

B4. Comparing Financial Aid Packages

Introduction

When a student applies for financial aid by completing the *Free Application for Federal Student Aid* (FAFSA), the federal financial aid processor uses information from the FAFSA to determine a student's expected family contribution. Colleges then use this information to determine exactly how much financial aid they will offer a student from its own financial aid resources. After a student has been offered admission to a college, the college offers a “package” of financial aid to the student, which is usually made up of scholarships, grants, loans, and work-study. The financial aid package is either mailed or is available online to students in the form of a preliminary financial aid offer letter.

In this lesson, your students compare and contrast financial aid packages from four different institutions for a fictional student, so that by the time they receive their own offer letter from one or more colleges, they have the skills to evaluate their financial aid packages and determine which offer best suits their financial circumstances and educational and career goals. Ideally, your students should have become familiar with the basic types of financial aid from lesson **B1: Debunking the Myths of Financial Aid** (pp41–72). If not, you may want to introduce financial aid terminology from *Debunking Myths* prior to teaching this lesson.

Learning Goals

- To compare and contrast different financial aid packages.
- To understand the concept of “net cost” and apply it to the analysis of financial aid packaging.
- To understand how to make decisions by considering a variety of different factors or criteria (financial, educational, personal), etc.

Target Audience

Students in grades 11 to 12 as well as community college students and other adult learners who have applied or plan to apply to college.

Timing

70–90 minutes. Lesson can be extended over two days.

Materials Needed

- Handout: **Student Profile: Michael**
- Handout: **College Profiles**
- Handout: **Michael's Financial Aid Offers**
- Worksheet: **Comparing Financial Aid Packages**
- Worksheet: **Comparing Financial Aid Packages** – a blank worksheet that students can use to compare their own financial aid offers.
- 3 to 5 Calculators

Activities

1. (5 minutes) Handout **Student Profile: Michael P** and have students read the description silently.
 - Discussion question: *Should Michael P. use his savings to buy a car or use it to pay for college?*
2. (15 minutes) Keeping the students in their small groups, pass out the Handout **College Profiles**. Have the small groups list all the advantages (pluses) and disadvantages (minuses) of each college, according to the perspective of Michael P, the fictional student, on the worksheet, Section 2.
 - Discussion question: *Would their own lists of pluses and minuses differ from the sample student? Why or why not?*

3. (5 minutes) Pass out the Handouts, **Financial Aid Packages** and Worksheet: **Comparison of Financial Aid Packages**. Explain that choosing between financial aid packages is an important part of choosing a college. Instruct the students to study the different costs of attendance at each college.
 - Discussion questions: *Why do the costs vary so much? Why are the transportation costs to Access Community College so much higher than the colleges, but the room & board is so much less?* (Answer: student lives at home and commutes to school)
4. (20–30 minutes) Students complete the **Comparing Financial Aid Packages** worksheet using only the information contained in the handout. Each group should determine a) which college offered the most financial aid; and b) which college offers the lowest net cost to Michael P.
 - Discussion question: *Why is the answer to a) different from the answer to b)?*
5. (5 minutes) Comparing the lists of advantages (pluses) and disadvantages (minuses) to the results of their net-cost analysis, ask each group to discuss: *Now, given the pluses and minuses of each college, and given the net cost to the student, which college should Michael P choose?*
6. (5 minutes) Have one student from each group present the group’s answers, and encourage a debate.
7. **Additional discussion questions:**
 - *Does two or three thousand dollars a year make a difference?*
 - *If Michael P. really loved University of Choice or Foremost College, should the net cost make a difference in his decision?*
 - *Suppose Michael P. decides to major in Business, would a few thousand dollars make a difference? Is this difference significant given his future earnings potential?*
8. **Optional Writing Assignment**
 - Business Letter: Pretend you are one of the universities trying to entice Michael to accept admission at your school. In 3 paragraphs, write a letter to Michael explaining why he should attend your university. Be as persuasive as you can, using descriptive language to explain why your university is the best choice. Make a strong impression by using correct business formatting, e.g. your letter should be typed, dated, and signed with no errors in grammar or spelling.

