

Paying for College

How the Federal Higher Education
Act Helps Students and Families
Pay for a Postsecondary Education





Leadership and Advocacy

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CONTENTS

Introduction.....	1
The Major Federal Student Aid Programs	3
Pell Grants	3
Campus-Based Programs	4
Federal Student Loans	5
Subsidized Loans vs. Unsubsidized Loans	6
Parent Loans for Undergraduate Students (PLUS).....	6
Fees on Federal Student Loans	7
Loan Limits	7
Borrower Interest Rates	8
Repaying Student Loans	9
Postponing Repayment	9
Repayment Options	10
Consolidation Loans	12
Defaults on Federal Loans	12
How Much Money Do Students Actually Borrow?.....	12
Federal Student Aid: Application & Eligibility.....	15
Determining Student Eligibility	15
Satisfactory Academic Progress	15
Calculating a Student’s Financial Need	16
Applying for Federal Student Aid	16
Dependent and Independent Student Status.....	16
Applying for a Loan	18
Applying for Institutional Aid	18
Creating a Financial Aid Package for Students	19
Defining Unmet Need	20

Institutional Eligibility to Participate in Federal Student Aid Programs	21
Appendix 1: Student Aid Glossary	23
Appendix 2: Typical Financial Aid Packages	27
Financial Aid Package #1: Community College	27
Financial Aid Package #2: State University	28
Financial Aid Package #3: Private University	30
Appendix 3: FAFSA	31

INTRODUCTION

For more than 55 years, the federal government has helped low- and middle-income students and their families finance a college education. This assistance has allowed millions of individuals to pursue their educational dreams, and has made America's colleges and universities the most open and accessible in the world.

According to data from the United States Department of Education (ED), more than 18 million undergraduate students were enrolled at a postsecondary institution in 2011. The federal government provided \$155 billion to help those who qualified pay for their education. The federal government's portion of total student aid increased from 67 percent in 2001-02 and 2006-07 to 73 percent in 2011-12.¹ ED estimates that in the current year, 15.2 million students² will receive federal student aid while attending one of the more than 7,000³ colleges; universities; and career, trade, and technical institutions that participate in the federal student aid programs authorized by the Higher Education Act (HEA).⁴

A variety of federal agencies and programs help students and their families finance an education. By far the largest and most important programs are found in Title IV of the HEA. This document summarizes the major programs that are available, explaining how students and their families apply for and receive Title IV student aid, and outlining what institutions must do to participate in the federal programs.⁵

1 <http://trends.collegeboard.org/student-aid>

2 <http://www2.ed.gov/about/overview/budget/budget13/index.html>

3 <http://nces.ed.gov/datalab/tableslibrary/viewtable.aspx?tableid=8460>

4 The Higher Education Opportunity Act (Public Law 110-315) (HEOA) was enacted on August 14, 2008, and reauthorizes the Higher Education Act (HEA) of 1965, as amended.

5 This paper does not address other federal programs that may help students and families finance higher education, such as AmeriCorps, the GI Bill and other veterans' education benefits, and the Workforce Investment Act (WIA), or the assistance that families receive through the tax code such as the American Opportunity and Lifetime Learning tax credits, tuition and fees and student loan interest deductions, and tax-free educational assistance from employers. Finally, this paper does not deal with student aid that is provided through institutional and private grant, scholarship, and loan programs.

THE MAJOR FEDERAL STUDENT AID PROGRAMS

The HEA authorizes three major categories of student aid: the federal Pell Grant, the “campus-based” programs, and the federal student loan programs.⁶ It is important to note that Pell Grants and federal student loans are awarded directly to students—essentially as vouchers—to use at the institution of their choice. The campus-based funds are allocated to institutions that award the money to students attending that institution.

Pell Grants

The centerpiece of federal student aid is the Pell Grant program, named in honor of the late Sen. Claiborne Pell (D-RI), who championed its creation. These grants, which do not have to be repaid, are awarded to undergraduate students solely on the basis of financial need. Students may use a federal Pell Grant at any eligible institution for full- or part-time enrollment.

The federal Pell Grant is known as a *quasi-entitlement* because all students who are eligible receive the assistance. The amount of a Pell Grant awarded to an individual student depends on the student’s expected family contribution (EFC) and enrollment status (full time or part time). The maximum grant is set during the federal appropriations process. In other words, all eligible students will receive a grant—the “entitlement”—but the amount of a student’s grant will depend on the funding provided for the program as part of the annual appropriations process—the “quasi.” In 2012, the Congress limited all Pell Grant eligibility to a lifetime total of 12 semesters (or the equivalent) per student.

Because federal funding for the Pell Grant program is appropriated almost a full year before the start of the academic year, it is difficult to predict exactly how much money will be needed. For example, the fiscal 2012 appropriations bill—signed into law on December 23, 2011—provided funds for the 2012–13 academic year. In some years, Congress provides more money than is needed and the Pell Grant program has a surplus. In other years—especially when the economy stumbles, family incomes are stagnant, and college enrollments grow—the program experiences a shortfall.

For academic year 2013–14, Congress appropriated \$36 billion for this program, and individual awards will range from \$582 to \$5,645, three-quarters of which will

6 In addition, TRIO and GEAR UP, which provide supportive services to help students enroll in and complete postsecondary education, also are considered student aid programs.

go to students with a family income of less than \$30,000.⁷ In 2012–13, the average grant was \$3,711. Students who lost a parent in Iraq or Afghanistan can receive a supplement to their Pell Grant award, up to the maximum grant total.

Campus-Based Programs

Three additional programs—Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Perkins Loans—are collectively known as the campus-based programs because they are administered directly by the financial aid office at each participating institution. The amount of money a student receives from these programs depends on the individual’s financial need, the amount of aid the student receives from other sources, and the availability of campus-based funds at the college or university. The last factor is critical. Unlike Pell Grants, which provide every eligible individual with some funding, the campus-based programs provide assistance to only some of the eligible students. On most campuses, student eligibility is greater than available aid.

The campus-based programs all require institutions to match federal funding by at least 25 percent for all campus-based funds awarded, which means that colleges and universities provide at least one-third as much money as does the federal government. This requirement results in increased funding for students receiving campus-based financial aid.

- **Federal Supplemental Educational Opportunity Grants (FSEOG)** support undergraduate students with “exceptional financial need” and usually are awarded to students who also receive Pell Grants. Recipients are awarded between \$100 and \$4,000 a year, depending on need and availability. In award year 2012–13, more than 1.3 million students received an average FSEOG of \$669.⁸
- **The Federal Work-Study (FWS)** program provides work opportunities for undergraduate and graduate students with financial need, allowing them to earn money to pay educational expenses, with federal funds paying 75 percent of the wages they earn, often in areas related to their academic program or in community service positions. Students are generally paid by the hour and must receive at least the federal minimum wage. Last

7 <http://www.ifap.ed.gov/dpceletters/GEN1306.html>

8 <http://www2.ed.gov/about/overview/budget/budget13/index.html>

year, nearly 700,000 students each earned \$1,700 through the FWS program. Currently, at least 7 percent of FWS funds must be spent on placing students in community service positions, with at least one student at each institution serving as a reading tutor or working in a literacy program.

- **The Federal Perkins Loan Program**, named for the late Rep. Carl Perkins (D-KY), enables 1,700 colleges and universities to lend money to individual students who have exceptional financial need. This program has a statutorily set interest rate (5 percent) and is available to both undergraduates and graduates. Eligible undergraduates can borrow up to \$5,500 per year, and graduate students may borrow up to \$8,000 per year. Repayment begins nine months after the borrower leaves an institution, and interest does not accrue while students are enrolled.

Perkins Loans can be canceled if borrowers engage in specified public service activities, such as teaching in a Head Start program or at a low-income school, or working full-time in the law enforcement or nursing fields.

The federal government no longer provides new Perkins funds to participating institutions. Institutions use the funds from repayments of previous loans as a revolving fund, supplemented by reimbursements for loan cancellations. In 2012–13, more than 524,000 borrowers received loans that averaged \$1,852 from this program.^{9,10}

Federal Student Loans

Student loans are the largest source of federal student aid. In the 2011–12 academic year, more than 10 million students borrowed \$94 billion in federal student loans. According to data from ED, the outstanding federal loan portfolio is \$948.2 billion as of the end of fiscal 2012, made to 38.3 million borrowers.

The federal government currently offers one federal student loan program: the William D. Ford Direct Student Loan (DL) program, named for the late Rep. William Ford (D-MI). Prior to 2011, Federal student loans were also distributed

9 <http://www2.ed.gov/about/overview/budget/budget13/index.html>

10 Congress eliminated the Leveraging Educational Assistance Partnerships (LEAP) program in 2011, reducing federal funding for need-based aid by \$65 million. The LEAP program was designed to encourage state and federal partnerships to maintain and expand need-based grant programs. States matched federal funds on a dollar-for-dollar basis. However, when the federal appropriation for LEAP reached \$30 million, the state match increased to \$2 for every federal dollar.

via private lenders through the Federal Family Education Loan program (FFEL).¹¹ The DL program offers three different types of federal education loans: a subsidized Stafford loan, an unsubsidized Stafford loan, and an unsubsidized Parent Loan for Undergraduate Students (PLUS) for parents of dependent students and for graduate students

The federal government, through the DL program, makes all the federal loans directly to students, using U.S. Treasury funds. Upon graduation, the borrower repays the government. The federal government, through a number of federal contractors, manages and services the portfolio of loans. If the student does not repay the loan, the federal government initiates loan collection efforts, again using federal contractors.

Subsidized Loans vs. Unsubsidized Loans

Borrowers can receive either subsidized or unsubsidized loans, and many students get both types simultaneously. Federal subsidized Stafford loans are awarded only to undergraduate students on the basis of financial need, and interest does not accumulate while the student is enrolled in an institution. By contrast, financial need is not required to receive a federal unsubsidized Stafford loan for undergraduates as well as graduate students, but interest on the loan accrues while the borrower is enrolled. Students can defer interest payments while they are enrolled at an institution, but doing so increases the amount of money that eventually must be repaid. Interest that accrues and is not paid is added to the loan principal when the student enters repayment.

Parent Loans for Undergraduate Students (PLUS)/Grad PLUS

The PLUS program enables parents of dependent undergraduate students and graduate students themselves who do not have an adverse credit history to borrow money to cover education expenses. PLUS loans are also unsubsidized and are available up to the cost of attendance (COA) if the student is not covered by other aid.

11 Before July 2010, higher education institutions could participate in the Direct Loan (DL) program, the FFEL program, or both. Eligibility requirements and loan limits were identical for both programs. The basic difference between the Direct Loan and FFEL programs was who originated and held the loans. In the FFEL program, a private lender (usually a bank or credit union) received a subsidy from the federal government to make the loan. The college or university certified the borrower's eligibility and helped disburse the loan.

Fees on Federal Student Loans

Upfront fees—similar to points on a home mortgage—are charged on federal loans. All borrowers in the Direct Loan program must pay a 1.051 percent fee. PLUS loans carry a 4.204 percent upfront fee.

Loan Limits

The maximum amount an undergraduate student may borrow each year is determined by the student's dependency status—dependent or independent—and by his or her “year in school.”¹² Dependent undergraduate students may borrow Stafford loans of up to the maximum amounts shown in Figure 1. Independent undergraduate students may borrow the same amounts in subsidized Stafford loans as dependent students—plus an additional \$4,000 per year in the first two years of their academic program and \$5,000 a year for the remainder of the program—through the unsubsidized Stafford loan program.

Graduate and professional students are considered financially independent and can borrow up to \$20,500 per year in unsubsidized loans. Subsidies for graduate students were eliminated in 2012. No student can borrow more money than the established COA at the institution he or she attends.

In addition to annual borrowing limits, there are cumulative or aggregate limits (see Figure 1).

As of July 2013, new student borrowers may only borrow subsidized loans for 150 percent of the time needed to complete their degree program—i.e., a student may only take subsidized loans for three years if enrolled in a program that typically takes two years to complete.

Graduate and Parent PLUS loans are only limited by the COA, and have no cumulative limits.

¹² See glossary in Appendix 1 for definition of dependent and independent students.

