

# Scholarship Search Services

Some high schools and colleges provide a scholarship search service free or at low cost. Check to find out if your school provides this service. There are also many privately operated scholarship search services, which charge fees that may range from \$50 to \$150 or more. These services usually provide computerized lists of sources of private and other financial aid that you may apply for.

It is important to understand what information scholarship search services can provide. They may be helpful in identifying sources of aid for students who meet certain criteria, such as academic achievement, religious affiliation, ethnic or racial heritage, artistic talents, athletic ability, career plans, or proposed field of study. However, bear in mind that funds from these sources may be limited and not all applicants will receive awards.

Each year, the U.S. Department of Education receives numerous complaints from students and parents who did not receive the information they expected from a search service.

Don't be fooled by the claim that millions of dollars in student aid go unclaimed every year. The large figures you may hear or read about usually represent an estimated national total of employee benefits or member benefits. Usually, such benefits are available only to the employees and families of a specific company, or to the members of a specific union or other organization.

Listed below are some of the services you might reasonably expect from a private scholarship search service.

- Most scholarship search services provide a list of "sources" of financial assistance you may apply for; search services do not, in most cases, provide any awards directly to applicants.
- After studying the list, you would then send a separate application to each "source" you are interested in; the scholarship search service does not apply on your behalf or pay any additional application fees that may be required.
- Some search services include federal student aid in their list of sources; however, please remember that you can find out about federal student aid without paying a fee to a search service.
- Some sources on the list may have early application deadlines or limited funds; awards for a specific academic year may have already been made before you apply.
- Many search services offer to refund your fee if you do not receive any award. However, some services require you to first provide a rejection letter from every source on the list to claim your refund.

The U.S. Department of Education does not evaluate private scholarship search services. If you decide to use one of these services, you may check its reputation by contacting the Better Business Bureau or a State Attorney General's Office.

# Looking for Student Aid



# Federal, State, and Other Sources of Information



**🍏 Where should I begin my search?**

The financial aid office at the school you plan to attend is the best place to begin your search for free information. The financial aid administrator can tell you about student aid available from the federal government, your state government, the school itself, and other sources.

You can also find free information about student aid in the reference section of your local library (usually listed under "student aid" or "financial aid"). These materials usually include information about federal, state, institutional, and private aid.

**🍏 Where can I get free information about federal student aid?**

The major source of student financial aid is the U.S. Department of Education. Nearly 70 percent of the student aid that is awarded each year comes from the U.S. Department of Education programs (approximately \$33 billion in 1994-95). Student aid is also available from other federal agencies, such as the U.S. Public Health Service and the U.S. Department of Veterans Affairs.

The free student financial aid materials available in the financial aid office at your school include *The Student Guide*, a free booklet about financial aid from the U.S. Department of Education, and the *Free Application for Federal Student Aid (FAFSA)*. You may also request *The Student Guide* or the *FAFSA* by calling

Federal Work-Study

You may apply for federal student aid from these programs at no cost by filing the *Free Application for Federal Student Aid*.

Most federal student aid is awarded based on financial need rather than scholastic achievement. For instance, most grants are targeted to low-income students. However, keep in mind that you do not have to show financial need to receive federally guaranteed loans such as PLUS or unsubsidized Stafford or Direct loans.

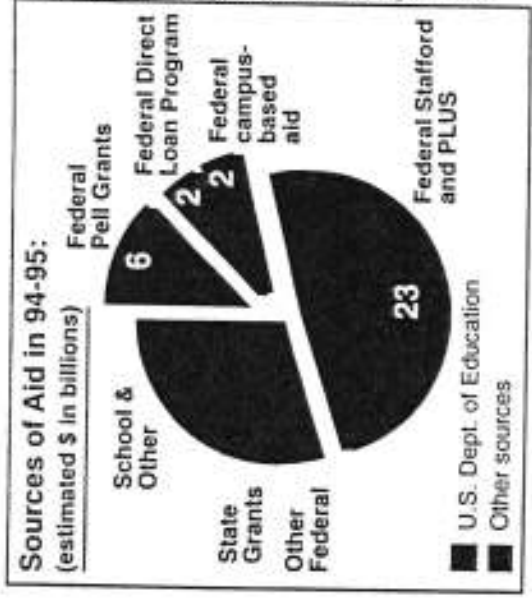
**🍏 Where can I get free information about state student aid?**

Free information about state programs may be obtained from the state education agency (usually in the capital of your state). The Federal Student Aid Information Center also has information about many state student aid programs. Call the Center to get the phone numbers for your state.

