Six myths about

STUDENT FINANCIAL AID

SETTING THE RECORD STRAIGHT

There is a lot of **misinformation** on the web concerning financial aid and FAFSA.

Federal Student Aid (FSA - the government entity that runs FAFSA and administers financial aid) published a YouTube video in 2013 describing five 'myths' about attaining aid through FAFSA. The video proceeded to explain how the myths were untrue.[1]

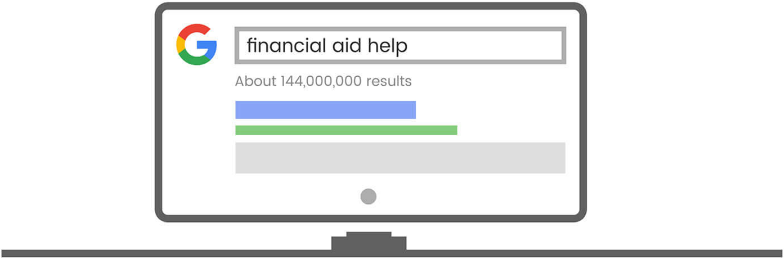
THE COMMENTS SECTION GOT UGLY

Many people asserted that the video was wrong and that FSA was not being completely honest about who can qualify for financial aid, among other important topics.

> "I will stop at 1... it is not a "myth" it is a fact that if you make too much, then you are screwed. I don't depend on my parents, I pay my own tuition, yet, I feel that the system punishes those who make a bit more."

WE DID A QUICK GOOGLE SEARCH ON "FINANCIAL AID HELP"

As it turns out, there were over **144 million results** on the matter, and we know for a fact that all of it can't be true.[2]



WE DECIDED TO FACT-CHECK EVERY MYTH IN THE VIDEO

For such an important topic like student financial aid, there shouldn't be confusion. Follow along to see what the actual data has to say about each "myth."

✓ ✗

For each myth, we researched data from across the web to prove whether it was **true** or **false**. In the course of our research, we also discovered a **sixth myth** that was circulating.

ULTIUS

This infographic is a summary of our blog post on busting the top six financial aid myths.

If you would like to read the entire post (and explore more information) please visit ults.co/finaid6.

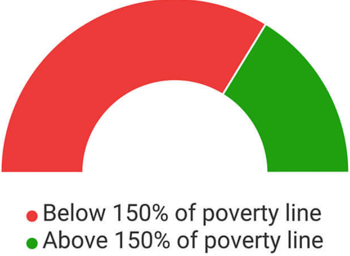
01

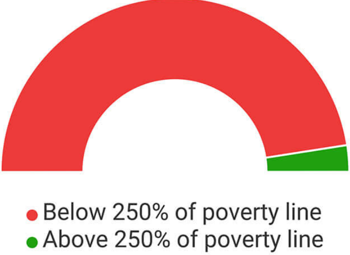
Myth #1: "If your parents make too much money, you don't qualify for financial aid"

🟩 Myth - True 🟥 FSA Video - False

The FSA video seems to be incorrect. The amount of money you and your parents make is used to determine a figure called "Expected Family Contribution" - or EFC for short. The more your family earns, the more they are expected to contribute. Data on Pell Grant recipients illustrates this point nicely.

PELL GRANT RECIPIENTS BASED ON POVERTY LINE %[3]





MEDIAN INCOME OF PELL GRANT RECIPIENT VS. NON-RECIPIENT

$20,302	$59,083
RECIPIENT	NON-RECIPIENT

What's a Pell Grant?

A Federal Pell Grant, unlike a loan, does not have to be repaid. Federal Pell Grants usually are awarded only to undergraduate students who have not earned a bachelor's or a professional degree.[4]

What's the poverty line, exactly?

The level of income needed to secure the bare necessities of living. For the year 2015, this number was put at $11,770 for one person, with $4,160 added for every additional person in the household.[5]

02

Myth #2: "You have to file your taxes before you can apply for financial aid"

🟥 Myth - False 🟩 FSA Video - True (with a twist)

The tax filing myth certainly is false and the FSA video was correct. You don't need to file your taxes in order to complete and submit the FAFSA application form. You can simply estimate your earnings and then re-submit the information once your taxes are filed.

However, there are a **few important tips** to keep in mind.

APPLY AS EARLY AS POSSIBLE - DON'T WAIT

If you wait until the last minute to file your application, you may miss out on the availability of funds. Mandi Woodruff from Business Insider commented that:[6]

> "[applying late is] a big no-no, especially as many states have their own specific deadlines (usually in the early spring) and late-comers will have to make do with whatever money's left on the table—if there's anything at all."

