

2009

Report on the Impact of the Economy On College Enrollment

A Co-Sponsored Study Conducted By



Enrollment Management
Product Solutions

Introduction

There is no doubt that the distressed state of the current economy is injecting a great deal of uncertainty among college-bound students and their parents with regard to college selection and, more fundamentally, their ability to pay. The key question for enrollment managers relates to how that uncertainty will impact upcoming enrollment, as well as retention of current students. Financial aid managers will be particularly interested in understanding the heightened concern and new questions raised by students and parents as they seek to finance a college education in a climate of economic recession and tightened credit.

This research is designed to provide senior management of colleges and universities with actionable data they can use to understand and react to the potential changes in college enrollment decision-making resulting from these volatile and uncertain economic conditions. It will put numbers to many assumptions being discussed relative to the current plans and future behaviors of prospective students who are slated to enroll in the Fall of 2009.

A Co-Sponsored Study

Over 20 public and private institutions throughout the United States participated in this co-sponsored study. Collectively, the participating institutions contributed over 10,000 names of students who are likely to enroll in college in the Fall of 2009. The combined list included students from all 50 states, and households from a full range of socio-economic and demographic strata.

About Longmire and Company

Longmire and Company is a 22 year old marketing, research and consulting company that has worked with over 200 public and private four-year institutions throughout the United States. Our work centers on providing enrollment managers with the tools and information they need to grow and control enrollment, as well as retain the students they have.

If you need additional information or have questions, please contact Bob Longmire, President, Longmire and Company, Inc. at (913) 492-1265.

Methodology

The survey instrument (attached at the conclusion of this report) contained 19 questions relating to student preferences in college selection and the economic issues that will influence enrollment. Sixty-six data points were collected in the questionnaire. In addition to quantitative data, several survey questions captured qualitative data relating to: how current economic conditions may influence college selection; perceived values that may mitigate perceptions of high cost, and; the kinds of advice that student and parents may find particularly helpful from the financial aid managers.

The survey was mailed to households in mid-November and addressed to, "The Parents Of..." the college-bound student. In mid-December, an invitation to complete a web-based version of the survey was e-mailed to all students who had not responded to the print survey.

Volume of Responses and Confidence Level

The volume of returned surveys for this project yields a maximum sampling error of +/- 3.03% at the 95% confidence level. This signifies that in no more than 5% of similar studies would a sample of the same size yield results varying by more than the margin of error from the results of the current study.

As of January 5, 2009, 1,030 responses have been collected and tabulated.

Geographic Definitions

For the purposes of this report, the United States is divided into regions that conform to those defined by the National Association for College Admission Counseling in their annual *State Of College Admission Report*. They are as follows:

New England-Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island

Middle States-New York, Pennsylvania, New Jersey, Maryland, Delaware, District of Columbia

South-Kentucky, Virginia, Tennessee, North Carolina, South Carolina, Louisiana, Mississippi, Alabama, Georgia, Florida, Arkansas

Midwest-Ohio, West Virginia, Indiana, Michigan, Illinois, Wisconsin, Missouri, Iowa, Minnesota, North Dakota, South Dakota, Nebraska, Kansas

Southwest-Arizona, Texas, Oklahoma, New Mexico

West-Alaska, California, Hawaii, Oregon, Washington, Nevada, Utah, Idaho, Montana, Wyoming, Colorado

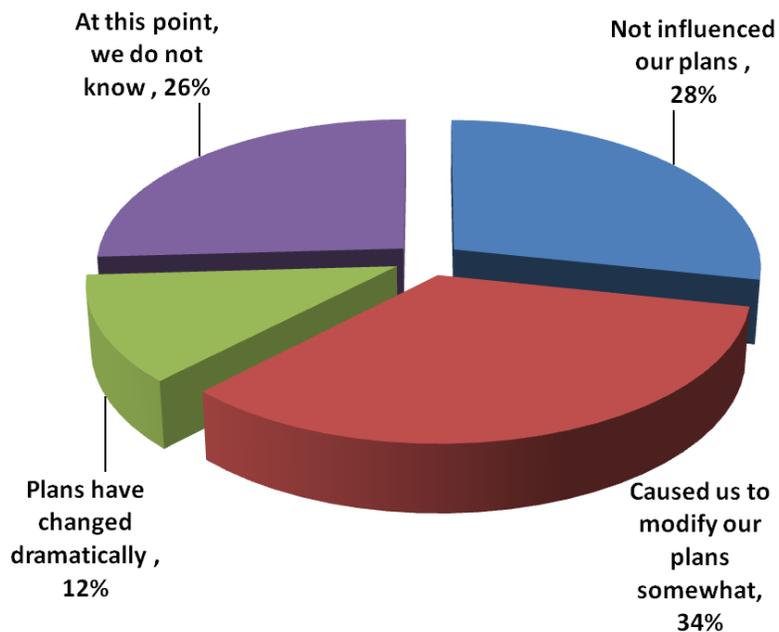
Change of Plans

Nearly half of the households surveyed say that their plans for college have either changed “dramatically” or “somewhat” because of the current economic conditions. Households in the New England and the South regions report the highest frequency of potential “dramatic change” (21% and 20%, respectively).

Approximately one-quarter of households are unsure at this point whether or how the current economic situation will impact their college plans. Many are unsure because potential critical events that could impact their household have yet to play out. A high number of respondents in this group report possible layoffs, business closures, home foreclosures and other sources of lost income in the near term.

