



THE POWER OF LRAP

My experience partnering with LRAP Association as president of Huntington University. What began as a trial-and-error approach flourished into a revenue-generating partnership that furthered our mission as a university.

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The Challenge

In the wake of the Great Recession, Huntington University was at a crossroads: continue down a road that would eventually lead to marginalization, or adopt innovative strategies to address prospective students' and families' concerns about costs and student debt. At Huntington University, we chose the latter road.

Although the Fall 2009 entering class was one of our largest ever, the economic downturn was about to dramatically change our prospects for growth. Nationally, prospective students and their families were increasingly skeptical of the perceived high cost and value of a small, private college degree—Huntington University was no exception. Current students, who had already experienced first-hand the costs of a high-quality, faith-based education, were increasingly questioning their investment. Pressured by cost concerns, more and more enrolled students were considering leaving Huntington, while scores of others removed it from their consideration entirely.

We decided to confront these concerns head-on. Like any other college president, I passionately believed in the value my institution was providing to its students, and I wanted to share that with as many students as possible. To do this, we needed a concrete way to communicate the value of a Huntington degree and encourage students to consider enrolling, in spite of the severe impact of the Recession on families' abilities to finance an education. After careful consideration of several strategies, we turned to LRAP.

From the Start: How LRAP Helped

In Huntington's first year using LRAP, we offered it to a pilot cohort of 64 students; the admissions office identified 15 currently enrolled students who, for financial reasons, were planning on leaving Huntington the following semester. These 15 students were thus awarded LRAP for retention; incoming freshmen comprised the remainder of our LRAP pilot cohort.

All in all, the admissions office determined that of the 64 students who were offered LRAP, 40 of them would have enrolled elsewhere or withdrawn from Huntington if not for LRAP. To put that in perspective, the tuition revenue from just these 40 students was over \$1,883,000 through graduation (net of LRAP fees, institutional aid, and allowing for the few who eventually withdrew).

What we saw as possibly the most significant revenue-generating benefit of LRAP was its powerful impact on retention—LRAP

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saved all 15 of the withdrawing students who were offered it for retention. Five years later, all but one of these students have graduated—representing an additional 73 semesters of revenue for the institution. So not only did LRAP empower incoming freshmen to attend their first-choice college, it enabled enrolled students to remain at the school that they called home. Increased student enrollment through recruitment and retention provided much needed additional revenue for Huntington.

Taking the Leap: Offering LRAP to All Freshmen

After receiving immensely positive feedback from students who were awarded LRAP, I, along with our team, was confident in LRAP's impact on enrollment decisions. In spite of the success of the pilot cohort, we quickly realized the limitations of offering LRAP selectively. Namely, that the LRAP offer could only be made at the tail-end of the admissions funnel and could not be used as a factor in encouraging students to include Huntington among their top-choice institutions.

The ability to advertise LRAP to students pre-funnel, though a significant impetus for expanding usage, was not our only reason to consider offering LRAP to all incoming freshmen. From a budgeting standpoint, we understood the leveraging potential of LRAP; that is, unlike traditional financial aid, every dollar invested in LRAP ultimately represents a significantly larger promise to the student—in the form of reimbursement after graduation.

We had faith that this investment would pay off—whether through increased enrollment and retention, or through alumni supporting of their alma mater later in life. In short, Huntington administrators viewed LRAP as a way to better leverage institutional aid dollars; as expressed by Senior Vice President of Enrollment and Marketing Jeff Berggren:

“Would you much rather spend a certain amount of money on an LRAP option for students, or pile that back into institutional financial aid? Which one do you get the most mileage for? With institutional aid, it's dollar for dollar. We think that [LRAP] actually gives a higher return on a dollar invested because of the ultimate benefit for students.”

Third Party Validation

LRAP's ability to more effectively leverage institutional aid dollars was not just our biased belief; in fact, recent findings from the University of Michigan (2015) asserts that 74% of students and

“I can honestly say LRAP saved my life. I am attending the best university for my career (education). I am so blessed to be in this program.” - Macy, HU Student

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parents with knowledge of their college's LRAP offering said it positively impacted their decision to enroll.

What is more, Credo's admitted student research across 24 private nonprofit colleges found that additional financial aid totaling \$2000 or less per year would have changed the enrollment decisions of only 1% of non-matriculated students who indicated that more aid would have made a difference. Compare this with the cost of LRAP, which is typically much less than \$2,000 per borrowing student per year, and one can see that, dollar-for-dollar, LRAP provides a greater impact on a student's enrollment decision.

