


Not Your Mother's College Affordability Crisis

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In January 1968, the president of Emory University sent a letter to students' parents (including mine) that apologized for increasing tuition by \$150 a year (Figure 1). A year later, he wrote again to explain yet another price hike that would bring tuition to \$1,980. These letters, found in my father's meticulously maintained files, seem unbelievable to today's students and their families. Emory's tuition for the 2012–13 academic year is \$42,980, and room and board adds another \$12,000. Yet, in 1968 and 1969, the seemingly modest tuition increases were seen as threats to college affordability, and my fellow students and I scoured the then-limited financial aid opportunities and scrambled to find jobs on or nearby campus to defray the increase. (Mine was typing for the sociology department.)

Figure 1. College Affordability Concerns Are Not New



from the NEW YORK TIMES, December 15, 1968

"Meanwhile the public is being hit increasingly in the pocket-book by a wide array of price increases for goods and services ranging from cars to clothing to consulting fees.

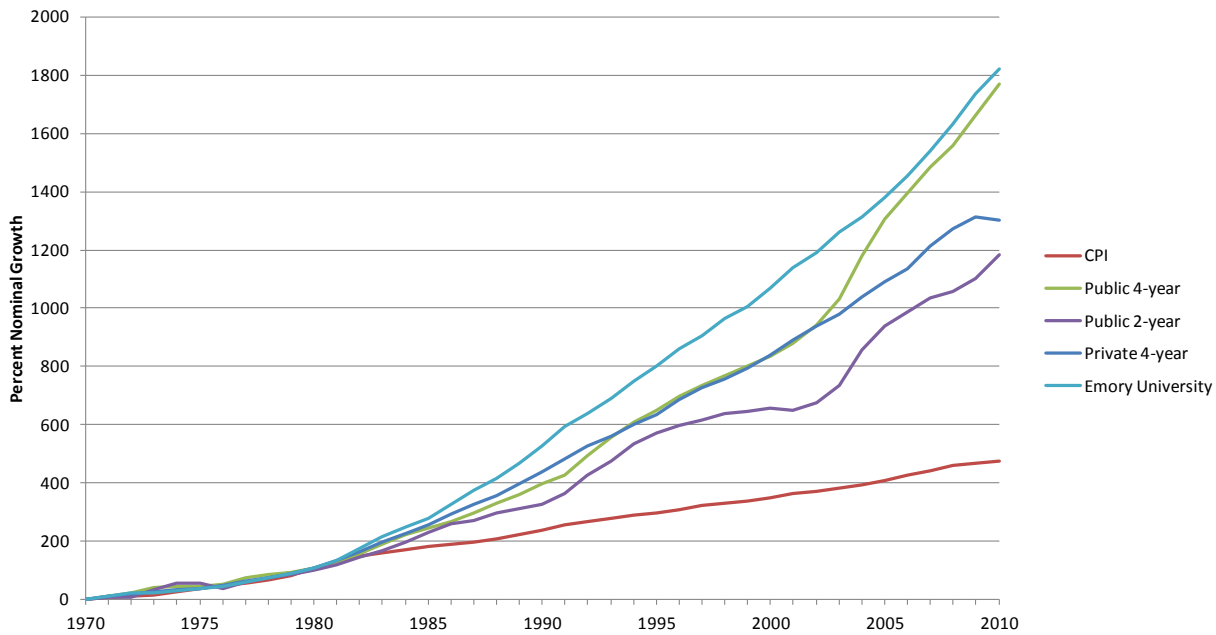
"The head of one New York family cited some of them when he complained recently: 'In a two-week period I had notices that tuition for my three children in private schools is rising between 15 percent and 30 percent - - -'".

The costs of higher education have been rising at a rate almost twice that of the general rise in price levels. This is clearly the result of the very real shortage of qualified teachers, the development of new and costly teaching and research fields, and the inability of education to balance off increased costs by increases in productivity through automation and other technological applications.

I have now been part of college affordability discussions (gulp!) for 40 years. Numerous reports and commissions have tried to explain rising tuitions and affordability concerns over the decades. *But the affordability of higher education is a much bigger deal today, and schools such as Emory University aren't even half the story.* Why is this so?

1. **Tuition has indeed far outpaced inflation.** Since the early 1980s, tuition has increasingly risen faster than the rate of inflation (Figure 2). This is equally true for public and private four-year colleges and universities and also two-year community colleges. In 1970, the average yearly tuition was \$358 for public four-year institutions and \$1,561 for four-year private institutions. In 2010, the average tuition was \$6,695 for public and \$21,908 for private four-year colleges and universities. If public tuition had simply climbed with the rate of inflation, it would have been \$2,052 in 2010. By that same measure, Emory's current tuition would then be \$11,921.

