

Financial Aid Procedures– Fall, 2016

The Financial Aid Program at Horace Mann School is intended to support the Mission of the School:

Horace Mann School prepares a diverse community of students to lead great and giving lives. We strive to maintain a safe, secure, and caring environment in which mutual respect, mature behavior, and the life of the mind can thrive. We recognize and celebrate individual achievement and contributions to the common good.

In keeping with that Mission to prepare a diverse community of students, the Financial Aid Program is intended to provide access to those mission-specific students who are admitted and enrolled. The School does not discriminate on the basis of race, religion, national origin, gender, sexual orientation, or any other category protected by law in the administration of the Financial Aid Program. The School's priority is to provide financial support to offset the cost of tuition. The National Association of Independent Schools (NAIS) Principles of Good Practice for Financial Aid Administration asserts that "each family bears the primary responsibility for financing a student's education costs" and "the purpose of a financial aid program is to provide monetary assistance to those students who cannot afford the cost of attending an independent school." The School believes that all families, regardless of their individual situation, must contribute financially to their child or children's education. While a Financial Aid award may make it possible for a child to attend, it will also require families to carefully plan, budget and sacrifice in order to demonstrate that School tuition is a financial priority.

Families requesting Financial Aid must be prepared to make lifestyle sacrifices when they request support from the School. Part of our review of applications for Aid will include a thorough consideration of each family's financial choices with regard to discretionary income. If School personnel believe these choices are not in keeping with making Horace Mann School a financial priority for tuition, the School reserves the right to refuse to consider an application for Aid, or to decrease the amount of an award that might otherwise be provided.

Requests for Financial Aid are not considered until a determination has been made as to a student's suitability for admission and a family's need for aid does not impact the admissions outcomes. While the School dedicates significant resources to Financial Aid each year, the School does not have sufficient funds to provide financial aid to all qualified students at this time. The School reviews one request at a time until all allocated tuition support is exhausted. Some families may not receive as much aid as they may qualify for, and some families who qualify may not receive any aid. The amount of Aid awarded, if any, is at the sole discretion of the School. The Financial Aid Program is subject to change at any time in the discretion of the School, and may be modified without notice.

In support of our commitment to current families, first priority for funding, within the context of current School finances, will be given to current recipients, so long as they continue to qualify for Aid. When a family receives Financial Aid at Horace Mann, the

School will endeavor to continue to provide Aid at a commensurate level so long as the family financial situation does not change. The School cannot guarantee this same level of support will be available for other children in the family who may later be admitted and/or enroll. If family income increases, appropriate decreases in Financial Aid will occur. Likewise, if the family financial situation declines, the School will make every effort to increase our level of support. However, every family, regardless of individual situation, should expect to pay some portion of the tuition increase each year.

After requests from returning recipients have been reviewed, requests from newly admitted students and first time requests from returning students will be reviewed, until tuition support is exhausted. Late applications may not be considered if funding is no longer available when materials are received.

Financial Aid Wait List: Each year for the past decade, the School has had more admitted students who qualify for aid than the School is able to provide assistance to. School personnel notify those families that they have been placed on a waiting list for Financial Aid. They receive a full contract and are told that if they are sure they will accept our offer with or without aid, they should sign the full contract, and they will still be eligible to receive aid if money becomes available. However, if they can only attend if aid becomes available, they should not return the contract, but should wait to hear from the School if aid does become available. (Families who do not qualify for aid are not placed on a wait list but are informed that they do not qualify.)

Custodial/Non-Custodial Parents and other Guardians

Horace Mann School believes that an independent school education is a family decision, and a family commitment. As such, both parents, custodial and non-custodial, are required to complete the appropriate forms, in addition to stepparents and legal guardians. A parent's refusal to comply will jeopardize a student's ability to receive aid, and the director of Financial Aid may reject the application outright, or provide a lower amount of aid than would normally be awarded, based on assumptions made about the parent who refuses to supply forms.

