



**TEXAS
GEAR
UP**

**INTRO TO
FINANCIAL AID**

*PARENT
SPOT*



➤ INTRO TO FINANCIAL AID

TYPES AND SOURCES OF FINANCIAL AID

GRANTS AND SCHOLARSHIPS

Contrary to loans, grants and scholarships are funds that neither you nor your child are expected to pay back. These are the most attractive financial assistance options. As such, there are several sources to consider in this funding category: state, federal, public, and private organizations.

1. FEDERAL GRANTS

FEDERAL PELL GRANT

Students seeking to complete their first bachelor's (or undergraduate) degree are eligible for a Federal Pell Grant. Financial need is calculated via completion of the Free Application for Federal Student Aid (FAFSA).

If awarded, the Student Aid Report (received in the mail within 1-2 weeks after the FAFSA is completed) will indicate how much your child may be awarded. Students will need to respond to the directions on their Student Aid Report to secure their Pell Grant. Monies are distributed directly to the college.

For the 2016-2017 fiscal year, students may receive anywhere from \$588-\$5,815 towards their tuition expense.

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT

The Federal Supplemental Educational Opportunity Grant (FSEOG) is referred to as "campus-based aid," which means the school determines who receives this grant based on several factors (i.e. student need, available funds, etc.).

Schools have only a limited distribution of funds each year. Once the funds are awarded, there are



no more issued for that academic year. So for your child to be eligible, they must demonstrate need and complete the FAFSA at the earliest possible time.

The award range per student is anywhere between \$100 and \$4,000 yearly.

2. STATE GRANTS

Texas offers numerous grants for financial assistance. There will be different eligibility criteria for each, and your best bet is to begin assessing potential grants long before your child starts filling out college applications.

TEXAS EDUCATIONAL OPPORTUNITY GRANT

The [Texas Educational Opportunity Grant](#) (TEOG) provides tuition aid for students who have a nine-month expected family contribution of no more than \$4,800. Your child must be a Texas resident who enrolls in a Texas public two-year institution. A minimum of six semester credit hours is also required.

As with most state and federal grants and scholarships, your child must complete a FAFSA and meet Expected Family Contribution (EFC) maximums (in the case of the TEOG, it's \$2,000).

TEXAS PUBLIC EDUCATION GRANT

Another grant that provides aid for college students in need is the Texas Public Education Grant (TPEG). Similar to the FSEOG, the TPEG is “campus-based aid.” Since these are awards determined by each campus, the award amounts and timelines will vary.

Eligible students may be Texas residents, non-residents, or international students. Interested students will need to complete a FAFSA and then contact the college directly to find out more information.

TEXAS GRANT

Officially known as the Towards Excellence, Access, and Success Grant, the TEXAS Grant was founded in 1999 to help high school graduates who want to attend college but can't afford the tuition and fees.

Award distribution is dependent both on financial need and academic achievement. High school

students who meet any two of the following academic requirements have priority status:

- **Taken and passed an approved Advanced Academic Program (which requires 12 hours of college credit through dual credit or AP courses and completing the [Distinguished Achievement Program](#) or the [International Baccalaureate Program](#))**
- **Completed an Advanced Math course (or courses)**
- **Have a ranking in at least the top 1/3 of their class**
- **Met at least the minimum testing score established by the Texas Success Initiative**

Additional information can be found on the [College for All Texans website](#).

OTHER TEXAS GRANTS, SCHOLARSHIPS, AND WAIVERS

There are other grants, scholarships, and waivers available through various organizations. Some of the programs are degree-based, such as the Teacher Education Assistance for College and Higher Education (TEACH) Grant. Others provide scholarships (or grants) for military families.

Each program will assign eligibility criteria, whether need-based, merit-based or both. It's important to research and apply early since many grants and scholarships are awarded on a first-come-first-served basis.

