

# How America Pays for College

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Sallie Mae  
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## What we'll cover

- About this research
- Paying for AY2021-22
- Steps to help make college more affordable
- Sources of funding
- College experience in AY2021-22

## What's in it for you

- Learn how America pays for college
- Understand trends that impact families' strategies
- Dispel misconceptions about scholarships and financial aid

## How America Pays for College 2022

### Study objectives

- 15<sup>th</sup> year surveying American families with an undergraduate student about attitudes toward a college education and how they paid for it
- The 2022 edition offers additional insights on the evolving role of online learning and the ways students prefer to learn

### Sample and method

- Research fielded between April 5 – May 4, 2022
- 952 undergraduate students, age 18-24 and 953 parents of undergraduate students
- Research conducted by Ipsos online, in English
- The survey sample comprised a cross-section of key demographic variables
- Sampling weights were sourced from the Current Population Survey (CPS) and the National Center for Educational Statistics (NCES)

# Covering education costs in AY2021-22

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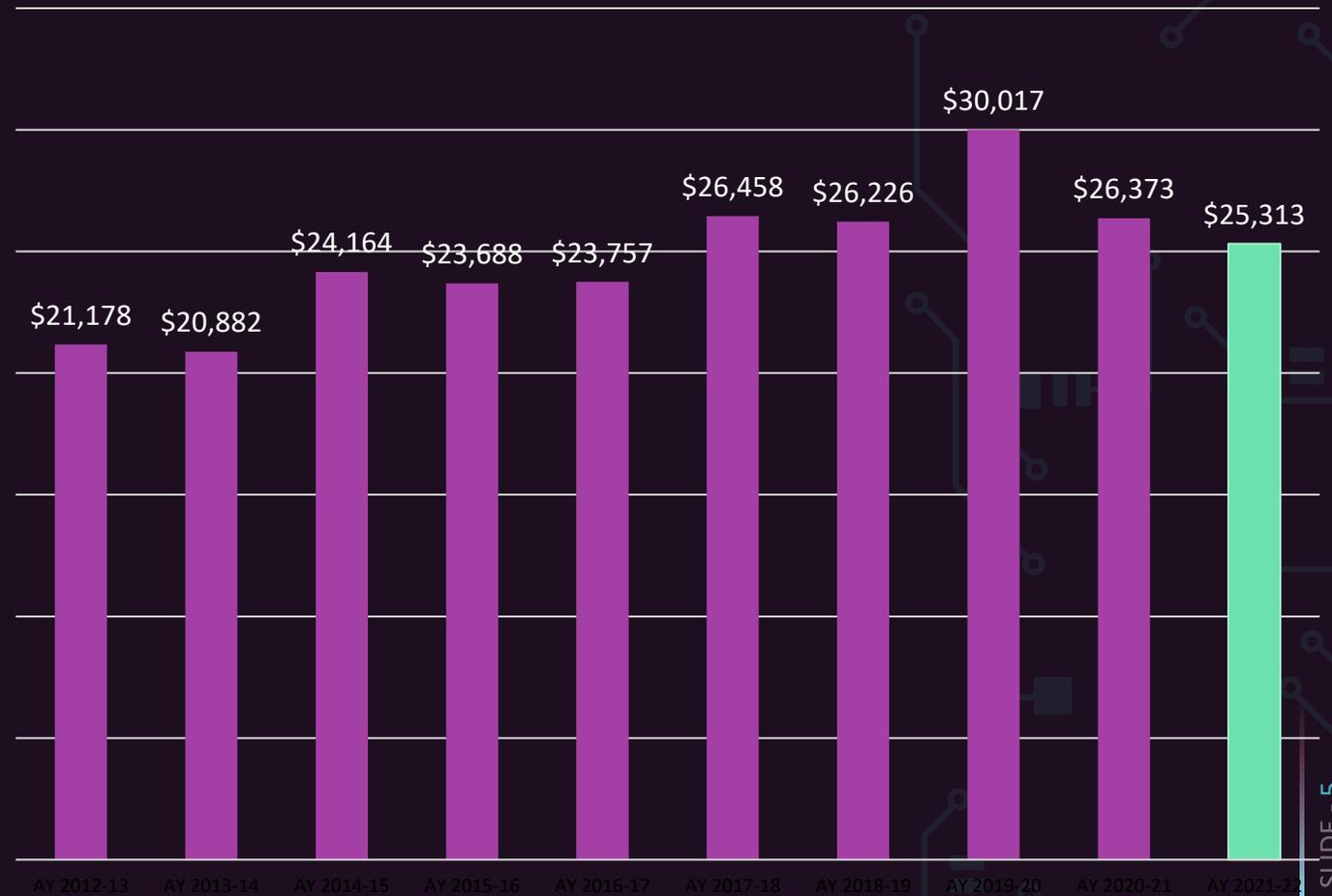
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# On average, families spent \$25,313 on college in AY 2021-22

- Reported spending is down 4% compared to last year and down 16% from the last pre-pandemic year, AY2019-20
- The perception of the overall value of education to the price has not changed over the past 4 years
  - 7 in 10 families believe the value of their education is 'appropriate' or a 'bargain' compared to the price they are paying

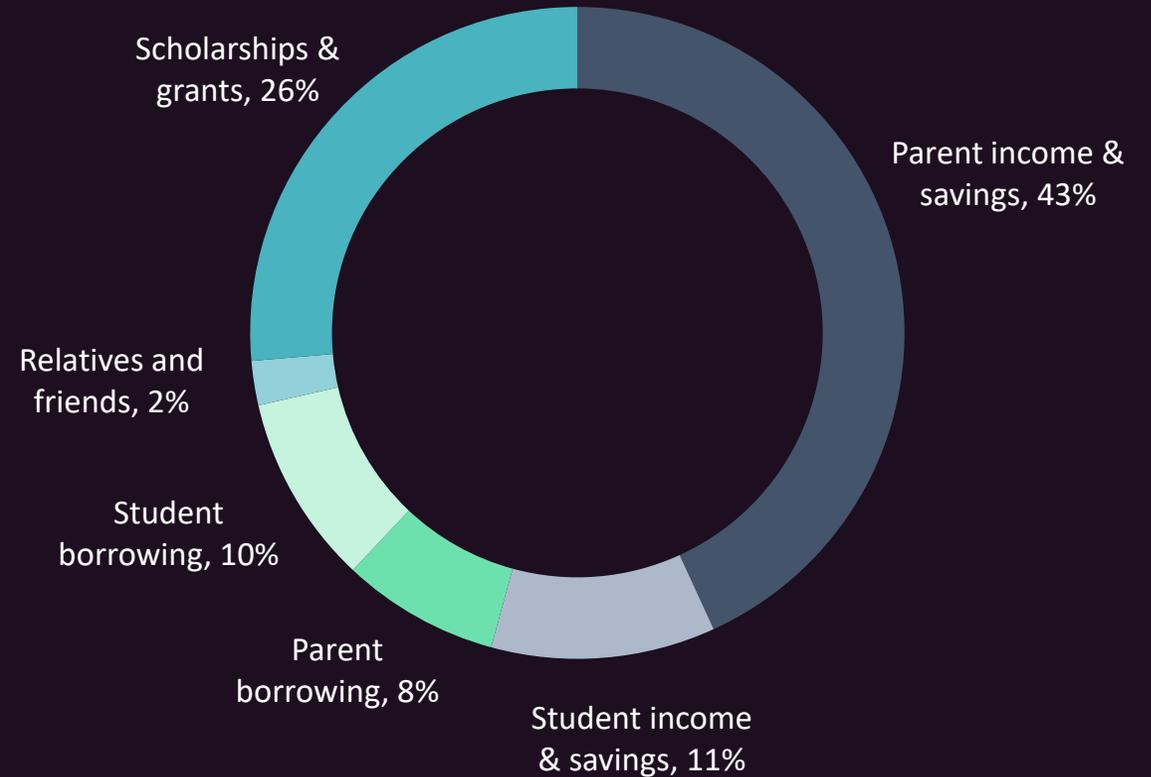
Reported spending, by academic year



# Families' out-of-pocket contributions covered more than half of college costs

- Families' out-of-pocket contributions covered 54% of cost
- Scholarships and grants covered 26%
- Borrowed funds covered 18%
- Relatives and friends helped with 2% of costs

