

Run the Numbers

A few simple steps and some tough questions can help families tackle the cost of college

By Kim Clark

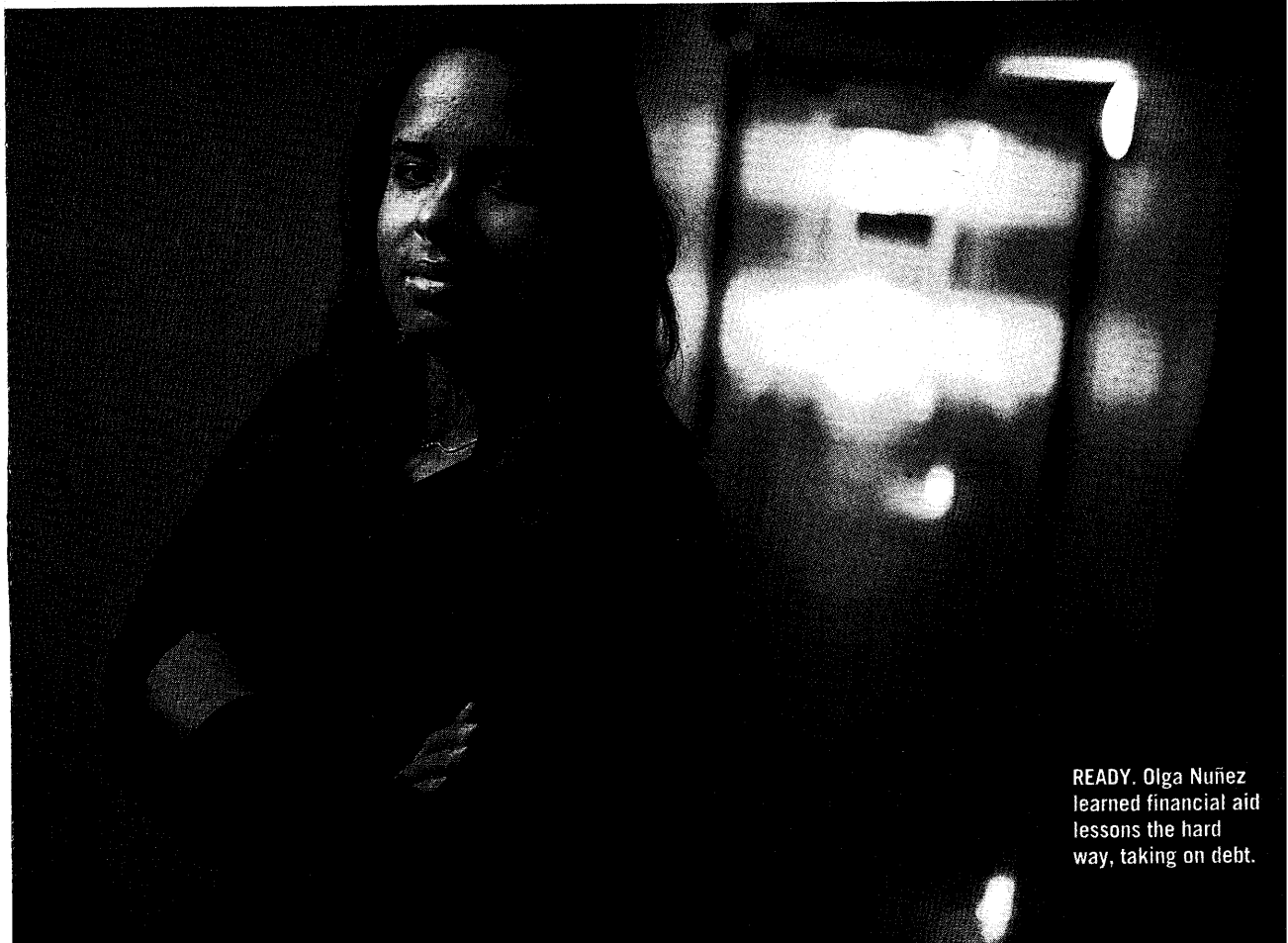
More than 2 million Americans have just three weeks to make what will probably be one of the biggest financial bets of their lives: where to go to college.

Unfortunately, the odds of making a mistake are high because many colleges and lenders fail—sometimes intentionally—to provide the basic information students need to keep college costs within their budgets. Many schools, for example, ignore at least the spirit of vague federal laws requiring them to give students plenty of warning about scholarship details and total costs. And the New York State attorney general has launched an investigation into whether colleges and lenders have been illegally steering students and par-

ents away from the cheapest educational loans. Such tactics can be especially effective on college applicants, most of whom are young adults whose biggest previous financial decision may have been which sneaker to buy.

