Managing Financial Aid for Net Tuition Revenue - Not Just Discount Rate

Keith Mock, Ed.D
AVP, Enrollment Marketing Solutions
Liaison International
Private, Christian University in Montgomery, AL
Founded in 1942
About 3000 students overall - 1000 traditional

Headquartered in Boston, MA
Known for its CAS systems
EMP division in Poughkeepsie, NY
Campaign creation/deployment
True variable print
CRM
AI/ML Prescriptive Modeling
### 2020 High School Student Perceptions of College Financing Report

<table>
<thead>
<tr>
<th>Students</th>
<th>Average Academic Ability</th>
<th>High Academic Ability</th>
<th>First Generation</th>
<th>Non-First Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>74%</td>
<td>77%</td>
<td>87%</td>
<td>71%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>24%</td>
<td>21%</td>
<td>12%</td>
<td>26%</td>
</tr>
<tr>
<td>Not important</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Parents

- **2020**
  - Very important: 80%
  - Somewhat important: 15%
  - Not important: 5%

- **2016**
  - Very important: 73%
  - Somewhat important: 14%
  - Not important: 13%
Defining Terms

Net Tuition Revenue (NTR)

vs.

Tuition Discount Rate (TDR)

Which one can we spend?
WE OFFER THREE KINDS OF SERVICE:
GOOD-CHEAP-FAST
BUT YOU CAN CHOOSE ONLY TWO
CHEAP & FAST WON'T BE GOOD
FAST & GOOD WON'T BE CHEAP
GOOD & CHEAP WON'T BE FAST
CHOOSE WISELY!
The Value Proposition

Price - What you have to pay in time, money, and aggravation

Value - What you get in return (set by market)
Think Through All Forms Of Financial Aid Available

- Institutional
- Funded vs, unfunded
- Academic, Athletic, and Need-based
- Federal aid
- Pell
- SEOG (Campus-based)
- Direct Sub and Unsub loan
- Parent Loan
- Alternative/Outside Loans
- State Aid
Are scholarships an expenditure?

First-year students

1. OVERALL DISCOUNTING BENCHMARKS: 10-YEAR TREND
Average first-year student overall discount rate for RNL client Institutions

<table>
<thead>
<tr>
<th>Year</th>
<th>Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>39.1%</td>
</tr>
<tr>
<td>2012</td>
<td>39.1%</td>
</tr>
<tr>
<td>2013</td>
<td>39.8%</td>
</tr>
<tr>
<td>2014</td>
<td>39.9%</td>
</tr>
<tr>
<td>2015</td>
<td>40.2%</td>
</tr>
<tr>
<td>2016</td>
<td>41.6%</td>
</tr>
<tr>
<td>2017</td>
<td>42.6%</td>
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<tr>
<td>2018</td>
<td>42.7%</td>
</tr>
<tr>
<td>2019</td>
<td>43.3%</td>
</tr>
<tr>
<td>2020</td>
<td>44.7%</td>
</tr>
</tbody>
</table>

+1.4 POINT INCREASE in overall average discount rate in 2020

57.1% AVERAGE TUITION AND FEE discount rate in 2020

Ask your CFO for comparative NACUBO figures.
So how do we formulate a leveraging model?
Get institutional buy-in starting at the highest levels!

- Board of Trustees
- President
- Administrative Cabinet
- Coaches
- Faculty Members
- Enrollment Officers
- Financial Aid Officers
- Business Office/Bursar
Establish the Management Objective

- Maximize the overall enrollment number
- Increase enrollment in specific programs
- Increase student profile
  - By what measure?
- Decrease TDR
- Increase NTR
Gather 3-5 years of data

- Demographics
- Stage progression
- Amount and types of institutional aid
- Overall financial aid amount
- Matriculation data

Use what you can get, benchmark, and add....
Break out into appropriate charts and cells

- In state, out of state, local, etc
- Academic credentials (willingness to pay)
- Financial information (ability to pay)
# Break out into appropriate charts and cells

