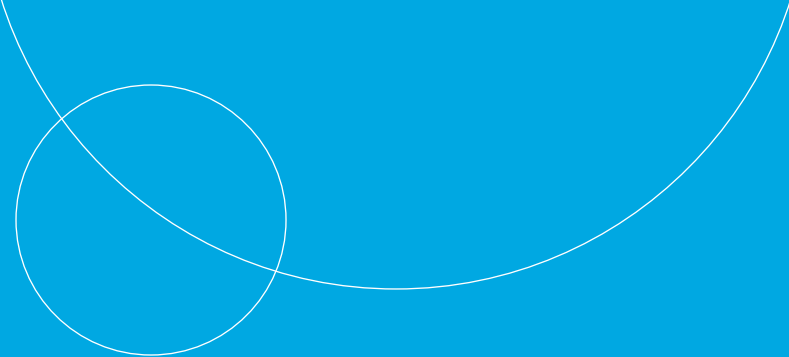




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Reset? Reposition? Who cares...will it work for my campus?

Derek Flynn, Senior VP, Financial Aid Services, RNL
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Headlines

Tuition Reset

“Some institutions have seen short-term enrollment gains from slashing their sticker prices, but the strategy doesn’t guarantee a turnaround.”

Higher Ed Dive, October 9, 2023, “[More colleges are resetting tuition. Does the strategy work?](#)”

“A new report compared post-reset application growth at nationally known and regional institutions.”

Inside Higher Ed, October 23, 2023, “[Regional Colleges Saw Biggest Application Gains After Tuition Resets](#)”

The Path to a Reposition is Windy

And offers lots of off ramps!



So, you're considering a reset or price repositioning...

An understanding of goals, the market, and honest self-assessment is critical



Reset or price reposition is one of a number of potential price strategies.



What are the goal you are trying to achieve with your price strategy?

More students
Better Students
Higher net revenue/student



What price strategy changes have already been discussed?

What is the reason/appeal for each?

Can you answer the following ?

And do so honestly...

In what ways is your current price strategy working (or not)?

What other institutions are you competing with and how does your price compare?

Why do students attend?
What is your value proposition? What is your market position?

How effectively are you communicating price and aid?

How do you make price change announcements?

Are you training your recruitment / financial aid staff to discuss price?

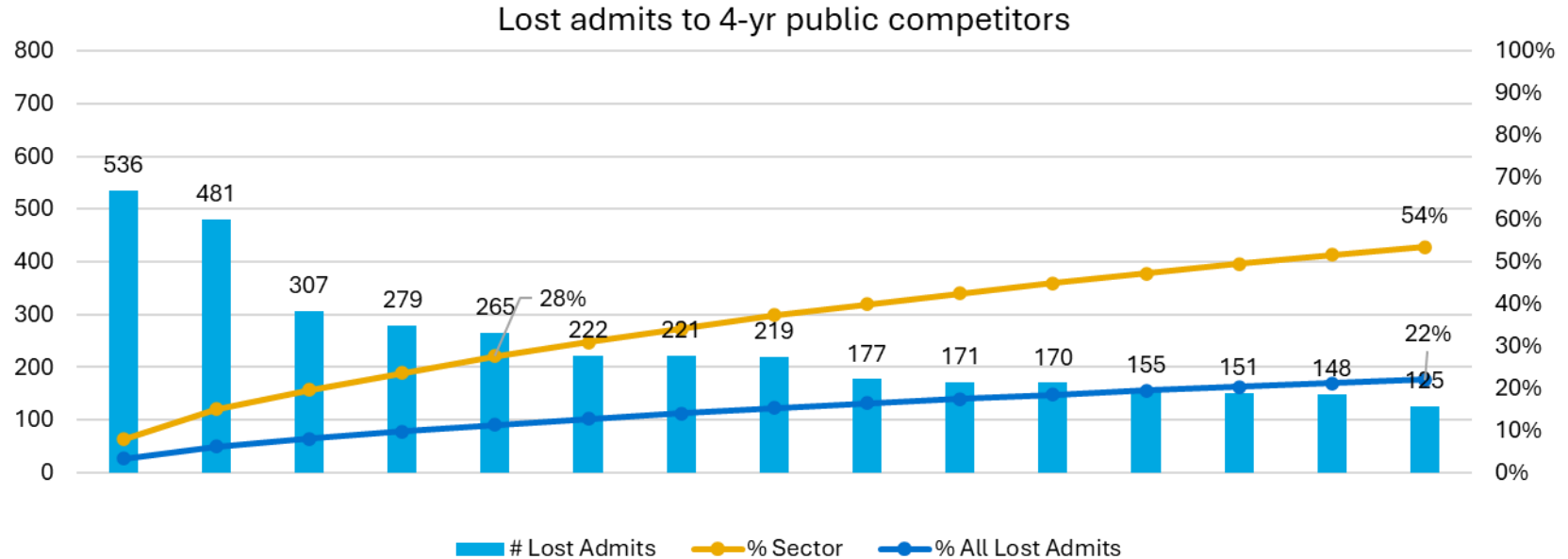
Our Approach to Reset or Reposition Consideration

