F10: Getting Past Sticker Shock: Helping Students Think About Paying for College

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Roadmap

• **Introduction**
  – Role of counselors in the financial aid process
  – Financial Aid Toolkit

• **Deciding where to apply**
  – Updated College Scorecard
  – Net price calculators

• **Deciding where to attend, and how to pay for college**
  – (Upcoming in 2016) Earlier and easier FAFSA
  – Financial aid award letters
  – Student loans

• **Q&A and Discussion**
uAspire works to ensure that all young people have the **financial information and resources** necessary to find an **affordable path** to – and through – a postsecondary education.
uAspire Program Approach

PREPARE
Fight the misperceptions of college costs that derail students early in their high school careers

AFFORD
Guide students through the financial aid process, securing financial aid and enabling good decision-making

SUCCEED
Support students throughout their postsecondary career, helping them reach their goal of college graduation
The Institute for College Access & Success (TICAS)

- An independent, nonprofit research and policy organization that works to make higher education more available and affordable for people of all backgrounds

- Our work on financial aid communication includes net price calculators, award letters, and loan counseling.

- TICAS also works on issues related to student borrowing (see The Project on Student Debt and IBRinfo.org), grant aid, FAFSA simplification, and data policy
Role of Counselors in the Financial Aid Process

• **Hosts**: Often the first people students and their parents turn to

• **Translators**: Financial aid terminology and process
  • This is difficult at times due to the differences between colleges, formats, terms, etc.

• **Teachers & Facilitators**: Develop classroom guidance lessons, parent and student workshops, and individual conferences
Financial Aid Toolkit - Overview

• Launched in December 2013

• Online “one-stop shop” for counselors with information about financial aid, a searchable database of resources, and outreach tools

• Includes resources in Spanish and information for parents

• http://FinancialAidToolkit.ed.gov
Financial Aid Toolkit – Search Function

I AM LOOKING FOR
- Resource Type
  - All
  - Glossaries
  - Handouts
  - How-To Guides
  - Infographics
  - Presentations
  - Public Service Announcements
  - Social Media Content
  - Templates
  - Videos
  - Web Resources and Tools
  - Webinars and Audio Files
  - DONE SELECTING

TO HELP
- Audience Type
  - All
  - Middle School Students
  - High School Students
  - Adult Students
  - Current College Students
  - Graduate or Professional Students
  - Parents
  - Military Families
  - Federal Student Loan Borrowers
  - Spanish Speakers
  - Middle School Counselors
  - High School Counselors
  - College Access Professionals
  - Community-Based Organizations
  - DONE SELECTING

LEARN ABOUT
- Topic
  - All
  - College Preparation
  - Types of Aid
  - Eligibility
  - FAFSA
  - Receiving Aid
  - Loan Repayment
  - Financial Literacy
  - Consumer Protection
  - Hosting a Financial Aid Event
  - Using Federal Student Aid Resources
  - DONE SELECTING

DURING
- Time of Year
  - All
  - Spring
  - Summer
  - Fall
  - Winter
  - DONE SELECTING
Updated College Scorecard

• First launched in Feb 2013, major revision in Sept 2015

• Online college comparison tool, with data on costs, graduation rates, debt, post-college earnings, and more

• [https://collegescorecard.ed.gov/](https://collegescorecard.ed.gov/)
University of California-San Diego
La Jolla, CA
23,792 undergraduate students
ucsd.edu

4 Year Public City Large

Average Annual Cost

Graduation Rate

Salary After Attending

$14,421

86%

$59,600

To view College Scorecards, visit https://collegescorecard.ed.gov/.
To view College Scorecards, visit https://collegescorecard.ed.gov/.
Financial Aid & Debt

Students Paying Down Their Debt

- 67%
- 92% (ABOVE AVERAGE)

Students Receiving Federal Loans

47%

At some schools where few students borrow federal loans, the typical undergraduate may leave school with $0 in debt.

Typical Total Debt

$19,266

For undergraduate borrowers who complete college

Get Help Paying for College

Submit a free application for Federal Student Aid. You may be eligible to receive federal grants or loans.

START MY APPLICATION

Typical Monthly Loan Payment

$214/mo

To view College Scorecards, visit https://collegescorecard.ed.gov/.
Net Price Calculators

• Online tools that provide students with early, individualized estimates of college costs & financial aid

• NPCs can help students and families start thinking about affordability in their college search, early in the process
  – *Before* deciding where to apply
    • Almost half of students continue to look at “sticker price” when considering colleges instead of costs after subtracting financial aid.*
  – *Before* emotions are running high during the last weeks preceding a final decision

• NPCs can also help students prepare for the overall financial aid process

How Do NPCs Work?

• **Answer questions** about your household, finances, and perhaps other information like GPA and whether you’re planning to live on or off campus

• **View a customized estimate** of the full cost of attendance, grant and scholarships, and the net price (COA minus grants and scholarships)

San Diego City College, [https://webprod.cccco.edu/copc/071/npcalc.htm](https://webprod.cccco.edu/copc/071/npcalc.htm).
TICAS Research on NPCs

• Easy to find?
  – Not all colleges make NPCs easy to find on their websites.

