

From Growth to Graduation Rates: German Higher Education in the Post-Expansion Era

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Germany's higher education system is at a turning point. Declining enrollments and structural pressures reveal persistent underperformance, including high dropout rates and prolonged study durations, while limited evaluation capacity hinders policy action. Shifting the focus from access to student success and aligning academic regulations with data-driven insights could strengthen the system's resilience. Evidence-based governance of institutional policy will help universities navigate the post-expansion era and ensure students complete their studies successfully and on time.

German higher education expanded steadily for several decades. Rising enrollment rates, tuition-free access, and a growing diversity of students created what many observers regarded as a golden era of academic opportunity. What initially appeared to be a temporary consequence of the pandemic, however, has revealed itself as part of a broader structural trend: the number of students entering German higher education is declining. Since 2020, domestic demand has fallen by 11 percent, from 404,000 to 359,000 students. This decline cannot be explained solely by smaller birth cohorts; the enrollment rate of qualified high school graduates (*Studienberechtigte*) has also decreased. These developments are forcing institutions to compete more intensely for students, while new market dynamics challenge established hierarchies and traditional structures. This pattern is also emerging in other public-sector-dominated systems, including South Korea and Poland.

The Structural Problem

Germany's tuition-free public sector, particularly public research universities, has traditionally dominated higher education. The proportion of students enrolling at private institutions has grown more than tenfold since 1995, reaching nearly 30 percent of all first-year students in 2022. Private institutions offer individualized course schedules, digital learning formats, and programs designed for immediate labor market applicability. In doing so, they address the long-neglected needs of a changing student population (including first-generation students, working students, and students with family responsibilities)—needs that the public sector only weakly accommodates. These students often find private institutions' highly structured curricula, integrated practical components, and strong advisory systems more appealing than the public sector's less organized, less service-oriented environment.

Unfortunately, the public sector lacks the financial resources to implement similar structures. In most German federal states, university funding is linked to performance indicators such as enrollment and graduation rates as well as time to degree.

Universities could afford to pay less attention to these metrics amid massification and expansion, as rising enrollments guaranteed resources regardless of outcomes. Yet the financial loss associated with each dropout or delayed graduation is magnified in the post-expansion era, threatening institutional survival more than ever before in German higher education. Universities must now compete for a shrinking pool of students while ensuring that each admitted student is likely to complete their studies successfully.

The Performance Problem

The increased emphasis on student success indicators presents significant challenges to the public sector, which is now experiencing the consequences of the German higher education system's long-standing underperformance. For years, researchers have highlighted high dropout rates and prolonged study durations. Current statistics indicate that one out of every four students drops out, and fewer than one-third of graduates complete their studies on time. The dropout rate is even higher among international students, with only two out of three graduating. Therefore, while Germany's strategy of internationalization may offer a temporary solution to the shrinking domestic student population, the long-term solution lies in ensuring student success.

Germany has not ignored these issues. In the early 2000s, it introduced the Bologna reforms, which brought modular curricula that were less flexible along with the European Credit Transfer and Accumulation System, the bachelor–master degree structure, and standardized qualification frameworks to the European higher education area. These reforms aimed to increase transparency, comparability, and accountability while aligning Germany more closely with international higher education systems. They also sought to create stronger incentives for students to progress systematically through their studies. Despite these reforms, though, dropout rates remained high and study durations long.

The Evaluation Problem

This persistent underperformance may be due to Germany's limited student affairs and support services, which are usually coupled with modularized study structures in other countries such as the United Kingdom and the United States. Furthermore, the underdevelopment of data-driven student monitoring, early warning systems, and success management hinders the appraisal of implemented policies and interventions. Such assessments are particularly important because federal states introduced Bologna reforms with different emphases, resulting in an unsystematic patchwork of regulatory environments and requirements. According to recent findings, this variation has also produced significant differences in graduation rates between federal states.

Moreover, the universal validity of certain policy measures is highly questionable. When adopting elements from other higher education systems, it is crucial to recognize that outcomes may vary substantially due to unique national and subnational educational structures as well as economic contexts. These differences require greater scientific consideration before policy implementation. Yet German higher education research has paid little attention to evaluating institutional policy, particularly the academic regulations that higher education institutions control. It thus remains unclear how regulatory variation across German institutions and states translates into distinctive outcomes. The *RegelWerk* research group, launched in 2025 with funding from the German Federal Ministry for Research, Technology and Space, aims to address this gap.

Conclusion

Entering a post-expansion era marks a pivotal turning point that reshapes the logic and priorities of German higher education.

Policymakers mainly focused on access during the decades of expansion, ensuring that sufficient study places were available to accommodate rising student numbers. In the post-expansion era, the central task is no longer simply to enroll students but to ensure that those who enter can complete their studies successfully and in a timely manner. German higher education now faces a complex set of structural pressures that intensify enduring performance challenges. At the same time, the system's restricted evaluation capacities hinder policymakers' and universities' abilities to address these obstacles systematically.

Policymakers hesitate to act, pointing to a modest demographic uptick that may raise entrant numbers in the coming years. While such growth would be welcome given the still-unfinished social opening of German higher education, it reduces current challenges to demographics alone and overlooks the simultaneous decline in demand. Universities, however, are already facing the consequences of shrinking cohorts, especially budgetary pressure and heightened uncertainty in institutional planning. They must place far greater emphasis on student outcomes to navigate this new environment. The post-expansion era hence brings not only constraints but also a policy window. Structural pressures make performance and evaluation unavoidable priorities; they also create the opportunity to rethink and redesign regulatory frameworks that respond to the diverse needs of today's student population. By using this moment to strengthen evaluation capacities, improve data-driven governance, and align institutional regulations with broader goals of equity and quality, policymakers and universities can ensure that German higher education emerges more resilient, effective, and inclusive. The sector will then be better equipped to sustain its public mission and remain competitive in a rapidly shifting higher education landscape.

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