

THE ABC'S OF FINANCIAL AID



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- A = Agony
- B = Bummer
- C = Confusion
- D = Daunting
- E = Enraging
- F = Frustrating



A = Application Process

Free Application for Federal Student Aid - FAFSA

- Collects family's income, asset, and other information to complete Need Analysis Process
- FAFSA on the Web
- Paper FAFSA



B = Budget

- Used interchangeably with Cost of Attendance
- Includes- Tuition and Fees, Room, Board, Books and Supplies, Travel, Miscellaneous expenses and Loan Fees
- Can include – Study Abroad Cost. Costs Associated with a Disability, Computer Cost, Child/Elder Care Expenses, CO-OP expenses, and fees for 1st professional credentials
- Categories are defined by ED.



C = Campus Based Programs

- SEOG, FWS, & Perkins
- Reasonable portion Criterion (independent and part-time students)
 - Matching Requirements (75%-25%)
 - Transferring Funds Between Programs (25%)
 - Administrative Cost Allowance
 - Carry Forward and Carry Back (10% SEOG & FWS)
 - Perkins requirements changed with 2015-2016



D= Department of Education

Created in 1980 ED's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. ED's 4,400 employees and \$68 billion budget are dedicated to:

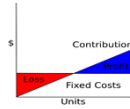
- Establishing policies on federal financial aid for education, and distributing as well as monitoring those funds
- Collecting data on America's schools and disseminating research
- Focusing national attention on key educational issues
- Prohibiting discrimination and ensuring equal access to education



E = EFC

Expected Family Contribution

- The amount of money a family can reasonably expect to contribute toward the students education.
- This is determined through a process called Need Analysis/Federal Methodology



F = FISAP

Federal Student Aid PRINCIPAL SPONSOR OF THE AMERICAN WORKER **Campus-Based Program Funding - FISAP**
Application for 2017-2018 Award Report for 2017-2018

Fiscal Operations Report and Application to Participate

The FISAP must be completed for your school by October 1st of each year to:

- be allocated funds for the campus-based programs for the next award year
- report cumulative activity in the Federal Perkins Loan Program
- report on the expenditure of any campus-based program funds in the completed award year
- You must also complete and submit a FISAP if you wish to discontinue participation in the Federal Perkins Loan Program.



G = Grants

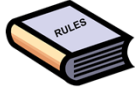
- Federal Pell- the foundation of all aid programs. Quasi-entitlement but must go through appropriations each year - Need based
- Federal TEACH - For students who intend to teach in a school that serves low-income families
- Federal SEOG- Campus based must be awarded to neediest students
- State Grants – states usually have some grant funding based on need and the EFC among other criteria



H = Handbook

The Student Aid Handbook is a comprehensive guide to Financial Aid Administration

- Application and Verification Guide
- Volume 1 - Student Eligibility
- Volume 2 - School Eligibility and Operations
- Volume 3 - Calculating Awards and Packaging
- Volume 4 - Processing Aid and Managing Federal Student Aid Funds
- Volume 5 - Withdrawals and the Return of Title IV Funds
- Volume 6 - The Campus-Based Programs



The Handbook is found at IFAP.ed.gov



I = ISIR

- Institutional Student Information Record
- Output document from FAFSA
- Provides EFC
- Comment Codes

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J = Judgement, of the Professional Kind

- Authority given the Financial Aid Administrators by HEA to exercise their discretion in specific areas in FA administration
- Provides flexibility to deal with unique circumstances affecting individual students
- Allows for personal intervention when needed.
- Enables FAA to respond appropriately to student's individual circumstances that were not anticipated in legislation or regulation



K = Kentucky State Aid

- KHEAA – Kentucky Higher Education Assistance Authority
- KEES – money earned based on high school achievement
- CAP – same eligibility requirements as Pell. Available to residents attending any KY college or university
- KTG – need based grant only available to residents attending a private KY college or university
- Many other smaller programs: www.kheaa.com



L = Loans

- Federal Perkins –Awarding ended for this program in September 2017.
- Federal Direct Subsidized Stafford/Federal Direct Unsubsidized Stafford
- Federal Direct PLUS/Grad PLUS
- Alternative Loans
 - With these loans, schools can not delay processing for students using lenders not on their list
 - schools can not set arbitrary deadline dates for application



M = Management of Cash

Effective cash management ensures :

- Only eligible students receive Title IV funds
- Students receive money when needed
- Title IV loan interest does not accrue needlessly
- Overawards and overpayments are avoided
- Institutional fiscal needs are met

Funds drawn down:

Advanced method, Just-in-time, Reimbursement, Cash Monitoring

- Excess federal cash is not held by school
- Accounting and audit trails are clear



N = Need/Need Analysis

Need

The difference between the COA and the EFC is the student's financial need -- the gap between the cost of attending the school and the student's resources. The financial aid package is based on the amount of financial need. The process of determining a student's need is known as need analysis.

