

Paying for college

Once you've decided to get more education, you have to pay for it.

Part III lists the costs for many schools in Kentucky, but you should check each school's website to see the most recent figures.

Don't automatically rule out a college that costs more. Financial aid can make up the difference. Your financial aid award is based on the figures you report on the Free Application for Federal Student Aid (FAFSA) at www.fafsa.gov.

The FAFSA will produce an estimated family contribution, or EFC, which is how much the federal government thinks you should be able to pay toward your college expenses. Congress sets the formula used to calculate the EFC.

If you're considering more than one school, see the package comparison form on page 46.

Payment information

If you go to a two- or four-year college, you'll likely receive a bill for tuition and fees before you register for classes. Any financial aid you receive is usually credited to your account at that time.

Most schools will first use your financial aid award to pay tuition, fees and other charges. If any remains, the school must give it to you to help pay living expenses.

Proprietary schools may charge tuition and fees for the entire program when you start. But your financial aid award will usually be divided into two payments — one at the start, the second after you've completed half of the program.

Some schools offer payment plans, so check with the business office to see what options are available.

Find out if you get a refund if you withdraw. Every school that participates in federal student aid programs must have a written refund policy. Make sure you get a copy. If you withdraw, let the school know immediately. Remember: You may have to refund all or some of your student aid.

Read all contracts and paperwork carefully. If a school representative promises you something, be sure it's written into the contract.

Cutting costs

The cost of your education includes billable expenses (tuition and fees, room and board) and nonbillable expenses (transportation, books, supplies, clothes, child care and other personal expenses). The 2019–2020 estimated costs for most Kentucky colleges are included in Part III. For out-of-state schools, consult *The College Cost Book* or *The College Handbook* at a public library.



Here are some ways to cut costs.

- If your work schedule lets you, take extra classes so you can finish early.
- Take College-Level Examination Program (CLEP) tests. See page 15 for more information.
- See if you can get credit for life or work experience or courses offered by business, government and the military.
- If your employer provides tuition assistance, see if you're eligible.
- Find out if your school has a program that lets you study one semester and work the next.
- If you go to a nearby school, save by commuting from home. Some colleges make freshmen live on campus, but that may not apply to adult students.
- Buy used textbooks if possible, or rent your books. Buy supplies like notebooks and pens in bulk.
- If you buy textbooks, try to sell to students taking those classes next semester. You might get more for them than if you sell them back to a bookstore.
- Check into online classes. Some schools charge less for these than for on-campus classes.
- If you're going to an out-of-state school, see if it has an agreement with Kentucky that lets you pay in-state tuition.

Caution: beware of scams

Student financial aid is a trillion-dollar business, so it attracts people who may try to take advantage of you. Before you pay for help finding financial aid:

- Attend any free financial aid workshops sponsored by a local high school, college and university or the Kentucky Association of Student Financial Aid Administrators. Don't confuse free events with events sponsored by companies that charge for services.
- Check out the company by contacting the Better Business Bureau; the Kentucky Attorney General, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, KY 40601, 888.432.9257, <https://ag.ky.gov/about/branches/OCP/Pages/default.aspx>; or the attorney general in the state where the company is located.

The Federal Trade Commission says be skeptical about scholarship search companies and sites that claim:

“You’ve been selected by a national foundation to receive a scholarship.”

Find out if the foundation is legitimate or if you’re notified that you’re a finalist in a scholarship contest you didn’t enter.

“We’ll do all the work.”

The company may send you a long list, but you’ll have to fill out all the applications.

“I need a credit card or bank account number to hold this scholarship.”

NEVER give these numbers to a person or company you’re not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals without your knowledge.



“This scholarship will cost some money.”

Some legitimate scholarships do have up-front fees, but they shouldn’t be more than \$5 to \$10.

“You’re guaranteed a scholarship or your money back.”

Read the fine print. To get a refund, you may have to receive a letter of rejection from **every** source on the list. That may be impossible to do if a scholarship on the list is no longer offered. The fine print may state that **all** types of student financial aid are included, so if you get a loan and no scholarships, you still can’t get your money back.

“You can’t get this information anywhere else.”

Nearly all the information can be found by working with your counselor and the college financial aid office, visiting a public library or doing a free online scholarship search.

For more information about scholarship frauds, visit:

Federal Trade Commission, www.ftc.gov

You can also file a complaint with the FTC by calling toll free 877.382.4357 or submitting an online complaint form available on the FTC website.

