A Collection of *Insights* for a Challenging Economy

Volume 2

Advancing Higher Education Through Insight and Innovation
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WHILE THE ECONOMY continues on a slow and steady recovery course, it is fair to say that the feeling of recession lingers in higher education – owing in large measure to the industry’s reliance on two of the most lagging of lagging indicators, employment and credit. In our second year of publication of Insights for a Challenging Economy, we and our loyal readers found encouragement in the growing level of sophistication being displayed by students and parents who are emerging from this economic crisis with a greater understanding of net cost, significant focus on matters of retention and student success, and increasing engagement with tools such as the Net Price Calculator.

The fundamental importance of higher education around the world and parents’ commitment to providing high-quality educational opportunities for their children have never been greater. Indeed, the value placed on education was proven in a dramatic way during this past enrollment cycle. The results from our 2010 College Decision Impact Survey revealed that high school students and their parents continue to feel extreme concern about the economy while at the same time – and rather relentlessly – pursuing their higher education objectives. The robust new student enrollments on campuses across the country this fall indicate widespread recognition of the role a college education plays in the advancement of individuals, communities, and societies.

Better informed and more highly engaged consumers emerge from most every economic downturn, and today is no exception. From our vantage point, this has presented an exciting “call to action” for all of us involved in the stewardship of higher education – and institutions are responding vigorously. From recruitment, to strategic pricing, to retention and persistence, to graduation and beyond, institutional leaders are bringing a sharper focus to initiatives and investments that are
likely to make both individual institutions and the industry as a whole much stronger and more vibrant in the long term.

The Maguire Associates team will continue to share thoughts, trends, data, and advice in Insights, offering our analysis of what is happening, what to do, and what can be learned from the past. This second edition compendium of Insights of the past year is offered as a guide and a resource as we prepare for success in the upcoming cycle.

Sincerely,

Kathleen Dawley
President

KATHY DAWLEY, PRESIDENT & CEO
Kathy joined the Maguire Associates team in 1989 and has served as president and CEO since 1996. Her insightful leadership has benefited Maguire Associates and the many colleges and universities where she has collaborated with boards, presidents, leadership councils, and departmental teams to plan and achieve their strategic and operational goals.

“Shoot for the moon. A miss will put you among the stars.”
~ African American Proverb
Welcome to the second year of our Insights for a Challenging Economy bulletin. More than in most recent Septembers, institutional and enrollment leaders seem to be sharing the same sense of excitement and disorientation that their new students experience as they navigate a new campus landscape. For students, there’s little choice but to learn quickly and keep moving. For institutional leaders, however, there is a choice.

While it’s understandably difficult to disconnect from the ever-increasing tempo of the new academic and enrollment calendar, it’s especially important to find the time to do so. It’s not fall 2007 when the student recruitment landscape allowed for relatively smooth sailing. However, it’s also not fall 2008 when much of the global economy was engulfed in turmoil and uncertainty. This is fall 2009, and if your recruitment strategies are calibrated for anything other than the moment we’re in now, it could well be a very long year.

Here are three possible areas for recalibration at the start of this cycle. Not all this work can or should be done right this minute. These are necessarily ongoing processes. However, if you get into the right mindset and get started now while the year is still fresh, you’ll put yourself and your institution in a good position come crunch time next spring.

1. Recalibrate your recruitment messages

The fundamental importance of higher education around the world and parents’ commitment to providing high-quality educational opportunities for their children has never been greater. The value placed on education was proven in a dramatic way during this past enrollment cycle. According to Maguire Associates’ recent College Decision Impact Survey, high school students and their parents reported extreme concern about the economy while at the same time – and rather relentlessly – pursuing their higher education objectives.
Happily, this widespread recognition of the role a college education plays in the advancement of individuals, communities, and societies has not been lost in the recent economic downturn. At a Maguire Associates Symposium in June, The New School’s Executive Vice President & Chief Operating Officer James Murtha called this phenomenon “the inelasticity of aspirations.”

The relative stability of enrollment patterns this “inelasticity” suggests, however, belies subtle but important shifts in priorities and interests of students and families in this economic climate. It’s essential to recalibrate your communication, conversation, and connections with students and parents to address precisely what’s on their minds and in their immediate priorities at that moment, whether or not those topics have been focal points of your messages or publications to date.

Market research is an indispensable resource for understanding prospective students and parents in this manner. Now, in tough times, is exactly when successful institutions are investing in research to stay as close as possible to their most important revenue sources. Timely research enables institutions to recalibrate their recruitment messages as well as the facts and stories used to animate and articulate those messages, doing so as needs dictate throughout the enrollment cycle.

Additionally, a resource such as the StudentTracker service at the National Student Clearinghouse can be utilized and carefully analyzed to provide data on where each of your admitted students enrolled this fall. Such analysis will help you calibrate your direct competition, including those whose places on the list have become more prominent during the economic downturn. Combining that competitive information with insights from market research can enable savvy enrollment managers to ask and answer key questions and generate truly relevant messaging and communication vehicles.
2. Recalibrate your market tracking

The most important knowledge about your student market comes first and foremost from exploring your own recruitment data and results. Knowing what has worked for you and, as importantly, what has not worked for you is an essential condition for deriving meaning from all other market information.

Monitoring your progress and the composition of your inquirers, applicants, and admitted students is a must at all times of the year – and in years of favorable tailwinds or ominous storm clouds. Effective tracking means looking beyond last year, beyond mere response rates, and beyond simple inquiry volume to identify the strength and interest of your prospective student pool. Remember that this year’s high school seniors and their families, unlike last year’s cohort, have absorbed frightening economic news throughout the students’ junior year. Their approach toward submitting inquiries or selecting institutions to which they’ll apply may differ slightly from the approach of cohorts in years past.

It is also important this year to recalibrate the information that you track from outside your own institution. Several publicly available data points are decidedly pertinent to the important work of recruiting students; they provide evidentiary support and guidance for decisions that you and your colleagues will need to make throughout the fall and winter. For example, we know that the ability and willingness to pay for higher education derives from far more than income figures reported on a financial aid form. Keeping a close eye on credit markets will inform your awareness of families’ borrowing power for educational costs. Monitoring home values across your primary markets will provide a sense of general trends of home equity. Public sentiment and consumer confidence data are also directly related to spending behaviors. And while noteworthy job growth isn’t expected to return until late 2010, hiring activity and unemployment...
rates in important markets are still useful pieces of information when recalibrating your strategies as they pertain both to messaging and, later in the cycle, to financial aid awarding.

3. **Recalibrate your financial aid awarding**

Many colleges and universities across the country made bold commitments of generous financial aid awards this past spring. These commitments helped stabilize enrollment at a wide variety of private institutions, especially smaller and liberal arts colleges. That momentary necessity, however, has created an important long-term question around the sustainability of awarding strategies if they are not recalibrated again for a new year – another challenging and complicated year, to be sure, but one that will not be a carbon copy of the preceding cycle.

Looking forward, you can most effectively derive strategies to meet the needs of both your institution and the families you serve by using a judicious combination of insights gleaned from interactions with those families, tracking external trends, and complex analysis of your enrollment results. It may only be September, but this is the perfect time to ramp up conversations with institutional leaders and begin formulating a comprehensive awarding strategy for the year to come, educating colleagues that simply implementing last year's strategies without thoughtful recalibration is risky at best, and financially damaging at worst.

**Sharpening your tools**

As public emotions fluctuate with daily financial and economic news reports,
short-term behaviors can and will be affected. This is the case even when it is likely that the most critical decisions will be made on larger and more enduring factors. This distinction between emotions and actions was a key point in the final analysis of student enrollment choices last spring, as deep concerns did not necessarily translate into altered enrollment choices.

