

Astra Academy - The College Stress Test



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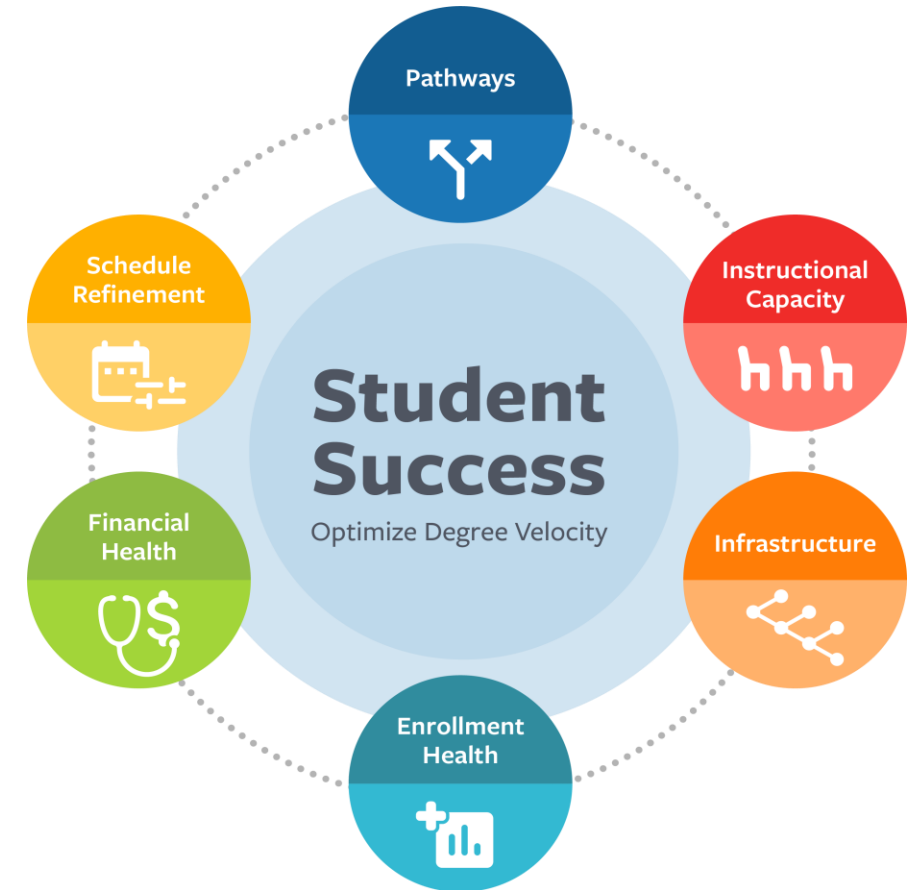
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Presentation Overview

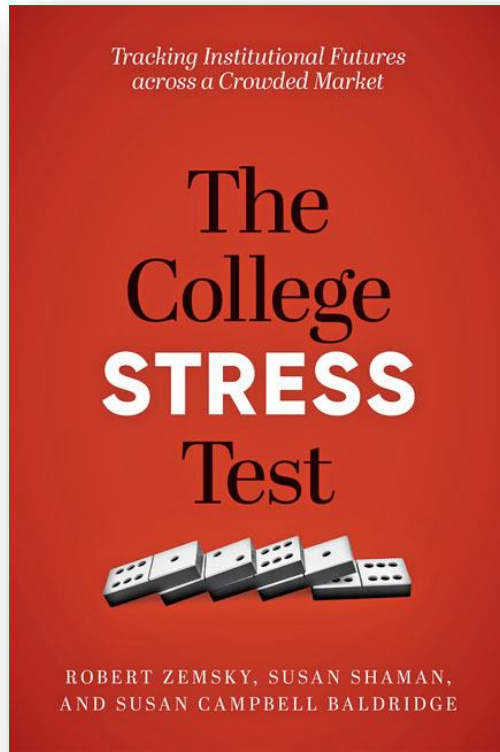
- Introduction (5 Minutes)
- *The College Stress Test* (40-45 Minutes)
- Addressing Questions and Comments (10-15 Minutes)



- [Ad Astra](#) is a course scheduling and enrollment management organization that partners with over 500 institutions to graduate more students faster.
- Ad Astra offers unique solutions designed to help institutions manage the academic enterprise.
- [Astra Academy](#) is a webinar series that brings together diverse stakeholders across the higher education landscape to share with you how their work is helping to foster student success and strengthen institutions.



From *Johns Hopkins University Press*



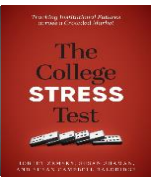
The College Stress Test (2020)

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What Inspired *The College Stress Test*?

- Flurry of college closings
- Pundits predicting impending doom for many colleges
- Lack of broad market trend analysis
- Need for tools to evaluate campus dynamics
- Challenge of having these conversations

*We wanted to map the market in order to
understand the problem*



Our Analytic Objective Was to Create a Metric to Assess Viability

Straightforward

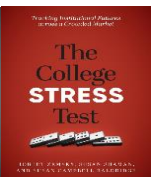
Focused on a few but important variables to evaluate an institution's risk of closing or merging

Trends

Emphasized trends to determine the score of each variable rather than one-time snapshots

Public Data

IPEDS provided a uniform set of data definitions and a wide range of values to evaluate



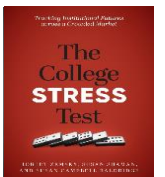
The Result: A Market Stress Test for Colleges and Universities

Focused on Three Predominant
Sectors of Higher Education

Private Not-For-Profit
4- year

Public
4- year

Public
2- year



The Stress Test Analyzes Distinct Variables for Each Sector

Private Not-For-Profit 4- year

- Freshmen enrollment
- 1st year to 2nd year retention
- Freshman market price*
- Endowment to expense ratio

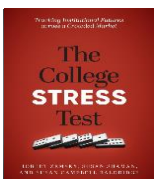
Public 4- year

- Freshmen enrollment
- 1st year to 2nd year retention
- Freshman market price*
- State appropriation

Public 2- year

- New student enrollment
- Net tuition revenue to instructional cost
- State and local funding

* The market price reflects the average tuition and fees the institution receives after the average discount from institutional financial aid has been applied.

