

FEDERAL STUDENT AID

Federal Student Aid Overview

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 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 2009, Federal Student Aid provided approximately \$113 billion in new aid to almost 13 million postsecondary students and their families through the following Title IV programs, including loans, grants, and work-study:

Grants:

- **Academic Competitiveness Grant:** This program provides up to \$750 for first-year undergraduates and up to \$1,300 for 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 Grant:** 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 \$5,550 for the 2010–2011 award year.
- **Federal Supplemental Educational 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) Grant:** 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.

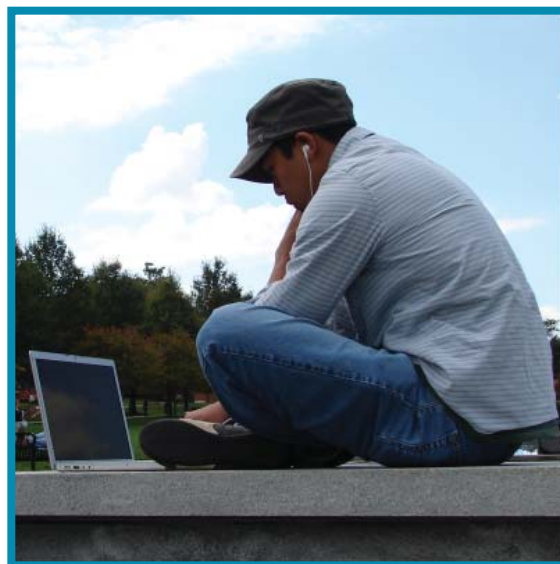


Loans:

- **Direct LoansSM:** 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 Stafford Loans, PLUS Loans for parents and graduate and professional students, and Consolidation Loans, which allow borrowers to combine federal education loan debt.

Note: Before July 1, 2010, Stafford, PLUS, and Consolidation Loans were also made by private lenders under the Federal Family Education Loan (FFELSM) Program. As a result of recent legislation, no further loans will be made under the FFEL Program beginning July 1, 2010. Instead, all new Stafford, PLUS, and Consolidation Loans will come directly from the Department under the Direct Loan ProgramSM.

- **Federal Perkins Loans:** Perkins Loans are made through participating schools to undergraduate, graduate, and professional students. Undergraduates may receive up to \$5,500 a year and graduate students may receive up to \$8,000 a year based on the student's need and the school's available funding.



Federal Work-Study Program:

Federal Work-Study provides 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. The award amount varies based on the student's need and the 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* (FAFSASM), the qualifying form for the federal programs listed above, as well as for many state, regional, and private student aid programs
- Processing more than 16 million FAFSAs each year
- Disbursing approximately \$113 billion in aid to students through schools
- Enforcing financial aid rules and regulations
- Servicing 111 million student loan accounts to more than 32 million borrowers
- Securing repayment from borrowers who have defaulted on their loans
- Operating information technology systems and tools to manage its \$622 billion student loan portfolio

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