This year, there’s no way to know which behaviors will be altered during the early parts of the enrollment cycle, or by how much. If the stock market takes another serious nosedive or a monthly employment report is worse than expected, it’s possible that families may cancel trips to your campus or fail to attend particular events due to their momentary concerns or constraints. They may make other such choices in the midst of these fluctuations that you might otherwise interpret through the prism of years past as a lack of interest in your institution. Perhaps this year it’s worth testing out different responses. Emotions now may be very different from emotions in the spring, and we have learned from our survey work that serious concerns about the economy do not necessarily translate into retrenchment.

Conventional wisdom is that higher education is genuinely countercyclical – people gravitate towards it in hard economic times. Last year proved the adage to be true to an extent. The catch is that students won’t necessarily gravitate towards you. There is intense competition for desirable students. This year, we all need to bring our A game.

So, even though it might feel difficult enough just to keep up with the overwhelming pace of business, don’t forget to keep your head up and look around. It can be disorienting to be in a new space on a new day, but there is great power to be harnessed from the experiences and skills you accumulated while surviving last year. Use your tools, exercise your curiosity, and sharpen those powers of observation for a fresh spin around the enrollment cycle. And return, with renewed momentum, to thrive in a challenging economy.
JACK MAGUIRE, CHAIR & FOUNDER

Prior to founding Maguire Associates in 1983, Jack Maguire created and named the first enrollment management model for the recruitment and retention of students. He has written extensively on the topic and co-authored a book on a “systems” approach to enrollment management with his Maguire Associates colleague, Larry Butler. He holds a Ph.D. in mathematical physics and has served as Dean of Admissions at Boston College and trustee of six educational institutions here and abroad.

“\nThe test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have too little.\n
~ Franklin D. Roosevelt
MANY COLLEGES and universities are confronting even more complex challenges than usual. Indeed, the timing, intensity, and consequences of some of the most serious challenges qualify them as outright crises.

Managing multiple difficult events such as salary freezes, budget cuts, job reductions, enrollment declines, and rising discount rates can seem overwhelming to even the most experienced among us. Can there be any doubt for higher education leaders that it truly is “lonely at the top” these days?

**Success is often invisible – failure is often conspicuous**

As is the case with umpires in a baseball game, few people remember the complex situations that are handled well, yet no one forgets those handled poorly – often recalling details for decades. Some of the most memorable, newsworthy, and painful crises arose more from inappropriate reactions to an initial problem than from the problem itself.

Whether your institution is facing a full-fledged organizational crisis, a more contained set of concerns, or you’re simply coping with budget issues that are pervasive in a recession, it’s a good time to recall some strategies for handling unpleasant and uncomfortable situations effectively.

Here are three steps for assembling a real-time crisis plan that, as with any good plan, should be guided by clear objectives, compelling strategies, and careful day-to-day and even hour-to-hour management:

1. **Identify the real problem**

   Unearthing the cause of a problem is rarely a straightforward, linear exercise in any setting. Effective leaders, like good doctors, know how to see beyond symptoms and presenting problems. The best college presidents and department heads are adept at diagnosing the real problems, identifying their underlying causes, applying a comprehensive solution, and learning from the episode so as not to repeat it.
Digging deeper typically produces more information about the scope and implications of a situation. People sometimes hold back important information or translate it subjectively as their needs and circumstances dictate. Creating an emotionally neutral and not excessively judgmental climate can encourage full disclosure. We have consistently found that fear of retribution, unwise finger pointing, and political gamesmanship – the “blame game” – greatly limit the flow of needed information as well as its relative objectivity. You can’t possibly know everything in a crisis, but probing in the right manner will help you learn enough to get the job done.

2. **Send the right messages at the right time**

Some serious challenges will require public disclosure by their very nature, whether your institution is public or private. And in these times, rumor, gossip, and news leaks coupled with ubiquitous social media find stories going public that would never have seen the light of day 10 or 20 years ago. So take the time early in an emerging crisis to craft messages that are appropriate and authentic, balancing description of what is happening with prescriptions explaining what you are doing about it. This is no place to be cute, either, since small problems can become big ones when institutions obfuscate, bend the truth, disclose only partial facts, or otherwise attempt to hide serious problems.

It’s a good rule of thumb to accept that most serious institutional challenges or crises will break as news; it’s generally just a question of when. If conditions allow, institutions can develop a strategy to shape how and when the news breaks to create a reasonable context for its release.

Training is an essential component of effective crisis communication. It is critically important that leadership be trained in how best to deliver the messages and not to drift too far from them. Developing and circulating a Questions & Answers document is a proven crisis management tool for
any leadership team. Leaders in challenging situations also need to understand the importance of their roles and adopt strict protocols for disclosing information and receiving and responding to telephone and e-mail queries from media, opinion leaders, and other key constituencies.

It’s important to remember, as well, that there are no longer any real distinctions between “internal” and “external” audiences. With technology, networking, and mobility, internal and external communications have fused together, which means that it is hardly possible any longer to communicate with one audience while avoiding or delaying communication to other audiences. Attempts to do so may only embitter those left out of the communication, who will then have heard your key message indirectly and through other filters. Assume that people will talk, so all people will need to hear the message from you or your president, first. Nobody wants to read about these events in the newspaper, on a blog, or through a Tweet first.

3. **Remember the singular nature of higher education**

Higher education is a special case. There are time-honored best practices for navigating a crisis or serious challenge in any profession or industry. However, higher education has a particular and unique set of circumstances.

The most successful higher education leaders understand that students and parents are their customers, and communicate with them in times of crisis and otherwise as if their institutional lives depended on it. Retention is a central focus at institutions across the country as students constantly assess whether and how much they are committed to remaining with your institution through to graduation. With the importance colleges place on graduation rates, and given the high cost of losing students,
it’s important to communicate well to this audience. Current students can easily discern when an institution is managing a serious challenge well and in a reasonably open and collaborative manner. They appreciate being told what is happening, why, and what is being done about it, just as they expect that their voices will be heard in the process.

Faculty are also a massively important constituency for which it is difficult to find a corollary in any other profession. The best institutions understand that crises present singular opportunities for organizational change, especially in building trust and improving communication and collaboration between administration and faculty. Yes, getting the substance, tone, and timing of communication with faculty is a complex and sometimes painful task. So is presenting faculty with a forum to provide feedback in tough times. Doing both well, however, is the right thing to do and can pay handsome dividends in the long run.

**Remember all your constituents**

The communication imperative doesn’t begin and end with students and faculty, either. Any crisis management plan also requires balanced, timely reporting to these constituents:

- **Alumni and Donors:** A major institutional problem can create immediate implications for fundraising, especially for pending major gifts. It is essential that institutional leadership reach out to current and prospective donors to explain what is happening in a crisis and reassure them of the need for and stewardship of their gift. Reactions from alumni may vary based on their status as current givers or non-givers as well as their graduation era. Targeting specific alumni communication by era can make sense in a crisis, since graduates of different ages are likely to have different perceptions of the institution today and of the crisis itself.

Did you know?

58% of all bachelor’s degrees are earned by women.¹
• **Prospective students and families:** Your recruitment team is out there making promises and selling the value of your institution every day. They can’t possibly avoid discussing challenging circumstances, since your prospects will almost always discover the problem anyway. Addressing tough issues carefully but directly and authentically is always the best approach with prospective students and their parents.

• **Opinion leaders:** Don’t forget to reach out to banks, rating agencies, bond holders, government officials, employers, and other officials who may have a vested interest in the institution and who, in some case, are central to the problem or its solution.

