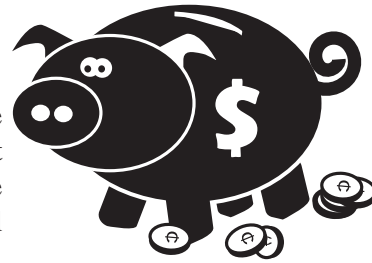


# Additional Sources of Financial Aid

Federal financial assistance is also available to help you pay for college. In fact, approximately two-thirds of all student financial aid comes from federal programs administered by the U.S. Department of Education. The programs are outlined in detail in the U.S. Department of Education, Federal Student Aid, Students Channel, *Funding Education Beyond High School: The Guide to Federal Student Aid*, Washington, D.C. 2006.

## FEDERAL STUDENT AID

Federal student aid is financial assistance through the U.S. Department of Education that is available if you are enrolled in an eligible program as a regular student at a school participating in federal student aid programs.



Federal Student Aid assists more than 10 million students each year with grants, low-interest loans and work-study programs.

### The U.S. Department of Education has the following Major Student Financial Assistance Programs

- \$ Federal Pell Grant
- \$ Federal Supplemental Educational Opportunity Grant (FSEOG)
- \$ Federal Work-Study
- \$ Federal Perkins Loan
- \$ Stafford Loans
- \$ Federal PLUS Loan
- \$ Consolidation Loan

*Note: Not all schools participate in the Student Financial Assistance programs. Also, not all schools take part in all the programs. To find out which programs (if any) are available at a particular school, contact the financial aid office at that school.*

***Who gets federal student aid?***

Eligibility for federal student aid programs is based on financial need and several other factors. Your eligibility is determined by the information you provide on the Free Application for Student Aid (FAFSA).

**Basic eligibility requirements:**

- Demonstrate financial need (except for certain loans).
- Be a U.S. citizen or eligible non-citizen with a valid Social Security number.
- Be working toward a degree or certificate in an eligible program.
- Show, by one of the following means, that you are qualified to obtain a postsecondary education:
  - Have a high school diploma or a General Education Development (GED) Certificate.
  - Pass an approved ability-to-benefit (ATB) test (if you don't have a diploma or GED, a school can administer a test to determine whether you can benefit from the education offered at that school).
  - Meet other state standards
  - Complete a high school education in a home school setting approved under state law.
- Register with the Selective Service, if required.
- Maintain satisfactory academic progress once in school.
- Certify that you will use federal student aid only for educational purposes and that you are not in default on a federal student loan.

**FINANCIAL NEED AND EXPECTED FAMILY CONTRIBUTION**

The Expected Family Contribution (EFC) is a measure of your family's financial strength and indicates how much of your and your family's financial resources (for dependent students) should be available to help pay for your education. EFC is calculated from the information you report on the FAFSA.

Your EFC is used in the following equation to determine your financial need:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{Expected Family Contribution} \\ \hline = \text{Financial Need} \end{array}$$

The EFC formula is established by law. Your family's income (taxable and untaxed), assets and benefits (for example, unemployment or Social Security) are all considered in determining your EFC. Your family size and the number of family members who will be attending a college or career school are also considered.

Your financial aid administrator calculates the cost of attendance and subtracts the amount you and your family are expected to contribute toward that cost. If there is anything left over, you are considered to have financial need. In determining your need for aid from the Student Financial Assistance programs, your financial aid administrator must first consider other aid you are expected to receive.

Your EFC will appear on the Student Aid Report (SAR) you receive after you file your Free Application for Federal Student Aid (FAFSA).

### ***How Much Aid Can I Get?***

Because the EFC formula must be applied to each family's financial information, the Department of Education cannot tell you whether you will be eligible for federal student aid or estimate how much aid you might get. You must apply for financial aid to find out what you qualify to receive.

The financial aid administrator at each school that offers you admission puts together a financial aid package that comes as close as possible to meeting your financial aid needs. However, because most federal student aid funds are limited, the total amount awarded to you might fall short of the amount for which you're eligible. Each school you apply to will send you a notice of the types and amounts of aid you are eligible to receive.

