

# HOW AMERICA PAYS FOR GRADUATE SCHOOL

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May 14, 2020



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# Background

## Study Objective

Identify how graduate students are paying for school

- As a complement to *How America Pays for College*, compare graduate student behaviors and attitudes related to the pursuit of their current degree to those of undergraduates and their families

## Methodology

First survey and report

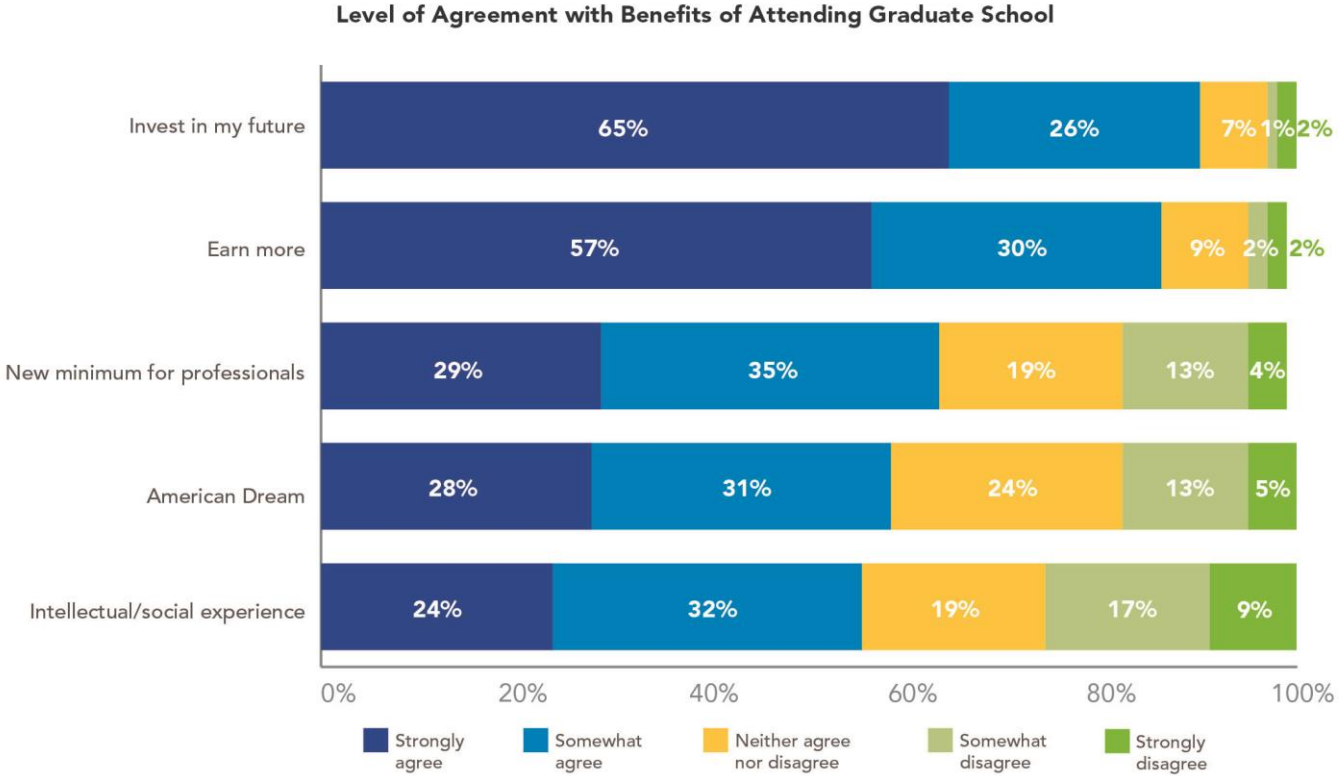
Quantitative online interviews conducted May - July 2017

- 1,597 graduate students enrolled AY 2016-17, age 20 and older
- Enrollment: 72% master's degree and 28% doctoral degree; 57% full time and 43% part time
  - Data is weighted on a number of demographic factors sourced from the Current Population Survey (CPS); the National Center for Education Statistics (NCES) provided additional information for enrollment and university weights.

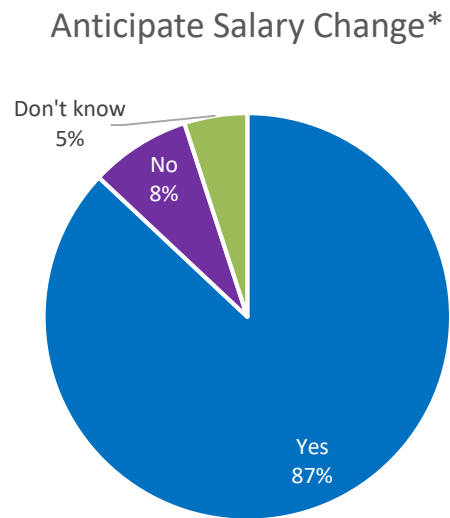
Composite of how the 'typical' graduate student pays for school is a mathematical representation similar to that created for *How America Pays for College*.

