

# Introduction

After rising at an average rate of 5.0% beyond inflation between 1999-00 and 2009-10 and 3.2% per year between 2009-10 and 2014-15, average published tuition and fees at public four-year colleges and universities rose 1.2% per year between 2014-15 and 2019-20. In 2019-20, the increase was 0.5% (2.3% before adjusting for inflation). Although this news is encouraging, prices have risen rapidly for many years at the same time that household incomes have grown slowly, inequality has increased, and too many students are struggling with repaying student loans.

To understand what tuition increases mean for college affordability, it is important to focus on net prices after grant aid, in addition to household incomes and the earnings payoff to college degrees. Despite the slower growth in published prices, the average net price paid by full-time public four-year college students rose more between 2009-10 and 2019-20 than over the preceding decade. Both Pell Grants and federal tax benefits per student declined after rapid growth in 2009-10, and the increase in institutional grant aid was not large enough to compensate. But most of this increase in net price was in the early part of the decade. Over the most recent five years, increases in grant aid covered about 30% of the relatively small increase in tuition and fees.

At public two-year colleges, where about a quarter of full-time undergraduates are enrolled, more than half of the grant aid comes from the Pell Grant program. Declines in that aid combined with price increases have led to the average student having about \$400 in grant aid available for books, supplies, and living expenses after covering tuition and fees in 2019-20—a decline from almost \$1,000 in 2010-11. In the private nonprofit four-year sector, where price increases have been much steadier over the decade, average net price was lower in 2014-15 than in 2009-10 but has risen since.

As this report documents, income inequality has been increasing for decades. The dollar increase in the average income of the top 5% of families between 1988 and 2018 was more than twice as large as the average income for the middle quintile of families and nine times as large as the average income of the lowest fifth of families in 2018. Given this reality, understanding how families pay for college requires separate analyses for families in different financial circumstances.

In addition to information on tuition and fees and family incomes, *Trends in College Pricing 2019* provides detailed data about room and board and other nontuition expenses in student budgets, variation in prices and their rates of change across states and institution types, and the length of time students take to complete their degrees. Although the report does not include analysis of the causes of changes in tuition prices, it does include information that can provide insight into the forces underlying increases in the prices students pay for college. Potentially relevant factors include changes in enrollments and state funding levels, the composition of institutional revenues and expenditures, and the distribution of endowment resources across institutions.

## PUBLISHED PRICES FOR ONE YEAR OF FULL-TIME STUDY

The prices reported in *Trends in College Pricing* are for one year of full-time study. Many students enroll part time and prorating these prices does not always give an accurate picture of the published prices that students face, much less of the net prices generated by the grant assistance and tax benefits they receive.

Understanding the financial investment needed for a college education requires a focus on the total price of earning a degree, not just the price of one year of college. Among students who began their studies full time at a four-year institution for the first time in 2010, 41% had completed a bachelor's degree at their first institution after four years and 60% had completed a degree after six years (NCES, *Digest of Education Statistics 2018*, Table 326.10). Similarly, as *Trends in College Pricing 2019* documents, 41% of 2015-16 bachelor's degree recipients completed their degrees within four years of first enrolling. For 16%, more than 10 years elapsed before they completed their studies. Although most of these students were not enrolled continuously for so many years, they generally paid more tuition, borrowed more, and often sacrificed more labor market earnings than those who graduated "on time." The more quickly students earn their degrees, the more time they have to earn college-level wages and reap the financial benefits of postsecondary education. Bachelor's degree recipients ages 25 to 34 had median earnings 63% (\$19,550) higher than those in the same age range with high school diplomas in 2018 (U.S. Census Bureau, 2018 Income Data, Table PINC-03).

## TUITION AND FEES VERSUS TOTAL CHARGES

In addition to tuition and fees, we report room and board charges for residential students, living costs for commuter students, and other components of student budgets. *Trends in College Pricing 2019* also includes information on the living arrangements of college students. In 2015-16, 28% of full-time undergraduates taking courses in classroom settings lived on campus; a similar share lived with their parents and 44% lived off campus but not with parents. Whether students live on or off campus, they must pay for housing and food, buy books and supplies, and cover transportation and other basic living costs. Books and supplies are clearly added costs associated with being a student, but many of the other non-tuition expenses are similar to those people face when they are not in school.

