

Eastern Wyoming College Video Transcript

Financial Aid: Federal Aid Programs

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Hi, I'm Susan Stephenson, Financial Aid Director at Eastern Wyoming College.

If you've watched our previous videos, you've learned how to apply for federal aid by completing the Free Application for Federal Student Aid (or, FAFSA). So, now what? Your Financial Aid Office will process that information and determine your eligibility for all of the federal aid programs. Federal student aid comes from the federal government, specifically the U.S. Department of Education, to help you pay for your educational costs. That's great, but what exactly ARE the federal aid programs? Let's look at them in more detail.

EWC participates in five federal aid programs: the Pell Grant, Supplemental Educational Opportunity Grant, Work Study, Direct Stafford Loans for students, and Direct PLUS loans for parents of undergraduate students. If you plan to attend another college, your school may also be able to offer you federal funding from the TEACH Grant, the Perkins Loan, or the PLUS Loan for graduate students. There is also an Iraq and Afghanistan Service Grant that is available to students whose parent or guardian died in Iraq or Afghanistan while in the military. We'll detail eligibility requirements and amounts for each. Keep in mind that all general and Satisfactory Academic Progress requirements must be met in addition to any specific award criteria. See our *Who Is Eligible for Financial Aid?* video for information.

The Pell Grant is for undergraduate students who have NOT earned a bachelor's or professional degree. It is a need-based award; your annual eligibility is determined from your FAFSA. The FAFSA generates a number called the Expected Family Contribution (or, EFC) and that number tells the Financial Aid Office how much Pell you are eligible for. The maximum award for the 2014-2015 year is \$5,730. This amount is set by law. The higher your EFC (up to \$5,157 for the 2014-2015 year), the lower the award you can receive. Your award letter from your school will list your full-year, full-time eligibility, but the amount you receive is split between fall and spring semesters (or between terms if you are at a term-based school) and can be prorated down to any number of credits you are in. This means that you do NOT have to be enrolled full-time to receive the Pell Grant. You are not only limited to *annual* amounts, but can receive Pell for no more than 12 semesters (at full-time enrollment), or the equivalent of six years. Pell is an entitlement; the amount of any other aid for which you might qualify does not affect the amount of your Pell Grant.

Like Pell, the Federal Supplemental Educational Opportunity Grant (or, SEOG) is awarded to students without a bachelor's degree with the highest amount of need as determined by the FAFSA. Award amounts are set by schools depending on how much funding they have; SEOG funds are limited, unlike Pell, so once a school has spent its yearly allocation, it can't award any more. At EWC the maximum award for full-time enrollment is \$800, also split between fall and spring semesters. SEOG can be prorated for less-than-full-time enrollment, but you must be enrolled at least half time, or six credits, to receive it.

The Federal Work Study Program provides minimum-wage-paying jobs on and off campus to students enrolled at least half-time at EWC. It is a need-based award, but students do NOT need to have Pell-eligibility to be awarded. Students typically work five to 15 hours a week, depending on position, and can earn up to \$2,300 in an academic year at EWC. Students must apply for a

position and complete appropriate employment paperwork. Work study funds are limited, but EWC also provides many Institutional Employment jobs that are funded by the school rather than federally. Student workers can gain valuable work experience doing a job with a flexible schedule while providing additional funds for educational expenses.

The U.S. Department of Education provides two types of Federal Direct Loans to students: subsidized and unsubsidized. Subsidized loans are made to eligible undergraduate students with demonstrated financial need. Interest on subsidized loans is paid by the government while you are enrolled at least half time and during the six month grace period after you leave school. Subsidized loans have a maximum eligibility period of 150% of the published length of the student's program. That means, if you are seeking a two-year associate's degree, you can only receive subsidized loans for three years. If you do not complete your degree in three years and enroll again, you will lose interest subsidy on all your subsidized loans. Direct unsubsidized loans are made to undergraduate, graduate and professional students, although at different interest rates. Need is not a factor. Interest accrues from the date the loan is disbursed; students may pay interest while in school or capitalize it—add it to the principal amount. Students must apply for both types of loans and must be enrolled at least half time (or six credits) to receive loan disbursements. Origination fees are deducted from each disbursement. You will have a six month “grace period” once you graduate or drop below half-time status before you need to make payments to your loans. Many different plans will be available to you to help make your monthly payments manageable once you begin repayment on your loans.