If you are eligible for financial aid, the financial aid office at each school will send you an award letter outlining the amount and type of student financial aid available from all sources.

## **There Are Three Types Of Federal Student Aid**

- Grants—financial aid that does not have to be repaid (unless, for example, you withdraw from school and owe a refund).
- Work-Study—allows you to earn money for your education.
- Loans—allow you to borrow money for school. You must repay your loans, with interest.



### **GRANTS**

There are two types of federal student aid grants:

- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants (FSEOG).

### **Federal Grants**

- **Are awarded based solely on financial aid**
- **Unlike loans, grants do not have to be repaid unless you are awarded funds incorrectly or you withdraw from school.**
- **The amount you receive depends on your financial need, cost of attendance and enrollment status (full-time or part-time).**

#### *What is a Federal Pell Grant?*

- Pell Grants are the foundation of federal student financial aid, to which aid from other federal and nonfederal sources might be added.
- Pell Grants are generally awarded only to undergraduate students—those who have not earned a bachelor’s or graduate degree.

#### *What is a Federal Supplemental Educational Opportunity Grant (FSEOG)?*

- FSEOGs are awarded to undergraduate students with exceptional financial need—those with the lowest Expected Family Contribution (EFC) numbers.

### **WORK-STUDY**

The Federal Work Study Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to your course of study.

### **Federal Work-Study**

- **Provides part-time employment while you are enrolled in school.**
- **Helps pay your educational expenses.**
- **Is available to undergraduate and graduate students.**
- **Is administered by schools participating in the Federal Work-Study Program.**
- **Encourages community service work and work related to your course of study, whenever possible.**

## LOANS

Student loans, unlike grants and work-study, are borrowed money that *must* be repaid, with interest, just like car loans and mortgages. You *cannot* have these loans canceled because you did not like the education you received, did not get a job in your field of study or because you are having financial difficulty. Loans are legal obligations, so before you take out a student loan, think about the amount you will have to repay over the years.

### Types of Loans:

#### *Federal Perkins Loans are:*

- Made through participating schools to undergraduate, graduate and professional students.
- Offered by participating schools to students who demonstrate the greatest financial need (Federal Pell Grant recipients get top priority).
- Made to students enrolled full-time or part-time.
- Repaid by you to your school.

*Direct Stafford Loans and Federal Family Education Loan (FFEL) Stafford Loans* are student loans that must be repaid and are available to both undergraduate and graduate students. If your school participates in the William D. Ford Federal Direct Student Loan (Direct Loan) Program, the federal government provides the funds for your Direct Stafford Loan through your school. If your school participates in the FFEL Program, a private lender provides the funds for your FFEL Stafford Loan.

If you qualify (based on need) for a subsidized Stafford Loan, the government will pay the interest on your loan until the date your repayment is scheduled to begin and during any deferment periods. You are responsible for paying all of the interest that accrues on an unsubsidized Stafford Loan.

#### **Direct and FFEL Stafford Loans**

- subsidized – financial need – not responsible for interest
- unsubsidized – not financially based – responsible for interest
- Can have both during the same enrollment period.

## *Additional Sources of Financial Aid*

**PLUS Loans** are loans parents can obtain for their dependent undergraduate children. To be eligible to receive a PLUS Loan, your parents generally will be required to pass a credit check. Your parents must also meet some general requirements. For example, your parents must meet citizenship requirements and may not be in default or owe a refund to any student financial assistance program.

**Consolidation Loans** (Direct or FFEL) allow you (or your parents, if they have a PLUS Loan) to combine several types of federal student loans into one loan with one monthly payment.

For more information, you can go to [www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov).

## **OTHER RESOURCES FOR FEDERAL OR NONFEDERAL STUDENT AID**

### ***Financial aid administrator***

Talk to the financial aid administrator or the financial aid staff at each school of interest to find out about the school's financial aid programs and the total cost of attending that school.

### ***State Higher Education Agency***

Your state agency can give you important information about state aid—including aid from the Leveraging Educational Assistance Partnership (LEAP) Program, funded jointly by states and the U.S. Department of Education.

