



# Tuition Discounting – Dashboards for Senior Management and Trustees

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Council for Christian Colleges & Universities (CCCU)  
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# The Challenge: Finding the Right Balance

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- Too much information -- senior management and trustees can be overwhelmed or begin to micro-manage.
- Too little information -- without the necessary context, senior management and trustees could focus on the wrong thing, draw the wrong conclusions, not fully appreciate cause and effect, etc.



# Sharing Trends in the Overall Discount Rate is Not Enough

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- Developing an understanding of some of the key drivers is also critical:
  - Freshman versus transfer versus overall discount rate
  - Purpose of aid awards
  - Competitive position
  - Changes in family ability to pay
  - Changes in family willingness to pay
  - Changes in federal or state policy
  - Institutional goals for quality, diversity, etc.

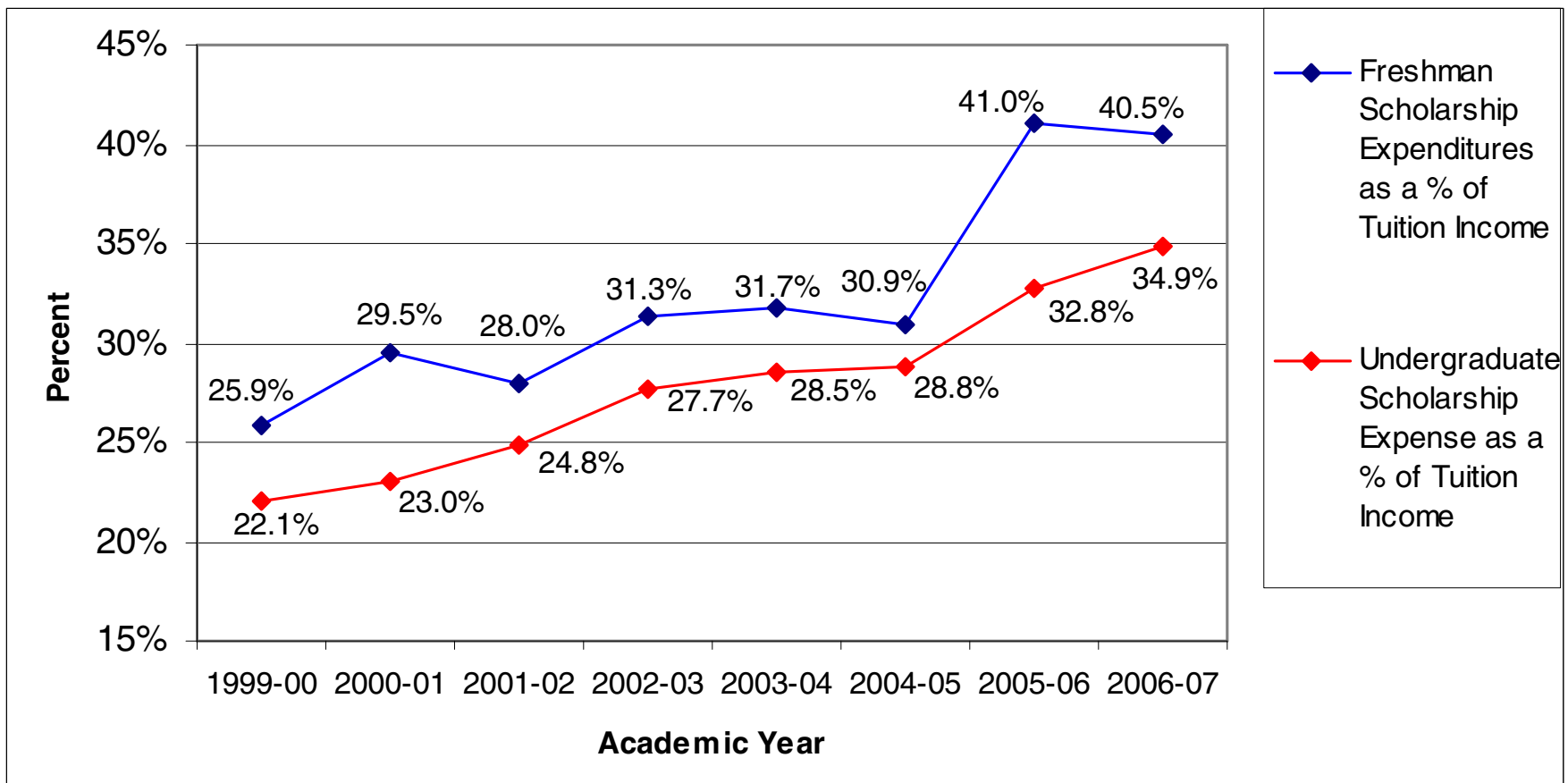


# Freshman versus Overall Discount Rate

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- The overall rate is primarily influenced by past policies. Only the freshman rate can be effectively influenced in the short term.
- The freshman rate is the one on which national and institution-specific benchmarking data are available.
- The freshman rate best reflects the current market's price sensitivity.
- At most institutions the freshman rate tends to be higher than the overall rate as well as higher than the transfer rate.

