Selectivity. Of the 6,587 higher education institutions that report data on selectivity, roughly two-thirds (4,379 institutions) have an open enrollment policy and accept any high school graduate who applies. The remaining one-third are “selective,” meaning they accept only a portion of the students who apply. But only 383 institutions have an admissions rate below 50 percent. These schools represent 17 percent of selective institutions and only 6 percent of all institutions that report data.1

Sector. The Department of Education commonly groups postsecondary institutions into four main sectors: public four-year colleges, public community colleges, private nonprofit colleges, and for-profit colleges. For-profit colleges enroll the smallest share of students yet comprise the largest share of institutions; for public four-year colleges, it is the exact opposite. Combined, public colleges enroll roughly 70 percent of students yet represent under 30 percent of institutions. Average published tuition, net tuition, and debt per student borrower are highest at private nonprofit schools and lowest at community colleges. Community colleges have the smallest share of students who are borrowers.

Profiles of Institutions by Sector

<table>
<thead>
<tr>
<th></th>
<th>Public Four-Year Colleges</th>
<th>Public Community Colleges</th>
<th>Private Nonprofit Colleges</th>
<th>For-Profit Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Institutions</td>
<td>707</td>
<td>1,263</td>
<td>1,871</td>
<td>3,177</td>
</tr>
<tr>
<td>Total Students</td>
<td>8.3 million</td>
<td>6.5 million</td>
<td>4 million</td>
<td>1.9 million</td>
</tr>
<tr>
<td>Share of Total Institutions</td>
<td>10%</td>
<td>18%</td>
<td>27%</td>
<td>45%</td>
</tr>
<tr>
<td>Share of Total Students</td>
<td>40%</td>
<td>31%</td>
<td>19%</td>
<td>9%</td>
</tr>
<tr>
<td>Average Published Tuition and Fees</td>
<td>$9,650</td>
<td>$3,520</td>
<td>$33,480</td>
<td>$16,000</td>
</tr>
<tr>
<td>Average Net Tuition and Fees</td>
<td>$3,770</td>
<td>$-440*</td>
<td>$14,220</td>
<td>$14,220</td>
</tr>
<tr>
<td>Average Debt/Borrower</td>
<td>$26,218</td>
<td>$14,629</td>
<td>$33,124</td>
<td>$23,918</td>
</tr>
<tr>
<td>Average Debt/Student</td>
<td>$15,946</td>
<td>$5,229</td>
<td>$23,682</td>
<td>$20,466</td>
</tr>
<tr>
<td>Share of Students Borrowing</td>
<td>61%</td>
<td>36%</td>
<td>71%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Notes: *Average net tuition prices for community colleges are negative since, on average, grant aid covers the price of tuition and then some. ** The College Board did not report a net price for for-profit colleges, so for consistency, we did not either. In addition, “Total Institutions” includes the number of degree- and non-degree-granting institutions from 2014 to 2015. “Total Students” includes 2014–15 enrollments from degree- and non-degree-granting institutions and are rounded. “Share of Total Institutions” and “Share of Total Students” are rounded and may not add to 100 percent. “Average Published Tuition and Fees” is not the sticker price; it excludes additional charges for room, board, textbooks, and so forth. “Average Debt/Borrower” and “Average Debt/Students” include only completers.


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Notes
**Sticker Prices.** Published tuition, fees, room, and board (TFRB) at private, four-year nonprofit colleges average $45,365, up 82 percent from 25 years ago. At public four-year colleges, the same figure is $20,092 in-state, up 115 percent from 25 years ago. At public two-year colleges, published charges for only tuition and fees are $3,520, up 111 percent from 25 years ago. (All these figures are adjusted for inflation.)

**Net Prices.** Net TFRB at private, four-year nonprofit colleges is $26,100, up 35 percent from 25 years ago. For public four-year colleges (in-state), the figure is $14,210, up 81 percent from 25 years ago. For public two-year colleges, net tuition and fees (exclusive of room and board) are negative $440—down $890 from 25 years ago. (All these figures are adjusted for inflation.)

**Net Tuition by Income Group.** At public two-year colleges, the bottom two quartiles of dependent students pay nothing in tuition on average. The same is true for the bottom quartile of dependent, in-state students at public four-year colleges. At private nonprofit colleges, all quartiles of students pay positive tuition on average.

