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# A Moment for Panic or Progress?

Crisis and opportunity now move in tandem. Institutions are confronting a decade's worth of disruption in just a few years. The same forces threatening stability—political intervention, shrinking enrollment, generative AI, and leadership churn—also create a chance to reset priorities and rethink the higher ed enterprise.

This is not a moment for incrementalism. The next era of higher education will belong to those who act decisively, communicate with clarity, and execute with discipline across all four fronts: external accountability, financial sustainability, market relevance, and institutional agility.



**FRONT ONE**

# External Accountability

Adapting to tenuous public support and  
heightened political scrutiny

## A New Era of Scrutiny and Conditional Legitimacy

The rules of engagement have shifted dramatically for higher education. Over the past year, the Trump administration has intensified its scrutiny of colleges and universities, using policy, funding, and the media spotlight as levers to push compliance and control.

▶ What’s unfolding is less about any single executive order or funding cut and more about a **wholesale rewriting of higher ed’s social contract**—one that increasingly links federal support to ideological alignment and measurable economic return.

This new playbook is gaining momentum. State legislatures are mirroring federal themes—restricting DEI, redefining academic freedom, and expanding oversight of faculty and governance—while boards and political appointees assert greater oversight in institutional decision-making. The net effect is clear: Higher education’s autonomy is no longer assumed. It must increasingly be justified through transparency, efficiency, and visible relevance to public priorities.

### The Rewriting of Higher Education’s Social Contract

SELECT POLICIES	HISTORICAL ASSUMPTIONS	EMERGING CONTRACT
▶ <b>Free speech and DEI restrictions</b>	<b>Institutional autonomy:</b> Schools governed freely, set own values, stayed above politics	<b>Governance conditionality:</b> Autonomy is tied to political alignment and public scrutiny
▶ <b>Loan caps</b>	<b>Opportunity via public subsidy:</b> Students supported regardless of cost, major, or earnings potential	<b>Fiscal constraint:</b> Public investment is tied to cost control and return on taxpayer dollars
▶ <b>ROI tests</b>	<b>Outcome discretion:</b> Civic, intellectual, and personal growth were valued educational outcomes	<b>Accountability for economic value:</b> Legitimacy is tied to ROI and workforce metrics
▶ <b>Endowment tax</b>	<b>Institutional stewardship:</b> Schools were trusted to use their resources to advance civic benefits	<b>Redistribution logic:</b> Wealth can be redirected by the government for the public good
▶ <b>Research cuts</b>	<b>Research as a national priority:</b> Basic research supported as a public good	<b>Strategic alignment:</b> Subsidies are reserved for research that serves national self-interests

Source: EAB interviews and analysis.



## Higher Ed's Winning Platform for 2028 and Beyond

Even as public confidence has ticked up slightly after a decade of decline, skepticism about higher education's value, affordability, and leadership credibility remains widespread and bipartisan. Americans do not all agree on the causes, but there is growing consensus that colleges and universities need to prove they deliver public good, not just private benefit.

These expectations are unlikely to recede with a change in the administration. To secure durable public support, regardless of the political party in power, higher education needs to orient itself around shared, nonpartisan priorities that institutions are uniquely positioned to deliver (see below).

### 1 **Power Jobs**

Be the fastest, most reliable route to jobs that sustain families and keep America competitive

#### Sample KPIs

**80%+** six-month job placement rate

**75%+** of grads in positive ROI program

### 2 **Foster Civic Pluralism**

Make campuses the national model for open debate, civic learning, and civic literacy

#### Sample KPIs

**75%+** of students feel comfortable expressing opinions

**80%+** of graduates engaged in civic learning

### 3 **Advance National Resilience**

Put universities at the center of leadership in defense, health, and infrastructure

#### Sample KPIs

**40%+** of research grants in public interest areas

**30%** growth in public-private partnerships

### **Embrace Transparency and Accountability**

Demonstrate visible accountability for outcomes, efficiency, and transparent governance



Together, these priorities form a **partisan-proof platform** that colleges and universities can use **to prove their relevance and rebuild trust**.

Source: EAB interviews and analysis.

# Diagnostic Checkpoint

## Is Our Institution Positioned to Thrive?

For each statement, select the rating that best reflects how true this is for your institution.

1 = Not true at all | 4 = Very true

1	2	3	4	<b>Social Contract Strategy</b> We have a clear strategy for navigating and shaping higher ed's evolving social contract through engagement with policymakers, partners, and the public.
<hr/>				
1	2	3	4	<b>Proof of Public Value</b> We can clearly communicate our economic, workforce, civic, and research contributions in ways that align with shared public priorities.
<hr/>				
1	2	3	4	<b>Outside-In Strategic Alignment</b> Our strategic priorities reflect the needs and expectations of external stakeholders—not only internal preferences.

### ► Average External Accountability Score:

Use this score to assess your institution's readiness to navigate this source of sector upheaval.

## Additional EAB Resources

Find out more at [eab.com/state-of-the-sector](https://eab.com/state-of-the-sector).

### TOOL

#### Federal Policy Status Index

Stay informed about the latest changes to federal policy that will affect higher education

### CASE STUDY

#### The Anchor Institution Advantage

Lessons from Wichita State University on how outside-in strategy can drive public and economic impact

### Access with Partnership

#### CABINET WORKSHOP

#### Resilient Future Planning

Navigate uncertainties in response to critical challenges in the federal policy landscape

### Access with Partnership

#### TOOL

#### External Accountability Audit

Pinpoint your institution's top vulnerabilities and actions you can take to mitigate them





**FRONT TWO**

# Financial Sustainability

Confronting business model strain amid  
dual revenue and cost shocks





## Synchronized Compression Hits Higher Ed Budgets

Higher education's business model has been under pressure for decades, but today's challenges are substantively different. While the model was designed to withstand isolated shocks—temporary enrollment declines, funding cuts, or cost increases—it was not built to withstand this degree of **synchronized compression**, whereby every major revenue stream and expense category is under pressure at the same time.

Under these conditions, the system of internal cross-subsidies that has historically made the model work is breaking down. As both revenues and expenses tighten simultaneously, institutions are less able to use surplus in one area to support others. Activities that were once sustained through internal offsets are increasingly exposed. The practical effect is a loss of buffer: fewer cushions to absorb shocks, less flexibility to recover from missteps, and a sharply reduced margin for error.

