

# FINANCIAL AID 101

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# **BUDGETING AND PACKAGING OF FINANCIAL AID**



# COST OF ATTENDANCE BUDGETS

## DEFINITION

COA Budgets are standardized projections of reasonable direct and indirect education-related costs incurred by students of similar attributes for a defined enrollment period which **MUST** be used to determine eligibility for all Title IV aid programs.

# STANDARD BUDGET COMPONENTS

- Tuition, Fees & Equipment Rental/  
Purchase
- Room and Board
- Books and Supplies
- Personal Expenses
- Transportation
- Education-Loan Fees

# ADDITIONAL COMPONENTS

Non-standard educational costs as documented by the student or required for the student's program:

- Professional Credential Fees
- Personal Computer
- Disability-Related Expenses
- Dependent Care
- Study Abroad Program
- Co-op Program

# PROFESSIONAL JUDGMENT

Professional Judgment may be used when an individual student has expenses that are reasonable and appropriate, but exceed amounts allotted in the standard budget.

Such adjustments to the COA under Professional Judgment must be properly documented.

# PROFESSIONAL JUDGMENT

**Some examples of how professional judgment can be employed to adjust the COA:**

- Special dietary needs
- Optional fees (unless paid to a third party)
- Optional projects
- Exceptionally high travel costs

# EXCEPTIONS

**The following groups of students must have other than standard COA budgets:**

- Less than half time
  - exclude personal expenses
- Correspondence study and Incarcerated
  - tuition, fees, books and supplies only



# PACKAGING

## *DEFINITION*

The process by which need-based and non-need-based aid is awarded within the parameters of the Cost of Attendance Budget.

# PACKAGING REQUIREMENTS

- Regulatory compliance
- Defined institutional packaging policies
- Development of COA Budgets
- Offer best possible combination of awards
- Fair and equitable distribution of awards
- ISIR with official EFC
- Balance total aid with COA
- Rectify overawards
- Student consumer information

# ENTITLEMENT AID

**Must be packaged first**

- Federal Pell Grant
- State Grant
- Other

# OTHER RESOURCES

Estimated Financial Aid (EFA) from other sources, not within the institution's purview to award

- State aid
- Outside scholarships
- Tuition waivers

# NEED-BASED

Awards packaged by the institution to cover remaining need

- Federal Campus Based Aid
- Federal Subsidized Stafford Loan
- Institutional Grants and Scholarships

$COA - EFC - EFA = \text{Remaining Need}$

# NON-NEED BASED AID

Packaged to cover any unmet need and Expected Family Contribution (EFC)

- Federal TEACH Grant
- Federal Graduate PLUS
- Federal PLUS
- Federal Unsubsidized Stafford Loan
- Private Alternative Loans

COA-EFA=Non-Need Based eligibility

# QUICK EXAMPLE

Cost of Attendance		\$15,000
<u>Expected Family Contribution</u>	-	<u>- 3,000</u>
Need		\$12,000

# QUICK EXAMPLE CONT.

<b>Federal Pell Grant</b>	<b>-\$2,400</b>
<b>Elk's Club Scholarship 2,000</b>	<b>-</b>
<b>Federal Subsidized Stafford Loan</b>	<b>- 4,500</b>
<b>Federal SEOG</b>	<b>- 1,000</b>
<b><u>Federal Perkins Loan</u></b>	<b><u>- 2,000</u></b>
<b>Unmet Need</b>	<b>\$ 100</b>
<b>Non-Need Based Aid</b>	
✓ Federal Unsubsidized Stafford Loan	\$2,000
✓ <u>Federal PLUS</u>	<u>1,100</u>
<b>Family Responsibility (COA-EFA)</b>	<b>\$3,100</b>