**WHY STUDENTS  
CHOOSE TO  
ATTEND GRAD  
SCHOOL**

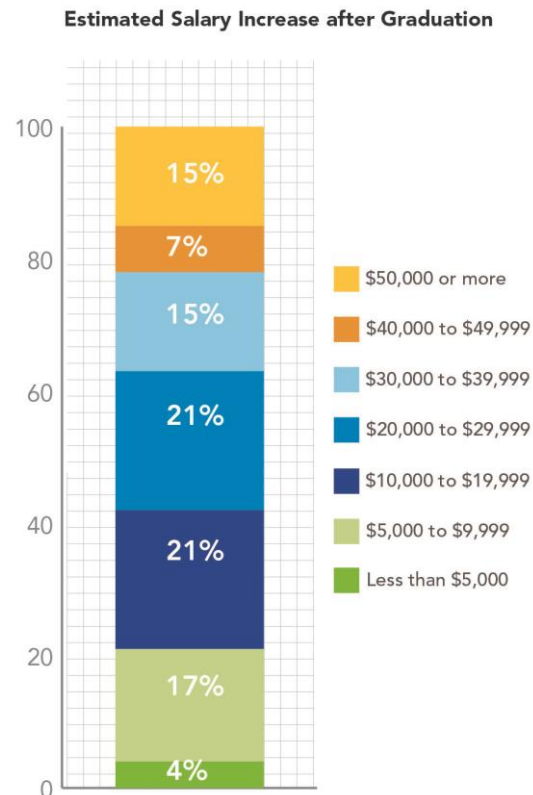
# 9 in 10 believe grad school is an “investment”



# More than half anticipate substantial salary increases

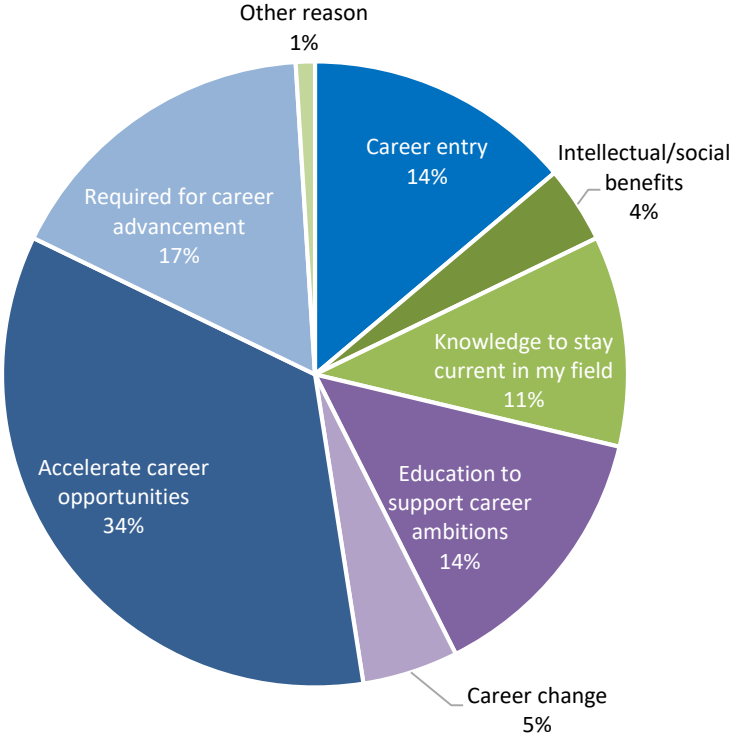


\*Among currently employed graduate students



# Career goals influence grad school attendance

Primary Reason for Attending Grad School

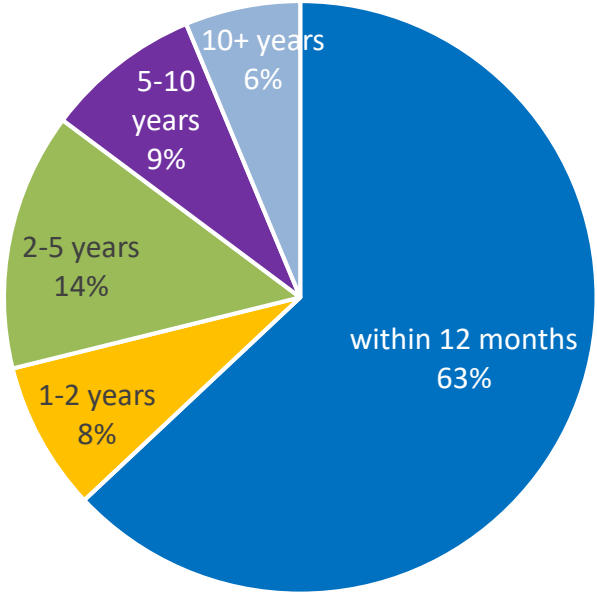


# ENROLLMENT DECISIONS



# Majority enroll within a year of earning bachelors

Time between Undergraduate and Graduate Enrollment

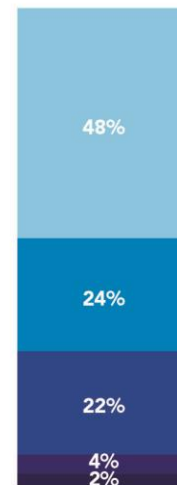
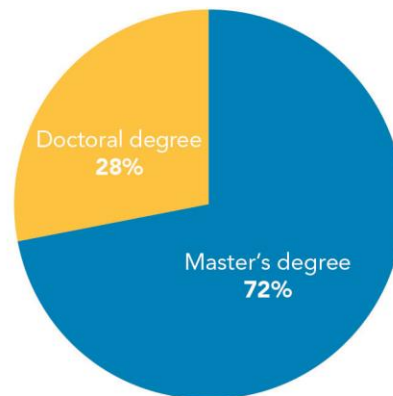
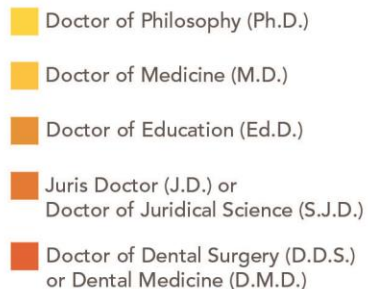


