



## **College Financial and Merit Aid 101**

October 25th, 2021



## Introductions

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Speakers tonight:

- **Anne Wargo**, President, College Woman's Club of Westfield
- **Susana MacLean**, President, MacLean College Counseling



## Agenda

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- **Types and Forms of Aid**
- **Need-Based Aid**
  - Terms and Concepts
    - Cost of Attendance
    - Expected Family Contribution/Index
    - Defining Need
  - Two EFCs from Two Financial Aid Forms
    - FAFSA
    - CSS Profile
- **Merit-Based Aid**
  - Competitive Scholarships
  - Merit Awards



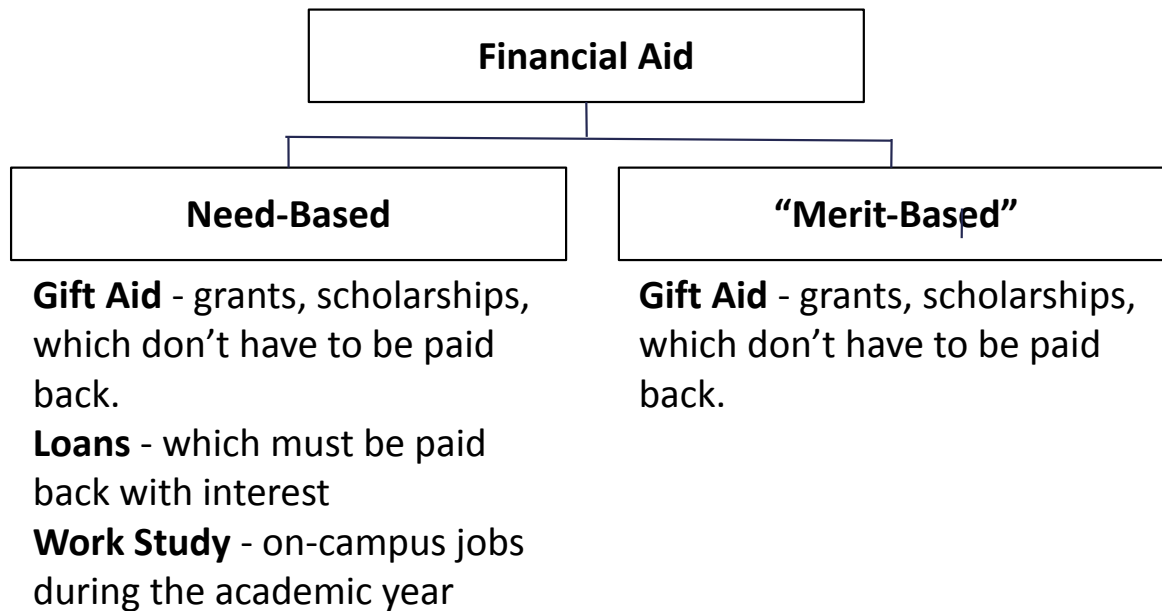
## Agenda

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- **Planning Ahead**
  - Which Kind of Aid Should You Seek?
    - Estimating EFC/Index
    - College-Specific Net Price Calculators
  - Need-Based Aid
    - Almost Everyone Should Apply
  - Merit-Based Aid
    - Identifying “Value” Colleges
    - Selecting Colleges that Will Want Your Student
- **Financial Aid Awards**
- **Getting a Rough Estimate of Aid a College Might Award**
- **Resources**



## Types and Forms of Aid



### Outside Scholarships

**Gift Aid** - grants, scholarships, which don't have to be paid back.



## Need-Based Aid: Terms and Concepts

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### Expected Family Contribution (EFC)/Index

An assessment of the family's (theoretical) ability to pay for the student's education for one year. Used to determine Federal aid eligibility.

Calculated based on data provided on the financial aid application, including:

- Family household size
- Family household members enrolled in college
- Parent income
- Student income
- Parent assets
- Student assets
- Debt not considered.



## Need-Based Aid: Terms and Concepts

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**Cost of Attendance (COA)** - estimated by individual colleges

- Tuition and fees
- Room and Board
- Laptop, Books, Supplies
- Travel to and from Campus
- Personal Expenses

**Financial Need = COA - EFC/Index**

## Financial Need



	<b>4-Year In-State Public University</b>	<b>4-Year Private College or University</b>	<b>2-Year Community College</b>
<b>Cost of Attendance (COA)</b>	\$35,000	\$75,000	\$12,000
<b>Expected Family Contribution (EFC/Index)</b>	- \$25,000	- \$25,000	- \$25,000
<b>Financial Need</b>	\$10,000	\$50,000	0





## Two EFCs

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There are two financial aid forms, each with its own methodology for calculating Expected Family Contribution.

