

ENROLLMENT MANAGEMENT HAS BECOME AN IMPORTANT LEADERSHIP FUNCTION ON MANY COLLEGE AND UNIVERSITY CAMPUSES. IT IS ALSO ATTRACTING CRITICAL ATTENTION HERE AND ABROAD AMONG

Enrollment Management

FINANCIAL AID

A Multi-Part Series

OBSERVERS OF OUR SYSTEM OF POSTSECONDARY EDUCATION. WITH THIS ESSAY, WE CONTINUE A SERIES THAT EXAMINES POLICIES AND PRACTICES THAT ARE CENTRAL TO CAMPUS-BASED EFFORTS TO MANAGE ENROLLMENTS AND ACHIEVE ENROLLMENT GOALS, THEREBY CLARIFYING AN “ENROLLMENT MANAGEMENT PERSPECTIVE” ON ISSUES RANGING FROM ADMISSIONS MARKETING, TO RANKINGS, FINANCIAL AID, AND STUDENT SUCCESS. THE GOAL OF THESE ESSAYS, WHICH WILL BE FEATURED IN *COLLEGE AND UNIVERSITY*, IS TO EXTEND OUR UNDERSTANDING OF ENROLLMENT MANAGEMENT, EXAMINE THE UNDERPINNINGS OF THIS EMERGING PROFESSION, AND PROMOTE PROFESSIONAL DIALOGUE



Seeking a Strategic Integration

Since the emergence of the Enrollment Management perspective in the late 1970s and early 1980s, advocates of the concept have espoused the value and necessity of integrating *financial aid* into an institution's comprehensive enrollment strategy. Part of the reason is to better ensure a tight coupling of the complex recruitment, admission and financial aid processes for new students and to integrate financial aid with retention efforts. Part of the reason is to better ensure that there is coordination and complementarity between recruitment and admissions goals and the goals and resources of financial aid for providing access for those otherwise unable to afford college. In addition, financial aid has become a powerful means for shaping the institution's enrollment profile in ways beyond socioeconomic diversity; in combination with marketing, recruitment, admissions and retention strategies, financial aid has come to be instrumental in achieving an institution's desired enrollment size, diversity, academic profile, mix across academic programs, geographic draw, residential mix, and so

on. Finally, at most institutions the enrollment goals are the revenue goals; successful enrollment management requires the management of financial aid in such a way that the number, mix and profile of enrolled students produces the desired net revenue after aid. There's no question that at an increasing number of institutions, the management of financial aid has become so tightly intertwined with the concept and the practice of enrollment management that the two are essentially indistinguishable.

Increasingly, the focus on financial aid as a part of enrollment management efforts is raising two important questions. One focuses on internal policy and planning. Campus leaders at private and public institutions must weigh how much tuition revenue they can and should commit to financial aid as a means to achieve wide-ranging goals of prestige, diversity, and net revenue within the context of their academic missions and institutional capacities and economics. As a result, enrollment management leaders increasingly not only have to understand the use of financial aid as a means to achieve narrowly defined enrollment goals, but they also must actively participate in and inform the campus dialogue of the role and impact of financial aid on the institution's mission and academic goals. Moving beyond these internal, institutional considerations, as a profession, enrollment management leaders have an obligation to engage actively in the national (and increasingly international) dialogue about the role of financial aid policy and practice in the pursuit of broad societal goals of access and equity of educational opportunity.

In this essay we focus on those internal policy issues, to bring perspective to the integration and intersections of financial aid with enrollment strategy and institutional priorities.

UNDERSTANDING THE CONTEXT

As we noted in our first essay, the role of financial aid in comprehensive and integrated enrollment management has been the focus of much of the scrutiny of the practice of enrollment management and its increasing prevalence in higher education administration. What is often missing in a critical examination of institutional practices is a sound understanding of how different institutional contexts can and should shape the strategic use of financial aid in enrollment management.

Higher education in America has had a long-standing commitment to ensuring equitable access to a college education for all. That commitment was manifested in the 1965 Higher Education Act that put into place and into motion many of the policies, processes and perspectives that define financial aid today.

However, we now face a complex array of institutional and societal challenges that are well known to all university administrators and well documented in the countless analyses and commentaries on today's higher education environment. The societal complexities include the following.

