

## **Session 8 - Calculating Cost of Attendance, Expected Family Contribution, and Need**

*By the end of this session, you will be able to:*

- *identify cost of attendance components,*
- *determine costs of attendance for Title IV programs at your school, and*
- *calculate financial need.*

### **RESOURCES**

- *The 1997-98 Federal Student Financial Aid Handbook, Chapter 2*
- *The EFC Formula Book, 1997-98*

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## NEED TO KNOW

### Lecture Notes

- Cost of Attendance (COA) **minus** Expected Family Contribution (EFC) **equals** Need ( $\text{COA} - \text{EFC} = \text{Need}$ ).
- COA has eight components (see chart on next page).
- EFC is determined by a formula called the Federal Need Analysis Methodology.
  - ◆ For more information on calculating EFC, call the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243) for a copy of *The EFC Formula Book, 1997-98*.

## NEED TO KNOW (cont'd)

COA Components for Specific Student Groups			
Components	Incarcerated Students*	Less-Than-Half-time Enrollment	Correspondence Study**
Tuition and fees	Yes	Yes	Yes
Room and board	No	No	Only for required period of residential training
Books, supplies, transportation, and miscellaneous personal expenses	Only books and supplies related to course of study	Only books, supplies, and transportation	Books, supplies, and only travel related to a required period of residential training
Dependent-care expenses	No	Yes	No
Disability-related expenses	No	No	No
Study-abroad expenses	No	No	No
Employment expenses related to cooperative education programs	No	No	No
Student loan fees (Federal Direct Loan and FFEL Programs)	No	No	No
<p>* An incarcerated student is <b>ineligible</b> to receive a student loan. Further, students incarcerated in federal or state penal institutions may not receive a Pell Grant.</p> <p>** A student is eligible for federal student financial aid for correspondence courses if the courses are part of a degree program and the school meets ED's acceptance criteria for the percentage of correspondence courses taught.</p>			

## PRACTICE

### Determining Cost of Attendance

#### *Case Study 1 — Amelia's COA*

Amelia enrolls full time in a 600-clock-hour program at the Wild Thyme Culinary Institute. The institute defines the academic year for this program as 900 clock hours. Full-time students in Amelia's program attend 40 hours a week, complete the program in 15 weeks, and have the average costs of attendance shown below.

Tuition and fees	\$ 1,800
Room and board	\$ 2,500
Books and supplies	\$ 200
Transportation	\$ 200
Miscellaneous expenses	\$ 300

Amelia plans to borrow a subsidized FFEL. Amelia's loan fees will total \$105. Correctly calculate Amelia's COA.

#### **Amelia's COA Worksheet**

Tuition and fees	\$ _____
Room and board	\$ _____
Books, supplies, transportation, and miscellaneous personal expenses	\$ _____
Dependent-care expense	\$ _____
Disability-related expenses	\$ _____
Study-abroad expenses	\$ _____
Co-op employment expenses	\$ _____
Student loan fees	\$ _____
<b>COST OF ATTENDANCE TOTAL</b>	<b>= _____</b>

## PRACTICE (cont'd)

### *Case Study 2 — Your School's COA*

Fill in the blanks on the COA Worksheet with figures for one of the educational programs at your school. Assume that the average loan fees at your school will total \$105.

<b>Your School's COA Worksheet</b>	
Tuition and fees	\$ _____
Room and board	\$ _____
Books, supplies, transportation, and miscellaneous personal expenses	\$ _____
Dependent-care expense	\$ _____
Disability-related expenses	\$ _____
Study-abroad expenses	\$ _____
Co-op employment expenses	\$ _____
Student loan fees	\$ _____
<b>COST OF ATTENDANCE TOTAL</b>	<b>= _____</b>

## PRACTICE (cont'd)

### Need — Other Student Financial Aid Programs

#### *Exercise 1 — Susan*

Susan is a dependent student who attends a college that costs \$6,000 a year. Her EFC is \$500. She has been awarded an academic scholarship by a civic group for \$1,500, and she qualifies for a \$2,000 Federal Pell Grant. How much could she receive in other need-based aid?

Fill in the blanks to find out.

