Overview of Federal Student Aid Programs

This training will provide an overview of the Title IV programs and information about additional federal, state, and other sources of financial aid.

OBJECTIVES:

- Distinguish between non-based aid and non-need based aid
- Determine and define the three types of aid
- Identify the different levels of sources of aid
- Determine how to apply for Federal Aid
- Define Cost of Attendance
- Define Expected Family Contribution
- Identify Title IV Programs
- Identify the Title IV Financial Aid eligibility criteria
- Determine what Financial Aid Warning is and the appeal process

Length of Program: 1.5 hours

Introduction

In this module, you’ll be introduced to the fundamental concepts of student financial aid and describe the types of aid available. You will be introduced to the Title IV programs and point out their major features.

You will not become a financial aid expert after today’s review, rather, at the end of this training, you should have a solid foundation for continued learning of financial aid programs.

What is Financial Aid?

Financial aid is money supplied by a source other than the family to assist with the costs of a student’s postsecondary education.

Categories of Aid

Financial aid is broken down into two categories: Need-based aid and Non-need based aid:

Need-based Aid

- The student must demonstrate financial need
- Based on the Family’s Estimated Contribution (EFC), Estimated Financial Assistance (EFA) and the institutions Cost of Attendance (COA).

Non-Need-Based Aid

- Financial need is not considered.
- Aid is often given in recognition of special skills, talents, or abilities
- Some forms of aid (primarily loans) may replace expected family contribution (EFC)
Types of Aid
Within each category of financial aid, there are three types of aid.

Scholarships and Grants
- This is free money or gift aid.
- Scholarships and grants generally do not have to be repaid or earned.

Loans
- This is self-help aid.
- Loans must be repaid, unless the loan carries provisions allowing all or a part of it to be canceled or forgiven if the borrower fulfills certain requirements.

Employment
- This is self-help aid.
- Employment provides compensation for work performed.

Sources of Aid
There are several sources of aid. They include the following:

Federal:
- The federal government is the largest source of financial aid
- The most common federal sources are the Title IV programs which are:
  - Authorized by law under the Title IV of the Higher Education Act of 1965 (HEA), as amended; and
  - Administered by Federal Student Aid (FSA), an office within U.S. Department of Education (ED)
- The majority of the funds for these programs are appropriated annually by Congress.

State
- New York State has state-supported financial aid programs.
- The types and awards vary, however the Tuition Assistance Program (TAP) for New York State residents is the largest State funded grant program.
- Eligibility requirements also vary.

Institutional
- Institutional aid primarily comes from private and corporate donations to institutions, or is generated from institutional revenue.
- Money is generally awarded at the institution’s discretion.

Private
- Private aid is available from individuals or entities such as community organizations, associations, clubs, churches, nongovernmental foundations, and businesses.
- Donors often develop their own eligibility criteria and application procedures.
Applying for Federal Aid
To apply for Title IV financial aid, students must complete and submit the Free Application for Federal Student Aid (https://fafsa.ed.gov/), more commonly known as the FAFSA, which is available in electronic and paper formats. The U.S. Department of Education, or ED, provides the FAFSA and updates it every year.

The student and his/her family report demographic, income, and asset information on the FAFSA. This information serves as the basis for determining the student’s eligibility for the Title IV student aid programs. In many cases, institutional, state, and private providers of financial aid elect to use FAFSA data for this purpose; however, the student may be required to submit supplemental information as well.

The student must annually demonstrate financial need for need-based Title IV assistance. A student’s financial need is calculated as:

\[
\frac{\text{Cost of attendance, or COA}}{\text{Expected family contribution, EFC}} = \text{Financial need}
\]

For a recipient of need-based Title IV aid, the sum of all aid cannot exceed the COA.

The amount of the COA is determined annually.

The basic components of the COA at any school include:
- Tuition and fees;
- Room and board;
- Books and supplies;
- Transportation; and
- Miscellaneous personal expenses.

