
**2007 NYSFAAA
FINANCIAL AID BASICS**

**STUDENT EXPENSE BUDGET
(Cost of Attendance)**

&

**GENERAL PACKAGING OF FINANCIAL
AID**

Basic Formula – FINANCIAL NEED

BUDGET or COST OF ATTENDANCE

- (-) Expected Family Contribution (EFC)
 - (-) Resources & Estimated Financial Aid Eligibility (EFA) (beyond the direct control of the institution)
-

(=) FINANCIAL NEED

Package Institutionally Controlled Financial Aid to Meet Need – combination of self-help (*loans & campus employment*) and gift aid (*scholarships & grants*)

What is the Expected Family Contribution (EFC)?

The Expected Family Contribution (EFC) is the amount that a family can be expected to contribute toward a student's college costs.

(formula driven - based on family financial data)

(FAFSA – Free Application for Federal Student Aid)

Resources/Estimated Financial Assistance (EFA)

- **Non-institutional aid the student receives, such as a Pell Grant, NYS Tuition Grant (TAP) and/or Scholarships, and private scholarships**
- **Other resources as specified under the campus based programs; i.e. Veteran's Educational benefits – Americorps benefits**

Note: Ch. 30 Montgomery GI Bill benefits and Americorps benefits are not included in EFA in determining eligibility for subsidized federal loans but included in total financial aid against COA

Financial Need - example

Budget /Cost of Attendance	\$12,735
(-) EFC	\$ 3,500
(-) Resources/estimated FA	\$ 2,000
(=) Need	<hr/> \$ 7,235

Campus Based Aid
FFELP/FDSL

Regulatory Concept of COA/Budget

- **“The cost of attendance is the cornerstone of establishing a student’s financial need, as it sets the limits on the total aid that a student may receive for the purposes of the Campus-Based programs and the Stafford/PLUS/Direct Loans, and is one of the basic components of the Pell Grant calculation.”**

Source: Volume 3, Cost of Attendance(Budget), Chapter 2, Calculating Awards & Packaging, 2007-2008 Federal Student Aid Handbook, USDE, FSA, p. 3-19

More regulatory concepts for COA/Budget

- The types of costs that may be included are the same for all FSA programs, as specified in the law.
- The COA for the Campus-based, FFELP/FDSL programs is based on the **costs for the student's period** of enrollment; i.e. **full academic year vs. one semester of two semester year, or some combination of quarters.** *(In prorating the cost of education you prorate the parent contribution as well)*
- Pell Grant awards are always prorated on the costs of a full time student for a full academic year vs. **enrollment – FT, $\frac{3}{4}$ time, $\frac{1}{2}$ time, less than $\frac{1}{2}$ time - Schedule of Payments Table as seen in Pell Training session**

Additional concepts behind COA/Budget

- ❑ **Complying with student consumer information requirements - provide a **moderate**, yet realistic, estimate of student expenses related to enrollment for both direct and indirect costs.**
 - ❑ **Providing standardization in the determination of financial need among like students.**
 - ❑ **Ensuring an equitable distribution of student aid funds**
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Student Budgets

Basic Categories

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

Can utilize an average for each budget category so long as the average is the same for all students carrying the same academic load

Student Budget continued

Additional Categories as Applicable

- ❑ **Dependent care**
- ❑ **Study-abroad programs**
- ❑ **Expenses related to a student's disability**
- ❑ **Employment expenses for co-op program**
- ❑ **Required loan fees**

You cannot establish budget categories beyond these – cannot include pre-enrollment or post-enrollment expenses

Tuition and Fees

- ❑ The amount in this budget category is set by senior officers, trustees or state chancellor
 - ❑ Amount normally assessed students in the **same** program of study, carrying the **same** academic workload.
 - ❑ Can include mandatory fees and costs for rental or purchase of required equipment. Supplies required for **all** students in the same course of study
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Room and Board Expense / Allowance

Determined by school:

□ **On-campus:**

- **Dormitory: Direct Billing for Room and a Board Plan**
- **Apartment: Direct Billing for Room with reasonable allowance for board (*communal living vs. solo*)**