Remember, the absence of complaints may not mean the company or foundation is legitimate — it may just be so new that no one has filed a complaint yet.

Frequently asked questions

We'll answer many of your financial aid questions in the following pages. But **your best source of information** is the financial aid office of the school you attend. You can also find information on www.kheaa.com.

Financial aid comes in many forms, and you'll probably qualify for more than one type.

Check with each school you're considering to find out the latest costs and what aid it can offer. You can compare the costs of different schools by using the School and Package Evaluation on page 46.

Who should apply? Everyone. Don't assume you won't qualify. You might be surprised.

Where can I get financial aid? The state and federal governments, your college and private businesses and organizations. But remember that you're expected to pay as much as you can toward your college expenses.

How is financial aid awarded? Financial aid comes in two main types: need-based and merit-based. Need-based aid is awarded because your information on the FAFSA shows you need help paying for college.

You earn merit-based aid by doing something well. Examples include an athletic scholarship, a band scholarship or an academic scholarship.

How do I apply? You can apply for most state and federal aid by filing the FAFSA. See page 30.

Many colleges use the FAFSA to award financial aid the school administers (called institutional aid). Separate applications may be required for some institutional aid and for most private scholarships.

When do I apply? The 2019–20 FAFSA is for use until June 30, 2020. If you're going to start college before July 1, 2020, submit the 2019–20 FAFSA now. If you aren't going to start college until July 2020 or later, you should submit the 2020–21 FAFSA as soon as possible after October 1.

The FAFSA asks for tax data from two years ago, so if you plan to start college after June 30, 2020, use your 2018 tax return.

The earlier you file, the better your chance of getting financial aid. Some programs have limited funding.

Check with the financial aid offices of each school you're interested in to find out its application deadline.

What is need analysis? Need analysis determines how much aid you are eligible for. The analysis subtracts your EFC from the total cost of attendance. The total cost of attendance includes tuition and fees, room and board, books and supplies, personal expenses and transportation.

Types of financial aid

- **Grants:** Awards based on need that usually do not have to be repaid.
- **Scholarships:** Awards based on ability or special achievement. These are merit-based and generally do not need to be repaid.
- **Work-study:** Part-time employment that lets you earn money toward a college education.
- **Student loans:** Money you borrow to pay for school. A student loan must be repaid. Depending on the type of loan, repayment may not start until you're no longer in school.
- **Conversion scholarships:** Scholarships that require you to provide certain services for a period of time. If you don't, you have to repay the money with interest.
- **Waivers:** Arrangements that waive costs for students who meet certain qualifications.
- **Military benefits:** Financial aid offered to persons (or their dependents) who were, are or will be in the U.S. Armed Forces.
- **National service award:** An award received for education expenses in return for national or community service.

Your EFC is figured from the information on the FAFSA using a formula set by Congress. If you're an independent student, the EFC is figured on your own financial resources (and your spouse's, if you're married).

How much can I get? You can't get more need-based aid than the total cost of attendance minus your EFC. If the total cost of attendance is \$19,000 and your EFC is \$7,000, the most you can get in need-based aid is \$12,000. That doesn't mean you will get \$12,000. It just means you're **eligible** for up to \$12,000.

When will I know how much I will get? If you apply between October and March, you should find out in the spring. The college will send you a financial aid package that shows your costs and the aid the school plans to award you. The aid may include grants, scholarships, work-study and loans. You have to accept or reject each type of aid you're offered. Some schools do this online, while others send you a letter you must check, sign and return.

What can I use it for? Financial aid must be used to pay the cost of education, which includes:

- Direct costs — tuition, fees
- Indirect costs — transportation, housing, food, personal expenses

What about next year? Many programs require you to maintain a certain GPA or to make satisfactory academic progress, which is usually based on earning enough credits to graduate in a certain length of time. Check with the school to find out its requirements.

Even if you don't get aid this year, reapply each year. Things can change.

If I change my mind, can I get a refund? Every school that awards federal student aid must have a written refund policy and give you a copy if you request it. Find out before you apply for admission if you can get a refund if you withdraw before you finish your program.

If I have a GED, can I qualify for a Kentucky Educational Excellence Scholarship (KEES) award?

If you receive a GED, you're eligible for a KEES award if you are a Kentucky resident and:

- Earn your GED within five years after reaching your 18th birthday. If you get your GED before you turn 18, you aren't eligible.
- Take the ACT or SAT at a national test site. Exams given at colleges can't be used for KEES purposes.
- Have at least a composite 15 on the ACT or composite 830 on the SAT. The writing tests are not used in computing KEES eligibility.
- Enroll in a participating college within five years of receiving your GED.
- Have no felony conviction.

