

ARCHDIOCESE OF CHICAGO



Fundamentals of Financial Aid

June 7, 2018

The Situation

Many of our schools experience the following four conditions:

- 1. Diverse socio-economic communities**, with families at widely varying income levels
- 2. Under-enrollment**, with large numbers of empty seats in certain sections
- 3. The published or “list” tuition rate** is set at a level not affordable for many of the families that can be served by the school
- 4. Insufficient funded scholarships** for all who are in need and apply

Turning families away from open seats who can't afford “list” tuition rates, without offering them a need-based, discounted tuition rate is both inconsistent with our values and an entirely avoidable hit to our financial outcomes, even if school has no (more) scholarship dollars to award.



The Complication

1. Earlier “Fill the Plane” regimen

- Lack of consistent guidance on best practices
- Without supportive tools, some schools mis-discounted (too high – students didn’t enroll; too low – schools capture little to no revenue)
- Other schools didn’t use any defined process or means-testing to establish the “right” tuition rate

2. Unproductive focus on managing “Unfunded Financial Aid”

- AoC’s budget template and recommendations have often encouraged “managing” to a particular limit.
- Requiring funded aid or limiting unfunded aid in this context is harmful to enrollment and financial results!



The Solution

- For any empty seat within a section, recruit families with discounted tuition rates, subject to their verified need
- When there are no alternative applicants, filling that seat with any revenue from a new family improves enrollment and financial results
- Managing your financial aid program with clearly defined & communicated processes ensures success and satisfaction for your staff and the community

Five Fundamentals of Financial Aid

Download the [Financial Aid Memo](#)

- **Financial Aid Committee**
- **Financial Aid Assessor**
- **Fill the Right Seats**
- **Variable Tuition Floor**
- **Making the Offer**



1. Financial Aid Committee

- Typically a group of three to five that includes principal, pastor, business manager, finance council member, school board member (no current school parents)
- Financial Aid Committee's process is the assurance to families that decisions are consistent, confidential and credible
- Principal and Pastor are removed from appeals to persons
- Committee needs to assemble frequently enough to provide timely feedback to applications as they come in.

AoC team members are available to attend a meeting of your committee to help build and improve your procedures



2. Financial Aid Assessor

- Schools should use 3rd party assessor to help determine reasonable and just financial aid offer for all applicants
 - FACTS & SMART are the two AoC-endorsed financial aid programs
 - FACTS Grant & Aid product is already required of schools for AoC's Caritas and Phoenix scholarship eligibility
- It is additional assurance to families that your process is unbiased
- 3rd party assessment is just one, albeit key, input into the Financial Aid Committee's evaluation
- If the vendor fee is a barrier to families, waive the fee.
- FACTS can on *ad hoc* basis provide expedited review, if family's decision is extremely time sensitive



3. Fill the Right Seats

- At start of recruiting season, understand your max enrollment goal for each section
- If opportunity presents itself, you may not want max enrollment in all sections. Carefully consider:
 - Each teacher's capability to support incrementally more students
 - Total impact of larger numbers of new students, academically and culturally
- Never open an additional section unless your wait list has hit a critical mass of new students

Financial aid is last step of schools' admissions program, following the family and school's agreement that school/student is a good match academically, culturally, etc.



4. Variable Tuition Floor

- Financial Aid Committee's evaluation of each family should identify the minimum floor a family would be allowed to pay, subject to:
 - The tuition rate the (incumbent) family has paid historically
 - Local/demographic benchmarks to help Committee determine what is truly reasonable
 - The School's own (internally defined) minimum tuition floor(s)
- Committee should provide the "opening offer" and "min. floor" tuition rates to Principal.
- OCS will distribute a tool to help determine recommended tuition rates for individual families
- **The Tuition Discounting Tool will greatly simplify this process**

Most schools' Pre-K programs are by far the lowest cost (non public school) option for PreK; We discourage any discounts below list for Pre-K.



