



THE MISUNDERSTOOD FAFSA

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It's that time of year when high school seniors have made their college decisions by May 1st, especially for selective colleges. With those decisions made, did students/families consider college affordability? Many families ask:

- What college or university does the student want to attend?
- What academic major does the student wish to pursue?

But are families asking:

- What can the student and parent(s) afford?

Affordability is a **major** factor. Given the high cost of higher education, students must weigh options such as community colleges, state universities, and private colleges. After submitting college applications, the next critical step is completing the **Free Application for Federal Student Aid (FAFSA)**—the gateway

to receiving financial aid for eligible students. Available aid includes **grants, scholarships, work-study, and loans**. Meeting your state's FAFSA deadline is essential to accessing these funds.

What Is the FAFSA?

The FAFSA is a form that students complete annually starting **October 1st** to apply for financial aid for college or career/technical school for the following academic year. You can access and complete it at [StudentAid.gov](https://studentaid.gov).

Why the FAFSA Matters

By completing the FAFSA, students can become eligible for federal, state, and institutional financial aid—potentially every year they are in school. Submitting the FAFSA as soon as possible after October 1st helps ensure students meet college, state, and federal deadlines and maximize their aid opportunities.

1



Free
money.

2



Borrowed
money.

3



Earned
money.

4



Merit-based
money.



FGCB students visit Coppin State University in Baltimore and hear from Coppin State students

Why Is the FAFSA Misunderstood?

For over 35 years, **First Generation College Bound (FGCB)** has worked to demystify the FAFSA, which is central to our mission of college affordability. Common misunderstandings include:

- “The FAFSA gives students money for college.”
- “The FAFSA is complicated and asks for too much personal information.”
- “Paying for college means focusing only on scholarships and loans.”
- “College is too expensive to afford.”

Let’s unpack these misconceptions:

MISCONCEPTION #1

The FAFSA gives students money for college.

Not directly. The **FAFSA** is a tool that colleges use to determine how much **financial aid** (especially need-based aid) they can offer a student. Once a student is accepted to a college and submits their FAFSA, the college evaluates eligibility and issues a **financial aid package**. This package may include grants, scholarships, work-study, and loans.

Colleges—not the FAFSA—decide how much aid to offer, and each school’s budget and endowment plays a role in the aid amount.

Note: High school staff and counselors are not responsible for nor always trained in navigating the FAFSA or financial aid processes. This is why FGCB offers **college affordability services** through our College Access Coaches, who provide personalized support to ensure students:

- Apply to colleges that match both academic and financial needs.
- Complete admissions and financial aid requirements.
- Transition successfully to college through our **matriculation support**.

MISCONCEPTION #2

The FAFSA is complicated and requires a lot of personal information.

While the FAFSA does require financial information—mainly from tax returns—families can use the **IRS Data Retrieval Tool** to simplify the process.

The result is a **Student Aid Summary** that includes the **Student Aid Index (SAI)**, which replaces the former Expected Family Contribution (EFC). The SAI is a number used by colleges to calculate students' financial aid packages.

What is the Student Aid Index (SAI)?

The SAI reflects your family's ability to contribute to college costs. It's based on:

- Family income and size
- Taxable and untaxed income
- Savings, assets, and investments

Understanding the SAI:

- An SAI between **-1,500 and 0** qualifies students for a **full Pell Grant** of \$7,395, which may cover community college tuition.
- As the SAI increases, the Pell Grant amount decreases.
- With an SAI of 7,000 or higher, students may no longer be Pell-eligible.
- Even with an SAI of 0, some colleges may not cover the full cost of attendance unless they are "**full-need**" colleges.

FGCB helps students and parents understand the Student Aid Summary, the SAI, and how to build a realistic **college affordability plan**, which should always include:



Laurel HS students learn about the FAFSA

- A **community college option**.
- A **four-year in-state public university**.
- A **selective, full-need college** for students with strong academic profiles.

What Are Full-Need Colleges?

"**Full-need colleges**" are typically private institutions with large endowments. They pledge to meet 100% of a student's financial need, based on the SAI, without leaving a funding gap—even for students who don't qualify for Pell Grants.

