

FEDERAL FINANCIAL AID PROGRAMS

Loans

The primary source of federal funding for graduate and professional students is in the form of loans. To be eligible for federal student loans, you must be a U.S. citizen or permanent resident, enrolled at least half time, pursuing a degree or certificate and complete the Free Application for Federal Student Aid (FAFSA). Federal student loans typically have lower interest rates than private or alternative loans from banks or other financial institutions. They also may not require credit checks. However, there are limits on how much you can borrow from some of these loans programs per academic year and in the aggregate.

The most common federal student loan for professional and graduate students is the William D. Ford Federal Direct Stafford Loan administered by the U.S. Department of Education. On the graduate level, the Stafford loan is unsubsidized, meaning you are responsible for paying all interest that accrues. You can elect to pay that interest while you are enrolled in school or have it accrue until you enter repayment, when it will be added to the original amount you borrowed.

Some of the benefits of the Federal Direct Stafford Loan over other types of loans include the following:

- Lower fixed-interest rates than on most student loans or other kinds of consumer loans
- Flexible repayment options to help borrowers more easily afford their monthly payments
- Delay of repayment until after you leave school with a “grace period” of six months
- No credit check
- Partial deduction of interest on federal tax return, up to a certain income level
- Options for temporarily postponing loan repayment under certain circumstances
- Loan forgiveness programs for teachers

There are limits to how much you can borrow in the Federal Direct Stafford Loan program. As of July 1, 2023, you can borrow up to a total of \$20,500 in Federal Direct Unsubsidized Stafford Loans each academic year. Likewise, there is an aggregate (cumulative) limit of \$138,500 for graduate and professional students. This aggregate amount includes both undergraduate- and graduate-level Federal Direct Stafford Loan borrowing. So, if you borrow a total of \$57,500 as an undergraduate (the maximum amount allowed for an independent undergraduate student), the maximum amount of Federal Direct Stafford Loans you could borrow for graduate or professional school would be \$81,000.

Another type of federal educational loan aid is the Federal Direct Graduate PLUS Loan. This loan, similar to the Federal Direct Parent Loan for Undergraduate Students (PLUS), is now available to graduate students. This loan allows you, not your parents, to borrow up to the cost of attendance, less any other financial aid you receive. It has a fixed interest rate and no aggregate limits. Unlike the Federal Direct Stafford Loan, however, this is a credit-based loan. To be eligible for this loan, you cannot currently have “adverse credit.” However, if you do not meet the credit requirements, you can still obtain the loan with an endorser who does.

Federal Teach Grant

The federal Teacher Education Assistance for College and Higher Education (TEACH) Grant Program provides up to \$4,000 per year in grants for graduate and undergraduate students who intend to teach full-time in high-need subject areas for at least four years at schools that serve students from low-income families. Graduate students are also eligible for \$4,000 per year (\$8,000 total). Students may receive up to \$16,000 for undergraduate study and up to \$8,000 for graduate study. Part-time students are eligible, but the maximum grant will be prorated based on enrollment. GCU freshmen are not eligible to apply for a TEACH Grant.

As required by the Budget Control Act of 2011 (the sequester law), any TEACH Grant that is first disbursed on or after October 1, 2017, and before October 1, 2018, must be reduced by 6.6 percent from the award amount for which a recipient would otherwise have been eligible; and any TEACH Grant that is first disbursed on or after October 1, 2018, and before October 1, 2019, must be reduced by 6.2 percent from the award amount for which a recipient would otherwise have been eligible.

Important: This is a grant with a service requirement. If you fail to complete the four-year teaching obligation you will have to repay the grant with interest!

To receive a federal TEACH Grant you must:

- Complete the Free Application for Federal Student Aid (FAFSA) (although you do not have to demonstrate financial need to receive a federal TEACH Grant) at <http://www.studentaid.gov>.
- Meet the eligibility requirements for federal student aid.
- Be enrolled in a program of study designated as TEACH Grant-eligible. Eligible programs are those that prepare a student to teach in a high-need field such as Bilingual Education and English Language Acquisition, Foreign Language, Mathematics, Reading Specialist, Science, Special Education in a school serving low-income students.
- Meet one of the following academic achievement requirements
 - Score above the 75th percentile on a college admissions test (e.g., SAT, ACT, GRE), or
 - Graduate from high school with a cumulative GPA of at least 3.25 (on a 4.0 scale) to receive a grant as a freshman, or
 - Have a cumulative GPA of at least 3.25 (on a 4.0 scale) on your college coursework to receive a grant for each subsequent term.
- Complete TEACH Grant counseling at the GCU Office of Financial Aid.
- Sign a TEACH Grant Agreement to Serve and respond to requests by the U.S. Department of Education confirming your continuing intention to meet the teaching obligation.

TEACH Grant Agreement to Serve and Promise to Pay

Each year you receive a federal TEACH Grant, you must sign a TEACH Grant Agreement to Serve and Promise to Pay (service agreement) that is available electronically on a Department of Education website: <http://www.studentaid.gov>. The TEACH Grant service agreement specifies the conditions under which the grant will be awarded, the teaching service requirements, and includes an acknowledgment by you that you understand that if you do not meet the teaching service requirements you must repay the grant as a Federal Direct Unsubsidized Loan, with interest accrued from the date the grant funds were first disbursed.

Teaching Obligation

To avoid repaying the federal TEACH Grant with interest you must be a highly qualified, full-time teacher in a high-need subject area for at least

four years at a school serving low-income students. You must complete the four years of teaching within eight years of finishing the program for which you received the grant. You incur a four-year teaching obligation for each educational program for which you received TEACH Grant funds, although you may work off multiple four-year obligations simultaneously under certain circumstances. Specific definitions of these terms can be found at <https://studentaid.gov/understand-aid/types/grants/teach/>.