

NACCAP Financial Aid Optimization Event

Aid Optimization Special Topics for Christian Institutions

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Presenter

Mike Keane

SVP, Modeling & Client Strategy

- Background in quantitative modeling, enrollment research, and financial aid
- Ph.D. in Political Science, knows little about politics
- The Influential and Resilient Energizer



One of the first questions we hear from Christian colleges and universities when exploring aid optimization is:

What should we do about all of these special stackable scholarships?

1

The case against stackables

Definitions

- Grants and scholarships that:
 - ...are principally derived from tuition revenue (as opposed to endowment or donor sources).
 - ...require students to complete additional steps like applications or verification forms.
 - ...apply to a specific population or group that has existing affinity with your institution.

Why are these scholarships not optimized?

- Short answer: scholarships for specific populations that require additional steps will inevitably focus gift aid resources on the students **who are already most likely to enroll.**
- Financial aid optimization is designed to focus gift aid resources where they can make the **greatest impact** to enrollment probability and net revenue in the context of institutional goals.
- Note: these aren't limited to Christian institutions, or private institutions.

Why are these scholarships not optimized? (2)

- Ideally, most of your application process is designed to remove barriers and make it easier for students to explore their interest in your institution, and to give you access to the broadest possible population of prospective students:
 - Student search and recruitment campaigns
 - Application fee waivers
 - Common Application and other eased application requirements (essays, personal statements, self-reported GPA)
 - Test-optional policies
- Stackable scholarships with special requirements are the opposite of that: they impose additional barriers that both (a) de-motivate students who are not focused on your institution and (b) focus critical and limited gift aid resources on students whose probability to enroll is already high.

Why are these scholarships not optimized? (3)

- Administrative complexity - stackable scholarships are a challenge for both financial aid offices and students/families.
 - Processing application materials (and/or interviews and letters of recommendation)
 - Coordinating matching commitments
 - One-time vs. renewable (and associated questions)
 - Updating packaging routines each year
 - Communication of award-level requirements

2

In defense of stackables

Stackable scholarships can:

- Build relationships with outside parties (pastors, congregations, organizations) that serve as advocates for your institution and help expand your reach.
- Give you access to key populations of prospective students, especially in large affinity populations.
- Help your colleagues in Advancement build relationships that result in further fundraising success.

Don't lots of businesses give discounts to their best customers?

3

The compromise

An honest assessment

- How many students receive each of these scholarships, and in what per-scholarship and total amounts?
- How much additional time do we spend processing these application materials each year?
- Are these awarded on the basis of student-level criteria that we could effectively collect on the application for admission and award automatically?
- Do we have data that suggest these meaningfully improve yield or enrollment probability?
- Are there opportunities to build relationships with key affinity groups that don't require a special scholarship?
 - College planning workshops
 - Financial aid or FAFSA workshops
- The easiest thing to do is repeat last year's strategy. Institutions that are willing to change merit scholarship strategies in ways that invite significant expenditure risk are unwilling to explore phasing out small scholarship programs for affinity populations.

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Q&A

CARNEGIE

Mike Keane

MKeane@carnegiehighered.com

Nick Wagner

NWagner@carnegiehighered.com

