



**Decision-Making:  
Using Financial Aid  
Offer Letters to  
Assess Affordability**



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# Objectives

- Identify and define **key terms** related to financial aid packages.
- Review types and sources of **financial aid**.
- Learn how to **assess and compare financial aid offers** to answer key questions to support an informed decision, including the following:
  - What is the **total cost**?
  - How much in **free money** is the student receiving?
  - How much in **student loans** is the student expected to borrow to cover costs?
  - How much gap, or **unmet need**, remains after all financial aid is accounted for?
- Recognize key information students need to know when reviewing and comparing financial aid offers to determine **affordability**.
- 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

<b>Term</b>	<b>Definition</b>
<b>Cost of Attendance (COA)</b>	Cost of attendance is everything a school expects a student to need to cover for one school year as a student. This includes <b>direct</b> and <b>indirect costs</b> .
<b>Direct Cost</b>	<b>Direct costs</b> are those paid directly to the institution; they typically include tuition and fees, room/housing, and board/meal plans.
<b>Indirect Cost</b>	<b>Indirect costs</b> are not paid to the institution, but are costs associated with being a student. This includes transportation, textbooks and supplies, personal expenses, as well as childcare for student parents.
<b>Expected Family Contribution (EFC)</b>	<b>Expected Family Contribution</b> is the output from a processed FAFSA. An EFC is “an index number that college financial aid staff use to determine how much aid you would receive if you were to attend their school <sup>1</sup> .” It is not intended to be the amount you must pay for college; however, it is subtracted from the cost of attendance to establish financial need.
<b>Financial Aid Package</b>	A collection of different types of aid, from multiple sources (federal, state, and institutional). It is intended to help you fill the gap between your ability to pay ( <b>EFC</b> ) and college costs ( <b>COA</b> ). A <b>financial aid package</b> is based on your financial need, which is the difference between COA and EFC.
<b>Unmet Need</b>	Unmet need is typically defined as the difference between cost of attendance and all financial aid offered to the student. Unmet need is the remaining cost to be covered.

<sup>1</sup> Definition for EFC pulled from Federal Student Aid’s website on February 25, 2021: <https://studentaid.gov/complete-aid-process/how-calculated#efc>.

# Financial Aid Review

## Types, sources, and features of financial aid.

	Grants	Scholarships	Work Study	Loans
Sources	<ul style="list-style-type: none"> <li>• Federal               <ul style="list-style-type: none"> <li>◦ Pell</li> <li>◦ FSEOG</li> </ul> </li> <li>• State<sup>2</sup></li> <li>• Institutional<sup>3</sup></li> <li>• Private</li> <li>• Charitable Organizations</li> </ul>	<ul style="list-style-type: none"> <li>• National</li> <li>• Local</li> <li>• Institutional</li> <li>• Organizations</li> <li>• Corporations</li> </ul>	<ul style="list-style-type: none"> <li>• Federal</li> <li>• Institutional</li> </ul>	<ul style="list-style-type: none"> <li>• Federal               <ul style="list-style-type: none"> <li>◦ Student                   <ul style="list-style-type: none"> <li>▪ Subsidized Direct Loan</li> <li>▪ Unsubsidized Direct Loan</li> </ul> </li> <li>◦ Parent Loan for Undergraduate Students (PLUS)</li> </ul> </li> <li>• Private Banks</li> <li>• Charitable Organizations</li> </ul>
Considerations	<ul style="list-style-type: none"> <li>• Need or merit based.</li> <li>• Does not need to be repaid.</li> <li>• Some may be first-come, first-served.</li> <li>• FAFSA required for all federal grants and may be required for some state grants, as well as some institutional grants.</li> </ul>	<ul style="list-style-type: none"> <li>• Need or merit based.</li> <li>• Does not need to be repaid.</li> <li>• NO COST: Never pay to search, or apply, for scholarships.</li> <li>• RENEWABLE: Prioritize scholarships that are renewable; learn the requirements to maintain eligibility.</li> <li>• PORTABLE: Identify whether or not a scholarship can transfer with you from one school to another.</li> <li>• Separate applications, but many require FAFSA.<sup>4</sup></li> <li>• Some scholarships are one-time only awards, which are not renewable.</li> </ul>	<ul style="list-style-type: none"> <li>• Self-help aid</li> <li>• First-come, first-served</li> <li>• Does not need to be repaid.</li> <li>• May be need-based.</li> <li>• FAFSA is required for Federal Work-Study consideration.</li> <li>• Jobs may not be guaranteed.</li> <li>• Individual colleges have policies; check with prospective college(s).</li> </ul>	<ul style="list-style-type: none"> <li>• Self-help aid</li> <li>• Must be repaid.</li> <li>• Most accrue interest.</li> <li>• Some loans may require a consigner.</li> <li>• Some loans may require a credit check to assess credit history.</li> <li>• Very difficult to discharge in bankruptcy.</li> <li>• Federal loans require a completed FAFSA.</li> <li>• Entrance counseling and promissory note required for federal loans; completed at <a href="http://www.studentaid.ed.gov">www.studentaid.ed.gov</a>.</li> </ul>

