

# Money for College

2010-11



**Doris Keller**  
**dknits@gmail.com**  
**916-402-5407 (messages)**

# Cost of Attendance, COA

## **Amount varies for each school**

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Miscellaneous

# How Much Does College Cost/Yr?

(Approx.)

- Community Colleges
  - Approx \$10,000 – \$18,000
- CSU
  - Approx. \$15,000 – 22,000
- UC
  - Approx \$20,000 -- 26,000
- Private/Independent
  - Approx 32,000 – 55,000

# Where Will I Find the Money?

- Federal Government
- State Government
- Institution
  - (college/university/trade school)
- Private
- Families
- Earnings
- Savings
- Save on costs

# Federal Philosophy

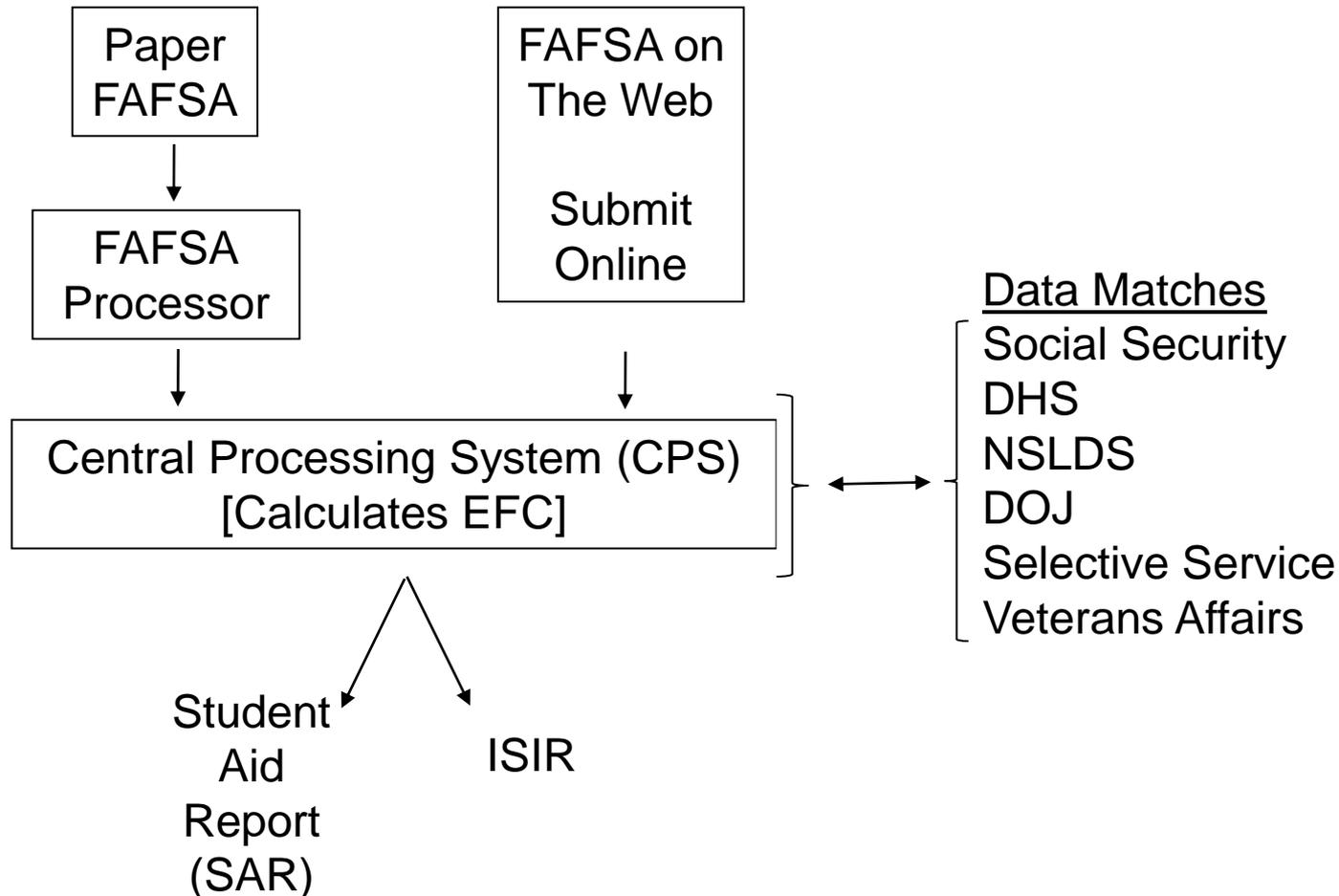
- Students and Parents have the responsibility to pay for post secondary education to the extent they are able
- Parents responsibility to pay may apply even after the student has left the household
- The responsibility is never based on who claims the student on their income taxes

