Fall 14

The HBCU Enrollment Context

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This white paper provides an analysis of recent four-year HBCU enrollment, pricing, and financial aid trends along with institutional value maps that demonstrate how students may be indirectly evaluating HBCU options prior to enrollment and making decisions to persist or leave once enrolled. Analyses included herein have been derived from IPEDS reports submitted by HBCU schools. Based on the findings in this study, alternative explanations for institutional outcomes and comparative differences are presented with strategy implications, where appropriate. Given the inherent limitations of IPEDS data, in-depth strategy recommendations have not been identified in this report. Rather, the intended purpose of this white paper is to provide foundational insights that can be leveraged by HBCU leaders to focus discussions on their respective campuses designed to generate institutionally tailored solutions and strategies.

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STRATEGIC ENROLLMENT MANAGEMENT

Of late, the enrollment woes of Historically Black Colleges and Universities (HBCUs) have been well documented, particularly as they relate to graduation rates. In some instances, HBCUs have been under siege, with legislators, media pundits, and scores of others questioning the viability and even the purpose of these institutions. When, in fact, many HBCUs are performing better than their Predominantly White Institution (PWI) peers. As an enrollment consultant for numerous four-year HBCUs, the author has interviewed hundreds of students at these schools and has found their stories to provide compelling evidence for the life-changing value of the HBCU experience. With that said, significant enrollment challenges do exist at many HBCUs that must be addressed in order to preserve the unique missions they possess and to thrive in an increasingly competitive higher education landscape.

This white paper is intended to create a comprehensive snapshot of factors that impact public and private four-year HBCU enrollment outcomes. For most institutions, a full understanding of these factors is the first step in identifying the right solutions. The days of just doing more to fix known problems are over. HBCUs that thrive into the future must be increasingly strategic with the allocation of limited human and financial resources.

With this in mind, enrollment, pricing, and financial trends are presented with possible explanations and in some cases, strategy implications. From these insights, HBCU leaders can initiate related discussions on their respective campuses to identify solutions targeted at specific opportunities and threats that are congruent with each institution's resources and organizational bandwidth.

HBCU Enrollment Trends

The last six years have presented enrollment challenges for many institutions, including HBCUs. With the onset of the Great Recession in 2008, the discourse associated with the **perceived value of a college degree** began to shift. Rising college costs combined with declining household wealth and in some cases, unemployment, fueled much media and Internet hype about the declining value of a college and university degree. Students and their families began to think differently about their investment (time and money) in higher education—many opting to forgo enrollment at four-year institutions or start their educational journey at less expensive community colleges. Compounding these adverse conditions, enrollments have been negatively impacted by federal policy changes related to **Student Academic Progress (SAP)** and tightened eligibility requirements associated with the **Parent Loan (PLUS).** Colleges and universities serving high need student populations, like most HBCUs, have been the most severely affected. Further exacerbating the conditions for enrollment success, many states, especially those in the East where a high concentration of HBCUs reside, are currently experiencing or anticipating a decline in the number of high school graduates.

Within this context, there has been significant variation in fall enrollment patterns over the five-year period from 2008 to 2012 among the eighty-four bachelor's degree granting HBCUs that reported enrollment data through IPEDS (National Center for Education Statistics, 2013). Comparing Fall 2008 and 2012 total enrollments, over half (forty-three) of HBCU institutions have experienced declines. These enrollment decreases range from 82.6% to less than 1.0%, with the mean enrollment decline among this group of institutions being 14.3%. On a more positive note, the HBCUs yielding increased enrollments in these comparison years had a mean increase of 19.8%, with one institution experiencing 100.1% upsurge in fall enrollment (from 601 to 1203 students).

This type of variation does not suggest a common plight for all HBCUs. Instead, these wide swings in enrollment outcomes infer that conditions contributing to decreases or increases are more localized—specific to institutional circumstances and/or local environmental factors. The root cause of these enrollment differences may become obvious in the remainder of this report or may require further institutional research. Knowing the root cause is critical to addressing enrollment deficits as well as to sustaining enrollment successes.

A deeper examination of enrollment patterns is depicted in *Table 1*, which includes the fall enrollment change from 2008 to 2012, acceptance rates, admissions yield, retention rates, and graduation rates. The data presented herein have been extracted from institutional IPED reports. Blank cells reflect where no data were reported.

Table 1: HBCU Enrollment Trends (Organized by State Location with Private Institutions Denoted in RED)

HBCU	% Total Fall Enrollment Change from 2008 to 2012	Acceptance Rate (%)	Admissions Yield (%)	1st-to-2nd Year Retention Rate (%)	Graduation Rate (%, 150% time-to-degree)
Alabama A & M University	-5%	90	20	68	32
Alabama State University	2%	51	28	62	26
Concordia College Alabama	13%			50	9
Miles College	-5%			52	15
Oakwood University	8%	34	44	76	38
Selma University	-81%			38	45
Stillman College	-3%	43	15	61	25
Talladega College	100%			39	25
Tuskegee University	4%	35	18	73	46
Arkansas Baptist College	73%			41	7
University of Arkansas at Pine Bluff	-20%	28	50	55	28
Philander Smith College	13%			63	31
Delaware State University	22%	42	28	60	33
University of the District of Columbia	-4%			51	15
Howard University	-3%	49	24	81	63
Bethune-Cookman University	-2%	67	21	64	40
Edward Waters College	10%	27	40	54	23
Florida Agricultural and Mechanical University	2%	45		80	40
Florida Memorial University	-13%	42	21	70	41

HBCU	% Total Fall Enrollment Change from 2008 to 2012	Acceptance Rate (%)	Admissions Yield (%)	1st-to-2nd Year Retention Rate (%)	Graduation Rate (%, 150% time-to-degree)
Albany State University	2%	20	30	67	39
Clark Atlanta University	-16%	57	23	62	39
Fort Valley State University	15%	33	47	58	29
Morehouse College	-15%	67	27	82	55
Paine College	-3%	44	22	52	22
Savannah State University	33%	83	54	72	32
Spelman College	-6%	38	23	90	73
Kentucky State University	-5%	38	21	45	14
Dillard University	54%	35	14	68	31
Grambling State University	0%	44	36	69	31
Southern University and A & M College	-17%	36	58	69	28
Southern University at New Orleans	-9%	49	90	61	18
Xavier University of Louisiana	-2%	54	26	65	51
Bowie State University	-1%	52	30	71	35
Coppin State University	-11%	36	21	66	17
University of Maryland Eastern Shore	4%	55	27	69	32
Morgan State University	14%	58	33	72	29
Alcorn State University	21%	83	31	69	32
Jackson State University	5%	65	32	73	45
Mississippi Valley State University	-15%	23	35	61	22
Rust College	-1%	14	66	66	34
Tougaloo College	12%	36	16	79	51

HBCU	% Total Fall Enrollment Change from 2008 to 2012	Acceptance Rate (%)	Admissions Yield (%)	1st-to-2nd Year Retention Rate (%)	Graduation Rate (%, 150% time-to-degree)
Harris-Stowe State University	-20%			44	8
Lincoln University	3%			36	27
Bennett College	3%			58	37
Elizabeth City State University	-7%	57	23	79	43
Fayetteville State University	-3%	55	28	76	31
Johnson C Smith University	6%	37	13	72	42
Livingstone College	12%	71	17	48	23
North Carolina A&T State University	2%	70	59	74	43
North Carolina Central University	7%	50	31	71	43
Saint Augustine's University	-1%	67	19	46	35
Shaw University	-19%	54	15	39	26
Winston-Salem State University	-12%	56	24	78	41
Central State University	-1%	33	18	43	27
Wilberforce University	-34%	58	8	78	
Langston University	-8%			57	16
Cheyney University of Pennsylvania	-14%			65	23
Lincoln University of Pennsylvania	-17%	61	23	67	37
Allen University	-7%			61	21
Benedict College	1%	83	14	57	29
Claflin University	10%	53	19	74	44
Morris College	-5%			40	31
South Carolina State University	-22%	51	25	61	34
Voorhees College	14%	51	11	46	29
Fisk University	-15%	40	17	85	54
Lane College	-24%	49	18	50	36

