

U.S. Congresswoman  
**TAMMY DUCKWORTH**

Proudly Serving Illinois' 8th District



## College Affordability Guide

February 2016

Dear Neighbors,

I put myself through college with student loans, Pell Grants and a heck of a lot of waitressing. In fact, I'm still paying off my student loans even today—so I know how tough paying for school can be.

As too many young people know, the skyrocketing costs of higher education have made it almost impossible for everyday Americans to afford college without relying on some combination of student loans, federal student aid and a job. This guide offers information about several federal programs that can help students—and their families—better afford higher education.

From supporting additional funding for Pell Grants to advocating to allow students to refinance their loans and prevent massive interest rate hikes, I am also working in Congress to make sure college is within reach for all American families. In the U.S. House, I recently introduced the Working Students Act to improve an outdated formula that punishes students who work their way through college by needlessly reducing their financial tuition assistance, triggering a vicious cycle that forces students to work more hours as they make up the shortfall resulting from reduced financial tuition assistance.

I've also introduced the bipartisan CTE Opportunity Act that would remove antiquated eligibility restrictions that prevent students enrolled in many Career and Technical Education (CTE) programs from receiving federal student aid. This bill would provide working students greater opportunity to earn industry-recognized credentials that are often needed to secure higher-paying jobs.

I am also the proud sponsor of the Community College to Career (CC2C) Fund Act, which will help close the “skills gap” and empower students to develop skills that match available jobs in their communities. The CC2C Act achieves this by bringing two-year colleges and local businesses together to train millions of Americans for jobs in high-skill industries. The Eighth District is leading the way on programs like this, including the Zurich Insurance Apprenticeship at Harper College and the new Kenmode Tool & Die Making Apprenticeship program at Elgin Community College.

I hope you find this guide useful and I look forward to continuing my work in Congress to help hardworking young Americans graduate better-prepared for the workforce and with less debt.

Sincerely,

A handwritten signature in black ink that reads "Tammy Duckworth". The signature is written in a cursive, flowing style.

Tammy Duckworth  
Member of Congress

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## Disclaimer

The purpose of this guide is to provide college-bound and currently-enrolled students with an easy reference to federal financial aid options that may help them complete their education. While this guide offers information on a number of federal aid programs, there are myriad private options, from scholarships to work-study programs, available to students that may not be reflected here. Always check with your guidance counselor or school financial aid office to ensure you are aware of all options available to you.

## Federal Student Loans and Grants

Federal student loans and grants are available to all college students on a need-based basis. Loans are the most common federal aid tool and must be repaid when the student graduates or leaves college. Some students may also be eligible for federal grants that, in most cases, do not need to be repaid.

The first step in applying for any type of federal financial aid is to fill out the Free Application for Federal Student Aid, or FAFSA. **The FAFSA serves both as a mechanism for determining eligibility for need-based aid as well as an application for student loan options. By completing FAFSA, students automatically apply for Stafford Loans, Perkins Loans, Pell Grants and Federal Supplemental Educational Opportunity Assistance Grants (FSEOG).**

Most students will be eligible for some form of financial aid through FAFSA. Students who are not eligible for need-based aid may still be eligible for an unsubsidized Stafford Loan regardless of income or circumstances. To meet basic eligibility requirements, students must:

- be a U.S. citizen, a U.S. national or an eligible non-citizen,
- have a valid Social Security number,
- have a high school diploma or GED,
- be registered with the Selective Service System (if required to be),
- maintain at least a C average minimum GPA for federal student aid (or a higher minimum set by the school for institutional aid eligibility),
- sign a certification statement stating that:
  - they are not in default on a federal student loan and
  - federal student aid will only be used for educational purposes
- not have been found guilty of the sale or possession of illegal drugs while federal aid was being received.