# Freshman versus Overall Discount Rates



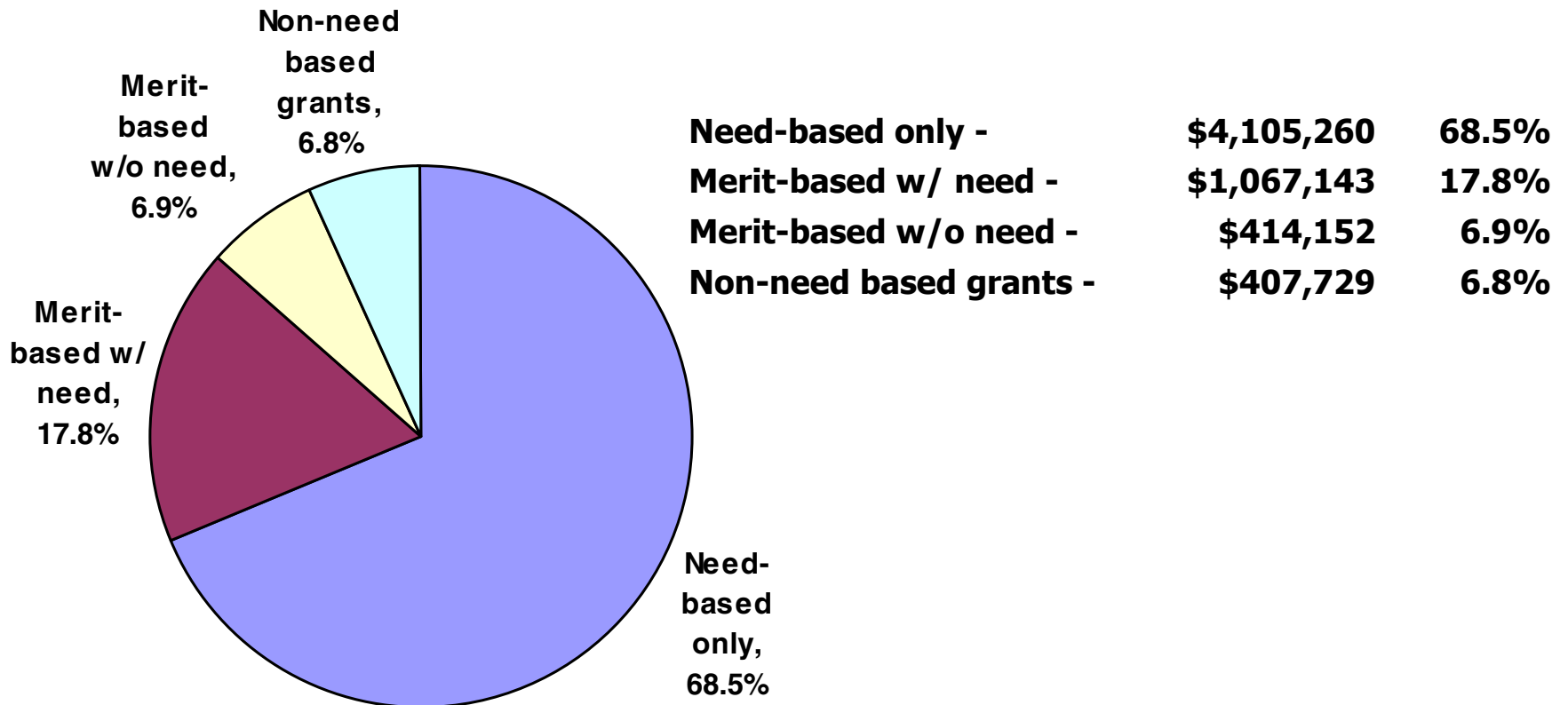


# Purpose of Aid Awards

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- Given the merit- versus need-based controversy in the public press these days, senior managers and trustees need to understand the weight given merit versus need versus entitlements versus other purposes in your aid programs.

# Aid Budget by Category





# Competitive Position (Peer/Comparison Group)

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- Pick the right institutions:
  - SAT/ACT score report overlap or EPS/EIS
  - Cancelled student surveys
  - National Student Clearinghouse data
  - Beware of using aspirant or target institutions
- Compare not just sticker price, but also discount and prestige.



