

Education Funding Goals

College Cost Increases

The Increasing Cost Of Education

A college education is an investment that pays off. According to The College Board's annual report, Trends in College Pricing, median annual income for bachelor's degree recipients is 80 percent higher than median income for those with only a high school diploma. Over a lifetime that difference exceeds \$1,000,000.

Unfortunately, investing in a college education is seldom inexpensive. College planning has become increasingly important over the last decade, as college costs have skyrocketed at over twice the inflation rate.

College Inflation

College tuition and fees in the United States experienced an average annual inflation rate of 8.7% over the past 20 years, according to Department of Labor statistics. That's 3.8 percent more than the average annual inflation rate of 4.9% during that same period.

Financial Aid

The College Board's annual report, Trends in Student Aid, indicates that almost \$134 billion in total aid from federal, state, and institutional sources was available to help students to assist with tuition, fees, and other expenses of attending college— an increase of 3.7% over the previous year, after adjusting for inflation. Most of this increase, however, was in the form of loans rather than grants, and most of the increased borrowing was unsubsidized.

Tuition and Fees

The U.S. Department of Education estimates that slightly more than one-quarter of fulltime undergraduate students live on campus. According to The College Board, the average in-state tuition costs were \$5,836 and \$22,218 per year for four year public and private universities, respectively. Room and board charges averaged \$6,960 for public and \$8,149 for private universities. These are real costs that should be looked at carefully when preparing to set aside funds for college.

Summary

Often times, because it seems far off in the future, little thought is given as to how to save and plan financially for a college education. However, it is much easier to save while the child is growing up and pay for college from our savings than to attempt to pay for college as the expenses are incurred, out of income.

