

COLLEGE FINANCIAL AID: UNDERSTANDING YOUR OPTIONS

Financial aid for college consists of loans, grants, scholarships, and work study. Grants and scholarships are worth searching for because they don't have to be paid back, unlike student loans, which require an ongoing financial obligation, or work study, which requires a work commitment. There are generally three sources for college grant aid; the federal government, state higher-education agencies, and colleges.

In order to be considered for any type of grant aid, you or your child should file the federal government's financial aid application, the FAFSA. In addition, private colleges typically require the CSS Profile form or their own individual aid form. The FAFSA and CSS Profile can be filled out and submitted online (the FAFSA is free but the CSS Profile has a fee). These forms do require some time to complete, but the time spent is worth it. Not only are these forms a prerequisite to various types of grant aid, but some colleges may require them in order for students to be eligible for college merit scholarships. Keep in mind that students must reapply for financial aid every year.

U.S. GOVERNMENT GRANTS

There are two main federal grants for college; Pell Grants and Federal Supplemental Educational Opportunity Grants (FSEOGs). Both are based on financial need.

The Pell Grant program is Uncle Sam's largest financial aid grant program. Pell Grants are available to undergraduate students with exceptional financial need, and are the foundation of every undergraduate student's financial aid package (for those who qualify). Graduate students are not eligible. Pell Grants are administered by the federal government and awarded on the basis of college costs and a financial need. Financial need is based on factors such as family income and assets, family size, and the number of college students in the family. For the 2017-2018 award year, the maximum Pell Grant is \$5,920.¹

The FSEOG is the federal government's second-largest program. An FSEOG is available to undergraduate students who demonstrate the greatest financial need. (i.e., those students with the lowest expected family contributions). Priority is given to Pell Grant recipients. The FSEOG is a campus-based program, which means that the financial aid office at each college administers it.

Every college receives a certain amount of FSEOG funding from the federal government each year, and when the funds are awarded, there are no more until the following year. So even though a student might be eligible for an FSEOG based on his or her financial need, the funds may have already been expended for that year. The maximum FSEOG award is \$4,000 per academic year, and awards can range from \$100 to \$4,000.

STATE GRANTS

Many states offer grant programs as well. Each state's grant program is different, many give special preference to state residents planning to attend an in-state school. For more information, contact your state's higher-education agency.

COLLEGE GRANTS

Finally, many colleges offer specialized grant programs. This is particularly true of older schools with many alumni and large endowments. These grants are usually based on financial need or scholastic ability. Consult your college financial aid office for more details.

Source: 1) U.S. Department of Education, 2017

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