Simplifying the Financial Aid Process for Students

By Nicole Engelbert and Steve Hahn

The simplified Free Application for Federal Student Aid (FAFSA) and the Consolidated Appropriations Act (CAA) is a shift in how the federal government assesses affordability and access. This change provides an opportunity to make the process work better for students and counselors alike.

Higher education at its core is an optimistic endeavor for most students. It is about building toward the future and new knowledge, educating the next generation, and putting forward resources for the kind of society we want.

Yet there are many barriers to college entry. The financial aid process is among the most critical to help students who cannot afford college but is a challenging and arduous one to follow. The process was designed for a nuclear family with a single, salaried adult as the head of household. Today's definitions of "family" have stretched that original aid evaluation process mightily. For many, completing the FAFSA is a Herculean task. And then to add insult to injury, students most in need of financial aid have often been the ones chosen for verification, requiring them to provide more documentation and answer additional questions in an already daunting process.

Many higher education leaders are at a crossroads. Will we allow inequities to accelerate? Or can we contribute to a society where more people can participate and benefit, through policies and our own actions?

Due to long-standing issues with accessing financial aid, policies are changing to reflect the current climate. By 2024, the U.S. FAFSA will be simplified — going from 108 questions to a maximum of 36, changing the expected family contribution (EFC) to a student aid index (SAI), and allowing for a negative contribution. The spending bill also increased Pell Grant eligibility and enabled more families with financial need to receive more aid. These changes will allow 1.7 million students to qualify for the maximum award — and make 550,000 newly eligible.

As policymakers address the long-standing need for more equitable, inclusive and accessible financial aid processes to address affordability, the roles and expectations of financial aid officers will evolve — and so will the technology that supports administering financial aid. With significant and exciting change on the horizon, it is critical for financial aid teams to prepare for this shift now.

Addressing affordability and accessibility has always been a goal for financial aid professionals. These impending new policies can enable them to fully act on this goal and become more student- and family-centric in their mission of helping students find the right financial pathway. To prepare for this anticipated change, there are important actions college and university leaders can take.

Financial barriers in the admissions process

Many students, daunted by the mismatch between what it costs to attend and the potentially available financial aid, refrain from even trying to receive aid. While only 27% of U.S. adults believe that education beyond high school is affordable, $2.3 billion in federal financial aid was left unclaimed from eligible high school graduates not filing a FAFSA in 2017. In spring 2021, higher-income students were filling out the FAFSA at higher rates than low-income students.

Consequently, leaders are concerned about a possibility that enrollment will be lower for low-income and first-generation students for fall 2021. Already, more than 600,000 fewer students enrolled at colleges and universities in spring 2021 compared with 2020 — the largest year-over-year drop in a decade. As families reel from the financial losses due to the pandemic combined with widespread social justice conflicts, higher education's commitment to access and affordability could be set back by decades.

Three in 10 Americans had a hard time filling out the FAFSA, according to a 2021 survey from Debt.com. Many families are confused by the expected family contribution figure (which is now being replaced with the student aid index, a metric that will fulfill the same purpose in assessing student need but can now be a negative number to demonstrate students' full need). Other applicants don't know how to import income information (which will now be directly imported from filed tax returns). There is hope that these changes will lead to more families completing the FAFSA, yet promising changes don't address the main concern about financial aid: While finances are often the first concern that parents and families have with college admissions, how students are expected to pay is the very last thing considered in the process.

"Can I afford this?" is the last question answered in the admissions process. As a result, students and their families are set up to face more emotional dilemmas and decisions, and are more likely to make choices not in their best interests. The fact that students often don't know how much they will end up paying until weeks after they are accepted — and even then, the number can still fluctuate — can have an impact on enrollment and subsequent degree completion, and can hinder students before they even set foot on campus.

The current process also fails to fully tap into financial aid professionals' potential in helping and supporting students. Higher education institutions spent 26.1 million hours annually on U.S. Department of Education forms; the sector also spends about $27 billion on federal compliance every year. While these figures map to other administrative areas in higher education, financial aid makes up a sizable portion of the total. The time dedicated to these administrative tasks takes away from where counselors' energy should be and the important conversations with students and their families that need to happen.

Automation and machine as persona in financial aid processes

Automation and machine learning for financial aid processes can reduce the time and money spent on administrative tasks, helping financial aid professionals reorient their time in the best possible way and get students the help they need when they need it.

Colleges and universities that have automated administrative financial aid tasks in the past have found that counselors can spend more time with the students they are assisting. Institutions have automated upward of 90% of the financial aid process with Oracle's Student Financial Planning (SFP). "Machine as persona" is incredibly powerful but takes time and attention to identify what should be handled by technology and what should be handled by professionals.

Historically, we thought of automation as happening "automagically." There are processes and transactions that need to happen in the financial aid office. These range from the human interaction that needs to occur, to the difficult and ambiguous problems that

need to be solved, to the routine and basic requests. Thinking of the machine (aid software) as a persona, and assigning the basic tasks to it, helps make solving problems in the process less daunting and more effective.

