

Countercyclicality of College Enrollment Trends

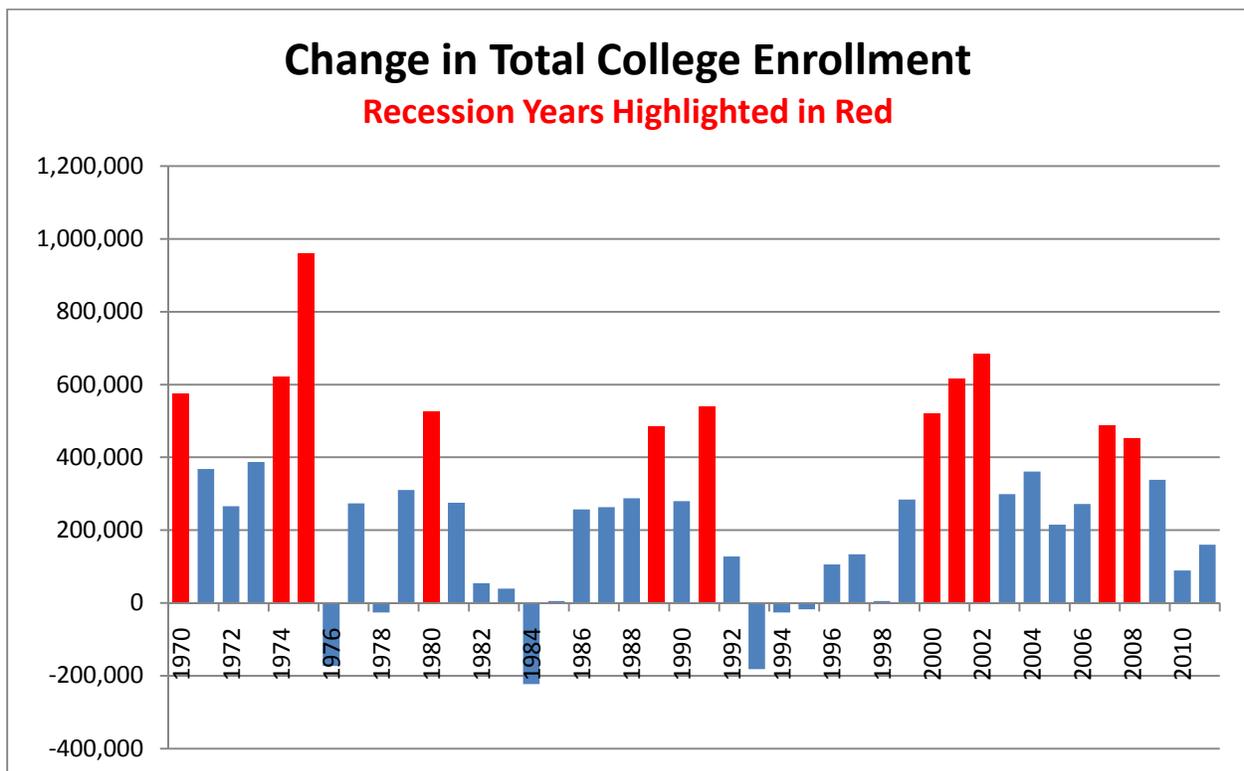
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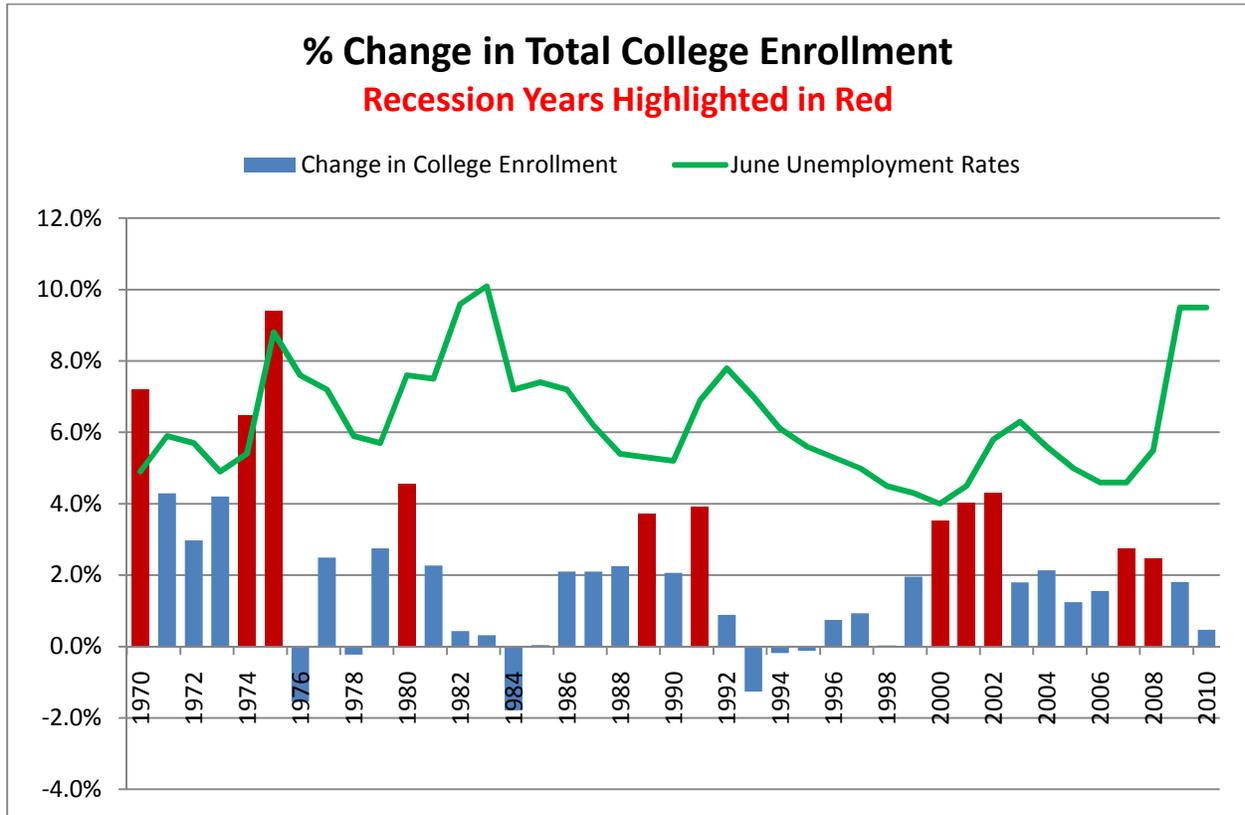
Changes in college enrollment demonstrate a strong correlation with recessions.¹ During a recession and for one or two years afterward, the average annual change in total college enrollment increases significantly, to about 3.7 times the average annual increase in total college enrollment between recessions. The average increase in annual college enrollment during a recession is 567,400 (4.5% of total college enrollment), compared with 150,800 (1.2% of total college enrollment) between recessions.

