



# 2013-14 FINANCIAL AID RESOURCE MANUAL

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# 2013 FINANCIAL AID RESOURCE MANUAL

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# PENNSYLVANIA SCHOOL SERVICES

## HIGHER EDUCATION ACCESS PARTNERS

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# PENNSYLVANIA SCHOOL SERVICES

## HIGHER EDUCATION ACCESS PARTNERS

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# ABOUT PHEAA

The Pennsylvania Higher Education Assistance Agency (PHEAA) was created by the Pennsylvania General Assembly in 1963 to improve higher education opportunities for residents of the Commonwealth. Over the years it has evolved into one of the nation's leading student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through a wide array of student financial aid services and outreach activities. PHEAA devotes its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for students, families, schools, and taxpayers.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. Every dollar allocated by the General Assembly for student aid programs goes directly to students. Additionally, all printed materials, web-based resources and public outreach services are provided to students, parents, schools, and community agencies at no cost.

PHEAA conducts its student loan servicing activities nationally as FedLoan Servicing and American Education Services (AES).

PHEAA provides services directly to Pennsylvania communities through 13 Higher Education Access Partners (see page 5). These services include training workshops for counselors, teachers, administrators, community agencies, and postsecondary schools; financial aid nights and FAFSA completion sessions for students and parents; classroom instruction with middle and high school students; and specific additional activities with targeted low-income schools.

If you are interested in hosting a Financial Aid Night or FAFSA Completion Session, receiving training on our EducationPlanner website or having a PHEAA speaker at an in-service day, student or parent meeting, staff meeting or other function, please contact your PHEAA Higher Education Access Partner. PHEAA takes great pride in delivering the most accurate, up-to-date and easy-to-understand financial aid information possible.

For more information please visit: [PHEAA.org](http://PHEAA.org), [aesSuccess.org](http://aesSuccess.org), [MyFedLoan.org](http://MyFedLoan.org), [EducationPlanner.org](http://EducationPlanner.org), [YouCanDealWithIt.com](http://YouCanDealWithIt.com), and [MySmartBorrowing.org](http://MySmartBorrowing.org)

# ABOUT PASFAA

The Pennsylvania Association of Student Financial Aid Administrators (PASFAA) has approximately 800 members representing over 270 Pennsylvania educational institutions, lenders and organizations involved with higher education.

PASFAA is a dynamic, service association whose mission is:

- To provide for the professional development of members and other constituencies
- To advocate for access to postsecondary education, and
- To educate the public on financial aid and funding opportunities

See **Appendix A** for PASFAA's Mission Statement and Statement of Good Practices. For additional information, please visit [PASFAA.org](http://PASFAA.org).

# **PHEAA PRODUCTS AND SERVICES**

## **Pennsylvania's Guide to Student Aid**

The Pennsylvania Student Aid Guide is PHEAA's primary financial aid publication. It is available, free-of-charge, to schools, community agencies, students, and parents in English, Spanish and online. Each year, schools receive one copy of the updated version of the Guide along with instructions on how to order quantities for distribution to their students. It is critically important that schools follow up and place their orders in a timely manner so that their students have this information as they are conducting their college searches. To order, schools should follow the instructions provided with the mailing or contact their PHEAA Higher Education Access Partner.

## **Financial Aid Night Toolkit**

PHEAA offers a Financial Aid Night Toolkit which contains items available for download as PDFs, such as flyers, ads for school publications, web banners, morning announcements, a reminder for parents, school newspaper article, college-planning timeline, financial aid basics, PHEAA Higher Education Access Partner contact information, and information on planning a financial aid awareness program. You can access this toolkit at **PHEAA.org**.

## **FAFSA Toolkit**

PHEAA offers a FAFSA Toolkit which contains items available for download as PDFs, such as flyers, ads for school publications, web banners, a reminder for parents, morning announcement scripts, a newspaper article, a FAFSA tip sheet and checklist, PHEAA Higher Education Access Partner contact information, free resources, and financial aid scam tips. You can access this toolkit at **PHEAA.org**.

## **Ordering PHEAA materials**

Anyone wishing to order various printed PHEAA materials has two options. They can utilize the online order system at **PHEAA.org**, or they can contact the PHEAA Higher Education Access Partner who serves their county. Please note that a number of PHEAA publications that had previously been printed are now only available as PDF files. They can be downloaded from the website and printed as needed.

## Online High School Access

Preparing for college and promoting access to higher education are components of the fundamental mission of PHEAA. As part of this mission, we continually explore new avenues to assist school counselors and the students that you serve.

In 2010, access was granted to an online transaction that provides real-time data to secondary schools, thereby eliminating static paper rosters. The information provided can easily help you to evaluate your outreach efforts in encouraging students to file a FAFSA. Features of this online access include the ability to:

1. View Certificate of Merit recipients from your high school
2. View students who were sent college financing information in December
3. View students who have filed a Free Application for Federal Student Aid (FAFSA)
4. Download reports with student names and addresses for mailings
5. View high school contact information

The first step in participating in this information-sharing service is to sign into our Business Partner Access Management System (BPAMS). Next, designate individuals from your school who may access this data. Training materials are provided and personal assistance is available to you through your PHEAA Higher Education Access Partner.

## EducationPlanner

The EducationPlanner website ([EducationPlanner.org](http://EducationPlanner.org)) includes a number of interactive student assessments dealing with student development and career exploration; links to free, reputable websites such as O\*Net, College Board and FastWeb; and resources for parents and counselors. Many of the design features were developed after field testing with high school students. Review the site at your convenience and let your PHEAA Higher Education Access Partner know if you would like personalized training on how to use this resource with your students.

## ONLINE SMART BORROWING TOOL

PHEAA's new online Smart Borrowing tool is accessible through the EducationPlanner website at [MySmartBorrowing.org](http://MySmartBorrowing.org). This tool allows students to see how decisions related to their career choice, college choice and level of borrowing could affect them when it's time to repay their loans. The purpose of this tool and supporting materials is to encourage students to think before they make decisions related to their education. Making well-informed decisions about career, educational choice and borrowing before they incur debt will help them ensure a brighter future.

## NOTES:

# STATE STUDENT AID PROGRAMS

## Pennsylvania State Grant

**Eligibility Requirements** - To be considered for a PA State Grant, the student must demonstrate financial need AND:

1. Be a high school graduate as stipulated in the Pennsylvania State Grant law
2. Attend a postsecondary school approved by PHEAA for Pennsylvania State Grant purposes
3. Be enrolled at least half-time (defined as at least six semester credits but less than 12 semester credits per semester, or the equivalent)
4. Be enrolled in an approved program of study of at least 2 academic years in length (refer to Approved Program of Study for further clarification)
5. Be enrolled in a program of study where at least 50 percent of the total credit or clock hours needed for completion of the program are earned through classroom instruction; see additional clarification under Distance Education below:
  - a. The program itself must be structured to allow students to complete at least 50 percent of their credits or clock hours in the classroom (refer to Approved Program of Study for further clarification).
  - b. The student's enrollment pattern must also consist of at least 50 percent classroom instruction unless a medical disability exists.
6. Make satisfactory academic progress (as defined by PHEAA)
7. Not have already earned a bachelor's degree or its equivalent
8. Be a Pennsylvania resident, as stipulated in the Pennsylvania State Grant law (**see page 12**)
9. Be of satisfactory character (for example, not be incarcerated)
10. Not have received the maximum number of Pennsylvania State Grants permitted
11. Not be in default or pending default on an educational loan; this also applies to any program where the award has been converted to a loan due to failure to meet all eligibility or service requirements, and the loan is in a default status
12. File and complete the application process by the appropriate deadlines.

**Approved Program of Study** - Both the school and the program of study must be approved by PHEAA. The program must be at least 2 academic years in duration and offered over a period of at least 15 months (no less than 60 weeks of instruction). Two academic years is defined as the equivalent of a minimum of 60 semester credits for a degree program (1,500 clock hours for programs leading to the Associate in Specialized Technology or the Associate in Specialized Business degrees) or at least 1,800 clock hours for non-degree programs. By regulation, programs of study that are greater than 50 percent online remain ineligible for the PA State Grant Program.

**Distance Education** – State Grant regulations require that a student be enrolled in a program of study where at least 50 percent of the total credit or clock hours needed for completion of the program are earned through classroom instruction. For detailed information on PHEAA's enrollment requirements with regard to distance education, refer to pages 1-3 (Section I.A.2) of the 2013-14 State Grant Certification Procedures at [PHEAA.org/training](http://PHEAA.org/training). This includes PHEAA's definitions of in-classroom instruction, synchronous learning and hybrid/blended classes.

**Distance Education Pilot Program** – Beginning with the 2013-14 award year and continuing for 5 years, a Distance Education Pilot Program will be initiated that will allow students enrolled in online programs and courses to receive a State Grant award if attending a participating institution. Current regulations and policies limit the eligibility of distance education programs of study and the number of online classes a student may take each semester. This Pilot Program removes all of those restrictions for students.



**Pennsylvania Residency for PA State Grant** – To be eligible for a PA State Grant, a student must be a Pennsylvania resident, as stipulated in the Pennsylvania State Grant law. There are two components to this law – U.S. citizenship status and Pennsylvania residency.

1. The student must be a citizen or eligible non-citizen, AND
2. The student must be a Pennsylvania resident for at least the 12 consecutive months before filing the FAFSA, excluding any time enrolled in a Pennsylvania postsecondary school, if the student came into or remained in Pennsylvania for the purpose of attending a school or college. A student who is under 18 years of age at the time the FAFSA is completed must have a parent or guardian who complies with the domicile requirement.

A permanent resident is defined as a non-citizen who is legally permitted to live and work in the United States permanently. Once permanent status has been obtained, the student is held to the same domicile requirement as other students and must meet the 12-month residency requirement starting with the date permanent resident status was obtained.

The Agency considers any time spent in Pennsylvania prior to obtaining a permanent resident status as temporary. Therefore, non-citizens who have not obtained a permanent resident status are not able to comply with Pennsylvania domiciliary requirements since they are considered to be in Pennsylvania on a temporary basis.

Students who are in Pennsylvania on a student visa, exchange visitor visa, an international organization visa, or any similar visa, regardless of the length of time here, are considered ineligible for Pennsylvania State Grant aid since those students, as evidenced by the visa status, are considered to be in Pennsylvania on a temporary basis only.

## State Grant Filing Deadlines

<b>First-time applicants</b>	<p><b>May 1</b>—If you plan to enroll in a degree program or a college transferable program at a junior college or other college or university (excludes community colleges), you must submit the FAFSA and the Pennsylvania State Grant Form.</p> <p><b>August 1</b>—If you plan to enroll in a community college; a business, trade, or technical school; a hospital school of nursing; or a 2-year program that is not transferable to another institution; you must submit the FAFSA and the Pennsylvania State Grant Form.</p>
<b>Renewal applicants</b>	<p><b>May 1</b>—You must submit a renewal FAFSA and any appropriate State Grant documents indicating any changes that may affect your State Grant award, such as a change in your marital status or a change in your income.</p>

## Award Information

The maximum in-state award for 2013-14 is \$4,363 for full-time students and \$2,182 for part-time students. State Grant funding is dependent upon the budget allocation received from the General Assembly. PHEAA contributed an additional \$75 million to the 2013-14 funds appropriated by the General Assembly.

The amount of the grant is determined, in part, by the cost of attendance at the school. Therefore, a student considering four different types of schools would be eligible for a different maximum award at each school. College costs are capped at \$32,000 for the 2013-14 academic year.

Total college costs for all students include tuition, allowable fees, a \$4,000 educational expense allowance, and a \$1,000 book allowance.

In general, the award maximums for different college cost tiers are as follows:

- \$0 to \$12,000 - \$2,321
- \$12,001 to \$19,000 - \$3,713
- \$19,001 to \$29,000 - \$3,991
- \$29,001 to \$32,000 - \$4,363

Annually in July, PHEAA publishes a Program Manual, available at [PHEAA.org/forms](http://PHEAA.org/forms), which provides procedures on computing Pennsylvania State Grant Awards and Need Analysis Calculations to the public.

## Out-of-State Maximum and Minimum Awards:

Type of State Out-of-State	Out-of-State Minimum Awards	Maximum Awards	
		Non-Veteran	Veteran
Non-Portable States	\$500	\$500	\$743
Portable States	\$500	\$557	\$743

Portable or reciprocal states are: Delaware, Massachusetts, Ohio, Rhode Island, Vermont, Washington, D.C., and West Virginia.

With some limited exceptions, applicants attending institutions located in Maryland, New Jersey and New York are not eligible for Pennsylvania State Grant aid. The exceptions are for unique programs of study not available at any other approved institution.

## State Grant Specially-Approved Programs

The maximum PA State Grant awards for PA residents who attend postsecondary school out of state are greatly reduced from the maximums that apply in-state. The maximum out-of-state awards are as follows:

- \$600 for students attending schools in Delaware, Massachusetts, Ohio, Rhode Island, Vermont, West Virginia, and the District of Columbia.
- \$500 in all other states, except;
- \$0 in Maryland, New Jersey and New York (with limited exceptions)
- \$800 for veterans in all other states except Maryland, New Jersey and New York (still \$0)

These amounts may be reduced if an award adjustment factor is used in the State Grant eligibility determination for that year to align resources with expenditures.

Special approval has been granted to a limited number of institutions or programs on the basis that they offer education and training in a unique field. Schools or programs that have received special State Grant approval (at the \$500 out-of-state maximum award amount) are:

1. Great Lakes Maritime Academy in Michigan
2. Toy Design Program at the Fashion Institute of Technology in New York
3. Bachelor of Science program in Fire Protection Engineering at the University of Maryland
4. Bachelor of Science in Facilities Engineering at SUNY Maritime College in New York
5. Bachelor of Science program in Optics at the University of Rochester
6. The following programs at the Rochester Institute of Technology:
  - a. National Technical Institute for the Deaf
  - b. Bio-Medical Photographic Communications
  - c. Imaging Science
  - d. Imaging Systems Management
  - e. Printing and Applied Computer Science
  - f. Micro-Electronic Engineering

## **Pennsylvania Summer State Grant**

1. Eligible students attending summer school may receive PA State Grant funds.
2. A separate summer grant application is required. This form is also available in “Account Access” at [aesSuccess.org](http://aesSuccess.org).
3. The deadline for submitting summer applications is August 15 of each year.
4. **IMPORTANT NOTE:** A Summer State Grant counts toward the total number of semesters the student is allowed to receive State Grant funds. Therefore, students should contact the school’s Financial Aid Office to determine the potential impact on their future Pennsylvania State Grant eligibility.

## **PA State Grant Early Admit**

If a student leaves high school before graduation (skips their senior year) to attend a postsecondary school, is dropped from their school district’s enrollment records, and will receive a high school diploma at the end of their freshman year, they may be eligible for PA State Grant, but not federal aid. See **Appendix B** for additional information on high school graduation requirements.

## **PHEAA State Work-Study Program (SWSP)**

1. The SWSP is one of four state-appropriated Matching Funds Programs. It was created to help the local economy while offering Pennsylvania employers a chance to assist in training future Pennsylvania employees and provide on-the-job experiences to Pennsylvania students.
2. Students may work for a non-profit or a for-profit employer in Pennsylvania. The job will be related to a student's major or minor field of study. Employers are reimbursed a portion of the wages paid to student employees, thus encouraging hiring.
3. Undergraduate students must be eligible for a PA State Grant. Graduate students must demonstrate need as certified by their postsecondary institution.
4. Employers can be reimbursed for up to \$3,600 of a student's earnings during the academic year and up to an additional \$3,600 during the summer. Employers submit student earnings to PHEAA, who then reimburse the employer. Not-for-profit employers are reimbursed 40 percent of student earnings; for-profit employers are reimbursed 30 percent of student earnings.
5. Student application deadlines:
  - October 1 – Academic Year or Fall Term Only Employment
  - January 31 – Spring Term Only Employment
  - June 30 – Summer
6. New employer application deadlines:
  - October 1 – Academic Year
  - June 30 – Summer
7. Applications and a list of employers are available at **PHEAA.org**.

## **Educational Assistance Program (EAP)**

1. This is a state-funded program which PHEAA co-administers with the Department of Military and Veterans Affairs. It provides financial assistance for students who join the PA National Guard and commit to a 6-year enlistment. If the enlistment commitment is not fulfilled, all EAP grant funds received convert to a loan with interest under the terms and conditions of the Master Promissory Note (MPN), which is signed upon application.
2. Students apply annually through their individual units of assignment with the Pennsylvania National Guard. The Guard forwards approved applications to PHEAA for processing. PHEAA calculates the student's eligibility and notifies the student, the school and the National Guard of the EAP award amount.
3. To be eligible, a student must be a *bona fide* resident (domiciliary) of Pennsylvania and must be enrolled in a degree or certificate-granting Title IV program of study at an approved PA postsecondary institution.

