



How Need Based Financial Aid Works

What's a FAFSA?

- **Free Application for Federal Student Aid** - A universal measuring tool that the federal government uses to determine a family's financial strength (i.e. Expected Family Contribution (EFC)) compared to other families in the country. A FAFSA must be completed every year a student is in college.
 - FAFSA is the *Federal Methodology* (Title IV) of determining financial need.
 - The *Institutional Methodology* is used to determine financial need at some private schools. It measures family assets in a more comprehensive manner and may use the *CSS Profile* (an additional financial aid application).
- **Gateway to financial aid** - Although FAFSA calculations are designed primarily to determine a student's "need based" financial aid requirement, it is often used as a factor in determining "merit based" grants and scholarships as well.

What exactly does FAFSA measure? What are the major components?

- **Income** – Student income and income of the parents if a student is considered "dependent" for FAFSA purposes. Income starts with your Adjusted Gross Income (AGI) and includes other untaxed income.
- **Assets** - Student assets and assets of the parents if the student is considered "dependent" for FAFSA purposes. Assets do NOT include equity in a home or value of retirement programs such as IRA, 401K, 401b; however, parent and student owned educational savings plan (e.g. 529 plans) are included as parent assets. Also, does not include assets associated with a small business, farm/ranch (must own at least 50% and have 100 employees or less).
- **Number in household** – The student, parents (ones reported on the FAFSA), other children of the parents, others if supported more than 50% by the parents. May be a different figure than the number of dependents listed on your tax return.
- **Number in the household in college** - If parent is attending college as well as the parent's child, parent can claim student, but student cannot claim parent (true only if student is dependent).
- **Age of oldest parent** - The closer a parent is to retirement the less impact parent assets will have on the EFC.

What is the process and how does it work?

- Student should file FAFSA before March 2 (online) each year. This will facilitate possible acquisition and renewal of entitlement aid from *Cal Grant* (applies to California schools only). Students may submit their FAFSA beginning October 1. Students and parents must obtain an FSA ID prior to submission: fsaid.ed.gov
- An EFC (Expected Family Contribution) is established from the five components. EFC is an objective means of measuring the strength of a family's resources and its ability to pay for college costs. The EFC is used to determine financial aid eligibility for the student.

Financial Aid Process Example:

- Upon submission of the FAFSA, all information is automatically transmitted to:
 - The federal government
 - The state government
 - All colleges listed on the FAFSA

- Cost of Attendance (COA) is part of the financial need calculation

- 2020-2021 COA at XYZ University:

• Tuition	\$15,000
• Books/Materials	1,500
• Room & Board	10,800
• Transportation	1,200
• Incidentals/Misc.	2,500
Total COA	\$31,000

Cost of Attendance
will vary between
colleges

- Each college issues a “Financial Aid Award Offer”

Cost of Attendance (COA)	\$31,000
EFC (Expected Family Contribution)	-5,000
Financial need	\$26,000

Financial Aid Awards:

State Grant	\$12,000
XYZ Alum Grant	4,000
Local Community Grant	1,500
Federal Direct Loan	3,500
Total Awards	\$21,000

Sample

Unmet Need (\$26,000-\$21,000) = \$5,000* Family Funds

Original EFC = \$5,000* Family Funds

* (Total Family Funds=\$10,000) \$31,000 (Cost of Attendance)

- How do families address “unmet need” and “EFC”?

- “Negotiate” with the college
- Decrease the true cost of attendance by reducing expenses and budgeting accordingly
- Pursue additional scholarships
- Family resources (examples: income, savings, selling of assets, second mortgages)
- Federal Student Loans- Direct Subsidized, Direct Unsubsidized, PLUS
- Private Loans

Note: You can estimate your EFC by using an online EFC calculator: Search for EFC Calculator

- 2 good calculators:
 - Taming the Highest Cost of College
 - Department of Education: fafsa4caster

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Encourage career path exploration: Declaring an undergraduate major associated with a career path can save thousands of dollars compared to the potential costs of changing majors or enrolling as “undeclared”.

Encourage student to get good grades: Some financial aid experts have compared an “A” in high school to an average equivalent of \$1,500 in financial aid.

Encourage the use of a planner/calendar: Leaving college before graduating is often attributed to a lack of organizational skills combined with newly found freedoms.

Apply to more than one college: Not all award offers are created equal, so we recommend “casting a wide net” during the application process. You may receive very different award packages from different schools.

