



Tackling the Basics of College

Paying for college, or getting financial help to go to college used to be a fairly simple matter. Not anymore! Parents and students who are trying to get financial help for attending the school of their choice are faced with a mysterious new world—the world of financial aid. Financial aid doesn't have to stay a mystery! The financial aid analysis will help you understand how your family will fit into the financial aid process.

Beginning and Ending Premise of College Funding

Colleges and the government assume that the primary responsibility for paying for college is with the family and student. Yet, many students need additional help beyond themselves and their families to meet college costs. Financial assistance given to a student to help with college costs is defined as “financial aid.”

There are 3 parts to the financial aid process:

1) Cost of Education

- Each college will set up an estimated budget for a student to attend. It will be one of 3 budgets: 1) student living on campus, 2) student living off campus, or 3) student living with parents.
- Student budgets include 5 categories:
 - tuition and fees
 - books
 - room and board
 - personal expenses
 - transportation

Direct costs

Indirect costs

A parents' concern is how much the college will expect to come in a check at the beginning of the year or each semester. Usually this is the “direct” cost amount. The “indirect costs” are flexible, and more easily covered by the family.

2) Family Contribution

- The “Family Contribution” is calculated using a formula set by Congress. The family contribution formula is a complex system that takes into account many family factors. The primary factors are:
 - 1) parent income
 - 2) student income (maximum earnings is \$6400 per calendar year)
 - 3) parent savings and assets
 - 4) student savings and assets (20% of student assets are counted as available for college)

Other factors that are of prime importance in the financial aid calculations are:

- 1) parent age
- 2) size of family
- 3) number of children in college (family contribution is divided by the number in the family in college)

Your financial aid analysis will assess each of these factors and their influence in your family’s situation. The Federal “**Family Contribution**” is the same for each college the student plans to attend.

Filing Your Financial Aid Forms

File financial aid forms between January 2 - March 2 of your senior year. Check college website and GuidedPath for exact due dates. The type of college you are applying to will determine the number of forms you need to submit. Be sure you file all required forms.

Type of College	FAFSA	Profile	Own Form
All California Public University	X		
Small, Private University	X		
Elite Private University	X	X	
Elite Private University	X		X

3) Financial Need

- Most financial aid is based on “financial need.” Need is determined by the Financial need is figured by taking the difference between cost of attendance and the expected family contribution:

$$\frac{\text{Cost of Education} - \text{Family Contribution}}{\text{Financial Need}}$$

How much financial aid a student is eligible for is determined by the expected family contribution. The expected family contribution stays constant. It does not change with the price of the school. It is because of this principle that some students can attend a more expensive school and spend less than if they attended a public university.

	Public	Flagship Public	Private
Cost of Attendance			
Expected Family Contribution			
Financial Need			

You can “need” financial aid at one school and not need it at another school. The College Board College Cost Book states, “In fact, if you get all the financial aid you are eligible for, you might pay the same to go to a high-cost college as you would to go to a lower cost one.” If you are in a “non-need” situation, the type of financial aid most available to you usually is in the form of scholarships and other types of merit awards. (“Merit awards” are awards and scholarships given for academic, athletic and achievement factors other than family income.)

Types of Financial Aid

- Colleges consider ANY form of financial assistance given to students as financial aid.

Financial Aid comes in two forms

- Gift aid
 - Grants and scholarships
- Self-help aid
 - Loans and college work study.

Loans are repaid, and work study is working to help pay the cost of college. Most colleges will offer financial aid “packages” which are usually a combination of several different sources, drawing from federal, state, campus and private resources. Most students are offered both gift aid and self-help aid. Financial aid awards can be compared and negotiated.

Financial Aid Package Comparisons

Financial Aid Awards Are made PER YEAR	Public	Flagship Public	Private
<u>Grants</u>			
State Grant?			
Pell (max: \$5550)			
Other			
<u>Stafford Loans</u>	<i>Subsidized = with need</i>	<i>Unsub. = without need</i>	
Freshman \$3500			
Sophomore \$4500			
Junior/Senior \$5500			
<u>EXTRA Student Loan:</u>			
Unsubsidized \$2000			
Working (workstudy)			
Sub Total			
Parent Loans			