

Institutional Methodology



GET THE FULL PICTURE

Institutional Methodology (IM) is an economically sound measure of family financial strength. Developed and maintained by the College Board in partnership with financial aid leaders, IM allows institutions to build a complete picture of a family's situation to award aid equitably.

The foundation of IM lies in a strong base calculation. IM uses current economic data, updated annually to ensure it is both relevant and up to date. IM is complex, with many components considered when assessing need. Other key strengths include:

- ▶ **Flexibility** IM can be tailored to meet institutional goals and to address the special circumstances of schools and programs, students, and their families. Calculation options, including alternate treatment of the home value, use of a cost-of-living adjustment factor, institution-selected allowance values, and more allow for the specifics of school and program student populations and the unique needs of individual students.
- ▶ **Deep, detailed information** By giving a more complete picture on specific asset breakdowns, income sources, and family information, IM draws with clearer and more precise lines the difference between those who are truly in need of financial aid and those who simply appear to qualify.
- ▶ **Up-to-date data in a changing landscape** IM evolves over time and is reviewed constantly by financial aid professionals to address the changing needs of institutions and families. IM allowances for schools' and programs' family expenses and asset reserves are based on annually updated Consumer Expenditure data to reflect actual family spending patterns. The income assessment rates are also updated annually.

Over 350 institutions and scholarship programs use IM in conjunction with the CSS/Financial Aid PROFILE® to target their need-based funds equitably to students who need it the most.

“The College Board’s Institutional Methodology is an individualized, comprehensive approach that allows institutions to look at everything that bears on the capacity of a student’s family to contribute toward college costs. This complete picture allows institutions to come up with the right net price for each student — the price that will enable that student to attend and graduate.”

William Schilling, Director of Financial Aid (retired)
University of Pennsylvania

KEY PRINCIPLES OF NEED ANALYSIS ARE MAINTAINED WITHIN IM

Determining the extent that a family — both parents and students — can afford to contribute toward higher education costs is a key principle of need analysis. Income and assets are used in IM to determine a comprehensive measure of a family's financial strength. IM can account for various family structures, with parent and student data reviewed within that context to ensure a complete picture is presented.

HOW IM DIFFERS FROM FM

IM differs from Federal Methodology (FM) in several significant ways that allow for greater understanding of families' financial situations.

FEDERAL METHODOLOGY IS BASED ON THE FOLLOWING INFORMATION AND DATA:

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|---|--|
| Adjusted gross income | Investment and other real estate net worth |
| Nontaxable income | Nonfamily business net worth (more than 100 FTE employees) |
| U.S. taxes paid | Investment farm net worth |
| Number in household | Child support paid |
| Number of family members enrolled in college at least half-time | |
| Cash and savings | |

INSTITUTIONAL METHODOLOGY IS BASED ON THE FOLLOWING INFORMATION AND DATA:

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| Wages | Child support paid |
| Interest and dividend income | Medical expenses |
| Business income (losses) | Private elementary/secondary school tuition for siblings |
| Rental income (losses) | Cash and savings |
| Nontaxable income (details) | Investment equity |
| U.S. taxes paid, tax credits, itemized deductions | Home value and debt |
| Number in household (details about family composition) | Business value and debt |
| Number of family members enrolled in college at least half-time, including year in school and where enrolled | Real estate value and debt |
| | Farm value and debt |
| | Noncustodial parent information |
| | Parent assets held in siblings' names |