



# Transfer Students: The Breakthrough Market

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# Agenda

- The Current Environment
- The Transfer Student
- Enrolling More Transfers Can Lower An Institution's Discount Rate
- Data-Driven Strategies
- Case Study
- Critical Steps to Building Demand from Transfer Students
- Conclusion

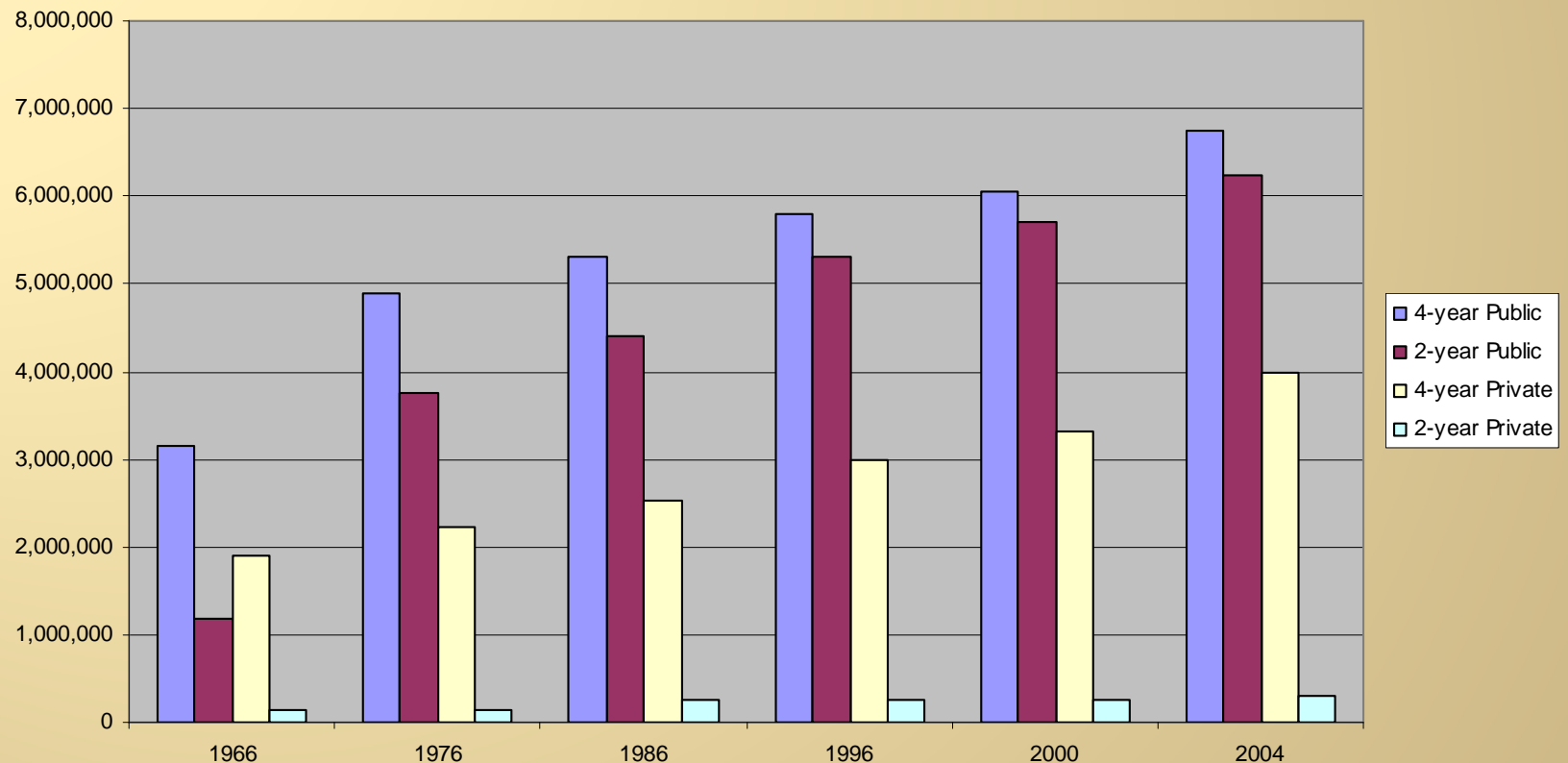
# The Current Environment

- Given current concerns regarding college affordability, the lower sticker price for community colleges – combined with living at home – does provide a cost-effective alternative for the first two years of a baccalaureate education.
- In fact, the rate of growth at these schools is now outstripping that of all other sectors, including for-profit institutions.

