

2013 PASFAA
CONFERENCE

An Affair to Remember



FINANCIAL AID, INSTITUTIONAL DOLLARS AND AWARDED THE RIGHT STUDENTS



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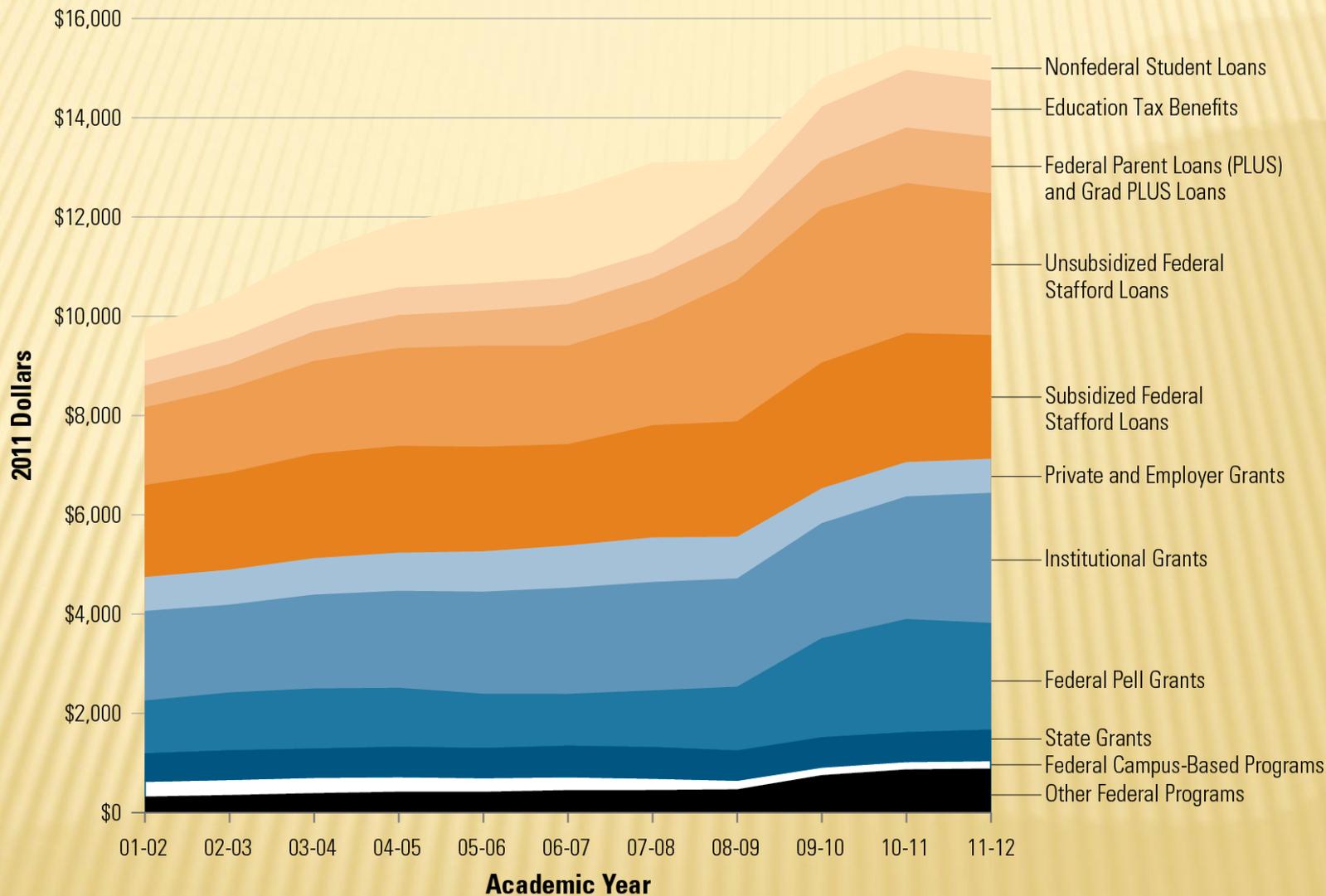
OCTOBER 15TH, 2013

AGENDA FOR TODAY

- ✘ Trends in Financial Aid
- ✘ Enrollment Management Goals
- ✘ Institutional challenges
- ✘ Assessing Need and Financial Aid Awards
- ✘ Institutional Methodology and CSS/Financial Aid PROFILE