However, a similar percentage (28%) said current economic conditions will not influence their plans for college “at all”. This is especially true in the Middle States region where 38% indicate that their plans for college will not be influenced by the economy.

Degree To Which College Plans Have Changed Because Of Current Economic Climate



About 40% of respondents indicated that changes to their family’s financial situation had impacted their plans for college. The most frequently cited financial change involved household income reduction due to the national or local economy (64%). This was followed by 19% in which one or more parents lost a job. 23% provided other reasons, including illness or disability in the family, a significant reduction in the value of investments, or the likelihood of a parental job loss.

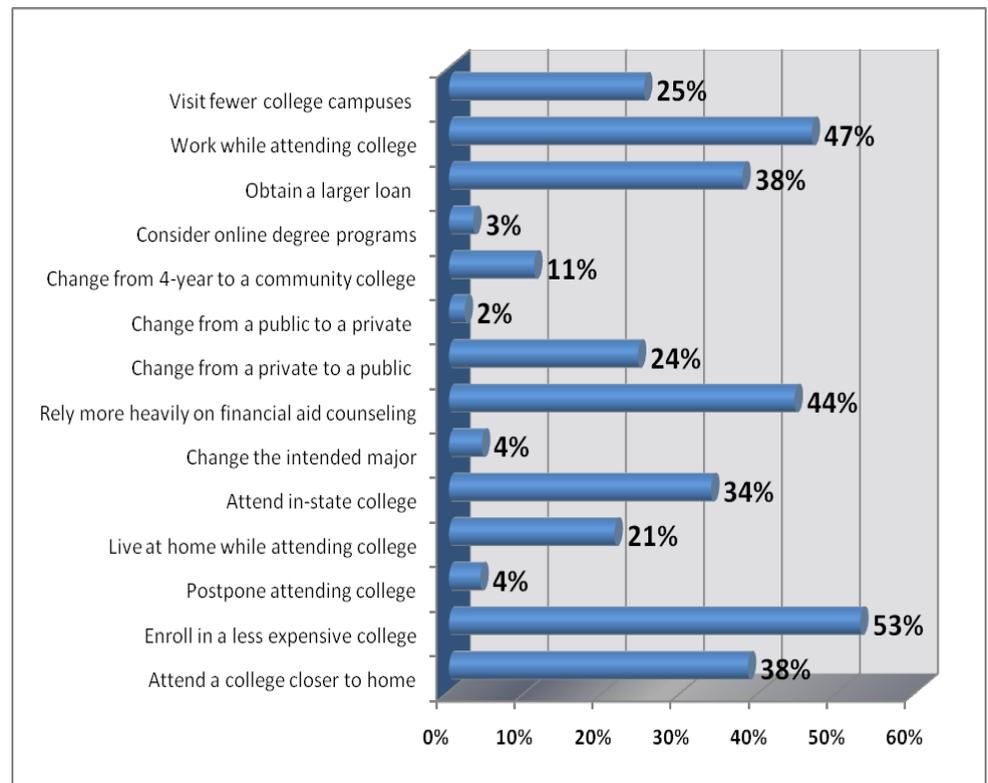
Changes In Family's Plans About College Because of Economy

	Nationally	Middle States	Midwest	New England	South	Southwest	West
Not influenced our plans	28%	38%	29%	30%	23%	28%	24%
Caused us to modify our plans somewhat	34%	27%	34%	27%	35%	36%	37%
Plans have changed dramatically	12%	11%	10%	21%	20%	9%	11%
At this point, we do not know	26%	24%	27%	21%	23%	28%	28%

What Will Change

When asked how their college plans may change as a result of the current economy, the most commonly cited responses were: “enroll in a less expensive college”; “work while attending college”; “rely more heavily on financial aid counseling”; “obtain a larger loan”, and; “attend a college closer to home”. The New England region recorded the highest percentage of respondents who indicated that they are likely to enroll in a less expensive college (64%). The two regions that came closest to this percentage of responses were the Middle States and West regions, both of

Potential Changes In College Plans



which indicated 53% of respondents predicting the need to enroll in a less expensive college.

The Community College Option

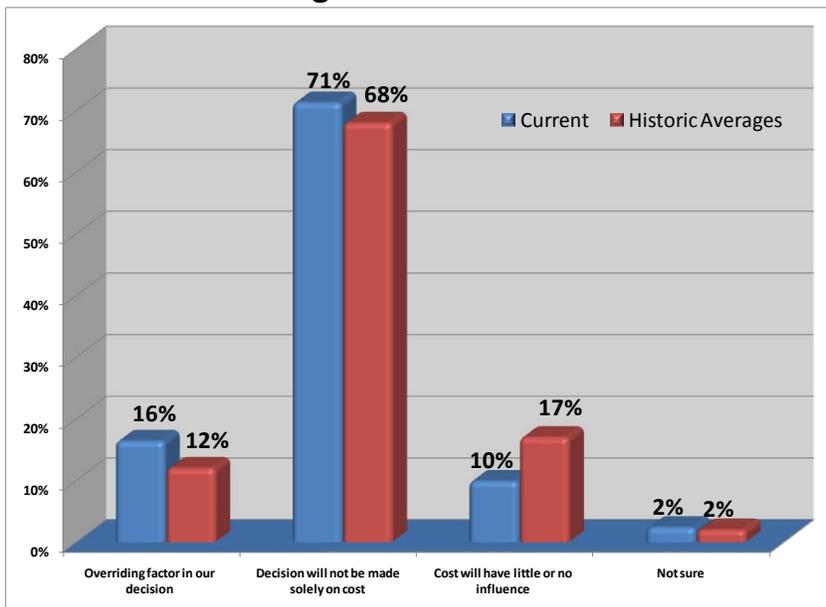
Regarding a potential shift of enrollment from four-year institutions to community colleges, 11% of this study’s respondents indicate a likelihood of doing so. The region of the country most likely to see a change from enrollment in four-year institutions to community colleges is the West region. There, 14% of respondents indicate this likelihood.

