

# **FINANCIAL AID THE BASICS**

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# FINANCIAL AID

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- Financial Aid = Assistance provided to students to help fund their education. It can be in the form of:
  - Grants
  - Scholarships
  - Loans
  - Employment

# MERIT-BASED AID VS. NEED-BASED AID

- Merit-Based Aid = aid given to students strictly on the basis of merit. May be based on:
    - Academic record
    - Special characteristics
    - Skills or talents
    - Involvement
  - *Does not have to be repaid; usually renewable from year to year.*
- Can vary significantly from school to school

# MERIT-BASED AID VS. NEED-BASED AID

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- *Need-Based Aid* = aid awarded to students on the basis of financial need. Need will vary based on cost of attendance of the school.
- Determination of need could be based on the FAFSA, CSS PROFILE or both.
- Re-evaluated each year as financial situations may change.

# WHAT IS THE FAFSA?

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- FAFSA = Free Application For Federal Student Aid
- Application for federal and state aid (may be application for college aid as well, depending upon the school)
  - Parent/Student Section
  - File one FAFSA per year per student (not one per college)

# HOW/WHEN TO FILE THE FAFSA?

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- Ways To Complete the FAFSA:
  - On-line at [www.fafsa.gov](http://www.fafsa.gov)
- Complete as soon as possible after **October 1st**, at [www.fafsa.gov](http://www.fafsa.gov)
- Filing the FAFSA is **FREE** – avoid sites that charge a fee for filing the FAFSA

# FILING THE FAFSA

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- Based on **2018** tax information for the **2020-2021** academic year
- Data Retrieval Tool
- Students need to be encouraged to apply even if they are not sure of their attendance.
- Don't wait to be accepted to college to complete the forms

# FINANCIAL NEED

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Cost of Attendance

-Expected Family Contribution

Financial Need

- Cost of Attendance includes: tuition, fees, room & board, books & supplies, personal expenses & transportation allowance



# WHAT IS THE EFC?

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- Basis of financial aid package
- EFC=determined by a federal formula that calculates need via the FAFSA
- EFC & Financial Need are guidelines used by schools to determine aid package
- EFC is not necessarily equal to out-of-pocket cost

# HOW IS THE EFC CALCULATED?

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## Primary Factors Looked At:

- Taxable Income: AGI (wages earned+interest dividends+other taxable income)
- Untaxed income & benefits
- Assets
- Number in family
- Number of dependent children in college

# INSTITUTIONAL METHODOLOGY

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- Some schools may require CSS PROFILE
  - Primarily private schools
  - Collects supplemental data (i.e.-home equity, financial data of non-custodial parent, value of retirement plans, etc.)
  - Calculates IM EFC (Institutional Family Contribution)
  - Basis for awarding institutional need-based aid only
  - Register to complete form at [www.collegeboard.org](http://www.collegeboard.org)

# SOURCES OF AID

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- Federal
- State
- The College/University
- Outside Organizations
  - Civic organizations (ex.-local Rotary Club), parent's employer, high school

# FEDERAL AID

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- Federal Pell Grant
- Federal SEOG
- Federal Nursing Student Loan
- Federal Work Study
- Federal Direct Loan
- Federal Direct PLUS Loan

Parent must apply/be approved

# OTHER SOURCES

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- State Aid – contact your state higher education assistance agency for specifics. PHEAA is your state agency in PA.
- College/University
- Private Sources

# COLLEGE/UNIVERSITY

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- Factors that may influence institutional aid, particularly merit-based aid:

Academics

SAT's

AP Courses

Talent

H.S. Attended

Athletic Ability\*

Geographic Diversity

Legacy

Academic Track

Activities

Class rank

*\*Athletic awards only offered by NCAA Division I and Division II schools only.*

# OUTSIDE SOURCES

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- Private sources of scholarship funds include:
  - Service/Fraternal Organizations
  - Employers/Business
  - Churches/Religious Groups

The web is an excellent resource for parents, students and counselors to seek free scholarship assistance



# COMPARING AID OFFERS

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- Don't assume that more expensive schools will necessarily cost more!
- Look at same “bottom line” for each school. Compare “apples” to “apples.”
  - What is amount of loan in package vs. amount of grant?
  - What is amount of work study?
  - Are grants/scholarships automatically renewable? If so, what are criteria?

# COMPARING AID OFFERS

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- Will package change if outside scholarships are received?
- What factors may cause change a change to my award? (i.e.- number in college, income increase)
- Is there room for movement? Check with the F.A. Office—there might be but it's not “Let's Make A Deal!”
- Contact Financial Aid Office with your questions or concerns regarding finances at that institution

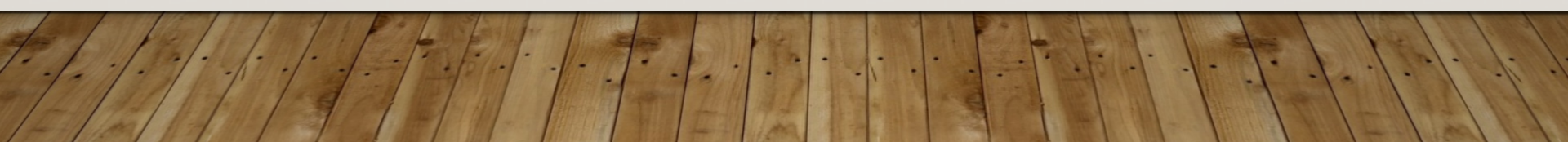
# WHAT ABOUT THE FUTURE?

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This is at least a four year commitment.

Think of this as you would any other major financial investment.

Before making a final decision ask:

- Can I continue to afford this commitment if the costs increase?
  - Can I continue to afford this if my aid is reduced due to an increase in my income or decrease to the number of family members in the household or number in college?
  - What else may be happening in the next 3 – 5 years that might affect our families ability to pay?
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**GOOD LUCK**

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**QUESTIONS ? ?**