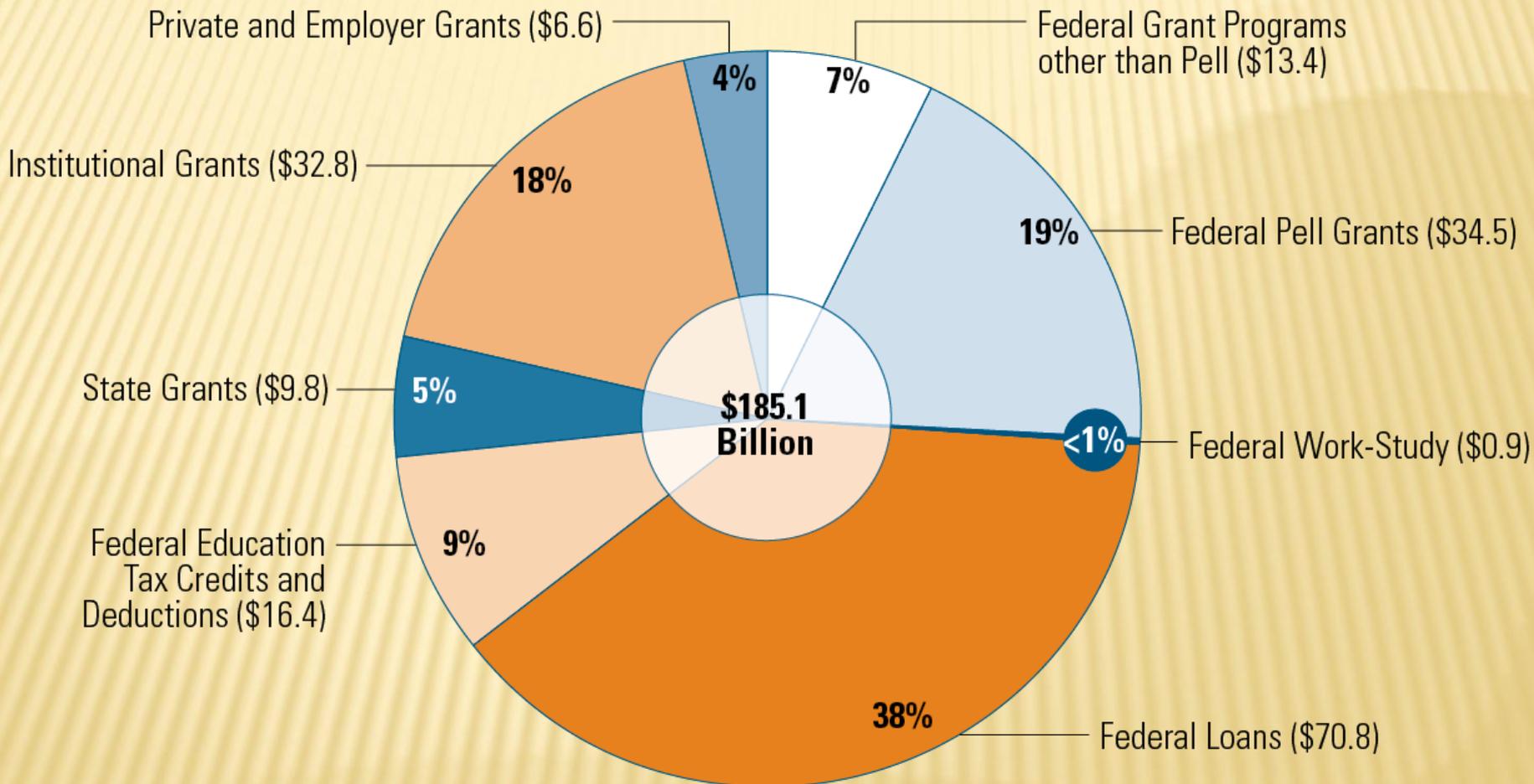


TEN-YEAR TREND IN STUDENT AID AND NONFEDERAL LOANS PER FULL-TIME EQUIVALENT (FTE) STUDENT USED TO FINANCE POSTSECONDARY EDUCATION EXPENSES IN 2011 DOLLARS, 2001-02 TO 2011-12



