College affordability and financial aid

TUESDAY, JANUARY 5, 2016
Agenda

• Welcome and logistics

• Introductions

• Overview of OEOP

• “College affordability and financial aid” presentation

• Discussion and wrap-up
Introductions
Overview of OEOP
Our vision, mission, and values

Vision
Making science and engineering careers accessible to all

Mission
To diversify the science and engineering community by serving students from underrepresented and underserved backgrounds and empowering these students to develop the skills and confidence needed to pursue careers in technical fields

Values
Learning, diversity, transformation, access, and community
Our programs

MITES
Minority Introduction to Engineering and Science

E2@MIT
Engineering Experience at MIT

MOSTEC
MIT Online Science, Technology, and Engineering Community

SEED Academy
Saturday Engineering Enrichment and Discovery Academy

STEM Program
Science, Technology, Engineering, and Mathematics Program
MITES, E2@MIT and MOSTEC application

- Due February 1st, 2016
- Please share opportunity with high school juniors who may be interested
- summerapp.mit.edu
College affordability and financial aid

Facilitated by Meredith Barnhart
How To Afford College

• Start or continue saving for college
  – 529 College Savings Plan
  – Even a little amount saved every month will add up

• Start or continue applying for scholarships
  – Look for free scholarship search engines such as Fastweb.com
  – Check with your guidance counselor for a list of local scholarships

• Explore different college options
  – Start at a community college and transfer to a 4-year college
  – Live at home
  – Work part time while going to school part time

• Apply for financial aid
What is Financial Aid?

• Money to help students pay for college

• 3 main types
  – Grants and scholarships (gift aid)
    • Free (no need to pay back)
  – Work-Study
    • Must work to earn $
  – Student Loans
    • Must pay back after graduation
Merit-Based Aid

• Awarded in recognition of student achievements (academic, artistic, athletic, etc.)

• Applicants often compared against one another

• May or may not be renewable

• Not offered at every school
Need-Based Aid

• Based on family’s financial eligibility ("need")

• Eligibility determined by a standardized formula

• Most financial aid is need-based

• Must be making satisfactory academic progress (earn high enough grades and credits)
Sources of Financial Aid

• Federal
  – Grants, work-study, loans, tax incentives

• State
  – Potentially grants, scholarships, tuition waivers, loans

• College/University (institutional aid)
  – Grants, scholarships, loans

• Other Agencies
  – Scholarships, loans
Total amount of financial aid given to undergraduate students in 2014-15:

$183.8 Billion

Source: The College Board, *Trends in Student Aid 2015*
The Free Application for Federal Student Aid (FAFSA)

• Required by all colleges for federal and state aid
• Opened January 1, 2016 (2016-17 FAFSA): FAFSA.gov
• IRS Data Retrieval Tool – available February 7th
• Must be completed every year
FSA ID

• A Log-in: Username & Password
• Needed to complete the FAFSA
• Both the student and one parent will need one
• Replaces the now-retired Federal PIN
• Provide personal information and answer challenge questions
• FSAID.ed.gov
• Webinar recording on mefa.org/events
What’s on the FAFSA?

• The colleges where you’re applying

• Parent and student data

• Parents:
  – Married, including same-sex parents
  – All parents who live together, married or not
  – Divorced/Separated: custodial parent & current spouse

• Income (2015 income for the 2016-17 FAFSA)
  – If 2015 tax returns are not completed, estimating is fine

• Assets:
  – Include: savings, checking, investments, other property
  – Do not include: primary home, retirement, life insurance, small family business

• # in household, # of children in college
Other Financial Aid Applications

• CSS/Financial Aid PROFILE®
  – Required by some colleges
  – $25 for 1st school, $16 for each additional
  – Online application: student.collegeboard.org/profile
  – Noncustodial Parent PROFILE often required
  – PROFILE webinar recording on mefa.org/events

• College Financial Aid Application
  – Required by some colleges
1. Colleges & state receive data electronically

2. You will receive (electronically or by mail):
   – Student Aid Report (SAR)
   – CSS/Financial Aid PROFILE Acknowledgement

3. Contact the Financial Aid Office with any special circumstances

4. Colleges may request **Verification** documents. ***Your financial aid application may be incomplete until you submit these documents.