Figure 1. Annual and Total Borrowing Limits in Federal Direct Loans

Year	Dependent Students*	Independent Students
First-Year Undergraduate	<ul style="list-style-type: none"> ▪ \$3,500 subsidized loans ▪ \$2,000 unsubsidized loans 	<ul style="list-style-type: none"> ▪ \$3,500 subsidized loans ▪ \$6,000 unsubsidized loans
Second-Year Undergraduate	<ul style="list-style-type: none"> ▪ \$4,500 subsidized loans ▪ \$2,000 unsubsidized loans 	<ul style="list-style-type: none"> ▪ \$4,500 subsidized loans ▪ \$6,000 unsubsidized loans
Third-Year and Beyond Undergraduate	<ul style="list-style-type: none"> ▪ \$5,500 subsidized loans ▪ \$2,000 unsubsidized loans 	<ul style="list-style-type: none"> ▪ \$5,500 subsidized loans ▪ \$7,000 unsubsidized loans
Graduate or Professional Degree Students	<ul style="list-style-type: none"> ▪ Not applicable 	<ul style="list-style-type: none"> ▪ \$20,500 in unsubsidized loans
Maximum Total Debt from Subsidized and Unsubsidized Loans	<ul style="list-style-type: none"> ▪ \$31,000 Total ▪ \$23,000 in subsidized loans ▪ \$8,000 unsubsidized 	<ul style="list-style-type: none"> ▪ \$57,500 for undergraduates—\$23,000 of this amount may be in subsidized loans ▪ \$138,500 for graduate or professional students ▪ \$224,000 for health profession students ▪ The graduate debt limit includes all federal loans received for undergraduate study

* There is an exception for students whose parents are unable to obtain PLUS loans which allows them to borrow at independent student levels.

Borrower Interest Rates

From 1992 through 2006, federal student loans were set at a variable rate tied to the cost of a 91-day Treasury bill plus a “spread.” For the next seven years, rates were fixed in law. The rates as of July 2013 are based on the price of a 10-year Treasury bill as of June 1 each year, plus an add-on, with caps on the maximum interest rate as indicated in Figure 2.

For students borrowing in 2013–14, the fixed interest rate for undergraduate subsidized loans will be the same as for unsubsidized loans: 3.86 percent. Graduate students will pay 5.41 percent. Parents and graduate students borrowing PLUS loans pay a fixed rate of 6.41 percent. Fixed rate loans are locked in at the time of borrowing, so students borrowing prior to July 2013 will have some loans at 3.4 percent, and some students will also have prior loans at 4.5 percent and 5.6 percent, depending on what year they borrowed.

Students may use the Consolidation Loan program when they enter repayment as a management tool to create a single fixed interest rate loan, based on a weighted average of the loans they hold.

Figure 2. *Interest Rates, Caps, and Add-ons as of July 2013*

	Interest Rate for 2013-14	Cap	Based on 10-Year Treasury Bill ¹³ , Plus
Undergraduate Direct Loans (subsidized and unsubsidized)	3.86%	8.25%	2.05%
Graduate Direct Unsubsidized Loans	5.41%	9.5%	3.6%
Graduate and Parent PLUS	6.41%	10.5%	4.6%

Repaying Student Loans

Students must begin to repay subsidized federal Direct Loans six months after graduating, leaving an institution, or dropping below half-time enrollment, and interest on the loans is typically charged once the six-month grace period ends. For Perkins Loans, repayment begins nine months after leaving the institution, with no interest charged during the grace period.

Borrowers in the unsubsidized program must begin to repay interest on the loans within 30 days of taking the loans, although many borrowers defer these payments, and have the interest added to the loan principal. For PLUS loans, interest is charged from the day the loan is disbursed, and repayment begins within 60 days of disbursement. Students can keep track of their student loans by accessing the National Student Loan Data System (NSLDS) at http://www.nsls.ed.gov/nsls_SA/.

Postponing Repayment

In some cases, borrowers receive a deferment or forbearance on their student loan. Borrowers who are still enrolled, who face “economic hardship,” or who are unable to find a full-time job are eligible for a deferment. A deferment allows borrowers who have a subsidized loan to temporarily postpone repayment of the loan without incurring interest charges. A borrower with an unsubsidized loan can get a deferment, but the borrower is responsible for interest during the deferment period.

¹³ Based on the 10-year Treasury bill auction as of June 1, 2013.

Individuals who are unable to repay their loans, but who are not eligible for a deferment may be granted forbearance—a temporary postponement or reduction of repayments—during which interest continues to accrue.

Student loans cannot be discharged through bankruptcy. Under a few specific circumstances (e.g., death or total and permanent disability), federal student loans may be completely discharged—that is, canceled without repayment. There are also programs that allow loans to be forgiven in exchange for service, such as working in a public-service career.

Deferments Available for Direct Loans, FFEL, and Perkins Loans

A student has the option of postponing repayment on student loans when the following conditions exist:

- At least half-time enrollment in a college, university, or career institution
- Enrollment in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled
- Unemployment—up to three years
- Economic hardship (includes Peace Corps service)—up to three years
- Active duty military service during a war, military operation, or national emergency and 13 months after

Repayment Options

Borrowers may select from several repayment options (see Figure 3). The standard and most common choice is called Standard Repayment, and requires the borrower to pay a fixed amount every month for 10 years. Nearly 75 percent of all loan repayments are made under this plan.

The Extended Repayment Plan allows borrowers with loans exceeding \$30,000 up to 25 years to repay their loans. The Graduated Repayment plan permits borrowers to make smaller monthly payments at the beginning of their loan repayment period and to increase the payment amount over time, to reflect the earning patterns of most adults.

In addition to these three options, borrowers may choose income-based or income-contingent repayment methods under which yearly income, family size, and the amount of the loan determine the monthly payments. As income

increases or falls, so do payments. After 20 or 25 years, any remaining balance is forgiven, though borrowers may be liable for taxes on the amount forgiven.

Figure 3. *Repayment Options*

Plan	Eligible Loans	Minimum Requirements	Monthly Payment/Duration
Standard Repayment	<ul style="list-style-type: none"> Direct Loans FFEL PLUS loans 	<ul style="list-style-type: none"> All borrowers qualify 	<ul style="list-style-type: none"> Payments are a fixed amount, at least \$50 per month Up to 10 years
Graduated Repayment	<ul style="list-style-type: none"> Direct Loans FFEL PLUS loans 	<ul style="list-style-type: none"> All borrowers can request 	<ul style="list-style-type: none"> Payments are lower and then increase, usually every two years Up to 10 years
Extended Repayment	<ul style="list-style-type: none"> Direct Loans FFEL PLUS loans 	<ul style="list-style-type: none"> Must have \$30,000 in outstanding Direct or FFEL loans Only for loans taken after Oct. 1998 	<ul style="list-style-type: none"> Payments may be fixed or graduated Up to 25 years
Income-Based Repayment (IBR)	<ul style="list-style-type: none"> Direct Loans FFEL Graduate PLUS Consolidation Loans 	<ul style="list-style-type: none"> Must have financial hardship 	<ul style="list-style-type: none"> Maximum payments are 15 percent of discretionary income: the difference between adjusted gross income and 150 percent of the poverty guideline Up to 25 years
Pay As You Earn Repayment	<ul style="list-style-type: none"> Direct Loans Graduate PLUS Consolidation Loans 	<ul style="list-style-type: none"> Must have financial hardship Must have a loan disbursed after Oct. 1, 2011 	<ul style="list-style-type: none"> Maximum payments are 10 percent of discretionary income: the difference between adjusted gross income and 150 percent of the poverty guideline Up to 20 years
Income-Contingent Repayment	<ul style="list-style-type: none"> Direct Loans Graduate PLUS Consolidation Loans 	N/A	<ul style="list-style-type: none"> Payments are calculated based on adjusted gross income, family size, and the total amount of Direct Loans Up to 25 years
Income-Sensitive Repayment	<ul style="list-style-type: none"> FFEL Loans only 	N/A	<ul style="list-style-type: none"> Monthly payment is based on annual income Up to 10 years

Consolidation Loans

Consolidation loans allow borrowers to combine different federal student loans into a single loan to make only one monthly payment. Some borrowers use consolidation to refinance their loans at a fixed rate and lock in other repayment benefits. Borrowers can only consolidate existing loans once, unless a new loan is obtained.

The interest rate on consolidation loans is determined by the weighted average of the interest rates of the loans being consolidated.

Defaults on Federal Loans

Student loans become delinquent if a scheduled payment is not made within 30 days of the due date. When a student loan is delinquent for more than 270 days, it is in default. The consequences of defaulting on a student loan are serious. Credit bureaus are notified at 90 days of delinquency, credit scores plummet, and a defaulter will find it much harder to get any form of credit. In addition, federal income tax refunds are withheld, wages may be garnisheed, and collection agencies are hired to get the loan repaid. Defaulters are ineligible for additional federal student aid until the defaulted loan is in good standing and satisfactory arrangements have been made to repay the loan.

Extensive efforts have been made to educate borrowers about the consequences of default, collection strategies have been strengthened, and institutions with persistently high cohort default rates have been excluded from the programs.

An institution's cohort default rate is calculated using two-year and three-year calculations. The fiscal 2010 two-year national cohort default rate is 9.1 percent. The fiscal 2009 three-year national cohort default rate is 13.4 percent. The rates vary by institution type and control, and can reflect the economic situation in the nation.

How Much Money Do Students Actually Borrow?

According to the College Board, the percentage of undergraduate students taking out federal loans during the academic year increased from 23 percent in 2001-02 to 28 percent in 2006-07 and to 35 percent in 2011-12. On average, undergraduate students who took out federal loans borrowed \$5,767 (in 2011 dol-

lars) in 2001–02, \$5,538 in 2006–07, and \$6,676 in 2011–12. In 2011–12, 3.4 percent of undergraduate students’ parents took out PLUS loans averaging \$12,575.¹⁴

According to ED data, 57 percent of four-year public college graduates in 2010–11 borrowed from student loan programs, with an average debt of \$23,800 (see Figure 4). During the last 10 years, the percentage of borrowers in both public and private nonprofit institutions has increased slightly, as has the amount borrowed.

Figure 4. Average Total Debt Levels of Bachelor’s Degree Recipients, Public and Private Nonprofit Four-Year Colleges and Universities in 2011 Dollars

	Public Four-Year		Private, Nonprofit	
	Per Borrower	Percentage who borrowed	Per Borrower	Percentage who borrowed
2000–01	\$20,100	52%	\$23,400	63%
2002–03	\$20,600	53%	\$25,000	63%
2004–05	\$21,200	55%	\$27,100	64%
2006–07	\$21,200	55%	\$28,300	66%
2008–09	\$20,800	55%	\$27,400	65%
2010–11	\$23,800	57%	\$29,900	66%

The amount of debt that students—especially professional-school students—accumulate can be substantial. However, the dollar amount of debt alone does not necessarily indicate whether a student will have difficulties in repayment. The debt burden facing a borrower in repayment often depends less on the amount borrowed than on the borrower’s income. A radiologist who borrowed \$100,000 may find his or her income less encumbered by student loan repayments than a preschool teacher who borrowed \$15,000. Financial experts estimate that borrowers who spend more than 10 percent of their gross income on repaying student loans carry a significant debt burden.

In 2011–12, 8.8 million undergraduate students borrowed through the federal loan programs. There were 7.9 million subsidized borrowers and 7.4 million unsubsidized borrowers. Sixteen percent of borrowers took only subsidized loans, 11 percent took only unsubsidized loans, and 73 percent took both types of loans. In

14 <http://trends.collegeboard.org/student-aid/figures-tables/loans-federal-loan-programs-current-and-constant-dollars-over-time>

sum, the outstanding federal loan portfolio is \$948.2 billion as of the end of fiscal 2012, made to 38.3 million borrowers (see Figure 5).

