

Preparing for Future Enrollments in the Midwest:

Needing to Think Segmentation and Educate
Campuses for the Another Demographic Shift

Missouri ACT Council Workshop

March 2005

AND YOU THINK YOU'RE HAVING A BAD DAY AT WORK !!

Although this looks like a picture taken from a Hollywood movie, it is in fact a real photo, taken near the South African coast during a military exercise by the British Navy.

It has been nominated by National Geographic as "THE photo of the year".



The Challenge: Preparing for a Change in Demographics

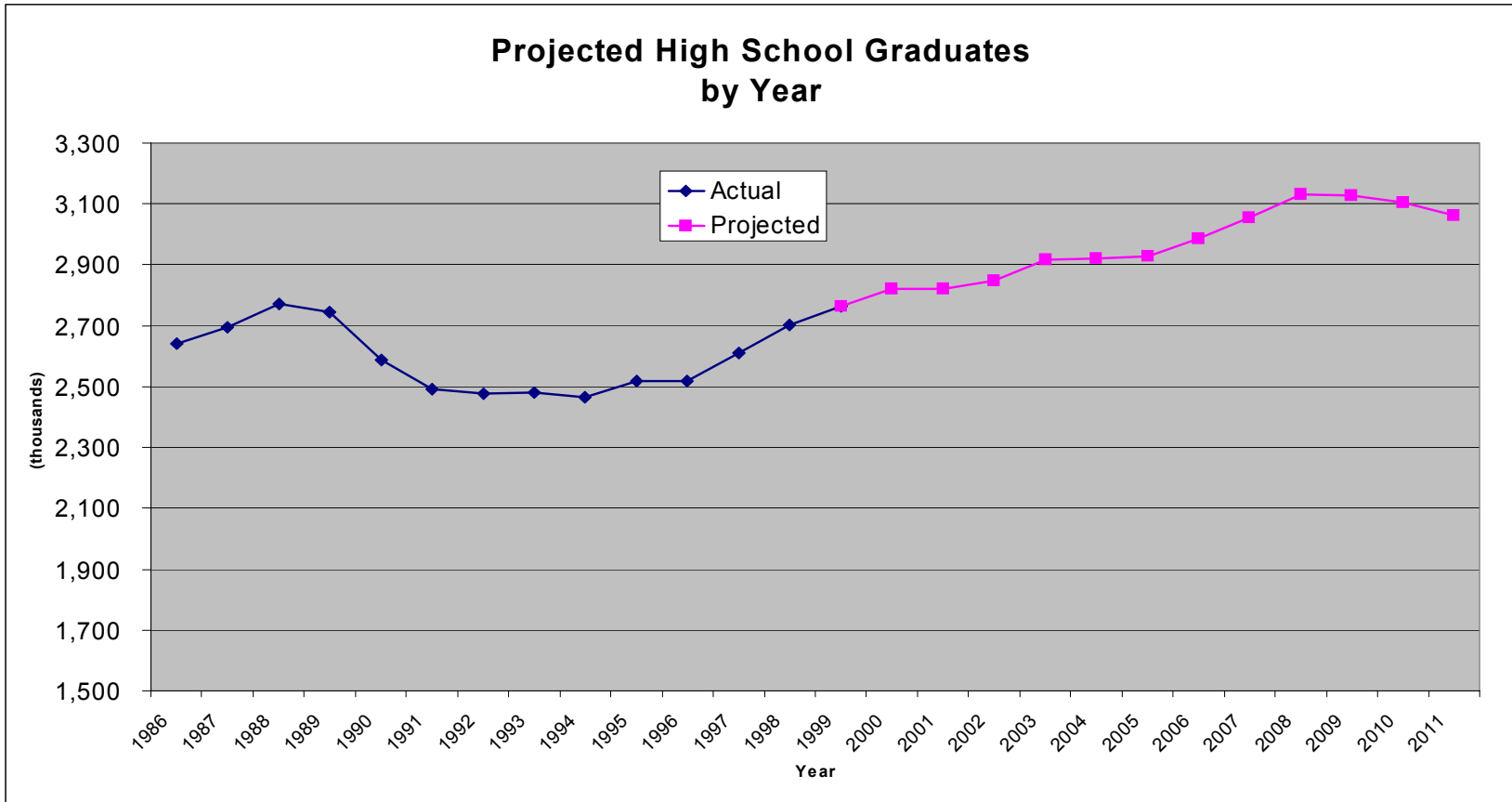
NATIONAL TREND:

- Unprecedented population growth
- Unprecedented diversity

MIDWESTERN TREND:

- Fast approaching decreases in high school graduates

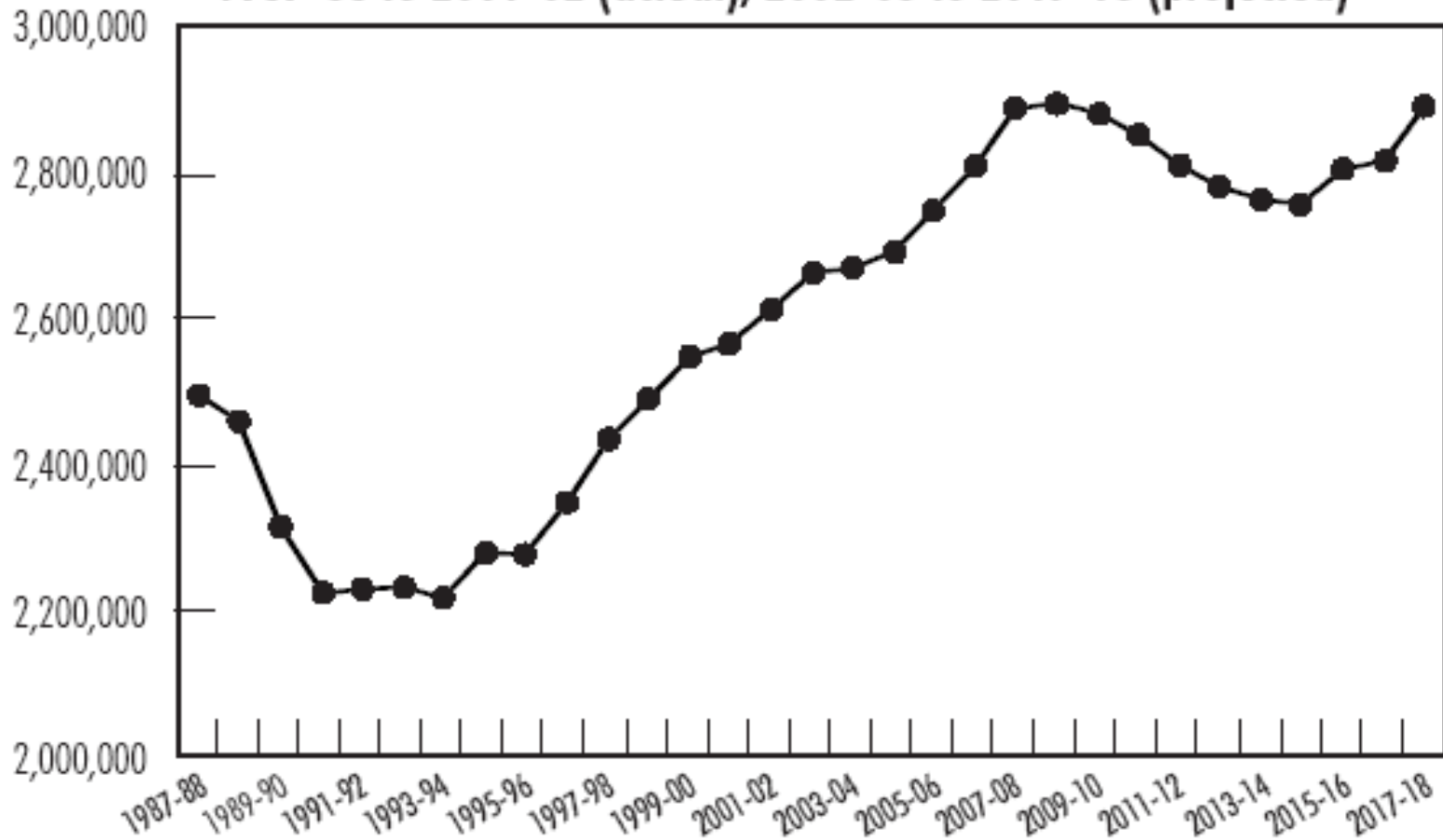
National Picture: Unprecedented Student Population Growth



Source: *Projection of Education Statistics (NCES)*

National Picture: Unprecedented Student Population Growth Continued

Figure 1. Number of U.S. Public High School Graduates
1987-88 to 2001-02 (actual), 2002-03 to 2017-18 (projected)



Source: Western Interstate Commission for Higher Education, 2003.