HBCU	% Total Fall Enrollment Change from 2008 to 2012	Acceptance Rate (%)	Admissions Yield (%)	1st-to-2nd Year Retention Rate (%)	Graduation Rate (%, 150% time-to-degree)
Le Moyne-Owen College	56%		66	50	8
Tennessee State University	6%			56	35
Huston-Tillotson University	17%	46	26	57	25
Jarvis Christian College	-17%			55	13
Paul Quinn College	-57%	99	11	44	
Prairie View A & M University	2%	42	32	67	36
St Philip's College	0%			50	4
Southwestern Christian College	1%			50	28
Texas College	15%			44	17
Texas Southern University	6%	45	25	61	12
Wiley College	45%			51	25
Hampton University	-12%		18	65	59
Norfolk State University	12%	65	38	74	34
Saint Paul's College	-83%				17
Virginia University of Lynchburg	102%			100	82
Virginia State University	23%	95	23	65	42
Virginia Union University	17%	58	16	49	31
Bluefield State College	4%	43	64	53	28
West Virginia State University	-12%	45	42	50	23

Source: IPEDS, National Center for Education Statistics, 2013

Acceptance rates refer to the percentage of applicants who are admitted to a college or university. Based on the data presented in *Table 1*, there is no apparent correlation between enrollment declines or increases and acceptance rates. Because acceptance rates represent a form of admissions selectivity, many of the institutions in this sample with lower acceptance rates and presumably higher admissions selectivity also have higher retention and graduation rates. However, there are notable exceptions among the schools in the sample. For example, Morehouse College and North Carolina A&T University have relatively high acceptance rate (67% and 70%, respectively) and also boast high retention rates (82% at Morehouse and 74% at A&T) along with respectable graduation rates. Conversely, there are a number of HBCUs with low acceptance rates (below 50%) and low retention (below the national average for bachelor's granting institutions, 65.2% at publics and 67.3% at privates) and graduation rates (below the national average for Black students at bachelor's granting institutions, 39.7% at publics and 44.5% at privates). *Sources: ACT, 2012 and Digest of Education Statistics, National Center for Education Statistics, 2013.*

For institutions in the first group referenced above (those with lower acceptance rates with higher retention and graduation rates), possible explanations for high performance with retention and graduation include the academic caliber of the applicant pool, institutional loyalty, and conditions for student success present at each school. Factors contributing to high performance should be replicated or expanded where prudent. Regarding the second group (institutions with relatively high acceptance rates and high retention rates), relevant questions that should be explored include:

1. Are the admissions criteria aligned with student success factors?
2. What are the impediments to student success and completion?
3. Have strategies been developed to address the aforementioned impediments?
4. How are existing retention initiatives performing (e.g., learner outcomes, number of students impacted, retention results)?

Admissions yield is defined as the percentage of admitted students who actually enroll. When reviewing the admissions yield data, it is important to note that many HBCUs receive applicants from a common application form. For institutions that engage in this practice, admissions yield rates are artificially deflated and as such, do not accurately reflect true admissions yield.

Within this context, some institutions with high acceptance rates and low admissions yield (below 40%) are perhaps the most at risk. Many of these HBCUs are likely admitting students on the academic margins simply because admission yield is low. Without doing so, it is difficult to reach enrollment targets for the entering class. Nonetheless, this practice can lead to a “revolving door” scenario—creating a vicious cycle where a growing number of new students is required to replace those who are leaving prematurely. One way to reverse this pattern is to improve admissions yield, so that admissions standards can be gradually increased over time. Another is to find ways to better serve and graduate students who HBCUs currently enroll.

In the cohort of institutions in this study, there are many with low to moderate acceptance rates (50% - 60%) and low admissions yield. For many of these HBCUs, low yield may be a reflection of institutional image and reputation issues. Effective branding is the obvious solution, but branding without a clear understanding of market position is usually unproductive. Market position refers to an institution’s position relative to top competitors on factors such as reputation, perceived educational quality, cost, price relative to perceived value, safety, student life, just to name a few. Once an institution’s market position is determined, branding efforts can be tailored to build on strengths and mitigate weaknesses. SEM Works frequently conducts a Market Opportunity Analysis for our clients by high priority student segments (e.g., high school students, adult learners, military personnel, out-of-state students) to discern market position. Results often vary by student population requiring a segmented approach within a common brand strategy. Segmentation can best be achieved leveraging robust CRM or student information systems. However, institutions without sophisticated technology systems and small staffs can engage in modest segmentation by tailoring messages delivered through campus tour, audience-targeted campus events, scripted phone calls, and personal interactions.

As with acceptance rates in this analysis, there is no apparent correlation between low admission yield and declining enrollments when comparing Fall 2008 against Fall 2012 numbers.

Retention rates depicted in *Table 1* reflect the percentage of new first-time freshmen that returned the second year (fall-to-fall retention). Half of institutions in this sample with first-to-second year retention rates of 70% or higher experienced enrollment increases when comparing Fall 2008 and Fall 2012. More importantly, the vast majority of HBCUs with retention rates of 70% or higher also had graduation rates of more than 40%—suggesting that first-year student retention is a critical factor in improving graduation rates, as it is at most institutions. Of no surprise, virtually all of the colleges and universities with low retention rates also had low graduation rates.

Institutions in this analysis with moderate or high first-to-second year retention rates but low graduation rates are plagued with a progression problem (student issues completing the required hours and courses needed to stay on track for on-time degree completion) and/or retention issues later in the student lifecycle. Either can be caused by a variety of institutional factors, namely limited course availability, inadequate advising, poor program fit, and barriers to maintaining full-time enrollment. Certainly, student-specific causation factors can impede progression as well but are more difficult to identify and resolve. The exact causation will vary by institution and thus, requires further study by institutional researchers or consulting firms like SEM Works. It is recommended that HBCUs with progression issues determine when progression is problematic in the context of the student lifecycle and why.

The norm among today's college students is not continuous full-time enrollment to degree completion. Many students, particularly those with Satisfactory Academic Progress (SAP) issues, financial constraints, personal circumstances that derail their enrollment, or academic performance issues, discontinue enrollment (stop out) at some point during their postsecondary educational journey. For this reason, it is imperative to re-recruit students who left in good standing aggressively. A campaign consisting of multiple touch points with students who have ceased enrollment within the last year is essential to maximizing the opportunity with readmits. At a minimum, the campaign should include communications about returning to the institution (e.g., finish what you've started, you've been missed), simple and intuitive pathways to re-enroll, and contacts from faculty or advisors who have a pre-established relationships with these students. Some institutions also leverage their degree audit system with credential laddering to demonstrate credentialing options for students in the near-term.

Graduation rates in *Table 1* reference 150% time to degree completion—six years for four-year schools. As previously stated, there is some correlation between retention rates and graduation rates. But, there is no apparent correlation between graduation rates and acceptance rates or admissions yield. Nor is there a correlation between enrollment growth or decline in the two comparison years (2008 and 2012).

With that said, graduation rates are symbolic and central to the mission of HBCUs, as well as at PWIs. They influence rankings, institutional reputation, funding in some states, and ultimately the success of students. Needless to say, a completion agenda is paramount for HBCUs. By diligently focusing on retention, progression, and student success, institutions can positively impact graduation outcomes.

Institutional Pricing and Financial Aid Trends

Given that most HBCUs serve large populations of socio-economically challenged students, pricing and financial aid are critical factors in initially enrolling and then retaining these students through to graduation. IPEDS data reveal that the highest **tuition and fees** for the 2013-14 academic year included Morehouse College ($25,468), Spelman College ($24,634), Howard University ($22,683), Clark Atlanta University ($21,100), and Hampton University ($20,724). In sharp contrast, the lowest in-state tuition and fees were at Langston University ($3,815), Elizabeth City State University ($4,429), Fayetteville State University ($4,605), Southern University at New Orleans ($4,911), and University of the District of Columbia ($5,138). Not surprisingly, the lower in-state tuition and fee rates exist at public HBCUs, and the higher rates are at private HBCUs.

Because the highest tuition and fees are at private schools, the top five most expensive schools for **out-of-state tuition and fees** remain the same as listed above. However, with out-of-state differential pricing at most public institutions, the list of low cost leaders changes significantly: Southern University at New Orleans ($4,911), Selma University ($5,840), Mississippi Valley State University ($5,916), Alcorn State University ($6,108), and Southwestern Christian College ($7,620).

For those institutions that provide on-campus housing, the price is higher for in-state and out-of-state students electing to live in the residence halls. While some students and families select an institution on **"sticker price"**, most evaluate the **"net price"** after financial aid is applied ("sticker price" – financial aid awarded). Several HBCUs did not report "net pricing" to IPEDS. According to the IPEDS data that does exist for the 2011-12 academic year, the highest "net price" (**including room and board charges**, where appropriate) for HBCUs was at Spelman College ($29,562), Oakwood University ($25,949), Clark Atlanta University ($25,847), Morehouse College ($25,632), and Tuskegee University ($24,832). The lowest "net price" HBCUs listed were Selma University ($7,460), Rust College ($8,166), Lane College ($8, 491), Tougaloo College ($8,779), and Southwestern Christian College ($9,219).

