

# Net Price Calculator Overview

## Tutorial Script

### 2022-23 Data Collection Cycle

On behalf of the National Center for Education Statistics – NCES – and The Association for Institutional Research – AIR – welcome to this tutorial on the Net Price Calculator.

The following tutorial includes four components. It first provides background information on the origins of the Net Price Calculator requirement. Second, it demonstrates how to use the US Department of Education's Net Price Calculator template to create a calculator for your own institution.

Third, the tutorial demonstrates using the Net Price Calculator from the perspective of a prospective student, parent or anyone else that may access the calculator on your website. Finally, it provides suggestions for institutions as you build your template.

The Net Price Calculator requirement is part of The Higher Education Opportunity Act – HEOA – of 2008 which includes new reporting and disclosure requirements. The Net Price Calculator is one of these new disclosure requirements; as such institutions must provide a Net Price Calculator on their website. This requirement does not involve reporting data to the US Department of Education.

As of October 29, 2011, any institution participating in Title IV Federal Student Aid programs has to have a calculator on its website. The Net Price Calculator is required for all Title IV institutions that enroll full-time, first-time degree or certificate-seeking undergraduate students.

Institutions are not required to use the template developed by The Department of Education. You may build your own calculator or start with the Department's calculator and modify it to fit your local needs. No matter how you proceed the resulting calculator must meet the minimum standards for disclosure as stipulated by the law.

According to the law, a Net Price Calculator is intended to help current and prospective students' families and other consumers estimate the individual net price of an institution of higher education for a student.

The calculator shall be developed in a manner that enables current and prospective students, families and consumers to determine an estimate of a current or prospective student's individual net price at a particular institution.

The calculator is not a financial aid packaging tool, and it is not intended to tell an individual what their exact net price will be. Since many students do not pay full published tuition rates for college attendance, the Net Price Calculator is intended to provide more useful consumer information about college costs after considering financial aid.

It provides students and parents with more information than the sticker price of the institution.

The definition of net price is stated in the law and is based on the price of attendance for full-time, first-time undergraduate students. If institutions do not have full-time, first-time students, they are not required to have a Net Price Calculator.

The first part of the definition is the institution's price of attendance for full-time, first-time students or the total cost of attendance. This figure includes the average annual cost of tuition and fees, food and housing, books and supplies and transportation.

The second part of the definition is average aid awarded. This is calculated by dividing the total need and merit-based federal, state and institutional grant aid awarded to full-time, first-time students by the number of full-time, first-time students receiving such aid. Institutions also report this by student EFC. The final step in the calculation of the institution's net price is the total cost of attendance minus average aid awarded.

This concludes the Net Price Calculator Overview tutorial. Additional tutorials on creating a Net Price Calculator, using a Net Price Calculator, and Net Price Calculator Suggestions are also available.