

KEY COLLEGE FUNDING DATA 2019–2020

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Roadmap to Affording College

- ❑ Consider taking SAT or ACT test prep classes after sophomore year.
- ❑ Determine your Estimated Family Contribution (EFC) with the free calculator at CollegeBoard.org. Your EFC is the minimum you are expected to pay for one year of college.
- ❑ Get a financial analysis from an advisor to determine how you'll pay for college.
- ❑ Build a wide list of schools based on location, size, majors, etc.
- ❑ Narrow list by using each school's net price calculator to see what your estimated price would be after aid and/or scholarships are deducted.
- ❑ Start visiting schools in junior year, ideally while class is in session. See if schools require an interview.
- ❑ Begin your college application essay no later than the summer before senior year. Common App prompts are released in the spring.
- ❑ Weigh pros and cons of early action/early decision.
- ❑ Complete your Federal Application for Student Aid (FAFSA) and CSS Profile early, starting October 1. Check Student Aid Report that you'll get online days after FAFSA is sent.
- ❑ Make a list of all admission and financial aid application requirements for each school (supplemental essays, CSS Profile, etc.) and keep track of deadlines.
- ❑ Compare award letters and consider appealing for more aid.
- ❑ Complete the FAFSA and other aid applications each year throughout college.
- ❑ Review loan options if needed and learn about interest deferral and repayment schedules.

FAFSA and EFC

- Completing the FAFSA, as well as the CSS Profile for many private colleges, is the only way to qualify for need-based financial aid.
- 75% of families complete the FAFSA—average completion time: 31 minutes.
- File early to increase chances of getting aid on a first-come, first-served basis.
- The FAFSA uses your prior-prior tax returns. Families applying for aid in 2020 will use 2018 returns.
- Two or more children in college at once reduces a household's EFC and boosts aid chances.

Applying for Financial Aid

- Recent average aid: \$14,790—\$8,970 in grants; \$4,580 in loans and work-study; \$1,240 in tax credits and deductions
- Financial aid trap: colleges might reduce the financial aid package by the amount of an outside scholarship.

Admissions

- Only 38% of colleges met new student enrollment goals by May 1 in 2018.
- Biggest admission factors: college prep grades, strength of high school curriculum, and SAT/ACT scores
- “Showing demonstrated interest” can be important, too: ask for materials, visit the school, email the admissions officer, and follow the school on social media.
- A growing number of test-optional schools can be found at FairTest.org.
- Early decision (ED) and early action (EA): Both involve early application deadlines. With ED, you promise to attend the college if accepted, while EA is nonbinding.
- 75% of students get into their first-choice college, according to a UCLA survey.

Award Letter Confusion

- Award letters are confusing and misleading. A 2018 study found:
 - » Over 33% of letters didn't include cost information.
 - » 136 unique terms for federal student loans including 24 that didn't include the word "loan."
 - » 15% of letters included parent loans as an "award."
- Definitions are important: grants and scholarships are free money, while loans must be repaid. To qualify for a work-study job, you must complete the FAFSA and check the work-study box.

Appealing Aid

- College is a buyer's market: you can appeal financial aid and merit awards.
- An appeal can continue after the official deposit deadline (May 1).
- Share competing offers—but don't use the word "negotiate."

Tuition, Expenses, and Graduation Rates

- 80% of students at private schools get an institutional price cut—an average tuition discount of 56.7%.
- 30% of students at public schools get an institutional price cut.
- Average tuition—public in-state: \$10,230 (out-of-state \$26,290); private: \$35,830
- Average cost per credit hour is \$594—120 credits typically needed.
- Average room and board: \$11,140 public; \$12,680 private
- Average books and supplies: \$1,240
- Average family in 2017 spent \$26,458:
 - » 47% covered by family income and savings
 - » 28% covered by scholarships and grants
 - » 24% covered by borrowing
- National 4-year grad rate: 45% (F), 35% (M)
- National 6-year grad rate: 63% (F), 57% (M)
- Roughly a third of students at four-year private and public colleges end up transferring.

Borrowing and Loans

- 2019 federal student loan rates—Undergraduate Subsidized and Unsubsidized Direct Loans: 4.53%; Graduate and Parent PLUS Loans: 7.08%
- 69% of 2018 students graduated with debt.
- Average debt: \$25,550 (public school); \$32,300 (private school)
- Latest data shows 10.8% defaulted on student loans.

Scholarships and Grants

- Most scholarships are based on merit—awarded for proven academic, athletic, or other ability.
- Many scholarships require maintaining a certain GPA to continue receiving aid.
- Most grants are awarded based on the family's financial situation.
- Discover a college's average need-based aid package and merit scholarship by looking at a school's profile on CollegeBoard.org and clicking on the *Paying* link.
- Public universities often post merit award requirements on their website.

Tax Credits

- American Opportunity Tax Credit: up to \$2,500 per child for eligible parents for 4 years.
- Lifetime Learning Tax Credit: up to \$2,000 for any taxpayer for any number of years.
- You can only get one tax benefit for the same educational expenses, including tax-free withdrawals from a 529 savings plan.

Resources

CollegeBoard.com

COLLEGEdata.com

Federal College Navigator

CollegeResults.org

EducateToCareer.org

ScholarshipStats.com

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