

# Enrollment and Tuition Planning Performance Blueprint

## Highlights

- ***Jump-starts your IBM Cognos® deployment with a proven performance management framework***
- ***Goes beyond simple student transactional information to help manage the entire student lifecycle***
- ***Tracks progress against enrollment objectives and reports downstream impacts on curriculum and tuition revenue***
- ***Helps administrators and faculty report on performance to meet regulatory demands and effect improvement***

These are interesting times in higher education. Institutions face increased global competition to attract the best students, faculty, and funding. Within the next couple of years, population projections show a decline in the number of students participating in higher education. As the pool of candidates shrinks, competition for students will intensify. For the most part, large, top-tier institutions with healthy research and endowment funding will be in a better position to compete than second tier schools, despite strong endowments, reputations, and specializations. But the fact remains that all schools, regardless of size, need to become a lot smarter about how they compete and assure their legacy.

The business of higher education has changed substantially over the last 10 years. There is now continuous pressure to improve the quality of education, retain skilled staff, comply with complex regulations, manage costs, and improve financial performance. Schools want to move students through the education process steadily so they can graduate in a timely manner. Students have become highly proficient technology users and expect easier, more convenient access to information,

self-service transactions, and efficient business processes in return for their increased tuition costs. More stringent regulatory and accountability demands burden administrators, researchers, and faculty with the need to track, measure, analyze, improve, and report on their operational performance.

### **Higher education performance management**

These are all steep challenges that share a solution: access to meaningful information about institutional performance. IBM Cognos performance management software lets you access, analyze, and report on critical information from your operational systems. It gives you the insight you need to address the numerous challenges your institution faces.

*The IBM Cognos Enrollment and Tuition Planning Performance Blueprint provides a performance management framework—including planning, metrics, and reporting—that gives you a head start with your IBM Cognos performance management system. It lets admissions departments analyze tuition revenue and forecast enrollment. It lets recruiters evaluate the effectiveness of prospect outreach,*

# Enrollment and Tuition Planning Performance Blueprint

then apply lessons learned to future planning. It lets administrators and faculty report on performance to meet regulatory demands and effect improvements. It lets higher education institutions effectively plan for current resource availability and future growth.

This solution brief describes how IBM Cognos software and the *IBM Cognos Enrollment and Tuition Planning Performance Blueprint* can help universities and colleges deal with typical challenges of the early student lifecycle and beyond.

## Managing the early student lifecycle

Consider the relationship a school has with a student. It begins when the school identifies the student as a potential candidate for admission and continues through to the alumni relationship and beyond, conceivably spanning the student's entire adult life.

**Prospect → Applicant → Admission  
→ Student → Alumnus → Donor**

Student lifecycle management is a well-understood concept in higher education. Managing the student lifecycle well means efficient outreach to prospective students, quick ramp-up to full course loads, timely graduation, and a mutually profitable post-graduation relationship. Universities need access to reliable information from all stages in order to drive higher value across the entire student lifecycle.

Most universities and colleges use ERPs to capture transactional information about students. But ERPs are not known for their ability to provide insight into what is going on or what to do about it. Institutions need to be able to understand trends in such areas as tuition revenue, time to graduate, graduation rates, and overall financial performance if they want to improve their performance in these realms.

	Prior Yr	Fall_07-08	Winter_07-08	Spring_07-08	Summer_07-08	Total Yr_07-08	Fall_08-09	Winter_08-09
Tuition	30,000,000	16,000,000	14,000,000	6,000,000	4,000,000	40,000,000	17,340,000	15,172,500
Tuition Discount	300,000	160,000	140,000	60,000	40,000	400,000	173,400	151,725
Grant Amount	1,200,000	1,232,000	1,232,000	1,232,000	1,232,000	4,928,000	1,377,000	1,377,000
Total Net Tuition	28,420,000	14,608,000	12,628,000	4,708,000	2,728,000	34,672,000	15,789,600	13,643,775
Total Student Fees	10,000,000	6,000,000	6,000,000	4,000,000	4,000,000	20,000,000	6,375,000	6,375,000
Total Revenue	38,420,000	20,608,000	18,628,000	8,708,000	6,728,000	54,672,000	22,164,600	20,018,775
Students Admitted	4,000	4,000	4,000	4,000	4,000	16,000	4,250	4,250
Qualified for Admission	4,316	4,291	4,291	4,291	4,291	17,563	4,503	4,503
Revenue Potential	32,370,000	17,563,000	15,367,625	6,586,125	4,390,750	43,907,500	18,370,404	16,874,104
Tuition Rate	7,500	4,000	3,500	1,500	1,000	10,000	4,000	3,570
Credit Hr Rate	500	500	500	500	500	2,000	510	510
Avg Credit Hrs	15	0	7	3	2	20	0	7
Average Discount Rate	10.00%	10.00%	10.00%	10.00%	10.00%	40.00%	10.00%	10.00%
% Students w/ Discount	10.00%	10.00%	10.00%	10.00%	10.00%	40.00%	10.00%	10.00%
Students w/ Discount	400	400	400	400	400	1,600	425	425
Average Grant Amount	2,000	2,000	2,000	2,000	2,000	8,000	2,000	2,000
% Students w/ Grant	10.00%	15.40%	15.40%	15.40%	15.40%	61.60%	16.20%	16.20%
Students w/ Grants	640	616	616	616	616	2,464	689	689
Avg Discount	750	400	350	150	100	1,000	400	357
Student Fees	2,500	1,500	1,500	1,000	1,000	5,000	1,500	1,500

This Blueprint combines all of your important tuition metrics and lets you slice them by such dimensions as faculty, student year, and student type. With past, present, and future data side by side, you can project tuition, monitor discounts, calculate revenue potential based on qualified students, and much more.