The following chart shows the annual change in enrollment from 1970 to 2010 with recession years highlighted in red. Notice how the recession years demonstrate increases that are greater than 450,000 while the years in between recessions all have increases that are less than 400,000, yielding a clear separation of the recession and non-recession years.



¹ College enrollment statistics were obtained from the National Center for Education Statistics at the US Department of Education, including the *Projections of Education Statistics to 2018*, NCES 2009062, September 15, 2009. See nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2009062. Only the actual enrollment statistics from this report, as opposed to the projections, were used in the analysis of countercyclicality.

The next chart shows the annual percentage change in total college enrollments, with recession years highlighted in red. While there is no clear dividing percentage that separates the recession years from the non-recession years, all of the recession years demonstrate a percentage change that is greater than 2.5% while most of the non-recession years have a percentage change that is less than 2.5%. The main exceptions occur in the 1970s when there was a much greater percentage increase in college enrollments during recession years.



Unemployment is a key driver of increases in college enrollment during a recession. When the job market is tight, people return to college to get training and skills to make themselves more marketable to prospective employers. Employees who are laid off often retrain in a new field of study where the job market is expanding. For example, after the slump in domestic automobile manufacturing, many auto workers enrolled in nursing and engineering degree and certificate programs.

The green line in the previous chart shows the June seasonally-adjusted unemployment rates for people age 16 and over.² While the spikes in the unemployment rates correlate well with the increases in college enrollment, they also appear to be a lagging indicator, perhaps because unemployment persists for 1-3 years after a recession ends and the economy has started improving.

When the enrollment data is disaggregated by student age, there is a clear trend demonstrating an increase in enrollment by nontraditional students during a recession. (For the purpose of this analysis, traditional students are defined as age 14-21 and nontraditional students as age 22 and above.) During a recession the

² Source: Bureau of Labor Statistics, www.bls.gov/cps, *Labor Force Statistics including the National Unemployment Rate* (Current Population Survey), one-screen data search.

numeric increase in nontraditional student enrollment is 1.5 times the increase in traditional student enrollment, even though total enrollment is similar for both groups of students (e.g., 43% traditional and 57% nontraditional). This contrasts with the trends in between recessions, where the average increase in traditional student enrollment is 2.6 times the average increase in nontraditional student enrollment.

