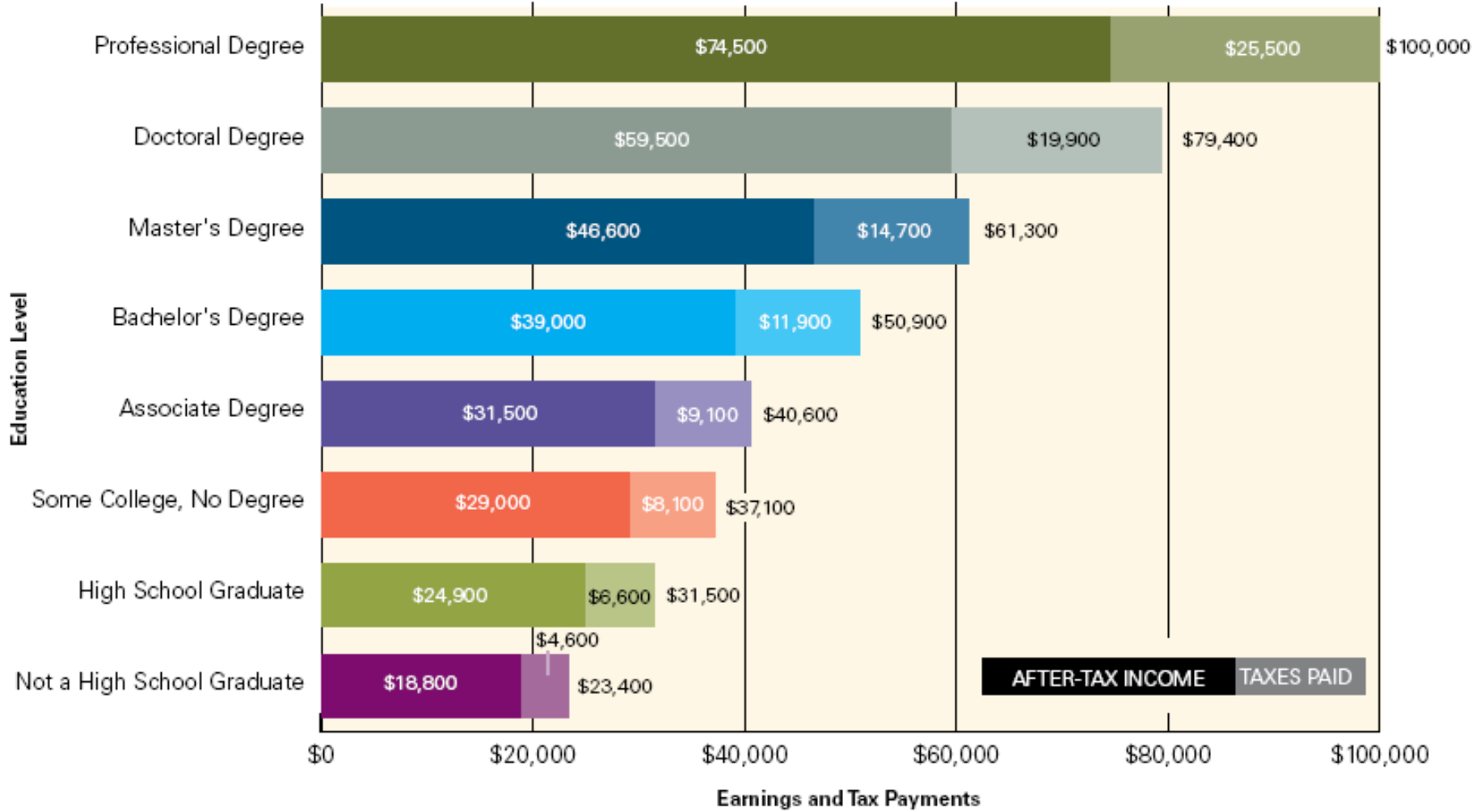


What You Need to Know About Financial Aid

Karen Cooper, Director of Financial Aid, Stanford University

Figure 1.1: Median Earnings and Tax Payments of Full-Time Year-Round Workers Ages 25 and Older, by Education Level, 2005



Note: Taxes paid include federal income, Social Security, and Medicare taxes, and state and local income, sales, and property taxes.
Sources: U.S. Census Bureau, 2006, PINC-03; Internal Revenue Service, 2006; McIntyre et al., 2003; calculations by the authors.

