

Student Aid Program Summary

Most federal student aid is need-based, taking into account an expected family contribution (EFC). Need-based financial aid comes in three basic types:

1. **Grants and scholarships**, which are considered gift aid and generally don't have to be paid back (sometimes a repayment is required if a student withdraws);
2. **Work-study**, which is money that you earn by working part-time while in school; and
3. **Loans**, which are funds that you (or your parent) borrow and must be paid back, usually after you leave school.

The following chart details the main federal student aid programs administered by the U.S. Department of Education. Not all schools participate in all of the programs listed.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Federal Pell Grant	Grant program (Portable).	FAFSA required annually.	<ul style="list-style-type: none"> • Annual minimum and maximum vary. • \$555 minimum for 2011–12.¹ • \$5,550 maximum for 2011–12.¹ • Receive for a maximum of 18 semesters. 	<ul style="list-style-type: none"> • Undergraduate students without first baccalaureate or professional degree. • Certain students enrolled in a post-baccalaureate teaching certification program. • Based on need. 	No.

*In addition to the General Student Eligibility Requirements.

¹Congress has not yet passed legislation determining award amounts for the 2012–13 award year.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Teacher Education Assistance for College and Higher Education (TEACH) Grant	Grant Program (Conditional) ² (Portable). ³	FAFSA required for 2012–13.	<ul style="list-style-type: none"> • \$4,000 annual maximum. • \$16,000 undergraduate aggregate limit (includes postsecondary certification). • \$8,000 graduate aggregate limit. 	<ul style="list-style-type: none"> • 3.25 GPA or qualifying score on admissions test. • Agree to teach full time for at least 4 years within 8 years of graduation at a school serving a high percentage of low income students (Title I schools). • Agree to teach a specific subject. 	Repayment required if student does not fulfill teaching requirement; grant funds become a Direct Unsubsidized Loan.
Federal Supplemental Educational Opportunity Grant (FSEOG)	Campus-based grant program. Funds awarded by institution.	FAFSA required annually.	<ul style="list-style-type: none"> • \$100 annual minimum. • \$4,000 annual maximum (students on approved study abroad programs may receive up to \$4,400). • No aggregate limit. 	<ul style="list-style-type: none"> • Undergraduate students without baccalaureate or professional degree. • First priority given to Federal Pell Grant recipients with “exceptional financial need” (defined by law). 	No.
Federal Work-Study (FWS)	Campus-based employment program. Funds awarded by institution.	FAFSA required annually.	<ul style="list-style-type: none"> • No minimum or maximum. • Award amount is dictated by school policy. 	<ul style="list-style-type: none"> • Undergraduate and graduate students. • Based on need. 	No.

*In addition to the General Student Eligibility Requirements.

²Failure to meet teaching obligation results in conversion of grant to Direct Unsubsidized Loan.

³Depending on institutional participation.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Federal Perkins Loan	Campus-based loan program. Funds awarded by institution. 5% interest.	FAFSA required annually. Master Promissory Note (MPN) provided by school.	<ul style="list-style-type: none"> • \$5,500/year undergraduates. • \$8,000/year graduate students. • \$11,000 aggregate limit for students who have not yet completed 2 years of undergraduate program. • \$27,500 undergraduate aggregate limit. • \$60,000 combined undergraduate and graduate aggregate limit. • Study Abroad: Annual and aggregates exceeding above noted amounts by as much as 20%. 	<ul style="list-style-type: none"> • Undergraduate and graduate students. • First priority given to students with exceptional need (defined by school). • Must first have determination of eligibility/ineligibility for Federal Pell Grant. 	Yes; begins 9 months after cessation of at least half-time enrollment. Deferment and cancellation provisions available.
Federal Direct Student Loan (Direct Loan)—Subsidized and Unsubsidized Loans	Funds from federal government. Fixed interest rate.	FAFSA required annually. MPN obtained from school.	<ul style="list-style-type: none"> • \$3,500 1st-year undergraduates. • \$4,500 2nd-year undergraduates. • \$5,500 each remaining undergraduate year. • Undergraduate annual limits prorated for programs and remaining periods of enrollment less than an academic year. • \$2,625 for preparatory coursework necessary to enroll in undergraduate program.⁴ • \$5,500 for preparatory coursework necessary to enroll in graduate or professional degree program if already have baccalaureate.⁴ • \$5,500/year for teacher certification if already have baccalaureate. 	<ul style="list-style-type: none"> • Undergraduate and graduate students enrolled at least half-time. • Must first have determination of eligibility/ineligibility for Federal Pell Grant. • Must determine eligibility for subsidized Stafford Loan before determining eligibility for Direct Unsubsidized Loan. • Interest subsidy based on need. • Unsubsidized funds may be used to replace EFC. 	Yes; begins 6 months after cessation of at least half-time enrollment. Deferment possible. No interest subsidy on unsubsidized loan.

*In addition to the General Student Eligibility Requirements.