How will KHEAA know I'm eligible for a KEES award? When you begin attending classes, your college should report your ACT or SAT score and enrollment status to KHEAA, which will send your award, half each semester, to the college. The college will credit it to your account or issue you a check. You can contact KHEAA to find out if your score was reported.

How much KEES do I receive for my ACT score? Below are the amounts for each ACT score.

ACT Score	Award	ACT Score	Award
28 or above	\$500	21	\$250
27	464	20	214
26	428	19	179
25	393	18	143
24	357	17	107
23	321	16	71
22	286	15	36

Amounts may change based on funding.

Where can I use my KEES award? At most schools in Kentucky. For a complete list of schools, go to www.kheaa.com. The section about KEES will have a list of eligible schools. If you're interested in a major not available in Kentucky, you may be able to use your award at an out-of-state college through the Academic Common Market. For more information about the ACM, visit <http://cpe.ky.gov/ourwork/acm.html>.

How many years can I use my KEES award? You can generally receive the award for up to eight academic terms in an undergraduate program. For most programs of study the award must be used within five years of receiving a GED or graduating from high school.

Am I "Dependent" or "Independent"?

If you're a dependent student, your EFC is based on your and your parents' resources. If you're an independent student, your EFC is based on your and your spouse's resources (if you're married). For the 2020–2021 academic year, you're a dependent student unless at least one of the following applies to you:

- You are 24 years of age or older.
- You're married.
- You're enrolled in a master's or doctorate program during the 2020–2021 school year.
- You have dependents who will receive more than half their support from you through June 30, 2021.
- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You're a veteran of the U.S. Armed Forces. "Veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable.

If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk with a financial aid officer at the school you plan to attend.

Do I need a minimum GPA to keep my award?

Yes. See the KEES information on page 34 for more detailed information.

If I go to college part-time, do I still get my KEES award? Yes. If you enroll at least half time (6 credit hours or the equivalent) but less than full time, you'll receive a partial KEES award. Each semester you receive a partial award counts as a full semester of your KEES eligibility.

The award percentages are:

- 6 hours = 50 percent
- 7 hours = 58 percent
- 8 hours = 67 percent
- 9 hours = 75 percent
- 10 hours = 83 percent
- 11 hours = 92 percent

Are scholarships taxable? Some are. Generally, for a scholarship to be tax free, or a “qualified” scholarship, you must be working toward a degree.

A qualified scholarship is any amount used for tuition and required fees, books, supplies and equipment. Any amount received for incidental expenses is not a tax-free, qualified scholarship. Incidental expenses include expenses for room and board, travel, research and clerical help.

Taxpayers may also be able to take advantage of various credits and deductions. They include:

- **American Opportunity Credit**, available for the first four years of college.
- **Lifetime Learning Credit**, available if a taxpayer or a dependent is taking college courses to acquire or improve job skills.
- **Tuition and fees deduction**, which lets taxpayers deduct qualified college expenses for themselves or a dependent.
- **Student loan interest deduction**, which lets people deduct up to \$2,500 per year on federal taxes for interest paid on federal student loans.
- **Kentucky tuition tax credit**, which lets Kentuckians deduct 25 percent of the federal Lifetime Learning Credit up to \$625 for tuition or related expenses for undergraduate enrollment at an eligible Kentucky college.



Is there anything else I need to know about tax credits and deductions? Congress can change the federal tax credit and deduction rules at any time. The General Assembly can change the rules of the Kentucky Tuition Tax Credit. Before claiming any of these credits and deductions, double-check to make sure they are still available and if any particulars have changed.

For more information on all but the Kentucky tuition tax credit, call the Internal Revenue Service (IRS) at 800.829.1040 or visit www.irs.gov/pub/irs-pdf/p970.pdf to download the free Publication 970 Tax Benefits for Education. This and other free publications are also available from the IRS by calling 800.829.3676 or by visiting www.irs.gov/forms-pubs/ebook. If you're still not sure, consult your family's tax advisor.

Contact your tax advisor for information about the Kentucky tuition tax credit.

**The U.S. Department of Education
operates a toll-free telephone service for students, parents and educators who
have questions about federal student assistance programs. Call 800.433.3243
(800.4FED.AID). People who use a TTY or TDD device should call the Federal
Information Relay Service at 800.730.8913.**