

# How Price and Affordability Affect the Enrollment Decisions of Prospective Students

## Key Findings

1. The cost of college is a highly salient issue, with nearly all students intending to apply for financial aid
2. Students find information about financial aid and ways of paying for college from a wide range of sources
3. Aware of price increases, students consider a number of alternative options to help pay for a four-year college
4. Middle-income students have different responses to rising college costs
5. College costs are of increasing concern for lower-income students, but costs have different implications for these students than for their middle-income peers
6. Parents and students are both involved in application and matriculation decisions

Publisher's Note

Findings

Conclusion / Endnotes

Study Methodology

About *student*POLL

About ACT

About Art & Science Group

Charts

## Publisher's Note

In light of the rising cost of college and the political implications of this escalation, this study provides new insight into students' thinking and behaviors regarding college pricing. Given the fact that college choice decisions take place over a relatively extended period of time, our goal in conducting this research was not only to determine students' thoughts about college costs, but to understand how it changes throughout the college admission period – from application submissions in January to enrollment decisions in May.

We found that students of all income levels experience changes in how they think about college costs as they progress through the process, most likely as a result of having received admission decisions and financial aid awards. One of the most interesting findings of our study is that these changes in perspective vary by income, with lower-income, middle-income and higher-income students considering and responding to issues related to college cost in substantially different ways.\*

While these data provide valuable insight into the factors that college-bound students and their families are considering as they weigh the costs and benefits of choosing a particular school, it is important to remember that the optimal price positioning at each institution is highly idiosyncratic. Furthermore, the sensitivities to price and financial aid each school faces vary substantially, and, in some cases, slight changes in price and financial aid can present significant opportunities for an institution. So while understanding how college-bound students and their families think about college costs broadly, the nuances of each institution's position in the market create the need to understand and optimize an individualized market-sensitive pricing strategy.

### Publisher's Note

Findings

Conclusion / Endnotes

Study Methodology

About *student*POLL

About ACT

About Art & Science Group

Charts

## 1. The cost of college is a highly salient issue, with nearly all students intending to apply for financial aid

### Findings

- Nine-in-ten students report that college costs are influential in their application and enrollment decisions.
- Nearly all students have some sense of their family's ability to afford college.
- There is an almost universal intention to apply for financial aid, yet as the application process progresses, middle-income students' expectations of receiving need-based aid significantly declines.

Percentage of middle-income students who expect to use need-based financial aid to help pay for college

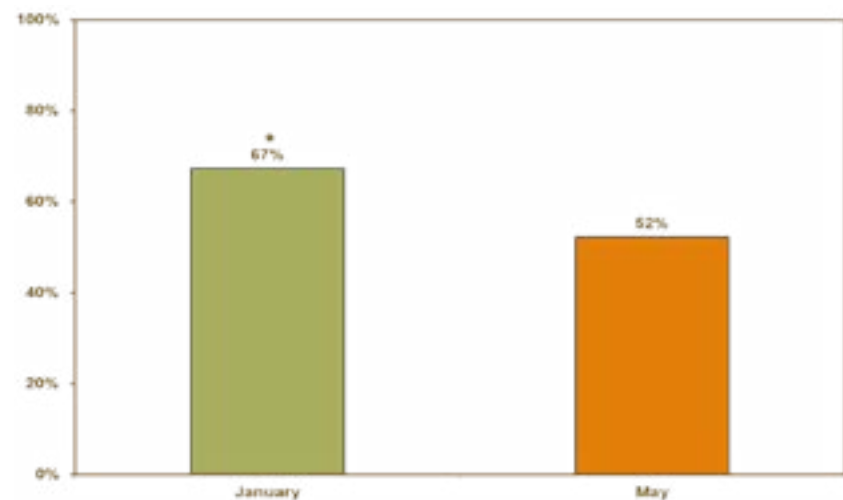


Chart 1

### Commentary

With the recognition of high and rising college costs, students of all income levels are discussing and considering financial aid and how to pay for college. Most students are also aware of their family's ability to pay for college, and thus high college costs are having significant implications for students' application and enrollment decisions. While these considerations seem to be consistent among all students, the expectation of receiving need-based aid decreases significantly for middle-income students from the time of application decisions (January) to matriculation choices (May). In May, middle-income students realize that the odds of receiving need-based aid are diminished compared to what they originally perceived in January,

which is also influenced by an increase in middle-income students attending in-state public institutions. With college costs playing such an important role in students' decisions, possible misperceptions regarding the availability of need-based aid for middle-income students pose a significant challenge.

## 2. Students find information about financial aid and ways of paying for college from a wide range of sources

### Findings<sup>+</sup>

- Students most commonly seek information from: FAFSA website; colleges' websites about financial aid, scholarships, etc.; high school guidance counselors; and friends and family.
- Students least commonly seek information from: news articles (online or in print), professional college counselors or consultants, and government-sponsored tools (e.g., College Navigator or College Scorecard).

Sources of information on financial aid and paying for college

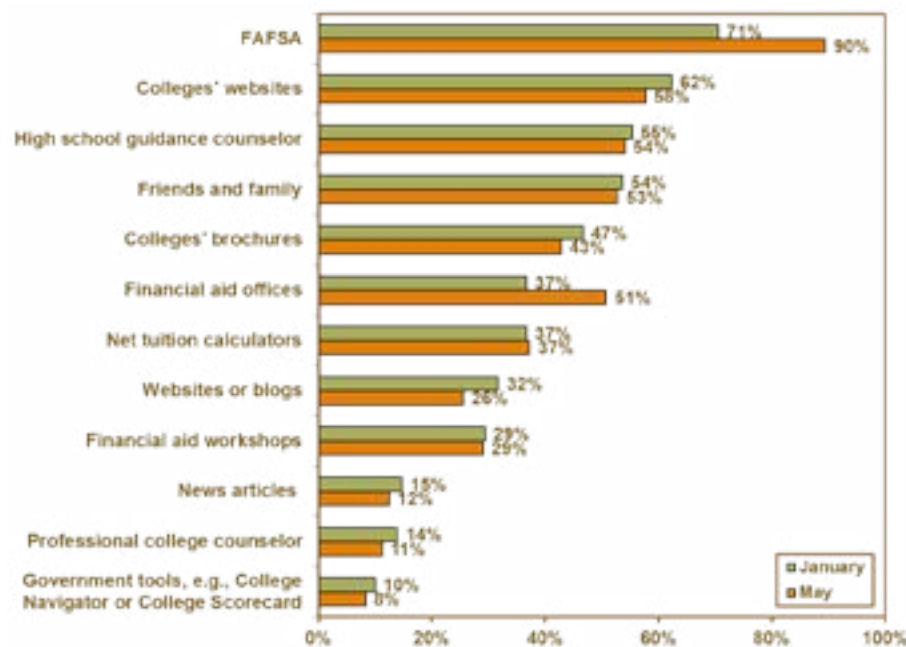


Chart 2

### Commentary

Students are taking advantage of the abundance of materials and resources available to them, both online and in-person. Students are more likely to use direct, easily accessible sources, like FAFSA or college websites, as opposed to third-party sources, such as news articles or government-sponsored tools. Familiar and personal resources, like guidance counselors and family members, also play a significant role in providing information on financial aid to college-bound students.