5. Making the Offer

- Direct engagement by the Principal with the family to make the offer is critical. It's a key opportunity to:
 - Build relationship between school and family
 - Promote the value of your school esp. relative to alternatives
 - Demonstrate the commitment the Parish and school are making in their child. (E.g., cost/student is \$6K; list tuition rate is \$5K; actual offer is \$2K. Meaning school by itself is providing a \$4K investment in their child!)
 - Enable Principal to evaluate if and why “offered tuition rate” can and should be dropped to “minimum tuition rate”
 - Definitively measure and track instances where “minimum tuition rate” was not low enough.
- AoC team is ready and available to role-play financial aid scenarios with you and your team.

Where do I begin?

- Review the [Financial Aid Memo](#) and reach out to your Vicariate or Turnaround team with any questions
- Establish agreement with FACTS or SMART, if not already in place
- Ask your Vicariate/Turnaround team (DVO/DTO, SFM, MEM) for assistance in creating or improving your Financial Aid committee and process
- As soon as you're ready, ensure availability of financial aid to families is communicated clearly and widely
- **Especially** contact (new) TCS applicants who were denied or waitlisted



Frequently Asked Questions

Should I start advertising our financial aid program?

Yes, but Pastor and Principal should provide communications to the community as to the objective and purpose of the school's (new) financial aid program.

A tempered approach may be to pilot this program just with prospective families, particularly by reaching out directly to new TCS applicants or RE families. But in any case, school leadership should prepare to be proactively transparent to all community members of this key program.

What if my current families find out about this program?

If you haven't broadly communicated the existence of this program and a current family approaches you about applying for aid, they should be allowed to do so.

Is this a one-size-fits-all approach?

We anticipate that this program will look a bit different at every school, but that the fundamentals should be the same.



Frequently Asked Questions

Should I run every family through the financial aid process?

Only have families follow the process if they seek financial aid.

How long should this process take?

The faster, the better. Ideally, families would receive an offer within two weeks.

Should I ask families receiving financial aid to complete additional service hours?

We do not recommend adding extra requirements for families receiving aid. Their discount is justified by their financial resources. They should be reminded, though, that they are just as valuable as any other family and that their volunteer hours, support, and referrals are incredibly important.

Who can I contact with questions about this process or the Tuition Discounting Tool?

Please contact your DVO/DTO, SFM or a member of the OCS Financial Aid Team (all listed on the final slide of this presentation) with any questions.



Appendices

- Tuition Discounting Tool
- Tuition Collection Best Practices
- Two Future Fundamentals
- What to Do Next
- Outreach to Religious Education Families
- Contact Information
 - OCS Financial Aid Team
 - School Finance Managers
 - Directors of Turnaround Operations

Tuition Discounting Tool

- Tuition Discounting Tool will be emailed to schools and made available on the OCS Portal
- A separate webinar on how to use the tool will also be available
- The OCS encourages the use of this tool and endorses the tuition ranges it recommends
- Diligent use of this tool will help increase enrollment and revenue while finding a rate that is just and affordable for every family.

Tuition Rate Calculator

Please do not share this form with applicants. Use this form to determine the most appropriate need-based, discounted tuition rate to offer a family that is either new to your school for the 2018-19 school year or has been attending your school prior to the 2018-19 school year but has not previously applied for financial aid.

1 **Family Information**

Applicant (Parent/Guardian)	Sample, Dale
K-8 Students	2
List Tuition	\$7,300.00

2 **Financial Information**

Family Self Reported Ability to Pay	\$3,000.00
Household Size	4
Number of Children/Dependents	2
Adjusted Gross Income	\$0.00
Total Family Income	\$35,000.00

3 **Recommended Tuition Offer**

\$4,480.00	
# Payments	Payment Amount
9	\$497.78

4 **Recommended Tuition Range**

Low	Median	High
\$2,665.00	\$4,480.00	\$6,420.00

5 **Initial Tuition Offer**

\$4,250.00	
# Payments	Payment Amount
9	\$472.22

6 **Final Agreed Tuition Amount**

\$3,600.00	
# Payments	Payment Amount
9	\$400.00

7

8

9

10

Comments:

Applicant rejected the initial offer of \$4250. Applicant felt that he could pay \$400/month during the school year. Financial aid committee agreed that this would be an acceptable amount. Talked to applicant about the referral program and he had some ideas of students from his previous school who might be interested.

