

The Cost of College

“Education Pays”

Life Smarts:

- Research the cost to attend college or a university.

Expenses to consider

While the total cost of college depends on which college is selected, how one budgets, and whether financial aid is involved, there are six standard expenses to consider.

Application process

Application and testing fees should always be considered when deciding to go to college. Application fees vary between \$50 and \$100. Testing fees (ACT and SAT) vary between \$30 and \$50 each time one takes the test. And travel costs can climb to \$5,000 to visit a campus, depending on its location.

Tuition and fees

Tuition is the cost of classes. According to the National Center for Education Statistics, which tracks higher education trends, the average 2010-2011 cost for a public four-year college was \$7,136 per year. Average undergraduate tuition in 2013 for a 4-year degree was \$14,101; for a 2-year degree, \$3,322. Keep in mind that if you choose an out-of-state public four-year college, the tuition will be significantly higher.

Room and board

Whether living on campus or off, room and board is a substantial expense. It includes housing, meal plans, utilities, parking expenses, and anything else included in the cost of living. The 2013 average cost for room and board was \$10,404 for a student attending a public four-year college and \$10,549 for a private four-year college.

Books and supplies

This is the cost of course materials. Prospective students usually overlook this cost, but it is one that's growing. The 2013 average cost for books and supplies was \$1,250.

Travel

Attending a college far from home involves travel expenses. Even when attending a college close to home, if you plan to live off-campus and commute to school, you need to factor in transportation costs between home and classes.

Miscellaneous expenses

This includes morning coffee, late-night pizza, and cell phone bills. Personal expenses can add up (especially in metropolitan areas). It's very conceivable that these expenses can top \$2,000 per year.

How to pay for college

Financial aid

Financial aid is different types of money given to help pay for college. Financial aid is determined by merit or need. Merit-based financial aid is awarded to students with good grades or to those who excel at sports, music, or other special skills. Need-based financial aid is given to students who show that they cannot afford to pay for college on their own and need financial help. The qualifications for both vary greatly, so be sure to check yearly if you qualify. Both kinds of financial aid can come from multiple sources: the government, schools, charities, or businesses. They also come in different forms:

Loans

A loan is money that must be paid back later. Loans are widely used because they allow students to pay their own way through college. They typically have no requirement to be paid back until one year after graduation (this applies for both undergraduate and graduate school). Both federal and private loans are available to students. Federal loans don't require a credit check, and the government

regulates associated fees and interest rates, which usually means they're lower. There is a limit to how much money a single student may receive. Private loans, however, can be taken out for any amount, but they are credit-based and can be denied based on credit score. Either type of loan can be a good choice, depending on your circumstances. Two common types of college loans are the Federal PLUS Loan and the Perkins Loan.

References:

Federal PLUS Loan Website: <http://studentaid.ed.gov/types/loans/plus>

Perkins Loan Website: <http://www2.ed.gov/programs/fpl/index.html>

Reality Check: Reflect on the salary that you determined you will be making in your chosen career in the Employee Smarts Topic. Does it make sense to borrow money for your college education if that amount exceeds what you will make after you graduate?

Grants

A grant is money that you are not expected to pay back. For this reason, grants are a highly sought-after form of financial aid. There are four common types of grants:

- **Pell Grant**
- **Federal Supplemental Educational Opportunity Grant (FSEOG Grant)**
- **Teacher Education Assistance for College and Higher Education Grant (TEACH Grant)**
- **Iraq and Afghanistan Service Grant**

Types of Grants Available: <http://studentaid.ed.gov/types/grants-scholarships>

Scholarships

Scholarships are like grants in that students are not required to repay them. While scholarships can be given based on need or merit, they're often awarded for academic performance. Organizations of all types and sizes sponsor scholarships, including colleges and universities themselves, and often all you have to do to be considered for one is submit an application.

In New Mexico, there are additional options:

The **Bridge to Success** Scholarship is offered to students who are awaiting the Legislative Lottery Scholarship. The Bridge to Success Scholarship is good for the first fall college term. It covers first-semester tuition and registration fees.

In New Mexico, the Legislative **Lottery Scholarship** pays 100% of tuition for those who graduate from a New Mexico high school and attend a public college or university in New Mexico. It is a renewable, full-time tuition scholarship that can be received for up to seven consecutive semesters (starting in your second semester in college). Eligibility is determined during your first semester in college.

References:

Lottery Scholarship - <http://www.hed.state.nm.us/LotterFAQ.aspx>

Search for Scholarships - <http://www.fastweb.com/>

Work-study

Work-study programs are funded by the federal government and allow students to receive financial aid in exchange for working on campus. When available, work-study can be a convenient form of aid. Students in the program usually work a set, flexible number of hours per week on or around campus and are able to schedule their hours around classes.

Full or part-time jobs

Working a full or part-time job is the most basic way to pay for college. It may be difficult to work, attend classes, and study, but it is possible, and many people have completed college while working.

Free Application for Federal Student Aid (FAFSA)

To qualify for financial aid, the first step is to complete a form called the FAFSA (Free Application for Federal Student Aid). The FAFSA provides the federal government with pertinent financial information and helps determine what kind of financial aid you qualify for. The FAFSA also requires information from your parents or guardian, so make sure you have access to their tax information before you apply.

Another online financial aid application that has become popular with private colleges and scholarship programs is PROFILE (CSS/Financial Aid PROFILE). The PROFILE is similar to the FAFSA in that it collects financial information. The PROFILE goes more in-depth and costs at least \$25 to fill out. Fee waivers, however, are available to low-income students.

