The Financial Aid Process

Step 1: The Free Application for Federal Student Aid

- Students (and parents of dependent students) input income and asset information on the Free Application for Federal Student Aid, which is commonly called the FAFSA, and available at: http://www.fafsa.ed.gov
- For example: Use 2001 income for the 2002-03 school year for aid to be dispersed for Fall 2002 through Summer 2003 terms.
- A student is dependent (for the 2002-03 school year) when:
  (See the printed FAFSA on the WEB sheet with questions 52-58 for the actual questions.)
  - They were born after 1/1/1979
  - Are working on a bachelors degree
  - Not married as of the date they fill (or filled) out the FAFSA
  - Do not have children or dependents (other than children or spouse) who receive at least half of their support from them
  - Are not an orphan or ward of the court (or were until age 18)
  - Are not a veteran of the US Armed Forces
- They can enter the FAFSA on-line or use the paper form and mail it in. They can obtain the paper form from Onestop 2002 Fraser, or enter it on-line from any computer, including the self-serve computers in 200 Fraser. There are Onestop counselors that can answer questions when students use the 200 Fraser computers.
- Generally, on-line is faster and more accurate, as it guides you through the questions you need to answer so there is less room for errors, kind of like using an on-line tax service.

Step 2: The Expected Family Contribution amount

- An expected family contribution (EFC) number is generated based on income and asset information. The EFC is also affected by the number of people in the household and in college. A student may have a different EFC each school year, as incomes and assets, the number of household members and enrolled college students can vary year to year.
- The EFC determines grant eligibility, including Federal Pell grant, Federal SEOG grant, and MN State grant. Additional criteria exist for determining MN State grant eligibility, including the need for a student (and parents) to be at minimum, MN residents.
- The EFC determines subsidized loan eligibility, including but not limited to the Federal Perkins loan, University Trust Fund Loan (UTFL), and the Ford Federal Direct subsidized student loan.
- The EFC determines state and federal work-study funds eligibility.
• The Cost of Attendance (COA) goes up a little bit each school year as it is based on estimated tuition and fees, books, room and board, personal expenses and transportation fees. Some students will only need financial aid for certain portions of the COA, based on savings, living arrangements, etc.

Step 3: The Financial Aid Award Notification

• The Financial Aid Award Notification (eFAAN) is usually generated within a few months of submitting the FAFSA using the EFC and is based on the COA of the student (undergraduate or graduate, MN or non-MN resident tuition rate, etc.). The eFAAN is a web-based document that students can access online at Onestop. Students can also access additional information about each type of aid offered. They should pay particular attention to the number credits needed to be eligible for each type of aid. Generally, the various types of financial aid (including grants, loans, work-study funds, and scholarships) a student is eligible for will be offered up to the estimated COA. However, students do not have to accept all the aid offered to them on their FAN, they can accept as much as needed based on their own estimated COA. Students can always go back and ask for loans again. However, a student should accept any grant amounts offered. Additionally, if a student is at all interested in obtaining a work-study job they should accept those funds as well. If a student declines the work-study funds it is sometimes difficult to have those reinstated as the financial aid office redistributes any declined or unaccepted work-study funds to other students, consequently work-study funds usually run out before all students that want them get them.

• If they accept loan amounts, loan promissory notes will need to be signed and accepted as well, this is almost all done online now. The promissory note indicates to whom the student needs to pay back the loan, over what terms, and how much the loan origination fees are.

Step 4: Types of Aid Students Can Receive

• MN State Grant: Since it is a need-based aid, a student’s eligibility is based on their EFC. Students need to meet certain non-need based criteria to be eligible as well, including being a MN resident. The full amount pays out each semester at 15 credits of enrollment, and based on the amount eligible for, can be adjusted down according to number of credits of enrollment. NOTE: A student is only eligible for at most 120 credits worth of MN State Grant, including any vocational or technical college work, as well as any PSEO, AP, or other work done in high school that awards college credit.

• Federal Pell Grant: Since it is a need-based aid, a student’s eligibility is based on their EFC. The full amount pays out each semester at 12 credits of enrollment, and based on the amount eligible for, can be adjusted down according to number of credits of enrollment. A student can receive this grant for up to 180 credits of college work, the equivalent of approximately six years of full time enrollment.

