

Financial Aid for Rookies

Derek Flynn — Senior Vice President, Financial Aid Services

What Drives College Search in 11th Grade?



Financial aid or scholarships available



Career placement



Athletic programs*



Visited the campus and liked it



Cost (affordable)



Overall atmosphere



Availability of my desired academic program



Proximity to home

* Only for student-athletes

Why 11th Graders Lose Interest in Colleges



Cost (too expensive)



Location (did not like the city or town)



Major not available



Location: Too far from home



Changed mind



Did not think would be eligible for aid or scholarships



Worried would not be accepted



Safety issues



Where Students Turn for Financial Aid and Scholarships Information

- Colleges' websites
- Emails, letters, brochures, etc. from colleges
- Parents, friends, and/or relatives
- High school counselor
- FAFSA website
- · Cost calculator on a college website
- Information learned during an in-person tour/campus visit
- Social media
- College planning websites
- Scholarship estimator on a college website



An effective strategy should be built to...

What is your institution trying to accomplish?



Enroll the
desired
number of
students with
the desired
characteristics



Understand
and manage
your
discount rate
and financial
expenditures



Maximize net revenue and optimize yield

Which measuring stick is MOST important to your institution?

- Academic profile
- Enrollment/Headcount
- Net Revenue
- Institutional gift aid
- Discount Rate



Discount Rate and Net Revenue Calculations

DISCOUNTING DEFINITIONS BY RNL

Starting with the 2023 Discounting Report, we began using Tuition and Fee Discount Rate as our main benchmark. This aligns more closely with how many campuses measure their discount rates.

Tuition and Fee Discount Rate = All Institutional Aid (including tuition exchange but excluding employee benefits)/Tuition and Fees. This rate represents funded and unfunded gift aid as a percentage of tuition and fee revenue.

Overall Discount Rate = Unfunded Gift Aid/Gross Revenue (including room and board). While campus officials often include tuition and fees but exclude room and board, this approach allows institutions to identify revenue flows tied to all enrolling students.

What elements make up financial aid?

Financial aid can be institutional, state, and/or federal



Non-Need-Based Aid Merit scholarships Talent scholarships Unsubsidized loans



Need-Based Aid

Need-based scholarships/grants Subsidized/PLUS loans Federal work study



Gift AidFunds you don't have to pay back



Self Help Aid

Funds that are earned (work study) or have to be repaid (loans)

Your institutional (gift) dollars can have different intentions. How do you use your dollars?

Merit (trigger or floor)

This fund type is the first institutional gift awarded usually at the time of admission.



Talent (music, art, athletics, etc.)

Awarded to student athletes, musicians, artists, dancers, etc.



Other (departmental, legacy, etc.)

Awarded to students that meet specific criteria such as major, geography, mission, etc.).



Premier (high academic or prestigious)

High achieving students with high yield rates (and high cost).



Need (filler)

Last dollars in and used to meet target % of need met with gift, if applicable.



Every institutional financial aid dollar should have intention and purpose.

In addition, effectiveness should be measured and evaluated, annually.

The Strategic Financial Aid Matrix



Your overall plan should consider...

Assumptions are needed to forecast out results



Key Metrics



Yield

(and retention) rates by cell



Percentage of need met

and need met with gift aid for need-based students



Yield by institutional gift

offer for low-need and merit-aid-only students

How do you measure the effectiveness for your aid strategy?



Various factors can influence yield rates among segments of your admitted student population



What factors do you use?



Geography (International)



Student type (resident, commuter, athlete, fine art, etc.)



Majors or programs



Early action/early decision

With segmentation, you can analyze various characteristics of each grouping, which can drive further financial and non-financial strategies

	First-Year In-State Excl Athlete Students	First-Year Out-of- State Excl Athlete Students	First-Year Athlete	Totals
Total admitted students	400	49	143	592
Total enrolled students	70	5	97	172
Yield Rate	17.5%	10.2%	67.8%	29 .1%
Average Institutional Gift Aid	Av	erage Award Amo	ount	
Avg. institutional gift aid per enrolled stude	\$12,947	\$11,600	\$16,975	\$15,180
Net Revenue/Discount Rates		*		
Average net tuition & fee revenue	\$16,317	\$17,664	\$12,289	\$14,084
Tuition & fee discount rate	44.2%	39.6%	58.0%	51.9%





Students seek scholarships.

Do your scholarships seek students?

