The State of Independent School Enrollment

What School Leaders Need to Know

Heather Hoerle, Executive Director
The Enrollment Management Association

At The Enrollment Management Association, we believe that admission practices of the past will not sustain independent schools of the future. Every day, we serve enrollment leaders, increasing their success through the best science, research, and training.

Because when great schools enroll great students, everything is possible.
The “Average” Ind Day School Enrollment Metrics:

- 440 students
- 23% students on Financial Aid (med grant: $12,848)
- 5.6% students on Tuition Remission
- Tuition: $19,500
- 293 inquiries, 140 apps, 96 admitted, 67 newly enrolled
- 10.5% annual attrition (or 48 students departing)

Source: NAIS Facts at a Glance, 2016
Tuition = Largest Portion of School Operating Revenue

IND SCHL OPERATING REVENUE

- Tuition Revenue: 72%
- New Student tuition Revenue: 12%
- Fundraising: 10%
- Auxiliary Services: 4%
- Investment income

Defining Enrollment Management
Admission Defined

• The act of allowing to enter; entrance granted by permission, by provision or existence of pecuniary means, or by the removal of obstacles.
The Admission Funnel

Prospect
Inquiry
Applicant
Admit
Deposit
Enroll

Raise Awareness
Increase Engagement
Create Excitement

The Enrollment Management Association
From Admissions to Enrollment Management

Enrollment Management is:

• An organizational concept and a systematic set of activities

• Focused on achieving enrollment goals, sustaining institutional revenue, and serving the needs of students

• Activities are organized by strategic planning and supported by institutional research

Hossler and Bean, 1990
Key Elements of SEM

• Research-based
• Institution-wide
• Encompasses totality of student experience
Universities have much to teach us.

| 1970s | • “Enrollment management” first coined in response to declines in demand  
   • Focused on demographic analysis and segmented marketing |
| 1980s | • Grew to include all functions for attracting students  
   • Grew conceptually to link these efforts to retention and graduation rates |
| 1990s | • Became more sophisticated vis-à-vis financial modeling  
   • Became a major strategic component of institutional operations – thus strategic enrollment mgt. was born |
| 2000s | • Professional in-house skills in marketing and segmenting  
   • Ability to integrate, through data, to build predictive models for enrollment and to create varied pathways to enrollment success  
   • Part of President’s cabinet |
How might you structure SEM in your school?

- Committee (Hossler 2005)
- Coordinator (Hossler and Bean 1990)
- Matrix (Hossler, Bean, and Assoc. 1990)
- Division (Caren and Kemerer 1979)
Why Enrollment Management Is Necessary for the Independent School Community
The Trustee Dashboard (NAIS)

EM-Specific Indicators of School Well-Being

<table>
<thead>
<tr>
<th>Operating Budget</th>
<th>Operating Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions Pipeline</td>
<td>Endowment &amp; Debt</td>
</tr>
<tr>
<td>Physical Plant</td>
<td>Student Turnover</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>Tuition</td>
</tr>
<tr>
<td>Net Tuition Revenue</td>
<td>Faculty</td>
</tr>
<tr>
<td>Fund-raising</td>
<td>Staffing</td>
</tr>
</tbody>
</table>
Shifting Demographics

- Population is becoming older and more diverse.
- Middle class is shrinking
- Gap between haves and have nots is growing
- Enrollment in 39% of NAIS schools is declining
By 2020, more than ½ of U.S. children are expected to be part of a minority race/ethnic group.

The U.S. population as a whole is expected to follow a similar trend, becoming majority-minority in 2044.

In 2029, all U.S. baby boomers will have reached age 65.

The proportion of the population younger than 18 is expected to change little over the 2012-2060 period, decreasing from 23.5 percent to 21.2 percent.
WICHE Key Finding: Number of High School Graduates not Increasing
WICHE Key Finding: High School Graduates Becoming More Diverse

Figure 2.4. Total U.S. Public and Private High School Graduates, by Race/Ethnicity, School Years 2000-01 to 2012-13 (Actual) through 2013-14 to 2031-32 (Projected)
WICHE Key Finding: There Will Be Significant Regional Variations
WICHE Key Finding: Private School Declines Will Happen at a Greater Rate
Money Talks

- Tuitions rising faster than incomes
- Increased demand for financial aid
- Need to generate non-tuition revenue
MEDIAN DAY SCHOOL TUITION
as a Percentage of Median U.S. Income, 2013-2014

44.4%

Source: NAIS
Price makes a difference for some schools.

