

**STUDENT FINANCIAL SERVICES AT THE NEW SCHOOL
UNIVERSITY SEMINAR, DECEMBER 3, 2009**

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I. Introduction

The New School Office of Student Financial Services is an important part of Enrollment Management at the university. Student Financial Services (SFS) is comprised of the Office of Financial Aid (including Student Employment) and the Office of Student Accounts (including University Box Office and Cashier.) The primary role of Student Financial Services is to assist in identifying sources of financial assistance and providing services that enable admitted and continuing students to enroll and manage their educational expenses. Student Financial Services also plays an important role in the areas of regulatory compliance, fiscal soundness, and statistical reporting.

We are committed to making all reasonable efforts to remove financial barriers for those who wish to pursue postsecondary learning and we make every effort to assist students with financial need. In addition, we endeavor to be aware of the issues affecting students and advocate their interests at the institutional, state, and federal levels, and we serve to educate students and families through quality consumer information. We ensure equity by applying all need analysis formulas consistently across the institution's full population of student financial aid applicants and we provide services that do not discriminate on the basis of race, gender, ethnicity, sexual orientation, religion, disability, age, or economic status.

II. Applications and Programs

Application Procedures

The New School Student Financial Services Office has established a policy of streamlining the financial aid application process. Whenever possible, students need to complete one application process to have their eligibility for all forms of aid determined. To apply for federal, state, and institutional aid, undergraduate students who are U.S. citizens or eligible non-citizens, complete the Free Application for Federal Student Aid (FAFSA), International undergraduate students complete an on-line International Student Scholarship Application to be considered for institutional funding. Graduate student eligibility for institutional scholarship is automatically determined as part of the admission process. Graduate students who do not receive institutional funding and/or those who are U.S. citizens or eligible non-citizens who require financial assistance in addition to scholarship also complete the Free Application for Federal Student Aid.

Institutional, Federal, State and Private Aid Programs

The New School Institutional Scholarship Program
 Federal Pell Grant
 Federal Supplemental Opportunity Grant (SEOG)
 Federal Academic Competitiveness Grant (ACG)
 Federal Perkins Loan
 Federal Family Education Loan Program (FFELP) (including Stafford and PLUS Loans)
 New York State Tuition Assistance Program (TAP)
 New York State Aid for Part-time Study (APTS)
 New York State Higher Education Opportunity Program (HEOP)
 External Scholarship and Loan Programs

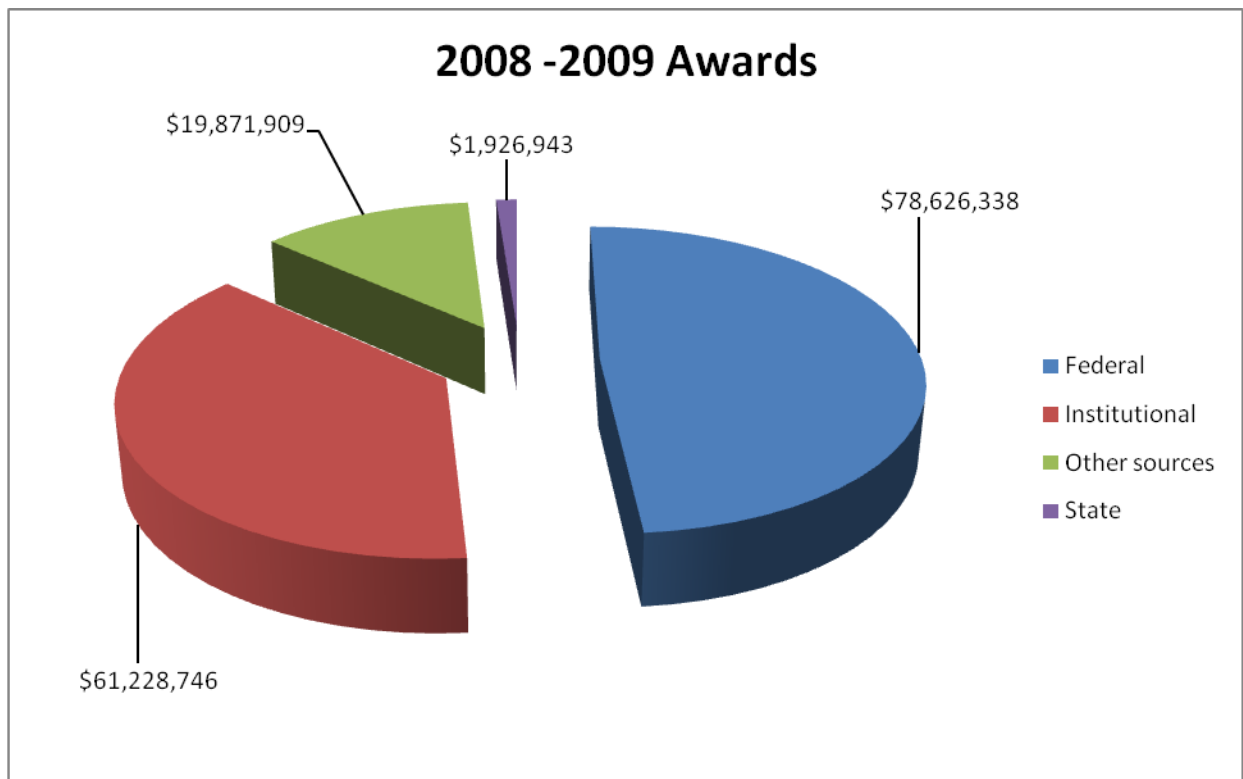
Table 1 below illustrates the aid programs that New School students may qualify for based on undergraduate or graduate level and citizenship status.

