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# Enrollments Surge Following Big Cuts in Tuition Rates at Private Colleges

Reductions by a few institutions followed years of increases

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BY BEN GOSE

**I**N 1987, when many private colleges were raising their tuition 6 to 10 per cent, Waldorf College made a big move in the opposite direction. To spur its faltering enrollment, it cut its price, then \$3,030, by 30 per cent.

The radical move by the little-known two-year private college worked. Freshman enrollment rose 56 per cent the next year, to 280. But the action didn't make much of an impression on other campuses. "Nobody was very interested in what we were doing," says William E. Hamm, the college's president.

Waldorf's move, says Mr. Hamm, violated standard practice at private colleges, many of which raise their tuition faster than the rate of inflation and give much of the increase back to students in the form of financial aid.

## INCREASE IN DEPOSITS

Now, some colleges are beginning to rethink that view.

Muskingum College has dropped its tuition 29 per cent for the coming fall, to \$9,850. North Carolina Wesleyan College has cut its tuition 23 per cent, to \$6,600. In the past, both colleges

awarded financial aid to 90 per cent of their students. But with the lower tuition rates—and a new aid policy at North Carolina Wesleyan—they expect to award much less.

As of mid-summer, Muskingum is up

about 36 per cent in the number of admitted students who have made tuition deposits, to 380. North Carolina Wesleyan is up 15 per cent, to 230. With those increases, both colleges will bring in more tuition revenue than when their prices were much higher.

North Carolina Wesleyan expects to bring in an additional \$100,000; Muskingum, an additional \$250,000. Since their enrollments have been under capacity, neither college expects its costs to rise significantly. Muskingum, for example, will put 100 new students in a dormitory that has been empty for five years.

"The results have exceeded our expectations," says Samuel W. Speck, Muskingum's president.

## REINING IN PRICES

A number of other colleges are reining in prices that once rose inexorably. Since 1993, Wilson College has raised tuition by just 5 per cent every other year, holding it steady during the off years.

Bennington College, the College of New Rochelle, and Guilford College



*North Carolina Wesleyan's John D. White says that as tuition increased, he wondered: "Would kids who want to come here look at us seriously as a \$16,000 institution?"*

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have frozen this year's tuition at last year's rates. Several more colleges have promised that tuition increases won't exceed the rate of inflation.

The trend hasn't exactly swept the country. Last year, private colleges raised tuition by an average of 6 per cent, more than double the rise in the Consumer Price Index.

Sticker prices have never been so high, but neither has the rate at which colleges are offering discounts on their fees. The University of Rochester gives awards of \$5,000 to students from New York. Ohio Wesleyan University offers \$4,000 "regional grants" to lure students from the Northeast and West.

#### MERIT SCHOLARSHIPS

Many more have lowered their thresholds for merit scholarships. Converse College, for example, offers such aid to students with high-school grade-point averages as low as 2.5 as a way of encouraging them to apply.

Some students, families, and high-school counselors are tiring of these tactics.

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tanburg (S.C.) High School, calls Converse's awards a "marketing ploy."

"If the school is going to discount," he says, "why not just have lower tuition for everyone?"

Other colleges are closely watching the Muskingum and North Carolina Wesleyan experiments.

"Muskingum has gotten a great deal of attention for doing this," says Mr. Hamm of Waldorf. "It's making people very nervous."

Trustees of Otterbein College, a Muskingum competitor about two hours away in a suburb of Columbus, Ohio, met last fall to discuss whether they should make a similar reduction, says Tom Stein, the vice-president of admissions and financial aid. After a lengthy debate, the Otterbein trustees decided against a cut.

#### 'FULL-PAY STUDENTS'

In recent years at Muskingum and North Carolina Wesleyan, about 90 per cent of the students have received university grants. In cutting its tuition by \$4,000, Muskingum officials say they are losing only a few hundred dollars' revenue per student, on average. At Otterbein, however, 30 per cent of the students have been paying full price.

"We still have a large percentage of full-pay students who are helping to subsidize the others," explains Mr. Stein.

Instead of cutting its fees, it has raised its tuition, room, and board 4.4 per cent, to \$18,900 for the coming year. Nonetheless, more students than last year have accepted the college's offer of admission: tuition deposits were up 20 per cent, as of mid-summer.