### Institutional Expenses

SOURCE	OUTLOOK	PRESSURES
▶ <b>Instruction</b>		Salary growth outpacing revenue; static workload and delivery models
▶ <b>Academic and student support</b>		High labor costs; growing demand for high-touch support
▶ <b>Institutional support</b>		Escalating compliance, legal, technology costs
▶ <b>Research and public service</b>		High-cost infrastructure; new compliance mandates, federal cuts
▶ <b>Auxiliaries</b>		Capital renewal and deferred maintenance burdens
▶ <b>Financial aid</b>		Rising aid demand amid discounting wars; waning federal support

### Institutional Revenues

SOURCE	OUTLOOK	PRESSURES
▶ <b>Tuition and fees</b>		Demographic decline; global volatility; ROI skepticism
▶ <b>Government funding</b>		Federal policy pressures (especially research), weakened state budgets
▶ <b>Auxiliaries</b>		Margins compressed by inflation; uneven across units
▶ <b>Private gifts</b>		Major donors holding steady; political scrutiny and fatigue looming
▶ <b>Investment returns</b>		Endowment taxes; inflation; market volatility reducing real value
▶ <b>Private grants and contracts</b>		Dependent on federal flows; shifting priorities post-election

Source: EAB interviews and analysis.

## Grappling with the Realities of a High Fixed-Cost Model

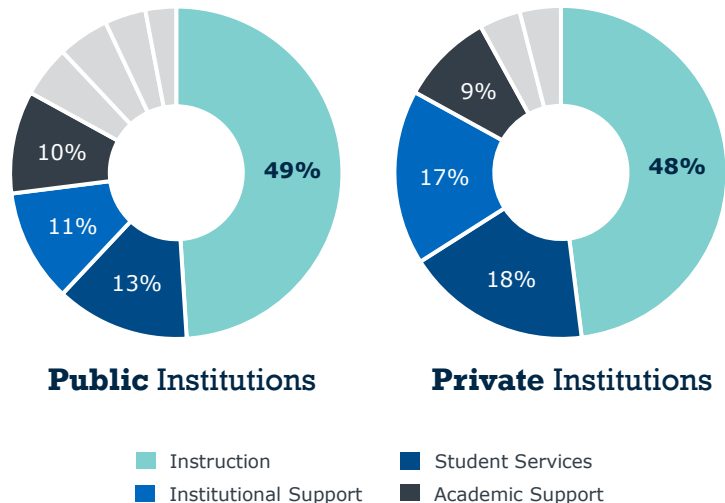
As institutional buffers erode, financial pressure increasingly collides with a high fixed-cost structure that offers limited short-term flexibility. Labor accounts for 56% of total expenditures,<sup>1</sup> with half dedicated to instruction, and facilities backlogs now exceed \$140 per gross square foot<sup>2</sup> at many institutions.

State funding adds another constraint, with higher education increasingly used as the balance wheel of state budgets. As a discretionary line item, it is often tapped to ease state budget pressure—a dynamic that is intensifying as the federal government shifts growing Medicaid and SNAP costs onto states.<sup>3</sup>

This cost structure sharply limits leaders' ability to maneuver financially. Moving beyond onetime, surface-level savings requires much more complex and difficult decisions about core investments in people and place.

### 56% of All Expenses Are Labor, with Half Dedicated to Instruction

*Breakdown of Total Salary Expenditures by Category<sup>1</sup>*



## Three Recent Shifts in Institutional Cost Management

### 1 Prestige Is No Longer a Shield

Cost discipline is no longer confined to financially stressed institutions; even highly selective and well-resourced universities are restructuring programs, staffing, and operations.

### 2 Academic Labor Is Now Fair Game

Institutions are reassessing the size, shape, and distribution of faculty labor, including program consolidation, position reductions, and changes to instructional staffing models.

### 3 Labor Productivity Is Being Legislated

States and governing bodies are increasingly using policy lever (tenure rules, teaching loads, performance expectations) to push productivity changes that were once managed internally.

1) Other expenditures in public graph: Research (5%), Auxiliary Enterprises (5%), Public Service (4%), and All Other Categories (3%). Other expenditures in private graph: Auxiliary Enterprises (4%) and All Other Categories (4%).

2) Gordian, *The State of Facilities in Higher Education*, 12th Edition.

3) KFF, *Allocating CBO's Estimate of Federal Medicaid Spending Reductions Across the States*. Source: EAB interviews and analysis.



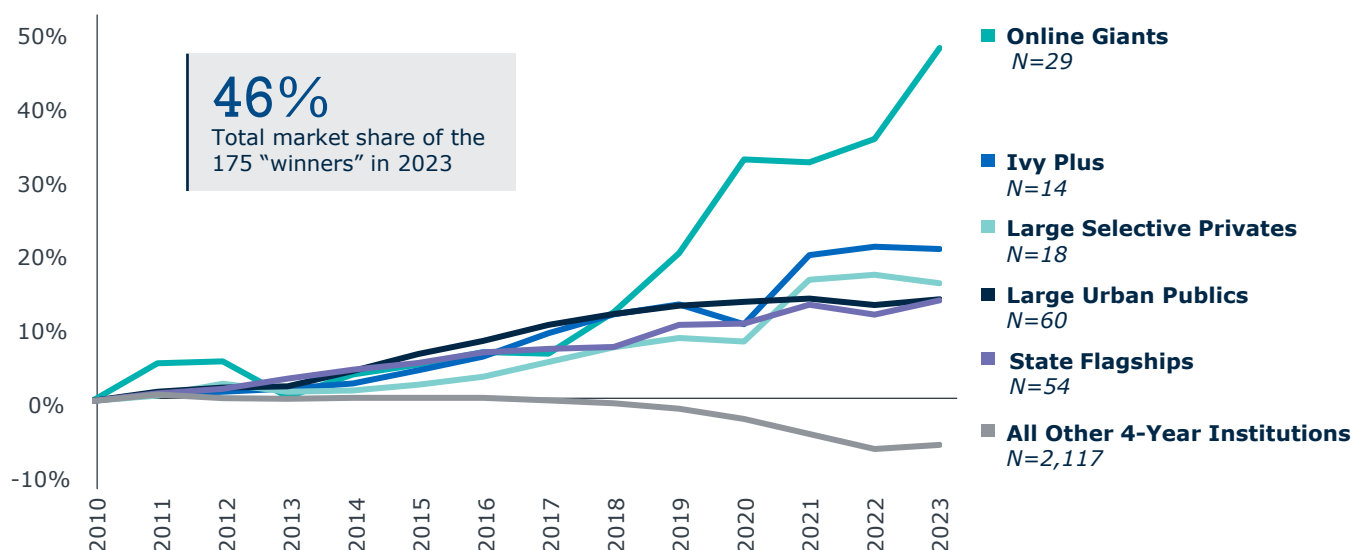
## Competing for Enrollment Share in a Post-Growth Era

After pandemic-era volatility, national enrollment totals have largely stabilized. But over the past decade, growth has become increasingly concentrated among a small set of institutions—online giants,<sup>1</sup> Ivy Plus universities,<sup>2</sup> large selective privates,<sup>3</sup> large urban publics,<sup>4</sup> and state flagships<sup>5</sup>—while most institutions compete in a stagnant or contracting market.