In today's economic climate, students and their families are increasingly debt-adverse. For the undergraduate HBCUs reporting **student loan** data to IPEDS, the percentage of students receiving federal loans ranged from 100% at Concordia College Alabama, Bennett College, and Wilberforce University (all four-year private HBCUs) to 11% at St. Phillip's College. On average, HBCUs in this sample had 79% of their students receiving loans in the 2011-12 academic year. The average loan amount for the schools in this dataset was $6,647 with a range from $2,427 at Concordia College Alabama to $12,485 at Bennett College. Other HBCUs with the highest average loan amounts included Hampton University ($10,874), Tuskegee University ($10,519), and Dillard University ($10,087). Though the data presented here represent student loans, as previously noted, the recent tightening of the eligibility criteria for Parent (PLUS) Loans has undoubtedly limited the choice selection of higher priced HBCUs and perhaps others. In point of fact, the new eligibility criteria for PLUS Loans along with the tightening of SAP rules have had a devastating impact on enrollment at most HBCUs.

Beyond the amount of student loans required to pay for college, the percentage of **Pell Grant recipients** is an indicator of the financial need and thus, the socio-economic status of students attending an institution. In the IPEDS data, the range of Pell Grant recipients among HBCUs in the 2011-12 academic year was 100% at Concordia College Alabama to 41% at Hampton University. The mean percentage of Pell Grant recipients for HBCUs was 77%—indicating that most HBCUs serve high need populations. Interestingly, among the five institutions with the lowest percentage of Pell eligible students, four are ranked in the top five HBCUs by *U.S. News and World Report* (2014). One might infer from this finding that institutions with strong rankings and reputation have the capacity to attract more economically advantaged students. Similarly, the top ten HBCUs in terms of having the highest percentage of Pell recipients (the most needy student bodies) also represent four-year privates—suggesting that "sticker price" and possibly "net price" may not be strong financial drivers for some in selecting an HBCU. With that said, there exists a distinct difference between "ability" to pay and "willingness" to pay. Both are equally important in decisions to attend an institution.

Another important form of financial assistance is **institutional aid** (e.g., merit scholarships, need-based scholarships and grants). Institutional aid awards are essential to complement federal and state aid for students with documented unmet need to ensure a college is affordable. This form of aid also is leveraged to be competitive in attracting academically gifted students.

Table 2 depicts Fall 2012 enrollment compared to endowment assets and a calculation of the available per student endowment funds. Although IPEDS data do not indicate the funding source for institutional aid, the data presented in *Table 2* provide insights into funding mechanisms for each institution in the dataset. Those with higher per student endowments are the most likely to deploy institutional aid strategies using endowment funds while HBCUs with lower endowments are likely dependent upon tuition discounting to fund institutional aid. For the latter group of institutions, if tuition discounting levels are too high and/or are not financially sustainable, an institution is at risk. Consequently, discounting strategies are best used when combined with appropriate risk management strategies.

Table 2: Available Per Student Endowment Funds (Organized Alphabetically with Private Institutions Denoted in RED)

Institution	Total Fall 2012 Enrollment	Endowment Assets	Per Student Endowment
Alabama A & M University	4853		
Alabama State University	5816	$78,692,474	$13,530
Albany State University	4275	$1,109,962	$260
Alcorn State University	3950	$10,238,677	$2,592
Allen University	672	$312,884	$466
Arkansas Baptist College	1082	$47,497	$44
Benedict College	2917	$20,665,998	$7,085
Bennett College	707	$10,577,334	$14,961
Bethune-Cookman University	3543	$41,817,907	$11,803

Institution	Total Fall 2012 Enrollment	Endowment Assets	Per Student Endowment
Bluefield State College	1935	$1,235,953	$639
Bowie State University	5421	$5,526,357	$1,019
Central State University	2152	$2,009,394	$934
Cheyney University of Pennsylvania	1284	$1,241,836	$967
Claflin University	1946	$18,955,616	$9,741
Clark Atlanta University	3419	$53,707,533	$15,709
Concordia College Alabama	611	$3,349,470	$5,482
Coppin State University	3612	$778,550	$216
Delaware State University	4324	$17,444,927	$4,034
Dillard University	1307	$48,853,683	$37,378
Edward Waters College	925	$1,660,594	$1,795
Elizabeth City State University	2878	$4,525,736	$1,573
Fayetteville State University	6060	$15,835,498	$2,613
Fisk University	620	$11,232,825	$18,117
Florida Agricultural and Mechanical University	12057	$79,859,388	$6,623
Florida Memorial University	1579	$10,182,613	$6,449
Fort Valley State University	3568	$5,334,032	$1,495
Grambling State University	5277	$10,669,180	$2,022
Hampton University	4765	$232,550,762	$48,804
Harris-Stowe State University	1484	$927,049	$625
Howard University	10002	$460,712,000	$46,062
Huston-Tillotson University	918	$8,894,294	$9,689
Jackson State University	8819	$14,090,780	$1,598
Jarvis Christian College	603	$11,585,404	$19,213

Institution	Total Fall 2012 Enrollment	Endowment Assets	Per Student Endowment
Johnson C Smith University	1669		
Kentucky State University	2524	$11,169,649	$4,425
Lane College	1512	$4,353,775	$2,879
Langston University	2518	$33,006,462	$13,108
Le Moyne-Owen College	1078	$13,329,256	$12,365
Lincoln University	3205	$6,137,221	$1,915
Lincoln University of Pennsylvania	2101	$36,560,480	$17,401
Livingstone College	1111	$1,331,366	$1,198
Miles College	1691	$15,845,529	$9,371
Mississippi Valley State University	2479	$1,694,971	$684
Morehouse College	2374	$129,432,458	$54,521
Morgan State University	7952	$20,980,948	$2,638
Morris College	874	$12,755,805	$14,595
Norfolk State University	7100	$8,211,186	$1,157
North Carolina A & T State University	10636	$31,311,494	$2,944
North Carolina Central University	8604	$19,991,682	$2,324
Oakwood University	2019	$9,288,699	$4,601
Paine College	837	$8,367,624	$9,997
Paul Quinn College	192	$4,998,226	$26,032
Philander Smith College	666	$10,421,459	$15,648
Prairie View A & M University	8336	$55,432,288	$6,650
Rust College	934	$22,214,450	$23,784
Saint Augustine's University	1442	$16,665,809	$11,557
Saint Paul's College	112	$5,734,153	$51,198
Savannah State University	4582	$4,016,927	$877
Selma University	643		

Institution	Total Fall 2012 Enrollment	Endowment Assets	Per Student Endowment
Shaw University	2183	$9,109,525	$4,173
South Carolina State University	3807	$785,044	$206
Southern University and A & M College	6397	$8,250,210	$1,290
Southern University at New Orleans	2820	$4,367,774	$1,549
Southwestern Christian College	206		
Spelman College	2145	$309,138,907	$144,121
St Philip's College	10313		
Stillman College	1019	$39,062,536	$38,334
Talladega College	1203	$3,139,555	$2,610
Tennessee State University	8740		
Texas College	845	$1,718,210	$2,033
Texas Southern University	9646	$39,062,536	$4,050
Tougaloo College	972	$9,862,147	$10,146
Tuskegee University	3117	$105,220,467	$33,757
University of Arkansas at Pine Bluff	2828	$1,656,751	$586
University of Maryland Eastern Shore	4454	$24,632,367	$5,530
University of the District of Columbia	5110	$38,225,753	$7,481
Virginia State University	6208	$31,853,259	$5,131
Virginia Union University	1751	$25,311,345	$14,455
Virginia University of Lynchburg	540	$399,304	$739
Voorhees College	648	$5,326,818	$8,220
West Virginia State University	2644	$4,032,885	$1,525
Wilberforce University	518	$10,450,906	$20,175
Wiley College	1401	$6,711,319	$4,790
Winston-Salem State University	5689	$18,684,781	$3,284

Institution	Total Fall 2012 Enrollment	Endowment Assets	Per Student Endowment
Xavier University of Louisiana	3178	$140,550,903	$44,226

Source: IPEDS, National Center for Education Statistics, 2013

Of the institutions in sample, only one did not award institutional aid, St. Phillip's College. Among the remaining HBCUs, the percentage of students in the 2011-12 academic year receiving institutional aid ranged from 6% at Jarvis Christian College to 88% at Oakwood University. The average proportion of students receiving institutional aid was 40%. Thirty-eight of the schools (45%) in this dataset were at or above the average. The average amount of institutional aid awarded ranged from $0 (St. Phillip's College) to $17,204 (Morehouse College). The mean award amount for institutions in the sample was $5,081. Of the HBCUs offering the highest institutional aid awards, seven were four-year privates (Morehouse, Howard, Hampton, Fisk, Spelman, Johnson C. Smith, and Tougaloo) and three were four-year publics (South Carolina State, Mississippi Valley State, and Alabama State). Among the schools with lowest institutional aid amounts, there were four four-year publics (Cheyney, Fayetteville State, Virginia State, and St. Phillip's) and four four-year privates (Selma, Morris, Jarvis Christian, and St. Paul's, which closed in 2013).

