

Publisher's Note

Is Cost the Final Arbiter of College Choice?

In this issue, we explore, as we have in a number of previous issues, questions around cost and aid – but in this instance, at a time when increasingly fewer Americans report confidence in the value of higher education, political wedges sharply divide the nation on educational and other issues, and post-COVID economic pressures weigh even more heavily on prospective students and their families.

We were particularly interested in the extent to which prospective students may have placed importance on cost as they made application and enrollment decisions, ruled out colleges on the cost of attendance alone, made use of tools and resources associated with cost and aid, and the appeal of various mixes of need- and merit-based financial aid.

To explore these questions, we conducted a study of high school seniors who plan to attend four-year colleges and universities as full-time students this fall. They were sampled in the winter, around the time the vast majority had determined where they were applying, and in the late spring, when most had determined where they would be enrolling.

What did we find? Not surprisingly, cost still matters to prospective students and significant proportions of them report that they are ruling out colleges and universities based solely on cost. While many are filing the Free Application for Federal Student Aid (FAFSA), few are utilizing tools and resources to better understand cost and financial aid/scholarship processes – and those who would benefit most are accessing them the least. When it comes to financial aid offers, exclusively need-based offers are seen to be less appealing than those that include a balance of merit- and need-based awards. Finally, when intersecting these findings with those from our work with individual institutions as well as previous editions of *studentPOLL*, it becomes increasingly clear to us that the impact of cost on the perceived appeal of one college or university over another can vary a great deal, particularly in the context of other aspects of the student experience.



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Principals

In this issue of *student***POLL** we will answer **three** main questions...

1. Are students ruling out colleges based on cost alone?
2. Are students utilizing available tools and resources to learn about cost and financial aid?
3. Does the mix of need- and merit-based aid matter to students?

Key Findings

40% of students ruled out colleges due to cost in the **winter**

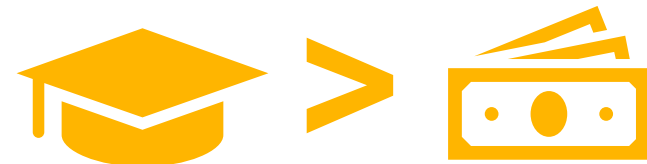
52% of students ruled out colleges due to cost in the **spring**



Exclusively need-based financial aid packages are less appealing than those that include merit-based aid



First-generation and lower income students are less likely to access tools and resources that might help them better understand costs and financial aid



The substantive elements of the college experience still matter to prospective students – usually more so than affordability alone

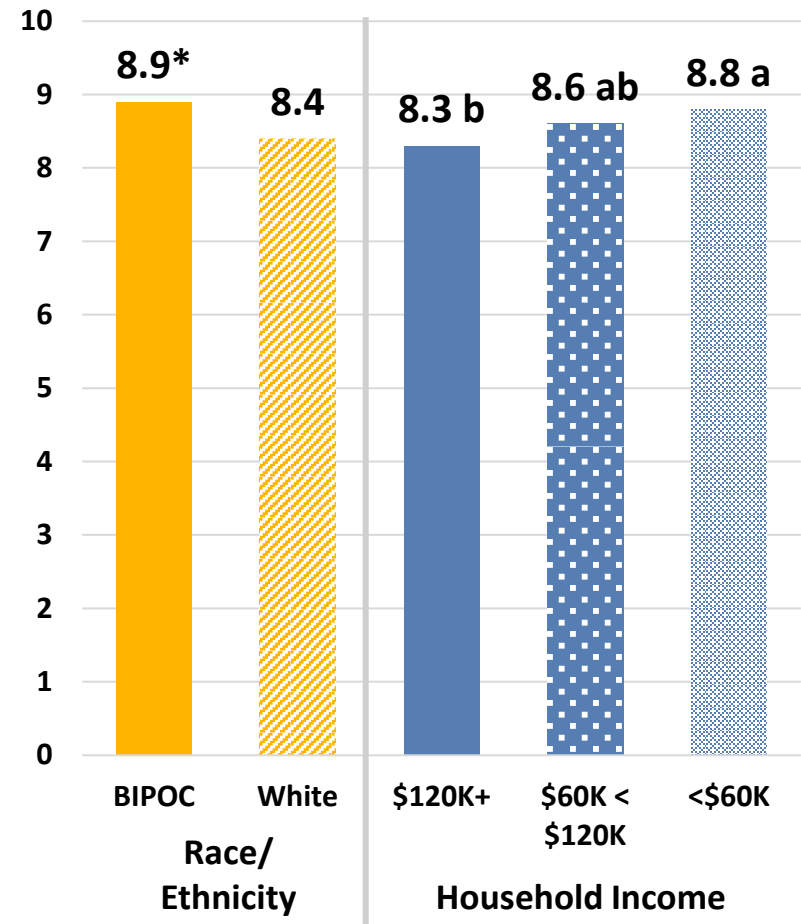
Are students ruling out colleges based on cost alone?

