



Financial Aid

Financial Aid Information

- [What is Financial Aid?](#)
- [Types of Financial Aid](#)
- [Student Eligibility Requirements](#)
- [What is Financial Need?](#)
- [How Do I Apply for Federal and State Financial Aid ?](#)
- [Grant Programs for Financial Aid](#)
- [Loan Programs for Financial Aid](#)
- [Other Types of Financial Aid](#)

WHAT IS FINANCIAL AID?

Financial aid is money which helps a student meet the costs of post-secondary education, including tuition and fees, room and board, books and supplies, and transportation. This money comes from the federal and state government, banks, private donors and the schools themselves. Awarding of financial aid is primarily based upon financial need, but may be awarded on other criteria, such as academic abilities, athletic abilities, interests or group affiliations. You must apply for financial aid each year. The information you report when applying is used in a formula that calculates the amount of money expected to be contributed from you and your family. If there is a difference between what you and your family are expected to pay and what the education will cost, the school will attempt to make up the difference with financial aid. There are many types of financial aid available. The majority of aid comes from the federal government through student financial assistance programs. The three major programs are grants, loans and work-study. You should check other sources as well, such as your parents' employers, religious affiliations, and clubs like 4-H, Kiwanis and Girl and Boy Scouts.

TYPES OF FINANCIAL AID

Grants:	Financial aid you do not have to repay.
Loans:	Borrowed money that you must repay with interest.
Work-Study:	Work and earn money to help pay for school.
State Aid:	Similar programs to federal aid available.
National & Community Service:	Work before, during or after your education and use those funds to pay educational expenses.
Employers:	Cooperative education programs in which students alternate semesters of school with semesters of work.
College Funds:	Athletic and academic scholarships, tuition discounts, short-term loans.
Private Scholarships:	Money awarded to those who apply for and meet scholarship eligibility requirements. This money does not have to be paid back.

STUDENT ELIGIBILITY REQUIREMENTS

To receive aid from the federal or state government, you must:

1. Have financial need, except for some loan programs.
2. Have a high school diploma or a General Education (GED) Certificate, pass a test approved by the U.S. Department of Education, meet other standards your state establishes that are approved by the U.S. Department of Education, or complete a high school education in a home school setting that is treated as a home school or private school under state law.
3. Be enrolled or accepted for enrollment in an institution, working toward a degree or certificate in an eligible program.
4. Be a U.S. citizen or eligible non-citizen.
5. Have a valid Social Security number. If you don't have a Social Security number, you can find out more about applying for one at www.sss.gov. or talk to your counselor regarding SB 1528.
6. Meet satisfactory academic progress standards set by postsecondary school you are or will be attending.
7. Sign a statement on the Free Application for Federal Student Aid (FAFSA) certifying that you will use federal student aid only for educational purposes.
8. Sign a statement on the FAFSA that you are not in default on a federal student loan and that you do not owe money back on a federal student grant.
9. Complete the TASFA if only applying for state aid based on SB 1528.
10. Register with the Selective Service, if you are a male between the ages of 18 and 25.

If you are a male 18 through 25 years of age and you have not registered with the Selective Service, you can give Selective Service permission to register you by checking a box on the Free Application for Federal Student Aid (FAFSA). You can also register by calling 1-847-688-6888 or through the Internet at: www.sss.gov. TTY users can call 1-847-688-2567.

The law suspends aid eligibility for students convicted under federal or state law for sale or possession of illegal drugs. If you have a conviction or convictions for these offenses, call 1-800-433-3243 to find out how, or if, this law applies to you. You can regain eligibility early by successfully completing an approved drug rehabilitation program. Even if you are ineligible for federal aid, you should still complete the FAFSA because schools use this information in awarding non-federal aid.

WHAT IS FINANCIAL NEED?

Financial aid from most of the major programs is awarded on the basis of financial need, except for unsubsidized Stafford loans and all PLUS and Consolidation loans. When you apply for federal student aid, the information you report is used in a formula established by the U.S. Congress. The formula determines your Expected Family Contribution (EFC), an amount you and your family are expected to contribute toward your education (although this amount may not exactly match the amount you and your family end up contributing.) If your EFC is below a certain amount, you'll be eligible for a Federal Pell Grant, assuming you meet all other eligibility requirements. Your EFC is used in an equation to determine your financial need. Your financial aid administrator takes your cost of attendance and subtracts the amount you and your family are expected to contribute toward that cost. If there is anything left over, you are considered to have financial need.

