



## Financial Aid 101: Borrowing for College Part II

Previously, we discussed the reasons why student loans are considered



good debt for “good” students, but (like anything else) there are limits to a good thing. The federal **Stafford** loan (that every student qualifies for after completing their FAFSA) has defined limits for this reason. **This is the only “official” college loan all students have access to that does not require a qualified co-signer** (see below). The federal **PLUS loan** that may be offered as part of a financial aid award

**is borrowing parents incur** NOT the student. Similar to private loans offered by organizations such as Sallie Mae, the **SELF Loan** (administered by the Minnesota Office of Higher Education) requires a qualified co-signer (although it has some advantages private loans lack). Interest rates and terms for all three types of loans are often much less favorable than the ones students receive with the Stafford loan. The amount of a student’s loans and their rate of interest matters. A LOT!

**Borrowing the current maximum Stafford limits** every year is the equivalent of **\$27,000 in debt** in four years **or \$257.61 a month for 10 years** after graduation (at the current 2.75% interest rate). To **afford this amount of debt**, the borrower would need to make \$18.58/hour or \$38,641 annually. According to [Indeed](#), **the average starting salary for college graduates** (including high wage fields like engineering) **was around \$50,000**, which suggests that borrowing the maximum Stafford limit is within the realm of affordability for many but NOT all borrowers. (Interested in investigating career and potential income by region? [Payscale](#) is a website that can help with this type of research.) **The reality for any individual is in the details.** Hoping to live in a high cost region (either coast/major city)? Want flexibility in your career choices? **The more debt the greater the limitations across the board.**

**Why the big deal about co-signing?** Students should **not assume** that the adults in their lives are **willing and able** to be a co-signer. The adults may not be approved because of loss of income or too much pre-existing debt (mortgage, medical bills, credit cards). In addition, [loans co-signed by a parent or other credit worthy adult](#) can negatively impact the co-signer’s financial security. **If the student does not repay the loan and all accrued interest, the amount due becomes the co-signer’s full responsibility.** Even in situations in which the loan is repaid by the student, the co-signer’s ability to borrow for their own purposes may be negatively impacted including (but not limited to) higher interest rates on everything from credit cards to car loans.

**Limiting college borrowing is a worthy and important goal for everyone!**

### Important information for college applications:

SPCPA School Code: 242 284

Counselor: Alison Green

School Information:  
16 W 5<sup>th</sup> St  
St Paul, MN 55102  
(651) 290-2225

### FAFSA Facts & Tips:

- Read the directions...if the question remains unclear click on the help link.
- Income questions...are based on 2020 federal income tax returns – parent(s) and student. (The IRS Retrieval Tool will populate these fields.)
- No blanks...enter “0” or not applicable.
- No commas or decimals...whole numbers only.
- No nicknames...FAFSA name, address and social security information must match IRS forms.
- Parent #1...is biological or adoptive parent student lives with 51% or more of the time.
- Parent #2...is parent #1's spouse.
- Students living with both biological or adoptive parents...decide who parent #1 is in advance and be consistent.
- Questions about students living with unmarried parents, a stepparent, or in a foster care/non-custodial adult situation...click [here](#) to learn more.
- Not living at home and other independent student questions...click [here](#) to learn more.
- Asset questions...are as of the FAFSA application date (not 2020 figures).
- Exclude...the value of primary residence and all retirement accounts (IRA, 401K, 403B, etc.) from the asset questions.
- DACA students...apply for financial aid via the Minnesota Dream Act not FAFSA. See Ms. Green for more details. Click [here](#) to learn more.
- Undocumented parents...use 000-00-0000 in the social security field. (Caution: It is unclear whether FAFSA information can be shared with I.C.E.)
- Male designation on birth certificate... means student must complete their Selective Service registration to be considered for federal student aid.
- Review the Student Aid Report (SAR)...once your FAFSA is submitted for important next steps!



