

# HOW AMERICA PAYS FOR COLLEGE

Sallie Mae's National Study of College Students and Parents  
Conducted by Gallup

2010



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# FOREWORD



Why go to college? Is it the allure of better pay or a more desirable job? Is it the personal benefit of academic enquiry and the shared experience of discussion with students who have differing viewpoints? Is it the chance to achieve a personal dream or realize societal ambitions?

For most families, all these reasons, to varying degrees, contribute to the decision to attend college. While each family's primary reason for investing in college is unique, the benefits that they perceive compelled approximately 20 million Americans to enroll at public, private and proprietary institutions of higher education this year. Understanding why families prioritize the investment in college and, more importantly, how they meet the rising cost of earning a college degree are essential in making sound economic and policy decisions relating to postsecondary education. Congress in the last several years has increased federal financial aid by billions of dollars to increase college access. Colleges have drawn upon endowments and many have raised prices to offset negative effects of the extended economic downturn. Families have spent more, borrowed more, and received more grant and scholarship aid. But are these increased investments and sacrifices truly making college more affordable?

With broad support for widely expanded college access and increased grants and loans to obtain such access, it is essential to illuminate how American families expend available resources on a college education. And so, for the third consecutive year, Sallie Mae and Gallup have teamed up to survey college-going Americans, aged 18 to 24, and their parents about their attitudes and motivations in pursuing postsecondary education and their means of actually paying for college.

The severe economic recession of the past two years has imposed cost and debt consciousness on American consumers. The results of the 2010 *How America Pays for College* study reflect this reality for costs beyond tuition; nearly all families report taking at least one measure to save money, such as reducing spending, working more hours, living on campus, or utilizing tax credits or deductions. However, with respect to direct college expenditures like tuition and

fees, only lower-income American families have maintained the same cost over the last two years. Middle- and higher-income families, for the most part, are leveraging themselves more than in the previous two years. Drawing upon both personal and borrowed resources at higher levels, families demonstrate that they are willing to increase their investment in a college education at a time when fiscal uncertainty and austerity are prevalent.

Important questions emerge from this year's findings, including the following:

- ▶ Will the cost restraint only demonstrated in the college choices of the lowest-income families in this year's survey spread to middle-income families in 2011, and at what point do accumulating parental economic concerns translate into shifts in the types of schools that students attend?



- ▶ Is the increased use of savings to pay for college the result of families having saved more in recent years, the maturation of college saving plans, or the accelerated depletion of savings?
- ▶ Can the dollar growth in grant and scholarship aid be sustained? Are increases in grants and scholarships making college more affordable or are they simply defraying increasing costs?
- ▶ Do the race/ethnicity differences in attendance of college type, cost-saving measures, and sources of funding represent a temporary response to economic conditions or do they signal a permanent shift?
- ▶ With families demonstrating a willingness to stretch to pay for “value investments,” can colleges and universities continue to demonstrate value in the face of countervailing financial pressures, such as reduced state appropriations and endowments?
- ▶ As the economic recession continues and the economic benefit of an undergraduate degree is increasingly scrutinized, will American families’ worries about tuition increases translate into further cost-saving actions? Will the tolerance among families to continue to meet the increased costs decrease if the economy fails to improve?

The answers to these questions will have immense economic and social repercussions in the next few years. Sallie Mae continues to study these trends comprehensively so that the American public and policymakers can gain greater understanding of how—or whether—families across the nation decide to pay for a college education. Gallup’s nationally representative sampling and research techniques enable a reliable and robust collection of data which makes this trend analysis possible. As we present our third annual *How America Pays for College* report, we hope that our findings continue to help America’s families make wise decisions about their educational investments, and that the study will stimulate an informed dialogue about how America pays for college.



## OVERVIEW OF FINDINGS

Sallie Mae's study, *How America Pays for College*, conducted by Gallup, portrays families' decisions on how to invest in higher education for 2009-10. Students in this academic year were the first to begin the decision-making process for an academic year in the aftermath of the economic setbacks experienced in late 2008. These setbacks changed the financial circumstances of millions of Americans and have certainly affected families' approaches and concerns about paying for college. Most strikingly, this year's families report that they are facing rapidly escalating college costs, are reaching across all funding sources to meet those additional costs, and are very worried about future tuition increases. At the same time, high majorities of families strongly agree that college is an investment in the future and that a college degree is more important now than in the past.

There was no change in the types of funding families used to pay for college; in fact, the way families pay for college is virtually the same as last year. Families just used more from all sources to meet the additional costs. Yet, despite these costs and worries in the aggregate, there is no statistically significant shift in the types of colleges that students are attending, the major determinant of college costs. Instead, virtually all families report taking at least one cost-saving measure and 78 percent report taking two or more. Most families report reducing spending (73%) or increasing work hours or earnings (48%), but a remarkable 43 percent of families report that their student lived at home in 2009-10 to reduce costs.

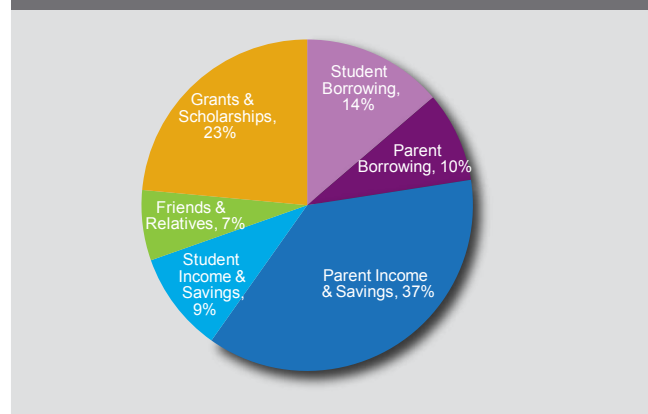
The report is the third annual Sallie Mae national study conducted by Gallup that examines how families of undergraduate students aged 18 to 24 finance the expenses associated with a higher education. To capture a complete picture of how families meet the costs of college, Sallie Mae and Gallup designed this study to gather data directly from families of the college-going population on their attitudes, aptitudes and actual experiences regarding paying for college. In spring 2010, Gallup surveyed 801 college-going students and 823 parents of such students. This year's survey provides an improved sample of Hispanic and African-American families to help ascertain whether race and ethnicity influence how families pay for college.

### Increasing Costs of College Attendance

The major influence through the entire report is the increasing cost of attending college. The surveyed families report that their costs of attendance have increased 17 percent over last year and 28 percent above two years ago. Families across all income levels faced increased costs except, notably, the lowest-income families, earning less than \$35,000 a year. The cost of attendance for those families has stayed relatively flat, perhaps reflecting a trend in this income group to attend two-year public colleges.

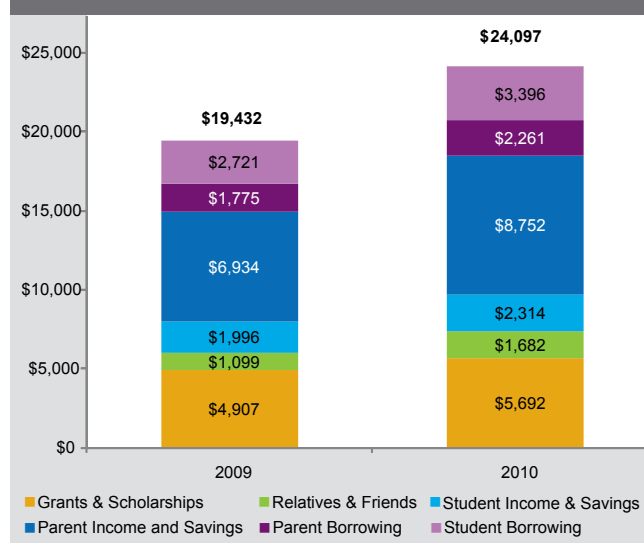
Families have met the additional costs by increasing their use of nearly all sources of funding: income, borrowing, and grants and scholarships. As in prior years, Gallup used the data on funding sources to develop a composite picture of how the average American family pays for college. This year's study shows that while the cost of college went up, the way families paid for it did not change.

Fig. 1 How the Average Family Pays for College: Average Percent of Total Cost of Attendance Paid from Each Source



On average, parents still pay the highest share of college costs, including 37 percent from parent income and savings and 10 percent from parent borrowing. Grants and scholarships remain the second most important source of funding for college, making up an average of 23 percent of college costs. Students borrowed another 14 percent of the bill, and used their own income and savings to cover an additional 9 percent. Friends and relatives paid an average of 7 percent of costs. The pie chart showing the composite of how the average family pays is virtually unchanged from last year. But, with higher costs to meet, the year-to-year comparison shows an upward shift in the average amount families spent in all categories.

Fig. 2 Year-over-Year Comparison of How the Typical Family Pays for College, Average Amount of Total Cost of Attendance Paid from Each Source



Overall, the percentage of families who used scholarships or grants increased from 51 percent in last year's study to 55 percent this year, and the percentage who borrowed to pay for college rose from 42 percent to 46 percent.

### Economic Concerns and Cost Considerations

Increasing costs and the effects of the economic recession appear to influence strongly parents' economic concerns and cost considerations. One of the most striking differences from last year's survey was the sharp rise in parents' economic concerns.

Nearly half (49%) are extremely worried this year that schools will increase tuition compared to less than one-third of parents two years ago. One-third of parents are extremely worried that their income will decrease due to job loss, up from 23 percent last year. Only 10 percent of parents were extremely worried two years ago that their child wouldn't be able to find a job, but that has risen to 27 percent this year. Hispanic families are much more worried about almost all factors, with 59 percent extremely worried that schools will increase tuition, 56 percent extremely worried that loan rates will increase, and 53 percent extremely worried that a job loss will decrease their income.

Nearly all families (99%) reported taking at least one measure to make college more affordable and 78 percent reported taking at least two measures. The most common action, reducing personal spending, was mentioned by nearly three quarters of families (73%). Other money-saving steps differed significantly across racial/ethnic groups. For Whites, the second most reported affordability measure was increasing work hours or earnings (50%). While 52 percent of Hispanics said that they increased work hours or earnings, more Hispanic families (64%) reported that their student lived at

home to reduce costs. By contrast, in African-American families, 58 percent reported that their student lived at home, 42 percent used tax credits and deductions, and 40 percent indicated that they increased work hours or earnings. Both African-American and Hispanic families were more likely to choose less expensive schools as a cost-savings measure (33% and 35%, respectively), compared to White families (19%).

This year, more families reported eliminating schools during the college selection process based on cost after receiving their financial aid packages (40% this year compared to 36% last year and 34% two years ago). Overall, 63 percent of families report eliminating colleges because of financial considerations at some point in the application process, compared to 56 percent in 2009 and 58 percent in 2008. Only a quarter of families (26%) strongly agreed that they had a plan to pay for the desired college degree before enrolling.

### The Value of Education

Despite the economic pressures of the past few years, parent and student attitudes toward the value of a college education remain very high. Eighty-three percent strongly agree (by rating 5 on a scale of 1 to 5) that college is an investment in the future, virtually unchanged over the past three years. Seventy-one percent strongly agree that a college degree is more important now than it used to be. Sixty percent strongly agree that they will stretch themselves financially to afford college, with parents slightly higher than students in strong agreement, similar to the last two years. Sixty percent strongly agree that they would rather borrow than not go. Fifty-two percent strongly agree that college is worth the cost, unchanged from last year. At the same time, families are looking for a practical return on their college education. Only 32 percent of students and 33 percent of parents strongly agree that they themselves or their children would attend college for the intellectual and social experience regardless of whether more money were earned with a college degree.

### Applying for Financial Aid

The study found the percent of families completing the Free Application for Federal Student Aid (FAFSA) virtually unchanged from previous years. Seventy-two percent of families reported completing the application, which is necessary to be eligible for federal grants and student loans. Similar to previous years, the lowest-income families are more likely to fill out the FAFSA than the highest-income families (85% for those earning less than \$35,000 compared to 50% for those earning more than \$150,000). African-Americans (84%) were significantly more likely than other racial or ethnic groups to complete an application. White (71%) and Hispanic (70%) respondents had roughly the same likelihood of completing a FAFSA.

Of the one-in-four families who did not complete the FAFSA, half of them either didn't think that they would qualify for federal aid (37%) or were unaware of the FAFSA (13%). Thirty-four percent of them reported that they did not need financial aid.

# METHODOLOGY



The following report presents the findings of a quantitative survey research program that Gallup, Inc. conducted on behalf of Sallie Mae. The overall objective of the study was to determine how American families are paying for higher education. The study also measures public attitudes toward college and various topics related to funding college. To achieve this goal, Gallup, Inc. conducted over 1,600 interviews with adults residing in telephone households in the United States. The study included a national survey of 801 undergraduate students and 823 parents of undergraduates aged 18-24 who had been enrolled in an institution of higher learning in academic year 2009-2010. This study did not include non-traditional students.

Gallup conducted the surveys beginning on March 24, 2010, through May 3, 2010. Gallup conducted the interviews in both English and Spanish. Up to five calls were made to each household to reach an eligible respondent, that is, one initial call plus four additional calls if necessary. The sampling frames used for this study included:

- 1 a national sample of adults from the Gallup Panel who indicated they had a child attending college in a previous panel survey in Fall 2008
- 2 a national sample of adults aged 18-24 from the Gallup Panel who had previously indicated they were students
- 3 a national listed sample of Hispanic college students\*
- 4 a national listed sample of African-American college students
- 5 A national sample of college students aged 18-24 who previously reported they were students in Gallup's daily opinion polling and had agreed to be recontacted\*\*
- 6 A national sample of adults in Gallup's daily opinion polling and had agreed to be recontacted that were in the age range likely to be parents of college students (age 43-55)\*\*

\*New in 2010

+Included Spanish speakers

The parent data set was statistically adjusted (weighted) using the following variables: race/ethnicity, region, gender, education and age as defined by the most recent data from the Current Population Survey (CPS), conducted by the U.S. Census Bureau. The student data set was statistically adjusted (weighted) using age and gender to match the proportions for college students from the most recent CPS data. The final results of the parent population survey are representative of adults age 18 and over residing in households with telephones. The final results of the student population survey are representative of college students.

The questionnaire was developed in consultation with representatives from Sallie Mae and Gallup, Inc. All interviewing was supervised and conducted by Gallup, Inc.'s full-time interviewing staff. For results based on the total sample size of 1,624, one can say with 95% confidence that the error attributable to sampling and other random effects could be plus or minus 3 percentage points. For results based on student-only or parent-only responses the overall sampling error based on approximately 800 interviews each is plus or minus 4 percentage points. For sub-groups within these populations, e.g. race, income, etc. the sampling error would be greater. In addition to

sampling error, question wording and practical difficulties in conducting surveys can introduce error or bias into the finding of opinion polls. The recommended sampling tolerances are located in the Technical Appendix to this report. The following presents key findings of the survey. Included in the detailed findings are the results of all items queried. Reported frequencies may not add up to 100% due to rounding.

### Composite Funding Sources

The *How America Pays for College* study endeavors to illustrate how the “typical American family” is paying for an undergraduate’s college. To create this illustration, Gallup has created mathematically representative composites from answers to the survey questions related to how and how much respondents paid for college. The result is a series of composite pictures of how the “typical American family” pays for college: first, total population including all subgroups of the college-going population and their families, and second, by several sub-groups including across income groups, by type of institution, by race/ethnicity, and by families who borrowed vs. families who did not borrow to pay for college this year.

To create these composites, Gallup used two sources of information from the survey about the cost of tuition. First, respondents were asked the unaided total cost of school including tuition, room and board, and other miscellaneous expenses (see “Total Cost of Attendance” in Detailed Findings). Then respondents were asked about specific listed sources such as: parent current income, scholarships received, parent savings, and federal student loans (see “Funding Sources” in Detailed Findings). When aided with itemized queries in this way, respondents often recalled costs for which they hadn’t accounted in their original unaided responses.

Gallup scientists gave precedence to these itemized responses for computing the total cost of college. In those cases where the respondents could not remember from where some or all of the money used to pay for college actually came, Gallup scientists created a category to account for costs from “unknown” sources. However, for purposes of reporting the cost components, Gallup scientists made the simplifying assumption that the unknowns would resemble the knowns and removed them from the percentages to make the estimates clearer and more useful.

This practice is called “percentaging,” and is a common practice for reporting data.

Results of Gallup’s computations can be found in Tables 2a, 2b, 2c, 2d, 3a, 3b, 3c and 3d. Using the data from these tables, Sallie Mae representatives composed and Gallup reviewed the narrative text in Section 4, “How American Families Pay for College.”

# HOW AMERICAN FAMILIES PAY FOR COLLEGE

## Composite View of Funding Sources

Sallie Mae's *How America Pays for College* study, conducted by Gallup and based on a nationally representative survey of 1,624 college students and parents, paints a comprehensive portrait of how American families make the investment in college education for traditional undergraduate students ages 18-24. This third annual study, which examines academic year 2009-10, offers insights into how the picture has changed—or not changed—over time.

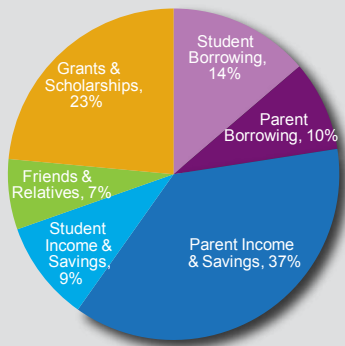
To understand the relative importance of various funding sources, Gallup has again combined the various funding sources reported by parents and students to create a mathematically representative composite<sup>1</sup> which illustrates how the “typical” family invests in a college education.

As a result of improvements made in the reporting of savings, income, scholarships and other non-borrowed funding sources in 2009, this year's study offers new insights into whether and how the typical family has shifted its approach to paying for college.

The typical American family continued to rely heavily on parent contributions to pay for the cost of college. Parents, through income, savings, and borrowing, paid 47 percent of the total costs of college in academic year 2009-10. Parents paid 37 percent of college costs from current income and savings, and an additional 10 percent of college costs from their own borrowing. Grants and scholarships followed parent contributions as the second largest source of funding, contributing 23 percent toward total costs. Students contributed nearly one-fourth (23%) of the cost of attendance from personal assets (combined savings and income earned while in school) and borrowed funds.

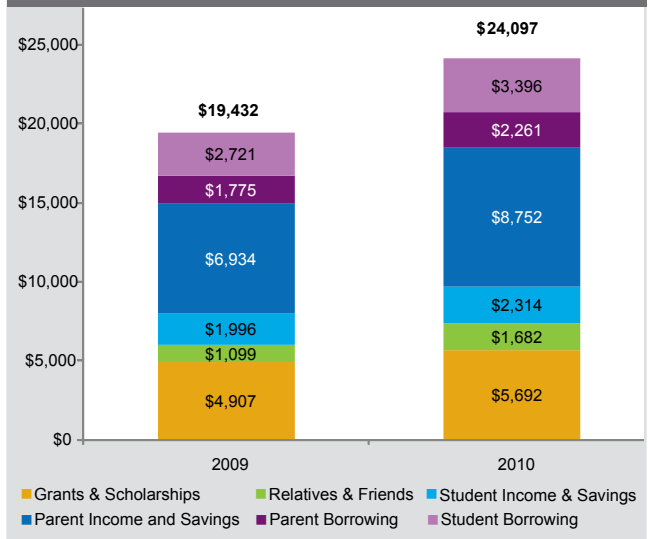
Student borrowing paid for 14 percent of college costs, the same share as in 2008-09. Combined with parent borrowing, total borrowing from all sources paid 24 percent of college costs in academic year 2009-10, level with the previous year. Finally, families reported that relatives and friends paid for a relatively small but significant share of college costs, 7 percent, in 2009-10.

Fig. 1 How the Average Family Pays for College: Average Percent of Total Cost of Attendance Paid from Each Source



The overall picture, expressed in percentages of the total spending from sources the average American family used to pay for college for 2009-10, is remarkably similar to the percentages reported for the 2008-09 year. The difference between this year and last is that the pie—representing total amount spent on college costs—was bigger, corresponding to the jump in costs that families report paying.

Fig. 2 Year-over-Year Comparison of How the Typical Family Pays for College, Average Amount of Total Cost of Attendance Paid from Each Source



The significant change from last year is not in the share each funding source contributed to pay for college but in the increased reliance on all funding sources to meet increased costs.

<sup>1</sup> See composite funding sources explanation in the Methodology section, page 12.

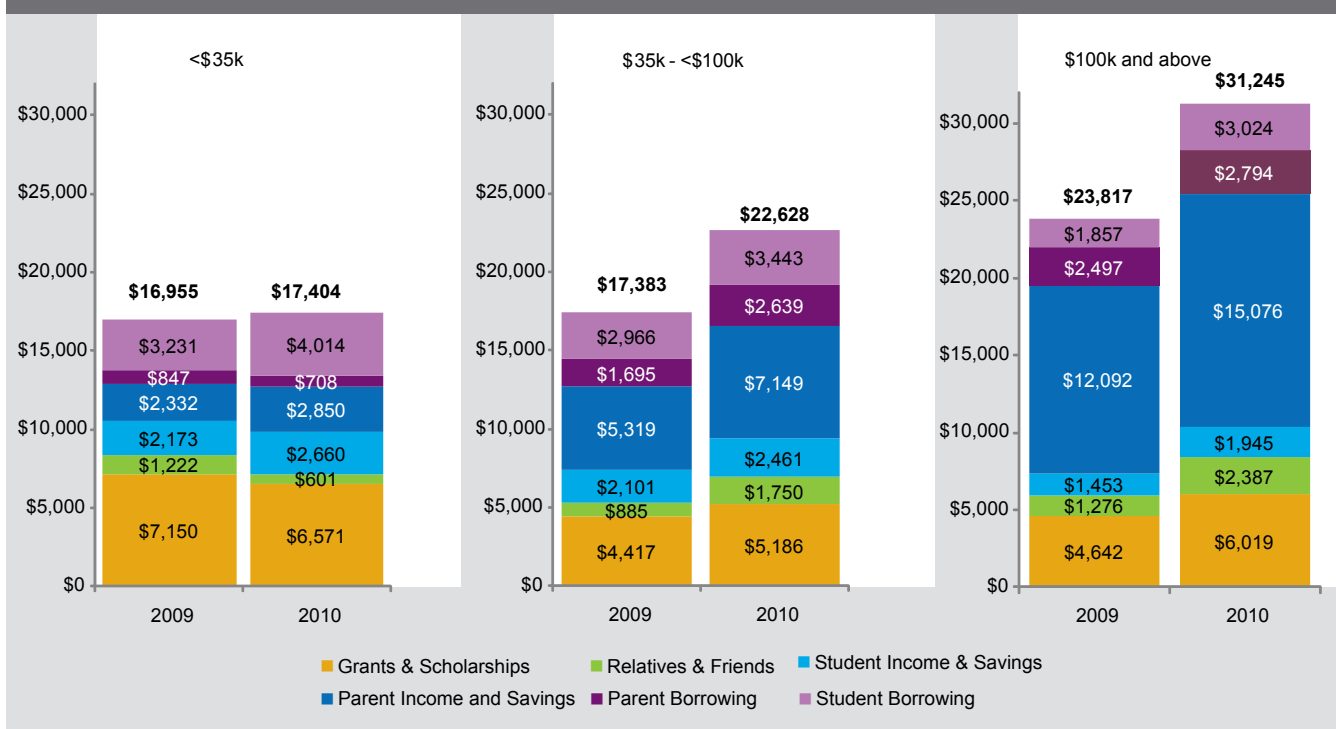


The average family reported spending, in aggregate, \$24,097 to pay for college costs, a 24 percent increase over last year.<sup>2</sup> The typical household increased the amounts used from all sources, with the largest dollar increase from parent income and savings (up \$1,818 or 26%), driven largely by a massive 72 percent increase in the average amount used from college savings plans. On average,

student borrowing increased by \$675 (25%) whereas parent borrowing grew by \$486 (27%). The average family used an additional \$785 in grants and scholarships (a 16% increase) and an additional \$318 from student income and savings (16%). The average contribution from friends and relatives jumped 53% from the prior year, an increase of \$583.

## Impact of Family Income on Paying for College

Fig. 3 Year-over-Year Comparison of How the Typical Family Pays for College, Average Amounts by Income Level



As reported in previous years, income affects the choices families make about how much to pay for college and how to meet those costs. As income increases, the typical family spends more from parent contributions from income and savings, not in place of other sources of funds but rather to meet a larger cost of attendance. Overall, the average high-income family (\$100,000 and above) spent \$31,245, 38 percent more from all sources than the average middle-income family (\$35,000 to \$100,000) who spent \$22,628, and 80 percent more than the average low-income family (less than \$35,000) who spent \$17,404. Most of the cost difference between income levels was paid by contributions from parent personal assets.

When comparing to last year, the average low-income family paid essentially the same amount in total for college with relatively small shifts among categories. The average low-income family spent slightly more in 2009-10 from parent income and savings than in 2008-09. The slight drop in grants and scholarships, which accounts for a 4 percent decrease in the amount of total costs covered for low-income students is offset by a slight increase in student borrowing which this year paid for 4 percent more of their total costs. Similar to last year, the composites of the higher-income family show that these families paid significantly more on average than lower-and middle-income families. They also show that these families paid significantly more

<sup>2</sup>In reporting on the different funding sources that they used to pay college costs, families tend to report higher amounts, in aggregate, than they reported as the total cost of attendance. This has been a consistent occurrence in all three years of the survey. In this composite section, the aggregate totals of individual sources are discussed. See page 29 for discussion of the responses to the question on total cost of attendance.

on average than the previous year and that most of the increase was from higher contributions from parent income and savings. Unlike last year, when middle-income families paid fairly similar amounts as lower-income families, this year middle-income families also paid significantly higher amounts than lower-income families. Parent income and savings increased by similar percentages for low- and high-income families, while the total amount paid by middle-income families increased by the greatest percentage. The average higher-income family paid \$15,076 from parent income and savings, an increase of \$2,984 (25%). The average middle-income family paid \$7,149 from parent income and savings, an increase of \$1,830 (34%). The average lower-income family paid \$2,850 from parent income and savings, an increase of \$518 (22%).

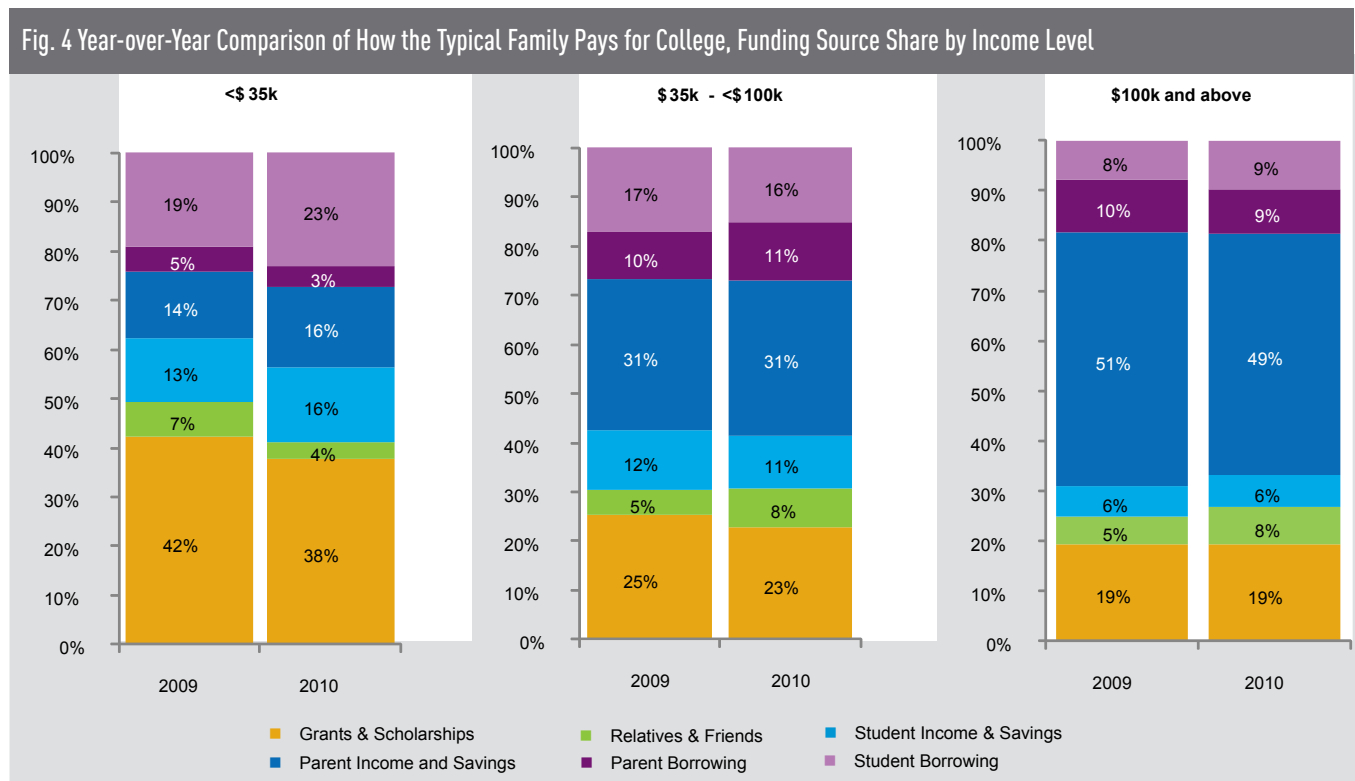
Student borrowing increased most among high-income families, an increase of \$1,167 (62% higher than last year). Yet, at an average of \$3,024, the typical high-income family relies less on student borrowing than other income groups. Student borrowing represents 9 percent of the total cost of college for high-income families compared to 16 percent of total costs for middle-income families and 23 percent for low-income families. In the typical low-income family, students borrowed \$4,014, a 24 percent increase over last

year, while in the middle-income family students borrowed \$3,443, a 16 percent increase.

