

## Introduction

When heads of household (parents, stepparents, guardians, etc.) request financial aid for a dependent's tuition, a financial aid administrator might assume that they have low income and minimal assets.

However, many parents with relatively high income and/or assets also request financial aid. They frequently have serious financial problems (change of jobs, business closing, recent death, divorce, or illness). Some of these parents merely have an unusually high expectation of financial aid. How is a financial aid officer able to distinguish among them?

The formula that TADS uses to calculate *Household Contribution to Education (HCE)*, combined with the exceptional clerical review that TADS performs, works well with households of every economic level even when these households have a wide variety of financial circumstances. It takes into consideration *Current Financial Liquidity* (income and expenses) and *Current Financial Strength* (assets, debt and life style).

Furthermore, because no two schools are exactly alike in clientele and philosophy, TADS gives financial aid administrators the freedom to adjust some of the values that are used when calculating *Household Contribution to Education*. Administrators can make the formula better reflect the school's clientele or philosophy by completing Form 4, Formula Customization.

TADS' Suggested Values for these forms assume that a school has households mostly in the \$30,000–\$70,000 annual income range. Schools with mostly lower income households may wish to lower some *Customization Values*. Schools with higher income households may wish to raise them.

## Some Guidelines

### **Schools should establish standards before financial need is determined.**

By establishing standard allowances and limits that are reasonable for clientele before any financial need evaluation takes place, administrators avoid most "case by case" arguments about lifestyle choices, although there will always be special cases caused by forces beyond a family's control and these households may need special consideration.

**Each school should establish its own standards for acceptable lifestyle rather than accept a national standard.** Often it is the lifestyle choice a family makes which leads to a tight budget or severe distress. One family has high housing expenses because they live in a \$350,000 house when most of the applicants live in housing averaging \$200,000. Another family pays loans on cars worth more than \$50,000 and puts \$10,000 a year into a retirement account. Are these unreasonable expenditures for families seeking financial aid? Some schools would say they are; others may not.

**A Suggested Customization Goal.** TADS suggests that the goal of *Formula Customization* might be to adjust the *Customization Values* so that 90% of applicants would attend the school if cost were the only factor in choosing the school.

**Avoid artificially low values.** TADS also suggests that administrators do not lower *Customization Values* merely because there is a limited amount of financial aid. If there is not enough financial aid to satisfy the tuition need of all applicants, the school should use *Grant Management* to determine how unsatisfied need should be distributed among the applicants.

## The following is an example of how Formula Customization might work.

When TADS calculates *Household Contribution to Education*, it starts with actual housing expenses, including utilities and taxes. One of the *Customization Values*, called *Maximum Allowed Monthly Housing Expense (MAX\_MHE)*, sets a cap on the amount a household can claim for housing expenses.

TADS' Suggested Value for MAX\_MHE is \$2,200. (If a household has more than four members, this value is adjusted upwards, if fewer than four, the value is adjusted downwards.)

Compare three households: the **Renters**, the **New Homeowners** and the **Old Homeowners**. Each household has exactly the same financial circumstances except for the following:

- 1 The **Renters** pay \$1,300 per month for housing and have \$4,000 net assets.
- 2 The **New Homeowners** pay \$2,400 per month for housing and have \$30,000 net assets, mostly in their \$250,000 home. They have owned this home for 1 year.
- 3 The **Old Homeowners** pay \$1,800 per month for housing and have \$200,000 net assets, mostly in their \$250,000 home. They paid \$70,000 for this home 15 years ago.

Which household should be expected to make the biggest contribution to their children's education?

The **Old Homeowners** and the **New Homeowners** argue that they should contribute less toward the private education of their children than the **Renters** because they pay more for housing. They have less *Current Financial Liquidity* than the **Renters** do.

The **Renters**, however, argue that they should contribute less than both homeowners because they have fewer net assets and a less luxurious life style than the **Homeowners** do.

We can view how TADS' calculation of *Household Contribution to Education* attempts to balance these differences by examining Table 1. This table assumes TADS' Suggested Customization Values and that TADS has calculated a *Household Contribution to Education* of \$2,600 for the **Renters**.

