

How America Values and Pays for College

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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

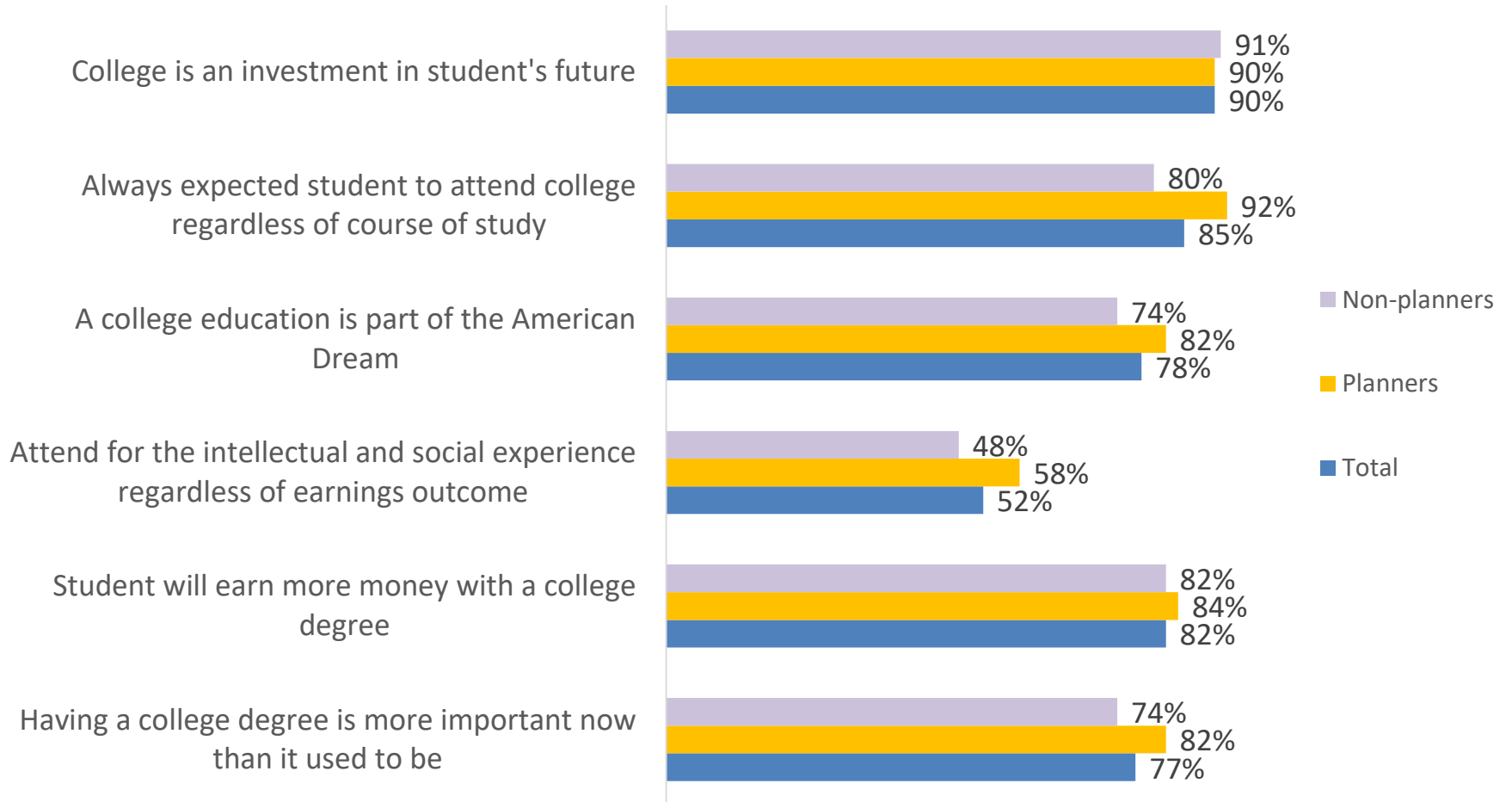
- 799 parents of children ages 18 – 24 enrolled as undergraduate students, and
- 790 undergraduate students ages 18 – 24.

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?**

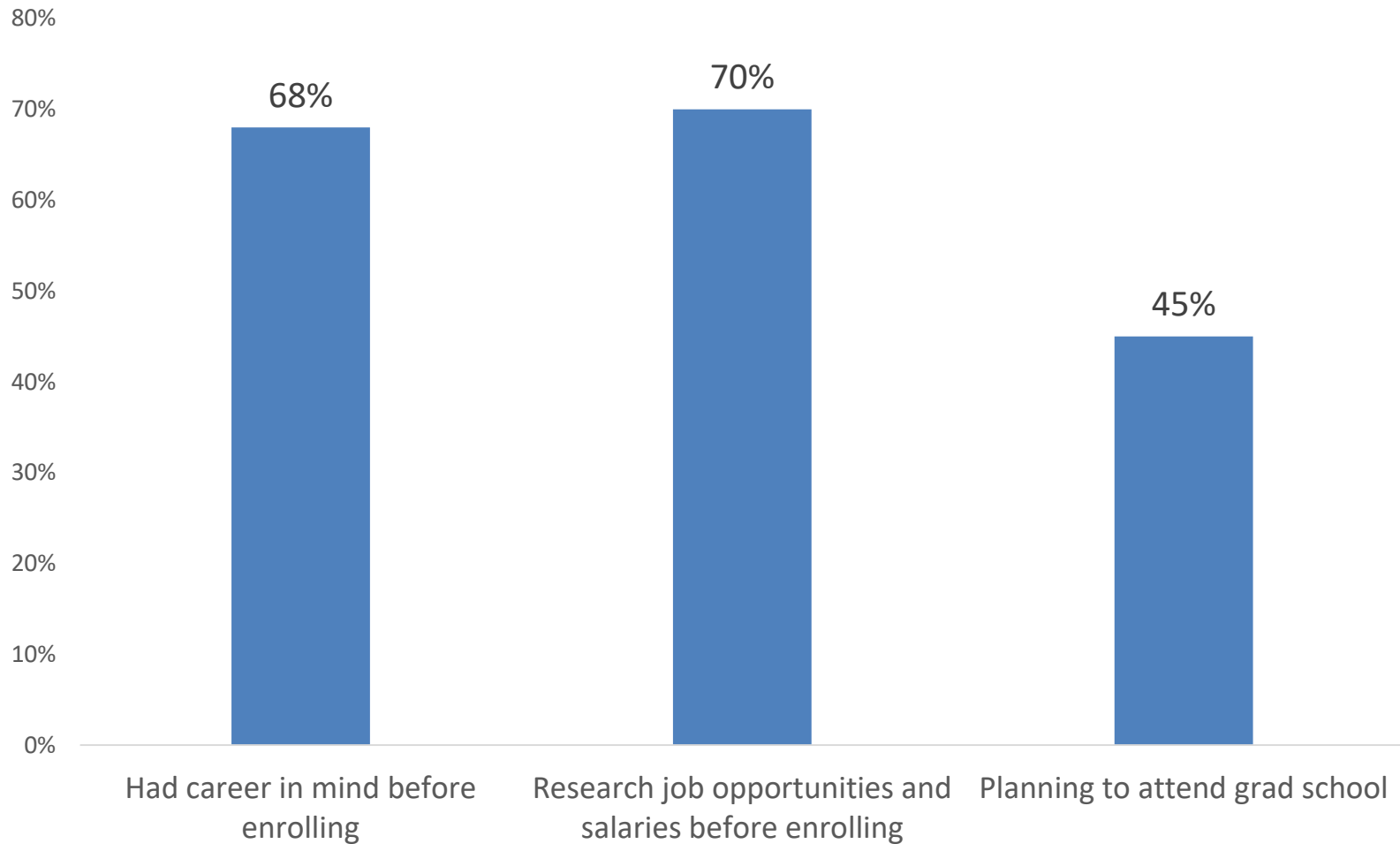
College is seen as an investment

Agreement with Reasons to Attend College



Nearly 7 in 10 students have a career in mind before enrolling in college

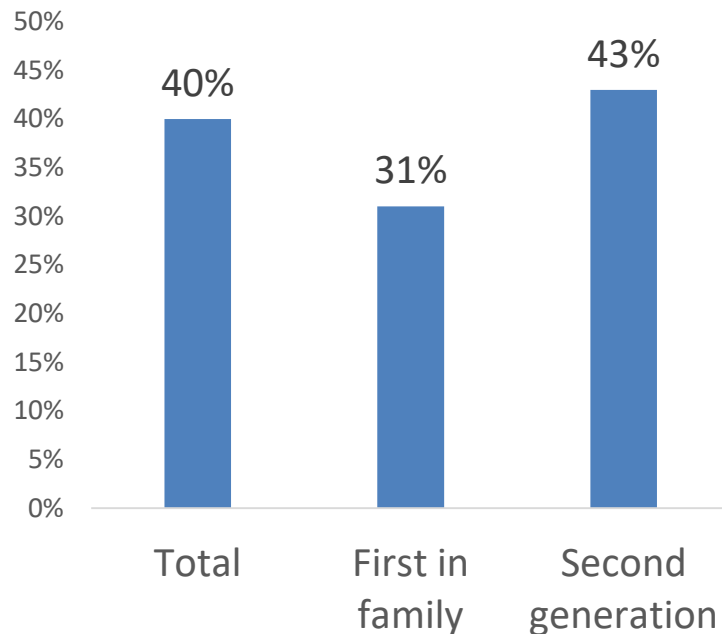
Career and College are Interconnected



Planning for college

Families with parents who attended college are more likely to plan for it

Had a Plan to Pay for College before Enrolling



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 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

