

# Financial Aid at the Crossroads: The Strategic Role it Plays in Ensuring College Access and Success

## **The College Board “Forum 2010”**

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# Panelists

- Mary Piccioli, Enrollment Consultant  
Scannell & Kurz, Inc.
- Betsy Porter, Director of Admissions and  
Financial Aid, University of Pittsburgh
- Daniel Rodas, Vice President for Human  
Resources / Vice President for Planning,  
Long Island University
- Bill Schilling, Senior Director of Financial  
Aid, University of Pennsylvania

# Format

- Discussion around a set of questions
- We really want to hear from you

# Role of Financial Aid in Strategic Planning at Long Island University, and Higher Education in General

**Daniel Rodas**

Vice President for Human Resources /  
Vice President for Planning  
Long Island University

# What is Strategic Planning?

- Strategic planning is the process through which colleges and universities structure broad-based qualitative change leading to measureable improvement in an institution's ability to deliver its primary mission
- Strategic planning: the intersection of mission (education) and money (economics)
- Mission is teaching, research, and service
- Money includes public appropriations, **net tuition revenue**, fundraising, and organized research

# What Do We Mean by Net Tuition Revenue?

- Net tuition revenue = gross tuition minus discounts
- Gross Tuition is a function of sticker price tuition
- Discounts for the most part = financial aid (merit, need-based)
- Financial aid comes from several sources: government, annual fundraising, endowment, and forgone income

# What Do We Mean by Net Tuition Revenue? (cont'd)

- Net tuition is the economic engine for nearly all private institutions, and important for most public institutions (directly or indirectly).
- Financial aid is a major financial lever that directly impacts net tuition
- The higher the overall financial aid discount, the lower the net tuition

# Why is Net Tuition so Important?

- Net tuition is becoming a more important piece of the economic picture because other sources of income are down
- Public appropriations (way down due to diminished tax base)
- Annual fundraising (down significantly at most institutions)

# Why is Net Tuition so Important? (cont'd)

- Endowment income (way, way, down)
- Net tuition revenue (stable or declining; pressure on price, pressure on financial aid)
- Net tuition revenue is current, liquid and unrestricted
- Public policy and consumer behavior

# What is the Connection to Strategic Planning?

- Strategic plans tend to be long-range, ambitious, and require an infusion of resources
- Conventional income sources are down and immutable
- Net tuition revenue: one of the few adjustable income sources
- Boards and CFOs set sticker price tuition and institutions establish discount policies
- Financial aid therefore is a strategic lever – financially (money) and educationally (mission)

# What is the Strategic Role of Financial Aid Officers?

- Student enrollment: first time + returning
- Key attributes of institutional quality: demand and persistence
- Student Access – almost all colleges and universities care about expanding access and diversity

# What is the Strategic Role of Financial Aid Officers? (cont'd)

- Fundraising – (construction is down, fundraising targeting financial aid is up for both annual and endowment)
- Compliance – (more and more strategic plans emphasize compliance; accreditation requirements)
- Financial aid officers also are directly responsible for a key revenue stream that supports strategic planning overall

# At Long Island University

- Financial aid and bursars functions are intertwined
- Enterprise Resource Planning System (ERP) collaboration
- Financial aid directors are highly visible, senior-level administrative positions and serve on key decision making teams and campus working groups, including committees focused on improving access and persistence

# At Long Island University (cont'd)

- Dashboards and benchmarks
- Board of Trustees involvement

# The Role of Financial Aid at the University of Pittsburgh

**Betsy Porter**

Director of Admissions and Financial Aid  
University of Pittsburgh

# State-Related

- Full-Time Undergraduate Enrollment, Pittsburgh Campus **16,791**
- Freshmen Enrollment Fall 2010 **3,715**
- Transfer Enrollment Fall 2010 **732**
- Office of Admissions and Financial reports to the Provost

# Admission/Financial Aid Policies

- Rolling Admissions
- Need Blind
- Merit scholarships are awarded through the admissions process
- Financial aid eligibility based on FAFSA

# Admission/Financial Aid Policies (cont'd)

- Enrollment Management implies managing all of the institutional resources that impact directly on students from recruitment through graduation.
- Retention for Fall 2010 first-time full-time freshman students – 93%
- Freshman “call-out” program
- Summer financial aid intervention/retention program

# Enrollment Management

- University-wide Enrollment Management Committee (EMC) initially created in 1990 as an ad hoc committee to study/learn about retention
- EMC has been a fully functioning campus wide initiative since then charged each fall by the Provost with new challenges
- EMC is co-chaired by the Vice Provost and Dean of Students and the Vice Provost for Undergraduate Studies
- All campus “stakeholders” participate in sub-committee assignments and report to the EMC

# Enrollment Management (cont'd)

- Data is regularly distributed to committee members for review and sub-committees can request data to complete assignments for analysis and reporting to the committee
- Membership on the Enrollment Management Committee includes admissions and financial aid, student affairs, each of the undergraduate academic units, housing, food service, residence life, study abroad and other areas as needed
- The focus of the committee is collaboration and teamwork and recommends both short and long term strategies for improvement

