

The Rising Cost of College Attendance

Is It Sustainable?

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Segmenting the landscape

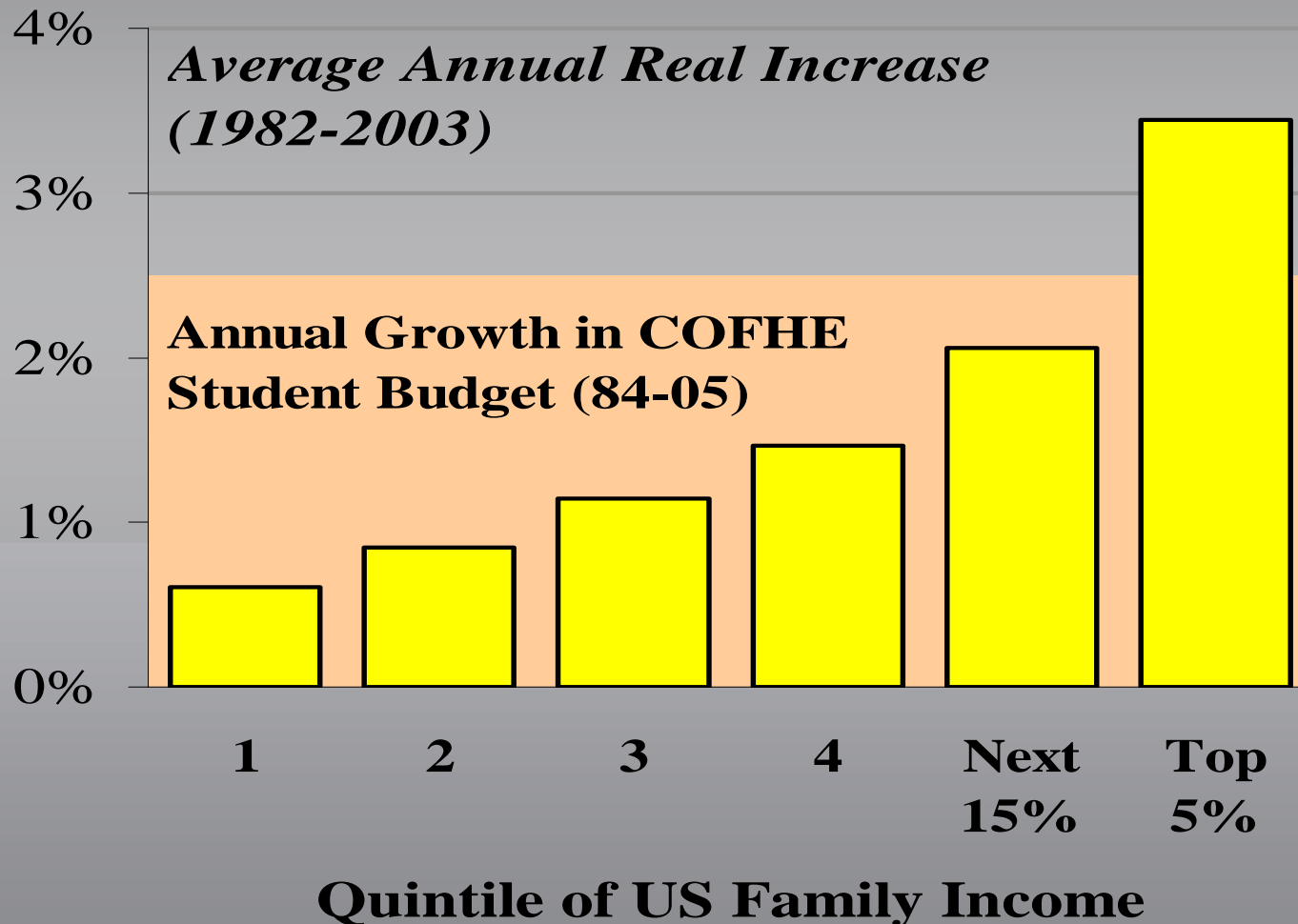
- For students & families, net price varies greatly by sector
- Current pressures of unmet demand for highly selective independent sector does not reveal a price sustainability problem!
- What are the longer term implications of the financing model?