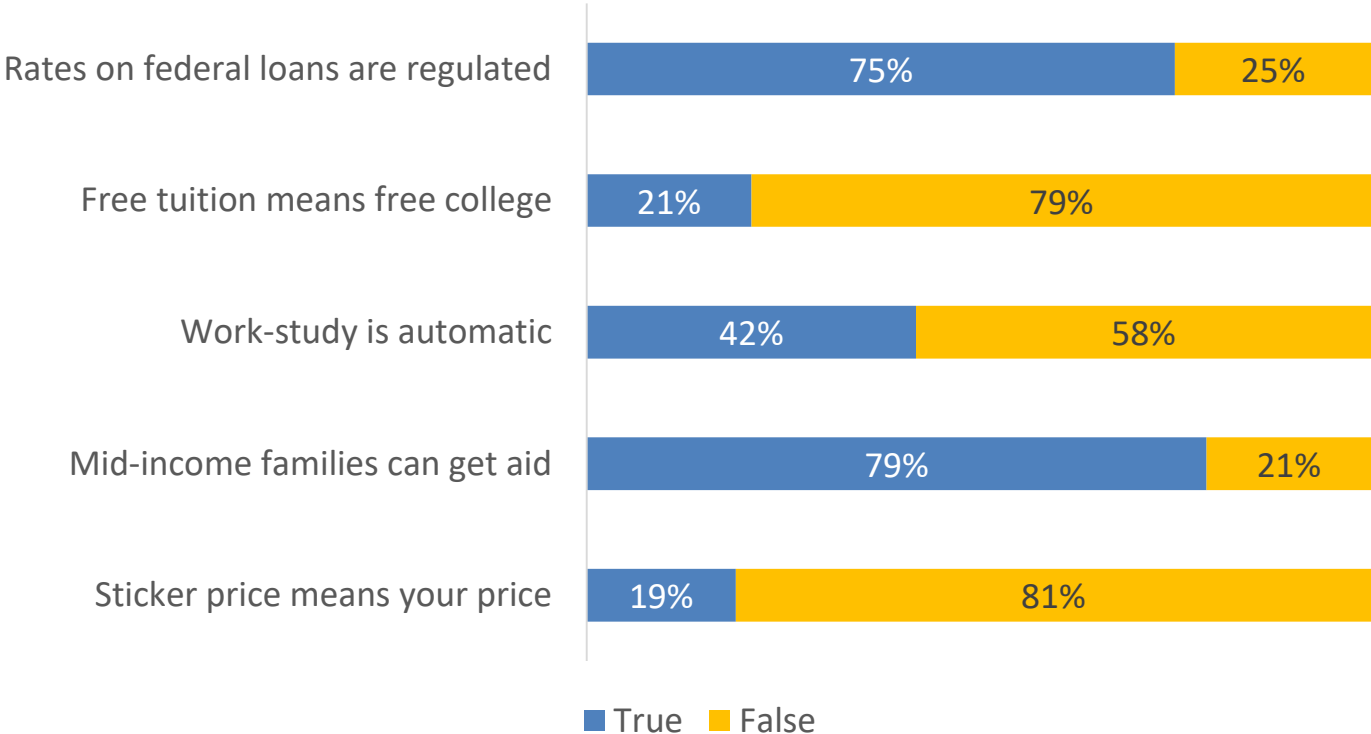
“The academic programs are more challenging than I expected at a state school but THAT is a good thing.” “How organized you need to be.” “The intensity of the program.” “I wish I would have known how little they actually cared about the academics...” “It is a bit too easy academically.”

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

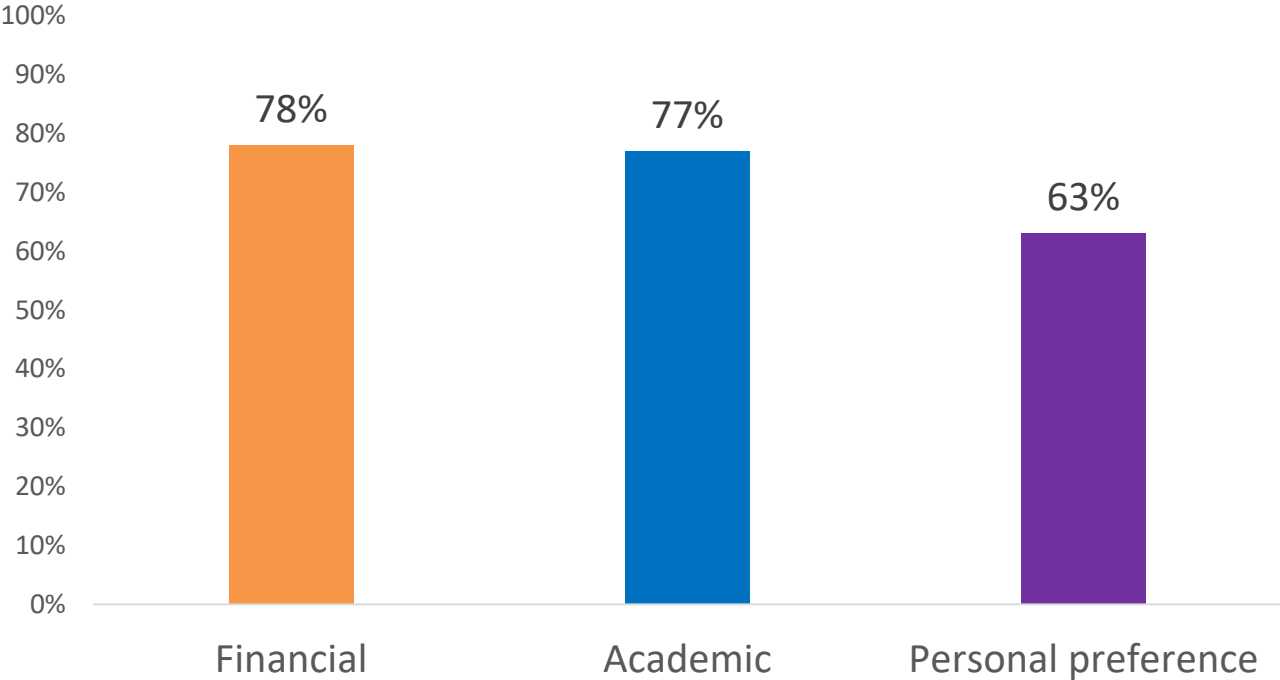
Paying-for-College Terminology: Which Statements Are True?



Choosing a school

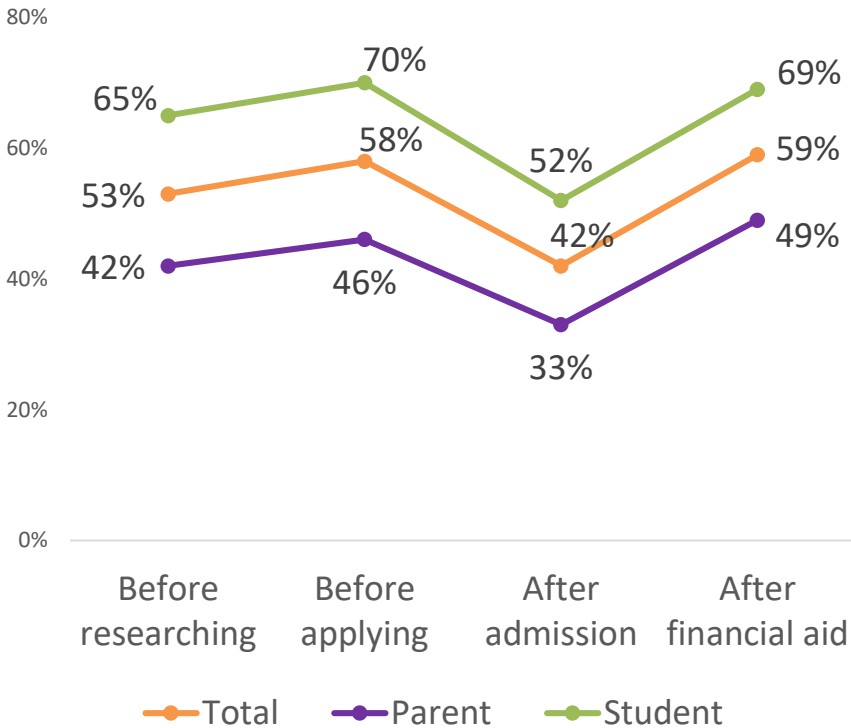
Financial factors are as important as academic factors when choosing a school