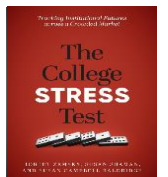


Values of Components Vary Widely Among Institutions

Two Sample Components

Private Not-for-Profit Four-Year		Public Four-Year	
Change in Freshman Class Size 2008-2016		Change in Freshman Class Size 2008-2016	
Percentile	Percentage Change in Freshman Class Size	Percentile	Percentage Change in Freshman Class Size
90%	45%	90%	44%
upper quartile	19%	upper quartile	21%
median	3%	median	5%
lower quartile	-13%	lower quartile	-11%
20%	-17%	20%	-15%
10%	-31%	10%	-26%

Public Four-Year		Public Two-Year	
State Appropriation Change 2008-2016		State & Local Appropriation Change 2008-2016	
Percentile	Percentage Change in Appropriation Constant \$	Percentile	Percentage Change in Appropriation Constant \$
90%	15%	90%	29%
upper quartile	-2%	upper quartile	10%
median	-15%	median	-4%
lower quartile	-25%	lower quartile	-17%
20%	-27%	20%	-20%
10%	-37%	10%	-28%



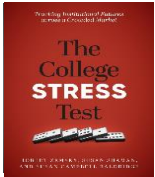
Alert and Warning Values Serve as Indicators of Risk

Compare your data and trendline to **ALERT** and **WARNING** values
For example:

Public Four-Year

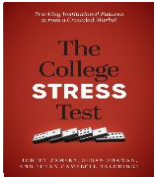
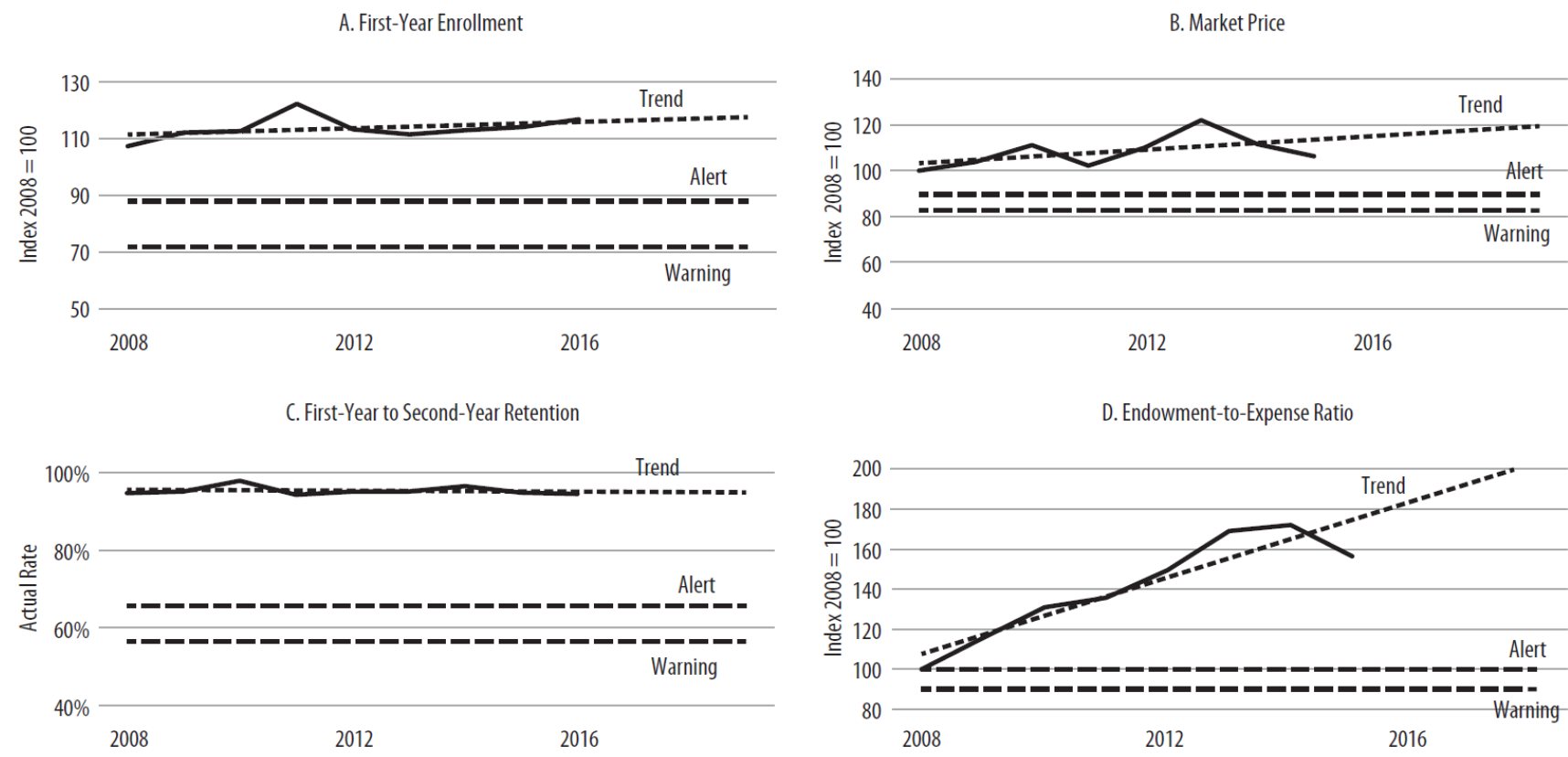
Change in Freshman Class Size 2008-2016			Change in Market Price 2008- 2016		
Percentile	Percentile	Percentage Change in Freshman Class Size	Percentile	Percentile	Percentage Change in Market Price (<i>Constant \$</i>)
ALERT	20%	-15%	ALERT	20%	0%
WARNING	10%	-26%	WARNING	10%	-8%