□ **Off-campus - *not living with parents*:**

- **Allowance for Room – based on billing for on-campus apartment or community standards**
- **Allowance for Board – same as on-campus apartment**

□ **Off-campus - living with parents:**

- **Allowance for Board – same as on campus apartment**
 - **Allowance for Room - ?**
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Data Source for Room and Board Off-Campus Allowances – not living with parents

- Data provided by Off-Campus Housing Office
- Study of apartment prices in newspaper
- Survey of students
- College Board – Middle States – Commuter R & B – 06/07
average estimated off-campus but not with parents
 - 2-yr public \$6,607
 - 4-yr public \$6,946
 - 4-yr private \$8,064

Books and Supplies Allowance

- ❑ Determined by the institution
- ❑ Analysis involving faculty lists of required books and campus book store or on-line stores.
- ❑ Collaboration of data used by like institutions
- ❑ The College Board -Average Cost for Books and Supplies 2006 – 07 (*Middle States Region- Enrollment-Weighted*)
 - Two year public \$828
 - Four year public \$938
 - Four year private \$905

Cost of computer could be added as well

Miscellaneous Personal Expenses

- **Basically an allowance for doing laundry, purchase of toiletries, pocket money for reasonable expenses not covered elsewhere**

Usually derived by using a specific amount per week times the number of weeks during the enrollment period.

- **Two year public – commuter \$1,516**
- **Four year public – residential \$1,607**
- **Four year private – residential \$1,179**

Generally the same for all students

Source: Trends in College Pricing – The College Board

http://www.collegeboard.com/prod_downloads/press/cost06/trends_college_pricing_06.pdf

Transportation Allowance

Determined by school:

- ❑ **Residential (on-campus students)** – generally one to two round trips from home via most economical transportation.
 - ❑ **For off-campus students**, either with parents or on their own a reasonable allowance for commuting costs
 - Base on public transportation if available, or establish a mileage table
 - Be reasonable, be consistent
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Dependent Care Allowance

- ❑ Actual or average amount is **determined by school**
 - ❑ Based on number of children and ages
 - ❑ May include care during class time, study time, field work, internships and commuting time
 - ❑ May not exceed the lesser of the costs the student is expected to incur or costs of such care in the student's community
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Study Abroad Expenses & Allowances

- ❑ **Must be approved for credit by student's home institution**
 - ❑ **Reasonable costs associated with such study**
 - ❑ **Consortium Agreement Required – covers**
 - **approval of credit earned in program toward degree**
 - **Cost of education**
 - **Period of enrollment**
 - **Processing of financial aid by home school**
-

Student with Special Needs

For students with special needs:

(check with college's ADA office)

Those expenses related to the student's disability.

(Not covered by another source)

- ❑ special services**
 - ❑ personal assistance**
 - ❑ transportation**
 - ❑ equipment**
 - ❑ supplies**
-

Work Experience: Co-op Programs

- ❑ For work experience through a cooperative education program
 - ❑ An allowance for **reasonable** costs associated with such employment can be included
 - ❑ Check with colleagues with similar programs
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Federal Student Aid Loan Fees

- ❑ Insurance fee (*In NYS this fee is not charged to students for loans guaranteed by NYSHESC*)
 - ❑ Origination fee: School can use the exact fees charged or an average of fees charged to borrowers of the same type of loan
 - ❑ Origination fee is being phased out over next five years – 1st disbursement after 6/30/06 – FFELP -2%; FDLP – 3% - drops .5% each year after 6/30/06
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Some Exceptions

- ❑ **Less than half-time enrollment**
 - *No Miscellaneous or Personal Expenses*
 - *Limited Room & Board Allowance – may allow up to three semesters with not more than two consecutive semesters*
 - ❑ **Correspondence study – must be for associate, bachelor graduate degree**
 - *Only tuition and fees, books and supplies*
 - *Could include room and board and travel allowances for a required period of residential training*
 - ❑ **Incarcerated students – limited to tuition and fees, books and supplies**
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Other Factors – Institutions have the option to exclude COA components covered by aid programs restricted to those components

❑ **Tuition and Fees not paid by student**

If student is charged T&F, even if paid by someone else, it is included in COA

If T&F are not charged, or waived by agreement of a program, then the T&F are not included in the COA

❑ **Free room and board**

Same rules as above

If R&B are from a job awarded on basis of need, then counted as resource

If charged R&B and, later, charge is waived, then it is included in the COA (Common for Resident Assistant)

Professional Judgment

Section 479A Higher Education Act of 1965, as amended, states ...”Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance...”

