

Show Me The Money

Free Application for
Federal Student Aid



F A F S A

Panelists ~~~

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In the News...

AUSTIN -- Texas students planning on attending a state university next year should get ready to dig deeper into their pockets for that education.

Several of the state's universities – are expected to propose tuition hikes for the coming biennium after state lawmakers slashed higher education funding by nearly \$1 billion to help close a \$27 billion shortfall.



Source: Texas Tribute, Austin

Did You Know?

Most students receive financial aid.

In 2010-11, about **\$178 billion** in financial aid was awarded to undergraduate students.

The average amount of aid for a full-time undergraduate student was about **\$12,455**, including more than **\$6,500** in grants that don't have to be repaid.

Source: Price and aid figures are from the College Board's *Trends in College Pricing 2011 and Trends in Student Aid 2011*

Did You Know?

Starting Oct. 29, all colleges are required to post a **"net price calculator"** on their websites that will allow students and their families to figure out how much freshman year will likely cost.

(That net price will likely rise in subsequent years, since tuition is growing faster than financial aid.)

Source: US DOE

Did You Know?

Public **four-year** colleges charge, on average, **\$8,244** in tuition and fees for in-state students. The average surcharge for full-time out-of-state students at these institutions is **\$12,526**.

Private nonprofit four-year colleges charge, on average, **\$28,500** per year in tuition and fees.

Public **two-year colleges** charge, on average, **\$2,963** per year in tuition and fees.



Price and aid figures are from the College Board's *Trends in College Pricing 2011* and *Trends in Student Aid 2011*

Did You Know?

- ▶ During Fiscal Year 2011, Federal Student Aid (FSA) delivered \$157 billion of federal aid to 15 million postsecondary students and their families.
- ▶ In last year's Agency Financial Report (AFR), the Department reported an improper payment rate for the Pell program of 3.12 percent, caused mostly by the inaccurate self reporting of financial income on the Free Application for Federal Student Aid (FAFSA).

Social concerns

Besides economic effects of rapidly increasing debt burdens placed on students, social ramifications are felt. One of these is the increase in **suicides** directly attributable to the stress **related to distressed and defaulted student loans.**



PHOTO: THINKSTOCK

FAFSA
Free Application for Federal
Student Aid

FAFSA

Free Application for Federal Student Aid

- ▶ The FAFSA is a nationwide form that is used by all students to apply for federal and state need-based financial aid at public institutions of higher education
- ▶ The FAFSA is processed at a central location
- ▶ The student can list up to 6 different schools on the FAFSA
- ▶ Each school that is listed will be able to access the data and process at their financial aid office

How do you apply for financial aid?

- ▶ Complete the Free Application for Federal Student Aid (FAFSA) required by all schools.
 - There is no fee for this application
 - <http://fafsa.gov>
- ▶ Private schools may also require the student to file a College Scholarship Services CSS/PROFILE application with the College Board
 - There is a fee for this application
 - <https://profileonline.collegeboard.com/prf/index.jsp>
 - Check with the individual school for requirements

Options for Completing a FAFSA

There are three methods to file a FAFSA:

1. **Online via <http://fafsa.gov>**
Recommended method requiring a PIN for student and a PIN for the parent. The PIN serves as the FAFSA electronic signature. PINs can be requested at <http://fafsa.gov>
2. **Complete a PDF FAFSA**
The PDF FAFSAs must be mailed for processing
3. **Requesting a paper FAFSA on the phone at 1-800-433-3243**

Information can be found at

<http://www.fafsa.ed.gov/options.htm>



Who should complete a FAFSA?

- ▶ The student applicant
- ▶ The parents of the student, if student is dependent
 - Parent(s) are the biological parent(s) or legal guardian(s) of the student
 - Grandparents, foster parents, individuals claiming the student on tax return, etc... should not complete FAFSA unless there is court established legal guardianship / established managing conservatorship
 - Step-parent is part of the household and income information must be included
- ▶ The spouse of the student applicant
 - If the student is married at the time the FAFSA was submitted, but not married in the prior calendar year, the spouse's income information must be included



Common Questions...

- Citizenship
- Marital Status
- State and date of legal residence
- Selective Service Registration
- Drug Convictions
- Educational Background
- Plans for 2010-2011 school year
- Tax information
- Cash, savings, checking
- Investments
- Net worth of business and investment farms
- Number in household
- Number in College
- If parent has current default on a loan, student will be unable to receive a loan



FAFSA

Free Application for Federal Student Aid

What does the FAFSA processor do with the data?

