ARTICLE #0608

AACRAO CONSULTING
Providing Best Practice Solutions

AC Solutions

One Dupont Circle, NW, Suite 520 / Washington, DC 20036 / 202-355-1056

Effective Resource Utilization: Integrating Enrollment Management, Budgeting and Academic Planning

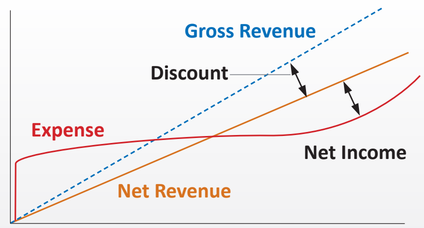
AUTHOR

Guilbert Brown
AACRAO Consultant

Enrollment management is sometimes compared to filling seats on an airplane: every empty seat constitutes a loss of enormous proportion, not only in forgone revenue, but in a highly developed and costly infrastructure designed to transport passengers to new horizons. The ultimate goal is to fully utilize this infrastructure–fill all available seats–in highly competitive markets and while generating sufficient net revenue to support the enterprise. Toward this end, some passengers pay "full fare" while others pay discounted fares and still others fly free.

The point of generating revenues is, of course, to support the expense of providing the quality faculty, facilities, technology and program support services–the airplane, if you will–that will both serve students and define that sense of place, the visible and tangible representation of the institution that serves as a home for learning and creation of new knowledge. Generating net income–net revenue in excess of expense–supports the expansion of programs and services.

Filling seats in classrooms is a complex undertaking, and much depends on enrollment managers making the right decisions about whom to admit, where to invest, or how to market. Matriculating too many or too few students in particular fields will translate into infrastructure being overly taxed or underutilized. For many colleges and universities, even slight enrollment shortfalls can lead to budget and program reductions.



continued on next page

Considering the importance of enrollments to institutional finances, it should not be surprising that at budget time the question will be posed: "What's the bottom line?" In any given recruitment cycle, answering this financial question can involve myriad factors both within and outside the direct control of enrollment managers:

- Did we accurately assess and effectively respond to changing student demographics?
- Will our new retention programs achieve their targets?
- How will coverage of our institution by the press—negative, positive, or nonexistent—affect enrollments?
- Have we strategically used financial aid to achieve enrollment and net revenue goals?
- How will our deployment of new technologies affect enrollment outcomes?
- How will "consumer choice" play out with our new marketing strategies and changing academic program offerings?
- What effect will changing economic conditions have on enrollments?
- Did we invest sufficiently in the "right things" to achieve planned results?

In a given recruitment cycle–or budget cycle–the answer to one or another of these questions may prove more significant than the rest. Translating these dynamic factors into definitive enrollment and revenue outcomes provides a critical foundation for budgeting and, because of their multi-year implications, forecasting future enrollments, program offerings and institutional costs.

Like enrollment management, both academic and budget planning affect colleges and universities in far-reaching ways and involve similarly complex sets of internal and external considerations. Decisions about facility and faculty investments influence institutions for decades to come by defining capacity, capabilities and costs. With respect to longevity, the decision to hire a faculty member who will make a decades-long career at a single institution is not unlike the decision to build a new building. Both constitute long-term investments that at once reflect and shape institutional missions and prospective program offerings.

Answering the Financial Questions Involves Myriad Factors:

1 | Accurately access and effectively respond?

2 | Programs achieve their goals?

3 | Will press coverage affect enrollments?

4 | Strategically used financial aid?

5 | Will new technologies affect enrollment outcomes?

6 | How will "consumer choice" play out with our marketing strategies?

7 | How will changing economic conditions affect enrollments?

8 | Did we invest in the "right things?"

One Dupont Circle, NW, Suite 520 / Washington, DC 20036 / 202-355-1056

AACRAO CONSULTING
Providing Best Practice Solutions

LIKE ENROLLMENT MANAGEMENT, BOTH ACADEMIC AND BUDGET PLANNING AFFECT COLLEGES AND UNIVERSITIES IN FAR-REACHING WAYS AND INVOLVE SIMILARLY COMPLEX SETS OF INTERNAL AND EXTERNAL CONSIDERATIONS.

Academic program plans and expense budgets reflect both the consequences of past decisions, in the form of continuing programs, infrastructure and services, and new investments in future institutional directions. While largely driven by annual processes and concerns, these processes–like enrollments–have multi-year consequences.

Many insights and metrics that inform effective enrollment management, such as current and future market demand, can play pivotal roles in guiding and informing these institutional investment decisions as well.

In practice within higher education, linkages between budget, enrollment and academic planning have been more incidental, or even accidental, than strategic. On most campuses, these respective processes are "owned" by disparate operating units, rely on specialized data sources and may not even share information freely. Effectively managing each segment of what are in fact overlapping and interdependent processes presents a "chicken-egg" dilemma with multiple chickens (or multiple eggs):

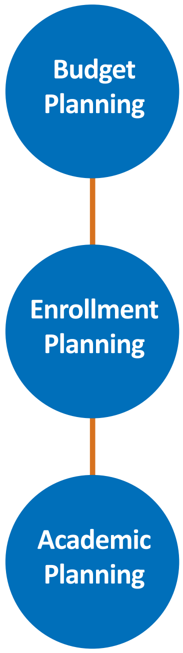
- Enrollments shape budgets that shape programs that shape enrollments.
- Enrollments shape programs that shape budgets that shape enrollments.
- Budgets shape programs that shape enrollments that shape budgets.
- Budgets shape enrollments that shape programs that shape budgets.
- Programs shape enrollments that shape budgets that shape programs.
- Programs shape budgets that shape enrollments that shape programs.

continued on next page

It is no wonder that academic planners see programs, budget managers see budgets, and enrollment managers see enrollments as the decisive wedges to leverage future institutional aspirations. The fact is that each has valid claims upon the others. Precisely because of these interrelationships, strengths or weaknesses in any one component can have compounding impacts on the others. Strong enrollments promote strong budgets and programs; similarly, weak enrollments undermine both budgets and programs.

Recognizing the inter-dependence and breadth of sway these processes have on institutional capacity, capabilities, and costs, leaders of colleges and universities over the past decade have prompted an explosion of strategic planning designed to provide a common blueprint for realizing institutional aspirations. These plans typically utilize "seed capital" gleaned from budget reallocations, new fundraising or net income gains to implement new program initiatives. Yet at the operational level, budget, enrollment management and academic planning largely remain "silo" annual processes. Unfortunately, no single engine of change–even one as central as strategic program initiatives–can achieve aspirations as effectively as synergistic efforts across these related processes.

Transforming strategic thinking into everyday operational reality is itself a formidable task requiring not only common vision and shared strategies, but also shared tools, understandings of critical financial and non-financial data, and above all meaningful insights into the implications of alternative budgetary and operational strategies. There is much to be gained by the integration of enrollment management, budget and academic program planning: the optimal utilization of resources to achieve institutional goals.



MORE INFO

For more information, visit the AACRAO Consulting website at http://consulting.aacrao.org/ or contact us at consulting@aacrao.org or 202-355-1056.

AACRAO CONSULTING
Providing Best Practice Solutions