**Funding Your College Education**

The average cost to attend a **Public** 4-Year (In-State) College is $18,500 - $21,800 per year. A **Private** 4-Year College costs $39,700 - $43,000 per year.[[1]](#footnote-1) It’s no wonder with the increasing cost to attend college that families are looking for ways to pay for college.

Financial aid makes it possible for many students to continue their education after high school. There are basically four types of financial aid for college.

* Grants – money given, usually because of financial need
* Scholarships – money awarded for exceptional academic achievement, an outstanding talent, and/or financial need
* Loans – borrowed money that must be repaid
* Work Study – Money earned by working

Other sources of aid for college include:

* Military
* AmeriCorps
* Tax Benefits

**GRANTS**

Grants are usually awarded to students with financial need. Grants do not have to be repaid.

Pell Grant

The Pell Grant is a federally funded grant that provides billions of dollars each year to lower-income families. The Pell Grant is available to students in all states. Pell Grant awards range from $555 - $5,550 per year.[[2]](#footnote-2) Parents/students MUST submit a *Free Application for Federal Student Aid* (FAFSA) to be eligible for a Pell Grant. When parents/students submit a FAFSA, they will automatically be considered for a Pell Grant.

TEACH Grant

TEACH Grants are available to education majors who agree to teach in a high need field or in schools that serve low-income students. Unlike most other grants, the TEACH Grant is not need based; however students must submit a FAFSA in order to be eligible to receive the $4,000 grant. Students must also meet certain academic requirements and complete the necessary teacher certification program.

Supplemental Educational Opportunity Grant (SEOG)

The SEOG provides additional funds to families with exceptional need. SEOG funds are given directly to the colleges and the colleges distribute the funds to students with the greatest financial need. Students automatically apply for SEOG when they submit the FAFSA. SEOG awards range from $100 to $4,000 per year.[[3]](#footnote-3)

State Grants

State governments have a variety of programs to help their students pay for college. All states offer grants, and some states pay part of a student’s college loan if the student works in a specific career field in the state. States vary in the amount of money they award. While application procedures vary from state to state, in most states the FAFSA serves as the application.

Institutional Grants

Colleges often have funds to award institutional grants. To be considered for an institutional grant, students should complete all financial aid applications as early as possible.

**SCHOLARSHIPS**

Thousands of scholarships are awarded each year by colleges, organizations, corporations, churches and clubs. While there are a great number of scholarships available, scholarships are often difficult to get.

Academic Scholarships

Most academic scholarships are awarded by individual colleges. Because colleges award scholarships to their best applicants, students are more likely to receive an academic scholarship if they are in the top 25% of the students applying. A student is more likely to receive an academic scholarship from a private college.

While grade point average, class rank, and test scores are very important, scholarships are most often awarded to students who are also involved in school and community activities.

Athletic Scholarships

Outstanding athletes are often offered large scholarships. To ensure that all athletes are prepared for college level work, the NCAA and NAIA have strict eligibility requirements that athletes must meet before they can receive a scholarship or play a sport in college.

*NCAA* – Division I and Division II colleges can offer athletic scholarships. Division III schools cannot offer athletic scholarships. Athletes going to Division I and II colleges must have a minimum GPA in a specified number of core courses. They must also meet required ACT or SAT scores. Go to [*www.eligibilitycenter.org*](http://www.eligibilitycenter.org) for more information.

*NAIA* – These colleges can award full or partial scholarships. Scholarship recipients must meet two of the following three requirements: 1) have the required ACT or SAT score, 2) have an overall 2.0 GPA, 3) graduate in the top half of his/her class. Go to [*www.playnaia.org*](http://www.playnaia.org) for more information.

*NJCAA* – Division I and II junior colleges can offer scholarship. There are no academic eligibility requirements for athletes entering junior colleges. Go to [*www.njcaa.org*](http://www.njcaa.org) for more information.

Talent Scholarships

Most talent scholarships are awarded in music, art, theater, and dance. Students must understand that in order to receive a talent scholarship, they must be outstanding. Most talent scholarships require that a student audition or submit a portfolio. Because colleges have their own requirements and deadlines, students need to obtain information about scholarship requirements as early as possible.

Local Scholarships

Local groups and organizations provide numerous scholarships for the students in their communities. These scholarships are generally for smaller amounts, but they are easier to get. Seniors should check with the guidance office throughout the year to determine deadline dates for local scholarships.

Minority Scholarships

Many colleges have programs and scholarships designed to encourage outstanding minority students to attend their college. Qualified students should ask the colleges they are considering for information about minority scholarships offered through the specific college. There are also a number of websites with resources and information for minority students.