Consideration Factors in School Choice

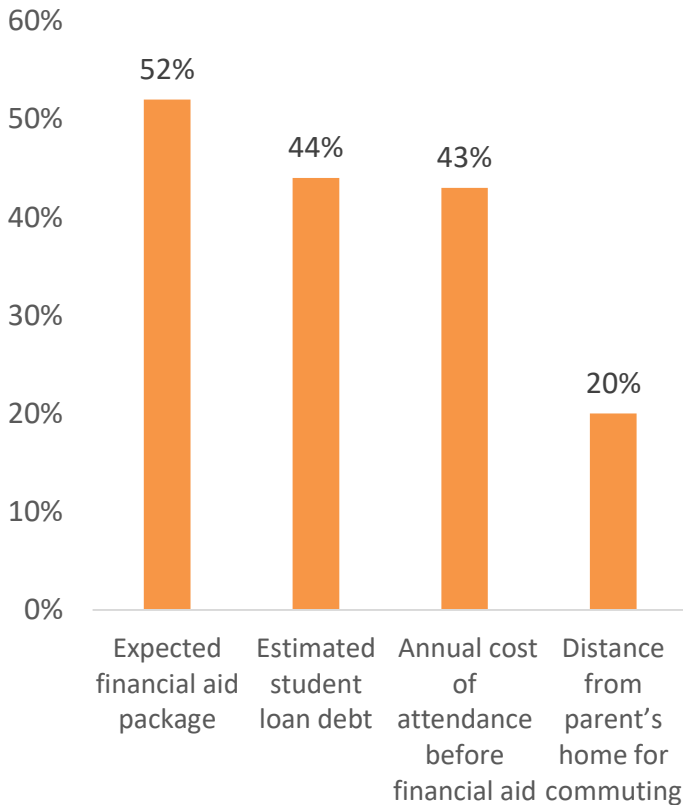


Financial aid package is a key decision driver

Elimination of Colleges Due to Cost

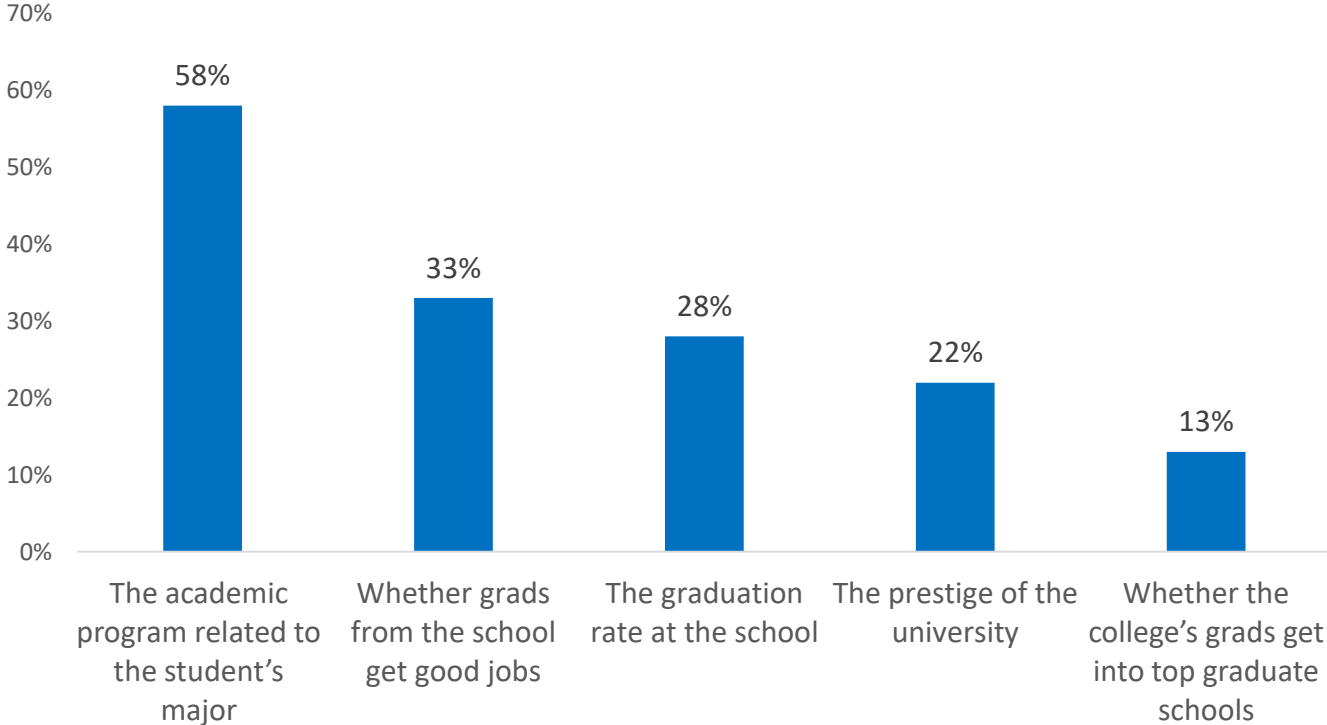


Financial Criteria Considered



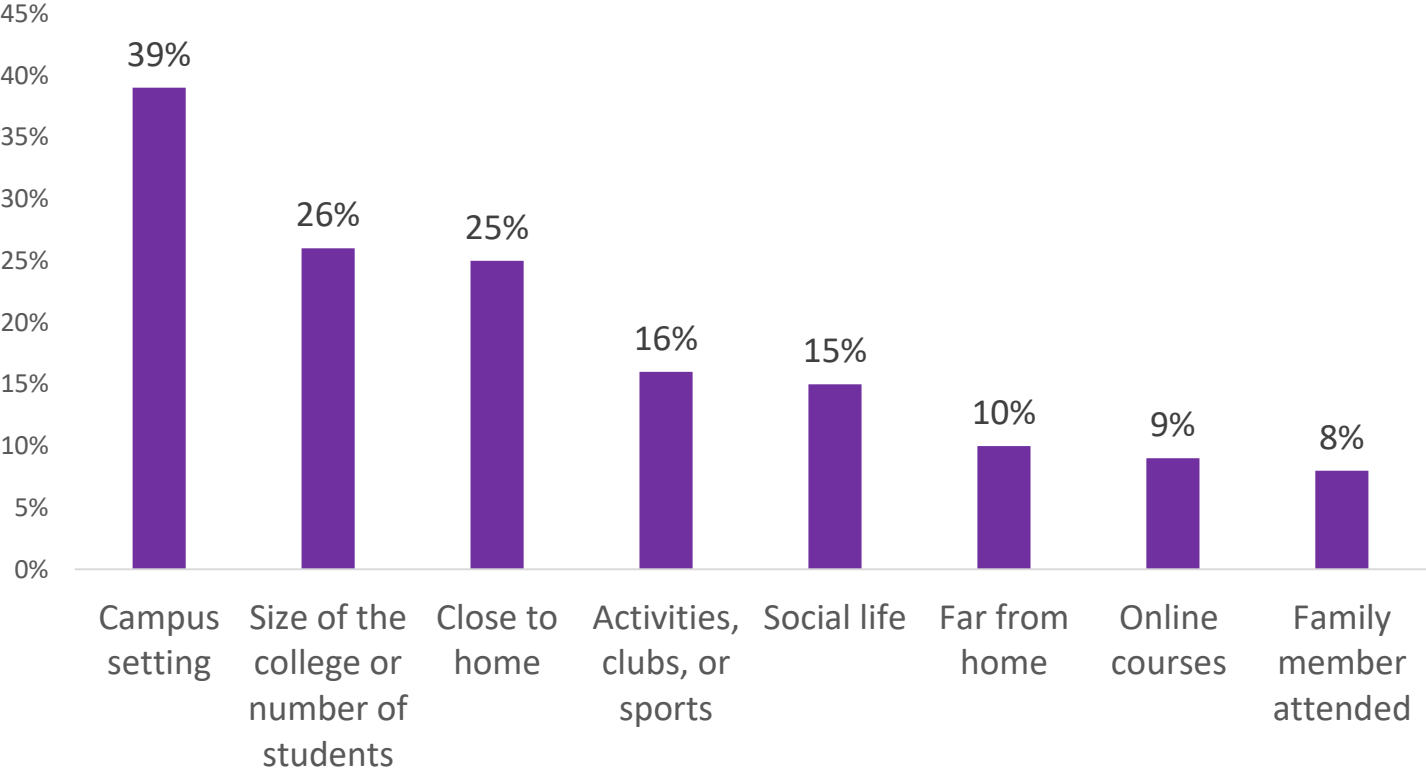
Families focus on field of study when choosing a school

