



## FINANCIAL AID GLOSSARY

**Academic Year:** A period of time schools use to measure a quantity of study. For example, a school's academic year may consist of a fall and spring semester during which a full-time undergraduate student must complete 24 semester hours. Academic years vary from school to school and even from educational program to educational program at the same school.

**Acceptance Form:** The written acknowledgment by the student of receipt of a financial aid offer. The form usually provides for acceptance of financial aid offered, possible declination of all or part of financial aid offered, and some means of requesting an appeal, if desired, to modify the financial aid award. Frequently, acceptance letters and financial aid offers are combined into a single document. The form may be electronic.

**Accreditation:** Refers to the school meeting certain minimum academic standards, as defined by the accrediting body. A school must have accreditation from an accrediting body recognized by the U.S. Department of Education to be eligible to participate in the administration of federal student aid programs.

**Accruing Interest (on a loan):** The cost of the loan, represented by the interest which is added to the loan amount prior to the repayment period or prior to a payment installment.

**Adjusted Available Income:** The portion of family income remaining after deducting federal, state, and local taxes, a living allowance, and other allowances used in Federal Methodology to calculate the expected family contribution (EFC).

**Adjusted Gross Income (AGI):** All taxable income as reported on a U.S. income tax return.

**Advanced Placement (AP):** Credit and/or advanced standing that postsecondary institutions may offer to high school students who have taken high-level courses and passed certain examinations.

**Adverse Credit History:** A summary of an individual's financial history. To qualify for a PLUS Loan without an endorser, a parent borrower must not possess an adverse credit history. The U.S. Department of Education considers the following to determine if a borrower has adverse credit:

- Is more than 90 days delinquent on the repayment of one or more debts with the total combined outstanding balance of more than \$2,085, as of the date of the credit report, has been placed in collection for that debt, or has had that debt charged off during the two years preceding the date of the credit report; or
- Has been subject to a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or Title IV debt write-off during the five years preceding the date of the credit report.

**Agreement to Serve (ATS):** A contract under which a student receiving a Teacher Education Assistance for College and Higher Education (TEACH) Grant commits to the specific obligation to teach for four complete years in a designated high-need field at a low-income elementary or secondary school within eight years of completing or ceasing enrollment in a TEACH Grant-eligible program.

**Assets:** Balance of cash, checking and savings accounts, trusts, stocks, bonds, other securities, real estate (excluding the home), income-producing property, business equipment, and business inventory. Assets are considered in calculating the EFC.

**Associate Degree:** The degree given for successful completion of an undergraduate program of study at a two-year institution.

**Award Letter:** See Acceptance Form and Financial Aid Offer.

**Bachelor Degree:** The degree given for successful completion of the undergraduate curriculum at a four-year college or a university. It is also called a baccalaureate degree.

**BIA Grant:** See Bureau of Indian Affairs Grant.

**Borrower:** The individual who signed and agreed to the terms in the loan's promissory note and is responsible for repaying the loan.

**Budget:** See Cost of Attendance.

**Bureau of Indian Affairs (BIA) Grant:** A federal grant program administered by the Bureau of Indian Education for needy students who are members of an American Indian or Alaska native tribe and enrolled in accredited institutions in pursuit of an undergraduate or a graduate degree.

**Business Assets:** Property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery and other equipment, patents, franchise rights, and copyrights. Business assets are considered in the calculation of the EFC under the regular Federal Methodology formula.

**Campus-Based Programs:** The term commonly applied to federal student aid programs administered directly by participating postsecondary institutions. Campus-based programs include: Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work-Study (FWS).

**Capitalization (of interest):** The arrangement between borrower and lender whereby interest payments are deferred as they come due and are added to the principal amount of the loan.

**Central Processing System (CPS):** The computer system to which the student's need analysis data is electronically transmitted by the Free Application for Federal Student Aid (FAFSA®) processor. The Central Processing System performs database matches, calculates the student's official EFC, and generates the Student Aid Report (SAR).

**Certificate:** The formal acknowledgment of successful completion of a particular program or course of study, particularly at a community college or career college.

