



Decision-Making: Using Award Letters to Assess Affordability

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Objectives

- Understand and differentiate between the terms *financial aid award letter* and *financial aid package*.
- Provide a refresher on types and sources of *financial aid*.
- Recognize the type(s) of aid being offered and identify *good aid* and *not-so-good aid*.
- Compare offers to determine *affordability*.
- Determine *which aid to accept* and *which aid to potentially decline*.
- Identify options and next steps when *unmet need* is too high.
- Know when, how, and under what circumstances to consider a *professional judgment review* or *special circumstances appeal*.

Key Terms

Financial Aid Award Letter vs. Financial Aid Package

Financial Aid Award Letter: A letter received, via mail or email, from the college(s) to which the student applied. Letters may arrive any time between January-June. This letter will spell out the details of the financial aid package.

Financial Aid Package: A collection of different types of aid from multiple sources (federal, state, and institutional¹). It is intended to help you fill the gap between your ability to pay (your *expected family contribution or EFC*) and college costs (the *cost of attendance or COA*). A financial aid package is based on your financial need, which is the difference between COA and EFC.

¹ Private aid may or may not be included in a financial aid package; it will depend upon whether or not the school has been notified of this award. You may need to calculate in this aid or yourself and/or expect the school will include it once it has been made aware of all outside, private aid.

Financial Aid Refresher

Types, sources, and features of financial aid

	Grants	Scholarships	Work Study	Loans
Sources	<ul style="list-style-type: none"> Federal <ul style="list-style-type: none"> Pell FSEOG State* Institutional** Private Charitable Organizations 	<ul style="list-style-type: none"> National Local Institutional Organizations Corporations 	<ul style="list-style-type: none"> Federal, state, and local Institutional Local (e.g., community organizations) 	<ul style="list-style-type: none"> Federal <ul style="list-style-type: none"> Subsidized Loans <ul style="list-style-type: none"> Stafford Perkins Unsubsidized Stafford Parent Loan for Undergraduate Students (PLUS) Private Banks Charitable Organizations
Considerations	<ul style="list-style-type: none"> Need or merit-based aid Does not need to be repaid Some may be first-come, first-served Apply by completing FAFSA <p>*Check with your state. **Vary from one college to another.</p>	<ul style="list-style-type: none"> Need or merit-based aid Does not need to be repaid NO COST: Never pay to apply RENEWABLE: Is it renewable? What are the requirements? PORTABLE: Can you take it to other schools? Separate application, but many require FAFSA Many are one-time awards 	<ul style="list-style-type: none"> Self-help aid First-come, first-served Does not need to be repaid Need-based Apply by completing FAFSA Requires time and stress management skills 	<ul style="list-style-type: none"> Self-help aid Must be repaid Most accrue interest May require parent/cosigner May require credit history and/or credit check Cannot be discharged in bankruptcy Apply by completing FAFSA Entrance counseling and promissory note required at www.studentloans.gov.

Comparing Financial Aid Packages

Why is it important to compare financial aid packages?

Knowledge: It is important to know what kinds of aid you are receiving, how much you are borrowing (annual and aggregate), and what the long-term consequences may be.

Financial Planning: Understanding the financial repercussions is important. Consider how much debt you are willing to have, what starting and average salaries are in your career field, and how your debt may affect your future plans and other life goals.

Bargaining Tool: Don't be afraid to ask one school for more money. Once you compare financial aid packages, contact your school(s) to see if there is any flexibility in the kinds of aid offered or if they have additional money to award students.

Surprises!: Until you consider all the numbers, you just do not know which school will be the most affordable. You may just be surprised! *Cost does not always equal affordability.*

Making a Decision: It is important for you to consider **all** of the information at your disposal when making such a big decision. Make an educated decision by knowing your rights, investigating your options, and taking into consideration all necessary facts and consequences.

Comparing Financial Aid Packages

How to evaluate financial aid award letters

A financial aid award letter best serves the student if it answers these 5 questions:

1. What is the **total cost of attendance** (sticker price, including books, travel, and other likely expenses) for one year at this school? (Note: Direct costs do not equal cost of attendance!)
2. How much **free money** (grants and scholarships) did the student receive?
3. How much will the student have to **pay** (i.e., borrow, work for, or pay out-of-pocket) for the first year?
4. What are the options for **raising or paying the money the student owes** (i.e., unmet need)?
5. What is the student supposed to do **next**? (Whom should they call with questions or an appeal for more aid? What forms must be submitted and by what deadline?)

