



The Value of Education

The price of success

USA factsheet

Parents are taking on extra work, sacrificing holidays and turning to borrowing to help pay for the full cost of their children's university education. Students meanwhile are spending several hours a day in paid employment to help keep up with costs and improve their job prospects.

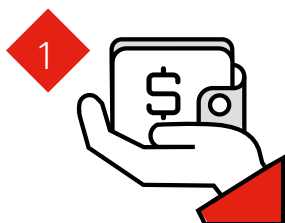
The Value of Education is HSBC's global study into education trends, examining parents' hopes and fears for their children's education, and their attitudes and behaviors towards funding. This year's survey also explores students' own experiences while studying.

These findings are from the fifth survey in the series and represent the views of 10,478 parents and 1,507 university students in 15 countries and territories.

This factsheet represents the views of 519 parents and 105 students in the USA.

There are also some practical tips to help parents better prepare for their children's education.

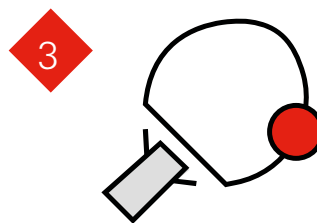
USA Key findings



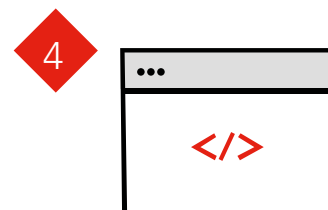
USD99,417
the average amount students say they spend over the course of a degree



85%
of students are working in paid employment while studying



62%
of parents stopped or reduced their leisure activities to support their child's university education



74%
of parents believe computer programming is a necessary skill in today's world

The cost of education

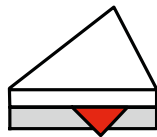
The bank of mum and dad

From tuition fees and day-to-day living expenses to laptops and textbooks, parents' spending on their children's university education covers a wide variety of costs. In the USA, parents say they contribute on average USD17,314 towards their child's undergraduate or postgraduate university education.

Tuition fees are top of the parental funding list in the USA



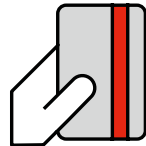
66%
Tuition fees



55%
Food



62%
Academic/text books



49%
Spending money (e.g. allowance, credit cards)



58%
Insurance (e.g. home contents, car, medical)

Q. Which of these expenses relating to your child/children's education are you currently contributing towards? (Base: Parents funding child's university education)

Parental contributions also include 'care packages' sent during term time. Seventy-one per cent of students in the USA receive packages from their parents. Parcels such as these are most likely to include groceries (49 per cent), money (47 per cent), household and hygiene items (e.g. bleach, cleaning materials, toilet rolls) (44 per cent).

Funding gap

The cost of university life can add up. On average, students say they spend USD99,417 over the course of their degree, covering a range of expenses including tuition fees, accommodation, bills and lifestyle costs. Taking into account the amount parents say they contribute, this leaves students in the USA with an average funding gap of USD82,103. This must be filled by bursaries, loans, other family members and students' own income or savings. Fourteen per cent of parents say that their child's grandparents contribute towards their university education.

In the USA there is a shortfall of USD82,103 between what parents say they contribute and what students say they spend.

