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OUTLOOK FOR THE COSTS OF ATTENDING COLLEGE

by

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U. S. Department of Health, Education, and Welfare  
before the  
Agricultural Outlook Conference  
Washington 25, D. C., November 16, 1960

The problem of financing the college education of one or more children is one which a larger number and proportion of families will face in the decade of the 60's. The demands of the national welfare, indeed our survival, call for the effective extension of educational opportunities to all young adults who desire them and are qualified to profit thereby.

Congress recognized this situation and its responsibilities two years ago in its adoption of the National Defense Education Act. In the preamble of this law, is the following significant statement:

"The Congress hereby finds and declares that the security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women. The present emergency demands that additional and more adequate educational opportunities be made available. The defense of this Nation depends upon the mastery of modern techniques developed from complex scientific principles. It depends as well upon the discovery and development of new principles, new techniques, and new knowledge.

We must increase our efforts to identify and educate more of the talent of our Nation. This requires programs that will give assurance that no student of ability will be denied an opportunity for higher education because of financial need; will correct as rapidly as possible the existing imbalances in our educational programs which have led to an insufficient proportion of our population educated in science, mathematics, and modern foreign languages and trained in technology.

To meet the present educational emergency requires additional effort at all levels of government. It is therefore the purpose of this Act to provide substantial assistance in various forms to individuals, and to States and their subdivisions, in order to insure trained manpower of sufficient quality and quantity to meet the national defense needs of the United States."

Although it is well known among the leaders of higher education that they face serious problems during the coming decade in raising vast sums to increase faculty salaries, educational services and plant facilities, a somewhat different financial problem concerns us today: What does college cost students and their families and how do they raise the necessary funds?

Trends in Tuition Fees Since 1940

Recent articles and reports reflect the general public's awareness of the rapid increase in college tuition charges with such titles as "Upmanship," "The Case of the Costly Tassel," and "Deflation Never Went to College." I may add that these reminders are scarcely necessary for us parents who have had or now have children in college.

In this section are presented the data relative to institutional annual tuition charges, separately for publicly and privately controlled higher institutions, in relation to the consumer price index and median family incomes over the last 20 years. Detailed figures concerning these trends since 1940 are presented in Table 1. The family income data are taken from the figures of the U. S. Department of Commerce for families with heads between 35 and 54 years of age, the period during which most parents are confronted with their children's college costs. Figures on the mean charges for institutional tuition and required fees are for the same 196 representative institutions for which continuous data were readily available. Each college and university of this group enrolled more than 1,000 full-time undergraduate students and accounted for 55 percent of the total undergraduate enrollment and for a larger proportion of graduate students. The data in Tables 1 and 2, therefore, apply to a majority of the Nation's college students. For comparative purposes, the prewar year 1939 (1939-40) was used as the base year and percentages were calculated.

Table 1. Comparison of Median Income of Families with Heads Aged 35-54 Years, the Consumer Price Index and Mean Institutional Tuition Charge, 1939-1959

Year	Median Family Income		Consumer Price Index <sup>a</sup>	Mean Institutional Tuition and Required Fees <sup>b</sup>			
	Heads - 35-54 Years of Age <sup>a</sup>			Public Institutions		Private Institutions	
	Amount	Percent Relative to 1939		Amount	Percent Relative to 1939	Amount	Percent Relative to 1939
1959	-	-	210	\$194	249%	\$890	287%
1958	\$5,722	391%	208	179	229	820	265
1957	5,560	380	202	168	215	741	239
1956	5,383	368	196	155	199	690	223
1955	4,987	341	193	147	189	638	206
1954	4,719	323	193	135	173	590	190
1949	3,393	232	171	112	144	465	150
1945	3,059	209	130	-	-	-	-
1939	1,462	100	100	78	100	310	100

<sup>a</sup> Summarized from the reports of the U. S. Department of Commerce and the U. S. Department of Labor and published in the article by Lanora G. Lewis, "Median Family Income, the Cost of Living and Tuition and Fee Charges," College and University Business, Vol. 27: 19-21 (December 1959).

<sup>b</sup> For the academic session beginning in September of the years indicated. Mean tuition charges for 196 representative institutions from 1939 through 1954 are taken from "Trends in Tuition Charges and Fees," Annals of the American Academy of Political and Social Science, Vol. 301: 148-164 (September 1955), by Herbert S. Conrad and Ernest V. Hollis. Data for 1955 through 1959 are calculated for the same institutions.

