



## 6 WAYS TO MAKE COLLEGE MORE AFFORDABLE

According to the U.S. Department of Education nearly 13.5 million full time and 8.5 million part time students will enroll in American colleges and universities this fall.<sup>1</sup> The numbers represent a slight decrease in overall postsecondary enrollment for the second straight year. One reason for the trend of declining enrollment is the skyrocketing cost of tuition and fees. The American Action Forum (AAF) wants to give college students a few suggestions for trimming the cost of a college education.

### TIP 1: TAPPING THE TWO-YEAR PRICE ADVANTAGE

Most public two-year institutions offer robust catalogs of introductory undergraduate courses. For a year or two, students wanting to knock some of the cost off of their undergraduate degree can study at their local community college and get their general education requirements out of the way. Often times, students can do this for only a fraction of the cost of the same courses at a public or private four-year institution. Other options, including online courses, provide very inexpensive credits for students interested in making quick progress through self-paced, online instruction.

Potential Savings:

Up to \$5,629 per year

Assuming the average difference between public two-year and four-year tuition rates, a single year at a community college could save students up to \$5,629.<sup>2</sup>

#### *What to watch out for:*

Articulation agreements: Make sure you look for agreements or policies that make it very clear which credits will transfer to another institution. Most two-year colleges have worked out articulation (credit transfer) agreements with their public four-year partners nearby, but you shouldn't take it for granted that any or all credits will transfer unless it's clearly spelled by your college *and* the college to which you hope to transfer.

#### *How policymakers could help:*

Credit transfer has been a hot button issue for years, as institutions claim the autonomy to award credit as they see fit, but important efforts by the American Council on Higher Education (ACE) and others have helped streamline the process for a number of institutions. Federal regulation of articulation agreements has met significant resistance from institutions and states, but a bit of prodding by policymakers might help encourage more industry self-regulation, which would ultimately benefit students seeking to transfer credits.

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<sup>1</sup> Hussar, W.J., and Bailey, T.M. (2013). Projections of Education Statistics to 2022 (NCES 2014-051). U.S. Department of Education,

National Center for Education Statistics. Washington, DC: U.S. Government Printing Office.

<sup>2</sup> <https://trends.collegeboard.org/college-pricing/figures-tables/average-published-undergraduate-charges-sector-2013-14>



## TIP 2: BORROW LESS THAN YOU THINK YOU NEED

Federal financial aid is awarded based on need, and need is calculated on ‘cost of attendance,’ not simply tuition rates. This means the federal government makes some assumptions about your lifestyle and adds that to your tuition rates to come up with an estimate for how much aid you need. Your qualified aid amount includes tuition plus transportation, grocery, and even entertainment costs. Opting for less than the government says you’re eligible for can save a lot of money, as interest accrues on all loan dollars, whether they’re used for tuition, books, or lattes from Starbucks.

Potential Savings:

Up to \$253 per \$1,000 not borrowed

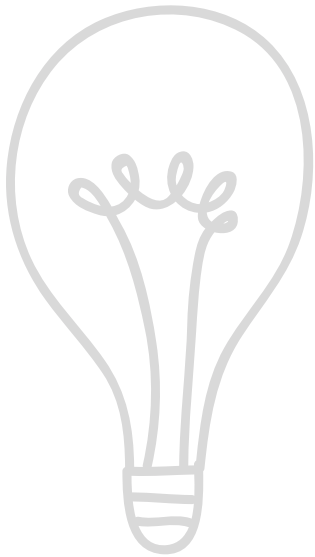
At the current interest rate of 4.66 percent, opting out of \$1,000 in additional loans could save you \$253 in interest payments over the life your loans (in standard 10-year repayment), plus the \$1,000 in loan principal. The more you leave untapped, the more you potentially save.

### *What to watch out for:*

It isn’t always easy to borrow less than the government thinks you need, so you may need to spend an extra hour or two in the financial aid office to get them to adjust your award letter. If you’re into saving money, it could be time well spent.

