


LET'S


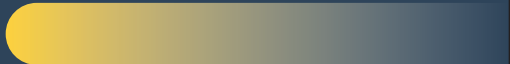
TALK

MONEY



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Welcome!

Let's Talk Money.

A toolkit for financial literacy in the college application process

The end of junior year and the beginning of the senior year: the most anticipated and stressed period of your high school life. Secondary school or college is emerging from the shadows to continuously be a burden until we open up the acceptance letters; however, **acceptance is not the only factor hindering us from attending the college of our desires**. Money. Money is the other obstacle in our road to further education. In 2020, fifty-six percent of students dropouts in public colleges was due to financial instability, and forty-eight percent in private, non-profit colleges (UniversityBusiness.com). One important difference to recognize is how the dropouts due to debt in private colleges were almost ten percent lower than public (state) colleges. Why? Because of something called endowment or in other words, private universities have humongous bank accounts; we will explore this topic further into the tool-kit.

To summarize, college is going to cost ridiculous amounts of money (USC = 80,000 per year) and put you into student debt. But, **we have curated this toolkit to save you and your family from suffocating in debt**, and this tool-kit will make sure you maximize the amount of money you get from ginormous bank accounts of colleges.



Endowment

When researching schools that might be the best fit for you, there are a multitude of factors to consider. Endowment is one of the factors that might not seem important at first glance, but is actually a vital aspect to consider.

Oftentimes, alumni and companies make charitable donations to colleges and universities. These monetary and financial asset donations make up what is known as the endowment; it is a major source of revenue for many higher institutions. While the endowment funds public research, teaching, and missions of an institution, a portion of it is allocated to (here comes the good part) the funding of scholarships and grants. With higher endowment, comes more opportunities for merit scholarships and grants. It might be easier to understand the importance of endowment when comparing two of the most popular institutions in the United States.

Before I begin, in no way am I insinuating that one school is better than the other. **Harvard University has the highest endowment in the world.** With a total of 23,731 enrolled students, Harvard carries an endowment of \$41.9 billion. Let's compare this to another notable institution. The California State University (CSU) system comprises 23 universities across California with a total of 484,300 enrolled students. Its total endowments across all 23 universities is \$1.82 billion. Considering the amount of students each institution has, **the CSU system's endowment is drastically lower than Harvard's endowment.** This information is essential as it provides insight into the opportunities you can gain at schools that are able to provide you more financial aid with more ease. Again, Harvard's high endowment doesn't make the institution "better".

Endowments are a simple Google search away. Websites like collegescorecard.ed.gov as well as official university websites are resources you can rely on. Consider taking the time and doing your research on endowment when applying to college. It can possibly fund your own education!

Scholarships

The assumption that not every person can attend private universities, liberal arts colleges, or non-state schools because of the high cost of attendance is misleading. This premise discounts the fact that if people prove that they want to go to college by creating value and actively exploring their passions instead of passively learning, they will receive funding. Regardless of which scholarships students choose to apply to, all essays and interviews are places where projects and activities should be discussed to prove to admissions officers that these accomplished students deserve the aid they receive.

Colleges can financially support an applicant through need-based or merit aid (Brenoff). The distribution of merit scholarships is based on a combination of the applicant's skill set, extracurriculars, academic achievements, the school's endowment, and other factors. The gifted amount can range from several thousand dollars to a full ride. Overall, most merit scholarship recipients demonstrate leadership and encourage diversity within their communities through extracurriculars (Syracuse Admissions Committee). Moreover, recipients pursuing a creative or performing arts pathway may also submit impressive portfolios or audition clips that warrant additional giftings of merit scholarships. Although most merit scholarships do not require supplemental essays, interviews, or other information during the application process, specialized merit scholarships offered as a part of scholar programs or specific academic-divisions may do so (WUSTL Undergraduate Admissions Committee). However, students should be mindful that scholarships from these specialized programs can range from partial-tuition to full-tuition, which makes the selection process highly competitive.

Scholarships

Prospective students can also apply for 3rd-party micro-scholarships on Raise.me, Fastweb.com, or Unigo.com by filling out basic information such as their completed course list, GPA, extracurriculars, or supplemental essays; these scholarships range from \$100 to \$1000. However, when applying to outside scholarships -- especially those that contribute over \$1000 -- students must be cautious about larger 3rd-party scholarships affecting their EFC and overall financial aid package. For example, Coca-Cola's \$20,000 scholarship will increase the recipient's EFC and lower the student's need-based aid from colleges. Therefore, considering whether certain larger scholarship applications will greatly affect the EFC prior to applying to them is crucial.

