

University of Kansas
Changing for Excellence

Phase II Business Case Executive Summary
Domestic Enrollment Management
First-Time Full-Time Freshmen & Transfer Students - 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 (currently 79%), 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

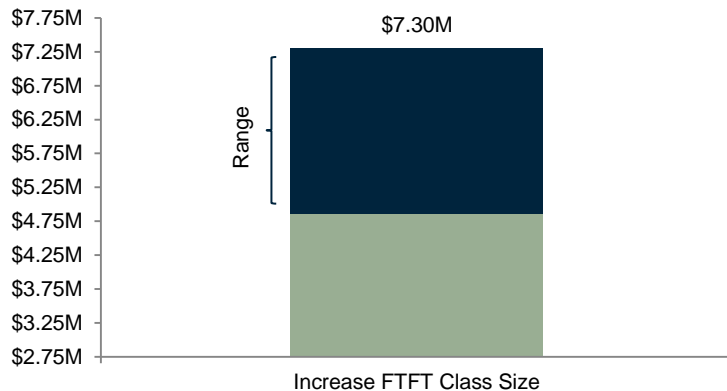
Annual Financial Opportunity – Phase I Domestic Enrollment

Cost Savings	Resource Reallocation	New Revenue (Domestic)
N/A	N/A	\$6,640K - \$12,740K

Phase II FTFT enrollment analysis – opportunity

Opportunities exist for KU to increase and stabilize enrollment levels via targeted marketing and recruitment initiatives.

Phase II – Average Annual Impact



¹Average of four years, years 2 – 5 (excludes current FY)

Phase II – Business Case Financial Summary

- The University has an opportunity to realize approximately \$24.3M in net new revenue over six years if enrollment enhancing initiatives are commenced
- Revenue projections are based on permanent increases to the FTFT call size by 150 in year 2 and an additional 150 in year 3
- Tuition calculations are net revenue
- Strategies suggested, but not forecast, may be employed to realize additional increases to class size

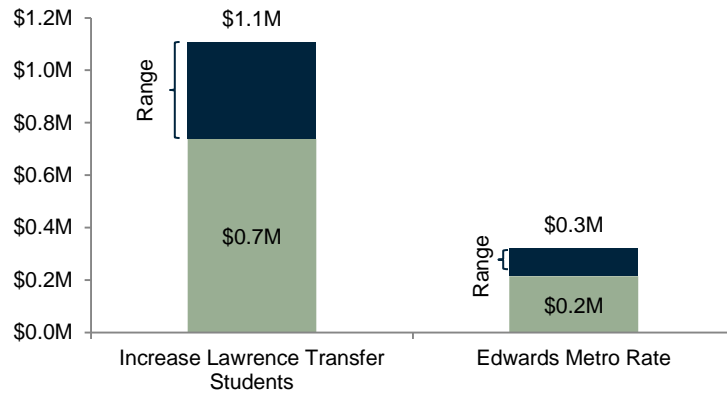
Five Year Cumulative Impact ¹ (Expected Case)	\$000s (parentheses denote costs)
Revenue	\$24,326K
Investment Requirement (total)	(\$2,856K)
Net Benefit	\$21,470

¹Year 1 is FY12, which is a partial year

Phase II transfer enrollment analysis – opportunity

Opportunities exist for KU to increase and stabilize enrollment levels via targeted transfer enrollment and organizational enhancements.

Phase II – Average Annual Impact¹



¹Average of four years, years 2 – 5 (excludes current FY)

Phase II – Business Case Financial Summary

- Opportunities to specifically increase transfer student capture were assessed in Phase II
- The University is poised to realize approximately \$5M in net new revenue over five years if transfer enrollment initiatives are commenced
- Projections are based on increasing the annual transfer student cohort to the Lawrence Campus by 104 as well as increase of 800 credit hours per year on the Edwards Campus
- Tuition calculations are net revenue
- Transfer students have high margins for KU; they cost less than FTFT to recruit, and require little financial aid

Five Year Cumulative Impact ² (Expected Case)	\$000s (parentheses denote costs)
Lawrence Campus	\$3,693
Edwards Campus	\$1,069
Investment Requirement (total)	(\$615)
Net Benefit	\$4,146

²Year 1 is FY12, which is a partial year

Update – phase II findings

This business case focuses on increasing KU's domestic FTFT and transfer students.