### 3. Aware of price increases, students consider a number of alternative options to help pay for a four-year college

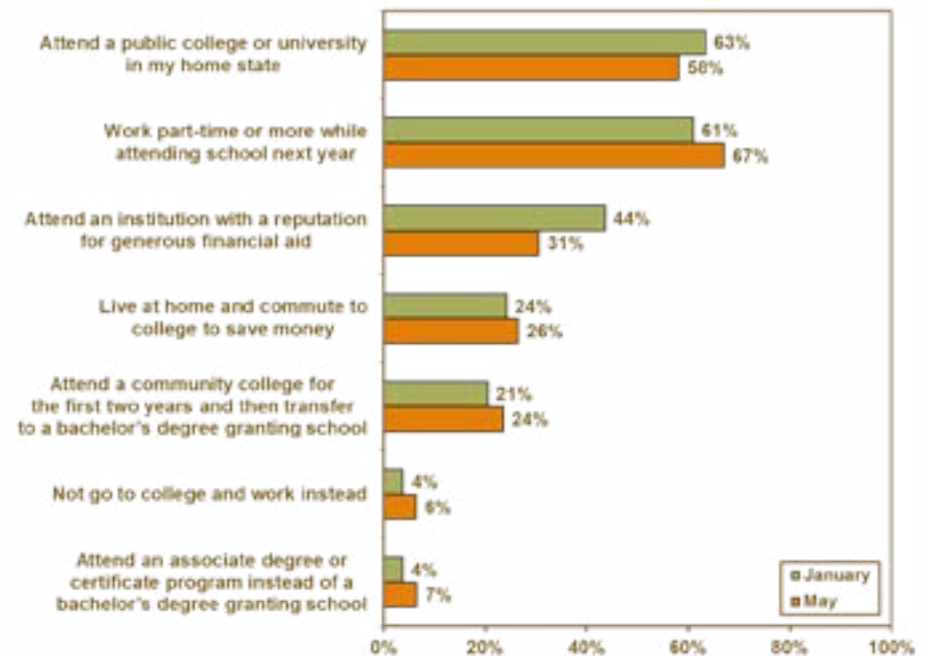
#### Findings<sup>+</sup>

- About three-fifths of students plan to attend a public college or university in their home state.
- About two-thirds of students plan to work at least part-time while attending school.
- Very few students plan to work rather than attend college.
- Very few students plan on attending an associate degree or certificate program school instead of a bachelor's degree granting school.

#### Commentary

Although college costs have increased, students overall are not eliminating the possibility of attending a four-year college. However, many students are considering various options, such as attending an in-state, public institution or living at home and commuting to college. While students choose to attend an in-state public school for many different reasons, these results suggest that a significant number of them are doing so based on price alone. Two-thirds of students are also planning to work at least part-time to help pay for the cost of college. It seems students are more willing to consider alternative methods that allow them to attend a four-year college, as opposed to options that preclude earning a bachelor's degree.

Options students have considered due to rising college costs



Note: reduced base = those who indicate an increase in college prices and indicate college costs are at least somewhat influential

Chart 3

## 4. Middle-income students have different responses to rising college costs

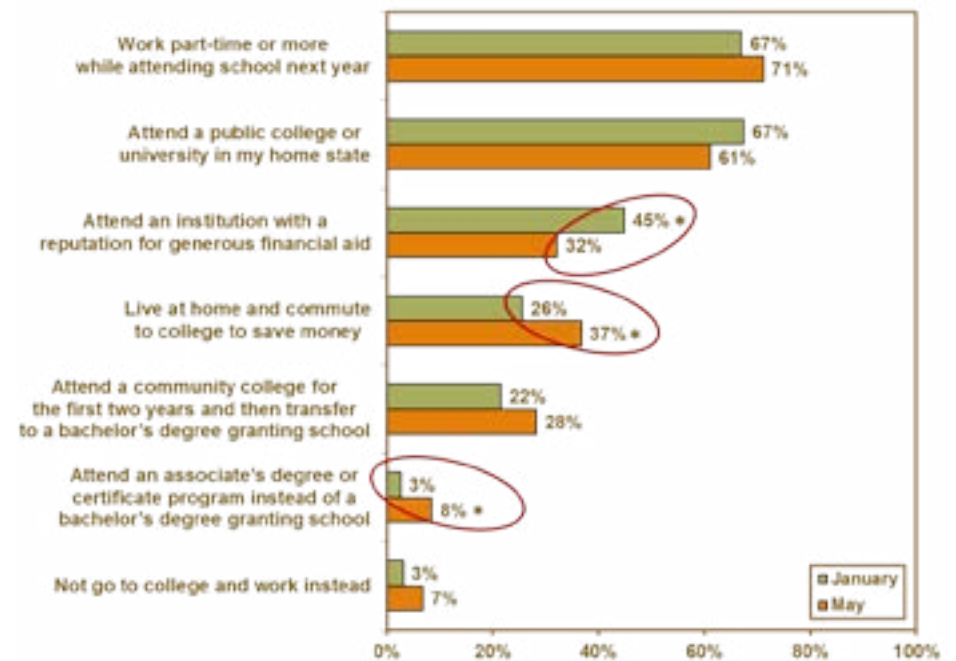
### Findings

- From January to May, middle-income students report they are less likely to attend a school with a reputation for generous financial aid.
- Middle-income students are more likely to consider living at home and commuting to college.
- Middle-income students are also more likely to consider an associate degree or certificate program instead of a traditional four-year program.

### Commentary

Rising college costs are having a distinct impact on middle-income students compared to their lower- or higher-income counterparts. Although high college costs are affecting all students, middle-income students are more likely to change their perspectives on where they would live during college, being more likely to consider living at home as a way of saving money. In May, middle-income students are also less likely to choose schools with a reputation for generous financial aid, presumably explained by middle-income students attending in-state public institutions. Furthermore, unlike students in other income groups, in May they are more likely to consider an associate degree or certificate program over a traditional, four-year bachelor's degree. The changes over time in these considerations are specific to middle-income students.