# The Current Environment

- The environment is ripe for two- and four-year institutions to work as partners to provide a smooth transition into a baccalaureate program for transfer students who have earned an associate degree.
- As competition for new freshmen gets tougher, transfers can become an important and particularly attractive enrollment stream.

# Fall Enrollment in Degree-Granting Institutions: 1966 through 2004



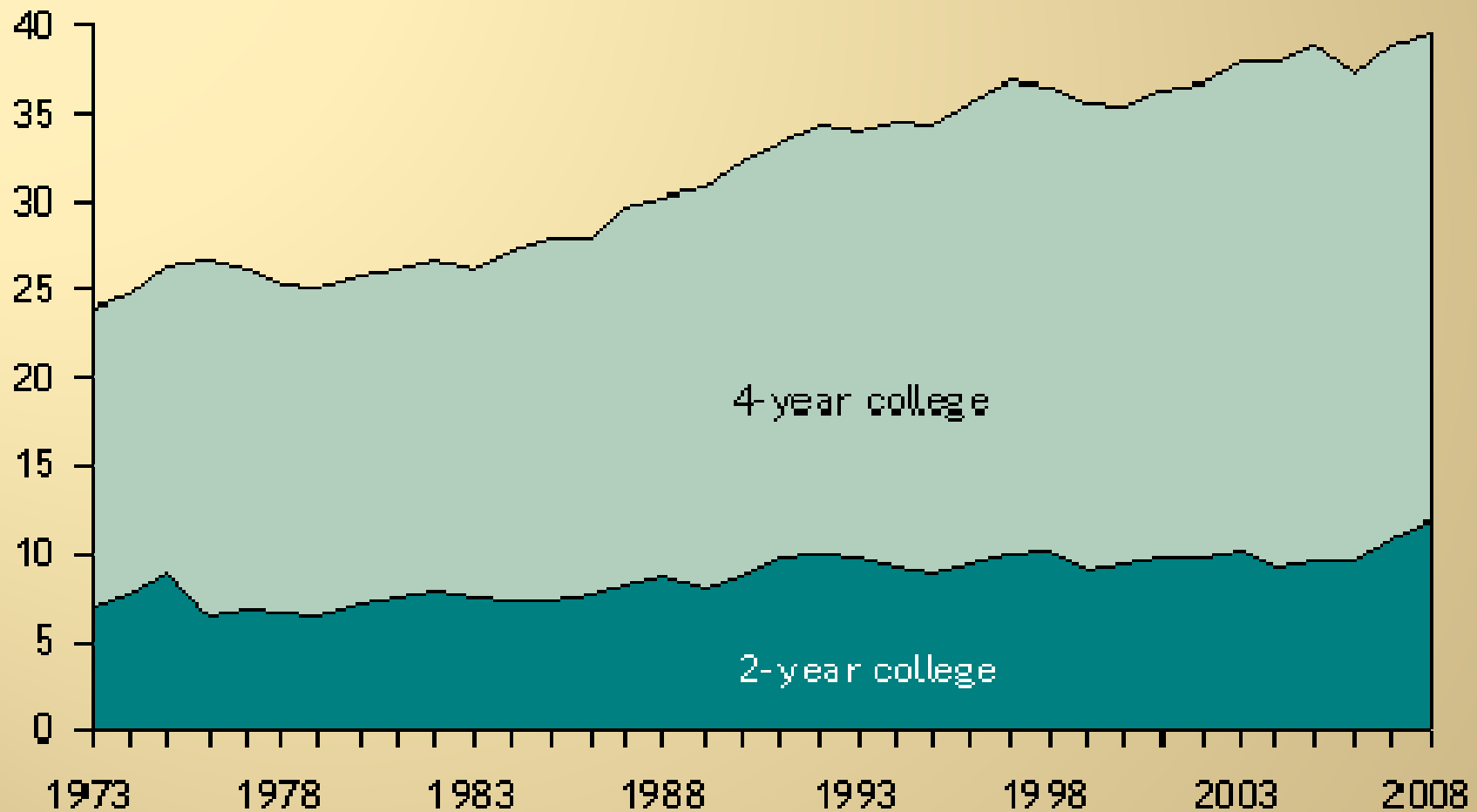
SOURCE: U.S. Department of Education, National Center for Education Statistics, Opening Fall Enrollment in Higher Education 1965; Higher Education General Information Survey (HEGIS), "Fall Enrollment in Institutions of Higher Education" surveys, 1966 through 1985; and 1986 through 2004 Integrated Postsecondary Education Data System, "Fall Enrollment Survey" (IPEDS-EF: 86-99), and Spring 2001 through Spring 2005.

