

## 7. Some money talk

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### **Know your financial situation**

You will eventually need to evaluate your financial situation to determine how it will affect your college choices. In evaluating student financial need, most colleges and universities use the standardized *Free Application for Federal Student Aid* or “FAFSA” application. You can fill this application out on paper or you can enter information through the Internet. What you get back in response to your application is a number called the “Expected Family Contribution,” or “EFC.” There are also websites that can help you to make quick estimates of EFC without going into all of the detail of the FAFSA.

If you were simply applying for financial aid to go to college then the EFC is the amount that you and your family are expected to provide toward your expenses of attending college. The remaining costs are usually something that can be worked out by the college’s financial aid office. Depending on the college and on your particular circumstances this aid might come in various forms. It may include academic scholarships, need-based scholarships, grants from the college, grants from private, state or federal agencies, and loans. Some of these aid sources may require you to submit additional applications.

### **What does college cost?**

Consider some examples of estimated college costs for the academic year 2004-2005 shown in Table XI on the next page. I obtained these figures by browsing several college and university websites. These are actual cost estimates from real schools. The amounts include tuition, fees, room, board, and estimates for books, travel and incidental expenses.

In preparing Table XI, I made no effort to find average costs. If you hunt around you will find some lower-priced schools and some higher-priced schools. However, I am confident that you will find that these numbers are representative of the costs for 4-year residential colleges and universities for 2004-2005 school year. The various annual guides

to colleges typically highlight schools where the relatively low costs of attendance represent a good value.

Table XI

2004-2005 costs of attendance for several schools

<u>School</u>	<u>estimated cost</u>
famous private university	\$42,380
small private university	\$39,996
small private college	\$38,324
famous state university (out of state)	\$32,973
famous state university (in state)	\$15,664
smaller state university (out of state)	\$24,992
smaller state university (in state)	\$16,574

**Four years may not be enough**

One thing is fairly certain. It is extremely unlikely that costs will go down. Historically, tuition costs have been rising at a rate of about 8% per year. The 2004-2005 costs for the schools in the table average about 5% above the previous year's costs at the same schools. If one assumes a 5% per year increase, then the most expensive university in Table XI would cost \$182,660 for four years.

Adding to possible costs is the remarkable statistic that *more than half of all college students take longer than four years to graduate*. When you account for the inflation in costs, a student who takes five years to graduate may increase their total college costs by 25-30%. For instance, for the school in the calculation in the previous paragraph, adding a fifth year increases the cost of a degree from \$182,660 to \$232,000. These are breathtaking numbers that illuminate the value of a sports scholarship.

It is not always easy to find a clear statement of a college's costs on the school's website. On some sites you simply go to the financial aid link and the various costs are listed. On other sites there can be pages and pages of information about applying for aid and different outside sources of aid with no obvious list of costs. When I had trouble finding costs, I usually succeeded by searching the site using the phrase "cost of attendance." You can always call

the admissions office and ask about the figures that make up the cost of attendance.

### **The financial goal**

When you set your goals, paying for some or all of your college expenses with a sports scholarship was probably one of them. Otherwise, you probably would not be reading this book. A logical financial goal might be to maximize the total financial aid consistent with your other interests, needs and abilities. Actually, since loans are also called “aid,” we should refine that statement a little. Your financial goal might be to minimize the amount you and your family will have to pay for your college education, including the payback of loans. Again, your financial goals should not be your only goals. You will have to juggle financial considerations with academic goals, athletic goals and all of the other factors that go into choosing a school.

### **Financial Aid**

The NCAA definition of financial aid includes grants, scholarships, tuition waivers, loans, and various types of employment. Most student athletes, especially in the equivalency sports, will have more than one kind of aid.

A sport scholarship is a grant awarded by a school’s athletic department to student athletes who are expected to participate on a college team. If you receive a sports scholarship, or if you are a recruited student athlete, then the amount of other kinds of financial aid that you receive may be limited. The limits, and how the specific type of aid affects these limits, depend on the source of the aid, the criteria for awarding it and the school’s NCAA Division. It is important to recognize that when aid comes from sources outside the college it may still count against limitations.

There are numerous NCAA Division I and II rules regarding the interaction of various kinds of financial aid. We will discuss some of these rules in this chapter, but it is not necessary or practical for you to learn them all. The rules can be complicated and they change with amazing frequency. You may need to consult the school’s compliance coordinator to clarify some financial aid situations. In the

following discussion we will touch on some of the highlights of the financial aid rules and give you a sense of how these rules influence the decisions you and coaches will have to make.

In Chapter 6, we discussed how some aid that comes from outside the athletic department may still count against your team's sport limitation. Such aid would have the effect of reducing the amount of aid that can be granted to other athletes. Therefore, accepting some kinds of non-athletic financial aid may actually reduce the amount of athletic aid you get offered or may cause the coach to keep you off of the team.

### Limits to aid

Depending on a variety of circumstances, there are several different kinds of limits on the financial aid that a recruited student athlete may receive. These limits are derived from the value of a full grant-in-aid or the full cost of attendance. As discussed in Chapter 1, the amount called a full grant-in-aid is the sum of expenses for tuition, room, board, fees and books. The full cost of attendance is equal to the full grant-in-aid plus an allowance for travel and incidental expenses.

The exact amount of these two aid levels will differ among students at a particular school depending on such matters as where the student lives (whether tuition is in-state or out-of-state) and in some cases, the course of study. In general, the maximum aid that an institution can award to an individual student athlete must not exceed the student's full cost of attendance. Adding to the confusion, not all kinds of aid contribute to the total that gets measured against the full grant-in-aid or the full cost of attendance.

The amount of financial aid that an athlete receives is measured against three different limits. There is a maximum amount of aid that the institution can award to individual. There is also a limit to the total amount that a student athlete may receive from the sum of institutional and outside sources. Finally, as we have discussed previously, there are limitations