




THE LANGUAGE OF FINANCIAL AID

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TOO OFTEN THE REASON STUDENTS MADE QUESTIONABLE CHOICES WAS SOME "COMBINATION OF INERTIA, LACK OF INFORMATION, LACK OF FORWARD PLANNING FOR COLLEGE, AND LACK OF ENCOURAGEMENT."

— WILLIAM G. BOWEN





SHOULD WE LAUGH OR CRY?

- Parents: “We can’t possibly afford to pay \$26,000 for our child to attend Texas Tech University!”
- College: “TTU provides financial aid based on your family’s financial need.”
- Parents: “Someone told us that Texas Tech University was need-blind, so we just figured that you didn’t care if we could pay that much.”
- College: “After your child is admitted to TTU, we will calculate your expected family contribution.”
- Parents: “We contribute to our church but have never made a contribution to Texas Tech University. Is that expected for our child to get in to the university?”



HIGHER EDUCATION HAS ITS OWN LANGUAGE

- Cost Language
- Price Language
- Financial Aid Speak
- Payment Language

COST LANGUAGE

Cost Language	
Cost of One Year of College	Personal Costs (Indirect Costs)
	Institutional Costs (Direct Costs)

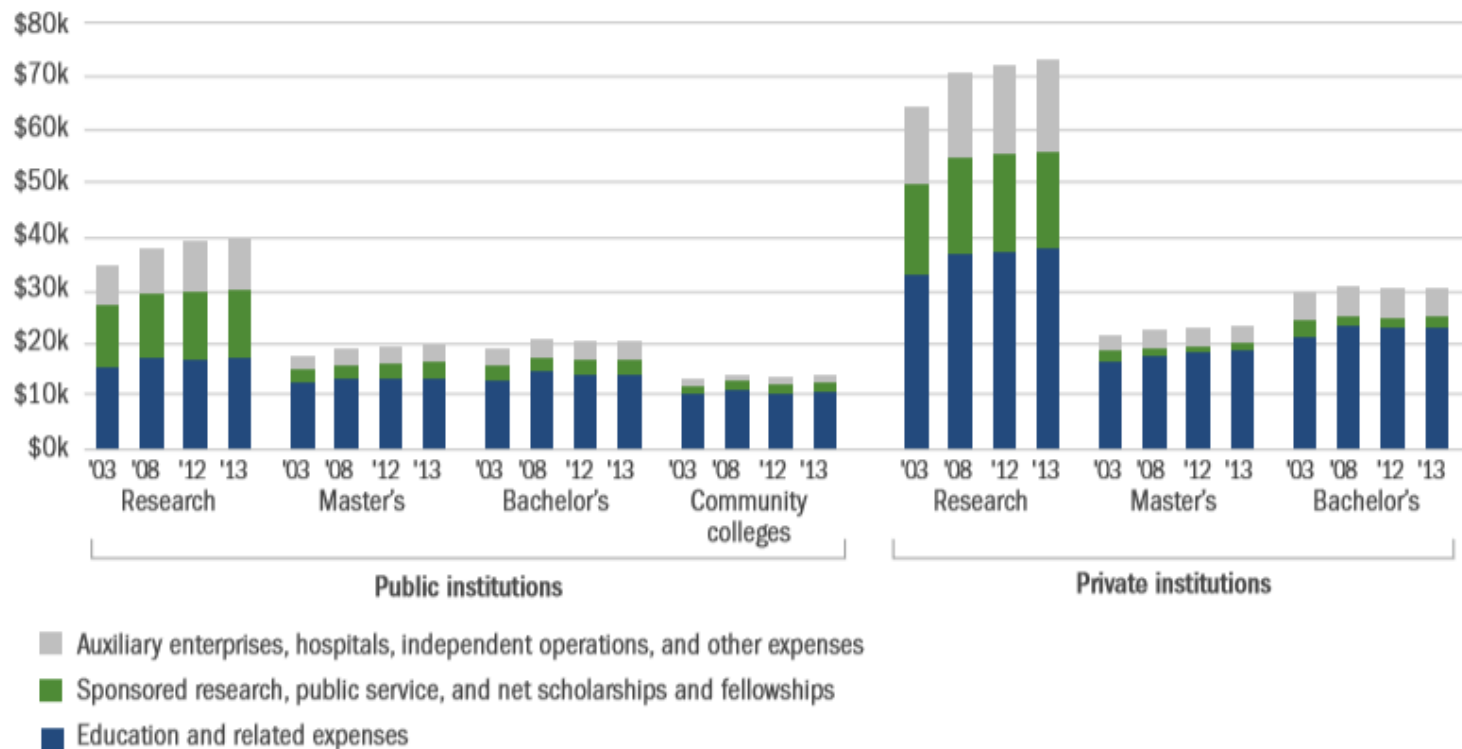


COST LANGUAGE

- How much does it cost to provide one year of education for one person?

