



PRESENTATION HANDOUT



# I Have Money... How Do I Spend It? Spending Institutional Financial Aid Resources in a Strategic Way

Derek Flynn, Ruffalo Noel Levitz  
*Vice President, Financial Aid Services*

# What will we cover today?

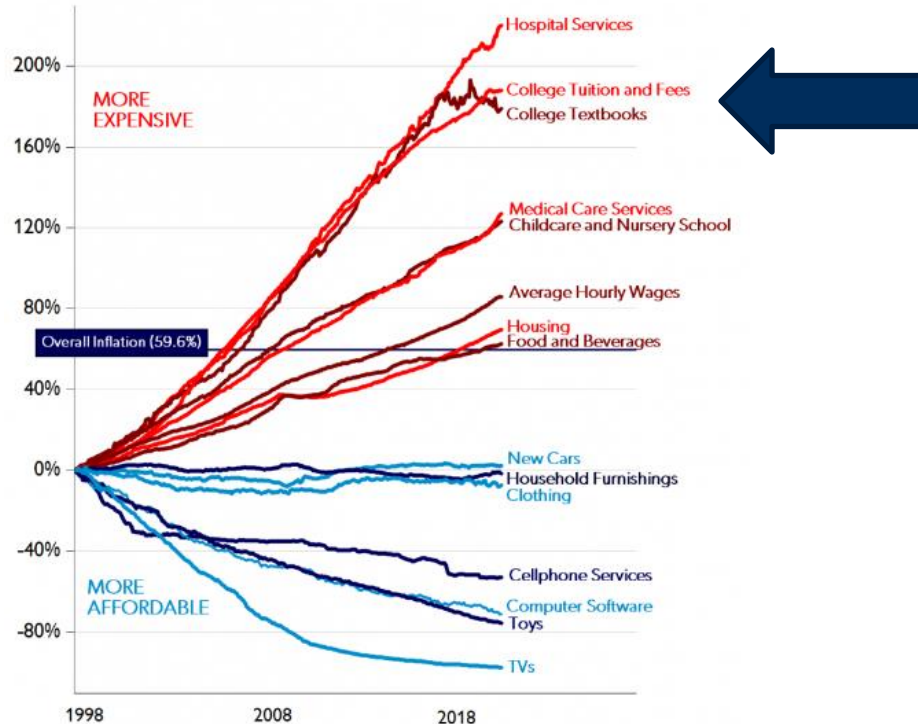
- Why is Strategy Important?
- Where do I even Start?
  - Outline Your Goals
  - Define Success Markers
- Begin Your Analysis
- Explore Groupings or Subpopulations of Students and Non-financial Variables
- Summing it up
- Don't Forget Delivery, Personalization, and Affordability Options



Why is it  
important to  
think strategically  
about aid  
allocation?

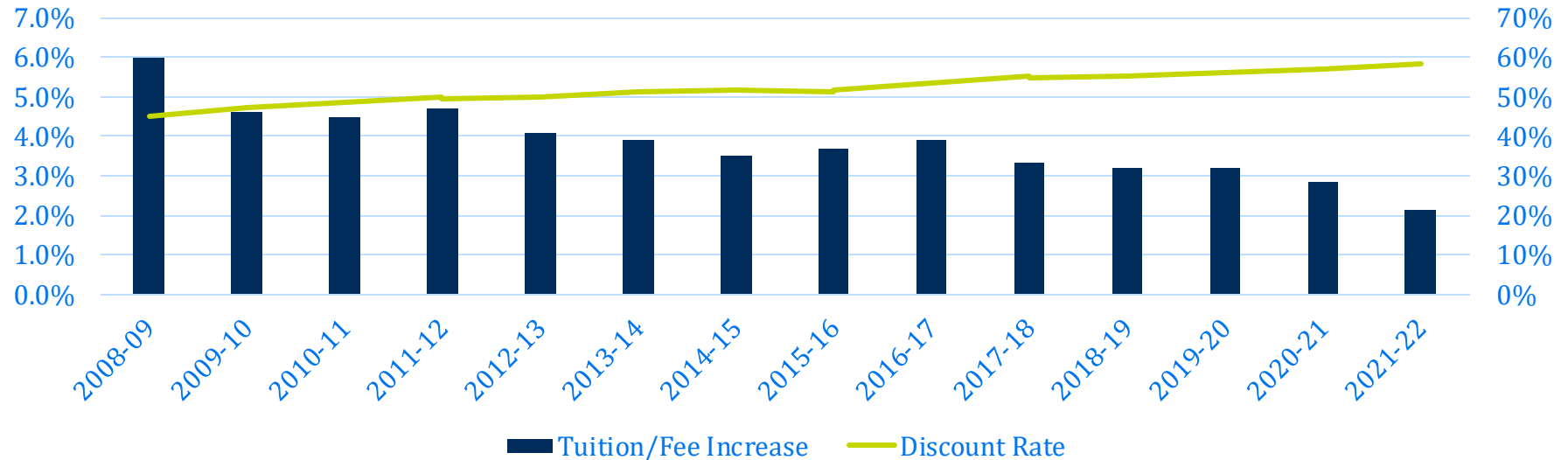
# Price Changes (1998-2019)

## *Selected Consumer Goods and Services*



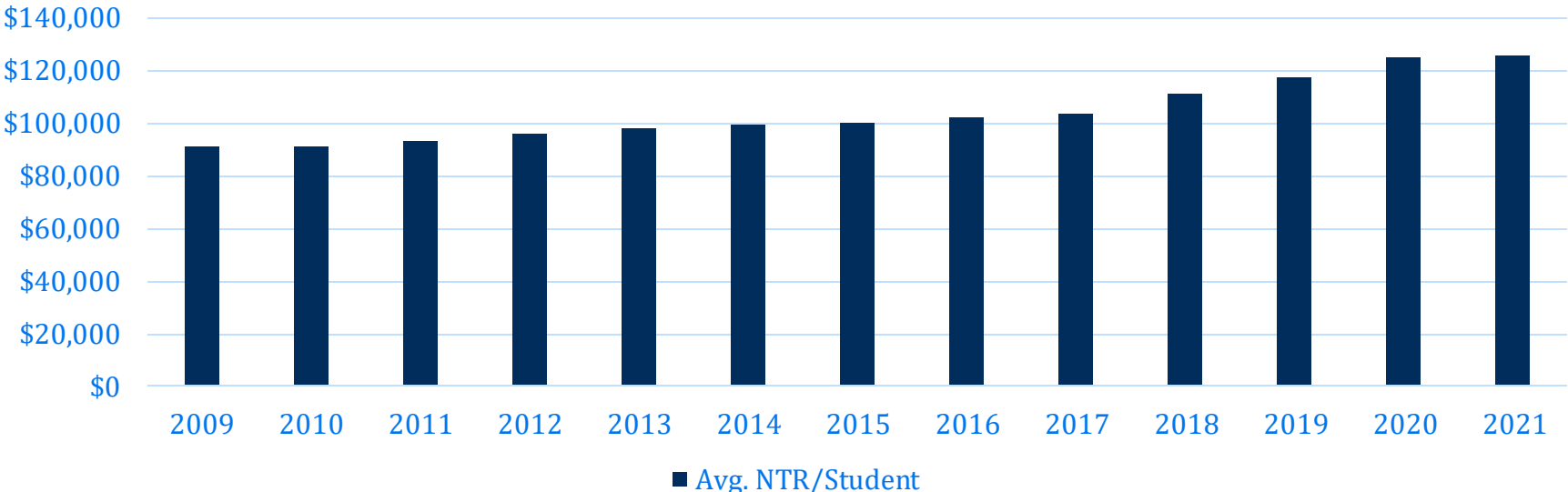
# Average annual tuition increases (at private institutions) have diminished while discounting has increased. Public institutions have followed a similar pattern.