For an undergraduate student at the University at Buffalo, the COA are:
- Comprehensive fee
- Student Activity Fee
- Academic Excellence Fee
- Room
- Board
- Living Allowance
- Books/Supplies
- Personal
- Transportation
- Direct Loan Origination Fee

Expected Family Contribution (EFC)
The EFC is the amount the student and his or her family are expected to contribute toward educational costs from their income and assets. The EFC is calculated using a standardized formula called Federal Methodology, which is defined in Title IV of the Higher Education Act of 1965, often referred to as the HEA. Both the COA and the EFC generally apply to the school’s academic year, which is the same period time for which Title IV funds are typically awarded.
Academic Year
Every eligible academic program must have a defined academic year. A school may have different academic years for different academic programs, but it must use the same academic year definition for all Title IV awards to students enrolled in the same program of study. Furthermore, a program's academic year definition must be used for all Title IV program purposes.

An academic year is defined as a period that begins on the first day of classes and ends on the last day of classes or examinations. For credit-hour programs, that period must be a minimum of 30 weeks on instructional time. For clock-hour programs, that period must contain a minimum of 26 weeks of instructional time.

The regulations define a week of instructional time as any seven-consecutive-day period in which at least one day of regularly scheduled instruction or examinations occurs or, after the last day of regularly scheduled classes, at least one day of study for final examinations occurs. It does not include vacation, homework, orientation, or counseling periods.

In addition, for an undergraduate educational program, during that period a full-time student must be expected to complete at least:

- 24 semester or trimester hours;
- 36 quarter hours;
- 900 clock hours.

While there is no statutory or regulatory minimum number of hours component to the definition of an academic year for graduate and professional programs, the school must establish and document in its written policies and procedures a minimum number of hours that a full-time graduate or professional student is expected to complete during the number of weeks in the program's academic year definition.

In addition to schools having to meet academic year requirements, students also must meet certain general student eligibility requirements to qualify for funds from the Title IV programs, including being a U.S. citizen or eligible noncitizen and not being in default on a federal student loan.

TITLE IV Programs
The University at Buffalo participates in the following Title IV programs. They include:

1. Federal Pell Grant Program;
2. Iraq and Afghanistan Service Grant (IASG) Program;
3. The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program;

Campus-Based Programs:
4. Federal Supplemental Educational Opportunity Grant (FSEOG) Program,
5. Federal Work-Study (FWS) Program, and
6. Federal Perkins Loan Program; (Discontinued September 2015 – There is a grandfather clause for continuing students who had been given the award previously)
Federal Direct Student Loan (Direct Loan) Program:

7. Direct Subsidized Loans,
8. Direct Unsubsidized Loans,
9. Direct PLUS, and
10. Direct Consolidation Loans; (UB does not do the consolidation, but the service provider does)

1. Federal Pell Grant Program
The Federal Pell Grant Program is the largest grant program administered by ED. It is gift aid and does not have to be repaid. Federal Pell Grants are intended to serve as the “floor” or “foundation” of a student’s financial aid package. Awards are made to students with the lowest EFCs and thus the most financial need. Other aid a student receives does not affect the amount of his or her Federal Pell Grant award.

A major feature of the Federal Pell Grant is its portability. A student who applies for and meets all of the eligibility requirements will receive a Federal Pell Grant award for enrollment in an eligible program at any eligible institution.

2. Iraq and Afghanistan Service Grant (IASG)
Starting with the 2010-11 award year, awards from the new non-need-based Title IV program, called the Iraq and Afghanistan Service Grant, or IASG Program, can be made to qualifying students with a parent or guardian who dies as a result of U.S. military service in Iraq or Afghanistan after September 11, 2001. This is a Non-need-based grant program mirroring Federal Pell Grants.

3. Teacher Education Assistance for College and Higher Education (TEACH) Grant
Teacher Education Assistance for College and Higher Education Grants, also known as TEACH Grants, provide funds for students planning to become teachers and teachers who are working on graduate degrees.

