

forum

Commentary

The Missing Enrollment Meltdown

BY KATHLEEN DAWLEY AND JONATHAN P. EPSTEIN

Shifting economic winds over the past year brought an end to a powerful, healthy wave that many higher education institutions rode successfully in recent years. While the work of college and university enrollment leaders and organizational executive teams is never easy, the recent student demographic spike, the abundance of online admission applications, and half a decade's surge in financial markets made for mostly smooth sailing—until last fall.

Shivers of panic quickly shot through higher education. Captured vividly by both mainstream and industry media, the 2009 enrollment season was predicted to be among the most devastating in American higher education history. Some went so far as to predict that historical data would no longer be helpful in forecasting enrollment results.

Surrounded by dire rhetoric, many institutional leaders were understandably fearful as this past year's enrollment cycle charted its course. But along the way to the enrollment cycle's fatal capsizing—severe excess capacity at smaller, private colleges; ballooning yields at public institutions nationwide; unrecognizable enrollment patterns—something else happened. The enrollment apocalypse simply never arrived.

This is not to say that the recent enrollment cycle wasn't immensely problematic, presenting complex challenges for many institutions and resulting in disappointing outcomes

for some. This is also not to say that dire financial crises for some colleges and universities have been resolved. Some have new enrollment challenges; others have had persistent difficulties recruiting a full freshman class. But there are severe and persistent budget problems at many institutions that are not enrollment related. Instead, these problems stem from endowment losses and expensive capital projects. While there were several months when it was easy to garner attention predicting enrollment disasters and dismal futures, those forecasts never held water.

As summer winds down and another fall approaches, it's a good time to reflect on the past year, look forward to the next, and explore why the enrollment doomsayers weren't just wrong, but wrong for all the wrong reasons.

WHAT HAPPENED?

In late May, *The Chronicle of Higher Education* released a survey providing systematic, quantitative evidence that, in large part, many institutions made their first year classes. *The New York Times* also reported that many selective institutions achieved admission-to-enrollment yields that looked eerily similar to yields from fall 2008. It took substantial work and more money in many cases, but the sky didn't fall. Families made the kind of difficult enrollment decisions they make every year, committing to their

aspirations and the lifelong value of a quality higher education for their children.

There was certainly truth in predictions of shifts in the enrollment landscape. However, many institutions still thrived in this environment by doing their work strategically and efficiently. Many private colleges and universities stepped up to offer more generous financial aid packages, even amidst budget-cutting throughout the rest of the institution, accepting the tradeoff of an increased discount rate in exchange for robust enrollment.

In general, the majority of institutions find themselves up or down modestly compared to prior years—results that are comparable to *many* enrollment cycles. Set against the backdrop of terrifying expectations, these fluctuations seem a relief in comparison.

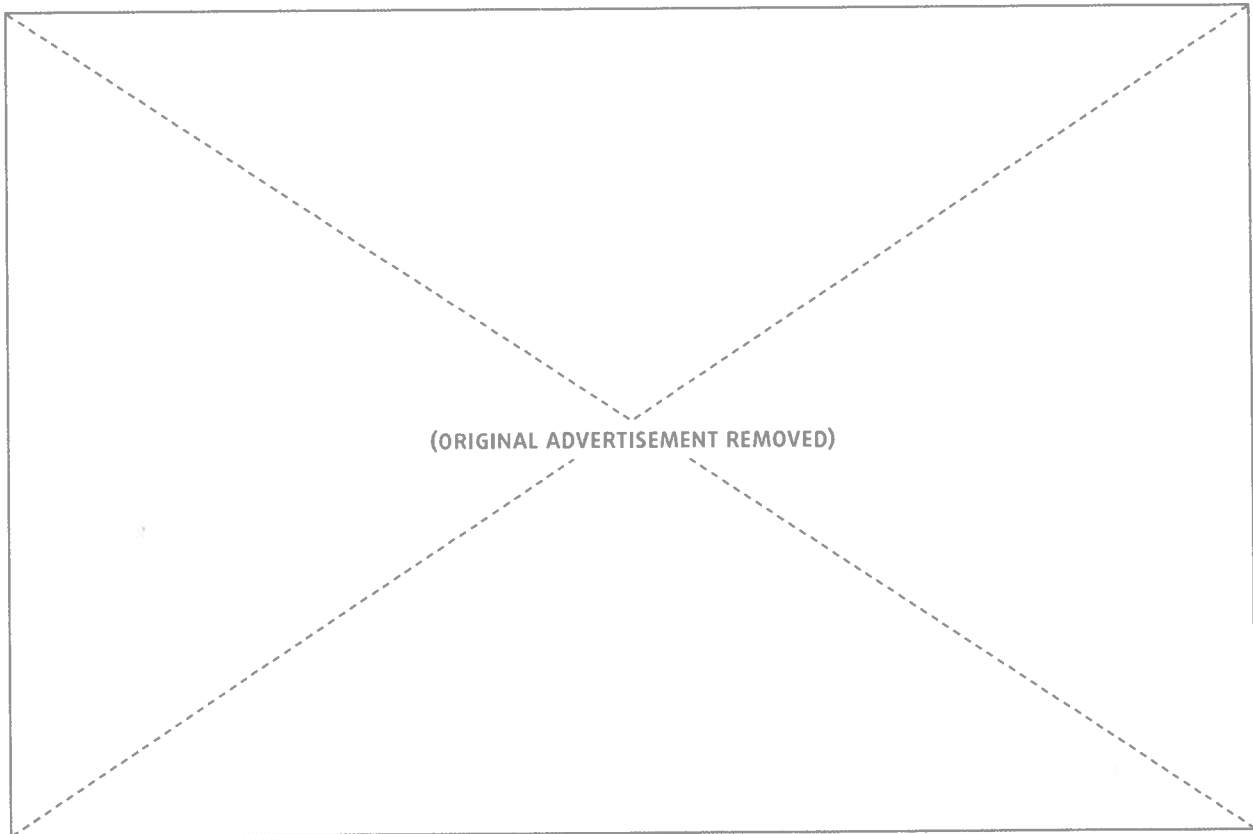
Why were the enrollment doomsayers so far off? And how could we have known that the panic last fall and winter was in part irrational? There were trends, societal realities, and hints about the discrepancy between families' intense emotions about the economy and their largely unchanged intentions about enrollment choices. The answers lie in the

