

Step  
**6**

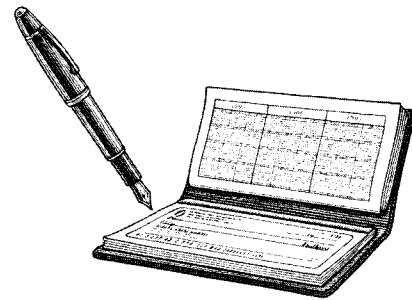
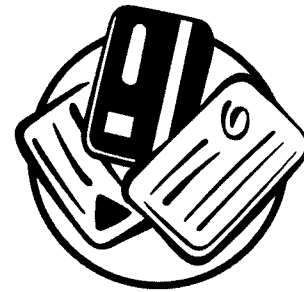
## Determine Your Financial Plan For College

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- Calculate institutional costs
- Investigate **all** possible resources--

- Parents
- Savings
- Summer earnings
- Financial aid
  - Scholarships
  - Grants
  - Loans
  - Work Study
- Other Sources



- Secure necessary forms and note deadlines

- Apply for financial aid as early as possible

*Don't eliminate any college because of costs!*

# STEP 6

## Plan for financing your college education



For most students, college costs are an important factor in the planning process. You may find it helpful to use the chart below to estimate costs.

Here's a good method of estimating the actual costs of attending the institutions you are interested in:

1. Determine the direct costs (tuition and fees and books and supplies). You should be able to get this information from the college admissions office, financial aid office, catalog, or directory. Out-of-state students frequently pay higher tuition at public colleges than do in-state residents. The cost of books and supplies generally varies by the academic program in which you enroll.
2. Determine the indirect costs (room and board, transportation to and from home, and such miscellaneous expenses as clothing, laundry, entertainment, and recreation). Room and board in a college dormitory will probably cost more than room and board at home. If you choose or are required to live in a dormitory, you should be able to learn the cost of this expense from the same source you used to find out tuition and fees. Transportation costs and miscellaneous expenses will depend on where you live and your spending habits.
3. Add up your estimates for each budget item. Don't panic when you see the totals!

College is expensive, but it's also an investment in your future. Before making further decisions about what you can and can't afford, spend a few minutes analyzing your resources. The "Estimated funds available" chart on the next page may be useful for this purpose.

### Estimated expenses for one year of college

Budget item	Average annual range
Tuition and fees	\$1,500 - 30,000
Room and board	\$2,800 - 9,000
Books and supplies	\$ 350 - 700
Transportation	\$ 600 - 900
Miscellaneous (clothing, laundry, entertainment, and recreation)	\$ 600 - 1,000
Total	\$5,850 - 41,600

Estimated funds available	
<b>Your resources</b>	<b>Estimated amount</b>
Savings and other assets (36% per year)	\$ _____
Summer earnings	\$ _____
Part-time work during school year	\$ _____
Miscellaneous (VA benefits, Social Security)	\$ _____
<b>Your total resources</b>	\$ _____
<b>Parents' resources</b>	<b>Available to you</b>
From their current income	\$ _____
From college savings (total amount divided by years of education planned)	\$ _____
Miscellaneous (insurance, annuities, stocks, trusts)	\$ _____
<b>Parent's total resources</b>	\$ _____
<b>Total estimated resources available</b>	\$ _____

Although you and your family have the primary responsibility for financing your college education, financial assistance may be a possibility. Since many students whose resources fall short of college costs receive financial aid of some type, don't automatically assume you're ineligible until you explore all the options.

Basically, there are four types of financial assistance: **Scholarships** - Nonrepayable awards based on merit or merit plus need **Grants** - Nonrepayable awards based on need **Loan** - Funds loaned through a lending institution with interest rates that are usually reasonable (Loans may be guaranteed by the federal government in which case the government pays the interest on the loan while the student is in school.) **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.)

Sources of financial assistance include the federal government, state agencies, professional and service organizations, private foundations, and individual post-secondary schools. Your school guidance counselor can help you determine the programs you may be eligible for and how to apply. You may choose to contact the Missouri Coordinating Board for Higher Education (101 Adams Street, Jefferson City, MO 65101; telephone 314/751-3940) for information about financial assistance awarded through this office.

**Some useful financial aid publications:**

Applying for Financial Aid. ACT Financial Aid Services (P.O. Box 188, Iowa City, IA 52243).

