

# 1997-98 Financial Aid Awareness Program

## PREPARATIONS

- » The following pages provide high school counselors with a script for conducting a financial aid awareness program for students and their parents. In addition to information about financial aid, the script accommodates viewing the U.S. Department of Education's (ED's) video, "School Shopping Tips."
- » The script includes overheads that you can also make into handouts. In addition, it has materials developed specifically as handouts, which appear at the end of the script. You may also want to use the SAR and SAR Information Acknowledgement at the end of this script and Attachments 6B and 6C at the end of Session 6 as part of the handout package.
- » The script assumes that students and parents will have copies of the brochure *Funding Your Education* and the Free Application for Federal Student Aid (FAFSA). You can obtain copies by calling 1-800-4-FED-AID approximately 5 to 6 weeks in advance of the program. Local colleges and career schools might have other useful materials for the presentation.
- » Pass out the handouts, the brochure *Funding Your Education*, the FAFSA, and any other materials before you begin the program. This will save a lot of time later.

Estimated Time: 2½ hours

## INTRODUCTION

Welcome to our Financial Aid Awareness Program. I am...

Start program here

- » Introduce yourself. Tell them your name, job title, experience, and so on. If you have other speakers, introduce them or have them introduce themselves.

Before we begin, let's see how many students are here with us tonight.

- » Wait. Let students raise their hands.

The reason I ask is that the financial aid process is a family project. To apply for federal student financial aid, both student and parent information needs to be submitted, so both need to be involved in the process. Also, once your sons or daughters enroll in a postsecondary school, they will be dealing directly with the financial aid office, and it is very important that they understand the financial aid process.

Keep in mind that when we use the term “postsecondary,” we are referring to programs or training designed to take place after high school. Postsecondary schools include four-year schools, two-year schools, community colleges, and career or technical schools.

The student financial aid information provided here applies to **anyone**, not just to recent high school graduates. If any of you parents are thinking of returning to school, student aid can help you accomplish that goal.

The program is divided into three parts. (OH 1)

- Part I provides background information about student eligibility requirements for federal aid, an overview of federal student aid programs, and information on other sources of financial aid.
- Part II familiarizes parents with the Free Application for Federal Student Aid, called the FAFSA, by walking through the form. It also explains how postsecondary schools “package” an individual student’s financial aid awards. In addition, Part II has information to help students and parents compare financial aid awards from different schools.
- Part III is reserved for showing the video “School Shopping Tips,” which is designed to help a family select the institution best-suited for the student. It was prepared by the U.S. Department of Education, which we’ll refer to as ED throughout the program.

## Presenter’s Notes

Family activity

“Postsecondary”  
defined



You should have several very important documents that we'll refer to routinely throughout this program. They'll give you, in writing, nearly all the information we'll go over. These documents are:

- *Funding Your Education*,
- the FAFSA, and
- a packet of handouts.

*Funding Your Education* includes most of the information we'll cover, such as the types of federal student financial aid programs and how to apply for them. So don't feel as if you need to take a lot of notes.

The FAFSA is the main form students need to fill out to apply for most federal financial aid programs. It is also used by most state grant programs and a number of private aid programs.

The other handouts supplement the information we'll be going over in the next several hours.

Let's begin by giving some background information about the types and sources of federal student financial aid programs that are available for the 1997-98 school year.

## **PART I—BACKGROUND**

The purpose of the federal student aid programs is to help postsecondary students with grants, loans, and paid work as needed.

### **Presenter's Notes**

**Note to Presenter:**

Have the handouts stapled and distributed to the attendees ahead of time.

There are three basic categories of student aid: (OH 2)

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

Grants and scholarships are types of “gift aid” that do not have to be repaid.

Loans and student employment (or work-study) are often called “self-help aid,” because students either:

- must pay the money back, in the case of loans, **or**
- must earn the money through employment, in the case of work-study funds.

Congress has a definite philosophy about the role of the family in paying for postsecondary education. (OH3)

- First, a family, to the extent of its ability, has the primary responsibility to pay for a student to attend a postsecondary school.
- Second, the income of a student and a student’s parents **or** student’s spouse are considered in determining 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.

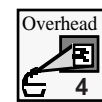
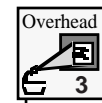
To explain this, we’re going to start using some of the many acronyms and abbreviations involved in federal financial aid. Financial need is determined through the following equation: (OH 4)

## Presenter’s Notes



Gift aid

Self-help aid



**Presenter's Notes**

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

$$\text{COA} - \text{EFC} = \text{Student's Financial Need}$$

- The school determines the COA based on federal guidelines. Each school has a different COA.
- Using a congressionally mandated formula, the EFC is calculated from the information students, spouses (if applicable), and parents provide on the FAFSA.
- ◊ The EFC remains constant, regardless of the schools to which the student applies.

Many federal student financial aid programs require a student to show financial need. Most of these programs are created under Title IV of the Higher Education Act and, as a result, are known as Title IV programs.

We will familiarize you with the details of all these programs in a moment.

The following types of Title IV aid are based on need: (OH 5)

- Federal Pell Grants,
- Federal Supplemental Educational Opportunity Grants (FSEOG),
- Federal Work-Study (FWS),
- Federal Perkins Loans,
- Federal Direct Subsidized Loans,
- Federal Subsidized Stafford Loans, **and**
- State Student Incentive Grants (SSIG).



