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## College Aid: There's More Out There If You Ask

By [JONNELLE MARTE](#)

The kids are home from school, hanging out with friends, borrowing your car *again*, and you're spending quality time with their dirty laundry.

Is college worth the cost?

After a year marked by layoffs, battered college funds and shrinking private-loan availability, more families are struggling to cover the cost of a higher education. But there is help out there -- and more of it in some instances.

### *Packages Not Set in Stone*

More families are taking action to make sure their financial-aid packages reflect their current financial situation by requesting professional judgment reviews.

This process allows families, under special circumstances, to have their expected contributions recalculated based on what they're making currently -- as opposed to the prior year's household income, which is typically what aid and awards are based on.

Schools can then choose to re-evaluate students' financial-aid packages, typically qualifying them for more aid including federal grants, loans and need-based scholarships.

The Department of Education has encouraged schools to make adjustments for people who need them. A September survey by the National Association of Student Financial Aid Administrators found that nearly two-thirds of institutions saw judgment requests rise by 10% or more.

Families who have experienced recent layoffs or salary cuts are good candidates for an adjustment because that qualifies as an individual circumstance, says Mark Kantrowitz, publisher of [FinAid.org](http://FinAid.org), a Web site that tracks financial-aid issues. Also, families who took hardship withdrawals from their retirement accounts to cover medical bills might qualify because the withdrawal would normally count as income on their tax returns.

But families who lost money in their 529 college-savings plans probably won't qualify because an entire class of students was affected, he says.

Every school has different requirements. Requests for reviews can be made over the phone and in person, but are best done in writing, says Mr. Kantrowitz. All requests require documentation of the special circumstance, such as a pink slip or copies of medical bills.

Meanwhile, independent students -- those not claimed as dependents on a parent's tax return -- who were laid off have an improved chance of getting an adjustment, thanks to a federal provision that sets their income earned from work to zero for financial-aid purposes. Normally, any income and unemployment benefits they received during the year would be taken into account. Students who have found new jobs don't qualify.

### *Federal Loans First*

Universities were hurt by state budget cuts or big investment losses to their endowments. Yet many are helping struggling families cover college costs by increasing need-based financial aid, says Cindy Bailey, a senior policy analyst for the College Board. According to the National Association of Student Financial Aid Administrators survey, 55% of colleges surveyed said they increased aid for the 2009-2010 academic year.

"We have not heard about terrible cutbacks or students being completely shut out," Ms. Bailey says.

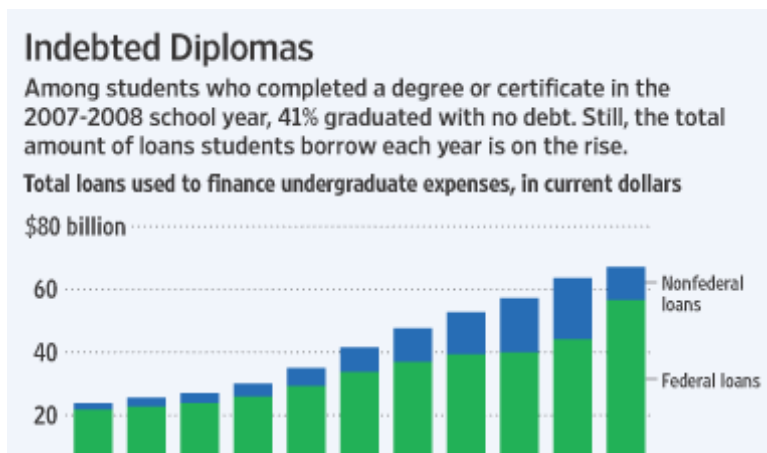
Meanwhile, federal aid is increasing. The maximum Pell Grant was increased to \$5,350 for the 2009-2010 school year, from \$4,731 last year, and will grow to \$5,550 for the 2010-2011 academic year.

The Hope Credit, which benefits families and students who pay for college expenses, rose to \$2,500, from \$1,800, for the 2009 and 2010 tax years. The credit previously applied to the first two years of post-secondary education, but can now be claimed for the first four years.

And it now includes course materials such as textbooks in addition to tuition and fees. Also, 40% of the credit is refundable, meaning families can get up to \$1,000 even if they don't owe taxes.

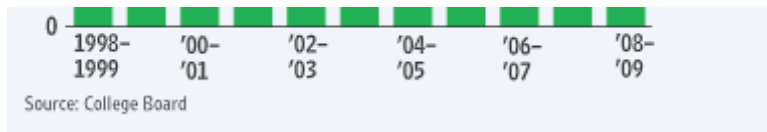
The maximum income level for eligibility is now \$90,000 for single filers, and \$180,000 for joint filers.

Students should aim for grants and scholarships first before turning to loans. Then, they should exhaust federal loans before turning to private loans, which are often more expensive and don't have as many flexible payment options. Federal loans come with fixed interest rates and payment plans that allow for hardship deferrals and loan forgiveness for individuals who take certain public-sector jobs or have low income.



Private loans may be harder to come by because they are being offered by fewer lenders for the next school year, says Patricia Nash Christel, a spokeswoman for lender Sallie Mae, which recently began offering a private student loan that allows families to reduce interest costs by making interest-only payments while the student is still in school.

### *Faster, Easier Filing*



Families also are getting some relief from the time-consuming rigors of filling out financial-aid forms. The online version of the Free Application for Federal Student Aid,

or Fafsa, which will be available Jan. 1 at [Fafsa.gov](http://Fafsa.gov), is now shorter and simpler. The new online application eliminates questions that don't apply to the applicant, streamlines information input and provides faster estimates.

After Jan. 22, current students who are filling out the application for the 2010 spring semester will be able to import tax information from the Internal Revenue Service when applying online. (The Department of Education plans to make the feature available to all aid applicants in July).

And since May, students have been able to receive instant estimates for their Pell Grant and student-loan eligibility when applying online.

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