⁴Direct Loan eligibility is limited to one 12-month period for student enrolled in preparatory coursework.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Federal Direct Student Loan (Direct Loan)—Subsidized and Unsubsidized Loans (cont'd)			<ul style="list-style-type: none"> • \$8,500/year for graduate and professional students. • \$23,000 undergraduate aggregate subsidized limit. • \$65,500 combined undergraduate and graduate aggregate subsidized limit. 		
Direct Loan—Additional Unsubsidized Loan	Same as Direct Subsidized Loan.	FAFSA required annually. MPN obtained from school.	<p>Annual Loan Limits</p> <p>Dependent undergraduates whose parents can borrow a PLUS:</p> <ul style="list-style-type: none"> • \$2,000/year; and • Undergraduate annual limits prorated for programs or remaining periods of enrollment less than an academic year. <p>Dependent students whose parents cannot borrow a PLUS:</p> <ul style="list-style-type: none"> • \$6,000/year 1st and 2nd undergraduate year; • \$7,000 each remaining undergraduate year; • Undergraduate annual limits prorated for programs or remaining periods of enrollment less than an academic year; • \$7,000/year for teacher certification; and • \$6,000 for preparatory coursework necessary to enroll in undergraduate program.⁴ 	<ul style="list-style-type: none"> • Must have determination of eligibility/ineligibility for Federal Pell Grant. • Must determine eligibility for Direct Subsidized Loan before determining eligibility for additional Direct Unsubsidized Loan. • May be used to replace EFC. 	Yes; same as Direct Subsidized Loan.

*In addition to the General Student Eligibility Requirements.

⁴Direct Loan eligibility is limited to one 12-month period for student enrolled in preparatory coursework.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Direct Loan— Additional Unsubsidized Loan (cont'd)			<p>Independent students:</p> <ul style="list-style-type: none"> • \$6,000/year 1st and 2nd undergraduate year; and • \$7,000 each remaining undergraduate year. • Undergraduate annual limits prorated for programs or remaining periods of enrollment less than an academic year. • \$12,000/year graduate or professional students. • \$7,000/year for teacher certification. • \$6,000 for preparatory coursework necessary to enroll in undergraduate program.⁴ • \$7,000 for preparatory coursework necessary to enroll in graduate or professional degree program if already have baccalaureate.⁴ <p>Aggregate Loan Limits</p> <p>Dependent undergraduates whose parents can borrow PLUS: \$31,000 minus outstanding subsidized amounts.</p> <p>Dependent undergraduates whose parents cannot borrow PLUS and independent undergraduates: \$57,500 minus outstanding subsidized amounts.</p> <p>Independent graduate, professional, or post-baccalaureate students: Defined by the Department of Education.</p>		

*In addition to the General Student Eligibility Requirements.

⁴Direct Loan eligibility is limited to one 12-month period for student enrolled in preparatory coursework.

Program	Description	Application	Annual/Aggregate Amounts	Eligibility*	Repayment Required
Direct PLUS	Funds from federal government. 7.9% fixed interest rate.	FAFSA required annually. PLUS MPN obtained from school.	No annual or aggregate amounts, except parent or graduate/professional student may not borrow more than difference between cost of attendance and other financial assistance student expects to receive.	<ul style="list-style-type: none"> • Natural and adoptive parents (and stepparents if included on FAFSA) of eligible dependent undergraduates enrolled at least half time and graduate/professional students. • No adverse credit history. • Must not be in default on a federal loan. • Must be a U.S. citizen or eligible noncitizen. • May be used to replace EFC. 	Yes; first payment due within 60 days after loan fully disbursed. Deferment available.

*In addition to the General Student Eligibility Requirements.

Financial Aid Application Checklist

Use this checklist to plan what you need to do to apply for and receive financial aid. Due to limited resources, student aid is often awarded on a first-come, first-served basis. Many of these checklist items have deadline dates, so you should indicate the date by which you will need to complete each item. Check off each Action Item as you complete it. You can get help for many of these Action Items from each college's website, your guidance or college counselor, or your local reference librarian. Make copies and complete this checklist for each school to which you are planning to apply.

☑	Due Date (if any)	Application Processing Action Item for:
		_____ (School)
☐	_____	Request information and application forms from the school(s) to which you are planning to apply. Request information regarding any need-based and non-need-based institutional grants and scholarships. When you receive this information, note all required application materials and their deadlines below.
☐	_____	Request information, required application forms, and materials from your state regarding all state student aid programs for postsecondary education. When you receive this information, note all required application materials and their deadlines, many of which appear in the checklist below.
☐	_____	Investigate private sources of financial aid. Check with your school and local libraries, local businesses and civic organizations, and your parents' employer(s). Take advantage of <i>free</i> Internet scholarship search engines, such as: <ul style="list-style-type: none"> • FinAid on the Web – www.finaid.org • The College Board – http://apps.collegeboard.com/cbsearch_ss/welcome.jsp • FastWeb – www.fastweb.com
☐	_____	Check the following sources to verify the legitimacy of any financial aid consultants or search services you may use or hire and for tips on avoiding scholarship scams: <ul style="list-style-type: none"> • U.S. Department of Education: www.studentaid.ed.gov/students/publications/lsa/index.html • Federal Trade Commission: http://www.ftc.gov/scholarshipscams • Better Business Bureau: www.bbb.com
☐	_____	Obtain a Federal Student Aid Personal Identification Number (FSA PIN) for use throughout the federal aid process during and after college from the U.S. Department of Education's PIN website at www.pin.ed.gov .
☐	_____	File your Free Application for Federal Student Aid (FAFSA) as soon as possible on or after January 1, 2012. You may file the FAFSA electronically using FAFSA on the Web, which contains built-in edits to help prevent costly mistakes, at www.fafsa.gov . You may also file a PDF FAFSA, available at http://www.fafsa.ed.gov/options.htm or a paper FAFSA, obtained by calling the Federal Student Aid Information Center at 1-800-433-3243.

