Dear Valued Student of OLOL College:

Welcome to the 2009-10 school year! We are pleased to announce that we have processed 1146 students’ files totaling $15,623,977.00 in student aid.

We are still accepting applications for the Scholarships for Disadvantaged Students (SDS). The scholarships are specifically for students that come from a disadvantaged background enrolled in one of the following disciplines: Practical Nursing Program (PN), Associate of Science in Nursing (ASN), Bachelor of Science in Nursing (BSN), Master of Science in Nurse Anesthesia (CRNA) or Nursing (MSN), Physician Associate Studies (PA).

A disadvantaged background is defined below:

**Economically disadvantaged**—from a family with an annual income below 200% of low income thresholds according to the family size published by the U. S. Bureau of the Census.

**Environmentally disadvantaged**—from an environment that has inhibited you from obtaining the knowledge, skill, and abilities required to enroll in and graduate from a school. You must meet one or more of the following criteria to be considered environmentally disadvantaged.

- First generation college student.
- Graduated from a high school that has a higher than the state average number of students eligible for free or reduced lunch program.
- Both parents are deceased.
- In special situations, additional criteria may be considered on an individual basis.

The College received $556,789. The application is available on the OLOL College website by clicking Financial Aid then Documents and Forms. The application deadline is August 31, so download your application today. Scholarship notifications will be sent mid-late September.

Remember that all official email communications will be sent your OLOL email account. It’s imperative that you frequent your email account.

In closing, the Office of Financial Aid would like to thank you for choosing Our Lady of the Lake College to pursue your post-secondary education! The Office of Financial Aid remains committed to timely assistance and resource identification through the rapidly changing regulatory landscape of Federal Student Aid (FSA).

Sincerely,

Tiffany D. Magee
Director of Financial Aid

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ED also has shortened the FAFSA Web address to [http://www.FAFSA.gov](http://www.FAFSA.gov). The URL change was made to decrease the chances of students accessing nongovernmental or paid Web sites.

The previous address (www.FAFSA.ed.gov) will continue to direct students and parents to the FOTW Web site.
There are a host of changes to student aid programs coming on July 1. Many of these changes will benefit students by lowering the cost of student loans, increasing grant aid for Pell Grant recipients and military veterans and providing new assistance for students with unmanageable education loan debt.

This article summarizes some of the major upcoming changes to the student aid programs.

**Lower Interest Rates.** On July 1, the interest rates on subsidized federal student loans will decrease from 6 percent to 5.6 percent. This is the second of four annual cuts in this interest rate; it will continue to drop until it reaches 3.4 percent in 2011. Also, borrowers with Stafford loans issued prior to July 1, 2006, will benefit from a more than 1.7 percentage point reduction in their rates due to declines in prevailing interest rates.

**Reduced Fees.** Upfront borrower origination fees on Stafford loans will be lowered 0.5 percentage point. The maximum upfront fee that will be allowed to be deducted from a student’s Stafford loan funds will decline from 2 percent to 1.5 percent on loans with initial disbursements between July 1, 2009, and June 30, 2010.

**New Income-Based Repayment Program.** On July 1, a new Income-Based Repayment (IBR) program will go into effect that caps borrowers’ monthly loan payments at 15 percent of their discretionary income (that is, 15 percent of what a borrower earns above 150 percent of the poverty level for their family size). Any current or future borrower whose loan payment exceeds 15 percent of his or her discretionary income is eligible. After 25 years in the program, borrowers' debts will be completely forgiven. Borrowers with hefty debt or low-paying jobs are most likely to qualify for the program. IBR will cover all federal loans -- both Direct and FFELP -- made to students, including Stafford, Grad PLUS and federal consolidation loans, but not those made to parents (PLUS loans). Perkins loans are also eligible if a borrower consolidates them into a FFEL or Direct Loan.

**20/220 Elimination.** Despite efforts by NASFAA and other higher education organizations, the current 20/220 debt-to-income ratio pathway for borrowers to qualify for an economic hardship deferment in the FFEL and Direct Loan programs is scheduled to end on July 1, 2009. Currently, students can qualify for an economic hardship deferment if they 1) are employed full-time, 2) have an education loan debt burden equal to or greater than 20 percent of monthly income, and 3) have an income minus the education debt burden that is less than 220 percent of the greater of the minimum wage rate or the federal poverty line for a family of two. H.R. 1615, the Medical Economic Deferment for Students (MEDS) Act, would extend this program. The Department of Education has argued that the program does not need to be extended because the IBR program will provide relief for students currently being served by 20/220.

