

Using Student Services to Enhance Outcomes and Reduce Costs

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INTRODUCTION

Since the end of the Second World War, the U.S. has made tremendous progress in improving college access. In just ten years, between 1999 and 2009, enrollment in degree-granting postsecondary institutions increased by 38 percent, from 14.8 million to 20.4 million.¹ This trend, however, has not driven a commensurate increase in graduation rates, which have consistently hovered around 56 percent.² The number of drop-outs in the United States has increased at roughly the same rate as the increase in the number of college graduates. Policymakers, researchers, and practitioners are beginning to take notice. During the past three years, the focus in higher education has shifted markedly from simply improving college access to improving access with success—a trend that has been coined the “completion agenda.”

This agenda comes at a time of equally pervasive attention to the cost of higher education. The great recession of 2010, the “Occupy” movement of 2011, and the passage of new federal regulations holding many colleges and universities more accountable for loan repayment, have all driven the national conversation towards institutional cost containment and the passing of those cost savings on to students in the form of lower tuition.

On both sides of this conversation, there are some who argue that these two agendas are mutually exclusive. How can colleges improve retention and graduation rates while simultaneously reducing costs? Though these two agendas conflict at times, especially at first glance, they do not have to. In fact, by focusing resources on proven solutions to drive student retention and graduation rates, institutions can reduce costs to themselves, their students, and society at large.

In this chapter we argue that student support services, if properly configured, effectively targeted, and delivered early in the student lifecycle, generate savings for institutions, students, and society overall. For purposes of this discussion, “student services” refers to various forms of assistance provided to students outside the context of formal instruction in order to increase their likelihood of success. These services typically include academic advising and tutoring, financial aid counseling, and non-academic coaching and mentoring. By lowering student acquisition costs, increasing retention and graduation rates, reducing time to completion, and decreasing expenditures on remedial education, student services investments can address many of the primary cost drivers in higher education.

In addition to lowering costs, effective student services can also increase revenues for universities by maximizing the lifetime value of each student, improving operational efficiency and increasing the overall throughput of students. In short, services designed to enhance student outcomes play an important role in our nation’s ability to achieve its educational goals and maintain its global competitive footing.

Throughout this chapter, we draw on our own experience working for a third-party service provider in the student services landscape, InsideTrack.³ We start with a very brief overview of rising costs and the new completion agenda in higher education, explaining why intelligent investments in student services offer one promising lever with which institutions can improve outcomes while lowering costs. We then discuss five strategies universities should keep in mind to maximize the impact of student service investments. Finally, we close with remarks on obstacles and best practices.

COSTS AND THE COMPLETION AGENDA

Domestic and international pressures for higher educational attainment have created a sense of urgency about improving college completion rates. Domestically, high rates of unemployment and underemployment suggest that raising our postsecondary attainment rates is one of the keys to moving our economy forward. It is also clear that the United States continues to fall behind other countries with respect to the percentage of adults earning a tertiary degree.⁴ To regain America’s position as a leader on this metric, President Obama has charged the nation with obtaining the highest proportion of college graduates in the world by 2020, which would mean adding 8 million graduates to our population.⁵ Prominent foundations have fanned the debate, with the Bill and Melinda Gates and Lumina Foundations each pursuing ambitious goals for college completion.

Student attrition not only hampers the ability of our nation to fulfill this completion agenda, it drives up the cost for everyone involved. According to a study by Mark Schneider of the American Institutes for Research (AIR), of the 1.1 million full-time students who entered college in 2002, the 500,000 who failed to graduate within six years cost a combined \$4.5 billion in foregone income and federal and state income taxes. Schneider concluded, “This is just the tip of the iceberg. While this report focuses on only one cohort of students, losses of this magnitude are incurred annually by each and every graduating class.”⁶

Colleges and universities also bear the cost of students who fail to graduate. Student attrition drives up the cost of each completed degree and puts the institution at a competitive disadvantage. The cost to engage, recruit, and orient new students often makes them substantially more expensive to serve than returning students. This differential is pronounced in the rapidly growing online learning market and among nontraditional student populations, especially as new federal regulations hold institutions more accountable for student success. For many providers, the stakes of student success have never been higher.

Finally, the most evident and principal casualties are the would-be graduates, who frequently face the daunting prospect of repaying hefty loans without the increased earnings that a degree typically delivers.

STUDENT SERVICES CAN DRIVE COSTS DOWN BY IMPROVING OUTCOMES

There is no doubt that providing impactful student services can ensure that more students make it to graduation. The question is whether or not the direct cost of these services is offset by a reduction in other institutional costs, allowing for a lower average cost per completion. While requiring some upfront investment, we argue that student services that are properly configured, effectively targeted, and delivered early in the student lifecycle create long-term, direct cost savings for institutions and learners. These include increased student engagement, satisfaction, and retention; reduced time to completion; and decreased need for remedial education – can all result in a direct reduction of institutional expenditures and individual student tuition and opportunity costs. Institutions also benefit financially through lower student acquisition costs, higher lifetime revenue per student, increased student throughput and reduced regulatory risk.

