



HOW AMERICA PAYS FOR COLLEGE 2012

Sallie Mae's National Study of College Students and Parents

Conducted by Ipsos

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EVENT: MASFAP

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Background

Study Objective

- ▶ Determine how American families are paying for college
 - Trend over time behaviors and attitudes related to the purchase and value of higher education

Process

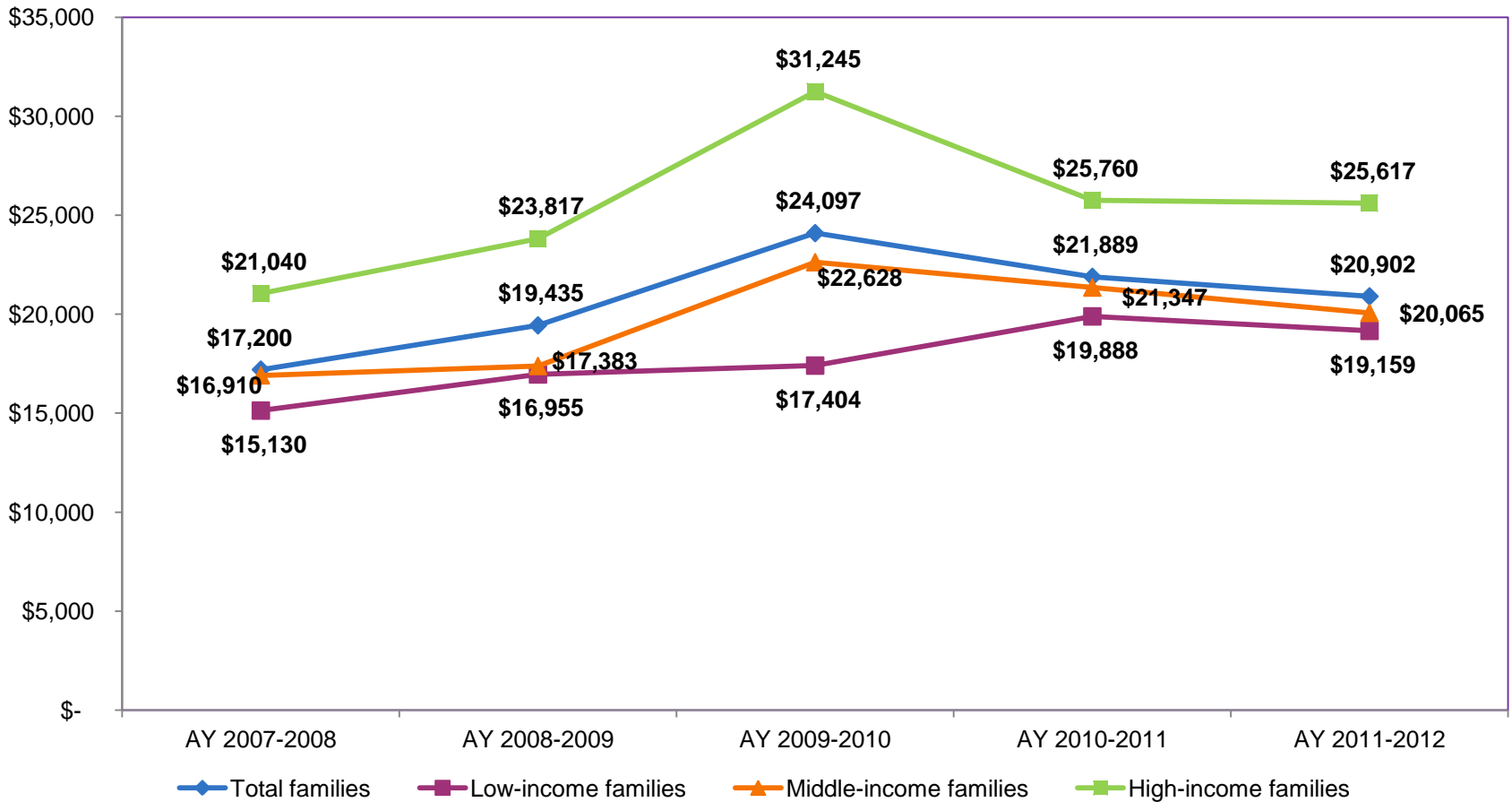
- ▶ Fifth annual survey and report
- ▶ Quantitative telephone research conducted April-May 2012
 - 801 undergraduates enrolled AY 2011-12, ages 18-24
 - 800 parents of undergraduates
- ▶ Composite of how the ‘typical’ family pays for college is a mathematical representation created in 2008 and applied consistently each year



College Spending Declines In Academic Year 2011-12



Total average spending, year-over-year, by income

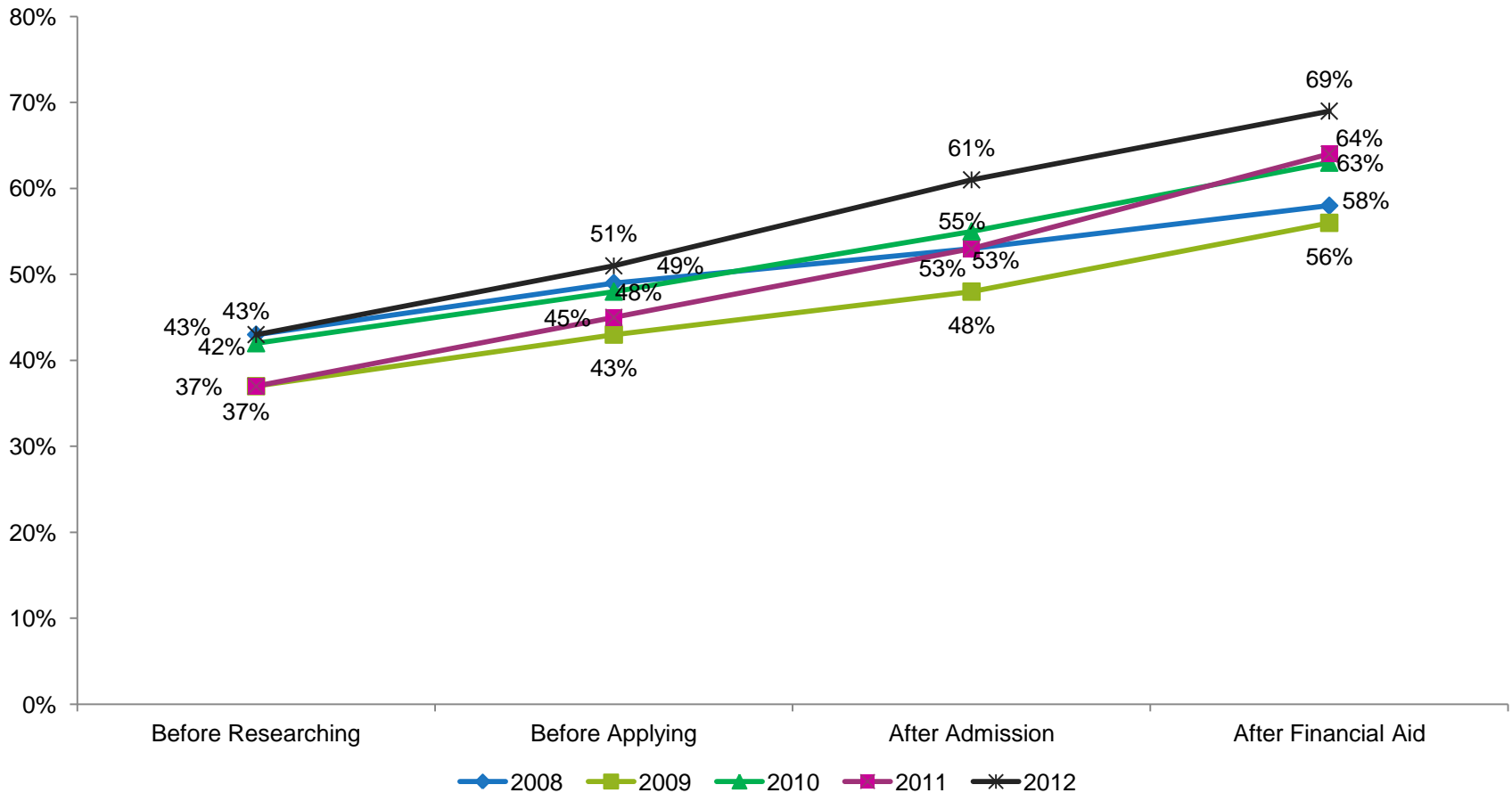


Decline in spending

- ▶ Total average spending declined by 5% compared with academic year 2010-11
 - Spending represents the sum of the itemized sources that families used to pay for college.
 - It is not the cost of attendance defined by the college.
- ▶ If college costs didn't decrease, how did spend decrease?
 - Choices designed to control spending were put into play

More families eliminated colleges during the college selection process

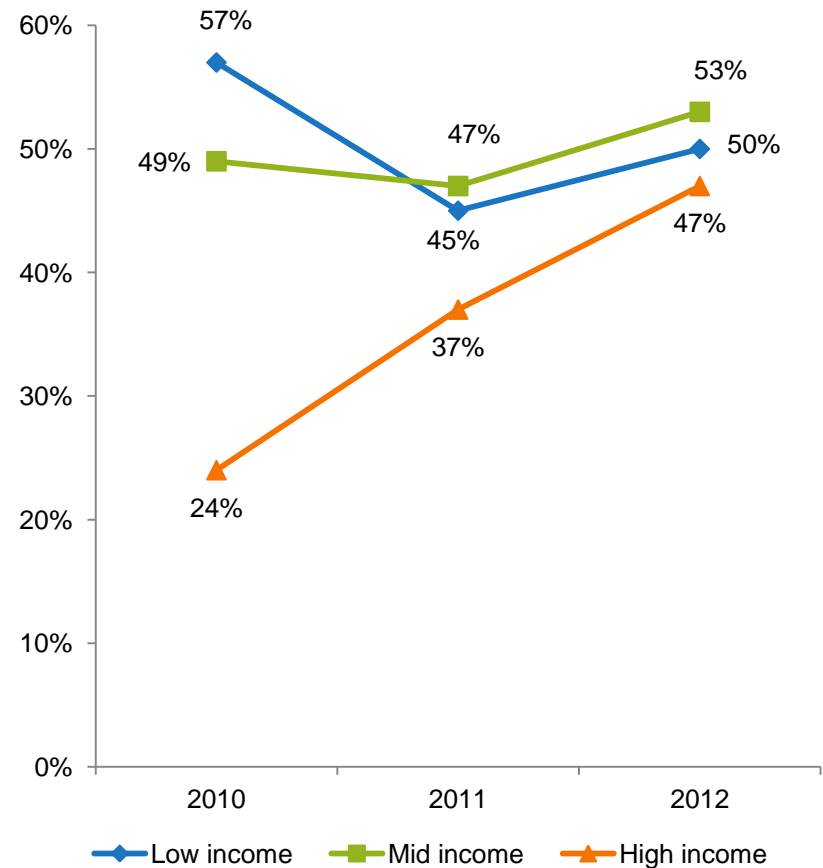
Cumulative Elimination of Colleges Based on Cost



