

Are College Costs Moderating?

One of the biggest differences between attending college in the pre-1980s era and today is the enormous cost difference, to the point where virtually every college student has to take out student loans in order to matriculate. These loans then sit on the graduates' balance sheet for years and sometimes more than a decade, reducing their standard of living in the early years of employment. In the 1980-81 school year, tuition at a private, non-profit four-year college cost an average of \$11,810 in today's dollars. Last year that cost had risen to \$38,780. Tuition at public four-year universities rose from an average of \$2,620 to \$10,980—again, in today's dollars.

The rapid rise in college tuition costs may be finally easing. The College Board recently issued a report showing that public school tuition costs didn't rise for the 2020-2021 school year, while private tuition declined very slightly. The trend became more pronounced for the 2021-2022 year, where private school tuition dropped by 1.6% and public school tuition fell 2%.

This may be due to simple supply and demand. University enrollment has been declining since 2012, and the pandemic accelerated the decline; undergraduate enrollment fell by 3.4% and 3.2%, respectively, in the past two academic years. The shrinking customer base made it harder for universities to raise prices. In addition, the various pandemic surges have shifted the college experience, periodically, away from campuses to online learning, which has reduced the overall quality of the college experience.

It remains to be seen whether lower tuition fees represent a trend or just a blip, but in this high inflation environment, the real cost of attending college is below what it was two years ago—good news for students who may face a slightly reduced level of debt in their early working years.

Source:

<https://fullstackeconomics.com/inflation-adjusted-college-tuition-is-finally-falling/>