# Sample Benchmarking Chart

# shared SAT scores	Tuition & Fees 2006-07	Discount Rate 2004-05	Estimated Net Tuition & Fees 2006-07	Accept Rate 2005-06	Middle 50% SAT 2005-06	US News Ranking
116	\$9,952	n/a		41%	1152-1378	Comp Coll Bach (North) #5
	\$14,226	25%	\$10,670	91%	890-1100	Univ. Master's (North) 3rd tier
69	\$14,540	37%	\$9,160	78%	n/a	Univ. Master's (North) 3rd tier
166	\$16,020	21%	\$12,656	81%	920-1130	Univ. Master's (North) 4th tier
125	\$16,382	32%	\$11,140	69%	840-1070	Univ. Master's (North) 4th tier
86	\$16,460	37%	\$10,370	57%	860-1080	Univ. Master's (North) 3rd tier
86	\$16,590	37%	\$10,452	60%	970-1210	Univ Master's (North) 3rd tier
98	\$17,500	45%	\$9,625	84%	940-1160	Univ Master's (North) #45
75	\$18,801	36%	\$12,033	77%	990-1180	Comp Coll Bach (North) #12
411	\$20,360	37%	\$12,827	84%	1020-1220	Nat'l Univ. 3rd tier
104	\$24,620	38%	\$15,264	40%	1030-1240	Lib Arts Coll #83



# Changes in Ability to Pay

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- Trends in the percent of enrollees demonstrating financial need and in the level of need.
- Trends in unmet need.
- Net price as a percentage of average family income in primary market area.

*(See Nathan Dickmeyer, "10 Questions About Tuition and Financial Aid", Trusteeship, January/February 2004.)*

# Profile of Undergraduate Students

	2003	2004	2005	2006
<b>% receiving need-based College/University assistance</b>	55.6%	57.1%	59.4%	62.2%
<b>For those with need-based assistance:</b>				
<b>Total cost</b>	\$18,400	\$19,750	\$21,350	\$22,600
<b>Avg. total family contribution</b>	\$5,569	\$6,081	\$6,034	\$6,660
<b>Avg. need</b>	\$12,831	\$13,669	\$15,316	\$15,940
<b>% of cost met by family contribution</b>	<b>31.0%</b>	<b>30.8%</b>	<b>28.2%</b>	<b>29.5%</b>
<b>Avg. institutional grant</b>	\$5,706	\$5,894	\$6,761	\$6,654
<b>Avg. other grant</b>	\$2,500	\$2,450	\$2,530	\$2,661
<b>% of need met by grant</b>	<b>64%</b>	<b>61%</b>	<b>61%</b>	<b>58%</b>
<b>Avg. loan</b>	\$2,625	\$2,625	\$2,625	\$2,625
<b>Avg. work</b>	\$1,000	\$1,200	\$1,400	\$1,500
<b>% of need met w/ self-help</b>	<b>28%</b>	<b>28%</b>	<b>26%</b>	<b>26%</b>
<b>Unmet need</b>	\$1,000	\$1,500	\$2,000	\$2,500
<b>% of need unmet</b>	<b>8%</b>	<b>11%</b>	<b>13%</b>	<b>16%</b>

