The strategic use of campus-based financial aid has become an integral part of enrollment management strategies. This chapter examines how colleges and universities are using financial aid to achieve enrollment and financial objectives.

The Role of Financial Aid in Enrollment Management

Don Hossler

The concept of enrollment management emerged in the late 1970s and early 1980s. In 1976, Jack Maguire, a faculty member in physics who was drafted into an administrative position, started to use the term enrollment management to describe a synergistic approach to influencing college enrollments he was putting into place at Boston College. In the early 1980s, Kruetner and Godfrey published an article about their enrollment management efforts at Long Beach State University. Soon afterwards, a number of articles, monographs, and books began to emerge on the topic of enrollment management (see for example Baldridge, Kemerer, and Green, 1982; Hossler, 1984; Muston, 1985).

Most of these early approaches to enrollment management included the office of financial aid, and acknowledged the role that pricing and financial aid played in influencing student enrollment decisions. Nevertheless, compared with the landscape of today, these early efforts to link financial aid within the broader concept of enrollment management seem simplistic. The role of financial aid within enrollment management has come a long way in just fifteen to twenty years.

However, in order to discuss the more sophisticated and complex role of financial aid in enrollment management, it is first necessary to provide an introduction to the concept of enrollment management. Within the context of an enrollment management framework, I will explore the role of financial aid on new student recruitment and retention. I will also examine the ethical issues related to the use of campus-based aid to achieve enrollment management objectives.
Understanding Enrollment Management

On most campuses there are multiple purposes for creating and sustaining enrollment management organizations. However, the purposes always focus on attracting and retaining students. These goals typically include efforts to increase the number of new students, plans to diversify the student body, efforts to retain more students, and a desire to enroll more high-ability students or students with special talents (athletics, music, theater, and so on). Administrators and faculty often assume that the only goal of enrollment management is to increase the number of new students. Senior leadership on many college campuses is equally interested in enrolling more nonresident students, more students of color, more high-ability students, or all such groups. These, too, can become important goals for enrollment managers.

A number of definitions of enrollment management have been offered by practitioners and scholars (see for example Hossler and Bean, 1990; Baldridge, Kemerer, and Green, 1982; Muston, 1985). These definitions share many common elements. Hossler and Bean (1990) define enrollment management as “an organizational concept and a systematic set of activities designed to enable educational institutions to exert more influence over their student enrollments. Organized by strategic planning and supported by institutional research, enrollment management activities concern student college choice, transition to college, student attrition and retention, and student outcomes. These processes are studied to guide institutional practices in the areas of new student recruitment and financial aid, student support services, curriculum development, and other academic areas that affect enrollments, student persistence, and student outcomes from college” (p. 5).

As a concept, enrollment management is broad in scope. Hossler and Bean (1990, pp. 5–6) suggest that “the key elements of enrollment management” are (1) using institutional research to position the campus in the marketplace, examine the correlates to student persistence, and develop appropriate marketing and pricing strategies; (2) monitoring student interests and academic program demand; (3) matching student demand with curricular offerings that are consistent with institutional mission; and (4) paying attention to academic, social, and institutional factors that affect student retention.

However, enrollment management is not only an organizational strategy to achieve enrollment goals, it can also be a tool to achieve other important goals. Because campus-based financial aid has become such an important part of enrollment management strategies, enrollment management efforts have also become an integral part of campus financial and budgeting strategies. The effects of new student enrollments and campus-based aid programs on net tuition revenue have a pronounced effect on the economic health and vitality of colleges and universities. Hence, enrollment management is not only part of an enrollment strategy; it has also become a budgeting strategy.
Enrollment management should also be viewed as a key part of an institutional positioning strategy. In the eyes of many external stakeholders, as well as prospective students, the size of the enrolled student body, the selectivity indicators of enrolled students (for example, average class rank or SAT score for an entering class, or *U.S. News and World Report* rankings), and the demographic characteristics of the students who enroll play a major role in defining colleges and universities. Along with location, cost, academic program offerings, and the extent to which a campus emphasizes research or teaching, the characteristics of the enrolled students create the market position of a campus in the eyes of external audiences. Therefore, enrollment management goals must be carefully linked to institutional positioning goals.

Although enrollment management has a broad and encompassing definition, on many campuses this term has been used to describe only activities focusing on the areas of recruitment and student financial aid. Clearly these are key aspects of enrollment management, but a comprehensive approach goes far beyond these two areas alone. Student academic success and student persistence are also important to successful enrollment management. In addition, enrollment management is a data-driven, analytical enterprise. Strategic decisions about pricing and institutional positioning, as well as tactical decisions about marketing activities and financial aid packages, can be improved through the use of sound research and evaluation.

