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.

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 (ED) 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 (AAI): The portion of family income remaining after deducting federal, state, and local taxes, a living allowance, and other allowances used in Federal Methodology (FM) to calculate the student aid index (SAI).

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: An unsatisfactory repayment history of debts on an individual's financial accounts. 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 (ED) considers the following to determine if a borrower has adverse credit:

- Is 90 or more 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 or Repay (Agreement): 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, time deposits, money market funds, real estate (excluding primary residence), vacation homes, income-producing property, businesses (excluding family-owned businesses with over 100 employees and family-owned commercial fishing businesses), investment farms, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits. Assets are considered in calculating the student aid index (SAI).

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

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.

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/Farm Net Worth: The market value of land, buildings, machinery, equipment, inventory, etc. minus any debts for which the business/farm was used as collateral. Business/farm net worth is reported under assets on the FAFSA and is considered in the calculation of the student aid index (SAI) under the regular Federal Methodology formula. The net worth of a family farm (i.e., a farm on which the family resides), a family-owned business with fewer than 100 employees, or a family-owned commercial fishing business is excluded. Also see Assets.

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

Capitalization (of interest): A process in which interest that has accrued but has not been paid is added to the loan principal. By increasing the amount of the principal, capitalization increases the total amount that must be repaid over time.

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

Clock Hour: The unit of measurement some institutions give for fulfilling course requirements.

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 their parents but can also mean any student who lives off campus.

Comprehensive Transition and Postsecondary (CTP) Program: A degree, nondegree, or certificate program for students with intellectual disabilities to support continued academic and personal development, which includes advising and participation in academic components with students who do not have intellectual disabilities.

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Confined or Incarcerated Individual: An individual who is serving a criminal sentence in a federal, state, or local penitentiary, prison, jail, reformatory, work farm, juvenile justice facility, or other similar correctional institution. An individual is not considered incarcerated if that individual is subject to or serving an involuntary civil commitment, in a half-way house or home detention, or is sentenced to serve only weekends.

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. Certain postsecondary educational loans 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.

Contributor: Any individual required to provide consent and approval for federal tax information (FTI) and signature on the FAFSA. A contributor includes the student, the independent student's spouse, or the dependent student's biological or adoptive parents, or stepparent.

Cooperative (Co-op) Education Program: A program through which a college student alternates periods of classroom instruction with periods of related employment.

Cost of Attendance (COA): The sum of educational costs payable to the school (also referred to as direct or billable costs) and costs paid to others (or indirect, non-billable or discretionary) costs. The COA represents the highest dollar amount of financial aid a student can receive during an award year.

Costs Paid to Others: Other expenses not paid directly to the school, but are associated with receiving an education. These expenses are estimated by the school and may differ from student to student based on their individual circumstances. These expenses may include books, course materials, supplies, equipment, transportation and parking, personal expenses, childcare costs, computer costs, disability expenses, licensure expenses and off-campus rent and food. Also referred to as indirect, non-billable, or additional costs.

Costs Payable to the School: Expenses generally charged to the student by the educational institution, including tuition, fees, housing, and meals/food (for students residing on campus), health insurance (if minimum insurance coverage is not documented), or any other expenses paid to the school for enrollment. Also referred to as direct or billable costs.

Credit Hour: The unit of measurement some institutions give for fulfilling course requirements.

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, resulting in loss of eligibility for further Title IV aid and possible legal consequences. For federal student loans, default occurs after 270 days of unpaid scheduled loan payments.

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

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Departmental Scholarship: Gift assistance that is specifically designated for a recipient in a particular academic department within the institution.

Dependency Override: A financial aid administrator's documented determination based on unusual circumstances that a dependent student's student aid index (SAI) should be calculated upon only student income, asset, and household information, based on the student's individual circumstances and despite the student not meeting the statutory definition of an independent student. Also see Professional Judgment (PJ).

Dependent Student: A student who does not qualify as an independent student for Title IV purposes and whose parental income and asset information is used in calculating the student aid index (SAI). Also see Independent Student.

Direct Graduate PLUS Loan: A federal loan that graduate or professional students use to help pay for education expenses. A credit check for adverse credit history is required for eligibility. Interest begins to accrue when the loan is disbursed and can be paid while the student is enrolled or when loan repayment begins. Graduate PLUS is not available to new borrowers effective July 1, 2026.

