



May 13, 2010

Dr. Debra Stuart  
Oklahoma State Regents for Higher Education  
Vice Chancellor for Educational Partnerships  
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Dear Debra:

I am pleased to attach the executive summary of the financial aid project and our findings and recommendations. We are awaiting word from The Bill & Melinda Gates Foundation and others on the full nature of our continued work together. We certainly enjoyed working with your team and have high hopes that our work together will produce many benefits for future students in Oklahoma.

In the meantime, please call or write if you have immediate issues or concerns.

Sincerely,

Galen Graber  
Assistant Vice President

Kevin Crockett  
President and CEO

GG/KC/mb

Attachment

**Strategic enrollment planning**

- Student recruitment and marketing
- Student success and retention
- Market research and communications

**Innovative tools and technologies**

- Financial aid strategy
- Predictive modeling
- Web strategy and e-communications
- Student satisfaction assessment
- Early-alert retention programs

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## EXECUTIVE SUMMARY

# Development of a Systemwide Financial Aid Database to More Effectively Manage and Research Financial Aid

Oklahoma State Regents for Higher Education • Oklahoma City, Oklahoma

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## Project Objectives

The Development of a Systemwide Financial Aid Database to More Effectively Manage and Research Financial Aid in the state of Oklahoma resulted from the issuance of a Request for Proposal (RFP) by the Oklahoma State Regents for Higher Education (OSRHE) on November 12, 2008. The following is the work statement from section 3 of the RFP document:

*Develop capacity to report on financial aid related issues and perform research on the usage, interaction, and effectiveness of state programs using student academic information, demographics, full financial aid award information, income level, financial need, expected family contribution, etc. The State Regents will collect financial aid data to supplement existing unit record student data collected in the State Regents Unitized Data System (UDS). Individual institutions also should be able to benefit from this database by conducting research on the impact of aid on student enrollment behavior at their campus. Data will be collected as needed from the 31 Oklahoma public higher education institutions and related entities with development to include an option to add other Oklahoma institutions.*

Noel-Levitz (NL) submitted a proposal to the OSRHE on December 8, 2008 and was notified in January 2009 that it had been selected to develop the databases and conduct the research.

This executive summary is intended to provide feedback by Noel-Levitz to OSRHE on the results of the project.

## Project Timeline and Staging

The project timeline was twice delayed in response to data submission challenges. This is not unusual for this type of project and it didn't materially impact the overall project. The following table contains a project schedule and key milestones in the process.

<b>Completion Date</b>	<b>Objective/Intended Outcome</b>	<b>Responsibilities</b>
March 12, 2009	Project coordination meeting to finalize project schedule, agree upon the research agenda, finalize data structures, and develop an institutional communication plan	Appoint members of the steering committee/advisory council; make logistical arrangements
March 31, 2009	Develop a document that summarizes the financial aid data file that will be requested from each school and the fund code taxonomy that will be used to interpret their institutional award codes	Review document, Noel-Levitz will produce the document itself
April 13, 2009 April 14, 2009	Conduct a meeting(s) with institutional representatives to review the required institutional data requirements and respond to questions	Make logistical arrangements for the meeting, participate in setting the agenda
April-June 2009	Institutions submit fund code tables to OSRHE/Noel-Levitz	OSRHE staff track submissions and contact schools who have not submitted
May 13, 2009	Noel-Levitz edits institutional fund code tables and contacts campuses directly to resolve discrepancies	OSRHE may need to troubleshoot with unresponsive institutions
June-December 11, 2009	Institutions submit financial aid data files to OSRHE/Noel-Levitz  Noel-Levitz works with institutions to resolve data discrepancies, verify data, and prepare final research file	OSRHE staff track submissions and contact schools who have not submitted  Noel-Levitz staff
November-December 2009	Summary reports produced for each campus to verify the veracity of their financial aid data	OSRHE staff, at their discretion, may review these reports but it is not required  Noel-Levitz staff
December 23, 2009	All data approved in order to be included in research	OSRHE staff  Noel-Levitz staff
January 2010	Noel-Levitz analyzes the research file	Noel-Levitz consultants
January 26, 2010 January 27, 2010	Conduct two-day work session to review research findings and develop recommendations; transfer research files, fund code tables, crosswalks, etc., to OSRHE	OSRHE make logistical arrangements for the meeting, participate in setting the agenda.  OSRHE representatives work in collaboration with NL staff to transfer all supporting files and documentation
February 28, 2010	Deadline for institutions which were not included in the research file to still submit data in order to receive reports	Noel-Levitz staff
March 11, 2010	Noel-Levitz submits written summary of research findings and results of work session	Noel-Levitz consultants
March 31, 2010	QC completed on all non-research file data submissions  Final report sent to institutions	Noel-Levitz staff
Ongoing	Consultants available for follow-up phone consultations	Determine need for follow-up phone consultations

## **Organizational Meeting**

The project commenced with an on-site organizational meeting held March 12, 2009 at OSRHE's offices in Oklahoma City. The purpose of this meeting was to introduce the Noel-Levitz consultants to OSRHE staff; finalize the project schedule; agree upon the research agenda; finalize data structures; develop an institutional communication plan; and answer questions from OSRHE staff and members of the steering committee.

## **Institutional Workshops**

Two workshops for the institutions were conducted on April 13-14, 2009; roughly half the participating institutions attended each session. The agenda for these workshops included the following items:

- Summary of project scope and desired outcomes.
- Review of the institutional data file layout.
- Review the fund code taxonomy.
- A work session to assist the institutions in categorizing their institutional financial aid fund codes.

## **Summary of Data Collected**

The institutional data were gathered by term and included all students enrolled in the term, full-time or part-time, undergraduate or graduate, those receiving financial aid and those not receiving financial aid.