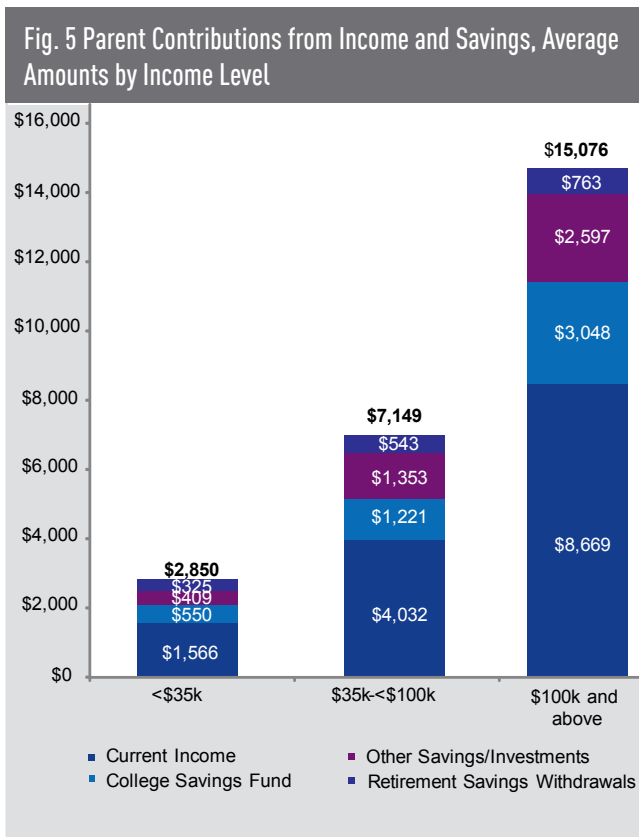
For the typical low-income family, scholarships and grants were the most important source of funding college, contributing \$6,571 or 38 percent of the total amount spent on college. Student borrowing was the second most used source, contributing 23 percent to the total. Income and savings from parents and from students were third and fourth, each contributing 16 percent of total costs.

For the typical middle-income family, parent income and savings replaced grants and scholarships as the most important source of college funding, contributing nearly one-third (31%) toward college costs. Scholarships and grants were the second highest source, contributing \$5,186 or 23 percent to the total. Student borrowing and parent borrowing were third and fourth, contributing 16 percent and 11 percent respectively.

The typical higher-income family funded nearly half (49%) of college costs from parent income and savings, contributing \$15,076, a significant increase from last year. Scholarships and grants, at \$6,019 this year, were the second most important source, paying 19 percent of the total. Student borrowing of \$3,024 this year, a significant increase, covered 9 percent of college costs, while parent borrowing also covered 9 percent.







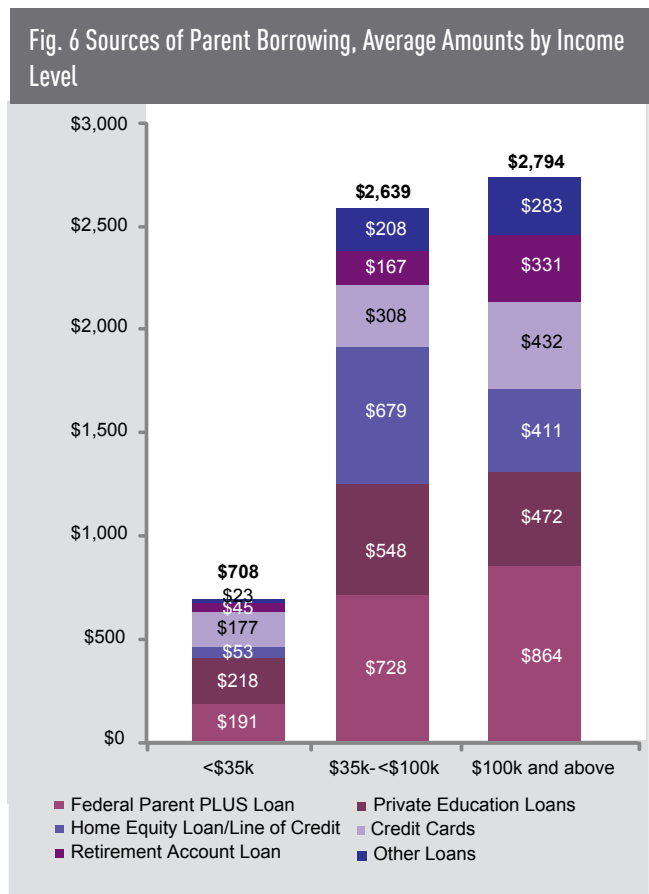
Directionally, all income groups increased the average amount contributed from savings and investments, particularly from dedicated college savings funds, such as 529 plans.

Parents from higher-income families contributed \$15,076 from income and savings toward college costs in 2009-10, a 25 percent increase over last year. The average high-income parent contributed \$8,669 from current income, a 6 percent increase from last year's \$8,165. The contribution from dedicated college savings plans was \$3,048, a jump of \$1,211, or 66 percent, over last year. The average high-income family used \$2,597 from other savings and investments, a 35 percent increase over last year.

Parents from middle-income families contributed an average of \$4,032 from current income, a 17 percent increase from last year and less than half the amount given by higher-income parents. This total comprised about 56 percent of their personal asset contribution and was similar to the income-to-savings ratio of higher-income parents. Middle-income parents doubled from last year the amount they used from dedicated college savings plans, an increase to \$1,221. While less than the amount higher-income parents used, dedicated college savings plans were nearly

as important to funding college costs for middle-income families as other savings and investments and exceeded the average for all forms of borrowing except federal loans borrowed by students.

Lower-income parents contributed \$2,850 from parent personal assets, about 16 percent of total costs. Similar to the other income groups, 55 percent of their personal contributions came from current income and 45 percent came from savings. Like the middle-income group, about 40 percent of their savings came from dedicated college savings accounts. However, a smaller percentage of their savings came from other savings and investments compared to other income groups while a much larger percentage of their savings came from retirement savings withdrawal.



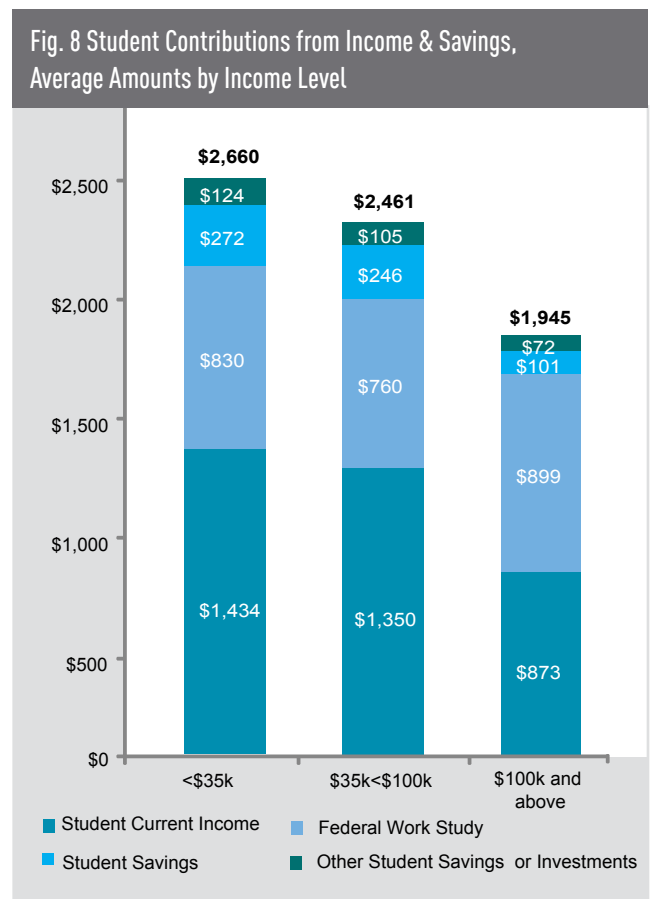
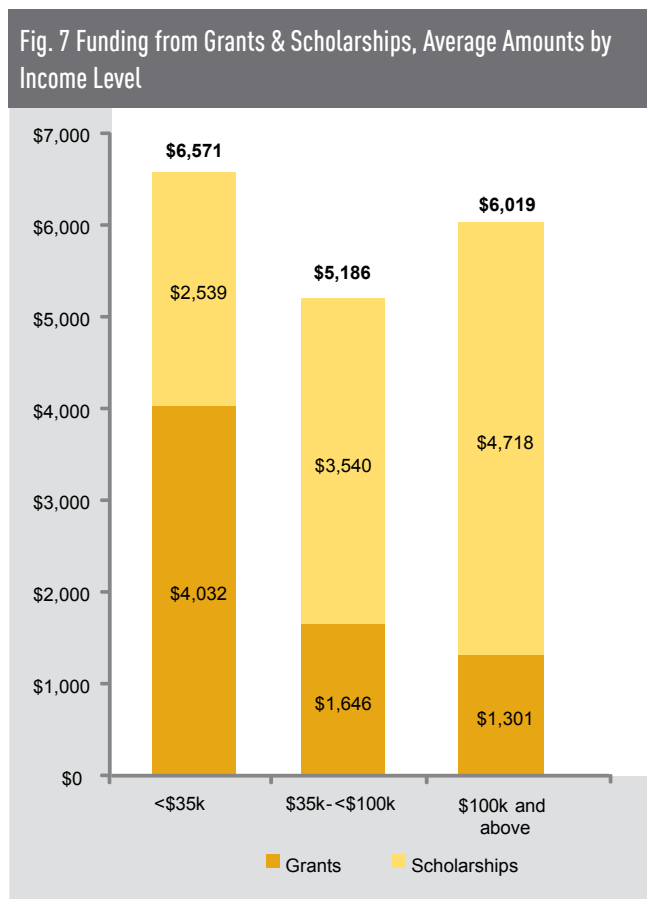
Generally, the typical parent from low-income families borrowed substantially less from every source than parents from other income groups. On average, low-income parents borrowed \$708 to pay for college, only about one-fourth of the amount borrowed by high- and middle-income parents.

The typical middle-income parent borrowed nearly as much as high-income parents, an average of \$2,639, a 56 percent increase over last year. Middle-income parents used Federal Parent PLUS Loans slightly more than other loan sources but their use of home equity loan or line of credit was nearly as important, more than doubling from last year. Middle-income families used home equity in slightly greater amounts than high-income families. Yet, overall, home equity only paid for 3 percent of the typical middle-income family's college cost.

The typical high-income parent borrowed \$2,794 to pay for college (a 12% increase), with Federal Parent PLUS Loans their largest borrowing source. Unlike last year, higher-income parents utilized smaller amounts from home equity than did middle-income parents but accessed slightly higher amounts from retirement account loans.

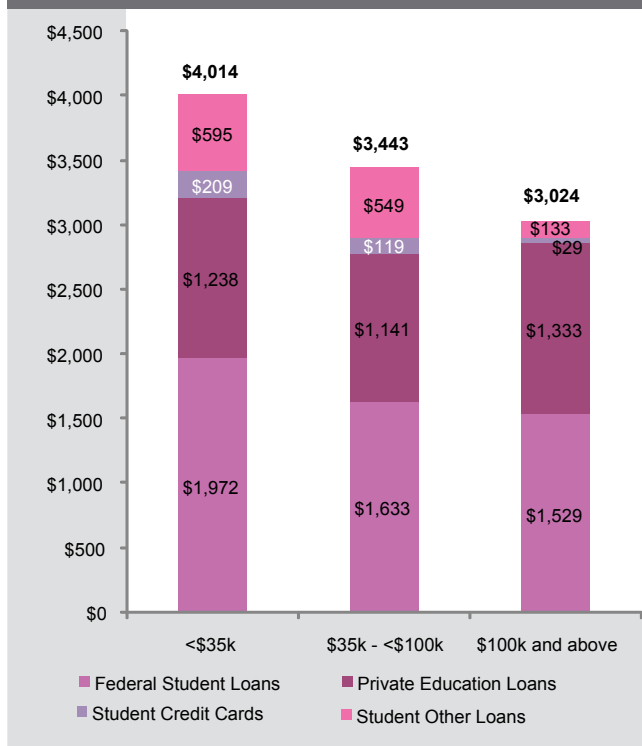
Scholarships and grants pay for more of the total costs, both in terms of dollars and percentage, for students from lower-income families than for other students. The average combined scholarship and grant money for lower-income students is \$6,571, with three-fifths given as grants and

two-fifths given as scholarships. Combined scholarships and grants cover 38 percent of costs for lower-income students. Students from middle-income families received \$5,186 in grants and scholarships. While the typical student from middle-income families received about the same amount in grants (\$1,646) as in 2008-09, the amount that scholarships contributed increased by 26 percent over last year. In total, scholarships and grants covered 23 percent of middle-income college costs. Students from higher-income families received more grant and scholarship aid than the previous year (\$6,019 vs. \$4,642), covering 19 percent of their college costs. Similar to middle-income students, this was mostly from scholarships. As with last year, the composite shows that the typical high-income family receives substantially more in scholarship dollars to pay for college costs than either low- or middle-income families. This may be related to a greater percentage of students from higher-income families attending more expensive, four-year private schools.<sup>3</sup>



<sup>3</sup> See School Type Enrollment in Detailed Findings section, page 31.

Fig. 9 Sources of Student Borrowing, Average Amounts by Income Level



Looking at all student contributions—from borrowing, income and savings—the student’s responsibility for college costs decreases as family income increases, the inverse of parent contributions. Students from lower-income families shoulder more of the cost of college, measured both by dollars and percentage of total costs, from personal assets and borrowed money than do students from other income groups.

- ▶ Students from lower-income families contribute an average amount of \$2,660 from income and savings and another \$4,014 from borrowed money; combined, this pays for 39 percent of their college costs (up from 31% last year). In contrast, 19 percent of costs were shouldered by the average low-income parent through income, savings, and borrowing.
- ▶ Students from middle-income families contribute more from borrowed money, \$3,443, than from income and savings, \$2,461, and cover about 27 percent of their total cost of attendance. The average middle-income parent funds 42 percent of college costs.

- ▶ Students from the highest income group contribute 15 percent of their total costs either through their own income and savings or borrowing. In comparison, parents’ total contributions covered 58 percent of total costs.

As with last year, the typical student from middle- and lower-income families paid similar amounts from their own income, \$1,434 for low-income students and \$1,350 for middle-income students, with the typical high-income student only using \$873 from their own income. Students from all three income groups contribute similar average dollar amounts from savings: lower-income students contribute \$830, middle-income students contribute \$760 and higher-income students contribute \$899; these levels are remarkably similar to the amounts used in academic year 2008-09.

As with personal contributions, the differences narrowed in borrowing levels across income groups. Compared with other income groups, the typical low-income student borrowed more in total, \$4,014, and directionally more across all loan types except private education loans. The amount from private education loans for high-income students (\$1,333) was 74 percent higher than last year. About half of the student borrowing, across all income levels, came from federal student loans. The amount borrowed by high-income students, \$1,529, increased 59 percent over last year, narrowing the difference with other income levels seen in 2008-09. Student borrowing from credit cards was minimal. Low-income and middle-income students borrowed, on average, a similar amount from the “other” loans category.

Strikingly different from last year, contributions from relatives and friends increased as family income increased. Friends and relatives of lower-income students contributed an average of \$601, less than half of last year’s average. Friends and relatives of middle-income students contributed an average of \$1,750; at nearly double last year’s amount, this was a significant increase. Friends and relatives of higher-income students contributed an average of \$2,387, 87 percent more than last year. These contributions covered only 4 percent of total costs for low-income families compared to 8 percent for middle- and high-income families.

### Differences in Paying for College among Racial or Ethnic Groups

Fig. 10 How the Typical Family Pays for College, Average Amounts by Race or Ethnicity

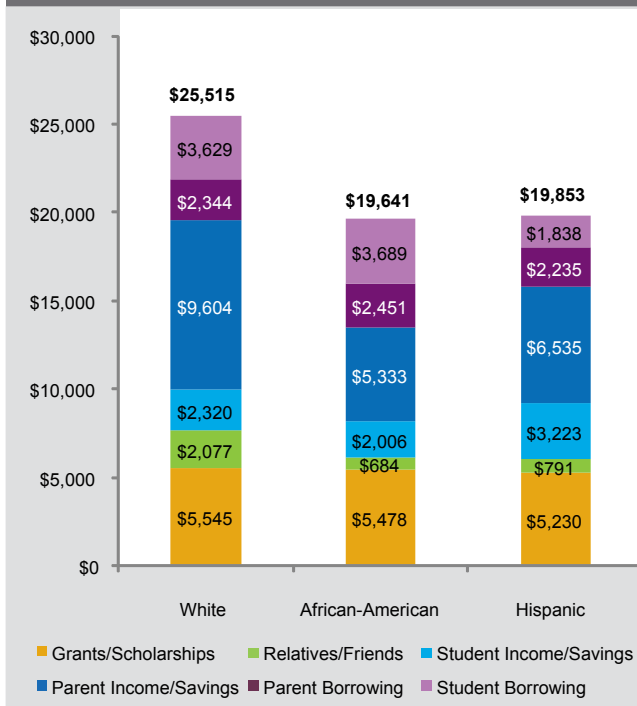
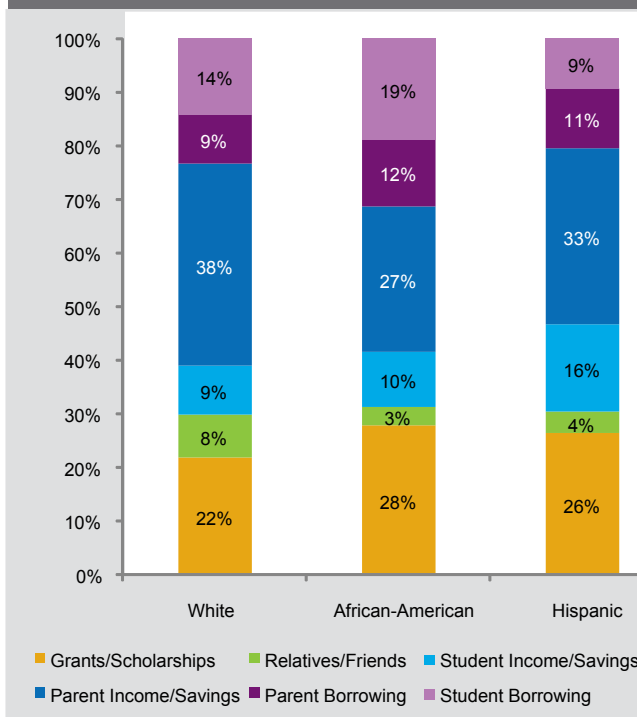


Fig. 11 How the Typical Family Pays for College, Funding Source Share by Race or Ethnicity



In academic year 2009-10, the typical African-American family and typical Hispanic family each spent about the same total amount on college, just under \$20,000, while the average White family spent nearly 30 percent more at \$25,515. The variance in amounts paid in 2009-10 by White families compared to African-American and Hispanic families differs from 2008-09 and may be the result of this year's better sampling of African-American and Hispanic populations.<sup>4</sup>

Race and/or ethnicity appears to make little difference in the total amount awarded in grants and scholarships, with Whites and African-Americans receiving about \$5,500 and Hispanics receiving just slightly less. African-American families received the most from grants, \$3,082, compared to \$2,466 used by Hispanic families and \$1,590 used by White families. Conversely, the average White family received \$3,955 in scholarships compared to \$2,764 by Hispanic families and \$2,396 by African-American families.

African-American families and White families borrowed similar amounts by both parents (\$2,451 and \$2,344 respectively) and students (\$3,689 and \$3,629 respectively). Hispanic parents borrowed similar average amounts as others but students borrowed about half of the amount African-American students and White students used.

Among Hispanic families, it appears higher income and savings contributions from students supplant some of the student borrowing. Students in the typical Hispanic family contribute the most from their own income and savings. On average, they spent \$3,223, 40 percent more than White students and 61 percent more than African-American students.

The average White family's greater spending was largely driven by much higher contributions from parent income and savings. White families used \$9,604 from parent income and savings. This was nearly 50 percent more than the amount Hispanic families used and 80 percent more than the amount used by African-American families.

The average White family received much more help to pay for college from friends and relatives, \$2,077, compared to \$684 received by African-American families and \$791 received by Hispanic families.

<sup>4</sup> See explanation of sampling frames in the Methodology section, page 11.

## Effect of School Choice in Paying for College

Fig. 12 How the Typical Family Pays for College, Average Amounts by School Type

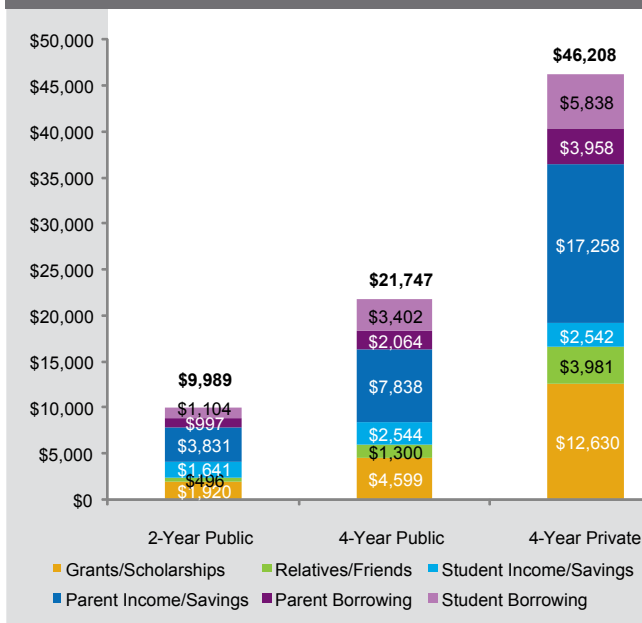
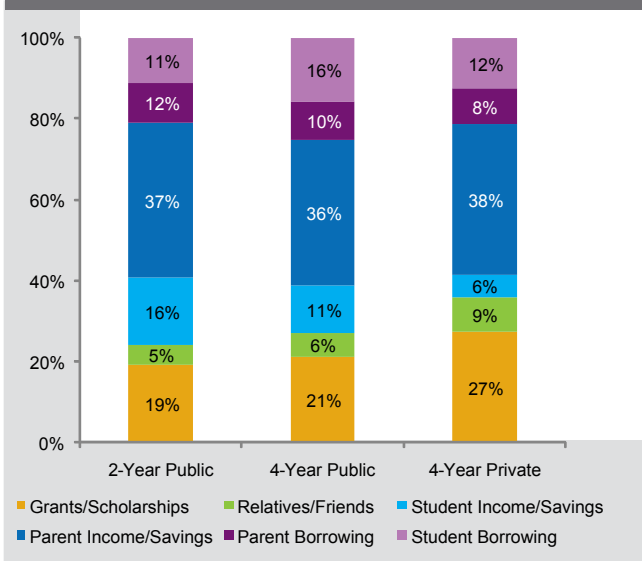


Fig. 13 How the Typical Family Pays for College, Funding Source Share by School Type



The total cost of attendance varies widely by the type of postsecondary institution in which the student enrolls. Of the three types of institutions<sup>5</sup> discussed in this composite view, four-year private colleges are the most expensive. Although the percentage cost increase from academic year 2008-09 at four-year private colleges was less than that at public schools, the base price of four-year private colleges in 2008-09 was already almost five times more than two-year publics and more than twice the cost of four-year publics.

In 2009-10, families whose student attended two-year community college spent an average of \$9,989, a 30 percent increase over 2008-09 (\$7,661). Families whose student attended a four-year public college spent an average of \$21,747, a 23 percent increase from 2008-09 (\$17,630). Finally, families whose student attended a four-year private college or university spent an average of \$46,208, a 20 percent increase over the prior year (\$38,651).

The most significant source of funding in all three institution types is parent income and savings which accounts for more than one-third of costs paid. The actual dollars that parents contributed increase proportionally as the institution type costs increase, with the percentage of college costs paid by parents—either from income and savings or from borrowing—remaining similar across all institution types. Parents of students attending two-year public colleges contributed 49 percent of costs, 37 percent from income and savings (\$3,831) and 12 percent from borrowing (\$997). Parents of students attending four-year public schools contributed 46 percent of costs, 36 percent from income and savings (\$7,838) and 10 percent from borrowing (\$2,064). Parents of students attending four-year private institutions contributed 46 percent of costs, 38 percent from income and savings (\$17,258) and 8 percent from borrowing (\$3,958).

The second most significant source of funding for all institution types is grants and scholarships, though they play a bigger role in covering costs at four-year private colleges than they do at public schools. However, the average dollar amounts at this institution type have remained relatively flat (\$12,630 vs. \$12,405 in

<sup>5</sup> Sample size is too small to report for two-year private, less than two-year private/technical, online and "other" schools. See sampling tolerances in Technical Appendix, page 62.

2008-09) resulting in a slight decrease of overall percentage of costs paid. Scholarships and grants covered 27 percent of four-year private college costs in 2009-10 compared to 32 percent last year. Scholarships and grants at four-year public colleges increased to \$4,599 from \$3,875 and covered 21 percent of costs, a similar percentage to last year's 22 percent of costs. Increases in scholarships and grants paid a greater percentage of costs (19%) at two-year public colleges this year than last year (15%). Average dollars from this source were \$1,920 compared to \$1,173 in 2008-09.