### Average Net Tuition and Fees and Average Published Tuition, by Sector and Income Quartile

<table>
<thead>
<tr>
<th></th>
<th>Lowest</th>
<th>Second</th>
<th>Third</th>
<th>Highest</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Two-Year</td>
<td>$0</td>
<td>$0</td>
<td>$1,900</td>
<td>$2,051</td>
<td>$3,520</td>
</tr>
<tr>
<td>Public Four-Year</td>
<td>$0</td>
<td>$1,440</td>
<td>$5,350</td>
<td>$6,330</td>
<td>$9,650</td>
</tr>
<tr>
<td>Private Nonprofit</td>
<td>$4,971</td>
<td>$8,609</td>
<td>$13,974</td>
<td>$19,724</td>
<td>$33,480</td>
</tr>
<tr>
<td>For-Profit</td>
<td>$11,297</td>
<td>$13,718</td>
<td>$18,046</td>
<td>$17,463</td>
<td>$16,000</td>
</tr>
</tbody>
</table>

Note: Family income quartiles are based on all dependent undergraduate students across sectors. Lowest: less than $30,000; second: $30,000 to $64,999; third: $65,000 to $105,999; highest: $106,000 or higher. Published prices are in-district for community colleges and in-state for public four-year colleges. Average net prices are from the 2011–12 academic year; published prices are from the 2016–17 academic year.


**Living Costs.** Since 1980, college living costs have doubled at four-year colleges and have increased by 44 percent at community colleges (inflation adjusted). Between 1980 and 2014, public four-year colleges went from charging $4,812 on average to $9,798. During that time, living costs at private four-year colleges leapt from $5,410 to $10,894. Notably, living charges were roughly constant between 1964 and 1980.

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Revenues. Postsecondary institutions take in revenue from a number of sources: tuition, state and local appropriations, federal funds, investment income, auxiliary enterprises, and so forth. After the recession, average revenues across all types of schools had decreased. Between 2012 and 2013, however, revenues per student finally increased, by 2 percent at private research institutions to $90,441 per full-time enrolled student (FTE) and by 1 percent at public research universities to $40,746 per FTE. In that same period, public community colleges increased average revenue by 3 percent to $13,082 per FTE, albeit largely due to enrollment declines.

Expenditures. Institutions spend their money in a variety of ways: instruction, research, student services, operations and maintenance, auxiliary enterprises, and so forth. In 2013, private research universities spent $21,410 dollars per FTE on instruction, twice that of public research universities and quadruple public community colleges. Both instructional spending and education and related spending were down by roughly 5 percent at community colleges in 2013 from 2008. Total spending per FTE at private research universities dwarfed that of all other types of schools.

### Average Expenditures per Full-Time Enrolled Student (FTE) by Institution Type, 2008–13

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2012</th>
<th>2013</th>
<th>Five-Year Change</th>
<th>One-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Research Universities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$10,453</td>
<td>$10,547</td>
<td>$10,783</td>
<td>3.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Education and Related Spending</td>
<td>$27,818</td>
<td>$27,953</td>
<td>$28,425</td>
<td>2.2%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total Spending</td>
<td>$37,802</td>
<td>$39,106</td>
<td>$39,793</td>
<td>5.3%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Public Community Colleges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$5,662</td>
<td>$5,157</td>
<td>$5,402</td>
<td>–4.6%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Education and Related Spending</td>
<td>$11,937</td>
<td>$10,771</td>
<td>$11,318</td>
<td>–5.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Total Spending</td>
<td>$14,035</td>
<td>$13,654</td>
<td>$14,090</td>
<td>0.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Private Research Universities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$20,981</td>
<td>$21,200</td>
<td>$21,410</td>
<td>2.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Education and Related Spending</td>
<td>$55,659</td>
<td>$56,187</td>
<td>$56,354</td>
<td>1.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total Spending</td>
<td>$68,598</td>
<td>$70,599</td>
<td>$71,597</td>
<td>4.4%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Note: Institution type based on 2010 Carnegie Classification. Types of institutions displayed are not exhaustive. “Instruction” represents spending on activities directly related to teaching. “Education and Related Spending” represents spending on instruction and other activities directly and indirectly related to the academic mission (e.g., libraries and career counseling). “Total Spending” represents all spending by an institution, both directly and indirectly related to the academic mission, as well as all other independent operations (e.g., hospitals and dormitories). Depending on the institution type, FTE can represent both undergraduate and graduate students.


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1. See Donna M. Desrochers and Steven Hurlburt, *Trends in College Spending: 2003–2013*, Delta Cost Project, 2016, www.air.org/system/files/downloads/report/Delta-Cost-Trends-in-College%20Spending-January-2016.pdf. The Delta Cost Project (DCP) uses Carnegie Classifications to group institutions. For both public and private institutions, they define institutions into the following groups: “Research institutions” award at least 20 research doctoral degrees a year; “master’s institutions” award at least 50 master’s degrees and fewer than 20 doctoral degrees per year; and “bachelor’s institutions” represent at least 10 percent of undergraduate degrees and award fewer than 50 master’s or 20 doctoral degrees per year. “Public community colleges” are their own category; they award associate’s degrees or certificates requiring two or fewer years of study, and bachelor’s degrees account for less than 10 percent of degrees per year. Additionally, note that FTE students include both undergraduate and graduate students.
Students

Matriculation. In 2015, 69 percent of high school graduates enrolled in college soon after completing high school. This figure is up from 62 percent in 1995 and 51 percent in 1975.

Share of Recent High School Graduates Enrolling in College, 1975–2015

Enrollment. In fall 2015, 20 million students enrolled in degree-granting institutions of postsecondary education—including 13.5 million in four-year institutions and 6.5 million in two-year institutions. In total, 17 million students, or 85 percent, were undergraduates. The vast majority of students (14.6 million) enrolled in public institutions. Four million enrolled in private nonprofits, and 1.3 million enrolled in private for-profits.

Enrollment Patterns. College enrollments have grown significantly over time. In 1990, 13.8 million students were enrolled in a college, in 2005 that number reached 17.5 million, and by 2014 it had eclipsed 20 million. The government’s National Center on Education Statistics projects enrollment to continue to grow, reaching 22.5 million by 2025.

Demographics. Of the 20 million fall enrollees, 56 percent are female. Of all students, 55 percent are white, 13 percent are black, 16 percent are Hispanic, and 6 percent are Asian. Sixty-two percent of all students are enrolled full time. Additionally, 73 percent of undergraduate students at four-year schools attend full time, while 39 percent of students at two-year schools are full time.

Nontraditional Students. Twenty-nine percent of undergraduates are age 25 or older. Most college students work, and 40 percent of undergraduates and 76 percent of graduate students work at least 30 hours a week. Twenty-nine percent of undergraduates take at least some online classes, and 12.3 percent take exclusively online classes. Finally, 26 percent of undergraduates are parents; 15 percent are single parents.
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Student Outcomes

Completion. The six-year graduation rate for undergraduates starting at four-year institutions is 64 percent. At two-year institutions, the comparable graduation rate is 34 percent.¹

Defaults. The three-year cohort default rate for borrowers entering repayment in 2014 is roughly 12 percent. This rate is higher for for-profit colleges (16 percent) and public community colleges (18 percent).² Students with smaller debts are more likely to default: After five years, 34 percent of borrowers with balances below $5,000 have defaulted, compared to 18 percent of borrowers with balances above $100,000.³

Lifetime Defaults. The lifetime default rate for undergraduate unsubsidized Stafford (traditional) Loans is 29 percent. For undergraduate subsidized Stafford Loans, the rate is 20 percent. For graduate Stafford Loans, the rate is 8 percent.⁴

Delinquency. Sixteen percent of student loan borrowers are more than 90 days delinquent on their loans (or in default). This is up from less than 10 percent in 2004.⁵

Earnings Premium. Median weekly earnings for people employed full time with a bachelor’s degree were $1,156 in 2016, which represents a 67 percent earnings premium over those with only a high school degree. This premium has grown over time.

Wage Premium Relative to High School Graduate, by Education Level

Note: “Bachelor’s Degree” and “Advanced Degree” are reported as one category until 2000. “Associate Degree” and “Some College, No Degree” are reported as one category until 2015.

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Student Debt

Annual Student Loan Originations and Outstanding Student Loan Balance

Note: All figures in billions of 2016 dollars.

Cumulative. Outstanding student loan debt currently stands at $1.3 trillion (seasonally adjusted); this is up 132 percent from 10 years ago. Almost all (92 percent) of this outstanding debt is owned or guaranteed by the federal government.

Annual. In 2015–16, students and parents borrowed $107 billion in student loans. Altogether, $96 billion of this, or 90 percent, came from the federal government. Annual disbursements of student loans have risen 17 percent over the past 10 years and 151 percent over the past 20 years (adjusted for inflation).