Role of Cost

When asked what role cost will play in their college selection, approximately 16% indicate that cost will be the “overriding factor” in their decisions. This is a higher percentage than Longmire and Company has observed over the last decade in which we have surveyed tens of thousands of students and households. The historic average has been 12%. Historically, 17% of households have indicated that cost will have “little or no influence” over there

alternate selection of a college. The current study indicates that just 10% of households indicate that cost will have little or no influence. The New England and South regions of the country have the highest percentage of households indicating that cost will be in an overriding factor (25% in each region).

Role of Cost In College Selection



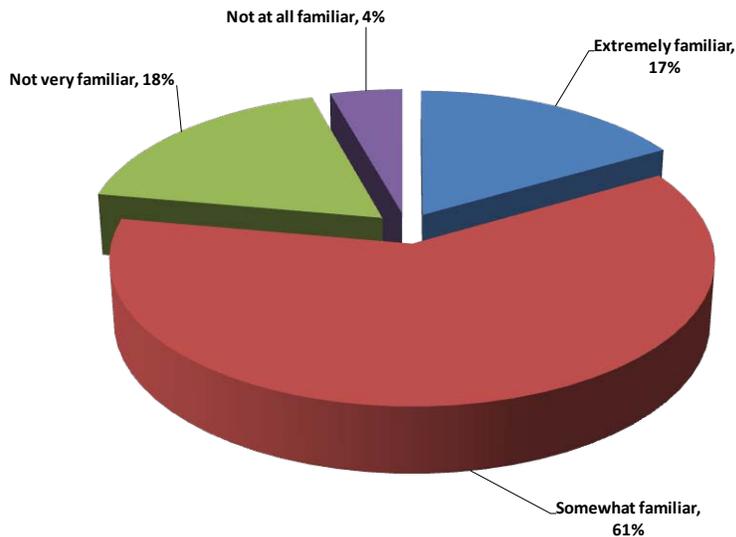
Role of Cost in College Selection

	Nationally	Middle States	Midwest	New England	South	Southwest	West
Overriding factor in our decision	16%	17%	13%	25%	25%	15%	17%
Decision will not be made solely on cost	71%	66%	78%	56%	66%	69%	66%
Cost will have little or no influence	10%	12%	8%	13%	7%	15%	13%
Not sure	2%	4%	2%	6%	2%	2%	4%

Seeking Aid

Approximately 96% of households will seek financial aid and/or scholarships. While the aid/scholarship package will be

Familiarity with Available Aid



an important factor, four in ten respondents say it will not be the sole criterion upon which their college selection is based.

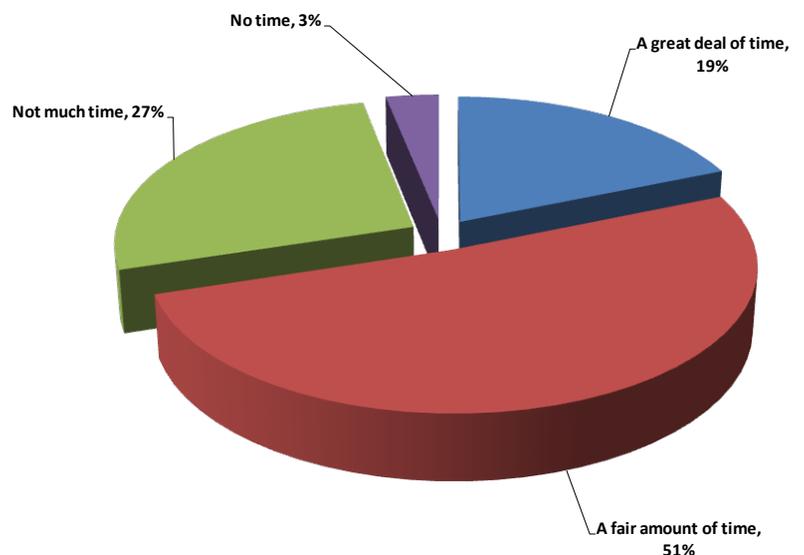
Even with the increased need and reliance on financial aid and scholarships to pay for college, a high percentage of households remain unfamiliar with their options and spend little or no time seeking knowledge about those options. 22% of households are “not very” or “not at all” familiar with the financial aid, scholarships, grants, loans, and other sources available to them for paying for college. 30% have spent “no time” or “not much time” researching their options.

Conversely, about 20% have spent a “great deal of time” researching their options for scholarships, grants, and financial aid.

Predictably, households with less than \$80,000 in annual income spend more time researching their options for financial aid, scholarships and grants. Many students and parents feel completely lost and

uninformed when it comes to saving, paying and financing a college education. Respondents were asked to indicate what advice and counsel a college could provide them that would be particularly helpful with regard to finding ways to pay for college. The answer most frequently given to this question was, “to help uncover additional scholarships and grants” (38%). Respondents also indicated a desire to be well-served. Nearly 20% indicated that they want “clear explanations”, “help and guidance” and “honesty”.