Extensions

- Using the blank Worksheet, ask students to compare their own financial aid offer letters.
- Have students write a journal entry for Michael that describes which college he chose and what factors influenced his decision.
- Obtain access to a computer lab with internet access and research scholarships on the web at www.fastweb.com or www.fastaid.com. Encourage students to submit at least one scholarship application.

References and Websites

- FastWeb: Deciphering Your Financial Aid Award Letter
www.fastweb.com
- *Funding Your Education*, U.S. Department of Education. Available from school guidance counselors or <http://studentaid.ed.gov/students/publications/FYE/index.html>

STANDARDS FOR THE ENGLISH/ LANGUAGE ARTS

National Council of Teachers of English (NCTE)
and the **International Reading Association**

www.ncte.org/about/over/standards/

1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the work place; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.
5. Students employ a wide range of strategies as they write and use different writing process elements appropriately to communicate with different audiences for a variety of purposes.
7. Students conduct research on issues and interests by generating ideas and questions, and by posing problems. They gather, evaluate, and synthesize data from a variety of sources (e.g., print and non-print texts, artifacts, people) to communicate their discoveries in ways that suit their purpose and audience.
8. Students use a variety of technological and informational resources (e.g., libraries, databases, computer networks, video) to gather and synthesize information and to create and communicate knowledge.
12. Students use spoken, written and visual language to accomplish their own purposes (e.g., for learning, enjoyment, persuasion, and the exchange of information). Writing Type: Problem Solution Essay

PRINCIPLES AND STANDARDS FOR SCHOOL MATHEMATICS

National Council of Teachers of Mathematics (NCTM)

www.nctm.org/standards/

Mathematics Number and Operations: Students develop fluency in operations with real numbers, vectors, and matrices, using mental computation or paper-and-pencil calculations for simple cases and technology for more-complicated cases; students judge the reasonableness of numerical computations and their results.

NATIONAL STANDARDS FOR SOCIAL STUDIES TEACHERS

National Council for the Social Studies

www.ncss.org/standards/

VII. Production, Distribution and Consumption: Grades 6–8: Learners expand their knowledge of economic concepts and principles, and use economic reasoning processes in addressing issues related to the four fundamental economic questions. Grades 9–12: Students develop economic perspectives and deeper understanding of key economic concepts and processes through systematic study of a range of economic and sociopolitical systems, with particular emphasis on the examination of domestic and global economic policy options related to matters such as health care, resource use, unemployment and trade.

Comparing Financial Aid Packages

Student Profile: Michael P

Michael P, a senior at Washington High School in Anytown USA, has just received financial aid awards letters from four different colleges. Michael is very popular and has a wide range of interests. He appreciates the diversity of Anytown and in his group of friends. He likes to “hangout” and “party” but when it comes time to hit the books, he dives in and only comes up for air. This strategy of play hard and work hard has earned him a reputation with his friends and teachers as a “leader, scholar and fun guy.” In selecting his college Michael hopes that it will be one where there will be opportunities to continue to distinguish himself in this way.

In making his decision about which award is the most promising and which school he should attend, Michael has a number of other things to consider. He is an only child with a single working parent. Michael’s mother attended a local business college and her income of \$40,000 has allowed them get by month to month. His mother is only able to make the minimum parental contribution for his college education. In addition, she may have to take on some extra work. Despite the sacrifices they are about to face, Mrs. P is excited that Michael could be the first in the family to attend a four-year college or university. She is also a little concerned about him leaving home and being “on his own.”

Throughout high school, Michael has always had a part-time job in order to cover his personal expenses and to help with the family budget. He has been able to work, gain some marketable computer skills and maintain good grades. Last summer he was fortunate to land a paid internship, based on his academic performance, with a prestigious software company near his home in Anytown. Through this internship, he saved about \$2,600 dollars. His plan had been to buy a car to get around during his senior year in high school and to commute back and forth if it turns out that he attends the nearby community college. He decided to hold off on the car until he chooses a college, gets the final numbers on what it will cost, and figures out whether he needs a car or not.