The project gathered data for FY07 (summer 2006, fall 2006, spring 2007) and FY08 (summer 2007, fall 2007, spring 2008). Given that the summer term is used as a trailer and as a header in some OSRHE reports, summer 2008 data were also collected. This provided up to seven records per student.

Each institution already reported some data to OSRHE for the UDS system. For this project, there were additional data items which the Unitized Data System (UDS) did not contain. These data were collected from the institutions by OSRHE and submitted to Noel-Levitz for cleaning and transformation. In addition, Noel-Levitz appended numerous data structures to aid and abet analysis of the file.

## **Data Collection and Verification**

The data clean-up and verification process proved to be the most challenging aspect of the project. In retrospect, combining the requirements of a research file with OSRHE's desire to replace all current reporting requirements with the same data files presented a level of complexity which stretched many institutions' I.T. capabilities. Specifically, the complexities of providing annual cost-of-attendance (COA) budgets, institutional charges (tuition, room, board, fees, etc.), and expected family contributions (EFC) in combination with term-based financial aid awards was very challenging. We believe OSRHE should give serious consideration to moving to a single annualized submission of the data. The schools

were generally supportive of this concept during the January 2010 work sessions, even though it would require them to continue submitting some term-based financial aid reports outside this system.

During our January 26-27, 2010 work session in Oklahoma City, we identified the following recommendations for improving the data collection and cleaning process in the future.

1. Seriously consider an annualized submission of the financial aid data. As previously noted, this should be easier for the campuses, and there was consensus that the campuses prefer an annual submission instead of summer, fall, and spring separately.
2. Require campuses to submit date of admission and commuter status on future files. These data elements can be quite predictive in analyzing student persistence patterns. For a field such as date of admission, a standard will need to be defined specifying that the desired date is either the most recent date of admission or the first date of admission (for students that are admitted and then defer their admission to a later term).
3. Work with campuses to ensure accurate and full submission of all UDS data elements (and supplemental financial aid data). Student gender, for example, was blank for a number of part-time students, perhaps because it was not gathered at the point of application. Developing rigid data submission expectations will ensure that there is complete data for research purposes.
4. Calculate full-time/part-time based on hours attempted rather than hours earned. The full-time/part-time flag didn't always match the hours in the file, perhaps because some schools submitted these data based on hours earned rather than hours attempted.
5. Build a data edit to match enrollment counts to financial aid file submissions. In some cases, the files schools submitted had enrollment counts that varied significantly from other OSRHE reports. It appears that one cause of this problem was students who were second-degree students, non-degree students, Tinker Air Force Base, Career Tech, etc. A standard should be developed for how campuses report on "special" students.
6. Develop a data sheet for the financial aid data file as the state does with other UDS submissions.
7. Improve the consistency of the data file formats which are sent to OSRHE by the campuses. Campuses were told that they could submit data files in any format as long as it had a header and the header matched the columns. Unfortunately files came back without headers, or .csv files included commas in the data which shifted all columns. We recommend that you move toward a single format and reject submissions which do not comply with the standard. This strategy will create some issues upfront, but will create a much smoother process for the long term.
8. Have a data item to indicate if a student is eligible for in-state tuition based upon OSRHE regulations. In some cases, schools set this flag based upon whether they provided the student a waiver regardless of the student's eligibility based upon OSRHE policy. If OSRHE wishes to track the overall cost of out-of-state tuition waivers, the schools need to utilize a consistent eligibility definition.
9. Campuses should develop unique institutional fund codes for: 1) Non-resident tuition waivers – unrestricted (not subject to the 3.5 percent limitation); 2) Resident tuition

- waivers – restricted (subject to the 3.5 percent limitation); and 3) Resident tuition waivers – unrestricted (not subject to the 3.5 percent limitation).
10. If an out-of-state student is having their out-of-state tuition waived, the schools should always record full out-of-state tuition and an offsetting financial aid tuition waiver (scholarship).
  11. Make certain that the EFC and other ISIR information on the student's record is the same data that was used to package and pay a student.
  12. Improve the consistency of work-study reporting. Some campuses reported the awarded amounts and others reported paid amounts. For analysis purposes, we are primarily interested in the awarded amounts.
  13. Report separate parent total income (PTI) and student total income (STI) as provided on the student's ISIR report. The record which campuses get from the Fed has these items separated out, but many campuses do not store this data in their campus's system.
  14. Record a cost-of-attendance budget for all students who are Free Application for Federal Student aid (FAFSA) filers, regardless of whether they receive federal aid.
  15. Improve the consistency of reporting institutional charges (tuition and fees, room and board). Some campuses reported the federal government's COA instead of the direct costs (tuition and fees, directly charged room and board). Other campuses reported only the portion of the charges which were paid. Tuition and fees and room and board charges should be those that are required to be paid directly to the campus independent of whether they were ultimately paid or not.
  16. Record tuition and fees charges in each student's record regardless of the source of payment. In some instances, campuses receive a lump sum from an entity in order to provide a class for a group of students, and the student's records indicate \$0 tuition charged. The student record should indicate the actual tuition and fees charged and an offsetting financial aid "outside aid award" instead of an accounts receivable credit.
  17. Eliminate institutional financial aid forms (at least in awarding federal aid). Some students who submitted the FAFSA and appeared to have eligibility did not receive federal aid.
  18. Form a permanent advisory group to develop protocols for financial aid data definitions, submission processes, etc. Given the number of data submission issues that arose during this project, it is clear that OSRHE needs an ongoing process for dealing with common data problems. This could be a subcommittee of your UDS advisory group.

## **Findings and Recommendations from the Research File**

### **Research Questions**

The RFP delineated some specific questions that OSRHE hoped to answer once the raw data files were assembled and transformed into a research file. These are summarized below.

- What is the average net cost of attendance by institutional sector? Do these levels appear to be manageable to students with known income information?

