Dear UCSB Family,

Greetings and Happy New Year from the Office of Financial Aid and Scholarships. With the start of a new calendar year comes the financial aid application process for the 2011-2012 academic year. Please be sure that you apply on-time by completing your 2011-2012 FAFSA prior to the March 2nd priority filing deadline.

There are some changes for the 2011-2012 year I would like to bring to your attention. First, the Department of Education has teamed up with the Internal Revenue Service to offer a service that will allow students and parents to retrieve their 2010 income information and have it transferred directly to their FAFSA on the Web application. Done correctly, this would mean that tax filers would be exempt from having to provide the Office of Financial Aid and Scholarships with a copy of your 2010 federal tax returns. We are hopeful this new change will help simplify the application process for students and parents across the country.

Closer to home, the Office of Financial Aid and Scholarships is happy to be launching an updated website in February. We designed the site with simplification in mind. We hope that students and parents will find it more to their liking and that you are able to easily find the information you are looking for. Our department continues to provide you with an online customer service survey and hope you will provide us feedback regarding the new website and our service in general. We are here to serve our students and appreciate hearing your feedback.

On the funding front, as you are all aware, the sluggish economy has had a major impact on higher education and financial aid programs are no exception. At the federal level, the Pell Grant program faces a $5.7 billion shortfall which is being addressed by Congress now. We are cautiously optimistic this shortfall will be covered and no cuts will be made to the Pell Grant program moving forward.

At the State level, the Cal Grant program continues to be one of the premier state-funded financial aid programs in the country. We are again cautiously optimistic the 8% fee increase for 2011-2012 will be covered for Cal Grant recipients. While the California budget continues to be cut in many areas we are hopeful the Cal Grant program will be supported as it has been in the past.

Locally, the Office of Financial Aid and Scholarships annually awards and disburses approximately $53 million in university grant funds to needy undergraduate students and that aid program remains secure moving forward.

As you can see, 2011-2012 will bring more change to financial aid students, but we are confident that these changes are for the better. One last reminder to apply on-time and come see a financial aid professional should you have any financial aid related questions.

Warmest Regards,

Michael M. Miller
Director, Office of Financial Aid and Scholarships
Don’t let debt derail your educational and career goals

By Esteban Marin, Financial Aid Advisor, Office of Financial Aid and Scholarships

Are you interested in graduate school? Perhaps you’re thinking of an MBA, or is it a master’s in social work, a law degree, or a medical degree? If so, then you must consider the impact student loans borrowed now and later will have on your options for additional schooling and your future employment decisions. Borrow wisely now so that your future educational goals and their associated cost are easier to manage down the road.

Keep in mind that many of the federal and state grant opportunities that exist for undergraduates do not apply to graduate programs. The Pell and Cal Grants, two major grant funding programs, typically end after your first bachelor’s degree. What does this mean?

First, you should know that there are some universities and professional schools that have their own financial aid processes, and “free” money is in fact awarded to their admitted students. So there is some financial help, but generally such free money comes in the form of very limited fellowships and scholarships, that to say the least, are extremely competitive and do not always cover all educational expenses. It is very likely that you may gain admission to a graduate or professional school and have to rely on federal and private loans to finance your studies.

While the median educational loan debt for a four-year undergraduate is $24,000, the average cumulative debt for students in master’s programs exceeds $50,000, while that for law students can exceed $90,000, and that for medical students can exceed $125,000. (www.finaid.org/loans). It is important that you begin to recognize the significant cost your “investment” requires and that you begin to take steps now to ensure your future plans aren’t derailed by debt.

Secondly, you must consider both the median and average salaries pertaining to your investment, and recognize that the risk persists in that advertised salaries are never guaranteed for a given profession (www.salary.com). Your salary will have a big impact on how much you can repay monthly and how quickly you can pay off your student loan debt. Consider that a 25 year Extended Repayment Plan for a $50,000 graduate Federal Stafford student loan, at 6.8% interest, will cost
roughly $350 a month. At the end of a 25 year repayment, you’ll have paid a total of $104,111; that’s $54,111 in interest alone! I always suggest to federal loan borrowers not to take the full 25 years to repay. Your strategy would be to make larger and larger payments regularly as your income increases over your professional working life, thereby paying down the loan in less than 25 years. This is a huge cost saving measure. The Department of Education has provided very handy loan repayment calculators through the Direct Loan Servicing Center (www.dl.ed.gov), and using these to both predict and plan your future financial goals is a great way to stay in control of your finances.

