Financial Aid Policies in Challenging Times: Transparency, Consistency and Implementation

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Challenging Times?

Tighter School Budgets?
In some markets, stagnant or even decreasing applications?

Harder sell to make the case for higher and higher tuitions?

This varies significantly from school to school and in different geographic areas.

Access vs. Affordability

Higher costs- actual and related

‘Middle Class’ – real vs. perceived

Family’s idea of ‘need’ vs. school idea of need

◦ Requests at higher income levels

Changing sense of how much families are willing to sacrifice to make independent school a priority?
What’s Transparency, anyway?

_TRANSPARENT_, according to Merriam-Webster

○ c : readily understood

○ d : characterized by visibility or accessibility of information especially concerning business practices

_http://www.merriam-webster.com/dictionary/transparent_
What’s Transparency, anyway?

Best Practices: NAIS Principles of Good Practice: Admissions, Financial Aid

• “The school operates under a clear and consistent set of practices for gathering, disseminating, and maintaining prospective student information, and respects the confidentiality of students, families, and documents in the admission process.”

• “The school provides clear information, dates, and timeframes for all aspects of the admission process, including expectations around notification dates, financial aid applications, acceptance of an enrollment offer, wait list policies, and financial obligations. All school communication about the admission process should be consistent, transparent, and in user-friendly and inclusive formats.”

• “The school provides clear and transparent information to families through outreach, education, and guidance on all aspects of its financial aid process and the factors that influence admission and aid eligibility.”

http://www.nais.org/Articles/Documents/NAIS_PGP_8-14-2013.pdf
So how do we get there? Do we want to?

Clear Process Guidelines, Even When Outcomes Aren’t Easy or Clear

Clear Requirements, Consistently Applied to All

Professionalism – and the Role of Professional Judgement

Are we ‘giving away the store’?
One Example: Horace Mann School

The Financial Aid Program at Horace Mann School is intended to support the Mission of the School:

*Horace Mann School prepares a diverse community of students to lead great and giving lives. We strive to maintain a safe, secure, and caring environment in which mutual respect, mature behavior, and the life of the mind can thrive. We recognize and celebrate individual achievement and contributions to the common good.*

In keeping with that Mission to prepare a diverse community of students, the Financial Aid Program is intended to provide access to those mission-specific students who are admitted and enrolled. The School does not discriminate on the basis of race, religion, national origin, gender, sexual orientation, or any other category protected by law in the administration of the Financial Aid Program.

[http://www.horacemann.org/uploaded/HoraceMann/PDFs/Admissions_Forms/FAProceduresFall2016-Final.pdf](http://www.horacemann.org/uploaded/HoraceMann/PDFs/Admissions_Forms/FAProceduresFall2016-Final.pdf)
The School’s priority is to provide financial support to offset the cost of tuition. The National Association of Independent Schools (NAIS) Principles of Good Practice for Financial Aid Administration asserts that “each family bears the primary responsibility for financing a student's education costs” and “the purpose of a financial aid program is to provide monetary assistance to those students who cannot afford the cost of attending an independent school.” The School believes that all families, regardless of their individual situation, must contribute financially to their child or children’s education. While a Financial Aid award may make it possible for a child to attend, it will also require families to carefully plan, budget and sacrifice in order to demonstrate that School tuition is a financial priority.
Clear Process Guidelines, Even When Outcomes Aren’t Easy or Clear

Families requesting Financial Aid must be prepared to make lifestyle sacrifices when they request support from the School. Part of our review of applications for Aid will include a thorough consideration of each family’s financial choices with regard to discretionary income. If School personnel believe these choices are not in keeping with making Horace Mann School a financial priority for tuition, the School reserves the right to refuse to consider an application for Aid, or to decrease the amount of an award that might otherwise be provided.
What does it mean to “make lifestyle sacrifices”?

Discretionary spending?
Vacations?
Summer programs?
Second homes?
Caring for family members?

Does the family demonstrate that our school will be a financial priority? How?
Clear Requirements, Consistently Applied to All

Example: Custodial & Non-Custodial Parents

Horace Mann School believes that an independent school education is a family decision, and a family commitment. As such, both parents, custodial and non-custodial, are required to complete the appropriate forms, in addition to stepparents and legal guardians. A parent’s refusal to comply will jeopardize a student’s ability to receive aid, and the director of Financial Aid may reject the application outright, or provide a lower amount of aid than would normally be awarded, based on assumptions made about the parent who refuses to supply forms.
Clear Requirements, Consistently Applied to All

Example: Voluntary Income Changes

Sometimes families will make a decision to decrease the family income voluntarily (e.g., one parent returns to school, leaves work to pursue a less lucrative career or become self-employed, parent opts to invest in a business venture, etc.). The School will not fund those decisions and, in most cases, the School will continue to impute an income level equivalent to the prior level. Voluntary family income decreases will receive lowest priority for additional funding. Unpaid leave or termination of employment following the birth of another child, a major illness, disability, etc., will not be considered a ‘voluntary’ decrease in income.
Where does Professional Judgement fit in?

Who has TIME to manage all of this?

Who has the information you need?
- In the School
- At the feeder schools
- Program relationships

What about the difficult conversations?
What about Confidentiality?

Clear Expectations for Employees and Applicants in terms of Confidentiality
- Conflict of Interest & Confidentiality Statement

What information is shared and with whom?
- Are students involved in the Financial Aid Process? When and how?

Discussing Specifics vs. Broad Brush Strokes
Where did we start?

Regular Discussion of Policies and Procedures
◦ Administrative Level
◦ Board Level
◦ Constituent Level

Strong Understanding of the Population
◦ Beyond Just Financial Aid Parameters
  ◦ (i.e. Retention, Attrition, Payment History)

Where do you start?
Where do you start?

Open Dialogue with Colleagues

Professional Development and Making Use of Resources
  ◦ DASL & SSS Reporting

Clear Sense of What Works – And Doesn’t Work – in your School Community
  ◦ Access vs. Affordability Again
  ◦ How do policies impact your: Applications? Yield? Attrition?
  ◦ To publish or not to publish? (and where?)
Open Dialogue with colleagues.....

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