- How are federal financial aid programs interacting with state funds such as Oklahoma Tuition Aid Grant (OTAG) and Oklahoma's Promise scholarships and institutional financial aid/tuition waiver programs in meeting students' financial needs?
- What is the level of unmet need for students by:
  - Institutional sector?
  - Student need level?
  - Academic preparation?
  - Race/ethnicity?
- How are institutional tuition waivers and other forms of aid being utilized? What types of students are receiving them? Are they used differently by sector?
- What portion of the institutionally-awarded scholarships and waivers are going to in-state versus out-of-state students?
- How much of the state's total aid, including institutional scholarships and/or waivers, is being expended on:
  - Need-based students?
  - No-need students?
  - Students with special talents (e.g., athletes, musicians)?
- How many students in each sector are paying the full cost of attendance without state or institutional scholarship and/or waiver support?
- Are certain groups of students receiving a disproportionate amount of the state's total financial aid resources when institutional scholarships and/or waivers are combined with OTAG and Oklahoma's Promise funds?
- How does the level of financial assistance provided impact student persistence (retention) behavior?
- Does financial profile appear to impact college choice in the state? In other words, do students from particular income levels gravitate toward certain institutions or sectors when academic preparation is held constant?

In addition, through the course of our research and discussions with both OSRHE and campus personnel, additional questions were added to this list. For example, do the Oklahoma's Promise registration requirements preclude some worthy students from receiving these funds?

## Research File Limitations and Caveats

Before providing a summary of our findings, it is worth noting the following limitations and caveats about the research file.

- Data are reported for 20 of the 27 system institutions – the two research universities, eight (of eleven) regional universities, and 10 (of 14) community colleges (CC). Although other institutions submitted data, only the data from these 20 institutions were

considered sufficiently complete and accurate to be included in the analysis. While we believe the file is representative of patterns within the state, it should be understood that the headcounts and amounts do not represent statewide totals.

- Data were collected for all full-time and part-time students for the 2006-07 and 2007-08 academic years. Unless otherwise noted, all data discussed below are for undergraduate students for the 2007-08 academic year. While there are great similarities between the results for the two years, the 2007-08 data tended to be more complete and accurate.
- While OSRHE policy allows institutions to define financial need using their own criteria, for the purpose of this study financial need is defined as the total cost of education (tuition, fees, room, board, books, and other expenses) minus the expected family contribution as calculated by the Federal Needs Analysis Methodology. Students who did not submit a valid FAFSA were not considered needy in this study. Unmet need is defined as financial need minus all gift, work, and need-based loan awards. As previously noted, institutions should begin using Federal Methodology in calculating financial need at all public institutions in Oklahoma.
- Institutions were asked to classify institutional awards according to the original basis (i.e., merit, need, talent, other) regardless of how individual student awards might later have been classified for reporting to OSRHE. It appears that most institutions did this.
- Not all required data was available from all institutions in electronic form. Therefore, very substantial data editing occurred and, in some cases, estimates of vital data (e.g., tuition charges, student budgets, full-time/part-time status, etc.) were created from other available information.
- In the case of out-of-state students being charged in-state tuition, institutions were asked to report the out-of-state tuition rate with an offsetting financial aid award for the in-state/out-of-state difference. Some institutions record the data this way in the normal course of events but others do not. When we could identify out-of-state students for which in-state tuition was reported, we increased the tuition amount and entered an offsetting award. We were not always able to accurately identify such students, however. About 12 percent of the records received did not have a valid tuition residency code.
- The data show 440 out-of-state students (0.3 percent of the students in the study) having received 3.5 percent limitation waivers. We believe that this is more a matter of students' residency being misreported or belonging to one of the special categories outlined below than these waivers being inappropriately awarded. We consider it more likely that out-of-state students are being reported as in-state than the reverse, particularly if they paid in-state tuition rates. Regents policy allows several categories of out-of-state students to receive a waiver of the in-state portion of their tuition charge: 1) State Regents Academic Scholars; 2) Graduate assistants employed at least one-quarter time; 3) Dependent children of deceased Oklahoma peace officers, firefighters, and emergency medical technicians who have given their lives in the line of duty and to children of members of the Oklahoma Law Enforcement Retirement System who have given their lives in the line of duty, or whose disability is by means of personal and traumatic injury of a catastrophic nature; 4) Exchange students on a reciprocal basis; 5) Dependent children of Oklahoma residents who were former prisoners of war or missing in action; and 6) Students who graduated from an Oklahoma high school or

successfully passed the GED test and resided in the state with a parent or guardian for at least two years and meet certain requirements.

- In some cases there were discrepancies between the student’s financial aid package and the reported expected family contribution on which the package should have been based. This may result in need-based funds apparently being awarded to no-need students and other anomalies. Such cases should not be interpreted as financial aid being inappropriately awarded nor are the instances sufficiently frequent to change the conclusions reached from the analysis. The more likely explanation is that a later ISIR transaction was reported instead of the one which was used to pay the student.
- In order to be classified as full-time a student had to be enrolled for 12 or more credit hours in each of the semesters in which he/she was enrolled. For example, a student who enrolled for 15 credit hours in the fall semester and 11 credit hours in the spring semester was classified as part-time, whereas a student enrolled for 12 credit hours in each term was classified as full-time. Since financial aid eligibility varies considerably based on a student’s enrollment status, we wanted students classified as full-time to have that status consistent for all enrolled terms.
- All retention rates reported are for first-time, full-time students that initially enrolled in 2006-07 and returned in 2007-08.
- To provide a consistent basis among schools and sectors for categorizing students by academic ability level, we calculated these levels based on ACT composite score for first-year students and cumulative college GPA for transfer students. If a student record did not contain the requisite data, they were placed in a missing/unknown category. The ranges used are as follows:

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**Academic Classification of First-year and Transfer Students**

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Population	Basis	Level 1	Level 2	Level 3	Level 4	Level 5
First-year students	ACT score	30-36	25-29	19-24	18 or less	Unknown
Other students	College GPA	3.50-4.00	3.00-3.49	2.50-2.99	2.49 or below	Unknown

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**Key Findings and Recommendations**

During our January 26-27, 2010 work session in Oklahoma City, the Noel-Levitz team reviewed myriad data with OSRHE staff and institutional representatives. The following are the most salient findings and recommendations for your review and consideration.