INSTITUTIONAL COST TRENDS

Figure 3.
Total Expenditures per FTE Student by Grouped Expense Categories, FY 2003–2013 (in 2013 Dollars)



Source: Delta Cost Project IPEDS Database 1987–2013 (11-year matched set).

PRICE LANGUAGE

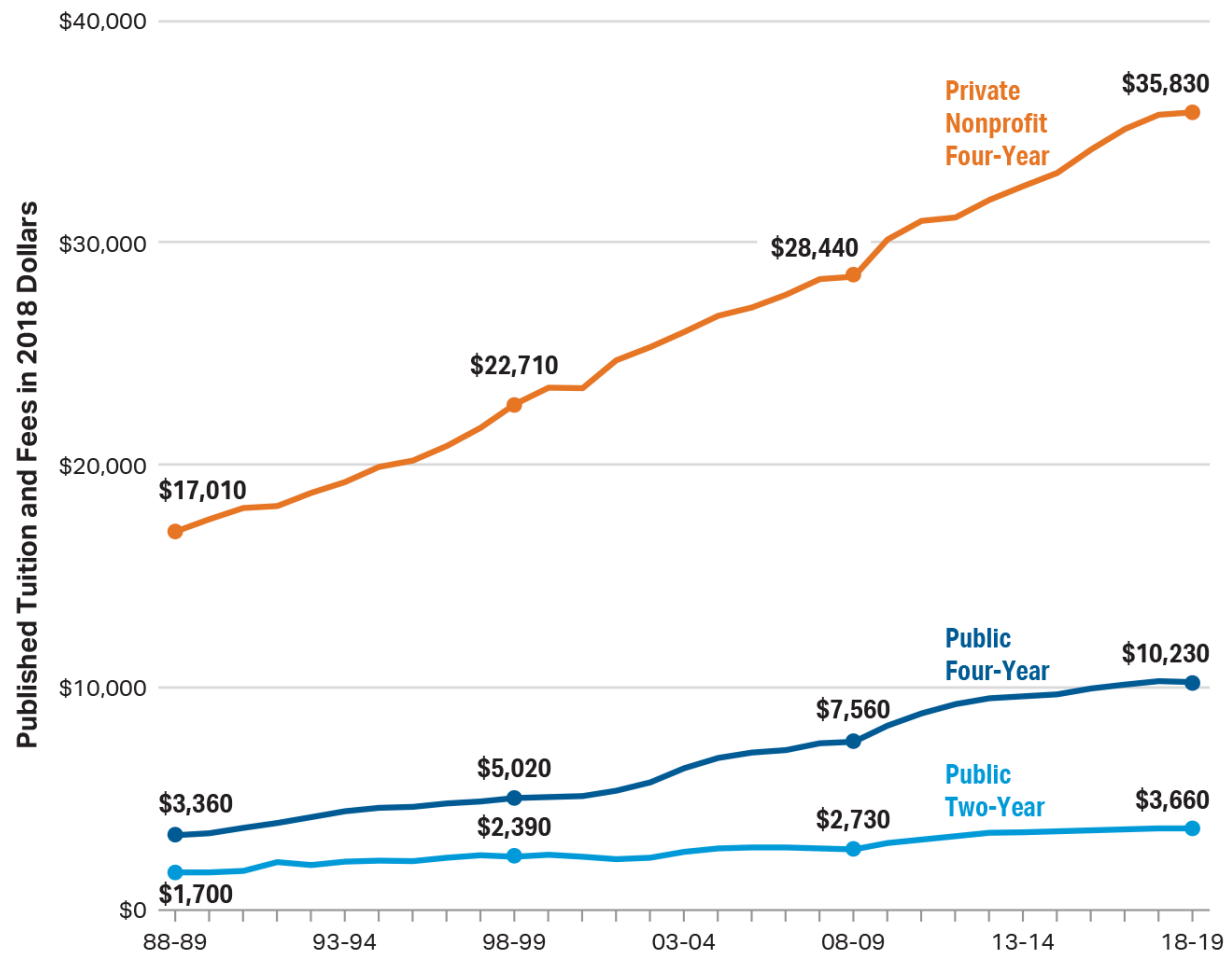
Cost		Price	
Language		Language	
Cost of One Year of College	Institutional Costs (Direct Costs)	Tuition	Other (Miscellaneous)
	Personal Costs (Indirect Costs)	Books & Supplies	
		Transportation	
		Board	
		Room	
		Fees	
		Comprehensive Fee (a.k.a. "TFRB")	
		Price of Attendance	
		Subsidy	



PRICE LANGUAGE

- What is the price a student pays in a “Comprehensive Fee” of Tuition, Fees, Room, and Board each year?