## Tuition Increases and Discounting Rates at Private Institutions



**While annual increases have slowed, the aggregate increase since 2009 is 53% while average parent incomes have increased 38%.**

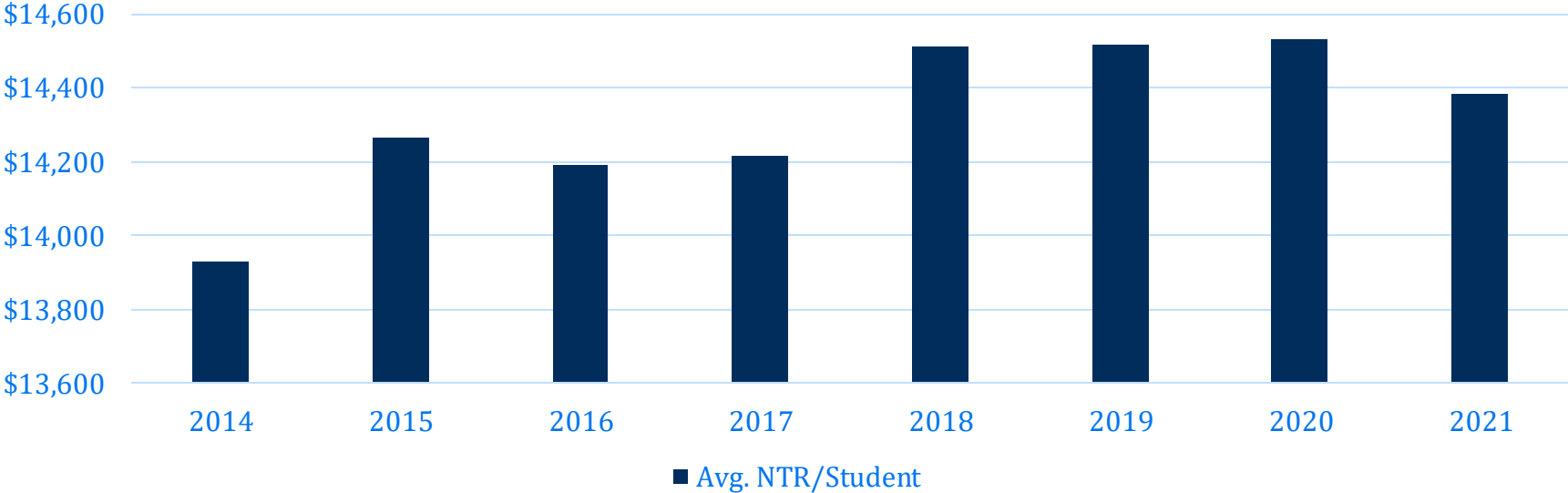
Average Parent Total Income at private institutions



Source: RNL 2022 Discounting report

# With rising discount rates and shrinking annual tuition increases, average NTR/students have struggled to increase.

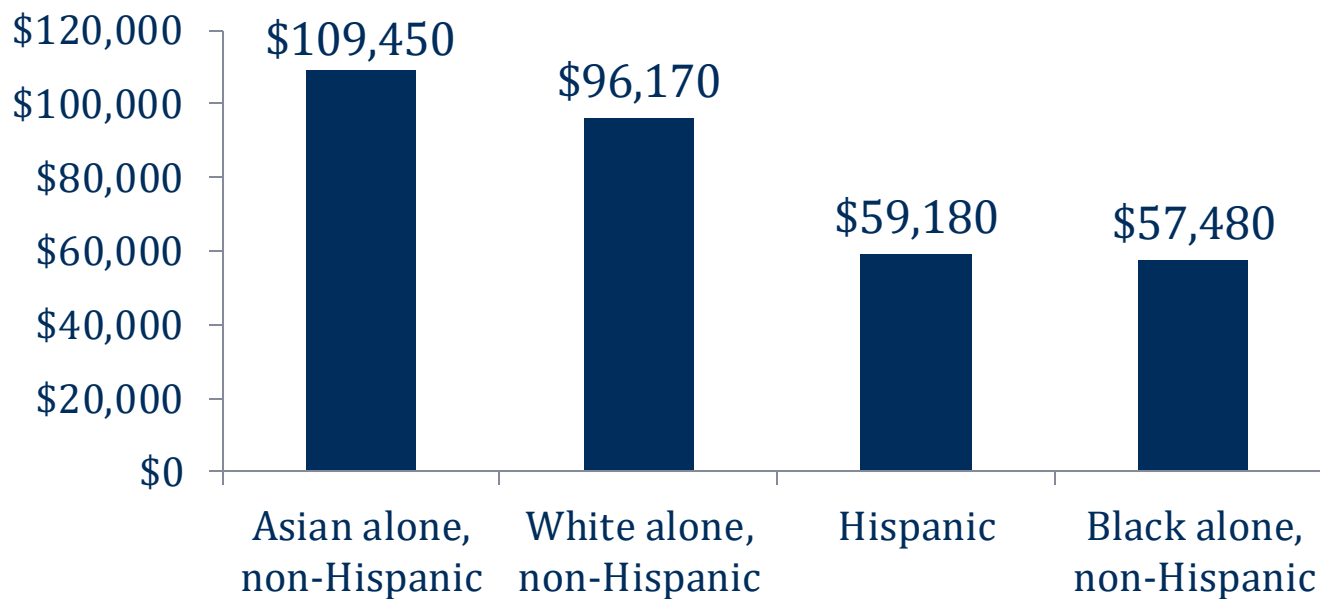
Average NTR/Student at private institutions



