

Survey of New Students

Affordability Perspectives of UC Berkeley's Entering Class

February 2013

This is the second in a series of briefs that highlights findings from the 2012 Survey of New Students (SONS). This brief shares new undergraduate perspectives on how they fund their education, what their financial concerns are, as well as strategies they use to finance their education.

OVERVIEW

Berkeley focuses on providing Access and Excellence, which in part means that we provide affordable access to our education either through manageable loans or other forms of financial aid (grants, scholarship and work-study). At lower income levels (e.g., typically less than \$45k), U.S. residents and eligible non-citizens can receive federal Pell Grants and subsidized loans. In addition, California residents with family incomes less than \$80k may be eligible for Cal Grants and the UC-wide Blue and Gold Program, which ensures that scholarships and grants cover tuition. Further, Berkeley recently created a Middle Class Access Plan (MCAP) to provide aid for students from middle income (\$80-140k) families. Berkeley's continued support through its various aid programs allows students who do take loans to graduate with an average debt level of approximately \$17k, well below the national average.

Later this term, Berkeley will launch Cal Answers dashboards to present student financial aid data at the campus and unit level, illuminating the level and degree of support students receive. In the meantime, and as part of our continuation on sharing 2012 Survey of New Students (SONS) responses, our goal is to provide information on new undergraduate perceptions on affordability, funding sources and strategies for financing their education.

THE CURRENT PAPER

Using 2012 SONS data, this brief examines affordability perspectives of new students and highlights responses by income levels, residency, and entry status (freshman or transfer). Importantly, when comparing response rates to the overall population, while we found rates by residency and entry status representative of the population of new students, we found they differed by income levels. Specifically, while almost 50% of students from household incomes of less than \$80k, and over 35% of students from the \$80k - \$149,999 range responded to the survey, less than 10% of higher income (\$150K or more) students responded. Therefore, we will limit our presentation by income level to the <\$80k, and \$80k - \$149,999 ranges, and the reader should recognize that in looking at other cuts of the data (e.g., entry status and residency), these responses primarily represent those under \$150,000.

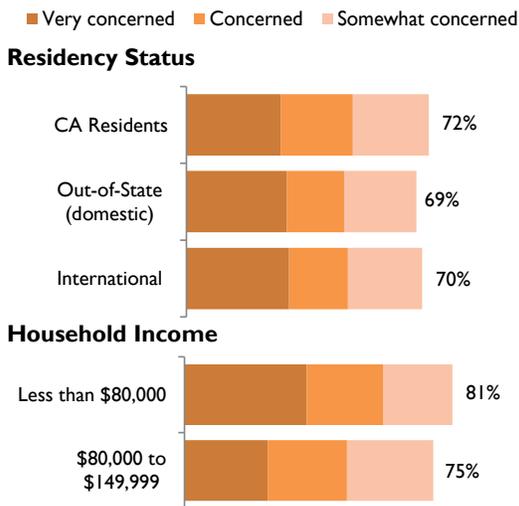
This brief aims to answer the following:

- 1) How concerned are new students about financing their Berkeley education and what do they think about how manageable the total cost of attendance is?
- 2) What sources of funds are new students using to cover their educational expenses?
- 3) What strategies are new students making use of to reduce expenses and meet their financial needs for the current academic year?

CONCERN ABOUT FINANCING AND MANAGABILITY OF COSTS

Students were asked to indicate their level of concern in funding their second year at Berkeley using a 6-point Likert scale that ranged from “not at all” to “very” concerned. As seen in the figure below, new students’ responses did not vary significantly by their residency status, with approximately 70% of California residents, out-of-state domestic students, and international students expressing some level of concern about paying for their next year in school. However, statistically significant differences by students’ reported household income and entry status were found. Shown below, 81% of students from household incomes of less than \$80,000 expressed some level of concern about funding their 2nd year education at Berkeley, compared to 75% in the \$80k to \$149,999 income range. Finally, transfer entrants expressed greater concern than freshmen entrants (78% versus 67%).