The bars in this graph show median earnings at each education level. The lighter segments represent the average federal, state, and local taxes paid at these income levels. The darker segments show after-tax income.

Figure 1.11: Percentage of Individuals Ages 25 and Older Living in Households in Poverty, by Household Type and Education Level, 2005

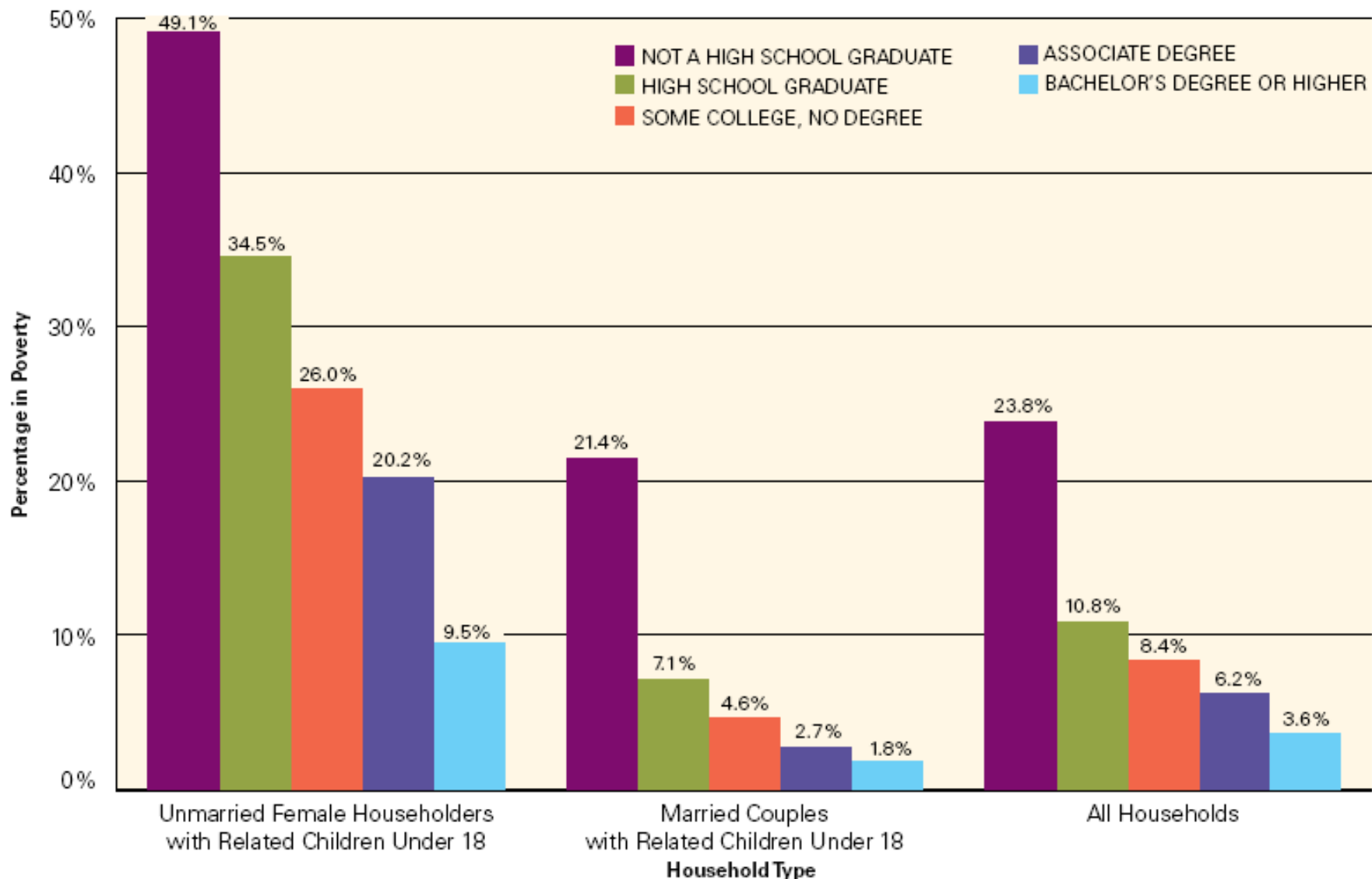
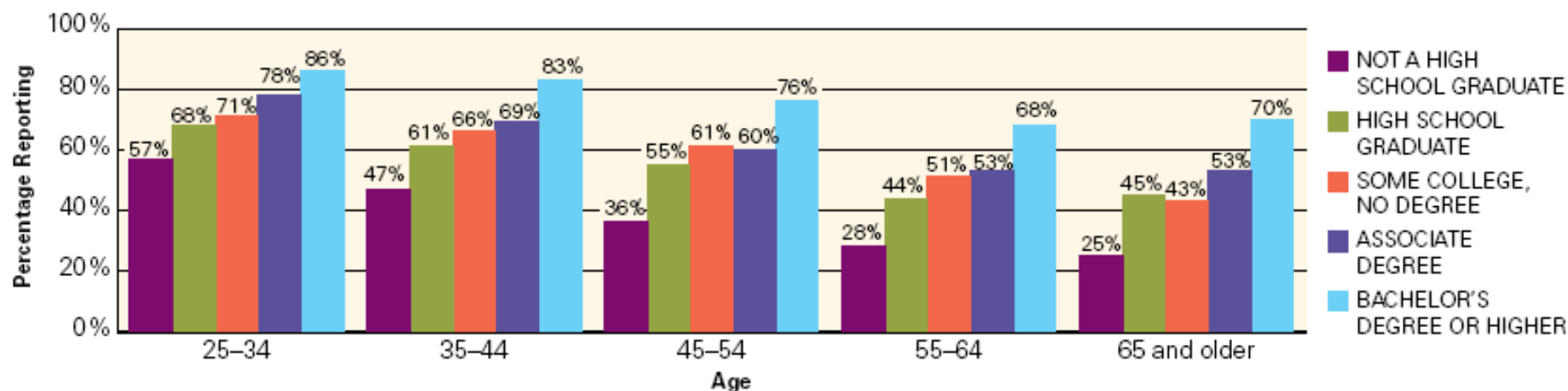
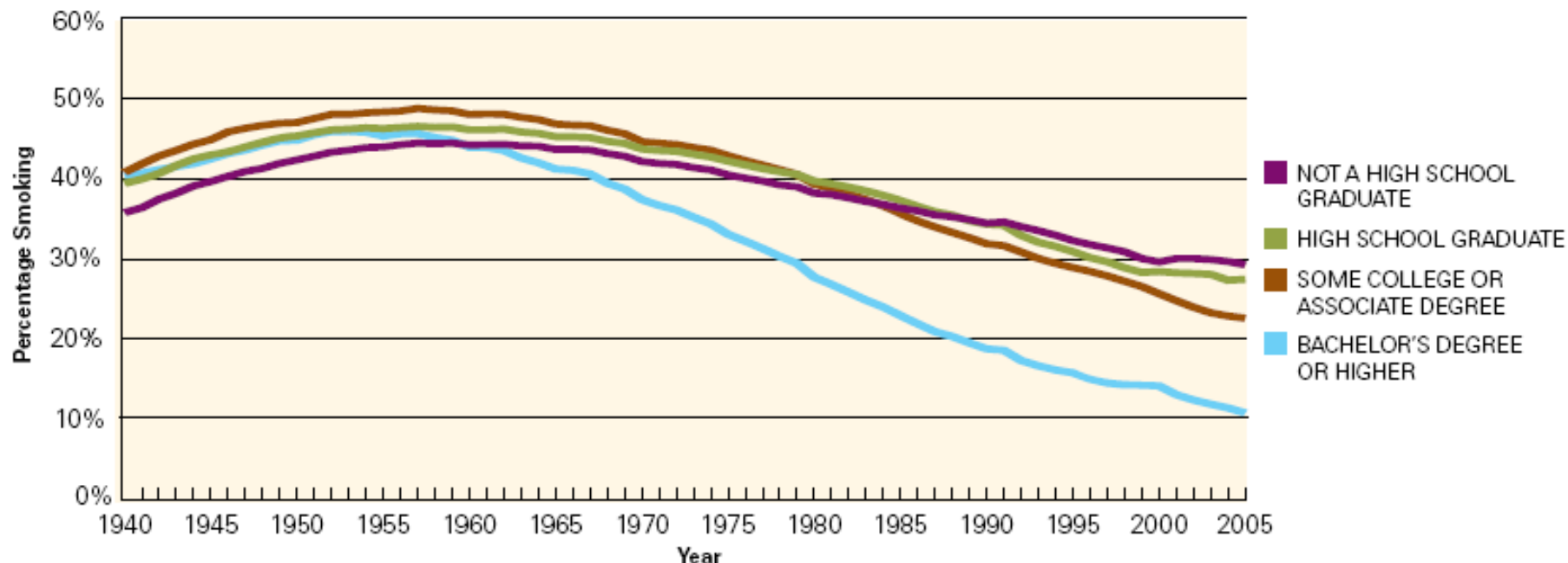


