

Team '17 News

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"Making Success Possible for Every Student"

Too Poor For College, Too Rich For Financial Aid

First published in the Team 16 News, December 3, 2015 Article in Forbes/Education Richard Farrington,  Contributor



The news is constantly buzzing about the disappearing middle class, and nothing illustrates this better than the college financing problem - Too poor for college, too rich for financial aid. It's a problem plaguing millions of families across the country, and it's due to a combination of issues including rising college costs, smaller amounts of financial aid available, and difficult financial aid calculations that put the burden of paying for college on parents that can't afford it. In the end, students across the country are suffering from this gap.



Too Poor For College

It starts with joy! Your child gets accepted into their dream college and you're so excited for them to be able to pursue their dreams. Then the acceptance packet comes and you see the cost of going to college. Your heart sinks. This is what happened to Richard Morais. His daughter was accepted into Johns Hopkins University and the entire family was overjoyed! Then the admissions packet came, including the cost of attendance and financial aid award. The cost of attending Johns Hopkins for just one year was going to be \$54,470, including room and board. And the total financial aid package amounted to just \$6,000. That left \$48,470 for the family to have to pay for, or for their daughter to get student loans for. What's a family to do? \$48,000 is a lot of money - just shy of the median household income in the United States. If she takes out student loans, she'll have close to \$200,000 in

debt when she graduates, which is outrageous. This is what makes families too poor for college.

Too Rich For Financial Aid

On the flip side, families in this situation are too rich for financial aid. Most financial aid is based on the FAFSA (Free Application For Federal Student Aid), which is then used to calculate the Expected Family Contribution. This is essentially how much the government thinks that families can afford to pay for their child's college education. It's based on a complex formula that takes into consideration income, assets, and more. You can find a breakdown of the Expected Family Contribution formula [here](#).

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What Parents and Families Can Do Now

To avoid falling into this trap, there are several steps that you can take right now. First, you can save for your child's



education in an education savings account, like a 529 plan. Assets in these accounts are treated differently in the FAFSA calculations, and they can help you qualify for more need based financial aid.

Second, you need to start applying for financial aid early, and look for non-need based financial aid, such as scholarships and grants. One of the biggest financial aid secrets is that you can start getting scholarships and grants as a freshman in high school. Since most grants are typically for less than \$1,000, if you start early and apply to different grants often, you can amass a nice sum prior to starting college.

By starting early and planning smart, you can get more money and that will help you pay for college later on.

CC Visits

please sign up in the Career Center to attend

**Nov. 1 @ 8:30 am -
University of Rochester
(NY)**

**Nov. 1 @ noon - Western
Oregon University**

**Nov. 8 @ 8:48 am -
Oregon Tech**

**Dont forget to come to Financial Aid/FAFSA Night
Wednesday evening, November 2nd in the RHS
Library, 6 - 8 pm**