

Building a Successful Financial Aid Program

Guild members share a commitment to making high-quality arts education accessible to all. Towards this end, most of our member organizations provide some kind of need-based financial aid. But policies and procedures for awarding financial aid can vary.

To learn more, we asked Guild members to share some information about their current policies and procedures, and what guides them, as well as insights on how to successfully create and manage a financial aid program.

This article highlights the experiences of four member organizations who offer financial aid for private and group lessons:

- **Community Music Center**, San Francisco, CA (CMC)
- **Flint School of Performing Arts**, Flint, MI (Flint)
- **Rhode Island Philharmonic Orchestra & Music School**, Providence, RI (Philharmonic)
- **Sherwood Community Music School at Columbia College Chicago**, Chicago, IL (Sherwood)

How do students qualify for financial aid at your organization and what criteria and/or documentation do you require?

Sherwood: Any student of any age can apply for financial aid at Sherwood. We require: 1) a completed financial aid application; 2) a copy of their tax return, W-2, and copies of any public aid they may receive; 3) a \$20 application fee; and 4) a recommendation from their instructor if they are returning students.

Flint: Through Seeing Stars!, our tuition assistance program for low to moderate income students, students who would not otherwise have the chance, can study at the Flint School of Performing Arts (FSPA). The program currently awards tuition assistance monies to over 520 music and dance students each year, which is 25-30% of our student enrollment. We invite students to apply for tuition assistance three times each year by submitting a two-page application form with their federal tax return.

CMC: CMC's mission is to provide music for everyone, and offering financial aid is a key part of the conversations the faculty, staff, board, students, and donors have about our organization. CMC bases financial aid on household size and monthly net income, and students of any age may apply. Two or more of the following documents are required to apply for financial aid: 1) two months' of the most recent pay stubs; 2) most recent US Income Tax Return (1040/1040EZ/1040NR); 3) public assistance checks (SDI, SSI, Welfare, AFDC., etc.); 4) retirement/social security/pension unemployment compensation; 5) disability benefits/dependents benefits/survivors benefits/veterans benefits; 6) alimony/child support; 7) student loans/grants; 8) at least 2-4 months' household's bank statements (checking and savings); 9) official letter of income; 10) foster care

income; 11) rental income; or 12) investment income.

A number of Merit scholarships (free 30-minute private lessons) are also awarded each year to students, ages 18 and under, who qualify for financial aid. In addition to demonstrating financial need, students who are seeking a Merit scholarship, or want to continue to receive one, must audition annually. Merit scholarship students also must submit a report each year, describing their goals, repertoire, and recital performances. If a Merit scholarship student requests a lesson longer than 30 minutes, tuition is required for the additional lesson length.

In addition to financial aid, we also offer two kinds of student discounts. Group lessons are discounted by 50% for students concurrently enrolled in private lessons. And we offer a 30% discount to our senior students, ages 65 and up. Seniors may also apply for financial aid based on household monthly net income.

Philharmonic: Our school annually provides \$150,000 in tuition support to low income students up through age 18. We also include adults with special needs who require support to receive music therapy. We typically provide a percentage off of tuition up to 90% (our application states up to 75% to manage expectations). Our financial aid program is supported primarily through individual and family foundation donors. We have two endowed financial aid awards.

To apply for need-based financial aid, students must complete a registration form and financial aid application and submit these materials along with a \$26 non-refundable registration fee for each student and a copy of one or more of the following documents: 1) most recent federal income tax return (Form 1040, 1040-A or 1040-EZ pages 1 and 2 only, no schedule); 2) letter from social welfare agency stating amount of allotment; 3) official proof of social security income or survivor's pension; 4) official proof of unemployment compensation; or 5) proof of other source of income (child support, maintenance or alimony).

What measures and processes do you use to award aid?

Sherwood: We limit financial aid for private lessons to a 50% maximum. We determine the award range based on the individual's adjusted gross income (AGI) and the IRS tax bracket that AGI falls into. So if, for example, the parent files as 'Head of Household' and earned \$37,000 for the year, they would fall into the 15% tax bracket, and thus our financial aid 'category 2,' and may receive up to 50% aid for private lessons. The final amount would be in the lower end of the range (maybe receiving 30% or 40%) if they are in the top end of the category 2 range, or if they received less than stellar reviews from their teacher. If they have additional burdens, such as medical issues, job loss, etc., then the award might be the full 50%. In some rare circumstances, we may award a student higher than the normal range would allow, especially if the family had a recent job loss. Their tax return may show \$100,000 in income, but if that parent lost their job recently, their current income, no matter how high it was last year, is currently 0, and thus they should receive some form of aid. In return for aid, we ask for volunteer time, but it's not mandatory.

Flint: We use the FEEDS software program (used by many colleges and universities) to process the applications and determine need. In addition to information from the tax return on income level and family size, we take extenuating circumstances (loss of job, illness in the family, etc.) into consideration. We award aid on a sliding scale and every student is responsible for making a partial payment, between 20 - 80% of the cost.

