

INTRODUCTION TO FINANCIAL AID

OCTOBER 27 & 29, 2021 | 2 PM - 3:30 PM ET

WELCOME & PRESENTERS

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OVERVIEW OF THE PROGRAM DAY 1 & DAY 2

- Terms & Definitions
- Institutional Priorities & Financial Aid
- Key Partnerships & Relationships
- How to read the Financial Aid Forms
- Funding the Student Experience
- Net Tuition Revenue

HOUSE KEEPING

- Recordings and slide decks will be posted within 24 hours.
- Turn your alerts off and be fully present.
- Interactive & engaging. Connect with others.
- Use the chat box for questions or discussion.
- Use the worksheet to take notes and as a follow up doc.

START WITH THE END IN MIND...

By the end of these two days, I hope to have learned/accomplished/had answered...

Please share your response through the PADLET link in Chat Box.

LET'S GET STARTED

Foundational Questions:

- What is your FA budget in dollars?
- What percentage of your students receive aid?
- What percent of the school's operating budget does FA represent?
- What is your average grant? How has this changed over time?

TERMS & DEFINITIONS

STEVE BROWN

TYPES OF FINANCIAL AID

Need-Based
Grants

Tuition
Remission

Merit
Scholarships

Tax-Credit
Scholarships

WHAT IS FINANCIAL AID?

Need-based Aid

- School will calculate a family's financial need based on a third-party (i.e., FACTS, FAST, SmartAid, SSS, etc.) or internal formula

Merit-based Aid

- School will award assistance to students on the basis of academic, athletic or artistic talent

Tuition Remission

- School waives the cost (or a portion of the cost) of tuition for an employee, or their dependents/partners. Typically seen as an

SCHOLARSHIPS VS GRANTS VS LOANS

Scholarship

- A scholarship is a money-based award specifically designated for education-related expenses.

Grant

- Grants are gift aid awarded to students often based on financial need.

Loan

- A loan is money that you borrow with the expectation that you will pay it back, within a deadline laid out by the School or lender

SO, WHAT'S THE DIFFERENCE?

Scholarships vs Grants vs Loans

- The difference? **Repayment**
- A **loan** requires you to repay the money you borrow, whereas a **grant** does not.
- **Grants** are similar to **scholarships** in that they do not need to be repaid, but they differ in that they are typically based on financial need – not on merit

OTHER TYPES OF SCHOLARSHIPS

Endowed or Named Scholarships

- The scholarship has been established by a donor and invested with the School's endowment. Beneficial because the \$ is "secure" and not coming from operating budget.

Tax-credit Scholarships

- Tax-credit scholarships allow taxpayers to receive full or partial tax credits when they donate to nonprofits that provide private school scholarships.
- Eligible taxpayers can include both individuals and businesses.
- 21 states with tax-credit scholarships: AL, AZ, AR, FL, GA, IL, IN, IA, KS, LA, MI, NV, NH, OH, OK, PA, RI, SC, SD, UT and VA.

NEED BLIND VS NEED AWARE

Need Blind

- School will make admission decisions *without* consideration of the applicant's ability to pay.

Need Aware

- School will make admissions decisions *with* the applicant's ability to pay taken into account.

WHAT COULD RESULT FROM THIS?

Financial Aid Gapping

- A financial **gap** occurs when a School's financial aid award for a student does not meet the student's financial need as defined by the third-party or School. This unmet need is referred to as the **gap**.

Accept with Financial Aid Wait List?

- School will accept a student and offer a place of admission, but inform the family that the student is placed on a **financial aid waitlist** because aid is currently unavailable.

FINANCIAL NEED

$$\begin{aligned} & \text{Tuition and Fees}^* \\ & - \text{(Family Contribution)} \\ & \hline & = \text{Financial Need} \end{aligned}$$

**Fees should include: books, field trips, meals, etc.*

SCHOOL 1: MEETING FULL NEED

\$38,000 Tuition

- (\$28,000) Family Contribution

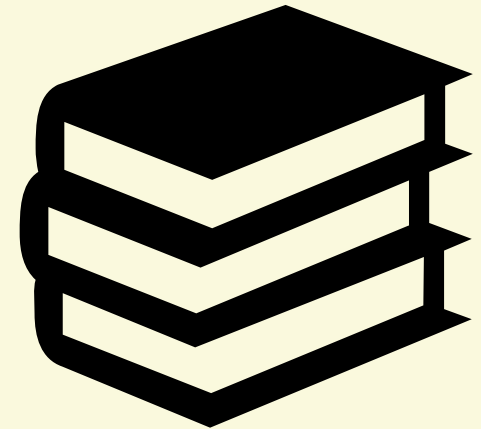
= \$10,000 Financial Need



(\$8,000) School-funded grant

- (\$2,000) Alumni Scholarship

= 100% Need Met



SCHOOL 2: UNMET NEED

\$38,000 Tuition

- (\$28,000) Family Contribution

= \$10,000 **Financial Need**

- (\$8,000) School-funded grant

= \$2,000 **Unmet Need**



GAPPING

INDEXED vs SLIDING SCALE TUITION

Indexed Tuition

- A departure from the notion of offering “aid” to some families, **indexed tuition** is meant to offer tuition at the level each family can afford.