At the same time, the pool of prospective students is narrowing and becoming more constrained. The demographic cliff is reducing the number of traditional-aged students, while declining academic readiness and rising price sensitivity limit who is both able and willing to enroll. Affordability constraints further compress demand: Only 1 in 100 high school graduates with SAT scores of 1200+ can afford a private college without aid,<sup>6</sup> and college-going rates, particularly among young men, continue to fall. Together, these dynamics intensify zero-sum competition,<sup>7</sup> shifting the enrollment challenge from growth to share.

### Growth in Total Enrollment Is Highly Concentrated in Five Groups of “Winners”

Percentage of Change in Total Enrollment (Undergraduate and Graduate), IPEDS, 2010-2023



▶ A broader examination of institutions that are growing enrollment in today’s constrained market reveals several shared attributes. These institutions tend to offer specialized and career-focused programs; differentiate on niche, values, or identity; adopt transparent, affordable pricing practices; provide scalable online or hybrid delivery options; and target overlooked or underserved markets.

2) Ivy League institutions plus Johns Hopkins University, Stanford University, University of Chicago, Duke University, MIT, and CalTech.

1) >10,000 UG and G, >75% online.

3) >8,500 UG and G, <25% selectivity.

4) >20,000 UG and G, <75% online, in a city

5) Includes dual flagships in Texas, California, Virginia, and New York.

6) FAFSA.

7) EAB analysis of American Community Survey data.

Source: EAB interviews and analysis.

Balancing Mission and Margin in the Research Enterprise

The research enterprise is facing a widening gap between costs and returns. Recent federal funding cuts and withdrawn awards (totaling \$6–\$10 billion in 2025 alone<sup>1</sup>) along with unreimbursed F&A are reducing net returns even as the costs of sustaining research continue to rise. As a result, institutions now contribute nearly \$0.45 for every federal research dollar.<sup>2</sup>

Looking ahead, proposed reductions to NIH and NSF budgets and potential caps on F&A recovery could further increase the institutional subsidy required to sustain and grow research activity. As the gap between external funding and institutional costs widens, the traditional “Carnegie climb” will become more expensive and harder to justify, forcing institutions to reassess growth ambitions and prioritize research investment in areas aligned with funding priorities and distinctive institutional strengths.

Confronting the Rising Costs of Athletics Competition

Athletics reflects many of the same dynamics reshaping the research enterprise. New revenue from media rights, postseason payouts, and national exposure are increasingly concentrated among a small group of Power Five institutions, while others face rising costs without comparable financial returns.

As in research, institutions must decide whether to “compete up” or “optimize down,” evaluate program-level returns, and manage athletics with greater discipline rather than defaulting to prestige-driven choices. Without this discipline, mission-margin tensions will intensify, placing additional strain on institutional finances.

RESEARCH	SHARED CHALLENGES	ATHLETICS
Institutions must invest more in labs, compliance, and matching funds to chase a shrinking pool of extramural grants	Rising Costs of Competition	Programs must spend more on NIL <sup>3</sup> packages, facilities, and salaries to remain competitive in recruiting and conferences
Each grant dollar requires more institutional investment; F&A recovery fails to cover full costs	Diminishing Institutional ROI	New revenues (media, donor, ticket) demand outsized spending, eroding net gains
Federal funding and prestige are increasingly concentrated in a small set of elite R1s	Winner-Take-All Dynamics	Media contracts, postseason revenue, and national exposure cluster in the Big Ten and SEC
Pressure to commercialize and chase fundable topics versus advance public-good research	Mission vs. Margin Tension	Pressure to deliver entertainment and drive revenue versus nurture student development

1) Grant Witness, NIH and NSF.

2) COGR, Oct 2024 COGR F&A Presentation.

3) NCAA’s 2021 policy that allows students to profit from their name, image, and likeness.

Source: EAB interviews and analysis.



