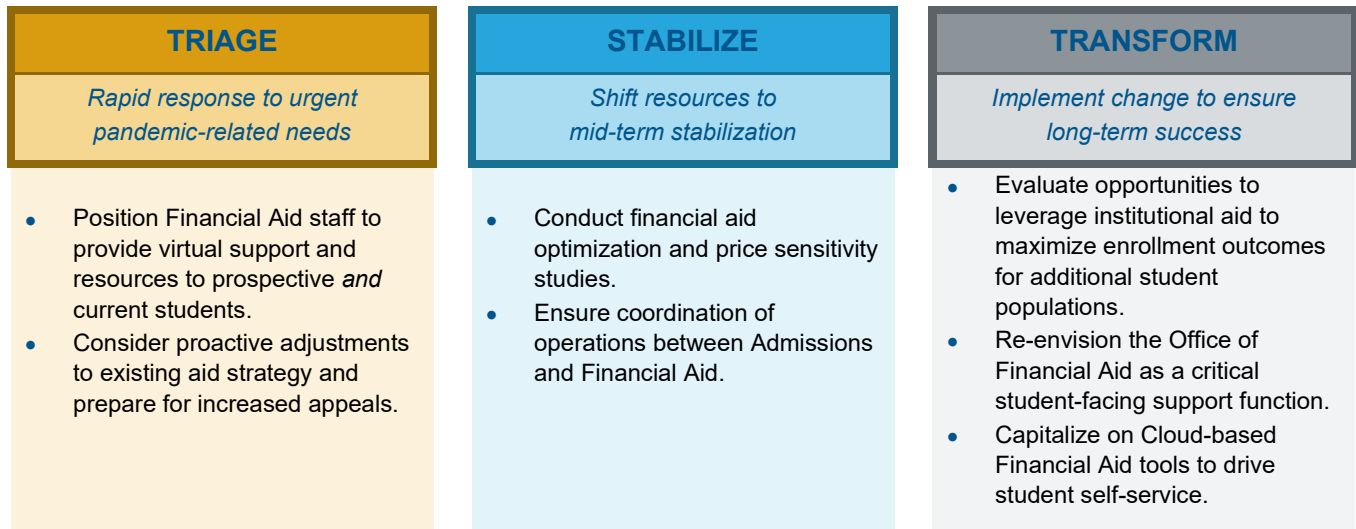


# COVID-19: MAXIMIZING FINANCIAL AID'S IMPACT

## ENROLLMENT OUTCOMES AND THE STUDENT EXPERIENCE

Higher education is at a significant inflection point where traditional thinking, established processes and existing services may fail to serve the students and institutions of the future. While once considered primarily a “back-office” or business-services function, financial aid has risen to become one of the single most influential factors in whether and where students choose to pursue a postsecondary education. There is no question that the lasting effects of COVID-19 and the disruption facing colleges and universities across the country will have a significant impact on future financial aid practices and systems. Those institutions that prepare now will be better positioned to serve new generations of students in the years to come.

We think about the practice of financial aid in terms of immediate, medium-term, and longer-term effects and opportunities for students and their access to education, defined here as “Triage, Stabilize, and Transform:”



### Triage: Proactively Deliver Virtual Student Support

The late spring and summer months of 2020 were already expected to be busier than past years for financial aid offices around the country as a result of the 2019 NACAC changes and their projected impact on post-deposit competition for students. Under these changes, schools tracking lower than their projected incoming enrollment targets going into the summer months may be tempted to offer additional aid to undecided students and students who initially made the choice to deposit elsewhere in hopes that additional aid could lead students to choose their school over the competition. In a dynamic market, the potential shuffling effect could prove to be significant. Now add to this the impact that COVID-19 has had – and will continue to have – on students’ and families’ ability and willingness to pay. The already large increase in the number of financial aid appeals conversations that institutions were expecting to have will combine to make issues surrounding aid even more substantial. Additionally, appeals conversations and all other forms of student support will now need to take place virtually.