Two Perspectives on the Sustainability Question:

- Implications for Students and Families
- Implications for Schools

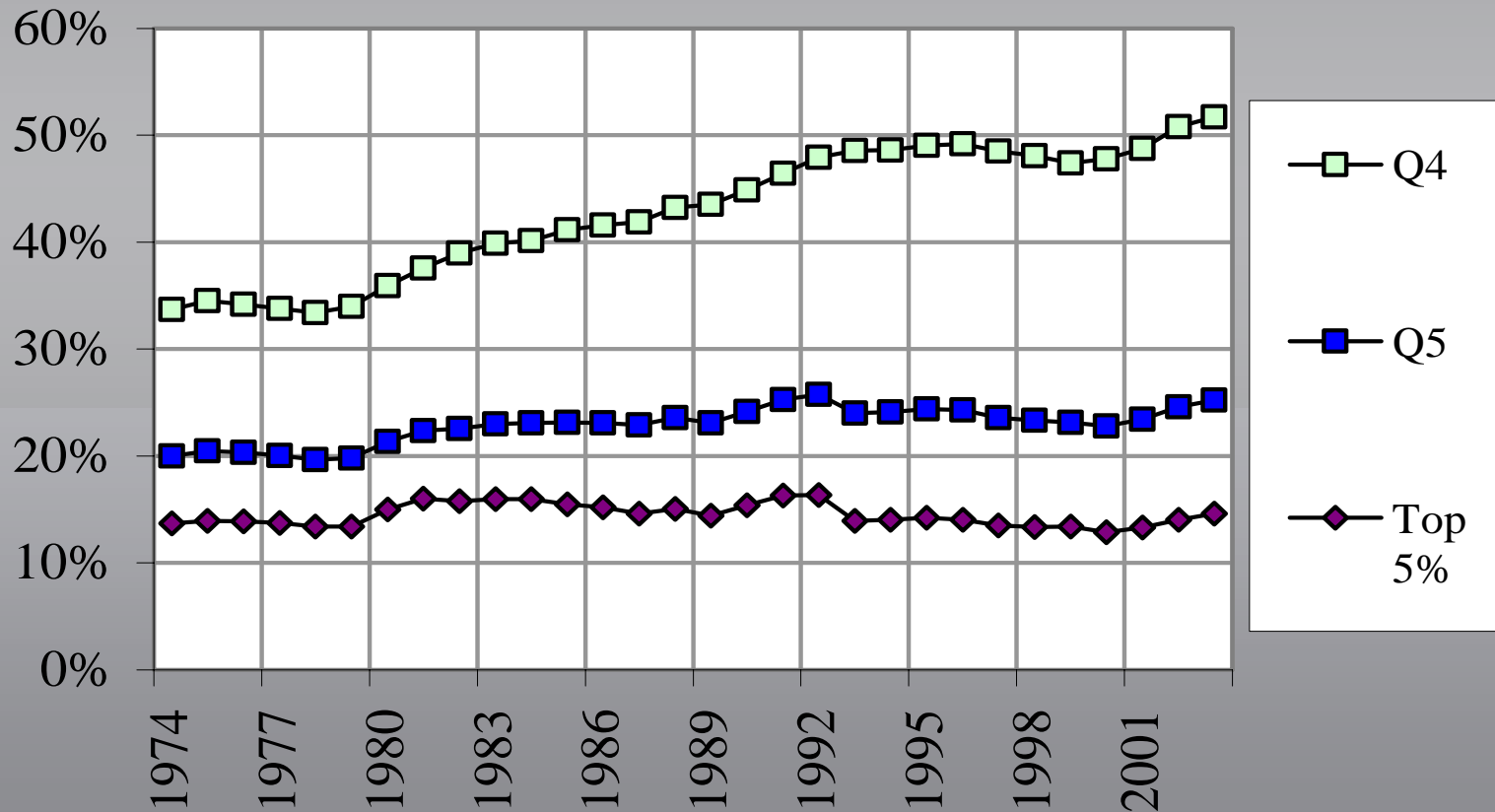
Student Budget Increases