- 1. The federal government remains the largest provider of gift aid to needy students in Oklahoma despite the significant investment the state is making.**
- 2. While 52 percent of the institutional tuition waivers (subject to the 3.5 percent limit) eventually met the federal definition of financial need of students, only 23 percent was actually awarded on the basis of need (in comparison to the Regents policy requiring that 50 percent of all tuition waivers scholarships awarding be on the basis of financial need).** Seventy-two percent of the waivers were awarded on the basis of merit or special talent. Clearly the schools are taking a bit of a gamble with this practice, probably because they know that many of their students will eventually

demonstrate need and keep them within the 50 percent OSRHE requirement. These data appear in the following tables.

**Institutional Tuition Waivers Subject to the 3.5% Limit**

<b>Grouping</b>	<b>Percent Meeting Financial Need</b>	<b>Percent Awarded on the Basis of Financial Need</b>
Total	52%	23%
Research	57%	35%
Regional	46%	4%
Community College	47%	22%

**Institutional Tuition Waivers Subject to the 3.5% Limit**

	<b>All</b>	<b>Research</b>	<b>Regional</b>	<b>CC</b>
<b>Meeting Need</b>	52%	57%	46%	47%
<b>Awarded on Basis of Need</b>	23%	35%	4%	22%

**Institutional Tuition Waivers (Subject to 3.5%): Basis of Awards by Sector**

	<b>All</b>	<b>Research</b>	<b>Regional</b>	<b>CC</b>
<b>Merit</b>	57%	61%	59%	37%
<b>Need</b>	23%	35%	4%	22%
<b>Talent</b>	15%	2%	26%	33%
<b>Other</b>	6%	2%	11%	7%

**Recommendation(s)**

- We recommend that you continue to monitor the preceding distributions to make certain that schools are meeting the 50 percent requirement using the Federal Needs Analysis Methodology. Given the amount of unrestricted institutional monies (\$85 million) the schools are expending, intuitively it makes sense to require restricted monies (3.5 percent limitation) be awarded on the basis of need. However, this would significantly impair the regional campus’s ability to overcome cost concerns early in the college selection process because they have so little overall institutional money.
3. **When both restricted monies (subject to the 3.5 percent limitation) and unrestricted monies are considered, 75 percent of all institutional aid is awarded on the basis of merit and special talent.** As previously noted, any initiatives to award more institutional funds on the basis of need are probably warranted. These data appear in the following table.

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**Institutional Restricted and Unrestricted Gift Aid: Basis of Awards by Sector**

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	<b>All</b>	<b>Research</b>	<b>Regional</b>	<b>CC</b>
Need-based	10%	15%	1%	9%
Merit-based	50%	63%	34%	23%
Talent-based	25%	15%	46%	24%
Other	14%	6%	18%	44%

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4. Most awards going to out-of-state students are primarily in the form of waivers of nonresident tuition and are awarded on the basis of special talent and academic merit. In all, 45 percent of all institutional student aid is going to out-of-state students. While it would be easy to suggest that more institutional funding should be targeted toward in-state students, the elimination of out-of-state tuition waivers would likely result in the non-enrollment of many of the out-of-state students, thus leaving no funds to transfer to in-state students.

**Recommendation(s)**

- As noted in the data collection and verification recommendations, clarify the definition of in-state versus out-of-state students so that data is collected uniformly across the system. This will enable OSRHE to better monitor and evaluate the total financial aid that is directed to out-of-state students.
  - A student should be considered in-state if the student, according to OSRHE regulations, is charged the in-state tuition rate.
  - Data for out-of-state students granted a tuition waiver for the out-of-state portion of their tuition should reflect out-of-state tuition charges and an offsetting financial aid award.
5. **Academic level is a strong predictor of retention across all types of institutions.** As we will see later, students with low scores also receive the least favorable financial aid awards on average. These students are facing the twin burdens of lower academic readiness and significant financial pressures. These students warrant aggressive intervention at the institutional level.

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### Systemwide Freshmen to Sophomore Retention Rates by Academic Level

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Level	Retention Rate
Total	66%
Level 1 (ACT 30-36)	92%
Level 2 (ACT 25-29)	80%
Level 3 (ACT 19-24)	69%
Level 4 (ACT 18 or less)	56%
Level 5 (Missing or unknown ACT)	42%

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6. **On average, about one quarter of full-time students are paying the full cost of attendance (no financial aid).** This ranges from 20 percent at the regional universities to 30 percent at the community colleges. Full-pay retention rates underperform retention among no-need/merit students. This is unusual in our experience because both groups presumably have the capacity to finance their college educations. It is possible that some of the non-retained students would have shown need had they filed a FAFSA, and this should be examined at the institutional level.