Freshman to Sophomore Retention 2015-16			Change in State Appropriation 2008-2016		
Percentile	Percentile	Retention Rate 2015-2016	Percentile	Percentile	Percentage Change in State Appropriation (<i>Constant \$</i>)
ALERT	20%	68%	ALERT	20%	-27%
WARNING	10%	62%	WARNING	10%	-37%



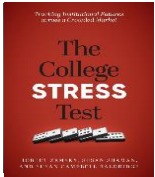
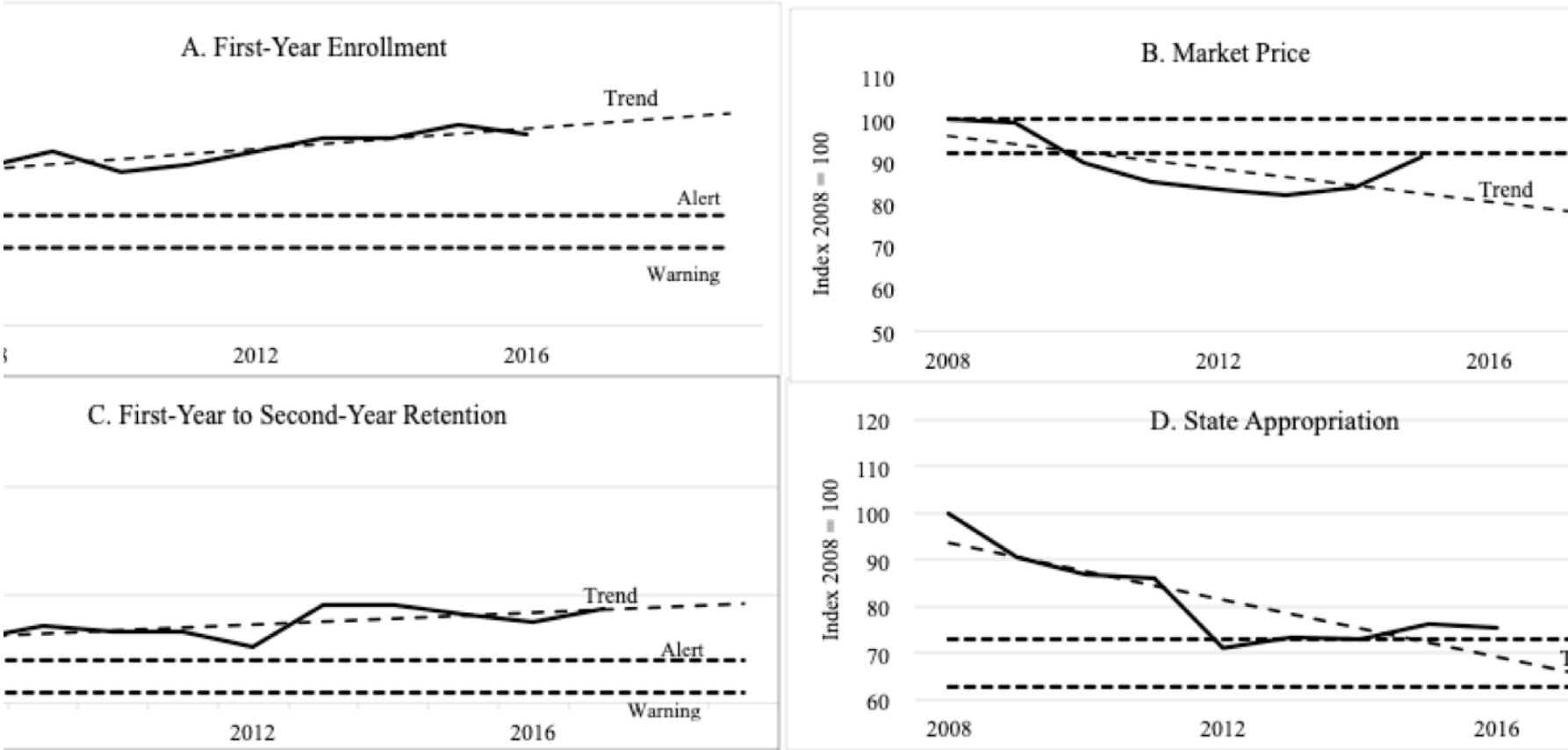
Market Stress Test for College at Minimal Risk