Financial need is determined using the following:

Cost of Attendance

- **Expected Family Contribution (EFC)**

Financial Need

Although the process of determining a student's eligibility for federal student aid is basically the same for all applicants, there is some flexibility. In some cases, your financial aid administrator may adjust your cost of attendance or the income information used to calculate your EFC to take into account circumstances that might affect the amount you and your family are expected to contribute toward your education. These circumstances could include a family's unusual medical or dental expenses, tuition expenses for children attending a private elementary or secondary school, or if you, your spouse, or either of your parents is recently unemployed. Remember, there have to be

very good reasons for the financial aid administrator to make any adjustments, and you will have to provide adequate proof to support those adjustments.

You can get worksheets that show how a student's EFC is calculated by contacting the Federal Student Aid Information Center. You can also download the worksheets from www.studentaid.ed.gov/pubs. Click on the upcoming school year under the heading "The EFC Formula." You can also get these worksheets by contacting the Federal Student Aid Information Center at 1-800-433-3243.

Your financial aid administrator will ultimately put together a financial aid package that comes as close as possible to meeting your need. However, because of limited funds, the amount awarded to you may fall short of the amount for which you are eligible.

HOW DO I APPLY FOR FINANCIAL AID?

You will need to following records to apply for financial aid:

- Your Social Security number or your parents' Social Security numbers, if you're a dependent student. Check with your counselor if you do not have one.
- W-2 forms and other records of money earned by you or by your parents, if you're a dependent student.
- Your Federal Income Tax Return, and that of your spouse if you're married.
- Your parents' Federal Income Tax Return, if you're a dependent student.
- Your or your parents' untaxed income records, such as Social Security payments, Temporary Assistance to Needy Families, welfare or veterans benefits records.
- Your or your parents current bank statements, business and investment mortgage information, business and farm records, and stock, bond and other investment records.

You can apply for federal student aid by completing and submitting the "Free Application for Federal Student Aid" (FAFSA). You can submit a FAFSA:

1. By using "FAFSA on the Web" on the Internet. "FAFSA on the Web" is a free U.S. Department of Education web site where you can complete a FAFSA online and submit it via the Internet. You can use "FAFSA on the Web" on a PC or Macintosh that is equipped with a supported browser. Go to www.fafsa.ed.gov or go to www.studentaid.ed.gov, and click on the FAFSA logo in the left column. Students applying for federal financial aid can now receive a personal identification number (PIN). Your PIN serves as your economic signature, so you should not give it to anyone. Since electronic signatures hold the same legal status

- as written signatures, students and parents of dependent students applying for aid may electronically sign their FAFSA on the Web application by using their PIN. This will allow the student aid process to be completed totally online. If you or your parents do not have a PIN, you can request one at www.pin.ed.gov.
2. By mailing a paper FAFSA. You can obtain a paper FAFSA from your high school or post-secondary school, or from the Federal Student Aid Information Center at 1-800-433-3243.

Once you submit your application, your information goes immediately to the U.S. Department of Education, and they will process your application in only three to five days.

Apply as soon as possible AFTER January 1 of your senior year of high school. Your FAFSA must be received by the application processor by June 30 of your freshman year of college. (Yes, this is actually the July following your first full year of college.) There are no exceptions to this deadline. Depending on which method you used to complete the FAFSA, you will receive a Student Aid Report (SAR) in approximately one to four weeks. The SAR will contain the information you gave on your FAFSA plus your Expected Family Contribution (EFC) figure, which is used in determining your eligibility for federal student aid. When you receive your SAR, you must review it carefully to make sure it's correct. If the data are correct and you don't need to make changes, you can receive financial aid on the basis of that information. Your correct, complete SAR must be at your school by your last day of enrollment of your freshman year of college or by August 31 following your freshman year of college, whichever is earlier. (Yes, this is actually the August following your first full year of college.) If your school has not received your SAR electronically, you must submit it to the school by the appropriate deadline.

