



FINANCIAL AID 101 & FAFSA “SIMPLIFICATION”

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ON THE AGENDA TONIGHT

- *What is Financial Aid?*
- *How are Financial Aid awards calculated?*
- *What types of funding are available?*
- *Who is eligible? How do you apply?*
- *Upcoming changes due to FAFSA “Simplification”*

WHAT IS FINANCIAL AID?



- Financial aid consists of funds provided to students and their families to help pay for postsecondary education.
- Financial aid helps to bridge the gap between the Cost of Attendance and the family's ability to pay.
- Complete a Free Application for Federal Student Aid (FAFSA) for eligibility – www.studentaid.gov
- Establishes the Student Aid Index (SAI)

WHAT IS THE STUDENT AID INDEX (SAI)?

- *Two Components*
 - **Parent Contribution + Student Contribution**
- *Calculated using data from the FAFSA*
- *Estimates a student's ability to pay*
- ***Use the Net Price Calculators from College Websites or...***

<https://collegecost.ed.gov/net-price>

EFC ELIMINATED; SAI IMPLEMENTED

- Expected Family Contribution (EFC) is now the Student Aid Index (SAI)
- Not just a rename, but a new calculation. The SAI range begins at -1500, not 0
- Allows for a *fairer* representation of student/family resources



CHANGES TO COST OF ATTENDANCE (COA)

- 9 Month “Sticker Price” of the College
- Individual COA for a student will be based on actual enrollment
 - *Colleges can make case by case adjustments of a student’s COA*
- “Room and Board” will now be called “Living Expenses” or “Housing and Food Expenses”



FINANCIAL NEED CALCULATION

- An Example
 - \$25,000 Cost of Attendance - \$10,000 Student Aid Index = \$15,000 of Unmet Financial Need
 - Up to \$15,000 *can* be awarded in grants, scholarships, work-study, and need based loan funding (not must be)
- Colleges will use the Student Aid Index (SAI) to determine each student's financial aid awards
- <https://studentaid.gov/aid-estimator/>

GENERAL STUDENT CRITERIA

- U.S. citizen or eligible non-citizen
 - Permanent Resident
 - Approved Asylee/Refugee
 - Many Afghan and Ukrainian Parolees are also eligible
- Valid Social Security Number (SSN)
- High school diploma, GED, or homeschooling credential
- Enrolled or accepted in an eligible degree or certificate program

GRANTS

- Money that does not have to be paid back, some grants may require an “agreement to serve” after graduation
- Typically based on financial need
- Federal Grants
 - Federal Pell Grant (up to \$7,395 per academic year), Federal Supplemental Education Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education Grant (TEACH)
- State Grants
 - Virginia Guaranteed Assistance Program, Commonwealth Award, Virginia Tuition Assistance Grant (Private VA Colleges/Universities)
- Institutional Grants (and tuition discounting)



WORK-STUDY

- Allows student to earn money to help pay for college costs
- On and off-campus jobs available
- Paid by:
 - Paycheck
 - Credit to student account
 - Non-monetary compensation
 - Example: Room and Board (resident assistants)
- (Not all colleges participate)



LOANS

- Borrowed money to finance educational costs, must be repaid
- Borrower/Responsible Party - Student and/or Parent (Parent PLUS)
- Repayment
 - Student - After graduating or dropping below half-time enrollment (6 credits)
 - Parent - Typically 60 days after the first disbursement or can request deferment while student is enrolled at least half-time (interest accrues while deferred)
 - Repayment terms and options vary for students and parents



LOANS

- Federal Direct Student Loans – Borrow these first!
- Subsidized – fixed **5.49%** interest rate, interest does not accrue while in school, based on need
- Unsubsidized – fixed **5.49%** interest rate, interest accrues while in school, but does not require in-school repayment on interest, **not based on need**
- **\$5,500 yearly cap** on Stafford loans for Freshman students
- Parent PLUS Loans – parent loan, credit check, **8.05%** interest, repayment plans/options not as generous
- <https://studentaid.gov/understand-aid/types/loans/interest-rates>
- ***New SAVE Repayment Plan -***
<https://studentaid.gov/announcements-events/save-plan>



LOAN DEBT

- On average, college borrowers graduating from **public** institutions with a Bachelor's Degrees had ~**\$27,000** in federal student loan debt.
- On average, college borrowers graduating from **private, non-profit** institutions with a Bachelor's Degrees had ~**\$31,000** in federal student loan debt.
- ~65% of college students graduate with debt!
- What does **\$27,000** look like in repayment?
 - At average rates this equates to a ~**\$275** monthly payment for **10 years**
 - You will pay ~**\$5,500** in interest, for a total payment of ~**\$32,500**
 - Income based-repayment plans will lower your monthly payment, but also increase your overall interest paid.
 - <https://studentaid.gov/loan-simulator/>

SCHOLARSHIPS

- Money that does not have to be paid back
- Usually based on merit, skill, a unique characteristic, and/or need
- Think of scholarships as a **competition** – You must win!

