



# AMEDF

American Education Foundation | Ensuring College Success

## COMPLETE GUIDE TO COLLEGE FUNDING

For parents of high school students

***AMEDF's Scholars Methodology™***

**Spring-Summer 2022**





## Our Mission

- Ensure success through better college preparation
- Not-for-profit, tax-exempt organization independent of government or schools
- Provide resources directly to families
- Member of College Board and past National College Achievement/Access Network (NCAN)
- 13 States since 1997

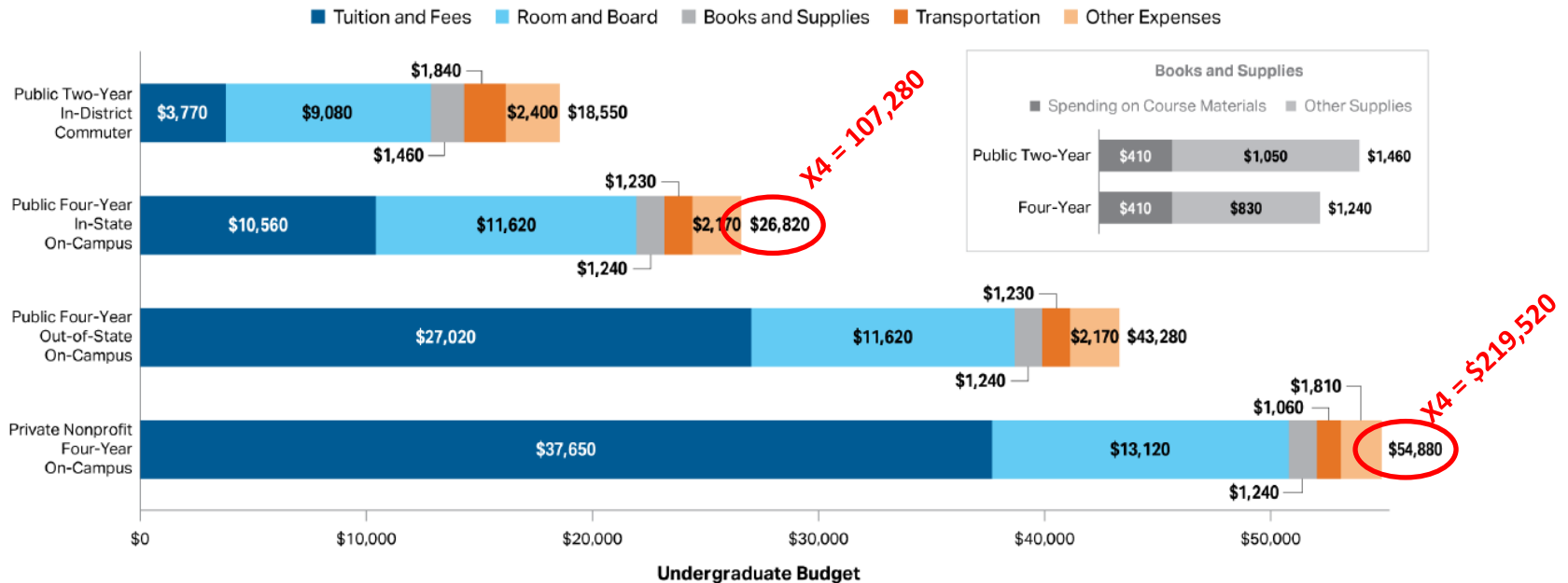
# **WORKSHOP AGENDA**

## **Session 1: Today's Class**

- Overview of college costs and cost sharing paradigm Methodologies for aid awards
- Coordinating budget, need-based aid and merit scholarships
- Session 2: Individual conference parameters

# CB: Trends in College Pricing

## Average Estimated Full-Time Undergraduate Budgets (Enrollment-Weighted) by Sector, 2020-21



# COLLEGE REVENUE SOURCES

1. Amount paid by student and family (*external*)
2. Federal financial aid for students (*external*)
3. State financial aid for students (*external*)
4. Reallocation from institutional sources
5. Others (*i.e. federal appropriations and grants, state & local appropriations, contracts*)

\*Ex. Princeton University  
COA 2020-21 = \$68,044

Tuition and fees	\$15,790
Government grants and contracts	\$24,631
Private gifts, grants, and contracts	\$42,292
Investment return	\$163,940
Other core revenues	\$3,952