Be sure to check all of the information you provide to the schools for accuracy. Having to resubmit a form could take an additional several weeks and could cause you to miss a deadline. Missing a deadline means you could lose out on financial aid.

Remember, applying for federal student aid is FREE! In some cases, to be considered for non-federal aid such as institutional and/or state aid, you may have to fill out an additional application and pay a fee to have it processed. Colleges have supplies of these applications, so check with your school to see which non-federal application to complete, if any.

For the Direct and Federal Family Education Loan and Campus-Based programs, there are additional steps you must take to apply. See these areas under Types of Financial Aid for more information.

Note: Financial aid from federal programs is not guaranteed from one year to the next. You must reapply for federal aid every year. In addition, if you change schools, you cannot take your financial aid with you. You must check with your new school to determine how you can receive financial aid there.

Call the Federal Student Aid Information Center toll-free at 1-800-433-3243 between 8:00 a.m. and 12:00 a.m. seven days a week. TTY users can call 1-800-730-8913.) Counselors at this number can:

1. Assist you in completing the FAFSA.
2. Assist you in making corrections to your Student Aid Report (SAR).
3. Tell you whether a school participates in federal student aid programs and that school's student loan default rate.
4. Explain federal student aid eligibility requirements.
5. Explain the process of determining financial need awarding aid.
6. Send your application information sent to a specific school.
7. Send federal student aid publications through the mail.
8. Answer your questions about a PIN.
9. Answer your questions about federal student loans.

You may use an automated response at this number twenty-four hours a day, seven days a week to:

1. Find out if your FAFSA has been processed.
2. Request a copy of your Student Aid Report (SAR).

GRANT PROGRAMS FOR FINANCIAL AID

Federal Pell Grants

A Federal Pell Grant does not have to be repaid. Generally, Pell Grants are awarded only to undergraduate students who have not earned a bachelor's or professional degree. In some cases, you may receive a Pell Grant for attending a post baccalaureate teacher certification program. For many students, Pell Grants provide a foundation of financial aid to which other aid may be added.

Your eligibility for a Pell Grant is determined by your EFC number. Your Student Aid Report (SAR) contains this number and will tell you if you are eligible.

Awards for each school year depend on program funding. The current maximum award for one school year is \$4,050. How much you receive will depend not only on your EFC, but also on the cost of education at your school, whether you are a full-time or part-time student, and whether you attend school for a full academic year or less.

If you are the recipient of a Pell Grant, your school can credit the Pell Grant funds to your school account, pay you directly (usually by check), or combine these methods. The school must tell you in writing how and when you'll be paid and how much your award will be. Schools must pay you at least once per term (semester, trimester, or quarter).

Schools that do not use formally defined, traditional terms must pay you at least twice per academic year.

TEXAS Grant (Towards EXcellence, Access and Success)

The Texas Legislature established the TEXAS (Towards EXcellence, Access and Success) Grant to make sure that deserving high school graduates with financial need could go to college.

The TEXAS Grant, in combination with other aid, pays tuition and fees at the state's public colleges and universities.

2006-2007	
Type of Institution	Maximum Grants
Community College	\$1,470
Public Technical College	\$2,650
State Colleges	\$4,750
Public University	\$4,750
<i>Annual average tuition and fees for a single student taking 15 semester credit hours, Fall and Spring semesters.</i>	

You apply for the TEXAS Grant when you complete and submit the Free Application for Federal Student Aid or other application as required by your college's financial aid office. Funding is limited, so you need to submit your application as soon as possible after January 1 of your senior year.

Because they are using funds from a number of sources to help as many students as possible, the financial aid office at each college and university will determine if TEXAS Grant is part of the aid package that is offered to you. Consequently, you may qualify for a TEXAS Grant but receive other types of financial aid such as the federal Pell Grant, instead. Aid packages will vary among institutions.

Eligibility Requirements for an Initial Award

Be a Texas resident.

Have not been convicted of a felony or crime involving a controlled substance.

Show financial need.

AND

Complete the Recommended High School Program or Distinguished Achievement Program in high school.