Cost-saving measures

- ▶ 97% of families took at least one cost-saving measure including:
 - Student lived at home
 - Student added roommates
 - Students reduced personal spending
 - Families taking income tax credits or deductions

Undergraduates Living at Home

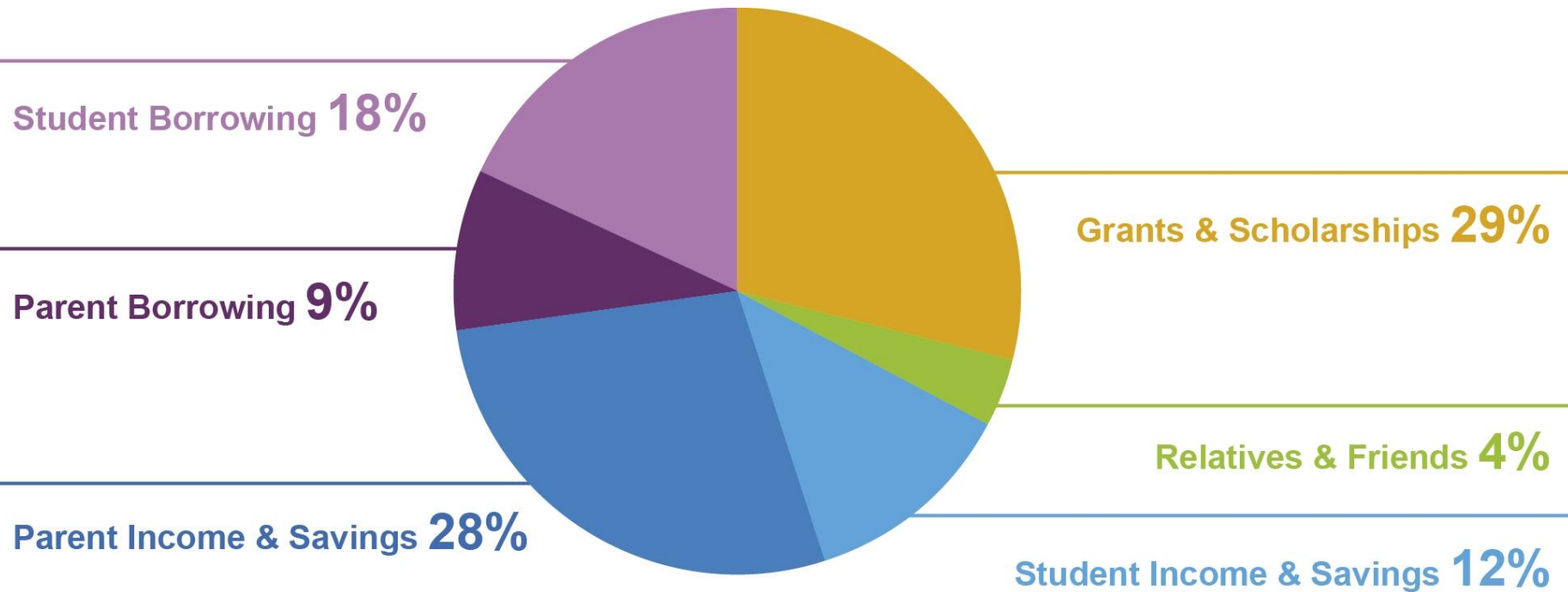




Resources Used to Pay for College



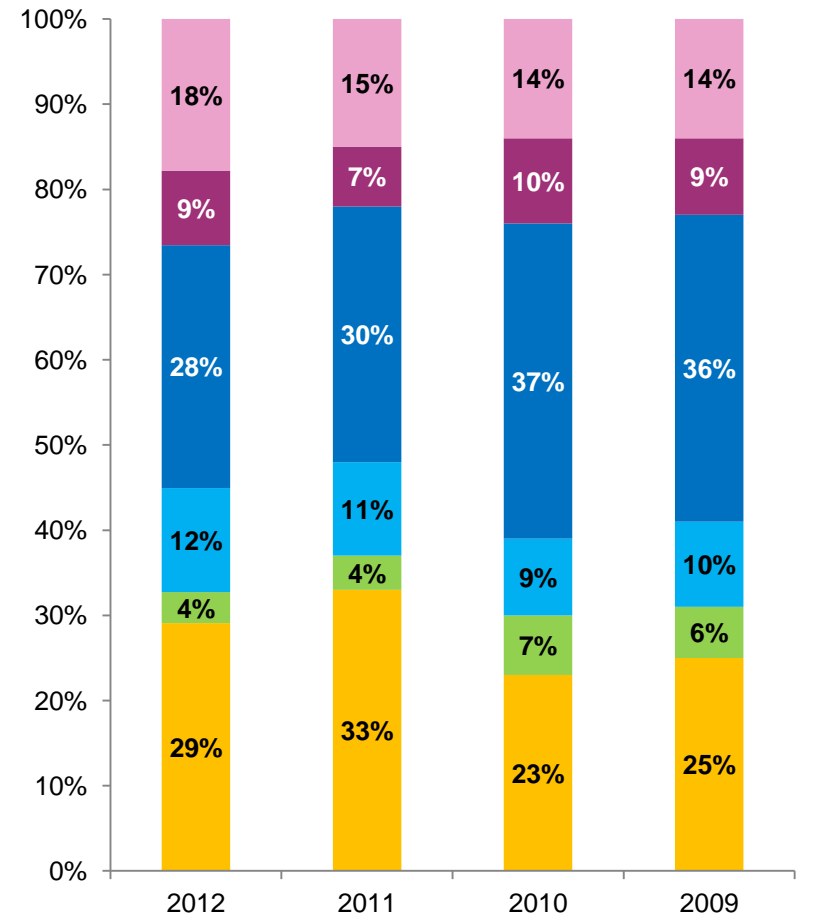
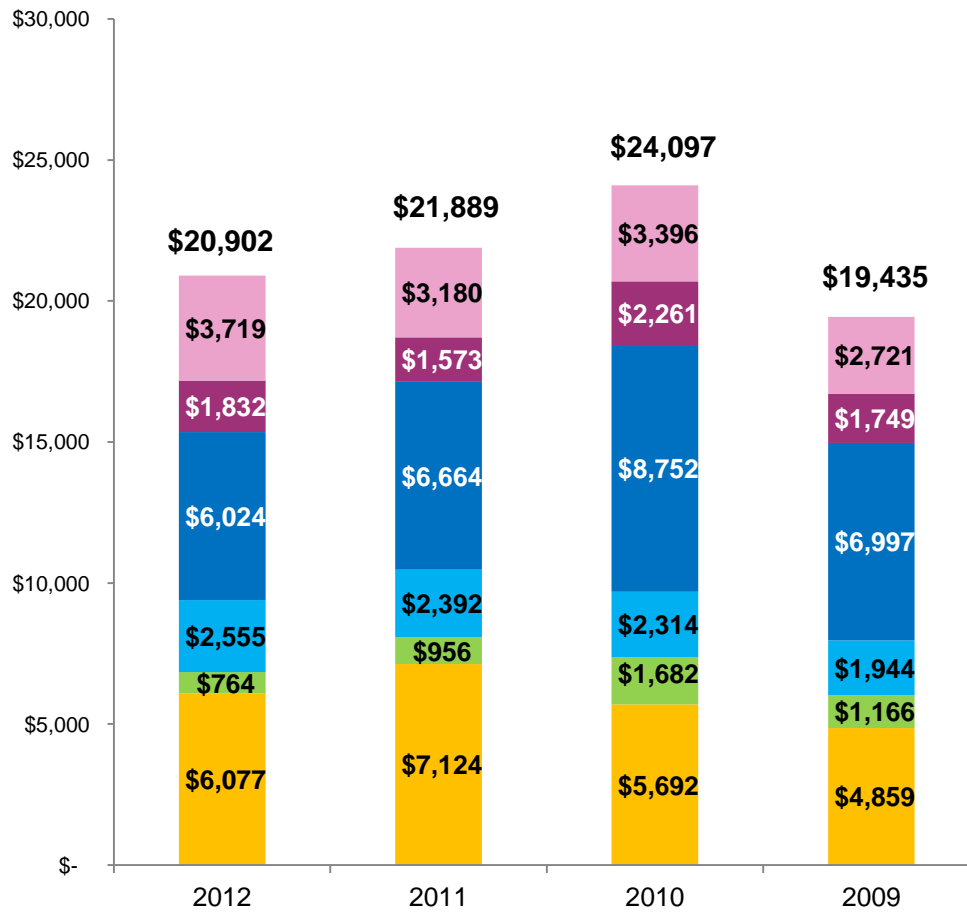
Percent of total costs paid from each source, AY 2011-12