COA-EFC = Need



N = Need/Need Analysis

continued

Need Analysis

- The process of determining a student's financial need by analyzing the financial information provided by the student and his or her parents (and spouse, if any) on a financial aid form. The student must submit a Free Application for Federal Student Aid (FAFSA) form to apply and have the need analysis done.



O = Over Awards

- Aid that exceeds student's financial need
- Occur when there are changes to EFC, COA, or additional financial assistance received
- \$300 tolerance with campus based aid
- No tolerance with Federal Direct Student Loans



P = Participation Agreement



- ▶ Must update when certain changes occur
- ▶ A school must be certified by ED to participate in any FSA programs. This is done through the E-APP
- ▶ Checks three major factors: institutional eligibility, administrative capabilities, and financial responsibilities
- ▶ Schools usually eligible for 6 years



Q = Qualified Opinion

- A **qualified opinion** is a statement issued after an audit is done by a professional auditor that suggests the information provided was limited in scope and/or the company being audited has not maintained GAAP accounting principles.
- OMB Circular A-133 Audit or Program Review



R = Reauthorization

- The Higher Education Act of 1965, as Amended is reauthorized every 5 years.
- Originally enacted as part of President Johnson’s “Great Society” programs
 - Authorizations “sunset” and must be renewed
 - Authorizes virtually all Federal Higher Education Programs



S = Satisfactory Academic Progress

Must be consistently applied to all students.
The policy must address the effect of course repetition, remedial classes, incompletes, and withdrawals

- Qualitative – work completed and grades
- Quantitative- Maximum time frame in which student must complete a degree

Procedures for appealing SAP and regaining eligibility must be provided



T = Training

New Professionals

- ▶ FSA Coach – on-line very basic training
- ▶ Financial Aid Basics- held at regional training sites. More in-depth 3 day workshop
- ▶ SASFAA NAO Summer Institute
- ▶ Web Demo: FAFSA on the Web and FAA Access to CPS Online
- FISAP Webinar
- FSA Conference
- NASFAA University
- State and Regional Associations Conferences
- Business Partners Webinars



U = Unsubsidized Loan

Government does not pay the interest while student is in school:

- Student can choose to pay the interest or have it capitalize
- Principle balance is deferred until 6 months after graduation.



V = Verification

Selected by CPS or School

V1 Standard Group

- adjusted gross income
- U.S. income tax paid
- untaxed portions of IRA distributions
- untaxed portions of pensions
- IRA deductions and payments
- tax-exempt interest income
- education credits
- household size
- number in college

Students who are not tax filers must verify the following:

- income earned from work
- household size
- number in college



V= Verification *continued*

- V2 Reserved for future use
- V3 Reserved for future use
- V4 Custom Verification Group
 - High School Completion
 - Identity/Statement of Educational Purpose
 - SNAP Benefits
 - Child Support Paid
- V5 Aggregate is Custom plus Standard
- Students can move from V1, V4 and V6 to V5



W = Websites

- COD.gov
- IFAP.ed.gov
- FAFSA.gov
- Studentaid.gov
- Studentloans.gov
- SASFAA.org
- NASFAA.org



X = X, Y, and C (Comment Codes)

- These occur when the FAFSA was submitted with errors.
- X and Y codes are issues with dependency status and more information is needed to determine dependency
 - Signature issues, inconsistent information, etc.
- C codes are attachments to the ISIR that alert the FAA that there may be conflicting information or an issue may need to be resolved
 - Comment 399, NSLDS comments, selective service, etc.
 - SAR Comment Code and Text Guide (available on IFAP website)



Y = You

Financial aid is a noble profession. You make a difference in your students lives!



Z = Zero

Zero tolerance for over awards when student loans are included.