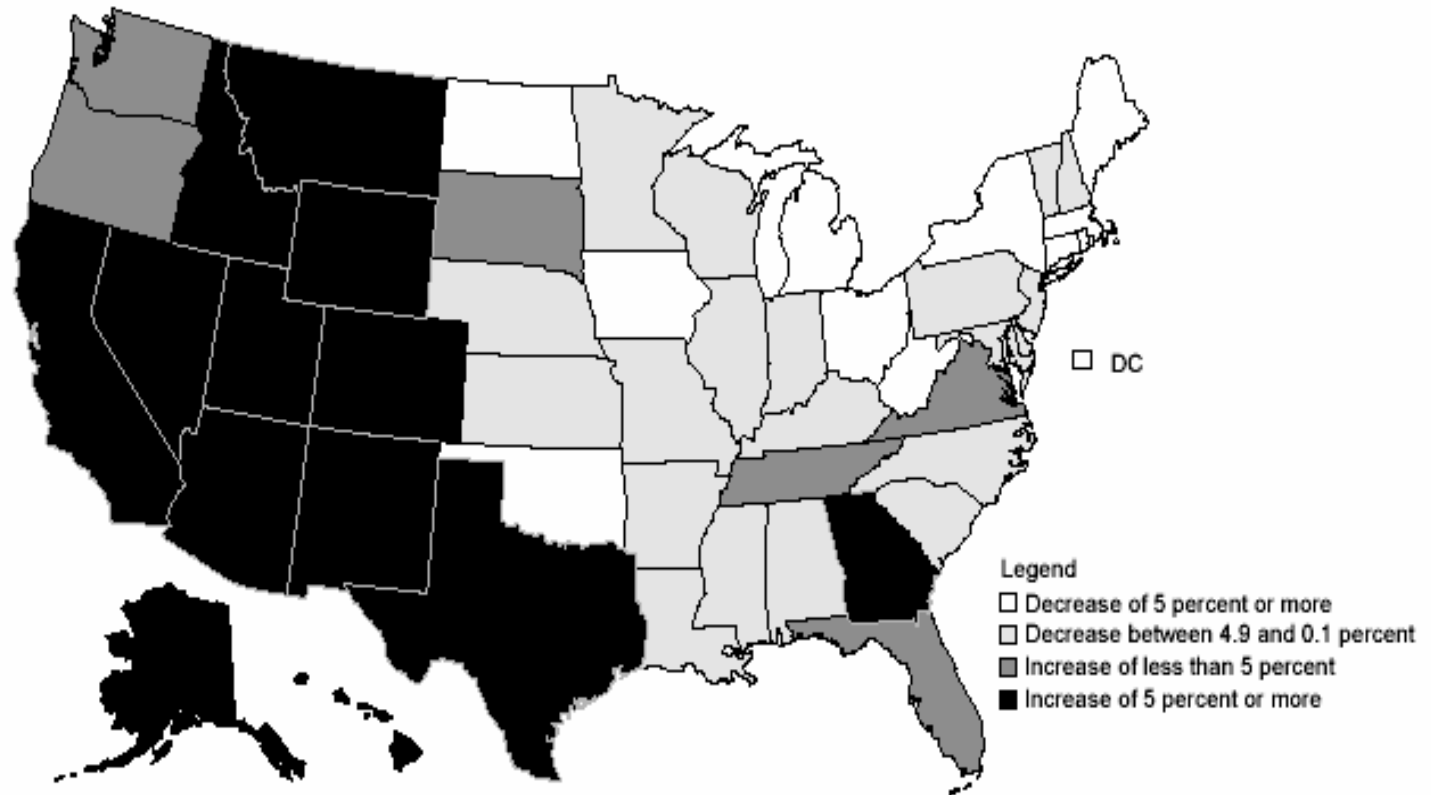
A Closer Look at the National Growth Rate Shows Half of the US Decreasing in Student Populations by 2011

Projected change in the number of public high school graduates, by state: 2000-01 to 2012-13

Increases		Decreases	
Nevada	72.2	Idaho	-0.2
Florida	30.3	Alaska	-0.8
Arizona	29.6	Missouri	-2.8
New Jersey	26.7	Ohio	-3.3
Michigan	25.9	Minnesota	-3.9
California	23.1	New Hampshire	-4.8
Georgia	22.7	Arkansas	-4.9
Colorado	22.1	Hawaii	-5.2
North Carolina	20.6	Wisconsin	-6.0
Virginia	19.2	Alabama	-6.2
Connecticut	19.0	Kansas	-6.3
Texas	19.0	Iowa	-7.3
Illinois	17.5	Nebraska	-7.5
South Carolina	16.9	Mississippi	-7.5
Rhode Island	15.5	Kentucky	-9.8
Tennessee	10.7	New Mexico	-10.1
Maryland	8.6	Oklahoma	-11.5
Delaware	8.6	Louisiana	-13.8

The Midwest and Northeast are projected to peak in 2007-08. While the West, like the nation, is expected to see its peak year for graduates in 2008-09, the South will see its high point in 2009-10 (and again later in the projection period).

Figure 7.—Percent change in grades K-12 enrollment in public schools, by state: Fall 2000 to fall 2012



SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data surveys; and State Public Elementary and Secondary Enrollment Model.

Projected Change in High School Graduates

2002-2012

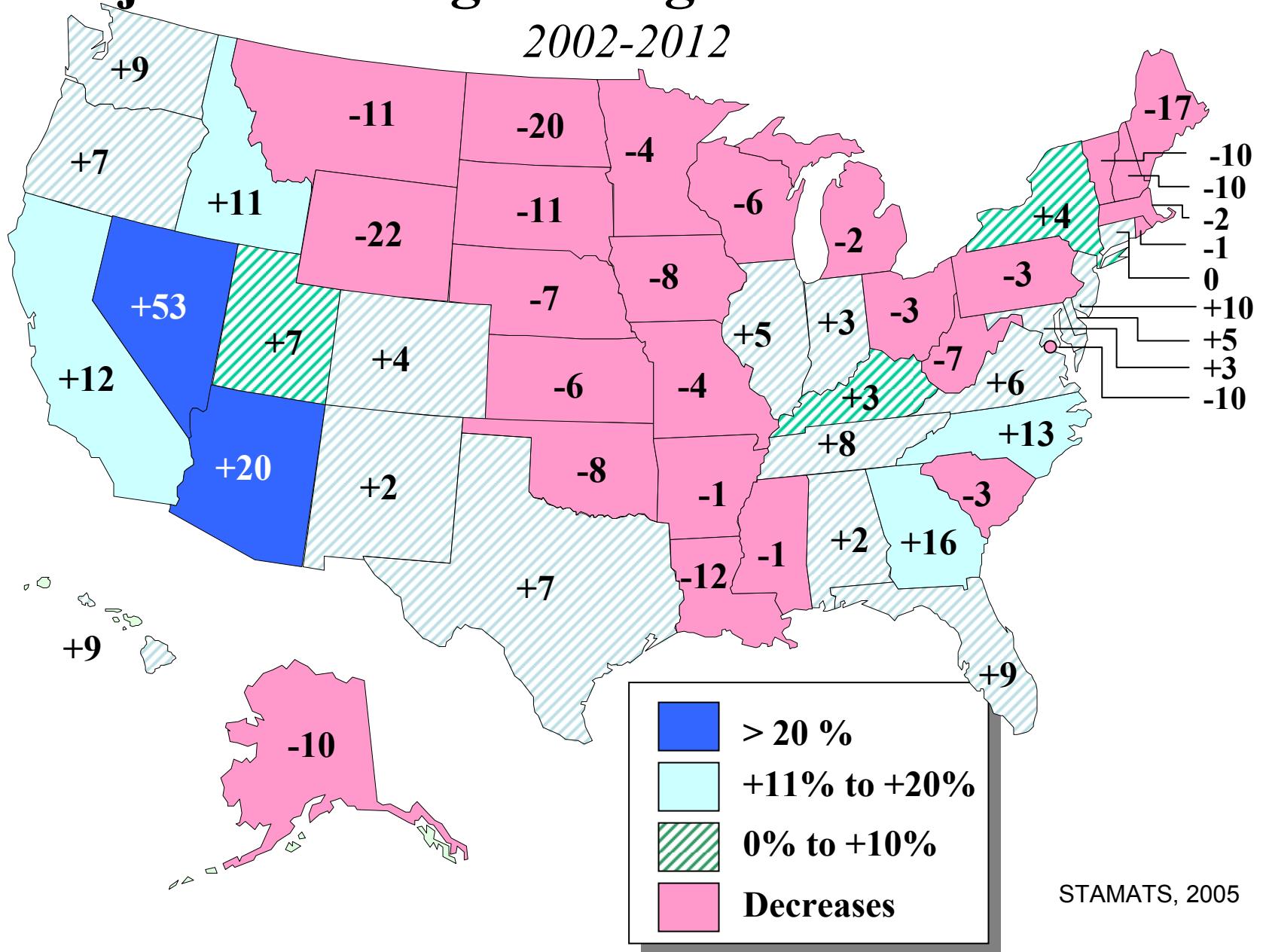
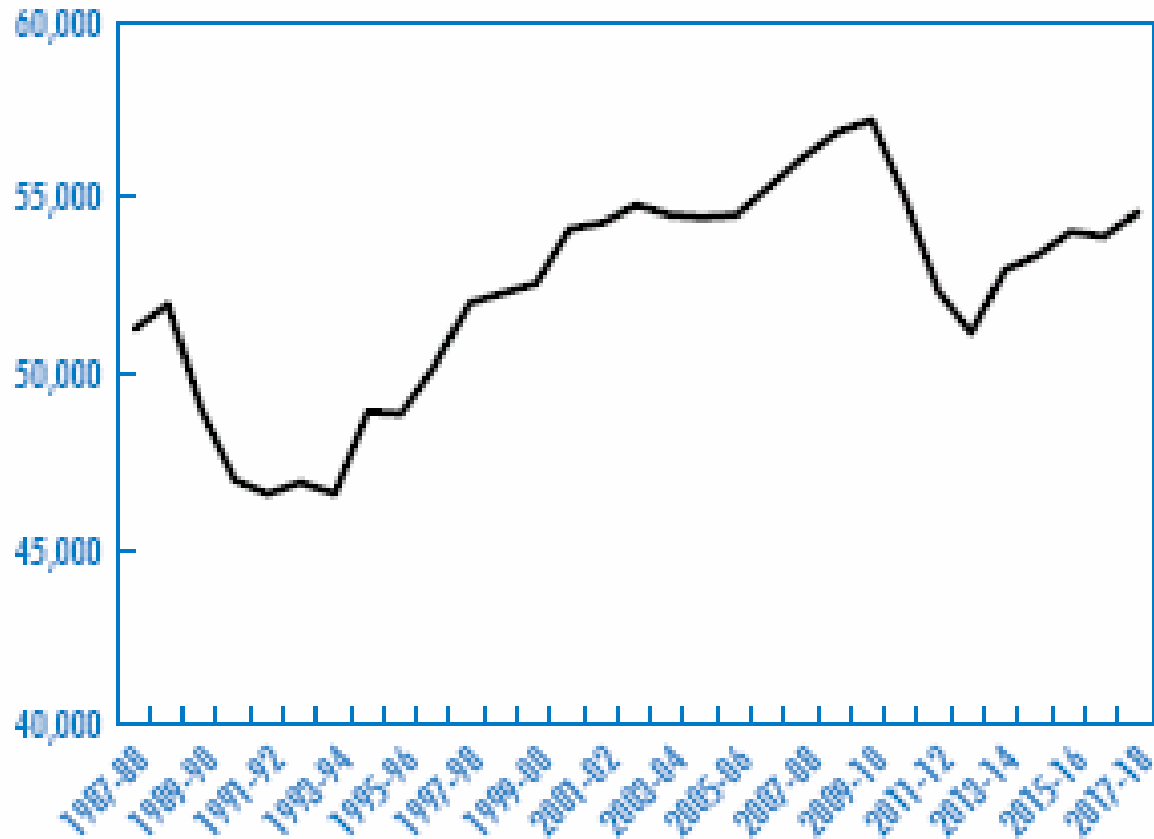