4. Award amounts:
  - a. Full-time undergraduate – the lesser of tuition at a non-Pennsylvania State System of Higher Education (PASSHE) institution in which the student is enrolled or the tuition charged to a Pennsylvania resident enrolled in the Pennsylvania State System of Higher Education. The maximum award is \$6,622 for 2013-14.
  - b. Part-time undergraduate – the lesser of tuition at a non-PASSHE school or two-thirds of full-time tuition charged to a Pennsylvania resident enrolled in a PASSHE school. The maximum award amount is \$4,410 for 2013-14.
  - c. 2014 summer awards are based on the 2013-14 full and part-time award amounts and are calculated accordingly, based on the school's academic schedule (semester/quarter).
5. Students who already possess a bachelor's degree and graduate students can only be funded as a parttime student even if enrolled full-time; enrollment is capped at 11 credits equivalent per term. Awards are the lesser of one-half tuition at a non-PASSHE school or one-third of the PASSHE tuition (\$2,185 for 2013-14).
6. Students are eligible for up to 5 full-time academic years or their equivalent as determined by PHEAA, unless the time of eligibility is extended by the National Guard.

## **Postsecondary Education Gratuities Program (PEGP)**

1. This program is for children of PA police officers, firefighters, rescue and ambulance squad members, corrections officers, and National Guard members who died in the line of duty since January 1, 1976. In addition, on November 30, 2004, an amendment was signed into law which included sheriffs and deputy sheriffs, National Guard members and certain other individuals on federal or state active military duty who died in the line of duty beginning September 11, 2001.
2. Eligible students receive a waiver of institutional tuition, fees, room and board (minus any grant or scholarship aid received) at any PA community college, state-owned university or state-related institution. Students must file a FAFSA each year.
3. Student must be 25 years of age or younger at time of application and must be enrolled full-time in associate or baccalaureate degree program.
4. Applications are available at **PHEAA.org**. The application deadline is March 31 of the academic year in which the waiver would be received.

## **Chafee Education and Training Grant Program (ETG)**

The Chafee Education and Training Grant (ETG) Program is a federally-funded program that offers grant assistance to Pennsylvania undergraduate students aging out of foster care who are attending a postsecondary institution approved for Federal Title IV student financial aid.

PHEAA will administer the Grant Program for the 2013-14 academic year on behalf of the Pennsylvania Department of Public Welfare (DPW). This program is authorized under the Foster Care Independence Act of 1999 as amended by the Promoting Safe and Stable Families Amendments of 2001.

Maximum awards under this program are determined by DPW. For the 2013-14 academic year, the maximum award is \$4,000. However, no award may exceed the student's cost of attendance minus other financial aid the student is receiving. Awards are contingent upon federal funding and are not guaranteed.

**Eligibility requirements:** To be considered for this grant, a student must:

1. Be eligible for services under the Commonwealth's Chafee Foster Care Independence Program
2. Be identified as a youth in foster care or a youth adopted from foster care after attaining age 16
3. Be a youth participating in the ETG Program on their 21st birthday until they turn 23 years old
4. Be enrolled at least half-time in a college or career school that is approved by the U.S. Department of Education for Title IV student financial assistance programs
5. Maintain "satisfactory academic progress" and demonstrate financial need for the grant as defined by the postsecondary institution

**Application Process:** To apply for the Chafee ETG Program, a student must:

1. Complete the FAFSA (Free Application for Federal Student Aid) annually
2. New applicants should download the Chafee ETG Program Application at **PHEAA.org**, complete and sign it, and mail it by 12/31/13 for 2013-14.

### **Blind or Deaf Beneficiary Grant Program**

1. This program provides awards of up to \$500 per year to assist with postsecondary school expenses for blind or deaf students.
2. To be considered for a Blind or Deaf Grant, an applicant must:
  - a. Be a Pennsylvania resident
  - b. Supply written documentation to PHEAA showing evaluation by and eligibility to receive benefits from the PA Office of Vocational Rehabilitation (OVR) OR supply documentation from a physician regarding the visual and/or hearing impairment
  - c. Be enrolled at least half-time in a postsecondary institution
  - d. Maintain satisfactory academic progress
  - e. File a FAFSA for the year in which grant funds are being requested
3. Applications are available at **PHEAA.org** and should be submitted by 3/31/14.

### **Partnerships for Access to Higher Education (PATH)**

1. PHEAA partners with community-based PA organizations that offer grants or scholarships to eligible PA residents.
2. A PHEAA PATH grant may match a community organization grant, thereby doubling grant aid to needy students enrolled at least half-time in a PHEAA-approved postsecondary institution. The maximum award is \$2,500 per year.
3. Additional information, including a list of current PATH partners, is available at **PHEAA.org**.

## Pennsylvania Targeted Industry Program (PA-TIP)

1. The Pennsylvania Targeted Industry Program (PA-TIP) is administered by PHEAA and provides awards to students enrolled in programs in the following career areas: Energy, Advanced Materials and Manufacturing, and Agriculture and Food Production.
2. PA-TIP provides need-based awards up to the equivalent of the maximum State Grant award (currently \$4,363), or 75 percent of the student's total direct educational costs after gift aid and employer's aid, whichever is less. Awards can be used to cover tuition, books, fees, supplies, and specific living expenses
3. To be considered for PA-TIP, a student must:
  - a. Be a domiciliary of Pennsylvania
  - b. Have a high school diploma, GED or recognized homeschool certificate
  - c. File the FAFSA (Free Application for Federal Student Aid) for the award year for which PA-TIP funds are being requested
  - d. Complete and return the 2013-14 PA-TIP application to PHEAA by April 1, 2014
  - e. Be enrolled at an institution approved by PHEAA
  - f. Be enrolled full-time in an approved program of study that is at least 10 weeks but less than 2 academic years in length; **students enrolled in public or nonprofit schools may be enrolled on at least a half-time basis**
  - g. Have financial need as determined by the program guidelines and certified by the school
  - h. Not be in default or pending default on an education loan
  - i. Not be receiving a Pennsylvania State Grant for the program of study
  - j. Supply a copy of the DD214 Form if the applicant is a veteran of the U.S. Armed Forces
4. Additional details are available at **PHEAA.org**.

## Scholars in Service to Pennsylvania

1. This is an Americorps Education Award Only program (Ed Award) whereby participating students enroll as Americorps members on a part-time basis and receive a partial Education Award at the end of their term.
2. Students who complete 450 hours of service in a calendar year may earn an award of \$1,468. Students who complete 300 hours of service in a calendar year may earn an award of \$1,175.
3. Awards may be used for current or future educational expenses or to repay student loans.
4. The 2013-14 Scholars Host Campuses are:

Arcadia University	Misericordia University
Bloomsburg University	Montgomery County Community College
Bucknell University	Moravian College
Cabrini College	Mount Aloysius College
California University	Muhlenberg College
Carlow University	Northampton Community College
Carnegie Mellon	Penn State - Altoona
Cedar Crest College	Penn State - Berks
Chestnut Hill College	Penn State - Schuylkill
Drexel University	Rosemont College
Duquesne University	St. Francis University
Edinboro University	Susquehanna University
Elizabethtown College	Temple University
Gannon University	University of Pittsburgh - Collegiate YMCA
Gwynedd-Mercy College	University of Pittsburgh at Greensburg
Indiana University of Pennsylvania	University of Scranton
Juniata College	University of the Arts
Keystone College	Ursinus College
King's College	West Chester University
Kutztown University	Westminster College
Lock Haven University	Widener University
Mercyhurst College	Wilkes University

## Office of Vocational Rehabilitation (OVR)

1. This state agency provides a variety of services for individuals with physical disabilities, mental/nervous/emotional disorders, drug and alcohol rehabilitation, learning disabilities, and other conditions.
2. Potential OVR clients undergo diagnostic testing to determine eligibility for services. This diagnostic process takes time, so students should initiate contact with OVR well in advance of their planned enrollment date.
3. Services include financial support (gift aid) for higher education.
4. Client/student must complete the FAFSA. The award amount is based on a formula which considers the cost of attendance, the Expected Family Contribution (EFC), the Pell Grant, and the PA State Grant.
5. District offices are located throughout the state. For locations and contact information, visit [www.dli.state.pa.us](http://www.dli.state.pa.us) and click on Disability Services.

# FEDERAL STUDENT AID PROGRAMS

## IMPACT OF SEQUESTRATION ON THE FEDERAL STUDENT AID PROGRAMS



On August 2, 2011, Congress passed the Budget Control Act of 2011, which put into place automatic federal budget cuts, known as a “sequester,” to take effect if Congress failed to enact legislation to reduce the federal deficit by March 1, 2013. Because Congress did not act, these budget cuts are now in effect.

Below is a summary of the impact of these budget cuts on certain federal student aid programs.

### PELL GRANT PROGRAM

The law specifically exempts the Pell Grant Program from year one of sequestration. Therefore, the maximum Pell Grant award for 2013–2014 remains \$5,645. However, the Pell Grant Program is subject to budget cuts through sequestration in years 2 through 10 (award years 2014–2015 to 2022–2023), so future funding levels remain in question.

### FWS AND FSEOG PROGRAMS

Two campus-based programs – Federal Work-Study (FWS) and the FSEOG Program – each had a 5.52 percent decrease in 2013–14 final allocations for schools.

### DIRECT LOAN PROGRAM

While the law does not otherwise change the amounts, terms, or conditions of Direct Loans, it does raise the loan fee paid by borrowers for Direct Loans disbursed after March 1, 2013.

For Direct Subsidized and Unsubsidized Loans, the loan fee increased from 1.0 percent to 1.051 percent.

For Direct PLUS Loans for both parent and graduate student borrowers, the loan fee increased from 4.0 percent to 4.204 percent.

### IRAQ AND AFGHANISTAN SERVICE GRANTS

Award amounts for any Iraq and Afghanistan Service Grant that is first disbursed after March 1, 2013 must be reduced by 10.0 percent. Therefore, the 2013–2014 maximum award of \$5,645 is reduced by \$564.50, resulting in a maximum award of \$5,080.50.

### TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION (TEACH) GRANTS

Award amounts for any TEACH Grant that is first disbursed after March 1, 2013 must be reduced by 6.0 percent. Therefore, the 2013–14 maximum award of \$4,000 is reduced by \$240, resulting in a maximum award amount of \$3,760.

## General Eligibility Requirements for Federal Financial Aid

To be eligible for federal student aid, a student must:

1. Submit a Federal Application for Federal Student Aid (FAFSA) by the end of the academic year for which funds are being requested
2. Have a high school diploma or GED, or have satisfactorily completed a homeschooled program
3. Be enrolled as a regular student in an eligible degree or certificate program at an eligible institution
4. Be a U.S. citizen or an eligible non-citizen who falls into one of the following categories:
  - a. U.S. national (includes natives of American Samoa or Swains Island)
  - b. U.S. permanent resident with a Form I-551, I-151, or I-551C (Permanent Resident Card, Resident Alien Card, or Alien Registration Receipt Card), also known as a green card
  - c. Have an Arrival-Departure Record (I-94) from U.S. Citizen and Immigration Services (USCIS) showing “Refugee,” “Asylum Granted,” “Cuban-Haitian Entrant (Status Pending),” “Conditional Entrant” (valid only if issued before April 1, 1980), or “Parolee” (must be paroled for at least one year, and must be able to provide evidence from the USCIS that they are not in the United States for a temporary purpose and that they intend to become a U.S. citizen or permanent resident)
  - d. Hold a T-visa (for victims of human trafficking) or the parent holds a T-1 visa. The college or career school’s financial aid office will ask to see a visa and/or certification letter from the U.S. Department of Health and Human Services
  - e. Are a “battered immigrant-qualified alien” who is a victim of abuse by the citizen or permanent resident spouse, or are the child of a person designated as such under the Violence Against Women Act
  - f. Are a citizen of the Federated States of Micronesia, the Republic of the Marshall Islands or the Republic of Palau. If this is the case, are eligible only for Federal Pell Grants, Federal Supplemental Educational Opportunity Grants or Federal Work-Study. The college or career school financial aid office can provide more information.
5. Have a valid Social Security Number
6. Make satisfactory academic progress as defined by the school
7. Sign certifying statements as to the proper use of federal student aid funds
8. Be enrolled on at least a half-time basis to be eligible for Federal Direct student and parent loans. (Note: Students may be eligible for Pell Grant and Campus-Based aid with less than half-time status.)
9. Not be in default or pending default on any educational loan. This also applies to awards that were converted to loans due to failure to meet eligibility requirements
10. Be registered with Selective Service if male age 18-25

Additional details are available at [studentaid.ed.gov](https://studentaid.ed.gov).

## Federal Pell Grant

1. Considered the foundation of student financial aid
2. Student must not have a prior baccalaureate degree
3. Grants go to financially needy students; the award amount is directly tied to the Expected Family Contribution (EFC)
4. Award amounts are set annually by the U.S. Department of Education (USDE); the maximum award for 2013-14 is \$5,645 per year, with a maximum EFC of \$5,081
5. There is a lifetime limit on the number Pell Grant awards a student may receive. The maximum number of equivalent full-time semesters for which a student may receive a Pell Grant is **12**. When this change was implemented there was no “grandfather” provision included, meaning all prior Pell Grant awards count toward this lifetime limit.
6. Students can monitor their Lifetime Eligibility Used (LEU) through the National Student Loan Data System (NSLDS) at [nslds.ed.gov](http://nslds.ed.gov).

## Campus-Based Programs

1. Administered by the Financial Aid Office at eligible participating schools
2. Participating schools receive allocations from the federal government, and each school determines how it will award its funds
3. Program participation, student eligibility and award amounts will vary from school to school
4. There are three Campus-Based Programs:
  - a. The Federal Supplemental Educational Opportunity Grant (FSEOG) Program provides awards of up to \$4,000 per year for exceptionally needy students. Priority is given to Pell Grant recipients.
  - b. The Federal Perkins Loan Program provides need-based loans for both undergraduate and graduate students. For undergraduates, the maximum annual loan amount is \$5,500, with an aggregate limit of \$27,500. For graduate students, the maximum annual amount is \$8,000, with an aggregate limit of \$60,000 which includes undergraduate loans. Repayment begins 9 months after the student graduates or drops to less-than-half-time status. A fixed interest rate of 5.0 percent is charged in repayment.
  - c. The Federal Work-Study (FWS) Program provides part-time student employment, usually on campus. The school determines the award amount and the wage rate, although they must pay at least the federal minimum wage. FWS earnings do not count as income on a student's subsequent FAFSA, making this an attractive alternative to off-campus employment.

## Federal Student Loans

There are four loan programs available through the Federal Direct Loan Program. Students and parents may apply for these loans through their school's website or at **studentloans.gov**.

Effective retroactively to July 1, 2013, Federal Direct Loans now carry variable/fixed rates. The term "variable/fixed" means that the interest rate for new loans will be set annually, but the rate at the time of disbursement will remain fixed for the life of the loan. Rates on new loans will be reset each July 1 thereafter.



The interest rate each year will be based on the final auction of 10-year U.S. Treasury Bills prior to June 1, plus a certain percentage. In addition, the interest rates are capped. The rates and caps in place for loans taken between July 1, 2013 and June 30, 2014 (assuming a T-bill rate of 1.81 percent) are as follows:

<u>Loan Type</u>	<u>Rate Formula</u>	<u>2013-14 Rate</u>	<u>Cap</u>
Stafford Undergraduate (Sub. and Unsub.)	T + 2.05%	3.86%	8.25%
Stafford Graduate (Unsubsidized)	T + 3.60%	5.41%	9.50 %
PLUS Loans (Parent and Graduate)	T + 4.60%	6.41%	10.50%

## Direct Stafford Loans

1. Loans are made in the name of the student.
2. There is no credit check and no cosigner requirement.
3. A fee of 1.051 percent is assessed and will be deducted from each disbursement.
4. Student borrowers are not required to make principal payments while enrolled.
5. Repayment begins 6 months after the student ceases half-time enrollment.
6. Subsidized Stafford Loan – If the borrower has financial need, the interest on the loan is subsidized by the federal government during the in-school period. In the Fiscal Year (FY) 2012 budget, Congress temporarily eliminated the interest subsidy on undergraduate subsidized Stafford Loans during the 6-month grace period. The grace-period subsidy is scheduled to be reinstated for loans issued after July 1, 2014.
7. Beginning July 1, 2013, eligibility for first-time borrowers is limited to a period not to exceed 150 percent of the borrower's educational program. In other words, students may now only receive subsidized loans for 3 years in a 2-year program, or 6 years in a 4-year program. Students exceeding the 150 percent limit lose eligibility for additional subsidized loans and the interest subsidies on loans they have already received.
8. Unsubsidized Stafford Loan – If the borrower does NOT have financial need, interest is charged to the borrower during the in-school and grace periods and during periods of deferment or forbearance. Accrued interest is capitalized and added to the principal. Therefore, borrowers should be encouraged to make payments while enrolled in school as a way of keeping their loan balance down and reducing their monthly payments later.