Academic Criteria Considered



Campus setting or location influence student choice

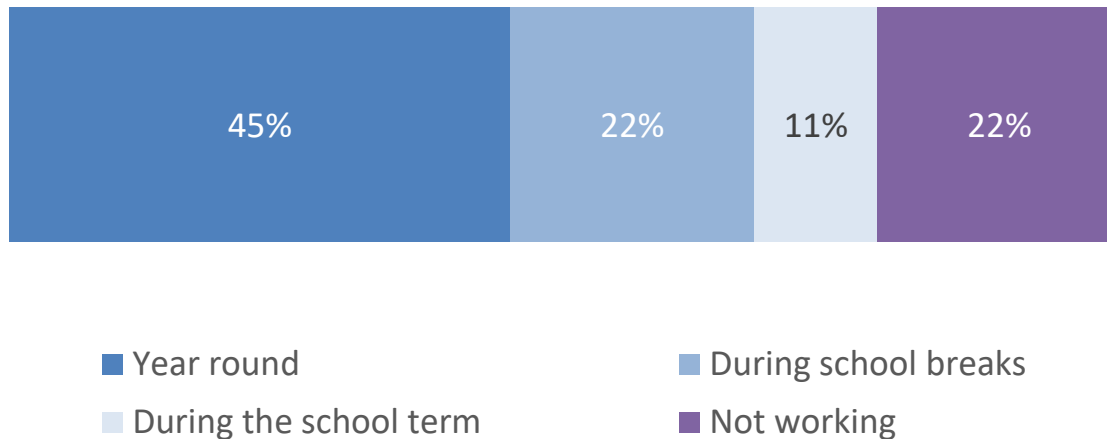
Personal Preference Criteria Considered



Actions to improve college affordability

Students stretch financially by earning more and cutting non-essentials from their budget

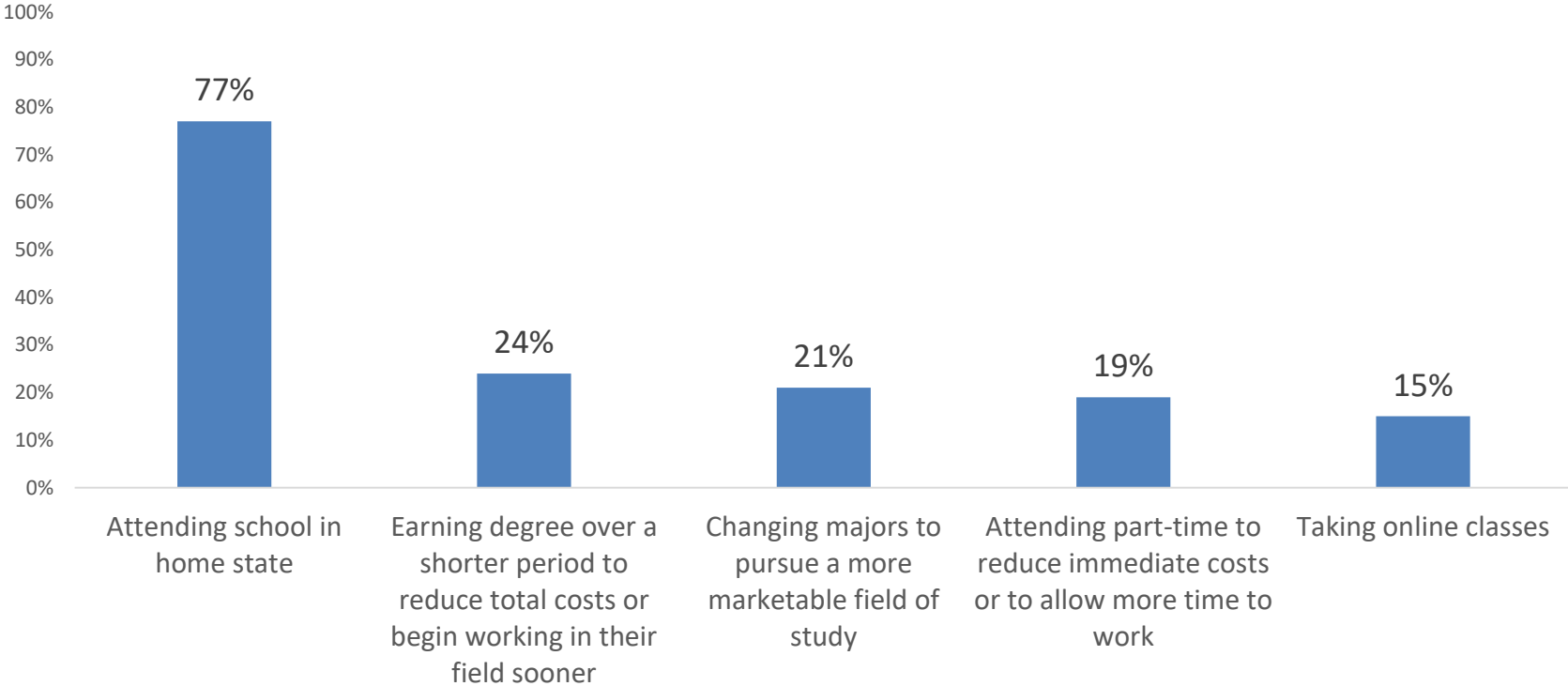
Working Students



- 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

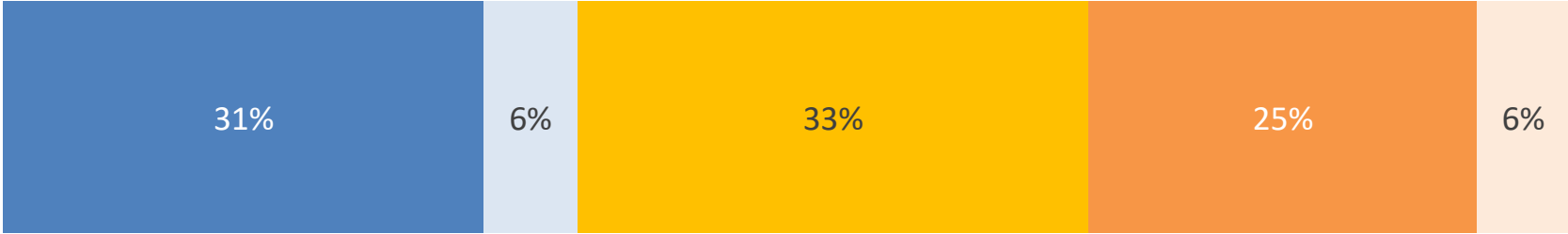
Three-quarters of students attend an in-state school

Enrollment Choices Students Make to Boost Affordability



More than one-third of families reduce costs by the college student living at home

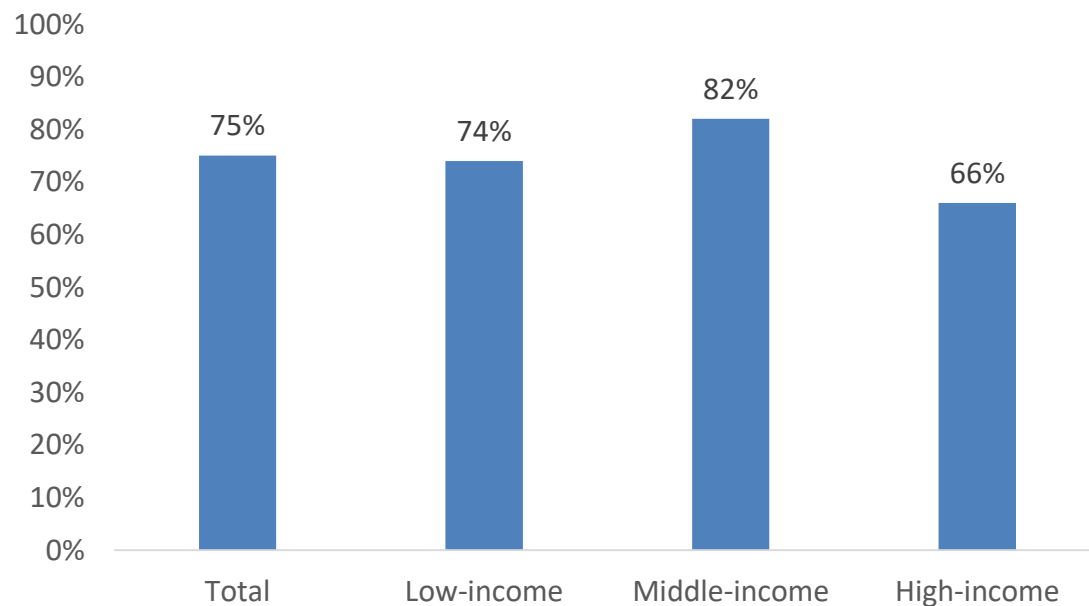
Living Arrangements



■ Home rent free ■ Home with rent ■ On campus ■ Off campus with others ■ Off campus alone