[ Table 1 ]

**Comparison of Households with TADS Suggested Values**

Maximum Allowed Monthly Housing Expense = \$2,200 (\$26,400 annually)  
Minimum Allowed Monthly Housing Expense = \$0

	Renters	New Home	Old Home
<b>Actual Housing Expenses</b>	\$15,600	\$28,800	\$21,600
<b>Allowed Housing Expenses</b>	\$15,600	\$26,400	\$21,600
<b>Net Assets</b>	\$7,000	\$40,000	\$200,000
<b>Assets Assigned to HAI</b>	\$0	\$0	\$7,920
<b>Household Adjusted Income (HAI)</b>	\$12,000	\$3,200	\$13,920
<b>Household Contribution to Education (HCE)</b>	\$2,600	\$640	\$3,272

TADS would calculate that the **New Homeowners** should contribute \$1,020 less to private education than the **Renters** even though the homeowners pay more than \$13,200 more for housing than the **Renters**.

This is because *MAX\_MHE* places a limit on how much actual housing expense is allowed while calculating *HCE*.

The **Renters** are correct that the **New Homeowners** have more *Current Financial Strength* (and a better lifestyle) than the **Renters**. However, the **New Homeowners'** financial strength is not high enough to justify applying a portion of their assets toward tuition.

On the basis of income alone, the **Old Homeowners** would also be asked to contribute \$1,400 less to private education than the **Renters** for the same reason: they have greater housing expenses.

However, since the **Old Homeowners** have accumulated significant net assets, TADS would calculate that they should contribute \$2,072 from those assets toward the tuition of their children. *Household Contribution to Education (HCE)* for the **Old Homeowners** would be \$3,272.

**Customization 1: Increasing MAX\_MHE**

A financial administrator may decide that *MAX\_MHE* should be raised to \$2,600 (\$31,200 annually) for his/her school. Table 2 reflects what differences in *HCE* this change would make.

By raising the *MAX\_MHE*, the *HCE* of the **New Homeowners** is reduced by \$420 (20% of the additional \$2,100 allowed for housing). The **Old Homeowners** also contribute less. The administrator has reduced the importance of difference in life style and increased the importance of *Current Financial Liquidity*.

[ Table 2 ]

**Comparison of Households – Customization #1**

Maximum Allowed Monthly Housing Expense = \$1,575  
Minimum Allowed Monthly Housing Expense = \$0

	Renters	New Home	Old Home
<b>Actual Housing Expenses</b>	\$15,600	\$28,800	\$21,600
<b>Allowed Housing Expenses</b>	\$15,600	<b>\$28,800</b>	\$21,600
<b>Net Assets</b>	<b>\$2,000</b>	\$40,000	\$200,000
<b>Assets Assigned to HAI</b>	\$0	\$0	\$7,920
<b>Household Adjusted Income (HAI)</b>	\$12,000	<b>\$1,200</b>	\$13,920
<b>Household Contribution to Education (HCE)</b>	\$2,600	<b>\$0</b>	\$3,272

**Customization 2: Setting MIN\_MHE (rarely used)**

Some administrators may feel that the **Renters** are being discriminated against. They have two choices. They can lower the *MAX\_MHE* or they can set the *Minimum Allowed Monthly Housing Expense (MIN\_MHE)* to a value equal to the *MAX\_MHE*. If they do this, they have established a standard allowance for housing rather than considering the actual expenses of the families. In this example, *MAX\_MHE* and *MIN\_MHE* are set to \$2,600. Table 3 will show you the results. Nothing changes for the homeowners, but the **Renters** will see their contribution drop to \$240.