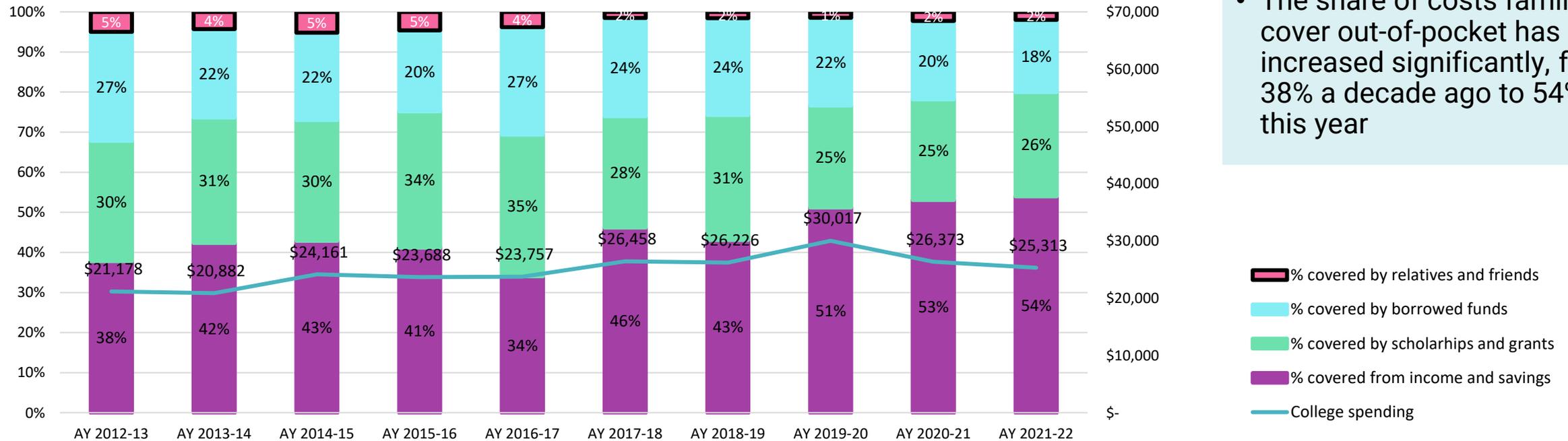
Funding source share



# Over the past 10 years, families are covering an increasing share of college spending out of pocket

- Over the past 10 years, family income and savings covered the largest share of college spending, compared to scholarships and grants, borrowed funds and contributions from relatives and friends
- The share of costs families cover out-of-pocket has increased significantly, from 38% a decade ago to 54% this year

Funding source share, by academic year



# Making college more affordable

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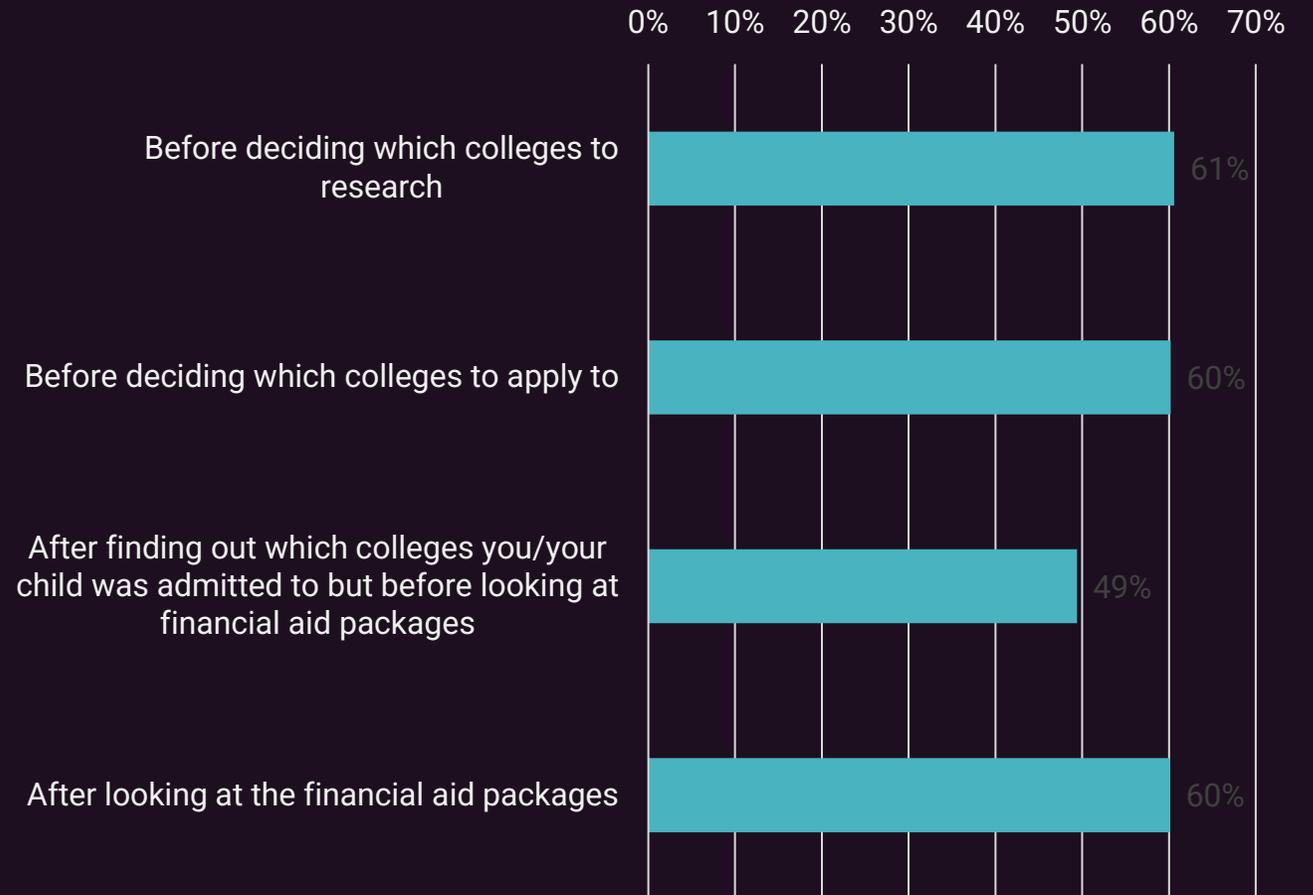


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## Cost is a key factor in school decisions

- 81% of families say they eliminated a school from consideration based on cost at some point between deciding which colleges to research and which to attend
- When it came to the ultimate deciding factor about which school to attend, families are split:
  - 33% financial considerations
  - 33% academic considerations
  - 31% personal considerations (e.g., location, social life, etc.)

