

All about the Free Application for Federal Student Aid (FAFSA)

Financial aid is money to help pay for college or career school. Grants, work-study, loans, and scholarships help make post-secondary education affordable.

In the United States, the most common way to apply for financial aid is to complete the [Free Application for Federal Student Aid \(FAFSA\)](#). That's why it's so important to understand how the FAFSA can help you and your family plan for the financial aspects of higher education.

Financial aid can come from federal, state, school, and private sources to help you pay for college or career school. This handout focuses on federal student aid, which is aid that is backed by the U.S. Department of Education, a government department.

TIP

Because financial aid rules and programs change, it's important to always look for the most up-to-date information.

There are three types of federal student aid:

- **Grants:** A type of financial aid that does not have to be repaid, unless, for example, you withdraw from school and you need to pay back some of the grant money because your eligibility for the grant changes; often need-based.
- **Federal student loans:** These loans are funded by the federal government and have terms and conditions that are set by law. Federal loans also include benefits that private student loans don't usually offer. These benefits could include lower interest rates, repayment plans based on income, and possible loan forgiveness for people who choose to work for a certain amount of time in government or for certain not-for-profit organizations or teach in a low-income school.
- **Federal Work-Study:** A program that provides part-time jobs to help you earn money to pay for college expenses.

The U.S. Department of Education awards financial aid in grants, work-study funds, and low-interest loans to students. Federal student aid covers such expenses as tuition and fees, housing and food, books, and supplies. Aid also can help pay for other related expenses, such as a computer, transportation, or dependent care. Thousands of schools across the country participate in federal student aid programs, including community colleges, other types of two-year institutions, four-year colleges and universities, and technical or trade schools.

Be sure to check if the schools you're interested in accept the FAFSA.

To apply for federal student aid, you and your parents or other contributors (you, your spouse, a biological or adoptive parent, or your parent's spouse) must first create an account, then complete and submit the FAFSA. The FAFSA determines how much you and your family can afford to contribute to your college costs and how much aid you are eligible to receive. Many colleges use your FAFSA information to determine your eligibility for state and school-based aid; your FAFSA information also may influence how much private aid you receive.

Who can receive federal student aid?

Students must meet several criteria to be eligible for federal student aid.

For example, you must:

- Be a citizen or eligible noncitizen of the United States.
- Have a valid Social Security number.
- Have a high school diploma or a General Education Development (GED) certificate, or have completed homeschooling.
- Be enrolled in an eligible program as a student seeking a degree or certificate.
- Maintain satisfactory academic progress.
- Not owe a refund on a federal student grant or be in default on a federal student loan.
- Provide consent and approval to have your federal tax information transferred directly into your FAFSA Form.

Eligibility requirements may vary based on location and other factors. For more information on eligibility, go to <https://studentaid.gov/understand-aid/eligibility/requirements> on the Federal Student Aid website, or contact the financial aid office at the college you're considering.

How much money can you receive?

Both the amount and type of federal financial aid you receive are based on several factors. Two important factors are cost of attendance (COA) and student aid index (SAI).

- COA is the amount it will cost you to go to school. This is typically calculated for a school year. Programs that follow different calendars, such as an 18-month certificate program, might have a COA that covers a time period other than a year. COA factors in such things as tuition, housing and food, books and supplies,

NOTE

To be eligible for any federal aid, both a student and any contributors (you, your spouse, a biological or adoptive parent, or your parent's spouse) must apply for a [StudentAid.gov](#) account.

transportation, dependent care (if applicable), and costs related to a disability.
<https://studentaid.gov/resources/prepare-for-college/students/choosing-schools/consider-costs>

- Student aid Index (SAI): The SAI is an eligibility index number that a college's or career school's financial aid office uses to determine how much federal student aid you would receive if you attended the school. This number results from the information that you provide in your FAFSA form: Your family size, parent's income, parent's assets, and your income and assets are all reviewed.
 - Your SAI number is not a dollar amount, or your amount of aid eligibility or what your family is expected to provide. It is a key calculation for assessing your financial need.
 - The Student Aid Index (SAI) will help colleges provide personalized aid packages for each student's need. SAI is the beginning of the financial aid process and not the end of the story! Some schools will ask you to provide additional information so they have a more complete picture of your need, and you can always ask your financial aid office any questions you have.

Need-based aid

In very basic terms, a college or post-secondary program will determine whether you have financial need by using this simple formula:

$$\text{Cost of attendance (COA)} - \text{Student Aid Index (SAI)} = \\ \text{Need-based financial aid}$$

Need-based aid is financial aid that you receive if you have financial need and meet the other eligibility criteria described above. You can't receive more need-based aid than the amount of your financial need.

For instance

If your COA is \$16,000 and your SAI is 12000, then your financial need is \$4,000. So you aren't eligible for more than \$4,000 in need-based aid.

EXAMPLES

Need-based aid includes:

- Federal Pell Grant
- Direct Subsidized Loans
- Federal Perkins Loan
- Federal Work-Study

Non-need-based aid

Non-need-based aid is financial aid that is not based on your student aid index (SAI). What matters is your COA and how much other assistance you've been awarded so far.

Your school determines how much non-need-based aid to provide by using this formula:

$$\text{Cost of Attendance (COA) - Financial Aid Awarded So Far}^* = \text{Eligibility for Non-need-based Aid}$$

For instance

If your COA is \$16,000 and you've been awarded a total of \$4,000 in need-based aid and private scholarships, you can get up to \$12,000 in non-need-based aid.

EXAMPLES

Non-need-based aid includes:

- Direct Unsubsidized Loans
- Federal PLUS Loans
- Teacher Education Access for College and Higher Education (TEACH) Grant

*Includes aid from all sources, such as the school, private scholarship providers, etc.

What can my financial aid pay for?

When you apply for federal financial aid, you agree to use those funds to pay for school-related costs. Approved costs usually include:

- Tuition
- Housing
- Food
- Textbooks
- Technology (such as a computer)
- Transportation (such as a bus, train, or subway pass to get to and from campus)
- An allowance for dependent care, if applicable
- Costs related to a disability

Before completing the FAFSA, you can use the [Federal Student Aid Estimator](#) to estimate your eligibility for federal student aid. This tool uses information similar to what the FAFSA requires.