9. For loans made between July 1, 2013 and June 30, 2014, the Stafford Loan interest rate for subsidized and unsubsidized loans for undergraduate students is 3.86 percent.



10. Undergraduate annual loan limits are as follows. (The “Base” amount can be either subsidized or unsubsidized; the “Additional” amount is unsubsidized):

<u>Grade Level</u>	<u>Base Amount</u>	<u>Additional Amount</u>	<u>Total Amount</u>
1st Year:	\$3,500	\$2,000	\$5,500
2nd Year:	\$4,500	\$2,000	\$6,500
3rd, 4th, 5th Years:	\$5,500	\$2,000	\$7,500

Aggregate borrowing is \$31,000, with a maximum of \$23,000 subsidized. **Because of this aggregate limit, students borrowing the maximum loan amount each year will only have \$4,000 in eligibility left for their fifth year.**

11. Independent students, and dependent students whose parents cannot borrow through the PLUS program, are eligible to borrow extra additional unsubsidized loan funds each year. Their annual loan amounts are as follows:

<u>Grade Level</u>	<u>Base Amount</u>	<u>Additional Amount</u>	<u>Total Amount</u>
1st Year:	\$3,500	\$6,000	\$9,500
2nd Year:	\$4,500	\$6,000	\$10,500
3rd, 4th, 5th Years:	\$5,500	\$7,000	\$12,500

Aggregate borrowing is \$57,500, with a maximum of \$23,000 subsidized.

12. Graduate students may receive up to \$20,500 per year. Aggregate borrowing, including all undergraduate loans, is \$138,500. All graduate level loans are unsubsidized, so interest begins to accrue when funds are disbursed. For loans made between July 1, 2013 and June 30, 2014, the Stafford Loan interest rate for graduate students is 5.41 percent.




13. Repayment Provisions – Borrowers may choose one of several repayment plans. Detailed information is available at [studentaid.ed.gov](http://studentaid.ed.gov).

- Standard Repayment – fixed monthly payments for up to 10 years
- Graduated Repayment – payments start off lower at first and then gradually increase (usually every 2 years); the loan must be repaid in 10 years
- Extended Repayment – fixed or graduated monthly payments over a period of time not to exceed 25 years; only available to students with a Direct Loan balance exceeding \$30,000
- Income-Contingent Repayment (ICR) – monthly payment is adjusted each year based on annual income, family size and outstanding balance on Direct Loans; after 25 years, any unpaid balance will be forgiven but may be subject to federal income tax
- Income-Based Repayment (IBR) – monthly payment is capped at a certain amount based on income and family size; after 25 years any remaining balance will be forgiven; beginning in 2014, the repayment term is shortened to 20 years (10 years for certain public service workers)
- PAY AS YOU EARN (PAYE)** – monthly payment is based on income and family size; differs from other income-driven repayment plans in that loan forgiveness is granted after 20 years of qualifying payments instead of 25 and is calculated based on 10 percent of income



## Direct PLUS Loans

1. These loans are available to the biological or adoptive parents of dependent students. In some cases, a stepparent may be eligible to borrow. Either parent (or both parents) may borrow on behalf of the student. There is no provision for any other person, such as a relative, to receive a PLUS loan.
2. The parent borrower and their dependent student must be U.S. citizens or eligible non-citizens, must not be in default on any federal education loans or owe an overpayment on a federal education grant, and must meet other general eligibility requirements for the Federal Student Aid programs.
3. A credit check is required; however, there is no debt-to-income check or credit scoring. If the parent borrower passes the credit check, the loan can be approved.
4. If the applicant has an adverse credit history, they may still receive a Direct PLUS Loan either by obtaining an *endorser* who does not have an adverse credit history or by documenting to the U.S. Department of Education's satisfaction extenuating circumstances relating to the adverse credit history. If it is the parent borrower who has an adverse credit history, the endorser cannot be the child on whose behalf they are borrowing.
5. There is no annual or aggregate limit to the amount a parent may borrow. The only limiting factor is the cost of attendance minus financial aid received.
6. For loans made between July 1, 2013 and June 30, 2014, the interest rate is 6.41 percent. Interest begins to accrue when funds are disbursed. 
7. A fee of 4.204 percent is assessed and will be deducted from each disbursement.
8. Repayment begins once the loan is fully disbursed. However, the parent borrower may request deferment and make payments on the interest only during the time the student is enrolled.
9. The repayment period can range from 10 to 25 years. Parent borrowers can select from three payment options – standard, graduated or extended as detailed above. Borrowers may change plans at any time and there is no penalty for early payment. Direct Loan Consolidation is also available to combine all PLUS loans of one borrower and extend the repayment term to 30 years.
10. The student is required to file a FAFSA in order for a parent to borrow through the PLUS Loan program.
11. A separate PLUS application must be filed for each child on whose behalf a loan is being received, as loan funds are processed through each student's account.

## Direct Grad PLUS Loans

1. These PLUS loans are available to graduate and professional students.
2. A credit check is required, but a cosigner can be added if there are credit issues.
3. The loan limits, interest rates, and repayment provisions of regular PLUS loans noted above all apply.
4. The FAFSA must be filed, and maximum eligibility for Direct Subsidized and Unsubsidized Stafford Loans must be determined before a PLUS loan can be approved.

## Direct Consolidation Loans

1. These loans are available for students and parents to combine multiple loans into one. However, student and parent loans must be kept separate.
2. Only federal education loans can be considered. Private (a.k.a. alternative) loans CANNOT be included in a federal consolidation loan.
3. The fixed interest rate is the weighted average of all loans.
4. Borrowers may take up to 30 years to repay the loan, with several repayment options available.
5. Borrowers should consult with school or federal officials to determine whether or not consolidation makes sense for them.

## Loan Forgiveness Programs

Some students may qualify for federal or state loan forgiveness or repayment programs which relieve them of a portion of their student loan debt. Current programs are:

1. Federal Teacher Loan Forgiveness Program – This federal program is intended to encourage individuals to enter and continue in the teaching profession. To be eligible, borrowers must teach full-time for 5 consecutive years in a low-income elementary or secondary school or educational service agency. There are a number of other eligibility guidelines and parameters which must also be met. Additional information is available at [studentaid.ed.gov](http://studentaid.ed.gov).
2. Public Service Loan Forgiveness Program – This federal program is intended to encourage individuals to enter and continue to work full-time in public service jobs. To be eligible, borrowers must have made 120 payments under certain payment plans while working in certain types of public service jobs. There are a number of other eligibility guidelines and parameters which must also be met. Additional information is available at [studentaid.ed.gov](http://studentaid.ed.gov) and [myfedloan.org](http://myfedloan.org).

In addition to federal programs, students may qualify for employer-based loan forgiveness as part of the hiring process or as an employee benefit. They should explore these possibilities when considering career paths and job offers.

## ADDITIONAL FEDERAL PROGRAMS

### Teacher Education Assistance for College and Higher Ed (TEACH) Grant

1. Student must be enrolled as an undergraduate, post-baccalaureate or graduate student in a participating postsecondary institution; institutions are not required to participate
2. Student must be enrolled in, or plan to enroll in, coursework required to become a teacher
3. Student must meet certain academic achievement requirements (college admission test score in at least the 75th percentile or maintain a 3.25 grade point average)
4. Student must annually sign an Agreement to Serve full-time in a high-need field in a public or private elementary or secondary school that serves low-income students
5. Student must teach for at least 4 academic years within 8 calendar years of completing (or ceasing) the program for which TEACH Grants were received

6. Grant must be repaid as a Federal Direct Unsubsidized Loan (with interest accrued from the time grants were disbursed) if the student fails to meet all requirements
7. Maximum award for 2013-14 is \$3,760
8. For additional information, visit [studentaid.ed.gov/types/grants-scholarships/teach](http://studentaid.ed.gov/types/grants-scholarships/teach).

## **Post 9/11 GI Bill Benefits**

1. Applies to honorably discharged veterans with at least 90 days of aggregate service after September 10, 2001, or individuals discharged with a service-connected disability after 30 days
2. Benefits include tuition and fees, a monthly housing allowance, a stipend for books and supplies, a possible relocation allowance, and the option to transfer benefits to other family members. States may add additional benefits.
3. Approved training includes graduate and undergraduate degrees, vocational/technical training, on-the-job training, flight training, correspondence training, licensing and national testing programs, entrepreneurship training and tutorial assistance. All training programs must be approved for GI Bill Benefits. The tuition and fee benefit varies based on the type of training being pursued.
4. Reserve and National Guard members are eligible if they were activated after September 10, 2001 for at least 90 days under Title 10 (by the President of the United States), but not if activated for a state emergency.
5. Yellow Ribbon Program:
  - a. Meant for schools whose tuition and fees exceed the highest rate for in-state undergraduate public institutions
  - b. Makes these schools just as affordable as in-state public schools
  - c. Schools may voluntarily participate with the Veterans Administration (VA) and choose the amount of tuition and fees they will contribute toward veteran's costs.
  - d. The VA will match that amount and send a check directly to school.
  - e. Currently 159 institutions participate in Pennsylvania.
6. For additional information, visit [gibill.va.gov](http://gibill.va.gov).

## **Iraq and Afghanistan Service Grant**

1. A student whose parent or guardian was a member of the U.S. Armed Forces and died as a result of service performed in Iraq or Afghanistan after the events of September 11, 2001 may be eligible to receive the Iraq and Afghanistan Service Grant.
2. Additional student eligibility requirements are as follows:
  - a. Must be ineligible for a Federal Pell Grant based on the EFC, but meet the remaining Pell Grant eligibility requirements, and
  - b. Must be under 24 years old, or be enrolled in college at least part-time at the time of the parent's or guardian's death
3. The grant award is equal to the amount of a maximum Pell Grant for the award year, not to exceed the cost of attendance for that award year. The maximum award amount for 2013-14 is \$5,080.50.
4. Additional information is available at [studentaid.ed.gov](http://studentaid.ed.gov).

## **American Opportunity Tax Credit**

The American Recovery and Reinvestment Act of 2009 (known as the Stimulus Bill) included a provision called the **American Opportunity Tax Credit**. This refundable tax credit is an expansion of the previous Hope Scholarship which had been in effect for a number of years. This provision expanded the Hope Scholarship in four ways - greater numbers of taxpayers are eligible, additional higher education expenses can be included, the amount of the tax credit is greater, and the credit can be claimed for 4 years rather than just 2.

This expanded tax credit is currently in place through tax year 2017. Families needing more information on tax benefits for education should review IRS Publication 970 at [irs.gov](http://irs.gov).

## **Lifetime Learning Credit**

The Lifetime Learning Credit may be claimed for the qualified tuition and related expenses of the students in the taxpayer's family (i.e., the taxpayer, the taxpayer's spouse or an eligible dependent) who are enrolled in eligible educational institutions. A taxpayer cannot claim both a Lifetime Learning Credit and an American Opportunity Tax Credit for the same student in the same year. Families needing more information on tax benefits for education should review IRS Publication 970 at [irs.gov](http://irs.gov).

## NOTES:

# THE APPLICATION PROCESS

## The Purpose of the FAFSA

The FAFSA (Free Application for Federal Student Aid) is a federal form used to determine student eligibility for the following:

- Federal Aid Programs – Pell Grants, campus-based aid and student loans
- PA State Aid Programs – PA State Grant, State Work-Study and other special programs
- School Aid Programs – need-based grants and scholarships

## When to Apply

The FAFSA may be filed beginning on January 1 of the upcoming award year. For students in high school, this would be done during their senior year. For the 2014-2015 award year, this would be January 1, 2014. The federal deadline is not until the END of the award year (for 2014-2015, this would be June 30, 2015).

**Note: if a paper FAFSA is submitted prior to January 1 for an award year it will not be accepted.**

1. Since the FAFSA is used to apply for federal, state and school funds, it must be submitted prior to the earliest application deadline. Many schools set application deadline dates which are earlier than federal or state deadlines (e.g. February 15).
2. It is the student's responsibility to be aware of all FAFSA submission related deadlines. Typically, applicable deadlines are published on postsecondary school websites and published by the school's Financial Aid Office. In addition, deadline information for Pennsylvania State Grant and Special Programs can be found at **PHEAA.org**
3. Students may list up to 10 schools on their online FAFSA, and need not be accepted for admission at the time of FAFSA submission. Applicants may delete and add schools by making a correction to the FAFSA.
4. Often, a school deadline for receipt of the FAFSA occurs prior to an applicant completing their tax returns. Applicants and their families may choose to use estimated information on their FAFSA if the appropriate tax return data is not yet available. However, if an applicant chooses to use estimated data, they should correct the FAFSA using the FAFSA IRS Data Retrieval Tool, after completing their actual tax return.

## Ways to Apply

**FAFSA on the Web (FOTW)** is the preferred and most popular method for submitting the FAFSA. Online applications are processed faster, are more accurate and are easier to correct. The application is available in both English and Spanish.

1. The website to apply online is **FAFSA.gov**. (This will default to [fafsa.ed.gov](http://fafsa.ed.gov).) New applicants begin by clicking on “Start a new FAFSA.” Returning applicants click “Log In.”
2. Applicants and their parents may be able to retrieve certain income-related data that was reported on their 2013 federal tax return and automatically transfer that information to their 2014-2015 FAFSA application. If the applicant uses the FAFSA IRS Data Retrieval Tool, they will not be required to manually enter tax return data on their FOTW application. If a student or parent submits the FAFSA with estimated tax information, he or she may log back in at **FAFSA.gov** after filing his or her tax return, select the option to make corrections and use the IRS Data Retrieval Tool to access the information. Note that the student (or parent) should allow time for the IRS to process his or her tax returns – 1-2 weeks for e-filers, and up to 6 weeks for paper filers.
3. Two items on the site will be helpful to applicants as they prepare to file their FAFSA. The FOTW Worksheet can be used to gather certain pieces of information before going online to complete the actual form. **(Completing this Worksheet is not a requirement, and it will not be submitted at any point in the process.)** Applicants can also view a listing of documents needed to complete the FAFSA to ensure that they have everything they need before starting the online process.
4. Applicants are not required to answer every question on the FOTW Worksheet, nor will they be required to answer all questions online. Built-in “skip logic” allows applicants to bypass certain questions based on their responses to previous questions. Therefore, it may be best for applicants to simply review the two items described above, gather all required documentation and then begin the process.
5. Applicants do not have to complete the FAFSA all at once. They will be asked to choose a password (4 to 8 characters long and different from the PIN). The password can then be used to return to their saved FAFSA at a later time. The password should be kept secure, like a PIN. If a student forgets or loses their password they can return to **FAFSA.gov**, use [pin.ed.gov](http://pin.ed.gov), or call the Federal Student Information Center (800.433.3243) for a password reset.
6. There are websites where students can get help completing the FAFSA **for a fee**. The most common of these is [fafsa.com](http://fafsa.com). It is strongly recommended that students not pay any fees for help. Free help is available from many sources, such as high schools, colleges, community agencies, PHEAA, and the federal government.
7. **FOTW asks if a dependent student is able to provide parental data.** If not, and if the student indicates that he/she has a special circumstance (for example; having left home due to abusive or incarcerated parents), FOTW allows the student to submit the application without parental data. However, the FAFSA will not be processed nor will an EFC be calculated. Instead, the student will have to contact the Financial Aid Officer (FAO) at the postsecondary school they plan to attend. The FAO will determine what additional information the student must supply and if the student can be considered independent based on that information.

**A Paper FAFSA** (available in English or Spanish) can be filed instead of completing the process online. A paper FAFSA can be obtained by calling 800.433.3243. When filing a paper FAFSA, all questions must be answered (there is no “skip logic”), the process takes considerably longer to complete, and there is a longer turnaround time for correspondence.

A **PDF FAFSA** is available to print and fill out manually or is screen-fillable. Screen-fillable means you can enter your data on the screen before printing. The PDF of the FAFSA can be located on **FAFSA.gov**. An address is listed on the PDF to which the student should send the completed application.