Nearly 50% indicate tuition is a major barrier to apply and enroll.

Voluntary Attrition
Reasons for leaving:
- Parents Relocating
- More Affordable Option
Debunking the Myth: “There is no mathematical relationship between tuition change and enrollment.”

Source: ISM Full Steam Ahead report
Schools are relying on international students for tuition revenue.

97% of boarding schools AND 37% of day schools recruit international students.

35% of schools provide financial aid to international students.
Schools are relying on merit aid as an enrollment strategy.

58% of boarding schools and 37% of day high schools award merit scholarships.

2016 State of the Industry Report
“Financial Aid Supports Enrollment but Can’t Buy Growth”

• For both high-decline and high-growth schools, financial aid dollars awarded nearly doubled between 2006-07 and 2015-16.
• High-growth schools saw larger increases in terms of FA applications, students eligible for aid, and the number of awards.
• However, the largest increases in FA recipients and awards did not necessarily translate into enrollment increases.
Tuition Discounts on the Rise
Enrollment challenges are real.

<table>
<thead>
<tr>
<th>Experience</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We received many more applications than available spots and managed an extensive wait list of students in most grades</td>
<td>11%</td>
</tr>
<tr>
<td>We received more applications than available spots and managed a small wait list of students in several grades</td>
<td>32%</td>
</tr>
<tr>
<td>We generally accepted all qualified students and reached our enrollment goals by the start of the year</td>
<td>27%</td>
</tr>
<tr>
<td>We did not reach our enrollment goals until several weeks into the school year</td>
<td>7%</td>
</tr>
<tr>
<td>We did not reach our enrollment goals last year</td>
<td>22%</td>
</tr>
<tr>
<td>I do not know</td>
<td>1%</td>
</tr>
</tbody>
</table>

Many schools are not meeting net tuition revenue goals.

- 52% met both enrollment and net tuition revenue goals
- 12% met enrollment goal, but not net tuition revenue goal
- 12% met net tuition revenue goal, but not enrollment goal
- 17% met neither enrollment or net tuition revenue goal
- 7% do not know

School size makes a difference.

<table>
<thead>
<tr>
<th></th>
<th>Under 200</th>
<th>201-300</th>
<th>301-500</th>
<th>501-700</th>
<th>701-1000</th>
<th>More than 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our school met BOTH our enrollment and net tuition revenue goals.</td>
<td>36%</td>
<td>39%</td>
<td>56%</td>
<td>59%</td>
<td>63%</td>
<td>75%</td>
</tr>
<tr>
<td>Our school met NEITHER our enrollment and net tuition revenue goals.</td>
<td>33%</td>
<td>29%</td>
<td>11%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: The Enrollment Management Association’s 2016 State of the Admission Industry Report
Small Schools are particularly susceptible.

**Enrollment Change by School Size over the Last Decade**

- **200 Students and Below**
  - High Decline: 45%
  - Moderate Decline: 26%
  - Moderate Growth: 10%
  - High Growth: 19%

- **201-300 Students**
  - High Decline: 31%
  - Moderate Decline: 11%
  - Moderate Growth: 32%
  - High Growth: 26%

- **301-500 Students**
  - High Decline: 19%
  - Moderate Decline: 22%
  - Moderate Growth: 36%
  - High Growth: 22%

- **501-700 Students**
  - High Decline: 18%
  - Moderate Decline: 18%
  - Moderate Growth: 46%
  - High Growth: 17%

- **Above 700 Students**
  - High Decline: 9%
  - Moderate Decline: 20%
  - Moderate Growth: 52%
  - High Growth: 19%

**All Schools**

- High Decline: 20%
- Moderate Decline: 19%
- Moderate Growth: 39%
- High Growth: 21%

*Totals may not equal 100 due to rounding.*

Source: NAIS, Enrollment, DASL
Student Retention: A concerning uptick

Median Attrition Rates: All NAIS Schools

Source: NAIS Facts At A Glance, 2016
Despite the critical importance of retention in enrollment management, too few schools have formal structures to support it.

Just three-in-ten schools (30%) have a retention committee.

In six out of ten schools with retention committees, admission directors lead them.

Source: The Enrollment Management Association’s 2016 State of the Admission Industry Report
Admission directors have limited exposure to the board of trustees.

