

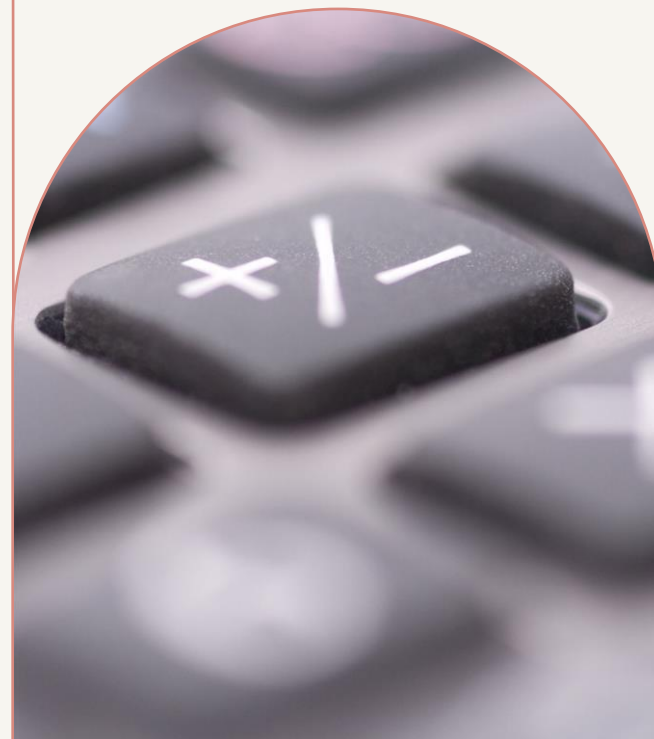
# Understanding the True Cost of College and How to Pay for it

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Co-Founder, College Aid Pro

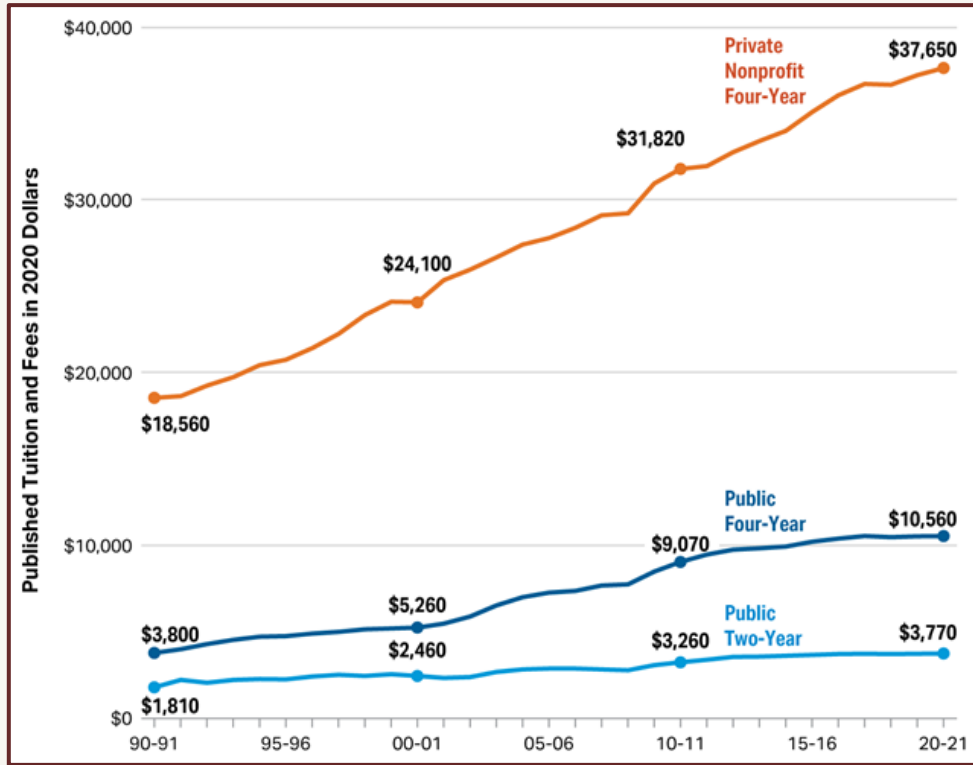


# A Lesson in Four Parts

1. The real story behind college pricing
2. How colleges and universities actually build pricing models
3. Calculating college ROI requires real data about the “I”
4. Data + Context = Leverage; how to help clients negotiate an even lower price