Sources of funding are changing compared to prior year

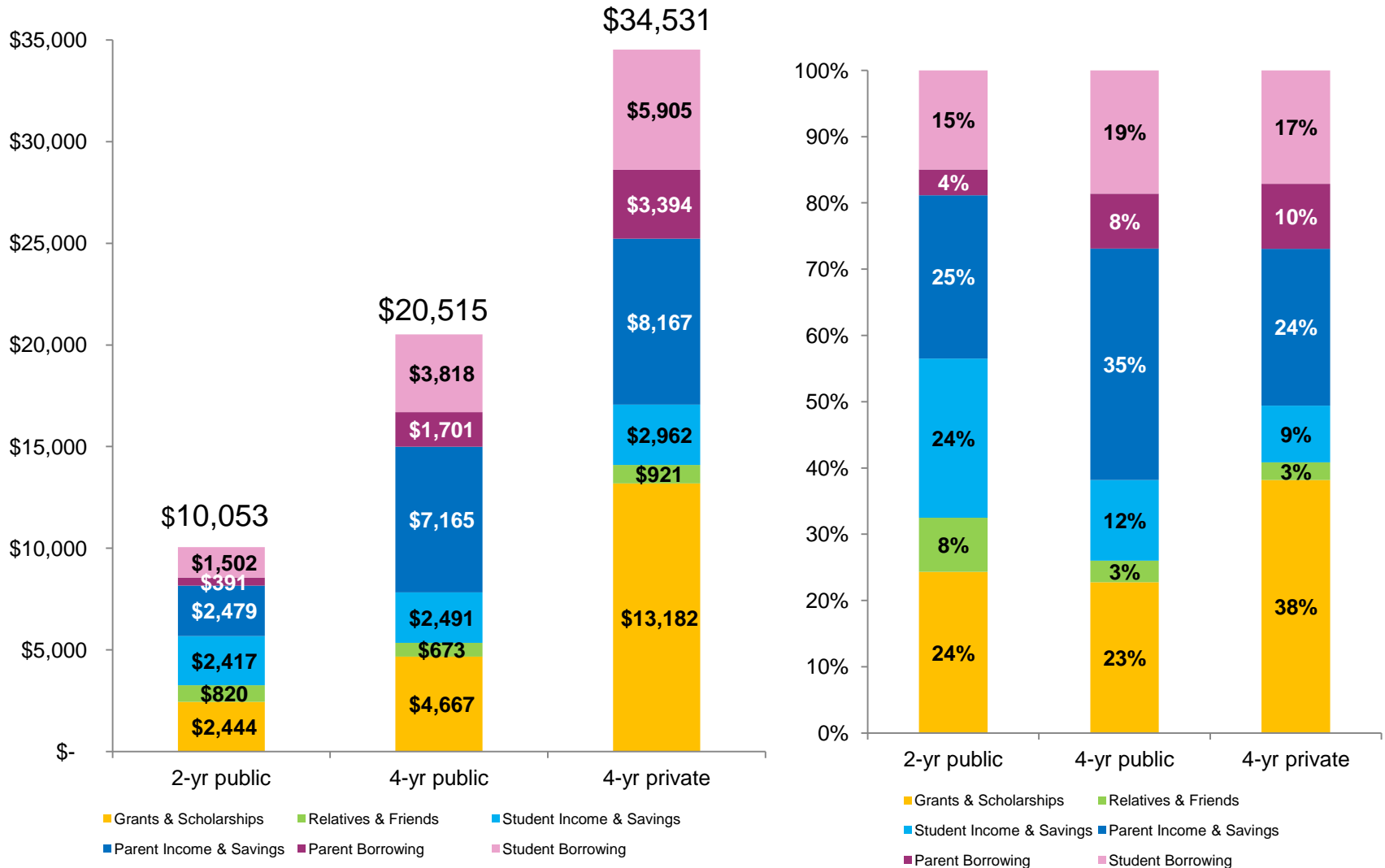
- ▶ In AY 2011-12
 - Parents contributed less from their income and savings, compared to prior three years
 - Fewer families utilized scholarships than last year
 - Students are taking on a bigger share through using their current income and savings, and increasing borrowing, compared to the prior three years

Average amounts and share paid from each category



- Grants & Scholarships
- Relatives & Friends
- Student Income & Savings
- Parent Income & Savings
- Parent Borrowing
- Student Borrowing

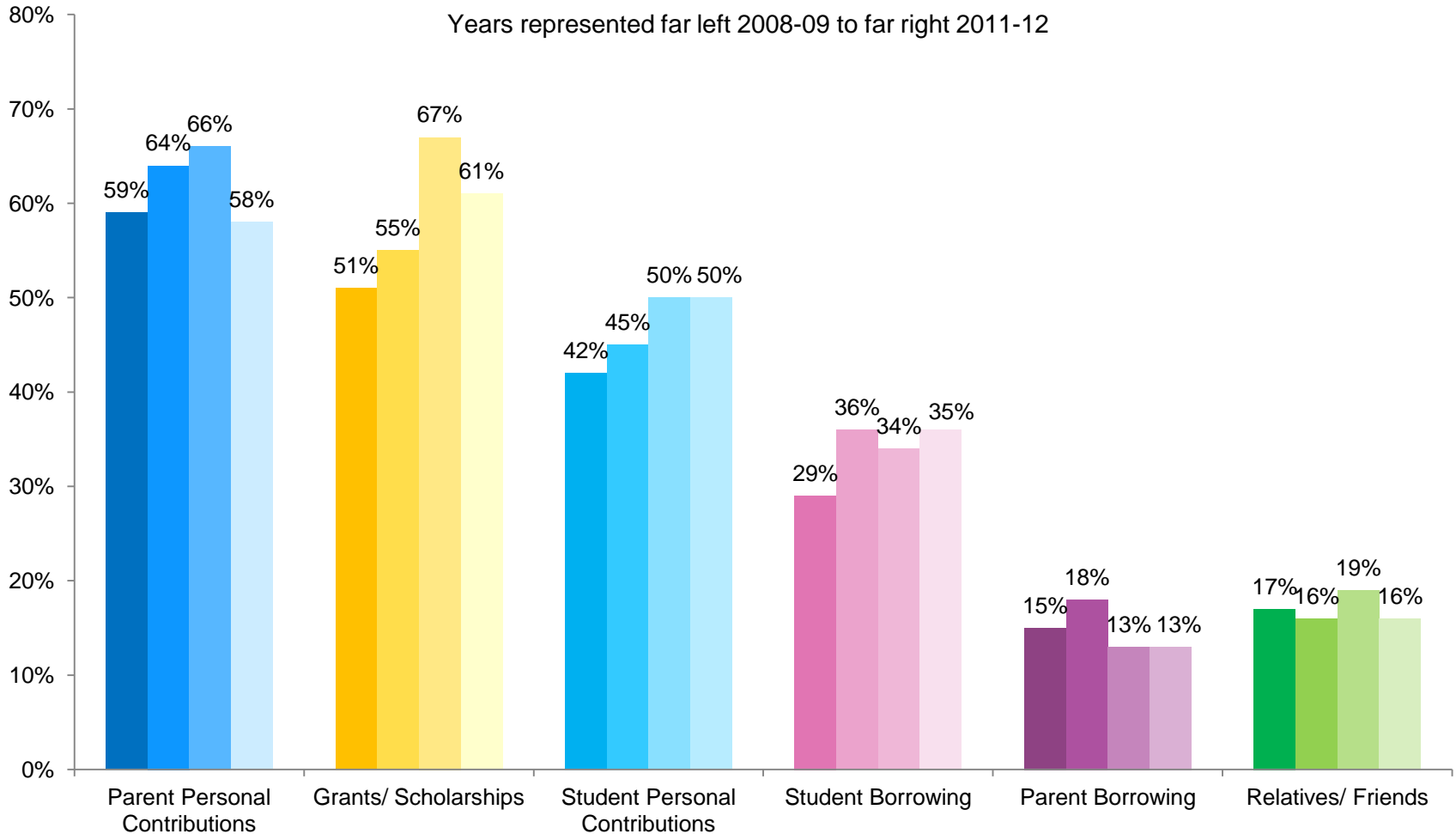
How the typical family pays for college, by school type



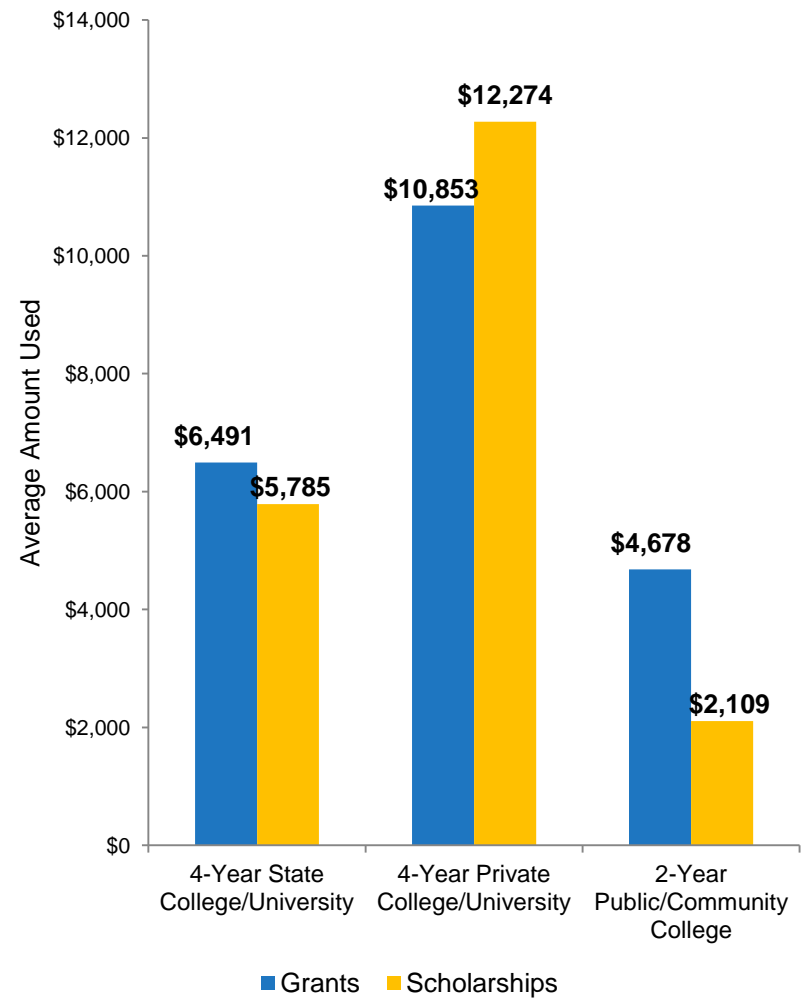
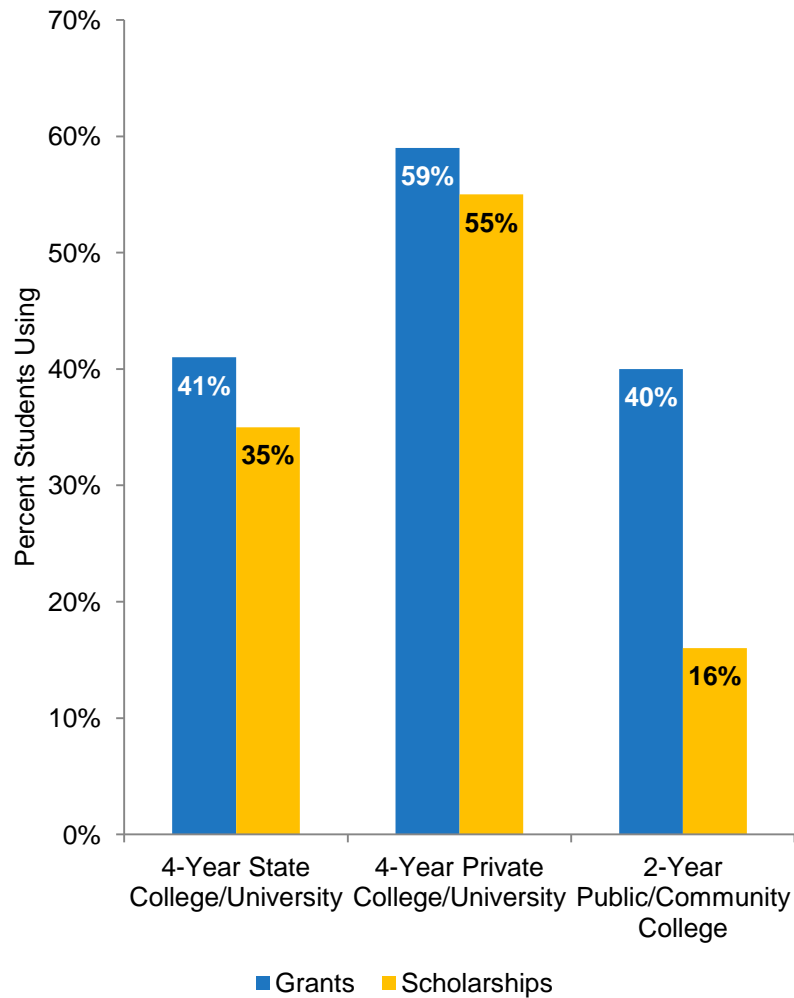
Families rely on scholarships and grants more than other resources

