



Return on Investment Estimator

Instructions: Complete this simple, auto-calculating worksheet to estimate your return on investment (ROI) from a single retention initiative or from a combination of retention initiatives. Simply fill in the three numbers requested; the ROI then appears at the bottom. [Questions?](#)

Example: If you plan to invest **\$10,000**, and you expect to retain **10** additional first-term students from your next incoming cohort at an average net tuition per term of **\$2,500/student**, your short-term ROI (after two terms) would be **150 percent**.

Assumptions: This estimator does not include the additional cost of educating the additional students you retain. In addition, it is based only on retaining a single cohort.

1. Enter the amount you are planning to invest in your retention initiative(s):

2. Enter the number of additional students in your next incoming cohort, either full-time or the comparable FTE, that you expect to "save" from attrition during the students' first term or semester by using the initiative(s):

Note: An improvement of three to five percent in your retention rate may be possible within one year with aggressive strategy implementation.

3. Estimate the average net tuition revenue you expect to receive from each incoming, full-time student during the second term or semester of his or her enrollment (include state subsidies if applicable and if known):

Short-Term ROI:

Short-Term ROI formula:

$$\frac{\text{Short-Term Revenue Gain} - \text{Cost}}{\text{Cost}} = \frac{\boxed{} \times \boxed{} - \boxed{}}{\boxed{}} = \boxed{}$$

This estimate is based on the information you entered above regarding the number of additional entering students you would save in the first term and the average net revenue per student that you expect to receive from these students during their second term or semester. It shows that your ROI would be _____ %.

Please continue to next page to see **Longer-Term ROI...**



Longer-Term ROI:

Your ROI could be even higher if some of the “saved” students remain enrolled beyond the second term or semester.

- Longer-Term Revenue Gain (4-Year Institution):
- Longer-Term ROI (4-Year Institution):
- Longer-Term Revenue Gain (2-Year Institution):
- Longer-Term ROI (2-Year Institution):

Longer-Term ROI formula:

$$\frac{\text{Short-Term Revenue Gain} + \text{Discounted Future Revenue Gain} - \text{Cost}}{\text{Cost}} = \text{Longer-Term ROI}$$

The above estimates are based on the sum of the Short-Term Revenue Gain and the Discounted Future Revenue Gain. To determine the future gain, we have calculated the product of the average net tuition revenue you entered above \$ _____ and the number of saved students you entered above (_____) and extended the total \$ _____ for six additional terms/semesters for four-year institutions and for two additional terms for two-year institutions. We then converted this figure to today’s value, using a 5 percent annual rate.

Assumptions: The longer-term ROI is based on two additional assumptions. First, based on retention research, we assume a certain percentage of the saved students will drop out prior to completing all four years, at a four-year institution, or two years, at a two-year institution. Hence, for four-year institutions, we have applied a first-to-second-year attrition rate of 19.6 percent, a second-to-third-year attrition rate of 12.4 percent, and an approximated third-to-fourth-year attrition rate of 3.6 percent, based on the latest data available from the Consortium for Student Retention Data Exchange (CSRDE).

Similarly, for two-year institutions, we have applied a first-to-second-year attrition rate of 45 percent, based on the latest available data from ACT.

Second, although colleges and universities generally increase tuition over time, we have assumed that the average net tuition revenue per student which you reported above will remain at the current level.

Considering the absence of tuition inflation and the fact that the above estimates are based on an unchanging rate of retention, we consider the estimated longer-term ROI to be a conservative lower bound of the potential ROI from a single cohort.