Direct Parent PLUS Loan: A federal loan that parents of dependent undergraduate students can use to help pay for education expenses. Parents must pass a credit check for adverse credit history to qualify for parent PLUS.

Direct Subsidized Loan: A federal student loan for undergraduate students that is based on financial need and offers students a reduced, fixed interest rate and flexible repayment terms. Interest is subsidized, meaning it does not accrue to the borrower, while in an in-school, grace, or deferment period. Annual and aggregate limits apply.

Direct Unsubsidized Loan: A federal loan which offers students a fixed interest rate and flexible repayment terms. It is not based on financial need. Interest begins to accrue when the loan is disbursed and can be paid while the student is enrolled or when loan repayment begins. Annual and aggregate limits apply.

Disbursement: Crediting student financial aid funds to a student's institutional account or paying these funds directly to a student or dependent student's parent.

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

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

- U.S. permanent resident who has an I-151, or I-551;
- Individuals with at least 50 percent Native American ancestry who were born in Canada, who qualify under the Jay Treaty;
- Citizens of the Federated States of Micronesia, or the Republics of Palau and the Marshall Islands (i.e., Freely Associated States); 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,
  - "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,
  - Afghan citizens or nationals paroled into the U.S. between July 31, 2021, and September 30, 2023 (and their immediate relatives), or
  - Ukrainian citizens or nationals paroled into the U.S. between February 24, 2022, and September 30, 2024 (and their immediate relatives).

Eligible Program: A program of organized instruction or study that leads to an academic, vocational, or professional certificate, degree, 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, clock hours, or classes the student is enrolled in, or whether they have withdrawn, graduated, etc. Enrollment status affects eligibility for and the amount of financial aid a student may receive. It also affects when student loans enter repayment status.

Enrollment Intensity: The ratio of credit hours the student is enrolled in compared to a full-time courseload, expressed as a percentage, used to calculate the annual Pell Grant. For example, if full-time enrollment is 12 or more credit hours and the student is enrolled in 7 hours, the enrollment intensity would be $7 \div 12 = 0.5833$ or 58%. The Pell Grant is prorated for enrollment intensity less than 100 percent.

FAFSA: See Free Application for Federal Student Aid.

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FAFSA Processing System (FPS): The system used by the U.S. Department of Education (ED) to process the FAFSA, match applicant information against several federal databases, calculate the student aid index (SAI), and notify the student and the school of the processing results.

FAFSA Submission Summary: A paper or electronic output document sent to students as a result of the FAFSA Processing System (FPS) receiving a FAFSA for the student. The FPS computes the official student aid index (SAI) and performs various checks and federal agency matches to confirm certain aspects of the student's eligibility for Title IV funds. The results of the matches and the SAI computation are conveyed on this output document.

Family size: The number of individuals in the student's family, which includes the student, independent student's spouse, dependent student's parent(s), dependent children, and other qualified individuals. The number of dependents is typically based on the number of individuals claimed as dependents on either the student's (if independent) or the parents' (if dependent) federal tax return and is transferred from the Internal Revenue Service (IRS) to the FAFSA.

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. It is the formula for determining a student aid index (SAI) which is used when determining eligibility for the Title IV programs.

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 (ED).

Federal Supplemental Educational Opportunity Grant (FSEOG) Program: A federal grant provided by the institution to qualified undergraduate students who demonstrate exceptional financial need and does not need to be repaid. The amount of funding from this program varies by institution.

Federal Tax Information (FTI): The data and information related to federal tax paying. FTI includes a tax return or tax return information received directly from the IRS or obtained through an authorized secondary source, such as the U.S. Department of Education (ED). FTI includes any information derived from a federal tax return or tax return information received from the IRS and obtained by ED. FTI also includes the taxpayer's name, mailing address, SSN, ITIN, and names of dependents.

Federal Work-Study (FWS) Program: Funding for part-time jobs for undergraduate and graduate students with financial need. Unlike grants and loans, FWS is paid to students as they earn the funds by working.

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

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Financial Aid Acceptance: The acknowledgment (written or electronic) by the student of receipt of a financial aid offer. This acknowledgment usually provides for acceptance of financial aid offered, the ability to decline all or part of financial aid offered, and some means of requesting an appeal, if desired, to modify the financial aid offer. Also see Financial Aid Notification.

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, making eligibility determinations, 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 Consultant: A person who, for a fee, provides a variety of services to students and parents, including preparing financial aid forms, estimating the student aid index (SAI), and estimating financial need.

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

Financial Aid Offer: A document sent by a postsecondary institution to a student that outlines the amounts and details of the financial aid being offered to the student, which may include scholarships, grants, loans, employment, or other forms of financial assistance to pay for college expenses. Sometimes schools refer to these as financial aid “awards,” although this term is outdated. Schools should refer to these as financial aid offers.

Financial Need: The difference between the institution’s cost of attendance (COA) and the family’s ability to pay. Ability to pay is represented by the student aid index (SAI) for federal need-based aid and for many state and institutional programs. Cost of attendance minus student aid index equals financial need (COA - SAI = Need).

Forbearance: Permits the temporary cessation of repayment 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 family and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student. The FAFSA may be completed online or by mailing a paper application. Also see PDF FAFSA.

FUTURE Act Direct Data Exchange (FA-DDX): System that allows the U.S. Department of Education (ED) to request and the IRS to transfer federal tax information (FTI) to the FAFSA for use in determining a student’s federal financial aid eligibility.

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General Education Development (GED) Certificate: The credential 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. Also 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 type, interest does not accrue during this period.

Grant: A type of financial aid that does not have to be repaid; usually provided based on 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 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 attend 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 Professions Programs: Federal student assistance programs administered by the U.S. Department of Health and Human Services (HHS) for students preparing for careers in the health sciences.

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, in foster care, or a ward of the court, at any time when the student was 13 years of age or older;
(c) Is an emancipated minor or is in legal guardianship as determined by a court in the student's state of legal residence;
(d) Is an unaccompanied youth who is homeless or who is at risk of homelessness and is self-supporting, as documented during the school year;
(e) Is a veteran;
(f) Is serving on active duty in the U.S. Armed Forces for purposes other than training;
(g) Is married and not separated;
(h) Is a graduate or professional student;
(i) Has legal dependents other than a spouse who receive more than half of their support from the student;
(j) Has dependent children who receive more than half of their support from the student; or
(k) Presents documentation of other unusual circumstances demonstrating independence to the financial aid administrator.

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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 rates for Title IV loans are determined by federal law.

Investment Plans: Educational investment plans (such as Coverdell Educational Savings Accounts and state 529 plans) that can be used to assist with higher education expenses, usually sponsored by commercial banking institutions.

Legal Dependent (of applicant): Children of the student who receive more than half their support from the student, as well as other individuals (except a spouse) who live with and receive more than half their support from the student as of the date the FAFSA is signed and throughout the remainder of the award year covered by the FAFSA.

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 (ED).

Lifetime Eligibility Used (LEU): According to federal law, the amount of Federal Pell Grant funds that a student may receive is limited to the equivalent of six years of Federal Pell Grant 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. Also see Promissory Note.

Means-Tested Federal Benefit Program: A federal benefit program for which the applicant must demonstrate financial need. The FAFSA requires that filers indicate whether anyone in the family received benefits from the following programs during the previous two calendar years:

- Earned income credit (EIC);
- Federal Housing Assistance;
- Free or reduced-price school lunch;
- Medicaid;
- Refundable credit for coverage under a qualified health plan (QHP);
- Supplemental Nutrition Assistance Program (SNAP);
- Supplemental Security Income (SSI);
- Temporary Assistance for Needy Families (TANF); or
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

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

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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.

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 (ED'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 ED programs.

Need Analysis: A system by which an applicant's ability to pay 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 student aid index (SAI). The formula determines the SAI under the Federal Methodology (FM).

Need-Based Aid: Financial assistance provided to students based on their financial situation, determined by completing the FAFSA. Need-based financial aid can take different forms, including grants, scholarships, work-study programs, and low-interest loans, like the Federal Direct Subsidized Loan.

Net Price: The difference between the cost of attendance and all grants and scholarships. Net price reflects what the student is expected to pay for their education on their own and can be covered through a variety of sources, including savings, student employment, institutional payment plans, or education loans.

