

Glossary of Terms for Financial Aid Offers

The Glossary of Terms for Financial Aid Offers was created in 2012 by NASFAA's Award Notification Task Force, and updated in 2019 after consultation with NASFAA membership, the NASFAA Board of Directors, and members of the higher education community, to more accurately reflect the current financial aid environment. It contains universally accepted definitions of language typically contained on financial aid offers given to current and prospective students by colleges and universities. The intent of this glossary is:

- To provide colleges community-defined and accepted definitions of common terms used on institutional financial aid offers
- To provide greater clarity and understanding by students through consistency in the use and meaning of terms on financial aid offers across all colleges and universities
- To allow prospective students to more easily compare information from multiple schools because terms used have common definitions

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Cost of Attendance (COA): The estimated total cost of attending an institution for one academic year. This amount may include the following:

- Estimated charges for one academic year of tuition and fees
 - Tuition – Charges assessed for classes and/or other coursework
 - Fees – Charges assessed for other college services (e.g. technology access, recreational center use)
- Housing – Includes residence hall charges for on-campus students or an estimate of rent and utilities for an off-campus student
- Food – Includes the cost of a meal plan and/or an estimate of the costs of food prepared at home
- Estimated transportation and parking costs
- Estimated costs for books and supplies
- Purchase or rental of a computer
- Miscellaneous costs such as personal hygiene, laundry, and reasonable entertainment
- Other costs specific to certain student circumstances related to attendance, such as dependent care during periods of class attendance or study, expenses related to disabilities, study abroad, educational loan fees, and others
- Student health insurance costs

Educational Loan: A form of financial aid that must be repaid. Educational loans have varying fees, interest rates, repayment terms, and/or borrower protections.

- **Federal Student Loan:** Federal funds made available to the student that must be paid back by the student. Students must complete Entrance Counseling and a Master Promissory Note (MPN) to receive these loans. Repayment begins six months after the student ceases to be enrolled at least half-time with options to delay payment available. To be eligible, the student must be enrolled at least half-time in an eligible program of study.
 - **Federal Direct Subsidized Student Loan:** Loan funds provided *to the student* by the U.S. Department of Education, through the school. Undergraduate students with financial need can qualify for a subsidized loan. The government pays the interest on the loan while the student remains enrolled at least half time and during certain periods when the government allows deferment of repayment. There are annual limits on the amounts that may be borrowed, which vary by

the student's academic year in school and the student's dependent or independent status.

- **Federal Direct Unsubsidized Student Loan:** Loan funds provided *to the student* by the U.S. Department of Education, through the school. Undergraduate students and graduate students regardless of their need, qualify for an unsubsidized loan, provided they have filed the Free Application for Federal Student Aid (FAFSA). Interest accrual begins immediately, and the student can choose to pay the interest while enrolled or upon entering repayment. There are annual limits on the amounts that may be borrowed, which vary by the student's academic year in school and the student's dependent or independent status.
- **Federal Direct Graduate PLUS Loan:** Loan funds provided to *graduate students* by the U.S. Department of Education, through the school. This federal loan program allows graduate students with no adverse credit history to apply for a loan amount up to their Cost of Attendance each year, less any other financial aid received.
- **Federal Direct Parent PLUS Loan (PLUS):** Loan funds provided *to the parents* of dependent undergraduate students by the U.S. Department of Education, through the school. This federal loan program allows parents with no adverse credit history to apply for a loan amount up to the [Cost of Attendance](#) each year, less any financial aid received by the dependent student. Repayment of principal and interest begins immediately once the loan is fully disbursed with some options to delay payment available.
- **Private Loan:** A student or parent loan from a commercial, state-affiliated or institutional lender used to pay for up to the annual [Cost of Attendance](#), less any financial aid received. Private loans have varying interest rates, fees and repayment options and usually require the applicant to be creditworthy, or have a creditworthy cosigner. Repayment generally begins immediately.

Enrollment Status: Academic workload (or course load), as defined by the institution, in which a student is enrolled for a defined academic period. This normally relates to the number of credit hours or clock hours taken by a student during a given academic period (e.g. full-time, three-quarter-time, half-time, less-than-half-time).

Expected Direct Costs: Charges included in the [Cost of Attendance](#) that the student/family pays directly to the college.

