What is Financial Aid?

- Scholarships/Grants – Free money that does not have to be repaid, i.e. Pell Grants, CAU Scholarships and State Grants and Scholarships.

- Employment opportunities – Funds that are earned, i.e. College work-study.

- Loans – Funds that have to be repaid, Stafford subsidized and unsubsidized loans, Private loans, Parental loans for undergraduate students (PLUS Loans).
Sources and Amounts of Financial Aid Administered by the CAU Financial Aid Office

- Loans (Student/ Parent): $66,000,000 (77.7%)
- Grants/ Scholarships: $18,500,000 (21.7%)
- College Work-Study: $465,000 (0.5%)

**TOTAL:** $84,965,000 *

*This is an estimate, figures reflect a previous academic year (2008 – 2009)*
Federal Methodology and the Principles of Needs Analysis

Federal Methodology is the formula created by Congress to determine the Expected Family Contribution (EFC) that represents the underlying philosophy of U.S. Department of Education.

- To the extent they are able, parents have primary responsibility to pay for their dependent children’s education
- A family’s ability to pay for educational costs must be evaluated in an equitable and consistent manner, recognizing that special circumstances can and do affect a family’s ability to pay
Federal Methodology and the Principles of Needs Analysis (cont.)

- Students also have a responsibility to contribute to their educational expenses
- Families should be evaluated in their present financial condition
Calculating Financial Need

Financial need is the underlying premise within the federal methodology that determines each student’s eligibility for financial aid. Financial need is defined as:

\[
\text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)} = \text{Financial Need}
\]
Cost of Attendance

- Tuition and fees
- Room and board (on-campus or off-campus)
- Books and supplies, equipment, transportation, and miscellaneous personal expenses
- Loan fees
- Study abroad costs
- Dependent care expenses
- Expenses associated with a disability
- Expenses for cooperative education program
- Personal and miscellaneous expenses
Expected Family Contribution (EFC)

The FAFSA is used to collect the information that is used to calculate the EFC. Among other things, the following data are used when calculating the EFC:

- Total household size
- Number of household members in college, excluding parents
- Parents/step-parents taxable income
- Parents assets (Checking and savings accounts, business investments)
- Parents untaxed income (Social Security, unemployment compensation, other income and benefits)
- Student taxable income
- Student assets
- Student untaxed income
In addition to parent and student income and assets, the EFC formula includes certain offsets to income that reduce the available income a family must allocate toward a college education. These offsets include:

- Federal and state income taxes
- Income Protection Allowances (protects and removes from the EFC calculation the cost of maintaining a household, i.e. food, clothing, shelter, etc.)
- Asset Protection Allowances (protects and removes from the EFC calculation a certain percentage of assets, i.e. investments, retirement accounts, etc).
- Employment Allowances
What Information Is Recorded on the FAFSA?

An applicant’s dependency status determines whose information is reported on the FAFSA. Responses to dependency status questions on the FASA determine whether one is considered dependent or independent.

Dependent students are required to report their income and assets and the income of their parent/step-parent on the FAFSA.

Independent, or self-supporting students are required to report their income and assets and their spouse, if applicable.
Independent Student Definition

- At least 24 years old by December 31st of the award year covered by the FAFSA;
- Graduate or professional student;
- Married;
- Has children or other legal dependents for which they provide more than 50% of their support;
- Both parents deceased or ward of the court; or
- Veteran of the U.S. Armed Forces
General Eligibility Requirements

- Must be enrolled at least half-time in an eligible program of study
- Must be pursuing a degree, certificate, or other recognized credential from an accredited school
- Must be a U.S. citizen or eligible noncitizen
- Must be registered with Selective Service (if male)
- Must not have eligibility suspended or terminated due to a drug-related conviction
General Eligibility Requirements (continued)

- Must have a valid Social Security Number
- Must not be in default on a federal student loan
- Must not owe repayment of a federal grant
- Must maintain satisfactory academic progress as defined by the higher education institution
Application Process

• Submit the Free Application for Federal Student Aid (FAFSA) prior to CAU’s February 28th deadline. File at www.fafsa.ed.gov

• Submit any supplemental application materials (when requested by the school)

• Submit copies of student and parent tax returns (when requested by the school)

• Submit any other documents when requested by the school
Free Application for Federal Student Aid (FAFSA)

- Family’s personal and financial information required to perform need analysis is collected on FAFSA

- Paper versions of FAFSA
  - “Regular” Paper FAFSA
  - Renewal FAFSA

- Electronic version of FAFSA
  - FAFSA on the Web at www.fafsa.ed.gov

February 2011
Frequent FAFSA Errors

• Divorced/remarried parents
• Income earned by mother and father
• Other untaxed income
• Household size
• Number in postsecondary education
• U.S. income taxes paid
• Real estate and investment net worth
• Missing student and/or parent signatures
FAFSA Processing Results

- CPS notifies the student of the FAFSA’s processing results by:
  - Paper Student Aid Report (SAR) if paper FAFSA filed and student’s e-mail address was not provided
  - SAR Information Acknowledgement if filed via FAFSA on the Web and student’s e-mail address was not provided
  - E-mail notification containing a direct link to student’s SAR online if student’s e-mail provided on paper FAFSA or FAFSA on the Web
- If student has a PIN, the student can view SAR online at www.fafsa.ed.gov/studentaccess.htm
The Verification Process

- Students may be selected for verification of their application data after the FAFSA information is passed through a series of edits at the Central Processing System (CPS).

