Students experiencing the “sticker shock” of college may ask themselves if a college education is worth it. There is a general misunderstanding to equate the cost of college with the value of college. Just because a college degree and new luxury car cost the same does not mean that they are of equal value. The difference is that a luxury car depreciates when it is driven off the lot while an education increases earning potential over time. One is a liability and the other an asset. Additionally, if one forgets to exclude financial aid from the calculation of the average cost of four years of in-state tuition, fees, and other expenses at a public university, it will cause them to overestimate the cost of college (Newman, 2014b).

Because of this confusion, the average net price was introduced in the Higher Educational Opportunity Act (HEOA) of 2008, which required the Education Department to include in its annual data collection a measure of college’s average cost of attendance after taking into consideration financial aid. The Education Department’s formula for calculating that figure is the total cost of attendance (tuition and fees, books and supplies, and room and board) minus the average amount of need-based and merit-based grant aid for the first-time, full-time in-state students who receive financial aid. The 2008 law also required colleges to post net-price calculations on their websites (Newman, 2014a). The average net price is informative for comparisons among institutions. However, individuals should use an institution’s net price calculator to preview their personal net price.

The average net price is seen as an estimate of the actual amount of money that students need to pay to cover educational expenses in a given year. It provides an indication of what the financial burden will be upon students. The average net price of attendance in 2011-12 for first-time, full-time in-state students at public 4-year institutions was $12,410. (NCES, 2014)
If one looks at the total cost of attendance which includes in-state tuition and fees, books and supplies, on-campus room and board, and other on-campus expenses, Purdue’s amount is near the middle of the range for the Big Ten public institutions in 2012-13. In Figure 2 below, the cost of attendance for Penn State is the highest at $31,854 and the University of Nebraska is the lowest cost of attendance at $21,700. Purdue’s total cost of attendance, $23,468, is lower than the average of $25,236 for the Big Ten public institutions.

When comparing the average net price cost of attendance, Purdue is second lowest at $13,541 making it one of the most affordable institutions in the Big Ten (Figure 3). Penn State is still the highest with an average net price among Big Ten public institutions at $23,161. Indiana University has the lowest average net price at $11,361. The average for the Big Ten public institutions is $16,086.

In 2013, Purdue froze tuition and lowered costs for on-campus students for two years. Additionally, Purdue works to strategically use its institutional financial aid to ensure educational opportunities for students across a broad range of academic pursuits and financial needs. The State of Indiana has also been a partner in maintaining lower net cost of attendance through need based financial aid programs like 21st Century Scholars. Additionally, 22% of West Lafayette undergraduates also receive Pell Grants and students may be eligible for outside private scholarships. Purdue already has one of the lowest net price costs for in-state students in the Big Ten. With continued effort directed toward affordability and accessibility, Purdue’s goal is to continue as a national leader by maintaining the cost of college while increasing the value of a college degree.

References:


