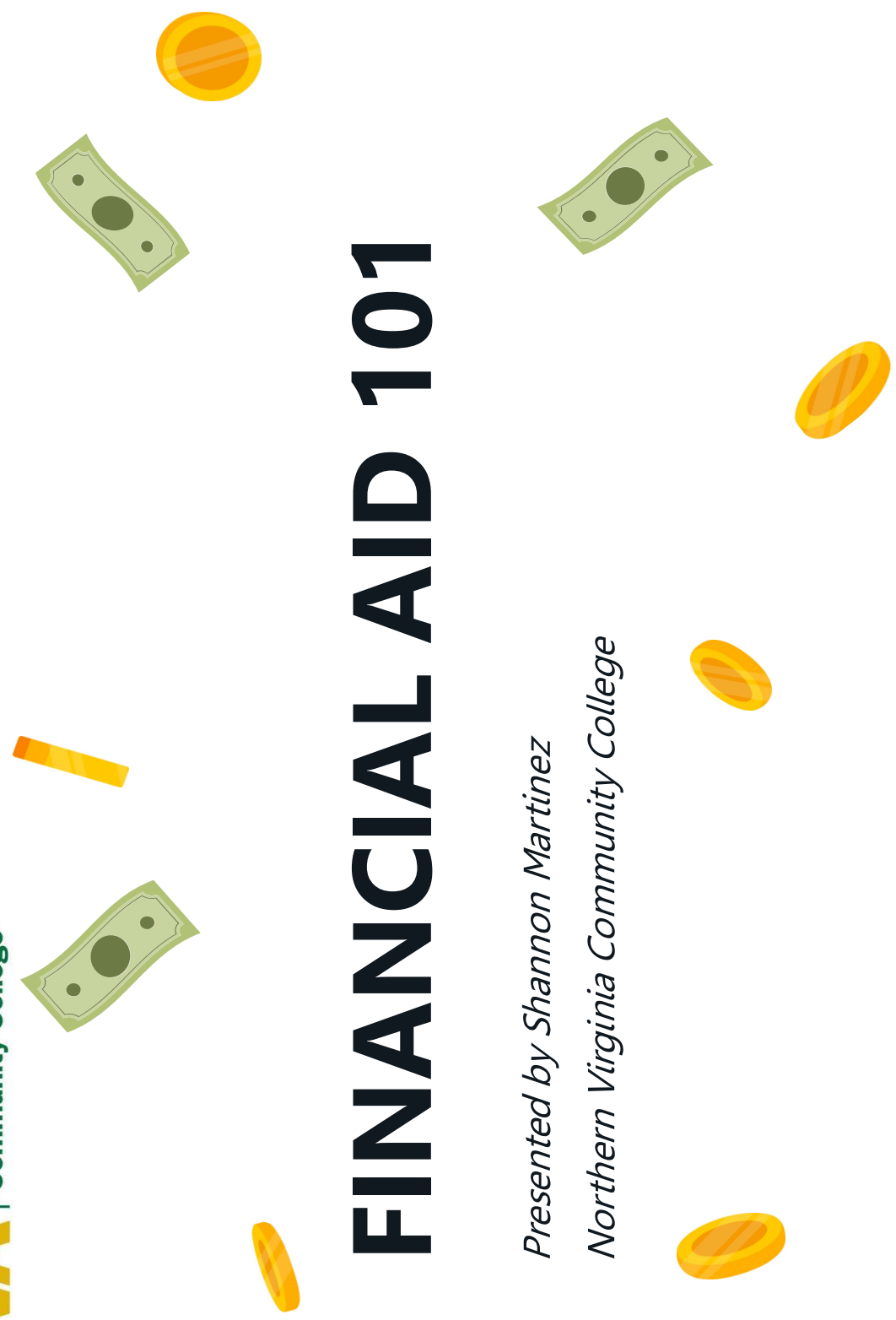


# FINANCIAL AID 101

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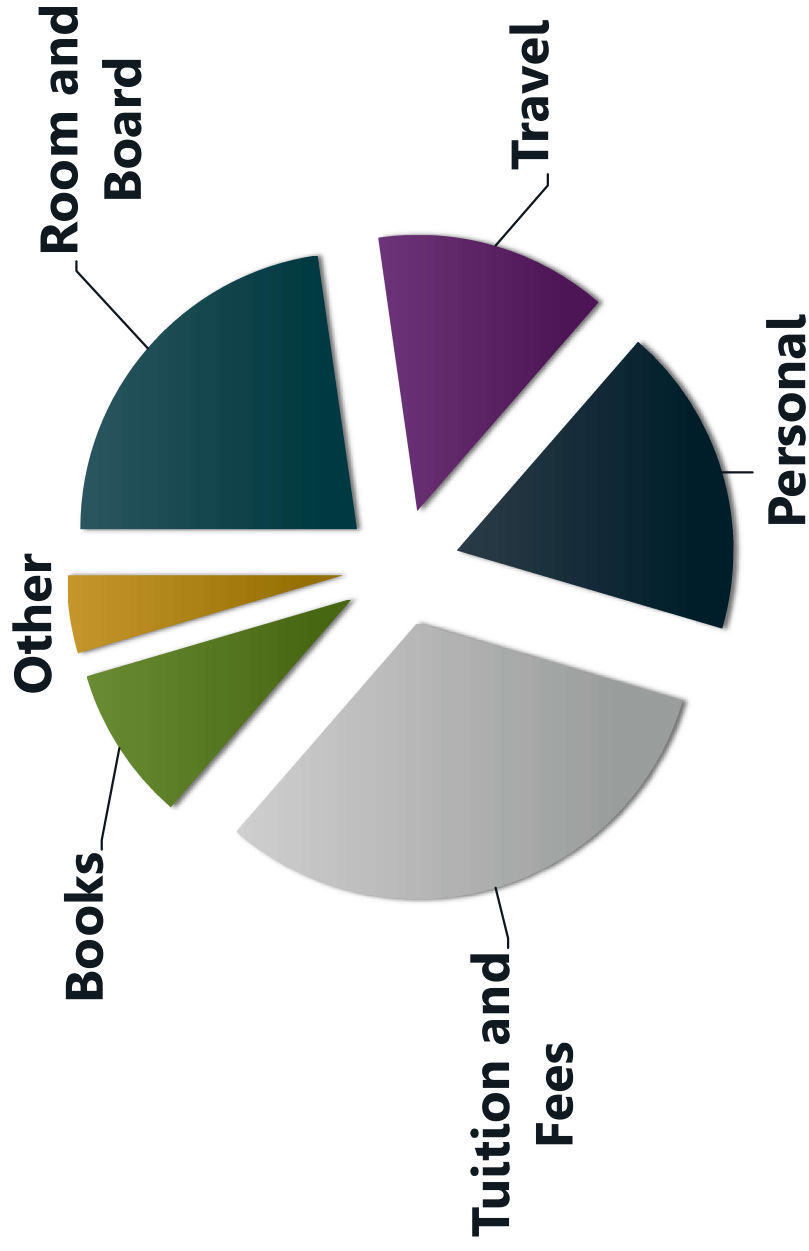


