



Family & Community



Health



Economic Well-Being



Education



# Resources to Help Students with Financial Aid

Indiana Youth Institute | Spring 2022

## The Need for Financial Aid

### Everything You Need to Know About Student Debt

(Vox)

This is a Frequently Asked Questions (FAQ) document explaining the various aspects of financial aid. It provides easy-to-understand information about different types of student loans, what is debt, and the different repayment options.

### Five Facts about Student Loans

(Brookings Institution)

On average, an associate degree or a bachelor's degree pays off in the job market.

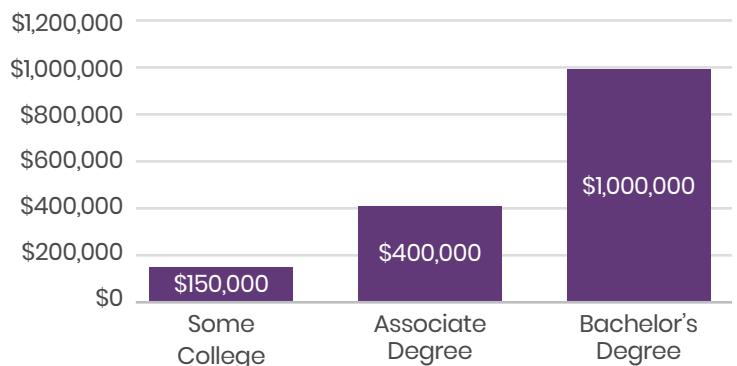
- Over the course of a career, the typical worker with a bachelor's degree earns nearly \$1 million more than an otherwise similar worker with only a high school diploma if both work full-time, year-round from age 25.
- A similar worker with an associate degree earns more than \$360,000 more than a high school graduate. Additionally, individuals with college degrees experience lower unemployment rates and increased odds of moving up the economic ladder.
- Most undergraduates finish college with little or modest debt: About 30% graduate with no debt and about 25% with less than \$20,000. Only 6% of borrowers owe more than \$100,000.

### Indiana College Value Report 2020

(Indiana Commission for Higher Education)

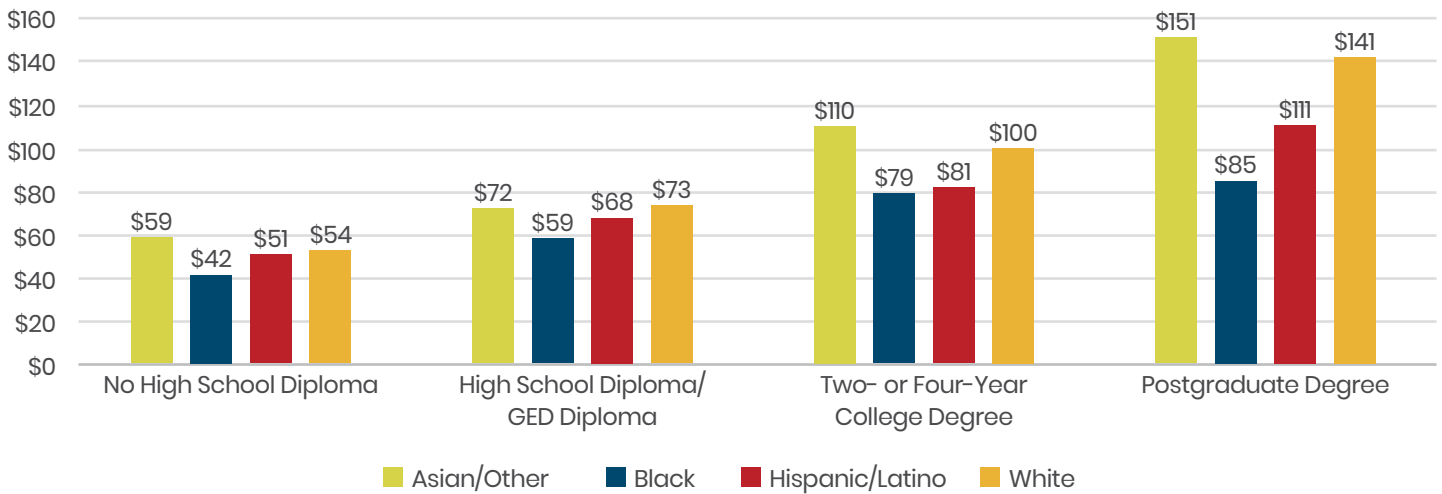
The following report shows an investment in higher education may be the smartest purchase Hoosiers ever because of the return on this investment. Critically, students can take steps, such as completing degrees on-time and choosing higher-level degrees in high-demand industries, to make their investment of time and tuition even more valuable. Even after accounting for increases in tuition costs or student debt incurred, most credentials are paid for within only a few years and make returns on the investment for years to come. In 2020, 59% of college graduates had debt when they completed college. The average debt amount statewide upon graduation was \$23,584.

