



Modernizing Tuition Planning for the Challenges Ahead



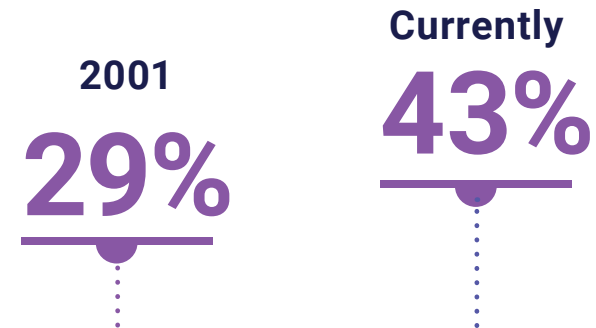
Uncertainties Abound for Colleges and Universities

Over the past decade, tuition revenue has become an increasingly important source of funding for U.S. colleges and universities. Tuition is the single largest revenue source for private institutions and represents 43%¹ of total revenue at public universities today, compared with only 29% in 2001.² This growth was driven by tuition rate increases and a significant rise in international enrollees, which nearly doubled over that period even with some declines in recent years.

Going forward, enrollment and tuition pressures will only increase as institutions face further economic turbulence, funding challenges, changing demographics, and a projected drop-off in traditional, college-age enrollment referred to as the demographic cliff or enrollment cliff. Shifting federal immigration policies and growing competition from abroad will continue to affect international student enrollment, and it remains to be seen whether out-of-state student enrollment patterns will fundamentally change.

1. Laderman, S., Kunkle, K.: [State Higher Education Finance Report. State Higher Education Finance \(SHEF\)](#), June 14, 2022.

2. Institute of International Education: ["International Student Enrollment Trends, 1948/49-2020/21,"](#) Open Doors Report on International Educational Exchange. 2022.

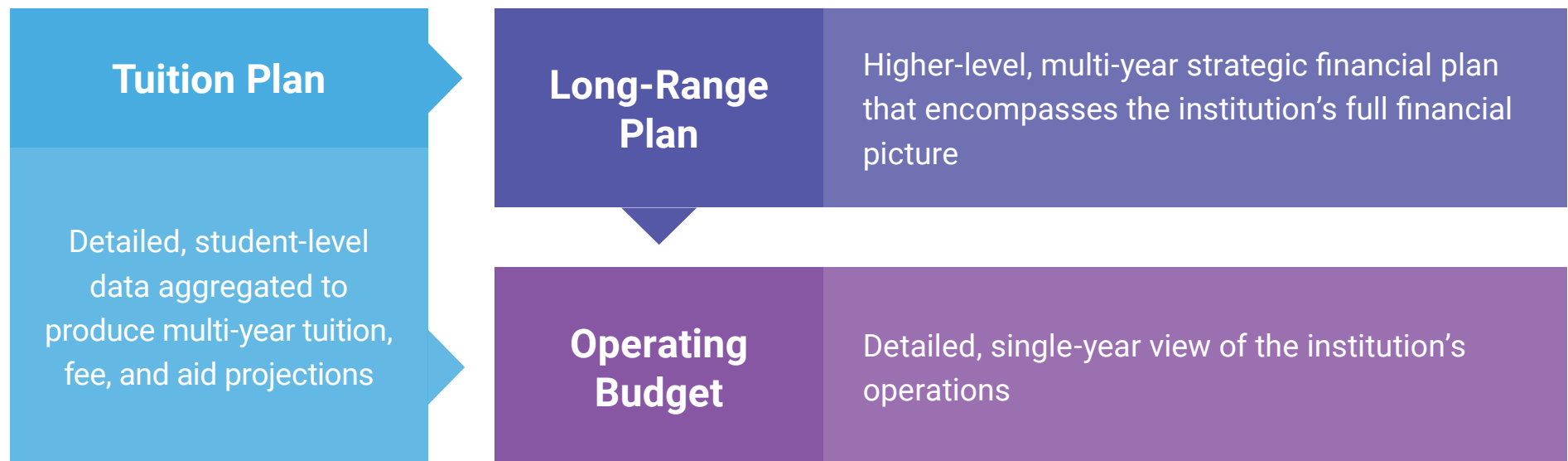


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Incorporating Tuition Planning into the Financial Planning Process

Tuition plays a central role in funding most institutions, so planning for future enrollment and tuition pricing is a critical first step in the overall financial planning process.

