

Penn Executive Doctorate in Higher Education Management Program



Enrollment Management Module

Presented by: Scannell & Kurz, Inc.

September 19-20, 2008

www.scannellkurz.com



Agenda

- September 19
 - Enrollment Management Overview
 - Marketing
 - Admissions
 - Case study
 - Financial Aid
- September 20
 - Financial Aid
 - Case studies
 - Retention
 - Enrollment/NTR Budget Planning



Definition of Enrollment Management

- Simply stated, enrollment management is a process that brings together often disparate functions having to do with recruiting, funding, tracking, retaining, and replacing students as they move toward, within, and away from the institution.



What is Strategic Enrollment Management?

- It begins with an understanding of external and internal trends, in order to anticipate and respond to changes in a manner that will create a sustainable market advantage.



Enrollment Management: External Trends to Monitor

- Movement away from requiring standardized tests
- Home schooling
- Early decision and participation in ranking guides – The Education Conservancy
- Role in bond ratings
- Retention as an assessment measure
- Credit crisis
- Social Networking
- Etc.

Higher Education Landscape - Windows Internet Explorer

http://professionals.collegeboard.com/data-reports-research/trends/higher-ed-landscape

Source: **www.collegeboard.com**

CollegeBoard

Education Policy & Advocacy | Membership | Testing Basics | College Guidance | K-12 Services | Higher Ed Services | Professional Development | **Data, Reports & Research**

Home > Data, Reports & Research > Trends in Higher Education > **Higher Education Landscape**

Data, Reports & Research

- Trends in Higher Education
 - Trends in College Pricing
 - Trends in Student Aid
 - Education Pays
 - Tuition Discounting
 - Independent College 500 Index® +
 - Higher Education Landscape** +
 - Living Expense Budget +
 - SAT® Data & Reports +
 - PSAT/NMSQT® Data & Reports +
 - AP® Data & Reports +
 - College Board Research +

Higher Education Landscape

Print Article | Email Article

Current demographic trends in U.S. higher education

The report Higher Education Landscape presents current demographic trends important to enrollment managers. The report contains numerous charts and graphs of demographic data for the entire U.S., as well as for regions and states.

Use the individual links below to jump from page to page of the report, or go to the bottom for the complete PowerPoint file, and additional detail on regions and states. This data is presented for your use as a service of the Enrollment Division of the College Board.

Higher Education Landscape table of contents

- I. Trends in the Number of High School Graduates
- II. The Aging Population
- III. Growing Ethnic Diversity
- IV. 2006 High School Seniors: Graduation and Four-Year College Enrollment by State
- V. Other Trends Affecting Higher Education
- VI. Trends in College Costs and Financial Aid

View another home page:
 K-12 Teacher
 Go

QUICK LINKS

- Research Reports: Validity
- Research Reports: Higher Education
- Research Reports: Race, Ethnicity & Socioeconomic Status

RELATED LINKS

- Student Search Service® (SSS®)
- College Board Spotlight
- EPS

Internet 100%

WICHE – Knocking at the College Door, March 2008

New York Public and Nonpublic High School Graduates (Projected)

ACADEMIC YEAR	RACE/ETHNICITY TOTAL	PUBLIC BY RACE/ETHNICITY					PUBLIC TOTAL	NONPUBLIC TOTAL	PUBLIC & NONPUBLIC TOTAL
		American Indian/Alaska Native	Asian/Pacific Islander	Black non-Hispanic	Hispanic	White non-Hispanic			
2007-08	160,645	641	12,551	24,189	21,446	101,818	161,943	29,672	191,615
2008-09	157,259	632	12,234	23,850	22,000	98,543	159,434	28,998	188,432
2009-10	158,212	854	12,588	24,861	22,510	97,397	160,181	28,350	188,531
2010-11	154,572	907	12,993	23,890	22,622	94,159	156,401	27,528	183,929
2011-12	150,576	886	13,331	22,827	22,075	91,457	152,224	26,769	178,994
2012-13	147,730	802	13,709	21,873	21,964	89,382	149,331	26,025	175,356
2013-14	143,687	779	13,789	20,617	21,220	87,282	144,858	24,820	169,678
2014-15	140,336	820	13,652	20,431	20,649	84,785	141,426	23,742	165,168
2015-16	139,763	822	13,680	20,465	20,932	83,864	141,052	23,074	164,126
2016-17	138,190	809	14,008	20,057	20,792	82,523	139,379	22,003	161,382
2017-18	140,978	882	16,110	20,133	21,500	82,353	141,632	23,332	164,964
2018-19	138,036	877	15,536	19,655	21,825	80,143	139,076	22,948	162,025
2019-20	136,851	858	16,235	18,966	21,877	78,915	137,602	22,582	160,185
2020-21	138,510	785	17,261	18,379	22,047	80,038	138,754	22,662	161,417
2021-22	135,742	721	17,186	17,749	22,635	77,451	136,322	22,233	158,555

HigherEdInfo.org: Import/Export Ratio of College-Going Students - Windows Internet Explorer

http://www.higheredinfo.org/dbrowser/index.php?measure=30

File Edit View Favorites Tools Help

Completion
Benefits
Employment
Finance
Crosscutting Info
What's new?
Also see
Educational Needs Index
Measuring Up
The State-by-State Report Card

Map Graph Data Policy Implications Definitions

Import/Export Ratio of College-Going Students - 2004

State	Ratio Range
AK	0.1 to 0.9
AL	2.0 to 4.3
AR	1.4 to 1.9
AZ	2.0 to 4.3
CA	0.1 to 0.9
CO	1.0 to 1.3
CT	1.4 to 1.9
DC	1.4 to 1.9
DE	1.4 to 1.9
FL	1.4 to 1.9
GA	1.0 to 1.3
IA	2.0 to 4.3
IL	0.1 to 0.9
IN	1.4 to 1.9
KS	1.4 to 1.9
KY	1.4 to 1.9
LA	1.4 to 1.9
MA	1.4 to 1.9
MD	1.4 to 1.9
ME	0.1 to 0.9
MI	0.1 to 0.9
MN	0.1 to 0.9
MO	1.0 to 1.3
MS	2.0 to 4.3
MT	1.0 to 1.3
NC	2.0 to 4.3
ND	1.4 to 1.9
NE	1.0 to 1.3
NH	1.4 to 1.9
NJ	1.4 to 1.9
NM	1.0 to 1.3
NV	0.1 to 0.9
NY	1.4 to 1.9
OH	0.1 to 0.9
OK	1.4 to 1.9
OR	1.0 to 1.3
PA	1.4 to 1.9
RI	1.4 to 1.9
SC	2.0 to 4.3
TN	1.4 to 1.9
TX	0.1 to 0.9
UT	2.0 to 4.3
VA	1.4 to 1.9
VT	0.1 to 0.9
WA	0.1 to 0.9
WI	0.1 to 0.9
WV	2.0 to 4.3
WY	2.0 to 4.3

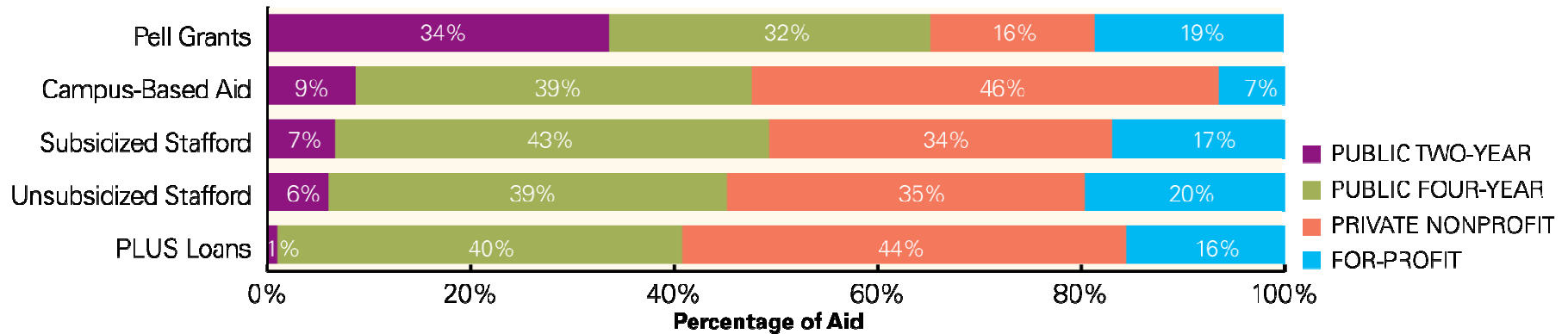
US Avg. = 1.1

Source: NCES, IPEDS Residency and Migration Survey

Copyright © 2007 The National Center for Higher Education Management Systems. All Rights Reserved - Site designed by WebFirst

Source: www.higheredinfo.org

Distribution of Federal Aid Funds by Sector, 2005-06



Source: The College Board, Trends in Student Aid, 2007



Enrollment Management: Internal Trends to Monitor

- Trends in inquiries, applicants, admits, and enrollees by subpopulation
- Student attitudes and interests
- Trends in quality profile, financial aid expenditures, diversity, and other class attributes
- Cohort retention trends by subpopulation



Elements of Enrollment Management

- 1) Organization
 - No one “right” structure
 - Discuss model on your campus—what works? What doesn’t?
- 2) Demand Analysis and Institutional Response
- 3) Integrated Marketing and Admissions Recruiting



Elements of Enrollment Management

- 4) Pricing and Financial Aid Strategies
- 5) Retention and Transfer Recruitment
- 6) Supporting Career and Graduate School Outcomes
- 7) Identification, Connection, and Networking of Alumni



Elements of Enrollment Management

- 8) Student Information Systems and Research
- Supports data driven management in all aspects of enrollment management
 - Typical challenges include:
 - Data not captured or kept
 - Data difficult to extract or merge
 - Lack of a data-driven “culture”



Competitive Challenges

In a crowded marketplace, just getting recognized is a challenge

- Few institutions have brand awareness
- Differentiation is a race without a finish line
- Higher Ed institutions need to muster their resources and their messages to be heard
- Integrated marketing is the key



Integrated Marketing



Integrated Marketing: Building a Brand

- In a crowded marketplace a strong brand is critical to building, and sustaining, demand.
- What is a brand?
 - A promise that matters.
 - Rob Frankel: “Truly successful brands are perceived by the target audience as the **only** solution to a particular need.”



Why Strong Brands Are Important to People

When there is no time, space, or opportunity, a strong brand (expressed via your graphic identity) tells the world, in a nanosecond, who you are and what you stand for.