# College Pricing: The Real Story

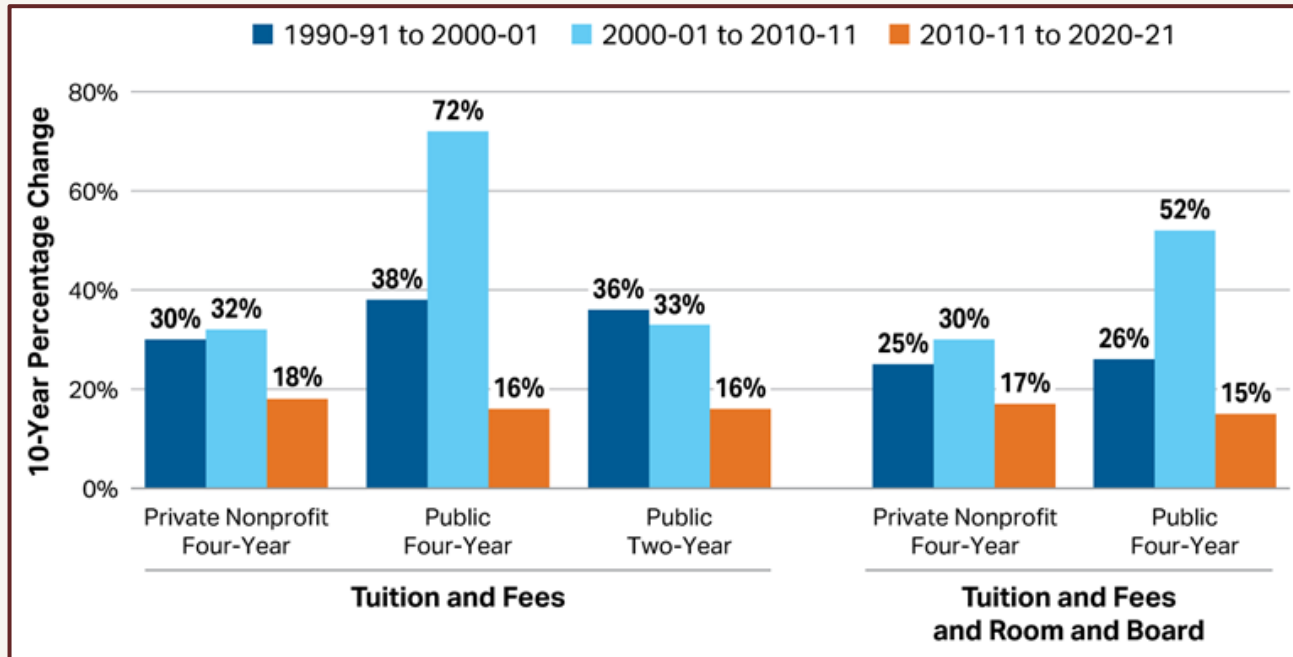


## The Consensus Narrative:

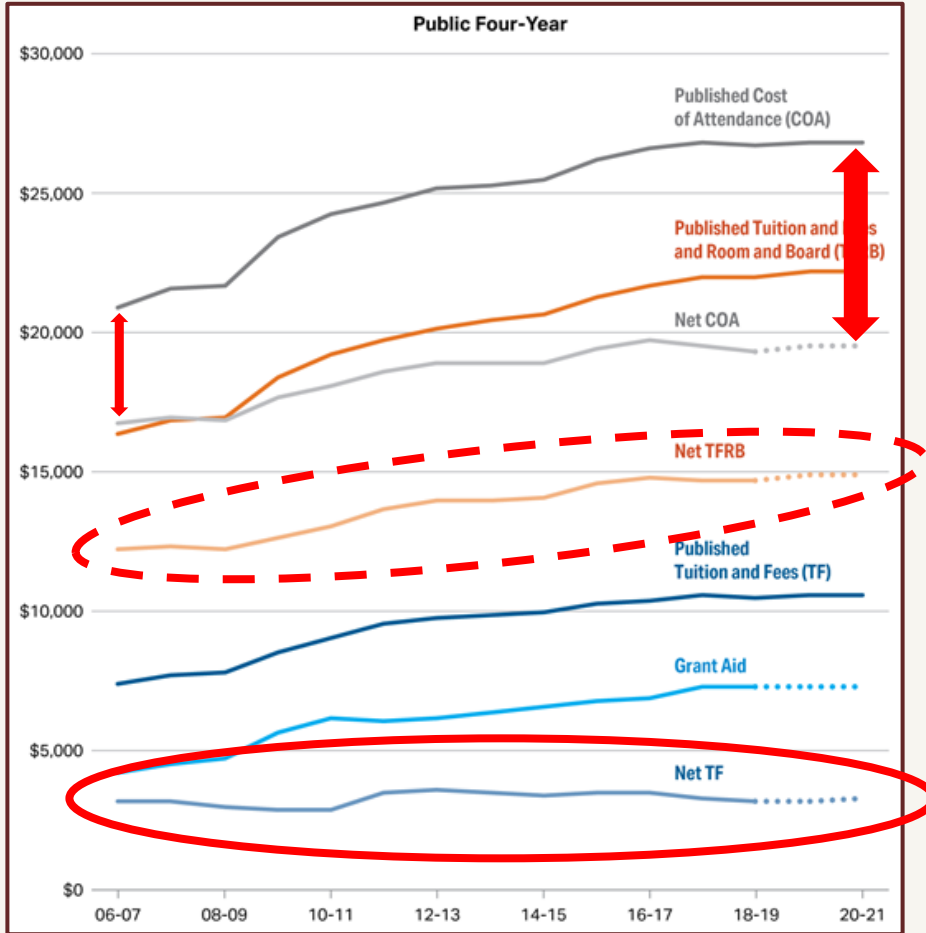
*“College prices keep going up”*

*“No end in sight”*

*“Private colleges are the worst”*



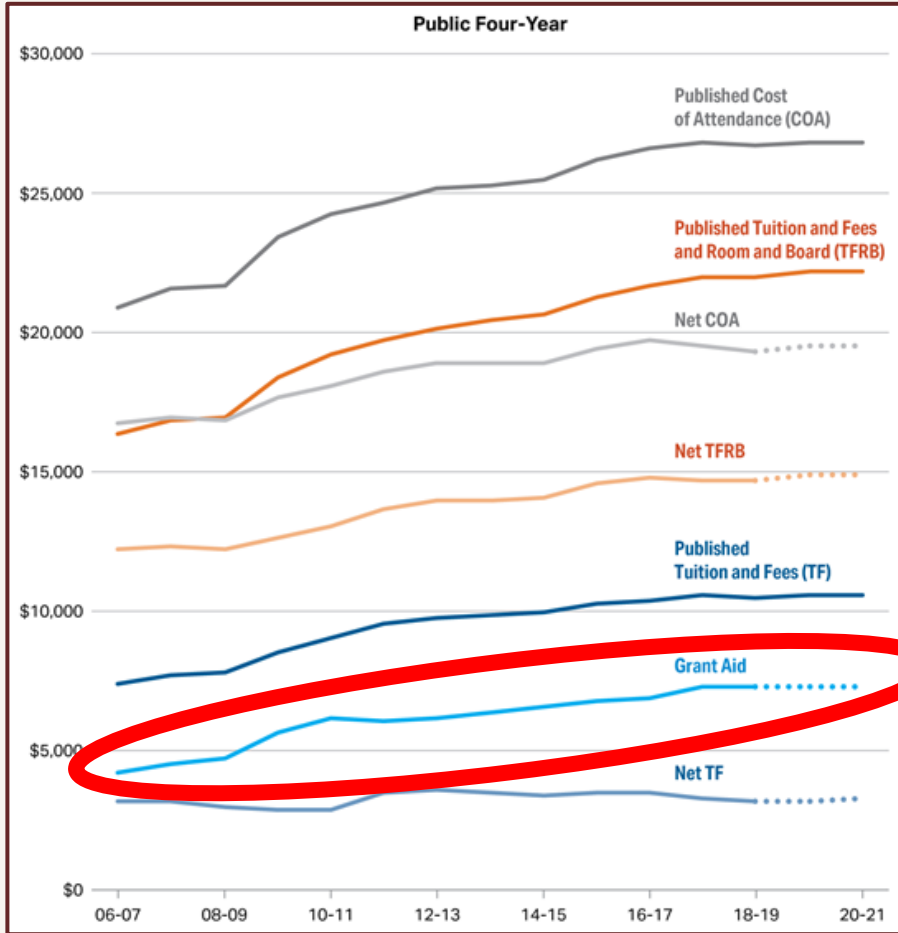
- In the last decade, prices have increased comparatively less
- Proportionally, public institutions in the 2000s jumped the shark



## Public Four-Year Universities

*Look at average net tuition:*

- Tuition & fees do not increase
- Room & board drives price increase
- The gap between sticker & actual price almost doubles