Special Circumstances/Professional Judgment: May be considered in cases of significant income reduction, death, loss of a job, abuse, divorce, one-time settlement income benefit, etc. The new financial circumstances may be presented to the college for re-consideration of financial aid. EFC may be changed due to special circumstances.

Be sure to utilize the College OPTIONS Financial Aid Tools at www.collegeoptions.org (Financial Aid)

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CALIFORNIA STUDENT AID COMMISSION
FOR NEW CAL GRANT APPLICANTS
and
RENEWING CAL GRANT RECIPIENTS

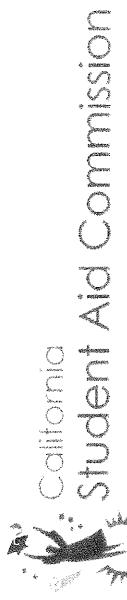
2020-21 CAL GRANT PROGRAM INCOME CEILINGS		
	Cal Grant A and C	Cal Grant B
Dependent students and Independent students with dependents other than a spouse		
<u>Family size:</u>		
Six or more	\$123,100	\$67,600
Five	\$114,100	\$62,600
Four	\$106,500	\$56,000
Three	\$98,000	\$50,300
Two	\$95,700	\$44,700
Independent students		
Single, no dependents	\$39,000	\$39,000
Married, no other dependents	\$44,700	\$44,700

2020-21 CAL GRANT PROGRAM ASSET CEILINGS	
Dependent students ¹	\$82,400
Independent students	\$39,200

¹ This ceiling also applies to independent students with dependents other than a spouse.

NOTE: Per California Education Code section 69432.7(k), the Cal Grant program income and asset ceilings for new applicants and renewing recipients are to be adjusted annually using the change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution:

SEC. 8. (e) (1) "Change in the cost of living" for the State, a school district, or a community college district means the percentage change in California per capita personal income from the preceding year.



2019-20 Cal Grant Award Amounts

Award	Award Year	CCC	CSU	UC	Independent	For Profit
A	1 CCC Reserve	\$5,742		\$12,570	\$9,084	\$4,000^
	2 CCC Reserve	\$5,742		\$12,570	\$9,084	\$4,000^
	3 Appeal	\$5,742		\$12,570	\$9,084	\$4,000^
	4 -	\$5,742		\$12,570	\$9,084	\$4,000^
B	1 \$1,672	\$1,672	\$1,672	\$1,672	\$1,672	\$1,672
	2 \$1,672	\$1,672 + \$5,742	\$1,672 + \$12,570	\$1,672 + \$9,084	\$1,672 + \$4,000 ^	
	3 \$1,672	\$1,672 + \$5,742	\$1,672 + \$12,570	\$1,672 + \$9,084	\$1,672 + \$4,000 ^	
	4 \$1,672	\$1,672 + \$5,742	\$1,672 + \$12,570	\$1,672 + \$9,084	\$1,672 + \$4,000 ^	
C	2-Jan	\$1,094	Not Eligible	Not Eligible	\$547 to \$2,462	\$547 to \$2,462

[^] Award Amount is \$9,084 if WASC accredited before July 1, 2012

2020-21 CAL GRANT PROGRAMS

GENERAL ELIGIBILITY REQUIREMENTS

All Cal Grant award offers are subject to the approval of the final state budget.