Additionally, researching the funding availability will also help determine which institution combines the best financial assistance with access to a top-notch educational system. Use the Net Price Calculator on individual schools' websites for a snapshot of how much financial aid they might offer. And for more information on other grants, scholarships, and waivers, explore the [Federal Student Aid website](#).

3. INSTITUTIONAL GRANTS AND SCHOLARSHIPS

Throughout your research of the financial assistance that best fits your family's needs and college goals, you'll find many institutions offer their own grants and scholarships.

Given the many, many colleges and universities in existence today, finding colleges' available grants and scholarships will take some investigation on your part. Every institution maintains specific criteria

for awarding their “gift aid.” A great place to start is visiting the school’s tuition website page (which often has a Financial Aid Resources link).

4. PRIVATE GRANTS AND SCHOLARSHIPS

These grants and scholarships are awarded by private businesses and organizations, and they aren’t repaid (unlike loans, which you have to repay). For example, [Microsoft](#) has a college tuition scholarship for students majoring in Computer Science or other STEM (science, technology, engineering, and math) subjects. Being a private corporation, Microsoft is able to set its own scholarship requirements (including requiring recipients to apply and, if offered, accept an internship at Microsoft).

With private grants and scholarships, there’s no single, all-encompassing and accurate list of the who, what, where, how, and when. For specific private grants and scholarships in Texas, the [College for All Texans website](#) should be your first (but not your only) stop.

Be sure to check if the grant or scholarship

5. WORK-STUDY

[Work-study](#) is another excellent option for parents and students seeking assistance with college expenses. Through the work-study program, students have part-time employment, usually

is still available (usually, a recent award date is a good indicator of that). It’s wise to get a head start on this research as well, especially for the merit- and degree-based awards. Slight alterations in your child’s high school coursework can mean the difference between attending the desired college with an excellent scholarship (or grant), or having to take out loans to attend that same college.

Your high school guidance, counseling, or GEAR UP office is also a prime place to contact in the beginning stages of your research. Not only do they have access to your child’s school record, but they can also assist you in offering suggestions on programs that fit your financial need and your child’s goals in higher education.

More suggestions are offered in the “What Can I Be Doing Now?” section of this packet.

on-campus while enrolled in college. Part-time work-study involves working anywhere between 5 and 15 hours per week. Colleges actually help students find part-time work-study jobs, which

makes it easier. Employers are basically paid to hire students, since the hours they work is funded through the federal or state aid program. The funds are limited to paying students for only a certain number of work hours—and once the allotted money is paid to students via work-study, the job ends (unless they're hired on separately by the employer).

On the flip side, a regular part-time job is totally the responsibility of the student to find. The benefit is that they can work more hours if the employer needs them to, and there's no "maximum award"

to reach that would end the job—so your child would be free to work as much or as little as they can manage. Ultimately, it's up to students to decide which scenario will best fit their academic and career goals.

Of course, working part-time (through work-study or a "regular" job) in general is highly beneficial on two levels. First, it helps pay for books or other personal expenses. Second, it lets students boost their work experience to include on that post-college resume. Check the financial aid office at your child's college for more information about how to get started in the work-study program.

6. STUDENT AND PARENT LOANS

As the name indicates, student and parent loans are financial aid options that are repaid—with interest. There are many sources of school loan funding at the state, federal, college, and private levels. Ultimately, your child's school determines both the type of loan and amount of eligibility for each academic year. Contacting the financial aid department at the chosen college will give you more detailed information specific to your student.

FEDERAL DIRECT LOAN PROGRAM

The U.S. Department of Education has three student loan programs:

- **The William D. Ford Federal Direct Loan:** If you or your student agrees to the William D. Ford Loan, then the U.S. Department of Education becomes your lender.
- **The Federal Perkins Loan Program:** Through the Perkins Loan, the school becomes your lender.
- **Direct Plus Loans** are offered through participating schools and have an additional eligibility requirement regarding parental credit-worthiness (a bad credit history could be problematic). Learn more about [Plus Loans](#) on the Federal Student Aid website.



