

HU Glossary of Financial Aid Terms

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.

Accrue:

The process where interest accumulates on a loan. When "interest accrues on a loan," the interest due on the loan is accumulating.

Adjusted Gross Income (AGI):

All taxable income as reported on a U.S. income tax return.

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 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):

An agreement 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.

Alternative Loans:

Alternative or private loans are non federal educational loans whose approval is based on your credit. Some alternative loans require a credit-worthy cosigner or allow you to use a cosigner in order to receive a lower interest rate.

Assets:

Balance of cash, checking and savings accounts, trusts, stocks, bonds, other securities, real estate

(excluding the home), income-producing property, business equipment, child support received, education savings accounts designated for dependent students, business/farm net worth, and business inventory. Assets are considered in calculating the Student Aid Index (SAI). Assets excluded from the FAFSA include: retirement accounts, pension funds, value of the home you live in, annuities, value of life insurance. See FAFSA instructions for more information.

Award Letter:

An award letter from a school states the type and amount of financial aid the school is willing to provide if the student accepts admission and registers to take classes at that school.

Bachelor's Degree:

An undergraduate academic degree awarded for a course of study that is generally four or five years in length.

Borrower:

Individual who signed and agreed to the terms in the promissory note and is responsible for repaying the loan.

Budget:

A financial plan that helps a student track money, make informed spending decisions, and plan for financial goals.

Capitalized:

With certain loans, such as subsidized Federal Family Education Loan (FFEL) or subsidized Federal Direct Student Loan (Direct Loan), the U.S. Department of Education pays the interest that accrues on these loans while the student is enrolled at least half time and during periods of deferment. However, with subsidized loans in forbearance, unsubsidized loans or PLUS Loans, the student, the student's parents, and graduate or professional degree students are responsible for paying interest as it accrues on these loans. When the interest is not paid, it is capitalized or added to the principal balance, which increases the outstanding principal amount due on this loan. Interest that is capitalized subsequently accrues interest, adding an additional expense to the loan.

Certificate:

The formal acknowledgment of successful completion of a particular program or course of study.

Citizens and Eligible Noncitizens:

You must be one of the following to receive federal student aid:

- U.S. citizen or national (Natives of American Samoa, Swain's Island, or U.S. Minor Outlying Islands are U.S. nationals but not U.S. citizens); or
- A citizen of the Freely Associated States: the Federated States of Micronesia and the Republics of Palau and the Marshall Islands. (These students can only receive aid from some of the FSA programs and do not have an A-number/ARN, see "Citizens of the Freely Associated States" section later in this chapter);

or

- U.S. permanent resident with a Form I-551 or I-151 (Permanent Resident Card, Resident Alien Card, or Alien Registration Receipt Card), also known as a “green card.”

1. If you’re not in one of these categories, you must be an eligible noncitizen, and you must have 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”
- “Conditional Entrant” (valid only if issued before April 1, 1980); • Victims of human trafficking, T-visa (T-2, T-3, or T-4, etc.) holder; or
- “Parolee” (You must be paroled into the United States for at least one year and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and that you intend to become a U.S. citizen or permanent resident.)

2. You hold a T nonimmigrant status (“T-visa”) (for victims of human trafficking) or your parent holds a T-1 nonimmigrant status. We will ask to see your visa (and/or certification letter from the U.S. Department of Health and Human Services if you have a T-1 visa).*

3. You are a “battered immigrant-qualified alien” who is a victim of abuse by your citizen or permanent resident spouse, or you are the child of a person designated as such under the *Violence Against Women Act*.*

4. You are a citizen of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau. If this is the case, you may be eligible for only certain types of federal student aid:

- Citizens of the Republic of Palau are eligible for Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, and Federal Work-Study.
- Citizens of the Federal States of Micronesia and the Republic of the Marshall Islands are eligible for Federal Pell Grants only.

If you have only a Notice of Approval to Apply for Permanent Residence (I-171 or I-464), you aren’t eligible for federal student aid.

If you’re in the United States on certain visas, including an F1 or F2 student visa, or a J1 or J2 exchange visitor visa, you’re not eligible for federal student aid.

Also, persons with G series visas (pertaining to international organizations) are not eligible. For more information about other types of visas that are not acceptable, check with our financial aid office.

Citizens and eligible noncitizens may receive loans from the Direct Loan Program at participating foreign schools. Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are eligible only for Federal Pell Grants. These applicants should check with

our financial aid office for more information.

Consent

Any contributors on the FAFSA will be required to approve (consent to) the transfer of their Federal Tax Information (FTI) directly from the IRS into the FAFSA form using the Financial Aid Direct Data Exchange (FA DDX) tool in order for a student's aid eligibility to be determined. Once given, consent to transfer this information cannot be revoked. However, if a contributor refuses to provide consent, it will limit the types of aid the student can receive. All contributors present must provide consent, even if they don't have a Social Security Number, filed taxes outside the US, or didn't file taxes during the relevant reporting year.

Contributor

Anyone (you, your spouse, your biological or adoptive parent, or your parent's spouse) who is required to provide information on the FAFSA form, sign the FAFSA form, and provide consent to have their Federal Tax Information (FTI) transferred directly from the IRS into the form.

Consolidation:

The process of combining one or more loans into a single new loan.

Cost of Attendance (COA):

The total amount it will cost you to go to school—usually expressed as a yearly figure. It's determined using rules established by law. The COA includes tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, loan fees, and, if applicable, dependent care. It also includes miscellaneous and personal expenses. Your estimated cost of attendance includes direct costs (expenses paid directly to the college), and indirect costs (expenses incurred as a result of attendance that the student/family may pay to a third party (landlord, etc.) other than the college.

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 you signed a promissory note. For the FFEL and Direct Loan programs, default is more specific—it occurs if you fail to make a payment for 270 days if you repay monthly (or 330 days if your payments are due less frequently). The consequences of default are severe. Your school, the lender or agency that holds your loan, and the state and the federal government may all take action to recover the money, including notifying national credit bureaus of your default. This may affect your credit rating for as long as seven years. For example, you might find it difficult to borrow money from a bank to buy a car or a house. In addition, the Internal Revenue Service can withhold your U.S. individual income tax refund and apply it to the amount you owe, or the agency holding your loan might ask your employer to deduct payments from your paycheck. Also, you may be liable for loan collection expenses. If you return to school, you're not entitled to receive additional federal student financial aid. Legal action also might be taken against you. In many cases, default can be

avoided by submitting a request for a deferment, forbearance, discharge, or cancellation and by providing the required documentation.

Dependent Student:

A student who does not meet any of the criteria for an independent student. An independent student is one of the following: at least 24 years old, a married individual, a graduate or professional student, a veteran, a member of the U.S. Armed Forces serving on active duty for other than training purposes, an orphan, an individual in foster care, a ward of the court, an emancipated minor, an individual in legal guardianship, a designated unaccompanied youth who is homeless or at risk of being homeless, someone with dependent children or legal dependents other than a spouse, or someone who presents documentation of other unusual circumstances demonstrating independence to the financial aid administrator.

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.

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. To receive federal student aid, you must be enrolled in an eligible program, with two exceptions:

- If a school has told you that you must take certain coursework to qualify for admission into one of its eligible programs, you can get a Direct Subsidized Loan or Direct Unsubsidized Loan for up to 12 consecutive months while you're completing that preparatory coursework. You must be enrolled at least half time, and you must meet the usual student aid eligibility requirements.
- If you're enrolled at least half time in a program to obtain a professional credential or certification required by a state for employment as an elementary or secondary school teacher, you may be eligible for Federal Work-Study (FWS), a Direct Loan, or your parents can get a PLUS Loan, while you're enrolled in that program.

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.

Student Aid Index (SAI):

Your student aid index (SAI) is the number that's used to determine which kinds of aid and the amounts you are eligible to receive.

Federal Direct Student Loan:

Loan funds provided to the student by the U.S. Department of Education, through the school. Repayment of principal begins six months after the borrower ceases to be a student on at least half-time

basis. The Free Application for Federal Student Aid (FAFSA) is the annual application. There are two types of Federal Student Direct Loans: subsidized and unsubsidized. Students with financial need can qualify for a subsidized loan, and the government pays the interest on the loan while the student remains enrolled at least half time. Students who don't demonstrate financial need qualify for an unsubsidized loan and interest accrues while the student is in school. Students must complete Entrance Counseling and the Master Promissory Note to receive disbursements.

Federal Grad PLUS Loan:

Loan funds provided to graduate students by the U.S. Department of Education, through the school. This federal program allows graduate students with no adverse credit history to apply for up to their Cost of Attendance each year, less any financial aid. To be eligible, the student must be enrolled at least half time in an eligible program of study and first borrow the maximum allowable through the Federal Direct Student Loan program. Repayment of principal and interest begins 30 to 60 days after the loan is fully disbursed with deferment and forbearance options available.

Federal Parent Loan (PLUS):

A federal loan program that allows parents who have no adverse credit history to apply for up to the Cost of Attendance each year, less any financial aid. PLUS loans must be repaid with interest.

Federal Pell Grant:

A grant provided by the federal government to qualified undergraduate students who demonstrate exceptional financial need and have a Student Aid Index (SAI) below a threshold designated annually by the U.S. Department of Education, based on the amount of program funds appropriated by Congress. Must complete FAFSA annually for renewal consideration.

Federal Supplemental Educational Opportunity Grant (SEOG):

A grant provided by the federal government to qualified undergraduate students who demonstrate exceptional financial need. Priority is given to Pell Grant recipients and funds must be awarded by the school in lowest SAI order. Awarding is contingent upon funding and may not be renewed year to year.

Federal Tax Information (FTI)

Any information found on a federal tax return or other tax information received by the IRS. The FAFSA uses FTI from the prior-prior year (for example: the 2024-2025 FAFSA uses FTI from 2022).

Financial Aid Direct Data Exchange (FA DDX):

A tool on the FAFSA that allows the exchange of your federal tax information on the FAFSA. You must give consent on the FAFSA form for the use of this tool. If consent is granted, it allows you to retrieve income and tax data directly from the IRS.

Financial Aid Package:

The total amount of financial aid (federal and nonfederal) a student is offered by the school. The

financial aid administrator at a postsecondary institution combines various forms of aid into a “package” to help meet a student’s education costs. Using available resources to give each student the best possible package of aid is one of the aid administrator’s major responsibilities. Because funds are often limited, an aid package might fall short of the amount a student needs to cover the full cost of attendance. Also, the amount of federal student aid in a package is affected by other sources of aid received (scholarships, state aid, etc.).

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. Everyone—the student, parent, and in some cases, the parent’s spouse—needs an FSA ID. Parents without an SSN are now able to create an FSA ID.

General Education Development (GED) Certificate:

A certificate students receive if they’ve passed a specific, approved high school equivalency test. Students who have a GED may qualify for federal student aid. A school that admits students without a high school diploma must make available a GED program in the vicinity of the school and must inform students about the program.

Gift Aid:

Funds awarded to the student that do not have to be repaid, unless the student fails to meet certain terms, such as a service requirement, specified as a condition of the grant. Gift aid includes awards with titles such as grants, scholarships, remissions, waivers, etc. Gift aid can be awarded based upon many factors, including (but not limited to) financial need, academic excellence, musical and theatrical talent, affiliation with various groups, or career aspirations.

Grace Period:

After borrowers graduate, leave school, or drop below half-time enrollment, Federal Direct Loans and Federal Perkins Loans that were made for that period of study have several months before payments are due. This period is called the “grace period.” During the grace period, no interest accrues on subsidized loans. Interest accrues on unsubsidized loans during grace periods, and this interest is capitalized when borrowers’ loans enter repayment.

Half-Time:

At schools measuring progress in semesters, “half time” is at least six semester hours or quarter hours per term for an undergraduate program. For graduate programs, half-time is considered four credits. You 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, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study.

Independent Student:

An independent student is one of the following: at least 24 years old, a married individual, a graduate or professional student, a veteran, a member of the U.S. Armed Forces serving on active duty for other than training purposes, an orphan, an individual in foster care, a ward of the court, an emancipated minor, an

individual in legal guardianship, a designated unaccompanied youth who is homeless or at risk of being homeless, someone with dependent children or legal dependents other than a spouse, or someone who presents documentation of other unusual circumstances demonstrating independence to the financial aid administrator. Students who are victims of human trafficking, students legally granted refugee/asylum status, students whose parents abandoned them/are estranged and students whose parent(s) are incarcerated are granted provisional independent status and must provide documentation to the financial aid office for confirmation. If confirmed, then their status is rolled onto future FAFSAs.

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.

Lifetime Eligibility Used (LEU):

The amount of Federal Pell Grant funds a student has received over his or her cumulative enrollment. Eligibility for the Federal Pell Grant is limited by federal law and is limited to the equivalent to six years of funding for full-time study. Once this limit is reached a student is no longer eligible for Federal Pell Grant funds.

Merit-Based Aid:

Financial aid awarded because of a student's achievement or talent in a particular area, such as academics, music, talent, achievement, leadership, etc.

Minnesota State Grant:

State funded program provides a grant to Minnesota residents who demonstrate the highest level of financial need as determined by the results of the FAFSA. Amount varies and is based on enrollment status.

Need Analysis:

The process of analyzing a student's financial need, known as need analysis, focuses on determining how much the family reasonably can be expected to contribute towards the student's education. Traditionally, determination of an applicant's need is achieved by collecting information about the family's income, assets, and living expenses. For the federal student aid programs, the law specifies a need analysis formula that produces the student aid index (SAI). The SAI and the college's cost of attendance (COA) are used by the postsecondary school to establish the student's need, as well as to award grants, campus-based aid, and subsidized loans.

