

College's First Test: How to Pay for It

By **Ann Carrns**

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As students weigh their college acceptance offers ahead of the traditional May 1 deposit deadline, some may be struggling with how to compare the real costs of each school.

Don't be dazzled by fat offers of financial aid if the cost of the school is so high that it will still be a stretch for you to attend, said Sally Rubenstone, a senior adviser with the College Confidential website. She said she is advising, on a pro bono basis, a first-generation college student who received a substantial aid offer — about \$76,000 — from New York University. Such packages, she said, often result in parents “dancing around the living room.”

But the offer included about \$11,000 a year in loans, which, if borrowed over four years, could leave the student with more debt after graduation than some other schools would.

“You have to look at what makes up the offer,” she cautioned. “If a big chunk is loans, it's not such a great deal.”

Unfortunately, it's not always easy to interpret financial aid letters. Letters don't have to hew to a standard format, and colleges may emphasize the amount of aid awarded, rather than the actual cost of attending a school, financial aid experts say.

Diane Cheng, associate research director at the nonprofit group The Institute for College Access and Success, or TICAS, said her organization recently analyzed 200 financial aid letters from public and private four-year colleges. It found that many fell short of communicating critical information.

“Most were not clear, comprehensive or consumer friendly,” said Ms. Cheng, noting that a “disproportionate share” didn't show the full cost of attending the school.

Fewer than a fourth of the schools used the federal government's suggested financial aid “shopping sheet” format, which clearly outlines all the costs of attending school before subtracting financial aid, to show a net cost of attending.

Some letters blurred the lines between aid like grants and scholarships, which don't have to be repaid, and loans, TICAS found.

That means the onus is on students and families to carefully evaluate offers, before making a final decision about a school.

Calculate Net Cost

Make sure you calculate the net cost of attending each school you are considering, so you can compare apples to apples, Ms. Cheng said. The net cost is the full cost of attendance — not just tuition, but also room and board, meals, books and supplies, lab fees and other expenses — minus grants and scholarships, which don't need to be repaid. The bottom line is the amount you'll have to pay, whether from savings, or by working or borrowing the money.

It's important to determine, as closely as possible, the school's true cost, said Mark Kantrowitz, a financial aid expert. "Too often," he said, "families try to wing it."

Many colleges include net-price calculators on their websites, or you can start online at the College Board's website.

Know the Terms of Your Offer

Students should also ask whether the grants and scholarships will continue at the same level for four years, since some schools "front load" aid, to entice students to accept. About half of colleges do this, awarding more grants to freshmen than upperclassmen, said Jackie Bright, executive director of the National Scholarship Providers Association. Also, keep in mind that even if the aid level stays the same, it won't go as far if the cost of attending the school increases.

Pell Grant Increase

This year some of the neediest students can look forward to a little bit of extra financial aid from the federal government.

The maximum amount for Pell grants — need-based grants that help low-income students cover the cost of college — was just increased for the 2018-19 academic year. The maximum award for the coming school year rose by \$175, to \$6,095.

The unexpected increase was included in the fiscal 2018 budget finalized in March.

Before the passage of the spending bill, the Department of Education had instructed colleges to use the prior maximum, \$5,920, in initial financial aid packages sent out this year. So, students who are eligible for Pell grants should be on the lookout for revised financial aid letters reflecting an increase, said Megan Coval, vice president of policy and federal relations with the National Association of Student Financial Aid Administrators.

While the increase of about 3 percent isn't huge, every bit helps for students who are scrimping for college, Ms. Coval said.

“That’s a nice bump,” she said. “We were very pleased.”

Not all students will get the maximum grant, but all who are eligible for Pell grants should see some increase, Ms. Cheng said.

Last-Minute Aid

If financial aid is a bit short for your preferred school, students could try to make up the difference by finding more scholarships. Most deadlines had passed by March, but some local scholarships may still be available. One place to search is the scholarship providers association website.

Avoid services that charge a fee to search for scholarships, Ms. Bright said; they’re likely to be scams.