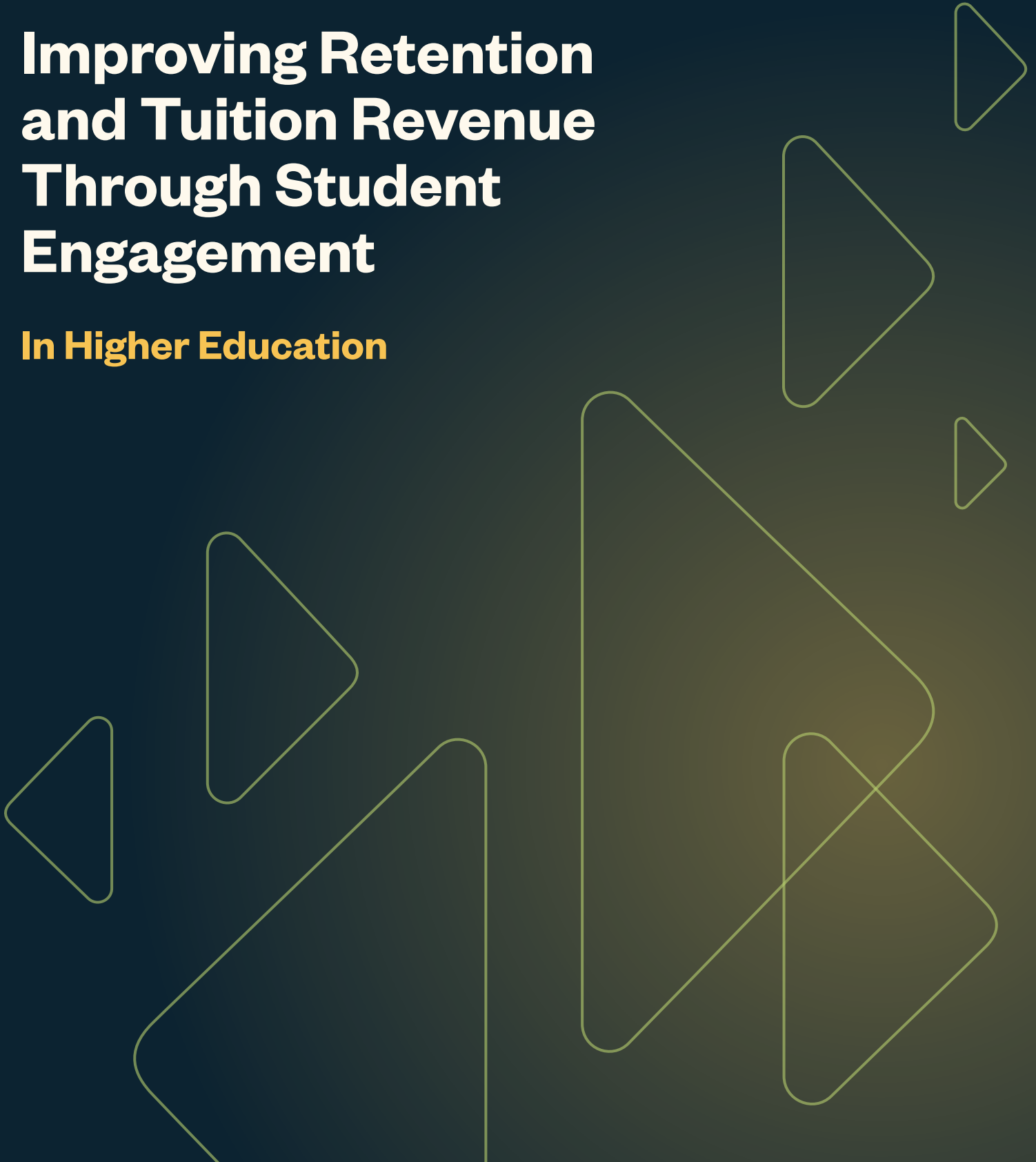engageli

Improving Retention and Tuition Revenue Through Student Engagement

In Higher Education

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Higher education institutions are struggling with retaining students and ensuring re-enrollment. With more options than ever—from traditional universities to fully online programs—students can leave if they feel disconnected, unengaged, or unsupported in their learning experience. This has significant financial implications for universities, as **student attrition costs colleges more than $16 billion in lost revenue every year.**

The cost of student attrition in higher education

23.3%

of first-time, full-time undergraduate freshmen **drop out within 12-months**.