Percent of Families Using Each Type of Funding Source, Year-over-Year

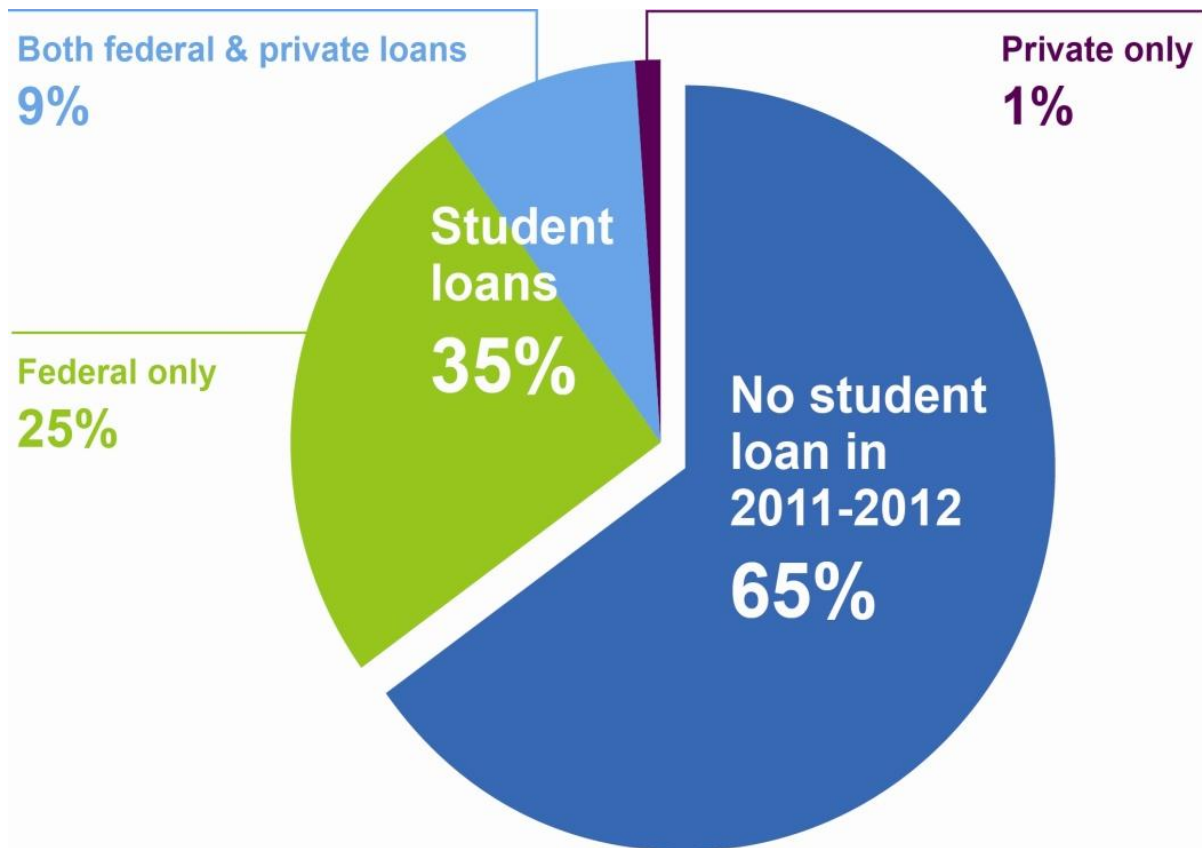
Years represented far left 2008-09 to far right 2011-12