At least a three-step process

- RNL provides expert guidance to institutions exploring the tuition reset strategy but does not assume this will be the outcome. RNL believes tuition reset strategies should be implemented only in conditions where there is a reasonable probability of success.
- **Phase 1: Setting the stage and price sensitivity research**
- **Phase 2: Detailed opportunity assessment and planning**
- **Phase 3: Campaign implementation planning (including resource allocations)**

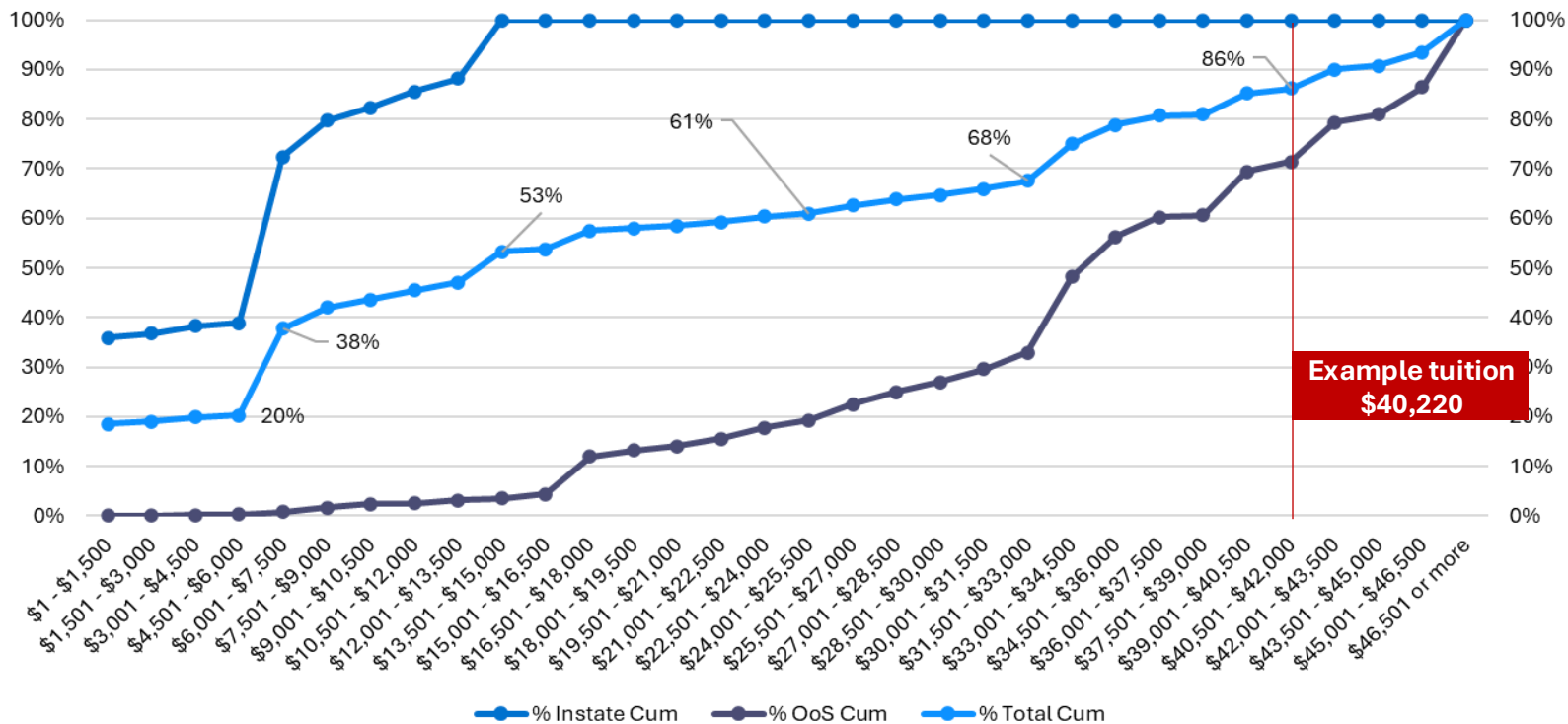
Phase I – Market Insight

Competition Analysis – Understanding lost admits



Phase I – Market Insight

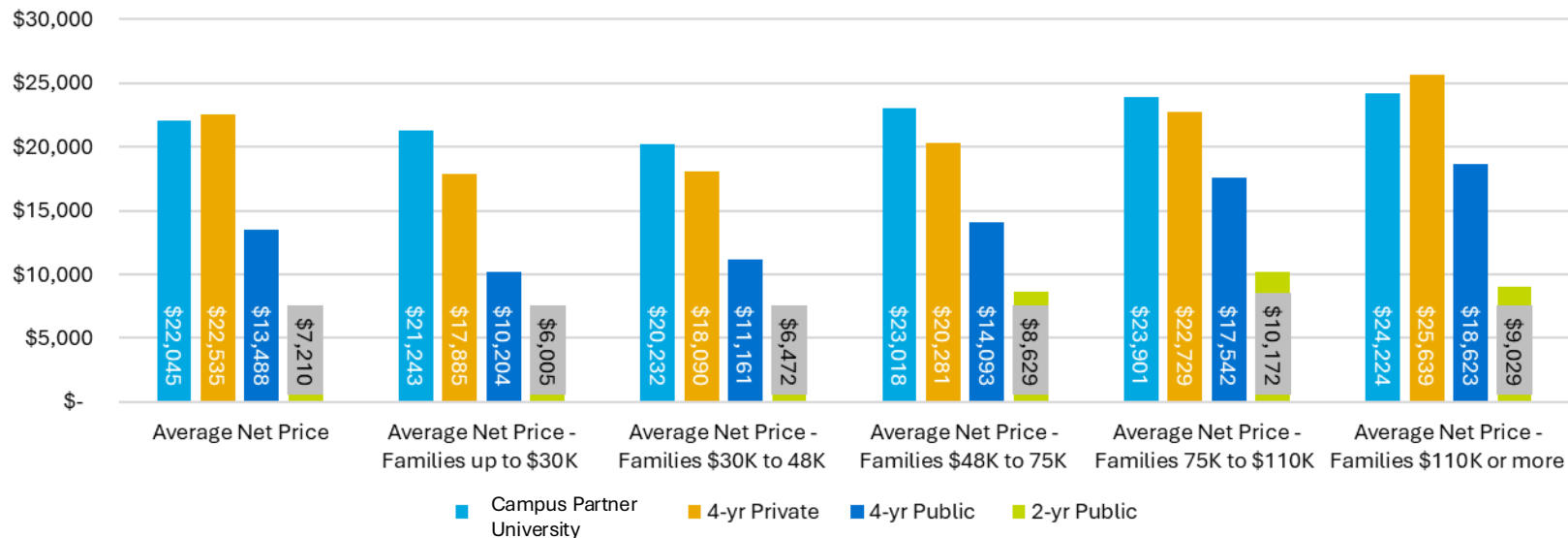
Competition Analysis – Lost Admits Tuition and Fees Positioning