The four most common types of aid provided through FAFSA are: Pell Grants, Stafford Loans, Perkins Loans and the Federal Work-Study Program. **The 2016 deadline for completing FAFSA is June 30. Applying early is important because several of the programs noted in this guide award aid on a first-come, first-served basis.**

The FAFSA can be found online at <https://fafsa.ed.gov/>

## Stafford Loans

Stafford Loans are a form of federal student loans that offer lower interest rates than most private loans to students who meet certain eligibility requirements. There are two types of Stafford Loans: Direct Subsidized Loans and Direct Unsubsidized Loans. Subsidized Loans are only available to students determined by FAFSA to have a financial need, while the Unsubsidized Loans are available to all students enrolled at least half-time in a program that leads to a degree or certificate. The primary difference between Subsidized and Unsubsidized Loans is that Unsubsidized Loans accrue interest while in school, whereas Subsidized Loans do not (as long as the student remains enrolled).

If students qualify for a Subsidized Stafford Loan, it will be stated on their award letter notification along with the amount they can borrow.

Like most federal student loans, interest does not accrue on Subsidized Loans while the student is in school. Because the loans are guaranteed by the U.S. government, they are offered at a lower interest rate than the borrower would otherwise be able to get for a private loan.

Students who qualify for Stafford Loans are not expected to repay their loans while they are enrolled full-time or half-time, which is referred to as an in-school deferment. Once a student leaves school by graduating, dropping below half-time enrollment, or withdrawing, there is a six month grace period before they must begin repaying their loans. During this grace period, the federal government continues to pay interest on any Subsidized Loans a student may have.

FAFSA determines the amount of aid that all students are eligible for, but each school determines the loan type(s), if any, and the actual loan amount a student is eligible to receive each academic year. However, there are limits on the amount of loans that one may be eligible to receive each academic year (annual loan limits) and the total amounts that one can borrow for undergraduate and graduate study (aggregate loan limits) in their lifetime. The actual loan amount a student is eligible to receive each academic year may be less than the annual loan limit.

These limits vary depending on which year the student is in school and whether they are a dependent or independent student. **To apply for a Stafford loan students need to complete FAFSA by the June 30<sup>th</sup>, 2016 deadline.**

For more information about Stafford Loans, visit

<http://www.direct.ed.gov/>

## Direct PLUS loans

Direct PLUS loans are available to cover expenses for graduate students and parents of dependent undergraduate students. The maximum Direct PLUS loan amount is the cost of attendance minus any other type of financial aid the student is awarded.

If a parent is borrowing on behalf of a child, the child must also meet general eligibility requirements for federal student aid. Parent borrowers cannot transfer the Direct PLUS loan to the child. The parent is responsible for repaying the loan if they are the borrower.

The interest rates are fixed for the life of the loan. For Direct PLUS Loans first disbursed on or after July 1, 2015, and before July 1, 2016, the interest rate is 6.84%. Additionally, a loan fee is applied on all Direct PLUS Loans. The percentage varies depending on when the loan is first disbursed.

Direct PLUS Loan funds are first applied by the school for tuition, fees, room and board as well as other charges. If any loan funds remain, the school should pass them on to the borrower to help pay other education expenses.

Direct PLUS Loans are placed in deferment while a student is enrolled and for six months afterwards, but interest on the loan accrues during this time. Deferment is automatic for graduate or professional students and must be requested by parents of undergraduate students.

A FAFSA form must be completed to receive a Direct PLUS loan. The applicant should check with the school to find out how to request a PLUS loan. Entrance counseling will be required for graduate or professional students applying for a PLUS loan.

For more information about Direct PLUS Loans, visit  
<https://studentaid.ed.gov/sa/types/loans/plus#eligibility>

## Perkins Loans

Loans made through the Federal Perkins Loan Program, often called Perkins Loans, are low-interest (5%) federal student loans for undergraduate and graduate students with exceptional financial need.

Unfortunately, not all institutions participate in the Perkins Loan program and students will need to check with their school's financial aid office to determine if they can participate.

While the Federal Government funds and guarantees the loans, Perkins Loans are made through each individual school. A student who qualifies for a Perkins Loan at a participating school will receive funds directly from the school and will make payments to the school after completing their course of study.

The amount a student can borrow through a Perkins Loan depends on financial need, any other loans a student is currently receiving and the availability of funds at their college or career school. Because Perkins Loans are awarded on a first-come, first-served basis, students should apply for a Perkins Loan (by completing their FAFSA) early to maximize their chances. Due to limited funds, not everyone who qualifies for a Perkins Loan will receive one.

