

Office of Planning, Budget, and Analysis

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University of Colorado at Boulder About 2009-2010 Tuition

This website provides general information about changes in tuition rates and major features of 2009-2010 tuition and financial aid. Tuition rates for all campuses of the University of Colorado were approved in May 2009 by Board of Regent action.

Detailed tables of tuition and required fees are at the [Bursar's Office website](#).

We are committed to offering a quality education to all students. The tuition we collect will be invested in these efforts. Besides substantial increases in financial aid to maintain accessibility for Colorado students, new revenues will be used to cover ongoing operating costs and increases in those costs. Tuition revenues pay for recruiting and retaining an outstanding faculty, library materials and resources, academic advisors, writing and other courses, undergraduate research opportunities, classrooms, buildings and campus infrastructure, and more.

Colorado resident undergraduates

Tuition rates for Colorado resident (in-state) undergraduates changed from 2008-09 with

- an increase in the full-time rate of 8.8% or \$524 per academic year
- an increase of 3.9% (equal to inflation), or \$33 per credit hour, in the part-time or per credit-hour-rate, for students taking fewer than 11 hours
- a .5 credit hour adjustment so the full-time rate is now 11 (instead of 10.5) times the per credit hour rate

To maintain accessibility, CU-Boulder has several financial aid programs for resident undergraduates. These programs are for Boulder campus degree-seeking and teacher licensure students. They are based on credits taken on the main campus only; continuing education hours are not included. All aid applicants who demonstrate at least \$200 of need are awarded an institutional grant to ensure that the effective tuition increase from 2008-09 is no more than 5%.

Programs include the UCB Tuition Grant and the *CU Promise*, part of CU's performance contract with the Colorado Commission on Higher Education. The CU Promise covers Colorado undergraduates from families at or below the federal poverty line who enter CU-Boulder as new freshmen or transfers from Colorado community colleges. For these students, grants plus a work-study award will cover the cost of tuition, required fees, and estimated books. About 60 new students are covered by the CU Promise each year.

For more information on financial aid, see <http://www.colorado.edu/prospective/counselors/finances/index.html>.

More than 20% of revenues from increased tuition rates (over inflation) will be used for need-based grants.

Colorado resident graduate and professional students

Resident graduate tuition rates increased 8.1% from 2008-09, with an increase in college differentials for Engineering and Law. See the section [By-college tuition differentials](#), below.

Out of state undergraduates

Tuition rates for undergraduates not classified as Colorado residents for tuition purposes have been covered by the non-resident undergraduate tuition guarantee program since 2005-

06. Rates for students entering summer 2009 through spring 2010 are 5.1% higher than those for students entering the prior year, with an increase in the differential for Engineering. [Click here](#) for details of the non-resident undergraduate tuition guarantee. See also the section [By-college tuition differentials](#), below.

The [Chancellor's Achievement Scholarship](#) offers \$15,000 over four years to the top 25% of out-of-state admitted new freshmen. The program, started in 2005-06, awards \$5,000 per year during the freshman and sophomore years and \$2,500 per year during junior and senior years.

Presidential Scholars are a select group drawn from Chancellor's Achievement Scholars. Beginning in fall of 2009-10, Presidential Scholars receive \$55,000 over four years. These select students are awarded \$15,000 per year during their freshman and sophomore years and \$12,500 per year during their junior and senior years. The Presidential Scholars program began in 2006-07.

For the 2009-10 academic year only, the *UCB Buffalo Scholarship* was awarded to over 2,000 incoming non-resident freshmen and transfer students in the amount of \$800 (\$400/semester) to help defray the first-year costs of books and supplies. This scholarship was awarded to all incoming students who did not receive a *Presidential Scholars Scholarship* or *Chancellor's Achievement Scholarship*.

Out of state graduate and professional students

Tuition rates for graduate students not classified as Colorado residents for tuition purposes increased 2.5% from 2008-09, with an increase in the differential for Engineering. See the section [By-college tuition differentials](#), below.