Other outside scholarships students may apply for include local scholarships offered by organizations from the surrounding community or from a guardian's workplace. These micro-scholarships are usually on the smaller side (about \$500) and can be found on Naviance or through high school counselors. Eligibility usually consists of high school students planning to pursue degrees from higher-education institutions and surpassing the minimum GPA requirement. The 2021 SCV Scholarship required an additional essay and its applicants to detail their extracurriculars, but requirements can vary from one scholarship application to another.

College admission and scholarship committees want to see that students are learning, have the potential to thrive in a rigorous environment, and are working towards their goals. Therefore, those who supplement their applications by demonstrating interest in certain topics and extracurriculars receive scholarship aid and can attend college at a more affordable price.

STATE/PUBLIC SCHOOLS

I am prefacing this by saying that I am **NOT** shitting on state schools, even though I might sound like I am. I'm just simply providing you with all the knowledge surrounding state schools that you need in order for you to be able to make a smart decision when applying to college. Public state schools are often no-doubt definite schools on many people's college lists. Students apply to public schools with the mindset that they are safeties and are the most affordable option. In this section, I will clear up all the misunderstandings around public and state schools.

Before I get into the financial aspect of public schools, I must talk about public schools in general. I can't stress this enough, but you have to apply to schools for their **programs, resources, and opportunities**, not for their names and reputations! Do college the right way. Yes, partying at UCSD by the beach might sound fun, but if you're investing hundreds of thousands of dollars in your education, invest in a program that will give you the skills necessary to thrive. The neverending general ed requirements at public/state schools that take up two years of college will feel like you're taking another two years of high school rather than actually engaging with and taking classes related to your program or major. The large size of many public schools makes it extremely difficult to form relationships with your professors which is vital for letters of recommendation if you're thinking about grad school or involving yourself in research.

Now more than ever, experience in your pathway and program is crucial. It is through experience where you will engage most deeply with your pathway and learn the necessary hard and soft skills. However, many public state schools cannot provide you with such opportunities because of their **graduate students and low endowment**. Because many public schools also have **graduate programs**, most of the research opportunities will be handed to them. If you are lucky enough to snag a research opportunity, you'll most likely be doing insignificant tasks like cleaning beakers. The low endowment at many public schools also means that there is less money allocated to research. **Not only is less money allocated to research, but also to financial aid.**

STATE/PUBLIC SCHOOLS

Many parents might think that in-state public schools are the most affordable option. However this is very misleading, as [many private schools with high endowments can and will provide you with the financial aid necessary to fund your education](#) without putting you in massive debt, unlike public schools who do not have the means necessary to provide a sufficient financial aid package. Most state schools have low endowments and therefore can actually be the least affordable option, contrary to popular belief. For example, UCI has a \$1.03 billion endowment and has 33,467 enrolled students compared to Harvard's \$40.9 billion endowment and 22,947 enrolled students. Only a part of that \$1.03 billion endowment will be allocated to their students' financial aid packages. With 36% of UCI students taking out federal loans, many of them will end up in massive debt. If you make a financially irresponsible choice when choosing which college to attend, you may end up stuck paying \$50,000 in direct costs for one year (direct costs is the money you have to pay like tuition, room and board, and other fees).

So what should you take away from this? Make sure you do your research before applying to a state school. If you make the wrong choice, you may end up in 300 person lecture halls graduating with a piece of paper and in debt without any of the skills you need to thrive in the Fourth Industrial Revolution. Many state schools do have good programs though. UC Berkeley's Urban Design major, UT Austin's Architecture program, UCLA and UCI's Nursing are a few amazing programs among many at public schools. [But, please do your research](#), make a financially responsible decision, and know that there are many other options that won't leave you in hundreds of thousands of dollars in debt.

FAFSA

The most important form to fill out in order to receive money is the [Free Application for Student Aid](#), also known as the FAFSA. [FAFSA](#) is a form that prospective college students must fill out to receive federal aid from the government. The FAFSA will help you find out your [expected family income, or EFC](#), which tells colleges how much you can pay for college. It is lucrative that you fill out this form, as millions of dollars go unused each year as a result of students not filling out the forms.

Go to fafsa.gov. There will be [two](#) options: "New to the FAFSA process" and "Returning User." Choose "New to the FAFSA process" using the "start here." It will prompt you to a page where you will choose "I am the student." Upon doing so, there will be a dropdown that will ask for your student FSA ID and password. Click on [create an account](#), then fill out the necessary information provided including a name, date of birth, and social security number.