Phase I – Market Insight

Competition Analysis – Lost Admits by Net Price

Average net price by institution attended



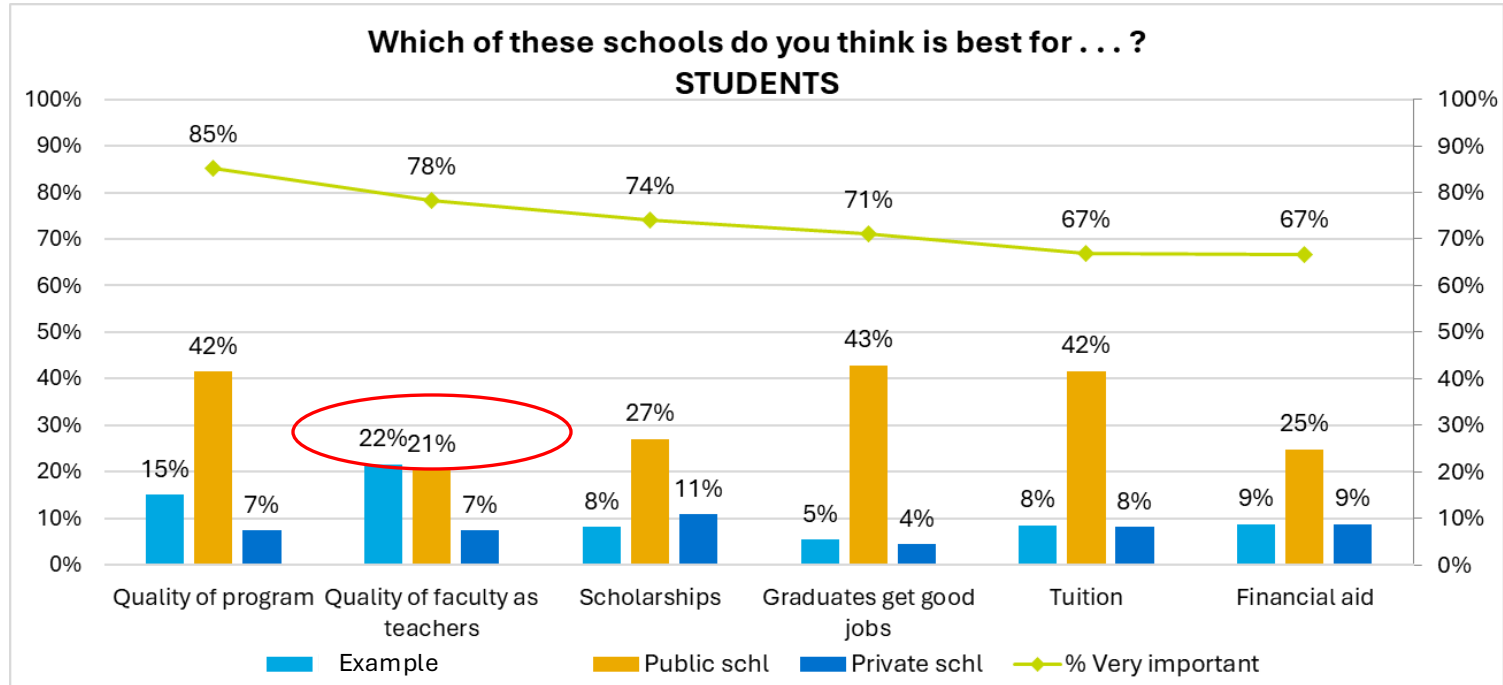
Phase I – Market Insight

Primary Market Research – Price Sensitivity Analysis

- Survey flow
 - Screen respondents
 - Identify competitors
 - Quality attribute importance and perception of strength
 - Initial preference
 - Price Response (Conjoint Survey Design)
 - Brand
 - Price
 - Aid
 - Demographics
- Simulations
 - Net Revenue
 - Enrollment impact
 - Results inform financial aid leveraging strategies