In both the near and long term, tuition and enrollment are key drivers of operational performance that will determine the institution's ability to fund its programmatic and administrative infrastructure and invest in future growth. As a best practice, detailed tuition pricing strategies and tuition planning should inform the level of spending authorized in the upcoming operational budget and provide a jumping-off point for longer-term tuition planning scenarios that serve as a key input into an integrated, long-range financial plan.



Effective Tuition Planning Remains an Elusive Goal for Most Institutions

As a key driver of operational budgeting and long-range planning, it is crucial for colleges and universities to develop accurate projections of tuition revenue to ensure they understand their risks and can work to mitigate them.

However, responding to change has traditionally been a struggle for many institutions, as more than a third (37%) of university business officers lack confidence in their institutions' ability to respond quickly to change.³

"It's often said that higher education is like an aircraft carrier: It takes us forever to turn around, and we don't change course easily," said Megan Lasso, Chief Budget Officer at Montana State University-Bozeman. "But during the COVID-19 crisis, our faculty really jumped on board and came up with unique ideas to solve complex challenges. Now, we know we can move quickly when needed, and this gives us the confidence we need to pivot with agility in any circumstance."

61%

Acknowledge higher education is behind most other industries in terms of adopting modern financial planning practices and tools

37%

Lack confidence in their institutions' ability to respond quickly to change

3. Syntellis Performance Solutions: 2023 CFO Outlook for Higher Education survey. October 2022.

Accurate Tuition Planning Presents Challenges

Newly realized agility will help institutions recover more quickly from significant fluctuations in enrollment and other coming changes, but the road will not be easy, particularly for tuition pricing strategies and overall tuition planning. Institutions face a number of challenges in developing a reliable enrollment and tuition plan, including:

- Accessing source data
- Collaborating across the institution
- Building accurate models
- Analyzing data and scenarios
- Integrating various planning processes

For many colleges and universities, these challenges have resulted in tuition planning processes that are slow, lack analytical depth, and provide limited support in charting institutions' financial futures. By adopting modern technology, institutions can overcome these challenges and optimize tuition planning.



Modern Technology Optimizes Tuition Planning



Aligns student information
with financial data

1



Fosters collaboration

2



Enables scenario analysis
through flexible modeling

3

Align Student Information with Financial Data

Data integration enables institutions to consolidate student-level data with financial data to provide transparency around the correlation between financial outcomes and factors such as enrollment, retention, tuition rates, and fees. By combining general ledger and student data, institutions are able to set a solid foundation for future projections.

General Ledger

- Provides the historical tuition and fee revenue as well as financial aid

Student

- Provides the historical enrollment metrics (head counts, credit hours)
- Defines student populations into groups relevant for planning (cohorts, programs, residency status, and more)
- Calculates historical retention rates

“Without a doubt, Axiom Tuition Planning has significantly reduced our staff time and has increased data accuracy.”

ANGIE MARTIN

Vice President for Financial Planning and Chief Budget Officer
University of Kentucky



