


# Leveraging Financial Aid and Maximizing the Impact of Scholarship and Financial Aid Programs

Kevin Crockett, President & CEO

Leveraging Financial Aid and Maximizing the Impact of Scholarship and Financial Aid Programs

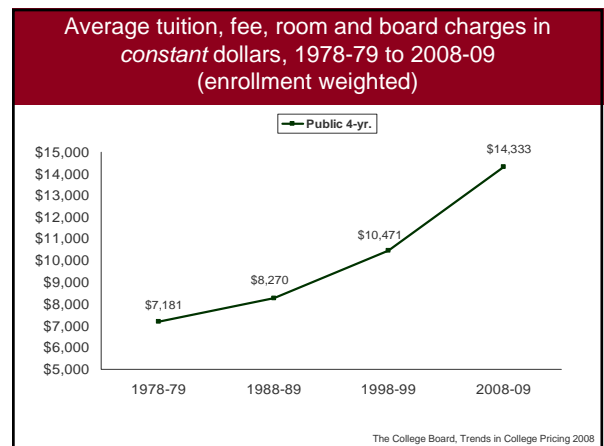
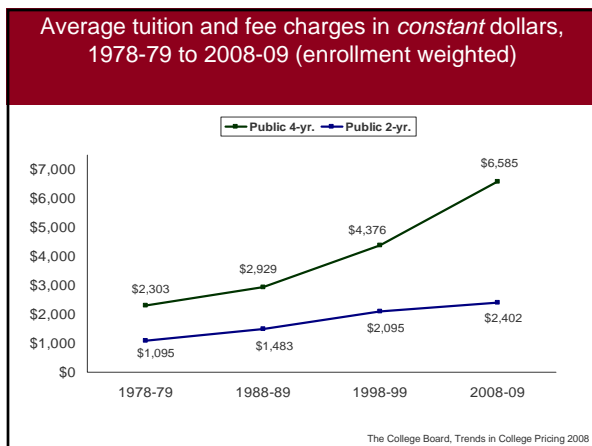
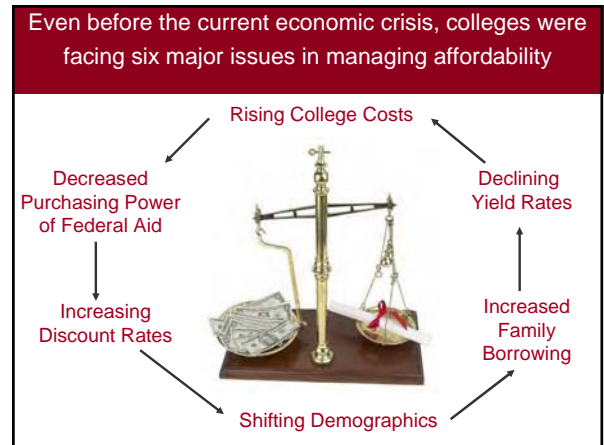
Kevin Crockett, President and CEO  
February 26, 2009