Figure 5. Federal Student Loan Portfolio Summary

Federal Fiscal Year	Direct Loans		Federal Family Education Loans (FFEL)		Perkins Loans		Total		
	Dollars Outstanding (in billions)	Recipients (in millions)	Dollars Outstanding (in billions)	Recipients (in millions)	Dollars Outstanding (in billions)	Recipients (in millions)	Dollars Outstanding (in billions)	Unduplicated Recipients (in millions)	
2007	\$106.8	7.0	\$401.9	22.6	\$8.2	2.8	\$516.0	28.3	
2008	\$122.5	7.7	\$446.5	23.7	\$8.5	2.9	\$577.0	29.9	
2009	\$154.9	9.2	\$493.3	25.0	\$8.7	3.0	\$657.0	32.1	
2010	\$224.5	14.4	\$516.7	25.1	\$8.4	2.9	\$749.8	34.3	
2011	\$350.1	19.4	\$489.8	23.8	\$8.3	2.9	\$848.2	36.5	
2012	\$488.3	22.8	\$451.7	22.4	\$8.2	2.9	\$948.2	38.3	
2013	Q1	\$508.7	23.4	\$444.9	22.1	\$8.2	3.0	\$961.9	38.7
	Q2	\$553.0	24.1	\$437.0	21.6	\$8.3	3.0	\$998.6	38.9
	Q3	\$569.2	24.3	\$429.5	21.2	\$8.2	2.9	\$1,006.8	38.7

Source: NSLDS

FEDERAL STUDENT AID: APPLICATION & ELIGIBILITY

The aim of the HEA is to make it possible for all academically qualified individuals to obtain a college education, regardless of their economic circumstances.

The major federal student aid programs are authorized by the HEA and are administered by ED. In general, federal financial aid is portable—it is awarded to individual students who may use the funds at any of the colleges, universities, and technical/career institutions that meet federal eligibility criteria to participate in these student aid programs.¹⁵ However, the amount of federal money a student receives will vary from institution to institution, dependent on the COA, the student’s need, and the availability of funding.

Determining Student Eligibility

To receive federal student aid, a student must:

- Be a U.S. citizen or eligible noncitizen.
- Have a high school diploma or a GED® certificate, or complete high school in a home school setting approved by the state.
- Be accepted and enrolled in an eligible program as a regular student seeking a degree or certificate.
- Be registered with the Selective Service (if male).
- Have a valid Social Security number.
- Maintain satisfactory academic progress.
- Not be in default on any federal student loan
- Have not exceeded the lifetime aggregate Pell or aggregate and annual loan limits.
- Not have a conviction for any offense, during a period of enrollment for which the student is receiving Title IV financial aid, under any federal or state law involving the possession or sale of illegal drugs.

Satisfactory Academic Progress

Satisfactory Academic Progress (SAP) represents both the qualitative (grade point average) and quantitative (time limit) measure of a student’s progress toward completing a program of study. To maintain eligibility for federal

15 Students can use federal Pell Grant and Direct Loan funds at any institution that participates in the federal student aid programs. Some institutions do not participate in some or all of the campus-based programs: Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Federal Perkins Loans.

student aid, a student must show continued progress in both measures.

Institutions must establish policies regarding satisfactory academic progress and must check the progress of students on federal aid at least once each academic year.

Calculating a Student's Financial Need

Most federal student aid programs require a student to demonstrate financial need. Qualifying for these programs depends on two things: the expected family contribution (EFC), which is a calculation of the amount of money that a student and/or the family can reasonably contribute toward the student's education; and the COA, which includes yearly tuition, fees, books and supplies, transportation, and living expenses (on or off campus) at the college or university that the student plans to attend. The EFC is commonly referred to as "federal methodology," and ED's Central Processing System (CPS) performs the calculations. Both EFC and COA are defined in the law.

For students interested in knowing if they will qualify for aid early in their college planning efforts, there are a number of tools available. FAFSA4caster is a free financial aid calculator that provides an early estimate of eligibility for federal student aid. All colleges are required to have a "net price calculator" available online at <http://collegecost.ed.gov/netpricecenter.aspx> so that students and their families can estimate the amount of aid that will be available from the institutions, based on their need and other factors.

Applying for Federal Student Aid

The Free Application for Federal Student Aid (FAFSA) is the only application required to apply for federal student aid, and it may be accessed at <http://www.fafsa.ed.gov/> (see Figure 6). ED processes more than 21 million FAFSAs each year,¹⁶ the vast majority of which are received and processed online. ED also prints a limited number of paper FAFSAs each year. The FAFSA is also available in Spanish.

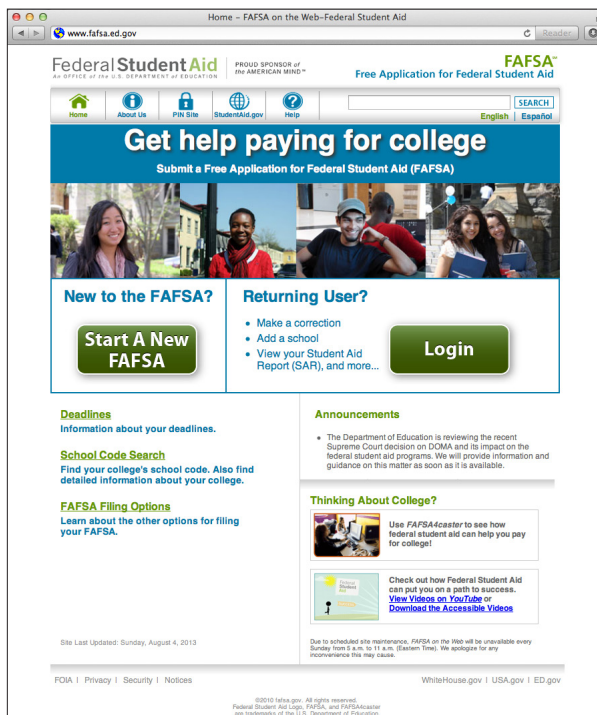
Dependent and Independent Student Status

More than half of all college students are independent—that is, they are not financially dependent on parents. The HEA defines an independent student as one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward

16 <http://studentaid.ed.gov/about/data-center/student/application-volume/fafsa-school-state>

of the court, someone with legal dependents other than a spouse, an emancipated minor, or someone who is homeless or at risk of becoming homeless. In rare circumstances, the campus financial aid administrator may determine that special circumstances warrant independent status for a student who does not meet one of these criteria. While independent students also must fill out the FAFSA, they are not required to include parental assets and income, and their EFC is calculated differently.

Figure 6. FAFSA Home Page



To determine the EFC, each student and his or her family must complete a FAFSA online at www.FAFSA.ed.gov. Families have the option to use the Internal Revenue Service (IRS) data retrieval system, in which prior year income data is taken directly from the IRS records, or the family can provide the income data, which may be verified at a later date. ED also confirms the student and family demographic data with several federal agencies, including the Social Security Administration (SSA), Selective Service (SS), Department of Veterans Affairs

(VA), Department of Homeland Security (DHS) [formerly Immigration and Naturalization Service (INS)], and NSLDS.

If selected by the Central Processing System (CPS) or the institution, applicants may be asked to provide additional information to prove the accuracy of the application, and to correct inconsistencies—a process called verification. Students who do not or cannot complete the verification process lose their eligibility for federal financial aid for that application cycle.

After ED processes the FAFSA, the student receives a Student Aid Report (SAR) showing the EFC. At the same time, each institution identified by the applicant on the FAFSA receives the same information in an electronic document called the Institutional Student Information Record (ISIR). In general, if the EFC is less than the COA as determined by the institution, the student is eligible for need-based federal student aid. Students who are not eligible for need-based federal aid may be eligible for unsubsidized student and/or PLUS loans or may receive state or institutional assistance.

Applying for a Loan

The FAFSA determines whether a student has financial need and if he or she is eligible for a Pell Grant. Students who still have financial need after receiving a Pell Grant and other aid are eligible for a federal loan. To get a loan for the first time, the borrower must sign a master promissory note (MPN) that includes a “plain-language disclosure notice” describing the borrower’s obligation to repay his or her student loan.

Borrowers receive extensive entrance counseling and exit counseling to make certain they understand their rights and responsibilities. They are also counseled about repayment options when they leave an institution. Both entrance and exit counseling are done in accordance with detailed federal regulations.


Applying for Institutional Aid

The FAFSA provides all the student information necessary to receive federal Pell Grants, federal student loans, and any of the federal campus-based aid programs. However, some institutions collect additional information before awarding their own funds—more than \$42 billion in institutional grant aid total. In some cases, colleges and universities use a commercially available supplemental form which calculates an EFC based on the institution’s methodology. This is called the IM to distinguish it from the federal methodology (FM). In general, IM uses more

data elements than FM and assumes that more of the family assets should be used for college expenses.

Creating a Financial Aid Package for Students

As noted above, students identify the institution(s) that should receive an ISIR, showing the amount of the student's EFC. If the COA exceeds the EFC, the student is eligible for need-based student aid. Using the information from the ISIR and the results of any institutional methodology calculations, the campus financial aid administrator prepares a financial aid package for every qualified student. Institutions generally issue *award letters* to notify students of their financial aid packages. Institutions also have the option to use a *financial aid shopping sheet* provided by the federal government (Appendix 2), which is a common format to display the award information and other details about the institution.


University of the United States (UUS)


Costs in the 2013-14 year

Estimated Cost of Attendance for full-time enrollment \$ XX,XXX / yr

Tuition and fees	\$ XX,XXX
Housing and meals (on-campus resident)	XXXX
Books and supplies	XXXX
Transportation	XXXX
Other educational costs	XXXX

Graduation Rate

Percentage of full-time students who graduate within 6 years



75%

LOW
MEDIUM
HIGH


Grants and scholarships to pay for college

Total Grants and Scholarships (Gift Aid; no repayment needed) \$ XX,XXX / yr

Grants from your school	\$ XXXX
Federal Pell Grant	XXXX
Grants from your state	XXXX
Other scholarships you can use	XXXX

Loan Default Rate

Percentage of borrowers entering repayment and defaulting on their loan



4%

1%

UUS Average
Comparable Institutions

What you will pay for the 2013-14 year

Net Costs \$ XX,XXX / yr

(Cost of attendance minus total grants and scholarships)

Options to pay net costs

Work options

Work-Study (Federal, state, or institutional) \$ XXXX / yr

Loan options*

Federal Perkins Loans	\$ XXXX / yr
Federal Direct Subsidized Loan	XXXX / yr
Federal Direct Unsubsidized Loan	XXXX / yr

*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

Median Borrowing

Students at UUS typically borrow \$XX,XXX in Federal loans over X years. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.

\$

Other options

Family Contribution \$ XX,XXX / yr

(As calculated by the institution using information reported on the FAFSA or to your institution.)

- Payment plan offered by the institution
- Parent PLUS Loan
- Military and/or National Service benefits
- Non-Federal private education loan

Repaying your loans

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to: <http://studentaid.gov/repay-loans/understand/plans>

For more information and next steps:

University of the United States (UUS)
Financial Aid Office
 123 Main Street
 Anytown, ST 12345
 Telephone: (123) 456-7890
 E-mail: financialaid@uus.edu

Customized information from UUS

Under federal law, students who have the lowest EFC among FAFSA applicants are entitled to a federal Pell Grant before any other federal financial aid. Students who still have financial need after receiving a Pell Grant—and needy students who do not qualify for a Pell Grant—may be offered a package of grants, loans, and work opportunities. Some institutions also offer non-need based aid or merit aid. These nonfederal funds are awarded on the basis of such considerations as academic or artistic talent, sports ability, or other local criteria.

A family may receive very different offers of assistance for the student who applies to multiple institutions with varying costs. While the EFC for the family remains constant—as does the amount of the Pell Grant—if the institution is awarding financial aid on the basis of need, the differences in cost of attendance and what is available to the institution in financial aid resources will determine the financial aid package. For examples of how this works, see Appendix 2.

Defining Unmet Need

For many students, their EFC added to the total amount of financial aid awarded does not cover the full COA. This gap between the COA and the available student resources is called “unmet need.” To obtain the additional funds, some students, especially nontraditional students, will work more hours, attend part time, borrow money from private loan programs, or stretch the time it takes to complete a degree. This often is to the detriment of the students, as research has shown that some of these students will not attend classes or will not finish their education.¹⁷

¹⁷ <http://www2.ed.gov/about/bdscomm/list/acsfa/ptsreport2.pdf>

INSTITUTIONAL ELIGIBILITY TO PARTICIPATE IN FEDERAL STUDENT AID PROGRAMS

According to ED, more than 7,000 institutions of postsecondary education participate in the HEA programs. About 4,000 of these institutions are traditional two-year and four-year, public and private, nonprofit colleges and universities that award associate and bachelor's degrees. The remainder are shorter term, largely for-profit technical and career institutions.

