How America Values and Pays for College
2018
Background

Since 2008, Sallie Mae has surveyed American families with an undergraduate student about their attitudes toward college and how they paid for it. How America Pays for College and How America Values College are two components of the 2018 national study conducted by Sallie Mae and Ipsos.

The first part How America Values College 2018, is dedicated to attitudinal questions, eliciting parent and student perceptions about values and choices associated with enrolling in college. Interviews were conducted between April 20 and May 25, 2018 with

- 957 parents of children ages 18 – 24 enrolled as undergraduate students, and
- 950 undergraduate students ages 18 – 24.

The second part, How America Pays for College 2018, is focused exclusively on the resources families use to pay for college and any linked decisions such as filing for financial aid or plans for loan repayment. Interviews were conducted between July 11 and July 30, 2018 with

- 799 parents of children ages 18 – 24 enrolled as undergraduate students, and
- 790 undergraduate students ages 18 – 24.

The interviews, conducted by Ipsos, were online and available in English and Spanish. The survey sample, which changes from year to year, comprised a cross-section of key demographic variables. Sampling weights were sourced from the Current Population Survey (CPS) and the National Center for Educational Statistics (NCES).
Why go to college?
College is seen as an investment

<table>
<thead>
<tr>
<th>Reason</th>
<th>Non-planners</th>
<th>Planners</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>College is an investment in student's future</td>
<td></td>
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</tr>
<tr>
<td>91%</td>
<td>90%</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Always expected student to attend college regardless of course of study</td>
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</tr>
<tr>
<td>80%</td>
<td>92%</td>
<td>85%</td>
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<tr>
<td>A college education is part of the American Dream</td>
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</tr>
<tr>
<td>74%</td>
<td>82%</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>Attend for the intellectual and social experience regardless of earnings outcome</td>
<td>48%</td>
<td>58%</td>
<td>52%</td>
</tr>
<tr>
<td>Student will earn more money with a college degree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>82%</td>
<td>84%</td>
<td>82%</td>
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<tr>
<td>Having a college degree is more important now than it used to be</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>74%</td>
<td>82%</td>
<td>77%</td>
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</table>
Nearly 7 in 10 students have a career in mind before enrolling in college

Career and College are Interconnected

- Had career in mind before enrolling: 68%
- Research job opportunities and salaries before enrolling: 70%
- Planning to attend grad school: 45%
Planning for college
Families with parents who attended college are more likely to plan for it

**Planning actions**

- Saving money
- Creating a paying-for-college budget
- Researching college costs
- Investing in a child’s skills or talents
- Earning early college credits through Advanced Placement classes or dual community college enrollment
Top ten – What I wish I’d known before enrolling

10: Physical environment
“I wish I would have realized how distant the campus is from city life/activities.” “There is very little parking without walking many flights of steps.” “Not so much the school but the crime in the off campus living areas.” “How much bigger the city is than what I remember.”

9: Social life (or lack thereof)
“I wish I had known how many people go home on the weekends because it was an in-state school.” “The prominence of Greek life.” “It is a party school.” “Social life activities on campus: what’s there to do on the weekend?”

8: Variety of courses
“That they have a finance program that I could have benefited from” “I wish I had known how many engineering programs there are here.” “I wish I had known more about other majors the school offered because I may want to change my major later.”

7: Campus culture
“I wish I had known more about the community on campus. I often feel like I don't fit in with the kind of students who go here.” “How hyper-liberal the student body is” “I was previously unaware of the lack of diversity in regard to race/ethnicity and financial background.”

6: Quality of the faculty
“How great the professors really are.” “Teaching assistants are ridiculous.” “The professors in his major area of study are not as inspiring as professors in other departments seem to be.” “I wish I had researched the student / professor ratio beforehand.”
Top ten – What I wish I’d known before enrolling

5: Difficulty obtaining required credits
“I wish I had known more about the credits needed to complete my major” “How fast classes fill up.” “That degree requirements change even after you started, you are not grandfathered in.” “Out of 5 classes each semester she always seems to be ‘waitlisted’ on at least 2”

4: Housing situation
“Expensive housing options and overload into a local hotel.” “How bad dorm life was.” “That they do not offer a lot of off-campus student housing in the area.” “The mandatory times that the student had to leave their dorms by during semester breaks and holiday breaks.”

3: Financial Aid
“I wish I had known more about the financial aid process.” “Work study hours are limited.” “I wish I knew about some of the scholarships that I could have had the opportunity to apply for.” “I wish I had more information about how financial aid would vary year to year.”

