

Index shows Universities aren't to blame for rapid increase in fees

Federal government's manipulation of CPI leads to accusation that Universities are gauging students

PLANO, TX, UNITED STATES, August 26, 2022 /EINPresswire.com/ -- Financial Expert: Don't Blame Universities for the Rapid Increases in Their Tuition and Fees

Universities should not be blamed for the rapid increases in the cost of obtaining undergraduate degrees, financial expert and investment adviser [Ed Butowsky](#) stated today.

In the U.S., universities are often blasted for raising their tuition and room-and-board fees at a rate that far outpaces the increases in the federal government's Consumer Price Index (CPI).

For example, in March 2021, Forbes columnist Preston Cooper complained that, since 1996, college tuition had risen much more than the CPI had. Cooper claimed that "Colleges can get away with raising prices to capture federal aid because students have little insight into the true price and quality of the college product."

In recent days, the criticism of universities has become particularly widespread and intense because of opposition to President Joe Biden's student loan forgiveness initiative.

The Inaccuracy of the CPI

According to Butowsky, however, the discrepancy between the CPI and the tuition increases is actually a result of the inaccuracy of the CPI.

"Everyone highlights how expensive colleges are and how quickly they raise their tuition and fees. But in reality, no one should blame colleges for that situation because they are just passing on their actual, real-life increases in the cost of taxes, food, and shelter," Butowsky explained.

"Universities are, in effect, little countries that are perfect representatives of the true, rising costs that everyone in the U.S. has to bear. Their tuition and fees just reflect the rapid escalation of their costs. Those cost increases are greatly underestimated by the CPI."

To illustrate the latter point, Butowsky has created the [Chapwood Index](#), a more accurate alternative to the CPI. For the 12 months that ended in May 2022, the index shows that the

actual U.S. inflation rate was 15.4%. That's nearly double the inaccurate 8.6% inflation rate derived from the CPI for the same period.

The CPI has been rendered useless because of changes that the federal government has made to the index over the years.

The discrepancies between true cost-of-living increases and the CPI badly hurt tens of millions of middle-class Americans, including those making \$50,000 per year and less. And it has also exposed universities to criticism that is completely unjust and baseless, Butowsky stated.

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