Many of the full-time, four-year college-bound high school seniors sampled in this study said they think of cost as quite a important factor.

At least consciously, spring survey respondents deciding where to matriculate considered cost among the most important factors when weighing enrollment options, equal in importance to factors like the availability of majors and academic quality.



Chart 1: Self-reported rating of importance for cost of attendance when considering factors for enrollment



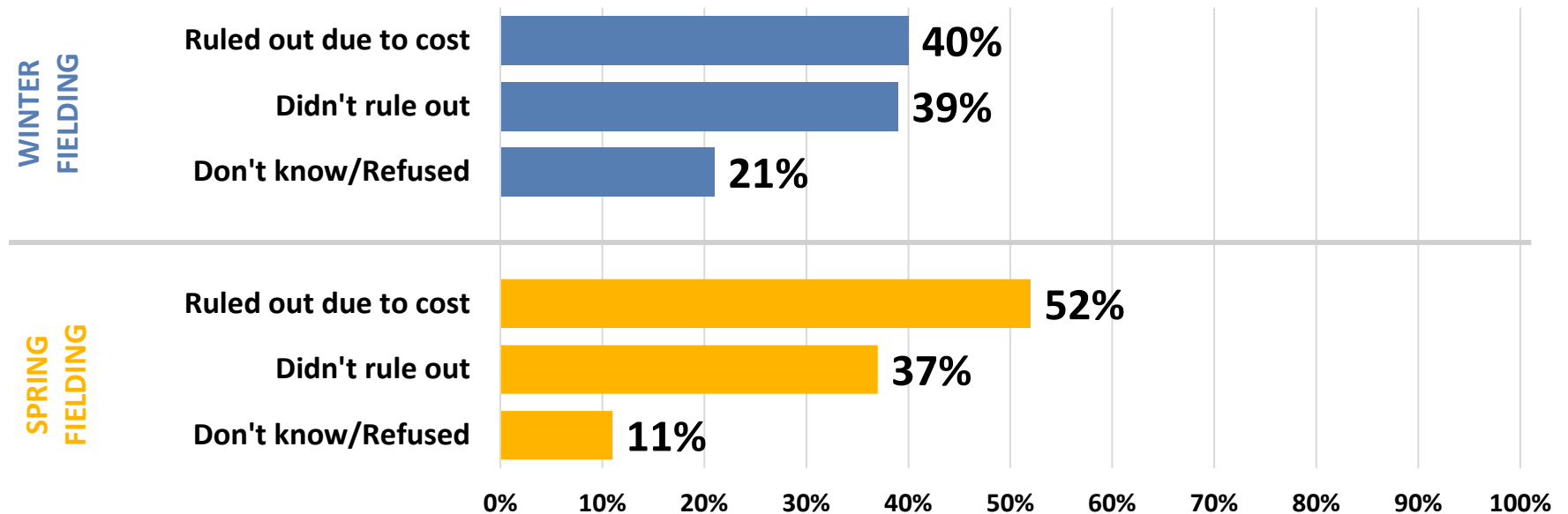
Note: Mean ratings were 10 = "extremely important" and 1 = "not at all important". Mean ratings that share letters with others in their group are statistically similar. The asterisk denotes statistical difference in that group.

Are students ruling out colleges based on cost alone? (cont.)

Further, students self-report that cost is not only important, but can also be the sole determinant of their application and enrollment decisions. Two-fifths of students in our winter fielding indicated that they had ruled out applying to an institution based on cost alone. That percentage increased to just over half in our spring fielding – suggesting that cost may be playing an even more decisive role later in the admission process.

