Aiming Towards a College Degree

Chapter Outline

LESSON 1
Financing for College

LESSON 2
Selecting a College

LESSON 3
Navigating the Testing Maze

LESSON 4
Essays, Interviews, and Campus Visits

“Education is the best provision for old age.”

Aristotle, ancient Greek philosopher, whose writings covered many subjects, including physics, poetry, theater, music, and logic
“Next in importance to freedom and justice is popular education, without which neither freedom nor justice can be permanently maintained.”

James A. Garfield, 20th President of the United States

Quick Write

How much do you think it costs to go to a college or university? Make a short list of ways you can get the money you need to attend a school of your choice. Try to cover all possible expenses, and reflecting on what you’ve learned about financial planning, separate your needs from your wants.

Costs of College

A college degree can lead to a great future. As you know, it can open the door to hundreds of careers—as a doctor, a lawyer, an engineer, or a military officer, for example. But you’ve probably heard that college can cost a lot. In some cases, that’s true. At some colleges, tuition, or the fee for instruction, can cost over $50,000 a year. Most colleges, however, cost far less. In fact, only a small fraction of US students attend colleges where the annual tuition is $33,000 or higher. According to the College Board, a nonprofit organization, 50 percent of full-time students pay less than $10,000 for tuition per year.

Tuition is not the only cost of college. If you’re no longer living at home, you will also have to pay room, the cost of a place to live, and board, the cost of food. You’ll have other expenses as well. In college, unlike high school, you’ll have to pay for books. You will pay laboratory, library, and medical fees. And then there’s the cost of transportation. Some students have cars on campus. That means fuel, repair, parking fees, and insurance costs. If you don’t have a car and your college is a good distance from your home, you’ll have long-distance travel expenses whenever you go home for vacation.

But if you want to go to college, don’t be discouraged by all those costs. In 2011–2012, $178 billion in financial aid was awarded to help students pay for college. This financial aid is available from a variety of sources. In this lesson, you’ll learn about the costs of college and how to get financial aid to cover those costs.
Two-Year Colleges

The least expensive option for higher education is usually a two-year college. This can be a community, junior, or technical college. Technical colleges are often more expensive than community colleges. If you attend a two-year college, you can earn an associate's degree after two years of study. A two-year degree does not prepare you for as many careers as a four-year degree does. However, if you are not sure whether a four-year college is right for you, this option is worth considering.

Attending a two-year college, then transferring to a four-year school can help keep your costs down. In addition, attending a two-year college to take general education requirements such as math and science can give you some additional time to decide on a major prior to transferring to a four-year college. It can also provide additional sources to help you decide on a direction for a career path, and a four-year college you would like to attend to help meet your career path goals.
Additionally, two-year colleges often have convenient options for students with jobs and other obligations, including online degree programs. According to The American Association of Community Colleges, forty-four percent of all college students attend two-year colleges.

A year of tuition at a public community college in the United States in 2011–2012 cost an average of $2,963. This was the average fee for an in-state resident, or a legal resident of the state in which the college is located. Out-of-state students, or students who are not legal residents of the state in which the college is located, paid on average an additional $5,175 for tuition at community colleges. For example, if you live in Illinois and go to a community college in Illinois, you will pay the in-state rate. But if you live in Indiana and go to a school in Illinois, you will pay a much higher out-of-state rate, unless the states have special agreements. Since most students at community colleges live at home, they save a lot on room and board as well as tuition (see the tuition averages for four-year schools below). If you make that choice, you may be able to use the money you save to complete the last two years of your education at a four-year college.

**Four-Year Colleges and Universities**

Four-year colleges and universities are more expensive than two-year schools. For the 2011–2012 school year, average tuition at a public university, or an institution of higher learning that is operated and funded by the state in which it is located, was $8,244 for in-state residents. Out-of-state residents paid an average of $20,770—that’s $12,526 more. Average annual tuition at a private university, or an institution of higher learning that is operated by a private organization, was $21,235.

Private universities have to charge higher tuition costs than public schools because they receive no money from the state. Because these schools do not receive state funds, they charge all students the same rate, regardless of where they are from. Therefore, the amount you’ll have to pay depends on which college you attend.

It’s a good idea to start thinking about your preferences now. Will it be a two-year or a four-year school? Public or private? In-state or out-of-state? Start to put together a list of possibilities, and then get cost information from the website of each college you’re thinking about. And don’t forget that while tuition is usually the biggest cost, it’s not the only one.

**Sources of College Funds**

You or your family may already have saved enough money to pay for your college. If so, you have a lot for which to be grateful. Most young people, however, have to find the money to finance their college educations. Fortunately, once they start looking, they find many sources of financial aid—so many, in fact, that it takes time and patience to sort through them. According to the College Board, the average undergraduate
received $12,000 in financial aid in 2011. There is plenty of financial assistance available out there! However, finding and applying for the right form of the help will take a lot of work on your part. If you are planning to go to college, start your financial preparation early—at least by the spring of your junior year. This section describes the major sources of financial assistance for college students. They include scholarships, grants, and loans.

