Financial Aid Myths

- Financial Aid isn’t available
- Aid is only available at certain colleges
- Aid is only for the best students
- Our income is too high to qualify
- We should pick the school that offers the most aid
- Financial aid is the only source of money available
- Financial aid will only cover tuition costs
- Costs are the best way to compare colleges
Who Pays for College?

From: “Don’t Miss Out: The Ambitious Student’s Guide To Financial Aid”
Undergraduate Student Aid (in Billions) by Source, 2008-09

- Federal Loans ($56.5) - 45%
- Federal Pell Grants ($18.2) - 14%
- Federal Work-Study ($1.0) - 1%
- State Grants ($8.3) - 7%
- Education Tax Credits and Deductions ($5.9) - 5%
- Institutional Grants ($24.3) - 19%
- Federal Grant Programs other than Pell ($3.9) - 3%
- Private and Employer Grants ($7.5) - 6%

Source: Trends in Student Aid, 2009
Categories of Aid

- Gift Aid: Grants or scholarships that are not repaid
- Loan Aid: Borrowed money to be repaid with interest
- Work Aid: Money earned as payment for job
- Loan and Work Aid considered “Self-Help”

And...

- Merit Aid - Money awarded based upon various qualifications
- Need-based Aid - Must show eligibility through pre-determined formula
Sources of Financial Aid

- Federal Aid Programs
  - Free Application for Federal Student Aid (FAFSA)
  - Institutional applications (if required)
  - Stafford and/or PLUS applications

- State Programs
  - FAFSA
  - Specific scholarship forms

- Institutional Aid
  - FAFSA
  - College Board Financial Aid PROFILE (if required)
  - Special institutional applications

- Private Opportunities
  - Depends upon awarding entities
  - FAFSA and/or PROFILE
Potential Problems in Process

- **Application Errors**
  - Name, date of birth, social security number
  - Adjusted Gross Income
  - Non-taxable income
  - Income tax paid
  - Earning from work
  - Household size/number in college

- **Deadlines**
  - Be aware of each school’s deadline
  - Apply early, but accurately
  - Estimate income if necessary to meet deadline

- **Documentation**
  - Student and parent tax returns (if required)
  - Federal Verification Worksheet (if required)
  - Any other requested information
Principles of Need Analysis

- To the extent they are able, parents have primary responsibility to pay for their dependent children’s education.
- Students also have a responsibility to contribute to their educational costs.
- Families should be evaluated in their present financial condition.
- A family’s ability to pay for educational costs must be evaluated in an equitable and consistent manner, recognizing that special circumstances can and do affect its ability to pay.
How Financial Need is Determined

Cost of Attendance

- Expected Family Contribution

= Financial Need

Tuition and Fees

Books and Supplies

Room and Board

Transportation

+ Miscellaneous Expenses

= Cost of Attendance

Expected Family Contribution

Parent’s Contribution from Income

Parent’s Contribution from Assets

Student’s Contribution from Income

Student’s Contribution from Assets
Need Varies Based on Cost

Cost of Attendance (Variable) \[\begin{align*} &\text{1} \\
&\text{2} \\
&\text{3} \end{align*}\] - Expected Family Contribution (Constant) = Need (Variable)

\[\text{EFC} \quad \text{EFC}\]
Free Application for Federal Student Aid (FAFSA)

- Family’s personal and financial information required to perform need analysis is collected on FAFSA

- Electronic version of FAFSA
  - www.fafsa.ed.gov

- FAFSA is completed after January 1
FAFSA - Tips

- The correct name, date of birth, and social security number are crucial.
- Round off figures to the nearest dollar.
- “You” and “Your” refers to the student.
- Read the instructions.
PROFILE - Tips

- The PROFILE process
  - Register and complete PROFILE application online
  - CSS will send acknowledgement of receipt to the student

- This application must be completed online; no paper application available
Understanding Your Award

- **Comparing Award Offers**
  - Know how your award was packaged
  - Know your expected family contribution
  - Know how much of your need has been met
  - Know how much is grant/self-help assistance
  - Know the terms of each program offered

- **Appealing Award**
  - Contact the financial aid office at particular school
  - Follow specific guidelines
  - Inform the office of special circumstances (in writing)
  - Get the names of people with whom you speak
  - Ultimately, the decision rests with the individual school
Role of the Financial Aid Office

- Determines eligibility for financial aid
- Packages aid
- Sends an award notification which details:
  - Student’s cost of attendance
  - Types and amounts of aid offered
  - How and when aid will be disbursed
  - Student employment conditions
  - Terms and conditions of offer
  - Subject to availability of funds
Information Sources

**Resource Books**

- *College Cost Book*. The College Board.
Information Sources

Online Resources

- Department of Education - www.ed.gov
  - FAFSA
  - Hope Tax Credit
- FAFSA PIN Number
  - www.pin.ed.gov
- The College Board - www.collegeboard.com
- The Financial Aid Page - www.finaid.org
  - Comprehensive financial aid information
  - Free scholarship search
  - Various calculators, including need analysis
Tennessee Education Lottery Scholarship Program

Tennessee Student Assistance Corporation
Nashville TN  37243
www.state.tn.us/tsac
Eligibility Requirements

- Parents are Tennessee residents one year prior to application deadline (September 1)
- Enrolled in a Tennessee public college or Tennessee private accredited by SACS
- Apply with the FAFSA
- Awards based on available funding from State Lottery
Tennessee HOPE Scholarship