Source: Chapter 5: Corrections, Updates and Adjustments, Application and Verification Guide 2007-2008, USDE, FSA, pg. AVG: 100

Professional Judgment Concepts

- ❑ **Applied only to situations not covered in your policies and procedures**
- ❑ **Is the situation unique?**
- ❑ **Am I creating a new cost category?**
- ❑ **Am I adding post enrollment expenses?**
- ❑ **Is this a “reasonable” amount to add to the budget?**
- ❑ **What type of documentation will I require?**
- ❑ **Can I justify this action and the documentation to another person or an auditor?**

Packaging & Funds Management

“To give away money is an easy matter and in any man’s power. But, to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man’s power — nor an easy matter. Hence it is that such excellence is rare, praiseworthy, and noble.”

Aristotle



What is meant by “packaging”?

- **It is the process of combining gift aid (*scholarships and grants*) with self-help (*loans and employment*) to meet a portion or all of a student’s financial need**
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Prepaid Tuition Plans

prepaid tuition plans, as well as Coverdell education savings accounts and 529 savings accounts are no longer considered EFA

the distribution from the value of the account is considered an asset of the owner of the account, unless the owner of the account is a dependent student. When the owner is a dependent student, the value of the account is excluded from the reported amount of both the student's and parents' assets.

Issues Surrounding Packaging

- Award government funds consistent with program regulations – i.e. Pell is consider first source of aid and cannot be adjusted for other aid
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- Federal law requires aid administrators to determine eligibility for other FSA programs that would reduce the need to borrow
- &
- Award all funds in an equitable manner, consistent with providing access to higher education
- &
- Award funds through a system that achieves the enrollment goals of the institution

STAY WITHIN BUDGET

Consider, Analyze, Implement

- **Consider the enrollment goals of the institution, the type of student's it attracts/serves and the admission cycle. - Rolling admission with priority deadline - Fixed application and decision dates.**
 - **Analyze the availability of resources relative to the size of the student body, and the acceptance rate on offers of aid.**
 - **Implement policies and procedures that address the issues and the analysis.**
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Establishing Policies & Procedures



- **Consistency is a requirement and assures equity.**
- **Determine who you are going to package and how.**

Keep in Mind

- **Funds are limited so you may not be able to be meet need fully.**
 - **Where else might students receive funding?**
 - **Get input from Admissions to insure all enrollment goals are taken into consideration.**
 - **Regulations related to awarding federal and state financial aid**
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What Else?

- **Regulations!**
- **Set “priority” deadlines.**
- **Preliminary or final award offers?**
- **Over-commitment levels.**



Building an Aid Package

BUDGET or COST OF ATTENDANCE

- (-) Expected Family Contribution (EFC)**
- (-) Resources & Estimated Financial Aid Eligibility
(beyond the direct control of the institution)**

(=) FINANCIAL NEED

Package Institutionally Controlled Financial Aid to Meet Need – combination of self-help (*loans & campus employment*) and gift aid (*scholarships & grants*)

Next: Award Entitlements - Resources

COA = \$17,000

- EFC = 2,700

Need 14,300

- Federal Pell Grant 1,400

- NYS TAP Grant 2,000

Your Packaging Policy Steps In

COA =	\$17,000
- EFC =	<u>2,700</u>
Need	14,300
<i>Pell</i>	<i>1,400</i>
<i>TAP</i>	<i>2,000</i>
Federal SEOG	1,000
Federal Perkins Loan	1,500
Federal Stafford Loan	2,625
Federal Work-Study	2,000
<u>Institutional Grant</u>	<u>3,775</u>
Unmet Need =	0

Another example

COA =	\$17,000
- <u>EFC =</u>	<u>2,700</u>
Need	14,300
<i>Pell</i>	<i>1,400</i>
<i>TAP</i>	<i>2,000</i>
Federal SEOG	1,000
Federal Perkins Loan	2,000
Federal Stafford Loan	2,625
<u>Federal Work-Study</u>	<u>2,000</u>
Unmet Need	\$ 3,275

This is where counseling comes in!