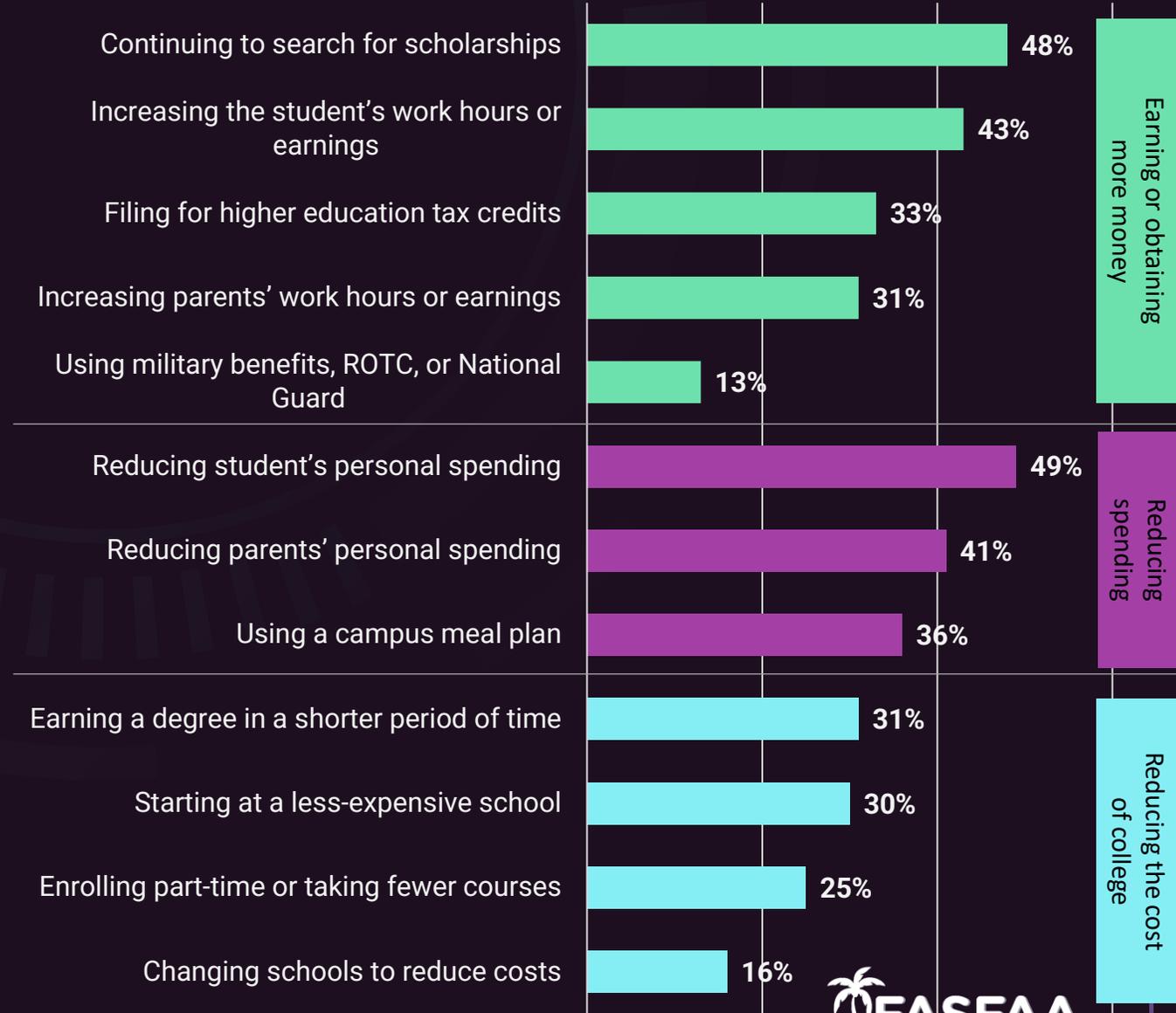
### % eliminated a school from consideration based on cost at each step



# 9 in 10 took active steps to make college more affordable

- 76% took steps to earn or obtain more funds for college
- 70% reduced family spending
- 54% took at least one step to reduce the cost of education

## Making college more affordable % who report taking each step

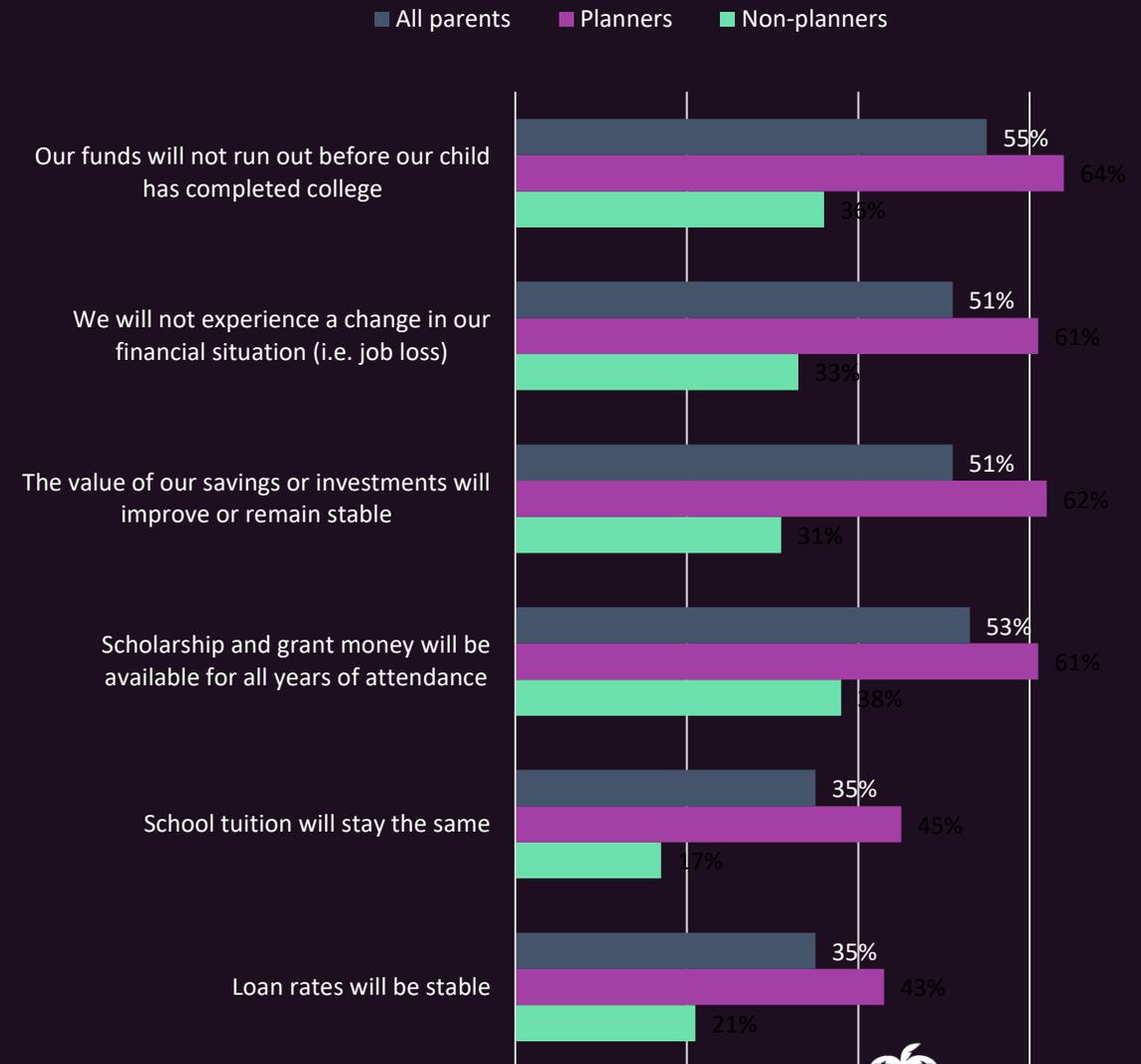


# Planning helps families feel more confident about paying for college

- 59% of families report having developed a plan for how to pay for all years of college before the student enrolled (consistent with last year's all time high)
- 89% of planner families and 65% of non-planners feel confident that they made the right financial decisions about paying for college

