



College Funding and Financial Aid Workshop

November 2023

Jane T. Robbins

Big Ideas and Key Take-Aways

- ▶ “Hope is not a plan”
- ▶ Act with integrity and start early (December 2023 new FAFSA)
- ▶ Focus on Net Price when comparing award packages
- ▶ Have “frank family discussion” about college funding *before* applying to schools
- ▶ Include a “Financial Safety School” on your college list
- ▶ SAI is based on parents’ *ability* to pay, not *willingness* to pay
- ▶ Explore multiple financial aid options and reapply annually

What is financial aid?

- ▶ Funds provided to students and families to help pay for postsecondary education expenses
- ▶ Two categories of financial aid:
 - Need-based – financial considerations
 - Merit-based – talents, skills, and achievements
 - (athletic, academic, artistic, leadership, or service)

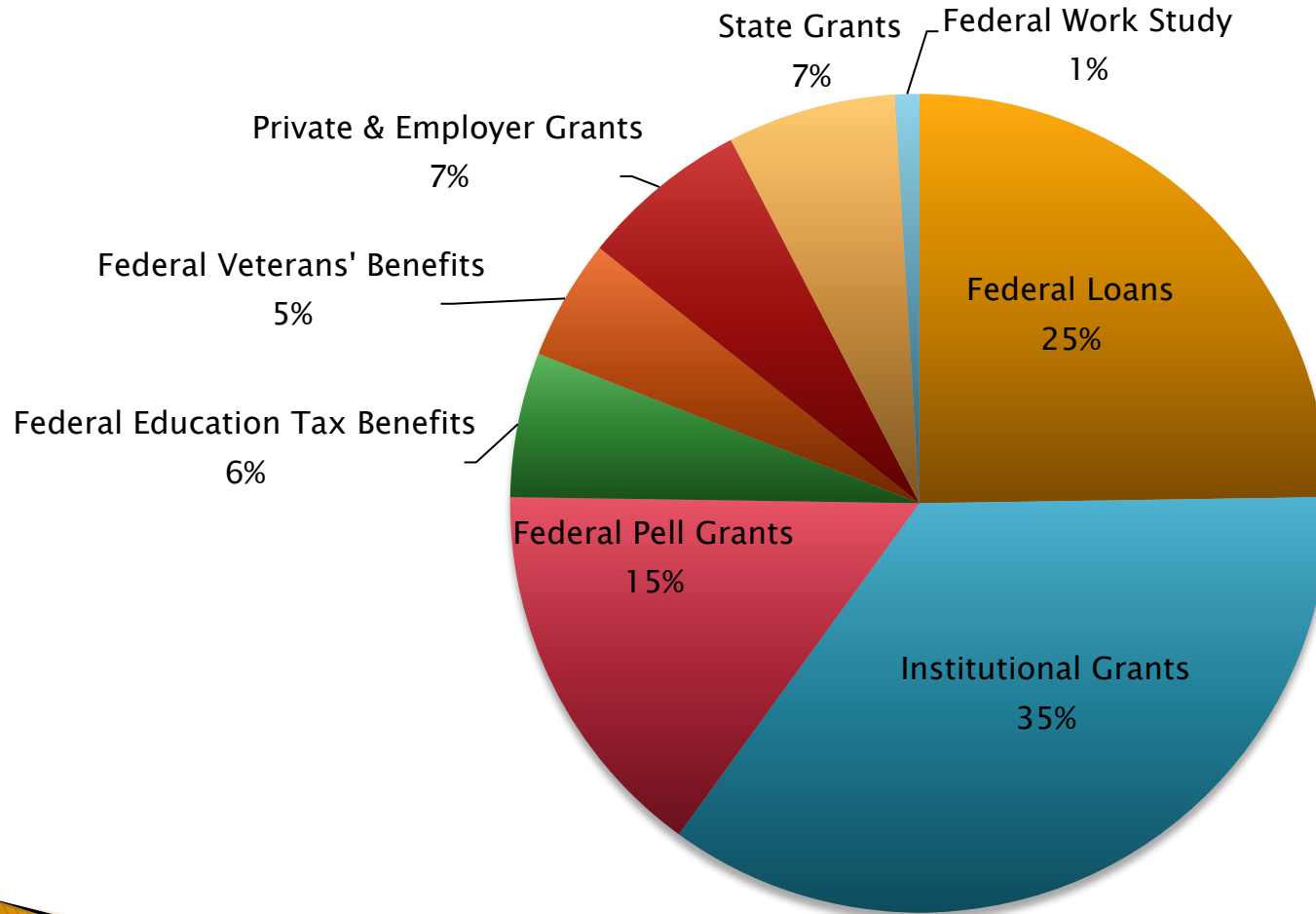
What are the guiding principles of need-based aid?