Table 1: Aid Program Availability by Level and Citizenship Status

Program	Undergraduate U.S. Citizens/ Eligible Non-citizens	Undergraduate International Students	Graduate U.S. Citizens/ Eligible Non-citizens	Graduate International Students
Need-based Institutional Scholarships	FAFSA (Only Lang, Parsons, NSGS)	International Student Scholarship Application (Only Lang, Parsons, NSGS)	N/A	N/A
Merit-based Institutional Scholarships	No Application Necessary (Only Jazz, Mannes)	No Application Necessary (Only Jazz, Mannes)	No Application Necessary (All Graduate)	No Application Necessary (All Graduate)
Federal Grants	FAFSA	N/A	N/A	N/A
Federal Stafford Loan	FAFSA	N/A	FAFSA	N/A
Federal Parent PLUS Loan	FAFSA	N/A	N/A	N/A
Federal Graduate PLUS Loan	N/A	N/A	FAFSA	N/A
New York State Tuition Assistance Program (TAP)	FAFSA and TAP Application	N/A	FAFSA and TAP Application	N/A
New York State Aid for Part-time Study (APTS)	FAFSA and APTS Application	N/A	N/A	N/A
New York State Higher Education Opportunity Program (HEOP)	FAFSA, TAP, HEOP Applications	N/A	N/A	N/A
External Educational Loan and Scholarship	Varies by Program	Varies by Program	Varies by Program	Varies by Program

For 2008-2009, New School students were awarded in excess of \$161.6 million dollars to meet their tuition, fee, housing, and other educationally-related expenses. Over \$61 million of these funds, or 37.9%, came from institutional sources. Over forty-eight percent (48.6%) of the funds came from federal grant, work and loan programs, and more than 12% came from private educational loan sources. The remaining \$1.9 million (1.2%) came from New York State sources. Table 2 below illustrates financial aid funds by source for 2008-2009.

Table 2: 2008-2009 Financial Aid Funds by Source



Full year awards including Spring and Summer admitted students.

Institutional Scholarships and Grants

The university provides tens of millions of dollars annually in scholarship, grant, and stipend support. At The New School institutional funds are awarded on the basis of need, merit, or both. Among the factors considered to establish the method for determining scholarship eligibility are generally accepted financial aid principals and a review of the methods used by institutions and academic programs of similar mission and size.

Basis for Awarding Institutional Aid:

- Need with a Merit Component
 - Eugene Lang College The New School for Liberal Arts
 - The New School for General Studies Undergraduate Program
 - Parsons The New School for Design Undergraduate Programs

- Merit
 - The New School for Social Research
 - Milano The New School for Management and Urban Policy
 - The New School for Drama
 - The New School for Jazz & Contemporary Music
 - Mannes The New School for Music
 - The New School for General Studies Graduate Programs
 - Parsons The New School for Design Graduate Programs

How Scholarships Are Funded

The New School has established a system to create the pool of funds known as institutional aid. Under this system, a percentage of tuition revenue is forgone and used as institutional scholarships, fellowship and grants. This is known as the tuition discount. The overall institutional discount rate for 2009 – 2010 is 26.2% and is budgeted at \$72.2 million. Of that, approximately \$7.4 million comes from donor-sponsored philanthropic sources. Table 3 below illustrates the history of the tuition discount rate at The New School and displays funds spent on institutional aid. The rate has grown from 8.4% in the early 1980's to today's rate of 26.2%

