

Strategic Enrollment Plan: 2014 through 2019

Executive Summary

Point Loma Nazarene University
San Diego, California

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PLNU Strategic Enrollment Planning Team

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Executive Summary

PLNU's Strategic Enrollment Planning (SEP) Committee began its work in February 2013. Noel-Levitz, a leading comprehensive enrollment management firm, was contracted to guide the committee through this process as this was the first time PLNU had undergone a university-wide enrollment planning process that included sophisticated market demand analysis and revenue generation goals. The Noel Levitz team was led by Kevin Crockett, president and CEO of Noel-Levitz. Crockett only takes on one main project per year, and PLNU has benefited greatly from his expertise.

As defined by Noel-Levitz, strategic enrollment planning is "more than a long-term recruitment or retention plan. It is a data-informed process that aligns an institution's fiscal, academic, co-curricular, and enrollment resources with its changing environment to accomplish the institution's mission and ensure the institution's long-term enrollment success and fiscal health."

Comprehensive enrollment planning is not a one-time activity. The plan that follows represents the first step in a continual process of assessing new opportunities and external market factors. There will also be standardized regular reviews of new initiatives in order to determine if and when a program is no longer viable or not performing as expected.

The Process

The 16-month strategic enrollment planning (SEP) process was broken into three main phases.

1. Developing a comprehensive situational analysis based on a review of primary and secondary data

This included:

- Overall enrollment and new student enrollment trends
- Enrollment funnels and demand matrices
- Implications of the enrollment cap on future growth and financial sustainability
- Net revenue and student borrowing patterns
- Retention trends
- PLNU's market position
- Demographic trends and enrollment projection models
- Academic and co-curricular demand analyses (all markets)
- Prevailing new market and program opportunities
- Occupation trends
- PLNU program cost and capacity analyses

2. Development of business plans

A list of potential new programs was developed using input from FITT (Future Initiatives Think Tank), program reviews conducted by academic departments, a campus wide call for suggestions, and review of market demand data. Noel-Levitz used market demand secondary data, as well as a primary research study with the San Diego population, to inform the committee on programs that might have the best potential for success.

Business plans were developed for three main categories of initiatives:

- Modest growth in our residential undergraduate programs
- Growth in new and existing graduate programs
- Creation of educational programs to meet the needs of new groups of students, including non-residential undergraduates and those seeking continuing educational opportunities

For each business plan that included a new or revised academic program, committee members met with departments across campus to collaborate on curriculum development and to receive input related to modality and target student populations. They also sought expertise from industry leaders and professional organizations to determine trends and best practices. The plans included competitive analyses, budgets, implementation timelines, and detailed curricular offerings.

Once a set of initial plans was completed, the committee analyzed these to determine which were most likely to succeed, their revenue generation potential, and institutional bandwidth/expertise to launch. An initial list of initiatives was selected for Cabinet consideration and approval. Because the strategic enrollment planning process will be ongoing, programs will continue to be evaluated for success and potential discontinuation if goals are not met. New programs and strategies will also be considered in the coming years.

3. Creation of infrastructure plans

The consideration of infrastructure needs was part of the winnowing process in selecting final initiatives. Once specific plans were chosen, a comprehensive infrastructure plan and budget was developed, which included marketing/recruitment, space utilization, administrative services, extended learning, and on-line/hybrid course needs.

Assumptions

The following operating assumptions about PLNU's current context guided the committee's work.

1. Our planning and decision making will be consistent with and rooted in PLNU's mission. Consistent with our mission, we will be known for our quality outcomes, Christian commitment, and students who are forward-thinking, thoughtful citizens and prepared for careers in the 21st century.
2. Demographic and economic changes in higher education indicate that additional strategies will be required beyond our current efforts to maintain a vibrant traditional student population. Specifically, the student demographic that PLNU has traditionally served is shrinking and being replaced by a more diverse student population with less capacity to finance a PLNU education. Moreover, the university's current market share among non-White high school graduates is considerably lower than among White students.
3. With the addition of the Liberty Station property and other off-campus programs, and the associated student increase in the enrollment cap, there is a need to plan strategically in order to reach and maintain a population of 2,600 traditional undergraduates.
4. While a traditional residential PLNU education will remain a cornerstone of PLNU, growth will be seen in PLNU Extended, which includes new undergraduate and graduate programs, professional development, adult learning, and extended studies that are delivered through multiple learning modalities: face-to-face, hybrid, and online.
5. Organizational changes, new investments, and reallocation will be necessary to develop and implement new educational activities.
6. We need to generate \$4.1 million annually in new net revenue to fill the expected "gap" in our annual budgets in the next several years, though the size of this gap is based on currently known factors and is likely to change.

