Financial Need: The Basic Principle of Financial Aid

Eligibility for most federal and state and some institutional student financial aid programs is based on financial need or demonstrated eligibility. Financial need is the difference between the cost of attendance at the school and the family's expected contribution.

Cost of Attendance	**School A**	**School B**	**School C**	**School D**
Direct Costs				
Tuition	_____	_____	_____	_____
Fees	_____	_____	_____	_____
Room	_____	_____	_____	_____
Board (meals)	_____	_____	_____	_____
Books and Supplies	_____	_____	_____	_____
Indirect Costs				
Transportation	_____	_____	_____	_____
Personal/Misc.	_____	_____	_____	_____
*Other	_____	_____	_____	_____
Total Costs	_____	_____	_____	_____
Minus ESTIMATED Family Contribution				
Parent Contribution	_____	_____	_____	_____
Student Contribution	_____	_____	_____	_____
Equals ESTIMATED Financial Need	_____	_____	_____	_____

*Other may include: study abroad costs, dependent care expenses, disability-related expenses and/or cooperative education program costs.)

TIPS TO HELP FAMILIES PLAN AND CONTROL COLLEGE COSTS

Try to determine a realistic estimate of what it will cost you to enroll in college. Be sure to include all direct and indirect costs: tuition, fees, room, board, books and supplies, personal/miscellaneous expenses, transportation.

Consider these ways to reduce costs:

- ✓ Set a realistic and reasonable budget for personal expenses such as clothing, entertainment, food not already paid for through an on-campus meal plan, etc. Stick to your budget.
- ✓ Buy used books whenever possible. Always check for the edition to make sure you're buying the correct book.
- ✓ Sell back books - to the bookstore - after the term ends OR sell your books to other students. (Wait until you no longer need them before selling!)
- ✓ If you commute from home, share a ride if at all possible. See if you can schedule your classes so you're on campus only two or three days a week, instead of five.
- ✓ If you plan to live on campus, get familiar with the area to determine if you really ***need*** a car. Can you use public transportation?
- ✓ If you live off-campus and it's safe and not too far, walk to class or ride a bike. It's great exercise, reduces transportation expenses, and helps the environment!
- ✓ If you park on your college's campus, obey all parking regulations. Tickets and towing charges can add up quickly.
- ✓ When going home for a weekend, share a ride.
- ✓ Take advantage of the free (or at least, low cost) entertainment and cultural events on your campus.
- ✓ Investigate thoroughly all your options for resources to assist you with the costs, including summer jobs, part time jobs on campus, AmeriCorps and opportunities through your parents' places of employment.

FTC Consumer Alert!

Ouch! Students Getting Stung
Trying to Find $$$ for College

Need money for college? Doesn't everybody? With tuition bills skyrocketing, and room and board going through the roof, students and their families are looking for creative ways to finance a college education. Unfortunately, in their efforts to pay the bills, many of them are falling prey to scholarship and financial aid scams.

According to the Federal Trade Commission, unscrupulous companies guarantee or promise scholarships, grants or fantastic financial aid packages. Many use high-pressure sales pitches at seminars where you're required to pay immediately or risk losing out on the "opportunity."

Some unscrupulous companies guarantee that they can get scholarships on behalf of students or award them "scholarships" in exchange for an advance fee. Most offer a "money back guarantee" but attach conditions that make it impossible to get the refund. Others provide nothing for the student's advance fee - not even a list of potential sources; still others tell students they've been selected as "finalists" for awards that require an up-front fee. Sometimes, these companies ask for a student's checking account to "confirm eligibility," then debit the account without the student's consent. Other companies quote only a relatively small "monthly" or "weekly" fee and then ask for authorization to debit your checking account - for an undetermined length of time.

Other companies claim they have programs that could make you eligible to receive financial aid, including grants, loans, work-study and other types of aid. For a processing fee, they'll handle all the paperwork. But experts caution: The only application that will determine eligibility for all programs is the Free Application for Federal Student Aid (FAFSA) – a form you complete and submit for free.

The FTC cautions students to look and listen for these tell-tale lines:

- "The scholarship is guaranteed or your money back."
- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "We'll do all the work."
- "The scholarship will cost some money."
- "You've been selected" by a "national foundation" to receive a scholarship - or "You're a finalist" in a contest you never entered.

If you attend a seminar on financial aid or scholarships, follow these steps:

- Take your time. Don't be rushed into paying at the seminar. Avoid high-pressure sales pitches that require you to buy now or risk losing out on the opportunity. Solid opportunities are not sold through nerve-racking tactics.
- Investigate the organization you're considering paying for help. Talk to a guidance counselor or financial aid advisor before spending your money. You may be able to get the same help for free.

- Be wary of "success stories" or testimonials of extraordinary success - the seminar operation may have paid "shills" to give glowing stories. Instead, ask for a list of at least three local families who've used the services in the last year. Ask each if they're satisfied with the products and services received.

- Be cautious about purchasing from seminar representatives who are reluctant to answer questions or who give evasive answers to your questions. Legitimate business people are more than willing to give you information about their service.

- Ask how much money is charged for the service, the services that will be performed and the company's refund policy. Get this information in writing. Keep in mind that you may never recoup the money you give to an unscrupulous operator, despite stated refund policies.

