



East Tennessee State University Out of State Pricing & Scholarship Strategy

September 2020



Approach

Historical Data Review

Examine behaviors of recently accepted students

Develop matrices to display results



Predictive Model

Construct a projection equation

Analyze the price sensitivity of your pool



Trade-Off Options

Evaluate rounds of hypothetical scenarios

Select an optimized solution



Awarding and Tracking

Refine a customized awarding equation

Monitor the progress throughout cycle



Background

- ◆ The ETSU Project Team has considered 10-15+ strategies for each population (in-state vs. out-of-state, first year vs. transfer) with variation based on a few key factors:
 - ◆ Tuition price (list price)
 - ◆ Scholarship eligibility (cutpoints by GPA and test score – the “who?” question)
 - ◆ Scholarship amount & discount rate (amounts by group – the “how much?” question)
- ◆ Key considerations:
 - ◆ How different is the proposed strategy from historical practice?
 - ◆ How do we balance underlying model “efficiency” with implementation and communication with prospective students and families?
 - Simpler & more straightforward is usually better – should be considered alongside other tradeoffs.

Out-of-State Observations

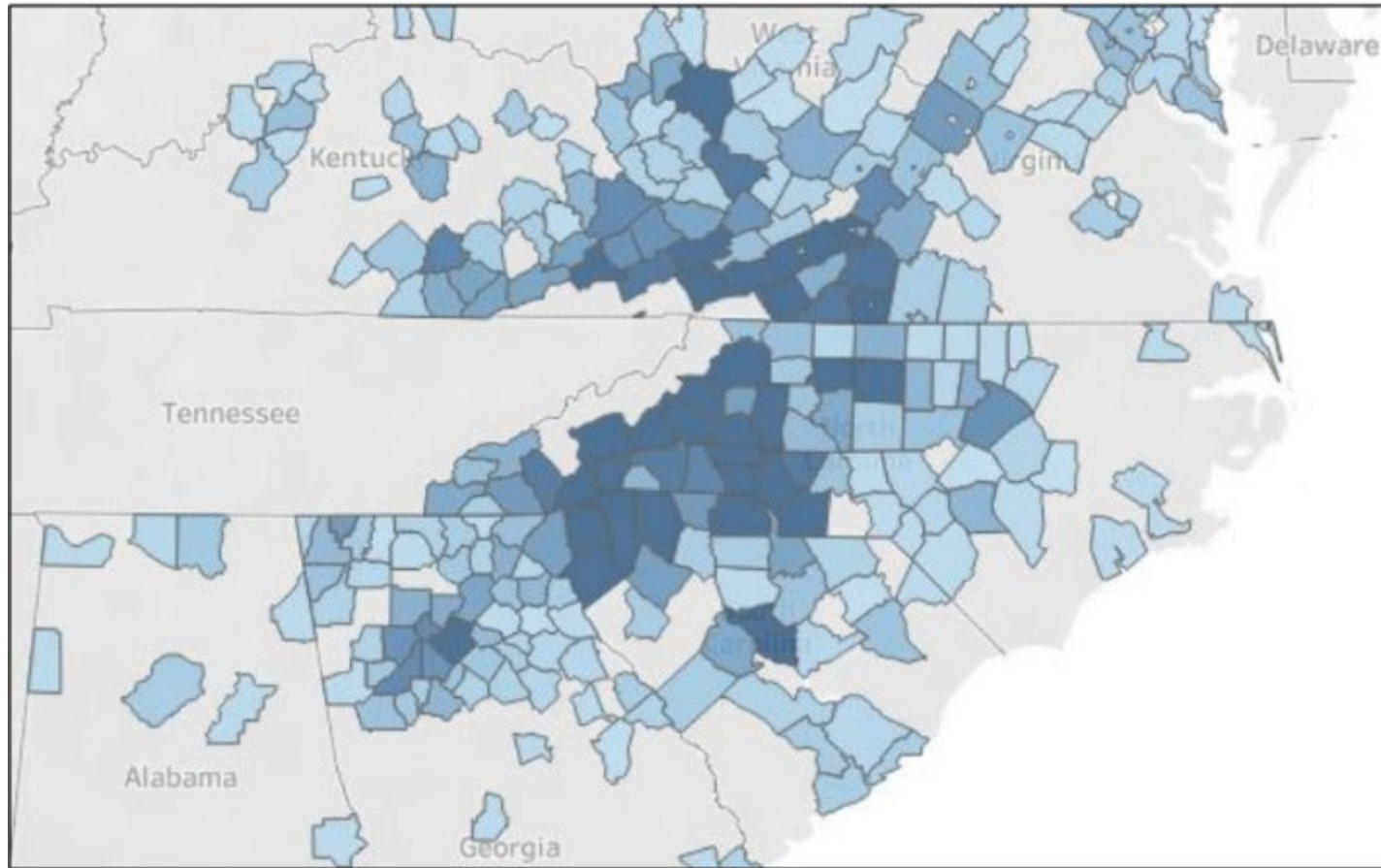
- ◆ Current practice mimics a private institution high-price, high-aid strategy.
 - ◆ High list price, high (50%+) discounting based on GPA and geography
- ◆ Current strategy (3.0+ GPA, 85%+ of students receive scholarships):
 - ◆ \$10,500 net cost for Buncombe and Henderson counties
 - ◆ \$13,500 net cost for regional counties within 250 miles (most of KY, WV, VA, NC, SC; portions of AL, GA, IN, OH).
 - ◆ \$16,500 net cost for remainder of U.S.
 - ◆ Net tuition revenue per student (excluding athletes/international/eRate) was approx. \$13,500 in Fall 2019.

