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Session 200
Restructuring Institutional Financial Aid Programs Revisited

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Jim Brooks, Assistant Vice President, Financial Aid and Scholarships
University of Oregon

- Founded in 1876
- Located in Eugene, Oregon
- WASFAA region
- Public, 4 year
- 90% full time students and traditionally aged undergraduate population
- Member of the AAU
- Member of the PAC-12
University of Oregon

- Cost of Attendance (2016-2017):
  - Residents: $25,815
    - Tuition/Fees: $10,761
  - Non-Residents: $49,392
    - Tuition/Fees: $33,441
Financial Aid Snapshot

• Award $250,000,000 in financial aid

• 73% of undergraduates receive aid

• 25% of admitted undergraduates are Federal Pell Grant eligible
  – 38% Oregonian

• 59% of graduating class received institutional aid

• 51% of graduating class have student debt
Agenda

• Institutional Goals
• Financial aid strategy
• Brief recap of institutional aid programs
• Where we are today
• How we got here – Data analysis
• Results
• What we’ve learned
Access without quality is a hollow promise;
Quality without access is not a public university.
Institutional Goals

• Improve quality of freshman class as defined by GPA & standardized test scores

• Increase diversity of freshman class as defined by ethnicity & social economic status

• Increase international presence of the University of Oregon

• Keep UO affordable
Financial Aid Strategy

- Merit-Based Financial Aid
- Need-Based Financial Aid

- Must align to recruitment and enrollment goals
- Must be presented in easily understood manner to students and parents
- Must be coordinated and applied strategically
- Must be widely published
- Requires outstanding student service
• Merit-Based Financial Aid

  – Must be based on high standards

  – Designed to increase quality at all levels in “pipeline” or “funnel”

  – Requires continual outcome assessment

  – Key Recruitment Point:
    ➢ Parents, students, high school contacts should have clear understanding of merit-based parameters early in student selection process
Need Based Aid Program

• PathwayOregon
  – Redesigned to meet enrollment goals
  – Clear, concise criteria
  – Increase in students and dollars awarded
  – Designed for Oregon Residents
• Addresses need of lowest income Oregon families
• Builds on existing federal program (Pell)
• Provides full cost of tuition & fees to participants
• Begins recruitment process at the early high school level
• Delivers message of “hope” to low income population
• Builds on mentoring structure for success already in place
• Provides funding for diverse group of students
• Desired Outcome:
  – Easy to understand, clear eligibility criteria
  – Increase SES diversity
  – Increase retention
  – Increase graduation rates
  – Shorten time to graduation
Merit Based Aid Programs

- Scholarship programs were not new
- Effectiveness never assessed
- Transparency
- Concerns about affordability
  - Low income, middle income
- Balance need-based and merit-based aid
- Increase resident student yield
- Concerns about student debt load
Desired Outcome:

- Easy to understand, clear eligibility criteria
- High standards
- Increase quality
- Increase retention
- Increase graduation rates
- Shorten time to graduation
• Summit Scholarship:
  – $6,000* residents / $9,000* non-residents
    ⇒ Requires 3.80 GPA, 1190 SAT/ 26 ACT

• Apex Scholarship:
  – $3,000 residents / $4,000 non-residents
    ⇒ Requires 3.60 GPA, 1150 SAT/ 25 ACT
Research Questions

1. What effect does additional merit aid have on the probability of enrollment?

2. How do we model the effect of restructured aid on an entering class?

3. How can we compare different aid packages dynamically and instantly?
1. Effect of Aid

Institution Aid (an independent variable) influences the decision to attend college (the target variable).

- Population: Freshman Admits, fall 2011
- Target Variable: BINARY: Student enrolls in the fall
- Model Methodologies:
1. Effect of Aid

What else did we control for?