**Children of Fallen Heroes Scholarship Program (CFHS):** A need-based Title IV program from which Federal Pell Grant awards are made to qualifying students with a parent or guardian who was a public safety officer and died in the line of duty. At the time of the parent's or guardian's death, the student must have been either less than 24 years of age or enrolled at an institution of higher education. A student must possess a Pell Grant-EFC

and will continue to be eligible for this award in subsequent years as long as the student possesses a Pell Grant-eligible EFC. The eligible student must be awarded a full Pell Grant award and all other aid must be awarded based on a zero EFC. The financial aid administrator must determine and document that a student meets the eligibility criteria for this award.

**CLEP:** See College-Level Examination Program.

**COA:** See Cost of Attendance.

**College-Level Examination Program (CLEP):** A series of examinations demonstrating a student's proficiency in a subject area, for which some postsecondary institutions offer credit.

**Commuter Student:** A student who does not live on campus; typically, "commuter" refers to a student living at home with his or her parents, but can also mean any student who lives off campus.

**Comprehensive Transition and Postsecondary (CTP) Program:** A program for students with intellectual disabilities pursuing a degree, certificate, or nondegree program that:

- Is offered by an institution of higher education and approved by the U.S. Department of Education;
- Is designed to support students with intellectual disabilities who are seeking to continue academic, career and technical training for education, and independent living instruction to prepare for gainful employment;
- Offers academic advising and a structured curriculum; and
- Requires students with intellectual disabilities to participate on a not less than half-time basis with nondisabled students in (1) regular enrollment in credit-bearing courses, (2) auditing or participating in courses for which the student does not receive regular academic credit, (3) enrollment in non-credit-bearing, nondegree courses, or (4) participation in internships or work-based training.

**Consolidation Loan:** A loan made to enable a borrower with different types of loans or multiple loans to obtain a single loan with one interest rate and one repayment schedule. Direct Subsidized and Direct Unsubsidized Loans, Health Education Assistance Loans (HEAL), Health Professions Student Loans (HPSL), and Loans for Disadvantaged Students (LDS) may be combined for purposes of consolidation, subject to certain eligibility requirements. A consolidation loan pays off the existing loans; the borrower then repays the consolidated loan.

**Cooperative Education:** A program through which a college student alternates periods of classroom instruction with periods of related employment.

**Cost of Attendance (COA):** Generally, this includes the tuition and fees normally assessed a student, together with the institution's estimate of the cost of room and board, transportation and commuting costs, books and supplies, the cost of a computer, and miscellaneous personal expenses. In addition, student loan fees, dependent care costs, reasonable costs for a study abroad or cooperative education program, disability-related costs, and/or the cost of a first professional credential may be included, when appropriate. It is also referred to as "cost of education" or "budget."

**CPS:** See Central Processing System.

**Credit (or Credit Hour):** The unit of measurement some institutions give for fulfilling course requirements.

**Custodial Parent:** The parent with whom a dependent student lives, and whose financial information is used in need analysis when parents are divorced or separated.

**Data Release Number (DRN):** A four-digit number assigned to a student's FAFSA that allows the student to release the FAFSA information to postsecondary institutions that were not originally listed on the FAFSA.

**Default:** Failure to repay a loan according to the terms agreed to when the borrower signed a promissory note.

**Deferment (of loan):** A period of time during which payments of the principal balance are not required, and for Federal Direct Student Loans, interest does not accrue. The repayment period is extended by the length of the deferment period.

**Department of Education, U.S. (ED):** The federal government agency that administers assistance to students enrolled in postsecondary educational programs under the following programs: Federal Pell Grant, Iraq and Afghanistan Service Grant (IASG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Direct Student Loan (Direct Loan) programs.

**Departmental Scholarship:** An award of gift assistance that is specifically designated for a recipient in a particular academic department within the institution.

**Dependent Student:** A student who does not qualify as an independent student and whose parental income and asset information is used in calculating the EFC (see Independent Student).

**Direct PLUS Loan:** Long-term loans made available to graduate/professional students and parents of dependent students. Interest rates are "variable-fixed" and subject to change each July 1. May be used to replace the EFC; amount borrowed is limited to the cost of attendance minus estimated financial assistance.