<table>
<thead>
<tr>
<th></th>
<th>1</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>28 - 36</td>
<td>23 - 27</td>
</tr>
<tr>
<td>App Students</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>ACC Students</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>ENR Students</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Yield</td>
<td>50%</td>
<td>75%</td>
</tr>
<tr>
<td>Yield</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>Total Aid</td>
<td>$60,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>Average Aid</td>
<td>$15,000</td>
<td>$13,333</td>
</tr>
<tr>
<td>Disc. Rate</td>
<td>71%</td>
<td>63%</td>
</tr>
<tr>
<td></td>
<td>1.1 Local EFC = 0 - 0</td>
<td></td>
</tr>
<tr>
<td>App Students</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>ACC Students</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>ENR Students</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Yield</td>
<td>56%</td>
<td>38%</td>
</tr>
<tr>
<td>Yield</td>
<td>33%</td>
<td>25%</td>
</tr>
<tr>
<td>Total Aid</td>
<td>$65,000</td>
<td>$62,000</td>
</tr>
<tr>
<td>Average Aid</td>
<td>$13,000</td>
<td>$12,400</td>
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<tr>
<td>Disc. Rate</td>
<td>62%</td>
<td>59%</td>
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<tr>
<td>Category</td>
<td>March 17th</td>
<td>March 24th</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Freshmen Gross Apps Awarded 2011</td>
<td>27.21%</td>
<td>45.92%</td>
</tr>
<tr>
<td>Freshmen Gross Apps Awarded 2012</td>
<td>55.56%</td>
<td>47.32%</td>
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<tr>
<td>Transfer Gross Apps Awarded 2011</td>
<td>17.01%</td>
<td>38.14%</td>
</tr>
<tr>
<td>Transfer Gross Apps Awarded 2012</td>
<td>8.70%</td>
<td>64.25%</td>
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<tr>
<td>NEW Gross Apps Awarded 2011</td>
<td>26.56%</td>
<td>45.53%</td>
</tr>
<tr>
<td>NEW Gross Apps Awarded 2012</td>
<td>56.63%</td>
<td>47.71%</td>
</tr>
<tr>
<td>Freshmen Net Deposit Award Ltr Recd 2011</td>
<td>0.00%</td>
<td>39.36%</td>
</tr>
<tr>
<td>Freshmen Net Deposit Award Ltr Recd 2012</td>
<td>0.00%</td>
<td>51.43%</td>
</tr>
<tr>
<td>Transfer Net Deposit Award Ltr Recd 2011</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Transfer Net Deposit Award Ltr Recd 2012</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>NEW Net Deposit Award Ltr Recd 2011</td>
<td>0.00%</td>
<td>39.36%</td>
</tr>
<tr>
<td>NEW Net Deposit Award Ltr Recd 2012</td>
<td>0.00%</td>
<td>51.45%</td>
</tr>
<tr>
<td>RETURNERS Awarded 2011</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>RETURNERS Award 2012</td>
<td>0.00%</td>
<td>39.75%</td>
</tr>
<tr>
<td>RETURNERS Award Ltr Recd 2011</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>RETURNERS Award Ltr Recd 2012</td>
<td>0.00%</td>
<td>65.66%</td>
</tr>
</tbody>
</table>

**New Gross Apps Awarded**
Be Wise About Steering The Ship

• You must agree on the management objective
• Remember that this is an iterative process!
  1. Maximize NTR by optimizing enrollment
  2. Stabilize and lower TDR (when the value prop catches up)
  3. Shape enrollment (academic, demographics, etc)
Be Smart About Pricing

What about price resets?

High price/high scholarship vs. Low price/low scholarships

Manage pricing. Price freeze?

Consider increasing <$1k over last year

Be considerate about pricing and how it will affect retention.

Your TDR should be declining as students progress
Block or change policies that are counterproductive to increasing enrollment

- Admission criteria
- Honors college/high achieving students
- Marketing/recruiting budget
- Where do for-profit businesses invest when in decline?
Think holistically about how you are using all sources of FA
- Institutional (merit, performance, need)
- Federal
- State
- Local
- Other programs such as LRAPs

How are you using the FA personnel?