- Free Application for Federal Student Aid (FAFSA)
- CSS Profile

Both

- Use “prior prior” income and tax data: 2020 IRS returns for 2022.
- Use current asset data.
- Open October 1st.



## FAFSA

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### Free Application for Federal Student Aid (FAFSA)

Specific to FAFSA

- Administered by US Government.
- Free.
- **Used by all colleges.**
- Does not count retirement assets.
- Does not require financial info on both parents if divorced.
- Login: Create FSA IDs, one for student, one for a parent, FSAID.gov.
- **Key elements of FAFSA are changing October 2022.**



## CSS Profile

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### CSS Profile

- Administered by the CollegeBoard (of PSAT, SAT, AP test fame).
- \$25 for first college, \$16 for each additional college.
- Used by about 400 selective colleges - mostly private, but also some publics.
- Counts retirement assets, home equity (currently).
- Requires financial info on both divorced parents and step-parents.
- Login: [cssprofile.collegeboard.org](https://cssprofile.collegeboard.org).
- **Key elements of FAFSA are changing October 2022.**

## Comparison: 2021 and 2022 FAFSAs, CSS Profile



	CSS Profile	Current 2021 FAFSA	2022 FAFSA
<b>Terminology</b>	EFC	EFC	<b>Index</b>
<b>EFC/Index calculation for two siblings in college</b>	60% of EFC for each	50% of EFC for each	<b>100% of Index for each</b>
<b>Financial info require for divorced households</b>	Both parents and step-parents	Custodial parent with whom student spends 51%+ time	<b>Parent who contributes most financially to student support</b>
<b>Home Equity</b>	Liquid asset	Not included as asset	Not included as asset
<b>Retirement assets</b>	Liquid asset	Not included as asset	Not included as asset
<b>529 accounts</b>	Parental asset	Parental asset	Parental asset
<b>Medical expenses</b>	Considered	Not considered	Not considered
<b>UGMA/UTMA accounts</b>	Student asset	Student asset	Student asset



## Merit-Based Aid

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Many colleges and universities award merit-based aid.

**Competitive Scholarships** - awarded by college, alumni group, or foundation

- Often requires earlier admissions application deadline.
- Sometimes requires additional essays or application.

**Other Merit, Scholarship, Grant Aid** - awarded by college

- Often requires earlier admissions application deadline.
- May require filing FAFSA (and maybe CSS Profile) for consideration.
- Does not require additional essays or application.
- May be offered to only a small percent of students, or to 100%.



## Planning Ahead

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Which kind of aid, need-based or merit-based, should you seek?

- Depends on your EFC/Index.
- Depends on cost of the individual college.
- Depends on each college's commitment to meeting full need vs. awarding merit aid.



## Estimating your EFC/Index in Advance

Start by getting a rough idea of your family's EFC/Index according to the applicable financial aid forms at CollegeBoard's EFC Calculator site:

<https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/expected-family-contribution-calculator>

- Be sure to check “Both FM & IM” formulas
  - FM = Federal Methodology = FAFSA
  - IM = Institutional Methodology = CSS Profile

### Formula

Select the formula method to use

Federal Methodology (FM)

Institutional Methodology (IM)

Both FM & IM

[Reset Calculator](#) [Save Info](#) [Next](#)



## Understanding Each College

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- In-state public universities may be less expensive than out-of-state.
- But Rutgers New Brunswick could be more expensive than a satellite of UNC or Penn State.
- Ivy League and New England Small College Athletic Conference (NESCAC) colleges do not award merit aid. But they award aid to meet 100% of need.
- The “sticker price” on a college might be high, but a “merit aid” discount offered to all students, or generous need-based aid, could bring the price down.
- What percent of financial need does a college meet, on average?
- What percent of non-need students receive merit aid?
- What is the average merit aid award?
- Where does your student fall, in terms of GPA and test scores and course rigor, compared to students admitted to the college?