### Additional Lifetime Earnings for Hoosiers with a Credential Above a High School Diploma, Indiana: 2020



Source: Indiana Commission for Higher Education

## Predicted Wealth by Educational Level and Race/Ethnicity, U.S.: 2017



Source: Federal Reserve Bank of St. Louis

Note: Figures are in the thousands.

## College Affordability Views and College Enrollment

(Institute of Education Sciences)

This data brief looks at the connection between views of college affordability in high school and college enrollment and employment 3 years after high school.

## College Scorecard

(U.S. Department of Education)

This portal allows students to search for and compare institutions across the nation. Each college's scorecard also highlights annual costs, the median salary of graduates, monthly loan payments, and more.

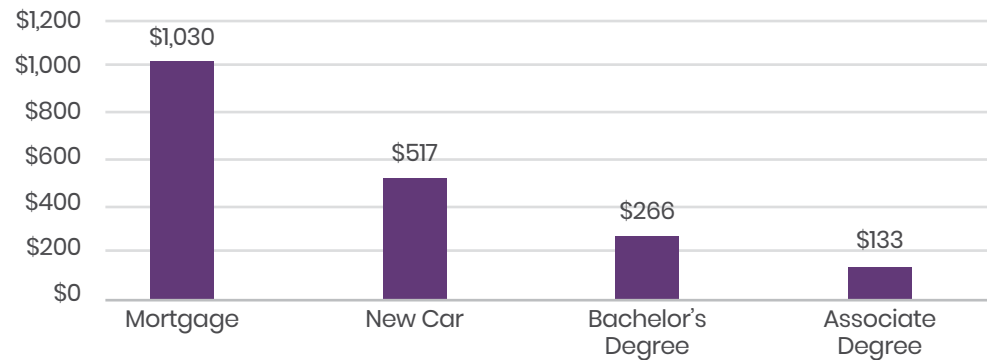
## Examining the Value of Nondegree Credentials

(Strada)

Nondegree credentials have been growing rapidly for decades, though questions about their quality and value remain. This report from Strada found that nondegree credentials yield positive returns, especially when combined with associate and bachelor's degrees.



## Monthly Cost of Student Debt (based on average years to degree) Compared to Average Mortgage and Car Payment, Indiana: 2019



Source: Commission for Higher Education



Completing the Free Application for Federal Student Aid (or FAFSA) can often be the gateway for many low-income students to access higher education. Submitting the FAFSA allows students to potentially receive state and federal financial aid, providing the financial resources to access and complete postsecondary education without accruing high amounts of debt.

## Help with Financial Aid

### How Financial Aid Works

*(U.S. Department of Education)*

To receive federal or state financial aid for college, students must fill out a Free Application for Federal Student Aid (FAFSA). FAFSA is used to determine students' eligibility for different types and amounts of aid. This resource provides a step-by-step guide to the financial aid process.

### What is the FAFSA?

*(U.S. Department of Education)*

To apply for financial aid from the federal government, students must complete the Free Application for Federal Student Aid (FAFSA) at [fafsa.gov](https://fafsa.gov). The college or university will use information from the FAFSA to compile a students' **financial aid offer**, which may include a combination of grants, loans, and work-study. Indiana schools also use information from the FAFSA to award other types of aid. Federal student aid must be used for any school expenses, such as tuition, **room and board**, and books and supplies.

