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Family incomes versus college costs

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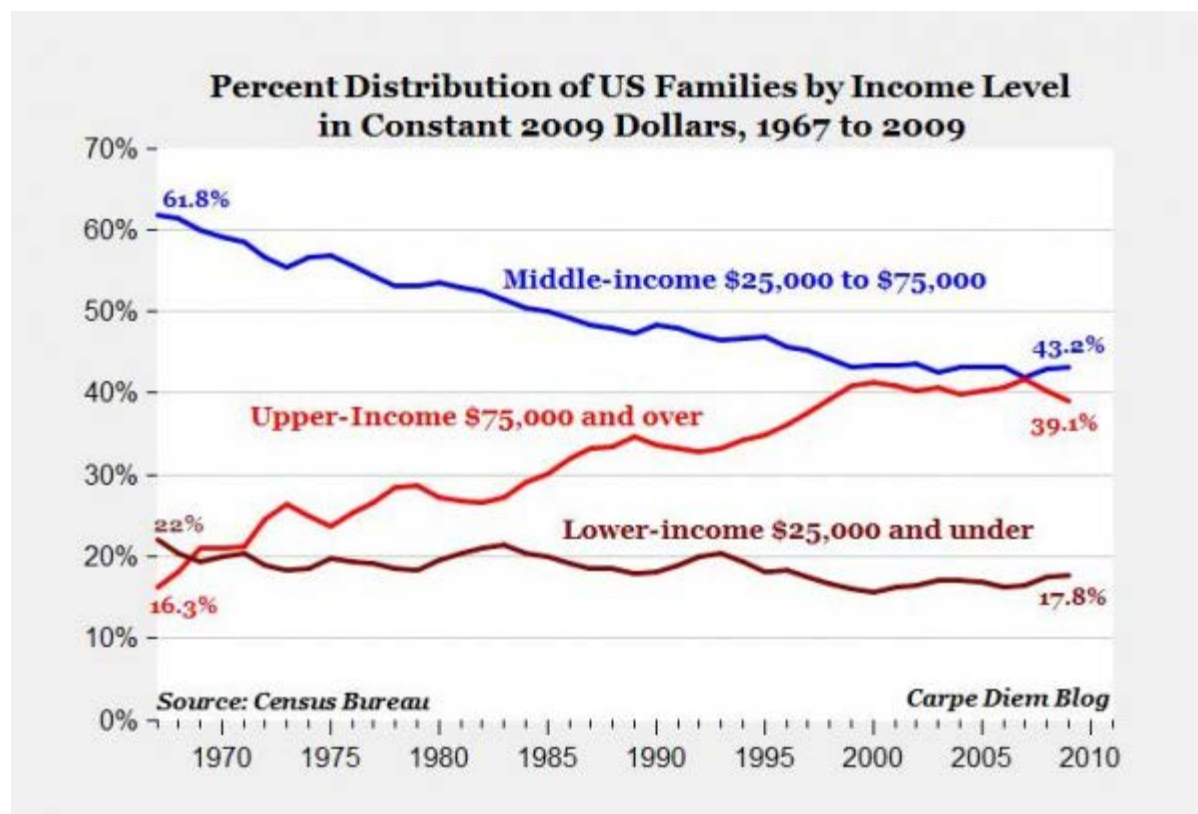
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Family incomes versus college costs

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Source: AEI Carpe Diem Blog

The chart above is based on Census Bureau data on “Money Income of Families—Percent Distribution by Income Level, in Constant (2009) Dollars” from 1967 to 2009 ([Table 696](#)) for the family income categories: a) \$25,000 and under, b) \$25,000 to \$75,000 and c) \$75,000 and over.

Economists, as well as the general public, are often interested in the income distributions. The chart above has generated some interest in the blogosphere as it shows a stable to slightly declining share of the families with incomes (in constant dollars) under

\$25,000 while middle income families are shrinking but higher income families (defined here as incomes greater the \$75,000) are growing.

This has interesting implications for higher education. While our costs have been rising in real terms over time, incomes have also been rising. This makes the concern about rising college costs a bit more complicated. We must compare costs to families' ability to pay, which is also rising. The challenge for colleges is to be sensitive to how fast costs are rising compared to incomes AND to families' willingness to spend that higher income on education.

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] [PrezHemesath](#).