Use of grants and scholarships, by school type

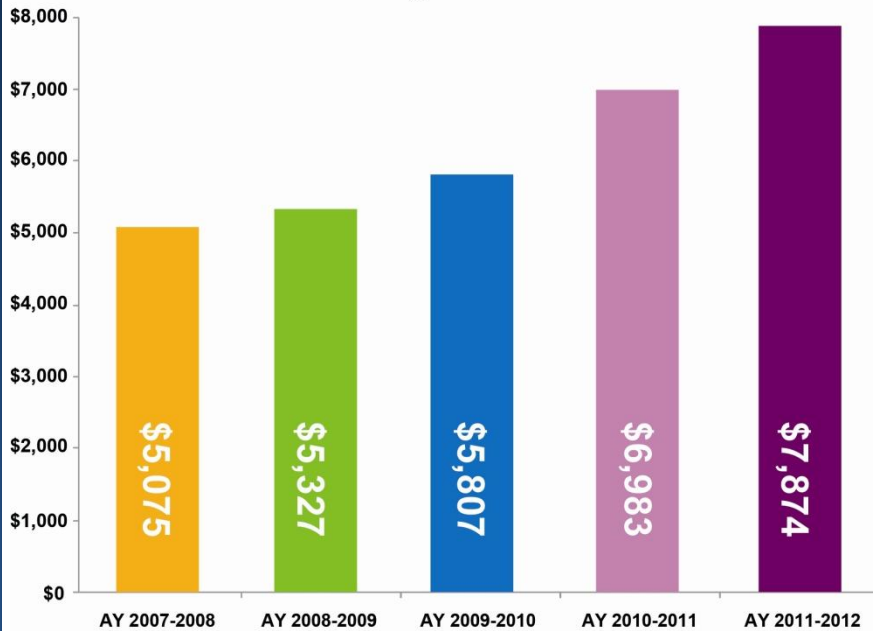


Student loan usage in academic year 2011-12

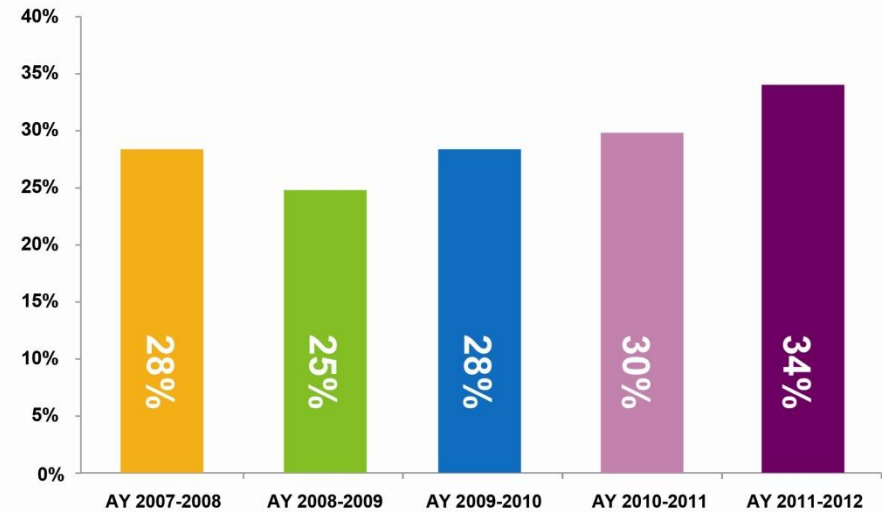


Student use of federal student loans has increased over time

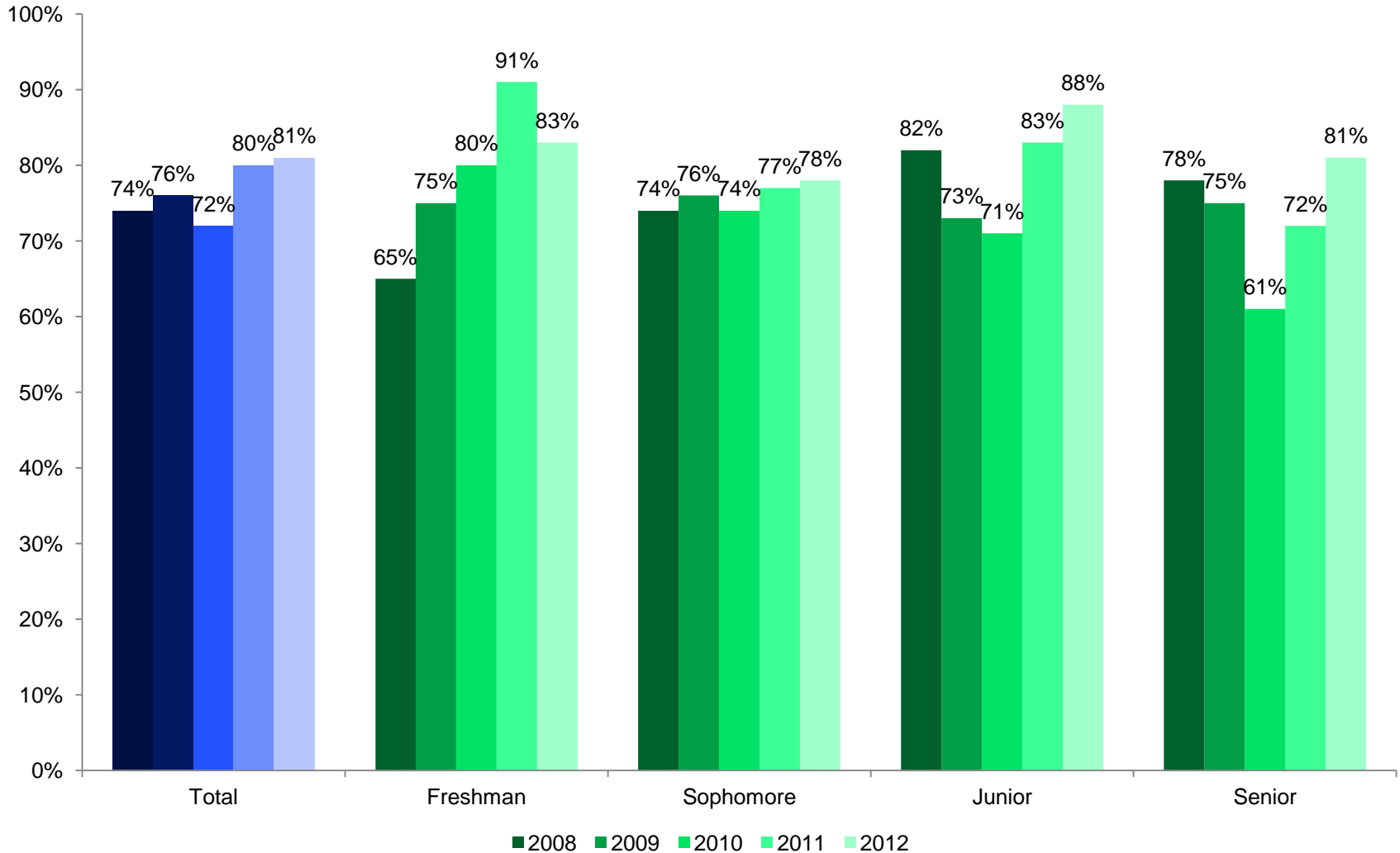
Average Amount Borrowed



Percent Who Borrowed

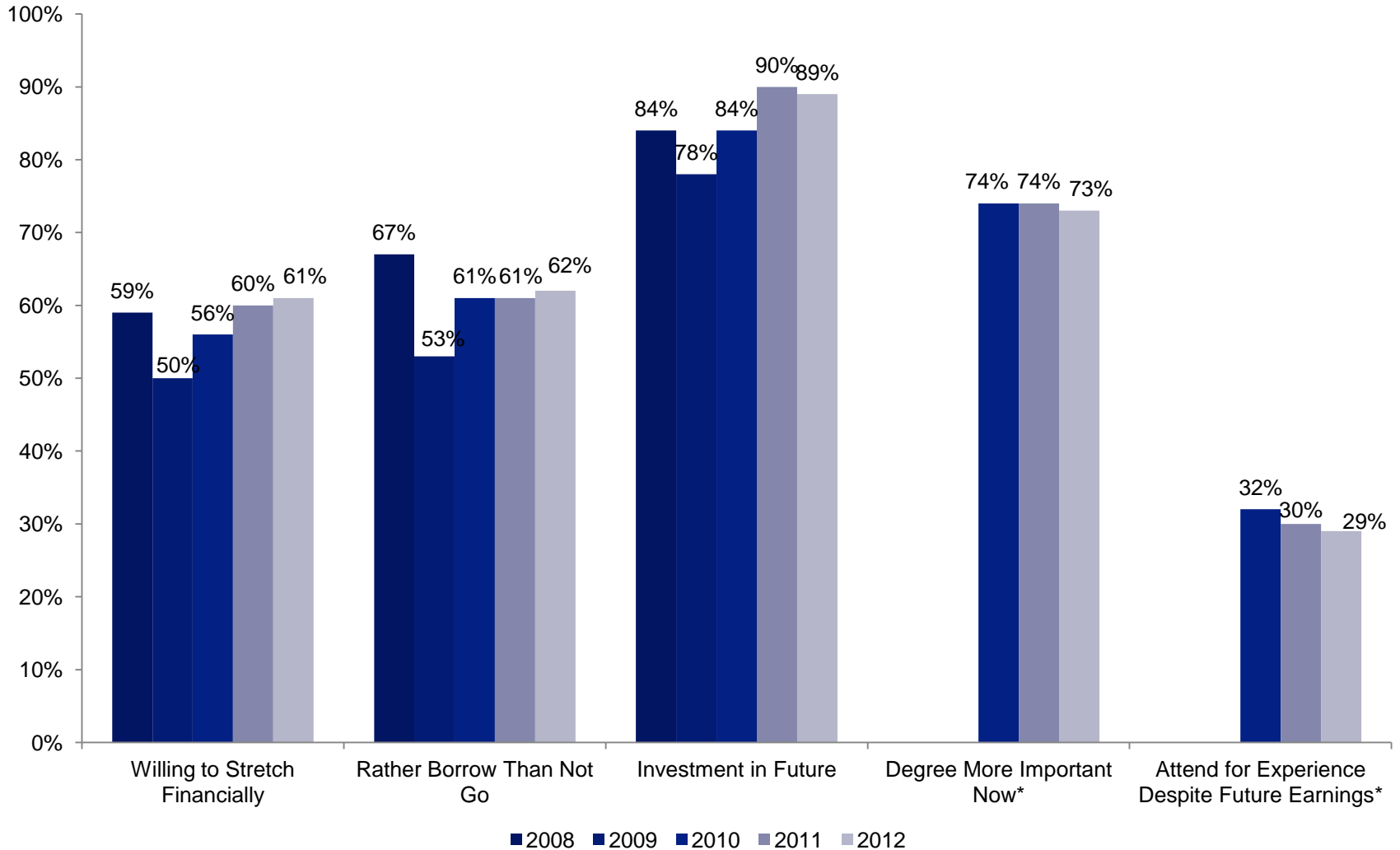


More families completed the FAFSA

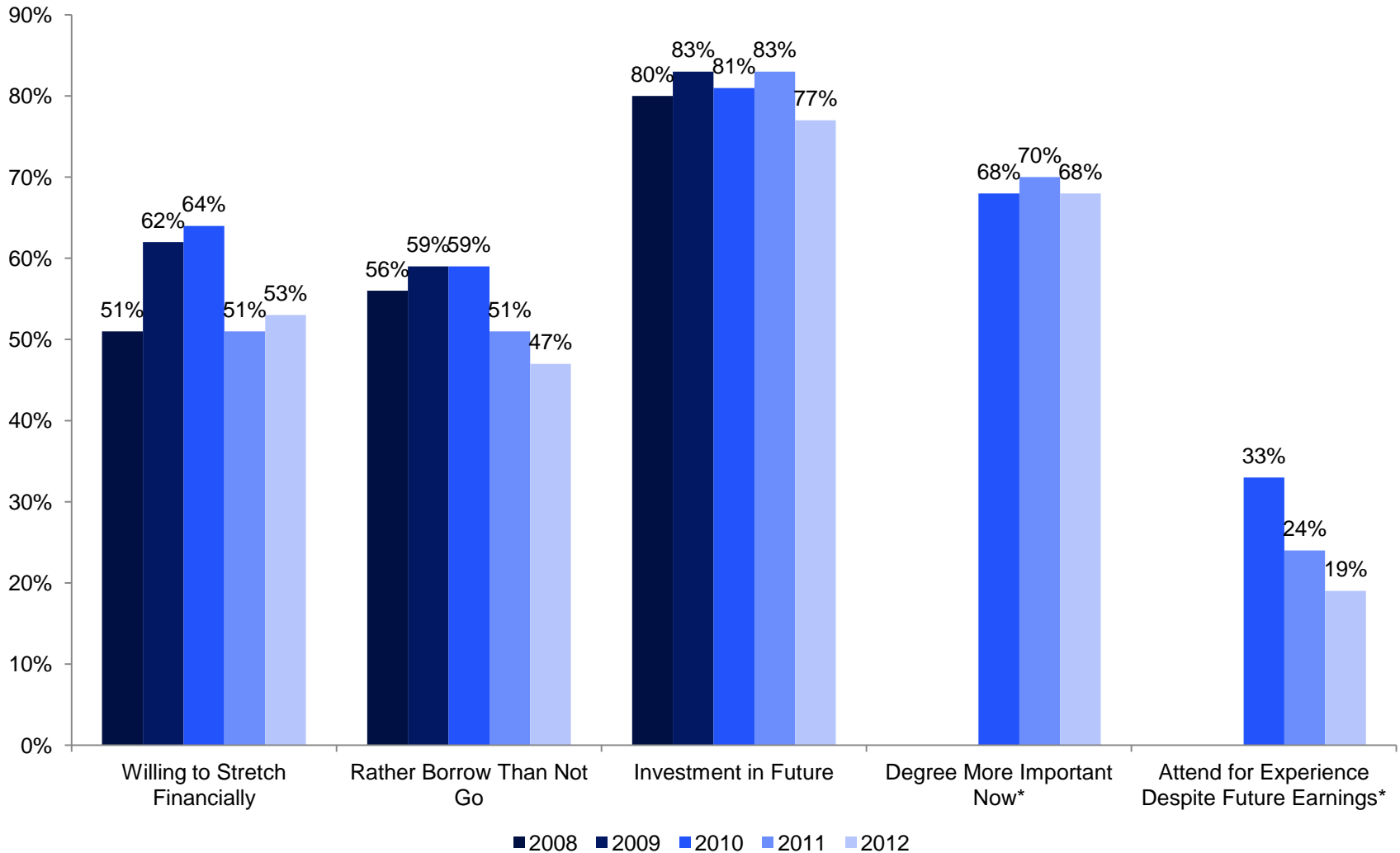


Values

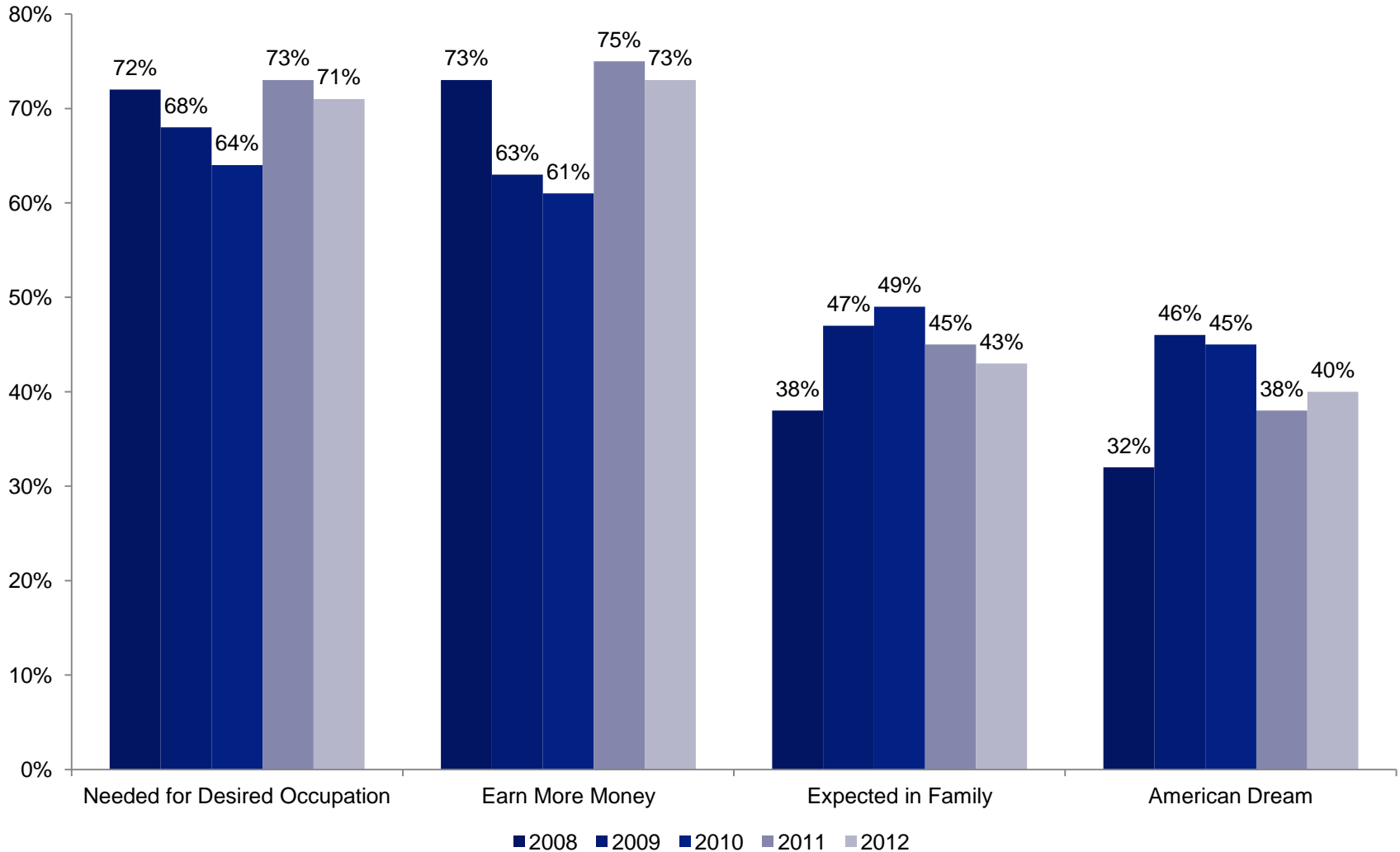