# The Current Environment

- Many private colleges have been “slow to react” that the transfer market from community colleges must be a top priority.
- Number of young adults attending college hit an all-time high in the fall of 2008.
  - What’s driving that growth is enrollment at community colleges
    - Chronicle of Higher Education

## College Enrollment Among 18- to 24-Year-Olds, 1973-2008 (Figure 1)

% of 18- to 24-year-olds in college



Source: U.S. Census Bureau (October Current Population Survey data).

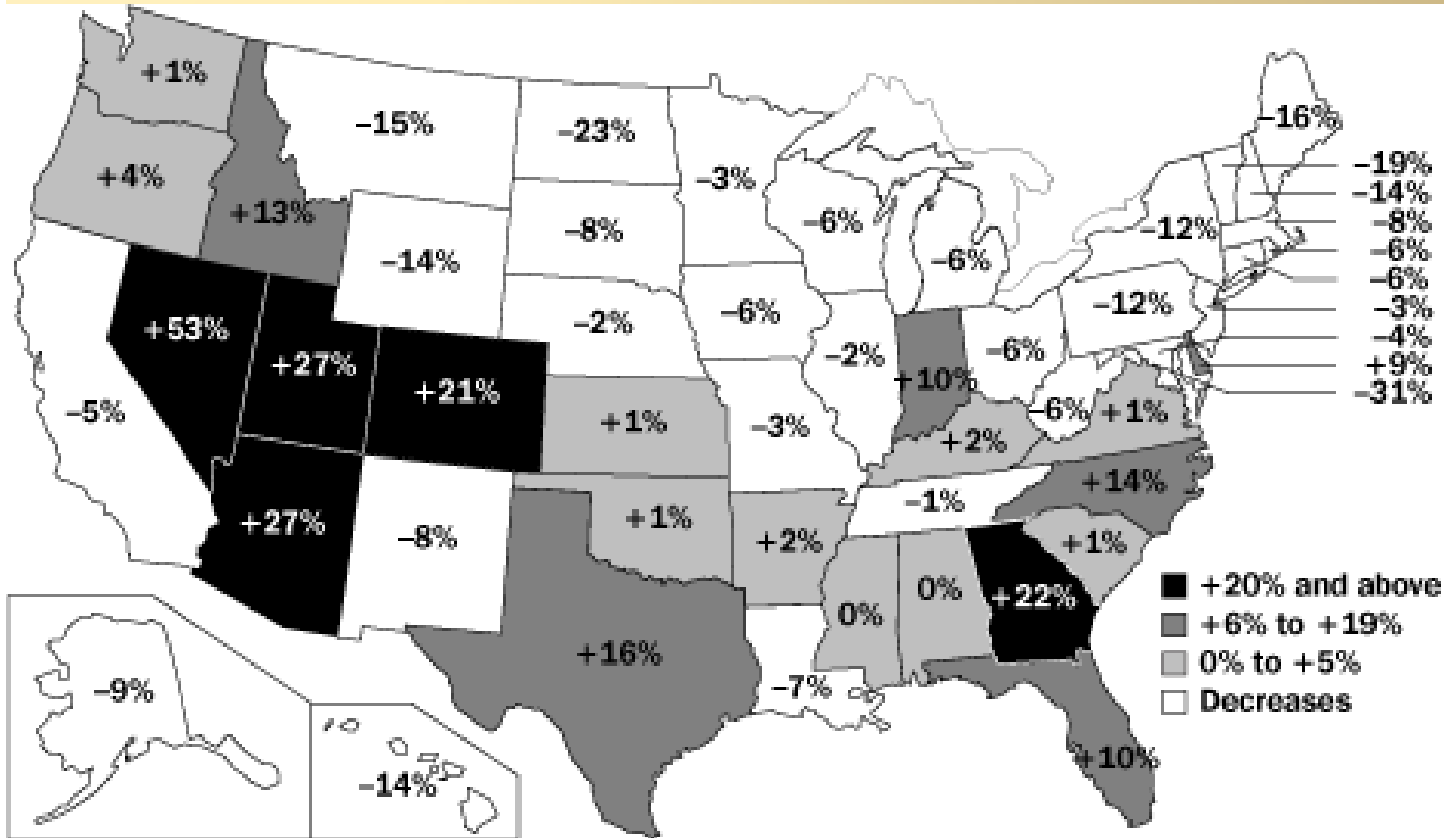
# The Current Environment

- According to Pew Research Center:
  - In October of 2007, 10.9% of all 18- to 24-year-olds were enrolled in community college. That figure jumped to 11.8% one year later.
  - Enrollments at four-year colleges stayed flat.
  - Enrollment peak is occurring concurrently with poor employment prospects for this age group

# The Current Environment

- If private four-year institutions are serious about diversity (socioeconomic and racial-ethnic), they will need to partner with America's community colleges – the last (effective) bastion of access to higher education.
- Changing demographics: Declining number of HS graduates through 2015, but increases in minority graduates

