

Innovations in Financial Aid



- Technological tools
- Increased transparency
- Supporting retention and completion
- Customer service, personalized and in-person
- Beyond traditional financial aid

The disastrous launch of the revised Free Application for Federal Student Aid (FAFSA) in December 2023 was accompanied by a succession of glitches, malfunctions, errors, and delays. The resulting widespread confusion and frustration among students and parents compounded the strain on financial-aid officers, leaving them overwhelmed, exhausted, and frequently struggling to do their jobs, much less find new ways to do them better.

“It’s really easy to forget about that stuff when you’re in the midst of these kinds of daily problems,” says Sandy Baum, an expert on higher-ed finance and a nonresident senior fellow in the Center on Education Data and Policy at the Urban Institute. “Innovation has been hindered,” says Jill Desjean, director of policy analysis for the National Association of Student Financial Aid Administrators (NASFAA). For the most part, she says, colleges just “haven’t had the time to be proactive.”



Ellucian Powers Institutions So They Can Empower Student Success.

 **79%** of students find the details of their financial aid offer letter confusing

 **76%** of respondents cited the amount of financial aid and the process as key factors in their college choice.

 **59%** of surveyed students considered quitting higher education due to financial stress

Ellucian Student Financial Success increases enrollment and retention by removing the #1 barrier for students – financial uncertainty.

- **Eliminate paper-based processes:** Move prospects through your funnel faster by removing jargon heavy forms from the financial aid process
- **Increase diversity:** Reach more historically marginalized students by helping them visualize a funding path to their degree
- **Change more lives:** Break down barriers for students by helping them understand the true cost of attendance

“When I look up the definition of BEST IN BREED, I see Ellucian Student Financial Success. All their products I have used meet the mark and then some. When looking for Financial Aid solutions I suggest including Ellucian in your list of options.”

Howard Leslie
MS, FAAC, Former President,
NYSFAAA



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The Journey to Streamlining and Automating Your Financial Aid Process Starts Now. Dive into our 3-part webinar series showcasing how Ellucian’s Student Financial Success solutions can transform your students’ financial path to graduation with simplified processes and clear communication.

Nonetheless, even in the midst of the chaos, a number of creative efforts are underway — the kind of programs institutions hope to give more time, attention, and support to once the FAFSA debacle is behind them.

“There are more experiments and new strategies for how to better serve students happening now than there ever have been, and financial aid is absolutely at the helm, helping to build a new model for supporting students,” says Bridget Burns, chief executive officer of the University Innovation Alliance. “There’s a lot of innovation.” Financial aid is “a place with a reputation for being more constrained by rules, and it’s the place that’s most excited about change,” she adds.

Technological tools

As part of the broader use of artificial-intelligence tools in higher ed, colleges increasingly are using chatbots on their websites to provide financial-aid information on demand. Administrators are “coming up with lists of frequently asked questions and uploading those into chatbots with the answers and perhaps links to additional resources,” says Karyn Wright-Moore, vice president for compliance and quality assurance at the consulting firm [Higher Education Assistance Group](#). Having chatbots that can field inquiries about FAFSA deadlines or when students can expect to receive scholarships means that staff members can answer fewer calls and emails on those subjects — and be freed up to spend more time on complex tasks and more individualized personal interactions with students and families.

Burns says there are also more direct benefits for students: “If you set them up well — chatbots that are consistently supporting students and integrating data — you can see summer melt reduced and retention increased.” (“Summer melt” describes a phenomenon where students who have been admitted and have paid a deposit —

and perhaps even applied for financial aid — don’t enroll. They’re often low-income students from underrepresented groups, and they may be deterred by cost barriers, administrative hurdles, or simply a lack of support and guidance.)

While other uses of AI aren’t as widespread, financial-aid offices can also use — and in some cases are using — AI “to streamline processes and automate routine tasks,” Wright-Moore says. “I see innovative aid administrators using AI to write letters to students who have past-due balances or who aren’t making satisfactory progress.” Administrators can also use AI to do useful sorting and analyzing of data pulled

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from different departments and offices throughout their colleges — and do it much more quickly than without this technology.

Additional uses could include developing personalized financial-aid packages, looking at irregularities in applications, and forecasting trends. Many caution, however, that it’s critical to check the accuracy of AI-generated content, guarding against various biases and “hallucinations” the technology might perpetuate.

Increased transparency

In September, NASFAA [announced](#) its new [College Cost Transparency Initiative](#), through which more than 600 colleges have committed to making their communication about financial-aid offers more transparent,

clear, and understandable for students and families. U.S. Secretary of Education Miguel A. Cardona praised the program and others like it, noting in a NASFAA [news release](#) that “financial-aid offers are often confusing and, in some cases, misleading.”

The institutions taking part — collectively serving over six million students across 50 states, Puerto Rico, and Guam — have signed onto [a set of principles and standards](#) that say aid offers should be written in plain, easily understood language and prominently display individual costs, grants, scholarships, and loans; information about the renewal of aid; and an estimated net

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price, calculated by subtracting grants and scholarships from the total cost of attendance.