☑	Due Date (if any)	Application Processing Action Item
☐	_____	Complete and submit all institutional financial aid application materials before all deadlines.
☐	_____	Apply for state financial aid before the application deadline and promptly reply to any requests for additional information.
☐	_____	Promptly respond to any school requests for additional information or documentation, such as copies of federal tax returns, verification worksheets, or other forms.
☐	_____	Review your Student Aid Report (SAR), which is sent to you via e-mail or postal mail after you file the FAFSA, for accuracy. If necessary, correct inaccurate items on-line at www.fafsa.gov or on the paper SAR, if you receive one.
☐	_____	Read all application materials and financial aid notifications. Most financial aid funds have conditions for receipt and renewal, such as earning a certain grade point average (GPA) or being enrolled full time. <i>Details are important, so be sure to avoid costly mistakes!</i>
☐	_____	Promptly sign and return your financial aid award letter if your school requires your signed acceptance of the aid being offered. Some schools give students the option of accepting financial aid awards electronically. Contact the financial aid office if you have any questions about your award.
☐	_____	Notify the financial aid office if you have applied for assistance, but no longer wish to attend the school.
☐	_____	Complete the promissory note for any loan(s) you are offered and wish to accept. Before you sign the promissory note, make sure you read and understand all of your rights and responsibilities. The financial aid office may have you sign either an electronic or paper promissory note. If you do not want to use an electronic promissory note, ask the financial aid office for a paper one. Check with the financial aid office regarding any loan counseling you must complete before you may receive the loan proceeds.
☐	_____	If you have been awarded Federal Work-Study (FWS), find out how students are placed in FWS positions and what FWS positions are available, including descriptions of job responsibilities and wages.
☐	_____	Promptly notify the financial aid office of any outside or private scholarship, grant, or other types of student aid you have received or expect to receive.
☐	_____	Keep copies of all application materials in your records for future reference.

Application Form Tracking Worksheet

All these forms! Different schools may collect a variety of forms necessary to complete your aid application, sometimes making it a challenge to keep track of them all. Make copies of this worksheet and use them to track forms and correspondence for each school to which you are applying.

School _____

Street Address _____

City, State and Zip _____

Contact Person/Office _____

Phone/E-mail _____

	Name of Form/Correspondence	Date Due	Date Sent	Sent To (Person/Office)
Federal Aid				
State Aid				
School Aid				
Private Aid				

Cost of Attendance Comparison Worksheet

The actual cost of attendance (COA) is unique for each student at each school. While some expenses are fixed (like tuition and fees), others are influenced and controlled by the student's lifestyle (like housing and personal expenses). When considering the award package from a particular school, or in comparing packages from multiple schools, you can use this worksheet to compare your cost expectations to each school's estimated total COA. The goal of this comparison is to better decide if the resulting difference is realistically manageable given the resources available to your family and the aid being offered by each school. Copy this worksheet as needed.

School	1.		2.		3.	
	My Expectation	School's Estimate	My Expectation	School's Estimate	My Expectation	School's Estimate
Tuition and Fees	\$	\$	\$	\$	\$	\$
Room	\$	\$	\$	\$	\$	\$
Board	\$	\$	\$	\$	\$	\$
Books and Supplies	\$	\$	\$	\$	\$	\$
Computer Costs	\$	\$	\$	\$	\$	\$
Transportation	\$	\$	\$	\$	\$	\$
Personal:						
Clothing	\$	\$	\$	\$	\$	\$
Laundry	\$	\$	\$	\$	\$	\$
Medical	\$	\$	\$	\$	\$	\$
Entertainment	\$	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$	\$
Total COA	\$	\$	\$	\$	\$	\$
Difference between my expectation and school's estimate						

Financial Aid Glossary

Acceptance Form: The written acknowledgment by the student of receipt of an award letter. The form usually provides for acceptance of offered aid, possible declination of all or part of offered aid, and some means of requesting an appeal, if that is desired, to modify the award. Frequently, acceptance letters and award letters are combined into a single document. The form may be electronic.

Accruing Interest (on a loan): The cost of the loan, represented by the interest which is added to the loan amount prior to the repayment period or prior to a payment installment.

Adjusted Available Income: The portion of family income remaining after deducting federal, state, and local taxes, a living allowance, and other allowances used in Federal Methodology to calculate the expected family contribution (EFC).

Adjusted Gross Income (AGI): All taxable income as reported on a U.S. income tax return.

Advanced Placement (AP): Credit and/or advanced standing in certain course sequences that postsecondary institutions may offer to high school students who have taken high-level courses and passed certain examinations.

Army College Fund: A program that provides Army enlistees in certain job specialties with educational benefits to attend college. The money is combined with benefits from the Montgomery GI Bill. Participation requires a monthly contribution during the first year of military service.

Assets: Cash on hand in checking and savings accounts; trusts, stocks, bonds, other securities; real estate (excluding the home), income-producing property, business equipment, and business inventory. Assets are considered in calculating the EFC.

