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12

Twelve Facts That May Surprise You About America's Private Colleges and Universities

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Independent (also known as private) higher education is as old as our nation itself. Independent colleges and universities are not only vehicles of tradition, but centers of learning that reflect the ever-evolving diversity and needs of American life. Their wide variety of sizes, locations, academic programs, and institutional missions provides not only affordable access to higher education, but a choice in how students can achieve their dreams.

Inextricably woven into the fabric of American life, independent colleges and universities always have been accountable to a host of audiences — government, independent trustees, and, perhaps most importantly, to students and their families. However, the role that independent colleges and universities play in meeting the vital national interest of providing educational opportunity is not always recognized. The information in the following pages demonstrates how independent colleges and universities not only provide affordable access to students from a diverse array of backgrounds, but also how students who attend private colleges succeed in reaching their educational goals.

Most of the information for this report is based on data from the National Center for Education Statistics of the U.S. Department of Education. The facts are clear that independent colleges and universities are responding effectively to the growing needs of the United States as we continue into a new century.

Affordable

FACT 1: Thanks to grants and scholarships, most students pay less than the published tuition at private colleges and universities.

FACT 2: Even the full tuition at private colleges and universities doesn't fully cover the instructional and other costs to the institution.

FACT 3: The average tuition students pay at private colleges has actually declined over the past decade, once you subtract grant aid and adjust for inflation.

FACT 4: Most of the financial aid undergraduates receive at private colleges and universities is based on financial need.

Diverse

FACT 5: The proportion of students from racial and ethnic minorities at private colleges and universities is almost the same as at four-year state institutions.

FACT 6: The proportion of low- and middle-income students at private colleges and universities is almost the same as at four-year state institutions.

FACT 7: Many older, working, and part-time students attend private colleges and universities, along with "traditional" full-time students just out of high school.

FACT 8: Students who have dependents or support themselves attend private colleges and universities at about the same rate as at four-year state institutions.

Successful

FACT 9: Students who work full time, have a high school equivalency diploma, or face other challenges are far more likely to graduate from a private college or university than a state institution.

FACT 10: All types of students are as likely to earn their degree in four years at a private college or university as they are in six years at a state institution.

FACT 11: Regardless of academic preparation, students are as likely to earn their degree in four years at a private college or university as they are in six years at a state institution.

FACT 12: Students who earn bachelor's degrees are able to do so sooner at private colleges and universities than at state institutions, avoiding additional tuition and beginning their careers earlier.

Affordable

Although public attention is focused on published tuition rates, most undergraduate students do not pay these prices to attend private colleges and universities. Many students need and receive help to pay for their college expenses. Indeed, 76 percent of full-time, full-year undergraduates at private institutions receive grant aid from institutional, federal, state, or private sources.

Even students who do not receive any financial aid still pay less than it actually costs an institution to provide an education. On average, the published tuition at private colleges and universities covers only 62 percent of the instructional, technological and other related expenses that make up the true cost of educating a student. An institution must use its existing capital, endowment, annual gifts, and other sources to make up the difference (38 percent). Private colleges and universities are among the few sectors of the economy that successfully "sell" their product for less than the cost of producing it.

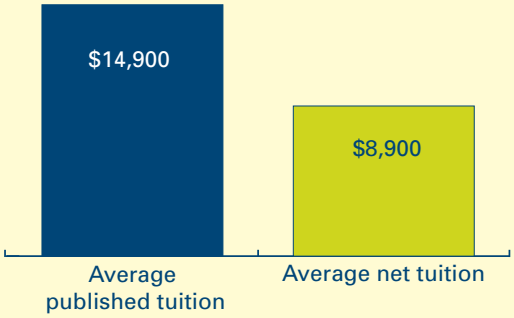
For the thousands of students who qualify for financial aid, average net tuition (after all grants are taken into account) is 60 percent of average published tuition. This proportion decreased slightly between 1992-93 and 1999-2000, because during that period grants have been increasing at a faster rate than tuition. The result is that after adjusting for inflation, students who received grant aid actually paid less in 1999-2000 than they did in 1992-93.

For the neediest students at private colleges and universities, the impact of aid in reducing published tuition is especially pronounced. The average net tuition (after all grant aid) for students in the lowest income quartile decreased by nearly 15 percent between 1995-96 and 1999-2000 (after adjusting for inflation). Thus, in 1999-2000, after grants, the neediest students on average paid 40 percent or less of published tuition prices.

