

University of Kansas
Changing for Excellence

Phase II Business Case Executive Summary
Domestic Enrollment Management
Student Housing - Lawrence/Edwards

November, 4 2011

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Overview – Phase I findings

Huron identified opportunities at the Lawrence and Edwards campuses related to enrollment management in the range of \$8,580K - \$15,530K.

Phase I Challenges and Opportunities – Enrollment Management

- Freshmen enrollment has dropped from a high of almost 4,500 (2008) to just under 3,700
- Persistence rates are low (76%), compared to a peer average of 84%; KU ranks 9th among 10 peer benchmarks (10 being the lowest persistence)
- Of its peers, KU charges the least for room and board, but has the smallest percentage of first-year students living on campus
- Students perceive that KU's financial support is lower than schools of similar size; the majority of KU's scholarships are awarded by individual schools in a decentralized manner, often after the school year has started or later in the student's academic career
- New scholarship and enrollment policies are being deployed; however, buy-in and support is needed from the colleges/schools which awarded less than \$250K in *new* freshman scholarships last year
- KU maintains only 4 minor articulation agreements (affecting 60 students annually)
- Students report that to be successful at KU first-year students must be proactive—information exists, but it is difficult to find
- Requests for necessary process changes in enrollment functions are on hold due to IT constraints and resource needs

Goals – Enrollment Management

- Increase domestic student enrollment and persistence
- Increase international enrollment
- Increase the percentage of students who utilize student housing

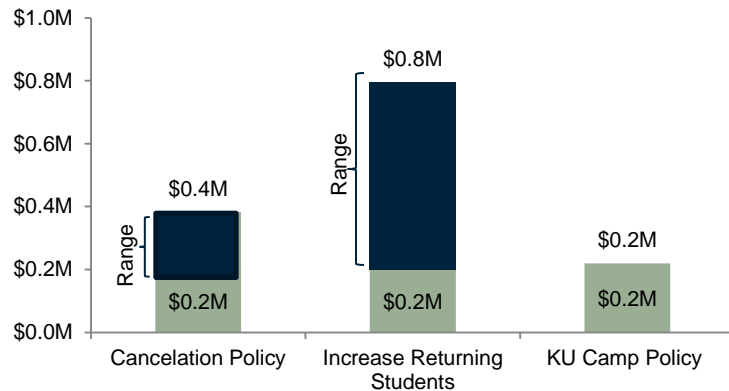
Annual Financial Opportunity – Phase I Student Housing Only

Cost Savings	Resource Reallocation	New Revenue
N/A	N/A	\$600K - \$1,000K

Phase II student housing analysis – opportunity

Additional revenue opportunities were identified for the Department of Student Housing.

Phase II – Expected Annual Impact



Phase II – Business Case Financial Summary

- An additional opportunity to capture camp and conference revenue was identified
- Housing will focus on filling beds in the short term through two strategies:
 - Revised cancellation policy
 - Increased focus on renewing contracts
- DSH is ready to partner with Undergraduate Education to develop learning communities to increase persistence; however, past history at KU indicates dorm choice is stronger driver of student housing selection

Notes:

- Cancellation Policy and Increasing Returning Students are projected at 4-year average (year 1 is the current year)
- KU Camp Policy revenue is projection of Year 2 revenues—year 1 is a partial year ending mid-way through the summer camp and conference season

Five Year Cumulative Impact ¹ (Expected Case)	000s (parentheses denote costs)
Revenue	\$4,270
Other	\$0
Overhead to University (total)	(\$128)
Net Benefit	\$4,142

¹Year 1 is FY12, which is a partial year

Update – Phase II findings

Student housing has available capacity which can generate revenue without adding cost for KU.

Phase II Identified Opportunities

- Private competition is currently undercutting KU's ability to capture camp and conference customers
- Cancellation fees have not been sufficient to prevent cancellation of contracts
- KU Housing is working to increase the number of returning residents year to year



Goals

- Fewer cancellations, resulting in additional students on campus
- Additional students returning to student housing from year to year
- Additional annual revenues from camps and conferences



Anticipated Results

- Increased sense of KU community
- **Approximately \$.62M to \$1.40M in annual increased revenue¹ for the Department of Student Housing**

Financial model – notes and assumptions

The financial model examines the benefits achieved from student housing strategies.

