Financial Aid Newsletter

8 THINGS YOU SHOULD KNOW ABOUT

FEDERAL WORK-STUDY

If you’re looking for another way to pay for college, Federal Work-Study may be a great option for you. Work-study is a way for students to earn money to pay for school through part-time on (and sometimes off) campus jobs. Work-study gives students an opportunity to gain valuable work experience while pursuing a college degree. However, not every school participates in the Federal Work-Study Program. Schools that do participate have a limited amount of funds they can award to students who are eligible. This is why it is so important for students to fill out the FAFSA as early as possible, as some schools award work-study funds on a first come, first served basis.

Here are 8 things you should know about the Federal Work-Study Program:

1. Being Awarded Federal Work-Study Does Not Guarantee You a Job
   Accepting the federal work-study funds you’re offered is just the first step. In order to receive those funds, you need to earn them, which means you need to start by finding a work-study job. Some schools may match students to jobs, but most schools require the student to find, apply and interview for positions on their own, just like any other job. It is important that students who are interested in work-study or who have already been awarded work-study contact the financial aid office at their school to find out what positions are available, how to apply, and how the process works at their school.

2. Not All Work-Study Jobs are on Campus
   The availability of work-study positions includes community service options with non-profit employers, which means some work-study jobs are available for off-campus work. An example might be reading or tutoring for elementary children at local public schools. If you are curious about securing a community service work-study position, contact the financial aid office or the student employment center at your school.

3. Work-Study Funds Are Not Applied Directly to Your Tuition
   Unlike other types of financial aid, work-study earnings are not applied directly to your tuition and fees. Students who are awarded work-study receive the funds in a paycheck as they earn them, based on hours worked, just like a normal job. These earnings are meant to help with the day to day expenses that students have and are not meant to cover large costs like tuition and housing.

4. Work-Study Jobs May Be Limited
   You may still be able to work on campus without work-study if your school does not have enough work-study funds to cover all on-campus student employees. Many campuses offer jobs for students with or without work-study. Check with the student employment office on your campus to find out what is available.

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5. Federal Work-Study is not Guaranteed from Year to Year

There are several factors that can determine whether or not you receive work-study from year to year. These include your family income or financial need, whether you used the work-study funds that were offered to you in a prior year, or how much work-study funding your school receives that year. Contact your school for specific awarding criteria if you are interested in work-study. Typically, students who file the FAFSA early (in January/February prior to the academic year) and answer on the FAFSA that they are interested in Federal Work-Study will have a higher chance of being awarded funds from the program.

6. Pay May Vary

Work-study jobs vary in qualifications and responsibilities, so the pay will depend on the job that you are hired to do. Pay may also depend on your school’s policies and/or the minimum wage requirements in the state.

7. Work-study Earnings Are Removed From Your FAFSA Calculation for the Next Year

One of the benefits of earning income through a federal work-study position is that those earnings do not count against you when you complete the next year’s FAFSA. Be sure to answer the question regarding how much was earned through work-study on your FAFSA accurately. If you do not know the answer, you can contact the financial aid office at your school for help. Some schools will send you a notice in early spring regarding your earnings from the last calendar year to help you file your FAFSA.

8. Hours Worked May Vary

How many hours you work each week will depend on the type of job you get and your employer’s expectations. Most student employment positions, however, will work around your class schedule and only require between 10-20 hours/week, but again – that can vary!

Don't Pay for Student Loan Debt Relief

Have student loans? You've probably seen social media ads, received emails, or even opened a piece of mail from companies promising to reduce your monthly loan payments or cancel your loans.

But here's the catch. These companies are doing something you can do yourself, but they'll charge you a fee.

The U.S. Department of Education provides FREE assistance to help you:

- Lower or cap your monthly loan payment;
- Consolidate your federal loans;
- See if you qualify for loan forgiveness;
- Get advice on getting out of default

Help get the word out, and help protect your friends and family from student loan scams.

KNOW WHAT SHOULD-AND SHOULDN'T- AFFECT STUDENT LOAN BORROWING

Banking on public service forgiveness, for example, isn't the smartest borrowing strategy.