Middle-income families are more likely to apply for aid via the FAFSA

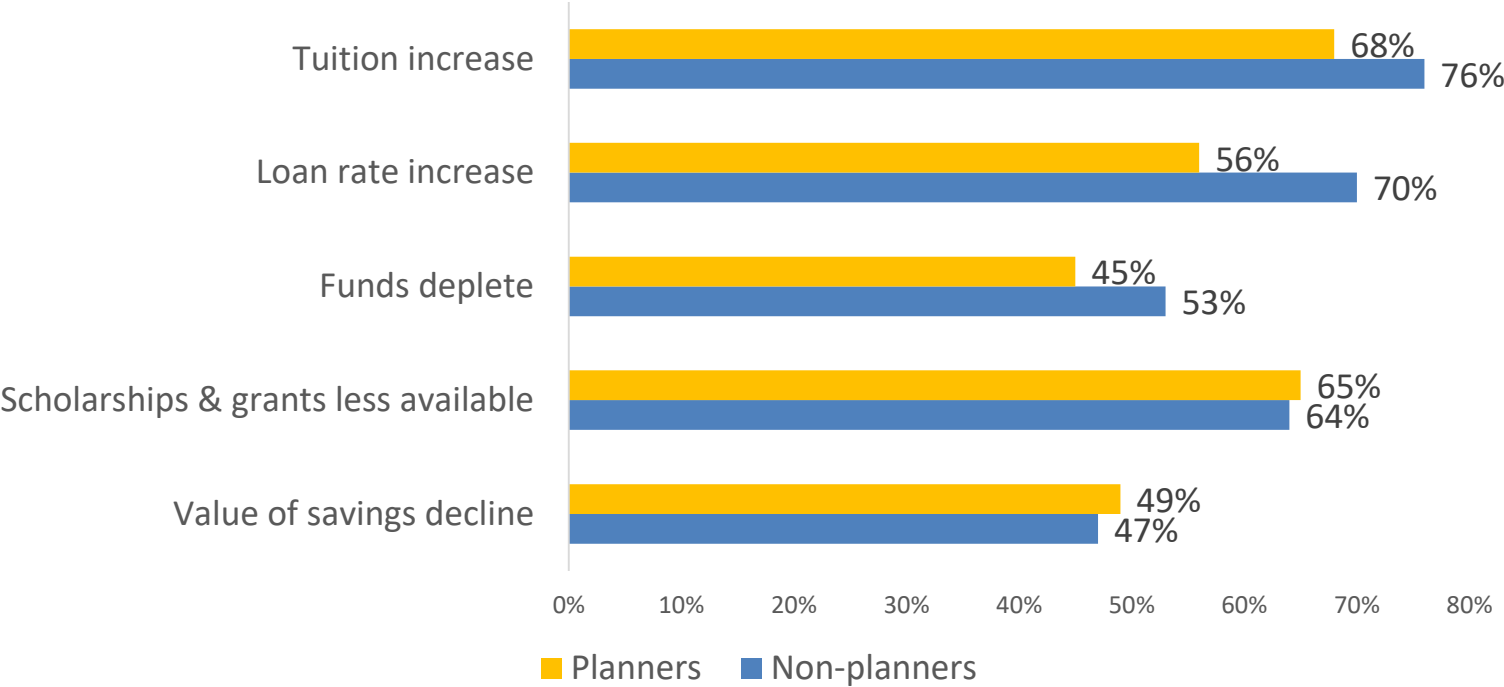
Proportion of Families Who Filed FAFSA 2017-18,
by Income



- 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

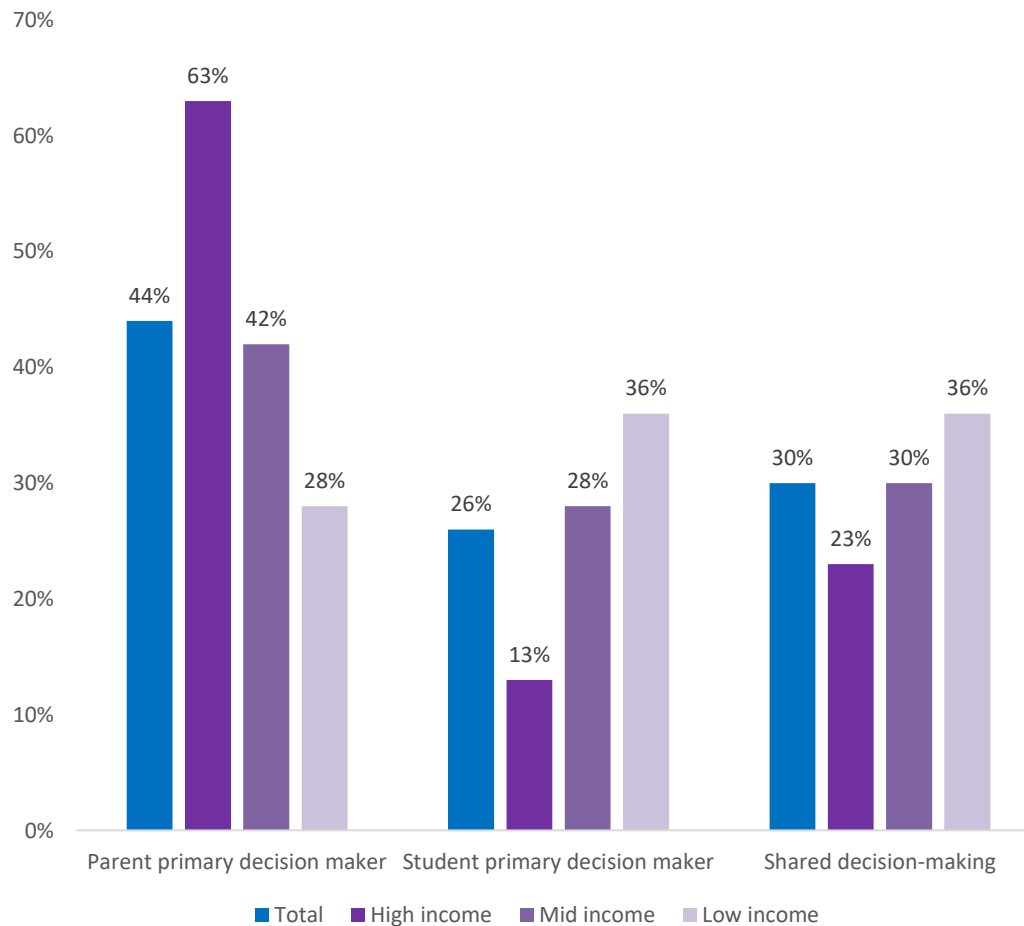
Parent Economic Worries



How families pay for college

Parents are more likely than students to be involved in paying for college decisions