US INCOMES & COFHE CHARGES

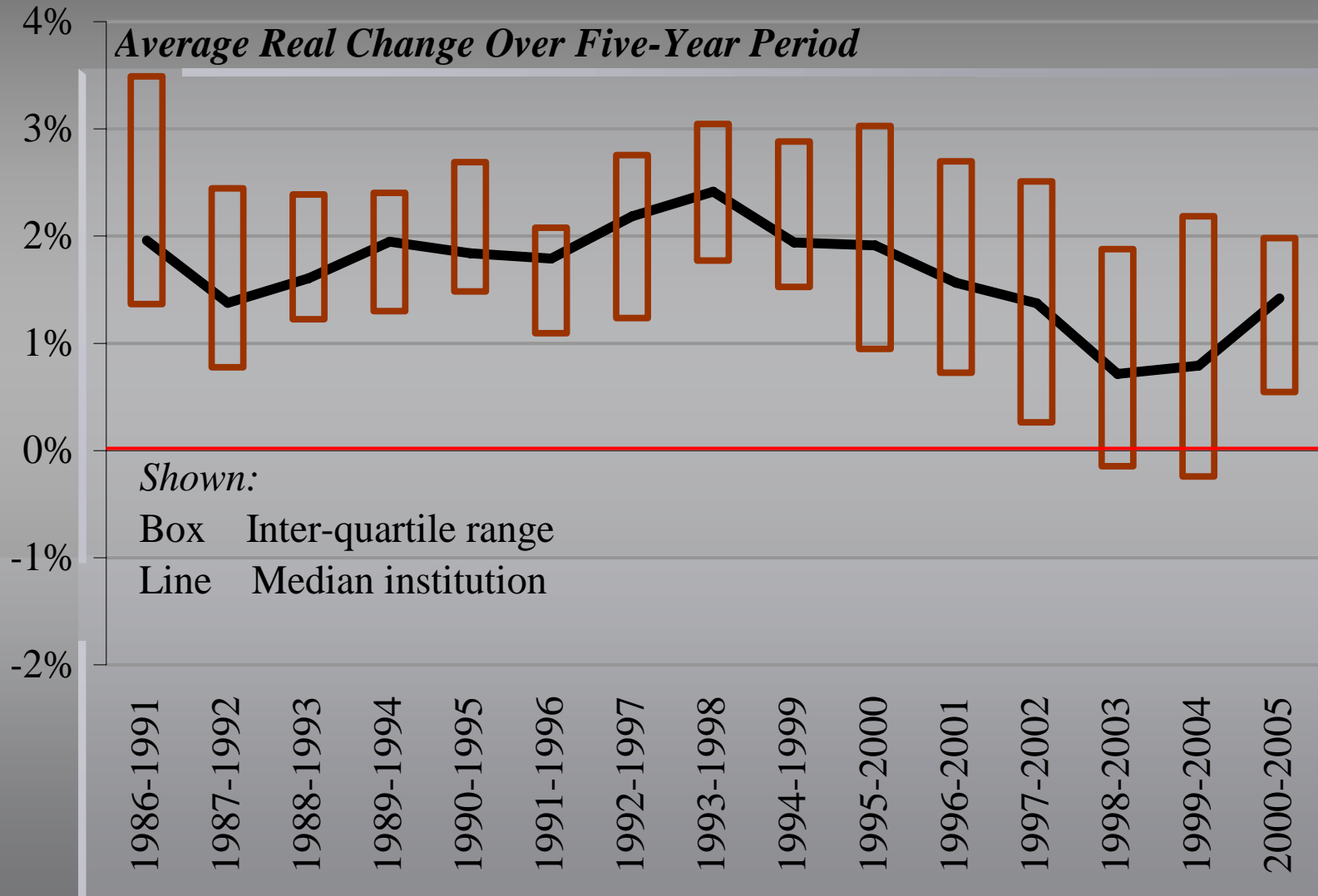


Student Budget as % of Incomes- Top 2 Quintiles over time

NOMINAL BURDENS ON HIGHER INCOME FAMILIES

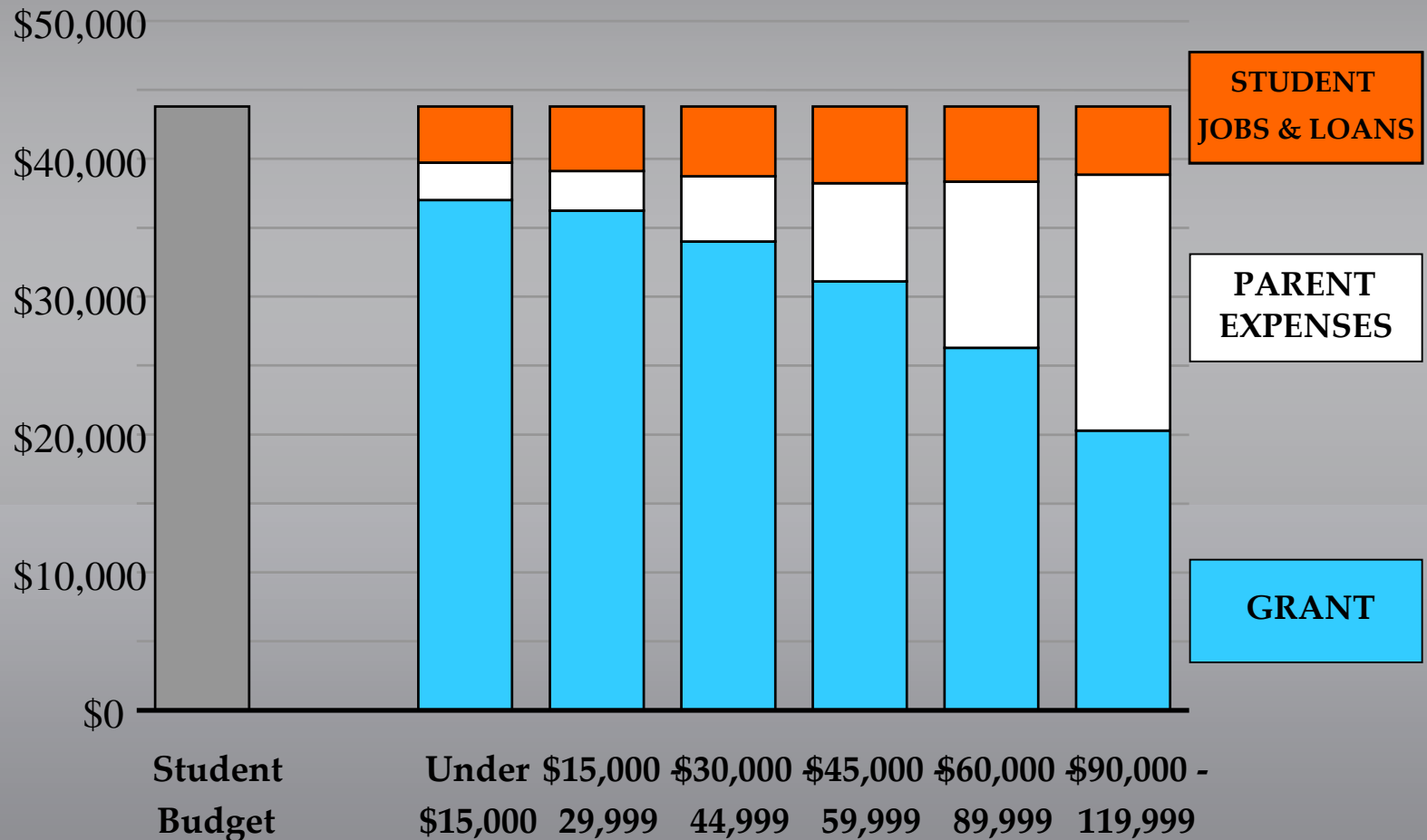


