

College Costs Really Are Increasing Again

The College Board reports that the average published charges for tuition, fees, room, and board at private, nonprofit, four-year schools were over \$45,000 in the 2016–17 academic year. At public universities, the average charge was around \$20,000 for state residents. Both numbers are the highest on record.

Such expenses for higher education are daunting, but the reality may be less onerous. Many collegians receive some form of financial aid that brings down the actual cost. The College Board also reports “net” prices, estimating the true cost of a year in college after recognizing financial aid and the savings from certain education-related tax benefits.

For the 2006–07 academic year to 2010–11, net prices declined in constant 2016 dollars. Even as published prices continued to rise, the average net price at private colleges fell from \$24,580 to \$23,620.

Since then, however, net prices have begun to move up. In 2016–17, the average figure at four-year private colleges reached \$26,080. In-state students at public universities saw average net prices hold steady in the \$11,000–\$12,000 range from 2006–07 to 2010–11, but shoot up to \$14,210 in 2016–17. In recent years, increases in grants have not kept up with rising published prices, creating more expensive net prices for higher education.

For parents of collegians and younger students, the message is that they may have to put more effort into competing for college grants. We offer some strategies for dealing with the Free Application for Federal Student Aid (FAFSA) and suggestions on how to manage 529 college savings accounts in this issue of the Sapient CPA Client Bulletin.