- The tuition price associated with a college education has escalated dramatically.
- Nevertheless, the price of a college education does not mirror the cost of providing it; many of the costs incurred in delivering that education are offset by revenue from sources other than the net price charged. But as some of those alternative sources of revenue are in decline (*e.g.* state appropriations), most institutions are becoming increasingly tuition dependent.
- While the list tuition price of a college education continues to increase at rates exceeding inflation, many institutions have increased institutionally budgeted financial aid for students at rates greater than their published tuition, resulting in rates of net revenue growth lower than gross tuition revenue.
- One result is that the list price of a college education—the published tuition and fees—has become increasingly meaningless as fewer and fewer students actually pay these amounts.
- Both the list price and the net price of a college education is financially out of reach for a growing proportion of students and families. Despite growing levels of institutional aid, the escalating cost of college tuition relative to family income coupled with the declining rate of family saving results not only in limiting access and choice, but in dramatically increasing levels of student borrowing and indebtedness as well.
- There is a growing inequity of access to college in America today; the most academically talented poor students go to college at the same rate as the least academically prepared wealthy students; as family income declines, the likelihood of a student earning a baccalaureate degree declines as well.
- The demographic future suggests that much of the projected increase in college-age students in the years to come will be among those of minority and low-income backgrounds. In many states, any increases in the number of graduates will come largely from the ranks of recent Latino immigrants. These trends will place greater pressures on socioeconomic concerns about access and affordability.

All of these factors and more contribute to the growing complexity of the environment facing today's institutional leaders of enrollment management. There are relentless pressures on institutions to address these realities while at the same time pursuing a wide variety of enrollment goals and ambitions ranging from improving the academic profile of the student body, improving retention and graduation rates, ensuring student diversity, and so on. Responding to these expectations has led institutions to introduce new uses of financial aid besides ensuring affordability for those unable to meet tuition costs. A growing number of institutions provide financial aid to students in order to address an unwillingness rather than an inability to pay list price, and to shape the enrollment profile through merit-based and characteristic-based grants and scholarships. As the number of students receiving institutionally-budgeted financial aid increases and the average size of these scholarships and grants increase as tuition escalates, some institutions face declining net revenue as a result. Many private sector institutions have been dealing with the convergence and consequences of these tensions for at least two decades. However, many public four-year

institutions now use financial aid to achieve enrollment goals to offset declining state funding. For boards of trustees, presidents, and enrollment managers in the public sector, these are new challenges and ones for which many institutions have had little previous experience.

For both the private and the public four-year sectors, the strategic enrollment management challenge resides at the intersection of the pursuit of a balanced enrollment portfolio and the net revenue that meets the institution's myriad goals on the one hand, and the growing spectre of unaffordability and inaccessibility that surfaces in any external scan of the current situation and any forecast of the future of American higher education on the other hand. Bringing clarity and perspective to these dynamics faced by colleges and universities has become one of the primary obligations of senior enrollment officers.

UNDERSTANDING THE CHALLENGES

The enrollment management leader should understand that the root cause of these pressures can be found in part in four underlying challenges:

- The challenge of language
- The challenge of technique
- The challenge of market structures and subsidies
- The challenge of mission clarity

Language

One of the roles of senior enrollment management professionals is to bring precision and perspective to the campus dialogue about enrollment-related policies, strategies and issues. There is perhaps no area more in need of disciplined dialogue than financial aid strategies in enrollment management. A significant share of the confusion and consternation about financial aid strategies may lie in the language we use. Our evolving professional vernacular spawns substantial misunderstandings and misgivings among many critics of enrollment management practices and can lead to internal miscommunication and tensions around the trade-offs associated with conflicting enrollment management goals.

A few examples are offered here of some common yet problematic concepts interwoven throughout the dialogue about financial aid and enrollment management: tuition discounting, financial need, and merit aid.

Tuition Discounting

As we noted in our first essay, even in the earliest writings and discussions of enrollment management in higher education, the utility of financial aid as a tool for shaping a wide range of enrollment outcomes was recognized. By the late 1980s and early 1990s, sessions appeared regularly at the national EM conferences on “leveraging financial aid” and “tuition discounting,” introducing novel analytic techniques designed to plan and manage financial aid packaging to achieve a variety of institutional enrollment goals, not the least of which was net tuition revenue. The intentions of early adopters was to show how viewing institutional financial aid as a discount off of tuition price brings into sharp relief numerous strategic and market dynamics that shape enrollment outcomes, and identifies opportunities for effectively managing enrollment and revenue outcomes through offering differential net prices to certain students or groups of students. The goal, in other words, was to reframe financial aid as a strategic tool to be leveraged in balancing multiple institutional goals.

