



STUDENTGROANS

Although harder to come by, student loans are still available

WORDS **Clare Curley**

These days, college students don't have to be finance majors to feel stressed by the ever-changing financial markets.

Jessica Flores, a freshman at DePaul University, is considering a major in psychology, but money is never far from her mind.

A South Sider from Chicago Lawn, she is the first member of her family to go to college. Her Mexican parents never made it past the third grade. Yet Flores' mother always emphasized the importance of education.

Her tuition is paid in part by a combination of a student loan and numerous grants, while her parents help out with expenses. Flores' father works at a factory that is threatened with closure. If that happens, she fears she will have to transfer to a community college and help out her family instead.

Though this year's financial aid was largely secure thanks to federally backed loans, the students who depend on it are feeling a mix of ambivalence and fear over their ability to secure future loans.

There are two types of loans. Some are known as alternative loans, which come from private institutions, but most are federally guaranteed loans.

Paul Radoy, a counselor at Northwestern University, urges students with credit scores below 500 to improve their scores by paying off whatever debt they can. "Before they even come to school, we're telling them they may have a bill or two they should probably pay in order to move forward," he says.

Northeastern Illinois University offers a mix of federal and state programs, as well as merit-

based financial awards. Alternative loans make up for about 1 percent of all loans.

"We have noticed some peculiarities," says Northeastern Illinois' financial aid director, Marshall Jennings. Some alternative loans that previously didn't require co-signers are now doing so. Such loans are generally sought by students with financial disadvantages, poor credit or both.

This year, the Free Application for Federal Student Aid process starts Jan. 1, earlier than ever before, and counselors are urging students to apply for loans as early as they can.

Regardless of the market, there's been a growing gap between the rising cost of college and the amount of financial aid available.

"As states' budgets get hit by the economic downturn," says Haley Chitty, a spokesman for the National Association of Financial Aid Administrators, "it's likely we're going to see state spending on higher education diminish or remain flat."

Whatever the fallout from the credit crisis, he says students should explore all their options, like accumulating smaller scholarships and writing essays, a requirement that often deters applicants.

With so much else on their minds, students don't communicate their worries often enough to financial aid counselors. If their financial situation changes for whatever reason, they might be eligible for free money.

For students in a crunch, the options are not always easy. They might have to forgo dorm life or some other expense. If they can't attend their school of choice, they might have to attend a community college and transfer when the economy – or their budget – has stabilized. ●

Free Money

Factors to determine whether you're eligible for free government or state money.

- Loss of income, such as a parent losing a job
- Loss of assets, such as a house being foreclosed
- Change in dependency status: If you turn 24, serve in the military, get married or have a child

Top online guides for students loans and scholarships

www.finaid.org/loans/studentloan.html

This site outlines federal loan programs.

www.college.gov

This recently launched site has information about how to prepare for, get into and pay for college.

www.studentaid.org

Takes you to the scholarship information portion of the National Association of Financial Aid Administrators Web site.

www.fastweb.com

Explains all types of private scholarships, whether academic, political, religious or regional.

www.collegezone.com

The site of the Illinois Student Assistance Commission explains ways to make college more affordable.

www.going2college.org

Financial aid resources are listed by state.