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### Systemwide Retention Rate by Need Categories

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Category	Retention Rate
Total	69%
Needy	66%
No-need/Merit	79%
Full-pay	62%

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#### Recommendation(s)

- Institutions should analyze their non-FAFSA filers and seek a way to encourage more students to submit a FAFSA.
  - Institutions should also examine why 22 percent of high-ability students, ACT of 25 or above, didn't received scholarship support. This is likely impacting both retention rates and the initial yield on admitted students. These merit awards can be funded by simply shifting funds from other Level 1 and Level 2 students who are receiving disproportionately high merit awards which might result in an overall net decrease in funds to this group as a whole.
7. **To enroll in Oklahoma's Promise, a student's family must document that their income does not exceed \$50,000 at the time of application in grades 8, 9, and 10. The research indicates that in college 85 percent of the Oklahoma's Promise award recipients completed the FAFSA while 15 percent did not. Of all Oklahoma's Promise award recipients, 10 percent filed a FAFSA but did not demonstrate the financial need necessary to qualify for federal need-based aid. The 15 percent that did not complete the FAFSA were not eligible to be**

**considered for need-based federal aid.** The 10 percent of recipients not demonstrating financial need supports the second income requirement slated to take effect in 2012-13. The persistence of students may be negatively impacted by not filing the FAFSA because the retention rate among non-filers is 64 percent versus 81 percent among students who filed the FAFSA but did not demonstrate need. These data suggest that a portion of the non-filers should have actually filed a FAFSA.

**Recommendation(s)**

- Execute the second income requirement as planned. We also recommend that you require Oklahoma’s Promise recipients to file a FAFSA to document the second income requirement.
- Require all Oklahoma’s Promise recipients to file the FAFSA to ensure they access all available financial aid.

8. **Approximately 1,170 full-time Oklahoma students (9 percent of the total) appeared to have eligibility for Oklahoma’s Promise based on their reported income and academic performance but did not receive funding in 2007-08.** This obviously excludes students who chose not to enroll in college.

**Recommendation(s)**

- These data in combination with the retention data suggest the state should consider a second opt-in for students in the senior year, perhaps those who meet all academic requirements, file a FAFSA, and have a PTI of less than \$50,000. This could be done on a “funds available” basis so that students still have a strong motivation to register for Oklahoma’s Promise early in high school.

9. **Lack of Oklahoma’s Promise *and* OTAG funds has a significant impact on retention among students with an ACT score below 25.** This does not hold true in the research universities but it does in the regional universities and community colleges, as shown in the following table.

**Impact of OTAG and Oklahoma’s Promise on Retention Rates in Regional Universities and Community Colleges**

Level	Regional		Community College	
	OTAG + Promise	Neither	OTAG + Promise	Neither
Total	70.2%	61.1%	69.7%	48.0%
Level 1 (ACT 30-36)	‡	83.7%	†	‡
Level 2 (ACT 25-29)	79.7%	75.0%	‡	73.1%
Level 3 (ACT 19-24)	71.3%	63.8%	81.4%	61.0%
Level 4 (ACT 18 or less)	63.2%	50.8%	64.3%	50.9%
Level 5 (Missing or unknown ACT)	†	40.3%	40.0%	31.7%

† - No students in cell

‡ - Retention rate not significant given less than 10 students in cell

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**Impact of OTAG and Oklahoma's Promise on Retention Rates in Regional Universities**

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<b>Level</b>	<b>OTAG Only</b>	<b>Promise Only</b>	<b>OTAG + Promise</b>	<b>Neither</b>
Total	62.4%	67.3%	70.2%	61.1%
Level 1 (ACT 30-36)	‡	87.0%	‡	83.7%
Level 2 (ACT 25-29)	73.6%	73.7%	79.7%	75.0%
Level 3 (ACT 19-24)	65.6%	69.4%	71.3%	63.8%
Level 4 (ACT 18 or less)	53.5%	54.8%	63.2%	50.8%
Level 5 (Missing or unknown ACT)	67.9%	‡	†	40.3%

† - No students in cell

‡ - Retention rate not significant given less than 10 students in cell

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**Impact of OTAG and Oklahoma's Promise on Retention Rates in Community Colleges**

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<b>Level</b>	<b>OTAG Only</b>	<b>Promise Only</b>	<b>OTAG + Promise</b>	<b>Neither</b>
Total	62.9%	64.0%	69.7%	48.0%
Level 1 (ACT 30-36)	‡	†	†	‡
Level 2 (ACT 25-29)	60.0%	78.9%	‡	73.1%
Level 3 (ACT 19-24)	70.9%	69.9%	81.4%	61.0%
Level 4 (ACT 18 or less)	65.5%	57.2%	64.3%	50.9%
Level 5 (Missing or unknown ACT)	55.1%	50.0%	40.0%	31.7%

† - No students in cell

‡ - Retention rate not significant given less than 10 students in cell

10. **Moreover, when OSRHE and institutional gift aid are combined, high-achieving students receive a disproportionate amount of the total aid which comes at the expense of Level 4 students.** While this isn't particularly surprising, it is clear that needy students under the most financial pressure are those with weaker academic credentials and no talent or merit-based award.

**Proportion of Students Receiving Restricted and Unrestricted Funding by Academic Level**

Academic Level	Students		Total Funds	
	Number	Percent of Total	Dollars in Millions	Percent of Total
Level 1 (ACT 30-36, GPA 3.50-4.00)	9,569	16%	\$29.8	32%
Level 2 (ACT 25-29, GPA 3.00-3.49)	14,397	24%	\$25.8	27%
Level 3 (ACT 19-24, 2.50-2.99)	16,357	28%	\$21.6	23%
Level 4 (ACT 18 or less, GPA 2.49 or less)	15,698	26%	\$13.1	14%
Level 5 (Missing or unknown ACT/GPA)	3,288	6%	\$3.6	4%
Totals	59,309	100%	\$94	100%

**Recommendation(s)**

- Implement a policy that requires institutions to award OTAG funds to those students who do not receive merit, talent, or Oklahoma's Promise funding. This would spread the state's total resources further and provide needed support for students that do not receive Oklahoma's Promise or merit- and talent-based institutional funding.
- This recommendation at first glance might seem to contradict recommendation #6 calling for merit scholarships for all Level 1 and Level 2 students. A more consistent awarding of merit scholarships to Level 1 and Level 2 students could address recommendation #6 and actually decrease expenditure to that group. These funds in conjunction with the item above would provide additional funding for Level 4 students.

