

Introduction to Student Financial Aid Programs and General Eligibility Requirements

Main Objective: Participants will be able to identify sources and types of financial aid programs, as well as the programs' eligibility requirements.

Preparation: Participants will be using their Trainee Guides, attachments in their Trainee Guides at the end of Session 2, the Counselor's Handbook, and *Funding Your Education*. You might want to tell them at the beginning of the session that you'll be sending them back and forth to these references.

Time Estimate:

Lecture 70 minutes

Total Time: 70 minutes

This session introduces you to the sources and types of financial aid programs and their eligibility requirements.

We will first talk about where financial aid funds come from—in other words, the sources. Please turn to Session 2, page 2 in your Trainee Guide.

TG 2

SOURCES AND TYPES OF AID PROGRAMS

The principal sources of student financial aid are: (OH 1)

- o federal, state, and local governments,
- o postsecondary schools, **and**
- o private donors (such as community groups).

Federal student financial aid is the largest, but not the only source of assistance for students to attend postsecondary schools—additional funds are also provided by states, postsecondary schools, and private donors. Funds from these sources supplement the aid students receive from the federal government.



Instructor's Notes

It is important to emphasize here that many parents and students feel they aren't eligible for aid programs because they earn too much money. This is **not** true. **All** students and **most** parents **are eligible** for some form of financial aid—loans, for instance— **regardless of income**.

Before we talk about what makes a student eligible for federal financial aid, let's talk about the government's philosophy of awarding federal financial aid funds.

- o The family, to the extent of its ability, has the primary responsibility to pay for a dependent student to attend a postsecondary school.
- o The income of a student, a student's spouse, and a student's parents may be considered to determine a student's financial need.

A consistent and fair evaluation of a family's financial circumstances will be made to establish a family's ability to pay, as well as the student's financial need.

Now let's see who is eligible for financial aid.

GENERAL ELIGIBILITY REQUIREMENTS

All sources of financial aid—federal and state governments, postsecondary schools, and private organizations—have **eligibility requirements**. For example, state aid usually requires that the recipient be a legal resident of the state. An academic scholarship might require a certain grade point average.

For our purposes, we will look at some of the eligibility requirements for federal financial aid under the Higher Education Act (HEA). These programs are known as TitleIV programs because they are defined in TitleIV of the HEA.

Instructor's Notes

Then, we will look closely at the concept of **student financial need**, which is a requirement for most federal aid programs.

Please turn to page 3 of your Trainee Guide.

TG 3**Academic Qualifications**

To receive Title IV aid for postsecondary education, a student must be **academically qualified**. This means that the student must: (OH 2)



- o have a high school diploma (or a GED), **or**
- o receive a passing score on an independently administered examination approved by the U.S. Department of Education (ED), **or**
- o meet other standards established by your state's Department of Education and approved by ED.

Citizenship Status

A student must be a U.S. citizen or an eligible noncitizen to receive federal aid.

- o U.S. citizens include individuals from Puerto Rico, U.S. Virgin Islands, Guam, and the Northern Mariana Islands.
- o Eligible noncitizens include students who are noncitizen nationals (citizens of American Samoa and Swain's Island), permanent residents of the United States, citizens of certain Pacific Islands, and certain other eligible noncitizens, such as refugees.

Attachment 2A following Session 2 in your Trainee Guide provides more information on citizenship eligibility requirements. Please turn to Attachment 2A to review this information.

- » Allow participants 2 minutes to review Attachment 2A. Your copy is at the end of this guide.

Social Security Number

A student **must** have a valid Social Security number to apply for federal financial aid. Students who do not have a Social Security number and wish to apply for one need to contact the Social Security Administration. (OH 3)

- o For more information, including the hours of a student's local Social Security Administration office, call **1-800-772-1213**.

Selective Service Registration

To be eligible for federal student financial aid, those required by law must register with the Selective Service. This refers to males who were born on or after January 1, 1960, are citizens or eligible noncitizens, and are not currently on active duty in the armed forces.

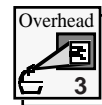
- o Questions for the Selective Service can be directed to **1-847-688-6888**.

Signed Statements

Students must sign statements about Educational Purpose and Certification on Overpayments and Defaults. These are found on the Free Application for Federal Student Aid (FAFSA), which we will discuss in Session Three.

Instructor's Notes TG 2A-1

Note to Instructor:
There are exceptions to the Social-Security-number requirement for students from certain Pacific Islands.



TG 4

Enrollment in an Eligible Institution and Program

A number of issues relating to enrollment can affect a student's eligibility for federal aid. (OH 4)

- o **Eligible Institution:** To receive Title IV aid, a student must attend a college or career school that is approved by ED to participate in federal student financial aid programs. A school can participate in one or more programs, including the Pell Grant Program and the Direct Loan Program.
- o **Eligible Educational Program:** A student must also be enrolled in an educational program approved by ED that leads to a degree, certificate, or other recognized educational credential.
- o **Student's Enrollment Status:** For certain of the programs, students must be enrolled at least half time. For others, half time enrollment is not a minimum enrollment requirement. However, enrollment status may affect how much student financial aid an individual is permitted to receive.

