FUTURE, FUTURE!

JOHN M. BAWOROWSKY

Changes in the filing date and tax year data used to complete the Free Application for Federal Student Aid (FAFSA) will affect all colleges and universities, even those not planning to make changes in their aid programs.

On September 14, 2015, President Obama surprised everyone involved in college admission and financial aid when he announced major changes to the Free Application for Federal Student Aid (FAFSA) process (The White House, 2015) Effective with the 2017–2018 application cycle, students will be able to file their FAFSA as early as October 1 using tax and financial information from two years prior. Nicknamed "Prior-Prior Year" (PPY) this will be one of the most significant changes impacting financial aid and student recruitment at all colleges and universities in the United States. Many national higher education associations are enthusiastic about the new process. The National Association for College Admission Counseling (NACAC) strongly supports the move because they believe it will "… address many of the systemic obstacles that deter under-represented and low-income students from pursuing higher education" (NACAC, 2016).

Like any change in policy, PPY can be viewed as both good news and challenging news. The benefit to prospective and current higher education students is clear: Earlier filing could mean earlier receipt of a financial aid offer. In theory, students could have a total financial aid award in their hands much earlier in the enrollment decision cycle, giving them more time to evaluate financial aid awards and several additional months to plan for their college expenses. Students will also benefit from using an earlier year's financial information. Most students and families will have filed their taxes the previous spring, so they will be able to simply click the Internal Revenue Service (IRS) Data Retrieval Tool in the FAFSA application to automatically import verified IRS tax returns. It eliminates the need to estimate income and taxes paid, and it should also eliminate, for those selected for verification, the need to request a tax transcript from the IRS. Because the new FAFSA filing deadline will be promoted extensively and the IRS Data Retrieval Tool will greatly simplify the application process, institutions of higher education hopefully will see an increase the rate of FAFSA filing among those planning to attend college.

As Palmasani (Baworowsky, Benner, & Palmasani, 2015) explained, the change in the filing date can more closely align the college selection process with the financial aid process. He described aligning three concentric circles—academic fit, feel fit, and financial fit—that meet in an area called "best fit." Currently, the earliest a student will see the net price is in March or April, long after they have applied or have been accepted for admission and within just a few weeks of the May 1 Candidates' Reply Date. Having a better understanding of net cost earlier can help the student develop a more informed short list of potential colleges and universities because it will help the student and family eliminate institutions too far outside their affordability range.

Hossler and Gallagher (1987) described a three-phase model of student college choice. During the second phase, "search" students begin to seek more information

STRATEGIC ENROLLMENT MANAGEMENT QUARTERLY, Volume 4, Number 3, 2016

View this article online at wileyonlinelibrary.com • DOI:10.1002/sem3.20088

from colleges and universities. The researchers note that institutions can influence the process based on the communications they use to contact students. "While it is true that students do not always use information in a completely rational manner, the lack of accurate information about financial aid and the true cost of attendance may contribute to this problem during the search phase" (Hossler & Gallagher, 1987, p. 214). PPY offers an excellent opportunity for institutions to enhance their communications to promote accurate information about affordability and the financial aid process.

An earlier deadline also has the benefit of increasing the college-going rate for first-generation and, particularly, Latino students. Cross (2011) studied effective recruitment strategies for Latino college-bound students nationwide. She found that financial aid preparedness and early relationship building with students and families are effective recruitment strategies used by Hispanic Serving Institutions as well as institutions in general. PPY presents an opportunity to build those relationships earlier by providing earlier full financial aid awards and addressing the topic of student loans over a longer period of time.

However, it can also be confusing for students since some institutions may award financial aid in December, while other institutions will continue to wait until late February through March. In this new scenario, a student may receive financial aid awards from a variety of institutions many months apart.

A Ruffalo Noel Levitz poll (2016) taken in March shows that over a third of both public and private institutions have not decided whether or not to make changes in their communications or aid-awarding processes. Of those who have decided, 61.7% of privates and 71.4% of publics intend to adjust the timing and flow of their communications to prospective students. Over half of both groups intend to provide financial aid estimates earlier.

Most of the "interesting news" (read challenge) falls on the college side of the equation. How will colleges and universities respond to the changes in the filing date? How will having a financial aid offer months earlier affect the student decision-making process?

Colleges and universities essentially have two options: (a) make no changes to their financial aid processing and awarding timeline, their recruitment communications, or application deadlines; or (b) adjust one or more of the above to respond to the earlier FAFSA filing deadline. There will most likely be a shakeout period of several years in which institutions will experiment with a variety of options, evaluating the recruitment and retention impact of those decisions. No doubt admission and financial aid directors will also be watching what their colleagues at other institutions do and how their plans affect their enrollments.

Making no changes to current processing plans and deadlines may make more sense than it first seems. If the U.S. Department of Education does not release the 2017–2018 Pell tables earlier, institutions will not be able to make accurate financial aid awards, thus making the earlier FAFSA filing date moot for both institutions and families. Pell tables provide the algorithms needed for financial aid staffs to calculate federal Pell Grants. The same can be said for individual state departments of education needing to release their awarding tables in the fall of 2016. Many institutions, particularly those that process thousands of financial aid awards, will not have the capacity to process two awards per student—the first an estimated award and, later, a final award once Pell and state tables are available.