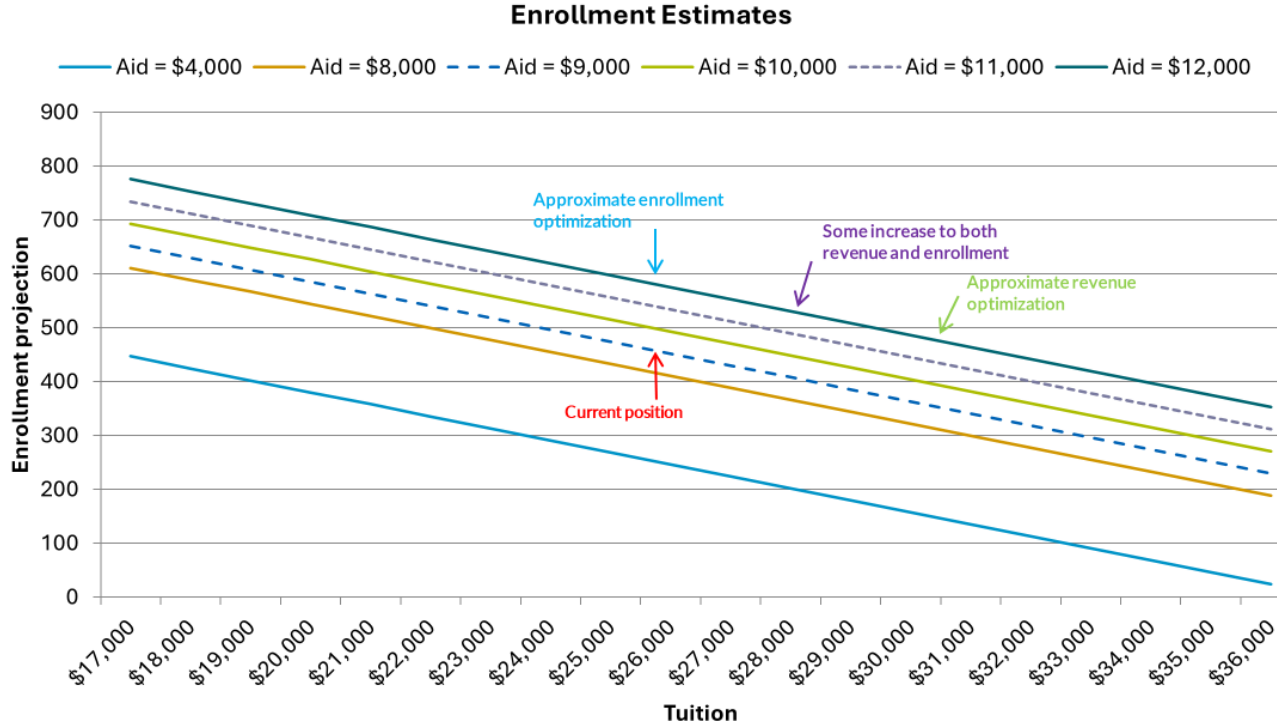
Phase I – Market Insight

Primary Market Research – Price Sensitivity Analysis – Quality Attributes



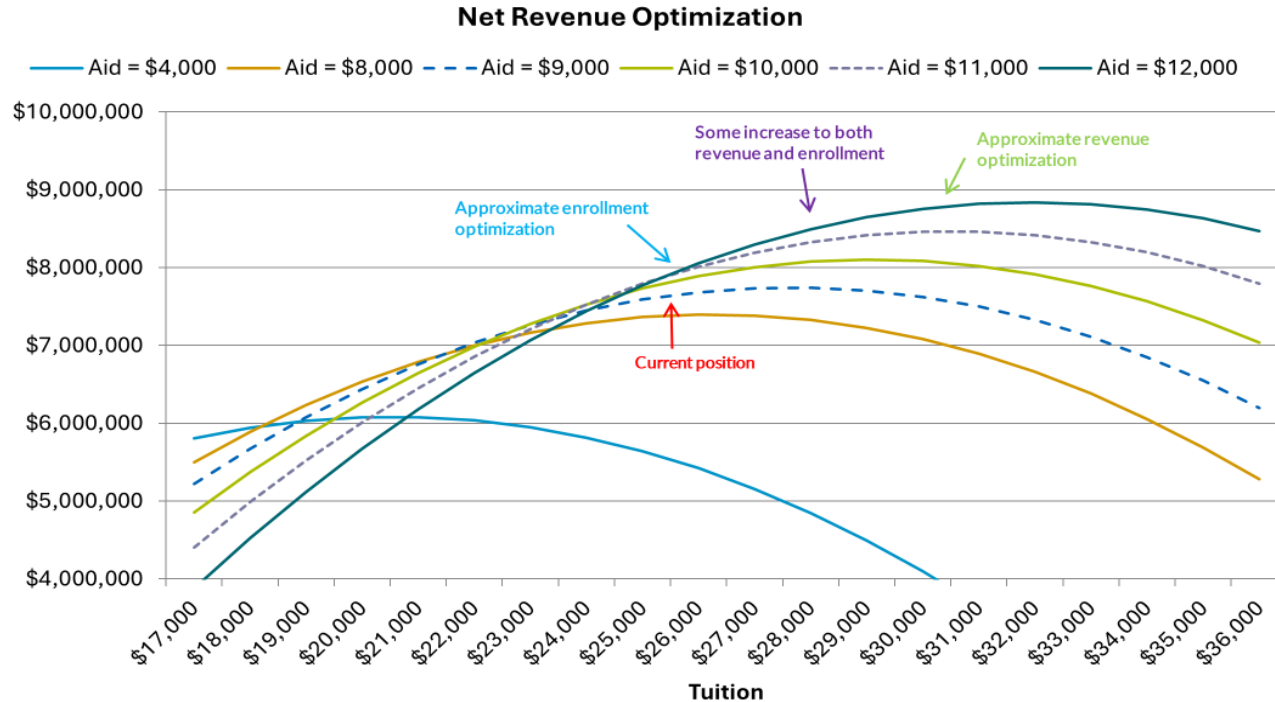
Phase I – Market Insight

Primary Market Research – Price Sensitivity Analysis – Price Curves



Phase I – Market Insight

Primary Market Research – Price Sensitivity Analysis – Price Curves



Are tuition resets a plausible response?

When reflecting on a tuition reset strategy, one should consider the following general assumptions:

- Reduced sticker price assumed **to increase the enrollment of students that otherwise would not consider an institution based on sticker price**
- **Sustain average net price** to ensure revenue is not lost from most students
- **Lower discount rate** – Natural effect of lower sticker price but sustained net price.
- **Repositioning** - The institution needs to ‘own’ a lower sticker-price position within their market for the long term.
 - A promotional effort is required to generate interest based on lower sticker price among an otherwise uninterested market segment.
 - Loss of impact of higher financial aid packages particularly in contrast to competitors
 - Dissonance of lower price equated to same/better quality must be solved both internally and externally.

Operationalize the aid strategy



**If you're
going to
