

# FEDERAL STUDENT AID

## Federal Student Aid Overview

[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

### Organization and Core Mission

Federal Student Aid, an office of the U.S. Department of Education, ensures that all eligible individuals benefit from federally funded or federally guaranteed financial assistance for education beyond high school. Located in Washington, D.C., and ten regional offices, its 1,000-person staff consistently champions the promise of postsecondary education and its value to American society.

Federal Student Aid was formed as a result of the 1998 Amendments to the Higher Education Act of 1965. To face the challenge of modernizing the delivery of student financial aid, this legislation named Federal Student Aid the government's first Performance-Based Organization (PBO). Federal Student Aid's five core objectives are to integrate systems, to improve program integrity, to reduce program costs, to improve human capital management, and to improve products and services.



### Student Aid Programs

Federal Student Aid administers the federal student financial assistance programs, authorized under Title IV of the Higher Education Act (HEA) of 1965, as amended. In FY 2008, Federal Student Aid provided approximately \$96 billion in new aid to almost 11 million postsecondary students and their families through the following Title IV programs, including loans, grants, and work-study:

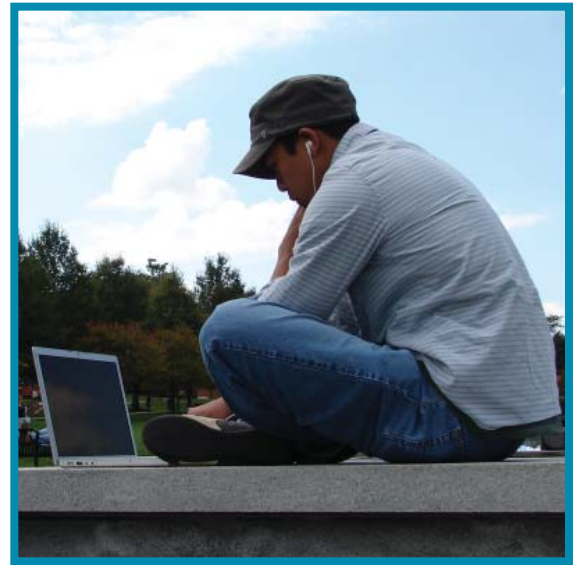
#### Grants:

- **Academic Competitiveness Grants:** This program provides up to \$750 for first-year undergraduates and up to \$1,300 for the second-year undergraduates to students who have completed a rigorous high school academic program and are eligible for a Pell Grant. This grant is available to first-year students who graduated from high school after January 1, 2006, and for second-year students who graduated from high school after January 1, 2005. It is awarded in addition to the student's Pell Grant award.
- **Federal Pell Grants:** Most need-based of the student aid programs, these provide grant aid to low- and middle-income undergraduate students. The awards vary depending on the cost of attendance and financial circumstances of students and their families, with maximum award of up to \$4,731 for the 2008-2009 award year. In FY 2008, \$14.6 billion in Pell Grants were disbursed to approximately 5.5 million students.
- **Federal Supplemental Education Opportunity Grant (FSEOG):** Participating schools award FSEOG to undergraduate students with exceptional financial need. Pell recipients receive priority for FSEOG awards, which range from \$100 to \$4,000 per year.
- **National Science and Mathematics Access to Retain Talent (SMART) Grants:** This grant provides up to \$4,000 for each of the third and fourth years of undergraduate study to Pell-eligible students, majoring in physical, life, or computer sciences, mathematics, technology, or engineering or in a foreign language determined critical to national security. The SMART Grant is offered in addition to the student's Pell Grant award.
- **Special Leveraging Educational Assistance Partnership (SLEAP)/Leveraging Educational Assistance Partnership (LEAP):** These state-formula grant programs make federal funds available to assist states in providing student assistance programs for individuals with substantial financial need.
- **Teacher Education Assistance for College and Higher Education (TEACH) Grant:** This grant provides up to \$4,000 per year to students who agree to teach in a public or private elementary or secondary school that serves students from low-income families. If the teaching obligation is not met, the grant is converted to a Federal Direct Unsubsidized Stafford Loan.



## Loans:

- **Direct Loans<sup>SM</sup>:** These funds are lent directly to students through participating postsecondary schools, with funds borrowed from the U.S. Treasury. Direct Loans include subsidized and unsubsidized loans, PLUS loans for parents, and Consolidation Loans, which allow borrowers to combine federal education loan debt. \$21.8 billion in Direct Loans were awarded to 2.9 million recipients in FY 2008, excluding consolidation loans.
- **Federal Family Education Loans (FFEL<sup>SM</sup>):** FFEL funds are provided by private and non-profit lenders, insured by loan guaranty agencies and reinsured by the federal government. \$52.9 billion in loans were delivered to approximately 6 million FFEL recipients in FY2008.
- **Federal Perkins Loans:** Perkins loans are made through participating schools to undergraduate, graduate and professional students. These loans are offered to students demonstrating the greatest financial need. Undergraduates may receive up to \$4,000 a year and graduate students may receive up to \$6,000 a year based on a student's need and a school's available funding.



## Federal Work-Study Program:

Work-study programs provide part-time employment for students while they are enrolled in school. Students are paid directly for their work and schools are responsible for administering the program. Award amount varies based on student's needs and school's funding level.

## Key Services

To fulfill its core mission, Federal Student Aid performs a number of key services that are fundamental and central to the funding of postsecondary education, including:

- Building awareness of federal funding for postsecondary education and the value of education beyond high school
- Developing and distributing the Free Application for Federal Student Aid (FAFSA<sup>SM</sup>), the qualifying form for all federal and government-guaranteed commercial lenders' programs, as well as for many state, regional and private student aid programs
- Processing more than 15.7 million student financial aid applications each year
- Partnering with more than 6,200 schools, 3,100 financial institutions and 35 guaranty agencies to prevent fraud, waste and abuse in the delivery of aid to students
- Disbursing approximately \$96 billion in aid to students through schools
- Enforcing financial aid rules and regulations
- Servicing 95 million student loan accounts to more than 30 million borrowers
- Securing repayment from borrowers who have defaulted on their loans
- Operating information technology systems and tools to manage its \$556 billion student loan portfolio

Updated December 2008