4. Campus-Based Programs
The campus-based programs are need-based federal aid programs that are funded annually by Congress. ED allocates the funds to participating schools that, in turn, award the funds to their eligible applicants. Schools must contribute nonfederal funds to these programs in the form of “matching funds.” Unlike Federal Pell Grants, campus-based awards are not portable. Therefore, students must use the funds at the school that awards them.

There are three campus-based programs that the University at Buffalo participates in:

A. The Federal Supplemental Educational Opportunity Grant Program (or FSEOG)
B. The Federal Work-Study Program (commonly referred to as FWS)
C. Federal Perkins Loan program (Discontinued September 2015 – There is a grandfather clause for continuing students who had been given the award previously)

A. Federal Supplemental Educational Opportunity Grant Program
The FSEOG Program provides grant funds for exceptionally needed undergraduate students who have not yet earned their first baccalaureate or professional degree.

Last Updated: April 3, 2015
B. Federal Work-Study Program
The FWS Program funds approved jobs for undergraduate, graduate, and professional degree students who are in need of earnings to meet a portion of their educational expenses.

There are no regulatory minimum or maximum award amounts. Instead, these amounts are set by the school based on such factors as the availability of funding, number of eligible students and FWS jobs available, and reasonableness of work expectations while students are engaged in academic activities.

C. Federal Perkins Loan (Discontinued September 2015)
The third campus-based program, the Federal Perkins Loan Program, provides low-interest loans to students with financial need.

5. Federal Direct Student Loan Program
The Direct Loan Program provides long-term, low-interest loans to students and parents, and it is the broad program name of four distinct types of loans:

A. Direct Subsidized Loans
B. Direct Unsubsidized Loans
C. Direct PLUS
D. Direct Consolidation Loans

A. Subsidized and Unsubsidized Direct Loan Borrowers
Direct Loans can be subsidized, unsubsidized, or combination of the two. Subsidized means the student must demonstrate need to be eligible for subsidized loans. In general, a student may borrow the difference between the COA and the sum of the EFC and estimated financial assistance, or EFA, for the loan period up to certain loan limit maximums. Interest does not accrue during periods when repayment of the loan principal is not required:

- While the student is still in school at least half time, as determined by the school
- During the grace period before the loan enters repayment
- During periods when the loan is in deferment status

Unsubsidized means that the loan is non-need-based. To obtain an unsubsidized loan the school must first determine the borrower's eligibility or ineligibility for a subsidized loan. Subject to certain loan limits, a student may borrow the difference between the COA and the EFA for the loan period. Thus, unsubsidized loans may replace all or part of the borrower's EFC up to applicable loan limits.

The student is responsible for payment of all interest that accrues from the date of the first disbursement throughout the life of the loan. However, repayment of principal and accrued interest is not required while the borrower is enrolled at least half time in school or while the loan is in a grace or deferment period; however, interest continues to accrue and may be either paid as it accrues or capitalized, that is, added to the loan's principal balance.

B. PLUS Borrowers
A PLUS borrower must be a graduate or professional student, or the dependent student's biological or adoptive parent. A stepparent may borrow on the student’s behalf only if the stepparent’s income and assets were or would have been considered in performing the need analysis calculation for that student. Legal guardians are not eligible PLUS borrowers.
Title IV Financial Aid Eligibility Criteria

Federal regulations require that, in order to be eligible for assistance from any Federal Title IV student aid programs (Federal Pell Grant, Federal SEOG, Federal Work-Study, and Federal Direct/PLUS Loan) a student must be making satisfactory academic progress. The following govern eligibility for Title IV programs only.

1) The student must have a cumulative GPA of 2.00 at the end of the second academic year, and at the end of each term thereafter; AND

2) A student must demonstrate progress by accumulating academic credits at a rate that indicates graduation in a timely manner. A student who is not progressing toward graduation at the defined Pace Rate will not receive federal financial aid regardless of his/her GPA.

The Pace Rate is calculated as $\text{Units Completed} \div \text{Units Attempted} = \text{Pace Rate}$

A student must complete at least 67 percent of all cumulative attempted credit hours in order to be eligible for federal financial aid.