**🍏 What are some other sources of information about student aid?**

Information about student aid may also be available from foundations, religious organizations, community organizations, and civic groups, as well as organizations related to your field of interest, such as the American Medical Association or American Bar Association. Check with your parents' employers to see if they award scholarships or have a tuition payment plan.

Based on statistics from "Trends in Student Aid" with permission of The College Board



the **Federal Student Aid Information Center** toll-free:

**1-800-4 FED AID (1-800-433-3243)**



(TDD 1-800-730-8913)  
**Monday - Friday,**  
**8:00am-8:00pm EST**

The Center's operators can answer your questions about federal student aid programs, filing an application, and application processing.

The major sources of aid from the U.S. Department of Education are:

- Federal Stafford Loans
- Federal PLUS Loans
- Federal Direct Loans
- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants
- Federal Perkins Loans

# Biggest College-Aid Application Mistakes

**T**his time of year, high school students and their parents frantically apply for financial aid for college.

While it's important to meet the application deadlines, many parents are not careful enough when filling out the forms. They also don't weigh their college options strategically when their children receive financial aid.

Here are the biggest mistakes that parents are making now when they are seeking financial aid for their college-bound children.

**Mistake: Rushing through the application process.** Many people believe that in the case of financial aid, it's *first come, first served*. That is really *not* the case.

The reason many students are turned down for financial aid is not because their parents make too much money, but because they rushed through the aid-application process and committed one or more errors.

Take your time. I constantly tell people that it's the tortoise that wins the race, not the hare. It's better to submit a complete application the day that it is due than to hastily complete the forms and make mistakes when trying to be one of the first to submit them. You'll be rewarded for paying attention to details.

I also recommend sending all your financial aid applications and correspondence by certified mail. Some schools suggest you send it by first class, but if a piece of certified mail is lost, the post office can trace it directly. It is better to be safe than sorry.

**Mistake: Underestimating your financial aid eligibility.** Many people assume that they make too much money to qualify...or they think that because their children's friends applied and didn't receive any aid, they won't either.



Those who underestimate their eligibility tend to limit their search to colleges they can afford even if they do not receive aid, such as state schools or community colleges, rather than those that may be best for their children.

**Mistake: Overestimating your financial aid eligibility.** Many families assume they will get tons of financial aid and, therefore, apply only to the most expensive schools. When the aid doesn't come through, they can't afford the schools to which they applied without financial help.

**Solution.** In addition to investigating aid options, I always recommend that families apply to one financial *safety* school - a college for which the child meets the admission criteria and the family can afford to pay even if they get only a little or no aid. Usually, this will be a state-supported school in your home state.

It is also wise to apply to your child's *dream* school - with the clear understanding that it might not be financially possible to him/her to attend that school.

**Important.** Some high schools limit the number of colleges to which students can apply to five or six. If this is the case, once the *safety* and *dream* schools are out of the way, I suggest applying to two pairs of schools - similar schools that attract the same types of students.

Schools that look for students with similar grades and SAT scores often compete with each other for applicants. If your child is accepted at two similar schools and he wants to attend the school that expects you to pay more money, you can use the other college's more attractive financial aid package to bargain with the school he prefers. Although schools often deny that they engage in such bargaining practices, it happens all the time.

**Mistake: Thinking that all state schools are inexpensive - even those in states in which you do not live.** During the past few years, the difference between tuitions at out-of-state public colleges and tuitions of private schools has narrowed.

**Important.** Take a careful look at the tuition for out-of-state public colleges. You'll see that they are no longer the bargains they once were.

**Example.** The University of Vermont and the University of Michigan each cost more than \$20,000 a year for out-of-state students for activity fees, room and board and other expenses. This is about *double* what in-state students would pay.

**Mistake: Counting on the promises of relatives who say they will help pay the bills.** A few weeks ago, a woman came to me whose child is a college freshman this year. The child's grandparents had promised to pay his tuition. Recently the grandfather died and now the grandmother needs the money, so she has retracted the promise. Although the student was eligible for quite a lot of aid, he had not applied for it by the school's priority filing deadline. Therefore, he will likely receive less aid than he could have had he applied sooner.

**Solution.** Apply for financial aid even if you anticipate that you will not need, it, and meet each school's priority filing deadline.

**Mistake: Applying to and selecting colleges based solely on their "sticker prices" - rather than the "discount prices" you'll receive after receiving financial aid.** A college education is one of the biggest purchases most families ever make. However, many will choose the school without first investigating all their financial options.

