

Student Financial Aid Best Practices for K-12 Schools

Private K-12 schools must navigate many financial aid considerations. Stan Reiff, Partner and Professional Practice Leader – Consulting at CapinCrouse, recently joined Katie Wiens, Executive Director of the Council on Education Standards & Accountability (CESA), to lead a webinar on student financial aid best practices. Stan and Katie discussed the findings of a recent financial aid survey and common strategies with these panelists from CESA member schools:

- Kristy Hubbard, Comptroller and Administrator of Student Accounts, Mount Paran Christian School, Marietta, GA
- Kent Means, Chief Financial Officer, Fort Worth Christian School, North Richland Hills, TX

Participants were also encouraged to share during the webinar. This article provides a summary of key points from the discussion.

Stan Reiff: Kent, please tell us about the results of the survey you sent to CESA members asking about their financial aid practices.

Kent Means: One of the survey questions asked about the criteria your financial aid committee considers. We saw a few typical responses of academic standing, performance, and behavior. I was surprised, though, at how few schools used this criteria.

The second question asked who is involved in the school's financial aid committee. Seventy-five percent of respondents said their CFO is a part of this team, and 50% said they include their Head of School. I have never had a Head of School involved in the financial aid

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decision-making process. Our school prefers the Head of School to focus on the bigger-picture, more strategic elements of operations.

Stan: Thank you for that overview, Kent. Would any participants like to share why their Head of School is on the financial aid committee?

Participant: Our Head of School is on the committee, but not involved in the day-to-day functions of the committee. We only consult him if there is a specific request above the normal amount of aid.

Stan: Shifting focus a bit, what is the communication between admissions officers and the financial aid committee like? Is financial aid considered part of the admissions process or is it independent?

Kent: We have tried involving our admissions officers at various levels. It is helpful for them to be part of the process to advocate for certain families or situations but not be able to vote on the ultimate offer.

Kristy Hubbard: Our financial aid is strictly need-based, so there isn't a lot of advocacy needed. We haven't felt pushed or influenced by any of our committee members with this arrangement.

Participant: We only include our Head of School, Principal, and CFO in the decision. We reach out to the admissions staff if we have any questions about a specific family that will help our thought process.

Participant: One thing we have found helpful is discussing "mission fitness" or the family's alignment with the school's mission.

Kent: We have used tuition assistance to bump up enrollment in the leaner years like 2019 – 2020. If a class is less than 85% subscribed, the committee can authorize offering tuition assistance at an increased percentage. This is more sustainable for the higher grades, of course, so we use a graduated scale from kindergarten to grade 12.

Participant: We have a smaller high school. I am wondering how others use the FACTS [school management] system to determine financial need. Do others just look at FACTS or do you look at additional factors as well?

Kristy: I have found that FACTS can be way off, and we don't always use it. It is a good home base for collecting paperwork and data, but we consider other factors as well. Our Admissions Director is on the financial aid committee and families must be accepted into the school before financial aid is discussed and offered.

Stan: Some schools look at student financial aid early in the calendar year before W-2s are available, so they provide families with provisional grants and then confirm their offers later.

Kent: I think that manipulating FACTS information is the right thing to do. I also like to look at past awards by income level to make data-informed decisions and recommendations.

This leads to our survey question about what percentage of the school's budget goes to financial aid. This one was pretty even across the board, as you can see in this table:

Percentage of School Budget Used for Financial Aid	Percentage of Respondents
Less than 5%	17%
6% to 7%	17%
8% to 9%	24%
10% to 12%	12%
12% to 14%	24%
15% of budget	6%

The National Association of Independent Schools (NAIS) member average is 13.4% and the non-member average is 10.1%. I would like to emphasize the importance of benchmarking and gauging progress.

Stan: Within student financial aid, how much is need-based versus policy-based? Meaning scholarships and faculty, alumni, multi-child, and clergy discounts?

At CapinCrouse, we are working with several schools that are moving away from these policy-driven programs because they can lead to the board having undue influence on the budget in a way that is difficult to manage. These programs can also mean that financial aid is given to students who don't have as much need for

it, taking funds away from those who do need it. Are there any metrics that are helpful to look at as schools evaluate their financial aid programs?

Kent: We rely heavily on keeping net revenue per student consistent and we run these numbers before making any decisions to increase financial aid. To increase efficiency, we are also working to drive down our award-per-student metrics. We use CESA and NAIS data to benchmark our financial aid expenses to total expenses.

Kristy: One-third of our financial aid comes through the state-funded Georgia Gold program, and we keep all our financial aid buckets below 5% of our budget. We try not to go over 50% financial aid per student, and we operate as first-come, first-served. With the Georgia Gold program, families are eligible for and receive funds every year, as long as they submit an application every year. And as tuition increases, financial aid increases on par.

Stan: What do you do when your aid funds are spent but there is pressure to get one or two more families in?

Kent: We handle this on a macro level by keeping our net tuition revenue in line. We don't have a specific amount of financial aid we can award each year but rather benchmarks for grade levels. We also have the option of offering less aid to newer students than we did previously.

Kristy: We have a specific budget that we cannot exceed, so we might try to work with multiple families to give them less aid so they can all get something.

Stan: What are some other state-funded programs like the Georgia Gold tax credit?

Participant: Florida has a voucher program available for families. Indiana has the Choice Scholarship and North Carolina has the Opportunity Scholarship, but there are other programs in other states. Be sure to have your families apply for these resources before requesting financial assistance from the school.

It is also important to maintain reserves in your school budget, so you are not overly dependent on third-party sources of financial aid for families.

Please [contact us](#) with any questions or to discuss how CapinCrouse can assist your K-12 school.

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