

Financial Aid Basics for International Students

United States

You are an international student if you will need a student visa to study in the United States. All undergraduate degree seeking students must have a student visa, even if they hold another kind of US visa (unless already living in the US as a dependent of a long term visa holder). Students with citizenship or permanent residence, please see *Facts for Citizens/Residents*. Please note that **the US will not usually grant student visas to people who have applied for citizenship (a student visa is, by definition, a NON-immigrant visa).**

COSTS

The total cost of study in the United States is significantly more than just tuition expenses. All students pay the same tuition and fees at private schools, and international students must pay out-of-state tuition at public schools. In addition, students must pay for housing and food, books and supplies, health insurance, incidental expenses, and travel, both local and international. Both tuition and fees and cost of living can vary widely depending on the school and its location, and are likely to increase each year, so you will need to budget accordingly.

Reducing Costs: Students can reduce costs by selecting schools with lower tuition and living costs. State university tuition, even at out-of-state rates, can be as much as 50% lower than tuition at some private schools. It is also possible to economize by living with a relative, but only if that person lives very close to the university to be attended. In this case housing cost can be eliminated, and possibly some food expense, but the savings may be reduced by an increase in local transportation expenses. Socially, it is better to live in a dormitory, at least for the first year. Living off campus may look less expensive than living in a dorm, but remember that landlords may need a large up-front deposit. Although major appliances (refrigerator and stove) are usually provided, students will often have to provide their own furniture and cooking equipment, and pay for utilities (electricity, gas, water, internet) in addition to rent.

Working: A student cannot expect to pay a significant portion of tuition or living expenses with money earned from part time work; money earned this way is best used for incidental expenses.

- International students are allowed to work up to 20 hours a week before they are no longer considered full time students. 20 hours a week is a LOT. Imagine adding three hours of work every day (and 2 on Sunday) to your current academic and activities load, and then imagine that that load will be heavier in college. Most students do not work the maximum number of hours, and may not work at all during exams.
- The amount of work you do should not interfere with your ability to get a good education, which is why you want to be in the US to begin with. Being short of money and/or time is a huge stress for a student; it is not advisable to be too heavily dependent on working to meet your basic expenses.

FINANCIAL AID

It is important to understand the facts about financial aid at US colleges and universities. Knowledge of the financial aid process will help you know if you will be eligible for aid and what to expect during application and after admission. Some schools offer financial aid to international students, within limits, awarding it to their most competitive applicants.

Schools expect the family to contribute as much as it can, as it shows a real desire for the education offered and indicates that the student will take full advantage of the opportunity.

Although there are more funding sources for US citizens than foreign nationals, money is tight for everyone. A US citizen must also compete for acceptance into universities and for financial aid, and citizenship does not guarantee that students will be offered as much aid as they want. American families must also scrimp and save, borrow, sell assets, and deny themselves in order to send their children to college.

Each family, American or international, is asked to pay as much as it can possibly afford before being allocated financial aid.

Determining Need for Financial Aid

Eligibility When you select each university, you will need to decide if you should apply for financial aid. Do the math. Remember that your estimates for family contribution should be roughly equal for all four years of study and should anticipate yearly inflation.

- No family can choose to pay for one school but not for another, based on the perceived value of its education. If a family can afford to pay, they must pay equally for a less well-known school as for a big name institution. If a family does not want to pay what a particular school is asking, then the student should not apply.
- Students: You may not ask for aid if you don't need it (or a larger aid package than you need), because you "don't want to burden your parents." The US presumes that you ARE a burden to your parents, and that they are responsible for contributing as much as they can to whatever kind of education you seek. **If you do not want your family to be asked to pay as much as they can, and to possibly take on a loan burden, then do not apply to the US as a student who requires need-based aid.**

If the amount your family can contribute will cover your estimated expenses, be thankful that you do not have to compete for aid. You will have increased chances of admission and you will also be able to apply to schools that cannot offer financial aid to foreign students. Students can apply for any scholarships that do not require financial need. Students who can pay full may be asked to provide a Certification of Finances with proof of ability to pay for the first year's expenses before the application will be considered. Follow the instructions for each school.

If your family cannot meet the expenses at an institution, then you will need to determine if it offers financial aid to international students, and if so, if your family can make any minimum payment required by the school. Depending on the amount your family can pay on a yearly basis, you may need to ask for aid at some schools but not at others. If there is no aid or you cannot meet a minimum payment, scratch the school from your list. Schools do not change their minds about these policies.

