



NASFAA

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS



Use of Artificial Intelligence (AI) in the Financial Aid Office

NASFAA Task Force Report

Acknowledgements

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Definition of Artificial Intelligence

For the purposes of this report, and all work from NASFAA's Use of AI in the Financial Aid Office Task Force, the following definition of AI is used: Artificial Intelligence (AI) is software that simulates human intelligence by interpreting language, recognizing patterns, and generating or analyzing data.

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Executive Summary

In late 2025, NASFAA convened the Use of AI in the Financial Aid Office Task Force to examine how the profession is engaging with artificial intelligence (AI) and to develop recommendations for how NASFAA can best support members navigating this technology. The task force's work spanned three phases of research: a [national member survey](#) of 1,233 financial aid professionals across 834 institutions, a [review of 54 institutional AI policies](#), and six listening sessions with practitioners. Prior to finalizing this report, the task force convened an additional round of member listening sessions in April 2026 to gather feedback on the draft recommendations, ensuring that the direction of this report reflects not only the task force's research, but also direct input from the membership it is designed to serve.

Across all three phases of research, a consistent picture emerged. More than half of survey respondents (54%) reported using AI for financial aid work, compared to 94% of higher education professionals in other offices (Robert, 2026). Financial aid professionals operate in a distinct environment defined by federal aid compliance, Federal Tax Information (FTI) requirements, and high-stakes determinations affecting students' access to higher education, a context that shapes both how — and how cautiously — the profession is approaching AI. Only 9% of survey respondents were aware of any institutional policy guiding their AI use, 45% had received no AI training of any kind, and only 23% of those who had received training described it as specific to financial aid or enrollment management.

The task force's research also documented a distinct constituency of members who hold principled reservations about AI, including ethical, environmental, and relational concerns that extend beyond compliance uncertainty. These perspectives appeared consistently across the survey and listening sessions and are reflected throughout this report. The task force's recommendations do not presume that AI adoption is appropriate or desirable for all offices. They are designed to support members who need resources on responsible, compliance-grounded AI use and to ensure that information is available when members need it, regardless of where their institution is in its approach to this technology.

The task force also noted that not all concerns raised in connection with AI are new problems introduced by AI. Data governance gaps, disparities in student outcomes, and [staff capacity constraints](#) are longstanding realities in financial aid administration. AI can introduce new dimensions to these challenges and, in some cases, may amplify existing vulnerabilities. This distinction is important to avoid both misdirecting reform efforts and overstating AI's contribution to problems with deeper roots, and readers should interpret the findings and recommendations in this report with that in mind.

The recommendations in this report ask NASFAA to assist members in filling the gap between the general institutional guidance that currently exists and the financial aid-specific resources that do not. They do not ask NASFAA to take a position on whether AI should be used, to endorse specific tools or vendors, or to define expectations around adoption. They ask NASFAA to ensure that when a financial aid office is making decisions about AI, it has access to resources grounded in the regulatory complexity, data sensitivity, and student service obligations specific to this profession.

Task Force Recommendations

Recommendation 1: NASFAA should adopt an association-wide working definition of AI for use across all member-facing resources and a regularly updated glossary of common AI terms, both written in plain language.

Recommendation 2: NASFAA's Ethics Commission should recommend that the Board of Directors update NASFAA's Statement of Ethical Principles to include language addressing the use of emerging technologies in financial aid administration.

Recommendation 3: NASFAA should form a task force to create a Responsible Use of AI in Financial Aid Administration Toolkit. Initial suggestions for documents to be considered in this toolkit can be found throughout this report, with a full list in Appendix A.

Recommendation 4: NASFAA should develop Ethical Principles Resources. Flowing from the requested Statement of Ethical Principles update in Recommendation 2, NASFAA should form a task force to develop practical resources that translate the updated ethical principles into operational direction for financial aid offices, including standards for transparency and disclosure, human oversight, student impact considerations, ethical considerations in AI procurement, and the boundaries of AI use in high-stakes student decisions, all specific to financial aid administration. This document would live within the toolkit referenced in Recommendation 3, but the task force felt it was distinct enough in origin and purpose to warrant its own recommendation.

Background Information

The task force's work was informed by a review of research and resources from peer associations conducted prior to its own data collection (see: References). Across that literature, several themes emerged consistently: AI adoption in higher education is growing rapidly but unevenly; governance and policy frameworks are lagging behind use; training specific to functional roles is largely absent; and bias concerns, particularly for low-income, first-generation, and underrepresented students, require deliberate attention as AI becomes more embedded in institutional operations. These findings established a baseline for the task force's inquiry and informed the design of its survey instrument and listening session protocols.

To build its own evidence base and fulfill its purpose of gathering information from the field about how financial aid professionals are using — or considering using — AI, the task force conducted three phases of original research specific to financial aid administration, in partnership with NASFAA's Research and Technology Departments.

The **national member survey**¹, published in 2026, captured responses from 1,233 financial aid professionals across 834 institutions, representing 31% of NASFAA's member institutions. It found that 54% of respondents had used AI for financial aid work in the prior six months, compared to 94% of higher education professionals in other offices (Robert, 2026). Only 9% of respondents were aware of any institutional policy guiding their AI use; 45% had received no AI training of any kind; and 70% cited a lack of staff training or expertise as a significant challenge.

The **institutional policy scan**², also published in 2026, reviewed 54 AI policies submitted by member institutions and found that while most covered staff in broad terms, none addressed the specific regulatory context of financial aid work, including FERPA, Federal Tax Information (FTI) requirements, or the use of AI in professional judgment and eligibility determinations.

The **listening sessions report**³, published in 2026, documented findings from six sessions with financial aid professionals organized around the task force's five topic areas. Participants confirmed the survey's findings on training gaps and governance fragmentation, drew clear boundaries around professional judgment and student counseling, identifying these as areas where human oversight must remain central, and identified specific resource needs, including model policy language, decision frameworks, and role-differentiated training, that inform the recommendations in this report.