Satisfactory Academic Progress

Once enrolled, a student must make satisfactory academic progress (SAP) toward his or her degree or certificate. Following federal guidelines, colleges and career schools set minimum standards for the rate at which students must complete their programs of study and the minimum grades they must earn. A student who does not meet the school's standards loses eligibility for further federal financial aid for that award year. (OH 5)

Instructor's Notes

**TG 5**

Note to Instructor:
Half-time enrollment is not a requirement for the Federal Pell Grant and campus-based programs. For the FFEL Program and the Federal Direct Loan Program, students must be enrolled at least half time.

**TG 6**

Instructor's Notes

A school's SAP policy is usually defined for students in the school's catalog. If it's not, students should ask a postsecondary institution for a copy of its SAP guidelines so they will know what causes someone at that school to lose student financial aid eligibility.

Please turn to page 7 in your Trainee Guide.

TG 7**Assessment of Student Financial Need**

Eligibility for most federal financial aid programs is determined on the basis of financial need. Financial need is defined by Congress as follows: (OH 6)



- o Cost of attendance (COA) at the school **minus** the Expected Family Contribution (EFC) **equals** the student's financial need.

Let's define the components of this equation.

- o **Cost of Attendance (COA)** equals the total of all reasonable costs for tuition, fees, books, and personal and disability-related expenses a student may incur for an academic year of postsecondary study. Each school establishes its COA according to federal guidelines.
- o **The Expected Family Contribution (EFC)** is calculated under a prescribed formula and reported by the federal government using the financial and household information provided by the parents and student on the Free Application for Federal Student Aid (FAFSA). The EFC is shown on the government-processed Student Aid Report (SAR), the SAR Information Acknowledgement, and the Institutional Student Information Report (ISIR), which we will discuss in Session 4.

Instructor's Notes

Here is an example of how a student's financial need is calculated. Our sample student, Terry, is a **dependent** student who will attend Locosta Community College full time. Terry lives with his mom, Christina, a single parent, and two sisters. (OH 7)

**TG 8**

- o The college determines Terry's **cost of attendance** to be \$6,500 (tuition, fees, books, living and transportation costs, and necessary personal expenses).
- o Terry's Expected Family Contribution (EFC) is \$1,500, which was determined by ED based on the information that Terry and Christina provided on the FAFSA. (We will discuss the FAFSA in detail during Session 3.)

$$\begin{array}{rcl} \$ 6,500 & \text{(Cost of Attendance)} & \\ - 1,500 & \text{(Estimated Family Contribution)} & \\ \hline = \$ 5,000 & \text{Terry's Financial Need} & \end{array}$$

In addition to the eligibility requirements we've just discussed, for the purposes of determining eligibility for federal financial aid, students are classified as "dependent" or "independent."

- o Dependent students like Terry must report their own and their parents' financial information.
- o Independent students report only their own financial information (and that of a spouse, if the student is married).

These classifications, which depend on factors such as age and marital status, will be discussed in Session 3 when we talk about the FAFSA.

Instructor's Notes

In addition to the eligibility requirements we've just discussed, a postsecondary school's financial aid office checks other eligibility requirements for specific programs before awarding aid to students.

Are there any questions?

Now let's turn to the types of financial aid programs. Please turn to page 9 in your Trainee Guide.

TG 9**TITLE IV STUDENT FINANCIAL AID PROGRAMS**

The Title IV financial aid programs are administered by the Office of Postsecondary Education within ED. Title IV programs are classified into three categories: (OH 8)



- o grants and scholarships,
- o loans, **and**
- o employment opportunities.

Title IV categories provide students with “gift aid” in the form of grants and scholarships and “self-help aid” in the form of loans or employment opportunities.

- o Grants and scholarships are gift aid, which do not have to be repaid.
- o Loans and work-study jobs are self-help aid; that is, students must repay the loan or work to receive funds.

Gift aid

Self-help aid

A large number of Title IV student aid programs are awarded to students on the basis of financial need. The names of these programs are: (OH 9)

**TG 10**

- o Federal Pell Grant,

Instructor's Notes

- o Federal Supplemental Educational Opportunity Grant (FSEOG),
- o Federal Work-Study (FWS),
- o Federal Perkins Loan,
- o Federal Subsidized Stafford Loan,*
- o Federal Direct Subsidized Loan,* **and**
- o State Student Incentive Grant (SSIG).

*The difference between subsidized and unsubsidized loans is explained during the discussion of the Federal Direct Loan and FFEL Programs later in this session.

We'll describe these programs in a moment.

Title IV programs based on school costs, but not based on need, will also be described shortly. The names of these programs are: (OH 10)

**TG 11**

- o Federal PLUS Loan (for parents),
- o Federal Direct PLUS Loan (for parents),
- o Federal Unsubsidized Stafford Loan,* **and**
- o Federal Direct Unsubsidized Loan.*

Funds from these federal programs provide **billions** of dollars annually. However, there also are private and state sources, as well as aid from postsecondary schools.