*\*Source: NCES IPEDS*

# COLLEGE COST PARADIGM

*Cost of Attendance (COA) is primarily the responsibility of the student and the student's parent(s): **Expected Family Contribution (EFC)***

1. EFC is what the family is deemed to be able to afford per year from income and assets
2. Student is expected to borrow
3. Need and Merit aid, if available, covers the portion of COA the family cannot afford
4. EFC will be a stretch (see underlying budget guideline)
5. When aid is limited, priority based on merit and need

# AID IS FORMULAIC

## NEED-BASED AID

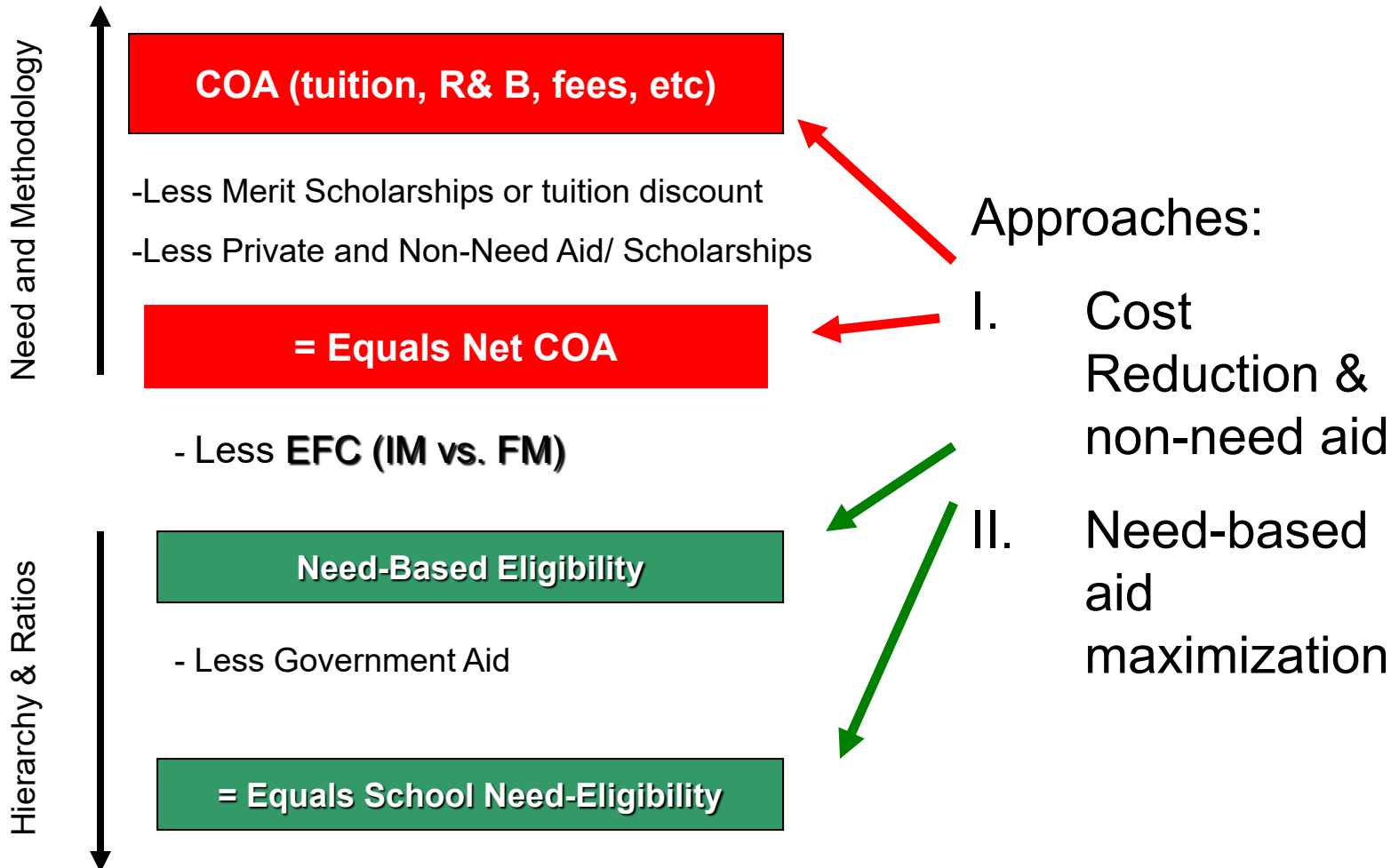
1.  $COA - EFC = NEED$
2. Federal and State aid first
3. Remaining need may be covered by the college
4. Unmet need is additional eligibility for parent loan (PLUS)
5. Federal Methodology (FM), Institutional Methodology (IM)
6. **Stacking not always possible**

