

The New York Times

October 24, 2013

Despite Rising Sticker Prices, Actual College Costs Stable Over Decade, Study Says

By **RICHARD PÉREZ-PEÑA**

Every year, price increases at private colleges prompt a round of appalled responses and calls for corrective action. But even as some sticker prices approach \$60,000 a year, the amount that students actually pay — because of increased discounts, grants and tax benefits — has barely changed over the last decade, according to a major [analysis of college costs](#) published this week.

The report, by the [College Board](#), shows that the net cost of tuition, fees, room and board for the average student at a private, nonprofit college is about 57 percent of the sticker price, down from 68 percent in 2003-4. That works out to about \$23,000 this year, a figure that, adjusted for inflation, has not varied much for 10 years. (Looking only at tuition and fees, the inflation-adjusted net price is actually lower than it was a decade ago.)

The cost of college, in real terms, did rise significantly in the 1980s and '90s, and the report is not meant to play down the fact that college is often expensive and a burden, said Sandy Baum, one of the authors.

“It’s not hard to find instances of people genuinely struggling to pay the prices they’re being asked to pay,” said Ms. Baum, a senior fellow at the Urban Institute and a research professor at the George Washington University Graduate School of Human Development. “But I think the hand-wringing about the trend is greatly exaggerated.”

That hand-wringing tends to focus on the full, published prices that — without inflation adjustment — have jumped more than 50 percent in the past decade. In particular, news reports cite the higher-than-average sticker prices at the most prestigious colleges, though those universities tend to give the most financial aid and the deepest discounts, too.

Colleges have tried to get the word out for years about discounting and net prices, but “it hasn’t been terribly successful,” said Richard Ekman, president of the Council of Independent Colleges, an alliance of more than 600 private institutions. Though consumers have access to vastly more information about costs, through federal reports and databases,

and the net price calculators that colleges are now required to post on their Web sites, he said, “Much of the public has trouble trying to make sense of these numbers.”

Colleges could simply lower their prices and offset them by reducing discounts, and a few have gone that route, but it goes against the prevailing consumer psychology.

“Some segment of the public is delighted to know that it costs a large number to go there, but their own son or daughter has received a scholarship,” Mr. Ekman said.

But college administrators worry that they may be approaching a breaking point in their ability to keep raising prices, whether or not those prices reflect what most people really pay. And many of the less-wealthy private colleges feel threatened by the rise of inexpensive online courses and degree programs, and a decline in the college-age population.

Public colleges have seen net prices rise sharply, particularly since the last recession began, as they have raised prices to offset plummeting state aid, though this year’s sticker price increases are [the smallest in decades](#). The newest, smallest segment of the market, [for-profit colleges](#), have also had significant increases in recent years.

For private, nonprofit colleges, the combination of higher posted prices and deeper discounts has resulted in bigger disparities in what different students pay: those with low incomes pay lower net prices than they did a decade ago, while those who earn more pay more.

Experts on college pricing say they worry about how that has affected people whose incomes are somewhat above average — those who neither qualify for generous need-based aid, nor are affluent enough to shrug off increases.

A [federal government study](#), cited in the College Board report, showed that for a family in the second-highest quartile of family incomes, the net cost of sending a student to a private college rose almost 8 percent from 2003-4 to 2011-12, more than the increase for people in the top quartile.

“What’s happening with that upper-middle group is a real concern,” said Catharine Bond Hill, president of Vassar College and an economist who has researched college costs extensively. “The net price for them is pretty challenging.”