- ▶ Establishes a record using the student's Last Name, First name, social security number and date of birth
 - This information is sent to several government agencies
 - Social Security Administration
 - Department of Homeland Security
 - Department of Justice
 - Department of Veteran's Affairs
 - Selective Service
 - National Student Loan Database
 - The data is matched at each of these agencies and if there is a mismatch it is reported back to the FAFSA processor and stored in the student's record
- ▶ Calculates the EFC (Expected Family Contribution) based on the student category type; dependent, independent single, independent married
- ▶ Establishes whether the record is selected for verification
- ▶ Stores the data for schools listed on the FAFSA to be able to retrieve it
- ▶ Sends a notice to the student via email and a Student Aid Report (SAR) of the results of the FAFSA application. This notice will also include information on mismatches and verification requirement

FAFSA

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What do schools do with FAFSA data?

- ▶ Listed schools retrieve the data on a regular basis and do edits to the student FAFSA record to see what requirements may be needed.
 - Admissions status to the school
 - Students who do not have a high school diploma, nor a GED, nor completed homeschooling at the secondary level, nor satisfactorily completed 6 credit hours of college work applicable to a degree or certificate at the school must pass a Dep't of Education approved 'ability to benefit' test
 - Mismatches that may have been reported to the FAFSA processor and the school need to follow up with the student before a financial aid award is made
 - Whether the student record is selected for verification
- ▶ If there are any requirements needed, schools will send a notice to the student requesting information and/or documents the student will need to present to the school
- ▶ The school will review the documents and see if the mismatches can be cleared. In some cases, the school will send data back to the FAFSA to make corrections, have the agency reprocess and return the results to the school

Then and only then will a school award financial aid

FAFSA

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Why do you need to know what the FAFSA processor does with the data and reports back on the student's record?

- Most, if not all, schools will not award financial aid until all requirements are satisfied
 - Many of the financial aid programs have limited allocations and once the funds are committed, though the student may be eligible, the funds will not be there when the award is ready to be made
 - Though processes may be automated, **it still takes people to review documents, follow up with students and make necessary corrections before an award is made**
- ▶ Direct students to apply early and submit documents early before the rush of late summer.

New for 2012–2013

▶ IRS Data retrieval

- Individuals who file their 2011 income tax return early **BEFORE** completing the FAFSA can utilize this feature.

- **Pros**

If selected for verification the schools need verify only

- Child support paid (if reported on the FAFSA: Q. 91B &/or
- Food Stamps were received in 2010 or 2011 (if circled on the FAFSA: q. 75

- **Cons**

- The FAFSA can be completed prior to filing the 2011 tax return and later updated with the IRS Data retrieval; however, **IF** selected for verification, the school **MAY NOT** accept the data retrieval record after the school begins processing.
- Certain types of tax return filers can not utilize this feature; Married filing separately, amended tax returns, or foreign tax returns

New for 2012–2013

Verification requirements have changed!

Prior to 2012–2013

Verification Worksheet to determine

- Household size of family
- Number of family members attending college
- Child support received

Signed Income tax return to confirm

- Adjusted Gross Income (AGI)
- U.S. tax liability
- IRA/Keogh deductions
- Interest on tax-free bonds
- Other untaxed income included on the income tax return

For 2012–2013

Verification Worksheet to confirm

- Child Support Paid
- Statement from agency confirming receipt of Food Stamps
 - Dep't of Ed has not come up with a verification worksheet
 - Selection of verification elements will change yearly

Tax Transcript (IRS Form 4506T-EZ)

- Does not need to be signed by tax filer!
 - Non filers

At this point, each school determines what they want to do

What qualifies a student as Independent?

- ▶ Must be able to answer yes to one of the following:
 - You were born before Jan. 1, 1989
 - You are married on the day you apply
 - You are or will be enrolled in a master's or doctoral degree program at the beginning of the 2012–2013 academic year.
 - You are currently serving on active duty
 - You are a veteran of the U.S. Armed Forces
 - You have children who will receive more than half their support from you.



What qualifies a student as Independent? (continued)

- You have children who will receive more than half of their support from you.
- You have legal dependents who live and receive more than half of their support from you.
- When you were age 13 or older, both of your parents were deceased and you were in foster care or a dependent or ward of the court.
- As of the day you apply for aid, you are an emancipated minor as determined by a court in your state of legal residence.
- As of the day you apply for aid, you are in a legal guardianship.
- You are homeless or about to become homeless.



Unable to fill out a FASFA?

- ▶ Complete a TASFA if:
 1. You are not a US Citizen
 2. You are not a permanent US resident with a visa type I-551
 3. You are not a Conditional permanent U.S. resident with visa type I-551C
 4. You are not an eligible noncitizen with an Arrival/Departure Record (I-94) showing one of the following:
 - Refugee
 - Asylum granted
 - Parolee (for a minimum of one year), or
 - Cuban-Haitian entrant





The Austin Chamber Financial Aid Saturdays Program partners with schools, businesses and education focused community organizations across central Texas to offer FREE help filling out complicated federal and state forms for college financial aid!