Options middle-income students have considered due to rising college costs



Note: reduced base = those who indicate an increase in college prices and indicate college costs are at least somewhat influential

Chart 4

## 5. College costs are of increasing concern for lower-income students, but costs have different implications for these students than for their middle-income peers

### Findings

- The proportion of students who identify cost as a “very influential” factor increases from about one-half during the application phase to two-thirds at enrollment decision time.
- The proportion of lower-income students who are considering financial aid packages in terms of net cost increase by 50% between application and enrollment decision (see chart 5).
- Lower-income students expect institutional grants (both need- and merit-based) to cover nearly two-thirds of their total college costs (see chart 6).
- Lower-income students are more likely to consider self-support measures (such as work) in response to paying for rising college costs in May than in January (see chart 7).

they are also likely to consider part-time work or other self-support measures. However, lower-income students seem to consider financial aid awards later in the application process, with 50% more of these students looking at net cost in May than did in January. This difference may indicate that the timing of financial aid awards and the perceptions about these awards among students of varying income levels would be worthy of further study.

### Commentary

Although rising college costs are affecting all students as they progress from application to enrollment decisions, lower-income students have different reactions to financial aid than their peers. Lower-income students are expecting institutional grants to cover nearly two-thirds of college costs. Like middle-income students,

## 6. Parents and students are both involved in application and matriculation decisions

### Findings

- Parents have influence on schools of consideration, but the choice is largely left to the students.

### Commentary

Many parents play a major role in determining an initial set of schools their children will consider, especially in regards to the financial implications of school choice. About two-thirds of students reported discussing the cost of a college they could afford with their parents. For most students, parental advice remains an influential factor, but not the ultimate determinant of their college enrollment decision.

Parental influence on students' application and matriculation decisions

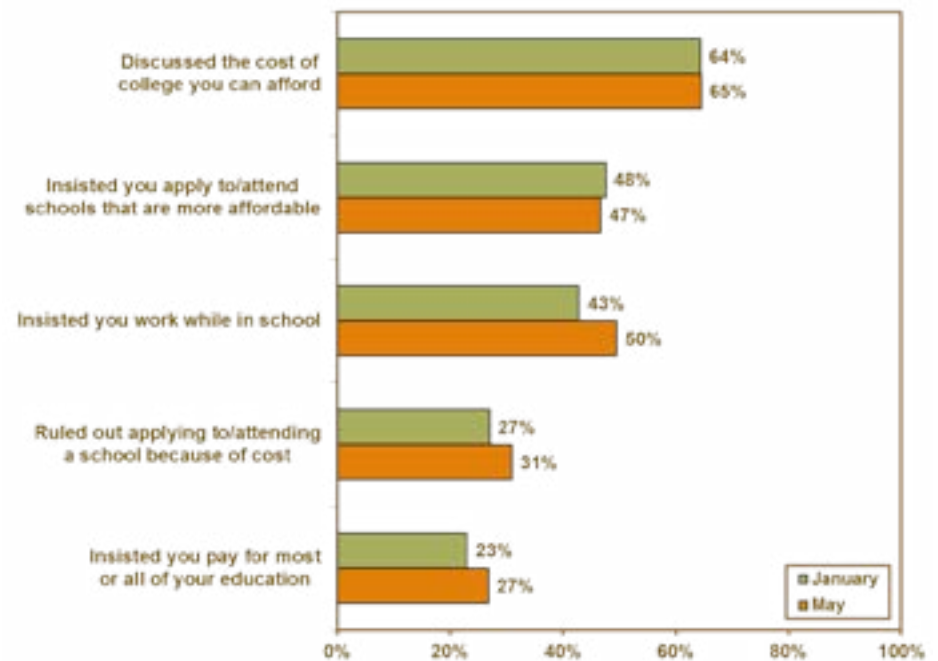


Chart 8



## Conclusion

While the initial findings related to college costs seem to be consistent for all students, the specific attitudes and responses that develop through the admissions process ultimately vary according to income level. Overall, it appears that all students adjust their thinking during the period between application and matriculation decisions. During this time, middle-income students are more likely to adjust their preferences and consider more affordable schools. On the other hand, lower-income students tend to increase the number of self-sufficient payment options to balance their institutional grant awards. Institutions would do well to keep these insights in mind as they address the financial aid and cost challenges they face in their own idiosyncratic markets.

## Endnotes

\* For the purpose of this study, income is divided into three categories: lower (less than \$60,000), middle (\$60,000-\$120,000) and higher (greater than \$120,000).

+ Among those who indicate an increase in college prices and who indicate college costs are at least somewhat influential.

Publisher's Note

Findings

**Conclusion / Endnotes**

Study Methodology

About *student*POLL

About ACT

About Art & Science Group

Charts

## Study Methodology

The findings in this issue of *studentPOLL* were based on two survey fielding periods, January 2016 and May 2016. The January sample includes high school senior ACT test-takers, who tested on the September 2015 or October 2015 national test dates, and the May sample includes high school senior ACT test-takers, who tested on the December 2015 or February 2016 national test dates. January and May respondents were each recruited from a random sample of 40,000 plus an over-sample of 2,500 African-Americans. Including the oversample, 42,500 emails were sent inviting participants to the online survey during each fielding period.

January responses were collected from Jan. 4, 2016, to Jan. 31, 2016, and May responses were collected from May 2, 2016, to May 31, 2016. In January, 2,654 people responded to the survey invitation and 1,199 qualified and completed the survey. In May, 1,553 people responded to the survey invitation and 554 qualified and completed the survey. Responses are weighted by the same traits, race, region and gender, in both phases so that the January and May respondents resembled the full population from which they were recruited. The margin of sampling error for this population of students is plus or minus 2.8 percent for the January results and 4.1 percent for the May results. The margin of error is higher among subgroups.

Publisher's Note

Findings

Conclusion / Endnotes

**Study Methodology**

About *studentPOLL*

About ACT

About Art & Science Group

Charts

## About *student*POLL

A collaboration between ACT and Art & Science Group, LLC, *student*POLL presents the results from a series of national surveys that measure the opinions, perceptions and behaviors of college-bound 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. ACT and Art & Science Group have now joined forces to expand the depth and range of the issues that will be explored in *student*POLL. *Student*POLL findings and analysis are provided free on the [Art & Science Group website](#).