Philharmonic: Once an application is submitted, it is reviewed by a small team of individuals including our director of education, manager of instruction and student services, and education business manager. Other staff members may be called in to share knowledge when questions arise, typically when we don't understand some piece of documentation. If a student is returning, we may review their attendance along with any feedback we get from their teachers. We have started asking teachers of current students to provide standardized written feedback, focused primarily on attendance and student motivation.

Is anything expected from students or families in return (i.e. volunteer hours, attendance, parent involvement, partial payment etc.)?

Sherwood: Students must stay in good standing, meaning they attend all their lessons, practice regularly, pay their bills on time, etc.

CMC: We are in the process of implementing an attendance policy—based on number of absences in a quarter—for all students, regardless of financial status, but cannot determine the impact on participation at this time. Volunteer hours and parent involvement are not required for financial aid students, but we ask students to be CMC ambassadors, to perform, and/or talk about their experience as needed.

Philharmonic: In return for financial aid, students are expected to pay their co-payments on time and attend all scheduled lessons, classes, make-ups, and recitals in which they are scheduled to perform. Additionally, financial aid families are expected to volunteer between seven and fourteen hours per academic school year, depending on the size of their award. The school indicates how many hours each family is expected to volunteer in the student's financial aid notification letter.

How do you make financial aid opportunities known?

Sherwood: Information about our financial aid program is clearly indicated on our website. We occasionally include that information on flyers or promotional emails as well.

Flint: We promote financial aid in all of our print and online materials.

CMC: We get the word out about financial aid through all of our print and online communications, and by word of mouth. Our students—66% of whom receive financial aid—are our best spokespersons and while many new students find CMC through the internet, word of mouth still plays a significant role in our new student enrollment. We also distribute information about our programs and financial aid to the San Francisco Unified School District arts teachers each year, as well as to our partner organizations.

Philharmonic: To get the word out about financial aid, we include information in all of our literature and on our website. We also distribute tote bags with financial aid information at our annual Link Up Education concerts which currently engage 11,000 students in grades 3 - 5. Link Up is a 12-unit curriculum that teaches basic music literacy through performance and creative work, and culminates in an interactive concert.

In what ways have you been able to successfully solicit money to support your financial aid fund?

Sherwood: There is no outside funding for our financial aid program; it's simply an expense line in our budget. We are careful never to provide a percentage of financial aid greater than our direct teaching cost which is why we limit financial aid for private lessons to a 50% maximum. In our model, 50% of private lesson tuition is direct teacher cost, so with 50% financial aid, the student is still paying for their teacher—they are just not contributing to overhead expenses or profit margin. This makes the financial aid program completely sustainable and allows us to size the program as we grow (or shrink) as an organization.

Flint: We primarily fund our tuition assistance program from private donations given throughout the year. What makes this program unusual is the personal contact between the students and donors. Those who contribute at the Super Star level (\$500 annually) support a student for one year of study at the FSPA. They are invited, by the student they sponsor, to attend recitals and other performances, becoming a part of that student's experience at the FSPA. We also have two very successful fundraising events: 1) the Seeing Stars! Benefit combines food from the area's 25 finest restaurants and a fast-paced student collage recital (raised \$28,000 last year); and 2) our annual fundraising auction (silent and live featuring items from golf clubs to trips to restaurant certificates, etc.) includes Seeing Stars! tuition assistance as a live auction item. After a brief student performance, attendees make "bids" (contributions) on the tuition assistance program. We have an anonymous donor who matches every individual bid. This 10-minute bidding war nets over \$50,000 each year.

CMC: Financial aid is funded through development programs (individual giving, foundations, corporate sponsorship), endowment, and revenue from tuition. CMC does not cap financial aid giving which underscores the importance of diversifying revenue streams as much as possible. We are currently building a more robust corporate sponsorship program to increase our support for financial aid.

What challenges have you faced in creating and managing your financial aid program? What advice can you provide for overcoming these challenges?

Sherwood: Our biggest challenge is the fact that this is a paper-work intensive program that is difficult to move online. We cannot allow students to email us their financial documents due to the sensitive nature of the information and the inherently insecure nature of email communication.

Flint: We've experienced a few challenges with our program. Families don't always turn in complete applications with all the necessary information and it can be time consuming to follow-up with them. Also families in difficult transitions often have trouble making their partial payment. 5 - 10% of awardees are unable to pay their balance. Additionally, we've found that many families think if they apply for tuition assistance they automatically have a reserved place in the class (and would bring their payment on the first day of class, only to find the class filled). To meet this challenge, we established an optional \$20 hold fee (which is applied to tuition) to ensure a student's place in a class.

Philharmonic: Our biggest challenge is funding sustainability. In many cases, donors are looking to impact many students versus individuals receiving 30-minute private lessons for a year. Funding an individual student can make a deep impact but is not always as attractive to donors as funding a program with wider reach. Sustaining a healthy financial aid program requires a committed development director who is passionate about the value of increasing access to arts education for all and good at helping your entire staff and board communicate that value to others too.