



EAB

# Financial Aid Training Toolkit

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For Enrollment Professionals

# Financial Aid Training Toolkit

This Toolkit is for enrollment officers who interact with prospective students and families on the topic of financial aid; it is not a comprehensive training manual for financial aid professionals. The dynamics of financial aid and college pricing are daunting to most students and families, and clear explanations and guidance are critical to successful enrollment and retention.

The Toolkit grew out of [EAB's FAFSA Submission Support Resources](#). This set of Resources provides admission and financial aid professionals with accessible content, in English and Spanish, to help students navigate the financial aid process. Our partners told us these materials were also helpful to train and inform non-financial aid professionals, and with that in mind, we brought together the Resources and other relevant material to create this Toolkit.

The content provides answers to the most common questions asked about financial aid and affordability. It also offers information about how financial aid is used to enroll and retain students and what to anticipate as the EFC (Estimated Family Contribution) is replaced by the SAI (Student Aid Index).

We hope this Toolkit is useful to you. If there are other topics you would like us to include, or resources we can provide, please let us know at (952) 854-2979.

My institution's FAFSA Code: \_\_\_\_\_

My institution's Financial Aid Phone: \_\_\_\_\_

My institution's Financial Aid Email: \_\_\_\_\_

My institution's Financial Aid Mailing Address: \_\_\_\_\_

Important deadline dates: \_\_\_\_\_

Other information: \_\_\_\_\_

Three reasons your institution is worth it: (see Page 63)

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

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# Answers to the Most Asked Financial Aid Questions

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# Applying for Financial Aid:

## 3 Important Things to Remember About the FAFSA

The Free Application for Federal Student Aid (FAFSA) is an online form you fill out to determine if you are eligible for federal student aid. Completing and submitting the FAFSA is free and may also determine your eligibility for state and school aid. This is one of the most important steps you and your parents can take to help pay for college.

### 1 Start the Application Early

You may apply for financial aid beginning October 1. In previous years, students and families had to wait until at least January to apply. This change was made to improve the process, allowing you to both apply for financial aid earlier and learn about your net price at various institutions much earlier in the admission cycle.



#### What Does This Mean for You?

Making the FAFSA available October 1 reduces the stress of having to complete tax returns and file your application in a short period of time.

You won't have to estimate tax information and update it later, which makes the FAFSA easier to complete.

### 2

### Provide Last Year's Taxes

Your financial aid eligibility will be based on you and your parents' income information from last year's tax return, which was likely filed months ago. You may be eligible to use the IRS Data Retrieval Tool ([studentaid.gov/irsdrdt](https://studentaid.gov/irsdrdt)) to import your financial data. It streamlines the process and reduces the need for verification later. The Data Retrieval Tool transfers information from your tax return directly into your FAFSA, improving speed and accuracy.

You'll need to stay on top of state deadlines and FAFSA due-dates at each of the schools where you apply. The goal is to have financial aid packages back from all of your schools earlier to help you make your best choice.

### 3

### Hit the Deadline

FAFSA application deadlines will vary by institution and also from state to state. We encourage you to submit your FAFSA as soon as possible to ensure full consideration for all forms of financial aid.

- What is the FAFSA?
  - Where is the FAFSA?
  - When is the FAFSA deadline?
- 

## The FAFSA: The most important financial aid form you'll ever fill out



The Free Application for Federal Student Aid, or FAFSA, is used by colleges and the federal government to determine your eligibility for grants, need-based scholarships, loans, and work-study programs.

The FAFSA becomes available each year on October 1, and the sooner you submit it, the more aid will be available to you. Each school and some states have their own priority deadlines as well. You can [look up your state's deadline here](#).

## Get Ready!

Filing the FAFSA isn't as complicated or time-consuming as it sounds—a little preparation will help make the process go smoothly. Use [this worksheet](#) to get a sneak preview of what the form looks like and the questions it asks!



Before you can submit your FAFSA, you'll need to [create your FSA ID](#). You'll need an FSA ID to log in to your account, sign the FAFSA and make changes or add schools. You and your parent must create separate FSA IDs.

## Get Help



Don't worry about getting stuck while you're filling out the FAFSA—lots of help is available, starting with your school's financial aid office. They'll help you with any questions you have at any step of the process.

On the FAFSA app and website, there are tool tips next to each question, [detailed help pages](#), and a chat option. There's also an 800 number to call (1-800-4FED-AID).

The FAFSA even has its own YouTube channel! [Check it out](#) for step-by-step instructions on creating an FSA ID and filling out the form, help understanding different types of aid, and more.

## Get Filing!

Here's a checklist of everything you and your parent need to fill out, sign, and submit the FAFSA:

- ☐ An [FSA ID](#). Your FSA ID allows you to log in to your account, sign the FAFSA and make changes or add schools. You and your parent must create separate FSA IDs. Create this first!
- ☐ You and your parent's Social Security or Alien Registration number. Here's what to do if your parent [doesn't have a Social Security number](#).
- ☐ Driver's license (if you have one)
- ☐ Your and your parent's federal income tax returns and W-2s from 2021 (you can use the [IRS Data Retrieval Tool](#) to import this data!)
- ☐ Bank statement
- ☐ If applicable, other records of money earned and records of investments and untaxed income

*Don't worry if you can't find these materials right away; you can start the FAFSA and come back as many times as you need to update information or add schools. The important thing is for you and your parents(s) to get started!*

# Get the Real Story!

There's a lot of misinformation about filing the FAFSA. It's important to know the truth so you can take this critical first step in getting the money you need to attend college.

## Fiction

I need a computer to file the FAFSA.



## Fact

You don't! You can access StudentAid.gov on a mobile device or request a print-out of the FAFSA PDF— in English or Spanish—by calling 1-800-4-FED-AID (1-800-433-3243).

## Fiction

I need to pay a fee to file the FAFSA.



## Fact

Filing the FAFSA is free—it's right there in the name! Avoid any website or mobile app that requires a payment—that means it isn't the official [FAFSA site](#).

## Fiction

It takes a really long time to fill out the FAFSA.



## Fact

The average time to complete a FAFSA is only 22-30 minutes. Here's a [worksheet](#) you can use to get an idea of what the form looks like and what information it asks for. There's also lots of help available—even a [FAFSA YouTube channel](#)!

## Fiction

The FAFSA asks for a lot of information, and I won't be able to find it.



## Fact

The information the FAFSA collects includes documentation you can easily access, such as your Social Security number, bank statements, and driver's license. You don't even have to have your tax forms on hand: there's a tool that can pull them in automatically for you! See a [checklist](#) of the information you need to file the FAFSA.

## Fiction

I need both parents' information to complete the FAFSA.



## Fact

It depends. There are many situations when you only need one parent's information to complete the FAFSA; and you might not even need that. The FAFSA considers many different family situations, and so will your college's financial aid office. [Learn more about parent involvement.](#)

## Fiction

I don't need to fill out the FAFSA.



## Fact

The FAFSA not only enables you to apply for federal grants and low-interest loans, it's also the form that states and individual colleges use to determine your need-based aid. [Check the FAFSA submission deadline for your state here.](#)

## Fiction

I need to be a US citizen to be eligible for financial aid.



## Fact

Students who fall into certain non-citizen statuses are eligible for federal financial aid. [See a list here.](#) Your parents' citizenship does NOT impact your eligibility. For information on financial aid options for DACA recipients, [click here.](#)

## Fiction

My family must have filed their tax returns before I can file the FAFSA.



## Fact

You can use what's called "prior-prior year" taxes to complete the FAFSA. That means that for the 2023 FAFSA, you can use 2021 information.

# Get Your Aid!

Once you submit your FAFSA, you'll get a Student Aid Report (SAR), and your information will be shared with the schools you indicated on your FAFSA form.



Here are some key terms you'll see on your SAR and on the financial aid packages you'll receive from the schools you listed on your FAFSA:

## Expected Family Contribution (EFC):

The amount that the federal government believes your family can contribute to one year of college. Colleges use this information, among other things, to determine financial need.

## Cost of Attendance (COA):

An estimate of how much it costs to attend a college. The COA includes the price of tuition and fees, room and board, books and supplies, and other expenses associated with attending that school.

## Financial need:

The difference between Expected Family Contribution (EFC) and a college's Cost of Attendance (COA).

## Net price:

How much it will cost you to attend a college for one year after your scholarships and grants, loans, and work-study have been subtracted from the COA.

## FSA ID:

Your FSA ID is your user name and password to access or correct your FAFSA information online. You and your parent need separate FSA IDs.

## Student Aid Report (SAR):

This report shows you what data is on your FAFSA, some information about the aid for which you're eligible, and your Expected Family Contribution (EFC).

## Subsidized loan:

A need-based loan that is interest-free while you're in school.

## Unsubsidized loan:

A loan for which you don't have to demonstrate financial need but on which interest will accrue while you are in school. You are not required to make payments while you are enrolled, but you may choose to do so.

## Scholarship/grant:

A monetary gift that doesn't have to be repaid. It is provided by the federal or state government, the institution, and/or private organizations. It can be one-time or renewable and based on grades, talents, or other criteria.

## Work-study:

A part-time job for students with financial need.

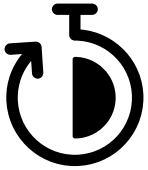
You can contact your school's financial aid office at any time if you need some help understanding terms like these. They'll be happy to help you translate them!

For more common terms you'll see throughout the financial aid process, [check out this glossary](#) from the Department of Education.

*You could be surprised to find out how affordable college may be—the only way to know is to file the FAFSA! Check out [studentaid.gov](https://studentaid.gov) to get started now, learn more about how financial aid works, and explore options for paying for college.*



## Six Items and 22 Minutes: All You Need to Fill Out the FAFSA



Filing the FAFSA isn't as complicated or time-consuming as it seems—you only need about six documents and 22 minutes! So in the time it takes you to catch up on your Instagram feed, you can take the critical first step in getting the money you need to attend college!

Here's a checklist of everything you and your parent need to fill out, sign, and submit the FAFSA:

- ☐ An [FSA ID](#). Your FSA ID allows you to log in to your account, sign the FAFSA, and make changes or add schools. You and your parent must create separate FSA IDs. Create this first!
- ☐ You and your parent's Social Security or Alien Registration number. Here's what to do if your parent [doesn't have a Social Security number](#).
- ☐ Driver's license (if you have one)
- ☐ Your and your parent's federal income tax returns and W-2s from 2021 (you might be able to use [the IRS Data Retrieval Tool](#) to import this data!)
- ☐ Bank statement
- ☐ If applicable, other records of money earned and records of investments and untaxed income

Don't worry if you can't find these materials right away: you can start the FAFSA and come back as many times as you need to update information or add schools. The important thing is for you and your parents(s) to get started!

Want to know more? Use [this worksheet](#) to get a sneak preview of what the form looks like and the questions it asks, and [check out the FAFSA YouTube channel](#) for step-by-step instructions on creating an FSA ID and filling out the form. Your school's financial aid office will help you with any questions you have at any time in the process, so don't hesitate to contact them as well.

[File your FAFSA now!](#)

## Parent PLUS Loans: Are They Right for You?

Parent PLUS loans are one way to help your child pay for college, but they're not for everyone. Here's a quick overview of PLUS loans to help you decide if they're a good option for you and your family.

### Amount and Eligibility

You can borrow up to the full cost of attendance of your child's school, minus any financial aid they've already received.



To be eligible for a parent PLUS loan, you need to:

- ☐ Be the parent or adoptive parent of a dependent undergraduate student who is enrolled/will be enrolled at least part-time in college
- ☐ Meet credit requirements\*
- ☐ [Meet the general eligibility requirements for federal financial aid](#) (if your student received financial aid, you're most likely eligible!)

### Applying for a parent PLUS loan

Before you apply, your student will need to have submitted the FAFSA. The application will take about 20 minutes to complete.



You'll need:

- ☐ Your [FSA ID](#)
- ☐ The name of the college your student will attend
- ☐ Your student's Social Security number, mailing address, and date of birth
- ☐ Basic information about yourself
- ☐ Contact information for your employer

*\* Unlike other federal loans, a credit check will be done for a parent PLUS loan. But don't worry if you don't have good credit or a cosigner—**your student can get some additional loan funds if you're denied!** If this happens, contact the college's financial aid office.*

[Go to the PLUS loan application site for more information and to apply.](#)

### Paying Back Your PLUS Loan

Your PLUS loan will be managed by a federal student loan servicer. You can look up your servicer at [studentaid.gov](https://studentaid.gov) once the first loan payment has been disbursed. There are [several repayment plans](#) you could be eligible for, and there's no penalty if you prepay your loan. While you can borrow up to the amount of the cost of attendance minus any financial aid your student receives, that doesn't necessarily mean you *should*. You can get an idea of what your monthly payment would be by using the [Loan Simulator](#). Remember to factor in any other payments you need to make, including the amount of each, before you decide to take on a PLUS loan.



### PLUS Loan vs. Private Loan

For most people, a loan from the federal government is better than one from a private lender. Interest rates on federal loans are fixed (which means they won't change over time), so you'll know exactly what you're getting into. You also have several options for repaying the loan, including ones that depend on your level of income. Private loans tend to have much stricter repayment rules, and their interest rates can change at any time. [Learn more about the advantages of federal loans over private loans.](#)

For more details about the parent PLUS loan program, [check out this publication](#) from [studentaid.gov](https://studentaid.gov).



What is verification?  
What do I do now?

## FAFSA Verification: Don't Panic and Don't Wait

If you see a note on your Student Aid Report or your college tells you that you've been selected for FAFSA verification, don't worry: nearly one in three FAFSAs are, which is a way to make sure everything on your FAFSA is correct.

If you're chosen, each college's financial aid office will request information from you. This request will usually come via email, so pay close attention to the inbox of the email address you used on your college application. Some colleges will request it right away and others will take longer.



Don't wait to respond to a verification request—your financial aid won't be released until you do. Take these three easy but important steps right away:

### 1. Fill out verification worksheets.

Your college will send you verification worksheets to go along with any materials they ask for. In many cases, filling out a worksheet will be all you need to do! Be sure you accurately answer every question, and if something doesn't apply to you, simply put "N/A" or "0" as the answer.

### 2. Gather the information requested.

Your college will tell you exactly what documents they need. Typical facts you might be asked to verify include tax information, high school completion status, and number of people in your household. Most colleges ask for information about only one of these areas.

### 3. Return the verification worksheets and requested information ASAP.

If you miss the deadline to submit your information, it will delay the disbursement of your financial aid. In some cases, you might even lose your aid. Respond as quickly as you can! Make sure you submit the documents in the way the college asks for them (such as by mail, a secure portal, or even email). Some colleges will have a website where you can check to see if they have received your documents. Monitor that website and reach out to the college if you don't see the documents checked in.

If you have any questions about the information you're being asked to provide or how to fill out the forms, contact your college's financial aid office—they're there to help!

Your financial aid package might change if any of the information on your FAFSA was incorrect. If that happens, your college will let you know, so keep an eye on your email.

If you receive an email saying your FAFSA has been corrected, it could be because you updated your information, including adding or deleting a school. It could also be because your college adjusted some part of your form to help your FAFSA accurately reflect your financial picture. You'll be able to see what changed by accessing your FAFSA online.



So how much is college  
*really* going to cost?

## Apples to Apples: 4 Steps to Finding the Best College Deal

### Step 1: Determine *Your* Cost of Attendance

Identify what it will cost you to attend the school, based on your financial aid award letters, the school's website, or by contacting the school's financial aid office.

There are direct costs, such as tuition and fees, and indirect ones, such as travel and personal expenses and books. Your indirect costs might be different from what the school's estimate is, for example, if you live off campus, your rent would be an indirect cost (but you wouldn't need to consider room and board), or if you plan to rent used textbooks instead of buying new ones, their estimate for books might be high. Be sure to include any extra fees that go along with certain majors, including lab fees.

*Write that amount next to "Cost of Attendance" on the following chart.*

### Step 2: Subtract your gift aid.

Now figure out your total amount of "gift aid." This refers to scholarships and grants awarded to you by the college or by outside sources, such as Pell Grants or scholarships you won—money you don't have to pay back. Pay special attention to whether these gifts are guaranteed or if you'll need to meet requirements to keep them from year to year, such as a certain GPA or enrollment in a specific program.

*Write the amount of your Gift Aid on the chart. Subtract this amount from your Cost of Attendance. What's left is your Remaining Cost. Write that on the chart.*

### Step 3: Subtract your family support.

Your family support is any money your parents plan to contribute or money that you plan to contribute, such as savings from summer jobs.

*Write the amount of your Family Support on the chart. Subtract this amount from your Remaining Cost. What's left is your Out-of-Pocket Cost. Write that on the chart.*

### Step 4: Look at your loans.

Here's where your loans come in. We've saved them for last because you might not need any or all of them. You should borrow only what you need, because you'll have to pay it back, with interest.

*Write the amount of your loans in the line labeled "Loans."*

*Subtract the amount of your loans from your Out-of-Pocket Cost. This is your Total Left to Pay (it might be zero!).*

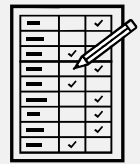
If the amount of your loans is greater than your Out-of-Pocket Cost, you're covered, i.e., your Total Left to Pay is 0. Remember to accept only the loans you need to cover your Out-of-Pocket Cost.

#### Step 4: Look at your loans. (continued)

If your Out-of-Pocket Cost is greater than the amount of your loans, you'll need to find additional funding to attend that college. You could look into a parent PLUS loan from the federal government or talk with the college's financial aid office—they're there to help! Taking out a private loan should be your last option.

No matter how much you and your family decide to borrow, be a well-informed borrower! Use a [student loan repayment calculator like this](#) to figure out what your monthly payments will be, and review salary information for your chosen career. Borrowing for college is an investment in you, but it's an important financial decision and you'll want to avoid surprises down the road.

Follow the steps on the previous page for each of your colleges and you'll be able to easily see how they stack up! But keep in mind that just because a college is the "cheapest" or gives you the most scholarship money doesn't mean it's the best one for you. If you wouldn't be happy there, it's not a good deal!

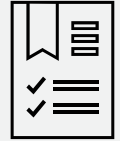


	College Name Sample U.	College Name	College Name	College Name
Cost of Attendance	20,000			
<i>subtract</i> Gift Aid	15,000			
<i>to get</i> Remaining Cost	5,000			
<i>subtract</i> Family Support	2,000			
<i>to get</i> Out-of-Pocket Cost	3,000			
<i>subtract</i> Loans	7,000			
<i>to get</i> Total Left to Pay	(\$4,000)			

\* You would need to accept only \$3,000 in loans to pay for Sample U.

## A Second Look: Appealing Your Aid Award When Family Finances Shift

If you or your parents have experienced a change in circumstances or you feel that your FAFSA doesn't tell the whole story about your family's financial situation, we might be able to reconsider your aid award!



Here are some examples of reasons or circumstances that can lead to a reevaluation of your aid package:

- Job loss of a family member or an independent student
- Medical, dental, or nursing home expenses not covered by insurance
- Day care expenses or tuition expenses at an elementary or secondary school
- A student or family member becoming a dislocated worker
- Parent(s) enrolled at least half-time in a degree, certificate or other educational program
- A student becoming homeless

If any of these apply to you, follow these three steps:

1. [File your FAFSA.](#)

If you've already submitted the FAFSA, skip to Step 2.

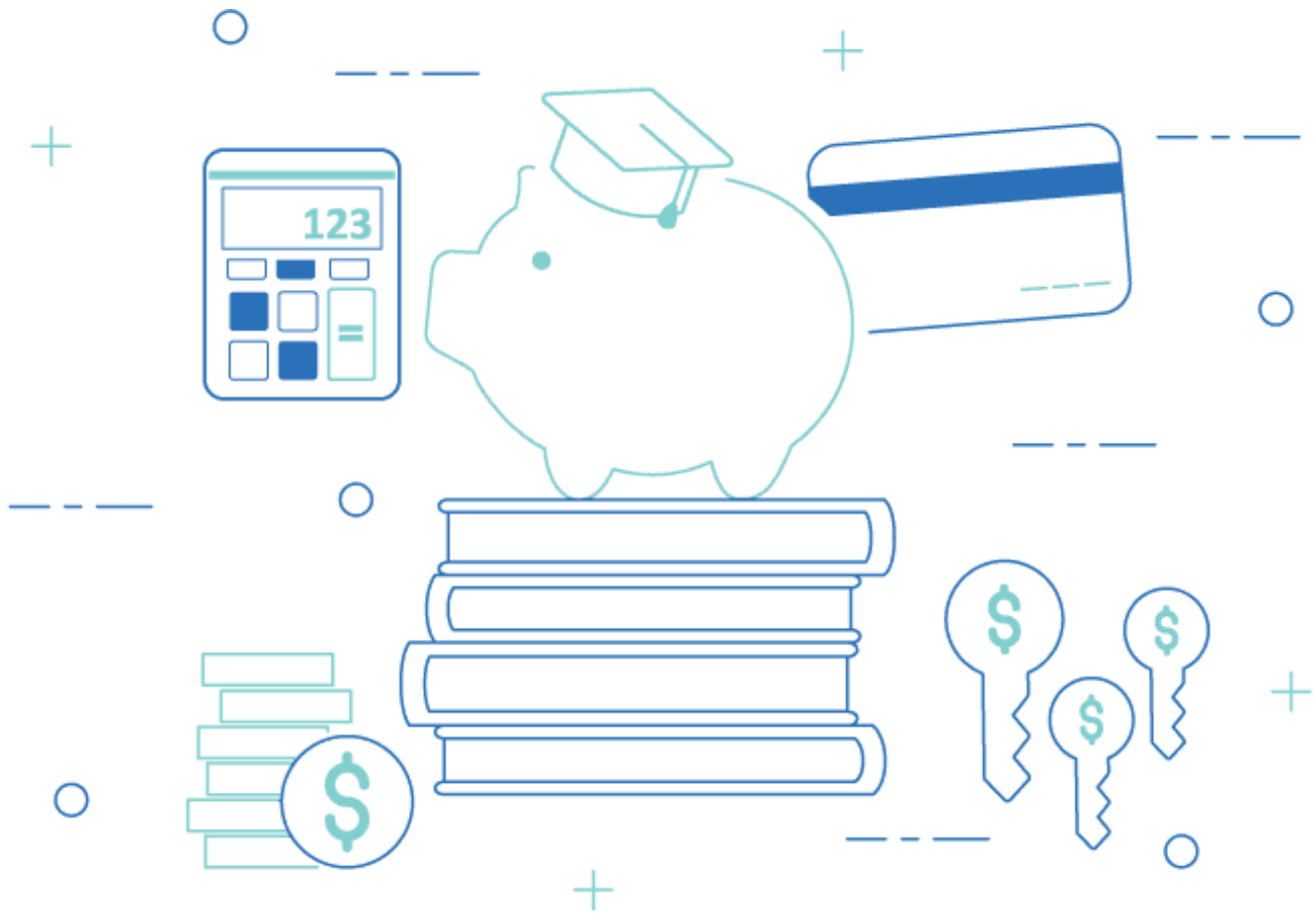
2. Complete our Special Circumstance form, and provide any documents or information we ask for. Once we've received the form, we'll review the information to see if we can use "professional judgment" to adjust the amount of your award. We can consider situations that are extenuating and are having a significant impact on your family's finances. On the Special Circumstance form, we ask you to provide some details about the situation and may also ask you for some documentation related to what's happening. Send it in as quickly as possible!

3. Keep an eye on your email.

After we have reviewed the form, we'll email you to let you know if we need more information or whether or not we were able to award you additional funds. If you don't hear from us in 4 weeks, please feel free to check on the status of your financial aid appeal.

# Optimizing Financial Aid for Recruitment and Yield

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## Clearly Communicate Price and Financial Aid

Financial aid is a confusing terrain for students and parents alike. Complex jargon, hidden fees, and misconceptions about loan repayment are barriers to enrollment, and many students are deterred based on sticker price alone. Delivering financial aid touchpoints that immediately break down net price, use clear language, and provide guidance to students at points of uncertainty will increase the likelihood that financial aid serves as a bridge to further engagement with students in the enrollment process.

### In This Guide:

1. Design online cost and financial aid content for maximum transparency
2. Clarify and rewrite the aid letter
3. Perform a jargon reduction audit on aid letters and online content
4. Cross-train staff across units to discuss financial aid basics
5. Reschedule the timing of financial aid estimates



# Design Online Cost and Financial Aid Content for Maximum Transparency

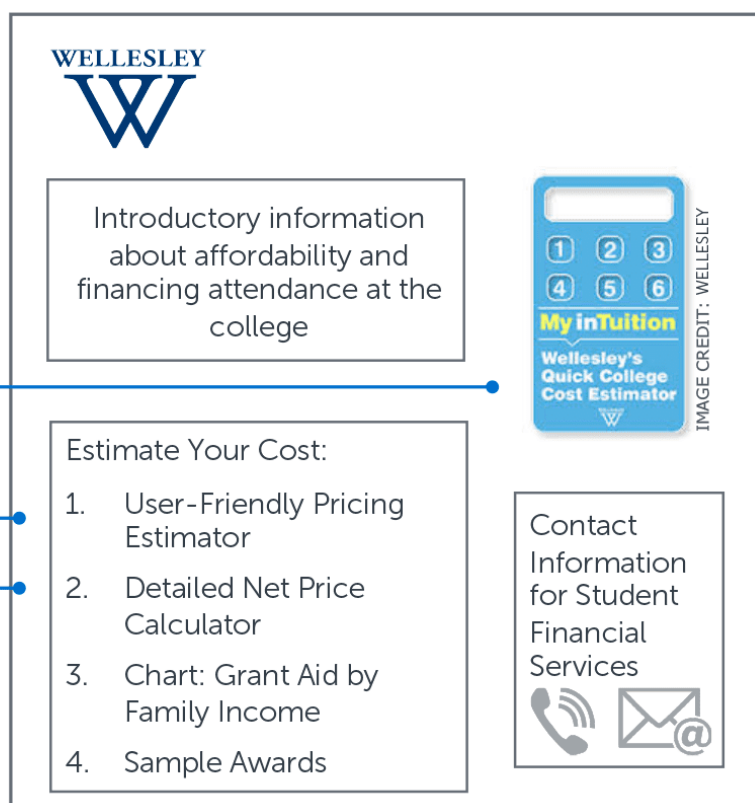
Transparency in online financial aid information goes beyond the traditional net price calculator. As most students begin their college search on a university website, make sure the information they see won't scare them away. Include strong graphic presentations of financial aid numbers, a breakdown of sticker versus net price, and a more user-friendly calculator that requires less burdensome user input.

## Direct Prospects to User-Friendly Pricing Estimator First

User-friendly pricing estimator appears in sidebar and first in list of cost resources

## Pricing Estimator a Supplement, Not a Replacement

Standard net price calculator available for students seeking further detail and to satisfy federal requirements



## Research Highlights

Columbia College launched a tuition transparency initiative that eliminated fees and book costs, packaging the price of attendance into one number for their online and off-site courses where extra costs varied less.

Formatting the landing page of a financial aid inquiry that can be read in a clear, sequential path helps to clear up misconceptions about how universities arrive at a final net price. The MyinTuition net price calculator scales down the requirements to six key questions to arrive at a financial estimate, averaging three minutes for completion.

