

Overview of Financial Aid Programs

Objectives

- Define terms such as financial aid, cost of attendance, expected family contribution, and financial need.
- Discuss categories and types of aid.
- Provide information about common federal financial aid programs.
- Provide information about other forms of financial aid.

Materials

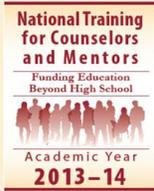
- Ice breaker quiz
- PowerPoint Presentation
- Financial Aid Programs Summary

Trainer Tips

- The instructor's guide is just that, a guide. If you feel more comfortable teaching from the PowerPoint slides, for example, feel free to do so.
- Encourage participation by asking questions.
- Encourage participants to use each other as resources during the ice breaker quiz.
- The Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (SMART) Grant programs expired at the end of the 2010–11 award year.
- The FY 2011 Continuing Resolution (CR) eliminated the Leveraging Educational Assistance Partnership (LEAP) and the Robert C. Byrd Honors Scholarship Program.

Overview of Financial Aid Programs

SLIDE 1



Note to Instructor: This section of the materials provides a high level overview of various financial aid programs. Refer participants to the Student Aid Program Summary starting on page 5 of their materials for more detailed information about individual programs. Start by having participants complete the quiz, using their materials and each other as resources. Go through the questions as a group.

SLIDE 2

Overview of Financial Aid Programs

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We will discuss:

- What is financial aid
- Financial need
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- Categories and types of financial aid
- Sources of aid
- Title IV aid programs
- Other federal aid programs
- Other sources of aid

SLIDE 3

Financial Aid

Money from a source other than the family to assist with the cost of attending college

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Financial Aid

- Financial aid is money supplied by a source other than the family to assist with the costs of a student attending college

SLIDE 4

Cost of Attendance (COA)

- Direct costs
- Indirect costs
- COA varies widely from college to college

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Cost of Attendance

- Direct costs are costs paid to the college, such as tuition and fees, and on-campus room and board

SLIDE 5

Expected Family Contribution (EFC)

- An index used to calculate eligibility for aid
- Stays the same regardless of college
- Two components
 - Parent contribution
 - Student contribution
- Calculated using FAFSA data and a formula specified in law

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SLIDE 6

Financial Need

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

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- Indirect costs are personal and other expenses that are not paid to the college, such as off-campus room and board, books and supplies, and transportation
- Colleges combine direct and indirect expenses into the COA or student budget
- COA varies widely among different colleges and types of colleges

Expected Family Contribution

- An index used to calculate eligibility for aid
- EFC is the same regardless of which college the student attends
- Two components:
 - Parent contribution
 - Student contribution
- Calculated using data from FAFSA and a formula specified in law

Note to Instructor: Calculating the EFC is discussed in more detail in the And the Number Is...module.

Financial Need

- Cost of Attendance (COA) minus the expected family contribution (EFC)
- Confusing, since some aid may replace the EFC
- COA minus gift aid (grants and scholarships) gives families an idea of the “bottom line”

SLIDE 7

Categories of Aid

- Need-based aid
- Non need-based aid

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SLIDE 8

Types of Aid

- Grants
- Scholarships
- Loans
- Employment

Slide 8
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Categories of Aid

- Need-based aid
 - Student must demonstrate financial need
- Non need-based aid
 - Not based on financial need
 - Often given on the basis of special skills, talents, etc.

Types of Financial Aid

- Grants
 - Free money or gift aid
 - Does not have to be repaid
 - Often based on financial need
- Scholarships
 - Free money or gift aid
 - Does not have to be repaid
 - Based on academic achievement, athletic ability, skills, etc.
- Loans
 - Self-help aid
 - Must be paid back
- Employment
 - Self-help aid
 - Allows student to earn money to help pay for college expenses

SLIDE 9

Sources of Aid

- Federal government
- States
- Colleges
- Private sources

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Sources of Financial Aid

- Federal government
 - Largest source of aid
 - Most common sources are the Title IV programs
 - Funds appropriated every year by Congress
- States
 - Aid offered varies
 - Funds appropriated annually
 - Eligibility requirements vary
- Colleges
 - Funds come from the college and other donors
 - Awarded at college's discretion
- Private
 - Funds come from individuals or entities such as churches and civic clubs
 - Donors develop criteria and application process

SLIDE 10

Title IV Aid Programs

- Federal Pell Grant
- Teacher Education Assistance for College and Higher Education (TEACH) Grant

Slide 10
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Title IV Aid Programs

- Federal Pell Grant
 - Largest federal grant program
 - Need-based award that does not have to be repaid
 - Award amount based on enrollment status, COA, and EFC

Note to Instructor: Children of soldiers who died as a result of service in Iraq or Afghanistan after 9/11/01 will automatically receive a zero EFC if they were under the age of 24 or enrolled at an institution of higher education at the time of their parent's or guardian's death and would otherwise be eligible to receive a Pell Grant. If a student in

this situation is not eligible for Pell, he or she will receive an Iraq and Afghanistan Service Grant equal to a maximum Pell Grant (not to exceed COA and reduced for part-time attendance).