In those early years, therefore, part of the EM agenda was shifting the prevailing mental models underlying financial aid, models deeply-seated not only in the standards of the financial aid profession, but as importantly in the standards used for university financial accounting and reporting. On the one hand, financial aid officers traditionally viewed financial aid as budgeted resources to be used solely to meet the demonstrated financial need of applicants and tended to view other uses of budgeted aid (*e.g.* to improve yield among higher ability applicants) as inappropriate, at best. Indeed, many of today's most veteran financial aid administrators were so socialized to their profession in a period where financial aid was viewed solely as the guarantor of access that in the early years of enrollment management there were many tensions between aid administrators and enrollment managers. As Rupert Wilkinson's recent book on the history of financial aid in the United States demonstrates, however, the multiple purposes of institutional financial aid have always been complex and at times in competition with one another.

On the other hand, financial reporting standards at the time required that institutionally-budgeted financial aid appear on financial statements as expense items, thereby concretizing for CFOs and board members a perspective

that defined a financial aid budget as a limited resource to be managed independently of a net revenue outcome.

Early EM thought-leaders and advocates therefore had a two-fold agenda:

- To broaden the professional mental model in financial aid toward one which viewed aid as a tuition discount to be strategically leveraged to shape an overall enrollment profile in middle-market institutions—particularly to improve the student academic profile and increase net revenue—and not solely to respond to demonstrated student need.
- To shift the typical CFO’s perspective from one which saw budgeted aid as an expense to be minimized toward one conceiving and defining institutional aid as a tuition discount to be optimized in pursuit of enrollment goals and to be understood in the context of net tuition revenue.

In a fascinating example of how prevailing mental models are transformed, a breakthrough came when NACUBO changed its reporting standards to have budgeted institutional aid appear in university financial statements as discounts off tuition revenue ‘above the line’ instead of as an expense itemized ‘below the line.’ With that simple change in financial reporting standards, the perspective at most campuses was completely reoriented, and the frequency of financial aid being defined, described and accepted as a tuition discount managed in light of net tuition revenue exploded overnight.

But in an equally interesting outcome, as all institutionally budgeted financial aid has come to be calculated and reported as a tuition discount and the most common measure of an institution’s commitment to financial aid is now summed up in that institution’s “discount rate,” we’ve introduced an overly simplistic parsimony to the strategic dialogue. As this measure of discount has entered the lexicon and mental model of board members, presidents, faculty, and budget committees, it has taken on a life of its own independent of the nuance and context that budgeted financial aid requires. It is not uncommon to find boards and executives putting boundaries on a discount rate, setting goals for reducing a discount rate, or just raising concerns about the discount rate in ways completely independent of other outcome measures. The enrollment management leader often faces a persistent challenge in

helping others understand that the discount rate is not as meaningful or consequential an outcome as the net revenue realized; *i.e.* would one rather have the net revenue resulting from a 33 percent discount on a \$24,000 tuition or a 40 percent discount on a \$28,000 tuition?

Finally, any institutional conversation about tuition discounts and net revenue only has meaning in the context of enrollment capacities: the capacity of facilities, the capacity of the teaching faculty, of student services, etc. (we return to this topic later in this essay). The meaning of the tuition discount as part of a comprehensive enrollment strategy is to be found at the nexus of net revenue goals, institutional capacity and institutional mission.

Financial Need

So much of the debate about the appropriate role of financial aid in institutional strategy starts with the premise that meeting students’ financial need is the superordinate purpose of all financial aid. Our dialogue is replete with references to students’ calculated ‘financial need;’ we talk about meeting full need, about unmet need, about processes being need-blind, aid being need-based or non-need-based, decisions being need-sensitive.

The debates about financial aid strategy are contingent upon a complex and standardized approach to estimating students’ and families’ financial need and thereby determining eligibility for financial assistance. The goals for doing so are laudable, in service of equity in allocating government and institutional financial assistance. But the pervasive and insistent reliance upon concepts and definitions of “need” suggest a precision and meaningfulness that is hardly warranted.

Need is computed after calculating a student’s estimated financial contribution (EFC) toward educational costs. There is wide debate about the complexity of this process for families and the value to be gained from simplifying the process of calculating family resources and determining aid eligibility as a result. And there has been a great deal of discussion in recent years at both the institutional and the federal policy level about moving away from EFC, or at least significantly revising EFC as a method for determining financial need.

