Financial Aid Unplugged – Presented by Jerry Cebrzynski, Lake Forest College

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Financial Aid Unplugged

Jerry Cebrzynski
Director of Financial Aid
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Slide 2

Undergraduate Student Aid by Source and Type (in Billions), 2012-13

SOURCE: The College Board, Trends in Student Aid 2013, Figure 2A.

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Income Driven Repayment Plans

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College Choice Tools

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College Scorecard

- Stage of Choice Process: Identifying where to apply
- Launched on the College Affordability & Transparency Center in February 2013
- Designed to help prospective students and their families as they begin to evaluate options for their investment in higher education
- Provides key measures of college affordability and value to help prospective students identify institutions best suited to their goals, finances, and needs

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2013-14 College Scorecard

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NEW COLLEGE RATING SYSTEM

Why Do We Need Ratings?

- Empower students to make more informed choices about their futures
- Encourage colleges to improve outcomes, leveraging competition and transparency
- Existing college rankings do not highlight outcomes (e.g. affordability and value)

What Is The New College Rating System?

- Before the 2015 school year, ED will develop ratings so students and families have better information to select schools that provide the best value
  - Will be published on the College Scorecard
  - Enables students to make wiser postsecondary choices
  - Encourages colleges to improve their performance and lower costs
- Goal: Tie federal student aid to college performance by 2018
  - Students may receive larger Pell Grants and more affordable student loans if they attend a high-performing college on the rating system
  - Connecting federal student aid to affordability outcomes will, in turn, drive a better, more affordable education for all students
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College Navigator Tool

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Comparing Colleges Brochure and NPC

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Net Price Calculators

- Online, College-specific estimator
- Average grant/scholarship available to a family
- Average student loan and work-study eligibility
- Estimated award is not a promise, a guarantee, or an actual aid offer

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**Recent College Board NPC findings**

- 318 College sample (Public, Private, Doctoral, Baccalaureate)
- Current aid policies appear to cancel out public vs. private prices differences for middle to lower income families
- On average, the net price calculated is 55% of the published price, with some differences for public (60–80%) and private (50–60%) universities
- Students from upper-income families (> $75,000) or low-income families (< $10,000) are more likely to use the NPC

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**Shopping Sheet**

- Stage of Choice Process: Choosing where to enroll
- Standardized, clear, and concise format for providing prospective students their personalized financial aid offer
- Designed to help prospective students and their families better understand the costs of college before making the final decision on where to enroll
- Identifies the type and amount of aid qualified for and allows for easy comparison of aid packages offered by different institutions

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**Shopping Sheet**

- Single page, standardized format
- Can use as cover sheet with aid offer notification or as standalone notice of aid awards
- Value as a consumer comparison tool
- Transparently and consistently providing information to all students
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2013-14 Shopping Sheet

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Financial Aid Shopping Sheet

Institution must use this form for service members and veterans if they sign on to the principles of excellence but our preference would be for them to use this type of form for all students:

- Current "graduation rate survey" as reported to the National Center for Education Statistics under IPEDS
- Current "default rate" as calculated by the Department
- NEW "median debt" calculated by the Department

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Defense of Marriage Act (DOMA)

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FAFSA – Parental Information

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**FAFSA CHANGES – PARENTAL DATA**

- Beginning with the 2014-2015 FAFSA, dependent students' FAFSA must include income and other information about both of the student's legal parents (biological or adoptive) if the parents are living together, regardless of the parents' marital status or gender.

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**FAFSA statistics**

- 19 million FAFSAs filed 2012-13
- The number of students failing to file the FAFSA each year has remained flat for over a decade
- At least 1.7 million students fail to file the FAFSA each year because they incorrectly believe themselves to be ineligible
- 1/3 of these students would have qualified for a Pell Grant; 1/6 for a full Pell Grant
- Almost all (95.3%) gave at least one of five reasons for not applying:
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Reasons for not applying

- Did not want to take on the debt
- Thought the application forms were too much work or too time consuming
- Did not have enough information about how to apply for financial aid
- Did not need financial aid
- Thought they would be ineligible

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Financial Need
How much aid can a student receive?

Cost of Attendance - Family's Contribution = Financial Need

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Building a Freshman Class
How much aid will it take to enroll a student?

Cost of Attendance - Family's Contribution = Desirability
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Institutional funding philosophy

- Institutional funding from all Colleges
- $s increased by 1% to 37% of all aid
- Preferential packaging policies
- Need-blind (vs. need-aware) admission
- Gapping
- Admit/deny

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Institutional Grant Aid – Private Institutions

SOURCE: The College Board, Trends in Student Aid 2010, Figure 17B.

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SOURCE: The College Board, Trends in Student Aid 2013, Figure 5.
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State-Sponsored 529 College Savings Accounts:
Contributions and Distributions in 2013 Dollars (in Billions),
2009–2012

Source: The College Board, Trends in Student Aid 2013, Figure 21C.

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FY 2011 2-Year National Student Loan Default Rates

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