- o Aid from these other sources can supplement aid from the Title IV student financial aid programs to help students meet their educational costs. These other sources of aid are discussed later in this session.

Instructor's Notes

Now let's talk about the specifics of the federal need-based aid programs. In Attachment 2B of your Trainee Guide, you will find a chart that summarizes the components of the federal student financial aid programs.

TG 2B-1

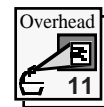
» Allow participants 1 minute to look at the chart. Your copy is at the end of this guide.

We'll go over the programs based on need first. We'll start with the Federal Pell Grant Program. Please turn to page 12 of your Trainee Guide.

TG 12**Federal Pell Grant Program**

The Federal Pell Grant is gift aid awarded to undergraduates with the greatest financial need.

For these students, the Federal Pell Grant is the first type of federal student financial aid awarded. As such, it provides the "foundation" of a student's financial aid package.
(OH 11)



To be eligible for a Federal Pell Grant, a student must satisfy the general federal student aid eligibility requirements we just discussed, such as citizenship requirements, enrollment in an eligible postsecondary school and eligible program, and academic qualifications.

- o A student must also satisfy Pell-Grant-specific student eligibility criteria, such as being an undergraduate student without a previous bachelor's degree or professional degree.

To check a student's eligibility for a Pell Grant, the postsecondary school's financial aid administrator uses the government-processed SAR, SAR Information Acknowledgement, or ISIR, which show the student's EFC and other financial data.

Note to Instructor:

A "professional degree" means a degree offered by professional programs such as pharmacy, dentistry, or veterinary medicine.

Instructor's Notes**ED's Payment
Schedule**

The Federal Pell Grant award amount varies according to a table called the “Payment Schedule.” This schedule is published annually by ED and lists the amount of Pell Grant a student may receive during an academic year for a given cost of attendance and EFC.

- o The student’s total Federal Pell Grant award is divided into payments for specific enrollment periods during the award year.

The maximum Pell Grant award is established by Congress each award year.

- o The maximum award for a full-time student for the 1996-97 award year is \$2,470. The amount may change for 1997-98.

Note to Instructor:
ED will inform instructors when the 1997-98 Pell Grant maximum award is determined.

As long as they are attending a participating school, all students receive the amount of Pell award for which they are eligible. Some federal financial aid is based on the availability of funds at a given school, but Pell comes directly from the federal government, not from the school or other sources.

It is important to understand that there is an upper limit to the awards. For instance, in 1996-97, the maximum yearly Pell Grant that Terry could receive was \$2,470. If his EFC was zero, his award would have been \$2,470 because Locosta Community College had a cost of attendance that was greater than \$2,470.

Are there any questions about the Federal Pell Grant Program?

Now, let’s turn our attention to need-based, campus-based federal aid programs. Page 1 of Attachment 2B list the campus-based program features.

TG 2B-1

- » Allow the participants 1 minute to review the chart. Your copy is at the end of this guide.

Please turn to page 13 of your Trainee Guide.

Campus-Based Programs

Three federal financial aid programs are called campus-based because they are administered directly by a school's financial aid office. Unlike other types of federal student financial aid, campus-based awards consist of a combination of both federal and nonfederal funds.

The campus-based financial aid programs are: (OH 12)

- o Federal Supplemental Educational Opportunity Grant (FSEOG),
- o Federal Work-Study (FWS), **and**
- o Federal Perkins Loan.

Postsecondary schools that participate in any of these programs are allocated a set amount of funds they may award to students each award year.

Once those funds are committed, even if the institution has more eligible students, no more awards can be made. This limited funding is one reason why it is so important for students to meet application deadlines. Therefore, students should be sure to inquire about deadlines. Some schools' financial aid deadlines are quite early, for instance in February or March.

Instructor's Notes

TG 13



**Limited funding and
application deadlines**

Instructor's Notes

Federal Supplemental Educational Opportunity Grant (FSEOG)

Like Pell, to be eligible for the FSEOG program, a student must be an undergraduate student who does not have a bachelor's degree or first professional degree.

In awarding FSEOG, schools must give priority to Federal Pell Grant recipients who have the lowest Expected Family Contributions (EFCs).

These limited funds are awarded on the basis of: (OH 13)

- o the student's financial need,
- o the FSEOG funds available at the postsecondary school,
- o the FSEOG annual award limit, **and**
- o the postsecondary school's policies for awarding student aid.

Federal Work-Study (FWS)

One of the FWS Program's purposes is to encourage students who receive FWS assistance to work at jobs that provide community service. It is also important that the job reinforce or complement the student's educational program.

To be eligible for FWS job placement, a student: (OH 14)

- o can be an undergraduate, graduate, or professional student, **and**
- o can work for designated on-campus or off-campus employers.

**TG 14****TG 15**

Instructor's Notes

Federal minimum wage

The employer must pay at least the federal minimum wage, which is currently \$4.75 per hour.

