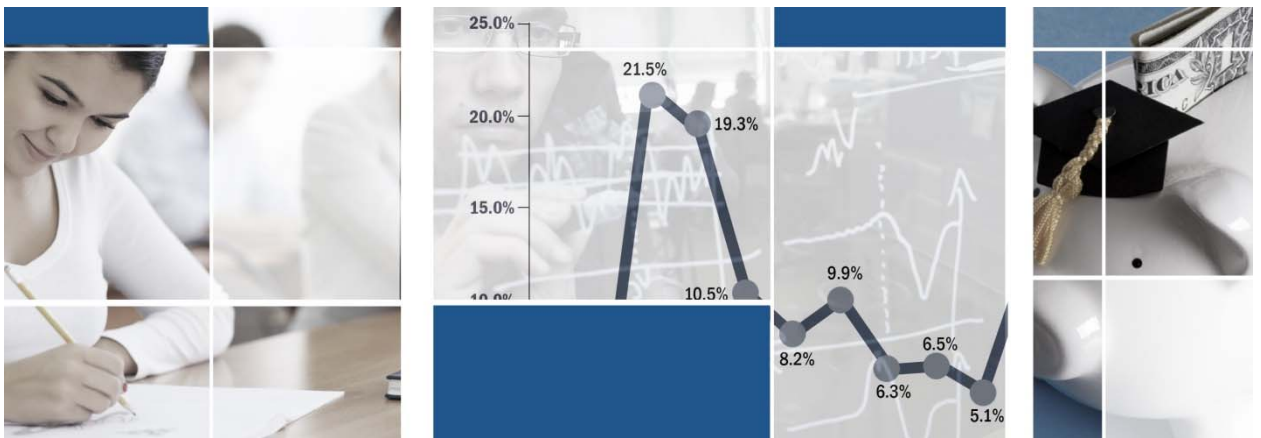


October 30, 2018



SCHEV Financial Aid Award Letters Policies and Guidance

For use by Virginia Institutions of Higher Education in order to standardize financial aid award letters

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SCHEV Financial Aid Award Letters Policies and Guidance

Authorizing Language

Pursuant to Item 144 of the 2017 Act of Appropriation, Chapter 836, the State Council of Higher Education (SCHEV) has conducted a review of the financial aid award letters for public institutions as well as those private institutions participating in the Virginia Tuition Assistant Grant program.

K. 1. The State Council of Higher Education for Virginia shall work with representatives of the higher education institutions receiving state financial aid or whose students receive tuition assistance grants and review the financial aid award letters utilized by these institutions by November 1, 2017. During this review, the Council shall identify opportunities for improvement as well as best practices for, but not limited to, clarity and completeness of the information provided on gift aid as well as student's responsibility regarding student loans or work-study, student's ability to compare financial aid award packages among these institutions to make informed financial choices, and the conditions under which these awards or outstanding balance might change.

2. The Council shall then develop and implement award letter policies so that the following information is available to the student (1) a breakdown of the components of the institution's cost of attendance, designating billable charges; (2) a clear identification of each award, indicating the type of aid; (3) the use of standardized terminology consistent with the National Association of Student Financial Aid Administrators (NASFAA); and (4) whether awards are conditional and renewal requirement criteria information.

3. The Council shall report its findings and provide a status report on the implementation of the policy and process changes to the House Appropriations and Senate Finance Committees by December 1, 2018.

SCHEV recognizes that the financial aid award letters are highly individualized and that the institutions utilize a number of different software platforms for creation and distribution of their documents. Also, the mandate does not call for uniform appearance of the award letters; rather it calls for clarity, transparency, consistency, completeness, and comparability of individual components within the award letters.

To conform to the legislative mandate, the institutions shall implement the following policies on all comprehensive award notifications; however, to support utilization of individualized web portals and minimize the length of any single document, institutions should provide specific URLs or instructions when detailed or individualized information is best presented on-line. If an institution is solely utilizing on-line portals to provide award information, links or “tabs” providing the following information must be clearly labeled.

A sample of a compliant award letter must be submitted to SCHEV for review prior to utilization of the 2020-21 award letters.

Required Policies (legislative text included in bold/italic type):

The Council shall then develop and implement award letter policies so that the following information is available to the student (1) a breakdown of the components of the institution's cost of attendance, designating billable charges; (2) a clear identification of each award, indicating the type of aid; (3) the use of standardized terminology consistent with the National Association of Student Financial Aid Administrators (NASFAA); and (4) whether awards are conditional and renewal requirement criteria information.

