



A Message from Su Yeong Kim, Chief Researcher

We are pleased to provide you with information about what students need to think about when applying for college. In our previous newsletters, we have shared with you information about the SAT, California colleges, and college application process. This newsletter will focus on financial aid and scholarship information that may be useful to you as you apply for the college of your choice. We hope that this newsletter will help you understand the different types of financial aid programs by providing some basic information, tips, and resources.

We are planning a follow-up study in Spring 2006 and we ask for your continued participation. If your address or phone number changes, please update us. Our contact information is on the last page of this newsletter.

We hope that you find this newsletter informative and useful. We sincerely appreciate your participation in the project!

Types of Financial Aid Programs

Financial aid programs provide support for students to help meet the costs of obtaining a college education. Funding for financial aid programs is provided by the federal government, state governments, colleges, as well as a variety of other public and private sources. The two main categories and four basic types of financial aid are listed below:

Gift Aid is financial aid which does not require repayment. Gift aid actually lowers the cost of education.

Self-help Aid includes work or loans that require a job, service, or repayment obligation on the student's part.

Grants are federal, state, or institutional gift aid awarded based on need.

Loans are borrowed money that must be repaid after the student leaves school.

Scholarships are gift aid awarded by colleges and community organizations. They are awarded based on academic merit or some other specific talent, ability, or student characteristic.

Work-Study is for part-time work while attending college and is awarded based on need.



Financial aid usually comes in the form of a package consisting of a combination of the different types of aid available. The combination of aid offered depends on whether a student applies by the deadline, his/her eligibility, the availability of funds, and his/her year in school. We provide an overview of financial aid programs. The major types of federal and state aid programs are discussed in detail.

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FEDERAL PROGRAMS	STATE PROGRAMS	UNIVERSITY PROGRAMS
<p>Grants</p> <ul style="list-style-type: none"> - Pell Grants - Supplemental Educational Opportunity Grants (SEOG) <p>Loans</p> <ul style="list-style-type: none"> - Perkins Loan - Stafford Subsidized Loan - Stafford Unsubsidized Loan - Parent Loan for Undergraduate Students <p>Other Programs</p> <ul style="list-style-type: none"> - Federal Work-Study Program (FWS) 	<p>Grants</p> <ul style="list-style-type: none"> - Cal Grant A Entitlement Awards - Cal Grant B Entitlement Awards - Cal Grant A & B Competitive Awards 	<p>CSU</p> <ul style="list-style-type: none"> - State University Grant - Educational Opportunity Program Grant - Institutional Loan Programs - Scholarships <p>UC</p> <ul style="list-style-type: none"> - Institutional Grants - Institutional Loan Programs - Scholarships

Grants

Grants are the foundation of most financial aid. They are given to students who need assistance in order to cover the cost of education. Grants are particularly valuable as they are gifts that come with no repayment obligations and result in reducing the cost of education. There are many types of grants, and some financial aid recipients may receive more than one type of grant at a time.

Federal Grants

Federal grants are awarded by the federal government and they are the foundation of most aid packages. There are two types of federal grants:

1. **Pell Grants** provide the foundation in the undergraduate's financial aid packages to which other financial aid may be added based upon the total amount a student is eligible to receive. Students enrolling full-time (12 units or more) are eligible and they can use FAFSA to apply for a Pell Grant.
2. **Supplemental Educational Opportunity Grants (SEOG)** provides assistance to undergraduates with the greatest financial need toward educational costs, as calculated according to a federal methodology. The program gives priority to students who receive Federal Pell Grants, but there is no guarantee that every eligible student will be able to receive a SEOG. Students can use FAFSA to apply for a SEOG.

Cal Grants

Cal Grants are free money for college. High school seniors who meet the academic, financial, and eligibility requirements, and apply by the deadline are guaranteed a Cal Grant. There are several types of Cal Grant awards, but students may accept only one type of Cal Grant at a time.

1. **Cal Grant A Entitlement Awards** provide need-based grant assistance to low- and middle-income students to offset tuition for high school graduates with at least a 3.0 grade point average.
2. **Cal Grant B Entitlement Awards** provide need-based grant assistance to high-potential students from low-income, disadvantaged families to help offset tuition and other costs (e.g., books, living expenses, registration fees) for high school graduates with at least a 2.0 grade point average.
3. **Cal Grant A and B Competitive Awards** are made available on a competitive basis for students who do not qualify for one of the entitlement awards.

Funding for Cal Grant A and B is available for up to four years for students pursuing a bachelor's degree. Students must be enrolled at least half-time to receive Cal Grant benefits. They may apply their Cal Grant A or B award to summer sessions and/or an international exchange program, but the total amount received for a four-year program will remain the same and may be used anytime before completion of a four-year course of study.