Figure 1.13b: Percentage of Individuals Ages 25 and Older Reporting Excellent or Very Good Health, by Age and Education Level, 2005



Sources: National Center for Health Statistics (NCHS), 2005 National Health Interview Survey, calculations by the authors.

Figure 1.14a: Smoking Rates of Individuals Ages 25 and Older, by Education Level, 1940-2005



Topics We Will Discuss

- ❑ What is financial aid
 - ❑ Cost of attendance (COA)
 - ❑ The expected family contribution (EFC)
 - ❑ What is financial need
 - ❑ Categories, types, and sources of financial aid
 - ❑ Application Forms (FAFSA)
-

What is Financial Aid?

- Financial aid is funds provided to students and families to help pay for postsecondary educational expenses.
 - Can include loans, jobs and scholarships or grants.
-

Myth: You can't go to college if you don't have the MONEY

- ❑ FACT: Colleges come in all price ranges
 - ❑ Financial aid is available . . . almost half of all college students receive aid
 - ❑ In 2007-08 more than \$162 billion in financial aid was distributed (incl. grants, loans and work-study)
 - ❑ Even though the cost of college is going up, it is still the best step you can take for a good future
-

You Can Get MONEY to Go to College Because You . . .

- Need it (this is the biggest reason students get money)
 - Earn good grades or take hard courses
 - Have talent in music, art, sports, etc.
 - Have a certain background or characteristic
 - Have a special need or a disability
(There are lots of other ways to get money for college, too.)
-

What is Cost of Attendance (COA)

- Direct costs
 - Indirect costs
 - Vary widely from college to college
-

Sample COA's

Stanford 2009-2010

Tuition & Fees	37,881
Room & Board	11,463
Personal	2,385
Books & Supplies	1,485
Travel	varies
<u>TOTAL</u>	<u>\$53,214</u>



Sample COA's – San Jose State

2009 - 2010 Standard Student Budgets

Standard Student Budget Allowances	With Parents	Campus Housing	Off Campus
Room & Board	\$ 4,338	\$ 10,438	\$ 11,970
Transportation	\$ 1,272	\$ 1,182	\$ 1,236
Miscellaneous/Personal	\$ 3,114	\$ 2,928	\$ 2,892
Books & Supplies	\$ 1,734	\$ 1,734	\$ 1,734
Undergraduate Fees	\$ 5,054	\$ 5,054	\$ 5,054
Undergraduate Total	\$ 15,512	\$ 21,336	\$ 22,886

