Tuition Revenue Impact and Return on Investment Analyses

The Gardner Institute worked with an independent researcher to examine the correlation between retention changes and tuition revenue at Foundations of Excellence® (FoE) participating institutions. The analysis also examined the return on the investment of institutional money spent on fees associated with FoE. Data for the analysis came from the IPEDS enrollment and financial tables. Results were that institutions saw:

$26.40 revenue for every $1 used to pay the FoE participation fee.

Methodology

Tuition Revenue Growth Due to Retention Increases

Institutions that implemented their FoE-developed action plans to a self-reported “high degree” experienced the greatest growth in institutional tuition revenue, and that a significant portion of this tuition revenue growth came from increases in first-to-second year retention rates.

Return on Investment

The tuition revenue analysis findings were used to calculate the retention-related tuition revenue return on investment (ROI). The following formula was used:

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ROI = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}
\]

Source: