

Chapter 4:

Student Financial Aid

Although college costs increase each year, there is a bright side: most students are eligible for some type of financial aid. Minnesota's financial aid programs award more than \$225 million in aid each year and about 25,000 Minnesota residents participate in tuition reciprocity programs.

Purpose of Financial Aid

Financial aid helps millions of students pay for their education beyond high school. Most financial aid is awarded on the basis of need. The cost of attending a postsecondary institution varies greatly depending on the type of school, its location and curriculum. Total price of attendance usually includes:

- tuition and fees
- room and board
- books and supplies
- personal expenses
- transportation expenses

Financial aid is added to what the student and the student's family are expected to pay to cover the cost of attendance. This allows students to choose from a wide range of schools, including some they might otherwise not be able to afford.

Types of Financial Aid

There are three key types of financial aid:

- **Aid you don't repay:** grants and scholarships
- **Aid you must repay:** low-interest loans for students and parents
- **Aid you earn:** work study and community or military service awards

Reduced Out-of-State Tuition Options

Minnesota has **reciprocity agreements** with several states to reduce (or eliminate) non-resident admission fees and tuition for Minnesota residents to attend public colleges and universities in those states. Visit www.getreadyforcollege.org/reciprocity to learn more.

Students may also be eligible for a tuition reduction at some public and private colleges and universities in Illinois, Indiana, Kansas, Michigan, Missouri and Nebraska through the **Midwest Student Exchange Program**. Visit msep.mhec.org to learn more.

Sources of Financial Aid

Students attending Minnesota institutions receive financial aid of more than \$2.1 billion from state and federal governments, colleges and private sources.

Aid from Federal Government

The federal government generally awards financial aid to students from low- and moderate-income families. The largest federal grant program is the federal Pell Grant program. This program provided \$523 million to 160,500 undergraduates attending Minnesota schools of higher education in 2010-2011. The government also offers loans to help students pay for their higher education. The largest of the federal loan programs are the Federal Stafford and the Federal Direct Loan Programs. The federal government also subsidizes work-study jobs at various colleges and universities. About 15,000 students at Minnesota schools earned \$26.2 million in federal work-study jobs in 2010-2011.

Aid from State Government

The state of Minnesota awards most financial aid to students from low- and moderate-income students. Several types of aid are available. The largest program is the Minnesota State Grant program, which provides need-based grants to more than 88,800 students annually. In addition, the state funds work-study programs on campuses and offers a child care grant program for students with dependent children. The state also administers the Minnesota GI Bill program and a scholarship program for students with one-quarter or more American Indian ancestry.

Aid from Institutional Sources

Many colleges and universities have their own scholarship, loan and work programs. These may include alumni-sponsored awards, privately-sponsored scholarships, athletic awards or general institutional funds used for financial aid. When awarding institutional aid, some schools may collect supplemental data on income and assets or other items not required on the Free Application for Federal Student Aid (FAFSA). To view a partial list of institutional scholarships, visit www.getreadyforcollege.org/mnscholarships.

Aid from Private Sources

Financial aid is also available from many community agencies, foundations, corporations, clubs and civic and cultural groups. Some awards are based on financial need. Others are based on your academic achievement, religious affiliation, ethnic or racial heritage, community activities, artistic talents, athletic ability, career plans or field of study or special hobbies and interests.

A handout on scholarship scams is available in **Appendix B**.

Applying for Financial Aid

To receive financial aid, students must apply for it. Applying for admission to a college is not enough. Filling out the **Free Application for Federal Student Aid**, or FAFSA, is the first step in determining a student's financial aid eligibility. There is no charge to apply.

The FAFSA is used to apply for the federal Pell Grant, the federal Stafford Loan, the Minnesota State Grant and some awards available at colleges. Other campus financial aid programs may require additional applications. The application procedures and deadlines may vary by program or school so make sure students check with each school they are considering.

Application Procedures

The FAFSA is completed online (www.fafsa.gov) and takes an average of one hour to complete. Students will need their tax return (if filed) and their parents' return (if the student is a dependent). It also helps to have other records such as W-2 forms, current bank statements and mortgage information, records of untaxed income (veterans, social security or welfare benefits) and business and farm records. For tips on completing the FAFSA, students should visit www.studentaid.ed.gov/complefafsa/.

FAFSA PIN Number

To complete the FAFSA online, students and parents must have a PIN number. This number can be requested while completing the FAFSA or separately at www.pin.ed.gov. If an e-mail address was provided, the student or parent will receive an e-mail immediately with instructions on how to retrieve the PIN electronically. If the PIN is not retrieved within 14 days, it will be mailed to the address provided. If no e-mail address was provided, it takes 7-10 days via the U.S. Postal Service. Each PIN must be activated prior to use.