I would like to accomplish three things today

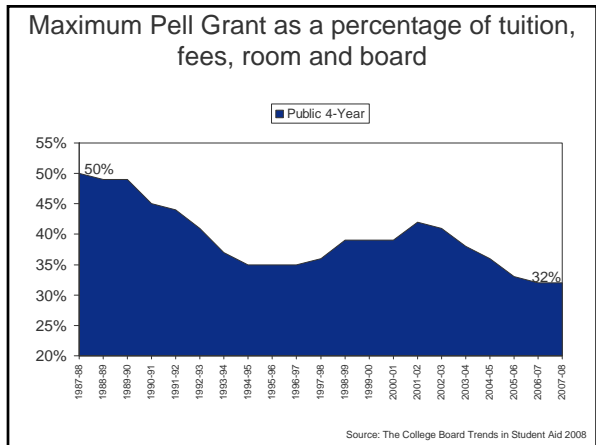
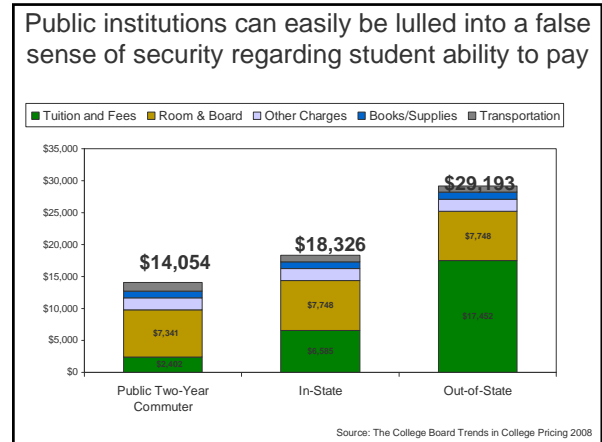
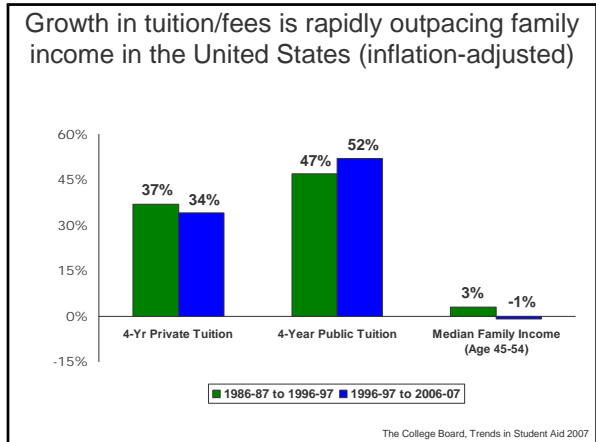


Let's review the environment for college financing in Oklahoma and nationally

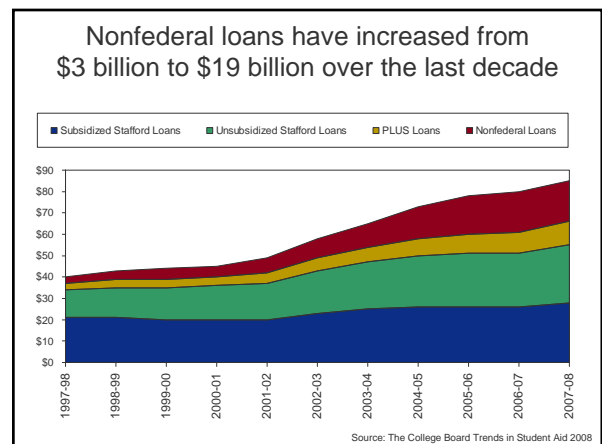
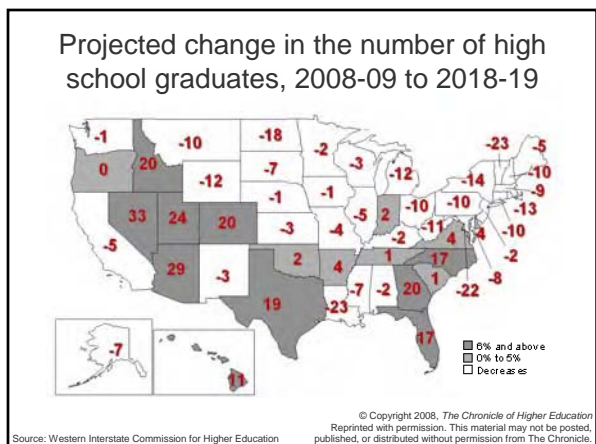
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**Unprecedented changes in students**

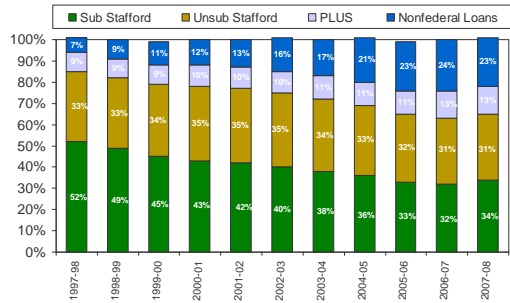
- Students of color will represent 80 percent of the increase in college-aged students between 1995 and 2015, and nearly 50 percent of the growth will be among Hispanic students.
- Among minority students, 45 percent will come from families with the lowest EFC (Pell-eligible).