To implement this type of technology successfully, leaders should engage in a business process review to understand how financial aid works today and how they can better their process. Who (or what) is the right persona to carry out specific tasks and interactions? Uploading and downloading data should not fall on the financial aid professional, but effective use of new technology means there needs to be planning for a learning curve with the machine.

Ultimately, this kind of change requires a greater focus on both the student and the teams that you have. With technology ever changing and advancing, it's important to equip teams with the skills they need so they can use that technology to the best of both their ability and the system's capacities, and further help advocate for students — especially those that need the most support. Automation and artificial intelligence can be used to analyze the type of student an institution isn't enrolling or supporting and zeroing in on what interventions will be most effective. With the machine doing these tasks, it frees the humans to carry out the interventions and deal with the exceptions.

The key to this transformation working is not adding additional resources to your office, but making the resources work better for the student and re-centering financial aid counselors' work in what they signed up to do: help others by targeting their personalized experience. Imagine a scenario where the financial aid office isn't perceived as among the barriers to enrollment but instead a partner that can facilitate solutions in ways that aren't just finance-related. Financial aid counselors should be in a position where they can start connecting the dots between what a student can pay, how much it costs, the time to graduation, choosing a program of study, likely employment options, and loan repayment. The reason this work has remained siloed in the past is because that is how it worked best for the institution. Yet a

student's lived reality is far from siloed. The financial aid counselor should have time and space to discuss this with students before big decisions are made.

By refocusing financial aid professionals' time, students can have a more tailored and equitable experience, and financial aid counselors get to spend more time working with students. Getting to that point requires some re-skilling of financial aid professionals to maximize the opportunities afforded by new and powerful technologies added to their toolkit.

Re-skilling professionals with future-back thinking

Future-back thinking presupposes an innovation and clear vision — a future that you hope to achieve, unconstrained by the present. This type of model gives you a clear path to work back from to impact your day-to-day actions and can aid in organizational transitions.

When thinking of transforming financial aid to become both an office of advocacy and accountability, consider where you need to go and how to best get there. Can you anticipate student needs? What will the financial landscape look like in the future? How will you be communicating with prospective students, and what are ways to make the process as simple as possible? How can you re-prioritize resources to assist those who are not receiving enough help?

Higher education will be different 10 years from now, even beyond 2024 when the new FAFSA will be used. Building this type of future-back process into the architecture of programs will ensure your institution is not out of step amid a proliferation of change. To start transforming and re-skilling your team, consider the following:

Walk with students: Higher education has seen with COVID-19 that just because a university or college operates online does not mean its processes are accessible. In order to design with the student in mind, you need to gain their trust and learn what the process is like not from an administrative view but from a prospective (or enrolled) student's view. Do we understand when specific types of students want high-touch versus no-touch interactions? Meeting students where they are can help with navigating particularly sensitive conversations around finances as well.

Administrators sometimes segregate themselves into roles that set them too far apart from the student experience. Leaders need to walk the process chronologically office to office, start to finish, with students to move from the anecdotal way of making informed decisions to a more sensitively informed way of crafting the student experience.

Design with the student perspective in mind: Once you confirm where the pain points are, eliminate them as much as possible. Then, you can further model your process. Oracle built SFP to be entirely contactless, based on information from students indicating a preference for a frictionless experience when interacting with the

financial aid office on quick questions. Questions to ask include: How can you communicate and educate prospective students about financial literacy earlier? What information do students need? What type of outreach works? To maximize the amount of time financial aid professionals have with students, automate whenever you can in order to put people where you must.

Focus on those who need help the most: Rethink and redeploy resources to make sure the portion of the prospective student population that will directly need the financial aid office's support can receive it. Intervene at the student's convenience — whether that is in the hallways of high school partners or office hours at universities, walking students through the financial aid process or answering questions in their own environment can move them along in the process.

A business process review and methodologies such as Lean Six Sigma can help institutions understand where and how they can realize the best impact from the work that they do. And once this has been done, financial aid offices are likely to find that they have more time and resources — especially if they begin to automate routine tasks.

Recognize the connection counselors have to the mission: As you begin to transform your team, honor your counselors' connection to the mission of their work. How do you continue to align the mission with their day-to-day work? Counselors go into the field to help others yet have had their time consumed by administrative tasks. Giving them back time and resources to connect with students can increase buy-in from the team.

With federal policy evolving to be more aligned to the current realities of affordability, the onus is now on higher education leaders to keep the momentum going. By mobilizing a student-centric approach to federal financial aid processing and equipping teams with the skills they need to operate at a high level, colleges and universities can prime their organizations to evolve — and eliminate barriers to entry for higher education, despite a family's financial situation.

Key Takeaways

To focus the attention back on the student, leaders should:

Think differently.
Where will higher education be in 10 years, and how can we build the changes we anticipate into the architecture of programs today? As infrastructure advances and the workforce continues to adapt to new technologies, it is essential to re-skill professionals to both complete counseling tasks and keep up with modern technology.

Plan differently.
Move financial aid programs from being seen as primarily an administrative department to a strategic partner. Reorient student aid processes to focus on students and their experiences.

Act differently.
Automation and machine learning for financial aid processes can help streamline processes. Begin with a business process review, then determine what tasks can be best achieved

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