importance of higher education in American society as well as families' determined responses to economic contraction and uncertainty. These events can all *feel* like the end of the world. So far, however, this has not been the case.

A BLAST FROM THE PAST?

For those involved in the stewardship of higher education, the headlines throughout the past year chronicled a very anxious journey. Would the economic downturn drive tuition up, aid to students and families down, and force students away from college?

This is not the first time we've been tested in this manner in recent history. Consider life 30 years ago—repeated energy crises, continual Middle East unrest, deep global recession, vast structural unemployment, torrid inflation. Who remembers the Misery Index? Higher education seemed perilously vulnerable then. We worried about possible retrenchment among private institutions, demographic bubbles bursting, steep application and enrollment drops, belt-tightening for prestigious schools, deficits, mergers, and even closings. Sound familiar?



One has to recognize, however, that this period like many other downturns also gave rise to innovations such as the World Wide Web, personal computers, supercomputers, mobile telephones, pocket calculators, video games, fiber optics—advances with deep roots in the learning opportunities provided by higher education institutions. Within higher education, as well, the concept of enrollment management was developed and adopted, improving preparedness for a remarkably similar storm 30 years later.

WHAT WAS FORGOTTEN ALONG THE WAY?

To reflect on this challenging year and to help guide your perspectives during the enrollment cycle that has just begun, we'd like to offer three insights that may not have been obvious in the midst of the storm:

■ **It's not just the economy.** It is easy to blame the economy for everything and forego scrutiny of an institution's specific attributes and performance. However, all throughout the cycle—from early decision statistics, to application totals, to enrollment results—the evidence has pointed to substantial variability in results, especially *within* institutional types. This indicates that factors beyond the economy were at work.

Performance in this climate appears to be as much a function of how well institutions have positioned themselves for and reacted to the economic downturn as it is to the downturn itself. In other words, results are based not solely on what is happening *to* institutions or what institutions *are*, but on what institutions *do*.

For example, the conventional wisdom was that smaller, private, non-urban, tuition-dependent colleges were in deep trouble. Alas, among many such institutions, with some hard work and aggressive recruitment, this year was more stressful and occasionally disappointing, but not calamitous. By minimizing price increases, moderating enrollment targets, digging more deeply into applicant pools to admit more students, and increasing the generosity of financial aid award packages in anticipation of the recessionary market forces, a significant number of these institutions found success, even in the challenging economy. A key question now becomes whether this success is sustainable next year and beyond, and at what cost.

■ **Historical data matter.** Early in 2009, we heard at many professional conferences and read in more than a few media outlets the view that “historical data no longer matter.” It is only human amidst uncertainty to warn ourselves to the idea that there is no way we can know what is happening, what to do, and what can be learned from the past. Such thinking can also be illusory and lead to regrettable decision making.

