

The Truth About College Aid

Financial Aid Night Recap

Featuring Shannon Amundson, Director of Financial Aid, Davidson College

KEY TAKEAWAYS

File the FAFSA now — it's live, and there's no reason to wait. Every student must create their own login (with a personal email address, not a school email address) and sit down with a parent to complete it; it's no longer a solo parent task.

The way institutions determine financial need is $\text{Cost of Attendance} - \text{Family Contribution} = \text{Need}$. Aid (grants, loans, work, and merit) is what fills that gap — and every college or university fills it differently.

Not every school uses the same forms. All schools use the FAFSA (fafsa.gov); roughly 200 — including Davidson, Tufts, UVA, Middlebury, UNC-Chapel Hill, and the University of Michigan — also require the CSS Profile (accessed through College Board), which asks for far more financial detail.

Compare award letters side-by-side in your own spreadsheet. Formats vary school to school, so line up the actual dollar figures — not the presentation of those numbers. Then you can compare true costs.

New federal loan limits on graduate school loans are **real lifetime caps**. \$20,500/year and a \$100,000 lifetime maximum for most graduate borrowing (higher limits for select pre-professional grad degrees like MDs) — used once, gone for good, even in a different program later.

It is not necessary to pay for a financial aid consultant. Call the financial aid office at a college or university directly — they can answer anything a paid consultant could, at no cost. It's their job! They want to help!

How Need-Based Aid Works

At its core, need-based aid is a subtraction formula:

$$\text{Cost of Attendance} - \text{Family Contribution} = \text{Financial Need}$$

Cost of Attendance

- **Direct costs** are billed by the school: tuition, fees, and (if living on campus) room and board.
- **Indirect costs** include books, supplies, transportation, and personal expenses — budgeted as an average, so your family's real numbers (e.g., flights home) may differ.

Family Contribution/SAI

This amount is calculated — not chosen — from a family's income, assets, household size, and zip code (as a cost-of-living adjustment). It does not factor in lifestyle choices like buying a bigger house or owning vs. leasing a car. It's fairly stable year to year, with three common exceptions:

- If there is a change in the number of siblings in college at the same time (CSS Profile schools still count this; FAFSA no longer does).
- A family's sudden inheritance or asset increase.
- A significant job change or raise (not a normal cost-of-living increase).

Most of the calculated contribution comes from parents, not students — a student's own income generally only affects the formula above about \$13,000/year.

FAFSA vs. CSS Profile

	FAFSA	CSS Profile
Required by	Every school	~200 schools, generally those offering more aid (Davidson, Tufts, Middlebury, UVA, UNC-Chapel Hill, Michigan, and others — both public and private)
Cost	Free	Free if AGI is under \$100,000; about \$35/school if over

Home & retirement	Doesn't count the home you live in or retirement accounts	Asks about both, though most schools don't actually use retirement balances in the formula
Small businesses	Doesn't count businesses with fewer than 100 employees as an asset (income still counts)	May ask for more business detail depending on the school
Divorced/separated parents	Filed by whichever parent pays more of the student's expenses	Each household files its own Profile, privately (divorced parents do not see each other's answers); schools decide how incomes are combined to calculate aid

Divorced or Separated Parents

- **FAFSA:** filed by whichever parent pays more of the student's bills (not whichever parent the student lives with more). If that parent has remarried, the new spouse's information is included.
- **CSS Profile:** each household submits its own Profile, privately — neither parent can see the other's. Schools then decide how to use that information (for example, Davidson counts only legal parents' income, not stepparents', but still requires both Profiles to determine the split).
- **Waivers** are available when contact with a parent is impossible or unsafe at the discretion of the school. An existing agreement about who is financially responsible is not, by itself, a reason a school will grant a waiver.

Merit Aid, Athletics & Comparing Offers

Merit Scholarships

Whether a school offers merit aid is a matter of institutional philosophy, not how much a school “wants” a particular student. More selective schools (with lower admit rates) generally offer less merit; less selective schools generally offer more. Merit is part of the admissions process — it is not something to seek out after a student is already admitted. Before accepting a merit award, ask:

- Is it renewable, and what does the student need to do to keep it?
- Does accepting it reduce need-based aid the student might otherwise receive?

Athletics

Athletic scholarships run through coaches, not the financial aid office. The Ivy League and Division III offer no athletic scholarships at all; most Division I scholarship offers are partial rather than full.

Comparing Award Letters

Every school formats its award letter differently, which makes side-by-side comparison hard. Build your own simple comparison (a spreadsheet works well) that lists, for each school: the family contribution, the calculated need, and how that need is met — grants, loans, and work-study. A few things to watch for:

- Some schools award financial aid at admission; many public universities don't send packages until late spring.
- A small number of schools (roughly 20 nationally, Davidson among them) meet full need with no loans at all.
- Other schools meet need but include loans in the package — real debt the student will repay after graduation.
- A school offering a large merit award isn't necessarily the cheaper option once the full package is compared.

Student Loans & New Federal Limits

Since 2008, students can no longer borrow large sums without a parent or other adult co-signing. Federal loans are issued in the student's name, not the parent's.

A new federal law (referred to in the talk as “OBBA”) changed loan limits for graduate borrowing. This matters now for any student who may eventually pursue graduate school:

- \$20,500 per year in federal loans for most programs, up to \$50,000 per year for select pre-professional grad degree programs.
- A \$100,000 lifetime cap on graduate borrowing for most programs (some higher-cost professional programs — MD, DO, JD, and others — have higher limits up to \$200,000 in a lifetime, though guidance is still evolving).

- **Important:** this cap is a true lifetime limit. A student who borrows the full \$100,000 for one graduate program will have no federal loan eligibility left if they later pursue a different graduate program.

If Your Financial Situation Changes

Financial aid is based on two-year-old tax data, so schools can choose to consider a more recent year if something involuntary has changed — a layoff, a significant medical expense, or a similar hardship. The FAFSA/federal government cannot make this adjustment; each individual school can. Once a student is admitted, contact that school's financial aid office directly and be ready to provide documentation (a layoff letter, medical bills, etc.).

Outside Scholarships

Outside scholarships can reduce the family's contribution, replace a student loan, or stack on top of a merit award. A few practical tips:

- Applying for outside/private scholarships is a numbers game: plan to write a handful of core essays and adapt them for multiple applications rather than starting from scratch each time.
- Set up a separate email address just for scholarship searches, so the volume of messages doesn't overwhelm a student's regular inbox (and cause them to disengage).
- Most deadlines run through December of senior year — don't wait until after college admission decisions to start.
- Realistically, this becomes relevant starting junior year; a few scholarships are open to juniors but pay out once the student enrolls in college.

Consumer Tips

- **Skip paid financial aid consultants.** Anything they can ask a financial aid office, a family can ask directly — at no cost.
- **It doesn't hurt to ask about matching another school's offer.** Some schools will consider it; some won't, but asking costs nothing. They will not punish a student for asking.
- **Ask whether a school is need-blind or need-aware.** This affects whether a student's need for aid factors into the admission decision, and should be publicly stated on the school's website.
- **Know each school's deadlines,** which may differ from admissions deadlines — and may differ from each other.
- **Smaller schools tend to respond faster.** Larger state schools may take three to five days to reply to a question; smaller schools often respond within a day. Either way: call with questions. Financial aid offices want to hear from you.

Questions about your family's specific situation? Reach out to your student's college counselor, or contact the financial aid office at any school on your list directly — they want to help.