No Sugarcoating: How to Support Informed Decision-Making Toward Affordable College Enrollment

By Teresa Steinkamp & Thurman Young
The Scholarship Foundation of St. Louis
The Scholarship Foundation of St. Louis: Who we are and what we do.

- The Scholarship Foundation of St. Louis, a nonprofit organization founded in 1920, is based upon the conviction that an educated society is essential to a healthy democracy. The Scholarship Foundation provides access to postsecondary education to members of our community who otherwise would not have the financial means to fulfill their educational goals.

- The Foundation sees higher education as a catalyst, an agent of change for individuals, families, communities, and nations. We envision a community that recognizes the importance of educational attainment and assures positive educational outcomes are accessible to all regardless of economic circumstance. In our community, doors will not be closed to those who lack financial resources, and postsecondary education will be available to all with the potential to succeed. To build this community, The Scholarship Foundation will:

  - Promote and provide financial support for postsecondary education;
  - **Assure that students have the information necessary to make sound financial decisions;**
  - Lead a collaborative network of community and educational partners aligned to support student preparation, transition, and persistence to degree completion.
ASA Counselor Research: Key Findings

- Only **11 percent** of counselors say they are always aware of their students’ financial circumstances when discussing college affordability; **52 percent** say they are often aware.

- Less than **20 percent** of counselors say they are extremely comfortable discussing the financial aid application process compared to **48 percent** who are extremely comfortable discussing the college application process.
Nearly half of school counselors are very or extremely likely to discourage a student from going to a college perceived as a poor academic fit; however, less than 30 percent report they are extremely or very likely to discourage a student from going to a school based on insufficient financial aid.
How many minutes do students spend, on average, with their school counselor in high school?

38 minutes
What would you guess is the average student loan debt for recent bachelor degree recipients?

- I am not sure: 3%
- More than $75,000: 16%
- $65,001-$75,000: 12%
- $55,001-$65,000: 14%
- $45,001-$55,000: 18%
- $35,001-$45,000: 17%
- $25,001-$35,000: 16%
- $15,000-$25,000: 4%
- Less than $15,000: 1%

Average student loan debt for class of 2016 was $37,172.
Scholarship Foundation:
Awarding Philosophy

- Interest-free loan and grant dollars awarded as last dollar;
- Scholarship Foundation as only lender;
- Regular, and ongoing, conversations regarding debt, student loans, and affordability.
Scholarship Foundation: Awarding Philosophy

Your award is calculated using the formula below:

<table>
<thead>
<tr>
<th>Cost of Education</th>
<th>$73,549</th>
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<tbody>
<tr>
<td>Subtract Expected Family Contribution (EFC)</td>
<td>$0.00</td>
</tr>
<tr>
<td>Subtract Grant Aid</td>
<td>$68,540</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equals Unmet Financial Need</th>
<th>$5,100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount remaining to fulfill cost of education.</td>
<td></td>
</tr>
</tbody>
</table>

This award amount is calculated based on your individual information and should be enough to cover the costs of your academic expenses for the entire year.

Our commitment to college affordability is a priority. Unlike other loans you may be offered, student loans funded by the Foundation remain interest-free and fee-free during the life of the loan. You will only repay the Foundation the amount you borrow to complete your education. **Excessive borrowing using federal or private student loans will not be permitted.** Students can turn down other loans, including Federal Stafford Loans, even after you have accepted them. This and other important information will be covered during New Student Orientation.

Students receiving interest-free loans or grants must be in good academic standing and must maintain satisfactory progress in order to continue to receive funding from The Scholarship Foundation. **It is your responsibility to update us of any changes to your academic plans and your contact information.**
Student-Centered Advising

- Emphasizes relationship
- Allows authenticity
- Promotes honesty
- Centers objectivity
- Does NOT direct, decide, or limit
Advising Toward Informed Decision-Making

- Proactive, practical strategies

- Assess financial aid offers; compare letters

- **Decision-Making: Using Award Letters to Assess Affordability**
  - Assess carefully and ask questions;
  - Review critically for total in loans, any unmet need (gap);
  - Utilize as a foundation for critical conversation about annual and aggregate debt burden.

- Engage in honest conversations: NO SUGARCOATING
Advising Toward Informed Decision-Making

- 515 unique institutional award letters reviewed:
  - Complicated or confusing jargon and terminology
  - Total and complete cost omitted
  - No differentiation between aid types
  - Misleading packaging re: Parent PLUS loans
  - No, or unclear, definitions of work-study
  - Inconsistent calculations showing gap
  - Unclear or missing next steps
What are the consequences of enrolling without sufficient financial aid?

1. Student incurs more loan debt than is desirable and/or manageable to repay comfortably.

2. Student is unable to pay full tuition bill for semester, which results in a back balance:
   - Future enrollment at that institution is prohibited until balance is paid, usually paid in FULL.
   - Official transcripts are held “hostage” until the balance is paid, usually in FULL.
   - Renders student unable to enroll and/or transfer.
   - No financial support for back balances.
Addressing Affordability

- Work with students one-on-one to complete FAFSAs

- Engage early, and often, in conversations regarding affordability (cost of attendance/COA, expected family contribution/EFC, etc.)

- Support verification proactively:
  - Request IRS Tax Transcripts for tax-filers unable to use the IRS DRT when filing a FAFSA
  - Request Verification of Non-Filing (VONF) for non-tax filers, especially parent non-filers
For Your Consideration: Decision Day Celebrations

- For many students, a decision by May 1st is irresponsible at best—damaging at worst.
- For other students, they feel pressure to declare even when their decision is not solid.
- What message does Decision Day send to students unable to make a decision due to a delayed award letter?
- How might they offer an inclusive message around affordability?

Contact Us!

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