What are the student's options?

Federal PLUS?

Private Loan?

No-Need Packaging

COA =	\$ 17,000
<u>EFC =</u>	<u>17,500</u>
Need	\$ 0

NON-NEED BASED OPTIONS

Unsubsidized Federal Stafford/Direct Loans

Parent Loans

Alternative Loans

Non-need based scholarships

Packaging Models

- **Ladder Concept**
 - **Self-Help Approach**
 - **Equity Concept (absolute dollar)**
 - **Equity Concept (fixed percentage)**
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Ladder Concept

- Entitlements first
- Additional grants
- Then self-help funding (loans and work)



Ladder Example

COA	\$ 17,000
<u>EFC</u>	<u>2,700</u>
Need	14,300
<i>Pell</i>	<i>1,400</i>
<i>TAP</i>	<i>2,000</i>
SEOG	1,000
Institutional Aid	5,000
Work Study	2,000
Perkins	1,000
<u>Stafford Loan</u>	<u>1,900</u>
Unmet Need	\$ 0

Good concept for yielding the students who meet your priority deadline or for “preferential” packaging of your most academically gifted applicants

Self-Help Approach

- **Entitlements awarded first**
- **Self-help awards are next (loans and work)**
- **Then additional grants if need available**



Self-Help Example

COA =	\$17,000
- EFC =	2,700
<hr/>	
Need	14,300
<i>Pell</i>	<i>1,400</i>
<i>TAP</i>	<i>2,000</i>
Federal SEOG	1,000
Federal Perkins Loan	1,500
Federal Stafford Loan	2,625
Federal Work-Study	2,000
Institutional Grant	3,775
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Unmet Need =	0

Equity - Absolute Dollar

- All grants and scholarships funded to certain dollar amount
- Then self-help funding
- Or all self-help if no need