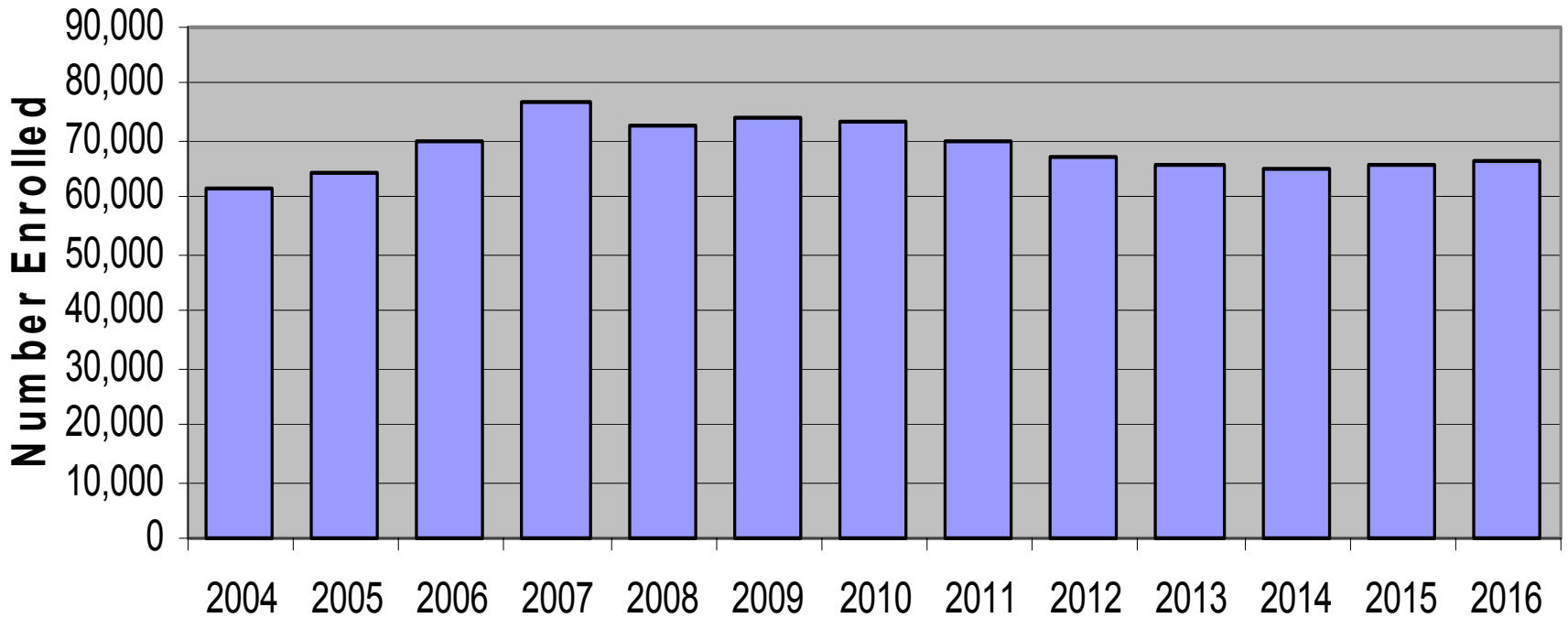
Figure 2. Missouri Public High School Graduates

1987-88 to 2001-02 (actual), 2002-03 to 2017-18 (projected)



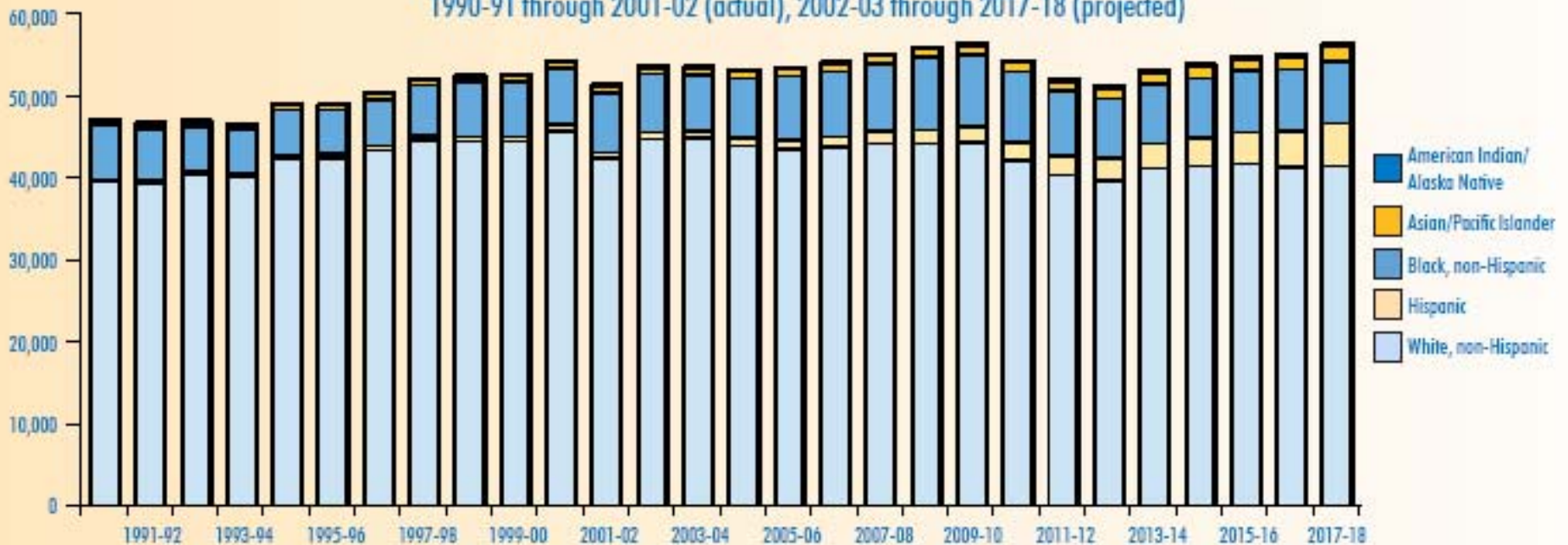
SOURCE: U.S. Dept. of Education, NCES: [Common Core of Data](#) surveys and State Public High School Graduates Model.