Federal Direct Loans have both subsidized and unsubsidized options:

- **Direct Subsidized Loans** are only for undergraduate students. Eligibility is based on financial need and your student's year in school (i.e. freshman, sophomore, etc.). A loan being "subsidized" means that while your child is enrolled in school, or the loan is in deferment, there's no interest added to the loan.

Students who have dependent status (review the FAFSA application for determining [dependent and independent status](#)) may receive a maximum of \$3,500 during their first year of school. In the years after, the amounts increase to \$4,500, and then max out at \$5,500 for their junior and senior years in college.

- **Direct Unsubsidized Loans** are made available to both graduate and undergraduate students. Eligibility is determined in the same way as with Direct Subsidized Loans. Your child's calculated financial need and year in school are the main criteria.

The essential difference between subsidized and unsubsidized loans is the interest accrual period. If your child agrees to an unsubsidized loan, their loan balance will accrue interest while they're still in school, or if they need to defer loan payments.

The maximum Direct Unsubsidized Loan amount for dependent students is a combined amount between both types of loans. For example, if your child is a first-year undergraduate student, and they qualify for both unsubsidized and subsidized loans, the most they'll be eligible for is \$5,500. If your child is a sophomore in college, they may qualify for up to \$6,500. For their junior and senior year, the maximum loan amount increases to \$7,500.

- **To qualify for a Direct PLUS Loan**, both you and your child must meet the qualification requirements for federal student aid. And keep in mind that negative reporting on your credit history may prevent eligibility. Finally, your child must be an undergraduate student with a minimum part-time enrollment at a Direct PLUS Loan participating school.

STATE OF TEXAS LOAN PROGRAMS

Texas parents and students might be interested in taking advantage of the College Access Loan (CAL). The program offers loans to students who have a co-signer with good credit. Any federal aid your child receives will lower the loan amount CAL offers. However, the loan doesn't require students to demonstrate a financial need. To qualify, your student must attend a Texas institution.



Although it has the word “scholarship” actually in the title, the Texas Armed Services Scholarship program (TASSP) is a combination of a loan and a scholarship.

How so?

For the scholarship portion of TASSP, your student must meet certain rigorous academic criteria. Additionally, scholarship candidates must be nominated by a state representative, state senator or another high-ranking politician. Your child must enroll in a participating Texas college and ROTC program. Furthermore, there is a four-year commitment to the ROTC program.

The scholarship will transfer to a loan if your student doesn’t meet the scholarship criteria at any time during their contractual agreement. Further details regarding eligibility are located at the [Texas Higher Education Coordinating Board website](http://www.texasgearup.com).

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THE APPLICATION PROCESS

There's definitely money out there to help pay for college—your family just needs to go through the whole process to apply for it. To maximize your child's potential for receiving financial aid, you'll need to start researching each college's website. A great place to begin is locating the institution's financial aid webpage. And keep in mind that providing the required documents and meeting application deadlines is a critical part of the application process.

STEP 1: REVIEW EACH COLLEGE WEBSITE

Important information to gather at this stage of research is:

- College admission application deadlines
- Scholarship deadlines
- Need-based financial aid deadlines

STEP 2: SENIOR YEAR TIMELINE

During your student's senior year, you'll want to begin the submission process for the deadlines listed above. Depending upon your student's chosen degree program, some undergraduate degrees may require recommendations as part of their admission process. Most schools require students to take a college entrance exam. To make sure all materials and tests are completed and sent promptly, it's wise to begin researching both college degree programs and financial aid opportunities as early as possible during your child's high school years.