## Enrollment and Tuition Planning Performance Blueprint

For example, a typical ERP recruiting and admissions module lets you capture detailed data on such activities as recruitment programs targeting specific student populations, external course credit transfer, or changes in academic programs for new students. But such a module does not let you easily track your progress against enrollment objectives and tie that progress to the downstream impact on curriculum, lecture demand, and tuition revenue. This insight is the realm of performance management.

Early student lifecycle planning, or enrollment and tuition planning, are critical business processes for higher education institutions. Whether revenue comes from full or partial public funding or private tuition, enrollment and tuition are directly correlated: as enrollment increases, tuition revenue increases. Since tuition dollars contribute significantly to a university's operating budget, this is a critical area to follow.

### **Tuition revenue planning**

How an institution recognizes tuition revenue depends on its tuition funding model. Funding models vary considerably across regions. For most, public funding comes in the

form of grants from state or provincial entities and is directly tied to student enrollment. Increasingly, funding is governed by accountability models, usually related to retention and graduation rates. For example, grant money is tied to a full time equivalent (FTE) student and is dependent on that student progressing from year to year (retention) towards graduation. The student is eligible for a cumulative total of grant money equivalent to four or five years of education. If that is expended before graduation, the student pays the full cost of tuition to continue.

Another factor to consider related to tuition revenue is discount rates. There are two different ways that universities discount tuition:

- A grant in the form of student aid is effectively a tuition discount. Many schools keep education grants and tuition separate, recognizing grants as an aggregate, university-wide number not related to tuition rates.
- A university may offer an explicit discount off the published tuition rate, independent of grants.

Whatever your funding model, the *IBM Cognos Enrollment and Tuition Planning Performance Blueprint* lets you track tuition from public and private sources institution-wide or individually by campus, faculty, department, FTE, or any other dimension you choose. It lets you track tuition discounts or grants against student progression or time to graduation. It gives you deep visibility into this significant source of institutional revenue.

### **Enrollment management and planning**

Better visibility into enrollment is a business critical issue that higher education institutions need to grapple with. For many institutions, enrollment management is one of the central pillars of the strategic planning process.

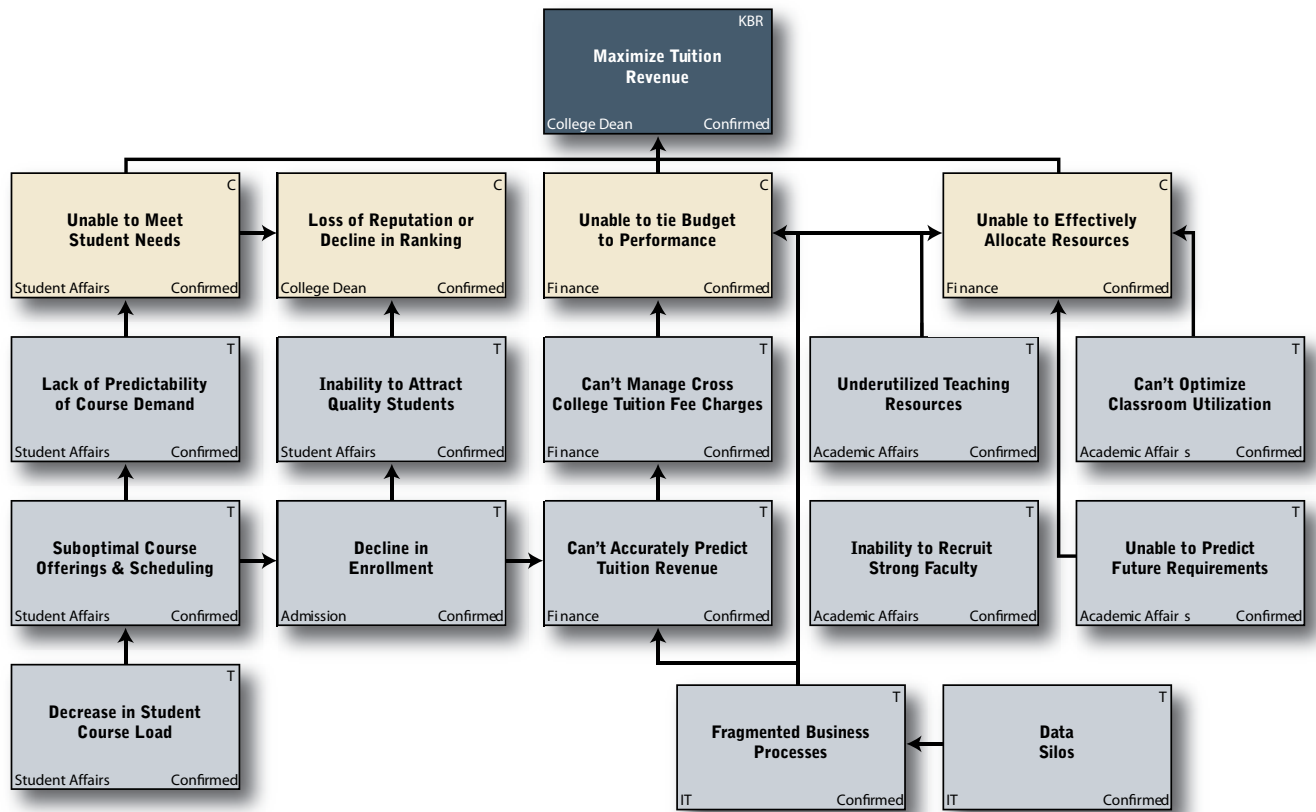
Consider the following example of a discovery map for higher education, the goal or key business requirement (KBR) of which is "Maximize Tuition Revenue." There are many potential inhibitors to achieving this goal. Tactical business pains (yellow boxes) result in consequential business pains (pink), which directly inhibit an organization's ability to achieve its goal or KBR.

