

**Report III for Lumina
On Access, Tuition Discounting and Pricing
Student Fall Results by Race/Ethnicity**

Lucie Lapovsky
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Overview

This is one in a series studies using the database of high school seniors and their parents during the senior year in high school. The data was collected in the fall and spring of the 2006-2007 academic year. (See Report I May, 2008 for an analysis of the data base) This report presents a summary of the results of the 787 completed student surveys from the fall of 2006, long before many admission decisions are made or financial aid packages offered. The results in this report are shown primarily by the race/ethnicity of the students

This report explores the college choices of high school seniors who are planning to college. The data were collected in the fall of the senior year. The report looks at where and how students get information about college costs, the importance of that information and what their thoughts are about where they will go and how they will finance their education. This project has produced many very interesting results concerning the importance of pricing and discounting variables relative to access to higher education for these students.

Where are students thinking about going to college?

2. Will you most likely attend a...

	Two-year institution	Four-year institution	Not sure at this time
Asian/Pacific Islander	2%	92%	6%
African American	6%	90%	4%
Caucasian	18%	75%	7%
Hispanic	11%	80%	10%
All others	7%	86%	7%
Total	15%	79%	7%

In the fall of their senior year, 15% of the students think they will most likely attend a two-year institution while 79% are expecting to attend a four-year institution and 7% are unsure. These percentages differ quite significantly by race/ethnicity with only 2% of Asian/Pacific Islanders considering a two-year institution compared with 18% of Caucasian students. Six percent of African American students and 11% of Hispanic students are leaning towards attending a two-year institution.

3. At this time, are you leaning toward attending a...

	Public institution	Private institution	Not sure at this time
Asian/Pacific Islander	71%	12%	17%
African American	77%	14%	9%
Caucasian	70%	18%	12%
Hispanic	69%	16%	16%
All others	66%	21%	14%
Total	71%	17%	12%

Looking at expectations on type of institution that the students expect to attend, 71% think they will go to a public institution, 17% a private institution and 12% are unsure.

4. Are you planning to live at home while attending college?

	Yes	No	Have not decided
Asian/Pacific Islander	16%	47%	37%
African American	17%	73%	9%
Caucasian	26%	60%	14%
Hispanic	33%	51%	16%
All others	28%	69%	3%
Total	25%	60%	15%

Twenty-five percent of the students expect that they will live at home while attending college and 15% have not yet decided where they will live while at college. A third of the Hispanic students expect to live at home while going to college compared with 17% of the African American students and 16% of the Asian/Pacific Islanders. More than a third of the Asian Pacific/Islanders are unsure where they will live when they go to college; this is more than twice the percent of any of the other groups.

College Applications

5. To approximately how many colleges are you planning to apply?

	1	2	3	4 - 6	7 or more	Average
Asian/Pacific Islander	2%	4%	20%	63%	12%	4.4
African American	5%	6%	18%	56%	15%	5.1
Caucasian	8%	13%	28%	44%	7%	4.4
Hispanic	2%	5%	22%	52%	20%	5.0
All others	7%	10%	13%	53%	13%	4.1
Total	7%	10%	25%	48%	10%	4.4

Much is being written these days about the numbers of colleges to which students are applying. The wide acceptance of the common application has made it easier to apply to lots of institutions. The number of colleges to which students plan to apply varies significantly by race/ethnicity. Overall, students expect to apply to 4.4 colleges. African Americans and Hispanics are planning to apply to an average of five colleges each. Only 7% of the high school seniors expect to apply to only one college while 48% expect to apply to four to six colleges and 10% plan to apply to seven or more colleges.

Although 15% of the students expect to attend a two-year college, only 7% of the students expect to apply to only one institution.

Factors of Importance in Choosing a College

We asked many questions to determine what factors were most important in the college choice decision. The characteristic that was most important to all groups was the academic reputation of the college. This had an average weighting of 3.34 on a 4.0 scale. Only 9.5% of the respondents said that it had little or no influence on their decision. It was more important to Asian/Pacific Islanders and African Americans than to other groups.