Publisher's Note

Findings

Conclusion / Endnotes

Study Methodology

**About *student*POLL**

About ACT

About Art & Science Group

Charts

## About ACT

ACT is a mission-driven, nonprofit organization dedicated to helping people achieve education and workplace success. Headquartered in Iowa City, Iowa, ACT is trusted as the nation's leader in college and career readiness, providing high-quality achievement assessments grounded in more than 50 years of research and experience. ACT's uniquely integrated set of solutions provide insights that empower individuals to succeed from elementary school through career. To learn more about ACT, go to [www.act.org](http://www.act.org).

## About Art & Science Group

Art & Science Group, LLC is one of the nation's most influential consulting firms specializing in market-related issues facing higher education and the nonprofit sector. The firm's work synthesizes imagination and empirical rigor — art and science. Its research is considered the most rigorous and innovative in higher education today. The firm assists clients in every major arena of marketing and communications: market-informed strategic planning; enrollment management and student recruitment; development and alumni relations; and tuition pricing and financial aid. The firm has extensive experience working with a large variety of public and private institutions of higher learning, ranging from comprehensive private and public research universities to small liberal arts colleges.

Publisher's Note

Findings

Conclusion / Endnotes

Study Methodology

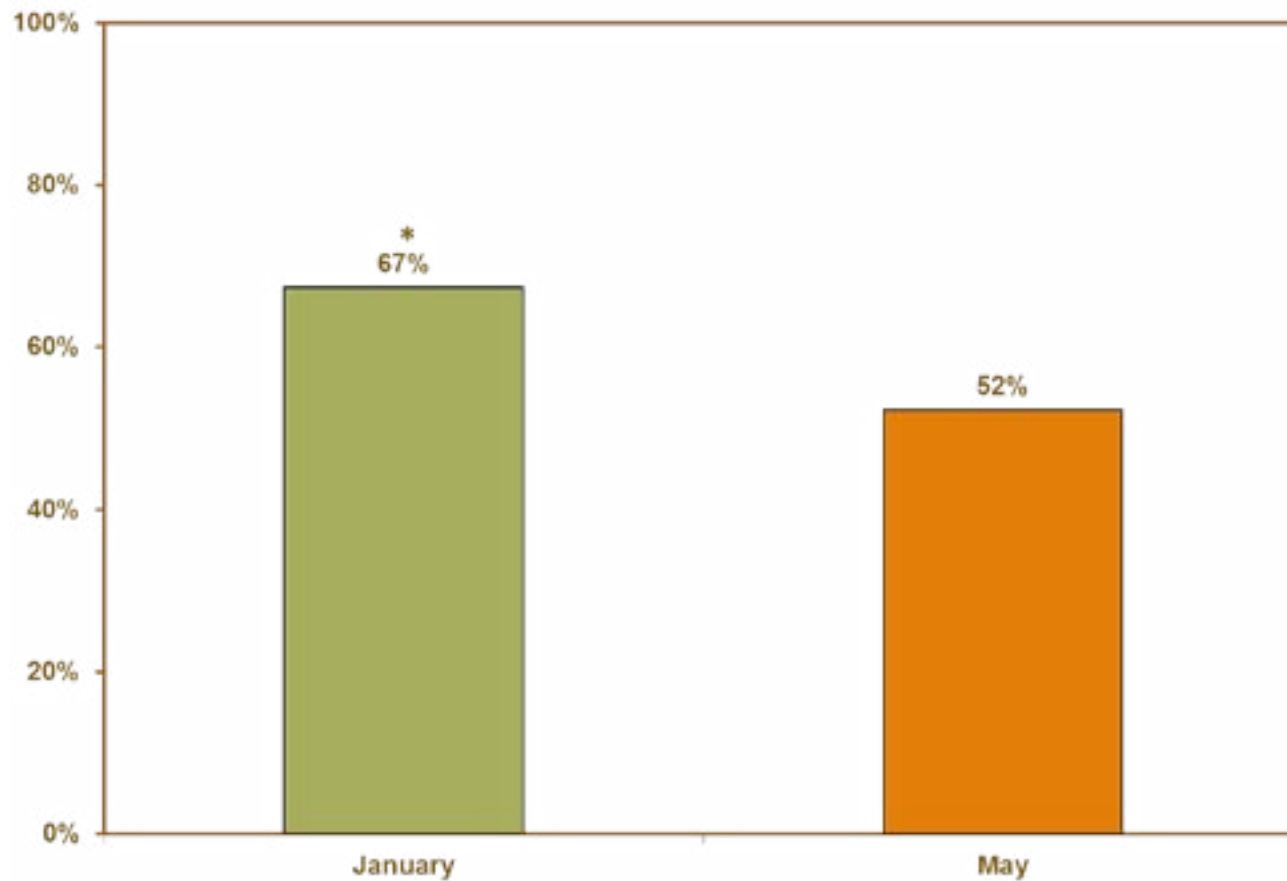
About *student*POLL

**About ACT**

**About Art & Science Group**

Charts

**Chart 1: Percentage of middle-income students who expect to use need-based financial aid to help pay for college**



[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

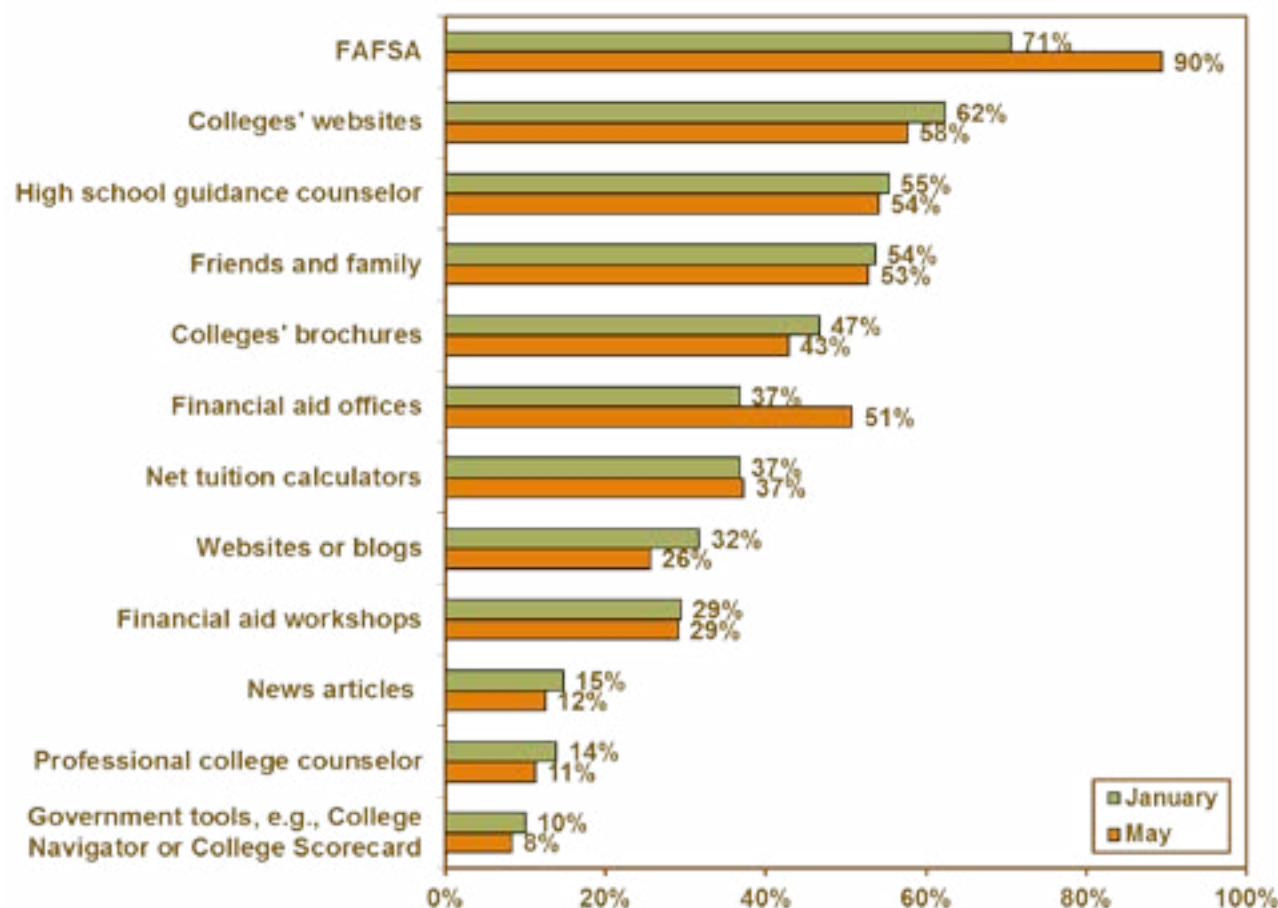
[About \*student\*POLL](#)

[About ACT](#)

[About Art & Science Group](#)

**[Charts](#)**

Chart 2: Sources of information on financial aid and paying for college



Note: reduced base = those who indicate an increase in college prices and indicate college costs are at least somewhat influential

Publisher's Note

Findings

Conclusion / Endnotes

Study Methodology

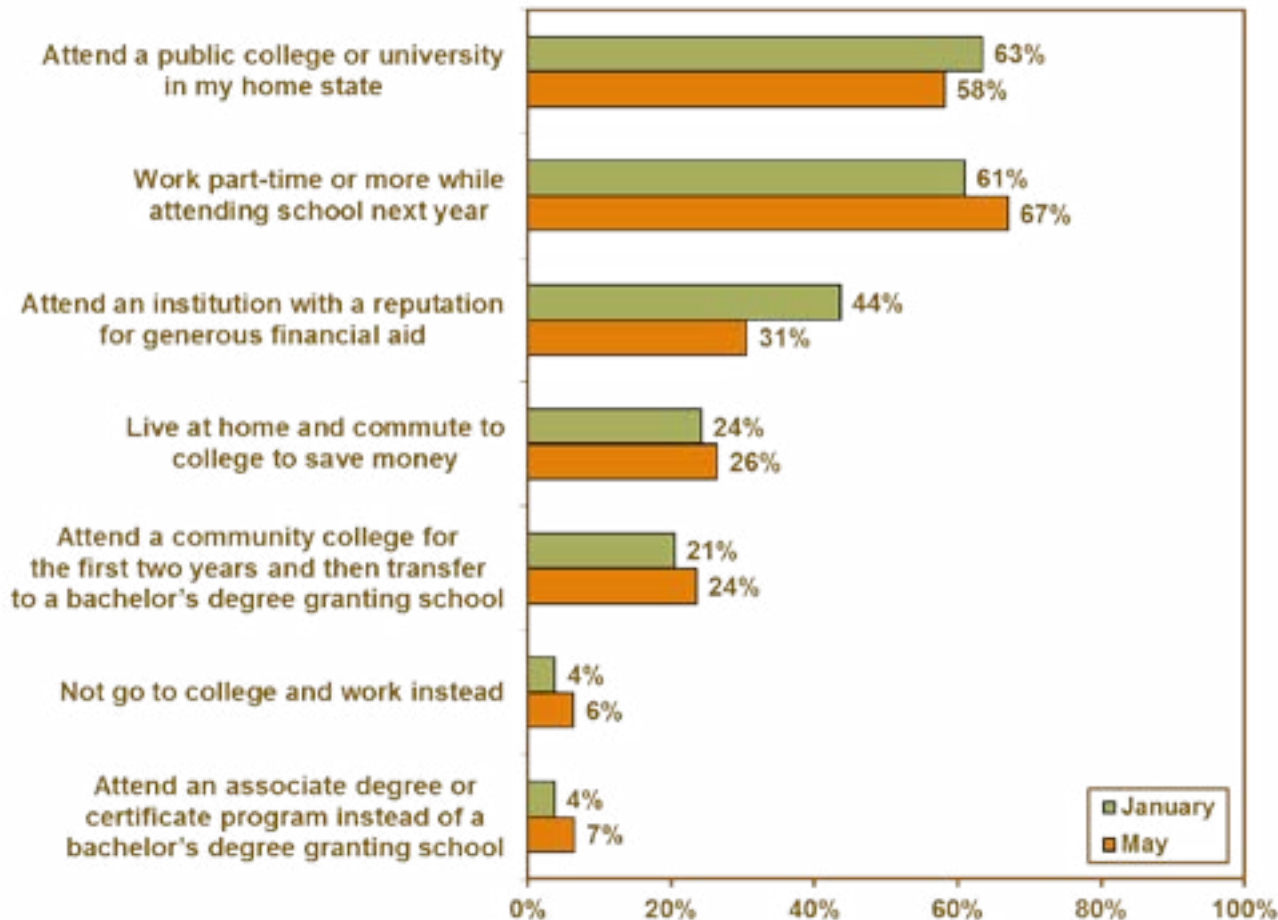
About *studentPOLL*

About ACT

About Art & Science Group

Charts

Chart 3: Options students have considered due to rising college costs



Note: reduced base = those who indicate an increase in college prices and indicate college costs are at least somewhat influential