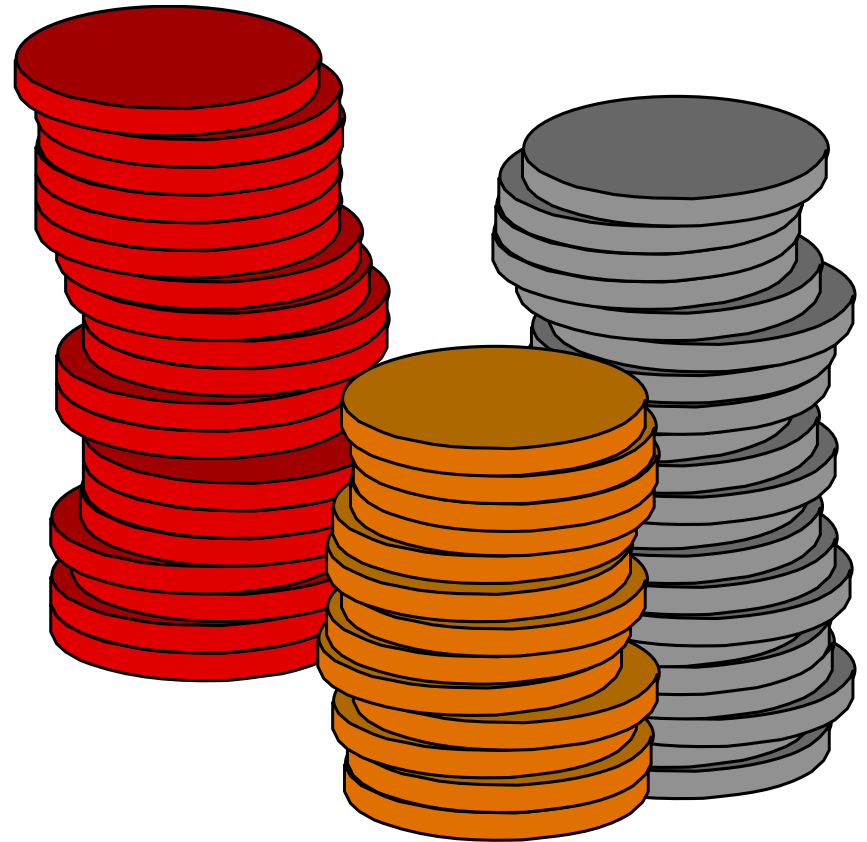


Equity – Absolute Dollar

COA	\$ 17,000	COA	\$ 17,000
EFC	2,700	EFC	7,500
Need	14,300	Need	9,500
<i>Pell</i>	<i>1,400</i>	<i>Pell</i>	<i>0</i>
<i>TAP</i>	<i>2,000</i>	<i>TAP</i>	<i>500</i>
Inst. Aid	5,000	Inst. Aid	5,000
Stafford Loan	2,625	Stafford Loan	2,625
FWS	2,000	FWS	1,375
Perkins Loan	1,275		
Unmet Need	0	Unmet Need	0

Equity - Fixed Percentage

- All grants, scholarships awarded to a certain percentage level
- Proportional to costs
- Then self-help aid



Equity Fixed Percentage

The Institution sets policy that EFC, entitlements, and grant aid will equal 65% of COA - \$11,050.

COA	\$ 17,000	COA	\$ 17,000
EFC	2,700	EFC	7,500
Need	14,300	Need	9,500
Pell	1,400	Pell	0
TAP	2,000	TAP	500
Inst. Aid	4,950	Inst. Aid	3,050
Stafford Loan	2,625	Stafford Loan	2,625
FWS	2,000	FWS	2,000
Perkins Loan	1,325	Perkins Loan	1,325
Unmet Need	0	Unmet Need	0

Over-commitment levels.

# offered	\$ offered	# accepts	\$ accepts	Yield #	Yield \$
1,200	\$12,841,390	538	\$5,867,900	44.9%	45.7%
Avg. offer	\$10,701	Avg. accept	\$10,907		

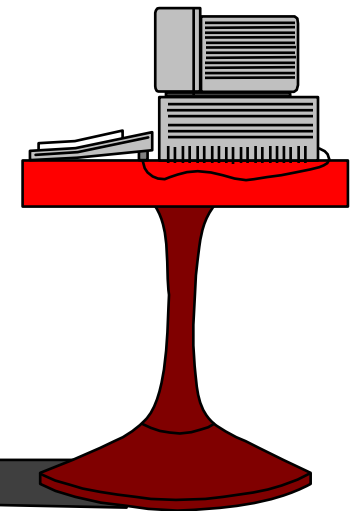
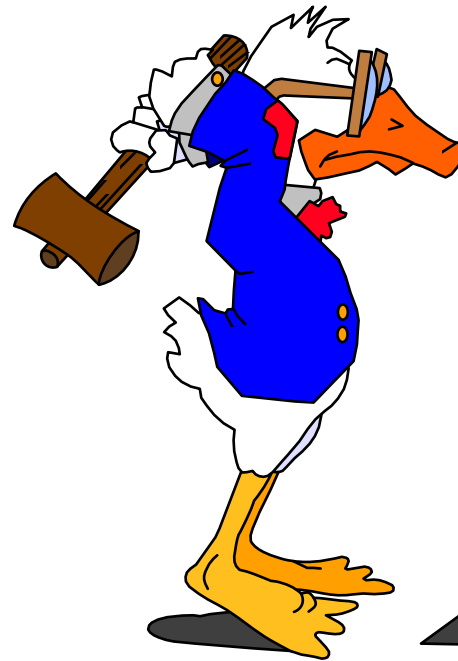
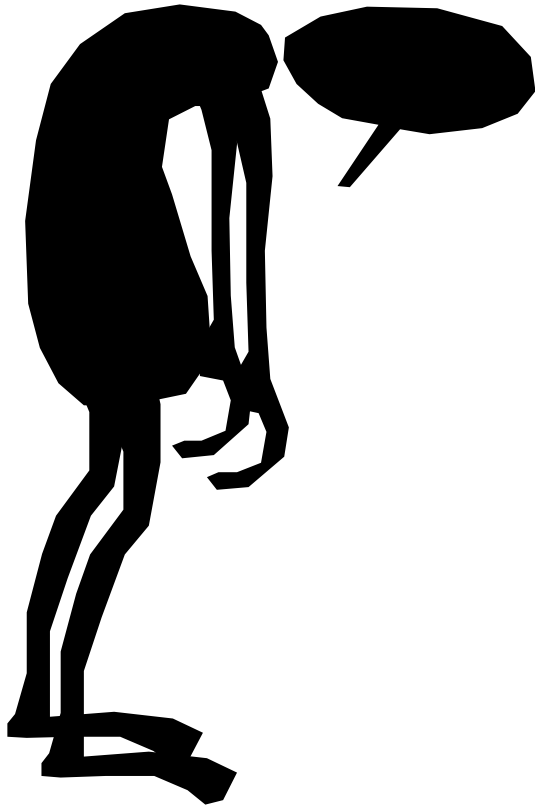
If the college says that next year they have \$6,000,000 to commit, How many offers can you make, and how much money can you offer?