Once an account is created, go on the home page and select "[returning user](#)," this time signing in with the ID and password you just created. It will prompt you with a page that says "[My FAFSA](#)" with the year in which you are applying for financial aid. If the year is incorrect, simply click on the correct year. Be careful to check beforehand so that you are not filling out a form for the incorrect year. Once you have the correct year and are ready to fill out the FAFSA, click "[Start Student's \(year\)-\(year\) FAFSA](#)." Create a [save key](#) in order to return to that specific FAFSA in the future. It will provide you with an introduction page, click Next.

FAFSA

1.) **Student Demographics:** Fill out the information (Note: **work study** is a part-time job provided by colleges to aid you in paying part of tuition).

2.) **School Selection:** It will first ask you brief information about your current school. Upon filling that out and clicking Next, you will then be taken to a page where you will search for all the schools you wish to be applying to. If you know the college's Federal School Code, click Yes when asked and it will provide you with a space to fill it out. If not, click no and then manually fill out your colleges by state, city, and name (it is ok if you don't know the city, you can just put name and state). Click search and when you see the name of your intended school, check mark the box. It will ask you for housing plans, fill out as intended. You can choose up to 10 schools. If you have more than 10 schools, put 10 schools for now, and once the first round of the FAFSA has processed in 3-5 business days, you can erase some schools and replace them with new ones. Be sure to wait 3-5 business days or when it says your FAFSA has been processed before you start putting in new schools to ensure that the college has your processed information on file.

3.) **Dependency Status:** Fill out the questions that would determine whether or not you are a dependent or independent student. Unless in the case of special circumstances, it will deem you a dependent student, and prompt you to a page that states you must provide parental information. Click "I will provide information about my parent(s).

4.) **Parent Demographics:** Fill out the provided information.

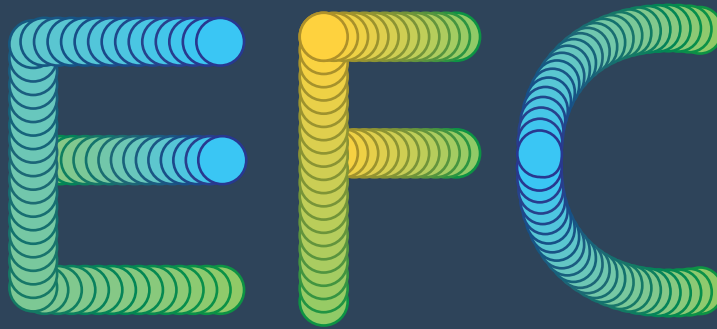
FAFSA

5.) **Financial Information:** You will see a page that says "Link to IRS." This means that through the IRS Data Retrieval Tool, you need to fill out some information from your **parent's income tax return** (from two years ago) and once the information is authenticated through the tool, it would be able to transfer information from your tax return straight to the FAFSA. This makes the process easier and faster to fill out because the information would be automatically transferred. Simply click "**Link to IRS**" and fill out your parent's (or the person whose tax return you are using) FSA ID and password. If they don't have one, choose the option to create one. If you have a sibling who is or has been in college and has used the FAFSA, your parent may already have an account, so it's best to double check. After logging in using the parent information, choose "Proceed to IRS Site." If you choose not to use the IRS tool, choose "No thanks" and manually fill out the tax return information. Fill out the information exactly as indicated from the appropriate tax return. If you don't know where to find certain pieces of information, there is a small icon near the question that will show you where to find it on the tax return. After the information is complete, sign and submit. You will be provided a confirmation form afterwards.

Note: schools prefer you to fill out tax information through the **IRS Retrieval Tool** to ensure that it's the correct information, but there is no penalty for doing it manually. However, in the future, you may be asked to verify the information to the colleges. This is not always guaranteed, as colleges select students by **random** to verify.

Making Corrections or changes: Log into your FAFSA with "**Returning User**" and enter your save key. It will prompt you will the FAFSA where you can then make corrections, which are allowed several times. You **can't** make corrections while a FAFSA is processing, so wait until it's fully processed to do so.

WHAT IS AN



So you want to know what an EFC is hmmm? I assume that you have already gone through the other toolkits for financial aid here in College Unfair and that you are acquainted with everything else? No, Yes? It doesn't matter too much; just remember that **College is really UNFAIR** and that all the **odds are against us**. But, we are here to make sure that the odds are all in your favor and so back on to our scheduled toolkit.

