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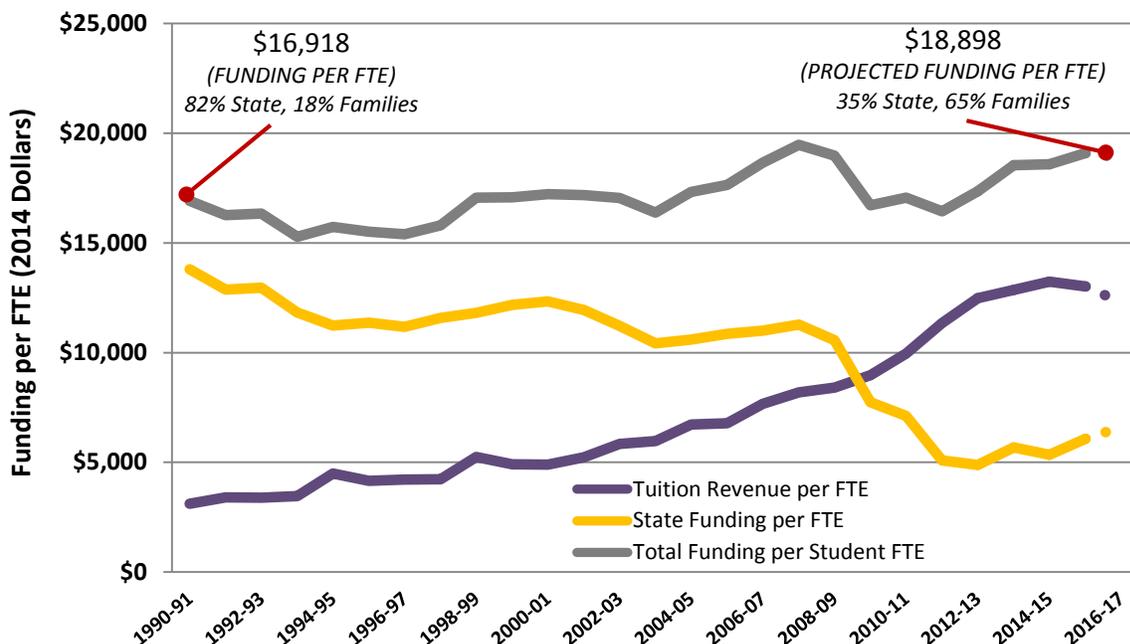
Subject: Published Price vs. Net Price in Higher Education

Published college prices—which include sticker tuition, fees, room and board (TFRB)—have shown dramatic increases over the past two decades. **Net prices**, however—TFRB minus grant and scholarship aid from federal, state or institutional sources—**have increased at a more moderate rate.**

- Between 1995-96 and 2015-16, *published* prices for resident students rose an average of 85 percent at [public four-year colleges](#) (going from \$10,550 to \$19,550), and an average of 61 percent at [private nonprofit four-years](#) (going from \$27,200 to \$43,920).
- During that same timeframe, thanks to federal, state, and institutional aid, *net* prices for resident students rose an average of 67 percent at public four-year colleges (going from \$8,450 to \$14,120), and 36 percent at private nonprofit four-years (going from \$19,350 to \$26,400).¹

The increases in net price are significant. However, it is worth keeping two things in mind:

1. **The price behavior of higher education bears more similarity to service industries than to goods-producing industries.** Unlike goods producers, service industries have few opportunities to increase productivity without decreasing quality due primarily to a reliance on expensive, high-skill workers (who comprise over 80 percent of higher education employees) and cutting-edge technology. As a result, higher education prices behave similarly to other personal services offered by highly-educated providers. Notably, the cost curves for dentists, lawyers, and physicians essentially mirror those for higher education.
2. **Tuition increases at public institutions are due, in large part, to a decades-long trend of state budget cuts.** Like many other state institutions, the UW has endured numerous state funding cuts in past biennia. Consequently, the majority of funding formerly provided by the state is now borne by students and their families. As seen in the figure below, in 1990-91, Washington state contributed 82 percent of the total funding per UW student FTE, and families were responsible for 18 percent. In 2016-17, state funds are projected to cover only 35 percent of the total funding per FTE, leaving 65 percent to students and families.



¹ Note that net prices vary considerably across students within institutions and within sectors. For those who do not receive grant aid or tax benefits, the net price is equal to the published price.

Rising tuition rates could have meant a decline in access and in the economic diversity of students, but this has not been the case at the UW. **The UW increased its contribution to institutional financial aid in order to minimize net-price increases, particularly for students with the most financial need.** Last year, close to one-third of UW undergraduates received Pell Grant funding, 31 percent of all UW freshmen were the first in their families to attend college, and 30 percent (about 9,500) of UW undergraduate residents were eligible for the Husky Promise program. Each year, about 54 percent of UW undergraduates receive some form of financial aid. Of the over \$414 million in aid disbursed, about \$258 million was in the form of scholarships, grants, and waivers, while over \$156 million comprised loan and work study aid.

In 2013-14—the most recent year for which accurate, institution-level net price data is available—the UW’s published price for resident students was \$27,034, whereas its net price was \$10,125. The table below compares the UW and its peer institutions on two common metrics of affordability and access: net price and percent of students receiving Pell grants.

Peer Institutions	2013-14 Net Price ²	2013-14 % Receiving Pell
University of Washington-All Campuses	\$10,125	29.0%
University of North Carolina at Chapel Hill	\$10,936	22.1%
Texas A & M University-College Station	\$11,725	21.1%
University of California-Irvine	\$12,072	44.7%
Georgia Institute of Technology-Main Campus	\$12,187	21.1%
University of California-Los Angeles	\$12,510	37.2%
Purdue University-Main Campus	\$13,081	20.9%
University of Georgia	\$13,287	24.9%
University of California-San Diego	\$13,693	39.1%
University of Virginia-Main Campus	\$14,069	13.5%
University of Florida	\$14,786	36.1%
University of Maryland-College Park	\$14,833	21.7%
University of California-Santa Barbara	\$14,966	37.6%
University of Minnesota-Twin Cities	\$15,589	25.2%
University of Michigan-Ann Arbor	\$15,850	16.6%
University of Wisconsin-Madison	\$16,131	16.4%
University of California-Davis	\$16,231	41.7%
University of Illinois at Urbana-Champaign	\$16,249	21.4%
University of California-Berkeley	\$16,655	33.5%
Clemson University	\$16,799	18.6%
The University of Texas at Austin	\$16,832	27.8%
Ohio State University-Main Campus	\$18,215	29.3%
Virginia Polytechnic Institute and State University	\$18,398	17.2%
University of Connecticut	\$19,049	30.1%
University of Pittsburgh-Pittsburgh Campus	\$23,489	30.1%
Pennsylvania State University-Main Campus	\$24,220	54.6%
Mean - USNWR Top 25³	\$15,171	28.1%

As the table shows, the UW has the lowest net price of its peers, and enrolls more Pell grant recipients than its peer mean. Half of all UW undergraduates graduate with no known debt.⁴ In 2014, those that did borrow graduated with an average debt load of \$21,555, compared to a national public four-year average of \$25,500.⁵

² Net price is obtained from IPEDS. The value is the net price for students paying in-state tuition who receive grant or scholarship aid.

³ Top research public institutions with associated medical schools, according to *US News and World Report's* 2016 "Best Colleges." Note that, 26 institutions are listed because some institutions were tied.

⁴ The University has no record of students' private loans and therefore cannot say definitively that these students have no debt.

⁵ Figure 15. The College Board, Annual Survey of Colleges: Trends in Student Aid 2015.