[ Table 3 ]

**Comparison of Households – Customization #2**

Maximum Allowed Monthly Housing Expense = \$2,600  
Minimum Allowed Monthly Housing Expense = \$2,600

	Renters	New Home	Old Home
<b>Actual Housing Expenses</b>	\$15,600	\$28,800	\$21,600
<b>Allowed Housing Expenses</b>	<b>\$26,400</b>	\$26,400	<b>\$26,400</b>
<b>Net Assets</b>	<b>\$2,000</b>	\$40,000	\$200,000
<b>Assets Assigned to HAI</b>	\$0	\$0	\$7,920
<b>Household Adjusted Income (HAI)</b>	<b>\$1,200</b>	\$3,200	<b>\$9,120</b>
<b>Household Contribution to Education (HCE)</b>	\$240	\$640	<b>\$1,880</b>

SECTION I.  
**Allowed Monthly Expenses for a Family of Four**

**1) Maximum Allowed Monthly Housing Expense (MAX\_MHE)**

TADS uses the household's *Actual Housing Expenses* and caps them with *MAX\_MHE*. For example, a household may have *Actual Housing Expenses* of \$2,400 per month, but you may choose to allow only \$2,200 per month as an allowable expense.

TADS includes the following as *Actual Housing Expenses*:

- 1 Mortgage Payments
- 2 Property Taxes
- 3 Home Insurance Programs
- 4 Rent
- 5 Home Energy Expenses

Families who own their homes are allowed an additional 1% of the value of the home for maintenance costs.

*MAX\_MHE* increases 5% for each household member over four and decreases 5% for each household member under four.

EXAMPLE			
Household of four:	MAX_MHE	=	\$2,200
Household of six:	MAX_MHE	=	\$2,420
Household of two:	MAX_MHE	=	\$1,980

The correct *MAX\_MHE* for your school is largely dependent upon the expected lifestyle of your school's clientele and the general housing expense of your area. You might ask yourself, at what point is monthly housing expense beginning to be extravagant for your clientele? This is the value you might assign to *MAX\_MHE*.

Increasing *MAX\_MHE* will result in households with expensive housing costs having more *Tuition Need* than households with less expensive housing, all other things being equal.

If you used TADS last year, TADS can generate *Household Housing Statistics* which will give you the median housing expenses for families in your school that applied for aid last year. It will also give you the 3rd quartile number (75% of your families will have housing expenses less than this). TADS suggests that you might set *MAX\_MHE* in your district close to the 3rd quartile.

**2) Minimum Monthly Housing Expense (MIN\_MHE)**

Sometimes, a household will have low or no housing expenses. They might have subsidized housing or are living with relatives or friends or might have completely paid off the mortgage.

You might consider raising *MIN\_MHE* if you raise *MAX\_MHE*. When there is a wide disparity between these two numbers, households with expensive housing will look needier than people with minimal housing. TADS suggests that the range between the two numbers should not exceed \$800, even though *MIN\_MHE* may actually exceed what a family spends for housing.

Increasing *MIN\_MHE* will result in families with low housing expenses having more *Tuition Need*.

If you set *MIN\_MHE* equal to *MAX\_MHE*, you are creating a *Standard Housing Allowance* rather than a cap for the actual expenses of the household as the basis for calculating *HCE*.

*MIN\_MHE* increases 5% for each household member over four and decreases 5% for each household member under four.

**3) General Maintenance Allowance (GMA) for food, etc.**

This is the amount that TADS allows family members for food, clothing and miscellaneous expenses for a household. *GMA* increases 20% for each household member over four and decreases 20% for each household member under four.

EXAMPLE			
Household of two:	GMA	=	\$1,020
Household of four:	GMA	=	\$1,700
Household of six:	GMA	=	\$2,380

Increasing the *GMA* will result in all applicants having more *Tuition Need*. Families with more children will have proportionately greater need.

## SECTION II. Contribution to Student Education

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### 1) How should TADS distribute Household Contribution to Education to each household student?

The *Prorated Household Contribution to Education* is the second most important financial need number that TADS provides a school. It is the amount of the *Household Contribution to Education (HCE)* that should be assigned to each student in the family attending a tuition charging school.

TADS standard method of distributing the *HCE* to individual students in the family would be to **prorate** the *HCE* according to the tuition of each student.

#### EXAMPLE

If a household with two children has a *Household Contribution to Education* of \$3,000 and the dependents have tuitions of \$4,000 and \$2,000, TADS would assign \$2,000 of the *HCE* to the \$4,000 tuition and \$1,000 to the \$2,000 tuition.

