ASSOCIATION OF GOVERNING BOARDS OF UNIVERSITIES AND COLLEGES

WHAT BOARD MEMBERS NEED TO KNOW ABOUT

ENROLLMENT MANAGEMENT

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Introduction

In the fall of 2014, 60 percent of all institutions did not meet their enrollment goals; for independent bachelor's degree institutions, that figure was 59 percent, and for public master's or bachelor's degree institutions, 77 percent. Only doctorate-granting institutions met their targets.[1] Yet most institutions continue to plan for growth in enrollment, services, and academic programs. In an April 2013 Gallup study of college presidents, 90 percent reported being excited about their institutions' futures, and about half thought enrollment would grow for fall 2014. About six months earlier, Gallup got very different results from a survey of enrollment managers; fewer than half thought enrollment would grow. In the end, the enrollment managers were right. Clearly, higher education leaders need to match hope with reality.

These leaders face two competing demands. They must execute immediate actions in order to meet today's enrollment challenges, and they must adapt the ways they execute and achieve enrollment efficiencies in order to thrive in tomorrow's world. In other words, they must develop next practices while excelling at current best practices.[2] From an enrollment management perspective, boards often consider growth and quality to be the two main factors in success. While both can be performance indicators, the data suggest that neither may be realistic. To fulfill their role as fiduciaries with policy oversight, boards must understand trends and potential institutional impacts. A president needs board members who understand the current state of the institution, its potential future state, the context for budget decisions, and the need to reinvest and make changes—which often includes cutting current services or programs to invest in new initiatives. They must also have the willingness to stand united when fear and pushback overtake reality. Their institutions need strong strategic planning that aligns with budgets and careful priority setting that includes discontinuing programs and services. To accomplish the goals and objectives set forward in the strategic plan, every institution needs a strategic enrollment plan that guides enrollment management.

Strategic enrollment management links an institution's strategic plan with its ability to achieve its objectives. Since most colleges and universities are dependent on tuition revenue, enrollment, more than any other factor, affects financial health. Enrollment success also engages support from alumni, foundations, corporations, and other sources. With an eye on the future, strategic enrollment management carefully analyzes the range and depth of academic offerings and the type of faculty needed to deploy programs that are in demand and of interest to students. It also encompasses co-curricular or extra-curricular programs. All programs must not only be of high quality, but must also be in line with future demand.

Understanding the nature, character, socioeconomic qualities, and motivations of enrolled students is critical to strategic enrollment management. These factors have important implications for costs, student services, infrastructure, campus culture, and institutional mission. For example, athletic programs, facilities, and support services are critical to attracting and enrolling student-athletes, who have two primary drivers when selecting a college or university: whether it offers the sport they play and whether they can pursue the academic major of their interest. Another example is academic support services, which contribute to the success of students with diverse learning needs. Programs such as robust tutoring, counseling, and health services have become essential to

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keeping students enrolled and on a pathway toward graduation.

In sum, contemporary strategic enrollment management entails planning, implementing, and developing administrative structures to develop and support strategies and tactics to regulate patterns of students entering the institution and through to graduation. It must do so in a way that is both predictable and consistent with the institution's mission and objectives and that maximizes revenue from tuition and fees. Strategic enrollment management is cross-institutional and engages all major organizational units—the board; senior administrative and academic leadership; and admissions, financial aid, enrollment services, and communications staff—in an approach that generates a dynamic set of intentional experiences. It is truly strategic only when the board and senior leadership, particularly the president and provost, closely integrate planning for the institution's future with enrollment objectives.

History

The concept of enrollment management emerged in the 1970s when John "Jack" Maguire, a dean of admissions at Boston College, coined the term based on the notion that student recruitment, services, retention, and persistence to graduation collectively lead to the advancement of the institution's efforts. Over the years, a funnel concept has been used to explain enrollment management, with the student as prospect, applicant, admit, enrolled student, graduate, and then alumnus or alumna.

Originally, the funnel approach focused mainly on recruitment. In the 1980s, some enrollment managers promoted the idea of integrating retention, student success, and student persistence into the vernacular of higher education as key components of enrollment management. From the mid-1980s through the mid-1990s, campuses reframed conversations about student success, realizing that it was more cost-effective to enroll and graduate a student than it was to keep recruiting more new students every year. (For more about the funnel approach, see page 11.)

Today, strategic enrollment management includes the following components:

- Positioning the institution for competitive recruitment and enrollment advantage
- Setting and achieving enrollment goals
- Recruiting and enrolling the desired students (based on numbers, quality, socioeconomic diversity, and other characteristics aligned with institutional goals)
- Setting tuition price and deploying the institution's financial aid resources to achieve enrollment goals while maximizing net-tuition revenue
- Coordinating efforts and initiatives to ensure that as many enrolled students as possible persist to graduation
- Collaborating in efforts focused on a student's transition to supportive and engaged alumnus or alumna

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The Environment for Strategic Enrollment Management

Universities and colleges face a demanding array of tough realities that shape the higher education landscape and make strategic enrollment management more critical than ever. Against this unsettled backdrop, discussions about the future of higher education have become both more urgent and more contentious.