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Growth of Stafford, PLUS, and Nonfederal loan dollars (in constant 2007 dollars)



Figures may not equal 100% in some years due to rounding Source: The College Board Trends in Student Aid 2008

Yield rates have declined ten percentage points in the last five years

Table 1: Public Universities—Overall First-Year Student Funnel Rates

Median funnel rates	2008	2007	2006	2005	2004	2003
Inquiry to application	33%	31%	28%	25%	27%	24%
Application to admit (all applications)	66%	67%	70%	73%	70%	72%
Application to admit (completed applications only)	71%	74%	83%	83%	NA	NA
Admit to enroll (yield)	38%	39%	42%	43%	47%	49%

© 2008, Noel-Levitz, Inc. 2008 Admissions Funnel Report

The strategic use of financial aid resources to meet enrollment and revenue goals

What do we know about financial aid practices in Oklahoma?

Modest improvements have occurred in the strategic use of financial aid

Survey Item	2004 % Yes	2008 % Yes
In preparing financial aid awards we routinely meet different percentage of need for different types of students who have similar need levels	18%	29%
We are leveraging our financial aid resources to achieve enrollment goals	44%	50%
We track yield rates on our financial aid awards, including scholarships	25%	43%

Financial aid process issues have also improved except for the timing of upper-class aid awards

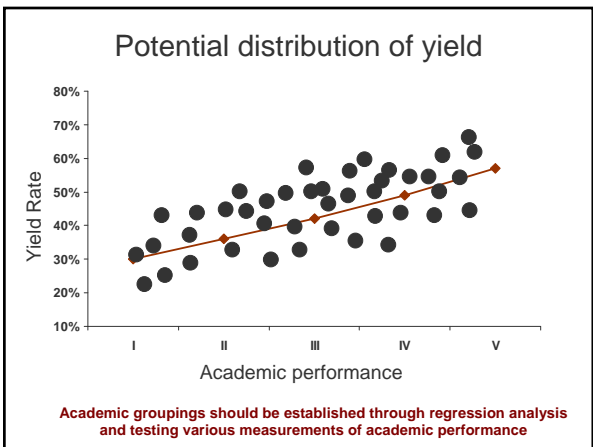
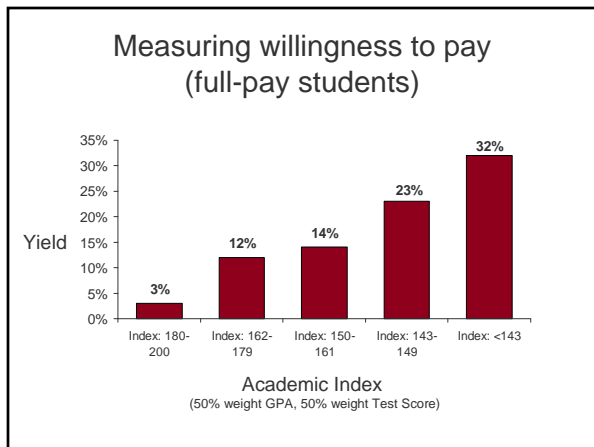
Survey Item	2004 % Yes	2008 % Yes
Require institutional aid application	61%	50%
Release upper-class aid awards prior to end of current year	46%	36%*
Offer an early aid estimating service	26%	36%

\*56% of 4 year universities (n=9) responded yes to upper-class awards



Financial aid leveraging is the strategic investment of financial aid funds to:

- Enroll the desired number of students
- Enroll students with the desired characteristics
- Achieve a targeted net revenue goal
- Control the institution's discount rate/financial aid expenditures



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### The strategic financial aid matrix