• Easy to use?
  – Substantial variation in the number and difficulty of questions; students may need to access detailed financial records.
  – Not always clear that submitting contact information is optional.

• Easy to understand and compare?
  – Many colleges don’t keep their NPCs up to date.
  – “Net price” is not always the most prominent figure on the results page, which can confuse and mislead students and families.

• NPC resource page: http://www.ticas.org/NPC_resources.vp.html
Net Price Calculators
@ uAspire

- Part of “Financial Safety School” conversation with high school seniors (at select sites)
  - Use EFC calculator, NPCs, and 4+ years of award letter collection data to determine affordability

- Primary tool to direct students in our virtual advising work

- In absence of other, more accurate tools, helpful starting point
  - Helps uncover potential challenges for senior year form completion
  - Provides introduction to language used in process
Tips for Finding NPCs

- Begin with the “Costs” and/or “Financial Aid” sections of the school’s website

- Use the College Scorecard, College Navigator, Net Price Calculator Center, or a college search tool like the College Board’s Big Future website* to find NPC links.

- Use a search engine (e.g., Google) to search for “net price calculator” and “[school name]”

- Download a list of NPC URLs at the NPC Information Center

* Note: The College Board is also a provider of net price calculator services.
Tips for Using NPCs

TIPS for STUDENTS

• Use to practice for senior year
• Have family financial information ready
• Be honest and accurate
• Fill out multiple NPCs
• Ask the financial aid office or a counselor for help if you don’t understand

TIPS for PRACTIONERS

• Create a glossary of terms
• Prepare case studies
• Walk through results with students
• Complete NPCs for popular area institutions
## Tips for Understanding and Comparing NPCs

### TIPS for STUDENTS
- Focus on the “net price/cost”
- Be wary of unrealistic estimates of self-help (work and loans)

### TIPS for PRACTITIONERS
- Dissect results and terminology
- Provide next steps: contact information for schools’ financial aid offices, scholarship resource lists, etc.
- Respect emotions that may occur

### Keep in mind:
- Results are estimates, not final aid awards
- NPCs don’t take the place of a financial aid application
- Estimates apply to a particular year; costs may be different in later years.
- The difference between grants, loans, and work-study
Policy Update on NPCs

• Guidance from the Department of Education

• Bipartisan Net Price Calculator Improvement Act (introduced in House and Senate in 2014)
  – Minimum requirements for NPCs, including:
    • Where they should be located on college websites
    • What results they must provide
    • How students’ privacy must be protected
  – Central portal so students can answer just one set of questions and obtain net price estimates for multiple colleges at once.
    • Colleges can still create their own customized net price calculators

• Growing support for central NPC portal
Upcoming in 2016: Earlier and Easier FAFSA

- Starting next year, students will be able to submit their FAFSAs earlier (Oct 1 instead of Jan 1)

- More students will be able to electronically transfer their IRS data because the FAFSA will use earlier, “prior-prior year” income data
  - → No need to correct estimated income later
  - → Reduces burden of “verification”

Financial Aid Award Letters

- **Award letters differ from NPCs in:**
  - Timing
  - Early estimates vs. final awards
  - Format

- **Great variation in what information is included and how it is presented**

- **Interpreting award letters is the #1 issue of school counselors! (NACAC)**
Award Letters: A Full Year Conversation

@ uAspire

• **Data (Sept-Nov)**
  - Review award letter data, use to build college lists
  - Share trends with students, practitioners, and districts

• **Review & Collection (Mar-Jun)**
  - Award letter review and conversations
    - 1:1 with advisors, walk through, using analyzer
    - Support with appeals process, if applicable
    - Always couple with next steps and resources
  - Award letter collection
Why Collect Financial Aid Award Letters

**uAspire**

**GUIDE Students & Families**
- Early College Affordability Awareness
- Junior/Senior year college list creation
- Award letter comparison phase with students
- Alumni support

**BUILD Expertise & Data Set**
- Develop team knowledge by site
- Target areas for data collection
- Tie college cost to outcomes

**STRATEGIZE partnerships**
- Nudge colleges to better packages
- Create affordable pathways
- Spark national conversations
Collecting Data on Award Letters (example)
Financial Aid Award Letter Analysis
Opportunities to support students and families

Build understanding:

• Terminology
• What the family is responsible for
• Costs over time (2 years, 4 years, etc.)
• Appeals process
• Next steps based on aid offers
Financial Aid Award Letters
Best Practices for Counselors

- **Practice:** prepare students and families ahead of time
- **Provide** glossary of terms to the students
- **Analyze** award letters with student and families
- **Broker** communication with colleges
- **Support:** encourage students and families to ask you questions, be present for conversations
- **Collect data** to analyze trends
**Helpful tools for comparing award letters:**


- uAspire award analyzer

- Dollars for College (background on comparison): [http://gradnation.org/toolkit/12th-grade](http://gradnation.org/toolkit/12th-grade)
How to Provide Support on Student Loans

• “Which loan would you suggest?”
  – Begin with: we are not loan experts or providers