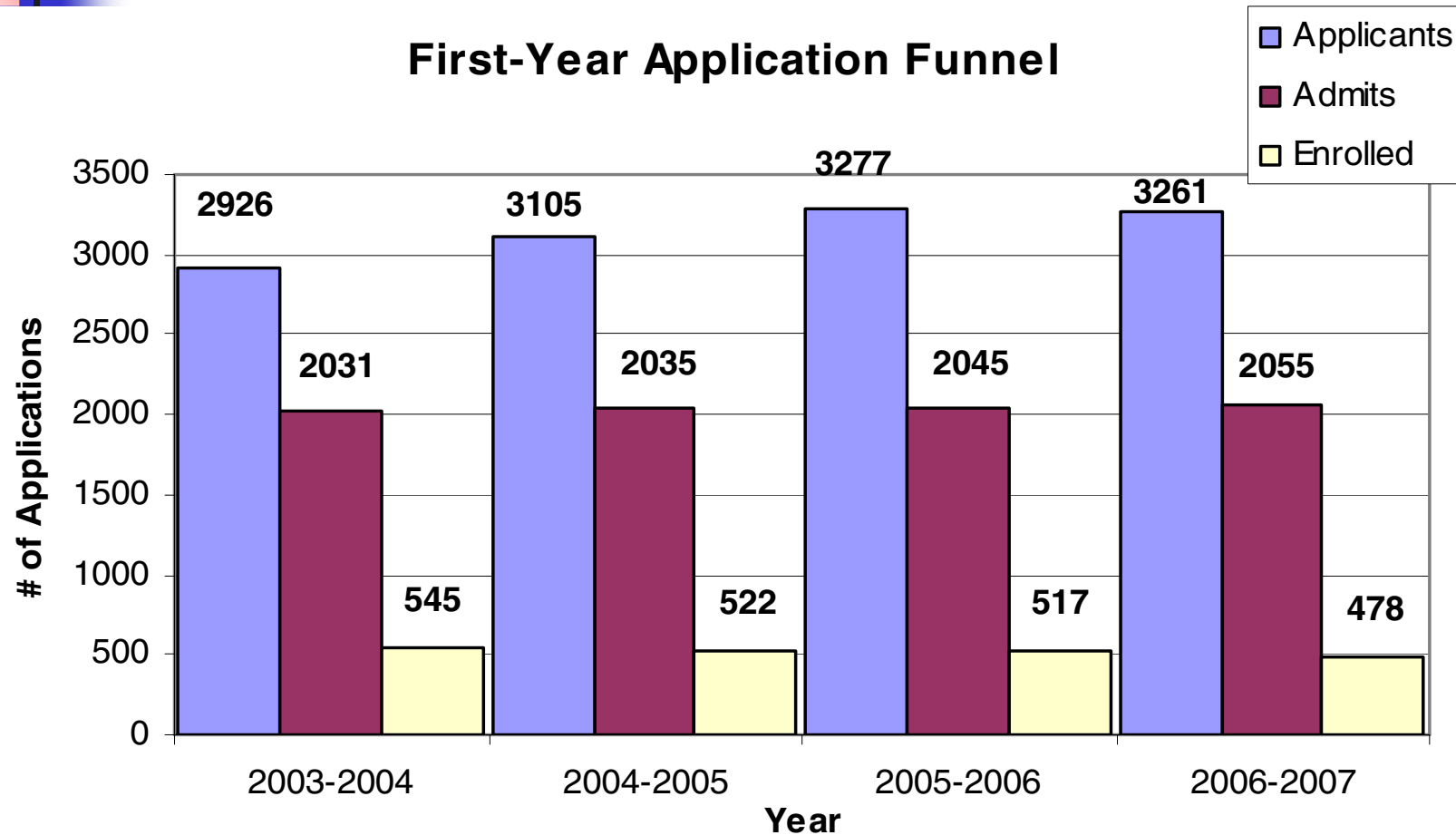


# Changes in Willingness to Pay

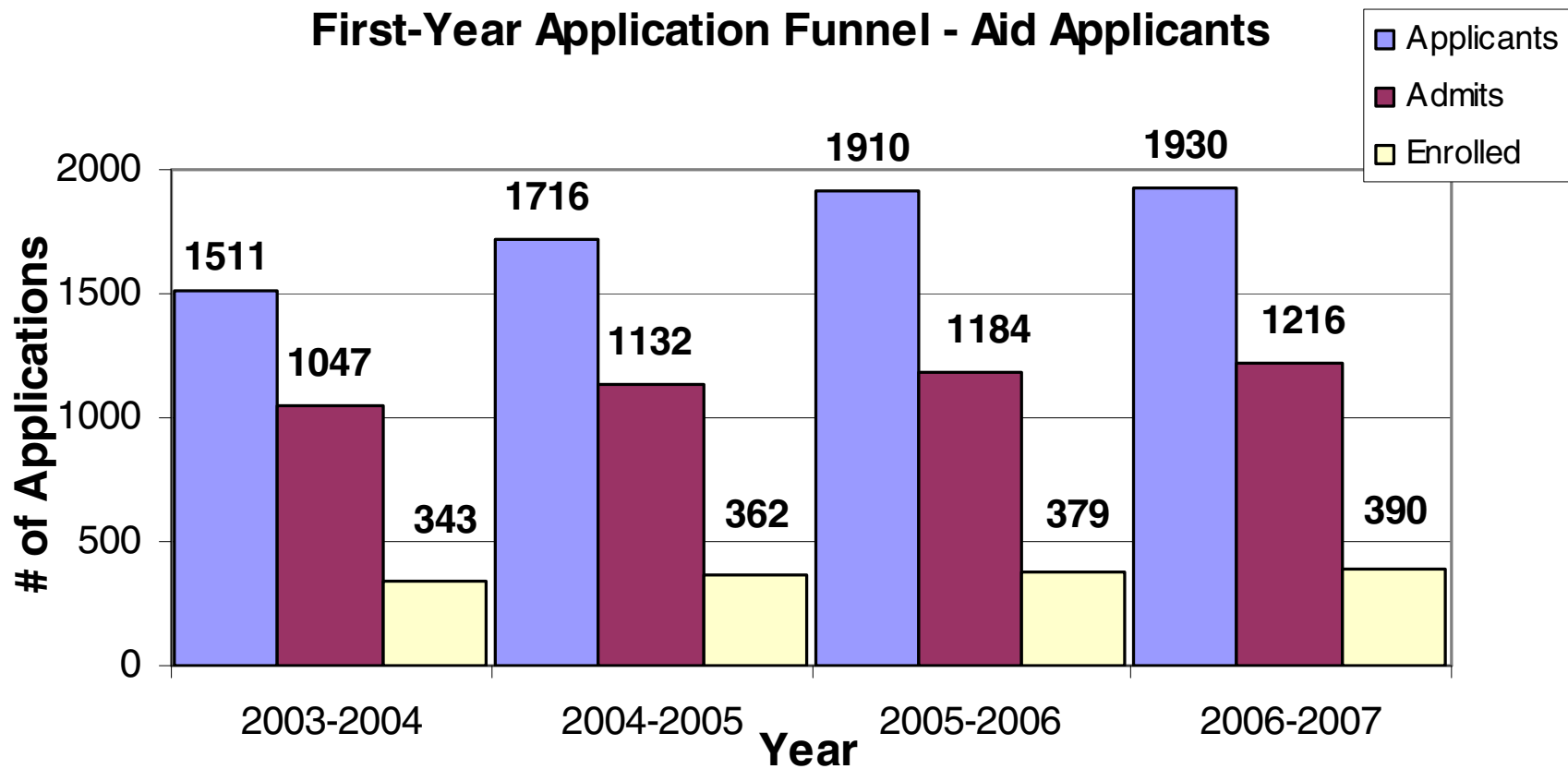
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- Overall admission trends.
- Trends in applications and yields on non-aided students versus those receiving institutional aid.
- Yield trends among highly desirable students.
  - Low need
  - High quality
  - Etc.

