The 2015 Enterprise Application Market in Higher Education

Financial Aid Systems
What You Need to Know

Financial aid is a monetary lifeline for many students who attend college, but applying for financial aid can be a complicated proposition, given the regulations, forms, and processes. This places a special burden on financial aid systems, which need both robust back-end and front-end functionality in order to comply with government regulations, administer financial aid requests, and create a user-friendly experience that helps students navigate through the process. As is often the case for a core, nondifferentiating system, however, institutions are hesitant to replace these systems without an external catalyst such as regulatory compliance or loss of product support from a vendor. As a result, these older, infrequently replaced or implemented systems rank last in terms of system rate of change (figure 1).

*Rate of change is an indicator of how rapidly a system area is changing. It is a composite score based on year of current implementation and on plans to implement new systems or replace existing ones. Systems with the highest rate of change typically have been implemented recently or are expected to be implemented or replaced soon.

Figure 1. Characteristics of core information systems
Average age of implementation, combined with plans to replace systems, determines the rate of change for a system area. Most institutions (78%) have no plans to replace their financial aid system within the next 3 years, and nearly all of those institutions (96%) have not implemented a solution within the past three years (figure 2).

**Figure 2. System provision and plans for change for financial aid systems**
Market Share

With four-fifths of the market (80%) using a solution from one of the top 3 vendors—Ellucian, 52%; Oracle PeopleSoft, 18%; and College Board, 10%—the financial aid system market is fairly homogeneous (figure 3).
Management Strategy

Possibly related to system age, most institutions (87%) maintain an in-house implementation of their financial aid system and have not adopted any of the newer management strategies, such as SaaS. Among institutions without an in-house financial aid system, most use a system hosted or managed by another institution (figure 4).

Figure 4. Management strategies in use for top 4 financial aid solutions
Deployment Strategy

Most institutions interact with their financial aid system through either a basic desktop application (30%) or a web-based application (48%). Among all institutions using any of the top 4 solutions, the institutions using Oracle PeopleSoft Financial Aid are most likely to use a web-based application; among institutions using these four solutions, those institutions using College Board PowerFAIDS are most likely to use a basic desktop application (figure 5). Possibly related to system age, mobile-friendly systems are less common.

Figure 5. Deployment strategies in use for top 4 financial aid solutions
Case Study: Modernization of Tallahassee Community College’s Financial Aid System

Financial aid factors into the education plans of many students at Tallahassee Community College (TCC). Approximately 70% of TCC’s 14,000 students receive some form of financial aid—federal or state support or scholarships, totaling approximately $67–70 million institutionally, depending upon enrollment. TCC processes all of this aid with one of the smallest financial aid staffs in Florida. The ratio of aid staff to students is 1 to 1,270, compared to the Florida average of 1 to 750.

In addition to the high workload involved, processing financial aid recently became problematic for the college due to a woefully outdated financial aid system. TCC was one of just five institutions still using a particular vendor financial aid solution installed by the college in 1997. The Office of Information Technology (OIT) continually programmed system modifications to maintain federal compliance (e.g., writing a degree audit program to ensure that students’ courses applied to their degree), address feature gaps (e.g., a Pell Grant program recalculation feature based on actual enrollment after a semester’s add/drop period), and enhance student friendliness (e.g., widen the system’s canned financial aid award letter’s three-inch print margins to a standard format). In addition, the system’s limited functionally meant that much of the financial aid processing work was still handled manually by TCC’s small financial aid staff.

