



Price Point: Climbing Walls or Filling Seats?

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Role of Facilities in College Choice

- A recent study by the Association for Higher Education Facilities found certain facilities mattered more than others in a student's enrollment decision:
 - Facilities related to their major (74%)
 - Library (57%)
 - Sophisticated Technology (51%)
 - Classrooms (50%)
 - Residence Halls (42%)
- Note: Wellness centers and recreational facilities ranked lower.

Chronicle of Higher Education, June 9, 2006



Role of Facilities in College Choice

- Different populations are looking for different things:
 - Freshmen versus transfers
 - Traditional versus non-traditional
 - Undergraduate versus graduate
- Institutions need to know their audience.



Role of Facilities in College Mission

- Each institution needs to create and prove its own, distinctive, value proposition.
- For some, “climbing walls” may be part of their niche, but institutions that make such investments without linking them to mission and value are making a mistake.

Role of Facilities in College Mission

- Liberty University
 - World's largest evangelical university
 - Competes primarily with large public institutions
 - 18 NCAA Division I sports plus 4 club sports
 - They have great recreation facilities, bike and hiking trails, and are building a ski slope.
 - <http://www.ultimatelu.com/>

Role of Facilities in College Mission

- In contrast, the growing for-profit sector offers few such amenities. Their key ingredients for profitability are:
 - Customer-service orientation
 - Career placement
 - High-demand curricula
 - Rapid response to the market
 - Full-year academic calendar
 - Pricing between public and private non-profits
 - Scale economies and operating efficiencies

from Higher Ed, Inc. by Richard Ruch

Higher Education Options: Growth in Low-Amenity Institutions

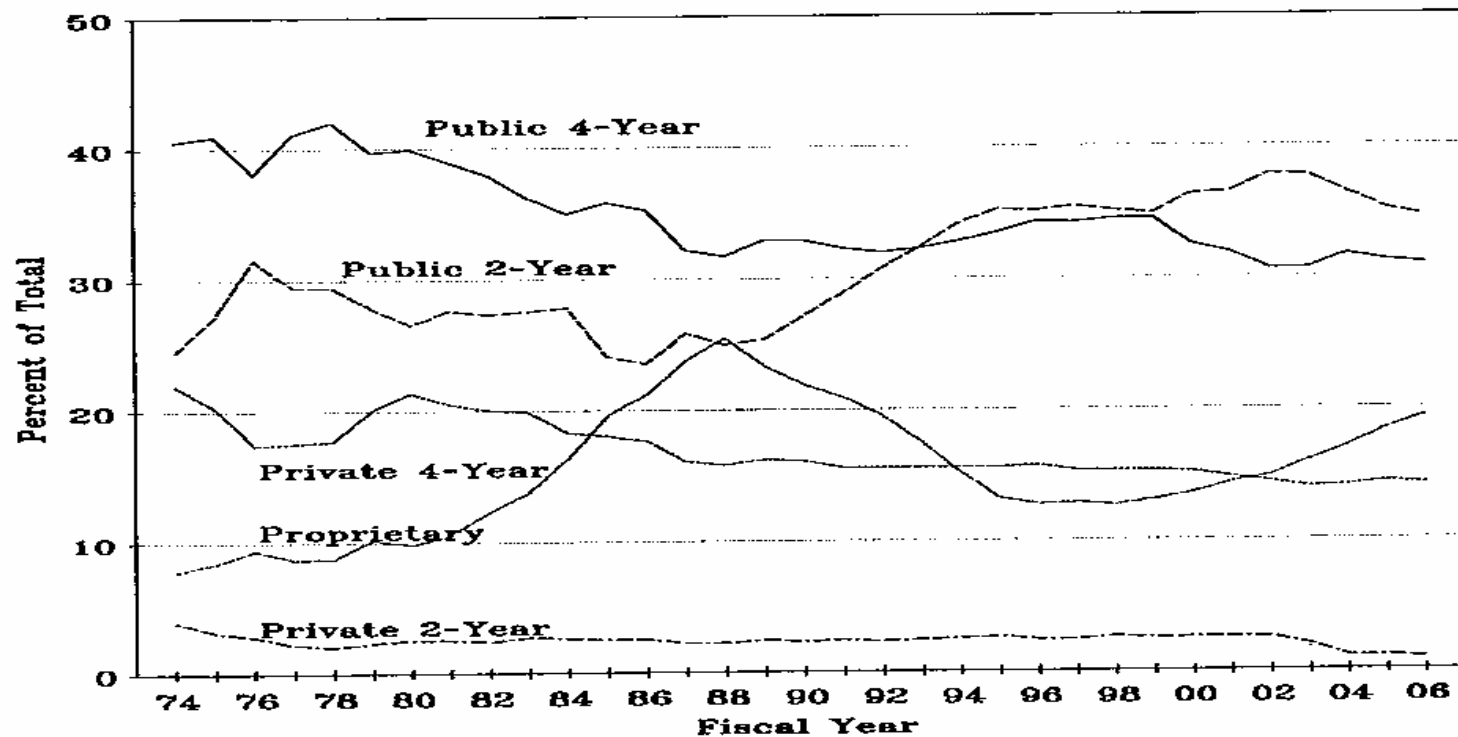
- University of Phoenix is now America's largest higher education institution.
- Although students attending for-profit institutions are somewhat older, on average, than those at not-for-profits, one-third of DeVry's 50,000 students are 18-20 years old.