Associate's Degree: A degree given for successful completion of some courses of study at a two-year institution.

Award Letter: A method of notifying financial aid applicants of the assistance being offered by an institution. The award letter usually provides information on the types and amounts of aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award. It generally provides students with the opportunity to accept or decline the aid offered. (See Financial Aid Notification)

Bachelor's Degree: The degree given for successful completion of the undergraduate curriculum at a four-year college or a university. It is also called a baccalaureate degree.

BIA Grant: See Bureau of Indian Affairs Grant.

Budget: See Cost of Attendance.



Bureau of Indian Affairs (BIA) Grant: A federal grant program administered by the Bureau of Indian Education for needy students who are members of an Indian, Eskimo, or Aleut tribe and enrolled in accredited institutions in pursuit of an undergraduate or a graduate degree.

Business Assets: Property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery and other equipment, patents, franchise rights, and copyrights. Business assets are considered in the calculation of the EFC under the regular formula.

Campus-Based Programs: The term commonly applied to those federal student aid programs administered directly by institutions of postsecondary education. Campus-based programs include: Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS).

Capitalization (of interest): The arrangement between borrower and lender whereby interest payments are deferred as they come due and are added to the principal amount of the loan.

Central Processing System (CPS): The computer system to which the student's need analysis data is electronically transmitted by the Free Application for Federal Student Aid (FAFSA) processor. The Central Processing System performs database matches, calculates the student's official EFC, and generates the Student Aid Report (SAR).

Certificate: The formal acknowledgment of successful completion of a particular program or course of study, particularly at a vocational school, trade school, or junior college.

CLEP: See College-Level Examination Program.

COA: See Cost of Attendance.

College-Level Examination Program (CLEP): A series of examinations demonstrating a student's proficiency in a subject area, for which some postsecondary institutions offer credit.

Commuter Student: A student who does not live on campus; typically, "commuter" refers to a student living at home with his or her parents, but can also mean any student who lives off campus.

Consolidation Loan: A loan made to enable a borrower with different types of loans or multiple loans to obtain a single loan with one interest rate and one repayment schedule. Federal Perkins Loans, Direct Subsidized and Direct Unsubsidized Loans, Health Education Assistance Loans (HEAL), Health Professions Student Loans (HPSL), and Loans for Disadvantaged Students may be combined for purposes of consolidation, subject to certain eligibility requirements. A consolidation loan pays off the existing loans; the borrower then repays the consolidated loan.

Cooperative Education: A program through which a college student alternates periods of classroom instruction with periods of related employment.



Cost of Attendance (COA): Generally, this includes the tuition and fees normally assessed a student, together with the institution's estimate of the cost of room and board, transportation and commuting costs, books and supplies, the cost of a computer, and miscellaneous personal expenses. In addition, student loan fees, dependent care, reasonable costs for a study abroad or cooperative education program, and/or costs related to a disability may be included, when appropriate. It is also referred to as "cost of education" or "budget."

CPS: See Central Processing System.

Credit (or Credit Hour): The unit of measurement some institutions give for fulfilling course requirements.

Custodial Parent: The parent with whom a dependent student lives, and whose financial information is used in need analysis when parents are divorced or separated.

Deferment (of loan): A condition during which payments of principal are not required, and for Federal Perkins Loans and Direct Subsidized Loans, interest does not accrue. The repayment period is extended by the length of the deferment period.

Department of Education, U.S. (ED): The federal government agency that administers assistance to students enrolled in postsecondary educational programs under the following programs: Federal Pell Grant, Iraq and Afghanistan Service Grant (IASG); Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and William D. Ford Federal Direct Loan (Direct Loan) Program.

Departmental Scholarship: An award of gift assistance that is specifically designated for a recipient in a particular academic department within the institution.

Dependent Student: A student who does not qualify as an independent student and whose parental income and asset information is used in calculating the EFC (see Independent Student).

Direct PLUS Loan: Long-term loans made available to parents of dependent students and graduate/professional students. Interest rates are fixed at 7.9 %. May be used to replace EFC; amount borrowed is limited to the cost of attendance minus estimated financial assistance.

Direct Subsidized and Direct Unsubsidized Loans: Long term, low-interest loans administered by the Department of Education and institutions. Loans carry a fixed interest rate. Direct Unsubsidized Loans can be used to replace EFC.

Educational Benefits: Funds, primarily federal, awarded to certain categories of students (veterans, children of deceased veterans or other deceased wage earners, and students with physical disabilities) to help finance their postsecondary education regardless of their ability to demonstrate need in the traditional sense.

Educational Expenses: See Budget and Cost of Attendance.

EFC: See Expected Family Contribution.

Employment: With reference to financial aid, the opportunity for students to earn money to help pay for their education. FWS is one program by which needy students can work to help pay their educational expenses.

Employment Allowance: An allowance to meet expenses related to employment when both parents (or a married independent student and spouse) are employed or when one parent (or independent student) qualifies as a surviving spouse or as head of a household. It is used in the need analysis formula for parents and student, if eligible.

Estimated Financial Assistance (EFA): The total assistance that a student is receiving to offset the cost of a postsecondary education, including scholarships, Title IV aid, need-based work assistance, and private loans, that is subtracted from a student's need when determining eligibility for campus-based aid, Direct Subsidized and Unsubsidized Loans, and PLUS.