The amount of FWS earnings allowed during an award year is determined by the postsecondary school on the basis of:

- o the student's financial need,
- o the FWS funds available at the school, **and**
- o the college's or career school's student aid packaging policies.

Many students think that the estimated FWS award listed on their award letters will go toward school costs—to pay for tuition and other related educational costs; however, the award figure is an estimate of what they might earn—the students are responsible for applying for and getting a job. Once they begin working, students receive periodic paychecks (at least monthly) for the actual hours worked.

Federal Perkins Loan

A postsecondary school's Federal Perkins Loan fund, which consists of both federal and institutional money, is maintained and administered by the school. Postsecondary schools are required to award Perkins Loan funds to eligible students with exceptional financial need as defined by the school.

It is considered a “revolving fund,” because new loans are financed largely from loan repayments made by previous borrowers. The school is not reimbursed by ED for defaulted loans.

- o **A point worth noting:** If students default on their Perkins Loans, there will be less loan money for future students at the school.

Instructor's Notes

Undergraduate, graduate, and professional students are eligible for Federal Perkins Loans.

The amount of a Federal Perkins Loan award, as determined by a college or career school, follows the same basic procedures as the FSEOG Program. Again, it is based on: (OH 15)

- o the student's financial need,
- o the amount of Federal Perkins Loan funds available at that institution,
- o the Federal Perkins Loan annual and aggregate loan limits for students, **and**
- o the college's or career school's policies for awarding student aid.

The maximum amounts that students can borrow are published in *Funding Your Education*. Schools with low default rates may be eligible to offer larger loan amounts under the Expanded Lending Option.

Federal Perkins Loans have an interest rate of 5%. Borrowers are not charged any interest while they are enrolled in school on at least a half-time basis.

The student usually begins repaying a Federal Perkins Loan after graduating or withdrawing from school.

- o An initial grace period of nine months is allowed before the first payment on the loan must be made.

Are there any questions about Perkins Loans or any other campus-based issues?

**TG 16****Note to Instructor:**

A school's default rate is based on the number of borrowers from that school who later defaulted on their loans.

Instructor's Notes**William D. Ford Federal Direct Loan Program and the Federal Family Education Loan Program**

The William D. Ford Federal Direct Loan Program (Direct Loan Program) and the Federal Family Education Loan (FFEL) Program are government education-loan programs with many similar borrowing requirements.

Under the Direct Loan Program, however, students and parents borrow directly from the federal government through the student's postsecondary school. Under the FFEL Program, the loans are made by commercial lending institutions, such as banks or credit unions.

We'll discuss the Direct Loan Program first, then the FFEL Program. In Attachment 2B of your Trainee Guide you will find highlights of Direct Loan Program features. Look at pages 2 and 3 of Attachment 2B and take a moment to review the Direct Loan Program requirements.

TG 2B 2-3

» Allow the participants 1 minute to review the chart.

Please turn to page 17 of your Trainee Guide.

TG 17***Federal Direct Loan Program***

The Direct Loan Program is the federal government's newest student financial assistance program. It includes: (OH 16)

- o Federal Direct Stafford Loans (Direct Subsidized Loans),
- o Federal Direct Unsubsidized Stafford Loans (Direct Unsubsidized Loans), **and**
- o Federal Direct PLUS Loans (for parents).



Note to Instructor:
The Federal Direct Consolidation Loan is also part of the Federal Direct Loan Program.

Instructor's Notes

The Direct Loan Program is administered by ED in conjunction with colleges and career schools. To apply for a Direct Subsidized Loan or Direct Unsubsidized Loan, a student must complete the FAFSA. The postsecondary school will assess the results of the FAFSA and notify the student if he or she is eligible for a Direct Loan. The school then handles the loan processing for the student. To apply for a Direct PLUS Loan, a parent must complete a separate application and promissory note, which can be obtained from the postsecondary school's financial aid office.

Note to Instructor:

The FAFSA does not have to be completed for PLUS Loans if this is the only type of aid the student receives.

Students should contact their college or career school to find out if the school participates in the Direct Loan Program. Although a postsecondary school may participate in both the FFEL Program and the Direct Loan Program, a student or parent borrower cannot receive loans from both programs for the same student for the same enrollment period. The **school** decides which loan program students and parents may borrow from.

Note to Instructor:

Not all schools participate in the Direct Loan Program.

Federal Direct Loans: Subsidized and Unsubsidized

Here's a brief explanation of Direct Subsidized and Direct Unsubsidized Loans. (OH 17)

- o With a Direct Subsidized Loan, no interest accrues on the loan during in-school periods, grace periods, and periods of deferment. Interest on the loan does not accrue until the student graduates, withdraws, or drops below half-time status. This is because the government covers the interest.
- o With a Direct Unsubsidized Loan, interest begins to accrue the day the first installment is disbursed. Interest accrues during all in-school periods, grace periods, and periods of deferment until the loan is paid in full.

