

After the FAFSA

Objectives

- To have participants understand the financial aid process after an applicant files the FAFSA.
- To provide participants with information they can use to assist students and their families with later steps in the financial aid process.
- Introduce participants to professional judgment.
- Highlight the importance of establishing a good relationship with the financial aid office.

Materials

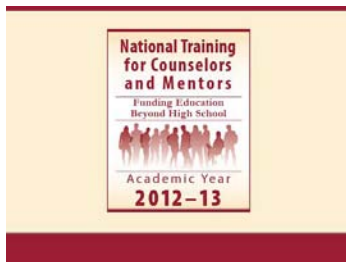
- Power Point presentation
- Handout

Trainer Tips

- The instructor's guide is just that, a guide. If you feel more comfortable training from the Power Point presentation and handout, feel free to do so.
- Feel free to share your experiences with the later stages of the financial aid process (either as an applicant or a financial aid administrator) with participants.

After the FAFSA

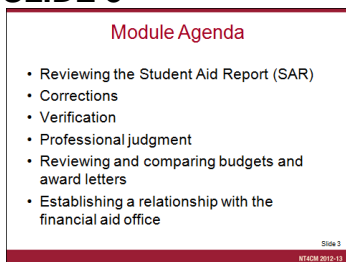
SLIDE 1



SLIDE 2



SLIDE 3



After the FAFSA

Note to Instructor: This module provides participants with information that will help them counsel students and their families regarding the financial aid process after the Free Application for Federal Student Aid (FAFSA) is filed. Feel free to share your own experiences with the group. If you are a financial aid administrator, you might want to share examples of your school's award letter(s).

I. Introduction

Close your eyes and imagine: it's mid-March. You have offered a couple of successful financial aid nights for your students and their families. You helped a number of families complete the *FOTW Worksheet* so they could complete FAFSA on the Web or FOTW, and several other students have told you they just submitted the form. Can you stop thinking about financial aid until you start planning your next financial aid night in the fall?

No; submitting the Free Application for Federal Student Aid, or FAFSA, is just the first step in the financial aid process. There are later steps, such as reviewing FAFSA output documents and comparing award letters, that can be confusing. Students and their families will likely seek your assistance as they navigate forms and requests for information. The availability of accurate data is an integral part of the financial aid process. An understanding of the entire financial aid application process will help you better serve your students.

During this module, we will discuss a number of topics related to the financial aid process, including:

- Reviewing the Student Aid Report or SAR;
- Making corrections;
- Verification;

- Professional judgment;
- Reviewing and comparing budgets and award letters; and
- Establishing a relationship with the financial aid office.

We will begin our discussion by looking at reviewing the SAR.

II. After the FAFSA

A. The Student Aid Report

Once a student and his or her family submit a FAFSA, it is processed by the Department of Education, also known as ED. After ED processes the FAFSA it sends an output document to the student to let him or her know the status of the application and other important information. The format of the SAR depends on how the student completed the FAFSA and whether or not the student provided a valid e-mail address on the application. The student will receive a:

- Paper SAR if a paper FAFSA was filed and no e-mail address was provided;
- Paper SAR Acknowledgment if an electronic application was filed without an e-mail address; or
- E-Mail Notification of SAR Processing, with a link to an on-line SAR, if a valid e-mail address was provided.

Regardless of the format, it is very important for the family to carefully review the SAR. We will be reviewing a sample of the paper SAR today.

➔ *Refer participants to page 1 of their handout, the sample 2011–12 paper SAR, for the following discussion. There are no slides for this section.*

The first three pages of the SAR contain important information about the student's eligibility for federal student aid, including his

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SAR Formats

- Paper SAR
- Paper SAR Acknowledgment
- E-mail Notification of SAR Processing

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or her expected family contribution, or EFC. The comments included on these pages provide the student and family with the status of the application, any problems ED may have encountered processing the FAFSA, and information about what the student should do next. If the student has been selected for verification, which we will discuss later in this module, this will also be noted. The fourth page of the paper SAR summarizes any information available in the National Student Loan Data System about federal financial aid already received by the student. If he or she has never attended college, there will be no dollar amounts on this page.

Note to Instructor: *You may want to point out that the information at the bottom of page 2 of the sample SAR is used by the financial aid office to process the student's application.*

The SAR also gives the student an opportunity to review the data he or she used to complete the FAFSA. On the paper SAR, the data section begins on Page 5. This part of the paper SAR includes both the data reported by the student on the FAFSA as well as space to make any needed corrections.