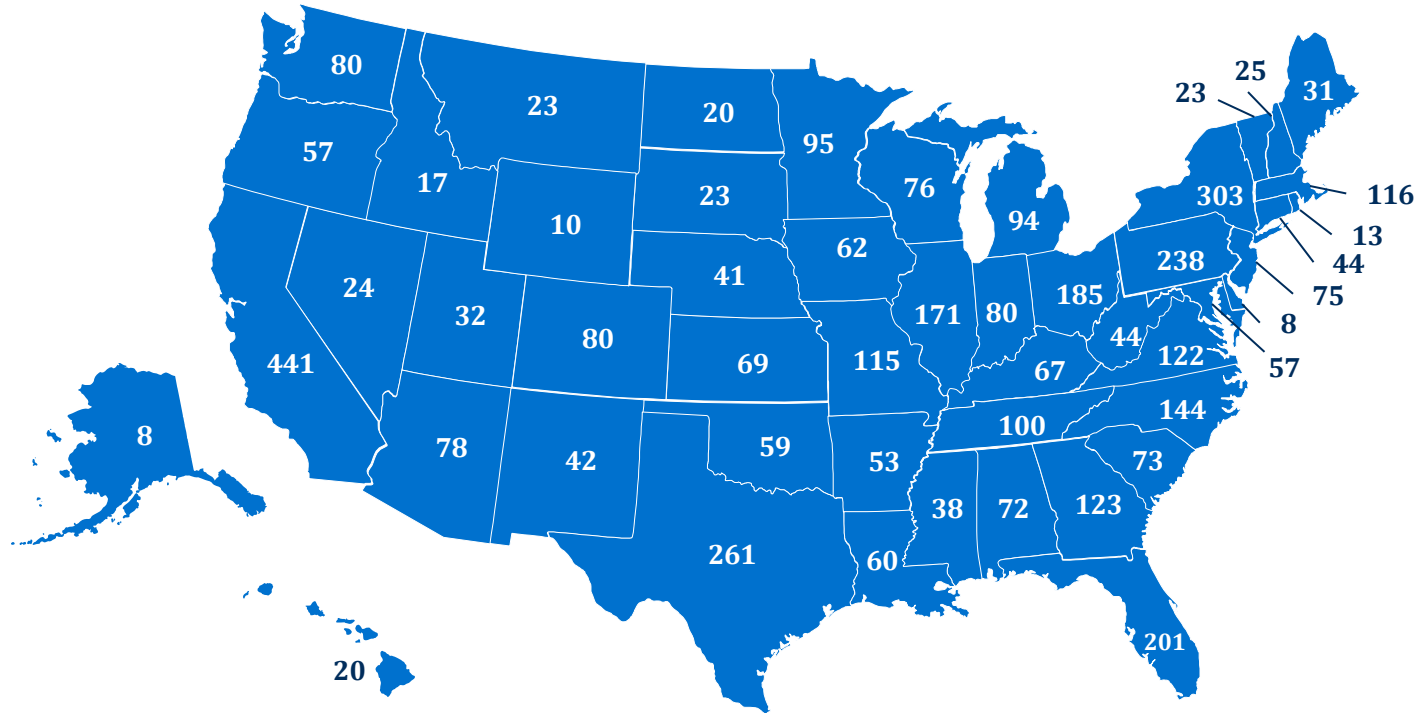
Source: RNL 2022 Discounting report



# Median Family Income by Selected Characteristics 2020

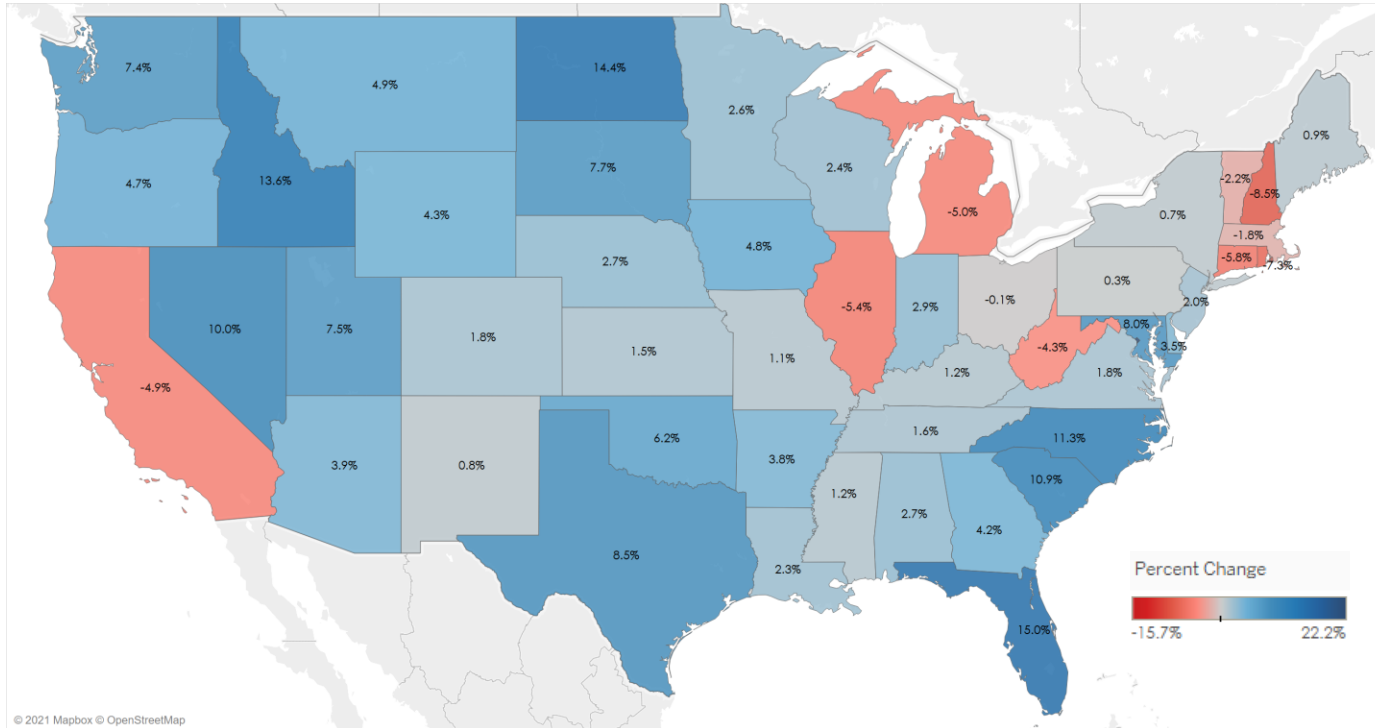


# Number of Colleges and Universities, 2018-19



# Projected Change in High School Graduates

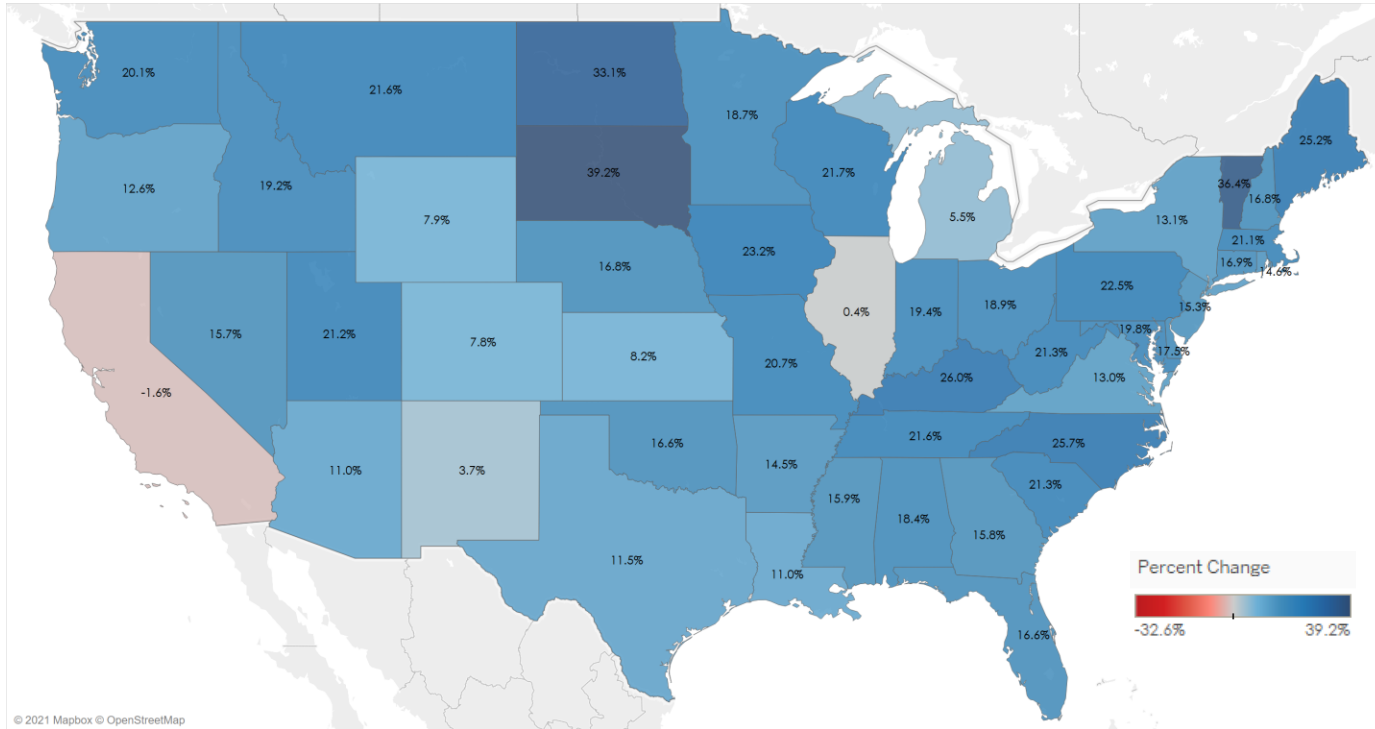
*Public and Non-public, 2021-22 to 2026-27*