Institutions must clear three hurdles, collectively known as “the triad,” before their students can receive federal student aid. First, an institution must be accredited by an accrediting agency determined to be a reputable judge of academic quality by the Secretary of Education. National or regional accreditation provides the assurance that an institution offers an academically sound education. By relying on nongovernmental accreditors to evaluate and report on the academic quality of institutions, the government avoids steps that could lead to federal control of curricula or to national academic standards.

Second, a college or university must be licensed or approved to do business in the state where it is located. And third, ED must determine that the institution has both the administrative capability to manage the federal program funds and the financial responsibility to ensure that it is financially stable and will not suddenly close, to the detriment of students or taxpayers.

If an institution meets these three tests, it must then agree to abide by ED's Program Participation Agreement, which spells out the terms and conditions of participating in the federal student aid programs. Some of these requirements are general, such as, “The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds.” Other requirements are highly detailed, such as the reporting requirements for intercollegiate athletics revenues and expenses.

In addition, the HEA requires that colleges participating in the federal student aid programs provide a substantial amount of information to students regarding such diverse topics as campus crime, special facilities available to students with disabilities, refund policies, and graduation rates. Institutions that fail to meet the terms of the Program Participation Agreement may be fined or have their eligibility to participate revoked.

APPENDIX 1: STUDENT AID GLOSSARY

Campus-Based Aid: Financial aid programs administered by the university. The government provides the university with a fixed annual allocation, which is awarded by the financial aid administrator to deserving students. The Federal Perkins Loan program, Federal Supplemental Education Opportunity Grant (FSEOG), and Federal Work-Study (FWS) are the federal campus-based aid programs.

Cost of Attendance (COA): The total estimated cost to the student to attend an institution, including tuition and fees, room and board or living expenses, allowances for books and supplies, transportation, and personal and incidental expenses. Loan fees, if applicable, also may be included in the COA. Childcare and expenses for disabilities also may be included at the discretion of the financial aid administrator. Institutions establish different standard budget amounts for students living on campus and off campus, married and unmarried students, and in-state and out-of-state students. (Also known as the cost of education or “budget.”)

Dependent Student: An undergraduate student whose parents provide more than half of his or her financial support. A dependent student is not married, is under 24 years of age, has no legal dependents, is not an orphan or ward of the court, nor is a veteran or serving in the U.S. Armed Forces, and is not homeless. Parents of a dependent student must submit parental information on the FAFSA for their son or daughter to be considered for financial aid. Parents of dependent students are eligible for the PLUS loan program. (See also *Independent Student*.)

Expected Family Contribution (EFC): The amount of money that the family is expected to be able to contribute to the student’s education, as determined by the federal calculation, which is a need-analysis formula approved by Congress. The EFC may include a parental contribution and the student contribution, and depends on the student’s dependency status, family size, the number of family members enrolled at colleges or universities, and taxable and nontaxable income and assets. Subtracting the EFC from the COA determines the student’s financial need, and is used in calculating the student’s eligibility for need-based financial aid. If a student has unusual financial circumstances (such as high medical expenses, loss of employment, or death of a parent) that may affect his or her ability to meet educational expenses, the financial aid administrator (FAA) can in limited circumstances adjust the elements that make up the COA or EFC to compensate.

FAFSA4caster: A web tool that provides an early estimate of federal student aid eligibility.

Federal Direct Student Loan Program (DL): The funds for these loans are provided by the U.S. government directly to students and their parents through their institutions. The DL program includes Federal Direct Stafford Loans (subsidized and unsubsidized) and Federal Direct PLUS for graduate students and parents of dependent students.

Federal Family Education Loan (FFEL) Program: Discontinued in July 2010. The funds for these loans were provided by private lenders, such as banks, credit unions, and savings and loan associations. These loans were guaranteed against default by the federal government.

Federal Pell Grant Program: The largest federal grant program, which in 2013–14 provides funds up to \$5,645 per student, based on the student's financial need.

Federal Perkins Loans: Revolving loan funds awarded by the institution. The loans feature a fixed interest rate and are repayable over an extended period.

Federal Supplemental Educational Opportunity Grant (FSEOG) Program: Grant funds made available through participating institutions to a limited number of undergraduate students who demonstrate exceptional financial need.

Federal Work-Study (FWS) Program: A program that provides undergraduate and graduate students with part-time employment during the academic year. The federal government pays a portion of the student's salary, making it less expensive for community organizations, college and university departments, and businesses to hire the student. For this reason, work-study students often find it easier to get a part-time job through this program than on their own. Eligibility for FWS is based on financial need.

Financial Aid Package: The complete collection of grants, scholarships, loans, and work-study employment from all sources (federal, state, institutional, and private) offered to students to enable them to attend the college or career institution.

Financial Need: The difference between the COA and the EFC is the student's financial need—the gap between the cost of attending an institution and the student's resources. The financial aid package is based on the amount of financial need.
 $\text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)} = \text{Financial Need.}$

Grants: Financial aid awards that do not have to be repaid. Grants are available through the federal government, state agencies, colleges, and private sources.

Independent Student: An independent student is at least 24 years old as of January 1 of the academic year, is married, is a graduate or professional student, has a legal dependent other than a spouse, is a veteran or member of the U.S. Armed Forces, is an orphan or ward of the court, is an emancipated minor, or is homeless or at risk of becoming homeless. Parental refusal to support their child's education is not sufficient for the child to be declared independent.

Leveraging Educational Assistance Partnership (LEAP) Program: Discontinued in 2011. LEAP provided grant money to states to incentivize additional support for need-based grants. As a requirement for receiving federal LEAP funds, states were required to match the program allocation dollar for dollar through direct state appropriations.

Loan: A type of financial aid that is available to students and their parents, and which must be repaid. Education loan programs have varying interest rates and repayment provisions.

Merit-Based Aid: Financial aid that is awarded based on criteria such as a student's academic, artistic, or athletic skill, and which does not depend on demonstration of financial need. Merit-based awards use grades, test scores, hobbies, and special talents to determine eligibility for scholarships and grants.

Need Analysis: The process of determining a student's financial need by analyzing the financial information provided by the student and his or her parents (and spouse, if any) on a financial aid form. The student must submit a need analysis form to apply for need-based aid. Need analysis forms include the Free Application for Federal Student Aid (FAFSA) and the College Board's Financial Aid PROFILE. (See also *Financial Need*.)

Net Price Calculator: A web tool that allows students to estimate the price of attending a college or university based on family income and assets.

Origination Fee: A fee paid by the borrower and deducted from the principal of a loan, before disbursement to the borrower. For federally backed loans, the origination fee is paid to the government to offset the cost of the interest subsidy to borrowers. For private loan programs, the origination fee is generally paid to the originator to cover the cost of administering and insuring the program.

Plus Program: Federal loans available to graduate students and also to parents of dependent undergraduate students to help finance their children's education. Graduate students and undergraduate students' parents may borrow up to the full cost of education, less the amount of any other financial aid received. PLUS loans may be used to cover the EFC. There is a minimal credit check required for the PLUS loan, so a good credit history is required. If a parent's application for a PLUS loan is turned down, the student may be eligible to borrow additional money under the unsubsidized DL program.

Shopping Sheet: A common format to present information to students about college costs and available financial aid.

Stafford Loans: Federal Direct loans that come in two forms, subsidized Stafford and unsubsidized Stafford. Subsidized loans are based on need; unsubsidized loans are not. The interest on the subsidized Stafford loan is paid by the federal government while the student is in institution. The subsidized Stafford loan was formerly known as the Guaranteed Student Loan (GSL).

Student Aid Report (SAR): The document sent to a student summarizing financial and other information reported by the student on the FAFSA. The student's EFC is printed on the front of the SAR and is the figure used by colleges to determine eligibility for aid.

Subsidized Loan: A loan for which the federal government pays the interest while the student is in institution. Subsidized loans are awarded based on financial need and may not be used to finance the family contribution. Examples include the Perkins Loan and the subsidized Stafford loan. (See also *Stafford Loans* and *Unsubsidized Loan*.)

Trio: A group of programs designed to educate disadvantaged students about college and provide the support they need to enter and successfully complete college. The first component was established in the 1960s. Trio now includes Educational Opportunity Centers, the Ronald E. McNair Postbaccalaureate Achievement Program, Talent Search, Upward Bound, Student Support Services, and College Completion Grants.

Unsubsidized Loan: A loan for which the government does not pay the interest while the student is enrolled. The borrower is responsible for the interest on an unsubsidized loan from the date the loan is fully disbursed. Students may avoid paying the interest while they are in institution by capitalizing the interest, which increases the principal loan amount. Unsubsidized loans are not based on financial need and may be used to finance the family contribution.

See also: <http://studentaid.ed.gov/glossary>

APPENDIX 2: TYPICAL FINANCIAL AID PACKAGES

As mentioned earlier, a family may receive very different offers of assistance for the student who applies to multiple institutions with varying costs. The EFC for the family remains constant, as does the amount of the Pell Grant. However, if the institution is awarding financial aid on the basis of financial need, differences in the COA and what is available to the institution in financial aid resources will determine the financial aid package, the size of loans, and the amount of unmet need that a family must find the resources to fill. To better estimate how much an institution will offer, families can use the net price calculator on each college's website.

The following examples of financial aid packages assume the student is a first-year student attending full time.

Financial Aid Package #1: Community College

The student, Samantha, is from a single parent family in Baltimore. Her mother's income is \$38,731, and she has a younger brother. Samantha and her mother have no assets. The federal calculation returns an EFC of \$1,905.

Samantha's COA below is based on in-state tuition rates, a course load of 16 credits, and living at home. Additional class and other fees may apply, but are not typically included in the standard COA.

Yearly COA (includes the following items).....	\$16,087	
Tuition.....	3,720	
Mandatory Fees (not including class fees).....	311	
Commuter Costs (living at home).....	7,906	
Books/Supplies (estimate).....	1,800	
Personal Expenses.....	2,350	
EFC.....	-	1,905
Financial Need	\$14,182	\$14,182
Federal Pell Grant.....	\$3,740	
State Need-based Grant.....	2,500	
Federal SEOG.....	400	
Federal Direct Loan subsidized, year one.....	3,500	
Federal Work-Study.....	<u>1,650</u>	
Total Aid	\$ 11,790	- <u>11,790</u>
Unmet Need		\$2,392

Samantha is eligible for a \$3,740 federal Pell Grant and a \$2,500 state grant, which covers her tuition and fees and allows some funding for books and supplies. The college took these grant resources into account before awarding other federal assistance such as the campus-based aid (FSEOG, federal Perkins and FWS), which is allocated to an institution by the federal government, and the institution decides how it will award these funds. The campus-based aid awarded to her includes FSEOG of \$400 and Federal Work-Study (FWS) of \$1,650, which can go toward her living and commuting expenses. Based on the typical academic year, and if she is paid \$7.50 per hour, Samantha will need to work an average of eight to 10 hours per week to earn her FWS award. Working on campus, and borrowing the maximum Direct Loan will allow Samantha to attend full time without working outside of the institution.

Samantha also applied to the state university about 50 miles from her home. The aid they offered her, including a scholarship from the university, would allow her to attend there with about the same unmet need as at the community college, but her debt at graduation will be larger, as illustrated below. Without the university scholarship, Samantha and her mother would have needed to borrow from other sources or ask help from family members, and Samantha would have to save earnings from her summer job instead of contributing her earnings to the household.

Financial Aid Package #2: State University

COA	\$24,734	
Tuition.....	8,128	
Mandatory Fees.....	2,216	
Room (residence hall).....	5,940	
Board.....	4,300	
Books and Supplies.....	1,800	
Personal Expenses.....	2,350	
EFC	-	1,905
Financial Need	\$22,829	\$22,829
Federal Pell Grant	\$ 3,740	
State Need-based Grant.....	3,000	
State University Scholarship.....	5,000	
Federal SEOG.....	1,000	
Federal Work-Study.....	1,600	
Federal Direct Subsidized Loan.....	3,500	
Federal Perkins Loan.....	<u>2,500</u>	
Total Aid	\$ 20,340	- 20,340
Unmet Need		\$2,489

The cost of attending her state's university will be higher for Samantha, as tuition and fee costs at most baccalaureate degree-granting institutions are typically higher than those charged at community colleges. Her EFC remains the same, as does the federal Pell Grant. However, because many state grants are tuition- and fee-sensitive, and the university charges more for tuition and fees, her state grant has increased. In addition, Samantha was in the top 10 percent of her graduating class, and was offered a university scholarship to help reduce her costs.