$2,795

is the **cost of recruiting** a new undergraduate student.

Universities depend on tuition revenue to sustain operations, invest in faculty and infrastructure, and expand academic offerings. However, student retention remains a persistent issue, with attrition leading to significant financial losses, disruptions in academic planning, and decreased institutional stability.

The national undergraduate dropout rate is high

The Education Data Initiative reports that first-time, full-time undergraduate freshmen have a 12-month dropout rate of 23.3%, and 39% of students who enroll in college fail to complete their degree within eight years.

Financial losses are significant

There are two major financial impacts when a student drops out: lost tuition revenue and the cost of recruiting a replacement student.

On average, tuition costs $11,610 per year for in-state students at public universities and $30,780 per year for out-of-state undergraduates. Meanwhile, the cost of recruiting a new undergraduate student is $2,795 at private institutions and $494 at public institutions.

When a student leaves, institutions face losses ranging from thousands to tens of thousands of dollars depending on tuition rates and whether the student was in-state or out-of-state.
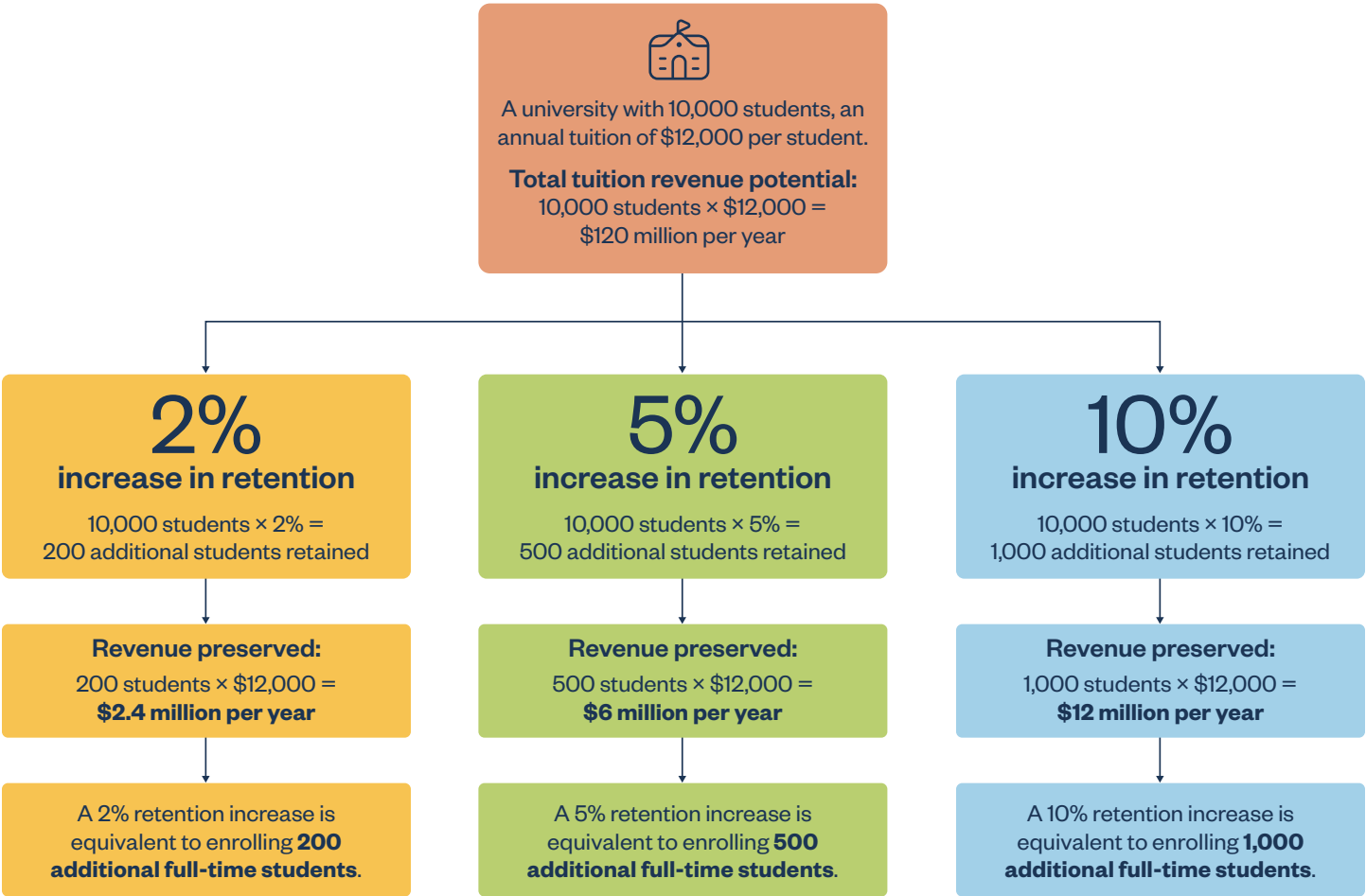
Enrollment is declining

