

Trends in Higher Education reports show that published college prices have continued to increase but that rate of increase has slowed

While increases in published college prices have slowed, students and families are paying more because grant aid is not keeping up

NEW YORK, Oct. 23, 2013 /PRNewswire-USNewswire/ -- A recent report in the College Board's [Trends in Higher Education series](#), *Education Pays 2013*, showed that higher education is an investment that pays big dividends over the course of a lifetime. Today, the College Board's 30th annual *Trends in Student Aid* report and its companion report, *Trends in College Pricing*, reveal that in a still weak economy, students and families are being asked to pay more for this essential investment in their future.

While rapid increases in federal grant aid have made tuition increases less painful in recent years, that trend has not continued. The grant aid students receive from federal and state governments and from their institutions is no longer growing fast enough to keep net prices from increasing. As a result, the net price students *actually* pay for college — after accounting for grant aid and tax breaks — is rising even though the rapid increase in the published price for college has begun to slow.

"A college education is an unparalleled investment, but there is no college opportunity without college affordability," said College Board President David Coleman. "The College Board is taking concrete steps to propel students towards opportunities they've earned."

Following the evidence of what most helps students complete most efficiently, saving both time and money, the College Board is taking several actions to address this concern.

First, the College Board is helping students make informed choices about the college application process. The College Board sent individualized information to 28,000 low-income, high-achieving high school seniors about the net price of colleges that match their academic credentials, based on aid they are likely to receive. These "Realize Your College Potential" packets also include application fee waivers for up to eight colleges. In the coming months, as part of its "Apply to 4 or More" initiative, the College Board will send similar information and four fee waivers to an additional 70,000 college-ready, low-income students. Another 200,000 college-ready students will receive electronic college planning information.

Second, the College Board is working to increase access to rigorous courses, which research shows is central to improving college and career readiness, which in turn makes it more likely students will complete college. The College Board is working with its partners to expand access to Advanced Placement® to students across the country, building on the successful expansion of AP® over the past decade. From 2002 to 2012, the total number of students earning a 3 or higher on AP Exams increased by more than 1 million, providing potential college tuition savings for students and families of around \$1.6 billion

in 2012. Students who have succeeded in AP in high school are more likely to graduate from college in four or five years than their peers who have not. However, more than 300,000 students in the graduating class of 2012 who demonstrated strong potential to score a 3 or higher on an AP Exam did not take the AP Exam in that subject, including more than 52,000 African American and Hispanic students. The College Board will work to expand these initiatives with the goal of empowering students to increase affordability and completion amid these trends.

Third, working with its members, the College Board has also convened a committee of financial aid experts to develop recommendations for the Reauthorization of the Higher Education Act. The goal is to significantly improve the federal financial aid system by encouraging and supporting enrollment and successful completion of postsecondary educational programs. The committee is advocating a simpler, more predictable system that includes early information and assistance to students and families that will help them to prepare academically and financially to complete postsecondary degrees and credentials.

Sandy Baum, co-author of the *Trends* reports and of *Education Pays*, noted, "This year's slowing of the price spiral does not mean that college is suddenly more affordable, that concerns about student debt will be set aside, or that low- and moderate-income students will no longer face financial hurdles as they pursue their educational ambitions. But it is good news, and we hope it will allow more focus on helping students to access the available financial aid

and to enroll and succeed in college."

Key Findings from *Trends in College Pricing* and *Trends in Student Aid*

Over the past year, much of the conversation has centered on fears that the upward trends of college prices, Pell Grant expenditures, and student borrowing would continue to accelerate. The reports released today show that college prices are still rising, but not as steeply. Meanwhile, Pell Grant expenditures and student borrowing both fell.

The 2.9% increase in published tuition and fees for in-state students at public four-year colleges from 2012-13 to 2013-14 is the smallest one-year increase since 1975-76. After adjusting for inflation, the increase is 0.9%, the lowest inflation-adjusted increase since 2000-01.

The 3.8% increase in private nonprofit four-year college tuition, unadjusted for inflation, is slightly lower than the increases of recent years. The 3.5% increase for public two-year colleges, which is just \$110, is typical of increases over the long run, but the smallest since 2007-08. The *Trends in College Pricing* report also provides data on the net prices students and families actually pay, both on average and across different income levels.

- Between 2007-08 and 2010-11, the net prices paid by many students were held down by large increases in grant aid and tax benefits, particularly from the federal government, even though published prices were increasing rapidly over the same period.
- However, between 2010-11 and 2012-13, federal grant aid declined. While grants per student from other sources increased, net prices rose at a time when family incomes have not recovered.

According to the *Trends in Student Aid* report, about 60% of students who earned bachelor's degrees in 2011-12 from the first public or private nonprofit college in which they enrolled graduated with debt. Among those who borrowed, the average debt was \$26,500.

- Over the decade from 2002-03 to 2012-13, the total number of federal undergraduate and

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graduate student loan borrowers increased by 69%, while the average annual amount borrowed increased by 6%, from \$7,900 (in 2012 dollars) in 2002-03 to \$8,350. The average undergraduate federal loan was \$6,760 and the average graduate student loan was \$17,230 in 2012-13.

- In 2013, 1.6 million federal Direct Loan borrowers were in repayment plans that limit their payments to a specified percentage of their incomes.

More information about Trends in Higher Education reports is available [here](#).

The College Board The College Board is a mission-driven not-for-profit organization that connects students to college success and opportunity. Founded in 1900, the College Board was created to expand access to higher education. Today, the membership association is made up of over 6,000 of the world's leading educational institutions and is dedicated to promoting excellence and equity in education. Each year, the College Board helps more than seven million students prepare for a successful transition to college through programs and services in college readiness and college success — including the SAT[®] and the Advanced Placement Program[®].

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