Components of the Market Stress Test for a Mid-Atlantic Liberal Arts College



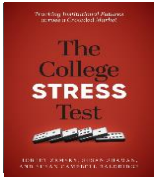
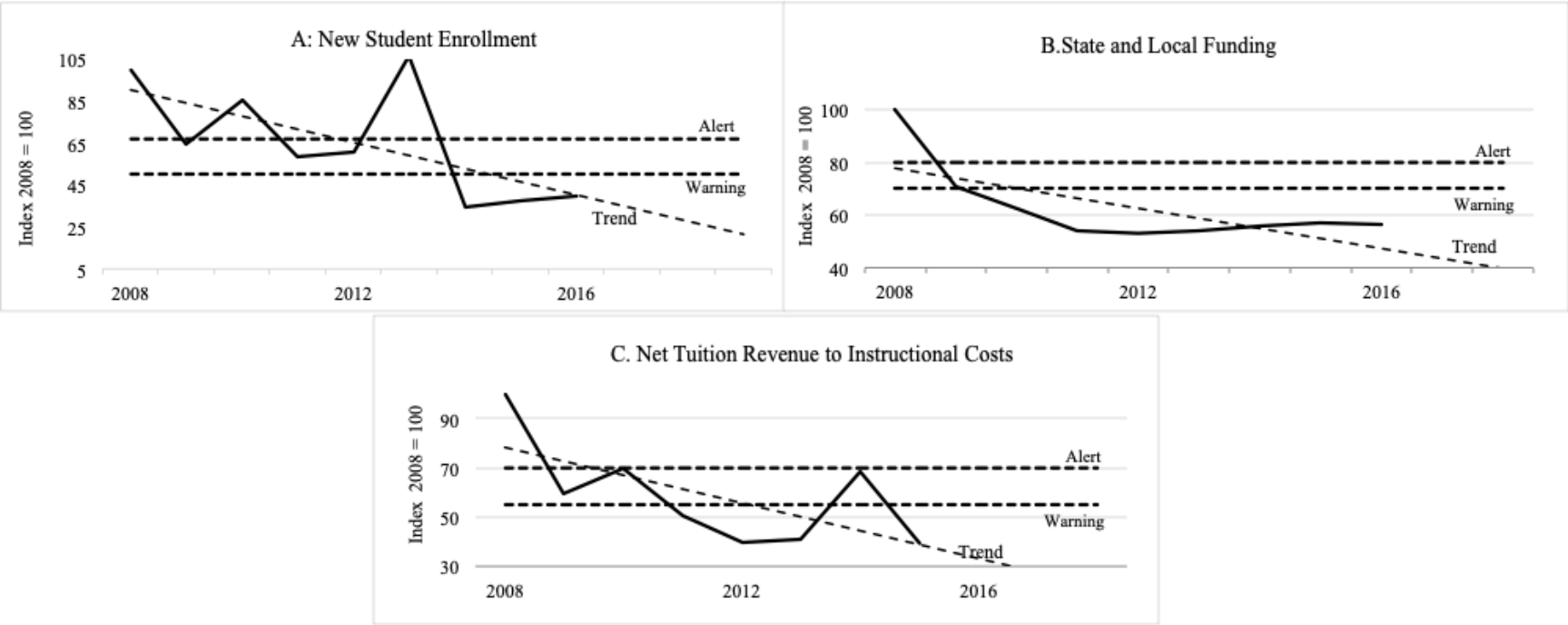
Market Stress Test for College at Moderate Risk

Components of the Market Stress Test Score for a Midwestern Public University



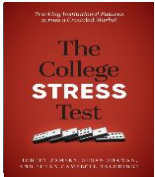
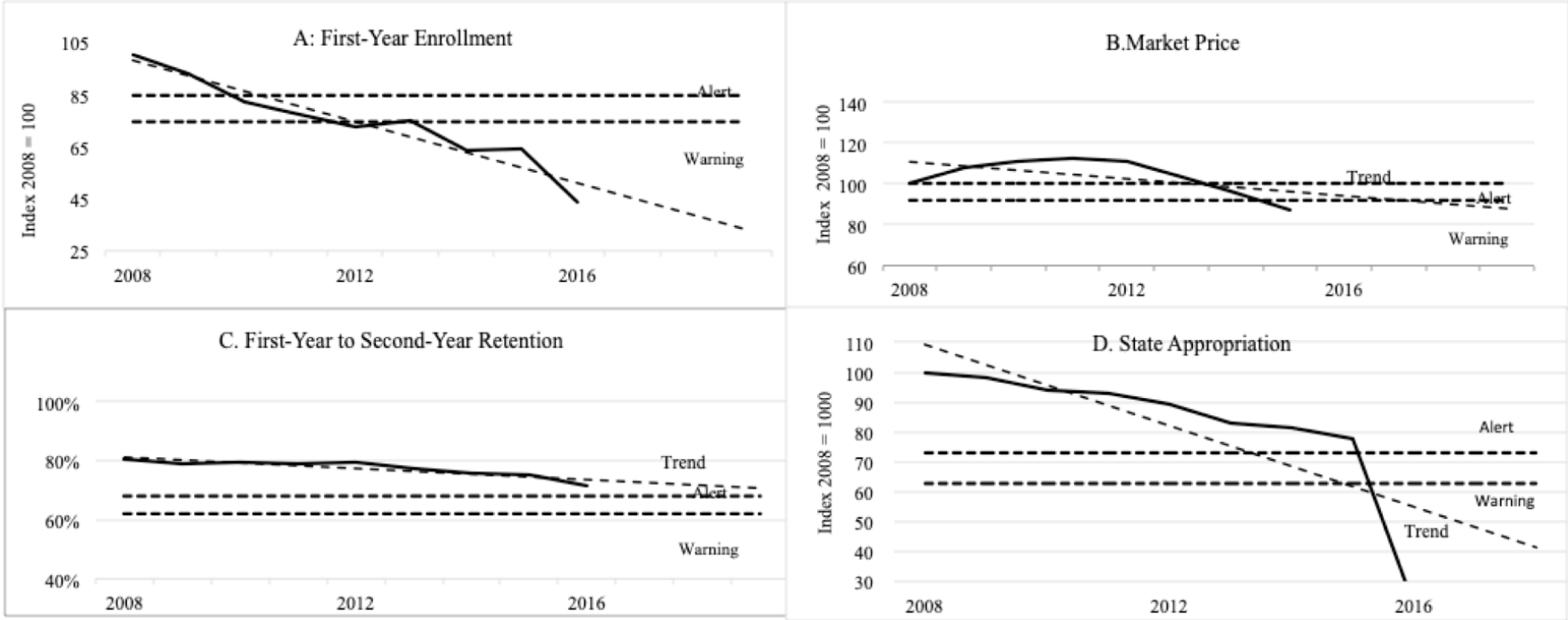
Market Stress Test for College at Substantial Risk

