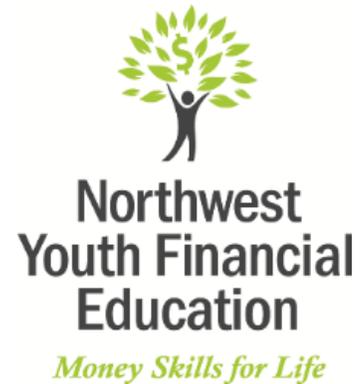


inTuition: Program Research

By Jonathan Guymon

“We’re still seeing too big a debt load on too many young people,” said President Obama on June 9th, adding that “the outrage here is that they’re just doing what they’ve been told they’re supposed to do. I can’t tell you how many letters I get from people who say, ‘I did everything I was supposed to and now I’m finding myself in a situation where I’ve got debts I can’t pay off.’” (Insidehighered.com)



If you’ve been keeping up with the recent political news then you may have already formed your opinion of the Obama Student Loan Forgiveness laws. Regardless of your political party or views it is important to understand what is happening and if it affects you. The following is information taken directly from the White House website regarding these new laws: (Whitehouse.gov)

Under this new law, students enrolling in 2014 or later can choose to:

- **Limit Payments to 10 Percent of Income:** Borrowers choosing the income-based repayment plan will pay no more than 10 percent of their income above a basic living allowance, reduced from 15 percent under current law. The basic living allowance varies with family size and is set at 150 percent of the poverty line, currently equaling about \$16,500 for a single individual and \$33,000 for a family of four.
 - More than 1 million borrowers would be eligible to reduce their monthly payments.
 - The payment will be reduced by more than \$110 per month for a single borrower who earns \$30,000 a year and owes \$20,000 in college loans, based on 2009 figures.
- **Forgive Any Remaining Debt after 20 Years, or after 10 Years for Those in Public Service:** Borrowers who take responsibility for their loans and make their monthly payments will see their remaining balance forgiven after 20 years of payments, reduced from 25 years in current law.
 - Public service workers – such as teachers, nurses, and those in military service – will see any remaining debt forgiven after 10 years.

Student loans have become a normal expense to most students and have become so abundant that some feel the government must now step in to ease the burden. This burden is not only on students but is now affecting the country’s economy as a whole because of all the excess debt. As I think about this issue I wonder if part of the problem might be that students and parents are uninformed of all the options available to pay for



secondary education. Instead of simply depending upon student loans students should find alternative options that will not put them into the bondage of debt.

Student debt has become a serious concern recently because of the overwhelming debt load it is putting on the upcoming generation. According to a new Wells Fargo study which surveyed 1,414 millennials between the ages of 22 and 32, “About one-third of millennials say they would have been better off working, instead of going to college and paying tuition.” (Forbes.com) There has also been a recent increase in loan payment delinquencies. According to a study by the New York Federal Reserve, “the number of borrowers who are at least 90 days late on student loan payments has jumped from 8.5% in 2011 to 11.7% today.” (Forbes.com)

These numbers may seem dismal but there are alternative options other than student loans. These include selecting the right school for you, scholarships, federal grants, work study, tuition payment plans, or getting a job. Some parents may have even been able to save up some money for their child’s college, but this is sadly insufficient if not done correctly.

College Saving Options

We as students and parents must come to understand that student loans are not a good way to pay for secondary education.

Select the right school. It honestly makes me sad to hear about my friends and neighbors who are struggling with so much student debt simply because they did not wisely select a school that would provide their desired major and work within their budget. I have often heard of students that go into a 4-year university searching for their career and major. This strategy might work for some as long as they don’t take too many classes that are unrelated to their chosen major, but is not the best for everyone.

2-Year colleges or vocational schools. For many it would be a better option to find a local community college that offers general and exploration courses. These 2-year colleges are a fraction of the cost and they can provide a great opportunity to discover your desired field of work. If you get an associate’s degree in general studies it is even easier to transfer to a 4-year university later because a finished degree is easier to transfer than just credits. It is also important to remember that it is not essential for everyone to go to a 4-year university or even a 2-year college. For some it may be best to get certifications from a vocational school depending on what your dreams and passions are. What’s best for some is not the best for everyone, so make smart choices based on your own goals.

Find a school in-state. It is also important to remember that universities and colleges in your own state are substantially cheaper for you. If you are an Idaho resident for example, the savings can be as much as \$12,000 if you go to a college or university in Idaho. When choosing secondary education it is important to compare the costs against what it is you need from your education. Is it really worth your time and money to go out of state to get a degree you could have gotten in your own state for cheaper?