TITLE IV GENERAL  
PROVISIONS



# WHO DO YOU WORK FOR?

Department of Defense

Department of Justice

US Citizenship and Immigration Service

Higher Education Services Corporation

Department of Education

Your School

*THE STUDENT*



# INSTITUTIONAL ELIGIBILITY

## ***Flavors***

- *public of private “non profit”*
- *proprietary “for profit”*
- *vocational*

## ***Common Issues***

- *legal*
- *standards*
- *30 weeks*
- *clock vs. credit*
- *accredited*
- *degree or certificate granting*



# ***ADMINISTRATIVE CAPABILITIES***

Record retention of three years

Consumer information

Right-to-know about completion, campus security,  
placement statistics

FERPA/ GLB Act

Refund & Repayment policies

*SEPARATION OF FUNCTION “she who  
awardeth may not receiveth the same”*



# ***ADMINISTRATIVE CAPABILITIES***

- (re)certification of program eligibility
- drug-free workplace
- drug-free school
- anti-lobby
- consistency of information
- counseling
- adequate staffing



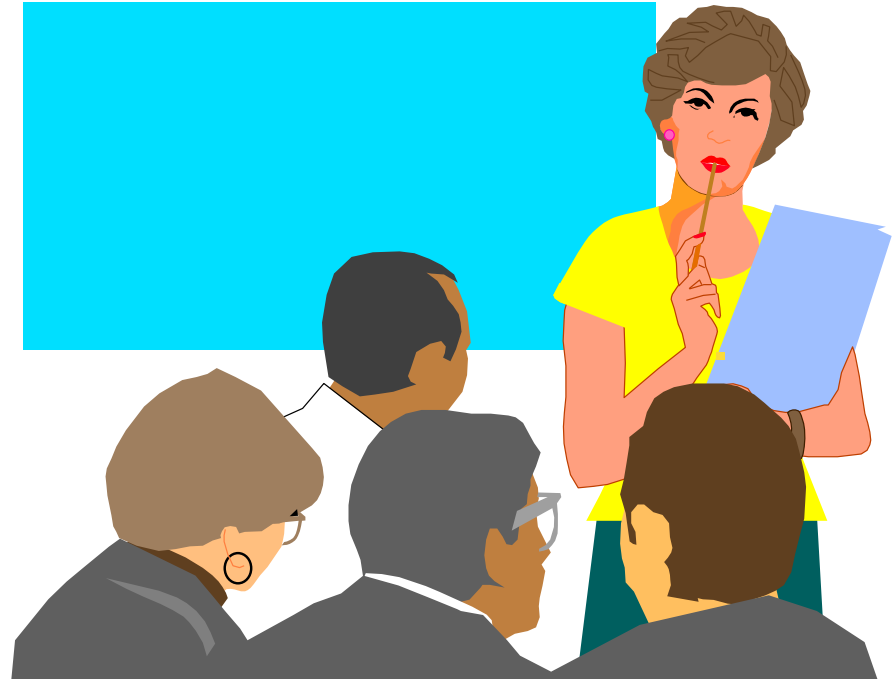
# STUDENT ELIGIBILITY

## Citizenship

*U.S. citizen or national*  
*Permanent Resident*  
*Eligible Non citizen*  
*SEVIS for Internationals*