As of the 2015-2016 academic year, undergraduate students or those entering college may be eligible to receive up to \$5,500 a year. The current lifetime total a student can borrow in Perkins Loans as an undergraduate is \$27,500.

A graduate or professional student in 2015-2016 may be eligible to receive up to \$8,000 per year. The current total a student can borrow in Perkins loans as a graduate student is \$60,000, which includes any loans borrowed as an undergraduate.

For more information about Perkins Loans, visit  
<https://studentaid.ed.gov/sa/types/loans/perkins>

## Pell Grants

Federal Pell Grants, unlike loans, do not have to be repaid. They are usually awarded only to undergraduate students who have not earned another degree or professional certification, but in some cases students enrolled in post-baccalaureate teacher certification programs may be eligible.

Students who are eligible for a Federal Pell Grant will receive the full amount they qualify for—each school participating in the program receives enough funds each year from the U.S. Department of Education to pay the Federal Pell Grant amounts for all its eligible students. The amount of any other student aid for which a student might qualify does not affect the amount of a student's Federal Pell Grant, but students cannot receive Pell Grant funds from more than one school at a time.

Pell Grant award amounts can change yearly. For the 2016–17 award year (July 1, 2016, to June 30, 2017), the maximum award is \$5,815. The amount a student can receive will depend on:

- financial need,
- cost of attendance,
- status as a full-time or part-time student, and
- plans to attend school for a full academic year or less.

Students seeking Pell Grants are advised to apply for federal student aid through FAFSA.

For more information about Pell Grants, visit  
<http://www2.ed.gov/programs/fpg/index.html>

## Federal Supplemental Educational Opportunity Grants (FSEOG)

The FSEOG program is a grant available to students with exceptional need. FSEOG grants do not need to be repaid and are awarded to the student in addition to the level of Pell Grant funding they receive. One notable difference between Pell Grants and FSEOG is that the FSEOG program is administered directly by the financial aid office at each participating school and is therefore called “campus-based” aid. Not all schools participate in this grant program, but students can check with their school's financial aid office to find out if their school participates.

Students can receive between \$100 and \$4,000 each year, depending on their level of need, the amount of other aid they receive and the availability of funds at their school.

Each participating school receives a certain amount of FSEOG funds each year from the U.S. Department of Education’s office of Federal Student Aid. Once the full amount of the school’s FSEOG funds has been awarded to students, no more FSEOG awards can be made for that year. This system works differently from the Federal Pell Grant Program, which provides funds to every eligible student.

Students seeking an FSEOG are advised to apply for federal student aid through FAFSA as early as they are ready, since this program awards on a first come, first served basis. Each school sets its own deadlines for campus-based funds, which can be found on their website or by asking someone in the financial aid office.

For more information regard FSEOG programs, visit  
<https://studentaid.ed.gov/sa/types/grants-scholarships/fseog>

## TEACH Grants

Teacher Education Assistance for College and Higher Education Grants, or TEACH Grants, are specialized grants of up to \$4,000 each year that can help a student pay for college if they intend to become a teacher in a high-need field and a low-income area. TEACH Grants do not need to be repaid.

To receive a TEACH Grant, students must sign a TEACH Grant Agreement to Serve, meet several requirements and agree to teach:

- in a high-need field at an elementary school, secondary school, or educational service agency that serves students from low-income families and
- for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which you received the grant.
- meet basic academic requirements set by each school (typically maintaining a 3.25 GPA)

Not all schools participate in the TEACH Grant program. In order to be eligible, schools must offer program of study that is designed to prepare students to become teachers in a high-need area. Information on current high-need areas can be found online at the Department of Education website listed at the bottom of this page. A post-baccalaureate program is not TEACH Grant-eligible if it is offered by a school that also offers a bachelor's degree in education.

Schools that participate in the TEACH Grant Program determine which of their programs are TEACH Grant-eligible, so a program that is eligible at one school might not be eligible at another school. Contact the financial aid office at the school you are attending (or that you plan to attend) to find out which of their programs are eligible.