Table 3: History of the Tuition Discount Rate

Award Year	\$ Millions	Discount %
2009 - 2010	\$72.2	26.2%
2008 - 2009	\$62.3	25.2%
2007 - 2008	\$55.0	25.4%
2006 - 2007	\$49.3	25.2%
2005 - 2006	\$44.3	25.0%
2004 - 2005	\$39.3	24.8%
2003 - 2004	\$35.0	24.0%
2002 - 2003	\$33.0	24.4%
1999 - 2000	\$23.3	23.9%
1996 - 1997	\$16.1	22.7%
1991 - 1992	\$7.4	17.0%
1983 - 1984	\$1.4	8.4%

Over 6,540 degree-seeking students (excluding Spring and Summer 2009 admitted students) received institutional funding for 2008-2009. Over sixty-six percent (66.7%) of undergraduates and sixty-two percent (62.6%) of graduate students were supported through the tuition discount system. Of the \$59.4 million awarded, \$43.8 million (73.9%) was awarded to undergraduates and \$15.6 million to graduate students. Table 4 shows the number of students supported by New School funds by enrollment level and Table 5 shows the dollars awarded to undergraduate and graduate degree students.

Table 4: 2008-2009 Scholarship Recipients by Level

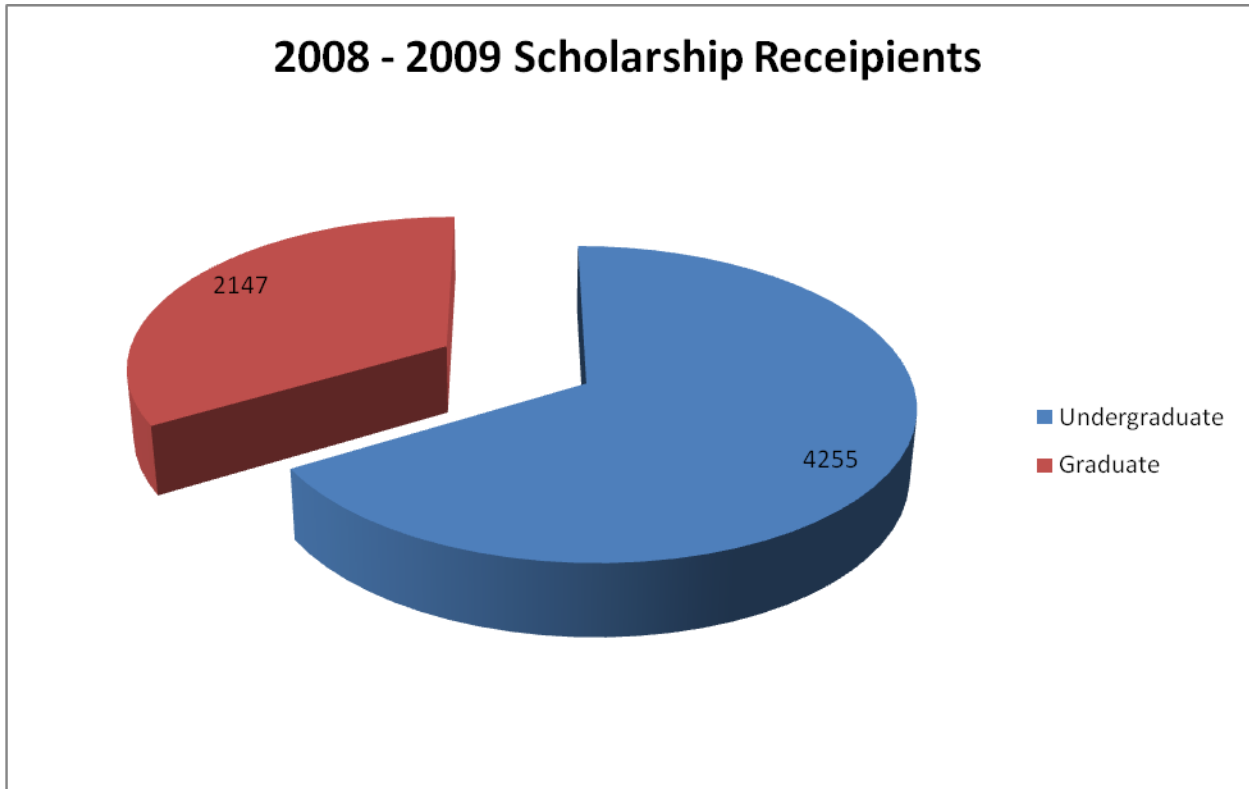
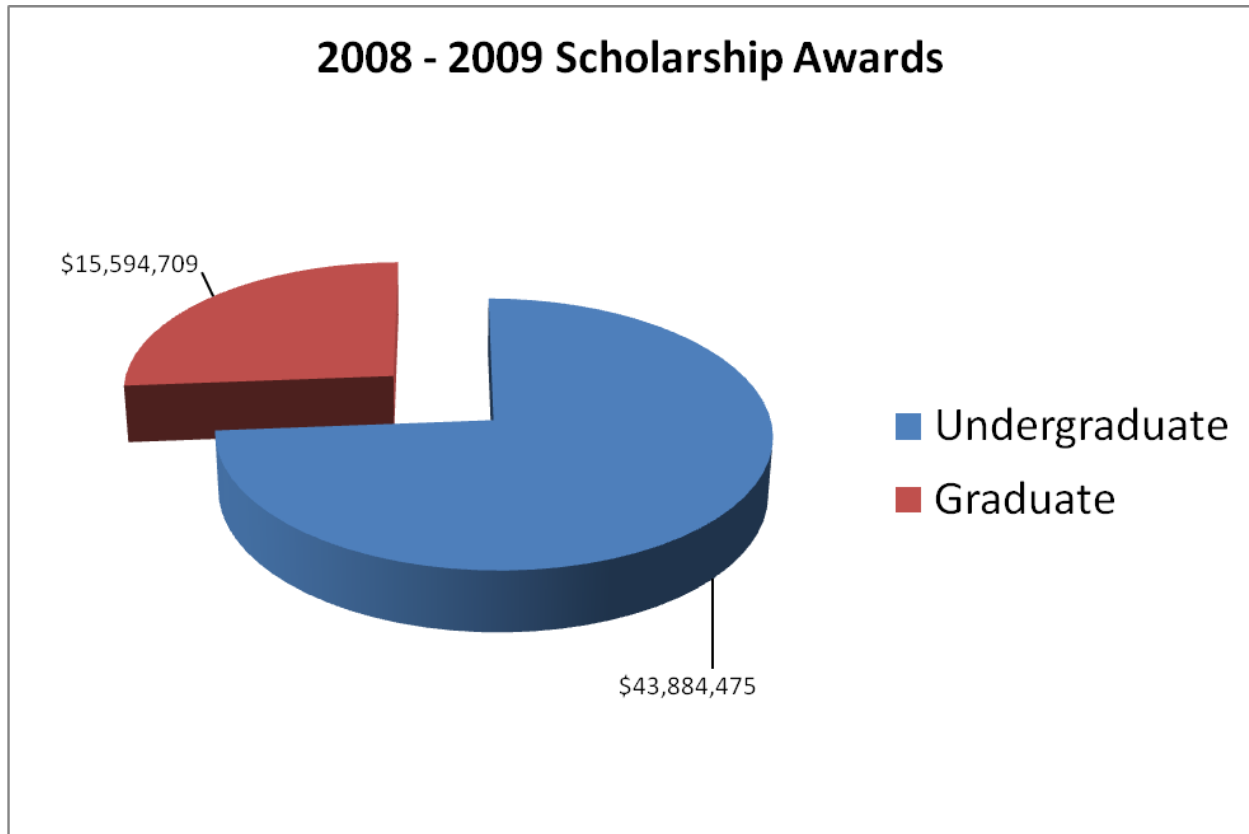


Table 5: 2008-2009 Scholarship Dollars Awarded by Level



Based on Fall 2008 enrollment and excludes Spring and Summer admitted students.

Student Employment

For 2008 - 2009, 486 students participated in the Federal Work-Study Program (FWS) earning \$1.36 million. Under FWS, the federal government provides up to 75% of wages and the employer (the university or off-campus entity) provides the other 25%. This program provides term-time earnings opportunities for students who demonstrate need. Students are employed in support positions throughout the campus and in off-campus government and public service organizations such as The City of New York Public Service Corps, the Union Square Partnership, and Beth Israel Hospital.

Under the American Recovery and Reinvestment Act (ARRA), The New School received additional federal capital for the Federal Work-Study Program. Our Federal capital Contribution (FCC) was increased from \$1.18 million (in 2008 - 2009) to \$1.5 million (for 2009 - 2010) allowing for \$2 million in FWS earnings when combined with employer wage-sharing contributions.

