Yield Your Class in Uncertain Times

Strategic Uses of Loan Repayment Assistance Programs to Overcome Cost Concerns

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I’ve Been in Your Shoes

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- VP for Enrollment AGAIN!
- Ardeo Education Solutions
Today’s Discussion

- Fear of Debt: A Growing Problem
- Strategies for Pilot of Ardeo’s LRAP
- Case Studies
- Questions?
Fear of Student Debt is a Growing Problem

What Americans Say:

Forty-two percent of students/parents indicated: “Level of debt I (or my child) will take on to pay for the degree” was biggest concern.

What Your Peers Say:

Eighty-one percent* of Admissions Directors believe their institution is losing potential applicants due to concerns about accumulating student (and parent) loan debt.

More Aid is Unsustainable:

Ninety-eight percent of non-matriculant students & families whose FA offer was insufficient would require more than $4,000 in additional aid to change their decision.

2019 Princeton Review Survey on College Hopes & Worries

2019 Inside Higher Ed Poll of Admissions Directors

2019 Credo Combined Admitted Student Research

*91% of private non-profit admissions directors & 72% of public admissions directors.
Perception is Reality

- Average debt for a bachelor’s degree in the U.S. (2019): $37,000

Now, think about the average debt for a bachelor’s degree at your institution.

- Average debt reported in some media stories: $85,400*

Concern About Student Debt is Pervasive

Concerns over Prior-Prior Year FAFSA rules change again, won’t necessarily speed up college aid

Student Loans Outstanding Exceed $1 Trillion this Year

How the Cost of College Went from Affordable To Sky-High

The High Cost of College: An Increasingly Hard Sell

What Your College Isn’t Telling You About Costs
Melt & Yield Trends

Melt: Deposited, Not Enrolled

Yield: Admit to Enrolled

What happens in 2026?

Projected to Drop Sharply After 2025

Number of College-Going Students in the U.S. (millions), by Year of High School Graduation

-15%

Decline in College-Going Students (2025-2029)

Forecasted growth and decline in college-going students, 2012-2029

Source: Nathan D Grasso, Carleton College
How Will COVID-19 Impact Enrollment?

Will the Coronavirus Forever Alter the College Experience?
The answer so far appears to be no. But some online education tools are likely to stick around.

Responding to the COVID-19 Crisis, Part II: A New Survey of College and University Presidents

CARES Act: Higher Education and COVID-19

Higher Ed Resources in a Time of Coronavirus Webinar

QS Insight: What the Future Holds for Higher Education After COVID-19

Do what others can’t or won’t!
Imagine delivering this promise to your prospective students and their families:

“If your income after graduation is modest, we will help you repay your federal student, parent PLUS, and private alternative loans.”
What is an LRAP?

- We partner with colleges and universities to help them offer a **loan repayment assistance program (LRAP)** to students and families.

- If income for a graduate of a partner institution is modest (generally $40K – $50K annually), LRAPs help repay:
  - Federal Loans,
  - Private Alternative Loans, and
  - Parent PLUS Loans.

- Colleges **only pay for an LRAP when it works** and students enroll and borrow each year.

- We help communicate awards to students & families and provide all assistance to graduates (**no back-end work for college staff**).
Ardeo’s LRAPs are a Powerful Solution

Across 15 Institutions of Admitted Student Research

- 24.8% of parents of borrowing matriculants stated their student would not have enrolled without an LRAP.
- 30% of parents of NON-matriculants said offer of an LRAP would have allowed their students to enroll.

“LRAP made a ‘tipping point’ difference for 20-30% of the incoming students; either strengthening their resolve to enroll or helping make it possible.”

“Reflections on Ardeo LRAP Impact on Student Decisions: Credo Admitted Student Parent Research – Summer 2019,” By Tim Fuller and Dave Burke, Credo

Across 215 Client Institutions and Cohorts

- In addition to Credo’s Admitted Student Research, Ardeo has surveyed more than 14,600 students who signed their LRAP award among 215 colleges and cohorts.
- Of those surveyed students, 25.4% said they would not have enrolled without the offer of an LRAP.
How LRAP Works for Students

1. Students Graduate (must be from your college):
   - Work an average of 30+ hours per week.
   - Earn less than their upper income threshold (generally $43,000 annually).
   - Make their loan payments (federal, private alternative and/or parent PLUS).

2. Students Request Repayment Reimbursements
   - Students submit work and repayment documentation.
   - Continue until graduate’s earning increases or until loans are entirely repaid.

3. Ardeo Education Provides Reimbursement.
   - Amount will vary: 100% reimbursement for income under $20,000, prorated between $20,000 and $43,000.
   - Quarterly reimbursements.
   - Paid directly to students and/or parents (whoever pays).
How Clients Use LRAPs

Market to All
Accelerate your LRAP impact by marketing broadly to all first-year and/or transfer students. Only pay for those who enroll and borrow.

Target Specific Groups
For instance, low-yield and low-discount cells, geography, majors, socioeconomic groups, legacies, fence-sitters.

Offer Selectively
With attrition-risk freshmen and applicants concerned about loans, value, outcomes, and similar issues.
Research, ROI & Case Studies

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My LRAP Story

- Notes on my experience as a former client and VP.
- How did we pilot?
- What happened next?
- What did students say?
3 Years of Pilot Testing the Program

Lubbock Christian University

Pilot LRAP for three years. Pilot program offered LRAP to students who had requested to withdraw their enrollment deposit, were on the fence or who were concerned about debt. VPEM selected students as recruiters brought cases to him.