Time Spent Researching Aid Options



More “Expensive” Remains in the Game

The elasticity of considering a “higher priced” institution in the current economic climate was tested by asking respondents to indicate their likelihood of reconsidering a college that they initially believed to be “too expensive” if the institution could demonstrate greater value. 76% of respondents indicated that they would be “somewhat” or “very likely” to consider the

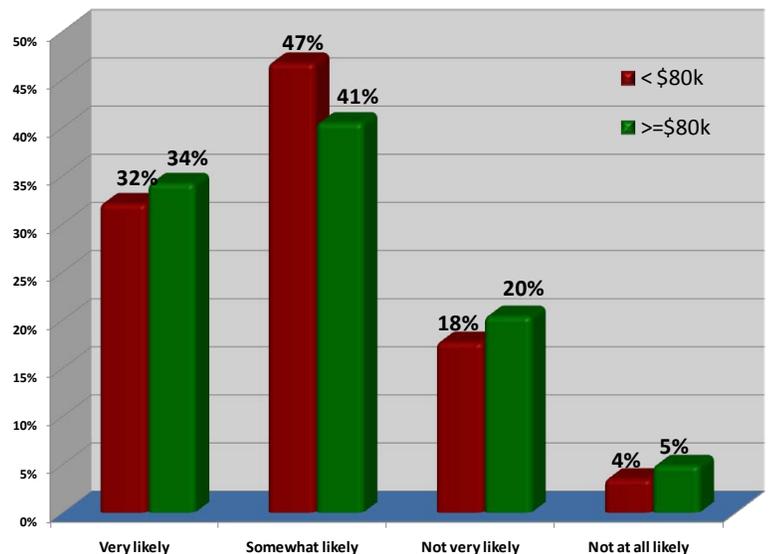
more expensive institution if it could deliver greater value. Further, respondents were asked to specify the “extra value” that would make their additional investment worthwhile. While 38% indicated that additional scholarships and financial aid would provide the extra value, 62% mentioned non-financial values. These included, “a track record of students gaining high paying jobs upon graduation”, “guaranteeing graduation in four years”, and “superior internship and work-study opportunities”.

Likelihood of Reconsidering a College Initially Perceived As Too Expensive

	Nationally	Middle States	Midwest	New England	South	Southwest	West
Very likely	33%	31%	32%	16%	38%	43%	31%
Somewhat likely	43%	44%	45%	48%	41%	38%	44%
Not very likely	19%	19%	19%	29%	19%	16%	22%
Not at all likely	4%	6%	4%	7%	3%	4%	4%

Added Values	Percent Mentioning
Additional scholarships/aid	38%
Job placement	12%
Academic programs that are superior	10%
Internship/Work-Study opportunities	6%
Campus activities/programs/facilities	6%
Non-tuition expense reduction	5%
Religious/Spiritual focus	4%
Specific major I am interested in	4%
Four-year graduation guarantee	4%
Personal attention	4%
Reputation	2%
Play sports	2%
Graduate school preparation	2%
Other	1%

Likelihood by Household Income Level



Managing the Expense of College

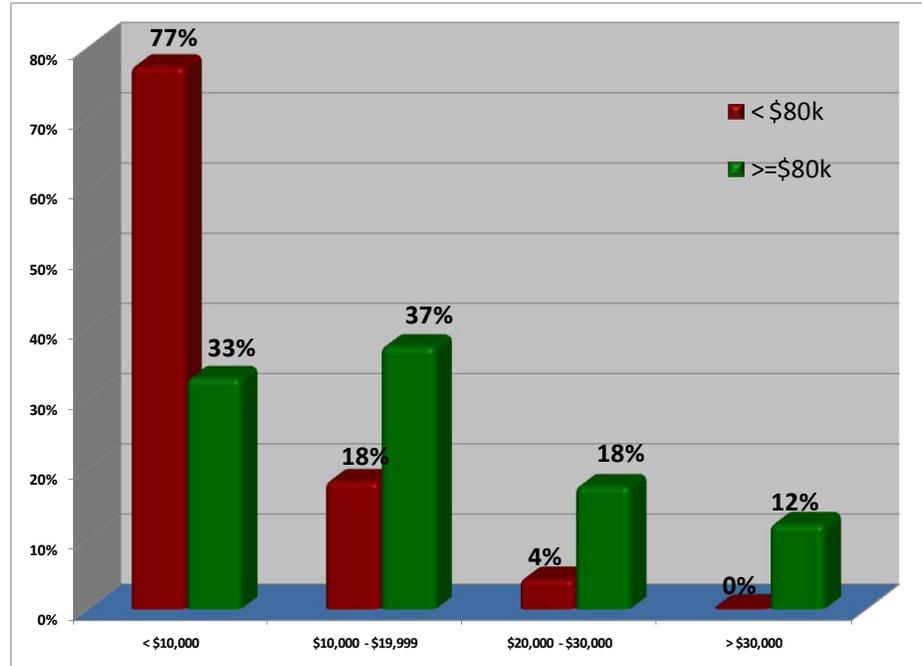
Respondents were asked which will weigh more heavily in their college selection decision: the amount of scholarships, grants and tuition discounts a college offers, or the actual out-of-pocket expense to attend the college after all scholarships, grants, and discounts. 74% indicated that the actual out-of-pocket expense weighs more heavily in their college selection. This factor was less critical for respondents in the New England region where 61% felt this way. In this region, 39% believed that the package of scholarships, grants and discounts is a more decisive factor.