Grant Criteria	Cal Grant A	Cal Grant B	Cal Grant C
Students must:	<ul style="list-style-type: none"> - Be a California resident - Be a U.S. citizen, eligible noncitizen or be exempt from nonresident tuition - Attend an eligible California college or university - Be enrolled at least half time - Not be in default on any federal or state education loan or owe a grant refund 	<ul style="list-style-type: none"> - Meet U.S. Selective Service requirements - Maintain satisfactory academic progress as defined by the school - Not have completed a prior baccalaureate degree 	
Eligibility based on:	<i>Financial need, income and asset ceilings, and at least a 3.0 GPA</i>	<i>Financial need, income and asset ceilings, and at least a 2.0 GPA</i>	<i>Financial need, income and asset ceilings</i>
Application forms:	<i>Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAAC) and Verified GPA</i>	<i>FAFSA or CADAAC and Cal Grant C Supplement Form</i>	
Minimum length of program:	<i>Two academic years, leading to a degree</i>	<i>One academic year, leading to a degree or certificate</i>	<i>Four months, in a recognized occupational or technical program</i>
Eligibility time limit:	<i>Eligible until completion of baccalaureate degree or equivalent of four years of full-time study—whichever is less (exception: teaching credential or mandatory five-year programs)</i>	<i>Eligibility limited to the recognized length of the program or two years at full-time equivalent—whichever is less</i>	
Minimum need for new recipients:	<i>Maximum program award amount plus \$1,500</i>	<i>\$700</i>	<i>Maximum program award amount plus \$1,500</i>
Type of assistance:	<i>Tuition and fee assistance only</i>	<i>Access award (living allowance) only in the first academic year of attendance; tuition and fee plus access award thereafter</i>	<i>Tuition and fee assistance and training-related costs and books and supplies</i>
New recipient annual award amounts:	<i>CSU - \$5,742 UC - \$12,570 For-Profit (Non WASC) - \$4,000 For Profit (WASC) - \$8,056 Private Non-Profit - \$9,084</i>	<i>In the first year, only the access award of \$1,672; in subsequent years, the access award plus a tuition and fee award equal to Cal Grant A</i>	<i>Community College - \$1,094 Non-Community College - tuition, fees and training related costs up to \$2,462 and \$547 for books & supplies</i>
Special award category:	<i>California Community College (CCC) Reserve: eligible CCC students have their Cal Grant A awards held in "reserve" status for two years until they attend a four-year school</i>	<i>Up to 2 percent of new high school Entitlement Cal Grant recipients are eligible for both the access award and tuition and fees in the first year</i>	<i>None</i>
Renewal process:	<ul style="list-style-type: none"> - Submit a FAFSA or CADAAC - Meet the required income and asset ceilings and minimum need criteria - Maintain satisfactory academic progress standards established by the school of attendance - Have all terms satisfied with payments or qualifying status 		

California Dream Act (AB 130 and AB 131) allows undocumented and documented students who meet AB 540 eligibility requirements to:

- apply for and receive non-state funded scholarships for public colleges and universities
- apply for and receive state-funded financial aid such as Cal Grant, Chafee, community college fee waiver and institutional grants

For each program listed below, students must meet all of the general eligibility requirements, plus those applicable to their award:

HIGH SCHOOL ENTITLEMENT CAL GRANT REQUIREMENTS	
Cal Grant A	Cal Grant B
Application deadline: <i>March 2, 2020</i>	<i>March 2, 2020</i>
Population served: <i>2019-20 or 2020-21 high school graduates with at least a 3.0 high school GPA</i>	<i>2019-20 or 2020-21 high school graduates with at least a 2.0 high school GPA</i>
Number of new awards: <i>All eligible students</i>	<i>All eligible students</i>
CALIFORNIA COMMUNITY COLLEGE TRANSFER ENTITLEMENT CAL GRANT REQUIREMENTS	
Application deadline: <i>March 2, 2020</i>	<i>March 2, 2020</i>
Additional requirements: <i>Completion of the G-6 Transfer Entitlement Certification Form, if identified as potentially eligible</i>	<i>Students who graduated from a California high school or its equivalent during or after the 2000-01 academic year; were California residents when they graduated (unless that California resident graduated outside of California due to military orders); OR non-high school graduates or its equivalent that were a California resident at the age of 18; have at least a 2.4 California Community College GPA; must transfer in the same academic year as awarded; must transfer to and receive award payment at an eligible institution offering a baccalaureate degree; must be under the age of 28 by December 31 of award year</i>
Number of new awards: <i>All eligible students</i>	<i>All eligible students</i>
COMPETITIVE CAL GRANT A and B REQUIREMENTS (limited number of awards)	
Application deadlines: <i>First deadline: March 2, 2020 Second deadline: September 2, 2020 for California Community College students</i>	<i>Students from low and middle-income families</i>
Population served: <i>Selection criteria: Special consideration given to disadvantaged students; factors include financial, GPA, parental education and marital status, family income and size, years since HS graduation, and other conditions that might hinder a student's access to higher education.</i>	<i>41,000 authorized awards: 50 percent for students meeting the March 2, 2020 deadline; 50 percent for California Community College students who meet the September 2, 2020 deadline</i>
CAL GRANT C AWARD REQUIREMENTS (limited number of awards)	
Application deadline: <i>March 2, 2020</i>	<i>Students from low and middle-income families who are seeking a occupational or technical training</i>
Population served: <i>7,761 authorized, unless adjusted in annual state Budget Bill</i>	<i>Completion of the C Supplement Form, if preliminarily identified as potentially eligible</i>
Number of new awards: <i>All eligible students</i>	<i>This document provides general guidelines for the Cal Grant program as administered by the California Student Aid Commission. For more information, visit www.csac.ca.gov or www.calgrants.org. For detailed descriptions, please refer to California Education Code. G-30 (09/2019)</i>