As I have already noted, early enrollment management models were based on simplistic assumptions of the impact of financial aid and pricing strategies. In more recent years, enrollment management organizations and offices of budgeting and finance on college campuses are using sophisticated multivariate analyses to help them craft tuition policies and financial aid programs that will help campuses achieve their enrollment and budget goals. In ten years, financial aid has moved from being one of many components of enrollment management efforts to being one of the key factors.

### Purposes of Financial Aid

Before examining the current role of financial aid in enrollment management, it is useful to review briefly the purposes of financial aid. Some financial aid administrators and scholars of financial aid policy have been critical of the growing use of financial aid to achieve enrollment goals. To address these concerns later in this chapter, I will quickly review the traditional purposes of financial aid. Many critics of current campus-based aid strategies that focus on the effects of aid on influencing student enrollment decisions focus exclusively on the original goals of federal financial aid programs that were designed in the 1960s and 1970s. These federal programs, and many of the state programs that were created as a result of the State Student Incentive Grant Program, focused on increasing student access to higher education.
among low- and moderate-income families. Clearly, these are important and laudable goals. However, the purpose of federal, state, and institutional financial aid programs has always been broader and more complex than access and equity, including rewarding past service to the nation, stimulating more students majoring in areas where there are labor shortages, remedying past injustices, and enhancing the stability of colleges and universities (McPherson and Schapiro, 1991).

It is evident that the purposes and goals of financial aid have always been complex and diverse. The noted historian of higher education, Frederick Rudolph (1990), when describing the events of the nineteenth century, and Michael McPherson, a distinguished economist who specializes in the economics of higher education, both conclude that helping maintain the fiscal health of colleges and universities has always been one of the purposes of campus-based financial aid programs.

The Role of Financial Aid in Influencing College Enrollment Decisions and Student Retention

It is difficult to understand why financial aid has become such an important part of enrollment management efforts without summarizing the research on the impact of financial aid on prospective college students and enrolled college students.

Financial Aid and Enrollment Decisions. Research on this area has increased dramatically in recent years. The higher education system in the United States is diverse, and it is not possible in this chapter to provide a detailed discussion of how campus-based financial aid policies affect students considering individual institutions. How students considering a regional private comprehensive college might respond to campus-based financial aid programs would be quite different from how students applying to a public doctoral-granting flagship university would respond. Students who plan to live at home and attend a commuter campus have price thresholds different from students considering rural residential institutions. In addition, institutional characteristics such as selectivity, reputation, and depth of applicant pool also influence how prospective students are influenced by campus-based financial aid programs. For example, an Ivy League college with a very deep applicant pool does not necessarily have to offer as much financial aid to induce students to enroll as a regional, less well known private college with a smaller applicant pool might have to offer.

It is also difficult to separate the impact of tuition on student enrollments from the effects of student financial aid. Tuition cost is clearly a signaling device for students and parents. The problem is that effects of tuition costs and financial aid do not uniformly affect the decisions of prospective or currently enrolled college students. Some students and families automatically equate higher cost with higher quality. Other potential college matriculants automatically exclude higher cost institutions because they
believe they cannot afford them. They often do this without any knowledge of possible financial aid awards. The difficult task for most institutions is to try to determine how most of the students and families in their markets react to price. The word most is emphasized here because reactions will not be uniform among all potential students. Because of the interaction effects between tuition costs and financial aid programs it is possible for enrollment managers, in consultation with other senior campus administrators, to simulate several approaches to tuition costs and financial aid. Some private and public colleges maintain low costs and offer very little institutional financial aid. These institutions rely on low costs as the primary financial factor in helping achieve enrollment goals. Other private and public institutions pursue a high-tuition, high-aid strategy. Often referred to as the "Robin Hood" strategy, these institutions set higher tuition rates and then target campus-based scholarship programs toward students whom they seek to enroll. The scholarships lower the net cost of attendance and influence the matriculation decisions of students who receive these offers. In this section, the focus is on the effects of campus-based financial aid on student enrollment decisions. However, it is important to keep in mind that some colleges and universities use low tuition costs rather than financial aid to help manage their enrollments.

To examine the complex effects of financial aid on the college enrollment decisions of traditional age students, it is helpful to draw from two strands of research. These include meta-analyses of the effects of financial aid on student enrollment decisions and research on the college choice process.

