



DATA SNAPSHOT

Leveling Up for Student Financial Success

Student Sentiment Regarding Financial
Decisions in Higher Education

campuslogic.
empowering student financial success

&

GALLUP



Introduction

The math is simple: Frustrating financial aid experiences that are out of sync with today's student consumer experience work against student financial success.

College tuition continues to rise and students increasingly bear more of the cost. Finding the “right” school is already difficult for most consumers, but when the process of finding and securing resources to keep the cost affordable becomes too onerous, students too often drop out, resulting in debt with no degree.¹ Or alternatively, they do complete but are forced to spend more than they originally planned to spend.

**Nearly three out of four non-completers
say a fragmented financial aid process
affected their academic performance,
as well as access & completion.**

A simple equation is leading to an alarming crisis in higher education. The combination of a lack of technology, accompanied by a financial aid process that can be confusing and cumbersome, is leading to a growing number of students who feel like their only option is to abandon their higher education journeys.

An aid process littered with potholes

From the day a prospective student starts filling out the Free Application for Federal Student Aid (FAFSA) to the day they successfully make their last loan payment, their journey contains **numerous stress points**. *When will the school I want to go to let me know if I'm accepted? What does this award letter notification mean? I need to pay either my rent or my outstanding tuition balance. Is there any option other than leaving school?*

+

Technology that doesn't meet consumers where they live

Today's consumers live in a mobile world of 24/7 information access, digital signatures, and on-demand support. While academic and career services are usually invested in by higher education institutions, student financial success is often overlooked. This leaves financial aid departments struggling to meet the needs of the student consumer mindset, with **limited technology resources and highly manual and iterative processes**.

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A dropout crisis

Today only about 60% of students who start a two- or four-year program complete within 150% of the expected time.² While students leave their programs for an array of personal and academic reasons, for many their decisions are also driven by resources. More than three million students annually who don't complete their programs of study report leaving higher education because of reasons related to finances.³ Debt without a degree plagues millions of Americans and needs to be controlled.

The Borrowing Problem

The average college graduate today leaves school with approximately \$29,000 in federal student loan debt.⁴ Research tells us that **borrowers who drop out are more likely to have lower balances, but they are also more likely to be delinquent or in default**. By some estimates, more than half of all borrowers who have been in repayment for more than five years have not even paid down a dollar of principal on their loans.⁵

Better solutions to optimize student financial success start with a better understanding of the barriers that keep customers from enrolling and persisting

It's only the first step to acknowledge that the financial aid process can be challenging or that the higher education sector's technology is in need of some serious upgrading. Designing institutional strategies that help students and institutions succeed in their own ways is next. No two institutions are alike, and the challenges schools and students face are complex.

In order to make strategic decisions that empower student financial success, especially among higher-risk students, institutional leaders need better answers to the following questions:

1. Are there financial aid processes within schools that are creating artificial roadblocks that may be driving students to choose a different school or drop out after a semester or two?
2. What aspects of the student experience do students want more of? What do they wish they had less to manage or deal with?
3. What do former students say is holding them back from returning?

Higher education institutions that understand what holds prospective students back from enrolling—and what keeps matriculating students from finishing—are strategically much better positioned to manage risk through solution implementation that improves student outcomes.

Experience tells us institutions that wrap predictive analytics around the deployment of more automated student financial aid processes and more personalized advising do a better job of hitting key student and institutional success metrics.

This report: A deep dive into what U.S. adults say created challenges to successfully paying for a college education

For this report, CampusLogic collaborated with Gallup to develop unique sets of survey questions that would help higher education institutional leaders better understand the challenges that students face in order to identify and implement strategic practices that optimize student financial success.

This survey is a collection of data that represents the financial aid needs, experiences, and impact on the college experience among more than 25,000 U.S. adults who are either program alumni or report having some college but no degree.

An opt-in panel provider that partners with Gallup was used to obtain the responses for the individuals with some college but no degree (n=1,146). For program alumni (n=19,925), responses were obtained by appending a select set of questions to the Gallup Alumni Survey.⁶ In the report, individuals with some college but no degree will be referred to as “non-completers,” and program alumni are referenced as “alumni.”

Among the types of key insights presented in this report are answers to the following questions:

How much did **the financial aid process affect your decision to attend** a specific school?

How often, if ever, **did you consider leaving your institution due to financial stress** you or your family experienced regarding funding your education? What were the main source(s) of this stress?

Was the actual **amount you had to pay** to attend higher, lower, or about what you expected when you decided to enroll?

