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ENROLLMENT GROWTH STRATEGIES FOR NEW REALITIES

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After the excitement of college graduation ceremonies has subsided, within the enrollment operation summer affords little time for relaxation. Among the priorities: concluding and assessing the most recent student-recruitment cycle, and implementing the enrollment strategy for the coming year.

Despite reports of "application inflation"—students applying to more than 10 institutions simultaneously—and the fact that some colleges interpret the increased number of applications as a sign of their growing popularity and reputation, there is a hard reality: although many students are serious about their applications at several campuses, they also may find it easier than ever to enter into the financial-aid wars for the best deal before they commit to matriculating. The National Association for College Admission Counseling recently reported that the average national yield rate has declined by 13 percent over the past 10 years.

To avoid a hard landing come August when the true enrollment numbers come in, we offer some advice on how best to develop a growth philosophy based on sound marketing and innovative programs.

First, let's survey the landscape.

At a recent discussion about enrollment trends and practices hosted by the Council of Independent Colleges at its annual Presidents Institute, countless veteran presidents commented on the intensity of the student-recruitment process and the need for new practices. The bottom line is that institutions can no longer rely on the traditional cycle of buying tens of thousands of names from testing services, bombarding prospects with letters, emails, and phone calls, and closing the deal with an impressive pre-award.

One key reason is—you guessed it—the Internet. By putting impressive information at a student's fingertips within seconds, online "view books" (including fancy campus virtual tours) are a game-changer.

Second is the budget reality. In earlier columns we suggested that private colleges and universities with endowments under $100 million should have a "critical mass" (full-time residential enrollments) of at least 1,500. This is necessary to drive the operating budget and provide the services necessary for a high-performing, student-centered college or university.

Finally, institutions need to commit to a true growth philosophy. Scott developed a strategy in the 1990s that received widespread attention in Michael K. Townsley's "Small College Guide to Financial Health: Weathering Turbulent Times" and James L. Fisher/James V. Koch's "The Entrepreneurial College President." We have shared the still-relevant concept with countless institutions since with good success.

ENROLLMENT MANAGER is a publication of **Dwyer Education Strategies, Inc.** Inquiries and comments can be emailed to dwyereducation@aol.com. An electronic version of the newsletter is available at www.dwyer-educationstrategies.com.

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How did it work?

At the time, Scott was in a congested market competing with larger, less expensive state schools within an easy drive. To differentiate his small residential, liberal arts college, he led the addition of high-impact intercollegiate athletic teams and activities to enhance the brand. If prospective students wanted to attend football games in a stadium that sat tens of thousands, they could choose a state university. But if they preferred to experience the sport more intimately (including, for athletes, the increased likelihood of playing time), they would attend the smaller private college.

Such strategies need not impact quality. In fact, a review of the top national liberal arts colleges in last year's "U.S. News and World Report" reveals that some of the top-ranked colleges have many athletic teams (Williams College and Wesleyan University, for example, each sponsor 32 varsity teams).

So here is our advice to make this concept work:

The president must have an enrollment and student-activity vision, serving as the primary spokesperson and advocate of the strategy.

The college should utilize experienced enrollment counsel to develop an enrollment matrix that will control the discount rate and produce a significant return on investment. Many of our colleagues have utilized John Dysart of The Dysart Group.

At the same time, institutions should utilize counsel to evaluate the effectiveness of chief enrollment officers and their teams, based on specific objectives and outcomes.

Gift dollars and, if necessary, some leveraged borrowing should be dedicated to high-impact facilities. Most colleges have completed makeovers to their athletic facilities, for example. Common features include artificial turf, lights, all-weather tracks, and improved locker and weight facilities as well as training rooms.

Simultaneously, adding extra-curricular and co-curricular activities that will utilize these facilities and boost enrollment is a wise move. A marching band is a good example that will also support the music program.

The revitalized facilities can enable the college to attract a new brand of coach, responsible for recruiting scholar-athletes who will be successful on and off the field or court.

We also recommend the following:

Reconsider the use of part-time faculty and staff in key positions. Part-time employees generally do not produce positive results in recruitment or retention.