Data Sources

- Financial System
- Student Information System

Tuition Planning Solution



Components

- Enrollment
- Tuition Revenue
- Fee Revenue
- Financial Aid



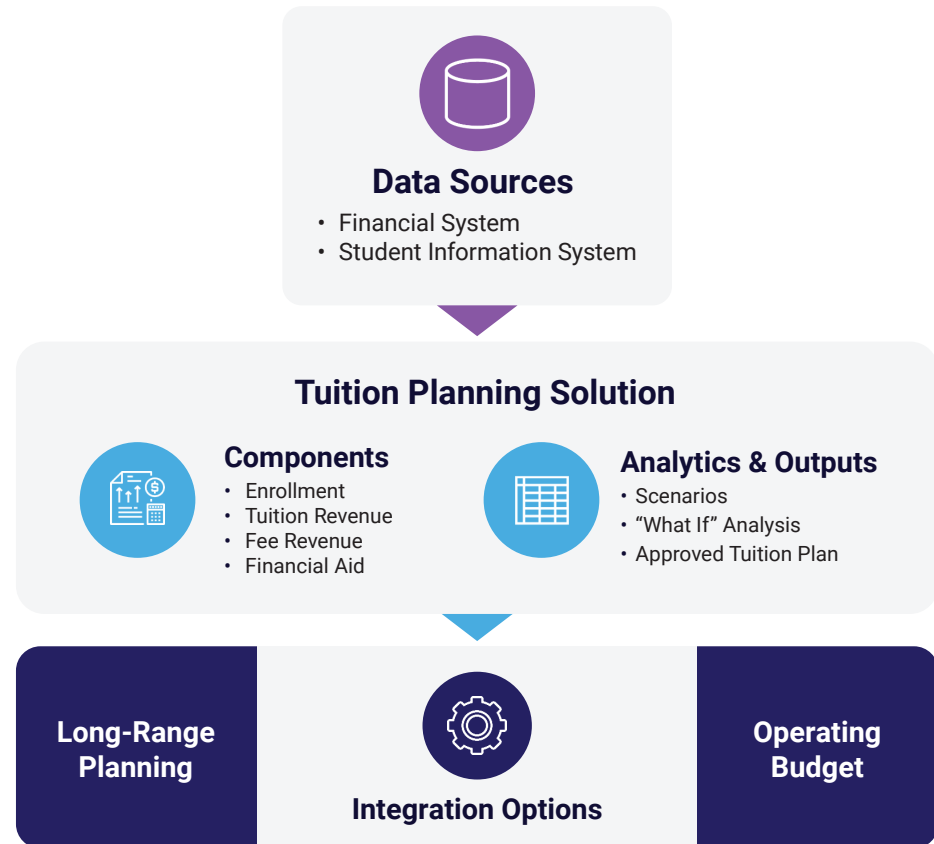
Analytics & Outputs

- Scenarios
- “What If” Analysis
- Approved Tuition Plan

Use Data to Analyze Drivers Behind Financial Outcomes

Once institutions have access to the data, the challenge becomes how to use it across the institution for planning. Modern planning technology helps combine general ledger and student data to create a single source of the truth and analyze the drivers behind financial outcomes.

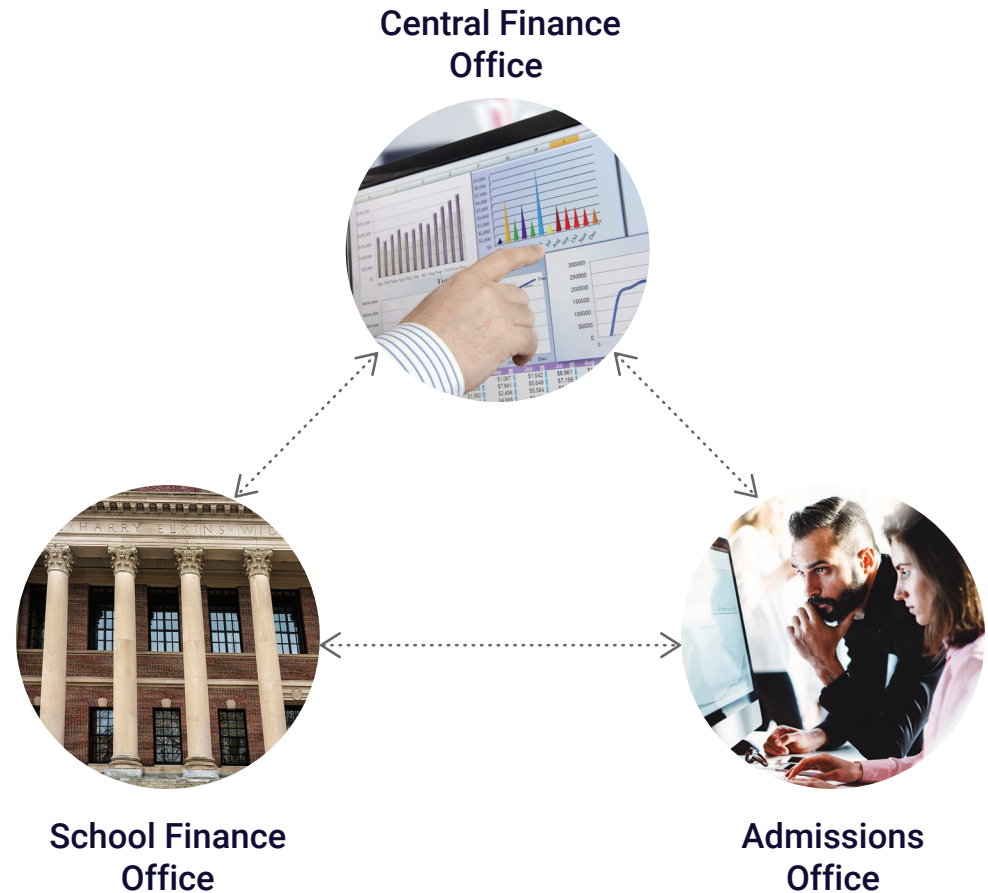
For example, users should have the ability to view real-time financial data impacted by rapidly changing enrollment numbers. These assumptions can then be used across other planning processes, such as the operating budget and long-range planning.