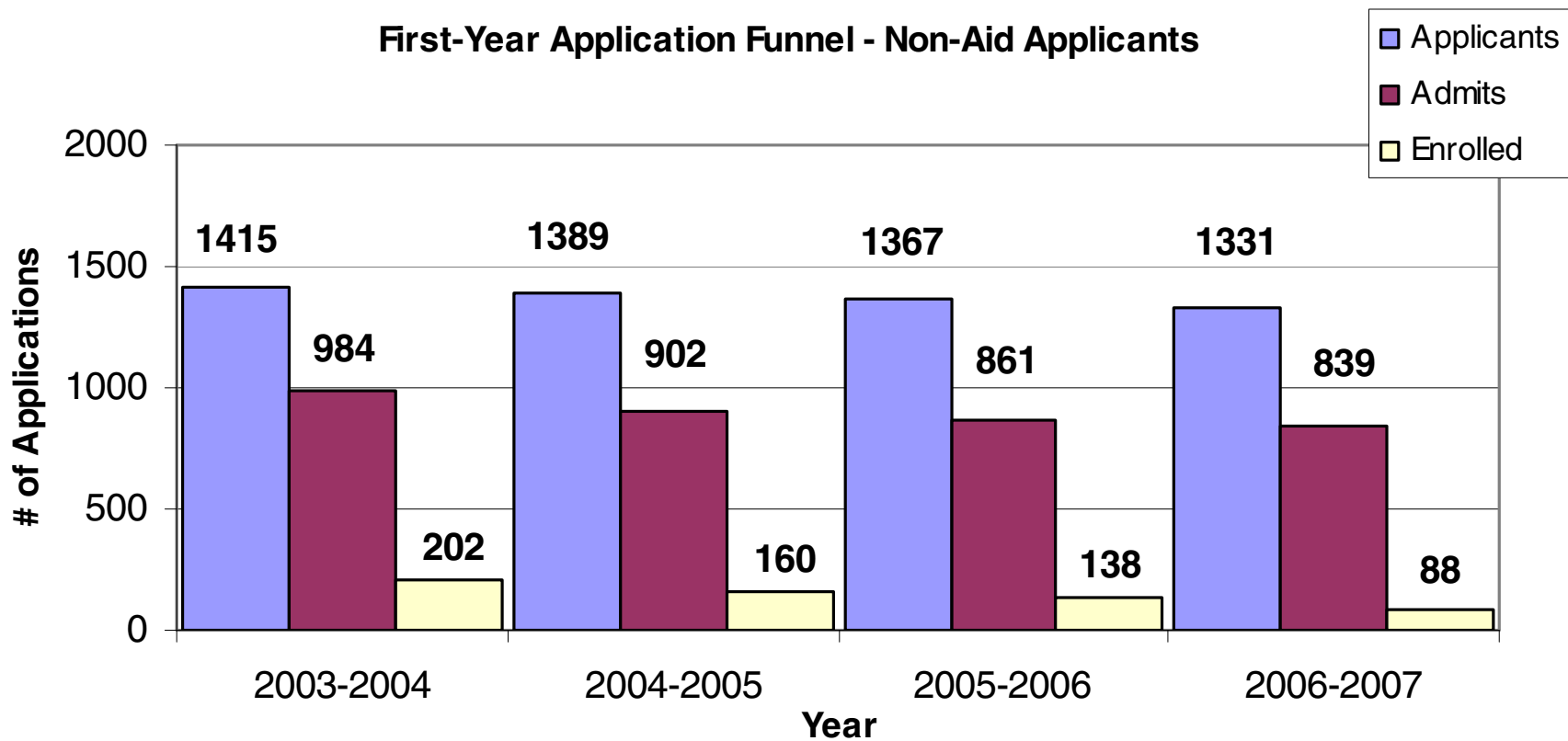
# Admissions: Overall Four-year Trends



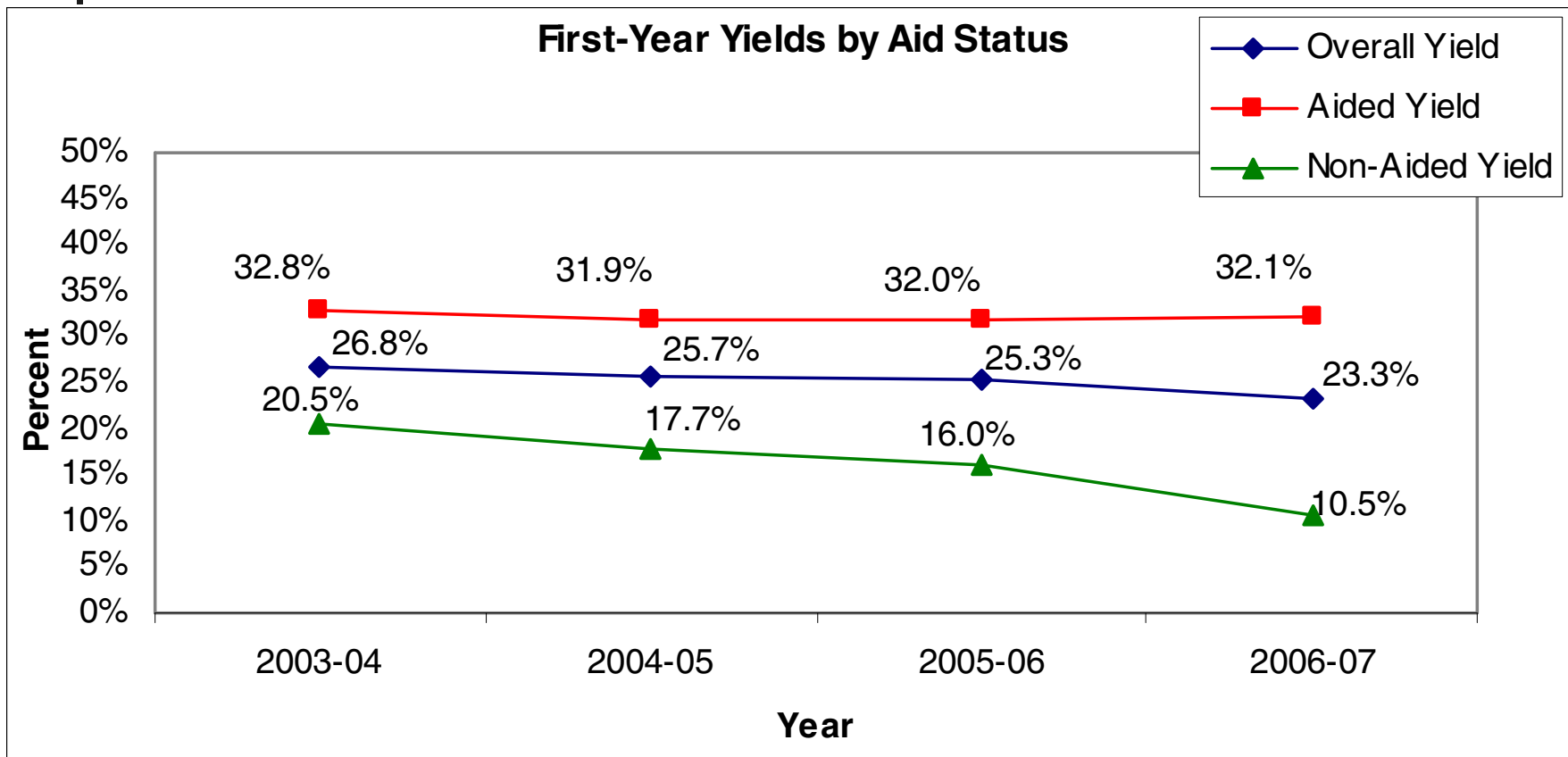
# Admissions: Four-year Trends for Aid Applicants



