



The Domino *Effect*:

Aligning Financial Aid for
Maximum Impact

The flawed 2024 FAFSA rollout and uncertainties around the Department of Education in 2025 have revealed a critical truth: financial aid must be a strategic arm of any college or university. Institutions can no longer afford to treat financial aid as a back-office function. The ability to deliver aid efficiently, communicate effectively, and navigate evolving regulations is now a competitive differentiator.



Timing Impacts Enrollment & Retention

The speed of financial aid offers plays a critical role in recruitment and retention. It is a primary factor in student decision-making. While 22% of students are willing to wait up to two weeks for financial aid packages, 73% will switch to another institution if the wait exceeds four weeks. ¹



Technology is Transforming Financial Aid

The financial aid industry is rapidly evolving into a tech-enabled function. With 87% of students saying a school's technological sophistication matters when applying, institutions need to embrace technology to meet expectations and improve outcomes. ²



There is a Staffing Crisis in Financial Aid

An industry-wide staffing shortage remains unaddressed. Over 56% of financial aid offices operate at 75% capacity or less, leaving critical positions unfilled. This shortage underscores a growing gap in resources to meet increasing demands. ³



Compliance Challenges Demand Expertise

Constantly changing regulations require advanced policy expertise, especially in the ever-evolving Title IV compliance landscape. However, 51% of university leaders lack confidence that their financial aid teams fully understand current state, federal, and local regulations, creating significant compliance risks.

As the leading financial aid consulting firm, we've been part of key conversations this year – alongside the Department of Education, technology providers, non-profit partners, and higher ed leaders — about what's working in financial aid and what's next. One thing is clear, institutions are looking for a better model for financial aid operations. The ones that act now won't just fix problems—they'll gain a real edge for their institution and the students they serve.

¹ 2024 Ellucian Student Voice Report

² Ellucian – Digital Experiences White Paper

³ NASFAA Survey

The Good News?

There is a Better Financial Aid Model

In a December 2024 Forbes article, Nathan Grawe stated, “If we choose to continue as if it’s just business as usual, I don’t know how colleges could expect to not see major enrollment declines. The good thing about higher education is we have an enormous lead time to try to do things differently.” ⁴

This white paper outlines a strategy to empower institutions to:

- Improve recruitment and retention by optimizing operations
- Enhance operational efficiency and effectiveness
- Deliver an exceptional student experience
- Strengthen compliance while reducing risks

This strategy isn’t just for the elite institutions with extensive endowments, alumni networks, and abundant resources. Any institution—regardless of size or funding—can adopt this model to uphold the value of higher education while improving how students and their families are served.

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Institutions can no longer afford to treat financial aid as a back-office function.

⁴ Nathan Grawe, “What Will It Take to Help Higher Ed to Survive the Demographic Cliff?” Forbes, December 2024

The Power of The One Thing: Lessons from Gary Keller and Jay Papasan

Authors Gary Keller and Jay Papasan propose a surprising approach to achieving extraordinary results: success doesn’t require juggling multiple priorities. ⁵ Instead, it comes from focusing on a single, transformative priority that drives meaningful, positive change. And the 2024 FAFSA rollout serves as a poignant example of how misalignment can have a domino effect on an entire industry. On the other hand, when aligned correctly, a single domino can topple increasingly larger dominoes, creating a chain reaction of successful outcomes.

⁵ *The ONE Thing* by Gary Keller and Jay Papasan, Bard Press, 2013

Financial Aid: A Catalyst for Institutional Success

Financial aid may not be the only factor in institutional success, but its impact is undeniable. When positioned as a strategic driver, your financial aid model creates opportunities for alignment, innovation and long-term growth.

A strategic financial aid model can:

- Drive enrollment goals by removing financial barriers and expanding access.
- Optimizes operations by increasing efficiency and managing costs effectively.
- Enhance the student experience by fostering clarity, trust, and accessibility.
- Ensure compliance with Title IV requirements, reducing regulatory risks.

By prioritizing financial aid as a strategic function, institutions can strengthen their foundation, support student success, and gain a competitive advantage.



Turning Challenges into *Opportunities*

Disruption—whether sparked by the 2024 FAFSA rollout, today’s uncertainty from the Department of Education, or tomorrow’s yet-unknown challenges—always highlights the need for a reimagined approach.