Though each institution has specific deadlines and suggested timelines, in general, your student's application schedule will look as follows:

a. September – January

- ✓ Submit admission applications
- ✓ Submit financial aid applications

b. November – April

- ✓ Receive admission decisions
- ✓ Receive scholarship and financial aid notifications (schools send notification letters detailing funding eligibility)
- ✓ Compare awards

c. May 1

- ✓ Decide where to enroll
- ✓ Send enrollment deposit to chosen institution

STEP 3: REQUIRED FINANCIAL AID FORMS

Once you and your child are notified regarding your financial aid eligibility, the next step is to complete the Free Application for Federal Student Aid (FAFSA), if you haven't already done so. Filling out the FAFSA is a requirement for any U.S. citizen or permanent resident who wants to apply for college-related financial assistance (unless you're going directly to a bank for a loan).

Texas residents who aren't U.S. citizens or permanent residents can complete the Texas Application for State Financial Aid (TASFA) instead of the FAFSA. If you're interested in

applying for Texas academic scholarships, ApplyTexas provides an online application process along with searchable admission information for all Texas public universities.

Another helpful resource is the College Scholarship Service (CSS) / Financial Aid PROFILE application. The purpose of CSS is for your child to apply for nonfederal financial aid at participating institutions. You can find many more details on the [CSS website](#).

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COLLEGE LOAN PLANNING

Scholarships and grants (which don't need to be paid back) should always be the first goal when looking for ways to pay for college. Unfortunately, sometimes that gift aid doesn't cover the full cost of tuition, room, and board, so people look to college loans to cover the gap. But since loans need to be paid back with interest, less is more when it comes to planning for any loans you or your child may take on during college. Of course, sometimes loans may be the primary option for families—but attending and graduating from college has definitive payoffs. That's why it's smart to stay on track for graduation.

Make sure the courses your child is planning to take directly relate to their degree program. A particular path with scheduled coursework makes it easier for your family to calculate loan payment estimates. This avoids potential financial pitfalls and surprises when it comes time to repay student loans.

Focus on the colleges that provide statistics about graduation and post-college employment rates. If this information isn't listed on their website, and your student is interested in

attending that college, then make a call to their admissions office. You want your child to attend a school with a solid reputation for students graduating on time and obtaining employment after graduation.

Your family should only borrow what you need for tuition and college-related fees. It's safe to say that most families don't want a school loan repayment that's the size of a mortgage. Review the award each year and plan what you'll need to borrow. There are [online student loan repayment calculators](#) that'll help you put hard numbers to this process.

Your child's total student loan debt should be less than their estimated post-graduation salary. The [Occupational Outlook Handbook](#) from the U.S. Bureau of Labor and Statistics is a reliable resource for assessing career paths, their projected industry growth, and average wages.

Understand the repayment options by reviewing them either with the financial aid offices on your student's college list or through the Federal Student Aid website hosted by the U.S. Department of Education.



Be aware that private loans are riskier options. Many don't have the flexible payment options that are offered through the U.S. Department of Education. Be mindful that borrowing directly from traditional financial institutions can increase your costs through compounding interest or other bank fees.

TIP: For more detailed info about the entire college-loan process, check out the [Understanding College Loans video and guide](#) for parents right here on the TXGU site.

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FINDING THE RIGHT FINANCIAL “FIT”

After you’ve analyzed your family’s various financial aid options, use that information to narrow down your child’s potential college list. With thousands of different colleges and universities to choose from, finding the right “fit” for your student’s needs and goals can be intimidating. However, the strategies listed below will help you move smoothly from a long (or short) list to a final decision.

PART I: ESTIMATE YOUR COSTS AHEAD OF TIME

If you or your child have a general list of colleges already started, or even if you’re just beginning the process, it’s a good idea to create three cost categories:

- a. Lowest: Texas public universities (or any in-state institution) tend to be the most affordable.**
- b. Middle: Out-of-state universities will have higher tuition fees for residents of other states (but still less than the third category).**
- c. Highest: Private institutions have the highest fee structure.**

Keep in mind with that grants and scholarships, the advertised cost of college (often called the “sticker price”) won’t be what you actually

have to pay. Many colleges will have a tuition calculator on their website (you’ll find more information provided below). Use this tool if it’s available because it’ll give you a specific estimate of tuition, fees, room, and board. The overall estimated cost will be reduced by grants or scholarships.