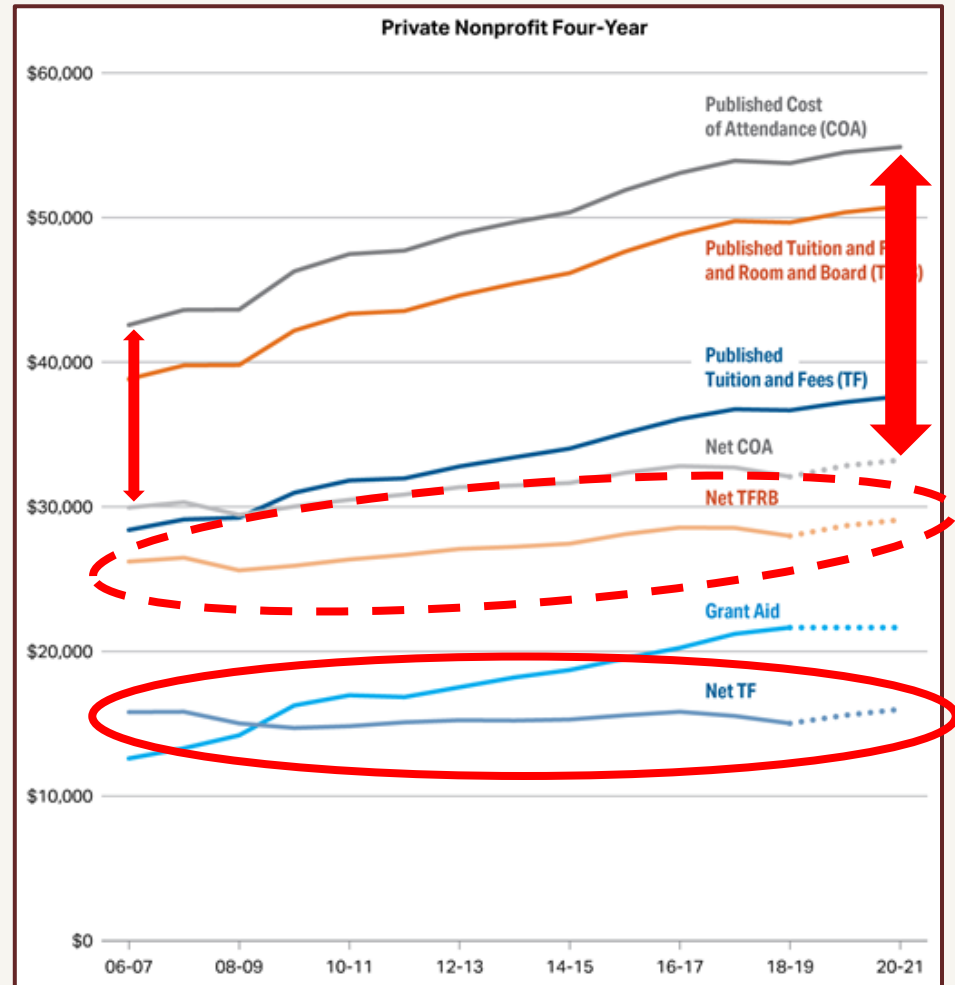
## Public Four-Year Universities

*Look at the increase  
in grant aid*

## Private Four-Year Universities

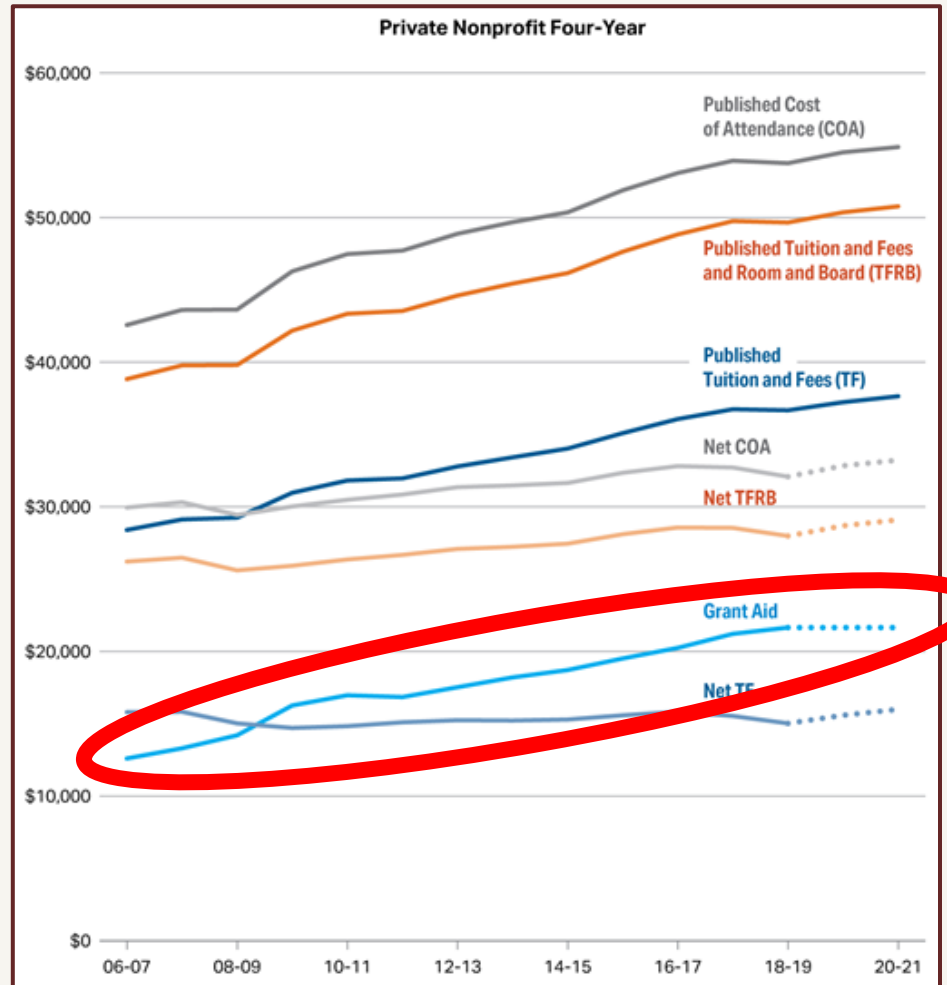
*Look at average net tuition:*

- Tuition & fees do not increase
- Room & board increase marginally
- The gap between sticker & actual price almost doubles