Expected Family Contribution (EFC): The amount a student and his or her family is expected to contribute toward the student's cost of attendance as calculated by a Congressionally-mandated formula known as Federal Methodology. The EFC is used to determine a student's eligibility for the student financial assistance programs.

FAFSA: See Free Application for Federal Student Aid.

FAFSA4Caster: Allows students and families to input financial information and receive an estimate of their federal aid eligibility before filing the FAFSA.

FAFSA on the Web (FOTW): Allows students to complete and file a FAFSA on-line at www.fafsa.gov.

Federal Direct Student Loan (Direct Loan) Program: The collective name for the Direct Subsidized, Direct Unsubsidized, Direct PLUS, and Direct Consolidation Loan Programs. Loan funds for these programs are provided by the federal government to students and parents through postsecondary institutions.

Federal Methodology (FM): A standardized method for determining a student's (and family's) ability to pay for postsecondary education expenses. The single formula for determining an EFC for Federal Pell Grants, campus-based programs, and Direct Loan programs; the formula is defined by law.

Federal Pell Grant: A federal grant program for needy postsecondary students who have not yet received a baccalaureate or first professional degree; administered by the U.S. Department of Education.

Federal Perkins Loan: One of the campus-based programs; a long term, low interest loan program for both undergraduate and graduate students at a current interest rate of 5%. At one time it was known as the Carl D. Perkins National Direct Student Loan Program (NDSL).



Federal Supplemental Educational Opportunity Grant (FSEOG): One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree and who are financially in need of this grant to enable them to pursue their education. Priority for FSEOG awards must be given to Federal Pell Grant recipients with the lowest EFCs.

Federal Work-Study (FWS) Program: One of the campus-based programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of earnings to meet a portion of their educational expenses.

Financial Aid: General term that describes any source of student assistance outside of the student or the student's family. Funds awarded to a student to help meet postsecondary educational expenses. These funds are generally awarded on the basis of financial need and include scholarships, grants, loans, and employment.

Financial Aid Administrator: An individual who is responsible for preparing and communicating information pertaining to student loans, grants or scholarships, and employment programs, and for advising, awarding, reporting, counseling, and supervising office functions related to student financial aid. A financial aid administrator is accountable to the various federal, state, and institutional entities that provide aid and interprets and implements federal, state, and institutional policies and regulations, and is capable of analyzing student and employee needs and making changes where necessary.

Financial Aid Award: An offer of financial or in-kind assistance to a student attending a postsecondary educational institution. This award may be in the form of one or more of the following types of financial aid: repayable loan, a non-repayable grant and/or scholarship, and/or student employment.

Financial Aid Consultant: A person who, for a fee, provides a variety of services to students and parents, including preparing the FAFSA and other financial aid forms, estimating the EFC, and estimating financial need.

Financial Aid Notification: The letter from a postsecondary institution that lets the student know whether or not aid has been awarded. If the student will be receiving assistance, the notification also describes the financial aid package. State agencies and private organizations may send students financial aid notifications separately from the postsecondary institution. Also see Award Letter.

Financial Aid Package: A financial aid award to a student that can be comprised of a combination of forms of financial aid (loans, grants and/or scholarships, and employment).

Financial Need: The difference between the institution's cost of attendance and the family's ability to pay (i.e., EFC). Ability to pay is represented by the EFC for federal need-based aid and for many state and institutional programs.

Financial Need Equation: Cost of attendance minus expected family contribution equals financial need (COA - EFC = Need).



FM: See Federal Methodology.

Forbearance: Permits the temporary cessation of repayments of loans, allowing an extension of time for making loan payments, or accepting smaller loan payments than were previously scheduled.

Free Application for Federal Student Aid (FAFSA): The financial aid application completed by the student, and the student's parents if applicable, that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.

FSEOG: See Federal Supplemental Educational Opportunity Grant.

Gift Aid: Educational funds such as grants or scholarships that do not require repayment from present or future earnings. See Grant.

Grace Period: The period of time that begins when a loan recipient ceases to be enrolled at least half time and ends when the repayment period starts. Loan principal need not be paid and, depending on the loan, interest does not accrue during this period.

Grant: A type of financial aid that does not have to be repaid; usually awarded on the basis of need, possibly combined with some skills or characteristics the student possesses. Also see Gift Aid.

Health and Human Services, U.S. Department of (HHS): The federal government agency that provides assistance to future health care practitioners. The Nursing Student Loan, Health Profession Student Loan, and Scholarships for Disadvantaged Students are among some of the aid programs administered by HHS.

Health Professions Programs: Federal student assistance programs administered by the U.S. Department of Health and Human Services for students preparing for careers in the health sciences.

HHS: See Health and Human Services, U.S. Department of.

Income: Amount of money received from any or all of the following: wages, interest, dividends, sales or rental of property or services, business or farm profits, and subsistence allowances such as taxable Social Security benefits and child support.

Income Protection Allowance (IPA): An allowance against income for the basic costs of maintaining family members in the home. The allowance is based upon consumption and other cost estimates of the Bureau of Labor Statistics for a family at the low standard of living.