# Degree type

## Graduate Degree Type Enrollment



### Doctoral degree type enrollment

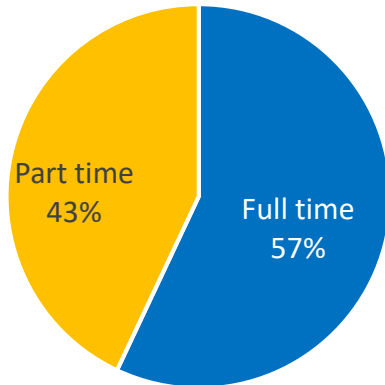


### Master's degree type enrollment



# Full- vs part-time enrollment

Enrollment status



*Full-time students are more likely than part-time students to be*

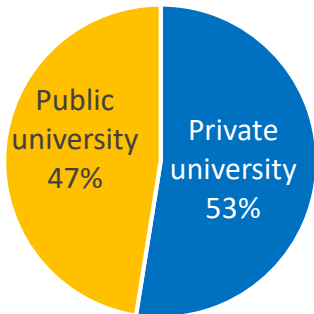
- Younger
- Traditional
- Women
- Doctorate level
- Using “free” financial aid

*Part-time students are more likely than full-time students to*

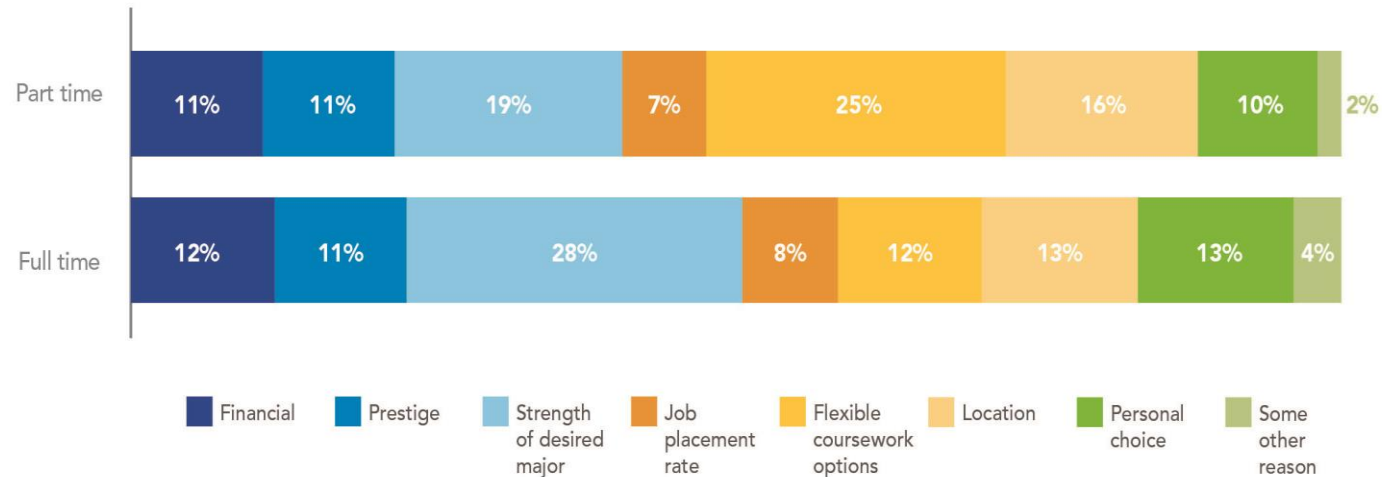
- Be currently employed
- Have delayed starting grad school
- Be married
- Have children
- Seek MBA or major in education
- Use their earnings to pay for school

# School choice: quality, convenience, and cost

School Type Enrollment



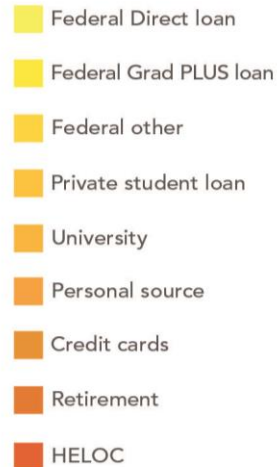
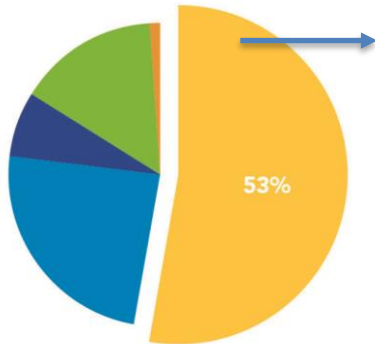
Primary Reason for Selecting the Graduate School, by Enrollment Status



# HOW GRAD STUDENTS PAID FOR SCHOOL

# Federal student loans are top borrowing source

Average Funding Source Share,  
Student Borrowing Detail



*Proportion of costs paid from*

- Federal loans: 27%
- Private or university loans: 13%
- Non-student loan borrowing: 13%

# 77% of grad students borrowed in 2016-17

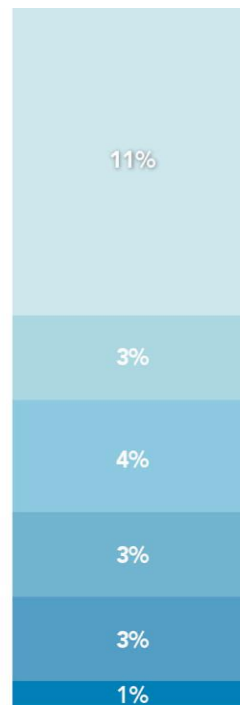
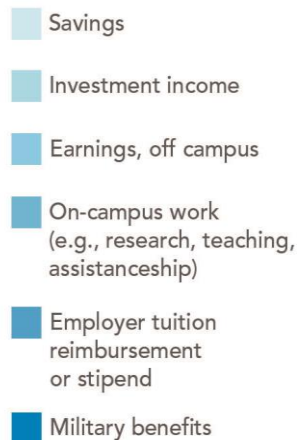
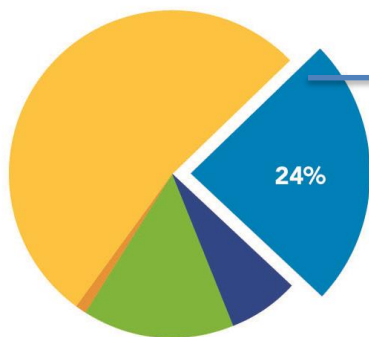
## Proportion of students using each source and average amounts used

