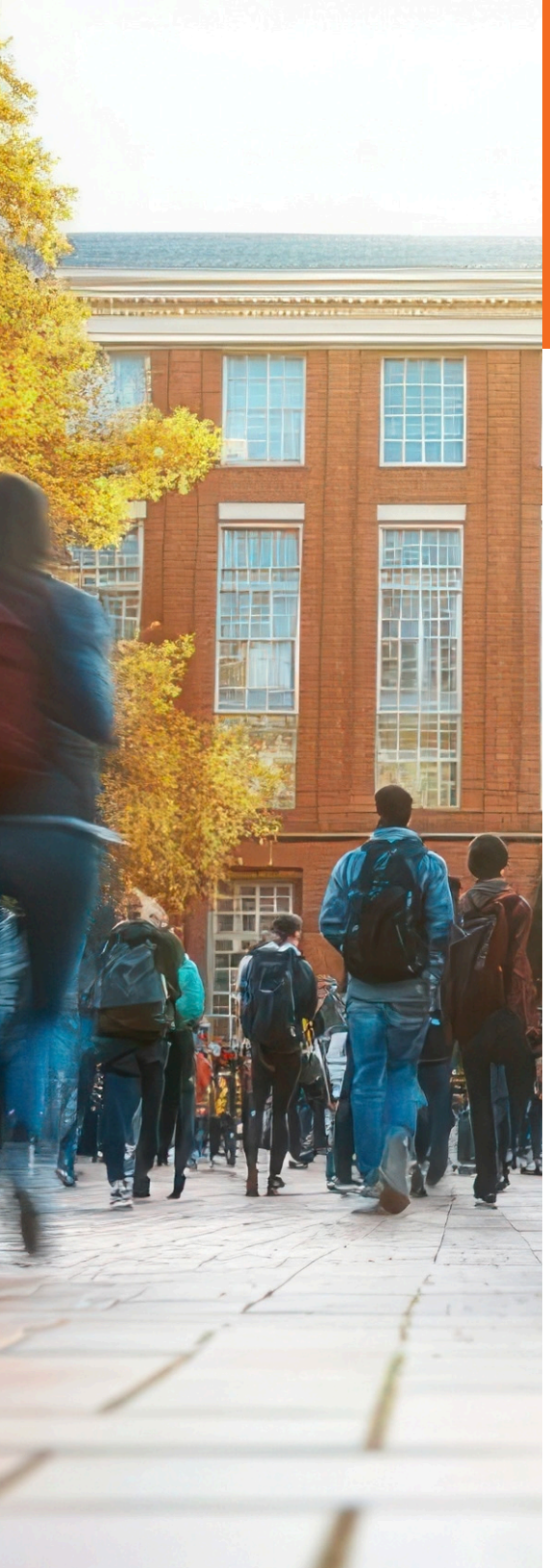


WHITE PAPER

NAVIGATING THE COLLEGE ENROLLMENT CLIFF

HOW SUCCESSFUL SCHOOLS ARE ADAPTING

20261001-5971368-



The current challenge for higher education is that two forces are occurring simultaneously. Declining birthrates reduce the number of prospective students, while tighter student loan caps reduce the ability of many students and families to finance education. Together, these trends are likely to suppress enrollment growth, intensify competition among colleges, and place the greatest pressure on tuition-dependent institutions and high-cost graduate programs. The schools most likely to succeed will be those that can demonstrate clear career value while keeping costs and borrowing needs manageable.

HIGHLIGHTS

Declining birthrates will lead to declining enrollment nationally so colleges will compete for a shrinking pool of students.

New federal student loan program restrictions may have an impact on enrollment and private colleges may feel more of an impact leading to more students choosing lower-cost public institutions and increased community college enrollment.

Prospective students may benefit from declining enrollment through greater access to colleges that were previously more selective in addition to increased merit scholarships and financial aid as schools compete for students. Students may also find more innovative academic programs tied directly to workforce needs and enhanced student services and retention efforts.

The impact will not be universal, and the institutions most likely to thrive will be those that serve adult and lifelong learners, align programs with labor market demands, expand online and hybrid offerings, develop strong employer partnerships and recruit increasingly diverse student populations.

The enrollment cliff will not create equal outcomes across higher education. Many smaller private and tuition-dependent institutions may face significant pressure, but universities with a distinctive mission, strong labor-market connections, and affordable pricing, such as Morgan State, are among the institutions most likely to emerge stronger from the demographic transition by providing clear career value.

DECLINING BIRTHRATES

Declining birthrates are expected to have a profound impact on higher education over the next two decades, creating what many experts call the "college enrollment cliff." The U.S. birthrate began falling significantly after the 2008 financial crisis and has remained below replacement levels for years. Because colleges primarily recruit 18-year-olds, fewer births translate directly into fewer college-age students approximately 18 years later.

According to the Western Interstate Commission for Higher Education (WICHE), the number of U.S. high school graduates is projected to peak in 2025 and then decline steadily through 2041, resulting in an estimated 13% decline nationally.[1]

Colleges will compete for a shrinking pool of traditional-age students and many institutions, particularly tuition-dependent private colleges and regional public universities, may struggle to fill incoming classes.[2]

CHANGES TO FEDERAL STUDENT LOANS

Adding to the pressure, as of July 1, 2026, significant federal student loan restrictions have taken effect for new borrowers including:

- Elimination of Graduate PLUS loans for new borrowers.
- Graduate unsubsidized loans capped at $20,500 annually and $100,000 lifetime.
- Professional programs (medicine, law, dentistry, etc.) capped at $50,000 annually and $200,000 lifetime.
- Parent PLUS loans capped at $20,000 annually per student and $65,000 lifetime.
- A new overall lifetime federal borrowing cap of $257,500. Under the previous system, many graduate students and parents could borrow up to the full cost of attendance.[3]

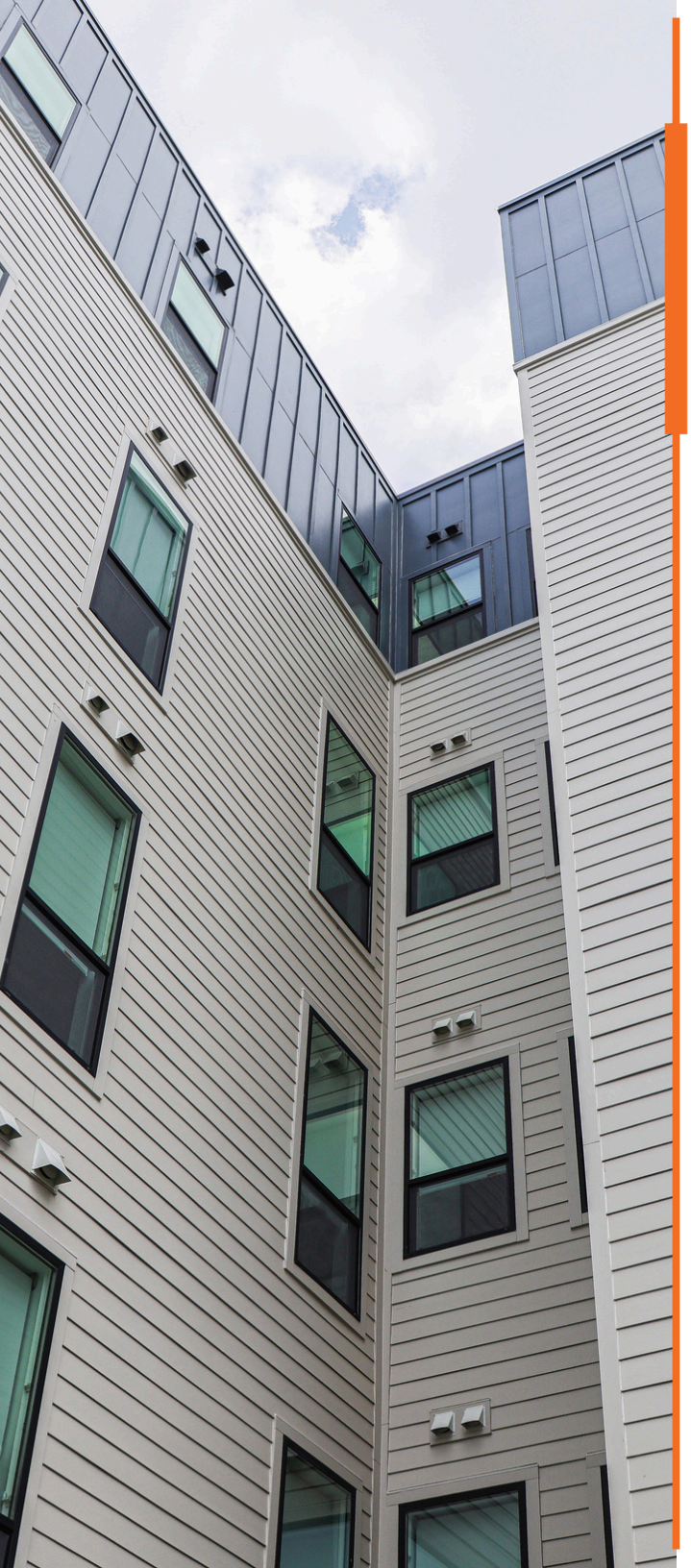
These new limits significantly reduce that flexibility with the largest enrollment effects expected in graduate and professional education.