- They save time in decision-making
- They project a clear message
- They provide an identity
- They give permission
- They instill confidence



Sample Brand Positions

- MIT: Premier technological university in the world
- Yeshiva: Comprehensive Jewish institution of higher education in the U.S.
- Appalachian State: Serve the people and communities of Appalachia (and, more recently, beat Michigan)
- Wheaton: The nation's premier evangelical university



Options for Building a Reputation/Prestige

- **Academic quality -- selectivity.** Harvard will never consistently field a number one football team, but it can consistently field the best students in the country.
- **Academic quality -- faculty research.** The quality and amount of faculty research is a significant indicator of brand equity.
- **Big-time sports.** If you think back to the colleges and universities that sell more branded apparel, you will notice that all of them are either football or basketball powerhouses.
- **Convenience.** Offered by institutions that provide flexible times, multiple locations, and different delivery mediums.

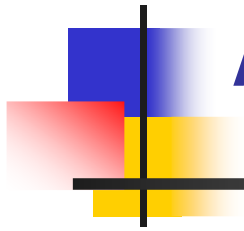


Options for Building a Reputation/Prestige

- **Co-branding.** Marrying of your brand with another, perhaps more prestigious brand, or a brand of particular interest to a target audience, is often used to jump-start a brand (e.g., *U.S. News and World Report; USA Today; Money Magazine; Pew*).
- **Religious** -- lifestyle brand.
- **Endowment.** \$500 million in the bank might be a brand unto itself.
- **Career orientation.**

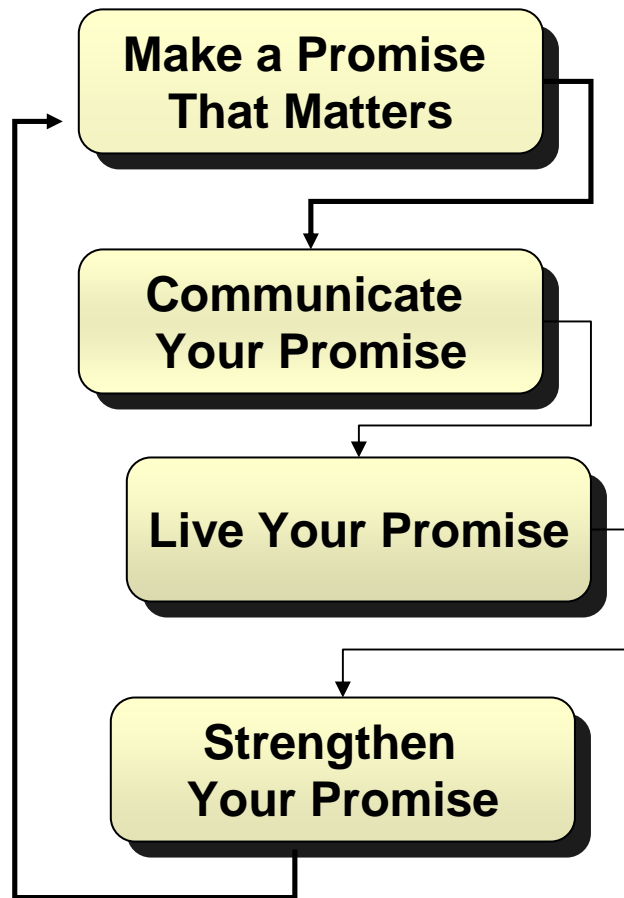
Question: Which option is most attractive, or available, to you?

Discussion of Homework Assignment





A Brand Leadership Strategy





Integrated Marketing: Electronic Recruiting

- It has changed everything!
- Direct mail in higher education as THE outreach strategy began and ended in 15 years.
- The Web is both a communications vehicle but also a data gathering tool -- a marketing engine that can easily tell what's working and what's not and adjust.



“The Funnel” versus Reality: Why the Digital Funnel is a Vital Tool for Prospecting to GenerationTech

- The traditional funnel exists due to constraints on cost – there is only enough money for one big push.
- The traditional funnel ignores ‘branding’ because brand awareness building is too expensive.
- The traditional funnel relies on a deterministic sequence of events for each student.
- The digital funnel utilizes “rolling prospecting” – in other words, it seeks to identify prospects, applicants, and matriculants at the moment of possibility.



Integrated Marketing

- Electronic communication can:
 - Entertain
 - Communicate based on segmented interests
 - Register interest and response
 - Leverage marketing \$
 - Generate new interest



Integrated Marketing

- Electronic communication cannot:
 - Singularly drive the process
 - Replace building a relationship



Key Concepts and Technologies

- E-mail
- Flash
- Blogs & social networks
- Chat/IM
- Websites
 - Searchability
 - Ease of navigation
 - Interactivity



How New Ways of Thinking Influence Our Old Ways of Marketing (5 principles)

1. Blend is Best
2. Use Data to Select Tools
3. Watch for Leakage
4. Spend \$ Where it Counts Most
5. Analyze Only Those Things That Have Influence on Your Decisions



Action Steps for Your Campus

1. Create a detailed communications plan (with clear goals)
2. Look at the role the Web and e-mail can play in your plan (think 'message' and 'measurement')
3. Figure out what tools you currently have and which ones you are going to need

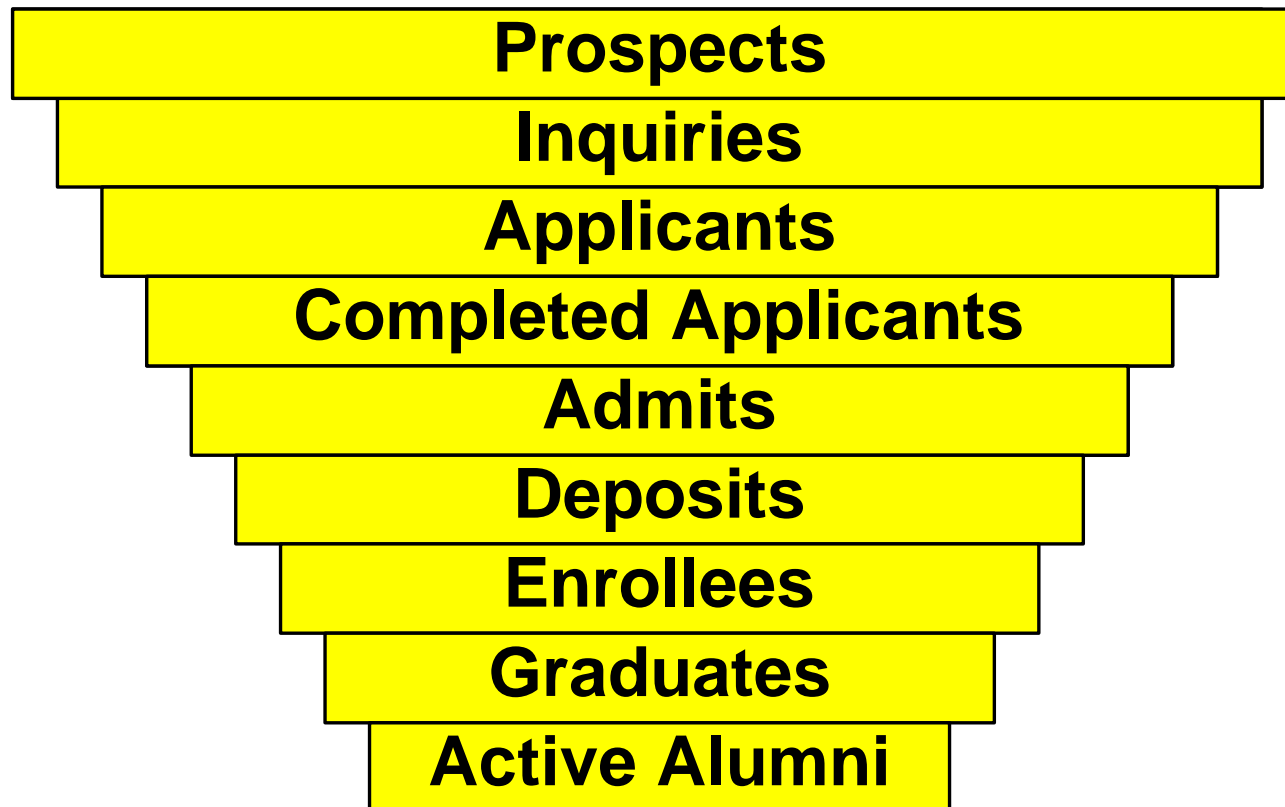


Admissions Recruitment

Tools of the Trade



Admissions Recruitment





Admissions Recruitment

- It's all about data and how you use it to drive strategic decision-making.
Two examples:
 - Inquiry management
 - Territorial management



Inquiry Management

- A tool for planning, tracking, and responding to demand early in the admissions process
- Need to segment by freshmen versus transfers and then within region by source
- Need to track against prior years, year-to-date and end of year
- Response strategies can/should vary by region and by source:
 - Telemarketing
 - E-mail
 - Direct mail
 - Etc.



Steps to Data-Driven Inquiry Management

- Collapse source codes
- Select regions
- Produce end-of-year report
- Set goals
- Monitor progress
- Develop conversion strategies



Collapsing Source Codes

- Need manageable and meaningful source categories -- some institutions have over 200 source codes
- Still need source code detail to measure particular programs
- Applicant as a major first source is problematic



Source Code Collapsed Categories

- **Search**

- SAT Search Service (general, engineering, honors, merit, minority)
- EOS -- ACT Search
- NRCCUA



Source Code Collapsed Categories

- **Outreach**

- High School Visit
- College Fairs
- College Program Day/Night
- Inquiry card
- Music poster



Source Code Collapsed Categories

- **Self-initiated – (online)**

- Admission e-mail request
- FASTWeb
- Web form request
- Application

- **Self-initiated – (other)**

- SAT/ACT Score
- Letter from Student
- Phone Call from Student
- Walk-in
- FAFSA
- Campus Visit



Source Code Collapsed Categories

- **Advertise**

- College Digest
- Who's Who

- **Referral**



Using Inquiry Data to Develop Conversion Strategies: Qualifying Leads

- Source of inquiry
- Region/geodemographic
- Program of interest
- Activities and interests
- High school/community college
- Frequency of contacts
- Test scores
- Timing of first contact
- Other?



Using Inquiry Data to Monitor Progress

- Produce date-to-date reports weekly/monthly depending on time in admissions cycle
- Project using growth to year end
- Adjust strategies mid-stream if necessary



Goals of Territorial Management

- Ownership
- Awareness of trends
- An appreciation of regional differences
- The development of regional strategies and relationships
- Efficient targeting of resources
- Ability to make mid-course corrections
- Ability to know what worked and what did not



Creating Primary, Secondary, Tertiary Market Analysis by Region

- Primary market – The smallest number of states (counties, high schools, etc.) that produce 50% of the applications from a territory
- Secondary market – The smallest number of states (counties, high schools, etc.) that produced the next 25% of the applications from a territory
- Tertiary market – All other remaining markets in the territory



Sample Freshman Applicants by High School in California (Classes Entering 2006-2008 Combined)

# of Applications	# of High Schools	% of High Schools
First 1/2 applications = 684	40	13%
Next 1/4 applications = 342	65	22%
All other = 342	195	65%
1368	300	100%



Primary, Secondary, Tertiary Market Strategy Suggestions

- Primary market
 - At least 2 visits scheduled/year
 - Relationship marketing
- Secondary Market
 - One visit a year
 - Limited Relationship marketing
- Tertiary Market
 - Visit every third year
 - Direct and e-mail recruiting (e.g., newsletters)



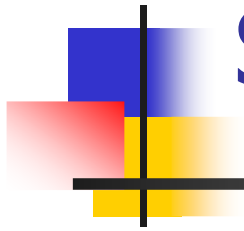
Case Study



End Point

- Without data you're just another person with an opinion.