5. Colleges review applications and determine your financial aid
Financial Aid Formula

Cost of Attendance (COA)  
−  Expected Family Contribution (EFC)  

=  Financial Aid Eligibility

Colleges fill in Financial Aid Eligibility with financial aid from all sources
Total expense for one year of college
Expected Family Contribution (EFC)

• Calculated amount (a number) that the family has the ability to absorb for one year of college expenses

• Same federal formula used for every family

• Message: Family has the primary responsibility for paying

• Not necessarily what the family will pay

• EFC calculators:
  – BigFuture.CollegeBoard.org
  – FAFSA4caster on FAFSA.gov
## Asset Impact on EFC

An example: 4 in the family, 1 child in college:

<table>
<thead>
<tr>
<th></th>
<th>Family A</th>
<th>Family B</th>
<th>Family C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Parent Income</td>
<td>$75,000</td>
<td>$75,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Combined Parent Assets</td>
<td>$0</td>
<td>$75,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>EFC</td>
<td>$7,819</td>
<td>$10,208</td>
<td>$14,438</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td>$2,389</td>
<td>$6,619</td>
</tr>
</tbody>
</table>

Based on 2016-17 federal financial aid formula
### Income Impact on EFC

An example: 4 in the family, 1 child in college:

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<th>Family A</th>
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<th>Family C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combined Parent Income</strong></td>
<td>$75,000</td>
<td>$100,000</td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>Combined Parent Assets</strong></td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>EFC</strong></td>
<td>$8,798</td>
<td>$17,245</td>
<td>$32,803</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td></td>
<td>$8,447</td>
<td>$24,005</td>
</tr>
</tbody>
</table>

Based on 2016-17 federal financial aid formula
How the Formula Works

Cost of Attendance

- College A
- College B
- College C
- College D

$60,000
$40,000
$20,000
$0

Eligibility
EFC = $5,000
Financial Aid Awarding

College B COA = $40,000

- Unmet Need: $3,000
- Federal Work-Study: $3,500
- Student Loan: $5,500
- Grant: $13,500
- Scholarship: $9,500
- EFC: $5,000

Unmet Need is the FAMILY’s responsibility
### Filling the EFC and Unmet Need

<table>
<thead>
<tr>
<th>Balance Due</th>
<th>Favorite College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past Income</td>
<td>Student Savings</td>
</tr>
<tr>
<td></td>
<td>-$500</td>
</tr>
<tr>
<td>Present Income</td>
<td>Parent Savings</td>
</tr>
<tr>
<td></td>
<td>-$500</td>
</tr>
<tr>
<td>Future Income</td>
<td>Student Contribution to Payment Plan</td>
</tr>
<tr>
<td></td>
<td>-$500</td>
</tr>
<tr>
<td></td>
<td>Parent Contribution to Payment Plan</td>
</tr>
<tr>
<td></td>
<td>-$1,000</td>
</tr>
<tr>
<td></td>
<td>Education Loan</td>
</tr>
<tr>
<td></td>
<td>-$2,500</td>
</tr>
<tr>
<td></td>
<td>$0</td>
</tr>
</tbody>
</table>
Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 4.29% fixed interest rate for 2015-16

Repayment:
- No payments due while enrolled
- Approximately $300/month for 10 years for $27,000 debt
Community Resources

• **College Goal Sunday**
  – Free assistance completing the FAFSA
  – January & February 2016
  – [CollegeGoalSundayUSA.org](http://CollegeGoalSundayUSA.org)

• **Educational Opportunity Centers**
  – Free admissions and financial aid help

• **College Access Organizations**
  – Free admissions and financial aid help

• **IRS Free Tax Preparation Centers**
  – [IRS.gov](http://IRS.gov) to find a site near you
Net Price Calculators

• Online tool found on each college’s website
• Asks questions about family finances & student academics
• Provides personal, estimated net college price
• Displays federal & institutional aid
• Merit-based aid may also be calculated
What You Can Do Now

• Research financial aid deadlines and required applications
• Have a family discussion about paying for college
• Use Net Price Calculators
• Sign up for MEFA emails on mefa.org
mefa.org
info@mefa.org
(800) 449-MEFA (6332)
Next webinar

College decisions: What to consider when the choices come in
March 2016

Presented by Quinton McArthur
Associate Director of Admissions, MIT