Per Student. The average bachelor’s degree recipient who borrows leaves college with $28,100 in debt. However, only 61 percent of bachelor’s degree recipients borrowed; average debt among all graduates is $17,000.

Debt Burden. The median monthly payment on student loan debt is roughly 4 percent of income, a level that has remained mostly constant over the past 20 years.

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3. College Board, “Total Federal and Nonfederal Loans over Time.”


Distribution. Two in five borrowers have balances below $10,000. Just one in 20 has a balance above $100,000. The average balance per borrower is $27,900.

Distribution of Borrowers by Student Loan Balance

Note: Figure shows borrower balances at any point in repayment, not borrower balances upon graduating. Figure shows 2015 data. Source: Federal Reserve Bank of New York, Center for Microeconomic Data, “Data Bank,” www.newyorkfed.org/microeconomics/databank.html.

Age. People under 30 owe roughly one-third of outstanding student loan balances. People between the ages of 30 and 39 owe another third. People 60 and over owe just 5 percent of outstanding student loan balances. Among people age 25, 39 percent have student debt. This is up from 27 percent 10 years ago. ¹

Type. In 2014, 59 percent of outstanding balances were undergraduate student debt, while 34 percent were graduate student debt. The remaining 8 percent were loans taken out by parents. ²

Borrower Earnings. Student debt increases with borrower earnings. Among individuals with student loans, the median debt for those in the bottom earnings quintile is $9,000, and the median debt for those in the top quintile is $17,600. ³

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Student Aid

Total Federal Aid. The federal government disburses $158 billion in aid to college students every year, including federal grants, loans, work-study, and education tax benefits. About three-quarters of this, or $119 billion, goes to undergraduates. Total federal aid has increased by 57 percent over a 10-year span.¹

Pell Grants. In 2015–16, 7.6 million students (or one-third of all undergraduates) received Pell Grants.² The federal government disbursed $28 billion worth of Pell Grants in 2015–16, for an average award of $3,724. Total annual Pell awards are up 82 percent from 10 years ago and 230 percent from 20 years ago (adjusted for inflation). The maximum individual Pell award for 2016–17 was $5,815. For reference, total federal grant aid has increased by 106 percent over 10 years, from $21 billion to $43 billion.³

Education Tax Benefits. Federal tax benefits have proliferated, increasing by 133 percent over a 10-year span, from $7,814 in 2005–06 to $18,226 in 2015–16.⁴ The federal government provides three major tuition tax benefits: the American opportunity tax credit, the lifetime learning credit, and the tuition and fees tax deduction.

Federal Student Aid in 2015 Dollars (in Millions), 2005–06 to 2015–16

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Grants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pell Grants</td>
<td>$15,503</td>
<td>$39,055</td>
<td>$30,678</td>
<td>$28,232</td>
<td>82%</td>
</tr>
<tr>
<td>Veterans and Military</td>
<td>$4,501</td>
<td>$12,138</td>
<td>$13,737</td>
<td>$14,281</td>
<td>217%</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stafford Loans</td>
<td>$58,685</td>
<td>$96,106</td>
<td>$77,524</td>
<td>$73,776</td>
<td>26%</td>
</tr>
<tr>
<td>Grad PLUS Loans</td>
<td>N/A</td>
<td>$7,618</td>
<td>$8,363</td>
<td>$8,886</td>
<td>262%*</td>
</tr>
<tr>
<td>Parent PLUS Loans</td>
<td>$9,995</td>
<td>$11,594</td>
<td>$10,735</td>
<td>$11,999</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Work-Study</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Federal Aid</strong></td>
<td>$100,675</td>
<td>$192,180</td>
<td>$162,172</td>
<td>$158,284</td>
<td>57%</td>
</tr>
</tbody>
</table>

Note: *Grad PLUS loans were initiated in July 2006, so only nine-year percentage change is displayed. Existing grant aid not displayed includes the relatively small Federal Supplemental Educational Opportunity Grant and past programs such as LEAP, Academic Competitiveness Grants, and SMART Grants. Stafford Loans include both unsubsidized and subsidized Stafford Loans. The loan program not displayed is the Federal Perkins Loan Program.