Create cost-effective, synergistic partnerships to support the library, learning resources, and technology—all important to ensuring student success.

Supplement traditional program growth with a modest but student-centered, non-traditional adult program. Online offerings can succeed here.

Utilize branding and marketing dollars wisely. Although most successful brands are not created overnight, judicious use of resources can result in a highly effective, long-term strategy.

Periodically utilize external counsel to evaluate results objectively. (Again, The Dysart Group has a good history in this area).

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Dr. Scott D. Miller is President of Virginia Wesleyan College. Previously, he was President of Bethany College, Wesley College, and Lincoln Memorial University. He is Chair of the Board of Directors of Academic Search, Inc.

Dr. Marylouise Fennell, RSM, a former president of Carlow University, is senior counsel for the Council of Independent Colleges (CIC) and principal of Hyatt Fennell, a higher education search firm.

They have collaborated on 12 books, including "President to President: Views on Technology in Higher Education" (Volumes I to III) and "Presidential Perspectives" (Volumes I to IX). They edit the popular higher education thought series "Presidential Perspectives" (Aramark Higher Education), now in its 10th year (www.presidentialperspectives.org).

Questions Regardng Tuition Discounting

Academic Impressions is sponsoring a conference on tuition discounting for higher education administrators to be held at the Hyatt Regency in Phoenix on September 16-17, 2015. The following is an excerpt from a brief interview conducted with enrollment management expert John W. Dysart, president of **The Dysart Group**:

1. Conversations about the discount rate in higher education continue to steal headlines in 2015. What has especially caught your attention this year?

The trends in the most recent NACUBO (National Association of College and University Business Officers) Discounting Survey are not encouraging, especially for small, private colleges and universities.

Discount rates continue to climb for newly enrolled freshmen. The rate reached a record 44.8% 2012 was projected to top 46% in 2013.

Discount rates are rising while enrollment often remains flat and 17% of the participating institutions reported declines in freshmen enrollment of at least 10%.

These two trends in particular are cause for concern. The important outcome of the current conditions is that net tuition revenue has remained virtually flat over the last decade when adjusted for inflation.

The news is no better for public colleges and universities. Significant cuts in subsidies for higher education in many states are forcing public institutions to rethink strategies and increase reliance on tuition discounting. Tuition discounting is still a relatively new concept for many public schools but budget pressures are generating more creative uses of institutional financial aid and thus tuition discounting. Consider that the subsidies for public colleges in Louisiana, for example, were sliced $700 million since 2008 and the proposed cuts for the coming cycle are even more draconian.

2. The competitive and financial landscape for colleges and universities has been changing so rapidly. Is there a shift in perspective or mindset that campus leaders need to bring to their tuition discounting strategies now, in this current environment?

I think it is important for campus leaders to understand that tuition discounting and its impact on net revenue are issues that must be addressed by broad institutional constituent groups. While enrollment managers, business officers and financial aid professionals have traditionally been deemed responsible for discounting outcomes, the reality is that decision making outside of these core groups can be just as influential. The power of retention strategies, the impact of academic programming, the effect of co-curricular offerings such as scholarship athletics and student population characteristics such as participation rates in campus housing will dictate discount rates. Discussions regarding the control of discount rates cannot be limited to administrators in the business office and the enrollment management division. The conversations should include others such as the chief academic officer, the director of athletics, the chief student life officer, as well as retention leaders. It is time to include key board members in

Questions Regarding Tuition Discounting Continued:

the process to better their understanding of this complex issue.

3. Institutional context is obviously a very important factor in determining a discounting strategy—what key items do you think each institution must analyze about its context in informing discounting strategies?

Institutional context is everything. I believe it is ill-informed and even dangerous to rely too much on comparing your institutional discount rates to regional or national averages or even to those of "peer" institutions. Specific institutional characteristics have a significant impact on discount rates. At a minimum, college and university leaders should consider the following as they place their current rates in context:

- Location--Some states have rather generous scholarship and grant programs while others offer very little to students. Obviously colleges located in states with well-funded grant programs can spend less in institutional aid and still meet targeted percentages of financial need.

- Academic Programs--There are academic programs that require higher levels of academic preparation and such programs often require more competitive scholarship offers to attract students. Engineering is a good example.