Paying for College Decision Maker

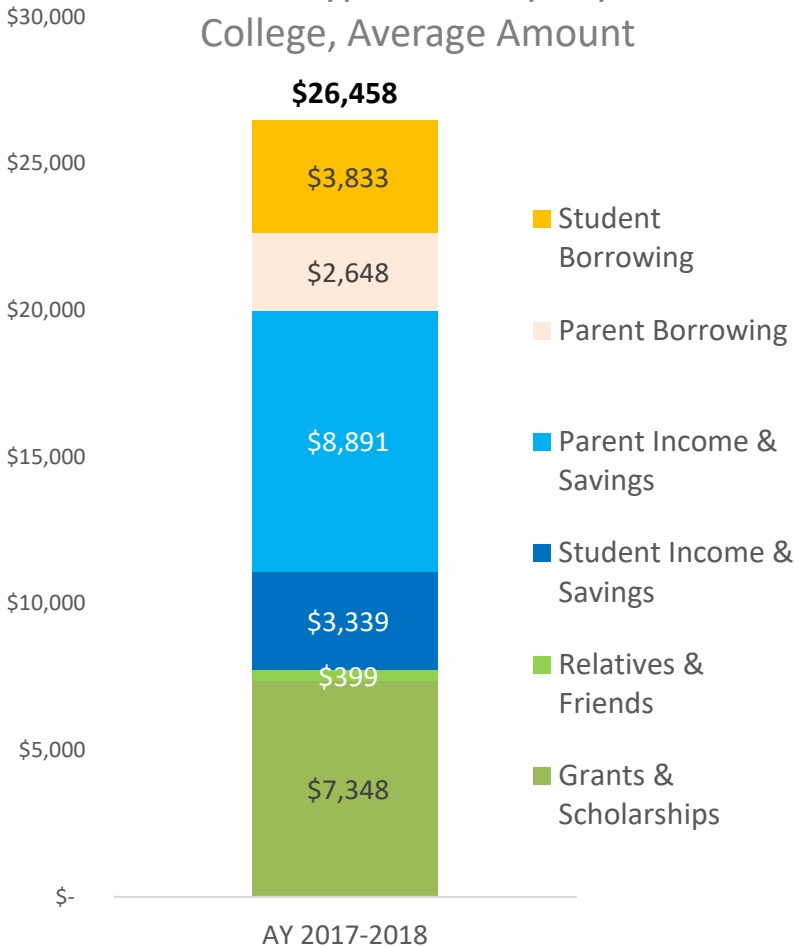


By school type

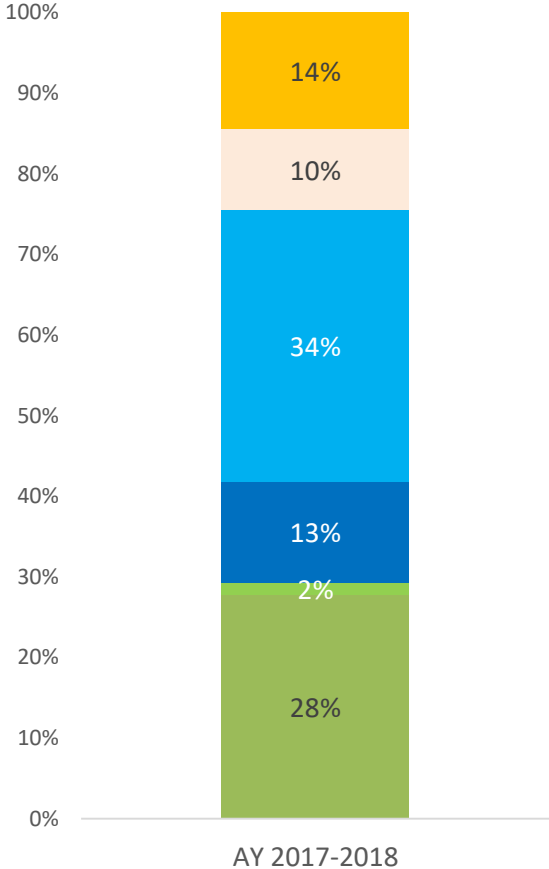
- Students attending community colleges are more likely to make the decisions themselves
- Parents with students at 4-yr public colleges are more likely to make decisions themselves
- Students at 4-yr private colleges are more likely to share decision-making with parents

