



To: Minerva Students
From: Minerva Senior Leadership Team
Date: April 16, 2020
Re.: Current Student Finance Issues and Demands

PREFACE

Before we address specific concerns or questions about financial aid policy at Minerva it is important that we reiterate our underpinning principles and philosophy around financial aid.

We believe that talent is broadly distributed around the world and across socioeconomic levels.

Because of this, we created an institution that has socio-economic accessibility at the heart of our operational philosophy. We believe that there are four responsible parties when it comes to higher education.

The most important party is the university itself and its job is a simple one--provide the highest quality educational outcome at the lowest possible cost. It is no accident that if you just look at tuition and fees (since room and board costs at American urban universities is roughly the same as Minerva's), Minerva charges about a third of what other highly selective, private non-profit universities do. At the same time we are the only highly selective university in the United States that offers 100% of our classes in classes of 20 or fewer students. We are also the smallest among highly selective institutions which makes our low tuition and fees that much more remarkable and challenging. Liberal arts colleges that charge three times what we charge and have four times as many students still run massive operational deficits that need to be covered by large endowments. Despite that fact, whereas in those institutions more than half of students are full pay, at Minerva, about 80% of our student body is on some form of financial aid sourced by Minerva. To be clear, though Stanford, as an example, claims that 70% of their students receive some form of assistance to attend Stanford from any source, only 47% are actually eligible for aid from Stanford itself.

However, funding a student's education is not just the responsibility of the institution, it is also the responsibility of that student's family. We expect the family to contribute the maximum possible for them, however uncomfortably. We realize that many families make sacrifices for the benefits of their children and we recognize that even with those sacrifices the large majority of our families cannot afford our already lowered program costs.

This is where the third responsible party comes in, which is the student. This is why the first \$10,000 of a student's annual cost is borne by the student who benefits from financial aid at Minerva, either through loans (that are heavily subsidized by Minerva) or through work study opportunities (again heavily subsidized by Minerva). But even with Minerva keeping costs as low as possible, families contributing as much as they possibly can, and students both working and taking on loans to be paid off in the future, more than 70% of our students still cannot meet the financial obligations necessary to enroll in Minerva.

That introduces the fourth responsible party which is the philanthropist (and in some cases outside of Minerva, governments). There is no market for scholarship funds--it is a charity. Those who choose to donate to Minerva students are those animated by the same principle we quoted above--and they are passionate about providing access to a Minerva education to students no matter what their financial capacity is. But they insist, as well they should, that the institution, the family of the student, and the student themselves sacrifice as much as is rationally possible before relying on the philanthropist and in turn the philanthropists' family to support a student they have never met before.

So far, we have secured commitments of \$35M to fund the set up of Minerva as an independent entity and the students who require financial assistance to attend it. This is on top of the nearly \$100M spent by the Minerva Project to establish and fund MSKGI in its first few years and provide a long-term endowment that we hope, ten or so years from now will be able to fund the long-term scholarship needs of our students. We still need to raise an additional \$35M or so in the coming years to be able to let the scholarship fund grow in value to the point where it makes Minerva University self sustainable. It also means that unless every student and their family contributes the most they possibly can, those funds will be depleted and the likelihood that Minerva will be able to maintain its admissions policy will be heavily compromised.

Why is this context important to understand given the questions you have below? We think for two important reasons:

- 1) Our resources are finite and precious. However, when you look at next year's packages compared to this year's, 93% of scholarships provided to the same students have either stayed the same or increased and 78% of family contributions have either decreased or stayed the same and 2/3rds of family contributions that increased reflected the published increase in tuition and fees or less. I think it is obvious that the 7% of scholarships that have decreased or the 8% of family contributions that have increased beyond the published increase in tuition and fees, did so for particular reasons. I think it is also obvious that we are not at liberty to discuss any of those particular cases not only for FERPA reasons but for respect for our students and their families. I will say this: since the large majority of students have benefitted from an increase in their scholarship or from a family contribution that has stayed the same or

decreased year over year, an impartial observer would have a very hard time coming to a conclusion that the institution was implementing a regressive policy across the board. It is important to bring up questions and to see if mistakes were made in certain categories of cases (as indeed there was a mistake made in calculating the elements of financial aid for Manifest for M21 students which has since been fixed) but issuing demands in the face of this kind of data is perhaps not the best application of #audience, #levelsofanalysis, #constraints, or any number of other HCs.