- ▶ Primary responsibility to pay falls to family
- ▶ Families contribute to extent able
- ▶ Income and assets reflect financial strength
- ▶ Similar treatment for similar circumstances
- ▶ Expect more from those with greater resources
- ▶ Aid eligibility based on annual “snapshot”
- ▶ Unusual family circumstances considered

Types of Financial Aid

- ▶ Gift Aid (“Free Money”)
 - Grants – Need-based
 - Scholarships – Merit-based
- ▶ Self-Help
 - Loans – Need and non need-based
 - Employment – Work-Study

Total Undergraduate Student Aid by Source and Type (2021–2022)



Source: The College Board, Trends in College Pricing and Student Aid 2022, Figure SA-3.

Sources of Financial Aid

- ▶ Federal Government
 - Grants (Pell, SEOG, TEACH)
 - Loans (Stafford, Perkins, Parent PLUS)
 - Work-Study
- ▶ State of Florida
 - Grants (FSAG, FRAG, First Gen. Matching Grant)
 - Scholarships (Bright Futures, teachers, minorities)
- ▶ Colleges and Universities
 - Institutional grants and scholarships
- ▶ Private Sources
 - Scholarships (civic organizations, religious groups, employers)

Preliminary Planning: Finding “Best Fit” Schools

- ▶ “Financial Fit” must also be considered
- ▶ Know your financial situation
 - “Frank family discussion” regarding resources
 - Who is paying, and how much?
 - Are you willing to take loans or be employed?
- ▶ Understand “Total Cost of Attendance”
- ▶ College costs and aid policies vary widely

What is included in the Total Cost of Attendance (“TCA”)?

- ▶ Direct or “Hard” Costs
 - Tuition and fees
 - Room and board
- ▶ Indirect or “Soft” Costs
 - Books and supplies
 - Transportation
 - Miscellaneous personal expenses
(computer, cell phone, travel, clothing, recreation)

What is Student Aid Index (“SAI”)?

- ▶ An index number used to determine amount of need-based federal financial aid a student is eligible to receive (replaces old “EFC”)
- ▶ Stays same within each academic year (regardless of school) but may change from year to year
- ▶ Calculated annually based on income and asset information provided on FAFSA

How is eligibility for need-based financial aid determined?

▶ Basic Formula

$$\begin{aligned} & \text{Total Cost of Attendance} \\ & - \textit{minus} \\ & \quad \underline{\text{Student Aid Index}} \\ & = \text{Demonstrated Financial Need} \end{aligned}$$

How do students apply for need-based financial aid?

- ▶ FAFSA (Federal)
 - Free Application for Federal Student Aid
 - Federal Methodology used to calculate SAI and eligibility for federal aid
- ▶ CSS/Financial Aid PROFILE
 - College Board
 - Institutional Methodology used to determine institutional aid eligibility
- ▶ At school's discretion:
 - Both parent's financial information
 - Tax returns and W-2 forms
 - Institutional Application

Complete the FAFSA[®] Form

Use the *Free Application for Federal Student Aid* (FAFSA[®]) form to apply for financial aid for college or graduate school.

New to the FAFSA[®]

Completing the FAFSA form is

[Start Here](#)

Returning User?

