

Funding Higher Education: How to Minimize College Debt

Presented by the Education Debt Consumer Assistance Program (EDCAP), in partnership with Wead Library

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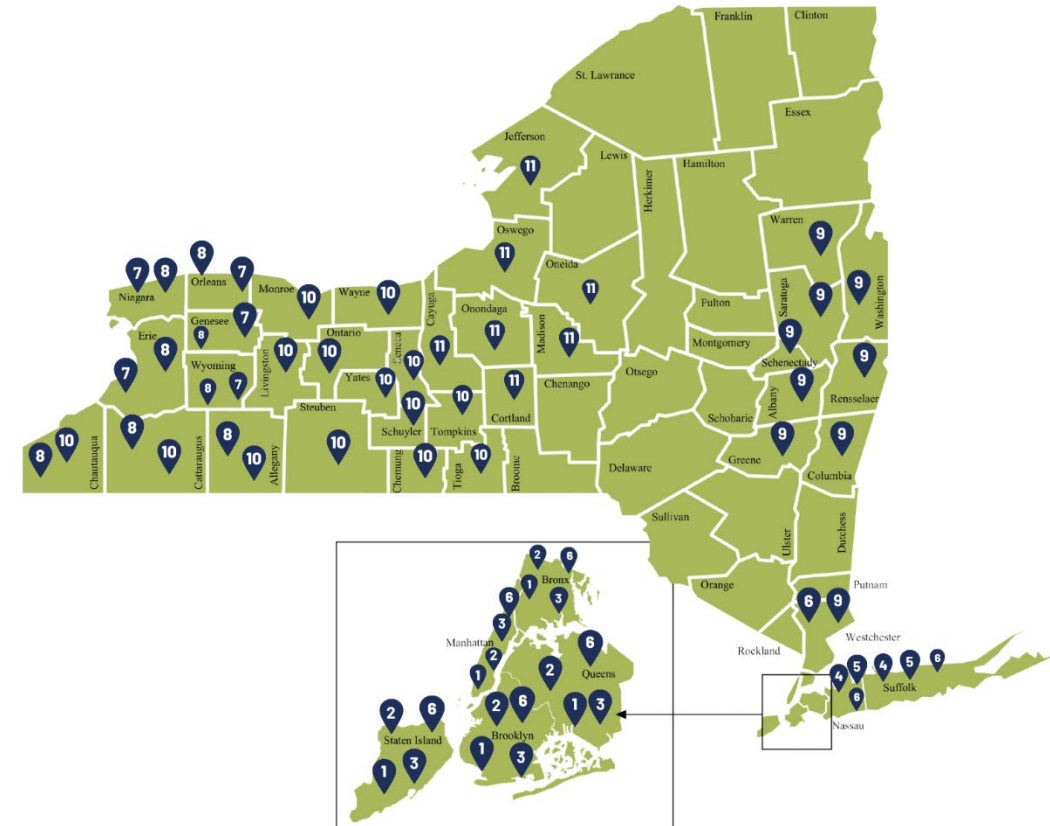
Agenda

- About EDCAP
- College Funding Overview
- The Free Application for Federal Student Aid (FAFSA)
- How to Pay for Higher Education
- Understanding Awards Letters
- Tips
- Resources

About EDCAP

About EDCAP

- EDCAP is a program of the Community Service Society.
- Created to help tackle the student debt crisis in NY.
- Through our Helpline and Network, we help you:
 - Determine your best student loan repayment option;
 - Access loan forgiveness, cancellation, and discharge program
 - Apply for consolidation, deferment, and forbearance;
 - Resolve issues with loan servicers and lenders;
 - Get out of default to prevent wage garnishments, social security offsets, and tax intercepts;
 - Understand financial aid offers and make a plan to go to college with less debt.



College Funding Overview

What is Financial Aid?

- Any federal, state, institutional, and private monetary funding and resources to help students and families pay for their college expenses.
- Financial Aid includes money that must be repaid in the form of loans.