### Cutting Your Costs

*(National Association of Student Financial Aid Administrators)*

This guide provides 11 helpful strategies to maximize cost savings for college expenses. Tips ranging from exploring tax breaks to prior learning assessments.

### Finalizing Financial Aid

*(INvestEd)*

Filing the FAFSA is just the first step in the financial aid process. Now that you have filed, here are some additional steps to make sure students maximize their money. INvestED also offers a Finalizing Financial Aid document to help families get started with financial aid planning and stay organized.

Nationally, low-income students who complete the FAFSA have a college-going rate of 1.7 times above the rate of their low-income peers who do not complete the FAFSA. Additionally, those who complete a FAFSA application are 84% more likely to enroll in higher education after graduating high school.

*Source: National Conference of State Legislatures*



## Different Types of Financial Aid

### State

- **21<sup>st</sup> Century Scholars:**

21<sup>st</sup> Century Scholarship covers up to 100% of tuition and some regularly assessed fees, such as technology, student-activity and health-services fees. Enrollment occurs in 7<sup>th</sup> and 8<sup>th</sup> grade. The scholarship pays part of the tuition at private or independent colleges and approved for-profit specialty or proprietary schools. Eligibility requirements for students include:

- Graduate from a state-accredited Indiana high school.
- Graduate from high school with a cumulative GPA of 2.5 on a 4.0 scale.
- Earn a minimum of a Core 40 diploma.
- Complete all 12 high school Scholar Success Program requirements and track them in ScholarTrack by high school graduation.
- Apply to and be admitted to an eligible Indiana college, university, or proprietary school as a high school senior.
- Submit the FAFSA by April 15 as a high school senior and each year thereafter until college graduation.
- Complete the college Scholar Success Program each year of college to renew your scholarship.
- Complete at least 30 credit hours each year of college.
- Maintain satisfactory academic progress (SAP) standards established by your college.
- Maintain Indiana residency.
- Do not do drugs, commit a crime or delinquent act, or consume alcohol before reaching the legal drinking age.

For more information on enrollment, please click [here](#).

### Required Activities by Grade Level for 21<sup>st</sup> Century Scholar



GRADE	REQUIRED ACTIVITIES		
09	Create your graduation plan	Participate in extracurricular or service activity	Watch "Paying for College 101"
10	Take a career interests assessment	Get workplace experience	Estimate the costs of college
11	Visit a college campus	Take a college entrance exam (ACT/SAT)	Search for Scholarships
12	Submit your college application	Watch "College Success 101"	File your FAFSA

Source: Indiana Commission for Higher Education

- **Frank O'Bannon Grant:**

The grant is designed to provide access for Hoosier students to attend eligible public, private, and proprietary postsecondary institutions. Eligibility for the grant is based on financial need as determined by the FAFSA. The grant may be used toward tuition and regularly assessed fees. Aid is contingent upon a student's Expected Family Contribution (EFC). This grant also includes student performance incentives when a student achieves the following:

- Academic Honors - \$300
- Associate Degree - \$900
- Accelerated Schedule - \$1,400
- Fast Track – 25%, 50%, or 100% more aid for current award year