The examples provided are merely examples and not intended as mandated templates.

1. COA and Billable Charges

"A breakdown of the components of the institution's cost of attendance, designating billable charges;"

The cost of attendance numbers must differentiate between "billable charges" (i.e. "direct charges" to include appropriate estimates of tuition, fees, institution-provided housing, meal plan, and any other cost payable to the institution) and other cost of attendance components (indirect costs and allowances).

Example 1.1

| Estimated Cost of Attendance – There are two categories within Cost of Attendance | |
|---|---|
| Direct Costs | Items that are charged directly by the university, such as, tuition and fees, university provided room and board, health insurance, etc. |
| Indirect Costs | Other education-related expenses that vary based on your needs, such as transportation and personal expenses. |
| <hr/> | |
| Estimated In-State Living On-Campus Fall/Spring | |
| Tuition and Fees | \$10,050 |
| Room | \$5,123 |
| Board (Meal Plan) | \$4,000 |
| Matriculation Fee | \$300 |
| Total Estimated Direct Costs | \$19,473 |
| Books | \$1,100 |
| Personal Expenses | \$2,000 |
| Transportation | \$500 |
| Total with Indirect Costs | \$23,073 |

Example 1.2

ESTIMATED COST OF ATTENDANCE (COA):

COA is divided into two categories, Direct Costs and Indirect Costs.

The Direct Costs below reflect the annual amounts for the 2020-21 academic aid year. Your direct costs may vary based on your housing selection and choice of meal plan. The following does not include indirect costs such as books, personal items, and travel costs. An estimate of these costs, for planning purposes, is on page two.

DIRECT COSTS

| | |
|---|-----------------|
| Tuition (Based on full-time enrollment 12-18 credit hours): | \$33,350 |
| Room and Board (average, on-campus): | \$9,684 |
| Accident Insurance (required for all students): | \$180 |
| Total Direct Costs | \$43,214 |

Page Two

INDIRECT COSTS

The Indirect Costs are those costs incurred for educational purposes that are not billable by the university.

| | |
|-----------------------------|----------------|
| Books and Supplies | \$1,000 |
| Transportation | \$690 |
| Other Educational Expenses | \$1,680 |
| Total Indirect Costs | \$3,370 |

COST OF ATTENDANCE IN THE 2020-21 ACADEMIC YEAR

| | |
|--|-----------------|
| Tuition and Fees | \$33,350 |
| Housing and Meals | \$9,684 |
| Books and Supplies | \$1,000 |
| Transportation | \$690 |
| Other Educational Expenses | \$1,680 |
| Total Direct and Indirect Costs | \$46,404 |

Example 1.3

COST OF ATTENDANCE AND CHARGES

| | |
|---|-----------------|
| Tuition and Fees (direct charge) | \$32,500 |
| Room and Board (direct charge) | \$5,000 |
| Total Direct Charges | \$37,500 |
| <i>Books and Supplies* (indirect charge)</i> | <i>\$1,000</i> |
| <i>Transportation* (indirect charge)</i> | <i>\$900</i> |
| <i>Personal and Miscellaneous* (indirect charge)</i> | <i>\$1,200</i> |
| Total Cost of Attendance (direct and indirect charges) | \$40,600 |

* Student may choose to accept financial aid up to full cost of attendance which will result in a refund to the students account intended to be used for indirect charges.

2. Award Type Identification

“A clear identification of each award, indicating the type of aid;”

Gift-aid must be visually separated (using one of - or a combination of - space, headings, color, font, etc.) from student work-study or student loans. The categories cannot be co-mingled and must be easily distinguishable.

Awards requiring post-graduation service or repayment – such as the federal TEACH, Virginia Teacher Scholarship Loan Program, etc. – should be listed among student loans.

Example 2.1

Your Grant and Scholarship Eligibility

Federal Grants

| | |
|--------------------|---------|
| Federal Pell Grant | \$5,920 |
| Federal SEOG | \$2,000 |

State Grants

| | |
|--|---------|
| Virginia Guaranteed Assistance Program | \$6,800 |
|--|---------|

Institutional Grants and Scholarships

| | |
|------------------------------|---------|
| University Merit Scholarship | \$2,000 |
|------------------------------|---------|

Total Grants and Scholarships \$16,720

***Owed to the University after Grants and Scholarships:** \$6,353

Scholarships:

Your Estimated Loan Eligibility

Federal Direct Subsidized Loan \$3,500

Federal Direct Unsubsidized Loan \$853

Total Student Loan Offered* \$4,353

***Your net cost if you choose to accept the full amount of both loan offers:** \$2,000

Additional Educational Resources

Federal Work Study* \$2,000

***Federal Work Study does not pay directly to the bill and is contingent upon employment in an eligible position.**

Example 2.2

| Total Grants & Scholarships (Gift Aid, no repayment needed) | | | |
|---|-----------------|-----------------|-----------------|
| Institutional Grants | Fall | Spring | Totals |
| Dean's List Grant | \$4,000 | \$4,000 | \$8,000 |
| Need-Based Grant | \$2,999 | \$2,998 | \$5,997 |
| FAFSA Filers Grant | \$500 | \$500 | \$1,000 |
| Federal Grants | | | |
| Federal Pell Grant | \$2,960 | \$2,960 | \$5,920 |
| Federal SEOG | \$500 | \$500 | \$1,000 |
| State Grants | | | |
| VGAP | \$5,000 | \$5,000 | \$10,000 |
| 2-Yr Transfer | \$1,000 | \$1,000 | \$2,000 |
| External Scholarships | | | |
| Handford Scholarship | \$1,000 | \$1,000 | \$2,000 |
| Wood Scholarship | \$500 | \$500 | \$1,000 |
| Church Scholarship | \$500 | \$500 | \$1,000 |
| Club Scholarship | \$250 | \$250 | \$500 |
| Total Gift Aid | \$19,209 | \$19,208 | \$38,418 |
| Federal Loans (To be repaid) | | | |
| Federal Sub. Loan | \$2,750 | \$2,750 | \$5,500 |
| Federal Unsub. Loan | \$1,000 | \$1,000 | \$2,000 |
| Work Study (Not deducted from bill) | | | |
| Federal Work Study | \$1,000 | \$1,000 | \$2,000 |
| 2020-21 Award Package | \$22,959 | \$22,958 | \$45,918 |

Example 2.3

| 2020-21 Award Information | |
|-------------------------------------|--------------------|
| VGAP Grant | \$11,000.00 |
| 2-YR CLG Transfer Grant | \$3,000.00 |
| Merit Scholarship | \$5,000.00 |
| Milton Scholarship | \$2,000.00 |
| Total Gift Aid | \$21,000.00 |
| Federal Work Study* | \$1,500.00 |
| Federal Direct Subsidized Loan** | \$5,500.00 |
| Federal Direct Unsubsidized Loan*** | \$2,000.00 |
| Total 2020-21 Award | \$30,000.00 |

3. Standardized Terminology

“The use of standardized terminology consistent with the National Association of Student Financial Aid Administrators (NASFAA);” and

- For terms that are defined by NASFAA, the definitions and use should be consistent with the NASFAA glossary of terms. These are available at: https://www.nasfaa.org/news-item/3976/Glossary_of_Terms_for_Award_Notifications.

- When terms are otherwise undefined by NASFAA, use the U.S. department of education’s definitions. These are available at: <https://studentaid.ed.gov/sa/glossary>.

4. Terms and Conditions

“Whether awards are conditional and renewal requirement criteria information”

- Instructions must be provided on how to review renewal criteria for all federal, state, or institutional grants and scholarships.
- Information about Lifetime Eligibility Used restrictions should be included for the Federal Pell Grant and Federal Direct Subsidized and Unsubsidized loan programs.
- If the Federal Shopping Sheet is issued, it must designate conditional gift aid and include a URL to an institutional webpage listing the renewal criteria.

Example 4.1

- *Deans Award requires at least 3.0 GPA and [Satisfactory Academic Progress](#).
- *FAFSA Filer Grant requires annual [FAFSA](#) submission by deadline of April 15th.
- *Need-Based Grant based on annual submission of [CSS Profile](#).
- *Federal Supplemental Grant requires [FAFSA](#) , and full-time enrollment.
- *Federal Pell Grant requires [FAFSA](#) submission and is based on enrollment and EFC.
- *Virginia Tuition Assistance Grant requires submission of [VTAG Application](#).

Example 4.2

VGAP eligibility criteria/renewal information can be found here: <http://schev.edu/index/tuition-aid/financialaid/state-student-aid/virginia-guaranteed-assistance-program>

Virginia Commonwealth Award eligibility criteria/renewal information can be found here: <http://schev.edu/index/tuition-aid/financialaid/state-student-aid/virginia-commonwealth-award-program>

Merit Scholarships require a 3.0 GPA, and continuous full-time enrollment.