Types of Aid

- **Federal student aid:** Financial assistance provided by the US government to help students pay for college or career school expenses. This includes grants, loans, and work-study programs. To apply for federal student aid, students must complete the FAFSA form.
- **New York State student aid:** New York State offers financial aid to eligible students through programs such as the Tuition Assistance Program (TAP), Excelsior Scholarship, and Enhanced Tuition Award. To apply for New York State financial aid, students must complete the FAFSA and NYS TAP Application.
- **Institutional aid:** Institutional aid is financial assistance provided by colleges and universities to help students cover the cost of attendance.
- **Scholarships:** Free money to help pay for college! They can come from various sources.

The word “Aid” can be deceiving because it may need to be paid back.

The Free Application for Federal Student Aid (FAFSA)

FAFSA Overview

- Students must complete the FAFSA each year by no later than June 30th to be eligible for financial aid.
- Colleges may require the FAFSA even if the student is not eligible for aid in general.
- Starting with the 2024–25 school year, the questions on FAFSA were reduced from 108 to just 36.
- Other changes to the FAFSA process include:
 - All contributors to the FAFSA must have an FSA ID—no exception. This includes individuals without an SSN.
 - All contributors must provide consent and approval to have their federal tax information transferred directly into the student's FAFSA form from the IRS database.
 - Students can list up to 20 colleges online and 10 colleges on the PDF applications.

FAFSA® Form July 1, 2024 – June 30, 2025
Free Application for Federal Student Aid Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Use this form to apply free for federal and state student grants, work-study, and loans. Or apply free online at fafsa.gov.

Apply by the Deadlines
For federal aid, submit your application as early as possible, but no earlier than December 2023. We must receive your application no later than June 30, 2025. Your college must have your correct, complete information by your last day of enrollment in the 2024–25 school year.
For state or college aid, the deadline may be as early as December 2023, and you may need to complete additional forms. Check with your high school counselor or a financial aid administrator at your college. See the state deadlines on page 2. If you are applying close to a deadline, we recommend you submit your FAFSA form online at fafsa.gov. It's the fastest and easiest way to apply for aid.

Fill Out the FAFSA® Form
The FAFSA form has five sections: Student, Student Spouse, Parent, Parent Spouse or Partner, and Preparer. To determine who needs to provide their information, consult "Who must provide information on the FAFSA form?", on page 3.
You may fill the answer fields electronically and then print the form, or print the form first and complete it by hand. If you complete the form by hand, use dark ink and write clearly, as shown below. A computer will process this form; therefore:
• Fill in both circle and square answer fields completely: Correct ● ■ Incorrect ☉ ☒ ☓ ☒ ☒
• For circle answer fields, choose only one response: ○ ● ○ ■ □ ■
for square answer fields, choose all that apply:
• Print in BLOCK CAPITAL letters and skip a box between words; for multi-line responses, wrap any incomplete words onto next line:

1	4	1	6	P	L	U	M	S
T	A	P	T	4				

 Continue on next line.
• Report dollar amounts such as \$12,356.41 without cents; if negative, completely fill the circle (⊖) before the answer box: ⊖\$ [] [] [] [] [] [] [] [] [] []

Refer to the notes on pages 21–22 as instructed.
For help in filling out the FAFSA form, go to StudentAid.gov/fafsa/help or call 1-800-4-FED-AID (1-800-433-3243). If you need assistance in another language, visit StudentAid.gov/apply-for-aid/fafsa/filling-out/request-interpretor.

Special Circumstances
If you or your family experienced significant changes to your financial situation (such as loss of employment or pay cuts), or other special circumstances (such as tuition expenses at an elementary or secondary school or high unreimbursed medical or dental expenses), complete and submit this form as instructed. Once you submit the form, discuss your special circumstances with the financial aid office at the college(s) you applied to or plan to attend.