Research suggests roughly 30% of graduate students currently borrow above the new limits and may need alternative financing once the caps take effect. Some programs, particularly medicine, dentistry, law, and certain master's degrees with high tuition, could see enrollment declines if students cannot bridge funding gaps.[4]

[1] https://www.wiche.edu/knocking/
[2] https://www.mprnews.org/episode/2026/07/20/the-college-enrollment-cliff-is-here-now-what
[3] https://www.cnbc.com/2025/07/16/trump-big-beautiful-bill-student-loan-cap.html
[4] https://www.insidehighered.com/news/government/student-aid-policy/2026/04/21/5-charts-showing-impact-new-grad-loan-caps



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Private Nonprofits, Professional Programs More Affected

The federal loan caps likely mean that students will need to secure either private or institutional loans to pay for graduate school, and the PEER Center offers some insights into which students will have to borrow and how much. For instance, the nearly 50 percent of professional students have collectively borrowed more $3.4 billion over the caps. Students at private, nonprofit institutions are $5.7 billion over. For the borrowers over the cap at the private nonprofits, they are over, on average, by $27,000.

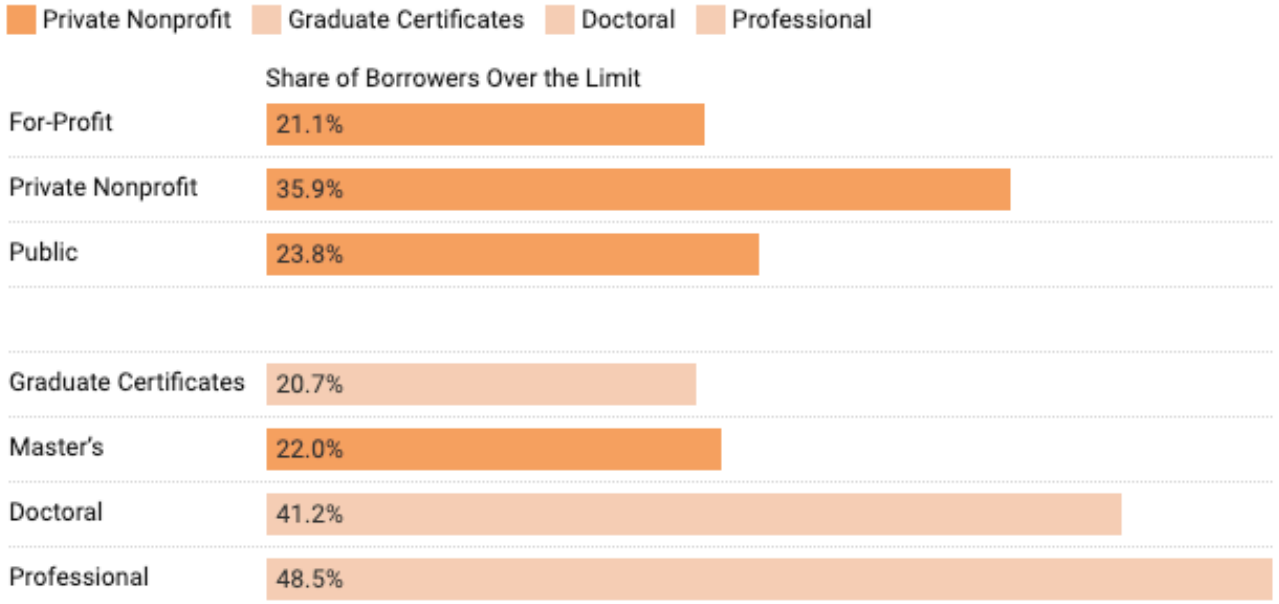


Chart: Katherine Knott/Inside Higher EdSource: PEER CenterGet the dataCreated with Datawrapper

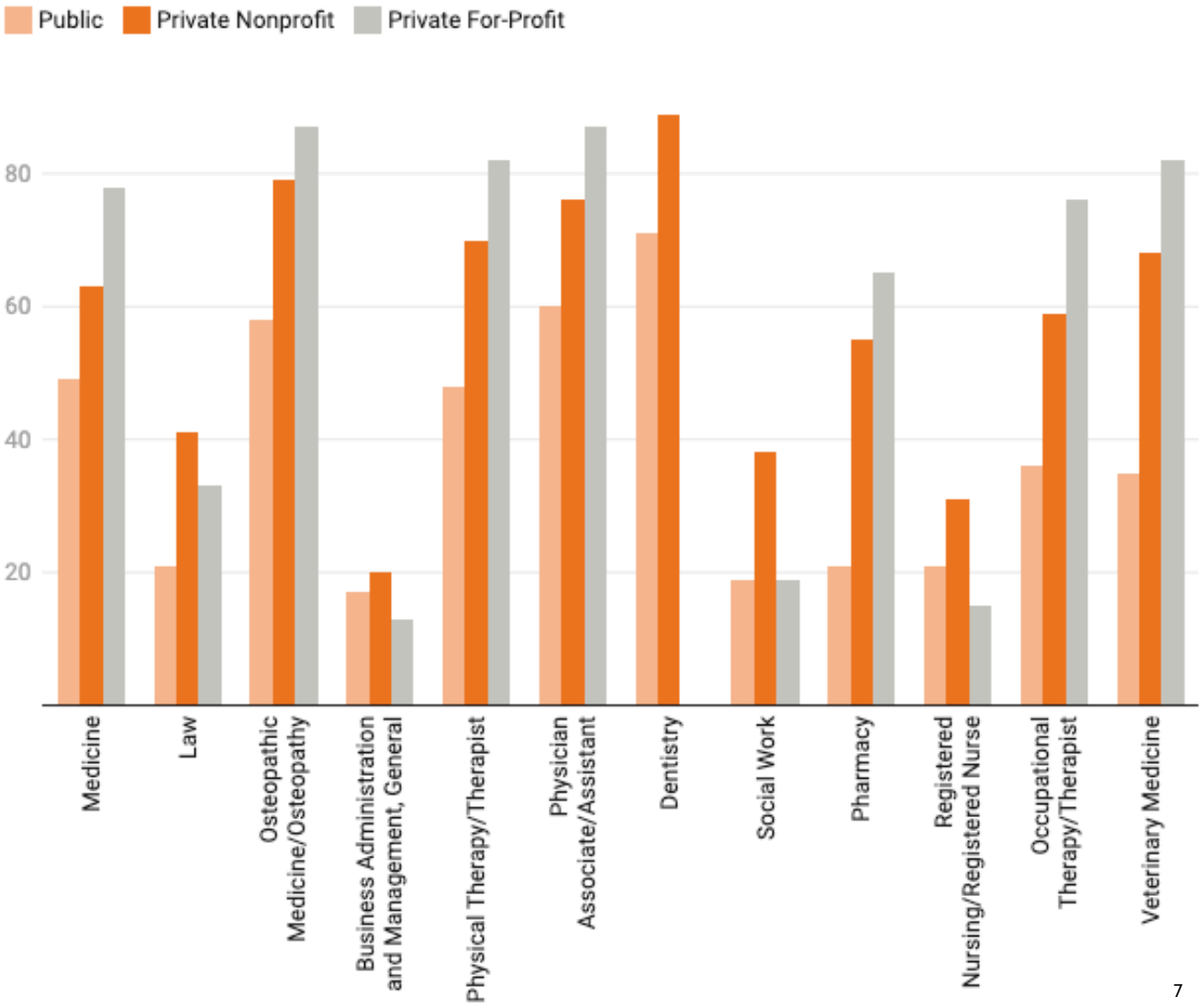
For traditional undergraduates, federal Direct Loan limits remain largely unchanged. Existing federal limits for dependent students generally range from $5,500 to $7,500 annually, with aggregate limits of $31,000, while independent students can borrow more.[5]

