

I'm gonna to be honest here - the costs of homeschooling your child are enormous.

I know some of you may disagree, having done your own research into how expensive homeschool can be, but right, wrong or indifferent, I don't believe those sources have given you the entire picture.

Actually, the price tag for a homeschool curriculum (teaching materials + school supplies) can be very reasonable - with the Internet, you can probably get your entire curriculum for free if you look hard enough (including on our site!), leaving only classroom supplies as the major costs. And if you buy your school supplies in bulk during the July/August back-to-school season, you can save a bundle, easily keeping your expenses under \$50 per child.

### **Dollar Cost + Opportunity Cost = Total Cost**

Then, how could I even start our article by writing that first sentence with a straight face (or in the writer's case, steady fingers)?

Because I'm not referring to only the dollars required to buy curriculum and supplies. What I'm talking about is *the time* you will need to invest into your homeschool. If you want to do it right, homeschooling requires you to not only conduct lessons, but also select curriculum, plan the lessons, research homeschool community groups you are interested in joining, ensure that you are meeting rules and regulations of your state, etc. - when you add it all up I think you will see that homeschooling not only turns into your new profession, it becomes a part of your life. This most likely means that you will need to cut back on hours for your day job, or quit your job altogether.

This sort of cost, when you cannot do something that you previously were able to do because of a new commitment you made, is what economists call "opportunity cost" - and since I can't think of a cuter term at this moment, I'll just go with that one for the rest of this article.

Anyway, the opportunity cost of you not going to work because you chose to homeschool is the amount of money that you could have made if you were working. *Depending on your job, this cost varies* - but I think it's reasonable to say that for most of us, working shorter hours (or not at all) results in a significant drop in household income. And so, stress levels can increase because a lifestyle that we were once used to must now be relinquished for a more economic lifestyle (in our family, that means not going out to restaurants as much as we usually did), not to mention trying to absorb the new lifestyle required for homeschool.

Ironically, for most families, the actual dollar costs for homeschool usually do not factor into the overall homeschooling cost equation because the opportunity cost of lost income represents 99.9% of the entire cost of homeschooling, with the dollar cost for curriculum/supplies representing the remainder.

### **So, What Are the Dollar Costs of Homeschool?**

For those itching to know specific dollar amounts spent on homeschool curriculum, I heard of people homeschooling for \$200 to \$1,500 per child each year, with costs rising as the child gets into higher grades - take those figures with a grain of salt, because you have total control over your curriculum, which can impact your costs (for example, we can choose to have Ryan and our family visit Korea and just like that, our homeschool costs will have increased by \$2,000 for that year, or we could choose to

just have Ryan “visit” Korea via the Web, which doesn’t cost anything, except the monthly charges for the Internet).

To get more concrete data on homeschool curriculum costs, there was a national study done in 1996 that indicated average costs of \$550 per child per year. Taking inflation into account, I estimate that present day costs of a homeschool curriculum are now approximately \$760 per child per year. Not cheap. Of course, thanks to the Internet, you can manage your costs down significantly if you wanted to, and given that most of those folks in that survey purchased pre-packaged curriculum since the Internet barely existed in 1996, the true cost of blending both pre-packaged curriculum with resources on the Internet is probably less than \$760, but as a high benchmark, let’s use the \$760, knowing that this figure would probably be more of a maximum figure rather than a typical one.

So what if you don’t have \$760 per child per year to spend on homeschool? Should you just pack it up and close shop? Fortunately, the answer is no.

Based on a study conducted in 1998 by Dr. Lawrence Rudner, with the College of Library and Information Services, University of Maryland in College Park, eighth grade students whose parents spent \$199 or less on homeschool per child per year scored in the 80<sup>th</sup> percentile on nationally standardized achievement tests. Eighth grade students whose parents spent \$400 to \$599 on homeschool also scored in the 80<sup>th</sup> percentile. It wasn’t until parents spent over \$600 (remember, this is 1997 dollars, which is around \$780 dollars today) that the students notched slightly higher scores, in the 83<sup>rd</sup> percentile.

The message here is: Unless you have nothing but the highest expectations for your child (we’re talking Ivy League or top tier university), the amount of money spent on homeschool curriculum doesn’t seem to significantly affect student achievement scores.

### **Financial Assistance**

Alright, so you’ve received the lowdown on homeschool costs. Given that we’re embarking on a costly journey here, are there any forms of financial relief available for homeschoolers?

Since financial assistance comes in various forms, let me address this question by type of financial assistance: 1) Federal tax assistance, 2) financial aid, and 3) other.