Major Findings From Situational Analysis

The following is a brief summary of the major findings from the data-driven situational analysis. The full plan that follows includes additional details on these high-level findings.

Undergraduate Enrollment Markers are Strong

PLNU is coming from a position of strength and stability in undergraduate enrollment. There are many healthy indicators, including:

1. Undergraduate new student enrollment trends have been consistent over the last several years.
2. The academic quality of first-time freshmen (FTF), as measured by their high school performance and standardized test scores, has been improving. For example, the average high school GPA increased from a 3.68 in 2008 to 3.78 in 2012.
3. PLNU's median inquiry to application percentage is stronger than benchmarks for four-year private colleges and universities, giving PLNU room to move toward the national mean as we expand our inquiry pool to groups with less initial affinity for PLNU.
4. PLNU admitted nearly 70 percent of its FTF completed applicants for fall 2012 compared to a national average of 86 percent, providing the university with some flexibility to increase acceptance rate if necessary to achieve annual enrollment goals.
5. Excess demand for transfer admission exists and can be used to manage achievement of annual enrollment goals.
6. PLNU attracts FTF from a diverse set of high schools and transfers from a diverse set of colleges. We are not overly dependent on a set of feeder schools.
7. PLNU's average first-to-second year retention rates and five-year graduation rates are relatively strong compared to like institutions.

Demographic Trends and Enrollment Projections are Cause for Concern

While there is currently strong demand for our traditional undergraduate residential program, significant shifts in the underlying population patterns within our traditional student catchment area suggest we may experience weaker demand over the next decade than we have enjoyed over the last 10 years.

The results of a PLNU enrollment projection model built by Noel-Levitz, which forecasted future high school graduate numbers by race/ethnicity at both the county and state levels, portray a potentially significant decline in student demand.

The model reveals that not only are many of PLNU's key recruitment markets shrinking, they are also undergoing significant shifts in their underlying demography. The latter point is significant because PLNU's historical market share among non-Whites is far lower than it is among the Caucasian population. For example, while PLNU's four year average market share among Whites was 0.00064, it was 0.00027 among Hispanics, 0.00008 among Blacks, and 0.00034 among Asian high school graduates. This means that, on average, Hispanics are 2.4 times less likely to enroll at PLNU than White students. Black students are 8 times less likely, and Asian students are about 1.9 times less likely to enroll than White students.

Thus it is the combination of numeric declines in primary recruitment markets (e.g., San Diego County, Orange County, Los Angeles County) coupled with growth in demographic groups where PLNU has garnered lower market share that produces the projection of fairly significant declines in future enrollment. The implications of the analysis are clear. PLNU either needs to increase its market share among Hispanics, Blacks and Asians, increase its market share generally, develop new

markets, or pursue some combination of these strategies if we wish to mitigate potential enrollment declines in our traditional on-campus residential population.

PLNU's Market Position and Competitive Context has Strengths and Weaknesses

Among the general San Diego County population, market research suggests a generally positive view of PLNU but relatively low unaided awareness. Awareness of PLNU distinctions is low in the general San Diego population, which could impact the rollout of new programs that don't have strong individual reputations. PLNU's web metrics suggest limited awareness of PLNU graduate programs and limited overall awareness outside of Southern California.

PLNU's traditional undergraduate competition remains Christian universities in Southern California and California public universities. Data generated from the National Student Clearinghouse indicates that PLNU does not have a dominant competitor for undergraduate enrollment. The lack of a dominant competitor makes it difficult for any single institution to have a significant impact on PLNU's FTF and transfer student enrollment results, thus insulating the university from a change in behavior from any single competitor, such as a major change in net price strategy.

PLNU is more dependent on enrollment from California residents than most other private colleges or universities. PLNU enrolled 80 percent of its fall 2012 freshmen from California. The following institutions were noted for having a lower percentage of in-state students: University of San Diego (57 percent), Chapman University (64 percent), Biola University (74 percent), and Azusa Pacific University (74 percent).