- 2) Because we believe that we have to operate in the leanest of possible ways our propensity is to be highly frugal stewards of your and our sponsors money. There are areas that we refuse to compromise on. It would be much cheaper to teach one giant section for each cornerstone on Forum 2.0 and reduce the cost of instruction, to spend the average of what universities spend on Counseling & Psychological Services as opposed to index to the top 0.1%, to have impersonal career services as opposed to coaching and talent development, to let you be tourists in your various rotation cities as opposed to provide a carefully designed student experience, etc. But these things would compromise the educational outcome you get from Minerva and we have determined that the resulting costs are therefore crucial to be spent. But there are other areas at Minerva in which we consciously spend very little money and reduce those costs as we build expertise and processes in place. When we first built out the Minerva curriculum we had an academic administrative structure of five deans for the five colleges, next year we will have one dean of faculty supported by a broad and deep bench of now expert Minerva faculty. When we selected the Founding Class we spent \$100,000 per matriculated student just to find them. Next year we will spend less than \$10,000 as our brand has propagated and selection processes have been honed. And we run our bursar, registrar, visa, financial aid, and housing operations at a budgetary level that would make any other university administrator's head spin. Administrative overhead is expensive and though these services are crucial for Minerva to effectively operate, we make sacrifices to keep costs low. Every employee who would cost \$100,000 (salary, benefits, travel, expenses, etc) would cost every undergraduate another \$150 per year. Every increase in expenses along those lines cannot be justified to a donor and therefore has to be borne by students and their families. That may be fine for some but you should question if you want to advocate for the imposition of those additional fees on your fellow schoolmates and to what end. Will response times get faster--I am sure they will. Will questions be able to be answered rather than be looked up in a FAQ--with certain investment levels, yes. But is that the right tradeoff to increase costs and therefore limit access to Minerva? Our perspective has always been that it isn't.

Though this is a lot of context, and much of it you may have heard us say before or read in various materials we publish, we thought it would be important grounding for our conversation on Friday. Below you will also find some specific thoughts when it comes to the various points you have raised collectively.

RESPONSES TO STUDENT DEMANDS

Student Demand I

We demand that for any change to policies in the student handbook the administration sends out a formal announcement including the old text of the policy, the new text, and an explanation to highlight adjustments to the student handbook such that students can understand how and why the policies have changed. There should be a single place for this history of policy changes for students to reference and understand how and when the policies changed.

Senior Team Response

The Student Handbook is published each year before June 30 so that students have access to policies and procedures well before the fall term. In past years Minerva has invited ASM to work with us on a summary of changes to make it easier for students to follow along, but so far nothing has come of that initiative. In order to promote student awareness of the changes, in summer 2019 Minerva posted one or two policy/procedure changes each week in the news for all students. We described the changes and why they were made, hoping to make it easier for students to see and understand them without having to go through the handbook. This summer, we will publish a compiled list of the changes with an explanation. In addition, Dean Chandler always highlights any changes in academic policies during Elevation and with portal announcements.

Student Demand II

We demand that Minerva hire at least one additional staff member for the financial aid department to provide more direct support for students, ensure the timely release of information and bills, and to process the applications. Having one person for ~600 students is insufficient.