## Clarify and Rewrite the Aid Letter

Recipients of financial aid letters may not understand the difference between grant and loan money, leaving many families confused as to what is a gift and what needs to be repaid. These letters are important communication touchpoints that can make or break a future enrollment.

To ensure the clarity of your aid letter, break down costs in terms a student can understand, and highlight any outstanding costs as well as options to cover them.

## Further Reading

Creating a cost-transparent letter includes breaking out the cost of attendance both before and after aid to create a clear distinction between sticker price and net price. Bolding jargon or providing a glossary demystifies any unfamiliar financial aid language. Designing the layout of the letter with bold colors and clutter-free space draws the eye to decision-making factors such as housing costs and payment plans.

Assess the effectiveness of your aid letter in the following three areas:

1. Presents clear numbers
2. Uses accessible language
3. Makes the layout inviting

**Did you know?** Only one-third of aid award letters analyzed by uAspire in late 2017 actually listed both direct costs and indirect expenses (such as books and transportation, respectively). As uAspire's Chief Policy Officer Laura Keane put it, in many cases "there is literally *no* price tag." Set yourself apart by providing better information!

## Perform a Jargon Reduction Audit on Aid Letters and Online Content

Financial aid language is complex, and families may feel frustrated and even misled if they don't understand the content. Run aid letters and other financial aid information through a jargon reduction auditing tool such as the [Gunning Fog Index](#), which can measure the reading level of a text, and help simplify terms for a broader audience.

# Quick Tips

Financial aid letters should target the reading level of the high school audience. Any content that scores higher than a 10 on the Gunning Fog Index should be rewritten. Best writing practices when discussing financial aid include:

- Write in short sentences.
- Write actively.
- When in doubt, err on the side of over-explaining.

## Cross-Train Staff Across Units to Discuss Financial Aid Basics

Prospective students interact with a variety of support staff throughout their enrollment journey, and financial aid questions can arise at any time. Ensure that there are no misconceptions or knowledge gaps across staff members by training anyone who may meet prospective students in key finance topics and where to find financial aid resources.

Students shouldn't have to seek out a financial aid advisor when they have general questions about financing their education. Providing tools for staff members across a variety of offices increases the opportunity for connecting students with the right information at the right time.

Developing the course content for this training includes partnerships with finance, career, and academic advisors of the university, and delivery includes anyone involved in the student enrollment process.

Modules in a training initiative might include:

- Trends in Student Aid
- Loan Counseling
- Debt Management
- Employability and Landing a Job

“One of the biggest challenges for all of us is to catch people when they’re listening, because it’s a very noisy environment. But the admissions counselors, and financial aid staff, and retention officers, and people around the campus, are connecting with students at a time in which they’re interested in listening.”

*Wendy Beckemeyer, VP of Enrollment Management at Robert Morris University*

## Reschedule the Timing of Financial Aid Estimates

In the age of Early FAFSA, waiting until applications have arrived to communicate scholarship awards could be too late for those who have already written off the list price as too high. Consider marketing merit scholarships early in the recruitment process to specific populations of students.

### Research Highlights

Some colleges market merit scholarships early in the college search process, increasing yield of middle-class, cost-conscious students. Early financial aid letters act as a touchpoint in a longer conversation that might include invitations to financial aid events, regional advisor appointments, and workshops geared toward both students and their parents. Starting the financial aid conversation earlier allows universities to deepen relationships with prospective students and more clearly demonstrate ROI.

### Pre-Qualify Prospects for Merit Scholarships, Deliver Tailored Estimates



#### Becker's Implementation Tips

- Prepare template letters for each award size before purchasing names
- Calculate awards in first 48 hours after College Board names become available
- Mail personalized award estimates to all prospects (>62,000 at Becker College)

## How to Create a Financial Aid Policy for Your College Enrollment Goals

Public and private colleges alike are working to allocate aid as effectively as possible to help meet enrollment goals. In our [Financial Aid Optimization](#) work, we often see public colleges focusing on limiting the expense of aid or minimizing tuition increases, while private colleges often want to minimize discount rate or possibly reset tuition.

However, as the enrollment market becomes more competitive, colleges will have to embrace new financial aid strategies and ensure aid allocation achieves their institution's specific goals, including headcount, diversity, academic profile, etc. This requires a close and critical look at your school's [financial aid policy](#).

I've outlined key steps from our Financial Aid Optimization team's playbook, which can guide you on how to create the right aid policy to meet your specific enrollment goals.

## The Dos and Don'ts of Financial Aid Policy Decision-Making

Most often, the vice president of enrollment is responsible for overseeing the financial aid office. However, that's not always the case. In some instances, the chief financial officer sets a revenue goal to be achieved through class size and institutional aid expenditure. In others, a president and/or board seeks to grow to expand brand visibility or reputation.

Regardless of who manages the financial aid office, our Financial Aid Optimization team has created a few ground rules for colleges to consider before going down the path of redesigning their aid policy.

### Dos:

- Think of financial aid strategy as a tool to be employed to hit enrollment goals.
- Begin the conversation by agreeing on enrollment goals. Without agreement on goals, additional conversation won't be productive. Clearly articulate these goals to the enrollment team for execution.

- Assess how well the aid policy is designed to meet enrollment goals (this will require input from the enrollment manager or someone close to the data).
- Ensure the enrollment team feels it has the resources to meet the thresholds for strategic use of aid.

## Don'ts:

- Don't think of aid (or discount rate) as an expense to minimize.
- Don't focus on philosophical questions in the context of aid strategy discussions. Philosophical questions should be addressed in the enrollment goal-setting stage.
- Don't make assumptions about the effectiveness of aid strategy. Use data supplied by your enrollment team to make an empirical judgment.
- Don't assume the enrollment team is appropriately resourced to execute strategic deployment of institutional aid.

Once all parties involved in aid policy decision-making understand the dos and don'ts, it's time to map out your aid policy.

## Draft a "Matrix" to Determine the Direction of Your Aid Policy

"The matrix" is commonly known among those in financial aid, and creating one is critical to understanding how a college's financial aid policy will ultimately work to achieve the school's enrollment goals. The matrix is the visual framework of a college's aid policy. Essentially, it's a map.

Think about it this way: a map doesn't only show us how to get from point A to point B. It also shows us all the various routes we can take to reach our destination. If we turn right two streets sooner or decide to take back-roads instead of the highway, what other adjustments will we need to make? An aid policy isn't much different. Your starting point is your aid policy, and your end point is meeting your enrollment goals. However, the route might need to change as your admitted-student pool develops across the enrollment cycle. Therefore, you need an aid policy matrix to guide you.

Below is an image of a matrix that shows the various components of an aid policy matrix: academic rank, aid amount, and percentage of need met.

Academic Rank (AR) is calculated using an index of GPA, test score, and class rank.

In each bucket, students receive a merit scholarship and have a percentage of need met.

In many cases, all students receive substantial merit aid

Often, merit aid remains flat across need bands

Academic Rank/EFC	No FAFSA		\$0 Need		\$1–\$10K of Need		\$10–\$25K of Need		\$25K+ of Need	
1 (Lower Ability)	\$10K	0%	\$10K	0%	\$10K	55%	\$10K	55%	\$10K	55%
2	\$12K	0%	\$12K	0%	\$12K	55%	\$12K	55%	\$12K	55%
3	\$15K	0%	\$15K	0%	\$15K	60%	\$15K	60%	\$15K	60%
4	\$17K	0%	\$17K	0%	\$17K	65%	\$17K	65%	\$17K	70%
5 (Higher Ability)	\$20K	0%	\$20K	0%	\$20K	70%	\$20K	75%	\$20K	75%

Non-FAFSA filers may be grouped separately from no-need students because they yield at much lower rates (and many actually have need).

Many private universities meet more need for higher-ability students; some place a special focus on the highest-ability low-income students.

Aligning your goals to your matrix can be done in a couple of different ways. One way is to adjust the academic rank to factor in additional characteristics. The other method is to create altogether different matrices with bigger or smaller awards for different student populations, although this method lends itself best to the individual, high-demand colleges or programs of a large university.

## Aid Allocation Should Be Guided by Your Aid Policy and Reaffirmed by a Statistical Model

Before you begin allocating aid, make sure you have a statistical model in place that will allow you to see the impact of those allocation decisions. There are four main aspects of any good aid model and policy development work:

1. Expected yield rates by type of award: merit, scholarship, and need
2. Scholarship yield rates in your market compared to recent years
3. The historical impact of key metrics in terms of predicting enrollment
4. Assumptions about the size, profile, and need levels for the admitted-student pool during the upcoming cycle

## Preparing to Distribute Aid Awards

Late summer is a critical time for aid policy development. And now that the Early FAFSA is prompting colleges to distribute aid awards sooner, enrollment leaders in competitive markets should make sure financial aid officers have everything they need as early into the fall semester as possible.



# Anatomy of an Effective Financial Aid Letter

A Comprehensive Tool to Improve Your Aid Award  
Communications



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## About the Enrollment Management Forum's Marketing and Recruiting Effectiveness Center (MREC)

MREC is EAB's new research resource for enrollment teams, supporting strategic decision-making and targeted improvement efforts in marketing and recruiting. Our research team continually evaluates existing and emerging ideas and pinpoints those that are the most viable.

MREC shares new findings each quarter through a suite of deliverables, including:

- Short research briefs and white papers
- Live webinars
- Expert takes on emerging issues
- Decision-making tools and discussion guides

# How to Use This Resource

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College cost and financial aid are top-of-mind issues for students and their families, yet most aid award letters—the first communication families receive from you on the topic—are difficult to understand and often missing critical information. Your award letter must be transparent and accessible as well as clearly communicate the true cost of attending your institution. Additionally, the letter serves as a valuable recruiting touchpoint through which you can emphasize the kind of care and attention to detail that students can expect from your institution. In other words, it helps demonstrate your value proposition.

This toolkit identifies three key areas for improvement and provides resources to rethink the way you share financial aid award information with students. At the end is a checklist you can use to make sure your new award letters fully incorporate these recommended best practices.

## In Order to Build an Effective Aid Letter, Incorporate the Following Practices:



### 1. Present Clear Numbers

The way you present costs and different types of aid can enhance your aid letter's clarity.



### 2. Use Accessible Language

A very accessible aid letter is just a matter of reducing jargon and simplifying syntax.



### 3. Make the Layout Inviting

Incorporating a few key design principles will make your letter appealing and easier to read.

#### Who should use this resource?

- Financial Aid Directors and Counselors
- Admissions Directors
- Enrollment Managers



# How Aid Letters Go Wrong

## The Typical Letter Is Full of Numbers and Lacks Clarity

As the market shifts to respond to Early FAFSA, many schools are delivering aid letters earlier in the recruitment cycle; this transforms the aid letter into an important enrollment communication touchpoint. Currently, the letters that students receive leave them and their families confused about how much they will need to pay and what is being offered. The numbers will be the first part of the letter readers gravitate toward, so if the letter is intimidating and opaque, it makes the decision process trickier.

### The Current State of the Typical Aid Letter

**Four-year costs should not be mixed with semester and/or single year costs, even if the value looks good.**

#### Financial Aid Award Letter

EAB University is pleased to offer the following estimated financial aid award. Your financial aid award provides you with a total commitment of \$62,600.00 in university-funded scholarships and grants over 4 years.

	FALL	SPRING	TOTAL
President's Scholarship	\$ 2,500.00	\$ 2,500.00	\$ 5,000.00
University of EAB Grant	\$ 5,325.00	\$ 5,325.00	\$ 10,650.00
Subsidized Direct Loan	\$ 1,750.00	\$ 1,750.00	\$ 3,500.00
Unsubsidized Direct Loan	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00
Parent PLUS Loan	\$ 2,000.00	\$ 2,000.00	\$ 4,000.00
Federal Work-study	\$ 1,500.00	\$ 1,500.00	\$ 3,000.00
Award Total	\$ 21,075.00	\$ 21,075.00	\$ 42,150.00

Estimated Tuition and Fees: \$43,573.00

Estimated Room & Board: \$12,000.00 - \$13,500.00

**It's hard to parse which aid is gift aid and which aid is meant to be repaid.**

**This is the closest this letter comes to listing a full cost of attendance (COA).**



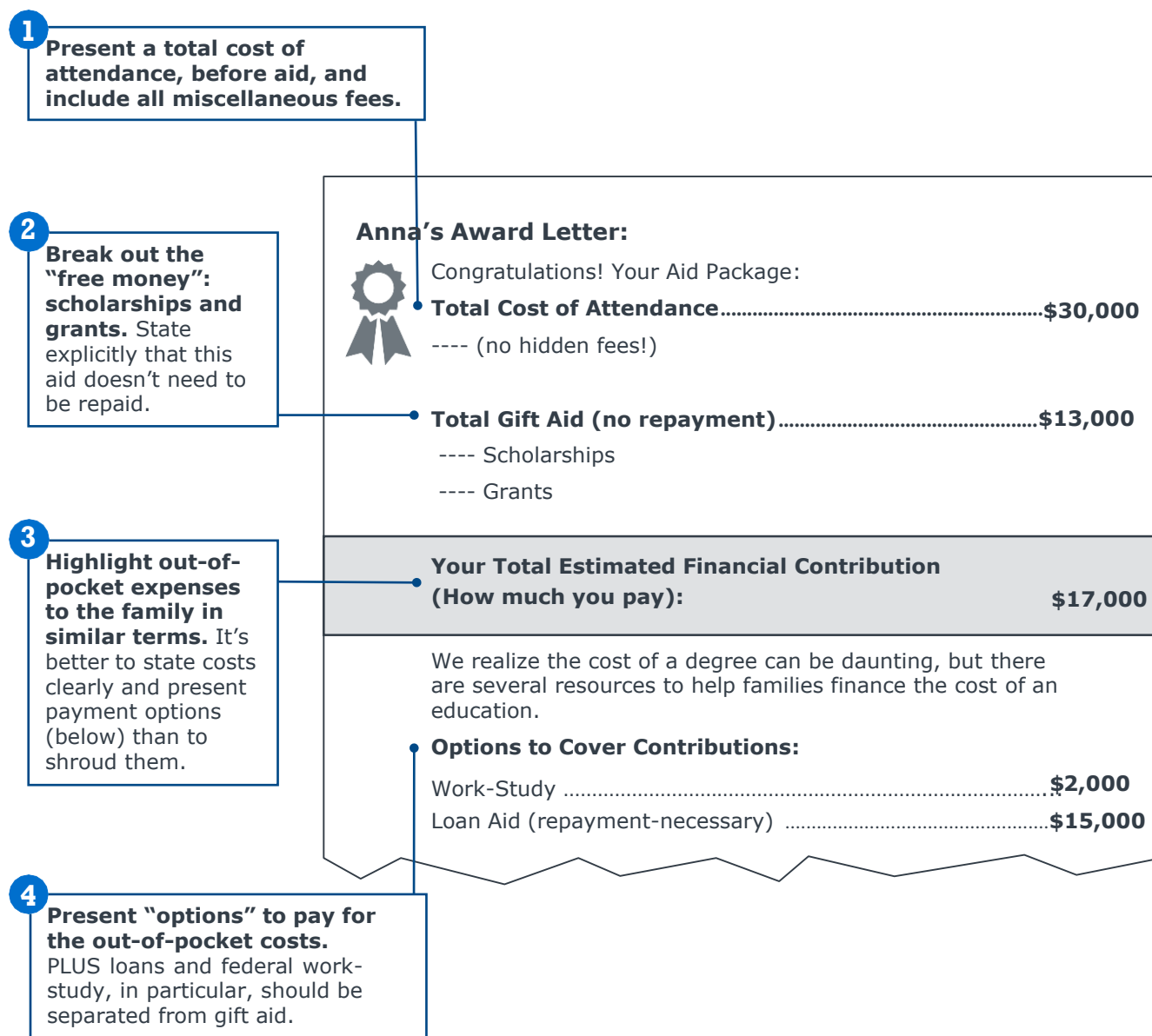
**Did you know?** Only one-third of aid award letters analyzed by uAspire in late 2017 actually listed both direct costs and indirect expenses (such as books and transportation, respectively). As uAspire's Chief Policy Officer Laura Keane put it, in many cases "there is literally *no* price tag." Set yourself apart by providing better information!

# Make the Numbers Clear and Straightforward

## Four Guidelines to Design a More Cost-Transparent Aid Letter

Fall packaging makes the clarity of aid letters even more critical than before: families may receive the aid letter before they've visited campus or spoken to a financial aid advisor, which means the letter needs to effectively break out key components and transparently show the size of families' expected contributions. Your letter should be intelligible to a complete financial aid novice opening the letter for the first time, and this starts with how the numbers are arranged on the letter.

### Four Key Steps for Designing a More Cost-Transparent Aid Letter



# Aid Letters Are Often Arcane and Hard to Read

## Start Simplifying by Reducing the Reading Level of the Text

In addition to transparently arranging the costs and awards, schools should ensure that families can easily read and understand the text of their aid letter. Financial aid language is complex and nuanced, often making it incomprehensible to families—and can make them feel like they're being misled. Schools that take care to write clear, approachable aid letters will stand out to families as transparent and responsive.

1

### Clean Up Your Sentences

Financial aid is confusing enough without the added barrier of difficult syntax. To make your letters as readable as possible, reconsider your phrasing. Best writing practices include:

- **Write in short sentences.** Use no more than two clauses per sentence, and break up longer parts of the text.
- **Write actively.** Make sure every sentence has a clear actor and action.
- **Err on the side of over-explaining.** Reducing sentences does not mean limiting the explanation. If something would add additional clarity, include it.

2

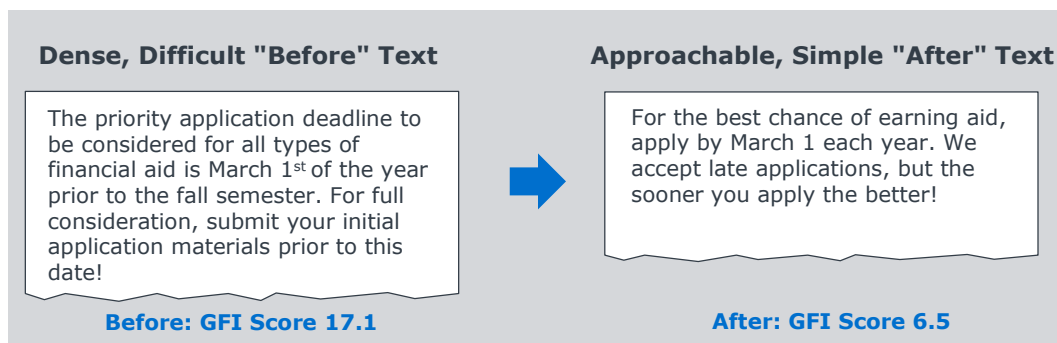
### Measure the Reading Level

It's good practice to write all administrative policies at an eighth-grade reading level—but at the very least, financial aid letters should target the reading level of their audience (high schoolers).

**Run the text of your financial aid letter (and other communications) through the Gunning Fog Index (GFI) Tool at [gunning-fog-index.com](https://gunning-fog-index.com) to measure the reading level, and then rewrite anything that scores higher than a 10.**

Added bonus: This also makes your text more accessible to non-native English speakers.

## Case in Point: Simple Adjustments in Language Dramatically Improve Readability



# Financial Aid Is a Language of Its Own

## Help Prospective Students and Families Understand Common Jargon/Acronyms

Some financial aid jargon is necessary. It is very important, however, to remember that your primary audience is not well versed in financial aid terminology. The contents of your financial aid letter are critical pieces of information that can make or break an admission decision, but students and families often have trouble deciphering the contents of these letters. Use your aid letter and other financial aid communications to educate students and parents on what these terms mean.

3

**We recommend two best practices for reducing barriers to understanding: bolding all jargon terms so they stand out and providing a glossary, either on a page of the aid package or on your website.**

**Common Financial Aid Jargon**

- Cost of Attendance (COA)
- Federal Education Loan
- Merit-Based Aid
- Need-Based Aid
- Net Cost
- Out-of-Pocket Cost
- Private Student Loan

- Professional Judgment
- Satisfactory Academic Progress
- Student Aid Report
- Subsidized Student Loan
- Unsubsidized Student Loan
- Verification
- Work-Study

While it may be sufficient to focus on the financial aid-specific jargon that is likely to appear in your letter, you may also want to consider general financial literacy and offer some resources or definitions for other common terms related to the financial aid award process. One way to help those who have less financial literacy is to lay out the information in an intuitive way.

### But What About the Language Required by Law?



The law (34CFR) mandates information that schools must disclose, but it does not specify the actual words they must use. Very little verbatim language is actually mandatory. **A good practice is to adopt terms as they appear on the [Federal Shopping Sheet template](#).** The annotated version provides good insight into the terms and concepts that the federal government expects students and families to need more information about.

# Design the Layout to Support Decision-Making

## Your Aid Letter Can Be Appealing and Informative

Typical aid letters are crowded, monochromatic, and difficult to skim. Hazel University,<sup>1</sup> a small liberal arts college, redesigned their aid package to look more approachable, and the four-page pamphlet really capitalizes on good design. The bold colors and copious white spaces help draw attention to key elements, and the arrangement facilitates understanding and simpler navigation of the letter's contents, even upon first skim. Below we have highlighted some of the specific best elements of this new package.

Messages that communicate part of Hazel U's value proposition—its integrated financial services—are prominently placed adjacent to costs.

The letter lists sources of aid and then includes a worksheet where families can calculate their own net cost based on their individual indirect costs and aid sources.

The letter uses bold fonts and yellow to call out important information.

Generous white space makes the letter welcoming and easy to navigate and highlights important contact information.

Payment options are laid out in a clear and friendly way, prioritizing outside scholarships and payment plans over loans.

The back page of the letter lays out clear next steps.

**SERVICES AVAILABLE TO YOU**  
AS AN ENROLLED STUDENT AT HAZELU

Hazel University students get free access to **SALT**, a financial literacy platform for all current students and alumni. This platform assists with a variety of topics, from scholarship opportunities to financing your first car or building your first budget. Sign up for access today at [www.salt.org/hazelu](http://www.salt.org/hazelu).

Visit the Financial Literacy Center within the Student Financial Services office for information on **PRIVATE SCHOLARSHIP OPPORTUNITIES!** Opportunities are based on application deadlines.

**WE ARE HERE TO ASSIST YOU**  
Contact your Student Financial Services counselor to schedule an appointment to review the details of your financial aid award.  
Phone: 555.555.5555  
Email: [financialaid@hazelu.edu](mailto:financialaid@hazelu.edu)  
Fax: 555.555.5551  
Location: Hazel Building, First Floor

**HAS SOMETHING CHANGED IN YOUR FAMILY FINANCIAL SITUATION?**  
If so, submit a letter of appeal to: [financialaid@hazelu.edu](mailto:financialaid@hazelu.edu)

**HOW DO I COVER MY COSTS?**

- OPTION 1 Outside Scholarships
- OPTION 2 Payment Plan
- OPTION 3 Federal Loans
- OPTION 4 Alternative Loans
- OPTION 5 Combination

**USE THE INFORMATION ABOVE TO CALCULATE YOUR APPROXIMATE ANNUAL COST.**

50,600	COSTS
	GRANTS AND SCHOLARSHIP (use amounts with an * above)
	STUDENT LOANS (use amounts with a * above)
	ESTIMATED ANNUAL BALANCE (for assistance with your estimated annual balance)

**HOUSING HIGHLIGHTS**  
Has reduced the costs of living on campus? Why? To meet the financial needs of students and families, and to enhance students' experience. Studies show that students who live on campus:  
• Have a higher GPA  
• Report a higher degree of satisfaction with their college experience  
• Are more likely to graduate – and to do so in 4 years  
• Participate in more activities  
• Have greater self-confidence and self-reliance  
Learn more at [www.hazelu.edu/OnCampusLiving](http://www.hazelu.edu/OnCampusLiving)

**INDIRECT COSTS**  
You may spend \$2,300 for things like transportation, books, personal expenses, etc. This is not a part of your billed costs.

**SHOPPING SHEET**  
You are entitled to a personalized Federal Shopping Sheet. Student Financial Services maintains the original in your file. Please contact our office if you would like a copy.

**NEXT STEPS**  
Congratulations on your admission to the!

- 1 COMPLETE AND SUBMIT YOUR ENROLLMENT FORM**  
To secure your spot at the University of Hazel, you must complete and submit your enrollment form. This form includes a \$500 non-refundable deposit for campus housing. Deposit online at [www.hazelu.edu/enrollment](http://www.hazelu.edu/enrollment) or in person at the Office of Admissions.
- 2 ACCEPT YOUR AID LETTER**  
Starting in February, we will send designated students the online steps to accept this or their award.
- 3 COMPLETE ANY OUTSTANDING DOCUMENTATION FOR SFS**  
SFS Documentation Outstanding (If you are completing this form, you must also complete the SFS Documentation Outstanding form for SFS.)  
SFS Documentation Outstanding (If you are completing this form, you must also complete the SFS Documentation Outstanding form for SFS.)  
SFS Documentation Outstanding (If you are completing this form, you must also complete the SFS Documentation Outstanding form for SFS.)

Contact Student Financial Services if you need help at

1) Hazel University is a small private university that wishes to remain anonymous.

# Assessing Your New Letter

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## Transparent Aid Letter Checklist

The contents of this toolkit walked you through aid award letter writing best practices in three areas:



### 1. Present Clear Numbers

The way you present costs and different types of aid can enhance your aid letter's clarity.



### 2. Use Accessible Language

A very accessible aid letter is just a matter of reducing jargon and simplifying syntax.



### 3. Make the Layout Inviting

Incorporating a few key design principles will make your letter appealing and easier to read.

After working on these areas, your award letter should clearly lay out costs, deliver its message with language that is accessible to the reader, and present all of your information in an inviting, visually pleasing way.



Use the checklist on the next two pages to assess whether you have incorporated all the key teachings into your revised financial aid award letter.





# Transparent Aid Letter Checklist

Follow These Guidelines to Make Your Aid Letter Transparent and Easy To Read



## The Numbers

### Costs

#### ☐ Status

- Indicate the student's enrollment and housing status, and note that the costs below are calculated based on that status

#### ☐ Direct Expenses

- List all direct expenses, including tuition, applicable fees, applicable room and board
- Total the direct expenses under a heading that makes it clear these will be billed by the university ("Expected Bill")

#### ☐ Indirect Expenses

- List all indirect expenses, including estimated costs of books, transportation, insurance, and personal expenses
- Total the indirect expenses under a heading that makes it clear these are estimates and will *not* be billed by the university ("Estimated Additional Expenses")

#### ☐ Cost of Attendance

- Add up all direct and indirect expenses
- Position the cost of attendance in an easy-to-find place on the page

### Aid

#### ☐ Gift Aid

- Indicate clearly that these are sources of aid that students will not have to repay
- List all sources of gift aid. For each source, include a link or directions to the place where students can find out more about the award, including whether the award is renewable and what the student must do to keep the award (e.g., GPA requirements)

### Out-of-Pocket Costs and Paying Them

#### ☐ Out of Pocket Cost

- Subtract only the gift aid from the cost of attendance

#### ☐ Work-Study

- Present work-study award(s) as an option for covering out-of-pocket costs, rather than as gift aid
- Clearly note that employment is not guaranteed

#### ☐ Payment Plans

- If you offer a payment plan, provide brief details and/or a link to the place where families can find more information

#### ☐ Other Payment Options

- List loans as a payment option separate from gift aid and work-study awards, and clearly indicate that families will need to repay this aid
- For each loan, briefly indicate the interest rate and whether the loan is renewable

# Transparent Aid Letter Checklist (cont.)

Follow These Guidelines to Make Your Aid Letter Transparent and Easy to Read



## The Language

### Writing

- ☐ **Avoid acronyms** (e.g., “LN” for “loan”)
- ☐ **Avoid financial jargon** wherever possible
  - Provide a glossary that explains necessary jargon terms
- ☐ **Write in short, active sentences** with no more than two clauses
- ☐ **Use casual, fun language** in bite-sized blocks
- ☐ **Test the reading level** of your language using the Gunning Fog Index tool at [gunning-fog-index.com](https://gunning-fog-index.com)
  - All text in the letter should have a GFI score of 10 or below



## The Layout

### Additional Information

Make sure to include the following aid-related information in your letter:

- ☐ **Value Messaging**
  - Always place vibrant value messaging adjacent to information about costs
- ☐ **Next Steps**
  - Lay out the next steps in easy-to-follow bullet points
- ☐ **Contact and Follow-Up Information**
  - Display contact information and other resources with clear signposting
- ☐ **FAQs**
  - Include an FAQ section that provides answers to common family questions and links to find additional information. FAQs might include:
    - What is your outside scholarship policy?
    - How many hours will students have to work to earn their full work-study award? How do students find on-campus jobs?
    - (For public schools) What are the residency requirements for in-state tuition?