However, the new Parent PLUS caps could indirectly affect undergraduate enrollment because many families rely on those loans to cover tuition gaps, especially at private colleges with annual costs exceeding $50,000. [6]

[5] https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2024-2025/vol8/ch4-annual-and-aggregate-loan-limits
[6] https://www.cnbc.com/2025/07/16/trump-big-beautiful-bill-student-loan-cap.html

Borrowers at Public Universities Likely to Face Smaller Financing Gap

The percentage of borrowers who exceed the caps by program and institution type.



[7]

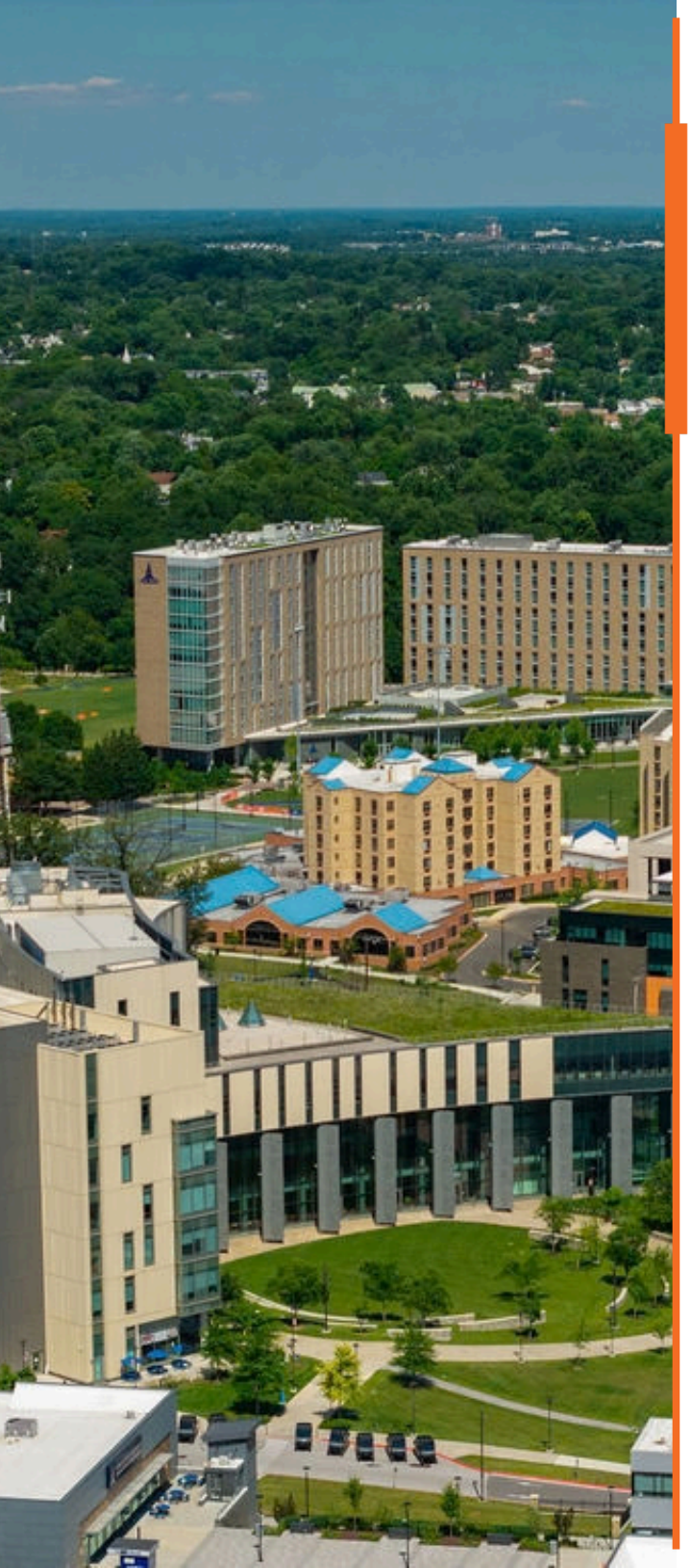
This could potentially lead to more students choosing lower-cost public institutions and increased community college enrollment. Additionally, there could be greater demand for scholarships and institutional aid and reduced enrollment at high-tuition private colleges.