Note to Instructor: *The correction process will be discussed shortly.*

Some common FAFSA mistakes include:

- Incorrect Social Security numbers;
- Information about parents who have divorced and then remarried;
- Income earned by parents or stepparents;
- Untaxed income;
- U.S. income taxed paid;
- Household size;
- Number of household members in college; and
- Net value of real estate and investments.

As I mentioned a moment ago, the SAR includes information about what the student should do next. If ED had a problem processing the student's FAFSA, such as confirming citizenship status, he or she may need to submit documentation to the financial aid office to resolve the issue. If the student's application has been selected for verification, the family will need to submit some additional information to the financial aid office. The student should receive a letter or other correspondence from the aid office letting the family know what it needs to continue processing the student's application. If the SAR indicates that the student was selected for verification, but he or she does not receive a letter or an e-mail from the financial aid office about needed documentation within a week or two, the family should contact the financial aid office on the status of the student's application. Based on its review of the SAR, the family may also need to make corrections, which is our next topic.

➔ *Before moving on to the next topic, answer any remaining questions about the SAR.*

B. Corrections

The information on the FAFSA is intended to be a snapshot of the family's situation on the day the student submitted the application. A student should only correct information that was reported incorrectly when he or she completed the FAFSA. He or she should not change information that was correct when the FAFSA was completed but changed later. For example, consider a student who reported the value of her cash, savings, and checking account to be \$6,000 when she submitted her FOTW in late January. In mid March, she used \$3,000 of her resources to pay for her senior class spring break trip. Although she has less money in cash, savings, and checking now than she did when she filed the FAFSA, she cannot correct the value she reported on her

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Corrections

Students should only correct information that was reported incorrectly when he or she completed the Free Application for Federal Student Aid (FAFSA)

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SLIDE 6

Submitting Corrections

- Paper SAR
- On-line using Corrections on the Web
- Through the financial aid office

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application because the amount was accurate as of the date she submitted the form.

Students and families can submit corrections in a number of ways. If the student received a paper SAR like the sample provided in your handout, he or she can note the correct data in the space provided for a particular question. Unless the student is correcting a college to which information should be released, a housing code, or address and telephone information, both the student and one parent—if parental information was provided on the FAFSA—must sign the SAR. After signing the form and making a copy for their records, the family should mail the SAR to the address indicated on Page 10. Once it processes the correction, ED will send the student a new SAR and will also forward the updated information to the colleges the student indicated.

The quickest way for a student and his or her family to submit a correction is by using Corrections on the Web, which is part of fafsa.gov. As long as a student has an FSA PIN, he or she can submit corrections on-line, regardless of how the original FAFSA was filed. The student indicates the correct value for the data elements needing corrections. Having an FSA PIN allows the student to sign the corrections electronically. If the family is correcting any parental data, one parent must sign, either electronically by using a FSA PIN or by printing out, signing, and mailing in a signature form.

Note to Instructor: *The FSA PIN is discussed in more detail in the NT4CM module Applying for Federal Aid. Encourage participants to have students and at least one parent request a FSA PIN early in the financial aid process.*

A third way for students and families to submit FAFSA corrections is through the financial aid office of the college the student plans to attend. If the college was not listed on the student's original

application, the school will need some additional information from the student's SAR in order to access the student's application information. Specifically, the financial aid office will need the Data Retrieval Number or DRN from the first page of the SAR. In order for the financial aid office to submit corrections, the student and parent must submit signed documentation of the changes to the office. The financial aid office will submit the corrections electronically. After processing the changes, ED will send the student a SAR Acknowledgement to confirm that it made the requested changes.

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Correcting Estimated Tax Information

- Many families complete the FAFSA using estimated tax information to meet early deadlines
- Encourage families to submit updated tax information using IRS Data Retrieval
 - Not using process can make it more difficult for families to complete verification

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Before we move on to our next topic, we need to discuss one more thing about corrections. One common correction many students and their families need to make is to estimated tax data. Many students submit their applications with estimated tax information to meet early FAFSA filing deadlines set by colleges and state aid agencies. ED has always encouraged students to submit corrections once the family has filed required tax returns. Families can now update tax information using the IRS Data Retrieval process during the on-line corrections process. Use of this process allows eligible tax filers to transfer data directly from the IRS to a student's FAFSA record. Because this process provides ED with accurate tax information, you should encourage families to use it to make corrections once they have filed their tax returns. Not using this process can make it more difficult for families to complete verification, which we will discuss next.