## Preparing for an Increasingly Bimodal Future

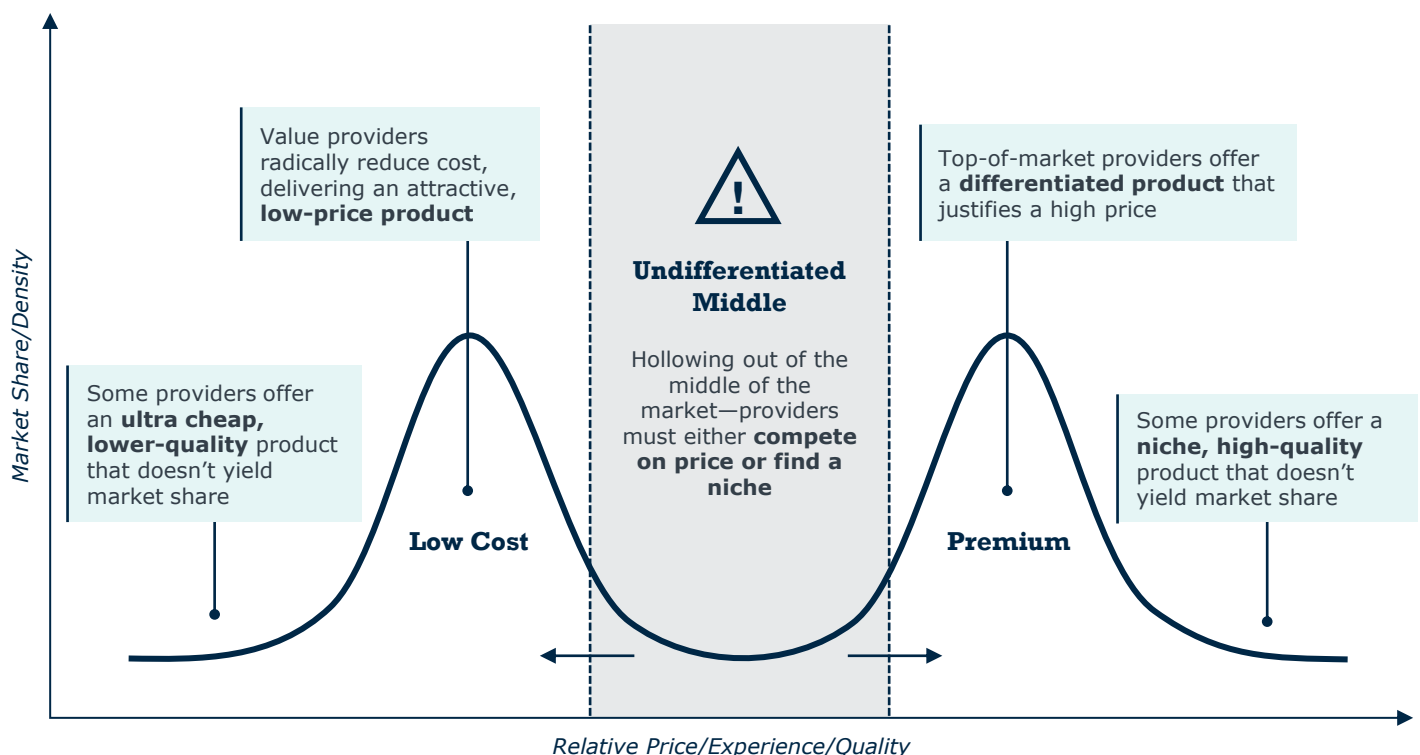
Across enrollment, research, and athletics, a common pattern has emerged. As growth slows and long-standing buffers weaken, institutions are facing tighter margins and more intense competition for share across multiple areas.

In environments like this, markets tend to rationalize. Advantage is increasingly concentrated at the ends—among providers that compete effectively on price or deliver clearly differentiated value—while institutions in the middle face growing difficulty sustaining share, funding ambitions, or maintaining financial viability. This dynamic is not unique to higher education, but it is becoming more visible as the buffers that historically insulated the sectors (strong public subsidy, a durable value proposition, and high barriers to closure) continue to weaken.

► The question for leaders is no longer *whether* the market will rationalize but *how soon* and *which institutions* will be positioned to **scale, specialize, or shrink to strength**.

Thriving in this environment will require clear choices about where to compete, alignment with market demand, and sustained investment in areas of real advantage.

### Market Rationalization Yields Fewer Dominant Players with Big Market Share



Source: EAB interviews and analysis.

# Diagnostic Checkpoint

## Is Our Institution Positioned to Thrive?

For each statement, select the rating that best reflects how true this is for your institution.

1 = Not true at all | 4 = Very true

1

2

3

4

### High Fixed-Cost Readiness

We understand the constraints created by our high fixed-cost structure and are actively addressing structural, not just incremental, cost pressures.

1

2

3

4

### Enrollment Positioning in a Post-Growth Era

We have a clear-eyed view of our competitive position and are actively aligning programs, pricing, and recruitment to sustain viable enrollment segments and reduce risk.

1

2

3

4

### Mission-Margin Alignment

We regularly evaluate our academic, research, and athletics programs for both mission contribution and financial performance and reallocate resources accordingly.

## ► Average Financial Sustainability Score:

Use this score to assess your institution's readiness to navigate this source of sector upheaval.

## Additional EAB Resources

Find out more at [eab.com/state-of-the-sector](https://eab.com/state-of-the-sector).

### TOOL

#### Revenue Growth Opportunity Analysis

Review 20 of the most viable strategies for increasing revenue across enrollment, advancement, research, and alternative streams

### EXECUTIVE BRIEF

#### Aligning Institutional Budget Models to Strategic Goals

Guide to designing budget models that support cost discipline, growth decisions, and strategic priorities



Access with Partnership

### CABINET WORKSHOP

#### Research Enterprise Action Planning

Discuss potential futures amid policy uncertainty and evaluate opportunities to rightsize investments



Access with Partnership

### TOOL

#### Athletics Strategy Resource Center

Tools to help leaders evaluate how, and at what level, to compete in athletics, while managing costs and financial risk





**FRONT THREE**

# Market Relevance

Preparing students for an AI-transformed  
knowledge economy with fewer jobs

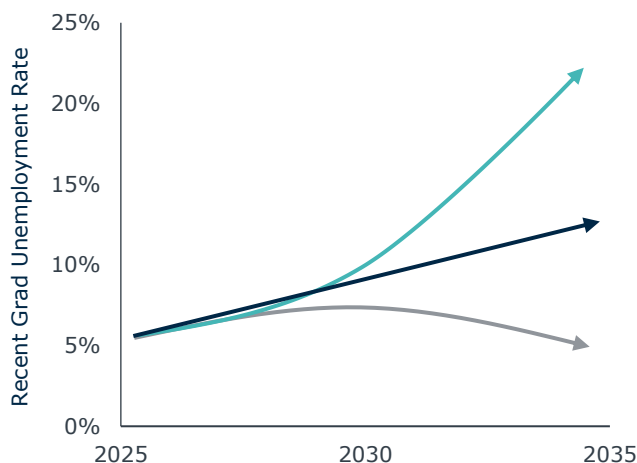
## Three Connected Forces Shaping Student and Employer Expectations

Higher education is facing several converging cultural, economic, and technological forces that are changing both who students are and what employers need.



Combined, these forces are reshaping what skills endure, how early careers unfold, and what students and employers will expect from higher education in the years ahead. They do not point to a single outcome but instead suggest several plausible paths for how higher education's market relevance could evolve (see below). Institutions that act quickly—and make deliberate choices about how to adapt—will have greater opportunity to shape their trajectory rather than react to it, with direct implications for the strength of their future value proposition.