Several reviews and meta-analyses of the effects of financial aid on enrollment decisions are available (Heller, 1997; Jackson, 1978; Leslie and Brinkman, 1987; St. John, 1990). Each of these reaches similar conclusions. One key finding is that receiving a financial aid award has a significant positive effect on the likelihood that a student will enter the institution that has made the financial aid offer. Indeed, these reviews conclude that the effect of just receiving an award, regardless of the amount, equals or exceeds the effects of the amount of the award. This conclusion is not meant to infer that the amount of a campus-based award does not influence college matriculation decisions. The amount of an aid offer does matter. Several studies have demonstrated that enrollment decisions are influenced by the amount of financial aid awards (Chapman and Jackson, 1987; Tierney, 1980). For emphasis, however, it should be noted that the effects of aid interact in complex ways. Students may turn down a generous financial aid package from a small regional private college if they are admitted to a prestigious Ivy League college that offers no financial aid. Furthermore, research has consistently found that African American students and Latino students are more cost sensitive and more responsive to financial aid offers than majority students of similar socioeconomic background (Hossler, Braxton, and Coopersmith, 1989; Paulsen, 1990). Similarly, it typically requires larger
scholarships to influence the enrollment decisions of high-ability students. These students are heavily recruited by many colleges and universities and are often offered many large scholarships. These students are also more likely to be interested in institutions with higher levels of prestige and greater selectivity. For these reasons, many colleges and universities need to offer higher-ability students larger scholarship awards if they wish to influence their enrollment decision on the basis of financial aid offers (Chapman and Jackson, 1987).

One limitation of this line of research is that many of the studies on which these conclusions are based were conducted before non-need-based campus aid had become as common as it is now. Growing competition for college students of all ability levels, but especially the competition for high-ability students, has resulted in greater amounts of campus general fund money being invested in scholarships designed to influence the enrollment decisions of students. Hence, it is possible that students have become even more responsive to the amount of their financial aid awards. Nevertheless, the cumulative results of these studies indicate that colleges and universities should continue to emphasize that campus-based aid, even modest awards, may have a positive impact on the matriculation decisions of prospective students. These findings lead to two important conclusions about the effect of financial aid on student enrollment decisions. First, and not surprisingly, the amount of financial aid students are offered has an effect on the decisions they make as to which college or university to attend. Second, financial aid offers also have psychological benefits for prospective students.

In a recent book, *Going to College: How Social, Financial, Educational Experiences Influence the Decisions Students Make* (Hossler, Schmit, and Vesper, 1998), the effects of how perceived costs, financial aid, and other factors influence the college enrollment decisions of high school students as they move from the ninth grade through high school graduation were carefully researched. The authors found that one of the primary factors that parents, and later students, consider when dropping and adding colleges to the list of schools they are considering is the perceived costs and the probabilities of receiving financial aid. This process of dropping and adding schools starts as early as the tenth grade. Furthermore, parents play a key role in this process. Simple statements such as “We can’t afford to send you to that school” or “You can attend that school if you get a scholarship” can have a powerful impact on which institutions students seriously consider. These findings are consistent with Jackson’s meta-analysis of the effects of financial aid on student enrollment decisions. Jackson (1978) concluded that many students fail to consider or needlessly eliminate colleges and universities that might have been good choices for them because they believe they cannot afford to attend these schools. These findings lead to two additional conclusions. Total cost of attendance influences the decisions of students long before they get to the point of selecting which college to attend. As a
result, the timing of when students (and their parents) learn about actual or possible financial aid packages can influence the planning for going to college, even at very early stages of the process.

In sum, these findings indicate that colleges and universities can use campus-based financial aid to help them achieve their enrollment goals. Financial aid awards, along with tuition costs, may exert a strong influence on the number and types of prospective students that consider attending individual colleges and universities.

The most widely discussed campus-based response to the effects of financial aid on the college decisions of students in the context of the current financial pressures placed on institutions, students, and families is some variant of the Robin Hood strategy. This approach raises tuition and uses large portions of the increase to provide financial aid to prospective college students in order to induce them to matriculate. Although these financial aid inducements might be used to meet student financial need, the intent behind the strategy is to use the award as a merit award that will help individual campuses more effectively “court” or recruit students with higher grades, with more talent, or with lower levels of financial need. In the admissions and financial aid community there is a great deal of discussion of financial aid leveraging. Aid leveraging is an analytical tool that enables admissions and financial aid administrators to estimate the amount of financial aid (regardless of formal need formulas) that would be necessary to increase the probability that a student with a specified set of characteristics would enroll. These characteristics often include variables such as academic performance, socioeconomic status, major, ethnicity, place of residence, and special talents. It must be remembered, however, that this approach is not without increased costs. Institutions have to increase their tuition, increase the education and general (E&G) portion of the budget that is allocated to financial aid, or both.