Higher Education Options: Growth in Low-Amenity Institutions

- In 2006-7, 35 % of all college students were enrolled at community colleges according to a new [National Center for Education Statistics study](#).
- In August of 2008, Inside Higher Ed reported that “though full national figures for the 2007-8 academic year are not yet available and most colleges only have estimates for their enrollments this fall, many community colleges are projecting increases of around 10 % over last fall.”

Higher Education Options: Who Goes There?

Distribution of Pell Grant Recipients
by Institutional Type and Control
FY1974 to FY2006





Higher Education Options and the Current Economic Climate

- The trends mentioned earlier are likely to accelerate in the current economic climate.
- Students and their parents from all socio-economic sectors will be more concerned about affordability, value, and expected career outcomes and less focused on amenities.



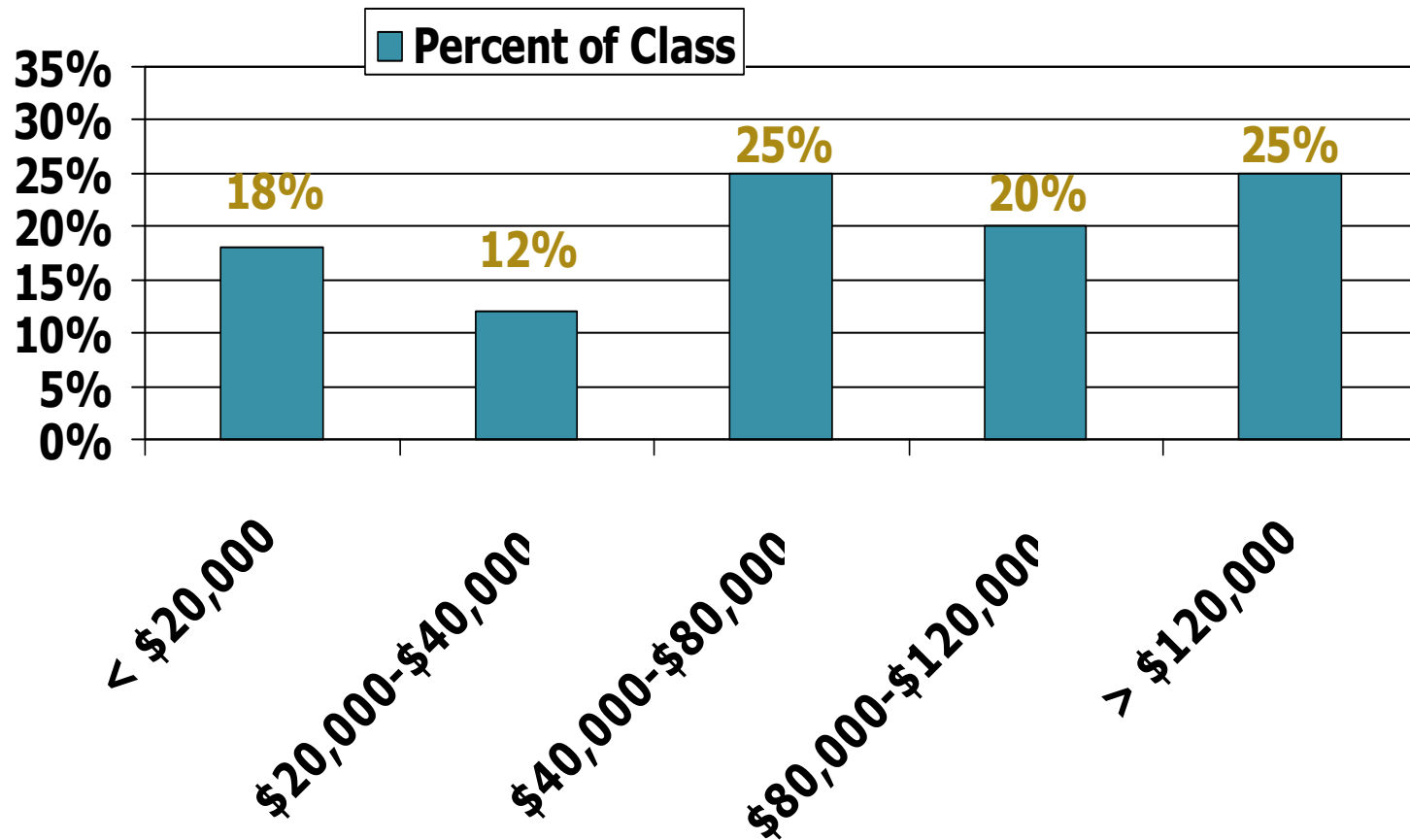
So How Will We Fill Our Seats?