Ability To Pay	Willingness To Pay										
	Ability Level I		Ability Level II		Ability Level III		Ability Level IV		Ability Level V		
	E	NE	E	NE	E	NE	E	NE	E	NE	
Very High Need	Cell 1	Cell 2	Cell 3	Cell 4	Cell 5						
Need Level 5	Cell 6	Cell 7	Cell 8	Cell 9	Cell 10						
Need Level 4	Cell 11	Cell 12	Cell 13	Cell 14	Cell 15						
Need Level 3	Cell 16	Cell 17	Cell 18	Cell 19	Cell 20						
Need Level 2	Cell 21	Cell 22	Cell 23	Cell 24	Cell 25						
Low Need	Cell 26	Cell 27	Cell 28	Cell 29	Cell 30						
Merit Aid Only	Cell 31	Cell 32	Cell 33	Cell 34	Cell 35						
Full Pay	Cell 36	Cell 37	Cell 38	Cell 39	Cell 40						
Premier Academic	Cell 41	Cell 42	Cell 43	Cell 44	Cell 45						
Special Talent	Cell 46	Cell 47	Cell 48	Cell 49	Cell 50						
Employee Benefit	Cell 51	Cell 52	Cell 53	Cell 54	Cell 55						

### Key metrics

- Yield rate by cell
- Percentage of need met and need met with gift aid for need based students
- Yield by institutional gift offer for low-need and merit-aid-only students



### Measuring net price response of selected need-based students by examining the percentage of need met

Need Met	Enrollment Rate	Number of Cases
<75.6%	25.9%	540 Cases
75.6%-87.0%	48.2%	830 Cases
>87.0%	<u>49.2%</u>	<u>650 Cases</u>
TOTAL	42.6%	2,020 Cases

### Measuring net price response of selected need-based students by examining the percentage of need met with gift aid

Need Met w/ Gift Aid	Enrollment Rate	Number Of Cases
<53.16%	24.4%	780 Cases
53.16%-61.7%	47.9%	730 Cases
>61.7%	<u>62.7%</u>	<u>510 Cases</u>
TOTAL	42.6%	2,020 Cases

### Measuring price-sensitivity of selected merit-aid-only students by examining the gift aid offer

Merit Offer	Enrollment Rate	Number Of Cases
<\$500	6%	300 Cases
\$501-\$1,500	42%	530 Cases
\$1,501-\$2,500	60%	300 Cases
<u>&gt;\$2,500</u>	<u>75%</u>	<u>120 Cases</u>
Total	39.2%	1250 Cases

Yield rates in cells 17 and 22 (ability level two) of a client's FY population

Let's look at some other data examples from a public university in the West



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Out-of-state need based students, notice the gaps between enrolled and non-enrolled students

EFC: \$1 - \$4,041	Inst Rating: 121 & Above		Inst Rating: 110 - 120		Inst Rating: 101 - 100		Inst Rating: 92 - 100		Inst Rating: 91 & Below		Totals
	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	
Number admitted	0	11	10	10	10	10	10	10	10	10	54
Number enrolled/enrolled	2	6	9	3	7	2	13	2	10	11	45
Yield / Yield change from 2007	25.0%	26.6%	18.2%	3.9%	30.0%	2.2%	13.3%	-5.7%	18.7%	-6.4%	19.6%
Average need	\$28,918	\$24,207	\$29,607	\$26,930	\$29,757	\$26,660	\$28,684	\$26,907	\$28,453	\$27,781	\$25,411
% of need met	53.0%	23.9%	59.8%	21.5%	43.3%	21.3%	47.1%	26.3%	27.4%	16.2%	42.7%
% of need met with gift	36.3%	12.6%	39.6%	11.4%	31.4%	14.4%	27.0%	16.2%	20.7%	10.4%	33.3%
Average award for those offered aid	\$14,360	\$9,223	\$17,718	\$5,574	\$12,892	\$5,585	\$13,497	\$7,077	\$10,636	\$3,059	\$10,718
Institutional gift	\$7,879	\$1,063	\$6,832	\$670	\$3,661	\$676	\$3,916	\$602	\$1,076	\$100	\$4,961
Total gift (incl. outside aid)	\$9,510	\$3,062	\$11,718	\$2,963	\$9,302	\$3,828	\$7,747	\$4,346	\$5,886	\$2,309	\$8,300
Total work and loan	\$4,750	\$6,161	\$6,000	\$2,611	\$3,600	\$1,687	\$5,750	\$2,131	\$4,750	\$1,000	\$4,918
Average net tuition revenue	\$8,645	\$13,092	\$9,892	\$14,364	\$12,763	\$13,889	\$12,608	\$14,824	\$15,368	\$13,117	\$11,843
Tuition discount rate (NACUBO)	48.0%	7.1%	41.6%	4.4%	22.4%	4.8%	23.8%	4.2%	6.8%	0.9%	27.9%

