

# the Baylor Line

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## The Education Issue

**Paying for Baylor:  
What's Your Plan?**

**The BAA Legacy  
Scholarships**

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## **Pieces of the Puzzle**

*Financing a college education may seem daunting—impossible, perhaps—but parents and students can turn the dream into reality through a combination of careful planning, diligence, and hard work.*

**by Jeff Hampton**

It's a late summer ritual as steady as the line of SUVs pulling up in front of college dormitories: parents driving back home to an empty nest and a mountain of debt. Meanwhile, the freshmen they've just released with hugs and handshakes will likely emerge in four or more years facing their own share of that debt.

Tuition at public and private universities nationwide has been growing faster than household incomes for more than two decades, and the middle class has been hit especially hard.

According to data compiled by the College Board and reported in June by CNNMoney, tuition and fees at public universities have grown almost 130 percent from 1988 to 2008, while the median income has remained relatively flat at \$33,000.

At the same time, the amount of federal aid available to individual students hasn't grown since 1992, with the maximum remaining at \$23,000 for a four-year degree.

The result? About two thirds of students recently graduating with four-year degrees owed an average of \$23,186 in loans, according to [FinAid.org](http://FinAid.org).

These trends can be exacerbated at private schools, where costs are higher to begin with. At Baylor University, the combined cost of tuition and required fees has increased by 147 percent over the past ten years, although the rate of growth has slowed—from 103.7 percent from 2001 to 2008 down to 21.3 percent from 2008 to 2011.

The full price for a Baylor freshman in 2011-12 is \$42,212, covering the fall and spring semesters. That includes a flat tuition rate of \$28,720 for students taking twelve hours or more each semester, plus room and board and required fees.

While that's a lot, Baylor remains less expensive than other private schools in the region, such as Southern Methodist University and Texas Christian University. And for the sixth

year in a row, Baylor has been named a “best buy” by *The Fiske Guide to Colleges 2012*. Baylor is one of just forty-three colleges and universities nationwide to be so honored and is one of only two Big 12 schools to make the list.

## **Financial aid options**

The actual cost of a Baylor education can be brought to a more comfortable level by taking advantage of the full range of financial aid available to students. Roughly 90 percent of current Baylor students receive some form of financial aid, which may include scholarships, grants, loans, and work-study opportunities.

At Baylor—as at most colleges and universities—the financial aid process begins with students filing the Free Application for Federal Student Aid (FAFSA).

A student planning to start Baylor in the fall of 2012 can file the FAFSA beginning January 1, 2012, with information for the application coming from an accurate, completed tax return. FAFSA results will be forwarded to Baylor automatically, and results received by March 1 will have priority. New students will start receiving their 2012-13 financial aid notifications by March. The last date for Baylor to receive FAFSA results in time for funds to be applied by the fall semester is May 1.

A primary form of financial aid is scholarships, and the scholarships available to Baylor students come in a wide variety. Baylor is making a concerted effort to boost its scholarship endowment with the President’s Scholarship Initiative, launched by Judge Ken Starr in 2010. With a goal of adding \$100 million to the endowment by 2013, the program had reached the \$29 million mark by the end of May 2011.

Baylor’s freshman academic scholarships are awarded based on a combination of a student’s class rank and SAT or ACT scores. The most generous of these is the Regents’ Gold Scholarship, offered to National Merit Finalists and worth as much as \$130,880 over eight undergraduate semesters. Other academic scholarships for undergraduates include the President’s Gold Scholarship, Provost’s Gold Scholarship, and Deans’ Gold Scholarship. The university also has academic scholarships for transfer students.

Baylor also funds a number of need-based scholarships for students based on FAFSA results, academic progress, availability of funding, and maintaining a 2.5 cumulative grade point average.

In addition, individual academic departments award their own scholarships. These are generally awarded to juniors and seniors with high academic performance within a specific major. Baylor’s historic ties to the Baptist denomination have also resulted in the creation of a host of scholarships available to students active in a Baptist church, pursuing a career in the church, or whose parent is a Baptist minister or missionary. And outside scholarships are offered by any number of non-university entities that students can research and apply for on their own. Among these, the Baylor Alumni Association’s Legacy Scholarship

Program was established in 2009 to increase the association's decades-old commitment to providing need-based support for students from Baylor alumni families.

Three other sources of financial aid are grants, loans, and work-study.

Students can apply for grants from the federal or state government, such as the Texas Tuition Equalization Grant, based on financial need. Unlike loans, grants don't have to be repaid, but they do require that students file the FAFSA to determine eligibility.

All students can apply for low-interest Federal Direct Loans, and their parents can apply for Direct Parent PLUS Loans in their student's name. If students don't receive sufficient funds from the federal programs, they may pursue credit-based alternative loans in their name from any number of lenders.