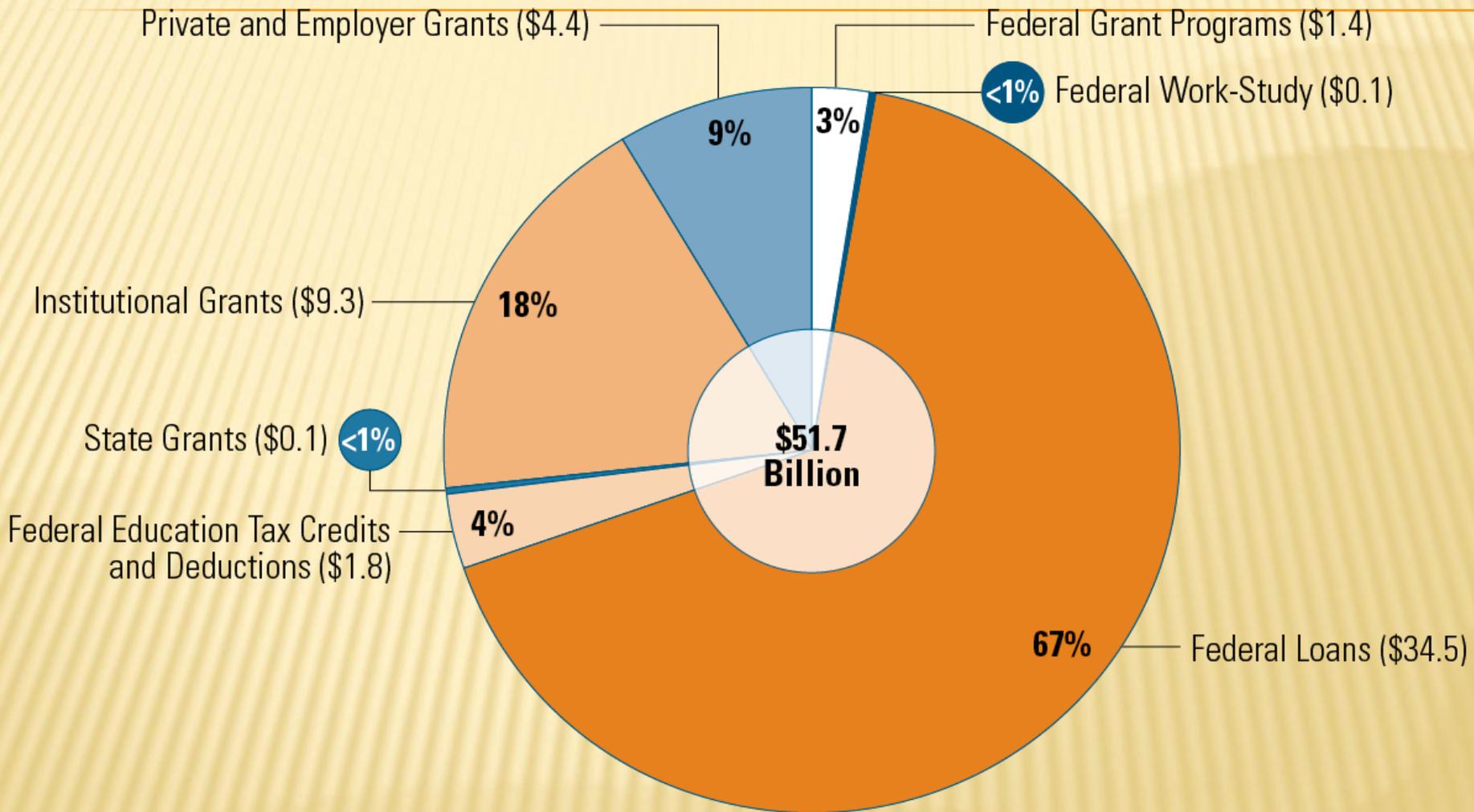
SOURCE: The College Board, *Trends in Student Aid 2012*, Figure 1.