## Confidence in economic factors that relate to paying for college

% very + somewhat confident



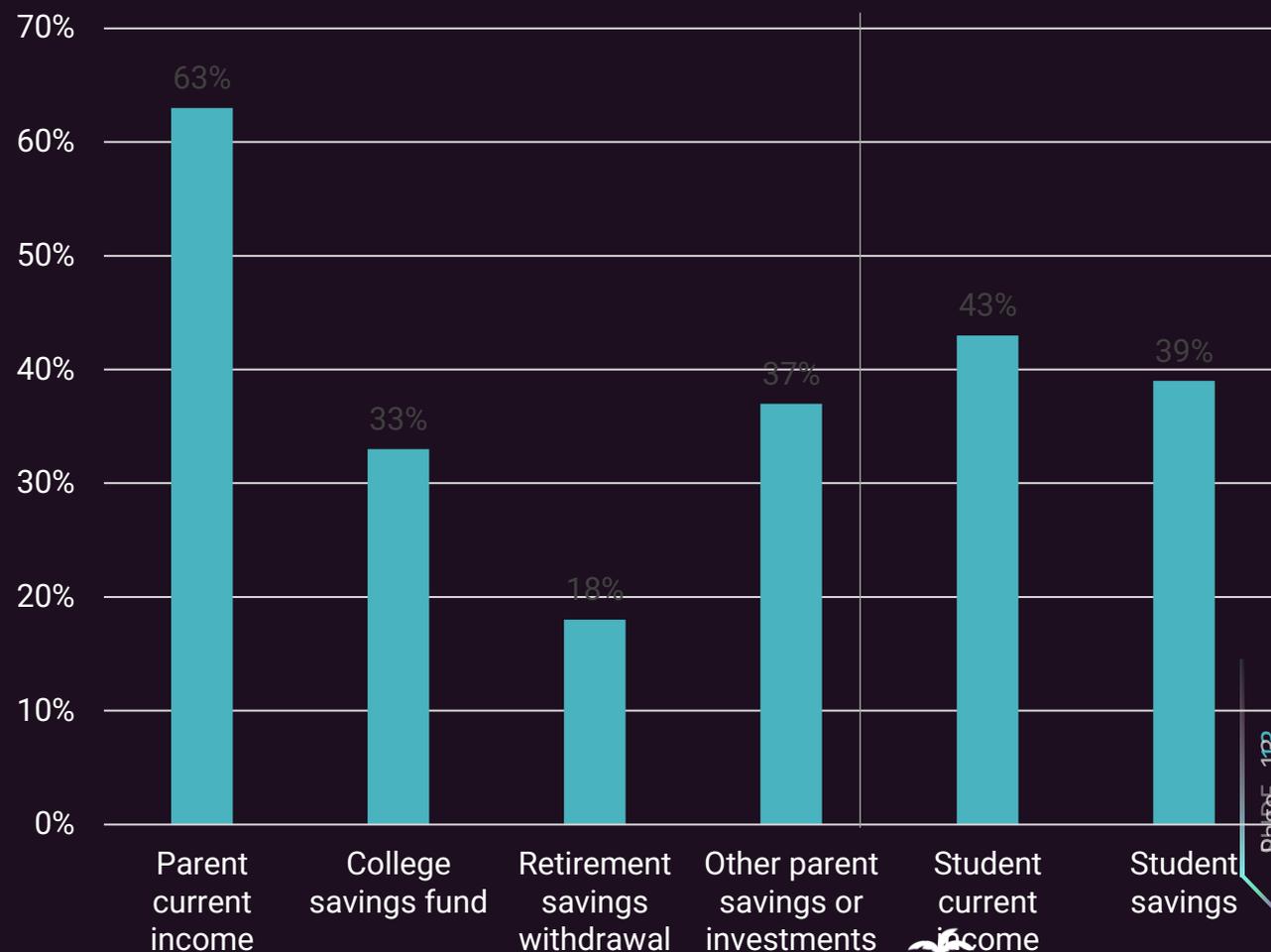
# Sources of funding

Money that does not need to be repaid

# 87% of families contributed out-of-pocket to help cover college costs

- 75% used parent income and savings, and 56% used student income and savings
- On average, families who used each source contributed...
  - \$14,183 from parent income and savings
  - \$4,803 from student income and savings
- 33% used money from a college savings fund (46% of planners and 15% of non-planners)
- The % of families using retirement savings withdrawals has doubled over the last 4 years, from 9% in AY2018-19 to 18% this year

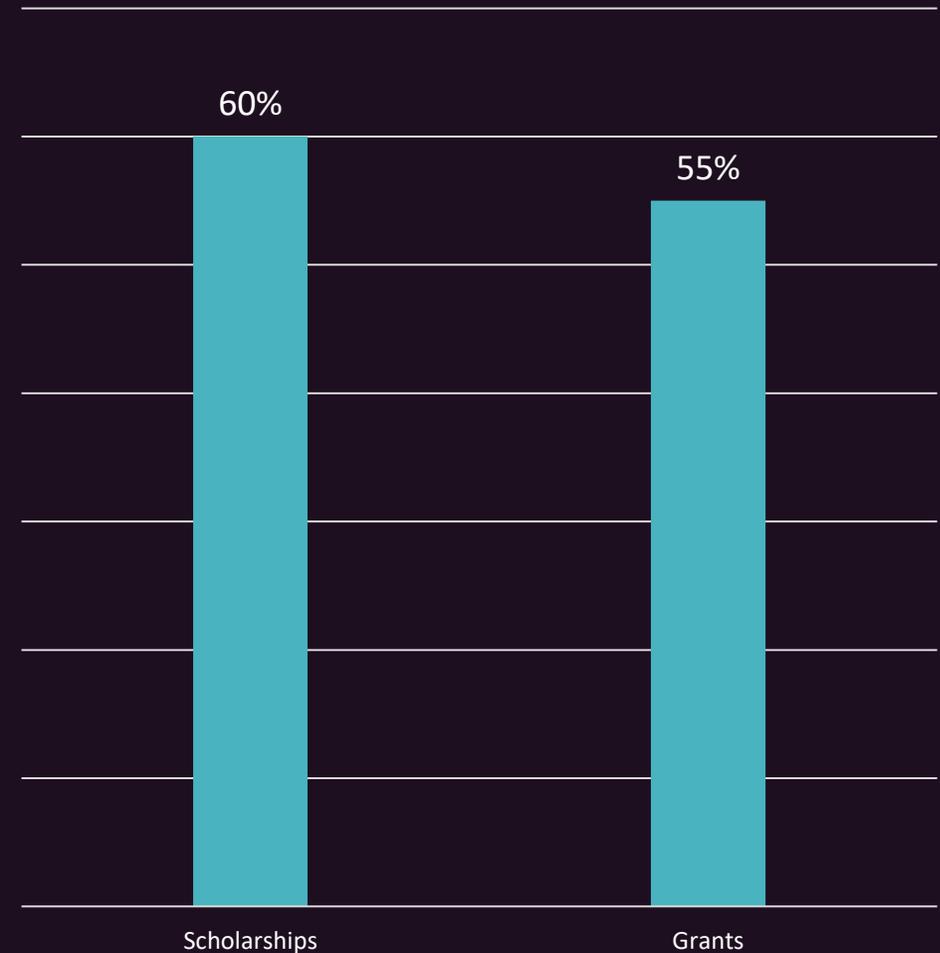
## Family income and savings usage rates



## 73% of families relied on scholarships and grants to cover school costs

- On average, families that used scholarships received \$6,041 and families who used grants received \$5,137
- Among scholarship users
  - 62% received them from the school (\$6,335 on average)
  - 38% from the state (\$2,362 on average)
  - 37% from non-profits or companies (\$2,189 on average)

### Scholarships and grants usage rates



## Some families are missing out on scholarships due to misconceptions

- Most families who didn't use scholarships did not apply for any
- 45% of families believe scholarships are only for students with exceptional abilities
- 36% agree that it's not worth applying for scholarships if the parents make too much money