- Mark Hefron, Retired RNL consultant

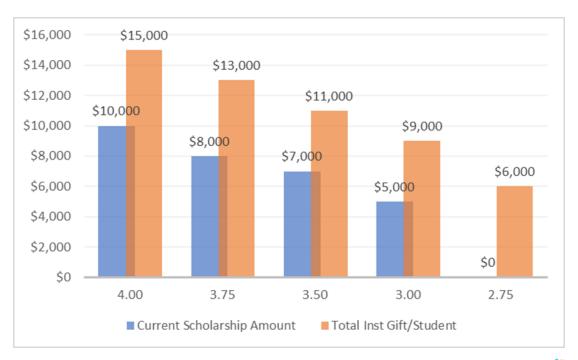
Who are we talking about?

Students with little or no need, including non-FAFSA filers

	Willingness To Pay				
	QG1	QG 2	QG 3	QG 4	QG 5
Ability To Pay					
SAI: -1,500	Cell 1	Cell 2	Cell 3	Cell 4	Cell 5
SAI: -1,499 – 4,999	Cell 6	Cell 7	Cell 8	Cell 9	Cell 10
SAI: 5,000 – 14,999	Cell 11	Cell 12	Cell 13	Cell 14	Cell 15
SAI: 15,000 - 26,999	Cell 16	Cell 17	Cell 18	Cell 19	Cell 20
SAI: 27,000 – 39,999	Cell 21	Cell 22	Cell 23	Cell 24	Cell 25
SAI: 40,000 & Above	Cell 26	Cell 27	Cell 28	Cell 29	Cell 30
Scholarship Only (ZERO need and non-filers)	Cell 31	Cell 32	Cell 33	Cell 34	Cell 35

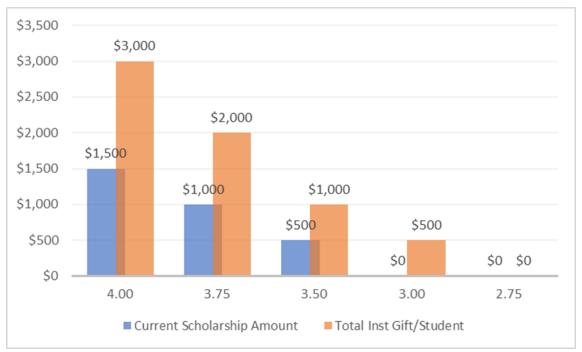
What are you spending vs. what is the potential? What could be used to keep students engaged?

Private Institution Example



What are you spending vs. what is the potential? What could be used to keep students engaged?

Public Institution Example



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

Yield rates in low-need and merit-aid-only segments (ability level 3) of a client's first-year population

Merit Offer	Enrollment Rate	Number Of Cases
<\$3,000	6%	30 Cases
\$3,000-\$4,999	42%	53 Cases
\$5,000-\$6,999	60%	30 Cases
<u>>\$6,999</u>	<u>75%</u>	12 Cases
Total	40.8%	125 Cases

Using what we learned before...

You can build out your optimized plan making some basic assumptions (best if supported by some statistical analysis, too)

` ' '				,	
Current Admitted	Current Enrolled	Current Yield	Current Inst. Gift	Current Total Inst. Gift	Current Total NTR
30	2	6%	\$2,000	\$3,600	\$14,400
53	22	42%	\$4,000	\$89,040	\$133,560
30	18	60%	\$6,000	\$108,000	\$72,000
12	9	75%	\$8,000	\$72,000	\$18,000
125	51	40.8%	\$5,345 (avg)	\$272,640	\$237,960
	Proj. Enrolled	Proj. Yield	Proj. Inst. Gift	Proj. Total Inst. Gift	Proj. Total NTR
	12	40%	\$4,500	\$54,000	\$66,000
	21	40%	\$4,500	\$95,400	\$116,600
	12	40%	\$4,500	\$54,000	\$66,000
	5	40%	\$4,500	\$21,600	\$26,400
	50	40%	\$4,500 (avg)	\$225,000	\$275,000