All reports may be found on the [NASFAA website](#). Going forward in this report these are referred to as our "survey report," "policy scan," and "listening session report."

Following the completion of its three research phases, the task force convened an additional round of member listening sessions in April 2026 to gather feedback on the draft recommendations prior to finalizing this report. This step was designed to ensure that recommendations developed through the task force's research were vetted against the experiences and perspectives of a broader cross-section of NASFAA members before submission to the NASFAA Board of Directors in June 2026.

The April 2026 publication of a Student AI Bill of Rights (National Student Legal Defense Network, 2026) reflects growing external attention to student protections in AI-mediated institutional decisions.

1. [Use of Artificial Intelligence in Financial Aid Offices: Findings From a Survey of Financial Aid Professionals](#), NASFAA (2026)

2. [Use of Artificial Intelligence in Financial Aid Offices Findings From a Review of Institutional AI Policies](#), NASFAA (2026)

3. [Use of Artificial Intelligence in Financial Aid Offices: Findings From a Series of Member Listening Sessions](#), NASFAA (2026)

Several priorities identified in that framework, including human oversight of high-stakes decisions, transparency with students about AI use, and protection of sensitive student data, align with what financial aid administrators identified in the task force's own research, and with the direction of the recommendations that follow.

The April 2026 finalization of the U.S. Department of Education's supplemental grant priority on Advancing AI in Education reflects parallel federal attention to AI's role across educational contexts. That action also established a federal statutory definition of AI as "a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments" (15 U.S.C. 9401(3); U.S. Department of Education, 2026), which is consistent with recent executive orders. The task force's working definition, adopted for use throughout this report, is intentionally written in plainer language to support practical application by financial aid professionals; readers should be aware that the federal statutory definition exists and may appear in institutional or regulatory contexts.

Task Force Subgroup Information

AI Foundations and Types

Financial aid offices navigating decisions about AI face a practical challenge that precedes questions of policy or governance: the term "AI" encompasses a wide and rapidly evolving range of technologies, and the same word is used to describe tools as different as a grammar-checking writing assistant, a chatbot answering student inquiries, a fraud detection system flagging suspicious applications, and a predictive model forecasting enrollment patterns. Without shared language, financial aid professionals cannot have productive conversations about what their offices are actually using, the risks different tools pose, or which guidance applies to which situations. The task force's research found this confusion among some entry-level staff who were uncertain whether the tools they use qualify as AI, among directors trying to evaluate vendor claims, and among institutions attempting to write policies broad enough to be meaningful without being so broad as to be useless.

As part of its foundational work, this subgroup reviewed how peer associations and higher education organizations have defined AI (see References). Across these definitions, common threads emerged: AI operates with varying levels of autonomy, learns or adapts based on data, and simulates human cognitive functions, including language interpretation, pattern recognition, and content generation. Definitions that resonated most with task force members were those written in plain, accessible language — clear enough to be useful in staff training and internal policy development, without requiring technical expertise to apply. The task force also notes that a federal statutory definition of AI exists and is currently used across U.S. Department of Education grant programs and recent executive orders: "a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments" (15 U.S.C. 9401(3); U.S. Department of Education, 2026). The task force's working definition, which follows, was selected for its accessibility and practical utility in financial aid contexts rather than to supplant or conflict with the federal definition. Financial aid professionals who encounter the statutory definition in institutional or regulatory settings should understand that both definitions describe the same technology; the difference lies in framing, not substance.

Drawing on this review, the task force adopted the following definition for use throughout its research and this report:

Artificial Intelligence (AI) is software that simulates human intelligence by interpreting language, recognizing patterns, and generating or analyzing data.

This definition is intentionally broad enough to capture both standalone AI tools and AI features embedded in existing financial aid systems. The task force found evidence of AI used within existing systems and as standalone tools, often with goals of automating routine tasks and improving data accuracy. In these cases, the purpose of AI was to enhance, not replace, human decision-making and student interaction by freeing staff to focus on personalized, meaningful engagement.

The task force's research documented the range of AI currently in use across financial aid offices, and the following definitions and frameworks are offered to ground readers in the terminology and concepts that appear throughout this report:

Types of AI: At its core, AI is a system that performs tasks normally requiring human intelligence. Researchers and theorists often categorize AI by capability level, distinguishing between Artificial Narrow Intelligence (ANI), which describes all AI currently in existence and refers to systems designed to perform specific tasks well; Artificial General Intelligence (AGI), a research goal describing AI with human-level reasoning and adaptability across many tasks that does not yet exist; and Artificial Superintelligence (ASI), a hypothetical concept describing AI that would surpass human intelligence across all domains. For financial aid professionals, this distinction matters primarily as context: everything being discussed, evaluated, or used in financial aid offices today falls within the category of artificial narrow intelligence.

For practical purposes, it is more useful to classify AI by its behavior and the value it delivers. Three categories are most relevant to financial aid operations.

Predictive AI assists in forecasting and classification. It identifies patterns in historical data to produce probability scores and support decision-making, without acting on its own. Predictive AI has existed for decades under other names and is now commonly used in enrollment and retention modeling, fraud detection, early alert systems, and demand forecasting. The underlying techniques, regression, classification models, and time series forecasting, are established analytic approaches.

Generative AI creates new content. Generative AI uses recognized patterns in large datasets to learn how to generate text, images, audio, code, or video from user input. This is the type of AI most people have in mind when discussing AI today, and its rapid growth has occurred primarily in the last three years. Common examples include chatbots, large language models, writing assistants, and tools for drafting emails, policies, or communications. Most current AI use in financial aid offices, as documented in the task force's survey and listening sessions, falls into this category.

