

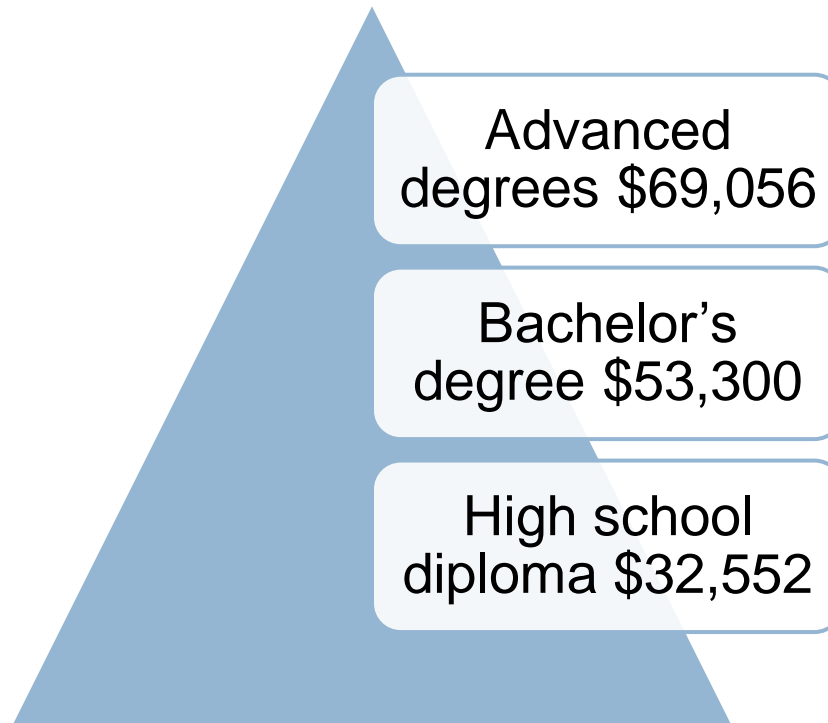
# Financial Aid

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# The Value of a College Education

According to the US Bureau of Labor Statistics in 2009, average yearly earnings are higher for college graduates:



# Financial Aid Myths

- ❑ Students with highest GPAs get all the aid
- ❑ Income is too high, we won't qualify
- ❑ I have to attend the school the offers the most aid
- ❑ Cost is the only way to compare schools
- ❑ Deadlines are not important

# Goals of Financial Aid: Affordability

- To provide Access -- regardless of income
- To provide Choice -- regardless of cost
- To Recruit -- desirable students
  
- Consider Net Cost not Sticker Price

*Paying for college is a “partnership” between the student, parents, college, government, and outside sources*

# Principles of Need Analysis

- To the extent they are able, parents have primary responsibility to pay for their dependent children's education
- Students also have a responsibility to contribute to their educational costs
- Families should be evaluated in their present financial condition
- A family's ability to pay for educational costs must be evaluated in an equitable and consistent manner, recognizing that special circumstances can and do affect its ability to pay

# What is the EFC?

- Amount family can reasonably be expected to contribute (Expected Family Contribution)
- Stays the same regardless of college
- Two components
  - ▣ Parent contribution
  - ▣ Student contribution
- Calculated using FAFSA data and a federal formula

# Financial Aid Formula

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Cost of  
Attendance

- Expected  
Family  
Contribution

= Financial  
Need

# EFC for Dependent Student

Step 1: Determine available parental income

Total income (taxed and untaxed)

- Excludable income (e.g., child support paid)
  - Taxes paid (i.e., federal, state, local, Social Security)
  - Income protection allowance for basic living expenses (e.g., food, shelter, etc.)
  - Employment allowance (if eligible)
- = Available income (may be negative)

# EFC for Dependent Student

Step 2: Determine available parental assets

Value of cash, savings, and checking accounts

+ Adjusted business/farm net worth (total value  
minus debt against business/farm)

+ Investment/real estate net worth (excluding  
home)

– Education savings and asset protection  
allowance (determined by age of older parent)

x Asset conversion rate (12%)