UNDERGRADUATE STUDENT AID BY SOURCE AND TYPE (IN BILLIONS), 2011-12



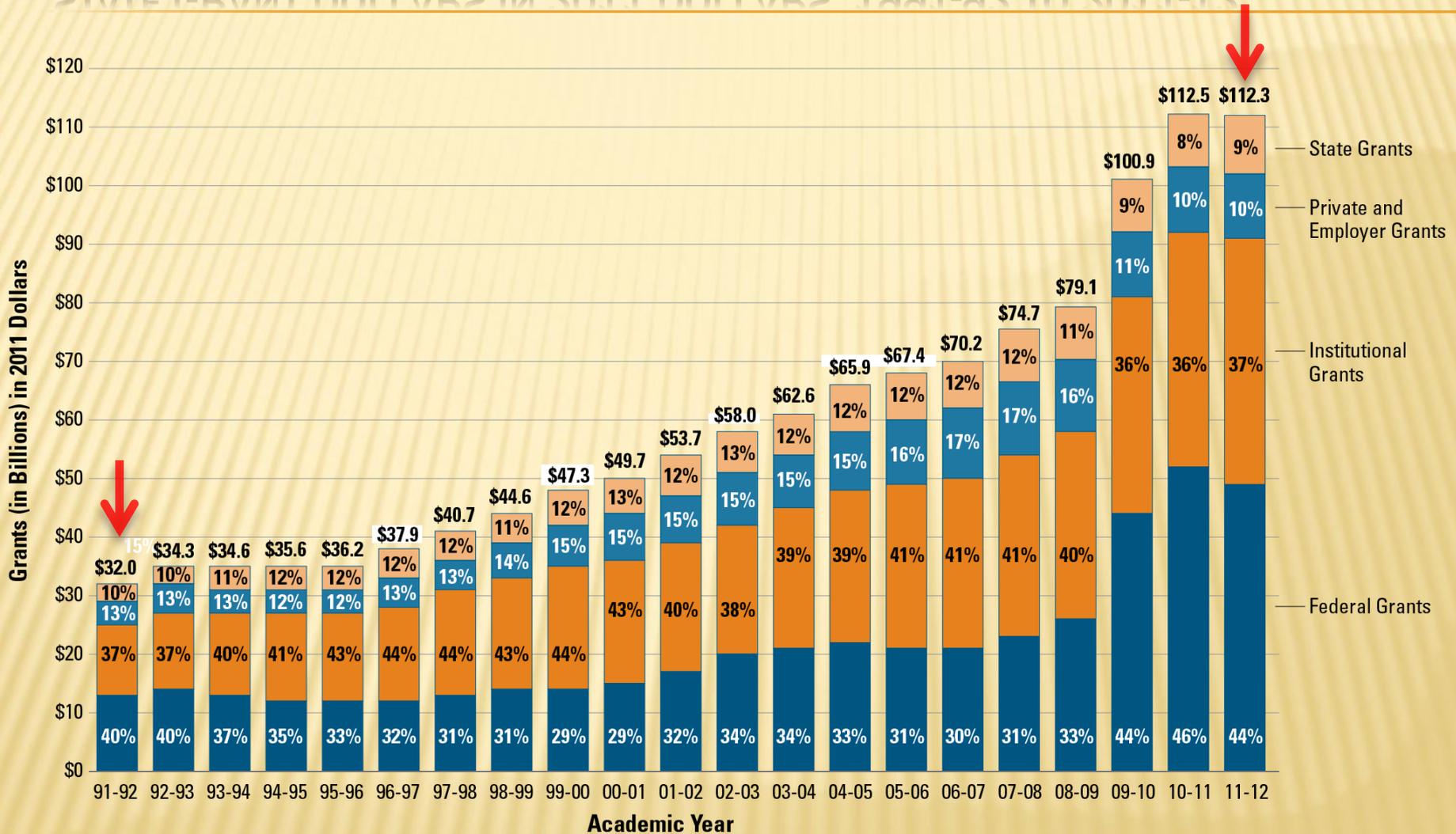
SOURCE: The College Board, *Trends in Student Aid 2012*, Figure 2A.