[Susanna & Lucy DeLaurentis](#)  
**\$1000**  
 Coping with health issues  
[AIGA WorldStudio](#)  
**\$3000**  
 Design/Art major

# APRIL 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	<a href="#">Educators Rising</a> Up to \$5000 Future Education Majors	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	<a href="#">Student Loan Hero</a> \$5000 Essay	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5
6	7	8	9	10	11	12

[Anne Ford Scholarship](#)  
**\$2500**  
 Learning Disability

[Making A Difference](#)  
**\$500**  
 Student's w/Autism

[Bowties & Books](#)  
**\$2500**  
 Why College  
 Essay

[Key to a Bright Future](#)  
**\$500**  
 Essay

[Linden Scholarship](#)  
 Varies  
 Volunteer, financial need  
[Create Real Impact](#)  
**\$1500**  
 Video/Art/Writing

[NANBPWC](#)  
 Varies  
 3.0 min GPA, African descent

## April 1<sup>st</sup> Deadlines...

- [Page Grant](#)  
**\$2500**  
 BIPOC, essay
- [Bristol-Meyers Squibb/Cancer Survivors](#)  
**\$10,000**  
 3.5 min GPA
- [Wergle Flomp Humor Poetry](#)  
**\$1000**  
 Poem
- [NAACP/Herbert Lehman Fund](#)  
**\$2000**  
 Achievement, Leadership, Financial Need
- [1000 Dreams Scholarship](#)  
**Up to \$1000**  
 Female, financial Need
- [Employment Boost Scholarship](#)  
**\$1000**  
 3.5 min GPA
- [IKE Foundation](#)  
 Varies  
 Financial Need, Volunteer
- [Davis-Putter Scholarship](#)  
**\$10,000**  
 Active in Economic/Social Justice
- [AFSA Scholarship](#)  
**\$2000**  
 Fire Sprinkler Quiz
- [Driven Coffee Scholarship](#)  
**Barron Prize**  
**\$10,000**  
 Inspiring Service

## April 15<sup>th</sup> Deadlines...

- [Empower Scholarship](#)  
**\$varies**  
 Interested in Health Care
- [LEAGUE Foundation LGBTQ Scholarship](#)  
**\$varies**  
 Essay
- [Homelight Scholarship](#)  
**\$1000**  
 Home Design/Construction
- [We the Students Scholarship](#)  
**\$7500**  
 Essay

## The University of MN in the News...



The U has asked the Legislature for \$30 million to create a new **Greater Minnesota Scholarship Program** for resident students who enroll as freshmen at its **Duluth, Rochester, Crookston and Morris campuses**. The program would give **every resident student \$4,000 to \$5,000 in their first year and \$1,000 to \$2,000 in each of their next three years**.

The flagship Twin Cities campus is not included in the scholarship program because it already gives out more scholarships than the outstate campuses, administrators said. Tuition at the four outstate campuses ranges from \$12,500 to nearly \$14,000 per year. Students who graduated with bachelor's degrees from the Rochester and Morris campuses in 2020 averaged just under \$25,000 in loan debt, according to data provided by the U, while graduates from Crookston and Duluth had about \$27,000 and \$32,000, respectively.

The proposed scholarship program would effectively lower the average debt for Minnesotans attending those campuses by \$7,000 to \$11,000. The exact scholarship amounts are still to be determined, a U spokesman said, but **every eligible student would receive the same amount**. University leaders are optimistic about the program's funding chances since the state has a record \$9 billion budget surplus. Administrators estimate 8,500 to 9,500 students would benefit from the scholarship program annually.

The U is separately asking the Legislature for another \$30 million to expand its **Promise Scholarship program**. **State residents at all five campuses are eligible for that scholarship, and 13,000 to 14,000 Minnesota families benefit from it annually, according to the university**. The proposed expansion would increase the program's family income limit from \$120,000 to \$160,000, supporting more students from middle-class families, who are most likely to graduate with higher loan debt. Promise Scholarship awards would increase by \$1,100 to \$2,000 per year with the legislative funding, administrators say.



Need help crafting a plea for more financial aid consideration/professional judgement? Click [here](#) for suggestions/examples.