Choose a major based on your interests. When you do choose a degree make sure you really know WHY you want to go into that chosen field. If you want to become a doctor or a lawyer that's great, but make sure it is the actual job you are interested in and not just the money. Graduate school is required by some fields and it can cost a staggering amount. If all you are after is the big paycheck you might be surprised how much of that paycheck ends up going back to your student loans. I have a friend that has become a practicing chiropractor only to now regret his chosen career path because of all of his student loan debt. Choose your major based on your own personal interests and passions and not just because of the potential paycheck.

Scholarships. Scholarships are free money! You never have to pay them back and there are a lot of opportunities to receive them. Even if you didn't receive a full ride scholarship from your school there might be smaller scholarships available. It is important to know how to find scholarships and then make a plan to attain them.

Where to find scholarships. If you type "scholarships" into a search engine the amount of information that comes up might be overwhelming. You can use scholarship services online but don't be persuaded to pay for what you could do yourself. According to studentfinancedomain.com it is better "to make a 'scholarship hit list' - a list of all of the places you can check for scholarship programs."

Your list will be unique, but some of the places to check include:

- Your high school guidance counselor
- The colleges you would like to attend
- Your city or town
- Your parents' companies
- Your after school job
- Your church
- Ethnic or religious groups
- Your extracurricular activities
- Clubs or social organizations you belong to
- Clubs or social organizations your parents and grandparents belong to
- Local non-profit organizations

Make a plan to get them. Now that you have some options listed go talk to these people or groups. You may want to search them out online, by phone, or in person. Some scholarships only require a simple application while others might require an essay or project in order to be eligible. Really put in some good work if extra effort is required. View these opportunities as a "job" because you could potential get paid a lot for an essay or simple project. There are many scholarships that go unclaimed simply because students were unwilling to put in a little extra effort to get them.

Federal grants. Grants are money awarded to students due to financial need that does not need to be paid back. There are a few different grants offered to students but the most popular is the Pell Grant. In order to apply a student should go to www.fafsa.ed.gov to complete their online FAFSA application. It is free to apply and should be filled out every year so that

financial aid eligibility can be determined. Even if you don't think you are eligible you should always apply for Federal Grants because you might just be surprised with the results. studentfinancedomain.com provides this additional information:

In addition to the Pell Grant there are three other major federal college grant options:

- The Federal Supplemental Educational Opportunity Grant (FSEOG) - Federal grants awarded to low-income undergraduate students to help them continue on to graduate school.
- The National Science & Mathematics Access to Retain Talent Grant (National SMART Grant) - Federal grants offered to juniors and seniors majoring in physical, life or computer sciences, mathematics, technology, engineering or in a foreign language deemed critically important to national security.
- The Academic Competitiveness Grant (ACG) - Federal grants offered to freshmen and sophomore undergraduate students.

These federal college grants are offered by the U.S. Department of Education and have various award amounts and eligibility requirements. For additional information, including application requirements, visit the Department of Education's website at www.studentaid.ed.gov.

Work study. This program is offered at many schools to help students that need a little extra financial aid. You are eligible for work study if you have filled out the government FAFSA form and have been found eligible for financial aid. Work study is basically a job that you can apply for due to your financial need. It can be very helpful because the money you make through work study will not affect your future financial aid eligibility. Go talk to your school financial office to see if there are any opportunities for work study at your school.

Tuition payment plans. There are a variety of tuition payment plans available and these are worked out on a personal case by case basis. Instead of paying all of your tuition up front you may be able to split it up into smaller payment chunks that are more manageable. Some perks to tuition payment plans are they are usually interest free and they are customizable. There is usually an enrollment fee but it is normally less than \$100. Check with your school financial aid office to see what tuition payment plan options might be available to you.

Get a job. Working while in school is a great option to help pay for school. Some students might feel that they need to focus entirely on their studies and work would just be a distraction. This might be true in some cases but working while in enrolled in school has shown some different results. According to Laura W. Perna, a professor at the University of Pennsylvania, studies have shown that the best academic success has been seen in students that work “ten to fifteen hours per week, on campus.”

“Available research supports this recommendation. Quantitative studies consistently show that retention rates are higher for students who work a modest number of hours per week (ten to fifteen) than they are for students who do not work at all or those who work more than fifteen hours per week. Research also shows increased academic success for students working on rather than off campus.” ([AAUP.org](http://www.aaup.org))

There are options on and off campus but the best option is usually going to be on campus. This is because campus jobs are more willing to be flexible with your class schedule and hour needs. In addition try and find a job that will allow you to only work modest hours.

Conclusion

There are other options for financial aid that should be seriously examined instead of simply depending upon student loans. Even though student loans have become a normal expense to most students that does not mean that they should be normal to you. Our country’s economy as a whole will be affected negatively if we as students and parents do not consider alternative options for financial aid other than student loans. Student loans may provide secondary education opportunities but they limit opportunities after graduation because of the financial burden of debt. Let us all make financially sound education choices that will bring us freedom in the future instead of bondage.

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Additional Resources

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