**Example.** College A costs \$30,000 a year and College B costs \$15,000 a year. Under the aid formula, let's assume a family is expected to contribute \$10,000 per year. "Need" for aid is based on the difference between the school's cost and what the family is expected to pay. Therefore, this family would be eligible

for \$20,000 in aid from College A and \$5,000 from College B.

Because of the way financial aid packages work, it may not cost any more to attend a school with a higher sticker price than to attend a lower-priced school.

**Important.** Out-of-state schools are a poor choice for families that demonstrate high financial need. That's because most public colleges prefer to give aid to in-state students.

**Solution.** If you can demonstrate financial need, you will usually do better at a more expensive private school than at a less expensive out-of-state public institution.

**Mistake: Taking out a personal loan through a bank for the additional money you need.** Check first with the aid office of the college that your child will attend regarding various options. The federal government, some commercial organizations and the schools themselves will usually offer much more attractive financing arrangements.

**Example.** The federally sponsored *Parent Loans for Undergraduate Students (PLUS)* are not awarded based on applicants' financial needs. You have to pass a credit test, but each year you can borrow the total amount not covered by financial aid. If you are sending your child to Harvard, which costs \$30,000 a year, and you qualify for \$10,000 in aid, you could borrow \$20,000 through PLUS. The loans must be paid back in 10 years and have a variable interest rate - which is currently around 8.5%. The good news is that the interest rate now cannot exceed 9%. Some lenders will now allow a cosigner if you don't pass the credit test.

**Mistake: Turning down student loans because you don't want your child to carry debt.** One of my clients' biggest fears is forcing their children to pay off college loans in the early part of their careers.

**Recommended.** The Perkins Loan and the subsidized Stafford Loan. They are very attractive because there is not interest charged and not repayment of principal until a few months after the child graduates, leaves school or drops below half-time status. That is much more attractive than a home-equity loan or other types of credit, where interest is charged immediately.

**Mistake: Responding to a college's offer for aid before you have to.** Last year, the child of one of my clients was offered a financial aid package early in the year with a deadline of May 1 to respond. They accepted immediately because the college was the child's first choice. A few weeks

## FINANCIAL AID

### PRIMARY SOURCES

Federal Government  
State Government  
Institutions  
Private Resources  
(Agencies/Associations)

***MERIT-BASED AID:*** receive award based on excellence of performance (academic, leadership, sports, music, art, etc.)

***NEED-BASED AID:*** receive aid based on their demonstrated need by filling out a financial aid application

### PHILOSOPHY OF FINANCIAL AID

It is the parents' and student's responsibility to pay for higher education expenses to the extent they are able.

All families' financial circumstances should be evaluated in a consistent and equitable manner.

### FREE APPLICATION FOR FEDERAL STUDENT AID

Referred to as the "FAFSA" or Free Application for Federal Student Aid" form.

This document will require you to enter actual data about your family, your income and your assets.

Figures will be computed according to standardized charts.

Using both your actual figures and the charts, an estimated family contribution will be calculated.

**SCHOLARSHIP/GRANT:** a gift of money to be applied to college costs; usually made out jointly to the student and the college; does NOT have to be paid back; sometimes a one-time gift; sometimes renewable

**LOANS:** a loan of money, made either to the student or the student's parents, to be applied to college costs; usually at a relatively low interest rate; must be repaid with accrued interest; many do not need to be repaid until after the student has graduated or left college; may be made by a state or federal agency, the college, or private institutions; usually parents are asked to co-sign.

**WORK STUDY PROGRAM:** a paid job working on the college campus, the wages are meant to be applied to college costs

## *DEPENDENT VS INDEPENDENT STATUS*

ANY STUDENT WHO IS LESS THAN 24 YEARS OF AGE AS OF JANUARY 1 OF THE AWARD YEAR MUST PROVIDE PARENT/GUARDIAN DATA UNLESS HE/SHE MEETS ONE OF THE FOLLOWING EXCEPTIONS:

- \* STUDENT IS A VETERAN OF THE U.S. ARMED FORCES
  
- \* STUDENT WILL BE A GRADUATE OR PROFESSIONAL STUDENT IN THE AWARD YEAR OF APPLICATION
  
- \* STUDENT IS MARRIED
  
- \* STUDENT IS CURRENTLY OR WAS AT ONE TIME A WARD OF THE COURT OR BOTH PARENTS ARE DEAD
  
- \* STUDENT HAS A LEGAL DEPENDENT(S) (OTHER THAN A SPOUSE) WHO RECEIVES MORE THAN HALF OF THEIR SUPPORT FROM THE STUDENT & WILL CONTINUE TO GET THAT SUPPORT DURING THE ACADEMIC YEAR OF APPLICATION