The return to society at large is also substantial. According to the latest analysis by Complete College America (CCA), states alone spend \$3 billion each year on remedial courses, an average of more than \$1,764 per student served, with very poor results.⁷ Spending a fraction of that money to provide additional support to the same students placed directly into credit-bearing courses could save billions of dollars and accelerate increases in national labor pool productivity, tax revenues, and overall global competitiveness. The CCA analysis highlights several institutions that have applied this concept with positive results. Austin Peay State University in Tennessee

eliminated remedial math courses, instead placing students in credit-bearing courses and offering specialized math workshops. As a result, twice as many “remedial students” are passing their initial college level math courses. The University of Maryland at College Park similarly replaced its remedial math courses with co-requisite math courses where “remedial students” receive additional support for the first 5 weeks of the 15-week duration. Completion rates for these students are now the same as for non-remedial students.

STRATEGIES FOR USING STUDENT SERVICES TO REDUCE COSTS

There is a long and rich literature on the potential for student support services to drive improvements in student outcomes.⁸ And yet, while the effectiveness of support services in promoting student success is widely recognized, research has paid less attention to the cost-effectiveness of investments in student services. As such, it is less evident how institutional leaders can make investments in support services that ultimately drive down costs for institutions, students, and society. From our experience working with support structures at universities across all segments of the higher education landscape, we believe universities can maximize the impact of student service investments on short- and long-term costs by adhering to five key strategies. Combined, these five strategies focus attention and resources where they are needed most and maximize long-term return on investment.

Strategy #1: Focus on Reducing the Cost per Degree Earned

Facing unparalleled pressure to contain costs, colleges and universities often decide to cut student services spending across the board. We argue that this impulse actually drives up costs in the long run, and that institutions should instead look for ways to better invest their student support dollars to drive stronger outcomes, generate new revenue streams, and create cost savings for themselves and their students. Shifting to a focus on the cost per degree completed will drive institutional leaders to find cost-effective ways to promote student success. Jane Wellman, executive director of the National Association of System Heads (NASH) and former head of the Delta Cost Project, summarized the dilemma by saying, “Focusing on the cost per student perpetuates the dysfunction in how funding in higher education is allocated. In contrast, focusing on cost per outcome shifts the emphasis to investing to realize the greatest impact.”⁹

Universities are not alone in taking a blunt force approach to cost containment. Leading strategic consulting firm Booz & Company asserts that for most organizations, cost cutting translates into across-the-board slashing that “spreads the pain.” Although intuitively attractive and often politically expedient, this approach can weaken the organization. Instead, organizations should treat cost reduction as an opportunity to identify and reinforce their key capabilities, while divesting themselves of those activities that do not truly reflect their strengths and long-term goals.¹⁰

In higher education, the equivalent strategy is to focus student support spending on those activities that are most impactful and cost-effective in promoting academic progress and success. By investing in services that can improve completion rates and accelerate time-to-completion, institutions create financial benefits both for themselves and for their students. A virtuous cycle develops when students are more successful. Their success elevates the school’s brand reputation and competitiveness, while also making it more likely that the student refers a friend or colleague to the institution. The result for the university is lower average student acquisition costs and an increase in the total throughput of students—both of which reduce overall costs.

The financial markets have noticed the importance of these investments: financial analysts who cover for-profit education providers now offer higher stock price valuation multiples for publicly-traded universities that have developed initiatives to drive improved student outcomes.¹¹

Retain Students to Minimize the Cost of Attrition

For decades, the focus in higher education was on increasing access, and incentives favored enrollment over retention. This could be seen in the stock prices of for-profit universities driven by their growth in new students, state funding mechanisms for public universities based on headcount, and accreditation and regulatory regimes based exclusively on educational institution inputs.

Over the last several years, a number of forces have converged to alter the cost-benefit equation in higher education. Increasingly, investors, regulators, accreditors, taxpayers and students are focused on outcomes. Consider examples such as performance-based funding of state universities, stock price valuations based on retention and graduation rates, and federal regulations based on student loan defaults.

Successful outcomes are now at the center of the cost-containment equation as they address three key drivers of institutional spending: recruitment costs, lost tuition, and capacity underutilization. The cost of recruiting a single undergraduate is growing substantially. According to the National Association for College Admissions Counseling (NACAC) Annual State of College Admission report, the average cost to recruit a new student at public and private non-profit universities increased from \$1,684 in 2004 to \$2,408 in 2010—a compounded annual growth rate of 6.1 percent.¹² According to BMO Capital Markets, during the same period, the median cost per start for seven of the largest for-profit providers increased from \$1,925 to \$2,560.¹³ Spending on recruitment, along with the cost of orientation, set-up, and helping students through the challenges of their first year, is fully leveraged only if the student persists through completion. Put succinctly by Neal A. Raisman, author of *The Power of Retention*:

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.¹⁴

Raisman developed a Customer Service Factor 1 (CSF1) equation for estimating the cost of student churn to an institution:

$$CSF1 = [(P \times A = SL) \times T]$$

In this equation, P represents the total school population; A is the annual attrition rate of all students; SL is students lost annually from total population and revenue production, and T equals annual tuition at the school.