Mail Your FAFSA® Form
After you complete this application, make a copy of pages 7 through 20 for your records. Then mail the original of pages 7 through 20 to:
Federal Student Aid Programs, P.O. Box 70204, London, KY 40742-0204
Extra postage will be required. After your application is processed, you will receive a summary of your information in your FAFSA Submission Summary. If you provide an email address, your summary will be sent by email within three to five days. If you do not provide an email address, your summary will be mailed to you within three weeks. If you would like to check the status of your application, go to StudentAid.gov or call 1-800-433-3243.

FAFSA is a registered trademark of Federal Student Aid, U.S. Department of Education.

2024–25 FAFSA® Form

<https://studentaid.gov/sites/default/files/2024-25-fafsa.pdf>

Key Financial Aid Application Deadlines

Admission and financial aid deadlines are usually different. Each school may require different forms – look at their financial aid webpages.

- **FAFSA Application Period**

- Opening Date: December 1, 2024 (for 2025-2026 academic year). Check with your college for priority consideration (typically early spring for most schools). You can file FAFSA for the 2024-2025 academic year up until June 30, 2025.

- **CSS Profile – College Scholarship Service Profile** (private institutions—check with the school).

- **New York State Aid Applications**

- TAP (Tuition Assistance Program): Generally, May 1 of the academic year for which aid is requested.
- Excelsior Scholarship: Generally, opens in late spring (exact dates vary each year).
- Enhanced Tuition Awards (ETA): Varies, usually aligned with Excelsior application period.

How To Pay for Higher Education

Cost of Attendance (COA): It's not just tuition!

- Cost of Attendance (COA) is an estimate of the amount it will cost you to attend a school. It includes:
 - Tuition and fees (42-50% of the total cost)
 - Room and Board (30-40% of the total cost)
 - Books and Supplies (5-10% of the total cost)
 - Transportation (5-10% of the total cost)
 - Miscellaneous: Health insurance, technology fees, extracurricular costs, study abroad, spending money, childcare, etc.

Prioritizing Higher Education Funding

- **Free money (doesn't have to be paid back)**
 - Grants
 - Scholarships
- **Earned money**
 - Work Study
- **Must be paid back**
 - Federal Subsidized Loans
 - Federal Unsubsidized Loans
 - Federal Plus Loans (For graduate students or parents)
 - Private Loans

Grants and Scholarships

- Federal grants, such as [Pell](#) and Federal Supplemental Educational Opportunity Grants ([FSEOG](#)) are need-based. Your school must participate in the FSEOG program to receive an award.
- The NYS Tuition Assistance Program ([TAP](#))¹ grant is also need-based and is available to New York residents attending schools in New York State.
- The [Excelsior Scholarship](#)¹ provides free tuition for eligible SUNY and CUNY students. Income limits apply and recipients are to work and or reside in New York State after graduation for a period of time to retain the scholarship.
- Colleges and universities will award scholarships based on different criteria. Information from the FAFSA may be used to determine eligibility and some private institutions require that you complete the College Board “Profile” to qualify. Check with your financial aid office.

1. TAP and Excelsior programs are administered by the New York State Higher Education Services Corporation (HESC).

Federal and State Grant Maximums 2024-2025

- **Federal Pell Grant:** \$7,395. (Tuition & Room & Board).
- **Federal Supplemental Educational Opportunity Grant (FSEOG):** \$4,400. (Tuition & Room & Board).
- **New York State Tuition Assistance Program (TAP):** \$5,665. (Tuition only). Some borrowers can get up to \$6,000 with the **Enhanced Tuition Award (ETA)** if they attend a participating private school.
- **Excelsior Scholarship:** Covers the difference between total tuition costs only and other financial aid received for CUNY and SUNY schools.

