

Impact of Inflation on College Costs

What Is the Impact of Inflation on College Costs?

Unfortunately, college costs have been rising at a faster rate than the general inflation rate.

For the 12 months from January 2018 through December 2018, the inflation rate was 2.4% (source: Consumer Price Index; CPI-U; Percent Change January 2018 through December 2018). For a similar period of time, tuition and fees at four-year colleges increased an average of 2.8% at public colleges and 3.2% at private nonprofit colleges (source: The College Board Trends in College Pricing 2018).

Over the past decade (2008-09 to 2018-19), total in-state tuition and fees at four-year public colleges have increased an average of 3.1% per year **beyond inflation**, while tuition and fees at private nonprofit four-year colleges have increased an average of 2.3% per year **beyond inflation** (source: The College Board Trends in College Pricing 2018).

Failing to consider the impact of inflation on college costs could undermine your ability to provide for your child's education.

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 * | \$21,370 | \$28,719 | \$31,633 | \$34,809 | \$38,270 |
| Commuter Student ** | \$10,230 | \$13,748 | \$15,143 | \$16,664 | \$18,320 |
| Private Nonprofit College: | | | | | |
| Resident Student * | \$48,510 | \$65,193 | \$71,807 | \$79,018 | \$86,874 |
| Commuter Student ** | \$35,830 | \$48,153 | \$53,037 | \$58,363 | \$64,166 |

* 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 2018