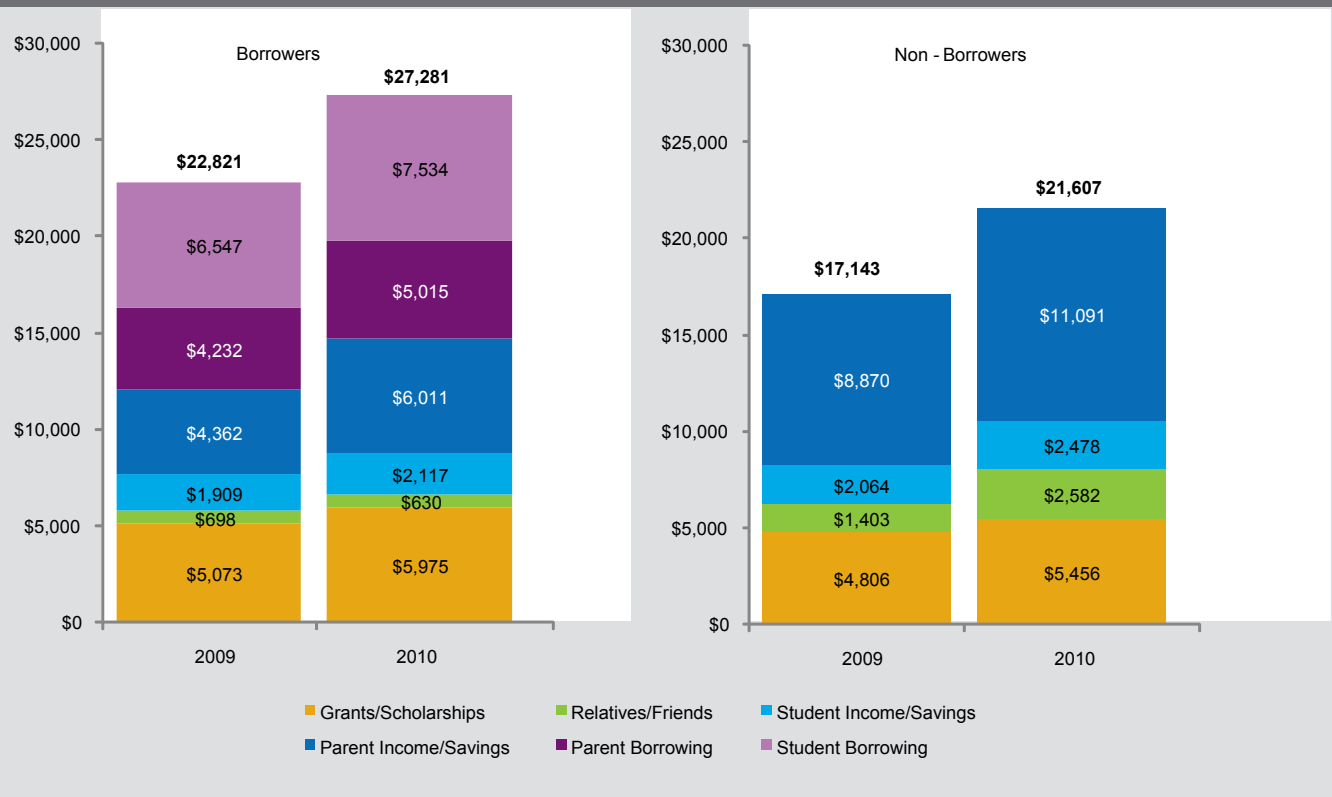
Students at four-year public and private colleges contributed similar amounts from their income and savings, approximately \$2,540 while students at two-year public colleges contributed \$1,641 from that source. Proportionally, student income and savings covered 16 percent of college costs for those attending two-year publics, 11 percent for those attending four-year publics and 6 percent of costs for those attending four-year privates.

Although students attending four-year private colleges borrowed more dollars (\$5,838) than students attending public schools—both four-year (\$3,402) and two-year (\$1,104)—students attending four-year publics actually borrowed a seemingly higher proportion of their costs, 16 percent, compared to students at four-year privates who paid 12 percent of total costs from student borrowing and students attending two-year publics who borrowed 11 percent of costs.

Students attending four-year private colleges receive more financial support from non-parental relatives and friends. In 2009-10, these students received 9 percent of total costs in the amount of \$3,981, an increase from 2008-09's \$2,475, which covered about 6 percent of costs. Money from relatives and friends covered similar percentages of costs (5% to 6%) for students attending public schools both academic years. Amounts received by those attending four-year publics averaged \$1,300 and attending two-year publics \$496.

### Differences in Meeting Cost between Families Who Borrow and Families Who Don't Borrow

Fig. 14 Year-over-Year Comparison of How the Typical Family Pays for College, by Borrowing Status





Consistent with findings in last year's report, families who borrow to pay college costs pay significantly more for college than families who do not borrow, suggesting that families use borrowing, in part, to stretch and access more expensive institutions.

Families who borrow paid average college costs of \$27,281 in 2009-10, 26 percent higher than families who do not borrow, who paid an average amount of \$21,607. The gap in total cost between these two types of families is slightly lower than the prior year as borrowing families' overall costs increased by 19 percent (\$22,821 in 2008-09) while the total cost among families who do not borrow increased by 26 percent (\$17,143 in 2008-09).

School choice clearly contributes to the higher cost that borrowing families pay. Eight out of 10 borrowing families attend four-year institutions, with 56 percent attending a four-year public school and 26 percent attending a four-year private school. Only 66 percent of non-borrowing families attend four-year colleges—49 percent attend a four-year public school and 17 percent attend a four-year private school. Nearly one-third (30%) of non-borrowing families attend a lower cost two-year public school compared to 14 percent of borrowing families.

Among families who borrow, borrowed money pays close to half (48%) of college costs—a combined amount from student and parent borrowing of \$12,549, with students

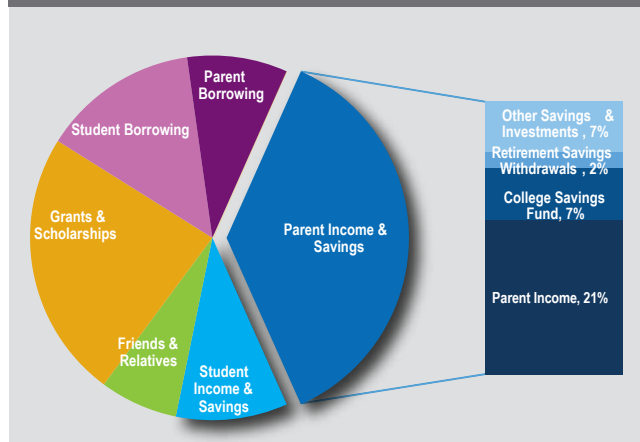
responsible for borrowing 58 percent of these funds and parents for 42 percent. The borrowed amount is equal to more than twice the cost difference of \$5,674 in total costs paid by families who borrow and families who don't, implying that borrowing is also a means to make up for a gap in other, non-borrowed sources of funding which non-borrowing families access.

Grant and scholarship amounts were comparable in both groups with just over a \$500 difference between the \$5,456 received by families who did not borrow and the \$5,975 received by families who did. Students contributed similar amounts from their own income and savings with those in families who didn't borrow contributing \$361 more at \$2,478 compared to \$2,117 by students in families who borrowed.

However, families who did not borrow contributed nearly twice as much from parent income and savings, \$11,091, as families who did borrow, \$6,011. That high average dollar contribution from parent assets in families who do not borrow accounted for half their total costs of college, compared to parent assets covering only 21 percent of total costs in families who borrowed. Additionally, families who do not borrow received four times more from relatives and friends (\$2,582) compared to the amount received by students in families who borrow (\$630).

## Composition Details of How the Typical Family Pays for College

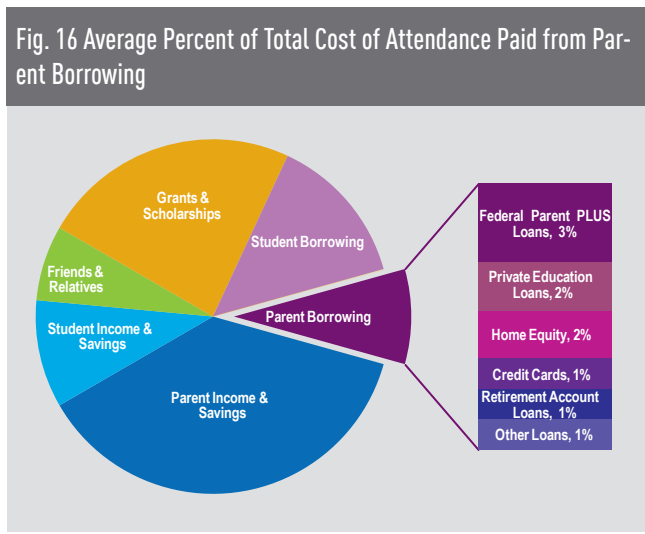
Fig. 15 Average Percent of Total Cost of Attendance Paid from Parent Income & Savings



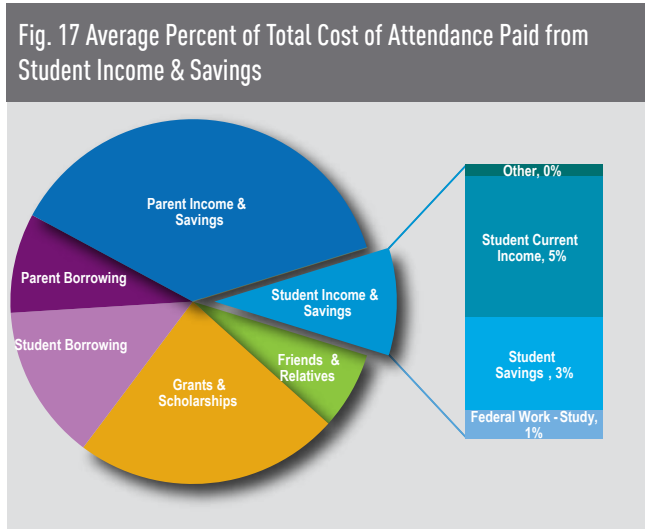
Although parents save a considerable amount for college, almost half of their total contributions came from current income. Twenty-one percent of funding, or one-fifth of college costs, came from parent earnings—the single largest source of funds used to pay for college. Savings sources included college savings plans such as 529s (7% of college costs), other parent savings funds and investments (7%), and withdrawal from parent retirement savings accounts (2%).

Parents rely much less on borrowed money to pay for college than they do on income and savings. About 10 percent of total college costs were paid from money borrowed by a parent.

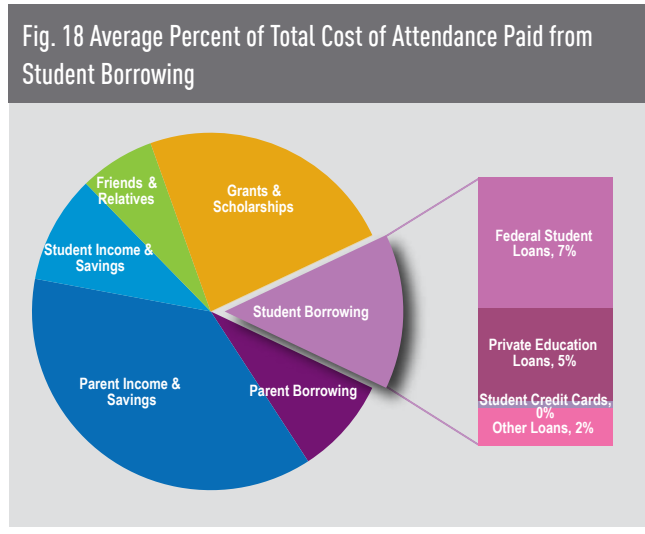




Parents utilized loan programs designed to support education for about half of their borrowing: 3 percent of funding came from the Federal PLUS Loan program and another 2 percent from private education loan programs. The other half of their borrowed funds came from non-education loan sources: 2 percent was sourced through home equity loans; credit cards, retirement savings loans and “other” loans each made up approximately 1 percent of total funds used to pay for college.

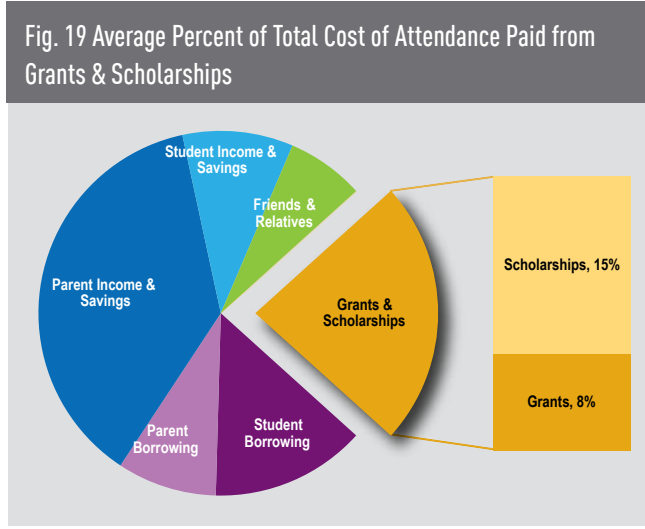


A sizeable portion of college costs (9%) is paid through student personal contributions. Two-thirds of funds from student personal contributions were sourced from student earnings and one-third from student savings. Three percent came from savings. Students paid 5 percent from their current income with an additional 1 percent attributed to Federal Work-Study.



Students rely more on borrowed money than on income and savings. In academic year 2009-10, students paid for 14 percent of the costs of college with borrowed money, primarily sourced through student loan programs.

Students borrowed 7 percent of the costs of college from federal student loan programs. Private education loans borrowed by students paid another 5 percent of costs. The remaining 2 percent of costs from student-borrowed money came mainly from “other” loans borrowed by the student.



Third-party contributions awarded to the student make up a significant share of funding. Scholarships, which paid for 15 percent of college expenses, ranked second to parent income as a funding source for total costs covered. Another 8 percent of college costs were paid through grants (federal, state or school-based). And in academic year 2009-10, relatives and friends contributed 7 percent of the total funding used to pay for college.

## The Role of Various Funding Sources to Pay for College

Table 1 The Role of Various Funding Sources to Pay for College				
Frequency of Sources and Average Amounts Used				
	2010		2009	
	% of Total Families	Average Amount	% of Total Families	Average Amount
<b>Borrowed Sources</b>				
<b>Parent Borrowing</b>				
Federal Parent PLUS Loan	7%	\$9,153	8%	\$7,664
Private Education Loans	4%	\$10,977	5%	\$8,401
Home Equity Loan or Line of Credit	4%	\$11,204	3%	\$8,028
Credit Cards	6%	\$4,943	5%	\$3,886
Retirement Account Loan	3%	\$6,901	1%	\$5,471
Parent Other Loans	2%	\$8,529	3%	\$5,762
<b>Student Borrowing</b>				
Federal Student Loans	28%	\$5,807	25%	\$5,327
Private Education Loans	13%	\$8,584	12%	\$7,516
Student Credit Cards	5%	\$2,021	5%	\$2,812
Student Other Loans	4%	\$9,360	2%	\$5,819
<b>Non-Borrowed Sources</b>				
<b>Parent Income and Savings</b>				
Parent Current Income	57%	\$7,958	55%	\$7,175
College Savings Fund	15%	\$10,077	11%	\$7,312
Retirement Savings Withdrawal	6%	\$8,554	3%	\$5,318
Other Parent Savings or Investments	14%	\$9,937	14%	\$7,776
<b>Student Income and Savings</b>				
Student Current Income	32%	\$3,430	26%	\$2,369
Student Savings	22%	\$3,329	25%	\$3,791
Federal Work-Study	8%	\$2,431	8%	\$1,893
Other Student Savings or Investments	3%	\$2,819	2%	\$5,749
<b>Grants and Scholarships</b>				
Scholarships	43%	\$7,819	40%	\$6,907
Grants	30%	\$6,124	30%	\$5,109
<b>Relatives or Friends</b>				
	16%	\$9,243	17%	\$5,496

The composite representations depicted in this section provide an extremely useful picture of how the various funding sources that American families access contribute to the payment of the overall cost of college when averaged across all families. All families, however, do not access all funding sources to pay for college in a given academic year. Table 1 identifies the percentage of families who utilized each source and the average dollar amounts among those families who used each source in 2009-10 and compares the data to usage in 2008-09.

The average value from each source and the average percent paid from each source, when spread across all families, are detailed in Tables 2a through 2d and 3a through 3d.

For a detailed discussion of the use of these funding sources in 2009-10, please see Funding Sources, page 33 in the Detailed Findings.

			Total	Income		
				<\$35k	\$35k - <\$100k	\$100k+
Borrowed	Parents	Federal Parent PLUS Loan	\$650	\$191	\$728	\$864
		Private education loans	\$446	\$218	\$548	\$472
		Home equity loan or line of credit	\$458	\$53	\$679	\$411
		Credit cards	\$314	\$177	\$308	\$432
		Retirement account loan (including 401k, Roth IRA, or other IRA)	\$189	\$45	\$167	\$331
		Other loans	\$204	\$23	\$208	\$283
	Student	Federal student loans, such as Stafford or Perkins loans	\$1,652	\$1,972	\$1,633	\$1,529
		Private education loans	\$1,215	\$1,238	\$1,141	\$1,333
		Student credit cards	\$108	\$209	\$119	\$29
		Student other loans	\$421	\$595	\$549	\$133
Non-Borrowed	Parents	Parent current income	\$4,975	\$1,566	\$4,032	\$8,669
		College savings fund, such as a 529 plan	\$1,638	\$550	\$1,221	\$3,048
		Other parent savings or investments	\$1,582	\$409	\$1,353	\$2,597
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	\$557	\$325	\$543	\$763
	Student	Student current income	\$1,203	\$1,434	\$1,350	\$873
		Student savings	\$812	\$830	\$760	\$899
		Federal Work-study	\$202	\$272	\$246	\$101
		Other student savings or investments	\$97	\$124	\$105	\$72
	Other	Scholarships (received from the school or outside organizations or businesses)	\$3,704	\$2,539	\$3,540	\$4,718
		Grants (Federal, state or school based)	\$1,988	\$4,032	\$1,646	\$1,301
		Relatives or friends (money that doesn't have to be repaid)	\$1,682	\$601	\$1,750	\$2,387

			Total	Race/Ethnicity		
				White	Black	Hispanic
Borrowed	Parents	Federal Parent PLUS Loan	\$650	\$736	\$795	\$296
		Private education loans	\$446	\$407	\$531	\$528
		Home equity loan or line of credit	\$458	\$510	\$446	\$258
		Credit cards	\$314	\$337	\$279	\$392
		Retirement account loan (including 401k, Roth IRA, or other IRA)	\$189	\$184	\$169	\$367
		Other loans	\$204	\$170	\$231	\$394
	Student	Federal student loans, such as Stafford or Perkins loans	\$1,652	\$1,795	\$2,212	\$796
		Private education loans	\$1,215	\$1,362	\$915	\$600
		Student credit cards	\$108	\$84	\$67	\$247
		Student other loans	\$421	\$385	\$495	\$195
Non-Borrowed	Parents	Parent current income	\$4,975	\$5,508	\$3,450	\$3,904
		College savings fund, such as a 529 plan	\$1,638	\$1,900	\$790	\$820
		Other parent savings or investments	\$1,582	\$1,674	\$474	\$875
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	\$557	\$522	\$619	\$936
	Student	Student current income	\$1,203	\$1,188	\$1,149	\$1,658
		Student savings	\$812	\$882	\$347	\$1,147
		Federal Work-study	\$202	\$169	\$309	\$292
		Other student savings or investments	\$97	\$81	\$201	\$126
	Other	Scholarships (received from the school or outside organizations or businesses)	\$3,704	\$3,955	\$2,396	\$2,764
		Grants (Federal, state or school based)	\$1,988	\$1,590	\$3,082	\$2,466
		Relatives or friends (money that doesn't have to be repaid)	\$1,682	\$2,077	\$684	\$791

**Table 2c Composite of College Funding Sources:**

**Average Value Contributed from Each Source, by School Type**

			School Type			
			Total	2-Year Public	4-Year Public	4-Year Private
Borrowed	Parents	Federal Parent PLUS Loan	\$650	\$42	\$628	\$1,392
		Private education loans	\$446	\$29	\$452	\$668
		Home equity loan or line of credit	\$458	\$540	\$300	\$819
		Credit cards	\$314	\$187	\$328	\$410
		Retirement account loan (including 401k, Roth IRA, or other IRA)	\$189	\$162	\$231	\$145
		Other loans	\$204	\$37	\$125	\$524
	Student	Federal student loans, such as Stafford or Perkins loans	\$1,652	\$425	\$1,851	\$2,530
		Private education loans	\$1,215	\$319	\$1,273	\$2,029
		Student credit cards	\$108	\$70	\$86	\$200
		Student other loans	\$421	\$289	\$192	\$1,079
Non-Borrowed	Parents	Parent current income	\$4,975	\$2,536	\$4,533	\$9,457
		College savings fund, such as a 529 plan	\$1,638	\$331	\$1,479	\$3,489
		Other parent savings or investments	\$1,582	\$722	\$1,412	\$3,058
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	\$557	\$241	\$414	\$1,254
	Student	Student current income	\$1,203	\$916	\$1,179	\$1,551
		Student savings	\$812	\$570	\$983	\$708
		Federal Work-study	\$202	\$18	\$280	\$235
		Other student savings or investments	\$97	\$137	\$102	\$48
	Other	Scholarships (received from the school or outside organizations or businesses)	\$3,704	\$531	\$3,105	\$8,941
		Grants (Federal, state or school based)	\$1,988	\$1,389	\$1,494	\$3,689
		Relatives or friends (money that doesn't have to be repaid)	\$1,682	\$496	\$1,300	\$3,981

**Table 2d Composite of College Funding Sources:**

**Average Value Contributed from Each Source, by Borrowing Status**

			Borrowing Status		
			Total	Borrowed	Did Not Borrow
Borrowed	Parents	Federal Parent PLUS Loan	\$650	\$1,450	n/a
		Private education loans	\$446	\$987	n/a
		Home equity loan or line of credit	\$458	\$1,018	n/a
		Credit cards	\$314	\$693	n/a
		Retirement account loan (including 401k, Roth IRA, or other IRA)	\$189	\$416	n/a
		Other loans	\$204	\$451	n/a
	Student	Federal student loans, such as Stafford or Perkins loans	\$1,652	\$3,697	n/a
		Private education loans	\$1,215	\$2,678	n/a
		Student credit cards	\$108	\$236	n/a
		Student other loans	\$421	\$923	n/a
Non-Borrowed	Parents	Parent current income	\$4,975	\$4,142	\$5,673
		College savings fund, such as a 529 plan	\$1,638	\$910	\$2,270
		Other parent savings or investments	\$1,582	\$598	\$2,424
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	\$557	\$360	\$724
	Student	Student current income	\$1,203	\$1,205	\$1,200
		Student savings	\$812	\$569	\$1,017
		Federal Work-study	\$202	\$262	\$151
		Other student savings or investments	\$97	\$82	\$110
	Other	Scholarships (received from the school or outside organizations or businesses)	\$3,704	\$3,462	\$3,900
		Grants (Federal, state or school based)	\$1,988	\$2,512	\$1,556
		Relatives or friends (money that doesn't have to be repaid)	\$1,682	\$630	\$2,582

			Total	Income		
				<\$35k	\$35k - <\$100k	\$100k+
Borrowed	Parents	Federal Parent PLUS Loan	3%	1%	3%	3%
		Private education loans	2%	1%	2%	2%
		Home equity loan or line of credit	2%	0%	3%	1%
		Credit cards	1%	1%	1%	1%
		Retirement account loan (including 401k, Roth IRA, or other IRA)	1%	0%	1%	1%
		Other loans	1%	0%	1%	1%
	Student	Federal student loans, such as Stafford or Perkins loans	7%	11%	7%	5%
		Private education loans	5%	7%	5%	4%
		Student credit cards	0%	1%	1%	0%
		Student other loans	2%	4%	3%	0%
Non-Borrowed	Parents	Parent current income	21%	9%	18%	28%
		College savings fund, such as a 529 plan	7%	3%	5%	10%
		Other parent savings or investments	7%	2%	6%	8%
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	2%	2%	2%	3%
	Student	Student current income	5%	8%	6%	3%
		Student savings	3%	5%	3%	3%
		Federal Work-study	1%	2%	1%	0%
		Other student savings or investments	0%	1%	1%	0%
	Other	Scholarships (received from the school or outside organizations or businesses)	15%	15%	16%	15%
		Grants (Federal, state or school based)	8%	23%	7%	4%
		Relatives or friends (money that doesn't have to be repaid)	7%	4%	8%	8%

			Total	Race/Ethnicity		
				White	Black	Hispanic
Borrowed	Parents	Federal Parent PLUS Loan	3%	3%	4%	2%
		Private education loans	2%	2%	3%	3%
		Home equity loan or line of credit	2%	2%	2%	1%
		Credit cards	1%	1%	1%	2%
		Retirement account loan (including 401k, Roth IRA, or other IRA)	1%	1%	1%	2%
		Other loans	1%	1%	1%	2%
	Student	Federal student loans, such as Stafford or Perkins loans	7%	7%	11%	4%
		Private education loans	5%	5%	5%	3%
		Student credit cards	0%	0%	0%	1%
		Student other loans	2%	2%	3%	1%
Non-Borrowed	Parents	Parent current income	21%	22%	18%	20%
		College savings fund, such as a 529 plan	7%	7%	4%	4%
		Other parent savings or investments	7%	7%	2%	4%
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	2%	2%	3%	5%
	Student	Student current income	5%	5%	6%	8%
		Student savings	3%	3%	2%	6%
		Federal Work-study	1%	1%	2%	1%
		Other student savings or investments	0%	0%	1%	1%
	Other	Scholarships (received from the school or outside organizations or businesses)	15%	15%	12%	14%
		Grants (Federal, state or school based)	8%	6%	16%	12%
		Relatives or friends (money that doesn't have to be repaid)	7%	8%	3%	4%

Table 3c Composite of College Funding Sources:

Average Percent of Total Cost of Attendance Met by Each Source, by School Type						
			Total	School Type		
				2-Year Public	4-Year Public	4-Year Private
Borrowed	Parents	Federal Parent PLUS Loan	3%	1%	3%	3%
		Private education loans	2%	0%	2%	1%
		Home equity loan or line of credit	2%	6%	1%	2%
		Credit cards	1%	2%	2%	1%
		Retirement account loan (including 401k, Roth IRA, or other IRA)	1%	3%	1%	0%
		Other loans	1%	0%	1%	1%
	Student	Federal student loans, such as Stafford or Perkins loans	7%	4%	9%	6%
		Private education loans	5%	3%	6%	4%
		Student credit cards	0%	1%	0%	0%
		Student other loans	2%	3%	1%	2%
Non-Borrowed	Parents	Parent current income	21%	25%	21%	20%
		College savings fund, such as a 529 plan	7%	3%	7%	8%
		Other parent savings or investments	7%	7%	6%	7%
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	2%	2%	2%	3%
	Student	Student current income	5%	9%	5%	3%
		Student savings	3%	6%	5%	2%
		Federal Work-study	1%	0%	1%	1%
		Other student savings or investments	0%	1%	0%	0%
	Other	Scholarships (received from the school or outside organizations or businesses)	15%	5%	14%	19%
		Grants (Federal, state or school based)	8%	14%	7%	8%
	Relatives or friends (money that doesn't have to be repaid)	7%	5%	6%	9%	

Table 3d Composite of College Funding Sources:

Average Percent of Total Cost of Attendance Met by Each Source, by Borrowing Status					
			Total	Borrowing Status	
				Borrowed	Did Not Borrow
Borrowed	Parents	Federal Parent PLUS Loan	3%	5%	n/a
		Private education loans	2%	4%	n/a
		Home equity loan or line of credit	2%	4%	n/a
		Credit cards	1%	3%	n/a
		Retirement account loan (including 401k, Roth IRA, or other IRA)	1%	2%	n/a
		Other loans	1%	2%	n/a
	Student	Federal student loans, such as Stafford or Perkins loans	7%	14%	n/a
		Private education loans	5%	10%	n/a
		Student credit cards	0%	1%	n/a
		Student other loans	2%	3%	n/a
Non-Borrowed	Parents	Parent current income	21%	15%	26%
		College savings fund, such as a 529 plan	7%	3%	10%
		Other parent savings or investments	7%	2%	11%
		Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)	2%	1%	3%
	Student	Student current income	5%	4%	6%
		Student savings	3%	2%	5%
		Federal Work-study	1%	1%	1%
		Other student savings or investments	0%	0%	1%
	Other	Scholarships (received from the school or outside organizations or businesses)	15%	13%	18%
		Grants (Federal, state or school based)	8%	9%	7%
	Relatives or friends (money that doesn't have to be repaid)	7%	2%	12%	

# DETAILED FINDINGS

## COST OF ATTENDANCE

Families reported another sizable increase in the average cost of attendance, which directly influenced how families pay for college. Overall, families reported an average cost of 28 percent higher than two years ago. Yet, for the third year in a row, overall enrollment by school type—a significant factor in the cost to families—remained the same. On the whole, families did not report a massive shift toward lower-cost institutions, though some changes occurred within income groups and grade levels. Increased cost of attendance affected the findings throughout this report, with families reaching deeper into all funding sources to meet these extra costs.

