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### **2011 NACUBO Tuition Discounting Study Shows Discount Rate Approaches 43 Percent for Freshmen**

Washington, D.C. April 5, 2012 – Data gathered from 400 private, nonprofit four-year colleges and universities participating in the 2011 NACUBO Tuition Discounting Study (TDS) indicate the tuition discount rate (defined as institutional grant dollars as a share of gross tuition and fee revenue) for first-time, full-time freshmen reached 42 percent in 2010 and is estimated to have reached 42.8 percent in 2011. The discount rate for all undergraduates rose from 36.4 percent to an estimated 37.2 percent in 2011.

Under tuition discounting strategies, colleges and universities use their institutional grants to aid students who might otherwise be unable or unwilling to pay the full tuition and fee “sticker” price to attend a particular college or university. Many four-year private, nonprofit colleges and universities use tuition discounting strategies in order to increase their undergraduate enrollments. Study data show that nearly 45 percent of participating institutions suffered a loss or maintained their total undergraduate enrollment between fall 2010 and fall 2011, and 53.2 percent suffered a loss or had no increase in their numbers of first-time, full-time freshmen students. More than three quarters of institutions that suffered a loss in both freshmen and total undergraduate enrollment were small institutions (those enrolling fewer than 4,000 students). These findings suggest that other factors besides raising institutional grant aid have been having a greater effect on students’ college enrollment decisions.

The tuition discount rate has been on the rise since the recession began in late 2007. While the discount rate has risen, the portion of freshmen receiving an institutional grant declined slightly from a record high of nearly 87 percent in 2008 to 85.5 percent of freshmen in 2011. However, the average institutional grant as a percentage of tuition and fees has increased slightly from 48.5 in 2009 to 51 percent in 2011.

The TDS results show that the average change in net tuition revenue from 2009 to 2010 was 5.4 percent, a return to the level of growth in revenue that institutions achieved prior to the 2008-09 economic recession. It is questionable, however, whether institutions can keep up this change in net tuition revenue in 2011, as the rate of revenue growth is projected to drop to 3 percent. This loss of strength could be influenced by the decline in enrollment that several participating institutions are experiencing.

In addition, the study found that, on average, approximately 10.6 percent of institutional grant aid is funded by the earnings from institutions’ endowments. Approximately 73 percent of institutional grants met students’ financial need, regardless of the criteria by which the grants were awarded.

NACUBO President and CEO John Walda remarks, “The data show that institutions appear to be transitioning from the austerity measures that were implemented during the recession. Fewer institutions reported having to implement hiring freezes or taking other budgetary actions in order to increase their grant spending. This result suggests optimism for independent colleges and universities as they strive for balance between enrollment and discount rate. However, given the decline in enrollment that a number of tuition-dependent institutions appear to have faced in fall 2011, institutions will need to be even more vigilant when making tuition discounting decisions in the years ahead.”

The study is available for purchase [on the NACUBO Web site](#). The purchase price is \$50.00 for NACUBO members and \$200.00 for nonmembers.

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## **About NACUBO**

NACUBO, founded in 1962, is a nonprofit professional organization representing chief administrative and financial officers at more than 2,500 colleges and universities across the country. NACUBO’s mission is to promote sound management and financial practices at colleges and universities.

## **NACUBO Tuition Discounting Study Background**

Since 1994, the annual NACUBO Tuition Discounting Study (TDS) has measured tuition discount rates and other indicators of institutional grant aid awards provided by four-year private, nonprofit (independent) colleges and universities to undergraduate students. While many public colleges and universities may also award institutional grants, independent institutions have been the focus of the study because they award the largest proportion of such aid.

In addition to collecting data on institutional grant recipients, dollars awarded, and tuition and fee revenue, the 2011 TDS also asked participating institutions to report the percentage of their institutional grants that were funded by endowment earnings in fall 2010, the percentage of their total awarded institutional grant dollars that met students’ financial need in fall 2010, and the incoming freshman admissions acceptance and yield rates in fall 2010.