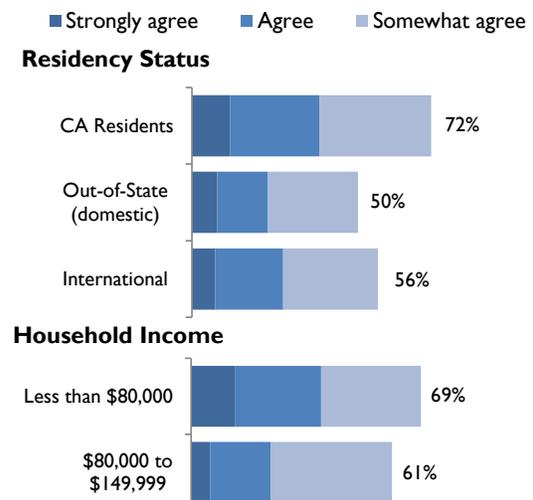
Concern about paying for next academic year did not differ by residency status, but did vary by income levels



Although many new students reported being concerned about financing their 2nd year at UC Berkeley, a similarly high proportion agreed that, “given the amount of grants and scholarships” received, if any, that the total cost of attending UC Berkeley

is manageable. California residents were more likely to agree that costs are manageable, relative to both out-of-state domestic students and international students. Also, students with household incomes of less than \$80k were more likely to feel that the total cost of attendance is manageable, compared to students who come from incomes of \$80k to \$149,999. Some of the comments below reflect those differences.

With Grants and Scholarships, California residents and lower income students are more likely to agree costs are manageable



There were no statistically significant differences found by entry status, with transfers (69%) and freshmen (65%) expressing similar levels of agreement that the cost of attendance is manageable.

Students’ Comments about Affordability

“I am a low income student, first generation college student and although the cost of attendance at Cal is fairly high, I am extremely grateful for the scholarships and grants I have received because otherwise I wouldn’t be here.”

“It’s pretty expensive to go to Berkeley. \$30,000 a year or more is pretty expensive especially coming from a middle income family. I think low income and high income just have the best.”

“So far, I haven’t had any financial problems due to the immense help that financial aid has had on the coverage of my tuition. As a low income student, I am very grateful.”

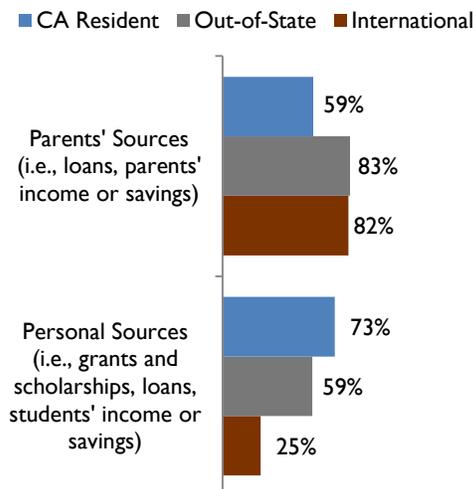
STUDENTS' SOURCES OF FUNDS TO FINANCE THEIR 1ST YEAR

In addition to asking about students' affordability perspectives, SONS also asks about the funds students use to finance their Berkeley education. Based on a series of questions that tap into the source of funds at a global level (e.g., parents' sources, personal sources), and also the type of funds (e.g., loans, grants and scholarships, income/savings), we are able to get a sense of how students of different residency or entry statuses, for example, are funding their 1st year.

As seen in the chart below, at 59%, California residents indicated they were less likely to have their education funded by their parents' sources (e.g., a parent loan, parents' savings/income) than both out-of-state and international students at 83% and 82%, respectively. In contrast, California residents indicated they were more likely to rely on personal sources, which as we will see later are primarily grants and scholarships, and personal student loans.

Sources of 1st Year funding by residency

Includes financial aid in the "parents' sources" and "personal sources" categories.



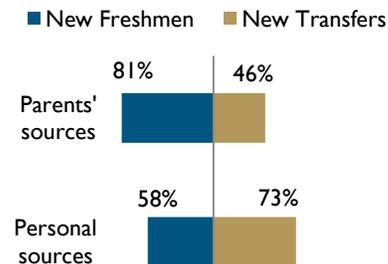
Not shown in the chart, we also found that, at a rate of about 1 in 4, out-of-state domestic students were more likely than both international students and

California residents to report having received financial contributions from grandparents and other family to aid in their 1st-year expenses.

For transfer students, the mix of funding sources also differed from their freshmen counterparts, with 73% relying on personal sources and 46% relying on their parents' sources. These proportions are nearly completely reversed for freshmen, as can be seen in the chart below.

Sources of 1st Year funding by entry status

Includes financial aid in the "parents' sources" and "personal sources" categories.