Scholarship Search Services

Be very cautious of any scholarship service that charges a fee. Most of these scholarship search services provide very little information and some are scams. With the availability of information on the Internet, there is little reason to use a scholarship service. For more information on scholarship scams, go to [*www.ftc.gov/scholarshipscams*](http://www.ftc.gov/scholarshipscams).

**LOANS**

Loans make up over half of all awarded financial aid. When grants and scholarships don’t provide enough money to cover a family’s financial need, the student or parent can take out a loan to cover the remaining cost. Some loans require financial need; others do not. Loans also have varying interest rates and repayment schedules.

Stafford Loan

The federal government offers the Stafford Loan, which is the most popular college loan. Stafford Loans are made to students, and repayment doesn’t begin until six months after the student has left college. There are subsidized and unsubsidized Stafford Loans. Subsidized Stafford Loans are for students who have financial need; unsubsidized Stafford Loans are available for students without financial need. The interest rate for the Stafford subsidized loans has a lower interest rate. Freshmen can borrow up to $5,500, sophomores up to $6,500, and juniors/seniors can borrow up to $7,500 per year.[[4]](#footnote-4)

Perkins Loan

The federal government offers the Perkins Loan. This loan is for undergraduate students with exceptional need. The federal government gives the money for these low-interest loans to the colleges, and the colleges disperse the funds to the students who qualify. Repayment begins nine months after the student is out of college. Students apply for a Perkins Loan by completing the FAFSA. Perkins Loans have a 5% fixed interest rate and can be awarded for up to $5,500 per year.[[5]](#footnote-5)

PLUS Loan

The federal government offers the PLUS Loan (Parent Loan for Undergraduate Students) to parents with good credit. The interest rate is fixed at 7.9%. Parents may apply for a PLUS Loan for the total cost of attendance, minus any financial aid the student has received.

Private Loans

Many banks and lending institutions offer supplemental educational loans to credit-worthy families. Because these loans are privately funded, the fees and interest rates are likely to be higher than federal loans. Families should exhaust their federal loan options before considering a private loan.

**WORK STUDY**

Federal work-study programs are designed to help students with financial need to earn money while attending college. Students many times work on-campus in the dining halls, libraries, student unions, admissions office, etc. There are broad guidelines regarding the number of hours a student can work. Most students work 10-15 hours a week until they have earned the amount stipulated in their award letter. Students apply for work study by completing the FAFSA.

**MILITARY**

The military has a number of excellent programs to help pay for college. The best way to learn about military opportunities is to talk to a recruiter. Because the career, training, and educational opportunities are different for each military branch, students should talk to recruiters from two or more military branches. Students can search for the recruiters in their area by calling the numbers listed below or going to the websites listed below.

Army 1-800-USA-ARMY [*www.goarmy.com*](http://www.goarmy.com)

Navy 1-800-USA-NAVY [*www.navy.com*](http://www.navy.com)

Air Force 1-800-423-USAF [*www.airforce.com*](http://www.airforce.com)

Marines 1-800-MARINES [*www.marines.com*](http://www.marines.com)

The Montgomery GI Bill

The GI Bill provides enlistees with an excellent opportunity to earn money for college. Under the GI Bill, enlistees who contribute $100 a month for their first 12 months can receive over $50,000 to pay for their education.

Military Academies

For those who qualify, there are excellent educational opportunities at the military academies. After receiving a free four-year college education, academy graduates enter the military as officers. Academy appointments are very difficult to receive and the application process needs to be started early. Interested students should talk to a recruiter early in the junior year.

ROTC Scholarships

ROTC Scholarships are available at over 1,000 colleges and universities. These scholarships cover the cost of tuition, books, and fees. In addition, the student receives a monthly stipend. After college, ROTC scholarship recipients enter the military as officers. ROTC Scholarships are very difficult to receive and the application process needs to be started early. Interested students should talk to a recruiter early in the junior year.

Tuition Assistance

The military encourages its active duty enlistees to take advantage of off-duty courses. Whenever an enlistee attends an area college or takes a correspondence course, the military pays up to 100% of the tuition costs. Enlistees can earn college credits, and even college degrees, while on active duty.

