Tuition-Setting: Never Waste a Crisis!

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2010 SSS Leadership Forum
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Outcomes:

1. Evaluate what to use to determine your school’s ideal cost and revenue model
2. Review and discuss examples of tuition-setting practices from various types of schools
3. Learn how to develop a calendar and checklist so your approach to setting tuition is disciplined, data-driven, and inclusive of internal and external constituents
4. Explore how to construct a value proposition unique to your school that can help overcome concerns about cost
SUSTAINABLE

1. To keep in existence; maintain.
2. To supply with necessities or nourishment; provide for.
3. To support from below; keep from falling or sinking;
4. To bear up under; withstand

Resilient

1. Flexible
2. Feisty
3. Hardy
4. Supple
5. Durable
6. Strong
Setting the Stage for Tuition-setting

1. **Context:** Tuition-setting is not an event; it’s a process

2. Access has been hijacked by affordability

3. Philosophy: What is the philosophy behind tuition levels

4. Input: where and who should it come from?

5. Discipline: How do you create intentionality around tuition-setting?

Factors Affecting Tuition-setting

1. Impact of philosophy and mission on who you want to attract and retain

2. What does it mean to plan for being an “affordable” school?

3. Weighing the value of and demand for your programs

4. Net tuition revenue

5. Creating non-tuition income
### Concerns for the School

**Board of Trustees**

<table>
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<tr>
<th>Concern</th>
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<tr>
<td>Academics/Programs</td>
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<td>Collections</td>
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<td>Faculty/Staff Issues</td>
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<tr>
<td>Retention/Attrition</td>
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<td>Other</td>
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**School Head**

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### Recession Strategy: Increase Financial Aid

**All Schools: 1-Year Median Change in Financial Aid, 2008-09 to 2009-10**

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<th>Category</th>
<th>Change (%)</th>
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<tbody>
<tr>
<td>Enrollment</td>
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<tr>
<td>Financial Aid Dollars</td>
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<tr>
<td># Financial Aid Students</td>
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<tr>
<td>Financial Aid Dollars per Student</td>
<td>-5.00%</td>
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<tr>
<td>FA Students as % of Enrollment</td>
<td>-5.00%</td>
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**Courtesy:** NAIS
## Considerations for Tuition-setting

- Educational CPI
- Best “bet” on yield
- World Economy
- Program and Program Changes

**OUCCH + 1**
Approaches to Tuition-setting

1. Tuition-driven vs. Endowment subsidy
2. Plentiful auxiliary/alternative income streams
3. Rural vs. Urban
4. Day vs. Boarding vs. Combination
5. When it works well and when it doesn’t

Calendar for Tuition Setting, Enrollment Management, and Retention

Adapt to Your School
September/October

- Benchmark similar schools to assess potential impact of tuition and FA levels on enrollment at school opening
- New Parents meetings to ensure good transition

Finance Committee

- Discuss findings with Fin. Committee and address whether the philosophical underpinnings of tuition and FA setting for current year “worked”

Board

- Review admissions data and distill "issues" for discussion about tuition and FA for coming year

November

- Focus on crafting message for coming Admissions season based on constituent surveys and other data
- Contact referrers for update; matriculating schools/colleges for progress on alumni
- Demographic / market profile studies
- Outreach to qualified with pre-inquirers

Senior Admin Team

- Discuss school-wide message for upcoming Admissions season

Finance Committee

Board
December

- Re-affirm systems for reconciliation between Admissions and Business Offices
- Head or Division Head sends letter to families, customized with specific comments about student progress or achievements, thanks for sharing their children, and importance of referring new families
- Preliminary 2010-11 Budget discussion - tuition, salaries, financial aid, enrollment goals

January

- Ensure that paperwork flow is systematized
- Process applications
- Conduct campus tours
- Process FA
- Identify emerging retention problems, make sure strategy in place to address them
- Approval of Tuition, enrollment goals and preliminary budget for upcoming year
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**February**