So what are EFC's you ask? The acronym that you may not be very familiar with is very simple; it means Expected Family Contribution and it's a **measure of a family's financial strength** generated from information provided on FAFSA (Which is explained earlier in bundle 1, but FAFSA is really just Free Application for Federal Student Aid a form used to distribute financial aid). The EFC is used as a way for the federal government to **see how much families can pay** to attend college and also to calculate and determine how much financial aid you are eligible to receive.

The EFC is calculated based on **personal info your family includes** on your FAFSA (like your family's income, financial assets, size of the household, and how many family members are enrolled in college.) Based on this the EFC will be calculated, and the lower it is means the less amount of money you can pay for college, and the higher it is means **you have to pay more for college**.

WHY DOES EFC MATTER?

EFC is helpful for students in low-income backgrounds to achieve government funding to pursue their desired college and **not be held back** due to a lack of money or financial aid.

Your EFC can have a **big effect** on the financial aid amount that you are eligible for, so it is a good idea to enter your financial info into FAFSA

The EFC can help students determine what schools they want to attend, so it's good to know your EFC in advance to **help make a decision** for where you want to go. They can also help you plan ahead for pursuing further education and also inform on the choices concerning your education.

CALCULATION OF EFC

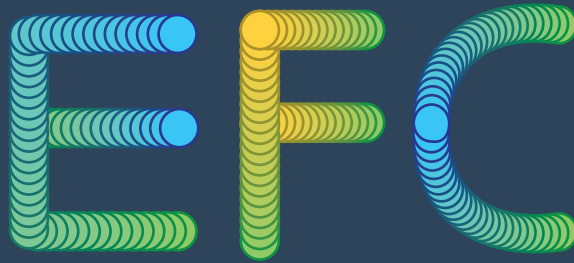
The formula for EFC of course varies between applicants, but usually, it's **simplified and standard**. However, applicants who are eligible for the simplified formula don't have to give as much financial info, and the simplified formula is mostly **for low-income families**. (Those whose income is lower than \$49,000 and that benefit from programs like Medicaid, Supplemental Security Income Program, or the Free and Reduced Price School Lunch Programs and others.)

However not to confuse with all this, let me explain the EFC calculation in the most simplest way possible: **COA - EFC = Financial Need**

The expression of (cost of financial aid)- (expected family contribution) = (financial need)

This is usually how the EFC is calculated, however the actual process in which how much money they determine to give you is definitely much more complicated.

FACTORS THAT INFLUENCE



Income is the **biggest influencer** in your EFC, but there are other factors that influence the EFC. These factors may not play a big part like income does, but they **do count**. Conditions such as social security benefits, combat pay, and contributions to retirement accounts just listing a few.

FACTORS THAT DON'T INFLUENCE EFC

- Debt
- Credit Cards
- Payday Loans
- Previous Student Loans
- Personal/Signature Loans

Loans + Generational Debt

Debt and loans are most likely words you have come across before, maybe you've heard it from your parents, siblings, or school. No matter where you probably have heard of it before. Before reading more I would like you to take a minute to think about what you know about debt and loans *ques jeopardy music*... Ok, now that you are back let's talk about loans, debt, and generational debt.

As you go into your adulthood you will have debt whether it's credit card debt, medical debt, and/or education debt. Debt is an obligation that you hold to someone or an institution to pay them an agreed amount of money. This is different from buying something from a store or immediate purchase because it's a series of payments you pay back at a later date. Debt and loans come hand and hand because once you have loans you are in debt. Loans (for the purpose of this toolkit this definition is specific to education loans) is any amount of money that you owe to a school after you have borrowed money to pay for tuition, books and supplies, and living expenses while the borrower is attending said school. As you go into school you will have to face whether or not you can afford the school you are applying to. Throughout this toolkit, there are chapters that cover how you can escape debt. The purpose of this chapter is to understand why it's important to escape debt. There will be things like FASA, CSS, scholarships, grants, and many

Loans + Generational Debt (Continued)

other ways to assist you but some of them can harm you in the long run. Taking on loans is something that you want to avoid because it will determine your future. Taking on debt will stop you from owning your own home, take out of your future income, and lower your credit score (credit score is vital to your future and you want it as high as possible). You want to be able to put yourself in a position where you either have no debt or very little that you can pay it off in your first couple of years of being in the workforce. Now that we know what debt and loans are and why it's important to avoid them, let's talk about generational debt.

Generational debt is the debt that each generation takes on from student debt, the decreasing amount of jobs and income prospects, credit debt, temptations to spend more, and high housing costs. During your young adult life (20s and 30s) you will come across many of these debt traps, if not all. This is why it's important to take your college experience and young adult life seriously, by approaching college admissions strategically and realizing that you have to take advantage of college before it takes advantage of you.