Net Price Changes



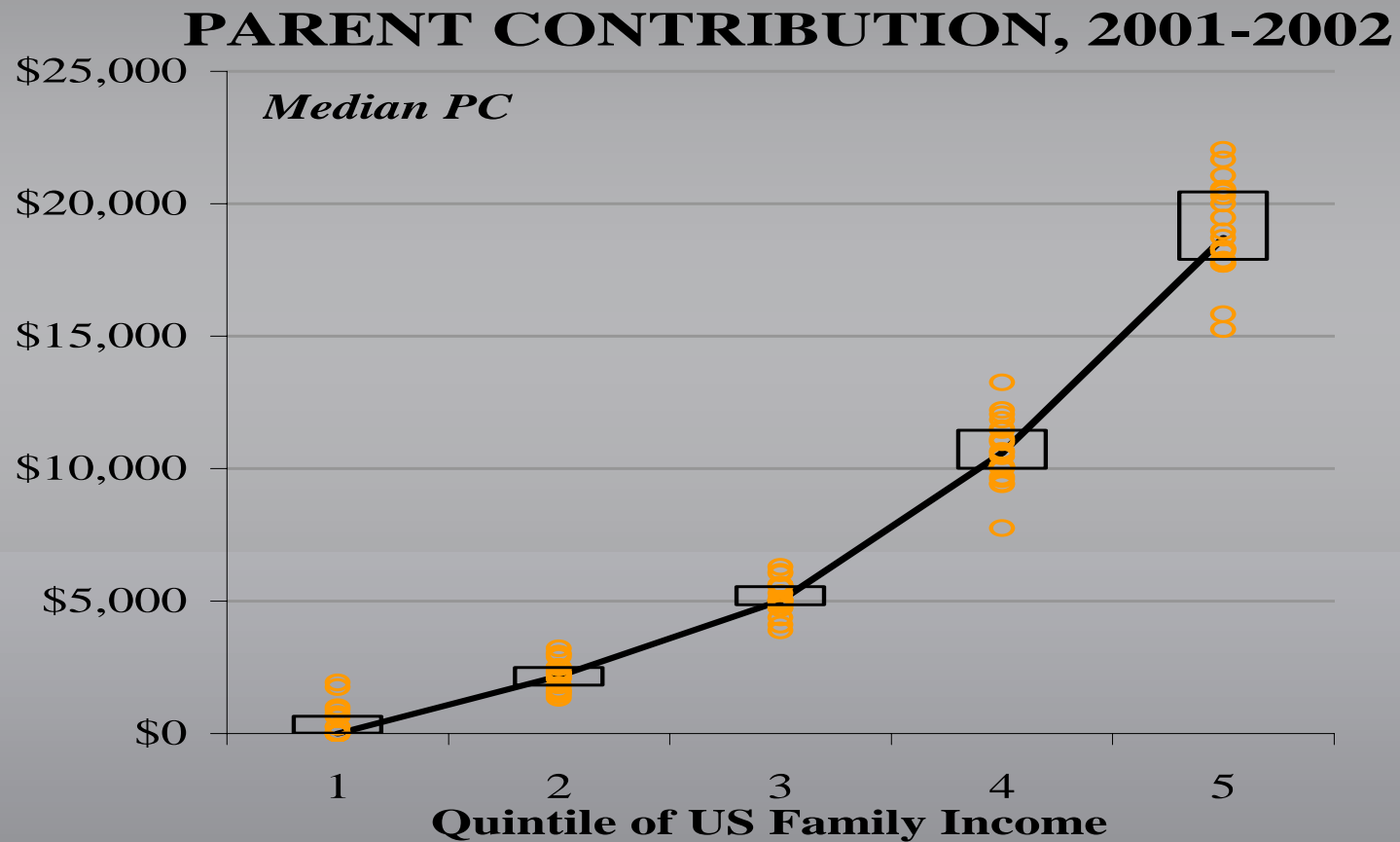
How the student budget is funded

(fall 2005 aided students)



AIDED FAMILY INCOME RANGES

For aided families (by quintile)