- An institution may select additional applicants for verification, or may verify additional data elements beyond what federal regulations require.
Institutions must verify certain data if they have conflicting information or reason to suspect error.

Students selected for verification will be required to provide to the institution documentation substantiating the information provided on the original aid application.
Required Verification Data Elements

- Institutions are required to verify the following five data elements for student applications that are selected by the CPS:
  - Household Size
  - Number enrolled in college
  - Adjusted gross income
  - U. S. taxes paid
  - Untaxed income and/or benefits
Federal Pell Grant

- Awarded to eligible undergraduates pursuing first bachelor’s or professional degree and certain students enrolled in post-baccalaureate teacher certification or licensing programs

- Portable

- Actual award amount based on Cost of Attendance, Expected Family Contribution (EFC), and enrollment status. An EFC of “0” equates to the maximum Pell Grant.

- Maximum Pell award for 2010-2011 = $5550

- For 2010-2011, the EFC cannot exceed 5200 to qualify for the Pell Grant.
Federal Supplemental Educational Opportunity Grant (FSEOG)

- Eligible students
  - Undergraduates pursuing first bachelor’s or professional degree
  - Awarded first to students with exceptional financial need (i.e., students with the lowest EFCs at that school)
  - Priority to Federal Pell Grant recipients
- Annual award amounts
  - $300 minimum
  - $4,000 maximum
Federal Work-Study

- Undergraduate or graduate students are eligible
- Employment may be on or off campus
- Eligible employers
  - School
  - Federal, state, or local public agency
  - Private nonprofit organization
  - For-profit organization
- Schools must use portion of FWS funds for community service activities
Federal Perkins Loan

- Eligible students
  - Undergraduate or graduate students
  - Priority to students who show exceptional need
- Loan amount varies
- Maximum annual loan
  - $4,000 undergraduate students
  - $6,000 graduate and professional degree students
Federal Perkins Loan

- Interest rate: 5%
- Nine-month grace period
- Repayment period may be up to 10 years
- Deferment and cancellation provisions available
Stafford Loans

• Available under:
  • Federal Family Education Loan (FFEL) Program with funds provided by lender (e.g., bank or credit union)
  • William D. Ford Federal Direct Loan Program (Direct Loan Program) with funds provided directly by the federal government

• School determines loan eligibility and delivers loan proceeds to the student
Stafford Loans
(Subsidized and Unsubsidized)

- Subsidized Stafford: Must demonstrate “need”
- Unsubsidized Stafford: Need is not a consideration
- Base annual loan limits (combined subsidized/unsubsidized)
  - $3500/$2000 for 1st year undergraduates
  - $4500/$2000 for 2nd year undergraduates
  - $5500 /$2000 for each remaining undergraduate year
  - $8500 / 12,000 for each year of graduate/professional study
Additional Eligibility for Unsubsidized Stafford Loan

- Additional unsubsidized loan eligibility for independent undergraduates, graduate students, and dependent students whose parents are unable to borrow under the PLUS Program:
  - $4,000 per year for first and second years of undergraduate study
  - $5,000 per year for remaining years of undergraduate study
  - $10,000 per year for graduate and professional students
Repayment of Stafford Loans

- Six-month grace period
- Maximum repayment period between 10 and 20 years depending on repayment plan chosen
- Deferment and cancellation provisions available
PLUS Loans

- Borrowers are parents of dependent undergraduate students
- Annual loan limit: cost of attendance minus other aid
- Variable interest rate, not to exceed 9%
- Loan fees based on principal amount of each loan:
  - FFEL Program: 1% insurance premium and 3% origination fee
  - Direct Loan Program: 4% loan fee
PLUS Loans

• Repayment begins 60 days after loan is disbursed (depending on your lender)

• Deferment provisions; only principal is deferred, but interest may be capitalized
Private Scholarship Search

- Internet:
  - College Board’s Scholarship Search
    www.collegeboard.com/paying
  - FastWeb Scholarship Search
    www.fastweb.com
  - Scholarship Resource Network Express
    www.srnexpress.com
Private Scholarship Search

- Local library resources
- Local businesses and civic organizations
- Parents’ places of employment
Role of the Financial Aid Office

• Determines eligibility for financial aid
• Packages aid
• Sends an award notification which details:
  • Student’s cost of attendance
  • Amount of student’s financial “need”
  • Types and amounts of aid offered
  • How and when aid will be disbursed
  • Student employment conditions
  • Terms and conditions of aid offer
Financial Aid Office Staff

- Associate Vice President for Enrollment Services and Director of Financial Aid, Mr. Nigel Edwards
- Associate Director of Financial Aid and Financial Aid Budget Analyst, Ms. Lakisha Sanders
- Assistant Director of Financial Aid, Ms. Patricia Smith
- College Work Study Coordinator, Mr. Marcus Hillard
- Scholarship Coordinator, Ms. Monica Bussey
- Financial Aid Receptionist, Ms. Ellen King

Note: The office is closed on Thursday to allow the staff the time to process paperwork.
BUILDING PARTNERSHIPS
for
STUDENT SUCCESS at
CLARK ATLANTA UNIVERSITY