Components of the Market Stress Test Score for a Southwestern Community College



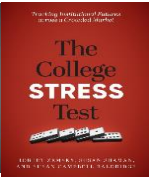
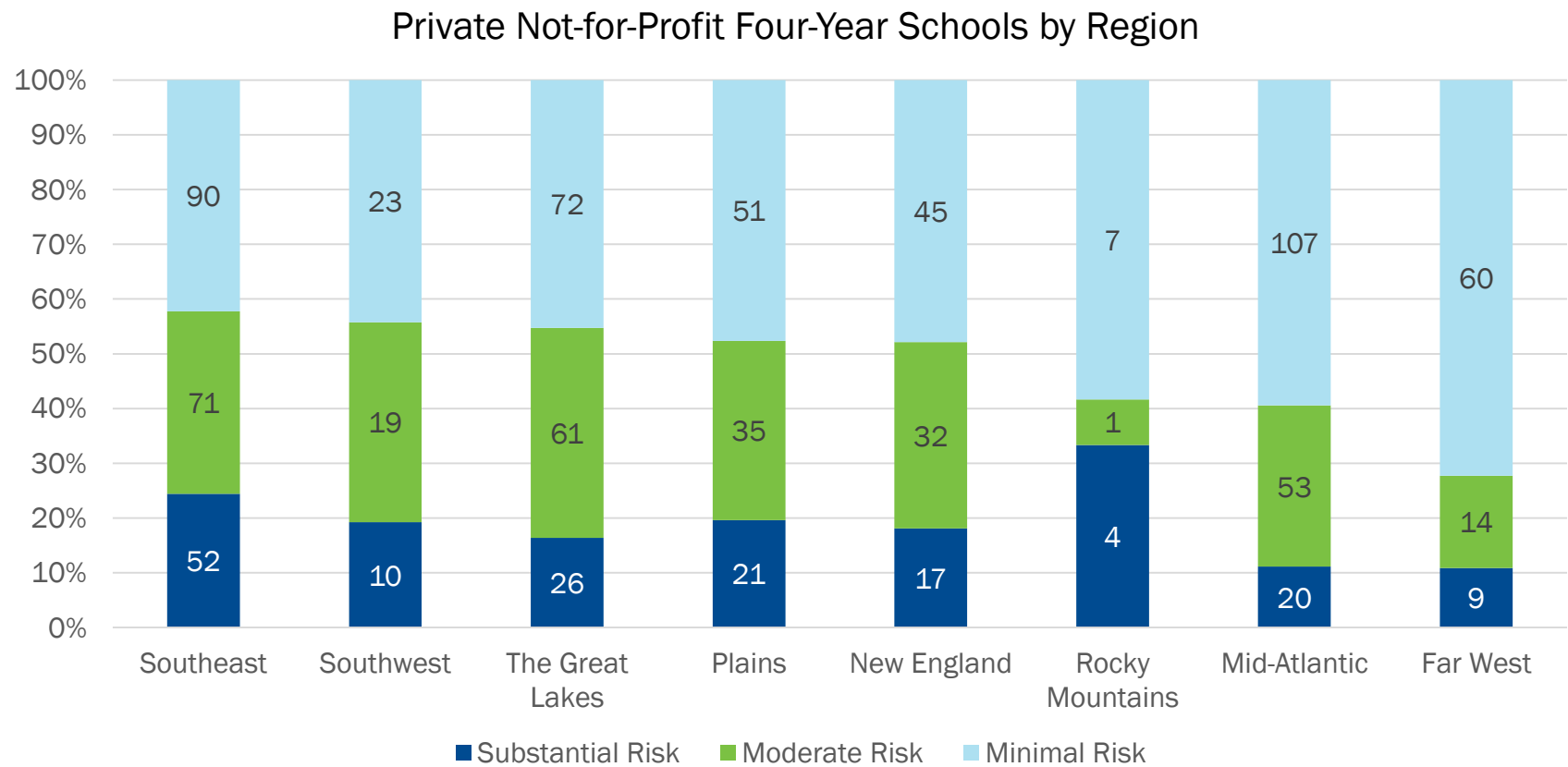
Market Stress Test for College at Substantial Risk

Components of the Market Stress Test Score for a Midwestern Comprehensive Public University



