

**Net Price Calculator
Requirements**

LASFAA CONFERENCE

October 28, 2010

The Higher Education Opportunity Act (HEOA) of 2008 included a provision for all postsecondary institutions that participate in Title IV federal student aid programs to post a net price calculator on their websites. **The net price calculator is required for all Title IV institutions that enroll first-time, full-time degree- or certificate-seeking undergraduate students.** To meet this requirement, institutions have until October 29, 2011 to:

1. implement use of a Department of Education's Net Price Calculator template on their websites, or
2. develop a customized version that must include, at a minimum, the same elements as the Department's version.

Net Price Calculator – Purpose:

“to help current and prospective students, families, and other consumers estimate the individual net price of an institution of higher education for a student. The calculator shall be developed in a manner that enables current and prospective students, families, and consumers to determine an estimate of a current or prospective student’s individual net price at a particular institution.”

P.L. 110-315, sec. 132 (h)(1).

Reauthorization – HEOA 2008

- Signed into law on August 14, 2008
- Includes new reporting and disclosure requirements
- Requires that institutions have a net price calculator on their websites for full-time, first-time degree/certificate seeking undergraduate students

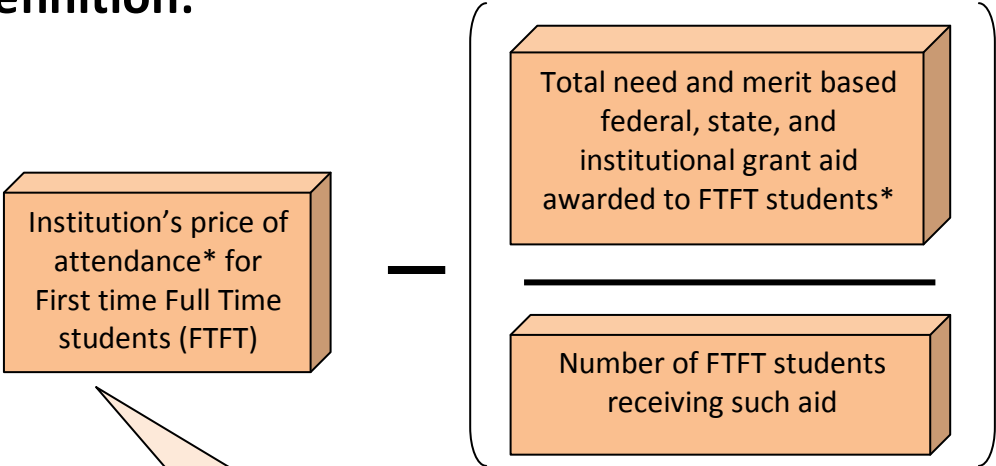
Requirements

- By October 29, 2009, U.S. Department of Education made available a template for this calculator that institutions may use:
<http://www.ed.gov/policy/highered/leg/hea08/index.html>
- Institutions have 2 years from the release of the template to post their calculator. All institutions must have a net price calculator posted on their websites by **October 29, 2011**
- An institution may use either the net price calculator developed by Department or it may develop its own
 - Institutionally developed calculators must include “at a minimum the same data elements” found in the Department template

Net Price Calculator Template - Process

- NCES worked with the Office of Postsecondary Education (OPE) to oversee development of the Template
- A Technical Review Panel (TRP) meeting was held in January 2009
 - Keep template simple and usable for all Title IV Institutions
 - Recognize that institutions have an interest in customizing their calculators and making them more precise
- The Department’s Net Price Calculator template was developed based on the TRP’s suggestions
 - TRP suggestions were made available for public comment
 - The template was tested with campus and higher education association representatives

Definition:



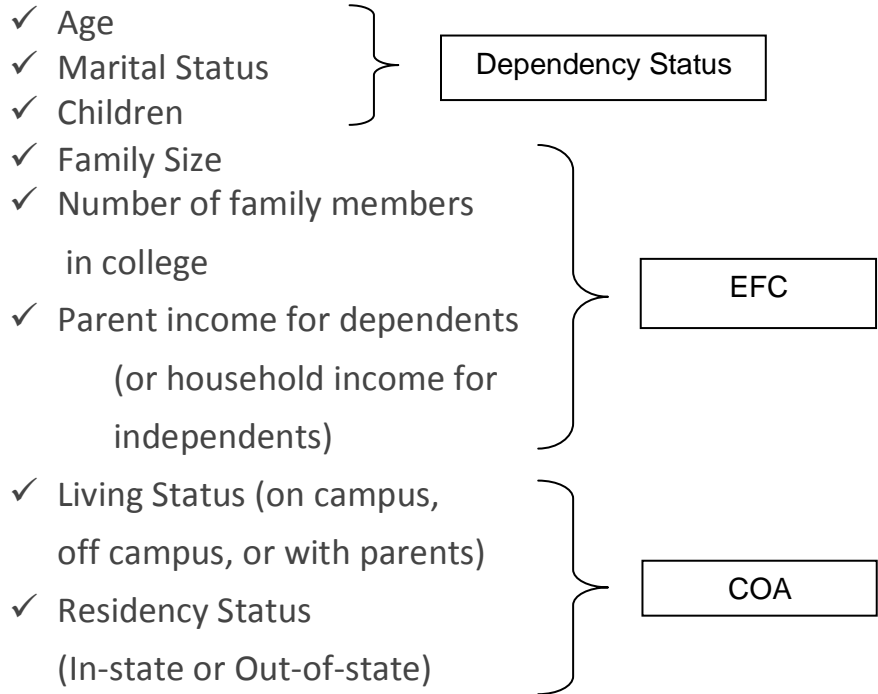
**Price of attendance = average annual cost of tuition and fees, room and board, books, supplies, and transportation*

