

Financial Aid Glossary

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

Book Voucher: funds available on a student's account that can be used to purchase books and other educationally related materials from the school.

Consolidation: A loan made to enable a borrower with different types of loans or multiple loans to obtain a single loan with one interest rate and one repayment schedule. Federal Perkins Loans, Direct Subsidized and Direct Unsubsidized Loans, Health Education Assistance Loans (HEAL), Health Professions Student Loans (HPSL), and Loans for Disadvantaged Students may be combined for purposes of consolidation, subject to certain eligibility requirements. A consolidation loan pays off the existing loans; the borrower then repays the consolidated loan.

Cost of Attendance (COA): The estimated cost of attending this institution for one academic year. This amount includes the following:

- Expected charges for one year of tuition and fees
 - Tuition – Charges assessed for classes
 - Fees – Charges assessed for other college services
- Room and board for resident students
- Estimated living expense -- allowance for rent, utilities, and food for off-campus living
- Estimated transportation costs
- Estimated books and supplies
- Miscellaneous costs

Default: This term applies to loans. It is the failure to repay a student loan according to the terms of the loan. If you default, your school, the organization that holds your loan, the state, and the federal government can all take action to recover the money, including notifying national credit bureaus of your default.

Deferment: A period of time when a borrower is allowed to postpone repaying the principal and/or interest on a loan. Most federal loan programs allow borrowers to defer repaying their loans while they are in school at least half time.

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

Direct Costs: Expenses the student/family pays to the college.

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Disbursement: When the college receives federal, state, or other funds on your behalf. These funds are applied to your student account to cover your tuition, fees, book charges, and any other charges on your student account.

Federal Direct Student Loan: Loan funds provided to the student by the U.S. Department of Education, through the school. Repayment of principal begins six months after the borrower ceases to be a student on at least a half-time basis. The Free Application for Federal Student Aid (FAFSA) is the annual application. There are two types of Federal Direct Student Loans: subsidized and unsubsidized.

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

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

Eligible Noncitizen: A student must be one of the following to be eligible to receive federal student aid:

- A citizen of the Freely Associated States: The Federated States of Micronesia and the Republics of Palau and the Marshall Islands.
- A U.S. permanent resident.

Enrollment Status: Academic workload (or course load), as defined by the institution, that a student is carrying for a defined academic period. This relates to the number of credit hours taken by a student during a given academic period.

- Full-time status = at least 12 credit hours
- Three-quarter time status = at least 9-11 credit hours
- Half-time status = at least 6-8 credit hours.

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

Federal Pell Grant: A grant provided by the federal government to qualified undergraduate students who demonstrate exceptional financial need and have an Expected Family Contribution below a threshold designated annually by the U.S. Department of Education, based on the amount of program funds appropriated by Congress.

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Federal Supplemental Educational Opportunity Grant (FSEOG): A grant provided by the federal government to qualified undergraduate students who demonstrate exceptional financial need. Priority is given to Pell Grant recipients and funds must be awarded by the school in lowest EFC order.

Federal Work-Study (FWS): A program that provides part-time employment to students attending institutions of higher education who need the earnings to help meet their costs of postsecondary education and encourages students receiving FWS assistance to participate in community service activities.

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

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

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

Independent Student: A student who:

- Will be 24 years of age by December 31 of the award year;
- Is an orphan or a ward of the court;
- Is an orphan, in foster care, or a ward of the court, at any time when the student was 13 years of age or older;
- Is an emancipated minor or is in legal guardianship as determined by a court in the student's state of legal residence;
- Is an unaccompanied youth who is homeless or who is at risk of homelessness and is self-supporting, as documented during the school year;
- Is a veteran;
- Is serving on active duty in the U.S. Armed Forces for purposes other than training;
- Is married;
- Is a graduate or professional student;
- Has legal dependents other than a spouse;
- Has dependent children; or
- Presents documentation of other unusual circumstances demonstrating independence to the financial aid administrator.

Overaward: The total amount of a student's financial aid awards exceeds his or her financial need or cost of attendance.

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Satisfactory Academic Progress (SAP): is a federal requirement for financial aid recipients. SAP refers to academic requirements that financial aid recipients must meet to maintain eligibility for financial aid. This would include both grants and loans. If a student fails to meet these standards, the student will lose financial aid eligibility. The components of SAP are GPA, Pace (cumulative completion rate), and Timeframe.

Scholarship: Gift aid awarded to the student that does not need to be repaid. Scholarship awards are typically based on merit or a combination of merit and need, such as academic excellence, talent, affiliation with various groups, or career aspirations.

Selective Service: If required by law, the student must register, or arrange to register, with the Selective Service to receive federal student aid. The requirement to register applies to males who were born on or after January 1, 1960, between the ages of 18 and 25 years old, and are not currently on active duty in the U.S. Armed Forces. (Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau are exempt from registering.)

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

Subsidized Student Loan: This loan is awarded based on financial need. The federal government will pay the interest on the Subsidized Federal Direct Loan while the student is in school at least half-time status or during the times when the student qualifies for authorized postponement of loan payments.

Unsubsidized Student Loan: This loan is not need-based; student borrowers are responsible for interest payments beginning immediately after disbursement, but interest payments may be postponed during the in-school period and added to the principal balance.

Verification: Process to confirm the accuracy of data provided by the applicant on the FAFSA. In order to complete the verification process, students are required to provide certain documents to the school for review.

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

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