## Regular

seeking degree/certificate in  
an eligible program



# ***STUDENT ELIGIBILITY***



## **Enrollment Status**

*12 per semester*

*24 per academic year*

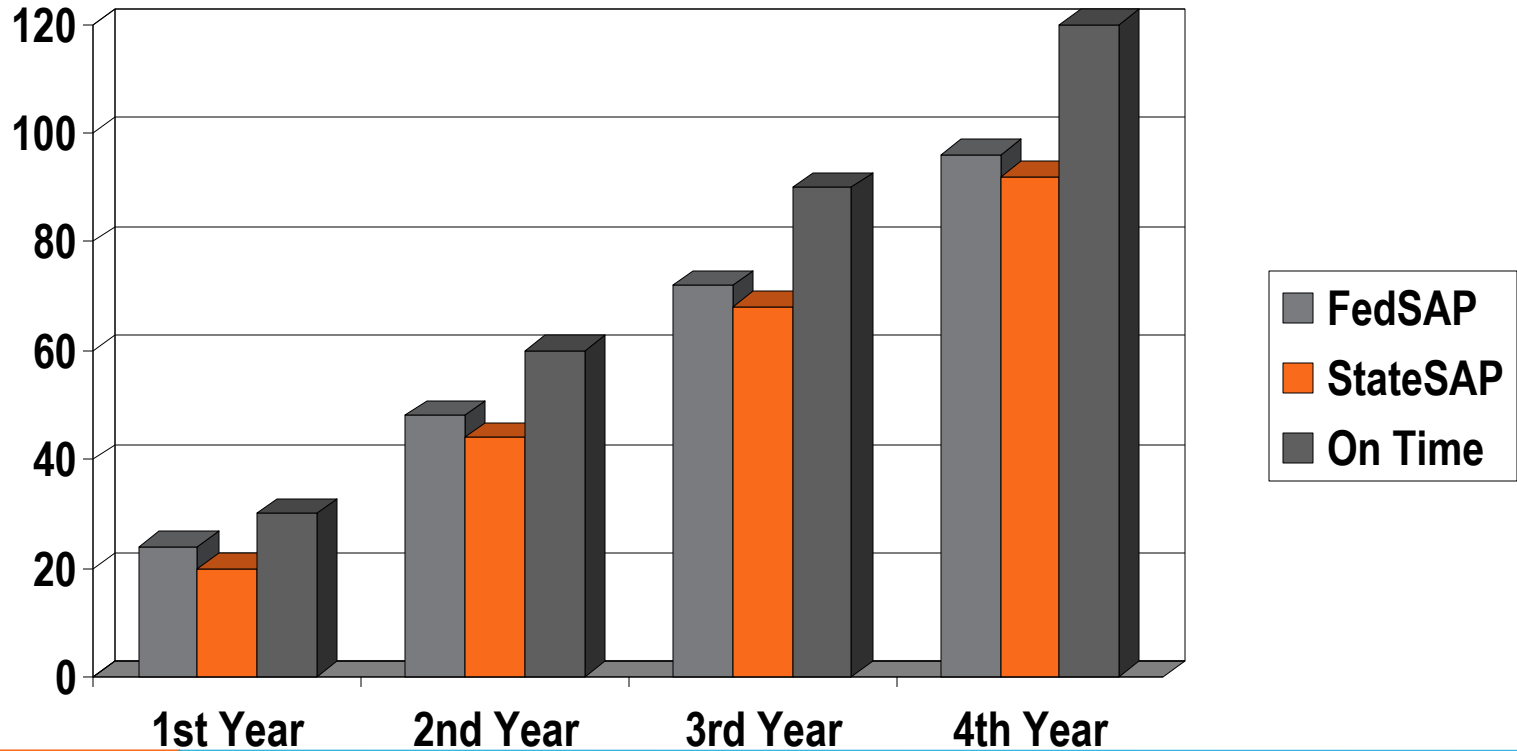
## **Academic Progress**

Qualitative “C” average

Quantitative 150% max  
timeframe



# SAP TIMEFRAME





# OTHER CONCERNS

## The Student MUST

- use SFA for Educational costs
- register with Selective Service
- not be in default on a student loan
- not have received an overpayment
- not have any drug convictions
- valid SSN
- not be a nun or priest
- not be incarcerated



# NEED ANALYSIS



# NEED ANALYSIS

Cost of Education

Financial Resources

Estimated Family Contribution



# PHILOSOPHY OF NEED ANALYSIS

Federal, State and institutional financial aid funds awarded to the right students, in the correct amount.

Students and parents are responsible for the funding of a student's educational expenses to the extent possible.

Sacrifice is assumed.