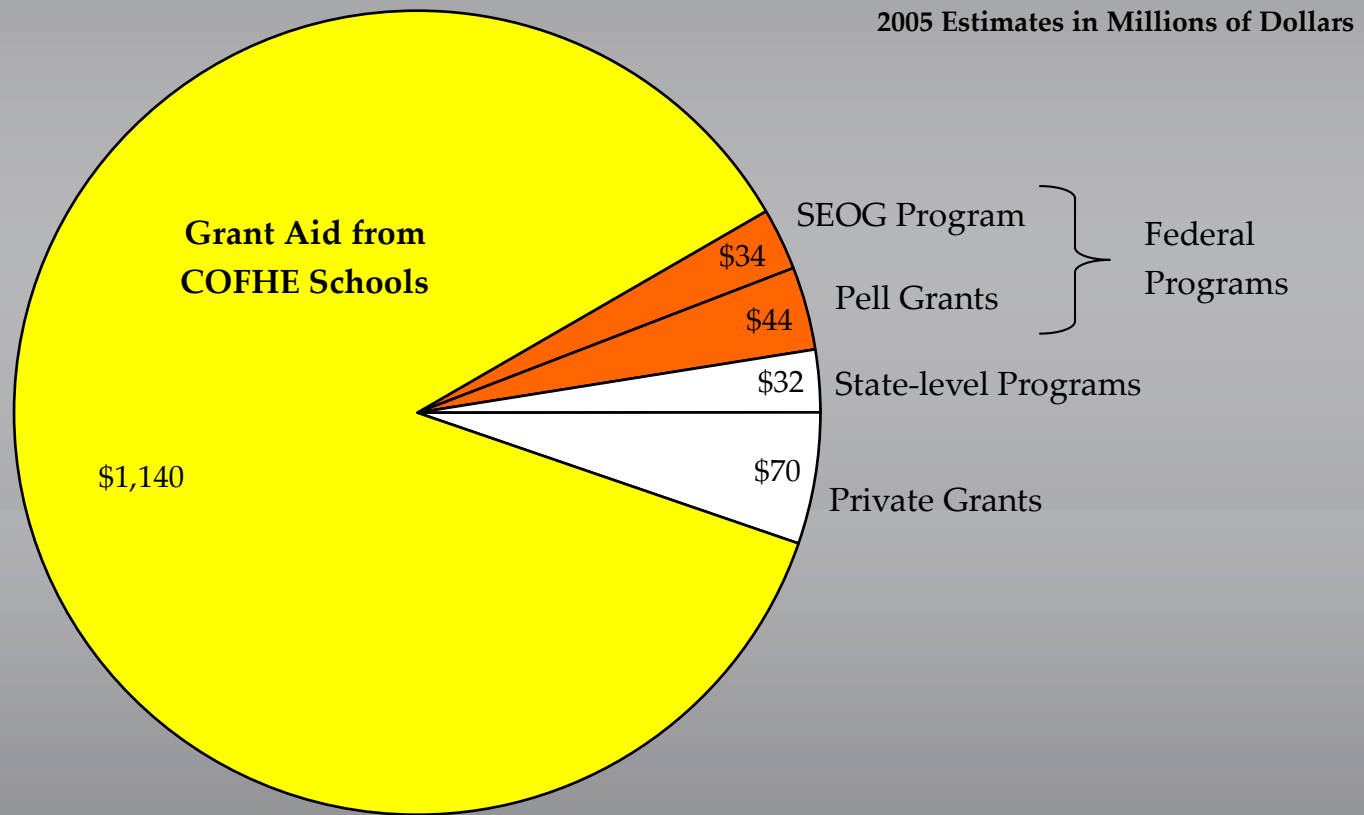


Williams
Affordability
Study

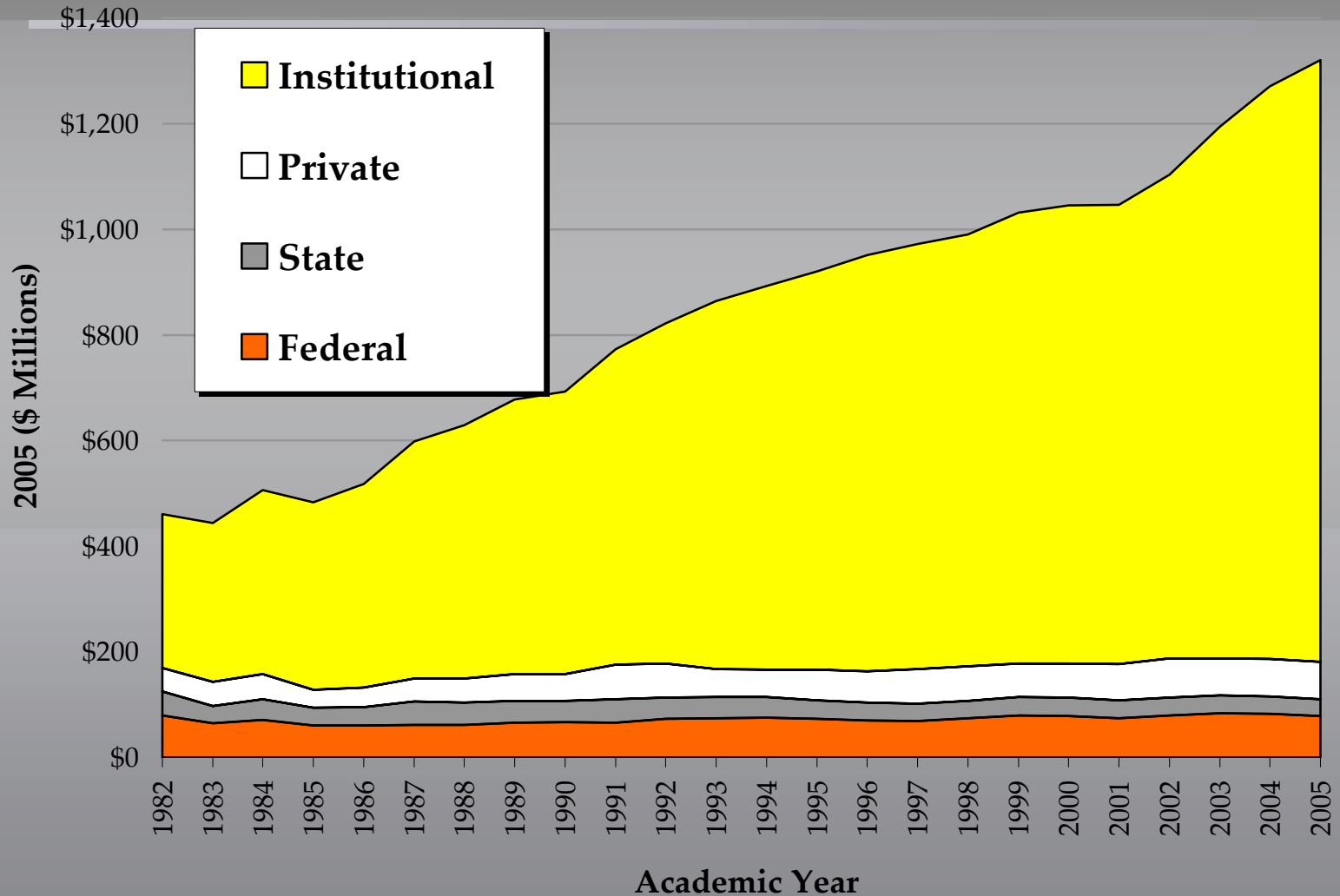
Implications for Schools

- Steady increases in funds for grant aid outpaced tuition increases
- Between 1980 and 2005, grants averaged 5.3% growth/year after inflation, rising from \$367 million to \$1.32 billion (2005 dollars).
- Increasingly, grant aid is funded by schools. Institutional grants = 85% of the total in 2005; 56% in 1980.