The **right pricing and financial aid strategies** are essential to the enrollment success of HBCUs. Regarding **pricing** affordable and competitive pricing is imperative. Setting tuition, fees, room, and board rates strategically has become far more of a science than an art. It is no longer sufficient to establish these rates based solely on expected expenditures and enrollment revenue or a standard percent per year. Indeed, pricing elasticity matters. There is cost at which students will elect not to enroll. To determine price elasticity, inclusion of variables such as the Consumer Price Index; the health of the local, state, and national economy; pricing of top competitors; the attrition factors associated with an institution's highest need students, and "net price" should be considered. Determining strategic pricing also involves the perceived value educational consumers identify with an institution, as illustrated in the next section.

There are a plethora of potential **financial aid strategies** that could be adopted. On the strength of SEM Works' consulting experience at numerous HBCUs, the following are recommended for consideration:

- Ensure a comprehensive marketing campaign exists to make students and their families aware of financial aid options early in the recruitment process.
- Address customer service-related issues that hinder a student's access to the institution and its financial support resources. In the context of financial aid, customer service refers primarily to the attitudes of staff, processing and award turnaround time, service wait time, and just-in-time access to accurate information.
- Frontload scholarships in the search process to attract the attention of academically gifted students who may not consider your institution without a scholarship incentive. Target up to 500 prospective students from purchased search lists in the first round of awards; monitor the acceptance rates and scholarship dollars committed; and evaluate the return on investment in the first round to determine if the practice should be continued in future rounds. It is recommended that the initial offer (a one-time entrance scholarship) be awarded prior to admission with the promise of being considered for higher value renewable scholarships. To be eligible to receive the entrance scholarship, candidates must (1) apply for admission by March 1st, (2) maintain or improve their current high school GPA, and (3) be admitted to the institution.
- Utilize institutional aid dollars to yield optimal recruitment and retention results. Optimal, in this context, means that the exact dollar amounts (the "tipping point") required to recruit and retain students who are awarded. Financial aid leveraging models, like those provided by SEM Works and numerous other consulting firms in the higher education sector, apply institutional and sometimes competitor data to design models intended to influence ability to pay and willingness to pay—the two underlying tenets guiding the effective use of institutional aid. Typically, institutional grant aid is used to address the "tipping point" in relation to ability to pay while merit scholarships are focused on the willingness to pay "tipping point." Regarding the latter, the willingness to pay principle assumes that the higher the academic profile, the more postsecondary options an individual has—thus requiring higher financial awards the higher the academic profile to incentivize students to select an institution.

- Ensure appropriate recovery programs are in place to support students who have been adversely affected by SAP policies along with programs designed to prevent at-risk students from experiencing SAP issues.
- Offer high need students the best possible financial aid package to reduce the need for PLUS loans. Alternatively, staff should be equipped to guide parents toward third party loan options.

Institutional Value

Affordability alone is not the only factor that influences enrollment decisions. Cost along with perceived quality translate to a powerful **value map** for educational consumers (students and their parents). Value maps can be constructed using a variety of variables. For the purpose of illustration, the figures presented herein consist of comparisons of **in-state tuition and fees** with the following variables:

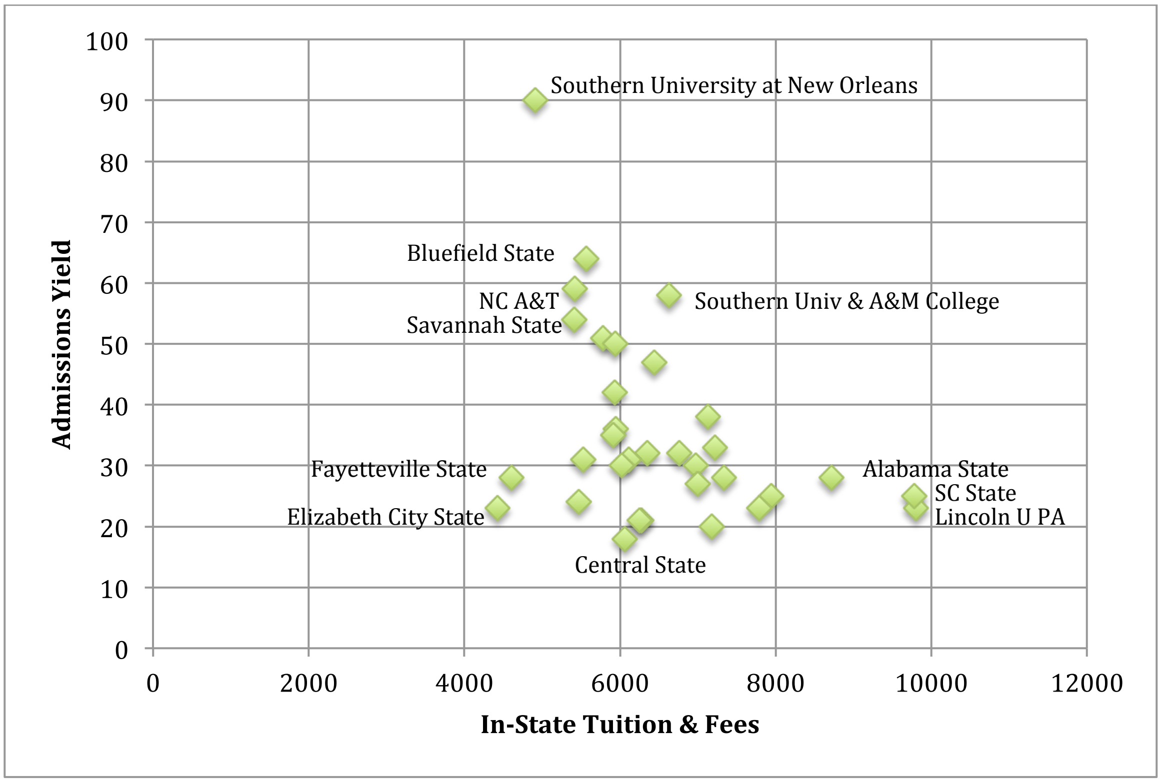
- **Admissions yield** (representing the level of pre-enrollment student commitment to an institution)
- **Graduation rates** (assumes that graduation is the ultimate educational goal of most students)
- **Average loan amounts** (a lead indicator of student loan indebtedness upon graduation)

Additionally, i**nstitutional aid rates** are depicted in this section (calculated by multiplying the average amount of institutional aid awards and the percentage of students awarded institutional aid). To ensure appropriate peer comparisons, HBCUs in the figures that follow have been grouped by institutional type.

In *Figure 1a*, most of the four-year public HBCUs are clustered in the $5,500-$8,000 **price range** and have an **admissions yield** between 20% and 60%. Although both represent significant variation between the high and low ends of the range, many institutions in this dataset are tightly grouped around a $6,000 price point and 30% admissions yield. The outliers show even more variation and as such, are worthy of an in-depth analysis here.

Assuming the IPEDS data are correct, Southern University at New Orleans is the clear sector leader regarding admissions yield—suggesting the institution's tuition and fee level may be too low. From a pricing and admissions yield perspective, it can be argued that Southern University and A&M College possesses the strongest market position in this cohort ($6,630 in-state tuition and fees with a 58% yield). Given their relatively low cost, Bluefield State College, North Carolina A&T University, and Savannah State University are performing as expected in terms of admissions yield. However, Fayetteville State University and Elizabeth City State University are underperforming relative to their costs.

