

# Determining Aid Eligibility

## How Need-Based Aid Eligibility is Determined

Financial aid programs were created with the idea that the primary responsibility for paying college costs rests with the student and his or her family. Need-based financial aid is available to families who demonstrate a need for additional resources to help pay college costs. The formula used to determine whether you are eligible for need-based aid is:

### Budget (Cost of Attendance)

- Expected Family Contribution (EFC)
- Scholarships/Other Resources  
(Michigan Education Trust, veterans' benefits, etc.)

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- = Need for Aid

**BUDGET (COST OF ATTENDANCE)** represents a reasonable estimate of the cost of attending the University of Michigan for a full academic year (two semesters — Fall and Winter terms), including estimated amounts for tuition and fees, books and supplies, room and board, plus a modest allowance for personal/miscellaneous expenses.

**EXPECTED FAMILY CONTRIBUTION (EFC)** is derived from an assessment formula which is applied uniformly to all aid applicants and considers the financial information provided on the Free Application for Federal Student Aid (FAFSA), and for some applicants, the College Scholarship Service Financial Aid PROFILE application, as well as from other documents you may file with the Office of Financial Aid. The EFC is made up of two parts:

- **Parent Contribution** — an estimated amount, based on your parents' income and assets (including cash, checking, savings, and money market accounts, etc.; investments and real estate holdings; and business equity) that your parents are expected to pay toward your college costs for the year. Allowances for living expenses, taxes paid, number of family members in college, and asset protection for retirement are built into the formula.
- **Student Contribution** — an estimated amount, that you are expected to pay toward your college costs for the year. It is based on your income and a percentage of your savings and other assets.

**NEED FOR AID** equals the total cost of attendance minus the expected family contribution. If your family contribution is less than the cost, you may be eligible to receive financial aid.



### Office of Financial Aid

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Try **M-Calc** ([www.finaid.umich.edu/mcalc/MCalc.asp](http://www.finaid.umich.edu/mcalc/MCalc.asp)), our financial aid and cost of attendance estimator for dependent, undergraduate, Michigan resident students. For other financial aid and Expected Family Contribution calculators, see [www.finaid.umich.edu/financial\\_aid\\_basics/calculators.asp](http://www.finaid.umich.edu/financial_aid_basics/calculators.asp).

### Nonresident Students:

While the Office of Financial Aid does not have sufficient funds to meet the full demonstrated financial need of nonresident students directly, those students who are eligible for scholarships from U-M schools or colleges, or other private sources, may be able to cover their costs through these combined resources. Another option often utilized by nonresident families is the Federal Direct PLUS Loan available to the parents of undergraduate students, as well as private loan sources, such as CitiAssist and MI-Loan (see [www.finaid.umich.edu/types\\_of\\_financial\\_aid/loans/loans.asp](http://www.finaid.umich.edu/types_of_financial_aid/loans/loans.asp)).

### Studying Abroad:

Depending upon the cost of the study abroad program in which you enroll, we may or may not be able to meet your full demonstrated financial need to attend the program. For more information, see [www.finaid.umich.edu/apply\\_and\\_receive\\_aid/applying\\_for\\_aid/abroad.asp](http://www.finaid.umich.edu/apply_and_receive_aid/applying_for_aid/abroad.asp).



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## How Financial Aid is Awarded

If the **Cost of Attendance (Budget) - Expected Family Contribution = Need for Aid calculation** indicates that you are eligible for financial aid, you may be awarded a financial aid package/offer that consists of a combination of grants, scholarships, loans, and Work-Study. Award amounts are determined by a combination of demonstrated financial need, federal award maximums, and the funds available, among other factors. The Office of Financial Aid attempts to distribute grant, loan, and Work-Study funds equitably among the population of all eligible applicants who apply by established deadline dates.

- **A maximum grant eligibility is established each year for undergraduates;** from this, the gift aid resources (EFC for example) available to each applicant are subtracted to determine each student's grant eligibility. Awards are then made from the appropriate grant sources such as Michigan Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), etc. Note: Because FSEOG funds are very limited, they are awarded only to applicants with the most need.

Every student who applies for aid is first awarded the maximum amount of grant funds for which he or she is eligible. A student whose parents do not have sufficient resources to contribute very much to his or her education may receive more grant funds than a student whose family can make a more substantial contribution. Whatever your family's situation is, you can be sure that you will be treated fairly and equitably with respect to students in similar financial circumstances.

- **If there is remaining unmet need,** eligibility for loan and Work-Study awards will be determined. Federal Direct Loan will be awarded up to program maximums. Applicants with financial need beyond grant and Federal Direct Loan will be offered assistance through the Perkins Loan, Health Professions Loan or Nursing Loan programs, and Work-Study employment, which, by federal regulation, must be awarded to students with the most need. Because there are not enough of these funds to meet all student's needs, those who have the fewest family resources are awarded funds from these programs. Students who require additional funds to cover their expenses, should see the Office of Financial Aid website ([www.finaid.umich.edu](http://www.finaid.umich.edu)) for information on the PLUS Loan and private/alternative loans.

**SCHOLARSHIPS AND OTHER RESOURCES.** Students are encouraged to seek scholarships from private sources and U-M Schools and Colleges, as well as to utilize other resources such as Michigan Education Trust, ROTC scholarships, or veterans' benefits, to help offset financial need. Although federal regulations and University policies require that these forms of assistance be counted as financial resources when determining eligibility for need-based financial aid, they will improve your overall aid package. These scholarships and other resources will first be used to meet any gap between the budget, the EFC, and the financial aid offered. Next, they will reduce the amount of loan or Work-Study offered. Only if all loan and Work-Study have been replaced by scholarships or other resources will the amount of grant aid be reduced. However, if you receive a Michigan Competitive Scholarship (MCS), Detroit Compact Scholarship, or a Wade McCree Scholarship, any one of these scholarships will reduce your eligibility for need-based grant awards before reducing your eligibility for need-based loan or Work-Study awards. Receiving either a Wade McCree or a Detroit Compact Scholarship may also reduce your eligibility for MCS. Additionally, if you have Michigan Education Trust funds included in your resources, your eligibility for MCS may be reduced.