



Don't Get Sticker Shock from College Price Tagsⁱ
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Higher education has come under intense scrutiny and criticism—much of it deserved—in the recent past, from the “Varsity Blues” admissions scandal, to the disgraceful fact that only [60%](#) of students who enter public or private colleges nationwide graduate within six years, to the student debt implosion. Well-intentioned federal policies making student loans—and therefore college—accessible for all have brought about unforeseen consequences that *The Wall Street Journal* likened to “the Wild West.”

A recent [Star-Ledger article](#) projecting future costs of higher education illuminates some important trends in the escalation of tuition costs vs. median household income for New Jersey. What it fails to present, however, is that the net tuition rates that students actually pay—that is, tuition and fees minus scholarships and federal and state grants—can be significantly lower than the advertised cost of tuition and fees. The article states, “*The data only takes into account the sticker price of tuition and fees, and does not take things like average scholarships or the cost of books and room and board into account.*”

This is a significant and misleading omission.

Specific to Stevens Institute of Technology, the advertised cost of tuition and fees for 2018-19 was \$52,202; however, the effective rate of tuition and fees for New Jersey students was \$23,925, or 45.8% of the sticker price. This is a result of merit- and need-based scholarships and grants provided to 96% of students. For New Jersey’s independent college sector as a whole, 55% of students paid less than \$10,000 in tuition and mandatory fees, while 15% paid zero tuition costs in 2018-19.

Since my arrival as president, Stevens has made concerted and disciplined efforts to reduce tuition increases: annual increases have averaged 3.23% since 2012-13. Had the calculation of future tuition costs used this more realistic rate, the projected sticker price for Stevens in 2037 would be reduced by nearly \$12,000 per year. Furthermore, by applying comparable rates of financial aid and grants as used today—a realistic assumption—the effective rate of Stevens tuition and fees would be \$43,700 in 2037—very different from the \$107,000 “sticker price” projected in the article.

Most significant, though, is the fact that not all degrees provide the same return on investment. In 2018, Anthony Carnevale, director of the Georgetown University Center on Education and the Workforce, [testified](#) to the Senate Committee on Health, Education, Labor and Pensions, “We now live in an economy where there is at least a 5:1 ratio between the highest and lowest paid fields of study at every degree and certificate level.” The Center’s report, “[The Economic Value of College Majors](#),” analyzed annual earnings of college graduates by major and found that STEM degrees outperform all other types of degrees from entry-level to lifelong earnings.

While Stevens’ “sticker price” may be high, the value of a Stevens education is even higher. For May 2019 seniors, the average starting salary of \$77,000 is 50% higher than the [national average of \\$51,347](#). Stevens ranks [14th in the nation](#) for mid-career earnings, and 96% of graduates get jobs in their field, many with multiple job offers. The Stevens graduation rate of 87%—for students pursuing rigorous STEM disciplines—exceeds the [national average](#) by 27 points.

Technology will continue to change the nature of work in ways that we cannot yet fully anticipate or prepare for. Artificial intelligence and machine learning will have tumultuous impacts on certain jobs and on whole industries, just as Apple, Amazon, and Uber have disrupted the music, photography, retail, and transportation industries in the recent past.

It is incumbent on policymakers, parents, and society to prepare the next generation with the skillset needed to thrive in a dynamic and technology-driven economy. It is also incumbent on higher education leaders to do everything possible to improve the efficiency and effectiveness of our institutions to ensure that students are deriving the greatest educational value for the lowest possible cost.

At Stevens, we are aggressively pursuing both priorities.

ⁱ Farvardin, N. (2019, July 8). Don’t Get Sticker Shock from College Price Tags [Editorial]. *The Star-Ledger*. Retrieved from <https://www.nj.com/opinion/2019/07/dont-get-sticker-shock-from-college-price-tags-university-president-says.html>.