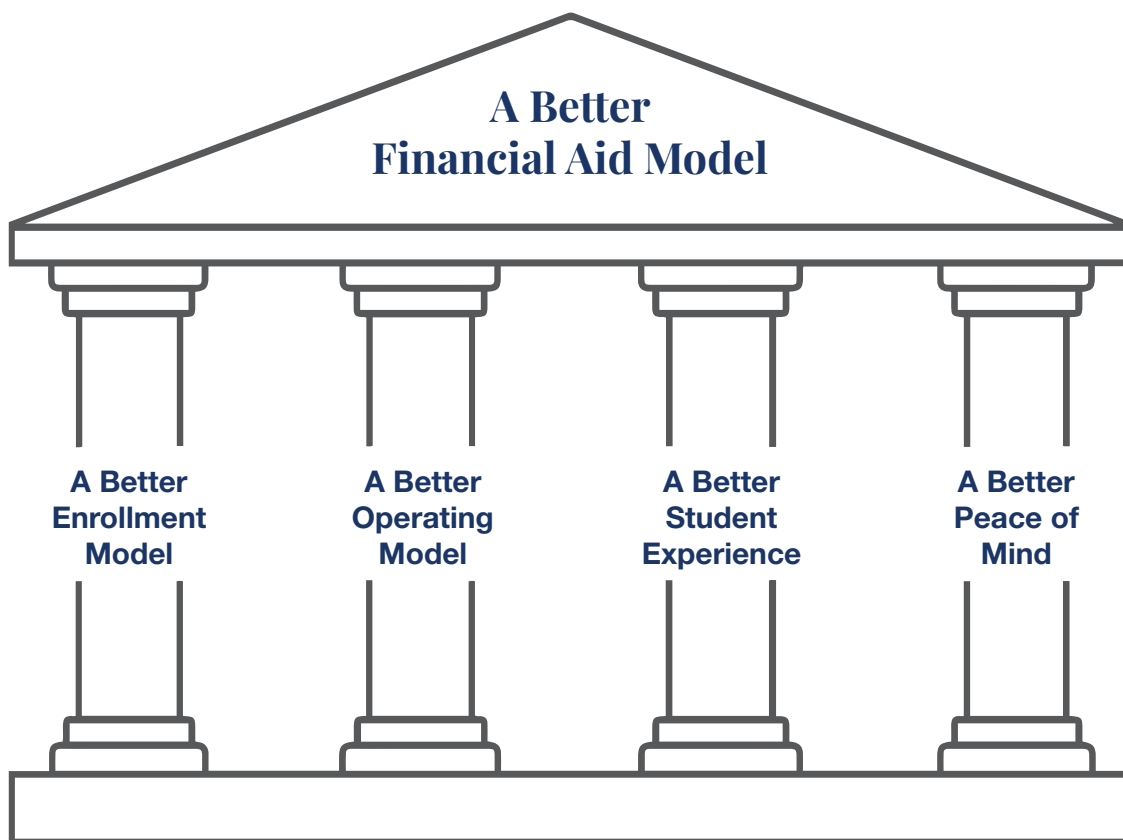
At FAS, we’ve spent 34 years mastering a better model to help institutions overcome these challenges while building systems that are ready for whatever comes next. By focusing on four key pillars of financial aid operations, we empower colleges and universities to adapt, innovate, and thrive in a rapidly evolving landscape.

⁵ *The ONE Thing* by Gary Keller and Jay Papasan, Bard Press, 2013

A Better Financial Aid Model delivers results in four key areas:

1. A Better Enrollment Model
2. A Better Operating Model
3. A Better Student Experience
4. Better Peace of Mind

These pillars empower colleges and universities to tackle challenges and build stronger, more effective financial aid operations. When misaligned, one misstep triggers a chain reaction of disruption. But when aligned, each domino becomes a foundation—supporting a stronger, more resilient model for financial aid.



A Better *Enrollment* Model

Generate Greater ROI from Recruiting and Retention

When financial aid operations are optimized, they unlock success across the institution—like the first domino tipping the others. And timing is the most significant factor that influences recruitment and retention outcomes.

Consider the numbers from the March 2024 Ellucian Student Voice Report: ⁶

76% of students said that financial aid—both the amount and the process—shaped their college decision.

22% would enroll elsewhere if paperwork delays exceeded two weeks.

73% would look for another institution if processing took more than four weeks.

92% would choose another school if processing surpassed eight weeks.

Think about that for a moment.

These numbers highlight just how much timing and transparency shape the student decision-making process. A two-week processing window isn't just a preference—it's an expectation and meeting it isn't just operational—it's strategic.

Why Timing Matters

In today's competitive landscape, timing is everything. For families navigating the financial aid process, fast and efficient support can be the deciding factor in enrollment.