A financial aid award letter receives “extra credit” if they answer these additional questions:

1. How many **hours a week** would a student have to work to earn the work-study award?
2. What does the student have to do to **renew** each of the scholarships and grants in subsequent years? *What is the likelihood the student will meet these conditions?*
3. What are the **terms, conditions, and monthly payments** of the loans?
4. Is it made clear that the **student or parent can decline to take any or all the awarded loans**?
5. If a PLUS loan is included in the award, is it made clear this is dependent on the parent(s)’ credit and that **parent(s) with acceptable credit can receive a PLUS loan from any school**?
6. How much will it **cost to graduate** from this college?

Comparing Financial Aid Packages

Important things to look for, consider, and ask!

Costs:

- Does the award letter state the school's cost of attendance (COA)²?
- If so, does it include ALL projected costs (i.e., tuition, fees, room and board, books, transportation, and personal expenses)?

Requirements:

- Are all scholarships renewable?
- Do you have to maintain a certain grade point average (GPA)?
- Can you switch majors and keep the scholarship?

Family:

- What is your expected family contribution³?
- Is there any unmet need⁴?

Loans⁵:

- What kinds of loans did the school offer?
- How much are you willing to borrow?
- What are the interest rates, terms, and conditions?

Adjustments:

- Does the school have a policy for changing aid (known as aid displacement) if a student receives a non-institutional scholarship?

Next Year:

- Does the financial aid package cover the same expenses every year?
- Are grants and scholarships increased as costs go up?

Work Study:

- Does the college have key dates by which students must secure a position in order to receive work study funds?
- Can the student participate in future years if they opt not to their first year?

² Cost of attendance is more than just direct costs, which are typically only tuition, fees, and, if applicable, room and board.

³ If you do not see your expected family contribution on the award letter, please return to www.fafsa.ed.gov and view your Student Aid Report (SAR) to determine EFC.

⁴ Unmet need is the difference between the cost of the school and the amount of financial aid awarded. This is beyond EFC and any loans the student may borrow.

⁵ Always, always, always read all loan obligations carefully! Take time with student loan entrance counseling!

Comparing Financial Aid Packages

Example

	Syracuse	Minnesota	Purdue
COST OF ATTENDANCE -			
Found on award letter or listed on school website	1	2	3
Tuition & Fees (9 months)	34970	16240	27672
Room & Board	12850	7576	9120
Books & Supplies	1308	1000	1270
Personal Expenses	900	2000	25
Transportation Expenses	600	194	300
Miscellaneous Expenses	1332		2180
1 TOTAL COST	\$51,960	\$27,010	\$40,567
2 EXPECTED FAMILY CONTRIBUTION	\$0	\$0	\$0
FINANCIAL AID -			
Amount indicated on the financial aid award letter			
Federal Pell Grant	5550	5550	5550
Federal SEOG Grant	1000	500	400
State Grants and Scholarships (Bright Flight, MAP, Access)			
College Grants and Scholarships (aid offered through the school)	27100	4000	4850
Other Grants and Scholarships	750	750	500
Work Study	3200	2700	2500
3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID	\$37,600	\$13,500	\$13,800
4 UNMET NEED: DIFFERENCE BETWEEN COST, EFC, AND GIFT AID (INCLUDING WORK-STUDY)	\$14,360	\$13,510	\$27,767
LOANS -			
Federal and private loans, usually listed on award letter			
Federal Stafford Loan -Subsidized (<i>Interest rate changes annually.</i>)	3500	3500	3500
Federal Perkins Loan	2000		2000
Federal Stafford Loan - Unsubsidized (<i>Interest rate changes annually.</i>)	2000	2000	2000
Federal PLUS Loan (<i>Interest rate changes annually.</i>) (NOTE: Credit based; parent must qualify.)		8010	19267
Alternative Loans - Interest rate variable; depends on credit rating			
5 TOTAL LOANS	\$7,500	\$13,510	\$26,767
GAP BETWEEN COST AND ALL FINANCIAL AID Cost of attendance (line 1) minus [lines (2), (3) and (5)]	\$6,860	\$0	\$0
YOUR ANNUAL OUT-OF-POCKET COST Expected Family Contribution (line 2) + Total Loans (line 4)+ Gap	\$14,360	\$13,510	\$26,767
ESTIMATED TOTAL BASE LOAN AMOUNT OVER FOUR YEARS Total Loan Amount (line 5) x 4 Years (Does not include fees & interest, or increases in loan awards)	\$30,000	\$54,040	\$107,068