When the applicant parent indicates that the non-custodial parent is 'whereabouts unknown' or 'unavailable,' the director of Financial Aid will require the custodial parent to complete a 'P2 Waiver form' outlining the circumstances and providing a letter of verification from a non-relative person. If information comes to the attention of School personnel that a parent who was previously 'unavailable' is in fact involved in the student's educational life (e.g., attending school functions, picking up a child after school, listed as an emergency contact, etc.), the School will make every appropriate attempt to contact that parent and obtain the required paperwork. That parent's refusal to comply will result in the same events noted above, even if the family was previously receiving aid, based on the non-custodial parent being 'unavailable.' For enrolled students with a P2 Waiver form on file, they will be asked to resubmit the form every four years in order to confirm that circumstances have not changed.

Divorce/Separation

In the case of a divorce that takes place during a child's time at Horace Mann School, the School will make these families a priority for Aid dollars (or additional Aid dollars in the case of existing recipients), when they qualify, until the next natural educational transition, typically coinciding with our divisional transitions (K to 1, 5 to 6, 8 to 9, etc.). After that period, while the School cannot preclude families from applying for assistance, the School will not prioritize the requests, and both parents will be expected to again make Horace Mann School a financial priority. In any case, the School will not consider exorbitant legal or housing expenses as part of the Aid calculation.

The School takes the confidentiality of the Financial Aid process seriously. Under no circumstances will the School supply information provided by one parent to the other parent, unless requested to do so by the first parent, or mandated by court order. Finally, while Family Courts may dictate a parent's obligations to private school educational costs, the Horace Mann School will not provide aid based on family court decisions (e.g. each parent pays half, one parent pays all, etc.), but will require all the appropriate paperwork from both parents, and will make a decision based on that required information only.

Unemployment/Changes to Income

When one or both parents are unemployed, unless an appropriate reason is provided (other children younger than First Grade or special needs children at home, health or disability issues, care of an invalid, etc.), an income will be added to the family income per parent. For parents without a college degree, this amount will be \$25,000, slightly more than one full time minimum wage annual salary. For parents holding a college degree, an income of \$60,000 will be imputed. In the case of a parent with an advanced or professional degree, a higher income will be imputed.

Sometimes families will make a decision to decrease the family income voluntarily (e.g., one parent returns to school, leaves work to pursue a less lucrative career or become self-employed, parent opts to invest in a business venture, etc.). The School will not fund those decisions and, in most cases, the School will continue to impute an income level equivalent to the prior level. Voluntary family income decreases will receive lowest priority for additional funding. Unpaid leave or termination of employment following the birth of another child, a major illness, disability, etc., will not be considered a 'voluntary' decrease in income. (See note about income added for unemployed parents.)

Unemployment income will be considered in aid calculations and must be included on application forms. In the case of the ongoing unemployment of a parent, the parent may be asked to demonstrate the active search for reasonable employment.

Other Considerations

When the School makes Financial Aid decisions, all assets of both the student and parent, including those funds that may be permanently or temporarily restricted (e.g. funds restricted to college education, etc.), will be considered. While these funds may be legally restricted, these are still funds available to the family at some time in the future that put them in a stronger financial position than families without such resources.

As noted above, the School reserves the right to review and consider each family's financial choices with regard to discretionary income. Examples of choices the School will review include summer program expenses, vacation expenses, club memberships, lessons, financial support to other family members, student assets, vehicle loan or lease expenses, and the ownership of vacation properties, timeshares, second homes, or income producing properties.

In the New York City area, where housing costs are inflated, the School will not consider home equity as a dollar for dollar asset. Given those costs, the School will cap home equity at the larger of \$100,000 or 33% of the actual home value. This is only the case for one primary residence; in the case of families that own more than one residence or property, the equity will be considered at a dollar for dollar asset, and the award may be decreased based upon the value of that additional asset. In addition, expenses for the upkeep of a secondary property will not be considered as an allowance in the Aid review. The School reserves the right to adjust parent-reported home equity values based upon information provided by commercially available software (e.g. Zillow).