Important College Characteristics by Race/Ethnicity	Asian/Pacific Islander	African American	Caucasian	Hispanic	All other races	Total
8.1. Academic reputation of the college	3.45	3.46	3.30	3.37	3.38	3.34
8.2. Size of the college	2.44	2.67	2.40	2.68	2.46	2.47
8.3. Distance from home	2.52	2.86	2.58	2.83	2.90	2.65
8.4 Total cost to attend before financial aid or scholarships	3.14	3.28	3.17	3.07	3.52	3.18
8.5. Amount of scholarships offered	3.04	3.36	3.20	3.41	3.41	3.24
8.6. Total out-of-pocket costs per year	3.12	3.28	3.15	3.18	3.38	3.18
8.7. I felt like I fit in at the college	2.94	3.14	3.02	3.23	3.21	3.06
8.8. Availability of athletic programs	2.20	2.51	2.17	2.46	2.24	2.25
8.9 Rankings of the College, such as U.S. News and World Report	2.85	2.81	2.27	2.72	2.64	2.44
8.10. Having friends who attend the college	2.37	2.23	2.19	2.42	2.37	2.24
8.11. Attending a college where your family has attended in the past	1.60	1.63	1.44	1.55	1.24	1.48

Weighting done on a 1-4 scale of importance with 1 = no influence and 4 = great deal of influence

Beyond the academic reputation of the college, the other variables with a rank above 3.0 are total cost to attend before scholarships or financial aid (3.18), amount of scholarships offered (3.24), total out-of-pocket cost per year (3.18) and “I felt like I fit in” (3.06).

There are several factors where there are significant differences based on race/ethnicity. Size of college and distance from home are much more important to African Americans and Hispanics than to the other students as well as total out-of-pocket cost and amount of scholarship aid. College fit is more important to Hispanic students and less important to Asian/Pacific Islanders; whereas having friends who attend the college is more important to Asian/Pacific Islanders and Hispanic students than it is to the other groups of students. College rankings are much less important to Caucasian students (2.27) as compared with other students where it ranks at 2.71 for Hispanic students and over 2.8 for Asian/Pacific Islanders and African American students.

College Costs

9.1. Generally speaking, if a college that costs \$30,000 a year offered me a \$10,000 scholarship, I would prefer this college over a college that costs \$20,000 that offers me no scholarships

	Disagree	Neither Agree nor Disagree	Agree	Average (5 point scale)
Asian/Pacific Islander	10%	41%	49%	3.51
African American	25%	30%	44%	3.28
Caucasian	10%	35%	55%	3.61
Hispanic	14%	31%	54%	3.58
All other races	10%	31%	59%	3.66
Total	12%	34%	53%	3.56

I asked four very direct questions about college cost and got answers that are quite inconsistent. When asked if they prefer a college that costs \$30,000 and gives a \$10,000 scholarship versus a college that costs \$20,000, the net cost of the two colleges would be the same, 53% of the students prefer the higher priced college with the scholarship and 34% of the students are neutral. Only 12% of the students prefer the lower priced college. These preferences to vary by race/ethnicity with more than 55% and 54% respectively of the Caucasian and Hispanic students preferring the higher priced college compared with 44% of the African American students. Only 10% of Caucasian and Asian/Pacific Islander students, 14% of the Hispanic students and 25% of the African American students prefer the lower priced college. The results of this question reinforce the strategy that so many schools are pursuing of high price/high aid.

9.2 The old saying "you get what you pay for" is generally true

	Disagree	Neither Agree nor Disagree	Agree	Average (5 point scale)
Asian/Pacific Islander	22%	25%	53%	3.47
African American	22%	23%	55%	3.51
Caucasian	19%	27%	54%	3.54
Hispanic	30%	27%	43%	3.13
All other races	23%	20%	57%	3.47
Total	21%	26%	53%	3.49

When asked "you get what you pay for is generally true," 53% of students agree and 21% disagree. Only 43% of Hispanic students agree with this statement compared with more than 50% from all of the other groups. The question was not phrased in a way to be able to distinguish between net price and published price so there is some ambiguity to the results of this question. African Americans give this question an average score of 3.51 compared with Hispanics who rate it 3.13 based on a five point scale with 5 being strongly agree.

9.3. The price of a college is a good indicator of its quality

Disagree	Neither Agree	Agree	Average
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	nor Disagree			(5 point scale)
Asian/Pacific Islander	48%	19%	33%	2.81
African American	39%	25%	35%	2.93
Caucasian	41%	32%	27%	2.84
Hispanic	45%	27%	29%	2.77
All other races	45%	17%	38%	2.86
Total	42%	29%	29%	2.84

On the other hand, when we asked if the price of college is a good indicator of its quality, 42% disagreed, 29% are not sure and only 29% agreed. Asian/Pacific Islanders (48%) and Hispanic (45%) students disagreed with this statement more than the other groups. Many schools believe that they cannot reduce their price because students believe that there is a relationship between price and quality yet this data does not seem to validate that assumption at least not among this sample of students.

