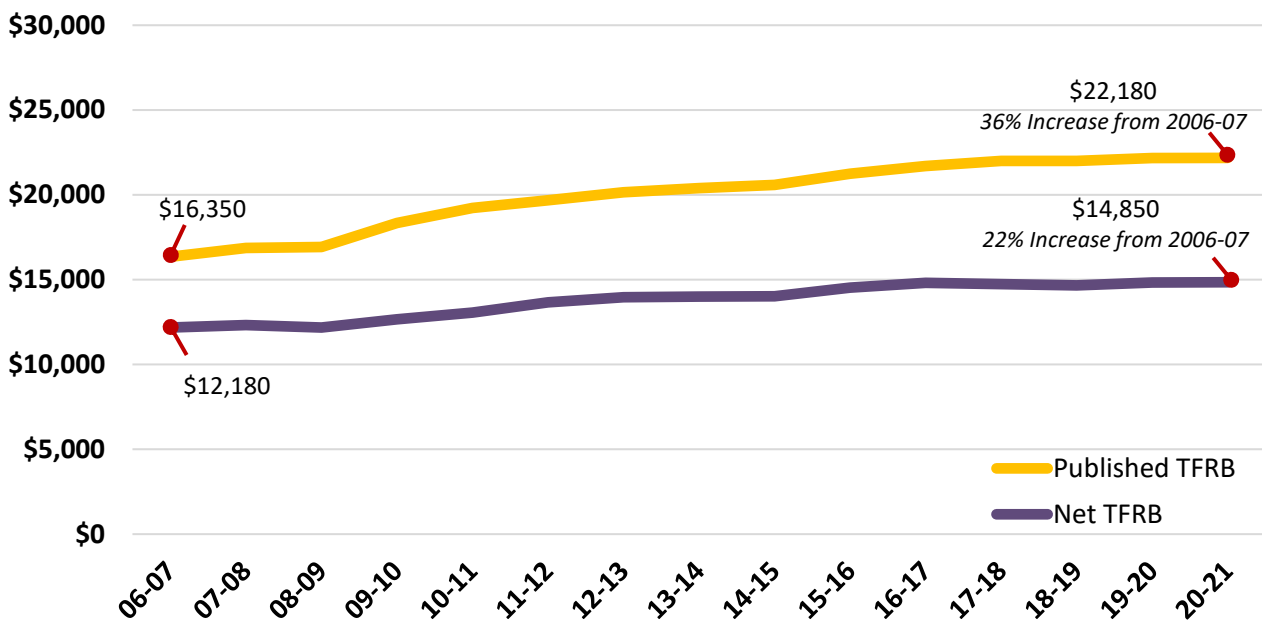


Date: March 27, 2021
Subject: Published Price vs. Net Price in Higher Education

Published college prices—which include tuition, fees, room and board (TFRB)—have increased dramatically over the past two decades. However, **net prices**¹—TFRB minus grant and scholarship aid from federal, state or institutional sources—**have increased at a more moderate rate.**

As seen in Figure 1 (below), between 2006-07 and 2020-21, *published* prices for resident students rose an average of 36 percent at [public four-year institutions](#) (going from \$16,350 to \$22,180), whereas *net* prices for residents at public four-year institutions rose an average of 22 percent (going from \$12,180 to \$14,850). This difference can be attributed to federal, state, and institutional aid.

Figure 1: National Increases in Published and Net TFRB at Public Four-Year Institutions