Same school, all need-based students

Subtotal - Need-based students	Inst Rating: 121 & Above		Inst Rating: 110 - 120		Inst Rating: 101 - 100		Inst Rating: 92 - 100		Inst Rating: 91 & Below		Totals
	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	
Number admitted	0	22	14	12	47	17	43	18	48	0	243
Number enrolled/enrolled	8	14	12	43	17	39	15	47	9	64	177
Yield / Yield change from 2007	36.4%	4.8%	20.3%	8.4%	28.8%	-1.0%	27.3%	3.6%	19.1%	-2.8%	25.3%
Average need	\$18,531	\$17,551	\$18,520	\$18,711	\$15,719	\$18,214	\$17,024	\$20,750	\$20,188	\$18,544	\$18,864
% of need met	49.1%	42.3%	58.7%	36.3%	67.4%	36.1%	63.2%	31.8%	50.6%	25.3%	33.4%
% of need met with gift	26.2%	14.1%	30.8%	12.1%	36.8%	13.8%	31.1%	16.5%	10.8%	10.2%	28.9%
Average award for those offered aid	\$9,156	\$7,423	\$11,456	\$5,559	\$10,541	\$5,261	\$10,302	\$5,600	\$7,307	\$4,683	\$6,233
Institutional gift	\$4,438	\$1,277	\$4,298	\$1,130	\$4,796	\$990	\$4,571	\$742	\$581	\$338	\$5,093
Total gift (incl. outside aid)	\$4,947	\$2,472	\$5,016	\$2,206	\$5,807	\$2,507	\$5,211	\$2,217	\$2,175	\$1,996	\$5,003
Total work and loan	\$4,306	\$4,551	\$5,450	\$4,304	\$4,076	\$5,834	\$4,742	\$8,111	\$2,738	\$5,118	\$3,791
Average net tuition revenue	\$11,985	\$13,681	\$12,128	\$13,556	\$11,628	\$14,332	\$11,683	\$14,414	\$12,843	\$13,334	\$12,422
Tuition discount rate (NACUBO)	27.0%	10.6%	26.2%	7.2%	29.2%	6.3%	27.6%	4.8%	3.5%	2.2%	24.9%

Similar problems exist with merit aid only students

No-need/merit	Inst Rating: 121 & Above		Inst Rating: 110 - 120		Inst Rating: 101 - 100		Inst Rating: 92 - 100		Inst Rating: 91 & Below		Totals
	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	
Number admitted	0	0	0	0	0	0	0	0	0	0	0
Number enrolled/enrolled	0	0	0	0	0	0	0	0	0	0	0
Yield / Yield change from 2007	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average need	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% of need met	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
% of need met with gift	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average award for those offered aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Institutional gift	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total gift (incl. outside aid)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total work and loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average net tuition revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tuition discount rate (NACUBO)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

And look at the opportunity when students with no aid are included

No-need/merit	Cell 31		Cell 32		Cell 33		Cell 34		Cell 35		Totals
	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	
Number admitted	0	0	0	0	0	0	0	0	0	0	0
Number enrolled/enrolled	0	0	0	0	0	0	0	0	0	0	0
Yield / Yield change from 2007	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average need	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% of need met	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
% of need met with gift	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average award for those offered aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Institutional gift	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total gift (incl. outside aid)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total work and loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Average net tuition revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tuition discount rate (NACUBO)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

What is the sunk cost of offering students in cells 36, 37, and 38 a scholarship?