Borrowed Sources	All		Full time		Part time	
Student Borrowing	77%		80%		74%	
Federal Direct (Stafford) loans	34%	\$ 11,884	38%	\$ 12,899	28%	\$ 10,060
Federal GradPLUS loans	24%	\$ 10,425	27%	\$ 12,479	20%	\$ 6,628
Federal other* loans	6%	\$ 5,575	7%	\$ 4,922	6%	\$ 6,666
Private student loans	19%	\$ 11,129	20%	\$ 12,012	17%	\$ 9,689
Loans from the university	14%	\$ 8,753	15%	\$ 9,181	13%	\$ 8,075
Home equity loans or lines of credit	6%	\$ 5,173	6%	\$ 4,759	5%	\$ 5,847
Loans from your retirement account	6%	\$ 4,485	6%	\$ 4,328	5%	\$ 4,732
Loans from friends/family member	16%	\$ 8,853	16%	\$ 10,478	17%	\$ 6,770
Student credit cards	21%	\$ 4,425	19%	\$ 3,729	25%	\$ 5,137
Student other loans	1%	\$ 7,218	1%	\$ 8,101	< 0.5%	\$ 3,660
Non-Student Borrowing	1%	\$ 11,636	1%	\$ 14,610	1%	\$ 8,609

\*includes Perkins Loans, Loans for Disadvantaged Students (LDS), Health Professions Student Loans (HPSL), Primary Care Loans (PCL)

# Savings are top earnings source

Average Funding Source Share,  
Student Earnings Detail



## *Proportion of costs paid from*

- Savings/investments: 14%
- Current income: 7%
- Benefits: 4%



# 72% of grad students used earnings in 2016-17

Proportion of students using each source and average amounts used

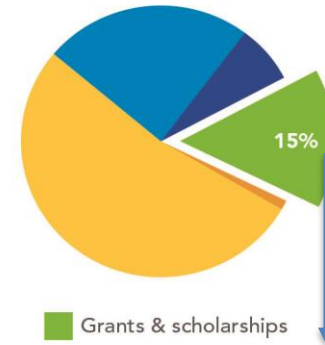
Non-borrowed Sources	All		Full time		Part time	
Student earnings	72%		67%		79%	
Student savings	49%	\$ 5,711	42%	\$ 5,805	57%	\$ 5,618
On-campus work-study, research, teaching, graduate assistanceship	18%	\$ 4,199	20%	\$ 4,470	16%	\$ 3,728
Earnings from current external job or internship	23%	\$ 4,304	24%	\$ 3,908	23%	\$ 4,847
Employer tuition reimbursement or stipend	14%	\$ 4,413	13%	\$ 5,177	16%	\$ 3,597
Investment income	12%	\$ 5,730	11%	\$ 3,690	13%	\$ 8,133
Military benefits	3%	\$ 5,805	3%	\$ 6,465	3%	\$ 4,778

# School contributes 2/3rds “free money”

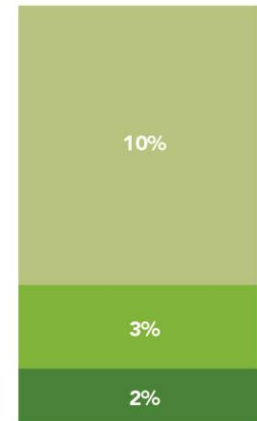
*Proportion of costs paid from*

- University aid: 10%
- Private / community scholarships: 3%
- Government grants: 2%

**Average Funding Source Share,  
Grant & Scholarship Detail**



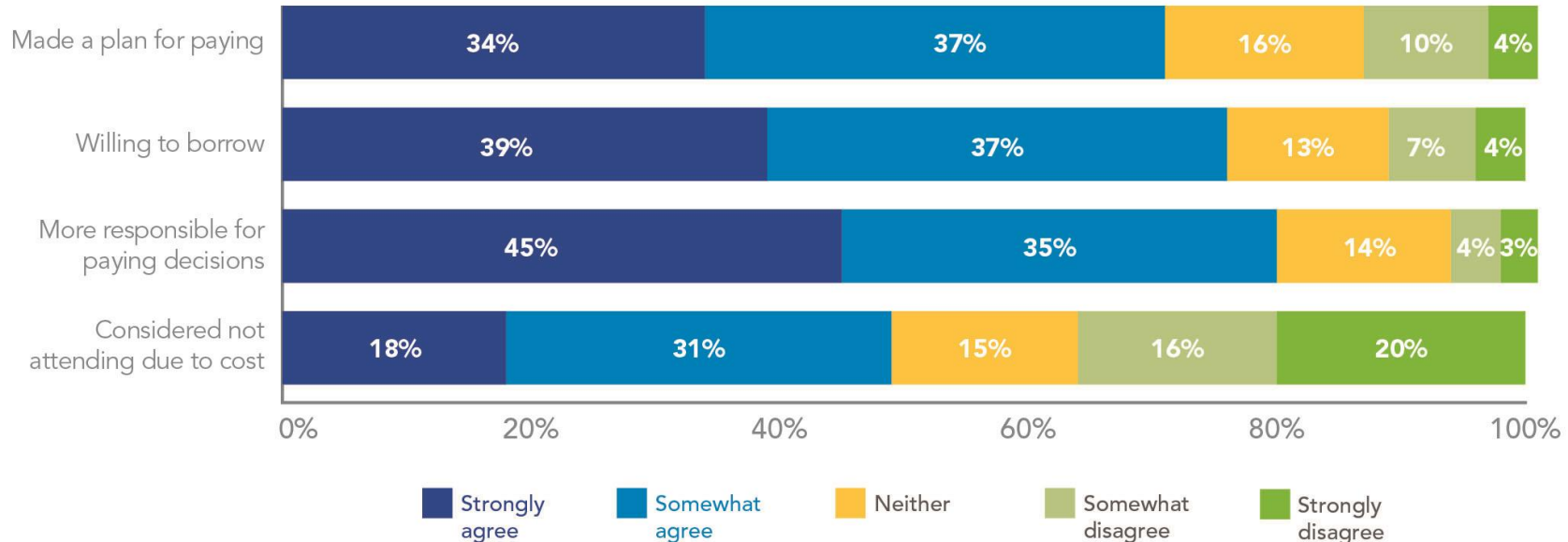
- University grant, scholarship, fellowship, or tuition waver
- Private scholarships
- Federal or state grants