- **Independent Variables**
  - TOTAL GRANT AID (minus federal/state)
  - High School GPA
  - SAT or converted ACT
  - Admission to Honor’s College
  - Residency
  - Day application was submitted
  - First generation
  - Underrepresented race/ethnicity
  - Significant interactions

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<td>Max-Rescaled R-square</td>
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<td>Goodness-of-Fit Test</td>
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This creates the model.
We trust the model to tell us the impact of aid.
The model will not change.
2. Model the Effect of Changing Aid

START

Student admissions and financial aid data
Fall 2011-2014

MODEL

Run Regression Analysis to Create a Predictive Model.
MODEL WILL NOT CHANGE

SCORE

Determine probability each student will enroll
based on the model created above.
AID IMPACTS THE PROBABILITY

Student admissions and financial aid data
Fall 2014

We now know the impact of aid.
2. Model the Effect of Changing Aid

The model gives a probability based on the metrics. Changing a metric changes the probability of enrollment.

- **High School GPA**
- **SAT or converted ACT**
- **Admission to Honor’s College**
- **Residency**
- **Day application was submitted**
- **First generation**
- **Underrepresented race/ethnicity**

**TOTAL GRANT AID (minus federal/state)**

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<tr>
<td>22.0%</td>
<td>17.3%</td>
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<td>25.1%</td>
<td>28.8%</td>
<td>33.0%</td>
<td>37.5%</td>
<td>42.1%</td>
<td>46.7%</td>
<td>51.0%</td>
<td>54.9%</td>
<td>58.6%</td>
<td>62.2%</td>
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2. Model the Effect of Changing Aid

Use this technique to score every single student. Here are three of 16,000.

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<tbody>
<tr>
<td>Bob Apple, Resident, GPA 3.91, SAT 1110</td>
<td>22.0%</td>
<td>17.3%</td>
<td>19.4%</td>
<td>22.0%</td>
<td>25.1%</td>
<td>28.8%</td>
<td>33.0%</td>
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<td>51.0%</td>
<td>54.9%</td>
<td>58.6%</td>
<td>62.2%</td>
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<tr>
<td>Kerry Oki, Nonresident, GPA 3.27, SAT 990</td>
<td>20.8%</td>
<td>20.8%</td>
<td>23.9%</td>
<td>27.7%</td>
<td>32.2%</td>
<td>37.4%</td>
<td>43.1%</td>
<td>49.1%</td>
<td>54.9%</td>
<td>60.2%</td>
<td>65.0%</td>
<td>69.3%</td>
<td>73.1%</td>
<td>76.6%</td>
</tr>
<tr>
<td>Chris Coe, Nonresident, GPA 3.86, SAT 1070</td>
<td>15.6%</td>
<td>12.6%</td>
<td>13.1%</td>
<td>13.6%</td>
<td>14.2%</td>
<td>14.7%</td>
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<td>17.7%</td>
<td>19.4%</td>
<td>22.0%</td>
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3. Compare Aid Packages Instantly

- Customize who gets aid and how much
- Admits fall into the right bucket based on GPA/Test cuts
- The model calculates the new yield based on the proposed award
- Verify that the program fits budget requirements
Elasticity of Demand

Probability of Enrollment at Different Levels of Aid
Residents, 3.8 HSGPA or higher, 1200 SAT or higher

- 3.3 point increase to yield. 10% persuaded by aid. 90% already coming.
- 10.5 point increase to yield. 30% persuaded by aid. 70% already coming.

If the model is correct, a $1M program would yield 5 more students at the higher aid amount.
# Modeled Benefits of the New Merit Award

Assuming the same 2011 Admit Pool

<table>
<thead>
<tr>
<th>Additional Cost of New Financial Aid Program</th>
<th>+$179K (+3.2%)</th>
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<tbody>
<tr>
<td>Increase to Total Resident Awards</td>
<td>50% ($1.8M to $2.7M)</td>
</tr>
<tr>
<td>Additional “Summit” Students Enrolled</td>
<td>+129 (+24%)</td>
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<tr>
<td>(3.80 HS GPA, 1190 SAT) (Includes nonresident)</td>
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<tr>
<td>Enrollment of students with Less Than a 3.00 High School GPA</td>
<td>-97 (-77%)</td>
</tr>
<tr>
<td>Average High School GPA</td>
<td>3.62 (+0.05 point improvement over model using actual awards)</td>
</tr>
<tr>
<td>Average SAT</td>
<td>1123 (+34 point improvement over model using actual awards)</td>
</tr>
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The model shows a net increase of 106 admits enrolling due to reallocating and increasing aid.