While a student, how much did the process of funding your education **hurt your academic performance?**

What factors have **kept you from returning to finish** your program of study up to this point?

Which aspects of the financial aid experience would increase the likelihood of your **returning to complete your program** of study?

This report will follow the student journey, starting with the college planning stage, when students are shopping for their best fit in a higher education institution.

It then delves into the issues students face when funding their education, followed by the path to completing their degrees. This survey shows that student financial success is crucial at each point in the student journey yet is often neglected.

CampusLogic's main takeaways and suggestions for improvements are included with each key finding to better help your school take action and foster student financial success.



In this data report

- 7** **Key findings:** Among respondents, nearly three out of four said a frustrating financial aid process affected their academic performance, as well as access and completion.
- 8** **Planning:** Difficulty with the financial aid process affects student decisions about where to enroll.
- 12** **Funding:** Financial stress impacts student persistence.
- 16** **Completing:** Students with some college—but who do not get over the degree finish line—worry about and value institutional affordability.

Key findings

Among respondents, nearly three out of four said a frustrating financial aid process affected their academic performance, as well as access and completion.

72.3% of survey respondents who did not complete their degree program reported that the process of funding their education hurt their academic performance.



3 out of 4 claimed a frustrating financial aid process

affected their academic performance

✓ KEY TAKEAWAYS

Students who are focused on worrying about how to pay for postsecondary training are often unable to focus on the academic training they wanted to pursue in the first place.

Institutions that keep education costs transparent and provide students with resources to maximize affordability increase the likelihood that students complete their program of study.

★ LEVEL UP

How easy is it for students to understand the costs associated with earning their degree at your institution? You'll be on your way to happier, more financially successful students when you implement communications and processes that clarify the expenses students will incur, as well as identify a broad range of funding opportunities.

1

**Planning:
Difficulty with the
financial aid process
affects student
decisions about
where to enroll.**



More than half of respondents said the financial aid process affected their decision to attend a specific school.

A majority of college degree holders, 57%, reported that the choice about which school they attended was affected by their experience with the financial aid process.



DATA

How much did the financial aid process **affect your decision** to attend a specific school?

A LOT	4,158	23.4%
SOME	3,076	17.3%
NOT MUCH	3,037	17.1%
NOT AT ALL	5,217	29.3%
DOES NOT APPLY	2,292	12.9%
TOTAL	17,780	100%

✓ KEY TAKEAWAYS

Institutions that streamline and simplify the financial aid process stand a much better chance of recruiting students who enroll, persist, and complete.

★ LEVEL UP

When communicating with prospective students about the financial aid process, how clear is the information you're providing? If you provide simple explanations for financial aid terms, give clear next steps, and are available for questions, you'll be on the right path to recruiting the right students.

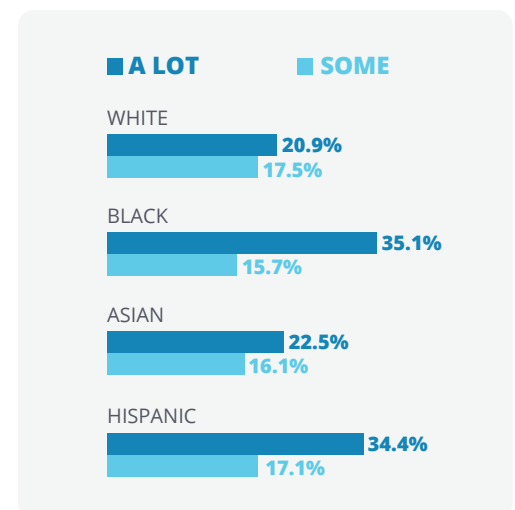
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- How much did the financial aid process **affect your decision** to attend a specific school?

	White % count	Black % count	Asian % count	Hispanic % count
A LOT	20.9% 2,986	35.1% 574	22.5% 71	34.4% 485
SOME	17.5% 2,498	15.7% 258	16.1% 51	17.1% 241
NOT MUCH	16.9% 2,412	17.1% 280	24.1% 76	17.0% 240
NOT AT ALL	31.0% 4,420	22.2% 363	24.8% 78	22.3% 315
DOES NOT APPLY	13.7% 1,948	9.9% 162	12.5% 39	9.2% 130
TOTAL	100% 14,264	100% 1,636	100% 314	100% 1,411

More than half of Black and Hispanic alumni reported that the financial aid process affected their decision to attend a specific school.

Black and Hispanic alumni were **1.6x more likely** to say the process affected their enrollment decision “a lot” compared to White and Asian respondents. 50.8% of Black alumni and 51.5% of Hispanic alumni reported that the financial aid process impacted their school decision.



