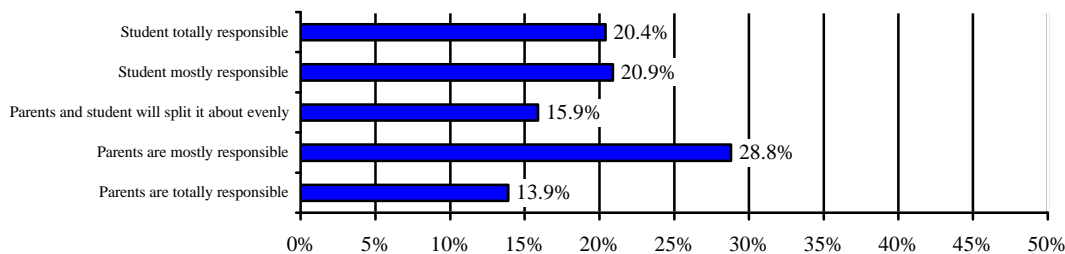


The Burden of Financing College: A Family Affair

As the economy remains stagnant, how students and families determine the “value” of a particular institution’s offerings has come under renewed scrutiny. Where the money originates and whether it is believed to be well spent on certain colleges may shift with economic vicissitudes.

Maguire Associates, Inc., a higher education research and consulting firm and the National Research Center for College and University Admissions (NRCCUA) recently asked a group of 1,776 high school juniors and seniors who was likely to bear responsibility for financing their education and whether a costly education was worth it to attend their ideal college. The heterogeneity of who is assuming the cost of attending college is striking (Figure 1). Nearly the same percentage of students indicate that they will be “totally” or “mostly” responsible for financing their college education (41%) as indicate that their parents will “totally” or “mostly” finance their the student’s education (43%).

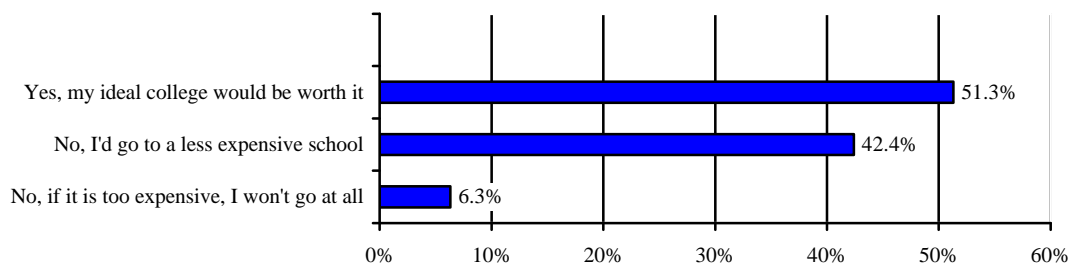
Figure 1
Who will pay the out-of-pocket cost (including loans) for your college education?



The “student payers” (those who are “totally” or “mostly” responsible for paying for college) are more likely from families with household incomes below \$40,000 (43%) than the “parent payers” (those where the parent is “totally” or “mostly” responsible; 30%). Simply, many lower income families may not have the disposable income to assist their children with college tuition. The one positive aspect of this lower family economic status, of course, is greater opportunities for need-based financial aid. Conversely, fewer student payers are in the top grade categories (A+ or A averages; 32%) than parent payers (42%) thus reducing the odds that they would be offered substantial merit-based grants and scholarships.

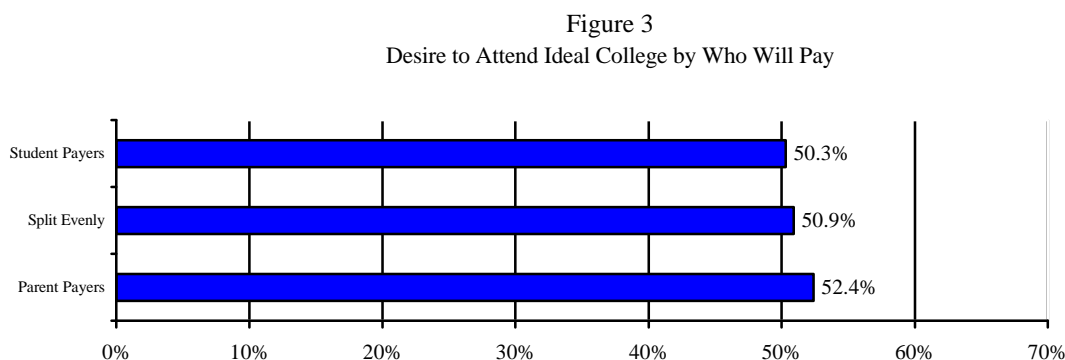
Slightly over half of students (51%) believe that attending their ideal college would be worth it even if it meant a high cost to their families or themselves (Figure 2). Forty-two percent would opt for a less expensive school and 6% would not go to college at all.

Figure 2
Is attending your ideal college worth it even at a high cost to you and/or your family?



Surprisingly, this willingness on the part of students and parents to extend financially to attend their ideal college is not related to income levels (i.e., those of lower incomes and higher incomes show similar patterns in whether they would opt for their ideal school or a less expensive one). Top students (A+ and A) show some increased likelihood to wanting to attend their ideal school regardless of the cost (57%).

Another question raised with these data is: Does who pays matter to students in their evaluation of willingness to assume a high cost for college? If students have to finance all or most of their education will they be more likely to opt for a less expensive alternative? The answer appears to be “no.” As Figure 3 illustrates, student payers are very nearly as likely to remain interested in their ideal college (50%) as parent payers (52%).



In the end, financial issues clearly play a critical role in determining what college or university a student will attend, as nearly half will not attend their targeted school if the financial cost to them is too burdensome. Students are cognizant of the both the financial strain for themselves and their parents, and the inherent “value” of an education at a specific institution is a complex mix of the availability and quality of academic programs and the price tag associated with those options; for some students high debt and financial sacrifice is worth it to attend a particular school and for many others it is absolutely not.