

# Rethinking Your School's Financial Aid Budget

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The social and economic effects of the pandemic will be long-lasting and will play a part in the education decisions made by families now and into the future. As this crisis continues, questions and concerns regarding the financial impact on the current school year – as well as next year – are now coming to the forefront. It is important, now more than ever, to revisit your school's long-term plan and upcoming school year budget to address additional financial aid requests and even the possibility of a reduced student enrollment due to families being affected by COVID-19.

For most schools, next year's tuition rates and budgets have been set and approved. However, this pandemic may be placing the families at your school in the financial aid continuum and may be creating questions regarding where they stand and the likelihood of financial aid eligibility. We understand that some schools may decide to freeze tuition rates for next year due to the projected economic effects of the virus on families. However, what we see as a more frequent decision for schools is to keep their planned tuition increase, but then allot more dollars to financial aid. In either scenario, the need to reevaluate the 2021 school year budget is clear.

As we all settle into this new reality, we are going to have to make some difficult decisions. Bottom line: The question becomes – what should your school be considering today to ensure it is in a strong and sustainable position in the future? Some considerations follow.

## Fundraising for Financial Aid

Is there an opportunity to fundraise specifically for financial aid to help families in need? With the pandemic impacting so many families in differing degrees and levels, the school's community can easily recognize the necessity to support those in need. Maybe it's time to shift from annual fund collections (which sometimes are undefined) to a more pointed campaign to defray the financial impact of COVID-19 on your school.

## The CARES Act

Has the school explored the potential benefits of the CARES Act? There are a number of provisions of the CARES Act which could benefit a school, including the Paycheck Protection Program and others.

## Business Continuity

Who can step in if a financial aid director becomes ill? What are plans B and C for staffing? Often the financial aid and admissions departments are lightly staffed, so having backup available is critical. Is the school in a position to have someone available to easily take on the role of an administrative employee on leave or otherwise absent?

## Standard Policies for Emergency Financial Aid

How will the school respond when it has additional financial aid appeals in situations where parents are unemployed or furloughed? Schools should revisit and reassess their current policies of financial aid and how they are handled. What used to be a rare occurrence may be more prevalent in the coming year. What accommodations and flexibility can the school give them?

## Beyond Tuition: Supporting Students Financially

What about low-income students who do not have the resources to do online learning? How can the school make sure the student is as good at home as they are in the school? How does the school provide extra support needed at home?

## In Closing

This worldwide pandemic introduces many questions regarding the financial stability of schools and what the future may hold. Now is the time for school management, leadership, and the Board to play out various scenarios and come to decisions in order to ensure the longevity and sustainability of the school.

## Contact Us

If your school has any questions regarding this newsletter or any other matter, please contact Christina Gray, CPA, CFE, Manager in our Independent School Practice at [cgray@pkfod.com](mailto:cgray@pkfod.com) or Rob Cordero, CPA, Partner and Independent School Practice Leader at [rcordero@pkfod.com](mailto:rcordero@pkfod.com) or contact a member of your independent school client service team at PKF O'Connor Davies, LLP.

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