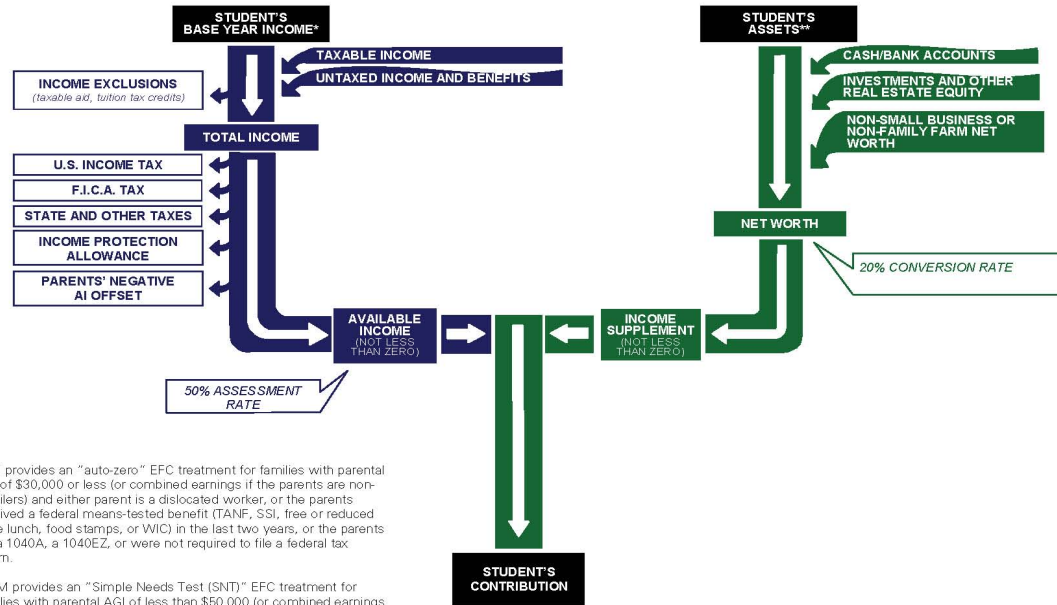
# PHILOSOPHY OF NEED ANALYSIS

Federal Methodology is intended to measure the ability, not willingness of the student and the parent to contribute to the total cost of a college education.

Only after the family's ability to contribute has been measured will need based financial aid be used to pay for postsecondary education.



# Dependent Students



\*FM provides an "auto-zero" EFC treatment for families with parental AGI of \$30,000 or less (or combined earnings if the parents are non-tax filers) and either parent is a dislocated worker, or the parents received a federal means-tested benefit (TANF, SSI, free or reduced price lunch, food stamps, or WIC) in the last two years, or the parents file a 1040A, a 1040EZ, or were not required to file a federal tax return.

\*\*FM provides an "Simple Needs Test (SNT)" EFC treatment for families with parental AGI of less than \$50,000 (or combined earnings if the parents are non-tax filers) and either parent is a dislocated worker, or the parents received a federal means-tested benefit (TANF, SSI, free or reduced price lunch, food stamps, or WIC) in the last two years, or the parents file a 1040A, a 1040EZ, or were not required to file a federal tax return.



# EXPECTED FAMILY CONTRIBUTION FEDERAL METHODOLOGY

Student Income

Student Assets

Parent(s) Income

Parent(s) Assets

Number of People in the Household

Number of Children in College



# HOUSEHOLD SIZE

Parent(s)

Dependent Children

Grandparents

Anyone receiving more than  $\frac{1}{2}$  of their support from  
the parents





# NUMBER IN COLLEGE

Dependents attending college at least  $\frac{1}{2}$  time in one term during the academic year