Like Pell, there are limits to the amount of loans you can receive in an academic year. The base loan you are eligible for can be subsidized, unsubsidized or a combination of the two depending on eligibility. Additional unsubsidized amounts are also available. Limits vary per year in school. Freshman students are eligible for \$3,500 base loan plus an additional \$2,000 unsubsidized for a total of \$5,500 for the academic year, split into two payments, fall and spring. Sophomores (those who have completed more than 30 credits) are eligible for \$6,500 total, no more than \$4,500 of which can be subsidized. Juniors and seniors can take out up to \$7,500 total loans. Graduate and professional students can borrow up to \$20,500 a year, although there are no subsidized loans at that level. Independent students may have eligibility for additional unsubsidized amounts as well. The important thing to remember is that these are annual maximums; you are not required to take the full amount offered to you by your school and should only borrow what you need for your educational costs. You should track your loans each semester at the National Student Loan Data System at nslds.ed.gov to make sure your total loan debt is manageable. Remember to always keep in contact with your loan servicer, because defaulting on your student loans can have very serious consequences, including damaging your credit rating, causing garnishment of wages or tax refunds, and adversely affecting future financial aid, the ability to get home or car loans, jobs, or professional licenses. You can always talk to your servicer about deferment or forbearance options or to switch to a more manageable repayment plan.

There is also a Direct PLUS loan program with two separate loan types available. The first is the Parent Loan for Undergraduate Students, which is where “PLUS” originated. Once dependent undergrads maximize their Direct Loan eligibility, parents can apply for a PLUS to help with educational costs. The PLUS for graduate/professional levels allows students additional loan funds beyond their unsubsidized loan limits. Both have a 7.21% interest rate for 2014-2015—much higher than the loans undergraduates can get in their own name—and interest begins accruing from the date of disbursement. PLUS loans are not need-based and there are no annual limits to PLUS

loans; the maximum amount available is the student's Cost of Attendance minus any other financial aid the student receives.

The Teacher Education Assistance for College and Higher Education Grant, or TEACH Grant, is a grant awarded to undergraduate, graduate and some post-baccalaureate students who are completing or plan to complete coursework leading to a career in teaching. It is different from other grants in that a student must sign an Agreement to Serve in order to get the grant. This agreement specifies that the student will teach in a high-need field at an elementary school, secondary school, or educational service agency that serves students from low-income families for at least four years. The award is worth up to \$4,000 each year. Failure to meet the service obligation results in the grant turning into an unsubsidized loan with interest accrued from the date the grant was disbursed. Because students most often change their majors within the first two years of school, many community colleges (or other two-year schools) don't participate in the program because of the increased risk of getting students into loan debt.

Loans made through the Federal Perkins Loan program are low-interest loans for undergraduate and graduate students with exceptional financial need. The interest rate is 5%. Award amounts vary based on school policy and funds available, but cannot be for more than \$5,500 a year as an undergraduate student. For institutions that participate in the program (EWC does NOT), the school acts as the lender and students make payments to the school (or the school's loan servicer, if it is contracted out) during repayment. Repayment begins within nine months after graduating, leaving school or dropping below half-time enrollment status.

For students who are NOT Pell Grant eligible but who have had a parent or guardian die as a result of military service performed in Iraq or Afghanistan after 9/11/2001, the Iraq and Afghanistan Service Grant (or IASG) pays up to \$5,311 for the 2014-2015 academic year. The student must have been under 24 years old or enrolled at an institution of higher education at the time of the parent's death. Students who meet the same criteria but who ARE Pell eligible have their eligibility recalculated as if their EFC were zero, thus making them fully Pell eligible (which is \$5,730 for the 2014-2015 academic year) and maximizing eligibility for other need-based aid. In those cases, it is still awarded as Pell, just at the higher amount, rather than as an IASG. FAFSA information goes through a database match with the Department of Defense and notifies the school and student in these cases.

You can see why it's so important for you to complete the FAFSA each year. By doing one application, you are determining your eligibility for a lot of different forms of aid. For more information on federal aid or how to apply, please visit the Financial Aid Office, or look online for information at ewc.wy.edu. If you have questions, please contact us at 307.532.8224 or e-mail us at financialaid@ewc.wy.edu.