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THE COST OF COLLEGE

*Smart Steps to Make College
More Affordable*

By Lynn O'Shaughnessy



1

Understand who gets scholarships.

Let's start with some good news: Most families do not pay full price for college. Roughly two-thirds of students who attend either state or private colleges and universities capture a price break.

At private schools, a stunning 89% of students receive institutional grants and scholarships. The average tuition discount at these schools is 54%.

These statistics, which come from the annual pricing survey of the National Association of College and University Business Officers, clearly shows that it's not just "A" students who receive scholarships. The key is knowing how to find this money!

2

Don't look in the wrong place for scholarships.

The smallest source of college money (about seven percent) comes from private scholarships that charities, foundations and other outside groups award. Unfortunately, this is where many families focus their efforts and the result is usually a small award or none at all.

If your child does want to look for private scholarships, the best source of this money is usually local scholarships. Less competition exists for these awards and they typically aren't found in the big scholarship databases like Scholarships.com and Fast Web.

3

Know your Expected Family Contribution.

You won't be able to target schools for money unless you know at the start whether you will likely be eligible for need-based financial aid or not. You can answer this question by obtaining your Expected Family Contribution.

Your EFC is a dollar figure that represents what a school will expect you to pay, at a minimum, for one year of college.

If you have a high EFC, you should be looking for schools that provide merit aid to affluent students. If you have a lower EFC, you should look for schools that are generous with students who qualify for need-based financial aid.

Your income alone won't necessarily tell you if you will qualify for aid. Other factors that will influence the calculations include your marital status, your assets, the inherent generosity of a school, as well as its price tag.

You can obtain your EFC by using the [Expected Family Contribution calculator](#) on the College Board’s website.

You can learn much more about how and why you need to obtain your EFC by reading this post on my website at [The College Solution](#):

Your First Financial Step

4

Use a net price calculator.

An excellent way to cut the cost of college is for your child to apply to colleges that will give him or her the most scholarships and grants. The big challenge is knowing in advance which schools will be most generous. Traditionally you couldn’t predict what any college was going to cost until your child received his or her financial aid or merit award package.

Applying to colleges doesn’t have to be a financial crapshoot if you use federally-mandated net price calculators before your child applies anywhere.

The purpose of a net price calculator is to provide you with a personalized estimate of what a particular school will cost you. When using this tool, some families will discover that a \$50,000 school will be \$25,000 or \$15,000 or lower. For other families the cost really will be \$50,000.

Learn more about net price calculators and how to use them by reading my post:

Why You Must Use Net Price Calculators!

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Check the stinginess factor.

You can evaluate whether a school is stingy or generous by checking the institution’s statistics on financial aid and merit aid on the College Board’s website.

Here’s how to pull this off:

Type the name of a school into the search box on the [College Board’s home page](#).

Click on the school’s *Paying* tab in the left-hand column. This will bring you to a page with the school’s cost of attendance.

Click next on the school’s *Financial Aid by the Numbers* link. On this page, check out these important figures:

- Average non-need based aid (otherwise known as merit scholarships)
- Average need-based aid package
- Percentage of financial need the school typically meets
- Percentage of students who have their full financial need met

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Check graduation rates.

A guaranteed way to cut the cost of college is to graduate in four years. That advice sounds like a no brainer, but it's harder to follow than you might think.

As you can see from the following federal statistics, most students take longer than four years to graduate.

FOUR-YEAR GRADUATION RATES

Public colleges and universities	33.3%
Private colleges and universities	52.8%

You can find the four and six-year grad rates of any school by visiting [College Completion](#), which is a microsite of *The Chronicle of Higher Education*.

When researching schools, you should explore who is graduating in four years and who isn't. Find out what it takes at a particular college to graduate on time.

LEARN MORE

You can discover much more about how to make smart college decisions by visiting my blog at [The College Solution](#).