Senior Team Response

As everywhere in Schools' operations, Minerva keeps staffing expenses down to the bare minimum that we determine to be viable in order to avoid costs that would have to be levied onto students through increased tuition and fees. It is easy to calculate that one additional staff position will add about \$150 per student per year, or -- to express it in a different way -- require the elimination of about five full scholarships. Also, the effort needed to administer the financial aid program is not entirely but largely a function of student behavior, which determines how efficient Minerva can be. How many reminders do we have to send? How often are the financial aid applications in a state that require additional

back-and-forth? How often could student questions be answered by studying Minerva's website, student handbook, or materials instead of by utilizing staff time? Lastly, though we have one full time person dedicated to financial aid, both this year and last year we have hired temporary help for peak periods in that department and our Chief Financial Officer spends a substantial amount of time on financial aid.

Student Demand III

We demand that in the release of financial aid packages, in addition to the total financial aid available, Minerva would specify the total annual cost, the actual cost to attend, and the breakdown of financial aid in scholarship, work-study, and loan. This should include an expected family contribution to be indicated in both USD and the student's home currency, so that currency devaluations don't impede a student's ability to pursue their education.

Senior Team Response

Minerva will improve the dissemination of this information and help students obtain a realistic picture of the financial expectations they'll be facing. Currently we do specify the breakdown of financial aid within the financial aid packages.

Exposure from currency fluctuations is a real financial risk and there is a lot of it to go around. With our global operations, Minerva carries and manages a huge part of that risk. We cannot assume all of the risk and shield students and parents entirely from currency fluctuations as this would make financial planning and budgeting unduly hard and more expensive.

Student Demand IV

We demand that along with the release of financial aid packages, that the cost of each term bill, including the cost of each bill as an optional installment plan, be made available such that students would be fully informed of their costs and payment options.

Senior Team Response

Minerva will include clearer instruction on where to find this information and what steps to take to initiate an installment plan for term bills.

Student Demand V

We demand that with any change in the cost of fees that this information be promptly shared with students with an adequate explanation for the changes. These changes should be communicated as an official announcement through email with specific dates of payment and/or refunds.

- This includes clearer communication and open dialogue on Manifest refunds for M20.
- This includes clearer communication and open dialogue on prorated refunds for the Spring 2020 semester.

Senior Team Response

Minerva never charges fees without posting them for all students to see. The tuition and fee schedule is published in the EHC in March and in the SH in May each year and is on the Hub and MSKGI website. This year one change was made to the fee schedule after the SH was published. This was to eliminate the premium housing fee and replace it with a remote/off rotation fee. We did this to clarify and streamline fees -- as the premium housing fee was complicated to understand and administer. We also need students who deviate from the prescribed rotation to carry some of the additional costs incurred in the handling of their alternative path. This information was shared in advance of adoption with ASM in February, was posted and noticed in the portal February 24, and included in the EHC published to all March 1.

We acknowledge that the changes forced upon us in operationally dealing with the COVID-19 pandemic and particularly its implications for student billing have been quite overwhelming. We have tried to communicate openly and clearly with students, but understand if that is still perceived as insufficient. [Memo March 17](#). Assessing recoverable costs, adjusting budgets, redoing student term bills, recalculating scholarships and scholarship taxes is a significant task that unfortunately requires some time to be done accurately.

Information on the possibilities and limitations of refunds for the Spring 2020 semester were published to students [here](#).

Student Demand VI

We demand that any investigation by the financial aid team follow a list of specific guidelines that have been made available to students to understand the process and ensure that privacy is being respected while facilitating Minerva's ability to investigate as necessary.

Senior Team Response

Students who apply for financial aid are required to provide any and all information requested about their financial capacity. If a student appears to have a source of money that was not disclosed, they can be asked to provide additional information. As stated in the Student Handbook, "The Financial Aid Office reserves the right to void any award and to recommend disciplinary action against the student if it is determined that the student or parent provided incomplete, incorrect, false, or misleading information on the financial aid application or in supporting documentation." If we have information that indicates that a student has not been honest or complete in applying for financial aid, we ask the student to explain and to provide information explaining the situation. We do not share information about students' finances with anyone outside of need-to-know Minerva personnel.