Parents are excluded

The school attended must be eligible for federal student aid

- Military Academies
- Non-accredited schools
- Some Religious Schools



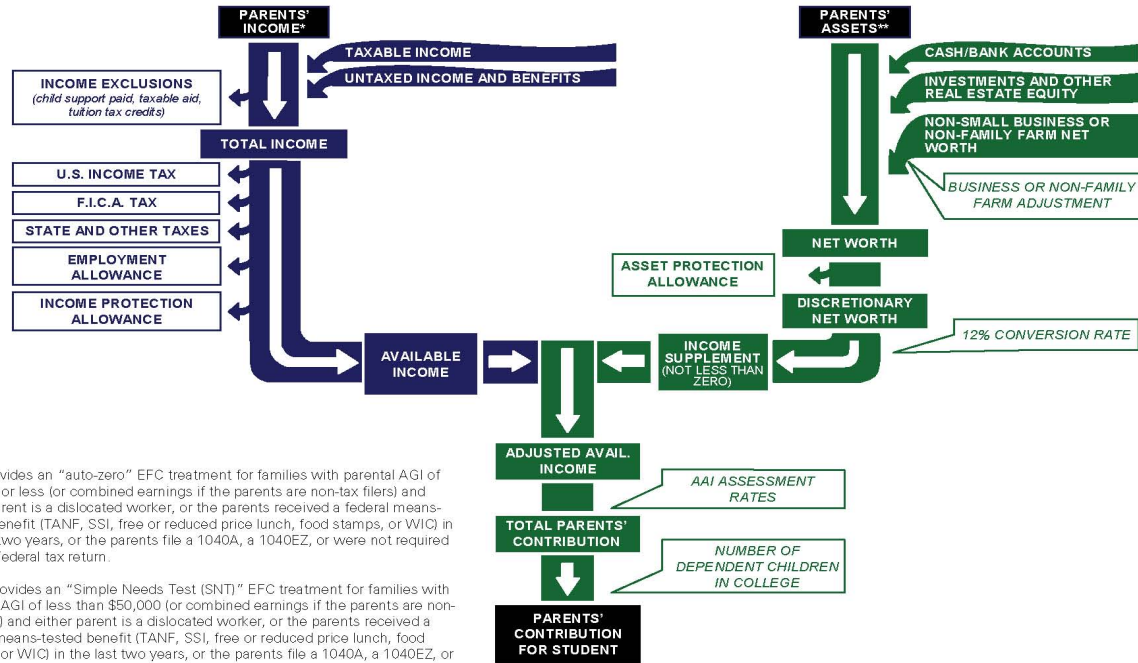
# INCOME PROTECTION ALLOWANCE

The IPA is not a measure of living standard but rather the point where the *family has no choice on expenditures.*

All of their resources are used for food, clothing, shelter and taxes.



# Parents of dependent students



\*FM provides an "auto-zero" EFC treatment for families with parental AGI of \$30,000 or less (or combined earnings if the parents are non-tax filers) and either parent is a dislocated worker, or the parents received a federal means-tested benefit (TANF, SSI, free or reduced price lunch, food stamps, or WIC) in the last two years, or the parents file a 1040A, a 1040EZ, or were not required to file a federal tax return.

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# VARIATIONS ON FEDERAL METHODOLOGY

## **Simple Need Test**

■ \$49,999

## **Automatic Zero EFC**

■ \$20,000



# SIMPLE NEED TEST

Parent Adjusted Gross Income is \$49,999 or less  
Tax Returned filed was NOT the 1040 (long form)  
Assets are excluded



# AUTOMATIC ZERO EFC

Parent Income is \$20,000 or less

Parent or student did NOT file the 1040

Ignores student's income and assets and makes the  
EFC zero



# INDEPENDENT STUDENT NEED ANALYSIS



# WHO IS INDEPENDENT?

Undergraduates are considered to be “dependent”, without regard to the reality of the individual student’s circumstances unless:

24 (as of 12/31/13)

married (before completing the FAFSA)

provide more than half the support of a child

In a legal guardianship





# WHO IS INDEPENDENT?

- U.S. Military veteran or currently on active duty
- Support other dependents for the academic year
- Foster care or ward of the court since age 13
- Orphan
- Emancipated minor
- Homeless