Net Price/Cost:

An estimate of the actual cost that a student and his family need to pay for one year's educational expenses at an institution. It considers the institution's cost of attendance and subtracts grants and scholarships for which the student may be eligible.

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.

Parent Contribution:

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

Principal:

The amount of money borrowed by the student. Interest is charged on this amount.

Master Promissory Note (Loan Agreement):

A promissory note is a binding legal document you sign when you get a student loan. It lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It will include information on how interest is calculated and what deferment, forbearance, and cancellation provisions are available to the borrower. It's very important to read and save this document because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

Regular/Degree Seeking Student:

A regular student is 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. Generally, to receive federal student financial aid from the programs discussed in this guide, you must be a regular student. There are exceptions to this requirement for some programs.

Satisfactory Academic Progress (SAP):

To be eligible to receive federal student financial aid, you must meet and maintain your school's standards of satisfactory academic progress (SAP) toward a degree or certificate offered by that institution.

Scholarship:

A type of gift aid awarded to the student that does not need to be repaid. Scholarship awards are typically based on merit or a combination of merit and need, such as academic excellence, talent, affiliation with various groups, or career aspirations. To be eligible for renewal of certain scholarships, the student may be required to maintain a specific Grade Point Average (GPA) or enrollment status.

StudentAid.gov:

StudentAid.gov is the U.S. Department of Education's database for federal student financial aid where you can find out about the aid you've received. If you've only just applied for aid, you won't find any information on StudentAid.gov yet. The National Student Loan Database System, which is connected to StudentAid.gov, receives data from schools, guaranty agencies, and U.S. Department of Education

programs. The website is generally available 24 hours a day, seven days a week. By using your U.S. Department of Education FSA ID, you can get information on federal loan and Federal Pell Grant amounts, outstanding balances, the status of your loans, and disbursements made. You can access this information at <https://studentaid.gov/>.

FAFSA Submission Summary (FSS):

Your FAFSA Submission Summary (FSS) summarizes the information you submit on your FAFSA and provides you with your student aid index (SAI). After you apply for federal student financial aid, you'll get your FAFSA results in an email report—called a FSS—by the next business day after your FAFSA has been processed, or by mail within 7-10 days. Your FSS details all the information you provided on your FAFSA. If there are no corrections or additional information you must provide, the FSS will contain your SAI, which is the number that's used to determine your eligibility for federal student aid. Whether you applied online or by paper, your data will be automatically sent electronically to the schools you listed on your FAFSA.

Subsidized:

A loan for which a borrower is not responsible for the interest while in an in-school, grace period, or deferment status. Subsidized loans include Direct Subsidized Loans and Direct Subsidized Consolidation Loans. Only for Direct Subsidized Loans first disbursed between July 1, 2012 and July 1, 2014, the borrower is responsible for the interest that accrues during the grace period.

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.

Title IV Income Exclusions:

Questions regarding these appear on the FAFSA form. The FAFSA defines this type of aid as the following: Federal Work-Study Program income, any institutional grant and scholarship aid included in AGI on a federal tax return, including amounts attributable to grant and scholarship portions of fellowships and assistantships, as well as AmeriCorps benefits (including awards, living allowances, and interest accrual payments), American Opportunity or Lifetime Learning education tax credit amounts claimed on the federal tax return, the payroll tax allowance, and federal income tax paid, the employment expense allowance, and the income protection allowance.

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.

Unsubsidized:

A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan. Unsubsidized loans include: Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Unsubsidized Consolidation Loans.

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 deductions and payments to self-employed SEP, SIMPLE, Keogh, and other qualified individual retirement accounts excluded from income for federal tax purposes, but excluding payments made to tax-deferred pension and retirement plans, paid directly or withheld from earnings which are not on the federal tax return, tax-exempt interest income, the untaxed portion of individual retirement account distributions (excluding rollovers), the untaxed portion of pensions (excluding rollovers), and the foreign income earned exclusion.

Verification:

Verification is a process where your school confirms the data reported on your FAFSA. Your school has the authority to contact you to request documentation that supports income and other information that you reported. If the requested documentation is not provided, you may not be eligible for Title IV aid.

Work-Study:

A program that provides part-time employment to students attending institutions of higher education who need the earnings to help meet their costs of postsecondary education. Awarding is contingent upon funding and may not be renewed year to year. Students must demonstrate a qualifying level of financial need on their FAFSA in order to be eligible for certain work-study, such as Federal or State work-study.