Several of the private institutions, including Ivy League universities, have private funds that are gifted to eligible students. So don’t shy away from private colleges and universities just because their tuition and fees look out of reach. With a little research, you may be in for a big surprise as to how affordable it can be to send your child to a private school.

Here are some suggestions to help you estimate college costs ahead of time:

- 1. Find the college's Net Price Calculator on their website.** Many colleges place this calculator on the same page as their tuition and fee schedule. Another place to look is on their financial aid web page. Just note that not every college provides a calculator, and you may need to contact their financial aid department directly.
- 2. Much of the necessary information required for the Net Price Calculator will be:**
 - ✓ Student type (graduate or undergraduate)
 - ✓ Estimated number of credits
 - ✓ Semester of enrollment
 - ✓ Whether or not they're a resident
 - ✓ On-campus or off-campus living (some include this, but not all)
 - ✓ Expected Family Contribution (EFC on the Student Aid Report)
 - ✓ Other social demographics (White, Latino, African-American, Asian, etc.)
- 3. The calculator will give an estimate of your child's grant or scholarship award for that particular college.** It'll also list possible student loans or work-study options. Even so, your focus right now is the available grants or scholarships, since these are money provided freely to your child for their tuition (and possibly other fees).
- 4. Remember, the calculations are estimates.** They're not a promise of what will occur when tuition comes due. However, they give you a solid start in helping your family decide on which institution to choose.
- 5. Contact the financial aid office at each college your child is considering.** After all, the school your student chooses and the method of payment are substantial life decisions.

PART II: SHAPING A COLLEGE LIST

Encourage your student to apply to several different colleges. This helps to establish net costs for comparison purposes because each will notify you of your financial aid award (including scholarships and grants). At that point, you'll have more information to make a decision about which college is more compatible based on the degree program, financial aid, and overall student experience.

Earlier you categorized the colleges by cost. Adding three more categories will help your family narrow down the list:

- 1. Safeties (90% chance your child will be admitted)**
- 2. Matches (at least a 50% chance of admittance)**
- 3. Reaches (less than 50% of admittance)**

Remember, the colleges that are easiest for your child to get into may also offer your family the best financial aid and reduced overall costs.

PART III: MANAGE YOUR COSTS

College is a long-term investment. Just like any investment, benefits and risks need to be weighed carefully. Though there are many excellent courses offered within a variety of subject areas, adding extra “fun” classes will increase costs. Furthermore, some scholarships only provide funds for courses that lead to a highly specific degree.

Education absolutely takes time. However, Texas has a \$1,000 rebate program for certain undergraduates who “complete a bachelor’s degree efficiently,” which basically means students only take the courses specifically required for their bachelor’s degree program. There are several program eligibility criteria for the rebate, and detailed information can be accessed through the [College for All Texans website](#). Asking your child’s high school guidance counselor or making a call to the college’s financial aid department will also give you more information.

Living on or off campus will incur different costs. If possible, have your child choose less expensive dorms or living options. Meal plans definitely add up, as well. If it’s less costly for your child to buy their own groceries (this depends on the dorm room set-up), then definitely go that route. Living off campus may also prove to be a money-saver. Research local apartments and budget for rent, utilities, and transportation, then compare the two scenarios (on or off campus).

For some colleges, transportation isn’t a problem (especially if your student is living on campus). But check the local city transport system. Depending on the city, getting around on bike may be a great option. Having a car on campus raises your cost due to insurance payments, parking fees or car payments. Also keep in mind that many colleges levy a hefty fine for not having parking passes. Incorporate best- and worst-case scenarios into your student’s transportation plan.