Between 1939 and 1958 median family incomes of heads 35-54 years of age increased 291 percent (or were 391 percent of the 1939 figure) from \$1,462 to \$5,722 and during the same period the cost of living (Consumer price) index rose from 100 to 208. The increase in institutional tuition and fee charges, however, followed a different pattern. In the case of the publicly-controlled institutions, many of which are the Land-grant colleges and universities represented by the membership of this conference, the mean institutional tuition

charge increased approximately \$100 or 129 percent. For the private colleges and universities the comparable figures are from \$310 to \$320, an increase of 165 percent. Judging from the figures for 1960-61 and recent announcements, the process of "upmanship" continues. During this twenty year period while average tuition charges have slightly more than doubled, the consumer price index increased 103 percent and the median family income was more than tripled.

Table 2. Comparison of the Mean Annual Tuition and Required Fees of 196 Representative Colleges and Universities; 1949-50 and 1959-60

Type of Institutions	Number of Institutions	Mean Tuition and Required Fees		Increase	
		1949-50 <sup>a</sup>	1959-60 <sup>b</sup>	Amount	Percent
<u>All Institutions</u>	196	\$249	\$464	\$215	86
Publicly controlled	120	112	194	82	73
Privately controlled	76	465	390	425	91
<u>Publicly controlled</u>					
Universities	69	138	240	102	74
Liberal arts colleges	19	30	129	49	61
Teachers colleges	17	39	171	82	92
Technological institutes	5	142	221	79	56
Junior colleges	10	13	30	12	67
<u>Privately controlled</u>					
Universities	57	457	335	423	94
Liberal arts colleges	14	439	310	371	85
Technological institutes	5	626	1,143	522	83

<sup>a</sup> Conrad, Herbert S. and Hollis, E. V. "Trends in Tuition Charges and Fees," Annals of the Academy of Political and Social Sciences; Vol. 301: 143-64 (September 1955).

<sup>b</sup> Preliminary Report, Division of Higher Education, Office of Education, Department of Health, Education, and Welfare, May 1960.

An objective view of these data over the past 20 years suggests the following important conclusions: (1) the rate of increase in mean institutional tuition charges has not kept pace with the increase in family incomes; (2) in terms of the 1939-40 prewar base figures, the rate of increase in tuition fees lagged well behind the consumer price index until about 1954 and then rose sharply ahead of it; (3) the percentage relationship of mean tuition charges as a ratio of the median family income declined materially between 1939 and 1956.

In spite of this increase in median family income, the heavy impact of taxes in recent years has materially affected the net discretionary income of families. The burden of taxes for all governmental services--federal, State and local--is likely to increase during the coming decade. Moreover, the larger postwar families and the increased demands for higher education will add to the family burden of financing the education of more young people per family and the longer programs of education many will pursue.

The data in Table 2 are presented for those interested in the comparison of tuition fees during the past decade and for the various institutional sub-groups. During this 10-year period the "over-all" tuition increase was \$215 or 86 percent. In the public group of colleges and universities the mean tuition fee increased 73 percent, from \$112 to \$194. For the privately controlled colleges and universities the mean tuition fee increased 91 percent from \$465 to \$390. Among the public universities the mean tuition charge increased approximately \$102 or 74 percent over the 1949-50 figure. Similarly the increases in other types of public institutions were as follows: liberal

arts colleges, 61 percent; teachers colleges, 92 percent; and separately organized engineering schools, 56 percent. In contrast to the rather modest dollar-increases of \$49 to \$102 for the public 4-year institutions, the tuition increases in the privately controlled institutions ranged from \$371 for the liberal arts colleges to \$522 for the technological group.

Student Costs; 1952-53 and 1960-61

Recent and comprehensive studies of the cost of college attendance are not readily available. To meet the need for accurate information in this area the Office of Education undertook such a study several years ago. It was directed by E. V. Hollis, Director of the College Administration Branch of our Division of Higher Education and published in 1957 under the title Costs of Attending College. The basic data are based upon the questionnaire returns of 15,300 single, undergraduate students enrolled during the academic year 1952-53 at 110 representative colleges and universities in 41 States and the District of Columbia.

