

College Financial Aid 101

2024-2025

College is not free. Students are charged tuition (the cost to attend class), fees (for laboratories, student activities, parking, technology, etc.), and must pay for books and supplies. If a student attends an out-of-town college, s/he must also pay for room & board (housing and food) charges. The total cost to attend college is referred to as *the cost of attendance* or the *student budget*.

While it is understood that paying for college can be a significant burden, it is the student's responsibility to ensure that college costs are paid.

How can a student with limited resources afford to attend college? *Financial aid is the answer.* Financial aid is help to pay for college that comes from a source other than the student's family, and much help is available.

Financial Need

Most financial aid is based on a student's *demonstrated need*, a comparison between the cost of the student's college and his/her available financial resources.

- The total college cost is made up of:
 - Tuition (the cost to sign up for and attend classes)
 - Room & Board (a place to sleep and food to eat)
 - Books & Supplies (required/needed educational materials...could include a personal computer)
 - Transportation (the cost to get from home to the college campus)
 - Miscellaneous (non-specific items typically required of all college students)
- The dollar amount that a student and his/her family is expected to be able to pay toward college expenses for one year comes from processing the student's FAFSA (federal aid application). College financial aid offices subtract this expected amount from his/her total college cost to determine his/her demonstrated need.
- Need varies by college because colleges differ in cost.

Some financial aid is not based on need, but rather on "merit," a skill, ability, or characteristic such as athletic or artistic talent or previous military service.

In-state/Out-of-State & Public/Private

- Public colleges/universities exist to educate their state's citizens, and they receive their primary funding from their state. "Out-of-state" students, those who are not residents of the state in which their college is located, are often assessed a surcharge, however, some colleges waive such a fee.
- Private colleges receive little public funding and do not differentiate between in-state and out-of-state students. Although private colleges typically have higher tuition charges, they often provide much more gift aid than do public institutions.

Types of Financial Aid

- **Gift Aid** — free help which only rarely has to be repaid. *Grants* and *scholarships* are both types of gift aid. The *Federal Pell Grant* is the major U.S. government grant.
- **Self-Help Aid** — help which requires shared responsibility by the student. *Student loans* and *work-study employment* are both types of self-help aid. Student loans are borrowed now, but don't have to be repaid until the student stops attending college at least half-time (six credit hours). The *Federal Direct Loan* program provides the vast majority of student loans. Work-study jobs are typically part-time, on-campus positions.

Some Financial Aid Terms

Contributor — A person whose personal and financial information is required to be entered onto the FAFSA.

Offer Letter – (previously called Award Letter) – An official offer of financial aid from a college. Some colleges require the student to accept the offer by signing and returning a copy of the letter to the college.

Master Promissory Note (MPN) – The legal contract between a student or parent education loan borrower and the U.S. government by which the borrower promises to repay his/her loans with interest.

OCOG – The Ohio College Opportunity Grant is gift aid provided by the state of Ohio; the FAFSA is the OCOG application. OCOG is available only in limited circumstances at two-year campuses.

PLUS loan – Parent Loan for Undergraduate Students...a federally funded loan made to parents to help them pay for their child's college education. Parent borrowers cannot have adverse credit.

Private Student Loan – Also called an Alternative Loan. These are student loans from a bank or other commercial lender and are not regulated by the federal government. Private loans are usually taken out by low-need students at high priced colleges. Application is usually made on-line, and a co-borrower is often required.

Scholarships - a type of gift aid provided by colleges or other sources. Scholarships often require special applications. High school counselors, local libraries, and on-line search engines are good sources of scholarship information. Many employers, unions, churches, fraternal, and civic organizations provide scholarships. Students may receive scholarships by serving in the military or National Guard.

Student Aid Index (SAI) — a number, derived from processing the FAFSA, that relates to the student's need for financial aid. The lower the SAI, the greater the need.

Student Aid Report (SAR) — the document which reports the results of FAFSA processing. The SAR indicates whether the student may be Pell eligible and reports his/her Student Aid Index (SAI). The SAR displays the information entered on the FAFSA; the student should review it to ensure that the information was entered correctly. Errors should be corrected on the FAFSA web site by submitting a correction. If no errors are noted, the SAR should be filed with the student's important records.

Verification — A sizable percentage of FAFSA filers are selected for verification, a process of double checking some items reported on the FAFSA. Those selected are typically provided with a *verification worksheet* form to be completed and returned to the aid office. Some private colleges choose to verify all of their aid applicants.