## Private Four-Year Universities

*Look at the increase  
in grant aid*



# The Punch in the Gut



	1990	2020
Proportion of students receiving scholarships and/or financial aid	63%	<b>89%</b>
Average discount colleges give to their students	27%	<b>53%</b>

# What is the real story behind college pricing?

1. 1 out of 10 college students pays the sticker price;  
5 out of 10 pay less than half
2. The available actual prices for almost any students  
range from very affordable to very unaffordable
3. It's almost impossible to find out which colleges are  
which for the individual student
4. Millions are lured into a financial chokehold; they  
borrow too much, drop out, or never enroll

# How the College Pricing Sausage Gets Made

# Colleges enter every spring knowing this:



1. We need  $X$  number of students paying  $Y$  dollars on average
2. Something will not go according to plan, so we will adjust because

***You don't make money from a student  
who doesn't enroll!***

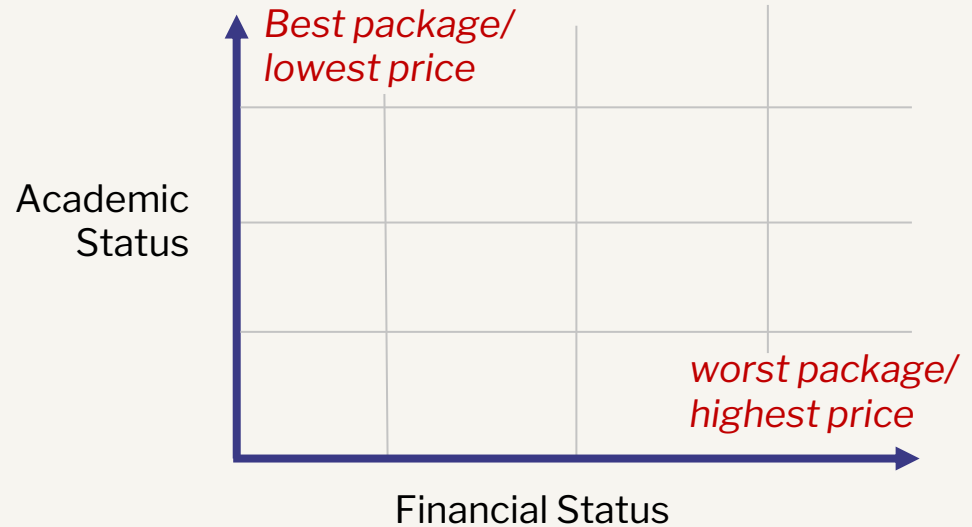
*Unlike the many factors that impact an admissions decision,*

Price is primarily determined by:

- Need (family financial status)
- Merit (student academic achievement)

# Sample College Pricing Model

- Each cell has different targets  
*number of students, avg price*
- Each cell has wiggle room  
*first offer leaves room for appeal*
- Most colleges expect admitted applicants to appeal price and regularly grant a lower price  
*(just don't call it "negotiating"!)*



# High Demand College Pricing Model

- Each college differs by demand  
*more applicants, less merit*
- Selectiveness eliminates the need for merit scholarships
- Higher demand colleges will consider appeals based on financial circumstances, but are also aware of competitiveness



# Calculating the “I” in College ROI

# Sam, if you get in we will figure it out....



Graduates in 4 years with \$120,000 in student loans  
Has made 7 Years of minimum required payments  
\$129,000 still outstanding

## Parents number 1 financial concern is paying for college

\*Gallup 2001-2018 Economy and Personal Finance Survey



## Students' number 1 stressor is repaying college loans.

\*2017 Financial Stress Survey








**"Advisors consider winning new clients top priority, but also their **biggest business challenge.**"**

\*2019 Morningstar Advisor Insights Survey

**Financial advisors are never trained on financial aid and late stage college planning.**



# A framework to navigate the college funding maze - 5 Critical things

-  **1.** How much colleges think you can afford. (EFC)
-  **2.** How much your family can actually afford. (College Pre-Approval)
-  **3.** How to find schools that will be the most generous with financial aid.
-  **4.** The “out of pocket” cost for all four years at each institution.
-  **5.** The college funding gap and resulting student loans at each college.

