GLOSSARY OF FINANCIAL AID TERMS

Expected Family Contribution (EFC): This is the number that’s used to determine your eligibility for federal student financial aid. This number results from the financial information you provide in your FAFSA, the application for federal student aid. Your EFC is reported to you on your Student Aid Report (SAR).

Financial Aid Package: The total amount of financial aid (federal and nonfederal) a student is offered by a college or career school. The school’s financial aid staff combines various forms of aid into a “package” to help meet a student’s education costs.

Financial Need: The difference between the cost of attendance (COA) at a school and your Expected Family Contribution (EFC). While COA varies from school to school, your EFC does not change based on the school you attend.

Adjusted Gross Income (AGI): Your or your family’s wages, salaries, interest, dividends, etc., minus allowable deductions as reported on a federal tax return.

Cost of Attendance (COA): The total amount it will cost you to go to school—usually stated as a yearly figure. COA includes tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, loan fees, and dependent care. It also includes miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer; costs related to a disability; and reasonable costs for eligible study-abroad programs. For students attending less than half-time, the COA includes tuition and fees and an allowance for books, supplies, transportation, and dependent care expenses, and can also include room and board for up to three semesters or the equivalent at the institution. But no more than two of those semesters, or the equivalent, may be consecutive. Contact the financial aid administrator at the school you’re planning to attend if you have any unusual expenses that might affect your COA.

Direct Loan: A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans and Direct Consolidation Loans are types of Direct Loans.

Direct PLUS Loan: A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.

Disbursement (disburse or disbursed): Payment of the loan funds to the borrower by the school. Students generally receive their federal student loan in two or more disbursements.

Federal Pell Grant: A federal grant for undergraduate students with financial need.

Federal Perkins Loan: A federal student loan, made by the recipient’s school, for undergraduate and graduate students who demonstrate financial need.

Federal School Code: An identifier that the U.S. Department of Education assigns to each college or career school that participates in the federal student aid programs. In order to send your FAFSA information to a school, you must list the school’s Federal School Code on your application. A list of Federal School Codes is available at www.fafsa.ed.gov.

Federal Student Aid ID: FSA ID stands for Federal Student Aid ID. You can use an FSA ID to access personal information or electronically sign on various Department of Education (ED) websites. To apply for one go to: fsaid.ed.gov.

Merit-based: Based on a student’s skill or ability. Example: A merit-based scholarship might be awarded based on a student’s high grades. The scholarship awards may be reduced if a combination of grants and scholarships exceeds the tuition and tuition-related charges on the student bill.

Private Loan: Nonfederal loan made by a lender such as a bank, credit union, state agency, or school.

Student Aid Report (SAR): A summary of the information you submitted on your FAFSA. You receive this report (often called the SAR) via e-mail a few days after your FAFSA has been processed or by mail within 7-10 days if you did not provide an e-mail address. If there are no corrections or additional information you must provide, the SAR will contain your EFC, which is the number that is used to
determine your eligibility for federal student aid.

**Verification:** The process your school uses to confirm the data reported on your FAFSA. Your school has the authority to contact you for documentation that supports income and other information that you reported.

**IRS Data Retrieval:** A tool within the FAFSA income section that allows students and their parents to retrieve prior year tax information directly from the IRS and into the FAFSA. This reduces the likelihood of the office requesting tax information and avoids processing delays.

**Tuition-based scholarship:** A scholarship designated to only pay tuition and if another award exists on the package that duplicates this benefit, one of the awards will be reduced.

**Income Reduction Appeal:** An appeal a family makes requesting for the Financial Aid Office to consider their income losses so that the family’s strength is measured using recent information. The process takes time and requires supporting documentation. Please see a Financial Aid Advisor about this.

**Summer Pell:** A new regulation was passed that allows Pell recipients who have used their regular 100% award in the Fall and Spring to benefit from an additional grant during the summer so long as they are making academic progress and registered for at least 6 credits.

**Student Employment:** A job opportunity on campus to build a student’s leader skills and resume. The jobs varies as well as the hourly rate. If you receive Federal Work-Study, the earnings from this source is not counted against you on the following FAFSA. However, if you use other sources of work, it will be counted as income on the FAFSA.

**Loan grace period:** The 6-month period after graduation or when a student falls below half-time enrollment status where the loan is pending. After the 6-month grace period ends, the loan will fall in repayment.

**Deferment:** The period where the loan payment is deferred and depending on the type of the loan interest may accrue. Deferment is provided when a student remains in school for at least half-time enrollment status.

**Loan Default:** A status where a loan was not repaid according to the loan terms and conditions. When in default, students may not receive federal aid and must make six consecutive payments to have this status removed.

**Forbearance:** A status where the loan is temporarily deferred (generally a year) due to financial hardship. The borrower reaches out to the lender/servicer to request this status but keep in mind the interest continue to accrue during this status.