Agentic AI builds on generative AI capabilities while allowing greater autonomy. It plans and executes multi-step tasks, uses tools such as application programming interfaces (APIs) and external systems, and adapts based on outcomes and feedback. Examples include AI that reads an email, drafts a response, and schedules a meeting, or that monitors a process, flags issues, and initiates remediation. Agentic AI is the newest and fastest-evolving category, and while its current use in financial aid is limited, it represents where many organizations anticipate the greatest operational impact in the near term.

All three categories fall within the broader classification of artificial narrow intelligence.

AI in Practice: Matching Capability to Task

Understanding which types of tasks are well-suited to AI assistance and which are not is essential for financial aid offices making decisions about adoption and governance. The following framework organizes common activities by their complexity and need for judgment.

REPETITIVE TASKS

These tasks use recognizable patterns and high transaction volumes are well-suited for generative and agentic AI. These are rules-based tasks that do not require judgment, such as reviewing documents for submission completeness, confirming applications are complete, or generating routine communications about missing documents or process status.

EXCEPTION TASKS

These tasks follow processes with clear rules but require intelligent handling of edge cases, are opportunities for AI assistance with human oversight built in. Conflicting information review and documentation audits fall into this category. These tasks represent key process points where a human-in-the-loop is essential for evaluating AI output and maintaining accountability.

DATA-INTENSIVE TASKS

— including forecasting, monitoring data feeds, identifying potential fraud cases, and triggering alerts for special cases — are also well-suited for AI tools, which can query structured and unstructured data across multiple systems and surface outliers or trends for human review.

CROSS-FUNCTIONAL OR MULTI-STEP PROCESSES

These tasks use recognizable patterns and high transaction volumes are well-suited for generative and agentic AI. These are rules-based tasks that do not require judgment, such as reviewing documents for submission completeness, confirming applications are complete, or generating routine communications about missing documents or process status.

A Note on Institutional vs. Personal AI Accounts

A critical distinction for financial aid offices is whether staff are accessing AI tools through a personal account or an institutional or enterprise environment. The term “enterprise” in this context refers to a contractual arrangement between an institution and an AI vendor in which the institution purchases access to an AI tool under terms that govern how data is handled, stored, and protected. Unlike consumer-facing products available to any individual who creates a free or personal account, enterprise deployments are negotiated agreements that typically include data privacy protections, security standards, and restrictions on whether submitted data can be used to train or improve the vendor's underlying AI models. In practice, enterprise AI tools may look identical to their consumer counterparts, but the contractual terms governing the handling of institutional and student data are materially different.

Personal accounts may allow providers to retain prompts and outputs for model improvement, and they typically lack institutional controls over data retention, access, or auditing. Institutional accounts, commonly referred to as enterprise, licensed, or closed environments, are governed by contractual agreements that restrict model training on submitted data and define policies for data handling, security, and compliance.

Within institutional environments, data entered into an AI tool may be accessible across the organization through shared tenants, administrative access, or enterprise integrations, meaning content submitted by one staff member could be visible to administrators or subject to institutional discovery requirements, even if it is not shared externally. The same prompt, when entered into a personal account versus a licensed enterprise deployment, can carry materially different implications for privacy, compliance, and institutional risk. Understanding this distinction is foundational for financial aid offices evaluating or governing AI use.

Recommendation focus: This subgroup recommends that the following actions be taken and resources be created by NASFAA:

- NASFAA should adopt an association-wide working definition of AI for use across all member-facing resources and a regularly updated glossary of common AI terms, both written in plain language.

Rationale: The task force's survey, policy scan, and listening sessions all identified the absence of shared, accessible language as a practical barrier to responsible AI use in financial aid offices. Institutional AI policies reviewed in the policy scan rarely defined AI with enough specificity to be operationally useful, and none addressed the range of AI types relevant to financial aid practice. Participants across multiple listening sessions described staff operating with misconceptions about what AI can and cannot do, misconceptions that, in some cases, led to over-reliance on AI output and, in others, to blanket avoidance of tools that could be used responsibly. A plain-language working definition and glossary would give NASFAA a consistent foundation for all subsequent resources, give member institutions a resource to anchor staff training and internal policy development, and help financial aid professionals engage more confidently in institutional conversations about AI, where terminology is often assumed rather than explained.

Ethical Principles & Student Impact

Ethical Considerations in Financial Aid Practice

The ethical aspects of using AI tools in financial aid were a common and persistent concern for participating members. Across the task force's survey and listening sessions, financial aid professionals identified a consistent set of ethical considerations regarding AI use — both concerns introduced or intensified by AI-enabled tools and long-standing professional commitments to accuracy, transparency, the protection of student information, and the relational dimensions of financial aid work.

Prioritizing Accuracy and Reliability: A consistent theme in member feedback was the importance of prioritizing accuracy and reliability in a regulatory environment, as errors in financial aid work and decision-making can have direct consequences for student aid eligibility and institutional compliance. Respondents frequently noted that AI-generated outputs present information with confidence and authority, further complicating the task of discerning accuracy. AI tools have been found to rely on incomplete, outdated, or incorrect source material, or at times even make up material entirely. In an industry where guidance changes frequently and requires accurate data and careful interpretation, this introduces a need for clear expectations around the handling of verification and human oversight.

Role of Professional Judgment and Human Interpretation: Members also emphasized the role of professional judgment and human interpretation in financial aid work. Financial aid administration was often described as inherently individualized, requiring the ability to assess nuance, understand student circumstances, and apply policy in context. Through this lens, AI is typically viewed as a tool that may support aspects of the work but not as a substitute for the judgment unique to trained professionals. Survey respondents particularly highlighted this in high-stakes determinations, such as satisfactory academic progress (SAP) appeals and dependency overrides.