• Federal SEOG Grant: This is a supplementary federal grant offered as available to students with high eligibility for the Federal Pell Grant. Since it is a high-need based aid, students with low EFCs are generally only eligible. If only pays out each semester at 12 credits of enrollment, thus a student with
part time enrollment is not eligible for this grant. A student can receive this grant for up to 180 credits of college work, the equivalent of approximately six years of full time enrollment.

- **Work-study funds**: Since it is a need-based aid, a student’s eligibility is based on their EFC. Work-study funds allow a student to obtain a student job on campus and receive a regular pay check biweekly. It is up to the student to decide what part of their Cost of Attendance (COA) they need or want to put the money towards. Any work-study funds a student earns are not reported as income on the FAFSA, but are reported as income on their tax form. Students with work-study funds can apply for any on-campus jobs, regardless of if the department hiring is looking for a student with work-study funds. There are federal and state work-study funds. The student may also be able to have a non-work study job turned into a work-study job. Departments benefit from using a student’s work-study funds as it saves them money, they only have to pay approximately 30% of the student’s hourly wage and the government subsidizes the other 70%.

- **Loans**: Subsidized loans offered are based on need so a student’s EFC determines eligibility. Unsubsidized loans are offered after all subsidized loan options are exhausted, or in the case of students with high EFCs and no need based eligibility. All students will qualify for some type of student loan, regardless of income. Subsidized loans can include Federal Perkins loan, University Trust Fund Loan (UTFL), and the Ford Federal Direct subsidized student loan. Unsubsidized loans can include the Ford Federal Direct unsubsidized student loan, the MN Self loan, Norwest bank loans, Citibank loans, and other alternative loan types as needed to meet a student’s COA. A student will usually have the choice to pay the interest while in school or have it capitalized and added to their principal loan amount. All loans generally have loan origination fees, a grace period of six to nine months before repayment begins, and a term of repayment of approximately ten years. Students can look into consolidating loan types for one monthly payment upon graduation.

- **Scholarships**: Students usually locate scholarship sources on their own, and some of these sources may be need-based, require full time enrollment and have certain GPA requirements. Students should check with their college, their major department, and do internet searches for scholarship sources.

**Step 5: Paying the aid to the student**

- A student’s enrollment is read approximately two weeks before the term begins and aid is paid out based on that enrollment to allow any remaining aid after tuition and fees are paid (called the credit balance) to be received by the student around the first week of classes to help cover books, room and board, etc. If a student does not have sufficient enrollment to pay out their aid before the term begins, then a student will need to wait until approximately the third week of classes to receive their credit balance amount. Enrollment is confirmed for the term at the end of the second week and aid is adjusted and paid out accordingly. **NOTE**: MN State Grant pays out after this second reading of enrollment at the end of the second week of classes.

- Students can usually elect to receive a credit balance check, have it direct deposited, or arrange to pickup the credit balance check.
Step 6: Staying in good academic and financial aid standing

- A student’s financial aid standing is strongly tied to their academic standing. A student needs to maintain a 2.0 GPA each term and overall to remain in good financial aid standing. A student also needs to complete the number of credits aid paid out for each fall and spring semester to avoid financial aid probation or suspension. Chances are that if a student has an academic probation or suspension, they most likely have a financial aid probation or suspension as well.

- The financial aid office tracks the number of original credits registered for as well as the number of credits the student actually completes. For example, if a student receives aid for full time enrollment, then generally the financial aid office is looking for at least 24 credits completed over fall and spring term.

- Then financial aid office does not track when students repeat a course, so they could potentially repeat a course and pay tuition and receive aid for it twice, the only exception to this might be scholarships that verify courses each term.

Additional Information:

- Internal number for departments / U units to call Onestop at is: 612 625-9050
  This number will not result in a long wait like 612 624-1111 usually does.

- Forms a student might need to download are at: [http://www.onestop.umn.edu/Forms/index.html](http://www.onestop.umn.edu/Forms/index.html)