Clearly, responding effectively to crisis is complicated business. We know that the consequences of failing to do so are often public, severe, and lasting. While the rewards of effectively managing serious adversity are not always as visible or immediately tangible, they can be felt in the community – in its confidence, its morale, and its momentum to move beyond difficult moments. And those are the precious opportunities worth seizing in the face of serious challenges in a challenging economy.
Jessica McWade, Executive Vice President

Jessica serves clients across many disciplines including Leadership & Organizational Development, Branding, Marketing & Communications, Strategic Planning, and Research. She has held senior leadership positions in three Fortune 200 corporations, non-profit organizations, the military, and small business. Jessica is past president of the World Affairs Council of Boston and a member of The Council on Foreign Relations. She is also completing her doctorate in leadership and organizational development. An active public speaker, blogger, podcaster, and photojournalist, Jessica has traveled to 35 countries on six continents, so far.

“There is no passion to be found in playing small – in settling for a life that is less than what you are capable of living.”

~ Nelson Mandela

Favorite Quote:
REMEmber how things felt at this time last year? There was much fear that college choice patterns would alter radically. Some predicted dire consequences, even that the economic crisis would compel many students and families to forgo college altogether.

While much trepidation remains this year, there is an eerie public silence about the economy and its implications for higher education enrollment. Some of last year’s loudest doomsayers seem to have retreated. More importantly, however, the relative quiet may simply reflect the very natural tendency to adjust to the “new normal.”

As we approach critical moments in the complicated fall 2010 enrollment cycle, we still need to consider the similarities and differences from last year’s emotionally charged environment and ask, “Where are we now and what does it mean?”

Five market observations

Here are five observations on the general state of affairs in this recruitment cycle:

- Admission applications are up at a wide variety of institutions. Moderate application growth is the norm, from the most selective to non-selective, across public and private institutions. News reports have underscored these increases and many of our clients are showing gains, as well.

- Families are banking on financial aid. Students seem to be applying to even more institutions this year, likely placing even heavier weight than last year on their financial aid awards in making enrollment decisions.

- Demographics are cresting. The United States still has the most students ever graduating from high school, essentially unchanged from last year. This college-going population is expected to be the largest ever in this country, but these numbers have peaked for the immediate future.
• **Families and institutions are in the same boat.** The economic downturn has institutions trying to figure out how they will afford doing business this year and in the years to come.

• **Endowment income and donor giving won’t bail out the ship.** Private giving to higher education was down dramatically in 2009 and endowment values declined by historic amounts – rebounding the least at institutions with smaller endowments that can least afford the losses.

This season understandably feels like the second year of an economic crisis, following the overwhelmingly difficult fall 2009 recruitment cycle. Of course, we know that the recession technically began in December 2007. While the fall 2008 recruitment cycle was nowhere near as painful as last year’s, we can see in hindsight that abundant signs of trouble were evident even back then.

Interestingly, Kristin Tichenor, Vice President of Enrollment at Worcester Polytechnic Institute, told a Maguire Associates Symposium audience last fall that her analysis of WPI’s historic data shows that the third year of a recession can be the toughest. Well, this is the third year!

So, given these five market observations, what advice can we offer for the third year of a tough economy? Here are three thoughts:

1. **Third year, third rail?**

   We were reminded last cycle that higher education is not a discretionary expenditure for most families. It is woven into the fabric of the American dream in ways that can transcend economic stress. That said, where someone chooses to enroll remains an entirely different matter.

   This year, we are all working with families who have had much more time to internalize the full brunt of the “Great Recession.” This may be the third year of economic crisis, but last year’s high school seniors and their families – as well as the media and our political leaders – were not
completely overwhelmed by it until partly through the recruitment cycle. This year’s class has marinated in instability for a longer period of time than their predecessors, and it’s not yet clear how this will affect their college decision making (More from us on this topic, coming soon).

In terms of our abilities to navigate the environment, there is good news about the predictive power of statistical models created or re-built this year. They are based on a very challenging cycle – recruitment for fall 2009. Predictive models of all sorts – from the very simple to the very sophisticated – rely, in general terms, on data from the past to predict the future. Whereas last year, the climate was quite different from one year to the next, this year the changes may be more subtle.

While all is not well, there is something to be said for pulling back on the reins of the crisis mindset and calibrating this cycle’s final touches with a calm and steady hand. Inarguably, the third year has the potential to be the third rail for some institutions, but not if you use your hard-won experience and knowledge from last year to guide strategically sound decisions over the coming months.

2. Apps Up, Yields Down

Let’s start with the trend of the moment: “fast applications” are everywhere. The trend has been expanding for several years, but there has been
a particular spotlight on the topic this winter.

“Fast applications” are specially designed admission applications, often distributed to a wide net of inquiring prospective students, typically for the purpose of expanding applications in existing markets or establishing new ones. Usually, they are free (waived fees), quick (partially filled out for the student), and easy (often there is no required essay, just a graded writing sample). Given this strategy’s objective of reaching tentative candidates or those beyond the institution's typical applicants, “fast application” students tend to be less interested in the particular institution overall, and yield at lower rates. However, there is no indication that “fast applicants” who enroll are any less qualified than students who apply by other methods.

Next, some simple arithmetic: There are approximately the same numbers of high school graduates this year as last year and there is no marked difference expected in the overall college-going rate. If you and your competitors are experiencing application increases in the vicinity of 10 percent, then something has to give. What’s likely to give in this scenario is yield.

Taking strong cues from last year’s experience, digging aggressively into your application pools to admit more qualified students than in the past will be central to achieving enrollment targets. Last year’s yields may have been below historic norms, but another decline is still possible. Your success with yield will depend in part on your financial aid awarding strategies. That’s because, though there are more applications, there aren’t additional students. Be cautious about letting selectivity be a top goal in this environment.

3. Sustain, Retrain, Retain

With state appropriations to public institutions being cut, private giving
to higher education down 12 percent (and more to smaller private institutions), institutional endowments eroded, income from endowments unlikely to rebound any time soon, and financial aid commitments rising, budgets are tight – and will stay tight in the near term. Creating sustainable management processes within these constraints is a complicated, multi-faceted challenge.

- **Sustain**: It is essential in this environment to analyze and adjust financial aid policies on a continuous basis. This necessity is due to the presence of two powerful and competing forces. First, financial aid has become an indispensable tool for delivering your class. And yet, using very aggressive financial aid awards *alone* to reach your enrollment targets is not a financially sustainable strategy. Even at some of the most highly selective institutions with no-loan policies, there is pressure to pull back. On January 31st, Williams College became the first institution to overturn its no-loan policy, and was followed a week later by Dartmouth College.

- **Retrain**: Sustainability also depends on generating streams of prospective students from heretofore unlikely sources. For example, it’s an important time to retrain recruitment staff to focus substantial energy on transfer students. Simply creating a recruiting and enrolling environment where transfers feel welcomed and appreciated can make a huge difference.

Providing a promise similar to what is offered to first-year students – housing, entry to courses, and orientation – alongside a clear and easy credit-transfer policy, is an important step. There may soon be a boomerang effect with some students who flooded to community colleges last fall transferring to four-year institutions this coming fall.

- **Retain**: Lastly, “recruiting to retain” means aligning your marketing messages with the services you can deliver to your students at the high-
est quality. It is essential to ensure that promises are fulfilled and that what students experience at your institution matches the expectations your recruitment process generates.

A welcoming, service-oriented environment, complemented by authentic – and not generic – pre-enrollment interactions can create the optimal circumstances for retaining students whom you enroll. Additionally, a long-term strategic effort to recruit the kinds of students who have a natural tendency to retain at higher rates is an important process to undertake. The financial and reputational costs associated with the dissatisfied students who leave you can be staggering. What may be worse, however, are the costs associated with highly dissatisfied students who stay. It is essential in this regard to focus on both satisfaction and retention.