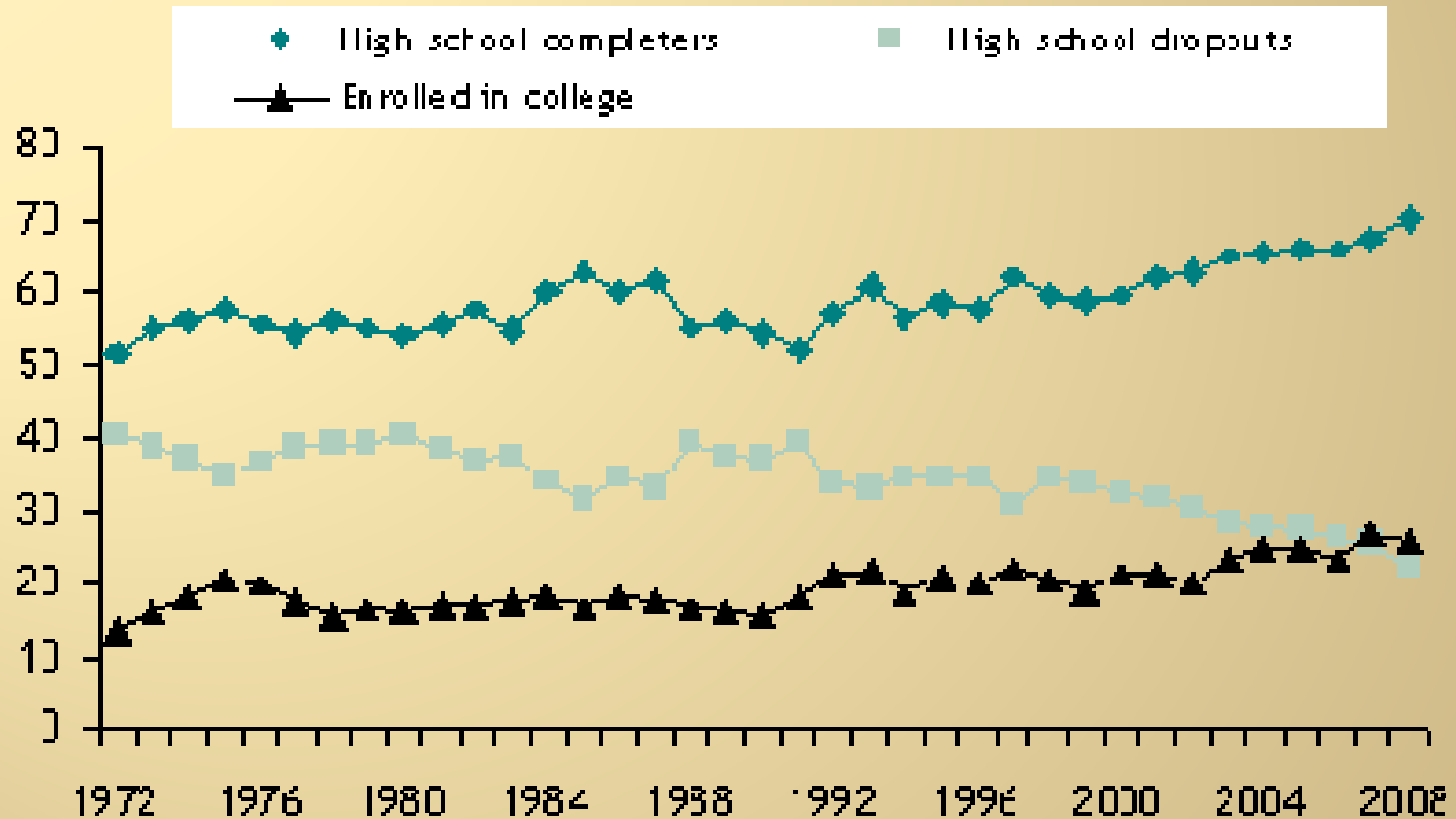
# Projected Change in High School Graduates 2006-07 to 2016-17



Source: Western Interstate Commission on Higher Education (WICHE)