The As and Bs of Academic Scholarships. 14th ed. Octameron Associates (P.O. Box 3437, Alexandria, VA 22302).

The College Cost Book. 1992-93. 13th ed. College Board Publications (P.O. Box 886, New York, NY 10101).

College Grants from Uncle Sam: Am I Eligible and for How Much? 1992-93. 11th ed. Octameron Associates (P.O. Box 3437, Alexandria, VA 22302).

College Loans from Uncle Sam: The Borrower's Guide That Explains It All From Locating Lenders to Loan Forgiveness. 1992-93. 11th ed. Octameron Associates, P.O. Box 3437, Alexandria, VA 22302).

Don't Miss Out: The Ambitious Student's Guide to Financial Aid. 1992-93. 16th ed., Octameron Associates (P.O. Box 3437, Alexandria, VA 22302).

Earn and Learn: Cooperative Education a Opportunities Offered by the Federal Government. 1992-93. 13th ed. Octameron Associates (P.O. Box 3437, Alexandria, VA 22302).

Financial Aide for Higher Education: A Catalog for Undergraduates. 1989. 13th ed., William C. Brown Company (Dubuque, IA).

Meeting College Costs. College Board Publications. (P.O. Box 886, New York, NY 10101).

Need a Lift? The American Legion National Emblem Sales (P.O. Box 1060, Indianapolis, IN 46206).

Scholarships, Fellowships, and Loans Volume 8. 1987. Bellman Publishing (Arlington, MA).

The Student (Guide: Five Federal Financial Aid Programs. 1992-93. U.S. Department of Education, Office of Student Assistance (Federal Student Aid Programs, Department J-8, Pueblo, CO 81009-0015).

In general, the process of applying for financial assistance through a college financial aid office involves these steps:

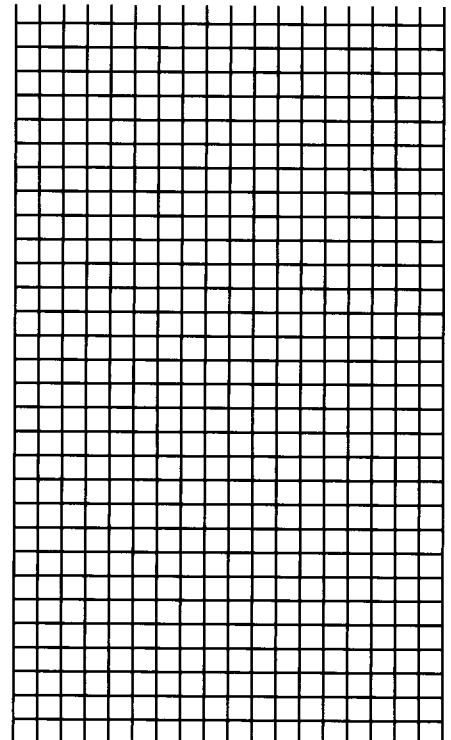
**a. Applying for admission as well as financial aid**— Before a student's chances for aid can be determined, many colleges require both an application for admission and for financial aid. Since application deadlines vary from institution to institution, you may want to

develop a calendar of important dates. In any case, it's wise to apply as early as you can.

**b. Submitting a need analysis form** — In addition to the financial aid application mentioned above, most colleges require completion of a need analysis form. A need analysis form helps colleges distribute limited funds fairly by reporting how much you and your family can afford to pay for your education. In Missouri, most institutions require ACT's Family Financial Statement (FFS). Some schools utilize the Financial Aid Form (FAF) processed by the College Scholarship Service. Check with the institutions that you are interested in to determine the proper need analysis form to complete, if one is required. Need analysis forms should be filed as soon as possible after January 1.

**c. Applying for scholarships and grants** -- Besides aid offered directly by a college and aid for which your need analysis form is an automatic application (for example, a federal Pell Grant), be sure to inquire about state scholarship, grant, and loan programs. Ask about institutional, community, foundation, and corporation programs as well.

**d. Keeping track of progress** -- Monitor all the information you receive from individual college business offices regarding fees, payment schedules, etc. Include this information in your college planning.



## TYPES OF FINANCIAL AID

- I. Scholarships and Grants (Do not have to be repaid)
  - A. Federal Grants (Pell, SEOG, Military)
  - B. State Grants (OTAG)
  - C. Professional and Service Organizations Scholarships and Grants
  - D. Private Foundations
  - E. Individual Colleges
  
- II. Loans
  - A. Federal Government
  - B. Private Financial Institutions
  
- III. Work-study
  - A. Jobs offered through the college
  - B. Find work on your own--most colleges have student employment placement offices.