Pricing and Financial Aid Strategies





The Evolution of Pricing and Financial Aid Strategies

- In the past, prices were set based on budgetary needs, and financial aid was used to promote equity, access, and choice.
- Financial aid policies and goals were primarily a function of institutional mission and philanthropic support.



The Evolution of Pricing and Financial Aid Strategies

- Now pricing and financial aid policies are market driven, and primarily influenced by:
 - Trends in inquiries, applications, and retention -- your demand curve
 - Competition
 - The demographic and economic environment

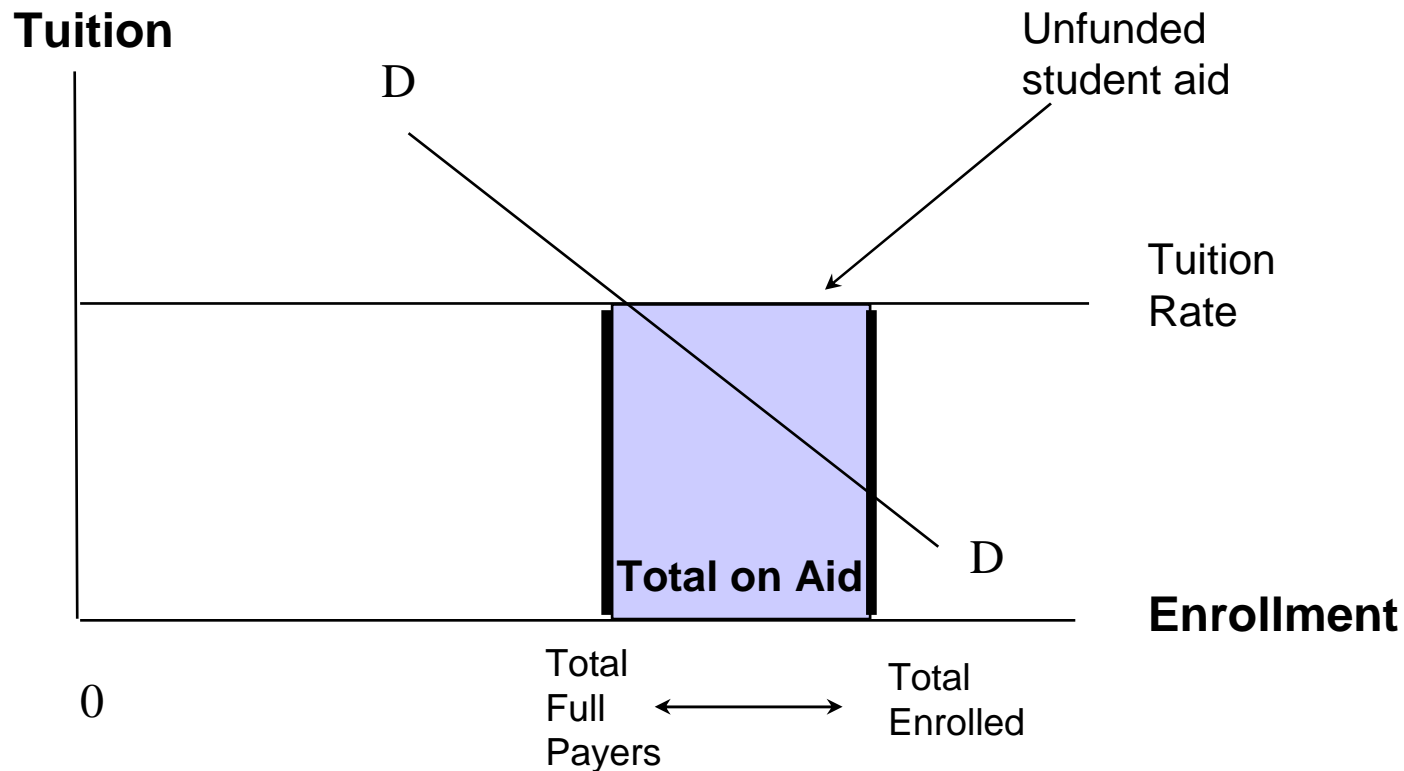


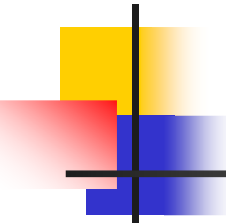
Even the financial aid policies of the most prestigious institutions in the country are being shaped by market forces:

- Princeton
- Harvard
- Yale
- Stanford
- Cornell
- UNC Chapel Hill/UVA

Enrollment Demand and Net Tuition Revenue*

*From "Liberal Arts Colleges: Thriving, Surviving or Endangered?" David W. Breneman





To Assess How Effectively Your Aid Program is Currently Responding to Market Forces, There are 4 Key Questions to Answer:

- Are we perceived as worth the price we're charging?
- Have we convinced our families that we are affordable?
- How much aid do we need to spend to meet our enrollment goals?
- How can we be sure we are spending our aid wisely?



Question #1: Are We Perceived as Worth the Price We're Charging?

- Monitor trends in your pool:
 - Are your inquiry sources changing?
 - For example, a decline in SAT score reports could signal diminished visibility.
 - Is the geographic distribution changing?
 - Is your “footprint” growing or shrinking?
 - Is the quality of your applicant pool changing?
 - This can reflect your perceived prestige.



Are We Perceived as Worth the Price We're Charging?

- Identify your competition:
 - SAT/ACT summary reports detailing competition at inquiry
 - Enrollment Planning Service (EPS) of the College Board
 - Enrollment Information Service (EIS) of ACT
 - Surveys of admitted students to assess overlap at admission and head-to-head competition
 - National Student Clearinghouse's StudentTracker Service www.studentclearinghouse.org



Are We Perceived as Worth the Price We're Charging?

- Benchmark against the competition:
 - Are your price and prestige positions relative to your competition in sync?
 - What is your competition doing with merit scholarships and other aid strategies?



Sample Benchmark Table

College/University	Tuition & Fees 2008-09	Discount Rate 2006-07	Accept Rate 2007	Middle 50% SAT 2007	<i>U.S. News</i> Ranking - 2009 (America's Best Colleges)
A. University	\$12,970	12%	88%	810 – 1040	Baccalaureate Univ. (North)
B. University	\$19,236	29%	67%	1020 – 1210	Universities–Master's (North)
C. University	\$19,720	37%	70%	1000 – 1210	National Univ., Tier 3
Your School	\$20,260	45%	65%	790 – 1050	Univ–Master's (North), Tier 4
D. University	\$23,130	28%	67%	1050 – 1230	National Univ., Tier 3
E. University	\$23,144	41%	67%	910 – 1150	Universities–Master's (North)



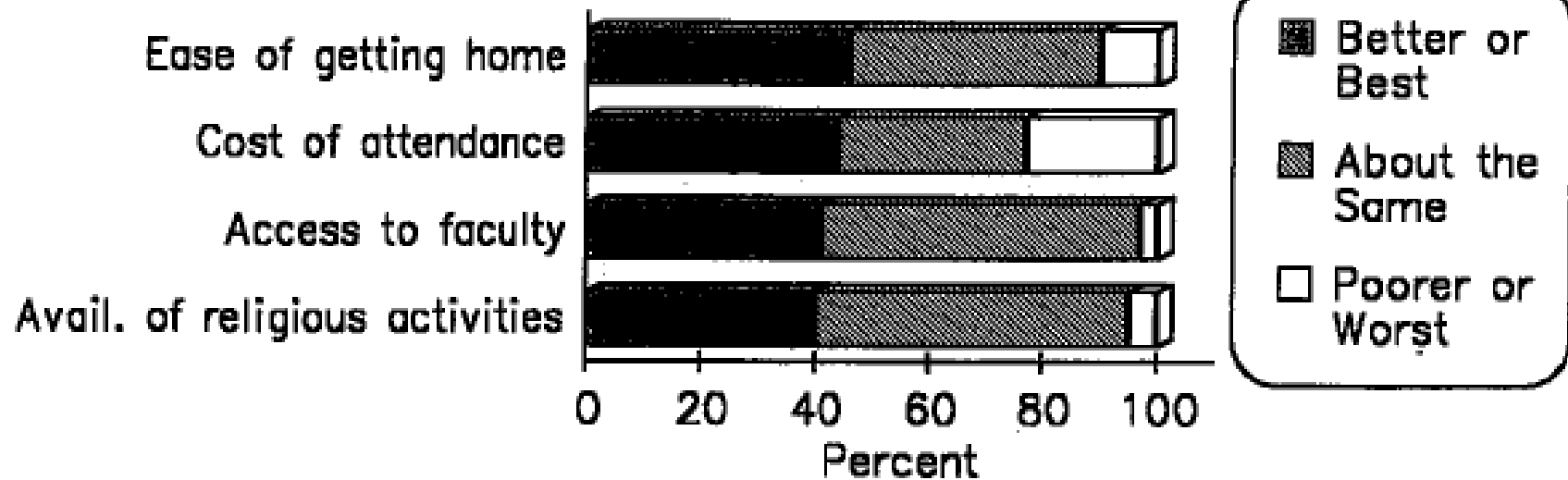
Are We Perceived as Worth the Price We're Charging?