Interestingly, PLNU does not significantly underperform these institutions in the out-of-state markets of Arizona, Colorado, Oregon, and Washington. This suggests that the California privates that enroll a larger proportion of students from out-of-state are attracting those students from a broader set of states than PLNU, which further suggests that PLNU could most likely increase its out-of-state population to 25-30 percent over time if that is desired. Based on in-depth analysis of the performance of other California private colleges, the following markets appear to make sense for PLNU to potentially target: AZ, WA, OR, CO, IL (Chicago), MN (Twin Cities), TX (DFW), and MO (KC metro).

Discounting and Student Borrowing Trends

Much of the "scholarship" dollars awarded to students are in the form of "discounts" on the price of tuition. PLNU has historically employed a low tuition rate, low discount strategy in its pricing policy. In the last several years, there has been a dramatic increase in the size of the discount offered by our competitors. The average tuition discount for new students in private higher education institutions is slightly more than 40 percent. PLNU's rate of roughly 26% (fall 2013) remains the lowest discount rate among the Council for Christian Colleges and Universities (CCCU). However, many in higher education believe that discount rates of 40 percent or more are not sustainable. PLNU has planned for our discount rate to increase three percentage points over the next few years.

All PLNU students who file a Federal Application for Free Student Aid (FAFSA) are eligible for federal student loans (formerly known as Stafford loans, now as Direct loans) but there is an annual cap on the amount. There are a number of additional loan opportunities for students based on financial need (e.g., Federal Perkins loans are available to our Pell-eligible students). The economic downturn has brought new challenges for families of college students. Many who had previously used home equity to finance higher education are now turning to the private loan market and private loans have become more difficult to obtain. In addition, some families qualify for Parent PLUS loans based on credit score.

In 2012-13, the average debt of a PLNU bachelor's degree recipient was \$36,523 (not including Parental PLUS loans). This is consistent with national trends for private, non-profit higher education.

For PLNU, student loan counseling has become an important part of our efforts to lower our student loan default rate. Students and parents are counseled to accept only the amount of loan debt needed to cover their costs each semester. However, we are required by regulation to offer them the maximum for which they are they are eligible.

Demand for Existing and New Programs

In addition to assessing traditional undergraduate enrollment trends, a significant portion of the SEP data collection and analysis process was focused on understanding the market for existing and new academic and co-curricular programs.

Data points included:

1. PLNU undergraduate and graduate enrollment trend data
2. Enrollment funnel data for PLNU's current academic programs (which also identified targeted marketing opportunities for high demand/low enrollment programs)
3. National Research Center for Colleges and University Admissions (NRCCUA) data on majors and co-curricular interests sought by high school seniors
4. Secondary IPEDS data on bachelor's and master's degrees awarded in Southern California (This data were utilized to better understand PLNU's current market position and to identify high, medium, and low demand programs in our region, as well as PLNU's share of the market by program.)
5. Majors sought by California community college transfer students
6. Occupational projections

We deemed this data essential in making informed judgments about any recommended program additions and in planning for the future size of both new and existing programs. After a thorough analysis, 27 new academic programs (14 adult undergraduate and 13 graduate) were tested through survey research conducted by Noel-Levitz in the summer of 2013.

Specifically, the following prospective student audiences were surveyed: adult undergraduates 22–55 years old (300 complete interviews), graduates 24–55 years old (300 complete interviews), and military personnel—active duty or recently separated 18–55 years old (300 complete interviews). The geographic coverage of the surveys included individuals residing within 100 miles of San Diego, including the counties of San Diego, Riverside, San Bernardino, and Orange.

The primary focus of each survey was to test the relative popularity of a specific list of programs for each market segment, modality preferences, and the level of appeal PLNU would have in each market for the programs tested. The following market segments were developed for testing:

1. Adult Undergraduates
 - a. Programs for the 2+2 segments (community college transfers)
 - b. Programs for the upside down BA segment (e.g., RN to BSN)
 - c. Programs for the degree completion segment
2. Military Personnel
3. Graduate Students

Based on the results, Noel-Levitz was able to size the market for each program under consideration. Detailed results of the data analysis can be found in the plan that follows. Importantly, all respondents were asked whether or not they would consider studying their specific program at PLNU. Those who said they would not were asked to explain what it is about the university that they would not want to consider it for their specific program. In general, when students indicated they would not consider

PLNU as a school to study their specific program, the main barrier was a lack of awareness or sufficient familiarity with the university to be comfortable considering it. Beyond this, there is a perception that, as a private institution, PLNU would be too expensive.