### Arrangement

- ☐ **Group similar types of information** and use clear headings
- ☐ **Leave plenty of white space**, especially around critical information
- ☐ **Stay consistent with font usage**
  - Decide what deviations from your standard font mean (bold, italic, colors, etc.), and use them only for that purpose
- ☐ **Map out how you’d like families to read information**, and provide visual cues (lines, arrows, numbers) to direct their eyes
- ☐ **Include a worksheet or cost-comparison tool** that pushes families to engage with the information
  - Even if your letter is perfectly clear, families will better understand the information if they rewrite it themselves



#### **Who Should Read This**

---

- Enrollment Managers
- Cabinet
- Financial Aid Directors

# Financial Aid Strategy Self-Assessment

Audit the Effective Use of Financial Aid

# Overview

---

## Welcome to the Financial Aid Strategy Self-Assessment

Financial aid is a critical lever for achieving an institution's many enrollment goals, but many institutions have room to improve some aspect of financial aid allocation.

The diagnostic is structured as a survey and asks respondents to indicate "yes," "somewhat," "no," or "don't know" to a set of indicator questions about effective use of financial aid.

All "somewhat," "no," and "don't know," answers indicate an area in need of attention.

### Financial Aid Self-Assessment Elements

#### Centralizing Institution Financial Aid Strategy

##### Important Considerations:

- Alignment of aid allocation with strategic enrollment goals
- Stakeholder knowledge of and support for financial aid policy

#### Leveraging Enrollment Data with Financial Aid

##### Important Considerations:

- Target student populations
- Financial aid effects on yield
- Changes to admitted student populations over time

#### Endowed Scholarships

##### Important Considerations:

- Centralized management of endowed scholarships and applications
- Donor-institutions relationships

#### Pricing & Aid Communications

##### Important Considerations:

- Timing of aid awards
- Clarity of financial aid letters
- Admissions staff capacity to support prospective students
- Presentation of list price and student outcomes on webpages

#### Financial Aid & Student Success

##### Important Considerations:

- Registration holds
- Micro-grants
- Correlation of aid disbursement and successful student behaviors

# Financial Aid Strategy Self-Assessment

Work through the following items using the four-item scale (*yes, somewhat, no, and don't know*) to answer each statement. Make comments to the side when you come across any areas you notice need changes.

- ☒ This statement is **consistently** true.  
☐ This statement is **somewhat** or **sometimes** true.  
☐ This statement is **rarely** true.  
☐ The answer is **unknown**.



## Centralizing Strategy

	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Comments
Our institution has specific enrollment goals (targets and prioritization of headcount, net revenue, profile, diversity and student success)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Our aid allocation is aligned with our strategic enrollment goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
When the chief enrollment officer has reasonable confidence that changing aid allocation would make progress against enrollment goals, he/she has the power to enact those changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Regardless of accounting rules, the stakeholders who shape aid policy conceptualize aid more as a discount than as an expense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
The stakeholders who shape aid policy understand the significance of the discount rate and could explain to a third party why it is at its current level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
The stakeholders who shape aid policy understand the mechanics of financial aid optimization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Our institution has enough financial aid such that net cost is not the primary barrier for non-enrolled students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Continue to the next page.

## Financial Aid Strategy Self-Assessment (cont.)



### Leveraging Data

	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We know last year's yield rate for every award type and every target population	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We know how our yield rates (by award type and target population) have changed over the last three years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We can project how small changes in award size will impact yield for specific scholarships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We factor expected changes to the admitted-student population into our statistical model each year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We blend the overall proportion of merit and need aid differently across distinct target populations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments



### Endowed Scholarships

	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Endowed scholarships are funded, distributed, and managed by a centralized scholarship office and database	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scholarship applications are collected and monitored by a single, standardized clearinghouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our scholarship/financial aid office proactively checks student eligibility for donor-proposed scholarship restrictions before a donor agreement is signed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scholarships are allocated with enough time to influence a prospective student's choice of attendance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student-donor interaction is tied to the financial aid process and disbursement of funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continue to the next page.

## Financial Aid Strategy Self-Assessment (cont.)



### Communication

We proactively reach out to prospective students and families to help them understand the cost of college

☒ ☐ ☐ ☐ ?  
☐ ☐ ☐ ☐

Most students receive aid awards as soon as possible after receiving their letter of acceptance

☐ ☐ ☐ ☐

Students clearly understand the direct costs of attendance by reading the aid award letter

☐ ☐ ☐ ☐

In award letters, aid is communicated together with information about the university's overall value proposition, i.e., why it's worth the cost

☐ ☐ ☐ ☐

Admissions staff are capable of walking prospective students through an aid award letter

☐ ☐ ☐ ☐

Students can read the website and understand that the list price is not what they will pay to attend

☐ ☐ ☐ ☐

Webpages that discuss pricing and aid link the cost of college to expected outcomes

☐ ☐ ☐ ☐

Comments



### Student Success

We know every way a registration hold could be put on a student's account

☒ ☐ ☐ ☐ ?  
☐ ☐ ☐ ☐

Students aren't prevented from registering for classes because of small balances

☐ ☐ ☐ ☐

We have a micro-grant program to assist students with small unpaid balances

☐ ☐ ☐ ☐

Our micro-grant program is targeted, delivering aid to students for whom finances are the major barrier to graduation

☐ ☐ ☐ ☐

Receipt of aid is tied to behaviors correlated with student success (e.g., meeting with an advisor)

☐ ☐ ☐ ☐

No students have major increases in net price as a result of lost merit aid

☐ ☐ ☐ ☐



▶ You have reached the end of the self-assessment.



# Strategic Use of Grant Aid, 101

Understanding the Mechanics of  
Aid Optimization

Enrollment  
Management  
Forum





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## About This Briefing

Whether your institution is a small, expensive private college that began working with aid optimization consultants decades ago or a large, low-cost regional public university that only recently felt a need for more strategic use of aid, all universities must be sure they are getting the most from their allocation of financial aid. The challenge is that financial aid optimization is complex. It's hard to know what strategic use of institutional funds looks like and whether or not your university is getting the most out of scarce financial resources.

This short briefing is a primer on institutional grant aid, the money your university gives students to offset the cost of attendance. It will help university leaders understand the basics of aid strategy and assess whether or not their institution is deploying limited aid resources efficiently.

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# 1

## Is There a Crisis? Evaluating the Present State of Aid Allocation

The “crisis” of discounting at private colleges and whether public universities are progressing down an unsustainable path behind them

# 2

## The Mechanics of Aid Optimization

Understanding the fundamentals of how aid optimization allocates aid to students in accordance with the university’s goals

# 3

## Self-Assessment of Aid Allocation

Eighteen questions about aid allocation enrollment leaders should be able to answer and use to guide discussions with the cabinet

# 1 Is There a Crisis? Evaluating the Present State of Aid Allocation

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The “crisis” of discounting at private colleges and whether public universities are progressing down an unsustainable path behind them

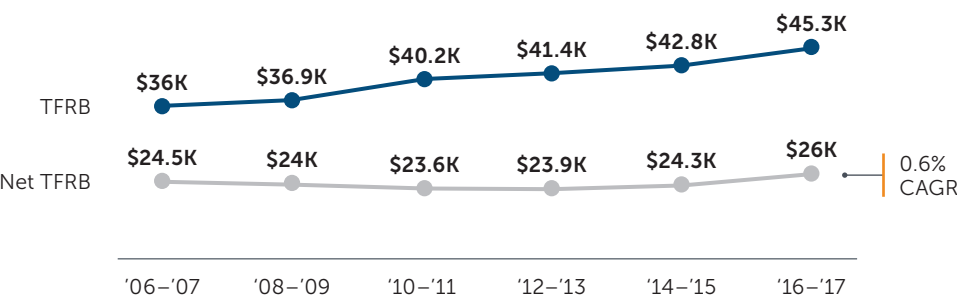
# Net Tuition Revenue Not Keeping Pace with Price Increases

## Private Colleges Fear Diminishing Returns from Tuition Discounting

For the past decade at private colleges, while list prices have continued to rise, net tuition revenue growth has been anemic, barely above the rate of inflation. This is a new phenomenon for private colleges. For most of the decade before the recession, tuition revenue grew at a steady rate, even as list prices increased faster than net prices. The change in revenue growth prompts institutional leaders to consider if there is some alternative pricing and aid strategy their institutions should employ. As we explain later, while revenue growth is often presented in the context of financial aid, aid strategy isn't responsible for revenue stagnation.

### Published vs. Net Tuition, Fees, Room, and Board (TFRB) at Private Universities

*Four-Year, Not-for-Profit Institutions, 2006–2016*



38.6%

NACUBO-reported discount rate for FTFT freshmen in 2006–2007



49.1%

NACUBO-reported discount rate for FTFT freshmen in 2016–2017

# Conflicting Messages on Affordability, Finances

## Criticism of Both Affordability and Finances Leads to Questions About Aid Model

News sources deliver conflicting messages about affordability and finances. The mainstream press focuses on a perceived lack of affordability. Outlets tout outrageous amounts of debt and high sticker prices as the uniform financial reality of private higher education. At the same time, the higher education press focuses on the financial sustainability of discounting, suggesting that universities are “giving away” too much money in aid.

The combination of articles in the mainstream and trade press leads to a pair of logical questions for those tasked with making strategic decisions about pricing and aid. If the list price is turning students off and the high discounts are financially risky, why not cut the list price and/or lower the discount rate? Either of these strategies poses a major risk to the college, but a comprehensive understanding of the risk is possible only with a comprehensive understanding of the current strategy: aid optimization.

### Mainstream News Focuses on Unaffordability of Private Colleges



“Are Private Colleges Too Expensive?” —*The Huffington Post*

“Middle-Class Squeeze: Is an Elite Education Worth \$170K in Debt?” —*CNBC*

“Why Attending a Private College Might Not Be Worth the High Cost” —*Money*

“Private Colleges Are a Waste of Money for White, Middle-Class Kids” —*The Washington Post*

“Should we lower the sticker price?”

### Trade Press Focuses on Financial Unsustainability of Private Colleges



“Is Tuition Discounting Leading Some Colleges Off a Cliff?” —*The Chronicle of Higher Education*

“Discounting the Price of College to Influence Student Enrollment Is a Risky Business” —*University Business*

“One-Third of CBOs Believe Their Discount Rates Are Unsustainable” —*Inside Higher Ed*

“Can we lower the discount rate?”

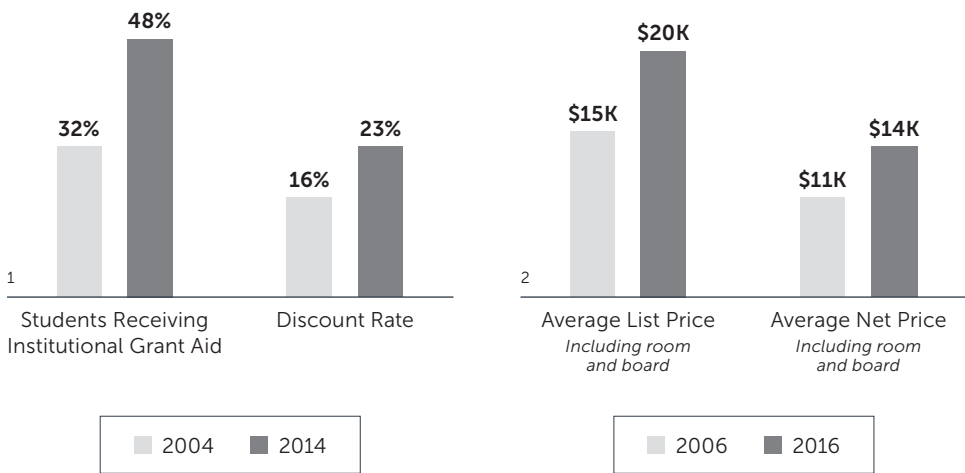
# Publics Embrace Discounting...

## ...To Increase Revenue and Stay Affordable

Due to their lower cost, public universities arrived later to this strategy of discounting than their private counterparts. Nonetheless, the data clearly points to public universities having adopted the same kinds of discounting strategies that private colleges began adopting 20–30 years ago.

As states cut funding in the wake of the recession, public universities had to make up for these cuts with tuition revenue, while simultaneously remaining affordable for low-income students. The only way to achieve this balance was to engage in price differentiation, charging higher tuition to those students able, willing, and prepared to pay more, while charging less to those who are not. A discounting strategy allows public universities to differentiate prices not just for out-of-state and international students, but also for in-state students charged the same list price.

### Core Aid Metrics Point to Increased Discounting at Public Universities



1 Trends in College Pricing, The College Board, 2016.

2 EAB Analysis of IPEDS Data.

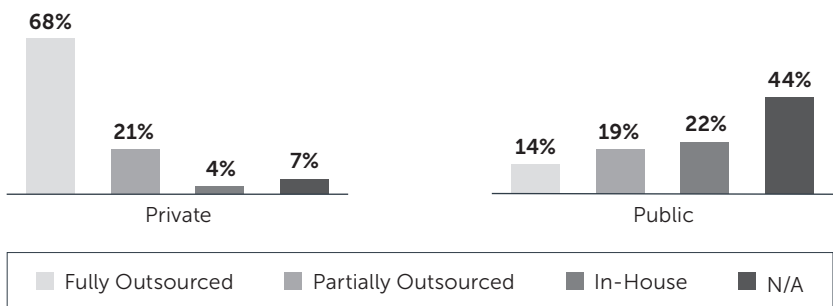
# But Lack of Resources and Latitude Hamstrings Efforts to Be More Strategic

## Public Universities Invest Less in Student Recruitment, Don't Control Key Elements of Pricing

Public university enrollment teams have neither the resources nor the latitude of their private competitors. Notably, while nearly 90% of private colleges report working with a vendor for some or all of their financial aid optimization, nearly half of public universities report “not applicable” with respect to financial aid optimization—not that they don’t outsource it, but that they don’t do it at all. To get the latitude to be more flexible with aid, enrollment management teams need the resources to prove that aid optimization can be effective, but even procuring the resources for a small pilot can prove difficult.

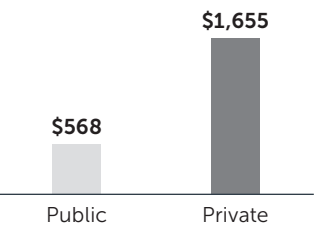
### Public Universities Less Likely to Partner with Aid Optimization Consultant

Percentage of EMs Reporting Varying Levels of Outsourcing for Aid Optimization



### Private EM Budgets Three Times Those of Publics'

Average EM Budget/Student



### Key Pricing Elements Public EMs Don't Control

- **List Price:** List price often controlled by the Board of Trustees or the state legislature
- **FA Budget:** The CFO/CBO, alone or in combination with other stakeholders, typically determines how much aid the university can “spend”
- **Aid Policy Changes:** Deciding to increase merit aid or need aid or to replace one with the other must be agreed to by wide range of stakeholders through shared governance process

# Guidelines for Productive Aid Strategy Meetings

## Public and Private Institutions Face the Same Challenges with Aid

Although the cabinet-level questions at public and private universities manifest differently, the core challenge is the same: how to allocate aid as efficiently as possible to meet enrollment goals. Discussions at public universities frequently focus on limiting the expense of aid or minimizing tuition increases, while discussions at private colleges are concerned with minimizing discount rate or possibly resetting tuition. However, such questions—although entirely reasonable given the present discourse around aid—belie a fundamental disconnect with how aid should be used: **aid is a tool to help hit enrollment goals**.

The rest of this briefing is designed to facilitate productive cabinet-level discussions about aid strategy. A short list of dos and don'ts below is the preface for two remaining sections:

### Dos and Don'ts for Productive Cabinet Discussions on Aid Strategy

#### Dos

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- 1 Think of aid strategy as a tool to be employed to hit enrollment goals.
- 2 Begin the conversation by agreeing on enrollment goals. Without agreement on goals, additional conversation will be unproductive. Clearly articulate these goals to the enrollment team for execution.
- 3 Assess how well the aid policy is designed to meet enrollment goals (this will require input from the enrollment manager or someone close to the data).
- 4 Ensure the enrollment team feels it has the resources to meet the thresholds for strategic use of aid presented in this briefing.

#### Don'ts

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- 1 Don't think of aid (or discount rate) as an expense to be minimized.
- 2 Don't focus on philosophical questions in the context of aid strategy discussions. Philosophical questions should be addressed in the enrollment goal-setting stage.
- 3 Don't make assumptions about the effectiveness of aid strategy. Use data supplied by your enrollment team to make an empirical judgment.
- 4 Don't assume the enrollment team is appropriately resourced to execute strategic deployment of institutional aid.



# 2 The Mechanics of Aid Optimization

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Understanding the fundamentals of how aid optimization allocates aid to students in accordance with the university's goals

# Discounting: A Simple Example

## How Discounts Increase Revenue...to a Point

The fundamentals of discounting, demonstrated in the table below, are straightforward. In three scenarios, the college with a list price of \$10,000 offers different amounts of aid to all 100 admitted students. If the college offers no aid, relatively few students enroll. If it offers \$2,000 to each student, significantly more students enroll. If it increases that amount to \$5,000, more students enroll, but these additional students do not offset the higher outlay of aid. For every group of students at every college, there is a sweet spot of aid that generates more tuition revenue than more or less aid would.

	Scenario A	Scenario B	Scenario C
List Price	\$10,000	\$10,000	\$10,000
Admitted Students	100	100	100
FA Awarded	\$0/student	\$2K/student	\$5K/student
Net Price/Revenue	\$10,000	\$8,000	\$5,000
Enrolled Students	15	30	40
Total NTR	\$150,000	\$240,000	\$200,000

## Price Discrimination Is the Key to a High-Fixed-Cost Business

"College tuition discount rates are increasing because many colleges have spent the last several decades getting better at price discrimination. Like airline seats, spots in traditional residential college classes are finite and expensive....Like airlines, colleges don't want to sell each student slot for the same market price. Instead, they want to find the rich student with her heart set on that college and charge her parents a lot of money, then find the next person on the demand curve, and the next. So they set tuition high and start discounting."

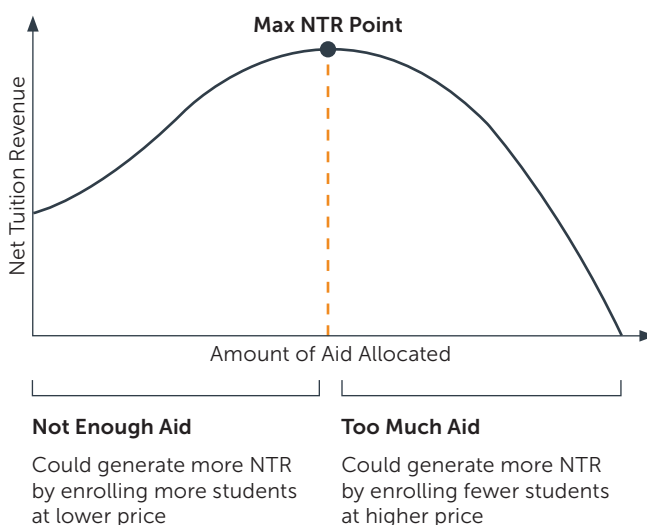
**Kevin Carey**

*The New York Times*, May 2017

# 'What Size Discount?' Is the Critical Issue

## Difficult to Pinpoint How Much Aid Is Enough but Not Too Much

The concept of aid optimization is represented graphically below. As the amount of aid increases (x-axis), net tuition revenue (y-axis) also increases—up to a point. Beyond this point, the point of maximum net tuition revenue, the allocation of additional aid decreases net tuition revenue. Several elucidating features of this revenue curve are called out below.



### Key Features of the Revenue Curve

- **Difficult to Identify Max NTR Point:** It's hard to know where your university falls on the curve without a statistical model.
- **The Curve Is Fractal:** It reflects the average reality for the overall student population as well as the realities for different subgroups of students.
- **Stakeholders Often Misperceive Location on Curve:** Most leaders assume that the college allocates too much or too little aid.
- **Maximum NTR Not the Only Goal:** An institution is not likely to be trying to maximize NTR for every population of students. Diversity, academic profile, balance across disciplines, etc. are also important goals.

# Three Components of Aid Optimization

## Goals Guide Priorities; Policy Specifies Allocations; Model Projects Results

Conducting aid optimization properly involves the three components described briefly here and in detail over the coming pages.

### 1 Set Enrollment Goals

The university must be clear about enrollment goals. These goals must be specific, guide trade-offs as the university sets aid policy, and have clear timelines.

**“What enrollment (headcount, mix of students) are we aiming for?”**

- Commits to specific enrollment priorities
  - Guides trade-offs in aid allocation
  - Sets time frames for realization of goals
- .....

### 2 Develop Aid Policy

The university must develop an aid policy that helps it achieve its enrollment goals. The aid policy should delineate criteria for need and merit aid.

**“How much aid will each student receive, based on need and academic performance?”**

- Details qualifying criteria for need or merit aid and specifies amount to be awarded
  - Based on EFC, academic ability, and residency
  - Tested against the statistical model to project hypothetical enrollment outcomes
- .....

### 3 Employ a Statistical Model

The statistical model allows the university to test hypothetical aid policies and project the enrolled class that would result from each.

**“How might our class look if we apply [any given] aid policy?”**

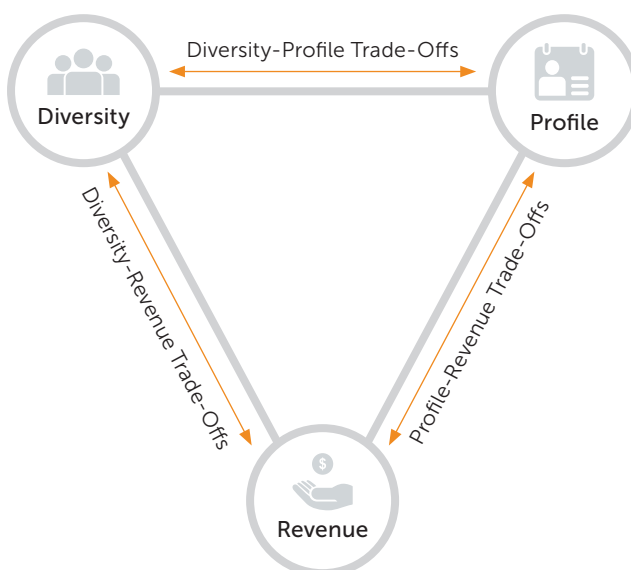
- Analysis of admitted-student data to predict yield
- Based on historical yield data
- Includes not just EFC and preparedness, but up to 200 variables that impact yield
- Variables used exclusively to project outcomes of policy, not to package aid

# Iron Triangle of Enrollment Illustrates Revenue-Profile-Diversity Trade-Offs

## Contradictory Objectives Underscore Importance of Explicit Prioritization

Enrollment managers often talk about the iron triangle of enrollment management, i.e., that three core enrollment goals are often at odds with one another. The challenge is that many low-income and underrepresented students are clustered in under-resourced high schools; therefore, recruiting a more diverse student body often involves accepting a slightly lower academic profile or allocating more aid. Since recruiting the highest-ability students of any admit pool requires allocating more aid, making progress on any one of these goals often involves making sacrifices on the other two. Under the right circumstances, universities might make progress against any two or even all three of these goals simultaneously—but such a situation is more the exception than the rule.

### The Iron Triangle of Enrollment Goals



## Explicitly Prioritizing Key Trade-Offs Key to Goal-Setting Success

In setting enrollment goals, the enrollment team must make it clear to senior leadership how different goals potentially conflict. Senior leaders must then determine the relative importance of goals and their associated trade-offs.



### Tuition Revenue

- How essential is the tuition revenue target?
- If the university missed the revenue target but hit all its other targets, would this be acceptable?



### Headcount

- Is the headcount target more important than the revenue target?
- If the university could enroll more students but generate less revenue, would that be desirable?



### Diversity

- Does the university have diversity targets?
- Is the university willing to trade academic profile and/or revenue to enroll a more diverse class?



### Academic Profile

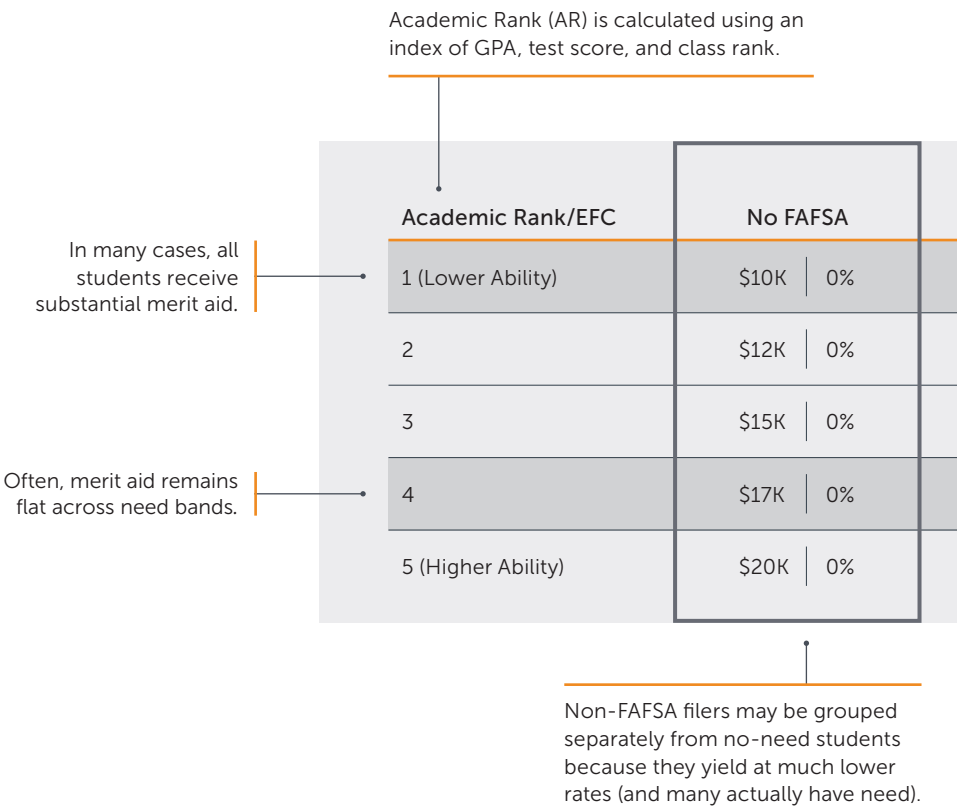
- How much revenue is the university willing to forgo to enroll more high-ability students?
- Is it more important to enroll more high-ability students or improve diversity?