Source: Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates, 2020*, [www.knocking.wiche.edu](http://www.knocking.wiche.edu)

# Projected Change in High School Graduates

## *Students of Color, 2021-22 to 2026-27*

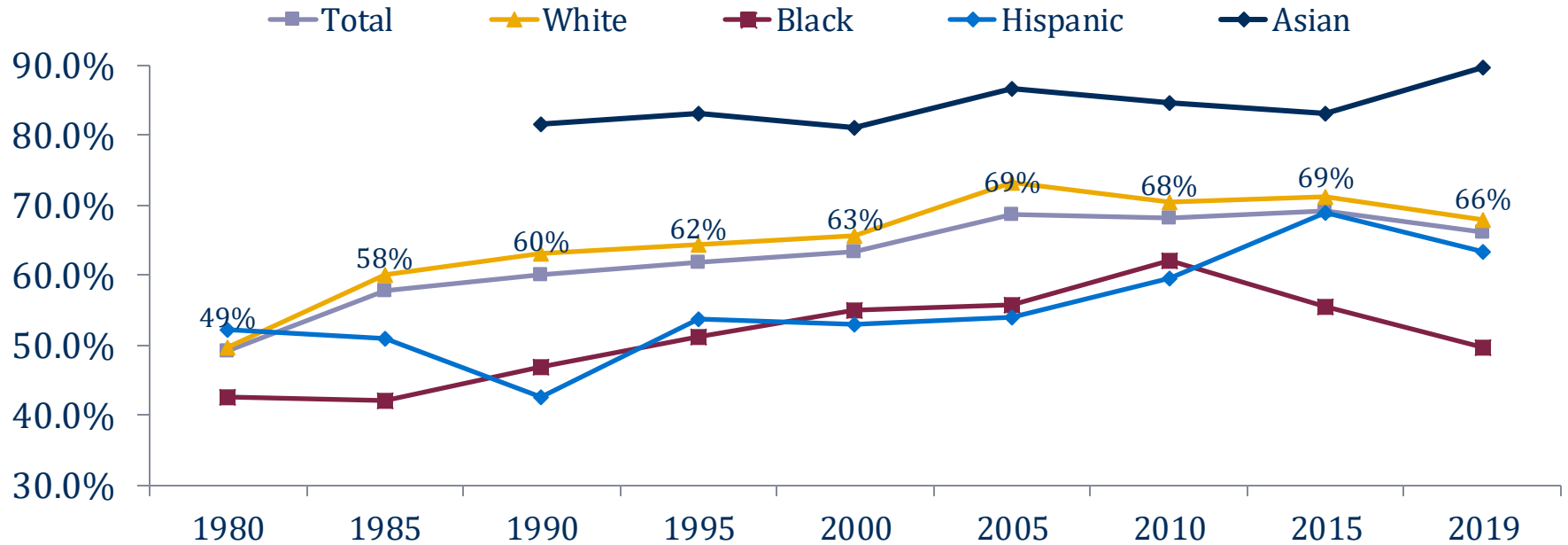


© 2021 Mapbox © OpenStreetMap



Source: Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates, 2020*, [www.knocking.wiche.edu](http://www.knocking.wiche.edu)

# College participation rates have been a key growth driver, but they have leveled for more than a decade.





Where do I even  
start?