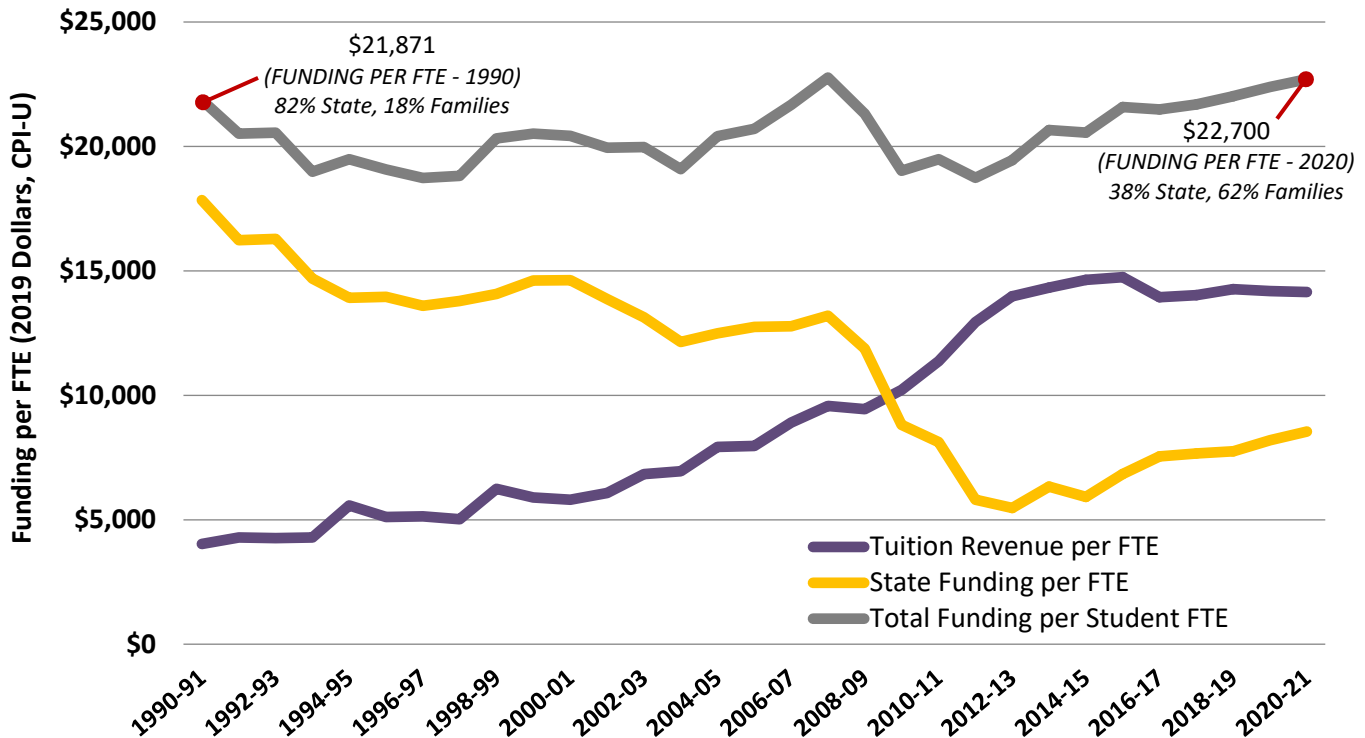
(Source: Figure 9 data. The College Board, [Trends in College Pricing and Student Aid 2020](#), page 18. Average Published and Net Prices are in 2020 dollars.)

The increases in net price are significant. However, it is worth keeping two things in mind:

- The price behavior of higher education bears more similarity to service industries than to goods-producing industries.** Unlike goods producers, service industries have few opportunities to increase productivity without decreasing quality. This is primarily due to a reliance on expensive, high-skill workers (who comprise over 80 percent of higher education employees) and cutting-edge technology. As a result, higher education prices behave similarly to other personal services offered by highly-educated providers. Notably, the cost curves for dentists, lawyers, and physicians essentially [mirror those for higher education](#).
- Tuition increases at public institutions are due, in large part, to a decades-long trend of state budget cuts.** Like many other state institutions, the UW has endured numerous state funding cuts in past biennia. Consequently, the majority of funding formerly provided by the state is now borne by students and their families. As seen in Figure 2, below, in 1990-91, Washington state contributed 82 percent of the total funding per UW student FTE, and families were responsible for 18 percent. In 2020-21, state funds are projected to cover only 38 percent of the total funding per FTE, leaving 62 percent to students and families.

¹ Net price is the “total cost of attendance” (calculated using the weighted average of sticker prices for students in different living situations) minus average aid. Specifically, the “cost of attendance” is the weighted average of published price, weighted by how many students are living on campus, versus off-campus, versus at home. Average financial aid is subtracted from the total cost of attendance to get to net price.