DON'T FALSIFY YOUR INCOME - IT'S ILLEGAL

If you are thinking about reporting a lower income in order to qualify for more aid - don't. It's a crime with stiff penalties. Here's what happens when you violate the **Higher Education Act of 1965 [20 USC 1097(a)]**.

Fine of up to $20,000

Up to five years in jail

You will have to give the money back

03

Myth #3: "The FAFSA is just too difficult to fill out, and thus not worth the aid "

🟥 Myth - False 🟩 FSA Video - True

Indeed, the FSA video is accurate in saying that the FAFSA form is not too difficult or tedious for a person to fill out. The 2016 version of the form is ten pages long, while you only have to fill out fields in five of those pages. Additionally, you can choose to do it online, at your convenience.

Other data and our internal study also shows that it's not too difficult.

IF YOU CAN USE SOCIAL MEDIA, YOU CAN FILL OUT THE FAFSA

According to a Pew Research Center study, **almost 90% of 18-29 y/o people** use social media in the U.S. If you can use complex mobile applications and ever-changing interfaces, you can fill out one form.[7]

COMPLETING THE FORM TAKES LESS THAN ONE HOUR

We conducted an internal study and asked a writer to fill out the form (on the FAFSA site) from start to finish - including registration. **58 minutes total.**

1. Visit fafsa.gov (1m)
2. Log in using FSA ID (5m)
3. Choose form - student or parent (1m)
4. Enter personal information (10m)
5. Enter financial information (30m)
6. Choose up to 10 schools (10m)
7. Sign document with FSA ID (1m)

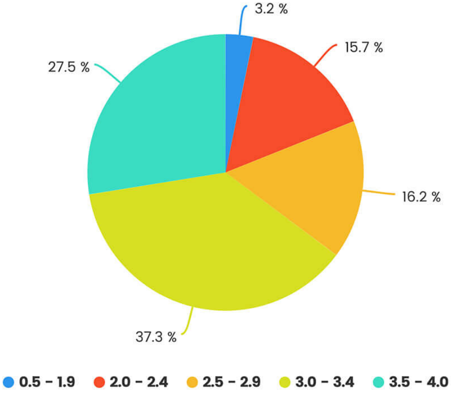
04

Myth #4: "Your GPA is too low and it disqualifies you"

🟥 Myth - Mostly false 🟩 FSA Video - True

The video is correct in saying that your **GPA is not a factor** in terms of financial aid. FAFSA aid is determined based on financial necessity, not scholastic performance. Pell Grant data clearly shows that recipients from all GPA ranges get aid.

PELL GRANT RECIPIENTS - BY GPA [8]



05

Myth #5: "Your age and ethnicity (demographics) disqualify you from attaining financial aid"

🟥 Myth - False 🟩 FSA Video - True

The age and ethnicity consideration is also a myth. Your financial aid (from FAFSA) is not impacted by demographic factors. Pell Grant data from 2008 shows that whites and minorities receive roughly an equal amount of aid.

PELL GRANT RECIPIENT DISTRIBUTION - BY RACE

	White	Black	Hispanic	Asian
Recipients	46.3%	23.7%	20.4%	4.8%
Non-Recipients	67.6%	10.3%	11.8%	6.3%

While whites do receive more Pell Grant aid than individual minorities, this is because of population distribution. In fact, whites are more likely to be non-recipients.

06

Myth #6: "Only the federal government provides financial aid for students"

🟥 Myth - False

The federal government is **not** the sole provider of financial aid for students. While the government does provide some **$22 billion** per year, this only makes up roughly 35% of the total. According to 2008 data, other sources contributed another **$40 billion**.[9]

Considering all of the myths (and facts), the Federal Student Aid video is **mostly accurate**, making it a great resource for students interested in getting accurate information about federal funding.

Sources
1. https://www.youtube.com/watch?v=K8JuaYVJ_LE

2. https://www.google.com/search?query=financial+aid+help
3. http://www.finaid.org/educators/ProfileofPellGrantRecipients.pdf
4. https://studentaid.ed.gov/sa/types/grants-scholarships/pell
5. https://aspe.hhs.gov/2015-poverty-guidelines
6. http://www.businessinsider.com/these-are-the-7-easiest-ways-to-slip-up-on-your-fafsa-form-2012-2
7. http://www.pewinternet.org/2015/10/08/social-networking-usage-2005-2015
8. http://www.finaid.org/scholarships/20110902racescholarships.pdf
9. http://nces.ed.gov/pubs2012/2012160.pdf
10. https://www.ultius.com/ultius-blog/entry/6-myths-about-student-financial-aid.html

Copyright © 2016 Ultius, Inc.