College enrollment has been steadily declining, creating financial challenges for universities. In fall 2024, enrollment of 18-year-old freshmen dropped by 5%, and experts predict that by 2039, the number of incoming freshmen could decline by 15% annually compared to today.

As fewer students enroll, institutions face increasing pressure to attract and retain learners to maintain financial stability.

Increase revenue through improved student retention

Even modest improvements in student retention can have a significant financial impact on higher education institutions. Retaining more students means preserving tuition revenue that would otherwise be lost due to attrition.

A university with 10,000 students, an annual tuition of $12,000 per student.

Total tuition revenue potential:
10,000 students × $12,000 =
$120 million per year

2%
increase in retention

10,000 students × 2% =
200 additional students retained

Revenue preserved:
200 students × $12,000 =
$2.4 million per year

A 2% retention increase is equivalent to enrolling **200 additional full-time students**.

5%
increase in retention

10,000 students × 5% =
500 additional students retained

Revenue preserved:
500 students × $12,000 =
$6 million per year

A 5% retention increase is equivalent to enrolling **500 additional full-time students**.

10%
increase in retention

10,000 students × 10% =
1,000 additional students retained

Revenue preserved:
1,000 students × $12,000 =
$12 million per year

A 10% retention increase is equivalent to enrolling **1,000 additional full-time students**.

Increase revenue through improved student retention

	$14,000,000
	$12,000,000
	$10,000,000
	$8,000,000
	$6,000,000
	$4,000,000
	$2,000,000
	0

2% Increase in Retention   5% Increase in Retention   10% Increase in Retention

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The power of student retention gains

This visual highlights the impact of improving attendance rates by illustrating them in terms of full-time students (per 1000 students, attending 180 school days).

A 2% retention increase preserves the equivalent of **200 full-time students** in tuition revenue.

A 5% retention increase preserves the equivalent of **500 full-time students** in tuition revenue.

A 10% retention increase preserves the equivalent of **1,000 full-time students** in tuition revenue.

These figures demonstrate that even small improvements in student retention can generate millions in additional revenue, reducing the financial pressure on institutions.

Student engagement as a solution to retention challenges

Student engagement is one of the strongest predictors of persistence in higher education. When students feel connected to their coursework, instructors, and peers, they are more likely to stay enrolled and complete their degrees.

