



FINANCIAL AID GLOSSARY

Award Letter: A method of notifying financial aid applicants of the assistance being offered by an institution. The award letter usually provides information on the types and amounts of aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award. It generally provides students with the opportunity to accept or decline the aid offered.

Adjusted Gross Income (AGI): All taxable income as reported on a U.S. income tax return.

Campus-Based Programs: The term commonly applied to those federal student aid programs administered directly by institutions of postsecondary education. Campus-based programs include: Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS).

Cost of Attendance (COA): Generally, this includes the tuition and fees normally assessed a student, together with the institution's estimate of the cost of room and board, transportation and commuting costs, books and supplies, the cost of a computer, and miscellaneous personal expenses. In addition, student loan fees, dependent care, reasonable costs for a study abroad or cooperative education program, and/or costs related to a disability may be included, when appropriate. It is also referred to as "cost of education" or "budget."

Credit (or Credit Hour): The unit of measurement some institutions give for fulfilling course requirements.

Deferment (of loan): A condition during which payments of principal are not required and, for Federal Perkins and subsidized Direct Subsidized Loans, interest does not accrue. The repayment period is extended by the length of the deferment period.

Department of Education, U.S. (ED): The federal government agency that administers assistance to students enrolled in postsecondary educational programs under the following programs: Federal Pell Grant, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and William D. Ford Federal Direct Loan (Direct Loan) Program.

Dependent Student: A student who does not qualify as an independent student and whose parental income and asset information is used in calculating the EFC (see Independent Student).

Direct Subsidized and Direct Unsubsidized Loans: Long term, low-interest loans administered by the Department of Education and institutions. Loans carry a fixed interest rate. Direct Unsubsidized Loans can be used to replace EFC.

Expected Family Contribution (EFC): The amount a student and his or her family is expected to contribute toward the student's cost of attendance as calculated by a Congressionally-mandated formula known as Federal Methodology. The EFC is used to determine a student's eligibility for the student financial assistance programs.

FAFSA: See Free Application for Federal Student Aid.

FAFSA on the Web (FOTW): Allows students to complete and file a FAFSA on-line at www.FAFSA.gov.

Federal Pell Grant: A federal grant program for needy postsecondary students who have not yet received a baccalaureate or first professional degree; administered by the U.S. Department of Education.

Federal Supplemental Educational Opportunity Grant (FSEOG): One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree and who are financially in need of this grant to enable them to pursue their education. Priority for FSEOG awards must be given to Federal Pell Grant recipients with the lowest EFCs.

Federal Work-Study Program (FWS): One of the campus-based programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of such earnings to meet a portion of

their educational expenses.

Financial Aid: General term that describes any source of student assistance outside the student or the student's family. Funds awarded to a student to help meet postsecondary educational expenses. These funds are generally awarded on the basis of financial need and include scholarships, grants, loans, and employment.

Financial Aid Administrator: An individual who is responsible for preparing and communicating information pertaining to student loans, grants or scholarships, and employment programs, and for advising, awarding, reporting, counseling, and supervising office functions related to student financial aid. Accountable to the various publics which are involved and is a manager or administrator who interprets and implements federal, state, and institutional policies and regulations, and is capable of analyzing student and employee needs and making changes where necessary.

Financial Aid Award: An offer of financial or in-kind assistance to a student attending a postsecondary educational institution. This award may be in the form of one or more of the following types of financial aid: repayable loan, a non-repayable grant and/or scholarship, and/or student employment.

Financial Aid Notification: The letter from a postsecondary institution that lets the student know whether or not aid has been awarded. If the student will be receiving assistance, the notification also describes the financial aid package. State agencies and private organizations may send students financial aid notifications separately from the postsecondary institution. Also see Award Letter.

Financial Aid Package: A financial aid award to a student comprised of a combination of forms of financial aid (loans, grants and/or scholarships, and employment).