<sup>2</sup> Every state has their own financial aid programs, with varying eligibility criteria. Missouri’s programs include Access Missouri, Bright Flight, and A+. Illinois’s key program is the MAP Grant.

<sup>3</sup> Programs vary from one college to another. Some colleges will require more than the FAFSA to award institutional grant aid. The most common additional form is the CSS Profile.

<sup>4</sup> Some scholarship providers, including The Scholarship Foundation of St. Louis, may accept alternate documentation on financial need from students who are unable to file the FAFSA. Please contact The Scholarship Foundation for information on our **alternate needs assessment** and/or for support in inquiring at other scholarship providers about their policies.

# Reviewing and Comparing Financial Offer Letters

## Why is it important to compare financial aid packages?

Knowledge	Financial Planning	"Bargaining" Tool	Surprises!	Decision-Making
<ul style="list-style-type: none"><li>• Identify the types of aid you are receiving.</li><li>• Total the award amounts being offered.</li><li>• Understand how much in student loans you need to borrow for one year to afford the school.</li><li>• Project how much in total loans you need to borrow to graduate from this school.</li><li>• What are the long-term consequences of this debt?</li></ul>	<ul style="list-style-type: none"><li>• Reflect on how much debt you are willing to have.</li><li>• Research the starting and average salaries in your anticipated career field.</li><li>• How does this debt affect your long-term plans and other life goals?</li></ul>	<ul style="list-style-type: none"><li>• Compare financial aid packages to establish which is the most affordable option.</li><li>• Contact other schools to see if more, or different types, of aid is available to you.</li><li>• Ask for more money, but be prepared to support the request with documentation, especially if you are pursuing a <b>professional judgment review</b>.</li></ul>	<ul style="list-style-type: none"><li>• Consider all the numbers; you may be surprised which school is the most affordable.</li><li>• Remember, cost and affordability are not always the same thing.</li></ul>	<ul style="list-style-type: none"><li>• Consider all the information at your disposal as you make this decision.</li><li>• Know your rights; ask for help if you are unsure about anything. <b>Remember, you are not required to borrow loans you do not need or want.</b></li><li>• Explore all your options.</li><li>• Take into consideration all necessary facts and possible consequences.</li></ul>

# Reviewing and Comparing Financial Offer Letters (cont.)

When reviewing and comparing financial aid offers, it is important to look for several things. Many of these items will not be directly included on the financial aid offer; however, it is important to follow-up with the school to get answers so that you have as much information as possible to make an informed decision.

## Costs:

- Does the financial aid offer state the school's full **cost of attendance**?
- Does the cost of attendance include both **direct costs** (tuition, fees, room, and board) and **indirect costs** (transportation, books and supplies, personal expenses)?

## Grants and Scholarships:

- What is the **total amount of free money**, grants and scholarships, being offered?
- Are they **renewable**?
- What are the **renewal requirements**, such as a required grade point average, to maintain eligibility?
- Is the scholarship still available to the student if they **switch majors**?

## Federal Work Study:

- Are there instructions or suggestions on how to **secure a work study position**?
- How many **hours a week** would the student need to work to earn that award?
- Does the college have **key dates** by which students must accept a work study award or secure a position to receive work study funds?
- Can the student **participate in future years** if they opt not to their first year?
- **REFLECTION**: Is the potential income from work study enough or will the student need to find another job?

## Loans:

- **How much**, and **what types**, in loans have been offered?
- What are the **interest rates, terms, and conditions** of the loan(s) offered?
- Is it clear that the student and/or parent may **accept partial loan amounts** and/or **decline any loans**?
- Is it clear that **parents must pass a credit check**?
- Are there instructions on where, how, and when to complete **entrance counseling** and sign the **promissory note**?
- **REFLECTION**: How much is the student willing to borrow, both per year and in total?

# Reviewing and Comparing Financial Offer Letters (cont.)

## Family Considerations:

- What is the **Expected Family Contribution**<sup>5</sup>?
- How much, if anything, does the student still owe after all financial aid has been accounted for? **What is the unmet need?**
- What, if anything, is **realistic for the family to contribute**?