The state university attempts to meet as much of a Pell Grant eligible student's need as possible and offers Samantha an FSEOG of \$1,000 and FWS of \$1,600. These amounts are the average offers in FSEOG and FWS. The FWS allows her to work, on average, eight to 10 hours per week. This limit recognizes that first-year students need adequate time to adjust to the academic demands of college. The university awards loans only after it has assessed the available grant aid and a job opportunity. Samantha was awarded Direct Subsidized Loans first and a Perkins Loan (of the institution's limit of \$2,500), for total borrowing her first year of \$6,000, if she accepts both loans.

Her mother could borrow the amount of the EFC (\$1,905) and the unmet need (\$2,489) from the Direct PLUS Program, if necessary, or if her mother does not successfully pass a credit check, Samantha could take an additional \$2,000 in unsubsidized loan. She is hoping to win a scholarship from her high school at the commencement awards ceremony, which could reduce her need to borrow additional funds.

A friend suggested to Samantha that she apply to attend a private university in a bordering state that offers her major, may offer more generous institutional aid, and could end up costing her less than at her local state university. She decides to see what they offer:

Financial Aid Package #3: Private University

COA	\$61,812	
Tuition and Fees.....	46,094	
Room and Board.....	11,568	
Books and Supplies.....	1,800	
Personal Expenses	2,350	
EFC	- 1,905	
Financial Need	\$59,907	\$59,907
Federal Pell Grant	\$ 3,740	
Federal SEOG	2,000	
Institutional Grant.....	40,354	
Local Private Scholarship.....	2,000	
Federal Work-Study	1,600	
Federal Direct Subsidized Loan	3,500	
Federal Direct Unsubsidized Loan	2,000	
Federal Perkins Loan.....	2,500	
Total Aid	\$ 57,694	- <u>57,694</u>
Unmet Need		\$2,213

As a private institution, the university does not receive state funds to help pay for the costs of educating its students, and as Samantha would leave her own state, she will also not be eligible for a state grant. The private university depends on tuition and fees as a major source of its operating budget. Therefore, it has a much higher cost of tuition for its students. However, for high-need students such as Samantha, they attempt to cover tuition cost with grant assistance, and have offered Samantha a generous institutional grant to help cover her tuition after Pell and FSEOG.

Samantha will receive the same \$3,740 federal Pell Grant as from the other institutions under consideration. She will also receive the same \$3,500 Direct Subsidized Loan, as this is the regulatory maximum for first-year students at any institution. The institution's financial aid office has also offered her the Direct Unsubsidized Loan of \$2,000 to help reduce her unmet need.

In addition, Samantha has been offered \$2,000 in FSEOG, \$1,600 in FWS (eight to 10 hours per week), and a Perkins Loan of \$2,500. Again, Samantha's total borrowing is higher here, but her unmet need is less. And she now has options to choose from. Her mother may also borrow her EFC and the unmet need through the Direct PLUS.

APPENDIX 3: FAFSA

FAFSASM

FREE APPLICATION for FEDERAL STUDENT AID

July 1, 2013 – June 30, 2014

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MINDSM

Use this form to apply free for federal and state student grants, work-study and loans.

Or apply free online at www.fafsa.gov.

Applying by the Deadlines

For federal aid, submit your application as early as possible, but no earlier than January 1, 2013. We must receive your application no later than June 30, 2014. Your college must have your correct, complete information by your last day of enrollment in the 2013-2014 school year.

For state or college aid, the deadline may be as early as January 2013. See the table to the right for state deadlines. You may also need to complete additional forms.

Check with your high school guidance counselor or a financial aid administrator at your college about state and college sources of student aid and deadlines.

If you are filing close to one of these deadlines, we recommend you file online at www.fafsa.gov. This is the fastest and easiest way to apply for aid.

Using Your Tax Return

If you (or your parents) need to file a 2012 income tax return with the Internal Revenue Service (IRS), we recommend that you complete it before filling out the FAFSA. If you have not completed your return yet, you can submit your FAFSA now using estimated tax information, and then correct that information after you file your return.

The easiest way to complete or correct your FAFSA with accurate tax information is by using the IRS Data Retrieval Tool through www.fafsa.gov. In a few simple steps, you may be able to view your tax return information and transfer it directly into your FAFSA.

Filling Out the FAFSASM

If you or your family has unusual circumstances that might affect your financial situation (such as loss of employment), complete this form to the extent you can, then submit it as instructed and consult with the financial aid office at the college you plan to attend.

For help in filling out the FAFSA, go to www.studentaid.gov/completfafsa or call 1-800-4-FED-AID (1-800-433-3243). TTY users (for the hearing impaired) may call 1-800-730-8913.

Fill the answer fields directly on your screen or print the form and complete it by hand. Your answers will be read electronically; therefore if you complete the form by hand:

• use black ink and fill in circles completely:

• print clearly in CAPITAL letters and skip a box between words:

• report dollar amounts (such as \$12,356.41) like this:

Correct	<input checked="" type="radio"/>	Incorrect	<input type="radio"/>			
1	5	E	L	M	S	T
\$	1	2	3	5	6	no cents

Green is for student information and purple is for parent information.

Mailing Your FAFSASM

After you complete this application, make a copy of pages 3 through 8 for your records. Then mail the original of pages 3 through 8 to:

Federal Student Aid Programs, P.O. Box 7002, Mt. Vernon, IL 62864-0072.

After your application is processed, you will receive a summary of your information in your *Student Aid Report* (SAR). If you provide an e-mail address, your SAR will be sent by e-mail within 3-5 days. If you do not provide an e-mail address, your SAR will be mailed to you within three weeks. If you would like to check the status of your FAFSA, go to www.fafsa.gov or call 1-800-4-FED-AID.

Let's Get Started!

Now go to page 3 of the application form and begin filling it out. Refer to the notes as instructed.

APPLICATION DEADLINES

Federal Aid Deadline - June 30, 2014
State Aid Deadlines - See below.

Check with your financial aid administrator for these states and territories:
AL, AS *, AZ, CO, FM *, GA, GU *, HI *, MH *, MP *, NE, NM, NV *, PR, PW *, SD *, TX, UT, VA *, VI *, WI and WY *.

Pay attention to the symbols that may be listed after your state deadline.

AK	AK Education Grant and AK Performance Scholarship - June 30, 2013 (date received)
AR	Academic Challenge - June 1, 2013 (date received) Workforce Grant - Contact the financial aid office. Higher Education Opportunity Grant - June 1, 2013 (date received)
CA	Initial awards - March 2, 2013 + * Additional community college awards - September 2, 2013 (date postmarked) + *
CT	February 15, 2013 (date received) # **
DC	May 31, 2013 (date received) * For priority consideration, submit application by April 30, 2013.
DE	April 15, 2013 (date received)
FL	May 15, 2013 (date processed)
IA	July 1, 2013 (date received); earlier priority deadlines may exist for certain programs. *
ID	Opportunity Grant - March 1, 2013 (date received) # *
IL	As soon as possible after January 1, 2013. Awards made until funds are depleted.
IN	March 10, 2013 (date received)
KS	April 1, 2013 (date received) # *
KY	As soon as possible after January 1, 2013. Awards made until funds are depleted.
LA	June 30, 2014 (July 1, 2013 highly recommended)
MA	May 1, 2013 (date received) #
MD	March 1, 2013 (date received)
ME	May 1, 2013 (date received)
MI	March 1, 2013 (date received)
MN	30 days after term starts (date received)
MO	April 1, 2013 (date received)
MS	MITAG and MESG Grants - September 15, 2013 (date received) HELP Scholarship - March 31, 2013 (date received)
MT	March 1, 2013 (date received) #
NC	As soon as possible after January 1, 2013. Awards made until funds are depleted.
ND	April 15, 2013 (date received) # Early priority deadlines may exist for institutional programs. NH is not offering a state grant this year.
NH	
NJ	2012-2013 Tuition Aid Grant recipients - June 1, 2013 (date received)
	All other applicants - October 1, 2013, fall & spring terms (date received) - March 1, 2014, spring term only (date received)
NY	June 30, 2014 (date received) *
OH	October 1, 2013 (date received)
OK	March 1, 2013 (date received) #
OR	OSAC Private Scholarships - March 1, 2013 (date received) Oregon Opportunity Grant - February 1, 2013 (date received)
PA	All first-time applicants at a community college; a business/trade/technical school; a hospital school of nursing; or enrolled in a non-transferable two-year program - August 1, 2013 (date received) All other applicants - May 1, 2013 (date received)
RI	March 1, 2013 (date received) #
SC	Tuition Grants - June 30, 2013 (date received) SC Commission on Higher Education - As soon as possible after January 1, 2013. Awards made until funds are depleted.
TN	State Grant - As soon as possible after January 1, 2013. Awards made until funds are depleted.
VT	State Lottery - September 1, 2013 (date received) #
VA	As soon as possible after January 1, 2013. Awards made until funds are depleted. *
WA	As soon as possible after January 1, 2013. Awards made until funds are depleted.
WV	Promise Scholarship - March 1, 2013 (date received) # * WV Higher Education Grant Program - April 15, 2013 (date received) #

For priority consideration, submit application by date specified.
* Applicants encouraged to obtain proof of mailing.
** Additional form may be required.

STATE AID DEADLINES

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Notes for questions 14 and 15 (page 3)

If you are an eligible noncitizen, write in your eight- or nine-digit Alien Registration Number. Generally, you are a legal noncitizen if you are (1) a permanent U.S. resident with a Permanent Resident Card (I-551); (2) a conditional permanent resident with a Conditional Green Card (I-551C); (3) the holder of an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any one of the following designations: "Refugee," "Asylum Granted," "Parolee" (I-94 confirms that you were paroled for a minimum of one year and status has not expired), T-Visa holder (T-1, T-2, T-3, etc.) or "Cuban-Haitian Entrant;" or (4) the holder of a valid certification or eligibility letter from the Department of Health and Human Services showing a designation of "Victim of human trafficking."

If you are in the U.S. on an F1 or F2 student visa, a J1 or J2 exchange visitor visa, or a G series visa (pertaining to international organizations), select "No, I am not a citizen or eligible noncitizen." You will not be eligible for federal student aid; however, you should still complete the application because you may be eligible for state or college aid.

Notes for questions 16 and 17 (page 3)

Report your marital status as of the date you sign your FAFSA. If your marital status changes after you sign your FAFSA, check with the **financial aid office at the college**. According to the Defense of Marriage Act (1996), "...the word 'marriage' means a legal union between one man and one woman as husband and wife, and the word 'spouse' refers to a person of the opposite sex who is a husband or a wife." Therefore, same-sex unions are not considered marriages for federal purposes, including the FAFSA.

Notes for question 22 (page 3)

The Selective Service System, and the registration requirement for young men, preserves America's ability to provide manpower in an emergency to the U.S. Armed Forces (Army, Navy, Air Force, Marines or Coast Guard). Almost all men—ages 18 through 25—must register. For more information about Selective Service, visit www.sss.gov.

Notes for questions 33 (page 4) and 80 (page 6)

If you filed or will file a foreign tax return, a tax return with Puerto Rico, another U.S. territory (e.g., Guam, American Samoa, the U.S. Virgin Islands, Swain's Island or the Northern Marianas Islands) or one of the Freely Associated States (i.e., the Republic of Palau, the Republic of the Marshall Islands or the Federated States of Micronesia), use the information from that return to fill out this form. If you filed a foreign return, convert all monetary units to U.S. dollars, using the exchange rate that is in effect today. To view the daily exchange rate, go to www.federalreserve.gov/releases/h10/current.