SMALLER HIGH SCHOOL POPULATIONS AND CHANGING DEMOGRAPHICS

Birth rates in many states are dropping, and there is no evidence of a rebound for most of the nation in the next decade and beyond. Minimal to no growth of traditional-aged students (18 to 22 year-olds) is expected in most parts of the country. In some regions, particularly the upper Midwest and Northeast, the number of traditional-aged students is expected to decline. In areas where growth in this age group is projected, such as the South and West, many students would be the first in their families to attend college, a group shown to have a higher risk of attrition. In many states with growing high school populations, prospective graduates come from lower-middle-income households, suggesting that affordability issues will persist. In addition to shifts in traditional-aged students, many adult students have shifted from night classes or weekend programs to online course delivery or hybrid delivery (a combination of online and face-to-face). The increase in online offerings also has provided a vehicle for nontraditional students—those who are older than 24, or who are married or have children—to attend college with the goal of earning a degree while having the flexibility to work or care for their families.

DECLINING STATE SUPPORT FOR PUBLIC INSTITUTIONS

According to a 2012 report from the federal Integrated Postsecondary Education Data System (IPEDS), 26 states paid more for the cost of a student's education than the student did—down from 47 states in 2000.[3] Other data suggest that overall support for public higher education has dropped in almost every state. This decrease has led to significant increases in tuition costs at public institutions and reduced state support for scholarships at independent institutions. Some believe that dramatic tuition increases—from 3 percent to as much as 20 percent in one year—reflect poor management, a failure to prioritize or focus on core services with outcomes that provide highly trained and well-prepared graduates, or dollars spent on facilities and services that enhance the student experience or entice students to enroll but diminish the core purpose of an institution.

QUESTIONS ABOUT THE VALUE OF A COLLEGE DEGREE

Countless articles have been written in recent months about whether a college degree is worth the cost. Over the past decade, household income has barely risen, but the price of higher education has increased by hundreds of percentage points since the early 1990s. As a result, many middle-income families are unable to afford higher education without assuming some level of debt, and for some, even significant debt. Student debt, a byproduct of rising tuition and stagnant income, is potentially one of the biggest burdens the Millennial generation will face, and it is becoming a national economic issue. Public opinion is also wavering on the value of a degree in relation to debt and outcomes. While data suggest that a college degree is worth accruing debt averaging between $25,000 and $35,000 (average student debt in 2014 was about $28,000), little

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data demonstrate the value of graduating with significantly more debt, raising the question of whether expensive institutions are worth the price when more-affordable options are available.

INTENSIFYING COMPETITION FOR STUDENTS

With the number of high school graduates entering a period of decline and no significant growth expected until about 2020–21, many institutions are experiencing declining pools of prospective applicants.[4] As a result, competition for students has become intense, although this varies by geographic region. The financial ramifications of a smaller student body can be severe. With the potential exception of the most prestigious institutions, the drive to recruit, enroll, and retain students has never been more fierce. Most public institutions, as recently as a decade ago, were not leveraging their financial aid to attract and enroll students. Now almost every college or university is doing so or exploring doing so and trying to maintain net-tuition revenues. While some larger public institutions are feeling increased competition, a smaller independent institution that relies on a first-year class of 300 or 500 students feels this competition at a greater level. Missing the enrollment goal by 25 students can mean a revenue shortfall of $1 million.

The increase in competition is also related to the growth of tuition discounting, the process by which an institution offsets its published tuition price with institutional grant aid for enrolling students. Even when enrollment goals are met, the net-tuition revenue that an institution depends on may decrease because of tuition discounting. Some smaller independent institutions are beginning to question whether they can survive with a 50-percent or 60-percent tuition-discount rate and still provide an educational experience that produces well-prepared graduates. This question will remain unanswered for now; meanwhile, more institutions are shifting dollars from academic or other core services to significantly more-sophisticated marketing, communications, recruitment, and enrollment strategies. Engaging prospective students in a competitive environment has become a billion-dollar enterprise.

GOVERNMENT POLICY

At a time when some worry that college is becoming unaffordable for low- and lower-middle-income families, federal and state governments are exploring ways to increase access and affordability. Yet while tuition costs have increased, higher education support from the federal government and almost all state governments has decreased or remained stagnant, even as federal and state policy regulations and unfunded mandates for colleges and universities have increased. To remain in compliance with federal and state policies, institutions sometimes need to add costs in human and technological resources. Although the federal government plays a secondary role in supporting and financing American higher education, it clearly helps shape the enterprise. The carrot (or stick) for most compliance is linked to access to federal financial aid. Few institutions can afford to operate without federal aid programs (grants or loans), so government requirements or policies are generally linked to financial aid to ensure compliance.

SAVINGS BEHAVIORS

Despite numerous state initiatives to encourage saving for a college education, most families have not saved nearly enough to support their children's educational costs. In addition, few working adults have saved anything to pay for college, leading to loan debt upon graduation. A November 2014 Moody's Analytics report shows a 2 percent savings rate for adults under 35, with those ages 35 to 44 saving 3 percent, and those 45

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