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# Keywords

WINTER 2004  
FINANCIAL AID BRIEF

## BEWARE OF SCHOLARSHIP SCAMS

By Cheryl Buhl, CIS Director

As the director of CIS and a mom, what I learn in one of my roles frequently spills over to the other, hopefully to the benefit of both. This year, my second child is a high school senior, so I am once again going through the entire gamut of experiences relating to graduation from high school and planning next steps — college search, testing, applications, financial aid, and senioritis. It is not an easy year for parent or child!

Concern about paying for college probably tops the list of parental worries, which makes parents and kids easy prey. In April of last year, my ire was raised by a mailing from a "National Policy Center" on "Pennsylvania Avenue" that stated, "Enclosed is your 2003-2004 College Aid Application" "...the only application sent to you by the Council." It had been mailed in an official-looking envelope that noted "College Aid Documents Enclosed" and "No Late Applications Accepted." A processing fee of \$39.95 was required. Although I immediately recognized it for what it was, my daughter was curious about it - wasn't this important for her to do? I was surprised to see first hand how the techniques used by this company can hook young people.

My concern was reinforced during the December CIS Board meeting. One of our board mem-

bers, a counselor, shared a story about a parent who paid out thousands of dollars for a service "guaranteeing" scholarship support. Like many, this parent was not aware of the multitude of fraudulent scholarship services. According to the Federal Trade Commission, many students and their families are being taken in by scholarship scams. The FTC estimates that damages by companies currently under investigation include 175,000 victims with \$22 million in injury. This is not a trivial issue! In 2000, Congress passed the College Scholarship Fraud Prevention Act because it recognized the magnitude of the problem. At the federal level, besides the FTC, the US Department of Justice and the US Department of Education all have responsibilities in scholarship fraud prevention. The FTC website, <http://www.ftc.gov/scholarshipscams>, has resources on spotting fraud, companies under investigation, and filing a claim against a company. The Department of Education's site, <http://studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp>, includes similar materials as well as general information about looking for financial aid, federal student aid, and links to the FAFSA and student guides to college and aid.

At this time of year, those involved with college bound students and their

families may want to issue a warning about scholarship scams. The FTC website provides sample public service messages you can adapt.

Some commercial scholarship search companies charge from \$15 to hundreds of dollars for a computerized search claiming to match a student's grades, career interests, hobbies and other data with available scholarships. Other companies may offer financial aid "seminars" which are nothing more than sales pitches for their fee-based services. Many popular Internet services offer free scholarship searches; however, in some cases, the companies collect considerable personal information about the unsuspecting student and then sell this collection of personal data to other companies and telemarketing services. None of these services can guarantee success. And, as you suggest what to watch for, you might also suggest checking out Oregon's Career Information System (CIS) before spending money on a commercial scholarship search.



# Oregon CIS - a Valuable Tool to Find Scholarships

Parents need all the help they can get in financing a college education. Certainly not all scholarship search companies engage in deceptive business practices. However, before parents and students decide to spend any money, they should know that you have an excellent resource through your school or program, available for free — the Career Information System.

Although the vast majority of financial aid your students will receive will come directly from the schools to which they apply, aid is also available through many other sources. CIS Financial Aid file provides information about many of these sources.

The financial aid information in CIS includes:

- **Frequently Asked Questions** - 24 that discuss types of financial aid and applying for aid.
- Over \$550,000,000 in **national awards**
- About \$7,000,000 in **state and local awards**, including:
  - ♦ Oregon scholarships administered by the Oregon Student Assistance Commission
  - ♦ Local awards submitted by 37 high schools from around the state. (Your school can also submit local awards to be included in CIS.)
  - ♦ Scholarships offered through Oregon colleges requiring unique application process

Students can locate awards in CIS that may apply to their needs by:

- **Sorting** the awards with Financial Aid Sort, which uses 11 categories to help individualize their lists;
- **Browsing** the entire Financial Aid file of awards, clustered to help them isolate awards related to their interests and characteristics; and
- **Viewing** all of the awards in the CIS Financial Aid file by organizing the information by title.



For access to more scholarship resources, visit the CIS website <http://oregoncis.uoregon.edu>

## *READ THE FINE PRINT!*



## *Watch for these Red Flags!*

The Federal Trade Commission (FTC) cautions students to look for these six tell tale lines:

"The scholarship is guaranteed or your money back."

"You can't get this information anywhere else."

"May I have your credit card or bank account number to hold this scholarship?"

"We'll do all the work."

"The scholarship will cost some money."

"You've been selected by a 'national foundation' to receive a scholarship" or "You're a finalist" in a contest you never entered."

For a poster or bookmark of these lines for office or career center, go to <http://www.ftc.gov/scholarshipcams>. Materials in Spanish are also available.



# THE SCHOLARSHIP HUNT

## HOW DOES CIS COMPARE?

**H**unting for scholarship awards that “fit” is time consuming and somewhat frustrating. Every scholarship search tool has a different philosophy and a different database of awards. Students using multiple tools will get different results from each. They will probably find some awards that fit them and many more awards that do not.

CIS financial aid information is designed with the understanding that most of the aid that students receive comes through the financial aid programs at the school to which they apply. We do not include these school-specific resources in the CIS Financial Aid file. Rather we include school specific financial aid information in the **Oregon** and **U.S. Schools** files under the **Cost and Financial Aid** topic. This topic typically covers types of aid available at the school, application procedures, and recent data about student financial aid packages.

Awards that are not school-specific or that require unique applications are covered in the CIS Financial Aid file. It is this data that Financial Aid Sort uses to produce the list of awards that

match a student’s criteria. Financial Aid Sort is frequently compared to other tools, in particular FastWeb. Which is better? The answer is that they are different.

In comparing lists developed for the same student and excluding the school-specific aid that is included in FastWeb, 50% of the awards listed were common to both databases. However, the list generated from CIS was twice as long. Both had unique national awards, although CIS included many more Oregon-specific awards. Both listed a significant number of awards that were not particularly relevant once they were researched.

But beyond being different, those advising the use of FastWeb may first want to use it for themselves. Here are some elements that raise concern:

### Harvesting of Personal Information

• On the opening page, the following option is presented: “FastWeb is able to offer its free services, in part, based on the willingness of our users to be reached by colleges or our marketing partners. By checking YES below, FastWeb may make the information you supply available to colleges and leading companies so you’ll receive free information on college financing and admissions, offers and promotions designed just for students, coupons from campus bookstores, freebies and more.”

• The student is also asked to provide a parent’s name and e-mail address so that the parent can receive a newsletter about college application and financing.

### Targeted Marketing Ploys

• Throughout the process of completing the sorting questionnaire, the student is asked to respond to additional “offers,” currently ranging from joining a purchasing club, getting recruitment information from the military and top colleges, receiving a free make-up bag (by subscribing to a magazine for \$12) and a free introductory issue to another magazine; participating in online polling (and possibly winning \$10,000) — all requiring that the student agree to sharing some personal information already collected.

• As the sort is processing, a final “goody bag” is offered - which includes chances to win \$10,000 in cash, a Palm PDA, a Dell laptop, and an application for a Discover card.

Perhaps most students are savvy about such offers and the risks that accompany the release of personal information, but we believe many are not. We encourage you, as a counselor or financial aid advisor, to go through any website you are recommending so you can make your students aware of possible pitfalls. Students do need information, but they also need guidance on how to be a smart consumer.