Enrollment by Graduation Year: Missouri Public Schools Total



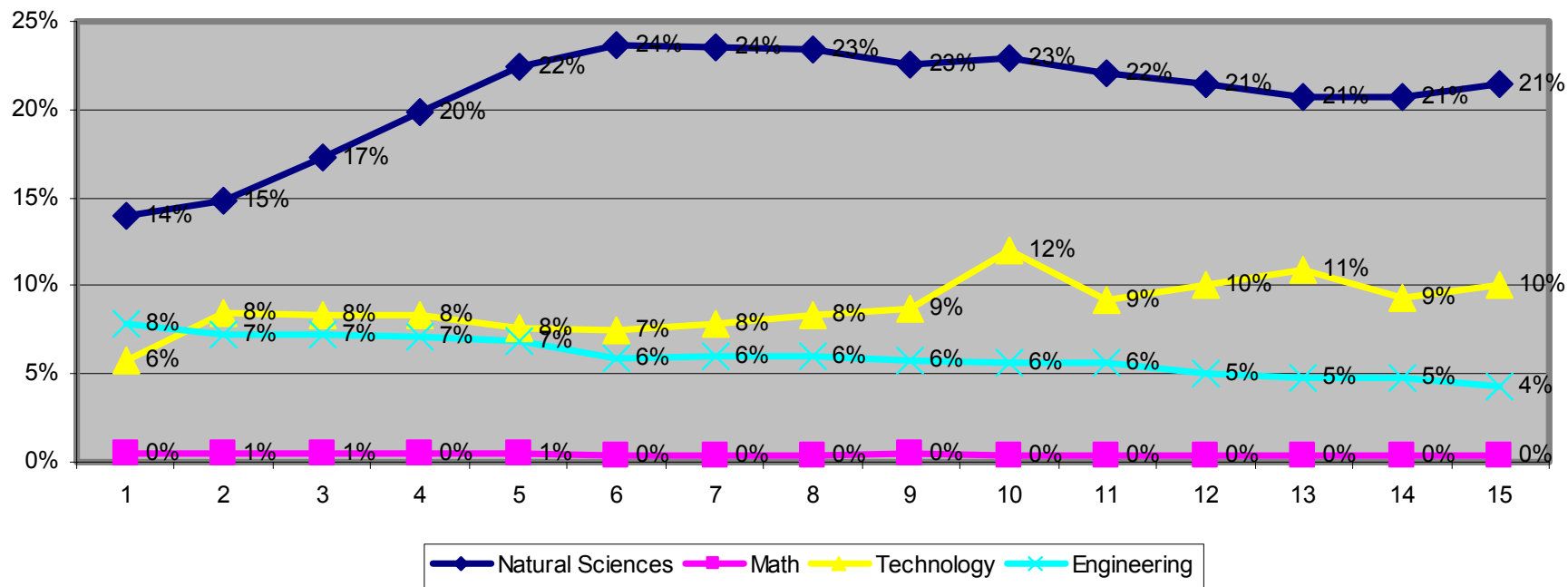
**Expected Graduation Year - NOTE: This is not a graduation projection chart,
there are no adjustments for regular drop-out, migration, etc**

Figure 4. Missouri Public High School Graduates by Race/Ethnicity
 1990-91 through 2001-02 (actual), 2002-03 through 2017-18 (projected)



SOURCE: U.S. Dept. of Education, NCES: [Common Core of Data](#) surveys and State Public High School Graduates Model.

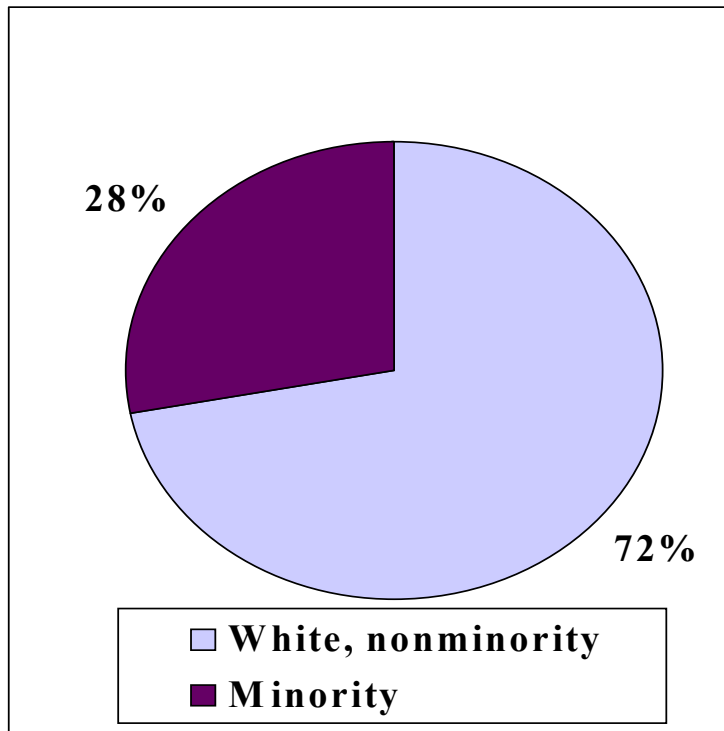
Planned Academic Majors of UM Admissable ACT Tested College Bound Missouri Students, 1989-2003



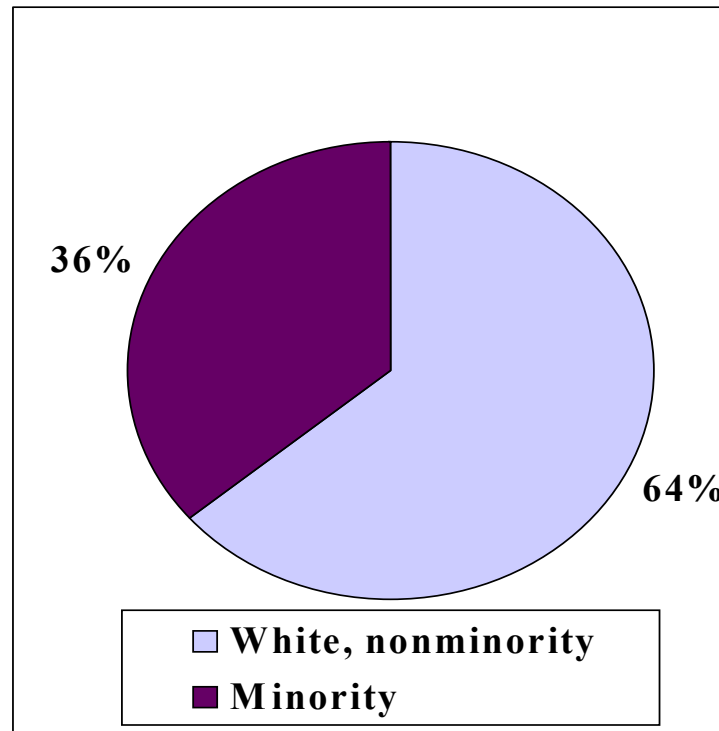
SOURCE: ACT Missouri State Profile Data, 1989 - 2003

Unprecedented Diversity

Student Population - 1997



Student Population - 2015



Source: National Center for Education Statistics, Carnevale, Anthony P., and Richard Fry.

Financial Concerns

- Among minority students, 45 percent will come from families with the lowest EFC
- With only 6 percent of the students from the lowest income group earning bachelor's degrees today – versus 40 percent of high-income students – it is clear that the fastest growing segment of college-age individuals will be the one that has traditionally enrolled in college at the lowest rates and the one that has encountered the greatest barriers to success after college

Public Policy Changes

- Reductions in state support to higher education
- Shift from grants to loans as a share of total aid
- Increasing number of state scholarship programs based increasingly on merit rather than need (e.g., TOPS, Hope)
- 1992 Reauthorization of the Higher Education Act (the beginning of increasing unmet need in financial aid awards)

Tuition Pricing & Student Aid Policy Trends – Impacting College Decision Process

DATA TO CONSIDER:

- Although not as common as in 1992, seventy-four percent of the public two-year colleges reported that compared to five years ago, **more students are electing to attend a two-year institution rather than a four-year institution because of the total costs of education.**
- The average percentage of first-year students with demonstrated financial need that was fully met has dropped in all sectors since 1992, except in two-year public institutions.