86% of admission leaders report to the head of school, and 83% of admission directors claim they are members of their school’s senior leadership team—but only 37% regularly attend board meetings.

Source: The Enrollment Management Association’s 2016 State of the Admission Industry Report
Admission directors have limited influence on school finance.
Gender Differences & Leadership Influence

- Attend board meeting regularly: 47% (men), 34% (women)
- Admission plays a key role in deciding tuition: 24% (men), 15% (women)
- Admission plays a key role in deciding the amount of financial aid: 25% (men), 19% (women)

Source: The Enrollment Management Association’s 2016 State of the Admission Industry Report
There appears to be a disconnect between enrollment realities and future enrollment strategies.

Deliberately seeking to increase enrollment.................................56%

Seeking to maintain enrollment at current levels............................41%

Deliberately seeking to downsize enrollment.................................2%

Do not know..............................................................................1%

The Mid-Atlantic has been particularly hard hit.
Slow Economic Recovery

MAP 2. METRO ECONOMY-COUNTRY GROWTH DIFFERENTIAL, 296 LARGEST METROPOLITAN ECONOMIES, 2013-2014

Metro Area Performance
2013 to 2014

- Metro area growing faster than country on both GDP per capita and employment
- Metro area growing slower than country on GDP per capita or employment or both
How Money Walks, PA

Pennsylvania Lost $12.61 billion in annual AGI*
Wealth Migration 1982-2015

Thinking about moving to Pennsylvania? See how much moving will cost you in taxes.

$155 of adjusted gross income lost in the last 7 seconds.

Gained Wealth From:
- $4.23 billion New Jersey
- $3.68 billion New York
- $1.27 billion Maryland
- $389.23 million Connecticut
- $205.76 million Michigan

Lost Wealth To:
- $9.31 billion Florida
- $2.32 billion North Carolina
- $1.57 billion South Carolina
- $1.13 billion California
- $1.07 billion Texas

Share
- Twitter
- Facebook
- Email a friend
How Money Walks, Philadelphia

Philadelphia County (PA)
Lost $8.01 billion in annual AGI*
Wealth Migration 1980-2016

Thinking about moving to Philadelphia County (PA)?
See how much moving will cost you in taxes.

$353 of adjusted gross income lost in the last 25 seconds.

Gained Wealth From:
- $57.69 million  Kings County, NY
- $49.46 million  Queens County, NY
- $49.45 million  Mercer County, NJ
- $49.08 million  Cuyahoga County, OH
- $42.02 million  Monmouth County, NJ

Lost Wealth To:
- $2.34 billion    Montgomery County, PA
- $1.56 billion    Bucks County, PA
- $1.31 billion    Delaware County, PA
- $584.78 million  Camden County, NJ
- $359.41 million  Gloucester County, NJ

*Adjusted Gross Income
Another Complexity:
The Changing Admission Funnel
Purpose of the Funnel

✔ Provide predictive modeling
✔ Track progress from one year to the next and over time
✔ Measure yourself against peer institutions
✔ Identify strengths and weaknesses
✔ Window into reality of enrollment situation (e.g. how selective are you?)
Where have all the inquiries gone?
The Rise of the Stealth Applicant

• In 2001, independent day schools received eight inquiries per enrolled student. In 2009, that number had decreased to five

NAIS DASL Tables, Admission Ratios and Percentages

• In higher education, institutions report that as many as 50% of students do not reach out prior to submitting an application.
Beware Vanity Metrics!

Families no longer “inquire” so heads and boards must look for new methods (leads, sourcing, completed apps, retention graduation rates) to measure admission and enrollment success.
Schools in decline are becoming less selective.
The Barbell Effect

SSS Special Report, 2016: Fastest growing Financial Aid recipient group = families with high income (over 200k)
Loyalty to the Child—not the Institution

According to the 2014-15 NBOA Business Office Survey, more than half of trustees are current parents, making governance work more challenging.
The Most Sought after Resources by Prospective Families

1. More opportunities to interact with current students
2. More information about the academic programs
3. More opportunities to visit class
4. More opportunities to interact with current teachers
5. More information about the admission process/expectations for applicants
6. More information about the faculty
7. More opportunities to interact with current parents
8. More videos of school life
9. More email updates about school activities

Source: The Enrollment Management Association’s The Ride to Independent Schools, 2015
Anxiety and the Application Process

• 42% described the amount of work to apply to independent schools as “more than expected.”