**Direct Subsidized and Direct Unsubsidized Loans:** Long-term, low-interest loans administered by the U.S. Department of Education and institutions. Loans carry a "variable-fixed" interest rate subject to change each July 1. Direct Unsubsidized Loans can be used to replace EFC.

**Disbursement:** Payment of loan proceeds to the borrower via the school by the lender. During consolidation, this term refers to sending payoffs to the loan holders of the underlying loans being consolidated.

**Educational Benefits:** Funds, primarily federal, awarded to certain categories of students (veterans, children of deceased veterans or other deceased wage earners, and students with physical disabilities) to help finance their postsecondary education regardless of their ability to demonstrate need in the traditional sense.

**Educational Expenses:** See Cost of Attendance.

**EFC:** See Expected Family Contribution.

**Eligible Noncitizen:** An individual who is one of the following:

- U.S. national (Natives of American Samoa, Swain’s Island, or U.S. Minor Outlying Islands are U.S. nationals, but not U.S. citizens);
- U.S. permanent resident who has an I-151, or I-551;
- Individuals who qualify under the Jay Treaty; or
- Someone with an Arrival-Departure Record (I-94) from the U.S. Citizenship and Immigration Services (USCIS) showing one of the following designations:
  - “Refugee”,
  - “Asylum Granted”,
  - “Cuban-Haitian Entrant, Status Pending”,
  - “Conditional Entrant” (valid only if issued before April 1, 1980),
  - Victims who qualify under the Violence Against Women Act,
  - Victims of human trafficking, T-visa (T-2, T-3, or T-4, etc.) holder, or
  - “Parolee” paroled into the United States for at least one year for other than a temporary purpose with the intent to become a U.S. citizen or permanent resident.

**Eligible Program:** A program of organized instruction or study that leads to an academic, professional, or vocational degree or certificate, or other recognized educational credential.

**Employment:** With reference to financial aid, the opportunity for students to earn money to help pay for their education. Federal Work-Study is one program by which needy students can work to help pay their educational expenses.

**Employment Allowance:** An allowance to meet expenses related to employment when both parents (or a married independent student and spouse) are employed or when one parent (or independent student) qualifies as a surviving spouse or as head of a household. It is used in the need analysis formula for parents and students, if eligible.

**Enrollment Status:** The number of credits a student is registered for in a particular educational program during a specified period of time, such as a semester or quarter. Enrollment status is defined as full time, three-quarter time, half time or less than half time.

**Estimated Financial Assistance (EFA):** The total assistance that a student is receiving to offset the cost of a postsecondary education, including scholarships, Title IV aid, need-based work assistance, and private loans, that is subtracted from a student’s need when determining eligibility for campus-based aid, Direct Subsidized and Unsubsidized Loans, and PLUS.

**Expected Family Contribution (EFC):** The amount a student and his or her family is expected to contribute toward the student’s cost of attendance as calculated by a Congressionally-mandated formula known as Federal Methodology. The EFC is used to determine a student’s eligibility for the student financial assistance programs.

**FAFSA:** See Free Application for Federal Student Aid.

**FAFSA4Caster:** Allows students and families to input financial information and receive an estimate of their federal aid eligibility before filing the FAFSA.

**FAFSA on the Web (FOTW):** Allows students to complete and file a FAFSA online at [www.fafsa.gov](http://www.fafsa.gov).

**Federal Direct Student Loan (Direct Loan) Program:** The collective name for the Direct Subsidized, Direct Unsubsidized, Direct PLUS, and Direct Consolidation Loan Programs. Loan funds for these programs are provided by the federal government to students and parents through postsecondary institutions.

**Federal Methodology (FM):** A standardized method for determining a student's (and family's) ability to pay for postsecondary education expenses. Formula for determining an EFC for the Federal Pell Grant, campus-based, and Direct Loan programs; the formula is defined by law.

**Federal Pell Grant Program:** A federal grant program for needy postsecondary students who have not yet received a baccalaureate or first professional degree; administered by the U.S. Department of Education.