- Residential Rates--Discount rate surveys include schools that enroll large number of commuters and institutions that are nearly 100% residential. Colleges with high percentages of students residing on campus are likely to have higher discount rates than colleges with healthy commuter populations.

- Retention--Financial aid funding for freshmen requires the highest financial aid investment. Institutions able to retain more upper-division students and have student populations with lower percentages of freshmen are likely to have lower discount rates. Schools with freshmen populations comprising 40% or more of the overall enrollment will struggle to maintain low discount rates.

- Mission--A school committed to open enrollment, diversity and/or the education of first-generation college students is more likely to attract students with high financial need. Colleges and universities where half or more of enrolled students are eligible for Federal Pell Grants are apt to have higher discount rates than institutions enrolling larger numbers of students from middle and upper income brackets.

Any valuable discussion of discounting must begin with the acknowledgement of those institutional characteristics that will influence rates.

4. How a college or university approaches discounting varies significantly depending on institutional type as well. What are 1-2 tips you would offer to graduate institutions and for-profit institutions, respectively, that are looking to begin discounting or modify their current tuition discounting strategy?

Changing demographics and the downturn in the economy have definitely changed the market landscape for graduate programs. Institutions that never considered tuition discounting for graduate programs are starting to do so now. In most instances, it is no longer sufficient to rely on school reputation or a history of success in order to compete.

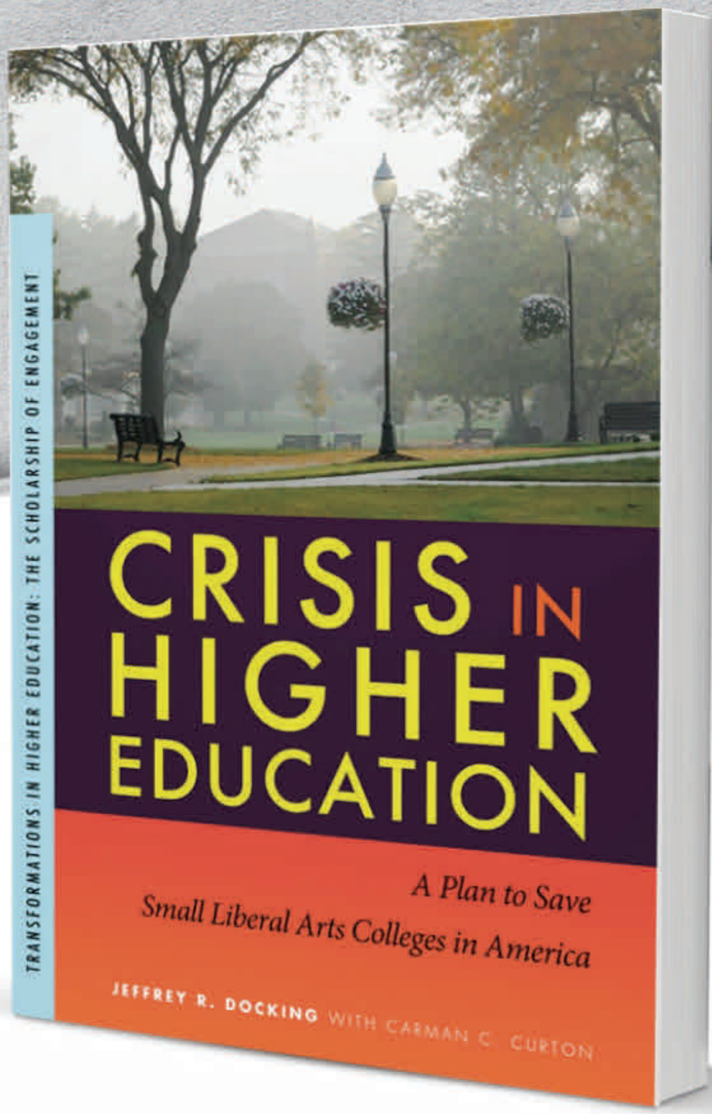
- Graduate schools need to adopt more aggressive recruitment tactics similar to what undergraduate schools have been doing for decades and this includes tuition discounting.