Financial aid for all undergraduates

The maximum Pell grant increased from \$4,731 in 2008-09 to \$5,350 in 2009-10, an increase of \$619. The maximum expected family financial contribution for the student (EFC, from the Free Application for Federal Student Aid or FAFSA) to receive a Pell grant in 2008-09 was \$4,041; this increased to \$4,617 in 2009-10.

By-college tuition differentials

The by-college tuition differentials at CU-Boulder have been in place for many years. The revenue from the differentials supports the cost of education in the college -- faculty, student programs, and other expenses. The differentials reflect differences in the cost of education, the market worth of the degree, and the popularity of the college.

On all three counts, Law, Business, and Engineering top other colleges at CU-Boulder, and their differentials are accordingly higher.

- The cost of education is higher because faculty salaries in these fields are higher at CU-Boulder and across the country because these faculty often have viable employment opportunities outside academia at higher pay.
- The market worth of the degree is higher, with higher starting salaries for graduates.
- The popularity is higher, with more applicants per entering-class slot than in other colleges.

The 2009-10 tuition rates reflect greater percentage increases for in-state graduate Engineering students and Law students; and for out-of-state Engineering students (undergraduate and graduate).

Note: In this text the term "college" refers to both colleges (e.g., College of Engineering) and schools (e.g., Leeds School of Business, Law School).

Fees and housing

Individual fees are detailed at the [Bursar's Office website](#). All fees follow the [Institutional Plan for Student Fees](#). Fees covered by this plan include administrative, student activity, course-specific, program (instructional), and academic facilities capital construction fees. Mandatory student and

administrative fees for full-time students increased 9.6% or \$130 per year from 2008-09.

The New Student Fee (formerly known as the "matriculation fee") is a one-time, nonrefundable fee assessed at time of first registration. This fee varies depending upon degree and international status. It covers services such as the Buff OneCard (the student's official university identification card), immunization reporting management, registration/transcript services, and undergraduate orientation program. In 2009-10 this fee was increased by \$70 to include lifetime Forever Buffs Alumni Membership.

A double room with full meal plan in campus residence halls increased 5.3% or \$518 per year. For more information see [Housing and Dining Services](#).

Process

Tuition is set within the campus budget planning process and in conjunction with external entities including the Colorado Department of Higher Education (with its Colorado Commission on Higher Education or CCHE). A [budget timetable](#) highlights this process. It also shows activities of the campus, the Joint Budget Committee (JBC) of the legislature, the legislature, the governor, and the University of Colorado Board of Regents.

Note: The terms "resident" and "in-state" are used interchangeably here, and mean "Colorado resident for tuition purposes." "Non-resident" and "out-of-state" mean "not a Colorado resident for tuition purposes."

Last updated August 2009

Last revision 08/27/09

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Date: Wed 9 Sep 18:07:32 EDT 2009
From: "Daniel E. Thomas" <dethomas@umd.edu>
Subject: Facilities Fees - Academic Facilities?
To: AAUDE email list <aaude@mit.edu>
Cc: "Terry P. Brenner" <tbrenner@FM.UMD.EDU>, amughal@umd.edu

Request to: AAUDE members (Publics)

Date of request: September 9, 2009

Subject: Facilities Fees for State Supported Academic Facilities and Infrastructure

Responses requested by: 9/11/09 Still useful by: 9/15/09

Method of response: Email

=====
Background and Description:

The campus administration is currently discussing the possible implementation of a new mandatory student fee to fund improvements to teaching facilities (lecture halls, classrooms, seminar rooms, class labs and computer labs.) This inquiry is to determine if other institutions charge a facilities fee for state supported academic facilities. (The review is not addressing auxiliary student facilities fees.)

=====
Request/Questions:

1) Does your University charge a student fee to fund physical improvements for state supported academic facilities

Yes ___ (go to 2 & 3)

No ___ (thank you)

2) If yes, what's the annual fee for undergraduates and graduates, full time and part time?

3) Examples of improvements funded by the fees?

=====
Template for use by responding institutions:

Date of request: 9/9/09

Subject: Facilities Fees - Academic Facilities?

=====
Requesting institution's response (if applicable):

1) No, Maryland does not charge a mandatory fee specifically for academic facilities.

2) n/a

3) n/a

Facilities Fees for State Supported Academic Facilities and Infrastructure (Public AAUs)

Responses received = 18

Institution	1) Does your University charge a student fee to fund physical improvements for state supported academic facilities?	2) If yes, what's the annual fee for undergraduates and graduates, full time and part time?	3) Examples of improvements funded by the fees?	Respondent
Maryland (requesting institution)	No, Maryland does not charge a mandatory fee specifically for academic facilities	n/a	n/a	Terry Brenner
Arizona	The closest fee is the ITL Fee, or Information/Technology/Library Fee which is \$115.00 annually (\$57.5 per semester).	\$115.00 annually (\$57.5 per semester) for UG & Grad, FT & PT	This fee will be directed to upgrade and expand the University's capacity to provide an essential operating environment for digital technologies, including wireless access in high traffic public locations and in all campus outdoor areas, and library materials that are digitally available.	Wendy Miley
Buffalo	No, The University at Buffalo does not charge a fee for academic facilities.	n/a	Only facilities used primarily for "student life" functions (e.g., student union; diversity center) are currently covered by our comprehensive fee.	Lauren Young
Cal - Berkeley	No. None of the component fees that make up our "campus fee" are designated for teaching facility or classroom improvements.	n/a	Although some of the professional schools (Business, Law, etc.) might use some portion of a student fee toward this purpose, I don't believe any of them have a fee permanently designated as such.	Alan Underwood
Cal - Irvine	No	n/a	n/a	Michael Poston
Colorado	Yes, see the Capital Construction fee: http://www.colorado.edu/bursar/now/mandfeesfallspg0910.html	\$200 (per TERM) for 7+ hours, \$100/term for fewer.	Supports five capital construction projects: Law School, ATLAS, Business School, IT Infrastructure and Visual Arts. Twenty percent of the revenue will be allocated to need-based financial aid.	Lou McClelland
Illinois	Yes	\$250/semester for all students	Academic Facilities Maintenance Funding Assessment (AFMFA). Fees are used to help fund various deferred maintenance projects.	(phone query)
Iowa	No	n/a	n/a	Deb Tiemens
Kansas	No, do not currently have any facilities fees in effect.	n/a	n/a	Deb Teeter
Michigan	Yes, Infrastructure Maintenance Fee	\$185/term for both UG & Grad., FT & PT.	Examples upon request. Fee has been in place since 1991-92.	Patti Wolff
Minnesota	No	n/a	n/a	Linda Lorenz
Nebraska	Yes, University Program and Facilities Fees; see: (http://stuacct.s.unl.edu/tuitionfee/tandfa0910.shtml)	1 to 6 hours \$252.70; 7 or more hours \$448.10	Central facilities fund for classroom improvements, renovations, and deferred maintenance projects.	Bill Nunez
North Carolina	No	n/a	n/a	(phone query)
Purdue	Yes, 'Repair and Rehabilitation fee'	Mandatory fee of \$151 per semester assessed to both UG and grads. See: http://www.purdue.edu/budgetfp/pdf/FeeSchedule.pdf	There are no specific restrictions on how we spend the fee revenue, so it goes to highest priority items on our deferred maintenance list.	Jim David
Rutgers	No, we do not have a direct student fee to support physical improvements in academic facilities.	n/a	The fees we have that do support facilities are earmarked for student centers, rec centers, housing and dining.	Rich Tedesco
Texas A&M	No, TAMU does not charge a mandatory fee specifically for academic facilities.	n/a	n/a	Debbi Guess
UCLA	No	n/a	n/a	Caroline West
Virginia	Yes	The University assesses a \$155 fee to all UG & Grads. The state requires an additional fee of \$347 on all out-of-state students.	These fees help to repay debt service on University-funded capital projects, renovating and constructing E&G facilities.	George Stovall
Washington	Yes, we call it the "building fee"	\$356/year for UG. see: 2009-10 Annual Tuition and Fees	Renewal of existing facilities (remodeling of classrooms, etc. new roofs, etc.)	Phil Hoffman