Tuition Planning Requires Input from Stakeholders Across the Organization

Although finance may lead the tuition planning effort, there needs to be a coordinated effort involving other groups, including admissions and institutional research. At larger institutions, input from staff at the school or department level also is required to build a successful plan.

For most institutions, this type of collaboration can be challenging. These groups tend to have very different objectives and areas of focus, and they often work in silos, leading to inconsistencies in process and definition. Once the relevant stakeholders have been identified and there is a shared sense of responsibility around improving the enrollment and tuition plan, the challenge becomes a technology one.



Foster Collaboration

Modern planning technology can help colleges and universities develop a more streamlined and collaborative planning process. For instance, automated workflow and collaboration tools help to codify an institution's existing process of gathering user inputs, evaluating options, and selecting a course of action. These tools make a planning process faster and more repeatable over time, which serves to encourage additional stakeholder buy-in and participation. Institutions with a decentralized tuition and fee rate-setting process can gain additional benefits by providing planning and analysis tools to departmental users whose "on-the-ground" knowledge can help develop more accurate forecasts.

4,5. Kim, C., Sussman, J.H., Woodward, D.: "[Financial Fix](#)," *Business Officer magazine*. National Association of College and University Business Officers, June 2018.

*"We tell financial stories without hundreds of numbers on a giant page, but by presenting the same key drivers or indicators in clear graphics as we meet with leaders and staff throughout the year. You have to keep talking with people until they understand what you're saying, until it resonates with them, and until it is something they can buy into."*⁴

JIM HENRY

Chief Financial Officer, School of Humanities and Sciences
Stanford University

*"Planning and budgeting process improvements, using an enterprise performance management platform, helped us to be more integrated across the university and to build a data-driven culture of transparency and accountability."*⁵

ERIC N. MONDAY

Executive Vice President for Finance and Administration
University of Kentucky

Enable Scenario Analysis Through Flexible Modeling

Technology also enables institutions to perform scenario analysis through flexible modeling so university leaders can easily compare potential courses of action by creating scenarios to mix and match assumptions and initiatives.

Some key capabilities include:

- Creating scenarios that show the impact of growth/reduction enrollment assumptions, tuition rate changes, differential tuition rates, and the impacts of adding new programs
- Better predicting tuition and fee revenue based on user-defined assumptions and trend data
- Leveraging flexible modeling to support an unlimited number of tuition rates and fees, which then can be applied to a cohort or program level of detail
- Integrating this model with the operational budget and long-range plan

Aggregating the planning outputs into dashboards and analytics enables institutions to analyze the results of mix-and-match scenarios to determine the financial impacts. Robust scenario-analysis capabilities allow institutions to understand the full spectrum of potential outcomes and develop effective strategies to achieve their goals.