Outcomes

Enrollment and Revenue Goals: 2014-15 through 2018-19

In the context of the situational analysis, and with a guiding principle of developing initiatives that are in line with our mission and core competencies, the following goals were developed based on the likely impact of the selected strategies:

1. Increase traditional UG enrollment from 2,415 in fall 2012 to 2,600 headcount by fall 2015. We will accomplish this within the boundaries of the conditional use permit by utilizing off-campus locations and a variety of delivery modalities.
2. Increase total graduate student credit hour production from 15,821 in 2012-13 to 25,855 in 2018-19. We will accomplish this through expansion of existing programs and the introduction of five new programs.
3. Attract 573 total (headcount) non-traditional undergraduate students. We will accomplish this through the development launch (introduction) of six new programs in varied locations and modalities.
4. Generate a minimum of \$4.1 million (net) toward closing the structural financial gap. We will accomplish this via the strategies contained in this plan.
5. Develop the necessary expertise and infrastructure to support the preceding goals and new student populations.

Key Enrollment Strategies and Estimated Enrollment and Financial Impact

After committee recommendations were presented to Cabinet, the following initiatives were selected. Decisions were made based on enrollment potential, return on investment, likelihood of success, institutional risk, and mission fit. For information purposes, estimates of the revenue from each initiative are included. It is expected that these estimates will be adjusted over time based on what we learn from each program launch. Table 1 summarizes the financial estimates.

Residential Undergraduate Initiatives

1. Expand summer school from 3,087 (summer 2013) Student Credit Hours (SCHs) to 4,482 SCHs, generating approximately \$466,000 in additional annual operating income.
2. Increase the number of new transfer students from approximately 140 to 228 annually. This strategy is expected to contribute approximately \$279,000 in additional annual operating income, which is derived from the discount rate differential between first-year and transfer students. This will also better utilize upper-division course capacity.
3. Expand freshman out-of-state enrollment from approximately 150 to 245 students. This strategy is expected to reduce annual operating income by approximately \$212,000 due to marketing and recruitment costs and the discount rate differential between these student populations. This strategy is necessary to mitigate an expected decline in California freshmen resulting from underlying demographic changes and to reduce dependence on Cal Grant funding. This strategy is necessary to support and maintain enrollment of approximately 2,600 traditional undergraduates.

4. Develop and implement an early-alert and intervention program for at-risk students in support of improved student retention. This strategy is necessary to support enrollment growth, an expected increase in first-generation students, and better utilization of upper-division course capacity. This strategy has nominal financial impact.
5. Execute an in-state Hispanic recruitment initiative designed to increase the number of Hispanic students from 126 freshmen in 2013-14 to 140 in 2019-20. This strategy has nominal financial impact but will help to support achievement of the in-state enrollment goals.

Graduate Program Initiatives

6. Expand the 5th-year MBA program to a second cohort serving approximately 20 (total) recent graduates annually from both PLNU and other universities. This strategy is expected to generate approximately \$220,000 in additional annual operating income.
7. Launch an MS in kinesiology serving 35 recent graduates annually from both PLNU and other universities. This strategy is expected to generate approximately \$396,000 in additional annual operating income.
8. Launch an online MA in strategic organizational leadership serving 130 students, including two on-ground cohorts in year five. This strategy is expected to generate approximately \$511,000 in additional annual operating income.
9. Launch a low-residency DNP program serving 38 students. This strategy is expected to generate approximately \$373,000 in additional annual operating income.