Students and families increasingly expect:

- **Faster processing times to reduce uncertainty.**
- **Seamless, 24/7 digital support.**

Meeting these expectations strengthens institutional outcomes by increasing recruitment and retention rates. A better enrollment model generates higher enrollment, transforming financial aid into a strategic advantage.

⁶ 2024 Ellucian Student Voice Report

At FAS, We Help You Build a Better Enrollment Model Through:



Custom Staffing Solution

Scale your team with experienced financial aid professionals who fill knowledge gaps and ensure the highest level of efficiency during peak periods.



Technology Optimization

Streamline financial aid workflows in your SIS and financial aid module with modern solutions to automate processes, reduce inefficiencies, and enhance the student experience.



Outsourced Processing

Improve processing times and reduce administrative burdens, freeing your team to focus on high-value recruitment and retention activities.

Strategic Impact of a Better Enrollment Model

When financial aid operations prioritize timing, institutions achieve measurable results:

Higher Enrollment Rates: Students commit earlier and more confidently, boosting first-time and returning enrollment numbers.

Improved Retention Rates: Timely and efficient processes keep students engaged and reduce the risk of attrition.

Increased Trust: Families and students recognize your institution's transparency and commitment to affordability and access.

We've seen a 23% increase in first-time freshmen enrollment.

— Director of Financial Aid

A Better *Operating* Model

Focus on Your Core + Free Your Staff to Do What They Do Best

Financial aid organizations must scale effectively to serve both prospective and returning students. Yet fluctuating workloads and rising application volumes make staffing models and cost structures difficult to manage.

Without scalable technology and efficient operational models, many offices remain under-resourced—relying on manual processes that increase compliance risk and operational inefficiency. As institutions seek ways to control costs and meet growing demand, financial aid must evolve beyond traditional structures.

The Role of Technology in Financial Aid Operations

Scaling operations requires addressing inefficiencies, outdated processes and reducing the administrative burden. These issues limit the ability to meet student expectations, strain staff capacity and contribute to turnover.

Leveraging modern technology solutions allows teams to:

- Automate manual workflows, saving time and money
- Accelerate financial aid packaging times to support enrollment goals
- Enhance the student experience with seamless support.

Financial aid professionals are deeply committed to serving students—but too often, their time is consumed by tasks that could be automated. This dynamic contributes to the ongoing staffing crisis, and students are feeling the impact.

- 80% of students who applied for financial aid say they never met with an aid administrator one-on-one.
- Many financial aid professionals handle over 2,000 cases per year, leaving little room for personalized support.

While these statistics are concerning, they also reveal a strategic opportunity. Institutions that prioritize efficiency and technology can free up their teams to work with students on the margin—those who are at-risk, high-need, or first-generation college students who need additional support.

At FAS, We Help You Build a Better Operating Model Through:



Customized Staffing Solutions

Scale your operations with experienced financial aid professionals who fill knowledge gaps and ensure efficiency during peak periods.



Technology Optimization

FAS Consultants possess the rare combination of technology acumen + financial aid expertise to help you leverage your SIS and financial aid module to streamline operations and improve compliance.



Administrative Capabilities Review

Our consultants combine financial aid industry best practices with business insights to uncover opportunities for enhancing the student experience.

Strategic Impact of a Better Operating Model

When institutions implement efficient operating models, they achieve measurable results:

Reduced Operational Costs: Streamlined processes and scalable resources help control costs while improving efficiency.

Expanded Staff Capacity: Automation and outsourcing free up staff to focus on high-impact activities, like supporting at-risk and first-generation students.

Enrollment as a Strategic Outcome: Financial aid becomes a lever to improve recruitment and retention.

"After working with FAS, we have an increased and enhanced skill base. We can now tackle problems more holistically, and we are operating more efficiently. Because of their help, we will better serve students and meet our enrollment goals."

— Vice-President of Institutional Advancement

A Better *Student* Experience

Student Experience Directly Impacts Recruitment, Retention, and Your Brand

What happens when today's generation of digital natives meets up with your financial aid process? In most cases, there is friction.

Like it or not, today's student expectations are shaped by the on-demand worlds of Amazon, Netflix and DoorDash. Having grown up as digital natives, Gen Z is defined by on-demand experiences and they bring these expectations into every interaction, including financial aid.

To these students, financial aid feels slow, overly methodical, and paper intensive. The lack of 24/7 support can be frustrating, and many approach the process with a sense of fear or confusion. See the friction? For Gen Z, financial aid isn't just a process—it's an experience. No amount of marketing can compensate for a poor financial aid experience.

Companies in the e-commerce and entertainment sectors have mastered personalization with speed and quality at scale. The good news is that financial aid experiences at colleges and universities can achieve this, too.