National Guard & Reserves

As part-time members of the military, members of the National Guard and Reserves go through basic training and job training. They are paid for the days they work and they receive educational benefits. Members of the National Guard and Reserves can be called to active duty when there is a national emergency, natural disaster, or in the event of a conflict. For more information go to:

[*www.military.com*](http://www.military.com)

[*www.1800goguard.com*](http://www.1800goguard.com)

[*www.goang.com*](http://www.goang.com)

**AMERICORPS**

AmeriCorps is a national service program. AmeriCorps workers help communities with their public safety, education, human services, and environmental needs. They tutor at-risk youth, help build affordable housing, restore parks, clean up rivers, and respond to natural disasters. Students can work for AmeriCorps before, during, or after they go to college. Workers receive a stipend for living expenses and an education award of over $5,500 for a year of full-time service. For information, visit their website at [*www.americorps.gov*](http://www.americorps.gov) or call 800-942-2677.

**TAX BENEFITS**

The Taxpayer Relief Act of 1997 makes college more affordable for middle-income families by providing tax credits and savings incentives.

American Opportunity Credit

The American Opportunity Credit allows taxpayers to claim a tax credit of up to $2,500 per year. This credit is available to individual taxpayers who have an Adjusted Gross Income of less than $80,000 and to joint filers with an Adjusted Gross Income of less the $160,000. (This tax credit was formerly called the Hope Tax Credit.)

Lifetime Learning Credit

This tax credit allows families to claim a credit of $10,000 in tuition expenses. A maximum credit of $2,000 can be claimed in any one year.

Taxpayers cannot claim the American Opportunity Credit and the Lifetime Learning Credit for the same child during the same year. A family with two children in college can claim the American Opportunity Credit for one child and the Lifetime Learning Credit for the other.

Section 529

These plans help families set aside money for college. There are two kinds of 529 plans – college savings plans and prepaid plans. For information, go to [*www.collegesavings.org*](http://www.collegesavings.org).

**WAYS TO CUT COLLEGE COSTS**

Students can cut college costs, and therefore reduce the need for financial aid by considering some of the options listed below.

Spend less time in college.

Students who are able to finish college in less than four years save a great deal of money. By taking Advanced Placement courses while in high school, a student can potentially earn more than a semester’s worth of college credit while in high school. Some high school students may also take dual-enrollment courses, enabling them to earn college credit during high school. While in college, highly qualified students may be allowed to take a heavier course load during the regular semester. All of these avenues may allow students to graduate from college in less than four years, which will reduce the cost.

Live at home and commute.

Living in a dorm on campus or in the campus community can add a significant amount of money to the cost of a college education. Students who want to save money can live at home and commute to a local college.

Start at a community college.

The cost to attend a community college is about half as much as it does to attend a public four-year college. Students who earn a bachelor’s degree can save a lot of money by starting at a community college and then transferring to a four-year college after two years.

**FAFSA (FREE APPLICATON FOR FEDERAL STUDENT AID)**

Students and parents **must** complete a FAFSA in order to be eligible to receive any financial aid provided by the federal government. States and colleges also use information from the FAFSA to determine eligibility for state and institutional aid.

Parents should complete the FAFSA even if they think they are not eligible for need-based aid. They may find that they are indeed eligible, and some programs want documentation showing that a student isn’t eligible for need-based aid, before they award their merit-based aid.

The FAFSA can be completed free online at [*www.fafsa.ed.gov*](http://www.fafsa.ed.gov). The site provides step-by-step instructions and detailed information on how to complete the FAFSA. Students and parents must apply for a PIN to start the process. Go to [*www.pin.ed.gov*](http://www.pin.ed.gov) to apply for a PIN.

The FAFSA asks parents and students for information on their income, assets, etc. Students and parents should therefore have their tax information ready before completing the FAFSA.

Within 1-3 weeks after the FAFSA is submitted, the student will receive a Student Aid Report (SAR). This report will also be sent to the colleges the student listed on the FAFSA. The SAR tells how much the student’s family will be expected to pay for college. This amount is called the Expected Family Contribution (EFC). Colleges, lending institutions, federal and state aid programs all use these figures when determining financial aid eligibility.

Because financial aid is often awarded on a “first come, first serve” basis, the FAFSA should be submitted as soon after January 1 as possible.

1. Average yearly cost of attendance for 2010-11. Statistics from *How to Get Money for College*, Woodburn Press, 2012. Includes Tuition & Fees, Room & Board, Books & Supplies, and Personal Expenses, [↑](#footnote-ref-1)
2. Pell Grant awards for 2011-2012. Statistics from *How to Get Money for College*, Woodburn Press, 2012. [↑](#footnote-ref-2)
3. Statistics from *How to Get Money for College*, Woodburn Press, 2012. [↑](#footnote-ref-3)
4. Statistics from *How to Get Money for College*, Woodburn Press, 2012. [↑](#footnote-ref-4)
5. Statistics from *How to Get Money for College*, Woodburn Press, 2012. [↑](#footnote-ref-5)