In the most recent decade the tuition trends at public and private institutions diverged substantially. As figure 1 illustrates with data from the independent Delta Project on Postsecondary Education Costs, Productivity, and Accountability, state and local appropriations for public higher education declined between 1999 and 2009 after adjusting for inflation and increasing enrollment. Public colleges and universities had little choice but to raise tuition prices to make up for the decline in government support, and figure 2 indicates that at public colleges and universities net tuition revenues per full-time equivalent (FTE) student increased between 35 and 50 percent between 1999 and 2009. By the end of this period, tuition was nearly as large a source of revenue as state and local appropriations for public research and master’s universities, although it had reached only about half the level of appropriations in community colleges.

The final column of table B depicts the dramatic impact of these changing revenue streams on the published tuition prices over the last ten years and the substantial differences between public and private sectors. Published tuition and fees at public two-year colleges increased by 44.8 percent above the inflation rate during the last decade, while average full-time faculty salaries at these institutions declined by 2.5 percent in real terms. At public four-year institutions, published tuition and fees increased a whopping 72 percent more than inflation, while full-time faculty salaries barely budged—and, indeed, declined significantly at public master’s universities. Private four-year colleges and universities increased their published tuition rates by 28.9 percent more than inflation, while faculty salary increases ranged from 1.9 to 7.7 percent. (The separate Delta Project data indicate that net tuition revenues per FTE student at four-year private colleges rose between 21 and 27 percent between 1999 and 2009.) The relatively lower tuition price increases in private nonprofit colleges may be partly explained by their greater reliance on income from the investment of