Scholarships

Scholarships are financial awards made to students based on some special talent, ability, or characteristic of the students. These awards are not necessarily based on financial need. Scholarships are a great way for students to reduce the need to work and borrow, and are awarded by colleges and community organizations (e.g., Organization of Chinese Americans, www.ocanatl.org). To learn more about scholarships administered by colleges, students can contact the campus financial aid or scholarship office. There are also a number of independently maintained websites that help students search for scholarships. However, under no circumstances should students or their families pay money to get scholarship information. Please be aware of these private organizations and websites that request payment.

Loans

Loans, while not gift aid, are a substantial and important form of financial assistance used by colleges and universities. Campuses typically participate in student loan programs subsidized by the federal government, allowing for deferred and reduced interest rates. The loan programs provide most students and families the flexibility needed to finance a college education. It is important to remember that the students and parents have control over how much is actually borrowed. There are four types of loans that students may be eligible for:

1. **Federal Perkins Loan** provides low-interest loans for eligible students with preference for students with exceptional financial need.
2. **Federal Stafford Subsidized Loan** provides government-insured, long-term, low-interest loans for eligible students. The federal government pays the interest on the loan to the lender while the student remains enrolled in college. The student is responsible for the loan after leaving college.
3. **Federal Stafford Unsubsidized Loan** provides long-term, low-interest loans for eligible students who generally do not qualify for other need-based financial assistance or students who need loan assistance beyond the maximums provided by the subsidized loan program. The student pays all interest charges on the loan while enrolled in college and is responsible for the loan after leaving college.
4. **Federal Parent Loan for Undergraduate Students** provide government-insured, long-term, low-interest loans for eligible parents of dependent undergraduate students who generally do not qualify for other financial assistance. Parents may borrow the unmet financial need that the student's financial aid award did not cover.

Work-Study

Students are expected to work to help pay for their college expenses. In addition to regular jobs, there are special student employment programs that are offered to students as part of their financial aid packages.

Federal Work-Study Program (FWS) provides both on- and off-campus jobs for eligible students through private or public non-profit organizations, local school districts, and other local state, or federal agencies. Often students will get a job at the college. The school or employer pays part of the salary and the federal government pays the rest.

Applying for Financial Aid

The basic application for financial aid is called the **Free Application for Federal Student Assistance (FAFSA)**. Every college in the United States requires this application as the basic form for all federal and state financial aid, and it costs nothing to apply. The application period begins on January 1st for students applying for the next academic year. Students may file a FAFSA from January 1st all the way through the next 18 months. The application period ends in June at the end of the academic year.

Students are highly encouraged to file a FAFSA soon after January 1st. Each college sets a deadline for priority filing of the FAFSA. Students must file by that date for a chance to receive the most financial aid available. If a student wants to be considered for state grants, he/she must file his/her FAFSA by March 2nd. UC and CSU (all campuses of both systems) also use March 2nd as their priority filing date. The independent colleges and community colleges may set different dates for priority filing, so it is important to check with every college in which the student is interested in.

The best advice for students is to file their FAFSA early. Strive to meet the earliest deadline of all colleges. If a student needs help with the application process, he/she can contact the financial aid office at the college for further assistance.





Are you Moving?

Please update your address and phone number with us! We would like to keep in touch with you for a follow-up project in the spring semester of 2006.

Updating your information is easy:

By Phone: (415) 271-0390

By Phone: (866) 7-FAMILY
(This is a toll-free number.)

By E-mail:
projectfamilies@yahoo.com

By Web:
<http://www.geocities.com/projectfamilies/davis/>

Closing

We hope that you have found the information provided in this newsletter helpful as you prepare for your college education. Some other things to keep in mind include meeting with your school guidance counselor to discuss about the college application process, talking with your family about where you are interested in applying, and searching for ways to financially pay for college. Good luck in your search and applications and we wish you the best for your future!

Useful Websites

Student Guide from the Department of Education
http://studentaid.ed.gov/students/publications/student_guide/index.html

California Student Aid Commission
<http://www.csac.ca.gov>

UC Financial Aid Information
http://www.universityofcalifornia.edu/admissions/payingforuc/fin_aid.html

CSU Financial Aid Information
<http://www.csumentor.edu/finaid>

The smart student guide to financial aid and scholarships (Frequently asked questions, free scholarship search, descriptions on what forms of financial aid exists).
<http://www.finaid.org/>

First Gov- The U.S. government's official website providing resources for students and parents about preparing to go off to school.
http://www.firstgov.gov/Topics/Back_to_School.shtml

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