Financial Need: The difference between the institution's cost of attendance and the family's ability to pay (i.e., EFC). Ability to pay is represented by the EFC for federal need-based aid and for many state and institutional programs.

Financial Need Equation: Cost of attendance minus Expected Family Contribution equals financial need (COA - EFC = Need).

Forbearance: Permits the temporary cessation of repayments of loans, allowing an extension of time for making loan payments, or accepting smaller loan payments than were previously scheduled.

Free Application for Federal Student Aid (FAFSA): The financial aid application completed by the student, and the student's parents if applicable, that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.

Grace Period: The period of time that begins when a loan recipient ceases to be enrolled at least half time and ends when the repayment period starts. Loan principal need not be paid and, generally, interest does not accrue during this period.

Grant: A type of financial aid that does not have to be repaid; usually awarded on the basis of need, possibly combined with some skills or characteristics the student possesses. Also see Gift Aid.

Income: Amount of money received from any or all of the following: wages, interest, dividends, sales or rental of property or services, business or farm profits, and subsistence allowances such as taxable Social Security benefits and child support.

Independent Student: A student who:

- (a) will be 24 years of age by December 31 of the award year;
- (b) is an orphan or a ward of the court;
- (c) is an orphan, in foster care, or a ward of the court, at any time when the student was 13 years of age or older;
- (d) is or was an emancipated minor or in legal guardianship as determined by a court in the student's state of legal residence;
- (e) is an unaccompanied youth who is homeless or who is at risk of homelessness and is self-supporting, as verified during the school year;
- (f) is a veteran;

Loan: An advance of funds evidenced by a promissory note and requiring the recipient to repay the specified amount(s) under prescribed conditions.

Master Promissory Note (MPN): A promissory note for the Federal Perkins Loan, and Direct Loan programs that allows borrowers to apply for multiple loans during a student's attendance at a postsecondary institution.

Principal (of a loan): The amount of money borrowed through a loan; does not include interest or other charges, unless they are capitalized.

Professional Judgment (PJ): The financial aid administrator's discretion, based on the special circumstances of the student, to change the data elements used in determining eligibility for federal student aid or adjust a student's costs

Promissory Note: The legal document which binds a borrower to the repayment obligations and other terms and conditions which govern a loan program.

Repayment Schedule: A plan that is provided to the borrower at the time he or she ceases at least half-time enrollment. The plan sets forth the principal and interest due on each installment and the number of payments required to pay the loan in full. Additionally, it includes the interest rate, the due date of the first payment, and the frequency of payments

Student Aid Report (SAR): The official notification sent to a student as a result of the CPS receiving an applicant record (FAFSA) for a student. The SAR summarizes applicant information, provides the EFC for a student, and displays other special messages related to the student's application. In some instances the SAR may need to be submitted to the financial aid office at the school the student plans to attend, but only if the school requests it.

Student Contribution: A quantitative estimate of the student's ability to contribute to postsecondary expenses for a given year.

Taxable Income: Income earned from wages, salaries, and tips, as well as interest income, dividend income, business or farm profits, and rental or property income.

Title IV Programs: Those federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Includes: the Federal Pell Grant, Teacher Education Access to College and Higher Education (TEACH) Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, Federal Perkins Loan, Direct Loan, Direct PLUS Loan,, Leveraging Education Assistance Partnership (LEAP) , and Grants for Access and Persistence (GAP).

Unmet Need: The difference between a student's total cost attendance at a specific institution and the student's total available resources.

Veterans Educational Benefits: Assistance programs for eligible veterans and/or their dependents for education or training.

Vocational Rehabilitation: Programs administered by state departments of vocational rehabilitation services to assist individuals who have a physical or mental disability which is a substantial handicap to employment.

William D. Ford Federal Direct Loan (Direct Loan) Program: The collective name for the Direct Subsidized, Direct Unsubsidized, Direct PLUS Loan, and Direct Consolidation Loan Programs. Loan funds for these programs are provided by the federal government to students and parents through postsecondary institutions.