Overcoming Fear of Student Debt in Enrollment Decisions during Tough Economic Times

How Huntington University Joined LRAP Association in a Revenue-Generating Partnership that Furthered the University's Mission and Fought Enrollment Decline.

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A COMMON CROSSROAD

My experience partnering with LRAP Association as president of Huntington University began in the wake of the Great Recession. Our school was at a crossroad many schools faced as the nation recovered from a tough economic period: pursue the direction of status quo without addressing the power that concerns about cost and student debt have over the enrollment decision, or rise to the occasion and seek innovative strategies to give students and families the freedom to choose their school of choice by eliminating that fear about the future. At Huntington University, we chose the latter road, and that has made all the difference.

The Pre-LRAP Enrollment Landscape

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 have become increasingly skeptical of the high-perceived-cost and low-perceived-value of a small, private college degree. Huntington University was no exception to that trend.

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At the same time, current students and families, who were already experiencing first-hand the benefits of a high-quality, faith-based education, were increasingly questioning that investment. Pressured by fear about the role student debt would play in their lives after graduation, more and more enrolled students were considering leaving Huntington, while scores of others were removing it from their consideration entirely, despite high interest.

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 wanted to share that with as many students as possible. To do this, we began seeking a concrete way to communicate the value of a Huntington degree and to keep fears about cost and student debt from dissuading students and families to choose our school, even in the midst of a harsh economic climate. After careful consideration of several strategies, we confidently turned to offering a Loan Repayment Assistance Program (LRAP) of our own, powered by the industry's longest-running experts, LRAP Association.

A Promising Pilot – Our LRAP's First Year

In Huntington's first year deploying our program, we offered it to a pilot cohort of 64 total students. In our first step, the admissions office identified 15 currently enrolled students who, for financial reasons, were planning on leaving Huntington the following semester. These 15 students were awarded the Loan Repayment Assistance Program as an incentive for retention. In our second step, incoming prospective freshmen were identified and ultimately comprised the remainder of our pilot cohort.

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

73
SEMESTERS

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What we saw as possibly the most significant revenue-generating benefit of our partnership with LRAP Association was the powerful impact on retention. The program kept the university from losing any of the 15 withdrawing students who were offered it. Five years later, all but one of these students have graduated.

Again, put into perspective, our selected-use LRAP pilot was directly responsible for saving 73 semesters of potentially lost revenue for the institution. Clearly, not only did the program empower incoming freshmen to attend their first-choice college, it also enabled enrolled students to remain at the school they called home. Increased student enrollment through recruitment and retention provided much needed revenue for Huntington during tough economic times that persist even today.

Building on LRAP Success — Our LRAP's Second Year

As a part of our first year partnering with LRAP Association, they helped us gather feedback from students who were offered the program. The feedback was so immensely positive that I, along with our team, was confident of the program's impact on enrollment decisions. However, we quickly realized the limitations of offering our

LRAP selectively. Specifically, the program could only be at the tail-end of the admissions funnel. By offering the program to all incoming freshmen, it would factor earlier and more powerfully into student and parent enrollment decisions.

Though a significant impetus for expanding usage, the ability to advertise the program to students "pre-funnel" was not our only reason for offering the Loan Repayment Assistance Program to all incoming freshmen. From a budgeting standpoint, we understood the inherent leveraging potential of the program. Unlike traditional financial aid, every dollar invested in our LRAP ultimately represents a significantly larger promise to the student. That promise is made manifest to this very day in the form of loan repayment assistance after graduation, should the need be there.

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We had faith that this investment would pay off—whether through increased enrollment and retention, or through our alumni supporting their alma mater later in life. In short, Huntington administrators believed our LRAP better leveraged institutional aid dollars. This was masterfully expressed by our Senior Vice President of Enrollment and Marketing, Jeff Berggren, who asked "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."

74%

Recent findings from a University of Michigan study assert that 74% of students and parents with knowledge of their college's LRAP offering said it positively impacted their decision to enroll.