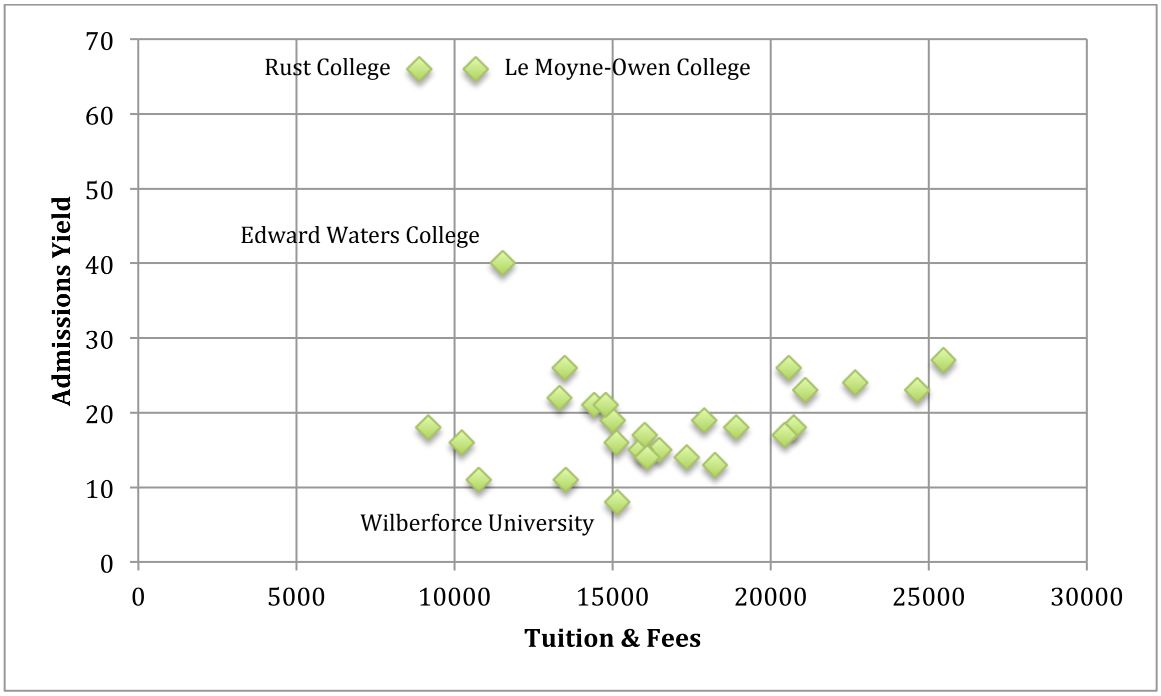
*Figure 1a: In-State Tuition and Fees Compared with Admissions Yield at Four-Year **Public** HBCUs*



Source: IPEDS, National Center for Education Statistics, 2013

Central State University has the lowest yield among public four-year HBCUs even though its costs are comparable to many others. In this instance, non-cost reasons may be contributing to the schools performance (e.g., yield initiatives, reputation, the institutional commitment of admitted students). The opposite may be true with Alabama State University, South Carolina State University, and Lincoln University of Pennsylvania. These HBCUs represent higher priced institutions in the sample with relatively low yield rates. They may be overpriced or are lacking the financial aid necessary to make their respective universities affordable to the masses.

*Figure 1b: Tuition and Fees Compared with Admissions Yield at Four-Year **Private** HBCUs*



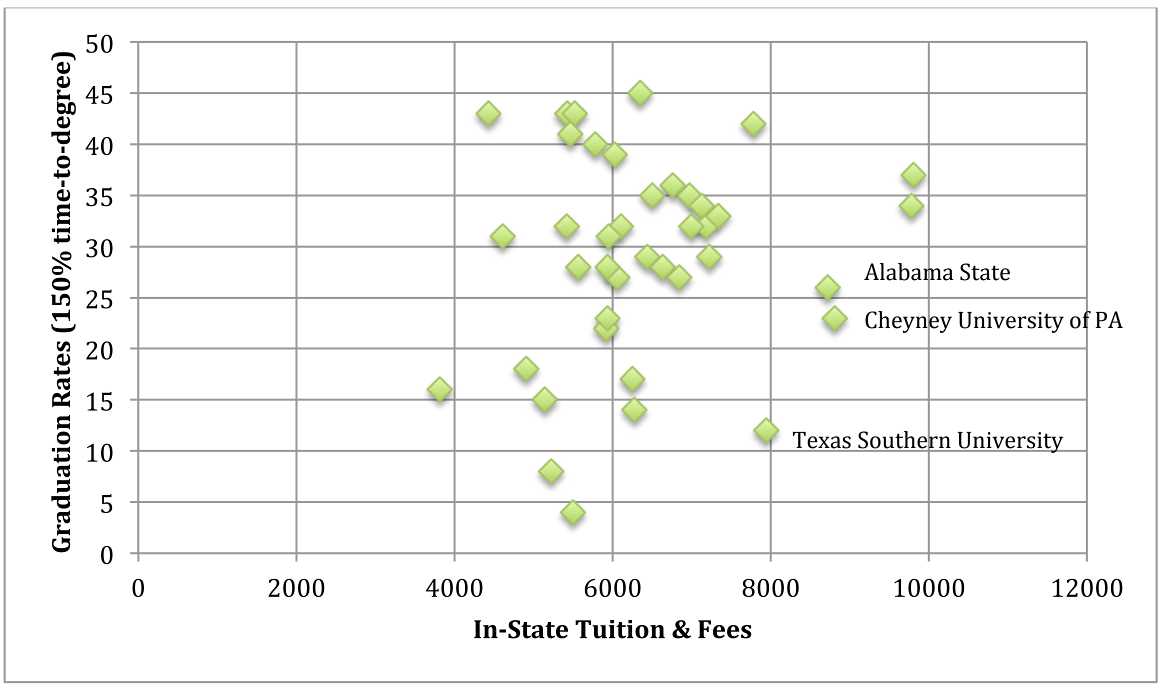
Source: IPEDS, National Center for Education Statistics, 2013

With a few notable exceptions, the four-year private HBCUs depicted in *Figure 1b* have lower yield rates than most of their four-year public counterparts. The author posits that this is primarily due to higher "sticker" and "net" pricing. Alternative hypotheses include: (1) not sufficiently differentiating their mission and educational experience from publics, (2) the potential lack of professional academic programs with direct linkages to careers, and (3) inadequate financial aid to offset the cost of attending. Highly ranked institutions, such as Morehouse College, Howard University, and Fisk University, might be expected to possess strong admissions yield due to their reputation, but they are within the cluster of the majority of private HBCUs (*U.S. News and World* Report, 2014). This is likely a reflection of the stiff competition these schools face for the best and brightest Black students—often competing against well endowed PWIs.

Among the outliers in this sample, Rust College and Le Moyne-Owen College are clearly the sector leaders in terms of admissions yield. They are both on the lower end of the price range in this group of institutions—positioning both colleges as an excellent value in private HBCU education. Edward Waters College also has a respectable yield rate, comparable to many of the higher yield four-year public HBCUs represented in *Figure 1a*. The lowest yield rate in this dataset is held by Wilberforce University—raising concerns about the ability of this institution, along with others at the lower end of the scale, to attract students effectively. Yield strategies such as those previously described should be considered.

Graduation data presented in the following set of figures reflect 150% time-to-degree. When considering the graduation data, it is instructive to examine both internal factors (e.g., admissions selectivity, retention initiatives, barriers to completion) and external factors (e.g., the state of the local economy and the job market, the socio-economic status of students served and the communities where institutions reside).

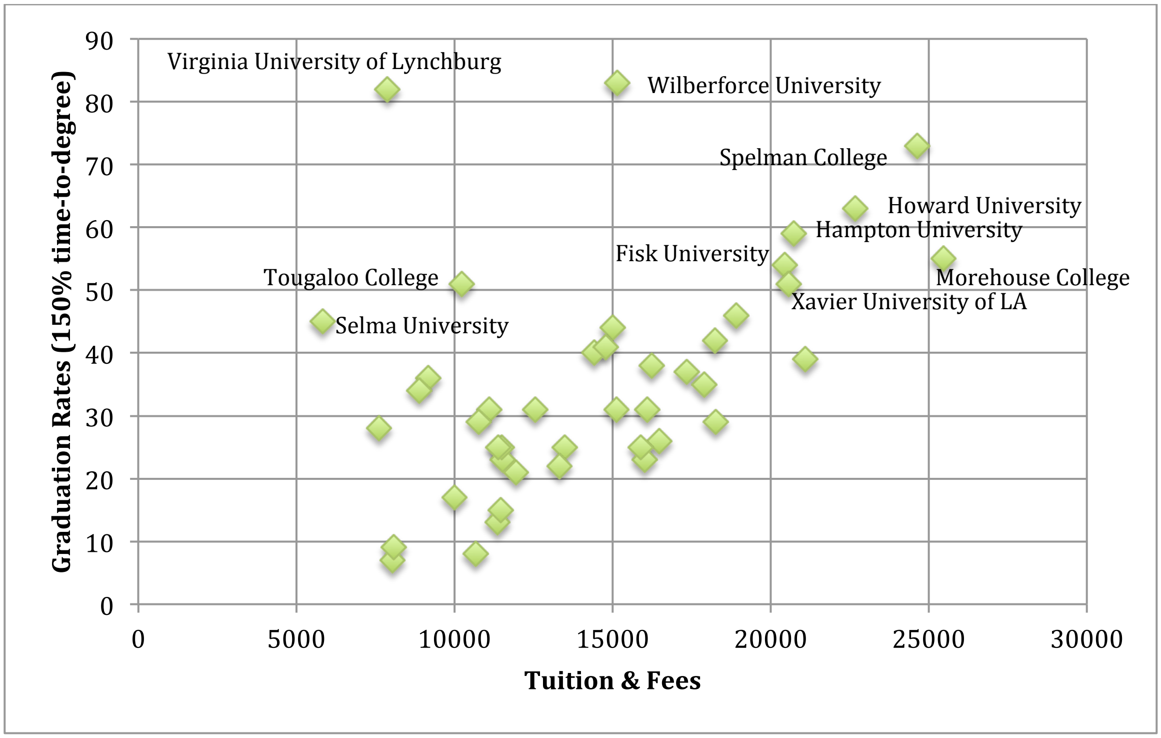
*Figure 2a: In-State Tuition and Fees Compared with Graduation Rates at Four-Year **Public** HBCUs*