# Two Important Steps That Will Provide Direction



Outline your goals



Define markers for success

# What's important in the students you wish to enroll?

*Each characteristic comes with unique behavior.*



Academic  
Performance



Economic  
Profile



Better  
Retention



Majors



Diversity



Geography



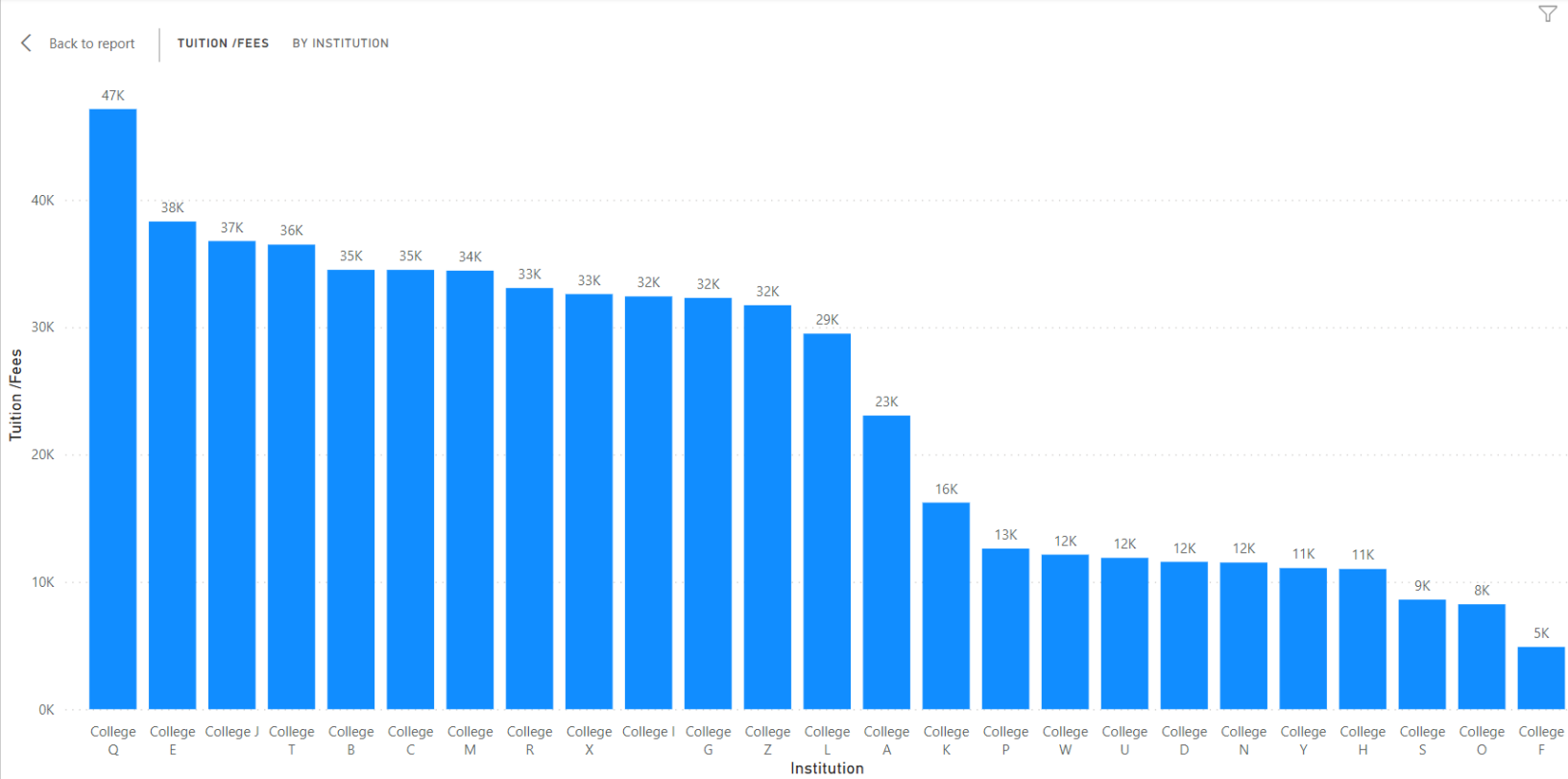
Mission



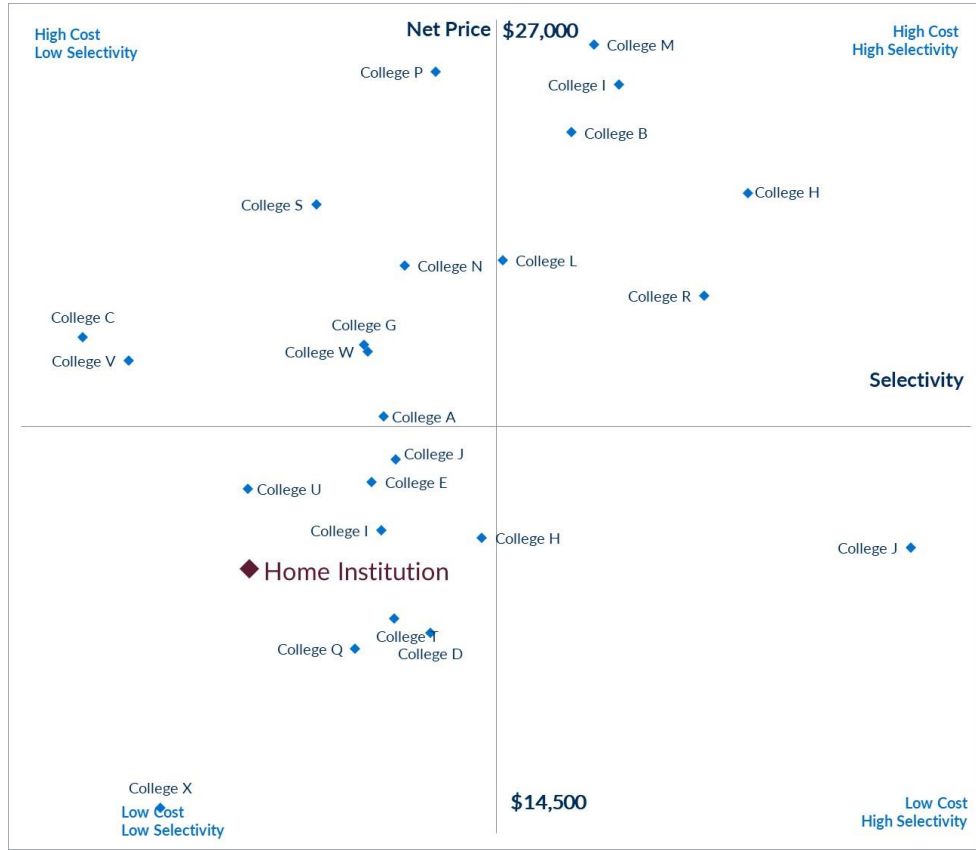
Other



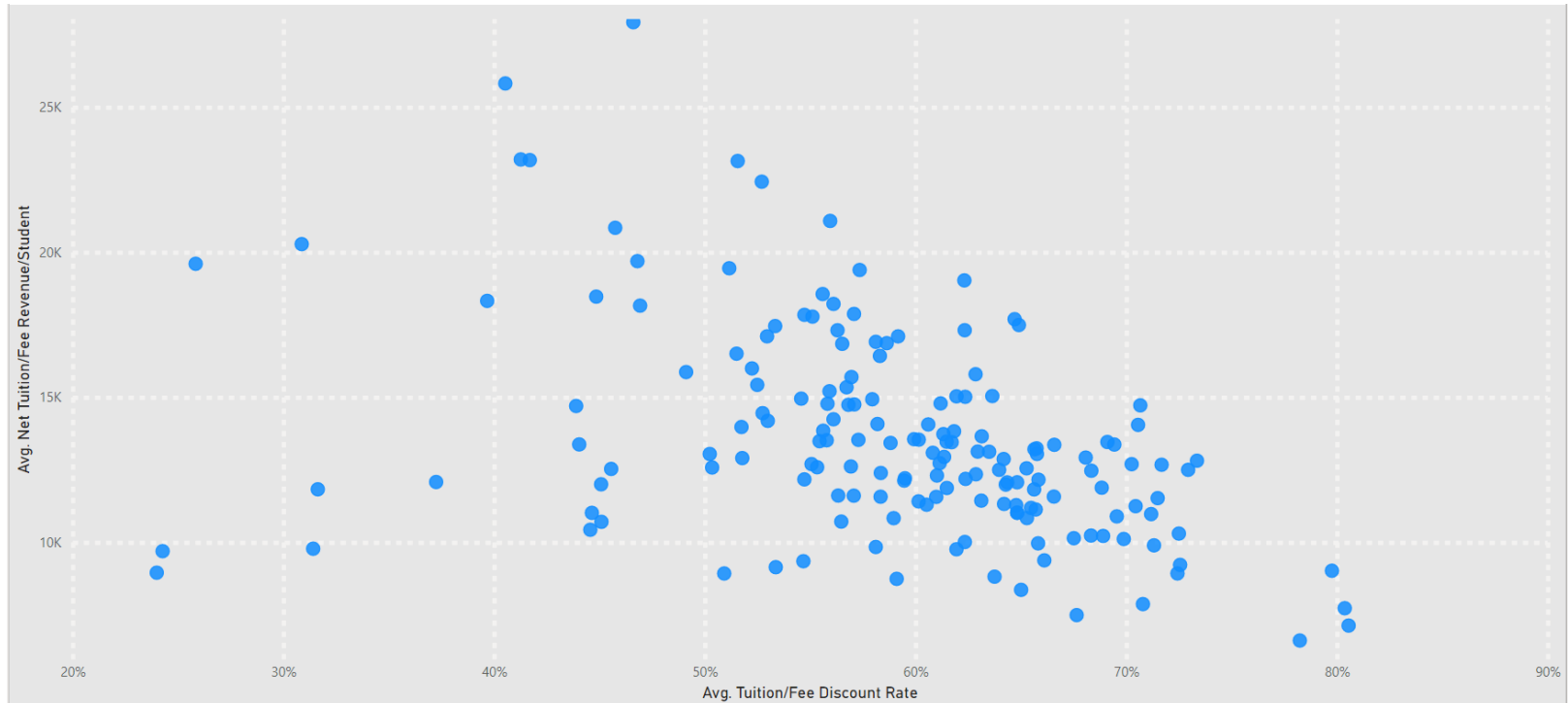
# Do some homework to understand how your tuition/fees or direct costs compare to that of your competitors.



# Where does your net price and profile sit relative to your competitors? This can provide further insight into your aid strategy and what may be needed based on your goals and success markers.