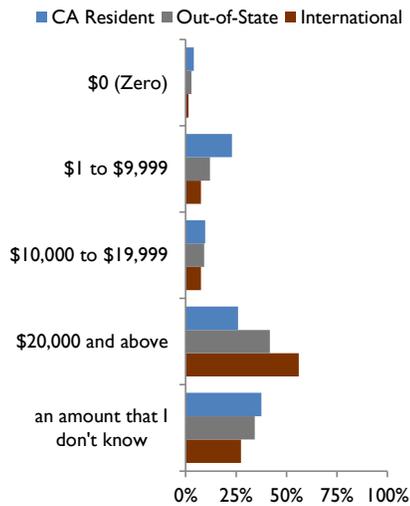


Parental Sources & Amounts Contributed

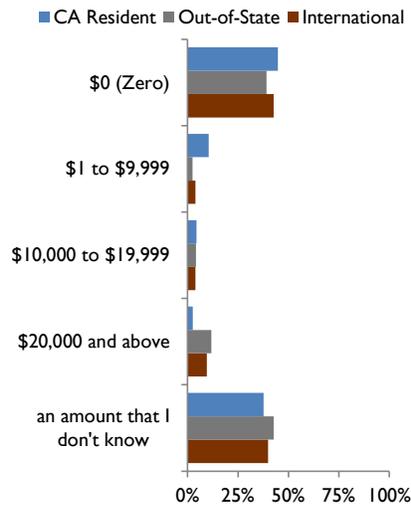
Of concern to the Berkeley campus are parental loan amounts, which we have some information on when they are offered through the campus (e.g., PLUS). However, because parent loans can also come from private sources for which we may not have data, coupled with the fact that parents may be using their income or savings to contribute to their child's education, it can be difficult to know exactly how students who receive support from their parents are meeting all of their educational expenses.

On the next page, we share what students reported to us about the amount of parental loan and parental income and savings they are receiving, if any and if known.

Parental Income/Savings



Parental Loans



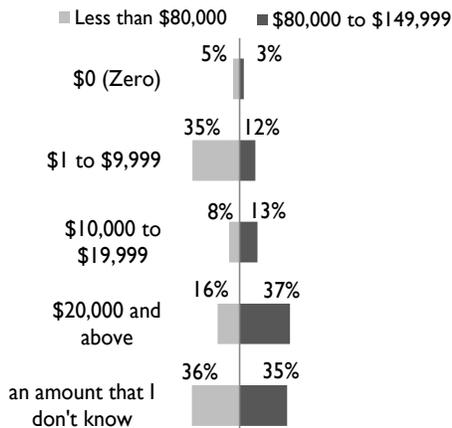
In comparing the charts above, we see that, across residency, new students report parental support for their first year is primarily in the form of parental income or savings, as opposed to parental loans. A relatively large portion of students also indicated they were unaware of the actual amount their parents were contributing in income/savings or loans.

In the first chart, while about 1/3rd of students did not know the amount of income or savings their parents were contributing, for those reporting amounts, out-of-state and international students were more likely than California residents to report their parents drawing on \$20k or more, whereas California residents were more likely to report their parents were using less than \$10k of income/savings.

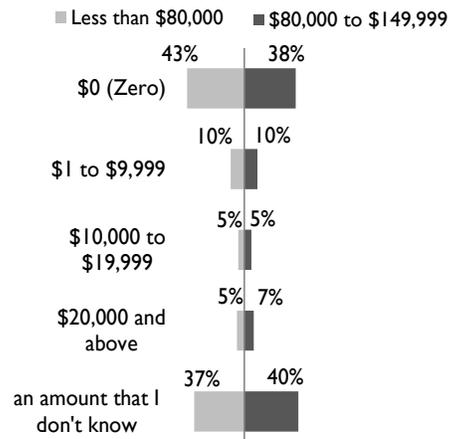
In the second chart highlighting parental loan amounts, we see that over 40% of new students, across the board, indicated their parents were not taking out a loan. A similar proportion reported that while their parents were taking out a loan, they did not know the amount. When CA residents did know, it most likely fell within the less than \$10k category. Out-of-state and international students were most likely to indicate loan amounts of \$20k or above.

The charts below highlight parents' contributions by household income and show that parents are more likely to use income/savings, over loans. When parents' contributions from income/savings was known, it typically fell below \$10k for students from household incomes of <\$80k, and \$20k for students from higher incomes.

