



College Cost Data for 2019-2020 School Year

Each year, the College Board releases its annual *Trends in College Pricing* report that highlights current college costs and trends. While costs can vary significantly depending on the region and college, the College Board publishes average cost figures, which are based on a survey of nearly 4,000 colleges across the country.

Following are cost highlights for the 2019-2020 academic year.¹ Note that "total cost of attendance" figures include direct billed costs for tuition, fees, room, and board, plus a sum for indirect costs that includes books, transportation, and personal expenses, which will vary by student.

Public college costs (in-state students)

- Tuition and fees increased 2.3% to \$10,440
- Room and board increased 2.9% to \$11,510
- Total cost of attendance: \$26,590

Public college costs (out-of-state students)

- Tuition and fees increased 2.4% to \$26,820
- Room and board increased 2.9% to \$11,510 (same as in-state)
- Total cost of attendance: \$42,970

Private college costs

- Tuition and fees increased 3.4% to \$36,880
- Room and board increased 3.0% to \$12,990
- Total cost of attendance: \$53,980

Reminder on FAFSA timeline

Families were able to begin filing the 2020-2021 FAFSA (Free Application for Federal Student Aid) on October 1, 2019. The earlier timeline was instituted a few years ago to better align the financial aid process with the college admissions process and to give parents information about their child's aid eligibility earlier in the process.

The 2020-2021 FAFSA relies on income information from your 2018 federal income tax return and current asset information. Your income is the biggest factor in determining financial aid eligibility. A detailed analysis of the federal aid formula is beyond the scope of this article, but generally here's how it works:²

- Parent income is counted up to 47% (income equals adjusted gross income, plus untaxed income/benefits minus certain deductions)
- Student income is counted at 50% over a certain amount (\$6,840 for the 2020-2021 academic year)
- Parent assets are counted at 5.64% (home equity, retirement accounts, cash value life insurance, and annuities are excluded)
- Student assets are counted at 20%



Financial need vs. aid

Just because your child has financial need doesn't automatically mean that colleges will meet 100% of it.



The result is a figure known as your expected family contribution, or EFC. Your EFC remains constant, no matter which college your child attends. Your EFC is not the same as your child's financial need. To calculate financial need, subtract your EFC from the cost at a specific college. Because costs vary at each college, your child's financial need will vary depending on the cost of a particular college.

One thing to keep in mind: Just because your child has financial need doesn't automatically mean that colleges will meet 100% of that need. In fact, it's not uncommon for colleges to meet only a portion of it. In this case, you'll have to make up the gap, in addition to paying your EFC.

To get an estimate ahead of time of what your out-of-pocket costs might be at various colleges, run the net price calculator on each college's website. A net price calculator asks for income, asset, and general family information and provides an estimate of grant aid at that particular college. The cost of the school minus this grant aid equals your estimated net price, hence the name "net price calculator."

Reduced asset protection allowance

Behind the scenes, a stealth change in the FAFSA has been quietly and negatively impacting families. The asset protection allowance, which lets parents shield a certain amount of their assets from consideration (in addition to the assets listed above that are already shielded), has been steadily declining for years, resulting in higher EFCs. Fifteen years ago, the asset protection allowance for a 48-year-old married parent with a child about to enter college was \$40,500. For 2020-2021, that same allowance is \$6,000, resulting in a \$1,946 decrease in a student's aid eligibility ($\$40,500 - \$6,000 \times 5.64\%$).³

Higher student debt

Student loan debt continues to grow and student debt is now the second-highest consumer debt category, ahead of both credit cards and auto loans and behind only mortgage debt.⁴ About 65% of U.S. college seniors who graduated in 2018 had student debt, owing an average of \$29,200.⁵ And it's not just students who are borrowing. Parents are borrowing, too. There are approximately 15 million student loan borrowers age 40 and older, and this demographic accounts for almost 40% of all student loan debt.⁶

1) College Board, 2019

2-3) U.S. Department of Education, The EFC Formula, 2020-2021, 2005-2006

4) Federal Reserve Bank of New York, Quarterly Report on Household Debt and Credit, August 2018

5) Institute for College Access & Success, Student Debt and the Class of 2018, September 2019

6) Federal Reserve Bank of New York, Student Loan Data and Demographics, September 2018

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