Our decision to provide LRAP to all incoming freshmen was unprecedented, but after several rounds of due diligence, and considering the overwhelmingly positive feedback from our pilot cohort students, we felt confident that LRAP would make a difference in students' enrollment decisions. We felt this was especially true particularly given the economic climate of the time. Moreover, since we budgeted LRAP into financial aid, we viewed the 'jump to all-freshmen' as a way to more efficiently allocate institutional aid dollars to positively impact recruitment, retention and persistence.

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Sustaining the LRAP Advantage: Renewing for Year Three

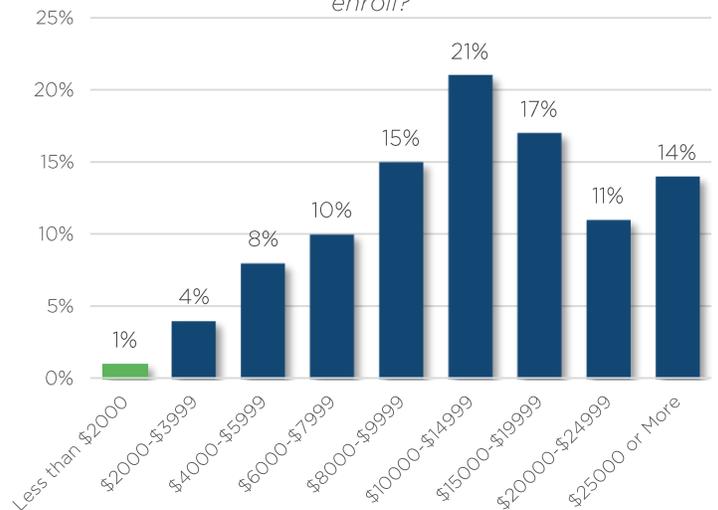
Halfway through year one of providing LRAP to all incoming freshmen, we continued to receive positive feedback from students and families. In addition to this anecdotal evidence of LRAP's impact, the results from our pilot cohort indicated an 8% increase in fall-to-fall retention.

Overall, we felt confident in these results to renew our LRAP agreement for year three. Although overall enrollment was down from the prior year, so were the total number of applicants; it appeared that in the aftermath of the Great Recession, many students and families were simply considering a private liberal arts education as a luxury. In spite of lackluster results, the question we continued to consider was, "How many students would we have lost if not for LRAP?"

The answer: Too many.

Credo ASR

Of students who said more financial aid would have made a difference: Approximately how much in additional financial aid PER YEAR would you have needed to receive in order to enroll?



Conclusion: Would I Do It Again?

Knowing what I now know about LRAP, I would not hesitate to adopt it again. When we agreed to provide LRAP to all incoming freshmen in Fall 2010, there were a number of unanswered questions, from the efficacy of LRAP's impact, to the sustainability of the business model itself. Today, many of these once enigmatic questions are now answered, liberating administrators to consider not *whether* to use LRAP, but the *best way* to use LRAP for their institution.

LRAP Association now has the backing of A-rated Hudson Insurance, and with the help of the world-renowned actuarial firm Milliman, LRAP has developed a robust and sustainable underwriting model. Furthermore, LRAP's communications and student service teams are more equipped than ever to communicate the value of LRAP to potential students and families.

In retrospect, I am pleased with our decision to provide LRAP to all freshmen, in spite of the risks at the time. If only for the missional benefits of providing LRAP across the board, it was well worth the investment. Of the 64 students in Huntington's LRAP pilot cohort, 51 have since graduated and one student is still enrolled as of Spring 2015. This calculates to a persistence rate of over 81%—nearly 20 percentage points higher than the 6-year graduation rate of non-LRAP students in the same cohort.

Looking beyond the pilot cohort, Huntington experienced a 4.5 percentage point bump in retention—from an average of 75.25% over the four years preceding LRAP, to 79.75% over the four years providing LRAP. This bump allowed Huntington to reach its highest freshmen-to-sophomore retention rate in over 10 years, further demonstrating LRAP's massive impact on student success. We found that to be true at Huntington and I have confidence that LRAP would assist in yielding similar results at your institution.

75% retention rate pre-LRAP

80% retention rate among LRAP students

4.5 percentage point increase in freshman-to-sophomore retention rate

20 percentage point increase in persistence among LRAP pilot students