### ANNUAL COST OF ATTENDANCE

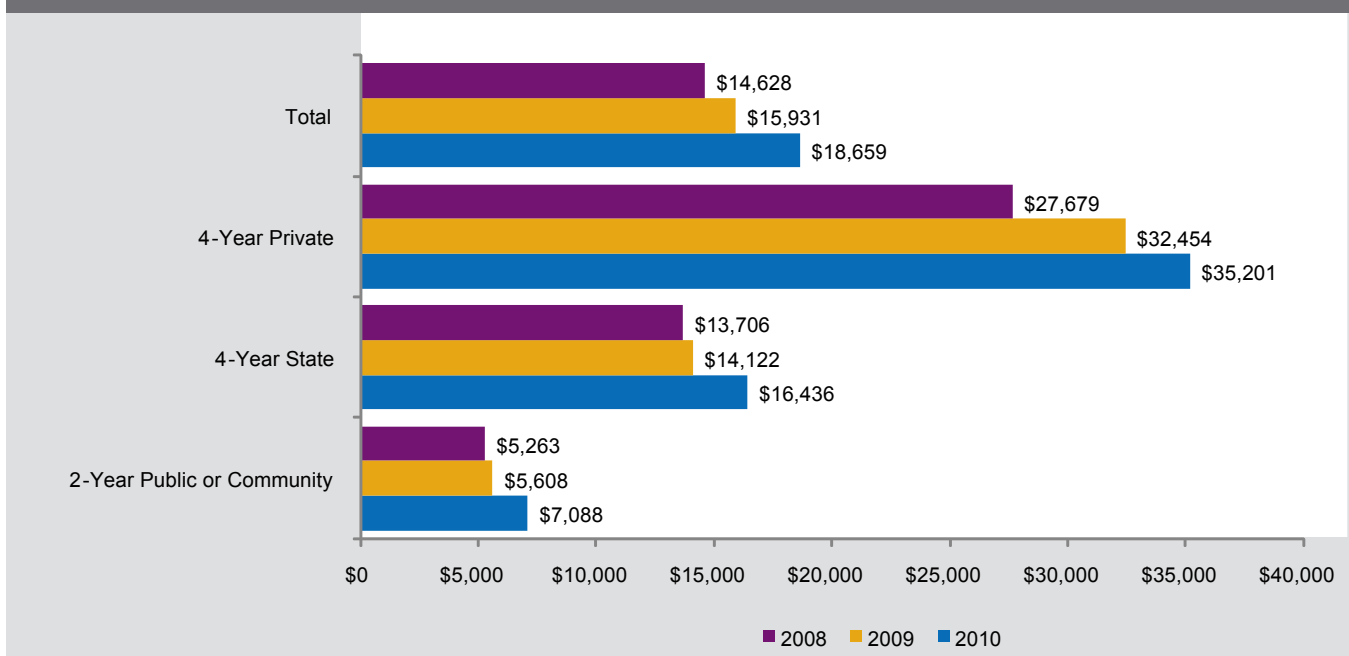
*For the 2009–2010 school year, what is the total cost of attendance per year including tuition, room and board, and any other school costs, for enrolled students at your/your child's school, without any financial aid?*

Cost of attendance increased across school types for the second consecutive year. Families reported that their average cost of attendance<sup>6</sup> for the 2009-10 school year was \$18,659, a 17 percent increase from the self-reported average cost of attendance of \$15,931 in 2008-09 and a 28 percent increase from \$14,628 in 2007-08. While two-year community colleges continued to have the lowest average cost of attendance (of \$7,088), costs for this school type increased by 26 percent over 2008-09.

With an average cost of attendance of \$16,436, four-year state colleges' and universities' costs increased by 16 percent over 2008-09. At \$35,201, four-year private colleges and universities remained above the average yearly cost of all other school types, although costs for this school type have increased by less (8.4%) in 2009-10 than they did in 2008-09 (17%).

In contrast to 2008-09, there was greater variance in the average yearly cost of attendance among income groups earning less than \$100,000 per year. In 2009-10, families earning less than \$35,000 per year reported a lower average cost than the prior year, \$13,753, an \$835 decrease from 2008-09. On the other hand, families earning from \$50,000 up to \$100,000 reported an average cost of \$17,132, which was a 20 percent increase over this income

Fig. 20 Total Cost of Attendance, Year-over-Year, by School Type



<sup>6</sup> When estimating the amount spent from itemized sources, combined amounts exceed the initial cost of attendance reported by respondents. The average cost of attendance reported initially was \$18,659 while the average cost calculated on itemized sources was \$24,097.



group's self-reported average cost of attendance in 2008-09 of \$14,264. Families earning from \$35,000 up to \$50,000, which had reported the lowest average cost of attendance in the prior two years, saw an increase of 21 percent, from \$13,511 in 2008-09 to \$16,320 in 2009-10, surpassing the cost reported by those earning less than \$35,000.

The highest income respondents, those earning \$150,000 or more a year, reported an average cost that was 46 percent greater than the overall average. While this group also reported the highest average cost of attendance (\$27,329) among all income groups, it reported a smaller year-over-year average cost increase (9%) in 2009-10 than the 21 percent average cost of attendance increase reported in 2008-09.

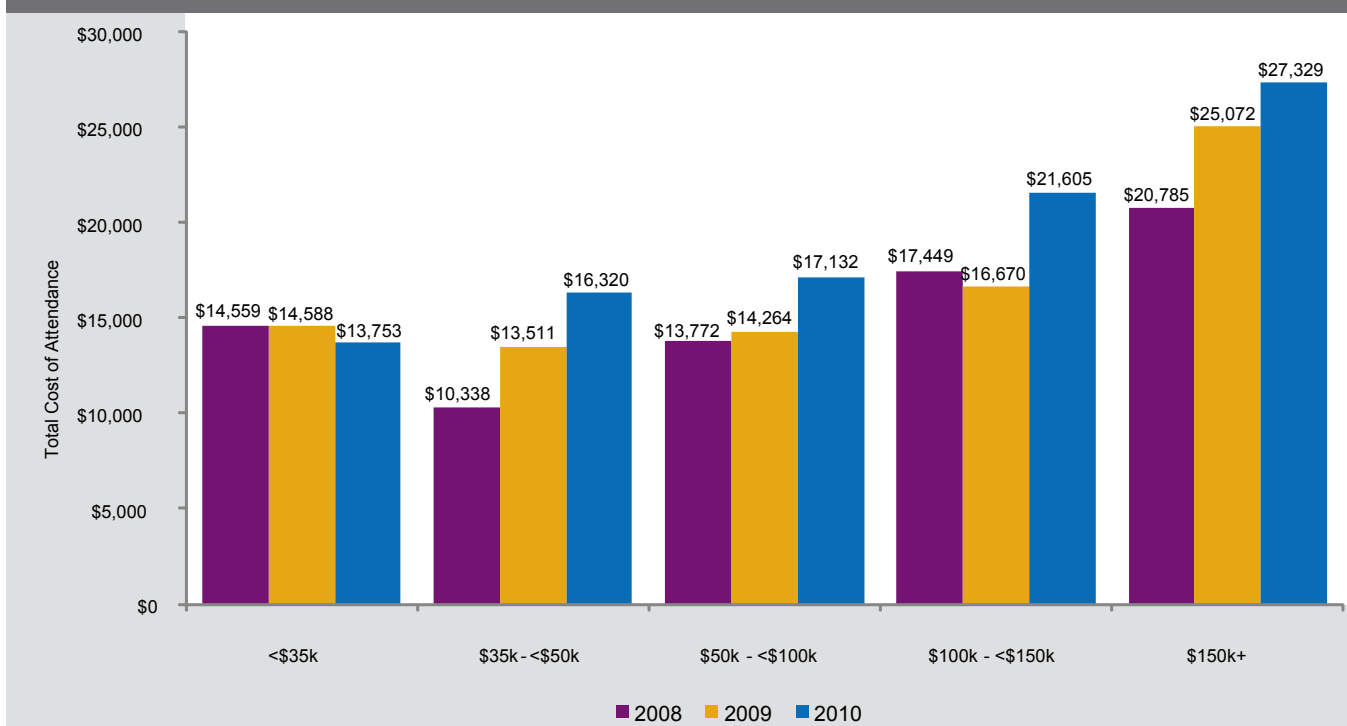
The income group that saw the biggest increase in the average cost of attending college was the \$100,000-\$150,000 group—they reported a 30-percent increase in the average cost of attendance from 2008-09.

African-American and Hispanic students reported costs of attendance 23 percent lower than the average cost reported by White students. In part, this difference may be attributed to the type of school in which these populations report being enrolled.

	N	Mean
<b>Total</b>	1451	\$18,659
<b>Income</b>		
<\$35k	354	\$13,753
\$35-\$50k	198	\$16,320
\$50-\$100k	455	\$17,132
\$100-\$150k	236	\$21,605
\$150k+	192	\$27,329
<b>Race/Ethnicity</b>		
White	690	\$19,757
Black	349	\$15,187
Hispanic	315	\$15,194
<b>Type of School</b>		
4-Year State College/University	745	\$16,436
4-Year Private College/University	319	\$35,201
2-Year Public/Community College	327	\$7,088
2-Year Private College	24	.
<2-Year Private Technical	29	.

Base: Parents of college students and college students.

Fig. 21 Total Cost of Attendance, Year-over-Year, by Income Level



## SCHOOL TYPE ENROLLMENT

*Please tell me what type of college or university your child is/you are currently attending?*

- A 4-year state college or university
- A 4-year private college or university
- A 2-year public or community college
- A 2-year private college
- Less than a 2-year private technical college

Overall enrollment by institution type remained consistent for the third straight academic year, though there were some shifts among freshmen and within middle-income groups. Slightly more than half (52%) of students ages 18-24 were enrolled in four-year public colleges or universities, just over one-fifth were enrolled in two-year public colleges, and about one-fifth were enrolled in four-year private colleges. The remaining students attended other types of institutions, including two-year or less-than-two-year private schools.

However, fewer freshmen chose four-year institutions. Enrollment of freshmen in four-year public colleges and universities dropped to 39 percent from 50 percent in the prior year, while enrollment in four-year private colleges remained stable at 19 percent compared to 16 percent in 2008-09.

White students (24%) were twice as likely as Hispanic students (12%) to attend four-year private colleges or universities. African-American students were also less likely than White students to attend four-year private college or universities (15%). By contrast, 34 percent of Hispanic students, 31 percent of African-American students, and 17 percent of White students were enrolled in two-year public institutions.

Enrollment in four-year public colleges and universities among those earning between \$50,000 and less than \$100,000 was consistent with last year at 55 percent. Enrollment in two-year public institutions was 33 percent among those earning less than \$35,000, a significant increase since 2007-08 (20% enrolled). Meanwhile, attendance at four-year public colleges and universities declined to 46 percent in this income segment from 56 percent in 2008-09. Enrollment at four-year private colleges and universities remained constant at 35 percent for those earning \$150,000 or more per year, but these institutions also saw increases in their enrollment proportion of those earning between \$100,000 and less than \$150,000 per year.

Similar to 2008-2009, students in the Northeast were approximately twice as likely to attend four-year private colleges and universities (41%) than were students in other parts of the country. This year, students in the Northeast attending public colleges were less likely to attend two-year public schools (10%, down from 21% in 2008-09) and more likely to attend four-year schools (44%, up from 32% in 2008-09). Students in the West (29%) were more likely than students in the Northeast (10%) to attend two-year public institutions.

Fig. 22 Type of College Attended, Year-over-Year

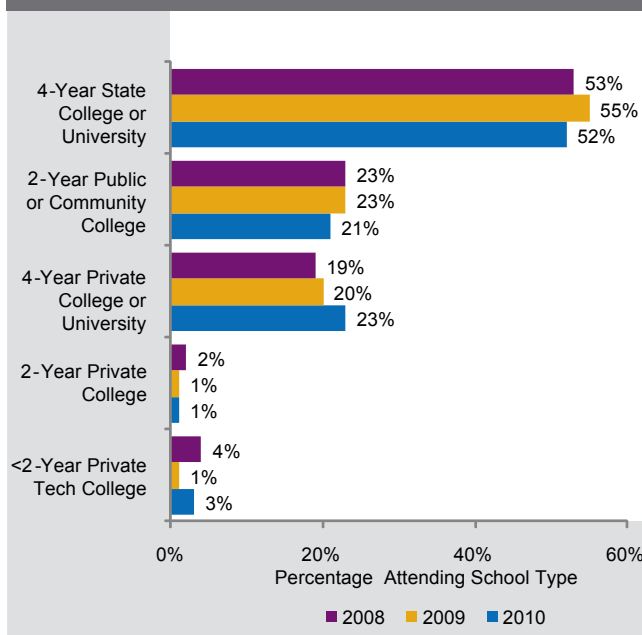


Fig. 23 Type of College Attended, Year-over-Year, by Income

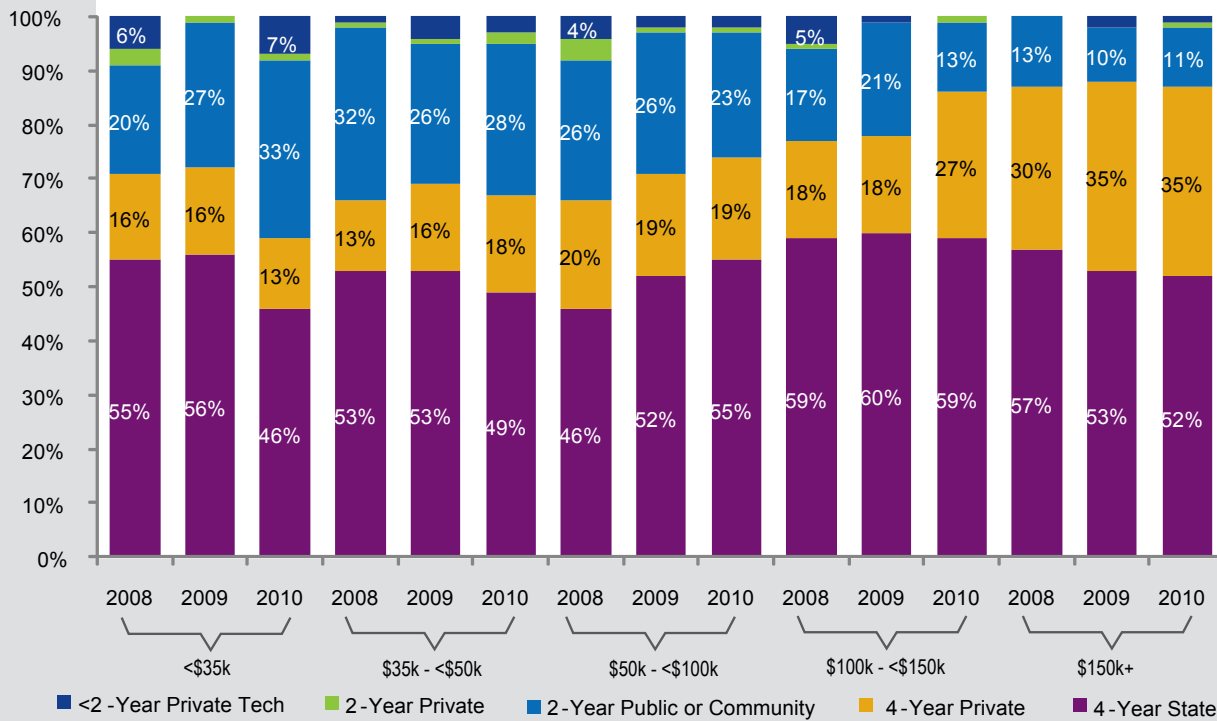


Table 5 Enrollment by Type of School

	N	4-Year Public	4-Year Private	2-Year Public	2-Year Private	<2-Year Private Technical
<b>Total</b>	1612	52%	21%	23%	1%	3%
<b>Income</b>						
<\$35k	426	46%	13%	33%	1%	7%
\$35k - <\$50k	229	49%	18%	28%	2%	3%
\$50k - <\$100k	486	55%	19%	23%	1%	2%
\$100k - <\$150k	250	59%	27%	13%	1%	0%
\$150k+	197	52%	35%	11%	1%	1%
<b>Race/Ethnicity</b>						
White	734	55%	24%	17%	1%	3%
Black	403	46%	15%	31%	3%	5%
Hispanic	374	49%	12%	34%	1%	4%
<b>Region</b>						
Northeast	269	44%	41%	10%	2%	3%
Midwest	335	56%	19%	22%	1%	2%
South	633	57%	14%	24%	1%	4%
West	374	47%	21%	29%	1%	2%
<b>Grade Level</b>						
Freshman	463	39%	19%	35%	2%	5%
Sophomore	476	50%	19%	29%	0%	2%
Junior	349	58%	28%	12%	2%	0%
Senior	242	66%	25%	7%	0%	2%
5th Year +	71	.	.	.	.	.
<b>Borrowing</b>						
Borrowed	744	56%	26%	14%	1%	3%
Did Not Borrow	880	49%	17%	30%	1%	3%

Note: The choices of Online School and Other were also asked and represented 1% or less of responses.  
Base: Parents of college students and college students.

## FUNDING SOURCES

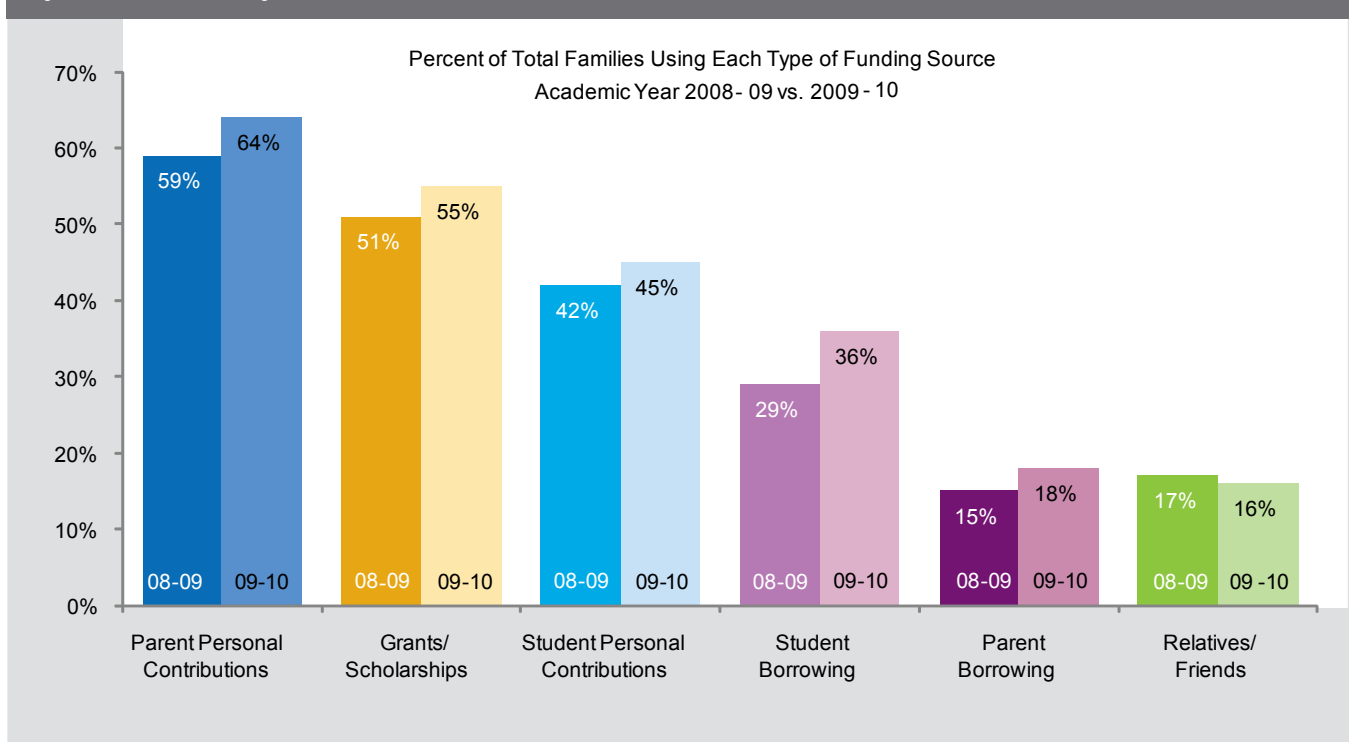
Paying for college is a major investment for most families. For many, years of planning and saving drive how they pay. Some students spend more time completing financial aid and scholarship applications than they do admission applications. Other families turn to loans to cover costs. Numerous families rely on a combination of these and other resources to pay college costs in any given year. Unlike the composite view of funding sources,<sup>7</sup> which examines how each source contributes to paying the total cost of college averaged across all enrolled students, this section explores how frequently families tap each category of funds and, when used, the average amount.

The categories of sources of funding have been grouped into six areas: parent personal contributions (comprised of parent income and savings), student personal contributions (comprised of student income and savings), scholarships and grants, contributions from relatives and friends, money borrowed by the student, and money borrowed by the parent.

The survey found that families tapped higher amounts from nearly all sources of funding. Parent personal contributions remained the most frequently used source of paying for college for the 2009-10 school year. Sixty-four percent of families, a slight increase from 59 percent of families in 2008-09, used some funds from parent income and savings. More than half of families (55%) reported using grants and scholarships to pay for college, similar to the percentage of families who reported using them in 2008-09 (51%).

While a higher percentage of students borrowed in their own names, the study again found that more students

Fig. 24 Sources of Funding



<sup>7</sup> See Composite View of Funding Sources on page 13 for a discussion of composite amounts used by source.

tapped savings and income than loans. For the 2009-10 school year, 45 percent of families used student income or savings to pay for college, which was not a significant change from last year, while 36 percent used money borrowed by the student, significantly more than the 29 percent doing so a year ago. Eighteen percent of families used money borrowed by the parents to pay for college in 2009-10, similar to the previous year. Friends and relatives provided funding for 16 percent of families, also comparatively unchanged.

Following are detailed breakouts of these funding categories, including itemized sources within each category specified in the survey questions.

**USE OF NON-BORROWED FUNDS**

*Parent Contributions - Of the \$[Dollar Value] total cost of attendance, how much money did your parents/you use to pay for college this year from each of the following non-borrowed sources?*

- a. Parent current income
- b. College savings fund, such as a 529 plan
- c. Retirement savings withdrawal (including 401k, Roth IRA, or other IRA)
- d. Other parent savings or investments

*Student Contributions - Of the \$[Dollar Value] total cost of attendance, how much money did you/your child use to pay for college this year from each of the following sources?*

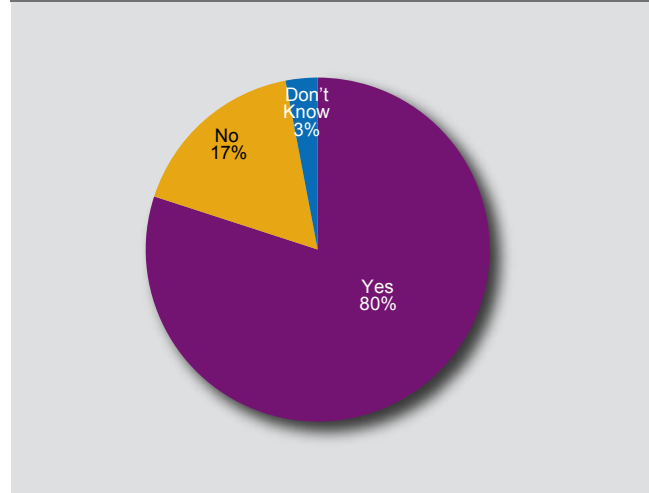
- a. Grants (Federal, state or school based)
- b. Scholarships (received from the school or outside organizations or businesses)
- c. Federal Work-Study
- d. Your/Your child's savings
- e. Your/Your child's current income
- f. Other student savings or investments

**USE OF PERSONAL CONTRIBUTIONS**

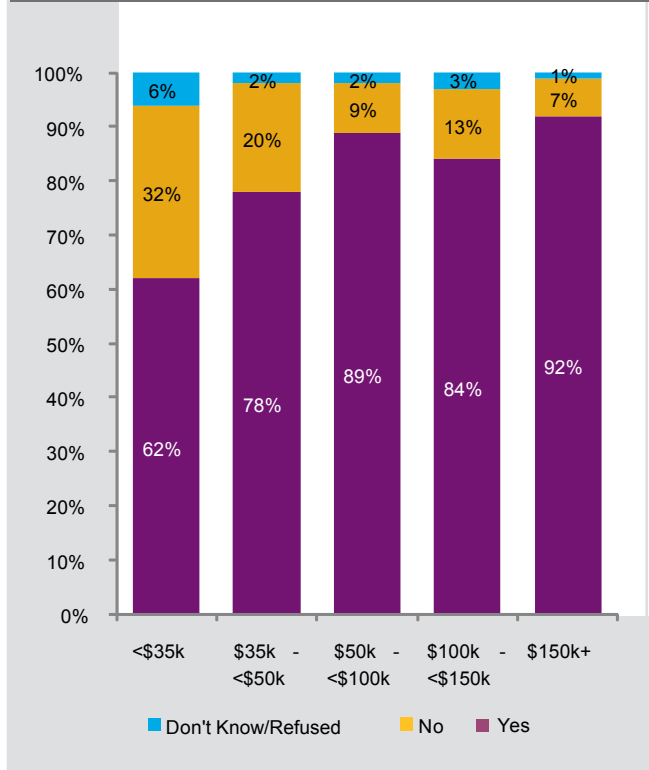
Eight in 10 families (80%) used either parent or student personal contributions, including income, savings, and other investments, to pay for college in the 2009-10 school year. Use of personal contributions increased with higher income, ranging from 6 in 10 (62%) families earning less than \$35,000 per year to 9 in 10 (92%) families earning \$150,000 or more per year contributing personal income,

savings, or investments to pay for college. While the percentage of low-income families using personal contributions dropped slightly from last year, the percentage using personal contributions in all other income groups increased, most notably in families earning between \$35,000 and \$50,000 (65% in 2008-09 to 78% in 2009-10) and families earning \$50,000 to \$100,000 (from 80% to 89%).

**Fig. 25 Use of Personal Contributions**



**Fig. 26 Use of Personal Contributions, by Income**



In contrast to the previous year, in 2009-10 there was no difference in the percentage of borrowing and non-borrowing families who used personal contributions. Seventy-nine percent of families who borrowed and 82 percent of families who did not borrow used personal contributions. Previously, 69 percent of families who borrowed and 81 percent of families who did not borrow used personal contributions.

More than one-third of families (35%) used both personal contributions and borrowed sources to pay for college, higher than the 30 percent of families who used both types of sources in 2008-09.

	N	Yes %	No %	DK/Refused %
<b>Total</b>	1624	80%	17%	3%
<b>Income</b>				
<\$35k	433	62%	32%	6%
\$35-\$50k	230	78%	20%	2%
\$50-\$100k	490	89%	9%	2%
\$100-\$150k	250	84%	13%	3%
\$150k+	197	92%	7%	1%
<b>Race/Ethnicity</b>				
White	738	84%	14%	2%
Black	404	68%	26%	6%
Hispanic	381	71%	21%	8%
<b>Type of School</b>				
4-Year State College/University	823	80%	17%	3%
4-Year Private College/University	329	87%	12%	1%
2-Year Public/Community College	396	78%	18%	4%
2-Year Private College	26	.	.	.
<2-Year Private Technical	38	.	.	.
<b>Borrowing</b>				
Borrowed	744	79%	19%	2%
Did Not Borrow	880	82%	14%	4%
<b>Grants &amp; Scholarships</b>				
Used Grants/Scholarships	906	80%	20%	0%
Did Not Use Grants/Scholarships	645	86%	13%	1%

Base: Parents of college students and college students.

### Parent Personal Contributions

More parents contributed toward the college bill and at higher amounts. Overall, 64 percent of families used some type of parent personal contributions to fund college during the 2009-10 school year. This represented a slight increase from the 59 percent of families who used this type of funding during the 2008-09 school year. In addition,

the average aggregate amount from these contributions of \$11,687 was significantly higher than last year's \$9,581.

- ▶ Parent income was the most commonly used source of all resources used to pay for college with 57 percent of families paying some college costs from parents' income. The average amount contributed from parents' current income was \$7,958 among those families who used this source. However, the average amount used from current income was directionally lower than the average amount used from each of the specified parent savings sources.
- ▶ Fifteen percent of families used college savings plans to fund college in 2009-10, up from 11 percent the previous year. For these families, the average amount of money contributed from these plans was \$10,077, a significant jump from last year's average of \$7,312.
- ▶ Fourteen percent of families spent an average of \$9,937 from other savings and investments to pay for college.
- ▶ Six percent of families used money withdrawn from retirement accounts. Among those who did, the average amount used from retirement withdrawals to pay for college increased to \$8,554 from \$5,318 last year.