Independent Student: A student who:

- (a) will be 24 years of age by December 31 of the award year;
- (b) is an orphan or a ward of the court;



- (c) is an orphan, in foster care, or a ward of the court, at any time when the student was 13 years of age or older;
- (d) is an emancipated minor or is in legal guardianship as determined by a court in the student's state of legal residence;
- (e) is an unaccompanied youth who is homeless or who is at risk of homelessness and is self-supporting, as documented during the school year;
- (f) is a veteran;
- (g) is serving on active duty in the U.S. Armed Forces for purposes other than training;
- (h) is married;
- (i) is a graduate or professional student;
- (j) has legal dependents other than a spouse;
- (k) has dependent children; or
- (l) presents documentation of other unusual circumstances demonstrating independence to the financial aid administrator.

Investment Plans: Coverdell Educational Savings Accounts and or state 529 plans are examples of educational investment plans that can be used to assist with higher education expenses, usually sponsored by commercial banking institutions.

Iraq and Afghanistan Service Grant (IASG): A non-need-based federal grant program for students whose parent or guardian died as the result of military service in Iraq or Afghanistan after September 11, 2001. If a student is eligible for a Federal Pell Grant, he or she cannot receive an IASG.

Legal Dependent (of Applicant): A biological or adopted child, or a person for whom the applicant has been appointed legal guardian, and for whom the applicant provides more than half support. In addition, a legal dependent is a person who lives with and receives at least half support from the applicant and will continue to receive that support during the award year. For purposes of determining dependency status, a spouse is not considered a legal dependent.

Loan: An advance of funds evidenced by a promissory note and requiring the recipient to repay the specified amount(s) under prescribed conditions.

Loan Repayment Program: A special program available to qualified students who have attended college on federally-funded student loans and for whom loans are repaid based upon employment in a particular field or with a participating federal agency, including the Army, Navy, and Air Force.

Master Promissory Note (MPN): A promissory note for the Federal Perkins Loan and Direct Loan programs that allows borrowers to apply for multiple loans during a student's attendance at a postsecondary institution.

Means-Tested Federal Benefit Program: A federal benefit program for which the applicant must demonstrate financial need.



Merit-based Aid: Financial aid awarded because of a student's achievement or talent in a particular area, such as academics, athletics, music, etc.

Methodology: Refers to the system used to calculate the expected family contribution, see Federal Methodology.

Military Scholarships: Reserve Officer Training Corps (ROTC) scholarships available for the Army, Navy, and Air Force at many colleges and universities throughout the United States. These scholarships cover tuition and fees, books and supplies, and include a subsistence allowance.

National Health Service Corps Scholarship (NHSC): Scholarship program for students who pursue full-time courses of study in certain health professions disciplines, and are willing to serve as primary care practitioners in underserved areas after completing their education.

National and Community Service: A program established through the National and Community Service Trust Act of 1993 designed to reward individuals who provide community service with educational benefits and/or loan forgiveness or cancellation.

Need: See Financial Need.

Need Analysis: A system by which an applicant's ability to pay for educational expenses is evaluated and calculated. Need analysis consists of two primary components: (a) determination of an estimate of the applicant's and/or family's ability to contribute to educational expenses; and (b) determination of an accurate estimate of the educational expenses themselves.

Need Analysis Formula: Defines the data elements used to calculate the EFC; there are two distinct formulas: regular and simplified. The formula determines the EFC under the Federal Methodology.

Need-based Aid: Student assistance awarded because a student's financial circumstances would not permit him or her to afford the cost of a postsecondary education.

Non-Need-based Aid: Aid based on criteria other than need, such as academic, musical, or athletic ability. Also, refers to federal student aid programs where the EFC is not part of the need equation.

Packaging: The process of combining various types of student aid (grants, loans, scholarships, and employment) to attempt to meet the full amount of a student's need.

Parent Contribution: A quantitative estimate of the parents' ability to contribute to the postsecondary educational expenses of a dependent student.

PDF FAFSA: A version of the FAFSA viewed using Adobe Acrobat which may be completed and filed like a paper FAFSA.

PLUS: See Direct PLUS Loan.

Principal (of a loan): The amount of money borrowed through a loan; does not include interest or other charges, unless they are capitalized.

Professional Judgment (PJ): The financial aid administrator's discretion, based on the special circumstances of the student, to change the data elements used in determining eligibility for federal student aid or adjust a student's costs.

Promissory Note: The legal document which binds a borrower to the repayment obligations and other terms and conditions which govern a loan program.

Repayment Schedule: A plan that is provided to the borrower at the time he or she ceases at least half-time enrollment. The plan sets forth the principal and interest due on each installment and the number of payments required to pay the loan in full. Additionally, it includes the interest rate, the due date of the first payment, and the frequency of payments.

Reserve Officers Training Corps Scholarship Program: See ROTC Scholarship Program.

ROTC Scholarship Program: Competitive scholarship that pays for tuition, fees, books, and a monthly living stipend and other benefits in exchange for participating in drills and classes during the academic year, military camp during the summer, and, upon graduation, full-time active duty in the military for at least four years.

SAR: See Student Aid Report.

SAR Acknowledgment: A non-correctable one-page Student Aid Report. Students who file a FAFSA on the Web (FOTW) or submit on-line corrections without providing a valid e-mail address receive this acknowledgment.

Scholarship: A form of financial assistance that does not require repayment or employment and is usually made to students who demonstrate or show potential for distinction, usually in academic performance.