**Competitive Loan Auction Pilot Program Canceled.** The PLUS Loan Auction Pilot program was scheduled to begin July 1, but the Department of Education can celled the program due to a lack of interest from FFELP lenders.

Continued on the next page
Military Benefits

Excluding Veteran Education Benefits. Congress is expected to pass a HEA technical corrections bill this month that will change the date (from July 2010 to July 2009) for financial aid offices to begin excluding veteran education benefits when determining eligibility for student loans and campus-based aid. This would ensure that benefits provided by the Post 9/11 GI Bill - that goes into effect this July - does not reduce veterans' eligibility for additional aid. Keep an eye on Today's News for final disposition of the amendment.

Post 9/11 GI Bill -- Effective Aug. 1. The Post-9/11 GI Bill is for individuals with at least 90 days of aggregate service on or after September 11, 2001 (see http://www.gibill.va.gov). This program will pay an eligible individual’s:

- tuition & fees directly to the school. Payment is not to exceed the maximum in-state tuition & fees at a public Institution of Higher Learning;
- monthly housing allowance based on the Basic Allowance for Housing for an E-5 with dependents at the location of the school;
- annual books & supplies stipend of $1,000 paid proportionately based on enrollment; and
- one-time rural benefit payment.

Under the auspices of the Post-9/11 GI Bill, private institutions can enter a matching program with the Department of Veterans Affairs (the "Yellow Ribbon" program) to fund some or all of the difference between actual tuition and fees and the basic tuition and fee benefit.

** Our Lady of the Lake College will not participate in the "Yellow Ribbon" program**

In-State Tuition. The HEOA prohibits public institutions of higher education from charging a member of the armed forces who is on active duty for a period of more than 30 days, and whose domicile or permanent duty station is in a State that receives assistance under the HEA, his or her spouse, or his or her dependent children, tuition at a rate higher than the public institution's in-state tuition rate for residents of the State. In addition, if a member of the armed forces who is on active duty, his or her spouse, or his or her dependent child pays such an in-state tuition rate, the public institution must allow the individual to continue to pay such a rate as long as the individual is continuously enrolled, even if there is a subsequent change in the permanent duty station of the member to a location outside of the state. This provision is effective at each public institution of higher education in a State that receives assistance under the HEA for the first period of enrollment at the institution that begins after July 1, 2009.

Maximum Pell Grant. Funding provided by the College Cost Reduction and Access Act (CCRAA) and the American Recovery and Reinvestment Act (ARRA) increases the maximum Pell Grant scholarship for the 2009-10 school year to $5,350 -- more than $600 above last year's award.

Minimum Pell Grant. The HEOA eliminated the $400 minimum award and sets a new minimum award at 10 percent of the appropriated maximum award set each year. Students who are eligible for an award equal to or greater than five percent but less than 10 percent of the maximum award will receive an award amount of 10 percent of the maximum award appropriated each year. For the 2009-10 school year, 10 percent of the appropriated maximum is $486, but the CCRAA adds $490 to all full-time awards, so the minimum Pell Grant for a full-time student will be $976. (For part-time students, these amounts are prorated.)

Sex Offenders and Pell Grants. The HEOA provides that a student who is subject to an involuntary civil commitment after completing a period of incarceration for a forcible or non forcible sexual offense is ineligible to receive a Federal Pell Grant.

Children of Soldiers. The HEOA provides maximum Federal Pell Grant eligibility for a student whose parent or guardian was a member of the Armed Forces and died as a result of performing military service in Iraq or Afghanistan after 9/11/2001, provided that the child was under 24 years old or was enrolled in college at the time of the parent or guardian's death. These students will be considered to be eligible for the maximum Federal Pell Grant award for the period during which the student is otherwise eligible to receive a Federal Pell Grant. ED will work with the Departments of Defense and Veterans Affairs to identify affected students.

Year Round Pell. Students will be eligible to receive Pell Grants year round after July 1. The Department of Education is currently drafting proposed regulations to implement this new benefit for students.

Expanded ACG/SMART Grant Eligibility. Eligibility for these grants will be expanded to include eligible non-U.S. citizens and students attending at least half-time. In addition, awards will be made based on grade level and not academic progress. Interim final rules implementing these changes were published May 1.
### ACG and National Smart Grant Amounts for 2009-2010

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<th>Program/Year in School</th>
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**Paying college tuition with credit card gets costlier**

By Kathy Chu and Mary Beth Marklein, USA Today

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Across the nation, a growing number of universities are making it harder — and costlier — for students to use credit cards. Starting Wednesday, students at the University of Southern Maine who pay tuition using plastic will face a 2.75% processing fee. Other schools that have adopted, or are adopting, similar policies include George Mason University, Northwestern University, Wichita State and the University of Virginia. The movement comes as colleges face budget shortfalls and look to trim costs wherever they can. When students use a credit card, institutions have to pay an average of 2% to process the transaction, according to Nilson Report, a payment systems newsletter.