Work-study programs help students find part-time jobs on campus to help pay for their education. Priority goes to students eligible through the Federal Work-Study Program, as determined by FAFSA, but any Baylor student interested in working on campus may compete for campus jobs through University Work-Study after the first three weeks of the fall semester have passed.

Information on all of these financial aid programs is available at [baylor.edu/admissions](http://baylor.edu/admissions). In October, the website's handy Scholarship Calculator will be upgraded with a Financial Aid Estimator that will provide a comprehensive estimate of eligibility for scholarships and other forms of financial aid, including merit- and need-based scholarships and grants, work-study, and loans.

## Managing the financial load



**HEAD START**—Chad Castle '95, president and founder of Castle Investor Coaching in Waco, recommends that parents begin saving for college as soon as a child is born in the same way they'd begin covering them with insurance. Photo by: Joe Griffin Photography Even with all the resources available, most students and parents will still pay out of pocket for college—whether it's in the form of savings accrued prior to enrollment or payments to lenders after graduation. But the financial load can be more manageable if families plan ahead and start early.

Chad Castle '95, president and founder of Castle Investor Coaching in Waco, said parents should begin saving as soon as a child is born in the same way they'd begin covering her with insurance. Too often, however, there is a tendency to put those savings on hold.

"There is a notion that Mom and Dad's personal finances will get better as they advance in their careers, but the older you get, the things that you want get more expensive, too," Castle said. "The notion that you can push that savings ball down the road is not reality."

And how much should they save? "The honest answer is, 'All that they can,'" he said. "You need to save absolutely every penny that you possibly can. When we do workshops for parents, we tell them that the \$45,000 a year they may be paying at a school like Baylor is just the basic costs. There are plenty of incidental expenses that can easily add another \$5,000 to \$10,000 per year."

One of the most common of these expenses is extra-curricular activities like sororities and fraternities, but college students have always found ways to spend money that wasn't expected. Castle said he knew a student who graduated with six figures in student loans. "Of that, 25 to 30 percent had nothing to with the educational aspects of college life," he said.

An easy way to start saving early and consistently is to set up an educational IRA or savings program, such as a state 529 Plan, that provides tax incentives for directing the savings toward higher education. These are market-based investments that allow parents to be as conservative or aggressive as they wish.

However, these plans have a downside that shouldn't be overlooked, Castle said. "When filing the FAFSA, those assets can harm a family if they are seeking need-based loans."

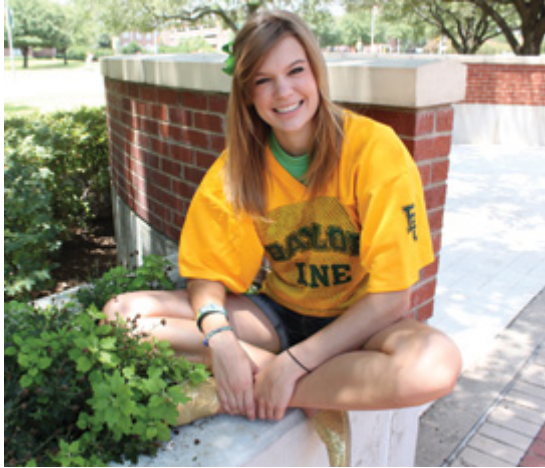
On the other hand, money put into retirement funds, home equity, and the cash value of life insurance and annuities doesn't count against a family. Castle said all of these investments are beneficial as long as a family makes sure it has things in order before they have a negative impact.

"We recommend 'late-stage college planning' when the student is in high school," he said. Most certainly, parents of college-bound students should review their savings by the end of the calendar year prior to completing FAFSA to make sure their finances are well-positioned.

"It's still not too late to make adjustments to maximize your financial aid opportunities," Castle said. "Of course, with all kinds of movements there are tax implications, but those implications may be significantly less than what they might lose from FAFSA."

Castle has two pieces of advice regarding FAFSA. The first is to complete it as early as allowed, because by January 1 prior to the fall semester, schools are getting ready to award scholarships and provide aid. The second piece of advice is that every family should fill out the FAFSA and see where they stand. Don't assume that there's nothing to be gained by applying.

## Student contributions



**BY DESIGN**—Jennifer Lewis, a freshman from San Antonio, chose Baylor over the University of Texas, Texas A&M, and Texas Tech because of Baylor's interior design program and a love for the green and gold nurtured by her alumni parents. Now more than ever, students are sharing the financial burden of a college education with their parents.

Jennifer Lewis, a member of the 2011 freshman class from San Antonio, was accepted at the University of Texas, Texas A&M, and Texas Tech, but she ultimately chose Baylor, and the family has worked together to make sure she can afford the Baylor experience.

Lewis chose Baylor because she plans to major in interior design. “Baylor is one of the few private schools with an accredited major program in interior design,” she said.

