



# The Insider's Guide to Financial Aid

*By Douglas L. Christiansen, Vanderbilt University*

Figuring out how to pay for college can be overwhelming. In this day and age, understanding each school's unique financial aid offerings can often be as integral to a student and his or her family as picking the ideal university or major. But financial aid is certainly not meant to be overwhelming or confusing, and financial aid and admission counselors are there to ease you through the process. The goal is to help you find the best fit in every way.

Like every major life decision, it's best to be educated beforehand. Here are answers to some of the questions colleges repeatedly receive to help you better understand the financial aid process.

### 1. What are some questions I should ask about a school's financial aid program?

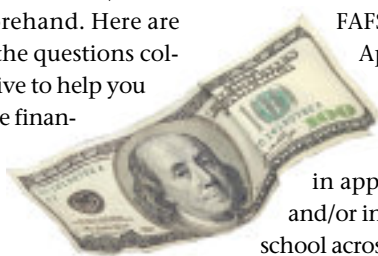
First of all, most colleges and universities have websites that map out the general details of their individual financial aid programs. It's always good to start there for basic information. But financial aid packages are unique to each applicant, which is why it's so important to talk to financial aid counselors at each school. Here are a few questions you should ask any school you're interested in.

- Does the school meet 100% of demonstrated financial need with gift assis-

tance or do they supplement with need-based loans and/or work-study?

- If a school meets full demonstrated financial need, how do they do it?
- How does the school determine if a student has demonstrated financial need?
- What exactly is a school looking at when determining demonstrated financial need?

### 2. What are the FAFSA and CSS PROFILE?



FAFSA stands for Free Application for Federal Student Aid. The FAFSA is a form you must fill out if you're interested in applying for federal, state, and/or institutional aid from any school across the country. Usually, a family will complete the FAFSA as soon as possible after January 1 of a student's senior year in high school, after receiving tax documents. Information about the FAFSA and the application process can be found on most universities' websites as well as [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

The CSS PROFILE stands for College Scholarship Service PROFILE. The CSS PROFILE is used by schools that want additional information on a family's financial situation to assist in awarding institutional aid dollars to eligible students. The CSS PROFILE asks more in-depth questions about a family's assets,

income, family situation, and financial history. Information about the CSS PROFILE and its submission process can be found at [www.collegeboard.com](http://www.collegeboard.com).

### 3. Should I fill out both the FAFSA and CSS PROFILE?

One hundred percent yes—everyone should fill out the FAFSA. You may think you make so much money that you don't need to apply, but you never know what you might be eligible for.

Once you have determined the colleges you're applying to, check if they require the PROFILE. Because you have to pay to file, you only want to send the PROFILE to the colleges that request it.

### 4. What is an EFC and how is it used at different schools?

The EFC, or Estimated Family Contribution, is the amount that a family is expected to pay for their child's education. Eligibility for need-based financial assistance is determined by subtracting a family's calculated EFC from each school's estimated cost of attendance (COA). The difference is called "demonstrated financial need." While the cost of attendance is different from school to school, the family's EFC will remain relatively consistent. It's the type of financial aid each school offers (grants, loans, work-study, etc.) that makes the difference. To get an

## Types of aid

How your financial need is met is as important as how much of your need is met. Consider final out-of-pocket costs rather than total aid offered. Here is a basic breakdown of how financial aid is distributed.

### Scholarships (merit-based aid)

Scholarships are based on academic or other achievements, like music or sports. Because they are merit-based, talent-based, or leadership-based, they are typically available to every student who qualifies for them—regardless of financial need.

### Grants

Grants are funds that don't have to be repaid. In most cases, you must demonstrate financial need to receive a grant. Grant eligibility is determined by information provided on your FAFSA and can be funded by federal and state governments, as well as the college you plan to attend.

### Loans

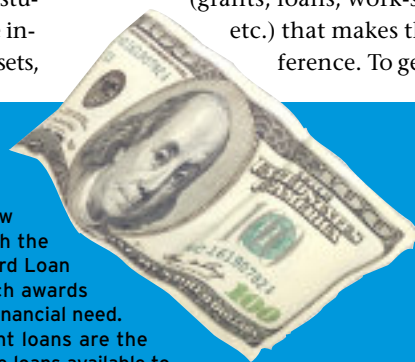
Loans have to be repaid and must earn a favorable interest rate and payback schedule to be considered as financial aid. Many

students and families borrow money through the Federal Stafford Loan Program, which awards aid based on financial need. Federal student loans are the most affordable loans available to students, with the lowest interest rates and payments deferred until after graduation.