Cost of attendance		\$ _____
Expected Family Contribution	-	_____
<b>Student's financial need</b>		<b>\$ _____</b>
Federal Pell Grant		\$ _____
Academic scholarship from a civic group	+	\$ _____
<b>Estimated financial assistance (EFA)</b>		<b>\$ _____</b>
Student's financial need		\$ _____
Estimated financial assistance	-	\$ _____
<b>Eligibility for other need-based SFA program funds</b>		<b>\$ _____</b>

## PRACTICE (cont'd)

### Exercise 2 — Joe

Joe is a junior at a four-year school that costs \$7,000 a year. His EFC is \$1,500. He has been awarded a \$650 state scholarship, an \$850 Federal Pell Grant, and a \$4,000 Direct Subsidized Loan. Joe is receiving enough aid to cover the difference between his COA and his EFC. How much does he qualify for in Direct Unsubsidized Loan funds to replace his EFC?

Cost of attendance		\$ _____
Expected Family Contribution	-	_____
<b>Student's financial need</b>		<b>\$ _____</b>
Federal Pell Grant		\$ _____
State scholarship		\$ _____
Direct Subsidized Loan	+	\$ _____
<b>Estimated financial assistance (EFA)</b>		<b>\$ _____</b>
Student's financial need		\$ _____
Estimated financial assistance	-	\$ _____
<b>Unmet need</b>		<b>\$ _____</b>

### To determine the eligibility for a Direct Unsubsidized Loan:

Cost of attendance		\$ _____
Estimated financial assistance	-	\$ _____
<b>Eligibility for Federal Direct Unsubsidized Loan</b>		<b>\$ _____</b>

## BACK AT THE OFFICE

Back at the office, you should:

- Become familiar with the components of costs of attendance (COAs) at your school.
- Be aware of any special expenses your school considers when calculating a student's COA.
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## ANSWER KEY

### Case Study 1 — Amelia's COA

Amelia's COA Worksheet	
Tuition and fees	\$ <u>1,800</u>
Room and board	\$ <u>2,500</u>
Books, supplies, transportation, and miscellaneous personal expenses	\$ <u>700</u>
Dependent-care expense	\$ _____
Disability-related expenses	\$ _____
Study-abroad expenses	\$ _____
Co-op employment expenses	\$ _____
Student loan fees	\$ <u>105</u>
<b>COST OF ATTENDANCE TOTAL</b>	<b>\$ <u>5, 105</u></b>

## ANSWER KEY (CONT'D)

### Exercise 1 — Susan

Susan is a dependent student who attends a college that costs \$6,000 a year. Her EFC is \$500. She has been awarded an academic scholarship by a civic group for \$1,500, and she qualifies for a \$2,000 Federal Pell Grant. Therefore, she could receive up to \$2,000 in other need-based aid.

Cost of attendance		\$ 6,000
Expected Family Contribution	-	500
<b>Student's financial need</b>		<b>\$5,500</b>

Federal Pell Grant		\$ 2,000
Academic scholarship from a civic group	+	\$ 1,500
<b>Estimated financial assistance (EFA)</b>		<b>\$ 3,500</b>

Student's financial need		\$ 5,500
Estimated financial assistance	-	\$ 3,500
<b>Eligibility for other need-based SFA program funds</b>		<b>\$ 2,000</b>

## ANSWER KEY (cont'd)

### Exercise 2 — Joe

Joe is a junior at a four-year school that costs \$7,000 a year. His EFC is \$1,500. He has been awarded \$650 state scholarship, an \$850 Federal Pell Grant, and a \$4,000 Direct Subsidized Loan. Even though Joe is receiving enough aid to cover the difference between his COA and his EFC, he also qualifies for a \$1,500 Direct Unsubsidized Loan funds to replace his EFC.

Cost of attendance		\$ 7,000
Expected Family Contribution	-	1,500
<b>Student's financial need</b>		<b>\$ 5,500</b>
Federal Pell Grant		\$ 850
State scholarship		\$ 650
Direct Subsidized Loan	+	\$ 4,000
<b>Estimated financial assistance (EFA)</b>		<b>\$ 5,500</b>
Student's financial need		\$ 5,500
Estimated financial assistance	-	\$ 5,500
<b>Unmet need</b>		<b>\$ 0</b>

### To determine the eligibility for a Direct Unsubsidized Loan:

Cost of attendance		\$ 7,000
Estimated financial assistance	-	\$ 5,500
<b>Eligibility for Federal Direct Unsubsidized Loan</b>		<b>\$ 1,500</b>