# Optimum NTR can come at varying discounting levels and sticker prices.



Source: RNL 2022 Discounting report



Begin Your Analysis

# Define the criteria you would like to use for analysis.

*This can be just about anything, but some of the most common include..*

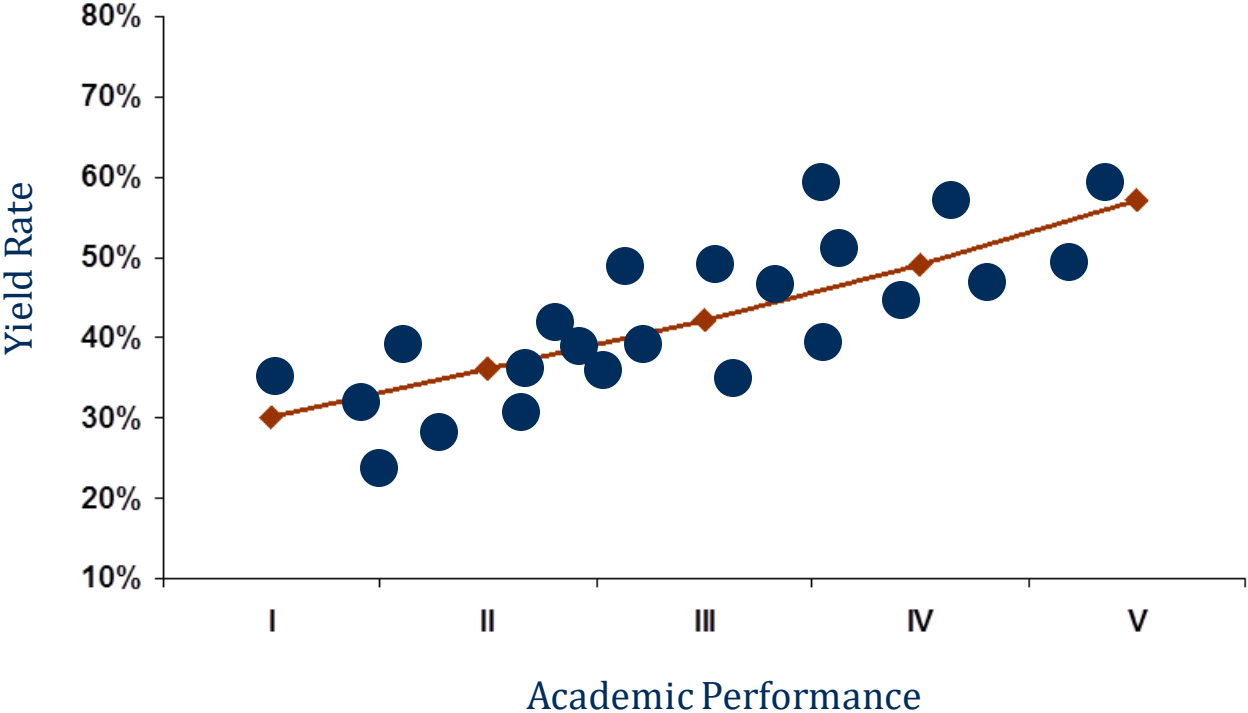
## Academic Preparedness Credentials

- High School GPA
- Recalculated HSGPA
- Class Rank
- Test Score
- Institutional rating or evaluation

## Financial Metric

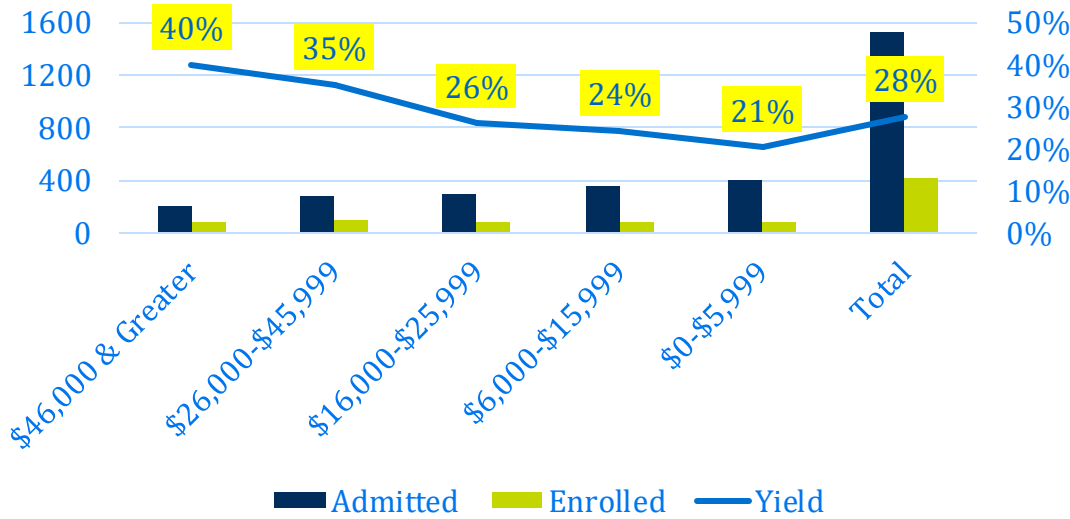
- Expected Family Contribution
- Financial Need
- Parent Income
- Institutional Methodology

# Test different combinations of students in gathering intel on how students respond to offers of admission.



# A real world look at what YOU can do on your campus.

## Sample Yield Rates of All Students with HSGPA $\geq 3.75$ By EFC



Yield rate of all students with 3.75 and above yield by EFC?



As EFC decreases so does yield. Perhaps investing additional aid in the lower EFC's meets an institutional mission of access.

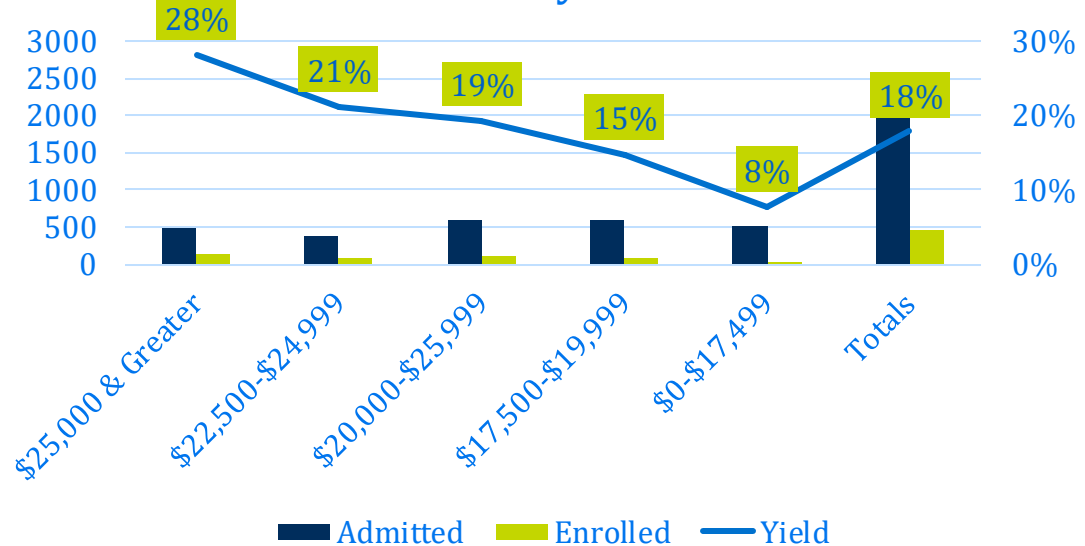
# A real world look at what YOU can do on your campus.

Yield rates of all students with 3.75 and above yield by institutional gift?



As gift aid decreases so does yield. This provides insight into price sensitivity and what may be needed to enroll similar students (and what may be too much).

## Sample Yield Rates of All Students with HSGPA $\geq 3.75$ by Total Gift Aid





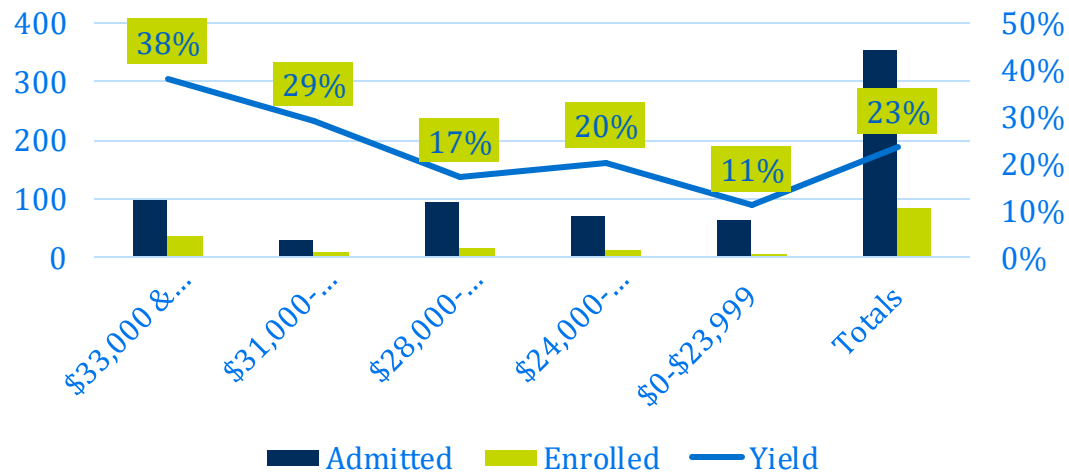
# A real world look at what YOU can do on your campus.