### 2) Amount from Student Earnings and Savings applied toward Student's Tuition

If a student is able to earn or save a substantial amount of money, many administrators feel that some of these earnings and savings should be applied toward tuition.

*TADS Suggested Values* exempt the first \$3,000 of student *earnings* before applying 35% of the remainder toward tuition. They also exempt the first \$1,500 of student *savings* before applying 15% of the remainder toward tuition.

#### EXAMPLE

Using *TADS' Suggested Values*, if a student earned \$3,400, TADS would apply \$140 of those earnings toward tuition. If a student has \$2,000 in savings, \$75 of those savings would be applied toward tuition.

It is important to note that TADS' formula for calculating the *Prorated Household Contribution to Education* gives considerable importance to student earnings and savings.

#### EXAMPLE

Two families each have a *Household Contribution to Education* of \$2,000 and one child in a school with \$3,000 tuition. Family A's child earned \$3,800 during the prior year and has \$4,000 in savings. That child would be expected to contribute \$280 from earnings and \$375 from savings toward his/her tuition for a total of \$655. This student's *Tuition Need* would be \$345 ( $\$3,000 - \$2,000 - \$655$ ). The *Tuition Need* of the other student (who had no earnings and savings) would be \$1,000.

*If you increase earnings or savings exemptions, students who earn money or who have savings will have more Tuition Need. If you increase earnings or savings percentages, students who earn money or who have savings will have less Tuition Need.*

### 3) Minimum Tuition for Students not in your School(s)

If parents do not give TADS tuition amounts for other dependents in the household attending other private schools, what amount you would like us to use as a minimum? High tuitions for siblings attending other schools will cause more of the *Household Contribution to Education* to be directed to those students, reducing the amount that parents will be expected to contribute toward students in your school. This item enables you to limit the effects of tuition for students not attending your school.

### 4) Maximum Tuition for Students not in your School(s)

High tuitions for siblings attending other schools will cause more of the *Household Contribution to Education* to be directed to those students, reducing the amount that parents will be expected to contribute toward students in your school. This item enables you to limit the effects of tuition for students not attending your school.

**NOTE:** Your *Default Tuition* cannot be higher than your *Maximum Allowed Tuition* for students not attending your school.

#### EXAMPLE

A student at your school has tuition of \$6,000 and his brother has college tuition of \$24,000. The *Household Contribution to Education* is \$3,000. If there were no *Maximum Allowed Tuition* value, TADS would assign \$600 of the *HCE* to your student and \$2,400 to the college tuition. If the *Maximum Allowed Tuition for College Tuition* were set to \$3,000, then TADS would allocate \$1,500 to the student in your school and \$1,500 to the student in college.

When calculating *Allowed College Tuition* (the amount of tuition that should be allowed for a college student in a household), TADS subtracts from the actual total cost of college tuition (1) a percentage of the earnings and savings of the college student, and (2) college scholarships and loans. If *Allowed College Tuition* still exceeds *Maximum Tuition Allowance for College*, *Allowed College Tuition* is reduced to the maximum allowed.

*Increasing the Maximum Allowed Tuition for non-applicant students will increase the Tuition Need of students attending your school.*

### 5) Maximum Allowed for Non-Tuition Expenses (books, etc.) for all Students

In addition to tuition, households often have other expenses related to educating their children:

- 1 Required Books
- 2 Required Uniforms
- 3 Bus Transportation Between Home and Private School
- 4 Required Activity Fees
- 5 Required Class Supplies

If these expenses exceed \$500 for any one child, the applicant is asked to itemize these expenses.

You can determine how much of these expenses will be added to tuition as a basis for determining the need of any one applicant. TADS' default value is \$0.

*If you increase this value, families with higher nontuition education expenses will have more Tuition Need than those with lower expenses.*

### 6) If your School(s) have Widely Differing Tuitions

The more *Allowed Tuition* assigned to a student, the more *Student Tuition Need* will be assigned. Sometimes administrators want to reduce the influence of tuition on *Student Tuition Need*.