While declining enrollment creates challenges for institutions, it may benefit prospective students by giving them greater access to colleges that were previously more selective in addition to increased merit scholarships and financial aid as schools compete for students. Students may also find more innovative academic programs tied directly to workforce needs and enhanced student services and retention efforts.[8]

IMPLICATIONS FOR HIGHER EDUCATION STRATEGY

The impact will not be universal, and the institutions most likely to thrive will be those that serve adult and lifelong learners, align programs with labor market demands, expand online and hybrid offerings, develop strong employer partnerships and recruit increasingly diverse student populations.[9]

[7] https://www.insidehighered.com/news/government/student-aid-policy/2026/04/21/5-charts-showing-impact-new-grad-loan-caps
[8] https://www.forbes.com/sites/scottwhite/2025/02/09/the-enrollment-cliff-how-fewer-applicants-are-reshaping-higher-education/
[9] https://www.everylearnereverywhere.org/blog/knocking-at-the-college-door-report-from-wiche-outlines-the-post-cliff-student-body/



MORGAN STATE UNIVERSITY ("MSU")
MSU HIGHLIGHTS

- Increasing enrollment trends and strong application growth.
- Affordable tuition and housing relative to many private institutions in the Mid-Atlantic region.
- Designated as Maryland's preeminent public urban research university which helps attract funding, faculty, partnerships, and students interested in high-demand fields.
- Research universities generally possess more resilience than small tuition-dependent colleges because they have multiple revenue streams.
- MSU's location in Baltimore within the Washington-Baltimore corridor creates substantial internship, workforce development, and employment opportunities that can strengthen the university's value proposition.

Founded in 1867 and the 3rd largest HBCU in the nation, Morgan State University is among those well positioned to navigate the combined challenges of declining birthrates and tighter student loan availability.