Figure 2: UW General Operating Funds Revenue Mix



Rising tuition rates could have meant a decline in access and in the economic diversity of students, but this has not been the case at the UW. **The UW increased its contribution to institutional financial aid in order to minimize net-price increases, particularly for students with the most financial need.** As of the most recent information in our [2021 Fast Facts](#):

- In 2019-20, **25 percent** of UW undergraduates were eligible for Pell Grant funding
- **29 percent** of entering freshmen are first generation students.
- In 2019-20, **31 percent (approximately 10,100)** UW resident undergraduate students were eligible for the Husky Promise.
- **Approximately 14,400** UW students received funds from the Washington College Grant.

Last year, **53 percent** of UW undergraduates received some form of financial aid, for a total of **\$431 million** in aid given. In 2020-21, the UW is awarding more than **\$106 million** in institutional grants and scholarships specifically to Washington residents.

Table 1, on the next page, compares the UW in Seattle to its peers (the U.S. News & World Report Top Public Research Institutions) on two common metrics of affordability and access: net price and percent of students receiving Pell grants. In 2018-19, the **published price** for resident undergraduates at Seattle was **\$27,638** whereas the **net price** for first-time, full-time, resident undergraduates at Seattle was **\$10,692**.² As the table shows, **the UW in Seattle has one of the lowest net price points of its peers, and about 63 percent of all UW undergraduates graduate with no known debt.**³

² 2018-19 is the most recent year for which net price data is available from the Integrated Postsecondary Education Data System (IPEDS).

³ The University has no records of students' consumer loans and therefore cannot say definitively that these students have no debt.

Table 1: 2021 U.S. News Peer Comparisons: Resident Undergraduate Net Price and Pell Recipients⁴

Institution Name	2018-19	
	Net Price	% Receiving Pell
University of North Carolina at Chapel Hill	\$10,085	23.19%
University of Florida	\$10,457	25.85%
University of Washington-Seattle Campus	\$10,692	20.71%
Florida State University	\$12,568	30.88%
Purdue University-Main Campus	\$12,684	15.07%
University of Illinois at Urbana-Champaign	\$14,660	23.25%
University of California-San Diego	\$14,864	36.52%
University of California-Irvine	\$15,268	39.99%
The University of Texas at Austin	\$15,502	22.58%
University of California-Los Angeles	\$15,718	31.88%
University of California-Davis	\$15,886	36.66%
University of Georgia	\$15,961	20.69%
University of Wisconsin-Madison	\$16,103	14.46%
University of California-Santa Barbara	\$16,767	35.73%
Rutgers University-New Brunswick	\$16,873	29.10%
Georgia Institute of Technology-Main Campus	\$16,883	13.97%
University of Minnesota-Twin Cities	\$17,279	18.47%
University of Michigan-Ann Arbor	\$17,357	17.15%
University of Virginia-Main Campus	\$17,579	13.40%
University of Maryland-College Park	\$17,723	18.29%
Virginia Polytechnic Institute and State University	\$18,449	15.79%
University of California-Berkeley	\$18,522	26.68%
Ohio State University-Main Campus	\$18,706	20.52%
Texas A & M University-College Station	\$19,237	21.53%
University of Connecticut	\$20,042	22.26%
Clemson University	\$21,482	16.98%
University of Pittsburgh-Pittsburgh Campus	\$22,600	15.35%
University of Massachusetts-Amherst	\$22,927	22.99%
Pennsylvania State University-Main Campus	\$24,724	44.03%
U.S. News Peer Average	\$17,032	24.05%

Variations in net price from year to year are due to many factors, including changes in tuition, fees, financial aid, and other aspects of students' budgets. Overall, other components of students' budgets (books, transportation, personal expenses) have not changed significantly, and the UW has kept its commitment to institutional aid and to keeping mandatory fees and other expenses low. These factors have allowed the UW in Seattle's net price to remain relatively stable and below most peer institutions.

⁴ Table is sorted by 2018-19 Net Price. Net prices in table are in nominal dollars (not adjusted for inflation). UW Seattle's most commonly used peer list was derived from the U.S. News Top 25 Public Research institutions over a five-year period. Last updated in 2020, this peer list is updated on a three-year cycle (see [OPB Peer Comparisons page](#)). Reported data is from IPEDS preliminary release. Final release data for this year is not yet available. UW Seattle data is corrected to match final release data reported to IPEDS and will not match preliminary release data.