To another finish line

At January’s Council of Independent Colleges national conference, attended by more than 350 private college presidents, some leaders expressed deep concerns about fall 2010 enrollment. The Chronicle of Higher Education reported that one president, reinforcing the “third year, third rail” sentiment, said, “There is a theory that fall 2010 is going to be the hard one.”

Well, this is hard! And you are right in the thick of it, too. What helps each and every one of us get to the finish line, however, is the reminder that we share a unifying mission that is central to improving the quality of life for individuals, families, and communities. Above all else, that is the laudable state of today’s higher education market and is why we dedicate ourselves to it.
The Higher Education Opportunity Act of 2008 – all 432 pages of it – is significant for several reasons. The law annually increases the maximum and minimum Pell grants incrementally over the next five years. It requires identification of the top five percent both of institutions with the highest total costs and those with the greatest rates of cost increase over the prior year. And, for those spotlighted institutions, it mandates a report on how they plan to reduce costs in the future.

Potentially the most “game-changing” requirement, however, is the directive that colleges and universities provide a Net Price Calculator (NPC) on their websites by October 29, 2011. The NPC is intended to help students and families acquire an indication of the amount of financial aid they could expect to receive at an institution and, therefore, to understand the potential net price of an education at that college or university. The law also mandates that the Department of Education create a calculator template for any institution to use, which the Federal government released in October 2009.

This policy shift is dramatic because it suggests, and could well catalyze, a new wave of consumer transparency in higher education the likes of which has not been seen since U.S. News & World Report began ranking colleges and universities in the 1980s. This emergent era of transparency is shaped by the simmering concerns of consumers, institutions, governments, and the media about the cost of higher education today, and is accelerating at this particular moment due to the NPC requirement.

Colleges and universities now face a defining strategic choice. On the one hand, institutions can merely comply with an obligation imposed by government, perhaps in some cases hoping that a head-in-the-sand approach will
make the “problem” go away. On the other hand, some will embrace the NPC and use it to their advantage, and in doing so play a productive role in shaping and leading the transparency movement. After all, the NPC presents a major opportunity for institutions to communicate that they are more affordable than many students and families believe.

We all know how generous and creative institutions are, and will continue to be, in the sincere effort to make higher education affordable and accessible. In that spirit, we suggest that the Net Price Calculator should be seen as far more than a government mandate. Instead, it’s an opportunity to engage your prospective and current students and families in increasingly substantive and transparent communication, education, and relationship building.

We’re advising clients to seize this leadership moment and see the NPC and the selection of the right calculator – since some are far better than others – as a tool with enormous potential for institutions and consumers alike. Indeed, we are working with some far-sighted, well-led institutions right now that are out in front of this issue and “own” the change as if it was their own idea.

Embrace the transparency!

The NPC and the Big Picture

What will all of this mean for higher education generally, what could it mean for your institution, and what might you do in response? To date, there has simply not been enough helpful analysis on this subject for practitioners.

As we analyze the issue from all sides here, two major themes are emerging:

- **Is This the Next U.S. News?**

  The *U.S. News & World Report* college rankings delivered aggregated comparative data to the public in a concise way for the first time. It was
transformative for public perception as well as institutional reaction. The rankings shone a bright, hot spotlight on certain college characteristics and statistical metrics – and not necessarily the ones that some colleges and universities believed were most central to their mission and purpose (Maguire Associates has been critical of *U.S. News* methodology in the past, while still recognizing the value of certain individual data elements, especially those related to retention). In the same way, ready access to individualized award estimates will have the potential to lift the veil on financial determinations that institutions have been making privately for many years.

Once these floodgates open, decisions on where to apply for admission will carry an added dimension. It may become similar to the way that families today access academic information without ever requiring direct contact with institutional representatives unless their interest rises past a certain level. In the process, if institutions don’t plan proactively and create an NPC that captures contact information, institutions may lose the ability to put the information into context. Such an eventuality could bring “stealth applicants,” already a growing phenomenon today, to an entirely new level after 2011.

- **Is This a New Competitive Crossroads?**

  Because net price is largely associated with individual families and students, however, the impact may not necessarily be felt nationally in the wholesale manner of the *U.S. News* rankings. It could well manifest beneath the surface rather than in the spotlight, at least initially, suggesting a more distributed, “retail” form of transparency.

  The NPC will be deployed by various institutions in such different ways – what information is requested and which characteristics are pertinent in determining financial aid awards, for example – that centralization of the information will be a daunting task. A vision exists of a single source for
immediate comparison of these net price approximations, where a family can navigate and compare multiple institutions. It’s a complex task that, if achieved, could have an astonishing impact. Until that time, however, the sea change is likely to be felt in the specific ways that the savviest institutions use the NPC to offer and promote value, opportunity, and affordability and surpass those competitors caught in a downward spiral of NPC resistance.

The NPC and Your Institution

It’s safe to say that the Department of Education’s calculator template leaves much to be desired for most potential users. Without significant customization, the federal template presents particular challenges for universities and colleges that fund and distribute large amounts of institutional grant aid in differential ways to reward academic accomplishments. In developing an institutional response, therefore, it will be essential for you to assess what sort of calculators are best for you and why.

As we continue to absorb the realities, risks, and potential problems created by certain uses and misuses of these calculators, here are three suggestions for today to help turn this Act into action:

1. Don’t Procrastinate. The NPC discussion is more complicated than one might think, and we already think it’s very complicated. That’s because the accessibility of a personalized award approximation will fundamentally change the way we all try to navigate the tense issues of cost and affordability with students and families.

This new law has long tentacles into countless facets of recruitment, enrollment, and even retention that the market has yet to realize fully. As
with any complex piece of legislation, there can be no doubt that the Law of Unintended Consequences will be at work here, too.

The NPC will clearly affect how students communicate with admissions and financial aid offices, how they determine where to apply for admission, possibly without ever communicating with the institution, how they evaluate their *actual* financial aid offers after admission or even their current packages as *returning* students. And no doubt more dominos could get knocked over in the process.

The key word is *could*. If you think, plan, and test early, however, you will allow for the ability to implement what we have referred to in previous issues of *Insights for a Challenging Economy* as the 4A Approach: Analyze, Attempt, Assess, and Adjust.

2. **Review the DOE Template Carefully.** We joined others in being skeptical of the ability of the Department of Education (via NCES and OPE) to produce a one-size-fits-all Net Price Calculator template that can work effectively across the immeasurable diversity and complexity of higher education. Once released, we noticed that the federal template indeed has some modest positive characteristics. It’s concise and allows for some minimal customization. However, it is almost completely generic and formulates an Estimated Family Contribution (EFC) in a way that won’t necessarily align with your institution’s calculations. It has the potential to be grossly inaccurate due to its simplicity.

These facts present enormous problems for institutions, especially for those with even the most modest measure of sophistication or variance in financial aid awarding practices, which includes nearly all private institutions and a sizable majority of those that are public. Those whose awards incorporate holistic characteristics beyond basic need, like student achievement or perceived contribution to the campus community, will likewise find the template sorely lacking. So, while the federal template
may be “free,” it comes with a potentially staggering cost in the recruitment and enrollment process.

Using the template as a “straw man” and a mental starting point, institutions can start asking some major questions, such as:

- What message would this calculator send to prospective students?
- What message would it send to admitted students?
- Would we be comfortable with the reality that the calculator will occasionally take the place of our detailed messages about value and affordability?
- Does the calculator demonstrate our value and uniqueness to prospective families?
- Dare we risk settling for less-than-satisfactory answers to any of these questions?

No matter how much institutions make it clear that any net price calculation is a guide or an approximation, and that the details of the application and FAFSA may create a substantially different financial aid package, the stark reality is that numbers often trump words. So, consider this default position carefully as you wade through the decision-making process for building or buying the best possible NPC.

3. Create an Asset. Some institutions are said to be considering what might be thought of as a “comply and bury” approach. It’s a plan, in essence, to nod to the new directive, place an NPC deep within their websites, and then hope for the best. Sure, avoidance is a natural inclination when facing issues that force open new ways of thinking about recruiting and enrolling students. But, we believe avoidance is a losing hand. It is precisely the wrong way to think about taking the best advantage of these shifting sands.
Just because the NPC is mandatory does not mean you must let it be a burden or liability. Make it work for you. Deliver an NPC that not only meets the objectives of the law, but also serves the objectives of your institution as well as your prospective students and families. Through a collaborative process among admissions, financial aid, student affairs, and other key constituents, you can build a real asset that benefits everyone within and everyone considering the institution.

Build one that captures valuable data for ongoing analyses and improved decision-making. Build one that generates interest among the kinds of students you hope to recruit and helps develop relationships with them. Build one that blends seamlessly with your key messages, selling points, and value propositions. Build one that your admissions and financial aid staff will be proud to share with students. Build one that you promote, not one that you hide. And build one that is, above all, accurate for most families.

**Seize the opportunity**

The Higher Education Opportunity Act of 2008 and its call for a Net Price Calculator are now the law of the land. We can either lament this new development or move forward to embrace the transparency in the most effective ways possible. We see some of our most thoughtful, productive clients already doing so and positioning themselves to lead in this new era.

Let’s use this transition period to reconfigure how we all communicate with students and families about the value of higher education, and not just the price. We can do it if we don’t procrastinate, if we think carefully, and if we turn the accountability into an asset.
Since her arrival at Maguire Associates in 1985, Linda has been committed to advancing institutional goals in the US and abroad by applying research results to the development of highly effective programs across the university/college life cycle and by maximizing the strategic impact of financial aid in the enrollment management process.

Favorite Quote:

“The more you know, the more luck you will have.”
~ Chinese Proverb
Imagine a website where parents, students, and the general public could compare colleges and universities not only on their published tuition rates, but on their actual net cost after federal, state, and institutional scholarships and grants had been taken into account. Now, imagine that the net cost estimates seen by families would differ based on the characteristics of the students themselves. When families can clearly see how much they will pay out of their pockets for an education at a particular institution, not at the time of admission but before they send out a single college application, how might that information change the entire admissions game?

Welcome to the new transparency in higher education, which is already underway and becomes official in October, 2011. No longer will families have to wait until a student is accepted to a college or university to learn about the “real” price they will have to pay to attend that institution after all sources of aid – including scholarships and grants – are taken into account. In the new transparency, families will have access to net cost information well before they decide upon their short list for sending applications. While we cannot know all the ramifications of putting an institution’s net cost conversation months or even years ahead of where it currently takes place, we do know that easily accessible comparative net cost information is a potential “game changer” in the ultra-competitive market of higher education recruitment and enrollment.

The new transparency in higher education should come as no surprise. Years ago, the public demanded access to, and a simplification of, costs related to the most expensive and necessary purchases they make, such as transportation and housing, and the dotcoms responded. Some of the most popular internet sites are net cost calculators for high-ticket items such as:
• Travel (Expedia, Kayak, Orbitz)
• Automobiles (Carfax, Cars.com, Vehix)
• Homes (BankRate, LendingTree, Zillow).

Given that the highest four-year private college costs now exceed the average price of a home in the United States, it makes sense that families are increasingly questioning published sticker prices and asking for net cost information earlier in the admissions cycle to aid them in their college decisions. Families are also questioning the arduous and mysterious process that they must go through with colleges in order to arrive at a bottom-line net cost at the time of acceptance. The process of arriving at a student’s net cost after taking into account all scholarships, grants, work study, loans, etc., is among the most frustrating aspects of the college admissions process for families.

Families are not alone in their desire for net cost information from colleges and universities. As recently as 2008, former Education Secretary Margaret Spellings’ Commission on the Future of Higher Education proposed creating a public database where both price and net cost information about colleges and universities could be made public and easily accessible. This call for improved transparency of information was complemented by the Higher Education Opportunity Act Mandate that requires institutions to develop, by October, 2011, net cost calculators that “shall be developed in a manner that enables current and prospective students, families, and consumers to determine an estimate of a current or prospective student’s individual net price at a particular institution” (HEOA 2008, Title I, Part C, Section 132).

In addition to mandates from Washington, a recent survey from the National Center for Public Policy and Higher Education (2010) found, not surprisingly, that the public is becoming increasingly frustrated with the “business” of higher education in general and more dubious about how colleges and universities set their prices. Overall, families are concerned about borrow-
ing heavily for higher education and more likely than in the past to seriously consider their bottom line net cost when deciding among the various college options.

The First Wave of Transparency

The first wave of transparency occurred in 1988, when *U.S. News & World Report* began publishing statistically based college rankings and displaying the data that comprised the rankings (the rankings were first published in 1983, however they relied solely on reputational data). This was the first time that students and families had easy access to information about colleges, and more importantly, comparative information about colleges. As a result of this first wave of transparency, colleges were held publicly accountable for their results and began to pay attention to the data they reported to *U.S. News* and other media. Almost all made efforts to improve their relative positions.

In the 27 years since the rankings were first published, two things have remained constant: the public’s seemingly insatiable desire for the annual ranking information, and the almost universal loathing of the rankings by college and university administrators. The transparency of information helped spawn many “college comparison” websites and other ranking publications.

Reliable information about colleges is just about everywhere these days, and families can now compare institutions on all kinds of metrics—for example, graduation rates, acceptance rates, and yield.

Families cannot yet, however, compare colleges on net cost after all sources of financial aid determined. Studies conducted by Maguire Associates have shown that, in 2010, families are more likely to look past sticker price and focus on their net cost as they decide among colleges to attend. When asked
if they would use a net cost calculator on a college website, 37% said they already had used one, and another 48% said they would be interested in doing so (Maguire Associates College Decision Impact Survey, 2010).

The demand for net cost information is largely due to the fact that the relative cost of attaining a college degree has soared well above the rate of inflation since the early 1980s. For more than two decades, colleges and universities across the country have been increasing tuition at a faster rate than costs have risen on any other major product or service – four times faster than the overall inflation rate and faster even than increases in the price of gasoline or health care. The result: After adjusting for financial aid, the amount families pay for college in 2010 has skyrocketed 439% since 1982.

Sources: The College Board, Consumer Price Index for All Urban Consumers, and Consumer Price Index.
Published costs for 2011 are expected to be as high as $55,000 per year for the most expensive private colleges, which is now higher than the median annual household income in the United States. This suggests that the much-touted tag line in many college admission brochures, “We give X million dollars each year in institutional grants and scholarships,” may be too amorphous and no longer sufficient to satisfy families accustomed to seeing the bottom line for most of their major purchases.

Consumers now expect net cost information for most purchases to be easily accessible online, and they expect the same from the college and universities that they are considering attending or already attend. The fact that accurate net cost estimates for colleges and universities are not readily available (while other information is) increases public frustration and contributes to the questioning of motives of higher education administrators, especially for institutions that charge the highest tuition rates.