- Teacher Education Assistance for College and Higher Education (TEACH) Grant
 - Undergraduate and graduate students
 - Must agree to teach in a specific subject at a school serving a high percentage of low income students (Title I school)
 - If recipient does not fulfill service agreement, grant funds become an unsubsidized Stafford Loan
 - ◆ Only students truly committed to teaching in high-need schools should be encouraged to accept TEACH Grant funds
 - ◆ If students are not sure what subject they would like to teach, or in what type of school they would like to work, it would not be advisable for them to accept funds
 - Colleges are required to provide counseling to students before disbursing funds
- Campus-Based Programs
 - Funds awarded to colleges, who select recipients
 - Criteria and award amounts vary by school
 - Federal Supplemental Educational Opportunity Grant (FSEOG)
 - ◆ Awarded first to students who will receive a Federal Pell Grant
 - ◆ Targeted to neediest students

SLIDE 11

Title IV Aid Programs

Campus-Based Programs

- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study (FWS)
- Federal Perkins Loan

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SLIDE 12

Title IV Aid Programs

- Direct Student Loan (Direct Loan) Program

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SLIDE 13

Other Federal Aid Programs

- Corporation for National and Community Service
- U.S. Department of Veterans Affairs
- Reserve Officers Training Corps (ROTC)

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- Federal Work-Study
 - ◆ Allows students to work on or off campus
 - ◆ Earnings do not count against future Title IV eligibility
- Federal Perkins Loan
 - ◆ Low interest loan
 - ◆ Awarded first to highest need students
 - ◆ Repay after student is not attending at least half-time

Title IV Aid Programs

- Federal Direct Student Loan (Direct Loan) Program
 - Money borrowed by the student (Stafford) or parent (PLUS)
 - Money borrowed from the federal government through the institution
 - Loan limits vary by academic standing and COA
 - Repay after student is not attending at least half-time

Note to Instructor: *If necessary, point out to participants that graduate students may also borrow PLUS.*

- Corporation for National and Community Service (AmeriCorps)
 - National Civilian Community Corps (NCCC) and Volunteers in Service to America (VISTA)
 - Each state has a commission to recruit participants and organize programs
 - Awards may be used to pay past, present, and future college costs or to repay student loans

SLIDE 14

Other Federal Aid Programs

- Bureau of Indian Affairs (BIA) Grants
- Vocational rehabilitation benefits
- U.S. Department of Health and Human Services (HHS)

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SLIDE 15

Other Sources of Aid

- Institutional or private tuition plans
- Other family resources
- Home equity loans
- Private/alternative loans
- Tuition savings plans (529 plans)
- Employer-sponsored tuition plans

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- U.S. Department of Veterans Affairs
 - Benefits for active duty, reservists, veterans, dependents, and survivors
 - Work-study program
 - Tutoring assistance
- Reserve Officers Training Corps (ROTC)
 - Aid provided in return for military service commitment
 - Army, Navy, Air Force, and Marines

Other Federal Aid Programs

- Bureau of Indian Affairs (BIA Grants)
 - Grants provided to students of Native American heritage
- Vocational rehabilitation benefits
 - Administered by state agencies
 - Provides services and aid for students with disabilities
- U.S. Department of Health and Human Services (HHS)
 - Programs for students in a variety of health professions
 - Loans, grants, and scholarships
 - May have service commitment

Other Sources of Aid

- Institutional or private tuition plans
 - Interest-free programs which allow families to pay direct costs over the course of several months
- Other family resources
 - Budget part of monthly income or use other resources to cover costs

- Home equity loans
 - These loans provide tax benefits
- Private/alternative loans
 - Loans provided by banks
 - Not federal aid
 - Student may need credit worthy co-signer
 - Higher interest rates than federal student loans
- Tuition savings plans (529 plans)
 - Allows savings to grow tax free if distributions used for education
- Employer-sponsored tuition plans
 - If student is able to work while attending school, employer may provide tuition benefits
 - Parent's employer may provide tuition benefits for student

Note to Instructor: Answer any participant questions before moving on to the next training topic.

SLIDE 16