Sliding Scale Tuition

- **Sliding-scale tuition** is based on the principle that a family’s financial commitment should be appropriate to its financial resources.

Indexed Tuition is the same as financial aid, but the marketing is different.

DOES IT MATTER?

According to some, presentation matters!

- Whether a school discounts its \$30,000 tuition with \$20,000 in financial aid or says a family's **indexed tuition** is \$10,000, the family is paying the same amount.
- But the difference in presentation matters: The **indexed tuition** rate seems to make applying to an expensive school possible for some and accepting a discount palatable to others. It is also a great way for a school to compete with other independent schools that may have larger financial aid budgets. It is an approach smaller colleges and universities have taken for years.

ACCESS AND AFFORDABILITY

Access

- Private schools historically have served an average of 10% of all U.S. students. However, 40% of parents said they would prefer to send their child to a private school.
- **Access** is allowing students who normally would not (or do not) have **access** to what our institutions have to offer.

Affordability

- Historically, independent school tuitions have far outpaced the rate of inflation and the income levels of even the top 5% and 1% of household income earners. Our goal is to create opportunities for **our families to afford** what our institutions have to offer.

INSTITUTIONAL PRIORITIES

GEORDIE MITCHELL

HOW YOU DISTRIBUTE AID DEPENDS ON PRIORITIES

- Is access to your school a mission imperative and is FA seen as helping to deliver on that mission?
- Is FA seen as a tool to fill seats, beds?
- Is there an expectation of “access to the full experience” at your school (assistance beyond tuition, room and board for your FA students)
- Is diversity a priority?
- Are certain signature programs a priority?

DOES ANYONE HAVE ENOUGH \$\$\$?

- Base your FA decisions on your enrollment management priorities.
- These priorities should be discussed with and determined by the school's leadership.
- These priorities can be institution-wide, from division to division or even grade to grade.
 - Have you discussed preferred distribution across your grades?

WHO MAKES THE DECISION?

- FA Committee – can include admission and FA staff, business officer, head of school, etc.
 - Business Office
 - Head of School
 - Financial Aid Office

What are Your Enrollment Management Priorities?

- Enrolling “mission appropriate” students.
- Meeting your enrollment budget!
- Fill “soft” classes or classes with a weaker applicant pool
- Old/News – Policy?
- Siblings
- Families who enhance diversity
- “Sculpting” a class (academic, arts, athletics, etc).
- Managing and predicting available aid from year to year.

Competing Interests Among Priorities

Limited resources force difficult decisions in the admission process every year...

We are forced to choose among institutional priorities and programmatic needs

Institutional Priorities

- Faculty children
- Siblings
- Students of Color
- Legacies
- Development

Programmatic Needs

- Top academic ability/potential
- Competitive teams
- Talent in the performing arts

... A shift in any direction reduces aid for other priorities

BREAK OUT ROOMS

I. Introductions

- Name
- Title/Role,
- School
- Share 1 Institutional Priority

II. Questions for the presenter or questions for the group

KEY PARTNERSHIPS AND RELATIONSHIPS

ON CAMPUS PARTNERSHIPS AND RELATIONSHIPS WITH FAMILIES
WITH WHOM YOU WORK.

RELATIONSHIPS WITH COLLEAGUES

- Remember we are all people
- Remember we are all trying to get the job done
- Remember to assume the best

RELATIONSHIPS WITH FAMILIES: IT IS ABOUT TRUST

- **Build well with families in the admissions process**
 - Humor, honesty, empathy
 - Be thorough
- **Build for the long term**
 - make opportunities to check in, ex. Re-enrollment process
- **Build a line of communication**
 - make it about building a community and partnership with them
 - Pre-emptive communication when possible

IMPLEMENTATION OF INTENTION: THE “I” IN DEI

PROTOCOLS, POLICIES AND PROCEDURES

- Focus on the student experience
- Focus on the family experience
- Who pays for stuff? What needs to be paid for?
- What can be accomplished and implemented systematically that doesn't rely on the FA office?

HOW TO GET THE JOB DONE

Key players in the process

Those who are involved in the day-to-day experience

- Business office
- Coaches & Asst directors
- Parents Association
- Campus Deans and Department chairs
- Club chairs
- Tech team

HELPFUL MINDSET

- Be intentional
- Be transparent
- Be methodical
- Be collaborative
- Be funny

Collaborate, document, explain.....repeat

BUILD RIGHT

IT TAKES TIME TO TAKES TIME TO BE SYSTEMIC

IT TAKES TIME TO BE SUSTAINABLE

IT TAKES TIME TO SHIFT A CULTURE

QUESTIONS? THOUGHTS?

- Next class is FRIDAY, OCTOBER 29, 2-3:30 PM ET
- Recordings will be posted in 24 hours.

END OF DAY 1 HOMEWORK ASSIGNMENT

- What is your FA budget in dollars?
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