**PLANNING**

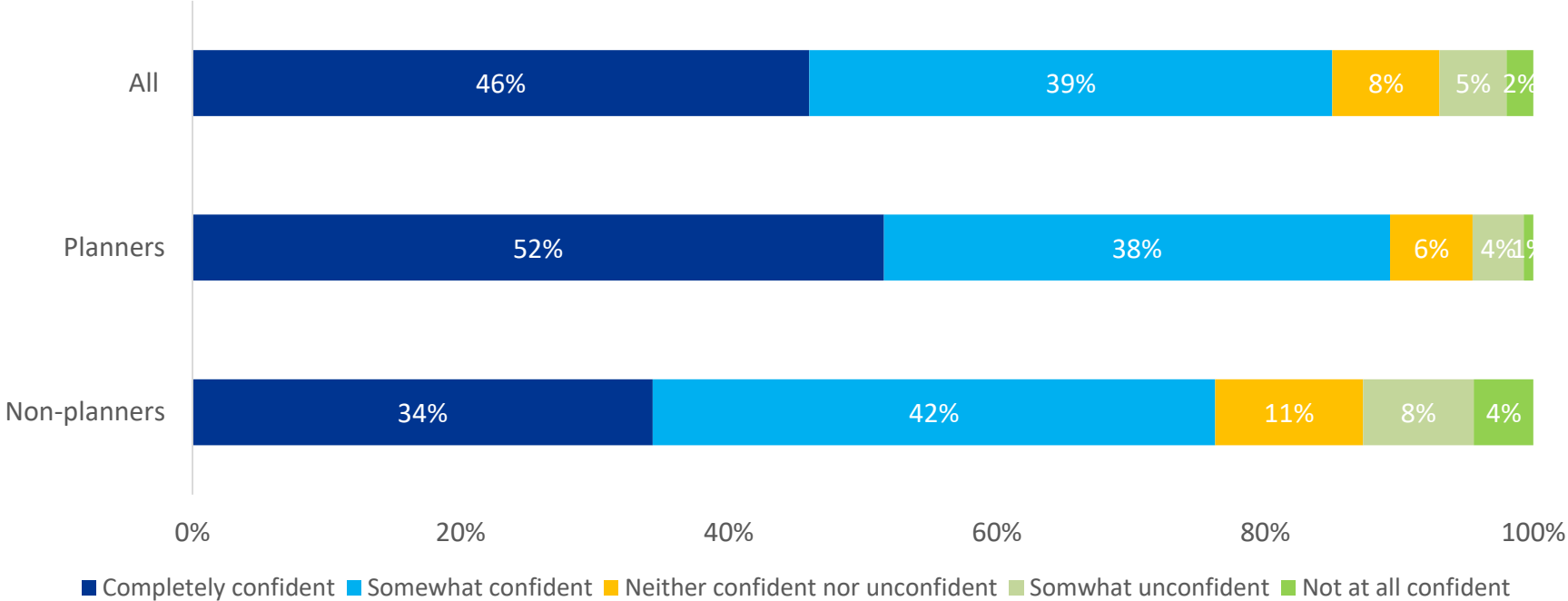
# Paying-for-grad school considerations

Level of Agreement with Considerations about Paying for Graduate School

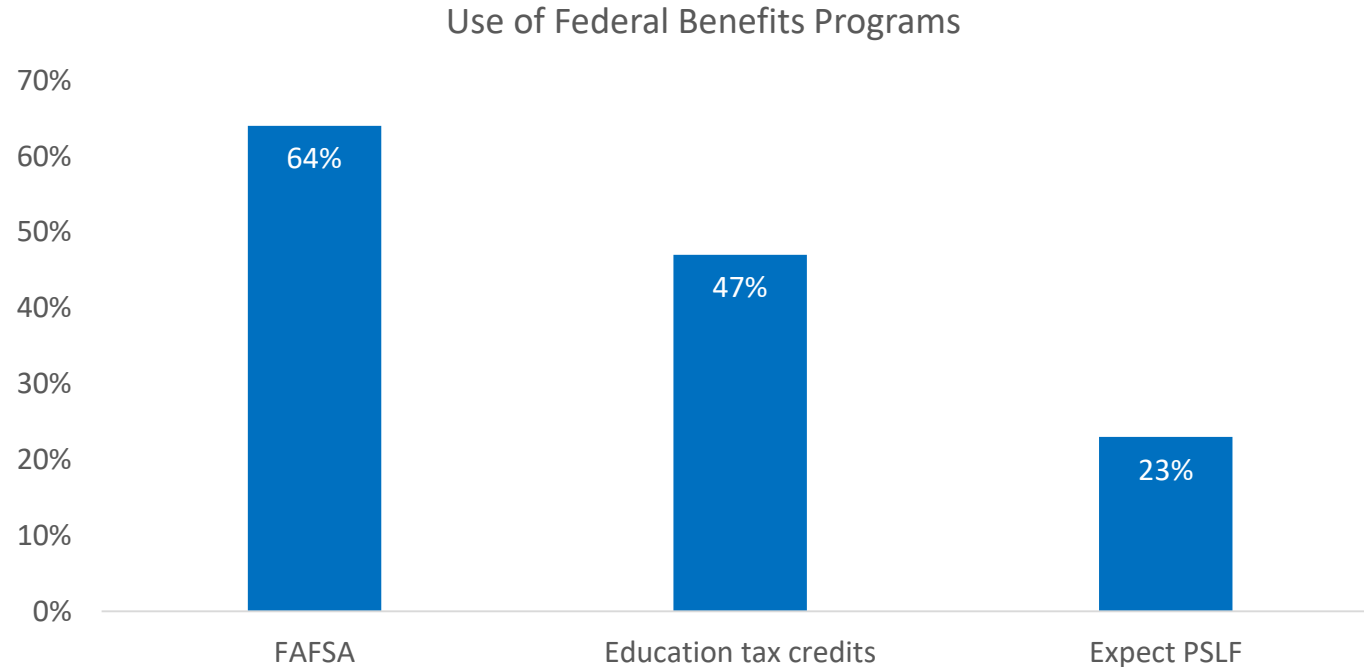


# Planners are more confident

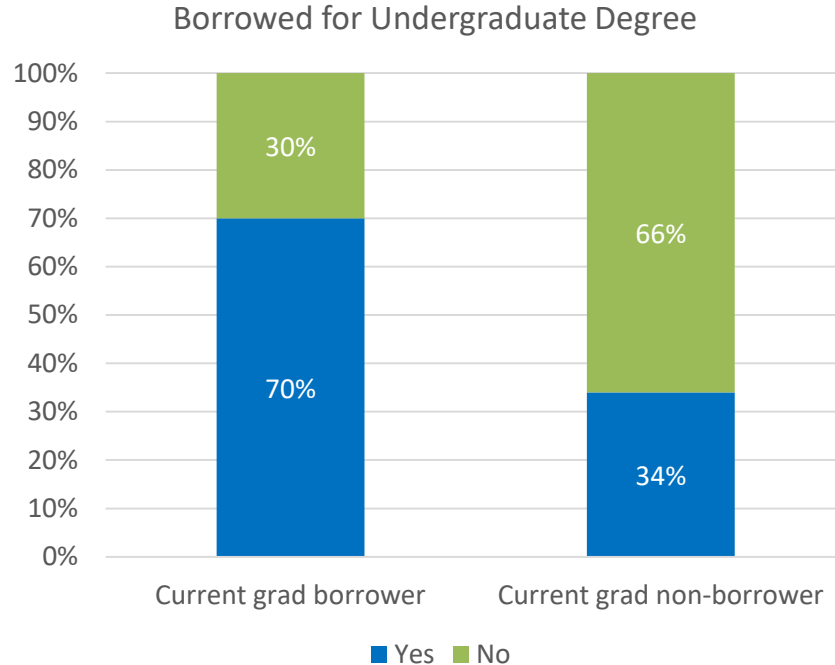
Confidence in Paying-for-Grad School Decisions



# FAFSA filing rate lower than undergrad



# Length of term is top loan payment worry



## *Loan repayment worries*

- It will take a long time to repay (37%)
- Payment responsibility will interfere with other financial choices (32%)
- Debt to income ratio (29%)
- Paying on time (21%)

# SUMMARY

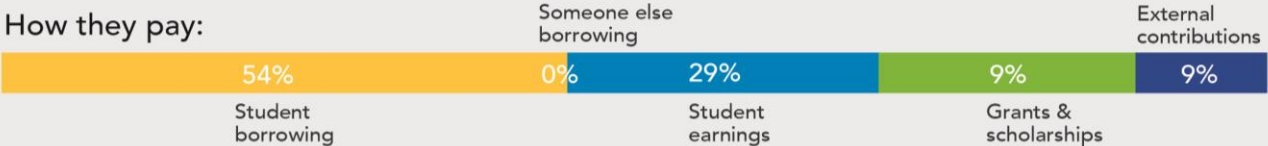


# Snapshots by major

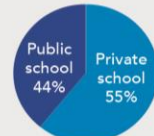
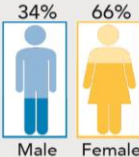
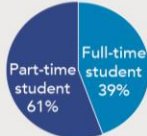
## Snapshot: Education Majors

**\$18,812** average annual spend on grad school

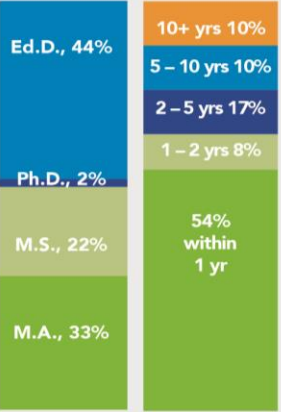
### How they pay:



**85%**  
Feel confident about payment decisions



### Type of degree



### Time between undergrad and grad



### Percentage who agree with statement



**41%** believe degree will accelerate their career



# How America Pays for Graduate School

- Students tap into a variety of resources, influenced by where they are in their education, career, and life path.
- Graduate students fund more than three-quarters of their expenses themselves, using money they've earned or borrowed. Access to gift aid is limited, and contributions from family/others is minimal.
- Half of those currently enrolled had considered not attending, but believe the benefits outweigh the expense, certain the investment in a graduate degree will open, or widen, the door to career opportunity and increased earnings.
- The majority take ownership of their decisions to
  - Attend: basing their degree and university choices on performance outcomes
  - Figure out how to pay for it: creating a plan to pay before enrolling
  - And pay for it: being willing to borrow and feeling confident in their decisions.