**Federal Supplemental Educational Opportunity Grant (FSEOG) Program:** One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree and who are financially in need of this grant to enable them to pursue their education. Priority for FSEOG awards must be given to Federal Pell Grant recipients with the lowest EFCs.

**Federal Work-Study (FWS) Program:** One of the campus-based programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of earnings to meet a portion of their educational expenses.

**Financial Aid:** General term that describes any source of student assistance outside of the student or the student's family. Funds awarded to a student to help meet postsecondary educational expenses. These funds are generally awarded on the basis of financial need and include loans, grants and/or scholarships, and/or student employment.

**Financial Aid Administrator:** An individual who is responsible for preparing and communicating information pertaining to student loans, grants and/or scholarships, and/or student employment programs, and for advising, awarding, reporting, counseling, and supervising office functions related to student financial aid. A financial aid administrator is accountable to the various federal, state, and institutional entities that provide aid, and interprets and implements federal, state, and institutional policies and regulations. A financial aid administrator is capable of analyzing student and employee needs and making changes where necessary.

**Financial Aid Award:** An offer of financial or in-kind assistance to a student attending a postsecondary educational institution.

**Financial Aid Consultant:** A person who, for a fee, provides a variety of services to students and parents, including preparing the FAFSA and other financial aid forms, estimating the EFC, and estimating financial need.

**Financial Aid Offer:** A method of notifying financial aid applicants of the financial aid assistance offered by an institution. The paper or electronic financial aid offer usually provides information on the types and amounts of financial aid awarded, as well as specific program information, student responsibilities, and the conditions which govern the financial aid award. It generally provides students with the opportunity to accept or decline the aid offered. State agencies and private organizations may send students award notifications separately from the postsecondary institution. Also see Acceptance Form.

**Financial Aid Package:** A financial aid award to a student that can be comprised of a combination of forms of financial aid (loans, grants, scholarships, and student employment).

**Financial Need:** The difference between the institution's cost of attendance and the family's ability to pay (i.e., EFC). Ability to pay is represented by the EFC for federal need-based aid and for many state and institutional programs.

**Financial Need Equation:** Cost of attendance minus expected family contribution equals financial need (COA - EFC = Need).

**FM:** See Federal Methodology.

**Forbearance:** Permits the temporary cessation of repayments of loans, allowing an extension of time for making loan payments, or accepting smaller loan payments than were previously scheduled.

**Free Application for Federal Student Aid (FAFSA®):** The financial aid application completed by the student, and the student's parents if applicable, that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.

**FSEOG:** See Federal Supplemental Educational Opportunity Grant Program.

**FWS:** See Federal Work-Study Program.

**FSA ID:** The username and password combination that serves as a student's or parent's identifier to allow access to personal information in various U.S. Department of Education systems and acts as a digital signature on some online forms.

**General Education Development (GED) Certificate:** Certificate students receive if they have passed a specific, approved high school equivalency test.

**Gift Aid:** Educational funds such as grants or scholarships that do not require repayment from present or future earnings. See Grant.

**Grace Period:** The period of time that begins when a loan recipient ceases to be enrolled at least half time and ends when the repayment period starts. Loan principal need not be paid and, depending on the loan, interest does not accrue during this period.

**Grant:** A type of financial aid that does not have to be repaid; usually awarded on the basis of need, possibly combined with some skills or characteristics the student possesses. Also see Gift Aid.

**Half Time:** At schools measuring progress in credit hours and semesters, trimesters, or quarters, “half time” is at least six semester hours or quarter hours per term for an undergraduate program. At schools measuring progress by credit hours but not using semesters, trimesters, or quarters, “half time” is at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, “half time” is at least 12 hours per week. Note that schools may choose to set higher minimums than these. A student must be attending school at least half time to be eligible for a Direct Loan. Half-time enrollment is not a requirement to receive aid from the Federal Pell Grant, Teacher Education Assistance for College and Higher Education (TEACH) Grant, FSEOG, and FWS programs.

**Health and Human Services, U.S. Department of (HHS):** The federal government agency that provides assistance to future health care practitioners. The Nursing Student Loan, Health Profession Student Loan, and Scholarships for Disadvantaged Students are among some of the aid programs administered by HHS.

