

PROFESSIONAL JUDGMENT TIP SHEET

Topic: Siblings' College Costs

What?

Standard Institutional Methodology (IM) and Federal Methodology (FM) include an adjustment to the parent contribution for siblings concurrently enrolled in college. These treatments do not take into account the specific cost of attendance and financial aid for the sibling(s). Instead, the parent contribution is adjusted by an established percentage based on the number of siblings enrolled.

Why?

Since the costs and amounts of financial aid received by families vary greatly by school and student, the standard number in college adjustment may inequitably allocate the contribution among the students.

How do I...

Collect information?

The Family Member Listing on the CSS Profile provides enrollment and cost information about the school each family member attended the prior year and plans to attend during the application year. The financial aid administrator may also want to collect or review:

- Confirmation of a sibling's enrollment, which may include an institution specific verification form or course registration.
- Copy of the sibling's financial aid offer or proof of payment(s) made by the family for the sibling(s).
- Specific institutional costs, available on each college's website or the College Board's Big Future.
- The *Trends in College Pricing and Student Aid* report published each year by the College Board provides the average cost of attendance for various institution types. These costs are also published in the annual IM Tables.

Analyze the information?

It may be reasonable to compare the FM and IM calculated contributions (which reflect the standard adjustment) to the actual cost of the siblings' institution and/or the amount the family is contributing toward these expenses.

Treatment in IM and FM

IM Treatment

When more than one student is enrolled in college, the total parent contribution is adjusted because each student has a demand on that contribution. In adjusting the calculation, IM applies the following adjustments:

- For two students enrolled: 60 percent.
- For three students enrolled: 45 percent.
- For four or more students enrolled: 35 percent.

The aid administrator may want to consider one of the following adjustments in lieu of the standard treatment:

- Calculate the parental contribution using the actual educational expenses paid by the family as an adjustment against the parent income (similar to an allowance for private school tuition).
- Use the IM College Costs option to automatically adjust the contribution based on the type of institution attended.
- Calculate the parental contribution based upon proportional educational costs incurred by the student's sibling. For example, if the student cost of attendance consists of 70% of the total educational costs, then 70% of the parent contribution could be allocated to the student and the remaining 30% to the others in college.
- Subtract the documented parent contribution for the sibling(s) from the total parent contribution and use the remainder for the student.

FM Treatment

The standard treatment in FM is to divide the parent contribution equally by the number of students attending a Title IV eligible postsecondary institution. Parents are not considered in the number in college adjustment. Enrollment must be at least half time and for a minimum of one term, regardless of the degree or license being pursued.

IM Options

The College Costs Adjustment option in your financial aid software may be used to automatically adjust the PC based on the Average College Budget as calculated by the College Board. The resulting parent contribution will never be higher than the original total parent contribution or lower than the original parent contribution for the student. See the IM User Guide's options chapter for more details.

FM Options

There are no data elements that allow a direct adjustment to the FM parent contribution based on the siblings' college costs. If the sibling is enrolled at least half-time, the sibling is included in the number in college. Any change to the number in college and consideration of college costs should be based on special circumstances that warrant a professional judgment in FM and are sufficiently documented.

If a sibling is enrolled less than half-time, the sibling is not included in the number in college. The financial aid administrator could use the sibling's college costs as an allowance against income with the appropriate documentation.

Additional Considerations

Families in similar financial situations but with different spacing of their children pay different amounts over time. See the Appendix for more information.

Other members of the student's household, beyond the student's parent(s) and sibling(s), may be enrolled in college. If this person meets the criteria to be included in the household and the number in college, treatment similar to the student's siblings may be applied in IM for college costs. Documentation for a non-sibling's education costs may include a recent educational bill, verification worksheet, a recent tax return showing this household member as a dependent, or documentation of legal guardianship. See the *Parent Educational Expenses* PJ tip sheet for additional guidance.

Appendix – IM and FM Philosophical Difference¹

When the parents have more than one child in college, their total contribution is adjusted since each child has a demand on that contribution. In adjusting the calculation per child, Institutional Methodology applies an adjustment of 60% when two children are in college, 45% when three children are in college, and 35% when four or more children are in college.

This contrasts with the Federal Methodology, which divides the parents' total contribution equally per child. Dividing the contribution equally by the number in college ignores the fact that families in similar financial situations but with different spacing of their children would pay different amounts over time. If a family has twins attending college, dividing the parents' contribution equally between them means that the parents pay the equivalent of four Parent Contributions (PCs) over four years. If that family had two children two years apart, that family would pay six PCs; if the children are four years

¹ Starting with the 2023-24 academic year, FM will no longer use the number in college to reduce the contribution.

apart, the family would pay eight PCs. In IM, these contributions would be 4.8 PCs, 6.4 PCs, and eight PCs, respectively.

While the 60%/45%/35% approach does not fully address the inequities of the spacing of children, it does acknowledge that paying for college occurs over time for all children and diminishes the benefit the family with twins receives over the family with differently spaced children.