Title IV Aid that is based on school cost rather than need includes: (OH 6)

- Federal Direct PLUS Loans,
- Federal PLUS Loans,
- Federal Direct Unsubsidized Loans, **and**
- Federal Unsubsidized Stafford Loans.

In discussing federal student loans, the terms “subsidized” and “unsubsidized” have special meanings.

- A **subsidized** loan is one for which the federal government covers the interest—in other words, subsidizes the loan—while the student is in school (or during periods of deferment).
- Borrowers of **unsubsidized** loans don’t receive any type of subsidy. They are responsible for the interest that accrues on their loans from the time the loans are made until they are repaid in full.

Are there any questions so far?

With this brief background information, let’s talk about federal student eligibility requirements.

### Federal Student Eligibility Requirements

Most of the federal student financial aid programs are administered by ED.

To be eligible for federal student aid, students must satisfy two sets of requirements:

### Presenter’s Notes



- general eligibility requirements **and**
- program-specific eligibility requirements.

Both sets of requirements are established by Congress and ED. We'll begin by looking at the general requirements.  
(OH 7)

### ***High School Completion***

To receive federal student financial aid for postsecondary studies, a student must be **academically qualified**. This means that the student must:

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

### ***Student Enrollment***

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

- **Eligible Institution:** To receive federal financial aid, a student must attend a college or career school that ED approved to participate in the federal financial aid programs. Schools do not need to participate in all of the programs.
- **Eligible Educational Program:** A student must enroll as a regular student in an eligible degree or certificate program. "Regular" means that the student has been

## **Presenter's Notes**



**Note to Presenter:**  
A postsecondary school will give the student information about the testing requirement.

**Note to Presenter:**  
Postsecondary schools provide students and parents with information about their program participation.

**"Regular" student**

**Presenter's Notes**

admitted to the college or career school to seek a degree or certificate.

- **Enrollment Status:** A student must enroll at least half time to be eligible for some federal loan programs, while others allow less-than-half-time enrollment. Each school provides information about the enrollment status requirement.
- **Satisfactory Academic Progress (SAP):** 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 school's SAP policy is usually defined for students in the school's catalog. If it's not in the catalog, ask for a copy of the school's SAP guidelines to find out what might cause someone to lose eligibility for student financial aid.

***Citizenship Status***

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

- U.S. citizens include individuals from the 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and the Northern Mariana Islands.
- 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 noncitizens, such as refugees.



Eligible noncitizens must report their Alien Identification Numbers on their FAFSAs when they apply for federal financial aid.

### ***Social Security Number***

A student **must** have a valid Social Security number to apply for federal financial aid. A student who does not have a Social Security number can get information on applying for one by contacting the Social Security Administration.

- The toll-free telephone number is 1-800-772-1213.
- » This information also is available in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” accompanying this script.

Also, parents who wish to borrow federal loans must supply their Social Security numbers as well as their children’s Social Security numbers.

### ***Selective Service***

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 citizens, and are not currently on active duty in the U.S. Armed Forces.

- o Questions for the Selective Service can be directed to 1-847-688-6888.
- » The Selective Services’s toll-free telephone number is listed in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” accompanying this script.

### **Presenter’s Notes**

➡ Handout, page 1

➡ Handout, page 2

## ***Signed Certification Statements***

Before receiving federal financial aid, a student must sign the FAFSA attesting to the accuracy of the information reported and to specific eligibility criteria.

A parent PLUS Loan borrower must also sign some certification statements. The school the student will be attending and the lender usually make sure that all statements are signed properly.

Providing false or misleading information on the FAFSA is a felony; doing so can lead to a fine, imprisonment, or both.

## **Assessment of Student Financial Need**

We've already mentioned that the formula for determining financial need is:

$$\begin{array}{l} \text{Cost of Attendance (COA)} \\ - \text{Expected Family Contribution (EFC)} \\ = \text{Student's Financial Need} \end{array}$$

Let's look at each part of this equation more fully.

### ***Cost of Attendance (COA)***

Cost of attendance, which often is referred to simply as COA, equals the total of all reasonable costs for attending a specific postsecondary school. Each school establishes its COA according to federal guidelines that take into account: (OH 8)

- tuition and fees;
- books, supplies, and equipment;

## **Presenter's Notes**

**FAFSA warning**



**Note to Presenter:**  
Emphasize to parents and students that COA is more than just tuition and fees.

**Presenter's Notes**

- room and board (on campus, off campus, or with parents);
- transportation (commuter costs or long-distance travel to and from home); **and**
- necessary personal expenses.

Other allowable costs, such as dependent-care expenses, study-abroad expenses, disability expenses, and student loan fees may be included in a student's total cost of attendance.

Different schools have different COAs.

- For example, community colleges are generally less expensive than state colleges, which are generally less expensive than private colleges.
- In addition, at any given school the cost may vary for different categories of students. A student living off campus in an apartment might have higher room and board costs than a student who lives in a residence hall.

These costs must be published by the school. Ask for them if they are not in the school catalog.

### ***Expected Family Contribution (EFC)***

The Expected Family Contribution (EFC) is determined by a formula established by federal law on the basis of information students and their families report on the FAFSA.

Some of the factors that go into this formula are: (OH 9)

- the student's income,
- the student's parents' (and spouse's) income,
- family size,



- the number of family members enrolled in postsecondary education, **and**
- asset information, under certain circumstances.