Strategy Proposal*

- ◆ Reduce total out-of-state tuition price to \$13,500 (approx. \$4,000 premium on in-state) for new students beginning with fall 2021 cohorts.
- ◆ Offer \$3,000 discounts for a total out-of-state tuition price of 10,500 to students from KY, VA, NC, SC, and GA.
- ◆ Projected outcomes:
 - ◆ First year & transfer headcount growth of 100+ students
 - ◆ Net tuition & fee revenue growth of \$500,000 - \$600,000

*Out of state students excluding students residing in one of the current ETSU “Border Counties.”

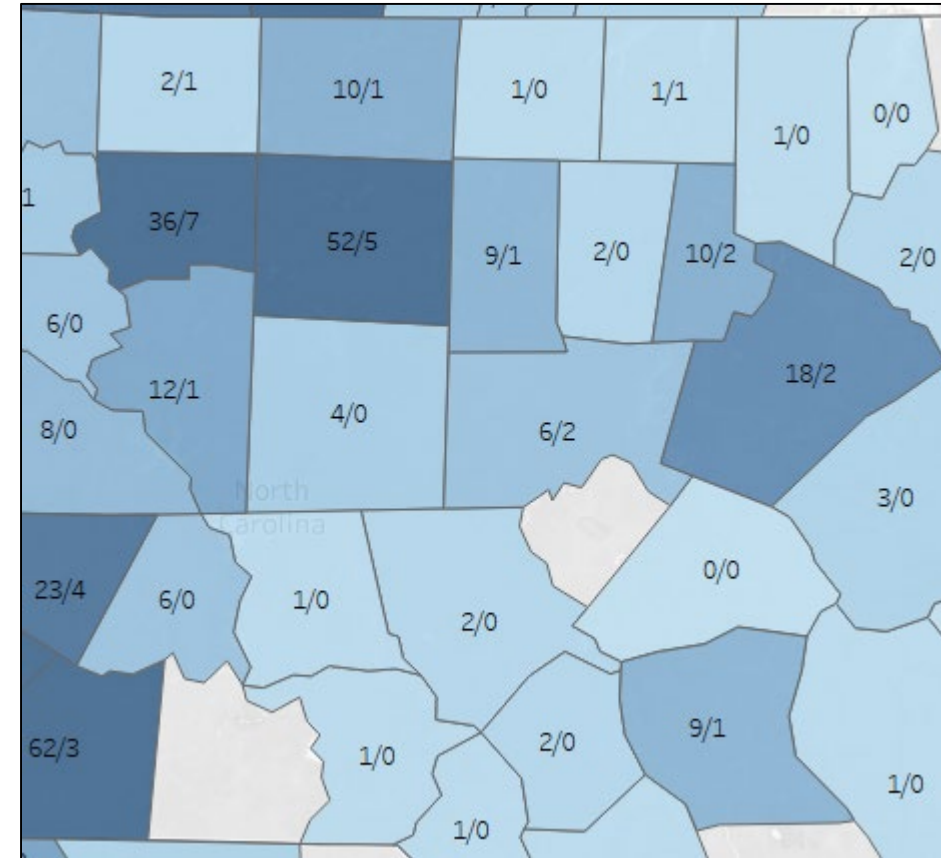
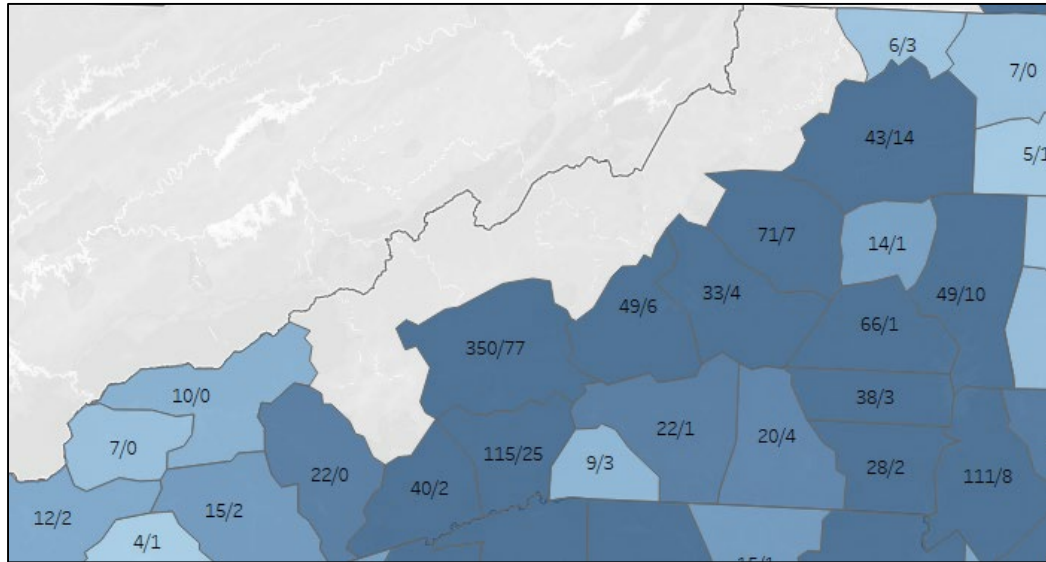
Opportunities in Neighboring States