# Federal Philosophy

- Federal calculations strive to evaluate the family's circumstances in a consistent and equitable
- Like a lot of things in life, it is not always fair

# General Application Process

## Federal Central Processing System (CPS)



# Student Eligibility

- HS diploma or equivalent
- US citizen or eligible non-citizen
- Valid Social Security number
- Enrolled in an eligible degree or certificate program
- Registered for Selective Service (males)

# Student Eligibility

## (Continuing Students)

- Not in default on loan, or owe overpayment of a grant
- Maintain Satisfactory Academic Progress (SAP)
- Sign a statement of educational purpose
- No drug convictions while receiving federal student aid

# Expected Family Contribution (EFC)

- Same formula used to determine all families EFC
- EFC is the measure of a family's financial status
- EFC used to determine the student's and parent's level of ability to pay

# Financial Aid Needs Analysis

Cost of Attendance (COA)

– Expected Family Contribution (EFC)

---

= Eligibility for Need-based Aid

# Financial Aid Needs Analysis

|               |          |
|---------------|----------|
| COA (UC)      | \$25,000 |
| – EFC         | 2,000    |
| <hr/>         |          |
| – Eligibility | \$23,000 |

# EFC does not change

## Community College

|     |                  |
|-----|------------------|
| COA | \$10,000         |
| EFC | - <u>\$2,000</u> |
|     | \$8,000          |

## Private University

|     |                   |
|-----|-------------------|
| COA | \$55,000          |
| EFC | - <u>\$ 2,000</u> |
|     | \$53,000          |

# Types of College Financial Aid

- Gift Aid
  - Grants and Scholarships
- Self-help Aid
  - Loans and Work-study
- Other
  - Time payments
  - Taxes
  - Waivers
  - Family
  - “Regular work”
  - Reduce costs
  - Alternative loans
  - Loan assumptions

# Gift Aid, Grants

## **Federal Pell Grants**

- Entitlement (first source of aid)
- Amount based on
  - FAFSA information
  - COA
  - Enrollment status
- Pays cash to students
- 2009-10 max = \$5,350
- Up to 4 years, undergraduates only
- Renewable

# Gift Aid, Grants

## **Additional Federal grants**

- FSEOG
- ACG
- SMART
- CHAFEE (administered by the state)

# Gift Aid, Grants

## Cal Grants (State)

- Entitlement for recent HS grads
- Low to middle income students
- Pays tuition at CA colleges/universities
  - Some also pay cash to students
- Amount based on:
  - FAFSA and GPA information
  - COA
  - Enrollment status
- Up to 4 years, undergraduates only
- Renewable



# Gift Aid, Cal Grant Amounts

## 2009-2010 School Year

- Community College: BOG/FW, held in reserve
- CSU: 4,026
- UC: 7,788
- Independent/Private 9,708



# Gift Aid, Grants

## CA Colleges/Universities

- No standard application
  - Ask school for requirements and amounts
- Renewable (Must re-apply each year)
- Pays cash to students or pays tuition / fees
- State or private money
- Available at most colleges and universities

# Gift Aid, Scholarships

## **Generally private money**

- No standard application
  - Student must find
  - Check with college, local sources, internet
- Some are renewable, some not
- All are competitive
- Few are “full ride”
- May use \$\$ beyond 4-year degree