How do all students with 3.75 and above that are PELL eligible yield (by **total** gift)?



Now, combine the two criteria to isolate student response by total gift

Sample Yield Rates of All Students with HSGPA  $\geq$  3.75 AND PELL Eligible by Total Gift Aid



# Congratulations! You just completed an exercise that will help you develop a framework of aid allocation based on YOUR student's response to YOUR aid offers!

	<i>Willingness To Pay</i>				
	QG 1 (1248/3.9)	QG 2 (1108/3.8)	QG 3 (1075/3.5)	QG 4 (916/3.0)	QG 5 (821/2.5)
<i>Ability To Pay</i>					
EFC: 0	Yield by % of need met with gift				
EFC: \$1-\$5,499					
EFC: \$5,500-\$10,499					
EFC: \$10,500-\$15,499					
EFC: \$15,500-\$25,499					
EFC: \$25,500 & Above	Yield by total institutional gift				
No Financial Need					

Measuring yield rates by % of need met with gifts for need-based students is a good test of effectiveness.



Effectiveness can be measured by analyzing yield by the total institutional gift offered for students without financial need.

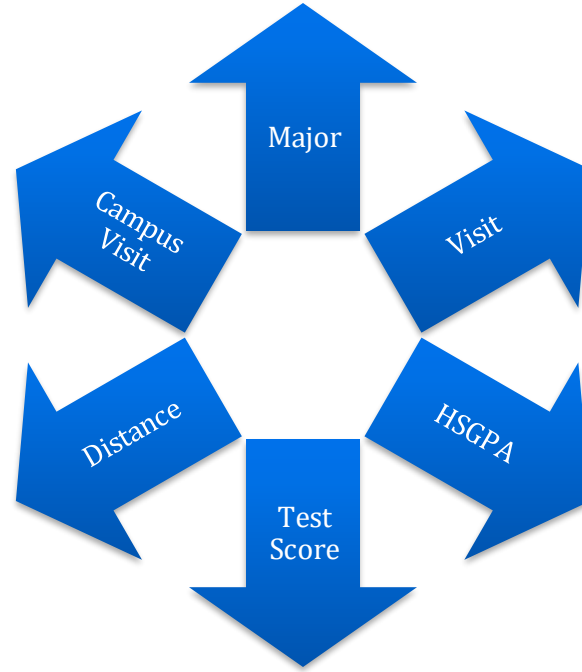




Explore Sub-  
populations and  
Non-financial  
Variables

# What non-financial variables impact your students' decision to enroll.

*...and how "important" is that variable?*



RNL University's yield rate is 16%. Students completing both the FAFSA and visits, enrolled in a rate more than 2x their average.

		Campus Visit	
		Yes	No
FAFSA Rcvd	Yes	Yield Rate = 41.6%	Yield Rate = 9.8%
	No	Yield Rate = 9.5%	Yield Rate = 1.2%

2.6x

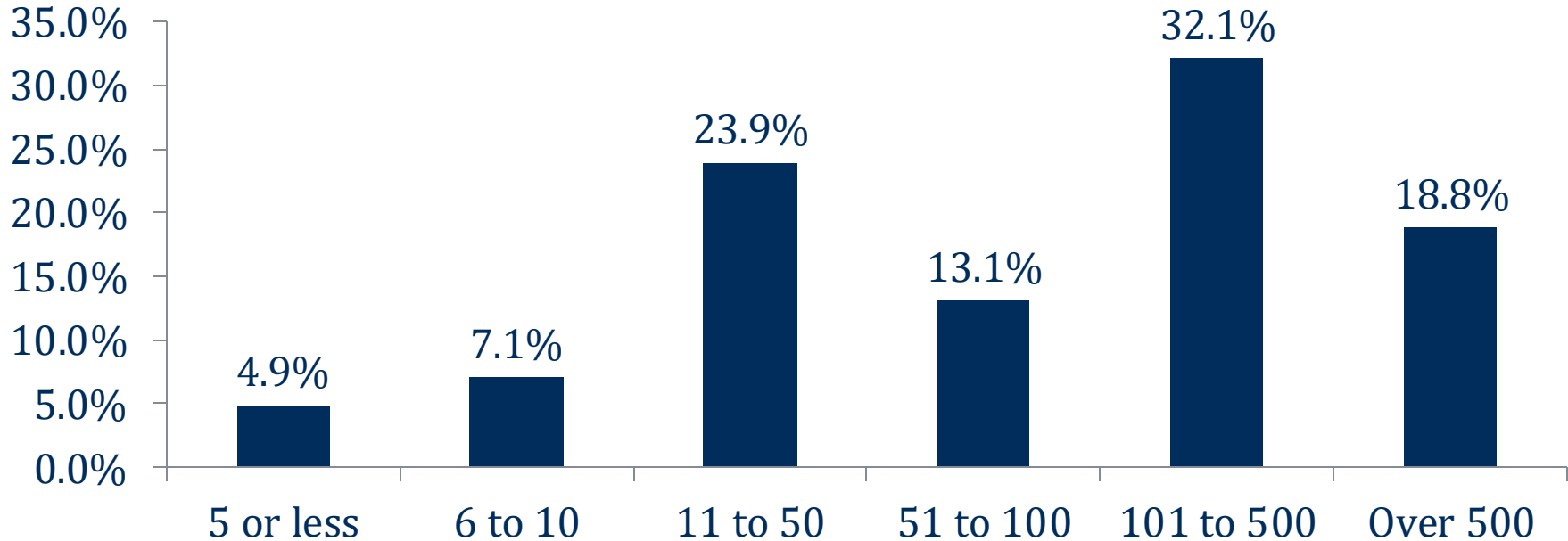


# Yield Rates by Program

*Is there programs on your campus that drive enrollment?*

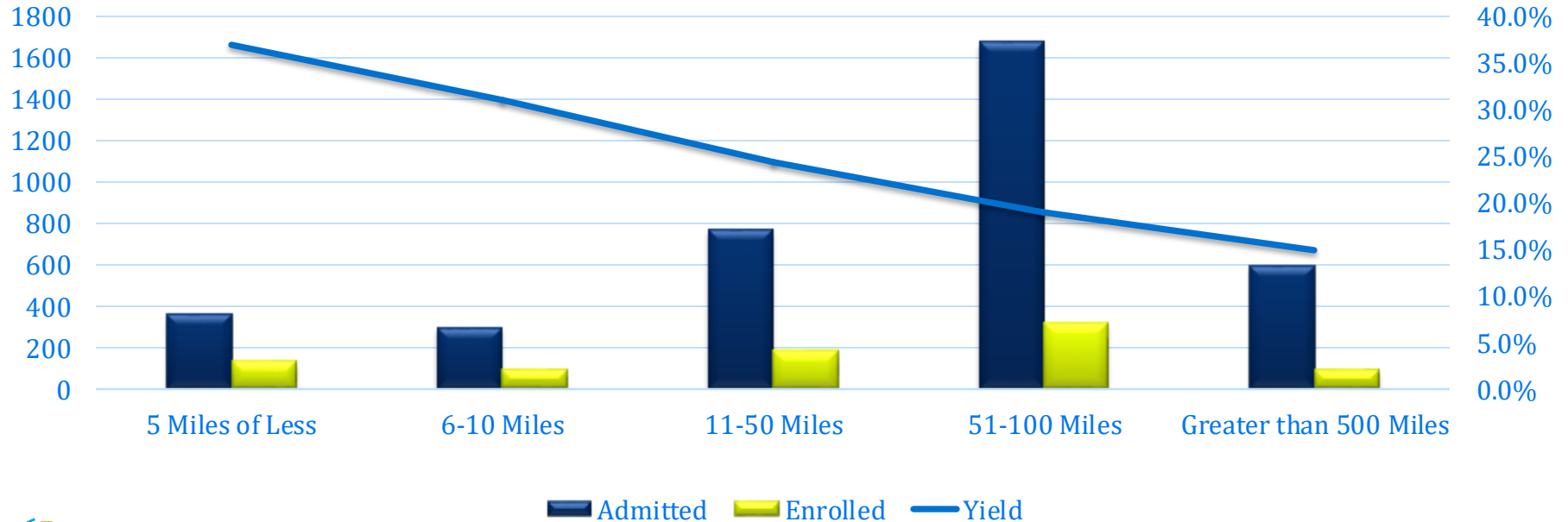
Department	Admitted	Enrolled	Yield Rate
Dance	57	19	33.3%
Fashion Merchandising	45	15	33.3%
Actuarial Science	197	59	29.9%
Interior Architecture	61	17	27.9%
Equestrian	180	48	26.7%
Anthropology	57	14	24.6%
Computer Science	130	31	23.8%
Sports Medicine	207	42	20.3%
Education	111	22	19.8%
Art	81	15	18.5%
Undecided	345	60	17.4%
Aviation	170	28	16.5%
Psychology	146	20	13.7%
Business	368	50	13.6%
Biology	266	28	10.5%
Political Science	62	6	9.7%
Applied Sociology	52	5	9.6%
Chemistry	63	5	7.9%
<b>Grand Total</b>	<b>2598</b>	<b>484</b>	<b>18.6%</b>