But it is commonly understood that in reality this calculated family contribution borders on being meaningless. It is a useful tool for determining relative levels of eligibil-

ity for limited aid resources, but no one believes that EFC is a reliable estimate of any given family's ability to pay for college. The notion of "need" is problematic at its core.

Finally, if we are candid with ourselves as a profession, any objective review of college admissions calls into question the legitimacy of any claim to 'need blind' processes. While it may be true that admissions officers may not see the formal assessment of a student's financial need when making admissions decisions, claiming any admissions process is truly blind to need denies a host of harsh social and economic realities. The daughter of an investment banker is in a different situation than the son of a custodial worker; and parent profession is prominent on most applications. Family income is highly predictable from home address and in many cases from high school attended. Even academic profile and other characteristics explicitly considered in admissions reviews are not unrelated to a student's relative affluence. Defining any admissions process as blind to need may be a rather disingenuous claim. Consistent with our concern about the language of need, perhaps we need a new term that more accurately captures what we mean by "need blind."

Merit Aid

At many institutions the phrase *merit aid* is used with such imprecision that presidents, trustees, and faculty misunderstand how it aligns with campus goals and strategy and cannot appraise its costs and its benefits. Useful, meaningful dialogue about merit aid in an institutional enrollment strategy must start with much-needed clarity about what merit aid is, what it does, and why it is used. It also must start with an appreciation of the highly stratified marketplace of colleges and universities in America, a topic addressed further later in this essay, since one cannot understand merit aid independent of the market context. A student who receives a merit scholarship from one institution may be barely admissible at another more selective institution. Some campuses use large scholarships to induce small numbers of only their very best applicants to matriculate while others use broader definitions of merit with relatively small amounts of financial aid to increase the enrollment yields of relatively large numbers of *academically attractive* students who are also able to pay more of their own tuition. The failure to be explicit about an institution's goals and its market context confounds any

discussion with trustees, deans, and faculty, about the benefits and liabilities of merit aid.

Typically the critics' focus when discussing so-called merit aid is any aid awarded to students not demonstrating financial need. Naturally, as noted earlier, the entire definition of financial need is so problematic to begin with that it renders definitions of a grant or scholarship as either need-based or non-need-based problematic. Regardless, the typical concern is that a non-need-based merit scholarship diverts resources from lower income students who need assistance to those who do not, all in service of some presumably less laudable institutional outcome or aspiration than providing access for those with need. But institutions have multiple goals competing with financial accessibility, legitimate goals which can often be attained through the use of scholarships, grants or discounted tuition incentives funded in their own right expressly for these purposes. Perhaps the intent is to elevate the institution's academic profile or strengthen an honors program by enrolling more high ability students. Perhaps the intent is to field a more competitive tennis team, or a forensics team, or a string quartet by providing scholarships to the most talented applicants. Perhaps the intent is to balance an enrollment portfolio by filling currently undersubscribed academic programs through targeted scholarships, effectively discounting tuition on programs with limited demand while keeping published tuition structures simple and consistent. Any aid award allocated toward these institutional purposes that may in effect not meet demonstrated financial need can be and often is summarily lumped into one large calculation of non-need based or merit aid, though their purposes are many. It is the responsibility of senior enrollment managers to help trustees, presidents, vice presidents, deans, and faculty leaders to think carefully about these multiple goals and understand the inherent trade-offs they are making as they decide the scope of campus budget commitments to merit scholarships.

It is worth noting that these issues and complexities are not specific to private institutions. At public universities, where tuition rates are lower, the cost of a merit scholarship can be relatively higher when recruiting top in-state students because high ability students still expect large scholarships relative to the tuition revenue derived from student tuition. We have seen financial aid models that demonstrated that top students at public universities

might need scholarships as large as \$10,000 or more to influence yields, and yet tuition, room and board costs might only be \$16,000. Relative to tuition revenue, this can make a merit aid strategy for in-state students very expensive for public institutions.

When recruiting non-resident students at public residential institutions, the economics of merit aid scholarship can look much more similar to that of private institutions if non-resident tuition is high. Indeed, this can often be more of a net revenue strategy than an effort to significantly improve student quality. In these cases, campus aid often goes to *pretty good*, but not necessarily outstanding students in order to increase the probabilities these students will enroll and pay tuition rates that are often 2–3 time higher than the tuition rates for state residents. In these cases the goal is usually to offset declines in state funding. In such instances, what appears to be merit aid is intended to increase net revenue from out-of-state students to subsidize the education of in-state students, including those with need.