## **Documents Needed to Complete the FAFSA**

In general, information concerning income and assets is needed in order to complete a FAFSA. Please note if an applicant uses the IRS Data Retrieval Tool, they may not need to have an actual copy of a tax return with them to complete the FAFSA. Applicants may need the following items:

1. Social Security Numbers
2. Driver's license (student only; this information is optional)
3. Federal income tax return (1040, 1040A or 1040EZ)
4. W-2 forms from all employers
5. Current bank statements (checking and savings)
6. Current business and farm records (if applicable)
7. Records of any stocks, bonds and other investments, including all 529 accounts
8. Additional untaxed income tax records may be needed such as: Veteran's non-educational benefits, child support paid/received and workers compensation.
9. Alien registration or permanent resident card (if not a U.S. citizen)

## **Using a PIN to sign a FAFSA**

### **Personal Identification Number (PIN)**

1. A PIN is used to electronically sign the FAFSA when filing online. Use of a PIN decreases processing time to 24 hours or less.
2. The PIN enables an applicant to sign their application on FOTW, provides access to check on their FAFSA status and is used to sign corrections made on FOTW. Also, the PIN is used by students to sign the Master Promissory Note (MPN) for student loans, to complete entrance and exit counseling, and to review their federal student aid history within the National Student Loan Data System at [nslds.ed.gov](http://nslds.ed.gov).
3. The parent PIN allows a parent of a dependent student to sign the FAFSA electronically. It also is used by parent borrowers to sign the Direct PLUS Loan MPN.
4. Using a PIN is the preferred way to sign the FAFSA, and will be the default option for most applicants.

## Who Needs a PIN

1. The student needs his/her own PIN and uses the same PIN as long as they are attending any postsecondary institution.
2. If a parent has more than one dependent child attending postsecondary schools, that parent can use the same PIN to sign FAFSAs for every child. Only one parent needs to have a PIN to sign the FAFSA.
3. A parent who has a PIN and is also enrolled at a postsecondary school, can use that same PIN to complete their own FAFSA and MPN in addition to signing their child's FAFSA.
4. A PIN becomes disabled if it is unused for 18 months. Once disabled, it can be reestablished by calling **800.433.3243** or visiting **pin.ed.gov**.

## How and When to Get a PIN

1. The student and parent should go to **pin.ed.gov** to choose a PIN, or they may have one assigned to them.
2. Students and parents may apply for a PIN any time during the student's senior year of high school. They may also apply for a PIN at the time of completing the FAFSA at **FAFSA.gov**.
3. If a student or parent forgets their PIN, they may retrieve it online or apply for a duplicate at **pin.ed.gov**. The PIN is important and should NEVER be shared with anyone. It should be kept secure to prevent identity theft. **School counselors should not collect and store PINs on behalf of their students.**
4. If a student/parent still cannot retrieve their PIN, they can print a signature page and mail it in for processing.

## Other Ways to Sign

**If the student or parent chooses not to use a PIN while on FOTW to sign**, he or she should print, sign and mail the signature page as instructed. The student should be sure to submit the FAFSA after printing the signature page. If the student does not sign (either electronically or with a signature page) within 14 days of submitting the application, or if the student indicates on FOTW that he or she will not sign via PIN or signature page, he or she will receive a Student Aid Report (SAR) in the mail requesting the appropriate signatures.

**If a student completes a paper FAFSA or the PDF of the FAFSA**, it must be signed and dated by the student (and if dependent, one parent) and mailed in via the U.S. Postal Service. Students should keep a copy for their records.

**If a dependent student is unable to get a parent to sign the FAFSA with a PIN or a signature**, there are some instances in which a high school counselor or postsecondary school's Financial Aid Officer may sign a paper FAFSA in place of parents. This may occur when:

- Parents are not currently in the U.S. and cannot be contacted by normal means
- Current address of the parent(s) is unknown
- Parent(s) have been determined physically or mentally incapable of signing

In these situations, the signature of the counselor or FAO allows the application to be processed with a reasonable expectation of accuracy. The counselor or FAO must list their title next to their signature with a brief statement as to why they are signing the FAFSA. **Counselors and/or Financial Aid Officers do not assume any responsibility or liability for inaccurate information.**

## Receiving a Student Aid Report (SAR)

After the FAFSA is processed, the applicant will receive a Student Aid Report (SAR). How they receive a SAR depends on whether they provided a valid email address when they submitted the FAFSA (either online through FOTW or by paper).

- If they completed the FAFSA online or by paper and provided a valid email address, they will receive email notification that the SAR results are available online. Applicants can go online to review SAR results and make changes or updates.
- If they completed the FAFSA online but provided no email address or an invalid email address, they will receive a SAR acknowledgment in the U.S. Mail. The applicant will need to follow the directions in the SAR acknowledgment in order to see SAR results or make corrections.
- If they completed a paper FAFSA and provided no email address or an invalid email address, they will receive the SAR results by U.S. Mail. To make any changes or updates, the applicant can submit corrections on the paper document.

Applicants should carefully review their SAR, follow any directions included on it and make any necessary corrections to items on the SAR. On the SAR, if it is complete, there will be a Data Release Number (DRN) and an Expected Family Contribution (EFC) in the upper right corner. The first page will tell the student if they are eligible for a Pell Grant and provide information concerning Federal Direct Loans.

At the same time a SAR is sent to the student, the same information is sent to all schools listed on the FAFSA and to PHEAA. If the student has questions about making corrections to information contained on the SAR and their FAFSA, they can call the Financial Aid Office at their school/college.

## Database Matches

The Central Processing System (CPS) performs several database matches using the FAFSA data. Any issues with database discrepancies are communicated to the student on the SAR. Some of the database matches include:

1. Matching FAFSA data with the National Student Loan Data System (NSLDS), which identifies students who have defaulted on any federal student loans or have reached the lifetime eligibility limit for the Federal Pell Grant
2. Matching FAFSA records against citizenship records maintained by the U.S. Department of Homeland Security (DHS)
3. Matching FAFSA data against Social Security Administration records to check the validity of a student's Social Security Number (SSN)
4. Matching FAFSA data against Selective Service records to check the registration status of male applicants.

If discrepancies arise, the student's record is flagged and the student may not be eligible to receive federal student aid unless the discrepancy is resolved. Resolving such a discrepancy usually requires the student to submit additional documentation to the school to which he or she is applying. The SAR includes the appropriate instructions for the student.

## Verification

As part of the federal program requirements, some applicants are selected to have certain data from their FAFSA verified for accuracy by their postsecondary school. Beginning in 2013-14, the Department of Education moved to a more customized approach to verification.

1. Applicants chosen for verification will fall into one of several verification categories, and will be required to verify one or more of the following:
  - a. Standard verification items such as AGI, U.S. income tax paid, various tax credits or deductions, various forms of untaxed income, household size and number in college
  - b. Receipt of SNAP benefits (formerly known as Food Stamps)
  - c. Child support paid by the student, their spouse, their parents or both
  - d. High school completion status and Identity/Statement of Educational Purpose
2. In general, applicants who have already filed their taxes but elect not to use the IRS Data Retrieval Tool at the time of filing the FAFSA will have a significant chance of having their application selected for verification.
3. If they are selected for verification, they will need to submit an **IRS tax transcript** of their federal income tax information to their postsecondary school, along with any additional requested documents. **A copy of an IRS Federal Tax Return will not be considered acceptable documentation.** An IRS tax transcript can be obtained at [irs.gov](http://irs.gov) or by calling **800.908.9946**.
4. Since the tax transcript for the parent(s) identifies the parent(s) and not the student, it should be sent to the student's home and not directly to the postsecondary school.
5. If applicants use the Data Retrieval Tool to transfer IRS data on FOTW at the time of initial filing or later, they will have met the verification requirements for data retrieved from the IRS. However, it is possible that they may have to provide other information in order to meet verification requirements.

## Unusual Circumstances

Many unusual circumstances come into play as students prepare to complete the FAFSA process. These often involve questions about whose information should be included on the form and what type of income or assets to report. Examples of these circumstances are discussed in "Putting Square Pegs in Round Holes" later in this manual. Students with unusual circumstances are advised to contact the Financial Aid Offices of the schools at which they are applying in order to receive further guidance.

## FAFSA Changes for 2014-2015

At the time this manual was printed, FAFSA changes for 2014-2015 had not yet been finalized and updates to the online process had not yet been developed. Please refer to the separate handout for a review of FAFSA changes for 2014-2015.

## Overview of the FAFSA

The following information provides an overview of the FAFSA, the data required, and some tips for successfully navigating the process:

### General Guidance

1. Go to the correct website – **FAFSA.gov**
2. Select the correct year's FAFSA – for example, 2014-2015
3. Use the proper person's information
4. Use the correct Social Security Numbers
5. Use the correct year's income
6. Use the correct PINs
7. Be consistent in responding (mom only, dad only, mom AND dad, etc.)

### Income Questions – Follow these tips for completing income information:

1. The FAFSA always requires applicants to use **prior year** income.
2. Tax returns and W-2 forms should be handy to easily answer income questions.
3. Provide estimated income if actual figures are not yet known; make corrections later.
4. Read the instructions that accompany each item.
5. Answer each question presented. Do not leave any blanks. If zero, enter zero.
6. Enter amounts in whole dollars only; do NOT enter cents.
7. Carefully review untaxed income, such as contributions to tax deferred pension plans.

### Asset Tips – Questions about assets are often confusing for parents and students:

1. Assets are reported as of the day the FAFSA is filed – not the prior year.
2. Many families are prompted to skip the asset questions completely, although institutions may require this information for awarding their institutional aid.
3. Be sure to distinguish between parental assets and student assets.
4. 529 Plans are reported as parental assets, even if owned by the student.
5. Do not report the value of the primary residence, qualified retirement plans or life insurance.
6. Do not report a family farm if the family lives on the farm.
7. Do not report a small business if the family owns more than 50 percent of the business and it employs fewer than 100 people.
8. Investment value is defined as the current value minus the current debt against it.

## Dependency Status

The student is asked a series of questions to determine if parental data is required. Dates are updated each year. For 2013-14 the dependency questions are as follows:

- Were you born before January 1, 1990?
- As of today, are you married?
- At the beginning of the 2013-14 school year, will you be working on a master's or doctorate program (such as an M.A., M.B.A., M.D., J.D., Ph.D., Ed.D., graduate certificate, etc.)?
- Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training?
- Are you a veteran of the U.S. Armed Forces?
- Do you have children who will receive more than half of their support from you between July 1, 2013 and June 30, 2014?
- Do you have dependents (other than your children or spouse) who live with you and receive more than half of their support from you, now through June 30, 2014?
- At any time since you turned age 13, were both your parents deceased, were you in foster care or were you a dependent or ward of the court?
- As determined by a court in your state of legal residence, are you or were you an emancipated minor?
- As determined by a court in your state of legal residence, are you or were you in legal guardianship?
- At any time on or after July 1, 2012, did your school district or high school homeless liaison determine that you were an unaccompanied youth who was homeless?
- At any time on or after July 1, 2012, did the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development determine that you were an unaccompanied youth who was homeless?
- At any time on or after July 1, 2012, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless?

A student answering "YES" to any **one** of these questions will automatically be considered an independent student and parental data will not be required. However, in some cases (such as guardianship, emancipated minor and others), the postsecondary institution might require the student to provide supporting documentation before awarding federal aid to the student. For PA State Grant eligibility, supporting documentation to verify the student's status might also be requested.

A student answering "NO" to **all** of these questions is considered to be a dependent student and must provide parental data. If there are extenuating circumstances, the student can discuss them with the Financial Aid Office at the school to see if a dependency override can be granted. This process is discussed under "Putting Square Pegs in Round Holes" later in this manual.

Note that a student cannot simply choose to "go independent." For financial aid purposes, this is not a matter of choice. There are no decisions to be made, and there is no opportunity for students to "set themselves up" to be independent. The process is based on actual circumstances, with some discretion left to the Financial Aid Office to deal with unusual situations.

## PHEAA Acceptance of Federal Dependency Questions

The dependency questions asked on the FAFSA are used for all forms of federal aid. However, due to state regulations PHEAA does not automatically accept the federal definition of independence in determining a student's eligibility for the Pennsylvania State Grant.

The federal definition of independence is automatically accepted for the following questions:

1. Were you born before January 1, 19XX?
2. As of today, are you married?
3. Will you be working on a master's or doctorate program? \*
4. Are you currently serving on active duty in the U.S. Armed Forces?
5. Are you a veteran of the U.S. Armed Forces?

\* Even though treated as independent, graduate students are ineligible for PA State Grant.

The federal definition of independence is NOT automatically accepted for the following questions; additional information will be required and reviewed prior to a dependency status determination being made:

1. Do you have children (or other dependents) who receive more than half their support from you?
2. Are your parents deceased, are/were you in foster care, or are/were you a ward of the court?
3. Are/were you an emancipated minor?
4. Are/were you in legal guardianship?
5. Are/were you an unaccompanied youth who is/was homeless or at risk of being homeless?

In addition, a school's determination of independence and granting of a "dependency override" does not automatically qualify the student as independent for PA State Grant purposes. However, PHEAA takes this into consideration when making a status determination based on other information submitted to PHEAA.

## FAFSA Resources and Assistance

### Federal Contact Assistance on FAFSA.gov

Help is available directly on **FAFSA.gov** for parents, students and counselors who may have questions and need additional assistance.

By using the “Contact Us” tab, users can get help in three ways:

- **FAFSA on the Web – Live Help** – This is a secure live online chat session where customer service representatives answer questions. Availability is Monday through Friday: 8:00 AM to 11:00 PM, Saturday 8:00 AM to 5:00 PM, and Sunday 12:00 PM to 6:00 PM. (not available on Federal holidays).
- **Phone** – You can call **800.433.3243** or, if hearing impaired, the TTY line is available at **800.730.8913**. Availability is Monday through Friday: 8:00 AM to 11:50 PM (not available on Saturdays, Sundays or federal holidays).
- **Email** – An online form is provided to ask your question, send comments or report a technical issue that may be occurring. One of the customer service representatives will respond via email. You can also email **federalstudentaidcustomerservice@ed.gov**. Email is available at any time, with a response time of one day with the exception of Sundays and federal holidays.

**FAFSA Completion Sessions** are events that invite college-bound students and their parents (or guardians) to a location near them to receive free assistance in completing the Free Application for Federal Student Aid (FAFSA).

1. FAFSA Completion Sessions take place annually at numerous sites across the state. PHEAA sponsors FAFSA Completion Sessions from January through April. Contact the PHEAA Higher Education Access Partner that serves your area for more details on these sessions. In addition, many high schools, postsecondary institutions and community agencies host their own FAFSA Completion Sessions. PHEAA will provide materials for distribution at those sessions which are posted on PHEAA's website.
2. All college-bound students and their parents (or guardians) are invited to receive free help. The primary goal of these sessions is to ensure that the first step of the financial aid process is completed accurately so that eligibility for funding can be determined in a timely manner.
3. If students are 23 years or younger, they should attend with a parent or guardian. If possible, parents and students should bring their completed IRS 1040 tax return, W-2 forms or other income or benefits information.
4. **Appendix C** is a handout which can be provided to students and parents if you are conducting a FAFSA Completion Session. It contains information on what documents and other information will be needed to complete the online process.

## FAFSA4caster

1. This is a free online tool, available at **FAFSA.gov** and **studentaid.ed.gov**, to provide students with an early estimate of eligibility for federal financial aid. It also provides a cost comparison calculator for schools in which the applicant has an interest.
2. The tool is meant for those not yet ready to apply for financial aid. It is an effective tool in helping them prepare. When students click on “Submit” the site instantly calculates an estimated EFC and sample financial award packages, including an estimated Pell Grant award.
3. The site is recommended for parents and students as a means to gain early awareness of financial aid opportunities and educate students about the financial aid process. It is NOT an official application and does not require an electronic PIN.

## FAFSA Demonstration Site

1. The FAFSA Demonstration Site, also known as FAFSAdemo, is a learning tool for educating counselors on the use of FOTW in assisting students and families in completing the FAFSA online.
2. At the site, a counselor can complete a FAFSA, make corrections or check the status of an application. Information will not be sent to the processor when the “submit” button is used.
3. To access the site, visit **<http://fafsademotest.ed.gov>**. (You MUST include http://) The user name is **eddemo**, and the password is **fafsatest**.

## FAFSA COMPLETION DATA FOR HIGH SCHOOLS



1. The U.S. Department of Education provides aggregate statistics on submitted and completed FAFSAs for the current application cycle compared to the same time period for the prior application cycle.
2. Data is available at the state and high school level.
3. High schools can use this data to track their students’ application progress on an aggregate basis and to calculate FAFSA completion rates.
4. To access this information, visit **[studentaid.ed.gov/about/data-center/student](http://studentaid.ed.gov/about/data-center/student)**.

## FSA4counselors.ed.gov

This federal site provides counselors with the tools to assist in explaining and assisting families with the financial aid process. A general financial aid PowerPoint presentation, “how-to” guide and information about planning a financial aid night are available.

## Federal Forms and Publications

The federal government offers a wide array of publications and application tools for students, parents and counselors. These include FAFSA Worksheets, Direct Loan Materials and the College Prep Checklist – to name a few. There are two convenient ways to order these materials:

- Order online at **[fsapubs.gov](http://fsapubs.gov)**. High schools, libraries and non-profit organizations will need a mailing list (ML) number, which they can obtain by sending an email request to **[orders@fsapubs.gov](mailto:orders@fsapubs.gov)**.
- Order by phone by contacting a customer service representative at **800.394.7084**.