- Although critical, changing your value proposition is a long-term effort.
- In the interim:
 - Pay attention to your price and prestige position relative to your competitors
 - Communicate affordability
 - Use financial aid resources strategically

Sample Competitor Benchmarking

College/University	Tuition & Fees 2008-09	Discount Rate 2006-07	Accept Rate 2007	Middle 50% SAT 2007	U.S. News 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)

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 'Costs' page. The 'Scholarships' section features two tables detailing the amounts and criteria for various awards.

Navigation Menu: Home, Admissions, About KING, Academics, Athletics, Experience King, Graduate & Professional Studies, King News

Quick Links: APPLY NOW, REQUEST INFO, FAST FACTS

Left Sidebar: ADMISSIONS, ACCEPTED STUDENTS, MEET OUR STUDENTS, MEET OUR FACULTY, COSTS

Scholarships Table 1:

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

Scholarships Table 2:

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 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.

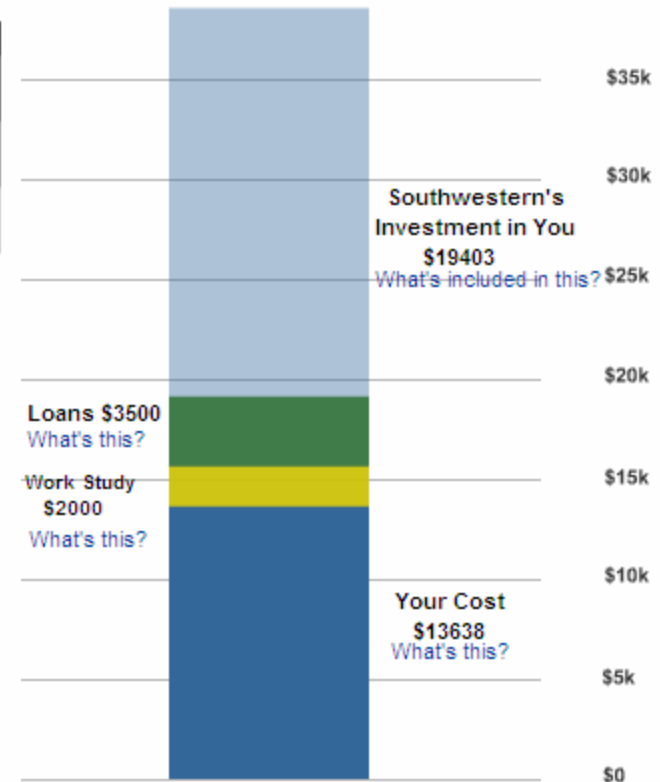
ACT Composite SAT (CR + M) Score:

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.



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



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

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

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

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

\$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



Final Thoughts

- It's **not** about keeping up with the Joneses.
- It **is** about knowing your customers.
- It **is** about building your brand, and delivering value (benefits for the price).
- It **is** about using your data to understand and respond to your market challenges.