A summary of the student expenditures under the principal headings for 1952-53, together with the estimates for the current academic year 1960-61 are presented in Table 3. Institutional average current expenditures (omitting capital expenditures, such as those for automobiles, cameras, typewriters and TV sets) ranged from \$635 to \$3,100, the middle 50 percent of students spent between \$815 and \$1,700 and the median student expenditure was \$1,219, (mean, \$1,300). It will be observed that the mean expenditure of students enrolled in privately controlled colleges and universities was approximately \$550 higher than that of students in the public higher institutions. Men students spent on the average \$1,462 in contrast to the mean expenditure of \$1,273 for women students, although the extra money came from their earnings and from loans.

Table 3. Major Items of Students' Mean Current Expenditures; 1952-53 Actual and 1960-61 Estimated Expenditures<sup>a</sup>

Major Item	Publicly controlled Institutions		Privately controlled Institutions	
	1952-53	1960-61	1952-53	1960-61
Mean Total Current Expenditure	\$1,120	\$1,300	\$1,674	\$2,100
Tuition and required fees	151	225	546	863
Room rent	102	116	146	165
Board (regular meals)	270	318	301	354
Clothing (including footwear)	130	135	149	155
All other current expenditures	467	506	532	563

<sup>a</sup> Data for 1952-53 are computed from Tables 3 and 4 of Costs of Attending College by Ernest V. Hollis and Associates; Bulletin 1957, No. 9, Office of Education, U. S. Department of Health, Education, and Welfare. Estimates for 1960-61 are based on the U. S. Department of Labor, Bureau of Labor Statistics, consumer price indexes and the increase in mean institutional fees since 1953.

It will be readily seen that institutional tuition charge, (\$151 in the public and \$546 in privately controlled institutions) was but a relatively small portion of the median student expenditure. The major expenditures which make it difficult for low-income families to send a son or daughter away to college are the board and room costs away from home rather than the educational costs, tuition and fees, books and supplies.

Hollis generalized that several factors appear to determine the cost of attending college: (1) Spending habits formed at home; (2) the choice of the college attended; (3) the pressures of campus customs and mores; (4) the size of the family income and (5) whether or not a student lives at home and commutes to college.

The fact that regional variations also enter the situation were indicated by the following mean expenditures:

Northeastern.....	\$1,676
North Central.....	\$1,262
Western.....	\$1,209
Southern.....	\$1,164

On the average, students who lived in the family home and commuted to college spent approximately \$1,000 per year. In the case of students who lived in other private homes or college dormitories the increased outlay was approximately \$350 and for students who lived in fraternities or sororities there was a further increase of approximately \$300 in their mean expenditure.

In the second and fourth columns of Table 3 are summarized the estimates for the major items of student expenditures for the current academic year 1960-61. These estimates are based upon the increases in the consumer price indexes for the several items since 1952-53 and the increases in the mean institutional tuition fees of the Office of Education data summarized in Table 1. Using 1952-53 as the base year, the ratios of increase in the several items are as follows: tuition and required fees in publicly controlled higher institutions-49 percent; privately controlled institutions-58 percent; food-18 percent; clothing-4 percent, and shelter (rent)-14 percent. It is readily apparent in examining these estimates that the increase in current expenditures is approximately \$200 in the case of students attending publicly controlled institutions, while in the case of those enrolled in the privately controlled colleges and universities the increase is slightly more than double that amount.

### Sources of Student Income

How does the student and his family raise the funds to finance his college career? Fortunately there are two factual studies which shed considerable light upon this important subject. The first one of these is the Hollis study for the academic year 1952-53, which is summarized in Table 4. Families and relatives were responsible for two fifths of the student's income for the year and the average family contribution was approximately \$650. Another fifth was in the form of long-term savings which were probably contributed largely by parents and grandparents.

Table 4. Major Sources of Student Income, 1952-53<sup>a</sup>

Source of Funds	Percent of Total Income	Mean Amount Received by all Students
Family (parents & other relatives)	40.5%	\$647
Long-term savings	20.0	695
Term-time earnings	17.0	413
Summer earnings	9.3	395
Scholarships	4.8	310
Veterans and vocational rehabilitation benefits	4.3	894
Loans	1.5	400
Other sources	2.6	133
Totals	100.0%	\$1,462

<sup>a</sup> Summarized from Table 8, page 48 of Costs of Attending College.