Enroll in a non-profit public college or university in Texas within 16 months of graduation from a public or accredited private high school in Texas.

Have accumulated no more than 30 semester credit hours, excluding those earned for dual or concurrent courses or awarded for credit by examination (AP, IB or CLEP).

OR

Have earned an associates degree from a public technical, state or community college in Texas no earlier than May 1, 2001, and

Enroll in any public university in Texas no more than 12 months after receiving your associate's degree.

Other federal and state grants are available. Eligibility for these is determined when a student completes the FAFSA and/or the TASFA.

LOAN PROGRAMS FOR FINANCIAL AID

Direct and FFEL Loan Programs

Low interest loans for students and parents are available through the Federal Direct Student Loan Program and the Federal Family Education Loan (FFEL) Program. Some schools participate in the Direct Loan Program and others participate in the FFEL Program. The Direct Loan Program and the FFEL Program differ in who lends the money. Under the Direct Loan Program, the federal government makes loans directly to students and parents through schools. Under the FFEL Program, private lenders such as banks usually make the loans. Although the source of funds is different, both programs provide the same types of loans with identical loan limits, and identical deferment and cancellation provisions.

Direct Stafford Loans and FFEL Stafford Loans for Students

For student borrowers, Direct Stafford Loans and FFEL Stafford Loans are either subsidized or unsubsidized. A subsidized loan is awarded on the basis of financial need. If you qualify, the federal government pays interest on the loan until you begin repayment. An unsubsidized loan is not awarded on the basis of need. If you qualify, you will be charged interest from the time the loan is disbursed until it is paid in full. You can choose to pay the interest or allow it to accumulate.

The amount of money that can be borrowed varies depending on the status of the student (independent, dependent, undergraduate, graduate). Overall, the total debt you can have outstanding from all Stafford Loans combined is \$23,000 as a dependent undergraduate

student and \$46,000 as an independent undergraduate student (although only \$23,000 of this amount may be in subsidized loans). Your loan money must be used to pay for tuition and fees, room and board. If you have loan money left over, you will receive the funds by check or in cash unless you give your school written permission to hold the funds for you until later in the enrollment period.

The interest rate on the loan is variable, but it will never exceed 8.25%. The interest rate is adjusted each year on July 1. You will be notified of any changes to the interest rate throughout the life of your loan.

You will pay fees of up to 4% of the loan, deducted proportionately from each disbursement of your loan. In addition, if you don't make your loan payments when they are scheduled, you may also be charged late fees.

The repayment of these loans begins six months after you graduate, leave school or drop below half-time enrollment.

To receive a Direct Stafford Loan or FFEL Stafford Loan, you must complete the Free Application for Federal Student Aid (FAFSA). After your FAFSA has been processed, your chosen school will inform you of the loan amount for which you are eligible. You must then complete a promissory note that is provided to you by your school or the Direct Loan Servicing Center. The promissory note is a legal document requiring you to repay the loan, even if you don't complete your education. If you do not repay your student loan according to the terms of the promissory note, you can go into "default," which will affect your credit rating for many years, making it difficult for you to borrow money from a bank to buy items like a house or a car.

Direct Loans and FFEL Program Loans for Parents (PLUS Loans)

PLUS Loans are available through both the Direct Loan Program and the FFEL Program. For parent borrowers, the Direct Loan Program offers the Direct PLUS Loan. The FFEL Program offers the FFEL PLUS Loan. Both loans enable parents with good credit histories to borrow to pay the education expenses of each child who is a dependent undergraduate student enrolled at least half-time.

To be eligible to receive either type of PLUS Loans, your parents generally will be required to pass a credit check. If they don't pass the credit check, they might still be able to receive a loan if someone, such as a friend or relative who is able to pass the credit check, agrees to co-sign the loan. Your parents might also qualify for a loan even if they don't pass the credit check if they can demonstrate that extenuating circumstances exist.

The yearly limit on either type of PLUS Loan is equal to your cost of attendance minus any other financial aid for which you are eligible. The loan money must be used to pay for your tuition and fees, room and board. If there is loan money left over, your parents will receive the funds by check or in cash unless they allow it to be released to you or

deposited in your school account. However, any remaining loan money must be used for your educational expenses.