Notes for questions 34 (page 4) and 81 (page 6)

In general, a person is eligible to file a 1040A or 1040EZ if he or she makes less than \$100,000, does not itemize deductions, does not receive income from his or her own business or farm and does not receive alimony. A person is not eligible to file a 1040A or 1040EZ if he or she makes \$100,000 or more, itemizes deductions, receives income from his or her own business or farm, is self-employed, receives alimony or is required to file Schedule D for capital gains. If you filed a 1040 only to claim American Opportunity, Hope or Lifetime Learning credits, and you would have otherwise been eligible for a 1040A or 1040EZ, answer "Yes" to this question. If you filed a 1040 and were not required to file a tax return, answer "Yes" to this question.

Notes for questions 37 (page 4) and 85 (page 7) — Notes for those who filed a 1040EZ

On the 1040EZ, if a person didn't check either box on line 5, enter 01 if he or she is single, or 02 if he or she is married. If a person checked either the "you" or "spouse" box on line 5, use 1040EZ worksheet line F to determine the number of exemptions (\$3,800 equals one exemption).

Notes for questions 41 and 42 (page 4) and 89 and 90 (page 7)

Net worth means current value minus debt. If net worth is negative, enter 0.

Investments include real estate (do not include the home you live in), trust funds, UGMA and UTMA accounts, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, etc.

Investments also include qualified educational benefits or education savings accounts (e.g., Coverdell savings accounts, 529 college savings plans and the refund value of 529 prepaid tuition plans). For a student who does not report parental information, the accounts owned by the student (and/or the student's spouse) are reported as student investments in question 41. For a student who must report parental information, the accounts are reported as parental investments in question 89, including all accounts owned by the student and all accounts owned by the parents for any member of the household.

Investments do not include the home you live in, the value of life insurance, retirement plans (401(k) plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.) or cash, savings and checking accounts already reported in questions 40 and 88.

Investments also do not include UGMA and UTMA accounts for which you are the custodian, but not the owner.

Investment value means the current balance or market value of these investments as of today. Investment debt means only those debts that are related to the investments.

Business and/or investment farm value includes the market value of land, buildings, machinery, equipment, inventory, etc. Business and/or investment farm debt means only those debts for which the business or investment farm was used as collateral.

Business value does not include the value of a small business if your family owns and controls more than 50 percent of the business and the business has 100 or fewer full-time or full-time equivalent employees. For small business value, your family includes (1) persons directly related to you, such as a parent, sister or cousin, or (2) persons who are or were related to you by marriage, such as a spouse, stepparent or sister-in-law.

Investment farm value does not include the value of a family farm that you (your spouse and/or your parents) live on and operate.

Notes for question 48 (page 5)

Answer "Yes" if you are currently serving in the U.S. Armed Forces or are a National Guard or Reserves enlistee who is on active duty for other than state or training purposes.

Answer "No" if you are a National Guard or Reserves enlistee who is on active duty for state or training purposes.

Notes for question 49 (page 5)

Answer "Yes" (you are a veteran) if you (1) have engaged in active duty in the U.S. Armed Forces or are a National Guard or Reserves enlistee who was called to active duty for other than state or training purposes, or were a cadet or midshipman at one of the service academies, **and** (2) were released under a condition other than dishonorable. Also answer "Yes" if you are not a veteran now but will be one by June 30, 2014.

Answer "No" (you are not a veteran) if you (1) have never engaged in active duty in the U.S. Armed Forces, (2) are currently an ROTC student or a cadet or midshipman at a service academy, (3) are a National Guard or Reserves enlistee activated only for state or training purposes, or (4) were engaged in active duty in the U.S. Armed Forces but released under dishonorable conditions.

Also answer "No" if you are currently serving in the U.S. Armed Forces and will continue to serve through June 30, 2014.

Step One (Student): For questions 1-31, leave blank any questions that do not apply to you (the student). OMB # 1845-0001

Your full name (exactly as it appears on your Social Security card) If your name has a suffix, such as Jr. or III, include a space between your last name and suffix.

1. Last name	<input type="text"/>	2. First name	<input type="text"/>	3. Middle initial	<input type="text"/>
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Your mailing address

4. Number and street (include apt. number)	<input type="text"/>				
5. City (and country if not U.S.)	<input type="text"/>	6. State	<input type="text"/>	7. ZIP code	<input type="text"/>

8. Your Social Security Number	<input type="text"/>	9. Your date of birth	MONTH	DAY	YEAR	10. Your permanent telephone number	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Your driver's license number and driver's license state (if you have one)

11. Driver's license number	<input type="text"/>	12. Driver's license state	<input type="text"/>
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13. Your e-mail address. If you provide your e-mail address, we will communicate with you electronically. For example, when your FAFSA has been processed, you will be notified by e-mail. Your e-mail address will also be shared with your state and the colleges listed on your FAFSA to allow them to communicate with you. If you do not have an e-mail address, leave this field blank.

@

14. Are you a U.S. citizen? Mark only one. See Notes page 2.	Yes, I am a U.S. citizen (U.S. national). Skip to question 16. <input type="radio"/> 1 No, but I am an eligible noncitizen. Fill in question 15. <input type="radio"/> 2 No, I am not a citizen or eligible noncitizen. Skip to question 16. <input type="radio"/> 3	15. Alien Registration Number <input type="text"/>
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16. What is your marital status as of today? See Notes page 2.	I am single <input type="radio"/> 1 I am married/remarried <input type="radio"/> 2 I am separated <input type="radio"/> 3 I am divorced or widowed <input type="radio"/> 4	17. Month and year you were married, remarried, separated, divorced or widowed. See Notes page 2.	MONTH	YEAR
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18. What is your state of legal residence?	STATE	<input type="text"/>	19. Did you become a legal resident of this state before January 1, 2008? Yes <input type="radio"/> 1 No <input type="radio"/> 2	20. If the answer to question 19 is "No," give month and year you became a legal resident.	MONTH	YEAR
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21. Are you male or female?	Male <input type="radio"/> 1 Female <input type="radio"/> 2	22. If female, skip to question 23. Most male students must register with Selective Service to receive federal aid. If you are male, age 18-25 and not registered, fill in the circle and we will register you. See Notes page 2.	Register me <input type="radio"/> 1
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23. Have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid (such as grants, loans or work-study)? Answer "No" if you have never received federal student aid or if you have never had a drug conviction while receiving federal student aid. If you have a drug conviction for an offense that occurred while you were receiving federal student aid, answer "Yes," but complete and submit this application, and we will mail you a worksheet to help you determine if your conviction affects your eligibility for aid. If you are unsure how to answer this question, call 1-800-433-3243 for help.	No <input type="radio"/> 1 Yes <input type="radio"/> 3
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Some states and colleges offer aid based on the level of schooling your parents completed.

24. Highest school your father completed	Middle school/Jr. high <input type="radio"/> 1 High school <input type="radio"/> 2 College or beyond <input type="radio"/> 3 Other/unknown <input type="radio"/> 4
25. Highest school your mother completed	Middle school/Jr. high <input type="radio"/> 1 High school <input type="radio"/> 2 College or beyond <input type="radio"/> 3 Other/unknown <input type="radio"/> 4

26. When you begin college in the 2013-2014 school year, what will be your high school completion status?	High school diploma. Answer question 27. <input type="radio"/> 1 General Educational Development (GED) certificate. Skip to question 28. <input type="radio"/> 2 Homeschooled. Skip to question 28. <input type="radio"/> 3 None of the above. Skip to question 28. <input type="radio"/> 4
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27. What is the name of the high school where you received or will receive your high school diploma?
Enter the complete high school name, and the city and state where the high school is located.

28. Will you have your first bachelor's degree before July 1, 2013?

High School Name

High School City

STATE

Yes 1 No 2

29. When you begin the 2013-2014 school year, what will be your grade level?

- Never attended college and 1st year undergraduate 0
- Attended college before and 1st year undergraduate 1
- 2nd year undergraduate/sophomore 2
- 3rd year undergraduate/junior 3
- 4th year undergraduate/senior 4
- 5th year/other undergraduate 5
- 1st year graduate/professional 6
- Continuing graduate/professional or beyond 7

30. When you begin the 2013-2014 school year, what degree or certificate will you be working on?

- 1st bachelor's degree 1
- 2nd bachelor's degree 2
- Associate degree (occupational or technical program) 3
- Associate degree (general education or transfer program) 4
- Certificate or diploma (occupational, technical or education program of less than two years) 5
- Certificate or diploma (occupational, technical or education program of two or more years) 6
- Teaching credential (nondegree program) 7
- Graduate or professional degree 8
- Other/undecided 9

31. Are you interested in being considered for work-study?

Yes 1 No 2 Don't know 3

Step Two (Student): Answer questions 32–57 about yourself (the student). If you are single, separated, divorced or widowed, answer only about yourself. If you are married or remarried as of today, include information about your spouse (husband or wife).

32. For 2012, have you (the student) completed your IRS income tax return or another tax return listed in question 33?

- I have already completed my return 1
- I will file but have not yet completed my return 2
- I'm not going to file. **Skip to question 38.** 3

33. What income tax return did you file or will you file for 2012?

- IRS 1040 1
- IRS 1040A or 1040EZ 2
- A foreign tax return. **See Notes page 2.** 3
- A tax return with Puerto Rico, another U.S. territory, or Freely Associated State. **See Notes page 2.** 4

34. If you have filed or will file a 1040, were you eligible to file a 1040A or 1040EZ?

See Notes page 2.

Yes 1 No 2 Don't know 3

For questions 35–44, if the answer is zero or the question does not apply to you, enter 0. Report whole dollar amounts with no cents.

35. What was your (and spouse's) adjusted gross income for 2012? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4.

\$

36. Enter your (and spouse's) income tax for 2012. Income tax amount is on IRS Form 1040—line 55; 1040A—line 35; or 1040EZ—line 10.

\$

37. Enter your (and spouse's) exemptions for 2012. Exemptions are on IRS Form 1040—line 6d or Form 1040A—line 6d. For Form 1040EZ, **see Notes page 2.**

Questions 38 and 39 ask about earnings (wages, salaries, tips, etc.) in 2012. Answer the questions whether or not a tax return was filed. This information may be on the W-2 forms, or on IRS Form 1040—lines 7 + 12 + 18 + Box 14 (Code A) of IRS Schedule K-1 (Form 1065); on 1040A—line 7; or on 1040EZ—line 1. If any individual earning item is negative, do not include that item in your calculation.

38. How much did you earn from working in 2012?

\$

39. How much did your spouse earn from working in 2012?

\$

40. As of today, what is your (and spouse's) total current balance of cash, savings and checking accounts? **Don't include** student financial aid.

\$

41. As of today, what is the net worth of your (and spouse's) investments, including real estate? **Don't include** the home you live in. Net worth means current value minus debt. **See Notes page 2.**

\$

42. As of today, what is the net worth of your (and spouse's) current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. **See Notes page 2.**

\$

43. Student's 2012 Additional Financial Information (Enter the combined amounts for you and your spouse.)

- a. Education credits (American Opportunity, Hope or Lifetime Learning tax credits) from IRS Form 1040—line 49 or 1040A—line 31.
- b. Child support paid because of divorce or separation or as a result of a legal requirement. **Don't include** support for children in your household, as reported in question 93.
- c. Taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships.
- d. Taxable student grant and scholarship aid **reported to the IRS in your adjusted gross income**. Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant and scholarship portions of fellowships and assistantships.
- e. Combat pay or special combat pay. Only enter the amount that was taxable and included in your adjusted gross income. **Don't include** untaxed combat pay.
- f. Earnings from work under a cooperative education program offered by a college.

\$				
\$				
\$				
\$				
\$				
\$				

44. Student's 2012 Untaxed Income (Enter the combined amounts for you and your spouse.)

- a. Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H and S.
- b. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17.
- c. Child support received for any of your children. **Don't include** foster care or adoption payments.
- d. Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b.
- e. Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). Exclude rollovers. If negative, enter a zero here.
- f. Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). Exclude rollovers. If negative, enter a zero here.
- g. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits). **Don't include** the value of on-base military housing or the value of a basic military allowance for housing.
- h. Veterans noneducation benefits, such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances.
- i. Other untaxed income not reported in items 44a through 44h, such as workers' compensation, disability, etc. Also include the first-time homebuyer tax credit from IRS Form 1040—line 67. **Don't include** student aid, earned income credit, additional child tax credit, welfare payments, untaxed Social Security benefits, Supplemental Security Income, Workforce Investment Act educational benefits, on-base military housing or a military housing allowance, combat pay, benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels.
- j. Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form.