PRICE TRENDS



Source: The College Board, Trends in College Pricing 2018, Figure 3.

FINANCIAL AID SPEAK

Cost				
Language			Price Language	
Cost of One Year of College			Personal Costs (Indirect Costs)	
Institutional Costs (Direct Costs)			Other (Miscellaneous)	
			Books & Supplies	
			Transportation	
			Price of Attendance	



FINANCIAL AID SPEAK

- How much does this financial aid package do to help a student pay for college this year?



FINANCIAL AID SPEAK

- Expected Family Contribution (EFC)
- Student Budget
- Financial Aid Package
- Financial Aid Award
- Gap
- Financial Need
- Unmet Need
- Affordability
- Equity
- Merit-Base Aid
- Academic-Based Aid
- Need-Based Aid
- Gift Aid
- Self-Help
- Need-Blind Admissions

PAYMENT LANGUAGE (WHAT FAMILIES WANT TO KNOW)

Cost Language		Price Language		Financial Aid Speak		Payment Language (What Families Want to Know)			
Cost of One Year of College		Personal Costs (Indirect Costs)		Other (Miscellaneous)		Gifts and "Other Resources"			
Institutional Costs (Direct Costs)		Books & Supplies		Transportation		Parent Past Resources			
Tuition		Board		Price of Attendance		Savings, Assets, & 529			
Fees		Room		Comprehensive Fee (a.k.a. "TFRB")		Other Investments			
Subsidy		Gap		Financial Aid Package - Does NOT Meet Full Need		Taxed & Untaxed Income			
Expected Family Contribution (EEC)		Need-Based Aid (Gift Aid and Self-Help)		Financial Aid Package - Meets Full Need		Employer Education Benefit Program			
Student Budget		Student Resources		Parent Resources		Federal Direct PLUS Loan Program			
Financial Aid Package - Meets Full Need		Student Current Resources		Parent Future Resources		Home Equity Loan			
Financial Aid Package - Does NOT Meet Full Need		Student Future Resources		Parent Current Resources		Other Private Loans			
Need-Based Aid (Gift Aid and Self-Help)		Student Past Resources		Parent Past Resources		Credit Card Debt			
Student Resources		Student Current Resources		Parent Current Resources		Savings, Assets			
Student Future Resources		Student Future Resources		Parent Future Resources		Summer Wages			
Student Past Resources		Student Past Resources		Parent Past Resources		Federal Work Study			
Student Resources		Student Current Resources		Parent Current Resources		State Work Study			
Student Future Resources		Student Future Resources		Parent Future Resources		Institutional PT Employment			
Student Past Resources		Student Past Resources		Parent Past Resources		External Scholarships			
Student Resources		Student Current Resources		Parent Current Resources		Federal Direct Subsidized Loan			
Student Future Resources		Student Future Resources		Parent Future Resources		Federal Direct Unsubsidized Loan			
Student Past Resources		Student Past Resources		Parent Past Resources		State Subsidized Loan			
Student Resources		Student Current Resources		Parent Current Resources		State Unsubsidized Loan			
Student Future Resources		Student Future Resources		Parent Future Resources		Institutional Loan Program			
Student Past Resources		Student Past Resources		Parent Past Resources		Private Student Loan			
Student Resources		Student Current Resources		Parent Current Resources		Credit Card Debt			
Student Future Resources		Student Future Resources		Parent Future Resources		Pell Grant			
Student Past Resources		Student Past Resources		Parent Past Resources		SEO Grant			
Student Resources		Student Current Resources		Parent Current Resources		Other Grant			
Student Future Resources		Student Future Resources		Parent Future Resources		State Grant			
Student Past Resources		Student Past Resources		Parent Past Resources		Institutional Grant			
Student Resources		Student Current Resources		Parent Current Resources		Other Grant			
Student Future Resources		Student Future Resources		Parent Future Resources		Merit/Academic Scholarship			
Student Past Resources		Student Past Resources		Parent Past Resources		Athletic Scholarship			
Student Resources		Student Current Resources		Parent Current Resources		ROTC			
Student Future Resources		Student Future Resources		Parent Future Resources		Alumni Club Scholarship			
Student Past Resources		Student Past Resources		Parent Past Resources		Tax Credits			
Student Resources		Student Current Resources		Parent Current Resources		Military Benefits/Waivers			
Student Future Resources		Student Future Resources		Parent Future Resources		Tuition Waivers			
Student Past Resources		Student Past Resources		Parent Past Resources		Tuition Waivers			



PAYMENT LANGUAGE

- What is the payment a family will make for each year of college?