# Aid Policy Determines Discounts for Every Student

## Illustrative Formula for Determining How Much Aid Each Student Receives

The policy for institutional aid, often referred to colloquially as “the matrix,” codifies how the university allocates institutional funds to admitted students. Universities bucket students by academic ability and need. Academic ability is measured using an index of GPA, test score, class rank, and potentially other measures of academic performance. Need is determined from the FAFSA. For each bucket of students, the university allocates a merit aid award and meets a percentage of need. An illustrative matrix is depicted below.

### Illustrative Aid Policy Matrix





## Two Common Methods for Differentiating Aid by Population

Net tuition revenue is never the only goal, so some universities have built other enrollment goals into their aid-awarding mechanisms. This is generally accomplished in one of two ways.

- 1 Add points to the academic rank index based on certain characteristics (e.g., first-generation status). This boost gives added merit aid dollars to high-priority students.
- 2 Design an entirely different matrix with bigger or smaller awards for different student populations. This is most commonly employed for specific colleges with high demand (e.g., engineering) within a broader university.

In each bucket, students receive a merit scholarship and have a percentage of need met.

\$0 Need		\$1–\$10K of Need		\$10–\$25K of Need		\$25K+ of Need	
\$10K	0%	\$10K	55%	\$10K	55%	\$10K	55%
\$12K	0%	\$12K	55%	\$12K	55%	\$12K	55%
\$15K	0%	\$15K	60%	\$15K	60%	\$15K	60%
\$17K	0%	\$17K	65%	\$17K	65%	\$17K	70%
\$20K	0%	\$20K	70%	\$20K	75%	\$20K	75%

Many private universities meet more need for higher-ability students; some place a special focus on the highest-ability low-income students.

# Four Questions to Determine Optimal Aid Allocation

## Any Good Statistical Model Must Be Able to Answer These Questions

Regardless of whether the statistical model is built in-house or outsourced to an aid optimization vendor, the statistical model should answer these four questions:

### **1 What is the yield rate for every type of award—for each targeted group?**

Without knowing the yield rate for each type of award (merit, scholarship, and need), it is nearly impossible to answer any questions about whether the policy is working overall and where it may be stronger or weaker at delivering on goals.

### **2 How do our scholarship yield rates compare to last year's?**

It is important to know where yield rates are falling—these are areas where the aid policy is failing to keep pace with those of your competitors. The more competitive the market, the more critical the answer to this question is.

### **3 How will small changes in scholarship size impact yield?**

The ability to project the effect of small changes in scholarship size is the core feature of any predictive model. Otherwise, the university will be incapable of identifying the most effective aid policy for its enrollment goals.

### **4 How will the pool of admitted students change next year?**

Any model will be based on static assumptions about the pool of admitted students. If you are predicting changes to the pool—for example, due to competitive or demographic shifts in the market—you must be able to adjust the model to reflect those shifts in advance.

# Assessing Your Institution's Opportunity

## 6 Institution-Specific Factors Impact Results of Adopting Optimization

EAB has identified six factors to evaluate the potential benefits of aid optimization for any particular institution. The more the six factors below describe the situation at your university, the greater the likely gains from aid optimization. Use the arrows at the right to estimate your university's opportunity on the given criterion.

Institutional Characteristics Impacting Optimization	Notes About How Each Criterion Impacts Opportunity for ROI <sup>1</sup>	Opportunity Rating ▼ ↔ ▲
Extra Capacity	With extra capacity, universities can allocate more aid and generate more revenue by growing headcount.	
Low Yield Rate	Universities with high yield rates have little room to make gains with more discounting—they're already enrolling many of their admitted students.	
High List Price	A high list price gives universities more room to use aid to create a variety of different price points.	
Natural Out-of-State Magnet	For publics, the more OOS students they can enroll, the greater the opportunity for discounting.	
Autonomy	Universities with more autonomy to set price and allocate aid without interference from the state have greater opportunity for ROI from optimization.	
New to Optimization	The less strategic the university is with aid allocation already, the more room there is to improve.	

High frequency of up arrows suggests greater opportunity for aid optimization improvement.

# 3 Self-Assessment of Aid Allocation

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Eighteen questions about aid allocation enrollment leaders should be able to answer and use to guide discussions with the cabinet

# Self-Assessment of Aid Strategy

Based on the previous section, “The Mechanics of Aid Optimization,” EAB has designed a short self-assessment. The self-assessment asks enrollment leaders to answer a series of yes-no questions about the university’s aid allocation. Enrollment leaders should raise any concerns identified by the self-assessment to the cabinet.

	Yes	Somewhat	No	Don't Know
<b>Enrollment and Financial Aid Strategy</b>				
Our institution has specific enrollment goals				
Our enrollment goals are prioritized in such a way as to guide trade-offs for limited resources (aid, recruitment efforts)				
Our aid allocation is aligned with our strategic enrollment goals				
Regardless of accounting rules, the stakeholders who shape aid policy conceptualize aid more as a discount than as an expense				
The stakeholders who shape aid policy understand the significance of the discount rate and could explain to a third party why it is at its current level				
The stakeholders who shape aid policy understand the mechanics of financial aid optimization				
<b>Aid Policy</b>				
Our institution has enough financial aid such that net cost is not the primary barrier for non-enrolled students				
We blend the overall proportion of merit and need aid differently across distinct target populations				
When the chief enrollment officer has reasonable confidence that changing aid allocation would make progress against enrollment goals, he/she has the power to enact those changes				

	Yes	Somewhat	No	Don't Know
<b>Statistical Model</b>				
We know last year's yield rate for every award type and every target population				
We know how our yield rates (by award type and target population) have changed over the last three years				
We can project how small changes in award size will impact yield for specific scholarships				
We factor expected changes to population of admitted students (e.g., based on demographic shifts or competitor activity) into our statistical model each year				
We can project the impact of aid awards on NTR across the 4–6 years the class is enrolled				
<b>Aid Implementation</b>				
We proactively reach out to prospective students and families to educate them on the availability of aid				
Most students receive aid awards within two weeks of receiving their letter of acceptance				
In the award letter, aid awards are communicated together with information about the university's overall value proposition, i.e., why it's worth the cost				
Admissions and financial aid functions are well coordinated				

# Full-Scale Enrollment Support

Research has always been at the heart of EAB. Today, our approach to harnessing higher education best practices has three core tenets: investigation, insight delivery, and the ignition of transformative action on campus. **Enrollment Management Forum** does this exclusively for enrollment leaders to help them address their unique challenges.

Since complex problems require multifaceted solutions, we also apply these insights through a customized blend of technology and services. Our **Enrollment Services** offering, fueled by the market's largest data asset, combines prescriptive analytics, smart recruitment marketing, and strategic advisory support to help colleges fulfill their enrollment mission.

Every day, we use data from 350+ clients, 1.5+ billion student interactions, and hundreds of research calls to give you real-time visibility into competitive market dynamics, shifting student trends, and proven practices so you can engage and enroll your most desired students.

## Your Enrollment Success, Powered by Enrollment Intelligence



1.5B+

Student interactions analyzed annually

100+

Data and analytics experts on staff to support EI

300+

Field marketing tests performed annually

7:1

Average ROI of EAB Enrollment Services clients



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# Financial Aid Optimization

EAB’s Financial Aid Optimization services ensure that your financial aid dollars help you achieve your enrollment goals—be they headcount growth, class mix, or increased tuition revenue. Because today’s students are discerning consumers who increasingly expect financial aid to both drive their college choice and bolster their “Return on Education,” our program is designed to help schools maximize their aid dollars to recruit their most sought-after students.

EAB’s dedicated in-house Financial Aid Optimization team works closely with your enrollment leadership, from the earliest stages of aid-policy development through to the final stages of yield management. Our statistical analyses are highly customized to each institution’s needs and transparent with respect to assumptions and methodology, and they enable real-time, live-model scenario testing.

EAB integrates your financial aid policy into its enrollment strategies and ensures that your policy can be refined throughout your recruitment season.

“Before, when families got a scholarship offer they said, ‘Thank you!’ Now they say, ‘Is this your best offer?’”

Director of Admissions  
Private Master’s College in the Midwest

## EAB’s Financial Aid Optimization program enables you to:



### Make the most of financial aid

Optimize your aid dollars to achieve your net tuition revenue goals within the parameters of your unique, strategic enrollment ambitions.



### Weigh tactical trade-offs

Balance the impact of different enrollment and revenue goals across academic programs, geographies, student profiles, and the like.



### See outcomes early

Enjoy early vision into the decisions of your admitted-student pool to enable mid-cycle refinement of your strategy.



### Understand the national market

Benefit from a nuanced view of national context, peer benchmarks, and emerging trends throughout the enrollment cycle.

## The Three Phases of EAB’s Financial Aid Optimization Program

Historical  
Data Analyses



Aid Policy and  
Model Development



Progress Monitoring  
and Triage



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Cover image: iStock

## Sources

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## Why You're Worth It

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Nine Lessons on Communicating Your Value Proposition to Increasingly Price-Sensitive Families

EAB Enrollment Services

# EAB Enrollment Services

Project Director

Tom Cakuls

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# In This Section

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**Introduction:** The higher education market's growing preoccupation with value

**Nine lessons** on communicating your value proposition to increasingly price-sensitive families

*Section 1: Focus on Topics That Matter*

Lesson 1: **Educate on cost**

Lesson 2: **Promote programs**

Lesson 3: **Emphasize career connections**

Lesson 4: **Make the most of your guarantees**

*Section 2: Deliver Messages in a Maximally Impactful Way*

Lesson 5: **Maximize campus-visit access**

Lesson 6: **Connect cost and benefit messaging**

Lesson 7: **Hardwire high-touch engagement**

Lesson 8: **Leverage peer opinion**

Lesson 9: **Demonstrate differentiated value**

**Appendixes:** Survey data on key factors determining families' college choice

## Lower-Income Students Make Up an Increasing Share of Enrollment

### Important context

While most of this report will focus on how to win over increasingly price-sensitive families, we'll begin with some important market context. This will include a review of key factors driving families' value-seeking behaviors and the effect that related trends have had on enrollment outcomes.

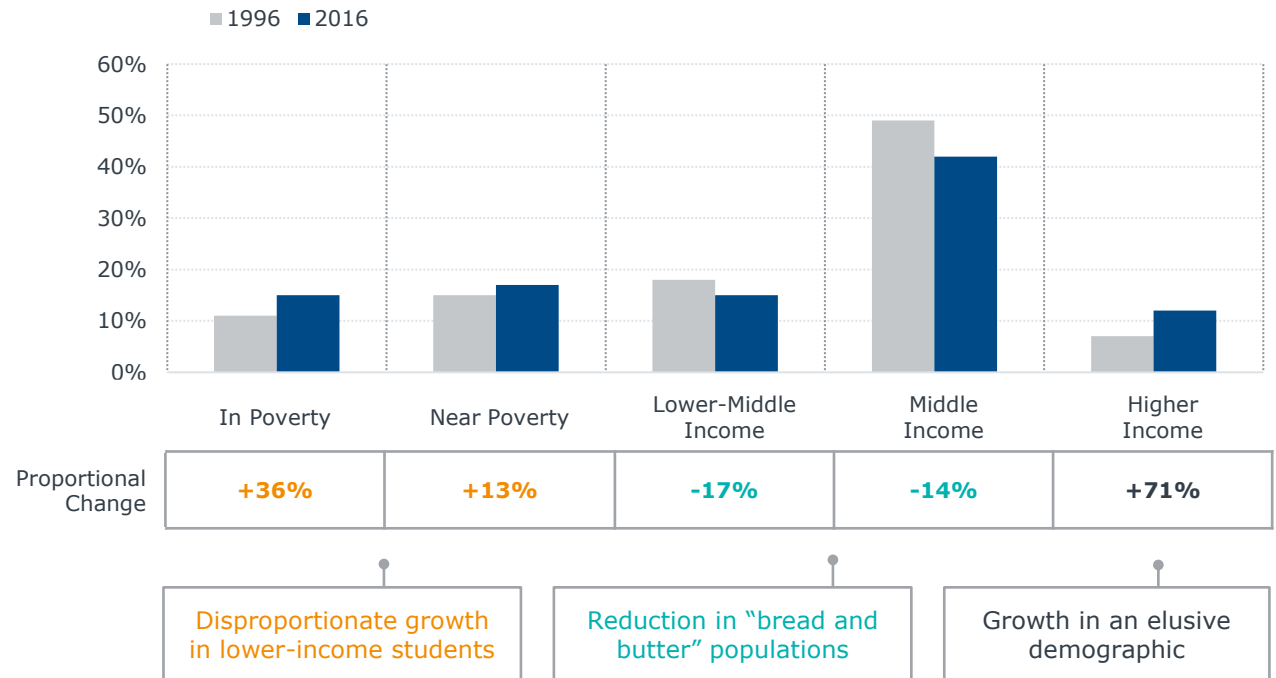
### Changing demographics

One important factor driving increased price sensitivity is the changing demographic composition of college-going populations. As shown at right, it skews increasingly to the extremes of the economic spectrum, with low-income and high-income students accounting for a larger proportion of the total and a corresponding drop in middle-income students.

This scenario presents two challenges with respect to college pricing. First is the lower maximum amount that students from financially stressed families are willing or able to pay for college. Second is the larger tuition discounts required to attract higher-income students (who tend to be more academically capable and therefore more sought after).

### Income Distribution of Four-Year Undergraduates

*Moderately Selective Public and Private Nonprofit Institutions, 1996 Versus 2016*



Source: Pew Research Center, "A Rising Share of Undergraduates Are from Poor Families, Especially at Less Selective Colleges," May 22, 2019.

# Price Plays an Increasingly Important Role in Families' Choice of School

## Changing attitudes

The demographic trends explained on the previous page have been accompanied by changing attitudes toward college cost. Two examples of this are shown at right.

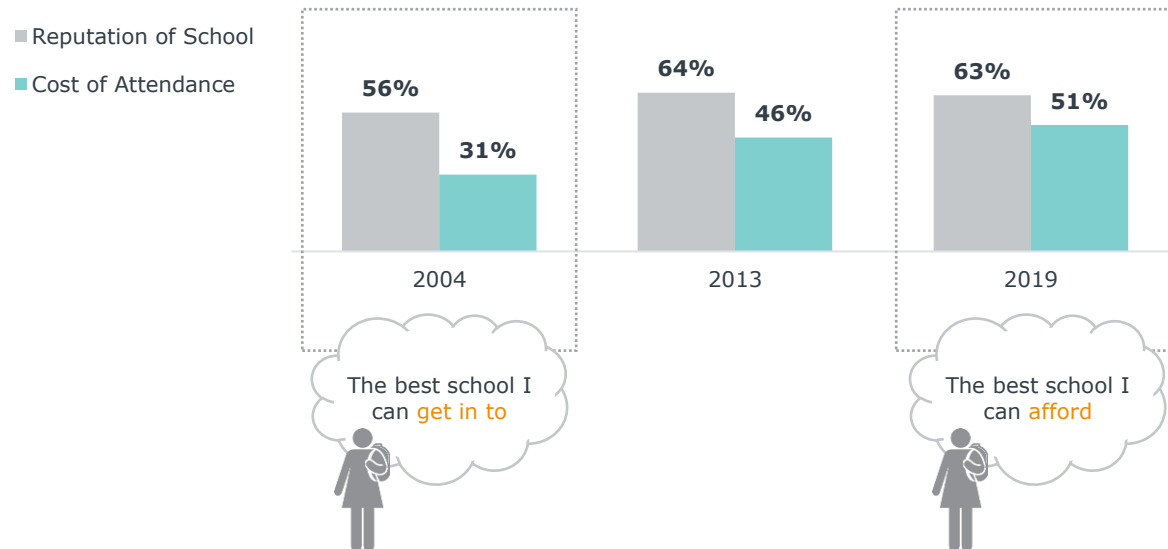
### A growing preoccupation with cost

As illustrated in the uppermost chart, the percentage of students who cited cost of attendance as a very important factor in their choice of school increased from 31% in 2004 to 51% in 2019—a 65% proportional increase.

The lower chart, which shows data from EAB's survey of parents of college-bound students, gives a more direct read on the impact that financial constraints have on families' decisions regarding college spend. As shown, the proportion of parents willing or able to pay more than \$15,000 annually for their child's education dropped significantly from 2018 to 2020—presumably a reflection of financial hardship, actual or anticipated, resulting from the COVID-19 pandemic.

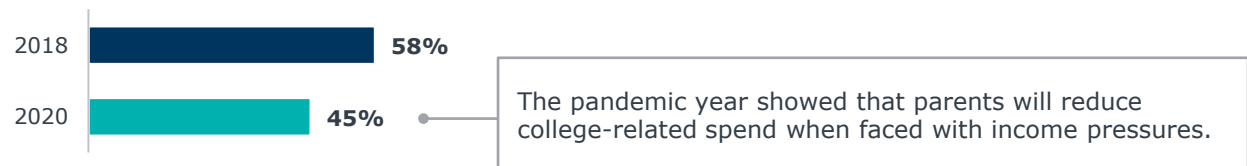
## Percentage of Students Citing Selected Factors as "Very Important" to College Choice

*CIRP American Freshman Survey, Selected Years*



## Percentage of Parents Willing to Pay More than \$15K Annually for College<sup>1</sup>

*EAB Survey of Parents of College-Bound Students, Selected Years*



1) Data shown is for parents of high school seniors from households with income between \$60K and \$120K. Cost includes tuition, fees, housing, and meals.

Source: CIRP American Freshman survey; EAB survey of parents of high school students.

# Debt Negatively Impacts Perceived Value of College

## Variations by income

As noted earlier, a growing proportion of college-going students come from lower-income backgrounds. This fact has important implications not only for how much families are willing to pay but also for how students perceive the value of their education.

## Value is relative

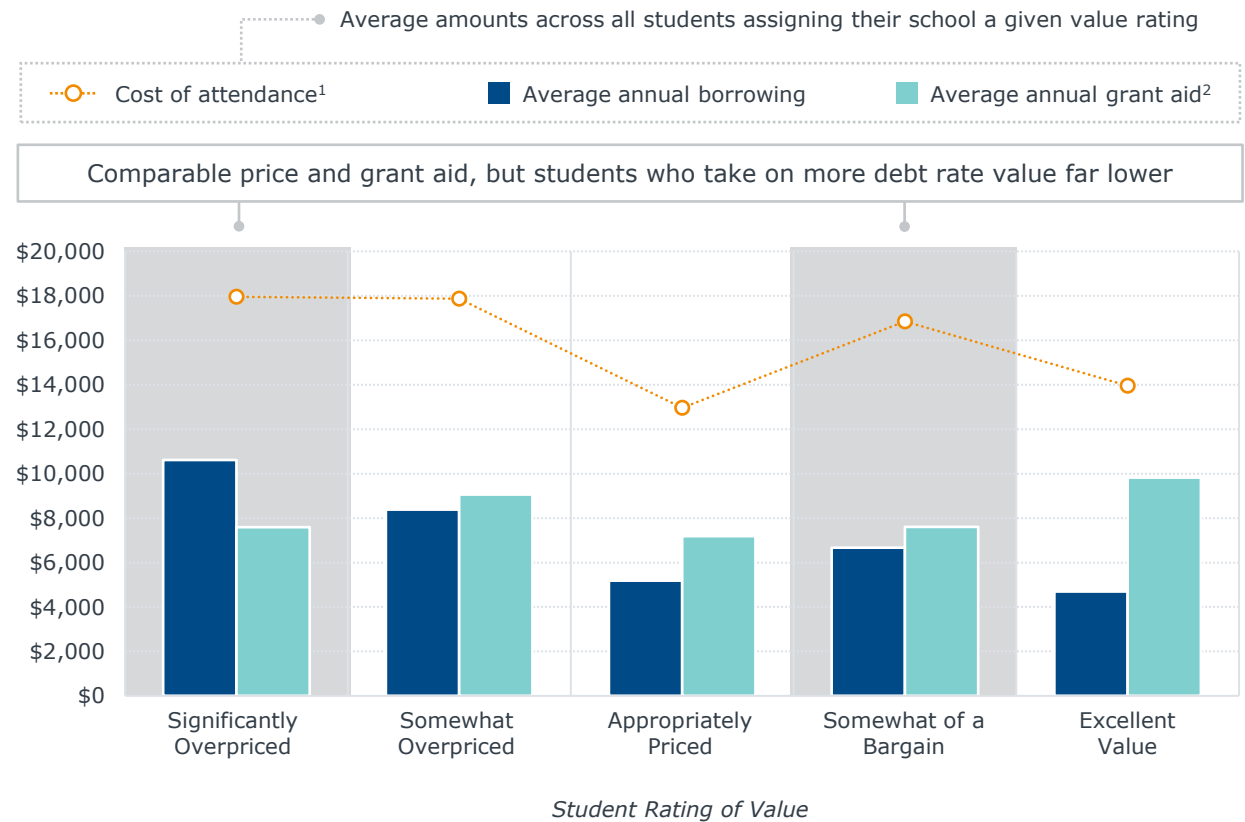
As shown in the chart at right, students who fund more of their education through debt are more likely to consider it overpriced relative to students who borrow less, even if the schools they attend have comparable sticker prices and offer grant aid in similar amounts.

This makes sense. Insofar as students with higher debt are more likely to be from lower-income backgrounds, they are also paying more, as a proportion of their family's income, than their more affluent peers are.

In any case, this finding underscores the need for enrollment teams to take special care in demonstrating the value of their school's offering to lower-income families specifically.

## How Students Rate the Value of College Depends on How They Pay for It

*Cost of Attendance, Average Annual Amount Borrowed, and Average Annual Grant Aid, by Student-Assigned Value Rating*



Source: Sallie Mae, "How America Pays for College," 2019; EAB analysis.

# Profound Variation in Return on Investment Across Schools

## Increasing outcomes transparency

Another important consideration in the conversation around value is that schools vary considerably in terms of the outcomes enjoyed by their students.

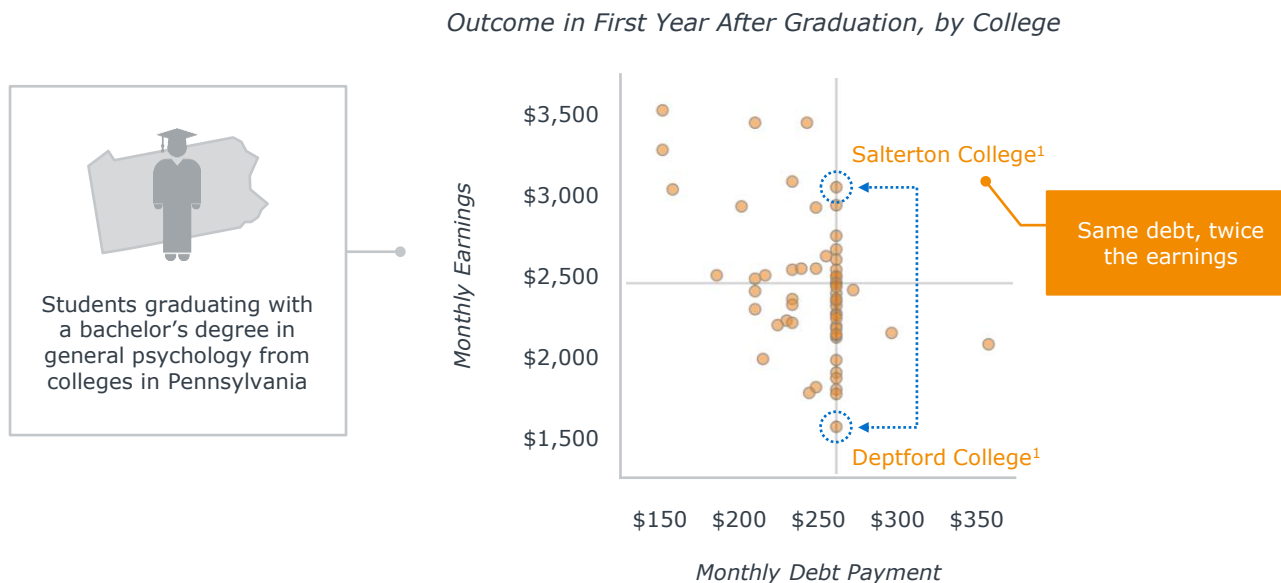
This may seem obvious—most families take it for granted that some schools produce better results than others. But increasingly powerful tools for assessing college outcomes are bringing new urgency to the question.

## Pointed comparisons

Shown at right is a case in point—an online resource developed by Georgetown University's Center on Education and the Workforce, aimed at making College Scorecard data more accessible to families.

While outcomes discrepancies of the sort illustrated in the chart might be accounted for by factors other than the quality of the schools' offerings, e.g., differing socioeconomic profiles of students served by them, the fact remains that differences like these are increasingly visible to families during their college search and reflect on the institutions they are considering. For some schools, this is cause for concern.

## Sample Output from a New College Scorecard Resource



## Integrating Financial Outcomes into College Search

Edmit

### Comparative ROI data at students' fingertips

Edmit, a college-search website, projects debt versus earnings for particular schools a student is considering, based on the student's estimated net cost of attendance and intended field of study, using publicly available and proprietary data sources.

1) Pseudonym.

Source: Georgetown University Center on Education and the Workforce, "Buyer Beware"; EAB research and analysis.



# Price Sensitivity Is Negatively Affecting Colleges

## Actual impact

The threat to colleges and universities posed by the trends outlined on the preceding pages is not merely hypothetical; there is growing evidence that families' increased price sensitivity is negatively impacting enrollment outcomes.