The chance of admission decreases as the amount of funding requested increases. Admissions for international students are almost never need blind, and those few schools that are need blind are among the most competitive in the country.

Research – As you are researching schools' financial aid policies, be very careful to make sure that you are looking at information for international students. Every time you bring up a new page, you have to make sure: some sites are very careless about links, and will send you directly from an international student application page to a domestic student aid page.

Overview

Sources: Financial aid funding can come from either public (tax dollars) or private (a school's funds or endowments, donated money, etc.) sources. Both sources of funding are available to United States citizens and permanent residents, but only private money is available to foreign nationals. Private schools have more money that they can spend as they choose, and some offer financial aid to foreign students. Public or state schools have fewer, if any, private funds to spend this way.

Need Based Aid vs. Non-need Based Aid (Scholarship) **All financial assistance is awarded based on merit**, but it falls into two broad categories, need-based aid and scholarship. Some schools offer both need-based aid and scholarship; some offer only one or the other.

- Need-based aid exists to fill the gap between what an institution costs and what a family can afford to pay, and is usually awarded on the overall strength of a student's application.
 - Students who can pay full will get no money from schools that only offer need-based aid.
- Non-need based scholarship is awarded to encourage the student to attend the awarding institution, and is given to the most qualified applicant who meets certain eligibility criteria.
 - A scholarship award is usually a fixed amount of money, occasionally the amount will be determined by need
 - sometimes it is a one-time award and is sometimes it is renewable each year for the length of the degree program.
 - sometimes the eligibility criteria require that a student show financial need, but many scholarships can be won by anyone, even those who can pay full.

Students who need high levels of financial assistance will need to look primarily at schools that can offer need-based aid, alone or in addition to scholarship.

College and University Aid Disbursement

Policies for the disbursement of financial aid vary widely and often have different policies for US citizens and international students. Some schools admit students on a need-blind basis, that is, without reference to their ability to pay. Some schools pledge to meet the full demonstrated need (using their institutional methodology) of the accepted students. Some schools follow both policies, some one or the other, and some neither. For example, if the school is need-blind school and meets full demonstrated need, then if you are admitted you will get a financial aid package that

allows you to attend. If the school is need-blind but does not meet full demonstrated need, then even if you are admitted, your aid package may not be enough for you to attend. In order to receive the aid you need, it will be important to select schools based both on their financial aid policies and on your strength as a candidate. A good explanation of this, along with lists of schools in various categories for domestic and international students, is available at http://en.wikipedia.org/wiki/Need-blind_admission. Schools sometimes change categories, so double check your schools of interest.

Budgeting Each school will have its own criteria for allocation of its international financial aid dollars. Usually, an institution will have a budget for each incoming class of students. When a student is granted financial aid, the institution then sets aside from its total budget the amount that that single student will need for all four years of study. Thus, one student who needs \$40,000 per year will be budgeted for a total of \$160,000 over 4 years. The school will want to be sure that the student merits this expenditure. Do not allocate more money to the first year with the expectation that you can get more aid after you are in attendance. A school is under no obligation to keep you once you have matriculated. If you suddenly need more money, they probably will not have it to give you.

Allocation Each school will make an independent determination of how much aid it thinks each applicant will need, based on a financial aid application filled out by the family. The school will then determine the amount of aid it will offer you based on its total estimated costs and on how much money it calculates your family can contribute. You will be asked to pay as much as you can, and possibly to stretch, before the school awards aid for the remaining amount. If a school is need aware, then as the school examines each applicant, it will decide how much it wants the student while considering how much of its aid budget that student will consume. Many US schools pride themselves on the diversity of their student body, and a school may decide to spend less money on each international student in order to make funding available to students from more countries. Each school will have different admissions criteria and financial aid policies.

Amount Few schools offer full financial aid to international students. Many ask for a yearly minimum payment, which could be any amount. A few are very low, but many are \$15,000 or are even higher. At some schools full tuition is the maximum amount of assistance, and the family contribution must be able to cover the student's annual living expenses. A financial aid package awarded by a school may not always be as large as an applicant hoped for, and in some cases a school may offer admission, but no aid at all, with the hope that the student can find other funding. Other schools will not offer admission to a student that it chooses not to fund, and in this case the rejected applicant will never know if it was qualifications or expense that caused the rejection.