The average household income of those ruling out institutions based on cost was significantly lower than those who did not. Specifically, in the spring fielding, students who ruled out enrolling at colleges based on cost reported a lower average household income (\$88K) than those who did not (\$103K), at least suggesting a relationship between income and cost-based enrollment decisions. Of note, while students of color rated the importance of cost higher than White respondents, they were less likely than White students to have ruled out a college based on cost.

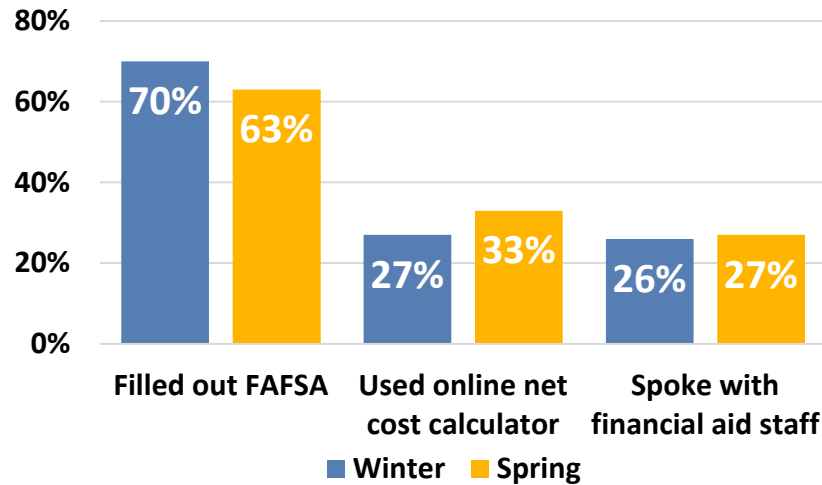
Chart 2: Ruled out an institution solely due to cost



Note: Those who ruled out a school due to cost in spring are statistically different than those who ruled out schools due to cost in the winter.

Are students utilizing available tools and resources to learn about cost and financial aid?

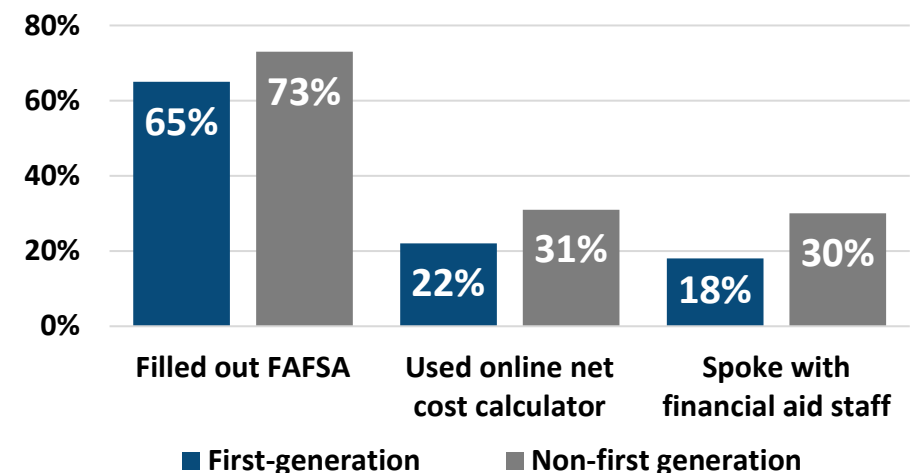
Chart 3: Financial aid resources used by students



Of the several tools and resources prospective students may utilize as they explore college costs, their ability or willingness to use them varies. While the majority of our respondents indicated that they filed a FAFSA (70% in the winter survey, 63% in spring), many fewer indicated that they had used an online net cost calculator (27% in winter, 33% in spring) or spoke with financial aid staff at a college they were considering (roughly 25% across both fielding periods).

Strikingly, those least likely to have taken these actions are those most likely to benefit from them. In our winter fielding, first-generation students were less likely than non-first generation to have filed a FAFSA (65% vs 73%), used a cost calculator (22% vs 31%), or spoken with financial aid staff (18% vs. 30%). Additionally, lower-income students were less likely to have used a cost calculator across both fielding periods (23% in winter, 25% in spring).