✓ KEY TAKEAWAYS

Students from different backgrounds may perceive institutional processes differently. Customizing the financial aid experience can improve a school's ability to recruit and support a more diverse array of students and their needs.

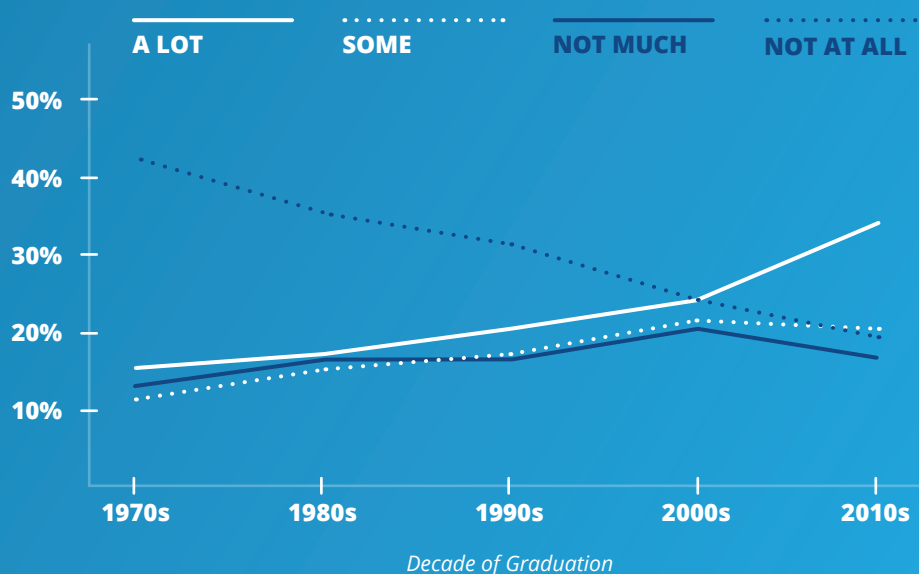
★ LEVEL UP

How are you making your financial aid information accessible to students of different cultures and backgrounds? Consider making forms and content available in multiple languages and providing a variety of types of resources, such as videos, that can support a diverse group of students.

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■ Over the years:

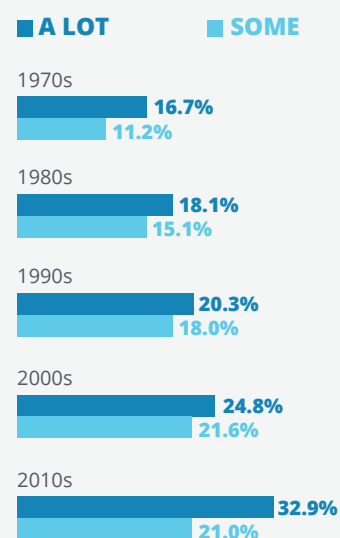
How much did the financial aid process affect your decision to attend a specific school?



The percent of alumni reporting that the financial aid process affected their decision to attend a specific school nearly doubled between the 1970s and the 2010s.

The importance of financing to the college choice process becomes more important with each passing year. Between the 1970s and the 2010s, the percent of alumni reporting that the financial aid process affected their school choice **nearly doubled from 27.9% to 53.9%**.

Decade of Graduation



✓ KEY TAKEAWAYS

Today, more than ever, students' sense of a higher education program's value is determined not just by the quality of the education, but also by their ability to successfully pay for it.

★ LEVEL UP

Have your school's financial aid processes changed since the 1970s? Every other part of the student journey has, and financial aid needs to be brought into the 21st century, too. Consider how you can better present information on cost to the latest generation of students.

2

**Funding:
Financial stress impacts
student persistence.**

Two out of every five college alumni who finished in the past 10 years reported that they'd considered leaving their institution due to personal or family stress with paying for college

Additionally, respondents most often cited non-education costs (46.7%), not understanding the true cost of attending (45.4%), and not being able to locate third-party scholarships (40.6%) as the leading sources of financial stress.

INFO BREAKDOWN

Main sources of stress included:

- ✓ 46.7% | Non-education costs, like medical bills and childcare
- ✓ 45.4% | Not understanding the true cost of attendance
- ✓ 40.6% | Not being able to locate third-party scholarships
- ✓ 38.1% | Costs of living while unpaid
- ✓ 27.2% | Job loss or decline in family income

✓ KEY TAKEAWAYS

Students worried about being able to afford a postsecondary education are at risk of dropping out, leaving institutions with disappointed customers and students with debt but no degree.