**Health Professions Programs:** Federal student assistance programs administered by the U.S. Department of Health and Human Services for students preparing for careers in the health sciences.

**HHS:** See Health and Human Services, U.S. Department of.

**Income Protection Allowance (IPA):** An allowance against income for the basic costs of maintaining family members in the home. The allowance is based upon consumption and other cost estimates of the U.S. Bureau of Labor Statistics for a family at the low standard of living.

**Independent Student:** A student who:

- (a) Will be 24 years of age by December 31 of the award year;
- (b) Is an orphan or a ward of the court;
- (c) Is an orphan, in foster care, or a ward of the court, at any time when the student was 13 years of age or older;
- (d) Is an emancipated minor or is in legal guardianship as determined by a court in the student’s state of legal residence;
- (e) Is an unaccompanied youth who is homeless or who is at risk of homelessness and is self-supporting, as documented during the school year;
- (f) Is a veteran;
- (g) Is serving on active duty in the U.S. Armed Forces for purposes other than training;
- (h) Is married;
- (i) Is a graduate or professional student;
- (j) Has legal dependents other than a spouse who receive more than have of their support from the student;
- (k) Has dependent children who receive more than have of their support from the student; or
- (l) Presents documentation of other unusual circumstances demonstrating independence to the financial aid administrator.

**Interest:** A loan expense charged by the lender and paid by the borrower for the use of borrowed money. The expense is calculated as a percentage of the unpaid principal amount (loan amount) borrowed.



**Interest Rate:** An annual rate that is charged on a loan. The interest rate for Title IV loans are determined by federal law.

**Investment Plans:** Coverdell Educational Savings Accounts and state 529 plans are examples of educational investment plans that can be used to assist with higher education expenses, usually sponsored by commercial banking institutions.

**Iraq and Afghanistan Service Grant (IASG) Program:** A non-need-based federal grant program for students whose parent or guardian died as the result of 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.

**Legal Dependent (of Applicant):** A biological or adopted child, or a person for whom the applicant has been appointed legal guardian, and for whom the applicant provides more than half support. In addition, a legal dependent is a person who lives with and receives at least half support from the applicant and will continue to receive that support during the award year. For purposes of determining dependency status, a spouse is not considered a legal dependent.

**Lender:** The entity that initially makes the loan to the borrower. The lender could be a school, lending institution, e.g., a bank or credit union, or the U.S. Department of Education.

**Lifetime Eligibility Used (LEU):** According to Federal Law, the amount of Federal Pell Grant and/or IASG funds that a student may receive is limited to the equivalent of six years of Federal Pell Grant and/or IASG funding.

**Loan:** An advance of funds evidenced by a promissory note and requiring the recipient to repay the specified amount(s) under prescribed conditions.

**Loan Repayment Program:** A special program available to qualified students who have attended college on federally-funded student loans and for whom loans are repaid based upon employment in a particular field or with a participating federal agency, including the U.S. Army, Navy, and Air Force.

**Master Promissory Note (MPN):** A promissory note for the Federal Direct Loan program that allows borrowers to apply for multiple loans during a student's attendance at a postsecondary institution.

**Means-Tested Federal Benefit Program:** A federal benefit program for which the applicant must demonstrate financial need.

**Merit-Based Aid:** Financial aid awarded because of a student's achievement or talent in a particular area, such as academics, athletics, music, etc.

**Military Scholarships:** Reserve Officer Training Corps (ROTC) scholarships available for the U.S. Army, Navy, and Air Force at participating postsecondary institutions throughout the United States. These scholarships cover tuition and fees, books and supplies, and include a subsistence allowance.

**Mobile FAFSA:** A version of the FAFSA that may be completed using the U.S. Department of Education's mobile app and filed like a paper FAFSA.

**myStudentAid:** Allows students to complete and file a FAFSA using a mobile device, e.g. smartphone or tablet. The app is available from the Google Play and the Apple App Store.

**National and Community Service:** A program established through the National and Community Service Trust Act of 1993 designed to reward individuals who provide community service with educational benefits and/or loan forgiveness or cancellation.