Expected Family Contribution (EFC): An eligibility index that college financial aid staff use to determine how much financial aid you would receive if you were to attend their school. The EFC is calculated according to a formula specified in law and is based upon the information provided by the student and their family on the Free Application for Federal Student Aid (FAFSA).

Family Financial Responsibility (FFR): Many schools award institutional need-based scholarships and grants based upon a more comprehensive calculation of family financial circumstances using information provided on the CSS PROFILE or the institution's own financial aid form. This can result in a higher (or lower) figure

than the Free Application for Federal Student Aid (FAFSA) might indicate with its [Expected Family Contribution](#) (EFC) estimate.

Federal Pell Grant: A federal grant provided by the federal government to undergraduate students who demonstrate exceptional financial need and have an [Expected Family Contribution](#) below a certain threshold established by the federal government. The Pell Grant award amount is prorated based on [Enrollment Status](#).

Federal Supplemental Educational Opportunity Grant (FSEOG): A federal grant awarded by the institution to qualified undergraduate students who demonstrate exceptional financial need. Priority is given to [Federal Pell Grant](#) recipients.

Federal Work-Study (FWS): A federal program offered and administered by the institution that provides opportunity for part-time employment to students with financial need to help pay their educational expenses. Students are responsible for finding qualified employment. Funds are paid out through a paycheck, as earned.

Gift Aid: Funds awarded to the student that do not have to be repaid, unless the student fails to meet certain criteria, such as a service requirement that is specified as a condition of the gift aid or not completing the period for which the aid was awarded. Gift aid can include awards with titles such as grants, scholarships, remissions, awards, waivers, etc. Gift aid can be awarded based upon many factors, including (but not limited to) financial need, academic excellence, athletic, musical, and/or theatrical talent, affiliation with various groups, and/or career aspirations.

Grant: [Gift Aid](#) that is typically based on financial need.

Income Share Agreement (ISAs): A student's contract with their institution or a private entity to pay a percentage of their future earnings for a fixed period after graduation in exchange for funds to pay for their education while enrolled.

Indirect Costs: Estimated expenses in the [Cost of Attendance](#) that are not paid directly to the institution.

Iraq and Afghanistan Service Grant (IASG): A federal grant to qualifying students with a parent or guardian who died as a result of U.S. military service in Iraq or Afghanistan after September 11, 2001. If a student is eligible for a [Federal Pell Grant](#), he or she cannot receive an IASG.

Need: The student's [Cost of Attendance](#) minus their [Expected Family Contribution](#), or [Family Financial Responsibility](#) (if applicable).

Net Price: Amount of direct and indirect costs remaining after all [Gift Aid](#) is applied. Net price can be covered through a variety of sources, including: savings, income, and education loans.

Program Level: Level of the degree-granting program in which a student is enrolled. Program levels may include: undergraduate (students seeking an associate degree, an undergraduate certificate, or a baccalaureate degree); post-baccalaureate (such as teacher certification); or graduate (students working on a master's degree, graduate certificate, doctorate, or professional degree). The

amounts and types of financial aid for which a student is eligible is determined, in part, by their program level.

Scholarship: [Gift Aid](#) that is typically based on merit, such as, academic excellence, talent, affiliation with various groups, or career aspirations or a combination of merit and need.

Self-help: An institution's expectation that a student contribute toward their education using a combination of loans, student employment such as [Federal Work-Study](#), and/or summer savings.

Teacher Education Assistance for College and Higher Education (TEACH)

Grants: Federal grants for undergraduate and graduate students, awarded in exchange for specific future teaching service in designated high-need fields and low-income elementary and secondary schools. If a student does not complete the required teaching service, the grant becomes a [Federal Direct Unsubsidized Loan](#) that must be repaid.

Unmet Need: The student's [Cost of Attendance](#), minus their [Expected Family Contribution](#) or [Family Financial Responsibility](#) (if applicable), less any need-based aid received, such as [Gift Aid](#), [Federal Work-Study](#) or [Federal Direct Subsidized Loans](#).

Verification: A federally mandated process to confirm the accuracy of data provided by selected applicants on the Free Application for Federal Student Aid (FAFSA). To complete the verification process, the student, their parent(s), or spouse, if applicable, are required to provide certain documents to the school for review. If the documentation the student provides the institution doesn't match what was reported on the FAFSA, verification can result in changes to the student's financial aid eligibility, and/or financial aid offers.

Visit the [Department of Education's website](#) for more information on the types of Federal Student Aid.