Note to Instructor: *The IRS Data Retrieval process is discussed in more detail in the NT4CM module Applying for Federal Aid.*

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Verification

Process by which the Department of Education (ED) through the financial aid office confirms that information provided by students and families on the FAFSA is accurate

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C. Verification

Verification is the process by which ED, through the financial aid office, verifies or confirms that the information provided by students and their families on the FAFSA is accurate. Either ED or the college can select a student for verification. Generally speaking, the applications selected for verification are the ones most likely to contain errors. Both ED and colleges regularly analyze applicant data to identify trends in potential errors. Although verification can be a frustrating process for families, it is important because it ensures that financial aid funds go to the students who need the most assistance paying for education beyond high school.

Note to Instructor: *If time permits, pause here and ask participants to share their experiences counseling students and families about the verification process. Some questions you could pose to generate discussion include:*

- *How do you explain verification to students and families?*
- *What questions to students and families have about the verification process?*
- *Do students and families have trouble gathering requested documentation?*

➔ *Refer participants to the first page of the sample paper SAR in their handout.*

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Verification

- Students can be selected for verification by:
 - ED or college
- Items to be verified will vary
- Process

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ED selects applicants for verification when it processes FAFSAs. If a student has been selected for verification, this information will be reflected on the first page of the SAR. If you take a look at the sample paper SAR in your handout, you will notice an asterisk next to the EFC which appears towards the upper right hand corner of the page. The asterisk indicates that the applicant has been selected for verification by ED. A comment to this effect also appears in the body of Page 1. The text of the comment or comments will let the student and his or her family know what items, such as household size or adjusted gross income or AGI, which must be verified. The data elements which must be verified

may vary from student to student. As I mentioned earlier when we discussed reviewing the Student Aid Report, the student should receive a letter or similar communication from the financial aid letting him or her know what documentation must be submitted to complete verification. Not submitting requested documentation, or not submitting documentation by the deadline established by the college, will prevent the student from receiving financial aid.

I mentioned a moment ago that colleges also have the ability to select students for verification. Colleges select applicants for verification after they review data received from ED. Colleges have the authority to verify data elements in addition to or different from the ones identified by ED. Certain colleges, such as private institutions, are more likely to select additional applications for verification because they award more financial aid funds available from the college than other schools.

Regardless of who selects the student for verification, the process is the same. The college notifies the student of what documentation he or she must submit to complete verification. Once the family submits the requested documentation to the financial aid office, it compares the data the student reported on the FAFSA with the documents submitted for verification and corrects the student's FAFSA record accordingly.

➔ *Refer participants to the handout Use of IRS Data Retrieval and Completing FAFSA on the Web for the following discussion.*

Families are often asked to submit documentation to verify the accuracy of tax data, including AGI, U.S. taxes paid, and certain types of untaxed income. If a student and his or her family uses IRS Data Retrieval either on the initial FAFSA or to submit corrections on-line to transfer unaltered data from the IRS, this process satisfies the verification requirement for the transferred

data. This means that the college will not ask the family for signed copies of tax returns. On the other hand, if a student did not use IRS Data Retrieval to complete or correct the FAFSA, he or she may have to explain to the financial aid office why information the student has is more accurate than data available directly from the IRS. Additionally, the student and his or her family will no longer be able to submit signed copies of tax returns from their records to verify the data reported on the FAFSA. Instead, the student will be required to request tax transcripts directly from the IRS to comply with verification requirements.

Your handout, *Impact of Use of IRS Data Retrieval and Completing FAFSA on the Web*, details how use of the process impacts various groups of applicants. Given the impact not using IRS Data Retrieval has on completing verification, consider strongly encouraging your students and their families to use this process to provide tax information on the FAFSA.

To complete the verification process, colleges submit most corrections made to a student's FAFSA record to the Department of Education for processing. When ED processes corrections, it recalculates the student's expected family contribution. The new EFC will be reflected on the SAR sent to the student as well as the information sent to the colleges listed on the student's FAFSA. The recalculated EFC can be either higher or lower than the student's original EFC, increasing or decreasing the student's eligibility for financial aid. Most colleges do not offer students aid until after they complete verification. As a result, the student's award letter should reflect changes in eligibility resulting from verification. Before we discuss reviewing and comparing budgets and award letters, let's look at another aspect of financial aid, professional judgment.

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Professional Judgment

- Purpose
- Appropriate use
- Process

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D. Professional Judgment

As you probably already know from helping your students and their families complete the FAFSA, the form is very —black and white” about the information the applicant needs to provide. It does not give a family an opportunity to explain special circumstances such as a loss of employment that can impact its ability to help the student pay for college. Instead, this type of adjustment is addressed by the financial aid office after ED processes the FAFSA by the use of what is known as professional judgment or PJ. The law authorizing the federal financial aid programs authorizes financial aid administrators to exercise professional judgment to adjust the value of data elements used to calculate the EFC or the components that make up the student’s cost of attendance or budget to reflect the impact of special circumstances on the student’s financial need. It is important to note that the law prohibits the Department of Education from regulating professional judgment. The PJ decisions made by the financial aid office are final and cannot be appealed to ED. Colleges also have the discretion to decide whether or not to exercise professional judgment, and for what situations.