[Correct info](#) | [Add a school](#)

[View your Student Aid Report](#)

[Log In](#)



FAFSA Basics

- ▶ Filed online via **studentaid.gov**
 - Simplified new form to reduce errors and time to complete
 - Offers detailed instructions and “help” for common questions
- ▶ Avoid FAFSA.com and FAFSA-application.com “Don’t pay a fee for a process that is FREE.”
- ▶ Must be completed annually; know your deadlines
- ▶ Can first be filed in December* for next academic year
- ▶ Requires both a student FSA ID and a parent FSA ID
- ▶ Now provides Federal Direct Data Exchange
 - Imports Federal Tax Information (requires consent)
- ▶ All students should file, regardless of income level
- ▶ After filing, will receive FAFSA Submission Summary

Before Beginning FAFSA

- ▶ Gather needed documents (income and asset info)
 - Parents' and student's filed Federal Income Tax Returns
 - Parents' and student's W-2 Forms
 - Asset information (checking, savings, and investment accounts; 529 plans; rental properties; etc.)
- ▶ Current seniors, use 2022 Tax Returns = "Prior Prior Year"
- ▶ Current juniors, use 2023 Tax Returns = "Prior Prior Year"
- ▶ If didn't file, ESTIMATE based on immediately prior year's Tax Return (will need to correct FAFSA later)
- ▶ Complete FAFSA on the Web Worksheet
- ▶ Apply for FSA ID

Apply for Your FSA ID

- ▶ Federal Student Aid ID – studentaid.gov/fsa-id/create-account/launch
- ▶ Secure username and password (user-selected)
- ▶ FSA ID used to sign, access, and correct FAFSA and to access other FSA websites
- ▶ Parents' FSA ID may be used for multiple children
- ▶ Each student must have his/her own FSA ID
- ▶ FSA ID used in subsequent years (but PW updated)
- ▶ May take 1-3 bus. days to verify FSA ID application information with Social Security Administration

What is “Federal Direct Data Exchange”?

- ▶ Automatically imports federal income and tax information from IRS database into the FAFSA
- ▶ Enables simplified FAFSA (fewer questions, quicker filing, fewer errors, speedier processing, imported tax information deemed “verified”)
- ▶ *FAFSA filers required, as condition of federal financial aid eligibility, to consent to federal direct data exchange (no longer optional)*
- ▶ Consent required even if didn’t file tax return
- ▶ Not available in certain situations (e.g., foreign earned income, joint filers who later divorced)

Are there instances where a student is independent?

- ▶ A student can be independent (self-supporting) IF:
 - Is 24 years of age
 - Is married (not divorced)
 - Is pursuing a graduate degree
 - Is in the Armed Forces (excluding training) or a veteran
 - Has a child **and** provides more than 50% support
 - Is orphaned or is/has been a foster child
 - Has been emancipated by a state court
 - Has a court-appointed legal guardian
 - Is homeless or self-supporting and at risk of being homeless

Who Is A Parent?

- ▶ FAFSA Instructions:
 - “Dependent students will be required to include on the FAFSA income and other information from the dependent student’s legal parents (biological or adoptive) regardless of the parents’ marital status or gender, if those parents live together.”

What if parents are divorced or legally separated, and do not live together?

- ▶ Parent who provides more financial support files the FAFSA (regardless of where student lives)
 - Must include Step-Parent Income, if any
- ▶ Parent who provides less financial support
 - Income not included on FAFSA
 - Income IS included on CSS PROFILE

Common FAFSA Errors

- ▶ No student and/or parent signature (FSA ID)
- ▶ Divorced/remarried parent information missing
- ▶ Income earned by parents/step-parents not included
- ▶ Untaxed income not reported
- ▶ Federal income taxes paid reported as taxes withheld
- ▶ Family size not correctly calculated
- ▶ Under-estimating net worth of real estate and investments
- ▶ Mis-identifying ownership of 529 Plans (Education Savings Plans, Prepaid Tuition Plans)

CSS Financial Aid PROFILE

- ▶ cssprofile.org (administered by College Board)
- ▶ Required by 400+ colleges and universities (mainly privates and a few public elites)
- ▶ Application is customized to tailor to methodology of individual schools
- ▶ \$25 Filing Fee; \$16 Add'l Report Fee (may be waived for families making up to \$100,000/yr.)
- ▶ Considers more information than FAFSA

How are the Student Aid Index (FAFSA) and the Expected Family Contribution (CSS PROFILE) determined?