Approximately 68% of households indicate that they will finance their child's college education through cash generated from family income. For households earning less than \$80,000 annually, 57% will pay for college through cash from household income. For households earning over \$80,000, 81% will pay for college through

current family income.

Approximately 54% of respondents say that they can pay no more than \$10,000 annually in out-of-pocket expenses for

Annual Out-of-Pocket Expense Limit (by income level)



college. The Middle States region registers the largest capacity for out-of-pocket expenditures with 19% indicating they can afford \$20,000 to \$30,000 annually and 10% indicating they can afford over \$30,000 annually.

The capacity for out of pocket expenditures is influenced greatly by household income. For households with annual incomes of less than \$80,000, 77% cannot afford over \$10,000 annually. For

Which Will Weigh More Heavily In College Selection Decision

	Nationally	Middle States	Midwest	New England	South	Southwest	West
Amount of scholarships, grants and discounts	26%	29%	22%	39%	33%	26%	27%
Actual out-of-pocket expenses	74%	71%	78%	61%	68%	74%	73%

households above \$80,000, 67% can afford \$10,000 and 30% can afford expenditures greater than \$20,000.

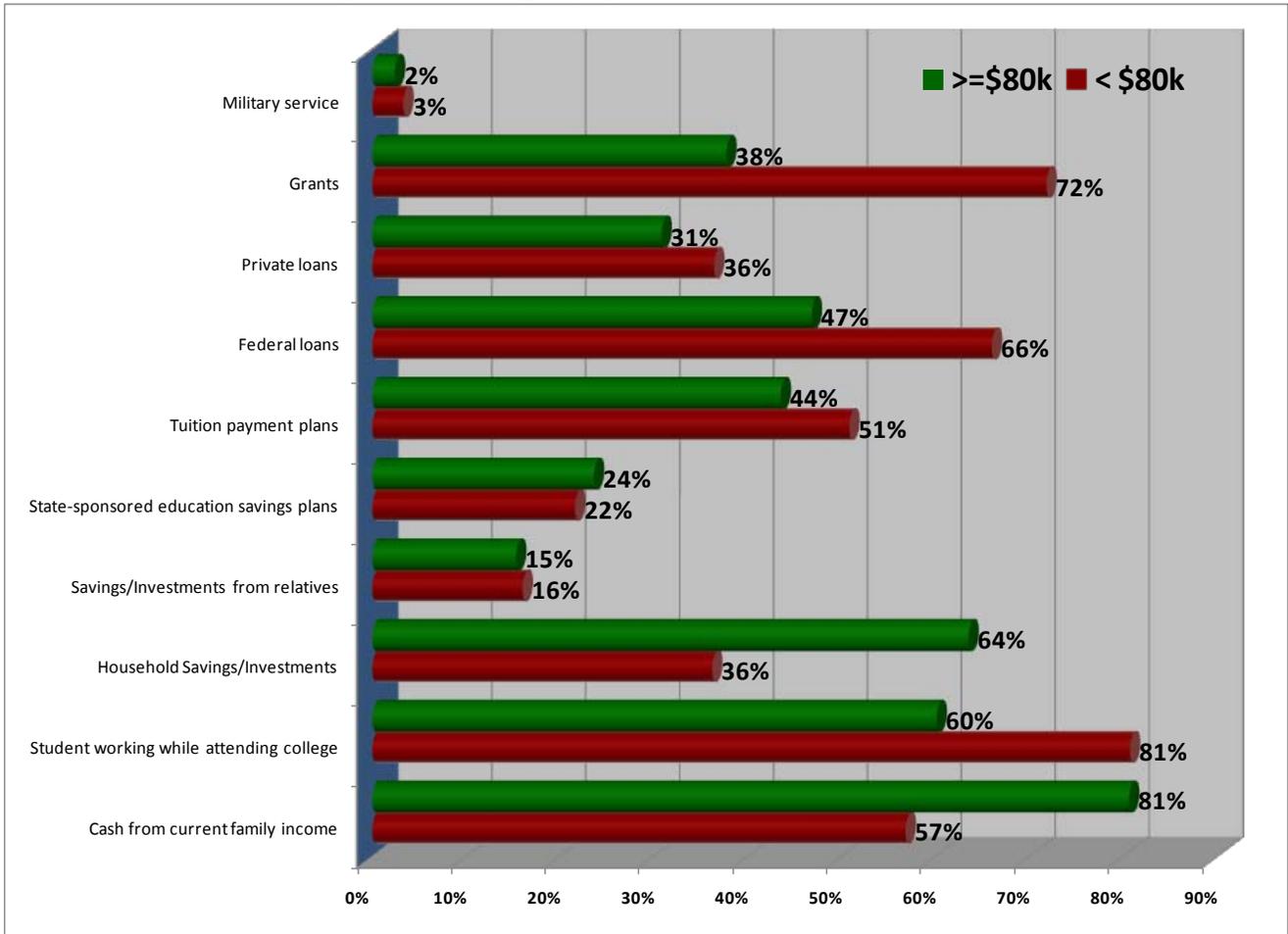
In the Midwest region, 76% of students will work to help pay for college. This compares to a low of 55% of those in the New England region in which the student

will work while attending college. 60% of students in households within the higher income bracket will work while attending college compared to 81% of students working from households of less than \$80,000 annual income.

