

Period of change

Friga researches best practices in strategy, problem-solving and the transformation of higher education, while teaching courses in management consulting and strategy. He is the former director of the Student Teams Achieving Results program and has led various courses that included travel in China, India, UAE and Switzerland. He previously taught at Indiana University and worked as a management consultant for PricewaterhouseCoopers and McKinsey. He is the author of two books and has written more than 20 book chapters. He has a doctoral degree and MBA from UNC Chapel Hill and a bachelor's degree from Saint Francis University in Pennsylvania.

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What's the challenge of getting college graduates ready to start careers?

There was a time when colleges would say, 'We know what to teach you. We want to teach you how to think. We, on our own, will set all your curriculum.' Over time, there's been more connection and relevance to the real world. The rise of business schools and STEM programs, all of those are efforts to get more connections to the real world. They were always around, but they're growing and that's because society has said, 'Yes, we need smart people, who can think and communicate, but we also need to get them working.'

Businesses are looking for some evidence of a student's ability to jump into a career. At Chapel Hill, students start with two years of general education then go to a particular college program. There we train them with exercises, skills, tools and experiences that help them hit the ground running.

How do students keep up in a fast-paced world?

The New World is all about technology. AI is going to be a huge disruptor, and we're just starting to see how that's going to work its way through. Students need the skill to be able to ask the right question, to take a stab at things then refine and dig deeper, check the validity and search for new trends.

Things that historically have been done by people will be done by technology, but you have to elevate the skills of people graduating to leverage that. AI is disrupting what we teach and how we teach. The question for educators is how do we integrate AI better so our students are ready to employ AI tools to better society.

What is a key challenge facing higher education?

Institutions have quite a few headwinds pushing for change, even more than in the past. And institutions, much like individuals, will not change unless there's a tremendous amount of pressure on them to do so. Why would they change if things are working out for the faculty and students and ultimately for employers, who are hiring the graduates?

One of the forces really pushing institutions to do things differently is the "enrollment cliff" where there's going to be a 10% to 15% drop in the number of high school graduates over the next eight to 10 years. That's just because fewer children were born 18 to 20 years ago coming out of the Great Recession. That's a dramatic decrease in the traditional demand for higher education.

There are also estimates that the number of seats available now is 15% to 20% oversupplied for the current level of demand from high school graduates and adults coming back into higher education. So we're starting with a period of oversupply. Now we're going to have a decrease in the number of traditional students coming into it, so that's going to put pressure on certain segments of higher education that are extremely dependent on enrollments to make their ends meet.

Your top 50 to 100 universities in the country are going to be just fine, but it's the small private colleges and the regional public universities that are so dependent on enrollment because they don't have the huge endowments and continual supply for their product. You're going to see a lot of pressure and competition for the students who are coming in, and financial challenges for the institutions that are losing enrollment.

Making the financial situation worse is economic pressures, cost of operations, inflation, all of that is making things harder. North Carolina won't be hit as hard in part because of its population growth. In the Midwest and Northeast, they are not only dealing with population shifts going down, but also students wanting to go to different locations for higher education.

I'm not saying smaller colleges all need to lay off employees. Some will need to adjust their business model based on the number of students they have. I think we'll see some consolidations. They must have a positive operating margin.

If small colleges and universities just cut, they'll end up in a spiral. They have to transform and transformation doesn't mean just cutting. It means cut in some areas but grow in others. They have to offer programs, in demand by students, not just programs they've traditionally offered or that faculty want to offer.

What happens to the smaller colleges given the declining student head counts?

If there's a decrease in demand, a big corporation might say, 'All right, 10% slash, we're going to cut our personnel costs.' That's not so easy in higher education. Part of that is because of their inert nature. It also takes two or three years of lower enrollment to feel those things through.

We're going to need to see some right-sizing taking place. We'll probably see some consolidations. Industries would consolidate operations to deal with the fact they have an oversupply and there would be some exits. There are tremendous exit barriers in place in higher education. Alumni don't want to see their institutions go under; communities don't want to see their institutions go under.

Every institution, autonomously created, has to build all these costs up independently. If you don't have enough students coming through, you can't have enough infrastructure to have a good offering. Sixty percent or more of your costs is personnel and that's expensive. So you're going to see some consolidations and some exits, particularly of those institutions with fewer than 1,000 students.

You're also going to see more collaborations. A small college can't afford to invest in a new school of data science and society for AI. That would just be too expensive. I think you'll see an increase in a private system affiliation.

Is there a way to take politics out of higher education?

You don't ever want it to be someone vs. someone else. If you have different groups, you need to have discussions about what's important, how do you define success then see how those discussions align with that particular institution. And you need to be transparent.

LARGEST ENROLLMENT UNIVERSITIES

RANK	UNC SCHOOL	FALL 2024
1	NC STATE UNIVERSITY	38,464
2	UNC CHAPEL HILL	32,438
3	UNC CHARLOTTE	31,091
4	EAST CAROLINA UNIVERSITY	26,940
5	APPALACHIAN STATE UNIVERSITY	21,570

Source: University of North Carolina System

LARGEST ENROLLMENT PRIVATE UNIVERSITIES

RANK	UNC SCHOOL	FALL 2023
1	DUKE UNIVERSITY	17,112
2	WAKE FOREST UNIVERSITY	9,121
3	ELON UNIVERSITY	7,207
4	HIGH POINT UNIVERSITY	6,052
5	CAMPBELL UNIVERSITY	5,115

Source: National Center for Education Statistics

TOTAL ENROLLMENT BY YEAR UNC SYSTEM (2015- 2024)

FALL 2023	242,518	FALL 2018	236,993
FALL 2022	239,663	FALL 2017	232,872
FALL 2021	244,500	FALL 2016	228,527
FALL 2020	242,446	FALL 2015	224,915
FALL 2019	239,981		

Source: University of North Carolina System

TOTAL ENROLLMENT BY YEAR N.C. COMMUNITY COLLEGE SYSTEM

2023-2024	615,508		
2022-2023	593,902		
2021-2022	574,042		
2020-2021	525,402		
2019-2020	640,260		

Source: N.C. Community College System

STUDENTS' FEDERAL DEBT AT GRADUATION (UNC SYSTEM)

YEAR	# W/DEBT	% W/DEBT	AVERAGE BORROWER'S DEBT
2023-2024	21,040	50.1%	\$19,244
2022-2023	21,570	52.4%	\$19,621
2021-2022	22,599	54.7%	\$20,013
2020-2021	24,524	57.9%	\$20,935
2019-2020	24,304	59.2%	\$21,383
2018-2019	24,094	60.2%	\$21,913
2017-2018	23,737	61.3%	\$22,416
2016-2017	23,298	61.80%	\$22,616

Source: University of North Carolina System

HIGHER EDUCATION

13,507 = # OF EMPLOYEES (2023)	CHANGE FROM 2019 ▶ (-0/9%)
\$9.63 BILLION = TOTAL WAGES (2023)	CHANGE FROM 2019 ▶ 20.3%
\$1,175 = AVERAGE WEEKLY WAGE	CHANGE FROM 2019 ▶ 20.5%