#### **Federal/State Tax Assistance: Income Tax Credits**

Income tax credits act to reduce any amounts, dollar for dollar, that you owe in income taxes. For example, if I owed \$100 in income taxes, a \$30 income tax credit would reduce my tax bill from \$100 to \$70.

The good news is that income tax credits exist at both the Federal and State level, which theoretically means that we have 2 chances to take advantage of some savings in our tax bill, one on our Federal Income Tax Return and one on our State Income Tax Return.

The bad news is that income tax credits are currently slim pickens for most of us homeschoolers. Although there are two Federal tax credits available for higher education (i.e., postsecondary institution such as 4-year college, junior college, vocational school, etc), none are for homeschool

families. And although at first this may seem like a bad thing, it's not if you consider that every tax break these days seems to come with a set of strings attached (like regulation) - so it's actually a good thing that there are no Federal income tax credits available at this time.

By the way, if you ever consider advocating for some sort of tax relief for homeschooling (Federal or State), I strongly recommend that you first think about the potential risk for introducing regulation over homeschooling in exchange for said tax breaks. I don't know about you, but I value our freedom to homeschool over a tax break any day. So, ideally, I would advocate for tax credits without any government regulation. Ok - back to our topic.

At the state level, there are currently a handful of states that have income tax credits which homeschoolers can benefit from. For example, in Illinois, expenses up to \$500 relating to tuition and materials can offset any state income tax bill. The states that currently offer income tax credits are: 1) Iowa, 2) Arizona, 3) Minnesota, and 4) Illinois. Check out HSLDA's website for details.

The silver lining around tax credits is that proposing tax credits for education (including homeschoolers) isn't new, and there are several measures, depending on the state, that are currently being considered in those states. Federal income tax credits are also being considered for homeschoolers. The best thing about this is that Home School Defense Legal Association is proactively engaged in ensuring that regulations are left out the tax credit details.

#### Federal Tax Assistance: Coverdell Education Savings Accounts

These are savings accounts that can be established for parents saving money for their children's education expenses, such as tuition, books, and supplies. The interest and principal in these accounts can be withdrawn tax-free. For 2008, the maximum contribution for each beneficiary (the child) was \$2,000.

Unfortunately, the only homeschools that can take advantage of this assistance are those classified as private schools by your state. For example, homeschools in California and Texas can qualify for private school status (in California, you need to file an affidavit declaring your private school status while in Texas, no filing is required). Before you apply for a Coverdell account, please consult your state laws to determine whether your homeschool is considered a private school.

For folks that live in states that do not consider homeschools as private schools, there are a couple of bills proposed by Senator David Vitter (LA) in January 2009 which, if passed, would allow all homeschools to be qualified to use the Coverdell accounts. But don't hold your breath on the final outcome of this one since it typically takes bills months (even years) to get passed into a law.

For more details on Coverdell accounts, go [here](#) and [here](#).

#### Financial Aid

There aren't too many organizations available for financial aid - in fact, I only know of one such organization at this time.

*Home School Foundation*

Founded in 1994, the Home School Foundation offers need-based families scholarships for homeschool. Types of scholarships offered are: 1) Compassion Fund, 2) Widow's Fund, 3) Children of Single Parents Fund, 4) Special Needs Children Fund, 5) Members Helping Members Fund, 6) International Home schooling Fund, and 7) Patrick Henry College Scholarship Fund. Check out their site for details.

Other

Alright, if this article were to end right here, I'm sure that most of you would consider the nearest exit out of the homeschool gig. But fret not - because your costs are very manageable. Sure, it will take more time to research the Internet to obtain free or near-free curriculum, but it's out there (some of it right here on this website!).

Other discount options are purchasing used curriculum and books. Amazon.com, Bigwords.com, Half.com, and Ebay.com are popular choices.

One more free and excellent resource that people overlook is your local library - think about not only the vast number of books and publications you can access, but also media such as MP3 book on tapes, and educational CDs and DVDs that are available.

In the end, taking the extra time to look for these resources can add up to significant savings over time. Personally, we rely on the library and the Internet for a vast majority of my curriculum for Ryan and although that may change in the future, it's working out quite well this year.

**Last Word on Homeschool Costs**

Homeschooling is expensive because it takes a lot of your time to develop your child's education. Financially, it's not the costs of the homeschool curriculum and supplies that are expensive; it's really the time spent teaching your child that means less time available to make a living, which can cause financial pressures on your household.

Moral of the story - Ensure your family can get by on a smaller income if you want to homeschool your child.

One last note - because of the title of this article, we focused the discussion around the costs of homeschooling your child, but we encourage you to consider a final thought, "Given the enormous costs of homeschooling explained above, what do you think the costs are of NOT homeschooling your child... and would you be willing to incur *those costs*?"

See you next time!

- Sun