- ▶ Two different methodologies:
 - FAFSA: Federal Methodology
 - CSS PROFILE: Institutional Methodology
- ▶ Both take into account:
 - Parents' income and assets
 - Student's income and assets
- ▶ Each considers other different factors

What income level might result in a \$10,000 SAI?

- ▶ Three example families:
 - Family A' s income = \$135,000
 - Family B' s income = \$87,000
 - Family C' s income = \$61,000
- ▶ All have roughly a \$10,000 SAI
- ▶ How might this occur?
 - Hint: SAI formula takes into account multiple factors

What are outside resources?

- ▶ Funds (often scholarships) from sources **other than** the college or university, including:
 - Clubs and civic organizations
 - Religious institutions
 - Employers
 - Foundations
- ▶ Certain types of benefits (military)
- ▶ Private gifts

What can outside scholarships do? What can't they do?

▶ Can...

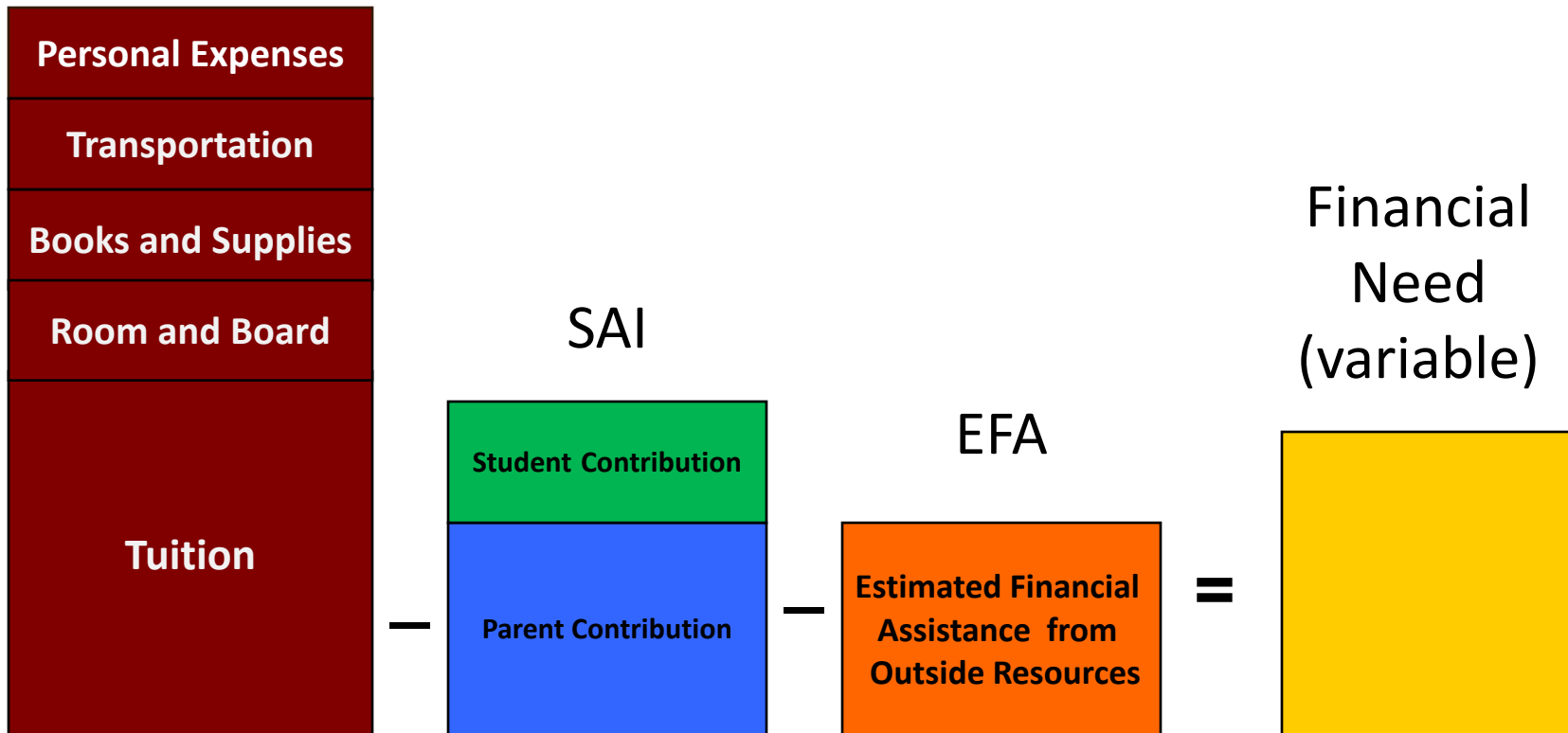
- Meet unmet need (fill “The Gap”)
- Replace loans
- Replace student employment