Parental Income/Savings

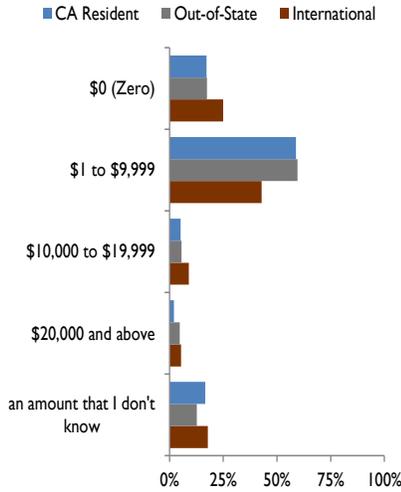


Parental Loans

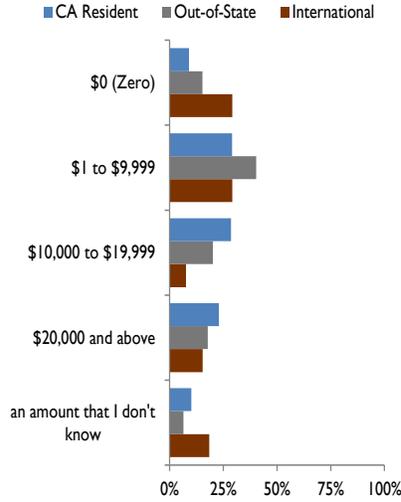


Students' Personal Resources & Amounts Used to Finance their 1st Year:

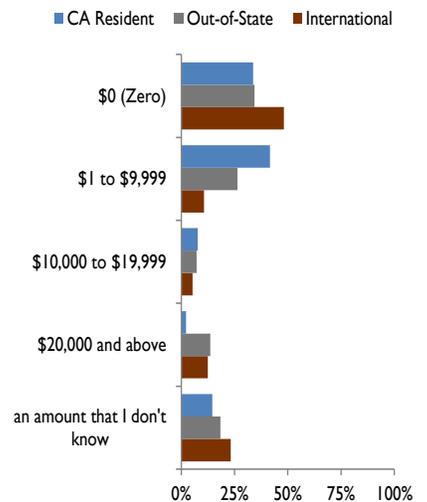
Personal Income/Savings



Personal Grants and Scholarships



Personal Student Loans



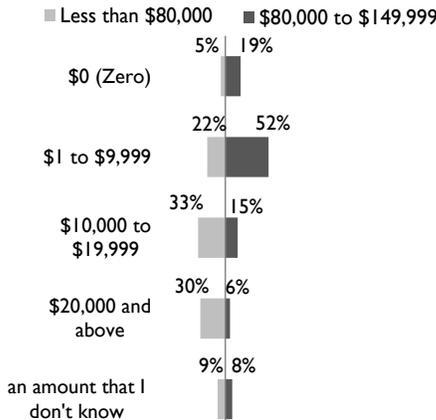
As we look at how students are personally supporting their 1st year, we do not see a statistically significant difference by residency when examining personal income or savings. We find students are primarily drawing less than \$10k from personal income/savings.

When we look at grants and scholarships, we see a significant difference by residency. A higher proportion of international students reported not receiving grants or scholarships, while about 25% of California residents and just fewer than 20% of out-of-state domestic students reported receiving \$20k or more in grants and scholarships. Furthermore, just over 25% of California residents and 20% out-of-state domestic residents reported receiving between \$10k and \$19,999 in grants and scholarships.

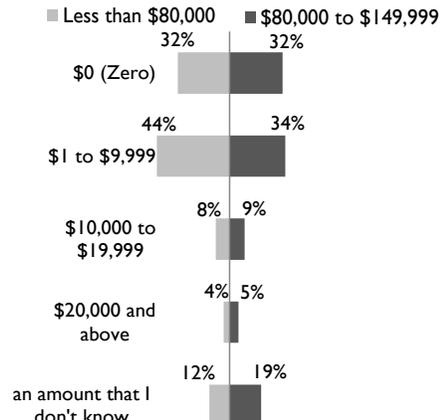
Finally, the last chart above shows that about half of international students and over 30% of California residents and out-of-state domestic students reported not taking out any student loans for their 1st year at Berkeley. When personal loans were taken out, the amounts tended to be below \$10k – which was the case for 63% of California residents, 40% of out-of-state students, and 20% of international students. (Note: those reporting “zero” loan amount in the chart above are taken out of this calculation).