### Scholarship Perceptions

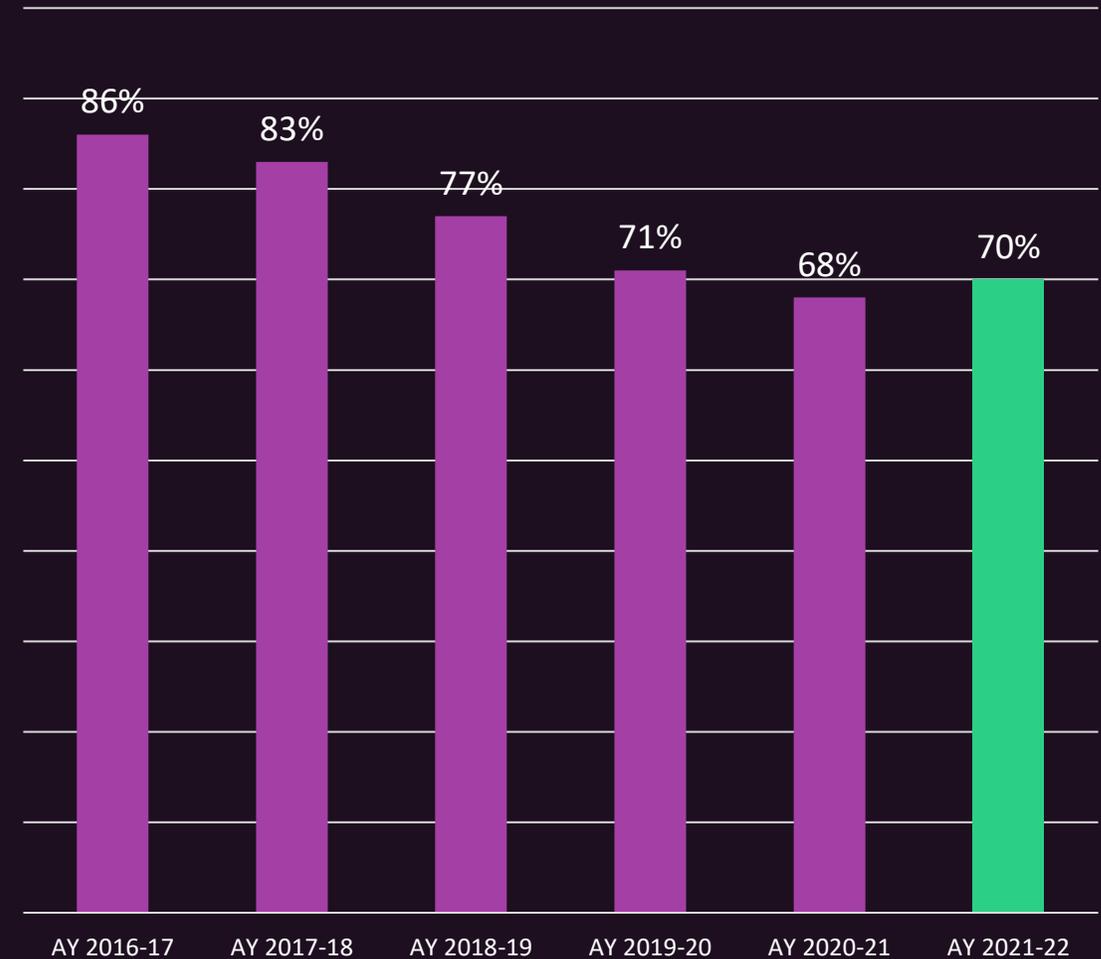


## FAFSA® filing rates are stable for the first time in 4 years

- Submission rates are similar among families of different races and ethnicities
- Lower-income families are more likely to file than high income families
- Families in the Northeast (79%) are more likely to file than those from the Midwest (76%), South (68%) and West (64%)
- Most frequently cited reasons for not filing the FAFSA®:
  - 36% - Income is too high
  - 17% - Don't qualify for non-financial reasons
  - 17% - Had problems with the application / too complicated

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Families filing the FAFSA®  
by academic year



## FAFSA® remains confusing for some students and families

- Not all families understand who FAFSA is for and why someone should fill it out
- Half of families (49%) support FAFSA requirement for graduating high school seniors
  - Just 13% oppose the mandate
  - 39% don't know enough about it

# 54%

know ALL students are eligible to file the FAFSA®

# 48%

are aware that their state also has a FAFSA® deadline

# 25%

know the application window opens in October

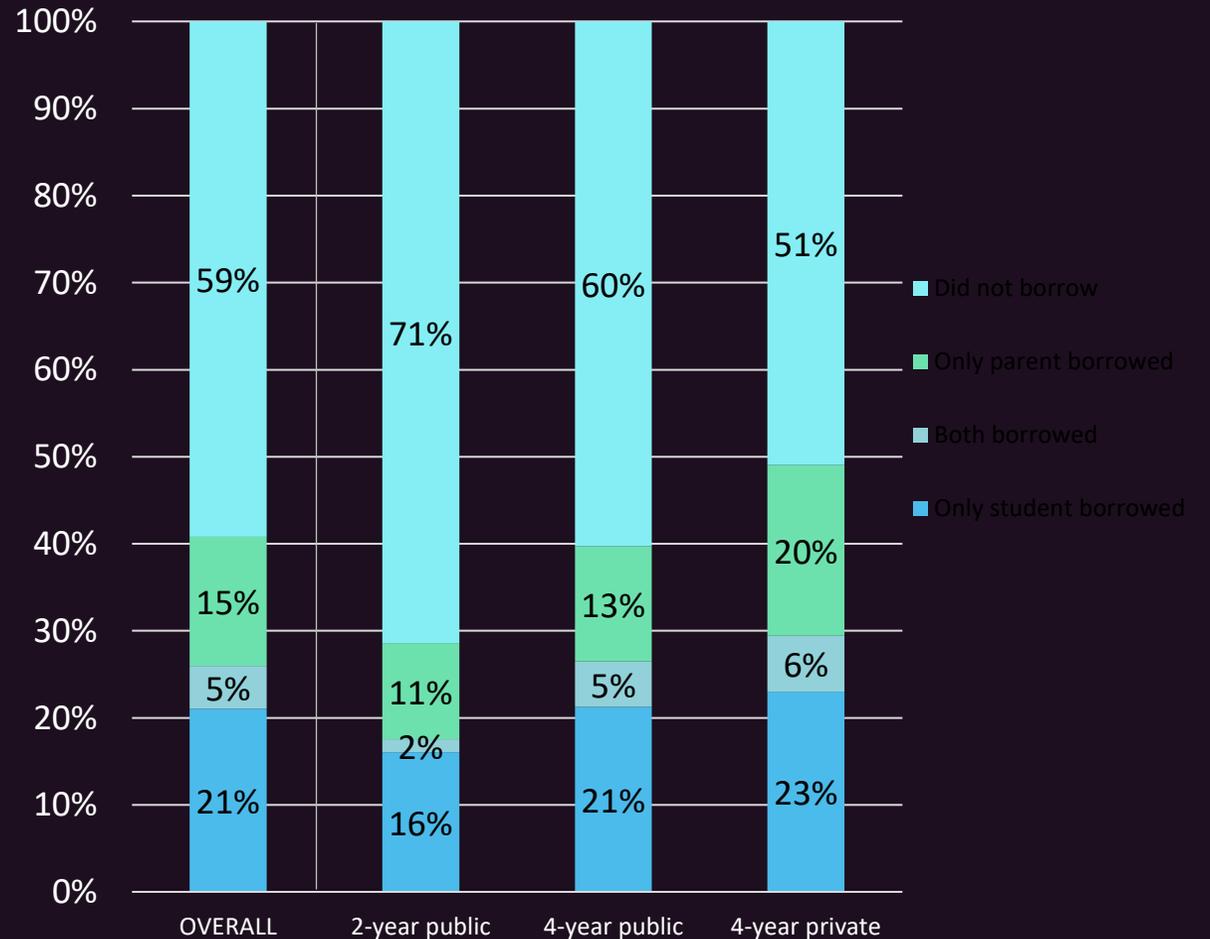
# Sources of funding

Money that needs  
to be repaid

## 4 in 10 families used borrowed funds in AY2021-22

- Borrowing rates vary by school type
  - 29% among 2-year school families
  - 40% among 4-year public families
  - 49% borrowed among 4-year private families
- Student borrowing is more prevalent than parent borrowing
  - 50% only the student borrowed
  - 36% only the parent borrowed
  - 12% both borrowed
- On average, students borrowed \$9,381 and parents borrowed \$10,827