▶ Can't...

- Replace SAI in need-based award

Recap: What is Financial Need?

Costs (variable)



What happens after you apply for financial aid?

- ▶ Students are emailed link to FAFSA Submission Summary
- ▶ Results are sent to schools listed on financial aid application
 - Schools' Financial Aid Offices then “package” aid
 - Financial Aid Award Letters or Notices are issued
- ▶ Additional forms or steps may be required
 - FAFSA corrections (late tax filers, changed family circumstances due to parent divorce, remarriage, or death)
 - Verification of information submitted via IRS Tax Transcript or Tax Receipt (but only if Federal Direct Data Exchange couldn't import required data)
 - Responses to follow-up questions
 - Loan Applications

Understanding Your Financial Aid Award

- ▶ Compare Financial Aid Awards
 - Focus on Net Price, Unmet Need, Loans vs. Grants, Scholarships, Work-Study
 - Net Price = TCA minus Gift Aid (Grants/Scholarships, aka “Free Money”)
- ▶ Use tools
 - College Navigator, College Scorecard, and Loan Repayment Calculators
 - CFPB’s, FinAid’s, and Edvisors’s Financial Aid Comparison Tools
- ▶ Communicate with Financial Aid Office; “Ask and ask again”
 - Consider multiple funding sources and strategies
 - Use appeal process if family circumstances change
- ▶ Understand terms and conditions of all aid awarded
- ▶ Respond to offers of aid (and admission)
 - Complete follow-up steps to secure offered aid
 - Notify your chosen school of outside scholarships

Comparing Financial Aid Awards: \$10,000 SAI Family

	Private #1	Private #2	Private #3	Public U.
Total Cost	\$88,150	\$82,730	\$64,157	\$23,150
Student Aid Index (SAI)	\$10,000	\$10,000	\$10,000	\$10,000
Financial need	\$78,150	\$72,730	\$54,157	\$13,150
Merit aid	\$0	\$0	\$15,000	\$7,000
Need-based grant (Inst'l)	\$75,350	\$66,830	\$10,000	\$0
Student loan	\$0	\$2,500	\$5,500	\$3,000
Work-Study	\$2,800	\$3,400	\$2,500	\$1,000
Total aid	\$78,150	\$72,730	\$33,000	\$11,000
Unmet need	\$0	\$0	\$21,157	\$2,150
NET PRICE	\$12,800	\$15,900	\$39,157	\$16,150

How can families more accurately estimate the “Net Price” of college?

▶ Net Price Calculators

- Found on individual college websites (federally mandated)
- Family enters income and asset data
- Net price based on first-year full-time student (Net Price = TCA - Grants/Scholarships)
- Calculators differ by institution and generate Net Price to individual family

▶ College Navigator

- Federal online college comparison tool (TCA, Average Cumulative Indebtedness)
- Displays Average Net Price by family income levels

▶ College Scorecard

- Federal online college search engine focused on college affordability and value (ROI)