## **FINANCIAL AID TIPS**

- \* Fill out the FASFA form completely and accurately. Use estimated income information if necessary. IT IS MOST IMPORTANT TO FILE ON TIME!!! FEBRUARY 15 IS THE DEADLINE!!!!**
  
- \* Make and maintain your own financial aid file**
  
- \* Make photocopies of completed forms before mailing them.**
  
- \* Keep several copies of your federal tax returns in you file - each school you apply to may ask for a copy. The State of Michigan will require a copy.**
  
- \* Communicate any unusual circumstances to the financial aid offices and to the State of Michigan Scholarship & Grant Office.**
  
- \* If you don't understand your award offer, inquire at the source.**
  
- \* Make a friend in the financial office at your college. Inquire about scholarships specific to your major.**



## **SOURCES FOR FINANCIAL AID**

Careerline Tech Center Placement Department offers the following services:

- \* Applications for over 50 scholarships (see list in your packet; several are available to any CTC student, others are program specific)
- \* Scholarship computer search service
- \* FAFSA forms
- \* Assistance in putting together a scholarship package
- \* Processing articulation credit

Your home school guidance department and/or career center will also be an excellent resource for you to investigate available scholarships which are specific to your high school.

At your college, contact the chairperson of the department to see if there are funding sources specifically for students in your major.

Ask your parents to check into funding available through their place of employment. Many trade unions or businesses offer scholarships, grants, and loans to children of members or employees.

Inquire at your after-school job. Some companies, like Burger King, offer tuition incentive programs or tuition reimbursement programs.

## **OTHER COSTS**

### **ROOM AND BOARD**

dorm

apartment on/off campus

19, 10, 7 meal plans

debit cards

### **MANDATORY/ELECTIVE FEES**

student activity fee

technology/lab fees

parking

rent refrigerator

bus pass

cable TV/internet hookup

### **BOOKS AND SUPPLIES**

\$300-600 per year

### **TRAVEL EXPENSES**

calculate the number of miles from your home to school

multiply by 2 (round trip); multiply by \$.31 to calculate cost per trip

### **ADDITIONAL MEALS**

### **LAUNDRY**

each washer and dryer load is \$.50 - \$.75

\$3.00-\$6.00 per week

### **PERSONAL CARE ITEMS**

### **"FUN" MONEY**

### **PHONE BILLS**

phone

phone hookup deposit

long distance deposit

monthly long distance bill

internet server (AOL)

## TUITION MAY VARY DEPENDING UPON WHERE YOU LIVE.

- If you live in the county where a community college is located you will, in most cases, pay "in district" tuition.
- If you choose to go to a community college that is **NOT** located in the county in which you live, you will usually pay "out of district" tuition.  
i.e. You live in Holland and go to school at GRCC or MCC
- If you choose to attend a state-supported college or university, like FSU or WMU, because you live in Michigan, you will pay "in state" tuition. Students coming to Michigan colleges from other states pay higher "out of state" tuition.
- Out of state or out of district tuition is higher because your family is not paying taxes to support these schools.
- Usually private schools, like Baker, Hope, or Davenport, charge the same tuition to everyone, regardless of where they live.
- Tuition at private schools is almost always more than it is at publicly supported schools.

## HOW COLLEGE COSTS ARE FIGURED

**EACH CLASS IS ASSIGNED A CERTAIN NUMBER OF CREDITS**

**IN GENERAL, THE NUMBER OF CREDITS INDICATES THE NUMBER OF HOURS THE CLASS MEETS EACH WEEK**

**i.e. a 4 credit class meets for 4 hours**

**- M, T, W, Th, F from 9:00-10:00**

**- T, Th from 1:00-3:00**

**- W from 6:00-10:00**

**if the class has a lab connected with it, lab hours are usually in addition to lecture hours**

**FOR EACH DEGREE, YOU NEED TO TAKE A PRESCRIBED SEQUENCE OF CLASSES AND ACCUMULATE A CERTAIN NUMBER OF CREDITS TO QUALIFY FOR GRADUATION.**