• 24% of these families dropped schools from their list due to the amount of application time required (total=14%).

• On an anxiety scale of 1 to 10, all respondents reported anxiety levels above the midpoint.

Source: The Enrollment Management Association’s The Ride to Independent Schools, 2015
PK-12 educational choice is exploding

Homeschooled Students in the U.S.


The Deeper Learning Network has more than...

500 Schools
227,000 Students
13,800 Teachers
Sizing up the Competition

✓ Free or significantly less expensive
✓ Launched in the past 10 years
✓ On a fast growth curve
✓ Clear value proposition
✓ Appealing to independent school families
✓ Big $ investors, for-profit
✓ Innovative teaching and learning
How the Competition Markets

Personalized attention

Academic Rigor

Personalized learning

Experiential learning

Project based learning
# How Independent Schools Market

From 2016 State of the Industry Report

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the whole child</td>
<td>33%</td>
</tr>
<tr>
<td>Personalized attention</td>
<td>9%</td>
</tr>
<tr>
<td>Academic rigor</td>
<td>9%</td>
</tr>
<tr>
<td>Personalized learning program</td>
<td>8%</td>
</tr>
<tr>
<td>Specific academic program (such as IB or AP)</td>
<td>6%</td>
</tr>
<tr>
<td>Character development</td>
<td>6%</td>
</tr>
<tr>
<td>Quality of the faculty</td>
<td>5%</td>
</tr>
<tr>
<td>Small class size</td>
<td>4%</td>
</tr>
<tr>
<td>Experiential learning</td>
<td>4%</td>
</tr>
<tr>
<td>21st century skills</td>
<td>4%</td>
</tr>
<tr>
<td>Project-based learning</td>
<td>2%</td>
</tr>
<tr>
<td>Spiritual development</td>
<td>4%</td>
</tr>
<tr>
<td>Critical thinking skills development</td>
<td>3%</td>
</tr>
<tr>
<td>College placement</td>
<td>2%</td>
</tr>
</tbody>
</table>
Generational Values Are Shifting

• Born 1982—2004; ages 12 to 34 in 2016
• Largest and most diverse generation ever
• First generation to be less wealthy than their parents
• Millennials expect innovation.
• 70% say advertisements usually bore them.
• 75% would like it if brands surprised them.
• 92% of Millennial parents agree: “It is important that my children know they are special/unique.”
• 6 in 10 Millennial parents would prefer their child to stand out rather than fit in.
What Will this School Look Like to that Millennial Parent?
Keys Levers for Change
Heads—Business Officers—Enrollment Officers
Data: The Achilles Heel of Independent Schools
Nuanced Tracking Needed

• **Trend Data**: 5-year history of inquiries, admission test scores, applications, campus visits/interviews, accepts, enrolled, and number of students lost after depositing.

• **Financial Aid Data**: How many applicants? How many qualify? What’s the yield rate?

• **Student Data**: Different funnels for different categories of students, including international and Chinese applicants, learning support, and application-to-admit ratio for students depending on the kind of application submitted—paper, online, common, etc.
What Leaders Need to Know About the School’s Market Position

1. Top three reasons why families choose your school
2. Top three reasons why they don’t
3. Top three crossovers/competitors
4. Win-loss record with overlap schools
5. Yield by category of student
### Key Enrollment Metrics

<table>
<thead>
<tr>
<th>RECRUITMENT</th>
<th>MARKETING</th>
<th>FINANCIAL</th>
<th>RETENTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of students moving from one funnel stage to the next</td>
<td>% increase in recruitment activity in targeted marketing areas</td>
<td>Tuition revenue</td>
<td>% of students that re-enroll and % of attrition (breakdown by target group)</td>
</tr>
<tr>
<td>Number and % of students for each identified target group (geographic, feeder schools, athletes, etc.)</td>
<td>Market share - % of potential students in target market who enroll</td>
<td>Discount rate</td>
<td>Exit survey data (reasons why enrolled students depart; trends)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net tuition revenue</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total financial aid</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average award</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unmet need</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total tuition paid by FA families</td>
<td></td>
</tr>
</tbody>
</table>
Shared Market Analysis: 
Data Interoperability
Student Search Service

Student Search Service® is a free service that has helped millions of students receive valuable information from colleges and nonprofit scholarship organizations.