PAYMENT LANGUAGE

- Price of Attendance
- Net Price
- Scholarships
- Grants
- Texas Tomorrow Fund
- Family Resources
- Student Resources
- Parent Resources
- Past Resources
- Current Resources
- Future Resources



WHAT ROLE SHOULD PARENTS AND STUDENTS PLAY?

- Research which schools might be the “best fit”
 - Academic
 - Cultural
 - Social
 - Financial
- Familiarize themselves with financial aid policies at schools they are considering
- Adhere to deadlines/priority dates
- Have candid family discussions about priorities in choosing a college and obligations in paying for college



WHAT ROLE CAN HIGH SCHOOL STAFF PLAY?

- Create partnerships with area colleges and universities
- Communicate with financial aid partners the “what” and the “how”
- Take advantage of financial aid training opportunities – learn the basics of how financial aid works
- Assist/Teach families how to navigate and manage the financial aid process
 - Use those partners to assist you and the families!

WHAT ROLE CAN THE FINANCIAL AID OFFICE PLAY?

- Tailor information to different audiences
 - Readability (should average 10th grade reading level)
 - Consistent messaging (images, stories)
 - Student level (middle school, early high school, late high school, admitted students, parents)
- Disseminate information in a variety of ways – marketing research suggests that it takes seven touchpoints to motivate an action
 - Presentations, webinars, one-on-one meetings
 - Website
 - Social media
 - Email, direct mail, flyers
 - Quick instructional videos
 - Games/activities
- Provide translations
 - Net Price Calculator
 - Personal Planner (rather than Shopping Sheet/College Financing Plan) and Family Responsibility (rather than EFC)
 - Estimated Cost Sheet
- Standardize award letters (as much as possible)
 - Consistent messaging
 - Establishing expectations
- Campus partnerships



RETHINKING THE LANGUAGE

- “Financial Aid Notification” versus “Financial Aid Award Letter” or “Financial Aid Package”
- “Housing and Meals” versus “Room and Board”
- “Average cost to live, and attend Texas Tech for one year” versus “Cost of Attendance” or “Student Budget”
- Keys and Treasure Boxes
- “Earned Assistance” versus “Work Study”
- “Borrowed Assistance” versus “Loans”



COMPARING FINANCIAL AID NOTIFICATIONS (FANS)

- NASFAA's Comparison Worksheet
- Nearly all FANs are electronic with some exceptions for first-year students
- Like Institutions are likely to have similar FANs
 - Private – all about branding, ROI, and value
 - 4-year Public – simplistic, limited resources, first-come-first-serve, mostly federal/state aid
 - Community College – see above

COMPARING FINANCIAL AID NOTIFICATIONS (FANS)...GOTCHAS

- Cost of Attendance/Budget – semester breakout; FAN or in consumer info; direct or indirect costs?
- Work-Study – may display eligibility, may not; earned, not paid upfront
- Scholarships – need-based; renewable; requirements to maintain eligibility?
- Loans – origination fees; interest?
- Federal Direct PLUS Loan for Parents – may be displayed up to full cost
- Waivers/Exemptions – not on FAN
- Outside Scholarships – already included; not included, how will it impact? may be on FAN, may not
- “Hidden” Requirements – loan counseling, MPN, verification documents, terms & conditions
- Fine Print



BEST PRACTICE FOR FINANCIAL AID NOTIFICATIONS

- Award notifications should be student-centric and transparent, using consistent terminology and clearly communicating all direct and indirect costs.
- Students should be able to understand the sources and types of financial aid they are being offered, and the terms used to describe those awards should be applied consistently across institutions to avoid confusion.
- Students should be presented with a clear summary of the institution's costs in the award notification, breaking down both the costs they will see on their bill (direct costs, like tuition) and the estimated costs they should anticipate incurring (indirect costs, like transportation).
- Students should be made aware of the eligibility requirements to renew their awards in future years.

RESOURCES

- "Let's Talk to Families about Paying for College in Language They Understand," *Inside Higher Education*, August 1, 2013. <http://www.insidehighered.com/views/2013/08/01/lets-talk-families-about-paying-college-language-they-understand-essay>
- Language of Financial Aid, College Board Presentation 2011 & 2015, C. Anthony Broh
- Delta Cost Project, Trends in College Spending: 2003-2013, <https://www.air.org/system/files/downloads/report/Delta-Cost-Trends-in-College%20Spending-January-2016.pdf>
- Trends in College Pricing and Trends in Student Aid, <https://trends.collegeboard.org/>
- https://www.nasfaa.org/Improving_Award_Notifications
- https://www.nasfaa.org/uploads/documents/Award_Notification_Comparison_Worksheet.pdf



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