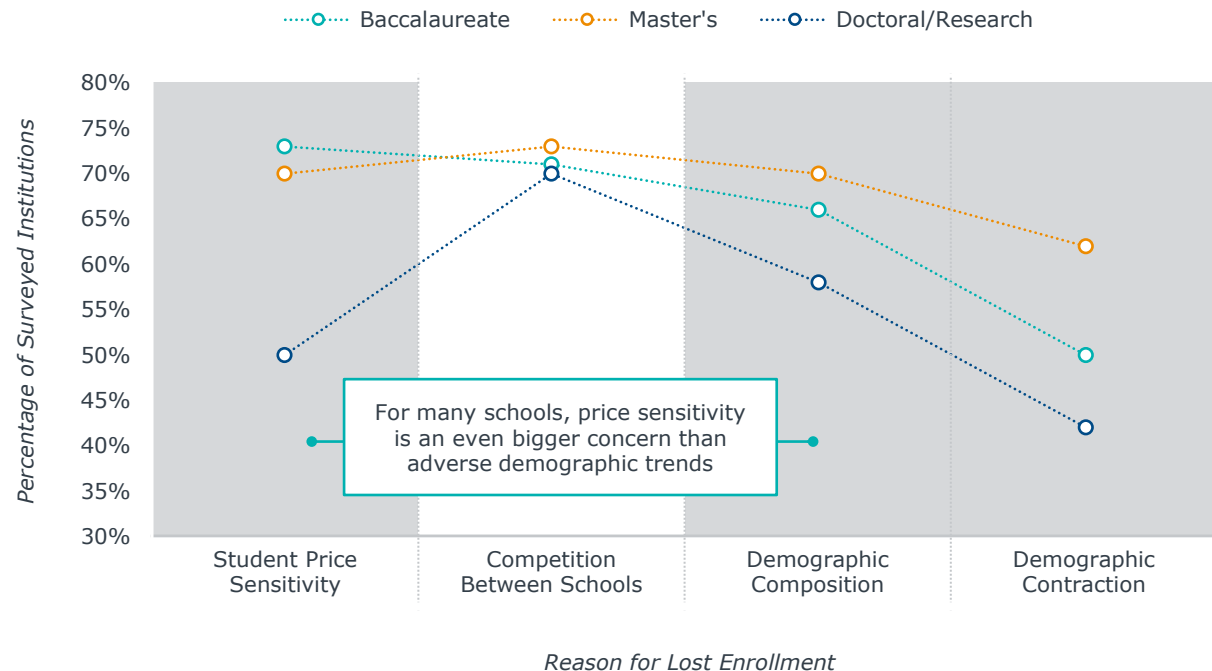
## A leading cause of losses

The chart at right shows data from schools that lost first-time undergraduate enrollment between 2016 and 2019. Specifically, it shows the percentage of schools that attributed the drop to each of four factors.

While variation exists across school segments, price sensitivity was among the most frequently cited factors. Of particular note is the fact that, for many schools, it played an even more important role than changing student demographics—a factor that has, rightly, been a focus of many enrollment leaders' concerns for the future and is at the root of high-profile industry experts' negative enrollment forecasts (Nathan Grawe's for example).

## Perceived Reasons for Lost Enrollment

*Percentage of Surveyed Schools Citing Selected Factors, Institutions That Lost First-Time Undergraduate Enrollment from Fall 2016 to Fall 2019, by School Segment*



Source: 2019 NACUBO Tuition Discounting Study, EAB analysis.

# Price Sensitivity Demands a Multifaceted Response

## What to do?

While there's not much enrollment teams can do to inflect the broader industry trends outlined across the preceding pages, there are things they can and should be doing to offset the negative impacts of growing price sensitivity.

In thinking through the options, it is helpful to be specific about your intent. For the purposes of this report, the challenge is framed as one of how to enroll more students at a price sufficient to sustain your institution.

## A focus on communicating value

Key strategies for achieving this are listed at right. While most are worth pursuing, this report focuses specifically on the final item in the list—how to better communicate your school's value proposition to families.

## How to Enroll More Students at a Price That Is Sustainable for Your Institution

### Grow your admit pool

Improves your ability to achieve desired pricing by helping you absorb drops in yield rate. Can be reliably accomplished via improved recruitment marketing.

### Achieve better match between net price and student willingness/ability to pay

Financial aid optimization, which gives you increased insight into the highest amount any given student is likely to pay, is a reliable means of maximizing total net revenue.

### Improve student access to noninstitutional grant and loan funding

Educating families (e.g., on how to file a FAFSA) can lead to significant improvements in the percentage of them accessing appropriate funds and is definitely worth prioritizing.

### Make substantive improvements to your school's offering

For example, increase graduation rate, introduce new academic programs, create partnerships with employers. Impactful but entails resource-intensive, multiyear efforts.

### Shift mix of admit pool to students with greater ability to pay

Can be accomplished via improved lead generation and targeting of recruitment marketing efforts, but scale of potential impact is limited.

### Do an outstanding job of communicating your value proposition

Use marketing methods to convince students that your school is better for them than any other, at any price. Executed correctly, can significantly increase likelihood of students and parents choosing you.

Focus of this report

# Marketing Moves the Dial

## Why communications?

As suggested on the preceding page, effective value-focused communications are an important means of addressing growing price sensitivity among students and parents.

This page offers additional thoughts on the appropriateness of that focus.

## A powerful lever

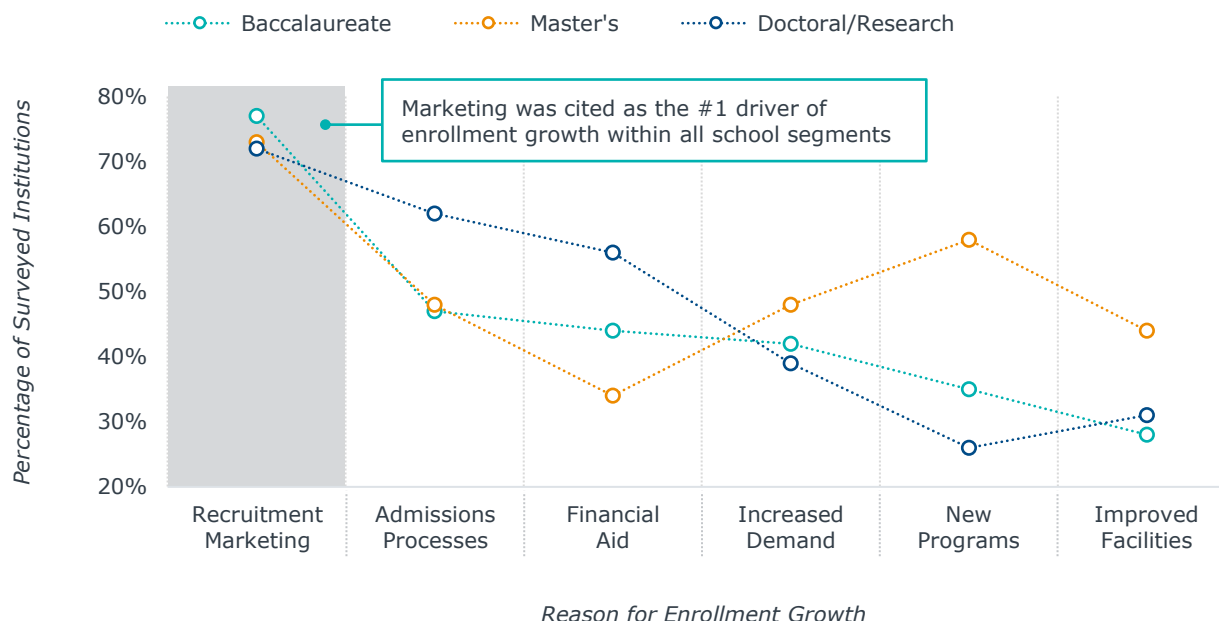
The chart at right shows data from schools that grew enrollment from 2016 to 2019. Specifically, it illustrates the percentage of surveyed schools that cited each of six specific factors as accounting for their growth.

As indicated, recruitment marketing was, far and away, the most commonly cited factor, beating out other important considerations such as financial aid and the introduction of new programs.

While effective recruitment marketing covers much in addition to communicating value, this data shows the power of the marketing communications toolkit used to convey those messages. Key elements of that toolkit are addressed in the nine lessons that make up the bulk of this report.

## Perceived Reasons for Enrollment Growth

*Percentage of Surveyed Schools Citing Selected Factors, Institutions That Increased Full-Time Undergraduate Enrollment from Fall 2016 to Fall 2019, by School Segment<sup>1</sup>*



## Related Resource

EAB's [Enrollment Services](#) division offers enrollment leaders comprehensive, hands-on recruitment-marketing assistance, from name-sourcing to yield management and every step in between.

1) Factors cited by more than 10% of institutions.

Source: 2019 NACUBO Tuition Discounting Study.

## Nine Lessons on Communicating Your Value Proposition to Increasingly Price-Sensitive Families

This and the facing page show nine lessons on value marketing that account for the bulk of this report. As indicated, they fall into two main categories: perfecting what you say and how you say it. The pages that follow present detailed information on each lesson, including background on the problems they address, specific steps you can take to promote the goal of each lesson, and examples of schools that have successfully implemented the ideas discussed.

### Perfecting What You Say

*Address Concerns Known to Have the Greatest Bearing on Families' Choice of School*

1	<b>Educate on cost</b> <b>Challenge addressed:</b> Difficulty understanding college pricing and debt causes families for whom your school could be an excellent choice to cross you off their list, based on misunderstandings regarding your affordability.
2	<b>Promote programs</b> <b>Challenge addressed:</b> Uninspiring program-level information on your institution's website undersells your school's offerings in key majors, a factor known to play a key role in students' choice of school.
3	<b>Emphasize career connections</b> <b>Challenge addressed:</b> Students' growing focus on employability leads them to under-appreciate the value of academic programs that are not obviously tied to specific careers.
4	<b>Make the most of your guarantees</b> <b>Challenge addressed:</b> Real or perceived irrelevance of on-time graduation guarantees limits their effectiveness as a differentiator and recruitment tool.

## Perfecting How You Say It

*Use Forms of Communication That Maximize Impact*

5

### Maximize campus-visit access

**Challenge addressed:** Campus visits, among the most powerful tools for converting prospective students, are costly and inconvenient for many families, limiting the number of students who get to participate.

6

### Connect cost and benefit messaging

**Challenge addressed:** While creating transparency around the cost of an education at your institution is an essential step in converting students, it can also alienate them if done incorrectly.

7

### Hardwire high-touch engagement

**Challenge addressed:** Not all enrollment teams have the capacity and specialized skill set required to build deep affinity with students and parents, a key factor in overcoming price sensitivity.

8

### Leverage peer opinion

**Challenge addressed:** Several value-communication channels that carry a lot of weight with prospective students are not under your school's direct control.

9

### Demonstrate differentiated value

**Challenge addressed:** Apparent commodification of the college "product" increases families' propensity to trade down to less expensive options.

Source: EAB research and analysis.

# Perceived Cost Knocks Many Schools Out of the Running Early On

### Sticker shock

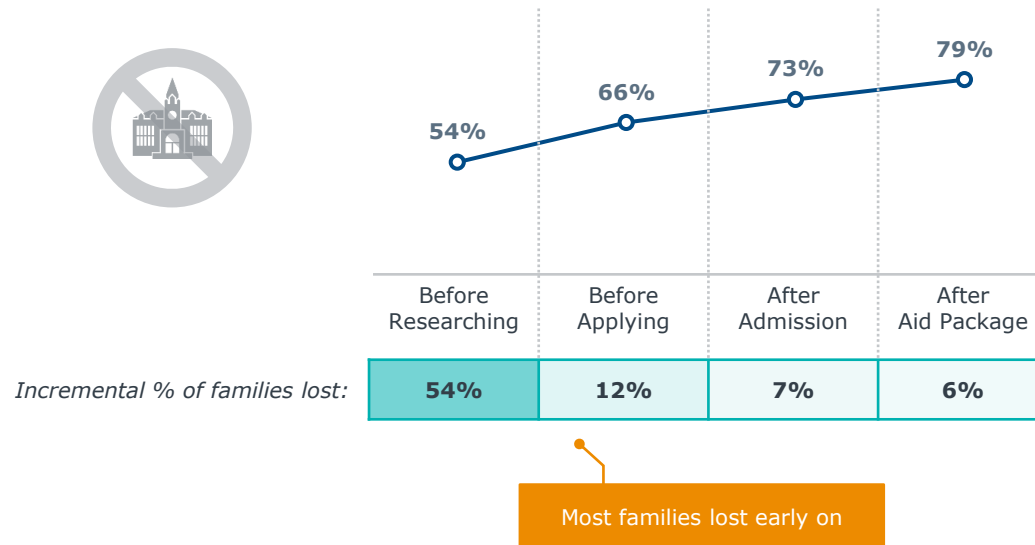
A common concern among enrollment leaders is that their school's sticker price is scaring families away, early in the search process, before parents and students understand how college pricing works (a concern that is also behind the ongoing industry-wide interest in tuition price resets).

### A well-founded concern

The numbers suggest that they are probably right to worry. The chart at right shows survey data from Sallie Mae on how often, and when, families eliminate schools based on price. As indicated, more than half of surveyed students and parents do so even before they've really gotten started researching schools.

### "Did you eliminate any schools based on cost?"

*Cumulative % of Students and Parents Saying "Yes," by Stage of Recruitment Funnel*



### Related Resource

The Enrollment Management Forum's [Alternative Pricing Strategy Action Guide](#) offers in-depth analyses, case studies, and implementation guidance, with facilitated cabinet and board briefings available.

Source: Sallie Mae, "How America Pays for College," 2019; EAB research and analysis.

# A De Facto Industry-Wide Price Reset?

## Bypassing sticker price

Even as concern over the optics of sticker price remains widespread, other market forces are altering the conversation around price. Especially noteworthy in this regard are rapidly evolving online sources of information on colleges.

A prime example, shown at right, is the Google search engine. As indicated, search results for specific colleges and universities now prominently feature a so-called “knowledge panel,” which summarizes key facts about the school. Crucially, that information includes average cost after aid, typically broken down by household income.

Search-aggregator sites such as Niche and Cappex also show net price by default.

## True cost, front and center

This means that many families will likely see a school’s net price before its sticker price. And while it’s too early to say what impact that will have, it’s reasonable to suppose that fewer families will inappropriately reject schools based on price. It would also appear to do away with much of the impetus for price resets.

## Dominant Online Information Sources Increasingly Foreground Net Price

### Case in Point: Google Knowledge Panels

The screenshot shows a Google search for "Susquehanna University". A knowledge panel is displayed on the right side of the search results. An orange box highlights the "Net price listed by default" label, pointing to the "Average cost after aid" column in the table. Another orange box highlights the "Knowledge panel" label, pointing to the entire knowledge panel area. A third orange box highlights the "Top of search results" label, pointing to the top of the search results area.

Household income	Average cost after aid
Less than \$30,000	\$18,111
\$30,001–48,000	\$19,571
\$48,001–75,000	\$22,263
\$75,001–110,000	\$26,495
More than \$110,001	\$31,466

Source: US Dept of Education (IPEDS) · Learn more

### Case in Point: Search Aggregators

The screenshot shows a Niche search result for "Susquehanna University". An orange box highlights the "Net price listed by default" label, pointing to the "Net Price \$26,868" field. Another orange box highlights the "Net price listed by default" label, pointing to the "Net Price \$26,868" field.

#508 Best Colleges in America  
**Susquehanna University** ✓  
 4 Year • Selingsgrove, PA • ★★★★★ 780 reviews  
**Senior:** Susquehanna is often underrated for its academics and opportunities. Many of my professors have been great in advancing me through my majors and encourage you to do as. [Read 780 Reviews](#)  
 Overall Niche Grade • Acceptance Rate 72% • **Net Price \$26,868** • SAT Range 1020-1230

Source: google.com; niche.com; EAB research and analysis.

# Many Families Don't Know How Much They Should Spend on College

## Cost vs. affordability

While online resources like those mentioned on the preceding page are making it easier for families to find out the true cost of attending any given school, they do leave other questions unaddressed when it comes to families' ability to judge value. Knowing how much a school actually costs is one thing; figuring out if it's affordable is something entirely different.

## Widespread uncertainty

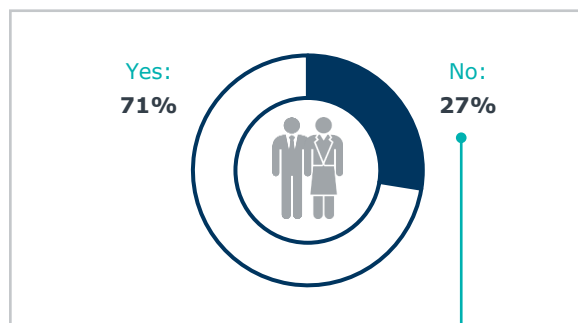
The data shown at right gives some idea of the scope of the issue.

More than a quarter of parents say they don't know how much they'd be willing to pay for their student's education. Similarly, almost half of students don't know how much debt they'd be willing to take on.

This should concern enrollment teams. Families that have no idea how much college should cost are also unable to judge whether they can afford you; you'll therefore want to be doing all you can to put those doubts to rest.

## Parents

*"Do you know how much you'd be willing to pay annually for your student's education?"*

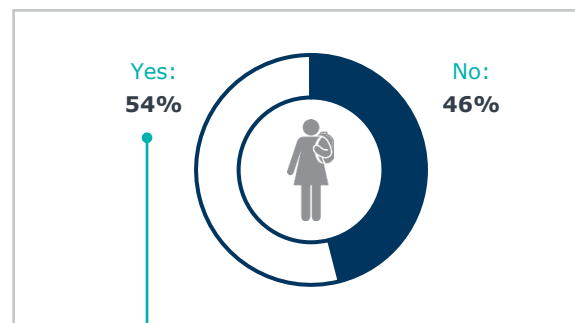


This number is for middle-income families—the analogous figure for low-income parents is 42%.

EAB Survey

## Students

*"Do you know how much student loan debt you'd be willing to take on?"*



Half of these students are looking to take on less than \$20,000 in debt.

EAB/CGK Survey

Families' understanding of the price of higher education is further impeded by limited insight into the many complex factors that feed into the cost of running a college, from faculty salaries to investments in remote-learning infrastructure to the expense of running and maintaining facilities.

Source: EAB 2020 survey of parents of high school students; EAB/Center for Generational Kinetics survey of high school students; EAB research and analysis.



# Honor Families’ Early Interest in Cost-Related Information

## A receptive audience

As suggested on the preceding page, there is an important role for enrollment teams to play in educating families on cost. A related point, explained here, is that it makes sense to start those efforts early.

Schools who do so are likely to find a receptive audience. The table at right shows the percentage of parents indicating what types of information they’d like to receive from schools at different points in their student’s high school career. Around a third want information on a variety of cost-related topics in freshman or sophomore year.

## A vehicle for value messaging

Related communications that schools send to families represent an opportunity for enrollment leaders to convince parents and students that an education at their institution is affordable—an effort that can help prevent families crossing you off their list prematurely based on price.

## Percentage of Parents Who Want Information from Schools on Selected Topics

By Student’s High School Year, Top 10 Most Popular Topics

~1/3

of parents want information on financial topics in their student’s freshman or sophomore year

	Student’s High School Year			
	Freshman	Sophomore	Junior	Senior
Scholarships	36%	38%	62%	43%
Costs	36%	43%	60%	37%
Admission requirements	41%	45%	50%	24%
Majors/Minors	36%	43%	47%	24%
General information	38%	47%	39%	18%
Sources of funding	31%	33%	47%	30%
Degree programs	29%	40%	45%	22%
Financial aid	21%	28%	51%	34%
Application deadlines	42%	20%	55%	34%
Student housing	12%	18%	41%	46%

Source: EAB 2020 survey of parents of high school students; EAB research and analysis.

# Equip Families with Key Concepts and Data

## What to say about affordability?

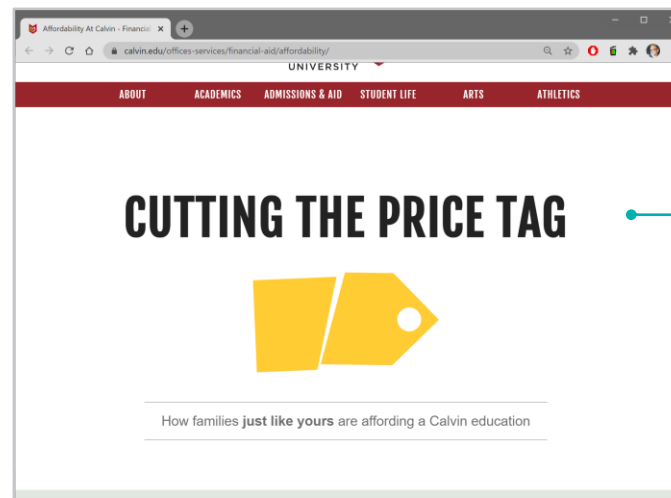
Getting cost-focused communications right depends on understanding what matters most to parents and students and anticipating key gaps in their knowledge. The example shown at right, a dedicated affordability-focused page on Calvin University's website, provides a model of how to do it.

## Covering a short list of key topics

There are various things this page gets right. One is contextualizing the cost of attendance by showing a distribution of Calvin students by family income. A second is explaining sticker price versus actual cost of attendance, a concept many families struggle with. A third is showing reassuring data regarding the very large percentage of Calvin graduates who successfully discharge their student-loan debt, defusing an issue that is a well-known concern for many families.

Incidentally, the page also touches on the benefits side of the value equation, emphasizing grant aid awards, which are known to carry disproportionate psychological weight with families relative to price.

## Calvin University's Website Offers a Quick but Comprehensive Tutorial on Affordability



- ✓ Shows **distribution** of Calvin students by family income
- ✓ Compares Calvin's price to **national average** for four-year privates
- ✓ Explains sticker price versus **actual cost** of attendance
- ✓ Shows **average debt** at graduation for Calvin students who borrow
- ✓ Shows **negligible loan default** rate for Calvin graduates relative to national average

Source: Calvin.edu; EAB research and analysis.

# Quality of Specific Majors Guides Students' School Selection

## A program-level perspective

While much of this report focuses on value at the level of the college as a whole, it is important to keep in mind that students often see potential schools through the lens of whatever they are thinking of majoring in.

As indicated by the data at right, a school's reputation within the student's intended field of study ranks third among factors determining college choice, not far behind the first two considerations.

## Majors have higher search visibility

Another reason that major-related information is important is that the first thing students who find you via search engines are likely to see is program-level information.

This is because students more often search on programs and careers than on schools per se. Furthermore, because of how search engine algorithms work, the academic program pages on your website are likely to rank higher than your school's main page.

## Students Evaluate You at the Program Level

Percentage of Students Citing Selected Criteria as Top Considerations in School Selection

Rank	% of students	
1	63%	"This college has a very good academic reputation"
2	55%	"This college's graduates get good jobs"
3	54%	"The academic reputation of my intended major"

## Students Discover You via Your Programs

Because of <b>how students search</b>	Students more often search for information on specific majors and related careers than on particular schools.
Because of <b>SEO-related factors</b>	It is easier for a school's programs to rank high in search results than for the school as a whole to do so.

Source: CIRP, "The American Freshman: National Norms, Fall 2019"; EAB research and analysis.

# A Pivotal Role Played by Your .edu

## Department pages matter

One key implication of students' program-based perspective on schools is that academic-department webpages take on outsize importance.

Given the sheer number of pages involved, and the fact that working on them often involves difficult collaborations, any project aimed at bringing them up to standard may seem daunting. However, approached the right way, the task can be manageable for even modestly resourced teams.


## Aim to engage

The key thing is to have a clear vision for what these pages should be doing—namely, effectively engaging students on questions that matter most to them.

Shown at right, by way of example, is Nova Southeastern University's Marine Science program page. Note that it paints a vivid and compelling picture for students of the interesting and exciting things they'll do when enrolled in the program. Contrast this with the extremely dry material that dominates many school's department pages, such as course syllabi and official faculty bios—forms of content practically guaranteed to repel student traffic.

## Nova Southeastern University Creates Compelling Program Pages

*Case in Point: Homepage for NSU's Dual-Admission Marine Science Program*



While you complete your bachelor's degree, with this unique opportunity, you can take advantage of the **Guy Harvey Oceanographic Center**, one of the largest facilities in the United States dedicated to research and the conservation of marine life.

“  
You're going to go to conferences. You're going to help write reports and proposals. And then you're ultimately going to be writing manuscripts with me. You gain a wide range of experience at NSU.  
”

AMY HIRONS, PH.D. | PROFESSOR, DEPT. OF MARINE AND ENVIRONMENTAL SCIENCES

Helps students envision concrete specifics of exciting things they'll do as part of the program

### Related Resources

EAB's [Agency Services](#) division offers comprehensive website design services, including search-engine optimization, advanced web-based multimedia formats, and copywriting informed by in-depth research.

The EAB Enrollment Services publication [The Enrollment-Optimized .edu](#) contains a ten-part self-test on key website features and performance standards enrollment leaders can use to assess and troubleshoot their own institutions' web presence.

Source: [undergrad.nova.edu](http://undergrad.nova.edu); EAB research and analysis.

# Robust Program Pages Depend on Effective Collaboration with Faculty

## Conflicting aims

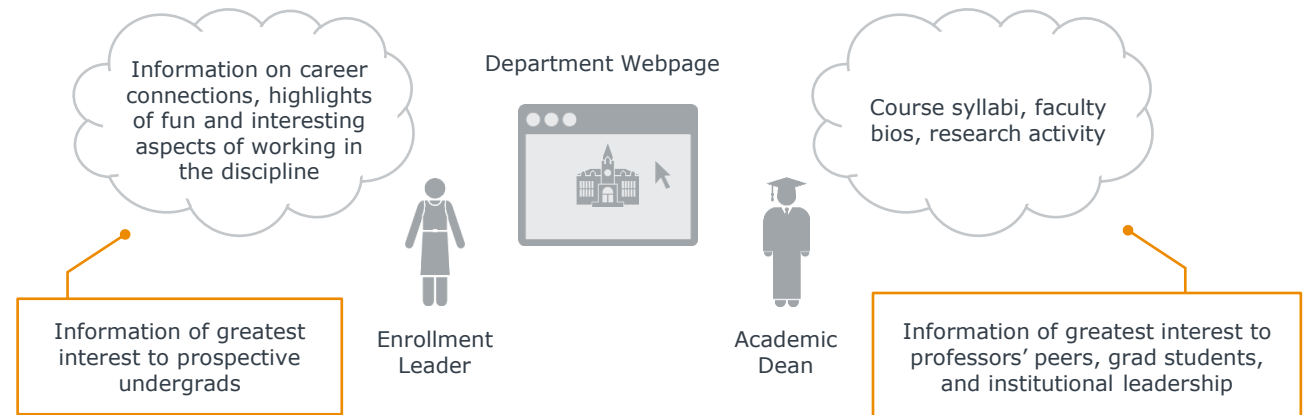
One of the main challenges involved in boosting the recruitment effectiveness of academic program pages is developing content that is engaging for students but also meets the needs of academic leaders.

Many deans do not naturally think of prospective students as the primary audience for their program homepage; their academic peers or power brokers within the institution are more often top of mind. And the sort of information they're looking to share with those audiences is not often what would get a seventeen-year-old excited about your institution.

## Show how you can help

While you're unlikely to ever solve this problem entirely, there's a lot you can do to ensure more effective collaboration with your academic stakeholders. These efforts will be most impactful if you can show your editorial partners how actions you're proposing will help them meet their goals—including attracting more students to their programs.

## Competing Visions for Academic Department Pages



## Promoting Partnerships with Faculty

### Make your website design process consultative

Solicit input from faculty when designing your institution's website, and do so from the beginning of the design process. Ensure they understand what your enrollment team would like to see on their academic department pages and why.

### Use evidence

Use data to help secure the cooperation of faculty, including the percentage of total academic-program-page traffic that comes from the admissions page and benchmarked engagement metrics for academic-program pages (e.g., bounce rate and average time on page).

### Leverage shared goals

Make sure your school's website has enrollment-specific goals, developed in partnership with marketing and academic leadership and signed-off on by sponsors in senior administration. Frame proposed changes to academic department pages relative to these goals.

Source: EAB research and analysis.

## Lesson 3: Emphasize career connections

# Students Place High Value on Practical Relevance

### Career connections matter

It probably goes without saying that a school's success in teeing up students for rewarding careers factors into families' perception of its value. But it's helpful to understand just how powerful that effect is. As shown at right, more than 80% of students attending schools that do an excellent job of it consider their education to be worth the cost, while the numbers drop rapidly after that, to fewer than 20% at institutions doing poorly.