### *How policymakers could help:*

Over-borrowing is getting a lot of attention from several sectors, especially as total student loan debt continues to grow. Providing students with more flexibility up front to borrow only what’s needed gives more teeth to the numerous disclosures provided to borrowers.





### TIP 3: DON'T BORROW UNSUBSIDIZED LOANS (IF YOU DON'T HAVE TO)

Related to the previous point, if you qualify for unsubsidized student loans, think carefully before taking them on. As described by the Edvisors, the financial aid information site, the difference between subsidized and unsubsidized loans is that the federal government pays the interest on subsidized loans during periods of authorized deferment, such as the in-school and economic hardship deferments, while interest accrues on unsubsidized loans, even while you're in school. This makes subsidized loans a less-expensive option for students. For graduate students, the rate on unsubsidized loans is higher than subsidized loans, now at 5.81 percent (instead of 4.66 percent), making them even less attractive. It's a bit easier to opt out of unsubsidized loans as well, if you've already qualified for subsidized loans, as you can decide for each type of loan whether you'll accept the federal government's offer of aid. As tempting as it may be to have the extra cash on hand, opting for less up front borrowing will pay off over the long term.

Potential Savings:

**\$2,506 or more over the life of your loans**

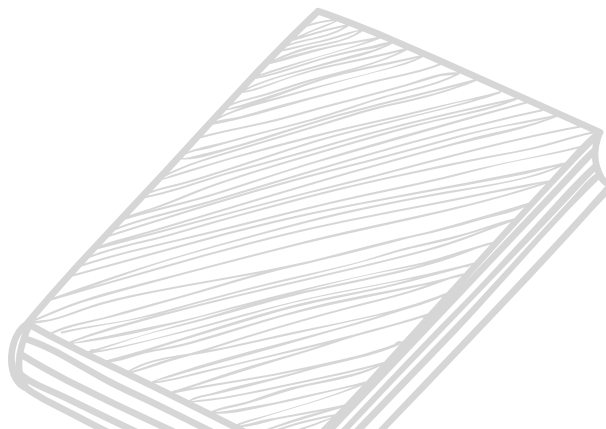
If you're eligible for the maximum amount of subsidized loans, you'll also be eligible for up to \$2,000 in additional unsubsidized borrowing per year. If you don't qualify for the maximum subsidized loans, you'll have access to even more unsubsidized loans, depending on how long you've already been in school (undergraduate students with a few years out of the way are given more borrowing ability than first and second-year undergraduate students).

#### *What to watch out for:*

Read your award letter carefully. If you qualify for subsidized loans as well as unsubsidized loans, and you need to borrow, make sure you check the correct box to get your subsidized loans.

#### *How policymakers could help:*

Federal student loan programs could benefit from a lot of changes, but the rationale for two forms of student loans for undergraduates adds unnecessary complexity. If having different terms and conditions for different borrowers is a desirable policy outcome, at least changing the program so undergraduate students have access to a single form of federal student loans and graduate students have access to another would make the process less complicated for all involved.





## TIP 4: ACCESSING ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE CREDITS

Advanced Placement courses are a well-known method for getting some early undergraduate courses out of the way. An AP exam costs \$89 (or \$119 for students outside the United States), and students with financial need can qualify for fee reductions. Depending on the course, success on an AP exam can wipe out one, two, or even three college level courses, netting up to 12 credit hours for a single exam. International Baccalaureate courses aren't quite as well known, but carry many of the same advantages as their Advanced Placement counterparts.

Potential Savings:

Up to \$2,400 per exam

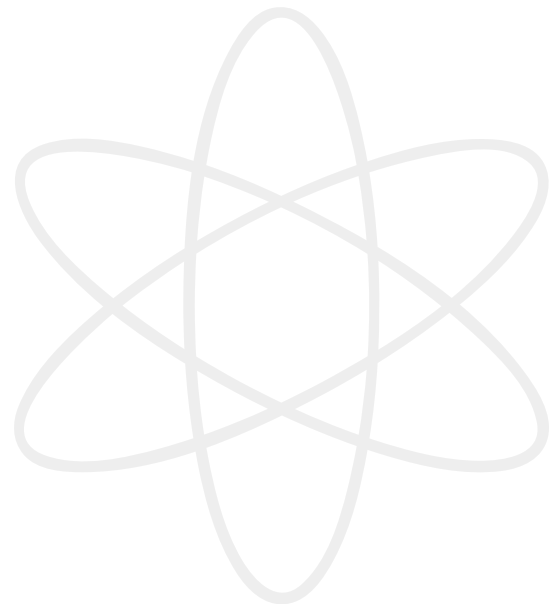
At an estimated price of \$200 per credit hour, finding 12 credit hours could save you up to \$2,400, or more, where the price per credit hour is even higher.

### *What to watch out for:*

There isn't a uniform credit determination for AP and IB exams – each college makes their own determinations, although most are within a fairly similar range. Higher scores typically mean more credits, but it's not the same across all exams and subjects. It's worth looking into the credit policies at your institution to see what to expect. Naturally, if you're already in your second semester of your senior year of high school, you've probably missed most of your opportunities to take advantage of this option. It is beneficial to plan ahead while you're in high school, and even middle school, to make sure you're on track for more advanced courses in high school.

### *How policymakers could help:*

Not all students have access to AP or IB programs, despite efforts in recent years to expand access to low-income student populations. Policymakers should reexamine the Javits Gifted and Talented Students Education Program to further level the playing field, and make sure that motivated students from any background can take advantage of early college credit. Moreover, Congress should ensure that federal funds are flexible enough to ensure school districts have the resources needed to meet their local challenges.





## TIP 5: DIVING INTO DUAL ENROLLMENT PROGRAMS

A growing number of high schools, and even middle schools, are creating programs of study that provide college credit for certain courses. These courses may be offered in conjunction with local community colleges, and some of the more aggressively oriented programs give students the chance to earn a certificate or even an associate's degree when they graduate from high school. Earning a certificate or even two years of college credit before entering college would obviously provide substantial benefits for students able to capitalize on a dual enrollment program

Potential Savings:

Up to \$3,264 per year

These estimated savings are calculated based off of the average tuition and fees for traditional two year public schools.

### *What to watch out for:*

A number of dual enrollment programs require students to attend at other campus locations (the local community college or extension center), so transportation can be an issue. Not all programs give students a chance to earn their certificate or degree before they graduate, so making sure you can pick up your program where you left off is an important consideration.

### *How policymakers could help:*

Encouraging broader dual enrollment programs could help a larger number of students, and providing some access to federal financial aid for needy students might expand access a larger pool of deserving students.





## TIP 6: ATTEND SUMMER SCHOOL

Four-year colleges and universities have expanded enrollment options to the point where nearly all institutions offer a catalog of courses available during the ‘off-season,’ giving students the chance to earn additional credits during the summer. Since many of these courses are compressed, students typically enroll for a smaller number of credits and tuition rates are charged on a straightforward per-credit hour basis. Taking two courses during two or more off-seasons could reduce the amount of time spent at a university by an entire semester, shortening the time to a degree.

Potential Savings:

Roughly \$2,400

### *What to watch out for:*

Students taking advantage of summer courses may want to get it out of the way early, as later undergraduate courses are sometimes harder to schedule during the off-season. First and second year undergraduate courses, especially general electives like biology or history, are commonly available, but trying to get your senior seminar or capstone types of courses could be a challenge. Federal financial aid, the Pell grant in particular, isn’t set up to accommodate year-round attendance. It can be done, and financial aid offices can work with students who express an intent to attend year-round courses, but it will take some planning to make sure your aid dollars stretch to cover all of your courses.

### *How policymakers could help:*

The year-round Pell was popular with students, but fears over the cost of the program led to its cancellation just a few months after it was started. It’s worth revisiting the year-round Pell, as well as all of the other federal financial aid programs, to make sure the systems accommodate students who are committed to attending all year.