A

we post the 4 base tuitions (res/NR x grad//UG) at
<http://www.colorado.edu/pba/budget/tuitionfees/history.html>

and the notes show the history of differentials! I've copied it here -- the link above has all this

Tuition differentials introduced as follows:

- for Law in 1981
- for Engineering, Pharmacy in 1984 for undergrads
- for Engineering, Business, and Pharmacy in 1984 for grads
- for Business in 1986 for undergrads
- for Journalism/Music in 1991 for undergrads
- for MBA in 1992

**Starting in fall 2002, grad students have an additional \$9.00 fee per academic year.

Tuition shown is

- for 10-18 hours in fall 1972 through spring 82
- for 10-17 hours in fall 1982 through spring 84
- for 9-17 hours in fall 1984 through spring 91
- for 9-18 hours in fall 1991 through spring 07
- for incoming undergraduate non-residents in fall 2005 through present
- for 10.5-18 hours for undergraduate residents in fall 2007 through present
- for 0-18 hours for undergraduate non-residents and 9-18 hours for graduate students in fall 2007 through present

Source: budget roster books, catalogs, course schedules

B

ALSO - our posting on "about tuition and financial aid"
<http://www.colorado.edu/pba/budget/tuitionfees/2009-10tuition.html>
has a section on differentials -- rationale, not history. Copied below

The by-college tuition differentials at CU-Boulder have been in place for many years. The revenue from the differentials supports the cost of education in the college -- faculty, student programs, and other expenses. The differentials reflect differences in the cost of education, the market worth of the degree, and the popularity of the college.

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The 2009-10 tuition rates reflect greater percentage increases for in-state graduate Engineering students and Law students; and for out-of-state Engineering students (undergraduate and graduate).

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C

For the self study then-now financial profile I put in base and highest full-time UCB AY UG tuition. ~~See attached Excel for particulars of other fund sources, enrollment, etc.~~ The section on rates is copied in below.

	FY99-00, then- current \$s	FY08-09, current \$s	Change, both current \$s	FY99-00 in FY08- 09 \$s	Change, FY00 in FY09 \$s	Highest AY tuition vs. base (dollars, ratio)	
Relevant rates and factors							
Resident undergraduates						99-00	08-09
Academic year tuition - base	\$2,444	\$5,922	142%	\$3,049	94%	\$502	\$4,930
Highest (Engin '99 / Bus '08)	\$2,946	\$10,852	268%	\$3,676	195%	1.21	1.83
Institutional aid as % of tuition revenue	14%	21%	50%				
Tuition/fees as % of AAU average	76%	88%	16%				
Non-resident undergraduates (incoming students)							
Academic year tuition - base	\$15,224	\$25,400	67%	\$18,995	34%	\$720	\$4,602
Highest (Engin '99 / Bus '08)	\$15,944	\$30,002	88%	\$19,893	51%	1.05	1.18

D

Peers. AAUDE exchanges rates by residency, for grad/UG. Also at grad level for MD, JD, DDS, MBA, PharmD, and Vet -- differentials expected, routine on those in all cases. Only UG differential collected systematically is engineering (collected as "4th year engineering" for reasons I don't understand). Attached has res UG and res engin and ratio between, for AAU publics that reported. Result: for 20 engin = base. For 15, engin is > base, from 1.07 ratio to 1.39 (us) and 1.67 (Toronto). The notes probably talk about business differentials on places that have them.

L:\IR\emgt\TUI\FinancialProfile.xls

L:\IR\emgt\TUI\EngineeringUGDifferentialsAAUPublics.xls

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Cumulative Loan Debt Accrued by CU-Boulder Bachelor's Grads

Perry Sailor, PBA, October 2009

Analysis

- The population was FY 2008-9 graduates with bachelor's degrees (N=3,629), who entered as freshmen.
- They were divided into 3 groups: (1) Entered as resident, graduated as resident (RR); (2) entered as nonresident, converted, and graduated as resident (NR); and (3) entered as nonresident, graduated as nonresident (NN). Only about 7% of students are in the NR group. Two students with missing data and 2 who entered as residents and graduated as non-residents were discarded from the analysis, leaving 3,625 in the analysis.
- Variables: Years with loans, percent with student loans, percent with parent loans, percent with either, averages and distributions of total debt from student loans, total debt from parent loans, and total debt. (Parent loans do not require demonstration of financial need and are at higher interest rates than student loans.) All means and percentiles were computed two ways: (1) including only students with any loan debt (that is, excluding students with zero debt), and (2) including all students, including those with zero debt. They are differentiated in the tables below.

