Today, a middle class job increasingly does not support a middle class life.

One of the big tickets for the middle class is a college degree, but its cost has risen beyond the means of middle class families, with consequences for the workforce and broader economy.

Six facts are central to this alarming trend.
1. Tuition Has Outpaced Inflation for 32 Straight Years

- **Tuition has more than tripled:**
  Average tuition and fees at a four-year public college rose from $2,100 in 1979 to $7,300, in 2010 dollars.

- **Tuition up more than health care:**
  Of the four “big ticket” middle class expenses (tuition, health care, housing, and retirement), tuition has risen the fastest in the last three decades.

- **Tuition outpaced inflation for 32 straight years:**
  No major consumer expenditure, including health care, can make that claim.
1. Tuition Has Outpaced Inflation for 32 Straight Years

2. College Has Become More Important for the Middle Class

- Only college-educated workers have had wage gains: Workers with a four-year degree or better earn 16% more, in real dollars, than in 1979.

- Non-college wages have fallen: Those at every education level below a college degree have seen declines in real wages.

- The gap between college and non-college wages has widened: A worker with a high school diploma earned as much in 1979 as a worker with an associate’s degree today.
2. College Has Become More Important for the Middle Class

Median Weekly Earnings by Educational Attainment

- Bachelor's Degree and Higher
- Some College or Associate's Degree
- High School
- Less than High School

Note: Median usual weekly earnings of full-time wage and salary workers 25 years and older, in 2011 dollars, by sex and educational attainment, annual averages.
3. Rising Costs Are Hurting Low and Middle-Income Students.

Counting student aid:

- **Low-income families**, earning less than $30,000, now pay 22% more, after inflation, than they did in 1999-2000 for a four-year public college degree.

- **Middle-income families**, earning $30,000 to $65,000, now pay 21% more, after inflation, than they did in 1999-2000 for a four-year public college degree.

- **Upper middle-income families**, earning $65,000 to $106,000, now pay 31% more, after inflation, than they did in 1999-2000 for a four-year public college degree.
3. Rising Costs Are Hurting Low and Middle-Income Students.

Change in Net Cost of Attendance at 4-year Public Colleges
Percentage increase from 1999 to 2011 in real, 2011 dollars

<table>
<thead>
<tr>
<th>Family Income</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000</td>
<td>22%</td>
</tr>
<tr>
<td>$30,000 - $64,999</td>
<td>21%</td>
</tr>
<tr>
<td>$65,000 - $105,999</td>
<td>31%</td>
</tr>
<tr>
<td>$106,000 or higher</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: NCES, National Postsecondary Student Aid Study, 1996, 2000, 2004, 2008, and 2012; The College Board, Trends in College Pricing, 2008 and 2012, Figure 1; calculations by the authors.
4. Student Loan Debt Has Exploded

- **Student loan debt has quadrupled**: Since 2003, student loan debt has risen from $250 billion to $1 trillion.

- **Nearly 40 million borrowers**: Since 2005, the number of student borrowers has risen from 23 million to 39 million.

- **Loan balances ballooning**: Since 2005, the average student loan balance has risen from $16,651 to $24,803.

- **Pell students borrow more**: Nearly 90% of Pell Grant recipients who graduate have loans. They owe $4,750 more, on average, than those of higher income students.

4. Student Loan Debt Has Exploded

5. College Completion Rates Are Dismal

- Young Americans on wrong side of college wage gap: Two thirds of 30-year olds do not have a college degree.

- Young men in most trouble: Men’s college completion rates have stagnated over the past decade and are barely higher than in 1980.

- U.S. falling behind in college: Among OECD countries, the U.S. ranks 3rd in college degree attainment for 55-64 year olds, but is 14th for 25-34 year olds.

Source: OECD Indicators 2012, Education at a Glance, Country Note, United States,
Share of 25-29 Year Olds with a College Degree

- **Women**: 37%
- **Men**: 30%

**5. College Completion Rates Are Dismal**

*Note: Includes only non-institutionalized individuals, ages 25-29.*

6. Loan Debt Has Broad Economic Consequences

- **Young adults behind in housing:**
  Student loan debt is a key reason why homeownership rates for 30 to 34-year olds are at a 30-year low.

- **Young adults behind in wealth creation:**
  The median household wealth of people ages 55-64 is 44 times the net worth of the median household of people younger than 35—blowing past historic highs.
6. Loan Debt Has Broad Economic Consequences

Homeownership Rate at Age 30-34 by Birth Year

A typical Baby Boomer-headed household has 44 times the net wealth of a typical Millennial-headed household.
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