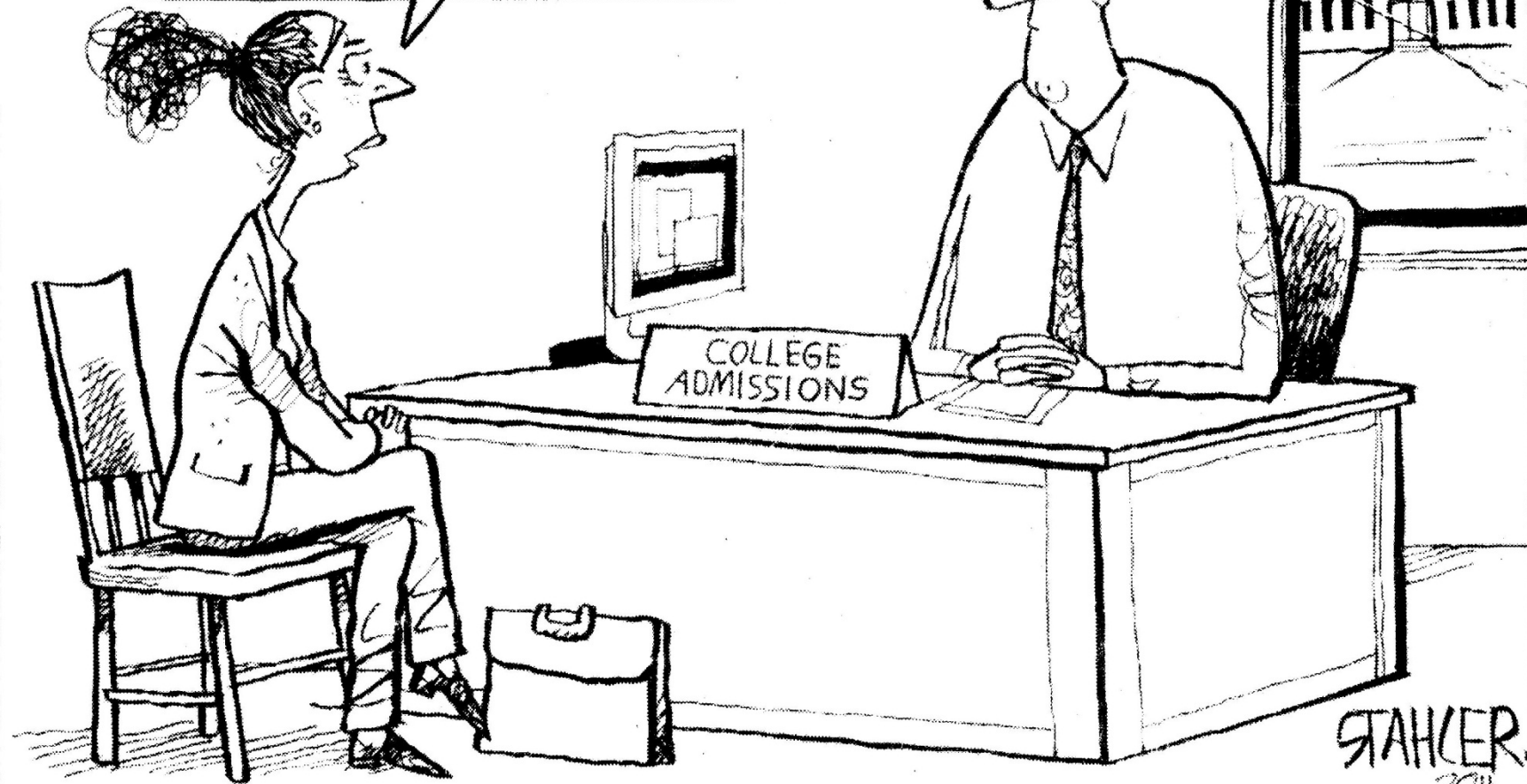


BOTTOM LINE... HOW MUCH OF MY
ADULT LIFE WILL BE SPENT PAYING
FOR THIS SCHOOL?



A Consumer Approach to Paying for College: Practical Insights to Guide Families

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What is the “Consumer Approach”: Framing the Question

- Investment Value Cost:Benefit (ROI)
- Affordability Present Resources
- Manageability Future Resources

Environmental Scan

- “Great Recession” has increased unemployment, flattened household incomes; devalued family wealth; constrained federal/state higher education support.
Ergo, education price increases have outpaced CPI; purchasing power of aid dollars has decreased; demand for aid resources has increased.
- As families increasingly shift from price-aware to value-based assessments of their educational choices there are new and greater expectations of guidance professionals.
- This consumer approach to college selection necessitates new knowledge base and revised paradigms.

Myth Busting

- The traditional “reach is right” notion no longer necessarily equates.
- Increasing price gaps and an imperfect *Federal Methodology* require a new, different ROI calculus.
- Educational borrowing may have reached a tipping point. In 2010 annual borrowing exceeded \$100 billion mark for the first time; aggregate debt will exceed \$1 trillion for the first time this year. Americans now owe more on student loans than on credit cards, Federal Reserve Bank of New York, 2011.

A New Tool Belt

- There's a crack in the "black box" and the *Federal Methodology* is seeping out. Knowledge is power. Families are getting it and upping the ante for guidance professionals.
- The real "Expected Family Contribution" is a product of institutional packaging and discounting practice---not FAFSA output.
- A consumer approach to college is a process requiring comparison shopping of price, product, and previous customer experiences but rooted in student happiness and success. It's metrics meet emotions.

The MAP, or Merit Aid Profile

| | GPA | SAT | ACT | Buzzwords | Chance of Funding? |
|-----------|-----|-----|-----|-----------|--------------------|
| Me | | | | | |
| College A | | | | | |
| College B | | | | | |
| College C | | | | | |
| College D | | | | | |
| College E | | | | | |
| College F | | | | | |
| College G | | | | | |
| College H | | | | | |
| College I | | | | | |
| College J | | | | | |
| College K | | | | | |
| College L | | | | | |
| College M | | | | | |
| College N | | | | | |
| College O | | | | | |

Please bear in mind as you fill this out that it's certainly still possible to apply, be accepted, and get some aid at colleges where you're not in the top 25 percent. But applying can mean falling in love, and falling in love means taking on extra debt. Our MAP is essentially the simplest and most conservative method we would use with any student who needed to find a scholarship, and if you're in the middle 50 percent at most colleges, you will still get *some* aid. It simply may not be *enough* aid. The best bet you can make on a scholarship is to be in the top quartile of applicants. It's that simple.

The Financial Aid Handbook

After you've entered all that information, you can determine whether or not your scores are equal to or higher than stats you've entered for each college. If they are, add a **Y** (for yes) in the "Chance of Funding?" column. If not, add an **N** (for no) in the "Chance of Funding?" column.

Then, subtract your Actual EFC (the amount your family can afford to pay out of pocket) from the college's Net Price (use the Net Price for your family's income range). That will calculate the Gap, or the amount of money you might need to receive above and beyond average aid. The Gap directly correlates to your chances of funding. If you've marked an **N** in the "Chance of Funding?" column, and the Gap is a fairly substantial amount of money (a few thousand dollars or more), then mark **N** (for no) in the "Worth Applying?" column. If there's no Gap, or you've marked a **Y** in the "Chance of Funding?" column, then go ahead and mark a **Y** in the "Worth Applying?" column, and request an application!



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FINANCIAL AID HANDBOOK

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With More Than 70 Years Experience*



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Getting the Education You Want for the Price You Can Afford



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