



# **UNDERSTANDING FINANCIAL AID**

**The Summit College Counseling, LLC**

**[www.thesummitcc.com](http://www.thesummitcc.com)**

**661-513-3351**

**Veena Rao**

For a full presentation about the financial aid process, please take a look at [this video](#) presentation. Please watch the video to get a full understanding of the topics outlined below or go to the websites listed to get a full understanding of the financial aid process.

### **What is the Cost of Attendance?**

It is a figure set by the university that encompasses five factors - Tuition & Fees, Housing & Dining, Books & Supplies, Transportation, and Personal & Miscellaneous Expenses. Check each university's website to see what they note as their cost of attendance.

### **Expected Family Contribution (EFC)**

It is a figure determined by FAFSA that takes into account what parents can contribute as well as a student can contribute towards the cost of a college education.

### **Why are the aforementioned figures important?**

Your **financial need** is determined by looking at the **cost of attendance minus the expected family contribution**. The resulting award from the university addresses the financial need you have demonstrated. This is why it is imperative that you complete the FAFSA (and the CSS Profile where appropriate.)

### **Net Price Calculator**

It is important that you figure out what universities expect you to contribute towards your child's education before you apply. Every university and college has a calculator on its website where you can input financial data and get an estimate of what you will be expected to pay once they factor in all the grants, loans and work study awards. Please remember that the financial aid package may consist of loans. I would urge you to use the Net Price Calculator at more than one university or college. Try to get an estimate from at least 3-5 websites so that you have a rough understanding of what the universities are going to expect it you to pay towards your child's education. Enter the data accurately so that you can get a better estimate. Remember it is only an estimate.

[Visit the net price calculator on at least 3-5 websites of the universities on your child's list](#) and see what they estimate your financial need will be for the upcoming year. Remember it is just an estimate, the final figure might be very different. The award changes for each subsequent year of application if your circumstances change. For example, you have another child going to college or the one you have at university graduates.

## **What kinds of financial aid are awarded?**

Financial aid may be based on financial need or merit, or a combination of the two.

### **Need-Based Financial Aid**

Most federal, state, and college financial aid is based on a student's financial need. Recipients may receive financial aid to cover some or all of their college costs beyond what they can afford. In addition, need-based aid:

- Requires the student to file the FAFSA and possibly other financial aid applications
- Is determined by a standardized formula that colleges use to calculate how much each family can afford to contribute
- Requires the student to fill out an application each year
- May be awarded in the form of grants, work-study, and/or loans

## Grants

**Grants are gift aid**, and generally do not have to be repaid. These are the federal grants--

- **Pell** (The maximum Federal Pell Grant award is \$6,345 for the 2020–21 award year)
- **Supplemental Education Opportunity Grant** (Requires Pell eligibility and is a supplemental grant to the Pell) (You can receive between \$100 and \$4,000 a year)
- **Scholarships for Veterans and their dependents**- Ex. Iraq and Afghanistan Veterans
- **Teach Grant** – Careful because the grant can turn into a retroactive loan if the student does not teach in approved programs - provides up to \$4,000 annually

## Cal Grants

To qualify for California state financial aid, you can submit the FAFSA or the CA Dream Act Application. The application can be found on this [website](#). The Cal Grants application also requires the submission of a certified copy of the student's GPA by the March 2nd deadline.

Make sure you apply for federal student aid as early as you can. Each school sets its own deadlines for campus-based funds. You can find a school's deadline on its website or by asking someone in its financial aid office.

Eligibility requirement includes GPA, residency, California CC, UC, CSU or private university or career/technical school. **A student may be paid for one type of Cal Grant award at a time**

- **Cal Grant A**- must have at least a 3.0 GPA as a high school applicant
  - Will help pay for tuition and fees at four-year colleges
  - award amounts vary by type of college
- **Cal Grant B**
  - Provides a living allowance of up to \$1,656, in addition to tuition and fee assistance **after the first year**, at a two- or four-year college
  - requires at least a 2.0 GPA

- **Cal Grant C**
- Assists with the costs of a technical or career education
- <https://www.csac.ca.gov/>

## **Institutional Aid**

Grants can be offered by the college or university you are applying to and they do not need to be repaid. This would be grants that would be beyond what is offered by federal or state funding.