# Gift Aid, Scholarships

## May be awarded based on:

- Cultural, religion, gender, ethnicity, &/or
- Club membership, community service, &/or
- Student sports, hobbies, activities, &/or
- Student circumstances
  - Position in family, Deceased parent, Diseases in the family, Very tall or very short
- Area of study, hobbies, grades, &/or
- Demographics, income, citizenship

# Scholarships & Possible Scams

- Never pay to apply for financial aid
- Watch for scams
  - Guarantee
  - Requests for bank routing numbers or credit card numbers
  - Get something “free”
  - Sounds too good to be true
- If there is \$\$ to pay a scammer, save it for college costs instead

# Self-Help Aid, Work

## **Federal Work-Study**

- Work for money
  - Usually work 10-12 hours/week
  - Earn Federal minimum/hr. or more
- Campus has listing of jobs
- Usually must “interview” for the job
- Student will receive pay check
- Employer willing to adjust hours
- Usually for undergrads only

# Self-Help Aid, Work

## **Campus Work-Study**

- Work for money
- Very similar to Federal work-study
- Earnings level may be different
- Not all schools have money available
- May be available beyond 4-year degree

# Self Help, Federal Loans

- For low to middle income students:
  - Subsidized (no interest while in school)
- For any student:
  - Unsubsidized (interest charged while in school)
- Amount to be borrowed is limited
- Processed through the college/university
- Available nationwide
- Interest rate is established for life of loan
- Pay back after student leaves school
- Establishes credit history

# Self Help, Federal PLUS Loan

## For Parents and Grad Students

- Apply through the school
- Amount to be borrowed is limited
- Subject to credit check
- May be used nationwide
- Interest rate established and accrues
- Pay back during or after college attendance
- Based on credit history

# Other Financial Aid

- Educational tax deductions
- Tax credits
- Military benefits
- National/state/local service benefits
- Waivers
- Regular work
- Gifts

# Reduce Costs

- Monthly payments to college or Univ.
- Attend Community College first
- Share housing with a limited number
- Live with parents
- Learn to cook, clean, do laundry
- Reduce entertainment costs
- Learn money management

# Chg How it all Fits Together

|                               |                  |
|-------------------------------|------------------|
| COA (UC)                      | \$25,000         |
| EFC                           | - 1,000 *        |
| Grants (Pell, ACG, Cal Grant) | - 12,000         |
| Loans                         | - 5,500          |
| Federal Work Study            | - 2,500          |
| Scholarships                  | - 2,000          |
| Savings                       | - <u>1,000 *</u> |
|                               | \$ 1,000 *       |

\* Parent/Student responsibility

# Student's Responsibility

- Learn to listen
- Establish checking and savings accounts
- Learn the perils of credit cards
- Reduce your college costs
- Abandon high cost items
  - A car is never cheap

**Live like a starving  
student while you  
are one,**

**or**

**live like a starving  
student after you  
graduate**

# Summary of Student Financial Aid

- College is financially possible
- Parents and students have first / primary responsibility to the extent able
- More options are available with:
  - More research
  - Prior planning
  - Good grades

# Apply, Don't Disqualify

Don't Miss Deadlines  
Don't "Pre-guess" Computers  
Don't Assume Anything  
Create a Safety Net



Questions???

# FAFSA Information



[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

- ***E-form, the only way to go!***
- FAFSA: Free Application for Federal Student Aid
- US Department of Education
- It is free
- Others WILL charge

# FAFSA: Student Demographics

- Student Name
  - Exactly as it appears on SSN card
- Students must be a citizen or eligible non-citizen
- State of legal residence
  - CA if here since at least 3/2/09

# FAFSA: Student Demographics

- Drug question
  - Must have been on federal financial aid
  - HS seniors will not be asked
- Level of education – each parent
- Educational goal at start of 10-11
  - Either 1<sup>st</sup> bachelor's, associate, or certificate

# FAFSA: Student Demographics

- Enrollment status
  - Answer “Full-time”
- In addition to grants do you want to be considered for loans and work study
  - Answer “Both”

# FAFSA: Student Dependency

Establish if you must report parent info

- Are you 24?
- Are you married?
- Are you a graduate student?
- Are you active military?
- Are you a veteran of the US military?
- Do you have children you support?