Check to see if the school you want to attend is a direct lending school, which means you can obtain education loans, including the Stafford Loan, without using a private lender like a bank or credit union. If you need additional funding, private lenders are an option.

### Work-study

Campus employment offers students an opportunity to work on campus and contribute to their educational expenses. A wide variety of positions in professional campus settings that align with student career pursuits may be available.



idea of what your EFC may be before you submit your financial aid paperwork, visit [www.fafsa4caster.ed.gov](http://www.fafsa4caster.ed.gov) for an estimate.

### 5. When a school gives their "cost of attendance," what does that usually entail?

The cost of attendance includes allowances for tuition, fees, books and supplies, room and board, transportation, and personal/miscellaneous expenses. All of these elements are taken into account when determining financial aid eligibility, not just the cost of tuition.

#### **Cost of Attendance – Estimated Family Contribution = Need**

### 6. Should I look at the cost of tuition when deciding where to apply?

A lot of parents tend to put up predefined barriers to where their child can and cannot look, based on criteria such as whether the school is in state or out of state, public or private, or if a parent deems a school's initial tuition price too high. But this is where each school's financial aid policy comes in. It might end up being more affordable for a student to go to a seemingly expensive school, depending on the financial aid package that student receives.

### 7. What does it mean for a school to be "need-blind" or "need-aware"?

Need-blind means the institution does not look at a family's financial situation or ability to pay when deciding if the student will be admitted. Once a student is accepted, the school will create a financial aid package. When a school says it's need-blind and meets 100% of demonstrated need, that means the institution not only ignores a family's ability to pay during the admission process, but if the student is accepted, the university will provide a financial aid package that equals the dollar amount of the student's demonstrated need. But the family is still responsible for paying their EFC.

Need-aware is when a school considers a family's ability to pay when

determining if a student will be accepted or not.

### 8. What are some unique new financial aid programs various universities have launched?

Over the last three to five years, a lot of institutions have reevaluated their financial aid programs and offerings to make sure highly qualified students of all income levels have the opportunity to go to college. Some schools have a student pay a certain percentage of tuition based on his or her family's level of income. Other schools may give a student grants, instead of need-based loans, depending on family income. Some schools focus on a student's EFC, trying to minimize the family's EFC on the front end to lower the total cost of attendance.

### 9. Will it impact a student's chance for admission if a family asks lots of questions about financial aid?

You should never be nervous or apprehensive about asking the financial aid office any question. An admission professional's job is to help send students to college, and they want to assist you. If you don't ask questions, you can't get any help, and whether you ask or don't ask, the answer is still the same. So wouldn't you rather have as much information on the various financial aid programs as possible?

### 10. My family is doing pretty well financially. Is it worth applying for financial aid?

The biggest mistake families make is self-selecting out of applying for need-based financial aid because they don't think they'll qualify. Remember, many schools are not just looking at income. They're also looking at other financial circumstances such as assets, extenuating health or medical situations, and the number of other family members in college or private secondary schools.

It is extremely important to fill out all of the financial aid forms early and accurately and pay attention to each

school's financial aid form deadlines! The time and energy it takes to complete these forms could bring you thousands of dollars in federal, state, or private aid.

Please remember that financial aid offices are there to help you, so feel free to pick up the phone or send an e-mail and ask questions. Colleges and universities offer financial aid because they believe in and strongly support diversity of all kinds. They are looking for the best and brightest students and sometimes those students need financial help. Don't let a question about financial aid stop you from applying to the school of your dreams. **PC&U**

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## Get Started! Financial aid websites

- **Department of Education**  
[www.ed.gov](http://www.ed.gov)
- **Free Application for Federal Student Aid**  
[www.fafsa.ed.gov](http://www.fafsa.ed.gov)
- **FAFSA4caster**  
[www.fafsa4caster.ed.gov](http://www.fafsa4caster.ed.gov)
- **College Board**  
[www.collegeboard.com](http://www.collegeboard.com)
- **FinAid**  
[www.finaid.org](http://www.finaid.org)
- **Find Tuition**  
[www.findtuition.com](http://www.findtuition.com)