For more information on TEACH Grants, visit  
<https://studentaid.ed.gov/sa/types/grants-scholarships/teach>

## Federal Work-Study

The Federal Work-Study Program provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay for education expenses. The program encourages community service work and work related to the student's course of study.

Work-Study programs are available both on- and off-campus. How each work-study program runs is dependent on the Office of Work-Study at each school. Students who work on-campus typically work directly for their school. Students who work off-campus will usually be employed by a private nonprofit organization or a public agency. Off-campus work performed must be in the public interest.

Participating students will earn at least the current federal minimum wage, and may earn more depending on the type of work they do and the skills required for the position. The income a student can earn through Work-Study is determined by the amount they are awarded.

Schools that participate in the Federal Work-Study Program award funds on a first-come, first-served basis so students are encouraged to apply as early as they are ready.

Total work-study award depends on:

- when the student applies,
- level of financial need, and
- the school's funding level.

Undergraduate students are paid by the hour, while graduate or professional students may be paid by the hour or by salary, depending on the work they complete.

Not all schools participate in the Federal Work-Study Program so students will need to check with their respective schools to confirm their participation.

For more information on Federal Work Study Programs, visit  
<http://www2.ed.gov/programs/fws/index.html>

## Military Aid

Enlisting in the military requires a great deal of sacrifice; as a benefit, the federal government offers military aid to those who wish to attend school before, during and after their service. This guide outlines several of the primary resources available to servicemembers and Veterans but more detailed information can be found at the sources below:

- Army: [www.goarmy.com](http://www.goarmy.com) (1-800-USA-ARMY)
- Navy: [www.navy.com](http://www.navy.com) (1-800-USA-NAVY)
- Air Force: [www.airforce.com](http://www.airforce.com) (1-800-423-USAF)
- Marines: [www.marines.com](http://www.marines.com) (1-800-MARINES)
- Coast Guard: [www.gocoastguard.com](http://www.gocoastguard.com) (1-877-NOW-USCG)
- US Merchant Marine: [www.usmma.edu](http://www.usmma.edu) (1-866-546-4778)
- Air National Guard: [www.ang.af.mil](http://www.ang.af.mil) (1-800-TO-GO-ANG)
- Army National Guard: [www.nationalguard.com](http://www.nationalguard.com) (1-800-GO-GUARD)
- Army Reserve: [www.goarmyreserve.com](http://www.goarmyreserve.com)
- Air Force Reserve: [www.afreserve.com](http://www.afreserve.com)
- Marine Forces Reserve: [www.marforres.marines.mil](http://www.marforres.marines.mil)
- Naval Reserve Force: [www.navy.com](http://www.navy.com)
- Coast Guard Reserve: [www.uscg.mil](http://www.uscg.mil)
- Navy College Assistance/Student Headstart (CASH): [www.cnrc.navy.mil](http://www.cnrc.navy.mil)

For more information on Military aid, visit  
<https://studentaid.ed.gov/sa/types/grants-scholarships/military>

## GI Bill

The Post-9/11 GI Bill provides education benefits for servicemembers who have served on active duty for 30 continuous days or an aggregate of 90 or more days since Sept. 10, 2001. The Post-9/11 GI Bill can provide full tuition & fees at school, a monthly housing allowance while students are enrolled, and up to \$1,000 per year to use for books and supplies. Servicemembers and Veterans can use their Post-9/11 GI Bill assistance for college and many other types of training.

Students who are planning to move may be eligible for a one-time relocation allowance to move to where the school is located.

Another provision of the Post-9/11 GI Bill allows eligible servicemembers to transfer their unused benefits to family members.

In order to be eligible, a student must have served at least 90 days of active duty service after September 10, 2001, and received an honorable discharge, or at least 30 days after September 10, 2001, if they were discharged due to a service-connected disability.

For more information on the GI Bill, visit

<http://www.benefits.va.gov/gibill/>

## Iraq and Afghanistan Service Grant

College or career school students, whose parent or guardian was killed in action while serving in Iraq or Afghanistan after 9/11, may be eligible for an Iraq and Afghanistan Service Grant. In order to be eligible, an applicant must have been younger than 24 years of age or have been enrolled in college at the time of their parent's death.