Managing a $350 monthly loan payment may not seem like much now, but when you begin to consider all the other obligations you may have when you enter your professional working life, like rent or a mortgage, car and insurance payments, and perhaps other debts, the “squeeze” for cash becomes more acute. The need for a higher salary could push you into a profession you may not have considered or wanted to avoid, but “cash is king” and the lure is strong. In other words, you may have wanted to dedicate yourself to public service, but that private corporate gig and your need to repay your very pressing educational loan debts may take priority. So that in the end, it may mean you can’t take your “dream” job. Of course this isn’t always the case, as there are loan forgiveness programs for public service, but you’d be surprised how often this happens to young professionals with nearly insurmountable educational debt. My point here is simply to stress how important it is now to develop appropriate spending habits on a student budget and to limit your loans to their essential minimum to mitigate the repayment impact.

If loan repayment is of serious concern to you, and it should be, and borrowing loans is unavoidable as an undergraduate, then the strategy is to borrow only the very bare minimum.

Let me say this again; borrow only the very bare minimum!

Establishing clear financial goals and educational-expense budgets, and sticking to them, is a critical means of staying within your financial boundaries as a student. It is as simple as saying to yourself: “I don’t need an extra pair of shoes just yet, or I can live without those nice sun-glasses, or dress coat, or expensive jeans.” Shop wisely and hunt for bargains. Bargain prices doesn’t have to mean shoddy clothing. Eliminating or greatly reducing non-essential expenses can make that little difference between helping you avoid that extra loan or even more importantly, helping you avoid using credit cards. Do not accumulate credit card debt! There is simply no other way to put it. Credit cards have exorbitant interest rates and unrealistic repayment terms that are avoidable financial pitfalls.

What are some cost-saving tips?

Here are a few:

- Live with a roommate
- Save fancy restaurants for very special occasions
- Shop at second-hand and discount stores
- Go to matinees
- Shop online for textbooks and buy used
- Don’t buy a car and use public transportation
- If you charge, then make sure you can repay in full when the bill comes to avoid interest charges
- Try to eliminate or reduce your loans and especially your credit cards before you start graduate or professional school
- If you can, contribute to a saving account, try to save money for graduate school or for emergencies
- Plan your monthly spending
- Maintain good credit; this means better interest rates on your consumer loans and reduces your expenses in the long run.

In the end, it’s up to you to protect your future income. One of the most immediate and easiest ways to do that is keep this in mind: the less you borrow now the less you repay tomorrow.
The Inside Scoop to the World of a Financial Aid Peer Advisor

“This is the BEST job to have at UCSB without a doubt: It’s so rewarding to help people, and know that every day you make a difference” (Kelly Curtis, Peer Advisor).

By Brenda Curiel, Peer Coordinator

The world of a Financial Aid Peer Advisor is so much more than memorizing information and relaying it to students and parents. As Kelly has stated, working as a Peer Advisor in the Office of Financial Aid and Scholarships brings a sense of pride for herself as she uses her knowledge to help others. I asked Kelly a set of questions to gain a better understanding of who she is and to gain a greater sense of how she views her current position in the Office of Financial Aid and Scholarships.

Please tell us about yourself?

Hi! My name is Kelly Curtis and I am a third year at UCSB. I am double majoring in Psychology and Feminist Studies. In my spare time, which is hard with two jobs, I like to shop, bake, cook, go running, watch movies, and spend time with my boyfriend.

How long have you been working as a Peer Advisor in Financial Aid?

I was hired just over a year ago to be a peer advisor in Financial Aid. I am really excited that we just hired new peers, because now I get to be a veteran peer! That means that I get to train the new peers, and have more responsibility in the office!