# Enrollment and Tuition Planning Performance Blueprint

Many factors are at play, most of which affect several other factors. As a rule, the more visibility you have into these tactical factors, the better positioned you are to make decisions to improve them, in turn affecting the consequential factors, and ultimately the KBR. This chart clearly illustrates the fundamental role played by enrollment planning in these multiple linked processes.

The *IBM Cognos Enrollment and Tuition Planning Performance Blueprint* helps you analyze current enrollment and forecast future levels so you can:

- plan for resource availability (instructors, teaching assistants, and facilities) and anticipate changes in program capacity
- track tuition revenue and effectively manage the budget throughout the planning period
- step up marketing efforts for flagging programs
- discuss and implement enrollment, curriculum, and faculty expansion, forecast student demand, and, ultimately, fulfill the institutional mission.



## Enrollment and Tuition Planning Performance Blueprint

### Meeting student demand scenario

The following scenario illustrates how multiple forces can work against overall goals when an institution lacks insight into enrollment.

*State funding of public higher education for the coming budget year is expected to drop another 3 percent. A review of past enrollment planning models shows that, during a previous cycle of budget reduction and downsizing, the university was able to continue to serve students despite the new budget reality.*

*But in the last budget cycle, an aggressive recruitment campaign had the desired effect of dramatically increasing enrollment. The number of students on campus is at a 10-year high, and the number of units taken has increased at a faster pace. FTEs have grown by 13 percent over the last two years. Academic year units per student and average class load for the traditional enrollment year are up as well.*

*This growth comes at a price. The administrative core depleted during the cutbacks could not be replaced quickly enough with the funding available. As a result, much of the recruitment and admissions infrastructure struggled along,*

*coping with inadequate funding against enhanced goals and expectations. In addition, due to the increased enrollments, many courses were overbooked and unavailable to students, who as a result ended up carrying lighter course loads. Over time, this lack of course availability tends to stretch out students' time to graduation, creating a common problem for universities.*

Sound familiar? In this scenario, the combination of budget cuts, successful recruiting, and an overall lack of visibility into enrollment for curriculum planning was burdening the institution and leading it away from its overall goal of a four or five year time to graduation.

Without forward-looking insight, it is easy to end up with mismatched education demand and supply, and no quick way to remedy the situation.

The easiest way of planning for and implementing growth would be to increase all programs proportionately or at the same rate as demand increases. Unfortunately, demand does not function in such a linear manner. For example, while the number of accounting students may drop a third over five years, enrollment in the computer-related majors may skyrocket

and liberal studies may remain constant. As demand changes, a university must respond appropriately. Over-capacity in one program cannot be transferred to meet the demand in another.

Alternatively, programs can stop growing in size and elect to grow in quality. In this mode, enrollment management recruits students on the basis of program needs and capacity. This type of growth requires communication and consensus across disciplines, colleges, and divisions. But once achieved, it offers a solid vision and a chance of cultivating a community of scholars.

### Summary

Enrollment and tuition planning is a fundamental activity for institutes of higher education. These two areas are interlinked and connected to many other activities and business processes. The *IBM Cognos Enrollment and Tuition Planning Performance Blueprint* helps you improve insights in these areas, making you better able to understand and plan for changes in demand, to adopt new strategies to deal with the evolving market for education, and ultimately to assure the ongoing legacy of your institution.

### **About the IBM Cognos Innovation Center for Performance Management**

The IBM Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility. Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 IBM Cognos solutions customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices

### **About IBM Cognos BI and Performance Management**

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

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