Technique

One of the contemporary hallmarks of financial aid management is increasingly sophisticated and complex analytic technique. The techniques, tools and technologies that now characterize the process of planning and packaging financial aid and that are now commonly used to shape and evaluate enrollment and net revenue outcomes are often equated with enrollment management and enrollment management is in turn equated with them.

Today's practice of enrollment and net revenue management typically uses a precise segmentation of student populations based upon multiple characteristics that are known to affect the likelihood of enrollment; these include financial resources, academic profile, geographic origin, academic program, and any number of demographic and so-called non-cognitive factors. Any combination of these variables can be used to profile and segment a group of applicants, calculating the statistical likelihood of enrolling at a given institution, all other things being equal. By estimating what level of tuition discounting through financial aid is required to increase the projected yield of a group of students by a given increment, one can determine a threshold of net price optimization for any given segment. Taken in aggregate, these subgroup optimizations

comprise a financial discounting regimen designed to shape the yield of the class at large and achieve the desired mix of students with the desired revenue outcomes.

There is an extraordinary precision that is implied with these statistical econometric techniques, one that gives enrollment management an aura of calculated empiricism and a for-profit corporate mindset. Indeed perhaps early in the evolution of the field of enrollment management, and possibly early in the career development of many enrollment managers, there was too much emphasis on such technique. But the technique in and of itself invites much of the criticism lodged against enrollment management's encroachment in the financial aid process. And any celebration of technique—either by practitioners or consultants promoting their services—certainly warrants suspicion when technique is applied independent of institutional context, mission and purpose.

But therein lies the critical role of the senior enrollment management leadership. One of their most important roles is to make sure that at the very least, even if behind closed doors, boards of trustees and senior campus policy makers engage in informed discussions about the tradeoffs associated with financial aid to ensure that technique in itself doesn't overshadow institutional purposes and priorities. As noted in the first essay, enrollment management practices are guided by institutional purposes; these sophisticated techniques are only as valuable as the outcomes they are designed to optimize are clear. And those outcomes—be they academic profile, student diversity, financial accessibility and affordability, or net tuition revenue—are seldom established by an enrollment management team independent of an institution's executive leadership, its strategic plans, and its budgetary and governance processes and structures.

But conversely, institutional purposes and priorities must be informed by an enrollment management perspective. It is neither appropriate nor accurate in most cases to suggest that these techniques are benign, that they are simply means toward ends decided elsewhere. To the contrary, it is only through these kinds of statistical techniques that the many competing demands and priorities of complex universities can be understood for what they are: tradeoffs that require the careful balancing of goals and priorities that in many ways are in direct conflict with each other. For many institutions, it is only through these analytic techniques that

executives, boards, and faculty come to an understanding of the price of their principles and priorities. These techniques provide the analytic crucible within which many institutions grind out the consequences of their convictions and the price they are willing to pay for their priorities, and do so with heretofore uncharacteristic precision and attention to inherent conflicts and tradeoffs.

Market Structures and Subsidies

Much of the dialogue about the use of financial aid in enrollment management is *internal*, looking at how institutions allocate budgeted aid toward multiple institutional objectives. But an enrollment management perspective by necessity begins by first looking outward rather than inward, by understanding the *external* market realities and market structures that constitute the competitive context within which pricing and financial aid strategies are crafted and evaluated.

The tuition price established and commanded by colleges and universities is not independent of market realities. There is a clear correlation between tuition price and market position, with that position defined by levels of demand, selectivity and quality of enrolled students, by endowment and assets per FTE, or even by external rankings and reputation. The market confirms in its behavior what is often difficult to fathom: price connotes quality. And it is impossible to design financial aid strategies as part of a comprehensive enrollment strategy without affirming that these strategies are employed in a market context.

Colleges and universities exist in a highly stratified market hierarchy, often referred to as higher education's pecking order or the food chain. But as Zemsky and his colleagues have illustrated in their work over the years, an institution's relative place in that stratified market can be largely defined by its student mix. That market segmentation ranges from the most prestigious medallion institutions with national student draw and mostly fulltime residential students who graduate in four years to so-called convenience institutions with local draw, with more part-time and commuter students and with lower graduate rates. The most intense competition exists in the middle of this market where most colleges and universities reside, institutions seeking to straddle these extremes, seeking to pursue the prestige of the medallion schools while in the meantime not losing their share of the convenience market.

