

## **Financial Aid – Words to Know**

### **Award**

Specific amount of financial assistance to pay for education costs offered to a student through financial aid programs.

### **Award Letter**

An official document issued by the financial aid office of the college that lists all of the financial assistance available to the student, including both need-based and non-need-based aid.

### **Award Year**

The time period from July 1 of one year through June 30 of the following year for which financial aid awards are made.

### **Base Year**

The 12-month period ending on December 31 of the calendar year that precedes an award year. For example, the calendar year 2009 is the base year for the 2010-2011 award year. Student applicants are required to provide base year data upon which eligibility is determined since tax records are available to verify the information provided on the FAFSA.

### **Campus-based aid**

Financial aid programs administered by the college. The federal government provides the college with a fixed annual allocation that is awarded by the financial aid administrator to deserving students. The Federal Perkins Loan, Federal Supplemental Education Opportunity Grant (FSEOG) and Federal Work Study (FWS) are examples of campus-based aid programs.

### **College Scholarship Service/Financial Aid PROFILE (CSS/Financial Aid PROFILE)**

CSS/Financial Aid PROFILE® is the web-based financial aid application service of the College Board. More than 600 institutions and scholarship programs use the information collected on the PROFILE to determine eligibility for non-federal student aid funds.

### **Cost of Attendance (COA)**

An estimate of the student's educational expenses for a period of enrollment.

### **Dependent Student**

A dependent student is defined as; unmarried, parents provide more than half of their financial support, under the age of 24, has no legal dependents of their own and is not orphaned or a ward of the court. Parents of undergraduate students must provide parental information on the FAFSA form unless the undergraduate student has been legally emancipated for consideration when evaluating for financial aid.

### **Direct Loan (Direct Stafford Loan)**

A student loan, subsidized or unsubsidized, issued under the Wm. D. Ford Federal Direct Student Loan (Direct Loan) Program. The school becomes the lending agency and manages the funds directly, with the federal government providing the loan funds.

**Emancipated**

To release a child from the control of a parent or guardian. Declaring a child to be legally emancipated is not sufficient to release the parents or legal guardians from being responsible for providing for the child's education.

**Enrollment Status**

The academic standing of a borrower or dependent student. This is generally defined in terms of part-time, half-time or full-time enrollment and is used to determine financial aid eligibility.

**Expected Family Contribution (EFC)**

The amount of money that the family is expected to be able to contribute to the student's education, as determined by the Federal Methodology need analysis formula approved by Congress. The EFC includes the parent contribution and the student contribution, and depends on the student's dependency status, family size, **number of family members in school**, taxable and nontaxable income and assets. The difference between the COA and the EFC is the student's financial need, and is used in determining the student's eligibility for need-based financial aid.

**Federal Direct Student Loan Program (FDSLP)**

The funds for these loans are provided by the U.S. government directly to students and their parents through their schools. The FDSLP includes the Federal Direct Stafford Loan (Subsidized and Unsubsidized) and the Federal Direct Parent Loan for Undergraduate Students (PLUS).

**Federal Interest Subsidy**

Assistance given by the federal government in which they pay the interest on a student's loan while the student is in school and during the grace period before loan repayment begins.

**Federal Loan**

Loans guaranteed by the U.S. government.

**Federal Methodology (FM)**

The formula used to determine your Expected Family Contribution (EFC) for federal student aid. Depending on your financial circumstances, the FM uses one of three models to determine your EFC: the regular, the simplified, and the automatically assessed formulas.

**Federal Direct Parent Loan for Undergraduate Students (Federal Direct PLUS)**

Loans under the FDSLP program for parents of dependent undergraduate students. They require a credit evaluation. The interest rate is low and repayment begins 60 days from the date of first disbursement of funds to the school.

**Federal Pell Grant**

One of the largest sources of grants, Federal Pell Grants are distributed by the Federal Government and are designed to help students with financial need pay for college.