Students themselves financed over a quarter of their income through earnings during the academic year and the summer. The mean amount earned was \$413 in the case of term-time earnings and \$395 for summer employment. There was an important sex difference with respect to term-time earnings. Two thirds of the men students worked during the academic year and earned an average of \$486 per student in contrast to one half of the women students who were so employed and whose mean earnings was \$265. Scholarship assistance primarily in the form of institutional grants accounted for about 5 percent of the students' income, were received by 21 percent of the students and the average grant was \$310. About 4 percent of the students in this study financed their college expenditures by means of loans, gifts and funds from other sources. Although but 1.5 percent of the students borrowed, the mean amount received from this source was \$400. However, twice as many men students borrowed in comparison with the women students who borrowed.

The second report is a nationwide study completed by the Institute of Social Research of the University of Michigan under a grant of the Office of Education Cooperative Research Program (Lansing, John B., Lorimer, Thomas and Moriguchi, C., How People Pay for College). This study is based on data for the year 1959-60, obtained through personal interviews from a representative sample of 2,700 families living in private homes.

The results of this study indicated the mean annual expenditure of single college students was \$1,550 and that for 3 out of 4 families, the students' expenditures varied between \$950 and \$2,450. Based on the mean student expenditure of \$1,550, parental contributions accounted for \$950, approximately 2/3 of the total expenditure, \$350 was from student support, \$130 was in the form of scholarship assistance and \$110 came from other sources. In general, the amount of the parental contribution varied with the size of the family income, the number of children to be educated and the educational level of the parents. Better educated parents and those in the upper income brackets tend to pay more of their children's education costs, frequently to enable their children to attend prestige institutions.

An interesting aspect of this study which is somewhat at variance with some others, is that half of the families who had had children in college during the past five years had set money aside in advance to help pay for their college costs. Moreover, these families, on the average began ten years ago to save such funds. In about one fifth of the families the mother took



an outside job in order to help pay college expenses. Approximately half of the families indicated that it was necessary to reduce other family expenditures or to live on a tight budget so as to help meet their children's college expenditures.

Of the families with children in college during the past five years, 14 percent reported borrowing at one time or another and parents reported borrowing twice as often as the students. Although this study indicates a greater tendency to resort to loans than the earlier Hollis study, the authors commented on the reluctance of the parents to rely on loans. They stated "borrowing to pay for a college education is regarded by most people as something to be done only when the need is acute and no other funds are readily available."

### Prospects for the Coming Decade

A pressing problem confronting higher education in the decade of the 60's will be that of obtaining adequate financial support. Will an increasing portion of it have to come in the form of higher student tuition fees? This is by no means a novel question, but it is becoming more urgent. As an indication of the extreme attitude in certain quarters, the president of a liberal arts college declared some time ago that "unreasonably low-tuition charges are socially, educationally and morally wrong."

The principal argument for higher fees is that higher education is essentially a matter of personal advantage and hence should be financed to a larger degree by individual payment. The average income of college graduates is usually higher than the average of non-graduates and accordingly, the college trained have greater "ability to pay." Mr. Devereux C. Josephs, Chairman of the New York Life Insurance Company and Chairman of the President's Committee on Education Beyond the High School has stated, "Colleges should raise tuition fees to charge the student the full cost of his education, and what the student or parents cannot pay from past savings and current earnings they should borrow," ("College on Credit," Think 25:7-9, May 1959).

There is, however, another fundamentally different philosophy with respect to this matter. This holds, in common with our colleagues in the public schools, that higher education is a social investment by which public expenditures are utilized for the extension of educational opportunities. This point of view holds that opportunities for higher education should be made available to all youth of ability, irrespective of family economic status and expressed in the Land Grant Ordinance of 1787, in the constitutions of the new States and in the adoption of the Morrill Act of 1862, all of which sought to expand educational opportunities for youth.

It should be observed that our concern with the "social investment" character of higher education has not prevented the public institutions in recent years from increasing their tuition charges. However, it is still quite unlikely that after a century and a half's experience with tax-supported higher education, States will abandon it in any substantial degree. Surely no one who takes a serious look at the problems facing higher education in the coming decade and the Nation's needs for college trained manpower can admit the failure of the "low tuition principle."

It appears likely that student tuition charges will probably continue to increase, although probably in different ratios for the public and private higher institutions just as they have in the past twenty years. "Educational installment buying; learn now, pay later" as referred to by President Eldon Johnson of the University of New Hampshire ("Is the Low-Tuition Principle Outmoded," College Board Review, Spring 1959) may create a new form of "indentured service, in which the poor pay for 20 years while the better-off start life debt-free."