The interest rate on the loan is variable, but will never exceed 9%. The interest rate is adjusted each year on July 1. Your parents will be notified of any changes to the interest rate throughout the life of their loan.

Your parents will pay fees of up to 4% of the loan, deducted proportionately each time a loan payment is made.

Repayment of the loan generally begins within 60 days after the final loan disbursement for the academic year. There is no grace period for these loans. Interest begins to accumulate at the time the first disbursement is made, and your parents will begin paying both principal and interest while you're in school.

To receive a PLUS Loan, your parents will be required to fill out a PLUS Loan Application and Promissory Note, which is available from your school's financial aid office.

Consolidation Loans

A Consolidation Loan is designed to help student and parent borrowers simplify loan repayment by allowing the borrower to consolidate several types of federal student loans with various repayment schedules into one loan. You can even consolidate just one loan into a Direct Consolidation Loan to get benefits such as flexible repayment options. If you have more than one loan, a Consolidation Loan simplifies the repayment process because you make only one payment a month. Also, the interest rate on the Consolidation Loan may be lower than what you're currently paying on one or more of your loans. If you're in default on a federal education loan, you may receive a Consolidation Loan if certain conditions are met.

Both the Direct Loan Program and the FFEL Program offer Consolidation Loans. Direct Consolidation Loans are available from the U.S. Department of Education. FFEL Consolidation Loans are available from participating lenders such as banks, credit unions, and savings and loan associations. Call 1-800-557-7392 for information on the Direct Consolidation Loan Program. TTY users may call 1-800-557-7395. You may also find information at www.loanconsolidation.ed.gov.

Campus-Based Programs

The three programs discussed in this section are called campus-based programs because they're administered directly by the financial aid office at each participating school. Not all schools participate in all three programs. The Federal Supplemental Educational Opportunity Grant (FSEOG) Program awards grants; the Federal Work-Study (FWS) Program offers jobs; and the Federal Perkins Loan Program offers loans. Even though each program is different, they have these characteristics in common:

- How much aid you receive depends on your financial need, on the amount of other aid you will receive, and on the availability of funds at your school. Unlike the Federal Pell Grant Program, which provides every eligible student with funds, each school participating in any of these campus-based programs receives a certain amount of funds from the federal government each year. When that money is gone, no more awards can be made from that program for that year.
- Each school sets its own deadlines for students to apply for campus-based funds. The deadlines will usually be earlier than the U.S. Department of Education's deadline for filing a federal student application. Ask your school about its deadlines. You may miss out on aid from these programs if you don't apply early!

Federal Supplemental Educational Opportunity Grants (FSEOG)

A Federal Supplemental Educational Opportunity Grant (FSEOG) is for undergraduates with exceptional financial need. You can receive between \$100 and \$4,000 a year, depending on when you apply, your level of need, the funding level of the school you're attending, and the policies of the financial aid office where you attend school. Priority is given to Federal Pell Grant recipients, and like the Pell Grant, the FSEOG does not have to be paid back.

Federal Work-Study

The Federal Work-Study (FWS) Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay educational expenses. The program encourages community service work and work related to your course of study.

Your pay will be at least the current federal minimum wage, but it may be higher, depending on the type of work you do and the skills required. Your total FWS award depends on when you apply, your level of need, and the funding level of your school. The amount you earn can't exceed this total FWS award.

FWS jobs are available on-campus and off-campus. If you work on-campus, you'll usually work for your school. If you work off-campus, your employer will usually be a private non-profit organization or a public agency, and the work performed must be in the public interest. Some schools may have agreements with private for-profit employers for FWS jobs, which must be judged to be relevant to your course of study. When assigning your work hours, your employer or financial aid administrator will consider your class schedule and your academic progress.

Federal Perkins Loans

A Federal Perkins Loan is a low-interest (5 percent) loan for undergraduate and graduate students with exceptional financial need. Federal Perkins Loans are made through a school's financial aid office. You must repay this loan to your school.

You can borrow up to \$4,000 for each year of undergraduate study and \$6,000 for each year of graduate study, depending on when you apply, your level of need, and the funding level of your school. The total amount you can borrow as an undergraduate student is \$20,000, and as a graduate student, \$40,000, including any Federal Perkins Loans you borrowed as an undergraduate.