Results

- About half of those who were residents at time of degree, including those residents who entered as nonresidents, had some loan debt. Just over a quarter of students who entered as and remained nonresidents had loan debt.
- Virtually all students with any debt (student or parent) had some student loans – only about 1% had parent loan debt with no student loans. Among students with loans, about half of RR students, 41% of NR students, and 62% of NN students also had parent loans.
- The average student loan debt for RR students with any was \$17,000. The average parent loan debt for RR students with any was \$26,000. The former figure was about the same as the prior year's graduates; the latter was about \$2,000 more.
- The average student loan debt for the quarter of NN students with any was \$21,000. The average parent loan debt for the fifth of NN students with any was \$67,000.
- Because many more student have student loans than parent loans, you cannot simply add average student loan debt if any and average parent loan debt if any to get average total loan debt. Average total debt is far less than these sums. Average total debt for those with any debt – parent and student combined – was \$30,000 for RR, \$47,000 for NR, and \$62,000 for NN. Medians were \$24,000, \$43,000, and \$45,000 respectively.
- When students/parents with no debt were included, the averages were \$15,000 for RR, \$25,000 for NR, and \$17,000 for NN. However, the range is very large for all groups. These averages are about the same as for the previous graduating class.
- In our analyses we assign families to one of four quartiles according to the amount of financial resources they have available, with a fifth group composed of families who did not apply for need-based aid and who are thus assumed to have the most resources. As would be expected, that group had far less average debt than students who applied for need-based aid. But the next lowest debt load – in terms of percent with any debt and average amount of debt – was the group with the least resources. This was not true in earlier years, but has now been the case for two consecutive years. This appears to be because more non-loan aid is going to that most needy group ([Click here](#) to see the tables).

Also see...

- [Summary data for 2008-09 bachelor's recipients \(Excel\)](#).

- [Report \(with link to Excel tables\) for 2007-08 bachelor's recipients.](#)
- [Report \(with link to Excel tables\) for 2006-07 bachelor's recipients.](#)
- [Report \(with link to Excel tables\) for 2005-06 bachelor's recipients.](#)
- [Report \(with link to Excel tables\) for 2003-04 bachelor's recipients.](#)
- [Report \(with tables\) for 2002-03 bachelor's recipients.](#)

Perry Sailor - L:\ir\emgt\fa\cumdebt08-09.doc

Last revision 11/04/09

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THE CHRONICLE

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Admissions & Student Aid

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September 23, 2009

In Credit Crunch, Students and Families Borrow More in Federal Loans

By Beckie Supiano

Students and families borrowed 25 percent more through federal loan programs last year than during the same period the previous year, data from the U.S. Department of Education show. The growth comes at a time when more people are going to college, many families are needier than in the past, and more students are applying for federal aid. Congress also increased the amount that undergraduate students could borrow starting in the 2008-9 academic year.

The loan programs were built to respond to demand, said Robert M. Shireman, deputy under secretary of education. And "we saw a significant increase in demand," he said.

Much of the growth occurred in unsubsidized Stafford Loans, which are available to undergraduates and graduates regardless of need and require them to pay the interest accrued while in college. Borrowers took out 44 percent more in those loans in 2008-9 than in 2007-8.

Growth in unsubsidized Stafford Loans was expected because legislation passed in 2008 allowed students to borrow more in that program, Mr. Shireman said. Undergraduate students were able to borrow an additional \$2,000 a year starting July 1, 2008. This meant dependent undergraduate freshmen could now borrow up to \$5,500 a year in Stafford Loans (unsubsidized and subsidized), up from \$3,500, and a junior or senior could borrow \$7,500, up from \$5,500. Independent undergraduates, who could already borrow an additional unsubsidized Stafford amount of \$4,000 or \$5,000 depending on class year, could now borrow \$6,000 or \$7,000 more.

Congress raised the loan limits to reduce students' dependence on private loans. Tim Ranzetta, president of Student Lending Analytics, which advises colleges on student-loan options, said that many students, including ones who previously had not taken the time to apply for federal aid, may have shifted from private loans to federal ones.

Undergraduates whose parents were denied a PLUS Loan are also now allowed to borrow more in unsubsidized loans, and Mr. Ranzetta says that change may have fueled growth in that loan type. And some students probably borrowed more from the program simply because they were allowed to, said Mark Kantrowitz, publisher of the Web site FinAid.

Growth in Graduate Loans

Final data on each award year's loan volume typically lag for about two years because of the way loan payouts work. To do year-over-year comparisons, the Education Department cut off the loan amounts on September 1 of 2007, 2008, and 2009. Thus the final loans amounts will probably be higher for all three years than what the data currently show.

In addition to unsubsidized loans, the data include three other kinds of student loans. Subsidized Stafford Loans are available to undergraduate or graduate students with demonstrated financial need. The government pays the interest on these loans while the student is in college and for a six-month period afterward, as well as if the student defers repayment. In contrast, students with unsubsidized loans are responsible for paying the interest. The government sets limits on how much students can borrow in each Stafford program, as well as a total amount they can borrow each year based on factors including class rank and financial need.

The other two loan programs are Parent PLUS, available to parents of dependent undergraduate students, and Grad PLUS, available to graduate or professional students. A borrower must pass a credit check to qualify for those loans and can borrow up to the student's cost of attendance minus other financial aid.

The Education Department data show that borrowing in the subsidized Stafford program grew at about the same rate last year as it did between 2006-7 and 2007-8. The volume borrowed in the Parent PLUS program actually decreased slightly, following another decrease the year before. Mr. Shireman said he would have expected to see an increase in the loan volume for Parent PLUS as borrowers moved away from private and home-equity loans. Other factors, like worries about taking on debt in a down economy or not qualifying for the PLUS loan, may have prevented that from happening, he said.

However, Grad PLUS Loans experienced large growth, increasing about 39 percent last year. Graduate students did not have an increased Stafford limit, so increases in their federal borrowing were concentrated in Grad PLUS, a type of loan that was first offered in 2006. Many private loans are geared toward graduate

students, Mr. Shireman said. When those loans were harder to find, or harder to find a good rate on, borrowing shifted to Grad PLUS.

Bank-Based vs. Direct Lending

The data also show that the volume of loans in the direct-lending program grew significantly. Colleges can chose between two programs: direct lending, in which loans are made by the Education Department, and the Federal Family Education Loan Program, in which banks offer federal loans to their students. (Some colleges participate in both programs.) A number of colleges moved from the bank-based program to direct lending for the 2008-9 award year because of concerns about the number of lenders leaving the bank-based program. Congress had cut subsidies to banks issuing federal student loans, and the credit market was constricting, so some lenders dropped out of the program. The U.S. Senate is considering a bill that would eliminate the bank-based program completely and use the projected savings to bolster Pell Grants, among other programs.

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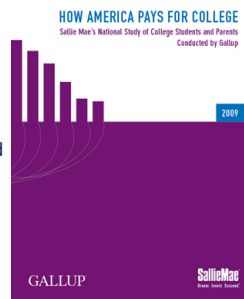
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How America Pays for College 2009: A national study by Gallup and Sallie Mae

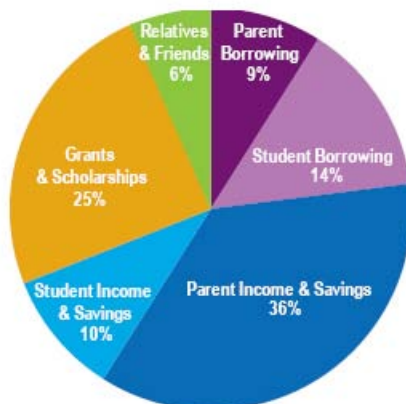
Sallie Mae's "[How America Pays for College 2009](#)" study (PDF 2.16MB), conducted by Gallup, finds American families are making the investment in higher education the smart way – by pursuing grants and scholarships more frequently than borrowing. Based on a nationally representative survey of college-going students and parents of undergraduates, the study found that:

- 58 percent of families invested in higher education last year without borrowing
- 67 percent are confident in their ability to continue to meet cost of college in current economy
- 51 percent received grants and scholarships
- 25 percent of students borrowed federal loans
- 12 percent of students borrowed private education loans
- 5 percent used credit cards to pay for college expenses



How the average family pays for college

Average percentage of total cost of attendance paid for each source:



Released in August 2009, the study confirmed that families deeply value higher education, with 91 percent agreeing that continuing education leads to a better quality of life.

"[How America Pays for College 2009](#)" study (PDF 2.16MB) is the second annual study of college students and parents. Last year's full report is available [here](#) (PDF 3.0MB).



How America Pays for College

- [▶ Study \(PDF 2.16MB\)](#)
- [▶ Highlights \(PDF 230KB\)](#)
- [▶ News Release](#)

Related resource

- [▶ Education Investment Planner — Project the total cost, compare schools and build a plan to save your goal amount.](#)
- [▶ How America Saves for College](#)



FEEDBACK

HOW AMERICA PAYS FOR COLLEGE

HIGHLIGHTS OF FINDINGS

Sallie Mae's study, *How America Pays for College 2009*, conducted by Gallup, provides a picture of how families made the investment in higher education last academic year and how they are beginning to meet the challenges of the economic recession. Based on a nationally representative survey of college-going students and parents of undergraduates, the study found that, despite the country's economic challenges, American families expressed unexpected confidence in their ability to continue to pay for their son's or daughter's education. They reported that parents continue to be the largest source of funding for college costs. Families indicated that their total cost of attendance increased by 9 percent over the previous year's survey with no appreciable change in the type of colleges and universities attended.

The report is the second annual Sallie Mae national study conducted by Gallup that examines how families of undergraduate students aged 18 to 24 finance the expenses associated with a higher education. To capture a complete picture of how families meet the costs of college, Sallie Mae and Gallup designed this study to gather data directly from families of the college-going population on their attitudes, aptitudes and actual experiences regarding paying for college. For this year's study, Gallup surveyed 800 college-going students and 804 parents of such students in March and April 2009 on a series of questions that gauged Americans' willingness and ability to pay for postsecondary education.

The timing of this survey came after the onset of the most severe economic recession in decades. However, families made most of their financial decisions for the 2008-09 school year in the spring and summer of 2008, and selected their institutions even earlier. As a result, the survey is likely to capture only the beginnings of the impact of the economic uncertainty on college choices. However, families' attitudes about how they can continue to meet college costs would be strongly reflected in this survey.

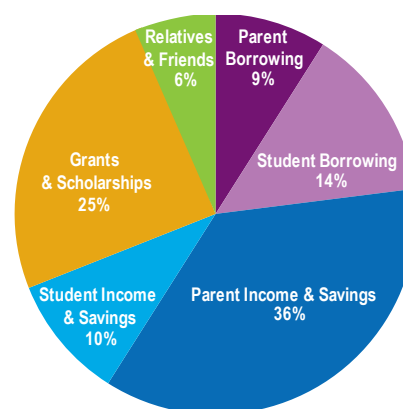
BORROWING TO FINANCE HIGHER EDUCATION

One of the most significant findings of this report is to put in perspective the role of borrowing in financing higher education. The study finds that borrowing is an important source of funding, but not the most important source. In fact, despite the economy, 58 percent of families accessed college in academic year 2008-09 without borrowing at all. The remaining 42 percent of families who borrowed spent, on average, 30 percent more on their education than those who did not, suggesting that many appeared to use borrowed funds to reach for a desired school of their choice.

HOW THE AVERAGE FAMILY PAYS FOR COLLEGE

As with last year's study, Gallup used the data on funding sources to develop a composite picture of how the average American family pays for college. This year's composite improves upon last year's study through adjustments in the survey to better capture contributions from income and other non-borrowed sources as well as better reporting of private education loans.

Fig. 1 How the Average Family Pays for College: Average Percent of Total Cost of Attendance Paid from Each Source



With these improvements, the composite shows that, on average, parents funded 45 percent of the cost of their daughter's or son's college education, either directly from their own resources (36% from income and other savings) or borrowing (9%). The second largest funding source was grants and scholarships which funded, on average, 25 percent of all college costs. Students paid for 24 percent of their education, either through borrowing (14%) or from their own income and savings (10%). In addition, friends and relatives helped with 6 percent of the costs.

DIFFERENCES BY HOUSEHOLD INCOME, RACE OR ETHNICITY, AND TYPE OF INSTITUTION

The composite shows important differences in how families across income levels and racial/ethnicity backgrounds pay for college. In addition, the type of institution attended can also make a difference.

- ▶ Middle-income families attained far less grant and scholarship aid than those with lower incomes, and appear to supplement the difference with parental personal assets and a slightly larger share of borrowed funds.

- ▶ Higher-income families paid nearly 40 percent more in college costs than middle- and lower-income families, financed primarily from sizable contributions from parents' income and savings (on average more than \$12,000).
- ▶ Hispanics and African-Americans drew upon borrowed funds for a much higher share of attendance costs than did White families, with Hispanic households borrowing to pay for 32 percent of costs and African-American families borrowing 34 percent compared to 22 percent for White households. African-American families appeared to borrow a higher proportion of their income for college costs than did other races or ethnicities, consistent with their strong expressions of the importance of higher education as necessary for a better quality of life. Hispanic families, who most strongly rated college as part of the American Dream, appeared to be more cost conscious about college, but also received fewer scholarships and grants (an average of \$4,442 compared to \$5,268 for African-American students and \$5,021 for White students).
- ▶ Community college students paid the most out of pocket and borrowed the least compared to their counterparts at other institution types. On average, they contributed nearly one-third of college costs from their own income and savings.

COST CONSIDERATIONS AND VALUE OF EDUCATION

Other major findings emerge from the survey's extensive data. The recession may be strengthening the resolve of American families to pursue higher education. Social benefits of continuing postsecondary education—achieving the American Dream and meeting family expectations—were rated higher than last year by all races/ethnicities and most income groups. Strong support for various financial benefits of a college education continues to be evident. However, compared to last year's study, students appear to be more cost conscious when considering the value of college, whereas parents are more willing to stretch financially and have somewhat higher opinions of the value of college. Although still seen as an investment in the future, fewer students (53%) indicated they would rather borrow than not attend college than did so last year (67%).

Even so, more than four in 10 families did not narrow their choices of colleges based on cost, unchanged from the previous year. Fifty-eight percent of families who borrowed said that they did not take the student's

expected starting salary into consideration or it didn't make a difference when they decided whether or how much to borrow. In addition, 23 percent of students could not answer when asked to estimate their likely monthly student loan payment. The remaining 77 percent gave answers that showed little correlation between the total amounts they estimated they would borrow and their projected monthly payments.

CONFIDENCE IN ABILITY TO MAKE INVESTMENT IN HIGHER EDUCATION

Despite the economic times, 67 percent of parents expressed confidence in their ability to continue to meet the cost of their son's or daughter's college education, compared to only 13 percent who expressed no or little confidence. Still, there was a marked increase in the percentage of parents who were extremely worried that the value of their savings and investments would be lower (31% compared to the previous 17%). The No. 1 worry of parents continued to be that schools will raise tuition (35% were extremely worried with another 23% worried).

APPLYING FOR FINANCIAL AID

The study found that once again nearly one in four families remain ineligible for federal grants or student loans because they fail to complete the Free Application for Federal Student Aid (FAFSA). Nearly nine in 10 lower-income families submitted the application but the completion rate drops as income rises. This year's survey found that nearly half did not fill out the FAFSA because they were unaware of it (18%) or they didn't think that their family would qualify for aid (30%).

For the full study, please visit

www.SallieMae.com/HowAmericaPays 