GRADUATE STUDENT AID BY SOURCE AND TYPE (IN BILLIONS), 2011-12



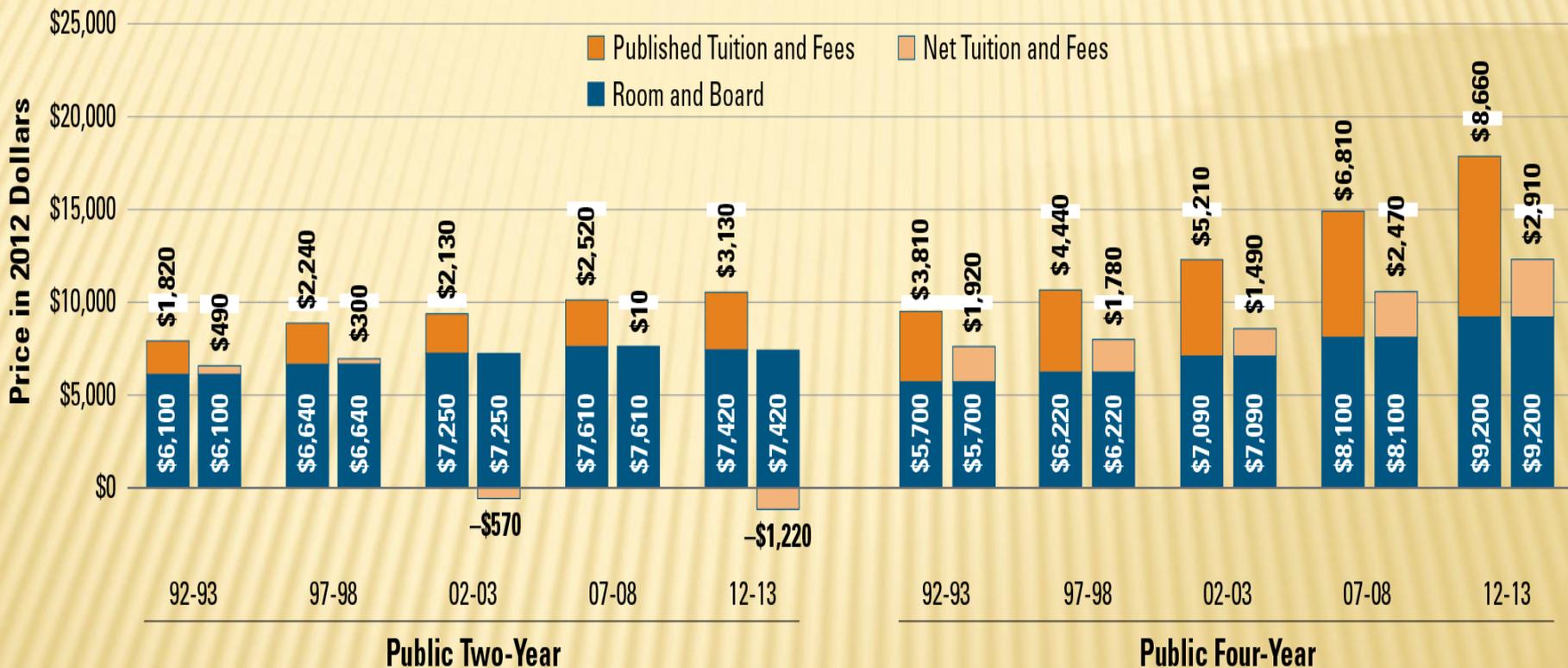
SOURCE: The College Board, *Trends in Student Aid 2012*, Figure 2B.