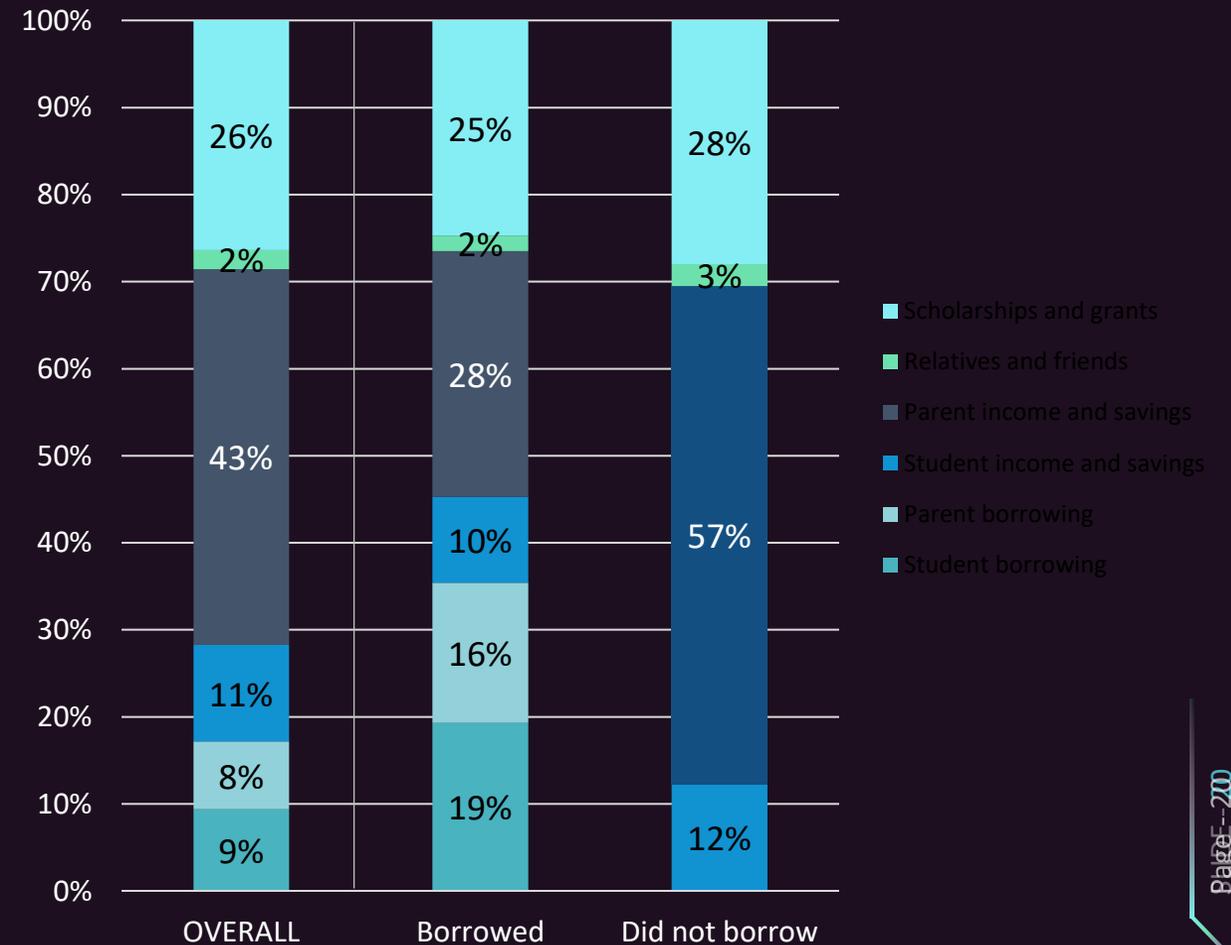
Family borrowing, by school type



## Overall, 18% of college costs were covered by borrowed funds

- Loans covered 35% of education costs for families who borrowed
- Families that did *not* borrow contributed significantly more from parent income and savings

Funding source share, borrowers vs. non-borrowers

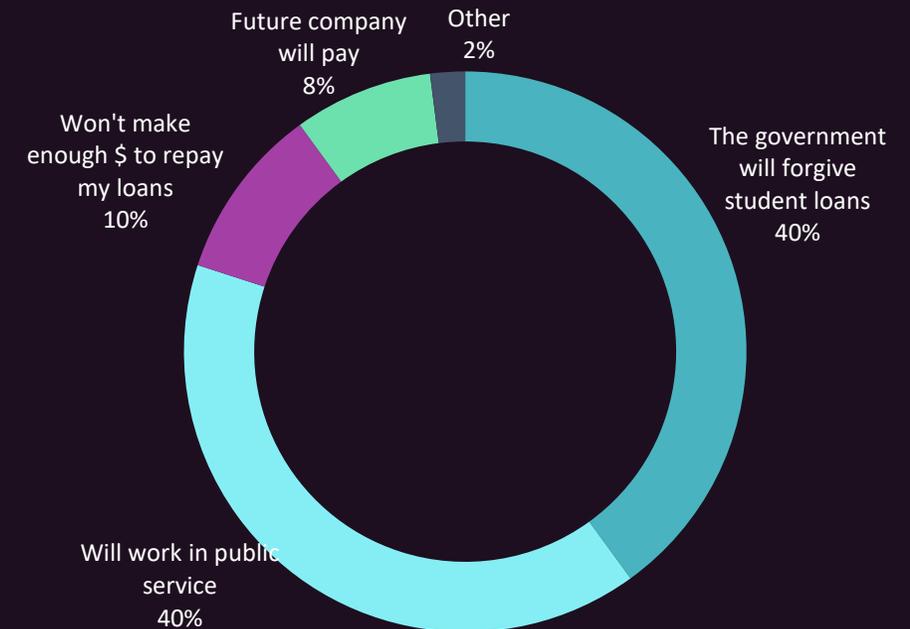


## More than 4 in 10 student borrowers expect federal student loan forgiveness

- Students are split as to the reasons they believe their loans will be forgiven
- More than half of families (53%) are making payments on their loans – significantly more than the 46% who reported paying pre-pandemic

**44%** of students with federal loans expect to receive loan forgiveness

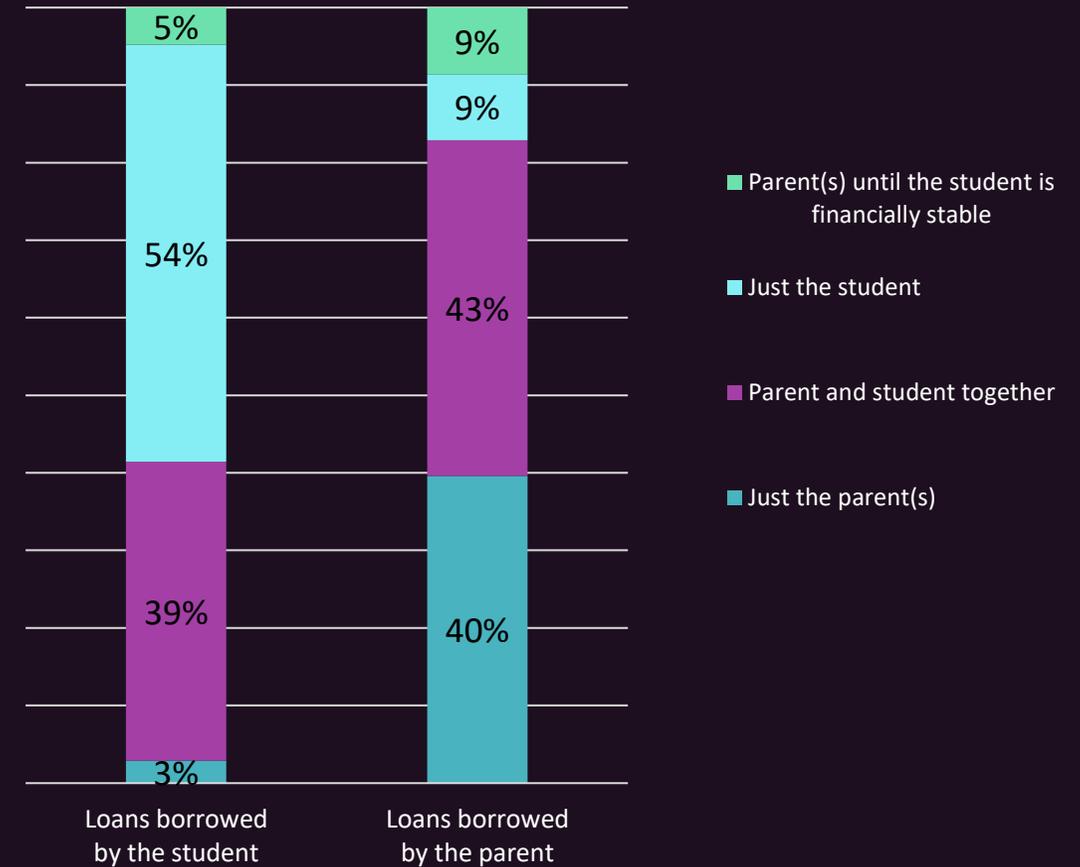
### Reasons for federal student loan forgiveness among students who expect it