2: Quality of academics
“The academic programs are more challenging than I expected at a state school but THAT is a good thing.” “How organized you need to be.” “The intensity of the program.” “I wish I would have known how little they actually cared about the academics…” “It is a bit too easy academically.”

1: Total cost
“Technology fee for online classes” “The high cost of living in Boulder” “The extra money it was going to cost for special projects - going abroad” “The cost of Greek life.” “That tuition rates would rise about 5% every year but scholarships would not.”
The jargon challenge

Paying-for-College Terminology: Which Statements Are True?

- Rates on federal loans are regulated: 75% True, 25% False
- Free tuition means free college: 21% True, 79% False
- Work-study is automatic: 42% True, 58% False
- Mid-income families can get aid: 79% True, 21% False
- Sticker price means your price: 19% True, 81% False
Choosing a school
Financial factors are as important as academic factors when choosing a school.
Financial aid package is a key decision driver

Elimination of Colleges Due to Cost

<table>
<thead>
<tr>
<th>Before researching</th>
<th>Before applying</th>
<th>After admission</th>
<th>After financial aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Parent</td>
<td>Student</td>
<td></td>
</tr>
<tr>
<td>65%</td>
<td>53%</td>
<td>58%</td>
<td>69%</td>
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<tr>
<td>70%</td>
<td>46%</td>
<td>42%</td>
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<tr>
<td>65%</td>
<td>42%</td>
<td>49%</td>
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</tbody>
</table>

Financial Criteria Considered

- Expected financial aid package: 52%
- Estimated student loan debt: 44%
- Annual cost of attendance before financial aid: 43%
- Distance from parent’s home for commuting: 20%
Families focus on field of study when choosing a school

Academic Criteria Considered

- The academic program related to the student’s major: 58%
- Whether grads from the school get good jobs: 33%
- The graduation rate at the school: 28%
- The prestige of the university: 22%
- Whether the college’s grads get into top graduate schools: 13%
Campus setting or location influence student choice

Personal Preference Criteria Considered

- Campus setting: 39%
- Size of the college or number of students: 26%
- Close to home: 25%
- Activities, clubs, or sports: 16%
- Social life: 15%
- Far from home: 10%
- Online courses: 9%
- Family member attended: 8%
Actions to improve college affordability
Students stretch financially by earning more and cutting non-essentials from their budget.

- 83% of families are willing to stretch financially to obtain the opportunity of college.
- 58% of students and 32% of parents increased their work hours.
- 67% of students and 49% of parents reduced personal spending.

Working Students

- 45% Year round
- 22% During school breaks
- 11% During the school term
- 22% Not working
Three-quarters of students attend an in-state school

Enrollment Choices Students Make to Boost Affordability

- Attending school in home state: 77%
- Earning degree over a shorter period to reduce total costs or begin working in their field sooner: 24%
- Changing majors to pursue a more marketable field of study: 21%
- Attending part-time to reduce immediate costs or to allow more time to work: 19%
- Taking online classes: 15%
More than one-third of families reduce costs by the college student living at home

Living Arrangements

- Home rent free: 31%
- Home with rent: 6%
- On campus: 33%
- Off campus with others: 25%
- Off campus alone: 6%
Middle-income families are more likely to apply for aid via the FAFSA

Among families with returning students, 62% had filed a FAFSA for 2018-19

One-third applied in Q4 2017 while two-thirds applied in 2018

Why apply early? Increased chance of obtaining aid
Planners also worry about future funding, but less so than non-planners

Parent Economic Worries

- **Tuition increase**: 68% Planners, 76% Non-planners
- **Loan rate increase**: 56% Planners, 70% Non-planners
- **Funds deplete**: 45% Planners, 53% Non-planners
- **Scholarships & grants less available**: 65% Planners, 64% Non-planners
- **Value of savings decline**: 49% Planners, 47% Non-planners
How families pay for college
Parents are more likely than students to be involved in paying for college decisions

By school type
- Students attending community colleges are more likely to make the decisions themselves
- Parents with students at 4-yr public colleges are more likely to make decisions themselves
- Students at 4-yr private colleges are more likely to share decision-making with parents
Families pay nearly 1/2 of costs from income & savings

How the Typical Family Pays for College, Average Amount

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Student Borrowing</td>
<td>$3,833</td>
</tr>
<tr>
<td>Parent Borrowing</td>
<td>$2,648</td>
</tr>
<tr>
<td>Parent Income &amp; Savings</td>
<td>$8,891</td>
</tr>
<tr>
<td>Student Income &amp; Savings</td>
<td>$3,339</td>
</tr>
<tr>
<td>Relatives &amp; Friends</td>
<td>$399</td>
</tr>
<tr>
<td>Grants &amp; Scholarships</td>
<td>$7,348</td>
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</tbody>
</table>