Institutions will also need to set their tuition, fees, and housing costs much earlier if they want to provide an accurate financial aid award. Many institutions set their rates as part of creating the institutional budget. This can be problematic for many or, at the very least, require a major change in protocols. Many public institutions operate on a legislative schedule that may not allow them to change the date when tuition rates are set. Potential evidence of this can be seen in that same Ruffalo Noel Levitz poll (2016) that showed that nearly 60% of privates and 28% of publics plan to set their tuition rates earlier. Clearly, those institutions that have the flexibility to set tuition rates earlier will see an additional benefit from PPY.

Implementing changes also takes careful thought and may impact institutions' application deadlines. Many institutions have already set their 2017 application deadlines. Making a change in 2016 means communicating that change to high school guidance counselors and any number of agencies. It simply may be too late to make a change for the 2017 application cycle. Wait and watch may be the norm for many institutions.

What impactful changes can an institution make to take advantage of the earlier FAFSA filing date?

Admitting students earlier may be the response of some institutions. Moving first application deadlines to earlier in the fall will allow some institutions to admit students earlier and time aid packages with admittance letters. Those institutions with rolling admission may open their 2017 applications earlier and may process admittance letters months earlier as well. Some institutions with application deadlines may move to rolling admission as PPY could provide a recruitment advantage because admission letters and financial aid awards could be mailed together. However, changes are not anticipated in deposit deadlines. In an open letter to the education community (American Association of Collegiate Registrars and Admissions Officers [AACRAO], NACAC, National Association of Student Financial Aid Administrators [NASFAA], & College Board, 2015), NACAC and other professional associations note a continued commitment to the May 1 decision deadline.

Launching a communication campaign to inform students and families of changes in application deadlines will be a heroic undertaking. Attracting students to apply earlier will require different communication strategies. While changing search purchase strategies and targeted messaging may build momentum for earlier applications, it will still require a major change in the thinking of students and their parents who believe that college applications are traditionally filed beginning in the fall of the final year of high school.

It is not unreasonable to expect institutions to begin communicating estimated aid awards in the spring of junior year—many months earlier than presently done. A heightened awareness of completing the FAFSA in October, along with net price calculators already available on institutional websites, will draw more high school juniors and their families to seek early estimates. An award calculated in junior year will place more emphasis on the first five semesters of high school coursework. "Late bloomers" and other students whose grades improve in the spring of junior year and fall of senior year will find themselves disadvantaged by earlier merit awarding. Enrollment managers will need to be mindful of this as they develop plans that are inclusive and supportive of students whose grades improve throughout high school, as PPY could have a negative effect on these students.

Many institutions will consider giving merit aid earlier or even adjusting their merit award programs and scholarship ranges since grant aid may be awarded at the same time. Awarding merit scholarships at the point of admission has been used as a shaping tool at many institutions, and financial aid awards have been used as a leveraging or shaping tool as well (Hossler & Bontrager, 2015). Currently, many institutions award merit dollars at the point of admission (Baworowsky, 2007). Since these awards were sent through the fall and early winter, they provided families with a partial indicator of affordability.

Institutions with November or later application deadlines or institutions with rolling admission policies who see the majority of their applications come in November or later will have the opportunity to process a complete financial aid award along with a letter of admission. Having the complete financial picture can help improve an institution's ability to use a total financial aid award to shape their incoming class because they will be able to harness merit scholarships, need-based grants, student employment, and student loans to meet shaping and revenue goals.

A much more precise, nuanced approach can be taken that could in theory support more needy students. At the same time, the complete financial aid award could be sent close to the date of the offer of admission, negating the need for an early merit offer.

One caveat: While institutional scholarships and grants and federal aid might be awarded early, other talent-based aid such as music, theater, and athletic scholarships might be on their own timelines due to audition dates and national athletic signing dates. This adds a layer of complexity and may mean that institutions are mailing a partial early award and following up later with a complete award with talent-based scholarships.

There will be a temptation to be the "first on the block" with a financial aid award. This could be both good news and bad news for the institution. Should students receive their aid letter up to three months earlier than in the past, they will have a longer opportunity to negotiate aid with institutions. On the other hand, if students do not receive offers from all institutions that admitted them, earlier offers might become "stale" while waiting for later aid offers to be received. It will be interesting to see how earlier aid offers impact the number of students who file appeals for larger aid packages.

A larger question for institutions to consider is how many families will be seeking earlier aid? It is well known that first-generation students are less likely to apply for admission and complete a FAFSA early. While the new process is designed to benefit them, many of these students may not receive the information that can benefit them. As Cross (2011) suggested, part of an institution's overall aid communication strategy should include reaching out to first-generation students and diverse cultures if we want needy students to benefit. Institutions should develop assertive outreach communications to community organizations promoting the advantages of PPY.