On the other hand, the trends are not as clear when the enrollment data is disaggregated by enrollment status, full-time versus part-time enrollment. From 1993 to 2010, the average increase in full-time enrollment grew from 177,000 between recessions to 369,000 during recessions. This 192,000 difference represents a 2.1-fold increase in the change in full-time enrollment. The average increase in part-time enrollment grew from 22,000 between recessions to 191,000 during recessions. This 169,000 difference represents a dramatic 8.7-fold increase in the change in part-time enrollment. However, the increase in full-time enrollment is still greater on an absolute basis than the increase in part-time enrollment. Two-thirds of the average enrollment increase during a recession was from full-time students, compared with 89% in between recessions. The increase in full-time enrollment grew from 1.8% of full-time enrollment to 3.5% of full-time enrollment, while the increase in part-time enrollment grew from 0.3% to 2.8% of part-time enrollment. Thus the increase in both full-time and part-time enrollment grew during recessions as compared with the increases in between recessions.

Year	Fall Enrollment	Change (Absolute)	Change (Relative)	June Unemp.	Full Time	Part Time	Age 14-21	Age 22+
1970	8,581,000	576,000	7.2%	4.9%				
1971	8,949,000	368,000	4.3%	5.9%				
1972	9,215,000	266,000	3.0%	5.7%				
1973	9,602,000	387,000	4.2%	4.9%				
1974	10,224,000	622,000	6.5%	5.4%				
1975	11,185,000	961,000	9.4%	8.8%				
1976	11,012,000	-173,000	-1.5%	7.6%				
1977	11,286,000	274,000	2.5%	7.2%				
1978	11,260,000	-26,000	-0.2%	5.9%				
1979	11,570,000	310,000	2.8%	5.7%				
1980	12,097,000	527,000	4.6%	7.6%				
1981	12,372,000	275,000	2.3%	7.5%				
1982	12,426,000	54,000	0.4%	9.6%				
1983	12,465,000	39,000	0.3%	10.1%				
1984	12,242,000	-223,000	-1.8%	7.2%				
1985	12,247,000	5,000	0.0%	7.4%				
1986	12,504,000	257,000	2.1%	7.2%				
1987	12,767,000	263,000	2.1%	6.2%				
1988	13,055,000	288,000	2.3%	5.4%				
1989	13,539,000	484,000	3.7%	5.3%				
1990	13,819,000	280,000	2.1%	5.2%				
1991	14,359,000	540,000	3.9%	6.9%				
1992	14,487,000	128,000	0.9%	7.8%				
1993	14,305,000	-182,000	-1.3%	7.0%	8,127,619	6,177,187	5,640,862	8,663,944
1994	14,279,000	-26,000	-0.2%	6.1%	8,137,779	6,141,012	5,648,491	8,630,300
1995	14,262,000	-17,000	-0.1%	5.6%	8,128,803	6,132,982	5,747,816	8,513,969
1996	14,368,000	106,000	0.7%	5.3%	8,302,952	6,064,567	5,928,131	8,439,388
1997	14,502,000	134,000	0.9%	5.0%	8,438,061	6,064,276	6,106,287	8,396,050
1998	14,507,000	5,000	0.0%	4.5%	8,563,342	5,943,629	6,312,177	8,194,794
1999	14,791,000	284,000	2.0%	4.3%	8,786,492	6,004,725	6,546,207	8,245,010
2000	15,312,000	521,000	3.5%	4.0%	9,009,600	6,302,698	6,720,925	8,591,373
2001	15,928,000	616,000	4.0%	4.5%	9,447,501	6,480,485	7,136,935	8,791,051
2002	16,612,000	684,000	4.3%	5.8%	9,946,358	6,665,352	7,138,887	9,472,823
2003	16,911,000	299,000	1.8%	6.3%	10,326,138	6,585,348	7,100,940	9,810,546
2004	17,272,000	361,000	2.1%	5.6%	10,610,173	6,661,870	7,429,055	9,842,988
2005	17,487,000	215,000	1.2%	5.0%	10,797,016	6,690,465	7,586,766	9,900,715
2006	17,759,000	272,000	1.6%	4.6%	10,957,305	6,801,567	7,648,456	10,110,416
2007	18,248,000	489,000	2.8%	4.6%	11,269,895	6,978,238	7,918,571	10,329,562
2008	18,698,630	450,630	2.5%	5.5%	11,496,080	7,202,551	8,117,702	10,580,926
2009	19,036,860	338,230	1.8%	9.5%	11,833,240	7,203,623	8,328,453	10,708,405
2010	19,125,780	88,920	0.5%	9.5%	11,898,920	7,226,862	8,383,304	10,742,479

Recessions: 1969-70, 1973-75, 1980, 1990-91, 2001-02, 2007-08