Students' attitude toward college



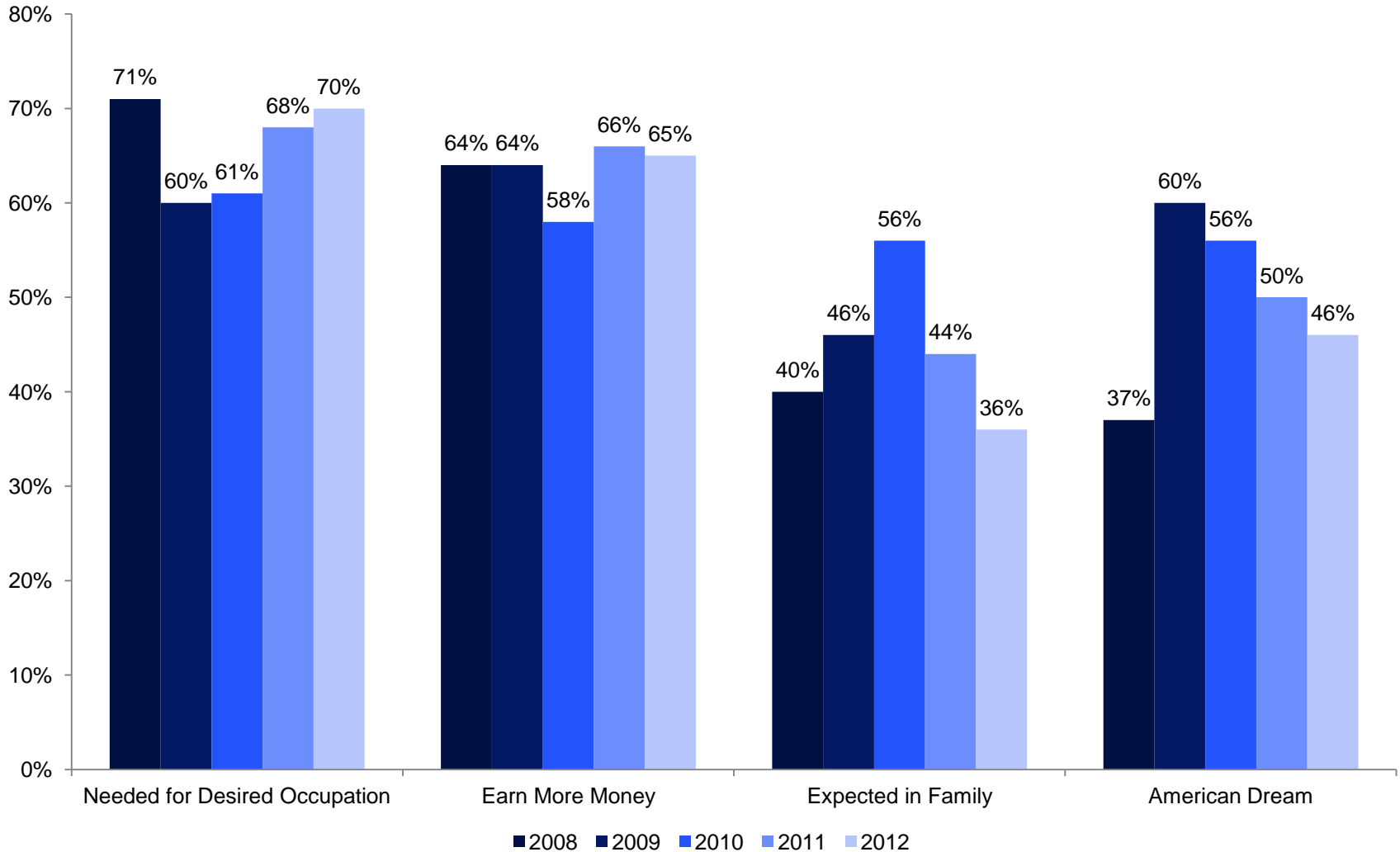
Parents' attitude toward college



Students' reasons for attending college



Parents' reasons for attending college



Planning and Responsibility

"Start saving early....you will never have enough money anyway but you can lessen the pain of payment..."

-Parent, college-bound student

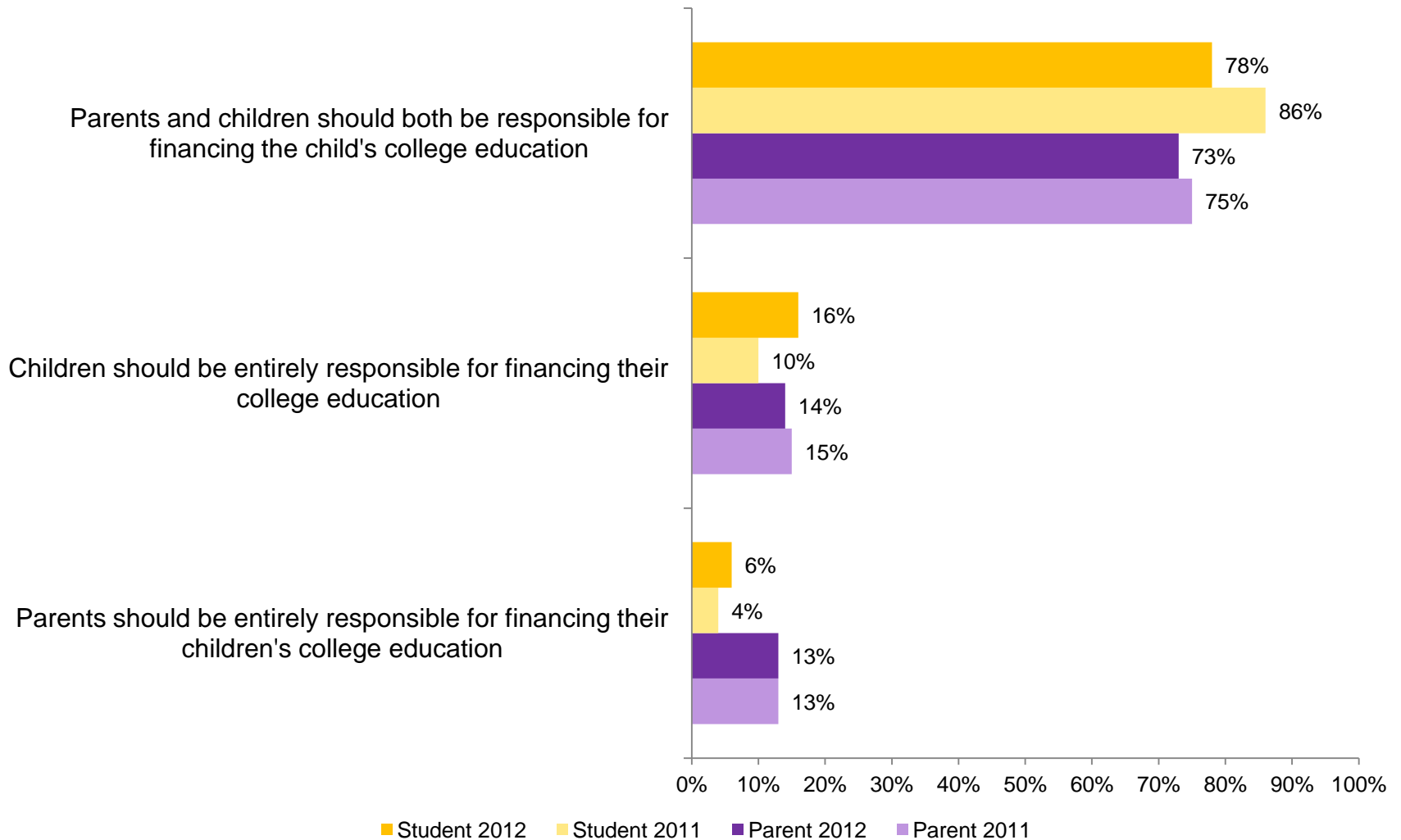
"The child should be saving themselves and feel a sense of responsibility of paying for college with parent help..."