In any event, institutions will become less similar to each other over time as different approaches to PPY are developed. This can further increase the complexity of the process and further confuse the very students it is designed to benefit.

On the other hand, PPY and an earlier FAFSA application could positively impact student success/retention initiatives on campus. Since current students can also file their FAFSAs earlier, institutions may choose to provide their continuing students with financial aid awards months earlier than in the past. Armed with an early idea of their next year's financial picture, a higher percentage of students may choose to register for the following fall on their campuses. Here, too, it will fall to the institution to communicate early with their returning students and provide advising and financial aid guidance to increase the percentage of their students returning in the fall.

All these changes in timing and communications could have an impact on the workload of the administrative staff. Institutions currently have an annual schedule of when new students, returning students, and graduate students are packaged. The change in the FAFSA application date may move packaging of new students forward by several months. This could conflict with other activities normally done during these months. Senior enrollment management leaders and their financial aid and admission directors will need to anticipate the changes in workload caused by PPY and adjust their schedules accordingly.

Finally, enrollment managers should also remember that the U. S. Department of Education is asking them to consider making earlier awards beginning with the 2017–2018 cycle (Baker, 2015), because it will "… have a meaningful impact on college choice, access, persistence and completion for millions of students." While in no way is this binding on institutions, complying with Director Baker's request can increase consumerism and benefit both the student and the institution.

References

American Association of Collegiate Registrars and Admissions Officers (AACRAO), National Association for College Admission Counseling (NACAC), National Association of Student Financial Aid Administrators (NASFAA), & College Board. (2015). An open letter to the education community. Retrieved from http://www.nacacnet.org/issues-action/LegislativeNews/Documents/PPYSupportLetter121515.pdf

Baker, J. (2015) Early FAFSA electronic announcement #2: Preparing for 2017–2018 early FAFSA and Prior-Prior Year. Retrieved from http://ifap.ed.gov/eannouncements/021816EarlyFAFSAEA2andPriorPriorYear.html

Baworowsky, J. (2007). Federal reauthorization of the igher Education Act provides feds the opportunity to bring access and choice. *Magis, The Jesuit Journal of Student Development, 1.* Retrieved from http://students.seattleu.edu/clubs/susda/3%20Federal%20Reauthorization%20of%20the%20Higher%20Education%20Act.pdf

Baworowsky, J., Benner, B., & Palmasani, F. (2015). *A proposal for comprehensive financial aid reform.* Chicago, IL: The College Board 2015 Midwest Forum.

Cross, K. M. (2011). Institutional strategies related to the enrollment and retention of Latino students in higher education (Doctoral dissertation). Available from ProQuest. (UMI 3465462).

Hossler, D., & Bontrager, B. (2015). *Handbook of strategic enrollment management.* San Francisco, CA: Jossey-Bass.

Hossler, D., & Gallagher, K. (1987) Studying college choice: A three-phase model and the implication for policy makers. *College and University, 62*(3), 207–221.

National Association for College Admission Counseling (NACAC). (2016) What is NACAC's position on PPY? Retrieved from http://www.nacacnet.org/issues-action/LegislativeNews/Pages/PPY.aspx

Ruffalo Noel Levitz. (2016) Prior-Prior Year: How to respond and compete in the new environment. Retrieved from www.ruffalonl.com

The White House. (2015). Fact sheet: The president's plan for early financial aid: Improving college choice and helping more Americans pay for college. Retrieved from https://www.whitehouse.gov/the-press-office/2015/09/14/fact-sheet-president%E2%80%99s-plan-early-financial-aid-improving-college-choice

John M. Baworowsky, PhD, has more than 30 years of experience in enrollment management, student affairs, public relations, and financial aid. He has served as a vice president at both U.S. and overseas institutions. Presently, Dr. Baworowsky is the vice provost for enrollment management at Marquette University in Milwaukee, Wisconsin, where he oversees admission, financial aid, the registrar's office, and the one-stop shop. He also serves as a senior associate consultant for Ruffalo Noel Levitz, the largest higher education consulting firm in the United States. As a columnist for The Chronicle of Higher Education, Dr. Baworowsky had written about international student recruitment, shared governance, student decision making, and developing a brand. He has been instrumental in enrollment growth and stability at Dominican University of California, American College of Greece, and Saint Louis University. He is also a noted national speaker on the topics of strategic communications, international students, and financial aid. He has spoken at the National Conference on Student Recruitment, Marketing and Retention; NAFSA: Association of International Educators National Conference; Technology in Student Recruitment Conference, National Association of Collegiate and University Business Officers (NACUBO), E-Recruitment Mastery Workshop; and the Council for the Advancement and Support for Education (CASE). Dr. Baworowsky has been frequently interviewed and quoted in national media on such topics as affirmative action, demographics of high school students, student development, enrollment, and marketing. He has been quoted in the New York Times, St. Louis Post Dispatch, Chronicle of Higher Education, The Northern Iowan, and the Detroit Free Press and on MSNBC. He has received a number of honors and awards. He has been named a "heavy hitter in higher education" by CASE and was chosen as a Distinguished Educator by the U.S. Air Force ROTC.