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Contact: Lisa Jordan

202.861.2565

LJordan@nacubo.org

2012 NACUBO Tuition Discounting Study Shows Discount Rate Jumped to 44.3 Percent for Freshmen in 2011

Washington, D.C. May 6, 2013 – Data gathered from 383 private, nonprofit four-year colleges and universities participating in the 2012 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 jumped up 2.3 percentage points from 2010, reaching 44.3 percent in 2011, – outpacing the increase in the discount rate during the recession. Study data indicate that it reached 45 percent in 2012. This all-time high indicates that institutions are responding to a changing student environment, stemming from the weak economic recovery.

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.

This year’s study data show that some institutions are struggling for enrollment even with the discount rate; over half (50.7 percent) of institutions suffered a loss or maintained freshman enrollment from Fall 2011 to Fall 2012. Chief business officers at institutions with falling enrollment report the underlying reason for the drop is price sensitivity. Freshman yield rates suggest that students and families were price conscious in 2011. Institutions with the highest yield rates in 2011 had the largest awards covering a higher percentage of tuition and fees and the lowest net price to students.

For freshman institutional grant recipients in Fall 2012, the average grant covered 53 percent of tuition and fees, up from 51.7 percent in 2011. Because of enrollment troubles, high institutional discount rates, and large percentages of students receiving grants that cover a substantial portion of tuition and fees, the average change in net tuition revenue per student fell –0.28 percent in 2011. Flat or lower net tuition is expected to increase by 2.34 percent in 2012. In fact, when adjusted for inflation, net tuition revenue has essentially been flat for the last 12 years, demonstrating that increased gross tuition revenue has been given back to students in the form of aid, rather than put back into the institution.

NACUBO President and CEO John Walda remarks, “The results of this year’s study highlight the importance of multiple strategies to attempt to enroll students. The expectation that a private institution can maintain or grow enrollment and increase net revenue simply by offering large tuition discounts is no longer valid. Price sensitivity, changing student demographics, and a dynamic, competitive landscape all point to the need for increased attention to a strong brand, good marketing, diverse revenue streams, and cost containment.”

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 2,200 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