\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				
\$				

Step Three (Student): Answer the questions in this step to determine if you will need to provide parental information. Once you answer "Yes" to any of the questions in this step, skip Step Four and go to Step Five on page 8.

- 45. Were you born before January 1, 1990? Yes 1 No 2
- 46. As of today, are you married? (Also answer "Yes" if you are separated but not divorced.) Yes 1 No 2
- 47. At the beginning of the 2013-2014 school year, will you be working on a master's or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, graduate certificate, etc.)? Yes 1 No 2
- 48. Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training? **See Notes page 2.** Yes 1 No 2
- 49. Are you a veteran of the U.S. Armed Forces? **See Notes page 2.** Yes 1 No 2
- 50. Do you have children who will receive more than half of their support from you between July 1, 2013 and June 30, 2014? ... Yes 1 No 2
- 51. Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2014? Yes 1 No 2
- 52. At any time since you turned age 13, were both your parents deceased, were you in foster care or were you a dependent or ward of the court? **See Notes page 9.** Yes 1 No 2
- 53. As determined by a court in your state of legal residence, are you or were you an emancipated minor? **See Notes page 9.** Yes 1 No 2
- 54. As determined by a court in your state of legal residence, are you or were you in legal guardianship? **See Notes page 9.** Yes 1 No 2
- 55. At any time on or after July 1, 2012, did your high school or school district homeless liaison determine that you were an unaccompanied youth who was homeless? **See Notes page 9.** Yes 1 No 2
- 56. At any time on or after July 1, 2012, did the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development determine that you were an unaccompanied youth who was homeless? **See Notes page 9.** Yes 1 No 2
- 57. At any time on or after July 1, 2012, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless? **See Notes page 9.** Yes 1 No 2

If you (the student) answered "No" to every question in Step Three, go to Step Four.
If you answered "Yes" to any question in Step Three, skip Step Four and go to Step Five on page 8.
 (Health professions students: Your college may require you to complete Step Four even if you answered "Yes" to any Step Three question.)
If you believe that you are unable to provide parental information, see Notes page 9.

Step Four (Parent): Complete this step if you (the student) answered "No" to all questions in Step Three.

Answer all the questions in Step Four even if you do not live with your parents. Grandparents, foster parents, legal guardians, aunts and uncles are not considered parents on this form unless they have legally adopted you. If your parents are living and married to each other, answer the questions about them. If your parent is single, widowed, divorced, separated or remarried, see the Notes on page 9 for additional instructions.

58. What is your parents' marital status as of today?

Married or remarried..... 1 Divorced or separated..... 3
 Single 2 Widowed 4

59. Month and year they were married, remarried, separated, divorced or widowed.

MONTH	YEAR
<input type="text"/>	<input type="text"/>

What are the Social Security Numbers, names and dates of birth of the parents reporting information on this form?
 If your parent does not have a Social Security Number, you must enter 000-00-0000. If the name includes a suffix, such as Jr. or III, include a space between the last name and suffix. Enter two digits for each day and month (e.g., for May 31, enter 05 31).

60. FATHER'S/STEPFATHER'S SOCIAL SECURITY NUMBER <input type="text"/>	61. FATHER'S/STEPFATHER'S LAST NAME, AND <input type="text"/>	62. FIRST INITIAL <input type="text"/>	63. FATHER'S/STEPFATHER'S DATE OF BIRTH <input type="text"/>
64. MOTHER'S/STEPMOTHER'S SOCIAL SECURITY NUMBER <input type="text"/>	65. MOTHER'S/STEPMOTHER'S LAST NAME, AND <input type="text"/>	66. FIRST INITIAL <input type="text"/>	67. MOTHER'S/STEPMOTHER'S DATE OF BIRTH <input type="text"/>

68. **Your parents' e-mail address.** If you provide your parents' e-mail address, we will let them know your FAFSA has been processed. This e-mail address will also be shared with your state and the colleges listed on your FAFSA to allow them to electronically communicate with your parents.

69. What is your parents' state of legal residence? <input type="text"/>	STATE <input type="text"/>	70. Did your parents become legal residents of this state before January 1, 2008? Yes <input type="radio"/> 1 No <input type="radio"/> 2	71. If the answer to question 70 is "No," give the month and year legal residency began for the parent who has lived in the state the longest. MONTH <input type="text"/> YEAR <input type="text"/>
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72. How many people are in your parents' household?
 Include:
 • yourself, even if you don't live with your parents,
 • your parents,
 • your parents' other children if (a) your parents will provide more than half of their support between July 1, 2013 and June 30, 2014, or (b) the children could answer "No" to every question in Step Three on page 5 of this form, and
 • other people if they now live with your parents, your parents provide more than half of their support and your parents will continue to provide more than half of their support between July 1, 2013 and June 30, 2014.

73. How many people in your parents' household (from question 72) will be college students between July 1, 2013 and June 30, 2014? Always count yourself as a college student. Do not include your parents. You may include others only if they will attend, at least half-time in 2013-2014, a program that leads to a college degree or certificate.

In 2011 or 2012, did you, your parents or anyone in your parents' household (from question 72) receive benefits from any of the federal programs listed? Mark all that apply. Answering these questions will not reduce eligibility for student aid or these programs. TANF may have a different name in your parents' state. Call 1-800-4-FED-AID to find out the name of the state's program.

74. Supplemental Security Income (SSI) <input type="radio"/>	75. Supplemental Nutrition Assistance Program (SNAP) <input type="radio"/>	76. Free or Reduced Price Lunch <input type="radio"/>	77. Temporary Assistance for Needy Families (TANF) <input type="radio"/>	78. Special Supplemental Nutrition Program for Women, Infants and Children (WIC) <input type="radio"/>
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79. For 2012, have your parents completed their IRS income tax return or another tax return listed in question 80?

My parents have already completed their return..... 1
 My parents will file but have not yet completed their return..... 2
 My parents are not going to file. **Skip to question 86.** 3

80. What income tax return did your parents file or will they file for 2012?

IRS 1040 1
 IRS 1040A or 1040EZ 2
 A foreign tax return. **See Notes page 2.** 3
 A tax return with Puerto Rico, another U.S. territory or Freely Associated State. **See Notes page 2.** 4

81. If your parents have filed or will file a 1040, were they eligible to file a 1040A or 1040EZ? **See Notes page 2.**

Yes 1
 No 2
 Don't know 3

82. As of today, is either of your parents a dislocated worker? **See Notes page 9.**

Yes 1
 No 2
 Don't know 3

For questions 83–92, if the answer is zero or the question does not apply, enter 0. Report whole dollar amounts with no cents.

83. What was your parents' adjusted gross income for 2012? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4. \$
84. Enter your parents' income tax for 2012. Income tax amount is on IRS Form 1040—line 55; 1040A—line 35; or 1040EZ—line 10. \$
85. Enter your parents' exemptions for 2012. Exemptions are on IRS Form 1040—line 6d or on Form 1040A—line 6d. For Form 1040EZ, see Notes page 2.

Questions 86 and 87 ask about earnings (wages, salaries, tips, etc.) in 2012. Answer the questions whether or not a tax return was filed. This information may be on the W-2 forms, or on IRS Form 1040—lines 7 + 12 + 18 + Box 14 (Code A) of IRS Schedule K-1 (Form 1065); on 1040A—line 7; or on 1040EZ—line 1. If any individual earning item is negative, do not include that item in your calculation.

86. How much did your father/stepfather earn from working in 2012? \$
87. How much did your mother/stepmother earn from working in 2012? \$
88. As of today, what is your parents' total current balance of cash, savings and checking accounts? \$
89. As of today, what is the net worth of your parents' investments, including real estate? **Don't include** the home in which your parents live. Net worth means current value minus debt. See Notes page 2. \$
90. As of today, what is the net worth of your parents' current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. See Notes page 2. \$

91. Parents' 2012 Additional Financial Information (Enter the amounts for your parent(s).)

- a. Education credits (American Opportunity, Hope or Lifetime Learning tax credits) from IRS Form 1040—line 49 or 1040A—line 31. \$
- b. Child support paid because of divorce or separation or as a result of a legal requirement. **Don't include** support for children in your parents' household, as reported in question 72. \$
- c. Your parents' taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships. \$
- d. Your parents' taxable student grant and scholarship aid **reported to the IRS in your parents' adjusted gross income**. Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant and scholarship portions of fellowships and assistantships. \$
- e. Combat pay or special combat pay. Only enter the amount that was taxable and included in your parents' adjusted gross income. Do not enter untaxed combat pay. \$
- f. Earnings from work under a cooperative education program offered by a college. \$

92. Parents' 2012 Untaxed Income (Enter the amounts for your parent(s).)

- a. Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H and S. \$
- b. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17. \$
- c. Child support received for any of your parents' children. **Don't include** foster care or adoption payments. \$
- d. Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b. \$
- e. Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). Exclude rollovers. If negative, enter a zero here. \$
- f. Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). Exclude rollovers. If negative, enter a zero here. \$
- g. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits). **Don't include** the value of on-base military housing or the value of a basic military allowance for housing. \$
- h. Veterans noneducation benefits, such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances. \$
- i. Other untaxed income not reported in items 92a through 92h, such as workers' compensation, disability, etc. Also include the first-time homebuyer tax credit from IRS Form 1040—line 67. **Don't include** student aid, earned income credit, additional child tax credit, welfare payments, untaxed Social Security benefits, Supplemental Security Income, Workforce Investment Act educational benefits, on-base military housing or a military housing allowance, combat pay, benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels. \$

Step Five (Student): Complete this step only if you (the student) answered "Yes" to any questions in Step Three.

93. How many people are in your household?
 Include:
 • yourself (and your spouse),
 • your children, if you will provide more than half of their support between July 1, 2013 and June 30, 2014, and
 • other people if they now live with you, you provide more than half of their support and you will continue to provide more than half of their support between July 1, 2013 and June 30, 2014.

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94. How many people in your (and your spouse's) household (from question 93) will be college students between July 1, 2013 and June 30, 2014? Always count yourself as a college student. Include others only if they will attend, at least half-time in 2013-2014, a program that leads to a college degree or certificate.

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In 2011 or 2012, did you (or your spouse) or anyone in your household (from question 93) receive benefits from any of the federal programs listed? Mark all that apply. Answering these questions will not reduce eligibility for student aid or these programs. TANF may have a different name in your state. Call 1-800-4-FED-AID to find out the name of the state's program.

95. Supplemental Security Income (SSI) 96. Supplemental Nutrition Assistance Program (SNAP) 97. Free or Reduced Price Lunch 98. Temporary Assistance for Needy Families (TANF) 99. Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

100. As of today, are you (or your spouse) a dislocated worker? See Notes page 9. Yes ¹ No ² Don't know ³

Step Six (Student): Indicate which colleges you want to receive your FAFSA information.

Enter the six-digit federal school code and your housing plans. You can find the school codes at www.fafsa.gov or by calling 1-800-4-FED-AID. If you cannot get the code, write in the complete name, address, city and state of the college. For state aid, you may wish to list your preferred college first. To find out how to have more colleges receive your FAFSA information, read **What is the FAFSA?** on page 10.

<p>101.a <input type="text" value="1st FEDERAL SCHOOL CODE"/></p> <p>101.c <input type="text" value="2nd FEDERAL SCHOOL CODE"/></p> <p>101.e <input type="text" value="3rd FEDERAL SCHOOL CODE"/></p> <p>101.g <input type="text" value="4th FEDERAL SCHOOL CODE"/></p>	<p>OR</p> <p>OR</p> <p>OR</p> <p>OR</p>	<p>NAME OF COLLEGE ADDRESS AND CITY</p> <p>NAME OF COLLEGE ADDRESS AND CITY</p> <p>NAME OF COLLEGE ADDRESS AND CITY</p> <p>NAME OF COLLEGE ADDRESS AND CITY</p>	<p>STATE</p> <p>STATE</p> <p>STATE</p> <p>STATE</p>	<p>HOUSING PLANS</p> <p>101.b on campus <input type="radio"/> ¹ with parent <input type="radio"/> ² off campus <input type="radio"/> ³</p> <p>101.d on campus <input type="radio"/> ¹ with parent <input type="radio"/> ² off campus <input type="radio"/> ³</p> <p>101.f on campus <input type="radio"/> ¹ with parent <input type="radio"/> ² off campus <input type="radio"/> ³</p> <p>101.h on campus <input type="radio"/> ¹ with parent <input type="radio"/> ² off campus <input type="radio"/> ³</p>
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Step Seven (Student and Parent): Read, sign and date.