## Where These Forces Could Lead: Three Potential Scenarios for Higher Ed's Market Relevance



### Dramatic Labor Upheaval

Leads to universal basic income, massive public works programs, and shorter workweeks

### Narrowing Value Proposition

Role elimination outpaces human-centric innovation; higher ed contracts and evolves focus

### Sector Pivot

Higher ed slow to react to new market realities but reinvents itself to anticipate next-gen industry needs

Source: EAB interviews and analysis.



## FORCE 1

# A Generation Shaped by Socially Disruptive Technology

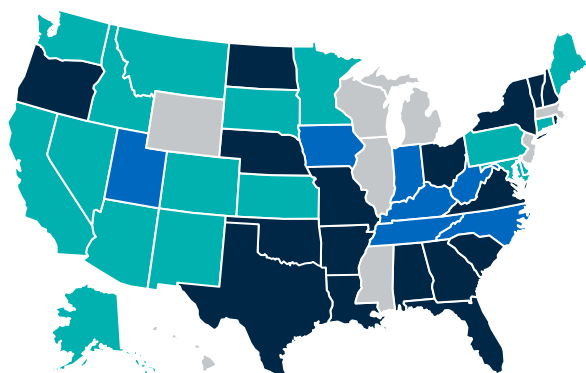
Gen Z is arriving on campus with weaker social ties and lower readiness for sustained academic and professional engagement.<sup>1</sup> Markers of adulthood are increasingly delayed, while time spent alone has surged (up 34% for Gen Z and 73% for young men <sup>2</sup>), and 52% of teens now report using AI companions,<sup>3</sup> reinforcing social isolation despite constant online connection. At the same time, attention spans are shrinking, and reading for leisure has declined sharply, with the share of students who report “never reading” up nearly 300%.<sup>4</sup>

Together, these shifts are eroding students’ capacity for focus, persistence, and sustained learning—while being accelerated by digital platforms designed for instant reward rather than sustained engagement. Constant scrolling and algorithm-driven content crowd out the focus and effort required for reading, reflection, and complex learning, reinforcing surface-level engagement and eroding attention and endurance.

### The Rise of Dopamine Culture

	SLOW TRADITIONAL CULTURE	FAST MODERN CULTURE	DOPAMINE CULTURE
▶ <b>Athletics</b>	Play sports	Watch sports	Bet on sports
▶ <b>Journalism</b>	Newspapers	Multimedia	Clickbait
▶ <b>Video</b>	Film & TV	YouTube videos	TikTok

## 35 States Have Limits or Bans on Phones in School<sup>5</sup>



■ School day ban   ■ Instructional time ban   ■ Requires/recommends local policy   ■ None

▶ **Some early countermeasures show promise:**  
K-12 phone bans in schools across 35 states have already reduced discipline issues and improved focus, offering a glimpse into how structured digital boundaries can shift engagement toward sustained attention and classroom participation early in childhood.

1) Data from Understanding America Study.  
2) EAB analysis of American Time Use Survey.  
3) Common Sense Media, [How and Why Teens Use AI Companions](#).  
4) EAB analysis of [NAEP Long-Term Trend Reading Assessment Results](#).  
5) AP News, [Students Face New Cellphone Restrictions](#); Auburn University, [Cell Phone Bans Could Improve Overall School Environment](#); Bloomberg, [NY Students Banned From Using Phones](#); EdWeek, [Which States Ban or Restrict Cellphones in Schools?](#).  
Source: EAB interviews and analysis.

## FORCE 2

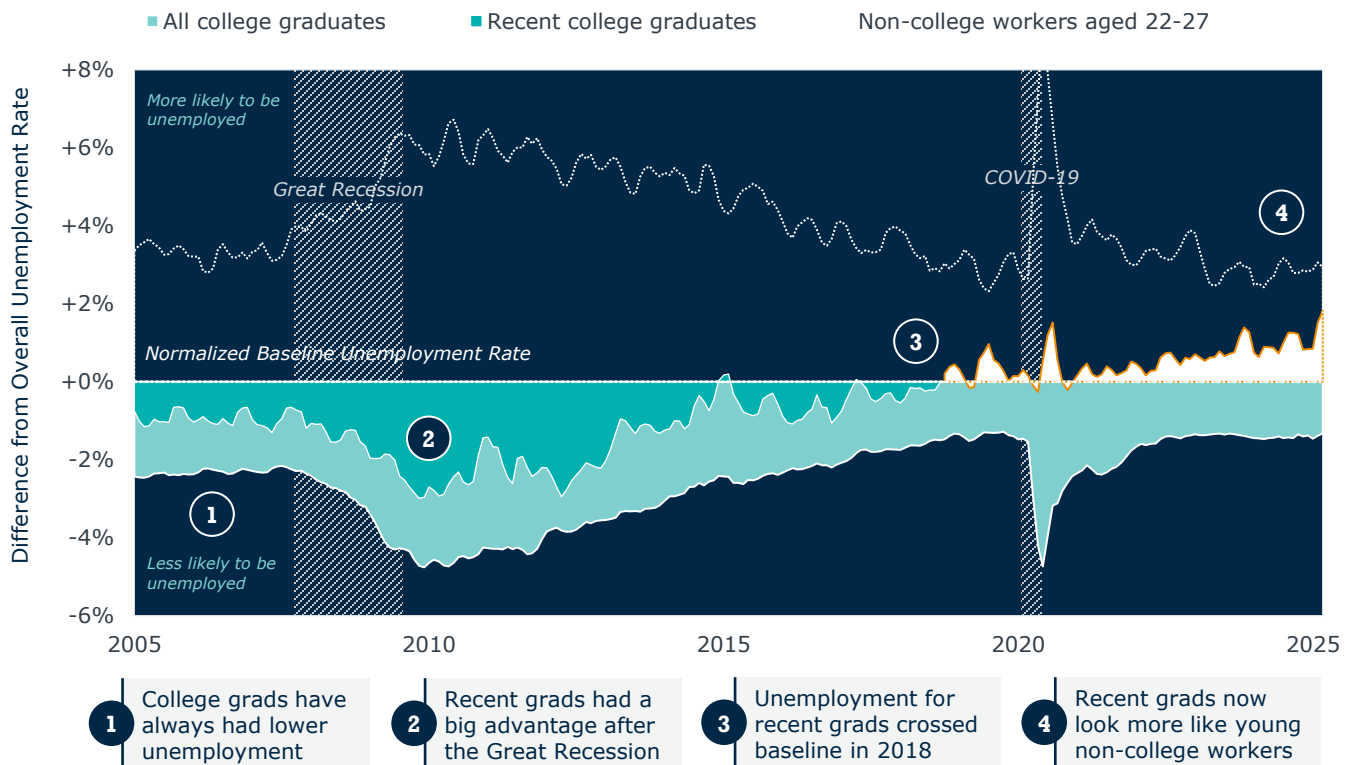
### A Contracting Labor Market for New Grads

