Financial Aid...Unplugged

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Statement of Ethical Principles

- Be committed to removing financial barriers
- Be an advocate for the student at all levels
- Educate students and families through quality consumer information
- Provide services that do not discriminate
- Maintain the highest level of professionalism
The Financial Aid Office

- Is committed to removing financial barriers
- Is an advocate for the student at all levels
- Educates students and families through quality consumer information
- Provides services that do not discriminate
- Maintains the highest level of professionalism
“A Partnership”

- 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 appropriate 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.
Choosing a College

**Best Fit**

- Program
- Location
- Size
- Mix of Students
- Academics
- Extracurricular
- Facilities
- Financial Considerations
Current College Costs

- Average Tuition, Fees, Room, Board
  - 4 Year Public: $15,000
  - 4 Year Private: $32,000

- Average personal expenses [clothing, laundry, toiletries, recreation, entertainment] = $2,000

- Books = $700 - $1,000 per year
Sticker Price vs. After Financial Aid/ Scholarship Price
Net Price Calculator Tool
What is Financial Aid?

- Scholarships
- Grants
- Student Loans
- Work-Study
Financial aid is available from four major sources:

- U.S. Department of Education
- States
- Colleges and Universities
- Private Organizations
Undergraduate Student Aid by Source 2008-09

Undergraduate Aid

- Federal Pell Grants ($18.2 Billion)
- Federal Loans ($56.5 Billion)
- Federal Grant Programs other than Pell ($3.9 Billion)
- State Grants ($8.3 Billion)
- Education Tax Credits and Deductions ($5.9 Billion)
- Institutional Grants ($24.3 Billion)
- Private and Employer Grants ($7.5 Billion)

Source: The College Board, Trends in Student Aid 2009
Private Scholarships

- 3 Million Recipients
- $7 Billion Awarded
- $2,500 Average Award
- 7% of undergraduates
Scholarship Search

► WWW.FINAI.D.ORG
  - Fastweb.com, brokescholar.com

► But beware of scholarship scams
  (consultants, seminars)

November is National Scholarship Month
So . . . how does the process begin?
FAFSA on the Web (FOTW)

Available January 1
English or Spanish
Skip logic and online editing
Electronic signature
Electronic notification
17 million (99%) FOTWs processed 10/11 so far
Changes to the FAFSA

- FAFSA on the Web (FOTW) the preferred method
  - 99% processed electronically 2010-11
- Real-time PIN  
  NEW
- FAFSA EZ  
  Very Soon
Why bother?

Submit the FAFSA whether or not they think they qualify for aid.

- 65% of all students receive aid
- 85% at private colleges
- Average cost 4 year public = $15,000
- 4 year private = $35,000

Sometimes being rejected for federal aid is a prerequisite for receiving private awards.
Ways To Facilitate the Process

• Outreach programs
  – FAFSA Workshops
  – Financial Planning Workshops
  – Financial Literacy Workshops for students

• Streamline process for some populations

• Educate families through printed materials

• Educate parents to take part in the process
Federal Student Aid

FAFSA4caster

Getting Started

What is federal student aid? Who qualifies? How do you apply? Get an early start on the financial aid process by learning the basics now. It can be as easy as A-B-C!

Link to section

Using the FAFSA4caster

Begin Now

What’s Next

What are your next steps? Learn how to transition from FAFSA4caster to FAFSA on the Web, follow the financial aid timeline, and perform searches for scholarships and other types of non-federal financial aid.

Link to section

Scheduled Maintenance:

FAFSA4caster will be unavailable on every Sunday from 5 a.m. to 11 a.m. (Eastern Time). We apologize for any inconvenience this may cause.

If you want to begin exploring your financial aid options and get an early start on the financial aid process, FAFSA4caster is for you! By using FAFSA4caster, you and your family will receive an early estimate of eligibility for federal student aid. This Web site provides you with an opportunity to increase your knowledge of the financial aid process; become familiar with the various types of federal student aid that are available; and investigate other sources of aid, such as grants and scholarships.

