

HOW TO GET PRIVATE SCHOOL FINANCIAL AID

Private school is expensive, but there are many forms of financial assistance available.

By [Doug Abrahms](#) | Dec. 23, 2021, at 9:29 a.m.

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For parents of younger children, saving to pay for tuition is often an option and there are several government programs designed to help.

Let's face it, private school is expensive, and tuition can be a major barrier for many families. But financial assistance is available, if parents are willing to do some research.

Nationwide, private school costs an average of \$12,350 a year for K-12 and more than \$16,000 for high school, according to the Education Data Initiative. But costs can be dramatically higher in many parts of the country. At New York City's elite Dalton School, for instance, tuition for the 2021-22 school year was \$55,210.

For families who cannot afford to pay big tuition bills out of pocket, funding private school often means assembling different types of assistance such as loans, vouchers, private scholarships and – perhaps most important – financial aid from the school itself.

"Financial aid from the school is far and away how most families fund private education if they cannot afford it," says Myra McGovern, vice president of media for the National Association of Independent Schools, known as NAIS.

Turn to the School First

An estimated 28% of private school students nationwide receive some form of financial aid, according to the Education Data Initiative, and that number is even higher at some schools. At Phillips Academy in Andover, Massachusetts, for example, 46% of students receive financial aid and 12% receive full scholarships, according to the school's website.

more than \$19,000 in the 2020-21 school year.

Most NAIS schools offer financial aid, and families fill out financial forms that are similar to what's required for college financial aid programs, McGovern says. Some schools provide a certain number of full-tuition grants and others may offer partial scholarships.

Mark Kantrowitz, a financial aid expert and former publisher of Savingforcollege.com, agreed that the most accessible financial aid for private K-12 students is provided by schools. But he also notes that there are other forms of help available.

Scholarships for K-12 students are available through private initiatives like the Children's Scholarship Fund and the Cooke Young Scholars Program, and there are tax credit-funded programs in some states, Kantrowitz says. Parents can also take advantage of savings programs such as 529 Plans and Coverdell Education Savings Accounts, as well as state voucher programs.

Understanding 529 Plans

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A 529 Plan is a tax-advantaged savings plan designed to help pay for tuition. Though it is a federal program, the plans are administered by each of the 50 states and the District of Columbia. They were originally limited to post-high school education costs, but were expanded to include K-12 education in 2017.

Contributions are not tax-deductible for federal income tax purposes, but more than 30 states offer tax deductions or credits of varying amounts for contributions. The federal government does not tax earnings in these accounts, and you will not pay taxes when you withdraw money for qualified education expenses. Other things to know about the program include:

- Maximum contribution limits vary by state, but many parents cap contributions at \$15,000 per year to avoid federal [gift tax](#) reporting requirements.
- There are no restrictions on the income level of contributors.
- Withdrawals for K-12 schooling are limited to \$10,000 annually and can only be used to pay tuition.

When it comes to being able to afford private school, a 529 plan can be a great place to start, especially if parents start early, says Melanie Hanson, senior editor of EducationData.org. "Most people think of a 529 in terms of college tuition, but the money can be used for many kinds of education expenses, including private school," she says. "It's not unreasonable to start a plan for your child at birth, especially if you intend to start them in private school at a young age."

Understanding Coverdell ESAs

Coverdell Education Savings Accounts, or ESAs, are tax-deferred trust accounts created by the federal government to help families pay for education expenses. The accounts offer tax-free earnings growth and tax-free withdrawals, and can be spent on educational expenses beyond tuition. Other things to know about the program include:

- The maximum contribution is \$2,000 per beneficiary every year.
- Eligibility is limited to families falling under modified gross income of \$220,000 for joint filers and \$110,000 for single filers in 2021, according to the IRS.
- Funds must be used by students before the age of 30 or taxes, fees and penalties will accompany withdrawals. The age restrictions may be waived for special-needs beneficiaries.

READ: [How Much Does Private School Cost?](#)

School Vouchers and Tax Relief

School vouchers are state-funded programs that allow families to use public funds to attend private schools. There are currently 27 voucher programs operating in 16 states and the District of Columbia, according to the Education Commission of the States.

While programs operate differently in each state, voucher programs essentially use state funds to pay part of the cost of private school. Most programs target low-income families in an effort to provide parents with additional educational choices.

For example, Florida offers the Family Empowerment Scholarship, which provides vouchers to students who qualify for food-assistance programs, whose household income meets certain requirements, who currently live in foster care, or who meet other criteria. The program serves more than 30,000 students each year and the average scholarship was \$5,955 in the 2019-20 school year, according to EdChoice, an advocacy organization.

In addition, some states offer families various types of limited tax relief for K-12 private school expenses. Nine states (Alabama, Illinois, Indiana, Iowa, Louisiana, Minnesota, Ohio, South Carolina and Wisconsin) provide tax credits and deductions for education expenses including private school tuition, according to EdChoice.

Louisiana, for instance, offers deductions to families who pay for private school tuition, uniforms and other expenses. More than 70,000 taxpayers took advantage of the program with an average tax deduction of nearly \$5,500, according to EdChoice.

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