**A FULL TIME STUDENT TAKES BETWEEN 12-16 CREDIT HOURS PER SEMESTER.**

**SOME SCHOOLS RUN 2 SEMESTERS, SOME RUN THREE TERMS PER YEAR + INTERIM AND SUMMER SESSIONS**

**TUITION IS DETERMINED BY THE NUMBER OF CREDITS YOU HAVE SIGNED UP FOR.**

**FUTURE FOCUS**



# **PLANNING YOUR FINANCES**

6. Write your essay or goal statement, if required. Carefully read the directions and be sure to cover what is asked for. If there is a minimum or maximum number of words, follow that guideline.
  - Ask someone to proof your writing then make appropriate changes.
  - Read your essay out loud to make sure it makes sense.
7. Prepare the final draft of your essay. Type or write legibly with black ink.
8. Assemble any other materials requested in the directions, i.e. slides of art work, examples of writing, portfolio, etc.
9. Make copies of all your materials. You may want to put everything in a file folder or pocket file for neat presentation.
10. Mail or bring the application to the individual indicated on the application. Be sure to allow time for mail delivery. Avoid faxing material in at the last minute. This does not create an impression of attention to detail and good time management!
11. Pray!

and you are working in a child care center, the director or your supervisor would be appropriate people to ask to write on your behalf.

- Be sure to give the people you ask to write recommendations for you the name, address where the recommendation should be sent. It is nice to provide a stamped, addressed envelope for this purpose. If the directions indicate there is something that should be addressed, write that down or copy the directions for your "recommender". If they need to fill out a form be sure to provide it. **ALWAYS GIVE THE PERSON AT LEAST ONE WEEK OR MORE TO COMPLETE A RECOMMENDATION.** Do not expect to ask someone for a recommendation the day before it is due!
- Follow up with the person just before the recommendation is due to be sure it has been completed and sent. Then write a thank you note to the person.
- Most applications ask for an official transcript. Again, don't wait until the last minute. Ask the guidance office to prepare the transcript and provide, in writing, where it should be sent. Again, follow-up to be sure it has been sent!
- Recommendations carry more weight if they are sent by the person writing the recommendation and not included with the application.

## ASSEMBLING THE SCHOLARSHIP PACKET

**IF YOU EXPECT TO BE AWARDED MONEY FOR YOUR EDUCATION, YOU NEED TO COMMIT YOURSELF TO SPENDING THE TIME AND ENERGY NECESSARY TO PRESENTING YOURSELF IN THE BEST POSSIBLE LIGHT. THIS IS A LONG, DEMANDING PROCESS. GIVE YOURSELF PLENTY OF TIME TO DO A GOOD JOB!**

- 1. Make a copy of the scholarship application. Use it as a practice copy.**
- 2. READ ALL DIRECTIONS!!**
- 3. Assemble all the information you will need to complete the application.**
- 4. Complete the application. Do not leave blanks! TYPE OR PRINT NEATLY USING BLACK INK. If you can't type, hire someone to complete the application for you.**
  - do not use white out
  - do not leave blanks
  - do not scratch out and write over
- 5. Assemble other supporting materials requested in the directions.**
  - Ask appropriate people to act as references for you.
  - Do not have relatives write letters of recommendation.
  - Ask individuals who know you and your abilities as they relate to the source of the financial aid; for example, if you are applying for a scholarship specifically for elementary education majors



Free Application for

Federal Student Aid (FAFSA) . . . . . The form used to apply for federal student financial aid, processed at no cost to the applicant. It is used to determine a student's eligibility for federal grant, loan, and work funds and most other need-based awards. In some cases a supplemental form that collects additional information is required by institutions and/or state agencies for awarding purposes. (Students should check on non-federal program requirements to determine whether a supplemental form is required.)

Grants . . . . . Awards based on financial need that do not require repayment. Grants are available through the federal government, state agencies, educational institutions, and private sponsors. Often referred to as gift aid.

Internships . . . . . A short-term, supervised work experience, usually related to a student's major field, for which academic credit is earned.

Loans . . . . . Funds available through lending institutions or schools, as well as private sources. Terms vary regarding eligibility on need or non-need basis, rate of interest, interest benefits, repayment period, and credit worthiness. "Traditional" loans are based on need, include interest benefits for the in-school period, and repayment after termination of studies. Newer, non-need-based loans generally require credit tests and repayment during the in-school period as well as all interest charges. Sometimes referred to as self-help aid.

