

# Student Financial Aid

Federal

State

Institution/Private

# Federal Student Aid

- \* Who gets federal student aid?
  - \* Every student who meets certain eligibility requirements can get some type of financial aid, regardless of age or family income
- \* What is federal student aid?
  - \* It's money from the federal government grants, work-study, and loans

# Federal Student Aid

- \* What is the FAFSA?
  - \* It's the **Free Application for Federal Student Aid (FAFSA)** which must be completed to receive federal student aid. This is also true for applications for state, institutional, and most private aid funding.

# Federal Student Aid

- \* How do I complete the FAFSA?
  - \* Complete the FAFSA online at [www.fafsa.gov](http://www.fafsa.gov).
- \* When do I complete the FAFSA?
  - \* Apply as soon as possible after Jan 1 of the year you plan to attend college.
- \* How much aid is available?
  - \* More than \$150 billion of aid is available each year to help cover tuition and fees, room and board, books and supplies, transportation and other education-related expenses.

# Federal Student Aid

- \* Basic Requirements

- \* Financial Need: must demonstrate financial need for most programs
- \* U.S. citizen or eligible non-citizen: required
- \* Social Security number: must have a valid Social Security number (some exceptions apply).
- \* Selective Service: If you are a male, you must be registered with Selective Service. You register between the ages of 18 and 25.

# Federal Student Aid

- \* Basic Requirements *cont'd.*
  - \* Enrollment: must be enrolled in an eligible degree or certificate program. You must be enrolled for at least half-time status for the Direct Loan Program.
  - \* Satisfactory Academic Progress: must meet the academic progress set by the school.
  - \* Not in Default: must sign a statement stating that you have defaulted on a student loan and do not owe money on a federal student aid grant.

# Federal Student Aid

- \* Basic Requirements *cont'd.*
  - \* Educational Purpose: must sign a statement stating that federal student aid will only be used for education purposes.
  - \* High School: must have a high school diploma or a recognized equivalent, such as a General Educational Development (GED) certificate, or by completing a high school education in a homeschool setting approved under state law.

# Federal Student Aid

- \* How much financial aid can I get?
  - \* Eligibility depends upon your:
    - \* Cost of Attendance (COA) – The cost of college;
    - \* Expected Family Contribution (EFC);
    - \* Year in school; and
    - \* Enrollment Status (full-time, half-time, etc.)

# Federal Student Aid

- \* What does cost of attendance (COA) mean?
  - \* Your COA is the amount it will cost you to attend school.
- \* What is the Expected Family Contribution (EFC)?
  - \* The EFC is calculated according to a formula established by law. Your family's taxed and untaxed income, assets, and benefits (such as unemployment or social security) are all considered in the formula.

# Federal Student Aid

- \* What is the EFC? *cont'd.*
  - \* The family size and the number of family members who will attend college during the year are also key factors.

Financial Need is determined by this simple formula:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{Expected Family Contribution} \\ = \text{Financial Need} \end{array}$$

# Federal Student Aid

- \* Staying eligible: student must:
  - \* Continue to meet basic eligibility requirements
  - \* Must make progress toward a degree
  - \* Complete the FAFSA every year

# Satisfactory Academic Progress SAP

- \* 67% and 2.0 GPA
- \* Students with high number of credits need to complete Ed Plan with counselor
- \* All grades affect SAP
- \* 2013-2014: 1,237 students on Academic Plans
- \* 2013-2014: 12,805 students did not qualify for financial aid because of Unsatisfactory Academic Progress

# Significant Federal Changes

- \* 150% maximum subsidized loan provisions
  - \* Students have three (3) years to complete an Associate Degree program and receive the subsidized student loan.
  - \* If it takes longer, the student is eligible to apply for the unsubsidized student loan.
  - \* Students must declare a program of study to receive student loans.
- \* Pell Grants limitation to 12 semesters: the federal government monitors the receipt of FPELL Grants. Students who have exceeded the 12 semesters have to apply for student loans.
- \* Unusual Enrollment History: this requirement was developed to stop students who attend multiple schools and receive Pell funds, but never earn any academic credits.

# Significant Federal Changes

## **Coming soon . . .**

In accordance with federal law, federal student aid can be applied only to classes that are recognized as being truly necessary for completion of a student's declared degree. *More information to come . . .*

**PIN Changes:** The Department of Education will implement a new FSA ID, which will be comprised of a user-selected username and password, and will replace the Federal Student Aid PIN as the process by which students, parents, and borrowers authenticate their identity to access their federal student aid information.

# Federal Student Aid

- \* Types of Federal Student Aid
  - \* Federal Pell Grant: does not have to be repaid. Limitation of 12 semesters based on financial need.
  - \* Federal Supplemental Educational Opportunity Grant (FSEOG): does not have to be repaid. Based on financial need, with priority given to Pell recipients.