## 2. How much your family can actually afford.



College Aid Pro™



## 2. How much your family can actually afford.



College Aid Pro™

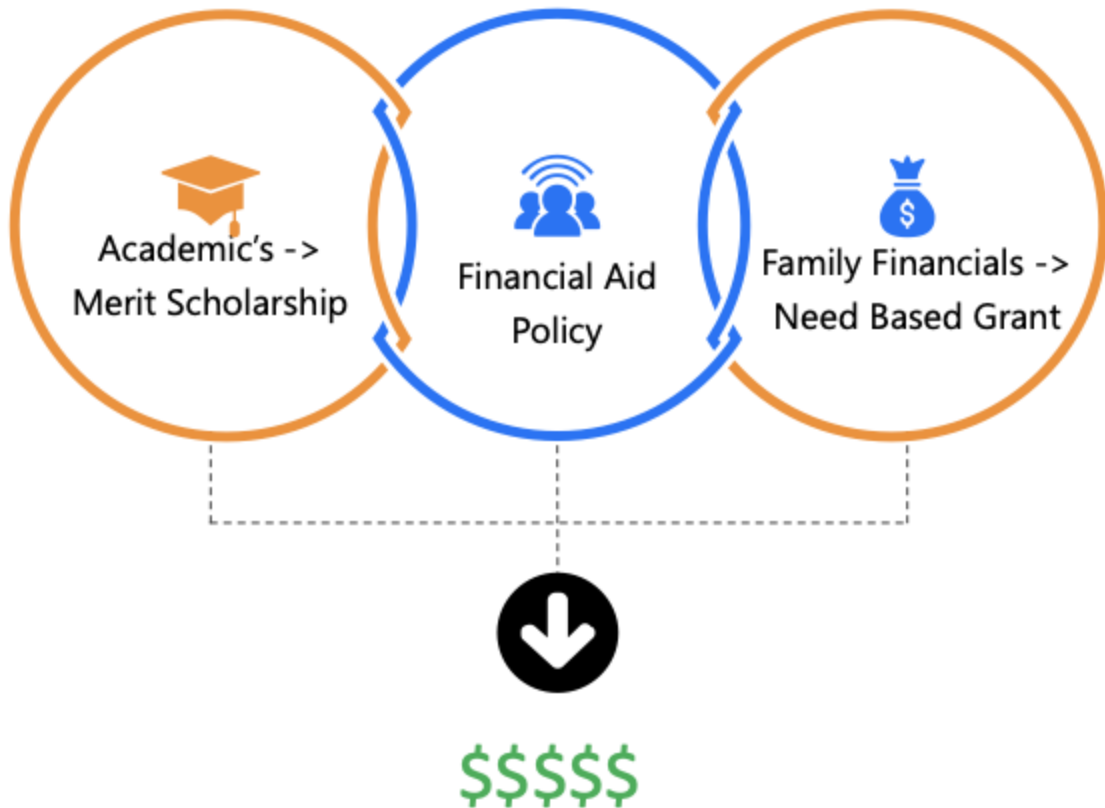


## 2. How much your family can actually afford.

### College Pre-Approval™

<b>529 Savings Plan Balance (as of today)</b>		\$24,000
<b>Monthly 529 Plan Contributions</b>	$\$200 \times 50$	\$10,000
<b>Total 529 Savings Plan (start of college)</b>		\$34,000
<b>Parent Pledged Assets</b>		\$10,000
<b>Parent Pledged Monthly Cash Flow</b>	$\$400 \times 48$	\$19,200
<b>American Opportunity Tax Credit (AOTC)</b>		\$10,000
<b>Student Pledged Assets</b>		\$10,000
<b>Student Pledged Monthly Cash Flow</b>	$\$200 \times 48$	\$9,600
<b>Grandparent and Other Help</b>		\$5,000
<b>Four Year College Pre-Approval™</b>		<b>\$98,000</b>

### 3. How to find schools that will be the most generous with financial aid.



# Averages are often misleading....



Georgetown  
University

Total Cost Of Attendance	% of Freshmen Receiving Aid	% of Need Met	% Receiving Merit Scholarship	Average Net Price	Average Loan Balance
\$79,060 per year	53.0%	100%	0%	\$28,509 per year	\$6,744



### 3. How to find schools that will be the most generous with financial aid. College Aid Pro™

#### High Merit/ Low Need

- › Non Need Merit Aid
- › Private Scholarship
- › School Selection
- › Test Prep
- › Tax Aid

1

#### High Merit/ High Need

- › 100% of Need Met
- › Merit Aid
- › Private Scholarship
- › Test Prep
- › EFC Reduction