1 *If working with the applicant(s) more than once, click this button to load into this form the most recent data collected.*

10 *Following each meeting with the applicant(s) click this button to save the most recent data collected in this form.*

Re-Load Most Recent Decision

Save Decisions



Tuition Collection Best Practices

Every family (regardless of financial aid status) should sign a tuition contract which includes:

- Payment amounts, processes and payment due dates
- Consequence for late or no payment
- Confidentiality clause
- *“St. Anonymous School works to ensure that the excellent education we provide is affordable to all families. The process of determining a family’s need and providing financial aid requires the sharing of sensitive, personal data. St. Anonymous will never share your financial data or any information regarding this process with outside parties without your consent. Likewise, we appreciate your discretion in this process as well. By signing this tuition agreement, you acknowledge that you and your family will not share with other families the nature of your financial aid agreement, the process of determining your level of financial aid, the amount of tuition your family pays, the type or amount of scholarships you are receiving, or any other information regarding your financial commitment to the school. **This information is all confidential.** Failing to adhere to this agreement may put your financial aid and/or enrollment status at risk.”*
- Necessary fundraising or service hours (if applicable)
- Information on referral incentives (if applicable)
- **OCS will make a sample Tuition Contract available on the Portal**



Two Future Fundamentals

1. Finding the Families

- MEMs will create and distribute language and best practices for advertising your financial aid program
- In the short term, your two best sources for prospective families are TCS and Religious Education

2. Fundraising and Development

- Raising supplemental funds to support financial aid efforts is critical to long-term sustainability
- Annual appeals are the most effective fundraising efforts



What to Do Next

1. Implement or refine these Financial Aid Fundamentals to the best of your ability
 - We understand that some elements will take longer and that time is running short to secure students found during the TCS process
2. Review the Tuition Discounting Tool with your financial aid committee
 - The tool and an accompanying webinar will be emailed to you
3. Refer to the roster of leads from BSF SGO, EI-TADS and the additional EI leads that your Vic/TA teams are providing you as of June 6. (Please reach out to them for info. if you haven't yet received). These leads are students who showed interest in your school during the TCS application process but who were not awarded a scholarship
4. Contact these families and invite them in to discuss financial aid opportunities



Outreach to Religious Education Families

- **Offer an Incentive**
 - *“St. Anonymous has created a special incentive exclusively for families in our Religious Education program. RE students who enroll in St. Anonymous School for the 2018-19 school year will receive a one-time \$500 tuition credit!”*
- **Remind them that tuition is more affordable than they may think**
 - *“St. Anonymous school is committed to making Catholic education affordable for all families. Please contact the school office for information about our helpful financial aid program.”*
- Host a phone bank to reach out to all RE families
- Lining up these students now may assist in fundraising for TCS



Thank you!

- **Tom McGrath**
Chief Operating Officer
tmcgrath@archchicago.org
- **Clare Sullivan**
Director of Scholarships
csullivan@archchicago.org
- **Sean Murdock**
Finance & Analytics Director
smurdock@archchicago.org
- **Bob Hudzik**
Finance Consultant
rohudzik@archchicago.org
- **Kurt Lewis**
Director of Enrollment Marketing
klewis@archchicago.org
- **Jason Yoshimura**
School Finance Manager, Vic. I and II
jyoshimura@archchicago.org
- **Brian Collins**
School Finance Manager, Vic. III and IV
bricollins@archchicago.org
- **Carl Forney**
School Finance Manager, Vic. V and VI
cforney@archchicago.org
- **Patricia Bruhn**
Director of Turnaround Operations, Team 1
pbruhn@archchicago.org
- **Steven Munoz**
Director of Turnaround Operations, Team 2
smunoz@archchicago.org
- **Christina Tomaso**
Director of Turnaround Operations, Team 3
ctomaso@archchicago.org