Notes	Assumptions
<p>Year 1 is the current fiscal year, ending mid-summer, resulting in split housing revenues over multiple years</p> <p>The housing contract figure used is \$3,804 in year one, which is the most common fee paid by students for two-semester of residential living</p> <p>Students cannot lock in housing rates</p> <p>Per discussions with Dining, Dining is a break-even operations with no margin, therefore dining revenue is not included in this case</p> <p>DSH pays 3% overhead on all revenues to KU</p>	<p><u>Cancellation Fees</u> Cancellation fees remain flat in future years, either at a dollar amount, or as a percentage of contract</p> <p><u>Right of First Refusal</u> Participant levels remain the same each year</p> <p>There is a 3% annual increase in housing fees</p> <p><u>Renewals</u> There is a 3% annual housing increase each year</p>

Financial model – enrollment management

The financial model examines the benefits achieved from increasing cancellation fees, student housing and event revenue.

Expected Case (\$000's)

(125 additional returning students, moderate case for cancelation policy)

Benefits	FY2012	FY2013	FY2014	FY2015	FY2016
Cancelation Policy	\$0	\$291	\$301	\$311	\$322
Right of First Refusal	\$110	\$223	\$229	\$236	\$243
Return Rate	\$0	\$475	\$490	\$504	\$535
Total	\$110	\$989	\$1,020	\$1,051	\$1,100
Costs					
KU Overhead	\$3	\$30	\$31	\$32	\$33
Total	\$3	\$30	\$31	\$32	\$33
Net	\$107	\$959	\$989	\$1,019	\$1,067

Net Present Value (Expected Case): \$4,008,000

Low Benefits Case

(50 additional returning students, low case for cancelation policy)

Net Present Value **\$2.57M**

High Benefits Case

(200 additional returning students, high case for cancelation policy)

Net Present Value **\$5.58M**

Note: 0.95% discount rate (5 year municipal bond, 8/18/11)

Risk assessment summary

Implementing the short-term strategies outlined for DSH present little risk.

- Implementing a right-of-first refusal policy, revising housing cancellation fees and increasing the focus on returning students require minimal investment and build on DSH core capabilities

Short-term strategies are already being moved forward with limited risk.

Approach – student housing

The table below depicts the high level tasks necessary to implement the short-term strategies outlined in the business case.

Mobilize	Design	Deploy	Optimize
Sept. 2011 – Dec. 2011	Oct. 2011– May 2012	Nov. 2011 – July 2012	Aug. 2011 – Sept. 2012
<p>Tasks</p> <ul style="list-style-type: none"> • Confirm members of the workgroup implementation team 	<p>Tasks</p> <ul style="list-style-type: none"> • Develop incentives and prepare marketing efforts to potential returning resident 	<p>Tasks</p> <ul style="list-style-type: none"> • Deploy marketing efforts to potential returning residents • Communicate changes in camp policy 	<p>Tasks</p> <ul style="list-style-type: none"> • Assess results of contract changes • Assess success of returning student effort • Assess results of camp policy; determine if additional resources are needed for future
<p>Deliverables</p> <ul style="list-style-type: none"> • Executive committee decision on business case 	<p>Deliverables</p> <ul style="list-style-type: none"> • Incentive plan and marketing materials/plans to capture returning students • Decision on right of first refusal policy 	<p>Deliverables</p> <ul style="list-style-type: none"> • Marketing campaign to increase returning students • KU right of first refusal policy 	<p>Deliverables</p> <ul style="list-style-type: none"> • Further revision to cancellation policy and outreach to potential returning students • Customer satisfaction assessment

A more detailed implementation plan is provided as an MS Project Plan, detailing the individuals responsible for each of the tasks involved in the next steps implementation plan.



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