3

#### Low Merit/ Low Need

- › School Selection
- › Test Prep
- › Tax Aid

2

#### Low Merit/ High Need

- › 100% of Need Met
- › EFC Reduction
- › Timely Applications

4



# Merit vs. Need based financial aid policy

## Merit Based Aid



## 100% of Need Met



*College Aid Pro™*



Denison University  
100 West College Street  
Granville, OH 43023



College Aid Pro™

#### Admissions

GPA	Not reported
SAT Verbal Range	590-680
SAT Math Range	610-730
ACT Range	27-31
Website	<a href="http://denison.edu/campus/admi...">http://denison.edu/campus/admi...</a>
Forbes Ranking	#127
Undergraduate Majors	39
Enrollment	2,293
% Admitted	29%
Early Decision Date	November 15th

#### Financial Aid

Cost of Attendance	\$74,070
EFC Basis	Institutional (IM)
Total Need Met %	100%
Need Met with Grants %	81%
% Receiving Non-Need Merit	44%
Avg Non-Need Merit	\$22,528
Financial Aid Priority	
Financial Aid Deadline	
Website	<a href="https://denison.edu/campus/fin...">https://denison.edu/campus/fin...</a>



University of Pennsylvania  
3451 Walnut Street  
Philadelphia, PA 19104



College Aid Pro™

#### Admissions

GPA	3.90
SAT Verbal Range	700-760
SAT Math Range	750-800
ACT Range	33-35
Website	<a href="http://www.admissions.upenn.edu...">http://www.admissions.upenn.edu...</a>
Undergraduate Majors	-
Enrollment	10,019
% Admitted	8%
Early Decision Date	November 1st

#### Financial Aid

Cost of Attendance	\$86,305*
EFC Basis	Consensus
Total Need Met %	100%
Need Met with Grants %	95%
% Receiving Non-Need Merit	-
Avg Non-Need Merit	-
Financial Aid Priority	February 15th
Financial Aid Deadline	
Website	



College Aid Pro™

### School Search

Miles From Home

- Any distance -

Major

- Any major -

Net Cost

- Any Net Cost -

Sort Results By

Distance

State

- Any state -

Forbes Ranking

- Any ranking -

Funding Gap

- Any Funding Gap -

Enrollment

- Any size -

Cost of Attendance

- Any COA -

Merit Scholarship

- No Filter -

	Name	City	Dist	Enrollment	Ranking	COA	Net Cost	Need Met	Merit Scholarship	4 Year Est Cost	Funding Gap
<a href="#">Add</a>	<a href="#">Mount Carmel College of Nursing</a>	Columbus, OH	1 mi	733		\$29,841	\$27,741	44%	\$2,100 ?	\$111,478	\$3,278
<a href="#">Add</a>	<a href="#">Columbus College of Art &amp; Design</a>	Columbus, OH	2 mi	1,060		\$46,340	\$32,619	64%	\$13,721 ?	\$136,833	\$28,633
<a href="#">Add</a>	<a href="#">Franklin University</a>	Columbus, OH	2 mi	4,676		\$16,253	\$11,703	0%	\$4,550 ?	\$49,795	
<a href="#">Add</a>	<a href="#">The Ohio State University</a>	Columbus, OH	2 mi	47,840	#121	\$20,400	\$27,400	74%	\$3,000 ?	\$115,411	\$7,911

Showing schools 1 to 10 of 3,558

NEXT

EMAIL

DOWNLOAD

DONE

Find the  
right school  
at the right  
price.



### School Search

Miles From Home

- Any distance -

Major

Communication and Jr

Net Cost

- Any Net Cost -

Sort Results By

Merit Scholarship

State

California

Forbes Ranking

Just ranked schools

Funding Gap

- Any Funding Gap -

Enrollment

- Any size -

Cost of Attendance

- Any COA -

Merit Scholarship

Any Scholarship

	Name	City	Dist	Enrollment	Ranking	COA	Net Cost	Need Met	Merit Scholarship	4 Year Est Cost	Funding Gap
<a href="#">Add</a>	Biola University	La Mirada, CA	1,964 mi	4,043	#293	\$72,811	\$52,811	61%	\$20,000 <a href="#">A</a>	\$200,178	\$91,978
<a href="#">Add</a>	Mount Saint Mary's University	Los Angeles, CA	1,984 mi	2,227	#524	\$63,520	\$43,520	66%	\$20,000 <a href="#">A</a>	\$185,743	\$77,543
<a href="#">Add</a>	Point Loma Nazarene University	San Diego, CA	1,955 mi	3,203	#263	\$54,810	\$34,810	66%	\$20,000 <a href="#">A</a>	\$149,281	\$41,081
<a href="#">Add</a>	Pepperdine University	Malibu, CA	1,997 mi	3,583	#129	\$80,249	\$51,736	77%	\$19,506 <a href="#">?</a>	\$170,864	\$62,664

Showing schools 1 to 10 of 27

NEXT

EMAIL

DOWNLOAD

DONE

## The Orbitz of College Shopping

## 4. The "out of pocket" cost at each institution.



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### 1 Year Net Cost Comparison