Sources Used To Pay For College

	Nationally	Middle States	Midwest	New England	South	Southwest	West
Cash from current family income	68%	66%	66%	55%	70%	77%	72%
Student working while attending college	69%	66%	76%	55%	66%	57%	66%
Household Savings/Investments	50%	48%	46%	42%	51%	46%	69%
Savings/Investments from relatives	15%	19%	11%	15%	15%	20%	24%
State-sponsored education savings plans	22%	23%	23%	9%	30%	19%	19%
Tuition payment plans	46%	47%	47%	42%	45%	47%	42%
Federal loans	55%	58%	64%	70%	38%	47%	47%
Private loans	33%	43%	36%	30%	30%	27%	27%
Grants	54%	55%	56%	67%	46%	47%	55%
Military service	3%	1%	2%	3%	4%	1%	6%

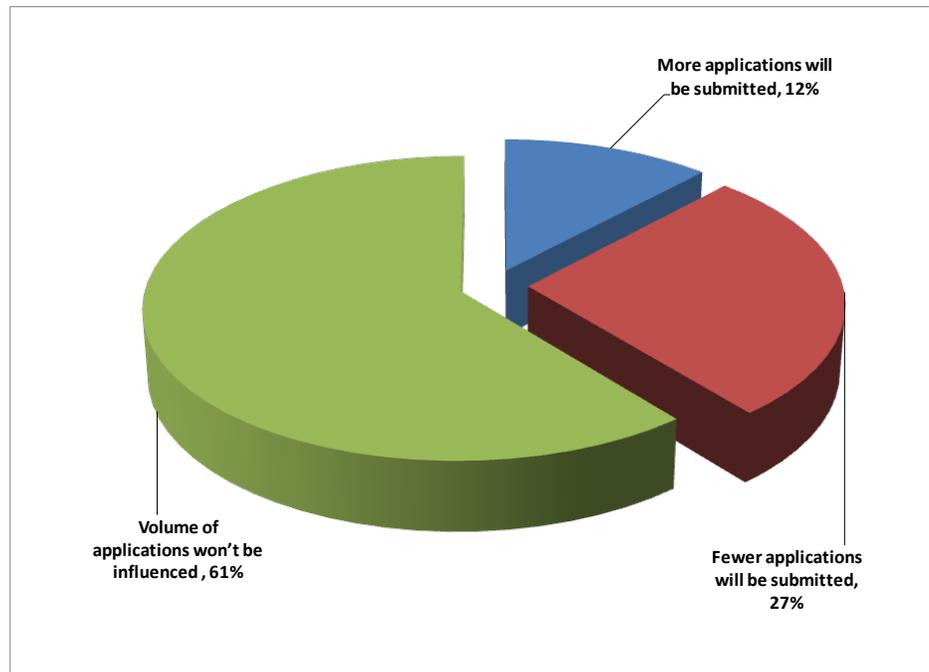
Sources Used To Pay For College (by income level)



Impact on Application Volume

With regard to the economy's influence on application volume, 27% of respondents will submit fewer applications as a result of the current economic climate. This is more pronounced in the South region of the country in which nearly 40% say they will submit fewer applications. The size of an institution's endowment could be a driver of applications. Approximately 33% of respondents indicate that the existence of a large endowment is attractive when deciding where to apply.

Impact of the Economy on Volume of Applications Submitted



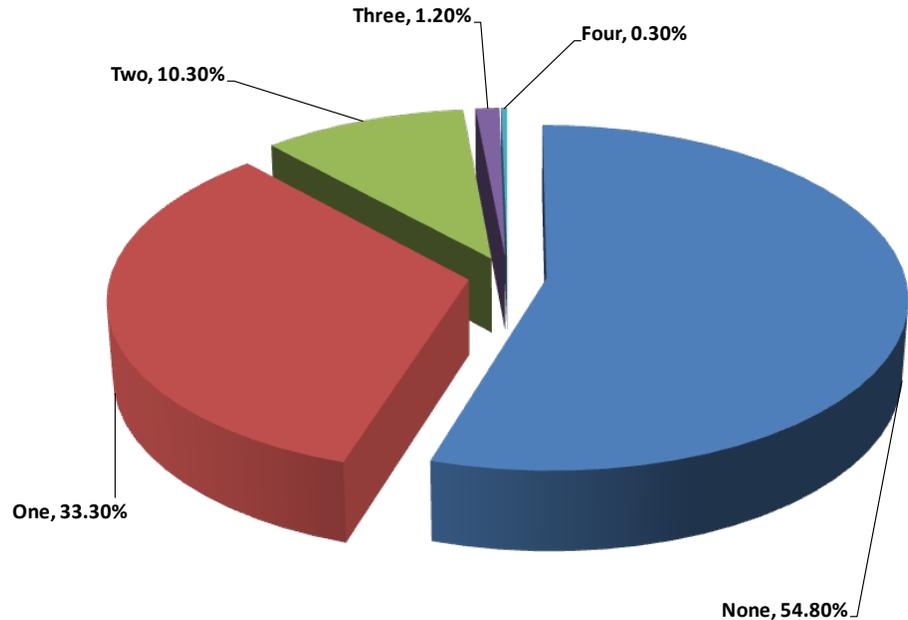
Change In Expected Application Volume (by region)

	Nationally	Middle States	Midwest	New England	South	Southwest	West
More applications will be submitted	12%	11%	13%	16%	11%	11%	12%
Fewer applications will be submitted	27%	22%	26%	16%	38%	27%	24%
Volume of applications won't be influenced	61%	67%	61%	68%	52%	62%	64%

Retention

Approximately 45% of the households surveyed have multiple children enrolled in college and 62% indicated that the current economy will not preclude them from returning next term. 10% indicated that their potential return might be impacted by economic circumstances.