At the same time institutions are enrolling students who arrive less prepared for sustained focus and early-career expectations, the labor market their graduates must compete in has become less forgiving and more selective. The employment advantage that graduates once held has eroded: Since 2018, recent graduates have no longer enjoyed lower unemployment rates than young workers without degrees (see below). More than half of new bachelor's degree recipients (52%) start underemployed, and 73% remain underemployed a decade later,<sup>1,2</sup> while college grads make up a growing share of the long-term unemployed.<sup>3</sup>

While the college wage premium remains near historic highs (roughly \$29,000–\$32,000 annually<sup>4</sup>) the early-career pathway has become harder to navigate. Entry-level roles are fewer, expectations are higher, and traditional on-ramps into professional work have narrowed, making it more difficult for new graduates to translate a credential into stable early employment.

That shift is changing how families evaluate the payoff of college, especially when early-career outcomes feel less predictable. These concerns are likely to intensify as AI-driven changes begin to reshape hiring and entry-level work—raising the stakes for how institutions prepare students for what comes next.

#### Eroding Employment Advantage for Recent College Grads<sup>5</sup>



1) Burning Glass Institute, [Talent Disrupted: College Graduates, Underemployment, and the Way Forward](#).  
 2) Underemployment refers to graduates working in jobs that do not require a bachelor's degree or where the majority of workers do not have one.  
 3) The New York Times, [The Newest Face of Long-Term Unemployment? The College Educated](#).  
 4) Federal Reserve Bank of New York, [Is College Still Worth It?](#).  
 5) New York Fed, [The Labor Market for Recent College Grads](#); [The Atlantic, Something Alarming is Happening to the Job Market](#).  
 Source: EAB interviews and analysis.



## FORCE 3

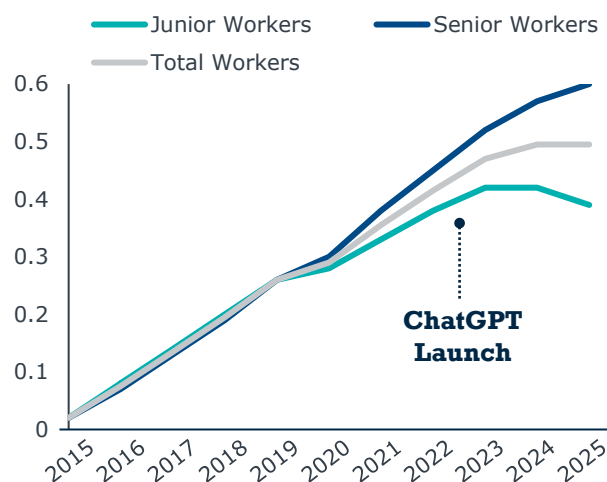
# A (R)evolutionary Advance in Artificial Intelligence

AI is advancing at unprecedented speed, reaching roughly 50% household adoption in under three years<sup>1</sup> and expanding into tasks that were long assumed to be immune to automation because they require meaningful cognitive or interpersonal skill.<sup>2</sup> These rapid gains are reshaping the foundations of work far faster than previous technological shifts.

One of the most immediate effects is the disruption of early-career pathways. As routine and entry-level tasks become automatable, the traditional career ladder is narrowing. Across 285,000 U.S. firms, junior roles have already started to decline relative to mid- and senior-level positions—evidence of a shift toward a “career diamond” structure where entry points are fewer, expectations are higher, and new hires must demonstrate readiness from day one.

## AI Disruption Already Visible at Entry Level

Average Number of Total, Junior, and Senior Workers (Normalized to 0 in January 2015) at 285,000 U.S. Firms<sup>3</sup>



In this environment, higher-order human capabilities (judgment, relational intelligence, problem framing) become increasingly critical, especially as technical skills are more easily replicated by machines. Institutions therefore play a pivotal role in preparing students for this landscape by cultivating AI fluency, strengthening human-centered skills, and designing learning experiences that require students to navigate ambiguity and apply judgment.

1) Bond, *Trends in Artificial Intelligence*.  
 2) The New York Times, *I’m a Doctor. ChatGPT’s Bedside Manner is Better Than Mine*.  
 3) Harvard University researchers’ analysis of LinkedIn resumes and job postings data; n=62 million workers across 285,000 U.S. Firms.  
 Source: EAB interviews and analysis.

# Diagnostic Checkpoint

## Is Our Institution Positioned to Thrive?

For each statement, select the rating that best reflects how true this is for your institution.

1 = Not true at all | 4 = Very true

1

2

3

4

### Gen Z Readiness

Our learning environment and support systems effectively strengthen focus, connection, and persistence for Gen Z students navigating social isolation, attention shifts, and digital saturation.

1

2

3

4

### Early-Career Labor Market Alignment

We monitor employer expectations and early-career outcomes, adjusting programs and advising to reflect evolving labor market realities.

1

2

3

4

### AI-Era Skills Preparation

We intentionally cultivate the adaptive, relational, judgment-based, and AI-fluency skills students will need in an AI-shaped labor market—and prepare faculty to teach them.

### ► Average Market Relevance Score:

Use this score to assess your institution's readiness to navigate this source of sector upheaval.

## Additional EAB Resources

Find out more at [eab.com/state-of-the-sector](https://eab.com/state-of-the-sector).