SOURCE: March 2002, Trends in College Admission 2000: A Report of a National Survey of Undergraduate Admission Policies, Practices, and Procedures Sponsored by: ACT, Inc.; Association for Institutional Research; The College Board; Educational Testing Service; National Association for College Admission Counseling

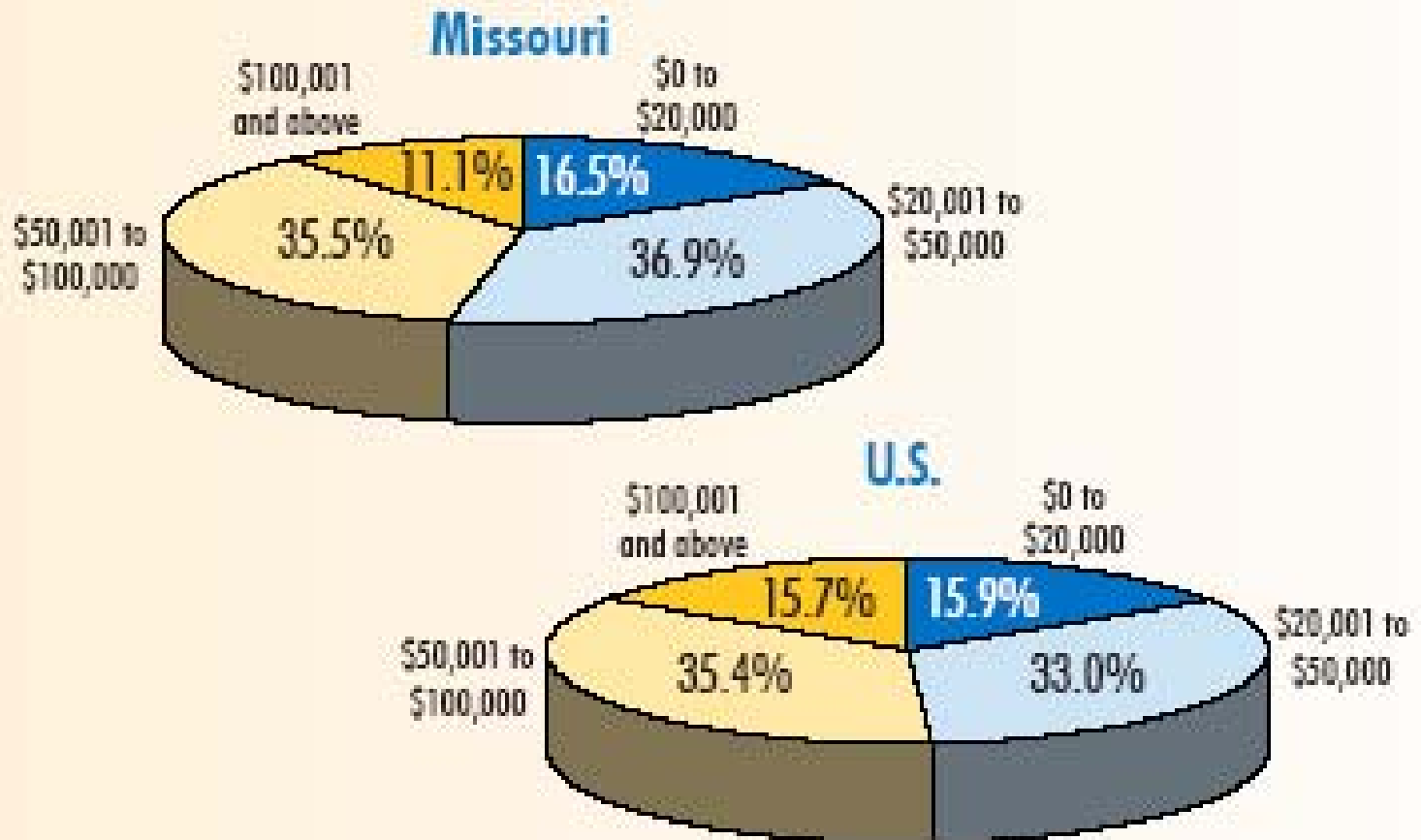
Missouri Student Market Trends

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
High School Graduates*	52,852	54,181	54,513	56,923
Freshmen 4 year Public***	17,170	17,392	17,295	17,451
Freshmen 4 year Private	8,729	8,347	8,695	8,942
Freshmen 2 year Public	29,852	30,746	32,202	32,659
Freshmen 2 year Private	219	231	238	208
Total College Freshmen in MO	38,800	39,324	41,135	41,809

SOURCES: MO DESE, Annual Report of School Data, web posted Sept. 27, 2004

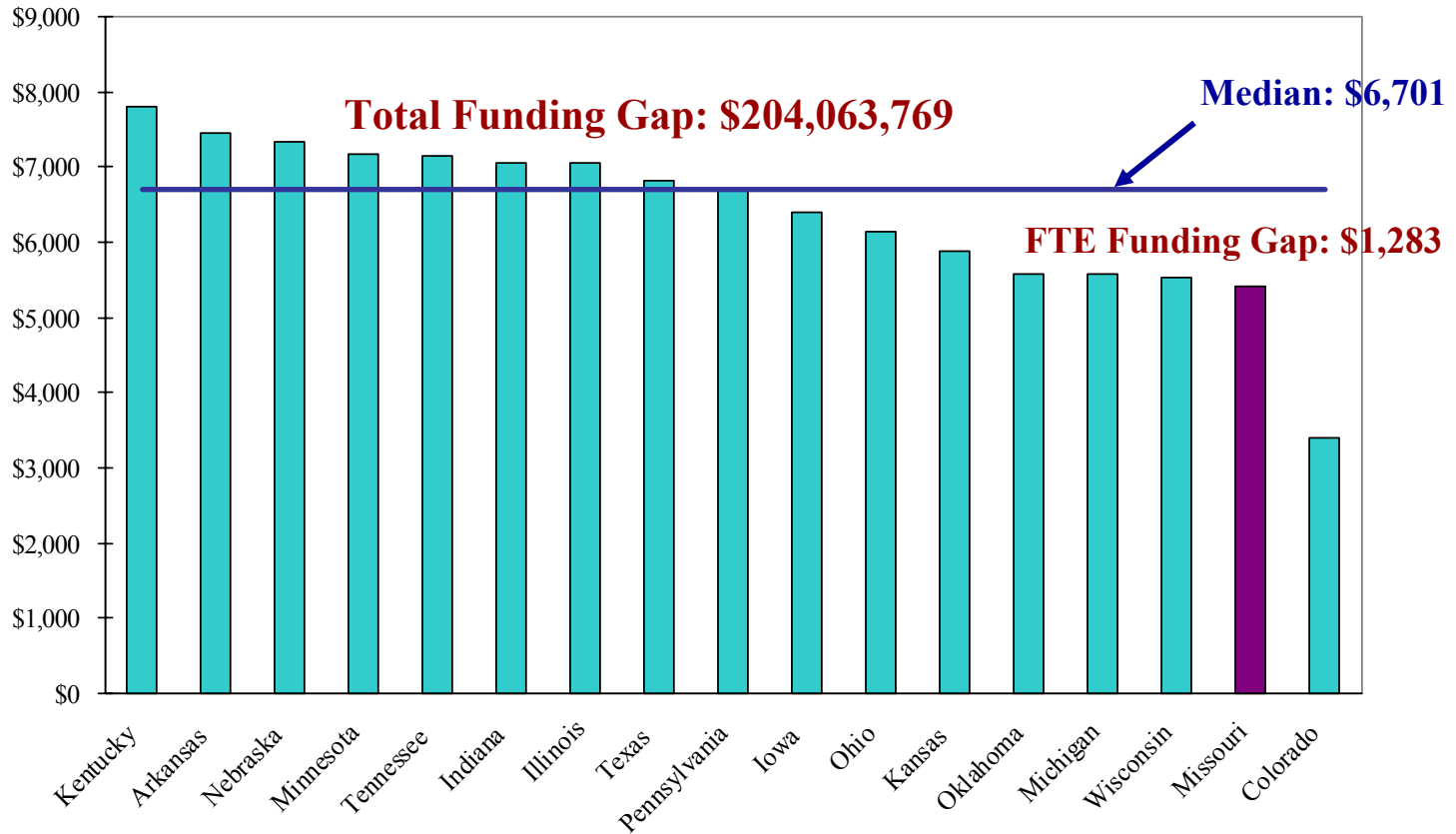
MO DHE 2003-04 Statistical Summary of Missouri Higher Education; Tables 45, 46

**Figure 3. Public High School Graduates by Median Family Income
2012-13 (projected)**



SOURCE: U.S. Dept. of Education, NCES: [Common Core of Data](#) surveys and State Public High School Graduates Model.

FY2005 Appropriations per FTE Student for Public 4-Year and 2-Year Institutions in Big 10, Big 12, and Contiguous States



State Appropriations for Missouri Public Higher Education FY1992-2005 (\$ Millions)

