

'How America Pays for College' Study Reveals Shifts in Reasons for Attending College: From Aspirational to Practical

Families Take Cost-Savings Measures, Increasingly Rely on Grants and Scholarships

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‘How America Pays for College’ Study Reveals Shifts in Reasons for Attending College: From Aspirational to Practical

Families Take Cost-Savings Measures, Increasingly Rely on Grants and Scholarships

Newark, DE, August 23, 2011 — Students attend college with increasingly practical reasons in mind: better jobs and earning more money, says Sallie Mae’s “How America Pays for College,” a national study of 1,600 college students and parents conducted by Ipsos. Ninety percent of students strongly agreed that college is an investment in the future, an increase from 84 percent in 2010. In addition, 70 percent of students and parents strongly agreed that a college education is necessary for their desired occupation and that college is required to earn more, up from 63 and 59 percent, respectively, in 2010.

“Once again, Americans have demonstrated they are smart and resourceful consumers determined, even in this economy, to attain higher education without breaking the family bank,” said Albert L. Lord, vice chairman and CEO, Sallie Mae.

To prepare the study, researchers conducted extensive interviews with a nationally representative group of 1,600 undergraduates, ages 18-24, and parents of college students about how they paid for college in academic year 2010-2011, including scholarships, grants, income and savings, loans, and assistance from friends and family. The research found that

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- 1 -

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virtually all families reported taking cost-savings measures, such as attending lower-cost colleges, living at home, or going to school part time. On average, families reported paying 9 percent less for college than they had the previous year.

Grants and scholarships played an increasingly important role, covering 33 percent of college costs in 2010-2011, up from 23 percent the previous year. In addition, the proportion of families who reported received grants and scholarships grew substantially, from 55 percent in 2009-2010 to nearly 67 percent in 2010-2011. The majority of this increase occurred among middle- and high-income families.

“It is not at all surprising that American families are increasingly cost-conscious, especially considering the severe economic crisis together with rising tuition costs,” said Clifford Young, managing director, Ipsos Public Affairs, and a lead author of the study. “Most strikingly, this all suggests the immutable nature of higher education as a core American value even while families cite increasingly practical reasons to pursue their college goals.”

For the first time since the study began, more families filed the Free Application for Federal Student Aid (FAFSA), jumping from 72 percent in the 2010 report to 80 percent in the 2011 report. Most of the increase came from middle- and high-income families.

Parent sources, including savings, income and loans, funded the largest segment of the average family’s total college expenses, at 37 percent. Students assumed direct responsibility for about one-quarter of the total cost of college, contributing 11 percent from income and savings and 15 percent through borrowing.

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- 2 -

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In one-third of families, the student borrowed money to pay for college, most commonly through the federal student loan program at an average of \$6,983. In addition, students used private education loans in 9 percent of families.

“How America Pays for College” is Sallie Mae’s fourth annual study of college students and parents. The full report is available at www.SallieMae.com/howAmericapays.

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- 3 -

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