Students face a significant funding gap through their university education

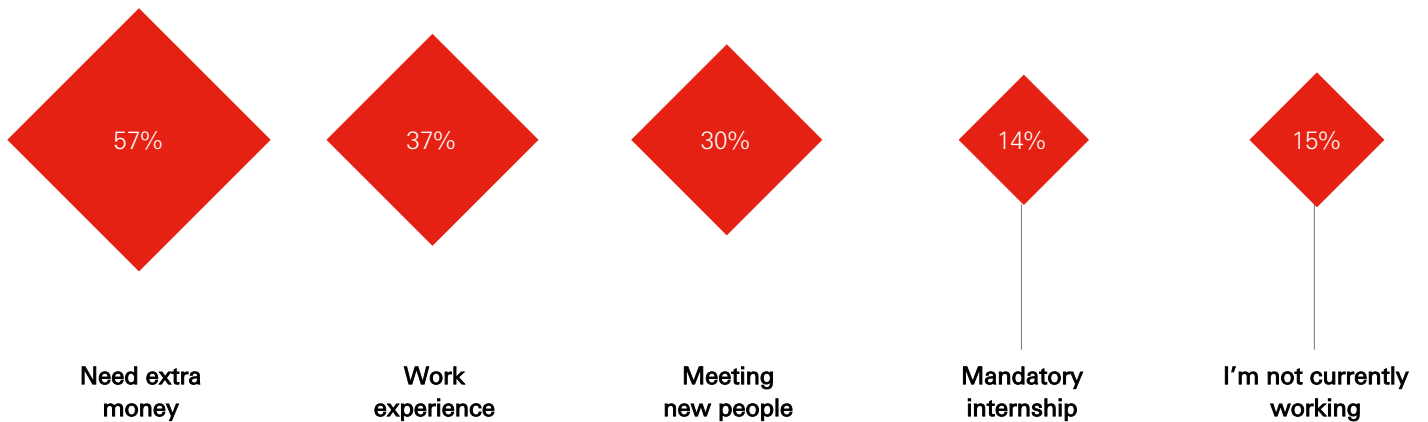


Q. Earlier you said the following were contributing to your child's education, approximately how much do each of them contribute in total each year towards your children's education? A. Me and/or my partner, my ex-partner/my child's other parent (Base: Parents with allocated child in university education)
Q. How much do you spend in a typical month on each of the following? (Base: All students)

Working advantage

Many university students rely on extra-curricular jobs to cover their costs. Over 4 in 5 (85 per cent) students are working in paid employment while studying, and for the majority (57 per cent) this is out of financial necessity.

Students are primarily working for extra income:



Q. If you are working whilst studying, why?
(Base: All students)

Not all students work for extra cash. Many dip into the world of work to enhance their employability. In the USA, 37 per cent of students work to gain experience that will help them get a job after university.

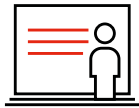
Volunteering is also popular among the current generation of students, with 66 per cent undertaking some kind of unpaid voluntary work at the same time as studying.

The right balance?

Today's students face a big challenge balancing work and study. On an average day, students spend 4.2 hours in paid employment. That's more than they spend in lectures, the library or studying at home.

How students spend their days

On an average day students spend...



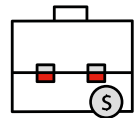
2.3h Going to lectures/
tutorials/seminars



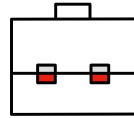
2.8h Studying at home



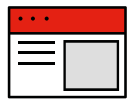
1.5h Visiting
the library



4.2h Working
(paid employment)



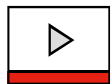
0.9h Volunteering
(unpaid)



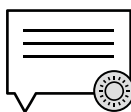
2.5h On social media



2.3h Texting/messaging
/emailing



2.2h Watching
streaming services



2.0h Socializing during
the day



2.0h Socializing during
the evening/ night-time

Q. On average, how long do you spend doing the following each day? (Base: All students)

However, most parents with a child at university would prefer them to concentrate on their education, with 73 per cent saying they plan to take care of their child's basic living costs so they can focus on their university studies.

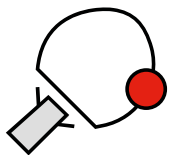
Sacrifices and spending

Tightening the belt

Parents are going the extra mile to support their child at university. Almost three quarters (73 per cent) of parents are contributing towards their child's university education from day-to-day income, as opposed to savings or borrowing. Only 23 per cent are funding from a specific education savings or investment account.

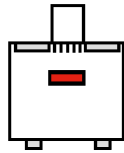
Personal sacrifices are common among parents who are funding their child's university education. Sixty-two per cent have stopped or reduced their leisure activities and a further 47 per cent have taken fewer holidays to support their child's education, while 39 per cent have taken on extra hours at work and/or a second job.

Parents are sacrificing personal time to support their child's university education



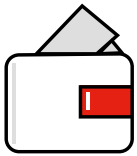
62%

Reduced or stopped
leisure activities



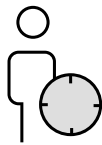
47%

Took fewer
holidays



41%

Took less
expensive holidays



43%

Forfeited me-time
and/or gave up hobbies



39%

Worked extra hours
and/or took a second job

Q. Which, if any, of the following have you/your partner ever done to support your child's education? (Base: Parents funding child's university education)