## MERIT-BASED AID

1. Data from admission's profile
2. Combination of GPA, SAT/ACT, AP, Class Rank and/or other datapoints
3. **Merit and Need aid not always stackable**



# Cost Reduction vs. Aid Maximization



# Expected Family Contribution (EFC)\*

## Federal Methodology (FM)

### **FAFSA**

- Custodial Parent(s) income & assets
  - 22% - 47% of NAI
  - 5.6% of NAA above allowance
- Students Income & assets
  - 50% of NAI
  - 20% of NAA
  - 529 & Coverdell counts as custodian's assets
  - \*Grandparent owned 529 distribution counted as student income
- Income includes taxable, pretax & \*tax-free
- **Assets exclude home, retirement, insurance, \*small business**

## Institutional Methodology (IM)

### **CSS Profile (vs FAFSA)**

- Parents:
  - Custodial + **natural** parent income, support & assets
  - **Siblings** assets
  - **Home, business and retirement** assets considered
- Student:
  - Minimum contribution
  - **25%** asset assessment
  - **529 & Coverdell counts** as student's asset

***\*FM EFC changing to Aid Index in 2024-25***

# EFC (continued)

## FM Rules of Thumb:

- Minimize student income above \$6k & assets
- Shift assets from includable to favorable or excludable
- **Two-year** look back (prior prior) on income
- Filing starts **Oct 1<sup>st</sup>** of year before college
- \*Multi-student discount

## IM Rules of Thumb:

- Minimize student income & assets
- Shift assets from includable to excludable
- **Two-year** look back on income
- Filing starts **Oct 1<sup>st</sup>** of year before college

# \*EFC Example: Class of 2022

## \$100k Income, \$50k assets

- **FM EFC: \$14,656**
  - Pell \$0
  - Student Loan \$5,500
  - CWS available
  - TAP \$0
- **IM EFC: \$11,646**

## \$50k Income, \$25k assets

- **FM EFC: \$1,630**
  - Pell \$4,845
  - SEOG \$100- \$4,000
  - Student Loan: \$5,500
  - CWS available
  - TAP \$3,011
- **IM EFC: \$158**

*\*2020 Standard deductions, 2021-22 Tap Sch B, 4 household, ages 45,45,17,1, 2021-22 Pell*

# COST & Need-Based Aid

SCHOOL	COST	AVERAGE FINANCIAL AID PACKAGE	% NEED MET	% GIFT AID
PRINCETON	\$ 67,704	\$ 54,310	100%	97%
U PENN.	\$ 80,936	\$ 55,680	100%	95%
SUNY AT BFLO	\$29,091/ \$46,761	\$11,375	52%	78%
CANISIUS	\$44,488	\$27,579	84%	75%
ST JOHN FISHER	\$50,300	\$24,685	73%	86%

*DATA: College Board Big Future & Trends in College Pricing 2019-20 extrapolated*

# NY EXCELSIOR SCHOLARSHIP & ENHANCED TUITION AWARDS

## EXCELSIOR

- Tuition-free for NY public 2 & 4-yr colleges
- \$125k using prior prior year AGI
- Integrates with TAP and Pell
- 12 semester-30 per year credits/yr; passing GPA; on-time completion and residency/work post-graduation in NY required

## ENHANCED TUITION

- Up to \$6k/yr for NY private colleges
- Same AGI requirements
- Integrates with TAP and other aid
- NY School must opt-in
- Application window opens in May for school year starting in the Fall
- Both for NY residents only

# Ex. SUNY AT BUFFALO

- **Excelsior** is free tuition for NY Residents and integrated with TAP and Pell

*BUT*

ITEM	COST
Tuition	\$6,870
Fees	\$3,310
Room and Board	\$14,631
Books & Supplies	\$1,203
Personal and Transportation	\$2,733
Others	\$344
<b>TOTAL</b>	<b>\$29,091</b>