do, then
do it!**

Reevaluate (or build) your awarding framework



Acknowledge that resetting / recentering / repositioning your price means the same for your financial aid strategy



Do a complete and thorough review of all institutional aid.



Goal should be to unify institutional aid sources.



Understand the new strategy and unintended results.

This is your opportunity to put all aspects of your awarding strategy on the table



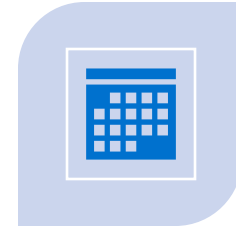
IT STARTS WITH
RECALIBRATING YOUR
MERIT STRATEGY



REASSESS THE LITTLE
AWARDS ADDED OVER THE
YEARS.



CONSIDER HOW YOUR
ATHLETIC AID FITS INTO
YOUR NEW PRICING
STRATEGY



HAVE A PLAN FOR YOUR
RETURNING STUDENTS

Let's consider some students

Erica

- 4.0 HSGPA and very high financial need

Ryan

- 3.5 HSGPA and high financial need

Riley

- 3.0 HSGPA and medium financial need

Logan

- 2.5 HSGPA and low/no financial need

A look at sample awards

Tuition and fees reduced by \$10,000; RNL U aid reduced by \$10,000 (where possible)

	Original Direct Charges	Original RNL U Gift	Original NTR	New Direct Charges	New RNL U Gift	New NTR
Erica	\$30,000	\$20,000	\$10,000	\$20,000	\$10,000	\$10,000
Ryan	\$30,000	\$15,000	\$15,000	\$20,000	\$5,000	\$15,000
Riley	\$30,000	\$12,000	\$18,000	\$20,000	\$2,000	\$18,000
Logan	\$30,000	\$5,000	\$25,000	\$20,000	\$0	\$20,000