Points to remember

- Don't assume you're not eligible for aid. Not all aid is need-based. Apply—it's free!
- Know what specific aid application procedures are required by the colleges you are interested in attending.
- Colleges often assign accepted students a unique e-mail account that the colleges use to send the students important information.
- Keep on top of the process; if you're asked by the financial aid office to submit something, do it. Your eligibility won't be determined until you do.
- If you contact a financial aid office with questions about a form, have the form at hand for reference.
- If you contact a financial aid office, write down the date of the contact, the name of the person you spoke with, and a summary of the conversation.
- Parents are not required to pay for their child's education, but the parents' *ability to pay* is considered when their child's need is determined.
- Contact your school's aid office, not friends or relatives, for information about financial aid.

Dependency

Most students just graduating from high school and up to about age 24, are considered to be *dependent*, and information about their parents is required to determine aid eligibility. *Independent* students (those for whom parental information is not required) are either older, or married, or veterans, or orphans, or provide the majority of financial support for themselves and others, etc. If you have a question about dependency, contact a high school guidance counselor or a college financial aid officer.

The FAFSA

- Submitting the FAFSA is the first and the most important step in qualifying for financial aid.
- The FAFSA obtains information about the student's family's financial situation. Much of the data comes from federal 1040 income tax returns; FAFSA processing obtains this information directly from the IRS (the federal tax department). However, a contributor may be required to enter some information directly from his/her/their 1040. The FAFSA also asks a few questions about the receipt of non-taxed income such as child support and about financial assets. The FAFSA is submitted on-line at either fafsa.gov or StudentAid.gov. For the 2025-2026 academic year submission will start October 1, 2024.
- A new FAFSA must be submitted each year.
- A dependent student and one of his/her parents must each establish a federal student aid account and an FSA ID (FSA = federal student aid). The ID's are required to log in to the FAFSA and are applied for at StudentAid.gov or StudentAid.gov/FSA-ID.

A few points about the FAFSA

- The words "you" and "your" refer to the student.
- Federal aid requires the use of one's legal name as shown on his/her social security card.
- The FAFSA's definition of "parent" is unique. As an example, if parents are divorced or separated, only information about the parent who provided the greater amount of financial support for the student in the previous year is required to enter FAFSA information, even if a joint tax return was filed. However, if the contributor parent is re-married, his/her spouse is considered a parent and reporting his/her income is required. The date that the FAFSA is submitted is significant. For example, if parents are married on that date, both parents' income is required on the FAFSA, even if they were not married in the year for which the FAFSA requires information.
- The 2024-2025 FAFSA uses 2022 federal tax return data.
- Do not report pennies in income questions. Round 1¢ to 49¢ down and 50¢ to 99¢ up.
- The FAFSA asks how many in your family are enrolled in college. Your parents should not be counted in this number even if they attend college.
- FAFSA information can be changed by *submitting a correction* at StudentAid.gov.
- Students can list up to 20 colleges on the FAFSA to receive their processed FAFSA information and can add or delete colleges by submitting a correction.
- The FAFSA web site might have more than one year's FAFSA available for submission. Make sure you fill out the correct one (2024-2025).

Special Circumstances

Students whose family income has dropped significantly from what was reported on the FAFSA can ask to have a re-evaluation of financial need eligibility. Such a request is made by the student to the college's financial aid office and requires documentation explaining the change.

What you should do now

- Obtain an FSA ID (and one for the contributor parents of a dependent student) at [StudentAid.gov](https://studentaid.gov).
- Submit the FAFSA at [StudentAid.gov](https://studentaid.gov) or [FAFSA.gov](https://fafsa.gov).
- Learn what, besides the FAFSA, is required by the college you will attend, and provide it without delay.
- Identify locally-available scholarships and apply for them.
- Search for nationally-listed scholarships at fastweb.com.

Helpful contacts and resources

[StudentAid.gov](https://studentaid.gov) – obtaining an FSA ID, submitting the FAFSA, completing student loan processes

[Oasfaa.org/fafsa-help-oh](https://oasfaa.org/fafsa-help-oh) – aid for filling out the FAFSA (includes links to videos)

higher.ed.gov/students/pay-for-college/pay-for-college – State of Ohio grants and scholarships

ashland.edu

mansfield.osu.edu

mvnu.edu

ncstatecollege.edu

wooster.edu



local colleges

fastweb.com – financial aid information and scholarship searching

usnews.com/education/best-colleges/paying-for-college – college financing information

collegeboard.com – financial aid information and need estimator

finaid.org — financial aid information and need estimator