1. TAP and Excelsior programs are administered by the New York State Higher Education Services Corporation (HESC).

Sources of Scholarships

- You can find scholarships from a variety of sources, including:
 - Online **free** scholarship finders
 - Colleges and Universities
 - Employers/Unions
 - Community and Religious Organizations
 - High School or Elementary School
 - Organizations through which you pursue hobbies and academic interests
 - Companies and Philanthropic Institutions
 - Contests and Sweepstakes

Work-Study

- Work-Study is a federal student aid program that provides part-time employment through the college or university to help pay your education expenses.
- Work-Study is available to undergraduate, graduate, and professional students with financial need. It is available to part- and full-time students.
- Check with your school's financial aid office to find out if your school participates in the Work-Study program.

Caution: Work-Study dollars must be “earned”. Getting the full award depends on job availability and willingness of the student to do the work.

Federal Loans

- If you still need to take out loans after exhausting all available grant, scholarship and work-study funding, consider all available federal loans before turning to private loans.
 - Federal loans offer several advantages compared to private loans, including:
 - The interest rate on federal loans is typically lower than on private loans.
 - No credit check or cosigner is required for Direct subsidized and unsubsidized loans for undergraduate or graduate students.
 - You don't have to start repayment until you graduate, leave school, or change your enrollment status to less than half-time.
 - There are flexible repayment plans and more options to postpone repayment.
 - You may be eligible for loan forgiveness if you meet certain criteria.

Types of Federal Loans

- **Direct subsidized** and **unsubsidized** loans for undergraduates-current interest rate **6.53%**.
 - Interest on subsidized loans may be covered by the government during certain periods over the life of the loan (i.e., during an in-school deferment). The borrower is generally responsible for interest that accrues on unsubsidized loans. Borrowing limits apply.
- **Direct unsubsidized** loans for graduate students-current interest rate **8.08%**. Borrowing limits apply.
- **Direct Plus** loans for **graduate and professional students**-current interest rate **9.08%**. May borrow up to the cost of attendance.
- **Direct Plus** loans **for parents** of dependent undergraduate students-current interest rate **9.08%**. May borrow up to the cost of attendance.
 - Plus loans require a credit check and sometimes an endorser. They are payable upon disbursement, but you may request a deferment while the student is in school.
 - Plus loans for graduates are eligible for the same repayment plans and forgiveness programs as Direct subsidized and unsubsidized loans.
 - Plus loans for parents have more limited options.
- **Direct Consolidation loans**-Allow you to combine multiple federal loans into one or two loans.

Federal Borrowing Limits

Year	Dependent Students (except students whose parents are unable to obtain PLUS Loans)	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)
First-Year Undergraduate Annual Loan Limit	\$5,500 (no more than \$3,500 may be in subsidized loans)	\$9,500 (no more than \$3,500 may be in subsidized loans)
Second-Year Undergraduate Annual Loan Limit	\$6,500 (no more than \$4,500 may be in subsidized loans)	\$10,500 (no more than \$4,500 may be in subsidized loans)
Third Year and Beyond Undergraduate Annual Loan Limit	\$7,500 per year (no more than \$5,500 may be in subsidized loans)	\$12,500 (no more than \$5,500 may be in subsidized loans)
Graduate or Professional Student Annual Loan Limit	Not Applicable (all graduate and professional degree students are considered independent)	\$20,500 (unsubsidized only)
Subsidized and Unsubsidized Aggregate Loan Limit	\$31,000 (no more than \$23,000 of this amount may be in subsidized loans)	\$57,500 for undergraduates (no more than \$23,000 may be in subsidized loans.) \$138,500 for graduate or professional students (no more than \$65,500 of this amount may be in subsidized loans. The graduate aggregate limit includes all federal loans received for undergraduate study.)

Private Loans

- Are offered by banks, credit unions and private institutions.
- Credit checks are required, and most students must obtain co-signers (usually parents, but it can be any adult who qualifies).
- Co-signers are 100% liable for the loan if the primary borrower defaults. It can be difficult to get a co-signer release.
- Interest rates are determined by prevailing market conditions and the creditworthiness of the applicants.

