

## **Financial Aid and Scholarships**

### ***What You and Your Parents Need to Know***

Much has been written in recent years about the spiraling costs of higher education, the price tags ranging from \$60,000 to \$80,000 for four years at many state colleges and universities, to \$250,000 or more at many private institutions of higher learning. The good news is that almost all colleges and universities offer financial aid to admitted students and families that demonstrate financial need so that these educational opportunities remain within reach. You and your parents need to sit down and discuss how you as a family are going to pay for college, and it's important for you to research financial aid programs as you do your college search. It's better to ask questions during the planning stage rather than be taken by surprise at the end of the process. With the economic uncertainty of the past decade, there has been a national debate emerging about the relative value of a college education and whether the burden of college loans (part of all financial aid packages offered by colleges) is worth it. Again, those are questions that you and your parents will need to talk about as you move through this process. Please keep your college advisor in the loop on these conversations, too.

### **Important Terms to Know**

#### **Financial Aid**

Financial aid refers to need-based monetary awards given to you by a particular college after an evaluation of your family's financial situation and a determination that your family will be unable to pay for the costs of that particular college. This need-based aid has nothing to do with your academic record and depends almost completely on you and your family's aid application and current federal tax forms. At most colleges and universities today 60% or more of the student body receives some form of financial aid so colleges are working hard to make their educational opportunities open to all potential students. It's also important to keep in mind as you do your planning that, even though most colleges state that they are "need blind" as they evaluate and admit or deny candidates for admission, the fact of the matter is that only a small handful of well-endowed colleges are truly "need blind" in their admissions. Most colleges and universities today are "need aware" as they evaluate and admit their class each year because they are working with finite financial aid budgets. That is why it is especially important for students who know they will be applying for financial aid to look at a broad range of admission selectivity in their college search.

Financial aid packages refer to the way that aid will be awarded to you and your family. There will be a “family contribution” that will include a parent contribution and a student contribution, often from summer earnings. There will be an institutional grant, which is scholarship money that you do not have to pay back. And then there will be student loans that you will be expected to take out and then pay back after you finish college. Frequently, you will be expected to work a few hours each week in a college work/study job that you’ve chosen from the offerings posted in the Financial Aid Office. Financial aid packages can vary significantly from college to college. You want to do a lot of preliminary research so that you know what you’re getting into before you apply and before you receive a decision. Each college is required to have a Net Price Calculator on their website; families should use this tool to enter their financial information and get a general sense of what sort of financial aid package they might receive if the student is admitted to that school. See below for more information on the Net Price Calculator.

### **Scholarships**

Merit-based Scholarships are institutional monies awarded by individual colleges and universities, often for outstanding talent in some particular area. These scholarships could reward outstanding academic records, extracurricular attainments in the arts, community service, or strength of character. Demonstrated financial need does not usually factor into these merit awards, and all applicants at a college that offers them are considered during the application evaluation period. Sometimes referred to as tuition discounts, these merit awards are a way for less selective colleges to attract really talented students to their respective institutions. There may also be named merit scholarships at a particular institution that require a separate application. College admissions websites often list these scholarships, and you can always ask college admissions representatives about the opportunity for merit awards at their respective colleges. A good rule of thumb to keep in mind: the more selective the institution, the less likely merit awards will be given.

Local/Area Scholarships may also be available from your home state or your local community. Local civic organizations may have smaller yearly awards to help local families handle the cost of college. While these scholarships sometimes go exclusively to local public school students, it certainly doesn’t hurt to inquire about the application process, either through the various civic groups or at the local public high school. Be aware that colleges will sometimes use part of this scholarship money to reduce the grant or apply it to your loan, so you won’t see the entire value applied to your family contribution.

### **Financial Aid**

FAFSA stands for “Free Application for Federal Student Aid” and is required by every college and university if you are an aid applicant. It is the universal application from the US Department of Education, and both student and parents need to fill out the form online after establishing an account at [fafsa.ed.gov](http://fafsa.ed.gov). You will each need a PIN, and you will need to file your

FAFSA between October 1 and February 1 of your senior year in order to be eligible for federal financial aid. Have your most recent tax returns handy to complete this form, and check colleges' individual deadlines for FAFSA deadlines. Deadlines are crucial in this process—don't jeopardize a potential financial aid award because your forms have not been prepared in a timely fashion! Don't get sucked into fafsa.com or fafsa.net sites that will try to charge you for filling out the forms—it's a FREE application!

The CSS Profile is offered by the College Board and may be required by many private colleges and universities who need or want more extensive financial information from your family than the FAFSA provides. You must register on-line, and you will need a credit card because you do have to pay to have your profile sent to each of the colleges that require it. Check the financial aid websites at the specific colleges where you will be applying to find out if the CSS Profile is required. Make sure you and your parents meet all deadlines.

Divorced or Separated Parents should both plan to complete financial aid forms. The parent who has primary custody (claims the dependent on tax forms; has custody more days in the year) will complete the FAFSA. Both parents will complete confidential forms for the CSS Profile: it requires custodial parent information and a separate non-custodial parent form. Most colleges expect both parents to contribute to the costs of a child's college education. Failure to complete the forms could jeopardize a financial aid award, so make sure you keep both of your parents informed and aware of deadlines if they are divorced or separated. Consult the individual financial aid offices if issues about this arise.

### **Net Price Calculator**

A Financial Aid Calculator/Net Price Calculator is now required by the US Attorney General's Office on every college financial aid website so that you can plug in the numbers for both student and parent, taken from recent income tax forms, bank statements, etc., and get a rough estimate of what you and your family may be expected to pay. Your parents will probably want to handle this part of the process but it's a good way for them to see the variations in financial aid awards that you will see from college to college. *Every college website* has a Net Price Calculator, so take advantage of the opportunity to take an early peek at what your future education will cost.

The New York Times Interactive Chart on Student Indebtedness provides some interesting comparisons of current college tuition costs and student indebtedness after four years. You can search for colleges and find their place on the chart and then compare with other colleges you might be interested in.

## **Questions to Think About—and to Ask**

### **How much debt do I want to have, or can I handle after college?**

A recent article in the *New York Times* on college costs and indebtedness after college had an interesting interactive graph, which compared indebtedness at the end of four years of college at a whole host of institutions of higher learning. The variation was striking.

### **Does financial aid factor into the admissions process at your college?**

It's an interesting question to ask an admissions representative. Know that you may not get a straight answer, but some may be candid and say that for some applicants at the end of the admissions process, it could factor into the decision. What you may hear is, "We meet the full need of every student we admit." What they don't tell you is that some financial aid applicants get squeezed to the waitlist or even denied at the end when the financial aid money has been spent.

Remember: it's important to talk with your college advisor about these financial aid issues because we can give you advice and direction. Of course, your best source of information regarding financial aid at a particular college is directly from the college itself. They all have fully staffed financial aid offices and truly enjoy working with students and their families to make these educational opportunities affordable—and they know how the system works at their respective colleges, so take advantage of their expertise.