# PROFESSIONAL JUDGMENT

A split in the family relationship that is not due to the behavior of the student

## **Abuse**

- Physical or emotional

## **Documentation**

We **MAY NOT** consider the fact the student has earned enough income to support himself or herself



# INDEPENDENT STUDENT WITHOUT DEPENDENTS OTHER THAN A SPOUSE

Treated like a dependent student in many ways

Income is treated harshly

Assets treated harshly



# INDEPENDENT STUDENT WITH DEPENDENTS OTHER THAN A SPOUSE

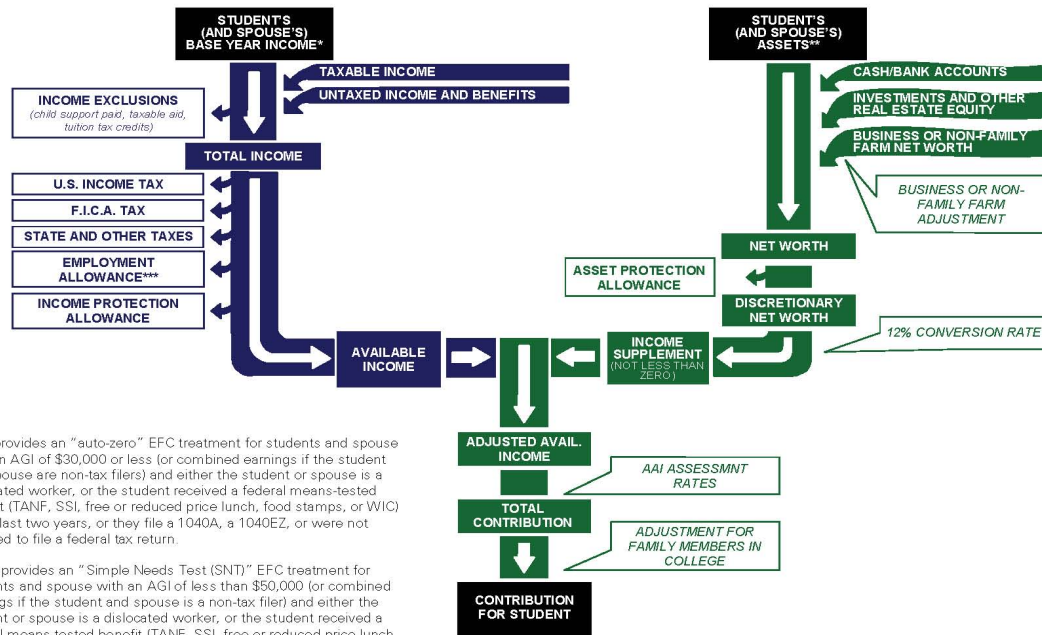
**Treated like parents of dependent student**

- Income protection
- Asset protection



# Independent Students

WITH dependents  
(other than a spouse)



\*FM provides an "auto-zero" EFC treatment for students and spouse with an AGI of \$30,000 or less (or combined earnings if the student and spouse are non-tax filers) and either the student or spouse is a dislocated worker, or the student received a federal means-tested benefit (TANF, SSI, free or reduced price lunch, food stamps, or WIC) in the last two years, or they file a 1040A, a 1040EZ, or were not required to file a federal tax return.

\*\*FM provides an "Simple Needs Test (SNT)" EFC treatment for students and spouse with an AGI of less than \$50,000 (or combined earnings if the student and spouse is a non-tax filer) and either the student or spouse is a dislocated worker, or the student received a federal means-tested benefit (TANF, SSI, free or reduced price lunch, food stamps, or WIC) in the last two years, or they file a 1040A, a 1040EZ, or were not required to file a federal tax return.

\*\*\*If married and spouse is employed or if student is a single parent.



# OUTCOME

Reasonable

Equitable

Based on past, present and future circumstance

Sensitive to the individual's economy



# OUTCOME

But no one said it would be “realistic” in the family’s eyes.....

