DETERMINING NEED

How eligibility for need-based aid is determined

Financial aid programs were created with the assumption that the primary responsibility for paying for college rests with students and their families. Need-based financial aid is available to families demonstrating a need for additional resources. The formula used to determine whether you are eligible for need-based aid is:

Cost of Attendance/Budget (COA)

- Expected Family Contribution (EFC)

= Financial Need (Need)

COST OF ATTENDANCE: is the estimated cost of attending UM-Dearborn, including estimated tuition and fees, books and supplies, food and housing, transportation, and miscellaneous personal expenses.

EXPECTED FAMILY CONTRIBUTION (EFC): is derived from a formula applied uniformly to all aid applicants and considers the financial information provided on the Free Application for Federal Student Aid (FAFSA). The FAFSA determines eligibility for federal, state, and UM-Dearborn gift aid. If financial aid criteria determine a student to be considered dependent, the EFC will consist of two parts, a Parent and a Student Contribution. If financial aid criteria determine a student to be considered independent, the EFC will consist of only a Student Contribution:

1. The Parent Contribution – (if dependent): This is what your parents are estimated to be able to pay toward annual college costs, based on their income and assets (cash, checking, savings, and money market accounts; investments and real estate holdings; and business equity). Allowance for living expenses (based on family size), taxes paid, number of siblings in college, and retirement asset protection are built into the formula.

2. The Student Contribution – This is what you are estimated to be able to pay based on your income, percentage of savings, and other assets.

Your EFC is determined early in the process of assessing your financial need and, unless your financial circumstances change significantly, your EFC remains constant. Some financial aid programs can assist students and parents in replacing the EFC.

SCHOLARSHIPS AND OTHER FINANCIAL RESOURCES: these are funds you may receive from sources outside your family, including private scholarships, merit scholarships, UM-Dearborn school or college scholarships, ROTC scholarships, benefits you or your parent have earned through military service or other employee benefits, awards, and scholarships from your state.

How need-based aid is awarded:

We determine your eligibility for need-based aid by taking your Cost of Attendance and subtracting your Expected Family Contribution and other financial resources.

A note about scholarships and other resources:

Students may seek private scholarships and get help from UM-Dearborn schools and colleges to meet their college costs. According to federal regulations and/or university policies, these are considered financial resources when determining eligibility for need-based aid. However, they will improve your overall aid package. In general, if you receive outside aid:

• It will first be applied against costs not accounted for in your financial aid package (i.e. the gap between the Cost of Attendance and your EFC plus the aid offered). Outside aid will not reduce your EFC.

• Next, it will reduce your loan or Work-Study award, reducing funds you must borrow or earn by working.

• Your grant aid will be reduced if all loan and Work-Study awards are replaced by scholarships or other resources.

Some important exceptions to this rule:

• Some Office of Financial Aid scholarships are awarded based on student need. This may reduce your UM Grant, but your total aid should remain the same or be higher. Your total aid should not be reduced. If you are awarded one of these, you will receive a letter.

• If the student owns a 529 plan, such as a Michigan Education Trust contract, receives a post-9/11 VA benefit, or if you receive a State-funded scholarship such as the Michigan Competitive Scholarship, Detroit Compact Scholarship, Wade McCree Scholarship, Kalamazoo Promise, or Detroit Promise, it will be applied against your need-based grants before reducing your loan or Work-Study.

• Receiving a HAIL Scholarship, Wade McCree, Detroit Compact, or Detroit Promise scholarship may reduce your eligibility for university-funded scholarships and for the Michigan Competitive Scholarship. Students receiving a full tuition scholarship would not be eligible for the Michigan Competitive Scholarship as a refund.

Please note: Most scholarships require full-time enrollment before disbursement.