Sample COA's – UC Berkeley

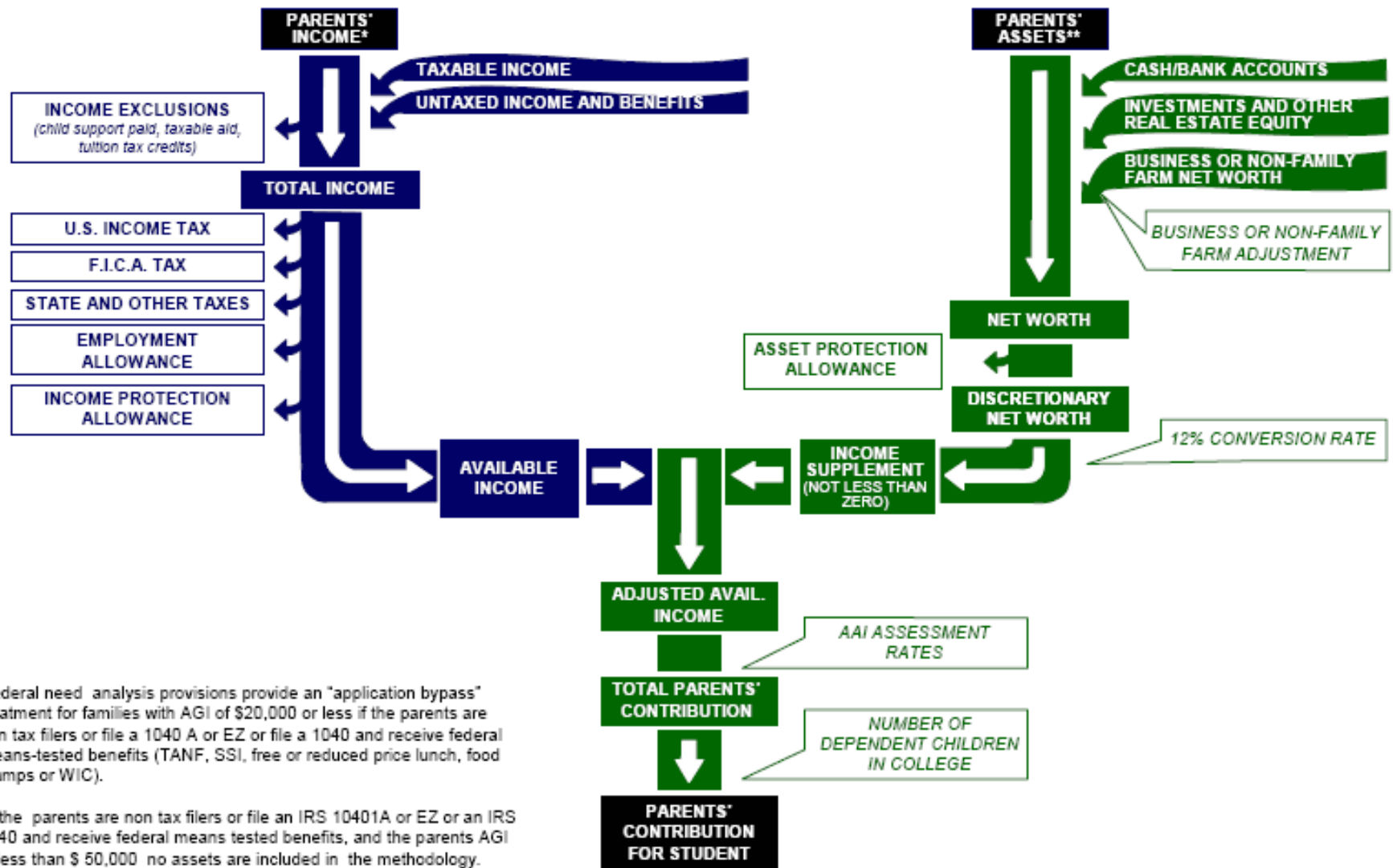
UC Berkeley Average Student Budget 2009-2010

	Living on Campus	Living off Campus	Living at Home
Registration & Fees	9,748	9,748	9,748
Housing, food & utilities	15,308	10,036	4,278
Books and supplies	1,306	1,306	1,306
Personal expenses	1,336	1,474	1,856
Transportation	614	1,030	1,946
Total	\$28,312	\$23,594	\$19,134

What is the Expected Family Contribution (EFC)

- ❑ Computed amount family is expected to contribute
 - ❑ Two components
 - Parent contribution
 - Student contribution
 - ❑ Calculated using FAFSA (Free Application for Federal Student Aid) data and a federal formula
 - ❑ Some schools may use Institutional Methodology (Profile Application)
-

Parents of dependent students



* Federal need analysis provisions provide an "application bypass" treatment for families with AGI of \$20,000 or less if the parents are non tax filers or file a 1040 A or EZ or file a 1040 and receive federal means-tested benefits (TANF, SSI, free or reduced price lunch, food stamps or WIC).

