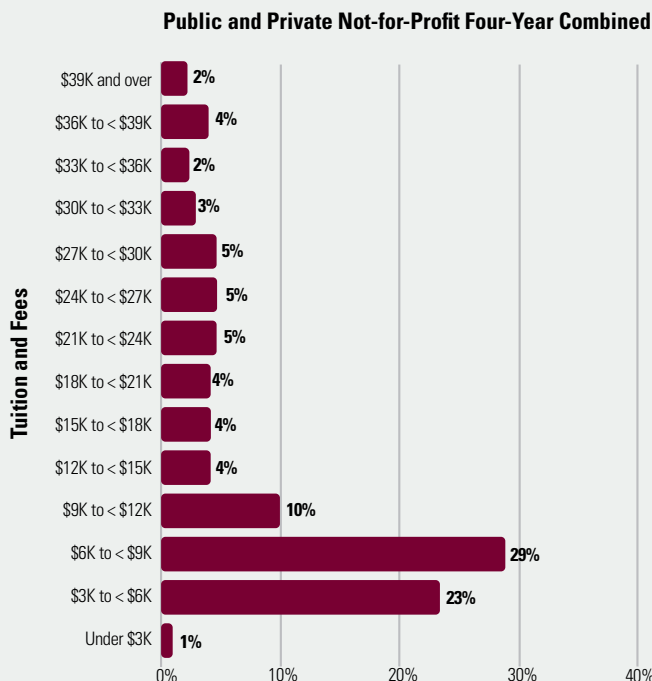


# What Every Parent Should Know About Paying for College

Distribution of Full-Time Undergraduates at Four-Year Institutions by Published Tuition and Fees, 2009-10



**Note:** For out-of-state students enrolled in public four-year colleges, the nonresident premium has been added to in-state tuition and fees. Some out-of-state students actually pay lower prices because of reciprocity agreements, which allow students from neighboring states to pay less than the full out-of-state price. The distribution of students across institutions is based on the latest available enrollment data, which are for fall 2008. Percentages may not sum to 100 due to rounding.

**Source:** The College Board, *Annual Survey of Colleges*.

## There are many different types of colleges and universities in the United States offering a wide variety of educational experiences. Similarly, there is considerable variation in tuition and fees.

About 24% of full-time students at four-year colleges attend institutions with published tuition and fees that total less than \$6,000 per year. Ten percent attend colleges and universities with tuition and fees exceeding \$30,000. You can find tuition details for specific colleges on their websites or at [www.collegeboard.com](http://www.collegeboard.com). Average tuition and fees are different in every state and in every region of the country. For example, average published tuition and fees for in-state students at public four-year colleges range from \$5,802 in the South to \$9,391 in New England.

Here are the national averages for published tuition and fees for 2009-10:

- Public two-year colleges: \$2,544
- In-state students at public four-year colleges and universities: \$7,020
- Out-of-state students at public four-year colleges and universities: \$18,548
- Private not-for-profit four-year colleges and universities: \$26,273
- For-profit institutions: \$14,174.

Other costs for students include living expenses, books, transportation and personal expenses:

- Housing and food, averaging about \$8,200 in 2009-10, are the largest expenses for public two-year and four-year college students.
- In 2009-10, books and supplies average about \$1,100.



**Because of the available financial aid, the published price of college is significantly more than what most students and families actually pay. In fact, about two-thirds of all full-time college students receive grant aid to help them pay for their education.**

- For the 2008-09 school year, 6.1 million college students received Pell Grants from the federal government, averaging \$2,914. Among those recipients who were dependent on their parents, 86 percent came from families with annual incomes below \$40,000. In 2009-10, the maximum Pell Grant a student can receive is \$5,350.
- Colleges and universities provide about 40 percent of the grant aid that undergraduate students receive. Additional grant aid is available from other federal programs, state governments, employers and other private sources.
- Full-time students at public four-year colleges receive, on average, \$5,400 in grant aid and tax benefits. This reduces the average tuition and fees they pay from the published price of \$7,000 to about \$1,600.
- Federal education tax credits and deductions also help families pay for college. In 2008-09, 8.5 million taxpayers benefited from federal education tax credits and deductions. Taxpayers with incomes of between \$25,000 and \$100,000 a year are the primary beneficiaries of tax *credits*. Over 60 percent of education tax *deductions* go to taxpayers with incomes between \$100,000 and \$160,000 a year.
- Students can use the free Scholarship Search program on [www.collegeboard.com](http://www.collegeboard.com) to locate scholarships, internships, grants and loans that match their education levels, talents and backgrounds.

**Planning and saving for college can ease the burden.**

- Saving \$100 a month for 18 years can accumulate \$30,000 to \$35,000 to help finance a child's education.
- Funds in state-sponsored 529 college savings accounts accumulate tax free. As of March 2009, following months of decline, 11.2 million accounts hold an average of almost \$8,900.
- Ten states currently match a portion of 529 plan contributions for low- and middle-income families.

**Education pays. Earnings after college make reasonable borrowing a good investment for most students.**

- Many students take out federal loans to go to college and some borrow from private sources, which tend to charge higher interest rates and provide less favorable repayment terms. Among all 2007-08 bachelor's degree recipients, 34% graduated with no education debt.
- Among the two-thirds who borrowed to finance their undergraduate education, the median debt was about \$20,000.
- The federal government also helps parents borrow to pay for their children's college expenses. In 2008-09, the parents of 660,000 undergraduate students took out federal Parent Loans for Undergraduate Students (PLUS), averaging \$11,480.
- For federal loans, as of July 1, 2009, borrowers can use the Income-Based Repayment Plan, under which they do not have to make payments until their incomes reach a certain level, and then their payments are always limited to a certain percentage of their incomes.
- Within 11 to 12 years after completing a bachelor's degree, the typical college graduate earns enough more than the typical high school graduate to make up for four years out of the labor market, and is also able to repay loans for full tuition and fees at a public four-year college.
- Over a working life, the typical full-time year-round worker with a four-year college degree earns more than 60 percent more than a worker with only a high school diploma.
- Those with master's degrees earn almost twice as much, and those with professional degrees earn almost three times as much as high school graduates earn over their working lives.