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

Other Financial Assistance (OFA): 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.

Overpayment: When a student receives more federal student aid than that for which there is demonstrated eligibility, the excess amount must be repaid 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.

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

Primary Parent (Parent of Record): For a dependent student whose parents are divorced or separated, the parent who provides the greater portion of the student's financial support and is required to provide their and their spouse's (if applicable) information on the FAFSA.

PDF FAFSA: A version of the FAFSA which may be printed, completed, and filed like a paper FAFSA.

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

Prison Education Program (PEP): An education or training program offered by an institution of higher education and approved by an oversight entity to operate in a correctional facility. Confined or incarcerated individuals in an approved PEP may qualify to receive Federal Pell Grant funds.

Professional Judgment (PJ): The financial aid administrator's discretion, based on the special or unusual circumstances of the student, to change the data elements used in determining eligibility for federal student aid, adjust a student's cost of attendance, change a student's status from dependent to independent (i.e., dependency override), 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. Also see Master Promissory Note.

Provisionally independent student: A student who has indicated on the FAFSA that they have unusual circumstances or indicates for the first time that they are unaccompanied and homeless, or at risk of being homeless, will be considered provisionally independent by the FAFSA Processing System (FPS). If the school confirms the student's independent status, the school makes the necessary updates to the FPS.

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 they cease 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.

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.

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.

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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.

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).

Special Rule for Pell Grants: Criteria used to determine Pell Grant eligibility for a student whose parent or guardian died in the line of duty while (a) serving on active duty as a member of the Armed Forces on or after September 11, 2001; or (b) actively serving as and performing the duties of a public safety officer; and is less than 33 years old as of the January 1 prior to the award year for which the applicant is applying (e.g., for the 2027-28 award year, a student must be less than 33 years old as of January 1, 2027, to be eligible). An eligible student will receive a maximum Pell Grant regardless of their student aid index (SAI).

Student Aid Index (SAI): The evaluation of a student's financial resources available to contribute toward their postsecondary education for a specific award year.

StudentAid.gov Account Username and Password (FSA ID): The username and password combination that serves as an identifier to allow access to personal information in various U.S. Department of Education (ED) systems and acts as a digital signature on some online forms.

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

Subscription-Based Program: A self-paced type of program where an institution charges a flat rate to the student for each period on a subscription basis.

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

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 provided 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, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Direct Student Loan (Direct Loan), and Teacher Education Assistance for College and Higher Education (TEACH) Grant programs.

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

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U.S. Department of Education (ED): The federal government agency that administers Title IV aid assistance to students enrolled in postsecondary educational programs. See Title IV Programs.

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

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

Verification: A federally mandated process to confirm the accuracy of data provided by selected applicants on the FAFSA. To complete the verification process, the student, their parent(s), or spouse, if applicable, are required to provide certain documents to the school for review. If the documentation the student provides the institution does not match what was reported on the FAFSA, verification can result in changes to the student's financial aid eligibility, and/or financial aid offers.

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.

Workforce Pell Grant: Federal Pell Grant eligibility for certain short-term, workforce training programs.

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ABBREVIATIONS COMMONLY USED IN FINANCIAL AID ADMINISTRATION

AA or AS: Associate degree

ACT: American College Testing Program

AGI: Adjusted Gross Income

BA or BS: Baccalaureate or bachelor degree

BIA: Bureau of Indian Affairs

CLEP: College-Level Examination Program

COA: Cost of attendance

ED: U.S. Department of Education

FAFSA: Free Application for Federal Student Aid

FM: Federal Methodology

FPS: FAFSA Processing System

FSEOG: Federal Supplemental Educational Opportunity Grant

FTI: Federal Tax Information

FWS: Federal Work-Study

GPA: Grade point average

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

IPA: Income protection allowance

IRS: Internal Revenue Service

MPN: Master Promissory Note

OFA: Other Financial Assistance

PC: Parental contribution

PEP: Prison Education Program

PJ: Professional judgment

ROTC: Reserve Officer Training Corps

SAI: Student Aid Index

SAP: Satisfactory academic progress

SAT: Scholastic Aptitude Test

SC: Student contribution

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

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