For example, at a school with a population of 500 students, an annualized attrition rate of 39.6 percent (or 198 lost students), and annual tuition of \$13,000, the equation shows an annual tuition revenue loss of over \$2.5 million from student attrition:

$$CSF1 = [(500 \times 39.6\% = 198) \times \$13,000] = \text{annual revenue loss of } \$2,574,000.$$

Many institutions offset the annual tuition lost on students who fail to persist by increasing tuition prices on new and continuing students. The bottom line is that the students who stay end up paying for the students who drop out. At public institutions, taxpayers foot much of the bill.

The Raisman formula also shows the power of decreasing attrition by 5 percentage points, thereby adding the equivalent of 25 new students who, at \$13,000 per year each generate additional annual revenue of \$325,000:

$$\text{CSF1} = [(500 \times 5\% = 25) \times 13,000] = \$325,000 \text{ more revenue.}^{15}$$

In addition to the additional tuition revenues generated by reducing attrition, improving retention also directly reduces costs for the institution itself—especially in online environments and in those institutions serving post traditional students. The specialized services needed to recruit students, process their enrollments, and orient them to their program all generate costs. If those resources are spent on students who later drop out, the investments are wasted. However, if an institution—especially one leveraging online learning—can move a greater percentage of its student body through to subsequent semesters, it will realize the savings in the following year.

To see this, take a nonprofit, private online program where capacity is not bound by major fixed cost investments in buildings, dorms, facilities, etc., and where first-year and later-stage courses have similar student-to-teacher ratios. In this model, because student-teacher ratios are roughly constant across first-year and later-stage students, the additional costs of recruiting, orienting, and supporting first-year students is the primary cost driver.

According to the NACAC, the average cost to recruit and enroll a new student at a private nonprofit university in 2010 was \$3,000.¹⁶ Data from BMO Capital Markets and the Delta Cost Project put the instructional cost of serving a single student at a nonprofit, non-research institution in 2009 at approximately \$8,000.¹⁷ It is easy to see how the proportion of the overall student population consisting of first-year students impacts the cost structure of the university.

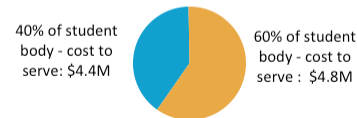
Scenario A: 40% First-Year

400 students * \$11,000

600 students * \$8,000

Total cost = \$9.2M

■ 1st Year Student ■ Returning Student



Scenario B: 60% First-Year

600 students * \$11,000

400 students * \$8,000

Total cost = \$9.8M

■ 1st Year Student ■ Returning Student

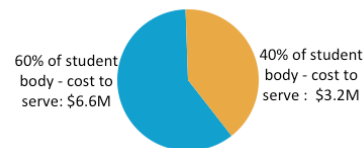


Figure 1. The total cost to serve 1,000 students, by first-year student proportion

In this example, it costs \$9.2 million to serve a 1,000-person student body made up of 40 percent first-year and 60 percent returning students, and \$9.8 million to serve a 1,000-person student body made up of 60 percent first-year and 40 percent returning students. This \$600,000 or 6.5 percent cost differential can be offset in some traditional settings where large lecture courses in freshman year give way to smaller, more expensive seminars in later stages of the student lifecycle. However, as the postsecondary landscape increasingly moves toward serving adult students in online and other nontraditional settings (e.g., occupational training), the more pronounced this effect becomes.

Fundamentally, then, universities face the same situation as many other businesses, particularly as federal student aid becomes more scarce and regulatory compliance more expensive: it is more economical to retain an existing student than to recruit a new one. This makes wise investments in student services, especially those which can reduce student acquisition costs while improving outcomes, ever more critical.

Strategy #2: Focus Resources on Data-driven Solutions

While effective student support services can reduce long-term costs by reducing attrition, not every student support initiative is impactful, and many are not cost-effective. In the current environment, institutions must increasingly make strategic decisions about how to allocate their resources. Data-driven decisions can reduce spending on ineffective programs, creating immediate cost savings that can be passed on to the student in the form of lower tuition.

To ascertain whether investments are achieving the goal of reducing long-term costs by improving student outcomes, colleges and universities need to measure what is working and what is not, create cultures of accountability, and ensure that decision-making is based on data-driven evidence. University leaders rate their institutions poorly on these attributes. In a 2011-2012 survey conducted by *Inside Higher Ed*, less than one-third of chief academic officers rated their institutions as very effective in using data to aid and inform campus decision-making.¹⁸

CAOs vs. Presidents on the Effectiveness of Their Institutions

(percentages of CAOs and presidents reporting 6 or 7; scale 1 = not effective, 7 = very effective)

	Provosts/CAOs	Presidents
Providing a quality undergraduate education	66.3	69.7
Preparing students for future employment	50.0	56.5
Recruiting/retaining talented faculty	48.7	45.4
Offering support services for undergraduates (advising, etc.)	43.4	40.8
Ensuring the professional development of junior faculty	32.2	24.3
Using data to aid and inform campus decision-making	30.9	35.9