Institutions that keep education costs transparent and provide students with resources to maximize affordability increase the likelihood that students complete their program of study.

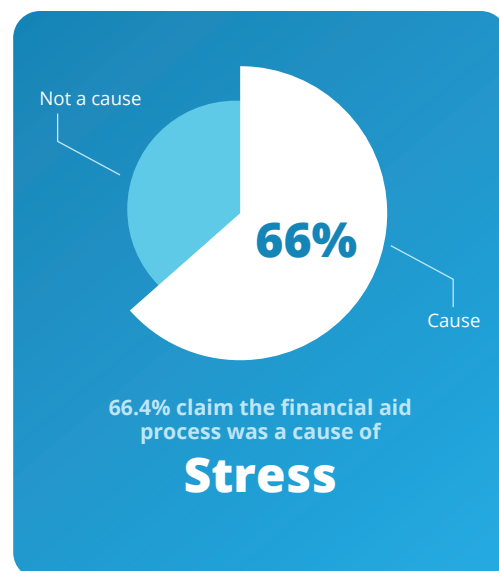
For many students, the financing challenge is not just related to higher education, but instead to other life matters. Helping students find the resources to manage these unexpected life events can keep students off the path of dropping out.

★ LEVEL UP

Do your students have resources on campus to cover unexpected expenses? Think about what you can provide to students struggling financially outside of typical financial aid. From food kitchens to crowdfunding platforms, there are many opportunities to help these students stay in school.

Two-thirds of respondents said the financial aid process was a source of stress while enrolled.

66.4% of non-completers said that the financial aid process was a source of stress while enrolled, including 25% saying it was a major cause of stress.



✓ KEY TAKEAWAYS

The majority of students who do not complete their education are stressed about the financial aid process.

Successfully keeping students enrolled must include reducing stress in the financial aid journey, allowing students to focus on their academics.

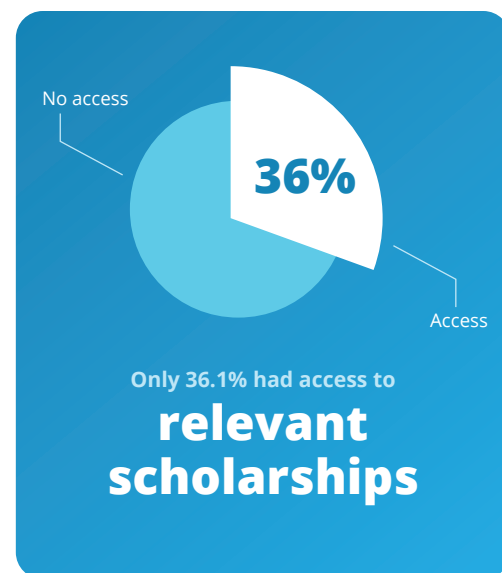
★ LEVEL UP

What do you think your students would cite as a source of stress in their higher ed journey? Survey or casually ask students what part of the funding process is confusing. Then work to be more transparent and prepared to help in those areas.



Only about one-third of college alumni indicated they had access to timely information about relevant scholarships, both at their institution and outside their institution.

36.1% of alumni indicated they had access to timely information about relevant scholarships at the institution they qualified for, and only 33.3% for relevant scholarships outside the institution.



✓ KEY TAKEAWAYS

Students are missing out on opportunities to learn about relevant scholarships they may qualify for, affecting their ability to adequately fund their degree programs.

★ LEVEL UP

Is finding scholarships simple for students at your school? Are resources even available? With online databases filled with scams and often no simple way to get matched with relevant awards, higher education institutions should provide a more robust (and streamlined) method for scholarship searching in order to keep students enrolled.

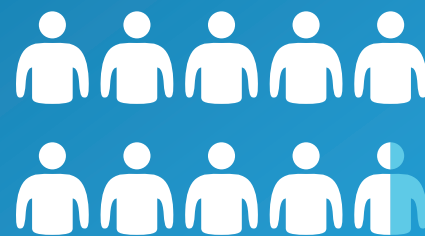
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**Completing:
Students with some
college—but who do not
get over the degree finish
line—worry about and
value institutional
affordability.**

Virtually all non-completers had some concern about being able to afford the institutions they had applied to, and more than half of respondents said they were “very concerned.”

More than 95% of non-completers had some concern about being able to afford the institutions they had applied to and 57% said they were “very concerned.”