• Create awareness of Parent PLUS
  – Look for schools who package this. Why is packaging this loan a challenge?
  – Apply Must accept

• Explain Subsidized and Unsubsidized

• Norm using loans and which loans are the smartest (Federal options over private)
Student Loans

Resources

• TICAS resources
  – Federal Student Loan Terms for 2015-16
  – http://projectonstudentdebt.org

• Helpful resources from the Department of Education:
  – Information on Studentaid.gov, including about income-driven repayment plans (http://studentaid.gov/idr)
  – Videos
  – Repayment estimator
### Stafford Loans

<table>
<thead>
<tr>
<th>Types</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Subsidized Stafford Loan:</strong> Available only to undergraduate students on the basis of financial need. No credit check required. The federal government covers the interest on these loans while borrowers are enrolled at least half time and for six months after they are no longer enrolled at least half time. Monthly payments are not required until six months after leaving school.</td>
<td></td>
</tr>
<tr>
<td><strong>Unsubsidized Stafford Loan:</strong> Available to undergraduate and graduate students regardless of financial need. No credit check required. Interest is charged throughout the life of the loan. Monthly payments are not required until six months after leaving school.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Annual Loan Limits</th>
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<tbody>
<tr>
<td><strong>Dependent undergraduates (most students under the age of 24):</strong> $5,500 as freshmen (including up to $3,500 subsidized); $6,500 as sophomores (including up to $4,500 subsidized); $7,500 as juniors and seniors (including up to $5,500 subsidized).</td>
<td></td>
</tr>
<tr>
<td><strong>Independent undergraduates (students age 24 or older) and dependent students whose parents are unable to obtain PLUS Loans:</strong> $9,500 as freshmen (including up to $3,500 subsidized); $10,500 as sophomores (including up to $4,500 subsidized); $12,500 as juniors and seniors (including up to $5,500 subsidized).</td>
<td></td>
</tr>
<tr>
<td><strong>Graduate students:</strong> $20,500 (or $40,500 for certain medical training).</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Aggregate Loan Limits</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Dependent students:</strong> $31,000. <strong>Independent undergraduates and dependent students whose parents are unable to obtain PLUS Loans:</strong> $57,500. <strong>Graduate and professional students:</strong> $138,500 (or $224,000 for certain medical training) including undergraduate borrowing.</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Interest Rates</th>
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<tbody>
<tr>
<td>The interest rate for undergraduate Stafford loans, both subsidized and unsubsidized, is 4.29%. Rates are fixed for the life of the loan. (See page 2 for how interest rates are determined.)</td>
<td></td>
</tr>
</tbody>
</table>
Responsible Borrowing

Repayment: What to Expect

How to Manage Your Student Loans
Repayment Estimator

• Enter specific loan information (can be hypothetical), use average loan balances, or import your actual loan data.

• Enter tax filing status, income, family size, state of residence

• View estimated payments under different repayment plans (see screenshot on next slide)

• http://studentaid.gov/repayment-estimator
## Repayment Estimator

- Sample estimated payments ($20,000 in unsubsidized Stafford loans, 6.8% interest rate, single, $30,000 AGI)

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Repayment Period</th>
<th>Monthly Payment Initial to Final Amounts</th>
<th>Projected Loan Forgiveness</th>
<th>Total Interest Paid</th>
<th>Total Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>120 months</td>
<td>$230 to $230</td>
<td>$0</td>
<td>$7,619</td>
<td>$27,619</td>
</tr>
<tr>
<td>Graduated</td>
<td>120 months</td>
<td>$133 to $398</td>
<td>$0</td>
<td>$9,720</td>
<td>$29,720</td>
</tr>
<tr>
<td>Income-Based Repayment (IBR)</td>
<td>143 months</td>
<td>$154 to $230</td>
<td>$0</td>
<td>$9,984</td>
<td>$29,984</td>
</tr>
<tr>
<td>IBR for New Borrowers</td>
<td>199 months</td>
<td>$103 to $230</td>
<td>$0</td>
<td>$16,240</td>
<td>$36,240</td>
</tr>
<tr>
<td>Pay As You Earn</td>
<td>199 months</td>
<td>$103 to $230</td>
<td>$0</td>
<td>$16,240</td>
<td>$36,240</td>
</tr>
<tr>
<td>Income-Contingent Repayment (ICR)</td>
<td>204 months</td>
<td>$151 to $186</td>
<td>$0</td>
<td>$14,423</td>
<td>$34,423</td>
</tr>
</tbody>
</table>

http://studentaid.gov/repayment-estimator
Activity: Breakout Sessions

• **Financial Aid Award Letters**
  • If you have award letter conversations, what is the biggest challenge (trouble area) you face in helping students and families interpret and compare award letters?

• **Student Loans**
  • What are the biggest challenges or misunderstandings that you encounter when talking to students and families about loans?

• **Policy**
  • Is there a resource you can imagine that would be helpful in helping students and families think through affordability issues when deciding where to apply or attend? And/or a resource that would help you as a practitioner?
Q&A and Discussion

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