Net Price Calculator Requirements

LASFAA CONFERENCE

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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.”


**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:

- 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:

Institution’s price of attendance* for First time Full Time students (FTFT) - Total need and merit based federal, state, and institutional grant aid awarded to FTFT students* - Number of FTFT students receiving such aid

*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):
  - Age
  - Marital Status
  - Children
  - Family Size
  - Number of family members in college
  - Parent income for dependents (or household income for independents)
  - Living Status (on campus, off campus, or with parents)
  - Residency Status (In-state or Out-of-state)

- 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

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)

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/

Think Ahead, LLC
http://www.collegeaidcalculator.com/

The College Board’s Net Price Calculator

Example: Albright College’s Student Aid Calculator
https://albright.studentaidestimator.com/