COST OF ATTENDANCE -			
Found on award letter or listed on school website	1	2	3
Tuition & Fees (9 months)			
Room & Board			
Books & Supplies			
Personal Expenses			
Transportation Expenses			
Miscellaneous Expenses			
1 TOTAL COST			
2 EXPECTED FAMILY CONTRIBUTION			
FINANCIAL AID -			
Amount indicated on the financial aid award letter			
Federal Pell Grant			
Federal SEOG Grant			
State Grants and Scholarships (Bright Flight, MAP, Access)			
College Grants and Scholarships (aid offered through the school)			
Other Grants and Scholarships			
Work Study			
3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID			
4 UNMET NEED: DIFFERENCE BETWEEN COST, EFC, AND GIFT AID (INCLUDING WORK-STUDY)			
LOANS -			
Federal and private loans, usually listed on award letter			
Federal Stafford Loan -Subsidized (<i>Interest rate changes annually.</i>)			
Federal Stafford Loan - Unsubsidized (<i>Interest rate changes annually.</i>)			
Federal PLUS Loan (<i>Interest rate changes annually.</i>) (NOTE: Credit based, parent must qualify.)			
Alternative Loans - interest rate variable; depends on credit rating			
5 TOTAL LOANS			
GAP BETWEEN COST AND <u>ALL</u> FINANCIAL AID Cost of attendance (line 1) minus [lines (2), (3) and (5)]			
YOUR ANNUAL OUT-OF-POCKET COST Expected Family Contribution (line 2) + Total Loans (line 4)+ Gap			
ESTIMATED TOTAL BASE LOAN AMOUNT OVER FOUR YEARS Total Loan Amount (line 5) x 4 Years (Does not include fees & interest, or increases in loan awards)			

COST OF ATTENDANCE -			
Found on award letter or listed on school website	1	2	3
Tuition & Fees (9 months)			
Room & Board			
Books & Supplies			
Personal Expenses			
Transportation Expenses			
Miscellaneous Expenses			
1 TOTAL COST			
2 EXPECTED FAMILY CONTRIBUTION			
FINANCIAL AID -			
Amount indicated on the financial aid award letter			
Federal Pell Grant			
Federal SEOG Grant			
State Grants and Scholarships (Bright Flight, MAP, Access)			
College Grants and Scholarships (aid offered through the school)			
Other Grants and Scholarships			
Work Study			
3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID			
4 UNMET NEED: DIFFERENCE BETWEEN COST, EFC, AND GIFT AID (INCLUDING WORK-STUDY)			
LOANS -			
Federal and private loans, usually listed on award letter			
Federal Stafford Loan -Subsidized (<i>Interest rate changes annually.</i>)			
Federal Stafford Loan - Unsubsidized (<i>Interest rate changes annually.</i>)			
Federal PLUS Loan (<i>Interest rate changes annually.</i>) (NOTE: Credit based; parent must qualify.)			
Alternative Loans - interest rate variable; depends on credit rating			
5 TOTAL LOANS			
GAP BETWEEN COST AND ALL FINANCIAL AID Cost of attendance (line 1) minus [lines (2), (3) and (5)]			
YOUR ANNUAL OUT-OF-POCKET COST Expected Family Contribution (line 2) + Total Loans (line 4)+ Gap			
ESTIMATED TOTAL BASE LOAN AMOUNT OVER FOUR YEARS Total Loan Amount (line 5) x 4 Years (Does not include fees & interest, or increases in loan awards)			

Additional Comparison Tools & Info

Award Letter Comparison Tool:

<http://www.finaid.org/calculators/awardletter.phtml>

This tool is designed to help you compare the financial aid packages from the colleges that have admitted you. The specific aim is to highlight the differences in cost of attending each school.

Advanced Award Letter Comparison Tool:

<http://www.finaid.org/calculators/awardletteradvanced.phtml>

In addition to comparing the financial aid packages from the colleges that have admitted you, this tool also allows you to get an easy comparison of other characteristics that may affect your decision (i.e., size, student/faculty ratio, distance, location, etc.).

College Navigator:

<http://nces.ed.gov/collegenavigator>

College Navigator is a federal website by the National Center for Education Statistics. Find great information on net price, graduation and retention rates, and information about student loan debt.

Financial Aid Award Letter.com:

<http://www.financialaidletter.com>

Confused about how to pay for college? This website is designed to allow you to read real college financial aid award letters, decode information and translate jargon, and find tips on how to raise extra cash for college.