- Review results of Admitted Student Questionnaire

Admitted Student Questionnaire

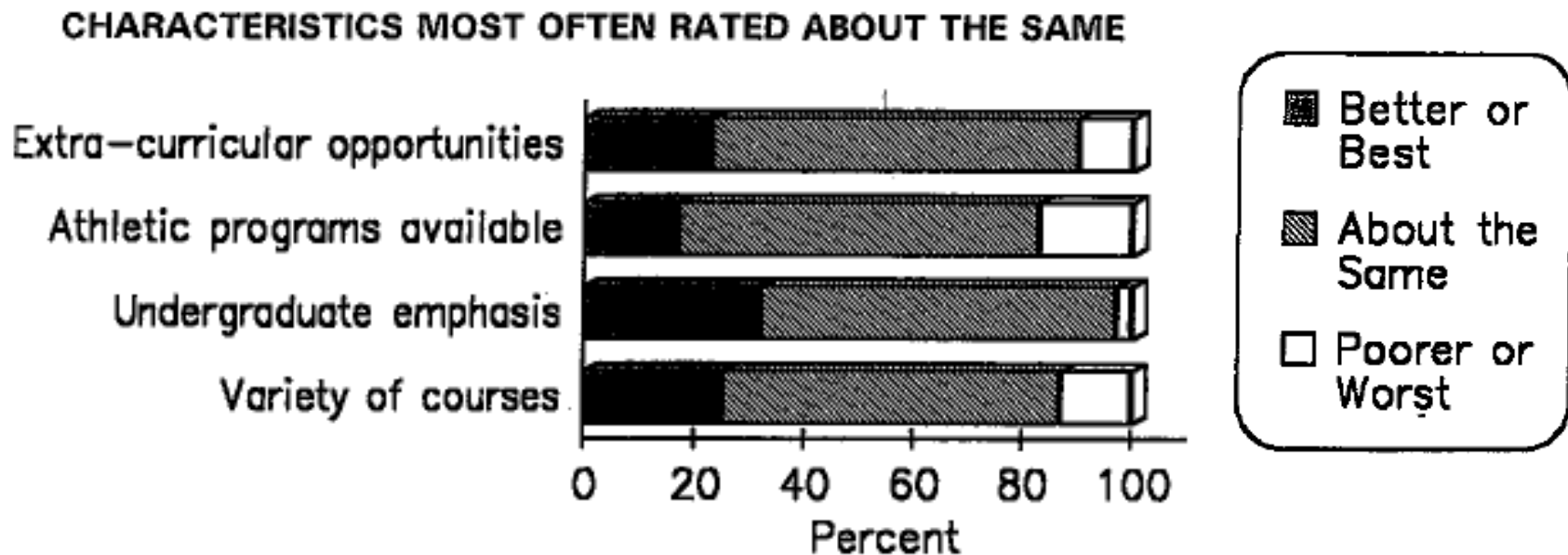
For which college characteristics was our college most often rated “better than most” or “best” in comparison to other colleges that students considered?

CHARACTERISTICS MOST OFTEN RATED BETTER OR BEST



Admitted Student Questionnaire

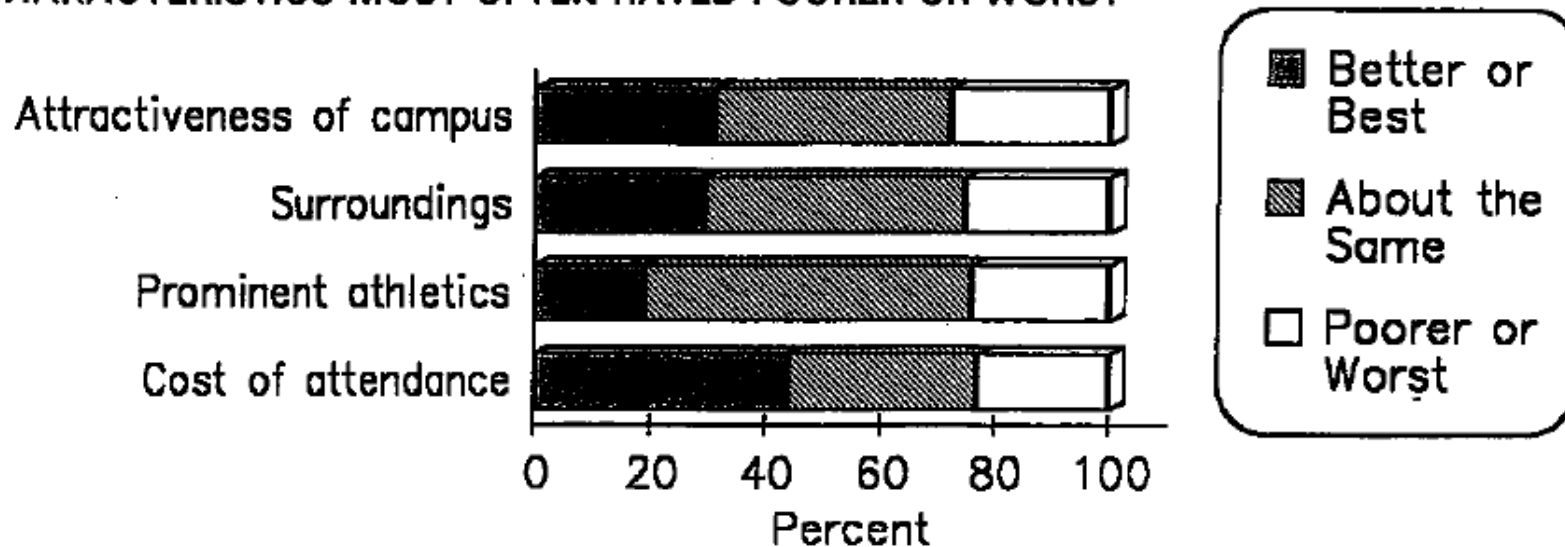
For which college characteristics was our college most often rated “about the same” in comparison to other colleges?



Admitted Student Questionnaire

For which college characteristics was our college most often rated “poorer than most” or “worst” in comparison to other colleges?

CHARACTERISTICS MOST OFTEN RATED POORER OR WORST





Are We Perceived as Worth the Price We are Charging?

- Are yield rates different for non-aided versus aided students?
- Have you gathered (and shared) data about outcomes?
- Has the number of full-pay customers declined?

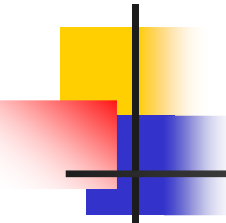
Sample Table: Yield by Subpopulation

	Fall 2007			Fall 2008		
	Admit	Enroll	Yield	Admit	Enroll	Yield
Need Level						
Non-Aid Filer	262	26	9.9%	314	16	5.1%
No need	48	22	45.8%	62	28	45.2%
Low Need	56	35	62.5%	66	37	56.1%
Medium Need	130	74	56.9%	130	63	48.5%
High Need	202	127	62.9%	295	168	56.9%
GEO						
In-State	513	224	43.7%	622	266	42.8%
Out-of-State	185	60	32.4%	245	46	18.8%



Question #2: Have We Made the Case for Affordability?

- For private institutions: Do you lose your overlap with public institutions as you progress through the admissions funnel?
- Has the distribution of applicants by socioeconomic level changed over time?
- How does the level of need and unmet need impact yield rates and retention rates?



Have We Made the Case for Affordability?

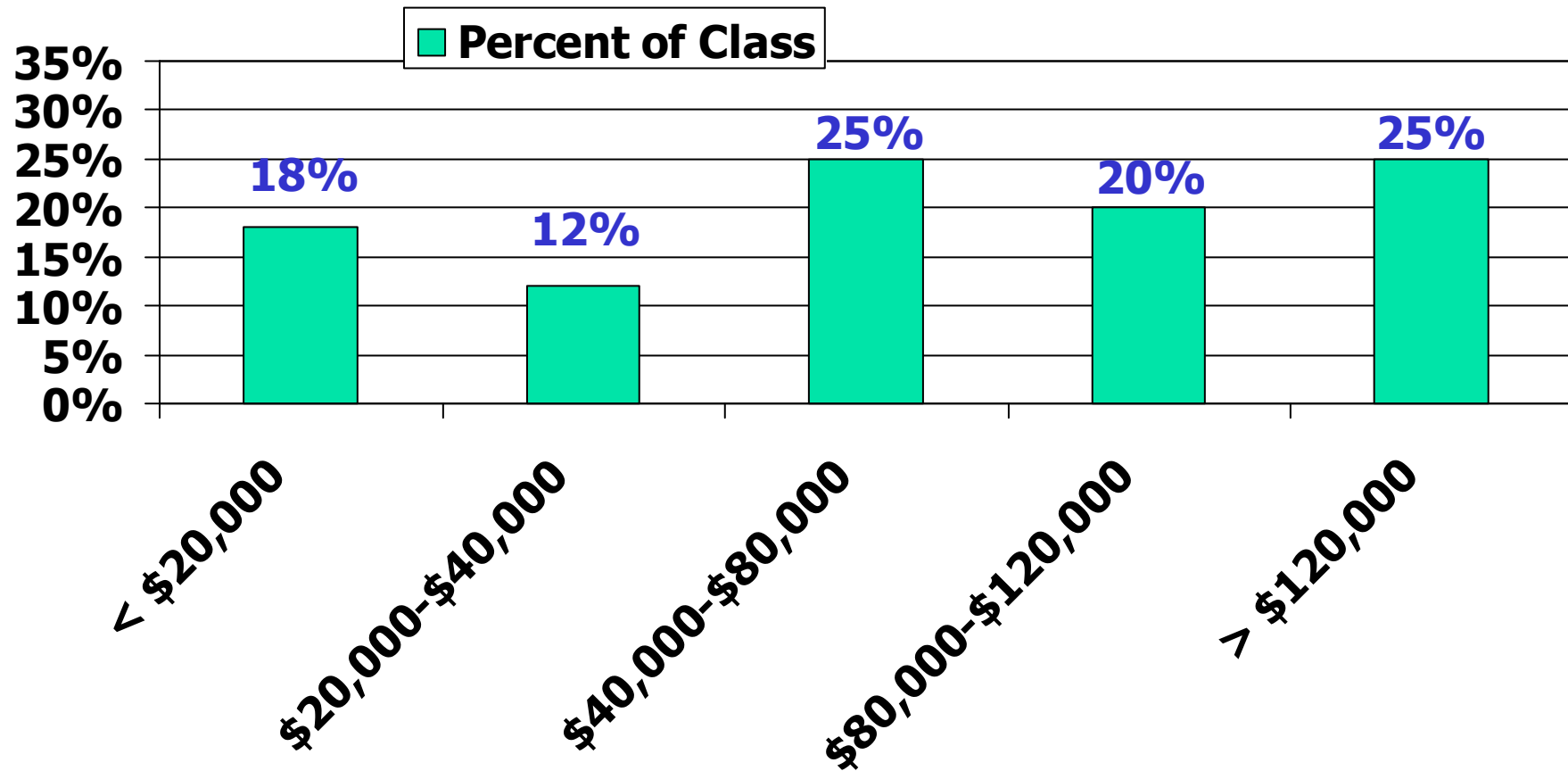
- What are yields for families who apply for aid but are denied assistance?
- What has been happening to receivables?
- Who is leaving the school?



Have We Made the Case for Affordability?

- Some communication strategies to consider:
 - Income Profiles
 - Case Studies
 - Guarantees
 - Calculators on the Web

Sample Income Profile



Sample Case Study

Cost Scenarios

Each financial situation is different. We have prepared a few scenarios to help you understand the types of financial aid you might expect and how all the aid resources tie together in one package.



