

The Complexities of College Costs

Concern over the rising cost of higher education is a key issue for many Americans. Yet there may be some misconceptions about what students need to spend to earn a degree, how institutions manage their money, and what the value of higher education really is for an individual. *Here's how trustees can talk about the cost of college today.*

What most students actually pay for college is lower than published tuition.

The average student paid 50.5 percent less than the published rate at private, nonprofit institutions in the 2017-18 academic year, according to NACUBO. This tuition discounting allows institutions to offer competitive pricing to students of all backgrounds. In 2017, the American Council on Education reported that 55 percent of students received some form of grant aid, decreasing their cost of attendance below the published tuition.

Endowments are a critical funding source allowing institutions to support current and future students.

Endowments often carry legal restrictions that require funds to be spent on student scholarships and other mission-critical expenses such as capital spending, research, and faculty salaries. Boards carry the responsibility of setting endowment spending policies and ensuring funds are used responsibly.

Obtaining a degree provides students with more job security and higher earning potential.

Unemployment remains far lower for people with degrees than those without. During the Great Recession, the unemployment rate for those with bachelor's degrees was 50% lower than those with a high school diploma. And a 2014 Pew studied showed that the earnings gap between young adults with a degree and those without is the highest it has ever been.

Institution leaders recognize and share concern over the increasing cost of higher education.

Board members of both public and private higher education institutions see the price of higher education for students and families as their biggest concern, according to the 2018 AGB Trustee Index.