### TOOL

#### Employer Demand Profiles

Identify the top job skills requested and employers with the greatest demand for each U.S. state, Canada, and the UK

### INFOGRAPHIC

#### Unlocking AI's Potential in Higher Ed

Identify, develop, or acquire AI applications that best align with institutional priorities



Access with Partnership

### ASSESSMENT

#### Generative AI Curriculum Prioritization

Prioritize curriculum revisions across programs to maintain relevance in a world of work driven by GenAI



Access with Partnership

### TOOL

#### Experiential Major Map Workbook

Learn how to build major maps that sequence academic and cocurricular activities





**FRONT FOUR**

# Institutional Agility

Driving campus change to unlock opportunity  
in a disrupted sector

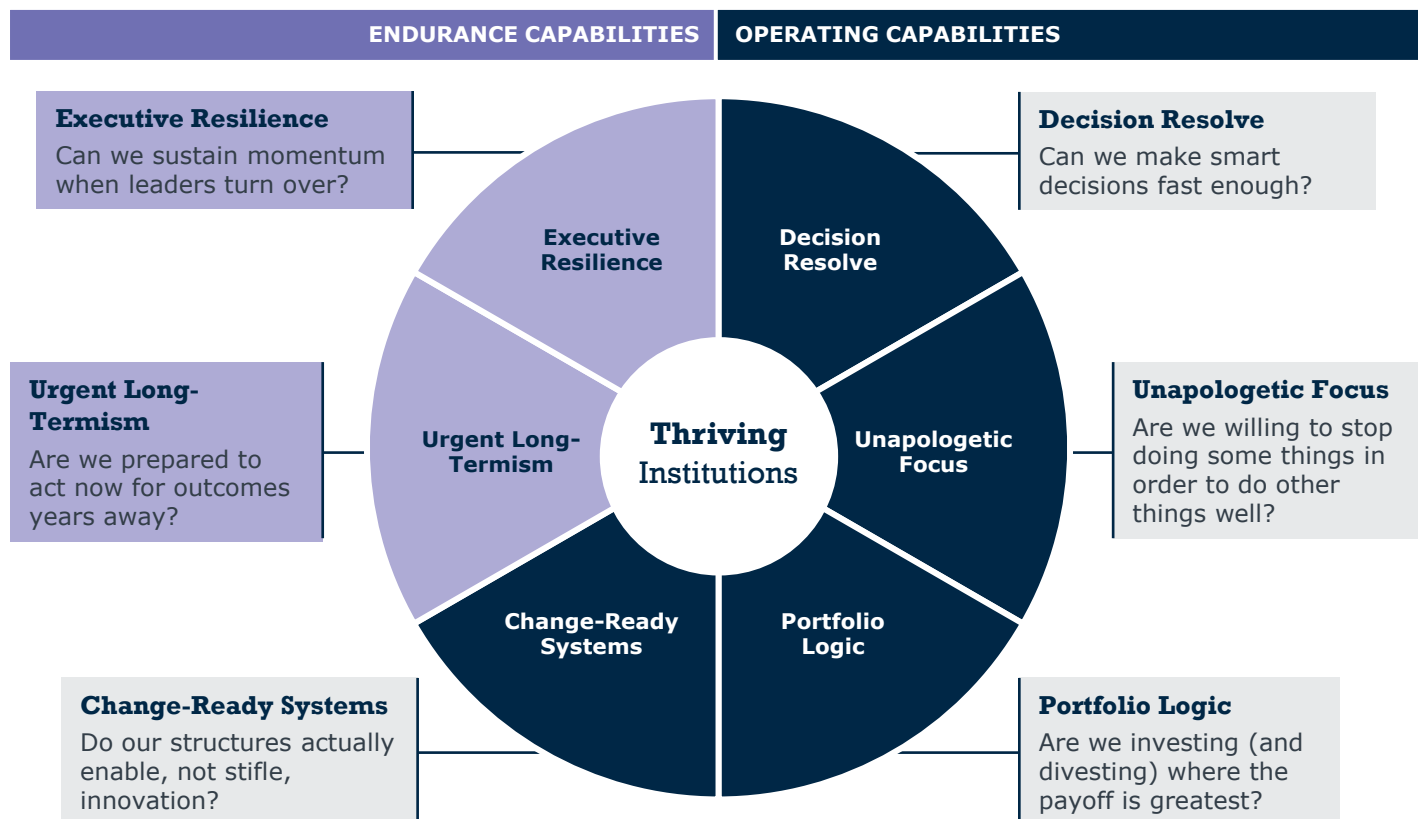
## Building the Capacity to Act amid Uncertainty

Financial, market, and political strain are intensifying pressure on institutions to move faster and make bolder choices—often at the very moment when information is incomplete, conditions are shifting, and campus stakeholders are seeking stability. In this environment, the greater risk is not uncertainty itself, but paralysis: A decision delayed by fear of pushback, controversy, or disruption frequently carries higher long-term costs than a decision to act decisively amid ambiguity.

▶ To counter this risk, leadership teams must build **six core agility attributes that enable institutions to act decisively and sustain momentum**—especially when scrutiny, resistance, and fatigue set in.

In practice, these attributes determine whether institutions can translate intent into action and adapt over time. They clarify who has authority to decide and act, limit relitigation once choices are made, and concentrate leadership attention and investment on a small number of priorities that warrant sustained focus. When systems, incentives, and governance structures reinforce those choices, sustained progress becomes possible, even as resistance increases and leadership energy is tested.