Implications for schools

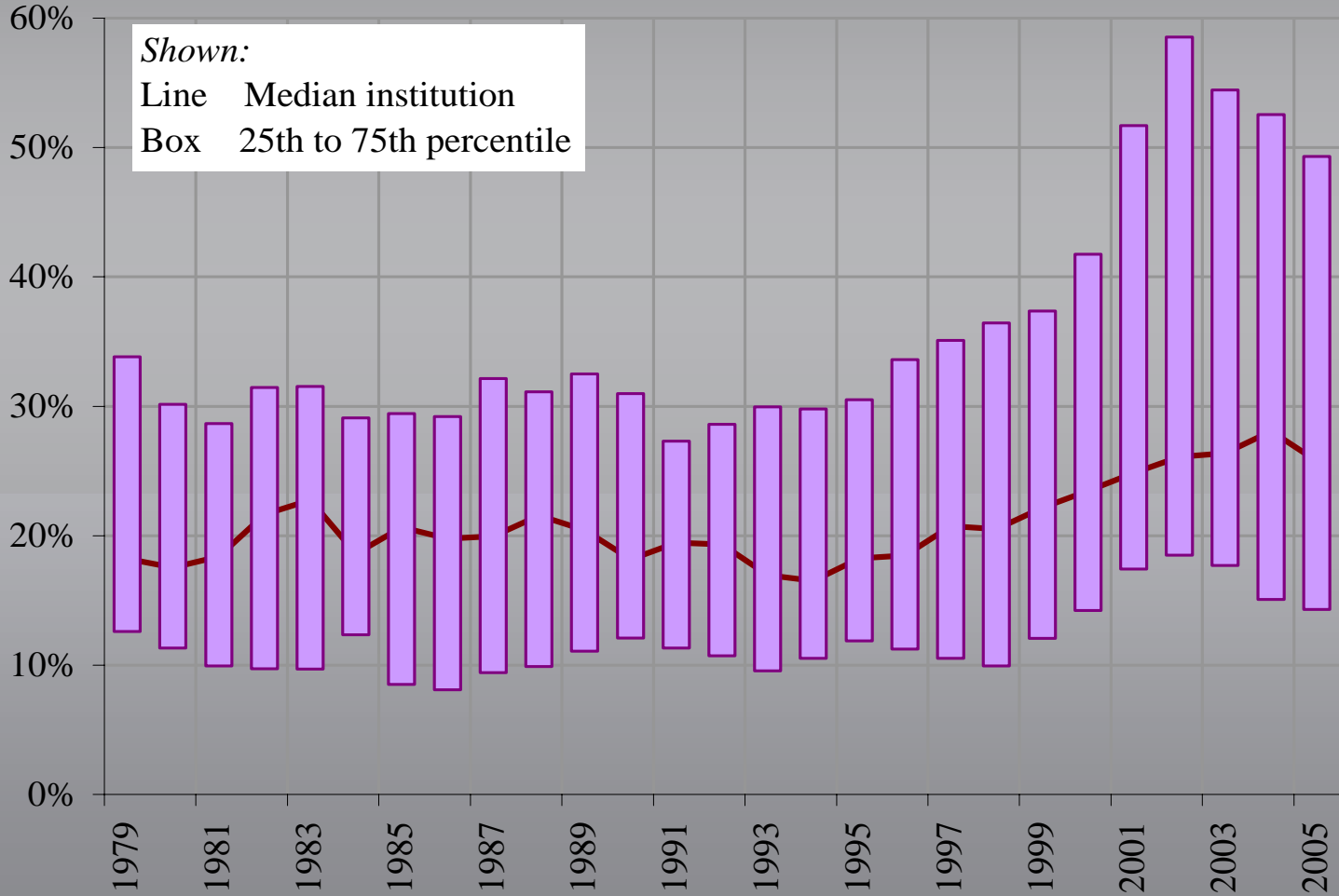


Trends in Grant Aid for selective schools 1982 -- 2005



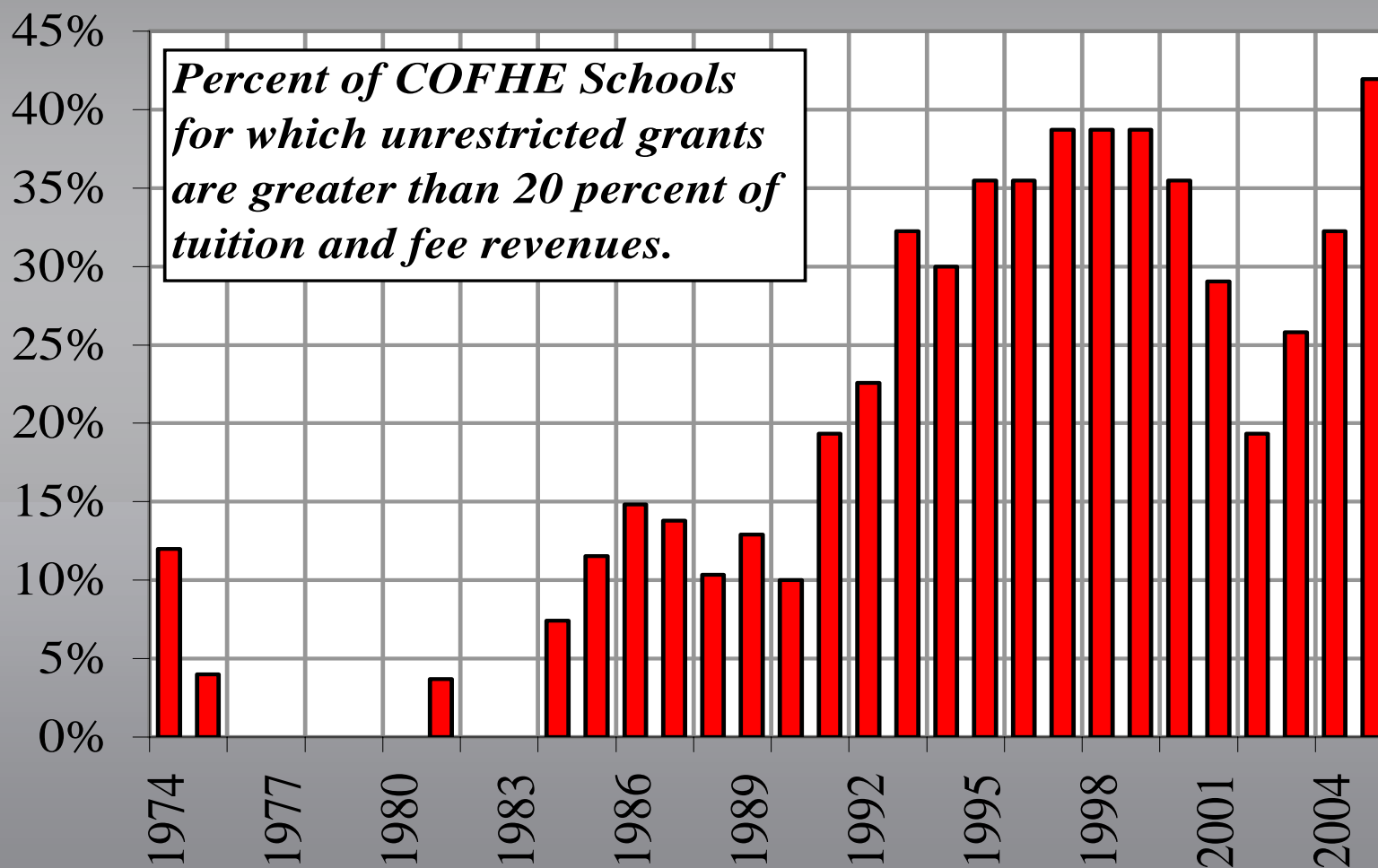
Restricted funding grants over time

PERCENTAGE OF GRANTS FUNDED WITH ENDOWMENTS



Impact Also Grows on Current Funds

RELIANCE ON CURRENT FUNDS



Conclusions

- Enrollment demand at selective schools & fundraising success sustain the current model
- The model keeps constant pressure on endowments and current fund budgets
- What impact does this model exert on the wider 4-year sector of higher education ...is it sustainable?