**Federal Perkins Loan**

A campus-based, low interest loan for graduate and undergraduate students. The college acts as the lender using a limited pool of funds provided by the Federal Government. These loans are awarded based on exceptional financial need.

## **Federal Supplemental Educational Opportunity Grants (FSEOG)**

Government grants distributed by colleges, at their discretion, to students based on need.

## **Federal Work Study (FWS)**

Program providing students with part-time employment during the school year. The federal government pays a portion of the student's salary, making it cheaper for departments and businesses to hire the student. Eligibility for FWS is based on need.

## **Financial Aid**

Money provided to the student and the family to help them pay for the student's education or which is conditioned on the student's attendance at an educational institution. Major forms of financial aid include gift aid (grants and scholarships) and self-help aid (loans and work).

## **Financial Aid Package**

The total amount of monetary assistance available to the student, including all grants, scholarships, work-study and loans available from school, state and federal programs, as listed in a college's financial aid award letter.

## **Financial Need**

The difference between the total cost of attendance and the Expected Family Contribution.

## **Free Application for Federal Student Aid (FAFSA)**

A standard federal form used to determine the eligibility for most types of financial aid, including Federal Government backed loans. The FAFSA is typically completed early in the year and it requires income, asset and tax information from the student and/or parents.

## **Gapping**

When a school does not provide funds to cover a student's full demonstrated financial need (e.g., CSU, UC).

## **Grant**

A form of financial aid, similar to a scholarship, which does not have to be repaid. For college, these are typically state or federal programs.

## **Independent student**

A student who is either married, 24 years of age or older, enrolled in a graduate or professional education program, has legal dependents other than a spouse, is an orphan or ward of the court, or a veteran of the U.S. Armed Forces.

## **Institutional Methodology (IM)**

A standard used by many schools and private scholarship programs for assessing a family's financial eligibility to receive funding from the school to help meet the Cost of Attendance. While similar to the federal methodology, IM includes a comprehensive review of assets, income, family size, **home equity**, and other factors. IM also **permits more generous treatment of medical/dental expenses, elementary and secondary school tuition payments, and child support payments** in determining a family's total available income to pay for Cost of Attendance.

**Interest subsidy**

Interest the federal government pays on certain loans while borrowers are in school, during authorized deferment or during grace periods.

**Meeting full need**

Schools may or may not (see Gapping) meet the full demonstrated need of a student.

**Merit Aid (Non-need-based)**

Financial aid that is awarded based on a student's academic, leadership or artistic merit, or some other criteria, and does not depend on financial need. Often awarded as a scholarship. Merit-based awards may look at a student's grades, test scores, special talents, or extracurricular activities to determine eligibility. Not all schools offer merit aid (e.g., Ivy League does not). Number and amounts of awards vary.

**Scholarships**

Like grants, scholarships are a form of financial aid not required to be repaid. These are available from many sources including the college or university, community groups, schools and private corporations. Scholarships can be awarded based on a variety of criteria and may or may not be need-based. Students may be automatically considered for scholarships as part of a college's financial aid process or may be required to submit a separate application.

**Student Aid Report (SAR)**

A report sent to a student by the government after submission of the FAFSA form. The report informs the student of the Expected Family Contribution (EFC) and the financial aid for which the student is eligible. College financial aid offices utilize this report information to build a financial aid package for the student.

**Subsidized Loans**

A loan on which the government pays the interest for a student while enrolled in school at least half-time and during periods of grace and deferment (e.g., Subsidized Federal Direct Loan).

**Tuition**

Costs associated with instruction and facilities charged by the school for attendance.

**Unsubsidized Loans**

A loan on which the borrower is always responsible for paying the interest on the loan, while in school, during deferment, forbearance and grace periods. (e.g., Unsubsidized Federal Direct Loan or Federal Direct PLUS Loan).

**Verification**

Verification is a process where colleges and universities confirm the data reported on your FAFSA. Colleges and Universities have the authority to contact you for documentation that supports income and other information that you reported.

Modified from University of Santa Clara <http://www.scu.edu/financialaid/Terms-to-Know.cfm>