### APPLICATION FOR FINANCIAL AID

1. Get applications in the CCRL in late December or early January. Colleges require the FAFSA, Free Application for Federal Student Aid (A few also require the FAF (Financial Aid Form). Make sure you complete the correct one for your college. If you need to know which colleges require the FAF check the appropriate college catalog or the bulletin in the CCRL.
2. Mail the application as quickly as possible after January 1. This requires specific tax information.
3. Approximately three weeks after mailing the FAFSA and the FAF you will receive a response with a reprint of the information you submitted. Review this very carefully for errors and to insure it has been sent to appropriate schools and agencies. You may need to supply additional information. Follow all instructions carefully and promptly.
4. You will also receive at about the same time an SAR (Student Aid Report) from Pell Grant with a PGI (Pell Grant Index) number on it.
5. You must submit the SAR to the college financial aid office where you have applied. If you need duplicate copies to provide to more than one college, you must complete a form to have an original sent.
6. The college will send you a letter detailing the amount and kinds of aid you will receive.

## DEMONSTRATING NEED

As we've said, a student must demonstrate **financial need** to be eligible for most federal student aid. Quantifying a family's need for financial assistance has often been controversial, but it is not a recent issue. In fact, uniform systems of need analysis were developed by the financial aid community in the 1950s, before most of the federal student aid programs were established.

At its simplest level, a student's financial need is the **difference** between the student's **cost of attendance** at the school and the amount **the family is expected to contribute to the student's education**.

The financial aid administrator usually develops an average **cost of attendance** for different categories of students. Some programs of study might have lab fees or higher charges for books and supplies than other programs. Students living off-campus might have higher costs for room and board and transportation expenses than students living on-campus.

For the federal student aid programs, the financial aid administrator must use the definition of "cost of attendance" given in the law. The law specifies that the cost of attendance includes tuition and fees and an allowance for living expenses, such as room and board, books and supplies, and transportation costs. The law also provides limited allowances for loan fees, dependent-care costs, and expenses for disabled students.

The process of **need analysis** focuses on determining how much the family reasonably can be expected to contribute toward the student's education. Traditionally, financial aid administrators have determined the amount a family can contribute by collecting information about the family's income and assets and making reasonable allowances for the family's living expenses. The law has adopted much of the traditional approach to need analysis for the federal student aid programs. There is a single formula for federal student aid, which produces the **Expected Family Contribution (EFC)**. The EFC is used to award Federal Pell Grants, campus-based aid, Direct Subsidized Loans, and subsidized Federal Stafford Loans.

To determine the amount of a student's Federal Pell Grant, the financial aid administrator looks up the cost of attendance and the EFC on a payment schedule to determine the award. The lower the EFC is, the higher the grant award is. A student with a zero EFC has the most need and receives the largest possible amount of Federal Pell Grant funds. A student with an EFC above the cutoff point is not eligible for a Federal Pell Grant.

The Federal Pell Grant Program is presumed to be the first source of aid to the student, so the award process for a Federal Pell Grant does not consider other sources of aid. For 1995-96, the maximum yearly grant was \$2,340, and the cutoff for eligibility was an EFC of \$2,140.\* Also note that awards do not change above a certain cost of attendance. For instance, in 1995-96, the maximum cost that affected the amount of the grant was \$2,340; if a student had a zero EFC, the student's award was \$2,340 whether the student went to a school that had a cost of attendance of \$2,340 or to a school that had a cost of \$8,000.

When awarding **campus-based aid or Direct Subsidized Loans** or certifying **subsidized Federal Stafford Loans**, the financial aid administrator must consider other aid available to the student in addition to the amount the family can contribute (EFC). For example, consider a student with an EFC of \$500 who enrolls in a program that costs \$6,000. The student then needs \$5,500 in financial aid to go to school ( $\$6,000 - \$500 = \$5,500$ ). However, when the student receives a \$2,000 Federal Pell Grant and a \$1,000 outside scholarship, the student's need is reduced by \$3,000. Therefore, the aid administrator can award up to \$2,500 in campus-based aid and subsidized Federal Stafford or Direct Subsidized Loan funds ( $\$5,500 - \$3,000 = \$2,500$ ).