Comparing Financial Aid Packages: College Profiles

Michael has received offer letters from the four institutions described below. After each website description, read the entries from Michael's journal, where he recorded his impressions of the four colleges he visited.

University of Choice (four-year university)

From the web site...

University of Choice is one of the largest in the state's system of higher education, with 5,200 acres, second in total expenditures and third in enrollment. University of Choice stands 24th in research funding among universities in the United States. U.S. News & World Report has repeatedly ranked University of Choice among the top public universities nationally, placing it 19th in 2003. The campus has undergraduate colleges of Business, Sciences, Engineering, and Letters and Science. Undergraduate enrollment is more than 20,000 students.

From Michael's journal...

Everything about University of Choice is big: big buildings, big campus, big sports, big academics. University of Choice would be a real challenge, and may require some getting used to, but the students seem really proud of the school. The campus itself is beautiful. As with most college tour guides, mine was extremely talkative and knowledgeable. He kidded that a person could live his entire life on campus without needing to leave, and I believed him because University of Choice really does seem to have everything.

Opportunity State University (four-year university)

From the web site...

Opportunity State is one of the state's leading public urban universities. Promoting respect for scholarship, freedom, and human diversity, the University's faculty and administration encourage students to ignore traditional barriers. Here students can design their own majors, take part in research projects with senior faculty, collaborate with classmates, and learn by helping people solve real life problems.

From Michael's journal...

The people at Opportunity State were extremely warm, friendly, and intriguing. It's a good thing they're warm because the weather was terrible the day I was there and our guide said the 360 days of clouds takes some getting use to. I think he was joking when he said there were tunnels connecting the dorms to the classroom buildings. The school is really diverse with people of different ages, religions, and cultures. The class sizes are pretty small with about 30 students each, which seems to allow for lots of discussion and activity.

Comparing Financial Aid Packages: College Profiles

Access Community College (2-year college)

From the web site...

Access Community College (ACC), located in Anytown USA, offers courses in more than 50 academic programs and over 100 occupational disciplines. There is a full range of credit courses leading to the Associate of Arts and Science degrees, most of which meet the general education requirements of four-year colleges and universities. Occupational courses and programs prepare students for immediate employment. Competitively priced, short-term community-service courses are available to meet the training needs of business, industry and government, as well as personal enrichment of community members.

From Michael's journal...

ACC has some advantages and disadvantages. First, it is a very diverse school with almost every ethnicity represented. It has a good selection of classes to choose from. And I saw a ton of posters up for lectures, concerts, art exhibits, and poetry readings. The disadvantages are that it is mostly a commuter school and our guide said that it sometimes hard to meet and socialize with people. I gues that's why there are so many out-of-class events. The campus is right in downtown Anytown so that makes it close to my house and everything else but it doesn't really have a central campus. The indoor student union had everything from food courts, video games and student services.

Foremost College (private 4-year college)

From the web site...

Foremost College is one of the oldest institutions of higher learning in the country. The College recruits nationally and internationally for students searching for an outstanding liberal arts education while pursuing their own personal and intellectual goals. Foremost is ranked in the top tier of selective liberal arts colleges. US News and World Report ranks Foremost College first in the nation in diversity. It was cited by Change Magazine as a national leader in combining research with teaching and learning to enhance undergraduate education. The current student body is approximately 1,800 students with a student faculty ratio of 12 to 1. The curriculum consists of majors in 20 departments, interdisciplinary majors in 11 areas and combined-plan programs in liberal arts and engineering with Opportunity State University.

From Michael's journal...