Student Loans

Despite substantial institutional funding and the availability of term-time employment many of our students and families need to seek funding under the available student loan programs. The New School currently participates in the Federal Family Education Loan Program (FFELP). Students can borrow low cost loans under the Federal Stafford Loan (subsidized and unsubsidized) Loan Program.

Subsidized loans are awarded on the basis of need and students who borrow these types of loan can defer payment of principal and interest while enrolled at least half-time and for a grace period of six months after graduation (or period of enrollment on an at least half-time basis.) Students who borrow under the unsubsidized Stafford Loan program are responsible for interest payments during the enrollment and grace periods (principal is deferred for at least half-time students) and have the option of deferring and capitalizing the interest payments while enrolled.

Table 6: Federal Stafford Loan Limits

Student Level and Dependency Status	Maximum Stafford Loan (combined subsidized & unsubsidized)	Maximum Subsidized
<i>Annual Loan Limits for Dependent Students</i>		
<i>Dependent Freshman</i>	\$5,500	\$3,500
<i>Dependent Sophomore</i>	\$6,500	\$4,500
<i>Dependent Junior or Senior</i>	\$7,500	\$5,500
<i>Annual Loan Limits for Independent Students and Dependent Students whose parent is ineligible for PLUS</i>		
<i>Independent Freshman</i>	\$9,500	\$3,500
<i>Independent Sophomore</i>	\$10,500	\$4,500
<i>Independent Junior or Senior</i>	\$12,500	\$5,500
<i>Graduate/Professional</i>	\$20,500	\$8,500

During 2008-2009, our students and families borrowed more than \$68.3 million through the federal loan programs. Some students borrow from more than one program and in the case of undergraduates, PLUS loan funds are borrowed by parents on behalf of students.

Table 7 shows the federal loan borrowing by program type and student level and the unduplicated students for whom funds were borrowed are listed below.

Table 7: 2008-2009 Federal Loans by Program and Level

2008 – 2009 Federal Loans Loan Type	Undergraduate		Graduate	
	Amount	Number	Amount	Number
Federal Subsidized Stafford Loan	\$11,165,353	2869	\$13,687,994	1784
Federal Unsubsidized Stafford Loan	\$9,981,187	2899	\$18,462,386	1720
Federal Graduate PLUS Loan	n/a		\$8,542,440	523
Federal Parent PLUS Loan	\$10,307,345	455	n/a	
Total (unduplicated borrowers)	\$29,842,013	3231	\$38,566,392	1885

III. Student Account Services

In addition to financial assistance through gift and self-help aid, Student Financial Services offers financing options such as monthly payment plans, on-line payment functionality (from credit card or bank account), and deferred payment for amounts covered by a third-party such as an employer.

In order to speed the delivery of information and reduce our impact on the environment The New School uses a system of electronic notifications for tuition and housing invoices and permits students to authorize users (such as parents and employers) to access invoices and pay the balance due. Students expecting refunds of financial aid or payments in excess of charges can sign up for direct deposit of refunds and will receive funds in a matter of days rather than over a week through the paper check process. These enhanced electronic services have been well-received with electronic refund and payment plan participation increasing each year. To access the full suite of services and functions students must use their university-provided email address (or forward that address to a personal email address) and are encouraged to access the university portal at <https://my.newschool.edu> regularly.

Payment Plan Participation

The New School began offering an in-house payment plan for Fall 2007 enabling students and families to pay tuition charges over the course of the semester in five or four

installments rather than in one lump sum at the beginning of the term. The payment plan, which can be used in combination with financial aid resources, serves 2,282 students for Fall 2009 – an increase of 167 students over Fall 2008.

IV. Compliance and Reporting

As a participant in the Federal Student Aid (FSA) programs The New School must be in compliance with all regulatory and reporting requirements. The university is required to undergo an annual audit to substantiate compliance with regulations on determining program eligibility, adequate cash management and administrative capability. The university has a solid record in this area with no material audit findings in over a decade.

The university must adhere to a schedule of report submissions from many sources including the Integrated Postsecondary Education Data System (IPEDS), and the New York State Education Department (NYSED), and must complete an annual Fiscal Operations Report and Application to Participate (FISAP). Student Financial Services staff work closely with other university departments (Institutional Research, Treasurer, and Registrar) to ensure compliance and continued participation in the federal and state aid programs, and to meet our reporting obligations.