# Decisions Regarding the Utilization of Financial Aid

- Discussion and analysis are ongoing and data driven
- At the end of each admissions cycle a significant amount of data is compiled and reports prepared for analysis by the admissions and financial aid senior staff
- Recommendations are provided to the Office of the Provost

# Decisions Regarding Tuition Increases

- As a state-related University a portion of our operational budget is received from the Commonwealth of Pennsylvania
- In part, tuition increases are dependent on our state appropriation each summer
- The states' level of financial support has been declining significantly in recent years
- Cost increases each year continue to require some increase in both merit and need based financial assistance

# Decisions Regarding Tuition Increases (cont'd)

- 1970-1980—no one knew there was an office of admissions or financial aid
- 1980-1990---focus on admissions, mostly recruitment and freshmen enrollment
- 1990-2000---some awareness that something like a financial aid office performed an important function for some students/families
- 2000-2010---Offices of admissions and financial aid have become key components in the success of any institution of higher education

# We Respond to Questions Like:

“In order to understand the growth in scholarship and University grant support by academic unit, I would appreciate a comparison of the amount of support provided to students by unit for fall 2007, 2008 and 2009. If I can understand the increases to students by unit in comparison to the growth in tuition I will have a better handle on the actual cost of the scholarships and grants as a net of tuition.”

## We Respond to Questions Like:

**“Can you advise us of the impact of the economy on enrollment?”**

# We Respond to Questions Like:

- Front and center Higher Education Opportunity Act (HEOA)
  - Net Tuition Calculator
  - FFLEP vs. Direct Lending
  - Cohort Default Rates
  - Perkins Loan Program

# Policy Decisions

- The Office of Admissions and Financial Aid can and does recommend policy changes to the Office of the Provost.
- Policy changes require different levels of approval by:
  - Office of the Provost
  - Faculty Senate
  - Enrollment Management Committee
    - Sub-committees of the EMC
  - Chancellor
  - Board of Trustees

# Why Financial Aid Professionals are “at the table”

- During the 2008-09 academic year, \$168.4 billion in financial aid was distributed to undergraduate and graduate students in the form of grants from all sources, Federal Work Study, federal loans, and federal tax credits and deductions\*
- In addition, students borrowed about \$11.9 billion in loans from state and private sources to help finance their education\*

\*source – *Trends in Student Aid 2009*, College Board

# The Role of Financial Aid at the University of Pennsylvania

**Bill Schilling**

Senior Director of Financial Aid  
University of Pennsylvania

# Admissions/Aid Policies

- Admission is need-blind for domestic students
- Penn meets the full need of all undergraduates with demonstrated financial need
- Beginning in the 2009-2010 academic year, need has been met without a student loan component for all dependent students with need

# Admissions/Aid Policies (cont'd)

- All undergraduate institutional grants are need-based
  - There are no merit, athletic, or other performance-based grants/scholarships
- 25% of institutional grants are funded from endowment income; 75% are unfunded
- Unfunded grants are funded through a discount to the tuition revenue distributed to the schools
- Need is determined using institutional methodology, with substantial exercise of professional judgment

# Key Themes in the Marketplace

**Mary Piccioli**

Enrollment Management Consultant  
Scannell & Kurz, Inc.

# Key Themes in the Marketplace

- Financial Aid directors drawn into the conversations more often about some specific topics
  - in spring 2008 when student loan and liquidity issues arose
  - during the economic downturn in fall 2009
  - Cuts to state aid – to replace or not

# Key Themes

- Financial Aid leadership is not always present at the table when discussions take place about short and long term net tuition (NTR) and enrollment goals
- During and after the economic downturn, institutions have been left wondering whether they spent too much aid, or not enough

# Key Themes

- Need to better train admissions recruiters to discuss affordability and a growing awareness that the financial aid/admissions teams need to work more closely
- Transparency of merit and institutional aid policies, particularly in light of the Net Price Calculator requirement effective October 2011



# Questions/Discussion

# Questions

- Explain how your institution is organized and handles issues related to enrollment management. Does this model include discussions regarding financial aid and does the financial aid director “sit at the table” to help craft both short and long term strategies and net tuition revenue/enrollment goals?
- Who at your institution is involved in discussions/decisions concerning the utilization of financial aid? Are these discussions strategic, meaning data driven and focused on specific institutional goals, such as recruitment, net tuition revenue optimization, retention, graduation rates?

# Questions

- Are the decisions regarding tuition increases at your institution related to available financial aid resources? As an example, is the financial aid budget increased as tuition/costs increase? Or is the financial aid budget constant regardless of cost increases? How do increases in tuition impact merit levels?
- Who recommends financial aid policy at your institution and who approves policy changes?

# Questions

- What impact has the economic recession had on your institutional financial aid policies and who was involved in those decisions?
- How are financial aid staff involved in outreach activities in support of access to higher education or in helping shape the state or national financial aid agenda?
- How does the financial aid staff keep senior administrators informed about changes in family willingness or ability to pay; changes in federal or state support; new regulatory requirements; etc.