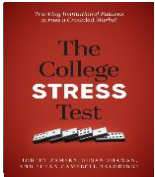
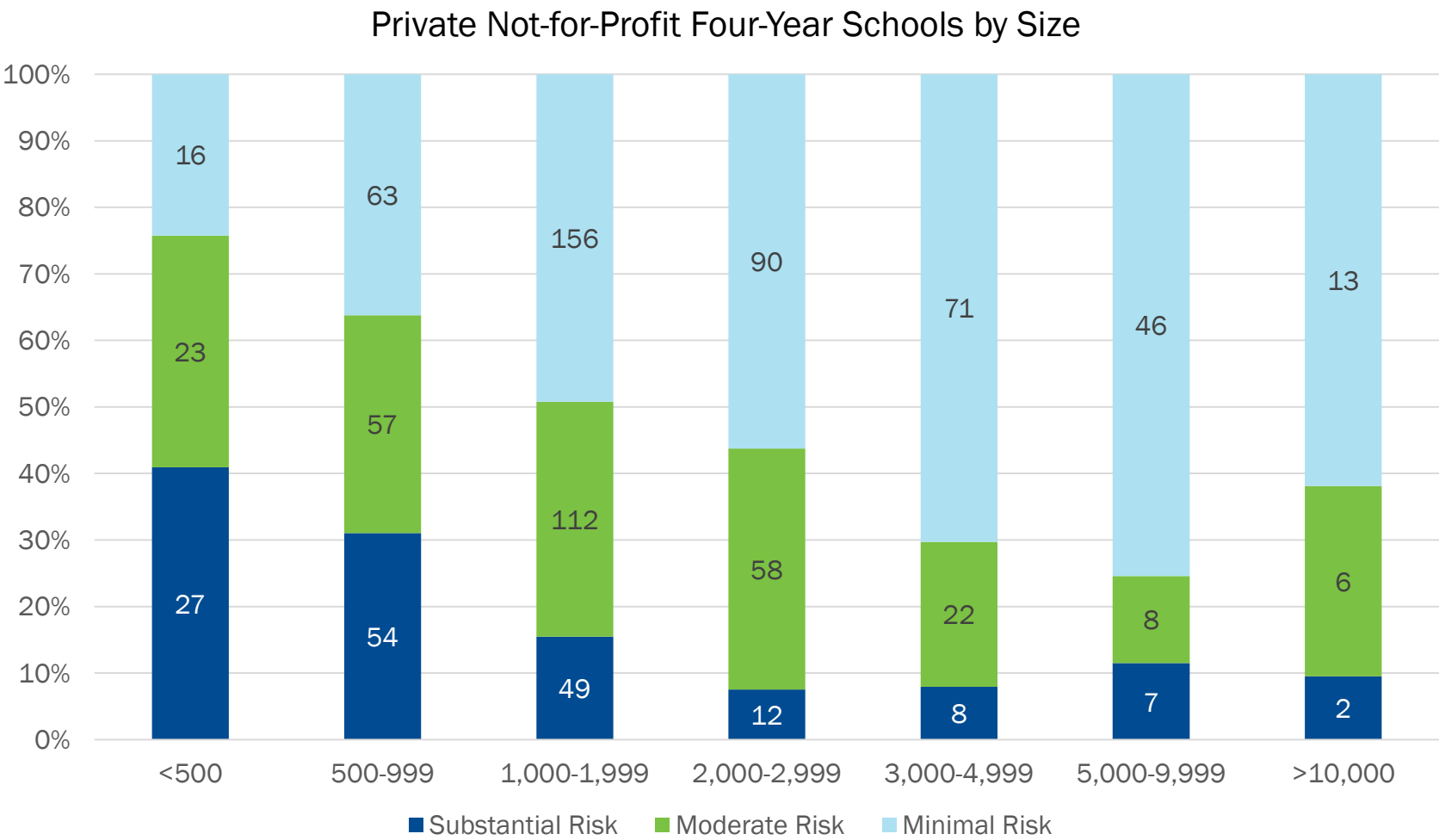
Distribution of Market Risk Across Regions

Market risk is relatively evenly distributed except for the Mid-Atlantic and Far West regions



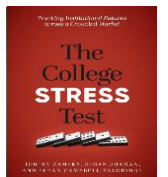
Distribution of Market Risk Across Enrollment Size

41% of schools with less than 500 students were at substantial risk of closure



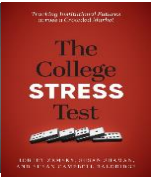
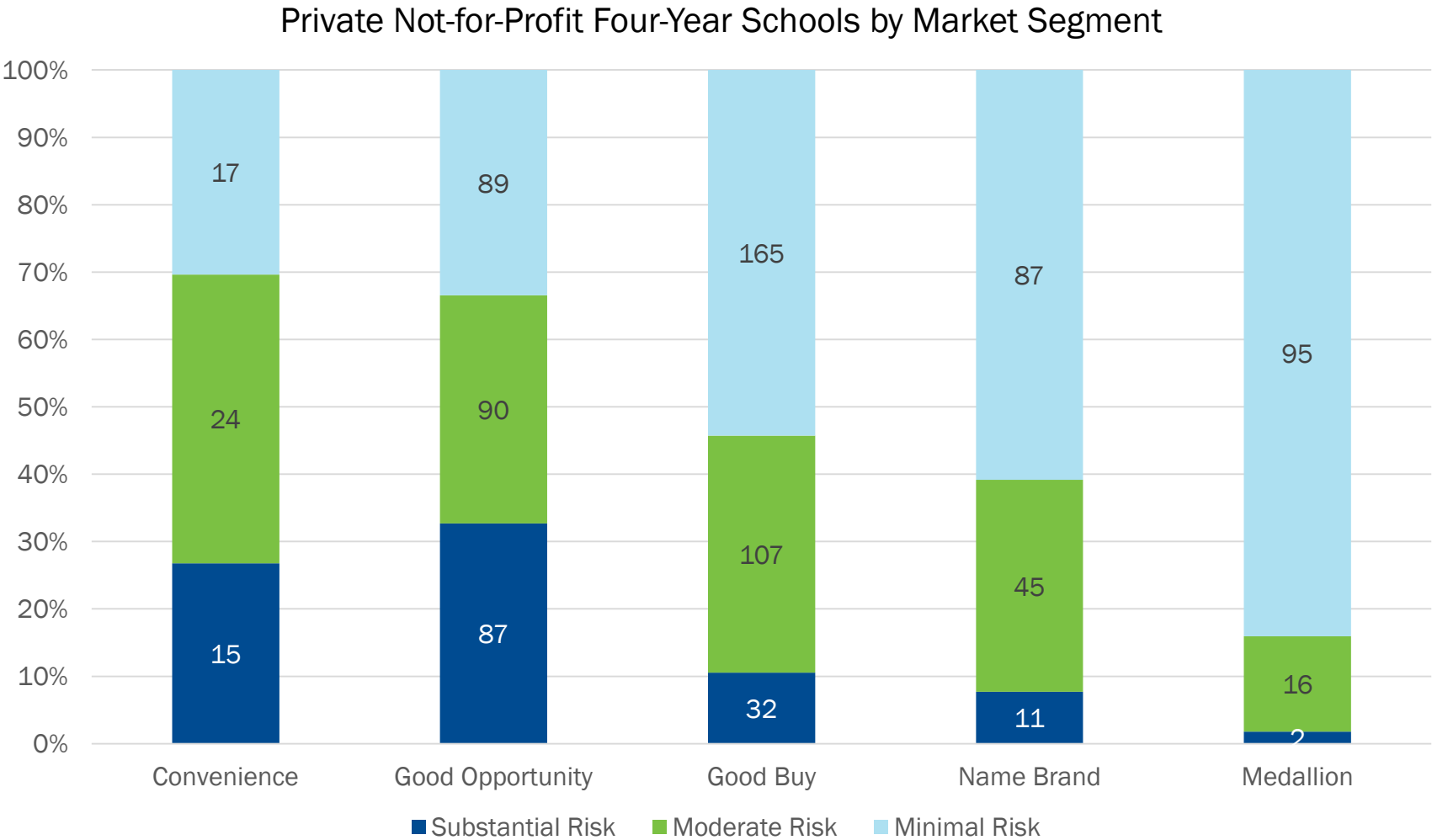
College Market Segment Defined by Graduation Rate