[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

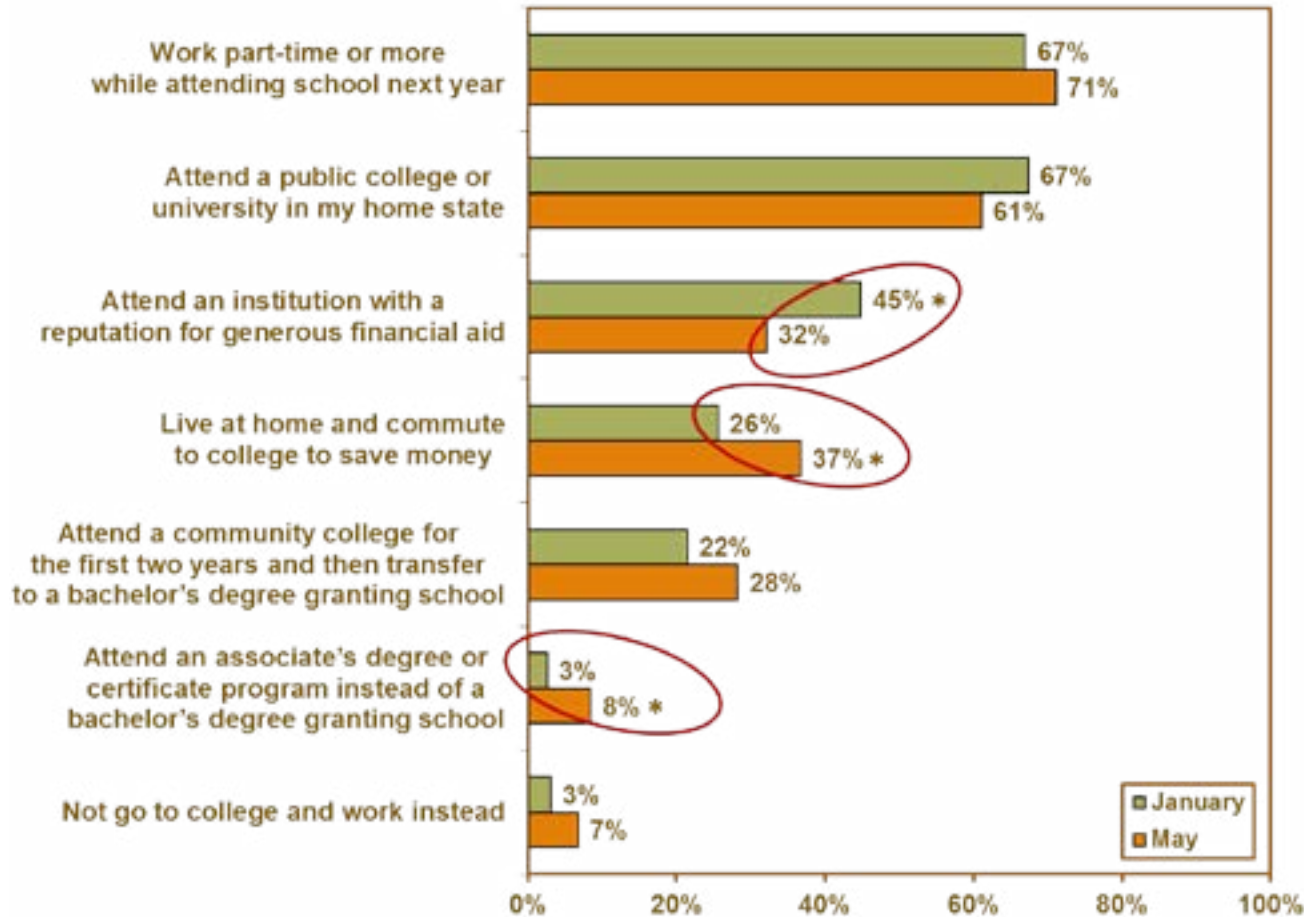
[About \*studentPOLL\*](#)

[About ACT](#)

[About Art & Science Group](#)

[Charts](#)

**Chart 4: Options middle-income students have considered due to rising college costs**



Note: reduced base = those who indicate an increase in college prices and indicate college costs are at least somewhat influential

[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

[About \*student\*POLL](#)

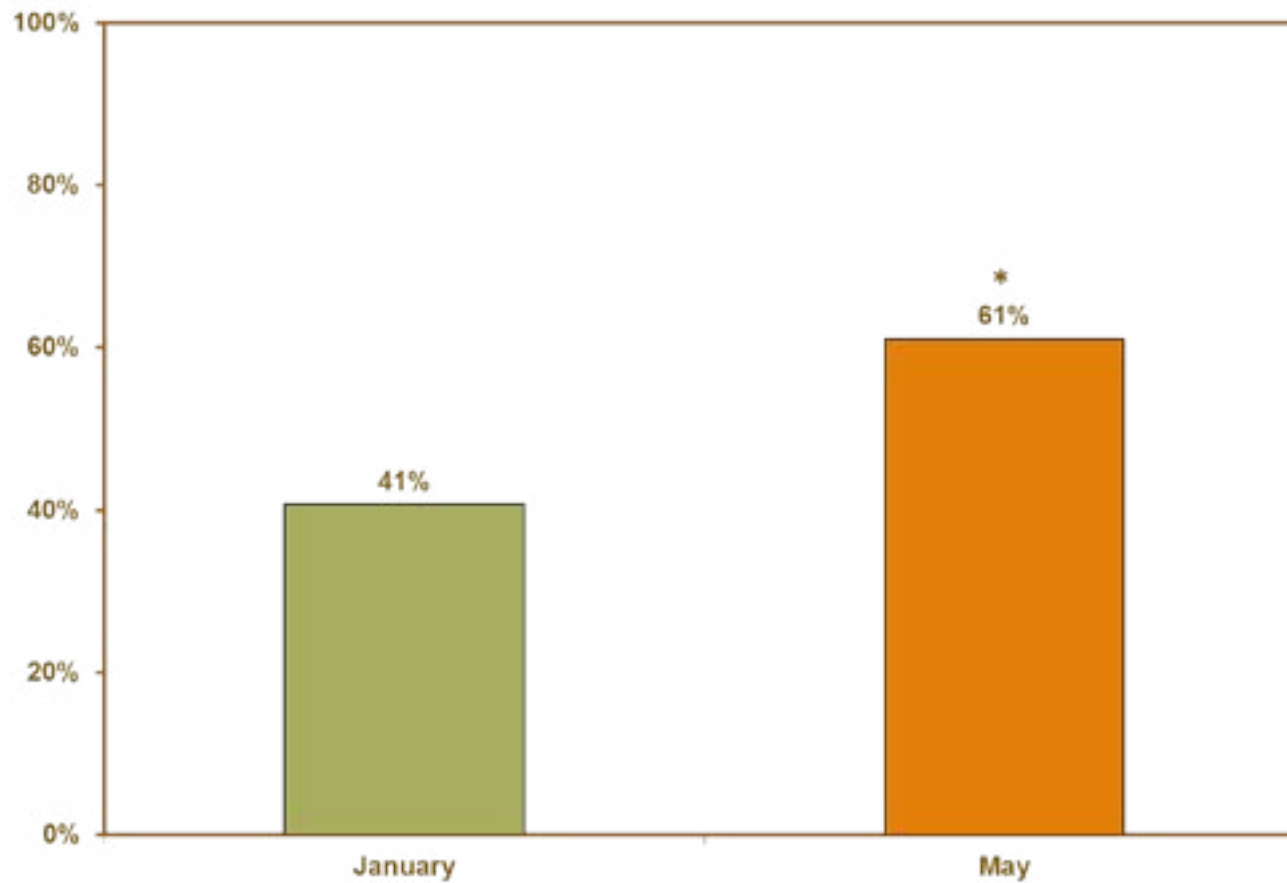
[About ACT](#)