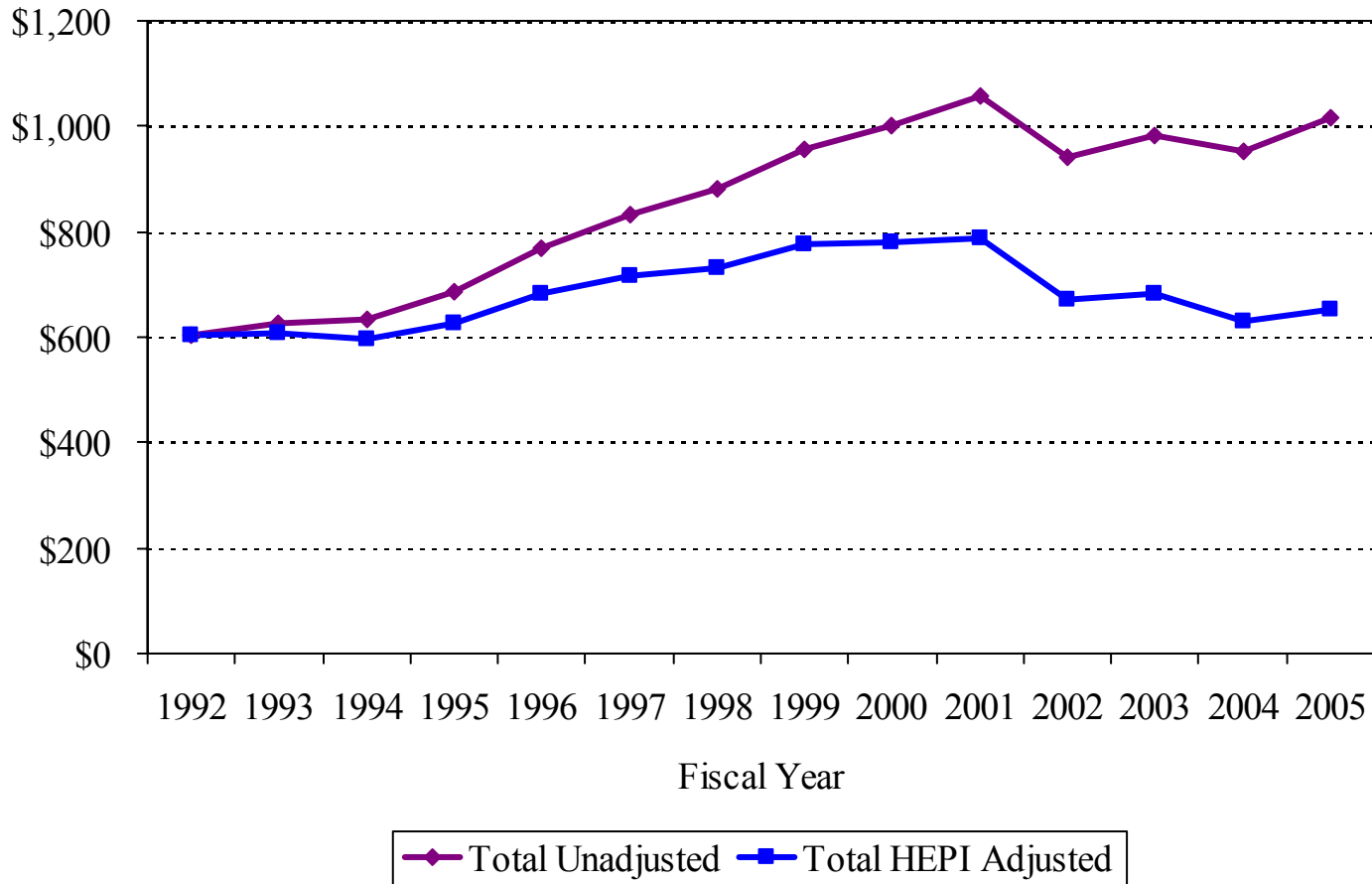
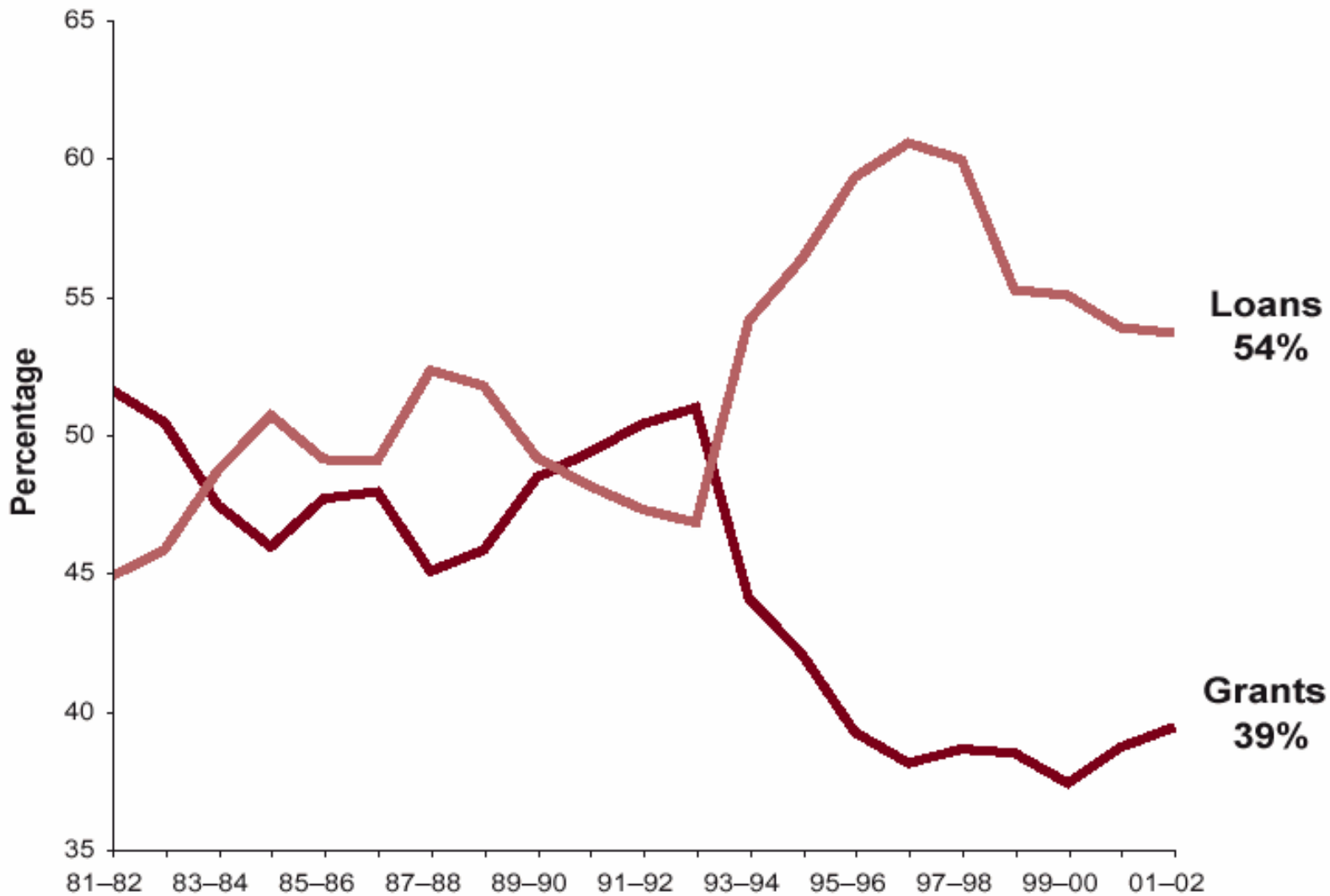
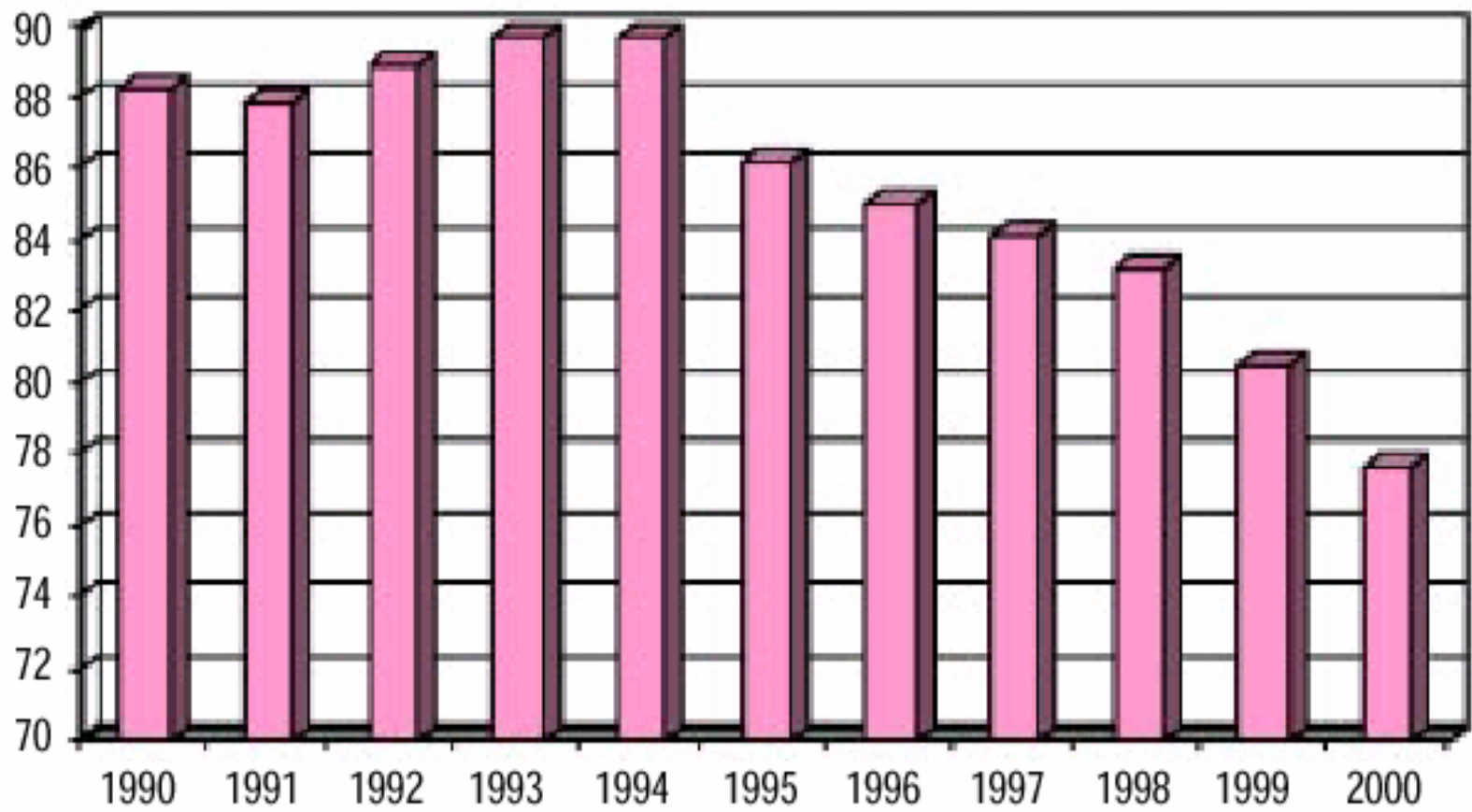