It's within this market context that financial aid becomes a strategic enrollment management and marketing resource. As institutions seek to hold on to their place in the market, much less seek to elevate their position, many establish price strategies that send a clear signal about market position and then use financial aid to discount that list price to enroll a tier of students who financially and academically may have other options available to them but who, without that discounted price, would likely not choose that school. As such, the level of financial aid required to achieve the university's enrollment goals is a direct function of its market position and cannot possibly be assessed or understood independent of that competitive context.

Effective enrollment management uses financial aid not only as a means of shaping enrollment outcomes but also for evaluating an institution's market position. The same analytic techniques that guide the optimization of aid to affect yield are effective tools for defining and assessing an institution's competitive market position. An institution with improving market position finds itself over time commanding higher yields with lower discounts for the same types of students; an institution with an eroding market position will find that it requires higher discounts to sustain the same yield rates over time, all other things being equal. From the most strategic marketing perspective, financial aid and its rigorous evaluation offers the enrollment management leader one of the most powerful means of evaluating and describing an institution's comparative and competitive market position as well as evaluating mission effectiveness. Viewing the outcomes of the financial aid process as a reflection of underlying market realities and market structures and as a measure of an institution's market position shifts the entire enrollment management approach toward a far more strategic orientation.

Understanding Subsidies

Many of the critics of enrollment management practices focus on the intentional use of tuition discounts to optimize net revenue, the offering of differential price advantages to students regardless of their financial need.

As we have tried to note in this essay, things are more complicated than many suspect. Regardless of financial aid, most universities operate with significant cross-subsidies that often are hidden to all but those who do the fi-

nancial analyses of marginal costs and revenues of various academic programs. The widely accepted practice of cross-subsidization exists at the program level rather than at the student level. At many universities, for example, the cost to provide an undergraduate business degree exceeds by considerable margin the price charged to its undergraduate business students (*e.g.* low marginal revenue); in many cases, undergraduate students, regardless of their particular financial situation, benefit from a subsidy provided in large part by that same college's M.B.A. program, which may generate, by comparison, much greater revenue above its costs (*e.g.* higher marginal revenue). These are concepts that most chief financial officers of colleges and universities as well as presidents, provosts, and deans of large schools understand. But it is often overlooked by external audiences and too often insufficiently understood by less experienced enrollment management leaders.

When an institution looks only at a freshman financial aid leverage analysis and calculates how much net tuition revenue from "full pay" students is required to underwrite the deep discount provided to high-need students or high ability students, the practice of using some students to subsidize others is considered suspect, often described as a Robin Hood practice of robbing from some to give to others, poor or not. But using a M.B.A. program with high marginal revenue to underwrite a music program with low marginal revenue is a natural part of institutional economics, though it is every bit as much a Robin Hood practice in effect. The focus of most enrollment management activity is on intentionally shaping enrollment and revenue outcomes to keep an institution in balance. If the EM role is just managing freshman enrollment, one's focus tends to be on the cross-subsidization that occurs solely within the confines of that class. If the focus is on the entirety of an institution's enrollment profile, the cross-subsidization cuts across academic schools and programs, across freshman and transfer populations, across graduate and undergraduate programs, and across on-campus and online delivery.

Mission Clarity

In what is likely to be a recurring theme in this series of essays, the importance of institutional mission as a beacon for guiding enrollment strategy cannot be overstated. This is particularly true in terms of pricing and financial aid strategies. Without mission clarity, where is the standard

or the litmus test for evaluating the uses of financial aid in achieving an institution's enrollment goals? Without mission clarity, enrollment management strategies risk being rudderless; conversely, absent the outcomes achieved through enrollment management strategies many statements of mission are empty rhetoric. At many institutions, mission statements are sweeping affirmations of espoused purposes, statements that serve neither to differentiate the institution from others nor to define the criteria by which its leadership could evaluate progress or success. In that situation, virtually any use of financial aid toward any enrollment outcome is as good as any other. But the first and best recourse for the enrollment management leader needing to articulate the purposes and priorities of the institution's financial aid strategy is to look to the institution's mission for clarity and coherence.