**Scholarships and Grants**

Scholarships and grants are types of student financial aid that you do not have to repay. Scholarship recipients are usually selected based on academic, athletic, or artistic merit. Grant recipients are usually selected based on their financial need. College students receive millions of dollars in scholarships and grants each year.

Most scholarships go to students with special qualifications, such as academic, athletic, or artistic talent. Scholarships are also available for students who want to pursue a particular field of study, such as architecture, chemistry, or literature. Members of particular groups, such as religious, ethnic, military, or community groups, may also be eligible for certain scholarships. For example, your church denomination may offer a scholarship to a private college affiliated with your denomination. Or the local Elks Lodge or Rotary Club very likely offers scholarships for students from the local community. Scholarships are available for students who live in certain areas of the country or who demonstrate financial need. Good grades are important, but you don’t have to have a 4.0 grade point average (GPA) to get a scholarship. Scholarships are out there, but finding the one that is right for you will take some work.

**success TIP**

The keys to financing your college education are patience and research. If you’ll follow the strategies in this lesson, you will find financial aid to support your goals for your education and career.

Good grades are important, but you don’t need a 4.0 grade point average to get a college scholarship.

*Courtesy of: (left) Jannis Werner/Alamy; (right) Andresr/Shutterstock*

**LESSON 1  Financing for College**
Finding Information on Scholarships

To find out which scholarships you might qualify for, talk to your high school guidance counselor, campus career center, or go to your school library or a public library. You can also search the Internet for scholarships. In doing your own search, however, beware of information overload. Ask someone with a little experience (a parent, librarian, teacher, or even a friend who has applied for scholarships before) to help you get started on your search. Even though the Internet puts a tremendous amount of information at your fingertips, you still have to sort through it to determine which information applies to you.

If you have already decided which colleges you will apply to, contact each school’s financial aid office for lists of their scholarship programs. Many schools also have their own financial aid programs.

Many small local scholarships sometimes aren’t listed in books or databases. To learn about these opportunities, look for notices on bulletin boards at your school’s guidance office, in a public library, or outside the financial aid office at nearby colleges and universities.

Applying for a Scholarship

Once you’ve identified scholarships for which you think you are eligible, request the application forms. Look carefully at the application requirements. Do you meet all of them? If not, is there a way you can? For example, if an application calls for a 3.7 GPA and you have a 3.6, can you raise your GPA before the deadline? Many scholarships are very competitive—with one award for every 500 applicants.

Scholarship Information Resources

Scholarship information is free, and there’s lots of it out there on the Web. Two good places to start are:

- **www.deca.collegeoptionsfoundation.net/*—This website, provided by the College Options Foundation, allows parents and students to order DVD packages that assist in the search for college financing. (These materials are presently available for JROTC programs through WINGS.)
- **http://hsfpp.nefe.org/*—The National Endowment for Financial Education (NEFE) provides free materials to assist with career preparation. This foundation supports JROTC programs with educational materials.
- **www.fastweb.com/*—This website, affiliated with Monster.com, matches students to scholarships at no charge
- **https://bigfuture.collegeboard.org/scholarship-search*—This College Board website also helps you search for financial aid

To find more sources of scholarship information online, just type “scholarships” into your favorite search engine and go from there.
On the other hand, your chances of getting some kind of scholarship as a full-time undergraduate are about 1 in 8, according to FinAid, a free financial aid planning resource. Whatever kind of scholarship you might pursue, you should do everything you can throughout high school to make your academic record look good to the people who will evaluate your application. Answer all the questions completely. Don’t give up if you are rejected. Apply for multiple scholarships. One thing is for sure: If you never apply for a scholarship, you’ll never get one.

In your quest for a scholarship, be careful! Every year, scholarship scams defraud several hundred thousand students and parents. The victims of these scams lose more than $100 million annually. Scam operations often imitate legitimate government agencies, grant-giving foundations, education lenders, and scholarship matching services. They use official-sounding names containing words such as National, Federal, Foundation, or Administration. In general, be wary of scholarships with an application fee, scholarship services that guarantee success, scholarship-search services that charge a fee, advance-fee loan offers, and sales pitches disguised as “financial aid seminars.”