Don't forget retention!

Distribution by Need Level	Total Enrolled		Fall-to-Spring				Fall-to-Fall			
	Number	% total	Number	Rate	% total	Not Retained	Number	Rate	% total	Not Retained
Number of students	892	100%	746	84%	100%	146	513	58%	100%	379
Need-based students	295	33%	236	80%	32%	49	168	57%	33%	117
No-need/merit	253	28%	222	88%	30%	31	155	61%	30%	88
Full-pay	148	17%	123	83%	16%	25	73	49%	14%	75
Premier Academic (B1+)	164	19%	129	79%	17%	35	85	52%	17%	79
Special Talent (B1+)	36	4%	31	86%	4%	5	29	81%	6%	7
Tuition exchange students	0	0%	0	0%	0%	0	0	0%	0%	0
Employee benefit students	6	1%	5	83%	1%	1	3	50%	1%	3
Average financial need - need-based students	\$12,252		\$12,369		\$11,689	\$12,367		\$12,088		\$7,843
Average financial need - all students	\$7,606		\$7,367		\$8,662	\$7,429		\$7,843		\$7,843

Don't forget retention!

Subtotal - Need-based students	Inst Rating: 121 & Above		Inst Rating: 110 - 120		Inst Rating: 101 - 100		Inst Rating: 92 - 100		Inst Rating: 91 & Below		Totals
	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	Enrolled	Non-enrolled	
Number admitted	23	20	25	26	11	35	30	38	32	47	203
Number enrolled/enrolled	8	2	25	11	35	30	38	32	47	45	168
Yield / Yield change from 2007	34.8%	10.0%	36.0%	42.3%	31.8%	85.7%	33.3%	84.2%	46.9%	97.9%	48.3%
Average need	\$18,080	\$14,166	\$18,027	\$12,530	\$13,277	\$12,200	\$11,723	\$11,295	\$12,626	\$12,347	\$12,367
% of need met	89.1%	60.9%	82.4%	51.1%	78.1%	81.9%	72.1%	56.9%	60.2%	59.7%	72.7%
% of need met with gift	60.0%	36.6%	38.5%	27.8%	37.2%	39.9%	32.5%	29.3%	26.9%	23.5%	33.7%
Average award for those offered aid	\$11,697	\$8,625	\$9,001	\$6,428	\$10,369	\$10,030	\$8,654	\$6,394	\$7,599	\$7,370	\$8,091
Total gift (incl. outside aid)	\$6,600	\$4,625	\$4,212	\$3,488	\$4,898	\$4,891	\$3,712	\$3,197	\$3,312	\$2,850	\$4,186
Total work and loan	\$6,037	\$4,000	\$4,789	\$2,983	\$5,432	\$5,148	\$4,287	\$3,197	\$4,287	\$4,520	\$4,826
Average net tuition revenue	\$4,989	\$1,278	\$3,369	\$2,831	\$4,745	\$4,873	\$4,440	\$3,148	\$4,136	\$5,506	\$4,335
Tuition discount rate (NACUBO)	43.6%	66.2%	47.3%	39.6%	33.8%	32.5%	32.0%	32.0%	21.6%	12.5%	31.3%

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### General observations on the strategic use of financial aid

- It is generally easier to attract students in your second or third ability level than your first
- Institutional need-based dollars tend to have the greatest impact among the most needy students (if significant gaps exist)
- Look first at students you are not serving with merit funds before increasing the amounts of your merit awards
- Full tuition waivers can often be substituted with partial waivers with very little impact on yield. Moreover, additional students can be served


### General observations on the strategic use of financial aid

- If you have waivers tied to a percentage of tuition and fees, seriously consider converting those to fixed dollar amounts
- Applying additional money to high-yielding segments of your student population rarely produces adequate return on investment