# FAFSA: Student Dependency

- Do you have other dependents you support?
- Since you turned 13, were:
  - both parents deceased
  - were you in Foster Care, a dependent, or ward of the court?

# FAFSA: Student Dependency

- Are you an emancipated minor?
  - Must have documents from a Calif. court
- Are you in legal guardianship?
  - Must have documents from a Calif. court

# FAFSA: Student Dependency

## Unaccompanied/Homeless Youth

- On or after 7/1/09 did:
  - A school homeless liaison determine you were an unaccompanied/homeless youth?
  - An official determine you were an unaccompanied youth who was homeless?
  - An official determine you were self-supporting & at risk of being homeless?

# Dependent/Independent

- If you answered “No” of all the dependency questions, you are a ***Dependent*** student
  - Must report parent information
- If you answered “Yes” to one of them, you are an ***Independent*** student
  - Do not report parent information

# FAFSA: Parent Information

## Which parent(s) to report?

***Never report grandparents, other relatives, foster parents, legal guardians IF they do not have legal adoption or guardianship documents***

- If your parents are married to each other and live with you, both must be reported
- If you live with only one parent, report only that parent
  - If that parent has re-married, also report the step-parent

# FAFSA: Parent Information

## Which parent(s) to report?

- If your parents are divorced and share custody, report the parent you lived with the most in the last 12 months
- If you lived with each parent equally
  - Report the one who provided the most support, or
  - Report the one who has the most income
  - If that parent has re-married, also report the step-parent

# FAFSA: Parent Information

- Parent's marital status as of today
- Parent SSN if they have one
- Parent state of legal residence
- What tax form was/will be filed?
- Were they eligible to file at 1040A or 1040EZ?

# FAFSA: Parent Information

- In 2008 or 2009 did anyone in the home received an assistance program?
- As of today is either parent a dislocated worker?
- Adjusted gross income (from tax form)
- Individual earnings for each parent
- # of Parent's exemptions (from tax form)

# FAFSA: Parent Information

- # of people in parent's household
- # of those people in college (2010-11)
- Additional financial information
  - Some items will be deducted from income before calculating EFC
- Additional untaxed income

# FAFSA: Parent Information

## Assets as of today

- Total of cash, savings, checking accounts
  - NOT value of RETIREMENT plans
  - NOT value of primary residence
  - NOT live insurance policies
- Net worth of parent investments, including real estate

# FAFSA: Parent Information

## Assets as of today

- Net worth of parent business and/or investment farms
  - Not farm where family lives
  - Not business with 100 or fewer FTE employees
- Net Worth = market value minus the debt against that asset

# FAFSA: Student Household

Answer only if you answered “Yes” to one of the dependence questions

---

- Number of family members
- Number in college
- Are you a dislocated worker?

# FAFSA: Student Finances

- Similar tax form questions
- What type of veterans' education benefits will you receive in 10-11?
- Similar income and asset questions

# FAFSA: Recipient Colleges

- May list up to 10 (on-line FAFSA)
- Use “Search” for school
  - Enter state and city of school location
  - Federal school code will be populated
- Indicate housing plan for each school

# FAFSA: Signatures

- You are signing under penalty of perjury
- Student will be asked for PIN
  - Or may apply **now** (SSN and birth date)
- Parent will be asked for PIN
  - Or may apply **now** (SSN and birth date)
  - Or may print signature page
- Print confirmations of PIN and FAFSA
- DO NOT FORGET TO “SUBMIT”

# What Happens Next

- Create a financial aid file for FAFSA and PIN documents
- Will receive a notice
  - If EFC calculated notice is also sent to each college listed
- College admissions will decide if you will be admitted
- College Financial Aid office will send a financial aid package, if admitted

# What Happens Next

- Use the financial information to help decide which college you will attend
- Besides the financial package, college must be a good fit
  - Academics
  - Location
  - Campus activities
  - Living options

# During the First Year

- The campus financial aid office will send you a “FAFSA renewal” notice
- FAFSA renewal form requires only changed information
- Complete it asap for consideration for 2011-12 school year

Questions???