## Additional Applications

### PA State Grant Form (SGF)

To be considered for a PA State Grant, students must complete the FAFSA. In addition, first-time applicants must complete the SGF and submit it to PHEAA. This form gathers additional information needed for determining eligibility and financial need. (Most renewal students are not required to complete the SGF.)

The SGF can be submitted in one of three ways:

1. Complete the process online upon FAFSA completion (**PREFERRED**)

Upon completion of the online FAFSA process, the confirmation page will include a link to PHEAA's online SGF. This link reads:



**Start your state application to apply for Pennsylvania state-based financial aid.**

Students must submit the information being requested and then print the form. **The last page of the form (the signature page) must be signed and mailed to PHEAA in order to complete the process.** This signature page will let the student know if a parent's signature is also required.

**This online option is available only once – immediately upon completion of the online FAFSA.** A student cannot return to the FAFSA and take advantage of this process at a later time. In addition, if the student has already completed the SGF, a prompt will indicate that no further action is necessary.

2. Complete the process at **PHEAA.org** (24 to 48 hours after completing the FAFSA)

If the student did NOT use the link described above but provided a valid email address on the FAFSA, PHEAA will email the student with a request to complete the process through Account Access. Students should sign in and/or create an account with PHEAA at **PHEAA.org** (note that this secure portal is housed within **aesSuccess.org**, the website for American Education Services, PHEAA's commercial lending division). Students will then provide the required information, print, sign, and date the form, copy and mail the signature page to PHEAA in order to complete the process. The signature page will let the student know if a parent signature is also required.

3. Complete a paper Status Notice

If the student did NOT use the link described above and either did not provide a valid email address on the FAFSA or did not respond to the email notification, PHEAA will mail a postcard requesting that the student complete the online SGF. There are exceptions when the paper State Grant Status Notice is mailed to the student for completion. In these cases, the student must complete the form, sign the form, have at least one parent whose information is reported sign and date the form (if dependent), make a copy and return the entire form (minus instructions) to PHEAA in order to complete the process.

Regardless of the method used to complete the SGF, all students should be advised to watch for email messages and/or standard mail from PHEAA regarding their PA State Grant status and to respond to requests for information as quickly as possible. Student records must be complete before any PA State Grant funds will be disbursed.

**Appendix D** is a handout that describes this process. It may be provided to students and parents to assist them with this process.

## CSS Financial Aid PROFILE

The CSS PROFILE is a form from College Scholarship Services. It must be submitted in addition to the FAFSA, but ONLY if a school (typically private colleges) or a scholarship organization requires it.

1. The CSS PROFILE gathers supplemental financial and family information and is available online at **CollegeBoard.com** under “Students,” then “Pay for College.”
2. The fee for the initial application and one college or program report is \$25. Additional reports are \$16. A limited number of fee waivers are granted automatically — based on the information entered on the PROFILE application — to students who are first-time college applicants and are from families with very low incomes and assets. International students are not eligible for fee waivers. This waiver covers the application fee and the reporting fees for up to six colleges or scholarship programs.
3. PA schools and scholarships organizations utilizing the CCS PROFILE form are:

Albright College, Bryn Mawr College, Bucknell University, Carnegie Mellon University, Dickinson College, Drexel University, Eastern Baptist Theological Seminary, Franklin and Marshall College, Gettysburg College, Haverford College, Hughesian Free School Trust, Lafayette College, Lehigh University, Moravian College, Muhlenberg College, Susquehanna University, Swarthmore College, University of Pennsylvania, Ursinus College and Villanova University.

## Institutional Application

Some schools have their own institutional financial aid application that must be submitted in addition to the FAFSA. Information is usually available on the school’s web site, explaining what financial aid applications are needed.

It is the responsibility of the student to complete all required applications and return them to the school in a timely manner. Please note that schools often require separate applications for non-need based financial aid. For example, many schools have a separate application process and deadline for academic scholarships.

## NOTES:

# FINANCIAL NEED AND PACKAGING

## The Role of the Financial Aid Office

Once students have completed the process of filing the Free Application for Federal Student Aid (FAFSA), their primary points of contact become the Financial Aid Offices at the various schools they are considering. During this pre-enrollment period, and during the time the student is actually enrolled, the Financial Aid Office will perform the following functions:

1. Provide students with information about financial aid programs and processes
2. Provide assistance with the financial aid application process
3. Collect all documentation required as part of the application process
4. Resolve unusual application filing situations, such as dependency overrides
5. Determine eligibility for federal financial aid (e.g. Pell Grant, campus-based programs)
6. Award institutional aid
7. Process student and parent educational loans
8. Notify students of financial aid awards
9. Credit all financial aid awards to the student's account at the school
10. Determine the student's academic grade level for financial aid purposes
11. Monitor satisfactory academic progress for federal, state and institutional aid

It is critically important that students contact the Financial Aid Office with their questions and quickly respond to requests for additional information. This will enable them to maintain an effective working relationship with their Financial Aid Office.

## Financial Need

A student's financial need is determined through a process called "need analysis." Need analysis has two components – the student's cost of attendance at the institution and the student's Expected Family Contribution (EFC).

### Cost of Attendance (also referred to as COA or Student Budget)

1. The Financial Aid Office will include the following when determining the student's annual cost of attendance at that school:
  - a. Tuition and fees (this includes all institutional fees)
  - b. Room and board (whether on-campus, off-campus or living with parents)
  - c. Books and supplies (typically an average allowance for the entire student body)
  - d. Transportation expenses (even if the student is living on campus)
  - e. Miscellaneous personal expenses (clothing, entertainment, toiletries, etc.)

2. In addition to developing these standard budget figures, the school has the discretion to add other expenses such as child care and special equipment purchases, and to adjust other cost estimates on a case-by-case basis.
3. Costs vary greatly from school to school. In evaluating college costs, students must be sure to compare similar expenses. They should not consider tuition and fees only at one school and all costs at another school.
4. In preparing to meet the cost of attendance, families should distinguish between direct costs to be paid to the institution (tuition and fees, room and board, books and supplies) and those indirect costs over which they may have more control (transportation costs and personal expenses).

## **Expected Family Contribution (EFC)**

1. The EFC is a number derived from a federal formula which considers a family's income, assets and other factors. Because this is a federally calculated number, the EFC is the same no matter which school the student attends.
2. In theory, the EFC is the amount a family can reasonably be expected to pay toward college expenses each year. In reality, it is not the amount a student is required to pay and is rarely the amount a family actually pays.
3. The EFC formula is very much income-driven. While assets must be reported in many cases, they often have no impact on the EFC.
4. The major factors in determining the EFC for dependent students are:
  - a. Parental income and assets
  - b. Student income and assets
  - c. Family size and number of family members in college
  - d. Age of the older parent
5. Income is treated as follows:
  - a. For parental income, the formula includes allowances for federal, state and local taxes, Social Security taxes, and working parent households, and also includes an income protection allowance based on the size of family.
  - b. For student income, the formula includes allowances for federal, state and local taxes and Social Security taxes. Then an income protection allowance (\$6,260 for 2014-2015) is applied. Any remaining amount is assessed at 50 percent. Prior year Federal Work-Study earnings are not treated as income in determining the EFC.
6. Assets are treated as follows:
  - a. Parents do NOT report the value of the primary residence, personal property, the value of qualified retirement accounts, or life insurance. Most other assets (cash, savings, CD's, mutual funds, 529 plans, stocks, net value of rental properties, etc.) must be reported.
  - b. An Education Savings and Asset Protection Allowance (based on the age of the older parent and the number of parents in the household) is then applied against the net worth of reported parental assets. When this allowance exceeds reportable assets, no assets count in the EFC calculation.

- c. Dependent students must report any assets in their name. They do not receive an Asset Protection Allowance. Their reported assets are assessed at 20 percent and factor into the calculation of the EFC.
  - d. Two special processing formulas (noted below) eliminate all assets from the EFC formula.
7. The EFC formula does not include provisions for home mortgages, consumer debt, auto expenses, unusual medical or dental expenses, private elementary or secondary school tuition or parents enrolled in college. However, schools are permitted to adjust various data elements that make up the EFC when awarding institutional aid.

**Special Processing Formulas** - In addition to the standard formula, there are two special processing formulas that eliminate all assets from the EFC calculation. Both formulas consider the family's receipt of means-tested federal benefits (SSI, SNAP, Free and Reduced Price School Lunch, TANF or WIC), the parents' or student's tax filing status, or the parent or student being a dislocated worker, along with annual income.

- The Simplified Formula applies when anyone in the parent(s) household received means-tested benefits, OR the parent(s) filed a Federal Form 1040A or 1040EZ in completing their taxes, OR a parent is a dislocated worker, AND the parents' prior year income is less than \$50,000. In this case, no student or parental assets count in the EFC calculation. This formula also applies to independents students (and their spouse if married).
- The Automatic Zero EFC Formula applies when the same conditions stated above for the parent(s) have been met, but the annual income is \$24,000 or less. In this case, no student or parental assets are counted, and the EFC is automatically zero. For independent students to be considered under this formula, they must have dependents other than a spouse. Single independent students and independent students with no dependents other than a spouse do not qualify the Automatic Zero EFC Formula.

**Sample EFC Calculation** - The following shows an unofficial EFC at various income levels for a family of four with one in college and no reportable assets.

<u>Income:</u>	<u>EFC:</u>	<u>Income:</u>	<u>EFC:</u>	<u>Income</u>	<u>EFC:</u>
\$25,000	0	\$ 75,000	7,899	\$125,000	23,777
\$50,000	2,512	\$100,000	16,333	\$150,000	31,223

Variables such as parent or student reportable assets, one-parent or two-parent household, age of the older parent, and student income would impact these amounts (except for the \$25,000 example, which would remain unchanged). For example:

- If parent assets are \$100,000, EFC increases by \$1,800 to \$3,600 (depending on income).
- If student assets are \$2,500, EFC increases by \$500 (20 percent).
- If student income is \$8,000, EFC increases by approximately \$700.

By understanding the ways in which income and assets are treated in the EFC formula, families can greatly expand their options for meeting college costs and minimize their debt burden.

For example, parents should understand that saving for college is a GOOD thing since in many cases those assets will not affect the student's eligibility for need-based aid. And students should consider working to help pay for their own college expenses since student employment (in particular Federal Work-Study) is heavily protected.

## Calculation of Financial Need

The term “financial need” means different things to different people:

- To the Financial Aid Office, need is defined as the cost of education minus the EFC. The resulting figure – the student’s financial need – is the student’s eligibility for need-based financial aid (grants, work-study, subsidized student loans).
- To the family, need is sometimes defined as the cost of attendance minus all financial aid they will receive, including student loans. The resulting figure – their “gap” – is the amount they must still cover through savings, income or additional borrowing.
- The family can also define need as the cost of attendance minus gift aid – the free money. This can more accurately be referred to as their **ACTUAL** Family Contribution, as this is the amount they ultimately must cover through savings, income and borrowing.

Defining financial need is further complicated by the fact that need does not determine the amount of financial aid which can be received. Students can receive aid (such as unsubsidized Stafford Loans or PLUS loans) to meet, or replace, their EFC. So in reality, students may receive aid up to the total cost of attendance of the school, not just the amount of their financial need.

## Informational Tools for Families

There are several tools available to families which are designed to reflect the true cost of education and provide other consumer information for each institution they are considering:

**Net Price Calculator (NPC)** – Postsecondary institutions that award federal student aid are required to post a Net Price Calculator on their websites. This calculator uses institutional data to provide estimated “net price” information to current and prospective students and their families based on a student’s individual circumstances. The calculator should allow students to calculate an estimated net price of attendance at an institution (defined as cost of attendance minus grant and scholarship aid) based on what similar students paid in a previous year.

**Financial Aid Shopping Sheet** – The U.S. Department of Education has partnered with the Consumer Financial Protection Bureau to develop the Financial Aid Shopping Sheet to promote transparency in student financial disclosures. The Shopping Sheet is designed to help students better understand the amount of grants and scholarships they would receive from a given institution and the amount of loans an institution recommends a student take out to cover out-of-pocket costs. While the Shopping Sheet is not mandatory, the Department of Education requests that schools adopt this format to deliver financial aid award information to students.

**FAFSA Confirmation Page** – Upon completion of the FAFSA, the student receives a confirmation page. For each school selected by the student, the school’s graduation rate, retention rate and transfer rate are shown. Students can use this information in comparing schools.

**COLLEGE SCORECARD** – This new online tool provides families with essential information they need to make educated decisions about their choice of higher education institution. The scorecard highlights five key pieces of data about a school: costs, graduation rate, loan default rate, average amount borrowed, and employment. Families can use this information to compare schools and choose one that is well-suited to their particular needs. To access the College Scorecard, visit [collegecost.ed.gov/scorecard](http://collegecost.ed.gov/scorecard).



## Meeting Financial Need (the packaging process)

1. The process by which schools make financial aid awards and meet financial need is called packaging. Each school has its own philosophy on packaging and how it will use institutional funds to meet student need. These packaging strategies could revolve around need-based aid, merit-based aid, “need blind” admissions, early decision applications, honors programs, and other factors which they determine to be important to their mission.
2. Schools can set their own parameters, application processes and application deadlines in awarding their own funds. They can also calculate their own Expected Family Contribution (EFC) based on the CSS Profile or some other process.
3. Schools will typically utilize the following types of financial aid in the packaging process, though not necessarily in this order:
  - a. Federal and state grants
  - b. Employment (Federal Work-Study and institutional employment)
  - c. Institutional grants and scholarships (need-based and merit-based)
  - d. Private scholarships of which they are aware
  - e. Perkins Loans
  - f. Subsidized and Unsubsidized Stafford Loans
  - g. PLUS Loans (as a means of meeting any remaining “gap”)
4. The school determines eligibility for these types of aid and presents this “package” to the student in the form of a Financial Aid Award Letter which typically includes:
  - a. The cost of attendance
  - b. The types and amounts of financial aid being offered
  - c. The conditions that have been placed on any of the awards
  - d. The steps the student must take to accept the financial aid package
  - e. The student’s rights and responsibilities
  - f. The renewal, revision and appeal processes
  - g. The Policy on Satisfactory Academic Progress for maintaining future eligibility

# SAMPLE FINANCIAL AID PACKAGE

## SAMPLE #1 – Based on an Expected Family Contribution (EFC) of \$2,000

	<u>SCHOOL A</u>	<u>SCHOOL B</u>	<u>SCHOOL C</u>
Cost of Attendance	\$15,000	\$25,000	\$35,000
- Federal EFC	\$2,000	\$2,000	\$ 2,000
= Financial Need	\$13,000	\$23,000	\$33,000
Federal Pell Grant	\$3,695	\$3,695	\$3,695
PA State Grant	\$3,713	\$3,991	\$4,363
Federal SEOG	\$0	\$500	\$1,500
Institutional Grant	\$1,000	\$2,500	\$8,000
Private Scholarship	\$500	\$500	\$500
Federal Work-Study	\$1,500	\$2,000	\$2,500
Perkins Loan	\$0	\$1,000	\$2,000
Direct Subsidized Loan	\$2,592	\$ 3,500	\$3,500
Direct Unsubsidized Loan	\$2,000	\$ 2,000	\$2,000
<b>TOTAL AID</b>	<b>\$15,000</b>	<b>\$19,686</b>	<b>\$28,058</b>
Gap (Cost – Aid)	\$0	\$5,314	\$6,942
Gift Aid (free money)	\$8,908	\$11,186	\$18,058
Employment	\$1,500	\$ 2,000	\$2,500
Loans	\$4,592	\$6,500	\$7,500
<b>Actual Contribution</b> (Cost – Free Money)	<b>\$6,092</b>	<b>\$13,814</b>	<b>\$16,942</b>

### KEY POINTS TO CONSIDER:

1. The EFC remains the same at each school; it is the financial need that changes.
2. The Pell Grant award remains the same, regardless of school cost.
3. The PA State Grant increases slightly as cost increases.
4. Campus-Based awards through FSEOG, Perkins and Federal Work-Study vary.
5. In this example, the gap (cost minus aid) increases as cost increases.
6. In this example, the Actual Contribution (cost minus free money) greatly exceeds the Expected Contribution at all three schools.
7. The Actual Contribution can be met through savings, income or borrowing.