Books are an enormous expense. Your family will find that many required texts will cost you upwards of \$100 or more per text (and it's not unusual to have several required textbooks or readings for a single course). Used books are your number-one best bet. Many online book retailers, such as Amazon, now offer text rental for a fraction of what the book costs to purchase. As long as your child returns the book on time and in the same condition it was initially received, you'll pay only a fraction of rental fees.

Also, don't forget about libraries! Not only are college and university libraries usually well stocked when it comes to textbooks "on reserve" (which means they're on hold for students to use for specific class requirements), but your child should also check the local city libraries. A little

extra time researching can save you hundreds (if not thousands) of dollars.

Incidental expenses are another consideration. Do you have an emergency fund? How will you handle the "Mom, Dad, I want to go out with my friends, but I need some cash?" requests? Universities and colleges located in large, metropolitan cities are the most tempting for a stream of endless social entertainment choices. Determining how much you'll provide for this option versus how much your child will have to "fend for themselves" when it comes to personal expenses is important if you want to save money.

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HOW CAN WE FIND SCHOLARSHIPS?

You'll want to remember the Three E's when it comes to hunting for private scholarships to help pay for college...

1. Start **EARLY**:

The younger your student is when you begin the college-readiness path, the more time they have to plan their high school coursework. This also gives your family time to switch to another college goal (if needed) while your child matures through the high school experience. Since many scholarships and grants are merit-based and degree-focused, the earlier your family begins in college planning, the more likely you are to receive targeted "grant aid."

2. It Takes **EFFORT**:

There are plenty of resources that'll help you start your researching immediately. Scholarships.com and Fastweb.com are readily available online tools for you to access now.

If you're doing your own web searches, and the scholarship websites are asking for you to fill out a database profile, complete the questionnaire carefully. Your child's hobbies, career interests, religion, cultural heritage, and family educational history are all important pieces of the grant/scholarship puzzle. It's a good idea to set up an email address specifically for your family's college-prep progress. Once you give your email to the database websites, you'll receive quite a lot of email!

At the local level, contact your student's GEAR UP coordinator or high school guidance office. They'll have information to share about scholarships within your community. Reach out to friends who have older high school or college students in their families. Ask them if they've discovered local scholarships or grants for college.

If your family is affiliated with any organizations (like churches, Kiwanis, Rotary, Elks Club, etc.), then reach out to them. Also, some national chain stores offer grants and scholarships at the local level. Smaller businesses in your town or city are an additional resource. Some companies provide financial assistance in exchange for an internship (or even their own work-study program).

Each U.S. state has a Department of Education website. They also list [resources for college-bound students](#). And reviewing the websites of local schools will reveal more information about available grants and scholarships. Even if your child won't be attending those particular

colleges, you'll still gain an idea about what's available to help you fund their higher education.

As always, stay organized and meet all deadlines. Receiving a grant or scholarship is a privilege based on several factors. Make sure your child's application matches their criteria.

3. Be EXCEPTIONAL

Instill study skills early. Read with your child from a young age. Help them with their homework (this is different than doing their homework for them, of course). Make sure they turn in everything completed and on time from the get-go, so when they hit those critical high school years, they're doing it on their own.

Give your child time to cycle through success and failure. Human beings are not perfect at everything. Certainly, grades and test scores are important for college acceptance and many grants or scholarships. But your child will succeed far more if they're given time to balance the "have to" subjects with their "like to" subjects.

Solid study skills and allowing time for them to practice core competencies along with finding their passions will make for a positive scholarship (and college) application experience. They'll be better able to increase their chances of acceptance by delivering the materials on time while targeting a goal they feel strongly about.

Important note: Only focus on specific scholarships that list eligibility criteria. There are too many scams out there merely farming for your email so they can sell it to advertisers. If it says something like "Just Enter to Win!" then it's likely a way to access your email for spam purposes. And be skeptical of any scholarship advertised that mentions an application fee—you shouldn't need to pay anything to apply for a legit scholarship. Also, avoid any scholarship that guarantees a win, because no company offering a scholarship would ever guarantee anything to applicants.