Student	Daniel	Jacob	Lindsey	Sarah
Parents' Finances				
State:	TN	KY	VA	TN
Parental Earnings:	\$106,710	\$16,595	\$50,629	\$246,250
Investments:	\$18,200	\$200	\$0	\$171,000
Family Members:	5	4	4	6
Number in College:	1	1	1	1
Student's SAT/ACT:	29	23	1050	1050
Student's GPA:	3.85	3.5	2.45	3.61
Financial Aid Package:				
Academic Scholarship:	\$9,000	\$8,000	-	\$8,000
Athletic Scholarship:	\$5,000	-	-	-
Tennessee Hope Scholarship:	\$4,000	-	-	\$4,000
Tennessee Merit Scholarship:	\$1,000	-	-	-
Pell Grant:	-	\$4,700	-	-
Federal Supplemental Grant:	-	\$1,500	-	-
Institutional Grant:	-	\$2,000	\$10,200	-
Stafford Loan:	\$3,500	\$3,500	\$3,500	\$3,500
Parent Plus Loan:	-	-	\$12,500	\$9,550
Total Aid:	\$22,500	\$20,700	\$26,200	\$25,050

Sample Guarantee

The screenshot shows the King College website with a navigation menu and a 'Scholarships' section. The navigation menu includes: Home, Admissions, About KING, Academics, Athletics, Experience King, Graduate & Professional Studies, King News, and Costs. The 'Scholarships' section contains two tables. The first table lists 'King College Academic Merit Scholarships' with three rows of criteria. The second table lists 'King College Transfer Student Scholarships' with two rows of criteria.

Quick Links

- ▶ APPLY NOW
- ▶ REQUEST INFO
- ▶ FAST FACTS

ADMISSIONS

ACCEPTED STUDENTS

MEET OUR STUDENTS

MEET OUR FACULTY

COSTS

Costs

Scholarships

King College Academic Merit Scholarships	Amount	ACT or SAT Criteria	GPA Criteria
	\$9,000	28 or 1260	Greater than or equal to 3.0
	\$8,000	24-27 or 1110-1250	Greater than or equal to 3.0
		20-23 or 950-1110	Greater than or equal to 3.5

King College Transfer Student Scholarships	Amount	Criteria
	\$9,000	Cumulative GPA of 3.5 or greater or Phi Theta Kappa Member
	\$8,000	Cumulative GPA of 3.0 - 3.49

Sample Calculator

Southwestern's Investment in You includes an estimate of the total amount of gift assistance for which, in our estimation, you may be eligible. This amount includes funds from the following resources:

- Merit Scholarships from Southwestern (i.e., Ruter Scholarship, Mood Scholarship, Cody Scholarship)
- Need-Based Grants from Southwestern
- Federal Need-Based Grants (such as the Federal Pell Grant and Federal Supplemental Grant)
- State Grants (such as the Tuition Equalization Grant from the state of Texas)

Please note that this is an estimate and is not an actual financial aid award or guarantee of eligibility. To determine your actual eligibility you must [apply for admission](#) by January 15 of your senior year and submit a [Free Application for Federal Student Aid](#) by March 1 of your senior year.

Other scholarships and grants are available from Southwestern in addition to those indicated above. Visit our [Merit Scholarship Program](#)

CLOSE

Southwestern University Affordability Estimator

Sticker price of college getting you down? Don't worry, 85 percent of our students receive some sort of financial assistance. To get an estimate of how much Southwestern will cost you, just fill out the form below and watch the graph shrink!

The SU Affordability Estimator gives an early approximation of what a new first-year student can expect to pay to attend SU. It is not an application for financial aid. The results are only estimates and not guarantees of the actual amounts you will receive. Follow this [link](#) for more information regarding the estimator

Total Annual Cost of a Southwestern Education: \$38,540**

Class Ranking

Select one of the following exams and enter your score.

ACT Composite SAT (CR + M) Score:

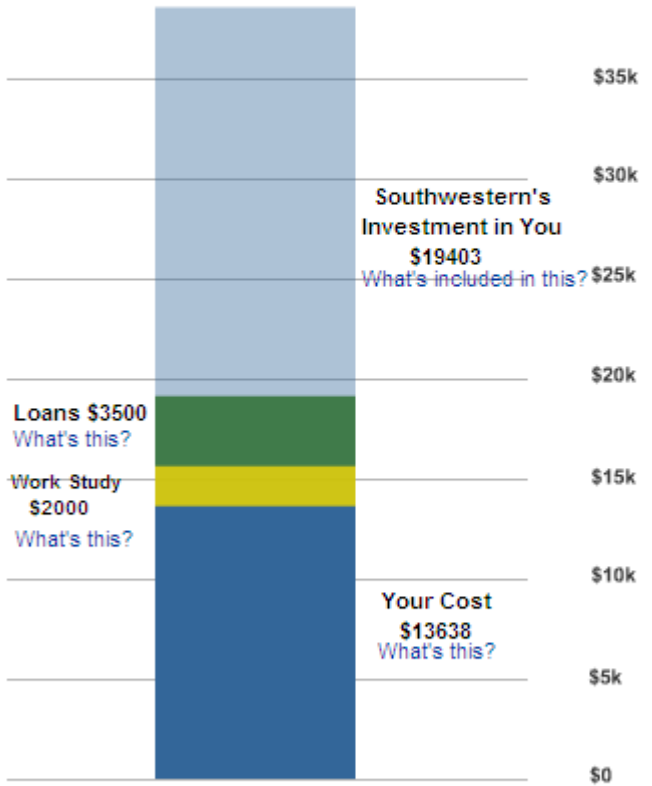
Total Household Income:

Parent Assets
[What should I include?](#)

How many people live in your household?

Of the number in the household above, how many will be in college next year? Include yourself. Exclude parents and any household member in graduate school.

Calculate Financial Aid



** Annual cost includes tuition, room & board, fees, books, transportation, and personal expenses.



Question #3: How Much Aid Do We Need to Spend to Meet Enrollment Goals?

- It **DEPENDS!!!**
- If at capacity, the focus should be discount rate and the cost of trading off desired characteristics.
- If not at capacity, the priority has to be the maximization of net tuition revenue.



How Much Aid Do We Need to Spend to Meet Enrollment Goals?

What is the “discount rate”?

(a)		Gross Tuition and Fee Revenue
(b)	LESS	Institutionally Funded <u>Financial Aid</u>
(c)	=	<i>Net Tuition Revenue</i>
(b)/(a)	=	<i>Tuition Discount Percentage</i>

(From NACUBO Institutional Aid Survey Executive Summary)



Defining the Tuition Discount, A Component Analysis

% of Students Receiving Aid from Institution	X	Average Grant as % of Tuition and Fees	=	Tuition Discount Percentage
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(From NACUBO Institutional Aid Survey Executive Summary)

Average Tuition Discount Percentages for Full-Time Freshmen (10-Year Participants)

Institutional Type	Number of Respondents	Fall 1996	Fall 2001	Fall 2003	Fall 2004	Fall 2005
Small Colleges, Lower Tuition*	130	36.8%	40.9%	42.3%	42.3%	42.7%
Small Colleges, Higher Tuition*	60	36.2%	37.3%	37.8%	37.1%	38.1%
Large Colleges & Universities **	43	28.6%	29.5%	31.5%	31.1%	31.5%
All Institutions	233	35.1%	37.9%	39.2%	38.9%	39.5%

*LT < \$25,000, HT ≥ \$25,000

**Full-time freshman enrollment ≥ 850

(Source: NACUBO Institutional Aid Survey Executive Summary – 2005 – Preliminary Results)

Scannell & Kurz, Inc.



But What Drives the Discount Rate?

- Market Forces
- Changes in Ability to Pay
 - Trends in family contributions
 - Percentage of students applying for aid
- Changes in Willingness to Pay
 - Yield by need level and grant level
- Changes in Outside Support
- Retention by Need Level and Grant Level
- Institutional Goals
 - Commitments to diversity, quality, etc.

Net Tuition Revenue Table -- Tuition \$21,000

EFC	Non Filers	> 30k	20-30k	15-20k	10-15k	5-10k	0-5k	Average
Quality								
Highest	12,511	12,304	11,975	9,056	5,609	4,960	4,866	8,382
High	17,254	17,237	14,543	10,772	7,888	7,423	7,018	11,270
Medium	18,737	18,997	16,075	10,926	9,128	8,082	8,134	13,178
Lower	20,023	20,104	15,614	11,730	9,740	9,479	9,066	14,018
Lowest	20,044	20,049	16,433	11,651	10,798	10,355	9,684	14,633
Average	18,896	18,071	13,243	10,974	8,813	8,161	7,734	12,665



Question #4: How Can We Be Sure We Are Spending Our Aid Wisely?

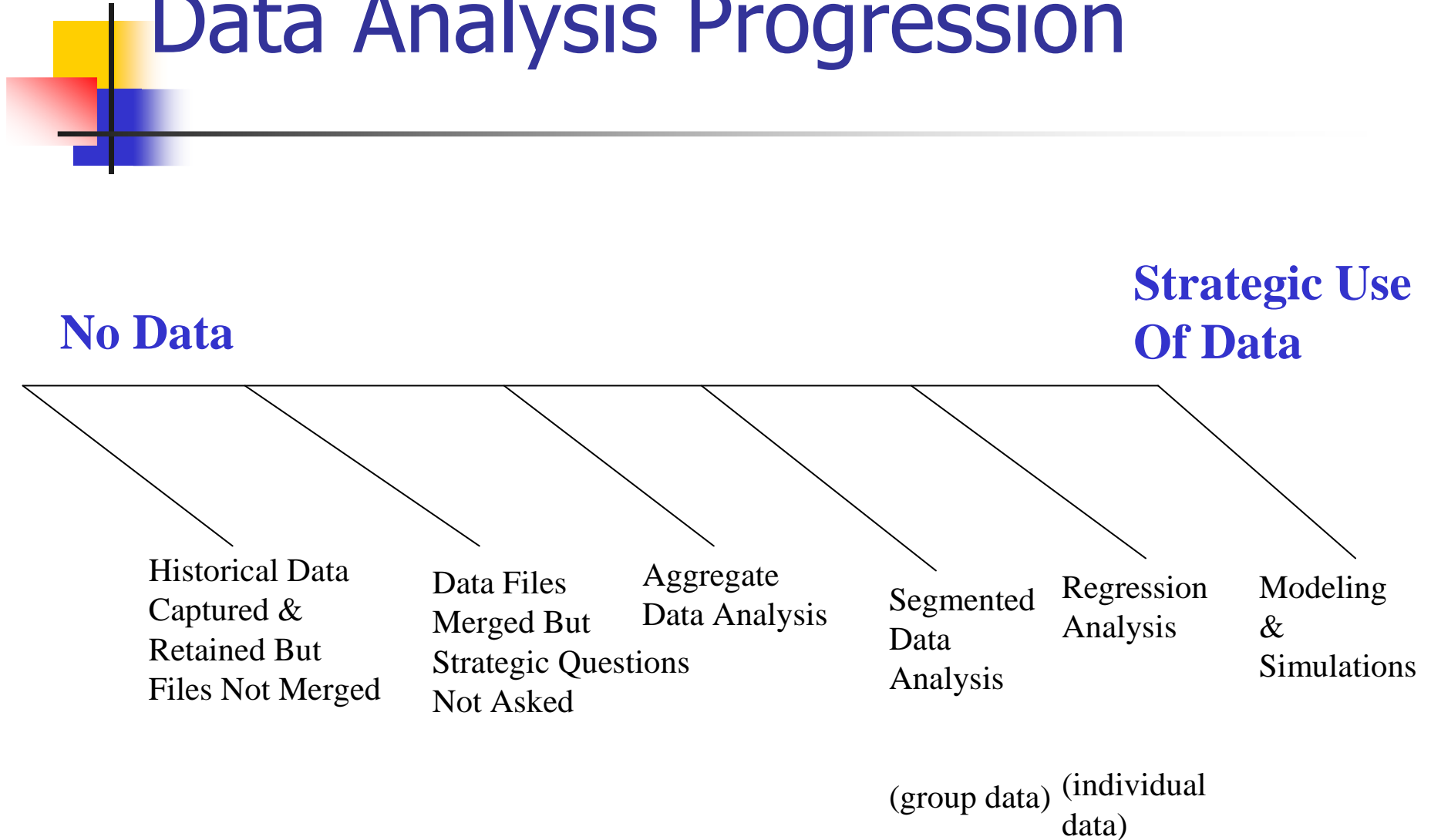
- Are you under-funding need-based grant programs?
- Are you focusing institutional aid too heavily on merit programs or is the merit aid focused on the wrong applicant segment?
- The competition is offering aggressive merit programs, should you respond?