Management Actions	External Enrollment Demand		
	Scenario A: Downside Case	Scenario B: Base Case	Scenario C: Upside Case
Program Offerings	●	●	●
Tuition Rate	●	●	●
Discount Rate	●	●	●

← Net Tuition Generated →

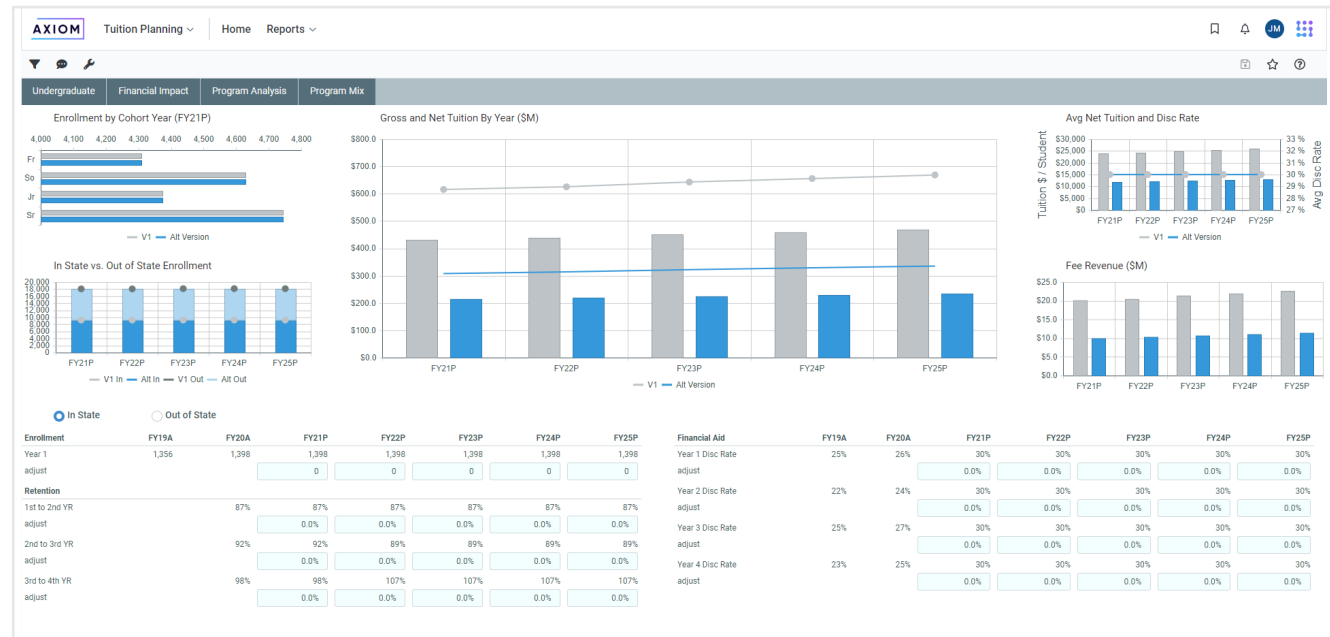
Financial Impact

● Negative ● Neutral ● Positive

A Real-World Example of the Power of a Modern Planning System

Consider this real example of connected, actionable data at work at the University of Kentucky (UK) during its initiative to improve four-year graduation rates:

UK finance leaders used a collaborative planning process and a unified tuition planning solution, Axiom Tuition Planning, thus providing stakeholders a full understanding of the initiative's projected impacts. They anticipated that a higher four-year graduation rate would mean fewer enrollees in future years and lower tuition revenue. By integrating data from Axiom's scenario modeling tool with its long-range planning tool, leaders were able to estimate how these shifts would affect the budget and be proactive in implementing changes.



**View the impact of different assumption changes to tuition revenue
(sample data from a sample university).**

Conclusion

The need to accurately project, model, and plan for various tuition and enrollment scenarios has never been greater. Institutions that adopt modern technologies can overcome common tuition pricing strategy and tuition planning challenges to develop more accurate forecasts of future tuition and anticipate changes before they occur. They can align the tuition planning process with the operational budget and long-range plan and understand how it impacts their institution's overall financial plan, which is critical to sustained success.

Learn more:

www.syntellis.com/axiom-software-higher-education-suite





About Syntellis

Syntellis Performance Solutions provides innovative enterprise performance management software, data, and intelligence solutions for higher education institutions. Our powerful budgeting, financial planning, and analytics solutions help colleges and universities elevate financial performance and transform vision into reality. Leading institutions use our flexible, powerful, intuitive Axiom software to manage nearly \$60 billion in revenue and \$100 billion in endowments. With top satisfaction rankings from BPM Partners for the past 8 years, our proven industry expertise helps colleges and universities acquire insights, accelerate decisions, and advance their business plans. For more information, please visit www.syntellis.com.