Medallion	<ul style="list-style-type: none">➤ Nation's most competitive institutions and students➤ $\geq 80\%$ graduation rate
Name Brand	<ul style="list-style-type: none">➤ Well-known institutions➤ Selective admissions➤ Appeal is more regional than national➤ $\geq 67.5\%$ graduation rate
Good Buy	<ul style="list-style-type: none">➤ Offer full-scale undergraduate programs at prices substantially less than schools with selective admissions➤ $\geq 50\%$ graduation rate
Good Opportunity	<ul style="list-style-type: none">➤ For students who see higher education as a special opportunity➤ Many students are the first in their families to attend college➤ $\geq 20\%$ graduation rate
Convenience	<ul style="list-style-type: none">➤ Part-time and intermittent students➤ Students in this segment often looking for a school that understands their special needs, including the need to take courses at convenient times

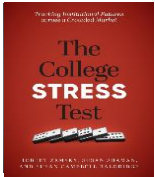
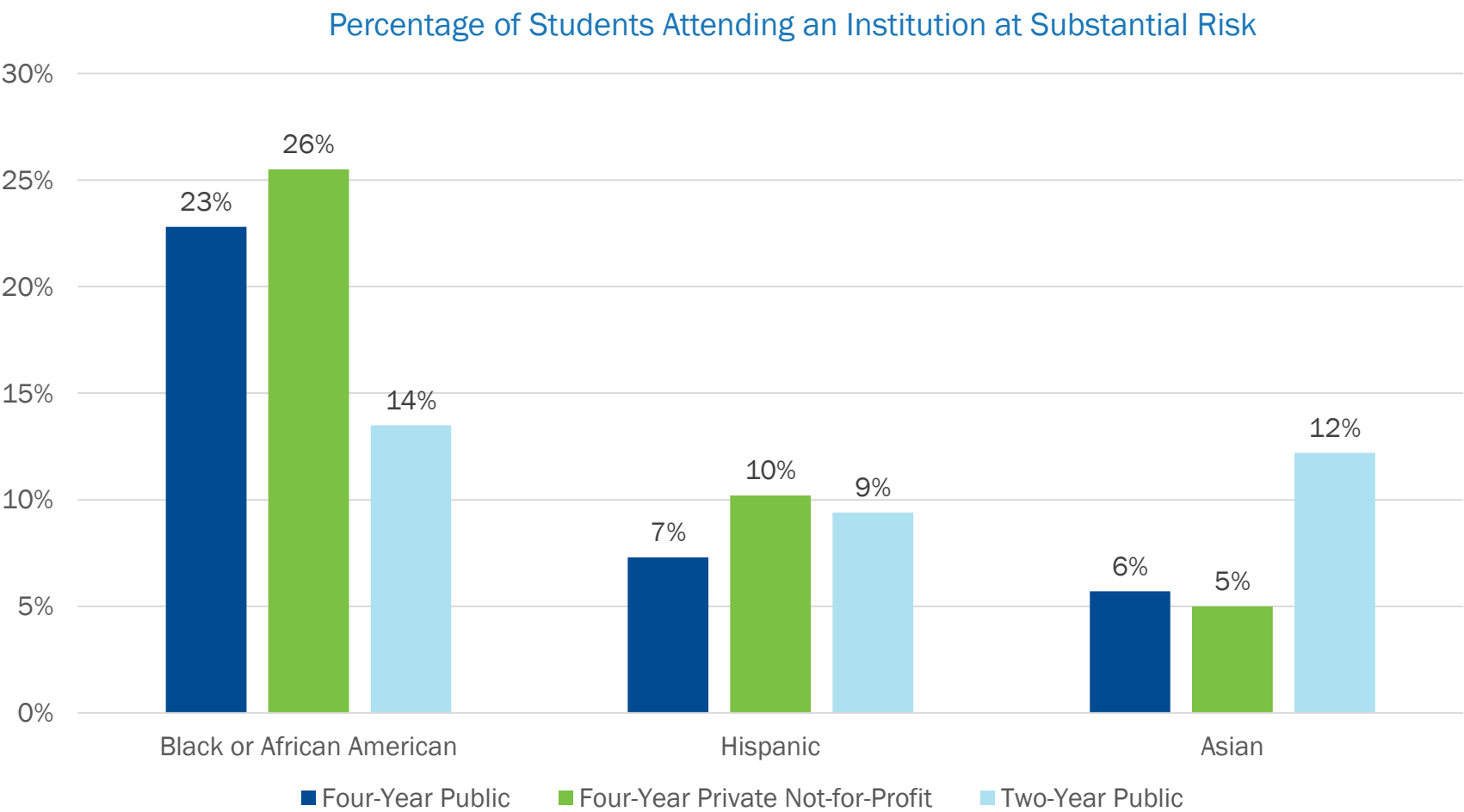