At FAS, We Help You Build a Better Student Experience Through:



Administrative Capability Reviews

Our consultants combine financial aid industry best practices with business insights to uncover opportunities for enhancing the student experience.



Technology Optimization

Unlock tailored solutions to help your team optimize workflows, reduce manual tasks, and focus on what matters most: the student experience.



Outsourced Processing

Deliver faster turnaround times—measured in minutes or hours instead of weeks—giving students the responsiveness they expect.

Strategic Impact of a Better Student Experience Model

When institutions implement student-centric models, they achieve measurable results:

Improved Satisfaction Scores: Students and families benefit from faster, more personalized support tailored to their needs.

A Competitive Recruitment Edge: Modern financial aid processes align with student expectations, enhancing your institution's appeal.

Long-Term Brand Trust: Exceptional experiences foster loyalty from enrollment through graduation and beyond.

"The outcome of having FAS here has been a remarkable turnaround with improved customer service and streamlined processes. They also built up the confidence level of our staff."

— Associate Vice President of Student Services

Better *Peace* of Mind

Rest Assured Your Aid Is Administered in Full Compliance

Compliance isn't optional—and it's far from simple. The Federal Student Aid Handbook spans over 1,000 pages of regulations and guidelines—most of which read like a tax code. It's no surprise that financial aid professionals cite compliance as one of their biggest challenges.

Nearly half of respondents (48%) cited compliance and evolving regulations as one of the top three challenges, according to our Challenges Deserve Solutions eBook.⁷

When Compliance Fails, the Consequences Compound

Falling out of compliance isn't just an administrative burden—it comes with severe consequences—financial and reputational. Institutions placed on Heightened Cash Monitoring (HCM) often experience cash flow disruptions, delayed aid disbursements, and increased student attrition.

According to the Office of Inspector General, the most common triggers for HCM placement include:

- **Negative audit findings**
- **Accreditation issues**
- **Failure to meet administrative capability standards**

Schools facing these challenges are often left scrambling to recover—at great financial and operational cost. Yet, these risks are more common than many university leaders realize. Too often, institutions underestimate the risk exposure they carry in compliance, leaving Directors of Financial Aid shouldering the burden.

Meanwhile, constant regulatory changes and an industry-wide staffing crisis have led to a loss of veteran compliance expertise, increasing the risk of missteps. For many, the fear of compliance risks prevents them from modernizing their financial aid operations—keeping them locked in manual, outdated processes that create inefficiencies.

⁷ *Challenges Deserve Solutions* eBook, FAS, 2024.

At FAS, We Help You Achieve Better Peace of Mind Through:



Policy & Procedure Reviews

Ensure compliance with Title IV by maintaining up-to-date and streamlined policies tailored to your institution.



Compliance Reviews

Identify regulatory gaps and risks with comprehensive reviews of your financial aid operations.



Training & Support

Equip your team with ongoing compliance training and expert guidance to navigate regulatory complexities confidently.

Strategic Impact of a Better Compliance Model

When institutions prioritize compliance, they achieve measurable results:

Mitigated Regulatory Risks: Avoid costly penalties and funding losses by addressing compliance gaps proactively.

Improved Operational Stability: Ensure seamless operations even during regulatory changes or staff transitions.

Increased Leadership Confidence: Gain peace of mind knowing your financial aid team is equipped to meet Title IV requirements.

"Everything they do is so efficient. We've had clean compliance audits every year, and it doesn't get any better than that."

— Controller/Bursar

Challenges Deserve *Solutions*

Higher education faces mounting pressures, and financial aid organizations are navigating unprecedented complexities. From the looming enrollment cliff to economic pressures, staff shortages, and hiring challenges, today's Presidents, CFOs, VPs of Enrollment, and Directors of Financial Aid face enormous challenges.

The flawed 2024 FAFSA rollout serves as a stark reminder of how one misstep can create a domino effect of disruption, impacting students, families, and institutions alike. But it also highlights an important lesson: focusing on The One Thing—the most critical priority—can drive meaningful change. For financial aid organizations, that One Thing is making financial aid a strategic arm of your operational model.

The good news? Challenges deserve solutions, and solutions are here. At FAS, we've developed a framework rooted in decades of expertise, designed to empower institutions to overcome today's challenges and thrive in the future.

We've listened closely to our clients and to all of you – industry professionals. Throughout all those conversations, we began to uncover recurring themes. The more we studied those themes, the more it formed a framework. Eventually, that framework became a new, innovative, and better model for financial aid operations.

The *Better* Model Is Here.

Let FAS help you transform your financial aid department, overcome challenges, and build a stronger future.