= Parental contribution from assets

# EFC for Dependent Student

Step 3: Determine portion of available parental income and assets available for education

Available income

+ Contribution from assets

= Adjusted available income (AAI)

x Assessment rate (varies)

= Total parental contribution

÷ Number attending college (excluding parents)

= Parental contribution for student

# EFC for Dependent Student

Step 4: Determine student contribution

Total income (i.e., taxed and untaxed)

- Excludable income
  - Taxes paid (i.e., federal, state, local, and Social Security)
  - Income protection allowance
  - Parental adjusted available income if  $< \$0$
- = Student's available income

# EFC for Dependent Student

Step 4: Determine student contribution

Student's available income

x 50% assessment rate

= Income contribution from student

+ 35% of the student's net asset worth

= Student contribution

# EFC for Dependent Student

Parental  
contribution  
from income  
and assets  
(adjusted for  
number in  
college)

+ Student  
contribution  
from  
available  
income and  
assets

= EFC

# Need Varies Based on Cost

Cost of Attendance (variable)

Typical Cost of SUNY 4 Year School: \$21,120\*

Typical Cost of Community College: \$16,970\*

Typical Cost of Private 4 Year College: \$39,990°

Subtract EFC (constant)

Equals Need (variable)

\*Taken from [http://www.suny.edu/student/paying\\_tuition.cfm](http://www.suny.edu/student/paying_tuition.cfm). Include room and board.

°Figure represents 2011-12 cost for St. Bonaventure University

# Aid Varies by School

## St. Bonaventure University

Published Cost of Attendance: \$39,990

Estimated Grants/Scholarships: \$16,000

Estimated Loans/Work Study: \$9,500

Yearly Out of Pocket Cost: \$14,490

## University at Buffalo (SUNY)

Published Cost of Attendance: \$19,474

Estimated Grants/Scholarships: \$2,510

Estimated Loans/Work Study: \$9,154

Yearly Out of Pocket Cost: \$7,810

## Monroe Community College

Published Cost of Attendance: \$16,989

Estimated Grants/Scholarships: \$91

Estimated Loans/Work Study: \$10,244

Yearly Out of Pocket Cost: \$6,654

Information from school websites/Net Price Calculators, based on a student with a 90% GPA, 1150 SAT, \$10,000 EFC

# Net Price Calculator

- In accordance with the *Higher Education Opportunity Act* of 2008 (HEOA), by October 29, 2011, each postsecondary institution that participates in Title IV federal student aid programs must post a net price calculator on its website that uses institutional data to provide estimated net price information to current and prospective students and their families based on a student's individual circumstances. The net price calculator is required for all Title IV institutions that enroll full-time, first-time degree- or certificate-seeking undergraduate students.
- [http://nces.ed.gov/ipeds/resource/net\\_price\\_calculator.asp](http://nces.ed.gov/ipeds/resource/net_price_calculator.asp)

# Financing a College Education

- Combination of resources --
  - Family
  - Federal Government
  - State Government
  - College
  - Private Sources

# Financing a College Education

## Historical approach

- 1. Work, pay as you go, or save up enough money

## Current approach

- 1. Past - save start early, systematic, plan ahead
- 2. Present - adjust lifestyle, current income, grants and scholarships
- 3. Future - loans, long term payments

# Financial Aid Applications

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- Free Application for Federal Student Aid (FAFSA)
- Institutional Financial Aid Application

# FAFSA

- Free
- A standard form that collects demographic and financial information about the student and family
- Use it to apply for federal and state student grants, work-study, and loans
- [www.fafsa.gov](http://www.fafsa.gov)

# FAFSA

- Information used to calculate the Expected Family Contribution or EFC
- Colleges use EFC to award financial aid
- 2012-13 FAFSA available on January 1, 2012



START HERE  
GO FURTHER  
FEDERAL STUDENT AID™

**FAFSA**  
Free Application for Federal Student Aid

# Student Financial Aid PIN

- Web site:  
[www.pin.ed.gov](http://www.pin.ed.gov)
- Sign FAFSA electronically
- Can request PIN before January 1, 2012
- Not required, but speeds processing
- May be used by students and parents throughout aid process, including subsequent school