# Understanding Each College



## Domestic Undergraduate Need-Based and Merit Aid (August 6, 2021)

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Institution	Total Cost of Attendance (in-state) (1)	Total Cost of Attendance (out-of-state) (1)	Full-Time Undergrads	Average Percent of Need Met (All Undergraduates)	Average Merit Aid Award to Non-need Undergraduates	Percentage of Non-Need Undergraduates Receiving Merit Aid (3)	Needs Analysis Methodology	Source
Gallaudet University		\$39,166						
Gannon University		\$52,561	2,503	73%	\$17,959	75%	FM	CDS 2020-2021
George Mason University	\$29,978	\$54,374	21,433	54%	\$3,534	46%	FM	CDS 2020-2021
George Washington University		\$76,276	10,121	92%	\$21,833	53%	FM and IM	CDS 2020-2021
Georgetown University		\$78,754	6,609	100%		0%	FM and IM	CDS 2020-2021
Georgia Institute of Technology	\$29,802	\$50,914	14,493	60%	\$10,199	54%	IM	CDS 2020-2021
Georgia State University	\$30,302	\$45,533	29,247	55%	N/A	0%		CDS 2020-2021
Gettysburg College		\$74,460	2,531	90%	\$19,699	67%	FM and IM	CDS 2020-2021
Gonzaga University		\$64,802	5,079	80%	\$18,339	100%	FM	CDS 2020-2021
Gordon College		\$52,850	1,386	77%	\$18,876	97%	FM	CDS 2020-2021
Goshen College		\$49,690	753	82%	\$17,489	100%	FM	CDS 2020-2021
Goucher College		\$65,916	1,086	87%	\$22,253	96%	FM	CDS 2020-2021
Grand Valley State University	\$25,756	\$31,356	18,013	68%	\$4,684	53%	FM	CDS 2020-2021
Grinnell College		\$73,644	1,457	100%	\$15,829	100%	IM	CDS 2020-2021

Big J Consulting: Resources - <https://www.bigjeducationalconsulting.com/resources>.



## Build a College List that Includes Financial Fit

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Financial fit is:

- If your student is academically competitive at a college that meets 90%+ of need and your family qualifies for aid (your EFC is lower than the COA at that college).
- If your student's academics are above profile, with GPA and scores (and course rigor) that puts them in the top 25% of admitted students, at a college that makes significant merit awards to roughly  $\frac{1}{4}$  or more of their non-need students.
- If a college awards merit aid to all students, bringing the price down to a level your family can afford.

# Sources of Financial Aid



	Gift Aid	Loans	Work
<b>Federal</b>	<b>Pell Grant</b> , \$6,495 max, requires EFC < \$5,846	<b>Federal Direct Student Loans up to \$27,000 total</b> <b>Subsidized</b> , \$3,500 first year, requires need <b>Unsubsidized</b> \$2,000 first year  <b>Parent Plus</b> up to COA, requires good credit history	Funding for <b>work study job</b> on campus
<b>New Jersey</b>	<b>NJ TAG Grant</b> for low-income families, only at NJ colleges. Requires FAFSA filing.	<b>NJ Class loans</b>	
<b>Colleges</b>	<b>Scholarships, merit awards</b>		<b>Work study job</b>



## Getting a Rough Estimate of Aid a College Might Award

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Every college must, by federal law, have a **Net Price Calculator** (NPC) on their website.

- The NPC asks for basic financial information about the parents and student.
- It then produces a report that lists:

Cost of attendance for one year

minus Estimated need-based and/or merit-based aid

= Net Price to the family

- Families can use Net Price estimates from colleges to get a very rough idea of financial fit.



## Getting a Rough Estimate of Aid a College Might Award

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To find the Net Price Calculator, look on a college's financial aid website or do an internet search under "[college name] net price calculator."

Things to be aware of:

- The accuracy of net price calculators is *highly variable* college to college.
- The more data the calculator asks for, the more accurate the estimate is likely to be.
- Some NPCs ask for the student's GPA or test scores in order to calculate merit aid.
- Some NPCs don't include merit aid awards, because those awards are based on subjective measures that are not included in the calculator.
- NPCs do not capture unusual or complex financial circumstances.



## Resources

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### Overview of Federal Aid including Loans and Grants

- [Federal Student Aid](#): Official US government website with information and guidance.

### Overviews of Financial Aid, FAFSA and CSS Profile Applications, and EFC Calculations

- [FinAid: The Go-To Guide for College Financial Aid](#), Mark Kantrowitz
- [Forbes Article: Guide to College Financial Aid](#), 2017, by Troy Onink. Note it does not reflect changes to FAFSA scheduled to take place in 2022-2023.

### Financial Aid Forms

- [Free Application for Federal Student Aid \(FAFSA\)](#): FAFSA financial aid form required for all colleges (required by some for merit aid consideration) and for federal student loans and Pell Grants.
- [College Board - CSS Profile](#): Financial aid form required by many private and some public colleges.

### Additional Resources

- [EFC Calculator](#) Be sure to check, “Both FM & IM” to get estimates of FAFSA and CSS Profile EFCs.
- [Undergraduate Need-Based vs. Merit Aid](#) Averages for over 400 Colleges (BigJ Consulting)
- [The College Solution](#): Lynn O’Shaughnessy, financial journalist, gives strategies for finding colleges that offer good financial and/or merit aid.
- [Scholarships 360](#): Colleges that give good merit aid.
- **Net Price Calculator**: Google a college’s name with “net price calculator” to find that school’s NPC for a rough estimate of what your family will pay for your child to attend. Some NPCs are much better than others, so take them with a grain of salt.
- [MyInTuition](#): College cost estimator for multiple, but not all, colleges.

## Contact

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**MacLean** College Counseling

Navigating College Admissions

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