College ▼	COA ▼	EFC ▼	Need ▼	Total Need Met % ▼	Need Met with Grants % ▼	Need Based Grants ▼	Merit Scholarship ▼	First Year Net Cost ▼
<u>Miami University</u>	\$32,783 I	\$21,000 F	\$11,783	59%	80%		<u>\$20,000</u>	\$12,783
<u>The Ohio State University</u>	\$28,159 I	\$21,000 F	\$7,159	72%	78%		<u>\$2,000</u>	\$26,159
<u>University of Dayton</u>	\$62,037 P	\$21,000 F	\$41,037	82%	94%	\$31,631	<u>\$18,655</u>	\$30,406
<u>Columbia University</u>	\$82,806 P	\$46,000 C	\$36,806	100%	94%	\$34,594	<u>\$0</u>	\$48,212
<u>Denison University</u>	\$66,610 P	\$49,000 I	\$17,610	100%	96%	\$16,904	<u>\$17,390</u>	\$49,220
<u>Penn State University Park</u>	\$54,971 O	\$21,000 F	\$33,971	64%	68%		<u>\$5,444</u>	\$49,527

P Private / In-State O Out-of-State

C Consensus / IM F FAFSA



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## 5. The college funding gap and resulting student loans.



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### 4 Year Net Cost Comparison

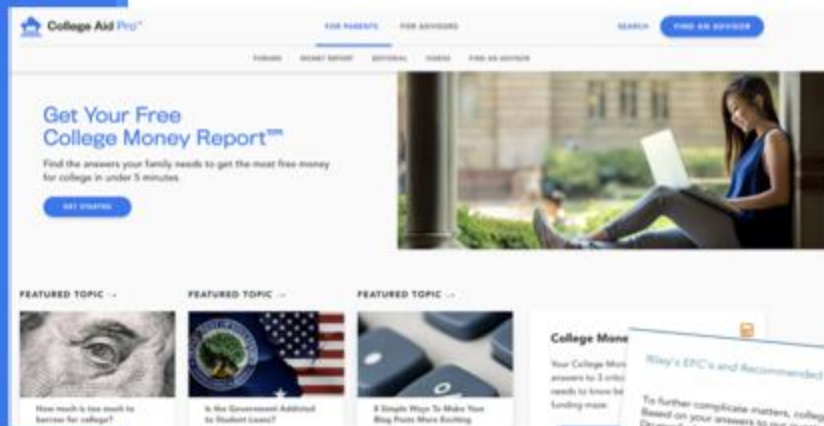
College ▼	Four Year Net Cost ▼	Pre-Approval Amount ▼	Funding Gap (Loans) ▼	10-Year Loan Payments ▼	10-Year Total Payments ▼	25-Year Loan Payments ▼	25-Year Total Payments ▼
<u>Miami University</u>	\$57,150	\$98,000	\$-40,850				
<u>The Ohio State University</u>	\$109,805	\$98,000	\$11,805	\$131	\$15,727	\$76	\$22,818
<u>University of Dayton</u>	\$110,361	\$98,000	\$12,361	\$137	\$16,468	\$80	\$23,893
<u>Columbia University</u>	\$164,624	\$98,000	\$66,624	\$740	\$88,760	\$429	\$128,778
<u>Denison University</u>	\$167,151	\$98,000	\$69,151	\$768	\$92,126	\$446	\$133,662
<u>Penn State University Park</u>	\$208,201	\$98,000	\$110,201	\$1,223	\$146,815	\$710	\$213,008

# The right tools

College Aid Pro is a technology partner for financial advisors and institutions that demystifies financial aid and empowers consumers to make informed college buying decisions.

Students graduate with manageable debt without robbing mom and dad's retirement.

- Expert advice with confidence and ease
- Attract, acquire, and serve new clients
- Promote financial literacy
- Promote diversity, inclusion, & equity





Data + Context = Leverage

How to help clients negotiate an even lower price

# Case Study #1

Using TF and CAP together to empower planners and families

Merit aid comparison and “appealing” for a better scholarship package

# Case Study #2

Using TF and CAP together to empower planners and families

Special financial circumstances to “appeal” for more need-based aid

# Case Study #3

Using TF and CAP together to empower planners and families

Leveraging competitive offers to “appeal” for more scholarships and financial aid

# Tools You Can Use to Help Your Clients

TuitionFit ([tuitionfit.org](http://tuitionfit.org)) - A real time price comparison online platform derived from a crowdsourced dataset of current and actual financial aid and scholarship offers

*For a free demo, email Mark Salisbury: [mark@tuitionfit.org](mailto:mark@tuitionfit.org)*

College Aid Pro ([collegeaidpro.com](http://collegeaidpro.com)) - State of the art college planning and funding software application that incorporates saving, planning, modeling, and calculating individual return on investment

*For a free demo, email Dave Bowman: [daveb@collegeaidpro.com](mailto:daveb@collegeaidpro.com)*