- 3.0 overall GPA or
- 21 ACT (980 SAT)
- $4,000 for 4 year schools (or tuition/fees)
- $2,000 for 2 year schools (or tuition/fees)
Home School Students
GED Students

Home School:
- 21 ACT (980 SAT) or

GED:
- 525 GED and 21 ACT (980 SAT)
- Enroll six months after GED
General Assembly
Merit Scholarship

- Weighted 3.75 GPA overall and
- 29 ACT (1280 SAT)
- Home school students must complete 12 college credit hours (at least 4 courses) with a 3.0 GPA at a Tennessee college or university while enrolled in home school program.
- $1,000 supplement to Tennessee HOPE scholarship
Aspire Award

- Parent(s) adjusted gross income of $36,000 or less
- Meets criteria for Tennessee HOPE Scholarship
- $1,500 supplement to Tennessee HOPE Scholarship
- Cannot receive both the Aspire $1500 “kicker” and the $1000 Merit “kicker.” It is one or the other.
Tennessee HOPE Scholarship Renewal Criteria

- After 24 and 48 attempted hours, 2.75 Cum GPA
- After 72 attempted hours and beyond, a student may retain the award by either:
  - Achieve a cumulative GPA of 3.0 or above, or
  - Achieve a cumulative GPA of 2.75 – 2.99 AND a semester GPA of at least 3.0 in the preceding term for which the student will receive the award as a full-time enrolled student
Tennessee HOPE Access Grant

- Unweighted 2.75 GPA overall and
- 18 ACT (860 SAT)
- Parent(s) adjusted gross income of $36,000 or less
- $2,750 for 4 year schools
- $1,750 for 2 year schools
- Non renewal but eligible for HOPE scholarship with renewal criteria
Wilder-Naifeh Technical Skills Grant

- Full-time enrollment in Tennessee Technology Center (part-time prorated)
- Cannot be prior recipient to Tennessee HOPE Scholarship
- $2,000 (or tuition/fees)
Sources of Aid

**Gift**
- Federal
- State
- Institutional
- Private

**Self - Help**
- Federal
- State
- Institutional
- Private
Sources of Gift Aid - Federal

- **Federal Pell Grant**
  - Based upon financial need
  - Maximum award: $5,550 (2010-2011)
  - Must have an EFC of less than 5273 to qualify
  - Full or part time undergraduate students eligible
  - Must reapply through the FAFSA every year

- **Federal Supplemental Grant (FSEOG)**
  - Based upon financial need
  - Priority to Pell eligible students
  - Institution determines awards
  - Full or part time undergraduate students eligible
  - Must reapply through the FAFSA every year
**Sources of Gift Aid - State**

- **Tennessee Student Assistance Award**
  - Based upon financial need
  - Maximum award varies per year
  - Must be eligible for a Pell Grant
  - Must be a Tennessee resident
  - Must reapply through the FAFSA every year, releasing information to the state

- **Ned McWherter Scholarship Program**
  - 3.5 GPA and ACT or SAT in the top 5% nationally
  - Maximum award: up to $6,000 per year for four years
  - Highly competitive
  - Must be a Tennessee resident
  - Apply through the Tennessee Academic Scholars Program Application
Sources of Gift Aid - State

Robert C. Byrd Honors Scholarship
- Minimum of 3.5 GPA or GED score of 57 or higher
- Student with a 3.0 GPA with an ACT or SAT score in the top quartile nationally may also apply
- Award based on federal funding; renewable for a total of four undergraduate years
- Must be a Tennessee resident
- Apply through the Robert C. Byrd Scholarship Application
Other Sources of Gift Aid

- **Institutional**
  - Could be need or merit based
  - Many types, varieties, and amounts
  - Pay close attention to application procedures/deadlines
  - Understand terms/conditions of award and renewal
  - School is the best source of information

- **Private**
  - Affiliations
    - Churches
    - Civic Organizations
    - Unions
    - Ancestry
    - Employers
  - Special Interests
    - Corporations
    - Foundations
  - Local Scholarships
  - Military
Sources of Self Help - Federal

- **Federal Work Study**
  - Based upon financial need
  - Institution determines award
  - Student earns the award by working
  - Full or part time students eligible
  - Must reapply through the FAFSA every year

- **Federal Perkins Loan**
  - Based upon financial need
  - Institution determines award
  - Full or part time student eligible
  - 5% interest rate - deferred while enrolled
  - 9 month grace period
  - Must reapply through the FAFSA every year
Sources of Self Help - Federal

- Federal Stafford Student Loan
  - Subsidized (need) and Unsubsidized (no need)
  - Difference is who pays the interest
  - Full or part time students eligible
  - Maximum award: $5500 first year, $6500 second, $7500 third and fourth
  - 6 month grace period
  - Apply through FAFSA, Stafford application(s)
Sources of Self Help - Federal

- **Federal Parent Loan (PLUS)**
  - Non-need based
  - Loan is taken by parent on behalf of the student
  - Full or part time students eligible
  - May borrow up to the COA less any other aid
  - Fixed interest rate
  - Apply through PLUS application
Sources of Self Help - Institutional

- **Loan Programs**
  - Terms and conditions will vary
  - May be need or merit based
  - Be aware of deferment provisions

- **Work Programs**
  - May resemble Federal Work Study
  - Check job placement office
  - Jobs may be on or off campus