Source: IPEDS, National Center for Education Statistics, 2013

Though in *Figure 2a* many four-year public HBCUs are clustered between 25% and 35% graduation rates, great disparity exists among these institutions. Some of the reported graduation rates in this group can only be described as concerning. From a value perspective, the most alarming data are among higher priced schools with relatively low graduation rates, namely Texas Southern University, Cheyney University of Pennsylvania, and Alabama State University. Given these conditions, the more savvy educational consumers will likely be wary of the potential return on investment.

Figure 2b: Tuition and Fees Compared with Graduation Rates at Four-Year ***Private*** *HBCUs*



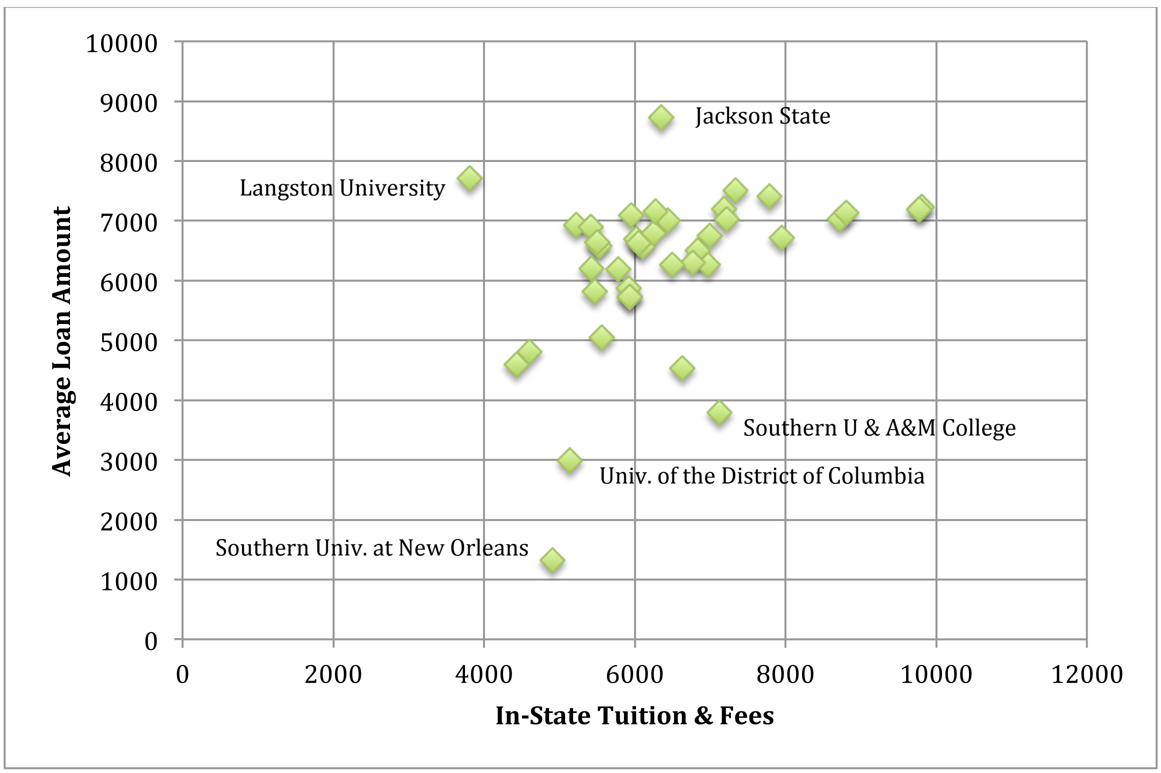
Source: IPEDS, National Center for Education Statistics, 2013

With a few exceptions, there is a strong correlation between costs and graduation rates of the four-year private HBCUs depicted in *Figure 2b* (higher cost = higher graduation rates). The author suspects that this finding has less to do with the tuition and fees assessed by these institutions than it does with the financial circumstances of the students they enroll. Notably, most of the highest priced institutions in this cohort also have strong reputations and higher admissions standards.

The outliers, those with relatively low costs and 45% or higher graduation rates, (Virginia University of Lynchburg, Tougaloo College, and Selma University) deserve closer study by the other private HBCUs. Somehow, these institutions have overcome student financial barriers to ensure reasonably high graduation rates. It can be argued that they represent some of the best values in HBCU private education.

Average loan amounts, by extension, represent lead indicators for the loan debt accumulated by an institution's students and graduates. Although the IPEDS data do not address the impact of loan amounts on prospective student higher education choices as well as subsequent current student decisions to persist or not, there is sufficient anecdotal evidence at HBCUs and other schools to suggest that loans do, in fact, influence enrollment decisions.

Figure 3a: In-State Tuition and Fees Compared with Average Loan Amounts at Four-Year ***Public*** *HBCUs*

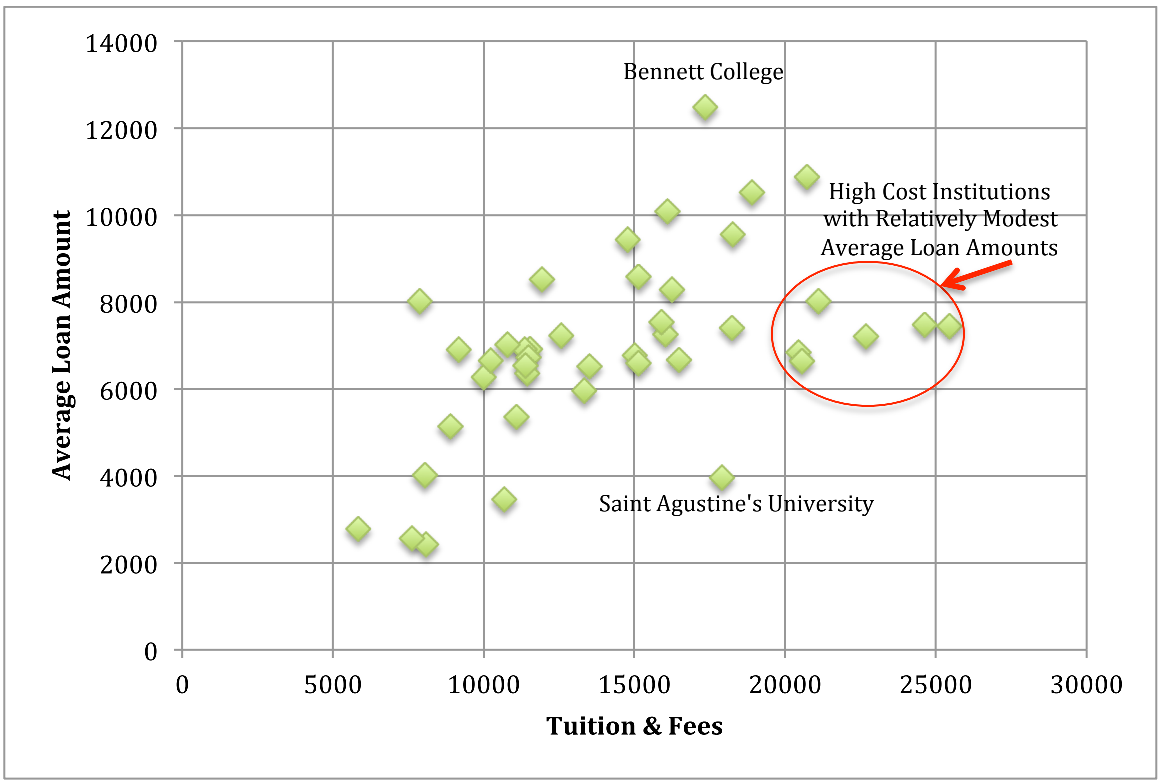


Source: IPEDS, National Center for Education Statistics, 2013

Among the four-year publics represented in *Figure 3a*, the natural pattern is that average loan amounts tend to increase as the tuition and fees of institutions are higher. However, the outliers do not follow this pattern. For example, Southern University at New Orleans is one of the lowest cost institutions in this sample and has the lowest average loan amount. The University of the District of Columbia falls in the same category. Though higher in price, Southern University and A&M College also has an uncharacteristically low average loan amount. Lessons may be learned from how these three HBCUs have managed to keep student loan amount below their peers in this dataset.