A common misconception in the media and in public policy discussions about grant aid from private colleges and universities is that there is a simple "need versus merit" distinction in how aid is awarded. The reality is much more complex. A significant proportion of the grant aid is based on a *combination* of financial need and other factors. Two-thirds of the grants awarded by private colleges and universities to undergraduates consider financial need. A much smaller proportion of grant aid (35 percent) is based entirely on factors other than need. These financial aid policies allow private institutions to enroll a variety of talented students from all socioeconomic and academic backgrounds. Because most of the grant aid at private colleges and universities takes financial need into consideration, students who otherwise might not be able to afford it have the opportunity to fulfill their educational dreams.

Fact 1: Thanks to grants and scholarships, most students pay less than the published tuition at private colleges and universities.

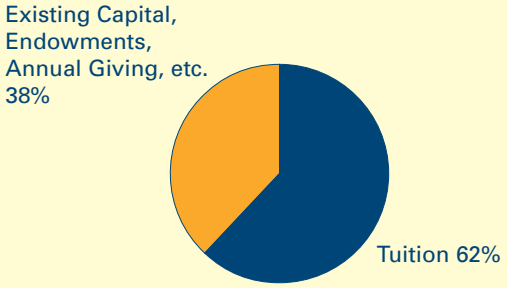
Published Tuition Versus What Students Actually Paid in Tuition (After All Grant Aid) at Private Colleges and Universities (1999-2000)



Sources: U.S. Department of Education, National Center for Education Statistics, *What Students Pay for College: Changes in Net Price of College Attendance Between 1992-93 and 1999-2000;* NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

Fact 2: Even the full tuition at private colleges and universities doesn't fully cover the instructional and other costs to the institution.

Tuition at Private Colleges and Universities Covers Two-Thirds of the Education

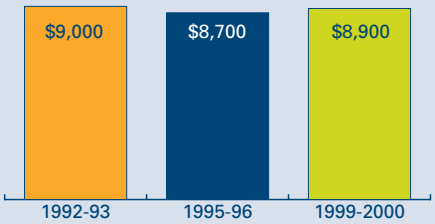


Source: Gordon C. Winston and Ivan C. Yen, *Cost, Prices, Subsidies, and Aid in U.S. Higher Education,* Williams Project on the Economics of Higher Education, 1995.

Fact 3: The average tuition students pay at private colleges has actually declined over the past decade, once you subtract grant aid and adjust for inflation.

Average Net Tuition (After All Grant Aid) at Private Colleges and Universities Decreased Slightly between 1992-93 and 1999-2000

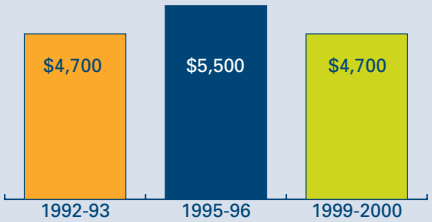
Adjusted for Inflation



Sources: U.S. Department of Education, National Center for Education Statistics, *What Students Pay for College: Changes in Net Price of College Attendance Between 1992-93 and 1999-2000;* NPSAS: 1992-93, NPSAS: 1995-96, and NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

Average Net Tuition (After All Grant Aid) for Students in the Lowest Income Quartile at Private Colleges and Universities Has Decreased Since the Mid-1990s

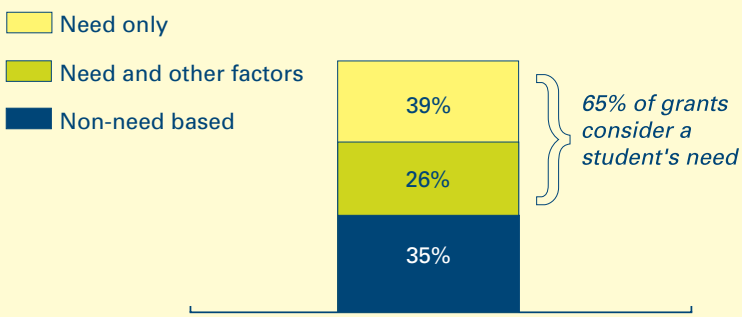
Adjusted for Inflation



Sources: U.S. Department of Education, National Center for Education Statistics, *What Students Pay for College: Changes in Net Price of College Attendance Between 1992-93 and 1999-2000;* NPSAS: 1992-93, NPSAS: 1995-96, and NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