### ***AmeriCorps***

This program provides full-time educational awards in return for community service work. You can work before, during or after your postsecondary education, and you can use the funds either to pay current educational expenses or to repay federal student loans. For more information, contact: Corporation for National Service, 1201 New York Avenue, NW, Washington, DC 20525, 1-800-942-2677, TTY Number: 1-800-833-3722, [www.americorps.org](http://www.americorps.org).

### ***Robert C. Byrd Honors Scholarship Program (Byrd Program)***

To receive this scholarship, you must demonstrate outstanding academic achievement and show promise of continued academic excellence. For more information, call toll-free **1-800-4-FED-AID (1-800-433-3243)** or visit [www.ed.gov/programs/iduesbyrd/index.html](http://www.ed.gov/programs/iduesbyrd/index.html).



## APPLYING

### *What is a PIN and what is it used for?*

Your Personal Identification Number (PIN) is an electronic access code number that serves as your personal identifier.

When you submit your FAFSA, (either online or paper), if certain personal data such as your Social Security number and date of birth match Social Security Administration records, a PIN will be sent to you automatically. By getting a PIN early, you will speed up the application process.

### How Do I Apply?

- Apply for your PIN.
- Complete your FAFSA.
- Receive your SAR.



**Completing The FAFSA.** You may submit a Free Application for Federal Student Aid (FAFSA) through the Internet by using the FAFSA website [www.fafsa.ed.gov](http://www.fafsa.ed.gov); by having your school submit your application electronically; or by mailing a paper FAFSA.

You can get a paper FAFSA—in English or Spanish—from:

- Your local library,
- High school,
- College or career school you plan to attend, or
- Our Federal Student Aid Information Center by calling 1-800-4-FED-AID (1-800-433-3243).

**Note:** You must reapply for federal aid every year. Also, if you change schools, your aid does not go with you. Check with your new school to find out what steps you must take to continue receiving aid.

- **Read the FAFSA instructions very carefully. Pay close attention to questions on income because most errors occur in that area.**
- **You cannot receive federal student aid unless all your information is complete and accurate.**
- **You need to apply only once each school year.**

*When do I apply?*

Apply between January 1 and July 2. To determine your eligibility for federal student financial assistance, you need to complete the FAFSA. Although you might have to complete an additional application in order to be considered for financial aid from your state or the school you are interested in attending, most states and schools use FAFSA information to award nonfederal student aid.

*Dependency Status*

When you apply for federal student aid, your answers to certain questions will determine whether you are considered dependent on your parents or independent. If you are considered dependent on your parents, you must report their income and assets as well as your own. Federal student aid programs are based on the concept that a dependent student's parents have the primary responsibility for paying for their child's education.

If you are independent, you must report only your own income and assets (and those of your spouse, if you are married). Not living with your parents does not automatically classify you as independent. For the 2006-2007 academic year, you are an independent student if at least one of the following applies:

- you were born before January 1, 1983
- you are married
- you have children who receive more than half their support from you
- you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you and will continue to do so through June 30, 2007
- both parents are deceased or you are/were a ward/dependent of the court until age 18
- you are a veteran of the U.S. Armed Forces ("veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable).

## *Additional Sources of Financial Aid*

If you claim to be an independent student, your school may ask you to submit proof before you can receive any federal student aid. If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk to your financial aid administrator, who can change your status if your circumstances warrant. The review is not automatic. You must request it and provide supporting documentation. The decision to classify you as an independent is based on the judgment of the financial aid administrator, and is final; you cannot appeal it to the U.S. Department of Education.

### ***What if I need help filling out my FAFSA application?***

- Free assistance is built into the program if you apply online using *FAFSA on the WEB* at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). You can also get free live help online at the website.
- Free help is also available online at [www.studentaid.ed.gov/completefafsa](http://www.studentaid.ed.gov/completefafsa).
- Contact the Federal Student Aid Information Center 1-800-4-FED-AID (1-800-433-3243) for assistance with any questions you have on either the paper or electronic FAFSA.
- Contact your high school guidance counselor or your college financial aid office.

### ***What happens after I apply?***

After your completed application is received by the processing system, you will be sent a Student Aid Report (SAR).