	2010		2009	
	% of Total Families	Average Amount**	% of Total Families	Average Amount**
<b>Any Parent Sources</b>	64%	\$11,687	59%	\$9,581
Current Income	57%	\$7,958	55%	\$7,175
College Savings Plan (529)	15%	\$10,077	11%	\$7,312
Retirement Savings Withdrawal	6%	\$8,554	3%	\$5,318
Other Savings or Investments	14%	\$9,937	14%	\$7,776
<b>Any Student Sources</b>	45%	\$4,430	42%	\$3,708
Current Income	32%	\$3,430	25%	\$3,791
Savings	22%	\$3,329	26%	\$2,369
Federal Work-Study	8%	\$2,431	5%	\$1,893
Other Savings or Investments	3%	\$2,819	2%	\$5,749

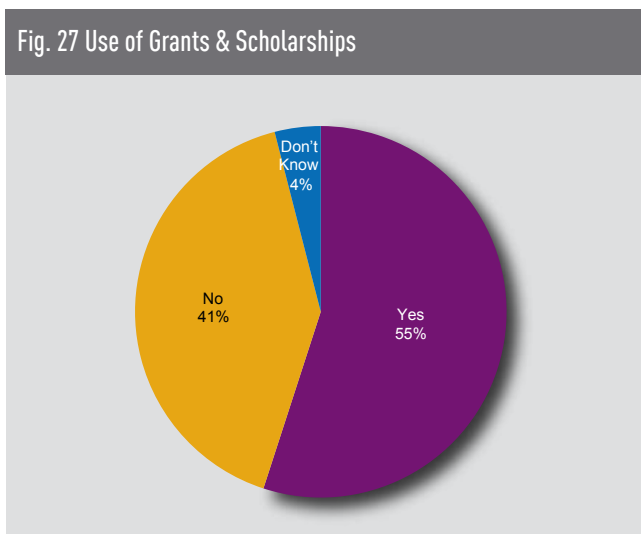
Base: Parents of college students and college students.

\*\* Among those who used each source

### Student Personal Contributions

- ▶ Forty-five percent of all families used some type of student personal contribution to pay for college. Use of this source held steady, as 42 percent of families had used student personal contributions to pay for college previously.

- ▶ The most commonly used sources of student contributions were current income (32%) and savings (22%). More families used student current income to pay college costs this year than in the 2008-09 school year (25%). In families where the student contributed savings, the average amount used from savings to pay for college was \$3,329. When student current income was used, the average amount contributed from that source was \$3,430.
- ▶ In 8 percent of families, students contributed funds from a Federal Work-Study program. Among these families, the average amount used from work-study was \$2,431. This represented a significant increase in the amount of money contributed from this source over the 2008-09 average of \$1,893.
- ▶ Very few families used other student assets (3%); those who did contributed an average of \$2,819 from these sources.



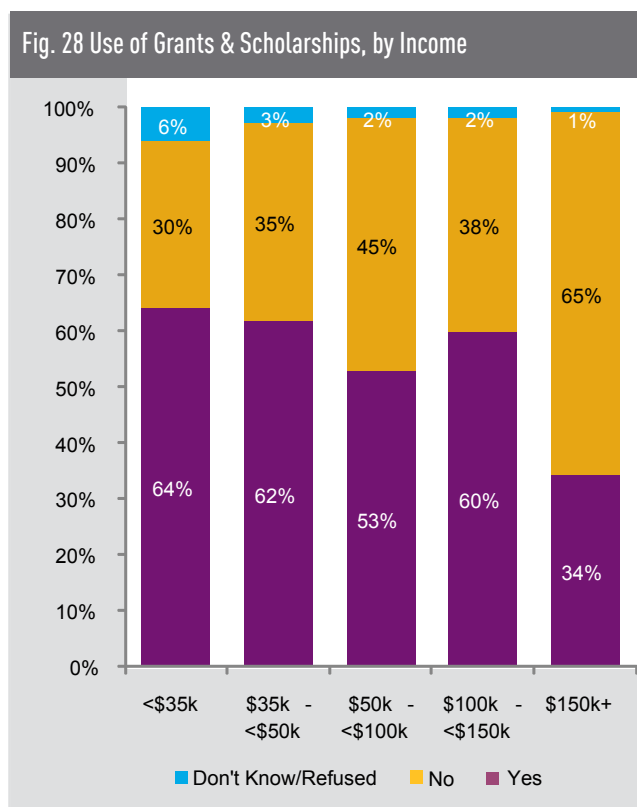
**Table 8 Sources of Grants & Scholarships**

	2010		2009	
	% of Total Families	Average Amount**	% of Total Families	Average Amount**
Any Grants or Scholarships	55%	\$8,998	51%	\$8,031
Scholarships	43%	\$7,819	40%	\$6,907
Grants	30%	\$6,124	30%	\$5,109

Base: Parents of college students and college students.  
 \*\* Among those who used each source

**USE OF GRANTS AND SCHOLARSHIPS**

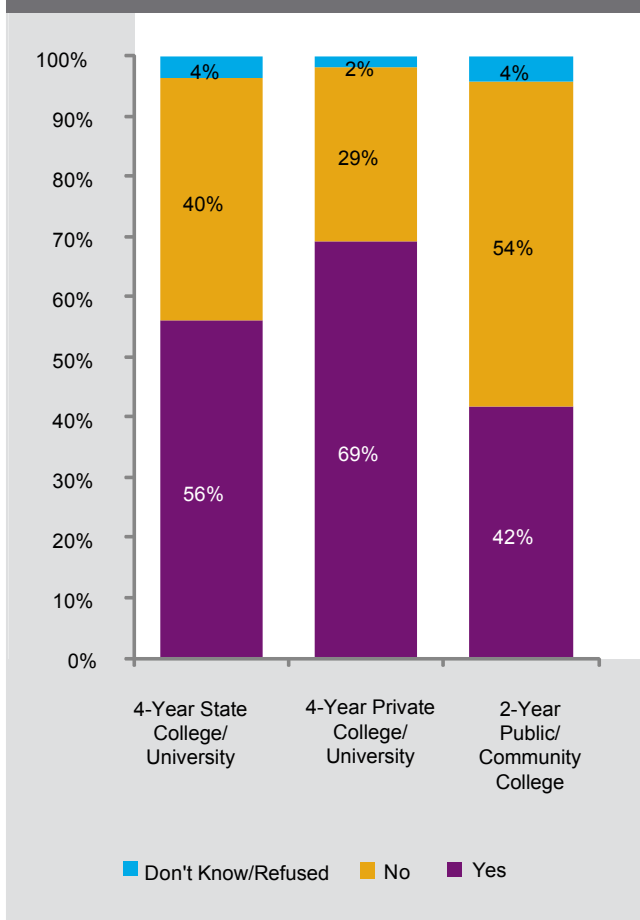
Fifty-five percent of families used grants and/or scholarships, the second most frequently used source of college funding after parent personal contributions. Students used grants or scholarships to pay an average of nearly \$9,000 of college costs, an increase from about \$8,000 last year. Use of grants and scholarships remained the highest among families with incomes below \$35,000 (64%). Families earning between \$100,000 and less than \$150,000 increased their use of grants and scholarships from 48 percent a year ago to 60 percent. Furthermore, grant and scholarship use appeared to be less dependent on income than in prior years.



Students attending four-year private colleges or universities remained significantly more likely to use grants and scholarships (69%) than those students attending four-year public colleges or universities (56%). Although the percentage of families in which the student attended a two-year public or community college used grants or scholarships slightly more frequently (42%) than the previous year (33%), these families remained the least likely to use a combination of grants and scholarships as a source of college funding.



Fig. 29 Use of Grants &amp; Scholarships, by School Type



Families not relying on personal contributions to pay college expenses were significantly more likely to use grants and scholarships (67%) than those families using personal contributions (55%). However, the percentage of families using grants and scholarships increased among both groups. Grant and scholarship use was also significantly more likely among those who borrowed to pay for college (62%) than those who did not borrow (50%). Borrowers also were significantly more likely to report using grants and scholarships this year (62%) than borrowers reported last year (54%).

Table 9 Used Grants and/or Scholarships

	N	Yes %	No %	DK/Refused %
<b>Total</b>	1624	55%	41%	4%
<b>Income</b>				
<\$35k	433	64%	30%	6%
\$35-\$50k	230	62%	35%	3%
\$50-\$100k	490	53%	45%	2%
\$100-\$150k	250	60%	38%	2%
\$150k+	197	34%	65%	1%
<b>Race/Ethnicity</b>				
White	738	56%	42%	2%
Black	404	62%	31%	7%
Hispanic	381	44%	49%	7%
<b>Type of School</b>				
4-Year State College/University	823	56%	40%	4%
4-Year Private College/University	329	69%	29%	2%
2-Year Public/Community College	396	42%	54%	4%
2-Year Private College	26	.	.	.
<2-Year Private Technical	38	.	.	.
<b>Borrowing</b>				
Borrowed	744	62%	35%	3%
Did Not Borrow	880	50%	46%	4%
<b>Personal Contributions</b>				
Used Personal Contributions	1268	55%	44%	1%
Did Not Use Personal Contributions	289	67%	33%	0%

Base: Parents of college students and college students.

## ALLOCATION OF GRANTS AND SCHOLARSHIPS

Roughly one in three (30%) of all families reported receiving a grant to help pay for college expenses. Significantly more families reported that they received funding in the form of a scholarship (43%). The average amount of funding received from scholarships was also higher than the average value of grants. Those families that used scholarships utilized an average of \$7,819 compared to an average of \$6,124 utilized by families that used grants.

The overall usage of grants, at 30 percent, did not change from last year. The correlation between use of grants, which tend to be awarded based upon need, and income level was apparent with the lowest-income families being seven times more likely to receive a grant (57%) compared to the highest-income families (8%). By contrast, use of scholarships, generally awarded on merit, seemed to have very little relationship to family income. Use of scholarships ranged from a low of 32 percent among families

with incomes of \$150,000 or more to a high of 55 percent among families with incomes between \$100,000 and less than \$150,000. Scholarship use remained fairly stable from the prior year.

White families were more likely to receive scholarships (47%) than African-American (36%) or Hispanic (32%) families. Both White (\$7,767) and Hispanic (\$7,793) families who received scholarships used a higher average amount to pay for college than African-American families (\$5,627). Conversely, about one-quarter of White families received grants (24%) compared to one-third of Hispanic families (32%) and half of African-American families (51%). The average amount that African-American families received in grants (\$5,126) was less than that of Hispanic families.

**Table 10 Average Grant & Scholarship Amounts**

	N	% of Total Families	Average Amount**
<b>Grants</b>	1520	30%	\$6,124
<b>Income</b>			
<\$35k	382	57%	\$6,006
\$35-\$50k	207	45%	\$4,911
\$50-\$100k	471	23%	\$5,380
\$100-\$150k	245	15%	\$10,147
\$150k+	195	8%	\$10,373
<b>Race/Ethnicity</b>			
White	708	24%	\$6,046
Black	374	51%	\$5,126
Hispanic	341	32%	\$6,756
<b>Scholarships</b>	1560	43%	\$7,819
<b>Income</b>			
<\$35k	400	40%	\$5,387
\$35-\$50k	220	45%	\$7,049
\$50-\$100k	477	44%	\$7,518
\$100-\$150k	247	55%	\$10,652
\$150k+	195	32%	\$8,593
<b>Race/Ethnicity</b>			
White	724	47%	\$7,767
Black	386	36%	\$5,627
Hispanic	351	31%	\$7,793

Base: Parents of college students and college students.  
 \*\* Among those who used each source

**RELATIVES AND FRIENDS**

*Of the \$[Dollar Value] total cost of attendance, how much of your/your child's college funding came from relatives or friends (money that doesn't have to be repaid)?*

Sixteen percent of families had help from relatives or friends to pay for college. Although the percentage of families receiving help was virtually unchanged from 2008-09, the average amount contributed by friends and family rose significantly to \$9,243 from \$5,496.

White families continued to receive the largest average contribution from friends and relatives of \$10,807, which was more than twice as much as other ethnic or racial groups. The percentage of African-American families who reported assistance from relatives and friends declined to 16 percent from 28 percent in the previous year, but the average value of assistance increased to \$3,480. It appears that fewer relatives and friends contributed but those that did made larger donations. Although the percentage of White and Hispanic families receiving contributions from relatives and friends did not change, they also received larger donations.

Statistically, there were no significant differences in the percentage of families who received contributions from friends or relatives by income. Similar to last year, the average amount contributed increased as income level rose. Families with the lowest incomes who received help used an average of \$3,437 from relatives and friends, less than one-fifth of the \$18,597 used by the highest income families.

**Table 11 Contributions from Relatives or Friends**

	2010			2009	
	N	% of Total Families	Average Amount**	% of Total Families	Average Amount**
<b>Total</b>	1586	16%	\$9,243	17%	\$5,496
<b>Income</b>					
<\$35k	416	15%	\$3,437	25%	\$3,952
\$35-\$50k	226	21%	\$5,490	19%	\$1,720
\$50-\$100k	481	18%	\$10,245	17%	\$5,654
\$100-\$150k	246	15%	\$11,551	9%	\$6,946
\$150k+	196	16%	\$18,597	16%	\$11,481
<b>Race/Ethnicity</b>					
White	727	18%	\$10,807	16%	\$6,683
Black	395	16%	\$3,480	28%	\$2,568
Hispanic	363	13%	\$5,069	16%	\$2,375

Base: Parents of college students and college students.  
 \*\* Among those who used each source

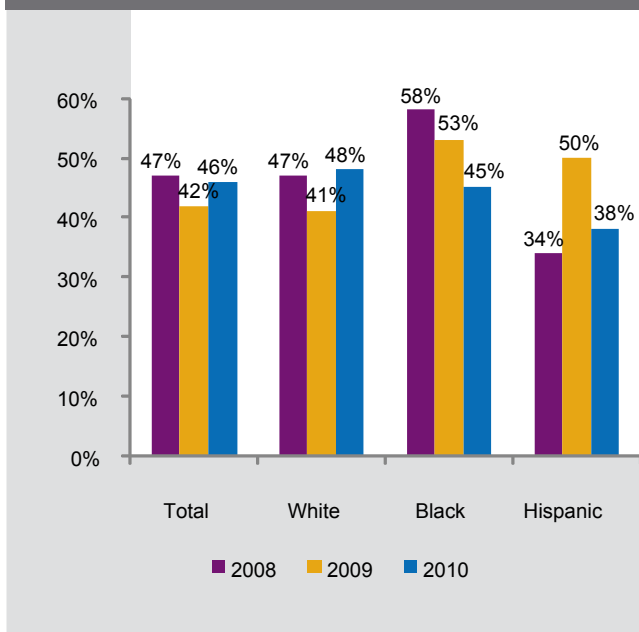
**USE OF BORROWED FUNDS**

*Were any type of loans, or other types of credit or borrowed money used to pay for college this year? Some examples may include student or private loans, home equity, or credit cards.*

Despite another year of sharp increases in college costs, more than half of families continue to pay for college without borrowing. Forty-six percent of families reported that they borrowed to pay for college in 2009-10. After a slight decrease in the percentage of families borrowing in 2008-09 (42%), levels of borrowing were similar to those seen in 2007-08 (47%).

By race or ethnicity, borrowing by White families returned to 2007-08 levels (48% borrowing in 2009-10), while the percentage of African-American families borrowing to pay for college decreased from 53 percent in 2008-09 to 45 percent in 2009-10. The percentage of Hispanic families using borrowed funds also decreased from 2008-09 (50%) to 2009-10 (38%), though differences may be related to the addition of Spanish language interviewing<sup>8</sup> in the 2009-10 study. Hispanic families were less likely to borrow than White families for the 2009-10 school year. Statistically, African-American families were equally likely to borrow as White families. These results hold even when controlling for income.

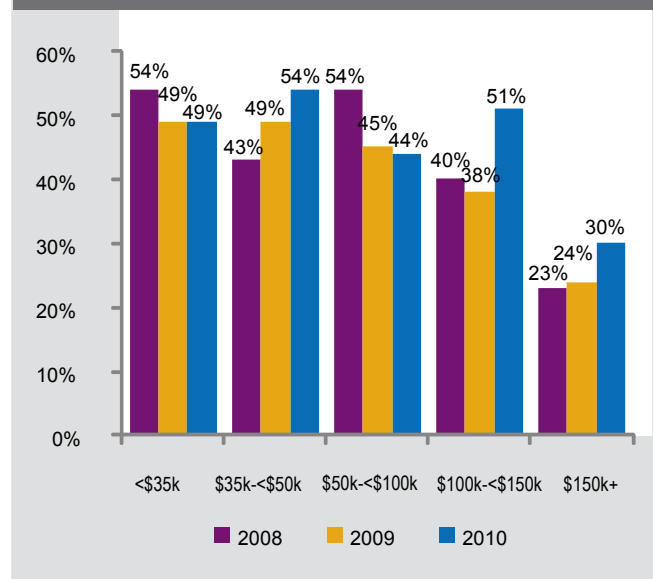
**Fig. 30 Use of Borrowed Funds, Year-over-Year, by Race or Ethnicity**



By annual household income, the percentage of families borrowing remained stable year-over-year across most income groups. The only group that experienced a significant change in the percentage of families borrowing was families earning from \$100,000 to less than \$150,000; 51 percent of families in this income category borrowed to pay for college in the 2009-10 school year while 38 percent of these families borrowed in 2008-09 and 40 percent borrowed in 2007-08. This increase in borrowing among families earning from \$100,000 to less than \$150,000 brought their utilization of borrowing to similar levels as other income groups. These ranged from 44 percent to 54 percent across all income groups below \$150,000. Families earning \$150,000 or more were less likely to borrow than other income groups, with 30 percent of families borrowing to pay for college in 2009-10.

Controlling for race, families earning less than \$35,000 were more likely to borrow than families earning \$100,000 per year or more. Other differences across income groups were not significant when race or ethnicity was controlled.

**Fig. 31 Use of Borrowed Funds, Year-over-Year, by Income**



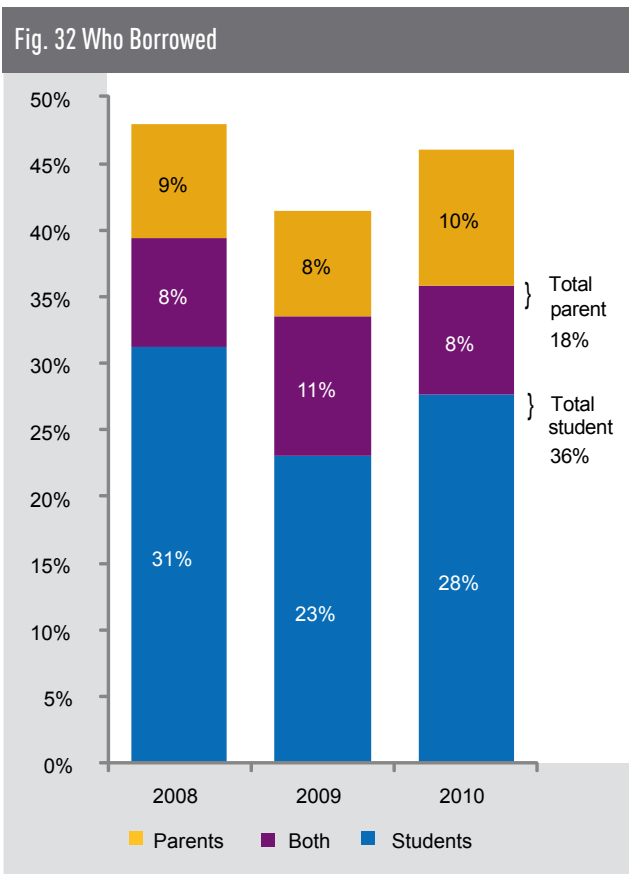
Geographically, residents of the Northeast (57%) and Midwest (57%) were more likely to borrow to pay for college than residents of the South (40%) or West (36%).

Families of students attending four-year public (49%) or four-year private (55%) colleges or universities were more apt to borrow for college than families of students attending two-year community colleges (28%).

<sup>8</sup> See Methodology section for explanation of sampling frames used, page 11.

Table 12 Use of Borrowed Funds			
	N	Yes %	No %
<b>Total</b>	1620	46%	54%
<b>Income</b>			
<\$35k	432	49%	51%
\$35-\$50k	230	54%	46%
\$50-\$100k	490	44%	56%
\$100-\$150k	249	51%	49%
\$150k+	197	30%	70%
<b>Race/Ethnicity</b>			
White	738	48%	52%
Black	401	45%	55%
Hispanic	380	38%	62%
<b>Type of School</b>			
4-Year State College/University	821	49%	51%
4-Year Private College/University	328	55%	45%
2-Year Public/Community College	395	28%	72%
<b>Region</b>			
Northeast	273	57%	43%
Midwest	337	57%	43%
South	631	40%	60%
West	378	36%	64%

Base: Parents of college students and college students.



### WHO CONTRIBUTED BORROWED FUNDS

Who borrowed the money used to pay for college this year?

- a. Student
- b. Parents
- c. Both

Overall, 36 percent of families reported that the student borrowed; in 28 percent of families, the student was the sole borrower, while in 8 percent of families both the parents and student borrowed. Parents were the sole borrowers in 10 percent of families. This distribution of borrowing responsibility was similar to that in the 2008-09 school year.

The student was most likely to borrow, either solely or along with parents, in families residing in the Midwest (46%) or Northeast (45%), in families with a student attending a four-year private college or university (42%), and in families earning less than \$50,000 per year (43%).

Students were most likely to be the sole borrower in families earning less than \$35,000 per year (40%). Fifteen percent of students were the sole borrowers in families earning \$150,000 or more, the lowest of any income category.

The groups that were most likely to have both the student and the parents borrow to pay for college were families in which the student was attending a four-year private college or university (14%) and residents of the Northeast (14%).

Families with a student attending a four-year private college or university were also the most likely to have parents borrow. The parent was the sole borrower in 13 percent of families with a student attending a four-year private college or university and in 28 percent of families the parents borrowed along with the student, the highest percentages of parent borrowing of any category. Parents were least likely to borrow in families earning less than \$35,000 per year (9%).

	N	Student Only %*	Parent Only %*	Both %*	Total Student	Total Parent
<b>Total</b>	1620	28%	10%	8%	36%	18%
<b>Income</b>						
<\$35k	432	40%	6%	3%	43%	9%
\$35-\$50k	230	31%	11%	12%	43%	23%
\$50-\$100k	490	24%	12%	8%	32%	20%
\$100-\$150k	249	27%	11%	13%	40%	24%
\$150k+	197	15%	10%	5%	20%	15%
<b>Race/Ethnicity</b>						
White	738	29%	10%	9%	38%	19%
Black	401	27%	9%	9%	36%	18%
Hispanic	380	23%	10%	5%	28%	15%
<b>Type of School</b>						
4-Year State College/University	821	31%	9%	9%	40%	18%
4-Year Private College/University	329	28%	13%	14%	42%	28%
2-Year Public/Community College	396	17%	8%	3%	20%	11%
<b>Region</b>						
Northeast	273	31%	12%	14%	45%	26%
Midwest	337	35%	11%	11%	46%	22%
South	631	25%	10%	5%	30%	15%
West	378	21%	9%	7%	27%	15%

\*Categories are mutually exclusive. All are percent of total families.

Base: Parents of college students and college students.

## SOURCES OF BORROWED FUNDS

*Parent Borrowing - Of the \$[Dollar Value] total cost of attendance, how much money did your parents/you use to pay for college this year from each of the following borrowed sources?*

- Federal Parent PLUS Loan
- Private education loans in your parents'/your name<sup>9</sup>
- Home equity loan or line of credit
- Credit cards in your parents'/your name
- Retirement account loan (including 401k, Roth IRA, or other IRA)
- Other loans in your parents'/your name

*Student Borrowing - Of the \$[Dollar Value] total cost of attendance, how much money did you/your child use to pay for college this year from each of the following borrowed sources?*

- Federal student loans, such as Stafford or Perkins loans
- Private education loans in your/your child's name<sup>9</sup>
- Credit cards in your/your child's name
- Other loans in your/your child's name

### Parent Borrowing

Overall, the percentage of families using some type of parent borrowing did not change significantly year over year. The percentage of families using each specific source of parent-borrowed funding also did not change significantly from 2008-09 to 2009-10.

Federal PLUS Loans continued to have the highest use by parents (7%) at an average amount of \$9,153.

Parents' credit cards contributed an average of \$4,943 toward the cost of college for 6 percent of families. Four percent of families reported using a private education loan borrowed by the parents to finance college this year, using an average of \$10,977 from this source. Four percent of families used an average of \$11,204 from a home equity loan to pay for college. Three percent of families used a retirement account loan to pay for college in the 2009-10 school year and used an average of \$6,901 from these loans. Two percent of families reported using other sources of borrowed funds at an average amount of \$8,529.

### Student Borrowing

Federal student loans continued to be the most commonly used source of any borrowed funding in the 2009-10 school year. Twenty-eight percent of families used federal student loans, similar to the percentage that used these loans in 2008-09 (25%) and 2007-08 (28%). The average amount used to pay for college from federal student loans was \$5,807, slightly higher than amounts used in prior years.

Thirteen percent of families used private education loans borrowed by the student for this academic year with an average amount of \$8,584, up slightly from previous years. Student credit cards contributed an average of \$2,021 toward college costs for the 5 percent of families who used credit cards in the student's name. Four percent of families used some other type of loan borrowed by the student to pay for college, contributing an average of \$9,360.

<sup>9</sup> 2010 methodology change. The description for item B: Private Education Loans was clarified to specify that respondents should not include among parent borrowing loans taken out by the student with a parent cosigner; respondents should include among student borrowing loans borrowed by the student with a parent cosigner.

Table 14 Sources of Borrowed Funds						
	2010		2009		2008	
	% of Total Families	Average Amount**	% of Total Families	Average Amount**	% of Total Families	Average Amount**
<b>Any Parent Sources</b>						
Federal PLUS Loans	7%	\$9,153	8%	\$7,664	6%	\$10,701
Private Education Loan	4%	\$10,977	5%	\$8,401	4%	\$6,910
Home Equity Loan or HELOC	4%	\$11,204	3%	\$8,028	3%	\$10,853
Credit Cards	6%	\$4,943	5%	\$3,886	3%	\$5,822
Retirement Account Loan	3%	\$6,901	1%	\$5,471	1%	\$6,299
Other Loans	2%	\$8,529	3%	\$5,762	5%	\$9,894
<b>Any Student Sources</b>						
Federal Student Loan (Stafford or Perkins)	28%	\$5,807	25%	\$5,327	28%	\$5,075
Private Education Loan	13%	\$8,584	12%	\$7,516	8%	\$7,694
Credit Cards	5%	\$2,021	5%	\$2,812	3%	\$2,542
Other Loans	4%	\$9,360	2%	\$5,819	8%	\$7,922

Base: Parents of college students and college students.  
 \*\* Among those who used each source

## Students Who Borrowed Education Loans

Nineteen percent of all students borrowed only a federal loan, while 9 percent borrowed both a federal and private loan. Four percent of all students borrowed a private education loan without also borrowing a federal loan.

Students who borrowed were more likely to attend four-year schools; 88 percent of federal loan borrowers and 87 percent of private loan borrowers attended four-year institutions compared to 73 percent overall.

Student loan borrowers were more likely to have used scholarships to pay for college; 53 percent of private loan borrowers and 53 percent of federal loan borrowers reported using scholarships compared to 43 percent overall.

Students who used private loans report a higher average cost of attendance compared to other borrowers.

Families with students who borrowed a private education loan reported a 15 percent average higher cost of attendance than those with students who borrowed from sources other than private education loans.

Additionally, families with students who borrowed private education loans were more likely to have filed a FAFSA: 93 percent compared to 72 percent of all families.





**COST CONSIDERATIONS**

As the cost of college has escalated, most college students and their families work at finding ways to make college more affordable. Filing for financial aid, reducing total college costs through lifestyle changes or more careful consideration of choice of institution to attend were all behaviors that families brought into play to manage cost.