When you’re ready to apply for aid, you can easily transition from FAFSA4caster to FAFSA on the Web. Much of the information that you enter in the FAFSA4caster will populate your FAFSA on the Web application, making the experience of applying for federal student aid a lot easier.

So help make your future forecast a bright one by planning now for college. Use the FAFSA4caster now!
FAFSA4caster Release II

- Instant EFC
- **NEW** - federal student aid award estimates
- **NEW** - 12 different school scenarios
- **NEW** - Automatically generates PIN
- **NEW** - MYSFA account transfer of demographic data
- **NEW** - FAFSA reminder in January
Supplemental Financial Aid Applications

- The College Scholarship Service Financial Aid PROFILE
- A College’s own application for financial aid
CSS PROFILE usage; and Changes

- 215,000 PROFILES processed 2010-11; 2.3 Colleges each report
  - $25 initial application; $16 additional school
  - 11,500 fee waivers ($601,210)
  - Application numbers increased for schools announcing FA initiatives and/or eliminating early admission programs
- 275 Colleges participate in the PROFILE
- ADAPTIVE PROFILE
  - Questions tailored to respondent’s answers
- RENEWAL PROFILE
Special Situations

Examples of items **not** on the FAFSA:

- income change (work, child support, SSBs, etc)
- large healthcare costs
- some educational costs
- support of extended family
- significant non-elective home repairs
- consideration will vary from school to school
- check with financial aid office for “how to”
- provide #s and explanation, **and** daytime phone
Primary Determinants of Ability to Pay

- Income
  - Taxable (Adjusted Gross Income)
  - Untaxed
- Household Size
- Number in College
Grants (gift aid)

- Federal Pell Grant; **$5,550 maximum**
- Federal Supplemental Educational Opportunity Grant (SEOG)
- Academic Competitiveness Grant (ACG)
  - $750 first year
  - $1,300 second year
- National Science & Mathematics Access to Retain Talent Grant (SMART)
  - $4,000 each third and fourth years
- Teacher Education Assistance for College and Higher Education Grant (TEACH); **$4,000**
- IL Monetary Award Program (MAP); **$4,968 maximum**
- Illinois Incentive for Access Grant (IIA); **$500**
- Grant for Iraq and Afghanistan War dependents
Student Loans

- Direct Loan Transition

- Loan Maximums
  - $3,500 Freshman
  - $4,500 Sophomore
  - $5,500 Junior
  - $5,500 Senior

- Additional eligibility
  - $2,000 Unsubsidized Stafford for each grade level

- Perkins Loan
  - $5,000 per year
Interest Rates

- July 1, 2008: 6.0%
- July 1, 2009: 5.6%
- July 1, 2010: 4.5%
- July 1, 2011: 3.4%
Financial Aid Packaging
Typical ACM FA Award Letter

Costs (Tuition, fees, room board, misc.):
$43,000

Total Grant Assistance (all sources):
$21,500

Total Self-Help Assistance (loan + work-study):
$8,500

Total Financial Aid:
$30,000

Average EFC:
$13,000
Encourage Families to Ask Questions
**Increasing Access**

- **Automatic 0 EFC:** from $20,000 to $30,000
- Excludes some untaxed incomes: welfare payments, EIC, SSB)
- 529 programs are all parent assets
- Independent definition:
  - foster care or ward of court at age 13 or older
  - Emancipated minor or in legal guardianship
  - Has been verified as an unaccompanied youth who is a homeless child or youth
- Loans interest rate: from 6.8% to 3.4% by 2012
- FAA can use dependency override made by another FAA
Mandates

“The entire financial aid system—including federal, state, institutional, and private programs—is confusing, complex, inefficient, duplicative, and frequently does not direct aid to students who truly need it.”

- The Secretary of Education’s Commission on the Future of Higher Education
Simple FAFSA
July 1 Changes to Student Aid

- Lower Interest Rates
- Income-based Repayment Program
- Children of Soldiers (Pell Grant)
- Year Round Pell
- Yellow Ribbon Program (effective August 1)