# SAMPLE FINANCIAL AID PACKAGE

## SAMPLE #2 – Based on an Expected Family Contribution (EFC) of \$15,000

	<u>SCHOOL A</u>	<u>SCHOOL B</u>	<u>SCHOOL C</u>
Cost of Attendance	\$15,000	\$25,000	\$35,000
- Federal EFC	\$15,000	\$15,000	\$15,000
= Financial Need	\$0	\$10,000	\$20,000
Federal Pell Grant	\$0	\$0	\$0
PA State Grant	\$0	\$0	\$0
Federal SEOG	\$0	\$0	\$0
Institutional Grant	\$1,000	\$2,500	\$8,000
Private Scholarship	\$500	\$500	\$500
Federal Work-Study	\$0	\$0	\$2,500
Perkins Loan	\$0	\$0	\$0
Direct Subsidized Loan	\$0	\$ 3,500	\$3,500
Direct Unsubsidized Loan	\$5,500	\$ 2,000	\$2,000
<b>TOTAL AID</b>	<b>\$7,000</b>	<b>\$ 8,500</b>	<b>\$16,500</b>
Gap (Cost – Aid)	\$8,000	\$16,500	\$18,500
Gift Aid (free money)	\$1,500	\$3,000	\$8,500
Employment	\$0	\$0	\$2,500
Loans	\$5,500	\$5,500	\$5,500
<b>Actual Contribution</b> (Cost – Free Money)	<b>\$13,500</b>	<b>\$22,000</b>	<b>\$26,500</b>

### KEY POINTS TO CONSIDER:

1. The EFC remains the same at each school; it is the financial need that changes.
2. With an EFC this high, the student is ineligible for federal grants at all schools.
3. The student is also ineligible for a PA State Grant at each of these schools.
4. Campus-Based awards through FSEOG, Perkins and Federal Work-Study vary.
5. In this example, the gap (cost minus aid) increases as cost increases.
6. In this example, the Actual Contribution (cost minus free money) greatly exceeds the Expected Contribution at School B and School C.
7. The Actual Contribution can be met through savings, income or borrowing.

## Reviewing the Financial Aid Package

1. Students will typically receive a Financial Aid Package from each school to which they have been accepted and sent their FAFSA information. They can then use the “Comparing Financial Aid Packages” worksheet, included as **Appendix E**, to help them review and compare the information they have received.
2. After reviewing their packages, students should be sure they know and understand the following, and should address any questions to the school’s Financial Aid Office:
  - a. How much of their financial aid is gift aid, and how much is not?
  - b. Which awards are based on need, and which are based on merit?
  - c. Are there any conditions on the gift aid; in particular, is there a GPA requirement?
  - d. Will their awards change from year to year?
  - e. Will institutional awards increase as tuition increases?
  - f. Will free money convert to borrowed money as borrowing capacity increases?
  - g. For how many years can the funds be received?
  - h. What happens if they change their major?
  - i. How many hours per week must they work to earn their Work-Study award?
  - j. How much is the family expected to borrow?
  - k. How are outside scholarships handled?

## The Five-Year Plan

Many students who pursue a Bachelor’s degree take longer than 4 years to complete it. There could be sound reasons for this, such as a double major, study abroad, an internship, or participation in intercollegiate athletics. These are opportunities which can greatly enhance their educational experience and perhaps make them more marketable upon graduation.

However, some students take more than 4 years due to changing schools, changing majors, taking a reduced credit load, dropping and/or failing classes, and other reasons. These actions could have significant financial implications.

For example:

1. The total cost of their degree is increased by 25% or more.
2. Institutional aid may be limited to 4 years.
3. PA State Grant eligibility is limited to 4 years and may have been exhausted.
4. Student loan eligibility may be limited if maximum borrowing has occurred.
5. At 6 years, the Lifetime Eligibility for Pell Grant may have expired.
6. At 6 years, the new 150 percent rule for subsidized Stafford Loans will be in effect.

Students must be aware of the potential financial impact they could face if they take longer than the prescribed time to complete their degree. It is critical that they conduct appropriate career and college searches prior to enrolling. Then they must plan accordingly so they can minimize any potential financial consequences.

## SMART BORROWING



PHEAA is asking students and parents alike to consider every potential financial aid option before borrowing for education. If all other options have been exhausted and borrowing is absolutely necessary, we encourage families to only borrow as much as is truly needed. Smart borrowing is the key to graduating on firm financial footing.

We are promoting the following five key points in helping students become smart borrowers. These messaging points can be tailored to meet the needs of a particular audience.

- 1. Research job availability in your chosen field, before selecting your major.**

Job availability and successful repayment go hand-in-hand, as you won't be able to repay your student loan if you aren't gainfully employed. Research employment rates in your potential career field before making that final decision on a major or course of study. Some jobs simply aren't in demand in today's economy.

- 2. Research your expected salary in your future career, find an affordable school, and borrow realistically.**

There are many paths to the same degree. Research every option, rather than focusing on one school and borrowing whatever is needed to afford that choice. Starting at a community college or commuting to a nearby 4-year school may offer substantial savings. Students should only attend a school that they can reasonably afford. You may still require some form of additional aid, but you should only borrow what you absolutely need. **If you don't need to borrow, don't.**

- 3. Consider all types of financial aid carefully.**

It is critical that you have knowledge of the many forms of financial aid before committing to a financial aid package. Grants and scholarships are free money and do not have to be repaid, provided obligations are met. Work-study provides part-time jobs for students with financial need, allowing them to earn money to help pay for college. Loans, which can cover the remaining financial gap, must be repaid – with interest.

- 4. Educate yourself on the many loan options available before borrowing.**

Many parents and students seem unaware that there are different loan options available to them. There is no one loan option that is perfect for every family. Conduct your own conclusive research on the loan options available for postsecondary education and assess which is the best choice for your situation.

- 5. Inconsistent or untimely loan repayment could affect your future.**

Unlike other forms of debt, student loans are difficult to discharge in bankruptcy. Inconsistent or untimely repayment of your student loans could affect your overall credit score. This in turn may prevent you from obtaining credit cards, buying a car or purchasing a home. Deferment or forbearance is an option if you are having trouble making payments – but will increase the total amount owed.

We have developed a new online tool to assist students with this process. Located at **MySmartBorrowing.org**, this tool allows students to see how decisions related to their career choice, college choice and level of borrowing could affect them when it's time to repay their loans.

Please help us promote smart borrowing by reviewing these five points when working with students and parents who are exploring higher education options, and also make them aware of this new online resource. In addition, encourage all users of the tool to complete the survey at the end so that we can continue to enhance the website to make it more meaningful in our public service message of "be careful before you borrow."

## OTHER ALTERNATIVES FOR MEETING NEED

### Private Educational loans

Private education loans, also known as "alternative" loans, are made through private lenders. They are regulated differently than federal education loans, so the fees, rates and terms vary widely among lenders. Most private loans require a co-signer, along with a review of debt-to-income and credit rating. Rates may be fixed or variable, and interest rate caps may be higher than on federal loans. Borrowers and co-signers should fully understand the terms of private loans when comparing borrowing options.

### Institutional or private payment plans

Many institutions offer tuition payment plans that allow students to spread payments out over the semester or the year. These plans are typically interest free, charge only a nominal set-up fee and provide flexible payment terms. For many families this is a very affordable way to manage college costs.

### Home Equity Loans

With mortgage interest rates still at relatively low levels, some families decide to use their home equity as leverage to secure funds to pay for college expenses. In some cases, this may be a more attractive option than borrowing through the federal PLUS Loan Program.

### Existing family resources (savings, 529 plans, income, etc.)

Families should review their financial situation to see if existing resources can be used to keep their debt burden down. Perhaps savings and 529 plans can cover large expenses such as tuition, while income can be used to cover a tuition payment plan or a monthly parent loan payment. Student income and assets should also be factored in.

NOTE: It generally is NOT a good idea to tap into family resources, such as retirement funds or life insurance, or to take out large cash advances on credit cards to cover higher education expenses.

### Private scholarships

Students should use **EducationPlanner.org** and other free scholarship search sites to find private scholarships. Their search should begin in the sophomore or junior year so that they become familiar with these sites, identify potential awards for which they can apply, and meet various application deadlines. Students can even begin their search during the elementary and middle school years.

See **Appendix F** for a list of scholarship scams to avoid, and **Appendix G** for a listing of scholarship application tips. Both can be shared with your students at any time.

# PUTTING SQUARE PEGS IN ROUND HOLES

## Professional Judgment

Since the FAFSA is a federal form used by millions of students nationwide, it is not feasible for the FAFSA process to take unusual circumstances into account. Therefore, schools have “professional judgment” which enables them, on a case-by-case basis, to make changes to the student’s FAFSA record and financial aid eligibility.

This authority rests with each school. **Schools are not required to exercise professional judgment, and decisions made by one school do not apply to another.** In addition, the Financial Aid Officer’s professional judgment applies to federal aid only.

**For consideration of special circumstances for a PA State Grant, students must contact PHEAA directly and complete the appropriate review process.** Students may also visit [PHEAA.org/forms](http://PHEAA.org/forms) for State Grant reduced income and other forms.

The following are some of the cases in which professional judgment for federal aid applies:

### Dependency Override

There are cases in which a student does not meet any of the criteria to be automatically independent for federal financial aid, yet it is unreasonable to expect the parents to complete the FAFSA or contribute toward their child’s education. One example would be a student who has left the parents’ home due to an abusive situation. Another would be a student whose parents’ whereabouts are unknown.

In such cases, the Financial Aid Office might override the dependency status and determine that the student will be independent, meaning no parental data will be required. Prior to making this determination, schools require documentation to support the student’s request.

There are some rather typical cases that do NOT qualify for a dependency override.

- Parents refusing to contribute toward their child’s education
- Parents’ unwillingness to supply information needed to complete the FAFSA
- Parents not claiming the student as a dependent for income tax purposes
- The student no longer living in the parents’ home
- Parents and student “just don’t get along”

### Reduction of Income

Many families experience a change in their income, either before or after the FAFSA has been filed. It is important that they file the FAFSA based on actual data and then contact their Financial Aid Office to discuss what has changed. There are many types of situations that can be reviewed under professional judgment, such as:

- Divorce or separation of the parents
- A parent loses their job, has a reduction in wages, or retires
- A parent dies or becomes disabled

- Unusually high medical expenses not covered by insurance
- Loss of untaxed income or benefits (Social Security, child support, etc.)

Reduced Income forms for the PA State Grant Program are available at [PHEAA.org](http://PHEAA.org).

### **Other Situations**

The Financial Aid Office can also utilize Professional Judgment for other situations, including but not limited to:

- Unusually high cost of attendance
- Unusual living arrangements
- Other financial difficulties
- Families paying elementary or secondary private school tuition
- A parent enrolled in college

Special situations can also be report to PHEAA through forms available at [PHEAA.org](http://PHEAA.org).

### **Early Graduation**

To be eligible for federal financial aid, the student must have a high school diploma or GED. If the student graduates early from high school, receives a diploma, and is dropped from the secondary school roster, they may be eligible for financial aid providing they submit a FAFSA before federal and school deadlines.

### **Summer Sessions**

Students enrolling in summer sessions may be eligible for additional forms of federal and state financial aid. The school determines whether its students need to complete a current year or future year FAFSA for aid consideration. Therefore, students should contact the Financial Aid Office at their school to determine what applications are needed and what types and amounts of aid can be received.

### **Dual Enrollment**

A student who is taking coursework at the high school and college levels simultaneously (dual enrollment) is not eligible for federal or state financial aid. Any tuition expenses incurred for the college coursework are the responsibility of the student unless covered by some other means (such as a school district based grant).

# CASE STUDIES

## Case Study 1:

Matt lives with his grandparents because, after his father died, his mother remarried and Matt does not get along with his stepfather. In addition, his stepfather has said he will not pay anything toward Matt's college costs.

1. Is Matt "independent" for financial aid purposes?
2. Whose parental financial information (if any) should go on the FAFSA?
3. Can Matt be independent if his stepfather refuses to supply information on the FAFSA?

### Answers:

1. Matt is not independent for financial aid purposes. His inability to get along with his stepfather is not a valid reason for making him independent.
2. When Matt completes the FAFSA he will need his mother's and stepfather's data.
3. No. A parent or stepparent's refusal to provide information on the FAFSA is not a valid reason for making a student independent.

Based on his circumstances, Matt is a dependent student and must provide parental data, including information about his stepfather. If that information is not provided, Matt will qualify only for unsubsidized Direct Stafford loans. This will remain the case until Matt meets one of the automatic conditions for independence, such as turning 24.

However, if the home situation were to worsen to the point of abuse or abandonment, then Matt could consult the Financial Aid Office at his school for an additional review. He could provide similar information to PHEAA for PA State Grant consideration.

## Case Study 2:

Toni is 20, and does not live with her parents. She indicated on the FAFSA that she has a child who she supports. She lives with her boyfriend, she does not work, and she receives SNAP and WIC funds. In addition, her boyfriend (the child's father) provides support for them.

1. Since Toni does not work to provide at least 50 percent of the support for her child, did she complete the FAFSA correctly?
2. Should Toni include her boyfriend's income and asset information on the FAFSA?
3. What difference would it make if Toni and her boyfriend got married?

### Answers:

1. Toni answered the FAFSA question correctly. According to federal guidelines, when a student with a child provides more than 50 percent support for that child, the student is considered independent. Funds received from any source other than the parents may count as part of the 50 percent support provided for that child.

2. Toni will have to report as untaxed income the money she receives in support from her boyfriend, but will not have to list her boyfriend's income and asset information.
3. If Toni and her boyfriend get married, then his income and asset information will be required on the FAFSA and he will be included in the household size.

### Case Study 3:

Sean, a high school senior, applied to a 4-year university and was accepted in October 2013 to begin the following fall semester. In January 2014, his father became ill and Sean's college plans were put on hold. His father passed away in May 2014. Two months later, Sean decided that he wanted to start school in the fall. However, he had not yet filed his FAFSA.

1. Is it too late for Sean to file the FAFSA and be considered for all forms of financial aid?
2. Whose financial information should he use to complete the FAFSA?
3. How will his father's passing affect the amount of aid Sean might be eligible to receive?

Answers:

1. No, it is not too late to file the FAFSA. The FAFSA filing deadline for federal student aid for the 2014-15 academic year is June 30, 2015, so Sean would be considered on-time for federal student aid. However, federal campus-based aid and institutional funds may have been exhausted.

Because Sean is enrolling in a baccalaureate degree program, the FAFSA filing deadline for the PA State Grant would have been May 1, 2014. Although Sean missed this deadline, he should still file the FAFSA as soon as possible. He should then write a letter to PHEAA explaining his father's recent passing and include a copy of the death certificate. PHEAA reviews extenuating circumstances on a case-by-case basis and can possibly grant an exception to the filing deadline.

2. If one, but not both, of the student's parents is deceased, the student answers the parental questions about the surviving biological or adoptive parent only, and does not report any financial information for the deceased parent.
3. The effect on Sean's financial aid will depend on the source of the funding:
  - For federal aid, only the surviving parent's income is considered, which could help significantly. In addition, the Financial Aid Office may be able to exercise professional judgment to take other factors into consideration.
  - For PA State Grant, PHEAA's policy regarding a recent death allows for the State Grant to be calculated at full need, although significant assets, if present, might be taken into consideration.
  - For institutional aid, the Financial Aid Office will make all eligibility and award determinations, so Sean should remain in close contact with the Financial Aid Officer.

## Case Study 4:

Maria is 18 years old, was born in the United States, and earns \$6,500 per year at her part-time job. She lives with her mother and father, who are not U.S. citizens. Maria would like to attend the local university, and she has been advised to file the FAFSA.

1. Can Maria file the FAFSA even though her parents are not U.S. citizens?
2. Can Maria file as an independent student since she works and can take care of herself?
3. What if Maria's parents are unwilling to provide any information on the FAFSA?

Answers:

1. Yes. The fact that Maria's parents are not U.S. citizens does not prevent her from filing the FAFSA. As a dependent student she must provide parent information. When asked to provide Social Security Numbers, her parents can enter all zeros and continue with the rest of the application. In order to sign the FAFSA, her parents must print the signature page, sign it and mail it in.
2. No. Even though Maria works, she will be considered dependent for federal financial aid unless and until she is able to answer "Yes" to one of the 13 dependency questions on the FAFSA.
3. Maria can still file the FAFSA even if her parents are unwilling to provide any information, regardless of what their reason(s) might be. However, she will only qualify for unsubsidized Direct Stafford Loans. Maria should then contact the Financial Aid Office at the school she plans to attend to see if her situation can be reviewed under the school's professional judgment provisions.

## NOTES:

# GLOSSARY

## A

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**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 the package, 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.

**Academic Grade Level:** Designation of the student as first-year (freshman), second-year (sophomore), undergraduate, or graduate/professional student by the educational institution in accordance with the school's normal standards. Grade level is used to determine annual student loan limits.

**Accredited Institution:** Any institution or school which meets the standards established by a nationally recognized accrediting agency or association

**Accrued Interest (on a loan):** The cost of the loan, represented by the interest rate, is added together prior to the repayment period or prior to a payment installment. This is the interest that accumulates on the unpaid principal balance of a loan.