## Trends in Educational Attainment Among Hispanics (Figure 5)

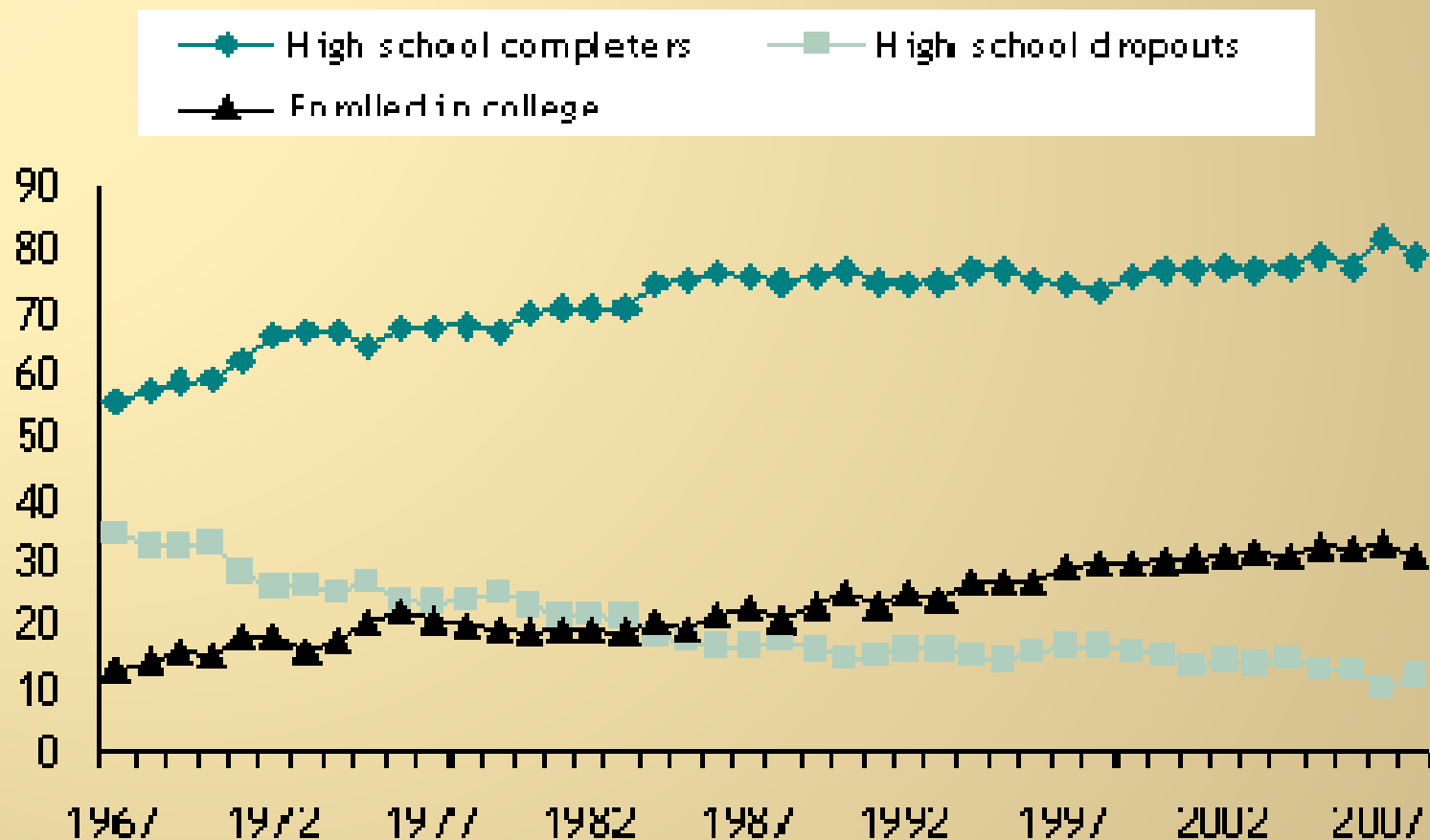
% of Hispanic 18- to 24-year-olds who are



Source: U.S. Census Bureau (October Current Population Survey data).

## Trends in Educational Attainment Among Blacks (Figure 6)

% of black 18- to 24-year-olds who are ...



Note: From 2003 onward black refers to those who identified as black alone.

Source: U.S. Census Bureau (October Current Population Survey data)



# The Transfer Student

- Transfers:
  - fill upper division classes where seats are likely available,
  - add maturity to the residential community if they live on campus, and
  - put less demand on campus housing generally, among other things.

# The Transfer Student

- Many four-year institutions are increasing their visibility on two-year campuses by developing separate communication streams for transfers and assigning **transfer “champions”** in the admissions office to focus on new strategies to attract transfer students.
- Recruiting more transfers typically doesn't involve significant increases in institutional aid expenditures.



# The Transfer Student

- In fact, enrolling more transfers can lower an institution's discount rate.

How?



## How Can Enrolling More Transfers Lower An Institution's Discount Rate?

- ***Fewer alternatives.*** Typically, transfer students are considering fewer options than freshmen during the college application process.
- While it is not uncommon for freshmen to apply to 8 or 10 different colleges, transfers typically only apply to 1 or 2.



## How Can Enrolling More Transfers Lower An Institution's Discount Rate?

- Transfer yield rates are much higher – often more than double – than freshman yield rates at the same institution.
- With yield rates already high, using financial aid to increase them further can be a slippery slope.
- The end result typically is just lower net tuition revenue.



# What You Need To Know

- Transfers care about affordability, yet they typically make enrollment decisions based on other factors:
  - the credit they can “transfer in” and consequently their “time to degree”
  - Of particular challenge to some CCCU institutions, given core requirements: how to accommodate needs of transfers without watering down distinctiveness in marketplace
  - the quality of the major



# What You Need To Know

- the timeliness and accuracy of information (they are more sophisticated consumers)
- location.
- Institutions that are successful in enrolling transfers have figured out what they need to do organizationally and operationally to ensure transfers feel a sense of “fit” and belonging – that they are treated as first-class citizens.



