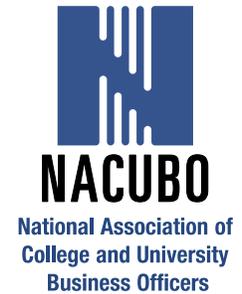


FOR IMMEDIATE RELEASE
JULY 2, 2014 12:01 AM EDT

Contact: Kellee Edmonds
(202) 861-2549
KEdmonds@nacubo.org



**Private Colleges and Universities Continue to Increase Tuition Discount Rate
Resulting in Limited Net Tuition Revenue Growth**
***2013 NACUBO Tuition Discounting Study Also Finds 80.4 Percent of Dollars Awarded Met
Students' Financial Need***

(Washington, D.C. July 2, 2014) – Data gathered from 401 private, nonprofit four-year colleges and universities participating in the *2013 NACUBO Tuition Discounting Study (TDS)* indicate the tuition discount rate for first-time, full-time freshmen grew slightly to 44.8 percent in the 2012-13 academic year and is estimated to reach 46.4 percent in 2013-14. The figures represent a continual upswing in tuition discount rate and are the highest recorded in the history of the study. (See chart below.)

The tuition discount rate –measured as institutional grant dollars as a share of gross tuition and fee revenue –fundamentally quantifies how much of the gross tuition and fee revenue is foregone by an institution.

“The data indicate that private institutions are continuing to respond to a dynamic student recruitment environment. Changing student demographics, increased competition and cost sensitivity are factors which drive the trend in tuition discounting,” notes John Walda, NACUBO president and CEO.

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 as a strategy to increase their undergraduate enrollments.

Enrollment Factors

Competition for incoming freshmen has put pressure on a number of colleges and universities to become more strategic with their aid packages. From fall 2012 to fall 2013, 17.2 percent of institutions participating in the study experienced a loss of more than 10 percent in their freshmen enrollment. Chief Business Officers (CBOs) at institutions who have lost freshmen enrollment over the last four years (from fall 2010 to fall 2013) cite price sensitivity as one reason for falling enrollment. Other perceived reasons include increased competition from private and public institutions, changing demographics, and a decrease in the 18- to 24-year-old population. CBOs at institutions with gains in freshmen enrollment

over the same time frame cite improved recruitment and/or marketing strategies, growing demand for their institutions, and increases in institutional financial aid as reasons for the growth.

Other Key Findings:

According to the NACUBO study, on average, 87.7 percent of freshmen received an institutional grant in academic year 2012-13, and that figure is projected to grow to 88.9 percent in 2013-14. For freshman institutional grant recipients in fall 2013, the average grant is estimated to cover 53.5 percent of tuition and fees. The study also shows that 80.4 percent of grant dollars awarded by private, four-year institutions met students' financial need in 2012-13.

"With four out of five dollars going to students to meet financial need, the overwhelming majority of institutional dollars are being used to ensure access by students who otherwise may not be able to afford a college education," added Walda.

Net Tuition Revenue and Inflation's Impact

Because of high institutional discount rates and large percentages of students receiving grants that cover a substantial portion of tuition and fees, average growth in net tuition revenue per freshman has been limited in recent years, growing 3.4 percent in 2012 and expected to grow only 1.1 percent in 2013. But when adjusted for inflation, these year-to-year gains shrink to 1.7 percent in 2012 and -0.5 percent estimated for 2013. (See chart below.)

In fact, over the last 13 years, institutions have had flat net tuition revenue (0.4%), demonstrating that increased gross tuition and fee revenue has been given back to students in the form of aid, rather than put back into the institution.

The *2013 NACUBO Tuition Discounting Study* is available for purchase [on the NACUBO Web site](#).