While many colleges are facing shrinking applicant pools, interest in Historically Black Colleges and Universities ("HBCUs") has increased significantly in recent years. HBCUs have experienced stronger application growth, increased national visibility, and heightened corporate and philanthropic support. This trend provides Morgan State with access to a growing and highly engaged market segment even as the overall number of college-aged students declines.[10] MSU welcomed 11,559 students for the 2025–2026 academic year, making it the fifth consecutive year of enrollment growth.[11] For the 2026-27 academic year, Morgan State expects to welcome more than 12,000 students[12] with the fall 2026 housing waitlist activated within 24 hours of applications opening.[13]

This matters because demographic challenges do not affect all institutions equally. Schools with a compelling mission and differentiated value proposition often gain share even when the overall market shrinks.[14]

[10] https://sdvoice.info/hbcus-see-enrollment-surge/
[11] https://www.morgan.edu/news/morgans-enrollment-surpasses-11500-students
[12] https://www.morgan.edu/news/morgan-momentum-continues
[13] https://www.morgan.edu/residence-life-and-housing/apply-for-housing/returning-student-housing
[14] https://www.nber.org/system/files/working_papers/w27658/w27658.pdf

Publicly available information reports that MSU has a $1.5 billion annual economic impact for the State of Maryland[15] and benefits from its location in Baltimore within the Washington-Baltimore corridor, one of the nation's largest concentrations of:

- Federal agencies
- Defense contractors
- Healthcare systems
- Technology firms
- Financial services organizations

This proximity creates substantial internship, workforce development, and employment opportunities that can strengthen the university's value proposition at a time when students and families are increasingly focused on return on investment. Colleges that demonstrate strong career outcomes are expected to fare better in the enrollment-cliff era.[16]

As borrowing becomes more constrained, affordability becomes a competitive advantage. The institutions most vulnerable to enrollment declines are often tuition-dependent colleges with high sticker prices and limited financial aid resources. MSU's public-university pricing structure is substantially more accessible than many private institutions in the Mid-Atlantic region. Students who might have attended more expensive schools may increasingly seek lower-cost alternatives that still deliver strong outcomes.[17]

Morgan State University is more affordable than the national average for both in-state and out-of-state students. For 2025 – 2026, its in-state tuition was $8,346 and out-of-state tuition was $19,456 compared to the national averages of $12,436 and $29,815, respectively.[18] Additionally, the award of financial aid lowers the net cost of attendance for students. For Fall 2023, 87% of first-year MSU students received need-based scholarships or grants, which averaged $11,732. MSU met 61% of its students' financial aid need.[19]



[15] https://www.baltimoresun.com/2025/07/18/morgan-state-reports-1-5-billion-in-annual-economic-impact-to-maryland/
[16] https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2024-2025/vol8/ch4-annual-and-aggregate-loan-limits
[17] https://www.forbes.com/sites/scottwhite/2025/02/09/the-enrollment-cliff-how-fewer-applicants-are-reshaping-higher-education/
[18] https://www.usnews.com/best-colleges/morgan-state-university-2083/paying
[19] https://www.usnews.com/best-colleges/morgan-state-university-2083/paying



The future student population will be more diverse than previous generations. Morgan has decades of experience serving first-generation students, underrepresented populations, and students seeking pathways to socioeconomic mobility. Those capabilities may become increasingly valuable as the composition of the college-going population evolves.

Morgan has opportunities to leverage its urban location, employer relationships, and professional graduate programs to serve these markets. Institutions that depend solely on recent high-school graduates face greater risk than those with diversified enrollment streams.

STRONG STEM AND RESEARCH MOMENTUM

The Carnegie Classification of Institutions of Higher Education has designated Morgan State University as an R2 university, a distinction that reflects its substantial research activity, significant research spending, and strong production of doctoral graduates.

Research universities generally possess more resilience than small tuition-dependent colleges because they have multiple revenue streams:

- Research grants
- Government partnerships
- Corporate partnerships
- Graduate programs
- Continuing education

Morgan's designation as Maryland's preeminent public urban research university provides a platform that many regional competitors lack. Research activity can attract funding, faculty, partnerships, and students interested in high-demand fields. Institutions tied closely to workforce needs tend to perform better during demographic downturns.[20]

While MSU is not immune to the broader trends, it's HBCU brand strength, urban research university status, affordable public tuition, location in a major employment corridor, mission-driven appeal, and strong workforce alignment positions it to potentially gain market share while many peer institutions struggle.