The New Transparency

The new transparency is being fueled by the mandate for net cost calculators. By October 2011, all colleges and universities must post net-price calculators on their websites. Not long after that, the web aggregators (think Kayak.com) will find a way to grab the net cost information for direct comparisons between colleges and universities. This information aggregation has already occurred in most high-end consumer markets, such as housing, travel, and automobiles; it should be no surprise that the same will happen in higher education. Some institutions will fare surprisingly well because their net price calculators will be sophisticated enough to incorporate all institutional grant aid in addition to state and federal sources of aid, thereby lowering the net cost that families will see online. Other institutions will not fare as well because their net price calculators will be more generic and will not account for all sources of financial aid that can offset the cost of attendance.
Thus, the choice of online cost calculators becomes critically important. The federal government provides a free net price calculator that institutions can adopt, but tests conducted by Student Aid Services and others have concluded that the bottom-line net cost provided by the free calculator is often inaccurate, in part because of its simplicity. This is particularly true for the more expensive private colleges and universities that offer generous merit-based awards. Institutions that “discount” significantly face the problem of prospective students not realizing that need and merit aid could reduce their cost of college far below the published “sticker price.” These institutions also risk having their net cost appear significantly higher than their peers upon direct comparison through online aggregators.

Taking Advantage of the New Transparency

Some institutional leaders already see how they can use net cost information to their advantage in recruiting and retaining students. They will seek out the most accurate net price calculator for their web sites – one that gives the most accurate estimate of their institutional scholarships and grants. They will also provide their institutional aid awarding algorithms to online services, which will offer comparative net cost information to families. By providing the public with accurate net cost estimates, these institutions will benefit greatly by appearing less expensive than their nearest competitors by thousands, or tens of thousands, of dollars at the time families are choosing where to send their applications and which colleges to visit.

Other institutions will choose to meet the federal mandate by burying their net price calculators in their institutional websites, hoping that families won’t notice. While they may get away with this for a year or so, it won’t take long before these institutions feel the effect of being compared inaccurately, unfavorably, or completely left out of the net cost comparisons that will be offered.
to families who are deciding among colleges. The first symptom that an insti-
tution is losing against competitors in net cost comparisons will be declining
application volume.

The ramification of choosing merely to comply with, and not take full advan-
tage of, the net price calculator mandate will be felt most keenly by private
colleges and universities. That’s because they have the highest published
sticker prices for tuition, and also because private colleges award the most institution-
ally funded aid through scholarships and grants to offset the high sticker prices. Un-
fortunately, many of the students who would be interested in private colleges don’t even
apply because they focus on the published sticker price and are unaware of the steep
discounting that routinely occurs at these
institutions. Hosting an accurate net price calculator is one way for private
institutions to quickly navigate families past “sticker shock” and into more
productive conversations about the college experience.

Public colleges can also benefit from giving the families easy access to their
net cost information. The recession has forced many state-funded institutions
to raise tuition and fees – some rather dramatically – meaning that the stick-
er-price gap between public and private higher education is beginning to nar-
row. Public institutions only stand to benefit from giving families informa-
tion about the real net cost of a four-year college education, after all federal,
state, and institutional grants are taken into account. Even as tuition and fees
increase, public institutions can use an accurate net price calculator and net
cost comparisons to present a compelling financial argument to families who
would otherwise think they cannot afford to send their children to college.
What the Future Holds

We cannot anticipate all the effects of the new transparency on the real and perceived net cost of colleges and universities. However, we believe that it will have a profound impact on the college admissions process. Families who had to wait until the acceptance letters arrive to get some idea of what they will have to pay out of their own pockets will now have that information months and even years before they complete a single application for admission. Under-served students who would normally balk at published sticker prices will now have reliable estimates of what they will really have to pay for their college education, hopefully increasing the number and types of institutions that will receive their applications. “Short lists” will become shorter – or different – and it is inevitable that some institutions will lose a valuable opportunity to position themselves favorably against their peers in terms of net cost.

Rather than resisting the second wave of transparency, forward-thinking institutions will embrace the net price calculator mandate and choose a calculator that offers families the most accurate estimate of the cost to attend their institutions. As the net cost information propagates online and in print, the real winners will be the families and students, who will come to see that a college education is more affordable than they ever thought possible.

References


**TARA SCHOLDER, Senior Vice President**
Tara has over fourteen years of experience providing research and consulting to educational institutions to help advance and inform the development of institutional marketing, branding and competitive positioning strategies, enrollment management practices, and strategic planning.

**Favorite Quote:**

“Travel is fatal to prejudice, bigotry, and narrow-mindedness.”

~ Mark Twain
MAGUIRE ASSOCIATES partnered again with Fastweb to survey high school seniors on their college decision making. The findings of the 2010 College Decision Impact Survey (CDIS) this spring reinforce the continued, pervasive role of the economy in shaping student application choices.

While the recession has officially ended, and conditions are certainly improving, the coming admission cycle will in many ways be the third full year in which students and parents are navigating economic uncertainty.

Five findings from our study reinforce this view:

1. **Concerns Remain:** Two-thirds of graduating seniors are very concerned about the economy, with one in five respondents indicating that a parent had lost a job during this recession. In this context, two-thirds of seniors said their families’ economic concerns “greatly” or “somewhat” influenced where they were applying.

2. **Increasing Private Orientation:** As before, the survey revealed that the majority of students were interested in attending a public college, especially those who said that financial issues had colored their application decisions. However, a notably higher percentage of seniors expressed interest in private education than in last year’s survey. For example, 38 percent of seniors with GPAs of 3.5 or higher expressed interest in attending private institutions versus 29 percent in 2009.

3. **Growing Focus on Net Cost:** Among respondents preferring to attend a private college or university, the listed tuition had less impact on whether or not they would submit an application in 2010 (33 percent) compared to 2009 (42 percent). Students who preferred a private education agreed most strongly with two statements: 1) they would weigh each college’s financial aid package (particularly the ratio of grants to loans and work-study opportunities) when making their decisions, and 2) they were more
concerned with net costs after financial assistance from all sources had been determined. It seems that the “word is out” about the importance of net cost, more than ever before.

4. **Net Price Calculator in Play:** Well over one-third of respondents (37 percent) said they had already used a net price calculator on a college website, and almost half of seniors (48 percent) said they were interested in having that opportunity.

5. **Search for Quality:** The most important institutional quality factors rated by seniors are the variety and depth of courses in their fields of interest followed by the quality of academic facilities, percent of students employed after graduation, graduation rates, and student-to-faculty ratios.

There are many ways to assess and apply these findings. Three thoughts on quality, retention, and the Net Price Calculator come to mind:

1. **Make Your Quality Arguments, but Make them Specific:** Families are willing to invest in colleges and universities that they perceive to offer the greatest value and return on investment. This places a considerable premium on differentiating your message at a time when so many institutions are saying the same things. Specifically, you will want to develop persuasive facts and meaningful stories that defend and demonstrate your “quality” arguments. Institutions without well-developed messaging systems that articulate and animate their unique value proposition risk being unable to separate themselves from the competition in demanding times or, for that matter, at any time.

2. **Organize for Retention and Student Success:** Seniors indicate that they and their families believe graduation rates and employment after graduation are important college-selection criteria. A major challenge here is that retention, satisfaction, and success issues are addressed by many departments – from Enrollment Management and Student Life to Aca-
demics and Athletics – and are often undertaken by committees. Unfortunately, this approach can mean that responsibility for retention actually belongs to no one.

Ask yourself whether your institution is well organized to address retention challenges on a more strategic and systemic basis, if there is a shared understanding of who has responsibility for retention, and whether that individual or department has the needed authority and funding to make a difference. If undertaken well, thoughtful approaches to retention can help institutions achieve significant revenue and reputation gains.