* HEOA net price definition prohibits accounting for loans and work-study programs

Minimum Required Elements

Institutions that choose to customize or build their own net price calculator must include, at a minimum, the following input and output elements:

- **Input elements** must include data elements to approximate the student's Estimated Family Contribution (EFC):



- *An institution may use either Federal Methodology or Institutional Methodology to approximate the student's EFC.*

- **Output elements** must include:
 - ✓ Estimated total price of attendance;
 - ✓ Estimated tuition and fees;
 - ✓ Estimated room and board;
 - ✓ Estimated books and supplies;
 - ✓ Estimated other expenses (personal expenses, transportation, etc.);
 - ✓ Estimated total grant aid;
 - ✓ Estimated net price;
 - ✓ Percent of the cohort (full-time, first-time students) that received grant aid; and
 - ✓ Caveats and disclaimers, as indicated in the HEOA.

Steps taken

- By now all relevant offices at your institution should know about this requirement.
- Discussions about whether you will use the Department template, a template by an outside organization or develop your own should be underway.

Steps to take

- Find out what other institutions will be doing (this will impact how your net price looks to students when they compare it with other institutions)
- Do some analysis of data for the Department template:
 - Identify cells with large variance (template will not work well for these, so you may want to augment the template)
 - Identify factors that most affect net price for your students (scholarships, non need-based grants etc.)
- Test your institutions data in the calculator template
 - Put in recent data
 - Look at the highs and lows and the distribution of students
 - Check what other factors may throw off the calculator
- Assign responsibility for development and funding
- Develop timeline & who does what (programming, testing, updating future years, marketing)
- Select an update date & process that fit admissions calendar & availability of data
- Make sure all relevant parties have signed off on plan

- Consider posting two calculators if you have students applying at the same time for two different academic years
- Decide where on institutional web site the link to the calculator will be located and how it will be advertised
- Decide what explanations to add on the output screen(s)

Custom Calculator Issues

- A calculator that is too complex could discourage students
- A calculator too simple may not provide an accurate net cost estimate
- Certain populations of students may need to be omitted (athletes, employees) otherwise it could distort costs
- Up to date data is imperative to accurately reflect net cost estimates



Department Template vs. Custom Calculator

In some instances a custom calculator makes sense:

- If net price for prior years is not a good indicator of net price for future years
- If you use institutional methodology to compute need
- If there is a large variation within the cells in the NCES template (merit, athletic or state aid has a large impact on average grants – so it is not a good estimate)
- If you have differential tuition
- If it's important to make estimates of net price more accurate than an outside template will provide

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Advantages of ED Template

- Meets federal requirements
- Easier
- Faster
- Cheaper
- Less testing

Disadvantages of ED Template

- Designed for disclosure rather than enrollment management
- “One-size-fits-all” template probably not as accurate as a custom calculator
- Doesn't support institutional methodology for EFC
- Estimates using prior year values
- Can't take into account future policy/funding/market changes



Decisions for Institutions

1. Which approach should your institution use?

– Four options:

- Use the Department's template
- Use a third-party calculator*
- Update a current calculator*
- Customize an alternative calculator in house*
 - » *Table-based approach*
 - » *More complex model of award algorithm*

(*Must contain, at minimum, the same elements as the Department's template)

2. What unique factors exist at your institution?

– Factors that may impact grants:

- Scholarships, state grants, other non-need grants

– Factors that may impact price of attendance:

- Differential pricing by program

3. Where will the calculator "live" at your institution?

– The NPC is one of several institutional disclosure requirements

– Coordinate with others on your campus

4. What are your peers doing?

– Using an approach different from your peers may affect your marketing efforts

– The Department's template uses prior year data

- Tends to produce a lower net price than future year data

– If your peers use the Department's template and your calculator uses future year data, your estimates may be artificially **high** by comparison

Resources and Acknowledgements

National Center for Education Statistics (NCES)

http://nces.ed.gov/ipeds/resource/net_price_calculator.asp

Association for Institutional Research

<http://www.airweb.org/page.asp?page=2106>

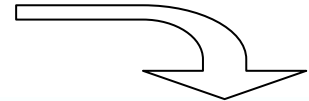
(includes Discussion Board, FAQs, and useful links)

US Department of Education

Federal Student Aid:

<http://www2.ed.gov/about/offices/list/fsa/index.html?src=rt>

Template: <http://npc.inovas.net/institution/>



Net Price Calculator

Please read. Welcome to the Net Price Calculator application. This application will assist you in setting up a Net Price Calculator to post on your institution's website as required in the Higher Education Opportunity Act of 2009 (see HEOA Sec. 111 which amended HEA Title I, Part C: added HEA Sec. 132(a), Sec. 132(h) (20 U.S.C. 1015a(a), 20 U.S.C. 1015a(h))). **Click Continue to begin.**

Continue



Think Ahead, LLC

<http://www.collegeaidcalculator.com/>

The College Board's Net Price Calculator

<http://www.collegeboard.com/html/npc/index.html>

Example: Albright College's Student Aid Calculator

<https://albright.studentaidestimator.com/>