Phase II Findings

- Freshmen enrollment continues to drop from a high of almost 4,500 (2008); however, domestic FTFT enrollment was flat for the current year with declines seen in international FTFT enrollment
- Persistence rates are low (currently 79%), compared to a peer average of 84%; KU ranks 9th among 10 peer benchmarks (10 being the lowest persistence)
- Yield has dropped 5 percentage points from 2006 to 2011
- KU is one year into a three to six year implementation process to improve enrollment: process changes implemented (streamlined application, scholarship deadline, retooled publications, CRM application pushes, etc.) are beginning to show results with applications for next year up over 100% over the prior two years
- The lack of centralized KU branding and communication plan is a significant impediment to prospecting and recruitment
- Incentives for schools and faculty to “own” enrollment, persistence and graduation goals are critical to the success of these efforts

Phase II Goals

- Increase persistence, retention and graduation rates
- Increase domestic student enrollment for both FTFT and transfer students through enlarged applicant pool and yield management
- Increase applicant pool through more coordinated University approach to branding and outreach
- Create a sense of ownership of enrollment goals by faculty and staff throughout the University through creation “enrollment management council” and through the alignment of budget incentives
- Move to a net tuition model to increase class size

Financial model – notes and assumptions

A series of assumptions were required to estimate the financial impact of increasing the size of the incoming FTFT class.

Notes	Assumptions
<ul style="list-style-type: none"> • Current-state persistence is 79.9% for domestic FTFT • Current- and future-state sophomore to junior persistence is 71.4% • Current- and future-state junior to senior persistence is 64.7% • International student enrollment is evaluated in the International Enrollment Management business case. 	<ul style="list-style-type: none"> • There are a total of 3,580 incoming FTFT freshman as the base case • Incoming FTFT will increase by 150 in year 2 (100 in-state and 50 out-of-state) • Incoming FTFT will increase by an additional 150 in year 3 (100 in-state and 50 out-of-state) • Incoming FTFT will remain level after year 3 at 3,880 domestic FTFT • In-state net tuition for domestic FTFT freshman is \$7,634 USD per year • Out-of-state net tuition for domestic FTFT freshman is \$19,170 USD per year • Tuition rates will be locked by each incoming freshman • The model only accounts for the first four years of revenue generated by FTFT freshman • Tuition will increase at a rate of 4% for subsequent cohorts (e.g. Cohort 2 tuition rates will be 4% greater than the tuition rates for Cohort 1)

Financial model

The financial model examines the benefits achieved from increasing FTFT enrollment levels.

Expected Case (\$000's)

(increase FTFT incoming class by 300 students)

Benefits	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Increase FTFT class size	0	1,763	5,073	7,743	9,747
Total	\$0	\$1,763	\$5,073	\$7,743	\$9,747
Costs					
Salary & Fringe	60	103	106	109	113
Current requests	377	388	400	412	424
Other	95	69	33	98	72
Total	\$532	\$560	\$539	\$619	\$609
Net	(\$532)	\$1,203	\$4,534	\$7,124	\$9,138

Low Benefits Case
(assumed 20% less tuition revenue realized)
 Net Present Value **\$15.95M**

High Benefits Case
(assumed 20% more tuition revenue realized)
 Net Present Value **\$25.32M**

Net Present Value (Expected Case): \$20,637,057

Financial model – notes and assumptions

A series of assumptions were required to estimate the financial impact of the Transfer Student Capture business case.

Notes	Assumptions
<ul style="list-style-type: none"> • There are a total of 1,396 transfer students in year one • The annual transfer student goal is 1,500 • Student persistence rates are presumed to continue at the current level of 85.7% • The expansion of the metro rate would apply only to the Edwards campus • Transfer students are not able to lock into a tuition rate and see an annual increase • Course and school fees are not included in this cases as these are earmarked for specific designations • A ramp-up to full enrollment increases is projected as a conservative estimate. However, implementation time will determine the timeline for positive impact of technology initiatives. Given that most KU transfer students enroll with late sophomore/early junior standing, full enrollment increases may not be realized until two years after implementation. • Proposed transcript data technology will increase automation of the entire process of data entry, transcript review, and admissions decision-making. The increased functionality that would allow for greater efficiency for transfers will have efficiency benefits beyond this business case. 	<ul style="list-style-type: none"> • New transfer students at the Lawrence campus are split between in-state and out-of-state at the same levels as current students • In-state net tuition for domestic transfer students is \$6,412 USD in year one • Out-of-state net tuition for transfer students is \$18,300 USD per year in year one • Year-over-year persistence remains constant at 85.7% • Tuition will increase at a rate of 4% per year • Transfer students at Lawrence and Edwards will spend two years at KU • The number of students enrolling through the metro rate program will remain constant

Financial model

The financial model examines the benefits achieved from increasing transfer student enrollment.