Private loans should be your last resort for funding. It's best to avoid them altogether if you can!

College 529 Funds

College 529 Savings Plans

- Tax-Advantaged investment vehicles administered by states. (You do not have to use a plan in your own state though there may be incentives to do so).
- Money grows tax-free over time.
- Distributions are tax-exempt at the federal and state level¹ when used for qualified expenses related to education:
 - Tuition, fees, room & board, books and other related expenses for higher education up to the full cost of attendance.
 - Payments of principal and interest on student loans up to a lifetime limit of \$10,000. (Taxable in New York State)
 - Payments on tuition and related fees for K-12 up to \$10,000 per year. (Taxable in New York State)

1.States may have different rules on what is considered a qualifying expense for taxability purposes.

Understanding Awards Letters

Sample Awards Letter-NYS has a standard Form

MM / DD / YYYY

Name of College/University

Student Name, Identifier

[Download](#)

Costs in the 20xx-xx year

Estimated Cost of Attendance \$ X,XXX / yr	
Tuition and fees	\$ X,XXX
Housing and meals	X,XXX
Books and supplies	X,XXX
Transportation	X,XXX
Other educational costs	X,XXX

Grants and scholarships to pay for college

Total Grants and Scholarships ("Gift" Aid; no repayment needed) \$ X,XXX / yr	
Grants from your school	\$ X,XXX
Federal Pell Grant	X,XXX
Grants from your state	X,XXX
Other scholarships you can use	X,XXX

What will you pay for college

Net Costs \$ X,XXX / yr
(Cost of attendance minus total grants and scholarships)

Options to pay net costs

Work options

Work-Study (Federal, state, or institutional) \$ X,XXX

Loan options*

Federal Perkins Loans	\$ X,XXX
Federal Direct Subsidized Loan	X,XXX
Federal Direct Unsubsidized Loan	X,XXX

*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

Other options

Family Contribution \$ X,XXX / yr	
(As calculated by the institution using information reported on the FAFSA or to your institution.)	
<ul style="list-style-type: none"> • Payment plan offered by the institution • Parent PLUS Loan 	<ul style="list-style-type: none"> • Military and/or National Service benefits • Non-Federal private education loan

Graduation Rate

Percentage of full-time students who graduate within 6 years

Loan Default Rate

Percentage of borrowers entering repayment and defaulting on their loan

Median Borrowing

Students at UUS typically borrow \$X,XXX in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.

Repaying your loans

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to: <http://studentaid.ed.gov/repay-loans/understand/plans>

For more information and next steps:

Your College/University
Financial Aid Office
123 Main Street
Anytown, NY 12345
Telephone: (123) 456-7890
E-mail: financialaid@myschool.edu

Net Cost

- The **Net Cost** on a financial aid award letter is the amount a student is expected to pay after subtracting grants and scholarships from the total cost of attendance. It is an estimate and does not include all potential expenses.

What will you pay for college	
Net Costs (Cost of attendance minus total grants and scholarships)	\$ X,XXX / yr

- How will you cover your Net Cost?
 - Work-Study
 - Pay out-of-pocket (from 529 savings plan or other resources)
 - Federal Plus loans
 - Private Loans (last resort!)

Comparing Costs

- **Caution:** Not all financial aid is “free money”. Loans must be paid back.
- Parents can borrow up to the COA for undergraduate students. The goal is to minimize the debt.
- Graduate students can borrow up to the COA for masters and doctorates.
- Schools with the most expensive COA may be more affordable if they offer generous grants and scholarships.