-Parent, college-bound student

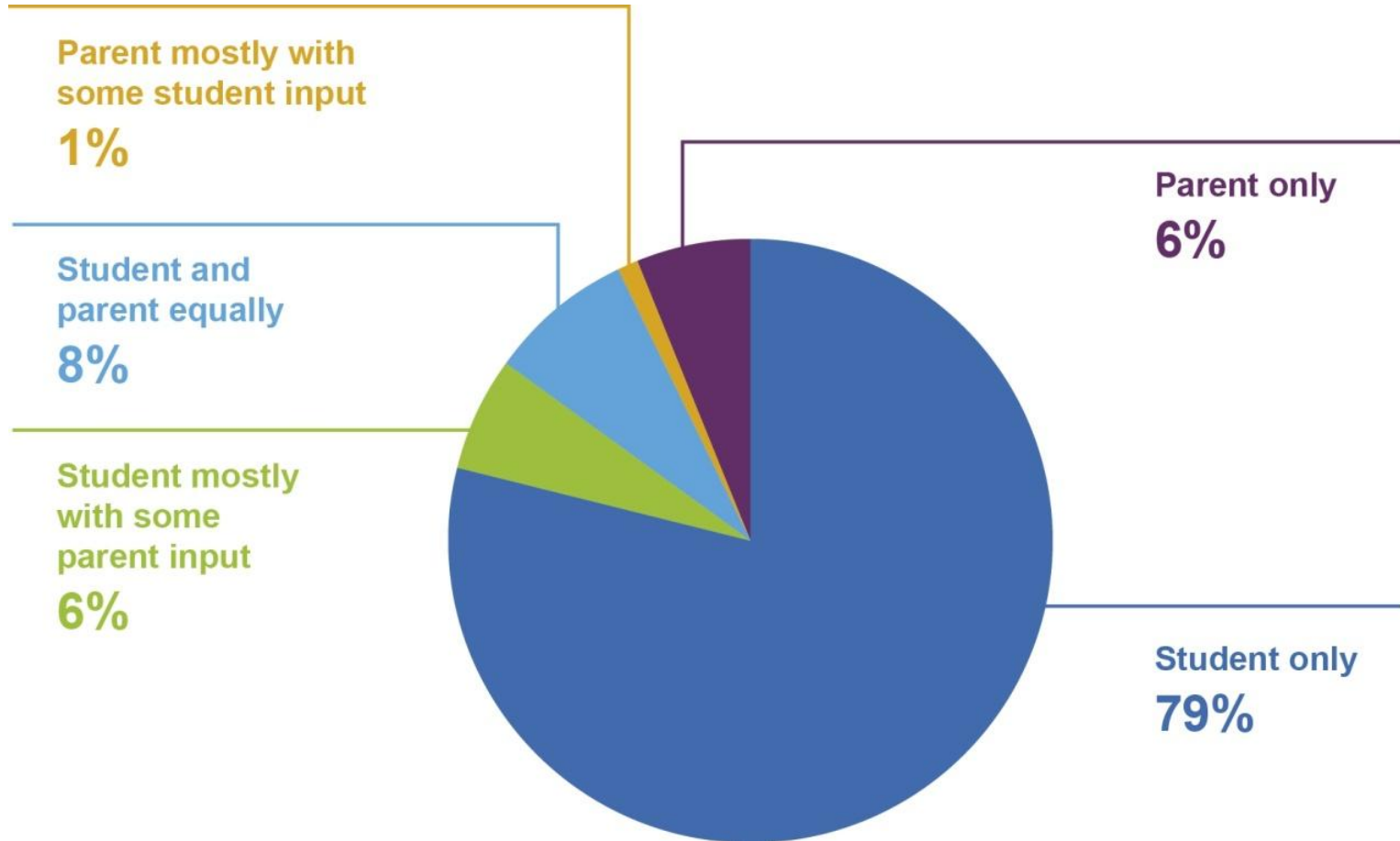
"They can pay for themselves..."

-Parent, college-bound student

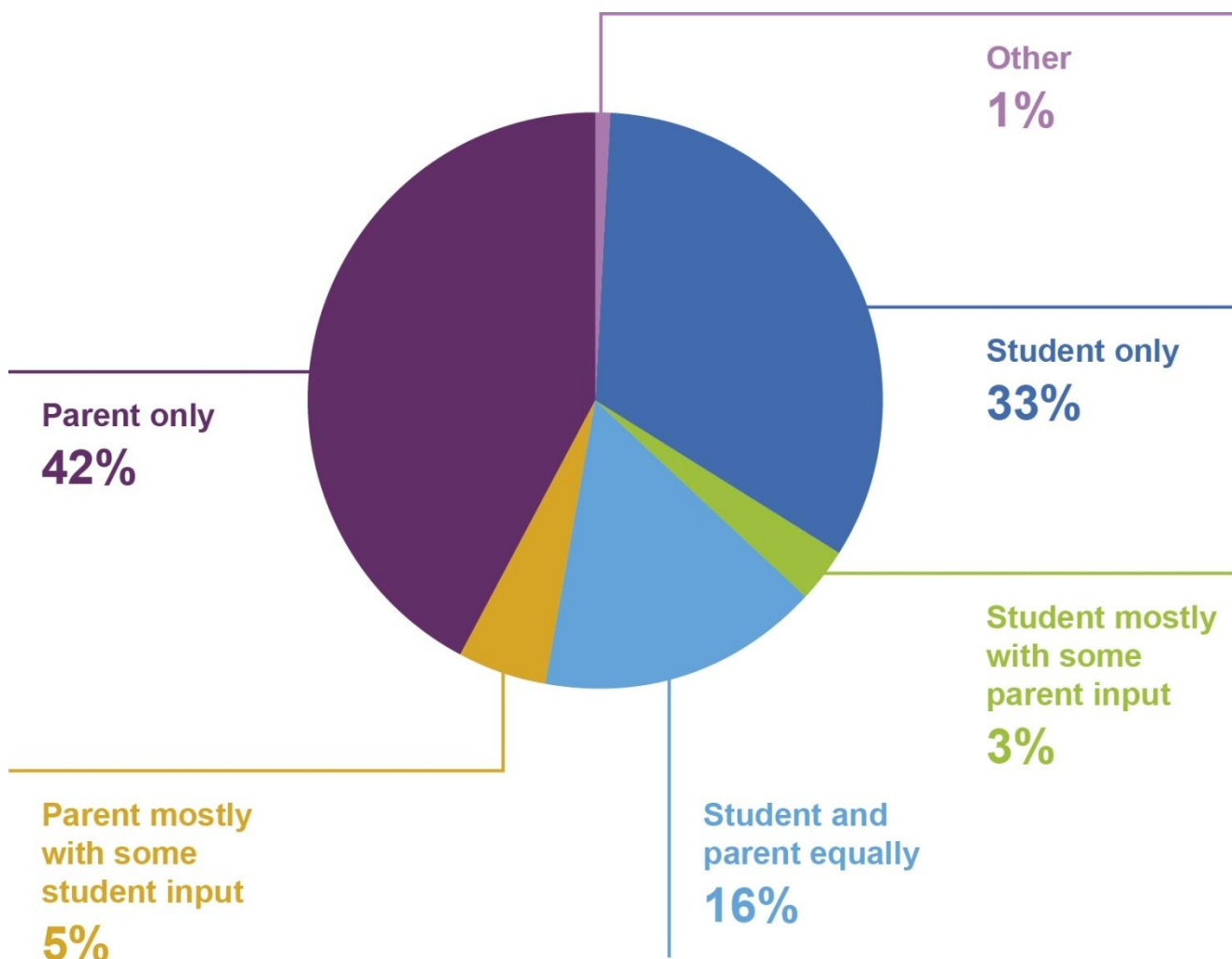
Who should be responsible for paying?



