

CONQUERING THE CHALLENGES OF COLLEGE COSTS

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PERSONAL BACKGROUND

- ✓ **Former College Director of Admissions (12 years)**
- ✓ **Current High School Counselor (24 years)**
- ✓ **Presenter for parent nights, counselor organizations (26 years)**
- ✓ **Founder, educational website about college costs**
- ✓ **Founder, software program to assess affordability**
- ✓ **Author of book about keeping college affordable**

CHALLENGES

- ✓ College costs are high: costs (tuition, room and board, etc.) have grown exponentially in recent years
- ✓ Resources from state and federal government are limited
- ✓ Misinformation abounds
- ✓ Traditional timeline is not conducive to success

TRADITIONAL TIMELINE

- ✓ Research colleges in junior year and early senior year
- ✓ Apply to colleges in fall and winter of senior year
- ✓ Apply for aid after January 1 of senior year
- ✓ Receive awards in March/April of senior year—first time one learns net price!

RESULT OF CHALLENGES

- ✓ **Wasted time, money, and energy on unaffordable schools**
- ✓ **Student disappointment with college options**
- ✓ **Choosing an unaffordable school that leads to excessive borrowing**

STUDENT BORROWING / NATIONAL CRISIS

2010 Research:

- ✓ Average undergraduate student debt tops \$25,000; many are much higher
- ✓ Total student debt is now higher than credit card debt—over 1 trillion dollars!

SOLUTION / MISSION

- ✓ **Improve college financial literacy**
- ✓ **Help families find affordable college options (financial fits)**
- ✓ **Help families manage their college costs without excessive debt**

HOW CAN WE ACCOMPLISH MISSION?

- ✓ **Today's seminar**
- ✓ **Tools and resources**
- ✓ **Time and willingness to implement ideas
and use a different timeline**

TWO-FOLD FINANCIAL DELIVERY SYSTEM

- ✓ **Planning Phase:**
Before January 1 of senior year
- ✓ **Execution Phase**
After January 1 of senior year

SEMINAR – KEY POINTS

- ✓ **Affordability – parent, student (before Jan. 1)**
- ✓ **Value – like other purchases (before Jan. 1)**
- ✓ **Details – turn estimates into reality (after Jan. 1)**
- ✓ **Maximize benefits – improve your estimates**
- ✓ **Avoid traps – (April to August)**

AFFORDABILITY

- ✓ **Students – Need to be aware of the economics of the college choice**
- ✓ **Parents – Assess affordability by looking at tax credits, cash flow analysis, savings beyond emergency cash, reasonable borrowing**
- ✓ **Parent/Student communication is key—make sure you are on the same page throughout the process**

IMPORTANT TERMINOLOGY AND INITIATIVE

- ✓ **Sticker Price is not Net Price**
- ✓ **Net Price =**
Cost of Attendance – (gift aid + self-help)
 - **Gift aid = grants and scholarships**
 - **Self-help = student loans and work**
- ✓ **Net Price Calculators – used to estimate net price for specific schools**

METHOD TO FIND FITS

- ✓ Colleges in categories that will lead to net price variety (a new college search)
- ✓ Categorical fit will lead to affordable college options

COLLEGE CATEGORIES/ NET PRICE VARIETY

- ✓ Flagship State School (in your state)
- ✓ Non-flagship State School (in your state)
- ✓ Flagship State School (out of state)
- ✓ Non-flagship State School (out of state)
- ✓ Highly Selective Private College
- ✓ Midsized Private College
- ✓ Private College
- ✓ Community College or Commuting Options

ORGANIZE YOUR COLLEGE OPTIONS

- ✓ College options with no debt
- ✓ College options with reasonable debt
- ✓ College options with excessive debt

VALUE

- ✓ Explore multiple college options in categories of financial fit
- ✓ Do similar colleges (colleges with similar features and benefits) have similar net prices?

DETAILS

- ✓ **File FAFSA after January 1**
- ✓ **File CSS Profile for certain schools after October 1**
- ✓ **Obtain PINs to sign**
- ✓ **Use accurate information (in NPC, FAFSA, Profile)**
- ✓ **Understand what they want / what drives result**

VARIABLES THAT DRIVE NET PRICE

- ✓ **Sticker price (comprehensive cost)**
- ✓ **EFC number from FAFSA (determines federal/state grant eligibility)**
- ✓ **FC number for CSS Profile schools**
- ✓ **College's money (merit and need-based)**

VARIABLES THAT DRIVE THE EFC

- ✓ **Parent's Income**
- ✓ **Student's Income**
- ✓ **Parent's Assets**
- ✓ **Student's Assets**

TAX RETURNS FOR VERIFICATION

- ✓ You may be randomly selected for verification to make sure the FAFSA information is correct.
- ✓ If you file your FAFSA off estimates rather than accurate tax return data, you will be subjected to verification.

AWARD LETTERS

- ✓ Official net price—should be duplication of net price calculator estimates with more specific details of programs
- ✓ Result = Official Net Price
- ✓ Make decision after comparing award letters (May 1)

AWARD LETTERS

- ✓ Pell Grant/FSEOG
- ✓ State Grant
- ✓ College Grant
- ✓ College Scholarship
- ✓ Subsidized Direct Loan (Stafford)
- ✓ Unsubsidized Direct Loan (Stafford)
- ✓ Perkins Loan
- ✓ Campus Employment

MAXIMIZING BENEFITS

- ✓ Colleges' merit money (academic scholarships tied to test and GPA; talent scholarships tied to gifts)
- ✓ Independent scholarships
- ✓ Appeal process

AVOID TRAPS

- ✓ **NPC misinterpretation and/or Award letter misinterpretation (Grant, Scholarship, Direct loan maximum, campus employment)**
- ✓ **Loan options—careful analysis: parent/private loans are used for paying net price (not reducing net price)**