Chart 4: Financial aid resources used by first-generation status

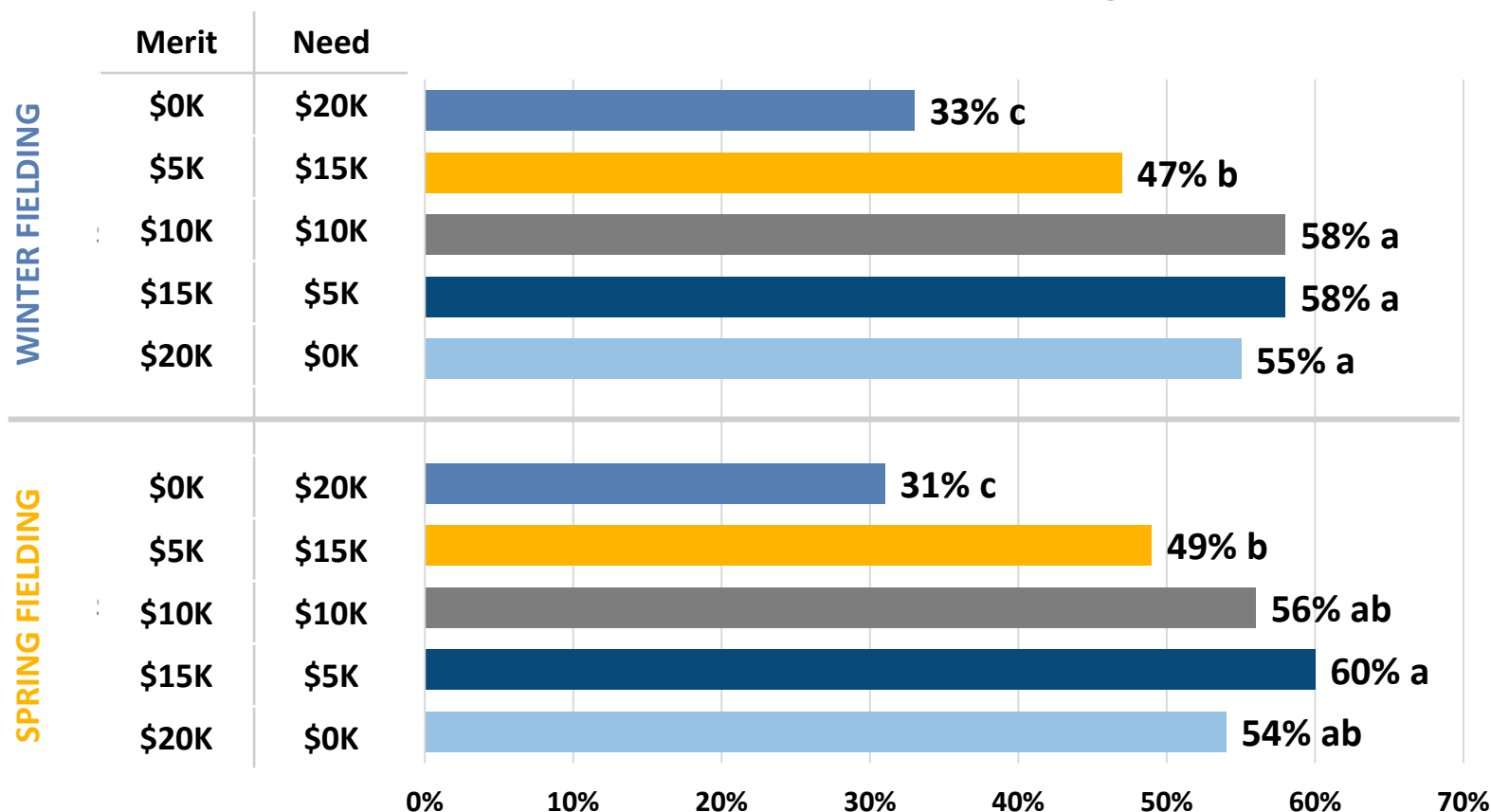


Note: The differences between first-generation and non-first-generation students are statistically significant.

Does the mix of need- and merit-based aid matter to students?