**Students' Aid Amount based on Institution Type and Expected Family Contribution**

		EXPECTED FAMILY CONTRIBUTION (EFC)																			
INSTITUTION TYPE		\$0	\$1-\$500	\$501-\$1,000	\$1,001-\$1,500	\$1,501-\$2,000	\$2,001-\$2,500	\$2,501-\$3,000	\$3,001-\$3,500	\$3,501-\$4,000	\$4,001-\$4,500	\$4,501-\$5,000	\$5,001-\$5,500	\$5,501-\$6,000	\$6,001-\$6,500	\$6,501-\$7,000	\$7,001-\$7,500	\$7,501-\$8,000	\$8,001-\$8,500	\$8,501-\$9,000	\$9,001-\$9,500
PRIVATE	ON-TIME	\$9,200	\$8,950	\$8,450	\$7,950	\$7,450	\$6,950	\$6,450	\$5,950	\$5,450	\$4,950	\$4,450	\$3,950	\$3,450	\$2,950	\$2,450	\$1,950	\$1,450	\$950	\$0	\$0
	FULL-TIME	\$7,400	\$7,150	\$6,650	\$6,150	\$5,650	\$5,150	\$4,650	\$4,150	\$3,650	\$3,150	\$2,650	\$2,150	\$1,650	\$1,150	\$650	\$0	\$0	\$0	\$0	\$0
PUBLIC	ON-TIME	\$4,600	\$4,350	\$3,850	\$3,350	\$2,850	\$2,350	\$1,850	\$1,350	\$850	\$0	\$0	NOT ELIGIBLE FOR FRANK O'BANNON GRANT								
	FULL-TIME	\$3,700	\$3,450	\$2,950	\$2,450	\$1,950	\$1,450	\$950	\$0	\$0	\$0	\$0	NOT ELIGIBLE FOR FRANK O'BANNON GRANT								
PROPRIETARY OR IVY TECH	ON-TIME	\$3,500	\$3,250	\$2,750	\$2,250	\$1,750	\$1,250	\$750	\$0	NOT ELIGIBLE FOR FRANK O'BANNON GRANT											
	FULL-TIME	\$2,900	\$2,650	\$2,150	\$1,650	\$1,150	\$650	\$0	\$0	NOT ELIGIBLE FOR FRANK O'BANNON GRANT											

Source: Indiana Commission for Higher Education

- **Workforce Ready Grant:**

This grant through the Next Level Jobs program allows Hoosier students to obtain high-wage, high-demand certificates in five key industry areas from institutions across the state and online. Select programs can even be completed as quickly as eight weeks. This grant also does not have income requirements for eligibility but is applied after other state and federal aid (Pell, Frank O'Bannon, etc.) This grant covers tuition, mandatory fees and select consumables that will be used in the required coursework. Eligibility requirements include:

- Be an Indiana resident and a U.S. Citizen (or eligible non-citizen)
- Have a high school diploma (or equivalent) but less than a college degree
- Be eligible for state financial aid and file the FAFSA (for certain programs and providers)
- Enroll in a qualifying program at an approved training provider
- Meet any additional requirements for certain training providers and programs

Students who received a certificate prior to high school graduation are still eligible. It's been reported that Workforce Ready Grant recipients earn nearly **\$7,000** more after getting a certificate.



## Federal

Federal Student Aid offers three types of financial aid:

1. Grants: Financial aid that generally doesn't have to be repaid.
2. Loans: Borrowed money for college or career school; your loans must be repaid with interest. Compared to private student loans, federal student loans often have
  - o Lower fixed interest rates,
  - o Flexible repayment options, and
  - o Many benefits that you won't find elsewhere.
3. Work-Study: A federal work program through which undergraduates and graduate students at participating schools earn money to help pay for school.

### Types of Grants

- **Federal Pell Grant:** For undergraduates with **financial need**. Federal Pell Grants provide up to \$6,895 to undergraduate students with financial need who have not earned a bachelor's or a professional degree. The total award amount depends on students' financial need, cost of attendance, and full- or part-time status.
- Federal Supplemental Educational Opportunity Grant (FSEOG): For undergraduates with exceptional financial need at participating schools.

### Types of Loans

- Direct **Subsidized Loan:** For undergraduates; Interest is paid by the U.S. Department of Education while the student is in school and during periods of **deferment**.
- Direct **Unsubsidized Loan:** For undergraduates and graduate students; Borrower is responsible for all interest.
- **Direct PLUS Loan:** For graduate and professional students and for parents of dependent undergraduates; Borrower is responsible for all interest.
- **Federal Perkins Loan:** For undergraduate and graduate students; Loan made by participating school; No interest accrues while the student is in school or in a **grace period** and during periods of deferment.

Learn more about these options at [StudentAid.gov/understand-aid/types](https://studentaid.gov/understand-aid/types).