**TG 18**

Subsidized and unsubsidized Direct Loans have many features in common:

- o Undergraduate, graduate, or professional students enrolled in school at least half time are eligible to apply.
- o Federal Pell Grant eligibility and the EFC must be determined before an application for Direct Loans can be processed.
 - In other words, the government wishes to award all possible gift aid to students before awarding them self-help aid.
- o The interest rate is variable and is the same for both subsidized and unsubsidized loans; the maximum interest rate is 8.25%. The interest rate from July 1, 1996 through June 30, 1997 is 7.66%. The interest rate for 1997-98 will be announced in July 1997.
- o There are loan limits, which are the same as those for the FFEL Program. You will find this information in *Funding Your Education*.

There are major differences between Direct Subsidized Loans and Direct Unsubsidized Loans:

- o Direct Subsidized Loans are awarded on the basis of a student's financial need.
- o Direct Unsubsidized Loans are not awarded on the basis of financial need, but the loan amount may be affected by the amount of other aid already awarded (including a Direct Subsidized Loan). The loan amount cannot exceed a student's cost of attendance when added to all other aid.

Instructor's Notes

Similarities between subsidized and unsubsidized loans

Note to Instructor:

The amount of FFEL Program funds received counts toward annual and aggregate loan limits. (For your information, while *Funding Your Education* includes annual limits, the *Federal Student Financial Aid Handbook* provides the aggregate limits.)

Differences between subsidized and unsubsidized loans

- o Students **are not** responsible for paying interest on Direct Subsidized Loans while they are enrolled at least half time and during periods of deferment.
- o Students **are responsible** for paying interest on Direct Unsubsidized Loans throughout the life of the loan, beginning as soon as the loan is fully disbursed.
 - A student may choose to pay the interest that accrues on a Direct Unsubsidized Loan while the student is in school and during periods of deferment or forbearance **or**
 - the interest may be added to the total principal balance. This is called capitalizing interest.
 - ◇ Borrowers should understand that capitalizing the interest increases the loan's principal balance.

A student's eligibility for a subsidized loan should be determined before his or her eligibility for a Direct Unsubsidized Loan.

- o Students may receive both Direct Subsidized Loans and Direct Unsubsidized Loans in an award year, but the combined total of the loans may not exceed the annual loan limits for the Direct Loan Program.
- o You will find these annual loan limits listed on page 8 of *Funding Your Education*.

A key difference between Direct Loans and FFEL Program loans is the variety of repayment plans available for Direct Loan borrowers.

Please turn to page 19 of your Trainee Guide.

Instructor's Notes

Note to Instructor:

The federal government subsidizes the loan by not charging interest during these periods.

Capitalizing interest

TG 19

Instructor's Notes

Repayment begins after the borrower ceases to be enrolled at least half time. The student borrower may have between 10 and 30 years to repay, depending on the plan chosen and the total loan amount.

The student may choose from four Direct Loan repayment plans: (OH 18)

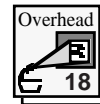
- o Income Contingent,
- o Standard,
- o Extended, or
- o Graduated.

Student borrowers must understand the importance of repaying their loans. Defaulting on a Direct Loan adversely affects a borrower's credit history.

As a resource for borrowers undergoing economic hardship or other special circumstance to avoid default, there are deferment, forbearance, and discharge provisions for borrowers who meet certain criteria. These conditions are explained in more detail later in this session. *Funding Your Education* includes some information on this topic.

Federal Direct PLUS Loan

A Direct PLUS Loan allows parents or stepparents to borrow on behalf of their dependent undergraduate children who are enrolled at least half time, as long as a parent does not have an adverse credit history and is not in default on another student loan. Parents with adverse credit histories can borrow PLUS Loans if an endorser is obtained or if they document extenuating circumstances.

**Note to Instructor:**

A borrower may repay under an alternative repayment plan if the borrower documents to ED's satisfaction that the listed plans do not meet the borrower's exceptional circumstances.

Instructor's Notes

- o Direct PLUS Loans also have a variable interest rate. The maximum rate is 9%. For 1996-97, the interest rate is 8.72%. The interest rate for 1997-98 will be announced in July 1997.
- o Interest accrues throughout the life of the loan and parents are responsible for paying it.
- o The repayment period begins on the day the loan is fully disbursed. The first payment is due within 60 days after the final loan disbursement. Repayment will usually begin while the student is in school.
- o There are deferment and discharge (cancellation) provisions for Direct PLUS Loans.
- o There is no dollar maximum as long as the Direct PLUS Loan, together with all other financial aid, does not exceed the cost of attendance at the postsecondary school the dependent student is attending.

Please turn to page 20 of your Trainee Guide.

TG 20

The parent may have between 10 and 30 years to repay a Direct PLUS Loan, depending on the plan chosen and the total loan amount. A parent may choose from three repayment plans: (OH 19)



- o Standard,
- o Extended, **or**
- o Graduated.

A parent must understand the importance of repaying the loan. Defaulting on a Direct PLUS Loan adversely affects a borrower's credit history.