Traditionally, colleges have borne these costs themselves. But they’re increasingly rethinking these policies — and passing costs along to students — amid the difficult economy. In 2007, 26% of colleges charged a credit card payment fee, either directly or through a third party, up from 14% in 2003, according to surveys conducted by the National Association of College and University Business Officers. Other industries, such as retailers and airlines, are also grappling with the impact of credit card processing fees.

**United Airlines:** Travel agents must pay credit card fees on flights sold

At George Mason University, controller Elizabeth Brock says that 50% of students typically pay their tuition via credit card. Brock believes the 2.75% fee levied on credit card transactions will cause many students to switch to other forms of payment. "A high percentage of our students and parents who used a credit card (did so) because there was no incentive not to," says Brock, who estimates the school will save $1.5 million a year from its new policy. Students can still pay their tuition by credit card — through TouchNet, a third-party provider — she adds, but, "It's not going to be cheap."

TouchNet accepts MasterCard, American Express and Discover, but not Visa, President Dan Toughey says, because of Visa rules that prevent it from passing the credit card processing fee on to consumers. Visa spokeswoman Randa Ghnaim says it doesn't allow merchants to charge consumers processing fees because they’re "unfair."

George Mason senior Steven Smith, 21, agrees. "A lot of students think it's outrageous," says Smith, a member of the student government.

**Contributing: George Petras**
Millions of students and parents struggling to raise cash for college this fall could have a happy surprise early next year: an extra tax refund of up to $2,500. The new higher education tax credit, which was part of the stimulus bill signed into law in February, is expected to put hundreds, if not thousands, of extra dollars into the pockets of millions of Americans who write tuition checks this year. Better yet, students don’t have to fill out any extra financial aid applications to get the new money. They just file their taxes.

“This will definitely help people,” says Jackie Perlman, an analyst for H&R Block’s Tax Institute.

Of course, like anything in the federal tax code, the rules are a little complicated. But experts like Perlman say the new credit is bigger and more inclusive than previous higher education tax credits, which were so complicated that more than a quarter of eligible taxpayers failed to get a penny, and those who were able to collect typically got less than $900.

I asked Perlman and other experts to help answer some questions taxpayers will have about the new bonus:

**How much can I get?**

You can get a reduction in your 2009 tax bill of up to $2,500. Even if you don't owe a penny in taxes, you can still get a cash refund of up to $1,000.

**When can I get the money?**

The credit covers only tuition, fee, and book expenses paid in 2009 and 2010. So the soonest you can get the money is in early 2010, after you file your 2009 taxes. Congress might at some point decide to extend the credit beyond 2010.

**Does every student qualify for the money?**

No! The credit is only available for undergraduates who attend college at least half time. And only tax filers with adjusted gross incomes of less than $80,000 a year (if they are single) or $160,000 (if they file jointly) qualify for the full credit. It is phased out for people who earn more than that. Anyone who earns more than $90,000 (or $180,000 for joint filers) won’t qualify at all. In addition, the credit covers only tuition, fees, and books. So if you get a scholarship or grant that covers those costs, you can’t get the credit, even if you have to spend a lot of money on, say, room and board. Also, students with felony drug convictions are disqualified.

**How do I get the maximum?**

You can claim 100 percent of your first $2,000 spent in 2009 on tuition, fees, or course materials. You can claim 25 percent of the next $2,000 spent on the same things. So if you have $4,000 in course-related expenses, you can take $2,500 off whatever you owe the IRS. If you earn so little that you don’t owe the IRS that much, then the government will send you a check for 40 percent of whatever extra credit you qualify for, up to a maximum of $1,000.

Continued on next page
**What if I borrow to pay for tuition or books this year?**
No problem. You can still collect the credit.

**What if I take money out of my 529 to pay for tuition or books this year?**
Here’s where it gets complicated. Parents who have profits in their 529 college savings accounts (of course, many don’t after the market meltdown) and plan on withdrawing some of those profits to pay tuition could benefit from checking first with their tax accountant or financial adviser, says John W. Roth, senior tax analyst for CCH Inc. Because the government has already given savers a tax break on 529 profits, it doesn't want to allow people to double-dip by giving them a credit on the same school expenditures, he notes. So you’ll end up paying tax (though not a penalty) on the profit portion of your 529 withdrawal for which you then also could claim the new credit.