The increased focus on ratios between tuition income and financial aid expenditures has changed the discussion on many campuses. In the early 1970s, even among private institutions, it was uncommon to have more than 10 to 15 percent of total tuition revenue returned in the form of scholarships or discounts to students (Hossler, 1984). Currently, it is not uncommon for private institutions to have discount rates as high as 25 to 30 percent. Institutional policymakers often become more concerned about net tuition revenue than total student enrollment. Originally, Robin Hood strategies were used by private sector institutions. Nevertheless, public institutions have also started to use this technique to optimize revenues.

Public flagship institutions, however, face difficult problems with this approach for their out-of-state student markets. If they continue to raise their tuition, they run the risk of reaching tuition levels that come close to the costs of more selective private institutions. Most of these private colleges and universities award significant amounts of student financial aid. These large scholarships and increased competition for high-ability students make
it increasingly difficult for public flagships to recruit out-of-state students without investing even more in their financial aid programs.

It is unlikely that tuition leveraging can continue indefinitely. The costs of competing over the size of tuition discounts will eventually cause cost increases that go beyond what students are willing to pay (Edgerton, 1993). In addition, as the amount allocated to financial aid awards increases, institutional investments in the academic infrastructure and campus facilities decrease. Eventually, campus administrators will be forced to make difficult decisions and to evaluate whether or not institutional resources would be better invested in other areas. In addition, the ever present threat of enforced cost containment in the public sector and the competitive pressures in the private sector will act to constrain the use of high-tuition, high-aid strategies.

Not all colleges and universities, however, are pursuing high-tuition, high-aid approaches. Some regional public and private institutions have sustained enrollments by keeping costs low. They have a sound reputation in local markets and use their cost advantages as the principal mechanism for attracting students. Institutions that attract primarily commuting students (for example, community colleges and metropolitan institutions) are also hesitant to raise their costs too high. A large proportion of their enrollments are part-time students who are very cost sensitive and may not take enough classes to qualify for most forms of financial aid.

Financial Aid and Student Retention. Financial aid can also have an impact on the retention of currently enrolled students. In Chapter Five, Edward St. John discusses the relationships between financial aid and student persistence in detail. For this reason, the impact of financial aid on student persistence will not be examined in depth here. Enrollment management practitioners, however, should keep in mind that how financial aid influences student retention is more complex than how it affects student enrollment decisions. Because federal, state, and institutional financial aid policies change so frequently, it is impossible for enrollment managers to make definitive statements about the effects of financial aid on matriculation and retention. Analyses of the effects of aid on student matriculation and persistence decisions have to be replicated annually in order for enrollment managers to be confident that campus policies are having the optimal desirable effect on student enrollments. In addition, readers should keep in mind that variables drawn for sociological models of student departure such as the Tinto model (1987) or the Bean model (1980) find that effects of financial aid are smaller than factors such as academic and social integration or academic success. Therefore, these factors are likely to be more promising areas for intervention for most enrollment managers seeking to improve student persistence.

Using Financial Aid to Achieve Institutional Goals

The use of econometric techniques to determine the effects of financial aid on student enrollments and increased use of tuition leveraging approaches
have changed how financial aid and tuition policies are determined. Organizational linkages of offices of admissions, financial aid, and academic units through enrollment management structures have resulted in the strategic use of financial aid throughout the recruitment and retention process. To reinforce the use of financial aid to achieve institutional goals, it is helpful to provide an overview of the annual process of developing institutional financial aid policies and examine how enrollment managers may use these policies in an optimal fashion to realize enrollment and revenue goals.

The Goal-Setting Process. For decades, discussions about tuition rates, campus-based financial aid policies, and enrollment targets were based on efforts to anticipate what other competing institutions were going to do, and were combined with the efforts of senior campus policymakers to balance the budget. Often goals for the number of newly enrolled students for the coming year were set solely on the basis of past trends and revenue goals for the campus. However, these new analytical techniques now permit simulations of the financial aid costs of achieving desired enrollment goals and the overall impact on the total campus budget. The steps and the timing of the process may vary from campus to campus; however, the basic framework is likely to be similar for all institutions.