## Most families expect students to have a role in loan repayment

- 97% of families where the student borrowed and 60% of families where the parents borrowed expect the student to be at least somewhat involved in paying back the loans
- 40% of families who borrowed discussed who will be responsible for paying back student loans

### Loan repayment expectations



# College experience in AY2021-22

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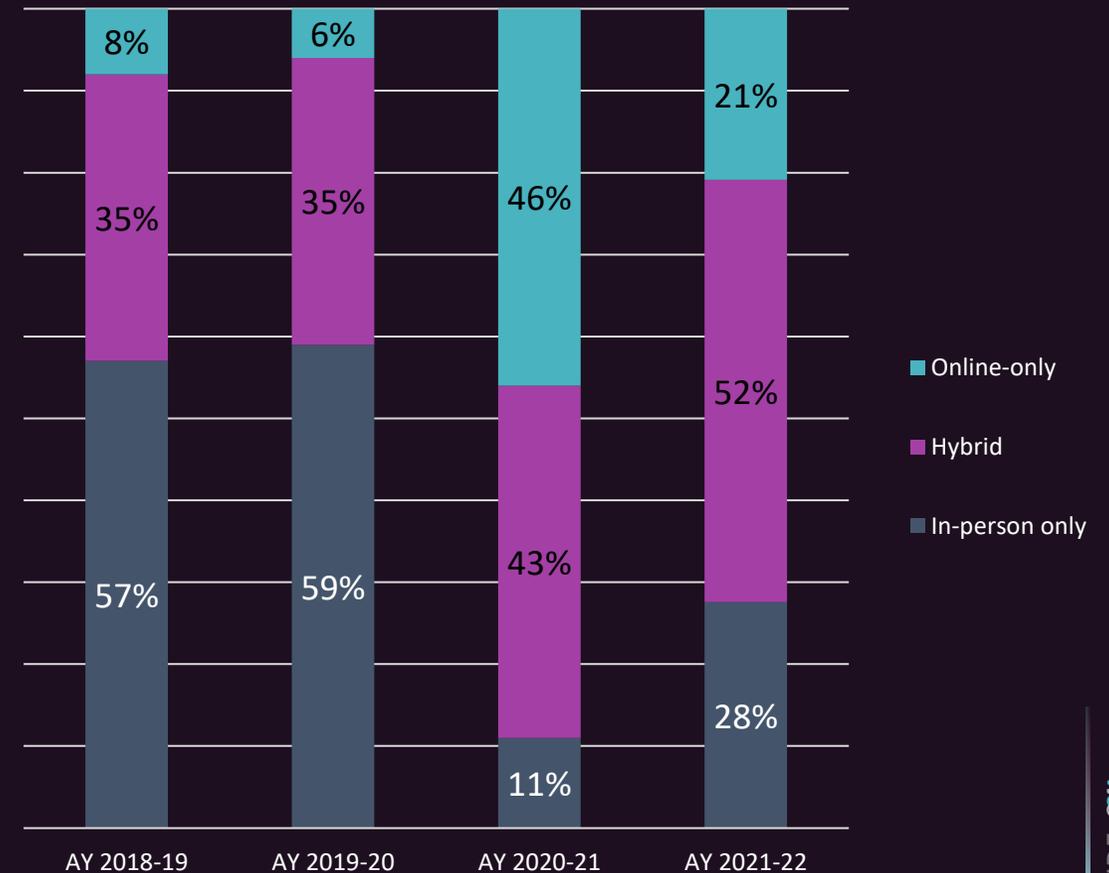
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## 8 in 10 students had some in-person learning in AY2021-22

- 72% had at least some online learning
- Hybrid is the most common way students learned across school types
  - 60% in 4-year public schools
  - 46% in 4-year private schools
  - 45% in 2-year schools
- 34% of 2-year school students are learning online only
- 39% of 4-year private school students are learning only in-person

Learning mode, by academic year



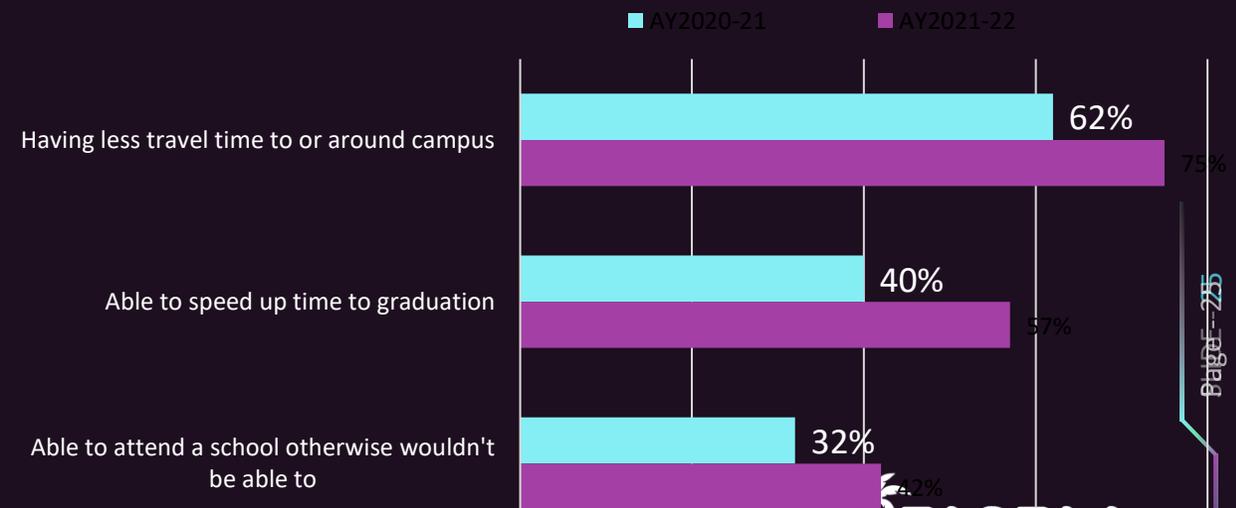
# Online learning is getting better reviews

- Online learners report a better experience this year compared to last year across the board
  - 75% of families rate their online learning experience as excellent or good compared with 57% last year
  - 65% said they're equally able to learn online and in-person vs 50% last year
  - 64% reported feeling connected to their school vs 47% last year