And then there was also the alumni factor. “My parents both graduated from Baylor, and I grew up hearing about it,” she said of her mother and father, Dr. David '87 and Kelly Green Lewis '86. “I heard about the lasting friendships that can be gained at Baylor and how the university provides an education that goes beyond just academics.”

To make sure their daughter could have that experience, the Lewises began a college fund for her when she was just two years old. “They started slowly and contributed more and more as the years went by, and they’ve consistently put money into it ever since,” she said.

Unfortunately, they estimate that half of what was saved was lost due to stock market fluctuations over the past several years, but they’ve made up some of the difference with a Direct Loan and a Direct Parent PLUS Loan.

Lewis said she has been saving money by working in her father’s dentistry practice and at an organization that holds cheerleading camps nationwide. She said she’ll concentrate on her studies during her first semester, “but if in the second semester I’m doing well, then I’ll try to get a job on campus—in my sophomore year for sure.”

It helps that Lewis is receiving several scholarships, including a Baylor Alumni Association Legacy Scholarship. She said that because so many scholarships are merit-

based, students need to make good grades in high school and study hard for the ACT and SAT tests.

“I really encourage students to start applying for scholarships early,” she said. “I didn’t start looking until Christmas break of my senior year, and by that time the deadlines for half of the scholarships had already passed.”

She also recommended that high school students work to place out of college courses by taking advanced placement courses and College Level Examination Program (CLEP) tests. “That can save you semester hours and tuition costs,” she said.

Lewis said her parents provided monetary rewards for every class she placed out of, and with that incentive she won’t have to take freshman English or political science at Baylor.

Lewis’s parents advised families to start saving early like they did, but to aim for the cost of a private education even if their child ends up going to a public school. Her parents saved with public school tuition in mind, and her choice of Baylor widened the gap between costs and savings.

## **Different paths**

Another new student on the Baylor campus this fall is Trevor Lippe, who is not shy about what he hopes to do with a major in music and entertainment marketing. “I want to build an empire. I want to rise to the top,” he said. “I want to start my own record label. I want to do something with music and people, which are my strengths.”

Lippe, who grew up in Beach City southeast of Houston, may be taking his first courses at Baylor, but he’s not new to Waco or the university. His mother, Shari Kruger Lippe ’87, was a freshman walk-on for the Lady Bears basketball team in 1983 and has shared her love and excitement for the green and gold with her son. “When the Lady Bears are playing, I can be upstairs and hear her screaming at the television. She goes crazy,” Lippe said.

Lippe said Baylor had always been in the back of his mind. After visiting the university with his mother several times, he was sold. “I fell in love with the beautiful campus and the friendliness of everyone. I felt welcomed to the school,” he said.

Lippe graduated in 2010 from Barbers Hill High School and was accepted at Baylor, Belmont University in Nashville, Texas State University in San Marcos, and Loyola in New Orleans. Baylor was his top choice, but then he made a significant decision: He chose to spend his first year at McLennan Community College, across town from Baylor.

“I spent the first year out on my own, getting my feet wet,” he said. “I got the basics out of the way. It helped financially, and grade-wise it helped me get prepared. I wanted to make sure that I actually studied.”

With a year of college work behind him, Lippe is eager to begin his Baylor experience, and he’s doing it with every available resource. He’s applied for need-based scholarships, including the BAA Legacy Scholarship, and student loans. He’s worked summers as the

head life guard at a water park to help pay for books and rent, and he'll apply for the work-study program at Baylor.

"We've basically done everything that every other family does before sending their kid off to college," he said.

Lippe advised high school students to study hard and make good grades so they can qualify for more scholarships. "Start early with your grades," he said. "I got super-involved in high school, including band and drama, and sort of put my grades on the back burner. I wish I had planned ahead with that and made sure I was studying harder."

Regardless, Lippe is proud of his decision to begin college at a less expensive school. "There's nothing wrong with going to a community college for your first year or even for two years," he said. "That helped us out tremendously with the financial burden."

Financial planner Chad Castle said that he's well aware of the financial complexities involved in planning for college. With four children ages six to thirteen, Castle and his wife are facing these decisions, too. "Every time I sit down with a client and pour over these things, it's for my family as well as my client," he said.

Castle acknowledged that understanding and sorting out all of the pieces of the financial planning puzzle can be a formidable task. He recommended that families consult a competent college financial planning professional. "It's challenging for me, and I do this for a living," he said.



*Jeff Hampton '81 is a freelance writer and editor based in the Dallas area. Earlier this year, he established the Debra W. Hampton Memorial Endowed Scholarship to benefit graduate students pursuing the Master of International Journalism degree—the degree earned by his late wife, Debra Wearden Hampton '81, MIJ '82.*