3. Choose the Right Calculator, Now: The Net Price Calculator (NPC) is not just coming; it’s here. The U.S. Department of Education requires that colleges and universities provide a Net Price Calculator on their websites by October 29, 2011. The NPC is intended to help students and families acquire an indication of the amount of financial aid they could expect to receive at an institution and, therefore, to understand the potential net price of an education at that college or university.

As we advised in the last edition of Insights which focused on the Net Price Calculator, don’t procrastinate in choosing, testing, and deploying your Calculator. After all, 37 percent of seniors told the College Decision Impact Survey that they have already used a calculator while another 48 percent expressed an interest in doing so. While advising our institutions not to procrastinate, however, we are also urging them to exercise extreme caution in choosing the right calculator. As indicated in the previous Insights, for example, we have concerns about the accuracy of Department of Education’s Net Price Calculator template. This concern is especially true for colleges and universities with even the most modest measure of sophistication or variance in financial aid awarding practices.
Taking the Good with the Bad

The results from the 2010 College Decision Impact Survey remind us of the sobering times we have all experienced over the last several years. Students and their families remain justifiably concerned about the economy and cautious in deliberations and decisions about higher education. While the economy continues on a slow and steady recovery course, it is fair to say that the feeling of recession lingers in higher education. This may owe in large measure to our market’s reliance on two of the most lagging of lagging indicators, employment and credit.

Still, we find encouragement in the growing level of sophistication being displayed by students and parents. They are emerging from the economic crisis with a greater understanding of net cost, greater focus on matters of retention and student success, and greater engagement with tools such as the Net Price Calculator. Better informed and more highly engaged consumers emerge from most every economic downturn, and today is no exception. The key question becomes whether colleges and universities view this change as a problem or an opportunity.
Retention, Graduation Rates Top Issues for College Presidents – By Far! Key Findings from Our Leadership Retention Survey

College and university leaders rate “improving student retention and graduation rates” among the “three most pressing issues” confronting their institutions, according to a Maguire Associates survey of 837 Presidents and senior Enrollment/Admissions, Financial Aid, Academics/Student Life, and Business Office leaders. The other two most pressing issues on a list of 12 are “meeting enrollment targets” and “addressing the decline in federal/state government support.” Indeed, presidential urgency is reflected in a stunningly higher score for retention (70%) than the second-most “pressing issue” of “meeting enrollment targets” (49%).

 Officials from all five groups also believe that their institution is “genuinely committed to increasing persistence.” These expressions of importance and commitment aside, however, only a minority of respondents (20%-41%, by group) say their institution actually has a comprehensive, written retention plan. This suggests that while leaders understand the importance of retention and feel that they are committed to improving it, many of their institutions lack systematic, comprehensive approaches to confronting the problem.

Not only do Presidents feel especially strongly about retention issues compared to other matters, they also rate

"Reasons students provide when asked why they discontinued college or university study."
retention highest among the top three challenges (70%) in comparison to the other leadership groups: Enrollment/Admissions (63%), Academics/Student Life (63%), Business Office (60%), and Financial Aid (59%).

Of considerable interest, however, is the sharp perceptual difference between Presidents and members of their administrative team on the statement, “My institution is genuinely committed to increasing persistence and graduation rates within the next five years.” While Presidents scored a strong 4.55 on a 1-to-5 agreement scale (1 = Very strongly disagree to 5 = Very strongly agree) on this statement, Enrollment/Admissions leaders scored only 3.72.

We have no way of knowing who is “right,” but this difference reveals an important disconnect. While these points of divergence are clearly problematic, they also provide meaningful opportunities to trigger needed, perception-shifting conversations about retention on campus and, in doing so, to embark on more systematic and systemic approaches to the subject.

Contradictions Between Espoused Commitment And Empirical Understanding?

Responses from all five groups also suggest that institutions do not know enough about either the expectations of incoming and current students or the attitudes of departing students, despite the expressions of importance in and commitment to retention:

- When asked on the 1-to-5 agreement scale whether “My institution has a good understanding of incoming students’ priorities and expectations,” the five groups did not score particularly high: 3.63 for Presidents, 3.53 for Academic/Student Life, 3.38 for the Business Office, 3.29 for Financial Aid, and 3.24 for Enrollment/Admissions.

- Leaders from the five groups scored even lower when asked whether “My institution has a good understanding of the characteristics and attitudes of students who discontinue their studies here.” Presidents scored 3.19,
followed by Academic/Student Life (3.17), Business Office (3.11), Enrollment/Admissions (2.86), and Financial Aid (2.82).

- It’s interesting to note, as well, that respondents from Enrollment/Admissions and Financial Aid generally score lower than Presidents and officials from the Business Office and Academic/Student Life on assessments of their institution’s commitment to and understanding of retention.

Is Financial Aid In The loop?

Another interesting point of divergence – and opportunity – occurs between Financial Aid executives and Presidents:

- When asked to react to the statement that their institution “conducts annual research to assess undergraduate student satisfaction,” 71% of Presidents say this is “definitely true” while only 48% of Financial Aid officials say it is “definitely true.”

- Additionally, 68% of Presidents say it is “definitely true” that their institution “benchmarks our retention and graduation rates,” while only 42% of Financial Aid respondents say it is “definitely true.”

- While these disparate results may owe, in part, to survey responses coming from many different institutions and not necessarily from the same leadership teams, the differences are big enough to suggest that there is a knowledge gap between what Presidents know (or think they know) and what their senior Financial Aid staff members know (or think they know) about their institution’s retention performance and practices. This gap is especially worrisome given how often financial aid issues are cited by students as a reason for leaving an institution.
Retention By Committee?

Retention is a vexing problem because it does not align well with traditional organizational structures in higher education, spanning as it does almost every aspect of the institution from recruitment and enrollment to academics and student life. Indeed, among the hottest topics in retention today is whether it should be the responsibility of one individual or department or of a working committee of officials from across the institution. The research indicates that:

- Presidents score highest among the five groups on the 1-to-5 agreement scale (4.49) on whether “Student satisfaction and retention is everyone’s business at my institution.” The other group’s ratings are: Academic/Student Life (4.37), Business Office (4.35), Financial Aid (4.25), and Enrollment/Admissions (4.14). Of course, there are those who might claim that responsibility loosely shared by everybody ultimately belongs to nobody.

- When asked whether their institution employed a full-time administrator, part-time administrator, committee, and/or “no one” to track and improve retention, the five leader groups picked committee structures most frequently: Business Office (54%), Academic/Student Life (54%), Enrollment/Admissions (52%), Financial Aid (47%), and Presidents (46%).

Five suggestions for taking action – now!

These research findings suggest at least five areas for immediate improvement:

1. **Think and act systematically.** Institutions should view retention systemically and systematically, applying sufficient talent and resources to the highest priority problems and opportunities with the greatest return that have been empirically identified. With this mindset comes the realization that reten-
tion issues start with recruitment and enrollment and flow through to academic affairs and student life in a holistic model that demands silo-spanning solutions.

2. **Do the research.** There is no excuse for failing to know (enough) about what incoming and current students want and why departing students leave. There is a pressing need, for example, to understand whether institutional promises made in marketing materials are perceived by students as actually being delivered throughout their college experience.

3. **Build collective knowledge.** Our research suggests that key leaders across the organization have very different perceptions and knowledge levels about retention. Colleges and universities need to ensure that their leaders share and understand their retention problems and opportunities as well as the data used to derive and prioritize them. Having done the research, institutions must then create multiple opportunities on leadership teams and throughout the organization to discuss, prioritize, and operationalize their organizational knowledge on this subject.

4. **Reframe the “Individual vs. Committee” Argument.** Our research underscores that retention is often considered to be a collective responsibility, entrusted to a committee rather than a single administrator. Still, we see so many institutions wrestling with this “committee vs. individual” responsibility that we wonder why the two approaches are seen as mutually exclusive. They are not. New organizational structures will emerge here that, for example, may vest responsibility and authority for retention in one individual or unit, supported by a committee that cuts across all key departments.