Data-Informed LRAP Effectiveness

Our belief in the ability of our LRAP to more effectively leverage institutional aid dollars was not just based on our pilot experience. Recent findings from a University of Michigan study assert that 74% of students and 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 finds that additional financial aid totaling $2000 or less per year does not change the enrollment decisions of 99% of non-matriculated students who indicate more aid would make a difference. To make a difference on enrollment, the additional financial aid would need to be greater than $2000 per year. When we compare this with the cost of a similar LRAP, which is typically much less than $2,000 per borrowing student per year, one can see that, dollar-for-dollar, a loan repayment assistance program can provide a greater impact (78% effective vs. 1% effective for amounts less than $2000 per student per year) on a student's enrollment decision.

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The decision to provide our 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 were confident the program would make a significant difference in students' enrollment decisions. We felt this was especially true given the economic climate. Moreover, since we budgeted our LRAP into financial aid, we viewed the 'step two; all-freshmen' approach as a way to more efficiently allocate institutional aid dollars to positively impact recruitment, retention and persistence.

Sustaining the LRAP Advantage: Our LRAP's Third Year

Halfway through the second year of our LRAP (the year of providing it to all incoming freshmen) we were continuing to receive positive feedback from students and families. In addition to this edifying anecdotal evidence, the results from our pilot cohort indicated an 8% increase in fall-to-fall retention.

Our confidence in these results allowed our team to renew our partnership with LRAP Association for a third year.

Although overall enrollment was down from the prior year, so were the total number of applicants. It was clear the pool of prospective students was tightening, a further indication of the tough economic times. Many students and families were simply considering a private liberal arts education as a luxury. It was clear that, beyond growth, an added value to our LRAP was the ability to mitigate the damage of potential loss. More and more, we were brought to consider how many students would we have lost if not for our LRAP.

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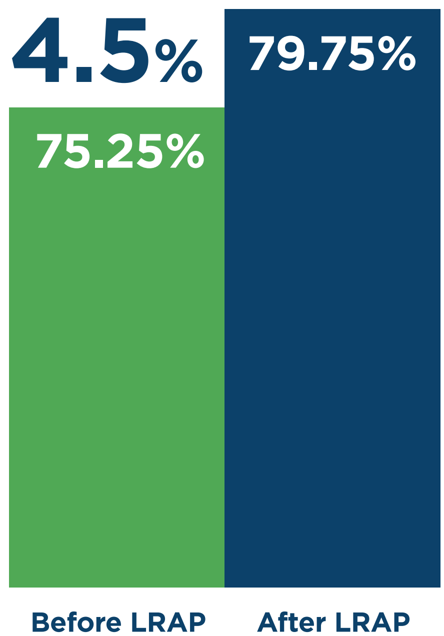
Retention Rate



Your LRAP Enrollment Lever

Knowing what I know about the impact of our LRAP, I would not hesitate to adopt it again. When we agreed to provide our program to all incoming freshmen, there were unanswered questions; from the efficiency of the impact, to the sustainability of the business model itself. Today, however, many of these questions are now answered. This liberates administrators to consider the best way to leverage a Loan Repayment Assistance Program for their institutional enrollment's growth and protection.

Of the 64 students in our 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.

LRAP Association now has the backing of A-rated Hudson Insurance, and with the help of the world-renowned actuarial firm Milliman, they have developed a robust and sustainable underwriting model. Furthermore, the communications and student service support we got from our partnership is more equipped than ever to communicate the value of a Loan Repayment Assistance Program to potential students and families.

In retrospect, I am pleased with the decision to provide our LRAP to all freshmen, even considering the risks of today's tough economic times. It was well worth the investment, not only from a financial standpoint but also for the missional benefits of providing our LRAP to students across the board. We found that to be true at Huntington University and I have confidence that a partnership with LRAP Association would assist you in yielding comparable results at your institution.