###

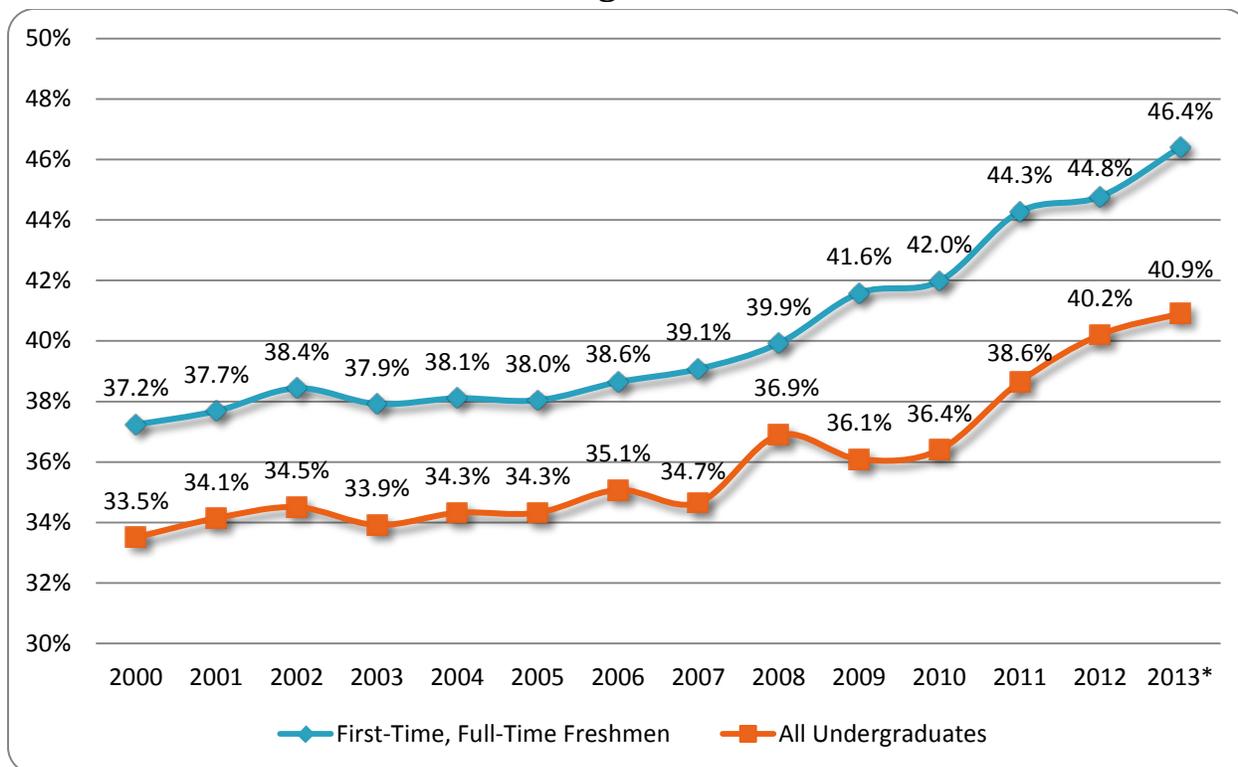
About NACUBO

NACUBO, founded in 1962, is a nonprofit professional organization representing chief administrative and financial officers at more than 2,200 colleges and universities across the country through advocacy efforts, community service and professional development activities. NACUBO's mission is to advance the economic viability, business practices, and support for higher education institutions in fulfillment of their missions.

NACUBO Tuition Discounting Study Background

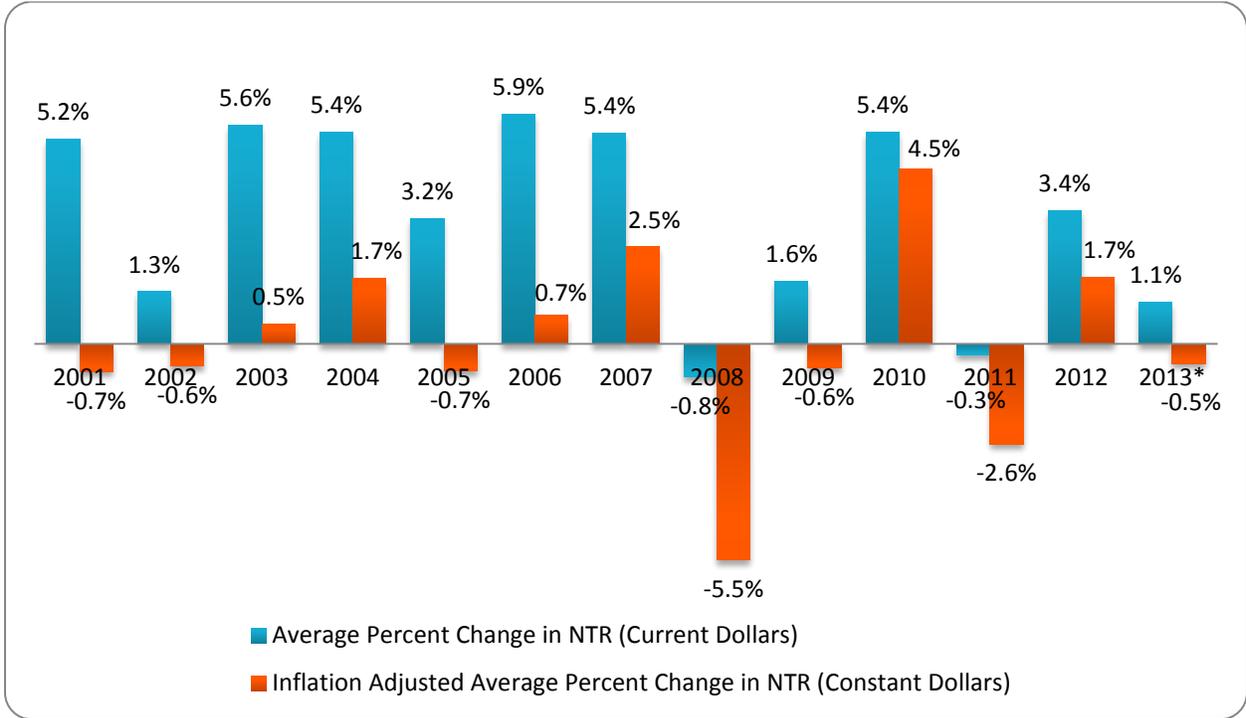
Since 1994, the annual NACUBO Tuition Discounting Study (TDS) has measured tuition discount rates and other indicators of institutional grant aid awards provided by four-year private, nonprofit (independent) colleges and universities to undergraduate students. While many public colleges and universities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

Average Tuition Discount Rate: First-Time, Full-Time Freshmen and All Undergraduates



Source: NACUBO Tuition Discounting Survey 2000 to 2013. Figures represent academic year, as of the Fall census date. Note: Due to the nature of NACUBO's living database of historical survey data, minor adjustments from prior years' reports can occur. The discount rate includes grant dollars that are from funded and unfunded sources. Please see Introduction and Glossary for discount rate calculation methodology. Also, see Endowment section for more detail on institutional grants funded from the endowment. *Preliminary estimate.

Average Change in Net Tuition Revenue per Full-Time Freshman and Inflation-Adjusted* (HEPI) Average Change in Net Tuition Revenue per Full-Time Freshman



Source: NACUBO Tuition Discounting Surveys, 2000 to 2013. Note: Years listed are academic years. *Dollars were adjusted using the Higher Education Price Index, (HEPI)