[About Art & Science Group](#)

[Charts](#)



**Chart 5: Lower-income students who look at college costs after subtracting what they expect to receive in financial aid**



[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

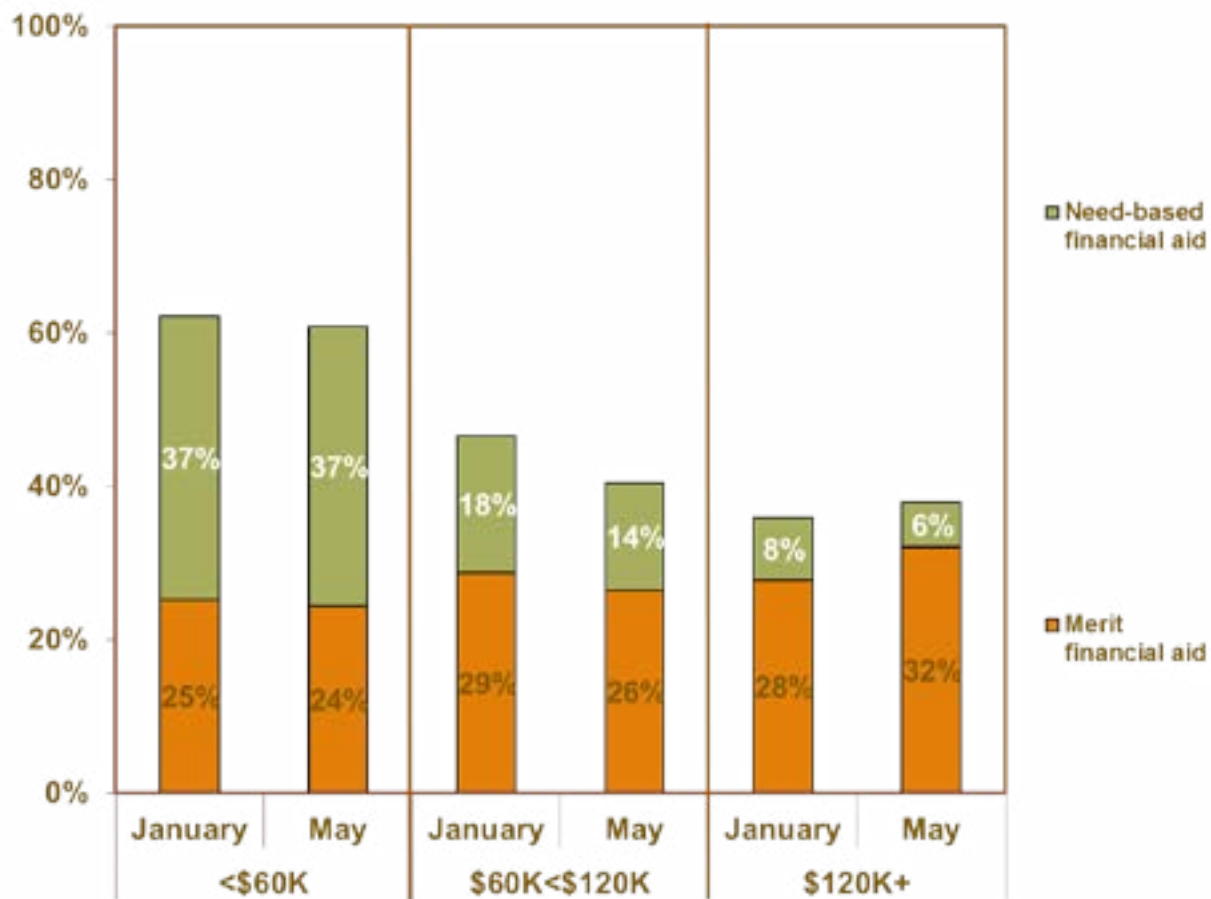
[About \*student\*POLL](#)

[About ACT](#)

[About Art & Science Group](#)