These values are useful for (1) district programs that distribute money from a central fund to students from schools with greatly differing tuitions and (2) schools that have a wide range of tuitions because they have different categories of students.

#### EXAMPLE

A religious school has tuition of \$3,000 for students not belonging to the school's religious denomination and \$2,000 for students that do belong. If there are two families that have an *HCE* of \$1,000, the non-member family would have a need of \$2,000 and the member would have a need of \$1,000. The non-member would be eligible for more financial aid because of the higher tuition.

*By raising the minimum or lowering the maximum, students with varying tuitions will appear to have more similar tuitions when TADS calculates Tuition Need.*



SECTION III.  
**Yearly Maximums Allowed for certain Expense Items**

TADS allows certain kinds of expenses to be deducted when calculating *Household Adjusted Income*. TADS does not require documentation for many of these deductions, since providing the information can be cumbersome.

TADS caps most expense numbers so that high undocumented numbers do not unduly influence the *Household Contribution to Education*.

In some instances, TADS invites the applicant to provide documentation and allows a higher cap if the applicant does provide it. For these items, there is a cap without documentation and a higher cap with documentation.

**6) Should day care expenses be capped by the lower of two parental incomes?**

If you choose “Yes,” households where one parent remains at home (and not disabled and not in school) will be allowed only the minimum percentage of day care expenses. Other households will see their day care expenses somewhat limited.

- Over 20% of the applicants for financial aid have day care or pre-school expenses.
- TADS will treat all pre-school expenses as though they were day care expenses unless you include the pre-school students in your financial aid program.

**EXAMPLE**

A household has...

- 1 \$6,000 of *HCE*  
(not accounting for pre-school expenses)
- 2 One child in grade school with a tuition of \$6,000
- 3 A pre-school child with tuition of \$4,000

- If the pre-school child were in your financial aid program, the *HCE* of \$6,000 would be prorated calculations among \$10,000 of tuition. The family would have a *Tuition Need* of \$4,000 for both children.
- If the pre-school child is not in your financial aid program and the pre-school expense could be fully deducted as day care expense from the family's *Household Adjusted Income*, they would have an *HCE* of \$6,000. The *Tuition Need* of the family would be \$0.

- The federal government does not allow day care expenses as a deductible item unless all heads of household are working or attending school or disabled. In addition, only a percentage of the expense is used. TADS formula will work somewhat differently than the federal tax formula.
- Reported day care expenses can be capped by the lowest earned income of a head of household, unless a head of household is in school or disabled.
- Parents will be allowed a maximum percentage of capped day care expense. *TADS' Suggested Value* is 75% of capped day care expenses.
- A minimum percentage of reported day care expenses can be allowed regardless of parental income. *TADS' Suggested Value* is 25%.

**EXAMPLE**

Family A has two working parents with incomes of \$30,000 and \$8,000. Family B has one working parent making \$38,000 and one parent that is a full time householder. Both have day care expenses of \$10,000. Using *TADS' Suggested Values*, the following illustrates how the day care expenses would be treated:

	Family A	Family B
<b>Expense</b>	\$10,000	\$10,000
<b>Capped</b>	\$8,000	\$0
<b>Maximum</b>	\$6,000	\$0
<b>Minimum</b>	\$2,500	\$2,500
<b>Allowed</b>	\$6,000	\$2,500

Family A would be allowed a \$6,000 day care expense and Family B would be allowed \$2,500.

**7) Maximum percentage of Capped Day Care Expenses**

This percentage of day care expenses will be allowed after they are capped by lowest parental income.

**8) Minimum percentage of Stated Day Care Expenses**

This percentage of day care expenses will be assigned to the allowed day care expenses regardless of other factors described above.

SECTION IV.  
**Percent of Net Asset Type Added to weighted Assets**

TADS divides household assets into seven categories:

- 1) Liquid Assets
- 2) Home Equity
- 3) Other Personal Assets
- 4) Business Equity
- 5) Real Estate other than Home
- 6) Self-Managed Retirement Accounts
- 7) Company-Managed Retirement Accounts

The more liquid, the higher the percentage of the asset will be used as a weighted asset.