Although COA varies from one school to another, a student's EFC remains the same. In other words, the amount the family is expected to contribute is a set amount; it doesn't change according to the cost of the school.

## Federal Student Aid Programs

Now that we've taken a look at the general eligibility requirements for the federal student aid programs, let's review the programs individually.

### *Federal Pell Grant Program*

A Pell Grant is gift aid and it does not have to be repaid. It is earmarked for the financially neediest undergraduates.

For these students, the Pell Grant is the first federal source of aid awarded to a student, making it the "foundation" of a student's federal financial aid package. (OH 10)

The maximum Pell Grant amount that can be awarded is established by Congress for each award year.

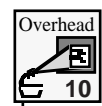
- The maximum award for a full-time student for the 1996-97 award year is \$2,470. An eligible student might receive less, however, depending on his or her enrollment status, COA, and EFC.

A student's total Pell Grant award is divided into payments for specific periods during the award year. For example, if a student is attending a semester-based school, the Pell Grant award must be paid in two installments, half each semester.

## Presenter's Notes

### **Note to Presenter:**

The circumstances for which asset information is reported can be found in Part II of this script in "The FAFSA Form, Section G."



### **Note to Presenter:**

The 1997-98 Pell Grant maximum may be obtained by calling 1-800-4-FED-AID.

**Presenter's Notes**

When we say “an award is paid” to a student, this means that the account the student has with the school is credited. If there is an excess, the school releases it to the student for education-related expenses.

If a student isn't eligible for a Pell Grant, it is still possible to qualify for aid from some of the other federal programs.

Let's look next at some of those other programs.

### ***Campus-Based Programs***

These programs are called “campus-based” because the funds are administered directly by the 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 programs are: (OH 11)

- Federal Supplemental Educational Opportunity Grants (FSEOG),
- Federal Perkins Loans, **and**
- Federal Work-Study (FWS).

Postsecondary schools that participate in any of these programs are allocated a set amount of funds to spend each year.

The amount of a campus-based award is determined by the postsecondary school on the basis of: (OH 12)

- the student's financial need,
- the amount of campus-based funds available at the postsecondary school,



Limited funding



- the individual campus-based program's annual award limit, **and**
- the postsecondary school's policies for awarding student aid.

Limited funding in the campus-based programs is one reason why it is so important for students to apply for aid by school financial aid deadlines. Students should inquire about deadlines in advance, as some schools' financial aid deadlines are quite early, for instance in February or March.

### **Federal Supplemental Educational Opportunity Grants (FSEOG )**

FSEOG awards are first given to students with the lowest EFCs who qualify for Federal Pell Grants. If a school has enough FSEOG money remaining after committing funds to students qualifying for Pell Grants, students with low EFCs who didn't get Pell Grants may receive FSEOG awards. FSEOG awards range between \$100 and \$400 per year.

### **Federal Perkins Loans**

Perkins Loans are low-interest loans for students with the most need. Currently, the interest rate is 5%.

The amount of a Federal Perkins Loan a student can borrow is based on both the student's need and the funds available at the school. Also, there are limits as to how much a student can borrow each year. The limit, exceptions aside, is \$3,000 per year for undergraduates.

Borrowers are not charged any interest while they are enrolled in school.

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

### **Presenter's Notes**

Apply early

➡ Handout, page 3

**Presenter's Notes**

- An initial grace period of nine months is allowed after the student graduates or ceases to be enrolled at least half time before the first payment on the loan must be made.

The Perkins Loan has deferment and forbearance provisions to help borrowers manage repaying their loans during certain periods, such as being enrolled in school or undergoing financial hardship.

» This information is available in the handouts, “Federal Perkins Loan Repayment Plan” and “Federal Loan Deferment Provisions,” which are included at the end of this script.

➡ Handout, page 5

### **Federal Work-Study (FWS)**

FWS allows students to work while in school and earn financial aid money. The total amount they can earn is set at the beginning of the year and is based on their need, as well as on the funds available at the school. Students, therefore, can't decide to work more hours than they are awarded, as they would earn money in excess of their financial need.

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. The jobs will be with designated on-campus or off-campus employers.

The employer must pay at least the current federal minimum wage of \$4.75 per hour.

Remember that not all schools participate in all the campus-based programs. Students will need to check with schools to see which programs are available and to get information on school policies for awarding student aid.

**Presenter's Notes**

Are there any questions about campus-based aid programs?

***The William D. Ford Federal Direct Loan Program and the Federal Family Education Loan Program***

The William D. Ford Federal Direct Loan Program (Direct Loan) and the Federal Family Education Loan (FFEL) Program are ED's major form of **loan** assistance to students and parents. The terms and conditions of these two loan programs are similar.

For example, both programs have three categories of loans: two for students and one for parents. We have already named them in this program. In the Direct Loan Program, they are: (OH 13)



- Federal Direct Subsidized Loans;
- Federal Direct Unsubsidized Loans; **and**
- Federal Direct PLUS Loans, which are for parents and are unsubsidized.



Similarly, the loans under the FFEL Program are: (OH14)

- Federal Stafford Loans, which are subsidized;
- Federal Unsubsidized Stafford Loans; **and**
- Federal PLUS Loans, which are for parents and are unsubsidized.