Three out of four respondents who had started but not completed their program said they were **more likely to apply to institutions that provided clear information about the cost of attending.**



9.5 out of 10 were
**concerned
about
affordability**

✓ KEY TAKEAWAYS

Many students who start, but do not complete, their program worry about affordability before they ever even set foot on campus. Helping students understand the overall financial commitment needed to obtain a degree can help prospective students better identify, and get behind, an institution's value.

Giving prospective students who struggle to complete clearer information about the total cost commitment they need to make can reduce consumer stress and uncertainty and increase the likelihood that more students complete their programs of study.

★ LEVEL UP

How do you make the total cost of college clear to your prospective students? Tuition and housing are just one part of the picture. Does your office provide insight into the estimated costs of other parts of the higher ed experience, such as books, transportation, and meals?

Three out of five non-completers say they plan on returning to finish their program of study, but only half of these individuals plan on going back to the same institution they started at.

61.4% of respondents who started but did not complete their program say they plan on returning to finish their program of study. Half of these individuals plan on going back to the same institution they started at.

DATA

Do you plan on returning to college to finish your program of study?

YES	704	61.4%
NO	442	38.6%
TOTAL	1,146	100%

(Of affirmative respondents) Do you plan on returning to the same institution to finish your degree?

YES	393	55.8%
NO	311	44.2%
TOTAL	704	100%

✓ KEY TAKEAWAYS

Successfully re-enrolling former students requires helping them get comfortable with additional borrowing but also with ensuring they have the financial resources going forward to manage their daily lives as well.

Many factors hold back former students from completing the programs of study they originally pursued. Helping these students navigate the financing process and identify non-loan aid that can help relieve stress on other aspects of their budget can help improve completion rates and maximize student financial success.

★ LEVEL UP

Do your financial aid counselors have the time they need to dedicate to high-need advising? By automating many of the routine processes, you can free them up to do the valuable one-on-one advising that will help students plan for expenses, as well as find and access resources.

Almost three out of every four respondents who started but did not complete indicated that an improved financial aid experience would increase their likelihood of returning.

31.4% of former students report they would be more likely to return to complete their program of study if they had more information about outside scholarship availability.

This is followed closely by 29.5% who wanted more personalized financial aid office support and 29.2% who wanted better information about the true cost of completing their program.

Former students report a wide array of factors that have prevented them from completing to this point. The most commonly reported reasons are personal life issues (65%), the amount of student loan debt already owed (50%), and being able to cover out-of-pocket expenses when enrolled (40.3%).



3 out of 4 claimed an
improved
process would increase
their likelihood of
returning

Reasons

for not completing included:



65% | Personal life issues
50% | Student debt loan
40.3% | Out-of-pocket expenses

■ Which of the following factors **kept you from returning** to finish your program?

	Count	Percent
The complexity of the financial aid process	132	18.8%
Difficulty understanding what financial aid I am currently eligible for	133	18.9%
The amount of student loans I already owe	352	50.0%
Difficulty identifying scholarships that I qualify for	142	20.2%
Concerns about covering out-of-pocket costs when enrolled	284	40.3%
Issues in my personal life	459	65.2%
Other	60	8.5%

■ Which of the following factors would **increase the likelihood of your returning**?

	Count	Percent
Improved ability to raise funds for my education from family and friends	306	26.7%
Better information about the true costs of obtaining your degree	335	29.2%
Simplified communications around the financial aid process	288	25.1%
More personalized support from the financial aid office	338	29.5%
Increased information about outside scholarships	360	31.4%
More ways to contact the financial aid office	149	13.0%
The ability to receive support from the financial aid office at any time of the day	268	23.4%
Other	129	11.3%

Respondents noted multiple factors that would increase the likelihood of them returning to school, with increased information about outside scholarships (31.4%), more personalized support from the financial aid office (29.5%), and better information about the true costs of obtaining your degree (29.2%) rounding out the top three.

✓ **KEY TAKEAWAYS**

Former students are more likely to return and complete their program when institutions provide them with a more responsive financial aid experience that includes everything from personalized support and a streamlined process to clearer, more available communication and greater information about non-loan options.

★ **LEVEL UP**

Does your financial aid office offer convenient and modern ways for every student to stay in touch? Both new and returning students are looking for 24/7 mobile access that works with their busy schedules. By streamlining and automating your communication capabilities, you'll remind your students you're always there for them.

About the author



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Carlo Salerno is an education economist who, over a 19-year career, has done higher education research for the federal government, co-founded an education analytics company, advised European and African education ministries, and conducted a range of analytical studies for national advocacy groups and the student lending industry. Carlo is a frequent writer and public speaker on the economics of student financial success. He holds a BBA from Eastern Michigan University and a PhD from the Pennsylvania State University.

Report Notes

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