Considerations for Bias and Student Impact. Members also identified considerations related to bias and student impact, particularly in the context of AI-assisted communications and services. Some survey respondents noted that AI tools may improve clarity and accessibility of information for students when used carefully, while others raised concerns that reliance on AI-mediated interactions could disadvantage students who require more individualized support. Inequities in access to or familiarity with AI tools were also presented as a hindrance to equal access for students. The potential for bias or misinformation in AI-generated outputs was also noted, particularly in areas where fairness and consistency are central to financial aid administration, tying back to concerns raised in the section above.

Transparency and Trust With Students. Questions were raised about whether and how students should be informed when AI is used in communications or processes, and how institutions can ensure that students retain access to human assistance when needed. These considerations were often framed in relation to the broader goal of maintaining student confidence in financial aid processes and decisions.

Need for Institutional Resources. Finally, members described a need for clear boundaries and institutional resources regarding appropriate AI use. Across responses, there was broad interest in understanding where AI may be appropriately applied (e.g., drafting communications, summarizing information, supporting administrative tasks) and where its use should be limited or may be inappropriate, particularly in contexts involving regulatory interpretation, individualized advising, or eligibility determinations. This need was reinforced by reports of uneven training, limited policy direction, and variation in how AI is currently being used across institutions. The task force's institutional AI policy scan confirmed that this gap extends to institutional policy: while most reviewed policies addressed AI use in broad terms, none addressed the ethical dimensions specific to financial aid practice — including the profession's obligations around accuracy, student trust, and professional judgment in high-stakes determinations. Financial aid professionals are left to draw their own lines in the absence of guidance that reflects the ethical commitments unique to their work.

Recommendation focus: In light of member feedback, this subgroup recommends that the following actions be taken and resources be created:

- NASFAA's Ethics Commission should recommend that the Board of Directors update NASFAA's Statement of Ethical Principles to include language addressing the use of emerging technologies in financial aid administration.
- NASFAA should develop Ethical Principles Resources, such as training resources on responsible and ethical AI use in financial aid administration, including student impact considerations, verification of AI-generated content, and potential social, relational, and cognitive impacts of AI use
- NASFAA should develop resources on reviewing institutional AI policies for ethical, transparent, and student-centered use of AI

Rationale: NASFAA's Statement of Ethical Principles has not been updated to address AI or the use of emerging technologies in financial aid administration. As AI becomes more embedded in how financial aid offices communicate with students, process information, and support decision-making, the absence of any reference to these tools in the profession's foundational ethical framework leaves members without a clear signal about how existing professional obligations apply in new contexts. Peer associations have already begun addressing this gap. The Association for Institutional Research (AIR) affirms in its Statement of Ethical Principles that technological advancements will continue to impact the profession and commits members to serving as educators and role models on the ethical use of data to benefit students and institutions (Association for Institutional Research, 2019). A comparable commitment in NASFAA's own Statement of Ethical Principles would establish that the profession's core values — accuracy, transparency, student protection, and responsible data stewardship — extend to AI-assisted work and would provide the foundation for the operational resources referenced below. The task force also suggests that NASFAA consider including language to address current and emerging technologies, as well as language focused on AI use in student-facing contexts.

Flowing from that Statement update, NASFAA should also create a task force to develop practical resources that translate the updated ethical principles into operational direction for financial aid offices, including standards for transparency and disclosure, human oversight, student impact considerations, ethical considerations in AI procurement, and the boundaries of AI use in high-stakes student decisions, all specific to financial aid administration. Training resources that help staff apply these principles in practice — including how to verify AI-generated content, recognize the limits of AI in individualized advising, and navigate situations where AI use raises ethical questions — are an essential complement to the written resources described above.

Broader Social and Student-Centered Considerations

In addition to professional and operational considerations, members raised a range of broader perspectives related to the social, psychological, and environmental dimensions of AI. These views were expressed with varying levels of concern and conviction, and in some cases reflected differing perspectives on AI's role in higher education more broadly.

Focus Area: Potential Impact of AI on Student Behavior and Financial Aid Systems. Survey respondents noted that students are already using AI tools to assist with financial aid processes, such as generating written materials or seeking information outside traditional channels. This raises questions about how students evaluate information from AI, how institutions address inaccuracies or misleading AI content, and how student expectations may change as AI becomes more widely applied.

In line with student-focused concerns, members also identified potential implications for student trust and the advising relationship. Financial aid conversations often involve complex, sensitive, and high-stakes topics, and several respondents noted that students and families may prefer direct interaction with a knowledgeable professional in these contexts. Additional perspectives noted that AI-assisted tools may improve responsiveness and clarity for routine inquiries. These findings point to a need for clearer institutional guidance on where and how AI is appropriate in student-facing financial aid interactions.

Focus Area: Concerns of Cognitive and Professional Impacts. This particularly focused on how sustained reliance on AI tools may influence critical thinking, problem-solving, and knowledge retention. Some survey respondents expressed concern that overreliance on AI-generated outputs could affect both staff and student engagement with complex information, while others viewed AI as a tool that may reduce administrative burden and allow greater focus on higher-value work.

Members also raised questions about workforce implications, including how AI adoption may affect staffing, job roles, and expectations within financial aid offices. While some survey respondents described AI as a way to manage workload constraints and improve efficiency, others expressed concern about potential job displacement or changes in the nature of the work. These considerations were often discussed alongside broader observations about capacity constraints and evolving institutional priorities.

In addition, a subset of survey respondents identified concerns about the environmental impact of AI technologies, including energy and resource demands associated with large-scale data processing. While not specific to financial aid, these considerations were raised as part of a broader evaluation of the societal implications of AI adoption.

Focus Area: General Ethical Concerns. Finally, member feedback reflected a range of perspectives on the ethical context of AI beyond its application in financial aid, including questions about data sourcing, ownership, and the broader incentives driving AI development and adoption. These views were not uniform, but they contributed to an overall picture of a profession engaging with AI not only as a tool, but as a technology with broader social implications.