A look at sample awards

Tuition and fees reduced by \$10,000; RNL U aid reduced by 33.3%

	Original Direct Charges	Original RNL U Gift	Original NTR	New Direct Charges	New RNL U Gift	New NTR
Erica	\$30,000	\$20,000	\$10,000	\$20,000	\$13,340	\$6,660
Ryan	\$30,000	\$15,000	\$15,000	\$20,000	\$10,000	\$10,000
Riley	\$30,000	\$12,000	\$18,000	\$20,000	\$8,000	\$12,000
Logan	\$30,000	\$5,000	\$25,000	\$20,000	\$3,335	\$16,665

Understand that retention must play a part in the success of this strategy, too



ONCE NEW PRICING IS DETERMINED, **ASSESS YOUR EXPOSURE?** (# OF STUDENTS WHO'S CURRENT NTR IS BETWEEN \$20,001 AND \$30,000)



NEXT, DETERMINE THE **AVERAGE NTR OF** THOSE IDENTIFIED WITH NTR BETWEEN \$20,001 AND \$30,000)



THIRD, SUBTRACT THE AVERAGE NTR OF YOUR "EXPOSURE" FROM YOUR NEW TUITION TO DETERMINE A GAP AND MULTIPLY THIS BY THE NUMBER OF STUDENT REFERENCED EARLIER.



FOURTH, TAKE THE SUM OF THE PREVIOUS CALCULATION AND DIVIDE BY AVERAGE NTR OF ALL CURRENTLY ENROLLED STUDENTS.



YOU'VE NOW ESTIMATED THE NUMBER OF **NEW AND RETURNING STUDENTS** NEEDED WITH THIS STRATEGY TO BREAK EVEN", OR WIN.

Estimating cost in real numbers

'23 Opening (census)

- FT Undergraduate enrolled = 844
- Net tuition revenue = \$14,337,263
- Average net tuition revenue/student = \$16,987
- Tuition = \$29,700

'24 Rollback

- \$19,700 (2023 Tuition minus \$10,000)
- 150 (of the 844) currently enrolled FT students generate > \$19,700 in net tuition revenue (total = **\$3,416,561 (avg. = \$22,777)**)

Impact

- Average net tuition revenue of 150 currently enrolled FT students generating more than \$19,700 (\$22,777) MINUS max 2013 tuition (\$19,700) EQUALS \$3,000 per student.
- 150 students x \$3,000 = \$450K
- \$450K divided the average '23 net tuition revenue (\$16,987) = 26 students
- **28 new and returning** students at \$16,987 net tuition revenue would be needed to replace tuition reduction (break even)

**How do you sustain the
lift?**



How do you sustain the lift?



Acknowledge the investment going into this decision and long-term success requires the same attention and focus.



Leverage the new price relative to your competition, public and private.



Ensure your academic programs are in line with what the market is seeing?



Don't hurry back to the old game.

Use modest increases in tuition.

Manage and monitor discounting.

Gain a holistic understanding of potential impact for this change

And, what other actions the institution may need to take

- If tuition is reduced and budgets are already stretched, will faculty and staff be asked to make further reductions in operating budget and human resources? If the answer is no, what needs to be addressed is how is that NOT the case.
- Evaluating the impact you are hoping to achieve with this action
- Is there an appetite to consider another approach (step-down) to present to the Board?

What will it take to implement?

Who needs to have a seat at the table?

- Resetting or repositioning tuition sounds easy on paper, but there is much more to it when it comes to the decision making and implementation process. Be sure to do proper vetting, forecasting, and implementation with:
 - Board of Trustees/Executive Leadership
 - Admissions, Marketing, Financial Aid
 - Back-office systems, marketing and communications, adjacent system considerations, website and marketing collateral updates, 3rd party vendors, projection models, internal communication and talking points, and more
 - Student Services, Registrar, and other support service areas
 - Escalation management process

How will success be measured and when?

With clear goals defined, it will be imperative to assess the outcomes you are expecting to see as a result of the action with SMART goals.

- Enrollment
- Budget allocation
- Retention
- Quality of media mentions (positive/negative)
- Student satisfaction based the action
- Employee satisfaction based the action
- What else?

Thank you!



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