References:

FASFA Website: <http://www.fafsa.ed.gov/>

Upon completing the FAFSA or PROFILE, start looking into specific financial-aid opportunities and corresponding payment plans. The different forms of financial aid described above can often be combined with whatever you receive through FAFSA for additional help. With a little determination and research, financial aid can allow you – no matter what your income is – to meet the costs of college.

Family

A 529 College Savings Plan is an educational investment plan operated by a state or educational institution designed to help families set aside funds for future college costs. Check with your parents, grandparents, or guardian to see if there is a 529 set up for you. You can continue to make contributions to that account through high school. (More information on 529s is below.)

Another option is serving in the military for a set amount of time. For decades, Americans have enjoyed educational benefits in return for military service. There are numerous programs designed to help service members receive an education before, during, and after their service commitments. From officer training programs to the GI Bill and on-base educational opportunities, the military is generous about educating its troops and their families.

Checklist: Financial aid application

Applying for financial aid requires attention to detail. There are specific forms to be filled out, deadlines to meet, and eligibility requirements to consider. Stay organized and informed by following a step-by-step Financial Aid Application Checklist.

References:

Aid Application - <http://www.myfuture.com/schools/tools-checklists/checklist-financial-aid-application>

Saving for college

It is never too early to start saving for college. A **529 College Savings Plan** is a tax-free educational savings fund that can be started years before it is needed. Whole life insurance policies, stocks and mutual funds, certificates of deposit (CDs), or separate savings accounts with weekly or monthly deposits are all common vehicles to save for college. Some 401(k) programs allow you to borrow money from yourself to go to school, though that is not advisable.

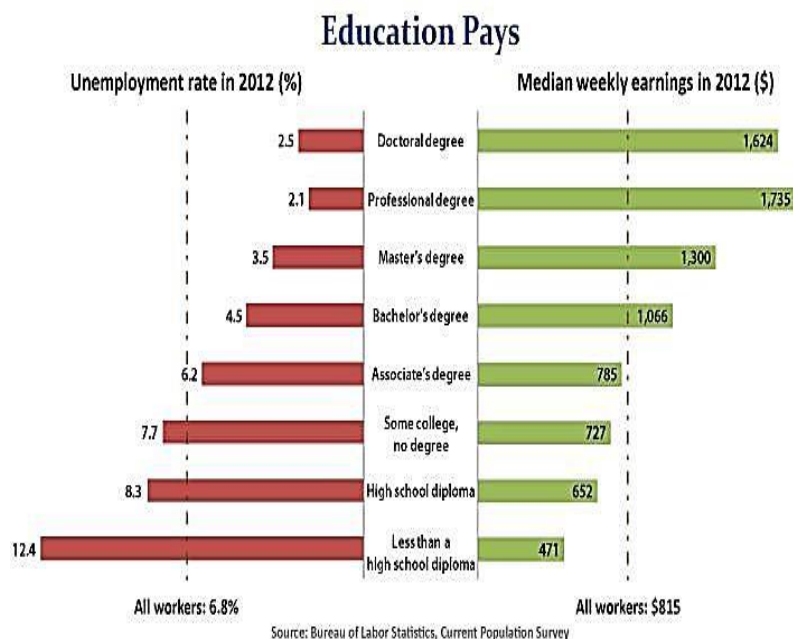
| Costs of two-year colleges in New Mexico | Costs of various four-year colleges in New Mexico |
|---|---|
| CNM Albuquerque Tuition ~ \$1,200 per year (2014) | UNM Albuquerque Tuition & Fees ~ \$6,846 per year (2014) |
| New Mexico Military Institute Roswell Tuition ~ \$1,452 per year (2014) | New Mexico State University Las Cruces Tuition & Fees ~ \$5,950 per year (2014) |
| Santa Fe Community College Santa Fe Tuition ~ \$1,410 per year (2014) | New Mexico Tech Socorro Tuition & Fees ~ \$6,256 per year (2014) |

Why go to college? It pays!

In today's ultra-competitive world, it is important to gain education and knowledge. College can help one find a career path and a passion, obtain a better paying job, and make one more marketable. The relationships created in college can significantly enhance a person's network circles throughout life. College can help establish credibility and broaden horizons.

Statistics show that as the level of education increases, the unemployment rate decreases. Data further show that as the level of education increases, the earnings increase, as well.

1. Examine the chart Education Pays and list your findings.



Resources for students and their families:

The College Navigator - <http://nces.ed.gov/collegenavigator>

25 useful sites for students and parents - http://education-portal.com/articles/25_Legitimately_Useful_Sites_for_College_Students.html

Life Smarts: Research the cost to attend college or a university.

Using www.petersons.com, find the following information about 15 colleges or universities.

- Find information on the 7 NM colleges listed below (use “resident” tuition, meaning you live in the state of NM).
- All other schools can be from anywhere within the U.S. (If outside NM, use “non-resident” tuition).

| College Name | City & State | Percent Admitted | # Students Applied | Tuition \$ NM = Resident Other = Non-Res. | \$ Room & Board | Avg. HS GPA | Enrollment (Undergraduate) | Student/Faculty Ratio | Website Address |
|--------------|--------------|------------------|--------------------|---|-----------------|-------------|----------------------------|-----------------------|-----------------|
| UNM | | | | | | | | | |
| NMSU | | | | | | | | | |
| CNM | | | | | | | | | |
| ENMU | | | | | | | | | |
| WNMU | | | | | | | | | |
| NMHU | | | | | | | | | |
| NM Tech | | | | | | | | | |

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