

FINANCIAL AID 101

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Agenda

- What is Financial Aid?
- What types of aid are available?
- HOW/when do I apply?
- How is it calculated?
- What if I still can't afford it?
- Questions?

What is Financial Aid

- Financial aid is a catch-all term referring to any program that offers money to assist with the costs associated with being a student. This includes:
 - Tuition
 - Living expenses
 - Textbook costs
 - Child care benefits
 - Transportation

What Types of Aid are Available

- **GRANTS:** Grants are a form of financial aid, based on need, which you do not have to repay.

GRANTS

- FEDERAL GRANTS:
 - **PELL**: The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain postbaccalaureate students to promote access to postsecondary education
 - **SEOG**: The Federal Supplemental Educational Opportunity Grant (FSEOG) program is for undergraduates with exceptional financial need

GRANTS

- FEDERAL GRANTS:
 - **ACG:** This is a federal grant program for students at degree-granting institutions who are eligible for Federal Pell Grants and who are U.S. Citizens or eligible Non-Citizens. An eligible student may receive an Academic Competitiveness Grant (ACG) of \$750 for the first academic year of study and \$1,300 for the second academic year of study. To be eligible for each academic year, a student must:
 - Be a U.S. Citizen or eligible Non-Citizens;
 - Be a Federal Pell Grant recipient
 - Be enrolled in a degree program
 - Be enrolled in the first or second academic year of his or her program of student at a two-year or four-year degree granting institution
 - Have completed a rigorous secondary school program of study (after January 1, 2009, if a first-year student, and after January 1, 2008, if a second-year student); if a first-year student, not have been previously enrolled in an undergraduate program; if a second-year student, have at least a cumulative 3.0 grade point average on a 4.0 scale for the first academic year.

GRANTS

- STATE GRANTS:
 - PHEAA: PHEAA administers the PA State Grant Program at no cost to taxpayers, ensuring that every dollar appropriated to the program goes directly to students.

GRANTS

- **INSTITUTIONAL GRANTS:** Grant assistance is awarded on the basis of demonstrated financial need, so not every student will receive a grant. You do not have to work for a grant or repay it after you leave school. Grants are commonly referred to as "gift aid."

LOANS

- FEDERAL LOANS:
 - **Subsidized**: The government will pay the interest while the student is in school.
 - **Unsubsidized**: The interest will accrue while the student is in school

LOANS

- **FEDERAL LOANS:**
 - **Stafford:** Federal Stafford loans are fixed-rate student loans for undergraduate and graduate students attending college at least half-time. Stafford loans are the most common and one of the lowest cost ways to pay to for school.
 - **Perkins:** A federal Perkins Loan is a low-interest loan for undergraduates with exceptional financial need. Your school is your lender, and the loan is made with gov't funds. You must repay your school.

LOANS

- FEDERAL LOANS:
 - PLUS: Parents can borrow a PLUS Loan to help pay your education expenses if you are a dependent undergraduate student enrolled at least half time in an eligible program at an eligible school.
 - Must have a solid credit history
 - If denied a PLUS – the student is eligible for additional unsubsidized Stafford Loans

WORKSTUDY

- Federal Work-Study (FWS) provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the recipient's course of study

SCHOLARSHIPS

- FREE MONEY!
 - ACADEMIC
 - ATHLETIC
 - GRANT-IN-NEED
 - REQUIREMENTS ONCE ENROLLED

HOW IS IT CALCULATED?

- **Required Forms:**
 - Free Application for Federal Student Aid (FAFSA)
 - CSS Profile, College Board
 - Verification Documents (When applicable)
 - 2010 Tax Documents (W2, 1040)
 - Institutional Forms

HOW IS IT CALCULATED?

- Expected Family Contribution (EFC)
 - The EFC is the amount the FEDERAL government determines a family can contribute over a 9-month period through:
 - Direct Contribution from income
 - Drawing down on assets
 - Borrowing

HOW IS IT CALCULATED?

- EFC continued
 - The EFC is calculated using a congressionally mandated formula called the Federal Methodology.

HOW IS IT CALCULATED?

- Federal Methodology:
 - Determines federal eligibility
 - Reviews parental and student income and asset data
 - Provides allowances to “protect” income and assets
 - Number of family members/number in college are key elements

HOW IS IT CALCULATED

- What is it NOT?
 - Not a Cash Flow Analysis
 - Does NOT take into account “Life Style Choices”
 - Credit card debt
 - Private school for a younger son or daughter
 - Cost of living...ex (NYC vs. PGH)
 - Vacation Homes
 - etc

HOW IS IT CALCULATED?

- Cost of Attendance 2010-2011
 - Tuition: \$15,000
 - Board: \$5,000
 - Books: \$1,000
 - Misc: \$1,000
 - Trans: \$500
 - Total Cost: \$22,500

HOW IS IT CALCULATED?

- Financial Need:
 - Cost of Attendance (COA)
 - - Expected Family Contribution
 - _____
 - = Financial Need

HOW IS IT CALCULATED?

- Estimated Balance Due:
 - COA = \$22,500
 - EFC = \$4,000
 - Financial Need: = \$18,500

HOW IS IT CALCULATED?

- FIANANCIAL NEED = \$18,500
- Total Package:
 - Grants: = \$8,000
 - Loans: = \$5,000
 - Workstudy: = \$2,500
 - **TOTAL AID OFFERED = \$15,500**

HOW IS IT CALCULATED?

- Estimated Balance Due:
 - Cost of Attendance = \$22,500
 - Minus total Aid = (\$15,500)
 - **Estimated Balance Due = \$7,000**

HOW IS IT CALCULATED?

- A GAP
 - Balance Due: \$7,000
 - EFC: \$4,000
 - GAP: \$3,000
- So, although the gov't determined that your contribution to be \$4,000 in this particular case, the institution is saying the student is responsible for \$7,000. Much like families are on a budget – in many cases so are the schools.

What if I still can't afford it

- Outside Scholarships?
- “Rich” Uncle
- Renegotiation

RESOURCES

- www.finaid.org
- www.fafsa.gov
- www.fastweb.com
- Tuition Management Services (TMS)
www.afford.com

QUESTIONS?