The screenshot shows the Federal Student Aid PIN website. At the top left is the logo with the text "START HERE GO FURTHER FEDERAL STUDENT AID". To the right is the text "Federal Student Aid PIN". Below the logo is a navigation menu with links: "PIN Home", "Help", "Contact Us", "FAQs", and "About Us". The main content area has a heading "Welcome to the Federal Student Aid PIN Web site" with a decorative graphic of blue dots. Below this is a paragraph: "This Web site is your source of information for the Federal Student Aid PIN." and another paragraph: "Your PIN can be used each year to electronically apply for federal student aid and to access your U.S. Department of Education records online. If you receive a PIN, you agree to not disclose or share your PIN with anyone. Your PIN serves as your electronic signature and provides access to your personal records. You should never give your PIN to anyone, including commercial services that offer to help you complete your FAFSA. Be sure to keep your PIN in a safe place." On the left side, there is a vertical menu with links: "Apply For A PIN", "Check PIN Status", "Request A Duplicate PIN", "Change My PIN", "Update My Personal Information", "Disable My PIN", "Reestablish My PIN", and "Activate My PIN". Below this menu is a "Helpful Links" section with two links: "Student Aid on the Web" and "Links to Federal Student Aid Electronic Services". On the right side, there is a blue box with the text "Apply For a PIN" and "The PIN Application is for students and parents to apply for a new Federal Student Aid PIN." and a blue button that says "APPLY NOW".

# Tips Before Starting

- Read instructions
- Do not complete and send prior to January 1st
- Do not need to have tax returns completed
- Do not have to wait until accepted for admission
- All info “as of the date you complete the form”

# IRS Data Retrieval Tool

- Dept. of Ed and IRS developed a solution to simplify FAFSA completion
- While completing FAFSA applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer's identity
- If match found, IRS sends real-time results to applicant in new window
- Applicant chooses whether or not to transfer data to FAFSA

# IRS Data Retrieval Tool

- Available late January 2012 for 2012–13 processing cycle. Within a couple of weeks for electronic tax filers and a little longer for paper filers
- Participation is voluntary
- Could reduce documents requested by financial aid office

# Special Circumstances

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- Change in employment status
- Medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses

# Federal Aid Programs

- Federal Pell Grant
- FSEOG
- Federal College Work-Study Program
- Federal Perkins Loan
- William D. Ford Direct Loan
- Subsidized Federal Direct Loan
- Unsubsidized Federal Direct Loan
- Parental Loan for Undergraduate Students (PLUS)

# State Grants

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- New York State Tuition Assistance Program (TAP)

# College Aid

- Academic Scholarships
- Other merit-based scholarships
  - ▣ athletic, music, art, leadership, etc.
- Endowed Scholarships
- Need-based Grants

# Other Sources

- National and Community Service (AmeriCorps)
- Veterans Benefits
- Military Service Scholarships (ROTC)
- Bureau of Indian Affairs (BIA) Grants
- Vocational and Educational Services for Individuals with Disabilities (VESID)

# Private Sources

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- Local community organizations
- Alternative education loans
- Employers
- Internet

*Small scholarships add up!*

# Information on the Internet

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- [www.finaid.org](http://www.finaid.org)
- [www.college.gov](http://www.college.gov)
- [www.students.gov](http://www.students.gov)
- [www.fastweb.com](http://www.fastweb.com)
- [www.mappingyourfuture.org](http://www.mappingyourfuture.org)
- [www.collegeboard.org](http://www.collegeboard.org)
- [www.salliemae.com](http://www.salliemae.com)
- [www.nasfaa.org](http://www.nasfaa.org)

# Financial Aid Calendar for Seniors

- January/February -- apply for aid
- March/April -- receive financial aid award letter from college
- May 1st -- reply date
- Summer -- apply for loans
- September -- classes begin, aid applied to account

# Helpful Hints

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- Apply
- Beware of scams
- Pay attention to deadlines
- Role of student
- Importance of grades
- Compare
- Ask questions!



QUESTIONS?