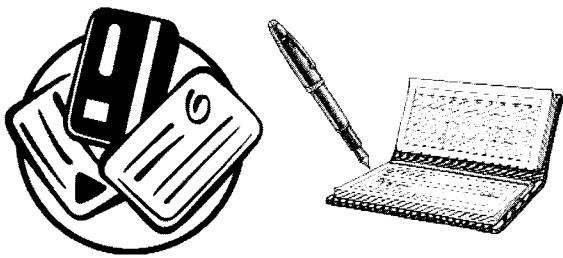
\*The maximum grant and EFC cutoff are determined each year by Congress. At the time this publication went to print they had not yet been established for 1998-99.

When processing unsubsidized loans, such as a **Direct Unsubsidized Loan** or a **Federal PLUS Loan**, the aid administrator doesn't use the EFC figure to determine the student's or parent's eligibility, because these loans are not need based. However, the amount of the loan may not exceed the difference between the student's cost of attendance and all other aid the student is receiving, including aid from private and other nonfederal sources. The school must consider the student's eligibility for other aid before determining a loan amount. For instance, if an independent student in his or her first year of study has a cost of attendance of \$6,000 and is eligible for a maximum Pell Grant of \$2,340 and a maximum subsidized Stafford Loan of \$2,625, the aid administrator may approve the student for an unsubsidized Stafford Loan of up to \$1,035 ( $\$6,000 - \$2,340 - \$2,625 = \$1,035$ ).

In this section, we have given a simplified overview of how a postsecondary school's financial aid administrator determined a student's financial need for the various federal student aid programs. Using all available federal and nonfederal aid, the financial aid administrator generally puts together a financial aid package that is presented to the student in the form of an award letter. The student may accept or decline any of the financial aid offered in the award letter. The process of **packaging and awarding aid** can be complex, especially when the student is receiving work-study or noninstitutional funds. If a student or a prospective student has questions about his or her financial aid package, these questions should be addressed to the financial aid office that prepared the package.

As we have seen, federal student aid awards ultimately are made on the basis of the student's EFC. It is important to note that even though eligibility for unsubsidized loans (such as Federal Direct PLUS or Federal PLUS Loans) is not based on the student's EFC, the student's eligibility for financial aid awarded on the basis of EFC (such as a Federal Pell Grant, Direct Subsidized Loan, and subsidized Federal Stafford Loan) is considered when awarding these loans.

To have his or her EFC determined, a student must fill out and file the FAFSA. Unlike admissions applications, the FAFSA is sent to a federal government processing center that is independent of postsecondary schools. The student's information is entered into the Department's computer system, which then calculates the student's official EFC. The application process for financial aid is described in Part 2 of this handbook, and completion of the FAFSA is discussed in Part 3 of this handbook.



# Financial Aid Checklist



❑ **DETERMINE INSTITUTIONAL COSTS**—Information about college expenses can be obtained from the college financial aid office, admissions office, college catalog or directory. Don't eliminate any college because of high costs . . . look carefully at financial aid.

❑ **APPLY FOR ADMISSION**—Before a student's chances for aid can be determined, many colleges require both an application for admission and financial aid. Keep in mind all deadline dates.

❑ **INVESTIGATE POSSIBLE SOURCES OF AID**—The major sources of aid are: grants, scholarships, loans, and work. Most students consider grant and loan applications first. Your high school counselor or a financial aid officer can provide more information about resources.

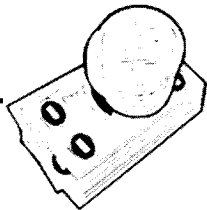
❑ **SECURE THE NECESSARY FORMS**—There are usually two forms required in the aid process: a college financial aid application form and a need analysis form. Need analysis for most program eligibility is processed by The American College Testing Program or the College Scholarship Service. Forms are available in the high school guidance office and the college financial aid office.

❑ **SUBMIT APPLICATION FOR FINANCIAL AID**—Deadlines for the application vary at each institution. It is advisable to develop a calendar of important deadline dates . . . consult the financial aid office at each college. Be sure to keep copies of all forms submitted in the aid process.

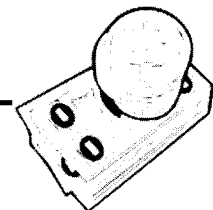
❑ **COMPLETE A NEED ANALYSIS FORM**—To help distribute limited funds fairly, most colleges require a need analysis form. The need analysis service calculates how much you and your family can pay for education and sends results to your college choices. The amount of aid you need depends on college costs and your expected family contribution. Forms should be filed after January 1.

