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## Let's talk to families about paying for college in language they understand (essay)

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*Parents: We can't possibly afford \$60,000 per year for our daughter to go to Medallion University.*

*College representative: But Medallion University provides financial aid based upon your family's financial need.*

*Parents: Oh, that is interesting. Someone told me that Medallion University was need-blind, so I just figured you didn't care if we couldn't pay that much.*

*College representative: If your daughter is admitted to Medallion University, we will calculate your expected family contribution.*

*Parents: Well, we contribute to our church but we have never made a contribution to Medallion University, but someone told me this is expected in order to get in.*

Should we laugh or cry about this exchange? While the conversation is written in English, the parents and college recruiter are not speaking the same language. The college representative is speaking the "Language of Financial Aid" while the parents are speaking a language about paying for college.

I call the former "Financial Aid Speak" and the latter "Payment Language." To explain college pricing to the American public, higher education administrators must translate their rhetoric to Payment Language so families can make informed decisions about whether they can afford the price.

Actually, college administrators speak several languages in addition to Financial Aid Speak. Vice presidents for finance, for example, speak "Cost Language." They engage in discussions about balance sheets and expenditures for producing a college education

Like Académie française <sup>[1]</sup> for French, Cost Language has regulating boards that dictate the standards for word usage. The Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) regulate the meaning of words, phrases and concepts for finance administrators from the public and private sector, respectively. But administrators correctly hold no expectation that the public would know or even care about the wording of, say, FASB Rules 516 or 517 as a generally accepted accounting principle.

To balance a budget these same vice presidents for finance also estimate the income side of the

ledger. Here the language follows not only GASB and FASB rules, but also the more public vernacular of "Tuition, Fees, Room, Board, Transportation, Books, and Other Expenses." Vice presidents for enrollment management may use additional phrases like the "Cost of Attendance" or a "Comprehensive Fee" to explain the full price of going to college at an institution. They are using Price Language to explain the price of college.

"Ay, there's the rub," as the Bard reminds us. Price Language and Cost Language do not explain how much most families, and certainly not low-income families, will actually pay for college. Families must also understand Financial Aid Speak or be left with the impression that everyone pays \$60,000 per year. Perhaps many families narrow their choices of where to apply because they are not multilingual, or maybe they speak Price Language and don't understand Financial Aid Speak.

And why should they? Financial Aid Speak evolved from internal administrative activities at Medallion University -- procedures that now exceed half a century in age. "Expected Family Contribution," for example, became the shorthand jargon of financial aid officers to explain how much a family would pay *after* the financial aid distribution to a student.

An "award," (not to be confused some kind of "prize") has different components, i.e., the "package" is made up of "gift aid" and "self-help." Ironically, these birthday sounding words reduce the family's financial obligation, not only by the amount of money available to the family but also according to the admissions priorities of Medallion.

"Scholarships," or "grants" -- the so-called "gift aid" -- reduces the "net price" for a family, while a job or a loan -- the so-called "self-help" -- requires labor and repayment. Who is "giving" this gift that requires payment of an unaffordable bill? And is the "help" really for the "self" or a down payment on the school's operating budget? This language so familiar to the financial aid officers ignores the verbiage that an untrained family uses to consider college affordability.

Add the various proper nouns and one begins to think that Financial Aid Speak is a history exam. Pell, Stafford, Perkins, SEOG, Plus at the federal level, or Lindsay, Herter, Adams, Tsongas at the state level where I live in Massachusetts, are generous programs; but families often must find and recognize eligibility, and complete lengthy forms for these named programs, to receive the intended financial help.

"Net Price," is the central concept for knowing how much a family pays for a college education. A consumer buying a car or a television or a computer would recognize the concept as the listed price minus any store discounts and rebates. The "Net Price" for a year of college is the price of attendance minus grants and scholarships from any and all sources.

Savings (past resources), wages (present resources), and loans (future resources) -- both of student and parents -- describe the assets that a family will use to pay for all of these academic goods and services over time. This is the vocabulary of Payment Language; it is simple, direct, understandable and essential for general understanding of college prices. The public speaks Payment Language every day.

Recent research has shown that over half of the high-achieving students from low-income families never consider selective public and private colleges even though the price of attendance could actually be lower than the college they select.

Entitled "Boston's Faces of Excellence," the *Boston Globe* published the photographs and future plans for the valedictorian from each of the city's 44 public high schools. The student

destinations included selective private universities (Harvard, Boston University, Boston College, Northeastern), flagship state universities (the University of Massachusetts, the University of New Hampshire), state public colleges and universities (Westfield State and Bridgewater State), local colleges (Simmons, Mount Ida), community colleges (Bunker Hill), and undecided.

How many of these students made their choice of college knowing the financial options that were available from all sectors of higher education? Their preferred college could have depended on the best fit for each student, but one suspects that at least some of these students had a conversation that sounded like the one at the beginning of this essay. And for the valedictorians whose surnames are Lopez and Garcia, and who were born outside of the United States, one wonders how Financial Aid Speak translates into the parents' native tongue.

Financial Aid Speak is a precise language; the verbiage describes what enrollment managers do when they decide about price discounts and eligibility for jobs and loans. Becoming articulate requires years of experience and training. When spoken well, it allows financial aid officers to compare pricing among a large number of college applicants from a variety of financial and academic backgrounds. It also produces an illusion of fairness by using standardized criteria applied equally and professionally to all applicants.

Financial Aid Speak, Cost Language, and Price Language, however, do not use words and phrases that provide adequate explanation to those that need pricing information the most – middle and high school students with low-income parents. Many education experiments indicate that simple, straightforward explanation about college pricing increases the college-going rate and available college options to low income families. Meaningful communication is a necessary condition for informed choice.

Payment Language uses words and concepts directed toward that objective. It can enlighten those who may have limited their college choice because they did not understand the available information about paying for college. Colleges must use words with universal meaning for financial transactions that explain the choices about what college to attend and how to pay the bill. We should adopt Payment Language, and follow these principles::

1. Payment Language adopts only words that are used in common financial transactions that are familiar to the public.
2. Payment Language produces comparable concepts about college pricing in all institutions from any sector of higher education, for all types of financial aid programs, and for all amounts of discounting and payment.
3. Payment Language uses “net price” – the amount of money that the family pays for one year of college -- calculated as the price of attendance minus grants and scholarships from all sources.
4. Payment Language separates financial obligation among the institution, student and parents.
5. Payment Language identifies the federal, state, institutional, and other programs and their associated eligibility requirements as a source of funding.
6. Payment Language identifies the expected timing for payment into past (savings), present (wages), and future (loan) financial obligations.
7. Payment Language includes the responsibilities for education loan repayment, including the interest rate, effect of compound interest, the total interest, monthly repayment, the possibilities for reduction and forgiveness as well as the incidence and consequences of default and bankruptcy.
8. Payment Language is as easily understood in Spanish as English and can be translated directly to other foreign languages.

These principles require testing. Conjecture about how people talk, the words they use, and what they understand is not enough to evaluate the benefits and the costs of a college education. Years of good intentions notwithstanding, our communications with the public about paying for college are confusing and often misunderstood outside of the academy.

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