## ON THE AGENDA TONIGHT

- What is Financial Aid?
- How are Financial Aid awards calculated?
- What types of funding are available?
- Who is eligible? How do you apply?
- Changes and Impact of 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 (SAI).
- Complete a Free Application for Federal Student Aid (FAFSA) for eligibility – [www.studentaid.gov](http://www.studentaid.gov)
- Establishes the Student Aid Index (SAI)



# WHAT IS THE COST OF ATTENDANCE (COA)?

## **COST OF ATTENDANCE (COA)**

- 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" is now called "Living Expenses" or "Housing and Food Expenses"





## 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

## **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 and ranges to 999,999
- Allows for a *fairer* representation of student/family resources



## 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
  - Humanitarian Parolee
- 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, Part Time Assistance Program, G3, Virginia Tuition Assistance Grant (Private VA Colleges/Universities)
- Institutional/School Grants – merit and need based



## **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
    - Standard repayment plan is 10 years
    - Income-based repayment can extend 20-25 years



## LOANS

- Federal Direct Student Loans – Borrow these first!
- Subsidized – fixed **6.53%** interest rate, **interest does not accrue while in school**, based on need (25’-26’ rates will be lower)
- Unsubsidized – fixed **6.53%** 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 Direct Student Loans for Freshman students (a max of \$3500 for subsidized loans)
  - \$6,500 for Sophomores (\$4500 sub loan max)
  - \$7,500 for Juniors/Seniors (\$5500 sub loan max)
- Parent PLUS Loans – parent loan, credit check, **9.08%** interest, repayment plans/options not as generous
- <https://studentaid.gov/understand-aid/types/loans/interest-rates>

## LOAN DEBT

- On average, college borrowers graduating with a Bachelor's Degrees had ~**\$29,400** in student loan debt.
- ~65% of college students graduate with debt!
- Talk about loan debt in realistic terms! What is the monthly payment and will that fit into your budget.
- What does **\$29,400** look like in repayment?
  - At average rates this equates to a ~**\$325** monthly payment for **10 years**
  - You will pay ~**\$9,700** in interest, for a total payment of ~**\$39,100**
  - 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://findaid.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 Alternative State Aid Application (VASA)

- **Virginia Alternative Student Aid Application**
  - <https://www.schev.edu/financial-aid/federal-state-financial-aid/vasa>
  - Allows students who qualify for in-state tuition, but not federal financial aid to apply for state educational grants
    - Students are eligible for Commonwealth Grant & G3 Funding
- **Other Funding Options**
  - Scholarships
    - [MALDEF 2024-2025 scholarship resource guide](#)
  - Employer Tuition Assistance
    - [Tax benefits to businesses](#)

## FAFSA PROCESS

- Complete the Free Application for Federal Student Aid (FAFSA) **each year.**
- File online each year at [www.studentaid.gov](http://www.studentaid.gov)
- **Available December 1<sup>st</sup> as of 2025-2026 FAFSA, uses 2023 Tax Returns (October 1<sup>st</sup> 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 Studentaid.gov Account - Formerly FSA ID (Federal Student Aid ID)
- Student and parent(s) sign with their own, individual Studentaid.gov Accounts



## 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 questions cut by 60%. 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 positively impacts SAI*



# CHANGES TO FAFSA FORM



## 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

- Request for Income Recalculation (may also be called a *Special Circumstances Appeal*)
- Loss of Job/Decrease in Taxable Income
- Reduction or Loss of Untaxed Income
- Unusual/Unreimbursed Medical Expenses exceed certain limits
- Cost of Attendance Appeal
- Housing Status Change
- Books, supplies, course materials exceed standard allocation (also applies for other listed COA expense)
- Student has Dependent Care Expenses



## 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](http://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](http://www.studentaid.gov) – Detailed information on specific aid programs and aid eligibility. Home of Student Aid Estimator
- [www.bls.gov/ooh](http://www.bls.gov/ooh) - Occupational Outlook Handbook
- [www.finaid.org](http://www.finaid.org) – Financial aid information and helpful tips in navigating the application
- [www.payscale.com/college-roi](http://www.payscale.com/college-roi) - Return on investment metrics