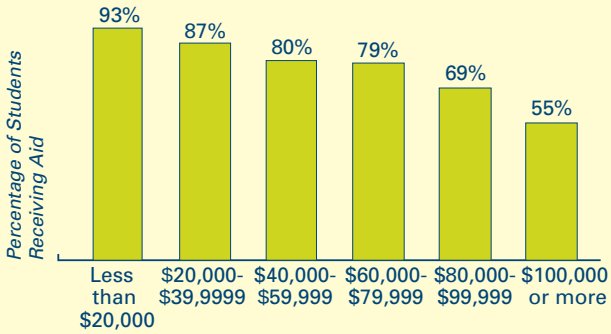
Fact 4: Most of the financial aid undergraduates receive at private colleges and universities is based on financial need.

Two-thirds of Grants Given by Private Colleges and Universities Are Need-Based



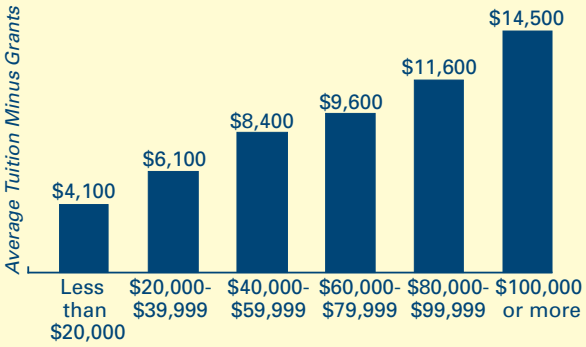
Source: National Association of Student Financial Aid Administrators and The College Board, *2001 Survey of Undergraduate Financial Aid Policies, Practices, and Procedures,* March 2002.

More Students from Lower-Income Families Receive Grant Aid than Students from Higher-Income Families at Private Colleges and Universities



Source: U.S. Department of Education, National Center for Education Statistics, NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

Lower-Income Students Pay Less Tuition after Grant Aid than Higher-Income Students at Private Colleges and Universities



Source: U.S. Department of Education, National Center for Education Statistics, NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

Diverse

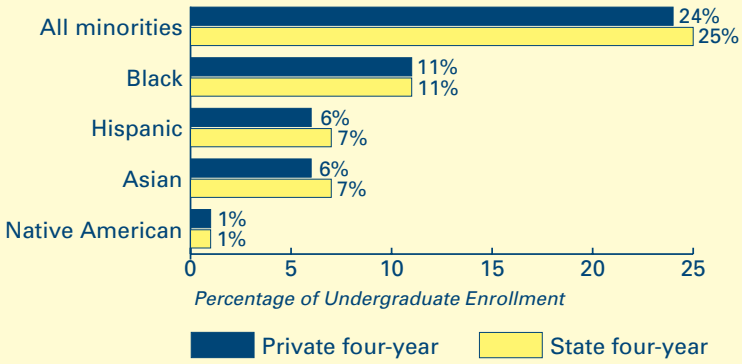
Students of diverse backgrounds find a home at America's private colleges and universities. Private colleges and universities have a variety of missions that enable them to meet students' different educational aspirations. Students choose these institutions because of the diversity and flexibility of programs, and their personal and supportive environments.

The proportion of minority students enrolled at private colleges and universities is similar to four-year state institutions — 24 percent versus 25 percent, respectively. Sixteen percent of students at private colleges and universities are from families that earn $25,000 or less — the same rate as at four-year state schools. Indeed, enrollment patterns by family income in most categories are identical or similar.

"At risk" is a category of factors that create potential hurdles for a student's persistence through graduation. These factors include students who have dependents or are single parents, are financially independent, attend part-time, delayed college enrollment after high school, work full-time, or have no high school diploma. Students considered to be at risk choose private colleges and universities because of the personal and supportive cultures that help them succeed. In fact, students who are considered most at risk because they have four or more of these characteristics represent a higher proportion of enrollments at private colleges and universities than at four-year state institutions.

Fact 5: The proportion of students from racial and ethnic minorities at private colleges and universities is almost the same as at four-year state institutions.

