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Affordability 101: How Much Does College Really Cost?

Most families are concerned about how to pay for college. Ideally, you and your student already have talked about the cost of higher education. You may have shared your hopes and/or expectations as well as financial limitations. But even if you've avoided the subject until now, it's important to carefully consider how much is available to spend on college and whether—and to what extent and under what circumstances—you might find a way to stretch the family budget and/or borrow the necessary funds to cover any gap that might occur between total college costs and actual aid received.

Indeed, before I put together a first-draft list of possible “best-fit” options for your student, it's essential for us to meet to discuss how your family budget compares with what colleges will view as your Expected Family Contribution (EFC). Doing so will help me determine whether (and to what extent) I may need to focus my search on colleges that are either generous with need-based aid, merit money or both. Below please find the steps we'll be taking to make sure your student's search appropriately incorporates “affordability” factors.

- **Calculate Your EFC.** Colleges assess your financial situation to determine how much your family can afford to pay toward college expenses and, in turn, the kind of assistance (e.g., federal, state and/or institutional) for which your child might qualify. Expected Family Contribution (EFC) is determined by your responses to questions on the Free Application for Federal Student Aid (FAFSA), using a formula called the Federal Methodology (or FM); the FAFSA is required by all schools that distribute federal grants and loans and offer work-study jobs. Those that distribute their own institutional funds to students often also require the CSS Profile (aka the Profile), which employs an Institutional Methodology (or IM). You can discover your EFC, using both the FM and IM, by entering the appropriate data into GuidePath's EFC Calculator (under Surveys) or, alternately, the College Board's Big Future EFC Calculator. Each uses both methodologies to come up with your EFC.
- **Determine Aid Strategy.** Once a family's EFC/budget is calculated, GuidedPath assigns it to one of three financial aid categories: High Need (Whole), Partial Need (Half-and-Half) and Low Need (Merit Scholarship). This, in turn, guides the college search process.
- **Research Generosity Level of Schools.** Next, a family's specific financial aid strategy is factored into the research phase. This involves getting the scoop on various schools' financial aid policies and practices, making sure that all schools on the first-draft list align with the family strategy.
- **Use Net Price Calculators.** To gauge the estimated amount of need-based aid, merit scholarships and/or discounted tuition for which a child might be eligible at specific schools, parents can use each's net price calculator (typically located within the admission and/or financial aid section of college websites). Some may spit out ballpark ranges rather than more specific award figures; the longer these calculators take to do, the more accurate the estimates.
- **Contact Financial Aid Officers.** Still confused? You can always pick up the phone and call college financial aid offices. Or, before you visit campus, set up a face-to-face appointment with an officer, especially if your situation is complicated by divorce, illness or other extenuating circumstances.