- Merit-Based Awards . . . . . Awards to students who excel in academics, sports, leadership, music, art or dance, and meet sponsor-selected program requirements through audition, academic record, or recommendation.
- Need-Based Awards . . . . . Awards to students who demonstrate they and their family cannot pay for all of the cost of postsecondary education on their own.
- Scholarships . . . . . Non-repayable awards based on merit or merit plus need. Often referred to as gift aid.
- Student Aid Report (SAR) . . . . . The report sent to the student about four weeks after filing the Free Application for Federal Student Aid. This document shows the estimated family contribution and eligibility status for the Federal Pell Grant. If incorrect (incomplete) or outdated information exists, the form may be corrected and resubmitted for need calculation. This form is used by the school financial aid office to develop Pell Grant Awards and other financial aid considerations. Many students who are not eligible for Pell may still receive financial assistance from other programs.
- Work-Study Programs . . . . . Jobs that allow students to earn money toward their education while they are enrolled in school. (Students can sometimes get jobs related to their program of study.) Sometimes referred to as self-help aid.

## Common Financial Aid Terms

- Cost of Attendance** . . . . . Includes tuition and fees, on-campus room and board (or a housing and food allowance for off-campus students), and allowances for books, supplies, transportation, child care, costs related to a disability and miscellaneous (travel/personal) expenses.
- Expected Family Contribution** . . . . . The amount a student and his or her family are expected to pay toward cost of attendance. This amount is determined by a formula established by Congress; the formula includes factors such as taxable and non-taxable income, assets, family size, number in college, etc.
- Federal Methodology** . . . . . This is the name of the formula used by institutions, government agencies and most other financial aid sponsors to calculate the student's Expected Family Contribution. Some colleges vary the formula; this is only allowed for the distribution of institutional aid.
- Financial Need** . . . . . The amount by which cost of attendance exceeds the Expected Family Contribution.
- Financial Aid Package** . . . . . The total financial aid award a student receives. The aid may come from several sources; for example, federal, state, institutional and private. Various types of programs may be included; for example, scholarships, grants, work-study, loans, and fellowships.

## Financial Aid Programs Administered at State Level



The State of Michigan also has several programs for students. They are:

### *Michigan Tuition Grant*

- 1994-95 maximum award: \$1,975
- Limited to students attending an independent non-profit Michigan school
- Must demonstrate financial need

### *Michigan Competitive Scholarship*

- Maximum award: \$1,200
- Can be used at any two-year or four-year Michigan public or private school
- You must achieve a qualifying score on the ACT exam **and**
- You must demonstrate financial need

### *Paul Douglas Teacher Scholarship*

- Scholarships for outstanding high school graduates (top 10%) who are interested in teaching
- \$5,000 annual maximum
- Four-year limit
- Two years of teaching required for each year of scholarship



- Michigan Alternative Student Loan Program
- Minimum: \$1,500
- Maximum: \$10,000 (per nine-month period). Cumulative program maximum: \$50,000
- The borrower has the option of choosing between a fixed rate of 8.4% or a variable interest rate capped at 9%.
- Minimum monthly payment is \$50
- Maximum repayment period is 15 years
- There is a \$60 non-refundable application fee
- Self-Test advised
- For additional information call: 1-800-877-5659 or contact your college financial office.

## **Federal PLUS Loan**

- Borrowers are parents of dependent undergraduate students
- Loan limits:
  - Cost of attendance less other aid
  - No aggregate limit
- Interest rate varies annually; for loans made on or after July 1, 1994, currently 8.38% for borrowers who have no outstanding loans; rate not to exceed 9%; currently 8.53% for all loans to borrowers who have outstanding loans made prior to 10/1/92; rate not to exceed 12%; currently 8.38% for all loans to borrowers who have outstanding loans made on or after 10/1/92; rate not to exceed 10%
- Repayment begins within 60 days after disbursement; only principal is deferred but interest may be capitalized
- A credit test is necessary

## **Federal Direct Student Loan**

A new program (the Federal Direct Student Loan Program (FDSLPL)) which consists of Federal Direct Stafford Loans (subsidized and unsubsidized) and Federal Direct PLUS Loans (previously described in this booklet). The difference is that the U.S. Department of Education is the lender (rather than a bank or credit union) and delivers loan proceeds through the school. All loan repayments will be made to the Department, rather than to several lenders.

The first direct loans will be made for periods of enrollment beginning on or after July 1, 1994. **However, only a small number of schools will be participating in the Federal Direct Student Loan Program for 1994-95. Check with your institution to see if they currently participate.**

## **Other Sources of Federal Financial Aid**

### **Federal Health and Human Services (HHS) Programs**

- Nursing Student Loans (NSL)



- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)
- Exceptional Financial Need Scholarships
- National Health Service Corps (NHSC) Scholarships
- Financial Assistance for Disadvantaged Health Profession Students (FADHPS)

Contact: college financial aid office.

