



# Financial Aid “FAQs” and Figures

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# How do families pay for college?

- There are four sources of funds to pay college costs:
  - Money that's been saved
  - Current income
  - Money that's borrowed
  - Money that's awarded



# What determines how funds are awarded?

- Two basic philosophies:
  - Need-based
    - Family has the primary responsibility to pay for college to the extent of its ability
    - Difference between family's ability and school's cost is level of student's need-based eligibility
  - Merit
    - Family financial ability NOT the primary determining factor
    - Student determined to have meritorious characteristics



# How do students apply for need-based financial aid?

## FAFSA



- Free Application for Federal Student Aid
- [www.FAFSA.gov](http://www.FAFSA.gov)

## CSS Profile



- [student.collegeboard.org/profile](http://student.collegeboard.org/profile)

Some schools also may require:

- Tax returns and W-2 forms
- Non-custodial Parent PROFILE
- Institutional aid application



# What information goes on these forms?

- Both forms collect the same types of information; the PROFILE collects more of it
  - Student identifying data (name, address, etc.)
  - Student income information
  - Student asset information
  - Student dependency questions
  - Family data (size, number in college, etc.)
  - Parent income information
  - Parent asset information
  - Names of schools to receive the data
  - Signature/statement of accuracy



# Has applying for aid changed?

- Beginning with 2017-18, the FAFSA and PROFILE began to use “prior-prior year” (PPY) income data
- On the 2018-19 FAFSA and PROFILE, income will be reported from 2016 (the PPY), rather than 2017 (the prior year)
- Allows the 2018-19 FAFSA to be available in October of 2017 rather than January of 2018
  - PROFILE has previously been available in October
- Will allow almost universal use of IRS Data Retrieval by all FAFSA filers



# What is “IRS Data Retrieval?”

- The ability to move federal income tax data from the IRS database to the FAFSA
- Change to PPY means ability to retrieve the data at time of initial FAFSA filing
- Can move parental, student or both sets of tax data
- For 2018-19, 2016 tax year’s return(s) must be on file for IRS to retrieve data
- Some tax filing situations cause Data Retrieval to not be usable (e.g., 1040X filing, etc.)





# What should I know about the Data Retrieval process?

- Only available on the FAFSA (not the PROFILE)
- Retrieval is via a link from the FAFSA to the IRS
- Retrieved IRS data will be encrypted (new for 2018-19)
- Encrypted data will NOT be visible on the retrieval website
- Encrypted data will NOT be visible on the FAFSA website
- Only “Transferred from the IRS” will appear on the FAFSA website and the Student Aid Report





# How do families sign a FAFSA?

- Students and parents electronically sign the FAFSA with a Federal Student Aid ID (FSA ID)
- Student aid applicant must have one; parent with data on the FAFSA must also have one
  - *Each must be attached to unique e-mail address and/or cell phone number*
- Process involves creation of username, password, challenge questions
- FSA ID can be created:
  - When completing the FAFSA: at [fafsa.gov](https://fafsa.gov)
  - Beforehand (recommended): at [StudentAid.gov/fsaid](https://StudentAid.gov/fsaid)



# Can an aid applicant apply as self-supporting?

- Students can apply as self-supporting only IF:
  - They're 24 years of age
  - They're married
  - They're pursuing a graduate degree
  - They're in the Armed Forces or are a veteran
  - They have a child **and** provide more than 50% support
  - They're orphaned or are/have been a foster child
  - They've been emancipated by a state court
  - They have a court-appointed legal guardian
  - They're homeless or at risk of being homeless



# How is need-based aid eligibility determined?

Cost of education

- Expected Financial Assistance  
(outside resources)

- Calculated family contribution

= Student's financial need



# What is included in the cost of education?

- Tuition and fees\*
- Room and board\*
- Books and supplies
- Transportation
- Miscellaneous personal expenses



# What are outside resources?

- Funds from sources **other than** the college/university
  - Clubs and civic organizations
  - Churches
  - Employers
  - Foundations
- Certain types of benefits (e.g., military)
- Private gifts



# What is the “family contribution?”

- A figure derived from the financial data provided on the FAFSA and/or PROFILE
- Represents the calculated capacity of the family to contribute toward the cost of education
- Takes into account factors such as income, assets, family size and number of children attending college
- **Annually determined**, so can change from year to year as factors change
- Ranges from zero (no contribution) to \$1,000,000 and above (000000 to 999999)



# What about merit-based scholarships?

- Funds awarded on the basis of factors **other than** or **in addition to** financial need
  - Academic factors
  - Talent factors
  - Service factors
  - (Fill in the blank) factors
- **Procedures for being considered vary**
  - Nomination process
  - Scholarship application
  - Admission application





# What are the typical components of a financial aid award/package?

- **Gift Aid**
  - Grants (Institutional, Federal, and State)
  - Merit-Based Scholarships
  - Funds not requiring work or repayment
- **Self Help**
  - Student Employment
  - Student Loans (at some schools)



# How is need met?

## Some sample aid packages

	Davidson	Public U.	Private U.
<b>Cost</b>	\$66,578	\$24,900	\$45,000
<b>EFC</b>	\$15,000	\$15,000	\$15,000
<b>Need</b>	\$51,578	\$9,900	\$30,000
<b>Merit</b>	\$0	\$0	\$15,000
<b>Grant</b>	\$49,478	\$4,400	\$6,000
<b>Loan</b>	\$0	\$4,000	\$4,000
<b>Work Study</b>	\$2,100	\$1,500	\$2,000
<b>Total Aid</b>	\$51,578	\$9,900	\$27,000
<b>Unmet Need</b>	\$0	\$0	\$3,000
<b>Total Paid</b>	\$15,000	\$15,000+loan +interest	\$18,000+loan +interest





# Do you have any “consumer tips?”

- Hire an admission/aid consultant(?)
- Avoid scholarship programs that charge application fees
- Avoid scholarship search services that charge fees



# What are some on-line resources?

- School web sites
  - Net price calculators
- [www.davidson.edu](http://www.davidson.edu)
- Federal government [www.StudentAid.gov](http://www.StudentAid.gov)
- State aid authority/ commission web sites
  - In NC, it's [cfnc.org](http://cfnc.org) AND [ncresidency.org](http://ncresidency.org)
- The College Board [www.collegeboard.org](http://www.collegeboard.org)
- Scholarship search web sites
  - Fastweb.com, Scholarships.com, another 30,000,000+



# Additional Questions?

## Thank you for coming!

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