# Legal Notice

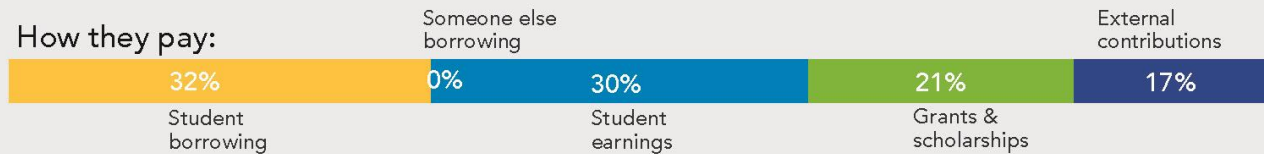
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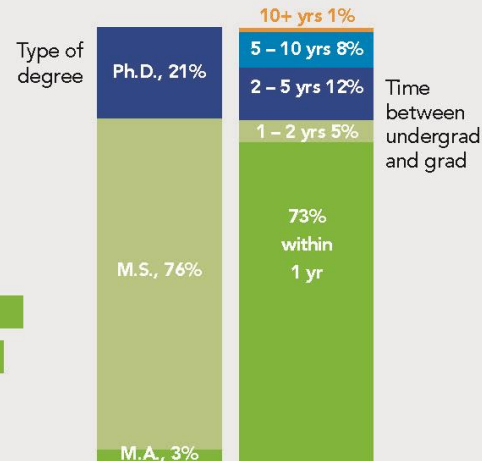
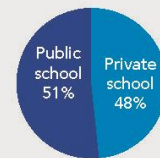
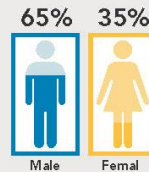
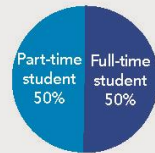
**QUESTIONS?**

## Snapshot: Engineering Majors

**\$25,252** average annual spend on grad school



**88%**  
Feel confident about payment decisions



### Percentage who agree with statement



**38%** believe degree will accelerate their career



## Snapshot: Health Science Majors

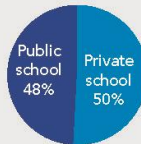
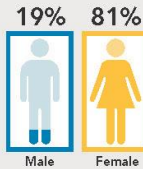
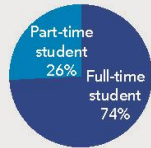
**\$25,184** average annual spend on grad school

### How they pay:



**83%**

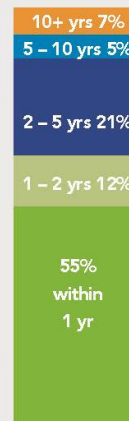
Feel confident about payment decisions



### Percentage who agree with statement



### Type of degree



Time between undergrad and grad

**27%**

believe degree is required for advancement

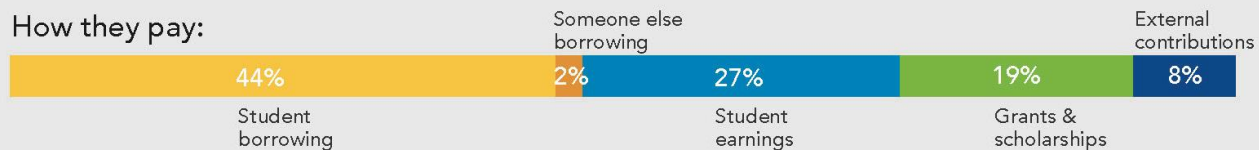


have worked in field of study

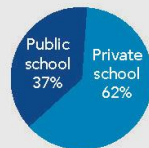
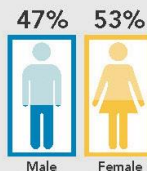
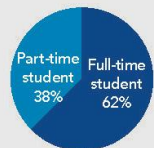
## Snapshot: Humanities & Arts Majors

**\$21,085** average annual spend on grad school

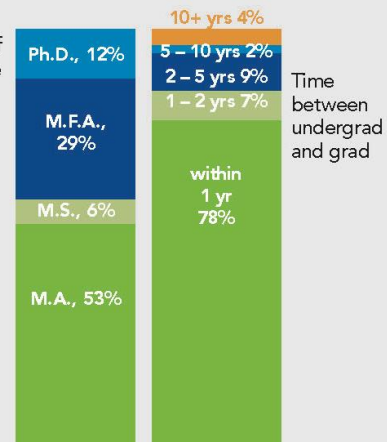
### How they pay:



**80%**  
Feel confident about payment decisions



### Type of degree



### Percentage who agree with statement



**33%** believe degree will accelerate their career



## Snapshot: Law Majors

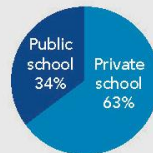
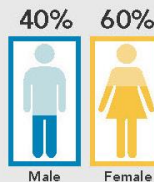
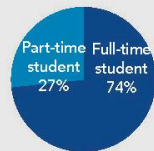
**\$31,851** average annual spend on grad school

### How they pay:

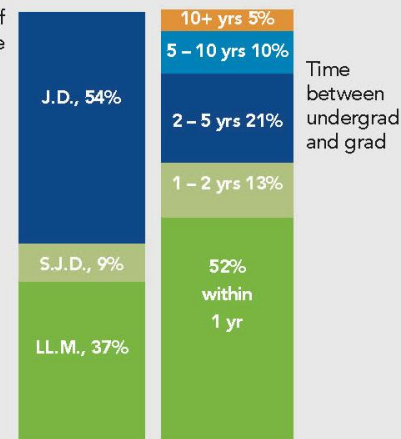


**87%**

Feel confident about payment decisions



### Type of degree



### Percentage who agree with statement



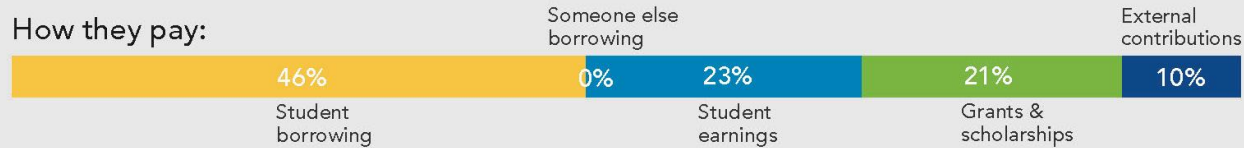
**32%** believe degree will accelerate their career