The cost of living poses a significant hurdle for many students. Even those who receive grant aid sufficient to cover tuition and fee charges may struggle to meet living expenses. Although most students work at least part time while they are enrolled, forgone wages are the biggest cost for many. Because of the difficulty of measuring this cost, we make no attempt to do so in this report. Since students tend to think of living expenses as part of the cost of going to college, and because they must come up with the funds to cover these outlays, it is useful to use these expenses as a proxy for forgone earnings.

# Trends in College Pricing 2019

As is the case each year, *Trends in College Pricing 2019* includes estimates of both the average net tuition and fees and the average net tuition and fees and room and board full-time students pay in the public and private nonprofit sectors after taking grant aid and tax benefits into consideration. On average, grant aid and tax benefits cover all of the tuition and fees for public two-year college students. Still, the average full-time student in this sector has to cover about \$8,600 per year in nontuition expense—an amount that has increased by about \$1,100 since 2011-12. These net expenses average more than \$15,000 for public four-year college undergraduates and more than \$27,000 for those enrolled in private nonprofit four-year colleges and universities.

The report also includes information on net prices over time for students with different family incomes and dependency status at public, private nonprofit, and for-profit institutions. These estimates, based on data from the National Postsecondary Student Aid Study (NPSAS), use a different methodology and are not precisely comparable to the average net prices reported every year in *Trends*.

## DISTRIBUTIONAL ISSUES

Because of the variation in tuition and fees and other budget components, the data in the *Trends* reports cannot accurately predict the financial circumstances of individual students. Both average published and net prices by sector and by type of institution, state, or income level conceal considerable variation across students. For example, in some states, some public four-year institutions charge much more than others. Some institutions offer more grant aid than others. The nontuition components of student budgets also differ from student to student, depending partially on their living arrangements.

However, as data from the 2016 NPSAS included in this report confirm, students from low-income families pay, on average, much lower net prices than those from more affluent families. Despite the fact that some student aid at the federal, state, and institutional levels is based on criteria other than financial circumstances—and despite the growing share of federal student aid that is not based on financial circumstances—most aid dollars are distributed at least in part to meet financial need and provide greater support to students with more limited resources. Focusing on the distribution of financial aid and the resulting net prices for different students is critical for assessing barriers to college access and success. Rising college prices create large hurdles for some students, while others are able to finance their education without significant hardship.

Each year, *Trends in College Pricing* includes information on the changing distribution of family incomes. This year we note that in 2018, median incomes for black and Hispanic families were 59% and 62%, respectively, of the median for white families and the median family income for families headed by a four-year college graduate was more than twice the median for families headed by a high school graduate. Average published tuition and fees for in-state students attending public four-year colleges rose by \$6,850 (in 2018 dollars) between 1988 and 2018—53% of the increase in income (\$13,000) of the

middle 20% of families and 8% of the increase in income (\$87,930) of the 20% of families with the highest incomes. These facts highlight the reality that family background has a significant impact on the challenges students face financing a college education.

## INTERPRETING THE DATA

### *Measuring Tuition*

A growing number of institutions charge different prices for different years of study and/or for different academic majors. In other words, many students on a campus may face published prices quite different from those reported by institutions in College Board's Annual Survey of Colleges. Even more fundamental, the lines between sectors are increasingly blurry as more two-year colleges offer some four-year degrees. Some states, including Georgia and Wisconsin, have merged some of their two-year institutions with four-year institutions. Changes like these can have a measurable impact on the average prices we report by sector, particularly at the state level. For these reasons, the average published prices for each sector that *Trends in College Pricing 2019* reports are not precise measures.

*Trends in College Pricing 2019* presents detailed pricing data for public two-year and four-year colleges and private nonprofit four-year colleges and universities. We report average tuition and fees in the for-profit sector from federal data. More information about this sector is critical to understanding the circumstances of students enrolled there, who face particular challenges with college completion and student debt.

### *Price Changes*

While the information reported here provides a best approximation of trends in college charges over time, we caution readers about placing too much reliance on either precise dollar amounts or annual percentage changes. Each year we revise the average prices calculated the previous year to account for revised data we receive from institutions and for changes in enrollment patterns.

*Details relating to our methodology and data reliability can be found at the end of the report in Notes and Sources. The tables supporting all of the graphs in the Trends publications, PDF versions of the publications, PowerPoint files containing individual slides for all of the graphs, and other detailed data on student aid and college pricing are available at [research.collegeboard.org/trends](http://research.collegeboard.org/trends). Please feel free to cite or reproduce the data in Trends for noncommercial purposes with proper attribution.*