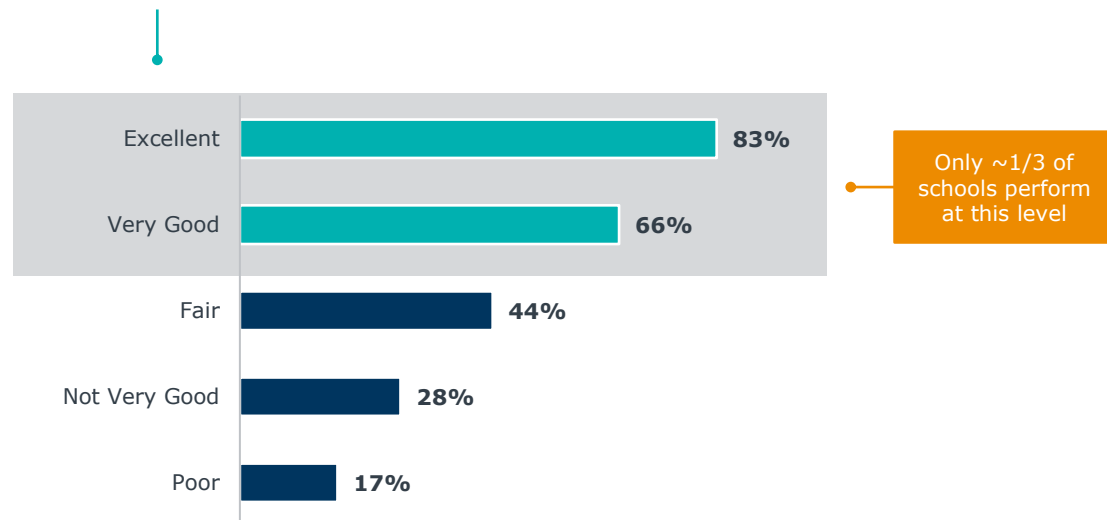
Also worth noting (but not shown here) is the fact that students from low-, moderate-, and high-income households assign this particular aspect of a school's offering a similarly high importance.

### Room for improvement

Many of the nation's colleges and universities have ample running room when it comes to connecting the education they offer to meaningful careers. As indicated at right, only around a third of schools perform at a level that students characterize as excellent or very good in this regard.

### Percentage of Students Saying Their Education Is Worth the Cost

*"How good is your school at connecting your education to meaningful careers?"*



Source: Strada and College Pulse, September 2020 Student Viewpoint survey; EAB research and analysis.

# Demonstrating the Value of a 'Nonvocational' Education

## Pressured to prove relevance

While career connectedness is an issue for all types of schools, the challenge and related solutions are perhaps best illustrated with the case of liberal arts colleges—an institution type that many families do not naturally associate with career preparedness. This page offers the specific case of Allegheny College.

## Underscoring adaptability

Like many liberal arts schools, Allegheny was fighting the misconception on the part of some prospective students that its academic offerings were out of touch with the realities of the marketplace.

Rather than taking a defensive stance, Allegheny emphasized its liberal arts identity, focusing its messaging on concepts such as multidisciplinary learning and the vision of its graduates as adaptive, broad thinkers, prepared for more than just one type of job.

That approach comes through clearly in the webpage from Allegheny.edu shown at right, which allows users to generate different combinations of majors and minors and to see the exciting and varied careers that students studying each combination have gone into.

## Allegheny's .edu Connects Liberal Arts Learning to Careers

Source: Scott Jaschik, "Selling Intellectual Heft," Inside Higher Ed, October 12, 2020; [mindovermajor.allegheny.edu](http://mindovermajor.allegheny.edu); EAB research and analysis.

# Translating Academic Learning into the Language of the Marketplace

## Underlying enhancements

The primary focus of this report is how schools can better communicate their value, rather than things they might do to improve their actual offerings.

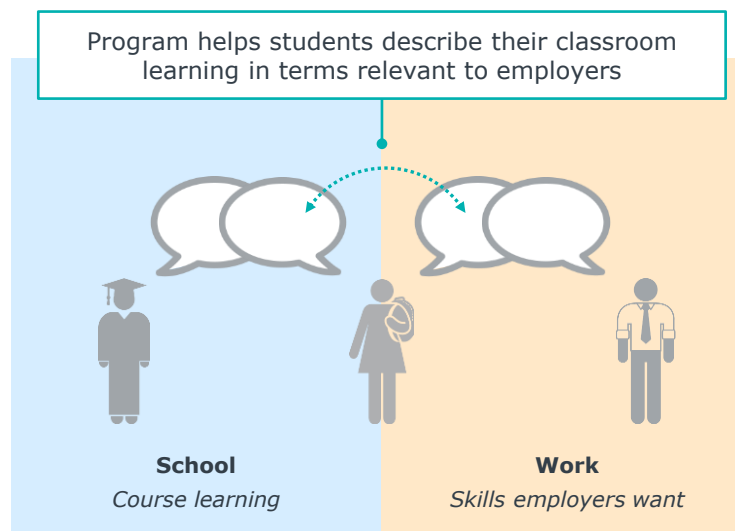
That said, given the importance that families place on job readiness, program modifications that help launch students in careers merit mention. This page offers a case in point.

## Creating differentiated value

Shown at right is a pilot program implemented by the University of Central Florida, aimed at helping students frame their classroom learning in terms that resonate with employers. As indicated, it is grounded in standards for career competencies developed by the National Association of Colleges and Employers and involves 600 students in 20 courses spanning several disciplines.

While many schools may claim to help students find rewarding careers, fewer are able to back that claim up with extensive programs of this sort. Those that can have a powerful tool at their disposal for communicating a differentiated value proposition.

## A Workplace-Connections Pilot Program at University of Central Florida



UNIVERSITY OF  
CENTRAL FLORIDA

*An extensive,  
formalized  
pilot program*

- 600 students
- 20 faculty
- 20 courses
- Multiple disciplines

Curriculum mapped to career competencies from the National Association of Colleges and Employers (NACE)

Source: Paul Fain, "Career Exploration in College," Inside Higher Ed, November 11, 2020; EAB research and analysis.



# Ensure Students Appreciate the Value of Your Assurances

## A common misconception

A growing number of schools are making on-time graduation guarantees a pillar of their value messaging. This is sensible, given the profound impact that delayed completion (and non-completion) can have on the cost of college.

That said, several factors can undermine the impact of these guarantees. One, shown at right, is that many students underestimate the risk of delayed graduation—a fact that leads them to place inappropriately low value on related guarantees.

## Reframing the risk

There are a number of ways enrollment teams can counter this misperception. One, shown at right, is based, quite simply, on scripting. Explaining that non-completion is often due to factors controlled by schools, not students, makes it harder for students to see themselves as an exception and boosts the perceived applicability of your guarantees.

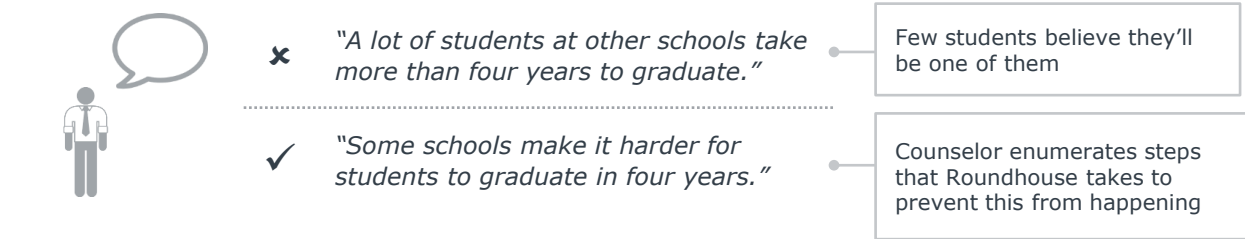
## Students Underestimate the Risk of Delayed Graduation and Non-completion

Percentage of Students Who:



## Making It About the School

Scripting Used by Roundhouse College’s<sup>1</sup> Counselors Focuses on the Part That Schools Play in On-Time Graduation



1) Pseudonym.

Source: CIRP, "The American Freshman: National Norms, Fall 2019"; National Student Clearinghouse Research Center, "Completing College: A State-Level View of Student Completion Rates (Signature Report No. 16a)"; EAB research and analysis.

# Maximize the Value of Your Guarantee

## Problems in the fine print

Another factor that can limit the power of on-time graduation guarantees is overly narrow applicability.

Not all prospective students will take the trouble to look into the details of your program. But some, including those who are considering you most seriously, will. If they discover that it applies to a limited range of circumstances, this not only will diminish the power of your guarantee; it also will undermine their trust in you as a straightforward, good-faith communicator.

## Building a better guarantee

Thoughtful design and execution of guarantee programs not only helps enrolled students get the most out of them; it also helps maximize their impact in your recruitment-marketing efforts.

Four characteristics of well-designed programs are described at right. As indicated, keeping your program transparent and easy to understand is important and so is building into it features that focus their benefit on students for whom guarantees are most likely to matter.

## Overly Strict Eligibility Criteria Can Limit Program Relevance



Limited program scope undermines its power as a value driver

## Four Steps to Impactful and Broadly Applicable Guarantees

### Keep it simple

- 1 Establish straightforward criteria that maximize applicability across appropriate student populations, e.g., enrolling in at least 15 credits per term, registering for classes early, and maintaining regular contact with an academic advisor.

### Focus your financial incentives

- 2 Target financial incentives to students most likely to need them and disburse financial awards annually, rather than waiting until a student graduates.

### Establish a 15-credit default

- 3 Make students taking fewer than 15 credits the exception; requiring underload waivers can help with this.<sup>1</sup>

### Involve parents

- 4 Educate parents about the program and send them reminders (e.g., a Thanksgiving postcard).

1) The pandemic year has underscored the need for flexibility when it comes to standards such as this; some schools have, for example, allowed students to use three terms' worth of credits (fall, spring, and summer) to maintain scholarship eligibility.

Source: EAB research and analysis.

# Your Campus Impacts Student Decisions

## A sense of place

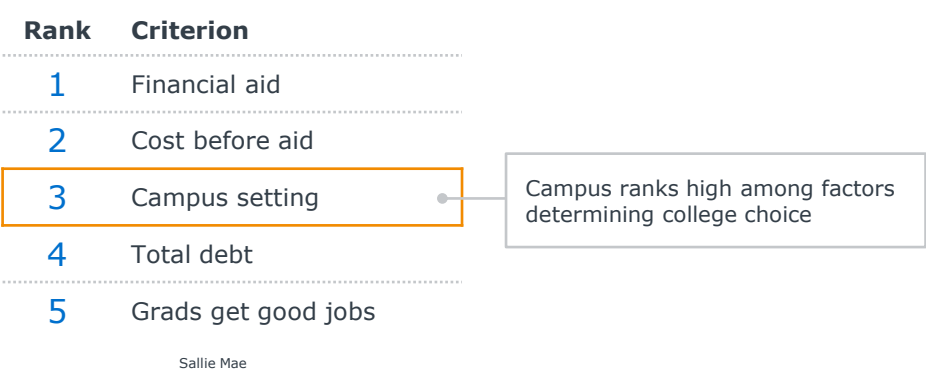
Most enrollment teams take it for granted that the quality of a school’s campus matters a lot to prospective students. And there’s no shortage of evidence for that belief. By way of example, the survey data at right shows it to be the third most important criterion considered by students and parents when evaluating schools, ranking above such important considerations as the amount of debt they will take on and how likely the student will be to find a good job after graduation.

## Uneven access

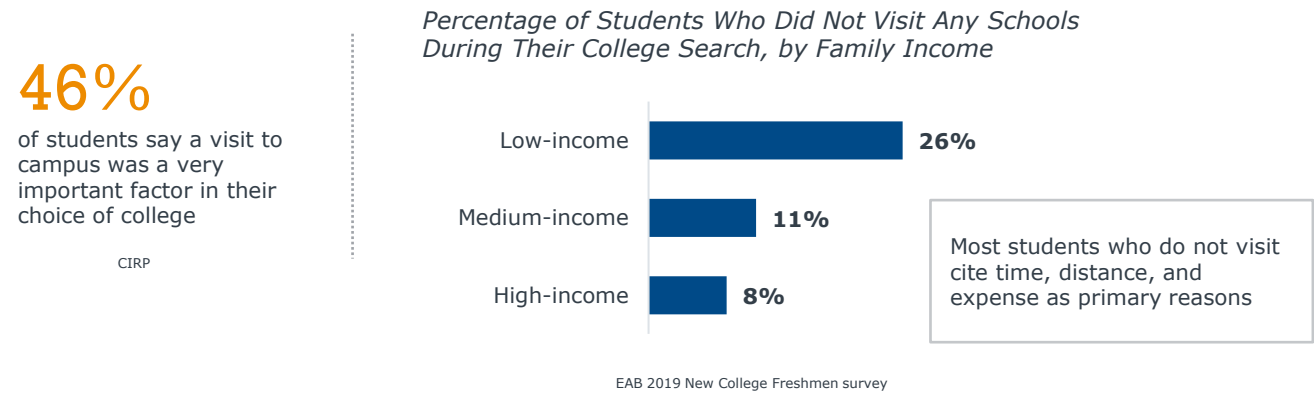
A growing preoccupation for many enrollment teams is figuring out ways to increase the number of students able to visit. Low-income students are a particular concern in this regard, given that they have, historically, visited at significantly lower rates than their more affluent peers and face unique barriers to doing so. But schools stand to benefit from increased visit volumes across all student demographics, given the profound impact that an in-depth experience of the campus has on likelihood to enroll.

## Campus Looms Large Among Factors Determining School Selection

*“What criteria did you and your parents/your child consider when narrowing down colleges you/your child might attend?”, Factors Ranked by Percentage of Respondents Selecting Them*



## Unequal Access to an Important Decision-Making Resource



Source: Sallie Mae, “How America Pays for College,” 2019; CIRP, “The American Freshman: National Norms, Fall 2019”; EAB 2019 survey of new college freshmen; EAB research and analysis.

# An Immersive Experience for Virtual Visitors

## Historically limited impact

While colleges have long been exploring online virtual tours as a means of making the campus-visit experience available to more students, the constraints of traditional web media have, historically, limited their effectiveness.

One challenge has been that of conveying a critical mass of compelling information while not making unreasonable demands on students' time. Another has been that of replicating the feel of students "having been there," an important part of how campus tours build affinity.

## Important technological advances

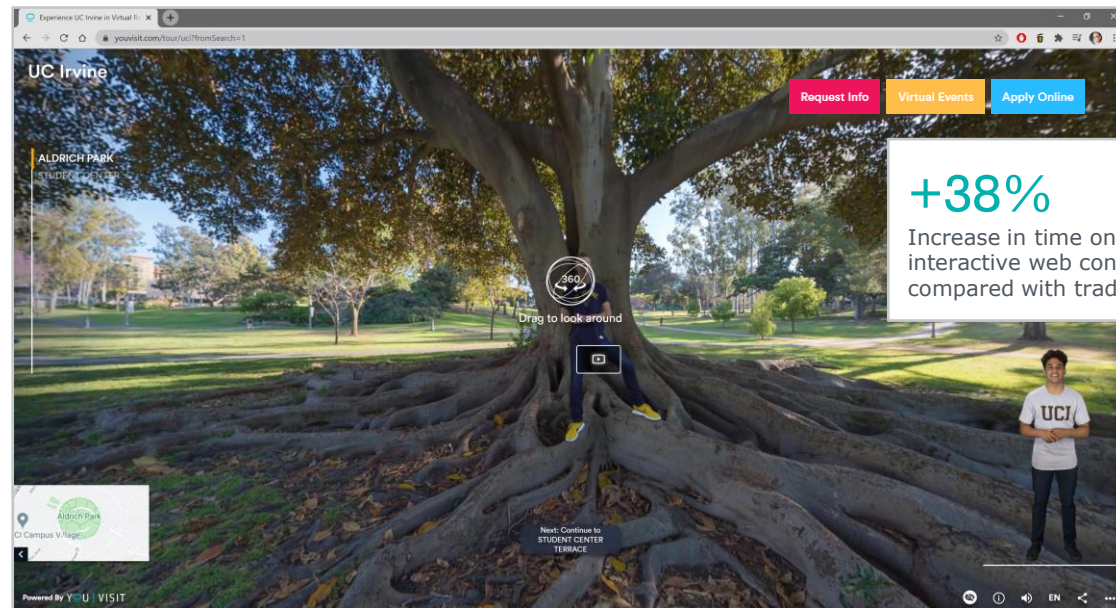
Two recent advances in web-based media have helped.

First are navigable photo environments that enable users to interactively explore three-dimensional space online (as in Google Streetview). Second is the ability to combine text, photos, audio, and video into a layered and seamlessly integrated whole.

Taken together, these innovations can quickly convey large amounts of information and give users the feeling that they are present in the spaces they are exploring.

## Anatomy of a State-of-the-Art Virtual Campus Tour

*Screenshot from UC Irvine's Virtual Campus Tour (Produced by YouVisit, a Division of EAB)*



### Key characteristics:

- ✓ Curated path through campus, based on a highly intentional, value-focused narrative
- ✓ Hybrid media, seamlessly integrating video overlays, photography, audio, and text
- ✓ Navigable 360-degree photo panoramas
- ✓ Jump links increase ease of navigation
- ✓ Continuously refined based on collected user data
- ✓ Conversational inquiry forms boost collection of visitor info

Source: YouVisit.com; EAB research and analysis.

## Facing a Challenge of Cost-Driven Decision-Making

### Value-seeking is widespread

It may seem like stating the obvious to say that cost plays a major role in families' choice of school. But it is important to appreciate the scale of the effect. As shown in the graphic at right, almost two-thirds of non-yielding admitted students end up choosing a cheaper school.

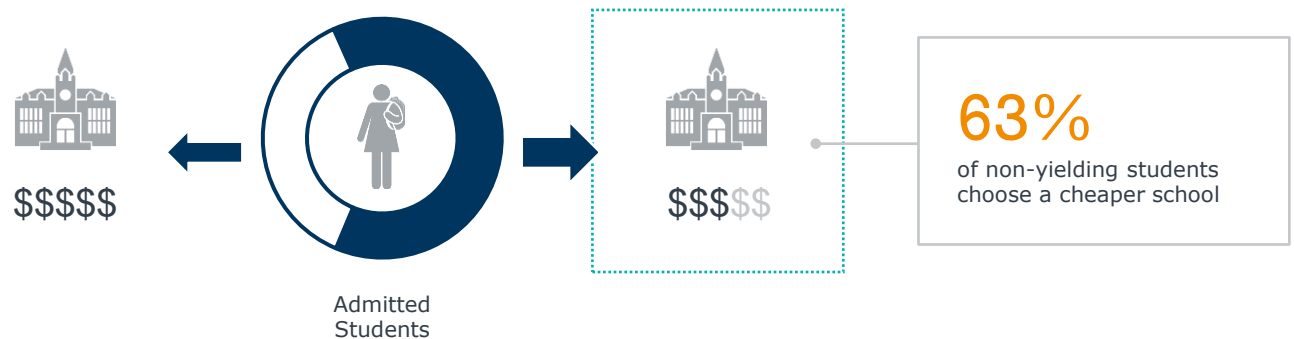
This includes some students who genuinely can't afford the schools they've rejected, but it undoubtedly includes others who can but believe they'll find what they're looking for elsewhere at a lower price.

### Tricky topics

This creates a conundrum for enrollment teams. As mentioned earlier, it is important to convey to families in clear and simple terms how much attendance at your school will cost. At the same time, it is reasonable to worry that information on projected total spend, debt that students may be obliged to take on, and other potentially anxiety-inducing topics related to college finances will scare families into the arms of cheaper competitors.

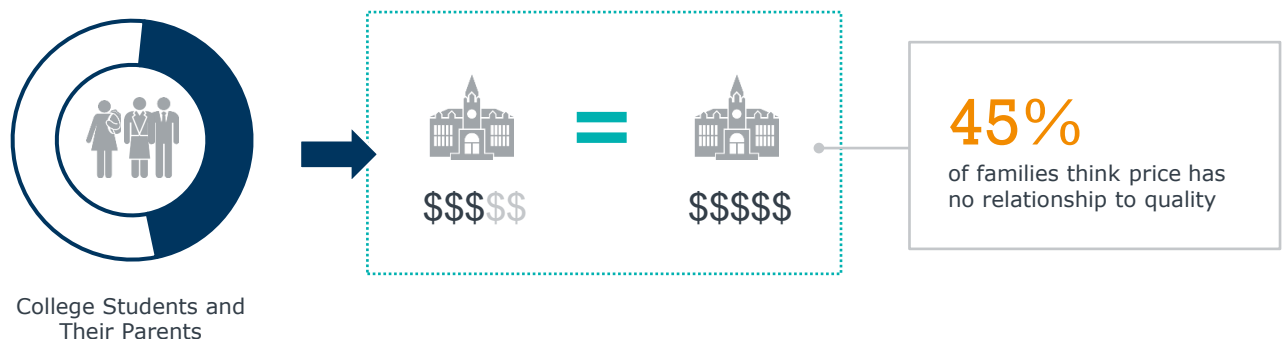
### Non-yielding Students Often Select a Cheaper School

*EAB 2020 Survey of Admitted Students*



### Many Families Do Not Equate Price with Quality

*Sallie Mae*



Source: EAB survey of admitted students; Sallie Mae, "How America Pays for College"; EAB research and analysis.

# Keep Families Focused on the Complete Value Equation

## Don't show cost in isolation

Because of its potentially off-putting effect, information on cost in parent- and student-facing communications should always be paired with compelling illustrations of the positives that come with attending your school.

Aid award letters are an especially apt case in point to consider, because they're the one communication in which you're definitely telling students how much they'll actually be paying.

## Overwhelm with value

The sample award letter shown at right is noteworthy for the degree to which it develops the principle noted above.

The piece gives important cost information enough real estate to stand out, but most of its eight pages focus on explaining what's great about the school. That's done by way of a wide range of information types, from breathtaking images of the campus and its surroundings to data on the earnings premium enjoyed by the school's graduates to descriptions of the rich extracurricular life the campus offers.

## Excerpts from Emerald Valley College's<sup>1</sup> Aid Award Letter

**ESTIMATED SCHOLARSHIPS, GRANTS, AND LOANS**

Grant	\$13,500
Catholic High School Award	\$1,000
Award	\$10,000
Federal Direct Subsidized Loan	\$3,500
Federal Direct Unsubsidized Loan	\$2,000
<b>Total Scholarships, Grants, and Loans</b>	<b>\$30,000</b>

**Remaining Out-of-Pocket Costs** **\$23,276**  
(costs of attendance minus total grants, scholarships, and loans)

**Additional Financial Aid Options to Pay Remaining Costs**

Parent PLUS Loan*	\$19,876
Federal Student Employment**	\$3,400

**Payment Option**

\* Parent PLUS Loan: Your parent, if applicable, may borrow up to the remaining cost of attendance (subject to credit approval), which may include costs such as books, supplies, loan fees and other personal expenses.

\*\*For Student Employment: Students must apply for and obtain a job on-campus in order to participate in this program. You will receive a paycheck and may be used to help offset your education costs.

Your Financial Aid Award is calculated based on the information you have provided. These estimates do not

**EARN NEARLY \$10,000 MORE PER YEAR'**

**MANY HAPPY RETURNS**  
In plain English, █ grads earn more. Our graduates earn \$9,894 more on average per year than their national counterparts. Employers know the value of a █ education, and they're willing to pay for it.

1) Pseudonym.

Source: EAB research and analysis.



# Tandem Cost-Benefit Messaging in Interpersonal Interactions

## Leverage live communications

The imperative to link cost with benefit applies to all forms of communication you have with families, including—and, perhaps, especially—the live, one-on-one interactions your staff members have with them.

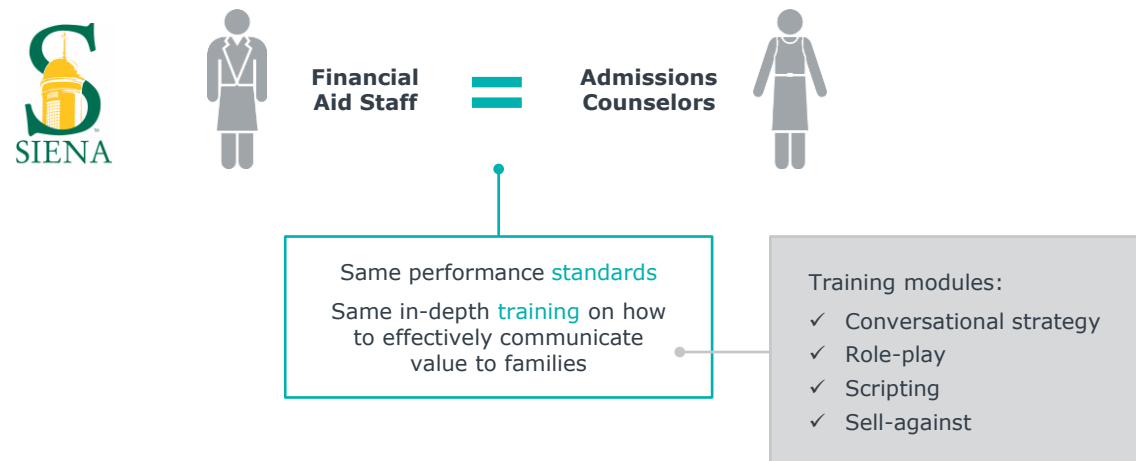
The example at right addresses the specific case of your financial aid personnel.

## Upskilled financial aid staff

There are two reasons it makes sense to focus on these members of your team. First is that they spend more time than anyone else talking to families about cost. Second is that they are not often hired or trained with an eye to sales-type skills. In other words, they are not typically equipped to do the challenging and complex work of convincing families that the benefits your institution offers more than justify the cost of attendance.

Shown at right are steps that Siena College took to address that mismatch, including revising the performance standards for its financial aid staff to highlight criteria related to effective student engagement and, more importantly, providing staff with associated communications training.

## Financial Aid Staff and Admissions Counselors Trained to Same Level on Value Communications



Note that the dynamic illustrated on this page cuts both ways. Financial aid staff should be able to describe your school's value proposition to families in a compelling way; by the same token, your counselors should be able to speak with confidence to the fundamentals of cost, debt, and financial aid.

Source: EAB research and analysis.

# Students See Their Recruitment Experience as a Preview of What's to Come

### The medium is the message

Few factors do more to shape students' understanding of your institution than the quality of your personal interactions with them—experiences they take as a preview of how they will be treated after enrolling.

Of particular importance is the degree to which you demonstrate a personal interest in them—a factor that, as shown at right, plays an even bigger role in yielding students than does cost.