The interest rates on Direct Loans and FFEL Program loans are the same. For the subsidized and unsubsidized student loans, interest is variable, but may not exceed 8.25%. For parent loans, interest is also variable, but may not exceed 9%.



**Presenter's Notes**

However, the application process and source of funds for the two loan programs are different. For example:

- With Direct Loans, the federal government lends the money, and the FAFSA is the only application form student borrowers need to complete.
- With FFEL Program funds, commercial lenders (such as banks and credit unions) lend the money, and students and parents must file a separate loan application form as well as the FAFSA.

Postsecondary schools sometimes participate in both the Direct Loan Program and the FFEL Program. If a school participates in both loan programs, it determines which program a given student or group of students may apply to.

- For example, the school's policy might state that all freshmen may only apply to the Direct Loan Program.

A student or a parent borrower cannot receive loans from both programs for the same student for the same enrollment period.

***The Federal Direct Loan Program*****Federal Direct Loans: Subsidized and Unsubsidized Loans**

There are two types of student Direct Loans—subsidized and unsubsidized. As we mentioned earlier, the government does not charge interest on a Direct Subsidized Loan for certain periods; for example no interest is charged until repayment begins. A Direct Unsubsidized Loan accumulates interest that the borrower must pay throughout the life of the loan.

**Note to Presenter:**

Parents must file a separate application for Direct PLUS Loans.

**Note to Presenter:**

Postsecondary schools often have applications from several commercial lenders. Borrowers may also find their own lenders.

Aside from the way interest is handled, the two types of loans have many features in common. For both subsidized and unsubsidized loans:

- Students must be enrolled at least half time as defined by the college or career school.
  - Federal Pell Grant eligibility must be determined before an application for Direct Loans (subsidized and unsubsidized) can be processed. This is because the federal government doesn't want students to borrow money if gift aid is available.
  - The interest rate is variable, and it is the same for subsidized and unsubsidized loans; the maximum interest rate never can be higher than 8.25%. The interest rate for 1996-97 is 7.66%. The interest rate for 1997-98 will be announced July 1997.
  - All students must undergo entrance loan counseling at their postsecondary school before they receive their first loan disbursement and must go through exit counseling before leaving the college or career school.
  - Repaying loans begins six months after the borrower ceases to be at least a half-time student. The six-month period during which repayment is not required is called a "grace period."
- ◇ Students repay the federal government directly, as it is the source of the funds.
  - ◇ As students near the time they have to repay their Direct Subsidized Loans and Direct Unsubsidized Loans, they can choose from a number of repayment plans. Although students generally have about 10 years to repay, some of these plans can extend the number of years in the repayment

## Presenter's Notes

Entrance and exit counseling

→ Handout, page 3

**Presenter's Notes**

period. There is a different variety of repayment plans in the Direct Loan Program than in the FFEL Program.

*Funding Your Education* answers some questions about loan repayment.

- » Repayment information is also available in the handout, “Federal Stafford Loans Standard Repayment Plan,” which is included at the end of this script.

Before students borrow Direct Unsubsidized Loans, the school determines their eligibility for Direct Subsidized Loans. In other words, students are awarded lower-cost subsidized loans before they are awarded “full-cost” unsubsidized loans.

- The amount of a Direct Subsidized Loan is determined by the school on the basis of a student's need, within allowed federal maximum amounts.
- Students may receive both Direct Subsidized and Direct Unsubsidized Loans in the same academic year, but the combined loan totals may not exceed annual or aggregate loan limits.
- Aggregate (lifetime) loan limits are the maximum amounts borrowers can owe.

The annual loan limits for Direct Loans appear in *Funding Your Education*.

- » Both annual and aggregate limits are shown in the handout, “Federal Direct Loan Program and FFEL Program Annual and Aggregate Limits,” which is found at the end of this script.

The federal government takes serious action against education loan defaulters. If student borrowers default, their credit histories will show a “government collection”

➔ Handout, page 4

**Actions by the federal government against defaulters**

rating, which is one of the lowest ratings possible. It will show up when you try to buy a car, rent an apartment, or apply for a credit card.

## Federal Direct PLUS Loans

Direct PLUS Loans allow parents to borrow on behalf of their dependent children who are at least half-time undergraduate students, as long as the parent borrowers meet certain eligibility requirements, including not having an adverse credit history. Any loan with “PLUS” in its name is only for parent borrowers.

- Direct PLUS Loans also have a variable interest rate. The maximum rate is 9%. The interest rate is 8.72% for 1996-97; the interest rate for 1997-98 will be announced July 1997.
- There is no maximum dollar amount limit 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.
- If a Direct PLUS Loan is the only federal student aid desired, a FAFSA is not needed. Parents fill out only a separate Direct PLUS application.
- Interest begins to accrue immediately, with parents beginning to repay the loan within 60 days after it is fully disbursed; this will be while the student is still in school.

A parent may choose from several repayment plans, which allow between 10 and 30 years to repay.

## Presenter's Notes

**Note to Presenter:**  
Parents with adverse credit histories can borrow PLUS Loans if they find an endorser or if they document extenuating circumstances.

- The Direct PLUS Loan has both deferment and discharge (cancellation) provisions for borrowers. Information is provided in *Funding Your Education*.

As with student borrowers, if parents default on a PLUS Loan, their credit histories will show a “government collection” rating.