Self-Employment and/or Business Income/Loss

The School will not take into account business losses for a period of more than two years, and will, after that two year period, both discount the loss, and also impute an income for the parent or parents generating the loss equivalent to or greater than the income imputed for parents who make the choice not to be employed. The School believes that two years is a long enough period to allow for business/market fluctuations, and also for startup businesses to gather enough momentum to be viable. In the case where a parent voluntarily leaves employment to start a business or chooses to continue to work on his or her own, the note above applies where the School will continue to impute an income equivalent to the prior salary.

Cost of Living Adjustment

The SSS methodology suggests the calculated New York City COLA (Cost of Living Adjustment) of 2.237 (2016-17) be added to the calculations for each family. Limited funding makes this impossible. At the present time, the School is applying a COLA of 1.2.

Accuracy and Verification of Information Provided

The School assumes that all information provided in Financial Aid applications is truthful and accurate; the parent(s) signature on the SSS form acknowledges that this is the case. In addition, all families are required each year to submit a Form 4506, which permits the School to request a copy of tax returns directly from the IRS if the director of Financial Aid or other reviewers have any reason to doubt the accuracy of the information submitted to us. If members discover that any information is deliberately misleading, false, or grossly inaccurate, the School may revoke any Financial Aid awarded for the current academic year, and refuse to consider aid applications submitted in any future years the student (or any siblings) is enrolled at Horace Mann. In addition, if the School

believes that information provided to the Internal Revenue Service is fraudulent or misleading, the School reserves the right to refuse to consider an application for Aid.

Each year, new families apply for Financial Aid based on their perceived need. Some of them do not qualify for assistance based on our calculations. If the family does not qualify (DNQs), they will be notified either in writing or by phone (depending on the time of year), and depending on the case, may be referred to the appeals process if they believe the School has not considered all pertinent information. School personnel will explain to the family why they did not qualify (assets, expenditures, etc.). The School will maintain a file on each DNQ case, and those families can apply for aid in future years, and will be completely reevaluated each time they apply.

Additional Costs and Funding:

Each year, the School sets aside some additional funds to help subsidize books, transportation, and lunch. This is separate from the Student Assistance Fund (SAF), which operates independently of the Financial Aid process as a subsidy for student extra- and co-curricular activities.

Financial Aid recipients in the Middle Division receive a book allowance to cover the cost or a portion of the cost of the flat book fee. Book allowances in the Upper Division are set based on the percentage of aid received by the student. The UD book allowance is provided as a credit for the online book purchase vendor. If the family chooses to shop elsewhere, they lose the credit. A small number of UD students who receive more than 95% of the tuition in Financial Aid have their required book purchase paid for in full by the School so long as funding is available.

Any family receiving Financial Aid who registers for optional bus service can submit a request for financial assistance towards that cost; a limited amount of aid is available. Any award for transportation assistance will be determined by the overall budget, family level of income and student Aid award; those amounts will be determined after an award has been confirmed for the upcoming school year and will be issued directly to the transportation provider. Families will be advised that aid provided to offset transportation costs may be taxable income to the family.

Students who receive more than a set percentage of the tuition in Financial Aid receive a \$700 (Middle Division 2016-17) or \$800 (Upper Division 2016-17) lunch allowance; this percentage is reviewed annually based upon student population and budget. This allowance is provided as a credit on the student debit card, maintaining the confidentiality of the process. The award is a one-time allowance; students who use more than the award would not receive additional financial support unless they demonstrate extraordinary circumstances. In each case, the parent is required to sign a document authorizing the lunch allowance on the debit card, and parents are sent monthly statements to monitor the declining balance.

As Advanced Placement (AP) tests are a requirement for any student enrolled in an AP course, the Financial Aid budget covers the costs of AP tests in full for Aid recipients

enrolled in AP courses offered at HM. Students who choose to take optional tests for non-HM AP courses will not receive support for those test fees.

Funding is occasionally available for school-sponsored trips not otherwise covered by the Student Assistance Fund; students or parents should express interest to the Financial Aid office to be notified if Aid becomes available.