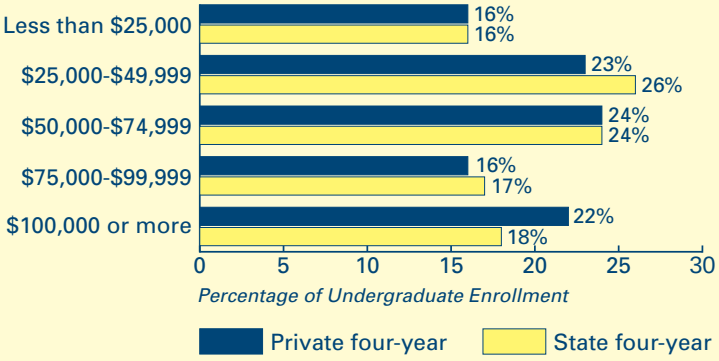
Private Colleges and Universities Educate Students from Diverse Backgrounds



Source: U.S. Department of Education, National Center for Education Statistics, 2001. Note: Data are for total fall enrollment, 1999.

Fact 6: The proportion of low- and middle-income students at private colleges and universities is almost the same as at four-year state institutions.

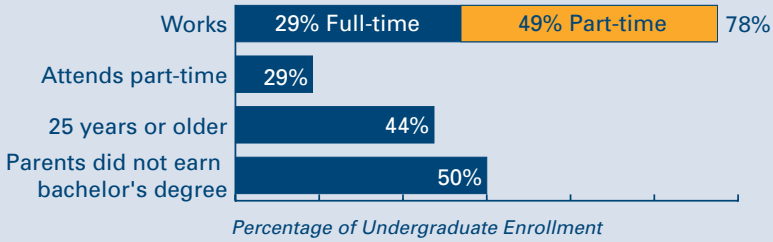
Private Colleges and Universities Educate Students from All Family Incomes



Source: U.S. Department of Education, National Center for Education Statistics, NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

Fact 7: Many older, working, and part-time students attend private colleges and universities, along with "traditional" full-time students just out of high school.

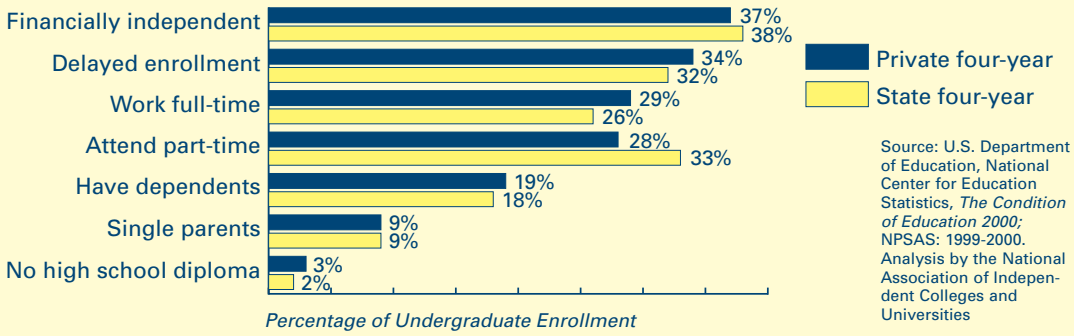
Private Colleges and Universities Educate "Non-Traditional" Students and Students Whose Parents Did Not Earn Bachelor's Degrees



Source: U.S. Department of Education, National Center for Education Statistics, NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities.

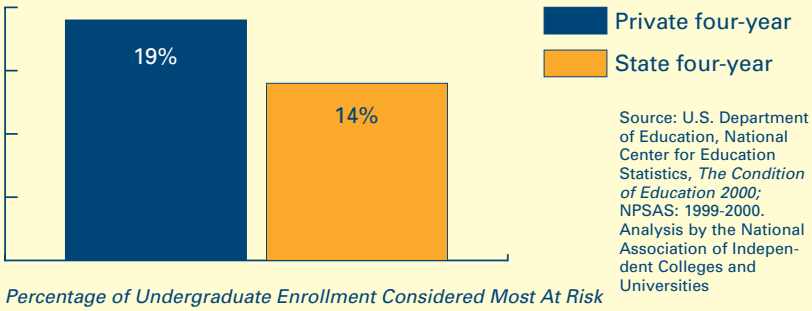
Fact 8: Students who have dependents or support themselves attend private colleges and universities at about the same rate as at four-year state institutions.

