

## Dorm Room Optional: Families Cut Costs to Keep College in Reach

Search for savings reshapes experience for kids who pay more, lower aims

By MEG HANDLEY

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Outfitting a closet-sized dorm room and saying farewell to Mom and Dad—at least until Thanksgiving break—used to be hallmarks of going away to college.

But thanks to a struggling economy and soaring college costs, the "college experience" these days might more often involve stashing the stuffed animals in a childhood bedroom and carving out space at the family kitchen table to do bio homework.

That's because more than half of students attending college this fall will be living at home with their parents to save some dough, [according to a new report released from Sallie Mae this week](#), up 9 percent from the 43 percent of students who commuted in 2010.

Cutting back on college costs doesn't just mean skipping the traditional dorm-room accommodations. Squeezed by a lagging economy and jobs market, families are axing pricier colleges from their application lists. Almost 70 percent of families said they eliminated certain schools early in the application process because they were too expensive, up from 56 percent three years ago.

[Read: [In 'Financial Tragedy' Wells Fargo to Pay \\$175M Over Predatory Lending Allegations.](#)]

"We have seen a general trend over the past four years of increasing cost-consciousness," says Sarah Ducich, senior vice president for public policy at Sallie Mae. "Parents and families are putting another lens on their college decision-making process. They're saying, 'We want to afford college. It's very important for us, but we need to make some choices to make it affordable.'"

Students themselves are also increasingly funding their own educations as parents' contributions decline and scholarship and grant money dries up. The checks parents write for college tuition and other expenses are now about 37 percent of the total amount spent on college in 2012, down from a peak of 47 percent in 2010.

In what the study calls a "major shift in spending," students are now paying more out of pocket—\$2,555 on average versus \$1,944 in 2008—and borrowing more in federal loans to finance their education this year. The average amount students borrowed from the government has risen 55 percent over the past five years to more than \$7,800, up from around \$5,000 in 2008.

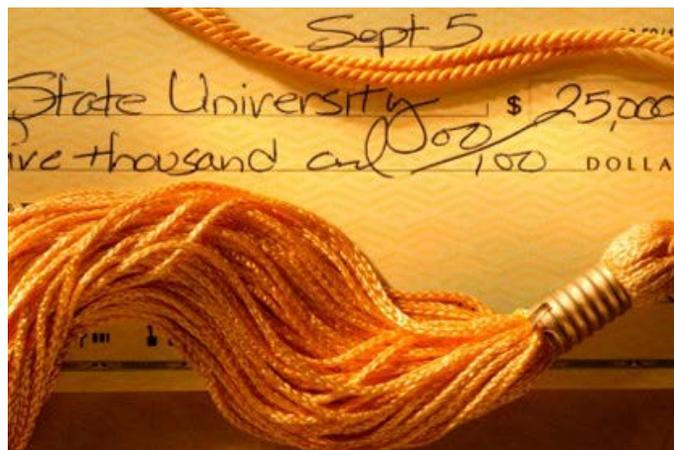
Even high-income families—those earning more than \$100,000 a year—are resorting to loans to cobble together tuition payments, which have climbed 15 percent in recent years, according to the Department of Education. About 27 percent of so-called high-income students took out federal loans in 2012 as opposed to just 19 percent who did in 2011.

"[These families] make too much [to qualify for] need-based aid, but don't make enough to really meet college costs," Ducich says, noting that students from high-income families constituted the biggest increase in federal student loan borrowing this year.

[Read: [How the Heat Wave Could Bust Your Grocery Budget.](#)]

But while families are willing to cut back on college costs and get more creative with how they pay tuition, the vast majority still thinks a university degree is the ticket to a better life and a bigger paycheck. About 77 percent of parents and 89 percent of students strongly agreed that a college education is an investment for the future.

And despite news stories of debt-laden, jobless new grads—outstanding student loan debt swelled to more than \$1 trillion last year—more than 60 percent of students surveyed said they would still rather borrow money to go to college than not attend at all. The number of students willing to stretch themselves financially is at the highest level in five years.



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"This is an investment in the student's future. It's needed now more than ever. It is a path to earning more money—[survey respondents] don't just agree with those statements, they strongly agree with those statements," Ducich says. "What we're seeing is this cost-consciousness, but that in this economy a degree is essential. They're going to find creative ways to make that happen."

Still, while stretching one's budget to get that "essential" college degree is seen as necessary sometimes, paying through the nose for pricey schools and plush housing is anything but essential to an increasing number of American families.

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