What do you enjoy most about your job?

Because of this job, I’m always up to date about my own financial aid. I have become the knowledgeable one among my friends, and family, and love being the one people ask important financial questions to. What I like best about the job overall is being able to help people, because no matter how simple or serious the question is, being concerned about money is scary. By answering questions I am able to calm people, reassure them, and sometimes even make their day! (That’s the best!)

What are some of the challenges that you have faced as a Peer Advisor?

This job comes with many challenges, especially with the economic climate being so horrible right now, and with the rising costs of education, we’ve seen a huge increase in the students who need financial aid. I’ve spoken to many parents who have lost their jobs and have had to move from large houses to one bedroom apartments, and are worried that their student will have to drop out of school. Most of the time we can help the student stay in school, but sometimes the student is faced with family obligations and has to leave. It’s sad that the economy is interrupting people’s goals from being achieved.

What is the most rewarding experience you’ve had interacting with students and/or parents?

A few times parents and students are concerned they can no longer stay in school because of lost jobs or growing families. It’s really rewarding to be able to reassure them they can stay in school with extra financial resources. Some services we offer, like Requests for Review and Requests for Budget Increase can help provide students the resources they need. I’ve had people tell me that they love me because they are so relieved and happy after talking to me!

As Kelly stated, the Request for Review and Request for Budget Increase are two forms that are currently available on the Financial Aid Office and Scholarships website. For further information on both of the forms, visit www.finaid.ucsb.edu.

Would you recommend students to apply in the future for the position of a Peer Advisor?

Definitely! This is the BEST job to have at UCSB without a doubt! It’s so rewarding to help people, and know that every day you make a difference. The staff here is so nice, and the day goes by fast here, because we are usually having a good time. Plus, working here gives you the inside knowledge of financial aid, so that you aren’t panicking about your own financial aid.

Working in the Office of Financial Aid and Scholarships definitely gives Peer Advisors an upper hand when it comes to questions that they may have about their own financial aid. Before the interview ended with Kelly, I needed to find out what tips she has for current UCSB students.

Do you have any tips for current students?

Pay attention to deadlines (FAFSA is DUE by March 2nd!), and check your “My Aid Status” (we put all the important notices on there)! Don’t be afraid to get a job, it is possible with full-time school, definitely. Also, be sure to balance your time with school, work, relationships, and fun.

Great tips Kelly! Even though Kelly has been a great Peer Advisor we know that once she graduates, we will have to wish her good luck as she pursues some of her long term goals. According to Kelly, “I am planning to attend graduate school once I graduate to pursue a master’s degree in Marriage, Family Therapy (MFT), or a similar clinical degree. Interacting with people, and listening to their concerns on a daily basis, has made me sure that I want to work with people and help them in the future.”

There is so much that revolves around the world of a Financial Aid Peer Advisor. Kelly has managed to juggle work and school while still enjoying her free time. We are delighted that Kelly will continue to be a Peer Advisor as she is truly a wonderful person and embraces her role with joy.

“Keep up the great work Kelly and all the Peer Advisors in the Office of Financial Aid and Scholarships, you are very much appreciated”
Renewing the FAFSA and the Cal Grant GPA Verification Process

By Kara Lopez

Each year students must renew the FAFSA online at www.fafsa.gov by March 2nd and include the UCSB federal school code: 001320. This is the only application that is needed to reapply for Federal and University Aid, including: Pell Grant, Direct Loans, University Grants, and Work-Study.

In order to reapply for the Cal Grant, some students will need to resubmit GPA verification to the California Student Aid Commission. To qualify for the Cal Grant A, the GPA must be a 3.0 or above and to qualify for the Cal Grant B, the GPA must be a 2.0 or above.

Current Cal Grant recipients are not required to submit a GPA Verification Form.

Current year Financial Aid Applicants that have completed at least 36 units at UCSB by the end of fall quarter are also not required to resubmit their GPA. UCSB will do it for you.