These surveys indicate that the mix of need- and merit-based aid can drastically impact the perceived appeal of financial aid awards. We asked respondents, a wide swath of college-bound students across the nation, to rate the appeal of various mixes of need- and merit-based aid awards on a hypothetical \$20,000 aid award, regardless of their particular circumstances or motivations, the institutions they're considering, and the appeal of those institutions to them. Responses evidence a clear preference for a mix of need- and merit-based aid, with half or more merit-aid having the most overall appeal.

Chart 5: Preferred financial aid packages

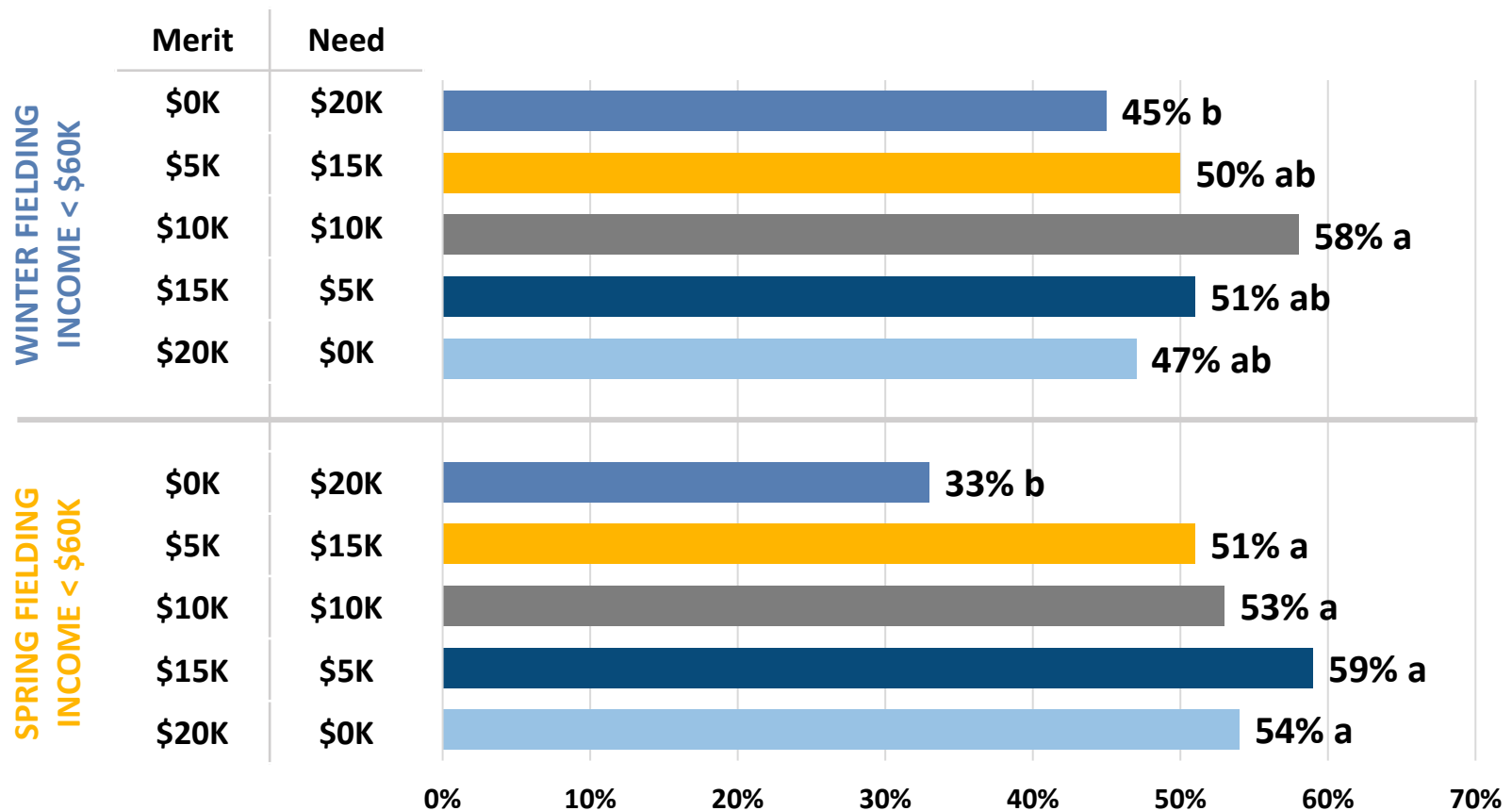


Note: Percentages that share letters with others in their group are statistically similar. The percentages reflect the percentage of times that package was chosen when paired against any other of the packages.