**National Health Service Corps (NHSC) Scholarship Program:** Scholarship program for students who pursue full-time courses of study in certain health professions disciplines, and are willing to serve as primary care practitioners in underserved areas after completing their education.

**National Student Loan Data System (NSLDS):** The U.S. Department of Education's centralized database which stores enrollment and disbursement information for federal student financial aid funds that students have received. NSLDS receives data from schools, guaranty agencies, and U.S. Department of Education programs.

**Need:** See Financial Need.

**Need Analysis:** A system by which an applicant's ability to pay for educational expenses is evaluated and calculated. Need analysis consists of two primary components: (a) determination of an estimate of the applicant's and/or family's ability to contribute to educational expenses; and (b) determination of an accurate estimate of the educational expenses themselves.

**Need Analysis Formula:** Defines the data elements used to calculate the EFC; there are two distinct formulas: regular and simplified. The formula determines the EFC under the Federal Methodology.

**Need-Based Aid:** Student assistance awarded because of a student's demonstrated calculated need for assistance.

**Net Price:** An estimate of the actual cost that a student and her family will expect to pay for one year's educational expenses at an institution. It takes into account the institution's cost of attendance and subtracts grants and scholarships for which the student may be eligible.

**Non-Need-Based Aid:** Student financial assistance based on criteria other than need, such as academic, musical, or athletic ability. Also, refers to federal student aid programs where the EFC is not part of the need equation.

**Overpayment:** When a student receives more federal student aid than for which he or she demonstrates eligibility, the excess amount must be repaid in order for a student to receive additional federal student aid funds.

**Packaging:** The process of combining various types of student aid (loans, grants, scholarships, and student employment) to attempt to meet the full amount of a student's need.

**Parent Contribution:** A quantitative estimate of the parents' ability to contribute to the postsecondary educational expenses of a dependent student.

**PDF FAFSA:** A version of the FAFSA viewed using Adobe Acrobat which may be printed, completed, and filed like a paper FAFSA.

**PLUS:** See Direct PLUS Loan.

**Principal (of a loan):** The amount of money borrowed through a loan; does not include interest or other charges, unless they are capitalized.

**Professional Judgment (PJ):** The financial aid administrator's discretion, based on the special circumstances of the student, to change the data elements used in determining eligibility for federal student aid, adjust a student's cost of attendance, or deny or reduce Direct Loan eligibility.

**Promissory Note:** The legal document which binds a borrower to the repayment obligations and other terms and conditions which govern a loan program.

**Regular Student:** One who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized education credential offered by that institution.

**Repayment Schedule:** A plan that is provided to the borrower at the time he or she ceases at least half-time enrollment. The plan sets forth the principal and interest due on each installment and the number of payments required to pay the loan in full. Additionally, it includes the interest rate, the due date of the first payment, and the frequency of payments.

**Reserve Officers Training Corps Scholarship Program:** See ROTC Scholarship Program.

**ROTC Scholarship Program:** Competitive scholarship that pays for tuition, fees, books, a monthly living stipend, and other benefits in exchange for participating in drills and classes during the academic year, military camp during the summer, and, upon graduation, full-time active duty in the military for at least four years.

**SAR:** See Student Aid Report.

**SAR Acknowledgment:** A one-page Student Aid Report that cannot be corrected. Students who file a FAFSA on the Web (FOTW) or submit online corrections without providing a valid email address receive this output document.

**Satisfactory Academic Progress (SAP):** Qualitative and quantitative standards students must meet towards degree or certificate completion in order to remain eligible to receive federal student financial aid.

**Scholarship:** A form of financial assistance that does not require repayment or employment and is usually made to students who demonstrate or show potential for distinction, usually in academic performance.

**Scholarship Search Services:** Organizations that may help students find little-known and unused financial aid funds. Families who are interested in using such a service should carefully investigate the company first.

**Selective Service Registration:** Certain students must register with Selective Service in order to be eligible for federal student aid. Selective Service Registration is required if the student is:

- A male born on or after January 1, 1960;
- At least 18 years old; and
- If he is not currently on active duty in the U.S. Armed Forces.

Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau are exempt from registering.