Below we can compare student grants/scholarships and loans by income groups. We see that students from households making less than \$80k are more likely than students from incomes of \$80k - \$149,999 to receive moderate and high amounts of grants scholarships; both groups tend to take out loans for an amount that is less than \$10k, or not take out loans at all.

Personal Grant and Scholarships



Personal Student Loans



STRATEGIES USED BY NEW STUDENTS TO REDUCE EXPENSES AND MEET THEIR 1ST YEAR FINANCIAL NEEDS

The top 3 strategies California residents indicated they used to meet educational expenses were:

- 84% applying for financial aid
- 62% planning to buy fewer books than listed as required, cheaper books, or reading books on reserve
- 41% worked for pay to save for college

Out-of-state domestic students' top 3 strategies were similar to those of CA residents, though the third strategy differed:

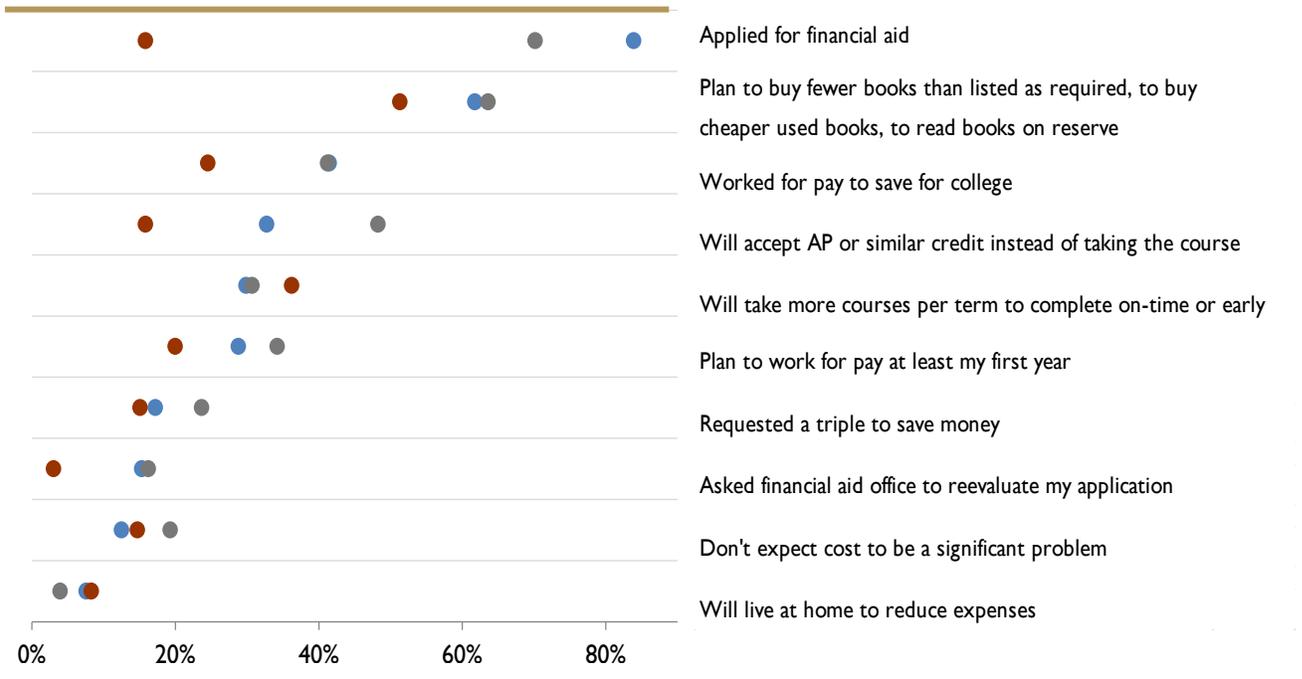
- 70% applying for aid
- 64% planning to save on textbooks

- 48% planning to accept AP or similar credit instead of taking the course

Finally, international students' top 3 reported strategies for meeting their expenses included one top strategy used by CA residents, one top strategy used by out-of-state domestic students, and one top additional strategy:

- 51% planning to save on textbooks
- 36% planning to take more classes per term so that they can graduate on-time or early
- 25% worked for pay in the past to save for college

Strategies used to meet financial needs



SONS SURVEY RESULTS

For the full set of SONS 2012 results for freshmen and transfers, please visit:

- <http://opa.berkeley.edu/surveys/freshmen>
- <http://opa.berkeley.edu/surveys/transfers>

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