## Appeals and Adjustments:

- If students wish to request consideration for additional financial aid through either a **professional judgment review** or **special circumstances appeal**, are there instructions on who to speak with and details about the process?
- What is the school's policy for adjusting financial aid offers, known as **aid adjustment or displacement**, if a student receives outside scholarships?

## Looking Ahead:

- If the student has questions or concerns, **who do they contact**?
- What does the student **need to do next**?
- Are there **additional forms** needed and any deadlines to submit them?
- Is there a **deadline** to accept financial aid?
- Does the financial aid offer say **“estimate,” “preliminary,” or similar**? **Check to see if you are in verification and need to submit anything else to receive a final financial aid offer.**
- Does the financial aid package **cover the same expenses** each year?
- Do **grants and scholarships increase** as tuition and fees increase?
- **REFLECTION**: How much might it cost to graduate from this college?

## Covering Unmet Need:

- Does the school provide **suggestions or resources** to help a student secure additional financial aid?
- Does the school offer a **payment plan**?

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<sup>5</sup> If your Expected Family Contribution, or EFC, is not on the financial aid letter, please return to [www.fafsa.gov](http://www.fafsa.gov) and view the Student Aid Report to determine the EFC.

# Reviewing and Comparing Financial Offer Letters (cont.)

## Example

	Syracuse	Minnesota	Purdue
<b>COST OF ATTENDANCE -</b> 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
<b>1 TOTAL COST</b>	<b>\$51,960</b>	<b>\$27,010</b>	<b>\$40,567</b>
<b>2 EXPECTED FAMILY CONTRIBUTION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FINANCIAL AID -</b> 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
<b>3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID</b>	<b>\$37,600</b>	<b>\$13,500</b>	<b>\$13,800</b>
<b>4 UNMET NEED: DIFFERENCE BETWEEN COST, EFC, AND GIFT AID (INCLUDING WORK-STUDY)</b>	<b>\$14,360</b>	<b>\$13,510</b>	<b>\$27,767</b>
<b>LOANS -</b> 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.)		<b>8010</b>	<b>19267</b>
Alternative Loans - interest rate variable; depends on credit rating			
<b>5 TOTAL LOANS</b>	<b>\$7,500</b>	<b>\$13,510</b>	<b>\$26,767</b>
<b>GAP BETWEEN COST AND ALL FINANCIAL AID</b> Cost of attendance (line 1) minus [lines (2), (3) and (5)]	<b>\$6,860</b>	<b>\$0</b>	<b>\$0</b>
<b>YOUR ANNUAL OUT-OF-POCKET COST</b> Expected Family Contribution (line 2) + Total Loans (line 4)+ Gap	<b>\$14,360</b>	<b>\$13,510</b>	<b>\$26,767</b>
<b>ESTIMATED TOTAL BASE LOAN AMOUNT OVER FOUR YEARS</b> Total Loan Amount (line 5) x 4 Years (Does not include fees & interest, or increases in loan awards)	<b>\$30,000</b>	<b>\$54,040</b>	<b>\$107,068</b>

# Additional Comparison Tools & Info

## **Scholarship Foundation Financial Aid Comparison Calculator:**

<http://bit.ly/FinAidComparsion>

The goal of The Scholarship Foundations financial aid comparison tool is to help students and families make an informed decision about college enrollment and help them identify any unmet need and understand how much in student loan debt may be borrowed based on their financial aid offer.

## **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.

## **Department of Higher Education and Workforce Development College Cost Comparison:**

<https://journeytocollege.mo.gov/wp-content/uploads/sites/10/2017/06/Resource2.pdf>

DHEWD offers a college cost comparison worksheet, which allows students and families to compare costs as they are assessing offers and finalizing their plan.

## **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 using a professional judgment review.
- Ask for more money; explain your concerns and challenges.
- Look for additional scholarships: [www.myscholarshipcentral.org](http://www.myscholarshipcentral.org)

Reduce  
costs!

- Live at home, if possible.
- Live off campus and share housing, if possible.
- Work a part-time job.
- Leave a car at home, if possible.
- Take advantage of college credit options, including CLEP: <https://clep.collegeboard.org/exams>

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 often scholarships available for transfer students.
- Use A+, if eligible.

# 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. **Note:** Due to the economic devastation stemming from the COVID-19 Pandemic, financial aid offices expect a possible increase in appeals for the 2021-22 school year. We recommend submitting an appeal early. 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 the school 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 is not 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 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 are not 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.

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