How the Typical Family Pays for College, Funding Source Share

- Student Borrowing: 14%
- Parent Borrowing: 10%
- Parent Income & Savings: 34%
- Student Income & Savings: 13%
- Relatives & Friends: 2%
- Grants & Scholarships: 28%

AY 2017-2018
Typical cost and resources vary by school type

How the Typical Family Pays for College, Average Amount, by School Type

<table>
<thead>
<tr>
<th>School Type</th>
<th>2-yr public</th>
<th>2-yr private</th>
<th>4-yr public</th>
<th>4-yr private</th>
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<tbody>
<tr>
<td>$-</td>
<td>$2,788</td>
<td>$3,593</td>
<td>$4,265</td>
<td>$6,131</td>
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<td>$134</td>
<td>$656</td>
<td>$4,265</td>
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<td>$10,000</td>
<td>$1,286</td>
<td>$8,240</td>
<td>$2,991</td>
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<td>$15,000</td>
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<th>2-yr private</th>
<th>4-yr public</th>
<th>4-yr private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants &amp; Scholarships</td>
<td>26%</td>
<td>16%</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>Relatives &amp; Friends</td>
<td>1%</td>
<td>2%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>Student Income &amp; Savings</td>
<td>32%</td>
<td>11%</td>
<td>39%</td>
<td>28%</td>
</tr>
<tr>
<td>Parent Borrowing</td>
<td>17%</td>
<td>32%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Parent Income &amp; Savings</td>
<td>34%</td>
<td>18%</td>
<td>39%</td>
<td>28%</td>
</tr>
<tr>
<td>Student Borrowing</td>
<td>12%</td>
<td>11%</td>
<td>15%</td>
<td>15%</td>
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</tbody>
</table>
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Student borrowing compounded by parent loan repayment expectations

Who Borrowed in 2017-18

Neither parent nor student 47%
Parent only 14%
Student only 32%
Both parent and student 7%

Loan payment responsibility

- Student solely: 11%
- Parent solely: 2%
- Shared responsibility: 31%
- Parents will pay until student is able: 4%

63% of loans are borrowed by student, 31% by parent, and 53% have shared responsibility.
Students rely on federal loans

**Student Loan Types Used**
- Federal student loans only: 63%
- Private student loans only: 13%
- Both federal and private: 24%

**Future P&I payment preference**
- Make larger payments over shorter time: 57%
- Make smaller payments over longer time: 36%
- Not sure: 7%
Colleges are the largest contributor of scholarships

Use of Grants and Scholarships, by Income

<table>
<thead>
<tr>
<th>Income</th>
<th>Grants</th>
<th>Scholarships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>56%</td>
<td>57%</td>
</tr>
<tr>
<td>High income</td>
<td>34%</td>
<td>56%</td>
</tr>
<tr>
<td>Mid income</td>
<td>63%</td>
<td>60%</td>
</tr>
<tr>
<td>Low income</td>
<td>66%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Source of Scholarship Funds

- State/gov't: 37%
- Community: 43%
- College: 79%
Students at 4-yr private colleges are more likely to apply for and use scholarships

Scholarship Activity by School Type

- 2-yr public: 43% received, 5% not sure, 5% applied but didn't use, 4% never applied, average amount: $783
- 2-yr private: 48% received, 4% not sure, 19% applied but didn't use, 4% never applied, average amount: $2,689
- 4-yr public: 55% received, 3% not sure, 13% applied but didn't use, 4% never applied, average amount: $3,248
- 4-yr private: 75% received, 4% not sure, 9% applied but didn't use, 14% never applied, average amount: $10,143
Is it worth it?
Two-thirds of families feel they are paying a fair price, or better, for the value of the education received.

Value of Education Compared to Price

<table>
<thead>
<tr>
<th></th>
<th>Excellent value</th>
<th>Bargain</th>
<th>Fair</th>
<th>Overvalued</th>
<th>Significantly overpriced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>20%</td>
<td>12%</td>
<td>31%</td>
<td>24%</td>
<td>13%</td>
</tr>
<tr>
<td>Parent</td>
<td>20%</td>
<td>8%</td>
<td>42%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>20%</td>
<td>10%</td>
<td>36%</td>
<td>22%</td>
<td>11%</td>
</tr>
</tbody>
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(MKT13772 09/18)
Questions?