9.4. You will always have to pay a bit more for the best

	Disagree	Neither Agree nor Disagree	Agree	Average (5 point scale)
Asian/Pacific Islander	29%	16%	55%	3.43
African American	21%	16%	63%	3.65
Caucasian	25%	28%	47%	3.30
Hispanic	23%	18%	59%	3.45
All other races	32%	18%	50%	3.39
Total	25%	24%	51%	3.37

The fourth question in this series, you will always have to pay a bit more for the best, has very interesting results. Overall, 25% of students disagree with this statement while 51% agree with it. There are significant differences by race/ethnicity with 63% of African American students and 59% of Hispanic students agreeing while only 47% of Caucasian students agree. These responses seem to be in direct contrast with the previous question.

When taken together, the picture one gets from these four questions is quite unclear. On average, students would choose the more expensive college with a scholarship and they believe that you get what you pay for. Caucasian and to a lesser extent Asian/Pacific Islanders are less strong in thinking that you will have to pay a bit more for the best while more than 55% of African American and Hispanic students feel that you will have to pay a bit more for the best.

11. How much can tuition, room and board be before it becomes too expensive for your family to afford?

	Less than \$10,000	\$10,000 - \$19,999	\$20,000 - \$29,999	\$30,000 - \$39,999	\$40,000 or more	Price isn't important; concerned with aid	Don't know
Asian/Pacific Islander	9%	13%	17%	17%	13%	11%	19%

African American	14%	12%	16%	18%	10%	16%	12%
Caucasian	10%	12%	17%	15%	14%	18%	14%
Hispanic	14%	15%	17%	15%	13%	11%	14%
All others	10%	10%	14%	28%	17%	17%	3%
Total	11%	13%	16%	16%	14%	17%	13%

When asked how much tuition, room and board can be before it is too expensive, 17% of the students said that price is not important, 14% said that it could be \$40,000 or more and 13% didn't know. Only 11% of the students responded that \$10,000 was their maximum amount.

Financial Aid Process

12. How well do you understand the overall financial aid application process?

	I do not understand the process	I have an understanding of the process
Asian/Pacific Islander	57%	43%
African American	26%	73%
Caucasian	37%	63%
Hispanic	37%	64%
All others	40%	62%
Total	37%	62%

In the fall of high school seniors final year of school, 37% of the students said that they did not understand the financial aid process while 62% of the students responded that they understood the process. Understanding the process at this point in the college search process differs significantly by race/ethnicity. African Americans had the greatest understanding of the process with 73% responding positively while only 43% of the Asian/Pacific Islanders felt that they understood the process.

13. Has your family completed a FAFSA form or a CSS form?

	Yes	No	Not sure
Asian/Pacific Islander	15%	69%	15%
African American	12%	82%	6%
Caucasian	8%	80%	12%
Hispanic	15%	80%	5%
All others	7%	83%	10%
Total	10%	79%	11%

In the fall of senior year, 10% of the seniors responded that their family had already completed the federal financial aid form known as the FAFSA while 11% did not know the answer.

13a. Does your family plan to complete a FAFSA or CSS in the future?

	Yes	No	Not sure
Asian/Pacific Islander	80%	0%	20%
African American	85%	2%	13%
Caucasian	77%	6%	17%
Hispanic	87%	3%	10%
All others	75%	4%	21%
Total	79%	5%	16%

Only five % of the students do not expect that their families will complete a FAFSA form while 16% are unsure. The high level of uncertainty probably goes along with the fact that 37% of the students responded that they do not understand the financial aid process. It is actually heartening that the percent unsure is as low as it is.

14. Where did you/will you go to get information about financing college?

	H.S Counselor/teachers	Internet	College	Other	Don't Know
Asian/Pacific Islander	38%	29%	7%	20%	7%
African American	37%	26%	9%	25%	3%
Caucasian	45%	24%	10%	15%	6%
Hispanic	51%	23%	6%	15%	5%
All others	45%	29%	5%	18%	3%
Average	44%	25%	9%	17%	6%

We wanted to learn where students get their information about financing college. This question was asked as an open-ended question with no answers provided to the students. Forty-four percent of the students responded that they got their information from guidance counselors or teachers at their high school. Only 37% of African American students cite this group as their source of information while 51% of Hispanic students say this is their source of information. The second leading source of financing information is the internet with 25% of the students getting their information here. The differences here by race/ethnicity are much smaller than for high school guidance counselors and teachers. Beyond these two sources, there is no other significant source of information. Only 9% of the students get their information from college personnel and 17% cite a wide variety of other groups as their source of college financing information. The “other” category includes friends, family members, banks, private counselors, etc.

