



Expanding the Role of the Financial Aid Officer

Improve Service to Students and Increase ROI for Colleges and Universities

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Education

Financial aid officers at colleges and universities across the country are becoming an increasingly important part of the institutions they serve. It wasn't always that way. During my 30 years in higher education - including my position as a university financial aid administrator (FAA) - I observed that at many institutions the FAAs work in something of a silo and are excluded from the strategic planning process of the institution.

Amazingly, the part of the financial structure of the institution that most directly touches students and families - one that could be a powerful force for success - was operating essentially on its own. With limited tools and only sporadic participation in the strategic planning process, there was a serious disconnect between the financial aid office and the other economic centers of the institution.

New technology becomes a powerful tool for financial aid officers

Hopefully, those days are over or, at least, they are fast coming to a close. The trend today is that, at many institutions, the financial aid office has become a much more important part of the overall financial strategy of the institution in ways that might surprise even veteran aid administrators. FAAs are taking on a higher profile role. One significant reason is that new innovative tools, using the latest technology, now enable the financial aid office to track and report key performance information in real-time. They also - for the first time - allow these metrics to be shared instantly with senior administrators within an institution. These new tools enable greater accuracy, access, speed and accountability.

The effects? Financial aid has become 1) a stronger recruitment tool that can act more quickly in the application process to attract top students who might otherwise go elsewhere, 2) a more service-oriented system with technology doing much of the administrative grunt work and enabling financial aid officers to devote more of their time to interacting directly with students and families, 3) a means for retention of students who would otherwise leave for financial reasons, 4) a better fiscal management system and 5) a more successful way to handle compliance and audits.

Financial aid plays a bigger role today than ever before. In 1993, \$41.9 billion in student aid was awarded, 75% of it in federal funds. Today, that figure has increased to \$200 billion with nearly two thirds of students getting some form of assistance. This underscores the important role that financial aid plays in the decision-making process of America's top high school students as they search for the right fit in a college or university. According to the National Center for Education Statistics (NCES), the percentages of students receiving assistance at various types of colleges are:

- Two-Year Public Colleges: 46.8%
- Four-Year Public Colleges and Universities: 68.6%
- Four-Year Private Colleges and Universities: 83.3%
- Private, for Profit (Proprietary) Institutions: 89.9%
- Total (All Institutional Types): 63.2%

Here are the five primary ways in which technology has increased the importance of the financial aid officer and how those officers, in turn, help their institutions to a far greater extent than ever before:

Recruitment

Research has shown that increasing the number of contacts with prospective students increases the likelihood of their enrolling at your institution. While the admissions office may contact a prospective student three or four times during the decision process, the financial aid office does so even more frequently. Some financial aid management systems



enable institutions to correspond via mail and electronically with prospective students and parents at home and at multiple email addresses at the same time.

Responding quickly has become another important aspect of the admissions process. By automating the application processing and communications processes, the financial aid office increases its efficiency and effectively in reaching students early and quickly. Staying in front of the students, at the appropriate intervals, reminds them that the institution is truly interested in them, and ultimately improves the yield for the institution.

Quality Student Service

An important component of success is quality student service. FAAs can make a good impression on students and parents - by being available, responsive, and helpful. Technology is automating many of the rote but necessary administrative chores in the aid office. Financial aid management solutions can help institutions by automating key processes, such as tracking, packaging, awarding, communicating, reporting, and disbursing of funds. Less time entering data and creating reports means that the staff can devote more time interacting (face-to-face and on the phone) with students and their parents.

Retention

Slow awarding and delivery of funds due to a poor data management system in a financial aid office can often result in students failing to continue enrollment at the institution. For example, if students do not know how much aid that they will receive, they may elect not to register for classes. If they have not received funds necessary to purchase books, pay housing, meal and transportation costs, they may withdraw from classes. This can be costly in several ways. First, the institution loses enrollment funding. Second, if the student withdraws before 60% of the term has ended; a portion of federal aid may have to be returned resulting in a receivable for the student. Both the student and the institution lose. The use of newer technology enables the FAA to speed up the awarding and aid disbursement processes. Students get their money on time, pay their tuition on time and are less apt to leave.

Sound Fiscal Management

Enrollment optimization is a strategic imperative for every institution. Financial aid plays a key role in the realization of this goal. At many institutions, funding is contingent upon enrollments. If an institution can't process financial aid in a timely manner, it won't be able to maximize enrollment at the beginning of a term. Even if students have a firm promise for tuition deferments, they are uncertain as to whether they will have money for books and their other educationally related expenses. Consequently, they may enroll only part time (if at all) as a result -- thus the institution's enrollment and/or FTE count goes down costing the institution money that it would otherwise have received.

Also, any delay in receipt of funds for payment of tuition and other institutional charges negatively impacts the cash flow of the institution. Once again, the use of newer technology to speed up the awarding and aid disbursement processes can improve both cash flow and revenue of the institution.

Compliance and Audits

In this day of ever-changing federal regulations, accountability and compliance have gained increasing importance. Major mistakes discovered during financial aid audits could result in institutions to have to repay millions of dollars. Security, controls and safeguards embedded in the modern financial aid management system can help institutions avoid them. These controls significantly reduce the incidence of mistakes, and when they do occur, lessen the negative impact on the institution.

The use of modern technology tools breed confidence throughout an institution and have made the role of the financial aid officer more important than ever. With compliance and regulatory pressures abound, higher education institutions are demanding solutions that provide seamless toolsets for managing all the mission critical functions for Title IV delivery. Additionally, they are seeking toolsets that will assist them in achieving operational excellence. By adopting a powerful software solution, the financial aid office may change its perceived role from a back office administrative function to a front line strategic initiative.