Federal Methodology (FM)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total PC
Twins									
Child 1	50%	50%	50%	50%					
Child 2	50%	50%	50%	50%					
Total PC	100%	100%	100%	100%					400%
Children 2 years apart									
Child 1	100%	100%	50%	50%	0%	0%			
Child 2	0%	0%	50%	50%	100%	100%			
Total PC	100%	100%	100%	100%	100%	100%			600%
Children 4 years apart									
Child 1	100%	100%	100%	100%	0%	0%	0%	0%	
Child 2	0%	0%	0%	0%	100%	100%	100%	100%	
Total PC	100%	100%	100%	100%	100%	100%	100%	100%	800%
Institutional Methodology (IM)									
Twins									
Child 1	60%	60%	60%	60%					
Child 2	60%	60%	60%	60%					
Total PC	120%	120%	120%	120%					480%
Children 2 years apart									
Child 1	100%	100%	60%	60%	0%	0%			
Child 2	0%	0%	60%	60%	100%	100%			
Total PC	100%	100%	120%	120%	100%	100%			640%
Children 4 years apart									
Child 1	100%	100%	100%	100%	0%	0%	0%	0%	
Child 2	0%	0%	0%	0%	100%	100%	100%	100%	
Total PC	100%	100%	100%	100%	100%	100%	100%	100%	800%

PROFESSIONAL JUDGMENT CASE STUDY

TOPIC: Siblings' College Costs

Case Study 1

Suzanne Denny's family reported on the CSS Profile that her younger sister, Lisa, is enrolling in community college. The standard treatment in Institutional Methodology (IM) would give the family a 60% adjustment to the parent contribution for two in college. Per institutional policy, Suzanne's school does not give the number in college adjustment for siblings enrolled in community college. Suzanne's IM parent contribution with one in college is \$50,000.

The Denny family contacted the Office of Financial Aid and requested reconsideration of Suzanne's financial assistance. They are concerned about the additional costs they will incur for Lisa's education in the upcoming year. They shared in their appeal that Lisa chose to enroll at a residential community college closer to home than any four-year institution because she suffers from severe health issues. She will be within driving distance of doctors who have been treating her for years and can continue to do so. Lisa's tuition and fees are \$8,590 and on campus housing and meals are \$9,400 for the academic year, for a total cost of \$17,990.

Decision

The financial aid administrator considered the adjustment for two in college, but the resulting \$20,000 reduction to the IM parent contribution would have been more than the \$17,990 in the sibling's total cost. The financial aid administrator applied the \$17,990 as an adjustment to income instead of the 60% number in college adjustment. In doing so, the administrator acknowledges the additional cost of having two children enrolled in college concurrently.

Treatments in Methodologies

IM Treatment

The financial aid administrator kept the sibling out of the number in college and added \$17,990 as an other income allowance.

FM Treatment

The sibling is automatically included in the number in college adjustment. No further adjustment is warranted.

TOPIC: Siblings' College Costs

Case Study 2

Casey Anderson's family contacted the Office of Financial Aid to request reconsideration of Casey's financial aid eligibility. Casey's original IM parent contribution of \$40,000 was calculated using only one in college because Casey's brother, Jimmy, planned to attend a community college. Institutional policy dictates that students attending community college should be counted in the household, but not in college.

Casey's parents explained that Jimmy has special needs and was enrolling into a local community college with a program designed for students in Jimmy's situation. Because the school provides additional services in this program than are available to the general community college population, his tuition and fees of \$12,000 is higher than that for most of the students. The Anderson family documented the higher tuition and fees amount, as well as the fact that they would not be receiving any grant aid from the institution, as the parent contribution exceeded the community college's cost of attendance. Jimmy is eligible to borrow \$5,500 from the Federal Direct Loan program.

Decision

The financial aid administrator considered the Anderson family's request for additional financial assistance and made an adjustment in IM to create additional grant eligibility for Casey.

Treatments in Methodologies

IM Treatment

Applying the standard IM treatment for two in college (60% of parent contribution) would reduce the parent contribution to \$24,000, a \$16,000 reduction. This seemed overly generous as Jimmy's tuition and fees for the year were expected to be only \$12,000. Instead, the financial aid administrator subtracted the costs for Jimmy directly from Casey's IM parent contribution.

Rather than reducing Casey's IM parent contribution by the full \$12,000 cost, the administrator considered the \$5,500 in Federal Direct Loan eligibility and utilized the remaining \$6,500 as the parent contribution. This resulted in an IM parent contribution for Casey of \$33,500 (\$40,000 - \$6,500). The financial aid administrator believed this more accurately reflected the family's circumstances by not only taking into consideration Jimmy's tuition and fees, but also his ability to borrow and contribute toward his own education.

FM Treatment

FM considers siblings enrolled in community college when calculating the contribution. The financial aid administrator made no changes and continued to include him in the FM number in college.