



Marketing Affordability

July 29, 2009

Presented by: Jim Scannell
Scannell & Kurz, Inc.
Stamats SIM Conference 2009



Overview

- The Changing Environment
- Strategies for the New Environment
- Conclusion

The Changing Environment

- As of the first quarter of 2009, FAFSA filers for fall 2009 had increased by 20% over the first quarter of 2008 for a total increase of almost 1.9 million filers.
- Many institutions faced lagging deposits and increased financial aid appeals.
- Many schools have been responding more generously to those appeals this year than in the past.
- Total past due balances for current students have increased at many institutions.



The Changing Environment: Understand the Economic Situation of Your Students


(Current and Prospective)

- Next fall ask students and parents how the current economic climate is influencing their college-selection thinking...then listen to what they say.
 - Quantify their financial vulnerability
 - Compare notes with internal and external colleagues to keep your finger on the pulse of your prospective and current students
 - Bring that information to your senior leadership team on a regular basis; no one likes enrollment surprises



The Changing Environment: Understand the Economic Situation of Your Students *(Current and Prospective)*

- Assess how new financial aid legislation will impact your students and your institution
 - Reauthorization of the Higher Education Act
 - American Recovery and Reinvestment Act
 - Post 9/11 GI Bill
 - Changes in state aid programs



The Changing Environment: Understand How Your Families Are Paying for College

- Family contributions
- Federal grants
- State grants
- Need-based loans
- Student work
- Alternative loans
- Payment plans

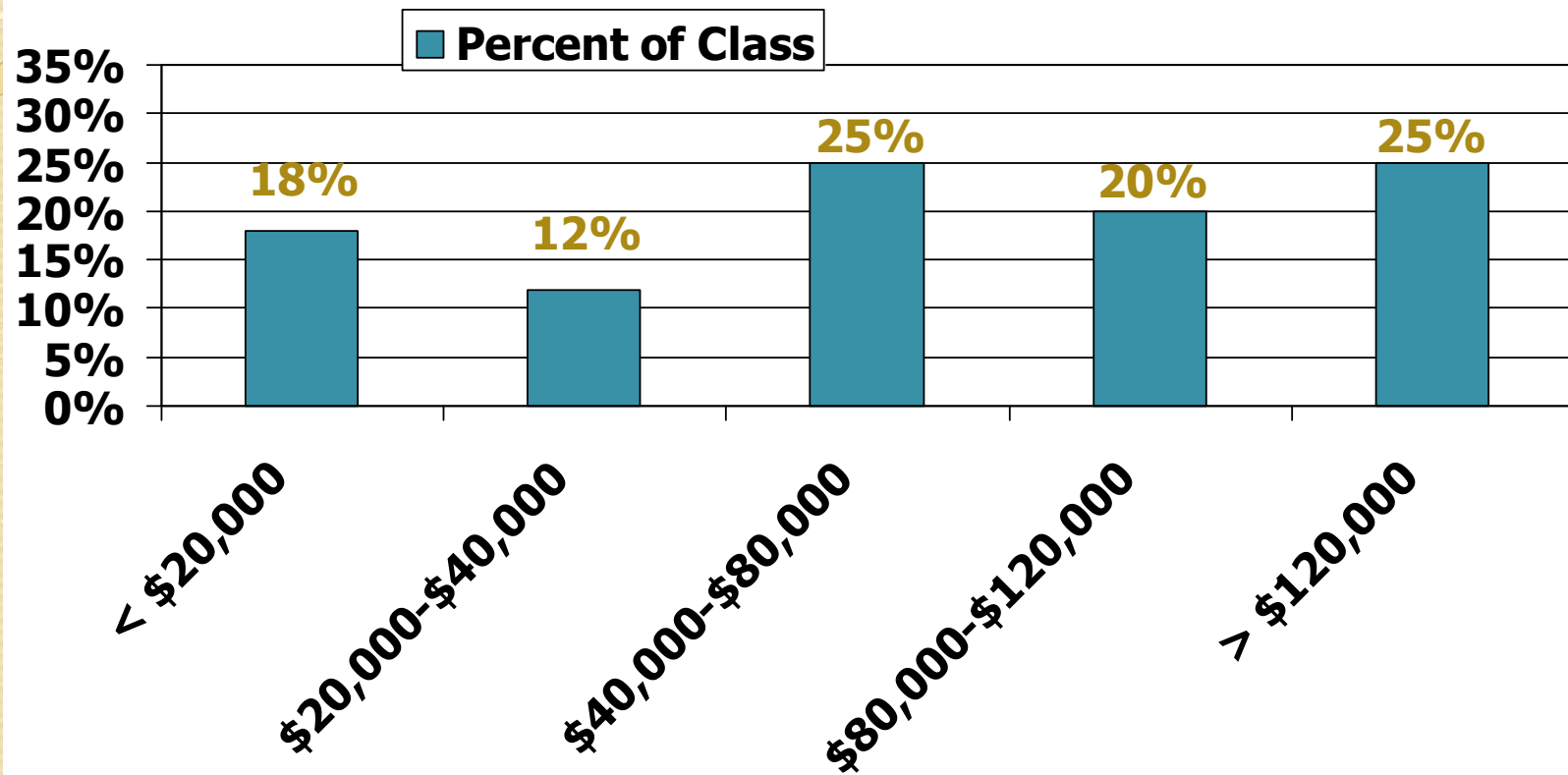
Which components are changing: More loans....More private loans (if even available)
Increased work....Multiple jobs on and off campus