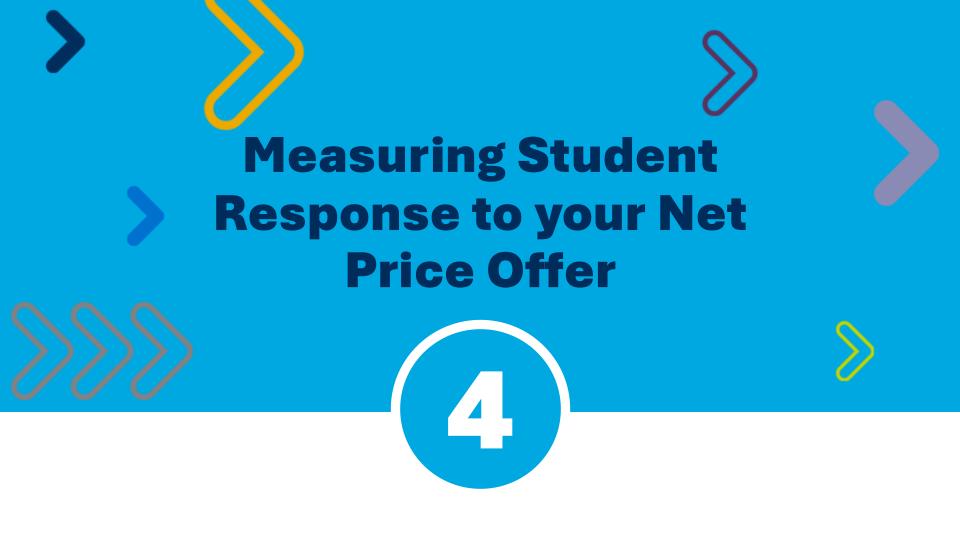
Understand what you spent, what you plan to spend, and the expected return

Enrollment & Financial Impact of Changes			Academic Impact of Changes				
	2024-25	2025-26		Academic	2024-25	2025-26	
	Actual	Estimated	Change	Measure	Actual	Estimated ⁴	Change
Number of students admitted	3125	2802	-323	HsGpa	3.1	3.1	0.0
Number of students enrolled	688	617	-71	SAT composite	1223	1330	108
Yield	22.0%	22.0%	0.0%	ACT composite	20.9	22.1	1.2
Institutional Revenue				High school GPA	3.12	3.12	-0.01
Tuition revenue	\$17,612,800	\$16,288,800	-\$1,324,000	Recalc. HS GPA	0.00	0.00	0.00
Housing/Food revenue	\$4,117,000	\$3,759,127	-\$357,873	Class rank	0	0	0
Total revenue	\$21,729,800	\$20,047,927	-\$1,681,873	Assumptio	ns for Direct Cha	irges (weighted)
Employee dependent waivers	\$13,120	\$13,530	\$410	Direct Charge	2024-25	2025-26	
Institutional Aid by Type				Category	Actual	Estimated	Change
Need-based gift	\$1,835,594	\$1,821,021	-\$14,573	Tuition	\$25,600	\$26,400	3.1%
Merit-based gift	\$4,035,007	\$3,600,985	-\$434,022	Required fees	\$0	\$0	0.0%
Special Talent/other talent gift	\$722,695	\$621,948	-\$100,747	Food charge	\$5,350	\$5,350	0.0%
Other institutional gift aid	\$369,191	\$327,150	-\$42,041	Other charges	\$0	\$0	0.0%
Total institutional gift aid ³	\$6,962,487	\$6,371,105	-\$591,382	Non-revenue cost-of-attendance change \$0		\$0	
Average institutional gift/student	\$10,120	\$10,326	\$206	Assumed number in resid	dence halls - Fall	2025-26	313
Total institutional aid	\$6,962,487	\$6,371,105	-\$591,382	of Funds	Actual	Estimated	Change ²
Net Tuition/Fee Revenue	\$10,650,313	\$9,917,695	-\$732,618	Campus-based gift	\$4,000	\$4,000	\$0
From change in enrollment			-\$1,099,088	Campus-based work	\$107,500	\$107,500	\$0
From per-student net rev. change			\$366,470	Campus-based loan	\$0	\$0	\$0
Average Net Tuition/Fee Revenue	\$15,480	\$16,074	\$594	State grant	\$2,815,728	\$2,596,999	-\$218,729
Tuition & fee discount rate	39.5%	39.1%	-0.4%	Federal grant	\$2,287,804	\$2,068,917	-\$218,887
Revenue Minus Unfunded Gift Aid				Federal loan	\$1,785,096	\$1,660,182	-\$124,914
Tuition ¹	\$10,639,193	\$9,906,165	-\$733,028	Private gift	\$0	\$0	\$0
Housing/Food	\$4,117,000	\$3,759,127	-\$357,873	Private work	\$0	\$0	\$0
Overall (incl. fees)	\$14,756,193	\$13,665,292	-\$1,090,901	Private loan	\$0	\$0	\$0
Unfunded institutional gift aid	\$6,960,487	\$6,369,105	-\$591,382	Totals	\$7,000,128	\$6,437,598	-\$562,530
Funded institutional gift aid	\$2,000	\$2,000	\$0	1. Emp. dep. waivers are	treated as lost re	v. for these calc	S.
Unfunded tuition discount 1	39.5%	39.1%	-0.4%				
Overall unfunded discount 1	32.1%	31.8%	-0.3%				

