

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 ending October 2012, the inflation rate was about 2.2% (source: Consumer Price Index; CPI-U; Percent Change October to October). For a similar period of time, tuition and fees at four-year colleges increased an average of 4.2% at private nonprofit colleges and 4.8% at public colleges (source: The College Board Trends in College Pricing 2012).

Over the past decade (2002-03 to 2012-13), total in-state tuition and fees in **inflation-adjusted dollars** at four-year public colleges have increased an average of 5.2% per year, while tuition and fees at private nonprofit four-year colleges have increased an average of 2.4% per year (source: The College Board Trends in College Pricing 2012).

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 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 *	\$17,860	\$24,002	\$26,437	\$29,092	\$31,985
Commuter Student **	\$ 8,655	\$11,632	\$12,812	\$14,098	\$15,500
Private Nonprofit College:					
Resident Student *	\$39,518	\$53,109	\$58,496	\$64,371	\$70,771
Commuter Student **	\$29,056	\$39,049	\$43,010	\$47,329	\$52,035

* 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 2012