❑ **APPLY FOR SCHOLARSHIPS, GRANTS, AND LOANS**—In addition to applying for the Pell Grant (the major source of financial aid) be sure to inquire about state scholarship, grant and loan programs, as well as institutional, community, foundation, and corporate programs.

❑ **PLAN AHEAD**—Monitor information from the college business office regarding fees, payment schedules, etc. Incorporate in your plan information about your award from the financial aid office.



## Financial Aid Terms and Programs



**Scholarships:** Non-repayable awards to students based on need and merit or on merit alone, usually for tuition and books.

**Grants:** Awards based on financial need which do not require repayment. Grants are available through the federal government, state agencies, and educational institutions.

**Aid Package:** A combination of aid (scholarship, grant, loan, and work) determined by the financial aid office.

**Family Financial Statement (FFS):** Need analysis form processed by The American College Testing Program (ACT).

**Financial Aid Form (FAF):** Need analysis form processed by the College Scholarship Service (CSS).

**Pell Grant:** Financial assistance, awarded by the federal government on the basis of need. The grant may be used toward tuition, room and board, books, or other educational costs. Requires no repayment.

**Supplemental Educational Opportunity Grant Program (SEOG):** SEOGs are provided to a limited number of undergraduate students with financial need. Preference is given to students with exceptional financial need.

**College-Work Study Program (CWS):** A government-supported program which provides part-time jobs to students who need help paying college expenses. Work-study jobs are awarded to the student by the financial aid office.

**Perkins Loan:** Loans funded by the federal government at a low rate of interest and awarded by the institution. Repayment and interest begin nine months after a student graduates, leaves school, or drops below half-time enrollment.

**Stafford Loan:** A loan program in which eligible students may borrow from a bank or other financial institution. The federal government pays the interest on the loan while the student is in school. Repayment and interest begin six months after the student graduates, leaves school, or drops below half-time enrollment.

**PLUS Loan:** A loan program (not need based) in which parents can borrow from a bank or other lender. Repayment of principal and interest begins within sixty days of loan disbursement.

**Supplemental Loan for Students (SLS Loan):** A loan program (not need based) in which graduate students and self-supporting undergraduate students can borrow from a bank or other lender. Repayment of principal and interest begins within sixty days of loan disbursement.

## **IMPORTANT PHONE NUMBERS FOR COLLEGES AND FINANCIAL AID INFO**

Federal Student Aid Information Center: 1-800-333-INFO  
P. O. Box 84, Washington, D.C. 20044

FFS - Family Financial Statement  
Questions about applications: (319) 337-1200

Oklahoma State University Office of High School and College Relations:  
1-800-852-1255. TULSA NUMBER: 594-8430

University of Oklahoma - Prospective Student Services:  
1-800-234-6868. TULSA NUMBER: 660-3800

University of Tulsa Admissions: 631-2307  
University of Tulsa Financial Aid Office: 631-2526

## **TESTING INFORMATION**

ACT Registration: (319) 337-1270

1. Lost or delayed admission ticket
2. Change of test center
3. Non-Saturday test center
4. Re-registration or refund

Score Reports: (319) 337-1313

1. Additional score reports
2. "Express" requests
3. Delayed or missing score reports
4. Score report content error

SAT Registration: (609) 771-7600 or (415) 654-1200

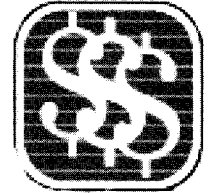
1. Lost or delayed admission ticket
2. Change of test center
3. Identification requirements
4. Standby registration
5. Sunday administrations

Score Reports: (609) 771-7600 or FAX 1-609-771-7681

1. Rush reporting
2. Additional score report requests
3. Student questionnaire
4. Score report
5. Delayed or missing report
6. Uncoded score recipients
7. SAT Score Verification Service
8. SAT Question and Answer Service



# What Does Postsecondary Education Cost?



Budget Items	Colleges -- Sample Costs
Tuition and fees	
Room and board	
Books and supplies	
Transportation	
Miscellaneous (PERSONAL EXPENSES, DATES, LAUNDRY, CLOTHING)	
Total Budget	

*Remember...check with college officials for accurate costs!*