The class of 2015 graduated as the most indebted ever, with an average debt level of approximately $35,000, reported The Wall Street Journal. Before it, the class of 2014 held the "honor," owing approximately $33,000 on average. And before that, there was the class of 2013, which owed approximately $31,000 per student.

With a new school year right around the corner, and new loans coming with it, future classes should be asking how to bust this trend. There's no easy or right answer, and for many, student loans are inevitable. But that's not an excuse to borrow blindly.

Instead, focus on certain factors and ignore others when figuring out how much debt to take on. Otherwise, you risk overborrowing, which can lead to financial challenges after graduation. To help you do this, here are some things that you should and shouldn't let affect your decision.

Do Consider Postgraduation Salary

The biggest consideration is obvious, but nonetheless true: only borrow what you can repay. That may be easier said than done, since you won't know what you can afford until you get a job after graduation. There are ways around this, though.

If you know what you want to do after school, look at entry-level pay scales for that field. The Bureau of Labor Statistics can give you an estimate based on your state and the forecast for your industry of choice. If you're not sure about your future career, search for starting salaries based on your intended major.

If all else fails, use the most recent data for new grads, which had the starting salary averaging $48,707 for the class of 2014.

Once you know your salary, try to limit your total borrowing so your payments are no more than 8-10 percent of your monthly pay. That should position you to pay off your loans within 10 years. This calculator can help you figure out your numbers.

Don't Consider Loan Forgiveness

If you're looking at a career in public service, you may also be eyeing Public Service Loan Forgiveness to eliminate some of the debt you take on. And while forgiveness programs are a huge benefit to borrowers, you may not want to plan how much you borrow around them.

Regulations for these programs can change, and funding for state-specific programs can dry up. People change, too. You may start your dream career in public service post-graduation, only to realize a few years in that it's definitely not for you. Ultimately, look at forgiveness not as a reason to borrow more, but as a potential bonus.

Similarly, don't count on new legislation to alleviate your debt. Student debt is a hot-button topic, and it will surely continue to be heading up to next year's election.

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If any future legislation does happen, it's much more likely to focus on making repayment easier, not making it disappear entirely. If you are already enrolled in existing forgiveness programs, any future legislative changes will almost definitely grandfather in existing borrowers.

**Do Consider the Loan Type**

Not all loans are created equal. Remember that when you sign for yours. If you haven't maxed out your federal loans before taking on private debt, you could be making a costly mistake.

While private loans may advertise low interest rates, these rates may be variable and tough to qualify for in the first place. Federal loans come with fixed interest rates, so you can estimate exactly how much you’ll owe each month after leaving school and plan accordingly.

Federal loans also come with numerous repayment benefits that are more difficult to find from private lenders. These include options that can decrease or postpone your monthly payments, if you’re struggling to make them. Benefits like these can keep you out of delinquency and default, which feature fees and penalties that can make loan balances balloon.

**Don’t Consider Promises of Repayment**

This is one for the parents. As a parent, you may have the option to borrow a federal Parent PLUS loan or cosign a private loan to help cover your child's education costs. If you do this, recognize what you’re getting into.

Often, parents take on these loans with the understanding – stated or otherwise – that their children will help with these payments after graduation. However, parents should understand that in the case of the federal Parent PLUS, the parent signs the promissory note and is ultimately responsible for these debts if the child cannot pay them.

This doesn’t mean you shouldn’t help your son or daughter, but you should do it in the context of what you can afford, not what they promise to repay you.

In the case of a parent cosigning a private loan, there may be the possibility of having the cosigner released from the loan after a certain number of on-time payments. However, a recent report by the Consumer Financial Protection Bureau says this process isn’t always as straightforward as it would seem, so make sure you study up on the lender's release policy before signing for the loan.


**OFFICE OF FINANCIAL AID AND SCHOLARSHIP**

We believe that an education at Charles R. Drew University of Medicine and Science (CDU) is an excellent investment and our Financial Aid program is designed to help you afford that education. In an effort to better assist you through the financial aid application process, CDU provides counseling hours Monday through Thursday, 8 AM to 6 PM and Friday, 8 AM to 12 PM, except holidays, available to students and their parents who have questions or would like further clarification regarding the Financial Aid process.

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