NEWS RELEASE

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New Study: Tuition Increases Don’t Dampen Demand

Research conducted by ISM, Measuring Success and NBOA show independent school enrollment not significantly impacted by pricing

WASHINGTON — Do tuition increases adversely affect enrollment in independent schools? In a major research effort, a study of "tuition price elasticity" in independent preK-12 schools finds that there is statistically no association between changes in tuition pricing and enrollment demand. The findings were released today, during the 2017 NBOA Annual Meeting in Washington, DC.

The study builds on evidence gathered in two previous studies, released in 2006 and 2011.

"The last time this study was conducted was immediately following the recession," said Jeff Shields, NBOA's president and CEO. "It was critical for NBOA, ISM and Measuring Success to join forces to help heads of schools, business officers and trustees understand tuition price elasticity in today’s economic environment. The research, once again, indicates that changes in tuition do not have a direct link to changes in enrollment demand."

What does influence enrollment? The researchers found that families are most influenced by the perceived value of a school’s individual program. In fact, by increasing tuition, schools can actually expand programs and raise faculty salaries, thereby strengthening quality — and potentially enhancing enrollment.

"As tempting as anecdotally-based decisions are at the board meeting, Measuring Success has always believed that data-driven decision making around critical hypotheses is vital in weighing questions that significantly affect schools' enrollment and financial sustainability," said Dr. Harry Bloom, Senior Vice President of Client Solutions at
Measuring Success. “It is that focus which led us to develop and launch this methodology around price elasticity of demand in 2006.”

Terry Moore, executive consultant at ISM, agrees, “ISM continues to see schools successfully drive value instead of price. While the continued push to increase tuition is difficult, we believe that value is the variable that schools can truly control, and the variable by which they can differentiate themselves in competitive markets.”

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ISM, based in Wilmington, Delaware, provides management support for nonprofit independent schools in the U.S. and abroad. Founded in 1975, ISM is committed to the advancement and viability of schools by combining extensive research, proven management techniques and personalized service. Learn more at isminc.com.

Measuring Success, Inc., based in Washington, D.C., specializes in enabling independent schools and foundations to harness the power of data analytics to increase enrollment, financial sustainability and student impact. Measuring Success demystifies data and helps schools and boards infuse data-driven thinking throughout their culture. Learn more at measuring-success.com.

NBOA, based in Washington, D.C., is a nonprofit membership association focused exclusively on fostering financial and operational excellence among independent preK-12 schools. Founded in 1998, NBOA’s membership includes more than 1,300 schools from around the country and 15 countries around the globe. Learn more at nboa.org.