# Federal Student Aid

- \* Federal Work Study (FWS): money earned while attending school which doesn't have to be repaid. Students must be enrolled at least half-time, must be paid at least minimum wage, and are limited to working 20 hours per week.
- \* Student Loans: borrowed money which must be repaid with interest.
  - \* Direct Subsidized Loans
  - \* Direct Unsubsidized Loans
  - \* Direct PLUS Loans

# Federal Student Aid

- \* Federal Work-Study Program
  - \* \$850,000 allocated to OCC for 2014-2015
  - \* Must be matched (25%) by OCC
  - \* Program challenges:
    - \* Increase student participation
    - \* Create academic-relevant student jobs
    - \* Competition with student loans

# Federal Student Aid

## ***William D. Ford Federal Direct Loan (Direct Loan) Program***

The federal program that provides loans to eligible student and parent borrowers under Title IV of the Higher Education Act. Funds are provided by the federal government to eligible borrowers.

## **Direct Loan**

A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools.

# Federal Student Aid

**The William D. Ford Federal Direct Loan (Direct Loan) Program** is the largest federal student loan program. Under this program, the U.S. Department of Education is your lender. There are four types of Direct Loans available:

- \* **Direct Subsidized Loans** are loans made to eligible undergraduate students who demonstrate financial need to help cover the costs of higher education at a college or career school.
- \* **Direct Unsubsidized Loans** are loans made to eligible undergraduate, graduate, and professional students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan.
- \* **Direct PLUS Loans** are loans made to graduate or professional student and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
- \* **Direct Consolidation Loans** allow you to combine all of your eligible federal student loans into a single loan with a single *loan servicer*.

# Federal Student Aid

- \* Federal student loans offer many benefits compared to other options you may consider when paying for college.
- \* The interest rate on federal students loans is almost always lower than that on private loans, and much lower than credit card interest.
- \* You don't need a credit check or cosigner to get most federal student loans.
- \* You don't have to begin repaying your federal student loans until after you leave college or drop below half-time.
- \* If you demonstrate financial need, you can qualify to have the government pay your interest while you are in school
- \* If you work in certain jobs, you may be eligible to have a portion of your federal student loans forgiven if you meet certain conditions.

# Federal Student Aid

## Maximum Annual Award\*

Direct Subsidized Loan\*\* = \$4,500

Direct Unsubsidized Loan\*\*\* = \$6,000

\*Depends on school year and dependency status

\*\*Government pays interest up to 150% of program for first-time borrowers as of 07/01/13

\*\*\*Interest accrues while in school, grace, etc.

# Default Management

## **Default**

Failure to repay a loan according to the terms agreed to in the promissory note. For most federal student loans, you will default if you have not made a payment in more than 270 days. You may experience serious legal consequences if you default.

## **Default Rate**

The percentage of borrowers who fail to repay their loans according to the terms of their promissory notes.

## **Deferment**

A postponement of payment on a loan that is allowed under certain conditions and during which interest does not accrue on Direct Subsidized Loans, Subsidized Federal Stafford Loans, and Federal Perkins Loans. All other federal student loans that are deferred will continue to accrue interest. Any unpaid interest that accrued during the deferment period may be added to the principal balance (capitalized) of the loan(s).

## **Delinquent**

A loan is delinquent when loan payments are not received by the due dates. A loan remains delinquent until the borrower makes up the missed payment(s) through payment, deferment, or forbearance. If the borrower is unable to make payments, he or she should contact his or her loan servicer to discuss options to keep the loan in good standing.

## **3-year Cohort Default Period**

The three-year period that begins on October 1 of the fiscal year when the borrower enters repayment and ends on September 30 two years later.

## **Loan Servicer**

A company that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a federal student loan on behalf of a lender.

## **Federal Student Loan**

A loan funded by the federal government to help pay for your education. A federal student loan is borrowed money you must repay with interest.

# Default Management

## Cohort Default Rates

OCC 2012 Official Rate = 17

OCC 2013 Draft Rate = 17.6

OCC 2013 Official Rate = Projected to be 17.6

**Target Rate = Under 15%**

Over 15% = penalties

Delayed disbursements

Two disbursement for one-semester loans, *i.e.*, fall only

# Default Management

Three-Year Cohort Default Rate						
Cohort Fiscal Year	Type of CDR	Repayment period LDA (Denominator)	Default period (Numerator)	3-year CDR Calculation Ends	Default release date	Year published
<b>2012</b>	3-year rate	10/01/11 to 09/30/12 03/30/11 to 03/29/12	10/01/11 to 09/30/14	09/30/14	February 2015	2015
<b>2013</b>	3-year rate	10/01/12 to 09/30/13 03/30/12 to 03/29/13	10/01/12 to 09/30/15	09/30/15	February 2016	2016
<b>2014</b>	3-year rate	10/01/13 to 09/30/14 03/30/13 to 03/29/14	10/01/13 to 09/30/16	09/30/16	February 2017	2017
<b>2015</b>	3-year rate	10/01/14 to 09/30/15 03/30/14 to 03/29/15	10/01/14 to 09/30/17	09/30/17	February 2018	2018
<b>2016</b>	3-year rate	10/01/15 to 09/30/16 03/30/15 to 03/29/16	10/01/15 to 09/30/18	09/30/18	February 2019	2019