Does the mix of need- and merit-based aid matter to students? (cont.)

While lower-income students were more likely to find fully need-based awards appealing, they too, indicated a strong preference for a mixed aid package. This matches what we have seen in our work for individual institutions, where students often are reporting a more positive effect for aid being packaged as a reward for achievement (merit) than for a lack of financial resources (need-based).

Chart 6: Preferred financial aid packages among lower-income households



Note: Percentages that share letters with others in their group are statistically similar. The percentages reflect the percentage of times that package was chosen when paired against any other of the packages.

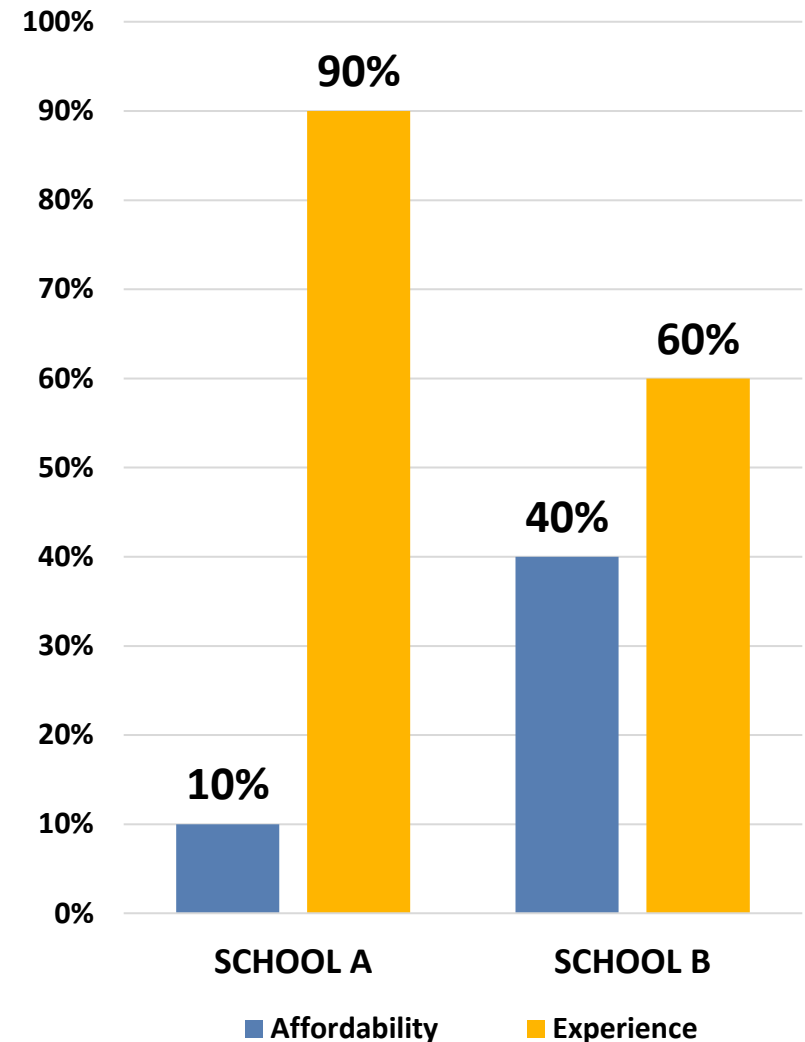
Insights from Previous Research

While cost is no doubt an important consideration for many students and their families as they weigh college options, perceptions of cost and affordability do not exist in a vacuum. Rather, the value students perceive in and assign to the substance of the college experience can frequently be more important than discrete concerns around cost.

In our work with individual colleges and universities, we employ more advanced methodologies that allow us to understand the actual, rather than self-reported, impact of student perceptions of a variety of factors on the appeal of one college over another. In that work, we have found that while affordability can be a particular challenge for some institutions, perceptions of substantive elements of the college experience, such as the strength of academics, post-college placement/outcomes, and social life, frequently combine, in ways unique to that institution, to outweigh the discrete impact of affordability.