**US Government Grants**

**Pell Grants**

If you need money to finance your education, a federal Pell grant might be one of your best options. Pell grants are need based, which means funds are given to students who have a documented need. To apply for a Pell grant, you must complete the Free Application for Federal Student Aid (FAFSA) form. It is available online at www.fafsa.ed.gov. Fill out the FAFSA form as soon as you can after January 1 of the year you will start college. To complete the form, you’ll need your most recent tax forms along with those of your parents or guardian, as well as your Social Security number. Once you submit your application, the US Department of Education will determine whether you are eligible. In reviewing your application, it will look at the amount that your family can afford to contribute to your education. It will take into account your family’s income during the past year, current assets, and expenses. The maximum Pell grant for the 2012 school year was $5,700. This maximum can change from year to year.
Federal Supplemental Educational Opportunity Grants

Another US government grant is the Federal Supplemental Educational Opportunity Grant (FSEOG). The FSEOG is for students with exceptional financial need. It gives priority to students who receive Pell grants. You can receive between $100 and $4,000 a year for a FSEOG, depending on when you apply, your need, and the policies of your school’s financial aid office. But you have no guarantee of a FSEOG, even if you qualify. Each school receives enough money from the government to pay for all its Pell grantees, but the government does not guarantee money for every FSEOG applicant.

US Government Loans

Scholarships and grants often don’t cover all college expenses, and many students do not receive them at all. Federal government loans offer another means of financing your education. These loans have low interest rates and do not require credit checks or collateral. They have a variety of repayment terms. Such loans are very popular—in fact, two-thirds of undergraduate students graduate with some debt. The average federal student loan debt among those who graduated in a recent year was $20,500, according to the 2007–2008 National Postsecondary Student Aid Study. Keep in mind that these loans are only for tuition and other education-related expenses, and you cannot borrow any more than you need to cover those expenses. That means, for example, that even if you qualify for $10,000 more than your tuition and fees, you cannot borrow an extra $10,000 in order to buy a car.

To learn more details about the following guidelines and the most current limits and rates, visit the Department of Education’s Student Aid website (studentaid.ed.gov). The following describes federal loans available for students and students’ families.

Stafford Loans

The most common federal loan for students is the Stafford loan. A Stafford loan may either be subsidized, meaning the government pays the interest while you’re in school, or unsubsidized, meaning you pay all the interest. Unsubsidized Stafford loans are available to all students. To receive a subsidized Stafford loan, you must demonstrate financial need.

Many students combine subsidized loans with unsubsidized loans to borrow the maximum amount permitted each year. These limits vary based on whether or not you are financially and legally a dependent of your parents (or someone else). Through a Stafford loan, you can borrow up to $5,500 your first year and a little more each year after that, up to a maximum subsidized loan of $23,000 for four years, with an interest rate (before July 1, 2012) of 3.4 percent. The maximum unsubsidized (or combined) loan amount is $31,000 for those students receiving financial support from another person such as a family member, or $57,000 with a current interest rate of 6.8 percent for independent students who receive no financial support. Many of these limits and rates change from year to year.
You can defer payments on an unsubsidized Stafford loan until after graduation by capitalizing the interest. **Capitalizing** means *adding the interest payments to the loan balance*. Capitalizing will relieve you from repaying your debt while you are still in college, but it will increase the overall amount of your debt. Keep in mind as well that although you can receive a much higher loan if it is unsubsidized, the interest rate is double that of the subsidized loans.

**Perkins Loans**

Perkins loans are awarded to students with exceptional financial need. Although funded through the federal government, they are offered through a college or university’s financial aid office. Perkins loans are subsidized—the federal government pays the interest while you are in school. In 2012, the interest rate was 5 percent. The student financial aid office at your college or university will determine the amount of a Perkins loan you receive. The maximum is $5,500 per year for undergraduate students, for a maximum total loan of $27,500.

**Parent Loans for Undergraduate Students (PLUS)**

Your parents or a stepparent can also take out loans to help with your education. They can do this through the Parent Loan for Undergraduate Students (PLUS) program. Like Stafford loans, PLUS loans come from the Department of Education. PLUS loans have variable interest rates, with a current maximum of 7.9 percent. Repaying them is the parent’s financial responsibility, not the student’s.

**Applying for US Government Loans**

To apply for a Stafford, Perkins, PLUS, or any other federal government loan, you must submit the FAFSA, the same form that you fill out for the Pell grant. The form is online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). You only have to fill out the FAFSA once, even if you are applying for several loans and grants.

**Private Loans**

Government loans are the best deal for students because of their lower interest rates and because of the opportunity to have all or a portion of the loan subsidized. If you’ve taken maximum advantage of these loans and still need money, however, you may consider a private lender such as a bank, credit union, or other private company.

