

FINANCIAL AID 101

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Financial Aid fears put into words...

Too poor to have parents pay for all of my college, not poor enough to get financial aid to cover it all. But just poor enough to have constant nightmares about affording college and my future.



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What is Financial Aid?

- ❑ Financial Aid consists of funds provided to students and families to help pay for postsecondary educational expenses
- ❑ Students and parents have the primary responsibility for funding post secondary education to the extent they are able
- ❑ Financial aid helps make up the difference



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Topics to Discuss

- ❑ Cost of Attendance (COA)
- ❑ Expected Family Contribution (EFC)
- ❑ Financial Need
- ❑ FAFSA
- ❑ Types of Financial Aid
- ❑ Student Loan Debt
- ❑ Helpful Recourses
- ❑ Questions



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CONCEPTS & DEFINITIONS



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What is Cost of Attendance (COA)?

- ❑ Average cost to attend for one academic year
- ❑ Combined direct and indirect costs related to educational program
- ❑ Direct: Billed by the college (tuition, room and board, fees)
- ❑ Indirect: Usually estimates not reflected on the bill but needed (books, supplies, transportation, personal expense)

- ❑ Varies according to:
 - School (tuition/fee rates differ)
 - Student Status (in-state/out-of-state, full-time/part-time)
 - Housing status (on-campus, off-campus, with parent)



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What is the Expected Family Contribution(EFC)?

- ❑ Misnomer: EFC is NOT necessarily what a family will actually pay!!
- ❑ EFC IS a measurement of a family's financial strength
- ❑ Calculated using data from the FAFSA and a federal formula
- ❑ Stays the same regardless of college
 - Exceptions: Special Circumstance appeals and IM schools
- ❑ Two components for dependent students:
 - Student contributions
 - Parent contributions
- ❑ Determines the types and amounts of aid that students are eligible to receive



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EFC for Dependent Student

(very basic Federal Methodology example)

Parental contribution from
income and assets

+ Student contribution from
available income and assets

= Expected Family Contribution



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“Financial Need” (Federal Methodology)

Cost of Attendance (COA)

– Expected Family Contribution

= Financial Need

- ❑ Schools will use this figure to determine eligibility for need-based aid
- ❑ Again: This is NOT necessarily what a family will actually receive. It is a measuring tool for most schools.



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THE APPLICATION PROCESS



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The Forms

FAFSA (Free Application for Federal Student Aid)

- ❑ Required for all types of Federal, State, and institutional aid
- ❑ www.fafsa.ed.gov

CSS FINANCIAL AID PROFILE

- ❑ Used primarily by private colleges

Institutional Applications

- ❑ Check school publications and websites



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General Federal Aid Criteria

- ❑ Must be enrolled or accepted for enrollment in an eligible program of study
- ❑ Must be pursuing degree, certificate, or other recognized credential
- ❑ Must be a U.S. citizen or eligible non-citizen
- ❑ Must be registered with the Selective Service
- ❑ Must have a valid SSN
- ❑ Must not be in default on federal grants or loans
- ❑ Must continue to make Satisfactory Academic Progress (SAP) as defined by the school



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1st Steps for the process

- ❑ Get Student and Parent FSA ID's
 - Can request ID's now – they do not expire
 - www.studentloans.gov, www.fafsa.ed.gov
 - Takes approximately 3 business days
 - Accept the ID's after verification email is sent to your email with a security code
- ❑ Begin collecting information for the FAFSA
 - Social Security Numbers
 - Student driver's license number
 - State residency information
 - 2016 Tax forms (student and parent)



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THE FAFSA

PREPARING FOR THE FAFSA[®]

The FAFSA process is quicker and easier when you have a username and password called an FSA ID. (If your parent is providing information on your FAFSA, he or she will need his or her own FSA ID as well.) Learn more about the FSA ID and how to create yours at StudentAid.gov/fsaid.

GATHER THIS INFORMATION

The FAFSA asks questions about you and your finances, so have the information below handy.



Social Security number



Alien registration number



Federal tax information or tax returns



Records of untaxed income



Cash, savings, and checking account balances



Investments other than the home in which you live

DON'T HAVE ALL YOUR INFO READY YET?