Number of Children Currently Enrolled In College



Will Economy Impact Re-enrollment

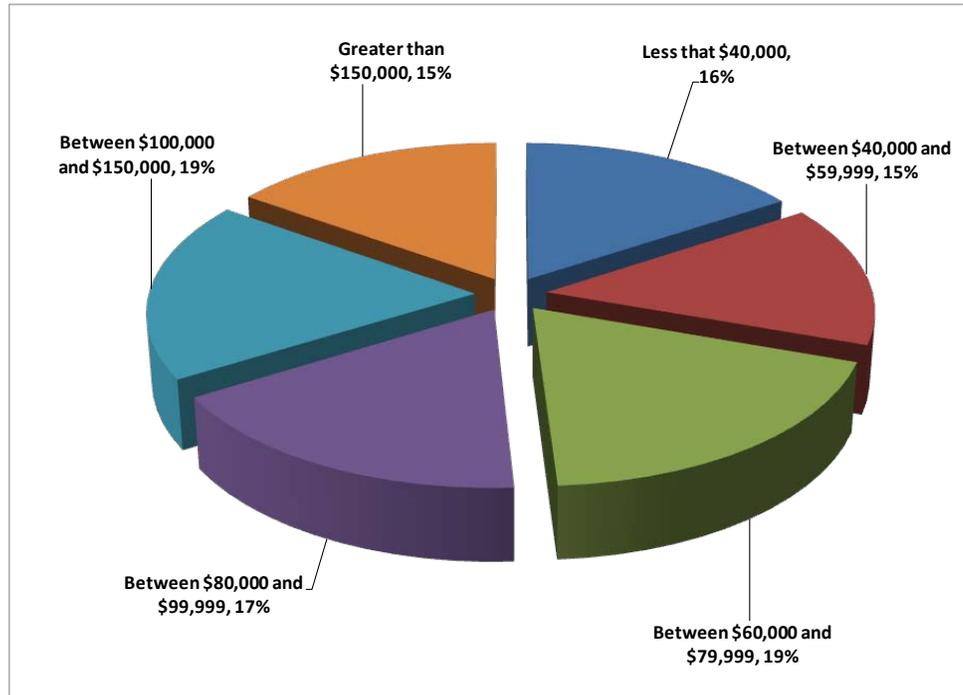
	Nationally	Middle States	Midwest	New England	South	Southwest	West
Yes	10%	6%	13%	6%	7%	9%	7%
No	62%	66%	58%	65%	62%	64%	68%
Not sure	29%	28%	29%	29%	31%	26%	25%

Income and Ethnicity

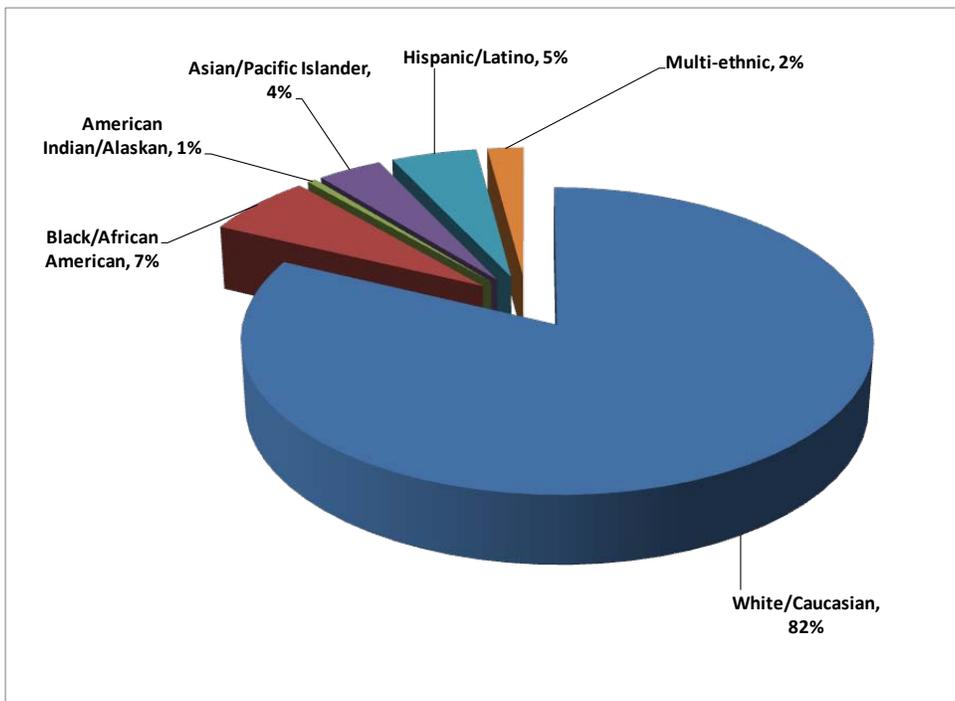
Demographically, the households surveyed for this project represented an even distribution across income strata.

With regard to ethnicity, a sizable majority (82%) are classified as White/Caucasian.

Distribution of Sample By Household Income



Distribution by Ethnicity



Survey

Please complete the survey and mail in the enclosed postage-paid envelope.

1) To what degree have your family's college plans changed in the last 18 months as a result of the current economic climate?

