

OVERVIEW

We've made this quick guide for scholarship providers who award financial need-based scholarships. With the implementation of the [FAFSA Simplification Act](#) and the [launch of the "Better FAFSA"](#), as it's being called, many providers are reviewing and updating their current financial need assessments to account for new forms and processes. This guide has ideas on how to adapt application forms, selection processes, committee involvement, and more.

WHY DO SCHOLARSHIP PROVIDERS ASSESS APPLICANTS' & RECIPIENTS' FINANCIAL NEED?

Some scholarship providers consider students' financial need among their eligibility or selection criteria; others do not. Scholarships that consider financial need are frequently called *needs-based scholarships*.

Often, providers that offer needs-based scholarships do so in order to promote access and equity by removing financial barriers students may face, and to direct resources towards those who truly require them to achieve their educational goals.

Reminder: If you aren't awarding needs-based scholarships, you don't need to collect financial data or assess financial need!

STUDENTS FIRST CONSULTING'S GENERAL GUIDELINES

1. **Use a trust-based approach to financial need assessment.** Ask students for the data you need to make decisions, but don't ask for additional uploads or verifications of that data. This takes time, can cost students money, and creates additional unnecessary barriers. Learn more in an upcoming blog.
2. **Limit the number of financial questions.** Every question of this type asked should correlate to eligibility or selection criteria. Providers could ask endless questions about financial need, but it's not necessary, helpful for your work, or appropriate to be asking or evaluating. As always, remember to consider students' economy of time.
3. **Eliminate jargon and convoluted language.** Based on what students have shared, the financial portion of an application is one of the top three most difficult parts to complete. Make it easier by being clear, concise, and jargon-free with your questions, explanations, and examples.

METHODS FOR ASSESSING FINANCIAL NEED

We suggest to our clients that they consider using the following approaches to assess students' financial need:

- Ask for the Student Aid Index (SAI) from the Better FAFSA or an estimated SAI using the [Federal Student Aid estimator tool](#). *Bonus:* By accepting responses from the estimator tool,



you make your scholarship more accessible to students who may not be eligible to complete the FAFSA because of citizenship status or other requirements.

- Calculate unmet need using students' financial aid award letters and posted Cost of Attendance figures. We suggest the formula [Intended school's Cost of Attendance] minus [gift aid received] to be most generous to students.
- Assess qualitative responses about financial circumstances.
- Use a proxy to determine students' and families' financial circumstances, such as Pell Grant eligibility or participation in social welfare programs.
- Ask for student and family financial data points, such as income, wealth, household size, and more.

HOW TO COLLECT INFORMATION ABOUT FINANCIAL NEED

Below are sample questions you can copy, paste, and/or adapt in your own applications. They align with the methodologies outlined above. We do not recommend using all of these questions. As our Guidelines describe, limit the number of financial questions you ask. Use what works best for your students and your program.

Reminder: Only ask for the data you need to determine eligibility and select recipients who are strong fits for your program.

- 1. Have you completed the FAFSA?**
 - a. If yes, enter your Student Aid Index (SAI) from your FAFSA Submission Summary.
 - b. If no OR not eligible, complete the [Federal Student Aid estimator tool](#) and enter your estimated Student Aid Index (SAI). We encourage all [eligible students](#) to complete the FAFSA.
- 2. What is the Cost of Attendance at your top-choice school?** If you don't know, you can look it up on your school's website or on [the Hechinger Report's Tuition Tracker](#).
- 3. What is your household's total income for 2023?** Include everyone who contributes income to your household.
- 4. How much money does your family expect to be able to contribute to your education next school year?** Provide an honest amount. This does *not* have to match the information from the FAFSA.
- 5. How many individuals live in your household?**
- 6. Are there any individuals in your household currently attending or planning to attend college in the next year?**
- 7. Do any of these describe you, or do you or anyone in your family participate in any of these programs?** Select all that apply.
 - a. Federal Pell Grant
 - b. Low-income internet program