Milton Scholarships require 30 hours of community service per academic year and satisfactory academic progress.

Example 4.3

University Merit Scholarship Renewal Information

Freshmen scholarships will expire after four years of undergraduate study or upon earning an undergraduate degree; whichever occurs first. Transfer scholarships will expire after three years of undergraduate study or upon earning an undergraduate degree, whichever occurs first. Students must maintain a cumulative 3.25 GPA and complete 30 hours each academic year. If the renewal criterion is not met, the scholarship will be revoked at the conclusion of the spring semester. At any time, the scholarship will be reinstated if the student should meet the renewal criteria.

Best practices

During this review, the Council shall identify opportunities for improvement as well as best practices for, but not limited to, clarity and completeness of the information provided on gift aid as well as student's responsibility regarding student loans or work-study, student's ability to compare financial aid award packages among these institutions to make informed financial choices, and the conditions under which these awards or outstanding balance might change.

1. Clarity and Completeness

"clarity and completeness of the information provided on gift aid"

Components

- a. Avoid providing too much information within a single document. The award document's primary purpose should be to provide the applicant with sufficient understanding of the cost to the student; including, the assumptions used to derive the costs, the conditions under which the awards might change, net billable cost, options to cover those costs (self-help via loans and work-study), a reminder of responsibilities when using self-help, and next steps.
- b. Talk simply. Use language that falls between 9th and 12th grade level (for example, gunning-fog index - <http://gunning-fog-index.com/> or other evaluation tool); minimize professional jargon.

- c. Avoid dense text by utilizing white space, bullet points, color, and/or graphics to draw the eye to important information and delineate sections of the award letter, while maintaining an appropriate balance of brevity and clarity.
- d. On-line: consider utilization of “hover links” for definitions of unique terms to reduce need to consult a glossary or leave current webpage.
- e. Critical information should be contained within the first 3 pages. If information beyond page 3 is important, then consider use of a prompt (i.e. “For more information on loan rights and responsibilities, see page X.”)
- f. Appropriate information flow is critical to ensure understanding so it is recommended that the institution present the elements in a specific order: list billable charges first (or COA with billable charges designated), then gift aid, followed by the estimated student responsibility to the institution. This net billable charge becomes the number that is then compared between award letters. Lastly, a list of potential loans and work study provides options for covering the student’s remaining need.
- g. Provide a succinct explanation of the methodology and source information for determining cost of attendance allowances.

Delivery

- a. Recognizing that an increasing number of students access information from their mobile-device, create web pages that have responsive web design rather than merely adapted for a smaller screen.
- b. All forms of the award letter should have a similar look and presentation, whether delivered by paper, on-line, or via electronic delivery.
- c. Consider cross-marketing by including financial aid process/deadline reminders in admissions letters.

2. Loan and Work Responsibilities

“student’s responsibility regarding student loans or work-study”

- a. The award document should indicate that loans must be repaid.
- b. Information about, or clear direction to, the borrower’s rights and responsibilities should be available within close proximity of the list of

- student loan awards (appropriate link to student loans or studentaid.gov would suffice).
- c. The award document should indicate that work-study (if awarded) is estimated, not guaranteed, and depends upon securing an eligible position.
 - d. If the Federal Shopping Sheet is issued, it should provide either the above information or a URL directing students to additional loan and work-study information.
 - e. Provide total debt incurred to date, projected total student loan debt upon graduation (inclusive of private student loans) at current annual rate of borrowing (based on time to degree) and projected monthly payment (or links to student loan aggregators and calculators). Include statement that exceeding time-to-degree will likely increase the total debt incurred.
 - f. Consider language that is designed to encourage students to minimize borrowing.

Example 2.1

Federal Pell Grant amount is based on FAFSA derived Expected Family Contribution (EFC), Cost Of Attendance (COA), enrollment status, and attendance. The Pell grant can be received for no more than 12 semesters.