The FTC says many legitimate companies advertise that they can get students access to lists of scholarships in exchange for an advance fee. Other legitimate services charge an advance fee to compare a student's profile with a database of scholarship opportunities and provide a list of awards for which a student may qualify. And, there are scholarship search engines on the World Wide Web. The difference: Legitimate companies never guarantee or promise scholarships or grants.

If you're contacted by companies or visit websites that say they'll process you FAFSA for a fee, do yourself a favor and save some money, too. Visit the U.S. Department of Education's Student Aid on the Web (http://studentaid.ed.gov/) for free information on preparing for and funding education beyond high school. You can complete the FAFSA at www.fafsa.gov, and learn about other FAFSA filing options at www.fafsa.ed.gov/options.htm. You also can call 1-800-4-FED-AID.

This publication was produced in cooperation with the College Parents of America. CPA is a resource, advisor and advocate working on behalf of the millions of parents of current and future college students throughout the United States. For more information about CPA, call toll free 1-888-256-4627 or visit CPA online at www.collegeparents.org.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. Watch a video, How to File a Complaint, at www.ftc.gov/video to learn more. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION FOR THE CONSUMER
1-877-FTC-HELP www.ftc.gov

http://www.ftc.gov/ftc/contact.shtm

Determining Eligibility for Student Aid

	School A	School B	School C
Cost of Attendance	**$ 9,000**	**$ 15,000**	**$30,000**
Family Contribution -	**5,000**	**5,000**	**5,000**
Eligibility for need-based aid	**$ 4,000**	**$ 10,000**	**$25,000**

NOTE: Some institutions may not be able to meet your full eligibility for aid, leaving a gap between your need for aid and the amount of aid offered. In those situations, if the student wants to attend the college, the family will need to tap other resources (loans, family members, additional work).

Handout 4

PRIMARY PROGRAMS OF STUDENT FINANCIAL ASSISTANCE

NEED-BASED PROGRAMS

FEDERAL PELL GRANTS

Eligibility determined directly from Expected Family Contribution with maximum of $5,645 for 2013-14.

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Awards of $100 - $4,000 to the neediest students determined by institution.

FEDERAL PERKINS LOANS

Limited number of loans; recipients determined by institution. Maximum $5,500 per year; interest rate 5%.

FEDERAL WORK STUDY

Usually 8 to 15 hours per week; hourly rate of pay is at least minimum wage. Recipients selected by institution.

UNC NEED-BASED GRANT

Amounts range from $500 to $4,500 for 2013-14 and vary depending on family contribution and cost of attendance.

NORTH CAROLINA COMMUNITY COLLEGE GRANT

Awards vary from $150 to $1,700 for 2013-14 and depend on the amount of the Pell Grant.

NORTH CAROLINA EDUCATION LOTTERY SCHOLARSHIP

Considers amount of Pell Grant the student will receive. Awards vary and are determined by College Foundation. Eligible students whose family's contribution is $5,000 or less (calculated using FAFSA) will receive a total of at least $3,795 from Pell and/or Lottery Scholarship. (**Note:** Only available at UNC constituent institutions and NC community colleges.)

NORTH CAROLINA NEED-BASED SCHOLARSHIP (NCNBS)

Established by the 2011 NC General Assembly to provide need-based funding for North Carolina students attending eligible private North Carolina institutions. Amounts vary depending on family contribution with a minimum of $1,600 and maximum of $7,500.

FEDERAL SUBSIDIZED DIRECT STAFFORD LOANS

Maximum amounts of: $5,500 for freshmen; $6,500 for sophomores; $7,500 for juniors/seniors
Fixed interest rate is 3.86% for the period 7/1/13-6/30/14. *Subsidized* means that the Federal government pays the interest on the loan while the student is enrolled at least half-time. Repayment begins six (6) months after no longer enrolled at least half-time; deferment and cancellation provisions available.

NON-NEED BASED PROGRAMS

FORGIVABLE EDUCATION LOANS FOR SERVICE (NC FELS) – NEW NC PROGRAM

Established by the 2011 NC General Assembly through the consolidation of eight programs into one. Purpose of the program is to provide financial assistance to qualified students to enable them to obtain requisite education beyond the high school level to work in North Carolina in high-need professions and to respond to critical employment shortages. Eligible institutions include: UNC campuses, community college campuses, most private non-profit college campuses, postsecondary institutions owned or operated by a hospital, school of nursing affiliated with a nonprofit postsecondary institution and other public or nonprofit postsecondary institutions offering program of study not otherwise available in NC that is deemed to be eligible. Additional information available at www.CFNC.org/FELS.

FEDERAL DIRECT UNSUBSIDIZED STAFFORD LOANS

Interest begins while student is in school; for period 7/1/13-6/30/14, interest rate is 3.86%. *Unsubsidized* means that interest on the loan accrues while the student is enrolled. Although the student is not required to make payments on the interest while enrolled, it is sometimes a good idea to do so.

FEDERAL DIRECT PLUS (PARENT) LOANS

Maximum available is equal to annual cost of education minus student financial aid. Interest rate is 6.41% for period 7/1/13-6/30/14. Repayment can begin as early as 60 days after the loan is fully disbursed or the parent can temporarily defer repayment during the time the student is enrolled at least half-time.