“Know Before You Owe” Student Loan Repayment Calculator

- ▶ Mapping Your Future Student Loan Calculator Input
 - Your Loan Amount [**\$28,426, NYU example**]
 - Your Interest Rate or Designated Interest Rate [**5.5%, Stafford 2023-2024 rate**]
 - Your Loan Term or Designated Loan Term [**10-yr term**]
 - Minimum payment [**\$50 for Stafford Loans**]
- ▶ Mapping Your Future Student Loan Calculator Output
 - Your Estimated Monthly Payment (principal plus interest) [**\$308.50**]
 - Your Total Amount Repaid (principal plus interest) [**\$37,020**]
 - Your Annual Earnings needed to support loan repayment, two options:
 - Earnings equal to original loan principal [**\$28,426**]
 - Earnings sufficient for monthly payments to equal 8% of gross income [**\$46,275**]

Financial aid not enough? Self-help options to fill the gap:

▶ Private Scholarships

- Often lower dollar, but can add up
- Most local organization scholarships are merit AND need-based
- Are they automatically renewing or must you reapply?

▶ Parent Loans

- Federal Direct Parent PLUS Loan
- Private loan to student and/or parent (cosigner required?)

▶ Alternative Funding Strategies

- Shorten length of undergrad education by claiming AP, IB, and DE credit
- Choose another college with lower TCA and/or better financial aid award
- Begin at community college and transfer later

Merit-Based Scholarships

- ▶ Based on student's achievements and talents
- ▶ Largest source is from schools themselves
- ▶ FL Bright Futures Program (GPA, Test Score, Service Hrs.)
- ▶ Financial need typically not a dominant factor
- ▶ Procedures for being considered vary
 - Nomination
 - Scholarship application with essays
 - Admission application and decision
 - Recommendation letters
- ▶ Must meet eligibility requirements and deadlines
- ▶ Recruiting or rewarding? "Enrollment Management Tool"

What questions should students ask about merit-based awards?

- ▶ Is the scholarship renewable each year?
- ▶ If so, what are the requirements for renewal?
(minimum GPA, certain major, full enrollment status)
- ▶ Will the scholarship affect need-based aid?
- ▶ Can the scholarships be stacked?
- ▶ Will the value of the scholarship change over time?
- ▶ Can the scholarship be used to fund study abroad?

What other options are available to help families pay for college?

- ▶ 529 Plans (Education Savings Plans, Prepaid Tuition Plans)
- ▶ Coverdell Education Savings Accounts (ESA's)
- ▶ UGMA/UTMA Accounts
- ▶ U.S. Savings Bonds
- ▶ Roth IRA's
- ▶ Investment accounts designated for education
- ▶ Summer and/or academic year student employment

Tips and Reminders

- ▶ Use financial aid tools on *PVSCollegeCounseling.com*
- ▶ Be aware of schools' financial aid policies (need vs. merit aid)
- ▶ Recognize differential or preferential packaging
- ▶ Deadlines are important, know and meet them
- ▶ Avoid scholarship scams
- ▶ Weigh Early Decision considerations (on both admissions and financial aid sides)
- ▶ Know your loan terms and conditions
- ▶ Understand basic formula for need-based aid
(TCA minus SAI equals Demonstrated Need)

What should families keep in mind as they move forward?

- ▶ “Hope is not a plan”
- ▶ Act with integrity and start early (December 2023 new FAFSA)
- ▶ Focus on Net Price when comparing award packages
- ▶ Have “frank family discussion” about college funding *before* applying to schools
- ▶ Include a “Financial Safety School” on your college list
- ▶ SAI is based on parents’ *ability* to pay, not *willingness* to pay
- ▶ Explore multiple financial aid options and reapply annually

Financial Aid Online Resources

- ▶ www.PVSCollegeCounseling.com- Recommended Portal
- ▶ Quick links available from there regarding:
 - FAFSA and CSS PROFILE
 - Federal Student Aid ID
 - Net Price Calculators
 - Federal Student Aid (studentaid.gov)
 - Federal Student Aid Estimator
 - College Navigator
 - College Scorecard
 - Financial Aid Award Comparison Tools
 - Student Loan Repayment Calculators
 - Scholarship Search Engines
 - College Affordability/ROI Comparison Tools



College Funding and Financial Aid Workshop

November 2023

Jane T. Robbins