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The Cost of College Tuition Is Shrinking

Dan Bauman

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Golden Cosmos for The Chronicle

The actual price of tuition at many of America's colleges continued a steady, decade-long decline as the sector enters an era of shrinking high-school enrollments and greater competition, according to analysis [released](#) Monday by the College Board.

While [sticker prices](#) have continued to [balloon](#) to as large as

\$100,000 at some private, nonprofit universities, the average net price — the remaining cost of tuition after institutional and grant aid is deducted — for undergraduate students entering their freshman year at these institutions clocked in at \$16,510 for the 2024-25 academic year, down from \$19,330 in 2006-07 (adjusted for inflation to 2024 dollars). Net prices at public institutions followed similar trend lines: \$2,480 was the average amount charged in 2024-25 at in-state, four-year institutions, down from \$4,340 in 2012-13 (inflation adjusted); and, according to the College Board, freshmen attending two-year colleges continue to receive on average enough grant aid to cover tuition and fees, a trend that dates back to 2009-10.

Across all three types of institutions, the inflation-adjusted average of published tuition and fees peaked in 2019-20 and is anticipated to continue to decline through 2024-25, while the Consumer Price Index has [increased](#) by 23 percent during this same period.

Likewise, College Board analysts observed a 13th consecutive year of decline in undergraduate borrowing, whereas Pell Grant expenditures increased after several years of declines.

“Several public college and university systems continued tuition freezes in 2024-25,” Jennifer Ma, an executive research scientist at the College Board, said in a written statement. “After adjusting for inflation, the average published tuition and fees in all three major sectors are lower in 2024-25 than in 2019-20, before the Covid-19 pandemic.”

Such trends in setting the cost of college do not yet appear to have penetrated consumer consciousness, however, as most Americans remain skeptical of higher ed’s ability to reduce tuition

costs. Less than 10 percent of respondents to a [survey](#) released in August by the Federal Reserve Bank of New York said they expected public-college tuition prices to fall in the next year, while 43 percent of respondents anticipated no change and nearly 48 percent expected tuition-price hikes.

Of course, such public perceptions are often shaped not only by the opaque way that higher ed [pitches](#) its prices to consumers (sticker price vs. tuition vs. room and board vs. net price vs. “hidden costs” like textbooks) but also by how net tuition-and-fee prices across the sector have [changed](#) over several decades. Starting in the 1980s, net tuition regularly increased by 5 percent or more year-over-year, which was higher than the relatively low inflation seen within the wider economy.

For the past few years, however, the rate of inflation elsewhere in the economy has far exceeded increases in net tuition. Since September 2019, out-of-pocket college-tuition costs for households have climbed by less than 9 percent, according to a *Chronicle* of analysis of U.S. Bureau of Labor Statistics data (not seasonally adjusted). In contrast, prices across the economy grew by more than 22 percent during that time.

Such muted tuition inflation, combined with the growing costs of

most goods and services, have squeezed many colleges financially. Typically, student-derived revenue accounts for about three-quarters of total operating revenue for private colleges and about half for public colleges, [according](#) to Moody's Investors Service, a credit-rating agency.

These competing economic pressures, [exacerbated](#) by ever-declining birth rates, will likely continue to put higher education in a painful bind, said Stella M. Flores, a professor of higher education and public policy at the University of Texas at Austin.

Administrators who are eager to discount tuition costs in a competitive environment for attracting students could potentially find themselves [constrained](#) financially to meet the increased costs associated with, say, subsidizing low-enrollment academic programs, or offering mental-health counseling or programs to relieve food insecurity among students.

“It’s good that tuition isn’t rising,” Flores said, “but really the bigger problem for higher ed is that there are just less students.”

Even as tuition costs are stagnant or even falling at some institutions, college can still hardly be considered [affordable](#) for many Americans, regardless of [income and race](#). According to the BLS analysis, for every \$1,000 spent across all American households in 2023, \$12 went towards college tuition. Still, since 2010, the share of tuition expenses paid throughout the year relative to household spending has trended downward across several of these cohorts over that time.

In any case, Flores said that higher education still had much work to do in terms of communicating with low-income families and prospective students — like better conveying the actual cost of

college versus the sticker price. Similarly, regardless of what might be true of tuition pricing in the aggregate, Flores said colleges should try to better understand and respond to the realities of students, where “the cost of college” extends beyond tuition to include transportation, food, textbooks, and so on.

“If we really care about enrolling students from lower incomes,” she said, “we need to do more in terms of translating this tuition conversation into a financial-aid and scholarship conversation, in order to induce low-income students to come to college.”