V. Changes and Challenges Ahead

Changes

Financial Aid Application Simplification

The Department of Education (DOE) has been focused on simplification of the federal financial aid application process and has implemented “skip logic” in its on-line Free Application for Federal Student Aid (FAFSA) process. This skip logic eliminates the need for certain applicants to complete additional questions and reduces the time required to apply.

DOE will also implement a program to allow filers to import income information from Internal Revenue Service (IRS) to facilitate the completion of the FAFSA. Applicants who select this option who do not alter the imported data will not be required to submit copies of federal tax forms as part of the financial aid application process. The feature should be available in January 2010 for 2009 – 2010 FAFSA filers and over the summer 2010 for 2010 – 2011 filers.

Federal Student Loans

President Obama is calling for the elimination of the Federal Family Education Loan Program (FFELP), requiring schools to move to a direct lending model under the William D. Ford Direct Loan Program (Direct Lending). The president has considerable support for this initiative in Congress and the US Department of Education has been very aggressive in pushing schools that currently participate in FFELP to ready themselves for Direct Lending.

The proposed effective date for all school to transition to Direct Lending is the 2010-2011 award year (July 1, 2010) which required us to begin implementation no later than December 2009. There had been a proposal to allow a one year transition period to move all schools to Direct Lending by July 2011. However, in order to provide funding stability for our students, and to update our systems and communications, the university has made the decision to transition to Direct Lending for the 2010 – 2011 award year. All current FFELP borrowers (Stafford, PLUS, Grad PLUS) must be transitioned to Direct Lending, which will require borrowers to complete new Direct Loan Master Promissory Notes (MPN) in preparation for Fall 2010 loan disbursement. The Direct Loan Program limits are the same as the FFELP annual and aggregate limits so students will not be harmed by a switch to Direct Lending.

Student Financial Services is currently testing and making the necessary systems adjustments to administer Direct Loans for 2010 – 2011. Students impacted by this change will be contacted directly through their award and missing document letters, email notifications, and through general email and posted announcements.

Net Price Calculator

The Higher Education Opportunity Act of 2008 (HEOA) required the Secretary of Education to develop a net price calculator to help current and prospective students estimate the individual net price of a school. The cost of attendance and the amount of need-based and merit-based aid will be calculated for the individual student as much as practicable. By October 2011, the university will be required to publicly share a net price calculator to help current and prospective students estimate their individual net price at that school as well as other financial aid information.

Challenges

For the past two years we have been monitoring the availability of student loans and the impact of the economic downturn on our students and families. We are confident that we can continue to offer a comprehensive program of financial assistance from institutional, federal, state and private sources. In fact, recent legislation provides for reduced interest rates on the main federal student loan program as well as annual program increases of \$2,000 per year for undergraduate students. The Federal Pell Grant award maximum was

raised to \$5,350 for 2009-2010 and currently there are legislative proposals to provide for annual Pell Grant increases going forward.

New York State is facing a budget crisis and one of the areas subject to spending reduction is higher education. Currently, there is a proposal to reduce individual Tuition Assistance Program (TAP) award levels for the Spring 2010 term with additional proposed award level reductions going forward.

Graduate students now have access to the Federal Graduate PLUS loan program under which eligible students can borrow up to the full Cost of Attendance should that be required, and many New School graduate students have benefitted from this program. In addition, the expanded flexibility in the needs analysis process provided for more students to receive Pell Grant and subsidized loans than in prior years. The university's decision to transition to the Direct Loan Program will not result in reduced access to loan or grant funding for New School students.

Unfortunately, there have been some negative changes in the private credit-based student loan arena. In response to the shrinking credit markets, private loan providers raised rates, tightened their credit thresholds and added co-signer requirements, and eliminated specialty loan products (for example: loans to international students, loans for less-than-half-time enrollment, past due balance loans.) As a result, we have seen a significant reduction in private loan availability for our students. University-wide, there is a 41% reduction in private loan borrowers from the 2008 – 2009 level, with an 18.6% reduction in private loan volume for 2009 -2010 to date.

Some lenders have, however, indicated that although they may no longer participate in the federal student loan programs, they will focus on private credit-based education loan instruments. Without the constraints of the federal loan programs these lenders believe that they will be able to “loosen” credit qualifications and once again offer specialty loan products. Over time, we believe that this will provide some needed relief for international students, as access to loan funds should increase in the near term.

Student Financial Services is always seeking ways to streamline application procedures and make the operations and delivery of services to students and families more efficient. We welcome your comments and suggestions regarding our delivery of services and can be reached at 212.229.8930, or by email at sfs@newschool.edu.