

## **Parent Out-of-Pocket Spending No. 1 Source of College Funding, According to ‘How America Pays for College 2015’**

*National Study from Sallie Mae and Ipsos Finds Families Reaching Into Pockets to Spend More as Economic Worries Subside*

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### ***National Study from Sallie Mae and Ipsos Finds Families Reaching Into Pockets to Spend More as Economic Worries Subside***

**Newark, Del** - The Bank of Mom and Dad is open for business as parent out-of-pocket spending became the No. 1 source of college funding, according to “How America Pays for College 2015,” the national study from Sallie Mae, the nation’s saving, planning, and paying for college company, and Ipsos, a global independent market research company. This year’s report—now in its eighth year—found parent income and savings covered the largest share of college costs, 32 percent, surpassing scholarships and grants (30 percent) for the first time since 2010.

Families covered the balance of college costs using student borrowing (16 percent), student income and savings (11 percent), parent borrowing (6 percent), and contributions from relatives and friends (5 percent).

### ***Families Spend More on College***

After four years of relatively stable spending, families spent 16 percent more money on college in academic year 2014-15, for an average cost of \$24,164, including tuition, room and board, living expenses, and other direct and indirect costs. At the same time, fewer families were worried that economic factors would affect their ability to pay for college, fewer eliminated colleges from consideration due to cost, and fewer took actions (cost-saving measures) to control college costs.



“The increase in the amount families are spending appears to be less about the rising cost of college and more about the choices parents and students are making about how much they elect to pay for college,” said Michael Gross, vice president and head of the Higher Education practice at Ipsos Public Affairs. “Traditional economic concerns, such as job loss, declining home values, and decreased value of savings, are less worrying for parents this year, allowing families greater freedom to concentrate on college.”

### *The Role of Borrowing*

Sixty-two percent of families did not borrow any of the money they used to pay for college during academic year 2014-15. Among those who did, the responsibility for borrowing fell primarily to the student, with students signing for nearly three-quarters of the funds borrowed.

Those students and families who did borrow, however, took more cost-saving measures to afford college than those who did not borrow. Eighty-nine percent completed the Free Application for Federal Student Aid (FAFSA), compared to 78 percent of non-borrowers; 73 percent of students worked while attending school, compared to 68 percent of non-borrowers; and 68 percent of students reduced personal spending, compared to 55 percent of non-borrowers.

### *Students Working During the Year*

Working students are now the norm as 74 percent of students worked during the year to help cover costs. Most worked year-round, found employment in food service or retail and worked an average of 22 hours per week.



### *Planning for College*

The overwhelming majority of families (97 percent) agreed college is an important and worthwhile investment, yet only 40 percent have a plan to pay for it. In families with plans, however, students are more likely to pursue a bachelor's degree, there is more willingness and ability to spend on college, and students borrow 40-percent less than those without a plan.

"College remains a priority for parents, and they are feeling more confident as they reach into their own pockets and put their money where their values are," said Raymond Quinlan, Chairman and CEO, Sallie Mae. "It's gratifying to see families are borrowing responsibly and making efforts to reduce costs. Still, too few plan for their college investment. We at Sallie Mae would like to move that stubborn statistic, and, to do so, we commit to expanding the free tools and information we provide to help families create a plan for their college investment."

"How America Pays for College 2015" reports the results of 1,600 telephone interviews Ipsos conducted in April 2015 of 800 parents of undergraduate students and 800 undergraduate students between the ages of 18 and 24. Data and years shown reflect academic years (July 1 to June 30).

The complete "How America Pays for College 2015" report and a related infographic are available at [SallieMae.com/HowAmericaPaysForCollege](http://SallieMae.com/HowAmericaPaysForCollege). Join the conversation using #HowAmericaPays.



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