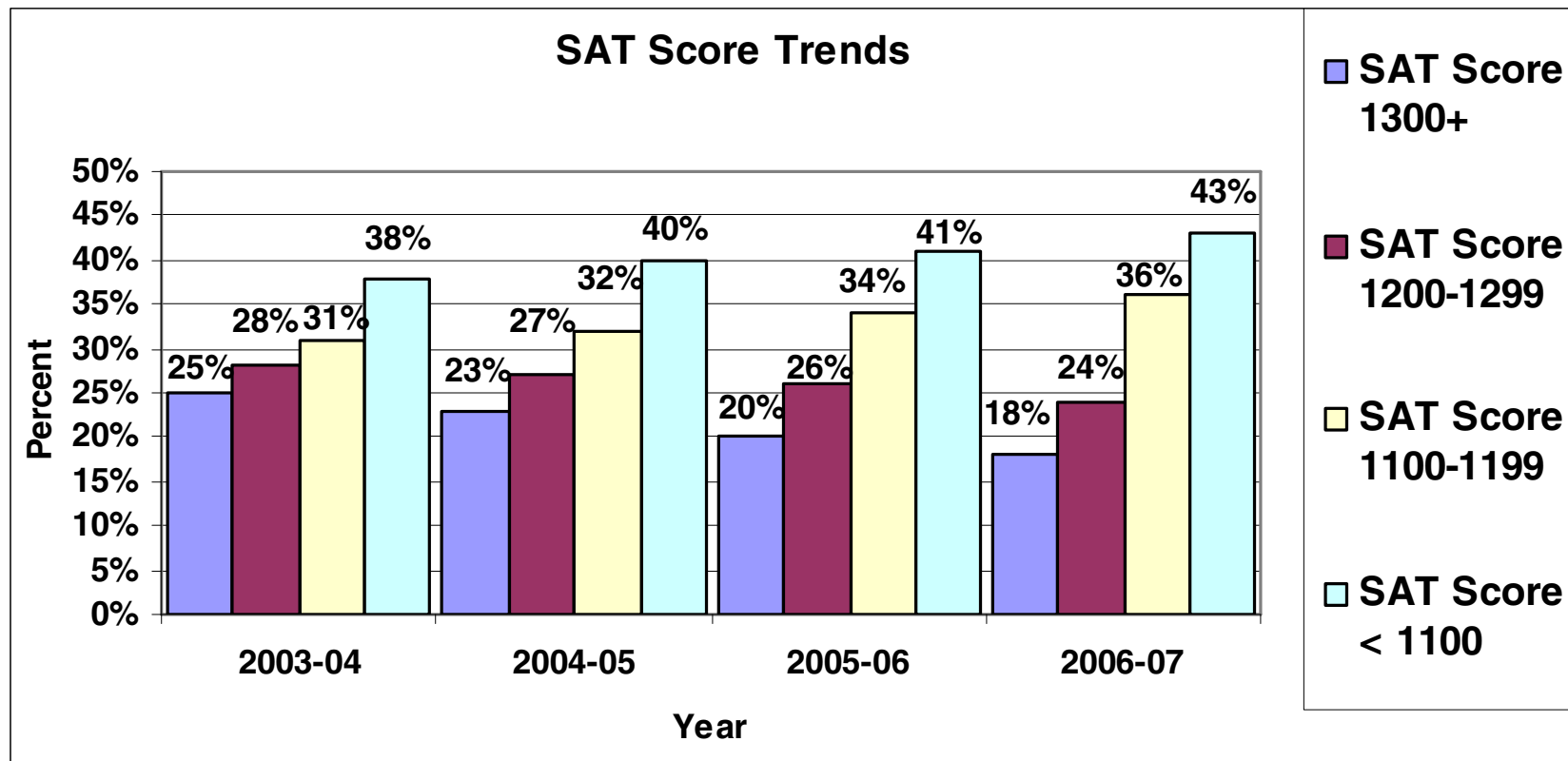
# Admissions: Four-year Trends for Non-Aid Applicants



# Admissions: Overall Four-year Trends (cont'd)



# Admissions: Overall Four-year Trends (cont'd)





# Changes in Federal or State Programs

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- How dependent is your total aid program on federal and state sources?
- How will your institution be affected by proposed changes in those programs?
  - New calculations for Pell eligibility
  - Changes in allocation formulas for campus-based aid
  - Changes in state aid funding (CA, TN, IL)
  - New federal grants (ACG and SMART)

# Sample External Grant "Dependency" Chart

Types of Grant Aid	Fall 2006 Freshmen		Fall 2006 Transfers	
	Sum	Percentage	Sum	Percentage
Institutional Need-Based	\$1,890,434	12.3%	\$223,044	7.0%
Institutional Merit Based	\$1,872,050	12.2%	\$119,350	3.7%
Institutional Entitlements	\$751,948	4.9%	\$196,378	6.2%
Institutional Athletics	\$704,790	4.6%	\$29,228	0.9%
Institutional Other	\$493,054	3.2%	\$45,006	1.4%
Federal Grants	\$6,484,496	42.2%	\$1,952,872	61.2%
State Grants	\$1,611,430	10.5%	\$389,374	12.2%
Outside Grants	\$1,573,666	10.2%	\$234,130	7.3%
Total Grant Assistance	\$15,381,868	100.0%	\$3,189,382	100.0%



# Institutional Goals

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- Goals for “shaping” the class often need a NTR reality check.
- The groups considered most desirable are often the least willing/able to pay the full price, and consequently generate the least net tuition revenue.

# Sample 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



# Institutional Goals

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- Econometric modeling can help an institution assess the tradeoffs between institutional enrollment goals by:
  - Providing information on the price sensitivity of different subpopulations
  - Assessing the maximum NTR that can be generated with the current applicant pool
  - Simulating how much NTR would need to be forgone in order to achieve institutional goals for quality, diversity, program mix, etc.

# Sample Simulation Summary Table

	<b>Total</b>			<b>Avg.</b>		<b>Avg.</b>
	<b>Enroll</b>	<b>Minority</b>	<b>Engineers</b>	<b>SAT</b>	<b>NTR</b>	<b>NTR</b>
<b>Actual Class</b>	656	45	96	1043	6.9m	\$10,457
<b>Optimization (NTR)</b>	675	46	81	1033	7.6m	\$11,299
<b>Increased Diversity</b>	664	64	88	1040	6.9m	\$10,443
<b>More Engineering Students</b>	666	43	109	1045	6.9m	\$10,308
<b>Maximum enrollment</b>	725	45	95	1045	6.6m	\$9,057
<b>Maximum quality</b>	647	40	87	1047	7.1m	\$10,926



## Institutional Goals (cont'd)

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- Senior management and trustees also need to be clear on the issues of capacity and the marginal cost of adding students.
  - If at capacity, the focus should be on tradeoffs between goals and discount rate.
  - If not at capacity, the focus should be on maximizing net tuition revenue, as long as the NTR per student exceeds the marginal cost of educating them.