- Processing applications, campus tours
- Manage the financial aid process
- High school or college age alumni for panel on outcomes, advice
- Division Heads arrange individual meetings with families who are considering leaving the school

**March**

- Processing applications, campus tours, need for FA
- Assess frequently (weekly) success in meeting application goals and extrapolate to yield figures
- Continue meetings with families who are considering not returning to the school

- Admissions update and budget implications
- Admissions update and budget implications
April

- Recap re-enrollment figures, size and scale of student body; recap budget outlook based on tuition and FA
- Admission update and budget implications

Finance Committee

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Board

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May

Senior Admin Team

- Recap admissions results; set goals for "rolling admissions" if needed

Finance Committee

- Recap admissions results; set goals for "rolling admissions" if needed
- Re-draft budget for upcoming year and make any necessary enrollment or FA adjustments

Board

- Recap admissions results; set goals for "rolling admissions" if needed;
- Re-draft budget for upcoming year and make any necessary enrollment or FA adjustments
June / Summer

**School & Student Services**

**By NAIS**

- Set Admissions goals for summer
- Draft attrition, conversion, and yield reports.
- Survey not returning families
- Division Heads touch base with new families. Reinforce value.
- Head covers faculty role in marketing and retention (August)
- Recap enrollment/admissions figures and re-assess goals for summer
- Admissions, budget, FA recap for upcoming school opening

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**Resilience and Value**
Value = \frac{\text{Satisfaction & Perceived Benefits}}{\text{Perceived Costs}}

Courtesy: Pat Bassett

VALUE

“When you pay this much money, you expect something extraordinary.”

Value = getting more than what you pay for.
When value is not understood, price decides.

You demonstrate value—that you are worth more than your cost—when you can prove you are:

1. Demonstrating you make a difference in those whose lives you touch (ROI).
2. Providing unique solutions to an individual’s needs (Customer intimacy).
3. Pushing the envelope of good educational practice (Innovative).
4. Running an efficient organization (Cost-conscious).

Discovering and Communicating Value

Discussion

(see handout, Elements of a Value Proposition, Connor Associates)
Mission vs. Image

**Mission** is who *you* think you are and what *you* think you do.

**Image** is who *they* think you are and what *they* think you do.

“There are two types of people…

…Those who come into a room and say, 'Well, here I am!'

…And those who come in and say, 'Ah, there you are.’”

Frederick L. Collins
Marketing Defined:

An organizational function
and set of processes for
Creating,
Communicating, and
Delivering
Value to customers
And
Managing customer relationships
In ways that benefit
the organization and the
stakeholders

Courtesy: American Marketing Association

People will sit up and take notice of you
if you will sit up and take notice
of what makes them sit up and take notice.

Frank Romer Pierson
(Screenwriter, Cool Hand Luke)
Perceptions that Matter
In addition to listening to current parents, the admission funnel, and those who did not return/reenroll:

1. The network of community influencers, educational consultants, and referrers
2. Families who have not yet inquired but whom the board, faculty, administration, or other constituent groups feel SHOULD be in the School. (Pre-Inquirers)
3. Alumni currently in secondary, undergraduate, or graduate school for testimony, proof points of preparation, outcomes, and story ideas. Past parents, too.
4. Successful adult alumni who could attest to how the school made a difference in their lives.
5. Heads or Directors at source schools or programs.
6. Heads or Directors at matriculating secondary schools and colleges.
7. College admission directors or deans.

Perception is the Currency of an Image Audit

If perceptions are positive, then the School has an opportunity to reinforce the positive perceptions.

If negative perceptions are not true, the School needs to communicate more effectively.

If negative perceptions are true, program or service changes may be needed. The School should communicate the improvements.
“Schools need to stop acting like an institution and start acting like a cause.”

Jim Langley, Director of Advancement, Georgetown University

The Big 4!

WHO WE ARE
WHAT WE STAND FOR
WHY IT MATTERS
WHERE WE’RE HEADED
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Never Waste A Crisis!
He who is not busy being born is busy dying.
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