With *TADS' Suggested Values*, \$100,000 of cash is equivalent to \$250,000 equity in a home and \$500,000 equity in a company managed retirement program.

Items (2), (3), (4) and (5) may have some debt associated with them. TADS will deduct this debt from the gross value of each category to arrive at *Net Asset Worth* for each category. Regardless of debt, net asset worth will never be less than \$0.

[ Table 4 ]  
**Calculating Total Weighted Assets**

Asset Type	Value	Gross Debt	Net Value	% Applied	Weighted Value
1) Cash, stocks	\$10,000		\$10,000	100%	\$10,000
2) Home	\$200,000	\$150,000	\$50,000	40%	\$20,000
3) Personal	\$30,000	\$40,000	\$0	40%	\$0
4) Business	\$45,000	\$20,000	\$25,000	40%	\$10,000
5) Real Estate	\$60,000	\$20,000	\$40,000	40%	\$16,000
6) IRA	\$80,000		\$80,000	40%	\$32,000
7) 401K	\$80,000		\$80,000	20%	\$16,000
<b>Total Weighted Assets</b>					\$104,000

*By increasing the percentage applied to any asset type, applicants with that asset type will have less Tuition Need.*

**EXAMPLE**

Table 4 shows how a household's *Total Weighted Assets* might be calculated.

SECTION V.  
**Other Values Affecting the Use of Assets**

**1) Retirement exclusion per year of older head of household's age over 21**

After *Total Weighted Assets* are calculated, TADS deducts an exclusion based upon the age of the older head of household. This resulting amount of *Weighted Assets* is allowed to be put aside for retirement. The amount after exclusions is called *Excess Weighted Assets*.

**EXAMPLE**

Using *TADS' Suggested Values*, a non-widowed head of household of age 45 will be allowed to exclude \$108,000 (24 years \* \$4,500) of *Weighted Assets*. Any amount over \$108,000 is called *Excess Weighted Assets*.

*If you raise this exclusion number, applicants with extensive assets will have more Tuition Need.*

[ Table 4 ]

**Calculating Total Weighted Assets**

Asset Type	Value	Gross Debt	Net Value	% Applied	Weighted Value
1) Cash, stocks	\$10,000		\$10,000	100%	\$10,000
2) Home	\$200,000	\$150,000	\$50,000	40%	\$20,000
3) Personal	\$30,000	\$40,000	\$0	40%	\$0
4) Business	\$45,000	\$20,000	\$25,000	40%	\$10,000
5) Real Estate	\$60,000	\$20,000	\$40,000	40%	\$16,000
6) IRA	\$80,000		\$80,000	40%	\$32,000
7) 401K	\$80,000		\$80,000	20%	\$16,000
<b>Total Weighted Assets</b>					<b>\$104,000</b>

**2) Percent of Excess Weighted Assets added to Household Adjusted Income**

This percentage of *Excess Weighted Assets* plus *Household Disposable Income* becomes *Household Adjusted Income*.

*Household Disposable Income* can be a negative number. *Negative Household Disposable Income* will reduce the contribution from *Excess Weighted Assets*. Currently, it is not possible to have negative *Excess Weighted Assets*.

**EXAMPLE**

Using *TADS' Suggested Values*, if a family has \$10,000 of *Excess Weighted Assets*, \$3,000 is added to the *Household Adjusted Income*. Their assets are the equivalent of \$3,000 of yearly income.

*By raising this number, applicants with assets will have less Tuition Need.*



SECTION VI.  
**What percentage of Household Adjusted Income should be applied to Household Contribution to Education?**

These *Contribution Factors* determine how much of *Household Adjusted Income* will be applied to *Household Contribution to Education* within the seven ranges defined in Section IV. Our suggested values range from 20% on the low end and up to 50% for those families with a household adjusted income over \$30,000. We suggest that wealthier households be expected to contribute a greater percentage to education. You may want to adjust these percentages to impact the income ranges you hope to attract with *Tuition Aid*. If the default percentages give too much or too little aid to all applicants, this is the best place to easily affect all awards.