All Other Aid. Other sources besides federal aid—states, institutions, employers, and private charities—disbursed $82 billion of grant aid to college students in 2015–16. About three-quarters of this, or $65 billion, goes to undergraduates. Factoring in all sources of aid, federal and otherwise, students received $252 billion in 2015–16, a 10-year increase of 48 percent.⁵

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3. College Board, “Student Aid and Nonfederal Loans in 2015 Dollars over Time.”
4. Ibid.
5. Ibid.
State Appropriations and Revenues

**State Appropriations.** In fiscal year (FY) 2016, states allocated $88 billion for higher education, a one-year decrease of 2 percent and a five-year decrease of 5 percent. These reductions have not affected all states equally; since 2011, 21 states have reduced appropriations on a per-student basis, while 29 states have increased them.¹

**Tuition Revenue.** On top of state appropriations, public colleges collected $70 billion in net tuition revenue in 2016, an increase of 1 percent from 2015 and 17 percent from 2011. Net tuition accounted for 48 percent of total revenue for public colleges in 2016 (meaning students and families assume just under half of operating revenue). That is a peak in recent years, up significantly from a low of 36 percent in 2008.²

**Funding per Full-Time Equivalent (FTE) Student.** In 2008, total state educational appropriations were $8,371 per FTE student. For the next four years, per-student funding declined, reaching a low of $6,291 in 2012. Since then, state funding per student has begun to recover, reaching $6,954 in 2016, but remains below historic highs.³

**State Budgets.** Priorities besides higher education have consumed larger shares of state budgets over the past few decades. In 1987, higher education represented 16 percent of state spending, and Medicaid was 8 percent. Just two states (New York and Rhode Island) spent more on Medicaid than on higher education. But currently, Medicaid represents 19 percent of state spending, higher education is 10 percent, and 44 states spend more on Medicaid than on higher education.⁴

**Spending by Share of State Budgets, 1987–2015**

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Note: This reflects state expenditures from state general funds only, which are financed largely with broad-based taxes such as income and sales taxes. Expenditures financed with other dedicated revenue sources such as gasoline taxes, college tuition, federal grants, and so forth are excluded. Source: Authors’ calculations using National Association of State Budget Officers, “Archive of State Expenditure Report,” www.nasbo.org/reports-data/state-expenditure-report/state-expenditure-archives.

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Notes

2. Ibid.
3. Per SHEEO, an FTE enrollment is a “measure of enrollment equal to one student enrolled full time for one academic year, calculated from the aggregate number of enrolled credit hours (including summer session enrollments).” That means FTE includes both undergraduate and graduate students. See State Higher Education Executive Officers Association, *State Higher Education Finance: FY 2015*.
Taxpayer Costs of Federal Higher Education Programs

Loans. June 2017 estimates of fair-value accounting show that federal student loans disbursed in 2017 will cost taxpayers $12 billion. These annual costs will rise to $17 billion in 2027. Over the 11-year period starting in 2017, loans disbursed have a projected taxpayer cost of $161 billion. On top of this, the loans will incur administrative costs of $43 billion.\(^1\) Estimates under Federal Credit Reform Act accounting methods show that federal student loans disbursed in 2017 will net the federal government a profit of $10 billion, shrinking to $6 billion by 2027. Over the 11-year period starting in 2017, the loans will make a projected profit of $72 billion. Administrative costs remain the same as under fair-value estimates: $43 billion.\(^2\)

Profit/Loss Estimates for Federal Student Loan Programs, 2017–27

Pell Grants. In 2017, the government will spend $28 billion on Pell Grants. Over the 11-year period starting in 2017, the government will spend $340 billion on the program.\(^3\)

Tax Expenditures. The Joint Committee on Taxation lists 17 separate tax expenditures for education, which have average costs of $51 billion annually. By far the largest category is credits for college tuition, which costs the government $20 billion per year. The second-largest category is the deduction for charitable contributions to educational institutions, which costs $11 billion per year.\(^4\)

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2. Ibid. Also, generally economists consider the fair-value method superior. The CBO explains the difference between the two methods thus: “Under the rules specified in FCRA, the present value of expected future cash flows is calculated by discounting those cash flows using the rates on U.S. Treasury securities with similar terms to maturity. For instance, the yield on a Treasury security maturing in one year is used to discount cash flows one year from disbursement, a two-year rate is used for cash flows two years from disbursement, and so on. In contrast, under the fair-value estimating procedures, estimates are based on market values—market prices or approximations of market prices when directly comparable figures are unavailable—which more fully account for the cost of the risk the government incurs. The fair value approach accounts for the cost of market risk, which FCRA procedures using Treasury rates, do not” (emphasis added).