- Financial aid opportunities may need to extend beyond traditional assistantships.

- Graduate schools may need to be more open to including enrollment management and financial aid professionals in policy and process decisions that have historically been under the exclusive control of faculty.

- Decision makers should understand that it is much more difficult to place discounting tactics and averages in any kind of national or regional context since the databases and survey norms at the undergraduate level simply do not yet exist at the graduate level.

The landscape is changing as well for proprietary schools. Increased state and federal governmental scrutiny have



reviews

President Jeffrey Docking has walked the talk in his book *Crisis in Higher Education: A Plan to save Small Liberal Arts Colleges in America.* Docking's book is a must-read for every struggling liberal arts college president who must face the daunting challenges of these post-Great Recession years.

—**David Warren**, *President of the National Association of Independent Colleges and Universities.*

The miracle that Docking and his colleagues have worked is not about fairy dust but all-to-rare blend of crafting strategic priorities based on a deep understanding of contemporary college students interests, persuading the entire campus community to buy the vision, and staying the course with uncommon courage and wisdom.

—**George D. Kuh**, *Chancellor's Professor of Higher Education Emeritus, Indiana University, and Director of the National Institute of Learning Outcomes Assessment, University of Illinois*

to order

Crisis in Higher Education:
A Plan to Save Small Liberal Arts Colleges in America ($24.95)

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QUESTIONS REGARDING TUITION DISCOUNTING CONTINUED:

made nearly every aspect of financial aid funding suspect at for-profits.

- For-profit institutions will need to be more deliberate and focused with their discounting. The traditional "one size fits all" approach is less effective. Designing institutional scholarship and grant programs specifically targeted based upon pre enrollment characteristics and/or academic or professional programs can facilitate more effective use and better control of expenditures.

- Schools may wish to consider moving away from scholarship competitions and face-to-face awarding and towards the application of available funds to a broader student population base.

- The timing of awards may need to change as more institutions are front-loading scholarship opportunities and not waiting until the "accepted" stage to notify prospective students of eligibility.

5. A common goal among Enrollment Managers, Finance Officers, Academic Officers, and others involved in determining their institution's tuition discounting strategy is often to shift the conversation on campus from a discount rate focus to a net tuition revenue focus. What are 2-3 practical pieces of advice you would offer to those institutions who are looking to move to a more deliberate focus on net tuition revenue?

For many colleges and universities, it is important to change the conversation from a focus on discount percentages to an emphasis on net tuition growth.

The education of key constituent groups is important; the process must include faculty and staff as well as board members. It is easy to get caught up in the media frenzy over discount rates and to lose sight of the net revenue metric.

- When discussing tuition discounting, do more than just present discount rates. Adopt a data format for discussion that includes gross tuition, total institutional aid, discount rate and net revenue.

Year	Total Tuition Revenue	Total Institutional Aid	Discount Rate	Net Tuition Revenue
2013	$26,000,000	$11,440,000	44%	$14,560,000
2014	$27,700,000	$12,354,200	44.6%	$15,345,800

This format can demonstrate that increases in discount rates can still result in net revenue gains.

- It may also be useful to show the impact of discounting on total net revenue (including room and board).

Academic Impressions (AI) serves higher education professionals by providing educational products and services that help institutions tackle key strategic challenges.

AI is sponsoring a conference entitled, "Optimizing Your Tuition discount Strategy" on September 16-17, 2015, at the Hyatt Regency Phoenix in Phoenix, AZ. Rising institutional costs and greater price sensitivity on the part of prospective students and families have caused many institutions to strategically rethink their tuition discounting strategy. Join us to discuss how to apply the appropriate internal and external data in developing discounting strategies that strengthen the size and quality of your class. Our expert facilitators bring perspective and expertise that comes from work with multiple institutions. This conference is designed to have you discuss and workshop your strategies with them. For more information visit www.academicimpressions.com or call 720-488-6800.

John W. Dysart, President of ***THE DYSART GROUP****, may be contacted at www.thedysartgroup@aol.com or by calling 704-335-1199. More information about* ***THE DYSART GROUP*** *is available at www.thedysartgroup.com.*

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