Private Colleges and Universities Educate Students from "At Risk" Backgrounds



Source: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education 2000;* NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities

Private Colleges and Universities Educate a Greater Proportion of Students Who Are Most "At Risk"



Source: U.S. Department of Education, National Center for Education Statistics, *The Condition of Education 2000;* NPSAS: 1999-2000. Analysis by the National Association of Independent Colleges and Universities

"At Risk" is a category of factors that create potential hurdles for a student's persistence through graduation. These factors include students who have dependents or are single parents, are financially independent, attend part-time, delayed college enrollment after high school, work full-time, or have no high school diploma. Students who are considered most at risk have four or more of these characteristics.

Successful

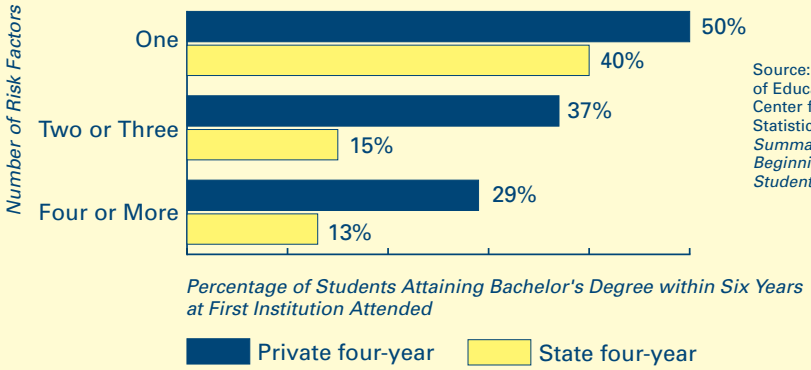
Private colleges and universities are not only affordable for students from a wide variety of backgrounds, but also help students succeed and achieve their educational goals.

Critics attribute higher completion rates at private colleges and universities to the selection of students who are unlikely to have any obstacles to pursuing their degrees. This claim is wrong. When comparing students with similar characteristics (family income, race/ethnicity, or academic preparation), students at private colleges and universities are more likely to receive their bachelor's degrees in four years than are their counterparts at state institutions.

Success in completing their bachelor's degrees on time and entering the workforce also helps graduates of private colleges and universities reduce the effective price of their degree, compared to students at state institutions who take longer to graduate. In fact, the average price of private college for students who complete their degrees in four years and then begin to earn a salary is less than the price of a state institution for students who take five years or more to complete their degrees.

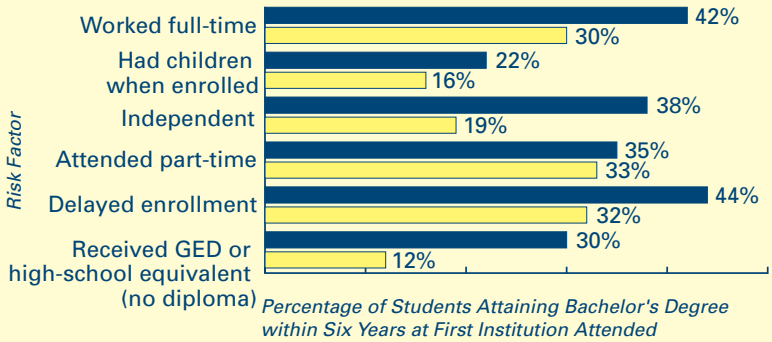
Fact 9: Students who work full time, have a high school equivalency diploma, or face other challenges are far more likely to graduate from a private college or university than a state institution.

Students with Multiple Risk Factors Are More Likely to Succeed at Private Colleges and Universities Than at Four-Year State Institutions

