

FAFSA Financial Need Formula and Process

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College	College	
_____	_____	
_____	_____	
\$ _____	\$ _____	Cost of Attendance (COA)--Total (“budgeted”) costs for one year (tuition/fees, room/board, books, transportation, miscellaneous)
- \$ _____	\$ _____	Expected Family Contribution (EFC). See #1 below. Amount your family <i>must</i> pay (FAFSA).
= \$ _____	\$ _____	Preliminary Financial Aid Eligibility. (Family’s potential “need” for one year).
- \$ _____	\$ _____	“Other Resources” – Merit scholarships, state/federal scholarships & grants, private scholarships, MET, gifts, etc..
= \$ _____	\$ _____	Final Financial Aid Eligibility. (Family’s “need” for one year). Usually fully paid by college.

TYPES OF FINANCIAL AID. How a family’s “need” is met by each college.

- Scholarships.** College - Merit/Talent & need-based; State - Michigan Competitive.
Military - ROTC, Academies (Air Force, Army, Coast Guard, Navy).
- Grants.** Federal: Pell, SEOG, Acad. Competitive, Smart, Teach, TIP. State: Tuition Grant.
- Work-Study.** Federal and State. College-administered work program. Up to 20 hours per week.
- Loans.** Federal: Perkins, Stafford (Subsidized and Unsubsidized), PLUS (covers up to total costs).

APPLYING FOR FINANCIAL AID. Apply annually, either on-line or paper.

Student: Search for scholarships throughout the senior year (Merit/Talent scholarships and Private Donor scholarships).

Custodial Parent(s): Follow the FAFSA application steps below.

1. Estimate your family’s first year’s EFC. Rough estimate: www.finaid.org/calculators/quickefc.phtml
More accurate estimate: www.finaid.org/calculators/finaidestimate.phtml
2. If filing FAFSA online, get student’s and parent’s FSA-ID. <https://studentaid.ed.gov/sa/fafsa/filling-out/fsaid>
3. FAFSA worksheet, application instructions and tips. <http://studentaid.ed.gov/fafsa>.
4. CSS Profile form (required by some selective colleges) – submit after October 1 of student’s senior year.
5. FAFSA application. Submit between 10/1-3/1 of student’s senior year. “Base tax year” = 2 years before graduation.
6. FAFSA’s Student Aid Report (SAR) and CSS Profile’s Verification. Summary of your reported data. Sent to you within days. The clearinghouses also send copies to the colleges you applied to.
7. **Special Consideration letters.** October-No deadline. If unexpected circumstances lowered your family’s income or assets, send a brief, factual letter to each financial aid office. This can improve your award letters.
8. Award letters. October-April. The financial aid offer (“award package”) sent to you by each college you are admitted to. Know how to interpret each college’s offer, and know the packaging history of each college.
9. **Appeal letters.** October-No deadline. If an offer is not what you expected, write a direct, yet tactful, letter to the financial aid director. Directors are allowed to use “professional judgement” to adjust awards.
10. Decide which college you will attend. **May 1** is the universal deadline date for selecting your college.

INFORMATION NEEDED TO COMPLETE THE FAFSA (CUSTODIAL PARENT(S) AND STUDENT)

Social Security numbers. Driver’s license numbers. Alien registration number if not a citizen. Federal tax information, including W-2’s. Records of your untaxed income such as social security benefits, veterans benefits and Temporary Assistance for Needy Families (TANF). Information on savings, investments, and business and farm assets.

“EXPECTED FAMILY CONTRIBUTION”. Calculated by FAFSA clearinghouse.

Family Income Includes: taxable and nontaxable income

Custodial Parent(s) - **35%** of adjusted gross income, after allowances

Allowances = Taxes paid (Federal income taxes and social security),

Income Protection Allowance (IPA), Employment Expense Allowance (EEA).

Student - **50%** of adjusted gross income, after allowances

Allowances = Taxes paid (Federal income taxes and social security), IPA (~\$6300).

Family Assets Excludes: retirement funds, home equity, life insurance products, family farm, cars, boats, etc.

Custodial Parent(s) - **6%** of assets, after Asset Protection Allowance (APA).

Student - **20%** of assets. No allowances.

Business - **2%** of net equity

***Key Resources:** FAFSA: <http://studentaid.ed.gov/fafsa> and 1/800/433-3243 (outstanding “live” helpline). CSS PROFILE: <https://profileonline.collegeboard.com> and 1/305-829-9793 (help). STATE: www.michigan.gov/mistudentaid and 1/888/447-2687.