

# Family Income and Net Price

## A Trends in Higher Education Spotlight

June 2019

### Background

The College Board and its member institutions have a long history of supporting financial aid policies that promote access and equity. Today, this partnership continues through ongoing collaborations focused on student-centered, data-driven financial aid initiatives, practices and standards. College-bound families seek more information on their educational investment and how their college financing options compare across a national landscape. Key data points by income groups and higher education sector help to provide greater context and insight on how students and their families finance an undergraduate education.

### Defining Low- and Middle-Income

Most of the analyses in this brief rely on the National Postsecondary Student Aid Study (NPSAS). We will explore 4 different income groups:

- Low: < \$50,000
- Middle: \$50,000 - \$99,999
- Higher: \$100,000 - \$149,999
- Highest: ≥ \$150,000

---

*In 2017, median U.S. family income was \$75,940.*

---

In 2017, 33% of all families had incomes less than \$50,000, another 31% had incomes between \$50,000 and \$99,999, and the remaining 36% had incomes of at least \$100,000. (U.S. Census Bureau, 2017 Family Income Table FINC-01)

### Where Do Low- and Middle-Income Students Attend College?

The following table illustrates the percentage of dependent students enrolled in various types of institutions. Attending a public or private nonprofit four-year institution is positively correlated with family income. In other words, students from families with higher family incomes are more likely to attend four-year

institutions. Conversely, students with lower family incomes are more like to attend public two-year institutions, generally with lower tuitions and fees.

Distribution of Dependent Undergraduate Students Attending College by Family Income 2015-16			
Income Groups	Public 4-Year	Private Nonprofit 4-Year	Public 2-Year
< \$50,000	36%	13%	46%
\$50,000 - \$99,999	41%	17%	40%
\$100,000 - \$149,999	48%	21%	29%
≥ \$150,000	50%	30%	19%

### Net Prices

Grant/scholarship aid reduces the price that students and families pay for college. “Net price” is what the student must cover after grants and scholarships are subtracted from total cost of attendance.

---

*In 2015-16 the average net price for all dependent students across all income groups was:*

*\$11,370 for the 2-year public sector  
\$20,260 for the 4-year public sector  
\$30,160 for the 4-year private sector*

---

Among 2015-16 full-time dependent students in the public two-year sector, the total cost of attendance varied little by family income. The average grant aid received by full-time dependent students ranged from \$1,840 to \$5,940. Average net prices varied based on income group with only slight differences in incomes above \$100,000.

In the public and private nonprofit four-year sectors, higher-income students had higher average costs of attendance. Across all three sectors, average grant aid was highest for low-income students and lower for

Average Total Cost of Attendance, Grant/Scholarship and Net Price  
Dependent Students 2015 16

Sector	2 Year Public				4 Year Public				4 Year Private			
	< \$50K	\$50K–100K	\$100K–150K	≥\$150K	< \$50K	\$50K–100K	\$100K–150K	≥\$150K	< \$50K	\$50K–100K	\$100K–150K	≥\$150K
Cost of Attendance	\$15,650	\$14,890	\$15,630	\$15,540	\$26,210	\$26,050	\$27,480	\$30,070	\$47,040	\$49,060	\$52,450	\$54,780
Grant/Scholarship	\$5,940	\$2,390	\$1,840	\$2,000	\$11,080	\$5,570	\$3,560	\$3,660	\$26,410	\$21,880	\$17,770	\$15,110
Net Price	\$9,710	\$12,500	\$13,790	\$13,540	\$15,130	\$20,480	\$23,920	\$26,410	\$20,630	\$27,180	\$34,680	\$39,670

higher-income students. Net prices typically were higher for students from higher-income backgrounds.

At public two-year institutions, federal grants covered 28% of low-income students' total cost of attendance on average as compared to 19% at public four-year and 11% at private 4-year institutions. Students at public and private nonprofit four-year institutions relied more heavily on loans than students at public two-year institutions.

Within each sector, the middle-income and higher-income students had the highest loan percentages. At private nonprofit four-year institutions, institutional grant aid accounted for significant percentages of the total costs across all income groups.

### Next Steps: Data Informed Campus Policies and Practices

Understanding campus trends and comparing institutional data characteristics against a broader landscape can be beneficial in informing institutional financial aid policies and practices. After reviewing the data and trends shared within this brief, college practitioners should consider analyzing historical campus enrollment data for financial aid recipient populations by the four income groups noted: low, middle, higher and highest.

#### Questions to examine:

- How do average grant/scholarships impact net price by family income?
- Are there striking differences in your institutional data?
- What additional drivers may be impacting institutional trends or averages?

- Are additional data points or analysis needed to better understand your student populations?
- How might the results of your analysis help to inform current practices and policies?

### Additional Resources

Visit [trends.collegeboard.org](https://trends.collegeboard.org) for more information on Trends in Higher Education.

### About the College Board Authors

Jennifer Ma is Senior Policy Research Scientist and coauthor of *Trends in College Pricing 2018*, *Trends in Student Aid 2018* and *Education Pays*. She contributes to many research initiatives and is considered an expert in higher ed financial aid and economics. To learn more about the data shared within this brief contact her at [jma@collegeboard.org](mailto:jma@collegeboard.org).

Dean Bentley is Executive Director of Financial Aid Engagement. He serves as an advocate for financial aid practitioners and for solutions and practices that improve student outcomes. To learn more about College Board financial aid initiatives contact him at [dbentley@collegeboard.org](mailto:dbentley@collegeboard.org).

Melanie Story is Senior Director, Higher Ed & Student Aid Policy. She collaborates with members to develop and coordinate an evidence-based higher education policy agenda with a special focus on student financial aid. To learn more about College Board Higher Ed policy initiatives contact her at [mstorey@collegeboard.org](mailto:mstorey@collegeboard.org).

### Provide Feedback

We appreciate your interest in this brief and welcome your feedback. To share ideas on how this brief supported by College Board research could be improved or to share an idea for a future brief please email us.