Note to Instructor: Detailed information about need analysis and professional judgment is available in the NT4CM module And the Number Is.... The module is designed for experienced counselors and mentors.

➔ Refer participants to the handout, Appropriate Use of Professional Judgment, for the following discussion.

Although the law prohibits ED from regulating professional judgment, it does provide guidance to the financial aid community about the appropriate use of this authority. Although families experience many different circumstances that they believe impact their ability to help their students pay for college, ED has provided examples of what it considers to be both the appropriate and

inappropriate use of PJ. Some of these examples are listed on your handout. The examples of the inappropriate use of PJ reflect families' lifestyle choices regarding the use of discretionary income.

Since ED cannot regulate professional judgment, you might be wondering if the process varies significantly from college to college. Although the process will vary somewhat from school to school, there are elements common to all colleges. First, financial aid administrators must exercise PJ on a case-by-case basis, meaning each student's special circumstances must be considered individually. A college cannot, for example, make a decision to make identical adjustments for all dependent students who have a parent who recently lost a job. It must review each student's circumstances individually.

Secondly, the financial aid office must document any use of professional judgment. It will ask the family to submit documents which support the family's request to consider special circumstances. The needed documentation will vary depending on the situation. The financial aid administrator may ask one family for copies of tax returns, W-2s, separation notices, and unemployment benefits and request bank statements and a court order detailing child support arrangements from another family. Some offices use a professional judgment or special circumstances form, which describes common situations and details supporting documentation. Other colleges ask applicants to initiate the process by submitting a detailed letter. If one of your students believes he or she has a special circumstance which could have an effect on financial aid eligibility, he or she should contact the financial aid office at the college they will be attending as soon as possible to find out how to start the PJ process.

Finally, the financial aid process at any college should communicate with the student and his or her family during the process. Communication could include confirmation that the family's request was received, what documentation the student needs to provide for the aid office to evaluate the request, whether or not the college will exercise PJ for the family's situation, and if it does exercise professional judgment, the impact on the student's eligibility for aid. The college should also provide the student and his or her family with the contact information of a staff member who can answer questions about the process.

Note to Instructor: *If time permits, ask participants to share their experiences with professional judgment. How often have they discussed PJ with students and families? Have they ever contacted a financial aid office about PJ in general or for a specific student?*

Up to this point, we have been discussing parts of the financial aid process—reviewing the SAR, corrections, verification, and professional judgment—which usually happen before a student receives an award letter from colleges they are considering. Now we will look at how students and their families should review and compare the aid offers from various colleges.

E. Reviewing and Comparing Budgets and Award Letters

Before we look at how students and families should review and compare award letters, it would be helpful to refresh our understanding of the cost of attendance, also known as the student's budget, and the impact it has on the financial aid package offered by a college. A student's budget represents the college's best estimate of the costs the student should incur during a specified period of enrollment, which is usually a two or three term academic year. It includes items such as tuition and fees, books and supplies, room and board, computer costs, and miscellaneous personal expenses such as transportation, clothing,

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Cost of Attendance (COA)

- Estimate of a student's costs for a specified period
- Includes direct and indirect costs
- Major component of determining a student's financial need

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and toiletries. The result of subtracting the EFC from the budget is the student's financial need. While the student's EFC is the same from college to college, the budget at each school the student is considering will vary based on factors such as institution type, location, and the student's residency status. Now we will look at some factors the student should consider when reviewing and comparing award letters.

➔ *Refer participants to the Cost of Attendance Comparison and Comparing Financial Aid Packages handouts for the following discussion.*

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Reviewing and Comparing Award Letters

- Out of pocket expenses after financial aid
- Mix of grants and self-help aid
- Future award packages

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The first factor a student should consider when reviewing and comparing award letters is his or her out of pocket expenses for each college after financial aid is considered. Just because a college offers a student a large financial aid package does not necessarily mean the student will pay less out of pocket there than for other colleges under consideration. As you can see by reviewing the *Comparing Financial Aid Packages* handout, although Briarwood College has offered the student the largest financial aid package, its higher costs translate into the highest out of pocket expenses for the three colleges. On the other hand, if the student attends Friendly Community College, her out of pocket expenses will be quite low at \$450.