Expected Case (\$000's)

(increase Lawrence transfers to 1,500 and expand Edwards Metro rate)

Benefits	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Lawrence transfer students	0	165	600	1,264	1,875
Edwards Metro rate	0	152	294	305	318
Total	\$0	\$317	\$894	\$1,569	\$2,193
Costs					
Salary & Fringe	65	67	69	71	73
Other	121	35	36	38	39
Total	\$186	\$103	\$106	\$109	\$112
Net	(\$186)	\$214	\$788	\$1,461	\$2,080

Low Benefits Case
(assumed 20% less tuition revenue realized)
Net Present Value
\$3.06M

High Benefits Case
(assumed 20% more tuition revenue realized)
Net Present Value
\$4.90M

Net Present Value (Expected Case): \$3,980,367

Risk assessment summary

The most significant challenge to the strategies outlined to increase domestic students at KU is the need for faculty support and institutional coordination.

- The most significant risks are related to school and faculty participation in enrollment management:
 - KU's recruitment efforts are decentralized across the schools; increased coordination and cooperation will be critical to increasing enrollment
 - The full support and involvement of the deans and faculty is critical; budget incentives to align schools around enrollment goals are needed
 - A policy to increase freshmen scholarships has been implemented at the University level; however, the majority of the scholarship dollars are decentralized within the schools; increased participation in this effort is needed to attract students
- KU's decentralized marketing currently fails to leverage the marketing power of KU and presents a diluted brand image to potential students
- If KU does not invest in the technology needed to quickly answer the questions that transfer students are asking, KU will continue to lose market share for this population; students increasingly concerned about time to degree and are using this information to make transfer decisions

The Enrollment Management team is implementing strategies to increase enrollment; however, broad institutional ownership of enrollment targets is needed to succeed.

Approach – increase domestic FTFT

The table below depicts the high level tasks necessary to increase freshmen domestic enrollment.

Mobilize	Design	Deploy	Optimize
Nov. 2011	Nov. 2011 – July 2012	Jan. 2012 – Mar. 2012	Jan. 2012 – Nov. 2012
Tasks <ul style="list-style-type: none"> Finalize membership of Workgroup Implementation Committees 	Tasks <ul style="list-style-type: none"> Meet with Scannell and Kurz Engage committee to develop plan for coordinated KU branding strategy 	Tasks <ul style="list-style-type: none"> Reorganize the Enrollment Management office to add the capacity needed Implement technology solutions and train staff 	Tasks <ul style="list-style-type: none"> Re-evaluate strategies Measure KPIs
Deliverables <ul style="list-style-type: none"> Complete committee 	Deliverables <ul style="list-style-type: none"> Decision to pursue net tuition policy Additional tools and technology Scholarship commitments from schools 	Deliverables <ul style="list-style-type: none"> Staff on-board 	Deliverables <ul style="list-style-type: none"> Increased enrollment Revised strategies for following year Report to Executive Committee on progress against KPIs

The 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.

Approach – increase transfer enrollment

The table below depicts the high level tasks necessary to increase domestic transfer enrollment.

Mobilize: Necessary Infrastructure	Design: Markets and Strategies	Deploy: Implement Strategies	Optimize
Nov. 2011	Jan. – Apr. 2012	Nov. 2011 – Aug. 2012	Jun. – Nov. 2012
<p>Tasks</p> <ul style="list-style-type: none"> Finalize membership of Workgroup Implementation Committees 	<p>Tasks</p> <ul style="list-style-type: none"> Analyze opportunity for Lawrence transfer metro rate 	<p>Tasks</p> <ul style="list-style-type: none"> Reorganize the Transfer Student office to add the capacity needed Pursue articulation agreements Implement technology solutions and train staff 	<p>Tasks</p> <ul style="list-style-type: none"> Re-evaluate strategies Measure KPIs
<p>Deliverables</p> <ul style="list-style-type: none"> Complete committee 	<p>Deliverables</p> <ul style="list-style-type: none"> Whitepaper outlining risks and benefits of Lawrence metro rate Redesigned processes 	<p>Deliverables</p> <ul style="list-style-type: none"> Staff on-board Articulation agreements 	<p>Deliverables</p> <ul style="list-style-type: none"> Increased enrollment Revised strategies for following year Report to Executive Committee on progress against KPIs

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