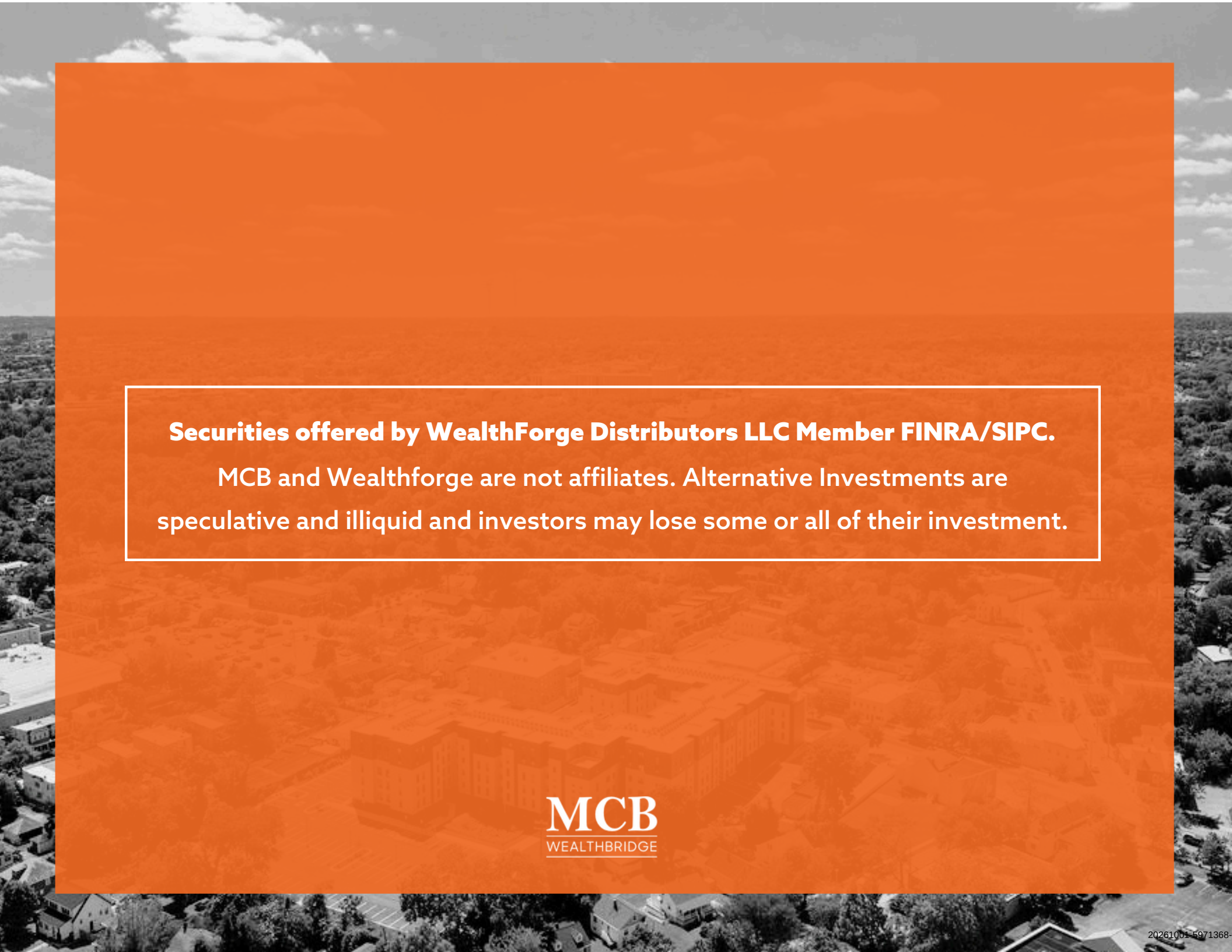
[20] https://www.nber.org/system/files/working_papers/w27658/w27658.pdf

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