GROWTH OF FEDERAL, INSTITUTIONAL, PRIVATE AND EMPLOYER, AND STATE GRANT DOLLARS IN 2011 DOLLARS, 1991-92 TO 2011-12



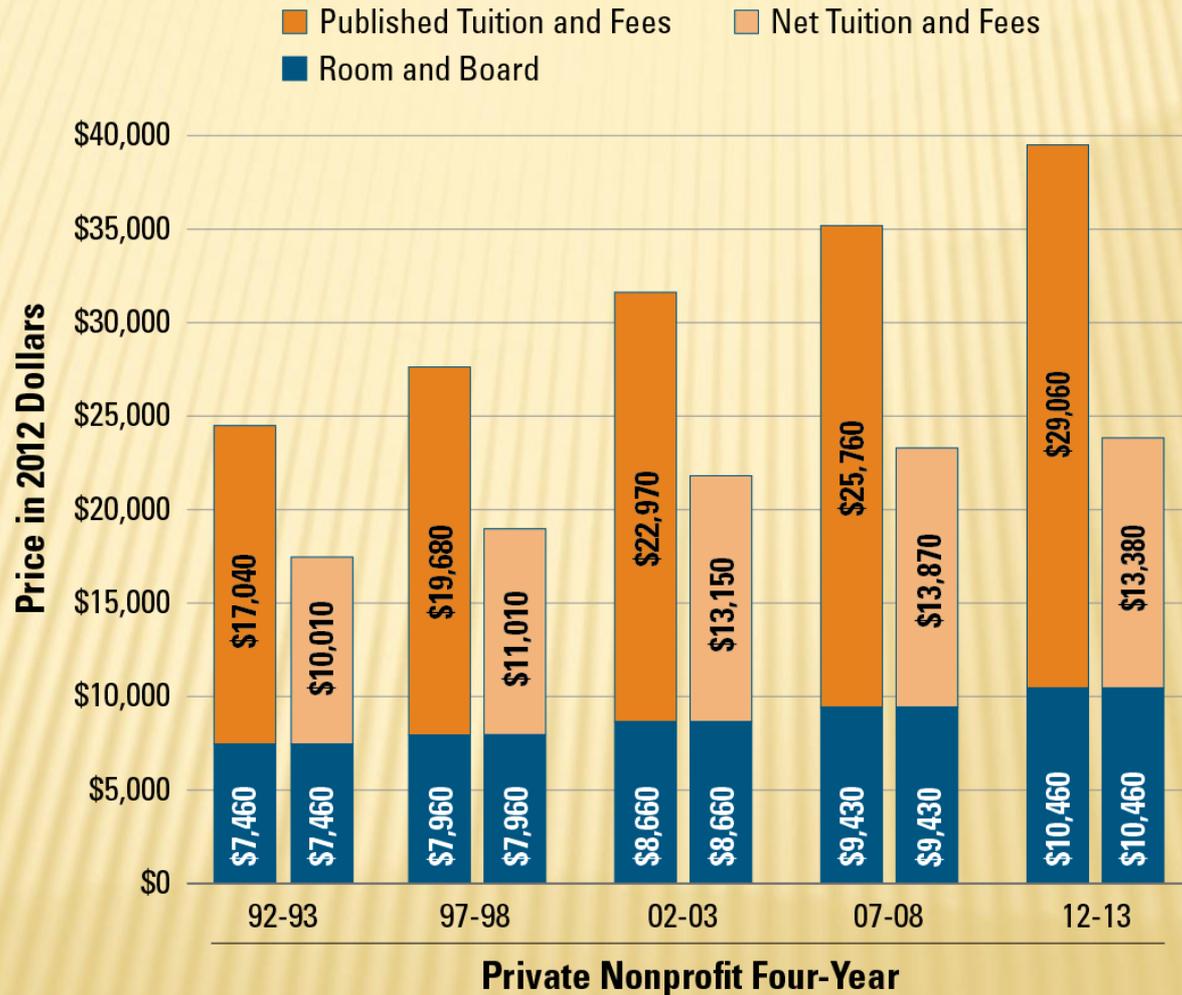
SOURCE: The College Board, *Trends in Student Aid 2012*, Figure 5.

PUBLISHED TUITION AND FEES, NET TUITION AND FEES, AND ROOM AND BOARD IN 2012 DOLLARS, FULL-TIME UNDERGRADUATE STUDENTS AT PUBLIC INSTITUTIONS, 1992-93, 1997-98, 2002-03, 2007-08, AND 2012-13 (ESTIMATED)



SOURCE: The College Board, *Trends in College Pricing 2012*, Figure 9.

PUBLISHED TUITION AND FEES, NET TUITION AND FEES, AND ROOM AND BOARD IN 2012 DOLLARS, FULL-TIME UNDERGRADUATE STUDENTS AT PRIVATE NONPROFIT FOUR-YEAR INSTITUTIONS, 1992-93, 1997-98, 2002-03, 2007-08, AND 2012-13 (ESTIMATED)



SOURCE: The College Board, *Trends in College Pricing 2012*, Figure 10.

ENROLLMENT MANAGEMENT GOALS

- × Recruitment & Enrollment
- × Retention & Graduation
- × Tuition Discount Rates

RECRUITING YOUR CLASS

✘ Enrollment Goals

+ Quantity

+ Academic Quality

+ Programs

+ Diversity

✘ Strategic Focus on specific initiatives / programs

✘ Communication between Admission & Financial Aid



RETENTION AND GRADUATION

- × Attrition due to financial aid reasons
- × Graduation rates
 - + Financial Aid recipients
 - + Non-Aided students



TUITION DISCOUNTING

✘ Calculated relative to tuition and fee prices (not room, board, books and personal expenses in COA)

✘ Defined as:

Total institutional grant aid

Total gross tuition and required fee revenue

or

Average institutional aid per student

Published tuition and required fee rate



TUITION DISCOUNTING

✘ Factors

- + Need vs. Merit
- + Need blind vs. need award
- + Full time vs. Part time
- + In-State vs. Out of State

✘ Packaging Policies

✘ Rising Rates

- + Competition
- + Filling the seats on campus

✘ How effective is it?