## Federal Financial Aid Programs

<p style="text-align: center;"><b><i>Federal Pell Grant Program</i></b></p> <ul style="list-style-type: none"> <li>■ Gift assistance for needy undergraduates pursuing a degree</li> <li>■ 1994-95 maximum: \$2,300</li> <li>■ Student will receive an individual Student Aid Report (SAR)</li> </ul>	<p style="text-align: center;"><b><i>Federal Perkins Loan</i></b></p> <ul style="list-style-type: none"> <li>■ Loans made to undergraduate or graduate students who demonstrate eligibility</li> <li>■ Interest rate: 5%</li> <li>■ Nine-month grace period prior to repayment</li> <li>■ Deferment and cancellation provisions</li> </ul>
<p style="text-align: center;"><b><i>Federal Supplemental Educational Opportunity Grant (SEOG)</i></b></p> <ul style="list-style-type: none"> <li>■ Gift assistance for needy undergraduates pursuing a degree</li> <li>■ Priority given to Pell Grant recipients</li> <li>■ \$100 minimum</li> <li>■ \$4,000 maximum</li> </ul>	<p style="text-align: center;"><b><i>Subsidized Federal Stafford Loan</i></b></p> <ul style="list-style-type: none"> <li>■ Funds are for undergraduate or graduate students who demonstrate eligibility</li> <li>■ Variable interest rate; not to exceed 8.25%; currently 7.43% for first time borrowers with loans made on or after July 1, 1994</li> <li>■ Government pays interest until repayment begins</li> <li>■ Grace period and deferment period</li> </ul>
<p style="text-align: center;"><b><i>Federal Work-Study (FW-S)</i></b></p> <ul style="list-style-type: none"> <li>■ Work opportunities provided for needy undergraduate or graduate students</li> <li>■ Jobs available on or off campus, or with</li> <li>■ Private non-profit organization, or with</li> <li>■ For-profit organization in academically relevant jobs</li> <li>■ Increased emphasis on community service program</li> </ul>	<p style="text-align: center;"><b><i>Unsubsidized Federal Stafford Loan</i></b></p> <ul style="list-style-type: none"> <li>■ Funds are available to students who do not show need</li> <li>■ Variable interest rate; not to exceed 8.25%; currently 7.43% for first time borrowers with loans made on or after July 1, 1994</li> <li>■ <b>Student pays interest beginning at time of loan disbursement</b></li> <li>■ Principal can be deferred and interest may be capitalized</li> </ul>



Once the EFC has been calculated for you and your family, it will remain the same. The cost of the various institutions you may wish to attend is the cost that will vary.

The following chart shows how the cost of attendance at the school will affect your need for assistance.

<b>Expected Family Contribution = \$3,000.00</b>			
<b>In Michigan</b>			
	<b>School A (Community College)</b>	<b>School B (4-yr. Public)</b>	<b>School C (4-yr. Private)</b>
<b>Cost</b>	\$5,000.00	\$9,000.00	\$15,000.00
<b>EFC</b>	-\$3,000.00	-\$3,000.00	-\$ 3,000.00
<b>Need =</b>	<b>\$2,000.00</b>	<b>\$6,000.00</b>	<b>\$12,000.00</b>
<b>Student may receive</b>	<b>\$2,000.00</b>	<b>\$6,000.00</b>	<b>\$12,000.00</b>
<b>Family pays</b>	<b>\$3,000.00</b>	<b>\$3,000.00</b>	<b>\$ 3,000.00</b>

Once you have decided on a postsecondary school and you have demonstrated need, it becomes the responsibility of the financial aid officer at