- The following designations are considered to be attempted credit hours but are not considered to be successfully completed: I, J, R, U, W, F and FX grades.
- Credit hours attempted during periods of non-matriculated status are included in this component.
- Transfer credit hours posted to the official transcript record and all courses removed through the academic clemency process, or Second Chance Policy, will be counted as attempted credit hours

3) Maximum Timeframe/Degree Completion within 150% of the average length of the Program Quantitative Component.

- Students must complete their first baccalaureate degree within 150 percent of the normal time required to complete a bachelor’s degree, not to exceed 180 attempted credit hours for a program with a published length of 120 credit hours
- Federal financial aid eligibility will be terminated when a student has attempted 180 credit hours; there is no waiver of the maximum time frame standard for any reason
- A student pursuing a double major must earn his/her first bachelor’s degree within the 150 percent maximum time frame standard (e.g. the student completing a double major of psychology and social science interdisciplinary studies only earns one BA degree)
- A student pursuing a double degree (a BA and BS simultaneously) is required to complete a minimum of 150 credits. The maximum time frame is therefore extended to 225 attempted credit hours
- A student that completed all coursework required for a major or degree is ineligible for a Pell grant even if an Application for Degree is not on file
- If at any point a determination is made that a student will not be able to meet the quantitative standards (Pace Rate and/or Degree Completion within 150% of published Program Length) by graduation, he/she becomes ineligible for federal financial aid.

Satisfactory Academic Progress standards for graduate and professional students are defined by the designated school and/or academic units.

4) Only one repeated course will count towards federal aid eligibility if you have previously passed the course but the credits for both courses must be counted in attempted hours.
Financial Aid Warning
A student who fails to maintain the cumulative GPA and/or meet the Pace Rate standard is placed on Financial Aid Warning.

- The student will continue to receive federal financial aid for one payment period/semester (referred to as the warning period).
- A student will receive an electronic notification via email regarding the Satisfactory Academic Progress standards that must be met by a specific term in order to retain eligibility for federal financial aid.
- If the student is still not making Satisfactory Academic Progress after the warning period, he/she will become ineligible for federal financial aid until all three SAP standards are successfully met.

Appeal Process for Mitigating Circumstances
Immediately upon completion of the payment period/semester and grades are posted the SAP review will take place. Any student that did not meet the minimum requirements for SAP will receive an electronic notification to their email address detailing the appeal process for mitigating circumstances. A student has the right to appeal the loss of federal financial aid eligibility only if mitigating circumstances (events totally beyond the student's control) occurred during the preceding payment period/semester.

- A student must complete the Satisfactory Academic Progress Appeal Form and submit it to the appeal committee by the deadline date. Appeals received after the deadline can be automatically denied.
- The appeals are reviewed by the SAP Appeals Committee. The decisions are final and students will receive a notification regarding the outcome.

Financial Aid Probation
A student who fails to maintain the cumulative GPA and/or meet the Pace Rate standard is placed on Financial Aid Probation only if the student has successfully appealed.

- The student will continue to receive federal financial aid for one payment period/semester (referred to as the financial aid probationary period).
- A student will receive a notification regarding the Satisfactory Academic Progress standards that must be met by a specific term in order to retain eligibility for federal financial aid.
- If the student is still not making Satisfactory Academic Progress after the probationary period, he/she will become ineligible for federal financial aid until all three SAP standards are successfully met.
- If it is determined that it will take more than one semester in order to regain good SAP standing, a student may be placed on an Academic Plan, or Federal Financial Aid Contract for Satisfactory Academic Progress. This contract will outline what milestones must be met each semester in order to retain federal financial aid eligibility. The signed contract must be returned before any federal aid can be reinstated.

This information is subject to change without notice due to changes in federal, state and/or institutional rules and regulations.
Conclusion
This concludes this session on the types of Title IV programs that the University at Buffalo participates in, as well as how to apply for financial aid through completion of the FAFSA. You have learned about Title IV eligibility requirements and what determines Satisfactory Academic Progress.