

Understanding and Comparing Financial Aid Award Letters

Financial aid offices refer to the aid listed on an award letter as a “*financial aid package*”. This means that a college will try to offer you a combination of different aid types, packaged in the form of grants and scholarships, loans, and potentially a work-study job. The “package” is essentially an offer of aid if you agree to attend that institution. The following are some important points when evaluating award packages and comparing the “bottom line” costs at different schools:

- Each award letter should state the school's Cost of Attendance (COA) for the academic year. Compare the letters side by side. Does the COA include all projected costs? Tuition & fees, room & board, books & supplies, transportation, and personal expenses are what make up the COA. Does your award letter itemize all of these components? Or does it omit some? If all of the costs are not listed, search the school's website or catalog to find the remaining amounts. This is critical for comparing “apples to apples”. Remember that some costs are not billed by the school.
- What is your Expected Family Contribution (EFC)? Is the EFC from your FAFSA data listed on the award letter? Does the school list a separate institutional (non-federal) EFC? Some schools use their own EFC to calculate institutional scholarships and grants. Be aware that your EFC may change from year to year if your family's income or other circumstances change.
- Is there unmet need? “Need” is defined as the difference between the COA and your EFC. (COA minus EFC equals Need). Hence, the more expensive the institution, the greater your need - and theoretically the greater your aid package. Is the school able to award you sufficient aid to meet your full need? If that is the case, what portion of the money is in the form of loans or work programs? In other words, packages may contain enough money to cover your costs, but the money may not all be free.
- If you are awarded a scholarship based on scholastic achievement or talent, is the scholarship renewable for four years? Are there other requirements such as a minimum grade point average you must maintain? Can you change majors and retain your scholarship?
- What will the college do to your award if you receive outside, non-institutional, scholarships? Will the college reduce your institutional grants or scholarships? Or will they reduce your loan amount or job hours? (This is a good time to compare each school's policy on this matter.) Remember, aid from all sources cannot total more than your COA.
- If your package contains loans, what are the interest rates of the loans that are offered to you? Which school offered you more than one loan and why? This is a good time to educate yourself on different loan types and your loan obligations.
- Ask the school if the financial aid package is likely to remain constant from year to year (assuming no substantial change in your family's financial situation). In particular, ask if institutional grant or scholarship funds are normally reduced or increased after the freshman year, even if family income remains the same. Some colleges will decrease grant and scholarship money as the student's eligibility for federal loans increases in future years.
- If you are awarded a work-study job to help pay your costs, think about the number of hours you will be expected to work to earn the amount awarded to you. Most work-study jobs won't go far in paying your tuition & fees or room & board, but can be helpful in paying your personal and transportation expenses.
- You can appeal your award package if your family situation is unusual or there has been a change in your family's financial situation since the prior calendar (tax) year. Financial aid offices have a wide latitude to help students whose parents have lost their jobs or had other financial difficulties.
- Financial aid offices do not like to “negotiate” award packages, and most will refuse to do so. However, if you feel that your need is not being met, financial aid staff are usually glad to help in any way they can. Their job is to try and meet the need of as many students as possible, and they generally will be willing to consider your appeal for more help.