**11. Despite strong state-based aid programs, average unmet need levels are substantial for students with \$12,000 or more of demonstrated need as demonstrated in the following table.**

<b>Average Unmet Need by Institution Type and by Federal Need Levels</b>				
<b>Average Unmet Financial Need of Students</b>				
<b>Student Financial Need Level</b>	<b>All Institutions</b>	<b>Research Universities</b>	<b>Regional Universities</b>	<b>Community Colleges</b>
All Needy	\$4,750	\$5,719	\$4,329	\$4,222
\$20,000 or more	\$13,627	\$15,227	\$10,675	-
\$16,000-\$19,999	\$6,915	\$6,330	\$7,986	\$9,599
\$12,000-\$15,999	\$5,694	\$5,773	\$5,053	\$6,286
\$8,000-\$11,999	\$4,033	\$3,827	\$3,992	\$4,345
\$4,000-\$7,999	\$2,692	\$2,349	\$2,729	\$2,784
\$1-\$3,999	\$1,310	\$1,058	\$1,465	\$1,256

**12. Further analysis showed that unmet need appears to be a function of financial need far more than academic preparation/level.**

**Recommendation(s)**

- Institutions may want to incorporate levels of unmet need in devising their strategies for distribution of need-based funds.

**13. It is encouraging that unmet need does not vary greatly by race/ethnicity in Oklahoma, with the possible exception of Asian students which is the smallest cohort of students.**

<b>Levels of Unmet Need by Race/Ethnicity</b>						
	<b>All</b>	<b>Black</b>	<b>American-Indian</b>	<b>Hispanic</b>	<b>Asian</b>	<b>White</b>
Percent with Need	56%	78%	68%	63%	57%	51%
Unmet Need	\$4,750	\$4,554	\$4,465	\$4,752	\$5,795	\$4,817

**Recommendation(s)**

- Continue to monitor unmet need by race/ethnicity in future analyses to make certain these patterns hold over time.

**14. There are clear and statistically significant relationships between the level of gift assistance and student persistence in the state of Oklahoma.** As the following tables demonstrate, retention is above average when more than 50 percent of demonstrated need is met from all sources of aid, when 55 percent of the need is met with gift aid, or when a student receives at least \$2,500 in total gift aid.

**Systemwide Need Met Statistically Significant Retention Breaks**

Need Met	Retention Rate	Number of Cases
<0.6%	39.5%	296 cases
0.6% - 41.6%	53.0%	1,744 cases
41.7% - 50.4%	61.2%	792 cases
50.5% - 70.3%	67.1%	1,744 cases
>70.3%	74.9%	3,659 cases
TOTAL	66.1%	8,235 cases

**Systemwide Need Met with Gift Statistically Significant Retention Breaks**

Need Met w/ Gift	Retention Rate	Number of Cases
<37.0%	57.5%	3,232 cases
37.0% - 54.6%	63.2%	1,667 cases
54.7% - 80.4%	70.1%	1,668 cases
>80.4%	80.5%	1,668 cases
TOTAL	66.1%	8,235 cases

**Systemwide Total Gift Statistically Significant Retention Breaks**

Total Gift	Retention Rate	Number of Cases
<\$2,500	60.9%	7,738 cases
\$2,500-\$5,469	70.9%	3,912 cases
\$5,470-\$9,174	80.0%	2,623 cases
>\$9,174	87.0%	1,434 cases
TOTAL	69.0%	15,707 cases

**Recommendation(s)**

- Institutions should attempt to use these data to recast their packaging strategies to try and increase the number of students that fall in the ranges with stronger retention, redistributing institutional funds whenever possible.
- The state should undertake a cost estimate for moving all full-time students to the \$2,500 gift threshold. (We estimate that it would have cost \$14.25 million to reach

this threshold on the 7,738 students in the first-year student research file.) This might include strategies to decouple state funds (OTAG) so that more students approach the \$2,500 threshold.

**15. Financial need and parental income are highly correlated to both academic achievement (as measured by ACT composite) and the type of institution at which a student enrolls.** Both these findings reflect national trends.

**Percent of Needy Students by Sector and Academic Level**

Academic Level	All Institutions	Research Univ.	Regional Univ.	Community Colleges
Totals	56%	49%	62%	56%
Level 1 (ACT 30-36, GPA 3.50-4.00)	49%	43%	56%	52%
Level 2 (ACT 25-29, GPA 3.00-3.49)	54%	49%	60%	57%
Level 3 (ACT 19-24, 2.50-2.99)	58%	52%	63%	56%
Level 4 (ACT 18 or less, GPA 2.49 or less)	58%	54%	63%	57%
Level 5 (Missing or unknown ACT/GPA)	59%	57%	76%	53%

\*In-state full-time students

**Average Parent Income by Sector and Academic Levels**

Academic Level	All Institutions	Research Univ.	Regional Univ.	Community Colleges
Totals	\$57,483	\$63,799	\$55,881	\$46,572
Level 1 (ACT 30-36, GPA 3.50-4.00)	\$62,779	\$65,001	\$62,142	\$52,945
Level 2 (ACT 25-29, GPA 3.00-3.49)	\$61,632	\$65,604	\$59,328	\$50,087
Level 3 (ACT 19-24, 2.50-2.99)	\$57,416	\$62,046	\$55,893	\$49,200
Level 4 (ACT 18 or less, GPA 2.49 or less)	\$52,018	\$62,454	\$50,594	\$44,251
Level 5 (Missing or unknown ACT/GPA)	\$39,658	\$35,735	\$45,870	\$38,344

\*In-state full-time students

**16. As expected, borrowing trends largely follow cost-of-attendance and financial need patterns in the state of Oklahoma.** The institutional financial aid offices have done a good job of limiting student exposure to alternative loans as only 2.1 percent of the students accessed these funds. Also, borrowing levels by race/ethnicity do not vary greatly which tends to dispute a common belief that certain ethnic groups, such as Hispanics, are reluctant to borrow heavily to finance their college education.