- The current economic situation has not influenced our plans for college at all.
- The economic situation has caused us to modify our plans somewhat.
- Our plans have changed dramatically as a result of the current economic situation.
- At this point, we do not know if or how the economic situation will affect our plans.

2) What may change in your college plans because of the current economy? (Check all that apply.)

- Attend a college closer to home.
- Enroll in a less expensive college.
- Postpone attending college.
- Live at home while attending college.
- Attend in-state college.
- Change the intended major.
- Rely more heavily on financial aid counseling.
- Change from a private to a public institution.
- Change from a public to a private institution.
- Change from a four-year to a community college.
- Consider online degree programs.
- Obtain a larger loan than originally planned.
- Work while attending college.
- Visit fewer college campuses before deciding.

2a) In what other ways might your plans for college be impacted by current economic conditions?

3) Which type of institution do you most prefer to attend?

- Four-year private
- Four-year public
- Two-year community
- No preference

4) In the spaces provided, please write in the name(s) of the college(s) to which you have applied. Please write them in order of your preference.

Please write in the name of your:

Check which college you are most likely to attend.

First choice college: _____
(full college name and location)

Second choice college: _____
(full college name and location)

Third choice college: _____
(full college name and location)

5) Will you seek financial aid and/or scholarships to help pay for college?

- Yes
- No (skip to Question 6)

5a) If yes, will the financial aid/scholarship package you receive be the single most important factor in selecting a college?

- Yes
- No

6) How would you characterize your familiarity with of the full range of financial aid, scholarships, grants, loans and other sources available to families for paying for college?

- Extremely familiar
- Somewhat familiar
- Not very familiar
- Not at all familiar

7) How much time have you spent searching for special college scholarships, grants, and financial aid options?

- A great deal of time
- A fair amount of time
- Not much time
- No time

8) What role will cost play in your ultimate decision of where to attend college?

- ¹ Cost will be the overriding factor and we'll choose the college that costs the least.
² Cost is extremely important but our decision will not be made solely on the basis of cost.
³ Cost will have little or no influence over which college is selected.
⁴ Not sure.

8a) How likely is it that you might reconsider a college that you initially believed to be "too expensive" if it could demonstrate greater value?

- ¹ Very likely ³ Not very likely
² Somewhat likely ⁴ Not at all likely

8b) What extra value could the college offer to make your additional investment worthwhile?

9) What advice and counsel could a college provide you that would be particularly helpful with regard to finding ways to pay for college?

10) Which one of the following will weigh more heavily in your college selection decision? (Please check one.)

- ¹ The amount of scholarships, grants and other tuition discounts that a college offers.
² The actual out-of-pocket expenses to attend the college, after all scholarships, grants and discounts.

11) After all loans, scholarships, grants and discounts, what is the maximum annual out-of-pocket expense your family can afford for tuition, fees and living expenses?

- ¹ Less than \$10,000 ³ Between \$20,000 and \$30,000
² Between \$10,000 and \$19,999 ⁴ Over \$30,000

12) Which of the following sources will be used to pay for college? (Check all that apply.)

- | | |
|--------------------------------------------------------------------------------|--------------------------------------------------------------|
| ¹ <input type="checkbox"/> Cash from current family income. | ⁶ <input type="checkbox"/> Tuition payment plans. |
| ² <input type="checkbox"/> Student working while attending college. | ⁷ <input type="checkbox"/> Federal loans. |
| ³ <input type="checkbox"/> Household Savings/Investments. | ⁸ <input type="checkbox"/> Private loans. |
| ⁴ <input type="checkbox"/> Savings/Investments from relatives. | ⁹ <input type="checkbox"/> Grants. |
| ⁵ <input type="checkbox"/> State-sponsored education savings plans. | ¹⁰ <input type="checkbox"/> Military service. |

¹¹ Other (please specify) _____

13) How many children in your family are currently enrolled in college? _____
(If none, skip to Question 14)

13a) In which institution(s) are they enrolled?

13b) Will the economy impact their ability to return next term to the institution they now attend?

- ¹ Yes ² No ³ Not sure

14) Have any negative changes to your family's economic situation impacted your decisions about college?

- ¹ Yes ² No (skip to Question 15)

14a) If yes, please check any of the following household economic changes that will affect your decision?

- ¹ One or more parents lost their job.
² One or more parents relocated due to their job.
³ One or more parents changed their job or occupation.
⁴ Household income was reduced due to the local/national economy.
⁵ Other (please specify) _____

15) How will the current economic situation influence the number of college applications you submit?

- ¹ More applications will be submitted.
² Fewer applications will be submitted.
³ The number of applications submitted won't be influenced by economic situations.

16) How does the size of an institution's endowment influence your decision to apply at that institution?

- ¹ More likely to apply to an institution if its endowment is relatively large.
² Less likely to apply if the endowment is relatively small.
³ The size of the endowment will not influence our decision to apply.

17) Which of the following best reflects your family's combined household income?

- ¹ Less than \$40,000 ⁴ Between \$80,000 and \$99,999
² Between \$40,000 and \$59,999 ⁵ Between \$100,000 and \$150,000
³ Between \$60,000 and \$79,999 ⁶ Greater than \$150,000

18) To which ethnic group do you belong?

- ¹ White/Caucasian ⁴ Asian/Pacific Islander
² Black/African American ⁵ Hispanic/Latino
³ American Indian/Alaskan ⁶ Multi-ethnic

19) Please tell us who you are.

- ¹ Mother ² Father ³ Student ⁴ Other (specify) _____



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