## **2. Work Study**

The **Federal Work-Study Program** provides the student with a part-time job at or near the school. The job can be on campus, off-campus, or community service. It is up to the student to find a job once they are on campus.

## **3. Loans**

There are **three types of federal loan programs**:

- **Direct Subsidized Loans** (for undergraduate students and the loan interest is paid by the US Dept of Ed while the student is in school)
- **Direct Unsubsidized Loans** (for undergraduate, graduate, and professional students- the student is responsible for the interest on the loan from the time you borrow the money)
- **Direct PLUS Loans** (for parents of dependent undergraduates; and for graduate or professional students). This allows parents to borrow up to the full cost of education. The loan is offered based on creditworthiness.

Note- Certain colleges/universities have their own loan programs and will offer those loans in the aid award letter. Parents also have the option of borrowing money from private lenders like banks and credit unions. However, the interest rates and cost of borrowing money might be much higher from private lenders.

## **Merit-Based Financial Aid**

Merit-based financial aid is generally awarded by a college in recognition of a student's achievement — academic, athletic, artistic, or extracurricular — in the form of a scholarship. Colleges award merit-based financial aid based on a set of factors they determine is important to them. It is a discretionary function and typically they select their most competitive applicants as recipients of merit aid. When awarding merit-based financial aid, each university:

- Establishes its own qualifications, sets the award amounts and provides its own application process. At some universities just submitting the admissions application is

enough for students to be considered for scholarships. At some universities, it involves a separate application process and it may have requirements like essays and letters of recommendation. Students should visit each university's website to see how they administer merit aid. Pay attention to the deadlines that universities set for students to be considered for merit scholarships.

- The university may determine that a merit scholarship is non-renewable and if it is renewable, the terms of the renewal will be defined in the award letter.
- The university typically compares the applications of students to determine who the recipients of the scholarships will be as well as the amount that is awarded to each student.
- Some universities require students to participate in an on-campus interview before they determine who will receive the awards.

### **Who should file the FAFSA and/or CSS/PROFILE :**

- Any US citizen or permanent resident/alien registration card holder wanting to receive need-based aid who believes they might qualify
- Anyone who thinks they may require financial aid at any point during their child's undergraduate career. Many colleges will not consider a financial aid application from a matriculated student, admitted as a full-pay freshman if they did not originally submit the FAFSA when they applied for admission as a high school senior.
- Anyone who expects to have two or more children in college at the same time, which significantly lowers the threshold for need-based eligibility
- Anyone applying for merit aid at (a handful of) institutions that require either the FAFSA or PROFILE for consideration for such awards

### **Completing the FAFSA**

In order to understand the financial aid aspect of college admission, parents who plan to apply for financial aid should visit the official website to complete the Free Application for Federal Student Aid ("FAFSA"). It is highly recommended that parents complete the FAFSA online. There are instructions available on the website to help parents answer the needed questions. **The application goes live on October 1<sup>st</sup> and parents should complete the application and submit the application as soon as possible after that October 1<sup>st</sup> date.** This application is meant to determine eligibility for federal financial aid.

### **What do you need to do to fill out the FAFSA?**

- The Student AND the parent will need a federal student ID (FSA ID)
- Cannot be the same email address. Each parent needs their own FSA ID.

- Go to [www.fsaid.ed.gov](http://www.fsaid.ed.gov)
- Remember -the FSA ID serves as an electronic signature and provides access to personal information, the FSA ID should not be shared with anyone, including financial aid administrators.
- Social security numbers (American citizens and non-citizens with an Alien Registration Number or Permanent Resident cardholders only)
- Student's driver's license number (if you have it)
- Family income and W-2 figures

### **FILLING OUT THE FAFSA**

Go to [WWW.FAFSA.GOV](http://WWW.FAFSA.GOV) **FREE Application for Federal Student Aid**

The Key Demographics Questions - Make sure you enter the Student's Name, Student's date of birth, and Student's Social Security number correctly. It is the Student's data being requested in the Key Demographic section -- not the parental information.