- Sources
 - Civic and religious organizations, employers, schools, etc.
- Free online web searches – LAST place to look
 - <https://bigfuture.collegeboard.org/scholarship-search>
- CAUTION – Beware of scams
 - <https://finaid.org/scholarships/scams/>



SCHOLARSHIPS

- Self-Inventory
 - Unique Characteristics, Short-term/Long-term Goals, What Drives You?
- Create a *Scholarship Spreadsheet* with future deadlines and application information
- Set-up a Scholarship Calendar/Timeline
- Prepare Recommendation Letters
- **Always** Send Thank You Letters!

- Virginia's New G3 Scholarship Program -
 - <https://www.nvcc.edu/g3/index.html>
- **Virginia Alternative Student Aid Application**
 - <https://www.schev.edu/financial-aid/financial-aid/federal-state-financial-aid/vasa>
 - **MALDEF 2023-2024 scholarship resource guide**

FAFSA PROCESS

- Complete the Free Application for Federal Student Aid (FAFSA) **each year.**
 - File online each year at www.studentaid.gov
 - **Available ~~December 1~~ as of 2024-2025 FAFSA, uses 2022 Tax Returns (October 1st in future years)**
 - Check with colleges for any priority filing deadlines *–likely to change over the next few years*
 - File electronically for faster processing and online tracking
 - Collects demographic and financial information
 - Information collected is used to determine SAI
 - Apply for FSA ID (Federal Student Aid ID)
 - Student and parent sign with their own, individual FSA IDs



CHANGES TO FAFSA FORM

- Each tax filer on the FAFSA will be required to give electronic consent to use their tax info (MUST have an FSA ID)
 - *Both parents of dependent student will now have to be part of the process, **if married***
 - *The spouse of a married student must give consent*
- Signature pages eliminated – all electronic or all paper
- Parents without an SSN can now create FSA ID
- Change in nomenclature from “Parent/Student” to “Contributors”

CHANGES TO FAFSA FORM

- Mandatory use of IRS Data Retrieval, now called “Direct Data Exchange” or “DDX”
 - *Limited options for manual entry of tax information*

- DDX will be available to non-filers and married filing separate filers

- FAFSA goes from 99 questions to 49 questions. Several untaxed income and asset question removed. Almost all income info on DDX.
 - *Child support reported as an asset*
 - *Net Value of Businesses and Farms reported as an asset*
 - *Multiple children in household no longer impacts SAI*

CHANGES TO FAFSA FORM



Federal Student Aid
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Steps for Contributors

Contributor receives email informing them that they've been identified as a contributor.

Contributor creates a StudentAid.gov account if they don't already have one.

Contributor logs in to account using their FSA ID (account username and password).

Contributor reviews information about completing their section of the FAFSA® form.

Contributor provides the required information on the student's FAFSA form.



IMPORTANT: Being a contributor does NOT implicate financial responsibility. However, if a required contributor refuses to provide their information, it will result in an incomplete FAFSA form and the student will become ineligible for federal student aid.



DEPENDENCY STATUS

■ FAFSA will ask a series of questions to determine if the student is dependent or independent, including:

-24 years or older

-Married

-Master's or doctorate degree program

-Military service – Active or Veteran

-Children and/or dependents, provide > half of financial support

Foster care, deceased parents, dependent or ward of court, emancipated minor or legal guardianship, homelessness

*** If all “No” answers, student is dependent. May appeal for unique circumstances, for reference, see NOVA’s Dependency Appeal: Appeal**

*** If “Yes” to any question, student is independent.**

PROFESSIONAL JUDGMENT

- Changes in terminology:
 - “*Special Circumstances*” = *reduction in income*
 - “*Unusual Circumstances*” = *appeal of dependency status*

- No longer required to recertify unusual circumstances in subsequent years



ADDITIONAL TOPICS TO RESEARCH

- *Do any of my schools require a CSS Profile (via The College Board)?*
- *Tax Implications of using 529/Coverdell/ESA Plans*
- *Higher Ed Federal/State Tax Credits*
- *Academic Common Market*
- *Tuition Discounting @ Private Institutions*
- *Income Share Agreements*

TIPS FOR ALL

▪ **SAVE, SAVE, SAVE TODAY!**

- Every dollar you save today is one less dollar you will borrow to pay for college

▪ **Keep Realistic Expectations in Mind**

- You are likely to have debt when you graduate (65% do)
- What do you expect to earn after leaving College and will that support the debt you take on? - www.bls.gov/ooh

▪ **If you have a question – ASK**

- Ignorance is bliss for a select few (infants, pets, politicians...). College students are not included. “No one told me” will not get you more \$\$\$!



ADDITIONAL RESOURCES

- <https://collegescorecard.ed.gov> – Detailed information on college demographic, academic, and financial metrics
- www.studentaid.gov – Detailed information on specific aid programs and aid eligibility. Home of Student Aid Estimator
- www.bls.gov/ooh - Occupational Outlook Handbook
- www.finaid.org – Financial aid information and helpful tips in navigating the application
- www.payscale.com/college-roi - Return on investment metrics



QUESTIONS?

Please, stay seated if you have questions.

Thank you for attending!

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