Clearly the Need for a Data-Driven Approach to Answering These Questions Has Never Been More Important

- The challenge will be to balance often conflicting enrollment goals.
- There is a need for more sophisticated means to fully understand the tradeoffs and the impact of various strategies.
- Institutions can't afford to get it wrong.

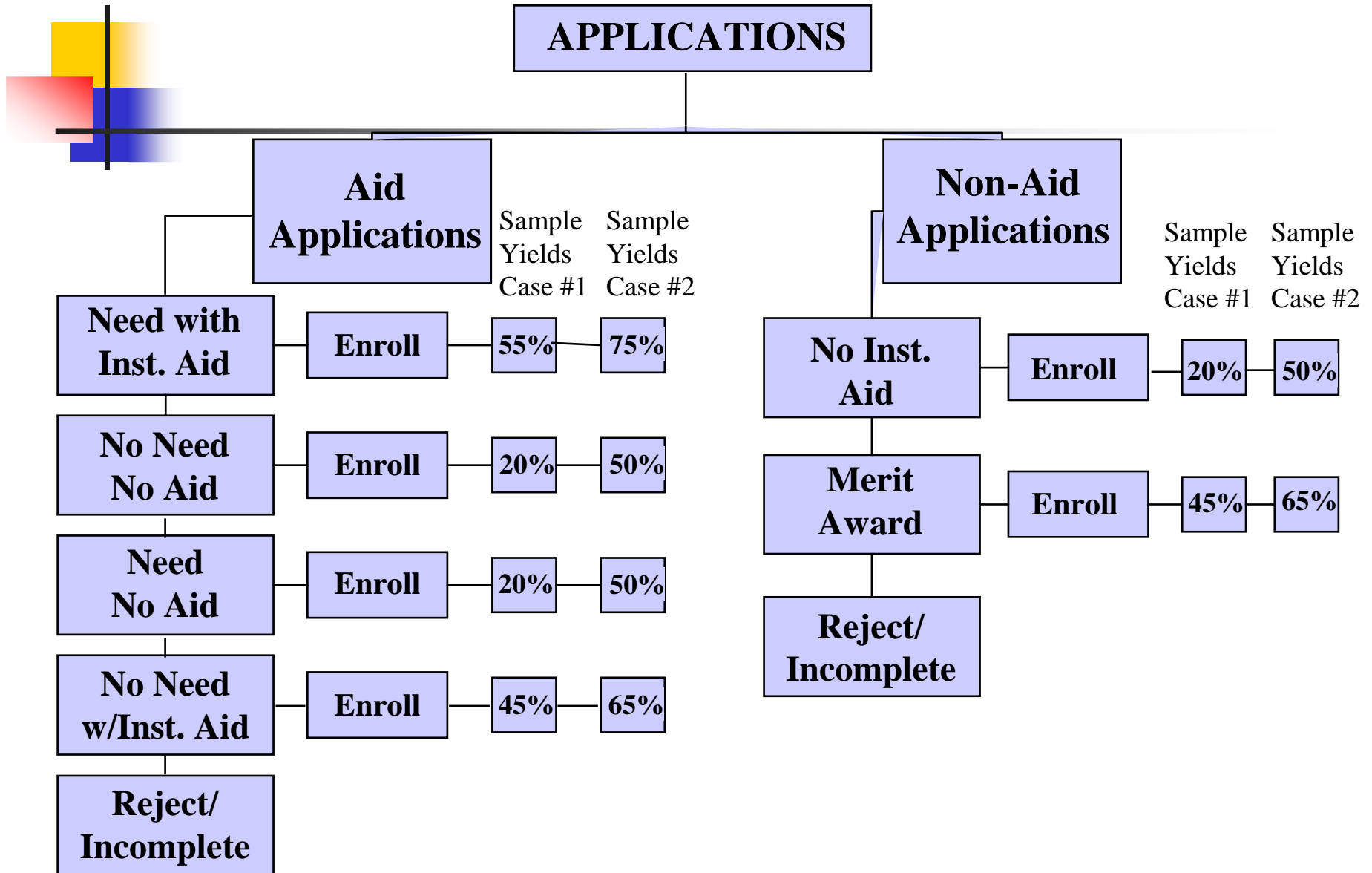
Data Analysis Progression





Data-Driven Discounting

- Are there market segments where yields differ significantly from the norm?





Data-Driven Discounting

- Are there market segments where the “universal truths” don’t hold?



Need by Aid Award

Each cell contains: Enroll/Admit = Yield

	> \$20,000					
	\$3,001-\$4,000					
	\$2,001-\$3,000					
Aid*	\$1,001-\$2,000					
	\$0					
		\$0	\$1-\$1,000	\$1,001-\$2,000	\$2,001-\$3,000	\$3,001-\$4,000
		Need**				

***Aid = grant and scholarship aid from all sources**

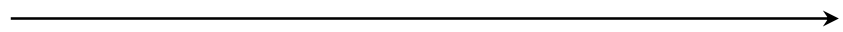
****Need = Cost - IM or FM contribution, whichever is used for packaging**



Universal Truths

AID
(FREE \$)

Y ↑



NEED

Y ↓



These Data Can Be Segmented By:

- Freshman versus transfer
- In-state versus out-of-state
- Resident versus commuter
- Quality of student
- Ethnic group
- Etc.



Cautions on “Table” Analysis:

- Small numbers in cells can produce misleading results
- Needs to be monitored annually
- Aggregate numbers can mask differences between market segments



Data-Driven Discounting: Alternatives for Awarding Aid

- Redefining need
- Equity packaging
- Preferential packaging
- Admit/Deny
- Aid conscious admission
- Merit scholarships and entitlements



Data-Driven Discounting

- Cost benefit analysis

Data-Driven Discounting: Sample Yield Table

	> \$12,000						
	\$9,000-\$12,000					55/100	55%
Gift Aid	\$6,000-\$9,000					20/80	25%
	\$3,000-\$6,000					8/40	20%
	\$1,001-\$3,000						
	\$0						
		\$0	\$1-\$5,000	\$5,000-\$10,000	\$10,000-\$15,000	\$15,000-\$20,000	> \$20,000
		Need					



Cost Benefit Analysis

Tuition = **\$15,000**

Current NTR

55 * (\$15,000 - \$10,500) = \$247,500

20 * (\$15,000 - \$7,500) = \$150,000

8 * (\$15,000 - \$4,500) = \$ 84,000

\$481,500



Cost Benefit Analysis

Projected NTR

- Projected Enrollment

- $220 * 55\% = 121$

- Projected NTR

- $121 * (\$15,000 - \$10,500) = \$544,500$



Benefits

- \$63k net revenue
- More critical mass -- better educational environment
- Better residence hall utilization and additional revenue of \$152k (38 @ \$4,000)
- Better per unit costs in dining
- Bigger enrollment base for subsequent years



Case Studies

- Will do first case as a large group
- Will break into groups of five to eight to do a more detailed case
- Groups will return here after 45 minutes to report out briefly



Case Study 1

Institutional Profile:

This highly selective, small liberal arts college in the northeast is at capacity but desires to lower its financial aid discount rate. It competes both with the premiere private research universities as well as with nationally ranked liberal arts colleges.

In the past, in order to stay within the financial aid budget, it had created a financial aid waiting list. However, the yield from that list has been very low.



Case Study 1

- It has always awarded financial aid using an equity approach, under which all students receive, in the following order:
 - entitlements (Pell, SEOG, state);
 - maximum Stafford Loan (\$2625);
 - Federal Work Study (\$1200);
 - a gap of \$500; and
 - institutional grant to meet institutionally defined need.



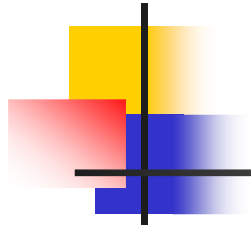
Case Study 1

Institutional Profile

- The discount rate is currently 30%.
- Quality measures and total enrollment are where the institution wishes them to be, with SAT scores averaging 1310 for a freshman class of 606.

Case Study 1 – Data Enroll/Admit (Yield) Academic Rating

Need Level	1=High Quality		2		3		4=Low Quality		Total	
No app	0/22	0.0%	10/95	11.0%	71/314	23.0%	132/315	42.0%	213/746	28.6%
No-need	0/13	0.0%	13/78	17.0%	38/177	21.0%	51/169	30.0%	102/437	23.3%
1-8k	2/9	22.0%	0/15	0.0%	6/45	13.0%	13/27	48.0%	21/96	21.9%
8k-16k	0/8	0.0%	9/42	21.0%	32/92	35.0%	35/74	47.0%	76/216	35.2%
16k-20k	2/4	50.0%	6/21	28.0%	22/55	40.0%	24/44	55.0%	54/124	43.5%
>20k	2/7	29.0%	17/39	44.0%	45/97	46.0%	76/139	55.0%	140/282	49.6%
Total	6/63	9.5%	55/290	19.0%	214/780	27.4%	331/768	43.1%	606/1901	31.9%



Group Case Study



Predictive Modeling

- Success often breeds the need for tradeoff decisions (using a wait list is an operational example):
 - Quality versus net tuition revenue
 - Diversity versus net tuition revenue
 - Enrollment versus quality
 - Different recruitment strategies, etc.