The Changing Environment: Strategy #1 – Communicating Affordability – Can't Just Claim It, Now Have to Prove It

- By offering:
 - guaranteed merit programs;
 - providing online aid calculators;
 - listing case studies; and
 - sharing income profiles
- All are now common approaches to making the case for affordability.
- Presenting financial aid is no longer just about the steps in the application process.

Sample Income Profile



Sample Case Studies

Cost Scenarios

Each financial situation is different. We have prepared a few scenarios to help you understand the types of financial aid you might expect and how all the aid resources tie together in one package.



Student	Daniel	Jacob	Lindsey	Sarah
Parents' Finances				
State:	TN	KY	VA	TN
Parental Earnings:	\$106,710	\$16,595	\$50,629	\$246,250
Investments:	\$18,200	\$200	\$0	\$171,000
Family Members:	5	4	4	6
Number in College:	1	1	1	1
Student's SAT/ACT:	29	23	1050	1050
Student's GPA:	3.85	3.5	2.45	3.61
Financial Aid Package:				
Academic Scholarship:	\$9,000	\$8,000	-	\$8,000
Athletic Scholarship:	\$5,000	-	-	-
Tennessee Hope Scholarship:	\$4,000	-	-	\$4,000
Tennessee Merit Scholarship:	\$1,000	-	-	-
Pell Grant:	-	\$4,700	-	-
Federal Supplemental Grant:	-	\$1,500	-	-
Institutional Grant:	-	\$2,000	\$10,200	-
Stafford Loan:	\$3,500	\$3,500	\$3,500	\$3,500
Parent Plus Loan:	-	-	\$12,500	\$9,550
Total Aid:	\$22,500	\$20,700	\$26,200	\$25,050

Sample Guarantee

The screenshot shows the King College website with a navigation menu and a 'Scholarships' section. The navigation menu includes: Home, Admissions, About KING, Academics, Athletics, Experience King, Graduate & Professional Studies, and King News. The 'Scholarships' section contains two tables. The first table lists 'King College Academic Merit Scholarships' with three rows of criteria. The second table lists 'King College Transfer Student Scholarships' with two rows of criteria. On the left side, there are 'Quick Links' for 'APPLY NOW', 'REQUEST INFO', and 'FAST FACTS', and a vertical menu with links for 'ADMISSIONS', 'ACCEPTED STUDENTS', 'MEET OUR STUDENTS', 'MEET OUR FACULTY', and 'COSTS'.

King College

Home | Students | Board of Trustees | Admissions

Home Admissions About KING Academics Athletics Experience King Graduate & Professional Studies King News

Costs

Quick Links

▶ APPLY NOW

▶ REQUEST INFO

▶ FAST FACTS

ADMISSIONS

ACCEPTED STUDENTS

MEET OUR STUDENTS

MEET OUR FACULTY

COSTS

Costs

Scholarships

	Amount	ACT or SAT Criteria	GPA Criteria
King College Academic Merit Scholarships	\$9,000	28 or 1260	Greater than or equal to 3.0
	\$8,000	24-27 or 1110-1250	Greater than or equal to 3.0
		20-23 or 950-1110	Greater than or equal to 3.5

	Amount	Criteria
King College Transfer Student Scholarships	\$9,000	Cumulative GPA of 3.5 or greater or Phi Theta Kappa Member
	\$8,000	Cumulative GPA of 3.0 - 3.49

Southwestern University Affordability Estimator

Sticker price of college getting you down? Don't worry, 85 percent of our students receive some sort of financial assistance. To get an estimate of how much Southwestern will cost you, just fill out the form below and watch the graph shrink!

The SU Affordability Estimator gives an early approximation of what a new first-year student can expect to pay to attend SU. It is not an application for financial aid. The results are only estimates and not guarantees of the actual amounts you will receive. Follow this link for more information regarding the estimator

Total Annual Cost of a Southwestern Education: \$38,540**

Class Ranking:

Select one of the following exams and enter your score.