Understand what you spent, what you plan to spend, and the expected return

Generally, assume a 1% increase in yield for every \$1K decrease in net charges. Should be confirmed with an econometric type model.

	Actual	V1	V2	V3
Admitted	1000	1000	1000	1000
Enrolled	240	250	260	270
Yield	24%	25%	26%	27%
Gross Revenue	\$10,498,320	\$10,935,750	\$11,373,180	\$11,810,610
Total Inst. Gift	\$5,520,000	\$6,000,000	\$6,500,000	\$7,020,000
NTR	\$4,978,320	\$4,935,750	\$4,873,180	\$4,790,610
Average NTR/stud	\$20,743	\$19,743	\$18,743	\$17,743
T/F Discount Rate	52.6%	54.9%	57.2%	59.4%



Who are we talking about?

You need based strategy is generally targeted at those students with middle to lower SAI's (depending on your COA and direct charges)

	Willingness To Pay				
	QG1	QG 2	QG 3	QG 4	QG 5
Ability To Pay					
SAI: -1,500	Cell 1	Cell 2	Cell 3	Cell 4	Cell 5
SAI: -1,499 – 4,999	Cell 6	Cell 7	Cell 8	Cell 9	Cell 10
SAI: 5,000 – 14,999	Cell 11	Cell 12	Cell 13	Cell 14	Cell 15
SAI: 15,000 – 26,999	Cell 16	Cell 17	Cell 18	Cell 19	Cell 20
SAI: 27,000 – 39,999	Cell 21	Cell 22	Cell 23	Cell 24	Cell 25
SAI: 40,000 & Above	Cell 26	Cell 27	Cell 28	Cell 29	Cell 30
Scholarship Only (ZERO need and non-filers)	Cell 31	Cell 32	Cell 33	Cell 34	Cell 35

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

Yield rates in selected cells of a client subpopulation

Need Met w/ Gift Aid	Enrollment Rate	Number Of Cases
<53.16%	24.4%	78 Cases
53.16%-61.7%	47.9%	73 Cases
<u>>61.7%</u>	<u>62.7%</u>	51 Cases
TOTAL	42.6%	202 Cases



An effective financial aid strategy should consider...



When you analyze the students who receive stacks and add-ons versus those who do not, it's clear to see...

1000 Admits / 250 Enrolled / 25% Yield

> Athletic/Music/Art 250 admits / 125 enrolled / 50% yield

Departmental and other mission fits 400 admits / 100 enrolled / 25% yield

No premier/talent/other 350 admits / 25 enrolled / 7% yield

Minimize stacks and add-on awards to ensure the most competitive aid strategy and maximize net revenue

- 1. Stacking of awards tends to benefit students already more interested.
- 2. It forces a campus to build an aid strategy to account for students that will enroll at high rates rather than one that could *attract and influence* students potentially on the fence.





How do your campus visitors yield and what percent of your admit pool visits campus?

Do some segments have greater demand than others?



IN-STATE











It's important to emphasize credentials, outcomes, and return on investment

- 95% of RNLU faculty of PhDs or terminal degrees
- 90% of RNLU graduates are employed or in graduate school within 6 months
- Average starting salary for education majors is \$45,000



Oldie but Goodie! The Four Square (but not at a car dealership)