Predictive Modeling

- Predictive modeling, also known as econometric modeling, allows you to better understand these tradeoffs and present alternatives to institutional decision-makers
- Modeling allows you to test assumptions and interactions before taking action



Goals of Econometric Modeling

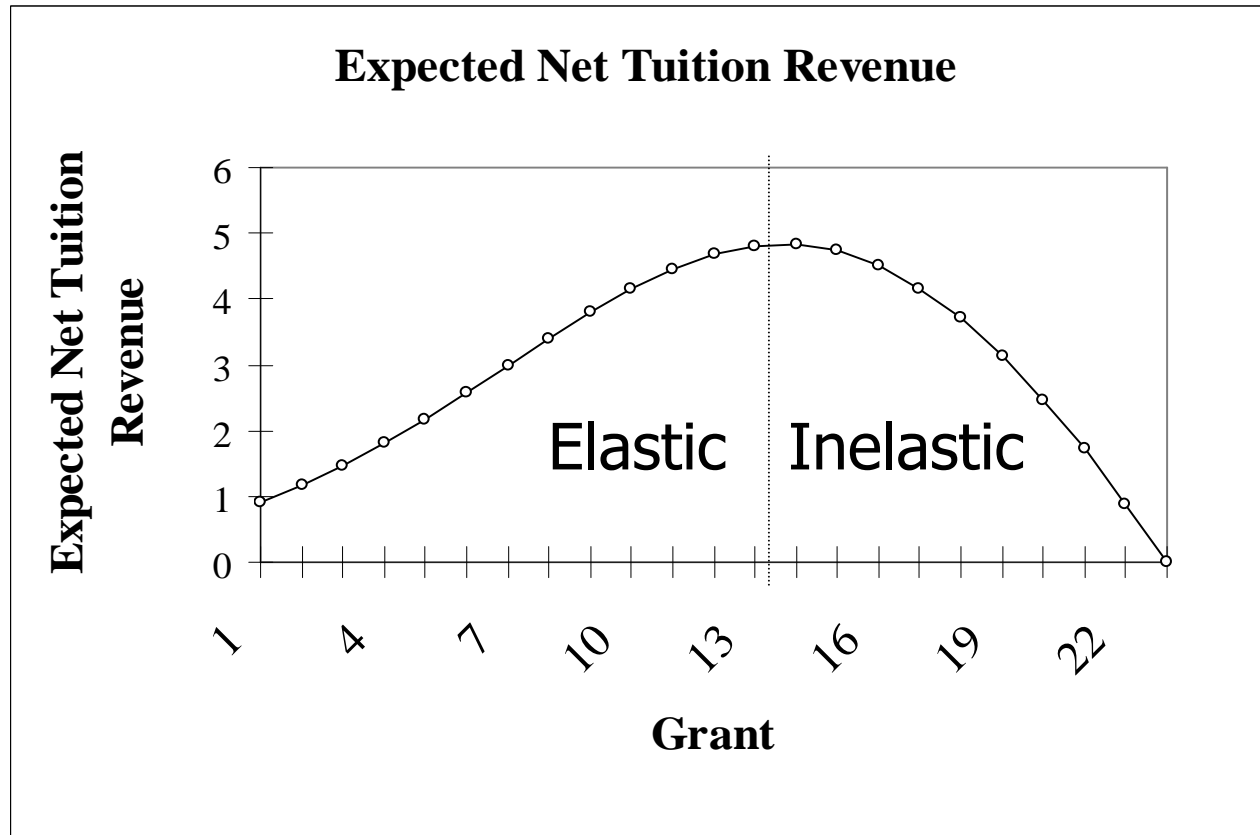
- Identify factors that are important in the enrollment decision
- Determine the impact of institutional grants on the probability of enrolling
- Determine the revenue-maximizing levels of grants
- Identify alternative financial aid packaging strategies
- Suggest alternative admissions policies
- Simulate the results of alternative admissions and aid strategies and policies



Econometric Modeling

- Once the model is calibrated, the price elasticity of subpopulations can be determined

Price Sensitivity



Elasticity Tells You Which Side Of The Peak You Are On.



Econometric Modeling

- In addition, the impact of alternative pricing and awarding strategy can be simulated.
 - Optimize NTR
 - Higher merit awards
 - Different packaging approaches

Estimate the Net Tuition Revenue Maximizing Level of Grant Revenue Optimizing Scenario

<i>In-State</i>	Baseline	Optimal
Total Class Size	2240	2106
Net Tuition Revenue	\$9,697,050	\$10,779,990
Ave. NTR	\$4,328	\$5,119
Ave. SAT	1175	1168
Minority Students	398	328
Minority %	18%	16%

<i>Out-of-state</i>	Baseline	Optimal	Capped
Total Class Size	1011	1409	1015
Net Tuition Revenue	\$11,003,450	\$12,882,920	\$8,438,510
Ave. NTR	\$10,889	\$9,143	\$8,314
Ave. SAT	1182	1188	1221
Minority Students	137	165	165
Minority %	14%	12%	16%



Sample Simulation Summary

	<i>Baseline</i>	#1: Current Policies	#2a: No merit	#2b: No merit except for minority	#3a: Reduce need-based aid for in-state SAT < 1300	#3b: Same as #3a, but front load more grant and lower gap for high quality out-of-state
Total Class Size	3251	3250	3050	3138	3197	3210
Net tuition Revenue	\$20,701k	\$20,782k	\$21,416k	\$21,067k	\$21,272k	\$21,365k
Avg. NTR	\$6,368	\$6,395	\$7,022	\$6,713	\$6,654	\$6,655
Avg. SAT	1177	1177	1168	1171	1179	1179
Minority Students	535	536	435	524	505	506
Minority %	16.4%	16.5%	14.3%	16.7%	15.8%	15.8%
% In-state	68.9%	68.8%	68.8%	68.8%	68.3%	68.0%
Inst. aid expend.	\$8,392k	\$8,348k	\$5,816k	\$7,001k	\$7,547k	\$7,690k



Econometric Modeling

Limitations

- Built on historical behavior -- the future could be different
- If a group has not been awarded in the past, their response to an award would be projected by the model but it may not be reliable
- Table analysis still helpful for identifying break points -- non-linear trends
- Typically explains less than 25% of the variance -- even less when analyzing retention



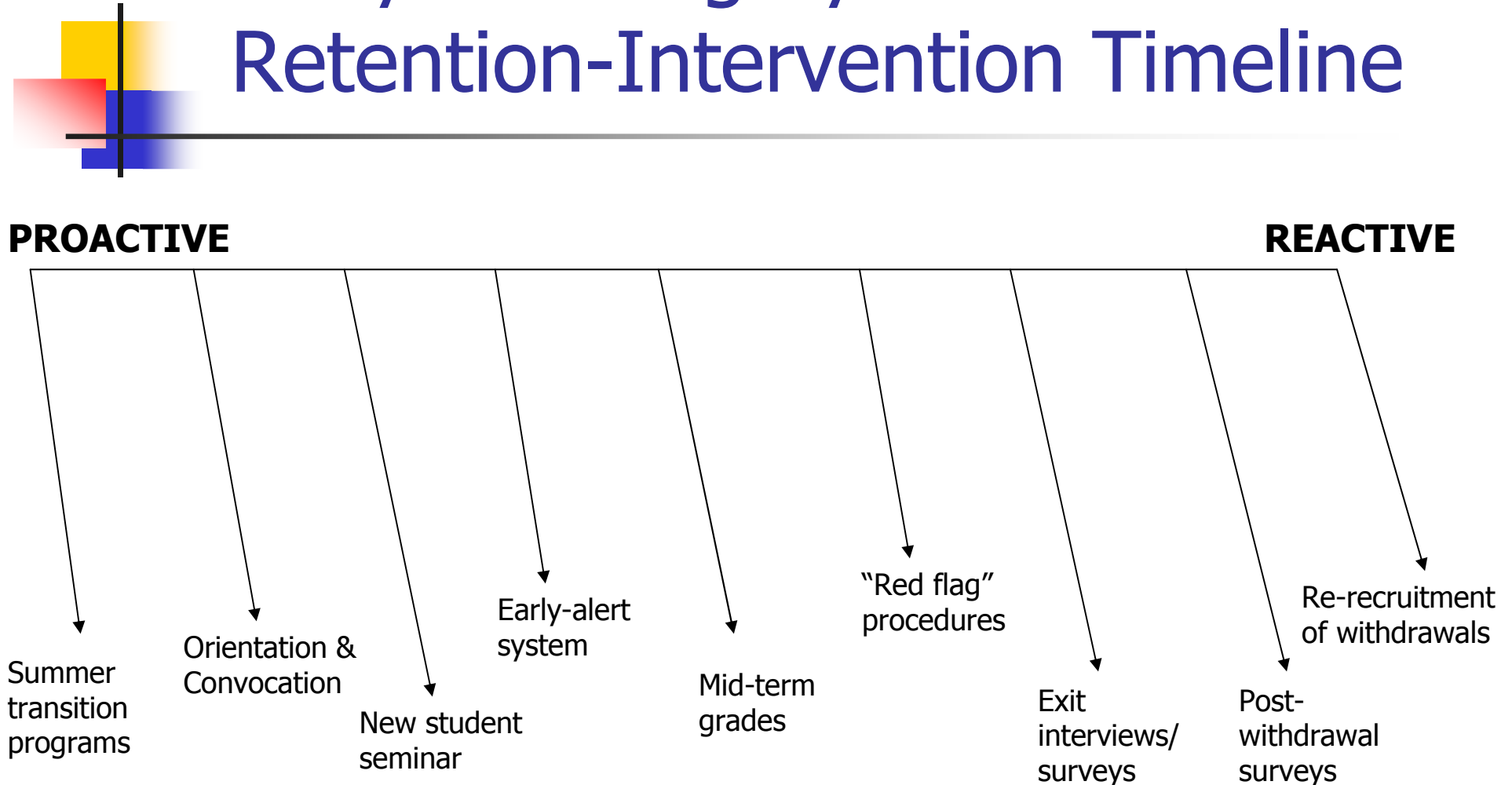
Conclusion

- There are a number of analytical techniques that are of value in managing financial aid strategically:
 - Watch and analyze trends
 - Know what the competition is doing – benchmark
 - Track the behavior of subpopulations – their yields and mean values
 - Utilize econometric modeling techniques to test tradeoffs between goals



Understanding Retention

Early Warning Systems: Retention-Intervention Timeline



Source: Dr. Joseph Cuseo, Associate Professor of Psychology, Marymount College, Palos Verdes, California



Question #1: How Can We Identify At-Risk Students?