Phase One. The offices of admissions and financial aid generate data sets that include as much information as possible about the demographic and financial characteristics of the entire student applicant pool, contacts with the admissions and financial aid offices prior to matriculation or nonmatriculation, and any campus financial aid offers that were made to matriculants and nonmatriculants. The data file is typically given to the office of institutional research or an external consultant in situations where campuses are not staffed to conduct such analyses. This process usually begins in the late summer or immediately after the school year begins. This is always conducted at this time of the year to allow for comparisons to be made between students in the file who were admitted and did not enroll and those who did enroll. It is possible to begin the analysis by using students who have paid enrollment deposits rather than using enrolled students if most students who pay enrollment deposits subsequently enroll. It is more desirable, however, to generate the analysis after the semester begins so that actual matriculants can be compared with those who did not enroll.

Phase Two. The office of institutional research (or consultants) works closely with enrollment managers during the process of data analysis. Anomalies in the results are frequently found. Those doing the analysis often lack sufficient knowledge of the activities of the offices of admissions and financial aid or the policies of competitor institutions. As a result, some results may be misinterpreted. The first round of analysis seldom answers all the questions about the effects of financial aid on total new student enrollment, student diversity, high-ability students, and so forth. For this reason, the analysis phase is an iterative process. Analysis leads to additional questions, which in turn lead to additional analysis until representatives of
the enrollment management office have identified two to three sets of optimal approaches to achieving enrollment and revenue goals.

**Phase Three.** These scenarios are next considered by the offices of financial aid and admissions. This is to ensure that these two offices can implement the proposed financial aid policies. Sometimes the analyses can lead to proposals that would be very difficult for a financial aid office to administer. For example, large public universities rely heavily on computer software to manage the awarding of financial aid. If a proposed policy requires large numbers of manual interventions into the process it may not be possible to implement some aspects of a policy, or at least the financial aid office may require additional personnel.

**Phase Four.** It is rare for even vice-presidents for enrollment management to be authorized to set final policies about financial aid because of their substantial impact on total campus revenues. Usually, the senior enrollment manager will next present two or three campus-based financial aid plans to the president and other senior members of the president’s cabinet. In large institutions, academic deans may also be part of the enrollment management and financial aid decision-making process. Indeed, at some large institutions, this entire process is completed to derive different financial aid programs for each academic school such as a college of arts and science or a college of engineering. This advisory process leads to a final decision about the scope and purpose of campus-based financial aid for the coming year.

**Executing the Plan.** Once the parameters of the financial aid plan are determined, it is up to the enrollment management division to implement the plan. One of the tensions in the process outlined above is the desire of the enrollment management staff to inform prospective students as soon as possible about any financial aid they might potentially receive. The degree of concern about early information about financial aid varies according to the depth or quality of an institution's applicant pool. There is such high demand for admissions to highly selective institutions that these colleges and universities can wait until very late in the enrollment decision process to inform students of their actual aid packages. Colleges and universities with modest levels of selectivity and shallow applicant pools have a greater need to get information about possible financial aid awards to prospective students as early as possible in order to increase the likelihood that they will continue to keep them on the list of schools that students are seriously considering.

Financial aid award letters, however, should not be limited only to communicating the amount of financial aid. Many campus scholarships are also linked with selection for special academic programs, student leadership programs, or other special talents (music, athletics, and so on). Recruitment letters, congratulatory phone calls, or special on-campus events for those selected should emphasize the importance of being selected as well as the financial aid award. Linking recruitment and financial aid activities is likely
to result in making a greater positive impression on an admitted student than would either the scholarship or being selected for the special academic or leadership program alone.

Finally, it is also important to analyze the effects of the financial aid strategy continuously. If anticipated yield rates appear to be falling behind projections during the course of the year, it is possible to revise the plan or develop additional recruitment strategies that can be used in conjunction with financial aid awards.

**Ethical Concerns**

The rise of campus-based merit aid and tuition leveraging strategies to achieve enrollment and revenue has been criticized within the higher education community (Edgerton, 1993; McPherson and Schapiro, 1991). Critics argue that campus-based aid should be used to assure access and equity for all students. They note that tuition discounting and financial aid leveraging strategies are also leading to higher tuition rates so that colleges and universities can use the additional revenue to fund merit scholarships for students who might otherwise qualify for additional need-based financial aid in order to be able to afford to attend a college or university of their choice. These assertions are correct. No current observer of financial aid policy would disagree with these observations. However, these criticisms have to be placed in context.