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**Borrowing Levels by Sector and Academic Level**

<b>Academic Level</b>	<b>All Institutions</b>	<b>Research Univ.</b>	<b>Regional Univ.</b>	<b>Community Colleges</b>
All	\$6,589	\$8,953	\$5,342	\$3,815
Level 1 (ACT 30-36, GPA 3.50-4.00)	\$7,014	\$8,667	\$5,704	\$4,262
Level 2 (ACT 25-29, GPA 3.00-3.49)	\$7,448	\$9,426	\$5,733	\$4,226
Level 3 (ACT 19-24, 2.50-2.99)	\$6,813	\$8,924	\$5,408	\$3,972
Level 4 (ACT 18 or less, GPA 2.49 or less)	\$5,678	\$8,407	\$4,923	\$3,606
Level 5 (Missing or unknown ACT/GPA)	\$4,157	\$11,458	\$4,266	\$3,280

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**Borrowing Levels by Sector and Need Level**

<b>Student Financial Need Level</b>	<b>Average Unmet Financial Need of Students</b>			
	<b>All Institutions</b>	<b>Research Univ.</b>	<b>Regional Univ.</b>	<b>Community Colleges</b>
No-need/Merit	\$7,494	\$9,815	\$5,787	\$3,495
All needy	\$6,397	\$8,723	\$5,261	\$3,868
\$20,000 or more	\$12,652	\$14,420	\$6,943	\$5,970
\$16,000-\$19,999	\$7,247	\$7,819	\$6,137	\$4,661
\$12,000-\$15,999	\$6,437	\$8,244	\$5,721	\$4,918
\$8,000-\$11,999	\$5,789	\$7,514	\$5,154	\$4,283
\$4,000-\$7,999	\$4,846	\$7,658	\$4,430	\$3,162
\$1-\$3,999	\$5,606	\$8,267	\$5,155	\$3,009

Average borrowing (ethnicity by institutional sector):

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**Borrowing Levels by Sector and Race/Ethnicity**

<b>Ethnicity</b>	<b>All Institutions</b>	<b>Research Univ.</b>	<b>Regional Univ.</b>	<b>Community Colleges</b>
All	\$6,589	\$8,953	\$5,342	\$3,815
Black, non-Hispanic	\$5,769	\$8,616	\$4,900	\$3,527
American Indian	\$5,740	\$7,693	\$5,279	\$3,688
Asian, Pacific Islander	\$6,729	\$7,896	\$5,396	\$3,862
Hispanic	\$6,737	\$9,484	\$4,920	\$3,539
White, non-Hispanic	\$6,859	\$9,146	\$5,458	\$3,919

## Summary of Recommendations

The following is a summary of some key recommendations contained throughout this report.

1. Seriously consider an annualized submission of the financial aid data. This should be easier for the campuses.
2. Require campuses to code a student as being in-state only if the student is eligible for in-state tuition based upon OSRHE regulations. And if an out-of-state student is having their out-of-state tuition waived, record full tuition and an offsetting financial aid tuition waiver (scholarship).
3. Form a permanent advising group to develop protocols for financial aid data definitions, submission process, etc.
4. Use the federal definition of student financial need systemwide, and proactively work to increase the percentage of new students filing the FAFSA.
5. Clarify the State Regents' tuition waiver policy about whether 50 percent should be **awarded** on the basis of financial need or if 50 percent should be determined after the fact to have actually met student financial need.
6. Require Oklahoma's Promise recipients to file a FAFSA.
7. Encourage campuses to implement merit programs for students with ACT at or above 25.
8. Implement strategies to award \$2,500 of gift aid to a larger percentage of students, especially to those students showing financial need. Institutions should attempt to use these data to recast their packaging strategies to try and increase the number of students that fall in the ranges with stronger retention, redistributing institutional funds whenever possible. Institutions may want to incorporate levels of unmet need in devising these new strategies for distribution of need-based funds.
9. Continue to monitor unmet need by race/ethnicity in future analyses to make certain current patterns hold over time.
10. Implement a policy that requires institutions to award OTAG funds to those students who do not receive merit, talent, or Oklahoma's Promise funding as a means to reach a larger number of needy students. This would spread the state's total resources further and provide needed support for students that do not receive Oklahoma's Promise or merit and talent-based institutional funding.
11. Consider a second Oklahoma's Promise registration opt-in for students in the senior year, perhaps those who meet all academic requirements, file a FAFSA, and have a PTI of less than \$50,000. This could be done on a "funds available" basis so that students still have a strong motivation to register for Oklahoma's Promise early in high school.

## Conclusion and Next Steps

We wish to thank the OSRHE staff for coordinating this project with the institutions. It was an aggressive undertaking and both OSRHE staff and the institutions responded well to our feedback and direction.

In this report, we have attempted to identify the key findings and high-priority strategies and actions that will contribute most to reforming Oklahoma's financial aid systems and assist the state as it continues to collect these data.

The following are a few next steps that still need to be completed:

- Noel-Levitz will forward to OSRHE a project summary package which includes all items related to the project (e.g., final file layout and data specifications, technical data transfer document, individual campus reports, sector summary reports, retention reports, and PowerPoint slide decks).
- OSRHE should give serious thought to staffing patterns as they relate to future data cleaning. Noel-Levitz devoted thousands of hours to this portion of the project and that work will have to be accomplished by OSRHE in the future. We do expect the time to decrease as the institutions become increasingly comfortable with the data collection process.
- Form a permanent advisory group to develop protocols for financial aid data definitions, submission processes, etc. Given the number of data submission issues that arose during this project, it is clear that OSRHE needs an ongoing process for dealing with common data problems. This could be a subcommittee of your UDS advisory group.
- Noel-Levitz continues to work with The Bill & Melinda Gates Foundation on possible ongoing support for this project and will advise OSRHE when a decision is final.