**Service Academy:** The five postsecondary institutions administered by branches of the military (U.S. Military Academy, U.S. Air Force Academy, U.S. Naval Academy, U.S. Coast Guard Academy, and U.S. Merchant Marine Academy).

**Simplified Needs Test (SNT):** An alternate method of calculating the EFC for families with incomes of less than \$50,000, and who meet one of the following conditions: are not required to file an income tax return, have a household member who received benefits through a means-tested federal benefit program, or is a dislocated worker. The SNT excludes all assets from consideration in the calculation of the EFC.

**Student Aid Report (SAR):** The official notification sent to a student as a result of the CPS receiving an applicant record (FAFSA) for a student. The SAR summarizes applicant information, provides the EFC for a student, and displays other special messages related to the student's application. In some instances, the SAR may need to be submitted to the financial aid office at the school the student plans to attend, but only if the school requests it. Depending on how the student submits the FAFSA, the SAR is either a paper or electronic document.

**Student Contribution:** A quantitative estimate of the student's ability to contribute to postsecondary expenses for a given year.

**Subsidy:** The money the federal government uses to help underwrite student aid programs.

**Subsidized Loan Eligibility Time Limitation (150% rule):** First-time borrowers have a maximum eligibility period for which they are eligible to receive a Direct Subsidized Loan. These borrowers may not receive a Direct Subsidized Loan for a period of more than 150 percent of the published length of the program in which they are enrolled.

**Taxable Income:** Income earned from wages, salaries, and tips, as well as interest income, dividend income, business or farm profits, and rental or property income.

**Teacher Education Assistance for College and Higher Education (TEACH) Grant Program:** A federal non-need-based grant program in which funds are awarded to undergraduate and graduate students who want to pursue a teaching career in a high-need field and who agree to teach in a school serving low-income students (Title I schools) after graduating. If a recipient does not fulfill the service requirement, funds convert into a Direct Unsubsidized Loan.

**Title IV Programs:** Those federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Includes the Federal Pell Grant, Iraq and Afghanistan Service Grant (IASG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Direct Student Loan (Direct Loan) programs.

**Tuition Payment Plans:** A strategy by which payment for present costs of postsecondary education is extended into a future period of time.

**Unmet Need:** The difference between a student's total cost of attendance at a specific institution and the student's total available resources.

**Untaxed Income:** All income received that is not reported to the Internal Revenue Service (IRS) or is reported but excluded from taxation. Such income would include but not be limited to untaxed capital gains, interest on tax-free bonds, dividend exclusion, and military and other subsistence and living allowances.

**Verification:** A process used to confirm data reported on the FAFSA. Institutions are authorized to obtain documentation to confirm the information reported on the FAFSA.

**Veterans Educational Benefits:** Assistance programs for eligible veterans and/or their dependents for education or training.

**Vocational Rehabilitation:** Programs administered by state departments of vocational rehabilitation services to assist individuals who have a physical or mental disability which is a substantial handicap to employment.

## ABBREVIATIONS COMMONLY USED IN FINANCIAL AID ADMINISTRATION

**ACT:** American College Testing Program

**AGI:** Adjusted Gross Income

**BA or BS:** Baccalaureate degree

**BIA:** Bureau of Indian Affairs

**CLEP:** College-Level Examination Program

**COA:** Cost of attendance

**CPS:** Central Processing System

**ED:** U.S. Department of Education

**EFC:** Expected family contribution

**FAFSA:** Free Application for Federal Student Aid

**FM:** Federal Methodology

**FOTW:** FAFSA on the Web

**FSEOG:** Federal Supplemental Educational Opportunity Grant

**FWS:** Federal Work-Study

**GPA:** Grade point average

**HHS:** U.S. Department of Health and Human Services

**IASG:** Iran and Afghanistan Service Grant

**IPA:** Income protection allowance

**IRS:** Internal Revenue Service

**PC:** Parental contribution

**ROTC:** Reserve Officer Training Corps

**SAR:** Student Aid Report

**SAP:** Satisfactory academic progress

**SAT:** Scholastic Aptitude Test

**SC:** Student contribution

**TEACH Grant:** Teacher Education Assistance for College and Higher Education Grant