FIGURE 5. *Grants vs. Loans, Percent Share of Total Aid, 1981–1982 to 2001–2002*



Source: The College Board

Proportion of State Grants Awarded Based on Need



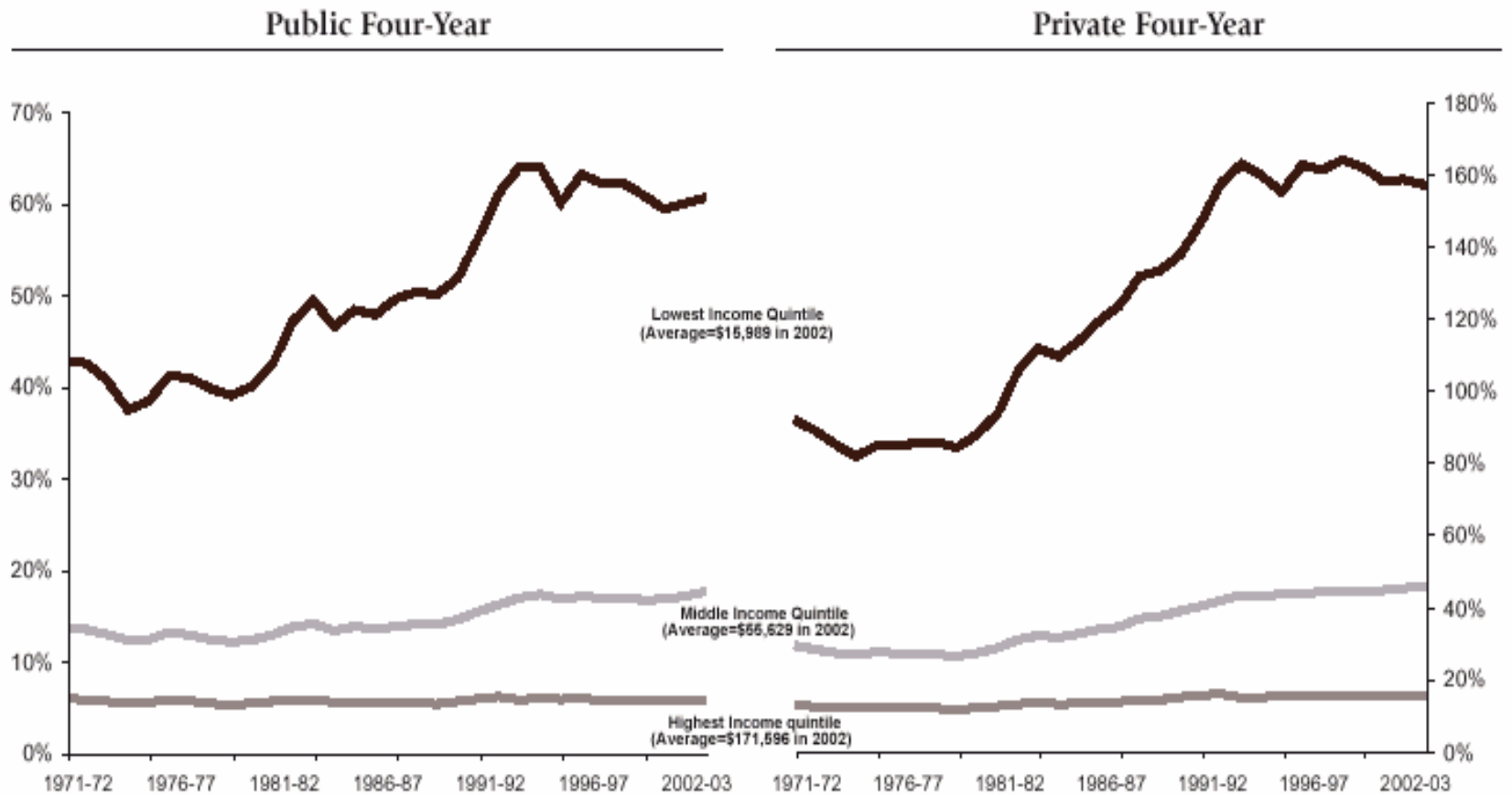
Source: National Association of State Scholarship and Grant Programs

Rising College Costs

Average Tuition and Fee Charges in *Constant Dollars*, 1990-1991 to 2002-2003

	Private 4-yr.	Private 2-yr.	Public 4-yr.	Public 2-yr.
1990-91	12,561	6,711	2,566	1,218
1991-92	12,786	6,899	2,746	1,526
1992-93	13,202	7,271	2,949	1,410
1993-94	13,558	7,671	3,122	1,534
1994-95	14,032	7,338	3,239	1,569
1995-96	14,240	7,389	3,277	1,550
1996-97	14,727	7,495	3,372	1,660
1997-98	15,350	7,882	3,464	1,745
1998-99	16,114	7,603	3,557	1,702
1999-00	16,527	7,421	3,581	1,756
2000-01	16,697	7,755	3,587	1,689
2001-02	17,457	9,299	3,765	1,625
2002-03	18,273	9,890	4,081	1,735

FIGURE 5. Cost of Attendance (Enrollment-Weighted) as a Share of Family Income, 1971–1972 to 2002–2003



NOTE: Cost of Attendance is defined as tuition and fees plus room and board.

SOURCE: Annual Survey of Colleges, The College Board, New York, NY; pre-1987 tuition data are from Integrated Postsecondary Education Data System (IPEDS), National Center for Education Statistics; income data from the U.S. Department of Commerce, Bureau of Labor Statistics.

Source: The College Board

Rising Institutional Discount Rates

Average First-Year Tuition Discount Rates 1992 through 2001

<u>Year/ Type</u>	<u>1992</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
SCLT	31.1%	37.1%	38.1%	38.6%	41.7%	43.0%
SCHT	33.6%	38.1%	38.6%	38.8%	37.2%	37.2%
LC&U	24.4%	28.9%	29.5%	29.6%	29.7%	30.1%

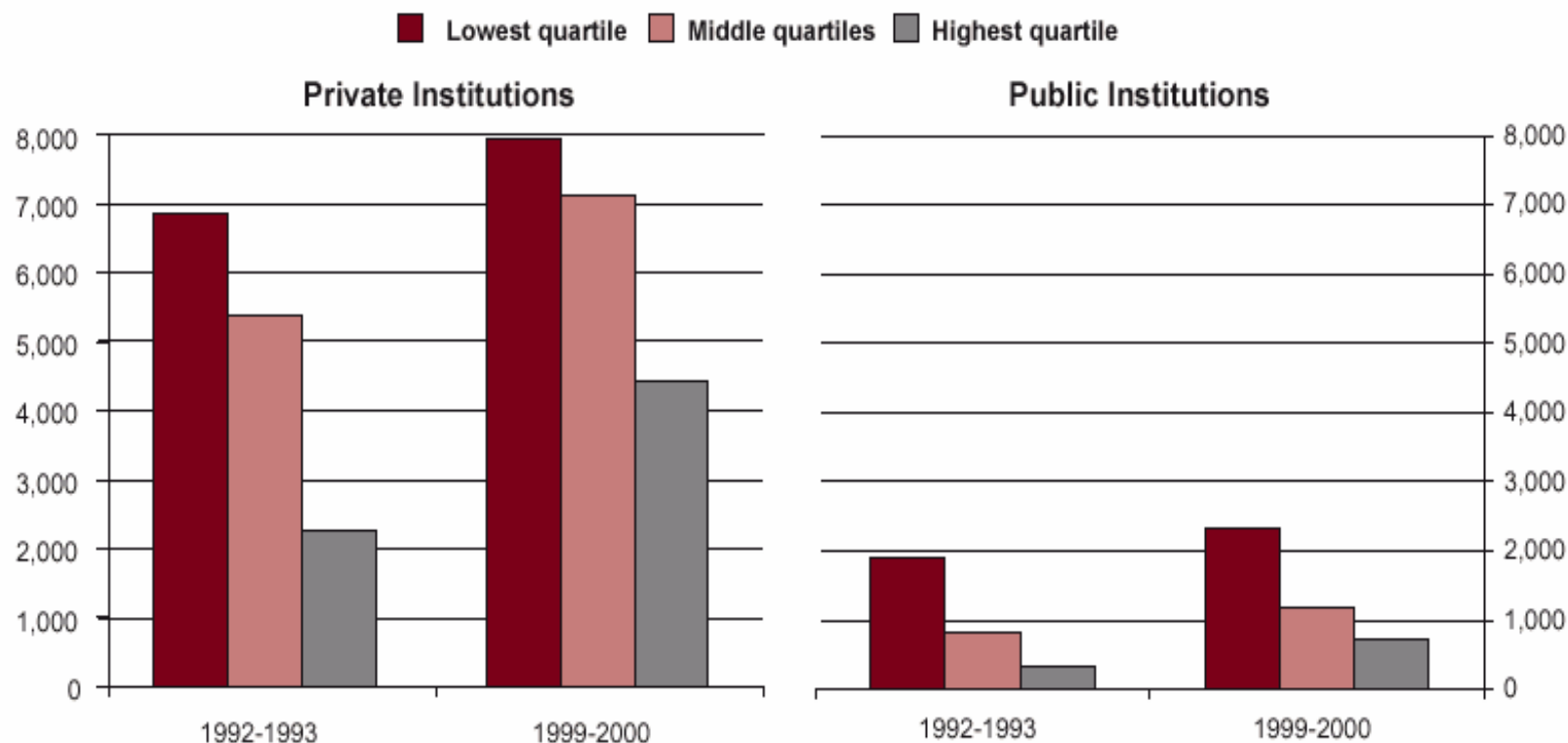
SCLT's cost less than \$19,880 and enroll <850 FY students
NACUBO Tuition Discounting Survey 2002