While it's true that this past year's journey was markedly different from the one that preceded it, just imagine a ship's captain in troubled seas renouncing past and present evidence and experience to navigate through such adversity. And assume, for the sake of argument, your institution did just that. What is the alternative strategy?

During other recent downturns—the October 1987 stock-market crash, the “dot com” bubble burst, our national mourning following September 11, 2001, and other events similarly billed at the time as the economic equivalents of the “storm of the century”—the last thing that effective leaders chose to do was destroy the records, discard the map, and disable the navigation system.

What is so startling about these declarations is that many of the doomsayers have themselves lived through these prior downturns. Next time, we will benefit from maintaining our perspective and memories of history's important lessons. After all, who among us can possibly argue that we have nothing to learn from how institutions, including our own, have acted and reacted during past downturns?

■ **It is still predictable.** Another disconcerting lament we heard suggests that one simply cannot make enrollment predictions and projections in this economic climate. We would like to disagree politely, but we cannot. We disagree vigorously. The truth is—as we said last winter—this year's outcomes were still predictable, but with one unsurprising caveat: What we did not know back in February was *how much* predictive power had been lost due to economic turbulence.

It's certainly true that some institutions experienced disruption this year in yield among particular student subgroups, but rare was the case that an institution's results were starkly different than they might have expected had they admitted the same students with the same financial aid awards in a prior year. Why, in all the

concern about economic conditions and job losses, did predictive power remain relatively stable?

To the degree that families make decisions on a *similar set of criteria* as they used in recent years, your ability to predict and project *in the aggregate* remains strong. Let's not forget that families have been considering cost when making enrollment decisions for quite some time. Cost was indeed a larger consideration for many families this year. This is an extension of an ongoing trend, but it is not an entirely new phenomenon. It is essential to distinguish between an entirely new concept and the continuation, change in tempo, or other modification of an older one.

The idea that enrollment decisions would suddenly be made upon a sweeping new set of criteria that no one could have considered or imagined was an illusion. We are still sailing in the same ocean, even though the waters are rough.

FINDING CALMER SEAS

As we look with both hope and hesitation toward the coming enrollment cycle, we should learn from the past twelve months—both about what happened and especially what did *not* occur. And as we grow more focused on the question marks on the horizon, we need to anticipate the perspective of rising high school seniors who have spent the past year thinking differently about their own college search than classes in years past. What will they choose when next spring rolls around? Will they be more deeply influenced by the recession? How will colleges address the next round of challenges? How many can afford to be as generous for a second consecutive year? What other options exist?

Facing these pressing questions, managing fear effectively is essential because fear can produce misguided and even counterproductive decisions. Unchecked fear can dis-

able even the truest internal compass. We are more than a year into a severe global recession that, now more than ever, requires marshaling evidence and utilizing institutional memory, historical knowledge, and professional experience in concert to plan and execute successful strategies.

Some institutions may have found their way to home port this year a little lighter in applications, enrolled students, or revenue than they had hoped. For nearly every institution, the silver lining is that the coming months are an opportunity to enhance capabilities, acquire more information, and adjust navigation tactics.

There is time to generate the research and develop the knowledge that will help you better understand the new baseline that this enrollment cycle has established and avoid needless repetition of unsatisfying results. This year is not lost, even for institutions that have fallen short of goals, if the experience helps ensure they find the pathway home during the coming enrollment cycle.

About the Authors

KATHLEEN (KATHY) DAWLEY is president of Maguire Associates, in Concord, MA, a research-based consulting firm serving educational institutions and organizations since 1983 to successfully advance their mission and vision, reputation and brand image, and strategic and tactical goals. She joined the firm in 1989 and has served as president and CEO since 1996. She collaborates with boards, presidents, leadership councils, and departmental teams to plan and achieve their strategic and operational goals. A skilled listener, analyst, communicator, and organizational strategist, Kathy is committed to advancing organizational goals by applying market-based research in highly effective programs across the college and university lifecycle. She is a trustee of Regis College and a member of the Board of International Advisors of the Monterey Institute of International Studies (an affiliate of Middlebury College). Kathy holds a B.A. from Regis College. You can reach Kathy at kdawley@maguireassoc.com.

JONATHAN P. EPSTEIN is a Senior Consultant at Maguire Associates. He is an expert in student recruitment, enrollment strategy and innovative analysis. He has experience managing enrollment modeling strategies, admissions decisions, and a wide range of student recruitment programs. At Maguire Associates, Epstein is a lead developer and primary consultant for the EMPOWR service for student recruitment and is involved with other development activities, admissions consulting, and data analysis. Epstein holds a bachelor's degree from Wesleyan University and a master's degree in higher education from Harvard University. You can contact Epstein at jepstein@maguireassoc.com.