Are there any questions about Direct Loans?

Instructor's Notes
TG 2B 3-4

Please look at pages 3 and 4 of Attachment 2B of your Guide. Take a moment to look at the information for the FFEL Program.

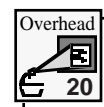
» Allow the participants 1 minute to look at the information.

Please turn to page 21 of your Trainee Guide.

TG 21

Federal Family Education Loan (FFEL) Program

The Federal Family Education Loan (FFEL) Program includes: (OH 20)



- o Federal Stafford Loans (subsidized),
- o Federal Stafford Unsubsidized Loans, **and**
- o Federal PLUS Loans (for parents).

A student must file a FAFSA to receive a subsidized or unsubsidized Federal Stafford Loan.

The student (and a parent, for a Federal PLUS Loan) must also complete a separate FFEL application form and promissory note and bring it or mail it to the postsecondary school's financial aid administrator.

For all FFEL Program loan applicants, the school's financial aid administrator will:

- o determine whether the student (or the parent) qualifies for a loan,
- o determine the amount for which the student (or parent) is eligible,
- o certify the completed application form, **and**

- o forward the application form to the lender or return it to the applicant to send to the lender.

The application is sent to the lender since the student (or parent) is actually borrowing the funds from the lender.

The student eligibility criteria, interest rates, and loan limits are the same as for Direct Loans and Direct PLUS Loans.

- o **Remember**, however, students may not receive loans from both programs for the same enrollment period. Similarly, a parent may not receive both a Federal PLUS Loan and a Direct PLUS Loan during the same enrollment period for the **same** dependent child. (OH 21)

As mentioned, one difference between FFEL Program loans and Direct Loans is their repayment plans. For example, while the FFEL Program offers an income-sensitive repayment plan to be repaid within 10 years, the Direct Loan Program's income-contingent repayment plan allows students up to 25 years to repay.

Title IV Deferment, Forbearance, Discharge, and Consolidation Provisions

There are deferment, forbearance, discharge (cancellation), and consolidation provisions for all of the federal student loan programs—Perkins, Direct, and FFEL. (OH 22)

- o **Deferment** is postponing repaying the loan.
- o **Forbearance** is when a lender agrees to allow a borrower to reduce the amount of a loan payment or temporarily stop making payments, although interest continues to accrue.

Instructor's Notes



TG 22

Note to Instructor:
Both Direct Loans and FFEL Program loans also have loan consolidation programs to help borrowers successfully manage repaying their federal student loans. The terms and conditions of the loan consolidation programs differ. For example, interest rates and repayment options are **not** the same.



TG 23

Instructor's Notes

- o **Discharge** means that the loan debt is cancelled and the borrower does not have to pay back the loan.
 - For example, the borrower's loan will be discharged if the borrower dies or becomes totally and permanently disabled.
- o **Consolidation** allows a borrower to combine his or her federal loans to simplify repayment. A consolidated loan pays off the existing loans; the borrower then repays the resulting consolidated loan.

Are there any questions before we move on to the federal scholarship programs?

Please turn to page 24 in your Trainee Guide.

TG 24**FEDERAL SCHOLARSHIP PROGRAMS****The Paul Douglas Teacher Scholarship Program**

The Paul Douglas Teacher Scholarship Program is a federally funded program that provides college scholarships to outstanding high school graduates. The scholarships enable these students to prepare for teaching careers at the preschool, elementary school, or secondary school level.
(OH 23)



Students who graduate in the top 10% of their high school class may apply for this scholarship, which provides up to \$5,000 a year, not to exceed \$20,000.

Robert C. Byrd Honors Scholarship Program

The Robert C. Byrd Honors Scholarship Program (Byrd Program) provides scholarships to exceptionally able high

Instructor's Notes

school graduates for further study at postsecondary schools as a way to recognize and promote student excellence and achievement. This is done through federal grants to states.

To apply for a Byrd Scholarship, a student follows the application procedures set up by the state educational agency (SEA) in the state in which the student lives. A listing of state contacts is found in Appendix B of the Counselor's Handbook.

A student who receives scholarship assistance under the Byrd Program may be awarded a scholarship of up to \$1,500 for each of the first four years.

Note to Instructor:

You might want to provide the telephone number and address for applying to the Byrd Program in your state.

The National Science Scholars Program

The National Science Scholars Program is a federally funded program that awards scholarships to students for undergraduate study of the life sciences, physical sciences, computer science, mathematics, or engineering.

The purpose of this program is to recognize student excellence and achievement in the sciences by providing scholarships to outstanding high school graduates and GED recipients to encourage and enable them to continue their education at the postsecondary level.

Students must apply through their state department of education. Use the listing of state contacts found in Appendix B of the Counselor's Handbook.

Award amounts may be for as much as \$5,000 for each year up to five years of study. However, this program is not currently funded.

There are other federal sources of financial aid that are not administered by ED. Let's discuss a few of them.

Please turn to page 25 of your Trainee Guide.