** If the parents are non tax filers or file an IRS 10401A or EZ or an IRS 1040 and receive federal means tested benefits, and the parents AGI is less than \$ 50,000 no assets are included in the methodology.

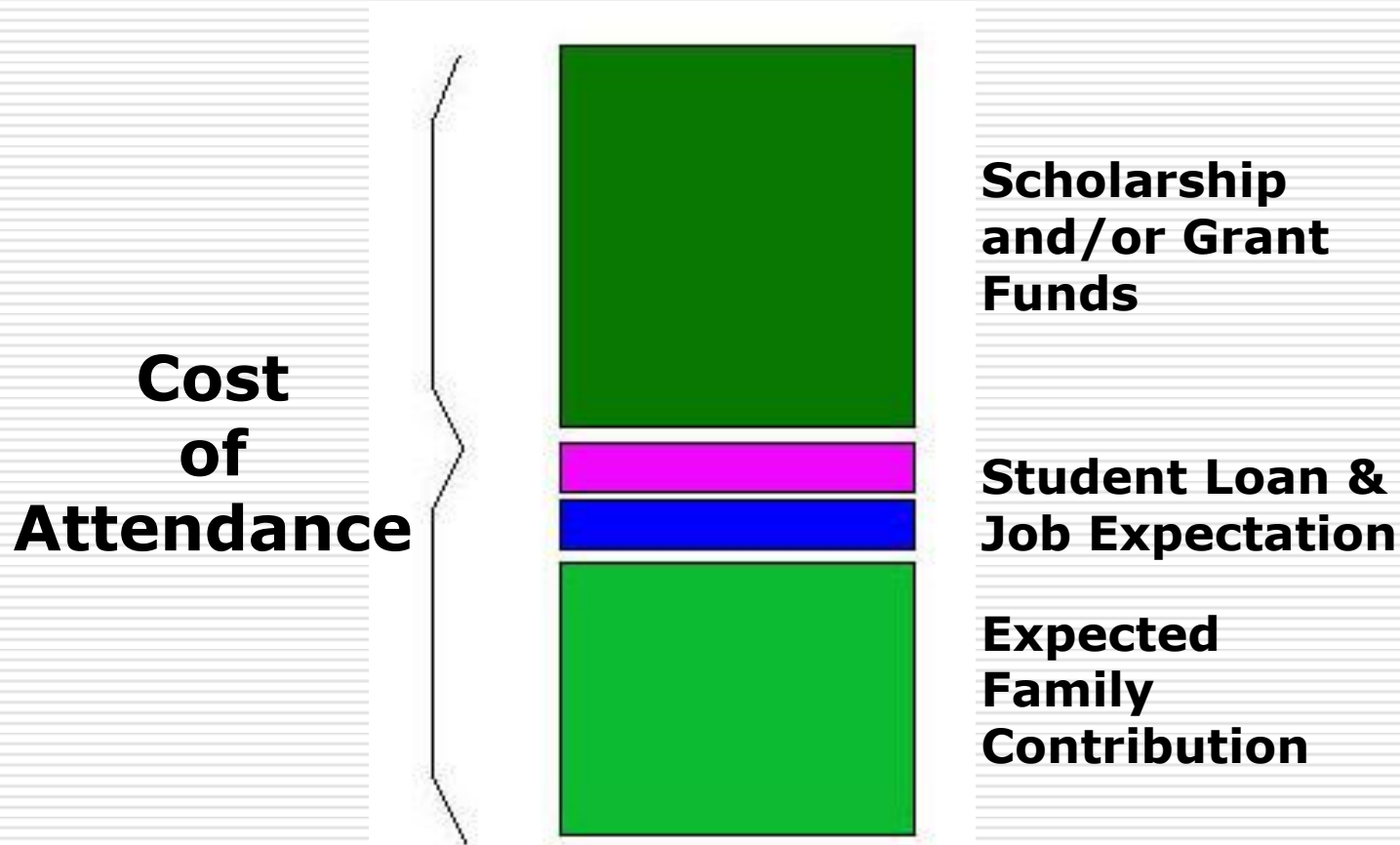
What is Financial Need

Cost of Attendance

– Expected Family Contribution

= Financial Need

Example of Need-Based Aid Package



Types of Financial Aid

Scholarships

Grants

Loans

Employment

Scholarships/Grants

- ❑ Money that does not have to be paid back
 - ❑ Scholarships: Usually awarded on the basis of merit, skill, or a unique characteristic
 - ❑ Grants: Usually awarded on the basis of financial need
-

Loans

- ❑ Money students and parents borrow to help pay educational expenses
 - ❑ Repayment usually begins after education is finished – look at federal programs first
 - ❑ Only borrow what is really needed
 - ❑ Look at loans as an investment in the future
-

Employment

- ❑ Allows student to earn money to help pay educational costs
 - ❑ Working part-time is helpful for most students; Working too much can affect grades!
-

Sources of Financial Aid

- Federal government
 - States
 - Colleges/Universities
 - Private sources
 - Civic organizations and churches
 - Employers
-

Federal Government

- ❑ Largest source of financial aid
 - ❑ Aid awarded primarily on the basis of financial need
 - ❑ Must apply every year using the FAFSA
-

Common Federal Aid Programs

- Federal Pell Grant
 - Academic Competitiveness Grant
 - National Science and Mathematics Access to Retain Talent Grant
 - Federal Supplemental Educational Opportunity Grant
 - Federal Perkins Loan
 - Stafford Loans/Ford Direct Loans
 - PLUS Loans
 - Federal Work-Study
-

States

- ❑ Residency requirements
 - ❑ Award aid on the basis of both merit and need
 - ❑ Use information from the FAFSA
