

- **Alternative Student Loans (Private or Bank Loans)**

Some families and individuals prefer to work with their local lending agency and independently borrow the funds necessary to pay for college.

- **Credit Cards**

With interest rates running from 10%-24% per year, paying for college with a credit card can be the most expensive method of financing a college education unless one has the means to pay the balance due in full each month. However, the judicious, short term and occasional use of a credit card (e.g., to buy books or other necessities) can be convenient while helping to build credit worthiness.

within three years for an Associate Degree and six years for a Bachelor's Degree). A college degree will typically bring an individual a variety of psychological and financial rewards and the idea of a college degree is deeply rooted in the modern American Dream. Leaving college in debt and without a credential does no good. So as you consider and then begin college, do so with a strong commitment to persist and ultimately succeed. Remember that the college you choose will help you discover your financial options and complete the necessary paperwork. Ask questions and make sure you understand all your choices.

For more information or assistance call Great Basin College, Student Financial Services/Veterans at 775.753.2399.

### **THE FAFSA**

Because approximately 70% of all current college students receive some sort of federal student aid, individuals are typically directed to fill out the Free Application for Federal Student Aid, commonly referred to by its acronym FAFSA (pronounced Faf-sa) with two syllables as if it were a word). In order to be eligible for any federal financial aid and many need based grants completing the FAFSA is mandatory. In this context, financial need is defined as "the cost of attendance minus the estimated family contribution." There is a document entitled FUNDING YOUR EDUCATION 2012-2013, The Guide to Federal Student Aid is available on line at <https://studentaid.ed.gov/sites/default/files/2012-13-funding-your-education.pdf> or in hard copy form in your local college's Financial Aid Office. This document details all forms of federal student aid and walks an individual through the FAFSA application process. Recent changes in the federal financial aids rules and regulations stipulate that an individual must be a high school graduate or holder of a GED (General Equivalency Diploma).

### **SOME CLOSING THOUGHTS**

Given that college graduates typically earn several hundreds of thousands of dollars more in their working lifetime than do non graduates, borrowing money to go to college can be a very good investment. However, recent statistics indicate that only 54% of the twenty million men and women enrolled at a U.S. college of university will earn a credential in 150% of the degree's original length (i.e.,

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**GBC  
College  
Knowledge**

**4**

**The Cost of  
College  
and Paying For It  
[tuition, fees, books,  
living expenses and all  
forms of financial aid]**

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Great Basin College, 2013

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This brochure describes the cost of college and many of the most common ways that college can be paid. This brochure is the fourth in a series of eight that will provide readers information about many important aspects of college.

## THE COST OF COLLEGE

There are startling differences ranging from \$4,500 to \$45,000/year for tuition and fees alone. Books, transportation and living expenses (often another \$10,000 to \$15,000) will add to the yearly cost of a college education. As such, for a full-time student the cost of attendance can easily range from \$15,000 to \$60,000 per year.

As previously explained in College Knowledge Article 2, the cost of attendance often depends on the type of institution and where it is located. The least expensive is typically the community college serving your area. For the most part they offer one year certificates and two year associate degrees. Next highest in cost are the state colleges and universities. These institutions typically offer bachelor's and graduate degrees (e.g., Masters, and Doctoral degrees). Institutions of this type receive state support. However, because of the higher cost of delivery and little or no local financial support, they charge more in tuition and fees. The most expensive of all are private colleges. Their price tag is the highest among postsecondary institutions because the cost of a student's education is in large part paid for with tuition and fees. This means that private college tuition and fees are often five to ten times that charged at public colleges.

## PAYING FOR COLLEGE

The high price of a college education is well documented and of significant concern to most parents with children approaching college age and all people considering college regardless of age. Below, the common forms of paying for college are listed and briefly described.

- **Pay As You Go (Working Your Way Through College)**

This method of paying for college is as old as college itself and allows a person to earn a degree without incurring any college related debt. There are three reasons this method of paying for college is in the minority. First, most people can take only one or two classes each semester while working. This pace of course completion typically doubles the length of time necessary to earn a degree (e.g., 4 years for an

Associate Degree and 8 years for a Bachelor's degree). Second, the longer path to a degree delays the higher earning potential and job satisfaction that often comes with a degree. Third, some degree programs will require full time attendance.

- **Using Deferred Payment Plans Available Through Most Colleges**

Deferred payment plans have been adopted by many colleges to allow a semester's worth of tuition to be paid in several equal installments. Potentially this could permit an individual or family a form of the pay as you go model explained above.

- **Scholarships**

Colleges and universities typically have a wide range of both merit and need based scholarships ranging in size from \$250 to several thousand dollars. Each scholarship has its own eligibility criteria and requirements and typically must be applied for. Scholarships are established by individuals and companies that value education and want to help students they have often never met. Scholarships are seen as a selfless form of generosity designed to improve the lives of the students who receive them.

The Millennium Scholarship is a special type of scholarship available to Nevada high school graduates who complete a prescribed course of study and maintain a minimum 3.25 cumulative grade point average and attend a designated Nevada college or university. A fact sheet describing the scholarship in detail is available through the state treasurer's office at: <https://nevadatreasurer.gov/documents/millennium/Doc-FactSheet.pdf>. Contact the college you are interested in to find out what scholarships are available.

- **Grants (Both State and Federal)**

The primary difference between a grant and a loan is that money received as a grant does not need to be paid back; the grant is a gift of sorts. However, the typical grant does require that the student complete the majority of the course work for which the grant was given. If this obligation is not met the student may have to repay a portion of the grant dollars received.

- **Work Study**

Work study is a federal grant program that allocates dollars to colleges for use in employing students with financial need at the college. This employment (not to exceed 19.5 hours per week) is flexible and works around a student's class schedule. The allocation is derived by use of a statutory formula that generally takes into account previous funding levels and the aggregate need of eligible students in attendance in the prior year.

- **Employer Tuition Reimbursement Programs**

Many employers offer their employees a tuition reimbursement program as part of their fringe benefits package. In most such programs, an individual registers for a college course and pays the tuition themselves up-front. Upon the successful completion of the course the student-employee provides the employer with a receipt and grade report. If everything is in order, the company reimburses the employee for the cost of the course.

Programs of this type vary from employer to employer and may be restricted to certain subject areas of degrees that are of value to the company. Others have limits on the amount of the reimbursement, while others scale the reimbursement to the grade received (e.g., A grade = full reimbursement, a grade of C = 50% reimbursement). The real catch with these programs is you have to already be employed by the company offering the program and that often takes some college or a degree in the first place.

- **Guaranteed Federal Loans**

here are several federal loans that a student with need may qualify for. The loans may be used for tuition and fees, books and living expenses. Like all loans, there are interest charges ranging from 5%-8.25% depending upon the type of loan. These types of loans must be repaid after one completes or stops attending school in ten to twenty five years depending upon the type of loan. Also, there is a loan repayment obligation that does not go away regardless of an individual's employment or financial situation, including bankruptcy.