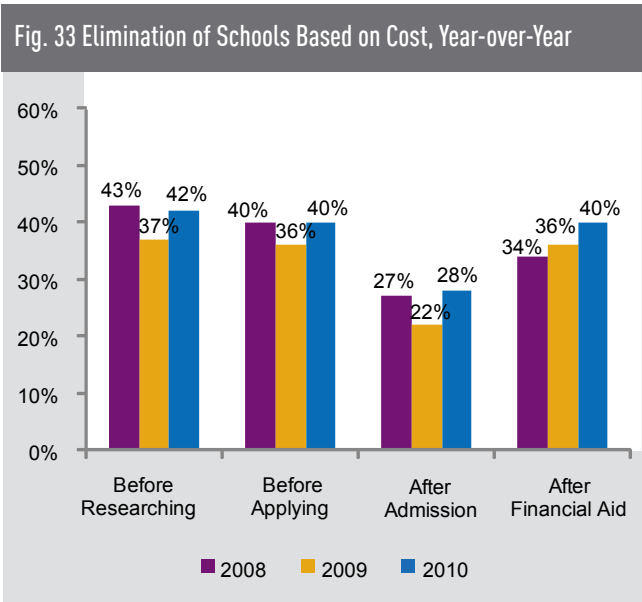
**ELIMINATION OF COLLEGES BASED ON COST**

Please let me know whether or not you eliminated any schools based on cost at each of the following steps in the college application process. Did you eliminate any schools based on cost \_\_\_\_\_?

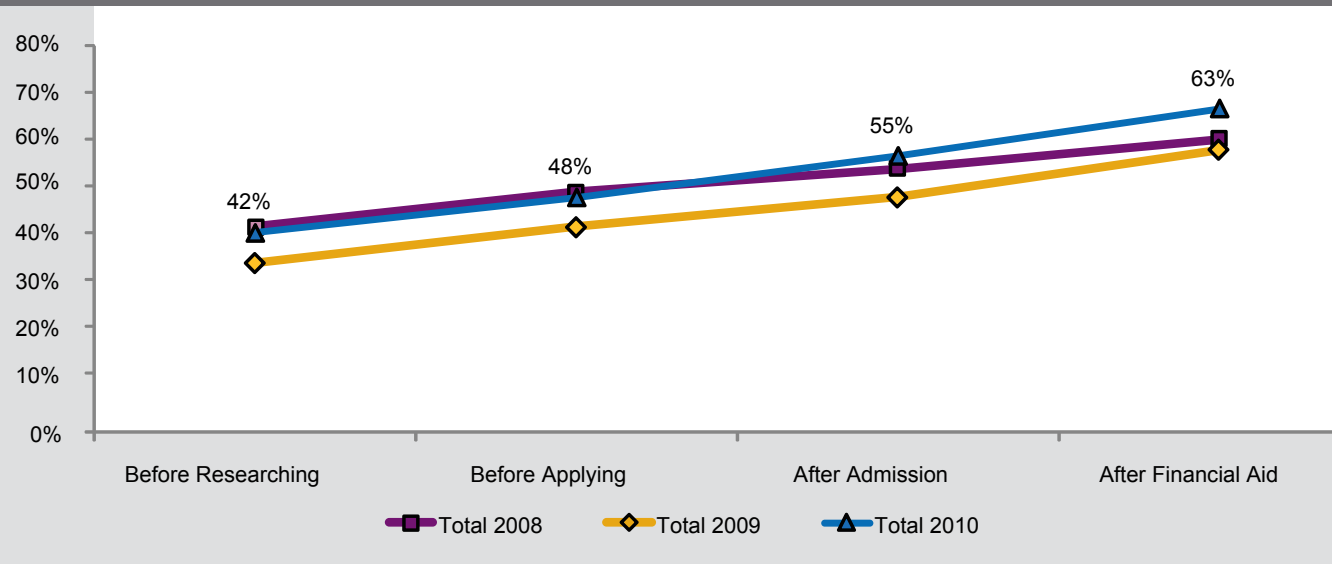
- a. Before you/your child decided which colleges to research?
- b. Before you/your child decided which colleges you/your child would apply to?
- c. After you found out which colleges you were/your child was admitted to, but before you looked at the financial aid packages?
- d. After you looked at the financial aid packages?

In 2009-10, families reported considering cost in choosing colleges more than they had in the previous two years. Sixty-three percent of families eliminated schools because of financial considerations at some point in the college selection and application process, compared to 56 percent in 2008-09 and 58 percent in 2007-08. While there was little difference in the percentage narrowing choices in the early stages of the selection process, more families eliminated colleges because of cost after receiving financial aid packages.

The number of families eliminating options after finding out about financial aid has steadily increased from 34 percent in 2007-08 to 40 percent in 2009-10. Similar to the previous year, directionally, students were slightly more cost conscious during all steps of the application and decision process than were parents. Still, 37 percent of families reported that cost considerations did not influence college choice.



**Fig. 34 Cumulative Elimination of Schools Based on Cost, Year-over-Year**



Unlike previous years, when the percentage of families who eliminated schools based on cost decreased as income increased, families earning from \$50,000 to less than \$100,000 were more likely to eliminate schools before researching than those earning less than \$50,000 per year and they were equally likely to eliminate schools before applying as the income groups earning less than \$50,000.

Hispanics were more likely than African-American families to eliminate colleges before researching colleges. African-Americans were most likely to eliminate colleges in the

Table 15 Elimination of Colleges Based on Cost					
% Saying Yes at Each Point					
	N	Before Researching	Before Applying	After Admission	After Financial Aid
<b>Total</b>	1618	42%	40%	28%	40%
Students	800	42%	43%	30%	42%
Parents	818	42%	38%	28%	39%
<b>Income</b>					
<\$35k	430	43%	45%	36%	45%
\$35-\$50k	228	42%	44%	31%	48%
\$50-\$100k	490	48%	46%	31%	43%
\$100-\$150k	249	41%	34%	23%	39%
\$150k+	197	30%	27%	18%	23%
<b>Race/Ethnicity</b>					
White	737	42%	40%	25%	37%
Black	404	38%	42%	42%	51%
Hispanic	376	47%	44%	33%	43%

Base: Parents of college students and college students.

later stages of the college selection process with 51 percent eliminating colleges based on cost after looking at the financial aid packages. At all four stages of the decision-making process, Whites eliminated colleges based on cost significantly more than the previous year.

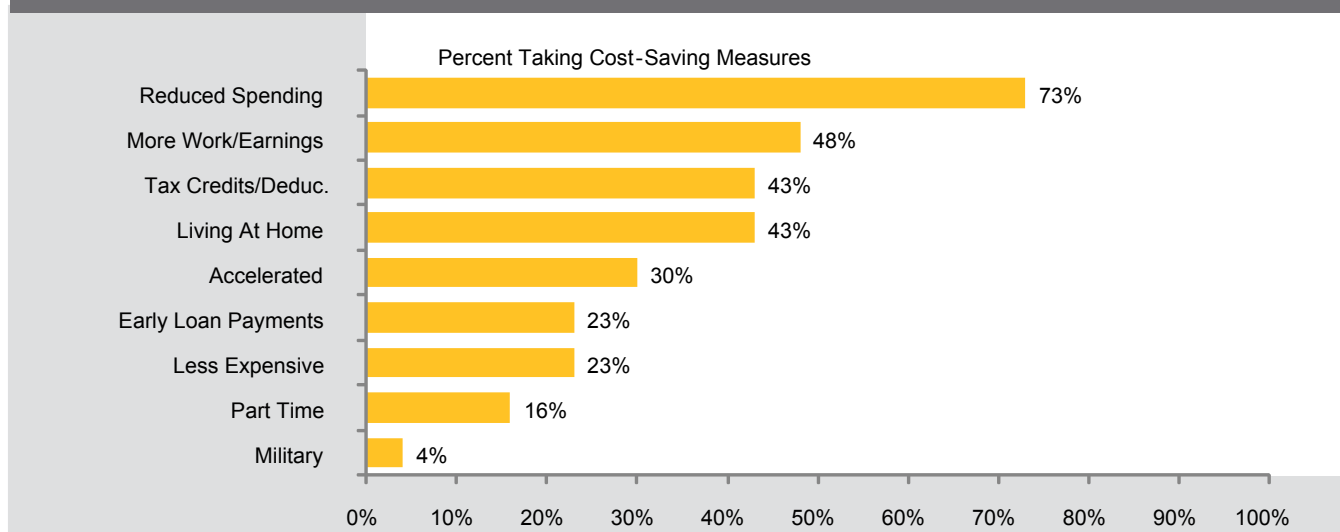
### COST CONSIDERATIONS

*For the 2009-10 academic year, did you/your child take any of the following actions to make college more affordable? How about...*

- a. Military benefits, ROTC or National Guard
- b. Choosing or transferring to a less expensive school
- c. Living at home
- d. Enrolling part-time
- e. Increasing work hours or earnings
- f. Reducing personal spending
- g. Accelerated coursework so you/your child could earn a degree in fewer semesters
- h. Filing for education tax credits or student loan interest tax deductions
- i. Making payments on student loans, rather than postponing them to reduce total loan costs

Families were asked whether they had taken specific cost-saving measures to make college more affordable during the 2009-10 academic year.<sup>10</sup> Virtually all respondents (99.9%) took at least one form of cost-saving measure. Seventy-eight percent took two or more measures to save money or cut costs.

Fig. 35 Cost-Saving Measures Taken During the Current Academic Year



<sup>10</sup> Methodology change: In prior surveys, respondents were asked about cost-saving measures taken during the college application process. In 2009-10, respondents were asked about cost-saving measures taken during the current academic year.

Reducing personal spending was the most commonly cited cost-saving measure, named by 73 percent of families. Increasing work hours or earnings was also a common action to make college more affordable, taken by 48 percent of families.

Forty-three percent of students lived at home to cut costs, tied with filing for education tax credits or student loan tax deductions as the third-most common action taken to make college more affordable. Students from lower-income families were much more likely to live at home than their higher-income counterparts. Fifty-seven percent of respondents from families who earned less than \$35,000 annually said they used living at home as a cost-saving measure versus 16 percent of respondents from families with annual incomes of \$150,000 or more.

Hispanic students were far more likely to live at home (64%) than White students (36%) and slightly more likely than African-American students (58%). Even when examining families at the same income level, Hispanic families were more likely than White families to take this cost-saving measure.

Military service was the least common cost-saving measure taken by students, with only 4 percent of families saying the student served in the military in some way to make college more affordable.

Accelerating coursework and enrolling part-time were other measures used to make college more affordable, though they were used less frequently as income increased. Respondents were about twice as likely to accelerate coursework to earn a degree in fewer semesters than to enroll part-time. In addition to being more likely to live at home, Hispanic students were also the most likely to choose to enroll part-time (32%) compared to African-American (22%) or White students (11%). Lower-income families were more likely to choose this option than higher-income families.

Twenty-three percent of families make early payments on their student loans to save money in the long run.

Fig. 36 Cost-Saving Measures Taken, by Race or Ethnicity

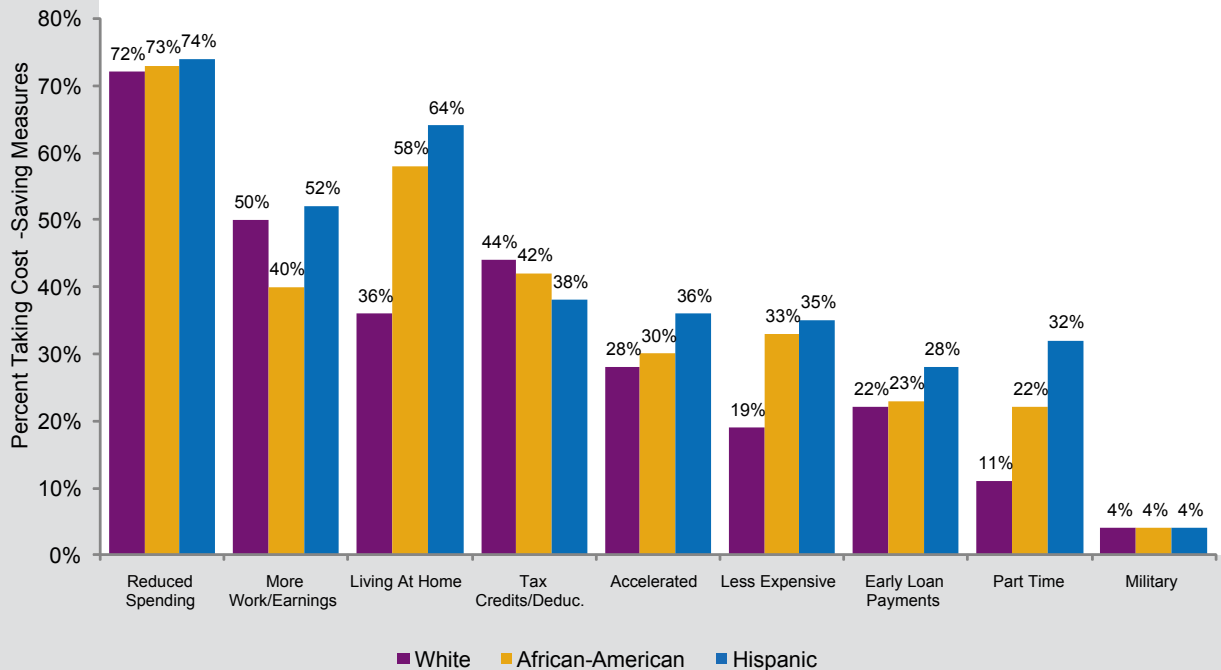


Table 16 More Affordable Options										
% Taking										
	N	Military	Less Expensive	Living At Home	More Work / Earnings	Reduced Spending	Part Time	Accelerate	Tax Credits / Deduc.	Early Loan Payments
Total	1621	4%	23%	43%	48%	73%	16%	30%	43%	23%
<b>Income</b>										
<\$35k	433	4%	31%	57%	48%	80%	26%	34%	44%	28%
\$35-\$50k	230	3%	33%	52%	58%	85%	22%	32%	56%	28%
\$50-\$100k	488	3%	20%	48%	49%	75%	14%	30%	46%	20%
\$100-\$150k	250	4%	19%	31%	50%	69%	8%	29%	42%	20%
\$150k+	196	4%	14%	16%	36%	49%	7%	23%	27%	15%
<b>Race/Ethnicity</b>										
White	735	4%	19%	36%	50%	72%	11%	28%	44%	22%
Black	404	4%	33%	58%	40%	73%	22%	30%	42%	23%
Hispanic	381	4%	35%	64%	52%	74%	32%	36%	38%	28%

Base: Parents of college students and college students.

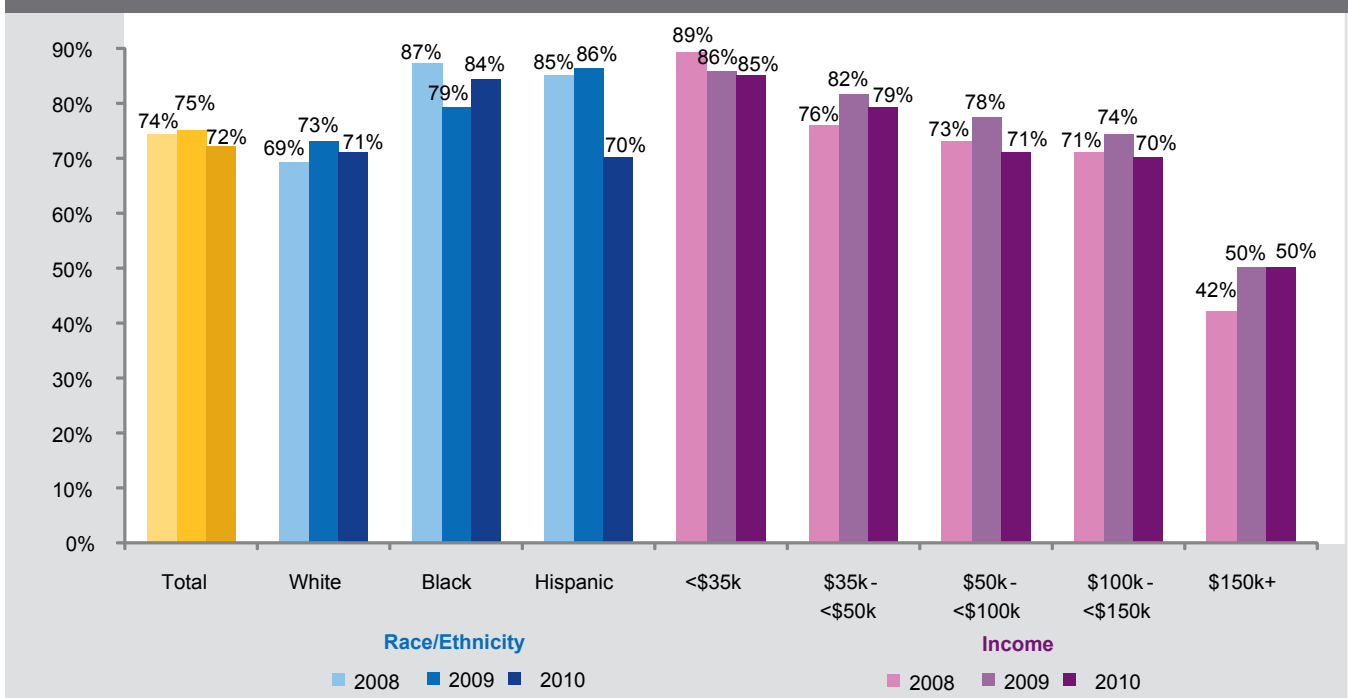
### COMPLETION OF FAFSA

*For the 2009-10 academic year, did you complete the FAFSA (Free Application for Federal Student Aid)?*

Consistent with prior years, approximately one in four students (28%) was ineligible to receive federal grants and student loans by failing to complete the Free Application for Federal Student Aid (FAFSA). Although the application rate declined slightly from the previous two years, the change was not statistically significant.

As may be expected, lower-income groups, those earning \$50,000 or less, were significantly more likely to fill out the FAFSA when compared to other income levels, and the highest-income group was significantly less likely to complete the application. Surprisingly, given higher levels of economic concern,<sup>11</sup> FAFSA completion was slightly lower in 2009-10 across all income categories compared to the previous year with the exception of respondents with annual incomes of \$150,000 or more, which remained the same at 50 percent. The largest decline was among those with incomes from \$50,000 to less than \$100,000 where

Fig. 37 Completion of FAFSA, Year-over-Year, by Race or Ethnicity and Income Level

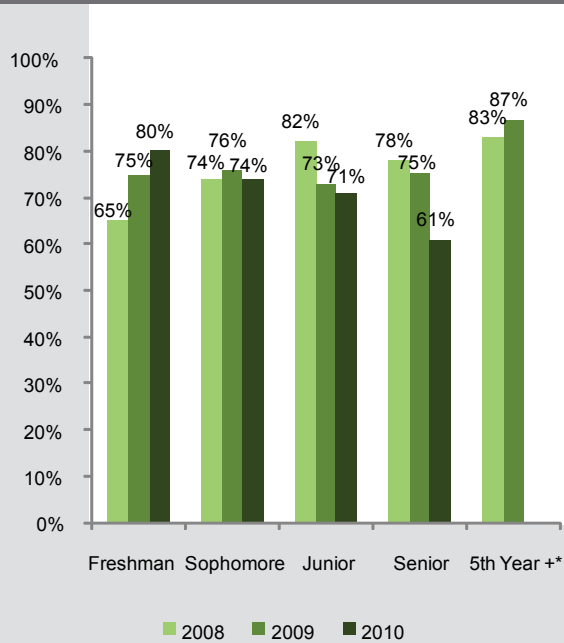


<sup>11</sup> See Parent Economic Concerns, page 53.

FAFSA completion fell from 78 percent to 71 percent, roughly equivalent with respondents making \$100,000 to less than \$150,000 (70%).

Eighty-four percent of African-American families submitted a FAFSA for 2009-10. African-American families were significantly more likely than White or Hispanic families to complete an application. White (71%) and Hispanic (70%) respondents had roughly the same likelihood of completing a FAFSA.

Fig. 38 Completion of FAFSA, Year-over-Year, by Grade Level



\*Insufficient sample size in 2010.

In 2009-10, FAFSA completion was highest among freshmen and fell as grade level increased. Freshmen were significantly more likely to complete an application compared to 2007-08. Seniors were the least likely to complete a FAFSA (61%) and had the largest decline among grade levels when compared to 2008-09 (75%). Seniors were significantly less likely than freshmen to complete the application.

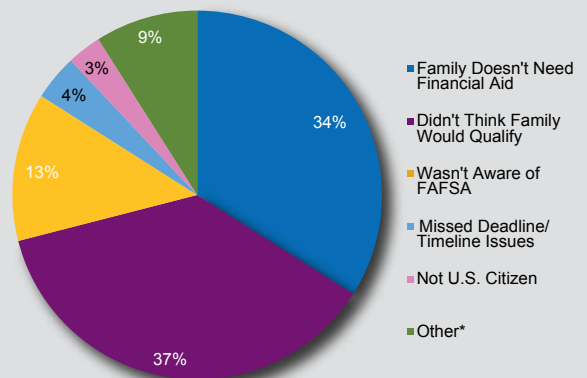
**PRIMARY REASONS FOR NOT COMPLETING FAFSA**

*(If did not complete FAFSA) Why didn't you complete the FAFSA (Free Application for Federal Student Aid)?*

Table 17 Completed FAFSA Application			
	N	% Yes	% No
<b>Total</b>	1624	72%	28%
Students	801	73%	27%
Parents	823	72%	28%
<b>Income</b>			
<\$35k	433	85%	15%
\$35k - <\$50k	230	79%	21%
\$50k - <\$100k	490	71%	29%
\$100k - <\$150k	250	70%	30%
\$150k+	197	50%	50%
<b>Race/Ethnicity</b>			
White	738	71%	29%
Black	404	84%	16%
Hispanic	381	70%	30%
<b>Grade Level</b>			
Freshman	466	80%	20%
Sophomore	482	74%	26%
Junior	350	71%	29%
Senior	243	61%	39%
5th Year +	72	.	.
<b>Region</b>			
Northeast	274	76%	24%
Midwest	337	77%	23%
South	633	74%	26%
West	379	64%	36%

Base: parents of college students and college students.

Fig. 39 Primary Reasons for Not Completing FAFSA



\*Other: see Table 18

Half of the families who did not complete the FAFSA either did not think that they would qualify for federal aid or were unaware of the FAFSA. The most common reason

among both parents and students for not filling out the FAFSA was the belief that their family would not qualify for aid. More than one-third (37%) said they did not think their family could qualify for aid. Thirteen percent of respondents were unaware of the FAFSA. Thirty-four percent

of families who did not fill out the FAFSA indicated that they did not need financial aid. Directionally, slightly fewer parents felt that they did not need aid this year compared to last, 37 percent of whom believed they did not need financial aid compared to nearly half (47%) in 2009.

	N	% Family Doesn't Need Financial Aid	% Didn't Think Family Would Qualify	% Wasn't Aware of FAFSA	% Missed Deadline/Timeline Issues	% Not U.S. Citizen	% Other*
Total	383	34%	37%	13%	4%	3%	9%
Students	176	30%	38%	8%	7%	5%	12%
Parents	207	37%	36%	18%	2%	0%	7%

\*Other includes too complicated, privacy concerns, someone else took care of it, waiting on tax information and parents wouldn't provide necessary information. Responses reported received at least 3% of total. Base: Parents of college students and college students who did not complete a FAFSA application.

## ATTITUDES AND PERCEPTIONS

During the last two years, we have experienced an economic crisis severely affecting most families' incomes, savings, and investments. This downturn has limited families' spending and forced many Americans to make careful and often difficult choices about how to use available funds. In the midst of this crisis, families continued to believe in the value of a college education. Parents with children enrolled in college worried a great deal about their economic situation, but these families admitted that they did not have a complete plan for how they were going to pay for it. Despite their worry, families strongly value higher education as an investment in the future and critical for a student's future occupation.

### REASONS FOR CONTINUING EDUCATION

I will read several statements about college. Please state how much you agree or disagree with each of the following statements on a five-point scale, where a 5 means you strongly agree and a 1 means you strongly disagree.

- a. I wanted/I wanted my child to attend college because a college degree is required for my/my child's desired occupation
- b. I wanted/I wanted my child to attend college because I/my child will earn more money with a college degree
- c. College is expected in our family

- d. A college education is part of the American Dream
- e. Before I/my child enrolled, our family had created a plan for paying for all years of college

Students more strongly agreed with practical considerations — earn more money (61%) and needed for desired career (64%) — as reasons for pursuing higher education than they agreed with emotion-driven reasons — part of the American dream (45%) and expected in our family (49%). This finding was consistent with students' ranking of reasons in the prior two years, although the gap is closing as strong agreement with practical reasons has decreased and strong agreement with less practical reasons has increased since 2008.

Fig. 40 Students' Reasons for Continuing Education, Strongly Agree, Year-over-Year

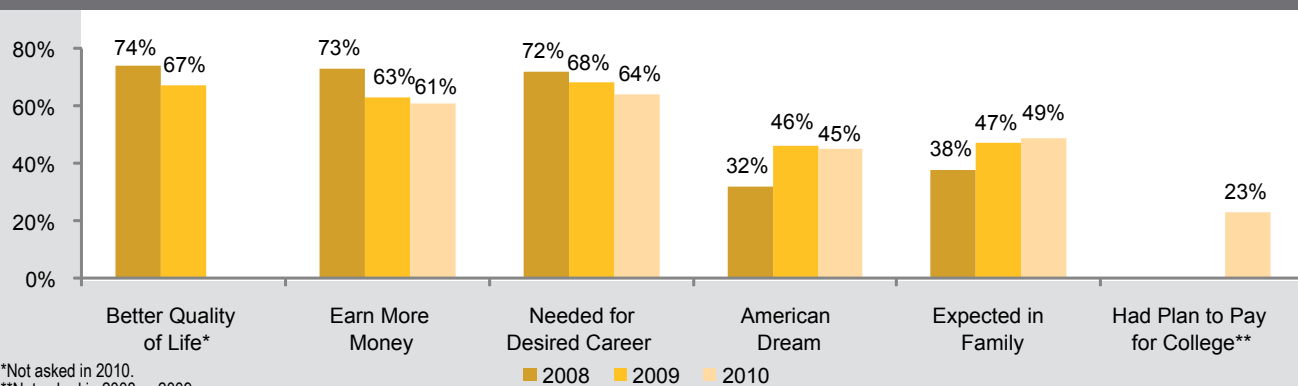
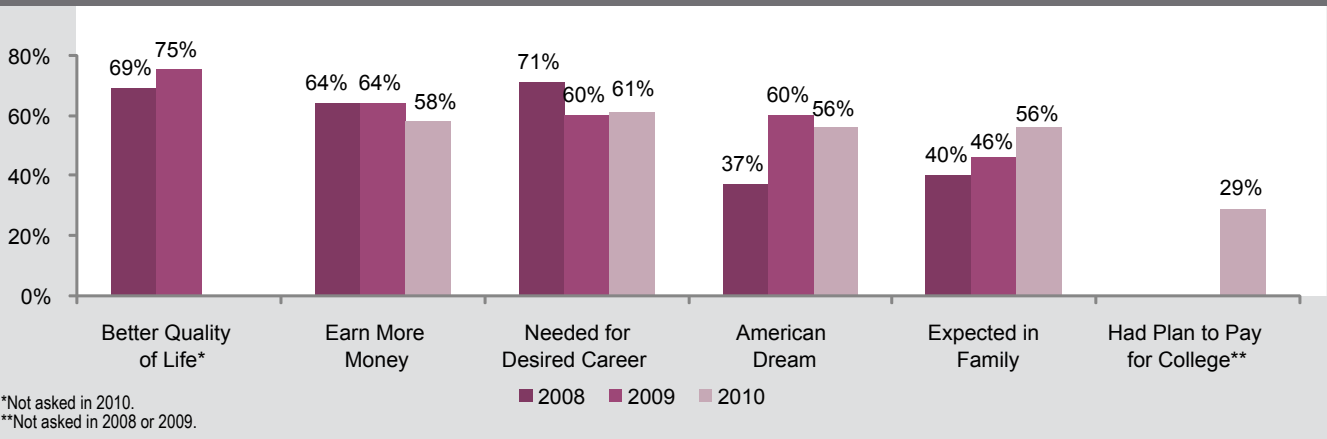




Fig. 41 Parents' Reasons for Continuing Education, Strongly Agree, Year-over-Year



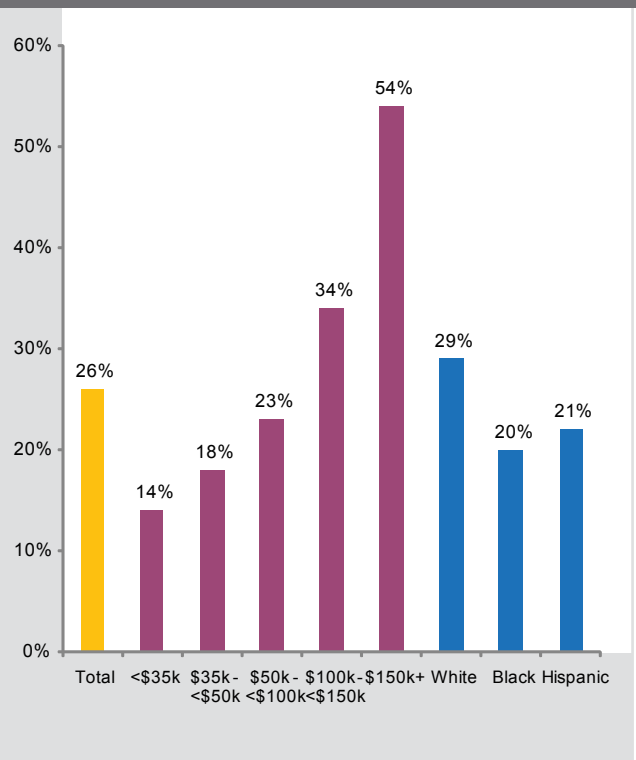
Parents' strong agreement with all four statements related to reasons for wanting their child to attend college was closely aligned. Although practical considerations—earn more money (58%) and needed for desired career (61%)—have a slight edge compared to emotion-driven reasons—part of the American Dream (56%) and expected in our family (56%)—these differences were not significant. Similarly to students, strong agreement with practical considerations has declined since 2008 while strong agreement with the less-practical reasons has increased, closing the gap.