# What You Need To Know

- Customer service and course availability are more important priorities for transfers than getting the “best deal”.
- In short, they tend to be less price-sensitive than freshmen.



## How Can Enrolling More Transfers Lower An Institution's Discount Rate?

- **Access to more loan resources.** Higher federal loan limits for upper class students provide additional resources for transfer students.
- This can reduce the demand on institutional grants when building aid packages.

# What You Need To Do

- Distinct financial aid packaging strategies should be developed for new transfer students (compared to those established for freshmen) in order to take advantage of the higher self-help levels (e.g. loans) available.
- At many campuses, packaging strategies are the same for all new students, regardless of grade level, resulting in a significant missed opportunity to reallocate limited institutional grants when other resources are available.



## How Can Enrolling More Transfers Lower An Institution's Discount Rate?

- **Less cumulative debt.** Students who have chosen to attend a community college for their first two years of a four-year degree typically will have accumulated less debt by the end of their sophomore year than those who started their education at a four-year institution.
- Consequently, their willingness and ability to borrow for their last two years will be greater than for students starting as freshmen.

# Data-Driven Strategies

- Although the previous factors highlighted typically result in transfers being less price-sensitive than freshmen, it is still important for institutions to use historical data effectively to understand what aid strategies for transfers will produce the best results (maximize enrollments, increase net tuition revenue, meet diversity goals, etc.).



# Data-Driven Strategies

- Some institutions are using sophisticated econometric techniques to shed light on the significance of an applicant's total grant in predicting enrollment.
- Less sophisticated tools, like table analysis, can also be used to estimate the likely impact that changes in awarding strategy have on targeted enrollment goals.



## Other Considerations When Communicating With Transfers

- When financial aid strategies for transfers differ from those for freshmen, it is possible that some transfer students may have originally applied as freshmen and been offered a more generous financial aid award (especially merit awards) than they are now receiving as transfers.
- This will likely generate questions, and in all likelihood, disappointment.



# Other Considerations When Communicating With Transfers

- It is critical, then, that verbal and written communication – including that provided on the institution’s website – clearly state the criteria and amounts of all available awards.
- While it is not uncommon for merit-based aid to be either lower or not offered at all to transfer students, it is important that students understand what is available prior to making their enrollment decision.



# A CCCU Transfer Case Study

# Lipscomb University

- Following an engagement with Scannell & Kurz in 2007, Lipscomb University advertised guaranteed merit awards and improved the transfer credit evaluation process.
  - Increased flexibility accepting credits for both general education, as well as major credit courses
- Entered into relationship with all Tennessee community colleges



# Lipscomb University

- By 2009, the results were:
  - 38% increase in transfer enrollment
  - Net Tuition Revenue (NTR) grew by over \$500,000; and
  - The average transfer GPA increased



## Review: Critical Steps to Building Demand from Transfer Students

- Need a transfer champion.
- Treat community colleges as strategic partners, not competitors.
- Need a strategic marketing, communication, and recruitment plan targeted at community college students.
  - National Student Clearing House



## Review: Critical Steps to Building Demand from Transfer Students

- Need to develop relationships with community college counselors and faculty – some formalized with articulation agreements and 2+2 programs.
- Need a transfer-friendly campus starting with a timely, appropriate, and competitive credit evaluation and financial aid award.
- Also faculty advising on special visit days & transfer-friendly orientation



## Review: Critical Steps to Building Demand from Transfer Students

- Continued relationship with community college partners and Phi Theta Kappa advisors
- Need to be able to document the “success” of community college transfers when enrolled at your school and after graduation.



# Conclusion

- Paying attention to transfer students can provide an opportunity to enroll more students with less financial aid expenditures, plus offer a more affordable option for students to earn a four-year degree with less out-of-pocket costs and a lower debt burden. It's a win-win venture.



Questions?



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