How Did College Get So Expensive?
College tuition and student loan debt are higher than ever. Since the 1980s, the average college tuition has more than doubled and the United States holds a whopping total of $1.5 trillion in national student debt. For many Americans, college is simply unaffordable — and for thousands of college graduates, drowning in student debt has made postcollegiate saving an impossibility.*

* HTTPS://TIME.COM/5882826/STUDENT-LOANS-REPAYMENT/
How did we get here?

One hundred years ago, college was really only an option for wealthy families. The Servicemen’s Readjustment Act of 1944, better known as the GI Bill of Rights, changed this by opening college enrollment to veterans who previously never dreamed of education beyond high school. The bill was far more successful than anticipated, resulting in roughly 8 million veterans enrolling in college — 10 times the expected number.* To keep up with this unprecedented demand for education, states invested heavily in expanding campuses, building classrooms, and hiring faculty.

The demand for college began to surge, and not all the prospective students were veterans. To make college accessible for the general population, the federal government instituted the National Defense Student Loan program of 1958 (also known as the Federal Perkins Loan program). A few years later, the Higher Education Act of 1965 improved college access for women and minorities.

And yet, by 1970, college access was disrupted by double-digit inflation and a struggling economy. Tuition and fees rose alongside the inflation rate, making college — once again — unaffordable for many students. Public investment in higher education dropped, and private loans subsidized by the federal government replaced federal grants as the main source of financial aid for middle- and lower-class families.

* JOHN THELIN, A PROFESSOR AT THE UNIVERSITY OF KENTUCKY, AND AUTHOR OF A HISTORY OF AMERICAN HIGHER EDUCATION
To make college more affordable, Congress passed the Middle Income Student Assistance Act in 1978, which enacted two critical changes for students: The bill made all undergraduates eligible for subsidized loans regardless of income and made middle-income students eligible for Pell Grants. This bill, as well as the general push for federal financial aid, was designed to increase college access for lower-income students. However, it’s worth noting that we have gotten off track: The proportion of college graduates from the bottom 25% of the income distribution today is smaller than it was in 1970.

Throughout the last half of the 20th century, funding for higher education became more complex. To encourage enrollment, colleges and universities began providing a large number of scholarships, grants, and financial aid to prospective students. And, as financial aid from the government became readily available, colleges and universities raised tuition to capture some of that capital. This idea — that schools lifted tuition as a result of an increase in government-funded financial aid — is known as the Bennett hypothesis.
In a 1987 New York Times op-ed, Education Secretary William Bennett made the correct observation that colleges started raising fees in a seeming response to students borrowing money to pay for college. Further research proved this true: For every dollar of federal assistance given to a student, schools raised fees by about 65 cents — quickly acquiring a majority of federal aid.*

Higher education experts were forced to answer the following question:

Does federal aid help schools more than students?

Federal aid notwithstanding, in the last 50 years, college has become increasingly expensive. Between 1978 and 2018, tuition rose about 3% annually more than inflation.

Colleges that once relied heavily on state funding are now forced to get money elsewhere, namely tuition and fees from students and their families. And while most institutions recognized the importance of affordable college, others capitalized on the murky definition of a quality education. Under the assumption that higher tuition indicated higher value, some schools raised prices even further.

During the school year between 1978 and 1979, after accounting for inflation, it cost an average of $17,680 to attend a private college and $8,250 to attend a public college. Today, these costs have risen to $48,510 for a private school and $21,370 for a public school. To look at this in a different way, in the last 40 years, the cost of an undergraduate education has risen by 213% at public schools and 129% at private schools.**

* NEW YORK FEDERAL RESERVE BANK OF NEW YORK AND AT THE PRESTIGIOUS NATIONAL BUREAU OF ECONOMIC RESEARCH
** THE COLLEGE BOARD
From a global perspective, these changes don’t make sense. In fact, the U.S. spends more on college than almost any other country.* All told, including the contributions of individual families and the government (in the form of student loans, grants, and other assistance), Americans spend about $30,000 per student a year — nearly twice as much as the average developed country.

There are a few theories about how college became so expensive:

1. The cost of salaries, health insurance, and other benefits has risen in the last 100 years and will continue to trend upwards. Colleges and universities, like other businesses, are forced to raise prices in order to pay faculty appropriate living wages.

2. State governments are not offering the same level of support that they used to. In the 1960s, state subsidies financed 50% or more of university budgets. Today, that number has drastically decreased to cover 10-30%. Overall, in the last few decades, state support for education has been severely reduced.**

While both of those factors contribute to the general unaffordability of college, there’s more to consider.

- **The number of students going to college has increased dramatically.** As demand rises, some educational institutions, namely private and for-profit colleges, hike tuition as it makes sense in a market economy.

- **In order to attract and retain students,** many schools have added student services like academic advising, mentoring, academic tutoring, financial aid counseling, and nonacademic coaching. Campus life, career and employment services, alumni development, and orientation also fall under this umbrella and require additional staff and resources.

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* Organization of Economic Cooperation and Development

Speaking of staff, **U.S. colleges spend more on non-teaching faculty members**, many of whom have a hand in student services, than on teachers and professors.*

**The institution of tenure**, some experts argue, makes it difficult to replace poorly-performing professors, thus contributing to the skyrocketing tuition costs.

**A significant portion of students’ fees are dedicated to the subsidization of collegiate sports**, a point especially unique to American universities. Between 2010 and 2015, public universities gave up more than $10.3 billion to their respective sports programs. During the same time, the average athletic subsidy increased 16% and — right alongside it — student fees (which account for about half of all subsidies) grew by 10%**.

**The cost of accreditation is not cheap.** The process is complicated, cumbersome, and riddled with conflicts of interest. To fund accreditation, the value of which is unclear, many schools count on tuition and fees.

The rising costs of college are mired with polarizing politics and societal trends. A changing economy further renders the funding of educational institutions subject to external factors. In addition, a labyrinth of scholarships, financial aid, and state support make financing education even more complicated. Of only one thing we can be sure: college is expensive. The value of education, however, remains priceless.

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*OECD*

**EXAMINATION BY THE CHRONICLE OF HIGHER EDUCATION AND THE HUFFINGTON POST**