### ***Federal Family Education Loan (FFEL) Program***

#### **Federal Stafford Loans: Subsidized and Unsubsidized Loans**

The student eligibility criteria, interest rates, and annual and aggregate (lifetime) loan limits are the same as for Direct Loans.

- The student may have up to 10 years to repay subsidized and/or unsubsidized FFEL Program Stafford Loans. Check *Funding Your Education* for how these loans are repaid.
  - Federal Stafford Loans have deferment, forbearance, and discharge (cancellation) provisions for borrowers who meet certain criteria. These are the same as for Direct Loans. Again, information is provided in *Funding Your Education*.
- » This information is also available in the handouts, “Federal Stafford Loans Standard Repayment Plan” and “Federal Loan Deferment Provisions,” which are included at the end of this script.

As with Direct Subsidized Loans, subsidized Federal Stafford Loan eligibility must be determined before students can apply for a more costly unsubsidized Federal Stafford Loan.

#### **Presenter’s Notes**

➔ Handout, page 3

➔ Handout, page 5

## Federal PLUS Loans

The Federal PLUS Loan, like the Federal Direct PLUS Loan, allows parents to borrow on behalf of their dependent children who are at least half-time undergraduate students, as long as the parent borrowers meet the eligibility requirements, including not having an adverse credit history.

With the exception of the repayment plans, all other provisions are the same as for Direct PLUS Loans.

As with student borrowers, if parents default on a PLUS Loan, their credit histories will show a “government collection” rating.

Now we’ll discuss other financial aid programs that are available from various sources.

## Other Sources of Financial Aid

There are other sources of financial aid offered by the federal government, states, postsecondary schools, and private organizations. You can find out about these by doing a bit of research.

A good place to start is your local library. It usually has financial aid reference books such as:

- *Need a Lift? and*
  - *Higher Education Opportunities for Minorities and Women.*
- » If these resources are not available at local libraries, they can check with the Federal Student Aid Information Center. They can find out how to order these and other resources in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” which is included at the end of this script.

## Presenter’s Notes

### Note to Presenter:

Parents with adverse credit histories can borrow PLUS Loans if they find an endorser or if they document extenuating circumstances.

➔ Handout, page 1

## Presenter's Notes

Postsecondary schools often have a lot of information about financial aid at their schools. Some even have resources such as publications and software to help students find private grant and loan funds.

Also consider the following places, which usually have information on—or provide—private financial aid:  
(OH 15)

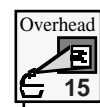
- your son's or daughter's high school;
- your place of employment;
- civic, trade, and social organizations;
- private foundations; **and**
- religious organizations.

In addition to its written publications, such as *Funding Your Education*, ED sponsors a comprehensive World Wide Web site that provides information about financial aid programs as well as other topics important to planning a postsecondary education.

- The address is: <http://www.ed.gov>
- » This information also is available in the handout, "Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information," accompanying this script.

You can even do a scholarship search using ED's World Wide Web site.

- » Information also is available in the handout, "Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information," accompanying this script.



➡ Handout, page 1

➡ Handout, page 1

Please be wary of scholarship search companies that offer their services for a fee. Unfortunately, some of these companies promise more than they deliver. Some are good, but you'll want to read the fine print, check the guarantee, and perhaps contact reliable references.

These will get you started. You'll probably find other information sources as well. It's not hard, but it will take some time.

Now, let's look at a few specific sources of financial aid to give you a head start on your search.

### ***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 outstanding high school graduates to prepare for teaching careers at the preschool, elementary, or secondary school level.

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 students for 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 in the state in which the student lives.

### **Presenter's Notes**

#### **Note to Presenter:**

In addition to ED's service, some colleges might have a similar service that students can use for no fee or for a minimal fee. If your school system has anything like this available, provide information on it here.

#### **Note to Presenter:**

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



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.

### ***Americorp***

Americorp provides education awards of up to \$4,725 a year. To earn this award, students can work before, during, or after their postsecondary education. The funds can be used to pay for current or future postsecondary education expenses or to repay a federal student loan. For more information,

- call The Corporation for National and Community Service at 1-800-942-2677 **or**
- use their Web site at <http://www.cns.gov>.

» This information also is available in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” accompanying this script.

### ***The U.S. Department of Veterans Affairs***

The U.S. Department of Veterans Affairs administers a number of education and training assistance programs for veterans, service personnel, and their eligible dependents, for example the Montgomery GI Bill. For more information on veterans benefits, contact the nearest regional office of the U.S. Department of Veterans Affairs.

» This information also is available in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” accompanying this script.

## **Presenter’s Notes**

**National and Community Service**

➔ Handout, page 2

**GI Bill**

➔ Handout, page 2

## ***The U.S. Department of Defense***

The U.S. Department of Defense offers various programs to college-train individuals to serve as officers for the armed services. These programs include:

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

For more information, contact the nearest U.S. Armed Forces recruiting station.

» This information also is available in the handout, "Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information," accompanying this script.

## ***U.S. Department of Health and Human Services***

The U.S. Public Health Service, which is part of the U.S. Department of Health and Human Services, offers programs for those interested in nursing and other health professions as a career. Long-term, low-interest loans and grants are available. Students should contact postsecondary schools they are interested in to see if the schools participate in these programs.

» This information also is available in the handout, "Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information," accompanying this script.

## ***State Grants***

At present, all 50 states and the District of Columbia offer state grants under the State Student Incentive Grant (SSIG) program.