The opportunity to modernize financial aid operations presented itself when TCC replaced its human resource and financial management ERPs with Workday in 2015. At the time, the vendor lacked an SIS, and TCC became one of Workday’s eight SIS design partner schools. TCC has been especially active in designing Workday’s financial aid system, which is a feature of Workday’s SIS, and TCC plans to be the first college to go live with the system in Summer 2017. The new financial aid system will provide several anticipated benefits:

- **Automatic federal compliance:** A financial aid system has to be 100% compliant with federal regulations, and the new system’s cloud-based multitenant SaaS solution switches this responsibility from the college to the vendor, with Workday modifying the system to comply with federal requirements or regulations as required, not the college. In addition, all TCC financial aid system users—e.g., the registrar, the admissions office, and the financial aid department—are updated simultaneously and kept compliant, eliminating problems that could arise if different users were operating on different versions of the system.
Greater user friendliness: Students will be able to view and process much of the financial aid work on a portable device. “The idea is to make the student self-sufficient and have the data accessible in a way that they will understand it, not the way that a financial aid officer would understand it,” explained Bret Ingerman, vice president for information technology. In addition, the financial aid system leverages the same user interface as the HR and financial management systems, facilitating financial aid administration across departments.

Reduced manual labor: The new financial aid system transitions many of the manual processes to automated workflow processes. For example, the system can process signed online forms directly, eliminating the labor-intensive task of manually scanning them into the system.

Increased transparency: The new system will integrate to Workday’s degree audit system, enabling TCC to more easily determine whether students’ courses apply to their degree, thus meeting financial aid requirements. The system will also recalculate financial aid awards continually to show students their current award eligibility.

System modernization requires preparation. IT handled most of the cloud-related transition logistics during the installation of TCC’s HR and financial management systems, such as repurposing program analysts to business analysts because the vendor supports upgrades, not the local IT organization. IT business analysts and financial aid staff are configuring the new system to meet departmental workflow and design needs. The antiquity of the outgoing financial aid system makes data transfer problematic, and the two areas created a data-transfer plan to move data from the old system’s less rigorous storage format to avoid transfer of bad data to the new system. Finally, Bill Spiers, director of financial aid, is addressing staff change-management issues, working to create a sense that “we’re all in this together;” both by involving his staff in the design process to help them understand the new system and its impact on financial aid operations, and by emphasizing the normalcy of initial frustration when the system goes live.

Ingerman and Spiers offer this advice about modernizing a financial aid system:

Student experience as a core direction: Ingerman cited the importance of the system’s student friendliness: “A financial aid system’s primary audience is the students, and the focus has to be on the student experience. Many of the legacy systems were written in a different era of mainframes gussied up with student-facing solutions. Your solution should be intentionally designed from the start to be student facing to improve the student experience.”
Prepare for change: As with many system implementations, change-management preparation is imperative. Spiers and his staff documented all the current financial aid processes to serve as a baseline for the new system’s configuration. But just as important is the people factor. “Make sure that everybody buys into the concept of change and supports moving away from the current mode of operations,” stated Spiers. “Just because we did something a certain way does not make it the right way.”

System modernization will facilitate TCC’s financial aid processing, but the real winners will be the students. “It just boils down to student satisfaction,” said Spiers. “Are they happy with what they see? Do they understand what they see? Is what they are looking at meaningful? More importantly, the new system will put grunt work in the background and enable us to spend more time working directly with students to resolve their problems faster.”
Conclusion

As federal regulations evolve, institutions will be hard-pressed to adapt their financial aid systems to changing requirements. Moving to a cloud-based system in which the vendor owns responsibility for updating and adapting to meet regulations is a revolutionary way to reduce the burden on the institution and gain efficiencies in staff workload. Additionally, as institutions increasingly focus on the student as the customer, they may consider taking another look at the role financial aid systems play in customer satisfaction. Institutions with ineffective or inefficient financial aid processes and systems should look for opportunities to modernize their systems in conjunction with other system upgrades, as did Tallahassee Community College. With careful attention to change management and customer-centric design, an opportunistic upgrade to a core, nondifferentiating system could help to increase satisfaction and free up resources to focus on the student.

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About the Enterprise Application Market Series

The Enterprise Application Market report series from the EDUCAUSE Center for Analysis and Research focuses on data from the EDUCAUSE Core Data Service (CDS) to better understand how higher education institutions approach various information systems. Market share and system rate of change are among the metrics highlighted in this series. Information provided for this series was derived from the Information Systems and Applications module of CDS. For reports in the 2015 series, responses from 510 institutions were analyzed. Only U.S. institutions are represented in this series.