- ◆ Significant admit volume but low yields in counties across VA, NC, SC, and GA.
- ◆ Opportunity to be more competitive on price with in-state publics in VA and SC
- ◆ Expansion into Atlanta-area markets with transparent & aggressive strategy.

Note: Darker blue indicates greater volume of admits for past three admission cycles

North Carolina



- ◆ Buncombe/Henderson: \$10,500 current net cost, 22% yield
- ◆ Other NC counties: \$13,500 current net cost; strong interest, but yields typically in the 5-20% range
- ◆ Aggressive public university pricing for in-state students

Note: Darker blue indicates greater volume of admits for past three admission cycles; border counties excluded

Risks

- ◆ Strategy depends on more aggressive net pricing to increase headcount and trade off net tuition revenue per student; if headcount doesn't increase, overall net tuition revenue will drop further.
- ◆ Risk is reduced because the population is small (approx. 10% of new enrollees), and most out-of-state students already pay a net cost of \$10,500 - \$16,500.

Implementation

- ◆ Public institutions with significant price adjustments (e.g. 15/4 changes, reductions) have typically phased in the new pricing based on cohort. Similar examples:
 - ◆ UT Chattanooga (“Soar in Four” pricing phased in beginning with Fall 2019 cohort)
- ◆ Advantages of cohort-based pricing:
 - ◆ Reduces complexity – current students continue with current scholarship model (no adjustments to continuing student aid)
 - ◆ No revenue loss from continuing students
 - ◆ Opportunity to guarantee continuing students that out of state tuition portion will be held flat through graduation

Marketing

- ◆ Multi-channel strategy
 - ◇ Print, digital, road tour
 - ◇ School administrators/counselors
 - ◇ Alumni relationships
 - ◇ Quality, Affordability, Proximity, and Program
- ◆ Focus areas:
 - ◇ High admit/lower yield counties in neighboring states
 - ◇ Population centers in proximity
 - ◇ Inquiry pool/geodemographic conversion modeling
 - ◇ Review expanded areas of opportunity

Strategic Outcomes

- ◆ Supports student engagement
 - ◇ Out of state enrollment growth
- ◆ Promotes access
 - ◇ Diversity and inclusion
 - ◇ Financial need
- ◆ Leads on affordability
 - ◇ Compete in neighboring states
- ◆ Enhances program growth
 - ◇ Academic experience
 - ◇ Student experience