Student Loan Repayment Calculator:

<http://mappingyourfuture.org/paying/standardcalculator.cfm>

Estimate your federal student loan payments under a standard repayment plan (equal payments) with this calculator.

College Scorecard:

<https://collegescorecard.ed.gov/>

Obtain valuable information about colleges' costs, average student loan debt for students graduating from a specific college, and graduation rates.

Financial Aid Comparison Shopper:

<https://www.consumerfinance.gov/paying-for-college/compare-financial-aid-and-college-cost/>

This online, interactive tool allows users to select from a database of 7,500 institutions and input elements of a financial aid offer in order to compare college costs and financial aid offers.

TuitionFit:

<https://www.tuitionfit.org/>

TuitionFit provides a platform for students to anonymously share real financial aid packages, enabling students to compare offers, consider other institutions, and receive information that might support grounds for a financial aid appeal.

Unmet Need

What happens if I cannot afford the true costs of my school?

Find more aid!

- Appeal financial aid packages with your school:
 - Special circumstances appeal/professional judgment review
 - Competitive appeal
- Look for additional scholarships:
 - www.myscholarshipcentral.org
 - www.fastweb.com
 - www.scholarships.com
 - www.finaid.org
 - www.studentaid.org

Reduce costs!

- Assess need to live on-campus; instead, consider commuting (if living at home or with a relative is possible) or sharing housing with other students.
- Work a part-time job.
- Avoid bringing cars to school, if possible.
- Take CLEP tests (in moderation)!

Change your plan!

- Consider a less expensive school or one that offered more aid.
- Consider two years at the community college and then transfer (there are still lots of great scholarship opportunities for transfer students)!
- Have A+? Use it! This is a great opportunity to save money while working toward your goal. Also, investigate the A+ eligibility scholarships offered by many Missouri four-year institutions.

Appealing Financial Aid Packages

Should you appeal your financial aid award?

By Phone vs. Face-to-Face

For routine matters, like getting the answer to a straightforward question, a phone call is the easiest way to get in touch. Communication by email and letters come next, but you may have to wait longer for an answer. Look over the award letter before you contact the financial aid office. If you have a serious problem, the best way to address it is with a visit. Make sure to call and schedule an appointment.

Provide Clear Supporting Information

You should be ready to support your request with accurate and complete financial information. If you feel that a college has underestimated your family's financial need or if circumstances have changed since the aid application was completed, you may have to provide income statements or expense records. If you would like to be considered for additional aid because another college is offering more money, bring a copy of the other college's letter.

Negotiating

Do not expect to negotiate. Instead of using the term negotiate, financial aid staff refer to this process as an appeal.

Financial Aid Award Appeals

If you have a good reason, financial aid staff do not mind if you ask them to take a second look. It usually means you have enough interest to want to reach a bottom line that your family can afford. What are good reasons to appeal your aid award?

Financial—If your family cannot afford the expected family contribution or EFC, be prepared to present information about your financial circumstances. This can include providing new or updated information. Success for this type of appeal depends on whether the financial aid office adjusts your EFC and has funds available to increase your award.

Competitive—You may also appeal because your first-choice college has given you less aid than other colleges. Show your first-choice school a copy of the other college's award letter and ask if they can improve your package. Success depends on a college's policy towards competitive appeals.

Does it pay to appeal?

Yes, because you may receive more money and there is little chance you will receive less. However, it takes time to prepare an appeal and time for the college to act on it. Don't prepare an appeal just "because." If you can articulate and support your request for more aid, give it a try. Even if your appeal does not work out, keep in touch with the financial aid office.

Appealing Financial Aid Packages

Special Circumstances Appeal

Please Note: These are general guidelines for appealing; each school has their own professional judgment, policies, and regulations. Please be advised that schools can reject or deny requests for additional funds. Be prepared to provide documentation!

What can be appealed?

There are two types of Special Circumstances Appeals:

- Income related appeals that may impact the Expected Family Contribution (EFC) calculation;
- Expenses related appeals that may impact the Cost of Attendance (COA) calculation.