If you are the student, by signing this application you certify that you (1) will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education, (2) are not in default on a federal student loan or have made satisfactory arrangements to repay it, (3) do not owe money back on a federal student grant or have made satisfactory arrangements to repay it, (4) will notify your college if you default on a federal student loan and (5) will not receive a Federal Pell Grant from more than one college for the same period of time.

If you are the parent or the student, by signing this application you certify that all of the information you provided is true and complete to the best of your knowledge and you agree, if asked, to provide information that will verify the accuracy of your completed form. This information may include U.S. or state income tax forms that you filed or are required to file. Also, you certify that you understand that the **Secretary of Education has the authority to verify information reported on this application with the Internal Revenue Service and other federal agencies.** If you sign any document related to the federal student aid programs electronically using a personal identification number (PIN), you certify that you are the person identified by the PIN and have not disclosed that PIN to anyone else. If you purposely give false or misleading information, you may be fined up to \$20,000, sent to prison, or both.

102. Date this form was completed

MONTH	DAY	2013 <input type="radio"/>	or	2014 <input type="radio"/>
<input type="text"/>	<input type="text"/>			

103. Student (Sign below)

1

Parent (A parent from Step Four sign below.)

2

If you or your family paid a fee for someone to fill out this form or to advise you on how to fill it out, that person must complete this part.

Preparer's name, firm and address

104. Preparer's Social Security Number (or 105)

105. Employer ID number (or 104)

106. Preparer's signature and date

COLLEGE USE ONLY

D/O ¹ Homeless Youth Determination ⁴

FAA Signature

1

FEDERAL SCHOOL CODE

DATA ENTRY USE ONLY: P * L E

Notes for question 52 (page 5)

Answer **"Yes"** if at any time since you turned age 13:

- You had no living parent (biological or adoptive), even if you are now adopted; or
- You were in foster care, even if you are no longer in foster care today; or
- You were a dependent or ward of the court, even if you are no longer a dependent or ward of the court today. For federal student aid purposes, someone who is incarcerated is not considered a ward of the court.

The financial aid administrator at your school may require you to provide proof that you were in foster care or a dependent or ward of the court.

Notes for questions 53 and 54 (page 5)

The definition of legal guardianship does not include your parents, even if they were appointed by a court to be your guardians. You are also not considered a legal guardian of yourself.

Answer **"Yes"** if you can provide a copy of a court's decision that as of today you are an emancipated minor or are in legal guardianship. Also answer **"Yes"** if you can provide a copy of a court's decision that you were an emancipated minor or were in legal guardianship immediately before you reached the age of being an adult in your state. The court must be located in your state of legal residence at the time the court's decision was issued.

Answer **"No"** if you are still a minor and the court decision is no longer in effect or the court decision was not in effect at the time you became an adult.

The financial aid administrator at your college may require you to provide proof that you were an emancipated minor or in legal guardianship.

Notes for questions 55–57 (page 5)

Answer **"Yes"** if you received a determination at any time on or after July 1, 2012, that you were an unaccompanied youth who was homeless or, for question 57, at risk of being homeless.

- **"Homeless"** means lacking fixed, regular and adequate housing. You may be homeless if you are living in shelters, parks, motels or cars, or are temporarily living with other people because you have nowhere else to go. Also, if you are living in any of these situations and fleeing an abusive parent you may be considered homeless even if your parent would provide support and a place to live.
- **"Unaccompanied"** means you are not living in the physical custody of your parent or guardian.
- **"Youth"** means you are 21 years of age or younger or you are still enrolled in high school as of the day you sign this application.

Answer **"No"** if you are not homeless or at risk of being homeless, or do not have a determination. You should contact your financial aid office for assistance if you do not have a determination but believe you are an unaccompanied youth who is homeless or are an unaccompanied youth providing for your own living expenses who is at risk of being homeless.

The financial aid administrator at your college may require you to provide a copy of the determination if you answered **"Yes"** to any of these questions.

Notes for students unable to provide parental information on pages 6 and 7

Under very limited circumstances (for example, your parents are incarcerated; you have left home due to an abusive family environment; or you do not know where your parents are and are unable to contact them), you may be able to submit your FAFSA without parental information. **If you are unable to provide parental information, skip Steps Four and Five, and go to Step Six.** Once you submit your FAFSA without parental data, **you must follow up with the financial aid office at the college you plan to attend**, in order to complete your FAFSA.

Notes for Step Four, questions 58–92 (pages 6 and 7)

Additional instructions about who is considered a parent on this form:

- If your parent is widowed or single, answer the questions about that parent.
- If your widowed parent is remarried as of today, answer the questions about that parent and your stepparent.
- If your parents are divorced or separated, answer the questions about the parent you lived with more during the past 12 months. (If you did not live with one parent more than the other, give answers about the parent who provided more financial support during the past 12 months, or during the most recent year that you actually received support from a parent.) If this parent is remarried as of today, answer the questions about that parent and your stepparent.

Notes for questions 82 (page 6) and 100 (page 8)

In general, a person may be considered a dislocated worker if he or she:

- is receiving unemployment benefits due to being laid off or losing a job and is unlikely to return to a previous occupation;
- has been laid off or received a lay-off notice from a job;
- was self-employed but is now unemployed due to economic conditions or natural disaster; or
- is a displaced homemaker. A displaced homemaker is generally a person who previously provided unpaid services to the family (e.g., a stay-at-home mom or dad), is no longer supported by the husband or wife, is unemployed or underemployed, and is having trouble finding or upgrading employment.

If a person quits work, generally he or she is not considered a dislocated worker even if, for example, the person is receiving unemployment benefits.

Answer **"Yes"** to question 82 if your parent is a dislocated worker. Answer **"Yes"** to question 100 if you or your spouse is a dislocated worker.

Answer **"No"** to question 82 if your parent is not a dislocated worker. Answer **"No"** to question 100 if neither you nor your spouse is a dislocated worker.

Answer **"Don't know"** to question 82 if you are not sure whether your parent is a dislocated worker. Answer **"Don't know"** to question 100 if you are not sure whether you or your spouse is a dislocated worker. You can contact your financial aid office for assistance in answering these questions.

The financial aid administrator at your college may require you to provide proof that your parent is a dislocated worker, if you answered **"Yes"** to question 82, or that you or your spouse is a dislocated worker, if you answered **"Yes"** to question 100.

What is the FAFSASM?

Why fill out a FAFSA?

The **Free Application for Federal Student Aid** (FAFSA) is the first step in the financial aid process. You use the FAFSA to apply for federal student aid, such as grants, loans and work-study. In addition, most states and colleges use information from the FAFSA to award nonfederal aid.

Why all the questions?

The questions on the FAFSA are required to calculate your Expected Family Contribution (EFC). The EFC measures your family's financial strength and is used to determine your eligibility for federal student aid. Your state and the colleges you list may also use some of your responses. They will determine if you may be eligible for school or state aid, in addition to federal aid.

How do I find out what my Expected Family Contribution (EFC) is?

Your EFC will be listed on your *Student Aid Report* (SAR). Your SAR summarizes the information you submitted on your FAFSA. It is important to review your SAR to make sure all of your information is correct and complete. Make corrections or provide additional information, as necessary.

How much aid will I receive?

Using the information on your FAFSA and your EFC, the financial aid office at your college will determine the amount of aid you will receive. The college will use your EFC to prepare a financial aid package to help you meet your financial need. Financial need is the difference between your EFC and your college's cost of attendance (which can include living expenses), as determined by the college. If you or your family have unusual circumstances that should be taken into account, contact your college's financial aid office. Some examples of unusual circumstances are: unusual medical or dental expenses or a large change in income from last year to this year.

When will I receive the aid?

Any financial aid you are eligible to receive will be paid to you through your college. Typically, your college will first use the aid to pay tuition, fees and room and board (if provided by the college). Any remaining aid is paid to you for your other educational expenses. If you are eligible for a Federal Pell Grant, you may receive it from only one college for the same period of enrollment.

How can I have more colleges receive my FAFSA information?

If you are completing a paper FAFSA, you can only list four colleges in the school code step. You may add more colleges by doing one of the following:

1. Use the Federal Student Aid PIN you will receive after your FAFSA has been processed and go to FAFSA on the Web at www.fafsa.gov. Click the "Login" button on the home page to log in to FAFSA on the Web, then click "Make FAFSA Corrections."
2. Use the *Student Aid Report* (SAR), which you will receive after your FAFSA is processed. Your Data Release Number (DRN) verifies your identity and will be listed on the first page of your SAR. You can call 1-800-4-FED-AID and provide your DRN to a customer service representative, who will add more school codes for you.
3. Provide your DRN to the financial aid administrator at the college you want added, and he or she can add their school code to your FAFSA.

Note: Your FAFSA record can only list up to ten school codes. If there are ten school codes on your record, any new school codes that you add will replace one or more of the school codes listed.

Where can I receive more information on student aid?

The best place for information about student financial aid is the financial aid office at the college you plan to attend. The financial aid administrator can tell you about student aid available from your state, the college itself and other sources.

- You can also visit our web site StudentAid.gov.
- For information by phone you can call our Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). TTY users (of the hearing impaired) may call 1-800-730-8913.
- You can also check with your high school counselor, your state aid agency or your local library's reference section.

Information about other nonfederal assistance may be available from foundations, religious organizations, community organizations and civic groups, as well as organizations related to your field of interest, such as the American Medical Association or American Bar Association. Check with your parents' employers or unions to see if they award scholarships or have tuition payment plans.

Information on the Privacy Act and use of your Social Security Number

We use the information that you provide on this form to determine if you are eligible to receive federal student financial aid and the amount that you are eligible to receive. Sections 483 and 484 of the Higher Education Act of 1965, as amended, give us the authority to ask you and your parents these questions, and to collect the Social Security Numbers of you and your parents. We use your Social Security Number to verify your identity and retrieve your records, and we may request your Social Security Number again for those purposes.

State and institutional student financial aid programs may also use the information that you provide on this form to determine if you are eligible to receive state and institutional aid and the need that you have for such aid. Therefore, we will disclose the information that you provide on this form to each institution you list in questions 101a - 101h, state agencies in your state of legal residence and the state agencies of the states in which the colleges that you list in questions 101a - 101h are located.

If you are applying solely for federal aid, you must answer all of the following questions that apply to you: 1-9, 14-16, 18, 21-23, 26, 28-29, 32-36, 38-58, 60-67, 69, 72-84, 86-100, 102-103. If you do not answer these questions, you will not receive federal aid.

Without your consent, we may disclose information that you provide to entities under a published "routine use." Under such a routine use, we may disclose information to third parties that we have authorized to assist us in administering the above programs; to other federal agencies under computer matching programs, such as those with the Internal Revenue Service, Social Security Administration, Selective Service System, Department of Homeland Security, Department of Justice and Veterans Affairs; to your parents or spouse; and to members of Congress if you ask them to help you with student aid questions.

If the federal government, the U.S. Department of Education, or an employee of the U.S. Department of Education is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain conditions are met. In addition, we may send your information to a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim that is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record; the amount, status and history of the claim; and the program under which the claim arose.

State Certification

By submitting this application, you are giving your state financial aid agency permission to verify any statement on this form and to obtain income tax information for all persons required to report income on this form.

The Paperwork Reduction Act of 1995

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number, which for this form is 1845-0001. Public reporting burden for this collection of information is estimated to average three hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is voluntary. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Federal Student Aid Information Center, P.O. Box 84, Washington, D.C. 20044. Please do not return the completed FAFSA to this address.

We may request additional information from you to process your application more efficiently. We will collect this additional information only as needed and on a voluntary basis.

