WHAT IS AN "EXPECTED FAMILY CONTRIBUTION"?

The financial aid system assumes that parents and students are responsible for contributing toward educational expenses, to the extent that they are able. To assess families' differing abilities, the federal government uses formulas that take into account the information reported on the needs analysis form, the Free Application for Federal Student Aid (FAFSA).

The "expected contribution" is an estimate of ability to pay. We expect comparable amounts from families like yours, and proportional amounts from families whose financial circumstances appear much stronger or much weaker than yours.

Your "expected contribution" is not a prediction of how much cash you actually have on hand, or a value judgment about how much you "ought to" be able to pull from your current income, or a measure of your liquidity.

Rather, it's the government's best estimate of your capacity over time to absorb some of the costs of education. We estimate how much you can be expected to contribute (relative to other families), but make no particular assumptions about how you will finance that contribution. In fact, you have choices about how to do that.

To finance the purchase of "big-ticket" items, like houses, cars, major appliances, and higher education, most of us spread the costs out over time. We save and borrow and draw on current earnings. We may not even be able to figure out whether we can afford something until we see how it breaks down in terms of monthly layouts. Very few people can pay their "expected contribution" out of current income alone.

Most families will look at their "expected contribution" and conclude that the best way and quite possibly the only way to manage the expense is by spreading it out over time.

If you have already saved the entire amount of your "expected contribution", you may not have to use your current earnings or future income at all. You might choose not to withdraw all your savings but to leverage them through borrowing, or you might use a combination of savings and current earnings.

If you have done little or no saving for college, you have fewer choices and will have to rely on some mix of current earnings and future earnings (to repay loans). Many families also use this approach.

Certainly the hardest way to cover your expected contribution is to divert money solely from your current income stream. Some families do it, but it's not easy!

If you want to use current and/or future income to cover your "expected contribution" at this college, you can obtain helpful information about short-term time payment plans from the Bursar's Office and longer-term financing options such as the Federal Direct Parents' Loan (PLUS) Program or other educational loan programs. Contact the Financial Aid Office if you would like a Federal Direct PLUS Application.

Fitting the total amount of the "expected contribution" into your current household budget would probably be difficult. You don't have to finance the expense that way. You can if you want to and are able to. Spreading the expense out over time has a much smaller impact on your monthly budget whether you save, borrow, or both.