Chart 7 demonstrates the impact of decision factors on the choices of prospective students regarding schools A & B. School A is competing against others on the nature of the experience students think they will find there versus the other schools they are considering. In contrast, the absence of an experience compelling enough to have a substantial impact on prospective students' choices leaves School B competing more than it should on the basis of price and aid.

Chart 7: Relative impact of affordability to college experience factors on the choices of prospective students using prior client examples

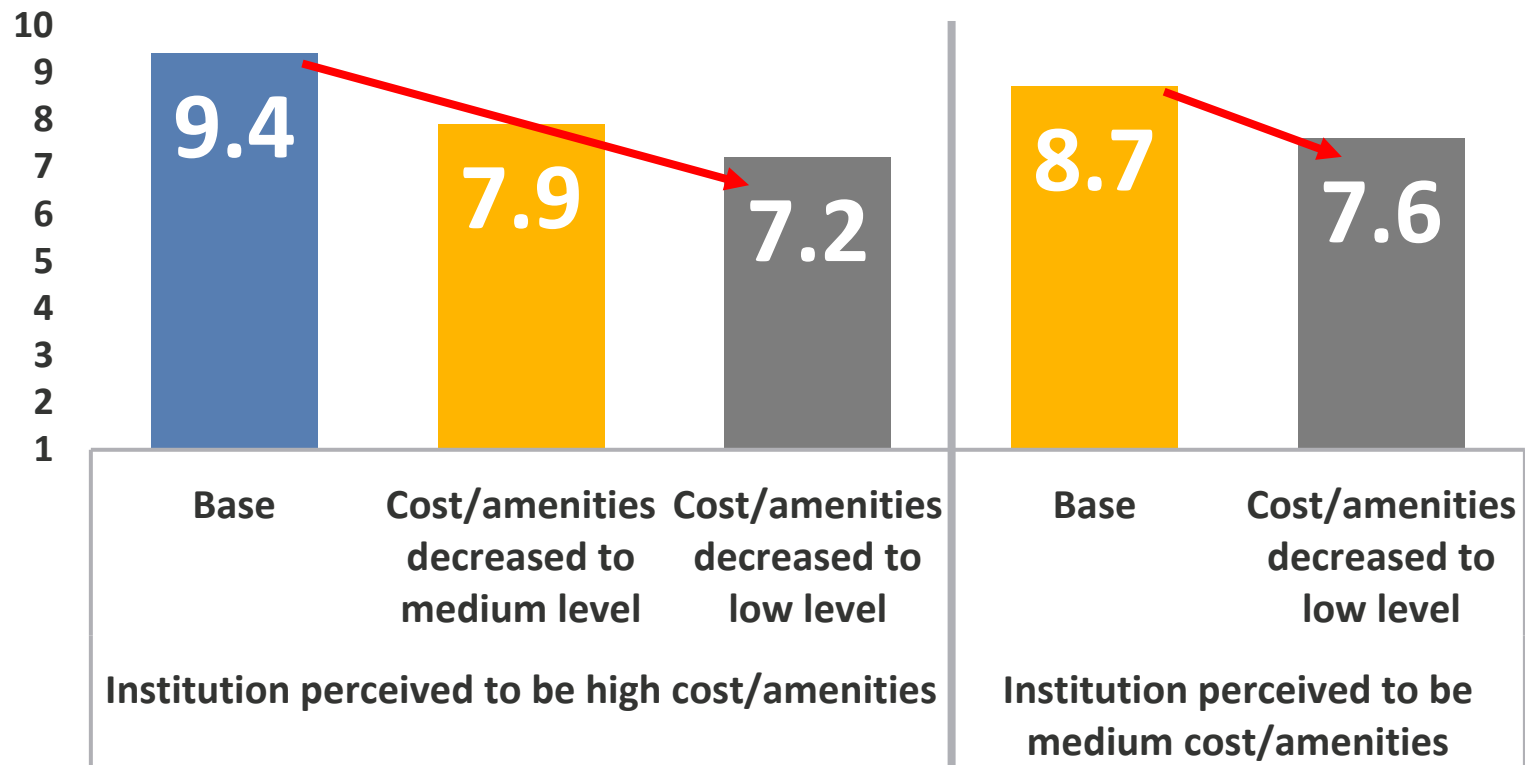


Insights from Previous Research

Moreover, a previous edition of *studentPOLL* ([Vol. 15 Issue 1, 2022](#)) found that while students are concerned with cost, the market hasn't yet reached a point at which large swaths of students would be willing to settle for a lesser experience in order to pay less.