Source: UO Enrollment Management Research, Jonathan Jacobs
Yield – Highly Prepared Residents

Resident Summit Award:
The model predicted an increase from 37% to 45% (modeled 2011 population). Bullseye.

2010 through 2012 = 36% yield
2013 through 2015 = 42% yield

Summit Resident Yield – 3.8 HSGPA / 1190 SAT/ACT

Negative publicity around incident involving UO basketball.
Yield – Summit-Level Nonresidents

Nonresident Summit Award:
The model predicted an increase from 8.6% to 11.1% (modeled 2011 population). Actual was lower than anticipated.

2010 through 2012 = 9.5% yield
2013 through 2015 = 10.4% yield

Summit Nonresident Yield – 3.8 HSGPA / 1190 SAT/ACT

Broadened out-of-state recruitment efforts in response to recession.
Yield - Apex

Apex Resident Yield –3.6 HSGPA / 1150 SAT/ACT

2010 through 2012 = 45% yield
2013 through 2015 = 49% yield

Apex Nonresident Yield –3.6 HSGPA / 1150 SAT/ACT

2010 through 2012 = 11.6% yield
2013 through 2015 = 12.3% yield
Pathway Oregon Headcount

Fall 2010: 415
Fall 2011: 450
Fall 2012: 395
Fall 2013: 523
Fall 2014: 542
Fall 2015: 703

Fall 2013 was the first year of the PathwayOregon redesign.

Fourth week PathwayOregon enrollment may be below final program enrollment for the cohort due to pending verification of Pell eligibility. UO Office of Enrollment Management, November 30, 2015
Distribution of Awards

Amount of Scholarship Aid Received

Percentile of scholarship amount received

I got nothing...

Full ride!
Distribution of Merit Award to Resident Freshmen
Includes Dean, Dean Access, Summit, and Apex, 2012 vs 2013

- Total 2012 Dean’s Scholarships: $1.41M
- Total 2013 Summit/Apex: $2.69M

Percentile of scholarship amount received
Distribution of Merit Awards

Distribution of Merit Award to Nonresident Freshmen
Includes Dean, Dean Access, Summit, and Apex, 2012 vs 2013

- $5,000 \rightarrow $4,000 (Dean to Apex)
- $6,000 \rightarrow $8,000 (Dean to Summit)

Total 2012 Dean’s Scholarships: $3.17M
Total 2013 Summit/Apex: $2.73M
Distribution of Pathway Awards

Distribution of Pathway Award to Resident Freshmen
2012 vs 2013

- Total 2012 Freshman Pathway: $0.64M
- Total 2013 Freshman Pathway: $1.16M
- 37% Pell Eligible
- 26% PathwayOregon
- 20% Pway Grant

$15,000
$10,000
$5,000
$0
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Distribution of All Awards

Distribution of Grant/Scholarship Award to Resident Freshmen
Includes Federal, State, and Institution Aid, 2012 vs 2013

- Apex Award: $1,500 → $3,000
- Summit Award: $3,500 → $5,600
- Merit + Need: $6,400 → $8,800

Total Scholarships to Resident Freshmen:
2012: $11.4M
2013: $13.9M
Aid Distribution – Pell Eligible

Distribution of Grant/Scholarship Award to Resident Freshmen
Proportion Pell-Eligible Within Each Distribution Point, 2013

37% of the new resident freshmen (the shaded area) are Pell eligible.
Aid Distribution – Average Loan

Distribution of Grant/Scholarship Award to Resident Freshmen
Average First Year Borrowing Within Each Distribution Point, 2013

Average includes students who borrow zero dollars (the metric is average loans per student – NOT average loans per borrower).
Excludes plus loans. Loan amount is based on disbursed loans.
Net Cost of Attendance
New Residents who Receive Aid, Fall 2009 to Fall 2014

In fall 2013 additional need and merit aid were targeted to resident students.

Source: University of Oregon IPEDS submission – net price
UO Office of Enrollment Management, November 30, 2015
Summary

• Experienced growth in higher ability students
• Growth in Pell-eligible student support program
• Continually review the success of the programs
• Tweak programs as necessary to accomplish goals
• Benefits of a team approach
Questions?

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