### Six Attributes of a Thriving Institution



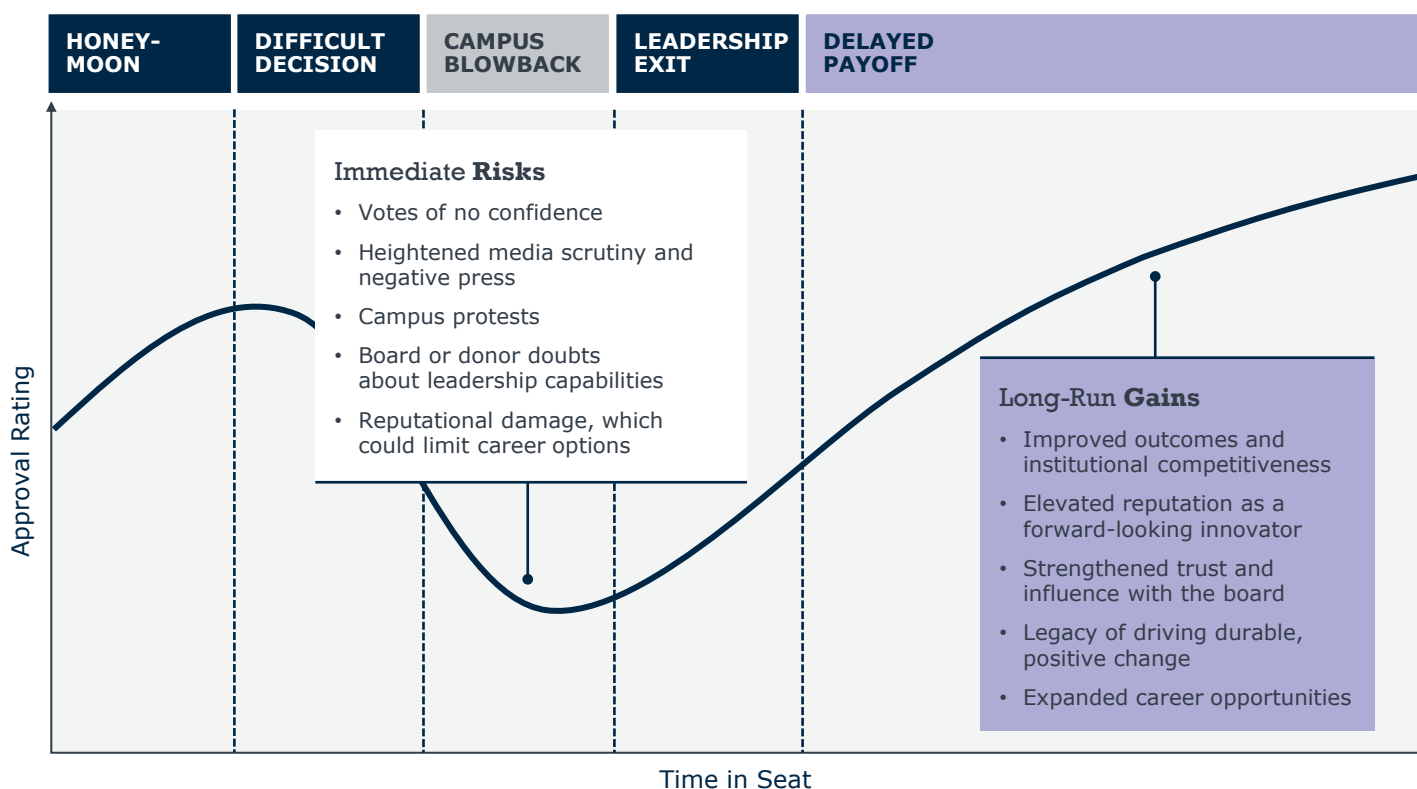
Source: EAB interviews and analysis.



## Leadership Resolve Under Pressure

Developing institutional agility is necessary but insufficient. Leaders themselves must be prepared to make difficult calls, absorb the backlash that follows, and sustain commitment long enough for results to materialize. As the *Staying Power Curve* shows (see below), the turbulence that follows difficult decisions is not a sign of failure but a predictable phase leaders can anticipate, manage, and ultimately weather.

### The Staying Power Curve: Difficult Leadership Decisions Follow a Predictable Trajectory



In the long run, as former Notre Dame President Hesburgh observed, even those who disagree in the moment will respect leaders for acting with conviction and doing what they believed was right.

“

... Do not ask, 'What is the easy thing to do?' or 'What will cost the least money?' or 'What will make me the most loved or popular?' **Just ask what is the right decision** ... People, your people, will respect you ... for doing what you thought right, even though they do not agree.”

**Rev. Theodore Hesburgh, C.S.C.**  
President of the University of Notre Dame (1952–1987)

Source: EAB interviews and analysis.

# Diagnostic Checkpoint

## Is Our Institution Positioned to Thrive?

For each statement, select the rating that best reflects how true this is for your institution.

1 = Not true at all | 4 = Very true

1

2

3

4

### Operating Capabilities

We make decisions efficiently, focus effort on what matters most, and adapt our systems and portfolios as conditions change.

1

2

3

4

### Endurance Capabilities

We can sustain momentum on long-term priorities and decisions, even through leadership transitions, scrutiny, or periods of uncertainty.

1

2

3

4

### Leadership Resolve

We are willing to make difficult, high-stakes decisions even when we anticipate resistance, controversy, or short-term disruption—recognizing that delay often carries greater long-term cost.

### ► Average Institutional Agility Score:

Use this score to assess your institution's readiness to navigate this source of sector upheaval.

## Additional EAB Resources

Find out more at [eab.com/state-of-the-sector](https://eab.com/state-of-the-sector).

### DIAGNOSTIC

#### Evaluate Your Change Management Approach

Determine where your existing approach to change management may be misaligned with best-practice behaviors



Access with Partnership

### RESOURCE CENTER

#### Strategic Planning Support

Use EAB templates and request facilitation support in your strategic planning process



Access with Partnership

### TOOLKIT AND WORKSHOP

#### Board Altimeter

Help your board support the institution on key questions and stay at the right strategic altitude



# We've Entered the Era of Hard Decisions

Higher education has entered a period in which hard choices can no longer be avoided. For institutions willing to act decisively, this moment presents a real opportunity—not just to weather disruption, but to emerge more focused, more credible, and more relevant. Over time, those choices will determine which institutions will thrive in a more competitive and uncertain landscape.

EAB's Strategic Advisory Services works alongside higher ed leaders and teams to navigate these trade-offs and build institutions that are resilient, relevant, and ready for what comes next.

[eab.com/advisory-services](https://eab.com/advisory-services)



## Strategic Advisory Services

### Expert Support to Help Higher Ed Leaders Close the Gap Between Idea and Impact

Strategic Advisory Services helps you accelerate long-term strategic initiatives and stay responsive to rapid landscape shifts. We combine a deep knowledge of your institution, forward-looking analyses of sector-wide trends, and an understanding of broader market forces to bring you cutting-edge expertise across every corner of campus.

#### Core Components of Partnership



#### **Rigorous Research-Backed Expertise**

We reduce uncertainty and improve the quality of your strategic decisions so you can move forward with confidence

#### **Accelerated Results**

Our long-term, holistic partnership model is built on institutional context and action-oriented commitments

#### **Supported Activation for Change**

We ground stakeholders in the need for change and rally your campus around a strategic path forward



#### Unparalleled **Breadth and Depth of Expertise**

Make Better  
Decisions About  
**Your Institution's  
Future**



Schedule time to  
speak to an expert.

[eab.com/advisory-services](http://eab.com/advisory-services)

“As soon as I think we have a plan for where the leadership team needs to focus, a new crisis or key issue or question from the board emerges. I need one place to take our questions no matter what issues are on next week's agenda. EAB provides that for us.”

**Chief of Staff**  
Private Research University





# State of the Sector 2025-26

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