Families pay nearly 1/2 of costs from income and savings

How the Typical Family Pays for College, Average Amount

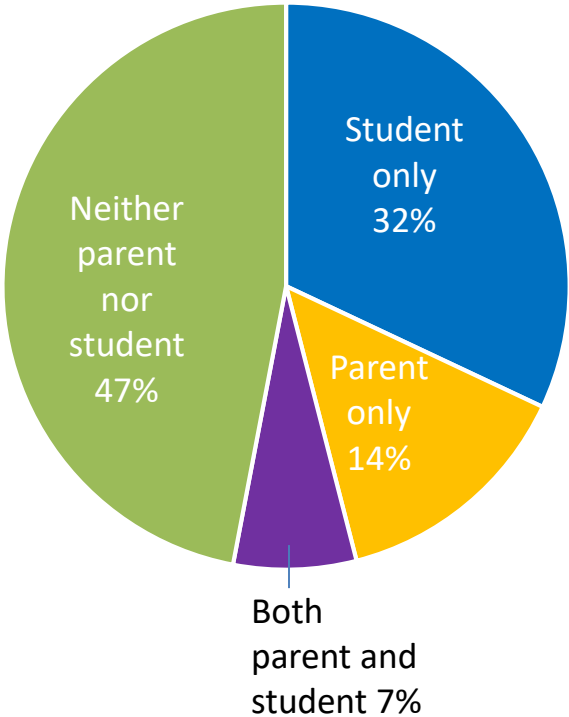


How the Typical Family Pays for College, Funding Source Share

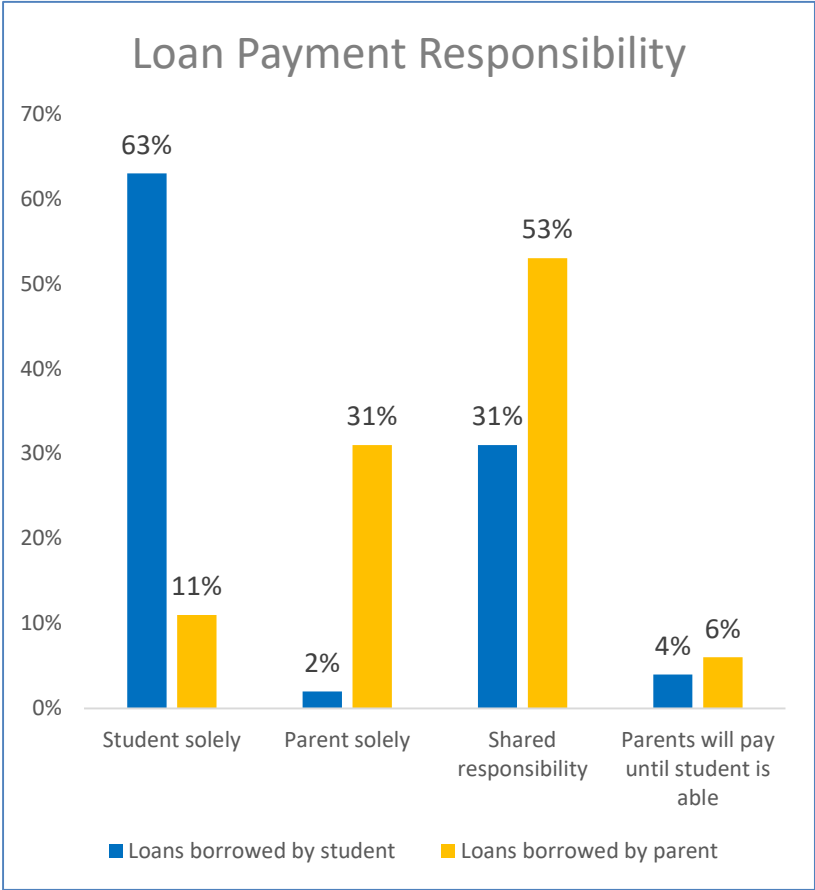


Student borrowing compounded by parent loan repayment expectations

Who Borrowed in 2017-18

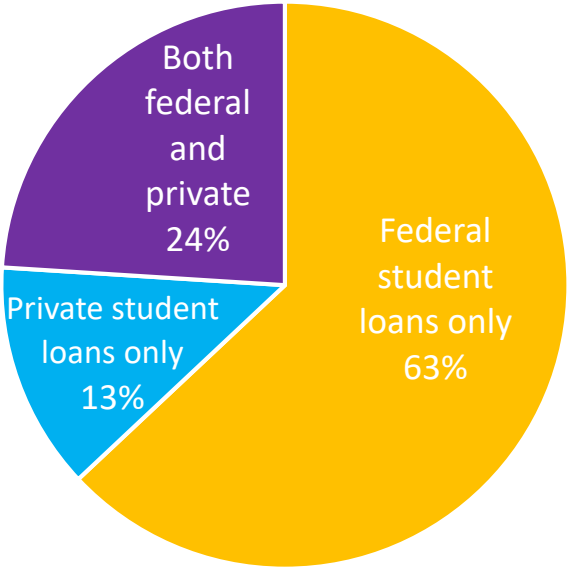


Loan Payment Responsibility

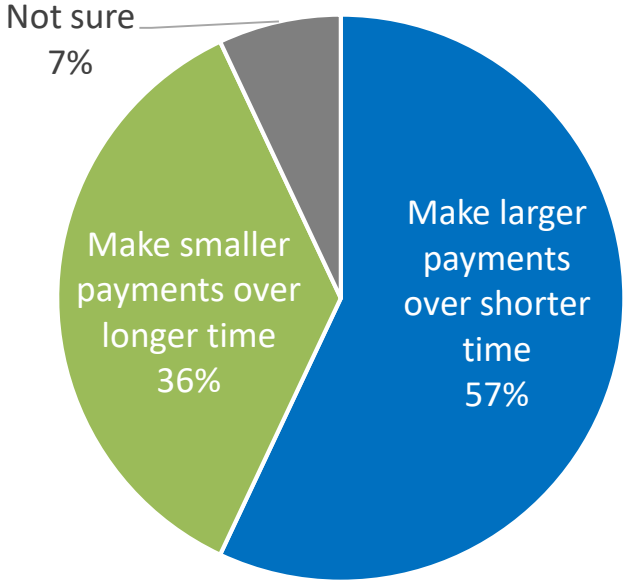


Students rely on federal loans

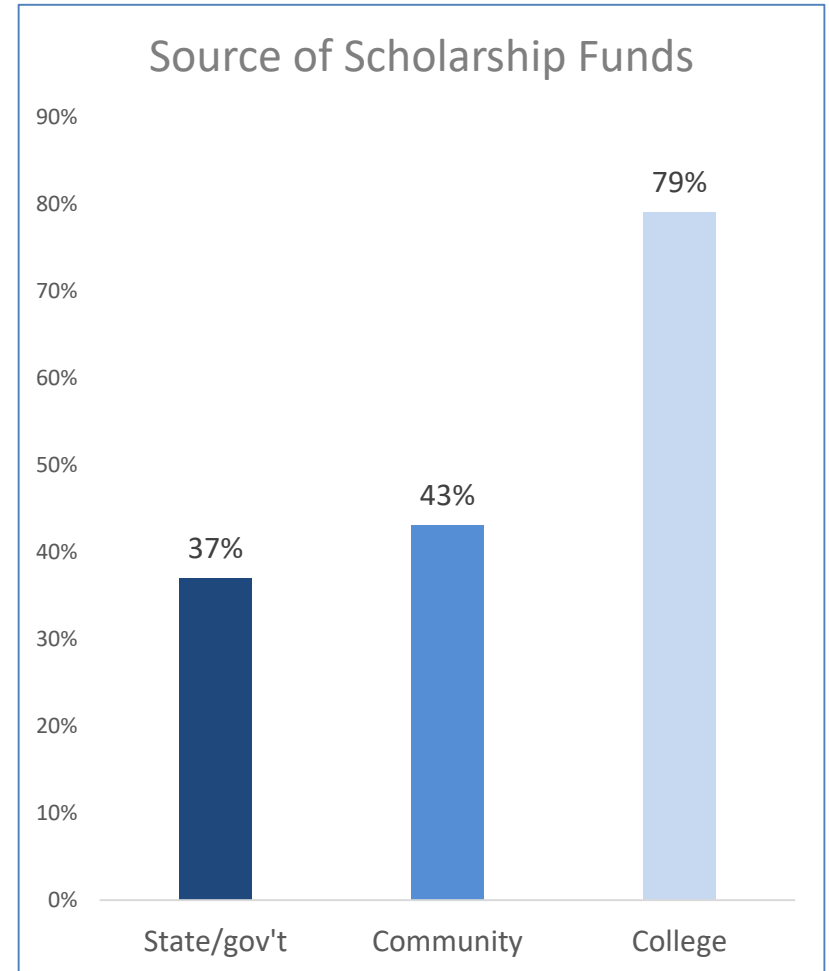
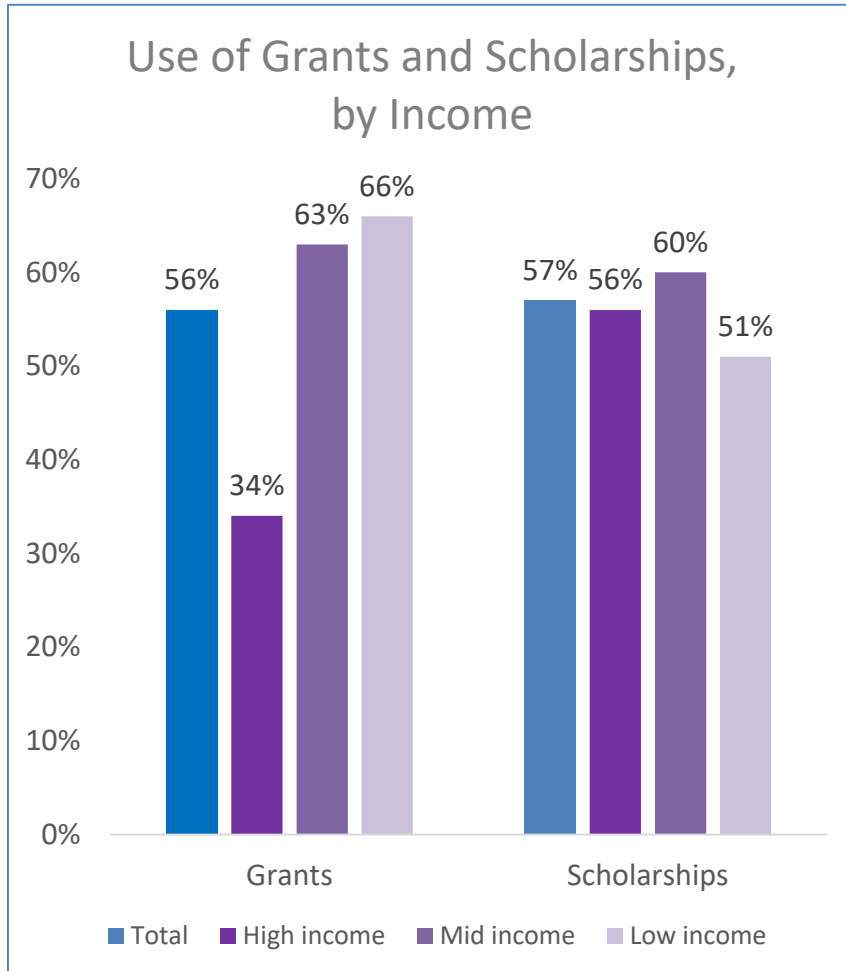
Student Loan Types Used