That's okay; you can start the FAFSA, save it, and come back later to finish it. (To find out whether you need to report info about your parents, visit StudentAid.gov/dependency.)

THE FAFSA

www.fafsa.ed.gov

The screenshot shows the FAFSA website homepage within a browser window. The browser's address bar displays <http://www.fafsa.ed.gov/>. The page header includes the text "Federal Student Aid AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION" and "PROUD SPONSOR OF THE AMERICAN MIND™". The main heading is "Free Application for Federal Student Aid FAFSA™". A navigation bar contains icons for Home, About Us, PII Site, Student Aid on the Web, and Help, along with a search box and language options for English and Español. The central banner features the text "Get help paying for college" and "Submit a Free Application for Federal Student Aid (FAFSA)" above a collage of diverse students. Below this, two columns offer options for "New to the FAFSA?" (with a "Start A New FAFSA" button) and "Returning User?" (with a "Login" button and a list of actions: "Make a correction", "Add a school", and "View your Student Aid Report (SAR), and more"). The footer area includes sections for "Deadlines" (with a link to "Information about your deadlines.") and "School Code Search" (with a link to "Find your college's school code. Also find detailed information about your college."), and "Announcements" (with two bullet points regarding OS X Mountain Lion/Windows 8 accessibility and an IRS Data Retrieval Tool).

http://www.fafsa.ed.gov/

Office of Student Aid Intranet/... Home - FAFSA on the Web...

File Edit View Favorites Tools Help

Systems WD SRC Hndbk IFAP M-W OSA Int POSA Reg AES Bur Adm weather elion UCS

Federal Student Aid AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

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Get help paying for college

Submit a Free Application for Federal Student Aid (FAFSA)

New to the FAFSA?

Start A New FAFSA

Returning User?

- Make a correction
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Login

Deadlines
Information about your deadlines.

School Code Search
Find your college's school code. Also find detailed information about your college.

Announcements

- OS X Mountain Lion and Windows 8 users: FAFSA on the Web is inaccessible at this time but we are working to fix the issue.
- Use the [IRS Data Retrieval Tool](#) to update your FAFSA with IRS tax return information.

110%

Free Application for Federal Student Aid

- ❑ A standard form that collects demographic and financial information about the student and family
 - Information is used to calculate the EFC using the federal formula
- ❑ Electronic application
 - Available in English and Spanish
- ❑ Information is sent to secure Dept. of Education called CPS
- ❑ Did I mention it's free?



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FAFSA

- ❑ Application opens October 1st
- ❑ Use Prior Prior Year tax data
 - 2018–19 – use 2016 tax data
 - 2019–20 – use 2017 tax data
- ❑ Benefits of filing earlier
 - The financial aid process is more aligned with college application process
 - No need to estimate income
 - More time to explore student aid options



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FAFSA

❑ IRS Data Retrieval Tool

- Ability to import tax data from IRS website directly into the FAFSA
- Participation is voluntary
- Reduces documents requested by the FA Office

❑ Verification

- Second look at the application
- Confirmation that everything is correct on the FAFSA and student is receiving the correct aid



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FAFSA

- ❑ Colleges may set FAFSA filing deadlines
 - Penn State filing deadline – February 15
 - File AS SOON AS POSSIBLE EVERY YEAR
- ❑ Each state may set FAFSA filing deadline
 - Pennsylvania filing deadline – May 1



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FAFSA

- ❑ You can send FAFSA info to 10 different schools
- ❑ For Dependent Students: Both Parent and Student must sign with separate FSA ID's
- ❑ Results sent to schools listed – ISIR
- ❑ Results emailed to student's email address provided – SAR
 - Review your results for accuracy
 - Go back and correct your mistakes immediately if any are found – this will save you time later



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General FAFSA Tips/Errors

- ❑ Read each question carefully
 - Some questions apply to students, others to parents – don't mix!
- ❑ Social Security Numbers
- ❑ Divorced/remarried parental information
- ❑ Untaxed income
- ❑ U.S. Income tax paid
- ❑ Household size/ number in college (not parents)
- ❑ Real estate and investment net worth



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Special Circumstances

- ❑ Change in employment status
- ❑ Medical expenses not covered by insurance
- ❑ Change in parent marital status
- ❑ Unusual dependent care expenses
- ❑ Student can not obtain parent information
- ❑ Contact your financial aid office