Since 2016

| 93 | Students enrolled with LRAP over 3 years. |
| 21 | Students would not have enrolled without LRAP. |
| $678K | Additional estimated net-net revenue through graduation for all 3 cohorts from only those who would not have enrolled without LRAP, after LRAP fees for all. |
Upgrade to Offer-to-All

Lubbock Christian University

After successful pilot results, LCU opted to market their LRAP broadly, offering the award to all incoming freshmen students. Expect an overall enrollment increase for freshmen - Fall 2019.

<table>
<thead>
<tr>
<th>LRAP Fee per Borrower (per Annum)¹</th>
<th>$978</th>
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<tbody>
<tr>
<td># of Additional Students to Break-Even</td>
<td>12</td>
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| Size of Incoming Freshmen | 320 |
| Size of Target Group | 320 |
| Coverage / Uptake Rate | 65% +/- |
| Borrowing Rate | 89% |
| Borrowers with Coverage | 185 |
| Net Revenue ($16,000/Student Est.) | $2,960,000 |
| LRAP Coverage Fees | $180,930 |
| # of Additional Students to Break-Even | 12 |

$43,000 Upper Income Threshold
Results
LRAPs made a difference

LCU enrolled 240 students with LRAP.

The LRAP fees in the first year for all covered students who borrowed is $186K.

LCU only needed 13 additional students (6.8%) who enrolled because of LRAP to cover the fees for every LRAP student.

39 borrowers said they would not have enrolled without an LRAP (20.7%), out of 193 survey responses.

Estimated $1.2M in additional net-net revenue through graduation from the additional students, after accounting for the LRAP fees for all borrowers.
What LCU Students Said About LRAP:

I am not nearly as stressed out about taking out loans to attend college. This is a real blessing and something that I'm not going to take for granted.

I feel reassured to know that I have financial support after graduating with a Social Work degree.

With the loan repayment assistance program I am now able to go to my dream school and not have the stress of money put on my dad.

I am very grateful. I know that this will be such a great help for my mother and I. This assistance will help me pay for my college education and it makes thankful to being able to go to LCU. I am truly blessed.
Faulkner University targeted four low-yield groups with high upside potential:

- Inquiries (0.04% yield)
- Incomplete Apps (2% yield)
- FAFSA, no application (5% yield)
- Admitted with FAFSA (post May 1, 5% yield)

Additional students enrolled using this approach, a 3.5% increase in freshman class.

22

$192K

Incremental net-net revenue gained from these students in the first year, after LRAP fees.

$670K

Projected net-net revenue after LRAP fees for these 22 students through graduation.
Targeting Prospects with Cost Concerns

Seattle Pacific University

Based on the success of their pilot year, they deployed their LRAP more broadly, offering it to any prospects who would be incoming freshmen or transfers with a specific Adjusted Gross Income of $150k or less.

470 New Students Enrolled (392 Borrowers).

25.2% Those indicating they would not have come without an LRAP, as determined by CREDO 3rd party survey of parents.

$5.68M Additional net-net revenue through graduation from only those who would not have enrolled without an LRAP, after the LRAP fees for all.
Greensboro College used an LRAP to support their mission of affordability. They offered an LRAP to all freshmen who had a gap in their financial aid package and needed to take out private and/or parent PLUS loans.

Enrolled 93 students with an LRAP, helping ease concerns about student debt.

25 Students agreed with the statement: “I would not have enrolled at Greensboro without an LRAP.”

$300K These 25 students provided an incremental $300,000 in first year net-net revenue (after the LRAP fees & inst. aid for all 93 students).
Success With LRAPs
Other Strategies Working for Institutions Amidst COVID-19

Carroll University | Wisconsin
Signed agreement with Ardeo on April 23 and offered LRAPs to a list of prospects that same day. Within 24 hours they met their initial goal.

Ohio Northern University | Ohio
After offering an additional prospect list LRAPs in mid-March, ONU boosted their total signed LRAP awards by 50+ students. They chose to raise their cap to offer more LRAP awards.

Bethel University | Indiana
Bethel offered LRAPs to an additional prospect list at the end of March, and within 48 hours they had 22 LRAP award signatures. They now have more than 160 students on their waitlist for LRAP.
LRAP Strategy Change Amidst COVID-19
Bellarmine University – 2020-21 Cohort Strategy

In response to the pandemic and increased economic concerns, Bellarmine decided to more aggressively target from their predictive model high affinity, yet unresponsive students by offering them an LRAP. There was a spike in LRAP award signatures the first full week of April, with 84 signatures that week alone.

320 LRAP awards signed by previously unresponsive prospects, as of 6/12/2020.

42% of surveyed students who signed their LRAP award responded they agree or strongly agree they would not enroll without an LRAP.
What Parents & Students Are Saying

“Even though our daughter received a fantastic scholarship offer, we were very concerned about the final cost and the remaining loan debt she would incur after graduation. However, once we learned about LRAP, our daughter felt excited and relieved to know that she could attend the college of her dreams without being overwhelmed by debt. This program has been a complete and total blessing!”

- Parent of LRAP Award Recipient

“With so much uncertainty in the world and not knowing how COVID-19 will affect our economy or for how long, LRAP is huge for me.”

- LRAP Award Recipient

“With all the uncertainty of the times now and the economic status of our country, it is very reassuring to have this program in place, especially since I was not planning to take out loans until recently.”

- LRAP Award Recipient
How LRAP Pricing Works

- Each institution receives customized pricing.
  - We use a proprietary actuarial model for pricing.

- Significant discounts included for:
  - First year usage
  - Volume usage

- Colleges pay after students enroll and borrow.

- New flat fee pricing model.
  - Pay up front a one-time fee for students who enroll.
"What we really liked about offering LRAP was that it spoke to the value that we place in our education, encourages completion, and it promotes confidence in what we're able to do for our students post-graduation."

- Dean of Enrollment Management & Student Financial Services

Questions About LRAPs?
Send us an email directly!

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