The costs of making a mistake have never been higher. About 40 percent of all students drop out of college and get little career or earnings boost—but are often left with big bills. And this year's freshmen will face the risk of the biggest bills in history, as colleges around the country are raising tuition to new records. The California State universities' fees will jump 10 percent this fall; the University of Kentucky 9 percent. Even accounting for increases in federal Pell grants and other financial aid (story, Page 64), students at public universities will probably have to scrape together about \$14,000 from

JEFFREY MACMILLAN FOR USM



READY. Olga Nuñez learned financial aid lessons the hard way, taking on debt.

their own families next year, up several hundred dollars from last year. Meanwhile, students who get no scholarships and choose to pay the sticker prices of the most expensive private universities will have to pony up more than \$50,000.

But the payoff to making a good decision is still lavish. Those who choose the right college, and make the grades and payments to receive a degree, earn about 40 percent more than those who drop out of college. That kind of jackpot is what is inspiring Olga Nuñez, 23, to ask plenty of questions about the financial aid offer she expects from a community college in New Jersey. She's being careful this time around because of the blunder she made at 20, when she was thrilled to get a small scholarship from private Wheelock College in Massachusetts. She didn't notice then that much of the rest of her aid package was loans. And she didn't check out the school to see if she'd be comfortable there. After just one year of feeling isolated and becoming alarmed by her new college debts, she dropped out. "Now I have almost \$15,000 in loans," she says. "This time, I'm going to do it right."

Financial aid experts and students like Nuñez say that a few hours of research and some simple strategies are all it takes to tilt the odds in students' favor.

Step 1. When Joe Paul Case, director of financial aid at Amherst College, helps friends decide which college to choose, he says the first step is to figure out just how much each college is going to cost. So he sits down with all the student's financial aid award letters, a big pad of paper, and a pencil. He draws a grid, writes the name of each school at the top of a column, and then starts to tear his hair out. The very first and most important number—the total cost of a year at the school, including tuition, fees, room, board, books, travel, and other reasonable expenses—is often left off award letters and college websites. Many schools reveal their total costs only upon request, so that their high prices don't scare ap-

WELL, IT NEVER HURTS TO ASK

Online, they are called cyberbeggars, and Balmes Pavlov joined their ranks last year to help pay for college. Inspired by a student who asked for donations through newspaper ads, he took the idea to the Internet and set up a Web page with a link to PayPal. "I have created this website to collect donations from people as a way to help fund my college education," it reads. "This is not a joke or a scam." After gently advertising to friends and family and in online message boards, the Fordham University freshman collected a total of \$83.98.

The largess has done little to alleviate Pavlov's financial burden, which is \$42,000 a year at Fordham. Pavlov, who is in the College of Business Administration, uses a combination of tactics to make up the rest of the cost. He took out

loans, received grants and scholarships, was assigned a work-study job in the school's information-technology department, and fixes friends' computers on the side. He will be vying for a resident adviser position—which carries with it free room and board.

Pavlov is the first of his immigrant family from the Dominican Republic to pursue a bachelor's degree, and staying close to his home in the Bronx was a high priority. He decided to move into the dorms for a richer campus experience, but moving out of the family home was a tough financial decision. "Obviously, you want to be smart about what you spend and where your money goes," he says. "But it shouldn't stop you from doing something that you really want to do." —Alison Go

plicants away. "They don't want to have confrontations with families" about costs but instead want students to get excited and say, "Oh, look how much scholarship there was," Case says.

Once over the excitement, families can call the schools and ask for the total cost

of attendance or estimate it by adding about \$3,700 to tuition, fees, room, and board. To get the net out-of-pocket costs for the first year, just subtract grants and scholarships from each school's total cost. Loans and work-study jobs are often good deals, but they still eventual-

NO JOKE. Balmes Pavlov went online to solicit donations.

**If You're
Running
Behind...**

It's not too late to apply for college scholarships. U.S. News has compiled a list of eight scholarship programs suitable for last-minute applicants, with deadlines ranging from April 30 through September 17 and awards of \$300 to \$10,000. Most require an essay. Questions include "What is the future of the printed book?" and "If you could trade places with someone for 24 hours, who would it be and why?" The list is available at usnews.com/lastminute.

ly come out of the pocket of the student or parent.

