Retain Students Retain Budgets: A How To

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April 2009

Hardly a day goes by without a college announcing jobs, programs, or spending cuts. You would think with all the brainpower at our colleges and universities they would be able to come up with better solutions than lopping off people, sections and services to students. But they don't seem to. Why not?

For organizations preparing students and society for the future, we seem to still be stuck in the past, at least when it comes to thinking about enrollment. The churn and burn of continually bringing new students through the front door, and then just watching them go out the back door, is killing college enrollments and individual and institutional futures. As students drop out, budgets, employment, positions, benefits, class sections, services and the ability to meet the educational mission get cut. Tuition and fees go up.

The average college, university, or career college loses between 30 to 48 percent of its enrollment each year. That means schools also lose the tuition, fees and state/federal support that walk out the door with lost students: 30 to 48 percent of it. Some colleges and universities have retention rates as low as 20 percent. Eighty percent of their student body leaves the school and takes almost all the budget with them. These are publicly-assisted schools for the most part because if they did not get assistance they would be out of business. They are the AIGs of higher education and their stimulus packages are not changing anything for them or their students. They seem to accept failure which is something they, their students and our society cannot afford.

They, and we, do not have to accept failure. There is something we can do about it, strengthen our students' success, faculty morale, and stabilize if not increase budgets.

FIGURING YOUR OWN REVENUE LOSE

The exact amount that your school is losing can be easily calculated using Customer Service Factor 1, which calculates dollars lost due to attrition. The following is an excerpt from The Power of Retention: More Customer Service in Higher Education (www.adminbookshelf.com).

<p align="center">Here it is: CSF1 = [(P X A= SL) X T]</p>

In the formula, P represents the total school population; not just the starting fall freshman number. Most schools use the fall incoming freshmen number and that is an error. The assumption is that attrition occurs most in the first six weeks of the freshman year. That may have some validity for the freshman year but the reality is that students are leaving colleges and universities in any one of the average six-plus years of a four-year degree and in the four-plus average years of a two-year degree. Students leave a school throughout their experience at the college. In fact, some schools are beginning to realize this and worry about the sophomore bubble. But they really need to worry about the super soph sluff, the rising junior jilt, the junior jump, super junior split, the fourth year flee and so on. Every year, every semester, in fact every day is a chance for a student to drop out. Colleges need to be concerned with every student every day of their attendance, for it could be his or her last. So we look at the total population.

Annualized tuition is the number a school should use to figure its real attrition. Not the retention between the first and second semester and the freshman and sophomore years, which are very popular ones. That leaves out all the students who already dropped out before the end of the second term or semester. That number fudges failure. For instance, if a college began a year with 100 new freshman and 99 left in week one but the remaining student stayed the whole year and returned for a sophomore year, the freshman to sophomore percentage would be 100 percent.

In CSF1, A equals attrition. Again not just from freshman but an annualized attrition rate. And this rate is to include ALL students who leave for any reason. It does not matter if the student says he or she will be back. They are not in the population bringing in revenue until they actually do return. If they pay a place holding fee, that does not count them as a student until they are actually back in classes.

Fudge with the numbers if you have a need for delusion or are insecure, unethical or want to keep the Board feeling better, but when you use the formulas, be fully honest. It will help you understand why the budget is not working or may suddenly implode. No one likes surprises, especially ones that have parentheses around them

in the budget and lead to freezes, cuts and the like. Using the formulas honestly can help forecast a reality to avoid surprises and initiate work on retaining students to maintain fiscal and operating health.

SL stands for students lost annually from total population and revenue production. And T equals annual tuition at the school. So here is what showed up when we analyzed CSF1 for Mammon University. You may know it. Its motto is *Omnes Por Pecunia*. *Anything for a Buck.*

Its total population was 500 students annualized attrition was at 39.6 percent. So SL (students lost annually) was 198. Times an annual tuition of $13,000.

So, the formula becomes:

$$[(500 \times 39.6\% = 198) \times \$13,000] = \text{a revenue loss of } (\$2,574,000).$$

To carry this forward, we can plug in other numbers and see how an increase in retention could add to the bottom line and thus the ability to pay for full time faculty, staff, their benefits, increases for adjuncts, instructional equipment, tutors, research release, new curricula and programs, maintenance, and so on. All those pesky costs that make a college or university better.

If attrition dropped by 5 percent for this school, and we substitute 5 percent increased retention for attrition percentage in the formula. CSF1 = [(500 x 5% = 25) x 13,000] = $325,000 more revenue.

FOCUSING ON RETENTION AND ACADEMIC CUSTOMER SERVICE IS THE ANSWER

Most of the billions of dollars out of college budgets and lost futures can be avoided. All a college, university or career college needs to do is engage is some real academic customer service which in its simplest form is treating students as if they really do matter. Like they're your clients. Academic customer service starts with as strong a focus and effort on retaining students as expended enrolling them in the first place. It costs your school at least $5,640 to recruit a student. Why lose them by not expending some inexpensive time and about $25 to $50 a student to keep them?