When I saw the campus, my jaw dropped - it was beautiful. I love that the school is located close to the beach. There are many restaurants and shops around the school. The dorms are right in the middle of the campus, which is great. Basically, everything you need is there. I liked that there were only about seven students in every class. I could tell that students were really into what they were doing and knew each other well. One teacher even had her class sit in a circle on pillows! To those who prefer a small, quiet environment with beautiful scenery, I recommend they check out Foremost College. I'm just a little worried that it would be too expensive.

Michael's Financial Aid Offers

Here are the financial aid packages from the four colleges that "Michael" received. Your award packages will look different, depending on the colleges you apply to and your financial aid eligibility.

Financial Aid Offers	University of Choice	Opportunity State University	Access Community College	Foremost College
1. Housing	On Campus	On Campus	Off Campus (at home)	On Campus
2. Type of Tuition	Undergraduate	Undergraduate	Undergraduate	Undergraduate
3. Classification	Resident	Resident	Resident	Not applicable
4. Cost of Attendance				
4a Fees	5,500	2,480	590	24,500
4b Books & Supplies	1,275	1,225	1,206	870
4c Living Allowance (Room & Board)	8,800	8,700	3,000	8,300
4d Personal	1,380	2,140	2,250	1,520
4e Health Insurance	600	0	0	610
4f Transportation	900	730	2,340	650
TOTAL Cost of Attendance	18,545	15,275	9,386	36,450
5. Financial Aid Eligibility				
5a Total Cost of Attendance	18,545	15,275	9,386	36,450
5b Parent Contribution (federally determined)	(2,680)	(2,680)	(2,680)	(2,680)
5c Student Contribution (federally determined)	(115)	(115)	(115)	(115)
TOTAL Financial Aid Eligibility	15,750	12,480	6,591	33,655
6. Financial Aid Award Institution Funding				
6a Achievement Scholarship	2,000	1,000	0	5,000
6b Grant	1,659	1,922	535	8,044
Other Aid				
6c Federal Stafford Subsidized Loan	2,625	2,625	2,625	2,625
6d Federal Stafford Unsubsidized Loan	2,625	685	0	2,625
6e Federal Pell Grant	1,320	1,320	1,320	1,320
6f Federal PLUS parent loan				1,000
6g Federal Work-Study	2,100	3,500	2,111	3,341
6h State Grant	3,421	1,428	0	9,700
TOTAL Awarded Financial Aid	15,750	12,480	6,591	33,655
7. Unmet Aid (Financial Aid Eligibility minus Total Aid Awarded)	0	0	0	0

Worksheet: Comparing Financial Aid Packages

Use the information from Michael's four financial aid offers to determine the net cost to Michael and his parent.

Financial Aid Packages	University of Choice	Opportunity State University	Access Community College	Foremost College
Cost of Attendance (line 4g)				
Parent Contribution (line 5b)				
Grants & Scholarships				
Federal Pell Grant (line 6e)				
Institutional Grant (line 6b)				
Scholarships (line 6a)				
State Grant (line 6h)				
TOTAL Grants & Scholarships				
Net Cost to Student				
Student Contribution (line 5c)				
Federal Stafford Subsidized Loan (line 6c)				
Federal Stafford Unsubsidized Loan (line 6d)				
Federal Work-Study (line 6g)				
TOTAL Net Cost to Student				
TOTAL Net Cost to Student & Parent (Parent Contribution + Total Net Cost to Student)				

Worksheet: Comparing Financial Aid Packages

Use the information from your financial aid offer letters to determine the net cost to you and your parent(s).

Financial Aid Packages	College:	College:	College:	College:
Cost of Attendance				
Parent Contribution				
Grants & Scholarships				
Federal Pell Grant				
Institutional Grant				
Scholarships				
State Grant				
TOTAL Grants & Scholarships				
Net Cost to Student				
Student Contribution (federally determined)				
Federal Stafford Subsidized Loan				
Federal Stafford Unsubsidized Loan (optional)				
Federal Work-Study				
TOTAL Net Cost to Student				
TOTAL Net Cost to Student & Parent (Parent Contribution + Total Net Cost to Student)				