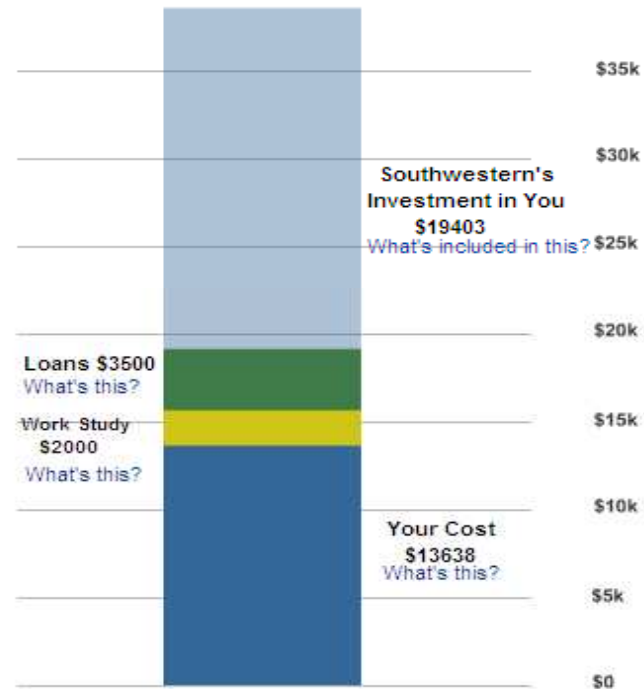
ACT Composite SAT (CR + M) Score:

Total Household Income:

Parent Assets:
[What should I include?](#)

How many people live in your household?

Of the number in the household above, how many will be in college next year? Include yourself. Exclude parents and any household member in graduate school.



** Annual cost includes tuition, room & board, fees, books, transportation, and personal expenses.



The Changing Environment: Affordability – Can't Just Claim It, Now Have to Prove It

- It is important to recognize that messages about guaranteed discounts cannot be the only messages, or even the lead messages.
- They are a tool to attract attention and build interest, but messages that demonstrate the value of the education must take the lead.



Targeted Merit Guarantee – Case Study #1

- After studying historical funding patterns and yield rates among high-need applicants, this public university found that, with a relatively modest investment of institutional funds, they could guarantee to cover the cost of tuition and fees for in-state freshmen coming from families with incomes below \$40,000.
- This guarantee was broadly marketed and resulted in a 12% increase in the enrollment of eligible students.

Targeted Merit Guarantee – Case Study #2

- The Situation: Inquiries and applications from a bordering state to this institution had declined substantially between fall 2003 and fall 2006.
- To address the trend, the university began to advertise a special grant for students from this bordering state.
- Although it was too late in the cycle to impact the inquiry pool, applications from the border state increased by 31% compared to the prior year.



Strategies: Execute Effective Micro-Target Programs

- Both case studies also demonstrate the importance of effectively executing “micro-target” programs like these.
- In many cases, the success of the program is dependent on how well it helps the institution build or recapture demand from the target market.
- That means that messages about the program need to be crisp, compelling, and timely.



Other Strategies: Pay Attention to Your Competitors

- Identify competitors (not peers)
 - SAT/ACT overlap
 - Admitted Student Questionnaires
 - National Student Clearinghouse
- Benchmark on price, prestige, discount rate, aid guarantees, and core messages.
- Understanding the competition gives your recruiters the opportunity to more effectively position your institution on the dual message of value and affordability.