5. **Hire and reward the best talent.** Ultimately, whatever the strategy or structure, success here as with just about everything else will reflect the quality of the talent assigned to the problem. A talented individual will almost always achieve better results than a lackluster committee, and vice
versa. Strategy, structure, and resources matter greatly in today’s fast-moving, hyper-competitive world. They pale in comparison, however, to the importance of hiring and rewarding the right person for the job.

**PAT CASEY, SENIOR VICE PRESIDENT**

Over the past sixteen years, Pat has developed an expertise in working with institutions across the educational spectrum – in undergraduate, graduate, and professional school enrollment and marketing and in assisting secondary schools with enrollment challenges and opportunities.

**Favorite Quote:**

“Dare to be honest and fear no labor.”

- Robert Burns
You have to work pretty hard these days not to find an article on social media in higher education trade publications. The topic is everywhere, fueled by the dramatic growth in usage. Facebook exceeded half-a-billion global users this summer, for example, and they spend a staggering 700 billion minutes on the site per month.

We notice that the subject of social media is evoking at least two opposite impulses with college and university administrators. On the one hand, there are those who feel inadequate and behind the times for failing to jump fully onto the social media bandwagon. Yet there are others who are more comfortable with social media but question the time spent on it and worry that the whole of its promise will never exceed the sum of its disparate parts.

So, what’s an institution to do about social media in strategic terms? Four insights come to mind.

1. **Beware the moth to flame.** Social media has been “hot” for a decade now, and it’s getting even hotter. As with other major media and technological breakthroughs, it has moved briskly along the Diffusion of Innovation lifecycle from Innovators and Early Adopters into the mainstream of Early and Late Majorities. Every step of the way, institutions have been presented with new questions about what to do with social media. We see institutions struggling with this question, which may stem in part from their efforts to seize the social media initiative, or a piece of it, without a firm strategic rationale.
It is easy in today’s fast-moving, complex environment to lunge toward doing something, anything about social media and yet risk getting burned in the process – perhaps singed by opportunity costs that displace other more worthy investments of time and money. To derive more light than heat from social media, look no further than your institution’s strategic plan, enrollment management plan, and marketing plan. Hopefully, you have three such integrated documents that can offer specific guidance in this and most other realms. Using the strategic blueprint provided by these plans, ask yourself these questions:

- What are we trying to achieve with social media in recruitment, enrollment, development, internal identity, or external image terms? And why?

- Are these desired outcomes consistent with specific objectives and strategies we have established for the institution?

- Will our social media choices truly reflect how our audiences and influencers want to communicate with us and with one another?

- How will we know our social media program is working? How measurable are the results and how will those metrics be incorporated into future decision-making?

- Which departments within the institution will take the lead on social media, why, and how will they work in a coordinated, collaborative manner with other units?

- Is it enough for now simply to establish a managed presence on key social media sites and, well, just see what happens?

- Who will manage this daily presence to ensure a minimum of fresh, quality content and interactivity?
Discussions about social media can be enormously productive if they are well structured and considered, with appropriate follow-up and accountability. Talking about this subject on a leadership team, however, can sometimes be ephemeral and elusive. Without asking tough questions about shared, realistic expectations for social media, leadership teams can find themselves flying all over the place and eventually getting burned. Is it time for you to organize and structure these conversations at your institution?

2. **Understand the age difference.** As with other forms of marketing, media, and technological progress, there is an inverse age gap between those who use social media personally and those who are responsible for its implementation and growth at colleges and universities. We know this age gap is not absolute. Indeed, there are many “young” people who opt out of social media and many “older” people who are deeply engaged in it. Nonetheless, there is an undeniable and disturbing correlation here between usage and policy-making.

We sometimes wince when a president or senior enrollment management or marketing executive proclaims to have no interest in or use for social media. This self-erected wall between the institution and the most promising if not important marketing, media, and community-building phenomenon in recent history can have serious implications.

Without a natural interest in social media on a leadership team, one may have to catalyze it elsewhere. Perhaps a Chief Curiosity Officer of sorts resides on the Board of Trustees or among alumni. Having said this, of course, one has to balance this catalytic energy, however sourced, with concerns about the time-wasting and even dangerous “moth-to-flame” phenomenon mentioned above. Plus, most readers will readily under-
stand the dangers of a board member or alumnus wanting to “do something” about social media.

Whatever the institution ultimately decides to do (or not do) about social media, however, it will need to be strategic, thoughtful, and collaborative. It can ill afford to look “tragically hip” in ways that sometimes occur when people in their ‘40s or ‘50s devise communications programs for people in their teens and ‘20s.

3. **Listen to your market.** We routinely ask clients whether and how they know what’s being said about their institutions in the social media sphere. More often than not, they don’t. To most college and university executives, social media represents a kind of sheer white noise with neither rhyme nor reason. So here’s yet another place for that Chief Curiosity Officer.

We recommend that one person be tapped in your institution to spend an hour or two each week to “listen” to what’s being said in public spaces by current and prospective students, alumni, parents, and other key audiences and influencers. It’s not only your right; it’s your responsibility. Aggregators such as www.socialmention.com or www.tweetscan.com will help you hear the voice of the customer knowing, of course, that some of this market intelligence will not be very useful or instructive. Just as you monitor traditional print and broadcast media for coverage of your institution, so too you should be monitoring social media coverage. Understand, though, that you will only be listening in publicly available spaces. What goes on in private social media domains is, quite simply, none of the institution’s business.

4. **Decide whether and how to intervene.** The most difficult choices institutions will be confronting – and this policy-making frontier is undeniably just ahead of us – is what to do with the results of structured social media listening. We believe there is great value in knowing what is being
said about your college or university in social media. It is yet another appropriate feedback mechanism in an overall Customer Relationship Management program.

Yet imagine the ethical and common-sense issues that will arise when institutions decide to answer criticisms about themselves on somebody’s public Facebook page or engage in a Tweet-for-Tweet debate on an issue that involves them? Even more difficult will be those circumstances when an enterprising admissions staff member at a school decides to join a conversation triggered by a young person asking what his or her friends think of that particular school? Or if a student life official enters the fray when a current student proclaims, “I hate this place,” on Facebook? Just think of the slippery slopes ahead!

Our view is that, for large numbers of users, these “public” spaces are not really open to public comment by institutions, especially those involved in a particular post or Tweet. Colleges and universities risk violating an implied social contract, which many users think precludes institutional intervention and over-commercialization attached to their entries.

Of course, we can imagine rare situations where what’s being said is just so malicious or seriously wrong that an intervention may be required. If this is the case, however, do so very carefully. Recognize that it may be best not to post a “clarifying” comment, even if you could do so, but rather to engage the individual in an offline conversation. However, be prepared that whatever you do here may simply provide this person with fodder for another negative comment. After the right internal conversation, the best choice might be to leave it alone and then address any legitimate problems identified by that individual.

This is all very tricky. So, how are you convening intentional, intelligent conversations about social media at your institution, what have you decided
to do, who’s coordinating it, why in strategic terms are you doing it, and how will it be measured? The key is not to get burned by wasting time and money, creating unrealistic expectations, or intervening in inappropriate ways.

Also, how do you know what’s being said about your institution in social media spaces that are public and, most important, what’s your institution’s policy on intervening? We’re still in the “Wild West” these days when it comes to social media, with all the opportunities and dangers that presents.
References


2. Image created from Tagxedo.com on September 10, 2010 using data collected by Maguire Associates, Inc.
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