Scholarship Search Services: Organizations that may help students find little-known and unused financial aid funds. Families who are interested in using such a service should carefully investigate the company first.

Service Academy: The five postsecondary institutions administered by branches of the military [U.S. Military Academy, U.S. Air Force Academy, U.S. Naval Academy, U.S. Coast Guard Academy, and U.S. Merchant Marine Academy].

Simplified Needs Test (SNT): An alternate method of calculating the EFC for families with incomes of less than \$50,000, and who meet one of the following conditions: filed, or are eligible to file, an IRS Form 1040A or 1040EZ, are not required to file an income tax return, who have a household member who received benefits through a federal means-tested benefit program, or is a dislocated worker. The SNT excludes all assets from consideration in the calculation of the EFC.

Student Aid Report (SAR): The official notification sent to a student as a result of the CPS receiving an applicant record (FAFSA) for a student. The SAR summarizes applicant information, provides the EFC for a student, and displays other special messages related to the student's application. In some instances the SAR may need to be submitted to the financial aid office at the school the student plans to attend, but only if the school requests it. Depending on how the student submits the FAFSA, the SAR is either a paper or electronic document.

Student Contribution: A quantitative estimate of the student's ability to contribute to postsecondary expenses for a given year.

Subsidy: The money the federal government uses to help underwrite student aid programs.

Taxable Income: Income earned from wages, salaries, and tips, as well as interest income, dividend income, business or farm profits, and rental or property income.

Teacher Education Assistance for College and Higher Education (TEACH) Grants: A federal grant awarded to undergraduate and graduate students who want to pursue a teaching career in a high-need field and who agree to teach in a school serving low-income students (Title I schools) after graduating. If a recipient does not fulfill the service requirement, funds convert into a Direct Unsubsidized Loan.

Title IV Programs: Those federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Includes the: Federal Pell Grant, Iraq and Afghanistan Service Grant (IASG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, Federal Perkins Loan, Direct Loan, and Direct PLUS.

Tuition Payment Plans: A strategy by which payment for present costs of postsecondary education is extended into a future period of time.

Unmet Need: The difference between a student's total cost of attendance at a specific institution and the student's total available resources.

Untaxed Income: All income received that is not reported to the Internal Revenue Service (IRS) or is reported but excluded from taxation. Such income would include but not be limited to untaxed capital gains, interest on tax-free bonds, dividend exclusion, and military and other subsistence and living allowances.

Veterans Educational Benefits: Assistance programs for eligible veterans and/or their dependents for education or training.

Vocational Rehabilitation: Programs administered by state departments of vocational rehabilitation services to assist individuals who have a physical or mental disability which is a substantial handicap to employment.



Abbreviations Commonly Used in Financial Aid Administration

ACT: American College Testing Program

AGI: Adjusted Gross Income

BA: Baccalaureate Degree

BIA: Bureau of Indian Affairs

CLEP: College-Level Examination Program

COA: Cost of Attendance

CPS: Central Processing System

ED: Department of Education

EFC: Expected Family Contribution (also FC, Family Contribution)

FAFSA: Free Application for Federal Student Aid

FM: Federal Methodology

FOTW: FAFSA on the Web

FSEOG: Federal Supplemental Educational Opportunity Grant

FWS: Federal Work-Study

GPA: Grade Point Average

HHS: Department of Health and Human Services

IPA: Income Protection Allowance

IRS: Internal Revenue Service

PC: Parental Contribution

ROTC: Reserve Officer Training Corps

SAR: Student Aid Report

SAT: Scholastic Aptitude Test

SC: Student Contribution

Sample Scholarship Inquiry Letter

This letter provides a sample format for inquiring about private student aid funds. Of course, you must first identify foundations and organizations which offer such assistance well in advance of any application deadlines. You can get help finding the names and addresses of private aid sources by conducting a scholarship search on the Internet or from a reference librarian in your public library or local school. Once you have obtained contact information you will need to customize this letter to reflect your own background and needs by replacing the bracketed bold text below.

[Your Street Address]
[Your City, State and Zip]
[Date]

[Ms. Susan B. A. Dollar]
[Director of Big Money Awards]
[Lots of Money Organization]
[P.O. Box 9999]
[Moneytown, USA 99999-9999]

Dear Ms. Dollar:

I am writing to inquire about any student financial assistance that the **[Lots of Money Organization]** may offer to college-bound students.

[Enter a concise paragraph about your background and goals. Try to show how you meet the requirements of the organization's financial assistance program(s). If this is a letter to find out if the organization offers aid, write a short paragraph about how your background and ambitions coincide with the mission of the organization and might qualify you for assistance that may be offered.]

I would greatly appreciate information about any student financial assistance available through your organization, including how I may apply for this assistance. Information about application forms and deadlines for the **[20XX-XX]** academic year would also be appreciated. If you require any further information, please do not hesitate to contact me by phone at **[your area code and phone number]** or via e-mail at **[your e-mail address]**.

Thank you for your consideration. I look forward to hearing from you soon.

Sincerely,

[Your Name]

Financial Aid Consultants and Scholarship Search Services Fact Sheet

As the financial aid process has become more complex, there has been a significant increase in the number of individuals offering professional financial aid services to students and their families. Most popular among these are financial aid consultants and scholarship search companies. Some families sing the praises of certain consultants and scholarship search companies. However, the industry also includes “bad apples” who charge very high fees and who do little more than provide information that is readily available for free. As a wise consumer, you should exercise caution to avoid being taken advantage of and to be sure you fully understand the services that are offered. The following information should help.