## **Presenter's Notes**

ROTC programs

➔ Handout, page 2

Health professions

➔ Handout, page 2

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

Many states also provide need-based and merit-based grants and scholarships on the basis of state-established eligibility criteria. States also offer vocational rehabilitation and job training programs for special-needs students.

Students should contact their state student financial aid agency for information on their state's programs.

### ***Postsecondary Schools***

Many colleges and career schools provide student financial aid. This can be need-based or non-need-based. Sometimes aid is awarded on the basis of academic merit, athletic ability, or other talents.

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

Postsecondary schools reserve certain scholarships for highly gifted students who display academic or creative talent. These academic scholarships may be based on the student's high school grade point average or SAT scores or on the creative talent the student exhibits in areas such as science or art.

Two types of scholarships are generally available: (OH 16)

- Merit based—those based solely on academic performance or creative talent **and**
- Need based—those based on financial need as well as academic or creative talent criteria.

### **Presenter's Notes**

#### **Note to Presenter:**

You might want to provide a handout on your state's programs. In addition, the 1-800-4-FED-AID telephone number can tell you the agency to contact in your state. There is also a listing in the *Counselor's Handbook for High Schools* in Appendix B.



## ***National Collegiate Athletic Association (NCAA)***

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.

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.

The NCAA address and telephone number are:

- National Collegiate Athletic Association  
6201 College Boulevard  
Overland Park, KS 66211-2422
  - 1-913-339-1906
- » This information also is available in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” accompanying this script.
- Before we go on to Part II of the program, let’s take a short break. Get up and stretch!
- » Allow participants 5 minutes for a break.

## **PART II—HOW TO COMPLETE THE 1997-98 FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)**

In Part II of this program, we are going to talk in depth about how to complete the Free Application for Federal Student Aid (FAFSA). Then, we’ll talk about how postsecondary schools use the information that comes from the FAFSA to award financial aid.

## **Presenter’s Notes**

### **Note to Presenter:**

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

### **Note to Presenter:**

It’s good to remind the audience that most students don’t receive full athletic scholarships and students need to think about other sources of financial aid.

➡ Handout, page 2

**Presenter's Notes**

The FAFSA is the application that needs to be filled out for a student to apply for federal student aid. And a student must complete a FAFSA each and every year he or she applies for any type of federal financial aid.

There are three different methods for completing the FAFSA and submitting it to be processed. None of the methods requires the student or parents to pay an application fee. (OH 17).



- A student can complete a paper FAFSA form and mail it to ED for processing.
  - Some postsecondary schools allow the student to provide the FAFSA information directly to the school. Then, the school transmits the data electronically to ED. A postsecondary school can tell you if this option is available.
  - A student can use a software application called FAFSA Express to complete the FAFSA electronically and send it by modem to ED. FAFSA Express is available on the Internet and in many school libraries, so this can be done from home or from school.
- » This information is also available in the handout, “Federal Student Financial Aid Important Telephone Numbers, Addresses, and Information,” which is included at the end of this script.

➔ Handout, page 1

**Due Dates**

Regardless of the type of FAFSA you complete—paper or electronic—the due dates are the same.

- The earliest you can submit the FAFSA for the 1997-98 school year is January 1, 1997.
- The latest you can submit it is June 30, 1998.

Technically, you can submit the application any time throughout the school year and still get funds for that year. However, much of the student aid, both federal and private, will be awarded early on.

Overall, the best bet is to complete and submit the FAFSA **as early as possible**.

Students should apply every year, even if they don't think they'll qualify or if they didn't receive aid (or as much aid as they applied for) the previous year. The reason: Nonfederal aid programs, as well as federal financial aid programs, often require a completed FAFSA.

It's also important to file the FAFSA early each year because some state or private aid programs have early deadlines. So never decide "just not to bother" with the form. It's to your benefit to complete it and submit it!

In addition to the FAFSA, you may find that you have to fill out other application forms for financial aid. For example:

- Students and parents must complete a separate application to obtain any of the loans under the FFEL Program. FFEL is the only federal financial aid program that requires a separate application.
- While most states use the FAFSA to make their grant and scholarship awards, some states require a separate application.
- Some postsecondary schools may require students to complete additional forms for institutional grant and loan funds. The additional information collected on these applications can only be used to award the school's student aid, not to award federal student aid. The school will let you know if an additional information form beyond the FAFSA is required.

## Presenter's Notes

**Note to Presenter:**  
Emphasize these points.  
They are very important!

**Note to Presenter:**  
If your state requires a separate application, provide the information here.

- Private associations, community service groups, or corporations may have differing application requirements and deadlines.

Now everyone needs a copy of the real thing—the 1997-98 FAFSA and its instructions. Before we begin going over it, does anyone **not** have a copy of the FAFSA?

» Please distribute FAFSAs to those who raise their hands.

## FAFSA Instructions and Worksheets

Please look at your FAFSA.

**You should read the instructions carefully before beginning to complete the FAFSA.** They contain the answers to **many** commonly asked questions.

Please note that the FAFSA **cannot** be processed before January 1, 1997, and the forms must not be signed and dated before then. Many students will want to file their 1997-98 FAFSAs in the early months of 1997 to meet state or college priority filing deadlines, which are often in February or March.

Please turn to page 2 of the FAFSA **instructions**. Near the bottom of the page, you'll find the heading "Records You Will Need."