In that study, respondents indicated that if their first-choice college or university reduced services and amenities to effect substantial reductions in cost, students' preferences tended to shift away from their initial first-choice. That is, their first choice becomes less appealing – further emphasizing the role that perceptions of the nature and quality of the student experience play in college decision processes and the extent to which these considerations can be more important than discrete concerns about cost.

Chart 8: Impact of decreasing cost/amenities at high and medium cost/amenity institutions



Conclusion

Respondents to our surveys clearly indicate that cost is an important factor as they consider their application and enrollment options. No doubt, college and university leaders should take care to pay attention to their cost relative to the competition. At the same time, it would be a mistake to assume that cost is the only, or even the primary, factor at play in the minds of prospective students. The degree to which cost matters can vary significantly and is one of many factors influencing college choice. Institutions should seek to understand the idiosyncrasies of their own markets, how a variety of factors (including, but not limited to, sensitivities to cost), impact their competitive position and appeal, and seek to differentiate themselves in ways that are true to their mission and character – but also in ways that matter to the prospective students they seek to enroll.

That said, colleges and universities need to be intentional about developing more effective ways of communicating about cost and financial aid/scholarship opportunities. This is especially pertinent for students and families who would benefit most by having a more detailed understanding of the complexities of the admissions and financial aid process. And as enrollment and financial aid professionals prepare aid packages for incoming students, they should carefully consider how the mix of need- and merit-based aid they are offering might impact perceptions of the appeal of the aid offer.

Study Methodology

The findings in this issue of *student**POLL*** are based on survey research fielded in January–February 2023 (Winter) and again in May–July 2023 (Spring). The surveys were completed respectively by 1,865 (778 of whom intended at that point to attend a four-year institution as a full-time student next fall) and 2,087 domestic high school seniors (802 of whom intended at that point to attend a four-year institution as a full-time student next fall).

In the Winter, respondents were 62% female and 62% white, and in the Spring they were 62% female and 60% white. The average household income was around \$93,000 in the first fielding and \$94,000 in the second. Responses are weighted by income, race, region, and gender so that findings represent the larger domestic college-going population. The margin of error for both populations of students was plus or minus 3.5%.

The study was designed to provide a broad perspective on the extent to which prospective students placed importance on cost as they make application and enrollment decisions. Findings and conclusions, therefore, do not reflect the circumstances, challenges, and opportunities of any individual institution, which tend to be highly idiosyncratic. Rather, they are intended to contribute to the national conversation around access to higher education, inform policymakers, and prompt each individual institution to consider what its own particular situation might be with regard to this *student**POLL*** topic and how it can determine what its own best solution might be.

About *student***POLL**

The publication by Art & Science Group, LLC, *student**POLL***, presents the results from a series of national surveys that measure the opinions, perceptions and behaviors of high school students and their parents. Published for the benefit of college and university senior leaders and enrollment officers, as well as secondary school college counselors, *student**POLL*** seeks to provide insights and understanding that will result in better communication and service to college-bound students across the nation.

First published in 1995 by Art & Science Group, a leading national source of market intelligence for higher education, *student**POLL*** has become a trusted and widely cited source of reliable data and insights on many critical questions concerning college choice. *student**POLL*** findings and analysis are provided free on the [Art & Science Group website](#).

About Art & Science Group

Art & Science Group offers market-informed strategy to higher education, independent schools and the non-profit sector. Since our founding in 1994, we have provided our clients with strategic market research and recommendations, built on a foundation of both creative thinking and empirical rigor — art and science. We work in a variety of arenas, leveraging a foundation of market data, analysis and inventive ideas, to guide and advance our institution's strategic interests and critical investments. Our firm is dedicated to helping each institution position itself in ways that positively affect the decisions of its key constituents — whether to apply, matriculate, give and so on — in an institution's favor. We provide a customized and collaborative approach for each client, with recommendations rooted in sophisticated research and thorough analysis. Our experienced consultants and researchers produce the highest quality findings and recommendations on the market.