Financial Aid Consultants

Financial aid consultants usually charge a fee for a variety of services including:

- Preparing the Free Application for Federal Student Aid (FAFSA) and other financial aid forms;
- Estimating your resources;
- Estimating your expected family contribution (EFC);
- Estimating your financial need; and
- Describing the types of federal, state, local, institutional, and private aid programs that are available.

Before you pay a lot of money for the services of a financial aid consultant, keep the following in mind:

- ***Financial aid administrators and others perform these same services FREE of charge!***
 - Contact the financial aid office at a local college or university or the reference librarian at the public library for information or assistance. Even if you are planning to attend another school, the staff in any financial aid office or a reference librarian should be able to provide you with the same information and assistance that a consultant would provide. College websites, publications, and catalogs are also good sources of information.
- The Internet is an excellent method of obtaining free student financial assistance information. In particular, the U.S. Department of Education’s website provides aid information at <http://studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp>.
- You may complete the FAFSA free of charge on the U.S. Department of Education’s FAFSA on the Web site at www.fafsa.gov.
 - If a consultant is preparing a paper FAFSA on your behalf, always review and sign the FAFSA after it has been prepared and mail it yourself by the required deadline.
 - The consultant’s fee should be refundable if he or she completes the FAFSA incorrectly.
- As with all important documents, always keep copies of the FAFSA and other applications, forms, and correspondence for your files, even if someone has assisted in their preparation.

- Never agree to a fee based on the percentage of aid you receive.
- A financial aid consultant cannot guarantee you financial aid.
- Before hiring a consultant, request a list of references.
- Never sign a blank form.
- A consultant may charge you for a list of scholarships and grants copied directly from a school's website or publications—information you could easily obtain for free.
 - Certain scholarships and grants awarded by schools and outside organizations are discretionary funds that may or may not be awarded again in subsequent years, even to prior recipients.
- Check the legitimacy of a financial aid consultant or scholarship search organization on these websites:
 - U.S. Department of Education: www.studentaid.ed.gov/students/publications/lsa/index.html;
 - Federal Trade Commission: <http://www.ftc.gov/bcp/menus/consumer/education/scholarships.shtm>; and
 - Better Business Bureau: www.bbb.com.

Scholarship Search Services

Many search services charge a fee to find sources of student financial aid. Some of these services have been in existence for some time, others are relatively new. Search services need to be used with care and only after a thorough investigation of the services they render. The value of the information provided varies widely.

A guarantee that the service will find at least a certain number of aid sources, for instance, might simply mean that the service will tell you that you can apply for the federal student aid programs. There is no need to pay a search service to identify these programs, because information on all of the federal student aid programs is readily available free of charge in any financial aid office or on the U.S. Department of Education's website at <http://studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp>.

A little time and effort on your part browsing the Internet, or visiting your school's website, financial aid office, college counseling office, guidance counselor's office, or the reference section of a library will probably unearth any sources of assistance a search service could identify.

Also, several companies have also made scholarship search engines available on the Internet to students for free. These include, but are not limited to:

- FinAid on the Web - www.finaid.org;
- The College Board - http://apps.collegeboard.com/cbsearch_ss/welcome.jsp; and
- FastWeb - www.fastweb.com.



A Message from the Federal Trade Commission

Many companies advertise through flyers, campus newspapers, direct mail, and websites that they can get students access to millions of dollars in unclaimed grants and scholarships. The Federal Trade Commission (FTC) encourages you to be well-informed about these companies and provides these tips:

1. *Determine whether the company is actually offering a scholarship or is simply a scholarship search service. If the company claims to actually award a scholarship, be aware that most scholarship sponsors do not charge up-front fees to apply for funding, and no legitimate scholarship sponsor can guarantee that you will win an award.*
2. *Understand that scholarship search services do not award scholarships. These companies charge a fee to compare your profile with a database of scholarship opportunities and provide a list of awards for which you may qualify. They do not provide awards directly to applicants, nor do they help students apply for the awards. Some will list scholarships even if the application deadlines are past.*
3. *Don't give out credit card or bank account information on the phone or over the Internet without getting information in writing first. It may be a set-up for an unauthorized charge or withdrawal.*
4. *Don't forget the age-old rule: If it sounds too good to be true, it probably is!*

Reporting Scholarship Scams and Suspected Financial Aid Fraud

If you feel that you have become a victim of a scholarship scam or financial aid fraud, please report it immediately.

- U.S. Department of Education's Office of Inspector General (OIG): The OIG may be contacted by calling its hotline at 1-800-MIS-USED (1-800-647-8733), e-mailing oig.hotline@ed.gov, or by completing a complaint form available at <http://www.ed.gov/about/offices/list/oig/hotline.html>. Special agents in the OIG investigate fraud involving federal financial aid dollars.
- Federal Trade Commission (FTC): The FTC has an on-line complaint form at www.ftc.gov/scholarshipscams and a hotline at 1-877-FTC-HELP (1-877-382-4357; teletype for the hearing impaired: 1-866-653-4261). The FTC will investigate based on the number of complaints received.