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OTHER FEDERAL SOURCES OF FINANCIAL AID

National and Community Service Program

The National and Community Service Program, also known as Americorps, provides education awards of up to \$4,725 a year for work in community-service jobs. Community-service jobs should benefit the larger community and offer direct services to an area in need. (OH 24)



To earn this award, students can work before, during, or after their postsecondary education.

The funds can go toward either paying for current or future postsecondary education expenses or repaying a federal student loan.

For more information on this program, contact The Corporation for National and Community Service. The address, toll-free telephone number, and Internet address are:

- o The Corporation for National and Community Service
1100 Vermont Avenue, NW
Washington, DC 20525
- o or call: **1-800-942-2677**
- o or by Internet: **<http://www.cns.gov>**

U.S. Department of Veterans Affairs Programs

The U.S. Department of Veterans Affairs administers a number of education and training programs for veterans, service personnel, and eligible dependents. These programs include:

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- o the Montgomery GI Bill **and**
- o the VA Health Professionals Educational Assistance Programs.

For more information on veterans' benefits, contact the U.S. Department of Veterans' Affairs by calling **1-800-827-1000**.

U.S. Department of Defense Programs

Under the U.S. Department of Defense, various programs exist to college-train individuals to serve as officers for the armed forces. These programs include:

- o the Army Reserve Officers' Training Corps (ROTC),
- o the Air Force ROTC, **and**
- o the Naval ROTC (NROTC).

The contact for each of these programs is listed in the Counselor's Handbook.

U.S. Department of Health and Human Services Programs

The U.S. Public Health Service, which is part of the U.S. Department of Health and Human Services (HHS), also administers student financial aid programs for students studying nursing and other health profession disciplines.

The HHS programs include:

- o Exceptional Financial Need (EFN) Scholarships,
- o Financial Assistance for Disadvantaged Health Professions Students (FADHPS),

Note to Instructor:
At this writing, Health Education Assistance Loans (HEAL) are being phased out. ED is arranging to allow additional borrowing under the Federal Unsubsidized Stafford Loans to make up for HEAL funds.

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- o Health Professions Student Loans (HPSL),
- o Loans for Disadvantaged Students (LDS),
- o Nursing Student Loans (NSL),
- o Primary Care Loans (PCL), **and**
- o Scholarships for Disadvantaged Students.

Students should contact postsecondary schools they are interested in attending to see if the schools participate in these programs. For more information about health profession programs, write the U.S. Public Health Service. The address is:

U.S. Department of Health and Human Services
U.S. Public Health Service
Health Resources and Services Administration
Bureau of Health Professions
Division of Student Assistance
5600 Fishers Lane
Rockville, MD 20857

A list of these federal sources of financial aid, as well as addresses and phone numbers, are provided as a handout in Attachment 7B.

Now we'll discuss financial aid that individual states offer their residents.

Please turn to page 26 of your Trainee Guide.

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Instructor's Notes**STATE SOURCES OF FINANCIAL AID****State Grants and Scholarships**

At present, all 50 states, the District of Columbia, and certain U.S. territories offer state grants under the federally funded State Student Incentive Grant (SSIG) Program. (OH 25)



This is a matching-funds program in which states receive an annual allotment of funds from the federal government, then match the federal funds with state funds. Although this is a state-administered program, recipients must meet the same eligibility criteria that apply to other federal student financial aid programs. A listing of state contacts is found in Appendix B of the Counselor's Handbook.

Note to Instructor:
You might want to provide the telephone number and address for applying to the SSIG Program in your state.

Many states also provide need-based and merit-based grants and scholarships. State-established eligibility criteria are used to make these awards.

Students generally apply for state aid on an annual basis. Most states use the FAFSA as the application. Separate state scholarship applications are sometimes required.

Contact your state student financial aid agency to obtain information on your state-specific programs.

State Vocational Rehabilitation Benefits

State departments of vocational rehabilitation have programs to assist physically or mentally disabled individuals with training and job-placement services.

Eligible individuals may receive money for tuition, fees, books and supplies, transportation, and living allowances.

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For information on eligibility criteria and application procedures, contact your state department of vocational rehabilitation.

Job Training Partnership Act (JTPA)

Training funds available under the Job Training Partnership Act (JTPA) vary from state to state.

In most cases, the state provides tuition and fee assistance for job training from state revenues.

A state pays a participating institution on behalf of the student, sometimes also providing a transportation allowance for the student.

Information on JTPA can be obtained from your state employment agency.

Next, we'll discuss the forms of financial aid that postsecondary schools often offer to their students.

Please turn to page 27 of your Trainee Guide.

TG 27**INSTITUTIONAL SOURCES OF FINANCIAL AID****Postsecondary Programs**

Many postsecondary schools provide student assistance in the following forms to supplement federal and state funds. (OH 26)

- o **Grants and Scholarships:** Awarded on the basis of financial need and/or academic or athletic ability.
 - College endowment funds provide grants and scholarships.