Federal Direct Subsidized Loans are available to undergraduate students with financial need. The federal government pays the interest on Subsidized loans while the student is enrolled at least half-time. SAP is required for federal loans. Federal Unsubsidized Loans are available students regardless of need. Unsubsidized loans begin to accrue interest upon disbursement. Students are limited to annual and lifetime aggregates based on dependency status and standing.

| | |
|--|--|
| Freshmen (Dependent) | \$3,500 Subsidized Loan per academic year \$2,000 Unsubsidized Loan per academic year |
| Sophomores (Dependent) | \$4,500 Subsidized Loan per academic year \$2,000 Unsubsidized Loan per academic year |
| Juniors and Seniors (Dependent) | \$5,500 Subsidized Loan per academic year \$2,000 Unsubsidized Loan per academic year |

Independent students are eligible to receive additional Unsubsidized loan:

| | |
|---|--|
| <i>Freshmen /Sophomores (Independent)</i> | <i>\$6,000 Unsubsidized Loan per academic year</i> |
| <i>Juniors/Seniors (Independent)</i> | <i>\$7,000 Unsubsidized Loan per academic year</i> |

Example 2.2

*Federal Work Study contingent upon securing FWS employment.

**Federal Subsidized Loans do not accrue interest while the student is enrolled at least half-time in a degree-seeking program. Loans have to be repaid; borrowers must complete Entrance Counseling and a Master Promissory Note at <https://studentloans.gov>.

***Federal Unsubsidized Loans accrue interest at the time of disbursement. Loans have to be repaid; borrower must complete Entrance Counseling and a Master Promissory Note at <https://studentloans.gov>.

3. Comparability

“student’s ability to compare financial aid award packages among these institutions

- When comparing award packages, the applicant should be able to focus on the net owed to the institution (direct charges less gift aid). This calculation should not be confused with, and therefore should not include, the terms “net price” or “net cost,” which refer to the nationally recognized calculation of cost of attendance less scholarship and grant aid.
- The information should be arranged so that the applicant is able to quickly identify the following components on the award letter: total direct charges, total COA, and total gift aid.

Example 3.1

DIRECT COST AFTER GRANT AND SCHOLARSHIP AID

Your total direct price is calculated as: Total Direct Costs minus Total Gift Aid

Direct Costs \$41,440 – Gift Aid \$25,600

Total Direct Price: \$15,840

Example 3.2

Net Direct Price

Your Net Direct Price is your Billable Charges minus your Accepted Financial Aid.

Billable Charges \$16,000

Grants and Scholarships \$6,500

Net Direct Price after Aid \$9,500

4. Potential Award Changes

“the conditions under which these awards or outstanding balance might change”

- The award letter should make it very clear whether any additional documentation or other action by the student is required.
- The notification may provide a standard list of conditions - such as residency status, enrollment level, student housing assumptions, known gift aid, etc. - that might impact the estimated awards. Any grants and scholarships that have other conditions should be clearly designated and instructions provided directing the student to the eligibility criteria.
- If the Federal Shopping Sheet is issued, it must provide either the above information or a URL directing students to the conditions.

5. State Program Nomenclature

Use consistent nomenclature of state aid programs, indicating the source of state funds. Either spell out the full name of the program or abbreviate individual portions, such as:

- Virginia Guaranteed Assistance Program: Virginia Guaranteed Assistance Program, VA Guaranteed Assistance Program, or VGAP. The addition of class level as a post-script, such as “VGAP-FR” or “VGAP-SR”, is acceptable.
- Virginia Commonwealth Award (undergraduate or graduate): Virginia Commonwealth Award, VA Commonwealth Award
- Virginia Tuition Assistance Grant Program: Virginia Tuition Assistance Grant, VTAG, TAG.
- Virginia Two-Year College Transfer Grant: Virginia Two-Year College Transfer Grant, VA Two-Year College Transfer Grant, 2-YR CTG.
- Virginia Military Survivors and Dependent Education Program: Virginia Military Survivors and Dependent Education Program, VA Military Service Dep. Program, VMSDEP.

6. Terminology

Use consistent terms identifying loans.

- Utilize “federal” for all federal student loans to help the student distinguish between a federal student loan and any other loan.
- Consistently incorporate “loan” at either the beginning or the end of the description for all aid programs requiring repayment.

7. Next Steps

The letter should include “next steps” for the student. What does the applicant do with the information provided or what are the next steps to the process? This can be in the form of a highlighted statement, list of deadlines, and/or financial aid process, as appropriate for when the award letter is released.

8. Institutional information

- Contact Information: Institutional financial aid office contact information should be clear and easily located.
- Direct URL: A Direct URL (do not require a series of “clicks”) to the institutional financial aid webpage should be provided.

9. NASFAA Recommendations

It is recommended that institutions refer to NASFAA’s work on student loan award letters for lessons learned.

10. SCHEV Resources

- When available, include a URL to SCHEV’s student loan resource and education course webpages.
- When available, include a URL to SCHEV’s webpage providing information on comparing award letters, glossary, and loan information.