Mr. Hamm of Waldorf lists other reasons price-cutting is unpopular. A college that maintains its price while quietly giving discounts to almost all its students, he says, can conceal its desperation. "Colleges don't want to say that they are having difficulty attracting students, and this is an admission of that," he says.

Critics note that tuition cuts do not always demonstrate a long-term commitment to keeping students' costs in check. Waldorf, for example, has raised tuition 310 per cent, to \$9,450, since cutting it in 1987. Mr. Hamm says the 1987 cut gave Waldorf "market momentum" and allowed it to charge higher prices later.

Muskingum and North Carolina Wesleyan insist that their cuts are more than just short-term marketing ploys. The lower prices, they say, will allow them to compete against public colleges.

Before this year's cuts, the tuition had doubled in the last 10 years at both institutions.

Financial aid fueled the increases. From 1993 to 1995, North Carolina Wesleyan doubled its financial-aid budget, trying to entice students who would otherwise go to public colleges, says John D. White, its president. Last fall, however, the college realized it was on the verge of becoming so expensive that students wouldn't even bother to apply, Mr. White says.

"Would kids who want to come here look at us seriously as a \$16,000 institution?" he asks.

**'NEVER EVEN BOTHERED TO LOOK'**

Muskingum's total price for tuition, room, and board last year was \$18,230, more than twice as much as at public colleges in Ohio. In a typical year, it has lost 40 per cent of its admitted students to public colleges.

"And God only knows how many students never even bothered to look at us," says Jeff Zellers, Muskingum's director of financial aid. "They perceived that there was no way they would get enough financial aid to close the gap."

By narrowing the chasm between Muskingum and Ohio public colleges—it's now about \$6,000—the college hopes to persuade middle-class students to take a look. "Families are saying, 'Gee, maybe we can get \$3,000 in aid,' and they'll come and visit. It's a 'Get 'em to look in the window' strategy," Mr. Zellers says.

Chris Scisciani, who graduated in June from Steubenville High school in Ohio, chose Muskingum over the Ohio State University and a few small colleges. He knew he wanted to attend a small college where he could play baseball, but he wasn't sure the family would be able to afford it. Mr. Scisciani's father is a psychologist and his mother a part-time nurse. Together they

earn about \$65,000 per year, he says.

Muskingum gave him a \$3,000 grant, which, when coupled with federal and state grants and loans, lowered his annual Muskingum expenses to about \$6,000. At his other options, Otterbein and Coastal Carolina University, his expenses would have been \$8,000 and \$7,000 per year, respectively.

"Ohio State would have been cheaper, but it's impossibly big," says Mr. Scisciani. "I wanted to go to a smaller school."

Muskingum might have won Mr. Scisciani over, but its private competitors say they aren't suffering from its lower price.

Doug Thompson, dean of admission at Ohio Wesleyan, says about five of its admitted students have chosen Muskingum instead—about the same as last year.

Capital University has lost only

four admitted students to Muskingum, half as many as a year ago, says Dolphus E. Henry, the vice-president for enrollment services. Capital charges \$18,200 for tuition, room, and board, but Mr. Henry says the college is offering discounts that bring its net cost in line with Muskingum's.

"Students are telling us there's not much difference in their out-of-pocket costs," Mr. Henry says.

**MAKING UP FOR LOST REVENUE**

Both Muskingum and North Carolina Wesleyan say they've found ways to make up for the revenue they will lose from their highest-paying students.

Muskingum is expanding. It hopes to increase enrollment from last year's 1,100 to 1,250 by the year 2,000.

"We can take a small loss per student because we've got 100

more bodies," Mr. Zellers says of this year's class.

North Carolina Wesleyan is giving students who have high need, and grades and test scores near the bottom of its admitted pool, slightly worse deals—even when the tuition cut is considered. "Someone's got to pay for it," says Mr. White, the college's president. (Muskingum says no low-need students will pay more under the new system than under the old.)

But even with the sharp cuts, students who pay full price at North Carolina Wesleyan or Muskingum may not feel as if they're getting much of a bargain. Muskingum's Mr. Zellers calculated what it would cost if the college had followed the Consumer Price Index from 1982, his first year at the college, to the present.

The inflation-pegged price, he found, would still be slightly cheaper than this year's.

"Things got way out of whack," he says. "This brings us back to some normalcy." ■