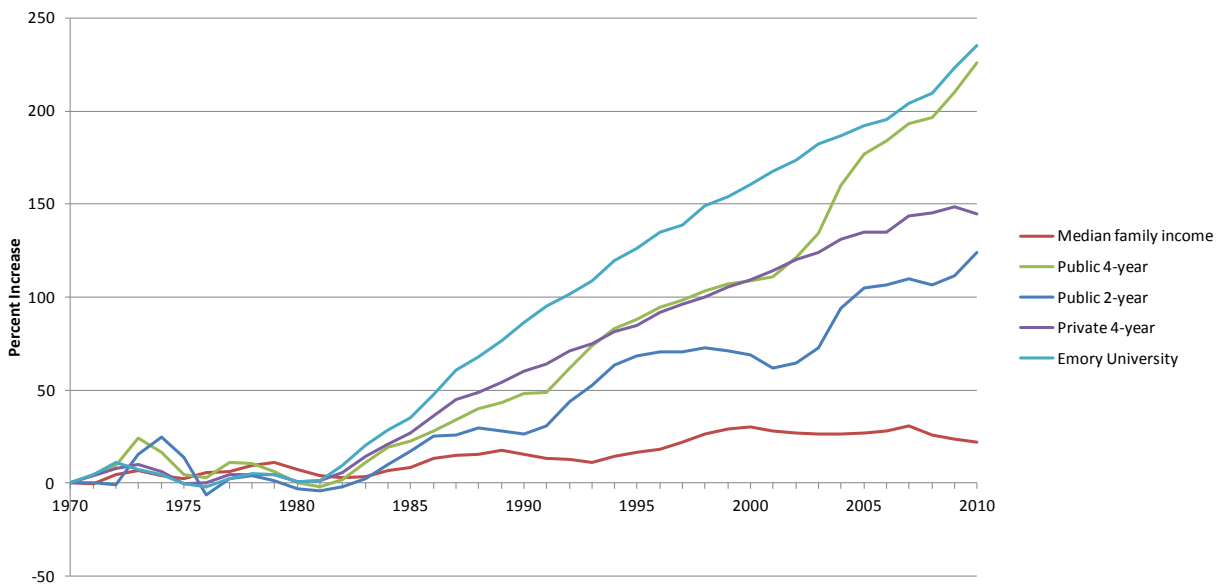
Figure 2. College Tuition Has Outpaced the Inflation Rate Since 1980



Source. National Center for Education Statistics (2012), Table 349.

2. **Family income has not kept pace with tuition increases.** Although the median family income rose 22 percent between 1970 and 2010, public four-year tuition rates increased over 200 percent, public two-year tuition rates increased about 125 percent, and private four-year tuition rates increased slightly less than 150 percent (Figure 3).

Figure 3. Tuition Has Increased Much Faster Than Median Family Income



Source. National Center for Education Statistics (2012), Table 349; U.S. Census Bureau (2010).

As a percentage of median family income, public four-year tuition represented only 4 percent of the median family income in 1970 but had reached 11 percent by 2010 (Table 1). Private four-year tuition jumped from 16 percent to 36 percent of median family income during those years. Emory's tuition represented almost two thirds of the median family income in 2010. No wonder more students from middle and upper-middle-income families are taking out student loans.