# Fed and NY Grants

- PELL GRANT
  - From \$650 to \$6,495 for 2021-22 school year
  - EFC < \$5,846
  - Sliding scale based on EFC
  - Covers tuition, R&B, fees
  - [studentaid.gov](https://studentaid.gov)
- TUITION ASSISTANCE PROGRAM (TAP)
  - \$750 to \$5,665 for 2021-22
  - Sliding scale formula of NY combined income from \$7,000 to \$80,000
  - Covers tuition only
  - Only NY schools
  - [hesc.ny.gov](https://hesc.ny.gov)



A glowing white ladder is positioned on the right side of the image, set against a teal background. The ladder has five rungs and is illuminated from within, creating a bright glow. Below the ladder, there are two blue rectangular shapes that overlap each other. The left one is a horizontal bar, and the right one is a vertical bar that extends downwards. The text 'PLANNING STEPS' is written in white, uppercase letters on the left blue bar.

# PLANNING STEPS

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1. Determine FM & IM EFC (Session 2)
2. Determine ability to pay through budget process (Internal)
3. Find colleges that are financially suitable:  
**Net COA after aid** is at or below budget
  - Able to fund need with combination of aid, or
  - Unmet need within parental borrowing limits

# CB Budget Guidelines

## Some Reasonable Budget Guidelines

	Percentage of Monthly Income
Housing and utilities	30%
Student loan repayment	8%
Food (includes groceries and eating out)	10%
Credit card, auto, and personal loan repayment	12%
Transportation (includes car payment, insurance, gas, and maintenance)	15%
Clothing	5%
Medical and dental expenses	5%
Savings/Investment	10%
Miscellaneous	5%

# \$100k Gross, \$81k Net example

- Using CB budget guidelines on net income
- PLUS interest rate 2021 = 6.28%
- Savings/Inv (8%) + Misc (5%) + remaining (8% student loans) = ?
- **\$6,480** (less 2% for insurance) + \$4,050 + \$6,552 = **\$17,082** max annual budget or \$102k over 6 years (vs. EFC \$14,656 in example)
- Stretch using PLUS: \$1,423/mth covers \$122k in total PLUS loans

# AOTC and LLC (2020)

- American Opportunity Tax Credit
  - \$2,500/yr per student for 4 years
  - Need \$4,000 of qualified expenses/yr on 1098T
  - Must claim the undergraduate student
  - Phase out mAGI \$80k/\$90k or \$160k/\$180k
  - 40% refundable
- Lifetime Learning Credit
  - \$2,000/yr per tax return
  - Need \$10,000 of qualified expenses/yr on 1098T
  - Must claim the student
  - Phase out mAGI \$59/\$69k or \$118k/\$138k
  - Non-refundable
- Cannot claim both in same tax year: ***see IRS Pub 970***

## ***Next Step: Sess 2***



- Session 2 (see details in handouts)
  - Assessment of aid eligibility, academic prep, career/major direction, admissions profile
  - Apply concepts explored in this workshop to identify gaps and recommend actions
  - Fully AMEDF funded (**FREE**)
  - 30 – 45 minutes one-on-one meeting
- **Enroll using your Evaluation**

# Help Us Help You



- Take ACTION!
  - **Participate** in session 2 individual conference
  - **Evaluate**- your feedback is critical
  - **Spread** the word
  - **Register** and designate AMEDF to benefit from use of [Goodsearch.com](http://Goodsearch.com) , [Goodining.com](http://Goodining.com) and [Goodshop.com](http://Goodshop.com)
  - Make a **donation** (check on employer match)

# OTHER WEB RESOURCES

- [College Scorecard](#) U.S. Department of Education resource that has the most reliable data on college costs, graduation rates, and loan indebtedness rates.
- [Federal Student Aid](#) U.S. Department of Education resource that outlines federal student aid which is distributed at about \$120 billion a year.
- [Financial Aid Award Letter Comparison Tool](#) from College Board A free resource for counselors, students, and families to compare financial aid packages.
- [NASFAA State Financial Aid Programs](#) NASFAA (National Association of Student Financial Aid Administrators) has the most up-to-date national directory of state agency aid resources. Each student has at least one grant/scholarship to residents.
- [NCES/IPEDS](#) Integrated post-secondary education data system is a free Federal database of college information