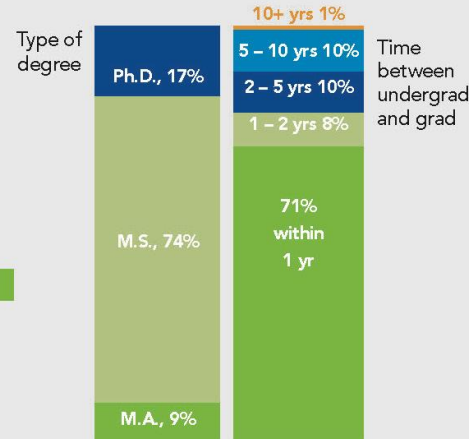
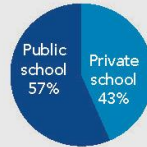
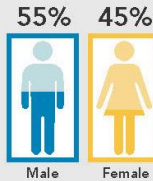
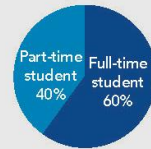


## Snapshot: Math & Science Majors

**\$23,376** average annual spend on grad school



**90%**  
Feel confident about payment decisions



### Percentage who agree with statement



**35%** believe degree will accelerate their career



## Snapshot: MBA Majors

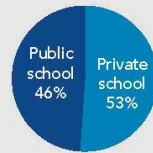
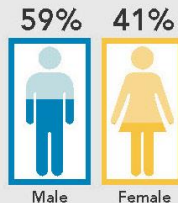
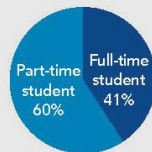
**\$21,844** average annual spend on grad school

### How they pay:

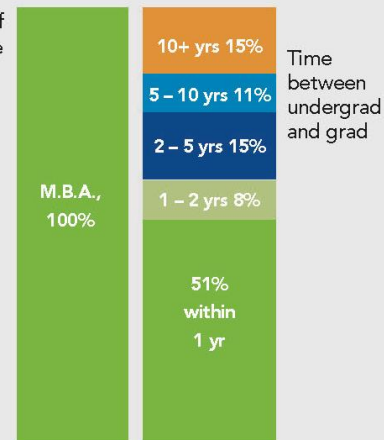


**93%**

Feel confident about payment decisions



### Type of degree



### Percentage who agree with statement



**50%** believe degree will accelerate their career



have worked in field of study

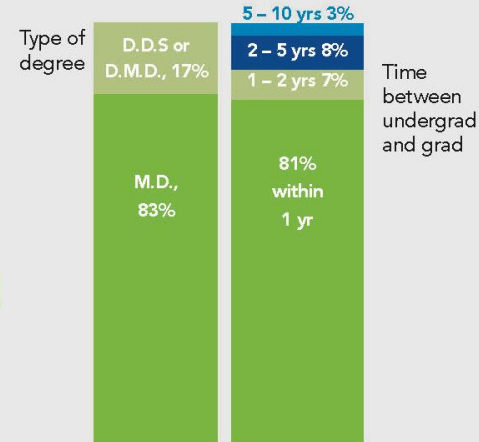
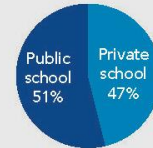
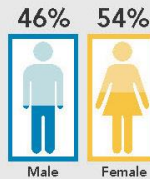
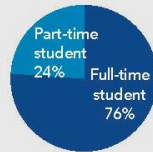
## Snapshot: Medical & Dental Majors

**\$39,877** average annual spend on grad school

### How they pay:



**76%**  
Feel confident about payment decisions



### Percentage who agree with statement



**29%** believe degree is required for entry into field

**73%** have worked in field of study

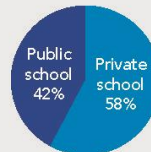
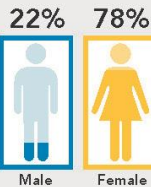
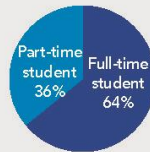
## Snapshot: Social Science Majors

**\$21,948** average annual spend on grad school

### How they pay:



**82%**  
Feel confident about payment decisions



### Type of degree



Time between undergrad and grad

### Percentage who agree with statement



**31%** believe degree required for entry into field



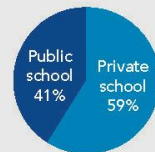
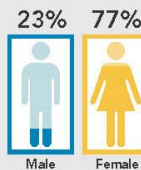
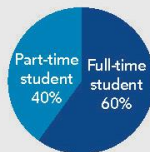
## Snapshot: Other Majors\*

**\$27,899** average annual spend on grad school

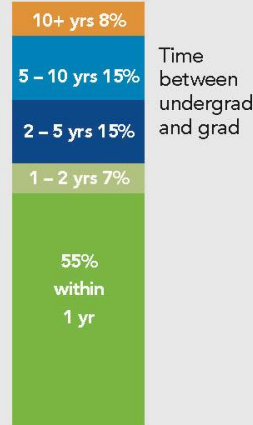
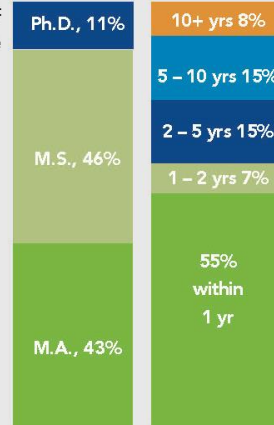
### How they pay:



**78%**  
Feel confident about payment decisions



### Type of degree



Time between undergrad and grad

### Percentage who agree with statement



**36%** believe degree will accelerate their career



\*Majors identified as "other": communications & journalism; architecture; non-MBA business; protective services; public administration & social services