**[Charts](#)**

**Chart 6: Expectations about the amount of institutional aid available to help pay for college**



[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

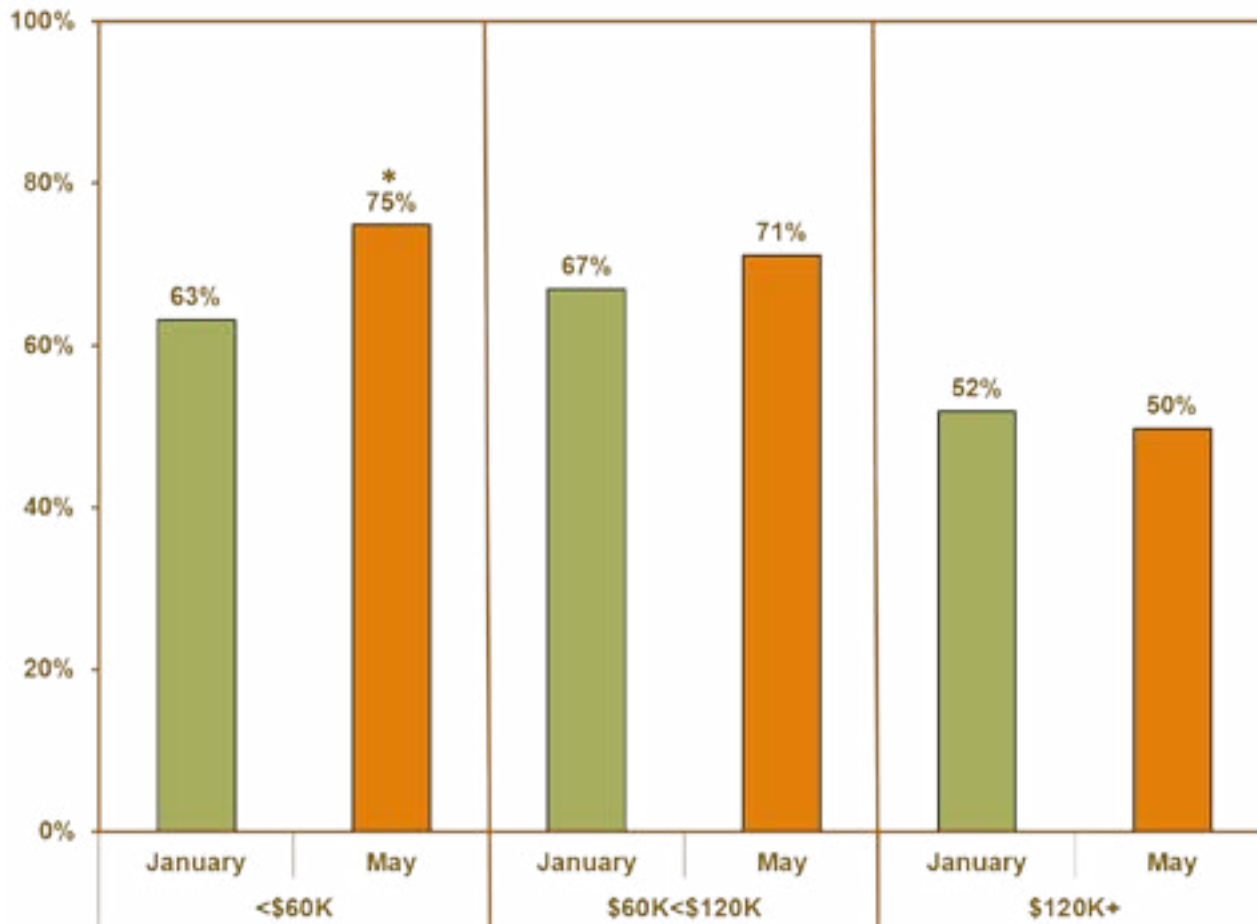
[About \*studentPOLL\*](#)

[About ACT](#)

[About Art & Science Group](#)

**[Charts](#)**

**Chart 7: Percentage of students who plan to work part-time or more while attending school next year, by income**



Note: reduced base = those who indicate an increase in college prices and indicate college costs are at least somewhat influential

[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

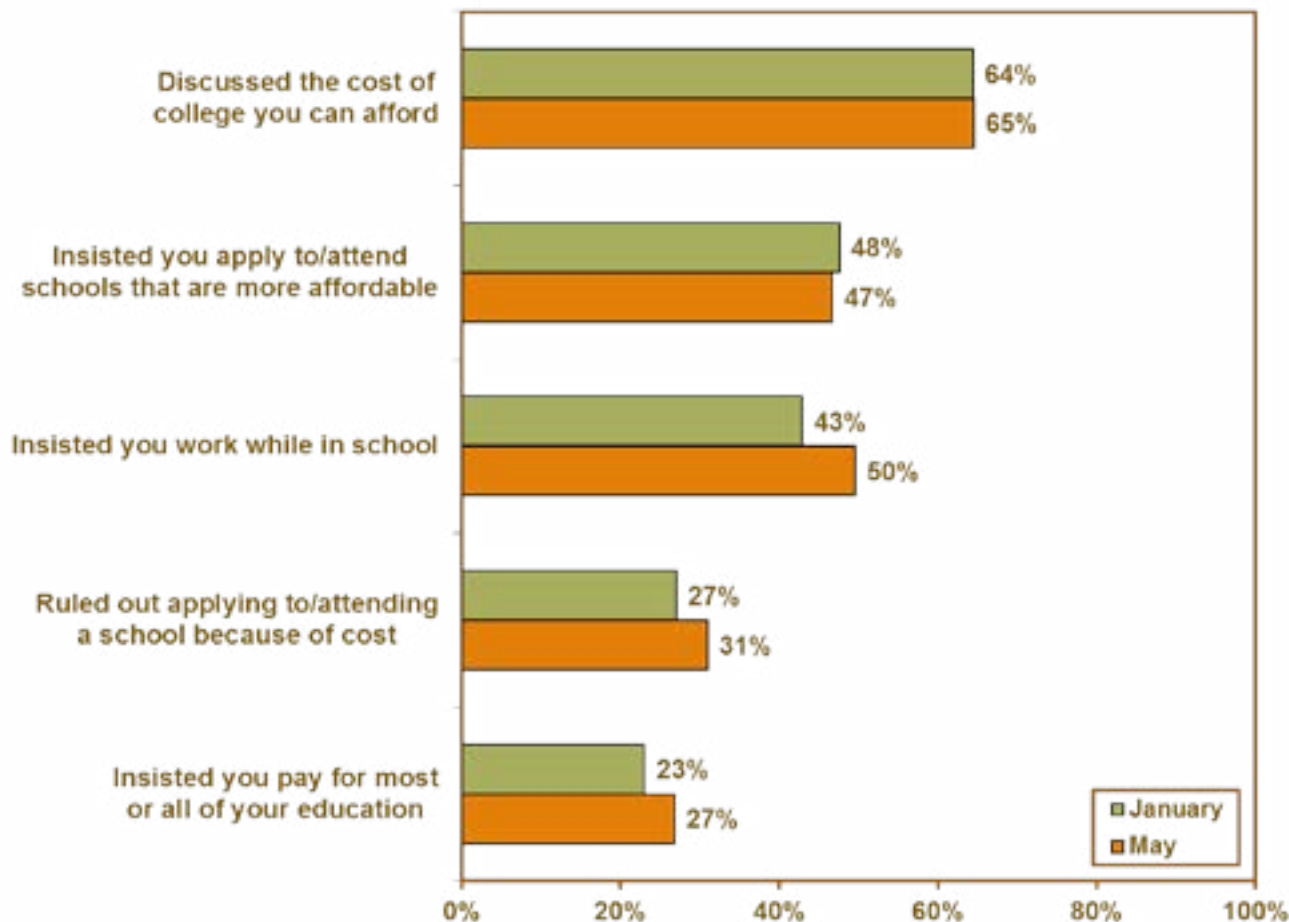
[About \*student\*POLL](#)

[About ACT](#)

[About Art & Science Group](#)

**[Charts](#)**

**Chart 8: Parental influence on students' application and matriculation decisions**



[Publisher's Note](#)

[Findings](#)

[Conclusion / Endnotes](#)

[Study Methodology](#)

[About \*student\*POLL](#)

[About ACT](#)

[About Art & Science Group](#)

**[Charts](#)**