But there are lots of ways to get around this, such as using the 529 money to pay for room and board, and using money from your checking account to pay the first $4,000 of tuition. Even if you do end up using 529 money to pay for tuition, Roth has estimated that the tax bite would very likely be comparatively small—perhaps a few hundred dollars for most filers. So the credit is still worth claiming, he says.

**If I am paying for two children in college this year, can I collect two credits?**
Yes! The credit is for each student. So the Octomom could collect eight.

**What if I earn too much or am otherwise ineligible. Are there any other education breaks I can get?**
Yes, although they are generally less valuable than the credit. The lifetime learning credit of up to $2,000 is available to many more kinds of students, including those who’ve already graduated, part-timers, and those in job-related courses. Students can claim a deduction on their tax forms for tuition and fees and student loan interest.

Important: No doubling up. You only get to take one of the breaks for an expense.

**Are there any catches?**
Of course! This is the tax code, after all. To get the credit, you’ll have to fill out next year’s IRS form 8863. And you should keep records of your tuition and book expenditures just in case. But H&R Block’s Perlman says taking the credit does not increase the odds of an audit. "That's a common misconception," she says. "You want to take every credit for which you are eligible."
Financial aid is does not usually cover the ever rising expenses of higher education. Students often have to get creative to pay for college. This usually means working one (or two) jobs and borrowing student loans, but no two students' experience is the same. Each student faces unique challenges and finds unique solutions to overcome these challenges.

There are plenty of statistics about how students and families pay for school, but these statistics can make it easy to forget that each number has a face attached to it; millions of people in similar situations, but with unique experiences and stories. This article looks at three students and their experiences paying for college.

Isiah Scriven is a student at Prince George's Community College outside Washington DC. He shares a similar story with Steed and works to pay for school.

"Before attending PG, I spent a year at the Art Institute in Atlanta. The cost was about $23,000 a year and I was paying for it," Scriven said. "I got a job at a clothing store and had to go on a payment plan. I didn't really have a huge loan but I recently just finished paying them back last year. The major wasn't for me so I opted to leave and return home. I don't receive any kind of aid now and continue to work and pay for it myself. Although I still have some money to pay back I have done a good job of evading any real debt."

Mr. Scriven says it's been a hassle but continues to push on so he can finish school and accomplish his goals.

"I'm sure people look at me and think oh he's 22 and making his own way and doing well for himself. But people don't realize how stressful this is," he said. "I can't really do what I want because I'm using all of my money to pay for school, bills, and rent."

"I plan on attending Georgetown University next spring and getting my degree in Psychology," he continued. "I think it will be good because I'll be receiving a better education and because my mom works there, I won't have to really pay anything. I'll be going there all the way through grad school and then move to New York where I think I can find a pretty good job."

Crystal Steed is a senior at North Carolina A&T State University and her family does not have the financial means to pay for school. She relies solely on financial aid.

"My mom can't pay for me to go to school so it's paid for all through financial aid," Steed said.
"I receive loans, grants, and scholarships. Freshman year I had a $9,000 loan, sophomore year $10,000, this year $2,000, and next school year I have a $7,000 loan. My scholarships and grants cover the rest," she said. Ms. Steed is not thrilled about accumulating nearly $30,000 in debt while earning a degree.

"I honestly don't want to pay this money back," she says. "Right now the money's doing nothing but building interest. So it says one amount but in reality it's a lot more. I wish college was just free all the way through. In the end I guess it's worth it but I won't know until I start working."

David Blount is a former Berklee College of Music student who admits to being severely in the hole and is struggling to pay it back.

"Tuition and cost of living would run me about $40,000 a year and I was taking out all loans," he said. "For three semesters I worked to make sure I had food to eat and to go out from time to time with friends. After a while money was just a really big concern and I opted to not return. So after three and a half years I'm up to $133,000 in debt."
"My parents were cosigning these loans," Blount continued. "They had refinanced just so they could send me to school. I was just like enough. I didn't want anymore debt over their heads or mine. The main focus is to pay off my debt to where I feel comfortable about going back to school and finishing my degree."

Mr. Blount appreciates the education he received but is not so keen about the cost of receiving it.
"The level of education I was receiving was top notch, but the price of going to that school or any school for that matter is astronomical," he said.

Blount believes that even though he attended a top music school, there is no reason any school, no matter how good it is, should leave a student in debt for the rest of their lives. "Financially no this was not worth it, education wise yes," he said.

Blount is just one of many students who have stories about taking on debt to attain a degree. Considering the debt Blount accrued, it is hard to call him lucky, but some students don't have the support of their families and have to take care of all college expenses themselves.