When and how are you notifying about FA? Leveraging FA in DTA campaigns?
Some Thoughts About Scholarshipping

- Establish a ‘need-based’ award
- Structure published awards so that they fall short of the amount that you will award to a given student
- Organize and manage funded vs unfunded awards. (Advancement - properly structure new scholarships)
- Athletics roster management - lower overall blue chip awards, increase JV and V numbers
- Leverage your campus-based funding
- The awarding process must be managed throughout the year. You can’t just wind it up and walk away.
- Structure your institutional awards so that they speak to the student’s passion points
Leveraging Financial Aid
Tactical Considerations
Leveraging Financial Aid
Tactical Considerations

• How are your merit awards configured?
• How are they advertised?
• How do students apply for them?
• When do you start the process (open the awards)?
• Consider a scholar’s day visit competition.
Leveraging Financial Aid
Tactical Considerations

- Ensure that coaches/sponsors know their roster and scholarship expectations early in the year.
- Make it a win-win situation
- Have a strategy for stacking
- Be elastic
- Hold them accountable
Leveraging Financial Aid
Tactical Considerations

• Institutional need-based awarding allotment
• Have a strategy to stack
• Negotiate when necessary (to a point)
• Use funded as well as unfunded awards
Leveraging Financial Aid
Tactical Considerations

- Are you leveraging your endowed awards?
- When are they available to you for awarding?
- What is the process for applying?
- How are you engaging the donor?
The process from the student’s perspective

Consider how you are notifying...

Messaging to parents *and* students?
Using multi-channel outreach?
Supplying user-friendly UI with FA system?
Properly laying out all figures including DCA?
Timing of your awards?
Clear next steps?
Using CTA
Financial Aid Award Packages

Upgrade your transactional financial aid letter into a dynamic variable campaign!

• Go from transactional to personalized and engaging.

• Effectively communicate the value of an educational investment with a targeted, cross-media campaign.

• Fully customizable, detail-rich and easy to interpret.

• Seamlessly integrate personalized microsites, print, and email/text to convey financial aid packages.

Tuition is one of the most important factors for prospective students and their families when it comes to making a final college decision.

of students nationwide are accepted to at least four colleges.

SCHOLARSHIPS PUT YOUR GOAL WITHIN REACH.

"I take my education very seriously and the scholarships that I have received at Kansas State Polytechnic allow me to focus on academic success, because of financial assistance, I don't have the added distraction and pressure of working a part-time job while earning my degree and flight hours."

- MAGGIE PERRY
  Scholarship Recipient
The process from the student’s perspective

When was the last time you applied for FA?

Make the process simple

What are your training/education methodologies?

Web Meetings  School sessions  Podcasts  Website  Comms flow  Videos  Parent Meetings
You've got to be very careful if you don't know where you are going, because you might not get there.

(Yogi Berra)
USPS: “What Package?”

FedEx: “Your package is coming. You’ll get it when we get there.”

UPS: “Your package is in your city, on a truck driven by Mike. It will arrive at 6:27 pm today.

Amazon: We are already inside you residence. Check the bathroom.

Facebook: We know that you were thinking about getting a toaster exactly 17 seconds ago. Here are 20 different ads for toaster ovens.
What resources are we using to plot our path?
Universities are failing to capture the value of their data, research finds. The lack of modernization in data processing also stemmed from outdated ways of thinking, respondents said.

“I don’t think we made very good use of our data, in part because the people we had in our office were not used to using data to make decisions,” one senior leader told researchers.

2023 Applicant Waterfall

- Applicant Historical: Increase 562
- Max Test Score Type: Increase 9
- Misc: Increase 8
- High School Ranking: Increase 5
- High School Class Size: Increase 2
- Days Between Int & App: Decrease 2
- Max Test Score: Decrease 5
- City: Decrease 16
- High School GPA: Decrease 16
- Distance: Decrease 21
- Campus Visit*: Decrease 35
- App Visit Postcard*: Decrease 8
- Misc*: Decrease 5
- High School Visit*: Decrease -3
- 2023 Applicant Current: Decrease -12

Legend:
- Increase
- Decrease
- Total
THERE IS WORK TO BE DONE, BUT 2023 ENROLLMENT IS ON PACE TO EXCEED ENROLLMENT FROM 2022.

ENROLLMENT OVERVIEW
The current predicted enrollment for 2023 is 482, which is a difference of -19 from the actual total of 501 in 2022. Fortunately, the total predicted enrollment after forecasting to account for future applicants, funnel conversions, and other actions is 527, which is above the total enrollment from 2022. Continuing remaining efforts similarly in 2023 to efforts in 2022, especially when combined with additional proactive and reactive interventions identified below, is expected to lead to positive enrollment growth.

TOP IMPACTS
The variable that currently has the most significant negative impact on your predicted enrollment is Distance. In comparison to your historical enrollment funnel, the data values for Distance from the Admit phase are predicted to result in a decrease in enrollment by 34 students.