The task force's research makes clear that member engagement with AI extends beyond immediate operational questions to include principled perspectives on its broader implications — perspectives that NASFAA's resources and communications should continue to acknowledge.

Recommendation focus: Based on member feedback, it became clear that financial aid constituents have strong, legitimate concerns and views about the use of generative AI in the workforce. As such, in addition to the above profession-focused recommendations, this subgroup also recommends that the following resources be provided by NASFAA:

- Resources for directors on supporting staff who hold principled reservations about AI while maintaining office functionality
- Resources on communicating clear expectations about AI use in financial aid administration to staff, including navigating a workplace with varying levels of staff comfort and readiness
- Resources to support knowledge sharing among financial aid professionals, including communities of practice and case study repositories

Rationale: The task force's survey and listening sessions documented a constituency of members with principled reservations about AI that extend beyond compliance uncertainty to include ethical, environmental, relational, and workforce concerns. These perspectives were consistent across all three phases of the research and cannot be reduced to unfamiliarity or resistance to change. The survey also revealed a meaningful attitudinal gap between role types: 53% of PCONs described their FA-specific attitude toward AI as enthusiastic, compared to only 32% of OCONs — a difference that mirrors the broader pattern in which institutional leadership is perceived as more enthusiastic (52%). This gap is compounded by a significant awareness divide: only 10% of PCONs were unaware of whether an AI policy exists at their institution, compared to 34% of OCONs, suggesting that even where directors are engaged with AI governance, that engagement is not reaching frontline staff. Financial aid directors are therefore navigating a specific and difficult leadership position: expected to respond to institutional momentum toward AI adoption while managing staff at varying levels of comfort, readiness, and conviction — often without shared expectations in place. Only 35% of DCONs and OCONs described their workplace expectations about AI use as clear, and 36% were unsure whether they felt supported by leadership at all. Participants in the listening session identified the lack of resources for navigating staff reservations and communicating clear office-level expectations as a specific unmet need.

Communities of practice and case study repositories were also identified as high-value resources, reflecting a preference for peer-grounded knowledge sharing in an area where the profession is still developing shared norms. The resources recommended here are designed to support directors in that leadership role — not by resolving the underlying tensions AI presents, but by ensuring that financial aid offices have tools to navigate them deliberately and with respect for the range of perspectives present in the workforce.

Policy-First AI Use in Financial Aid

Financial aid offices occupy a distinct position in the institutional landscape: they operate under a specific and complex set of federal regulatory requirements, handle categories of data with their own legal protections, and make determinations that directly affect students' access to higher education. General institutional AI policies were not designed with this context in mind, and the task force's research confirms that even well-developed institutional policies leave financial aid administrators without information on the questions most relevant to their work. At the same time, the absence of institutional policy does not mean there is no AI use. The recommendations in this section are grounded in a core principle that emerged repeatedly across the task force's research: financial aid offices are best served not by a single prescriptive standard, but by tools and frameworks that help them identify what matters to their office, their institution, and their student population, and build their approach to AI from that foundation. Institutional context varies significantly across NASFAA's membership, and effective resources must account for that range. NASFAA's role in this space should not be to advocate for or against AI adoption, nor to tell offices what their policies should say, but to ensure that members have the resources they need to make informed, deliberate decisions about how AI fits into their work.

One question central to this subgroup's charge is how financial aid offices should think about AI policy relative to the policy frameworks they already have. Financial aid is not a policy-light environment. Offices operate within established frameworks governing professional judgment, verification, satisfactory academic progress, return of Title IV funds, and a range of other functions, and these frameworks already carry expectations about documentation, human review, consistency, and accountability. In many cases, those existing frameworks already apply to AI-assisted work, even where AI is not named. A professional judgment policy that requires a documented rationale for each determination does not become inapplicable because a staff member used AI to help draft the documentation. A verification policy that specifies what constitutes acceptable evidence is not suspended when AI is used to process or summarize that evidence. The policy work ahead for financial aid offices is not to start from scratch, but to examine where existing standards already govern AI use, identify gaps, and build targeted resources to address them. The recommendations that follow are organized around that approach.

Recommendation focus: This subgroup recommends that the following resources be created:

- Model policy language specific to the financial aid office regarding AI use
- Resources on translating institutional AI policy into financial aid office practice
- Resources to help financial aid directors identify, engage, and sustain a role in institutional AI governance structures

Rationale: Findings from the task force's national survey and policy scan confirm that, where they exist, institutional AI policies were not designed to address the regulatory and operational context of financial aid work. The policy scan reviewed 54 documents from 43 institutions and found that while 89% covered practitioners in some form, coverage was almost exclusively through broad "all employees" language, and no document in the scan named financial aid administrators, enrollment management staff, or any equivalent student services role.

More critically, no policy in the scan addressed Federal Tax Information (FTI) requirements in the context of AI use, and none provided guidance on AI use in professional judgment determinations, satisfactory academic progress (SAP) reviews, or other high-stakes, discretionary functions central to financial aid practice. Participants in the Policy-First listening session identified these as specific, unaddressed gaps, with one participant raising the scenario of students bringing AI transcription tools into virtual counseling sessions where FTI is discussed, a situation not covered by any institutional policy the task force reviewed.

Listening session participants across multiple sessions identified this type of tool as among the most needed resources NASFAA could provide, with the Policy-First session producing the most specific requests: participants described wanting a structured tool, similar to NASFAA's existing data-sharing decision tree, that would give offices a way to assess whether AI use is appropriate for a given function and data type before moving forward. The survey data reinforce that need, finding that 58% of respondents cited lack of clear guidance as a top challenge in using AI responsibly, and 40% described themselves as not at all or only slightly confident in knowing how to use AI appropriately in their work.