In closing, it is well to heed the admonition of nineteenth-century English essayist and reformer John Ruskin:

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What we think, or what we know, or what we believe is, in the end, of little consequence. The only consequence is what we do.

John Ruskin  
19<sup>th</sup> Century English Essayist and Reformer

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## About Noel-Levitz

The higher education marketplace is complex: it is characterized by intense competition for students, a declining funding base, rapid change, and increased pressure to advance the institutional mission with limited resources. More than any other educational consulting firm in North America, Noel-Levitz, the nation's largest and most successful enrollment management firm, has empowered colleges and universities – more than 2,000 of America's higher education institutions – to become more effective through a diverse array of programs and services.

In partnership with private and public four-year and two-year colleges and universities, Noel-Levitz's enrollment professionals get to the heart of problems and uncover ways to implement effective outcomes. And while we know that no two institutions are alike, we also know that a uniformly practical approach holds vast potential for advancing an institution's success – approaches such as:

- Enrollment potential analyses.
- Enrollment and revenue management systems (financial aid leveraging).
- Market research.
- Ongoing enrollment consultation services.
- Predictive modeling for enrollment.
- Training products, conferences, and workshops.
- Web site development and emerging technologies counsel.

While the success of our consultations can be measured in many ways, the most obvious and important are improved recruitment and retention outcomes. Our work has effected significant change not only in enrollment numbers, but in academic profile, retention, student body diversity, and distribution of students by gender, academic major, and geography. For more information on Noel-Levitz, you may visit us online at [www.noellevitz.com](http://www.noellevitz.com).

## Consultants

### Kevin W. Crockett, President and CEO



Kevin Crockett is president and CEO of Noel-Levitz. He consults directly with campuses on strategy development for admissions, marketing, recruitment, and student financial aid. He also develops and executes the Noel-Levitz business strategy. Before becoming president, Mr. Crockett directed the firm's consulting services division, overseeing more than 60 full- and part-time consultants.

An experienced enrollment manager, Mr. Crockett has served 200 institutions such as Lynchburg College (VA), North Park University (IL), Messiah College (PA), Aquinas College (MI), Niagara University (NY), and Juniata College (PA). His consultations include:

- Baylor University (TX) – raised average SAT scores by 36 points and increased net revenue while maintaining its discount rate.
- Chapman University (CA) – increased freshman enrollment from 392 to 825 over an eight-year period, including significant gains in out-of-state enrollment.
- Carroll College (MT) – implemented a campuswide retention program that promotes student success by having faculty take a more active role in increasing retention.
- Transylvania University (KY) – achieved record enrollments and shaped goals while also decreasing the tuition discount rate by 10 percentage points.

In addition, Mr. Crockett has served numerous higher education systems, including the University of North Carolina System, the Louisiana Board of Regents, the Mississippi Institutions of Higher Learning, and the Oklahoma State Regents for Higher Education.

### Previous campus experience

Prior to joining Noel-Levitz, Mr. Crockett served as dean of admissions and enrollment management at Cornell College (IA), where he enrolled the three largest consecutive entering classes in school history, culminating in record opening enrollment.

### Awards and education

A frequent speaker on enrollment management topics at higher education conferences, Mr. Crockett received the Council for Advancement and Support of Education (CASE) “heavy hitter” designation for outstanding workshop presenters. He holds an M.A. in higher education administration from the University of Iowa with concentrations in policy analysis and leadership studies.

## Galen Graber, Assistant Vice President



Galen Graber consults directly with campuses on achieving enrollment growth through financial aid programs. He offers more than 22 years of experience in higher education.

### **Previous campus experience**

Mr. Graber served in many roles at Goshen College (IN), most recently as director of institutional research. Prior to that, he served as director of enrollment, director of financial aid, and registrar, in addition to serving two years as director of the study abroad program in the Dominican Republic. When he started at Goshen as a member of the I.T. department, he helped write and support Goshen's campus software system.

While serving in admissions, he led a team which achieved a 23 percent first-year enrollment increase within two years while also increasing freshman retention by 4 percent. He helped improve the efficiency of the financial aid office by designing systems to deliver first-year awards in late February instead of April. He also helped create and implement an athletic aid index system which rewarded high achieving student athletes and raised the average GPA for athletes from 3.04 to 3.23.

### **Education**

Mr Graber has a B.A. from Goshen College and has completed graduate work in applied statistics.

## Mark Heffron, Senior Executive



Mark Heffron has been at the forefront of national financial aid policy and administration for more than 35 years. His areas of expertise include strategic enrollment planning, discount rate management, simulation modeling, and assessing the pricing, admissions, and financial aid policies of institutions and systems of institutions.

Known for getting extraordinary results in net revenue and enrollment, Mr. Heffron's clients have included colleges and universities such as the Loyola University of Chicago (IL), The University of Denver (CO), Eastern College (PA), and The Ohio State University.

Mr. Heffron is also the author of numerous articles on student need analysis, including simulation modeling analyses showing the impact of federal legislation.

### **Previous experience**

A senior executive with American College Testing Program (ACT) for 17 years, Mr. Heffron helped shape student need analysis, testifying at state and federal levels on financial aid impact and managing a large national service operation. Prior to his tenure at ACT, he served the University of Colorado-Boulder for 10 years as a budget analyst and director of financial aid.

### **Awards, memberships, and education**

Mr. Heffron has received the Meritorious Achievement Award from the National Association of Student Financial Aid Administrators (NASFAA), where he served on the board of directors. A long-time NASFAA member, he has also served as president of both the Colorado and Rocky Mountain associations for financial aid professionals.

Mr. Heffron is a graduate of the University of Colorado-Boulder.