As part of the 2011 reauthorization of the Higher Education Act, colleges and universities that participate in the Title IV federal student aid program are required to post a net price calculator on their website and report data to the US Department of Education. These data, which are publicly available through the Integrated Postsecondary Education Data System (IPEDS), offer a clear view of the average net price change in tuition.

**Fact 1: Private endowment erosion and declining state appropriations, not faculty salaries, have been principally responsible for the rise in average net price tuition.**

Figure 1 presents data on average net price tuition from the most recent five-year period. These data include 4,291 Title IV–participating, degree-granting institutions that have first-time, full-time undergraduates. (The data exclude for-profit private institutions.) From the 2008–09 to the 2012–13 academic year, the average net price tuition rose by approximately 5.3 percent, from $15,576 to $16,445. While many students and parents report paying $30,000 or even $60,000 annually for tuition, the net price—the cost of attendance minus grant and scholarship aid—is, on average, considerably less.

As figure 1 indicates, average net price tuition increased annually in nearly every sector. Growth was highest among four-year public and four-year nonprofit private institutions (which saw 10.02 and 9.22 percent increases, respectively); two- and four-year nonprofit private institutions had the highest overall average net prices. These data lend credibility to claims that average net price tuition is increasing.

If faculty salaries were largely responsible for increases in average net price tuition, then we would expect to see spikes in faculty salaries that far exceed the percentage increases in average net price tuition. To address this issue, it is important to understand the overall distribution of expenditures at institutions of higher education. Comparison between public and private institutions can be somewhat problematic, because most public institutions follow Governmental Accounting Standards Board (GASB) accounting principles, while most private institutions follow Financial Accounting Standards.