Iraq and Afghanistan Service Grants are equal to the maximum Pell Grant for that year, up to the cost of attendance. For the 2015–16 award year (July 1, 2015, to June 30, 2016), the maximum Federal Pell Grant award is \$5,775. However, those grants first disbursed between Oct. 1, 2015, and before Oct. 1, 2016 will be reduced by 6.8 percent due to sequestration.

The repayment process is the same as that of a Federal Pell Grant.

For more information on the Iraq and Afghanistan Service Grants, visit

<https://studentaid.ed.gov/sa/types/grants-scholarships/iraq-afghanistan-service>

## ROTC Scholarships

In exchange for a service commitment, the Reserve Officers' Training Corps (ROTC) program provides students with money for college while enrolled in school. Students interested in enrolling in ROTC can do so on a trial basis for their first year; the service commitment does not kick in until the second year. Students must take one military science course along with their other courses and, upon graduation, enter the service as a commissioned officer. Full ROTC scholarships pay for almost all tuition, fees and books charges for four years of college. ROTC scholarships also come in one, two and three-year lengths. For more information, call 1-800-USA-ROTC (Army), 1-800-USA-NAVY (Navy), 1-866-423-7682 (Air Force) and 1-800-MARINES (Marines).

The Coast Guard has a similar program called College Student Pre-Commissioning Initiative (CSPI). For more information, call 1-877-NOW-USCG.

## US Service Academies

Each branch of the service operates its own four-year institution of higher education, known as a Service Academy. All students receive a full scholarship as well as a small monthly stipend. Upon graduation, students are commissioned as a second lieutenant in the Army, Air Force, or Marine Corps or as an ensign in the Navy or Coast Guard. Appointment to a service academy is extremely competitive.

To apply for a position at one of the US Service Academies, students must obtain a recommendation from a Member of Congress. 8<sup>th</sup> District students can apply for a recommendation from Congresswoman Tammy Duckworth online at:

<https://forms.house.gov/duckworth/webforms/military-academy-nominations.shtml>

For more information, call 1-800-822-8762 (US Military Academy in West Point, New York), 1-800-638-9156 (US Naval Academy in Annapolis, Maryland), 1-800-443-9266 (US Air Force Academy in Colorado Springs, Colorado), 1-800-883-8724 (US Coast Guard Academy in New London, Connecticut), and 1-866-546-4778 (United States Merchant Marine Academy in Kings Point, New York).

## National and Community Service

Students who are interested in dedicating a year (or more) to serving their community and/or country can do so through a number of programs like AmeriCorps. Some programs will additionally qualify students for grants to help pay for school after completion.

The Corporation for National and Community Service is a federal agency that enrolls more than 5 million Americans in a variety of civil-service programs such as AmeriCorps, Senior Corps, the Social Innovation Fund, The Volunteer Generation Fund and more. These service programs are built on partnerships with thousands of non-profit and faith based groups around the country.

Each program under the Corporation for National and Community service has a different application process but students can expect to provide personal education, volunteer and work histories as well as a statement of desire to participate in a specific program.

There are thousands of different programs all over the country available to interested students. These programs cover an extremely wide range of areas of service from the environment, seniors, education, healthcare, disaster relief and much, much more. National Service program areas of focus can be found at <http://www.nationalservice.gov/focus-areas>

Most AmeriCorps members receive student loan deferment and training, and they may receive a living allowance and limited health benefit options as well. After completion of a term of service, members may receive a Segal AmeriCorps Education Award to help pay for college, graduate school, vocational training or to repay student loans. AmeriCorps Members are eligible for participation in the Public Service Loan Forgiveness program (PSFL).

The Public Service Loan Forgiveness Program is only available to students after graduation who have Stafford Loans, other Direct Loans from the Federal government or have other Federal loans which are merged into a Direct Consolidation Loan. PSFL forgives the remaining balance on a graduate's Direct Loans if they are working full-time for a qualifying employer in a public service field and if the individual has made 120 qualifying monthly payments under a qualifying repayment plan. For more information on PSFL, visit <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>

For more information National Service Programs, visit  
<http://www.nationalservice.gov/>