The task force's policy scan found that even formal institutional policies fall short of providing operational guidance for financial aid staff. Human oversight requirements appeared in 77% of formal policies, but typically as a general principle rather than a specific practice: some documents stated only that AI should support rather than replace human judgment, without specifying what review looks like in practice. Staff training was addressed in 82% of formal policies from our institutional AI policy scan, but the task force survey found that only 23% of financial aid professionals who had received any AI training described it as tailored to financial aid or enrollment management, and the vast majority received institution-wide sessions that did not address the operational and compliance context of their work, as noted in our survey.

The listening sessions also revealed that financial aid administrators are frequently absent from institutional AI governance conversations, and that decisions made in adjacent offices can have direct downstream implications for financial aid that staff only learn about informally. One listening session participant described learning only through informal collaboration that the admissions office had deployed a fraud-screening AI whose outputs affected students who then appeared in the financial aid pipeline. The task force members felt that NASFAA could provide direct support to financial aid administrators by offering resources to help them identify, engage, and sustain a role in institutional AI governance structures.

Data Governance, Privacy, & Risk Management

Financial aid offices occupy a position of particular data sensitivity within their institutions. The information they routinely handle is governed by a layered set of federal legal requirements that institutional AI policies were not written to address. The task force's institutional AI policy scan found that no institutional AI policy reviewed addressed FTI data requirements in the context of AI use, and none provided resources on handling the categories of sensitive documentation that flow through financial aid offices as a matter of course. The survey's results reinforce this gap, finding 49% reported having no institutional or unit-level AI policy. In many cases, financial aid professionals are making data-handling decisions about AI entirely on their own.

The risks here are not abstract. Improper use of AI with FTI data could violate IRS safeguarding requirements and trigger federal program review findings. Entering student records into unapproved AI tools could expose institutions to FERPA liability and data breach reporting obligations. Third-party AI tools deployed without appropriate contractual protections may store, retain, or train models on student data without institutional knowledge or consent.

Moreover, because AI governance decisions are frequently made at the institutional level without financial aid input, offices may find tools already in their environment that carry risks they were never asked to evaluate.

The listening sessions captured this landscape vividly. Participants described a field managing real data risk largely through informal workarounds: using synthetic or de-identified data to test AI tools, relying on verbal norms rather than written policy, and learning about AI deployments in adjacent offices through informal channels. One institution described a formal four-tier data classification system that determines which data may enter which tools; most participants described nothing comparable and expressed strong interest in NASFAA providing a model rather than requiring each office to develop one from scratch.

The recommendations in this section address the specific data governance and risk management needs of financial aid offices. NASFAA's role is not to prescribe a single approach or to take a position on whether offices should adopt AI. It is to ensure that when offices make decisions about AI use, they have the tools and frameworks to understand what is at stake and how to protect the students and institutions they serve. A consistent principle across all resources developed under these recommendations is that they should be written in plain language and designed for staff at all levels of AI familiarity, including those with no prior AI background.

Recommendation focus: This subgroup recommends that the following resources be created:

- A financial aid-specific data classification framework to guide AI use decisions
- Assessment and risk management resources on third-party vendors and AI tools in financial aid
- A decision-support tool to help financial aid offices assess appropriate AI use by data type and function
- Resources on documenting and disclosing AI use and providing opportunities for students to opt out when utilizing AI in financial aid office practice.
- Training resources specific to data privacy and risk management in financial aid.

Rationale: The task force's institutional AI policy scan reviewed 54 documents from 43 institutions and found that while 83% addressed data privacy in some form, none addressed FTI data requirements in the context of AI use, and none provided resources on the categories of sensitive information specific to financial aid processing, including health information in SAP files, immigration and citizenship documentation, or fraud investigation records. The survey found that 79% of respondents identified data privacy as their top AI-related risk, 67% specifically cited FERPA compliance, and 47% reported automation of decisions. Listening session participants were specific about what they needed: a NASFAA-developed data classification framework rather than building one from scratch, structured vendor contract resources addressing data processing agreements, model training exclusions, and breach notification commitments, and a practical decision tool similar to NASFAA's existing data-sharing decision tree to help offices determine whether a given AI use is appropriate before proceeding. The documentation gap is equally clear: the institutional AI policy scan found that while disclosure requirements appeared in 80% of documents, these provisions were almost entirely oriented toward academic contexts and did not address whether staff should note when a student communication, case note, or aid-related work product was AI-assisted. As is listed in the AI Bill of Rights, students should always have the freedom to choose whether or not they and their data interact with AI tools and understand how AI tools are used in decision-making, interactions with them, etc. NASFAA can support financial aid professionals by providing resources, such as sample opt-out language, to help students obtain this protection. The training need is substantial: 70% of survey respondents cited lack of expertise as their top challenge, 45% had received no AI training of any kind, and among those who had, only 15% described it as tailored to financial aid or enrollment management.

Participants emphasized that all resources developed in this area should be accessible to staff, starting from the beginning — written in plain language, free of technical assumptions, and designed for an audience that may be encountering these concepts for the first time.

User Experience and Service Design for Financial Aid

The financial aid landscape operates within a framework of comprehensive regulations and standardized processes. As AI emerges as a potential tool for enhancing service delivery and compliance management, a gap has become apparent: there are minimal resources on AI assessment and implementation in this highly regulated environment, where human judgment remains essential. There are also a few resources available to help financial aid leaders navigate the process of implementing these emerging technologies. Institutions pursue varying approaches to technology integration based on their specific administrative needs, resources, and student demographics, and the recommendations in this section are not intended to encourage financial aid offices to adopt AI solutions. For those who choose to evaluate AI solutions, having common assessment criteria helps ensure decisions are grounded in shared principles of effectiveness, compliance, and student-centeredness.