**Adjusted Available Income (AAI):** The portion of family income remaining after deducting federal, state, and local taxes, a living allowance, and other factors used in the Federal Need Analysis Methodology

**Adjusted Gross Income (AGI):** Income including wages, interest, dividends, capital gains, and other sources adjusted downward by specific deductions. This includes contributions to deductible retirement accounts, alimony paid by you, etc. This does not include standard and itemized deductions.

**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:** Army enlistees in certain job specialties who score at least 50 on the Armed Services Vocational Aptitude Battery (ASVAB) and who may be eligible for educational benefits to attend college. **This program has been suspended since October 1, 2011.**

**Army Reserve Student Loan Repayment Program:** Student loan repayment program available to Army Reservists; amount of repayment is based on years of service and job specialty

**Assets (on FAFSA):** Includes cash on hand, checking and savings accounts, trusts, stocks, bonds, other securities, real estate (excluding home), income-producing property, and may include business equipment and inventory; considered in determining Expected Family Contribution (EFC)

**Associate's Degree:** A degree given for successful completion of a 2-year program of study at a college or career school

**Award:** A specific amount of financial assistance offered to a student through financial aid programs to pay for educational costs

**Award Letter:** A means of notifying financial aid applicants of the financial assistance being offered. 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; generally provides students with the opportunity to accept or decline the aid offered

**Award Year:** July 1 of one year through June 30

**Annual Percentage Rate (APR):** The interest maintained on a loan for a 1-year period

## B

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**Bachelor's Degree:** The degree given for successful completion of the undergraduate curriculum at a 4-year college or university; also called a baccalaureate degree

**Base Year:** Used for need analysis purposes, the base year is the calendar year proceeding the award year; for example, 2013 is the base year used for the 2014-2015 award year

**Bureau of Indian Affairs (BIA) Grants:** A grant program for students who are one-quarter or more Indian, Eskimo or Aleut and are enrolled in accredited institutions in pursuit of an undergraduate or graduate degree; for more information contact the BIA office at **202-208-3710**

**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; may be considered in determining an Expected Family Contribution (EFC) under the regular formula

## C

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

**Capitalization (of interest):** The act of adding unpaid interest to the principal of a loan, thereby increasing the unpaid principal

**"C" Codes:** A "C" code on a Student Aid Report (SAR) or SAR Acknowledgment tells the Financial Aid Officer that documentation is needed from the student to correct a mismatch with one of the following federal databases: Social Security Administration, Veterans Administration, Homeland Security, National Student Loan Data System (NSLDS), or Selective Service

**Central Processing System (CPS):** The computer system to which the student's need analysis data is electronically transmitted by the FAFSA processor; the Central Processing System performs database matches, calculates the student's official Expected Family Contribution (EFC) and produces the Student Aid Report (SAR)

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

**Chafee Education Training Grant Program:** Awards granted to current or former foster youth to use for career and technical training or college courses. For more information, visit **PHEAA.org**.

**Clock Hour:** A time period consisting of 50 to 60 minutes of lecture, recitation, faculty-supervised laboratory, shop training, or preparation in a program of study

**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

**College Scorecard:** Online tool which provides families with essential information they need to make educated decisions about their choice of higher education institution

**Community Service Learning (CSL):** Work programs that place students in positions that will benefit the clients of community service organizations

**Co-Signer:** A credit-worthy individual who is required to sign a promissory note for a loan; by signing, this party guarantees that the loan will be repaid if the borrower defaults

**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 may also mean any student who lives off campus

**Consolidation Loan:** A loan made to enable one borrower with different types of loans to obtain a single loan with one interest rate and one repayment schedule. Federal Perkins, Federal Direct Stafford (subsidized and unsubsidized), Health Education Assistance Loans (HEAL), Health Professions Student Loans, 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, and miscellaneous personal expenses; 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; also referred to as the "cost of education" or the "student budget"

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

**Custodial Parent:** The parent with whom the dependent student lives and whose financial information is used in the need analysis when parents are divorced or separated; in cases of divorce or separation, the custodial parent is the parent whom the dependent student lives with most during the 12 months prior to submitting the FAFSA

## D

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**Data Release Number (DRN):** A four-digit number found on the Student Aid Report (SAR) that can be used to permit another college to access the FAFSA data

**Default:** The failure to repay a loan in accordance with the terms of the promissory note; occurs after 270 days of nonpayment on a federal loan account or 179+ days of nonpayment on a private loan account

**Deferment:** An approved temporary suspension of loan payments based on certain events or criteria

**Delinquency:** The failure to make scheduled monthly loan payments when they are due

**Department of Education, U.S. (ED or USDE):** The federal government agency that administers assistance to students enrolled in postsecondary educational programs under the following programs: Federal Pell Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and William D. Ford Federal Direct Loan (Direct Loan) Program

**Department of Homeland Security (DHS):** The Department of Homeland Security screens the citizenship status of FAFSA filers; formerly known as Immigration and Naturalization Service (INS)

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

**Dependents:** Spouse, children and other household members for whom the parent or independent aid applicant provides more than half support

**Dependent Student:** A student who does not qualify as an independent student and whose parental income and asset information is used in calculating EFC

**Disbursement:** A financial transaction that occurs when a lender releases loan funds, or when financial aid funds become available to use in meeting a student's educational and related living expenses

**Direct PLUS Loan:** Federal long-term loans made available to parents of dependent students; may be used to meet the EFC; the amount borrowed is limited to the cost of attendance minus estimated financial assistance

**Direct Subsidized Loan:** Federal long term, low-interest loans administered by the U.S. Department of Education and institutions; the federal government pays the accrued interest during in-school periods

**Direct Unsubsidized Loans:** Federal long-term, low-interest loans administered by the U.S. Department of Education and institutions; the borrower is responsible for paying the interest that accrues on the loan from the date of disbursement until the loan is paid in full, regardless of enrollment status; may be used to meet the EFC

**Disclosure Statement:** Statement explaining specific terms and conditions of student loans, such as interest rate, loan fees charged, gross amount borrowed, etc.; disclosure statements must accompany each loan disbursement

**Domicile:** The one place where the person has his or her true, fixed and permanent home to which he/she intends to return whenever absent; a person may have only one place of domicile, therefore domicile is not residence

## E

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**Educational Assistance Program (EAP) for the Pennsylvania National Guard:** Together with the Pennsylvania Department of Military and Veterans Affairs (DMVA), PHEAA co-administers the Educational Assistance Program (EAP) for members of the Pennsylvania National Guard. This program provides tuition assistance for students who enter into a service commitment with the Pennsylvania National Guard for a period of 6 years.

**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.

**EducationPlanner.org:** PHEAA's college and career-planning online resource designed to help students develop their lifelong education plans from middle and high school to higher education and beyond

**Eligible Program:** A course of study that leads to a certificate, diploma or degree

**Employment:** With reference to financial aid, the opportunity for students to earn money to help pay for their education; Federal Work-Study is one program by which needy students can work to defray 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; used in need analysis formula for parents and student, if eligible

**Enrolled Student:** A student who has completed the registration requirements of the institution and has officially begun to attend classes

**Enrollment Status:** At those institutions using semesters, trimesters, quarters, or other academic terms for measuring progress by credit hours, enrollment status equals a student's credit hour workload; categories of enrollment status are full-time, three-quarter time, half-time, less than half-time, or not enrolled

**Entrance Interview:** Counseling session on education loan responsibilities which occurs prior to the crediting of loan funds to the student's account

**Exit Interview:** Counseling session providing information on loan repayment, deferment, consolidation, and other pertinent loan information before the student leaves school

**Expected Family Contribution (EFC):** The result of a federal calculation (formula) based on family earnings, assets, number of students in college, size of family, and other factors; an indicator of family financial strength, the EFC suggests an amount that families can absorb (pay) over time through savings, earned income and loans; this is not the amount a family will actually pay for college

## F

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**Federal Need Analysis Methodology:** A standardized formula (defined by law) for determining Federal EFC (see EFC above); also referred to as Federal Methodology (FM); the single formula for determining an Expected Family Contribution (EFC) for Pell Grants, campus-based programs, FFEL programs, and Direct Loan program

**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; recipients are limited to 12 full-time semesters of eligibility over their lifetime

**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 percent; may also be called the Carl D. Perkins National Direct Student Loan Program

**Federal Supplemental Educational Opportunity Grant (FSEOG):** One of the campus-based programs; provides grants for undergraduate students with exceptional financial need who have not completed their first baccalaureate degree; priority is given to Pell Grant recipients

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

**FERPA:** Family Education Rights and Privacy Act, also known as the Buckley Amendment; provides privacy to educational records

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

**Financial Aid Administrator (or Financial Aid Officer):** 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; accountable to the various publics which are involved and is a manager or administrator who 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; may be in the form of one or more of the following types of financial aid: repayable loan, a non-repayable grant, a scholarship, or student employment

**Financial Aid Consultant:** A person who, typically 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:** This letter from the postsecondary institution notifies the student 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. Deadlines and instructions may be included in this notification.

**Financial Aid Package:** A financial aid award to a student comprised of a combination of forms of financial aid (loans, grants, scholarships, or employment)

**Financial Aid Shopping Sheet:** Designed to help students better understand the amount of grants and scholarships they would receive from a given institution, and the amount of loans an institution recommends a student take out to cover out-of-pocket costs

**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 EFC equals financial need ( $COA - EFC = \text{Need}$ )

**Forbearance:** Permitting 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; the borrower remains responsible for interest payments

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

## G

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

**Grace Period:** The period of time that begins when a Federal Direct Stafford or Federal Perkins loan recipient ceases to be enrolled at least half-time and ends when the repayment period starts; loan principal need not be paid, and for Federal Perkins Loan interest does not accrue.

**Graduate student:** A postsecondary student who possesses a bachelor's degree and is pursuing additional postsecondary education

**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

## H

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**Health and Human Services (HHS), U.S. Department of:** This department of the federal government provides assistance to future health care practitioners. The Nursing Student Loan, Health Profession Student Loan, and Health Education Assistance Loan are among some of the aid programs administered by HHS; for more information call **877.696.6775**

**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

## I

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**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, certain welfare programs, and subsistence allowances such as taxable Social Security benefits and child support

**Income Protection Allowance:** An allowance against income for the basic costs of maintaining the household; based upon consumption and other cost estimates of the Bureau of Labor Statistics

**Independent Student:** A student who is considered for financial aid without regard to parental information; to be considered independent, certain criteria must be met; for a detailed description of these criteria see Dependency Status under the section Application Process.

**Interest:** The cost associated with borrowing money; usually expressed as a percentage of the amount borrowed and paid monthly.

**Investment Plans:** Educational savings programs, usually sponsored by commercial banking institutions

## L

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**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 person who lives with and receives at least half-support from the applicant and will continue to receive that support during the award year

**Lender:** A financial institution that lends money to a student borrower through their alternative or private student loan program

**Lifetime Learning Tax Credit:** A tax credit for family members enrolled in school beyond the first 2 years of study; there are specific Internal Revenue Services (IRS) guidelines and calculations to determine eligibility; refer to [irs.gov](https://www.irs.gov) for additional details.

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

**Loan Servicer:** Organizations with which lenders contract to perform administrative functions such as disbursing loans, establishing borrowers on repayment, and collecting delinquent loans

## M

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**Merit-based Aid:** Student assistance 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 EFC i.e., the Federal Need Analysis 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

## N

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**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

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

**National Student Loan Data System (NSLDS):** The U.S. Department of Education's central database for students to access information about their student loans and other federal student aid programs; access can be obtained through use of a student's Department of Education PIN.

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

**Need Analysis Formula:** Defines the data elements used to calculate the EFC determines the EFC under the Federal Need Analysis Methodology

**Need-based Aid:** Student financial aid awarded based on a student's financial circumstances

**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 in which the EFC is not part of the need equation

**Non-Taxable Income:** All income received in the previous year that is not reported to the Internal Revenue Service (IRS) or is reported but excluded from taxation; includes but is not limited to any untaxed portion of Social Security benefits, Earned Income Credit, welfare payments, untaxed capital gains, interest on tax-free bonds, untaxed money contributed by a student or parent to a retirement plan, dividend exclusions, and military and other subsistence and quarter's allowances

## O

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**Off-Campus Student:** A student who is not living in dormitory housing or living with parents

**Ombudsman:** The Office of Student Financial Assistance Ombudsman is available to assist students in resolving any loan disputes or problems; the OSFA Ombudsman can be reached at [ombudsman.ed.gov](http://ombudsman.ed.gov), by calling 877.557.2575 or by writing:

Office of the Ombudsman, OFSA

U.S. Department of Education  
Fourth Floor, UCP-3MS5133  
830 First Street NE  
Washington, DC 20202-5144

**OVR:** The Office of Vocational Rehabilitation (OVR) is a state agency that provides a variety of services for disabled individuals. Among the qualifying conditions are physical disabilities, mental/nervous/emotional disorders, drug and alcohol rehabilitation, and learning disabilities.

## P

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**PATH:** The PHEAA Partnerships for Access to Higher Education (PATH) Program works directly with non-profit, community-based Pennsylvania organizations to leverage private donations and contributions as both a means and incentive to provide additional need-based educational grants to Pennsylvania residents

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

**Parent Contribution:** An estimate of the parents' ability to contribute to postsecondary educational expenses

**PennSERVE (Pennsylvania Chapter of Americorps):** AmeriCorps members must be at least age 17 and citizens or permanent residents of the United States. There are two ways to earn educational benefits:

**Community Service** - Members receive a modest living allowance and health coverage while participating in the program. Upon completing a year of service (at least 1,700 hours), they also earn an education award of \$4,725. This award can be used to pay off student loans or to finance college, graduate school or vocational training.

**Scholars in Service to Pennsylvania** - Pennsylvania resident attending a Pennsylvania postsecondary institution; serves 450 hours in college community; they also earn an education award of \$1,468 while receiving training and professional training

**PIN (Personal Identification Number):** Used to e-sign a FAFSA, Federal Direct Stafford Loan applications and PLUS applications; for a dependent student both parent and student need a PIN

**PLUS (Parent or Graduate) Loans:** A federal loan program through which parents of undergraduate students (Parent PLUS) or graduate students (Grad PLUS) borrow funds to help pay for an education; each year they may borrow an amount up to the difference between the educational costs and other financial aid

**Postsecondary Education Gratuities Program (PEGP):** This program assists children of Pennsylvania police officers, firefighters, rescue and ambulance squad members, correction employees, National Guard members, and certain other individuals on federal or state active military duty, who were residents of Pennsylvania and have died in the line of duty

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

**Private Loan:** A loan that is secured through a private lending institution and is not part of the Federal Direct Loan Program

**Professional Judgment (PJ):** An aid administrator's discretion, based on special circumstances of the student, to change data elements used in determining eligibility for federal student aid

**PROFILE:** A fee-based institutional need analysis form processed by the College Scholarship Service (CSS)

**Promissory Note:** The legal and binding contract signed between the lender and the borrower which states that the borrower will repay the loan as agreed upon in the terms of the contract

## R

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**Refund to Students:** If, after all expenses have been paid to the school, an excess of funds is available, it may be refunded to the student to help pay for other educationally-related expenses

**Renewal FAFSA:** The Renewal FAFSA is pre-populated with the student's prior year responses to certain data items which are likely to remain constant from year to year

**Repayment Schedule:** A plan provided to the borrower at the time he or she ceases at least half-time study; should set forth the principal and interest due on each installment and the number of payments required in repaying the loan in full; should include the interest rate, the due date of the first payment, and the frequency of payments

**ROTC Scholarship Program:** Competitive scholarship that pays for tuition, fees, books, 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 4 years

## S

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**SAR Information Acknowledgment:** A non-correctable one-page Student Aid Report (SAR); students with valid email addresses who file a paper or electronic FAFSA or who make corrections to applicant information through a school 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 or athletic performance

**Scholarship Search Services:** Organizations that claim to 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; charging a fee for a scholarship may be a scam

**Self-help Aid:** Financial aid that must be earned (work-study) or repaid (loans)

**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, U.S. Merchant Marine Academy)

**Simplified Needs Test:** An alternate method of calculating the Expected Family Contribution (EFC) for families with adjusted gross incomes of less than \$50,000, who have filed, or are eligible to file, an IRS Form 1040A or 1040EZ, or are not required to file an income tax return; excludes all assets from consideration

**State Grant Program:** State funding, administered by PHEAA, provides grants to Pennsylvania residents who meet the eligibility criteria and are pursuing postsecondary education; requires FAFSA filing by specified deadlines; for more information call **800.692.7392** or visit **PHEAA.org**

**State Summer Grant:** The Summer State Grant Program allows eligible students attending summer courses to receive a State Grant award for the summer term. Submit the online Summer Grant application, available at **PHEAA.org**, by August 15