Figure 2. CAOs vs. presidents on their institutions' use of data-driven decision-making

Obstacles to Data-Driven Decisions in Student Services

Most senior university administrators would agree that data-driven decision-making is critical. Nonetheless, when it comes to evaluating different student service options, emotional and operational issues often interfere with the process. Some administrators take issue with providing services to some students and not others, even if it is for the purposes of assessing their effectiveness through a randomized controlled experiment. There is also a general reluctance to focus services on the students who are most likely to be affected by them, rather than the students who are most at risk of failing. It is important to provide support to all students, especially those at the highest risk. However, an exclusive focus on the lowest performing students can undermine the allocation of scarce resources to the students who, on the surface, appear to have a higher likelihood of success but who will miss the mark without an increment of additional support. Though there may be considerable overlap between the most at-risk students and those most likely to benefit from increased services, leaders charged with getting the most “bang for their buck” must base allocation decisions on data rather than anecdotes.

Even in cases where administrators are comfortable allocating resources based on impact and cost-effectiveness, they also face obstacles in designing effective controlled studies. Common flaws include small sample sizes, selection bias, and inconsistent measurement. While these issues are well documented and often avoided in academic research, institutional leaders are typically unaware or unable to incorporate best practices into their assessment and decision-making processes, particularly when it comes to personalized student services.

Despite these hurdles, it is possible to carry out rigorous evaluations of new approaches to student services. For instance, Chapman University, a prominent private liberal arts institution in southern California, conducted a well-defined, multi-year controlled trial to examine the effectiveness of InsideTrack’s executive-style coaching program. In this study, the college and InsideTrack divided the entire freshman class into two statistically balanced groups of students. Administrators flipped a coin to randomly assign students to treatment and control groups; the treatment group received weekly coaching sessions provided by InsideTrack in addition to the university’s standard services, while the control group received only the standard services. Measurements taken at the end of the year, based on metrics agreed to in advance by both parties, showed that the treatment group had a higher retention rate than the control group. In addition, the results

suggested that coaching also had a measurable impact on a number of other student engagement and success metrics, including student grade point averages. After two more years of similarly positive results from controlled testing, the university decided to provide the coaching to all incoming freshmen. For more than a decade, InsideTrack has conducted similar controlled studies with all of its clients, including studies regarding the impact of coaching on specific student populations, such as out-of-state, Latino, international and military students

In addition to conducting randomized controlled studies, which are difficult and time-consuming, institutions can utilize a number of innovative methods to generate data and help administrators discover the services students value and need most. For example, mapping the student experience, from inquiry to graduation, will reveal how student services currently fit into the student lifecycle and pinpoint areas for improved coordination and delivery. Another useful exploratory technique is enrolling an individual to “secret shop” his or her own and peer institutions. This practice provides a valuable firsthand assessment of the student experience.

Additional research on evidence-based approaches to student services is also available to support strategic decision-making. As a case in point, the Department of Education’s What Works Clearinghouse reviews research on different educational programs, products, practices, and policies to provide information to support evidence-based decisions.¹⁹ Although primarily geared to K-12 research, the Department recently began adding information relevant to postsecondary education.

Strategy #3: Invest in Efficiency through Technology and Economies of Scale

While effective student services reduce long-term costs by improving student outcomes, reducing the costs of the service functions themselves produces direct, short-term savings. Delivering student services cost-effectively at scale not only reduces costs and frees up resources for universities to invest elsewhere, but it can also save students time and money. From our experience working with institutions, we see three key strategies that produce the core of the cost savings:

- Increasing coordination across functions
- Integrating technology systems and providing student support professionals with access to these systems
- Aligning people, processes, and technology to function seamlessly

Coordination across Functions

Ask the typical student what’s not working at their university, and a key frustration will emerge: the lack of a clear point of contact to obtain information and/or fix problems. Often, a student bounces around between departments and staff members, not knowing whether their problems registering for the next term are an issue for the registrar, their academic advisor, or their financial aid counselor. In light of concerns about how poor coordination causes students to fall through the cracks and leads to wasted expenditures on duplicated advisor efforts, a number of institutions we have worked with are actively integrating and streamlining student support functions—for example, merging financial aid, academic advising, and other support services into one-stop student support centers. This integration results in lower costs through (a) elimination of duplicative roles, (b) improvement in negotiating power with vendors, and (c) more efficient processes, which reduce administrative effort.

The first step in coordinating student support functions is to assess the student experience vis-à-vis the institution. The institution must map the student experience from application to graduation to understand how student services currently fit into the lifecycle. With this map, the institution can identify areas needing improved coordination or streamlining. Possible improvements often include better integration of admission and retention functions; assigning responsibility for initial student retention to admissions staff (typically through the first six months, or until students complete core classes and begin taking classes in their major); and refining the timing, frequency, and content of communications with students.

Other innovations we have seen include the creation of “grad teams” composed of staff from admissions, academic/student services, and financial aid, who work together on a student-by-student basis. These teams work to ensure seamless transfers between departments, by transmitting student-specific knowledge and creating rapport in order to ensure that students don’t fall through the cracks. Many of the recent software innovations for postsecondary institutions allow for the sharing of detailed data across advisors and instructors, allowing them to work as a team when addressing student performance and retention issues.²⁰

Coordination across departments also makes it easier to find the root causes of major problems. For example, a leading art and design university found that it was losing students immediately after a particular first-year

class. Through cross-functional analysis, administrators discovered a simple disconnect between the institution's financial aid and academic calendars—students couldn't obtain the funds they needed to buy books and supplies prior to the first day of class. Once this disconnect was addressed, retention improved dramatically. In another example, DeVry University put in place consolidated “one-stop-shop” service centers that house all student-facing functions, saving students time and producing cost savings by enabling the sharing of administrative resources, office equipment, and supplies across departments.

Finally, coordinating procurement and other behind-the-scenes functions can also create savings. Institutions that coordinate planning and purchasing activities can prevent duplication of efforts, secure volume discounts, and avoid the costs associated with incompatibility. For example, many institutions use joint contracting between the admissions office and student services to fund process consulting, outsourced services, and IT projects.

Regardless of the ultimate solution, the first step is to understand the student lifecycle and look for the inevitable bottlenecks and duplicative efforts that, when eliminated, will certainly drive down the cost of services staffing and improve leverage across and outside of the university.

Integrating Technology

Coordinating activity across functions is even more difficult when technology gets in the way. In an ideal world, an advisor working with a student would call up a single dashboard offering a complete view of the student's status. In the real world, however, most universities today rely on multiple disconnected information systems to track and serve students—such as online application software, customer relationship management (CRM) systems, student information systems (SIS), learning management systems (LMS), financial aid systems, and early alert systems. Each system typically operates separately, creating “information silos” that are accessed one by one. Thus, advisors, who may serve hundreds of students and track dozens of open action items at a time, must move from one student information system to another—and after doing so, may even find that they lack access to the very system they need. Switching between systems is not only inefficient, but it creates disconnects in which the continuity of service breaks down.

In some cases, staff can rely on regularly scheduled “batch imports” of data from the disconnected systems, but this approach can lead to problems if the data element is time-sensitive and gets stale quickly. For example, staff may have no way of knowing if a key intervention, such as a call from a financial aid advisor, has taken place. Thus, the staff cannot track the intervention's effectiveness.

While challenging, creating a single integrated platform for managing the entire student lifecycle is a goal worth pursuing. Several universities (particularly in the for-profit sector) have fully integrated their course registration, academic (LMS and early alert), and student services (CRM or case management) systems, affording support staff a more holistic view of student data. When an issue comes up, an advisor generates an “issue ticket,” which triggers notification of the right people for follow-up and remains open until the issue is resolved. This integrated system helps the advisor clear the queue in a timely and efficient fashion, while providing students the prompt, tailored service that may mean the difference between staying in school and dropping out. Some of these same institutions are now working to integrate marketing, admissions, financial aid, and alumni outreach systems, as well as technology-enabled services, such as student mentoring and tutoring.

By investing up front in system integration, institutions reduce administrative overhead and allow staff members to manage more students more effectively. These strategies directly reduce the costs of student support services.

Integrating People, Processes, and Technology

While technology systems create an opportunity to reduce costs by eliminating duplicative roles and inefficient work, they can also increase costs if not paired with the right training and methodologies for the people who use the systems. For example, many institutions have some form of early alert system to “flag” students who are at risk of failure. Yet, very few have strategies in place to address the various flags once they are raised.

Take a simple, software-based alert system set to generate a flag when a student misses a class. Responding to that flag requires advisors to assess the root cause of the absence and develop a sensible remedy. The alert is only helpful inasmuch as the advisor is prepared to respond appropriately. Without a clear process, the flagging system can actually drive more work without generating positive results.

Contrast this with an approach that not only generates a flag, but prompts the advisor to take a specific action, which they have been effectively trained to perform. Take it a step further by allowing the advisor to go against the recommended action based on their professional judgment. Now, capture the recommended action, the actual action, and the end result in a system that can evaluate the advisor's judgment in different situations. Finally, use the resulting analysis to demonstrate to the advisor when he should follow the prompts, and when to adjust the prompts if they prove less successful than the advisor's judgment. This is the approach InsideTrack uses to continuously improve its coaching services, and it has proven incredibly valuable in supporting a culture of measurement and accountability.

Ultimately, the integration of people, processes, and technology helps universities deliver personalized support that is tailored to the needs of different types of students and less expensive at scale. The result is reduced direct costs and improved student outcomes, which in turn produce long-term cost savings and generate new revenue streams that universities can invest in other areas or pass on to students. Superior service also improves student satisfaction, referrals, and alumni engagement, all of which contribute to making the university more cost-efficient in the long term.