First, as already noted, the emergence of a national effort to use financial aid to enhance equity and access only appeared in the 1960s. For most of the history of higher education, institutional financial aid was focused on institutional priorities or was directed by the wishes of individuals who endowed scholarships. Critics often sound as though the current focus of campus-based aid on enrollment and revenue goals is a reversion of long-standing campus policies. More important, throughout the 1970s and 1980s, except for a small number of elite and well-endowed institutions, most colleges and universities relied on federal and state governments to meet financial need. Few campuses, especially public universities, provided large amounts of need-based aid out of campus general fund revenues. This is not to suggest that the use of a need-based focus for all forms of financial aid should not be a goal for federal, state, and institutional policymakers. However, few colleges and universities are able to achieve this ideal, and those that do are typically wealthy institutions with deep applicant pools.

This leads to the next observation about the use of campus financial aid to achieve enrollment management goals. For the past twenty-five years, most colleges and universities competed aggressively for students to achieve their financial and educational goals. Predictive modeling and tuition leveraging became an important part of the competitive environment. Schools that do not engage in these practices are often placed at a competitive disadvantage. In their recent book, *The Student Aid Game*
McPherson and Schapiro describe the difficult circumstances many colleges find themselves in as they attempt to equalize concerns for equity, efficiency, financial responsibility, and balance institutional budgets. Sandy Baum (1998), an economist who specializes in federal financial aid policy, concludes, “Balancing long-term and short-term goals, considering the interplay between the ability to pay and willingness to pay, thinking of financial aid as part of a pricing policy, and understanding the mutually reinforcing aspects of equity and efficiency all lead to the suggestion that the goals of both equity and strategic planning must enter into financial aid allocation decisions” (p. 16).

In the past, it was common for presidents and academic administrators to set targets for increasing the number of total new students or the number of students of color with little sense of the resources required to achieve these goals. Predictive modeling for financial aid is an important tool in helping institutions prioritize their goals. The use of analytical techniques such as predictive modeling helps campus administrators understand the potential cost of investing in financial aid or other approaches to strengthen recruitment or retention efforts. For example, academic support programs are effective tools enabling more disadvantaged students to be successful and persist. Predictive modeling enables comparisons of the costs and benefits of investing more funds in financial aid or academic support programs. When a board of trustees, or a college president, announces a plan to increase the number of Latino students, multivariate analysis enables campus administrators to identify the costs that will be required to fund such an initiative. Critics of the use of predictive modeling fail to take into account how it can be used to make a case for more need-based aid as well as merit aid on campuses.

More vexing problems related to the use of campus-based financial aid scholarships to influence student enrollment include the conditions of scholarships. Some campuses only guarantee scholarships for one year. Other colleges and universities establish grade-point-average renewal criteria so high that many returning students who were counting on the scholarship to help finance their college education may not see their aid renewed in succeeding years. These tactics raise obvious ethical questions.

The Future

The next fifteen years will be an interesting period for enrollment managers and the use of financial aid in recruitment and retention. Many private colleges and universities are struggling to reduce the amount of general fund revenue spent on scholarships, thus lowering their discount rates. Conversely, there has been an increase in the use of campus-based financial aid to meet enrollment goals at public institutions. However, the use of tuition discounting at public institutions has been limited primarily to attract more nonresident students. Nonresidents are attractive because of the higher tuition rates they pay.
The “baby boomlet” is upon us and as a result, colleges and universities may not have to rely as much on financial aid to achieve enrollment objectives. There will continue to be high levels of competition for high-ability students, students of color, and students with special talents. What we may see is a decrease in merit aid offers to strong, but not excellent students. Currently, it is not unusual for students in the top 20 to 25 percent of their class with SAT scores of approximately 1200 to receive generous campus scholarships. These students may see a decline in financial aid offers as the number of graduating high school students increases.

It is important to keep in mind, however, that increases in the size of the high school cohorts are not consistent in all regions of the United States. Schools with shallow, regional, applicant pools located in areas that are projecting modest increases in high school graduates will continue to use campus-based financial aid to help them achieve their enrollment goals, institutional positioning goals, and financial objectives.

Note

1. Among public institutions, the high-tuition, high-aid strategy is most often used for nonresident students. Public institutions typically charge higher tuition rates for nonresident students, and some public colleges and universities then return partial discounts in the form of campus scholarships.

References


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