Percent of Students Aided

	1991	1998	1999	2000	2001
SCLT	75.7%	88.0%	89.2%	89.3%	89.7%
SCHT	57.0%	69.2%	70.3%	69.2%	69.1%
LCU	61.0%	61.0%	63.0%	61.5%	62.5%
All institutions	65.6%	77.7%	79.4%	78.9%	79.2%

NACUBO Tuition Discounting Survey, 2001

FIGURE 8. Average Grant Aid in Constant 1999 Dollars by Four-Year Institution Type and Income Quartiles



Note: Income definitions for Lowest, Middle, and Highest quartiles: For parents of Dependent students: <\$30,000; \$30,000 to \$81,999; \$82,000 or more, respectively. For Independent students: <\$12,000; \$12,000 to \$48,999; \$49,000 or more, respectively.

Source: What Students Pay for College: Changes in Net Price of College Attendance Between 1992-93 and 1999-2000, NCES 2002-174; and *Digest of Education Statistics*, Table 173.

Strategies for Managing The Changes

Criteria for enrollment

- Ability to pay
 - Expected family contribution
- Willingness to pay
 - Perceived value
 - Commitment to the institution
 - Institution's position in the marketplace

Ability to pay

- The needs analysis formulas do not determine what a family's ability to pay could be or calculate what their ability to pay is.
- The needs analysis formula defines what the designers feel ability to pay should be and what a family is expected to pay given a certain level of sacrifice. The family may be willing to make a greater or lesser sacrifice than what is assumed.

Willingness to pay

- Willingness to pay varies from student to student and is influenced by a variety of factors.
- The willingness of a group of students to pay for a particular college can be measured by the enrollment (yield) rate.
- Evaluating the enrollment rates of students with different combinations of ability and financial need can help a college better understand the relationship between willingness and ability to pay.

Strategic Financial Aid Matrix

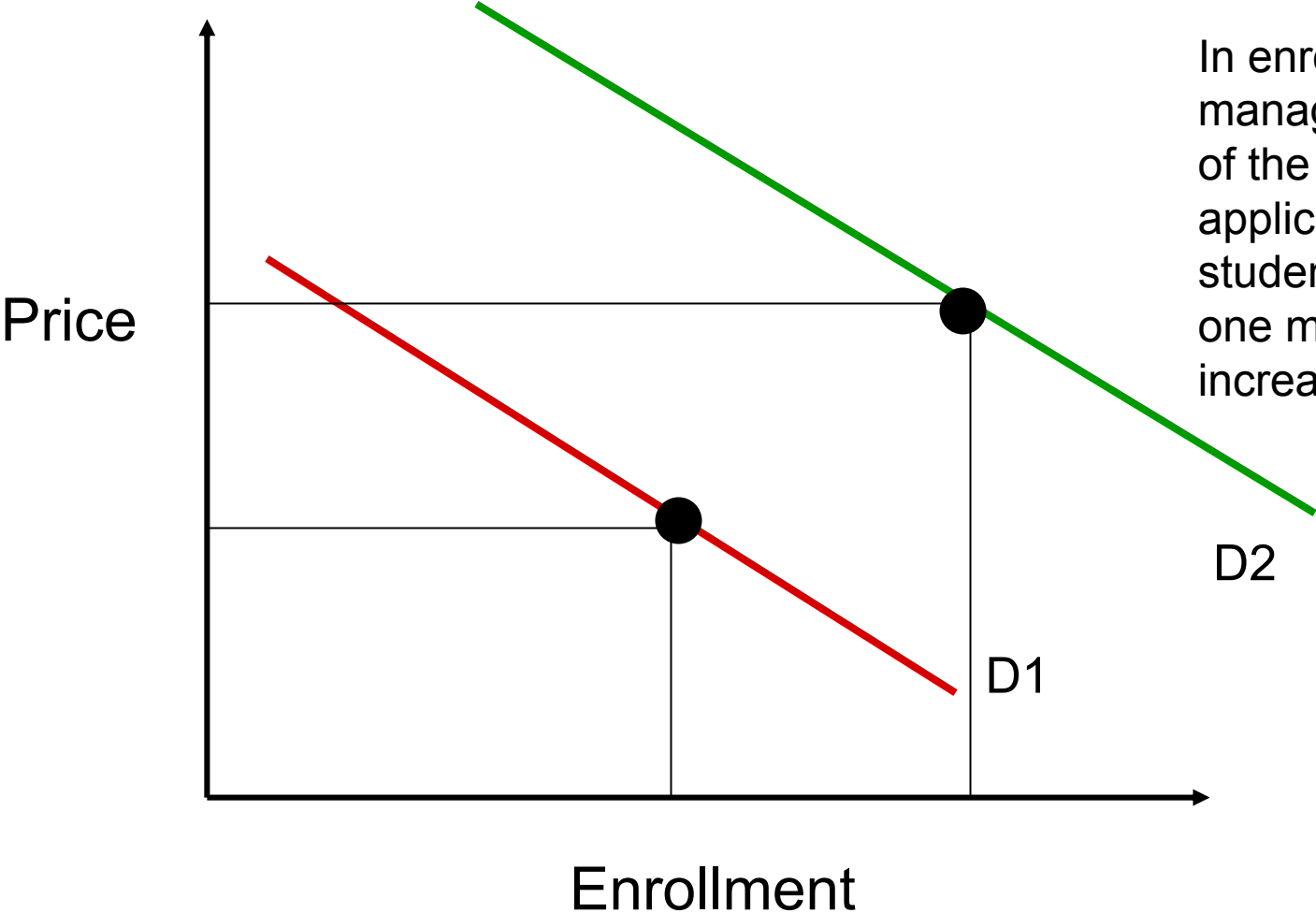
	Willingness To Pay									
	Academic Level I		Academic Level II		Academic Level III		Academic Level IV		Academic Level V	
Ability To Pay	E	NE	E	NE	E	NE	E	NE	E	NE
Very High Need	Cell 1		Cell 2		Cell 3		Cell 4		Cell 5	
High Need	Cell 6		Cell 7		Cell 8		Cell 9		Cell 10	
Medium Need	Cell 11		Cell 12		Cell 13		Cell 14		Cell 15	
Low Need	Cell 16		Cell 17		Cell 18		Cell 19		Cell 20	
Merit Aid Only	Cell 21		Cell 22		Cell 23		Cell 24		Cell 25	
Full-Pay Intent No FAFSA	Cell 26		Cell 27		Cell 28		Cell 29		Cell 30	
True Full Pay	Cell 31		Cell 32		Cell 33		Cell 34		Cell 35	
Special Talent	Cell 36		Cell 37		Cell 38		Cell 39		Cell 40	
Employee Benefit	Cell 41		Cell 42		Cell 43		Cell 44		Cell 45	

SOURCE: Noel-Levitz model, 2002

How College Costs Influence College Choice

- Students will pay more to attend their first choice college or university
- If you are the first choice and you do not make it affordable, you've lost the student
- If you are not the first choice and you do make it affordable, you have a chance

A Word on Student Demand



In enrollment management, the size of the applicant/accepted student population is one measure of increased demand.

SOURCE: Noel-Levitz model, 2002

Must Do's for Today's Enrollment Manager

- Clearly **define your enrollment goals** (and limit the number)...this will assist your institution in making high-quality decisions
- Understand your ***institutional capacity*** to serve various groups of students...the trade-offs are greater when you are operating at capacity
- Determine **what percentage of students at your institution receive 75 percent of your institutional aid** resources; the lower the percentage, the worse off you are
- Examine your policy for **stacking multiple merit and entitlement scholarships** and **minimize** this practice

Must Do's

- Use an early-aid estimator to increase awareness about affordability among needy students EARLY in the college selection process
- If your institution is operating under a discount rate mandate or fixed aid budget, understand the history behind that decision and the rationale for it...remember, **you should be seeking efficiency**