Strategy #4: Account for the “Post”Traditional Student

In order for student services to deliver the long-term cost savings that result from improved outcomes, institutions must design services to accommodate different parts of the student market. Today, many student service operations are designed around yesterday's typical student. In the last decade, the traditional college student—a recent high school graduate supported emotionally and financially by his or her parents—has become increasingly outnumbered by students who are older, more likely to attend part-time, and more likely to be working and/or raising a family during school. According to a 2011 report by the Center for Postsecondary and Economic Success, today's typical college student is no longer an 18-year-old recent high school graduate who enrolls full-time and has limited work and family obligations. Instead, nearly 47 percent of college students are financially independent, 46 percent are enrolled part-time, 36 percent are over the age of 25, and 32 percent are employed full-time.²¹ Though this post-traditional student now represents the largest subset of students nationwide, many colleges still make decisions based

on the profile and needs of the traditional student. As stated in the Advisory Committee on Student Financial Assistance's 2012 *Pathways to Success* report to Congress on improving student success rates:

Despite their prominence in the student population, nontraditional students are still not adequately served in the higher education community. For example, too often institutions offer classes at times that are inconvenient for the nontraditional student, or do not make available adequate financial aid for these students, or the students themselves do not find campuses easy to navigate.²²

The additional demands and academic needs that this group faces can drive up costs for institutions that fail to account for post traditional students in designing their student support functions. For example, many universities find themselves expanding remedial or developmental education programs in an attempt to address adult students' deficiencies in basic math and English skills. However, there is some debate as to whether this traditional approach to remediation is well suited to post traditional students, with groups like Complete College America arguing that placing students directly into credit-bearing courses while providing them with enhanced support could both save money and improve outcomes.²³

Because the success of higher education will be more and more closely linked to the success of the growing population of post traditional students, serving these students well is increasingly critical to achieving any long-term cost savings from improved student outcomes. In fact, the long-term survival of many universities may depend on their ability to cost-effectively meet the needs of post traditional students. Spending in traditional areas—new buildings, sports programs, and residential services—may need to give way to investments in online courses, prior learning assessments, and flexible, accelerated programs designed with career outcomes in mind.

Services for the Post Traditional Student

Beyond aligning programs and schedules to the needs of busy, career-minded students, there are a number of service interventions that can promote success in a cost-effective manner. Investments in financial aid geared to part-time, year-round learners, and mentoring aimed at effectively balancing work, family, and school demands are two prime examples.

A number of institutions provide useful templates for effective post traditional student services. DeVry University, a leading for-profit institution, uses a one-stop shop advising model named “Student Central” that provides students combined financial consulting and academic advising through one central location.²⁴ Brandman University, a leading private, nonprofit university focused on serving adult learners, offers personalized, professional academic advising to every student and encourages faculty and staff to help students access resources and services.²⁵

Both of these institutions also offer one-on-one success coaching provided by InsideTrack. In its latest Academic Annual Report, DeVry noted that this increased level of support is translating into an improvement in persistence of more than 12 percent, leading them to expand the program.²⁶ Other institutions have had success with strategies such as offering enhanced tutoring; adjusting course sequencing and pace based on entrance exams; and providing recorded lectures, video chat, and other supplements to live instruction.

Strategy #5: Leverage Partnerships

Maximizing the impact and cost-effectiveness of any initiative requires bringing the best possible team together. While many of the strategies discussed in this paper are well within the scope of an existing student services function, institutions already carrying out a multitude of complex tasks may find that they are better served by partnering with outside providers who have already created a cost-effective approach to solving a problem.

On the plus side, outside service providers offer numerous advantages. First, they are experts in their field and bring a breadth and depth of experience unlikely to exist within an individual university. Because they can amortize investments across a large client base, they can invest more heavily in specialized people, processes, and technology. Specialized service providers can also draw on their experience to develop best practices to improve impact and cost-effectiveness. Perhaps most importantly, partnering in one or multiple service areas can free colleges and universities to focus on the areas that they define as their core competencies.

On the minus side, outside providers create more touch-points for the student and require a strong coordination of effort to ensure that roles are clearly defined in order to avoid outreach confusion. Third-party providers must also

be culturally consistent with the institution’s values and able to communicate back to the school key elements of the student experience to drive improvement in processes and systems.

In student services, outside providers are available to support a number of functions, from well-established activities like student mentoring and tutoring, to more experimental offerings, such as online award systems for boosting student motivation and private social networking sites to strengthen community among students and alumni.

The sections below provide information on a handful of providers that are currently working with universities to improve students’ experiences and outcomes. With the exception of InsideTrack, we are not familiar with any large-scale, randomized controlled studies validating the impact and cost-effectiveness of these solutions. We encourage institutions considering these and other solutions to conduct detailed analyses of their payback period and overall return on investment. These analyses should not only evaluate the initial impact of the intervention, but also the persistence of that impact and the level of proof (controlled studies, etc.) available to support the analyses.

Student Coaching and Mentoring: InsideTrack

InsideTrack provides one-on-one executive-style coaching for college students to help promote student success and prepare students for post-graduation careers. InsideTrack coaches help students plan their career path, master life skills such as time management and prioritization, and persist through obstacles that arise while they are in school. The organization works with a broad range of traditional, adult, and online programs at a variety of universities, including Penn State University, University of Dayton, Florida State University, and Columbia University.²⁷

InsideTrack’s coaching methodology draws on student engagement research by noted authorities, integrated with proprietary research refined over the past decade with more than 350,000 students. In a typical meeting, the student and coach work one-on-one on key issues, such as learning to balance work, family commitments, and financial challenges with a demanding academic load, or on skills critical to long-term success, including leadership, time management, critical thinking, and budgeting.