### ***What's A SAR And Why Is It Important?***

Your Student Aid Report (SAR) shows all the information you gave on your FAFSA. Your SAR will usually contain your Expected Family Contribution (EFC), the number used in determining your eligibility for federal student aid.

### ***What do I do with my SAR?***

Review it carefully to make sure it is correct and complete. Changes must be made using FAFSA on the web. You cannot make changes over the phone. If it is correct and it contains your EFC, contact the school(s) you are interested in attending. The school(s) you have selected to receive your SAR will use this information to determine if you are eligible for federal—and possibly nonfederal—student financial aid funds.

## **INFORMATION FOR THE BORROWER**

If you are a federal student loan recipient, there are two key points to remember. First, the interest you pay is lower than commercial rates because the federal government subsidizes the rate. Second, if you are a student borrower, you don't begin to repay the amount you borrowed until you leave school or drop below half-time.

As generous as these terms are, you should not forget that you do have to repay your loan. Failure to do so could result in your loan(s) being declared delinquent. This could have a negative impact on your financial status and creditworthiness in the future.

### **Borrower Responsibilities and Rights**

#### ***Responsibilities***

When you take out a student loan, you have certain responsibilities. Here are a few of them:

- When you sign a promissory note, you are agreeing to repay the loan according to the terms of the note. The note is a binding legal document and states that, except in cases of discharge, you must repay the loan—even if you do not complete your education (unless you were unable to complete your program of study because the school closed); are not able to get a job after you complete the program; or are dissatisfied with, or do not receive, the education for which you paid.
- Think about what this obligation means before you take out a loan. If you do not repay your loan on time or according to the terms in your promissory note, you may go into default, which has very serious consequences and may affect your credit rating.
- You must make payments on your loan even if you do not receive a bill or repayment notice. Billing statements (or coupon books) are sent to you as a convenience, but you are obligated to make payments even if you do not receive any reminders.
- If you apply for a deferment or forbearance, you must continue to make payments until you are notified that the request has been granted. If you do not, you may end up in default. You should keep a copy of any request form you submit, and you should document all contacts with the organization that holds your loan.
- You must notify the appropriate representative (school, agency, lender, or the Direct Loan Servicing Center) that manages your loan when you graduate, withdraw from school, or drop below half-time status; change your name, address, or Social Security Number; or transfer to another school.

## *Additional Sources of Financial Aid*

- Regardless of the type of loan you have, you must receive entrance counseling before you are given your first loan disbursement, and you must receive exit counseling before you leave school. These counseling sessions will be administered by your school and will provide you with important information about your loan. Your lender or the Direct Loan Servicing Center will provide you with additional information about your loan.

If you default on your loan, your school, the lender or agency that holds your loan, the state, and the Federal Government may all take action to recover the money, including notifying national credit bureaus of your default. This may affect your credit rating for a long time. For example, you may find it very difficult to borrow from a bank to buy a car or a house. Furthermore, a loan default may affect your eligibility for certain jobs.

In addition, if you default, the agency holding your loan may ask your employer to deduct payments from your paycheck. Also, you may be liable for expenses incurred in collecting the loan. If you decide to return to school, you are not entitled to receive any more federal student aid. Legal action might also be taken against you.

### ***Rights***

You have certain rights as a borrower. Listed below are some of them.

Before your school makes your first loan disbursement, you will receive the following information about your loan from your school, lender, and/or the Direct Loan Servicing Center:

- the full amount of the loan.
- the interest rate.
- when you must start repaying the loan.
- a complete list of any charges you must pay (loan fees) and information on how those charges are calculated.
- the yearly and total amounts you can borrow.
- the maximum repayment periods and the minimum repayment amount.
- an explanation of default and its consequences.
- an explanation of available options for consolidating or refinancing your loan.
- a statement that you can prepay your loan at any time without penalty.

You can obtain a complete copy of the “Guide to Federal Student Aid” by calling the U.S. Department of Education at 1-800-4-FED-AID or by downloading a copy from their website at [studentaid.ed.gov/students/publications/student\\_guide/index.html](http://studentaid.ed.gov/students/publications/student_guide/index.html).