These recommendations focus on two key areas: user experience and service design. User experience refers to how individual users — such as financial aid administrators and students — interact with AI-enabled tools to complete tasks, access information, and make informed decisions with clarity and ease. Service design refers to the intentional coordination of financial aid staff, policies, workflows, and AI-enabled tools to deliver efficient, compliant, and student-centered services.

The administrator experience dimension is equally important. Financial aid staff are themselves users of AI tools, and the task force's survey research found significant gaps in their preparation for that role. Among those who had received training, only 23% described it as tailored to financial aid or enrollment management — meaning the vast majority of trained staff received institution-wide sessions that did not address the operational and compliance context of their work. Without role-differentiated training grounded in financial aid practice, administrators are left to evaluate AI tools, interpret outputs, and make governance decisions without a shared foundation for doing so responsibly.

A consistent concern across the task force's research is that student-facing AI use in financial aid carries risks that general institutional guidance does not address. Financial aid processes are complex, high-stakes, and highly individualized, and students who interact with AI-assisted communications or tools may not realize that the questions they ask are not the right ones to get the answers they actually need. This concern is especially acute for first-generation, low-income, and underrepresented students, who are more likely to rely on institutional communications as a primary source of financial aid information and least likely to have other resources to fall back on when that information is incomplete or unclear.

Recommendation focus: This subgroup recommends that the following resources be created:

- Role-differentiated training resources specific to financial aid administration.
- An AI evaluation and vendor assessment toolkit for evaluating tools before adoption and monitoring performance after implementation
- Criteria and resources for evaluating student-facing AI tools specifically
- Resources on measuring AI's impact on student outcomes and service quality
- Resources to ensure that AI-assisted communications remain accessible and understandable for students from diverse backgrounds, including first-generation and low-income students

Rationale: The task force's survey and listening sessions documented both the extent of student-facing AI use in financial aid and the significant gaps in how offices are evaluating it. Among survey respondents who reported using AI, the most common student-facing applications were drafting emails or messages to students (84%), explaining aid eligibility, processes, or deadlines (38%), and creating outreach or advising materials (35%). Despite this level of use, 61% of respondents reported insufficient information to assess students' perceptions of AI-assisted interactions, and 23% believed students perceive those interactions as less personalized. Listening session participants raised specific concerns about student-facing AI: that students unfamiliar with the financial aid process may not know what questions to ask, that AI lacks the capacity to identify when a student's question reflects a deeper need the student has not articulated, and that older and less technology-comfortable students may be poorly served by AI-mediated interactions. Participants also described the absence of a formal process for evaluating AI tools before deployment, with decisions largely left to individuals comfortable with AI rather than guided by shared criteria. Financial aid directors navigating that gap — managing staff at varying levels of comfort and readiness while responding to institutional momentum toward adoption — identified resources to support that leadership role as a specific unmet need. Vendor transparency was a recurring concern, with participants reporting difficulty obtaining clear answers about how AI models are trained, whether bias is embedded in training data, and how student data is handled. The toolkit resources recommended here are intended to give financial aid offices and their leaders a comprehensive, structured, NASFAA-developed foundation for evaluating AI tools on the dimensions that matter most in this context — compliance, student impact, vendor accountability, and accessibility for the student populations financial aid offices are specifically charged to serve.

Areas for Future Research and Consideration

The task force's research captures a moment of significant flux in how financial aid offices are encountering, evaluating, and beginning to use AI. The findings and recommendations in this report reflect the state of the field in early 2026, but several questions surfaced across all three research phases that the profession has not yet resolved. The following areas warrant continued attention as practice and policy continue to develop.

AI governance representation. Financial aid offices are frequently absent from institutional AI governance conversations, even though decisions made in those forums — about data handling, tool procurement, and acceptable use — have direct implications for financial aid operations and compliance. This gap appears in both the policy and data governance dimensions of the task force's work. As institutions continue to build out their AI governance structures, NASFAA should encourage members to seek representation in those processes and to bring financial aid's specific regulatory requirements — including FTI, FERPA, and the categories of sensitive student information unique to financial aid processing — to those discussions. The task force survey found that gap points to a broader culture and communication challenge that governance representation alone cannot resolve, but it underscores why financial aid professionals need a voice in institutional decisions being made around them.

Agentic AI. Agentic AI — systems capable of taking sequences of autonomous actions to complete multi-step tasks — is the newest and fastest-evolving category of AI and is not yet widely deployed in financial aid operations. It represents, however, a significant area of anticipated growth, and financial aid offices are likely to encounter agentic tools in vendor offerings and institutional deployments in the near term. The frameworks currently available for evaluating AI tools in financial aid contexts were not designed with agentic systems in mind. As this technology matures, the profession will need updated information for assessing when agentic AI is appropriate, what human oversight is required, and how accountability is maintained when an AI system is making sequential decisions rather than surfacing a single recommendation.

Bias and differential impact. The task force's research found that financial aid professionals are aware of bias risks in AI-assisted processes: 39% identified bias as a significant concern, and 55% indicated that equity considerations influence their approach to AI, but the field has not yet broadly developed the frameworks or practices needed to evaluate tools for differential impact before deployment. One listening session participant described a fraud-detection AI that generated automatic holds disproportionately affecting undocumented students, a concrete example of harm that can result when tools are deployed without human review. As AI adoption in financial aid grows, NASFAA should monitor developments in this area and consider whether information on pre-deployment review is warranted.

Student disclosure. As AI becomes more embedded in student-facing financial aid interactions, questions of consumer disclosure warrant future attention. Students may not know when they are interacting with AI-generated communications, AI-assisted determinations, or AI-mediated service tools. Whether and how financial aid offices should disclose AI use to students, and what form that disclosure should take, are areas where federal guidance may eventually emerge. The profession would benefit from developing shared norms in advance of any regulatory requirement.