Academic customer service is not like the forced smile of an underpaid clerk in a store. College is not a retail store. In higher education, the client can be wrong. Just look at test scores. But students want to feel as if they are valued and important. Students and their families want what the schools have promised but do not always

deliver – fair return on significant investments of money, time, emotion and association with the institution. They invest large sums of money and time as well as belief and faith in our marketing promises and sales pitches through recruitment. We really do sell them on the school and promises. Colleges must invest the same in our students – our customers/clients.

Colleges sell themselves as if they were Cheers U where everyone knows your name and everyone's glad you came. And the students really expect to feel as if people in the school do know their name and really do care about them. Students may be Cliff or Norm in real life but want to feel as if they belong on campus; as if you really do care about them and their success, their value, but it needs to start now if your school wants to save its budget.

AN EXAMPLE FROM ONE STATE

In Ohio where I consult with the chancellor for example, the average non-graduation rate for all colleges and universities is about 48 percent over six years. That means the average Ohio college or university loses up to almost half of its population. The average state-assisted four-year schools have a slightly higher 53 percent six-year attrition rate. These are four-year or more selective schools. They choose who can be accepted; who they believe is capable of succeeding. Community college attrition rates are higher but they are non-selective. They accept any student who wishes to try to succeed and that is going to open them up to much greater attrition.

The cost of attrition to students who leave (most drop out rather than flunk out by the way) is extremely high for them, our society and culture. Most leave feeling as if they failed in some way even though 72 percent usually leave because of what has been identified as weak to poor academic customer service. Their educational and personal needs were not met. Many dropouts also use their college savings, financial aid and ability to obtain a college loan. Many will not go back to school. They become part of the State's employment problem.

When students drop out and do not graduate, the schools lose their ability to meet their educational mission as well as their chance to assist people and our state to meet career and intellectual goals. And they lose millions of dollars a year; something neither individuals not taxpayers can afford.

It costs an average of about $6,000 to recruit, enroll and process each new college or university student. So, every student who leaves takes at least $12,000 out the door with him or her. The dropping student takes the $6,000 average financial investment

the school made to recruit and enroll him or her initially. The lost student must also be replaced so that will cost another $6,000 recruitment and enrollment cost. Since not every drop out is replaced immediately, tuition revenue is also lost equal to the number of dropouts times tuition cost.

Ohio's state four-year has a total of 182,631 undergraduate students who drop out at an average six-year rate of 55.26 percent. That is within a few percentage points of the national average. Tuition ranges from a high of $12,033 to a low of $5,294. The average tuition is $7,911. As a result, Ohio lost an average $115,678,232 a year over the past six years for a six-year total revenue loss from attrition of $694,069,390.

So, focusing more on helping students stay and graduate would have significant results for individual states, the nation, its citizens and economy. Not that Ohio or any other state or its colleges and universities could use additional money and more college grads. Just by making retention at least as important as admissions. This change would require colleges to change their thinking to turn churn and burn into learn earn.

Could this happen? Yes! In fact, right now Ohio Board of Regents Chancellor Eric Fingerhut is getting ready to recommend a new higher education funding formula that will reward results based on specific performance measures. The new formula will focus on retention and on graduates rather than fall numbers reflecting new freshmen and current start population for all of the State colleges. This funding formula will make each student important enough to do deliver the service and focus for every student a college accepts to assist them to earn a graduation. This is a bold and needed move that will have long term positive effects for the state colleges and universities and Ohio. It could and should become a model nationally as well.

TEN STEPS TO AVOIDING BUDGET CUTS

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To help kick start some thinking on retention, here are 10 steps you can start today to improve retention and improve finances on your campus:

1. Use the 15 Principles of Good Academic Customer Service. These are the basics for most all of it. Don't just put them on the wall. Use them. Train to them and then assess how they are used. If you would like a copy, just contact me.

2. Everyday is day 1. Make everyday the first day of classes. Students decide to return each day so create the excitement and provide the help you gave students the first days of the term each and every day.

3. Turn your school into Cheers University where everyone knows your name and everyone's glad you came. Give everyone the greeting Norm gets and even make room for the Cliffs of the world.

4. Smile and at least make believe you like students. It sooner or later becomes a reality. It may be hard to learn the right way to do it but smile damn you smile anyhow.

5. Orient for success. Provide students skills they will need to succeed at the school. Spend the orientation time on money management, time management, study skills and getting focused on careers. If you need help, let me know. We have some modular curricula.

6. Throw out lifelines. Make sure students know where and how to use help like counselors and advising. Don't have your own, hire an external group to do it.

7. Do or get a customer service audit of your campus and then make needed changes to improve. Not sure what to check out, click here.

8. Listen to students and all employees. Not just faculty and administrators.

9. Make academic customer service part of the culture. Make your campus a caring, concerned and civil place for students and all employees. Reward and recognize service and institute.

10. Focus not on recruiting but graduating students.

Dr. Neal Raisman, PhD, author of The Power of Retention, is a leading researcher, writer and consultant on retention and academic customer service. He has worked with more than 260 colleges, universities and career schools in the United States, Canada and Europe. His zine, www.academicmaps.blogspot.com, is viewed by more than 26,000 academics and business people a month.