

Financial aid glossary

Award letter. A means of notifying students of the assistance the college/university has offered. The letter describes the type(s) and amount(s) of aid, and lists specific information on the students' responsibilities and the conditions that govern the award. Generally, the award letter gives students the opportunity to accept or decline the aid. The letter also includes a deadline date by which to respond.

Cost of attendance (also known as **cost of education** or **budget**). The student's cost of attendance, covering not only tuition and fees (including loan fees), books, and supplies, but also the student's living expenses while attending school. The cost of attendance is estimated by the school, within guidelines established by federal regulations. The difference between the cost of attendance and the student's expected family contribution determines the student's need for financial aid.

CSS/Financial Aid PROFILE®. A Web-based application service offered by the College Board and used by some colleges, universities, and private scholarship programs to award their own financial aid. Students register for and complete the PROFILE at the College Board Web site (www.collegeboard.com). CSS® provides a customized application for each registrant, based on the student's registration information and the requirements of the colleges and programs to which he or she is seeking aid. Students complete the online application and supplements, if required. CSS processes and reports the application data to institutions. CSS/Financial Aid PROFILE may not be used to apply for federal aid. Students pay a fee to register for PROFILE and for the reports sent to institutions and programs that use it.

Expected Family Contribution (EFC). The total amount students and their families are expected to pay toward college costs, from their income and assets, for one academic year. The amount is derived from a need analysis of the family's financial circumstances. The Federal Methodology is used to determine a student's eligibility for federal and state student aid. Colleges and private aid programs may use a different method to determine eligibility for nonfederal financial aid—frequently, the Institutional Methodology, developed and maintained by CSS.

FAFSA on the Web. An electronic option for completing the Free Application for Federal Student Aid (www.fafsa.ed.gov).

Federal Methodology (FM). The process of analyzing the student's household financial information on the FAFSA to calculate an expected family contribution and the student's eligibility for federal and state aid.

Financial need. The amount by which your family's contribution falls short of covering your expenses. Assessments of need may differ, depending on the need-analysis method used. The Federal Methodology is used to determine the student's eligibility for federal and state financial aid. Many private schools use the Institutional Methodology to determine the need for their private sources of funds. (*See also* Expected Family Contribution.)

Free Application for Federal Student Aid (FAFSA). A form completed by all applicants for federal aid. The FAFSA is available on the Web at www.fafsa.ed.gov. In many states, completion of the FAFSA also establishes a student's eligibility for state-sponsored aid programs. There is no charge to students for completing the FAFSA. Forms are widely available in high schools and colleges, and may be filed anytime after January 1 of the year for which the student is seeking aid (e.g., after January 1, 2007, for academic year 2007-08).

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Grant. *See* Scholarship.

Independent student. Students who are either at least 24 years old, enrolled in a graduate or professional program, married, a veteran, an orphan, or have legal dependents (not including spouse). Independent students do not need to provide parental information to be considered for federal aid programs. However, private institutions may require independent students to provide parental information in order to be considered for nonfederal funding.

Need-analysis form. The starting point in applying for financial aid. Students must file the Free Application for Federal Student Aid (FAFSA) to apply for federal financial aid programs. For many colleges, FAFSA may be the only need-analysis form a student must file. For other schools, particularly private colleges, additional forms, such as the CSS/Financial Aid PROFILE, may be required. Students applying for state financial aid programs should check with their state agency to find out if they must file other application forms in addition to FAFSA.

Need-based financial aid. Financial aid (scholarships, grants, loans, or work-study opportunities) given to students who have demonstrated financial need, calculated by subtracting the student's expected family contribution from a college's total costs.

Need-blind admissions. The policy of determining college admissions without regard to a student's financial need or financial aid status.

Need-conscious admissions. A policy that considers financial aid status for at least some of its applicants in making admissions decisions.

Parents' contribution. The amount the student's family is expected to pay toward college costs from its income and assets. The figure is derived from a need analysis of the parents' financial situation. The parents' contribution and the student's contribution together constitute the total family contribution, which, when subtracted from the college expense budget, equals financial need. Generally, students are eligible for financial aid equal to their financial need.

Scholarship or grant. A type of financial aid that doesn't have to be repaid. Grants are often based on financial need. Scholarships may be based on need, on need and other criteria, or solely on other criteria such as academic achievement, artistic ability, or talent in the performing arts.

Section 529 plans. State-sponsored college savings programs, named for the section of the Internal Revenue Code that provides the plan's tax breaks.

Self-help. Student financial aid, such as loans and jobs, that requires repayment or employment.

Student Aid Report (SAR). A report produced by the U.S. Department of Education and sent to students who have filed the Free Application for Federal Student Aid (FAFSA). The SAR contains information the student provided on the FAFSA as well as the federally calculated result, which the financial aid office will use in determining the student's eligibility for a Pell Grant and other federal student aid programs.

Work-study. An arrangement by which a student combines employment and college study. The employment may be an integral part of the academic program (as in cooperative education and internships) or simply a means of paying for college (as in the Federal Work-Study Program).