INSTITUTIONAL CHALLENGES

- ✘ Thorough and accurate collection of family resources
- ✘ Fair and competitive awarding of financial aid
- ✘ Does Financial Aid yield desired results?



INSTITUTIONAL CHALLENGES

- ✘ Do limited dollars reach the neediest students?
- ✘ Financial aid awards that are attractive to families
- ✘ Early Decision and Early Action applicants
- ✘ Counseling families who can't afford the net price



ABILITY TO PAY

- × How is it best assessed?

- + Family's true financial strength
- + Importance of complete picture
- + Does the Adjusted Gross Income (AGI) present enough information?
 - × Taxable Income
 - × Untaxed Income

Untaxed income is disposable income



ABILITY TO PAY

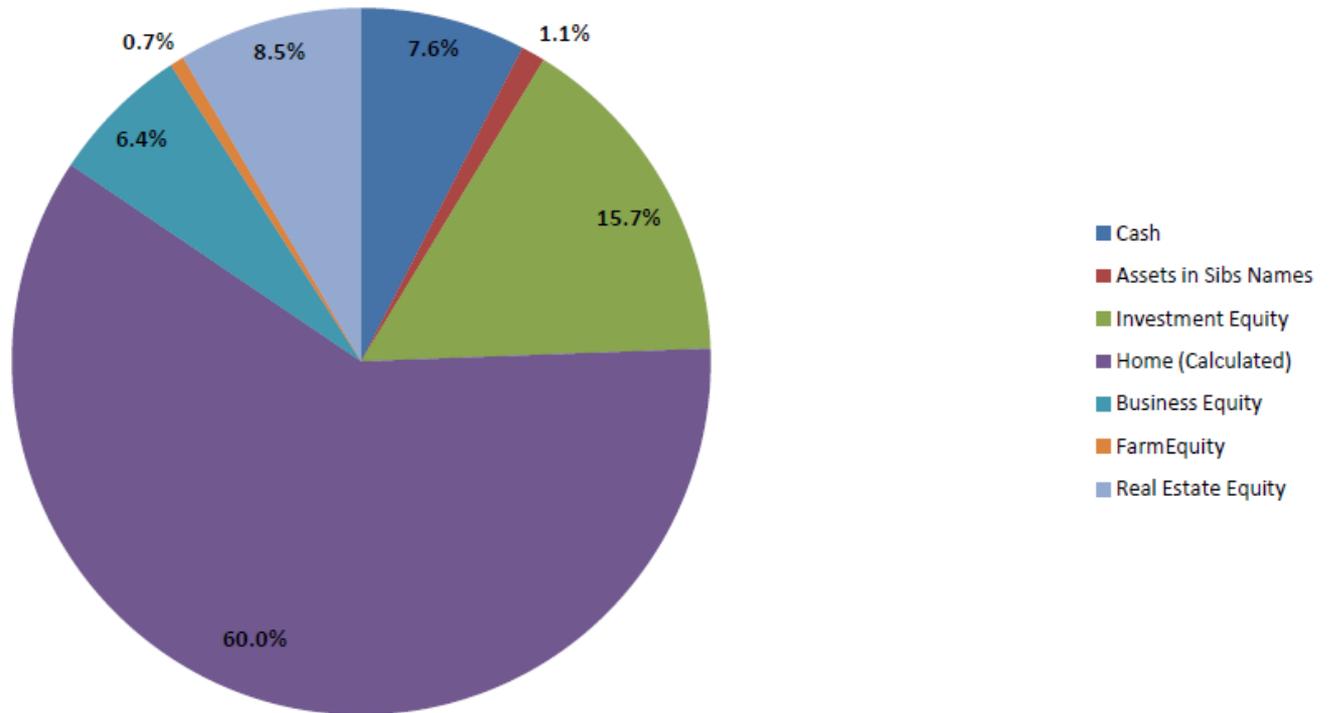
× Assets

- + Contribute to financial strength
- + Available resources for paying for higher education



WHERE HAVE ALL THE ASSETS GONE?

Exclusive of Retirement Assets



Source: CSS Financial Aid PROFILE data (assets), 2011-12

WHO IS PAYING THE BILL?

- ✘ Are biological parents contributing towards education, even if not in same family unit?
 - + Divorced, separated, remarried or never married/single—other biological parent is excluded
- ✘ Parents divorce each other, not their children



ADDITIONAL CONSIDERATIONS

- × Gapping
- × Special circumstances
- × Loan indebtedness
- × Appeals
- × Professional Judgment



CONSIDER.....