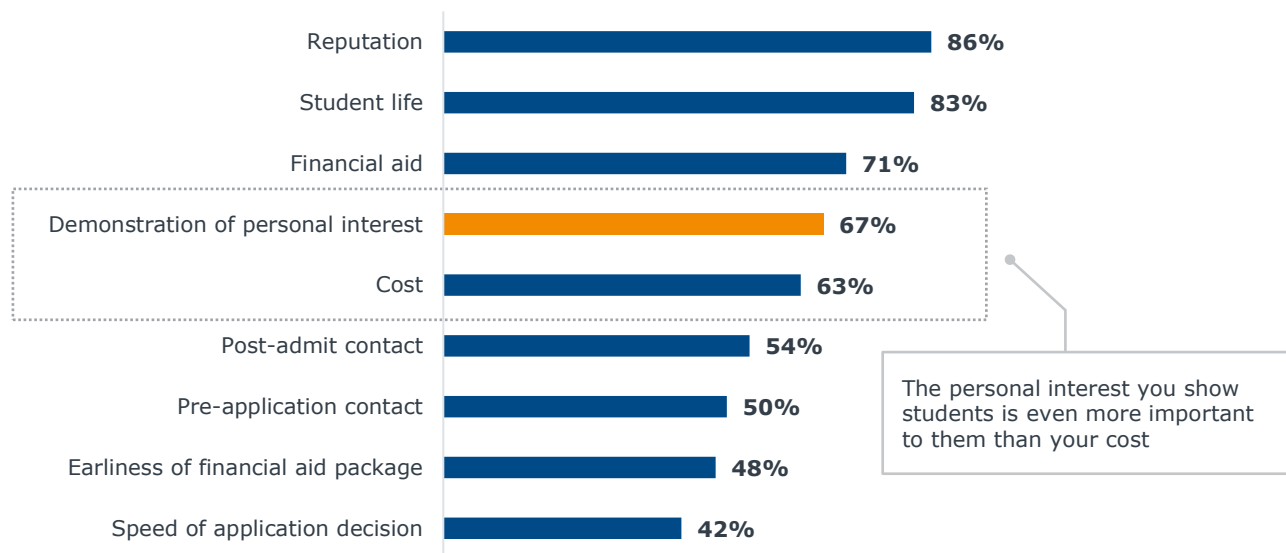
### High effort, high impact

"Personal interest" in this context means understanding and appreciating students as unique individuals and demonstrating in a compelling way that you see them as a desirable addition to your campus community.

Doing so does, to be sure, require painstaking and labor-intensive work and may appear daunting to understaffed admissions offices with large admit pools. But engagement of this sort is becoming increasingly important, as competition in the higher education market continues to intensify. The following pages offer advice on how to make it doable.

### Personal Interest Matters

*Percentage of Non-yielding Students Citing Specific Ways in Which Their Chosen School Held Greater Appeal, EAB Surveys of Non-yielding Students*



### Related Resource

EAB's [Yield IQ](#) program surveys non-yielding students about their decision, letting you see how you compare with schools that students ended up choosing.

Source: EAB surveys of non-yielding students.



# Intensive, Personalized Interactions Show Students You Care

## How do you stack up?

One way of evaluating whether your interpersonal interactions with prospective students meet the bar is to consider a few simple rules of thumb, as described at right.

Note the general, unifying spirit of these tips, which has everything to do with making students feel valued and understood.

## A “sales” approach

It’s also helpful to understand the process described here as, essentially, a sales approach. Although it remains a dirty word within some institutions, there is no question that “sales” accurately describes the objectives and techniques of admissions teams that do an especially good job of converting prospective students.

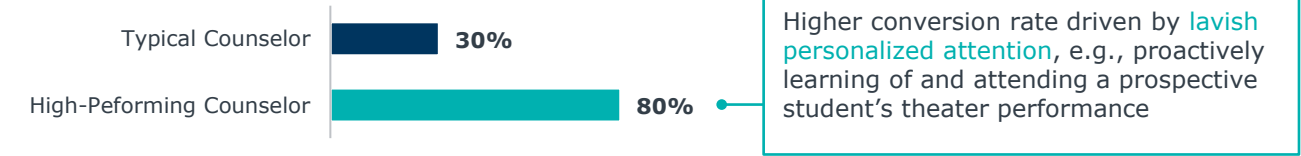
For schools that have limited experience with a fully developed sales approach of this kind, it can be surprising to learn just how big a difference it can make. By way of an example, shown at right, Silver Coast University’s counselors who are the most skilled in the kinds of sales approach described here have yield rates more than double their institution’s average.

## Hallmarks of High-Touch Student Engagement

Tell students you want them	The message that you very much want a student to enroll at your institution, while highly impactful, is often missing from recruitment communications, based on the mistaken assumption that it goes without saying.
Use “unfakeable” personalization	The most impactful forms of personalization are specific to a particular student and no other; the fact that customizing communications to this degree is also labor intensive is the point—it shows you care enough to take the trouble.
Be persistent	The risk of having students think you don’t care enough to reach out to them is higher than the risk of them being turned off because you’re contacting them too much.
Listen carefully	Enrollment team members sometimes don’t fully appreciate the power of letting families talk and/or lack the active listening skills that turn such interactions into powerful selling opportunities.

## Yield Rate

By Counselor, Silver Coast University<sup>1</sup>



1) Pseudonym.

Source: EAB research and analysis.

# Making Intensive Engagement Feasible

## A capacity mismatch

Most enrollment teams understand that intensive, personalized engagement increases students' likelihood to apply and enroll. Far fewer have managed to roll out that approach in a consistent and scalable way.

The main barrier is capacity; most enrollment teams are too busy to give students the lavish, personalized attention they'd like to. A secondary challenge is that admissions staff are not often hired with an eye to sales-type skills and/or don't receive related training.

## Making the task manageable

The good news is that both challenges can be overcome by most enrollment shops, regardless of team size and institution type.

The first step is to implement a system of triage, whereby the most intensive sales approaches are focused on a subset of admitted students deemed most likely to respond to intensive outreach.

The second is to formalize processes associated with high-touch engagement, including related sales techniques, across your admissions team, and to provide formal training in those skills.

## Operationalizing High-Touch Student Engagement

### Four Key Elements

#### Capturing and generalizing best practice

Practice of high-performing counselors is analyzed for generalizable lessons, which are then adopted by the rest of the admissions team.

#### Explicit benchmarks

Quantifiable hallmarks of high-touch engagement are communicated to counselors and factored into assessments of their performance (e.g., average time taken to respond to messages from families).

#### Upskilled staff

Sales-type skills are prioritized in hiring of new staff and in the evaluation of existing staff. Student-facing staff are offered in-depth training on sales techniques.

#### Triage

Intensive follow-up is made possible by advanced analytics, which reliably identify the relatively small subset of admitted students for whom a high-touch approach is likely to make a difference.



### Related Resource

EAB's [Yield IQ](#) program uses cutting-edge data science to generate accurate and granular predictions of students' likelihood to deposit.

Source: EAB research and analysis.

## Lesson 8: Leverage peer opinion

# Students Want to Hear from Students

### Seeking peer opinion

One clear lesson from the ongoing rise of digital media is that young people favor content created by their peers.

This basic fact is nothing new—effective enrollment and marketing teams have been acting on this insight for years. But, given the pace of change in the current media landscape, it's a trend worth revisiting.

### Remarkable reach

The material at right provides an illustration of the present scale of the phenomenon.

Shown here, by way of example, is a YouTube playlist curated by Temple University staff, consisting entirely of videos about Temple produced by Temple students. Highlighted at right is a Temple student, Reese Regan, with almost 400,000 YouTube subscribers, whose videos have been viewed more than a million times.

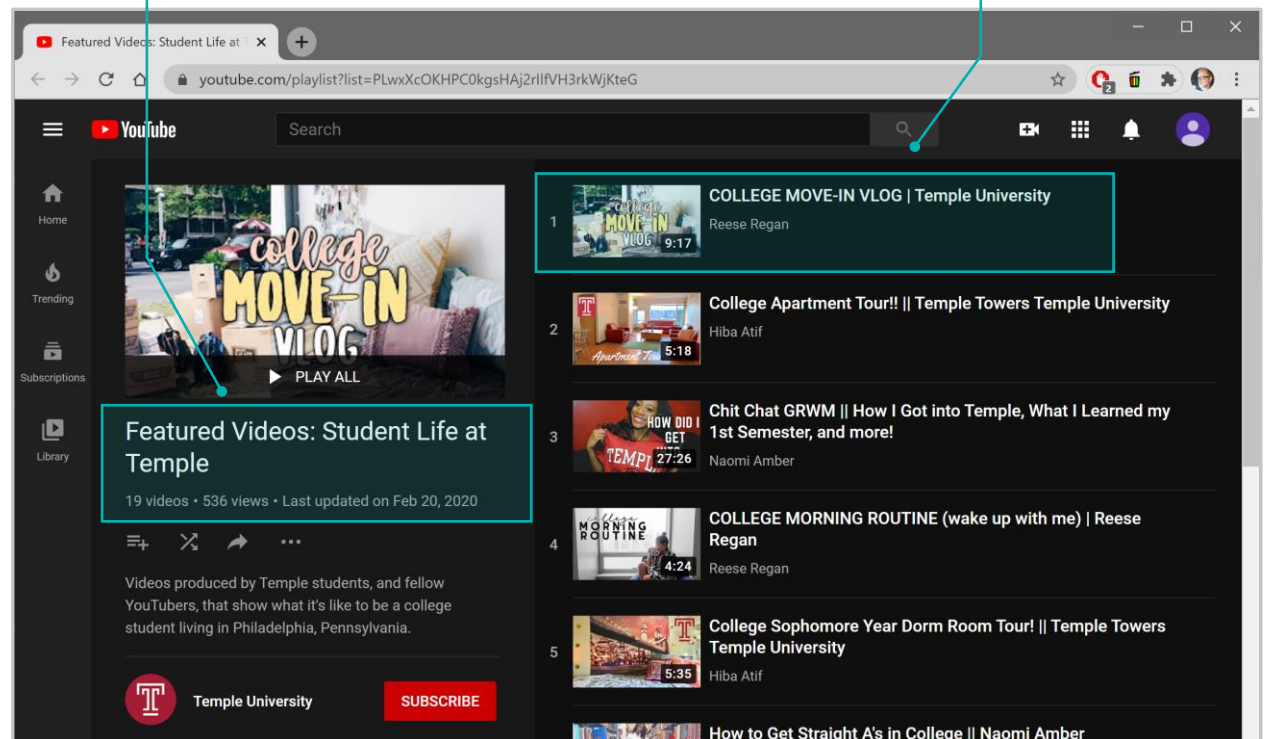
While multiple factors account for these astonishing numbers, at least two have direct relevance when it comes to effective communication of colleges' value proposition—the relatability and credibility of the content used to do it.

### Temple University Piggybacks on the Huge Reach of Its Student-Influencers

*A YouTube Playlist Curated by Temple Staffers*

Temple maintains a YouTube playlist of videos created by its students

Frequent contributor Reese Regan has 393,000 subscribers; this video has been viewed **1.2 million** times



Source: youtube.com; EAB research and analysis.

# An Undervalued Channel

## A user-driven network

One channel particularly well suited to communicating value is the social-discussion website Reddit.

The main thing that sets it apart is its trustworthiness, which users rate well above that of other social networks. Reddit is widely and correctly regarded as more genuinely user-driven and less aggressively commercialized than other Internet-based information sources—factors that account for its credibility and usefulness.

## Active in college search

Crucially for enrollment teams, the topic-focused forums that make up Reddit (called “subreddits”) include ones that are frequently visited by prospective students seeking to learn more about schools they’re considering.

Enrollment teams can take advantage of this by encouraging current students and alumni to post positive opinions about their institution on Reddit (as many schools already do for other social networks).

## Reddit Is a Trusted Advisor for a Rapidly Growing Community of Users

### Extensive Reach

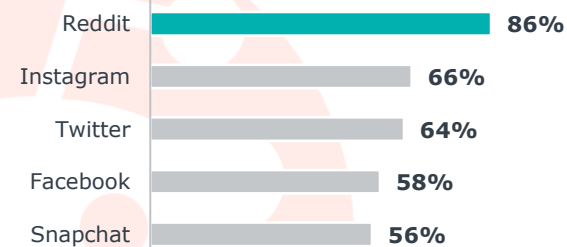
**+30%**

Growth in active user base in 2019

Reddit is among the **10 most visited** websites in the United States

### A Trusted Source

“I trust this platform when it comes to learning about new products and brands,” % of Surveyed Users



“There are **no big influencers** on Reddit and therefore I know when someone is talking about something it is because they are truly passionate about it.” *Female 18–24*



## A Sample Post

From the Temple University Subreddit (r/Temple)

Get your students and alumni to post positive information about you

Extra\_Crispy19 '19 Risk Management 13 points · 1 year ago

**It truly is an experience you won't get anywhere else.** Most large universities like Penn State have a town built around them because the school is there. Temple was built in Philly, and Philly would still be here without Temple. Here you become a part of the city and you gain experiences that you wouldn't gain going to a college out in the middle of some random valley, that was built there because there was space. You learn how to live with society. You're a part of the city.

Source: techcrunch.com, “Reddit’s monthly active user base grew 30% to reach 430M in 2019”; foundationinc.co, “Reddit Statistics for 2021”; Reddit and Ypulse (via redditblog.com), “The Power of Community”; reddit.com; EAB research and analysis.

## Many Schools Look More or Less the Same to Prospective Students

### A commodification problem

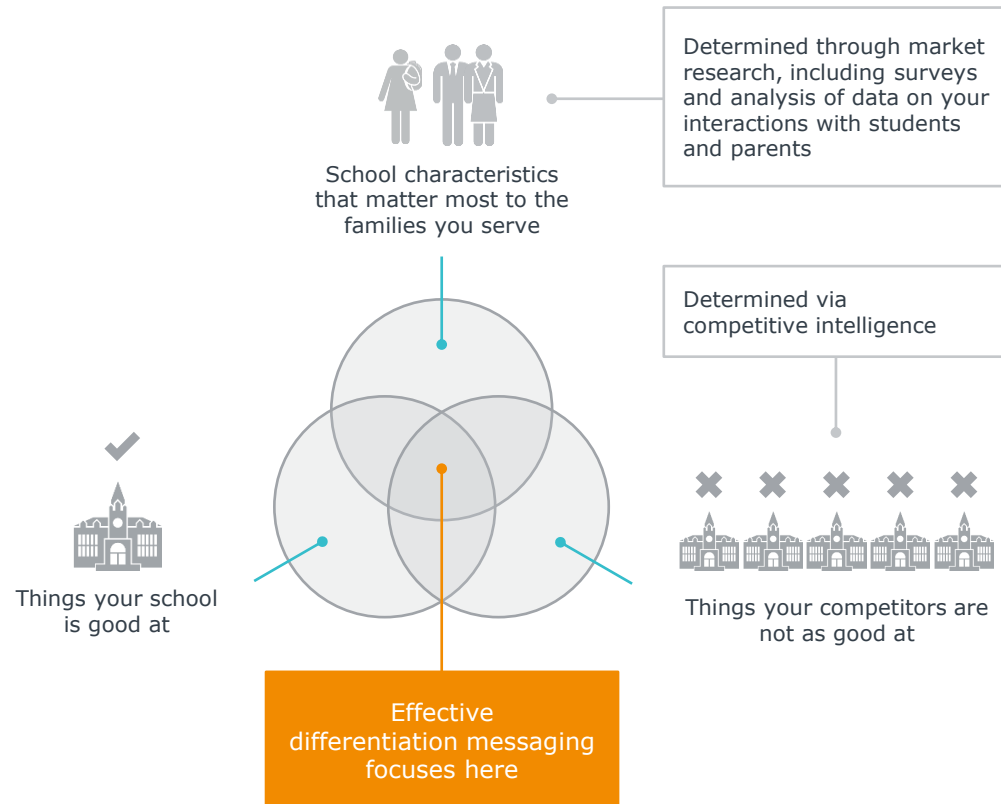
One of the more difficult challenges enrollment teams face when communicating value is differentiation; within any given school segment (e.g., moderately selective regional privates), one school's offering can end up looking very much like another's. This, in turn, can encourage families to "trade down" to cheaper, apparently equivalent options.

### Calling out important differences

How you talk to families can help; even if your school's offering is the same as that of your competitors in most important respects, compelling and distinctive communications can make you stand out.

However, you should, whenever possible, also help families understand important, substantive differences between your institution and other schools they might be considering, particularly in the post-admit phase. Communications of this sort are most effective when they zero in on school characteristics that matter most to families and, in particular, on things from that list that you do better than your competitors.

### What Sets You Apart?



Source: EAB research and analysis.

# Pointed Comparisons Help Families Understand Your Value Proposition

## A “sell-against” approach

The first step in developing effective differentiation messaging is to identify areas in which you outperform your competitors. As already mentioned, the factors identified should be among those that you know, from evidence, matter most to the families you serve.

## A framework of key questions

Next comes putting that intelligence into action. Two ways of doing that are shown at right.

One focuses on your counselors. You’ll want to ensure that they know your key differentiators, on a competitor-by-competitor basis, by heart, and that they are equipped with effective scripting on those points.

A second focuses on students. In the example shown, students are provided with a checklist of questions to consider when assessing other schools they are looking at, including questions highlighting areas in which your institution has important advantages relative to your competitors.

## Enable a Structured Comparison

*Provide Counselors with Competitor-Specific “Sell-Against” Talking Points*

	Schools You Compete With				
	College A	College B	College C	College D	College E
Your advantages	✓	✓	✓	✓	✓

Your counselors should be able to speak easily, clearly, and compellingly about your institution’s strengths relative to your top five or ten competitors.



Counselor

*Prompt Students to Ask Competing Schools Questions That Show You in a Favorable Light*

	Schools Student Is Considering				
Criteria	College A	College B	College C	College D	College E
Average first-year earnings for students graduating in my major					
Average first-year debt load for students graduating in my major					
Game-design specialization option for computer science					
Formal co-op program with major					



Student

Give students a checklist of suggested questions to ask schools they are considering; focus the questions on areas in which you have a competitive advantage.

Source: EAB research and analysis.

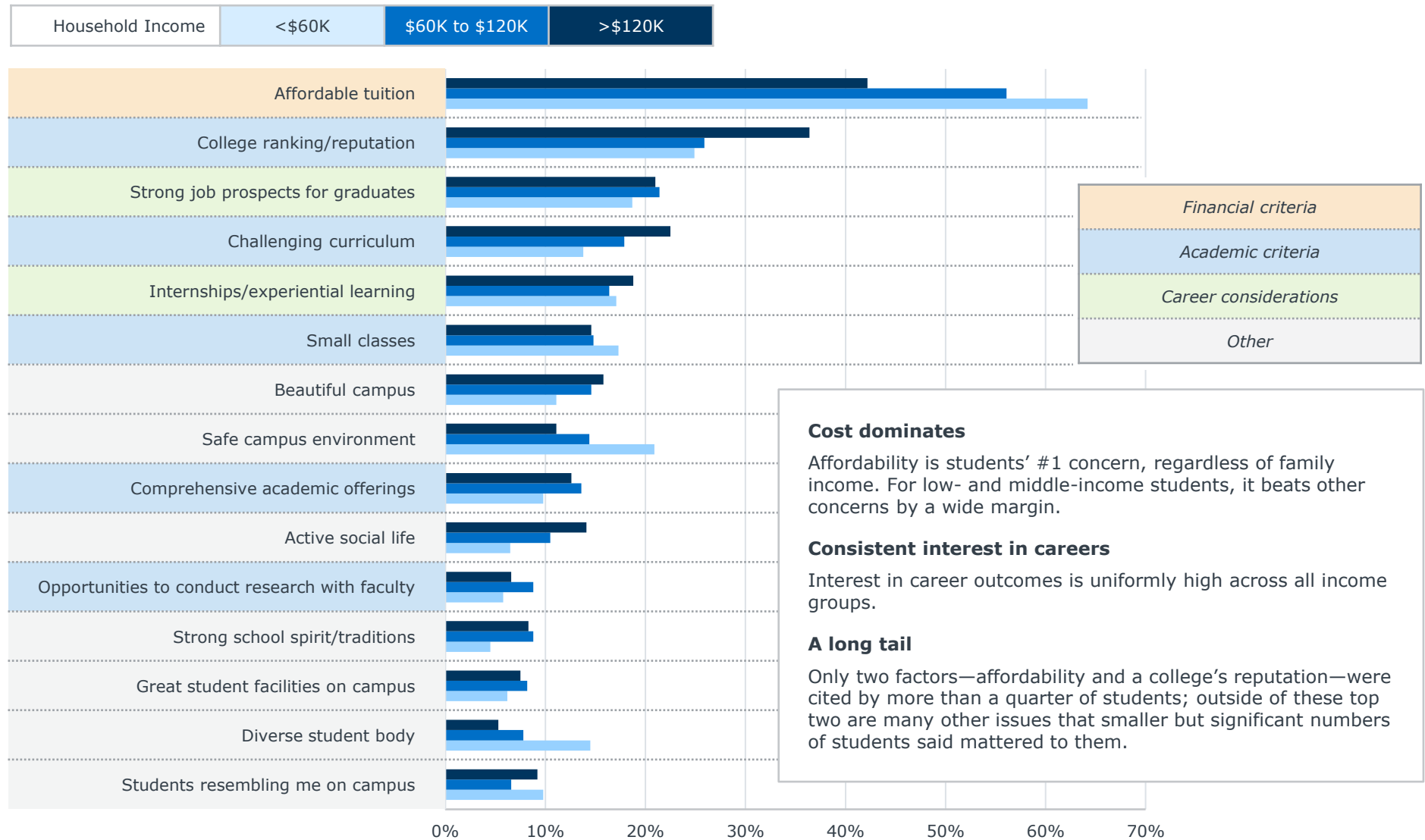
# Appendixes

## Findings from Survey Research on Key Factors Impacting Families' College Choice

Appendix #	Questions Addressed	Survey Population	Source
1	<ul style="list-style-type: none"> <li>What do students consider most important about their college experience, by household income?</li> </ul>	<ul style="list-style-type: none"> <li>College freshmen (n=2,508)</li> </ul>	EAB
2	<ul style="list-style-type: none"> <li>What worries parents most when it comes to their child's college experience?</li> <li>How do institutional aid and school quality impact parents' school choice?</li> </ul>	<ul style="list-style-type: none"> <li>Parents of high school students (n=2,530)</li> </ul>	EAB
3	<ul style="list-style-type: none"> <li>What school characteristics do parents consider to be worth paying more for?</li> </ul>	<ul style="list-style-type: none"> <li>Parents of high school students (n=2,530)</li> </ul>	EAB
4	<ul style="list-style-type: none"> <li>How much are parents willing to pay?</li> </ul>	<ul style="list-style-type: none"> <li>Parents of high school students (n=2,530)</li> </ul>	EAB
5	<ul style="list-style-type: none"> <li>What motivates students to go to college?</li> <li>Why do students choose the schools they do?</li> </ul>	<ul style="list-style-type: none"> <li>College freshmen (n=9,505)</li> </ul>	HERI
6	<ul style="list-style-type: none"> <li>What criteria do families use when picking a school?</li> </ul>	<ul style="list-style-type: none"> <li>College undergraduates (n=1,000)</li> <li>Parents of college undergraduates (n=996)</li> </ul>	Sallie Mae
7	<ul style="list-style-type: none"> <li>Which school characteristics influence students' choice of school?</li> </ul>	<ul style="list-style-type: none"> <li>Admitted students (n=1,984 to 12,259)</li> </ul>	EAB
8	<ul style="list-style-type: none"> <li>What do students look for in a school?</li> </ul>	<ul style="list-style-type: none"> <li>Lower-income and first-gen high school students (n=34,000)</li> </ul>	EAB
9	<ul style="list-style-type: none"> <li>What characteristics do students think represent the value of higher education?</li> </ul>	<ul style="list-style-type: none"> <li>Lower-income and first-gen high school students (n=34,000)</li> </ul>	EAB

## What Do Students Consider Most Important About Their College Experience?

Percentage of Respondents, by Household Income, EAB's 2019 Survey of New College Freshmen<sup>1</sup>

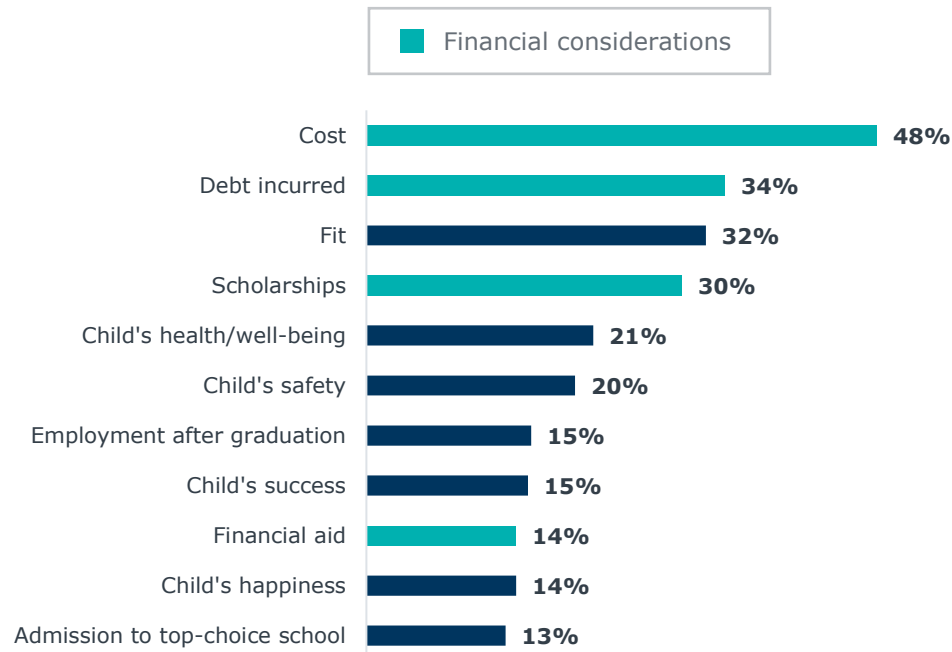


1) Top 15 factors cited by survey respondents.



## What Do Parents Worry About Most When It Comes to Their Child's College Experience?

Percentage of Respondents Citing Selected Factors, EAB's 2020 Survey of Parents of College-Bound Students<sup>1</sup>



### Cost dominates

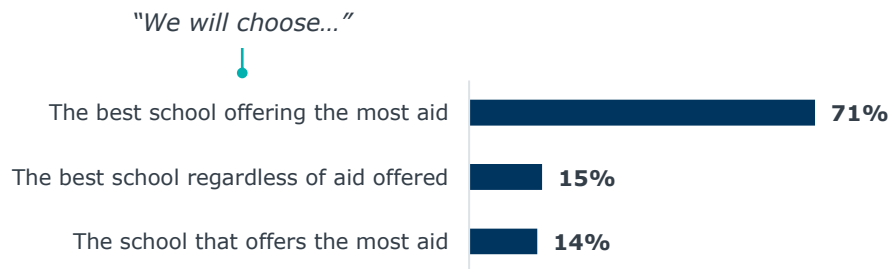
- Three of parents' top four concerns were cost-related, with other issues being cited by markedly fewer parents.
- Even students' health and well-being were not as worrying to parents as college cost—a remarkable finding in a pandemic year.