The hope is that greater clarity will make the process easier for students and lighten the load on administrators. “It’s always great to have answers to students’ questions,” Desjean says, “but it’s better to make a process in which no one has any questions — to have it be so simple and clear that everyone just understands it.”

Supporting retention and completion

Burns notes that financial aid also can be conditioned on students agreeing to

take part in a learning community, receive various forms of advising, or do a campus internship, all of which should increase their chances of having a successful college experience. Many colleges are also investing in completion grants, which provide students with a small amount of funding — often less than \$1,000 — they may need to pay off debts to their institutions. These debts may be very small — balances that come from unpaid fees or other modest expenses — but they can result in a hold on students’ accounts and prevent them from graduating.

Burns says the effectiveness of completion grants isn’t in doubt — that they work if they’re funded well and continuously, meaning students receive the money they need in a timely manner. “We also know there are lots of examples of institutions not applying them well and conveniently blaming the grants,” she says. “We want to talk about innovation, but what holds us all captive is implementation.” Problems can include not [automating](#) the process and requiring students to fill out forms to receive them, delays in students’ getting a grant until the end of a semester as opposed to the moment in which they need one, or restrictions on who can receive grants, which leave out too many students.

Customer service, personalized and in person

Especially given the FAFSA crisis, financial-aid offices have lately been leaning into more direct, personal, and in-person work with students. “So many of the problems this year were, if not individualized, then niche,” says Desjean. “What students have really needed this year was more face-to-face and one-on-one assistance,” including coming into the office or talking on the phone.

“Sometimes you just need a face — a person to talk to,” she adds. “It’s exactly why most financial-aid administrators get into the field — not to develop a system or bring



on a chatbot, but to meet with students and help them through the process.”

Some colleges have been doing personal outreach about corrections to the FAFSA. One model that many colleges across the country are studying is the [One Stop Student Services Center](#) on campus at Rutgers University at New Brunswick — an all-in-one “customer service” hub the institution designed and built for financial aid, student accounts, and registration. Courtney McAnuff, vice chancellor for enrollment management at the university, says his institution created “monumental change” by making sure students could access all their financial-aid information on their mobile devices. Students can also give their families access to their online portals.

The purpose of the center is to give students an in-person venue where they can receive advising and other services. They take surveys on their experiences and give ratings to their advisers — different forms of customer-feedback data with which the university can improve its operations.

“It’s working well,” McAnuff says. “Our first-year retention rate is 94 percent. Our six-year graduation rate is 84 percent. If we can better deliver services to students, we remove one of the reasons they might choose

not to stay.” When hiring employees for the center, he says, Rutgers has prioritized people with good personal skills, as opposed

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to simply a facility with technology.

Beyond traditional financial aid

Among the most significant innovations now underway may be those aimed at connecting low-income students with funding from outside traditional financial-aid channels — money that can help pay for housing, child care, transportation, food, and other living expenses.

According to Sara Goldrick-Rab, a senior fellow at the nonprofit Education Northwest and author of *Paying the Price: College Costs, Financial Aid, and the Betrayal of the American Dream*, some colleges are beginning to be more proactive about letting students know if, for example, they

may qualify for the federal [Supplemental Nutrition Assistance Program](#), [Temporary Assistance for Needy Families](#), or [Earned Income Tax Credit](#).

“Think about it: If you help a student get SNAP, you’ve given them more than a \$1,000 scholarship,” Goldrick-Rab says, noting that the Department of Education has publicly encouraged colleges to communicate about this with eligible students. The practice is “not that widespread yet,” she explains,

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“but like all good innovations, it’s starting where the need is strongest,” primarily at community colleges, where students receive less financial-aid funding than their peers at four-year institutions. “They’ve always been looking for more resources, so as a sector they’re ahead on this.”

Goldrick-Rab is a leader in the [movement](#) to make public college free, which, she notes, would be quite the financial-aid intervention. (While that goal remains unfulfilled at the federal level, [38 states](#) now have scholarships covering at least some of the cost of community colleges, four-year institutions, or specific higher-ed programs, according to the advocacy group College Promise.) She’d like a world where students graduating from high school receive information about FAFSA and affordable-housing options simultaneously, where the [National School Lunch Program](#) and subsidized transportation can follow them to higher education, and where they can be enrolled automatically in SNAP and other public assistance.

Connecting eligible students with these kinds of public-assistance programs doesn’t have to make financial-aid administrators’ jobs harder, Goldrick-Rab says. Financial-aid officers should forge partnerships with other stakeholders — in and outside their colleges — and receive any additional training or support they need. In the meantime, she believes a widespread commitment to referring students to existing public resources could be totally transformative.

*“Innovations in Financial Aid” was produced by Chronicle Intelligence.
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