# State Financial Aid

- \* Tuition Incentive Program (TIP): need-based grant for tuition and fees.
- \* Michigan Competitive Scholarship (MCS): need-based grant with emphasis on ACT scores.
- \* Michigan Nursing Scholarships: need-based grant awarded to student working in defined areas of nursing. Grant defaults to loan if student doesn't enter defined areas of nursing.
- \* GEAR-UP: need-based grant. Applicants are selected by the state.
- \* Fostering Futures Scholarships: need-based grant to assist students formerly in foster care.

# Institutional Financial Aid

- \* Trustee Scholarship: need-based for in-district students. Does not have to be repaid.
- \* FA Director's Scholarship: need-based with emphasis on GPA.
- \* Chancellor's Scholarship: awarded to entering Oakland County high school and alternative education students with GPA of 3.0 and 2.5 (and higher) respectively. Need is not a factor.

# Private Student Aid

- \* Foundation Scholarships: need- and non-need based scholarships for students, based on the donors' criteria.
- \* Other Scholarships: subject to donors' requirements.

# Withdrawal from Classes

## R2T4

- \* Financial aid students who completely withdraw from all classes must have a return of Title IV calculation.
  - \* This includes W, WS marks.
  - \* Title IV money will be returned if the student withdraws before completing 60% of their scheduled attendance in the semester.
  - \* Student is billed for the portion that is returned to the Feds, including loan amounts.
  - \* OCC accepts the burden of billing students while the Return of Funds is transmitted back to the Feds.

# Withdrawal from Classes

## R2T4

- \* In 2013-2014, OCC returned \$753,000 to the Department of Education as a result of student withdrawals.
- \* In 2014-2015, OCC has already returned \$978,000 to the Department of Education as a result of student W and WS marks.
- \* 2014-2015 doesn't take into consideration the end of Winter 2015 semester, when we receive a high volume of WS marks.
- \* 2014-2015 doesn't take into consideration Summer 2015 withdrawals.

# Grades

- \* Grades received by students affect their financial aid.
- \* Grades have a huge impact on students with FA.
- \* Timing of when grades are reported
- \* Bookstore charges
- \* Completion rate
- \* We look at I, WP, WF, W, WS, and N marks the same way.

# N Marks

- \* Instructors assign N marks for students who never attend the class or do not complete online coursework.
- \* 7-8 years ago, OCC returned approximately \$100,000 per year as a result of N marks.
- \* That number now exceeds \$2 million per year.
  - \* 2013-2014: \$2,220,000
- \* Fraud is a significant factor that has led to the increase in N marks.

# Pell Statistics

<b>Year</b>	<b>Pell Headcount - OCC</b>
2002-2003	3,889
2003-2004	4,226
2004-2005	4,534
2005-2006	4,603
2006-2007	5,006
2007-2008	5,996
2008-2009	7,791
2009-2010	12,667
2010-2011	14,194
2011-2012	15,700
2012-2013	14,306
2013-2014	13,024

## Financial Aid Statistics

FA Year	# of Awards	Apps	Award Offered	Award Expended	Pell Expenditures	Subsidized Expended	Unsubsidized Expended
2000-2001	5336	9881	\$0	\$0	\$4,260,571		
2001-2002	6274	11517	\$0	\$0	\$5,878,484		
2003-2004	8097	14769	\$27,244,079	\$13,731,987	\$8,284,152	\$1,263,806	\$1,054,086
2007-2008	12149	20725	\$56,627,714	\$28,689,093	\$12,860,165	\$6,482,672	\$4,177,588
2009-2010	20761	41790	\$134,005,032	\$66,800,596	\$37,661,210	\$14,788,225	\$10,868,110
2010-2011	21547	41891	\$127,728,377	\$77,286,776	\$43,099,514	\$17,336,554	\$12,663,977
2011-2012	24710	43926	\$168,525,628	\$85,200,587	\$46,252,292	\$19,981,557	\$14,383,137
2012-2013	23470	47276	\$158,586,171	\$78,713,194	\$41,870,623	\$18,989,188	\$13,039,737
2013-2014	24544	44459	\$225,407,380	\$85,067,954	\$38,539,657	\$19,536,115	\$22,212,564
<p><b>Note:</b> Some 2000-2002 Data processed in Legacy system and not accessible in Datatel Colleague</p> <p><b>Note:</b> Direct Loan Auto Packaging began in 2013-2014</p>							