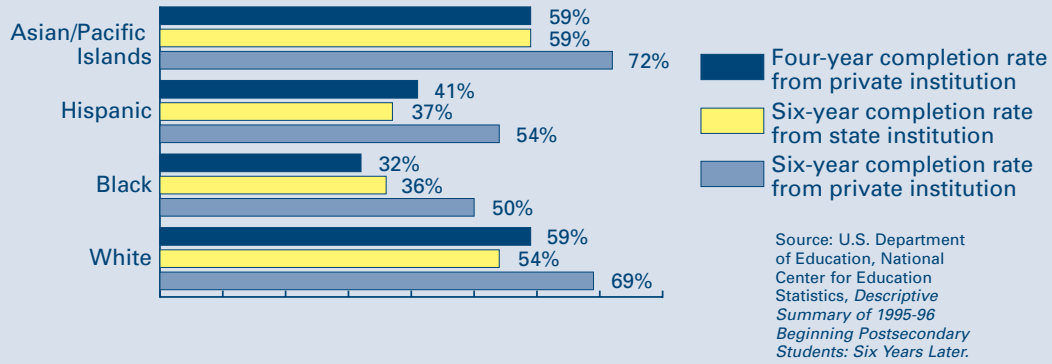


Source: U.S. Department of Education, National Center for Education Statistics, *Descriptive Summary of 1995-96 Beginning Postsecondary Students: Six Years Later.*

Students with Each Risk Factor Are More Likely to Succeed at Private Colleges and Universities Than at Four-Year State Institutions



Fact 10: All types of students are as likely to earn their degree in four years at a private college or university as they are in six years at a state institution.



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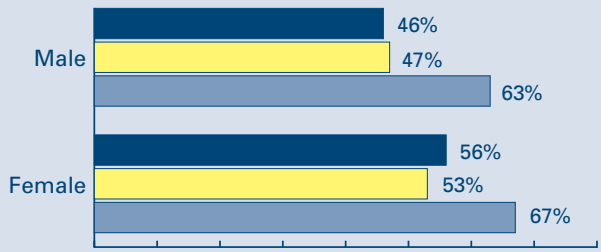
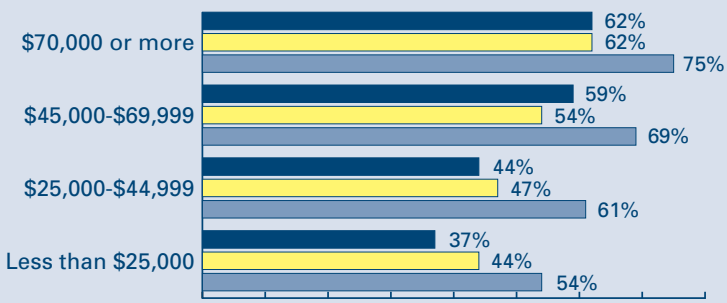
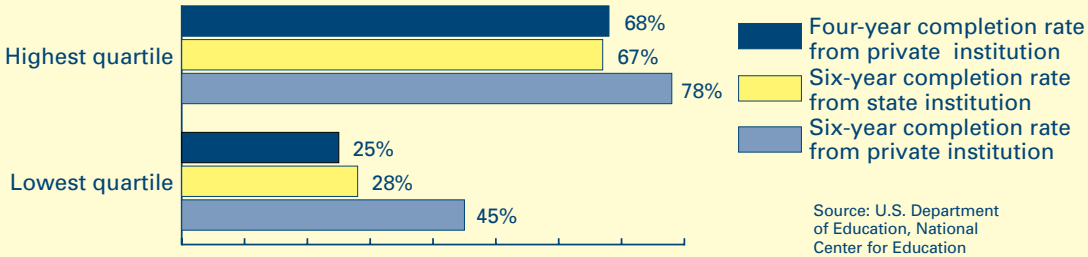




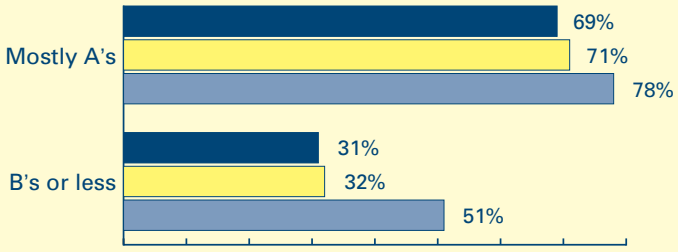
Fact 11: Regardless of academic preparation, students are as likely to earn their degree in four years at a private college or university as they are in six years at a state institution.