If you want to identify which students are negatively impacted by Distance who you may want to proactively assist, follow these steps:
1. Navigate to the Analyze page.
2. Add the column for Distance to the Grid if it is not already present.
3. Click the Filter icon on the Distance column header, then select By Impact.
4. Set the Filter to show students where the impact is Less Than 0%.

The variable that currently has the most significant positive impact on your predicted enrollment is Distance. In comparison to your historical enrollment funnel, the data values for Distance from the Inquiry phase are predicted to result in an increase in enrollment by 5 students.

View the Waterfall visualization on the Analyze page for more impacts.

TOP RECOMMENDATION
There are currently 1498 students in the Inquiry phase who have a Recommendation for Campus Visit and would be positively impacted if addressed. Of these 1498 students, 19 are currently predicted to enroll, while up to an additional 189 could be expected to enroll if the Recommendation is optimally addressed.

If you would like to simulate ways to assist students who would be impacted by addressing Campus Visit or other Recommendations, follow these steps:
1. View the Recommendations list below for the top opportunities.
2. Navigate to the Analyze page.
3. Filter the Recommendation and Recommendation Value columns to only show students with the suggested opportunities.
4. Run a What-If Analysis using the Recommendation Value to see which students will benefit the most.
5. Alternatively, you may try simulating other decisions with a What-If, Sensitivity, or Matrix.
<table>
<thead>
<tr>
<th>Recommendation Variable, Value, and Phase</th>
<th>Count of Students with this Recommendation</th>
<th>Current Prediction Before What-If</th>
<th>Enrollment Increase After What-If</th>
</tr>
</thead>
<tbody>
<tr>
<td>% COA Met by Institutional Aid: 95% - 100% in Admit phase</td>
<td>10</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>App: Visit Postcard: NO in Applicant phase</td>
<td>18</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Campus Visit: YES in Admit phase</td>
<td>169</td>
<td>57</td>
<td>54</td>
</tr>
<tr>
<td>Campus Visit: YES in Applicant phase</td>
<td>339</td>
<td>21</td>
<td>91</td>
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<tr>
<td>Campus Visit: YES in Inquiry phase</td>
<td>1,498</td>
<td>19</td>
<td>189</td>
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<tr>
<td>High School Visit: YES in Admit phase</td>
<td>141</td>
<td>31</td>
<td>60</td>
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<tr>
<td>High School Visit: YES in Applicant phase</td>
<td>160</td>
<td>6</td>
<td>45</td>
</tr>
<tr>
<td>High School Visit: YES in Inquiry phase</td>
<td>4</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
FUNNEL OVERVIEW

INQUIRY PHASE
There have been 3632 students who entered the Inquiry phase so far, which is a difference of 92 from the 3540 total students in 2022. Students currently in the Inquiry phase account for 21 out of the 482 predicted enrollment.

APPLICANT PHASE
There have been 2109 students who entered the Applicant phase so far, which is a difference of -197 from 2306 total students in 2022. There are 2109 students with a value before today’s date for Application Date, which is a difference of -197 from the 2306 to date in 2022. Students currently in the Applicant phase account for 33 out of the 482 predicted enrollment.

ADMIT PHASE
There have been 1173 students who entered the Admit phase so far, which is a difference of -160 from the 1333 total students in 2022. There are 1251 students with a value before today’s date for Admissions Decision Date, which is a difference of -82 from 1333 to date in 2022. Students currently in the Admit phase account for 141 out of the 482 predicted enrollment.

DEPOSIT PHASE
There have been 435 students who entered the Deposit phase so far, which is a difference of -76 from the 511 total students in 2022. There are 436 students with a value before today’s date for Deposit Date, which is a difference of -75 from 511 to date in 2022. Students currently in the Deposit phase account for 287 out of the 482 predicted enrollment.
If You Aren’t In A Position Right Now To Go All In....

- At least begin to benchmark now - Track all you can.
- Consider a CRM.
- Identify resources that can be used for this effort.
- Remember that yield starts at the top and is predicated on value-centric comms.
To Summarize...

Get agreement on the management objective
Have a purpose and a strategy for all institutional aid
Let history and data be your guide
Simplify the process for the student
Organize for success
Consider how you are notifying
Thanks for coming!

Please clap and don’t ask hard questions

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