

Spring 2019




SHOW ME THE MONEY!
NEED ANALYSIS AND COST OF ATTENDANCE
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WHAT IS AN EFC?

The Department of Education defines EFC (Expected Family Contribution) as "a measure of how much the student and his or her family can be expected to contribute to the cost of the student's education for the year. It is a measure of a family's financial strength based on income and assets".

- Considered a consistent method of evaluating financial situations among all applicants
- $COA - EFC = \text{Financial Need}$




EFC FORMULAS & CALCULATIONS

Formulas

- Dependent Student Formula
- Independent Student Formula
- Independent Student Formula with Dependent(s) Other Than a Spouse

Calculations

- Regular
- Simplified Formula (SNT)
- Automatic Zero EFC (Auto Zero)



SIMPLIFIED FORMULA (EXCLUDES ASSETS)

Dependent/Independent

- Parents'/student and spouse combined AGI or income earned from work was **less than** \$50,000, **AND** one of the following:
 - The parents'/student and spouse were not required to file an IRS Form 1040, OR
 - A parent'/student or spouse is a dislocated worker, OR
- Anyone counted in the household size received a means-tested federal benefit during 2016 or 2017 (2018-19 FAFSA)
 - Medicaid
 - SNAP
 - Free and reduced school lunches
 - TANF
 - WIC



AUTO-ZERO EFC (EXCLUDES ASSETS)

Dependent/Independent (with dependents)

- Parents'/student and spouse combined AGI or income earned from work was **less than** \$25,000, **AND** one of the following:
 - The parents'/student and spouse were not required to file an IRS Form 1040, OR
 - A parent'/student or spouse is a dislocated worker, OR
- Anyone counted in the household size received a means-tested federal benefit during 2016 or 2017 (2018-19 FAFSA)
 - Medicaid
 - SNAP
 - Free and reduced school lunches
 - TANF
 - WIC



PRIMARY/SECONDARY/ALTERNATE EFC'S

- Primary EFC is used for all federal student aid programs
- Secondary EFC is for non-federal student aid awarding (some states require asset info for state aid - Iowa does not)
- ALWAYS use the 9 month and Primary EFC to calculate Pell Grant eligibility
- Alternate EFC is used to calculate financial aid for periods not equal to 9 months



BENEFITS OF UNDERSTANDING THE FORMULA(S)

- Illustrates how each data element on the FAFSA impacts the EFC
- Gives a better understanding of how a special circumstance may or may not impact EFC
- Equips you to answer FAFSA questions



“SCENES” OF THE EFC FORMULAS

In addition to data elements on the FAFSA the formula incorporates information from these tables that must be used to determine EFC:

- Income Protection Allowance
- Adjusted Net Worth of a Business or Farm
- Education Savings and Asset Protection Allowance
- State and Other Tax Allowance
- Social Security Tax Tables



PROFESSIONAL JUDGEMENT

- You can only modify values of the data elements found on the FAFSA
- Be sure that the adjustments aren't already covered by the Income Protection Allowance
- Case-by-case basis only
- Cannot make adjustments to the EFC formula
- Cannot adjust data elements just because you believe the formula isn't treating a family fairly



EFC FORMULAS

- Found on IFAP @ <https://ifap.ed.gov>
- Located in the 2018-19 Federal Student Aid Handbook, found under the Publications box
- Application and Verification Guide Section, Chapter 3



BUDGETS/COST OF ATTENDANCE (COA)

- COA – EFC = Financial Need
- Financial need can be met with scholarships, grants, need-based loans or work-study
- Colleges can establish different COA categories for different types of students
- Average or actual expenses can be used
- If standard cost categories are established, cost allowances must be uniformly applied to all students in those categories



ALLOWABLE COSTS

Tuition and Fees	Books and Supplies
Room and Board	Transportation
Personal Expenses/Misc.	Loan Fees
Dependent Care	Study-Abroad
Disability Expenses	Employment Expenses for Coop Study



LESS THAN HALF-TIME COA

Tuition and Fees	Books and Supplies
Room and Board (Limited Duration)	Transportation
Dependent Care	



OTHER CONSIDERATIONS

- Transportation – Repair and insurance costs, but not vehicle purchase
- Computer
- One-time cost of obtaining a first professional license
- Actual housing costs (single vs double, off-campus)



QUESTIONS????



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