Sample Competitor Benchmarking

College/University	Tuition & Fees 2008-09	Tuition & Fees 2009-10	Tuition, Room, Board, & Fees 2009-10	Freshman Discount Rate 2006-07*	Fall 2007 Accept Rate	Fall 2007 SAT 25-75%	U.S.News Ranking 2009 (America's Best Colleges)
A	\$13,680	\$14,460	\$22,540	14.9%	63.7%	990 - 1180	Baccalaureate Colleges (North), Tier 1/58
B	\$25,640	\$26,840	\$36,750	40.2%	77.2%	970 - 1190	Universities Masters, (North), Tier 1/52
C	\$27,730	\$28,470	\$39,190	35.0%	75.2%	950 - 1160	Universities-Master's (North), Tier 1/35
D	\$29,350	\$30,390	\$38,570	40.2%	71.0%	970 - 1220	Baccalaureate Colleges (North), Tier 1/8
E	\$29,700	\$31,260	\$41,940	44.7%	75.2%	1010-1200	Universities Masters, (North), Tier 1/25
F	\$30,010	NA	NA	43.2%	75.2%	870 - 1150	Universities-Masters (North), Tier 3
G	\$30,062	\$31,250	\$35,845	37.8%	64.0%	1000 - 1210	Liberal Arts Colleges, Tier 3
H	\$30,280	NA	NA	46.4%	67.3%	1065-1260	Liberal Arts Colleges, Tier 1/98
YOUR INSTITUTION	\$30,570	\$31,800	\$40,470	40.4%	77.4%	900-1125	Liberal Arts Colleges, Tier 3
I	\$30,650	\$31,800	\$39,950	43.1%	58.4%	1010-1210	Baccalaureate Colleges (North), Tier 1/6
J	\$30,780	\$33,000	\$39,600	27.7%	73.2%	1000-1240	Liberal Arts Colleges, Tier 3
K	\$31,080	\$32,450	\$41,250	39.3%	86.0%	1050-1220	Liberal Arts Colleges, Tier 1/115
L	\$31,576	\$33,124	\$42,615	39.2%	66.2%	1030-1220	Universities-Master's (North), Tier 1/9
M	\$35,375	\$36,990	\$46,580	31.1%	37.2%	1110 - 1310	Liberal Arts Colleges, Tier 1/71
N	\$36,910	\$38,500	\$47,750	50.0%	52.7%	1110-1320	Liberal Arts Colleges, Tier 1/81
O	\$37,720	\$39,140	\$48,500	35.4%	35.6%	1220-1360	Liberal Arts Colleges, Tier 1/49



Other Strategies: Communicate Your Competitive Advantages

- If private: Time to degree and outcomes can help you make the case.
- If public: Low cost, less need to borrow should be highlighted.
- Indebtedness can cut both ways.
 - High cost = more borrowing.
 - Longer to complete = more borrowing.

You need to know your data.



Other Strategies: Communicate Early, Well, and Often

- Internal and external constituencies
 - Let them know what is happening and what you are doing in response to what is happening.
 - This is definitely a time to over-communicate.
 - Balance positive and negative messages; it's easy to get depressed right now.
 - Stress that you see yourselves as partners with your families in making your institution affordable.



Communicate Early, Well, and Often

- Target your outreach efforts to at-risk students.
 - Current students with balances
 - Current students who didn't pre-register
 - Admits not applying for aid
 - Admits receiving late awards



Communicate Early, Well, and Often

- Begin with affordability as one of the first featured messages coupled with value.
- Map your current communication stream.
 - Do you have sufficient customized communication?
 - Are you focused on benefits and ROI?
- Multimedia contact by designated admissions representative and others (faculty, coaches, alumni)
- Position yourself as a resource and partner.
- Don't forget to reach out to current students as well as prospective students.



Communicate Early, Well, and Often

- Remember who decides affordability
 - It isn't you.
 - Your admit pool decides what is important, believable, and doable.



Communicate Early, Well, and Often

- Call newly admitted students who just received their first financial aid award. In short, communication will be key to easing students' and parents' financial concerns.
- Reassuring families regarding affordability will be particularly important given all of the press about the economy, limitations on loan availability, etc.



Communicate Early, Well, and Often

- Affordability messages must also reach your current students.
- Parents of current students are your customers also.
- Don't take either for granted.



Other Strategies: Don't Forget Transfers

- Transfer students from community colleges often have the perception, as do some of their counselors, that a private, four-year degree is beyond their financial reach. Affordability has to be explicitly proven by sharing aid packages of enrollees who have transferred from a two-year school, ideally the same institution for feeder community colleges.

Other Strategies: Transfers

- Transfers:
 - Potentially have borrowed less in their first two years
 - Have higher borrowing limits
 - Are only applying to one or two schools
 - Are likely to be less price sensitive
- However, even though they may require less institutional aid, they still need to understand how they are going to meet the costs.



Other Strategies: Use Your Data

- Data analysis can be helpful in understanding the impact of specific financial aid policies for new and current students.
- For example, leaders often wonder if they are setting the GPA bar for renewing merit scholarships too high. Examining retention rates of merit recipients by first-year GPA can help in assessing the potential enrollment and financial implications of changing renewal policies.



Use Your Data

- Some institutions allow students not initially offered merit awards to "earn" a scholarship based on their GPAs at the institution.
- Often, however, students performing well academically already have higher retention rates, and increasing financial aid to those students based on their high performance does not further enhance retention.



Conclusion

- Regardless of the strategy your institution uses, it is critical that affordability messages never take the place of messages about the quality and benefits of the academic and co-curricular programs at your institution. Families are looking for value, which is the intersection of price and quality.
- If messages are focused on one of those elements, to the exclusion of the other, the institution will not achieve optimal enrollment results.
- The message must be two pronged: value and affordability.



Contact Information

Jim Scannell
Scannell & Kurz, Inc.
71-B Monroe Avenue
Pittsford, NY 14534
(585) 381-1120

scannell@scannellkurz.com

www.scannellkurz.com