Just as observed in 2009, 70 percent of those with household incomes of \$150,000 or more strongly agreed that college is expected in their family. Comparatively, 45 percent of respondents with annual household incomes of less than \$35,000 strongly agreed that college is expected in their family; however, this marked an increase from 33 percent in this income group in 2009.

African-American and Hispanic families were more likely than White families to strongly agree that they wanted to attend college both for practical reasons (to earn more money and to obtain their desired occupation) and for emotion-driven reasons (because it is expected in their family as well as to achieve the American Dream).

For the first time, in addition to identifying reasons for wanting to attend college, we asked families how strongly they agreed with the statement that they had a plan for paying for all years of college. About one-quarter of families (26%) strongly agreed with this statement while 29 percent strongly disagreed. Strong agreement with

Fig. 42 Had a Plan to Pay for All Years of College, % Strongly Agree, by Income and by Race/Ethnicity



that statement correlated with household income. Fifty-four percent of those earning \$150,000 or more strongly agreed and, as income decreased the rate of strong agreement decreased, with 13 percent of those earning less than \$35,000 strongly agreeing. By race or ethnicity, 29% of White families, 21% of Hispanic families and 20% of African-American families strongly agreed.

Table 19 Reasons for Continuing Education, Rated Strongly Agree						
% Strongly Agree						
	Total	Students	Parents	White	Black	Hispanic
N	1624	801	823	738	404	381
Needed for Desired Occupation	63%	64%	61%	59%	70%	73%
Earn More Money	29%	61%	58%	54%	74%	71%
Expected in Family	53%	49%	56%	49%	63%	61%
American Dream	51%	45%	56%	46%	57%	65%
Had Plan to Pay for College*	26%	23%	29%	29%	20%	21%
		<\$35k	\$35k - <\$50k	\$50k - <\$100k	\$100k - <\$150k	\$150k+
N		433	230	490	250	197
Needed for Desired Occupation		72%	61%	54%	67%	66%
Earn More Money		70%	61%	51%	58%	60%
Expected in Family		45%	45%	48%	65%	70%
American Dream		61%	51%	42%	51%	53%
Had Plan to Pay for College*		13%	18%	23%	34%	54%

\*Not asked in 2008 or 2009  
 Base: Parents of college students and college students.

Table 20 Reasons for Continuing Education, Scale 1-5						
	N	%1s Strongly Disagree	%2s	%3s	%4s	%5s Strongly Agree
Needed for Desired Occupation	1620	5%	5%	10%	17%	63%
Earn More Money	1624	2%	3%	13%	23%	59%
Expected in Family	1624	6%	6%	18%	17%	53%
American Dream	1619	3%	5%	16%	25%	51%
Had Plan to Pay for College*	1622	29%	15%	17%	13%	26%

\*Not asked in 2008 or 2009  
 Base: Parents of college students and college students.

### PERCEPTIONS OF COLLEGE VALUE

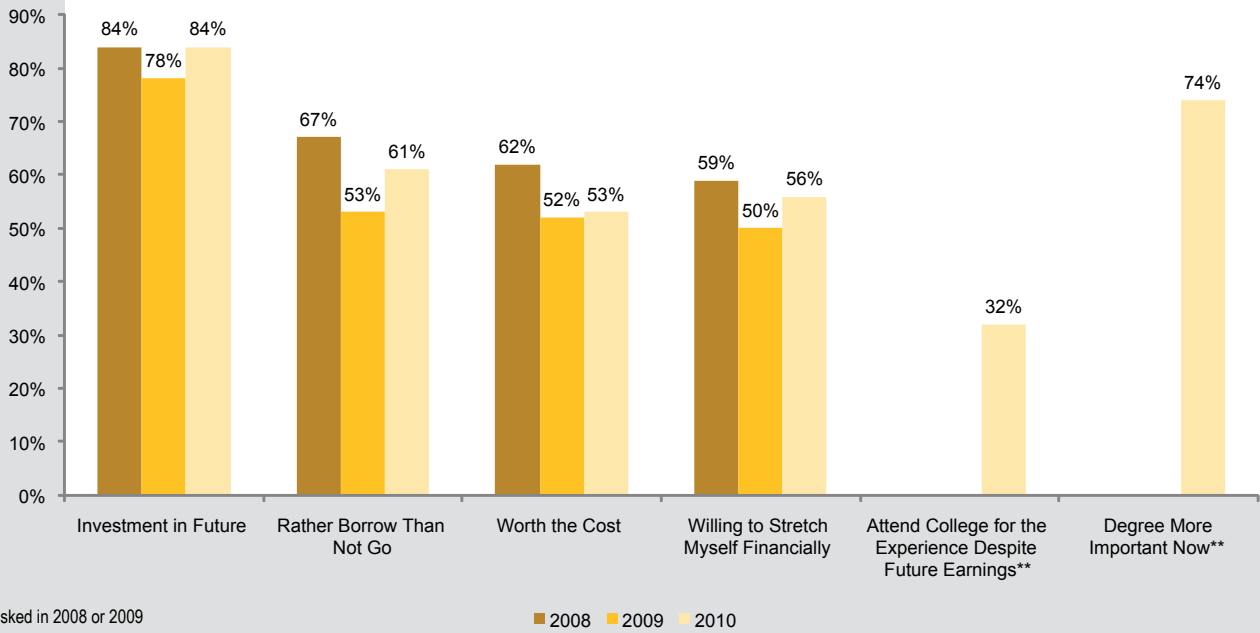
*I will read several statements about college. Please state how much you agree or disagree with each of the following statements on a five-point scale, where a 5 means you strongly agree and a 1 means you strongly disagree.*

- a. *I am willing to stretch myself financially to obtain the best opportunity for my/my child's future*
- b. *I would rather borrow to pay for college than (have my child) not be able to go at all*
- c. *College is definitely worth the cost*
- d. *College is an investment in my/my child's future*
- e. *I would go/send my child to college for the intellectual and social experience regardless of whether I/my child earned more money with a college degree*
- f. *Having a college degree is more important now than it used to be*

The statement receiving the highest percentage of strong agreement across all groups was “college is an investment in my/my child’s future.” The 83 percent who strongly agreed appeared to connect the value of college to an expectation of a future payoff. Though that payoff was not defined, the level of strong agreement with a new statement introduced this year appeared to indicate that the expectation of that payoff is at least partly financial. Only 32 percent of students and 33 percent of parents strongly agreed with the new statement that they or their children would attend college for the intellectual and social experience, regardless of whether more money were earned with a college degree.

Eighty-four percent of students strongly agreed that college is an investment in their future (78% strongly agreed in 2009). More students strongly agreed that they would rather borrow to pay for college than not be able to attend

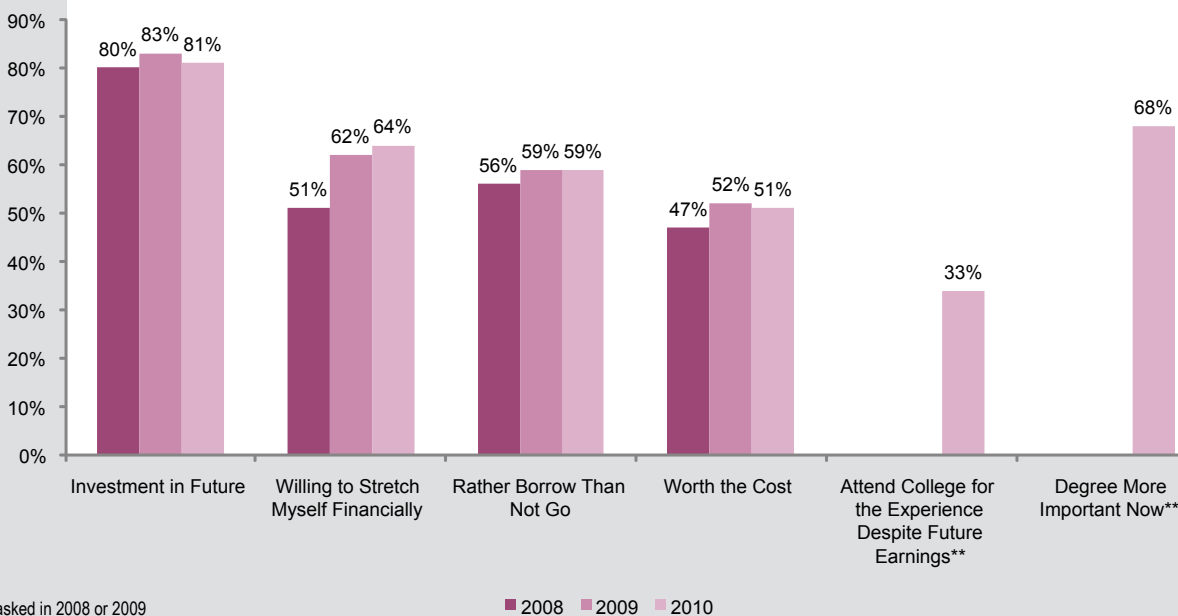
Fig. 43 Students' Attitudes toward College, Strongly Agree, Year-over-Year



(61%, up from 53% in 2009). Interestingly, however, the number of students who strongly agreed that college is definitely worth the cost was unchanged year-over-year and remains below 2008 levels. A higher number of students (74%) than parents (68%) strongly agreed that having a college degree is more important now than it used to be.

Parents' attitudes toward college have remained fairly static since 2009. Compared to 2008, however, more parents strongly agreed that they are willing to stretch themselves financially to obtain the best opportunity for their child (64%, up from 51% in 2008).

Fig. 44 Parents' Attitudes toward College, Strongly Agree, Year-over-Year



By race/ethnicity, White families (30%) were the least likely to strongly agree that they would attend college for the intellectual and social experience regardless of future earnings, while Hispanic families (44%) were the most likely. Overall, Hispanics appear to perceive higher college value than Whites or African-Americans. More Hispanic students and parents strongly agreed that they were willing to stretch themselves financially to attend college, that college was worth the cost, and that they would attend for the intellectual and social experience than did African-American or White students and parents.

There was a marked increase in perception of college value by the lowest household income group. Among households with incomes of less than \$35,000, the number of respondents who strongly agreed that college is definitely

worth the cost (65%) increased 15 percentage points over last year. Sixty-one percent, a 12 percentage point year-over-year increase, strongly agreed they were willing to stretch financially to obtain the best opportunity with regard to college. Furthermore, at 87 percent, there was a 13 percentage point year-over-year increase in the number of respondents who strongly agreed that college is an investment in the future.

Directionally, fewer households with incomes of \$150,000 and above (82%) strongly agreed that college is an investment in the future compared to last year (91%). Strong agreement on willingness to stretch financially (66%) also appeared to decrease slightly from 2009, though not significantly.

**Table 21 Attitudes Towards College, Rated Strongly Agree**

	% Strongly Agree					
	Total	Students	Parents	White	Black	Hispanic
<b>N</b>	1624	801	823	738	404	381
Willing to Stretch Myself Financially	60%	56%	64%	58%	60%	74%
Rather Borrow Than Not Go	60%	61%	59%	60%	62%	64%
Worth the Cost	52%	53%	51%	48%	56%	69%
Investment in Future	83%	84%	81%	80%	86%	88%
Attend College for the Experience Despite Future Earnings*	33%	32%	33%	30%	33%	44%
Degree More Important Now*	71%	74%	68%	66%	85%	80%
		<\$35k	\$35k - <\$50k	\$50k - <\$100k	\$100k - <\$150k	\$150k+
<b>N</b>		433	230	490	250	197
Willing to Stretch Myself Financially		61%	65%	54%	61%	66%
Rather Borrow Than Not Go		57%	61%	54%	68%	68%
Worth the Cost		65%	51%	42%	47%	60%
Investment in Future		87%	82%	78%	86%	82%
Attend College for the Experience Despite Future Earnings*		33%	31%	31%	32%	40%
Degree More Important Now*		81%	71%	67%	68%	63%

\*Not asked in 2008 or 2009  
Base: Parents of college students and college students.

**Table 22 Attitudes Towards College, Scale 1-5**

	N	%1s Strongly Disagree	%2s	%3s	%4s	%5s Strongly Agree
Willing to Stretch Myself Financially	1622	2%	3%	10%	25%	60%
Rather Borrow Than Not Go	1622	5%	4%	11%	20%	60%
Worth the Cost	1621	3%	5%	17%	23%	52%
Investment in Future	1624	0%	1%	3%	13%	83%
Attend College for the Experience Despite Future Earnings*	1621	9%	11%	21%	26%	33%
Degree More Important Now*	1623	2%	2%	9%	16%	71%

\*Not asked in 2008 or 2009  
Base: Parents of college students and college students.

**PARENT ECONOMIC CONCERNS**

*When thinking about paying for college, to what extent are you worried about each of the following economic factors? Please use a scale from one to five, where 5 is extremely worried and 1 is not at all worried. How worried are you about paying for college in today's economy because...*

- a. The value of your home will go down
- b. The value of your savings or investments will be lower than you expected
- c. Loan rates will go up
- d. Student loan money will be less available
- e. Your child won't be able to find a summer job to earn money for next semester/employment after graduation
- f. Schools will have to raise tuition to cover their increased costs
- g. Earned income will go down due to job loss
- h. Scholarship and grant money will be less available

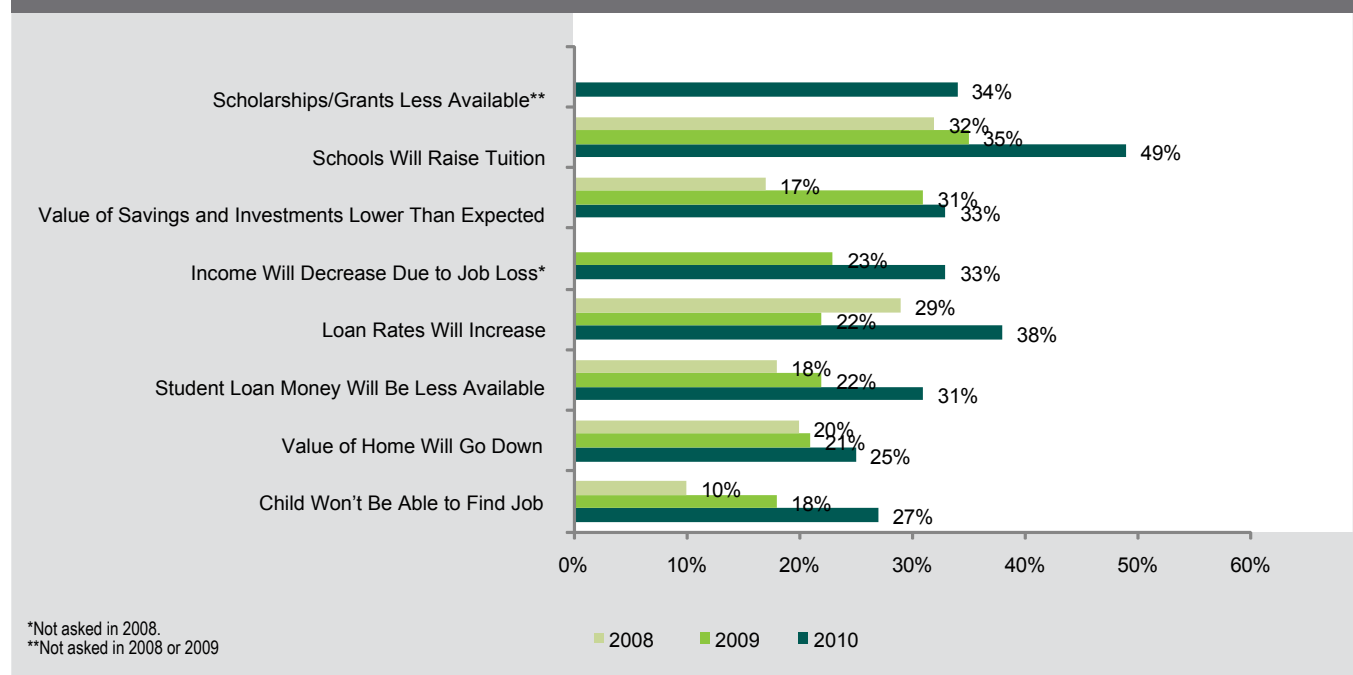
When thinking about paying for college, parents of college students were much more worried about economic factors today than they have been in the previous two years. Parents' top economic concern remained that schools will raise tuition — the percentage of parents who said they were extremely worried about tuition increases

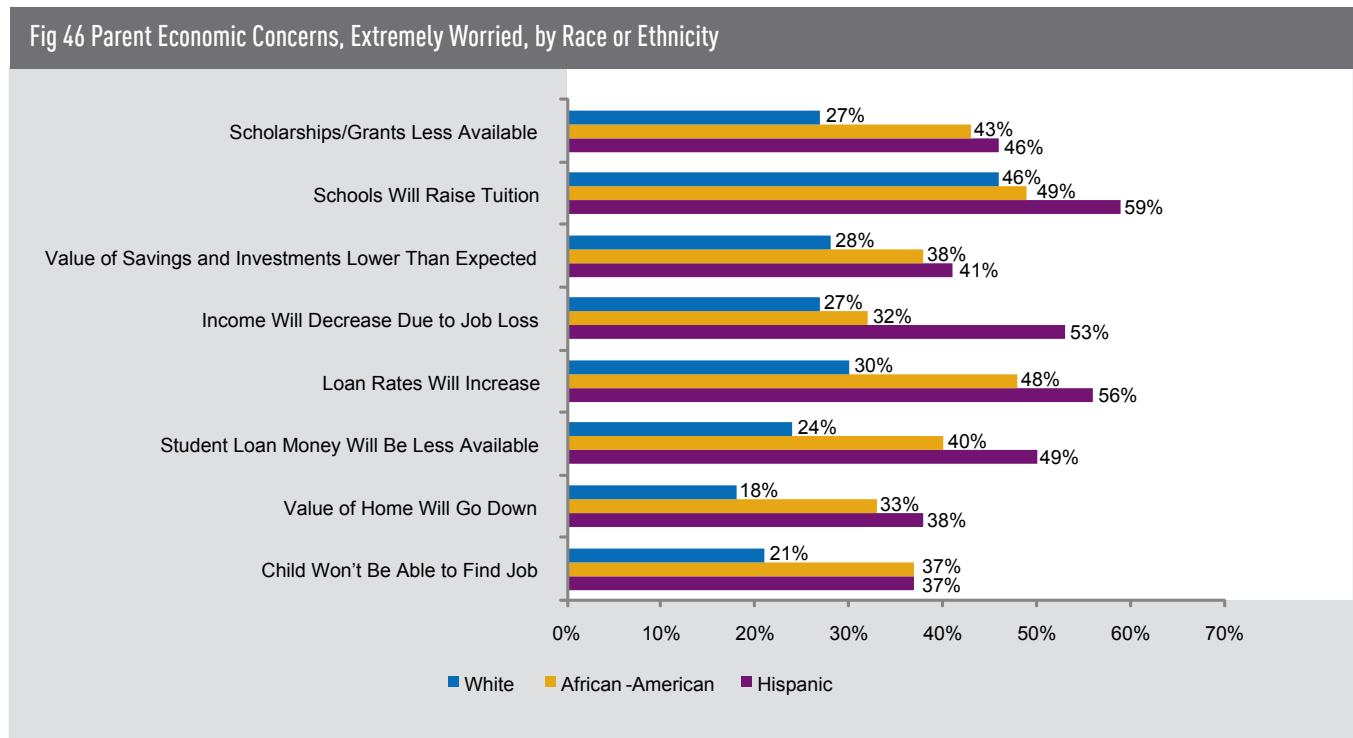
jumped from 35 percent in 2009 to 49 percent this year. Sixty-eight percent of parents were either “extremely” or “very” worried about tuition increases, a sharp increase over last year's 58 percent.

Parental anxiety has increased for all of the economic factors considered since last year. There was a 9 percentage point or greater increase over last year in worry about earned income decreasing due to job loss, a child not being able to find a summer job or employment after graduation, loan rates increasing, and student loan money being less available.

More Hispanic parents were extremely worried about all of the economic factors than were White parents. Directionally, African-American parents seem to be slightly less worried than Hispanic parents, though levels are statistically similar. While schools raising tuition was the greatest worry across races or ethnicities, increases in loan rates was the second-greatest worry for Hispanic (56%), African-American (48%), and White parents (30%). Hispanic parents were the most worried that their income will go down due to job loss (53%) compared to African-American (32%) and White parents (27%).

**Fig 45 Parent Economic Concerns, Extremely Worried, Year-over-Year**





Extreme worry appeared to correspond with income levels. More respondents from households with annual incomes of less than \$35,000 were extremely worried about all of the

economic factors while many fewer families with incomes of \$150,000 or more reported being extremely worried.

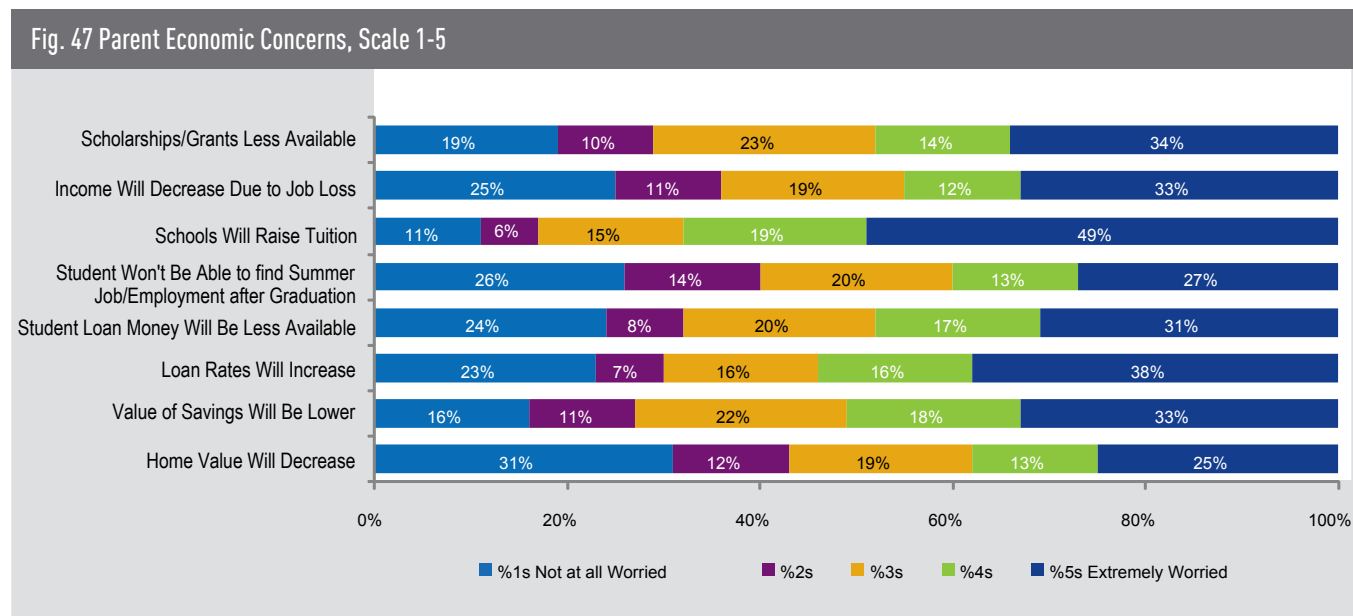




Fig. 48 Hispanic Parent Economic Concerns, Scale 1-5

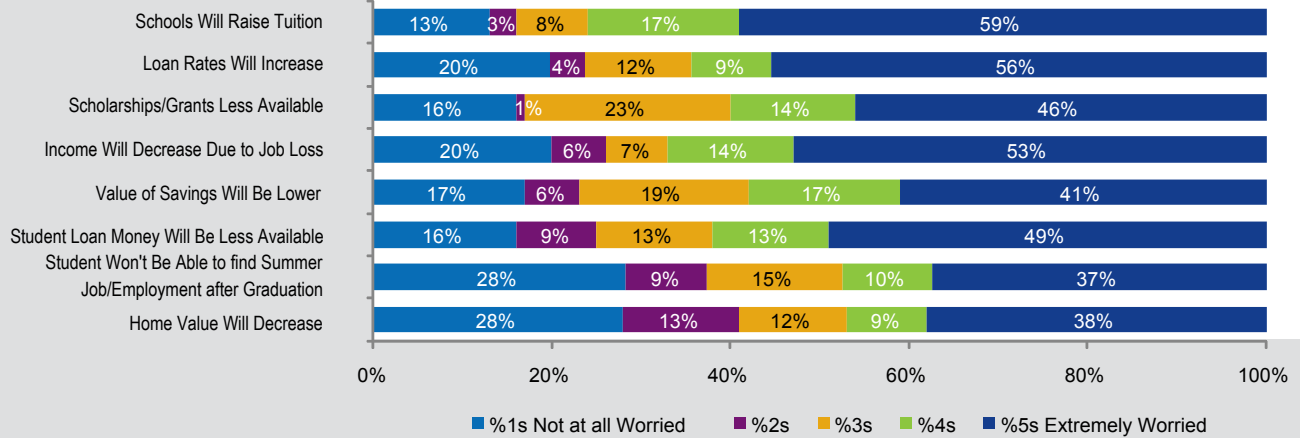


Table 23 Parent Economic Concerns, Scale 1-5

	N	% 1s Not at all Worried	%2s	%3s	%4s	% 5s Extremely Worried
Home Value Will Decrease	823	31%	12%	19%	13%	25%
Value of Savings Will Be Lower	823	16%	11%	22%	18%	33%
Loan Rates Will Increase	823	23%	7%	16%	16%	38%
Student Loan Money Will Be Less Available	823	24%	8%	20%	17%	31%
Student Won't Be Able to Find Summer Job/ Employment After Graduation	823	26%	14%	20%	13%	27%
Schools Will Raise Tuition	823	11%	6%	15%	19%	49%
Income Will Decrease Due to Job Loss*	823	25%	11%	19%	12%	33%
Scholarships/Grants Less Available**	823	19%	10%	23%	14%	34%

\*Not asked in 2008.

\*\*Not asked in 2008 or 2009

Base: Parents of college students and college students.