× Institutional Methodology vs. Federal Methodology

Assess need differently with better understanding of true financial strength and ability to pay.



WHY INSTITUTIONAL METHODOLOGY

- ✘ Tailor need analysis to meet your goals
- ✘ More strategic targeting of funds over systematic gapping

INSTITUTIONAL METHODOLOGY

- ✘ **PROFILE** uses Institutional Methodology (IM) formula to calculate need for private institutional funds
- ✘ Calculates Estimated Federal Methodology (EFM) in order to calculate Title IV aid estimates prior to FAFSA filing
- ✘ Designed by and for financial aid administrators, with consultation from economists
- ✘ Considers families finance their share of college costs through savings, current income, and borrowing capabilities



INSTITUTIONAL METHODOLOGY

- ✘ Allow parents' income losses
- ✘ Allow elementary / secondary tuition costs
- ✘ Cost of Living adjustments(COLA)
- ✘ Options for treatment of home asset
- ✘ Impute assets from interest and dividend income
- ✘ Options for treatment of home asset
- ✘ Annual & cumulative education savings goal

A TALE OF TWO FAMILIES



FAFSA DATA FOR FAMILY 1 AND FAMILY 2

✘ Student cash/investments	\$1,000
✘ Student AGI	\$300
✘ Parent AGI	\$25,000
✘ Dad's income from work	\$5,000
✘ Mom's income from work	\$20,000
✘ Non-taxed income	\$2,700
✘ Cash/Savings	\$1,000

FAMILY 1

Additional PROFILE Information

Non-taxed income:	Disability	\$ 1,200
	Earned Income Credit	\$ 1,500
Rent payment:		\$ 800
Prior year income:		\$45,000

- × **Special Circumstances:** Dad on disability
- × **Retirement resources:** Dad = \$0/Mom = \$15,000 IRA
- × **Occupations:** Dad: disabled since June 2011
Mom: school aide

FAMILY 2

Additional PROFILE Information

Non-taxed income: tax exempt interest	\$ 2,700
Parent investment in sibling's name	\$150,000
Business Net Worth	\$200,000
Home value	\$900,000
Home debt	\$600,000
Mortgage payment	\$ 3,600
Prior year income	\$250,000

- Special Circumstances: Dad - early retirement package/started new business from home
- Retirement Resources: Mom = Pension; Dad = \$600,000 IRA
- Occupations: Dad - self employed consultant;
Mom - attorney

A TALE OF TWO FAMILIES- THE RESULTS!

Contribution from Family 1

FM= \$645

IM= \$250

Fee Waiver Yes!

Contribution from Family 2

FM= \$645

IM= \$24,071

Fee Waiver No!

OVERVIEW OF THE PROFILE

- ✘ Includes untaxed income no longer requested on FAFSA
 - + e.g. Social Security benefits, Supplemental Security Income—SSI, Earned Income Credit, military housing benefits, foreign income earned from work
- ✘ Includes assets for **ALL** business owners, regardless of number of employees
- ✘ Includes home and farm equity (value minus debt)
- ✘ Allows assumptions for cash/savings/investment value based on dividend and interest income earned
- ✘ Considers assets of families, even low income, negative income or dislocated worker applicants (no auto-zero EFC or Simplified Needs Test)

OVERVIEW OF THE PROFILE

- ✘ Allows minimum student contribution (can assume income earned from work in summer prior to college)
- ✘ Calculates larger contribution from student's assets than Federal Methodology (FM)—25% vs 20%
- ✘ Recognizes strain on family when more than one in college at same time and gives more fair assessment of family contribution
- ✘ Retirement assets on PROFILE as reference—not in IM calculation

OVERVIEW OF THE PROFILE

- ✘ **Considers assets in siblings' names**
- ✘ **Allows consideration of noncustodial parent's ability to contribute towards educational costs**
- ✘ **Allows colleges and universities to include or exclude older siblings still living within household (and their college costs if in graduate school)**
- ✘ **Allows up-front consideration of appeal conditions (can prevent appeals after initial awards)**
 - + **e.g. unreimbursed medical expenses, secondary/private school tuition for siblings, loss of job, costs for caring for elder grandparents, etc.**

THOUGHTS.....

Questions & Discussion

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