Institutions that can meet and exceed students’ and families’ support expectations have an opportunity to differentiate themselves from their competition *and* enhance the student experience in what is a challenging time for many. To do this in our current environment, the following tactics should be considered:

- Develop a set of anticipated appeals scenarios and determine an institutional response to each scenario to ensure responses are equitable. Also consider any potential changes to the broader financial aid strategy for certain student segments as a result of shifts in ability and/or willingness to pay (e.g. out-of-state and international students).

- Prepare financial aid staff (and potentially other qualified staff) with the training and tools they need to offer virtual office hours over the next several months, and encourage students to take advantage of the resource by incorporating messaging in planned Admissions, Orientation, and Student Affairs communications.
- Compile an inventory of additional questions and concerns that prospective and current students and their families will have related to financial aid, and proactively create an online resource hub with answers and suggested actions.
- Consider short-term academic policy changes to provide flexibility in connection with Satisfactory Academic Progress requirements and scholarship maintenance (e.g. changes to how Pass/Fail grades impact SAP, time allowed to improve GPA under SAP, etc.)
- Keep in close contact with the institutional governmental relations office. Doing so will help articulate any pending financial aid funding from new federal packages; also, aid officers' perspectives from students and their families will help make this need real to congressional representatives.
- Consider fundraising for an Emergency Aid Fund to utilize to strategically provide small one-time grants to current and prospective students facing unexpected financial hardship.

## Stabilize: Position Financial Aid as An Asset to Achieving Enrollment Outcomes

The changes in this year's admissions landscape as a result of NACAC changes and COVID-19 will undoubtedly alter the accuracy of any existing predictive models and shift or introduce new milestones to plan for throughout the coming year. As enrollment and financial outcomes materialize for the Fall 2020 class, it will be critical to reflect and consider necessary changes to existing financial aid optimization models as well as financial aid awarding and prospective student support operations. The power of reflection and changes made will be amplified by ensuring Admissions and Financial Aid are coordinated in this exercise, as any changes to operations should be in service of shared enrollment goals and outcomes for the coming year.

When adjusting or considering new financial aid optimization models in the coming months, institutions will want to study this year's outcomes by student type (e.g. in-state, out-of-state), socioeconomic factors (need, EFC, unmet need), and other demographic factors. This may also be an opportune time to focus on the enrollment outcomes of aid and pricing strategies. Specifically, is the institution in a position where the financial aid model must now prioritize maximizing net tuition revenue or headcount, is it more concerned with retention and as a result interested in leveraging aid strategy to enhance retention outcomes, or are there other factors related to academic quality or demographics at issue? Another helpful exercise to further inform broader pricing and financial aid strategy in the current landscape may be to conduct primary research among incoming students, prospective students and their families to better understand their updated perceptions of the price and value of attending your institution.

Once aid models are updated, it will be important to ensure operational coordination between Admissions and Financial Aid. As institutions increase their focus on getting award packages out to admitted students faster than competitors, chief among these operational enhancements is working to ensure full aid packages are released via clear and motivational communications as soon after admissions decisions are released as possible.

## Transform: Extend Analytics & Empower Students with Resources

While many institutions have become accustomed to utilizing tuition discounting and financial aid optimization models as a strategy to enhance enrollment outcomes for incoming first-time freshmen classes, the reality is that the overall composition of new undergraduate, graduate/professional, and other enrollment groups will continue to evolve in complexity and diversity. As a result, it will be important to explore some of the foundational elements of tuition discounting and price elasticity and sensitivity studies, and the utility of these in support of enrollment outcomes for various student populations (e.g. transfer students, returning/stopped-out students, online students, and graduate students).

Just as the practice of financial aid continues to evolve to meet a new environment and the needs of new populations of students, the organization itself must reflect this transformation. Empowering students with resources also means giving them the financial literacy to understand their options and the obligations that accompany the choices they are making. Financial aid systems have always been geared to assist in the awarding and packaging of aid for students; student financial systems in the future will engage students with information in a personal, just-in-time and intentional way, to accompany the cost of attendance and the dollars awarded in need-based or merit aid.

The transformation of financial aid will be reflected in and led by transformation of the financial aid office. With automation to better handle some processes on the back end, and chatbots or other AI tools giving students frontline, personalized service, financial aid organizations are now able to retool and re-emphasize in-person, higher value outreach interactions with their current students and prospective students, thereby enhancing the overall student experience.

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