### Some thoughts on related strategies



### Make scholarship and financial aid information available on the Web



### Make academic and scholarship/financial aid information your top priorities

	Mean score (1-5 scale)
1. Academic programs or majors	4.56
2. Scholarships	4.52
3. Financial aid	4.48
4. Admissions requirements	4.38
5. Tuition and fees	4.37
6. Information for accepted students	4.09
7. Visiting campus	4.07
8. Housing and residence life	4.04
9. Job placement rates	3.99
10. Student life and activities	3.98
11. Faculty and teaching	3.96
12. Graduation rates	3.95
13. Graduate school placement	3.85
14. Accreditation	3.74
15. Internships or co-ops	3.71
16. Successful alumni	3.40
17. National rankings, such as <i>U.S. News and World Report</i>	3.40
18. Profiles of current students	3.07
19. Entries from student blogs; entries from faculty	2.91

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Report: Building an E-Recruitment Network

### And make certain your functionality aligns with their needs

Tasks	Juniors	Seniors
Complete a financial aid estimator form	88%	80%
Complete a tuition cost calculator form	83%	76%
Complete an admission application online	81%	65%
Request a campus visit by completing a form	81%	65%
IM with an admissions counselor or student worker	72%	55%
Complete a form to RSVP for a campus event	72%	n/a
Inquire online	70%	48%
Read profiles of faculty	64%	49%
E-mail a faculty member	64%	59%
Read a blog written by a member of the faculty	64%	43%
Read profiles of current students	63%	41%
Read a blog written by a current student	63%	46%

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Report: Building an E-Recruitment Network

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**SUNY Plattsburgh Scholarship Calculator**

Based on the following information:

Student Type:	Freshman
Home Zip Code:	12124
High School Average:	90
SAT Critical Reading:	19124
SAT Math Score:	19124
ACT Composite Score:	33

You are eligible for the following award(s):

- Academic Excellence Award \$2500
- Academic Excellence Scholarship \$2500

**SUNY Plattsburgh Scholarship Calculator**

**Freshman Awards**

Based on the following information:

Student Type:	Freshman
Home Zip Code:	12124
High School Average:	90
SAT Critical Reading Score:	19124
SAT Math Score:	19124
ACT Composite Score:	33

You are eligible for the following award(s):

- Academic Excellence Award \$2500
- Academic Excellence Scholarship \$2500

Richard Higgins, Director of Admissions  
 Plattsburgh State  
 121 Broad St., Plattsburgh, NY 12161  
 Phone: (518) 564-2042  
 Toll-Free: (800) 473-0512  
 Fax: (518) 564-2042  
 E-mail: admcon@plattsburgh.edu

**Northern Arizona University Scholarship Estimator**

Residency: Non-Resident  
 SAT Math: 19124  
 SAT Critical Reading: 19124  
 ACT: 33  
 High School GPA: 3.7  
 Year Applying for: Fall 2009

**Congratulations!**

You could qualify for the Northern Arizona University President's Scholarship for Non-Residents beginning with the Fall Semester of your enrollment. This award is based on your outstanding academic achievement in high school. This award is valued at \$22,000 over four years and will be awarded at \$5,500 each year divided between the fall and spring semesters.

This award cannot be combined with other tuition awards beyond the cost of the non-resident portion of the tuition. It cannot be applied to mandatory or special class fees, to the in-state portion of tuition, or to other charges such as housing, meal plans, etc.

You will be automatically considered for this award approximately two weeks after you have been officially admitted to Northern Arizona University.

You will be considered for this award if your admissions application is complete (including high school GPA, test scores SAT or ACT and high school rank). Please visit the Office of Undergraduate Admissions web site for detailed information on the application process.

Northern Arizona University is a participant in the Western Undergraduate Exchange (WUE), a program that allows eligible new students from thirteen western states to enroll in select majors at a reduced tuition rate. Students participating in the WUE program receive WUE tuition status rather than the Northern Arizona University President's Scholarship for Non-Residents. Details for this may also be found at the WUE home page.

- And don't forget that process matters
- Eliminate those institutional aid applications
  - Track the typical award delay on new students selected for verification
  - Timing is everything, new and returning student awards should "roll" beginning March 1
  - Calculate balance due for students and provide information about how they can meet their obligation

Discussion and Questions

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