

Reading about federal financial aid

By analyzing a text about the Free Application for Federal Student Aid (FAFSA), students learn about the most common process for applying for financial aid to help pay for higher education.

Learning goals

Big idea

The FAFSA is a financial aid tool that helps students find funding sources to help them pay for their post-secondary education.

Essential questions

- How can the FAFSA help you and your family pay for higher education?
- How does your family's financial situation affect the amount of federal financial aid you may receive?

Objectives


- Understand the basics of federal financial aid
- Describe what FAFSA is and how it helps you obtain financial aid

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

 Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Save and invest (Saving for college), Spend (Paying for college), Borrow (Getting loans)

School subject: CTE (Career and technical education), English or language arts, Math, Social studies or history

Teaching strategy: Direct instruction

Bloom's Taxonomy level: Understand, Apply

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Earning income: 8-3, 12-3

Spending: 12-1, 12-2, 12-9

Managing credit: 8-3, 8-6, 12-4, 12-5, 12-10

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

What students will do

- Read and analyze a text about federal financial aid and the FAFSA.
- Answer reading comprehension questions.
- Discuss the reading to deepen their understanding of federal financial aid.

Preparing for this activity

- ☐ Print copies of all student materials for each student, or prepare for students to access them electronically.

What you'll need

THIS TEACHER GUIDE

- Reading about federal financial aid (guide)
[cfpb_building_block_activities_reading-about-federal-financial-aid_guide.pdf](#)

STUDENT MATERIALS

- Reading about federal financial aid (worksheet)
[cfpb_building_block_activities_reading-about-federal-financial-aid_worksheet.pdf](#)
- All about the Free Application for Federal Student Aid (FAFSA) (handout)
[cfpb_building_block_activities_all-about-FAFSA_handout.pdf](#)

Exploring key financial concepts

To apply for federal student aid, such as federal grants, work-study, and loans, you have to complete the Free Application for Federal Student Aid (FAFSA) each year that you're enrolled in a post-secondary program. The FAFSA costs nothing to complete and submit. It gives you access to the largest source of financial aid to pay for college or career school. In addition, many states and colleges use your FAFSA information to determine your eligibility for state and school aid. Your FAFSA information also may influence how much private financial aid you receive.

TIP

Because financial aid rules and programs change, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Distribute the “Reading about federal financial aid” worksheet and the “All about the Free Application for Federal Student Aid (FAFSA)” handout.
- Explain to students that they’ll learn about federal financial aid and how the FAFSA helps students apply for and obtain aid.

Individual and group work

- Ask students to first review the “Reading about federal financial aid” worksheet. This will help them read the FAFSA handout with purpose and prepare them to answer the reading comprehension questions.
- Ask students to read through the FAFSA handout quietly.
- Students can work individually or with a partner to answer the worksheet’s reading response questions, but they should answer the “Digging deeper” questions on their own.

Wrap-up

- Bring students together and ask them to share their answers to the reading response questions.
- Review students’ definitions and make sure they understand the terms. You can use the answer guide to fill in any gaps.
- If time allows, ask volunteers to share their answers to the “Digging deeper” questions.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of spending (paying for college), saving (saving for college), or borrowing (getting loans). Suggested activities include [“Learning how FAFSA works”](#) and [“Planning your financial path to college graduation.”](#)

As homework or an extension activity, you also might consider having students enter their own personal information into the Federal Student Aid Estimator at StudentAid.gov/aid-estimator to begin planning for their own experience.

Measuring student learning

Students’ responses on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible answers for the “Reading about federal financial aid” worksheet. **Keep in mind that students’ answers may vary.** The important thing is for students to have reasonable justification for their answers.

Answer guide

Part A. Student definitions should be similar to the following:

1. **Cost of attendance (COA):** The total amount it will cost you to go to school – usually stated as a yearly figure. COA includes tuition and fees; room and board (or a housing and food allowance); and allowances for books, supplies, transportation, loan fees, and dependent care if applicable. It also includes some miscellaneous and personal expenses.
2. **Expected family contribution (EFC):** The index number schools use to determine your eligibility for federal financial aid. This number results from the financial information you provide in your Free Application for Federal Student Aid (FAFSA) form. Your EFC index number is reported to you on your Student Aid Report. It is not the amount of money your family will have to pay for college nor is it the amount of federal student aid you will receive. It is a number your school uses to calculate the amount of federal student aid you are eligible to receive.
3. **FAFSA:** The Free Application for Federal Student Aid is used to determine how much a student and his or her family are eligible to receive in federal financial aid. The FAFSA may also be used to determine a student’s eligibility for state and school-based aid and also may influence how much private aid a student receives.
4. **Federal student loans:** These loans are funded by the federal government and have terms and conditions that are set by law. Federal loans also include benefits that private student loans don’t usually offer. These benefits could include lower interest rates, repayment plans based on income, and possible loan forgiveness for people who choose to work for a certain amount of time in government or for certain not-for-profit organizations or teach in a low-income school.
5. **Federal Work-Study:** A program that provides part-time jobs to help you earn money to pay for college expenses.
6. **Financial aid:** Money given in the form of grants, work-study, loans, and scholarships to help pay for post-secondary tuition and fees, as well as related expenses such as room and board, books, supplies, and transportation.

TIP

Visit [CFPB’s financial education glossary](#) for terms and definitions you may find useful.

7. **Grant:** A type of financial aid that does not have to be repaid, unless, for example, you withdraw from school and you need to pay back some of the grant money; often need-based.
8. **Loan:** Money that needs to be repaid by the borrower, generally with interest. (You'll have to pay interest on student loans.)
9. **Student aid report:** A paper or electronic document that gives you some basic information about your eligibility for federal student aid and lists your answers to the FAFSA questions.

Part B. Fill in the blanks using the above terms:

10. A college will determine whether you have financial need by using a simple formula:
Cost of attendance (COA) - Expected family contribution (EFC)
11. Loans made by the United States government are referred to as **federal student loans**.
12. Why do you think students must meet some basic criteria in order to be eligible for federal student aid?
Answers may vary.
13. What types of things can financial aid pay for?
While answers may vary, they should include such information as:
 - Tuition and fees
 - Room and board
 - Books and supplies
 - Transportation
 - Computer
 - Dependent care, if applicable