

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.

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 tuition money; 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, room and board, 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 must 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.
- Register (or already be registered) with the Selective Service System, if you are a male and not currently on active duty in the U.S. Armed Forces.

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 expected family contribution (EFC).

- 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, room and board, books and supplies, transportation, dependent care, and costs related to a disability.

NOTE

Your EFC index number is not the amount of money your family will have to pay for college nor is it the amount of federal student aid you will receive. It is a number your school uses to calculate the amount of federal student aid you are eligible to receive.

- The information reported on your FAFSA is used to calculate your EFC index number. This is done according to a formula established by law. Your total family income, assets, and benefits, as well as your family size and the number of family members enrolled in higher education, are all considered in this formula. Your EFC index number determines how much financial aid you would receive if you attended a particular program or school.

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:

$$\text{Cost of attendance (COA)} - \text{Expected family contribution (EFC)} = \text{Need-based financial aid}$$

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 EFC is \$12,000, 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 expected family contribution (EFC). This is based only on your cost of attendance (COA) and how much other assistance you've been awarded so far.

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 Loan
- Teacher Education Access for College and Higher Education (TEACH) Grant

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
-  Costs related to a disability