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PRIVATE COLLEGES DOLE OUT SCHOLARSHIPS TO BOOST ENROLLMENT, BUT IT ISN'T WORKING

Tuition discount rates have risen to a record 49.9% for freshmen

By Melissa Korn
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Private colleges have been aggressively discounting tuition in an effort to boost enrollment, a risky strategy that now may be backfiring as students aren't signing up in droves, even at sale prices.

Tuition discount rates, or the share of gross tuition and fee revenue that schools shell out as grants and scholarships, increased to a record 49.9 percent for full-time freshmen at private colleges this academic year, according to a preliminary report by the National Association of College and University Business Officers. That is up from a then-record 48.2 percent in the 2016-17 school year.

Put simply, these schools bring in only about half of their published sticker price.

Overall tuition discount rates for undergraduates hit a record 44.8 percent, up from 43.2 percent last year, based on survey responses from 404 private schools. That figure is generally lower than it is for freshmen, as some schools front-load scholarship offers and others set flat per-year awards even as sticker prices increase.

Discount rates for schools with fewer than 4,000 students – institutions that are generally reliant on tuition dollars and for whom a small enrollment shift can hit hard – reached 51.7 percent this year for freshmen, and 46.1 percent overall.

Schools often use tuition discounts with the aim of boosting their academic profiles or luring more families to enroll. Even at a lower per-student price, if enrollment increases enough, the school's net tuition revenue can grow.

That has been the case at Albion College in Albion, Mich. The school has a discount rate of around 70 percent – and slightly higher for freshmen – and just “a handful” of students pay full sticker price, says President Mauri Ditzler.

But with enrollment growing by 24 percent since 2014, to 1,568 total this year, the school is increasing its net tuition revenue. Dr. Ditzler also noted that even when students pay relatively little for tuition, the school still makes money on dorm rooms.

Albion may be an outlier, as enrollments at private, nonprofit schools nationwide have fallen for each of the last three years.