This is a list of records and papers that students and their families need to gather before they attempt to fill out the application.

If you have this information in front of you when you fill out the FAFSA, you are less likely to make costly errors.

## Presenter's Notes

### Required documents

Notice the statement in bold print that says “**Keep these records!**” Take this seriously. Both parents and students may need to provide proof of the information they report on the FAFSA. It’s also good practice for students to get in the habit of saving and filing important documents.

Halfway down the left-hand column, still on page 2, are some tips for filling out the form.

- Use a pen with dark ink or a #2 pencil.
  - ◊ Do not use a pen with red or green ink.
  - ◊ Do not use a highlighter on the actual form.
- For errors, use white-out or erase completely.
- Fill in the “ovals” completely.
- Do not write comments or notes in the margins.
- Round off cents to the nearest dollar.
- Write dates in numerals. For instance, this Valentine’s Day would be written 02-14-97.
- Do not include notes, tax forms, or letters.

It is also important to know that when the FAFSA says “you” or “yours,” it means the student, not the parents.

At the top of the right-hand column, the instructions for completing the form begin.

### The FAFSA Form

The actual form is in the middle of the instructions, usually between pages 6 and 7. Gently pull on the form to separate it from the instructions. Go ahead—tear out the form now.

### Presenter’s Notes

Proof of information

Tips for filling out the FAFSA

FAFSA



We will start by looking at Section A.

### ***Section A: You (the student)***

Questions 1 through 19 collect personal identifying information on a student, such as: (OH 18)

- name,
- address,
- Social Security number,
- driver's license number and issuing state,
- citizenship status,
- state of legal residence,
- marital status, **and**
- bachelor's degree held.

Many of these questions are straightforward, but a few bear discussing.

For example, look at Question 8. As mentioned previously, a student must have a Social Security number to apply for federal financial assistance. If a student fails to fill in his or her Social Security number, the FAFSA will be returned to the student unprocessed.

In Questions 4 through 7, a student must give his or her permanent home mailing address, not a school or office address. The student's state of legal residence (Question 11) is used in identifying whether the student is eligible for state financial aid from the appropriate state agency.

### **Presenter's Notes**



#### **Note to Presenter:**

The only exception to the Social Security number requirement is for students from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau. For guidance, students in this situation should contact the financial aid offices of schools where they are applying.

**Presenter's Notes**

Questions 15 and 16 are about citizenship:

- Is the student a U.S. citizen?
- Students who are not U.S. citizens will need to go to pages 2 and 3 of the instructions and read the explanation of how to answer Questions 15 and 16.

Look also at Question 19, “Will you have your first bachelor’s degree before July 1, 1997?”

- If a student checks the “Yes” box by mistake, he or she will not be considered for a Pell Grant or FSEOG, as recipients of these grants must be undergraduate students who do not have a first bachelor’s degree.
- It is very important that a high school senior answers this question “No.”

### ***Section B: Education Background***

Questions 20 and 21 ask for the date the student received—or will receive—a high school diploma (or GED). (OH 19)

Questions 22 and 23 are about a student’s parents. This would be the student’s birth parents, adoptive parents, or legal guardians (but **not** stepparents or foster parents).\*

- Questions 22 and 23 are optional and have no effect on **federal** aid. However, state agencies use this information to award state grants and scholarships. Be sure to answer these to be considered for all possible types of financial aid.

Any questions, so far?

Please turn to Section C of the FAFSA form.



\*This is the only time in the FAFSA that parents are defined this way.

**State grants and scholarships**

## Section C: Your Plans

Section C, Questions 24 through 39, collect information used by schools to award aid. (OH 20)

The questions in this section help financial aid administrators make better financial aid award packaging decisions by providing information about a student's grade level in college, enrollment status, program type and length, and preference for types of aid.

- Questions 24 through 32 collect information on a student's enrollment status, the terms in which he or she plans to enroll, course of study, the type of degree or certificate and when he or she expects to receive it, and grade level during the 1997-98 school year.
  - ◇ In Questions 24 through 28, if a student marks "full time" and later decides to enroll part time, his or her financial aid award may be adjusted downward.
  - ◇ In Question 29, a student undecided on his or her course of study shouldn't be concerned; simply use code 27, "other/undecided."
  - ◇ In Question 32, a student has to indicate his or her grade level for the 1997-98 school year. This question is used to establish federal student aid loan limits. High school seniors or someone entering college for the first time should check "1st yr ./never attended college."
- In Questions 33 through 35, a student (and his or her parents) should indicate other types of financial aid he or she would like to receive.
  - ◇ If a student is unclear as to what types of aid he or she would like to be considered for, check "Yes" to

## Presenter's Notes



### Note to Presenter:

This answer also applies to high school students who have taken college-level courses prior to graduating from high school. They, too, are considered "1st yr./never attended college."

**Presenter's Notes**

- all three questions. By doing so, the student will receive consideration for all possible aid sources.
- ◇ When students receive their award letters, they may decline any source of financial aid they decide they don't want.
  - Question 36 should be left blank if a student is still in high school. An applicant who has never attended college would also leave it blank.
  - Question 37 should be answered with a zero if a student has no dependent(s).
    - ◇ This question should also be answered with a zero if an applicant has a child or children for whom he or she does not provide more than half the financial support.
    - ◇ Parents should not answer this question with information about their child-care or elder-care expenses. This is the student section; parent expense allowances are taken into consideration in the need analysis formula.
  - Questions 38 and 39 collect information on any veterans education benefit payments a student expects to receive during the 1997-98 academic year.
    - ◇ If students are unsure about their eligibility for Dependent Education Assistance, they should check with their local Veterans Affairs Office.
    - ◇ If students don't have any veterans benefits, enter zeros.

## Section D: Student Status

Section D, Questions 40 through 45, is intended to determine a student's status as either a dependent student or an independent student. (OH 21)

This classification is very important, and it is not something the student chooses. It determines whether the financial data of a student's parents will be included in calculating the Expected Family Contribution (EFC). A student's own resources are always included in calculating the EFC.

To be classified as independent, a student must:

- be at least 24 years of age by December 31, 1997. This means that for the 1997-98 award year, a student must have been born before January 1, 1974; **or**
  - be a veteran of the U.S. Armed Forces (Army, Air Force, Navy, Marine Corps, or Coast Guard); **or**
  - be enrolled in a graduate or professional program in 1997-98; **or**
  - be married *at the time the student signs the application*; **or**
  - be a ward of the court or have been a ward of the court until he or she reached the age of 18, or be an orphan (meaning **both** parents are dead); **or**
  - have a legal dependent other than a spouse.
- ◇ A student has legal dependents for the purpose of the FAFSA:
- if the student has any children to whom he or she provides more than half of their support; **or**

## Presenter's Notes



### Expected Family Contribution

### Legal dependents

**Note to Presenter:**  
The children do not have to live with the student.

- if the student has other people, not including a spouse, to whom he or she provides more than half of their support and will continue to provide that support during the 1997-98 school year, **and** the people live with the student.

The two questions in Section D that might confuse high school students are Question 42 and Question 44.

- In Question 42, some students have thought that being a high school graduate meant that they were a “graduate student.” The 1997-98 FAFSA clarifies the question by stating, “...enrolled in a graduate or professional program **beyond** a bachelor’s degree.”
  - For Question 44, a student is considered an orphan if both parents are dead and if he or she does not have an adoptive parent or legal guardian.
- ◇ A student who is a ward of the court or was a ward of the court until age 18 must have legal documentation from the court that states this.

A student will be classified as an independent student if he or she can answer “Yes” to **any one of the questions in Section D**. All other students are classified as dependent students.

A student may also be deemed independent when the student has unusual circumstances. Such a decision is called a “dependency override.” Dependency override decisions are made on a case-by-case basis, solely at the discretion of the postsecondary school’s financial aid administrator.

Even if a student believes he or she has grounds to be determined an independent student, at this point in the process the student still fills out the FAFSA as a dependent

## Presenter’s Notes

### Note to Presenter:

Like the B.A. degree question, if students answer “Yes” to the graduate student question, they are not eligible for Pell and FSEOG funds.

### Note to Presenter:

There is one exception— a person under 21 years of age may go to court to declare independence from his or her parents. If the court approves the minor’s case, he or she would be considered an emancipated minor. For purposes of federal student aid, he or she would be considered independent.

### Dependency override

student, or contacts the financial aid office of the school he or she plans to attend for additional instructions.

Once dependency status is determined, a student must complete the appropriate areas of the FAFSA, which are color coded.

- A dependent student gives information on himself or herself in the **white areas** and parents use the **green areas**. The student and a parent must sign the FAFSA in this case.
- An independent student gives information only on himself or herself (and about his or her spouse, if applicable) by filling out the **white areas** and **gray areas**. The student (and spouse, if applicable) sign the FAFSA in this case.

Before we go to Section E, let's discuss who is considered a parent for purposes of reporting information on the FAFSA.

Except in optional Questions 22 and 23, which have a different definition of parents, a parent includes:

- a natural parent;
- an adoptive parent;
- a legal guardian; **and**
- a stepparent.

An adoptive parent is treated in the same manner as a natural parent. A legal guardian is also treated in the same manner as a natural parent if he or she has been appointed by the court and has been specifically required by the court to use his or her financial resources to support the student. This legal relationship must continue after June 30, 1998.

## Presenter's Notes

### Color codes

#### Note to Presenter:

If the student is married, the spouse should sign the FAFSA, but is not required to sign it.

Stepparent information is requested if the natural parent was married to the stepparent when the FAFSA was signed. There are no exceptions—ED does not recognize prenuptial agreements.

In cases of death, separation, or divorce, a student must answer the parental questions on the FAFSA as they apply to the surviving or responsible parent.

- If one, but not both, of a student's parents has died, the student would answer the parental questions on the basis of the surviving parent and would not report any financial information for the deceased parent on the FAFSA.
  - ◊ If the last surviving parent dies after the FAFSA has been filed, the student updates his or her dependency status on the SAR and removes all parent financial information.
- If a student's parents are separated or divorced, the student should report the parental information of the parent that he or she lived with the most during the past year. It does not make any difference who claims the student as a tax exemption.
  - ◊ If the student did not live with either parent or lived equally with each, then the parental and household information must be provided for the parent from whom the student receives the most financial support or received the most support during the past 12 months or during the most recent calendar year that support was given.

Now, we're ready for Section E.

## Presenter's Notes

**Note to Presenter:**  
The SAR is the Student Aid Report, which students receive after the FAFSA has been processed.