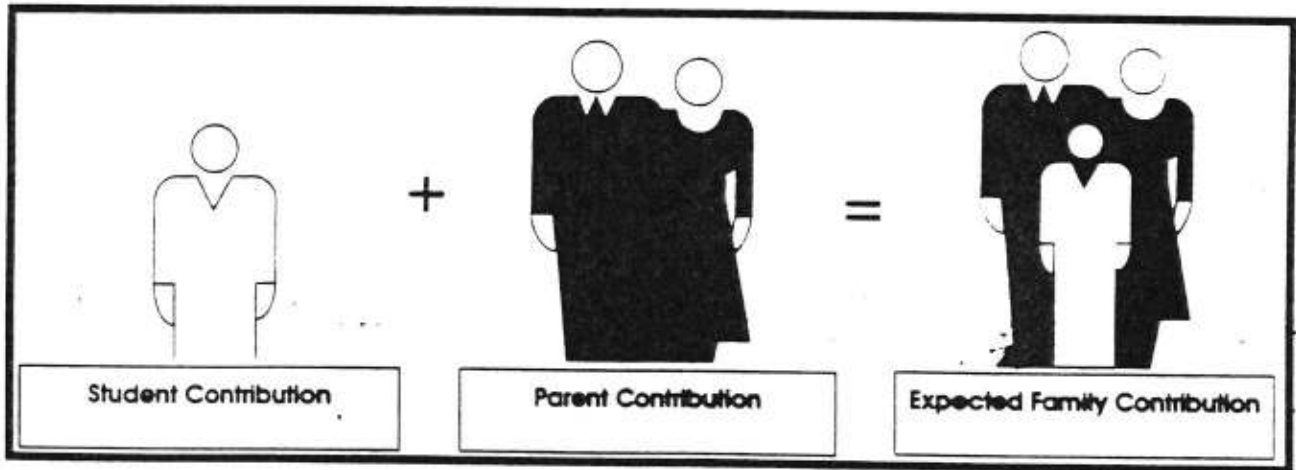
your school to meet your need as funding permits. There are several federal programs they may use to meet your need.

Students are also expected to contribute toward educational expenses. This process is slightly different than the calculation for parent income.

**Determining student contribution:**

	Total income (taxable and nontaxable) ( <i>actual</i> )	
-	Taxes paid ( <i>actual</i> )	
-	Income protection allowance (\$1,750)	
x	50% assessment rate	
<hr/>		
=	Income contribution from student	
+	35% of student assets	
<hr/>		
=	<b>Student Contribution</b>	

Add the parent contribution and the student contribution together to get the Expected Family Contribution.



Remember, the formula for determining need is:

	Cost of Attendance	
-	Expected Family Contribution (EFC)	
<hr/>		
=	Financial Need	





## Federal Methodology (Dependent Student Formula) (See your college financial aid officer for other formulas.)

To determine the parent contribution, the following three (3) steps are used:

### 1. Determining available parent income:

	Total income (taxable & nontaxable) ( <i>actual</i> )
-	Taxes ( <i>actual</i> )
-	Income protection allowance (maintenance) ( <i>standard chart</i> )
-	Employment expense allowance ( <i>standard chart</i> )
=	<b>Available Income</b>

This is the portion of your income that will be used in the determination of need.

### 2. Determining available parent assets:

	Cash, savings, checking accounts ( <i>actual—list of what is in accounts at the time the application is filed</i> )
+	Adjusted farm/business net worth ( <i>actual</i> )
+	Real estate/investments equity ( <i>actual</i> )
-	Asset protection/education savings allowance ( <i>standard chart</i> )
x	Asset conversion rate (12%)
=	<b>Income Supplement</b>

This amount, derived from total assets, will be used in the calculation of need.

### 3. Determining portion of available income and assets for education:

	Available income	
+	Income supplement	
=	Adjusted available income	
x	Assessment rate ( <i>standard chart</i> )	
=	Total parent contribution	(*This can be other dependent children
+	Number attending college*	or the parent(s) as long as student is
=	<b>Parental Contribution for Student</b>	enrolled at least 1/2 time in a degree-
		granting program.)

This is what the parent of a dependent student should be able to contribute toward expenses.

later, a comparable school offered a better package. There was nothing my client could do, however, since his child had already committed to the first school.

**Strategy:** Keep your options open as long as possible. Don't disclose your intentions to any school until you have to. If you're going to negotiate a better deal, your strongest leverage is to have a competitive package from a similar-caliber school. There's no advantage to responding to the school before its deadline. Had this client waited, he could have used the second aid package as a bargaining chip to get a better deal from his first choice.

**Mistake: Waiting until your child's senior year of high school to think about financial aid for college.** Then parents and student may get nervous - and important decisions may be made emotionally and in haste.

**Solution:** Start thinking about your financial aid eligibility when your child is in 10th or 11th grade. Try to determine how your income, assets, debts, expenses and retirement provision will affect your eligibility. Consult one of the financial aid/college money guide books. Make sure it contains worksheets and formulas used to determine eligibility as well as specific planning strategies. Or hire an independent aid consultant. Also start looking into how different types of schools distribute aid.

**Example:** The criteria for state schools are much different than those for private schools.