Experienced students warn against stopping there, however. The goal isn't just to pay for freshman year but to get the student through to a degree. And that means asking the school—and the student—tough questions. Andrew Blucker, a freshman at Tennessee Tech, now realizes every student should investigate the rules for and likelihood of renewing each scholarship, for example. Money awarded because of a student's need, such as Pell grants, won't be renewed if the income of the student or parent gets a sudden boost. And Blucker was shocked to learn how easy it is to lose merit scholarships. He is about to become one of 50 percent of Tennessee HOPE scholarship recipients who lose them because of low grades after just one year. "College was quite a bit more difficult than I expected," Blucker says. It's more difficult than most students expect. Tennessee's research shows that more than 60 percent of students who leave high school with a B-plus grade-point average end their freshman year with a sub-B average. That's a warning to students who accept scholarships that require maintaining high grades in college.

How long? In addition, figuring out the cost of a degree means asking how long it will take the student to get through the coursework. Most college students now take at least five years. But there's a great variation from school to school, as a few quick clicks on the federal government's College Opportunities Online Locator website (<http://nces.ed.gov/ipeds/cool/index.aspx>) show.

Alas, once they've figured out their bottom line, most families are unpleasantly surprised. The ugly reality is that most colleges feel they simply can't afford to provide enough aid for every student. And that leaves students who can't afford college with two solutions: cut their costs, and raise extra funds. But the way students make up the cash shortages can influence their chances of graduating.

A growing number of students are saving money by living at home and spending the first couple of years in low-priced community colleges. Those students need to be es-

pecially disciplined, however, because many community colleges have a low rate of transferring students on to four-year schools.

Raising cash can also be tricky. Working no more than 15 hours a week can earn students about \$2,000 over a school year, enough to cover books and extra expenses. Better yet, studies show the discipline of a part-time job improves grades. But working more than that tends to steal time away from homework and is associated with a higher dropout rate.

Nearly 7 percent of college students also raise extra cash through private scholarships from charities, clubs, and businesses. But the biggest prizes go to the early birds. Only a handful of contests are still accepting applications in April.

One of the most effective ways to get more aid is to call, write, or, best of all, visit the aid offices of the student's top-

sometimes do—reduce aid (ston-

60, on the workings of an aid of

A growing number of schools receptive to appeals based on offi-

competing schools. Some univer-

such as Carnegie Mellon and H-

encourage students to give a

chance to match other colleges'.

(They may not respond to offe-

schools they don't compete wit-

ever.) Other schools prefer to

proached more diplomatically.

It took Janean Laidlaw of W-

town, Mass., five hours of s-

through websites and college ca-

figure out the real costs of th-

schools her son, Hal, got into i-

And then she discovered that F-

choice, Swarthmore, would cost

ily \$16,000, or as much as 22 pe-

the family's after-tax income, i-

thousands of dollars higher t-

other choices. So she wr-

ter noting that other

had been more generou-

dering if those schoo-

looked at us differently,

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the family to live on th-

ters pay. After an init-

tion, Swarthmore offer-

place Hal's loans with

Though sorely tempte-

end, Hal chose to stu-

and computer science a-

ton, a less expensive

Now a senior, Hal is b-

cruited by tech compar-

the Laidlaws' oldest d-

just received a nice of-

Columbia. "We're ver-

Laidlaw says. Of cou-

Laidlaws also put in the

increase the odds that

aid luck would favor th-

BALLOONING COSTS

Average cost of a private four-year school

\$3,977 → **\$30,367**

1976-77

2006-07

Average cost of a public four-year school

\$1,936 → **\$12,796**

1976-77

2006-07

Note: Cost equals tuition, fees, room, and board before any scholarships and grants.
Source: College Board

CONSIDERING AID OFFERS?

- ☐ **Find out** the college's total cost of attendance.
- ☐ **Deduct** grants and scholarships to calculate your out-of-pocket cost.
- ☐ **Determine** what the requirements are to have a scholarship renewed for subsequent years.
- ☐ **Figure out** how long it's likely to take to get a degree. Most students now need at least five years.
- ☐ **Weigh** the savings from living at home for two years and going to community college vs. the chance that you won't transfer to a four-year school.
- ☐ **Decide** how many hours a week you could work at a job without hurting your grades.
- ☐ **Look for** last-minute scholarships with late deadlines.
- ☐ **Appeal to** the college financial aid office for a better deal if your family has evidence of greater need.