The FAFSA Form Organization --

1. Student's data is being requested first. So all the information being requested in the first section pertains to the Student.
2. Dependency Questions -- This section is dedicated to determining if the student is considered dependent on their parents. If the student is deemed to be dependent on the parents, then it triggers the next section which requires parental data to be entered.
3. Parent Section -- Input Parental data in this section if dependency is established.
4. College Release -- the electronic version of the FAFSA allows the student to identify 10 colleges to which this data will be released. Have your list of colleges ready if you have them.
5. Certifications -- The parents attest that they have filled out the forms truthfully and accurately to the best of their ability.

**To learn more --**

[https://fafsademo.test.ed.gov/spa/fafsa/#/LOGIN?locale=en\\_US](https://fafsademo.test.ed.gov/spa/fafsa/#/LOGIN?locale=en_US)

[https://fafsa.ed.gov/spa/fafsa4c/?locale=en\\_US#/landing](https://fafsa.ed.gov/spa/fafsa4c/?locale=en_US#/landing) (estimates your eligibility for federal student aid)

The other option -- FAFSA on the Web Worksheet

<https://studentaid.gov/sites/default/files/2020-21-fafsa-worksheet.pdf>

## CSS Profile

In order to complete the CSS Profile, visit the [official website](#).

This financial aid application is required by approximately 400 colleges and universities, nearly all private entities, that use the information to determine eligibility for **their own institutional financial aid, not federal aid**. The website lists which colleges and universities that require the Profile. It is a fee-based service.

You may complete the CSS Profile as early as October 1<sup>st</sup>. It also allows the families to explain special circumstances on their applications that impact financial aid. You will require two years worth of W-2 forms in this application. You will also be required to share information concerning income earned in the current year; records of untaxed income and benefits for the current and previous tax years; current bank statements and mortgage information; and records of savings, stocks, bonds, trusts, and other investments are also good reference materials. It asks for a lot more data than the FAFSA and takes into consideration a lot more financial data than the CSS Profile. They examine home equity in this application and that is not a consideration in the FAFSA application. As a reminder, the information from this application is used to distribute their institutional aid.

### What if my circumstances have changed since the tax returns I am submitting?

- Fill out the FAFSA with 2019 tax information even if there is job loss now
  - FAFSA Question #83 – Asks about Parent’s Employment Status - ”dislocated worker”
  - CSS Profile – Explanation or Certification Box is provided to explain the change of circumstances
- Married or Divorced – add or subtract spousal income information based on the current status. Check the FAFSA instructions pages for this information.

Please enter the data that is being requested and then contact the Financial Aid Office - call them and email them and ask them what documentation you need to provide in order to show your change in circumstances.

### Websites to search for scholarships

•<https://www.petersons.com/>

•<https://www.unigo.com/>

•<https://www.cappex.com/>

•<http://www.scholarshipmonkey.com/>

•[www.niche.com](http://www.niche.com)

Look for local scholarships that are offered in your community by various organizations.

Have your parents check with their employers, religious and other organizations they are affiliated with to see if there are scholarships you can apply to

•**Do NOT pay for a scholarship search! If a scholarship requests a fee-do not apply!**

### **When Searching for Scholarships --**

- Pay attention to deadlines
- Understand what specific requirements they have in order to qualify – residency, academic, ethnicity, specific jobs/skills/talents, religion, parental affiliations
- Track the requirements – specific applications, essays which may be required, letters of recommendation that may be required
- See if the scholarship is granted for one or more years.
- Create an Excel spreadsheet to track all of this information

### **Western Undergraduate Exchange**

California students have the ability to apply to 2 and 4 year public universities in 14 states in the western half of America. [www.wiche.edu/wue](http://www.wiche.edu/wue)

Please take a look at the website above to see which universities are offering WUE tuition discounts for the programs that your child is interested in pursuing. Given that students might be eligible for merit scholarships in addition to the WUE tuition discount, the cost of attending a WUE school may be cheaper than an in-state program in California. You would still file the FAFSA to see if you qualify for additional need based aid.