# Miles From Home



**As distance increases so does options (# of colleges and universities).  
The result is a yield decline.**

*This could suggest that as distance grows, additional resources may be needed to compete.*





# Can you think of groups, or sub-populations you may want to analyze on your campus?



Athletes



Music



Money



Diversity



Geography

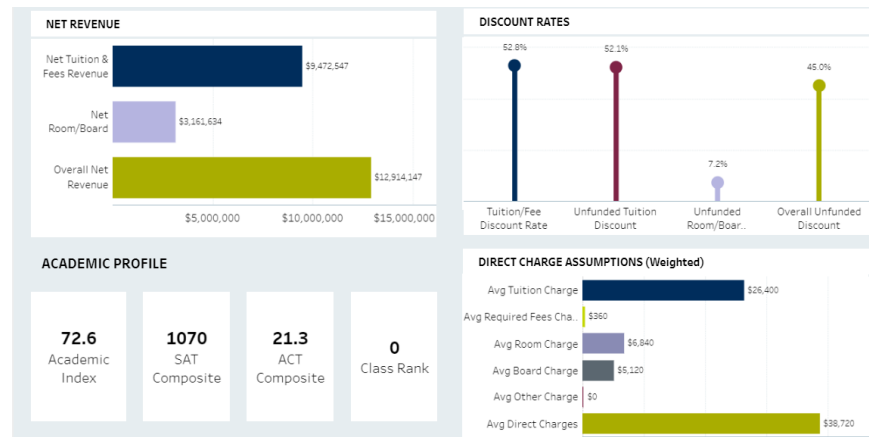
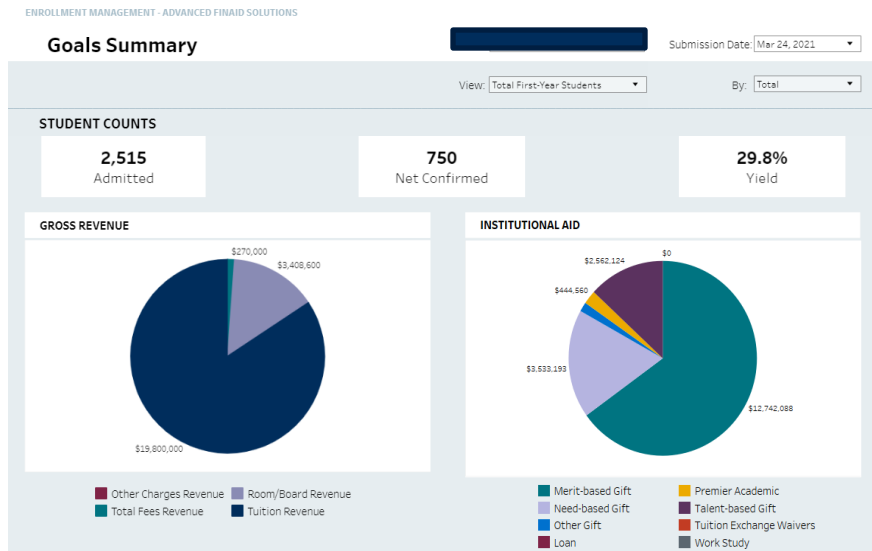


Summing it up

# Build an aid strategy based on what you've learned.

*A comprehensive aid strategy may have “buckets” of dollars.*

*The dollars should “roll-up” to provide a picture of the aid strategy you wish to deploy and its results.*



# What “buckets” do you have? How full are your “buckets”?

<b>Total enrolled students</b>	<b>500</b>
<b>Yield Rate</b>	18.3%
Institutional Gift Aid Summary	Amount
<b>Total institutional gift aid</b>	<b>\$7,858,485</b>
Need-based gift aid	\$754,485
Merit-based gift aid	\$6,217,825
Talent-based gift aid	\$195,350
Other institutional gift	\$660,925



Don't forget  
delivery,  
personalization,  
and affordability  
options.

# Factors in the Decision to Enroll

## *Four-year Private Institutions*

Enrollment factors rated for four-year private institutions	Importance
Financial aid	84%
Cost	80%
Academic reputation	77%
Personalized attention prior to enrollment	64%
Campus appearance	60%
Size of institution	60%
Geographic setting	58%
Recommendations from family/friends	48%
Opportunity to play sports	38%

Percentages indicate the proportions of "important"/"very important" scores



# Factors in the Decision to Enroll

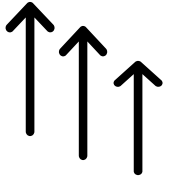
## *Four-year Public Institutions*

Enrollment factors rated for four-year public institutions	Importance
Cost	82%
Financial aid	82%
Academic reputation	75%
Geographic setting	64%
Campus appearance	60%
Personalized attention prior to enrollment	60%
Size of institution	57%
Recommendations from family/friends	50%
Opportunity to play sports	35%

Percentages indicate the proportions of "important"/"very important" scores



# Consider strategies aligned with opportunities/challenges.



*Different 'tests' can be configured in a price survey, but we need to select only those which we would really want to execute if the data was favorable.*

Certainty	Value	Flexibility
<ul style="list-style-type: none"><li>• Block tuition</li><li>• Caps on annual increases</li><li>• Flat price (no financial aid)</li><li>• Graduation guarantees</li><li>• LRAP</li><li>• Prepayment plans</li><li>• Tuition freeze</li></ul>	<ul style="list-style-type: none"><li>• 4-year guarantees</li><li>• Accelerated degrees</li><li>• Combined degrees<ul style="list-style-type: none"><li>• Bachelor + Masters</li></ul></li><li>• Differential financial aid</li><li>• Differential pricing</li></ul>	<ul style="list-style-type: none"><li>• 12-month payment plans</li><li>• Accept wider forms of payment (e.g., ACH, Credit cards)</li><li>• Crowdfunding</li><li>• Income share</li><li>• "Unbundling"</li><li>• Varied options for loans</li></ul>
<b>Repositioning</b> <ul style="list-style-type: none"><li>• Tuition reset</li><li>• Lower cost degree options (e.g., SNHU) with reduced support</li></ul>		



# Thank you!

*Derek Flynn, Vice President*

Derek.Flynn@ruffalonl.com

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