## Online learning challenges % experienced always or often



## Benefits of online learning % strongly or somewhat agree



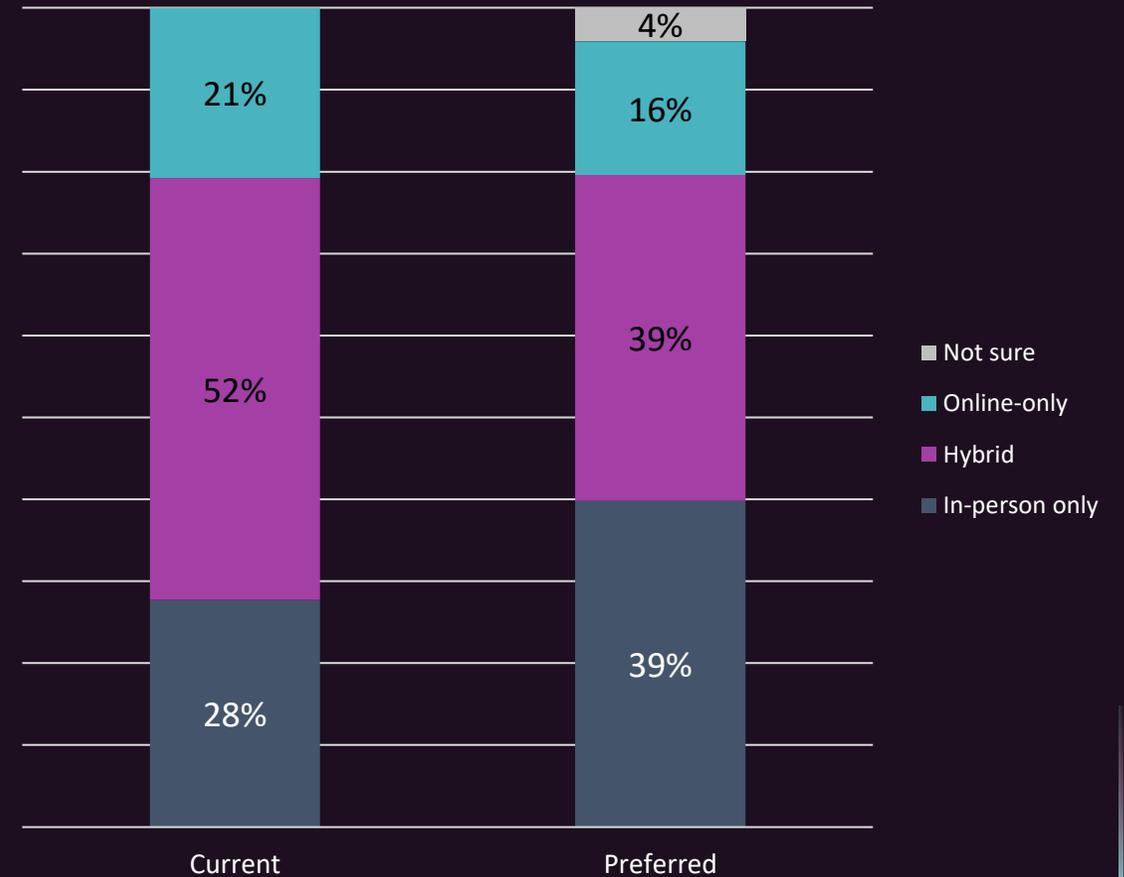
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## Majority of families prefer the student to have at least some in-person learning

- Across school types, families prefer to have an in-person learning component
  - 70% of 2-year school families
  - 82% of 4-year public school families
  - 78% of 4-year private school families

SOURCE: How America Pays for College 2022

### Current and preferred learning mode



# In conclusion

## How America Pays for College 2022

Over the last 10 years, families have been paying more out of pocket to meet the increasing cost of college. **Planning** remains key to boosting families' confidence along the journey, particularly in the face of economic uncertainty.

Maximizing **scholarships and financial aid** should be a part of every family's plan. Dispelling misconceptions about scholarships and raising awareness and understanding of the FAFSA® will encourage more families to apply.

**Online learning** is now part of the college experience, and families are giving it better reviews this year than before. However, few prefer to learn only online, with in-person learning continuing to be the cornerstone for higher education.

Review full report at

[www.SallieMae.com/HowAmericaPays](http://www.SallieMae.com/HowAmericaPays)

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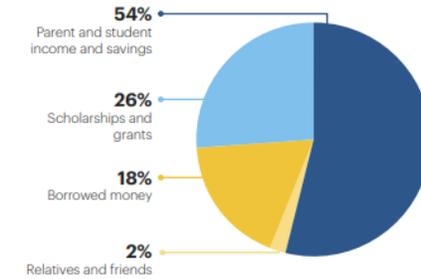
Find the infographic and the full report with data tables at [www.salliemae.com/HowAmericaPays](http://www.salliemae.com/HowAmericaPays)

## How America Pays for College 2022

A snapshot of the national study by Sallie Mae® and Ipsos



Families spent **\$25,313**, on average, on college expenses in AY 2021-22

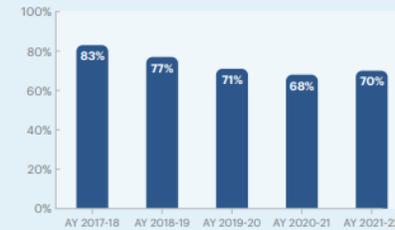


While most families reported online learning as 'good' or 'excellent,'

**8 in 10**

families prefer to be learning on campus at least some of the time

FAFSA® submission rates are holding steady



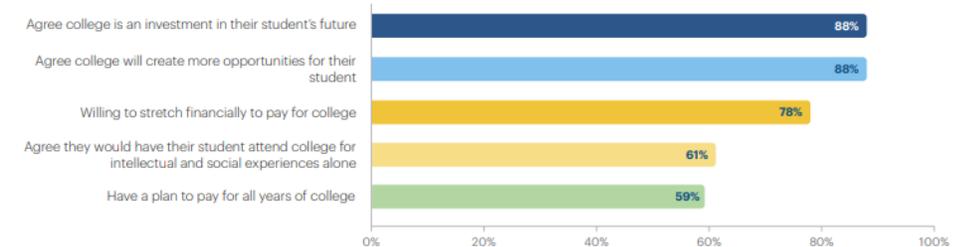
**75%**

of families are unaware the FAFSA is available on Oct. 1

Top reasons families did not file the FAFSA:

- 36%** believed their income was too high to qualify for aid
- 17%** believed the application was too complicated
- 13%** did not know about the FAFSA

Families continue to value a college education



Learn more at [salliemae.com/howamericapays](http://salliemae.com/howamericapays)

Join the conversation with #HowAmericaPays.

Ipsos conducted the How America Pays for College 2022 survey online, in English, between April 5 – May 4, 2022. Ipsos interviewed 952 undergraduate students and 953 parents of undergraduate students from the continental U.S., Alaska, and Hawaii.

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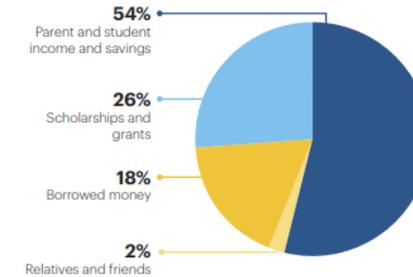
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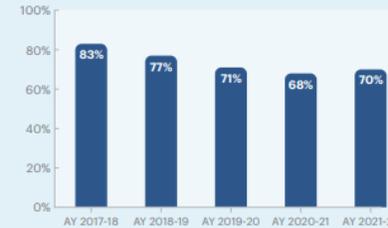


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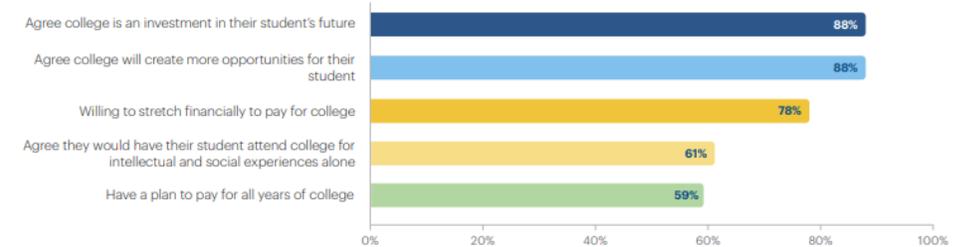


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### *Borrow responsibly*

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

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