- Analyze cohort retention and graduation rates by subpopulation
- Develop predictive models to isolate the impact of specific variables
- Establish early warning systems



Cohort Retention/Graduation Rates by Subpopulation

- *Possible subpopulations to analyze:*
 - Financial aid group (need, income)
 - Entry statistics (private HS versus public HS)
 - Academic characteristics (SAT/ACT; HS GPA)
 - Program area
 - Gender
 - GPA at institution (especially if tied to aid renewal)
 - Ethnicity
 - Geography



Cohort Retention/Graduation Rates by Subpopulation

Freshman-to-Sophomore Retention of Students by Unmet Need					
College	Term 1	Term 3		Term 5	
Entering Cohort					
No FAFSA	159	101	63.5%	91	57.2%
\$0 or Below	217	164	75.6%	140	64.5%
\$1-\$4,999	139	97	69.8%	79	56.8%
\$5,000-\$9,999	69	44	63.8%	31	44.9%
\$10,000-\$14,999	45	15	33.3%	12	26.7%
\$15,000+	3	1	33.3%	0	0.0%

Predictive Modeling – Sample Predictive Retention Model

Variable	Coefficient (impact on probability of retention to Term 3)	Description
Total Grant	+.5%	For every \$1,000 increase in total grant, a person is .5% more likely to retain to Term 3.
Unmet Need	-.5%	For every \$1,000 increase in unmet need, a person is .5% less likely to retain to Term 3.
Term 1 GPA	+14.2%	For every 1 point increase in GPA (2.0 to 3.0), a person is over 14% more likely to retain to Term 3.
Term 1 GPA < 1.75	-25.6%	Students with a Term 1 GPA < 1.75 are over 25% less likely to return to Term 3 than students with a Term 1 GPA > 1.75.
In-State	+7.0%	In-state students are 7% more likely to retain to Term 3 than out-of-state students.
Special Admits	-8.3%	Special admits are over 8% less likely to retain to Term 3 than regular admits.
Engineers	-11.0%	Engineers are 11% less likely to retain to Term 3 than A&S students.
Commuters	-5.0%	Commuter students are 5% less likely to retain to Term 3 than resident students.



Predictive Modeling

- *Possible Interventions Based on the Model*
 - Special tutorial program for anyone with a < 1.75 Term 1 GPA, including mandatory study hall
 - Special advising strategy, including a focused first-year seminar, for engineering students
 - Given that in-state students are more likely to retain, the fact that commuters are less likely to retain makes them a target group for special attention



Predictive Modeling

- *Possible Next Steps in Modeling*
 - If achieving above a particular Term 1 GPA is very significant in retaining to Term 3, then two additional models could be constructed:
 - One would examine those factors that were significant in predicting retention to Term 3 for everyone who had a $\text{GPA} \geq X$
 - The other would examine those factors that were significant in predicting who would achieve a $\text{GPA} < X$



Early Warning Systems

- Class attendance/early grades
- CSI survey responses
- Feedback from RAs



Question #2: How Can We Determine the Impact of Existing Policies and Programs?

- Capture participation data and then compare retention of participants and non-participants
- Be aware of national research on programs that have proven effective
- Conduct pilot programs



Types of Participation Data to Capture

- Athletic involvement
- Student organization membership
- Honors participants
- First-year seminar participants
- Work-study participants
- Etc.



Be Aware of National Research on Effective Retention Programs

- Journal of College Student Retention
 - www.baywood.com/journals/PreviewJournals.asp?Id=1521-0251
- Educational Policy Institute—Effective Practices in Student Success (EPSS) database.
 - www.educationalpolicy.org/epss
- ACT studies of retention practices at 4-year public, 4-year private, and 2-year public institutions
 - www.act.org/path/policy/reports/retain.html



Be Aware of National Research on Effective Retention Programs

- *First-Year Experience Programs*
 - Substantive orientation programs
 - “Extended” orientation via a first-year seminar
 - Learning communities
 - Course placement based on skill level



Be Aware of National Research on Effective Retention Programs

- *Academic Affairs*

- Faculty development programs
- Programs that foster student-faculty interaction outside the classroom
- Effective advising, with special support for undecided students
- Highly visible academic support services



Be Aware of National Research on Effective Retention Programs

- *Student Affairs*

- Co-curricular opportunities (e.g., student governance, service opportunities, student clubs)
- On-campus employment
- Special career exploration programs for undecided students



Conduct Pilot Programs

- Knowing what has been successful at other institutions can help your institution decide what pilot programs to implement
- Be sure to think about how the impact of these pilots will be measured



Question #3: Are There Any “Image Versus Reality” Issues, Fit Issues, or Service Gaps?

- Know the national trends (from ACT) and trends among your competitors (from IPEDS)
- Analyze student survey responses (NSSE, CSI, SOS, SSI, CIRP, etc.)
 - Ideally responses would be tied back to student ID
- Conduct focus groups
- Use National Student Clearinghouse data

Note: Feedback loops and measurable goals are critical.



National Trends (2008)

First-to-Second-Year Retention Rates

<i>Admissions Selectivity</i>	4-Year Private	4-Year Public	2-Year Public
Highly selective	91.4%	89.9%	N/A
Selective	80.8%	81.6%	N/A
Traditional	70.0%	71.6%	56.6%
Liberal	63.3%	62.9%	54.8%
Open	66.3%	66.1%	53.6%
All Institutions	72.9%	72.9%	53.7%

Source: ACT, National Collegiate Retention and Persistence to Degree Rates



National Trends (2008)

Persistence to Degree (5-year and 3-year)

<i>Admissions Selectivity</i>	4-Year Private	4-Year Public	2-Year Public
Highly selective	86.7%	65.3%	N/A
Selective	69.8%	71.5%	N/A
Traditional	44.7%	39.5%	24.4%
Liberal	43.2%	42.5%	37.6%
Open	49.4%	27.6%	26.2%
All Institutions	56.1%	40.3%	29.3%

Source: ACT, National Collegiate Retention and Persistence to Degree Rates



Feedback Loops and Measurable Goals Are Critical

- Admissions needs to be informed of what emerges from the analysis in order to shape clearer messages, adjust admission policies, etc.
- Problematic policies or service issues that emerge in surveys...need to be addressed by appropriate offices
- Survey results and retention rates by subpopulation can serve as a baseline to measure improvements

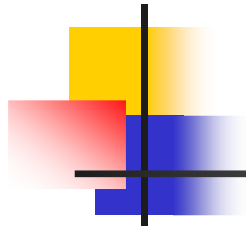


Trend-Based Net Tuition Revenue Budget Projections

- Use historical trends to estimate financial aid budget needs linked to enrollment assumptions

Years

Past → Present → Future

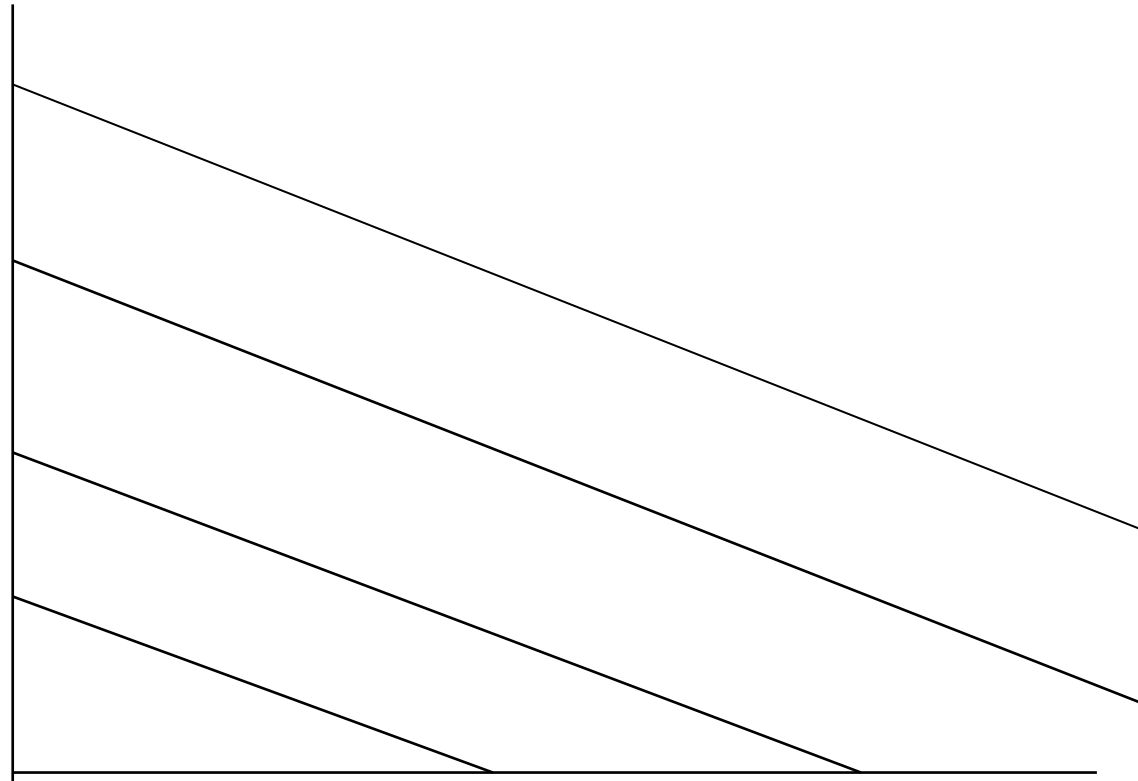


Freshmen
on aid
Average aid
Total aid

Sophomore
on aid
Average aid
Total aid

Junior
on aid
Average aid
Total aid

Senior
on aid
Average aid
Total aid



Assumptions:
EFC, % on aid, % retained, change in average award, etc.



Budget Projection Pitfalls

- Not segmenting a population that produces very different net tuition revenues and is likely to be changing given recruitment strategies
- Presenting only one case: should typically do at least three -- best, most likely, worst
- Modeling distinctions without a difference -- adds complexity without adding value



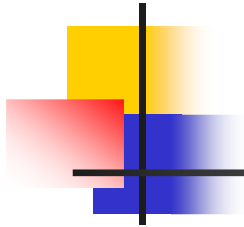
Budget Projection Pitfalls

- Not doing a more detailed one-year model for the financial aid budget to refine annual budget request
- Not annually reviewing where the model was right and where it was off and recalibrating the model if required
- Not changing enrollment assumptions based on different assumptions about awarding strategies, tuition levels, etc.
- Ignoring the model because you don't like what it tells you



Conclusion: Ingredients for Successful Decision-Making

- Data and information resulting from external sources and internal analysis
- + Lessons learned from experienced practitioners
- + Intuition + Institutional context and values
- = Well-founded and informed enrollment management policy decisions



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