Achieving and sustaining mission clarity is no small undertaking and of course doesn't rest within the purview of the enrollment management area. But the delineation of explicit, measurable enrollment outcomes that would be evidence of mission accomplishment is a valuable means by which an institution can achieve greater clarity. As noted earlier, financial aid research can be used to effectively map an institution's comparative market position. Likewise, evidence of an institution's mission priorities can be found in its financial aid policies and practices. Such evidence is found in the relative investment in institutional aid as a percent of revenue, the relative balance of aid based upon need versus merit, the varying percent of need met across different segments of the student body, levels of self-help and indebtedness, and so on. There may be few better indices of an institution's values and priorities than how it allocates its resources to and through financial aid as part of its comprehensive enrollment strategy. As a result, there may be fewer more important roles for the enrollment management leader than framing the institutional dialogue in this manner.

CONCLUSION

As should be clear by now, the strategic use of financial aid is multidimensional and far more complex than most external observers appreciate or understand. Unfortunately, in some cases it is more complicated than senior enrollment management leaders realize as well. There are multiple challenges to those responsible for making strategic use

of financial aid within a comprehensive and integrated enrollment management plan, and this essay has attempted to elucidate some of those challenges as a way of assisting the enrollment management leader with that responsibility.

So where does one start in developing a tighter integration between financial aid and enrollment management strategy? One can look first to the external market for insight into the role of financial aid in enrollment management, since the marketplace offers ample evidence of the interactive effects of price, net price, and market position—all of which are critical ingredients in integrating financial aid with a comprehensive enrollment strategy.

Defining the role of financial aid in an enrollment management strategy more typically begins by looking to internal dynamics and institutional economics for guidance. By understanding the various capacities of different academic programs, the marginal costs and net revenues by academic programs, and the aid required to achieve the desired mix of students and produce the institution's optimal net revenue, the enrollment management leader can effectively bring financial aid into a comprehensive institutional enrollment strategy.

Balancing these issues is no small task. It gets to the heart of enrollment management; indeed, it may be the heart of enrollment management, at many institutions.

About the Authors

DON HOSSLER, PH.D., is a Professor of Educational Leadership and Policy Studies and Director of the Project on Academic Success. He is also the Coordinator of the Higher Education and Student Affairs graduate programs. Hossler has served as the Vice Chancellor for Enrollment Services for Indiana University Bloomington, and the Associate Vice President for Enrollment Services for the seven campuses of the Indiana University system, the Executive Associate Dean for the School of Education, and Chair of the Department of Educational Leadership and Policy Studies. His areas of specialization include: college choice, student persistence, student financial aid policy, and enrollment management.

Hossler has consulted with more than 45 colleges, universities, and related educational organizations including: The College Board, Educational Testing Services, the University of Cincinnati, Inter-American University of Puerto Rico, the Pew Charitable Trust, the University of Missouri, Colorado State University, the University of Alabama, and the General Accounting Office of the United States Government. He has presented more than 130 scholarly papers and invited lectures, and is the author, or co-author, of twelve books and monographs and more than 65 articles and book chapters. Hossler is currently directing funded projects of The College Board, the Lumina Foundation for Education, and the Spencer Foundation focusing on student success and persistence. He has received national awards for his research and scholarship from the American College Personnel Association and the National Association of Student Personnel Administrators.

DAVID H. KALSBECK, PH.D., serves as Senior Vice President for Enrollment Management and Marketing at DePaul University in Chicago. In that capacity, he leads the marketing and enrollment development strategies for the nation's largest Catholic university enrolling 23,000 students in nine colleges and six campuses throughout the greater Chicago region. His responsibilities at DePaul encompass enrollment management, career services and employer relations, university and media relations, marketing communications, and institutional planning and research. A leader in enrollment management in American higher education for more than 20 years, the innovative models he has developed at DePaul have been highlighted by CASE, by The Association of Governing Boards, by The American Marketing Association, by AACRAO, and by other professional associations as examples of best practices in the field of enrollment management and marketing. He has given over 110 professional presentations, authored eighteen publications including chapters in seven books on higher education administration, and consulted with more than 40 institutions and associations. Prior to joining DePaul in 1997, Dr. Kalsbeck served as the senior enrollment management administrator at Xavier University in Cincinnati, Ohio, and before that, at Saint Louis University in St. Louis, Missouri. Dr. Kalsbeck holds a Ph.D. in Public Policy Analysis from Saint Louis University.

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