

Impact of Inflation on College Costs

What Is the Impact of Inflation on College Costs?

Unfortunately, college costs have historically been rising at a faster rate than the general inflation rate. Covid-19, however, has had an impact on the cost of higher education, resulting in the lowest increases since 1990-91.

For the 12 months from January 2019 through December 2019, the inflation rate was 1.8% (source: Consumer Price Index; CPI-U; Percent Change January 2019 through December 2019). For a similar period of time, tuition and fees at four-year colleges increased an average of 1.1% at public colleges and 2.1% at private nonprofit colleges (source: The College Board Trends in College Pricing 2020).

Failing to consider the impact of inflation on college costs could undermine your ability to provide for your child's education, despite the current impact of the covid-19 pandemic.

Consider the funds that may be needed when an 8-year-old child is ready to attend college on a full-time basis in 10 years:

| | Today's Average Annual Cost | Average Annual Cost in 10 Years Assumed College Inflation Rate: | | | |
|-----------------------------------|-----------------------------|---|----------|----------|----------|
| | | 3% | 4% | 5% | 6% |
| Public College: | | | | | |
| Resident Student * | \$22,180 | \$29,808 | \$32,832 | \$36,129 | \$39,721 |
| Commuter Student ** | \$10,560 | \$14,192 | \$15,631 | \$17,201 | \$18,911 |
| Private Nonprofit College: | | | | | |
| Resident Student * | \$50,770 | \$68,231 | \$75,152 | \$82,699 | \$90,921 |
| Commuter Student ** | \$37,650 | \$50,598 | \$55,731 | \$61,328 | \$67,425 |

* Includes tuition, fees, room and board; in-state residency is assumed for public schools.

** Includes tuition and fees only.

Source: The College Board Trends in College Pricing 2020