Example:

If a student is accepted to **Georgetown University**, which costs \$80,000 per year, and has an SAI of \$10,000, the college may provide \$70,000 in aid—even if the student doesn't qualify for the Pell Grant. Georgetown is one of approximately **100 schools (out of 4,000+)** in the U.S. that make this kind of commitment.

Some full-need colleges include loans in their aid packages; others are no-loan schools, offering aid entirely through grants and scholarships. The goal is to minimize student debt, particularly for low-income students. See list of [Colleges That Meet 100% of Financial Need](#).

MISCONCEPTION #3

Students should focus only on scholarships and loans.

While scholarships are well-known, many families don't fully understand **need-based grants** or confuse them with scholarships. They may also underestimate how burdensome loans can be—especially since loans must be repaid with interest **even if the student doesn't graduate**.

What Is the Pell Grant and Who Is Eligible?

The Pell Grant is a federal, need-based grant for low-income students. It:

- Does not require repayment.
- Is awarded based on the SAI.
- Can be used at most accredited U.S. institutions.

Scholarships vs. Grants vs. Loans — What's the Difference?

FEATURE	SCHOLARSHIPS	NEED-BASED GRANTS	LOANS
REPAYMENT	No repayment required	No repayment required	Must be repaid with interest
APPLICATION PROCESS	May require separate application, essay, or recommendation	Typically requires FAFSA and/or CSS Profile	FAFSA for federal; separate for private loans
USE	Tuition, fees, books, room/board, personal expenses	Tuition, fees, books, room/board, personal expenses	Tuition, fees, books, room/board, personal expenses; some private loans have restrictions
SOURCES	Private orgs, colleges, foundations, businesses	Federal/state governments, colleges	Federal government (e.g., Direct Loans), private lender
PRIMARY BASIS	Merit (academic, athletic, artistic, leadership)	Financial need based on SAI	Financial need (subsidized) or non-need-based (unsubsidized/private)
ELIGIBILITY	GPA, talent, achievements, demographics	Family income, assets, household size	Enrolled at least half-time; credit check for private loans
EXAMPLES	Gates Scholarship, Coca-Cola Scholars, athletic awards	Pell Grant, FSEOG, state/institutional aid	Direct Subsidized/Unsubsidized Loans, PLUS Loans, private student loans
RENEWAL	GPA or performance standards	Maintain financial need & academic progress	Continued enrollment and repayment required after leaving school
FLEXIBILITY	Often portable between schools	Some are institution- or state-specific	Most can be used at accredited institutions

MISCONCEPTION #4

College is just too expensive.

While college can be expensive, it **isn't out of reach**—especially with the right financial aid and affordability strategy.

At FGCB, we guide families to understand that paying for college **doesn't require an athletic or academic scholarship**. As someone who received an athletic scholarship myself, I later realized I was also eligible for **need-based aid**—something I hadn't known before.

Understanding and completing the FAFSA is a **vital step** toward unlocking that aid. For 35 years, FGCB has helped students from low-income backgrounds access college and **graduate with little to no debt**.

With the right knowledge, planning, and support, students and families can afford college. Be sure to check out our related article: **"Be Forewarned! Parent PLUS Loan Exploitation of Pell Grant Students."**



FGCB coaches at High Point and Laurel High Schools work with students on developing a winning attitude for educational success.

KEY TAKEAWAYS

- Completing the FAFSA is the first step to unlocking grants, scholarships, work-study, and more.
- The FAFSA **doesn't give you money**—colleges use it to decide how much financial aid they can offer you.
- **College is not out of reach**—even if your family didn't save a dime.
- Students should apply to a community college and in-state public university as part of their **college affordability plan**.
- Even with an SAI of 0, a college may **not meet your full financial need** unless it's a full-need school.
- Some full-need colleges **offer financial aid packages with no loans**—only grants and scholarships.
- Understanding the FAFSA and college affordability can **relieve families from taking on student loan debt**.
- A **college affordability plan** should be part of your college application strategy.