WILTSHIRE
COLLEGE CONSULTING

Financial Aid Glossary

Cost of Attendance
The Cost of Attendance, or COA, is the amount a student should expect to pay to attend a particular college, including tuition, room and board, required fees, books, personal expenses and travel. Colleges adjust the COA each year to reflect changes in these costs.

CSS/PROFILE
The College Scholarship Service of the College Board created the CSS/PROFILE to delve more deeply into an applicant's family finances. The PROFILE is used by a subset of the generally more selective colleges to award their own funds. (The vast majority of colleges require only the FAFSA.) The CSS/PROFILE goes beyond income to takes into consideration retirement accounts, trust funds, 529 accounts, and (usually) home equity information. In cases of divorce, the non-custodial parent is usually expected to file as well.

Demonstrated Need
A student's demonstrated need is determined by the mathematical formula: Cost of Attendance – Estimated Family Contribution = Demonstrated Need. The calculated Demonstrated Need may or may not align with the amount a family feels able (or willing) to pay.

Expected Family Contribution
The Expected Family Contribution, or EFC, is the amount a family can afford to spend on college per year, according to the Federal Methodology (FAFSA) or the institution's methodology. This is the minimum amount a family can expect to pay. Remember that the EFC calculated by the FAFSA may or may not be the EFC used by the colleges where your student applies.

529 Account
The 529 College Savings Account is a way to save for college expenses without paying taxes on investment gains. Anyone may set up an account using any state's plan and then pay qualified college expenses (such as tuition, room and board, school computer) for a relative attending school at an institution recognized by the U.S. government (mostly U.S. colleges and universities). Accounts in a parent's or student's name will be assessed at the parent rate in the FAFSA and CSS/PROFILE. Accounts held by a grandparent or more distant relative will not show up in financial aid calculations, but the use of these funds may have implications for the family's EFC.

Free Application for Federal Student Aid
Filing this form, also called the FAFSA, starting October 1 of the student's senior year, is the only way to receive federal funds or federal student loans. The FAFSA relies heavily on the family's income in determining need, examining only the household in which the student spends most time. Assets are assessed based on balances on the day the form is filed. Some colleges also use the FAFSA to award their own institutional funds.

In-State Tuition

 BWiltshire@alumni.harvard.edu 847-660-8625

Students receive a break on the cost of attending their state's university. But sometimes public universities will extend in-state tuition breaks to students from nearby states. Examples include the Southern Regional Education Board's Academic Common Market; the Midwest Student Exchange; the Western Undergraduate Exchange program; and, for New England residents, the Regional Student Program. Some states offer smaller reciprocity programs of their own. For example, Colorado and New Mexico have an agreement that allows qualifying students from either state to get in-state pricing in both states. In addition, an individual state may choose to target certain out-of-state markets. For instance, the University of Maine at Orono recently offered to meet in-state public-flagship cost for students from California, Connecticut, Illinois, Massachusetts, New Hampshire, New Jersey, Pennsylvania, Rhode Island and Vermont.

Meet Full Need

Fewer than 70 colleges (all wealthy, mostly very selective) promise to provide each admitted student enough aid to cover his or her full Demonstrated Need – that is, the Cost of Attendance after the Expected Family Contribution. This may be good news for needy families, but bad news for middle class and wealthy families who think their EFC is too high. Colleges that meet full need tend to offer less in the way of merit aid.

Merit Aid

Some colleges award some of their own funds to incoming students based on grades, test scores, special talents, or because the student is desirable for some other reason, regardless of whether the student has Demonstrated Need. Except in extremely rare situations, the student does not have to file for financial aid to be considered for merit aid.

Need-Blind Admissions

A college is need-blind if it does not consider a family's finances when deciding whether to admit a student. That is, the admissions committee won't look at your FAFSA or any financial information when making their decision. Fewer than 100 U.S. colleges claim to be need-blind for domestic students. Note that this is not the same thing as meeting full need.

Out-of-State Tuition

Students attending a public university outside their home state can expect to pay more. In fact, many state universities count on higher fees from non-residents to subsidize their own students. (See the entry for In-State Tuition for breaks that may be available in neighboring states.) Of course, private schools make no distinction between in-state and out-of-state students, and may even favor those from far away for bringing diversity to campus.

Outside Scholarships

Grants received from sources other than the government and the college itself are considered outside scholarships. These scholarships usually cover only small dollar amounts ($500-1000), may last only one year, and can be very labor-intensive to obtain. Ironically, depending on the college's policy, these scholarships may actually increase the amount a needy family is expected to contribute. Some colleges will reduce their own grants dollar for dollar up to the amount of the outside scholarship.

Parent Loans

As part of the Direct PLUS loan program, the federal government will lend parents amounts up to the full cost of attendance (minus any other assistance received), at a low interest rate (currently less than 4.3%). Parents with an adverse credit history are not eligible for the loans, but in that case the student is allowed to take on more government debt. Banks may also lend parents money based on collateral, such as home equity, but interest rates are usually substantially higher and tax deductibility is strictly capped.

Prior-Prior Year

In filling out the FAFSA or the CSS/Profile, income information will come from the last tax return filed – two years before the start of the student's freshman year in college. For a student beginning college in the fall of 2020, the FAFSA and CSS/PROFILE will be filled out in October 2019, using income tax data from Jan-Dec 2018. Note that assets will still be reported as of the day the form is filled out (e.g. Oct. 11, 2019).

Student Loans

The federal government provides the opportunity for students to borrow to pay for college, either though guaranteeing banks a certain interest rate or providing the funds itself. Direct student loans may be subsidized for low-income borrowers (the government absorbs the interest while the student is in school) or unsubsidized (the student must pay interest each month or add that amount to the loan balance) for anyone else. The government strictly controls the amount the student can borrow each year, limiting 4-year indebtedness to less than $30,000. Whether subsidized or unsubsidized, the student promises to repay the funds in the future.