College selection

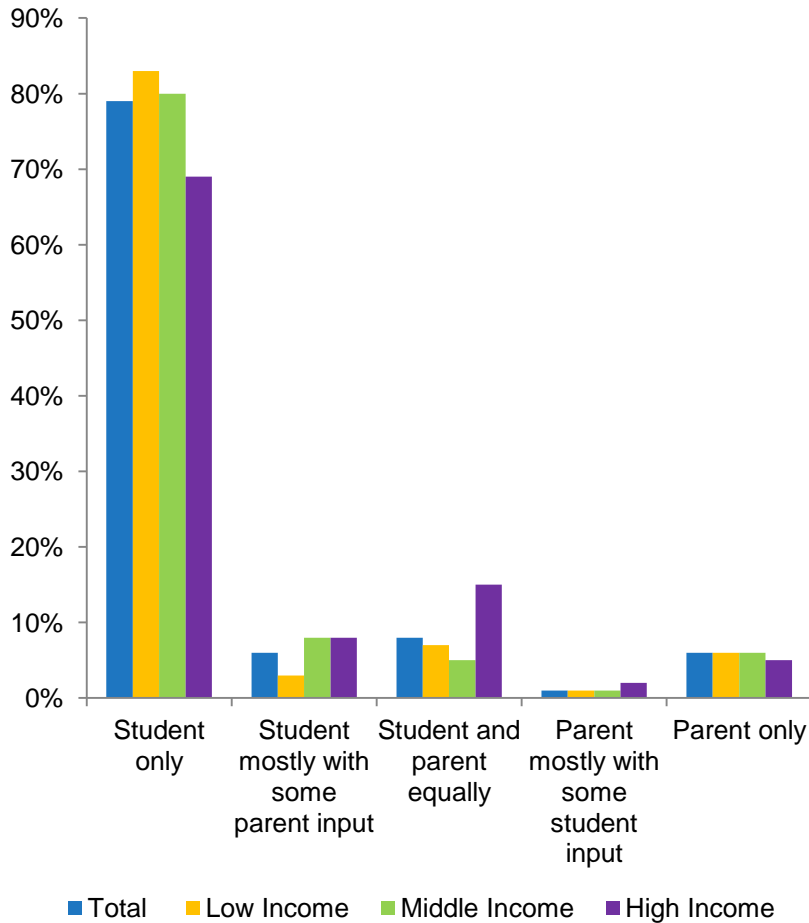


Paying for college decision-maker

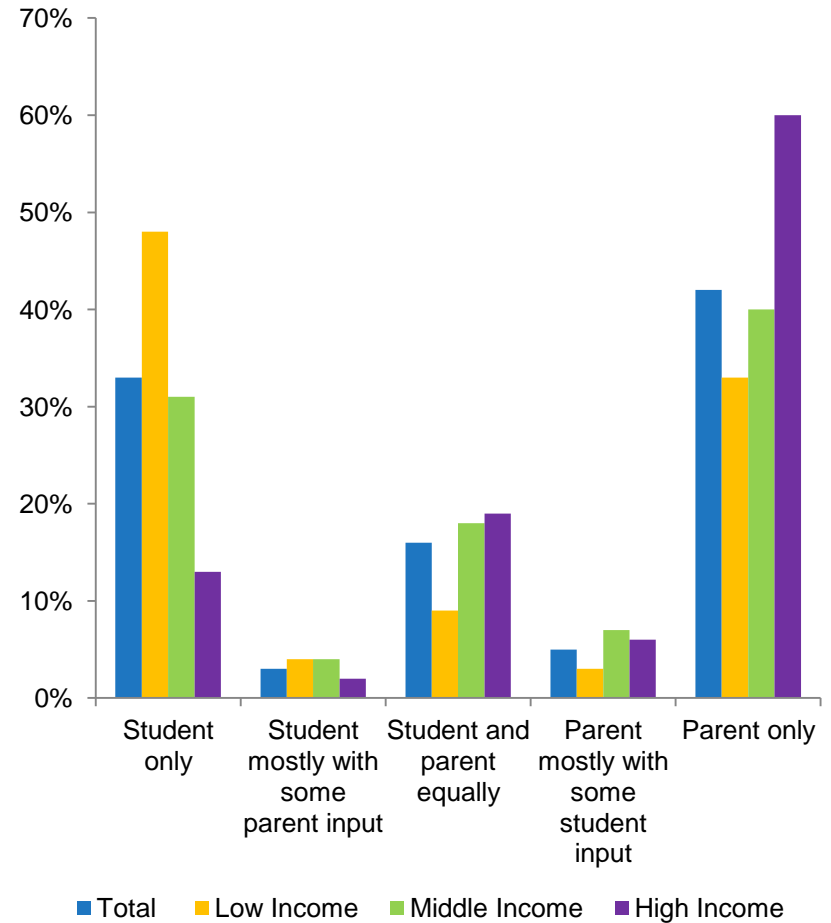


Decision making by income

College Decision-Maker

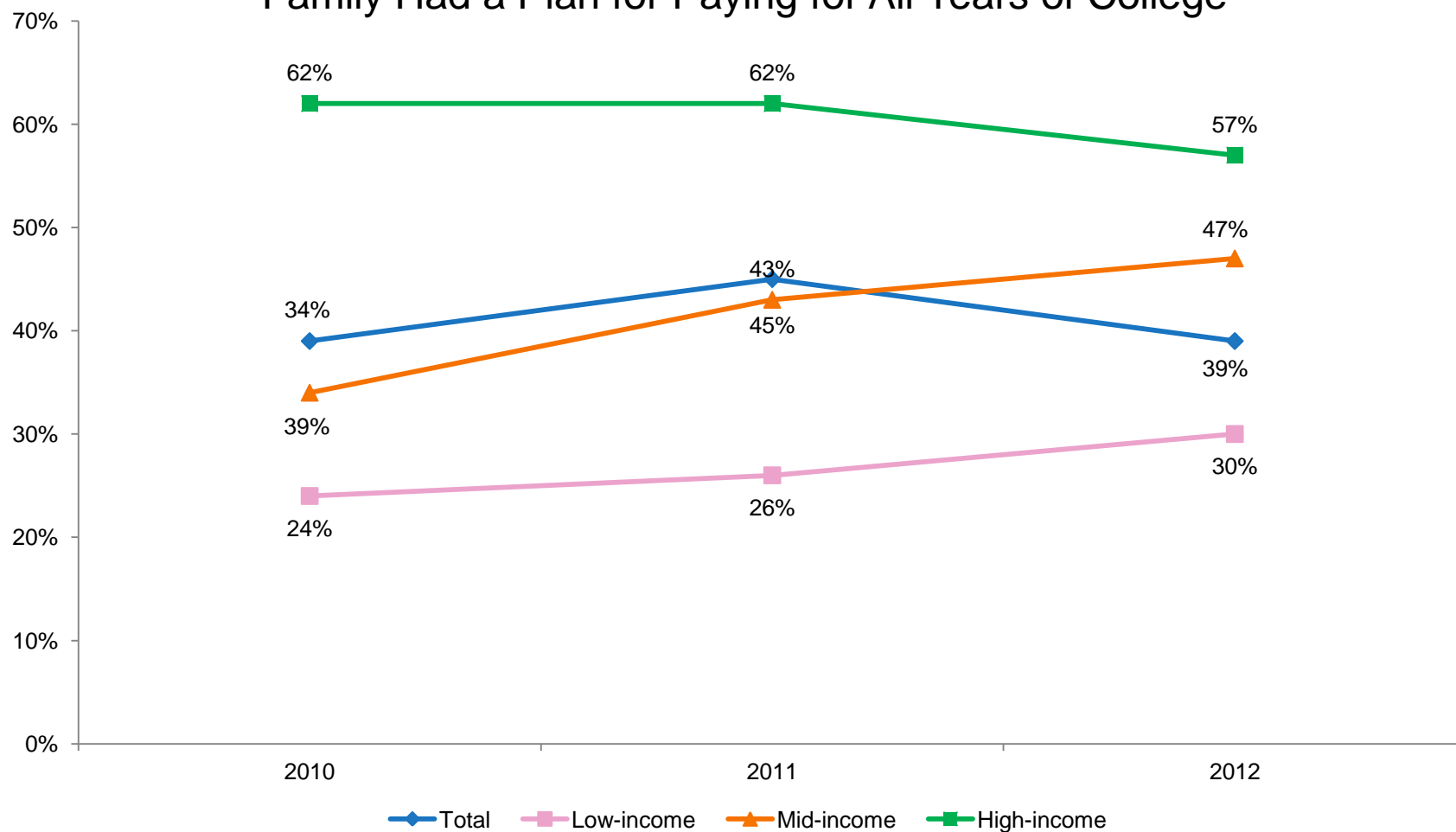


How-to-Pay Decision Maker

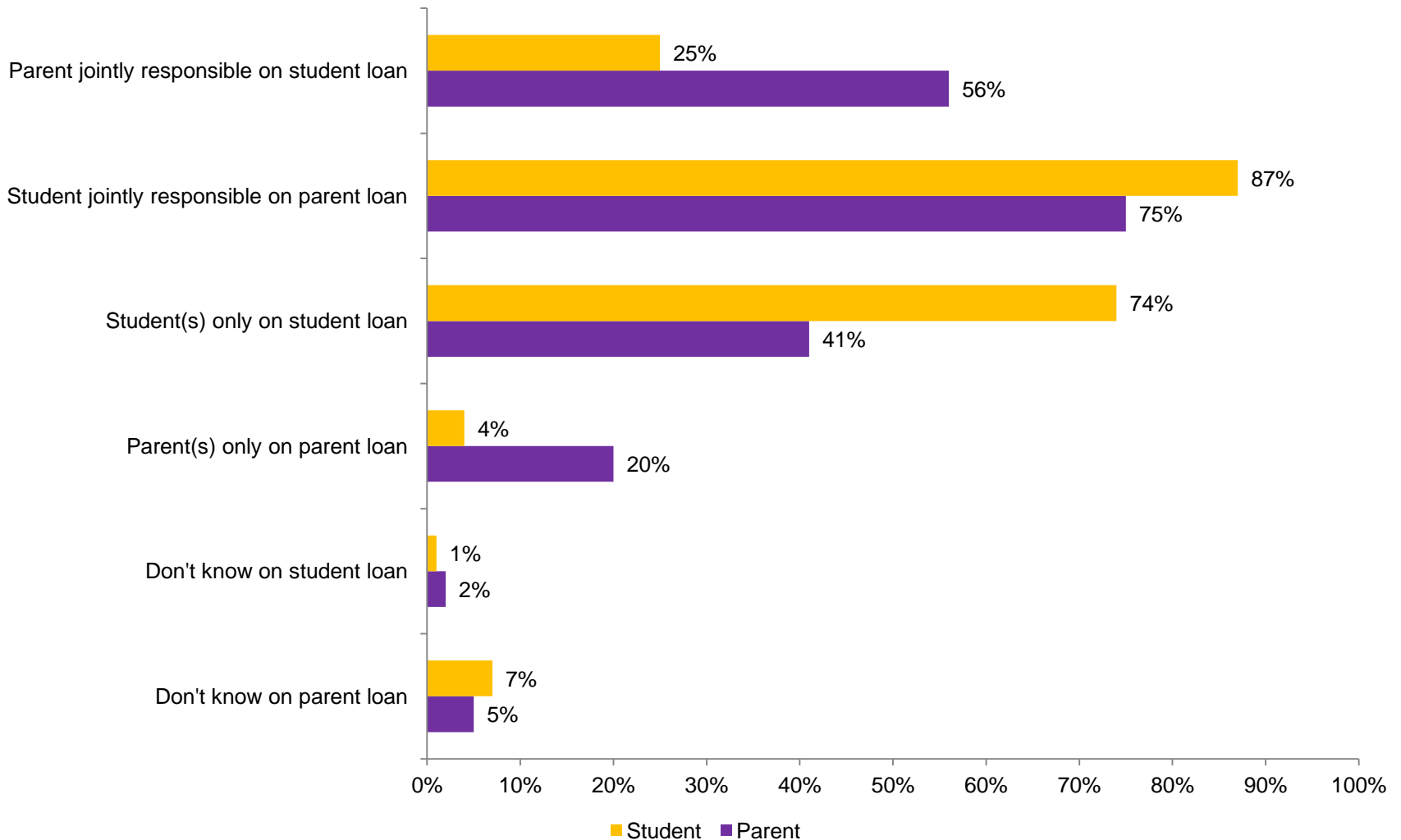


Fewer families have a plan for paying for all years of college

Family Had a Plan for Paying for All Years of College



Who will repay loans borrowed for college?





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