



Six Essential Strategies for Accurate Tuition Revenue Planning

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Thomas Ewing
Senior Implementation Consultant



Disha Venkatesan
Account Executive
Former Implementation Consultant

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Industry Challenges

Enrollment and Tuition Revenue Predictability is Challenging

- Changing demographics
- Balancing tuition pricing with financial aid and scholarships, state funding, and other economic factors that increase operational costs
- Diverse revenue sources with changing educational modalities
- Competitive landscape
- International student mobility
- Public perception



Tuition Challenges at University of Kentucky

Growth of online learning

137.8%

Growth of fully online programs

110.8%

Increase in online degrees awarded since summer 2019

- Revenue sharing across schools
 - Transparency to know exact revenue and spend within those parameters & support RCM
 - Real-time information for accuracy in revenue, student adds/drop-in
- Projecting central and shared tuition revenues
 - Report to leadership and board
 - Pulling levers to provide accurate growth projections

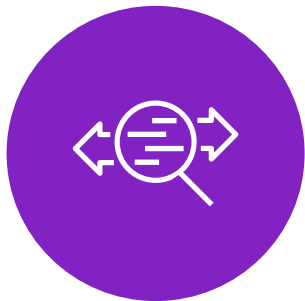
Operational Challenges at University of Kentucky

Mining data and modeling scenarios



Pulling and ironing the data

- Determining when to gather data
- Best available enrollment data vs. enrollment projections



Supporting decision-making

- Running what-if scenarios
- Reapplying and adapting to changes

Continuing the Journey

Keep Pace with Change

- 1** Involving more stakeholders
- 2** Enhancing budgeting & forecasting
- 3** Revising the tuition model



Reimagining Tuition Revenue Planning for the Future

Processes and Tools Must Adapt to Address Challenges

Flexibility is the most important aspect

Flexibility to support varying needs including:

- Planning assumptions that vary by department or school
- Hierarchies specific to how programs or departments need to view finances
- Support for multiple tuition views including credit hours, FTEs, cohort, Fall/Spring/Summer census dates
- Tuition discounting components
 - Waivers
 - Differentials
 - Scholarships
 - Rate times volume, flat rate, etc.

Six Essential Strategies Tuition Revenue Planning

Overcome tuition planning challenges with industry best practices

Institutions face major challenges in developing reliable enrollment and tuition plans

To overcome these obstacles at your institution,
incorporate six best practices into tuition forecasting strategies:

- 1 Start with the end in mind
- 2 Consider historical data and trends
- 3 Account for enrollment changes
- 4 Leverage scenario modeling
- 5 Track performance and report frequently
- 6 Foster collaboration across departments



1) Start with the end in mind

Work backward to determine the number of students required to meet that goal

Factors when determining enrollment targets and planning to meet tuition and fee revenue goals:



Student mix is diverse, and institutions should plan for each population differently

Residency

College

Department

Program

Cohort

Term

Full/Part-time



Institutions should account for **tuition discounts** and the fact that all students will not pay the same amount

Discounts

Waivers

Differentials

Scholarships

Financial Aid



2) Consider historical trends and data

Include both internal and external data



Internal Data

Enrollment

Net Tuition Revenue

Net Fee Revenue

Discount Rates

Student Demographics

External Data

Economic Trends

Demographic Trends

Regional Effects

3) Account for enrollment changes

Keep enrollment data updated throughout the year

Enrollment **is not constant** year-over-year and is shaped by phenomena like student melt:

- High school graduates that plan to attend college (and may even enroll in classes) but fail to attend in the fall
- Students who attend college for one semester – typically the fall – but fail to re-enroll in subsequent semesters



Nationally, about 10% to 20% of eligible college students melt away.

4) Leverage scenario modeling

Model multiple tuition scenarios to understand potential outcomes



- Use scenario modeling to **plan for a variety of potential circumstances** and determine how different factors may impact enrollment and revenue.
- **Model multiple scenarios** that reflect different economic climates, internal trends, and strategic activities.
- Incorporate dimensionality to model scenarios across different groupings like student type, cohort, residency status, and/or program.
- **Understand best/worst-case scenarios** and adjust strategy as necessary to keep revenue on track.

5) Track performance and report frequently

You can't monitor what you don't measure

Review data on a **regular cadence** and adjust expectations accordingly, leveraging standardized reports where possible.

Key tuition drivers to track

- Admissions
- Fall enrollment
- Year-over-year retention
- Adds/drops → impact on Fall census
- Spring census



6) Foster collaboration across departments

Tuition planning should not be done in silos

Involve the following departments to gather robust data points to inform your models and forecasts:



- **Finance office** provides data around tuition rates and fees, including historical data and trends
- **Office of admissions** provides insight into the total number and types of students who have enrolled
- **Office of financial aid** provides information about how much aid the institution is providing and how much students are actually paying out of pocket
- **Registrar's office** provides detail into how many enrolled students have registered for classes, indicating the students' level of commitment and intent to attend for the upcoming semester

Other departments to collaborate with

- Orientation or First-Year Experience Program
- Academic Advising or Counseling
- International Student Office
- Housing and Residential Life
- Marketing and Communications
- Graduate Programs

Putting tuition planning best practices into action

Purpose-built tuition planning software is superior to a manual, spreadsheet-based approach

Advanced tuition planning software that incorporates a range of integrated enrollment-related data sets and scenario modeling capabilities can help institutions seamlessly integrate these best practices and create more accurate tuition forecasts.

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Capabilities of robust tuition revenue planning solutions

- Integrate student information, enrollment, and tuition data sets
- Analyze product mix and pricing
- Quickly see and analyze enrollment trends
- Calculate current average cost of attendance versus average cost after aid
- Develop scenarios to evaluate financial impact of enrollment
- Easily share different scenarios with stakeholders and gather feedback
- Align enrollment and tuition strategies with the budget and long-range financial plan
- Establish tuition pricing strategies based on data that meets the needs of both students and the institution

Questions?



Thank you!