**State Work-Study Program (SWSP):** A cooperative effort between PHEAA, participating postsecondary institutions and employers to provide employment opportunities in “high-tech” and community service fields; the student’s wages are paid by the employer, who then receives a partial reimbursement from PHEAA; eligible undergraduate students must be a PA domiciliary who also qualify for a PA State Grant

**Student Aid Report (SAR):** The official notification sent to a student as a result of the Central Processing System (CPS) receiving an applicant record (via FAFSA) for the student; summarizes applicant information, EFC for the student, and displays other special messages related to the student's application; in some instances 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

**Student Contribution:** An estimate of the student’s ability to contribute to postsecondary expenses for a given year

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

**Subsidized Loans:** Loans for which the federal government pays the accrued interest during any approved in-school, grace and deferment periods

## T

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**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 on which federal taxes must be paid

**TEACH Grant:** The Teacher Education Assistance for College and Higher Education (TEACH) Grant program provides up to \$3,760 per year (not to exceed \$16,000 for undergraduates or \$8,000 for graduate students). Recipients must agree to teach in high demand fields at schools that receive Title I assistance. It is not mandatory that postsecondary institutions participate in TEACH

**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, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, Federal Perkins Loan, Federal Direct Stafford Loan, and Federal Direct PLUS Loan

**Title IV Loan:** A category of educational loans made, insured and guaranteed as part of the Higher Education Act of 1965, and includes Perkins, Federal Direct Stafford, Federal Direct PLUS, and Consolidation Loans

**Title VII Loan:** A Health Education Assistance Loan made or insured as part of the Public Health Service Act; specifically HEAL or HEALTH loans

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

## U

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**Undergraduate (student):** A postsecondary student who has not yet received a bachelor's degree

**Unsubsidized Loans:** Loans for which the borrower is responsible for paying the interest that accrues on the loan from the date of disbursement until the loan is paid in full, regardless of enrollment status; may be used to meet the EFC

**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:** See Non-Taxable Income

## V

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

**Vocational Rehabilitation:** See OVR

## W

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**William D. Ford Federal Direct Student Loan Program (FDSLP):** The collective name for the Direct Subsidized, Direct Unsubsidized, Direct PLUS, and Direct Consolidation Loan Programs; funds for these programs are provided by the federal government to students and parents through postsecondary institutions that participate in the program

**Work-Study Program:** A program in which students who work on-campus or off-campus earn funds to help pay for school costs

# ALPHABET SOUP

## Abbreviations Commonly used in Financial Aid

AA	Account Access (PHEAA)
ACT	American College Testing Program
AGI	Adjusted Gross Income
BA	Bachelor's Degree
BIA	Bureau of Indian Affairs
CLEP	College-Level Examination Program
COA	Cost of Attendance
CPS	Central Processing System
ED	Education Department, U.S.
EFC	Expected Family Contribution (also FC, Family Contribution)
FAFSA	Free Application for Federal Student Aid
FDLP	Federal Direct Loan Program
FM	Federal Methodology
FSEOG	Federal Supplemental Educational Opportunity Grant
FWS	Federal Work-Study
GE	Gainful Employment
GPA	Grade Point Average
IPA	Income Protection Allowance
IRS	Internal Revenue Service
NSLDS	National Student Loan Data System
PC	Parental Contribution
PIN	Personal Identification Number
ROTC	Reserve Officer Training Corps
SAP	Satisfactory Academic Progress
SAR	Student Aid Report
SC	Student Contribution
SGF	State Grant Form (PA State Grant)

## NOTES:

# INTERNET RESOURCES

## PHEAA:

**PHEAA.org** - PHEAA's main website for financial aid information, funding higher education; students can create accounts, complete forms, check program status and more

**aesSuccess.org** - Create an account, manage student loans, learn about repayment and deferment options, and get forms and student loan information

**EducationPlanner.org** - Premier college and career-planning website, national college search, college admission and decision guidance, financial aid information, calculators for EFC and loan repayment, free scholarship search, and much more!

**YouCanDealWithIt.com** - Learn to manage money, student loans, budget, and credit cards

**MyFedLoan.org** • Create an account, manage student loans, learn about repayment and deferment options, and get forms and student loan information

**MySmartBorrowing.org** - See how choices related to career, college and level of borrowing can impact overall debt and monthly payments when it's time to repay education loans

## U.S. DEPARTMENT OF EDUCATION:

**FAFSA.gov** - Official site for completing the FAFSA online, checking status of FAFSA, and making corrections

**studentloans.gov** - Official site for applying for federal student and parent loans and completing required entrance and exit counseling

**nslds.ed.gov** - Site for students to access information about their student loans and other federal student aid programs

**fafsa4caster.ed.gov** - Estimate EFC and eligibility for federal student aid

**pin.ed.gov** - Official site for students and parents to obtain the necessary Personal Identification Number (PIN) used to sign FAFSA and loan documents online

**studentaid.ed.gov** - U.S. Department of Education web portal for information on preparing and funding education beyond high school

**ifap.ed.gov/ifap/index.jsp** - The Information for Financial Aid Professionals (IFAP) website consolidates guidance, resources and information related to the administration and processing of Title IV federal student aid into one online site for use by the entire financial aid community

**collegecost.ed.gov/scorecard** - Federal government website for students to obtain five key pieces of data about a school: costs, graduation rate, loan default rate, average amount borrowed, and employment

## OTHER STATE RESOURCES:

**pasfaa.org** - (PASFAA) Professional financial aid administrator's website; information on financial aid, colleges, debt management, and many other resources

**www.pa529.com** - Pennsylvania State Treasury's 529 college savings program

## ADDITIONAL SCHOLARSHIP SEARCHES:

**bigfuture.collegeboard.org** - Free scholarship search

**blackexcel.org/100minority.htm** - Free minority scholarship search

**collegenet.com/mach25** - Database of over 600,000 awards totaling over \$1.6 billion

**collegetreasure.com/scholarengine.html** - Free scholarship search

**fastweb.com** - Free scholarship search

**finaid.org** - Information about scholarship process, financial aid, scholarship scams, and links to **fastweb.com** scholarship base

**financialaidfinder.com** - List of scholarships and financial aid information

**hsf.net** - Hispanic Scholarship Fund

**iefa.org** - International Education Financial Aid. The IEFA Center offers financial aid, college scholarships, grants, and an awards search for international students studying abroad

**internationalscholarships.com** Information on financial aid, college scholarships and international scholarships for students wishing to study abroad.

**naacp.org/page/s/scholarship2** - NAACP scholarship information and application

# APPENDIX A

## PASFAA Mission Statement and Statement of Good Practices

**PASFAA Mission Statement:** The Pennsylvania Association of Student Financial Aid Administrators (PASFAA) is a dynamic service association whose mission is:

1. To provide professional development for its members and other constituencies
2. To advocate for access to postsecondary education
3. To educate the public on financial aid and funding opportunities

**PASFAA Statement of Good Practices:** The primary purpose of student aid is to provide financial resources to students who would otherwise be unable to pursue postsecondary education.

The Financial Aid Administrator shall:

1. Recognize that the primary responsibility for financing postsecondary education rests with the student and his/her family; financial assistance from institutions and other sources is intended only as supplementary to the efforts of the family
2. Exercise adequate controls to ensure that need-based aid awards do not exceed documented need
3. Award all aid on the basis of demonstrated financial need except where the funds are designated for other criteria such as academic achievements or special talents
4. Help students seek, obtain and make the best use of all financial resources available to them
5. Make every effort to meet the demonstrated need of all students to the extent funding will permit in an ethical manner
6. Provide in all appropriate literature a clear statement of the actual costs of attendance, which shall include both the direct and indirect costs
7. Inform the student of all conditions under which an award is granted at the time the offer is made
8. Refrain from and discourage others from making any public announcement of the amount or type of need-based financial aid awarded to a student in order to protect the confidentiality of the economic circumstances of the student and his/her family
9. Respect the confidentiality of student records; information should be released only on the written consent of the student and/or his or her family, and all policies and procedures should protect the student's right to privacy
10. Oppose the administration of aid to accomplish disciplinary objectives
11. Estimate needs honestly and fairly when preparing funding requests

# APPENDIX B

## High School Graduation Requirements

### Secondary school enrollment:

A student enrolled in a secondary school is not eligible for aid from the federal or state financial aid programs; such a student is not eligible even if simultaneously enrolled in a postsecondary program. In other words, if the student is dually enrolled in both high school and college courses, he/she is ineligible for financial aid.

### Pennsylvania State Grant:

With the exception of bona fide early admission students, a Pennsylvania State Grant recipient must be the graduate of an approved American or Department of Defense high school, the recipient of a Commonwealth Secondary School Diploma (GED), or the recipient of another state's equivalency diploma.

Diplomas issued by correspondence schools, distance learning or the U.S. military are not acceptable; such students must obtain a GED.

In order to become a recipient, a student must have indicated on their State Grant Form that they comply with PHEAA's high school graduation requirement.

### Homeschooled Student:

For purposes of **federal financial aid**, a certificate of completion of a home study program is considered the equivalent of a high school diploma if the program is recognized by the student's home state.

For purposes of the **Pennsylvania State Grant**, homeschooled students must have a diploma issued by one of the Pennsylvania Department of Education (PDE) recognized organizations, obtain a GED, or submit certification from the local school district superintendent verifying that the home-educated student has complied with P.S. 24 §1327.1 related to home education programs.

# APPENDIX C

## FAFSA Completion Sessions

The FAFSA Completion Session is a workshop that invites college-bound students and families to receive free assistance in completing the Free Application for Federal Students Aid (FAFSA), the form required by colleges, universities, and private and career schools to qualify for scholarships, grants and loans.

It is strongly suggested that the student and one parent apply for a PIN for signing the online FAFSA application prior to attending the completion session. This PIN can be created at **pin.ed.gov**.

Families should bring the following documents with them:

### Parents:

- FAFSA on the Web Worksheet completed as much as possible; this worksheet can be found at **federalstudentaid.ed.gov/worksheet**
- Parents' completed 2013 IRS Tax Form
- 2013 W-2s
- Any other 2013 income or benefit information
- Current asset statements
- Electronic PIN

### Students:

- Completed 2013 IRS Tax Form (if filed)
- 2013 W-2's (if received)
- Any other 2013 income or benefit information
- Current asset statements
- Electronic PIN

\*Students are strongly encouraged to attend so they understand the process.\*

NOTE: If 2013 tax forms have not been completed, estimated income information may be provided. In this case, bring 2012 income information for reference.

# APPENDIX D

## State Grant Form (SGF) Completion

To be considered for a PA State Grant, students must complete the FAFSA. In addition, first-time applicants must complete the SGF and submit it to PHEAA. This form gathers additional information needed for determining eligibility and financial need. (Most renewal students are not required to complete the SGF.)

The SGF can be submitted in one of three ways:

1. Complete the process online upon FAFSA completion (**PREFERRED**)

Upon completion of the online FAFSA process, the confirmation page will include a link to PHEAA's online SGF. This link reads:



**Start your state application** to apply for Pennsylvania state-based financial aid.

Students must submit the information being requested and then print the form. **The last page of the form (the signature page) must be signed and mailed to PHEAA in order to complete the process.** This signature page will let the student know if a parent's signature is also required.

**This online option is available only once – immediately upon completion of the online FAFSA.** A student cannot return to the FAFSA and take advantage of this process at a later time. In addition, if the student has already completed the SGF, a prompt will indicate that no further action is necessary.

2. Complete the process at **PHEAA.org** (24 to 48 hours after completing the FAFSA)

If the student did NOT use the link described above but provided a valid email address on the FAFSA, PHEAA will email the student with a request to complete the process through Account Access. Students should sign in and/or create an account with PHEAA at **PHEAA.org** (note that this secure portal is housed within **aesSuccess.org**, the website for American Education Services, PHEAA's commercial lending division). Students will then provide the required information, print, sign, and date the form, copy and mail the signature page to PHEAA in order to complete the process. The signature page will let the student know if a parent signature is also required.

3. Complete a paper Status Notice

If the student did NOT use the link described above and either did not provide a valid email address on the FAFSA or did not respond to the email notification, PHEAA will mail a postcard requesting that the student complete the online SGF. There are exceptions when the paper State Grant Status Notice is mailed to the student for completion. In these cases, the student must complete the form, sign the form, have at least one parent whose information is reported sign and date the form (if dependent), make a copy and return the entire form (minus instructions) to PHEAA in order to complete the process.

Regardless of the method used to complete the SGF, all students should be advised to watch for email messages and/or standard mail from PHEAA regarding their PA State Grant status and to respond to requests for information as quickly as possible. Student records must be complete before any PA State Grant funds will be disbursed.

# APPENDIX E

## Comparing Financial Aid Packages Worksheet

Name of College: \_\_\_\_\_

### Cost of Attendance:

Tuition and Fees \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Room and Board \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Books/Supplies \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Other Expenses \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Total Cost:** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

### Gift Aid (Free \$):

Pell Grant \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

State Grant \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

FSEOG Grant \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Scholarships \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Total Gift Aid** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Actual Contribution**  
(Cost minus gift aid) \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

### Self-Help Aid:

Perkins Loan \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Stafford Loan \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Work-Study \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Total Self-Help:** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Total Financial Aid**  
(Gift Aid + Self-Help) \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

**Cost – Total Aid:** \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

The key figure on this worksheet is the **Actual Contribution**, which is cost minus gift aid. Ultimately, cost minus free money is the amount the student will be responsible to cover. This can be met through the self-help aid listed, through family resources such as savings or income, or through additional borrowing (e.g. Federal PLUS loan for parents).

# APPENDIX F

## Avoiding Scholarship Scams

1. Never pay a fee for a scholarship. This includes a website, agency or person who claims they will help you find free money. Scammers use bogus fees and terms such as “application, disbursement, redemption, and processing fees” to steal your money. Scholarships are free money and should not require any fees!
2. Never provide a credit card, bank or savings account information. Scammers will steal your identity and ruin your credit for years to come. If you do fall victim to this tactic, call your bank or credit card company immediately and cancel your accounts.
3. If you see or hear the word “guarantee,” walk away. No one controls judges’ decisions and there are no scholarship guarantees out there.
4. Be wary of offers that claim to involve little or no work. Real scholarships take time, energy and work.
5. Before you apply for a scholarship, check all the contact information. The scholarship sponsor should supply a valid email address, phone number and mailing address. A PO Box is not a valid address for contact information.
6. Avoid unsolicited scholarship requests. If you are told that you have received an award for which you never applied, be alert. Ask where the sponsor found your name and contact information, and research the information carefully.
7. Free scholarship or “financial planning” seminars often end with a sales pitch to “act now or lose out on this opportunity.” This can often lead to the purchase of various financial products, such as insurance. Legitimate organizations do not use these types of pressure tactics.
8. An official sounding name or endorsement doesn’t automatically mean it is real or legitimate. Scammers may use words like “national,” “education” or “federal,” or they may have an official-looking seal.
9. Some scammers tell students there are millions of scholarships out there that go unclaimed because students don’t know where to apply. This is FALSE! Check out **EducationPlanner.org** for scholarship opportunities.
10. Look for typing and spelling errors on the scholarship materials. Application materials that contain typing and spelling errors or look nonprofessional may be an indication of a scam. Many misspell the word “scholarship” as “scholorship.”

# APPENDIX G

## Scholarship Application Tips

1. Use free, reputable scholarship search sites, such as **EducationPlanner.org**, to find a wide array of scholarships for which you may qualify. Also be sure to check with your guidance counselor, employer and your parents' employers.
2. Don't shy away from smaller scholarships or ones which require an essay. There is often less competition for these awards, so your chance of success is greater.
3. Write one really good essay. Focus on describing yourself in a way that is not already reflected on your transcript. In other words, focus on attributes, not academics. Use this essay, if applicable, when one is required in the application process.
4. Be grammatically correct. Always use proper English, write in complete sentences, and use proper punctuation.
5. Be sure your essay addresses the key requirements of the scholarship. Your basic essay might be fine, but you may need to revise it slightly for different awards.
6. Focus on things you have done outside the classroom, such as extracurricular activities, part-time employment and community service. Discuss ways in which your involvement in these activities has made you a better person and helped the community.
7. Be very mindful of deadlines and submit your applications early. Late applications almost always go on the "NO" pile.
8. Be prepared to work. It takes time to search for scholarships and to submit applications. But hard work has its rewards, and the more free money you earn through scholarships, the less you will need to borrow to pay for college.
9. Don't wait until your senior year to start searching for scholarships. Begin searching during your sophomore or junior year, and make a list of any scholarships for which you might qualify.
10. Once you enroll in college, search for scholarships EVERY YEAR. This should be done both online and through your college's Financial Aid Office. Each year you change as a scholarship candidate – you advance in grade level, you may join new clubs and organizations or, you may change your major. New awards are made available, and some awards are reserved for upperclassmen. By searching every year, you will maximize your chances of success.

## NOTES:



