

How Much - Calculating the Cost of Online Education (Jul 11)

By Melissa Venable

Is an online education a better bargain financially than a traditional program? There are conflicting reports and old assumptions may not be accurate anymore. For-profit and not-for-profit, four-year and two-year, changes in the economy are affecting all sectors. It's important for you to do the math on your own, comparing the schools and programs you are interested in, and ultimately choose a program that meets *your* career and education needs, and is within *your* budget.



New [initiatives and federal requirements](#) aim to make the process of comparing costs a little easier. More transparency will hopefully lead to open availability of information that allows you to accurately estimate costs related to a specific school and program before applying.

New Information on College Costs

The U.S. Department of Education (USDOE), as part of a requirement set forth in the 2008 renewal of the [Higher Education Opportunity Act](#), has published more detailed resources about the cost of higher education. The USDOE's new [Information on College Costs](#) site presents three pages to help you identify and compare costs at different schools before you make decisions about your higher education plans.

- [College Affordability and Transparency Center \(CATC\)](#): This page allows you to search by type of institution (public, private, for-profit, and not-for-profit) and choose reports for highest and lowest tuition and net prices. A separate search feature is provided for career and vocational programs, as well as a link to the [College Navigator](#) site for additional resources and search options.
- [State Spending Charts](#): Select your state from the dropdown menu and then download the spreadsheet that is generated with information about state and local grants and appropriations, and how this funding has changed annually since 2004.
- [90/10 Information](#): This page provides a list of for-profit schools that receive more than 90 percent of their income from federal student aid. Ninety percent is the maximum amount allowed; institutions must receive at least 10 percent of their revenue from other sources. This issue has had a lot of attention in recent months as the [USDOE and legislators reviewed for-profit practices](#). Schools that are not able to comply with this rule after a provisional time period could lose eligibility to receive federal student aid. For more information about the 90/10 rule, read this U.S. Government Accountability Office [report summary](#) from 2010.

Net Price Calculators

The Higher Education Opportunity Act also requires all institutions that receive [federal financial aid](#) - and enroll full-time, first-time degree or certificate seeking undergraduate students - post a [net price calculator](#) on their websites. This requirement begins on October 29, 2011, but many schools are already in compliance. These calculators allow you to estimate the total costs associated with a specific school. Take a look at the examples already posted by the [University of Minnesota-Twin Cities](#) and [Southeastern Bible College](#).

Net price estimates include tuition and fees, as well as other costs such as textbooks, supplies, and related expenses. If you are interested in a traditional school, you can also add in the costs related to room and board and transportation. The calculators allow you to subtract amounts related to any financial aid you are anticipating in the form of scholarships, loans or grants. Look for these net price calculators on institution web pages related to admissions, financial aid, and information for prospective students.

Questions and Concerns

There are already several concerns about how the new USDOE databases and required net price calculators will work. There are also general caveats about comparing costs across programs and among schools.

- **Accuracy of information:** Each school is responsible for entering cost information into its calculator's database. [Read the fine print](#) to make sure the estimate you receive is based on current tuition and fee amounts.
- **Complex forms:** To be more accurate, the calculator tools may include a lot of questions, which can be time consuming to complete and a turn-off to students. Take the time required to complete this step in your research.
- **Room and board:** Some of the costs stated on school and government sites include room and board expenses, while others in the same list may not. Make sure you are [comparing equivalent costs](#) when looking at potential schools side-by-side.
- **Program delivery:** Institutions that offer programs in on-campus and online formats [may not charge the same tuition or fees](#) for both versions. In some cases online will be more expensive, while in others online will be less expensive. Check the details of program costs carefully when making your comparisons.

Do your homework and stay up-to-date on these issues. These tools will likely be continuously reviewed and tweaked as more of them come online.

More Financial Calculators

You'll find a wide range of personal finance and college planning calculators online. I've listed a few of these below, but look for others that might be helpful to you in your search for affordable higher education opportunities.

- **[Student Loan Calculator](#):** Use this site to figure out how much your loan repayments will be after you graduate. You'll need to know your loan amounts, any related interest rates, and have an estimate of your starting salary after graduation.
- **[College Savings Calculator](#):** Use a tool like this one to help you plan ahead. Enter the annual cost of the institution you would like to attend, the number of years before you plan to enroll, and information about your income and savings potential. This calculator provides advice on how much you should be saving, and how you might adjust your plans, so you will be prepared when you are ready to enter a program.
- **[Student Budget Calculator](#):** Students, both online and traditional, can benefit from understanding their own finances and planning a budget. This calculator encourages you to identify costs associated with school (tuition, fees, books, etc.) and living expenses (rent, utilities, child care, etc.).

More calculators, ranging from simple to complex, can be found at [The College Board](#) and [FinAid.org](#).

Gather the information you need!

Underestimating the cost of higher education is a [common mistake](#) encountered by online students. Use these new tools to thoroughly research the costs related to any of the programs you may be considering – online and traditional. Cost is just [one of many considerations](#) you'll want to explore before making your final decisions about applications enrollment.

July 6th, 2011 written by [Melissa Venable](#)

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