# Student Financial Resources and Scholarships 2013 – 2014 Statistics

- \* Awards offered: 24,544
- \* Applications: 44,459
- \* **Expenditures: \$85,067,954**
  - \* Pell expenditures: \$38,539,657
  - \* FSEOG expenditures: \$1,131,920
  - \* Subsidized expenditures: \$19,536,115
  - \* Unsubsidized expenditures: \$22,212,564
  - \* TIP and scholarships: \$3,158,597

# Key Accomplishments

- \* Automatic packaging of student loans
- \* Implementation of Image Now software
- \* ACD telephone system
- \* Implemented FATV
- \* Revised SAP Policy
- \* Financial aid award letters are online
- \* Communication with students exclusively via student email
- \* Financial aid limits for remedial courses
- \* A national credential in R2T4
- \* A forthcoming credential in student loans to be earned by 06/30/15

# 15-16 Goals

- \* Implement Student Loan Default Management
- \* Incorporate Financial Literacy with loan defaults
- \* Customize a limited number of FATV videos to OCC policies
- \* Pass all audits
- \* Actively pursue the prevention of fraud

# Veterans

- \* OCC currently has 440 Veterans who are certified
- \* Grades have to be reported back to the VA
- \* Students may owe money back to the VA
- \* New Veterans webpage
- \* Veterans may go to any financial aid office for assistance
- \* Document to answer all questions on webpage
- \* New Veterans Resource person

# Questions

- \* *What are the financial consequences when a student receives a WS or I mark? How does withdrawing from a course impact a student's financial aid?*
- \* This depends. If the student withdraws from all classes, they could have a R2T4 calculation. If the student withdraws from a portion, it will impact the academic progress negatively for future aid. These students tend to default on loans, which impacts OCC.

# Questions

\* *When do the financial aid vouchers students receive for the Bookstore expire?*

\* We publish these dates:

Summer 2015: 05/21/15

## **2015-2016**

Fall 2015: 09/17/15

Winter 2016: 01/21/16

Summer 2016: 05/19/16

# Questions

- \* *Can students use their financial aid vouchers to purchase books from anywhere other than the OCC Bookstores, e.g., Amazon or an online textbook rental site?*
- \* Not directly; however, they can use their refund to make purchases anywhere. The voucher is an electronic internal system at OCC. We cannot communicate directly with outside vendors.

# Questions

- \* *Does the Financial Aid office have any advice for faculty, or any information that it wished faculty knew?*
  - \* Be proactive in knowing who is in classes
  - \* Consider the grade you are awarding and the timing of the grades
  - \* Report N marks in a timely manner
  - \* Align unsatisfactory academic and financial aid SAP policies

# Questions

- \* *Why delay disbursement of funds?*
  - \* Federal regulations require schools with a default rate of 15% or greater to delay disbursements and implement other applicable rules.
  - \* Based on our research, the delayed disbursement has a positive impact on fraud prevention.
  - \* Several peer community colleges have multiple disbursements of loans. We are researching this option.

# Questions

- \* Delayed disbursement *cont'd.*
  - \* There is at least one national research study on paying financial aid as it is earned. This study, called “Aid Like a Paycheck,” started with three schools in California. Presently, there is a school in Texas and one in Chicago using this system.
  - \* OCC was asked to participate, but declined because we had an insufficient number of staff to manage the program.

# SFRS Management Team

Sandy Strong, AH FA Manager	<a href="mailto:smstrong@oaklandcc.edu">smstrong@oaklandcc.edu</a>	248.232.4343
Shawn Griffin, HL FA Manager	<a href="mailto:smgriffi@oaklandcc.edu">smgriffi@oaklandcc.edu</a>	248.942.3042
Steve Lesser, OR FA Manager	<a href="mailto:sblesser@oaklandcc.edu">sblesser@oaklandcc.edu</a>	248.522.3442
Phelicia Jones, RO FA Manager	<a href="mailto:pbjones@oaklandcc.edu">pbjones@oaklandcc.edu</a>	248.246.2442
Wanda McCord, SF FA Manager	<a href="mailto:wfmccord@oaklandcc.edu">wfmccord@oaklandcc.edu</a>	248.233.2943
Wilma B. Porter, Director	<a href="mailto:wbporter@oaklandcc.edu">wbporter@oaklandcc.edu</a>	248.341.2182
Patrick Buck, Assoc. Director, Systems and Operations	<a href="mailto:plbuck@oaklandcc.edu">plbuck@oaklandcc.edu</a>	248.232.4338

[www.oaklandcc.edu/FinAid](http://www.oaklandcc.edu/FinAid)