

State Budget Impact on Your Financial Aid Questions & Answers

(Last Updated on October 22, 2009)

Q. How were the college financial aid programs administered by ISAC impacted by the budget cuts approved by the Illinois General Assembly and the Governor?

- A. Based on funding levels from the fiscal year 2010 (FY2010) state budget that was passed in July 2009, ISAC received a total appropriation of \$220 million (which is a roughly 50% reduction) to be allocated among our 16 state-funded scholarship and grant programs for the 2009-10 academic year. Our largest program, the [Monetary Award Program](#) (MAP) initially received funding to provide approved students attending semester schools with full fall term awards only, meaning there would be no spring term awards for any student. There will be no spring term awards for any student.

Subsequent to the July budget decision, on October 18, 2009, Governor Pat Quinn signed into law Senate Bill 1180 (which had been passed by the General Assembly on October 15th), making it Public Act 96-792. The new law appropriates an additional \$205 million to ISAC for the current fiscal year, to restore MAP funding for the remainder of the 2009-10 academic year for those eligible applicants whose initial 2009-10 *Free Application for Federal Student Aid* (FAFSA) was received by the federal processor on or before May 14, 2009. (A [Message](#) to students regarding the current status of 2009-10 MAP funding is available on our Web site.)

Most of ISAC's other programs remain adversely impacted as a result of the July 2009 state budget. Specific funding information about [scholarship](#) and [grant](#) programs that may be particular interest to you is available through collegezone.com.

Q. Are there other financial aid opportunities I may be able to take advantage of?

- A. As when you started the financial aid process, your best source of information is the financial aid office of your college. They have your FAFSA information on file and are able to determine from that whether you might be eligible for additional aid. Check with them to see if your [award letter](#) may have included some aid that you initially chose not to accept [i.e., work study, institutional aid, loans (both subsidized and unsubsidized and student and parent)]. If so, find out if that aid is still available and how to obtain it. Also ask if they are aware of other types of assistance you might qualify for, such as departmental scholarships in your field of study or private awards.

You may also want to consider using an online [scholarship search service](#) to locate available awards. (While most of these services are legitimate and can offer valuable information, others may be fraudulent and charge a lot of money for little information. View with [caution](#) any service that requires you to pay more than a nominal fee. Services available through collegezone.com are legitimate and free.) Although it's likely that most deadlines have passed for this academic year, there may be some unclaimed available awards. Additionally, look into awards that community organizations, associations or companies in your local area may provide for college students.

Q. Should I consider taking out a student loan?

- A. That's a question only you and your family can answer, but here are some facts that may help you decide.
- Most federal student loans don't need to be repaid until your enrollment drops below half time.
 - There are different kinds of student loans - [subsidized](#) (on which the federal government pays the interest while you're in school) are the most beneficial for students, but there are also [unsubsidized](#) loans that you might qualify for. Although you'll be responsible for paying the interest, most lenders will add the amount to your loan balance and you won't have to start paying it back until after you're out of school.

- Student loans have good [interest rates](#), several types of [repayment plans](#) (including [income based repayment](#) and income sensitive and forgiveness programs) and [deferment](#) and [forbearance](#) options for times when repayment is difficult.
- There are no credit history requirements for students borrowing through the federal student loan programs

Q. Are there loans available for my parents?

- A. [PLUS loans](#) are available for parents of dependent students. These federal loans can be taken out in addition to whatever a student may borrow, because the [expected family contribution](#) (EFC) is not taken into consideration when a possible loan amount is determined. Like student loans, PLUS loans for parents probably won't need to be paid back until you've left school. There are some exceptions to this provision.

Q. What about private/alternative loans?

- A. There are also [private/alternative](#) loans available. Like all other loan programs, the amount you borrow should be no more than you actually need, and you should carefully research the terms and conditions of these types of loans. It is likely that interest rates and fees will be higher, and there may be less flexible repayment terms. However, alternative loans are an option to be considered.

More information about [private/alternative loans](#), including a [Comparison Chart](#) is accessible via the [FinAid Web](#) site.

Q. Is there anywhere else I can look for assistance?

- A. As part of the American Recovery and Reinvestment Act (the stimulus plan), local workforce development agencies are receiving additional federal funding. Some of these agencies are using the funds to provide financial assistance for college students. Find an [Illinois workNet Center](#) location through their Web site and ask whether they offer any programs for which you qualify. The agencies' services are free for Illinois residents.