Active learning fosters this connection by transforming passive lecture experiences into dynamic, interactive learning environments that encourage participation, collaboration, and long-term academic success.

The link between engagement, academic success, and retention

Research has shown that students who perform well academically are more likely to persist in their studies. Struggling students, on the other hand, are at the highest risk of dropping out.

A meta-analysis of 225 studies found that students in classes with traditional lecturing were 1.5 times more likely to fail than students in classes with active learning.

By increasing engagement and improving learning outcomes, active learning directly contributes to higher retention rates.

Stronger academic performance increases persistence, as students who achieve better grades are more likely to continue their education.

By providing an interactive, student-centered learning experience, Engageli helps institutions keep students engaged, improve their academic outcomes, and ultimately, increase retention rates and protect tuition revenue.

Market validation
Real improvement in learner outcomes

Moving from Meeting platform to Engageli

- Same professor
- Same course
- Same materials
- **Twice as many A grades**

■ Engageli ■ Web Conferencing Platform
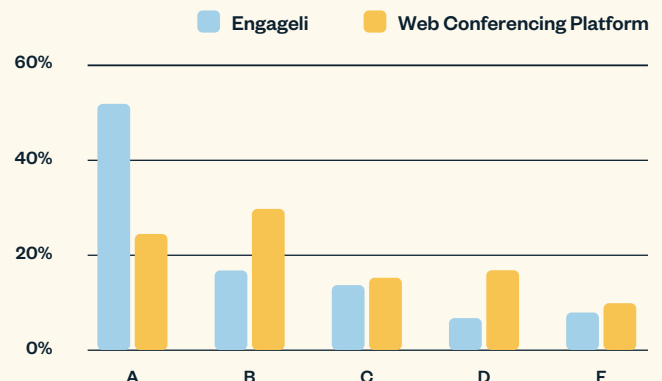
Active learning directly contributes to higher retention rates.

16X

More non-verbal engagement

Engagement fosters a sense of belonging and academic confidence, reducing the likelihood that students will feel disconnected and leave their programs.

54%

Higher test scores

Higher test scores indicate a better understanding of course material, reducing academic struggles that can lead to students dropping out.

2X

### As many learners earned A grades in Engageli

A partner university found that students in Engageli-powered courses were twice as likely to earn an A compared to those using traditional platforms.

Investing in student retention is a strategic and financial imperative

Student retention is not just an academic concern; it's a financial priority. Attrition leads to millions in lost tuition revenue, making engagement-focused strategies essential for universities looking to ensure long-term sustainability.

Research consistently shows that active learning has a direct impact on retention. Engaged students achieve better academic performance, making them more likely to persist in their education and leading to lower dropout rates. However, traditional online learning platforms often lack the tools needed to foster meaningful interaction and student connection.

Engageli provides a purpose-built solution designed to enhance engagement in online and hybrid learning environments. With interactive learning tools, collaborative features, and real-time analytics, Engageli helps institutions create dynamic classrooms that keep students connected and committed to their studies.
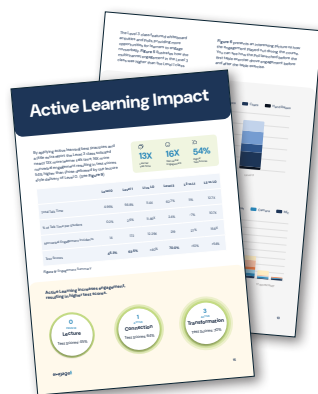
The ROI of retention is undeniable. Even a small percentage increase in student persistence can translate into millions of dollars in recovered tuition revenue, ensuring financial stability while improving student success.

For more information, download the full **Active Learning Impact Study**.

Experience Engageli firsthand

Engageli empowers universities to increase student engagement, improve academic outcomes, and drive retention. Schedule a demo today to discover how Engageli can transform student engagement and retention at your institution.

Schedule a Demo   **Learn More**

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