Table 24 Parent Economic Concerns, Rated Extremely Worried (5)

	N	Home Value Will Decrease	Value of Savings Will Be Lower	Loan Rates Will Increase	Student Loan Money Will Be Less Available	Student Won't Find Job	Schools Will Raise Tuition	Income Will Decrease Due to Job Loss*	Scholarships/Grants Less Available**
Total Parents	823	25%	33%	38%	31%	27%	49%	33%	34%
<b>Race/Ethnicity</b>									
White	381	18%	28%	30%	24%	21%	46%	27%	27%
Black	216	33%	38%	48%	40%	37%	49%	32%	43%
Hispanic	191	38%	41%	56%	49%	37%	59%	53%	46%
<b>Income</b>									
<\$35k	140	37%	.	59%	48%	42%	63%	53%	49%
\$35k - <\$50k	99	.	.	.	.	.	.	.	.
\$50k - <\$100k	275	22%	32%	38%	29%	25%	52%	30%	32%
\$100k - <\$150k	169	18%	22%	23%	21%	17%	39%	21%	23%
\$150k+	129	.	.	21%	11%	.	31%	18%	20%
<b>Region</b>									
Northeast	165	25%	31%	27%	31%	20%	41%	28%	32%
Midwest	162	23%	35%	38%	33%	32%	55%	38%	39%
South	262	24%	31%	43%	32%	25%	46%	34%	33%
West	234	28%	35%	38%	31%	29%	55%	32%	33%

Small sample sizes. Please refer to Sampling Tolerance in Technical Appendix.

\*Not asked in 2008.

\*\*Not asked in 2008 or 2009

Base: Parents of college students and college students.

**PARENT PAYMENTS ON STUDENT EDUCATION LOANS**

On a scale of one-to-five, with 1 being strongly disagree and 5 being strongly agree, how much do you agree or disagree with each of the following statements regarding payments on the education loans in your child's/your name? How about...

- a. I/my parents will pay off the full amount of the loans in my child's/my name
- b. I/my parents will make payments on loans in my child's/my name while my child is/I am in school to reduce loan costs
- c. I/my parents will make payments temporarily on loans in my child's/my name if my child has/I have financial difficulty
- d. I/my parents will not make any payments on the loans in my child's/my name

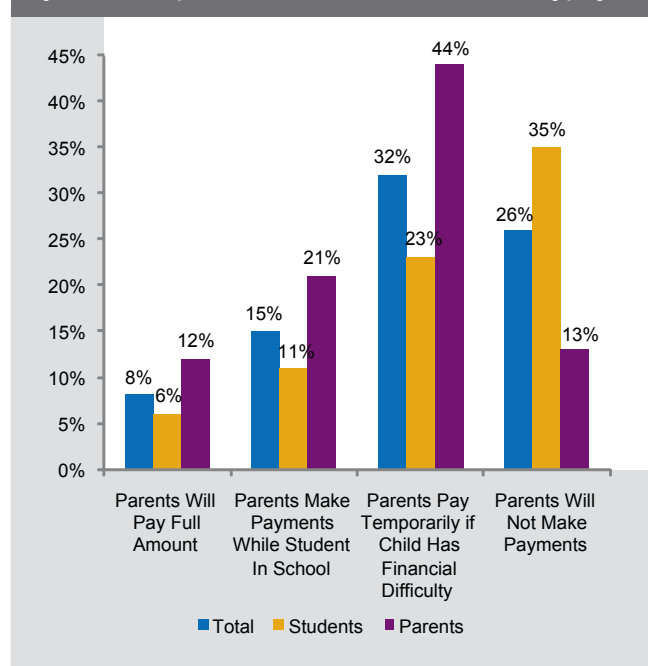
Among families where an education loan(s) was in the student's name, most indicated that parents would help their children if they needed help repaying student loans. Roughly half (51%) indicated agreement (rating 4 or 5) that parents would temporarily make payments on student loans if the children had financial difficulty.

Specifically, 32 percent of families strongly agreed (rated 5) that parents will temporarily pay student loans if their child has financial difficulty. Twenty-six percent of families strongly agreed that parents will not make any payments on the student's education loans, while 15 percent strongly agreed that parents will make payments on the loan while the child is in school to reduce loan costs. Eight percent

strongly agreed that the parents will pay the entire loan in the student's name.

Most notable were the great disparities that existed between parents' and students' perceptions of the assistance parents will provide students in paying these loans. Parents were more likely than students to agree that parents will provide assistance in funding student loan payments. For example, 35 percent of students strongly agreed that their parents will not make any payments on the student's loan, while only 13 percent of parents strongly agreed with this statement.

**Fig. 50 Parent Payment on Student Education Loans, Strongly Agree**



**Fig. 49 Parent Payment on Student Education Loans, Scale 1-5**

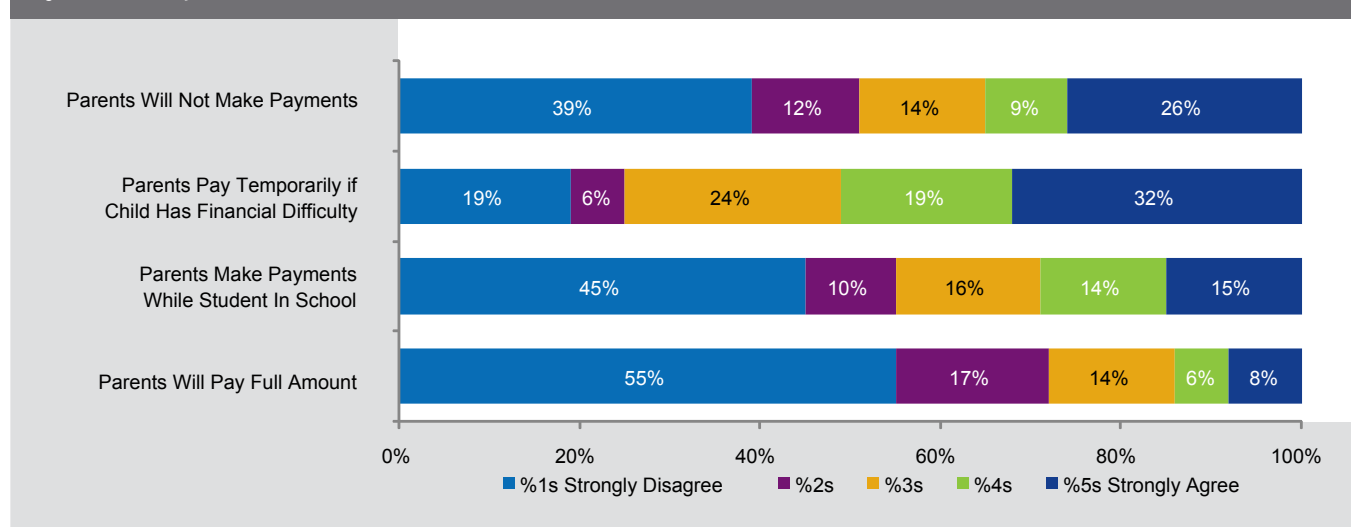


Table 25 Parent Payments on Student Education Loans, Rated Strongly Agree

	% Strongly Agree		
	Total	Students	Parents
N	475	271	204
Parents Will Pay Full Amount	8%	7%	12%
Parents Make Payments While Student In School	15%	11%	21%
Parents Pay Temporarily if Child Has Financial Difficulty	32%	23%	44%
Parents Will Not Make Payments	26%	35%	13%

Base: Parents of college students and college students where the college student used an education loan.  
Note: Question was not asked in 2009 or 2008.

Table 26 Parent Payments on Student Education Loans, Scale 1-5

	N	%1s Strongly Disagree	%2s	%3s	%4s	%5s Strongly Agree
Parents Will Pay Full Amount	475	55%	17%	14%	6%	8%
Parents Make Payments While Student In School	475	45%	10%	16%	14%	15%
Parents Pay Temporarily if Child Has Financial Difficulty	475	19%	6%	24%	19%	32%
Parents Will Not Make Payments	475	39%	12%	14%	9%	26%

Base: Parents of college students and college students where the college student used an education loan.  
Note: Question was not asked in 2009 or 2008.

## ACCEPTABILITY OF DEBT

*Now I would like you to think about different types of debt. On a five-point scale, where 5 is very acceptable and 1 is not at all acceptable, please tell me how you feel about carrying the following types of debt? How about \_\_\_\_\_?*

- A student loan*
- A car or vehicle loan*
- A mortgage*
- A home equity line of credit*
- Credit Card Debt*
- Retail purchases on credit*
- Cash advances or personal loans*

The percentage of families that feel each of the debt types is very acceptable is similar to the responses given in 2008. In 2010, mortgages were considered to be a very acceptable type of debt by the most number of families (34%), followed by student loans (29%) and car loans (17%). Credit card debt is considered not at all acceptable by over half of all families (52%), followed by cash advance and personal loans (46%) and retail purchases on credit (44%).

More parents than students perceived a mortgage as very acceptable. A student loan, however, is very acceptable for more students (34%) than parents (24%). Parents were

also more likely than students to find a home equity line of credit, credit card debt, retail purchases on credit and cash advances very unacceptable.

Credit card debt is not at all acceptable to roughly half of both parents (56%) and students (49%), while cash advances and personal loans are not at all acceptable to more parents (55%) than students (37%)

Credit card debt is regarded as not at all acceptable by the most number of families across nearly all income levels and all racial and ethnic groups. Fifty-eight percent of respondents from households with incomes of less than \$35,000 feel credit card debt is not at all acceptable. More African-American families feel credit card debt is not at all acceptable (58%) than White (50%) families.

For the most part, as household income increases, fewer respondents find a student loan not at all acceptable. A student loan is considered not at all acceptable by more respondents from households with incomes of less than \$35,000 (18%) than by households with incomes of \$150,000 or more (11%).

Student loans are considered not at all acceptable by more Hispanic (19%) and African-American families (18%) than White families (12%).

Fig. 51 Acceptability of Debt

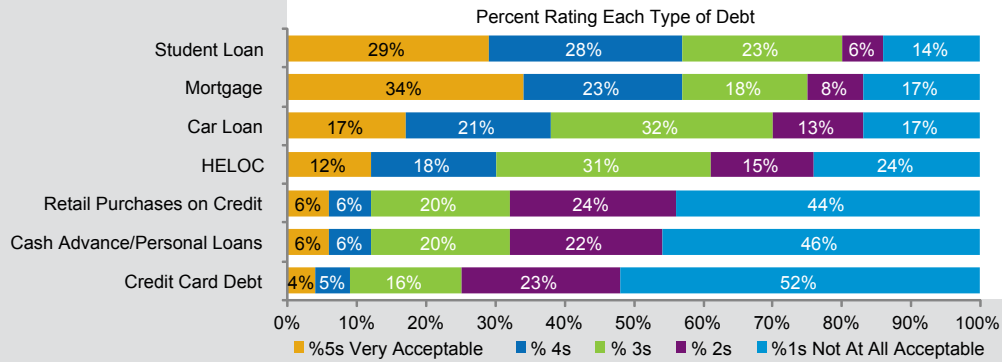


Table 27a Feelings Toward Carrying Debt

		% Very Acceptable						
	N	Student Loan	Car Loan	Mortgage	HELOC	Credit Card Debt	Retail Purchases on Credit	Cash Advance / Personal Loans
<b>Total</b>	1623	29%	17%	34%	12%	4%	6%	6%
Students	801	34%	15%	28%	9%	3%	4%	5%
Parents	822	24%	18%	40%	14%	6%	7%	7%
<b>Income</b>								
<\$35k	432	34%	19%	27%	14%	7%	9%	12%
\$35-\$50k	230	24%	15%	27%	11%	5%	2%	6%
\$50-\$100k	490	25%	13%	34%	10%	4%	5%	4%
\$100-\$150k	250	33%	21%	38%	11%	2%	5%	4%
\$150k+	197	32%	19%	49%	14%	4%	7%	4%
<b>Race/Ethnicity</b>								
White	738	30%	18%	36%	10%	3%	5%	4%
Black	404	23%	19%	33%	18%	10%	10%	12%
Hispanic	380	31%	15%	29%	15%	9%	7%	11%

Base: Parents of college students and college students.  
 Note: Question not asked in 2009.

Table 27b Feelings Toward Carrying Debt

		% Not At All Acceptable						
	N	Student Loan	Car Loan	Mortgage	HELOC	Credit Card Debt	Retail Purchases on Credit	Cash Advance / Personal Loans
<b>Total</b>	1623	14%	18%	17%	24%	52%	44%	46%
Students	801	9%	15%	17%	20%	49%	39%	37%
Parents	822	18%	20%	19%	28%	51%	49%	55%
<b>Income</b>								
<\$35k	432	18%	22%	27%	30%	58%	47%	44%
\$35-\$50k	230	16%	24%	21%	34%	56%	51%	49%
\$50-\$100k	490	13%	14%	16%	22%	48%	41%	42%
\$100-\$150k	250	10%	13%	13%	16%	49%	40%	50%
\$150k+	197	11%	17%	10%	17%	55%	46%	50%
<b>Race/Ethnicity</b>								
White	738	12%	13%	13%	20%	50%	41%	46%
Black	404	18%	25%	24%	33%	58%	50%	49%
Hispanic	380	19%	27%	27%	32%	55%	50%	42%

Base: Parents of college students and college students.  
 Note: Question not asked in 2009.

## STUDENT MONTHLY BILLS

In addition to paying for the direct costs of college, college students and their families have indirect costs and lifestyle expenses to cover. New questions in this year's survey provide a snapshot of a few select types of bills and the average amounts students or their parents are paying on a monthly basis.

### STUDENT CREDIT CARD USE

*Do you/Does your student have a credit card?*

Just over two in five college students had a credit card. Students are more likely than their parents to report the student having a credit card. When asked whether the student had a credit card, nearly half (49%) of student respondents said they did, whereas just over one-third (35%) of parent respondents said their student had a card.

White students were significantly more likely than African-American students to have credit cards. Close to half of White students (45%) had a credit card compared to 38 percent of Hispanic students and 27 percent of African-American students. Generally, as income rose so did the likelihood that a student had a credit card. More than half (54%) of students from families with annual incomes of \$150,000 or more had credit cards, significantly higher than lower-income groups. Students from families with incomes of \$35,000 to less than \$50,000 were the least likely (27%) to have credit cards.

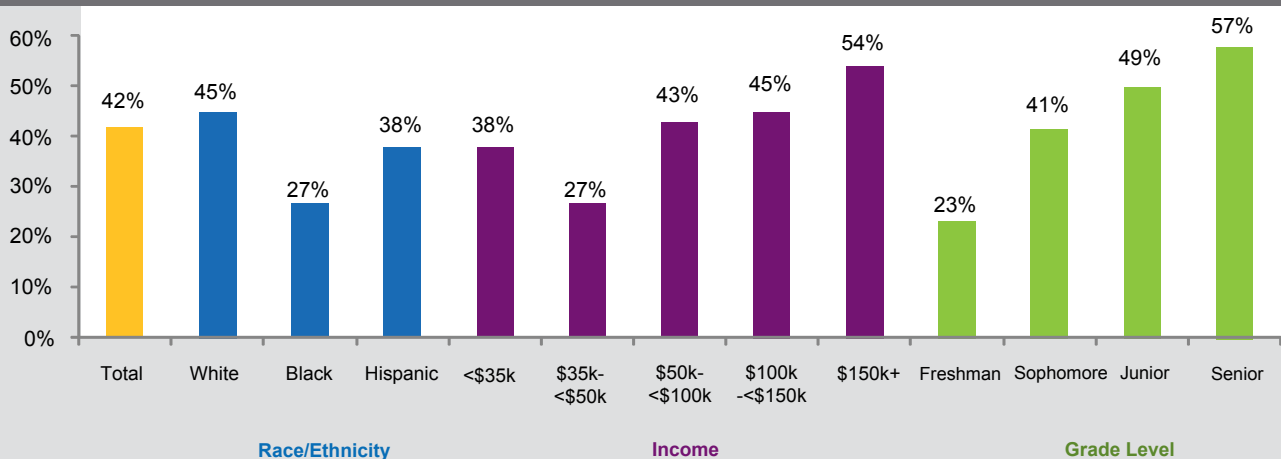
As students advanced in college grade level, they were more likely to have a credit card. Less than half as many college freshmen (23%) reported having credit cards as compared to college seniors (57%). Freshmen were significantly less likely to have a credit card compared to all other grade levels.

Table 28 Students with Credit Cards

	N	Yes	No
<b>Total</b>	1616	42%	58%
Students	800	49%	51%
Parents	816	35%	65%
<b>Race/Ethnicity</b>			
White	736	45%	55%
Black	403	27%	73%
Hispanic	376	38%	62%
<b>Income</b>			
<\$35k	428	38%	62%
\$35k - <\$50k	229	27%	73%
\$50k - <\$100k	488	43%	57%
\$100k - <\$150k	250	45%	55%
\$150k+	197	54%	46%
<b>Region</b>			
Northeast	274	42%	58%
Midwest	335	45%	55%
South	632	37%	63%
West	375	47%	53%
<b>Grade Level</b>			
Freshman	463	23%	77%
Sophomore	479	41%	59%
Junior	349	49%	51%
Senior	242	57%	43%
5th Year +	72	.	.

Base: Parents of college students and college students.  
Note: Question not asked in 2009.

Fig. 52 Students with Credit Cards, by Race/Ethnicity, by Income and by Grade Level



**STUDENT MONTHLY BILLS**

Please tell me the average amount you pay and the average amount your parents pay/your child pays per month on each of the following types of bills?

- a1. (Asked if student had credit card) Student monthly payment on Credit Card
- a2. (Asked if student had credit card) Parents' monthly payment on Credit Card
- b1. Student monthly payment on Cell Phone
- b2. Parents' monthly payment on Cell Phone
- c1. Student monthly payment on Internet/Cable/Movie Services
- c2. Parents' monthly payment on Internet/Cable/Movie Services

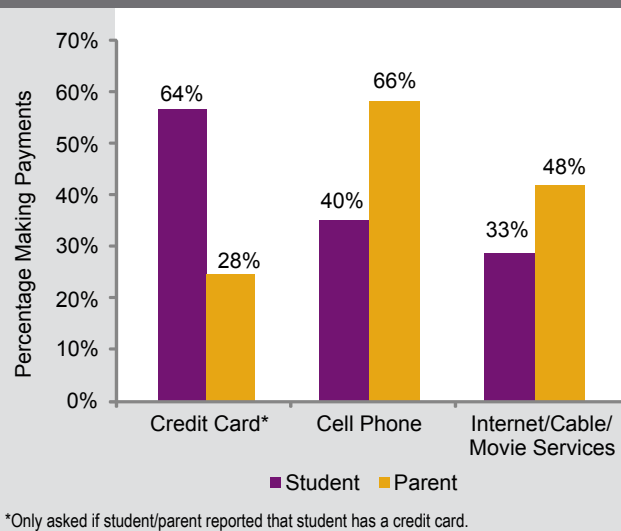
Ninety-six percent of families reported making monthly payments on one or more of the following bills: student credit card, student cell phone and student media service. Families where a student and/or parent makes payments on these bills paid an average of \$225 per month. On average, students (\$154) and parents (\$157) made roughly equivalent total monthly payments. Hispanic families had the highest average monthly payments (\$260) among ethnic or racial groups, \$62 more on average than African-American families who have the lowest payment total. The range of average total monthly payments among all but the highest-income category was relatively small (\$42). Those families in the highest income group of \$150,000 or more have the highest average total monthly payments of \$303, nearly \$100 more than any other income group.

Among students who had credit cards, it was primarily the students themselves who made monthly payments. Sixty-four percent of card-holding students made monthly

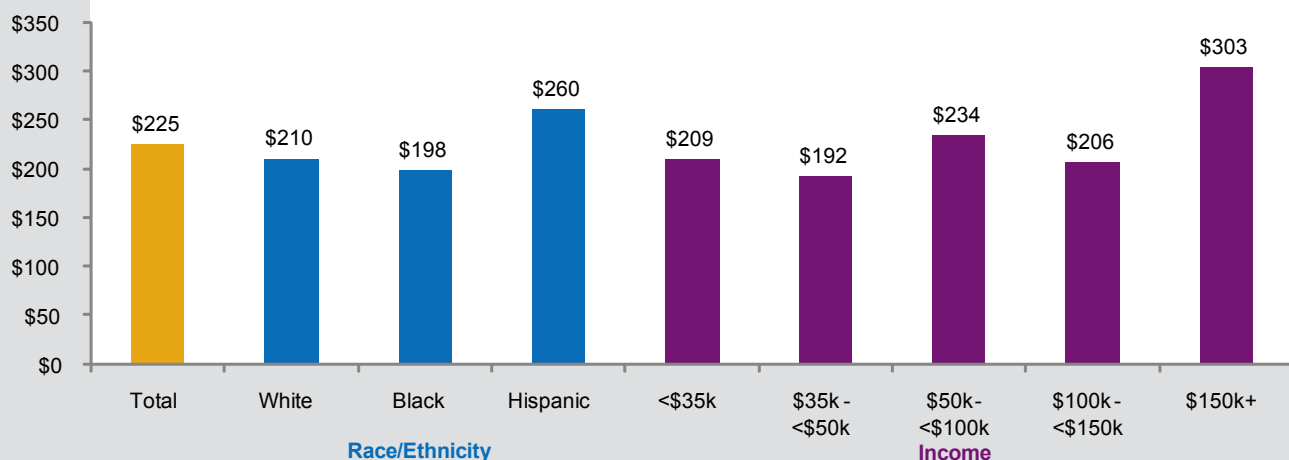
payments as opposed to 28 percent of parents. Of the three types of student expenses surveyed, parents were least likely to make payments on their student's credit card. Those parents who contributed toward their student's credit card paid an average of \$259 per month. Students making a monthly credit card payment spent an average of \$168 per month.

In contrast to credit cards, 66% of all surveyed parents made monthly payments toward their student's cell phone bill. The average parent monthly payment was \$75. Forty percent of all surveyed students said that they made monthly cell phone payments with an average payment of \$72. Payments on media services (internet, cable, movie services) were less common among students (33%) and parents (48%) compared to cell phone payments. For those who made payments toward media services, the average amount spent by parents was \$102 and by students was \$78.

**Fig. 53 Select Student Monthly Bill Payments**



**Fig. 54 Average Total Amount Paid on Monthly Bills\*, Student and Parent Combined, by Race or Ethnicity and by Income**



\*Monthly bills include credit card payment, cell phone, and internet/cable/movie services. Note: Average of either parent and/or student monthly spending excluding those who reported that both parent and student paid nothing each month on all types of bills.



	N	% Making Payment
<b>Student</b>		
Credit Card*	603	64%
Cell Phone	1587	40%
Internet/Cable/Movie Services	1554	33%
Student Total	801	61%
<b>Parent</b>		
Credit Card*	645	28%
Cell Phone	1537	66%
Internet/Cable/Movie Services	1524	48%
Parent Total	823	77%
<b>Total</b>		
Student/Parent Total	1624	96%

Base: Parents of college students and college students except\*.

\*Parents of college students and college students where the college student had a credit card.

Note: Not asked in 2009 or 2008.

	N	Average Monthly Payment
<b>Student</b>		
Credit Card*	407	\$168
Cell Phone	695	\$72
Internet/Cable/Movie Services	487	\$78
Student Total	998	\$154
<b>Parent</b>		
Credit Card*	186	\$259
Cell Phone	969	\$75
Internet/Cable/Movie Services	778	\$102
Parent Total	1249	\$157
<b>Total</b>		
Student/Parent Total**	1553	\$225

Note: Excludes those who reported paying "0" or nothing on a given bill each month.

\*Only asked if student/parent reported that the student has a credit card.

\*\*Average of either parent or student monthly spending excluding those who reported that both parent and student paid nothing each month on all types of bills.

	N	Average Total Monthly Payment
<b>Total</b>	1553	\$225
<b>Race/Ethnicity</b>		
White	1002	\$210
Black	209	\$198
Hispanic	211	\$260
<b>Income</b>		
<\$35k	363	\$209
\$35k - <\$50k	220	\$192
\$50k - <\$100k	483	\$234
\$100k - <\$150k	255	\$206
\$150k+	210	\$303

\*Monthly bills include credit card payment, cell phone, and internet/cable/movie services.

Note: Average of either parent and/or student monthly spending excluding those who reported that both parent and student paid nothing each month on all types of bills.

# TECHNICAL APPENDIX

## Sampling Tolerances

In interpreting survey results, one should keep in mind that all sample surveys are subject to sampling error, that is, the extent to which the results may differ from what would be obtained if the whole population had been interviewed. The size of such sampling errors depends largely on the number of interviews.

The following tables may be used in estimating the sampling error of any percentage in this report. The computed allowances have taken into account the effect of the sample design upon sampling error. They may be interpreted as indicating the range (plus or minus the figure shown) within which the results of repeated samplings in the same time period could be expected to vary, 95 percent of the time, assuming the same sampling procedures, the same interviewers, and the same questionnaire.

The first table shows how much allowance should be made for the sampling error of a percentage:

An example of how to use this table is as follows: for a reported percentage of 33 for a group which includes 800 respondents, go to the row "percentages near 30" in the table and go across to the column headed "800". The number at this point is 4, which means that the 33 percent obtained in the sample is subject to a sampling error of plus or minus 4 percentage points. In other words, very probably (95 chances of 100) the true figure would be somewhere between 29 and 37, with the most likely figure the 33 obtained.

In comparing survey results in two samples, such as, for example, students and parents, the question arises as to how large a difference between them must be before one can be reasonably sure that it reflects a real difference. In the tables below, the number of points which must be allowed for in such comparisons is indicated.

### Recommended Allowance for Sampling Error of a Percentage In Percentage Points (at 95 in 100 Confidence Interval)\*

		Sample Size														
		50	100	150	200	250	300	400	500	600	700	800	1000	1200	1400	1600
Percentages Near	10	11	8	6	5	5	4	4	3	3	3	3	2	2	2	2
Percentages Near	20	14	10	8	7	6	6	5	5	4	4	4	3	3	3	3
Percentages Near	30	16	12	9	8	7	7	6	5	5	4	4	4	3	3	3
Percentages Near	40	18	12	10	9	8	7	6	6	5	5	4	4	4	3	3
Percentages Near	50	18	13	10	9	8	7	6	6	5	5	4	4	4	3	3
Percentages Near	60	18	12	10	9	8	7	6	6	5	5	4	4	4	3	3
Percentages Near	70	16	12	9	8	7	7	6	5	5	4	4	4	3	3	3
Percentages Near	80	14	10	8	7	6	6	5	5	4	4	4	3	3	3	3
Percentages Near	90	11	8	6	5	5	4	4	3	3	3	3	2	2	2	2

\* The Chances Are 95 In 100 That The Sampling Error Is Not Larger Than The Figure Shown.

Two tables are provided. One is for percentages near 20 or 80; the other for percentages near 50. For percentages in between, the error to be allowed for is between those shown in the two tables.

**Recommended Allowance for Sampling Error of the Difference In Percentage Points (at 95 in 100 confidence level)\***

		Group 1 Sample Size														
		50	100	150	200	250	300	400	500	600	700	800	1000	1200	1400	1600
Group 2 Sample Size	50	20	18	17	16	16	16	15	15	15	15	15	15	15	15	15
	100		14	13	12	12	12	11	11	11	11	11	11	11	11	10
	150			12	11	10	10	10	9	9	9	9	9	9	9	9
	200				10	10	9	9	8	8	8	8	8	8	8	8
	250					9	9	8	8	8	7	7	7	7	7	7
	300						8	8	7	7	7	7	7	7	6	6
	400							7	7	7	6	6	6	6	6	6
	500								6	6	6	6	6	5	5	5
	600									6	6	5	5	5	5	5
	700										5	5	5	5	5	5
	800											5	5	5	4	4
	1000												5	4	4	4
	1200													4	4	4
	1400														4	4
	1600															4

		Group 1 Sample Size														
		50	100	150	200	250	300	400	500	600	700	800	1000	1200	1400	1600
Group 2 Sample Size	50	25	22	21	20	20	19	19	19	19	19	19	18	18	18	18
	100		18	16	16	15	15	14	14	14	14	13	13	13	13	13
	150			15	14	13	13	12	12	12	11	11	11	11	11	11
	200				13	12	12	11	11	10	10	10	10	10	10	10
	250					11	11	10	10	10	9	9	9	9	9	9
	300						10	10	9	9	9	9	8	8	8	8
	400							9	9	8	8	8	8	7	7	7
	500								8	8	7	7	7	7	7	7
	600									7	7	7	7	6	6	6
	700										7	7	6	6	6	6
	800											6	6	6	6	5
	1000												6	5	5	5
	1200													5	5	5
	1400														5	5
	1600															4

\* The Chances Are 95 In 100 That The Sampling Error Is Not Larger Than The Figure Shown.

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