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- Corporate fund-raising and private donations also provide financial aid money.
- o **Tuition Waivers:** Partial or total waivers are often available to a college's or career school's employees and their dependents and to other categories of students specifically selected by the institution.
- o **Student Loans:** Low-interest loans may be available from postsecondary schools on a need or non-need basis.
- o **Student Employment Programs:** Job programs, other than the Federal Work-Study Program, may be available to students on a need or non-need basis.

Academic Scholarships

Postsecondary schools reserve certain scholarships for highly gifted students who display academic or creative talent.

Two types of scholarships are generally available:

- o those based solely on academic performance or creative talent (merit based) **and**
 - o those based on financial need as well as academic or creative talent criteria.
- Academic scholarships may be based on the student's high-school grade point average (GPA) or SAT scores or for the creative talent the student has exhibited in science or art, for example.
 - It is important early in their junior year that students check with the colleges or career schools they are considering to determine scholarship

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eligibility requirements, application deadline dates, and what the student must provide in the form of portfolios or other submissions.

Information on academic scholarship eligibility criteria, application procedures, and deadlines for financial assistance is usually available from a college or career school's student financial aid office or admissions office.

National Collegiate Athletic Association (NCAA) Scholarships

If student athletes meet specific requirements and are enrolled in a Division I or Division II college, the student may receive financial aid from the postsecondary school that includes tuition, fees, room and board, and books. Other student athletes may receive financial aid under certain conditions.

- o **An important point to remember when looking for a school:** Division III colleges have no athletic scholarships at all. Even some sports at Division I colleges do not have athletic scholarships.

Students should contact the National Collegiate Athletic Association (NCAA) for this information or the athletic department of the school he or she is planning to attend.

General Recruiting Regulations

A student becomes a “prospective student-athlete” when the student starts ninth grade. A student also becomes a prospective student-athlete if a college gives him or her (or his or her relatives or friends) any financial aid or other benefits that the college does not generally provide to prospective students.

Note to Instructor:

This material is from the *1996-97 NCAA Guide for the College-Bound Student-Athlete*.

Note to Instructor:

It's good to ask counselors to remind students how few of them will receive full athletic scholarships and how they need to think about other sources of student financial aid.

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The student becomes a “recruited prospective student-athlete” at a particular college if any coach or representative of the college’s athletic interests (such as a booster) approaches the student (or any member of the student’s family) about enrolling and participating in athletics at that college. Activities by coaches and boosters that cause the student to become a recruited prospective student-athlete are: (OH 27)

- o providing the student with an official visit; **or**
- o placing more than one telephone call to the student or any other member of the student’s family; **or**
- o visiting the student or any other member of the student’s family anywhere other than the college campus.

For further information, contact the NCAA at:

National Collegiate Athletic Association
6201 College Boulevard
Overland Park, KS 66211-2422

or call: **1-913-339-1906**

For students seeking athletic scholarships, it is important to check with the NCAA to determine general eligibility requirements.

Finally, we’ll discuss the private sources of financial aid that are available to postsecondary-bound students.

Please turn to page 29 of your Trainee Guide.

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PRIVATE SOURCES OF FINANCIAL AID

Sources of private financial assistance can be located by doing research.

The following places usually have information on—or provide—private financial aid: (OH 28)

- o the student's high school;
- o the postsecondary school to which the student is applying;
- o parents' and/or student's places of employment;
- o civic, trade, and social organizations; **and**
- o religious organizations.

The reference section of the local library is a good place to start the search for financial aid. Some of the useful books students might find in the library include: (OH 29)

- o *Need a Lift?* **and**
- o *Higher Education Opportunities for Minorities and Women.*

These texts will get students started. They will probably find other references as well. It's not hard, but it will take a lot of time.

These private sources of aid can either supplement any federal aid students receive or be the best alternative if they don't qualify for federal grant aid.

Students should be cautious about using scholarship-search services that charge them a fee. Unfortunately, some of these companies promise more than they can deliver.

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Note to Instructor:
Ordering information is in the handout to 7B.

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- o Advise students to make sure to ask what services will be provided for them, how much they will be charged, and what assurances will be made to them.
- o Students should read the fine print and even contact the Better Business Bureau to check out a company before they agree to pay a fee.

Often, these fee-based services provide the same information that a student can find on his or her own, at no cost, with the help of a high school counselor or financial aid administrator. Some postsecondary schools have a similar search service for no fee or a minimum fee.

Students can even do a scholarship search by navigating through ED's federal Web site:

- o The address is: <http://www.easi.ed.gov>

If you or your students have questions about student financial aid or wish to order financial aid publications, there is a toll-free number to call: **1-800-4-FED-AID**. (OH 30)

One last point: To receive federal student financial aid, students **must** meet general eligibility requirements, as well as meet program-specific eligibility requirements established by ED.

- o Before awarding federal aid to students, a postsecondary school's financial aid office checks to verify that students have met these general eligibility requirements.

Before we finish this session, does anyone have questions?

Note to Instructor:

This search should be free, although users may be paying for on-line time.

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