Private lenders sometimes charge fees (in addition to interest) when they make loans. These fees can substantially increase the cost of the loan. If you can get a loan with a low interest rate but high fees, you might end up paying more for the loan than if you had a higher interest rate with no fees. A good rule of thumb is that fees equal to 3 percent of the total you are borrowing will cost you about the same as a loan with a 1 percent higher interest rate.
Just how much are those lending fees? To illustrate, if a student wants to borrow $9,000 with a fee of 1 percent, he or she will pay a fee of $90; if the fee is 8 percent, the fee will be... got your math gears turning?... $720. Remember, these add to your loan repayment amount in addition to the interest, so think carefully through the pros and cons of each loan you are considering. The difference in fees depends on the student’s credit rating or that of his or her parents, guardian, or cosigner. In an effort to do business with students, lenders sometimes advertise a low interest rate during the in-school and grace period. After you graduate, however, they raise the rate. Be sure to read the loan agreement very carefully.

Other Sources of Financial Aid

In addition to the scholarships, grants, and loans described above, there are several other sources of financial aid:

- **Federal aid**—The US government offers a number of student aid programs in addition to those described above. To find out about any federally supported student grant or loan program, contact the Federal Student Aid Information Center. The center’s phone number is 1-800-4-FED-AID (1-800-433-3243). Its website is www.studentaid.ed.gov.

- **State aid**—Your state may offer scholarship or grant money for education. When you complete the FAFSA, the federal government will automatically forward your information to the appropriate agency in your state.

- **Federal Work-Study Program**—This program provides part-time jobs for college students with financial need, which allows them to earn money to help pay their education expenses. You’ll earn at least the current federal minimum wage or more, depending on the type of work you do and the skills required. You can apply for a work-study program through the FAFSA.
• **Military programs**—Military service members are also eligible for several tuition-support programs. ROTC scholarships can be a great advantage for someone who wants to enter the armed forces after college, offering full or partial tuition and a commission as a United States military officer. In addition, service academies such as the US Naval Academy, US Military Academy (West Point), US Coast Guard Academy, and US Air Force Academy offer a high quality, fully funded education and a commission as an officer. Military members, both current and veterans, can also receive tuition support in exchange for a term of service. For further information on veterans’ education benefits, visit [http://www.gibill.va.gov/resources/student_handouts/](http://www.gibill.va.gov/resources/student_handouts/).

• **College-controlled aid**—Many colleges offer their own scholarships, tuition-payment plans, and other forms of aid. Contact the financial aid office of the colleges you intend to apply to for information.

• **Scholarship lotteries**—A number of websites give money away to students for their college education. Your chances of winning are small, however, because so many people participate. You can access these sites free of charge, but if you do, they will probably sell your e-mail address, and you may receive unsolicited messages.

### Planning to Finance a College Education

Now that you have the basic information on college costs and sources of funds, how should you start planning? As mentioned above, the best place to start out is your high school guidance counselor or career center. Your public library will also have information. Surfing the Web will yield lots of good information as well.

Once you’ve completed this background research, decide what kind of college you want to attend. If it’s a community college and you intend to live at home, your costs will be relatively low. If it’s a public college in another state or a private college, your costs will be much higher. If you’re not sure which college is best for you, choose your highest-cost option, and start planning for that. Then if it turns out you need less money than you thought, you’ll be in great shape.

Next, talk to people in the financial aid offices of the schools you intend to apply to. Ask them what kinds of aid they offer. Once you are accepted at a college, they should work closely with you to make sure you have the funds you need. In most cases, the college wouldn’t accept you for admission if it weren’t willing to help you find the money to pay for your education. At the same time, start collecting information on specific scholarships, grants, loans, and other sources of money. Note the requirements and application dates of each source. Talk to your high school counselor or career center about aid sources available in your community.
Then start applying. Complete the FAFSA shortly after January 1 of your senior year. This form opens the door to many sources of financial aid. The government will forward your information to the schools you are applying to as well as to several sources of funding. When completing the form, be honest. You may use student loans for educational purposes only. Giving false information is a criminal offense. Be sure to keep copies of all the application forms that you submit.

Finally, borrow only what you need. Remember, you or your family must repay any loans you take out. And when you begin repaying, keep your payments up to date—failing to do so will affect your credit rating.

As part of your planning, you should talk to people in the financial aid offices of the schools you intend to apply to.

Courtesy of Davis Barber/PhotoEdit
Lesson 1 Review

Using complete sentences, answer the following questions on a sheet of paper.

1. What do the basic costs of college include?
2. What is the difference between a public university and a private university?
3. What is the main advantage of a scholarship over a loan?
4. What is the difference between a subsidized and an unsubsidized loan?
5. What are three financial aid programs you can apply for through the FAFSA?
6. What are three sources of aid other than scholarships, grants, and loans?

APPLYING FINANCIAL-AID SKILLS

7. Say you need a $10,000-a-year loan to cover costs at the college you’ve decided to attend. Do research to identify scholarships that you might qualify for that would enable you to obtain the funds you need.