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Award Letters

- ❑ Lists the sources of aid you are eligible to receive based on the info from the FAFSA
- ❑ Award letters will contain merit based aid and need based aid including student loans
- ❑ Estimated award amounts are usually non-negotiable
- ❑ Sent via email



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TYPES OF FINANCIAL AID



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Grants

- ❑ Money that does not have to be paid back
- ❑ Usually awarded on the basis of financial need – FAFSA



Grants

- ❑ Federal PELL Grant – Awarded to high need, eligible undergrads seeking first Bach degree
 - Amount is based on verified FAFSA EFC
- ❑ Federal Supplemental Educational Opportunity Grant (FSEOG) – high need
- ❑ Teacher Education Assistance for College and Higher Education Grant (TEACH)
- ❑ PA State Grant



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PA State Programs

- ❑ State Grant – complete this at the same time you complete the FAFSA
 - Status notice
 - Account Access

- ❑ Is based on your Federal EFC
 - PHEAA may ask for additional information
 - This is largely out of the schools control



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Scholarships

- ❑ Money that does not have to be paid back
- ❑ Awarded on the basis of merit, skill or unique characteristic
 - For most schools there is not a separate application
- ❑ Outside Scholarships
 - Foundations, businesses, local organizations
 - Deadlines and application procedures vary
 - Begin researching now – little amounts add up



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Scholarship Resources

- ▶ www.fastweb.com
- ▶ www.Studentaid.psu.edu
- ▶ www.collegeboard.com
- ▶ www.careeronestop.org
- ▶ High school guidance office



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Myth: Searching and Applying for Scholarships is Too Much Work

- Searching for scholarships is the easy part
- It gets much easier after your first few applications, since you can reuse and adapt your previous application essays
- Some students don't like essay contests and small scholarships, making them easier to win



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Federal Direct Loans

- ❑ Student is the borrower– no cosigner or credit check
- ❑ Amount varies based on academic year
- ❑ No repayment is required while in school at least ½ time
 - There is an origination fee and interest accrues on unsub loans
- ❑ Repayment usually begins after 6 month grace period
- ❑ Maximum repayment period between 10–30 years depending on balance – lots of options (IBR)
- ❑ Deferment and forbearance provisions available
- ❑ Only borrow what is really needed
- ❑ Look at loans as an investment in the future



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Federal Direct Loans

- ❑ Subsidized: must demonstrate financial need
 - Interest does not occur while in school and grace period
- ❑ Unsubsidized: Not based on “need”
 - Interest accrues but can be paid while in school
- ❑ Annual loan limits (sub and unsub) for dependent students:
 - \$5,500 for 1st year undergraduates (\$3,500 sub)
 - Fixed interest rate (currently 4.4%)
- ❑ Total aggregate limit for dependent undergrads:
 - \$31,000
 - \$23,000 maximum subsidized



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Parent PLUS Loans

- ▶ Loan program for parents (biological, adoptive, or step-parent in household) of dependent undergraduate students
- ▶ Loan is ALWAYS in parents name
- ▶ Applicants must be “credit-worthy”
- ▶ Annual loan limit: COA minus other aid
- ▶ Fixed interest rate:
- ▶ Can defer repayment until after school



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Private/Alternative Loans

- ▶ Student applies and probably needs a cosigner
- ▶ Loan is based on “credit-worthiness”
- ▶ Annual loan limit: COA minus other aid
- ▶ Fixed or variable interest rates optional
- ▶ Can defer repayment until after school
- ▶ Co-signer release option is available



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Student Loan Debt

- ▶ Know what you are getting into
 - Do your research
- ▶ Understand the types of student loans
 - Do not borrow more than you need
- ▶ Make a plan for repayment
 - Consider paying interest while in school
- ▶ Don't get yourself into further debt



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Helpful Websites

- ▶ www.yk.psu.edu
- ▶ www.studentaid.psu.edu
- ▶ www.studentloans.gov
- ▶ www.fastweb.com
- ▶ www.studentaid.ed.gov
- ▶ www.finaid.org
- ▶ www.pasfaa.org



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Questions, Comments, Concerns



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