The efficacy of InsideTrack Coaching was confirmed in an independent study conducted by Stanford University professor Eric Bettinger. The study, which reviewed the academic records of more than 13,500 students from eight

colleges and universities across multiple academic years, found that InsideTrack Coaching increased retention and graduation rates by 10 to 15 percent and proved a more cost-effective way to achieve retention gains than many previously studied interventions.²⁸ This study was recently reviewed by the Department of Education What Works Clearinghouse and found to meet their strict evidence standards.²⁹ InsideTrack Coaching is currently the only college dropout prevention solution to meet these standards.

Academic Tutoring: Smarthinking

Smarthinking³⁰ provides online tutoring to help colleges and universities increase student achievement, boost retention, and enhance learning. Students calling into the tutoring center are connected with an expert educator who works with them using a virtual whiteboard.

A study by the Division of Florida Colleges found that students enrolled in developmental education courses or first college-level courses in math or English that used Smarthinking's services received higher grades than those who didn't.³¹ In a separate analysis, participants expressed that Smarthinking helped them to improve their grades and increase their confidence. Instructors also reported that students' final scores improved after using Smarthinking.³²

As a result of these and other effective interventions, Smarthinking has gained the respect of college leaders. As Dr. Bill Carver, president of Nash Community College in Rocky Mount, North Carolina, described in a recent press announcement, "Smarthinking has been an extremely valuable service for Nash Community College. As an open admissions institution, we have a diverse student population with various needs. Smarthinking allows us to provide our students with 24/7, on-demand academic support so that they can get help on or off campus, at night or on the weekend, and, most importantly, at the teachable moment."³³

Motivation Programs: uBoost

uBoost is a student motivation program that uses online rewards and recognition to increase the frequency of desired behaviors in students and employees.³⁴ uBoost has been working with K-12 schools and corporations since 2007, and has recently expanded its focus to include higher education.

According to the company, uBoost can help colleges and universities improve student outcomes by rewarding specific behaviors—such as course registration and attendance—that are correlated with student retention. Services can also prompt students to focus on their goals by tracking and rewarding progress toward degree completion. uBoost can also act as an alert program by monitoring activity within the LMS and automatically sending messages to both the student (directing them to support services) and the academic counselor (for personalized follow up) when needed.

uBoost has also partnered with Kaplan Test Prep to provide positive incentives to students preparing for their SAT/ACT tests, rewarding activities that will lead to higher scores. These incentives include recognition through Facebook news alerts, exclusive digital badges, and points students can redeem for donations to charities of their choice. According to Kaplan when announcing the partnership, similar programs designed for students being tutored have greatly accelerated progress.

Private Online Communities: Inigral

Through their Schools App product, Inigral enables institutions to create a private, branded, Facebook-based community, through which students can get to know their classmates, share news on topics they're interested in, and become involved in college activities.³⁵ According to the company, retention rates for students using Inigral's Schools App are 8.6 percent higher for freshmen and 1.9 percent higher for transfers compared to students not using the application.³⁶

The product has been applied at institutions of all types, including Harvey Mudd College, the University of Toledo, North Carolina State University, and the University of California-Berkeley, to achieve a variety of goals. Arizona State University (ASU), for example, found that Schools App allowed their students to create bonds across its five campuses. Further, students at Maricopa Community Colleges, who often transfer to four-year colleges, use Schools App to network with ASU students before transferring. According to Kari Barlow, assistant vice president of ASU Online, "With the Schools App, we were able to connect students with one another even before they arrive on campus, and facilitate connections beyond the classroom."³⁷

THIRD-PARTY OR IN-HOUSE? MANAGING THE INVESTMENT DECISION

Every institution has a set of core competencies that helps define its culture, its student experience, and its outcomes. By defining these competencies, the institution can focus its efforts on reducing cost and improving outcomes for each of the identified areas. To realize the full, long-term cost benefits of improved outcomes, institutions must find the right balance between focusing on their core competencies and investing in efficiencies therein, and partnering with organizations on tasks that are outside of the institutions' core area of focus and can be delivered more cost-effectively by an outside provider.

Potential Obstacles and Best Practices

The steps required to generate long-term cost savings through improved student outcomes can be challenging to implement in the real world. Universities looking to rethink student services must be prepared to negotiate obstacles associated with change management and budget constraints, as well as to make informed decisions regarding potential partners.

Managing Change

Organizational reluctance to change is a common phenomenon, but it is particularly pronounced in higher education. The effort involved in data collection and analysis, as well as the possible consequences of measurement and accountability, raises important cultural concerns. Student services personnel are often rightly reluctant to build relationships with third-party vendors unless they are convinced that those outside service providers have their students' best interests at heart and that the time, money, and resources invested in the outside service provider would not be better spent in-house.