UCSB cannot verify GPAs for students that have completed less than 36 units at our institution. This group typically includes freshmen and 1st-year transfer students. The GPA verification form can be found at www.csac.ca.gov. The Office of Financial Aid and Scholarships will notify these students by email in January to contact their last school of attendance to verify their GPA.

All students are encouraged to set up an account on Web Grants for Students at www.webgrants4students.org, so they can monitor the status of their Cal Grant.

Satisfactory Academic Progress

By Cecilia Becerra

Satisfactory academic progress (SAP) is used to define successful completion of coursework to maintain eligibility for student financial aid. Federal regulations require our campus to establish, publish and apply standards to monitor your progress towards completion of your degree. The requirements for satisfactory academic progress differ for undergraduate and graduate students. Students who do not meet the annual standard are notified at the end of spring quarter. The basic standards are listed below on our website http://www.finaid.ucsb.edu/Eligibility.asp

Financial aid Warning and Suspension statuses result from not meeting the minimum requirements for satisfactory academic progress. The warning status serves as a notice to students that a problem exists, but student financial aid is not reduced or withheld. The suspension status will prevent students from receiving financial aid for one academic year. Students may appeal their suspension status by completing and submitting the “Satisfactory Progress Appeal Form” located under the forms portion of our website http://www.finaid.ucsb.edu/FormsLogin.asp

There are some significant changes to the Higher Education Act that govern satisfactory academic progress standards. Beginning fall 2011, UCSB’s satisfactory academic progress requirements will change. Students’ academic progress may be monitored more regularly. Disbursement may also be held until quarterly completed units and GPA’s are verified. For example, if a student fails to maintain satisfactory academic progress at the end of winter quarter, they would not be eligible to receive aid for the spring quarter. If the student successfully appeals their suspension their status would then be monitored on a quarterly basis. This would result in future quarter aid being withheld until the quarterly minimum number of units and GPA were confirmed.

Additional information regarding the new rules that apply to SAP will be available on our website in early spring.
Financial Literacy On Campus

By Nathan Cook

“Want to avoid living with your parents for the next 30 years?”

This sounds like a no-brainer, but in the current economic climate, financial literacy on college campuses is a growing concern. More and more parents and students are turning to loans to fund the increasing cost of a college education. The financial decisions that students make now will impact them for years to come.

With this in mind, the UCSB Alumni Association and the Office of Financial Aid and Scholarships recently co-hosted “Tips for Financial Success”, a panel discussion covering diverse topics such as: savings plans, insurance, budget planning, investment strategies, and student loans.

Panelists included:

Rob Jupille – UCSB Class of 1989 and President of RTJ Financial Management
Mike Miller – Director of the UCSB Office of Financial Aid and Scholarships.
Dr. Mary Nisbet – UCSB Dean of Undergraduate Education in the College of Letters and Sciences.

More than 200 students attended, and the majority of the two hour event was dedicated to answering questions from the crowd. While the questions varied from the general (“When should I start saving for retirement?”) to the specific (“Is now the time to invest in Gold?”), the advice offered centered on a general theme of educating yourself to take the subject just as seriously as anything being taught in Campbell Hall.

Tips:

Budgeting – Live like a college student now, so you don’t have to after you graduate.
Investing – Take risks, have fun, learn from the experience. Young people have many years to save for retirement, and can ride out the volatility of investing aggressively.
Borrowing Loans – Borrowing student loans is ok, but don’t borrow more than you need.
Credit cards – They can help build your credit, but use them sparingly. Pay off your balances in full each month.

Q&A with our Senior Financial Aid Advisor, Paula Reese

Q: Paula, I only reported myself in college on the FAFSA, but my sibling just enrolled for Spring Semester, What do I do?

A sibling in college is a factor in determining financial aid. As your sibling has now enrolled in college for the spring semester, you should submit a Sibling Enrollment Verification Form along with the tuition statement and class schedule from their college. You can find the Sibling Enrollment Verification Form in the forms section of our website.

We will re-evaluate your application with 2 in college. This re-evaluation could result in additional aid eligibility.