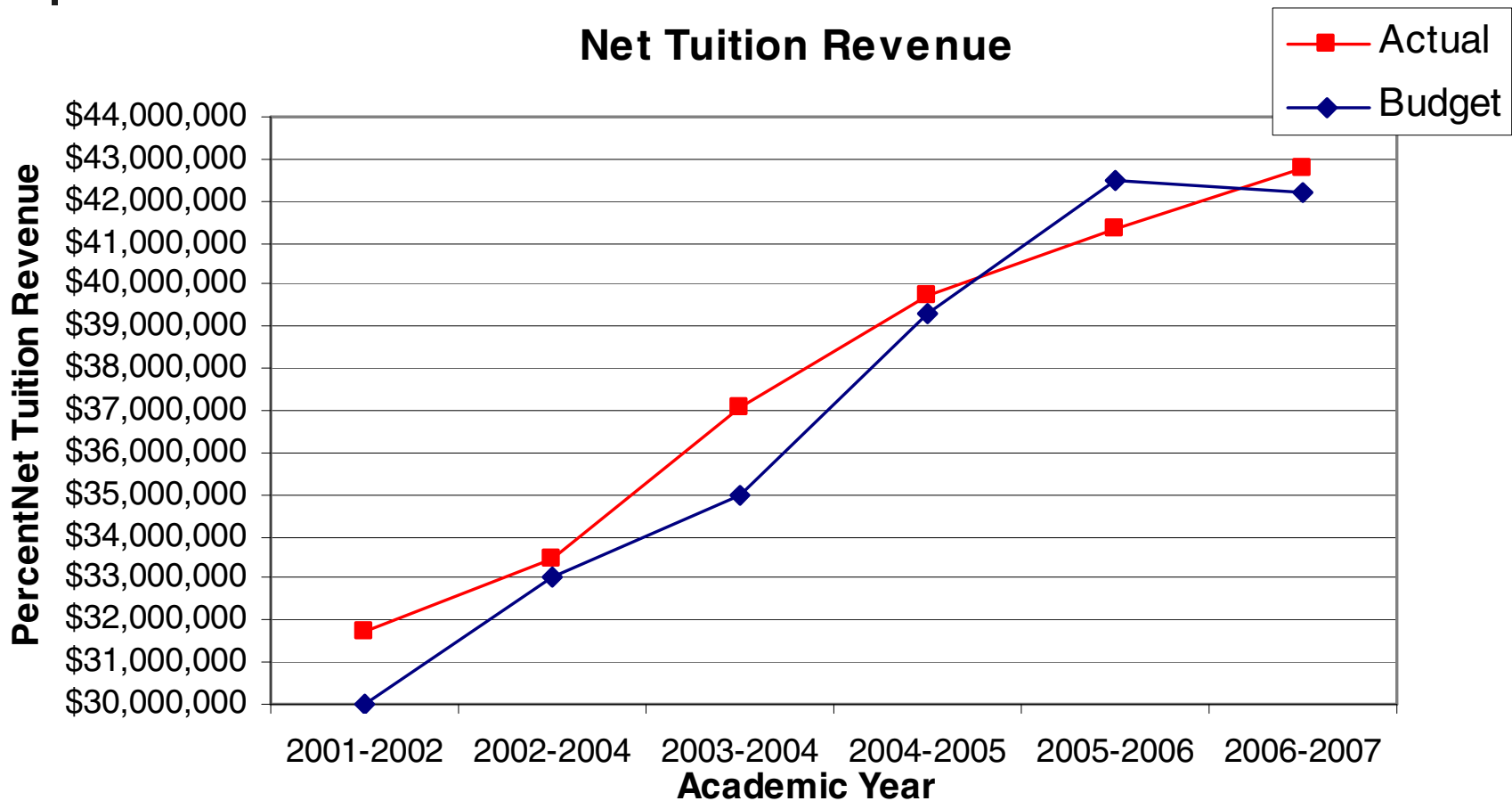


## Institutional Goals (cont'd)

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- Ideally reports to senior management and trustees should track outcomes against key goals.

# Net Tuition Revenue: Budget vs. Actual





## In Summary

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- Senior management need to know more than just the trends in the discount rate.
- They also need to understand the key factors driving that discount rate including market position, willingness to pay, ability to pay, and tradeoffs between the discount and other enrollment goals -- especially theirs.



## In Summary (cont'd)

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- Finally it should be noted that tuition discounting is, itself, part of a broader enrollment management context about which trustees in particular may need to be educated.
- Consequently, financial aid should team with admissions staff to handle key questions often posed by trustees related to enrollment management.



# Key Senior Level Questions about Enrollment Management

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- Are we structured for a successful dynamic enrollment management program?
- Do we have a data-driven culture in our enrollment area?
- What enrollment/financial aid modeling exists?
- Are those models integrated and interactive?