



Building a Legacy...
One Student at a Time!

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Stressed Out in the Financial Aid Office: Examining Outsourcing as a Strategy to Ease the Pain

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Industry Pain

“Across the board, financial aid professionals continue to face heavy workloads and their offices continue to be understaffed, often to the detriment of students.”

2016 NASFAA Benchmark Report

Why the Need?

Today's financial aid requirements include processes that are time consuming and inefficient – for students, parents, and financial aid staff.



Five Predictions: Higher Ed in 2016 and Beyond

1. Demands on financial aid professionals will continue to grow.
2. Students and their parents want, even expect, cloud-based services.
3. Students will remain perplexed by the financial aid application process.
4. Increased workload inhibits staff ability to stay competitive and compliant.
5. Student retention will become a larger priority.

(Source: Information partially compiled from Gil Roger's 2015 Higher Education Marketing Year in Review)

Increased Administrative Burden

- NASFAA 2015 Survey schools reported:
 - Continually increasing demands for more time and effort to be dedicated to each student aid applicant
 - Resource shortages, particularly as they relate to staff, as well as greater need for technological upgrades
- Problematic byproduct – students and their families suffer

Stress Levels in the FAO

- Inceptia compared a 25-year-old California study and conducted a national survey in 2014 in order to expand on the findings and do a comparison
- Results had a direct correlation with the pain points in the 2013 Parthenon Survey

Stress Levels in the FAO

1. Service isn't meeting expectations.
 - Students rated financial aid services as the most critical to their student experience.
 - Both students and administrators ranked financial aid as the service that could use the most improvement.

Stress Levels in the FAO

2. While financial aid service drives overall performance metrics, it's not yet meeting standards.

- Reduced enrollment levels
- Lower student persistence rates
- Increased loan default rates

Stress Levels in the FAO

3. Students want more face time, while staff does not have the bandwidth.

In public institutions:	1 FTE per 2,217 applications
In private institutions:	1 FTE per 1,481 applications
In proprietary/for-profit institutions:	1 FTE per 773 applications

Ratio of financial aid FTEs to the number of financial aid applications

Stress Levels in the FAO

4. The evolving political landscape has made the role of the FAO even more important to the institution.
 - Keeping up with changes in regulations
 - Being unable to set priorities because there is so much to do
 - Doing work over again because of changes in regulations or policies after processing is underway

Brief History of Outsourcing

- Began in the 1980's with non-core functions
- By 2005, 91% of higher education institutions surveyed had already reported outsourcing some type of campus service (Source: University Business, Is Outsourcing Right for you? February 2005)
- Higher education industry lags behind traditional business entities

Outsourcing: Top 3 Areas of Exploration

1. Verification
2. Delinquency/Default Management
3. Financial Literacy



Source: 2016 NASFAA Benchmarking Report

Outsourcing Results for Schools

- Refocusing resources
 - More timely financial aid packaging
 - Well-supported students are more likely to stay involved with your institution
 - Less stress on staff



Outsourcing Results for Schools

- Reputation builder
 - Demonstrates commitment to student success and builds trust



Choosing a Partner



Take a holistic approach to researching options that meet your institution's goals and objectives



Determine deliverables you want from a partner



Use the Outsourcing Checklist to further guide your search

Choosing a Partner

Financial Aid Management Partner Checklist	
	Does the partner have highly trained people, streamlined processes, and use advanced technology?
	Is the partner FISMA (Federal Information Security Management Act) ready, so your students' data is secure at the highest level?
	Does the partner offer solutions that require minimal set-up or support from your IT department?
	Does the partner offer simple, budget-friendly pricing that is based strictly on performance?
	Does the partner offer real-time reporting options?
	Does the partner have a well-defined quality control process?
	Does the partner maintain policies and procedures to ensure you maintain regulatory compliance?
	Will the partner's solution help you decrease seasonal fluctuation challenges?
	Does the partner offer a complete outsourcing solution or does your staff need to manage the process?
	What is the economic benefit of outsourcing for each partner?
	Does the partner integrate industry leading data security with right-party verification before any information is exchanged to protect your borrower's privacy?
	How will the partner's solution help you process student information more quickly in order to increase enrollment and meet other deliverables required within your financial aid office?
	Does the partner offer multiple communication methods to deliver notifications and reminders that meet the needs of your students (email, text, mail)?
	Are the partner's systems student-centric, offering an improved user experience and decreased student wait times?
	Does the partner offer expert live support via a toll-free number to assist students and their families when they have questions or need guidance?

Conclusion

- Benefits of outsourcing financial aid management:
 - Administrative relief that is fully compliant
 - Greater processing efficiency leading to quicker packaging of financial aid
 - Reduced reliance for IT support and compliance updates
 - A competitive advantage by improving your student's experience



Financial Aid Management Practices: The Benefits of Outsourcing Verification

Stressed Out in the Financial Aid Office: Why It's
Time to Ease Your Pain

[Inceptia.org/resource-center/research-briefs/](https://www.inceptia.org/resource-center/research-briefs/)



Questions?

Contact Us



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About Inceptia

Inceptia's mission is very simple: to support schools as they arm students with the knowledge needed to become financially responsible citizens. Moving boldly into the future without accumulating the burden of debt and default.



Thank you!