On the high end of the continuum, an anomaly exists. Langston University is the lowest cost public HBCU but has the second highest average loan amount. Unlike Jackson State University that reported the highest average loan amount but among the lowest percentage of student's receiving loans of any HBCU (25%), Langston's percentage of loan recipients is 83%, which is moderately high in relation to other HBCUs reporting IPEDS data. If widely known, this fact would deter students from considering the University and is likely a significant cause of student retention and graduation issues that may exist.

Figure 3b: Tuition and Fees Compared with Average Loan Amounts at Four-Year ***Private*** *HBCUs*

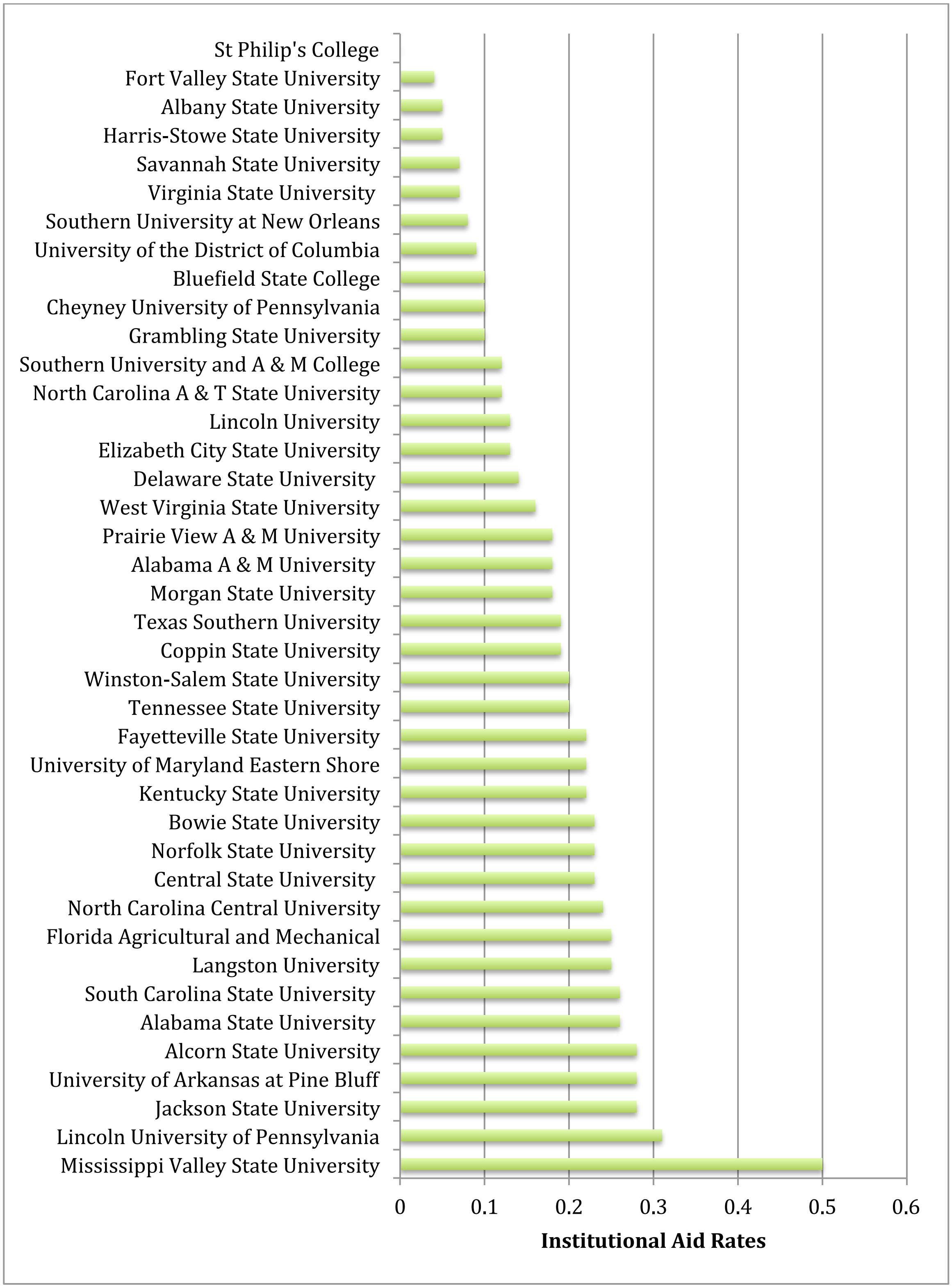


Source: IPEDS, National Center for Education Statistics, 2013

In *Figure 3b*, most of the four-year private HBCUs follow the same pattern as the publics depicted in *Figure 3a* (higher costs are associated with higher average loan amounts). Falling outside the norm are Saint Augustine's University with an average loan amount of $3,952 and Bennett College at $12,485. Interestingly, both have approximately the same tuition and fee price, are co-located in North Carolina, and presumably draw from much the same student base. Outliers in the dataset also exist among most of the higher priced HBCUs (Clark Atlanta University, Fisk University, Xavier University of Louisiana, Howard University, Spelman College, and Morehouse College). All of these institutions are ranked among the top ten HBCUs by *U.S. News & World Report* (2014), which suggests that they attract students due, in part, to their reputations and perhaps enroll students from relatively affluent families. With the exception of Xavier, these schools also offer among the highest institutional aid awards of any HBCU—offsetting the cost of attendance.

The level of **institutional investment and risk** associated with new and currently enrolled students **(the total per enrolled student amount allocated for institutional aid)** was calculated using the average amount of institutional aid awards multiplied by the percentage of students awarded institutional aid. The data conveyed in the following figures represented here reflect **institutional aid as a proportion of tuition and fee rates** (the average per enrolled student amount allocated for institutional aid divided by the average tuition and fee revenue generated). Because public institutions charge differential rates for tuition on the basis of student residency status, the calculations for four-year public HBCUs represented in *Figure 4a* reflect the percentage of in-state versus out-of-state and foreign students enrolled at each institution in the fall of 2012. These percentages and the corresponding tuition and fee rates have been applied to the calculations.