$$\$6,000,000 / \$11,000 = 545 \text{ accepts on aid}$$

$$545 \text{ accepts} / 44.9\% \text{ yield} = 1,213 \text{ offers}$$

$$\$6,000,000 \text{ to award} / 45.7\% = \$13,129,103$$

OVERAWARDS !!



What is an overaward?

Combination of institutional aid, state aid and federal need-based aid that exceeds federally assessed financial need (COA less Federal EFC)

OR

Financial Assistance from all sources exceeds COA

What causes overawards?

- **Previously unknown external scholarships.**
 - **Change in entitlement grants**
 - **Changes in COA**
 - **Changes in EFC due to verification**
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What do you do?

- **Check COA for possible increases.**
- **Reduce/cancel any future loan disbursements**
- **Perkins or SEOG must be reduced if still overawarded.**
- **CWS future work hours must be reduced if earnings will create an overpayment > \$300**

Note: There is an overaward tolerance of \$300 for Campus-Based programs so long as it was not packaged and the school was unaware.

Tolerance does not apply if a student has an ACG or SMART grant.

And...

- **If still an overaward, you must reduce payments already made from campus based programs.**
 - **Not required to repay Stafford loan funds already disbursed.**
 - **Pell and TAP are never reduced, they are entitlements.**
 - **Remember PLUS (*Parent Loan for Undergraduate Students*) and Stafford/Direct Unsubsidized Loans can be used to replace EFC or meet need**
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Overaward Example

The Oops

COA =	\$13,000
<u>EFC =</u>	<u>9,000</u>
Need	4,000
Federal Sub Stafford Ln.	2,625
<u>Federal Perkins Loan</u>	<u>1,375</u>
Unmet Need	\$ 0
Outside Scholarship	\$ 1,000

The Fix

COA =	\$13,000
<u>EFC =</u>	<u>9,000</u>
Need	4,000
Outside Scholarship	\$ 1,000
Federal Sub Stafford Ln .	1,625
<i>Federal Unsub Stafford Ln.</i>	<i>1,000</i>
<u>Federal Perkins Loan</u>	<u>1,375</u>
Unmet Need	\$ 0

Over COA Overaward

The Oops

COA	\$ 15,000
<u>EFC</u>	<u>0</u>
Need	\$ 15,000
Pell Grant	4,000
TAP	4,000
SEOG	2,000
Stafford Loan	3,500
<u>Work-Study</u>	<u>1,500</u>
Unmet Need	\$ 0
Outside Scholarship	\$ 2,000

The Fix

COA	\$ 15,000
<u>EFC</u>	<u>0</u>
Need	\$ 15,000
Pell	4,000
TAP	4,000
SEOG	2,000
Outside Scholarship	2,000
Stafford Loan	1,500
<u>Work Study</u>	<u>1,500</u>
Unmet Need	\$ 0

Happy Budgeting & Packaging !!