- c. Free and Reduced-Price School Lunch Program or School Breakfast Program
 - d. Supplemental Nutrition Assistance Program (SNAP)
 - e. Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 - f. Medicaid
 - g. Temporary Assistance for Needy Families (TANF) or Work First (WF)
 - h. Housing Choice Voucher (HCV) Program (Section 8 Vouchers)
 - i. Project-Based Rental Assistance (PBRA)/Section 202/ Section 811
 - j. Public Housing; or Affordable Housing Programs for American Indians, Alaska Natives or Native Hawaiians
 - k. Supplemental Security Income (SSI).
 - l. Veterans Pension or Survivor Benefits
 - m. Bureau of Indian Affairs General Assistance,
 - n. Tribal TANF, Food Distribution
 - o. Program on Indian Reservations
 - p. Tribal Head Start
8. **Have you or your family experienced any of the following extenuating circumstances impacting your or their financial situation?** Select all that apply.
- a. Job loss or reduction in income
 - b. Significant debt burden
 - c. Divorce or separation of parents/guardians or self
 - d. Death of a caregiver, sibling, or child
 - e. Domestic violence or abuse
 - f. Disability
 - g. Medical emergencies or chronic health issues, including mental health
 - h. Being cared for by a single parent or being a single caregiver yourself
 - i. Caregiving responsibilities beyond immediate family
 - j. Currently or formerly in foster care
 - k. Food insecurity
 - l. Incarcerated parent or family member
 - m. Unexpected or ongoing legal fees
 - n. Housing instability or Homelessness
 - o. Immigrant or refugee status
 - p. Financial or other hardship because of natural disaster
 - q. Active military or Veteran status
 - r. Financially independent from their parents
 - s. Having a child or other dependent
 - t. Supporting dependents outside of the household
 - u. GED, other high school completion certificate, or no high school diploma
 - v. Attending school part time
 - w. Being employed full time while attending school



HOW TO USE FINANCIAL NEED INFORMATION

Depending on the method you choose to use to assess students' financial need, there are various ways to assess our final recipients based on this data.

CULLING APPLICATIONS

If you have a large number of applicants, limited reviewers, and a small number of awards, you may choose to cull the applications before assigning them to your review committee. Below are example ways that you might do this.

1. Use the Student Aid Index (SAI) figure. Applicants with an SAI above a certain amount are excluded from consideration; applicants with an SAI below are included.
2. Use receipt of federal Pell Grant funding. Applicants who did not receive a Pell Grant are not considered further; applicants who did receive a Pell Grant are.
3. If you don't want to use one single financial indicator, you could determine need from among multiple metrics. Create your own version of the rubric below and determine which total scores will allow applicants to move to the final review committee.
4. Create a small staff selection committee to do an initial review of applications using your rubric.

Your process and specific thresholds for culling applications may vary from scholarship to scholarship or year to year, depending on a number of factors, including the applicant pool. But it should be at a level that both allows you to feel comfortable with the quality and eligibility of applicants still in consideration, and provides a final number of applications that is manageable for your reviewers.

USING COMPREHENSIVE DATA TO UNDERSTAND & COMPARE NEED

Much of the information we've recommended is qualitative and can be subjective – every student's financial situation is unique! Depending on the information you need for eligibility and selection criteria, and the information you collect from applicants, you may want to develop a rubric to develop a standardized assessment and comparison process.

On the next page, we share one example of what a financial need assessment rubric might look like.

Reminder: If reviewers will use your rubric to assess need, provide them with appropriate ample training and assistance when they get stuck.



Score	Criteria	Description
1 - High income 2 - Middle income 3 - Low-income 4 - Very low-income	Contributed student + family income	The lower the income, the greater the need
1 - Significant assets 2 - Moderate assets 3 - Limited assets 4 - No assets	Family assets	The fewer the assets, the greater the need
1 - Financially dependent; no other dependents in family/household 2 - Financially independent; no other dependents in family/household 3 - 1 dependent in family/household 4 - 2+ dependents in family/household	Dependents	The greater the number of dependents, the greater the need
1 - No special circumstances 2 - Few special circumstances 3 - Some special circumstances 4 - Many special circumstances	Special circumstances	The more special circumstances selected, the greater the need.

CONCLUSION

Determining financial need is an important part of awarding scholarship dollars to ensure equity and impact. Assessing applicants' needs is both an art and a science, but trust-based and qualitative questions paired with clear and transparent scoring practices can make this process both efficient and equitable. We encourage you to include questions about how to ask for financial data in your evaluative work with applicants and recipients! Student feedback on this topic will help you understand the specific financial needs and challenges of students in your community and develop better ways to obtain and assess that information, and craft student-centric programs.