 - ❑ Deadlines vary by state; Cal Grant deadline is March 2nd! Application consists of FAFSA + GPA Verification
-

California Student Aid Commission

2009-2010 Cal Grant Program

Income Ceilings

	Cal Grant A and C	Cal Grant B
Dependent students and Independent students with dependents other than a spouse		
Family size:		
Six or more	\$92,100	\$50,600
Five	\$85,400	\$46,900
Four	\$79,700	\$41,900
Three	\$73,300	\$37,700
Two	\$71,600	\$33,400
Independent students		
Single, no dependents	\$29,200	\$29,200
Married, no other dependents	\$33,400	\$33,400

Asset Ceilings

	All Programs
Dependent students**	\$61,700
Independent students	\$29,300

Private Sources

- ❑ Foundations, businesses, charitable organizations
 - ❑ Deadlines and application procedures vary widely
 - ❑ Begin researching private aid sources early; internet is a great tool!
-

Civic Organizations and Churches

- ❑ Research what is available in community
 - ❑ To what organizations and churches does student and family belong?
 - ❑ Application process usually spring of senior year
 - ❑ Small scholarships add up!
-

Employers

- ❑ Companies may have scholarships available to the children of employees
 - ❑ Companies may have educational benefits for their employees
-

Free Application for Federal Student Aid (FAFSA)

- A standard form that collects demographic and financial information about the student and family
 - May be filed electronically or using paper form
 - Available in English and Spanish
 - Required by all schools awarding federal aid
-

FAFSA on the Web



- ❑ Web site: www.fafsa.ed.gov
 - ❑ 2010-11 FAFSA on the Web available on January 1, 2010
 - ❑ FAFSA on the Web Worksheet:
 - Used as “pre-application” worksheet
 - Questions follow order of FAFSA on the Web
-

FAFSA on the Web

Good reasons to file electronically:

- ❑ Built-in edits to prevent costly errors
 - ❑ Skip-logic allows student and/or parent to skip unnecessary questions
 - ❑ More timely submission of original application and any necessary corrections
 - ❑ More detailed instructions and “help” for common questions
 - ❑ Ability to check application status on-line
 - ❑ Simplified renewal application process
 - ❑ IRS Tax data available after July 2010
-

FAFSA on the Web Worksheet



- Instructions
 - 37 questions in 4 sections
 - Prepares you for completing the FAFSA online
 - Not Required, but helpful!
-

FOTW Worksheet: Section 1

General student information:

- Name
 - Social Security Number
 - Citizenship
 - Marital status
-

FOTW Worksheet: Section 1

General student information:

- Selective Service registration status
 - Drug conviction status
 - Parents' educational background
-

FOTW Worksheet: Section 2

Student's dependency status:

- If all "No" responses, student is dependent
 - If "Yes" to any question, student is independent
-

FOTW Worksheet: Section 3

Data for parents of dependent students:

Dislocated worker status

Financial data:

Tax filing status

Adjusted Gross Income (AGI) for 2009

Income earned from work

FOTW Worksheet: Section 3

Financial data cont'd:

- Receipt of benefits from certain federal means-tested programs
 - Additional financial information
 - Untaxed income
-

FOTW Worksheet: Section 4

Financial data for student (and spouse):

- Tax filing status
 - Adjusted gross income (AGI) for 2009
 - Income earned from work
 - Dislocated worker status
-

FOTW Worksheet: Section 4

Financial data for student (and spouse):

- Receipt of benefits from certain federal means-tested programs
 - Additional financial information
 - Untaxed income
-

FOTW Signatures

Required

- Student
- One parent (dependent students)

Format

- Electronic using PIN
 - Signature page
 - Paper FAFSA
-

Student Financial Aid Personal Identification Number (SFA PIN)

- ❑ www.pin.ed.gov
- ❑ Sign FAFSA
- ❑ Can request PIN before 1/1/2010
- ❑ Not required, but speeds processing
- ❑ May be used by students and parents throughout aid process, including subsequent school years

START HERE
GO FURTHER
FEDERAL STUDENT AID™

Federal Student Aid PIN

PIN Home Help Contact Us FAQs About Us

Apply For A PIN
Check PIN Status
Request A Duplicate PIN
Change My PIN
Update My Personal Information
Disable My PIN
Reestablish My PIN
Activate My PIN

Helpful Links
[Student Aid on the Web](#)
Information you will need to receive aid for school. [Go »](#)
[Links to Federal Student Aid Electronic Services](#)

Welcome to the Federal Student Aid
PIN Web site

This Web site is your source of information for the Federal Student Aid PIN.

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.

Apply For a PIN

The PIN Application is for students and parents to apply for a new Federal Student Aid PIN.

APPLY NOW

Frequent FAFSA Errors

- Make sure you're using the right aid year!!
 - Social Security Numbers
 - Divorced/remarried parental info
 - Untaxed income
 - U.S. income taxes paid
 - Household size
 - Number of household members in college
-

Special Circumstances

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

Special Circumstances

- ❑ Cannot report on FAFSA
 - ❑ Send explanation to financial aid office at each college
 - ❑ College will review special circumstances
 - Request additional documentation
 - Decisions are final and cannot be appealed to U.S. Department of Education
-

FAFSA Processing Results

- Central Processing System (CPS) notifies student of FAFSA processing results by:
 - E-mail notification containing a direct link to student's on-line Student Aid Report (SAR)
 - On paper in mail if E-mail not provided
- Student with PIN may view SAR on-line at www.fafsa.ed.gov

FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA submitted

 - College reviews ISIR
 - May request additional documentation, such as copies of federal tax returns
-

CSS Profile Application

- ❑ A standard form that collects demographic and more detailed financial information about the student and family
 - ❑ Must be filed electronically
 - ❑ Typically required by schools that are awarding large amounts of institutional aid
 - ❑ www.profileonline.collegeboard.com
-

Thank You!

Time for questions...