

# College Financing Literacy Act: Standard Terms and Definitions

## Undergraduate Student Letters

### (Audience: Students and Families)

#### General Terms

**Cost of Attendance:** The estimated cost of a combination of direct, billed expenses like tuition and fees payable to the school and indirect costs associated with being a student, like transportation, personal expenses, and books and supplies that are not billed by the school. Costs are set by the school and can vary based on program of study, enrollment status, course fees, and housing choice

**Dependent Student:** For financial aid purposes, a dependent student is anyone under the age of 24 who does not qualify for any of the exemptions noted on the FAFSA. The financial information of both students and their contributors will be used to determine eligibility for need based financial aid for dependent students, regardless of the parent/guardian's ability or willingness to pay for educational expenses.

**Direct Costs:** Costs payable to the school, also referred to as billable costs, which usually include tuition and fees as well as housing and meals/food for students residing on campus, health insurance (if required), or any other expenses paid to the school for enrollment.

**Enrollment Status:** The number of credits, clock hours, or classes the student is enrolled in, whether they are an undergraduate or graduate student. Enrollment status affects the amount and type of financial aid a student may receive. It also affects when the student must begin paying back their student loans.

**Financial Aid:** Any source of funding that helps a student pay for college. Financial aid can include money that doesn't need to be paid back (like scholarships and grants) as well as work-study and student loans. Financial aid can come from multiple sources, including the federal government, the state, a college or university, or a private organization. A student's eligibility for financial aid is based on a number of factors, including financial resources, enrollment status, academic record, and the cost of the institution they are attending.

**Financial Aid Offer:** A financial aid offer is a document sent by a school to a student that outlines the amounts, details, and conditions of the financial aid being offered to the student, which may include scholarships, grants, loans, work-study employment, or other forms of financial assistance to pay for college expenses

**Full-time:** For financial aid purposes, an undergraduate student is considered full-time when they are enrolled in a minimum of 12 credits per term or the equivalent of clock hours.

**Independent Student:** You are automatically considered an Independent Student for the 2026-27 school year if you are 24 or older as of December 31, 2025. If you are under 24, you will be considered an independent student if you are any one of the following:

- A graduate or professional student
- Married
- A student with children or other dependents
- On active-duty military service
- A veteran of the U.S. Armed Forces
- An orphan or ward of the court
- In foster care at any time, age 13 or older
- In legal guardianship or emancipated minor status as of the date of application (or 18th birthday if a Minnesota resident)
- Determined to be an unaccompanied homeless youth

**Indirect Costs:** An estimate of the costs associated with being a student that aren't billed directly by the school. Indirect costs may include things like books, supplies, transportation to and from campus, childcare, and other personal expenses. This also includes housing and meals/food for students not residing on campus. If eligible, students may use financial aid funds to assist with these costs.

**Net Price:** The difference between the cost of attendance and all grants and scholarships. The net price is the amount that the student will need to cover through savings, student loans, student employment, or via an institutional payment plan.

**Part-time:** For financial aid purposes, enrollment of less than 12 credits per academic term or the equivalent of clock hours. Some financial aid types will be reduced or prorated based on less than full-time enrollment.

**Satisfactory Academic Progress:** The minimum standards that must be met to continue to receive federal or state (and often institutional) financial aid. The components include a minimum grade point average, completion percentage (also referred to as pace), and a maximum-timeframe requirement. Each school will have different standards; refer to your school's policy.

**Special Circumstances and Professional Judgement:** If you or your family have experienced a significant change in your financial circumstances, your school may take these special circumstances into account and perform Professional Judgement by making an adjustment to your financial aid application. Some common examples are loss of employment, pay cuts or significant loss of income, high unreimbursed medical/dental expenses, death of a family member or other unexpected financial hardship. Only the Financial Aid Office may perform professional judgement and they may require documentation, such as proof of unemployment or reduced income.

## College Costs

**Books, Course Materials, Supplies and Equipment:** This amount is based on how much a typical student would need to spend on books, course materials, supplies, kits, and equipment in order to complete an average credit

load. Generally, these are not directly billed expenses and students will have the option to determine where they will purchase needed supplies.

**Differential Tuition:** Schools may charge a different tuition rate for some courses or programs. Schools must disclose to students which courses or programs may have a cost other than the standard tuition and fees.

**Miscellaneous Personal Expenses:** Personal expenses such as clothing, recreation, laundry, and personal care items that students should budget for regardless of where they attend school. These are non-billed expenses and will vary by student.

**Tuition and Fees:** Tuition and fees set by the school are charged to students to pay for classes and instruction provided by the school and for campus services such as IT, health center, library, or student activities. These are billed expenses that can vary based on program of study, residency classification, and enrollment status.

**Transportation:** Costs associated with getting to campus. This could include costs for travel, parking, public transportation, or gas. Generally, with the exception of any on-campus parking pass costs, these are not directly billed expenses and will vary by student.

## Types of Financial Aid

**Grant:** Money provided to students, sometimes based on financial need, that does not have to be repaid, provided the student meets any requirements noted in the financial aid offer.

**Scholarship:** Money provided to students, often based on academic merit or other criteria, that does not have to be repaid, provided the student meets any requirements noted in the financial aid offer.

**Student Loan:** Money borrowed from the federal government, a state-affiliated lender, a college or university, or a private source like a bank, or financial institution to pay for educational expenses. Student loans must be paid back, generally with interest, regardless of whether or not the student continues to be enrolled or completes their program of study.

**State Loan Program SELF Loan:** A student loan offered through the Minnesota Office of Higher Education to pay for educational costs. It is not based on financial need. Students select a repayment term and a fixed or variable interest rate. A creditworthy co-signer is required. Interest begins to accrue when the loan is disbursed. Monthly minimum payments are required during in-school and transition periods. Annual and cumulative limits apply.

**Federal Direct PLUS Loan for Parents:** A federal loan option for parents of dependent undergraduate students. Parents must apply for the loan and are responsible for paying it back. Credit checks and loan fees apply. Parent PLUS loans have a higher interest rate than Direct Loans borrowed by the student. Annual and lifetime loan limits apply.

**Federal Direct Subsidized Loan:** A Direct Subsidized Loan is an undergraduate federal student loan based on financial need and offers students a fixed interest rate and flexible repayment terms. Interest is subsidized, meaning it does not accrue to the borrower, while in an in-school, grace, or deferment period. Annual and lifetime borrowing limits apply.

**Federal Direct Unsubsidized Loan:** A Direct Unsubsidized Loan is an undergraduate federal student loan that offers students a fixed interest rate and flexible repayment terms. It is not based on financial need. Interest begins to accrue when the loan is disbursed and can be paid while the student is enrolled or when loan repayment begins. Annual and lifetime borrowing limits apply.

**Private Loan:** A student or parent loan from a bank, credit union, private company, a nonprofit lender, or from the college or university used to directly pay for educational costs. Interest may begin to accrue when the loan is disbursed, and payments may be required while the student is still enrolled in school.

**Work Study:** Work study provides funding for eligible part-time jobs, for students who qualify. Unlike grants and loans, work study is paid directly to students working in eligible jobs. Eligibility for work study funds is not a guarantee of employment and students who do not obtain employment in a work study eligible position will not be paid these funds.