Much has been written on overcoming the difficulties associated with change in organizations. Change management has become a discipline in and of itself, and many large corporations now include a change management team that institutes changes in ways that effectively manage resistance and build support for the innovations. While it is beyond the scope of this chapter to review the literature on effective change management, we suggest that leaders read *Switch: How to Change Things When Change Is Hard* by Chip and Dan Heath, as

well as "Effective Change Management in Higher Education" by Geoff Scott for shorter reading.³⁸ *Switch* leverages research in psychology, sociology, and other fields to identify a relatively simple pattern for effecting change, by catering to both the rational and emotional facets of human nature. Mr. Scott's article draws on his experience as chair of the Flexible Learning Task Force at the University of Technology, Sydney, highlighting recurring themes, key lessons and persistent myths in higher education change management.

Selecting the Right Third-Party Partner

If part of the change involves working with an outside service provider, selecting the partner carefully greatly increases the probability of success. With vigilant selection and proper attention, partnerships can provide immense value to a university.

Before engaging with a potential partner, it's important to understand that a true partnership is not a transaction. Rather, the university and the outside service provider should work together on a deep and ongoing basis. Carol Fleming, director of outreach and engagement at James Madison University, explains, "Each side brings their strengths and knowledge base, creating a partnership that is reciprocal."³⁹

The selection process should also involve asking questions about the motives and values of the potential partner, to understand if the two organizations are the right fit for a partnership. Wayne Smutz, associate vice president for outreach and executive director of the World Campus at Penn State University, notes "It takes us a long time to form partnerships. We have to know if they have the right values and perspective. If that personal fit is right, and they are exceptional, then it works."⁴⁰

Institutions should also take care to evaluate the financial case for the partnership and establish a clear understanding of the expected cost savings and/or revenue increase and the expected payback period. A strong partner will be able to provide a detailed financial model and case examples demonstrating how its service will generate incremental new revenues for the university, and/or otherwise free resources to fund other investments or control tuition increases. A process that assesses fit, accountability, and cost-effectiveness results in a defensible decision with a high probability of success.

Overcoming Budget Challenges

Finding the budget sources to implement student success initiatives can also stall forward progress. While these investments yield financial benefits correlated with improvements in student outcomes over time, they often require upfront capital investment. Developing a financial plan and finding the resources to make the initial investment can prove challenging. Universities must find a source of funding that doesn't deprive students of other necessary services—a problem that is not trivial in today's economic environment for education.

One politically difficult but obvious place to start is to review planned investments in areas unrelated to student outcomes. Such an analysis may show, for instance, that the demand for residential buildings and sports facilities is diminishing as the population of online and commuter students grows, and that the funding earmarked for these operations might be better spent on services that meet the needs of this new type of student. The cost savings from efforts to increase efficiency and eliminate redundancies in student service operations may also be a source of funding, as some of these initiatives have been proven less effective than others.

As data on student outcomes become more public and more important to prospective students, the decision to invest in outcomes over marketing and recruiting may become more politically attractive. Federal regulations and state budgets which tie funding to student outcomes are also changing the financial equation at many universities.

In the end, however, the analyses and trade-offs are complex, and decisions about investments and divestments can be painful and meet with resistance from current stakeholders. Keeping the needs of students and the university's values and vision in mind will help all of those concerned stay focused on goals and strategies that can help ensure its long-term health and success in an increasingly competitive higher education market.

Measuring Return on Investment

There are a variety of ways to measure return on investment (ROI), using a mix of quantitative and qualitative metrics. One straightforward method we have used with numerous clients over the years is the Raisman formula to derive net tuition revenue resulting from increased student retention, compared to the expense required to generate that increased retention.

This method ignores many of the benefits derived from improved student outcomes, including lower acquisition costs, reduced regulatory risk, greater student satisfaction, and increased brand value and competitive differentiation. Nonetheless, it provides a useful estimate of the incremental dollars available to fund other investments or control tuition increases.

The results from this ROI analysis vary widely across institutions, depending on their baseline retention rates, tuition rates, discounting levels, and other factors.⁴¹ But analyzing these returns is critical to ensuring that institutional spending is helping to achieve institutional goals. For instance, we have found that for most of the institutions we work with, a dollar spent on student coaching to improve retention and completion rates generates two to four dollars in additional total tuition revenue. This return on investment opens up the possibility of reducing per-student tuition pricing.

LOOKING AHEAD

The demographics and economics of higher education are shifting in ways that potentially put them at odds with one another. The average student is less well prepared for college, more time-constrained, and more likely to be pursuing a degree online and/or through a self-directed program that requires a greater level of commitment and discipline. Meanwhile, market and regulatory pressures have shifted the focus in higher education from student access to student success. Addressing these issues in tandem will require strategic investments in support services that cost-effectively enable students to achieve their goals.

We are just beginning to see the impact of the completion and cost-containment agendas. No one knows what the future holds. But one thing is certain: as long as completing an education provides greater benefits than simply starting one, and the cost of education to individuals and institutions matters, then impactful and economical student support services will remain among the wisest investments we can make.

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