Paying for College

15. Approximately what percent of your total undergraduate college tuition, room and board do you and your family plan to pay out of pocket?

	Less than one- quarter	One- quarter	One- half	Three- quarters	All of it	Not sure
Asian/Pacific Islander	15%	21%	33%	8%	2%	21%

African American	26%	24%	26%	7%	4%	13%
Caucasian	16%	18%	29%	13%	6%	19%
Hispanic	24%	28%	24%	6%	4%	14%
All others	20%	27%	33%	0%	3%	17%
Total	18%	20%	28%	10%	5%	18%

It is surprising that only 18% of the students responded that they were not sure how much of their tuition, room and board costs they expect to pay at this early stage in the admissions cycle. Eighteen percent of the students expect to pay less than a quarter of the total cost. This percent varies significantly by race/ethnicity with a larger percent of African Americans (26%) and Hispanic (24%) students expecting to pay less than 25% of the costs compared to other students. Only 5% of the students expect to pay all of the costs out-of-pocket and there are no significant differences in the response to this question by race/ethnicity.

16. Is your family participating in a college savings plan?

	Yes	No	Not sure
Asian/Pacific Islander	16%	43%	41%
African American	24%	60%	15%
Caucasian	26%	51%	22%
Hispanic	19%	67%	13%
All others	28%	69%	3%
Total	25%	54%	21%

A question was asked on family participation in a college saving plan. Twenty-five percent of the students responded that their family was participating. This percent varied with a lower percent of Asian/Pacific Islanders (16%) and Hispanics (19%) responding affirmatively compared with African Americans (24%) and Caucasians (26%). Asian/Pacific Islanders seem to be the least informed about their family’s finances than the other groups: 41% of the Asian/Pacific Islanders were not sure whether or not their family was participating in a college saving plan. Hispanic and African American students seem to know much more about what their family’s intent about financing college than the other groups of students. This can be seen throughout this entire series of questions where they have a much lower percent of “don’t know” or “unsure” responses.

18. How much are you and your family willing to borrow for college per year?

	Not borrowing	Less than \$10,000	\$10,000 to less than \$20,000	\$20,000 to \$30,000	More than \$30,000	Don't know
Asian/Pacific Islander	12%	25%	27%	13%	4%	19%
African American	25%	28%	21%	8%	7%	11%
Caucasian	12%	23%	29%	11%	8%	18%
Hispanic	18%	29%	27%	8%	7%	11%
All others	10%	24%	28%	24%	3%	10%
Total	14%	24%	28%	11%	7%	16%

Borrowing is an area which has been getting a lot of attention recently. There is a strong feeling that students are very debt averse. The results of this study do not support that at least in the fall of the student's senior year. Only 14% of the students say they are not borrowing to support college. African American students are least likely to borrow with 25% of them not planning to borrow while only 12% of the Caucasian and Asian/Pacific Islander students are not willing to borrow to pay for college. Hispanics fall in the middle between the two end points with 18% not willing to borrow. About half of the students expect that their borrowing will be no more than \$20,000 a year for college. Only 16% of the students are unsure about whether or not they will borrow; this is a lower percent than I would have expected at this time in the college admission process. Again, Asian/Pacific Islanders top the "don't know" responses at 19%.

19. Who will be primarily responsible for paying back these loans?

	Me	My parents	Jointly paying off the loans	Not sure
Asian/Pacific Islander	36%	13%	49%	2%
African American	26%	8%	61%	5%
Caucasian	43%	8%	46%	3%
Hispanic	40%	16%	43%	1%
All others	38%	15%	46%	0%
Total	40%	10%	48%	3%

There has been a great deal written about the appropriate or reasonable amount of debt for a student to have when he or she graduates from college. The responses to the question as to who will be responsible for repaying student loans is very illuminating and should inform the current conversation. Only 40% of the students expect that they alone will be responsible for repaying their loans, and this percent is lowest for African American students at 26% and highest for Caucasian and Hispanic students at 43% and 40% respectively. Ten percent of the students said their parents will repay the loans and 13% of the Asian/Pacific Islanders and 16% of the Hispanic students expect that their parents will repay their loans. Almost half of the student responded that the responsibility for repaying their loans will be a joint responsibility of them and their parents. More than 60% of the African American students expect that it will be a joint liability.