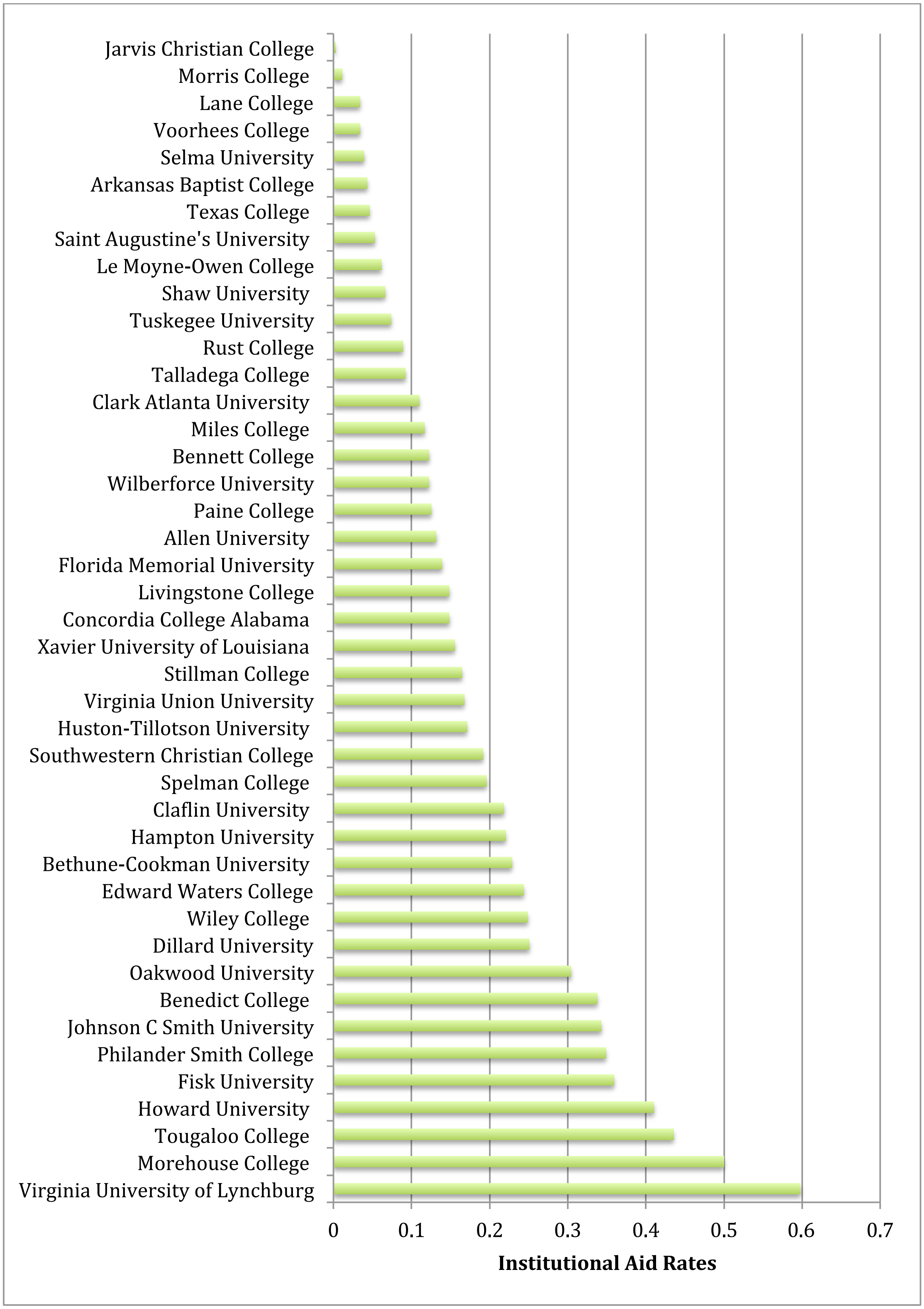
*Figure 4a: Institutional Aid Rates at Four-Year **Public** HBCUs*



Source: Calculated using data from IPEDS, National Center for Education Statistics, 2013

The average institutional aid rate for the four-year public HBCUs illuminated in *Figure 4a* was 18%. Institutions significantly below the average may risk being non-competitive or unaffordable, particularly for out-of-state students. Universities considerably above the average (Mississippi Valley State, which has among the lowest tuition and fee rates of any four-year HBCU, and possibly, Lincoln University of Pennsylvania) may risk issues related to financial sustainability (depending on the funding source) or awarding students more than is required to initially enroll or retain them. Regarding the challenges on both ends of the continuum and as previously referenced in this white paper, financial aid leveraging methodologies are often adopted to ensure the "optimal" amount and type of aid is offered to each individual to effectively impact enrollment decisions.

*Figure 4b: Institutional Aid Rates at Four-Year **Private** HBCUs*



Source: Calculated using data from IPEDS, National Center for Education Statistics, 2013

Since private institutions do not differentiate between in-state and out-of-state tuition, the data calculations noted for four-year public HBCUs do not apply here. The mean institutional aid rate for the four-year privates depicted in *Figure 4b* was 18%, which is identical to the average rate for four-year public HBCUs. As previously noted with the four-year publics, institutions significantly below or above the mean should evaluate their risks against their respective competitive landscape and the institutional award amounts required to recruit and retain students.

Final Thoughts

Data limitations exist within the framework of IPEDS, and some HBCUs did not report data on all of the items used to construct this report. Consequently, readers are encouraged to consider these findings and implications in the context of their own institutional data. By leveraging IPEDS data with relevant institutional data and research, the fundamental elements exist to focus campus planning on the right enrollment and retention solutions.

As alluded to earlier in this white paper, doing more is not the answer. Successful enrollment efforts involve using data to strategically focus limited human and financial resources where an institution can most effectively impact desired enrollment outcomes. This approach is as much about what not to do as it is about what to invest in moving forward. Working with hundreds of higher education clients, we have found that letting go of the old ways of doing things is the most challenging obstacle to positioning an institution for sustainable enrollment success. With this in mind, key questions to consider when recalibrating strategies include:

- What strategies are currently in place? Create an inventory of existing strategies.
- How effective are these strategies in relation to enrollment goals?
- Where are the gaps related to the achievement of enrollment goals?
- How can existing strengths be leveraged?

To assist in this exercise, consider using the strategy matrix presented in *Figure 5*. By placing existing strategies into the appropriate quadrant in the matrix, areas of investment and resource reallocation become clear. For many institutions, the redeployment of existing human and financial resources is the only viable option to invest in new strategies designed to achieve enrollment goals.

Figure 5: Strategy Evaluation Matrix

High Performing Strategies • Consider for additional investments IF capacity and enrollment opportunity exists; otherwise, maintain current investment levels	**Moderately Performing Strategies** • Maintain current levels of investment
Strategies Needing Improvement • Consider morphing or revamping with existing resources or possibly diverting resources to other strategies	**Underperforming Strategies** • Consider elimination and redeploying resources to other strategies

Through our consulting practice, we have observed the exact same strategy in place at multiple institutions with very different results. From this experience, we have concluded that it is not strategies per se that yield desired enrollment outcomes. Rather, it is the quality of execution that makes the difference. Implementing a plethora of strategies "off the side of the desk" without the right processes, supporting infrastructure and technology, and people with the necessary skillsets and dedicated time is futile. Focus on fewer, more impactful strategies, and the results will be exceptional. Some of the most impactful strategies require minimal or no investment of institutional resources. They may be as simple as managing student data more effectively or changing the timing of billing, so that students are aware of institutional costs earlier.

Finally, it must be said that not all enrollment growth is good. Outstripping institutional capacity (e.g., classroom, lab, or residence hall space; instructor load; class availability) can have dire consequences—students become dissatisfied and leave prematurely, often conveying negative experiences to others, which erodes an institution's reputation over time. Therefore, HBCU leaders at institutions with an imperative to increase enrollment are encouraged to engage in strategic enrollment growth—growing enrollments where capacity exists.

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About the Author

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The president and CEO of SEM Works, Dr. Jim Black, is an internationally recognized expert in enrollment management as well as in change management. He has published a monograph titled, *Navigating Change in the New Millennium: Strategies for Enrollment Leaders,* and four books, *The Strategic Enrollment Management Revolution,* considered to be a groundbreaking publication for the enrollment management profession, *Gen Xers Return to College*, *Essentials of Enrollment*

Management: Cases in the Field, and *Strategic Enrollment Intelligence*, Canada's first book on enrollment management. Among his other published works are numerous articles and book chapters including a feature article in College & University, *Creating Customer Delight;* a chapter, *Creating a Student-Centered Culture*, for a book on best practices in student services published by SCUP and sponsored by IBM; a chapter on enrollment management in a Jossey-Bass book on student academic services; as well as a bimonthly feature in The Greentree Gazette.

Dr. Black is the founder of the Community College Enrollment Management and Student Marketing Symposium and the National Conference on Student Retention in Small Colleges as well as the cofounder of the National Small College Admissions Conference and the National Small College Enrollment Conference. He formerly served as the director of AACRAO's Strategic Enrollment Management Conference.

Black was honored as the recipient of the 2005 AACRAO Distinguished Service Award and was selected as the 2012 Alumnus of the Year by his graduate program in higher education and student affairs at the University of South Carolina. He has been interviewed by publications such as The Chronicle of Higher Education, Converge Magazine, The Enrollment Management Report, The Lawlor Review, and was interviewed for AACRAO's Data Dispenser. Black also was featured in an international teleconference on enrollment management sponsored by The Center for the Freshman Year Experience at the University of South Carolina, and a PBS broadcast on "Blending High Tech and High Touch Student Services." In 1999, Jim Black was named an IBM Best Practices Partner, one of only twenty-three in the world. He was invited by The College Board to Heidelberg, Germany, to evaluate the APIEL Exam and most recently was invited to lead conferences on enrollment management and student services in the United Kingdom and the Netherlands.

Dr. Black has served on the boards of several technology companies and has consulted with companies such as Microsoft, Blackboard, and the SAS Institute. Higher education clients have included over 400 two-year, four-year, public, and private institutions.

Jim earned a B.A. in English education and M.A. in higher education administration from the University of South Carolina, as well as a Ph.D. in higher education curriculum and teaching from The University of North Carolina at Greensboro. His doctoral experience provides our clients with unique perspectives into innovative pedagogical, curricular, and program opportunities that impact enrollment outcomes.

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