Distribution of Risk by Market Segment

30% of “convenience” and “good opportunity” schools faced substantial risk of closure



Market Test Score By Student Ethnicity



Characteristics of Winners And Losers

Advantaged

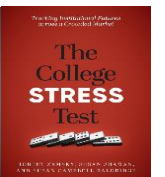
Large, wealthy schools

Located in the Mid-Atlantic
and the West Coast

More Likely to Struggle

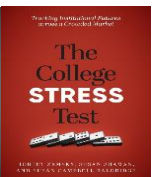
Small, resource-poor schools

Located in the South
and the Midwest



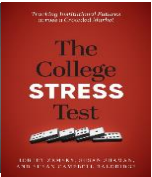
Assessing Your Institution's Market Risk

- From a presentation to the University of the South
- An experienced Trustee had listened carefully to my presentation
- Then she summed up what she had learned without doing all the numerical analysis
- She said “You’re telling us there are half dozen or so vectors and it is best if we are doing well on all or most of them.” And she was right!



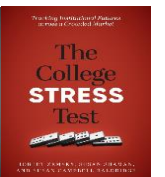
Check the Boxes ✓

Shrinking First-Year Classes	<input type="checkbox"/>
Decreasing 1st to 2nd-Year Retention	<input type="checkbox"/>
Increasing Discount Rate	<input type="checkbox"/>
Non-Selective Admissions	<input type="checkbox"/>
Smaller	<input type="checkbox"/>
Rural	<input type="checkbox"/>
Midwest, South	<input type="checkbox"/>



Some Strategies to Overcome Market Risk

- Tuition Reset
- Curricular Changes
- Aligning Mission with Market Needs
- Deploying Innovative Teaching Modalities



Tuition Reset Case Study



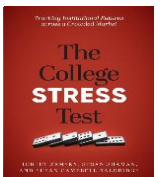
Case Study: Utica College in Central New York

Actions & Results

- Implemented a 41% tuition reset to attract more students
- Resulted in a 15% increase in applications

Why Was it Successful?

- Tuition reset was part of a larger comprehensive strategy to elevate the institution
- Simultaneously improved graduate programs and online/hybrid offerings to meet new demand
- Engaged in extensive analysis to understand competitive landscape



Tuition Reset Case Study



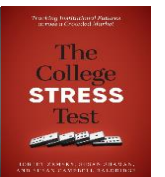
Case Study: Central College in Iowa

Actions & Results

- A well-established institution struggling to recruit first-year students
- Implemented a modest tuition reset

Why Was it Successful?

- Used tuition reset to buy time
- Simultaneously revised the school's mission to marry Central's traditional assets with the market need
- Updated college curriculum to meet revised mission



Program Modality Case Study



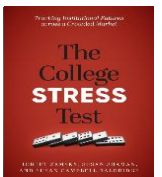
Case Study: University of Central Florida

Actions & Results

- University experienced a 20% increase in enrollment with only a 4.7% increase in faculty
- University developed online learning capabilities to teach courses in multiple modalities:
 - Web-based
 - Mixed-mode
 - Face-to-face
- 33% of classes were delivered online

Why Was it Successful?

- University offered faculty extraordinary financial incentives to develop content and increase productivity
- Shift to online learning enabled the university to lower prices while preserving instructional quality



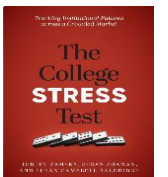
Additional Metrics for Consideration

Internal Factors

- ✓ Cash flow
- ✓ Deferred Maintenance
- ✓ Debt
- ✓ Human Resource Flexibility
- ✓ Fundraising Future
- ✓ Technology Requirements and Changes
- ✓ Culture and record of change

External Factors

- ✓ Demographics
- ✓ Economic Outlook
- ✓ Unemployment
- ✓ Investment Returns
- ✓ Public Policy



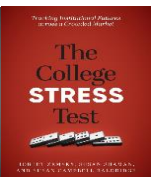
Added Risks Due to Current Health, Political, Economic, and Social Upheaval

Coronavirus Impacts



Market Disruptions
Financial Consequences
Delivery of Education
International Students
Athletic and Other
Extracurricular Activities

Black Lives Matter

Impact on Minority
Students
Reevaluation of Campus
Traditions
Expansion of and Changes
to the Curriculum



[The College Stress Test - Worksheets](#)



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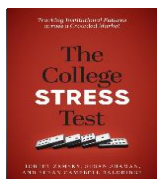
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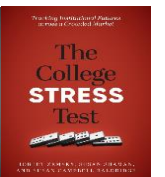
The College Stress Test Resources

- [Four-Year Private Stress Test Data Template](#)
- [Two-Year Public Stress Test Data Template](#)
- [Four-Year Public Stress Test Data Template](#)
- [Four-Year Private Stress Test Sample](#)
- [Two-Year Public Stress Test Sample](#)
- [Four-Year Public Stress Test Sample](#)

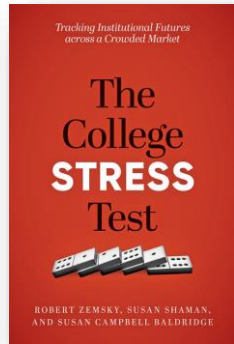


Concluding Thoughts

- ❑ Use the College Stress Test worksheets to assess your financial condition
- ❑ Consider strategies to counter negative market trends
- ❑ Capitalize on opportunities for positive change
- ❑ Build your institution for the next 100 years



Ways to Stay Engaged



- [*The College Stress Test*](#)

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- [Aspire](#) - Free to Attend on October 19 - 20



- Ad Astra [Academic Planning Resource Center](#)

Addressing Your Questions and Comments