Students and parents must have separate PIN numbers; both should be kept in a secure place. The PIN will be needed each time the student and parent completes the FAFSA. Parents can use their PIN with each child, but the student's PIN cannot not be transferred between siblings.

CSS/Financial Aid PROFILE

The PROFILE is a financial aid application developed by the College Board that is used by some private colleges in addition to the FAFSA to award institutional aid. It allows families to include explanations about special circumstances. There is a \$25 registration fee that includes one college or program report. There is an extra \$16 fee for each additional school or program to which the student requests the information be sent. For more information, visit profileonline.collegeboard.com.

A handout on FAFSA tips and a flowchart on the FAFSA process is available in **Appendix B**.

Federal Eligibility Requirements

To be eligible for federal financial aid programs, the student must:

- be a U.S. citizen or eligible non-citizen.
- be an undergraduate student or applying as an undergraduate for the Pell Grant. Graduate students are eligible for work study and student loans.
- sign a statement indicating registration with the Selective Service or that the student is not required to register. Students must register if they are a male born on or after January 1, 1960, are at least 18 and not currently on active duty in the armed forces.
- be enrolled in a program leading to a certificate, diploma or degree at any institution eligible to participate in the Pell Grant Program.
- maintain satisfactory academic progress. If you are receiving federal student aid and are enrolled in a program that is longer than two years, you must have a “C” average by the time you are halfway through your course of study or have an academic standing consistent with your institution’s graduation requirements.
- sign a statement stating that you do not owe a refund on a Pell Grant, are not in default on a federal loan and that you agree to use your student aid only for educational purposes.
- not be convicted for the possession or sale of illegal drugs while receiving federal financial aid.

Minnesota Residency Requirements

To be considered a Minnesota resident for state financial aid eligibility, the student must meet ONE of the following criteria:

- graduated from a Minnesota high school while residing in Minnesota and physically attending a Minnesota college.
- received a GED in Minnesota after living in the state for at least one year.
- lived in Minnesota for at least one year for other than educational purposes (not enrolled for more than five credits in any term during that time).
- had parents residing in Minnesota when the financial aid application was submitted (dependent students only).
- relocated to Minnesota as a refugee and continued to reside in Minnesota.
- been a spouse or dependent of a veteran, if the veteran is a Minnesota resident.
- been stationed in Minnesota as a member (spouse or dependent) of the U.S. armed forces on active federal military service.
- relocated to Minnesota within 12 months of a presidential disaster declaration if the disaster interrupts the student’s postsecondary education.

Students are not penalized for leaving the state to serve in the military, for missionary service or to attend college in another state if they retain Minnesota as their state of legal residence.

Visit www.getreadyforcollege.org/undocumented to learn about the resources available for undocumented students.

Factors That Affect Eligibility

Various factors may result in increases or decreases in a student's eligibility for financial aid:

Changes in Class Load: The number of credits per term may affect how much financial aid the student is eligible to receive. Before making changes to their college class schedule, students should check with the college financial aid office for more details.

Changes in Financial Status: Students and families sometimes experience changes in their financial status due to special circumstances, such as the loss of a job, serious illness, disability, a death in the family or separation or divorce. The student's financial aid eligibility also may change if family income changes.

If the information submitted on the FAFSA is vastly different from the family's current income and assets, the student should contact the college financial aid office and explain their circumstances. In special instances, the aid administrator can adjust the information used to calculate the expected family contribution which may result in increased financial aid eligibility based on the revised level of financial need.

Financial Aid Events

A good way for students to learn more about the financial aid process is by attending a financial aid event. The Minnesota Association of Financial Aid Administrators schedules financial aid events at colleges and universities throughout the state during the academic year. Events dates are posted one month out at www.getreadyforcollege.org. Student and families can also receive help completing the FAFSA at the statewide *Minnesota College Goal* events. To learn more, visit www.minnesotacollegegoal.org.

If a financial aid event isn't being held locally, consider hosting your own event by inviting financial aid administrators from local or nearby colleges. For resources to help you hold your own event, visit www.getreadyforcollege.org and select *Educators' Corner* on the left side of the screen. Click on *Counseling Students About College* and then *Helping Students Plan*. Select *Answer Questions About Financial Aid* on the right side of the screen.

School-Specific Scholarships

To view institutional scholarship information for those schools that provided descriptions of their scholarships, visit www.getreadyforcollege.org/mnscholarships.

Paying for College, State & Federal Financial Aid Guide

This publication describes federal and state financial aid programs, how to qualify and apply for aid, and whom to contact about financial aid at most of Minnesota's postsecondary institutions. To view, download, or order free copies, visit www.getreadyforcollege.org and click on *Publications* on the left side of the screen.