Income Related Appeals for Parent(s)

If your financial situation has changed since you filed the FAFSA, you may be eligible to submit a special circumstance form to account for this. The following categories are addressed for parents:

- Unemployment
- Partial loss of income that was not reported on the FAFSA
- A parent who became married, divorced, separated or widowed since filing the FAFSA
- Parent's enrollment in a full-time degree program

Income Related Appeals for Students

If your financial situation has changed since you filed the FAFSA, you may be eligible to submit a special circumstance form to account for this. This may allow us to adjust your income information which may result in a lowering of the EFC. The following categories are addressed for all students:

- A significant decrease in income
- A student who became married, divorced, separated, or widowed since filing the FAFSA

Expenses Related Appeals for Students

Students who can document expenses more than the estimated Cost of Attendance assigned to them may be eligible to submit a special circumstance form to have the additional expenses reflected in their Cost of Attendance (budget). In some cases, increasing the COA will allow students to qualify for additional aid if they have not already exhausted their yearly maximum. Some of the following educational expenses may be allowed in your special circumstance appeal:

- Medical supplies and/or Medical costs
- Costs for dependent care
- Excessive transportation costs
- Other educational expenses

Who Can Appeal?

Parents of dependent undergraduate students:

- The FAFSA must have been received by the financial aid office
- Only the parent(s) whose income information is included on the FAFSA may submit a special circumstance form
- Families with an EFC of \$0 need not appeal since \$0 is the lowest possible EFC

Students:

- The FASFA must have been received by the financial aid office
- Students with an EFC of \$0 need not submit income related appeals since \$0 is the lowest possible EFC
- **Please note:** Increasing the Cost of Attendance (COA) may not necessarily increase your eligibility for financial aid. For example, if your COA is \$20,134 and your total aid (including loans) is currently \$16,000 it may not be beneficial for you to submit an expense related appeal since you already have a 'gap' of \$4,134. Increasing your COA by \$2000, for example, based on an expense related appeal would merely increase the 'gap' to \$6,134.

What is the Possible Outcome of My Appeal?

There isn't a straight-forward answer to this. One thing to keep in mind is that most financial aid eligibility is based on the Expected Family Contribution (EFC) that is derived from the FAFSA; not the severity of the special circumstances.

The best-case scenario is that your appeal leads to additional funding to cover your cost of attendance. Keep in mind that not all aid is good. For example, you want to be very careful about the type and amount of loans you are borrowing. Remember that too much debt can be almost as detrimental as having no degree at all. Be a savvy consumer and borrow only what is absolutely necessary.

How Do I Appeal?

Eligible students and/or parents who have experienced any of the conditions described above may complete a special circumstance form to have their situation reviewed. Be sure to read the entire form carefully. It is very important to submit all required documentation along with your completed form.

What if my conditions aren't reflected on the special circumstance form?

Occasionally, the financial aid office will consider conditions not addressed on their special circumstance form. These issues may be addressed by writing a general letter of appeal. General appeals are usually reviewed on a case-by-case basis. Be sure to include supporting documentation with your letter.

Examples of conditions that may be considered include:

- Early withdrawal of 401K, IRA, or other retirement fund to pay for unexpected and uncontrollable conditions (i.e. damage from a natural disaster)
- Loss of home, vehicles, etc. due to natural disaster
- Excessive medical expenses

Examples of conditions not likely to be considered for appeal:

- Private school tuition
- Consumer debt (credit cards, car loans, etc.)

Please contact your school's financial aid office to discuss your circumstances before submitting an appeal. These are general guidelines and schools may have their own procedures.

10 Tips for Getting More Financial Aid

Clark, Kim (2010) U.S. News & World Report

10 Tips for Getting More Financial Aid:

Schools are approving a record number of appeals and giving more aid

DO:

- Make sure you have filed all necessary applications (i.e., FAFSA, CSS Profile).
- Check your college's financial aid website. Look for instructions/forms for filing an appeal.
- Send a letter asking for a “**professional judgment**” review of your award. Give specific reasons why you need more aid.
- Provide documentation for your claims (i.e., copies of W2s, hospital bills, etc.).
- Send the appeal and documentation as soon as possible. Some aid is **first come, first served**.

DON'T:

- Lie or shade the truth. Financial aid officers will ask for evidence and they will scrutinize it. The government can take back aid, impose a fine, and even send you to prison for lying on the FAFSA.
- Let shame, embarrassment, or ego stop you from filing a legitimate appeal.
- Demand grants to replace federally subsidized Stafford or Perkins loans or earnings from a work-study job.
- Expect a bankruptcy filing to guarantee you more aid.
- Have your appeal filed by your accountant. Financial aid officers say the most persuasive appeals are filed by students themselves. Letters from parents are also often rewarded.

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Revised January 2020*