Annual Cost of Attendance-Financial Aid Award Letters Analysis				
	Private Non-Profit (A)	NYS Public (B)	Out-of-State Public (C)	Private Non-Profit (D)
Tuition	51,410	7,070	39,300	55,450
Room & Board	17,100	17,984	15,756	18,939
Personal Expenses	-	2,000	-	2,000
Other	875	3,695	-	1,120
Total Cost of Attendance (COA)	69,385	30,749	55,056	77,509
Scholarships	32,000	14,000	15,000	34,000
Grants	3,000	3,000	300	500
Total Scholarships & Grants (Awards)	35,000	17,000	15,300	34,500
Net Cost/Funding Gap (COA-Awards)	34,385	13,749	39,756	43,009
Direct Subsidized	511	511	511	511
Direct Unsubsidized	4,989	4,989	4,989	4,989
Total Federal Loans (For Student Borrower)	5,500	5,500	5,500	5,500
Work-Study	-	-	-	-
529 Savings Plan	10,000	10,000	10,000	10,000
Family Savings	5,000	5,000	5,000	5,000
Parent Plus Loans	-	-	-	-
Private Loans (Last resort)	-	-	-	-
Total Other Contributions	15,000	15,000	15,000	15,000
Remaining Balance (if any)	13,885	(6,751)	19,256	22,509

*Funding gap= Amount to be paid through loans or other sources.



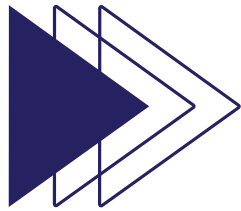
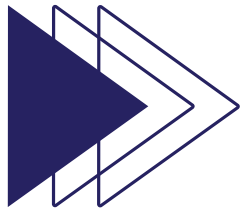
Tips

Tips: Keeping Costs Down

- Apply for FAFSA early. FSEOG grants for those who are eligible are awarded on a first-come-first serve basis and are based on your FAFSA application.
- Make applying for scholarships a part-time if not full-time job. Once you apply for one, it is easy to apply for more using the same template letter and letters of recommendation. Continue to apply and seek opportunities throughout college.
- For institutional scholarships/grants, ask if they will be available beyond the first year and be aware of any requirements to keep the aid. Get confirmation in writing!
- Generally, going out of state may be more costly, but not always.
- Ivy Leagues may have generous need-based scholarships or even full-ride—don't rule them out until you see the awards.
- Don't miss important financial aid deadlines.
- Only borrow what is really needed! It's not necessary to borrow everything that is offered!

Tips: For Parents

- Being a good parent does not mean risking your own financial security.
- If college financing is a concern, step back and look at college attendance from a Return-on-Investment perspective and not just wanting a child to have the “college experience.”
- Getting an education at a reasonable cost is possible, with some sacrifices, like staying in-state or not living on campus.
- Parents should know what they can repay before they borrow! The number one feedback we get from borrowers is that it was too easy to borrow a lot more than they could afford.
- Hypothetical budgeting can be an eye opener (how much total debt will be accumulated and what will it take to pay that back on a monthly-basis)!



Contact EDCAP

Helpline: 888-614-5004

Email: edcap@cssny.org

Web: edcapny.org

Resources

Relevant Links

- Federal Student Aid (FSA) [Home Page](#)
- FAFSA
 - [FAFSA](#) Application
 - [Filling out the FAFSA](#) (FSA)
 - [Federal Student Aid Estimator](#)
 - [FAFSA Deadlines](#)
 - [FAFSA Submission Summary](#) (Academic year 2024-2025)
 - [Understanding FAFSA & Financial Aid Your Guide](#) to Paying for College
- Federal Grants
 - [Pell](#)
 - Federal Supplemental Educational Opportunity Grant ([FSEOG](#))
- New York State Grants and Scholarships
 - NYS Tuition Assistance Program ([TAP](#))
 - [Excelsior Scholarship](#)

Relevant Links, (cont'd)

- Other Scholarship Options
 - [Careeronestop](#) Scholarships
 - [Fastweb](#)
- [Federal Work-Study](#) Program
- Federal Student Loans
 - [The William D. Ford](#) Federal Direct Loan Program
 - [Borrowing Limits](#)
- Awards Letters: Analysis Tools
 - [College Covered](#)
 - [NYS HESC](#)