Aid Package Components

Grant, Loan and Work A need based financial aid package from a US institution normally consists of three components; loan, grant and work. A loan is money that needs to be repaid to the institution following graduation. A grant is gift money that does not need to be repaid, and a work award is money that must be earned by the student during the course of their studies through a part time job, usually on campus. Sometimes the financial aid package will include scholarship funding as well, which does not need to be repaid. When a scholarship is won, it usually first replaces any awarded grant money; if the scholarship amount is larger than the grant amount, then the remainder may be applied towards reducing the loan or work components of an aid package, or finally the family contribution.

Expect to take, and pay back, educational loans. Universities expect students and families to value education enough to make some sacrifices. However, do not seek or accept any loans you cannot repay. Repayment of dollar loans is especially slow and difficult if the primary family earnings are in rupees at local salary rates. International students cannot depend on being able to stay and work in the US long enough to pay back educational loans.

Work International students may work on campus without a work permit. They may apply for a permit to work off campus after the first 6 months of their program; off campus work is limited to a maximum of 20 hours per week while school is in session. There is no guarantee that you will find work or earn any specific wage.

- 20 hours a week is a LOT. Imagine adding three hours of work every day (and 2 on Sunday) to your current academic and activities load, and then imagine that that load will be heavier in college. Most students do not work the maximum number of hours, and may not work at all during exam periods.
- The amount of work you do should not interfere with your ability to get a good education, which is why you want to be in the US to begin with. Being short of money and/or time is a huge stress for a student; it is not advisable to be too heavily dependent on working to meet your basic expenses.

Applying for Financial Aid – The ISFAA, institutional forms, and the CSS Profile

Students must check each school's website to determine which forms to fill and what the deadlines are. Students will usually be asked to fill out one form, the International Student Financial Aid Application (ISFAA), a school specific form, or the CSS Profile. The first two forms are usually available on the school's own website, and the CSS Profile is filled out online. Schools may require that hard copy financial aid applications and documentation be sent.

Financial aid applications are not used to ask how much your family would like to contribute to your education, but to determine how much your family is able to contribute. All financial aid forms are very detailed and labor intensive, so leave lots of time to fill them out. You will be asked to provide specific information regarding income, assets, and expenses, and you will be asked to project these figures for the four years it normally takes to earn an undergraduate degree. You will be asked to provide official documents, including tax returns, to verify your figures.

Plan Ahead Make fund projections equally for all four years of study, as schools do not like to be surprised. If you pay full for the first year and then apply for aid in the second year because your money is used up, the school could easily deny you funding and send you home - remember, they've already allocated all of the funds for all four years for foreign students in your class. Not to mention that the school administration will not be feeling kindly about you as they will know that you misrepresented your funds upon your application to the school. Also, do not depend on receiving year by year merit scholarships for the last three years of your education, as annual scholarships rarely provide such a large amount and they are very competitive. Plan your finances so that you can be sure of completing your education without depending upon uncertainties.

Comparing Financial Aid Packages

First, look at the amount of aid offered by each school and the total cost of attendance, and calculate the family contribution for each. As important as the total amount are the subtotals of the award components. A package that gives a \$10,000 grant and a \$5000 loan is better than one that offers \$8000 grant and \$7000 loan. It could even be better than one that offers \$8000 grant and \$9000 loan (if that additional \$2000 isn't critical, why commit to paying it back?). Multiply the amount of loan in your package by 4 years, and see if the total figure is one that your family can handle. Do not accept loans you cannot repay. Confirm the school's policy regarding increasing tuition costs – will financial aid be increased as well? How?

A school may consider revising an aid package if there is new information that it needs to consider. If your financial situation has not changed you can still request more aid, but you may not get it. You can try telling one school how much aid another school has offered, but the first school may not alter their original offer. If you feel the original offer is not consistent with the information you provided, you can write to express your feelings and to offer to provide more information to help them understand your family's circumstances.

Remember that your family will need to be able to pay the family contribution for all four years of your degree, so do not accept an offer with an aid package where the family contribution is unsustainably high. You do not want to bleed your family dry for the first two years only to have to drop out in the third year because the money to pay just is not there. Better to pay less for the full degree rather than pauper yourself for half a degree.

EARLY DECISION

Because of the differences in financial aid packages that are offered to a single student, it is often not advisable for students who need significant aid to apply "early decision." If accepted to your ED school, you will need to accept its offer of admission if it can offer you an aid package that will allow you to attend. You will never know if another school might have offered you a package that would have caused you to change your mind. Some schools will not allow international students who require financial aid to apply early.

FRAUD

A word to the wise. Do not falsify financial aid applications or financial statements that you send with your applications. The consequences for such actions are very serious, and include expulsion.