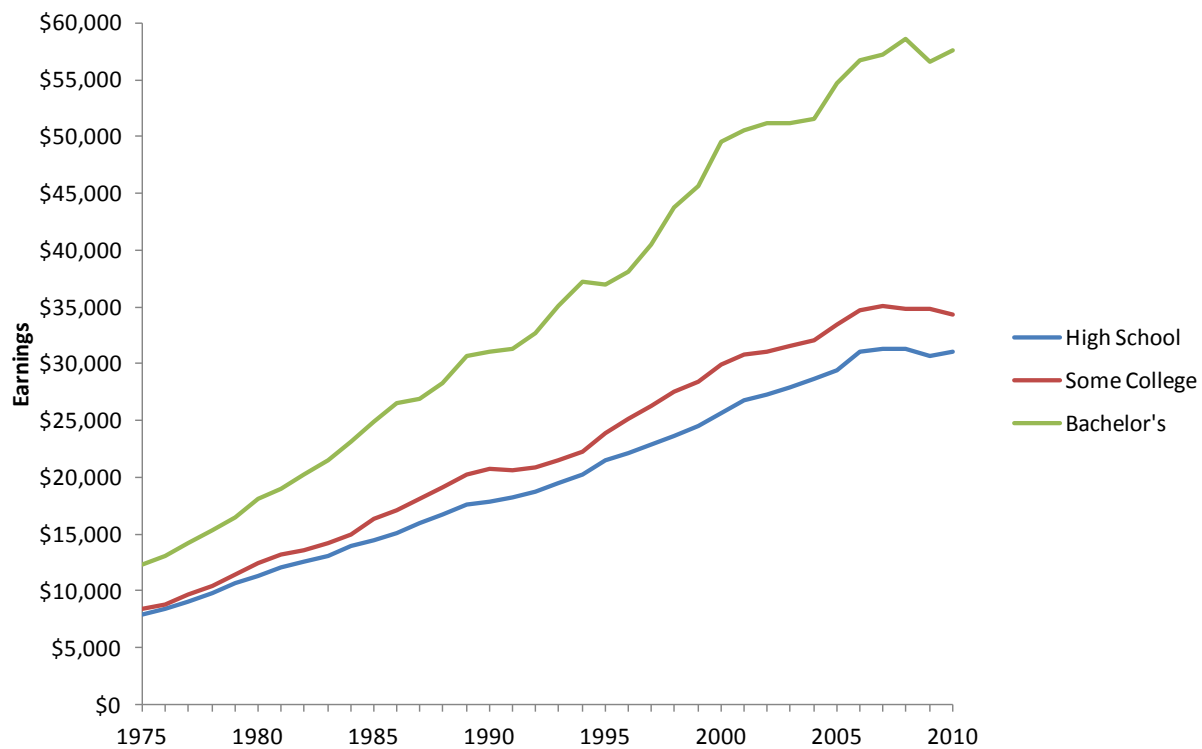
Table 1. Tuition Absorbs a Larger Proportion of Income

Sector	1970		2010	
	Tuition (Current \$)	Percentage of Median Income	Tuition (Current \$)	Percentage of Median Income
Public four-year college or university	358	4%	6,695	11%
Public two-year community college	178	2%	2,285	4%
Private four-year college or university	1,561	16%	21,908	36%
Emory University	1,980	20%	38,036	63%

Note. Author's calculations are based on Figure 2.

3. **A college degree is more necessary today than ever before.** Americans with bachelor's degrees have always outearned those with less education, but that gap has been steadily widening. In 1975, college graduates earned, on average, \$4,489 per year more than high school graduates. Thirty-five years later, the difference had increased to \$26,618. What's more, when I graduated from college in 1970, only 3 out of 10 jobs required a bachelor's degree. By 2007, 3 out of 5 did. College has become a necessity (Figure 4). Researchers at the Georgetown University Center for Education and the Workforce project a rise to 63 percent by 2018.

Figure 4. College Pays!



4. **College students are coming from much more diverse backgrounds.** As college becomes an entrance requirement for more and more jobs, larger numbers of students are entering college (though not necessarily graduating). Colleges must thus serve many more students who need considerable financial aid and many more who may not be prepared for college-level work. In 1984, only 34 percent of the students from the lowest income quintile attended college, whereas in 2008 it was 55 percent. Meanwhile, postsecondary enrollment rates for those students from the top 20 percent of their high school graduating classes rose by only 9 percent (to 80 percent total). In addition, as many as one third of all students starting college are enrolled in developmental courses that carry no credit and cover material they should have been taught (or learned) in high school.

Like many of my classmates, I was a first-generation student, but that meant something quite different in the late 1960s than it does now. When I attended, colleges were far more middle class and white, and the jobs our parents had with high school degrees allowed them to provide considerable support for our college educations. Paying for college was difficult but not as difficult as it is today.

Together, these four new realities mean that today's affordability crisis affects many more students and families than earlier ones. Public colleges and universities enroll three of every four undergraduates, and these institutions have suffered major cutbacks in state appropriations in recent years, forcing tuitions to increase faster than those in private schools. Hurt by stubbornly high unemployment rates, many parents can give their children only limited financial support. And some parents are even competing with their offspring for space in bulging classrooms by returning to school, particularly community colleges, to retread or sharpen their skills.

Private colleges also face affordability concerns. Over one half of Emory's current undergraduates applied for need-based financial aid, and 91 percent of those were judged to have need. And Emory and private universities like it are far more diverse now than they were in my college days.

Yes, students today have many more financial aid options to offset tuition, and colleges and universities are now required to feature net price calculators on their websites to help prospective students and families estimate what the actual price is likely to be. But even financial aid, including loans that can burden young workers for decades, hasn't made college affordable enough.

My generation's college affordability crisis seemed painful at the time, but it doesn't hold a candle to what students and families face today.

About the Delta Cost Project

The Delta Cost Project at American Institutes for Research provides data and tools to help higher education administrators and policymakers improve college affordability by controlling institutional costs and increasing productivity. The work is animated by the belief that college costs can be contained without sacrificing access or educational quality through better use of data to inform strategic decision making.

About the Author

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