Two highly predictive behaviors are campus visits and FAFSA completion

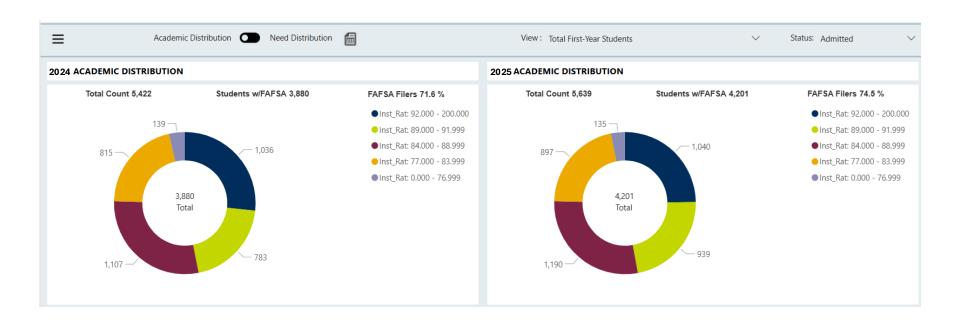
	Campus Visit = Y	Campus Visit = N	Grand Total
FAFSA = Y			
Admitted	669	855	1524
Enrolled	377	104	481
Yield Rate	56%	12%	32%
FAFSA = N			
Admitted	173	1157	1330
Enrolled	24	29	53
Yield Rate	14%	3%	4%
Total Admitted	842	2012	2854
Total Enrolled	401	133	534
Total Yield Rate	48%	7%	19%



Monitor the size and shape of your admitted student population while also monitoring financial aid spending on a regular basis



Monitor the size and shape of your admitted student population while also monitoring financial aid spending on a regular basis



Understand how your awarding policies may be affecting retention—and that aid policies might not always be the culprit

HS GPA: 3.6 - 3.899		HS GPA: 3.1 - 3.599	
Retained	Not Ret.	Retained	Not Ret.
Cell 12		Cell 13	
1170		1220	
		25.0	
3.69	3.60	3.28	3.40
3.53	2.09	3.34	2.75

Note the GPAs in yellow for retained students, versus the GPAs in orange for not retained students. Both groups entered with similar academic metrics.

Assess your students' interest in your institution and their reaction to your award



Combine award reaction and level of interest into a functional and trackable system

Accepted Student Qualifying Scale

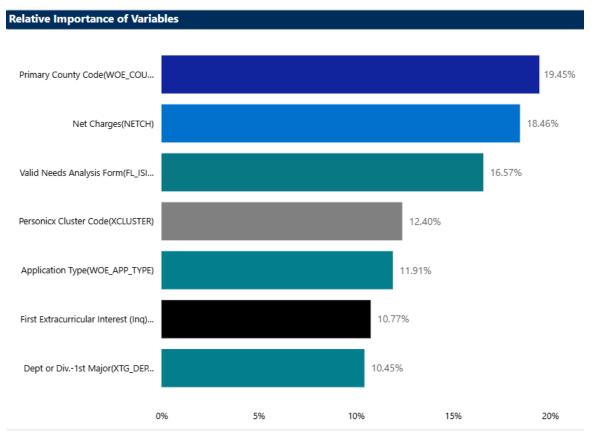
Code Description 1 I plan to enroll at (home) college/university 2 I plan to enroll at (home) college/university pending financial aid 3 I am considering (home) college/university along with 2-3 others 4 I am considering (home) college/university along with 4+ others 5 I do not plan to enroll at (home) college/university

Financial Aid Award Reaction Scale

Code	Description
A	Award exceeds expectations
В	Award meets expectations
С	Neutral or non-committal
D	Award does not meet expectations
Е	Appeal, student has requested a review of his/her aid

Applying a predictive model

What variables predict your enrollment?



Applying a predictive model

Is our pool built for success?

Model Score	Admitted	Count Enrolled	Enrollment Rate
0.91-1.00	1247	539	40.0%
0.81-0.90	1246	315	25.4%
0.71-0.80	1246	254	20.0%
0.61-0.70	1247	194	15.9%
0.51-0.60	1246	154	12.7%
0.41-0.50	1245	125	11.6%
0.31-0.40	1247	78	7.1%
0.21-0.30	1246	40	3.4%
0.11-0.20	1246	10	1.0%
0.01-0.10	1247	4	0.4%
Total	12463	1713	13.7%

Evaluate your financial aid process to eliminate potential **barriers**



An effective financial aid strategy



Makes the college affordable



Contributes
directly to
institutional
goals



Optimizes
distribution
of aid to
serve more
students



Maximizes net revenue

Thank you for your time today!



Derek Flynn

Senior Vice President, Financial Aid Services





The 39th Annual National Higher Education Conference