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## **Opportunities for Change in Colleges' Financial Aid Policies**

**Presented as part of:**

**The Case for Change In College Admissions, Session III:**

***Laying the Framework for Change in College Admissions:  
Individual, Collective, Legal and Leadership Considerations***

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# Institutional Cooperation on Financial Aid

## Background

- “Bidding wars” / “Arms Race”
- More than \$4.6 billion in institutional aid award in excess of need (2008-09)
- Substantial unmet need -> borrowing, work

# Institutional Cooperation on Financial Aid

Time to Reexamine Institutional  
Cooperation on Financial Aid



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June 2008

History & Legal Issues

–overlap groups

–Justice Department investigation,  
court case, settlements

–Congressional exemption

# Institutional Cooperation on Financial Aid

## Current legal status

- Congressional exemption:
  - Must be need-blind
  - Only 24 colleges currently using
  - Only using one of the allowed activities:  
common needs analysis
- Arguably room for additional cooperation
- Discussing and lobbying for expanded exemption allowed

# Institutional Cooperation on Financial Aid

## Proposals

- Make current exemption permanent
- Enact additional expanded exemptions
  - Eligibility criteria, if any, set minimum thresholds
    - Example: “meet full need for 80% of students with only grants, work-study, subsidized loans”
  - Collaborative agreements to maintain or improve on the minimum thresholds
    - Example: “meet full need for all students with only grants, work-study, subsidized loans”

# Net Price Calculators

- Required on college websites by October 2011
- Potential to help shift students/families from “sticker price” focus to broader understanding of affordability
- Required outputs:
  - Cost of Attendance (COA)
  - Total Need-Based/Merit Grants
  - Net Price = COA – Grants
- Issues to consider:
  - Usability
  - Highlighting net price
  - Ranges vs. precise figures

# Net Price Calculators

Estimated Cost of Attendance <span>?</span>	
Tuition & Fees <span>?</span>	\$ 38,394
Room & Board <span>?</span>	\$ 12,936
Books & Supplies <span>?</span>	\$ 900
Transportation <span>?</span>	\$ 50
Personal Expenses <span>?</span>	\$ 1,100
<b>Estimated Total Cost of Attendance</b>	<b>\$ 53,380</b>
Estimated Grant Aid <span>?</span>	
Pell Grant	\$ 5,550
Scholarship	\$ 45,530
<b>Estimated Total Grant Aid</b>	<b>\$ 51,080</b>
<b>ESTIMATED NET PRICE <span>?</span></b>	<b>\$ 2,300</b>
Estimated Self Help <span>?</span>	
Student Work	\$ 2,300
<b>Estimated Total Self Help</b>	<b>\$ 2,300</b>
<b>ESTIMATED REMAINING COST <span>?</span></b>	<b>\$ 0</b>

Estimated Scholarship & Gift Aid	
Total Estimated Gift Aid	<b>\$6,000</b>
<b>Estimated Net Price:</b>	<b>\$33,170</b>
Estimated Other Aid	
Total Estimated Loans &/or Work Study	<b>\$33,170</b>
<b>Estimated Net Price after Loans &amp;/or Work Study:</b>	<b>\$0</b>

Your Estimated Net Price	
	<b>\$18,251</b>
<b>Your estimated eligibility for other aid programs:</b>	
<b>Work-Study</b>	
Campus Work-Study	- \$2,000
<b>Loans</b>	
Stafford Subsidized Loan	- \$3,500
Stafford Unsubsidized Loan	- \$2,000
Your Estimated Out-of-Pocket Cost	
	<b>\$10,751</b>

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**[www.projectonstudentdebt.org](http://www.projectonstudentdebt.org)**

**[www.ibrinfo.org](http://www.ibrinfo.org)**

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