Fewer than 10% of parents cited the following factors as top concerns:

- Exposure to drugs or alcohol on campus
- Eventual admission to graduate school
- Child's ability to make friends

## How Do Institutional Aid and School Quality Impact Parents' Choice of School?

Percentage of Respondents, EAB's 2020 Survey of Parents of College-Bound Students



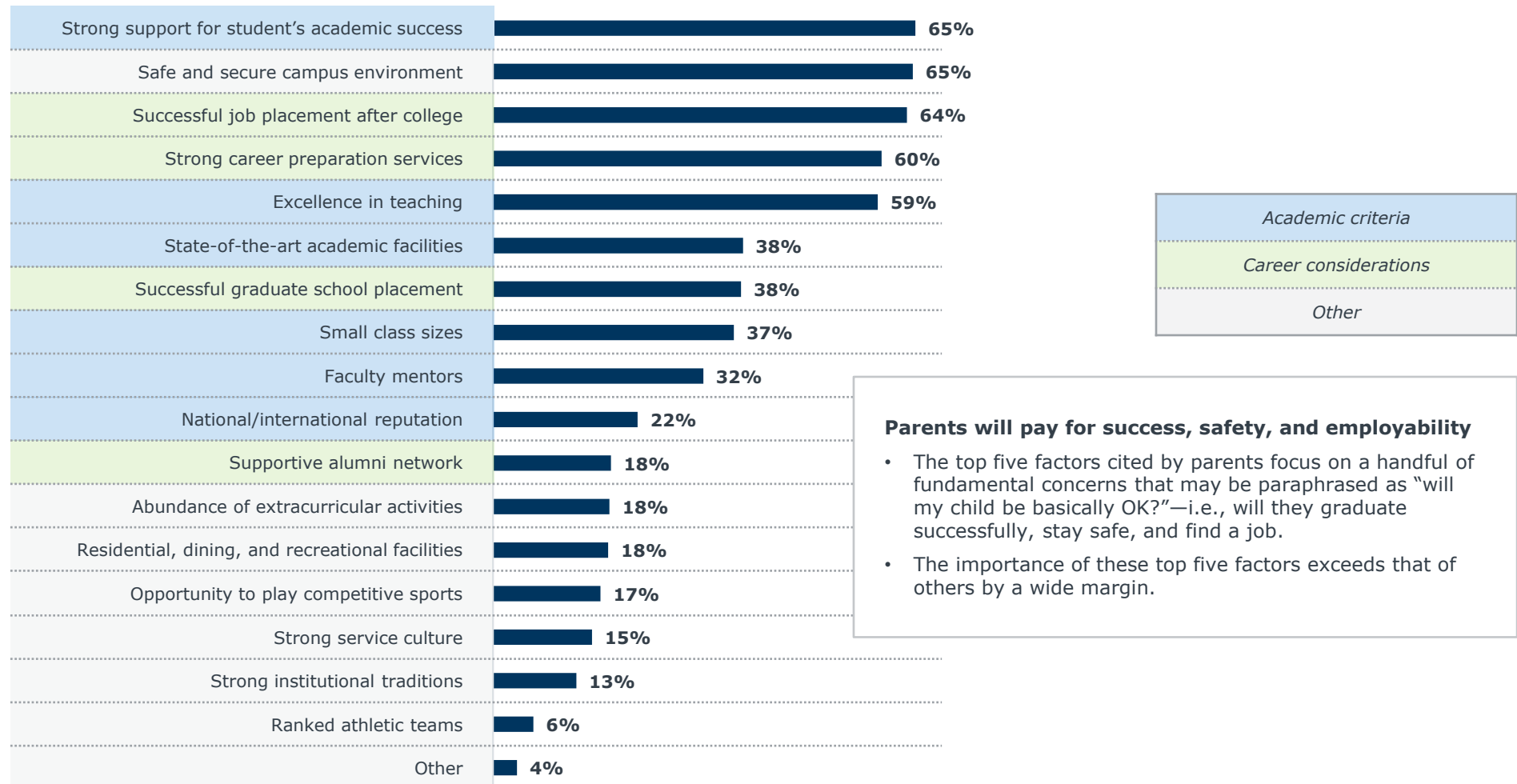
### Seeking value

Very few parents choose schools based purely on quality.

<sup>1</sup> Factors cited by more than 10% of survey respondents.

## What School Characteristics Do Parents Consider to Be Worth Paying For?

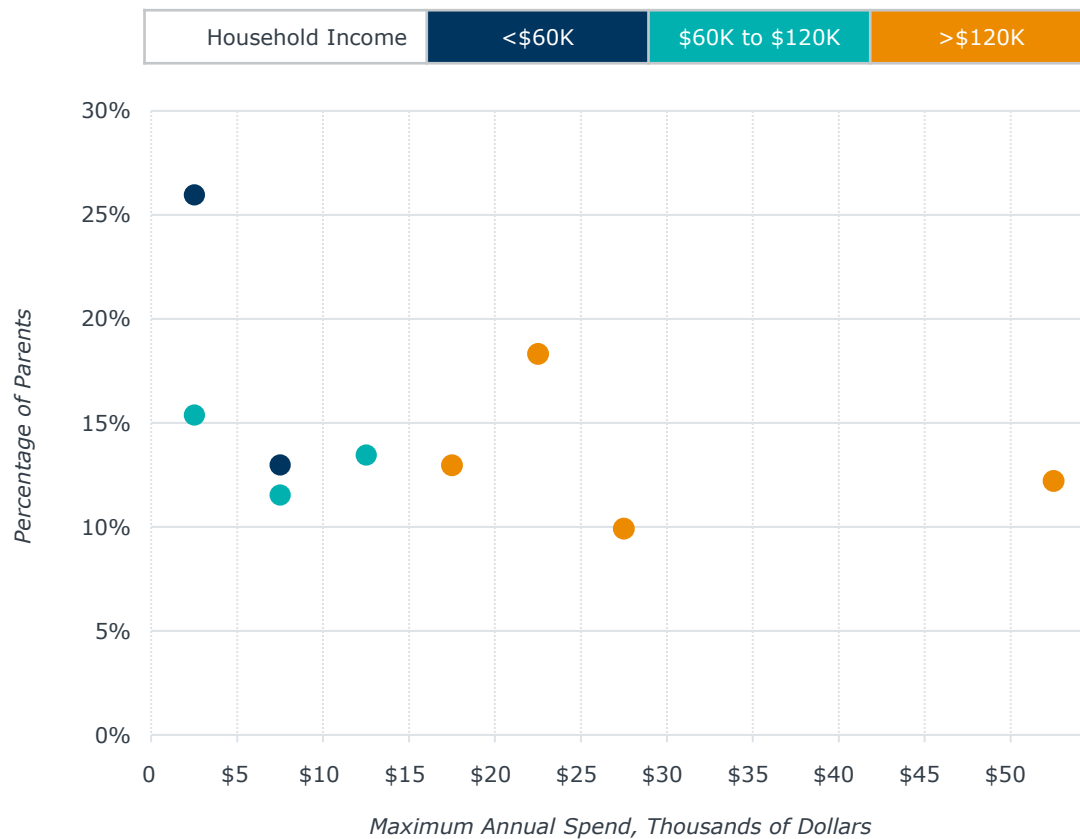
Percentage of Respondents Citing Selected Factors, EAB's 2020 Survey of Parents of College-Bound Students



Source: EAB's 2020 survey of parents of college-bound students; EAB analysis.

## How Much Are Parents Willing to Pay?

Percentage of Respondents, by Maximum Total Intended Annual Spend (Tuition, Fees, Housing, and Meals) and Household Income, EAB's 2020 Survey of Parents of College-Bound Students<sup>1</sup>



### Observations by household income

#### Low-income households

- Cluster below \$10K maximum annual spend, skewing strongly toward the \$5K to \$10K range

#### Middle-income households

- Cluster below \$15K of maximum annual spend, spread roughly evenly between \$0 and \$15K

#### High-income households

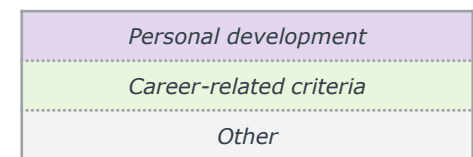
- Cluster between \$15K and \$30K of maximum annual spend, with another peak above \$50K
- Just as many parents intended to spend more than \$50K as \$15K to \$20K

<sup>1</sup>) Responses shown are for parents of high school seniors. Denominator includes parents who said they were unsure how much they'd be willing to pay (24% of total survey respondents). For data shown in this chart, n=312 (n being the total number of responding households). Price-bands cited by fewer than 10% of respondents not shown.

Source: EAB's 2020 survey of parents of college-bound students; EAB analysis.

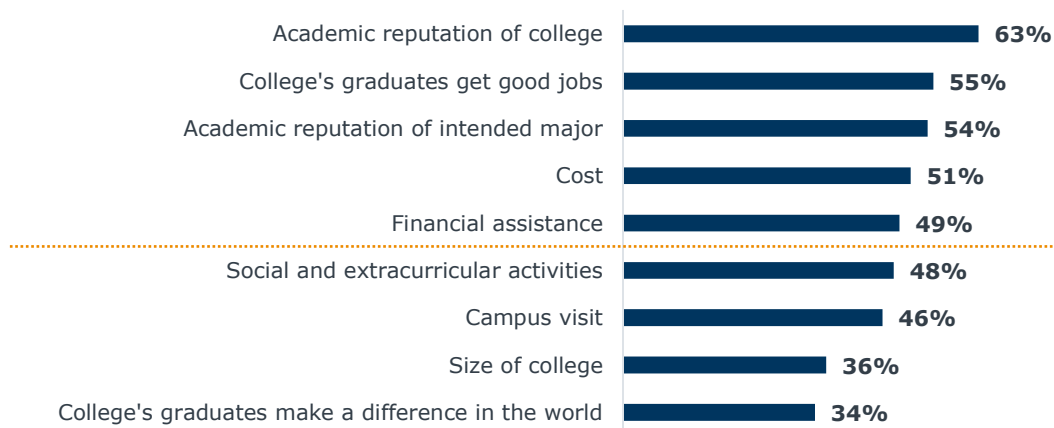
## What Motivates Students to Go to College?

Percentage of Surveyed Students Citing Selected Factors as "Very Important" in Their Decision to Go to College, HERI/CIRP "The American Freshman" Survey<sup>1</sup>



## Why Do Students Choose the Schools They Do?

Percentage of Surveyed Students Citing Selected Factors as "Very Important" in Their Decision to Go to the College They Chose, HERI/CIRP "The American Freshman" Survey<sup>1</sup>



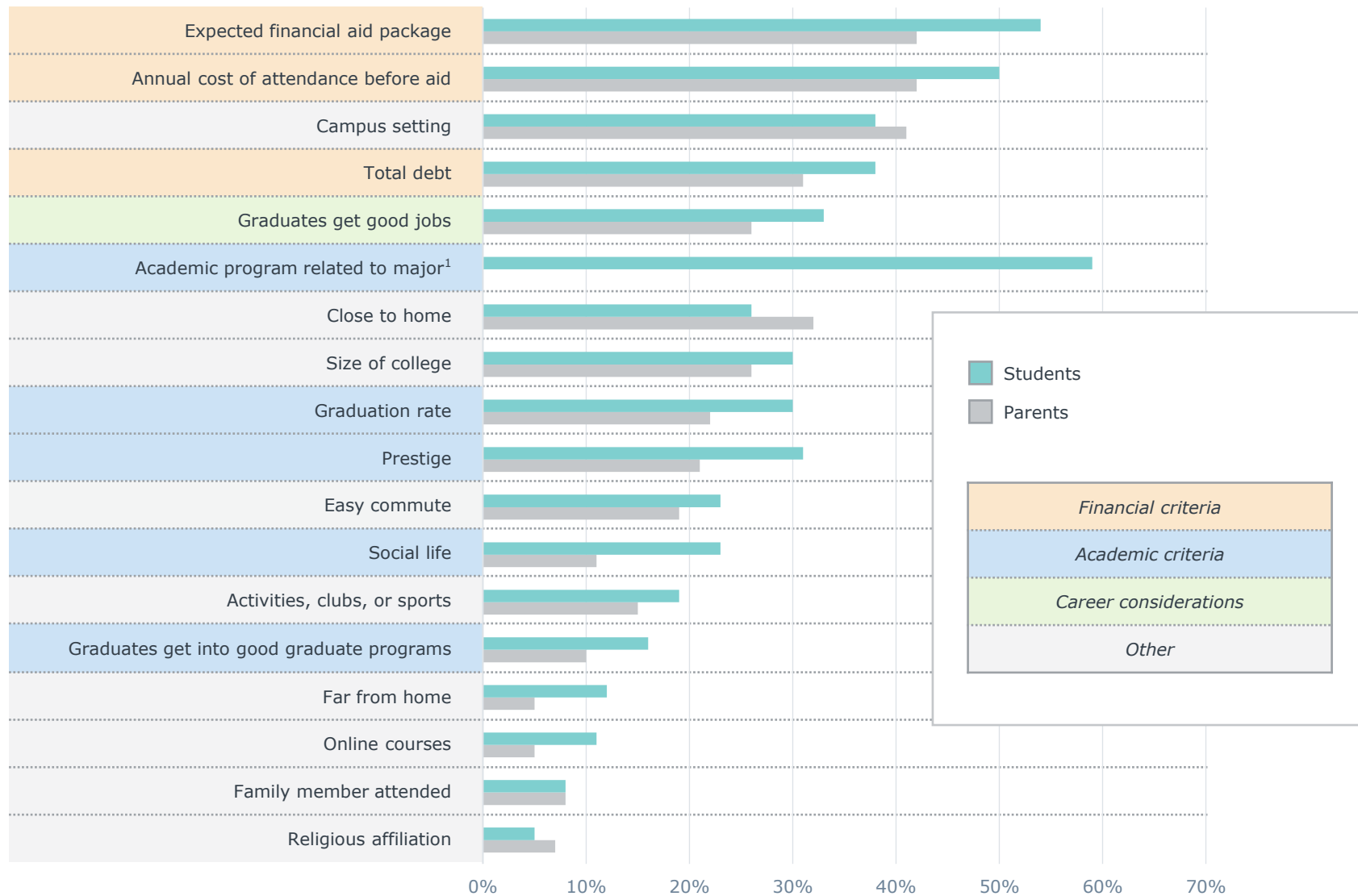
Top five considerations dominated by:

- Reputation of the school
- Financial considerations
- Career prospects

1) Chart shows factors cited by more than one-third of students.

## What Criteria Do Parents and Students Consider When Narrowing Down Colleges They're Considering?

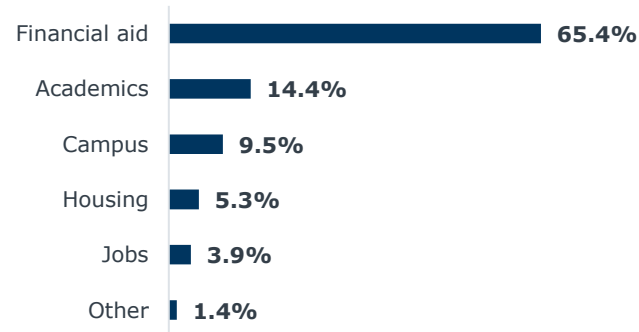
Percentage of Responding Students and Parents, Sallie Mae's 2019 "How America Pays for College" Survey



1) No parents selected this answer.

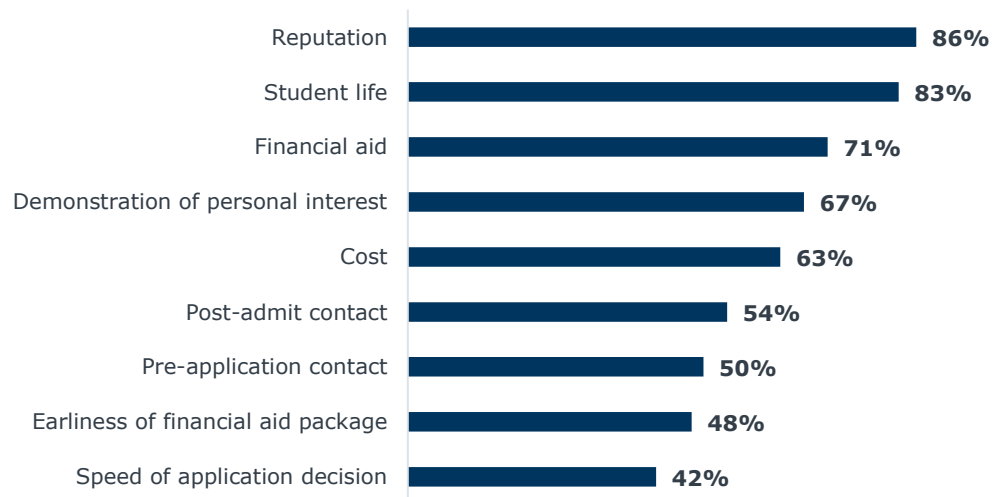
### Which School Characteristics Matter Most to Admitted Students **Early** in Yield Season?

Percentage of Responding Students Citing Selected Factors, EAB PreDIQ Survey, December 2020<sup>1</sup>



### Which School Characteristics Matter Most to Admitted Students **Late** in Yield Season?

Percentage of Responding Students Citing Selected Factors, EAB DIQ "No" Survey, 2020<sup>2</sup>



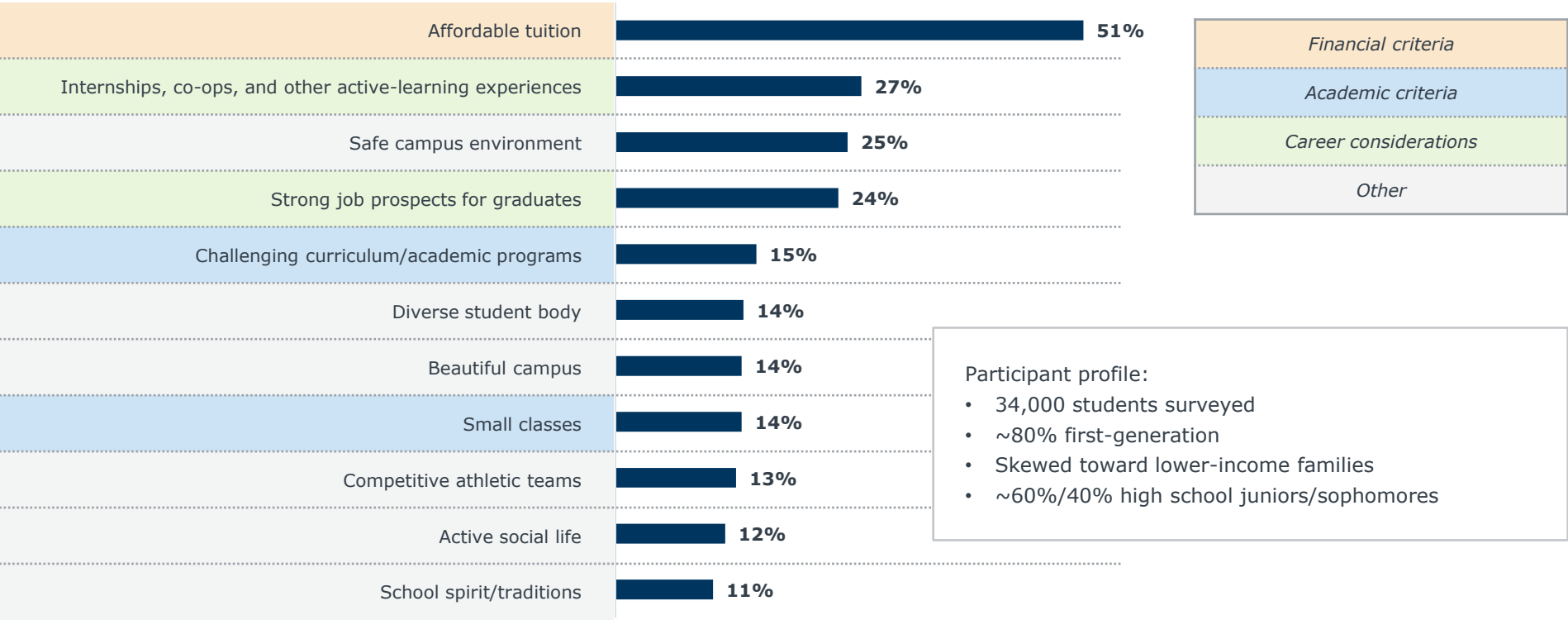
This chart shows the percentage of non-yielding students who said the school they ended up picking performed better on the criteria shown relative to schools they did not choose.

1) n=1,984. Data shown is for FAFSA filers; the findings are similar for non-filers.  
2) n=121,259.

Source: EAB surveys of admitted students; EAB analysis.

What Do Students Look For in a College Experience?

Percentage of Responding Students Citing Selected Criteria, EAB 2020 Brand Perception and Awareness Surveys

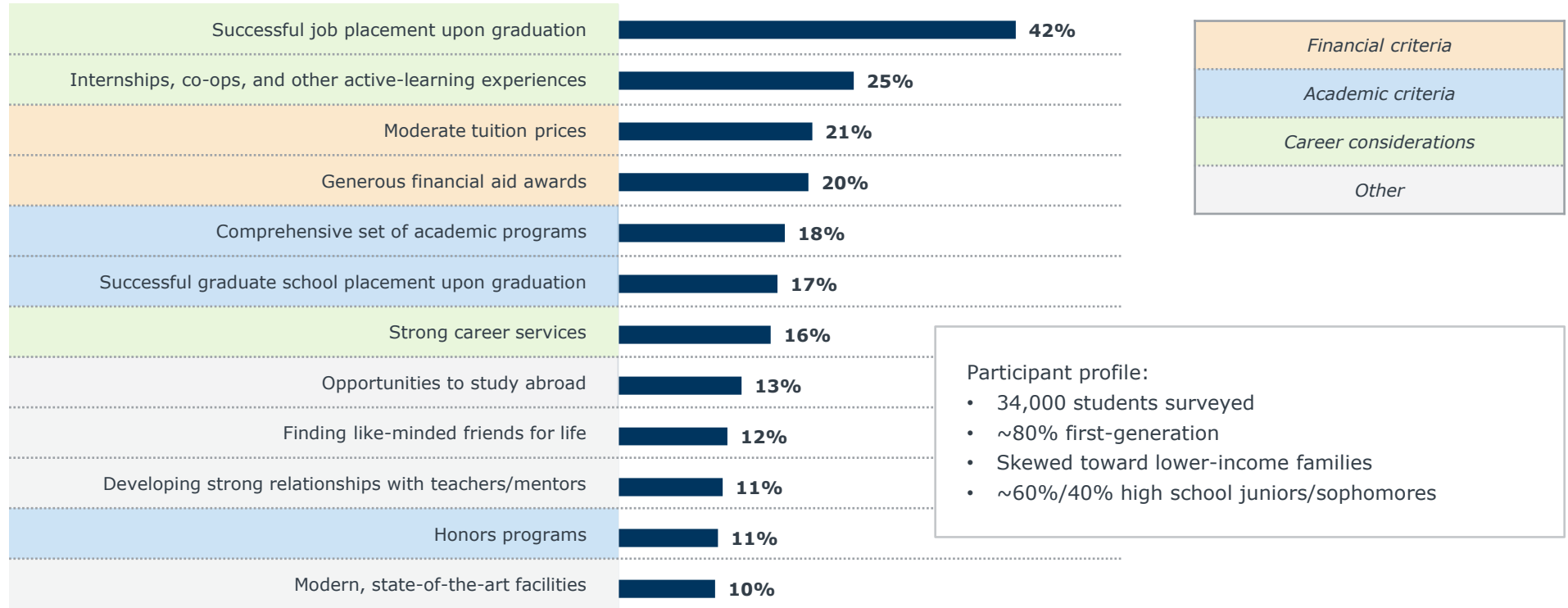


1) The chart shows responses chosen by more than 10% of respondents.

Source: EAB brand perception and awareness surveys; EAB analysis.

## What Characteristics Do Students Think Represent the Value of Higher Education?

Percentage of Responding Students Citing Selected Factors, EAB's 2020 Brand Perception and Awareness Surveys<sup>1</sup>



<sup>1</sup> Surveyed students were instructed to select up to three attributes that sounded like what they were looking for in their college experience. The chart excludes items chosen by fewer than 10% of respondents.

Source: EAB brand perception and awareness surveys; EAB analysis.



# The Future of Financial Aid

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# 3 aid policy questions to consider amid the shift to the new Student Aid Index



Financial aid offices everywhere breathed a sigh of relief when the Department of Education announced they would delay implementation of the FAFSA Simplification Act until 2024. Our Financial Aid Optimization team has been studying the shift from Expected Family Contribution (EFC) to Student Aid Index (SAI), and it's clear what a substantial change this will be.

However, with change comes opportunity. And we believe this is a good time for institutions to take advantage of what Congress has done to create stronger and more transparent financial aid programming. Each institution will need to review the changes through their own lens, taking care to identify areas of specific concern based on the demographics of their student population.

There are three strategic aid policy questions that came to the forefront as we learned more about the new SAI. And as you consider these questions, our Financial Aid Optimization team urges you to formulate a communication plan that helps you get out ahead of the questions that students and parents already have about what's coming.



## 3 policy questions to consider

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### 1. How will you address the additional need that will be created?

While the changes in the need analysis formula are varied and will both positively and negatively impact the EFC/SAI, there are two changes that will clearly create additional need among your students: the new minimum SAI of -1500 and the larger Income Protection Allowances for dependent students and parents and independent students. Will you be able to meet all this additional need or just a portion of it? Will you use the negative SAI to distinguish between your neediest students? There are certainly no easy answers, but understanding the potential impact and funding implications is the first step.

#### **Infographic: How Recruitment Marketing Helps Underserved Students**

Learn the value and importance of recruitment marketing to help underserved students inquire, apply, and gain admission to colleges and universities in this infographic.

### 2. What will you do with more Pell-eligible students?

Many institutions and states offer special need-based and/or merit aid to Pell-eligible students. It's very clear that the new SAI calculation and the Pell Grant eligibility tables based on income and household size will produce some more Pell-eligible students. How will you address this in your policy planning?

### 3. Will you decide to consider how many children in the household are enrolled in college when you award your institutional need-based dollars?

The new SAI calculation, which no longer considers the number of people in the household in college, will reduce many students' financial need. For some it won't make a difference in the total grant you offer because so much of their need is met by merit aid. But for others, there may be a significant difference, and you'll need to be able to quantify for your population how much less aid will be offered, how much of it you may be able to replace, and most importantly, how that might impact yield.

It's important to note here that the FAFSA will still provide the answer to the question about the number of college-enrolled students in a household, so you'll have what you need if you decide you still want to factor that into your aid decisions.

## Proactively develop a communication plan

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Even though implementation of the new law is some years away, we have heard from college counselors and seen on college search social media outlets that students and parents are already worried about the changes the new SAI will bring. Institutions would be well advised to get out ahead of these concerns with proactive and reassuring communications.

Consider convening a planning group in the coming months to begin to formulate a plan for how to address questions about the new system. Your financial aid and admission teams will need to be prepared to answer the queries they'll inevitably receive, but your other communications also need to provide answers for the students and parents who don't take the time to reach out. And 2024 will be here before you know it. For example, it would not be unreasonable for the parent of a [first-year student in EC 2021](#) to ask how eligibility might change (or not) when a younger sibling enrolls in college in 2024. Are you prepared to provide an answer?

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Further down the road, the FAFSA Simplification Act prioritizes transparency for students, and the new Pell Grant awarding criteria will make it easy to communicate ahead of time if a student qualifies for a Pell Grant. Are there other ways you can rearrange and organize your print and digital communications to take advantage of this and convey equally understandable messages about your other aid programs? Families are getting savvier, and many of them assess cost and eligibility ahead of time to determine whether a college is affordable. Your messaging needs to convey your value and keep them engaged.