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

- Federal Loans ($70.8): 38%
- Federal Pell Grants ($34.5): 19%
- Federal Grant Programs other than Pell ($13.4): 7%
- Federal Work-Study ($0.9): <1%
- Institutional Grants ($32.8): 18%
- State Grants ($9.8): 5%
- Federal Education Tax Credits and Deductions ($16.4): 9%
- Private and Employer Grants ($6.6): 4%

SOURCE: The College Board, Trends in Student Aid 2012, Figure 2A.
GRADUATE STUDENT AID BY SOURCE AND TYPE (IN BILLIONS), 2011-12

- Private and Employer Grants ($4.4): 9%
- Federal Grant Programs ($1.4): 3%
- Federal Work-Study ($0.1): <1%
- Institutional Grants ($9.3): 18%
- State Grants ($0.1): <1%
- Federal Education Tax Credits and Deductions ($1.8): 4%
- Federal Loans ($34.5): 67%

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Published Tuition and Fees</th>
<th>Net Tuition and Fees</th>
<th>Room and Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>92-93</td>
<td>$6,100</td>
<td>$5,700</td>
<td>$1,400</td>
</tr>
<tr>
<td>97-98</td>
<td>$6,640</td>
<td>$6,220</td>
<td>$1,420</td>
</tr>
<tr>
<td>02-03</td>
<td>$7,250</td>
<td>$7,090</td>
<td>$1,160</td>
</tr>
<tr>
<td>07-08</td>
<td>$7,610</td>
<td>$7,620</td>
<td>$1,170</td>
</tr>
<tr>
<td>12-13</td>
<td>$8,100</td>
<td>$8,090</td>
<td>$1,110</td>
</tr>
</tbody>
</table>

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

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
  - Average institutional aid per student
  - Published tuition and required fee rate

Source: Tuition Discounting, Not Just a Private Practice, Baum and Lapovsky, 2006, pg. 1.
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?

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
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
Amy Brashear Miranda
Sr. Educational Manager
Middle States Office
The College Board
610 227 2552
amiranda@collegeboard.org

Katrina Delgrosso
Director
Financial Aid Solutions
The College Board
585 313 2483
kdelgrosso@collegeboard.org