Another important factor for students and families to consider as they review and compare award letters is the mix of grants versus self-help aid in the award package. For financial aid purposes, self-help aid is defined as the total of loan and work-study awards. Looking at the three packages on the handout, Friendly Community College's offer is comprised of half grant aid and half self-help aid. The financial aid package offered by My State University offers more self-help aid than grant aid, but the proportions are fairly close. Briarwood College is offering the most

grant aid to the student, but is also offering a higher amount of self-help aid than the other two colleges. The self-help aid portion of the financial aid package is approximately 57 percent. When comparing financial aid packages, students and their families should discuss the amount of money the student should borrow over the length of their college career, as well as how much the student should work while they are going to school. As the student matures, she may be able to work more hours than she did as an underclassman.

Finally, a third factor to consider when reviewing and comparing budgets and award packages is how much they are likely to change over the course of the student's education. Families should be prepared for the cost of college to rise every year. Direct costs, such as tuition and fees and on-campus room and board, tend to increase every year. The financial aid office also regularly adjusts the value of indirect budget components such as personal expenses to reflect increasing costs. However, the amount of money available from certain aid programs, especially grant and scholarship programs, do not always increase from one year to the next. On the other hand, the student's ability to borrow Direct Subsidized and Unsubsidized Loans increases as the student progresses through college. As a result, students could see their aid packages shift towards more self-help aid as their ability to borrow increases. When reviewing award packages, students and families should find out if awards, especially grant and scholarship awards, are renewable in the future as well as the conditions for renewal. This helps the student and his or her family plan for the future and to know what conditions, such as a certain GPA, the student must meet to receive an award again.

This afternoon, we have talked about a number of topics related to the financial aid process after a student submits the FAFSA. Up

until now, we have discussed topics in the order in which your students and their families are likely to encounter them. Our final topic, establishing a relationship with the financial aid office, is important for both you and your students throughout the aid process.

Note to Instructor: *Take a few minutes to have participants share best practices they have used to help students and families review and compare financial aid packages. Ask someone to take notes so you can compile their suggestions and share them with the group after the workshop.*

F. Establishing a Relationship with the Financial Aid Office

Although students and families may not have substantial direct contact with the financial aid office, it is important for them to establish a relationship with the office. Most financial aid offices assign students a counselor, based upon criteria such as the first letter of the student's last name or program of study. Encourage families to make an appointment with their student's counselor to discuss the aid package the school offered or to review other types of aid offered by the college. An appointment will give both the family and the counselor an opportunity to get to know each other. The existence of a relationship with a financial aid counselor may make it easier for the student and family to discuss difficult topics, such as the need for professional judgment, in the future. If you have a contact in the financial aid offices of several colleges your students attend, you can help foster relationships with counselors and advocate for your students if a difficult situation arises before the student matriculates at the school.

Note to Instructor: *If time permits, ask participants if they have relationships with the financial aid offices at schools near them. Encourage them to share with their peers the benefits of such relationships.*

As you are encouraging your students and families to establish a relationship with the financial aid office at the college the student

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Establishing a Relationship with the Financial Aid Office

- Importance
- Questions to ask
- Benefits

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will attend, give them some tips and questions to ask as they foster the relationship. Helpful tips include making an annual appointment with a counselor to review the student's situation and aid options, the importance of submitting requested documents in a timely manner, and the benefits of staying calm when interacting with aid office staff. Some good questions the student and his or her family could ask their financial aid counselor are:

- What scholarships are available to students in my major;
- What deadlines(s) do I need to meet in order to receive maximum consideration for aid offered by the college; and
- Is there anything I can do to be considered for additional financial aid for this year?

There are several benefits to establishing and maintaining a good relationship with the financial aid office. First, if it becomes necessary to ask the aid office to consider an unusual circumstance, discussing sensitive information is easier if the student and family have had prior contact with their counselor. Secondly, if a financial aid counselor knows a student and is familiar with his situation it is easier for the counselor to recommend the student for more aid if additional funds become available unexpectedly. Finally, knowing their counselor can make it easier for students to have forms such as scholarship applications completed.

Conclusion

During this module, we have discussed a number of topics related to the financial aid process after a student submits the FAFSA. We discussed:

- Reviewing the SAR;
- Corrections;

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- Verification;
- Professional judgment;
- Reviewing and comparing budgets and award packages; and
- The importance of establishing a relationship with the financial aid office.

I hope you find this information helpful as you counsel your students and families about completing the financial aid process.

Note to Instructor: Answer any remaining questions about the above topics before moving on to the next module.

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