When students take the SAT, PSAT/NMSQT, and PSAT 10, they're asked if they want to participate. By opting in, they give the College Board permission to share their names and limited information with colleges and scholarship programs looking for students like them.

How It Works

- Students answer questions on the SAT student questionnaire or their PSAT/NMSQT or PSAT 10 answer sheets.
- Eligible organizations use answers from students who have opted in to search for groups of students who may be a good fit for their communities and programs.
- Searched items are expected high school graduation date, GPA, and intended college major.
- Organizations can search by any attribute students provide except self-reported parental income, Social Security number, phone, and actual test scores.

Learn about how Student Search works

Participate

The answer to the Student Search Service question on the answer sheet is what starts the process. If students answer yes to the Student Search Service question on the answer sheet, the College Board forwards their scores, names, and other information to colleges and nonprofit scholarship programs so that new data can be added to the database.

Students can stop participating at any time during their high school career by using the opt-out form or by calling the College Board.

Greg Buckles, Dean of Admission, Middlebury College, VT; Ranked #4 in National Liberal Arts Colleges by US News and World Report
Enrollment-based Budgeting

Net Tuition Revenue (NTR): total tuition income minus financial aid expenditures. Financial aid expenditures include all tuition offsets including need-based grants, discounts, and the merit program.

Net Tuition Discounting (NTD): practice of discounting tuition after NTR goals are met. The purpose of NTD is to increase headcount and secure additional revenue for the institution. Any decision to employ NTD will take into account: the grade of the student, legacy affiliation, boarding/day mix and other factors that affect class composition goals.

Alex Heiberger, CFO, Madeira School
Yield: What is your plan for each market? How do you spread your aid to achieve your goals?

<table>
<thead>
<tr>
<th></th>
<th>Boarding</th>
<th>Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>Plan A</td>
<td>Plan B</td>
</tr>
<tr>
<td>Distance</td>
<td>Plan C</td>
<td>X</td>
</tr>
</tbody>
</table>

- FA vs. Merit vs. Discount
- Diversity (socio-economic, racial, sex, international, programmatic)
- Knowing what you want to achieve is the first step in determining what you need to do

Alex Heiberger, CFO, Madeira School
Incremental Right-Sizing: The time to start is now.
Admission leaders require new tools and school-wide buy in.
• Only 67% of admission directors make the decision about which online application to use.

• Only 36% make the decision about which database to use.

• Vendor systems dictate how data are tracked.
Student Guides and Prospect Conversion

• 89% of students said tour guides were “somewhat influential” or “very influential” in deciding where to apply to schools.

• 27% boarding and 30% of day students said they did not apply to a school because of a negative experience with a tour guide.
Faculty = Important Brand Ambassadors
Removing Application Barriers

58% of applicants did not use a standard application service. 43% said it was because the schools to which they were applying didn’t accept a standard application. 39% didn’t even know there was a standard application option.

**Average # of Applications Submitted**

<table>
<thead>
<tr>
<th>Type</th>
<th>Average Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private school - Day</td>
<td>3.3</td>
</tr>
<tr>
<td>Private school - Boarding</td>
<td>5.6</td>
</tr>
<tr>
<td>Traditional public school</td>
<td>2.7</td>
</tr>
<tr>
<td>Magnet/charter school</td>
<td>3.5</td>
</tr>
<tr>
<td>Parochial school</td>
<td>2.6</td>
</tr>
</tbody>
</table>

The Ride to Independent Schools
Higher Ed and the Common App

Learning about financial aid just got simpler.
Now, you have access to financial aid and scholarship opportunities - right inside your Common App.

Whitney Soule, Dean of Admissions, Bowdoin College, ME
Ranked #6 in National Liberal Arts Colleges by US News and World Report
Successful Schools Are Attracting “Non-Traditional” Families

Change in Enrollment of Students of Color and White Students by School Enrollment Change Category

Median percentage change in the enrollment of students of color

Median percentage change in the enrollment of white students

High-Decline Schools  High-Growth Schools

Source: NAIS, Enrollment, DASL
Independent School Differentiation

The Enrollment Management Association

Source: CAPE Outlook, January 2017
A Collaborative Future for Independent School Admission?

I.S. branding and shared top of the funnel prospecting

Common application

Shared, real-time market data and school-specific predictive modeling

Applicant referrals among schools
Key Contacts for ADVIS

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All the reports referenced today can be downloaded for free on enrollment.org.