Future P&I Payment Preference

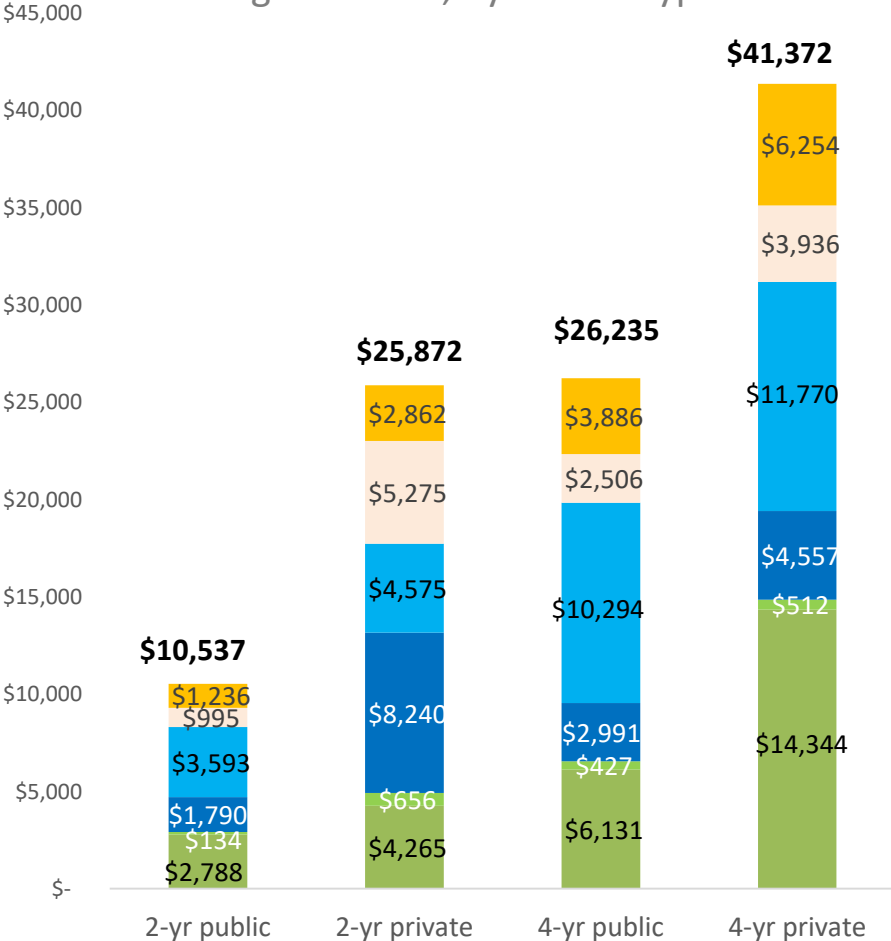


Colleges are the largest contributor of scholarships

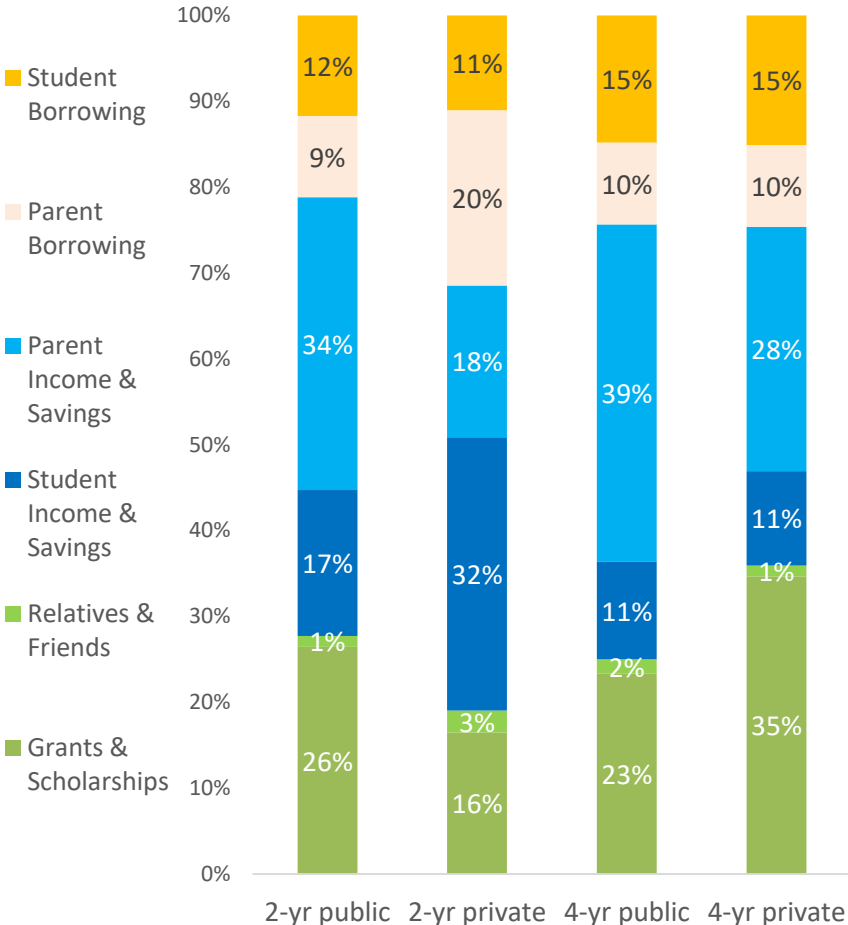


Typical cost and resources vary by school type

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

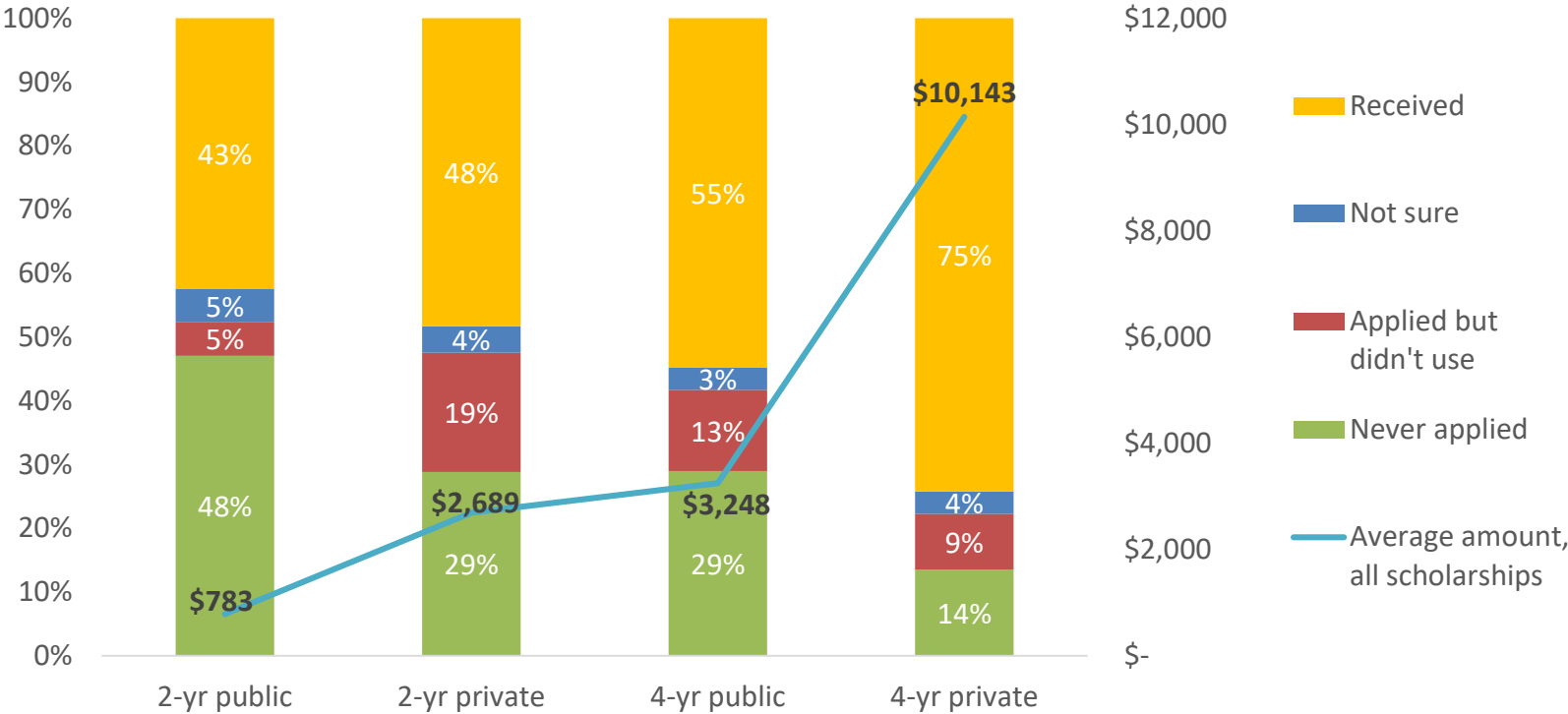


How the Typical Family Pays for College, Funding Source Share, by School Type



Students at 4-yr private colleges are more likely to apply for and use scholarships

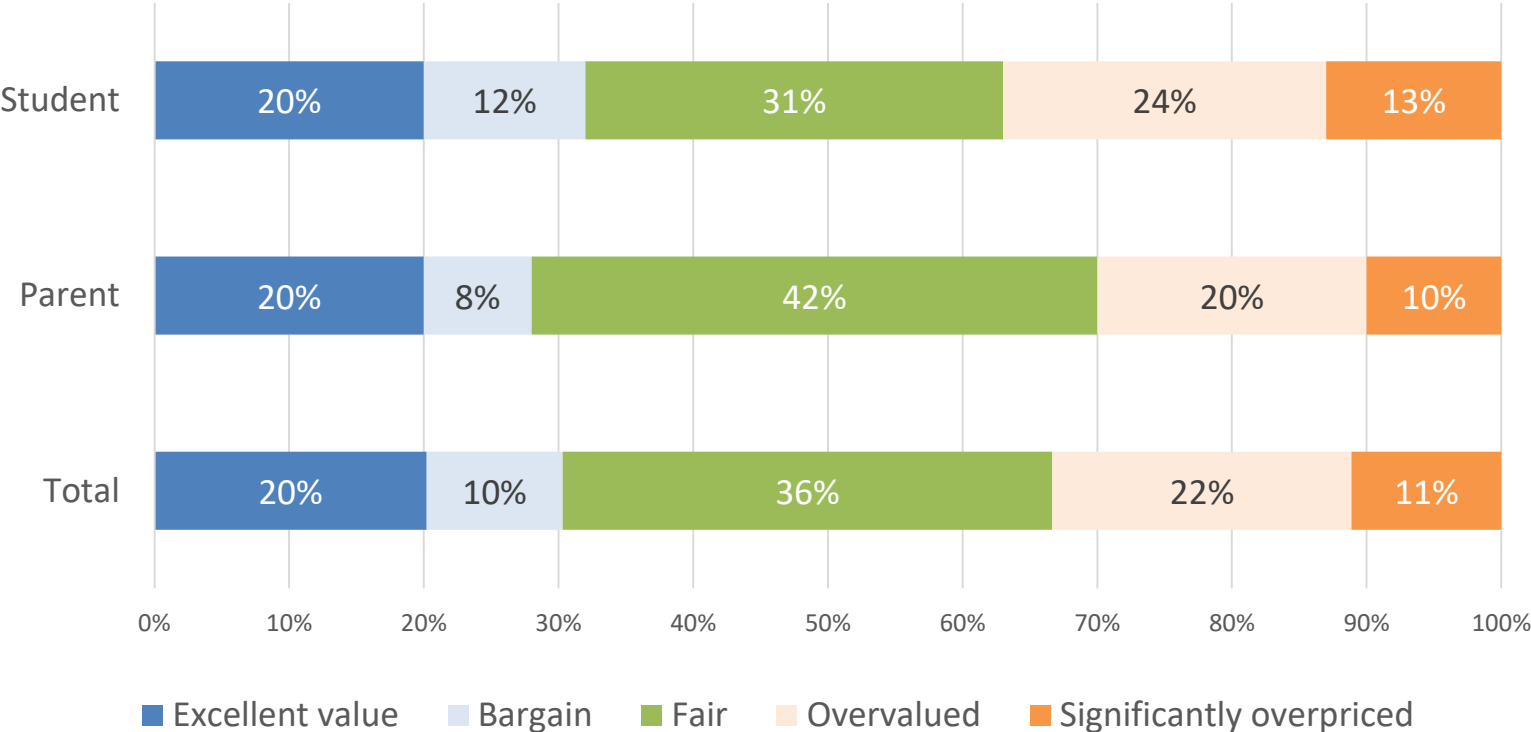
Scholarship Activity by School Type



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



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Questions?