If you are attending school at least half-time, you have nine months after you graduate, leave school, or drop below half-time status before you must begin repayment. However, you may have longer than nine months if you are on active duty with the military. Your monthly payment will depend on the size of the loan and the length of your repayment period. You may be allowed up to ten years to repay the loan.

OTHER TYPES OF FINANCIAL AID

Federal Aid

Two federal income tax credits--dollar-for-dollar reductions in tax liability--are now available for higher education expenses. The HOPE tax credit, a tax credit worth up to \$1,500 per student, is available to first and second year students enrolled at least half-time. The Lifetime Learning tax credit is a tax credit equal to 20 percent of a family's tuition expenses, up to \$10,000, for virtually any post-secondary education and training, including subsequent undergraduate years, graduate and professional schools, and even less than half-time study.

For more information on the HOPE and Lifetime Learning tax credits, and other tax benefits for post-secondary students, call the IRS at 1-800-829-1040. TTY callers can call 1-800-829-4059. IRS Publication 970, *Tax Benefits for High Education*, also explains these credits and other tax benefits. You can download the publication from the Internet at: www.irs.gov.

The student Internet gateway to the U.S. government, www.students.gov, provides access to government resources to assist students in planning and paying for their education. In addition to providing financial aid information, students can use the web site to file their taxes, search for a job, and take advantage of a host of other government services.

State Aid

States are expected to award more than \$2.5 billion in total grant aid to more than 1,700,000 post-secondary students. About 75 percent will be in need-based grants. Each state is different in the amount of funding it provides to its resident students.

States go through various funding cycles that are virtually impossible to predict. The state higher education agency in your home state can give you information about state aid, including aid from the Leveraging Educational Assistance Partnership (LEAP) Program, which is funded jointly by individual states and the U.S. Department of Education.

The agency in your state responsible for public elementary and secondary schools can give you information on the Robert C. Byrd Honors Scholarship Program. To qualify for aid under the Byrd Program, you must demonstrate outstanding academic achievement and show promise of continued excellence. The number of scholarships given per state varies. Contact your state higher education agency at the telephone number below for more information. You can also go to www.ed.gov/programs/idadesbyrd/index.html or call 1-800-433-3243 for more information.

--If you decide to apply for federal student aid programs over the Internet, do so at www.fafsa.ed.gov or www.studentaid.ed.gov. These are official U.S. Government websites that are protected from unauthorized disclosure. Keep your PIN number, your online student identifier, in a secure place and never give it to anyone.

These are just a few steps you can take to protect yourself from identity theft. For more information, contact the Federal Trade Commission (FTC) at www.consumer.gov/idtheft or call 1-877-438-4338. To report identity theft that affects your federal student aid, call the U.S. Department of Education's Office of Inspector General Hotline at 1-800-647-8733 or go to www.ed.gov/misused.

Additional federal student aid publications may be obtained by contacting The Federal Student Aid Information Center. Call 1-800-433-3243 or visit www.studentaid.ed.gov/pubs or www.collegefortexans.com for more information.

- *College Preparation Checklist* – A year-by-year list of what high school students should do to prepare for college.
- *Looking for Student Aid* – A brochure listing sources of free information about financial aid and warning about scholarship scams.
- *Repaying Your Student Loans* – For student loan borrowers about to enter repayment, contains a budget worksheet to help in loan repayment and information on repayment plan options, deferment, loan consolidation and the consequences of default.
- *Stafford Loan Forgiveness Program for Teachers* – Describes the eligibility criteria for having a Stafford Loan forgiven for service as a teacher.
- *The Student Aid Audio Guide* – For the visually impaired; describes our federal student aid programs.

- *Funding Education Beyond High School: The Guide to Federal Student Aid 2006-2007* from the U.S. Department of Education (Available in English and Spanish).

****Sources of data on financial aid was taken from *Funding Education Beyond High School: The Guide to Federal Student Aid 2006-2007* from the U.S. Department of Education. and the *Texas Higher Education Coordinating Board.*****

Visit the <http://www.collegefortexans.com/paving/> website for more detailed information.