**EXAMPLE**

If a family has \$30,000 of *Household Adjusted Income*, using TADS' *Suggested Values*, here is how TADS would calculate their *Household Contribution to Education*:

\$0-\$8,000	@	20%	=	\$1,600
\$8,001-\$12,000	@	25%	=	\$1,000
\$12,001-\$17,000	@	30%	=	\$1,500
\$17,001-\$23,000	@	35%	=	\$2,100
\$23,001-\$30,000	@	40%	=	\$2,800
\$30,001-\$38,000	@	45%	=	\$0
\$38,001+	@	50%	=	\$0
				Total HCE: \$9,000

*If you raise these percentages, applicants will have less Tuition Need.*

**Formula customization is a very powerful tool that can help your school find the best way to distribute *Tuition Aid*. Much care should be given to the numbers and the methodologies used to determine the numbers used within.**

Please contact our *Client Services* staff at [info@tads.com](mailto:info@tads.com), or 800.477.8237 to discuss any formula customization questions!



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## GLOSSARY OF TERMS & ABBREVIATIONS KEY

### These abbreviations indicate the source of the number:

<b>TC</b> TADS' Calculated:	A number calculated by Tuition Aid Data Services.
<b>HE</b> Household Estimated:	A number given to TADS on the Parent Application Form.
<b>AD</b> Administrator Determined:	A number that has been influenced by the financial need administrator by changing a Customization Value on the Formula Customization Form.

**Household Disposable Income [TC]:** The amount of money that TADS calculates is available to heads of household after reasonable household deductions.

**Household Net Assets [TC]:** The value of all heads of household assets, including business assets, less the debt associated with these assets.

**Household Adjusted Income [TC]:** Household Disposable Income plus some portion of Household Net Assets. The more Household Disposable Income and Household Net Assets the heads of household have, the higher the Household Adjusted Income.

**Household Contribution to Education [TC]:** The amount of money that heads of household can reasonably be expected to contribute to the education of all of the students in the household. This is usually 20% to 50% of Household Adjusted Income.

**Prorated Household Contribution to Education [TC]:** The amount of money that TADS calculates that heads of household can be expected to contribute to the education of a particular student in the household. Household Contribution to Education is usually prorated according to each student's tuition for the next school year.

**Student Contribution to Student Education [TC]:** The portion of the student's earnings and savings that can be expected to be contributed to his/her own education.

**Household Contribution to Student Education [HE]:** The amount of money that heads of household stated they could contribute toward the education of a particular student in the household.

**Others Contribution to Student Education [HE]:** The amount that heads of household stated that others outside the household (absent parents, grandparents, college loans and grants) can contribute to the education of a particular student in the household. This figure is subjected to a cap determined by the aid administrator, which becomes Allowed Others Contribution to Student Education [AD].

**Non-Tuition Expenses [HE]:** The amount of money that heads of household stated they paid for education related expenses for a particular student. These include:

- 1 Required Books
- 2 Required Uniforms
- 3 Bus Transportation Between Home and Private School
- 4 Required Activity Fees
- 5 Required Class Supplies

**Allowed Non-Tuition Expenses [AD]:** The amount of Non-Tuition Expenses subjected to a cap determined by the financial aid administrator.

TADS defines Student Tuition Need as the amount of tuition reduction a family needs for a student without which the family would begin to experience real financial stress. TADS and the parents both estimate this need.

**Student Tuition Need [TC]:** This is the amount that TADS' calculates a student needs as financial aid.

- + Allowed Tuition [AD]
- + Allowed Non-Tuition Expenses [AD]
- Student Contribution to Student Education [TC]
- Allowed Others Contribution to Student Education
- Prorated Household Contribution to Education [TC]

**Student Tuition Need [HE]:** This is the amount the family has indicated that a student needs as financial aid.

- + Allowed tuition [AD]
- + Allowed Non-Tuition Expenses [AD]
- Student Contribution to Student Education [HE]
- Allowed Others Contribution to Student Education
- Household Contribution to Student Education [HE]