Undergraduate Degrees and Certificates for Adults

10. Launch a RN to BSN adult degree completion program serving 57 students. This strategy is expected to generate approximately \$419,000 in additional annual operating income.
11. Launch a BA adult degree completion program in management and relational development serving 260 students annually. This strategy is expected to generate approximately \$1,200,000 in additional annual operating income.
12. Launch a BA adult degree completion program in teacher education with a fully embedded teaching credential serving 100 students annually. This strategy is expected to generate approximately \$350,000 in additional annual operating income.
13. Launch a BA adult degree completion program in computer information technology serving 44 students annually. This strategy is expected to generate approximately \$251,000 in additional annual operating income.
14. Launch a five-course certificate in software engineering serving 36 students annually. This strategy is expected to generate approximately \$157,000 in additional annual operating income.
15. Launch an online BA adult degree completion program in criminal justice serving 74 students annually. This strategy is expected to generate approximately \$397,000 in additional annual operating income.

16. Address the infrastructure needs to implement the preceding strategies, with a focus on:
- a. Extended learning
 - b. Student support
 - c. Admissions
 - d. Records
 - e. Student financial services
 - f. Information technology services
 - g. Library
 - h. Marketing and recruitment
 - i. Online and hybrid course inventory.

These investments total approximately \$1,770,000 of expenses that mitigate a portion of the above operating revenue gains.

In addition, the overall strategic enrollment plan includes a “failure” factor of 10 percent because we know that not all initiatives will be successful.

Items Under Consideration

To completely close the currently forecasted PLNU structural financial gap, the university will need to develop strategies that generate an additional \$635,000 in net revenue. We will need to continue to explore new opportunities to meet the educational needs of our region. Items currently under consideration include:

1. Partnerships with community colleges to provide bachelor’s degree programs at the college location
2. MA in a counseling discipline
3. Certificate in Interpretation for the National Park Service and others
4. Increasing our residential undergraduate population to a number larger than 2,600 but less than 2,700 students

Table 1 provides a summary view of all new SEP initiatives, including launch date, target audience, modality, and revenue.

**Table 1
Summary of SEP Initiatives**

	PROGRAM INITIATIVE	LAUNCH DATE	TARGET AUDIENCE	MODALITY	EXCESS REVENUE (\$000'S)				
					FY 1415	FY 1516	FY 1617	FY 1718	FY 1819
1	Expanded Summer School	SU 2014	Trad UG	Various	\$ 63	\$ 139	\$ 232	\$ 341	\$ 466
2	Transfer Students	FA 2014	Trad UG	F2F	\$ 90	\$ 159	\$ 244	\$ 271	\$ 279
3	Out of State UG Recruiting	FA 2014	Trad UG	F2F	\$ (34)	\$ (61)	\$ (100)	\$ (154)	\$ (212)
4	Early Detection and Intervention	FA 2015	Trad UG	N/A	\$ -	\$ (18)	\$ (13)	\$ 2	\$ 8
5	In State Hispanic Recruitment	FA 2014	Trad UG	F2F	\$ -	\$ -	\$ -	\$ -	\$ -
6	5th Year MBA (incremental w/2nd cohort)	FA 2014	Graduate	F2F	\$ (13)	\$ 100	\$ 220	\$ 222	\$ 222
7	MS in Kinesiology	SU 2015	Graduate	F2F	\$ (74)	\$ 39	\$ 184	\$ 287	\$ 396
8	MA in Strategic Org Leadership	SP 2015	Adult	Online	\$ (85)	\$ (9)	\$ 337	\$ 516	\$ 511
9	Doctorate in Nursing Practice (DNP)	FA 2016	Doctorate	Hybrid	\$ -	\$ (49)	\$ (87)	\$ 178	\$ 373
10	RN to BSN	FA 2016	Adult	Hybrid	\$ -	\$ (86)	\$ 107	\$ 346	\$ 419
11	BA in Management and Relational Development	FA 2015	Adult	Hybrid	\$ (259)	\$ (61)	\$ 762	\$ 1,137	\$ 1,199
12	School of Education ADC + Credential	SU 2015	Adult	Hybrid	\$ (18)	\$ (32)	\$ 243	\$ 307	\$ 350
13	Computer Information Technology ADC	FA 2016	Adult	Hybrid	\$ -	\$ (314)	\$ (7)	\$ 242	\$ 251
14	Certificate in Software Engineering	FA 2015	Adult	Hybrid	\$ (113)	\$ 59	\$ 162	\$ 156	\$ 157
15	Criminal Justice Online ADC	FA 2016	Adult	Online	\$ -	\$ (148)	\$ 162	\$ 365	\$ 397