SAT Score

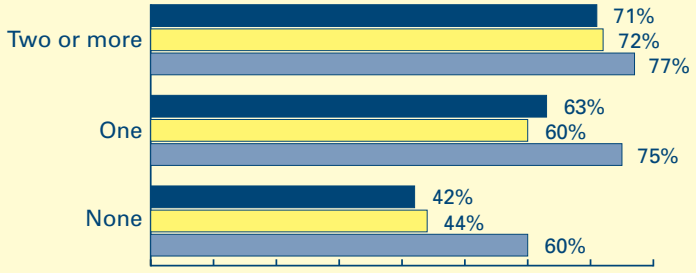


Source: U.S. Department of Education, National Center for Education Statistics, *Descriptive Summary of 1995-96 Beginning Postsecondary Students: Six Years Later.*

High School Grade-Point Average

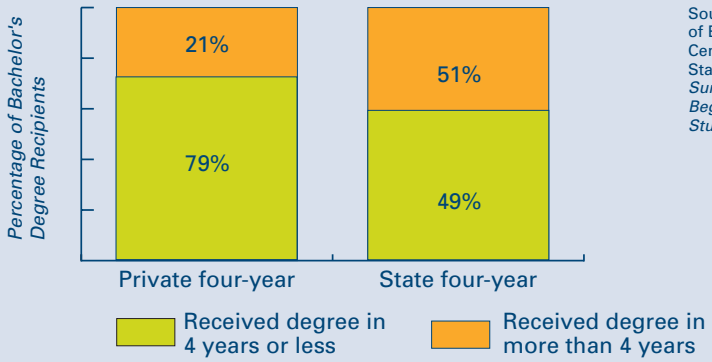


Number of Advanced Placement (AP) Tests Taken



Fact 12: Students who earn bachelor's degrees are able to do so sooner at private colleges and universities than at state institutions, avoiding additional tuition and beginning their careers earlier.

Time-to-Degree for Students at Four-Year Colleges and Universities



Source: U.S. Department of Education, National Center for Education Statistics, *Descriptive Summary of 1995-96 Beginning Postsecondary Students: Six Years Later.*

Note: "Time-to-degree" looks only at bachelor's degree recipients and how long it took them to earn their degrees. "Time-to-degree" differs from "completion rates," which can be defined in two ways: a student rate and an institutional rate.

The student completion rate is the percentage of students beginning at an institution who are successful in their attempt to earn a bachelor's degree at any four-year institution in a given amount of time (typically between four and six years). Using this definition, the National Center for Educational Statistics (NCES) calculates the six-year completion rate to be 73 percent for private colleges and universities and 57 percent for state four-year institutions.

The institutional completion rate is the percentage of students who are successful in their attempt to earn a bachelor's degree at the same four-year institution at which they first attended (i.e., the student did not transfer to another institution). Using this definition, NCES calculates the six-year completion rate to be 65 percent for private colleges and universities and 50 percent for state four-year institutions.

How time-to-degree affects the "price" of a bachelor's degree

	Private College or University	State College or University	
	4 years to degree	*5 years to degree*	*6 years to degree*
Years 1-4	Average Net Tuition (after grant aid): $8,900 x 4 years = $35,600 *Student earns a degree and enters the work force*	Average Net Tuition (after grant aid): $2,700 x 4 years = $10,800 *Student continues in school*	Average Net Tuition (after grant aid): $2,700 x 4 years = $10,800 *Student continues in school*
Year 5		5th year average net tuition: $2,700 Average lost income in 5th year: $27,000 *Student earns a degree and enters the work force*	5th year average net tuition: $2,700 Average lost income in 5th year: $27,000 *Student continues in school*
Year 6			6th year average net tuition: $2,700 Average lost income in 6th year: $27,000 *Student earns a degree and enters the work force*
	Time-to-Degree *4 years*	**Time-to-Degree** *5 years*	**Time-to-Degree** *6 years*
	Net tuition: $35,600 Lost income during add'l time-to-degree: $0	Net tuition: $13,500 Lost income during add'l time-to-degree: $27,000	Net tuition: $16,200 Lost income during add'l time-to-degree: $54,000
	Total price of degree: $35,600	Total price of degree: $40,500	Total price of degree: $70,200

Sources: U.S. Department of Education, National Center for Education Statistics, *Descriptive Summary of 1995-96 Beginning Postsecondary Students: Six Years Later.;* Beginning Postsecondary Students – BPS:96/01 Data Analysis System. Analysis by the National Association of Independent Colleges and Universities.

NAICU

National Association of Independent Colleges and Universities
1025 Connecticut Ave., N.W., Suite 700 • Washington, DC 20036
(202) 785-8866 • Fax (202) 835-0003
E-Mail – geninfo@naicu.edu • www.naicu.edu