Professional standards and the code of conduct. Recommendation 2 calls for updating NASFAA's Statement of Ethical Principles to address emerging technologies, but the broader question of how AI intersects with the profession's ethical standards warrants ongoing attention beyond a single update. As AI becomes more embedded in financial aid practice, questions are likely to arise that the current framework does not anticipate, including accountability when AI-assisted decisions produce errors, the boundaries of professional judgment when AI is part of the workflow, and obligations to students in AI-mediated interactions. NASFAA should monitor how member concerns in this area evolve and consider whether periodic review of its ethical standards, including the code of conduct, is warranted as the technology and its applications in financial aid continue to develop.

Transparency with students, families, and staff. Related but distinct from disclosure, the broader question of how financial aid offices communicate about AI use — not just that AI is being used, but how it works, what it influences, and where human judgment remains central — remains underdeveloped. As student-facing AI use grows, NASFAA and the broader profession will need to work through what meaningful transparency looks like in the financial aid context and what obligations, formal or professional, it creates.

Cross-association research. Participants in the task force's listening sessions expressed strong interest in research sharing between NASFAA and other higher education associations to understand better how AI use in adjacent offices affects financial aid practice. Decisions made in registrar, bursar, admissions, and student services contexts can have downstream implications for financial aid processing and student outcomes. Coordinating research and monitoring efforts across associations would strengthen the profession's collective understanding of AI's impact on the full student experience.

Definitions and terminology. The typologies, definitions, and glossary presented in this report reflect the state of the field in early 2026. Given the pace of AI development, these should be treated as living resources subject to periodic review rather than fixed reference documents. NASFAA should establish a process to update its working definition and glossary as technology and the regulatory landscape continue to evolve.

Conclusion

The task force was convened to examine how financial aid offices are engaging with AI and to develop recommendations for how NASFAA can best support members navigating this technology. What the research found is a profession that is thoughtful, cautious, and operating largely without the tools it needs. Financial aid administrators understand the stakes of their work — for students, for institutions, and for federal compliance — and are approaching AI accordingly. What they lack are tools and resources that meet them where they are: specific to their regulatory context, neutral with respect to adoption, and grounded in the realities of financial aid practice rather than the broader higher education conversation.

The recommendations in this report ask NASFAA to fill that gap. They do not ask NASFAA to take a position on AI, to endorse tools or vendors, or to define what AI adoption should look like for any office. They ask NASFAA to ensure that when a financial aid professional is making a decision about AI, whether that is evaluating a vendor, drafting an office policy, or determining whether a given task is appropriate for AI assistance, they have access to resources developed by an organization that understands their work. As federal attention to AI in education continues to grow, financial aid administrators will need a trusted source to help them interpret and apply any emerging guidance to their specific context. Translating federal policy into operational practice for financial aid offices is core to NASFAA's mission, and the task force anticipates that this role will be as important in the AI space as it has been across every other area of federal aid policy. As federal attention to AI in education continues to grow, NASFAA is also well-positioned to ensure that the distinctive regulatory context of financial aid, including FTI requirements, FERPA, and the high-stakes nature of aid determinations, is represented in policy conversations with the Department of Education and other federal stakeholders as AI-related guidance continues to develop.

Methodology

Generative AI tools supported the writing of this report. All AI-assisted work was reviewed and edited by the Use of AI in the Financial Aid Office Task Force and NASFAA's Research and Communications Departments prior to publication.

Limitations: The AI landscape is evolving rapidly. The task force's research was conducted in late 2025 and early 2026, and the profession's understanding of, access to, and use of AI tools continues to change. The task force encourages readers to view this work as a snapshot of a moment in time rather than a static picture, and anticipates that NASFAA's work will require review and updating as the technology evolves.

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Appendix A: Responsible Use of AI in the Financial Aid Office Materials for Further Development

The following items were identified throughout the report as resources or concepts that could be further developed by future task forces and NASFAA. Additional content details and suggestions for each item can be found in the report above.

Policy and Governance Resources:

- Model policy language specific to the financial aid office regarding AI use
- Resources to assist financial aid administrators in reviewing institutional policies for ethical, transparent, and student-centered use of AI
- Resources on translating institutional AI policy into financial aid office practice
- Resources to help financial aid directors identify, engage, and sustain a role in institutional AI governance structures

Decision-Support Tools:

- A decision-support tool to help financial aid offices assess appropriate AI use by data type and function
- A financial aid-specific data classification framework to guide AI use decisions

Data Privacy and Risk Management:

- Assessment and risk management resources on third-party vendors and procurement risk for AI tools in financial aid
- Resources on documenting and disclosing AI use and providing opportunities for students to opt out when utilizing AI for decision-making in financial aid office practice

Risk Assessment Resources:

- Role-differentiated training resources specific to financial aid administration
- Training resources addressing data privacy and risk management in financial aid administration
- Training resources on responsible and ethical AI use in financial aid administration, including student impact considerations, verification of AI-generated content, and potential social, relational, and cognitive impacts of AI use

Evaluation and Measurement Resources (all specific to the use of AI in financial aid administration):

- An AI evaluation and vendor assessment toolkit for evaluating tools before adoption and monitoring performance after implementation
- Resources on measuring AI's impact on student outcomes and service quality
- Criteria and resources for evaluating student-facing AI tools specifically

- Resources to ensure that AI-assisted communications remain accessible and understandable for students from diverse backgrounds, including first-generation and low-income students

Office Culture and Leadership Resources:

- Resources on communicating clear expectations about AI use in financial aid administration to staff, including navigating a workplace with varying levels of staff comfort and readiness
- Resources for directors on supporting staff who hold principled reservations about AI while maintaining office functionality
- Resources to support knowledge sharing among financial aid professionals, including communities of practice and case study repositories