Dining out

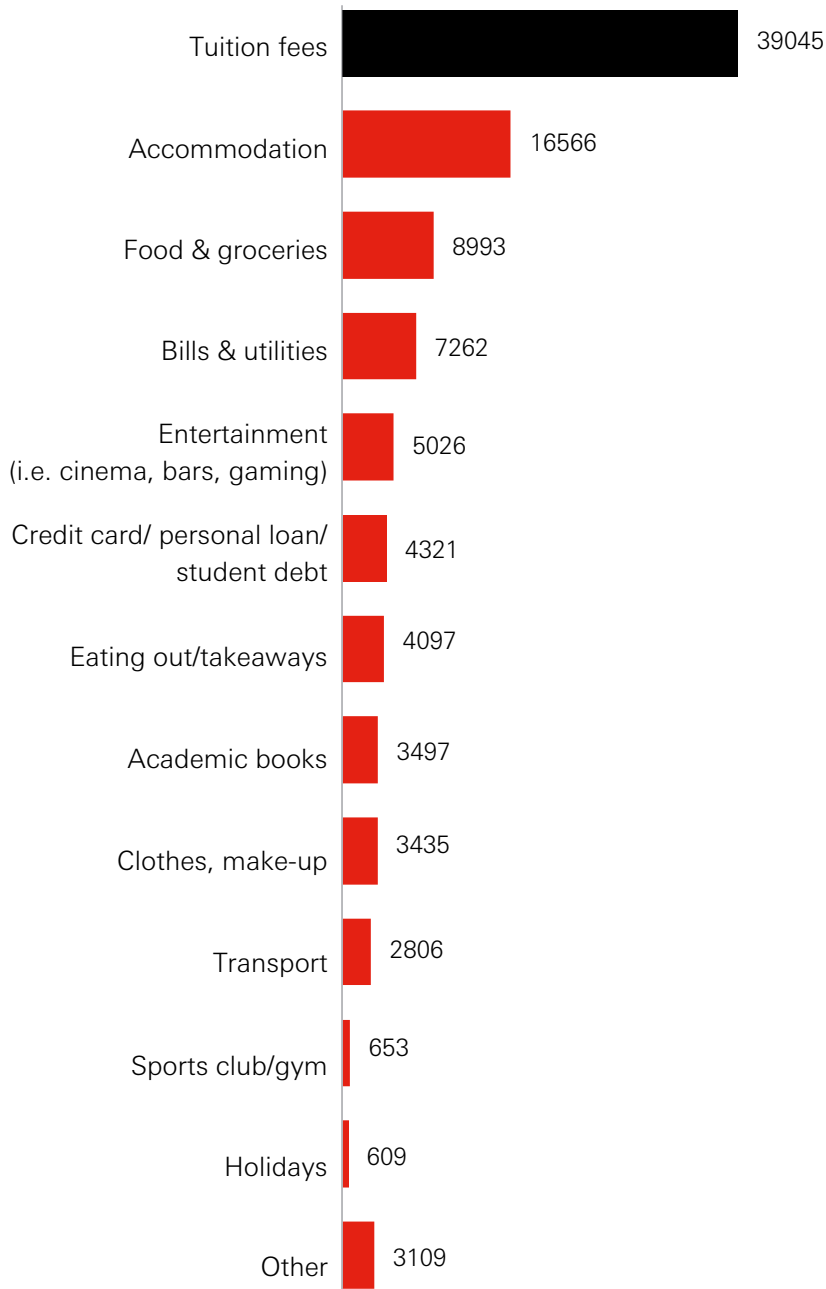
It's not all work and no play for students. Over the course of a degree, students say they splash out USD4,097 on going to restaurants or takeaways, USD5,026 on entertainment such as going out to bars, nightclubs or the cinema, and USD3,435 on clothes and make up.

Budgeting for the full range of lifestyle and education costs can be an expensive learning curve for students. On average, students spend more on paying back credit cards, personal loans and student debt (USD4,321 over a full degree) than they do on academic books (USD3,497).

Students in the USA spend most on tuition fees

Whole course spend

USD99,417



Across a whole degree, students in the USA spend more on paying back credit cards, personal loans and student debt than they do on academic books.

Q. How much do you spend in a typical month on each of the following? (Base: All students)

Honest conversations

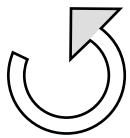
Proactive planning and upfront conversations could ensure better financial outcomes for parents and students alike.

Almost half (48 per cent) of parents funding a child at university wish they had started saving earlier for their education, while 40 per cent wish they had saved money more regularly.

The majority (59 per cent) of parents with a child at university worry that they don't have the financial resources to support them and almost two fifths (39 per cent) of parents who are contributing do not know how much they or others are spending.

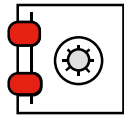
59% of parents with a child at university worry that they don't have the financial resources to support them.

Many parents wish they had been more financially prepared for their child's university education



48%

Wish they had started saving for their child's education earlier



59%

Worry they don't have the financial resources to support their child's education



40%

Wish they had saved more regularly



39%

Don't know how much their child's education is costing

Q. Thinking about funding your child's education, what if anything would you have done differently? (Base: Parents funding child's university education)

Q. Here are some statements parents have made about their children's education. To what extent do you agree or disagree with each of them? (Base: Parents with allocated child in university education)

Q. Earlier you said the following were contributing to your child's education, approximately how much do each of them contribute in total each year towards your children's education? (Base: Parents with allocated child in university education)

Value for money

Despite the significant cost and sacrifices involved in studying at university, both parents and students agree it's a worthwhile investment.

Seventy-one per cent of parents with a child at university and 82 per cent of students agree that a university education is worth the money. These students believe that university leads to better opportunities to secure a first job (69 per cent), better job prospects throughout their career (56 per cent), faster career progression (53 per cent) and earning more money (53 per cent).

82% of students agree that a university education is worth the money.

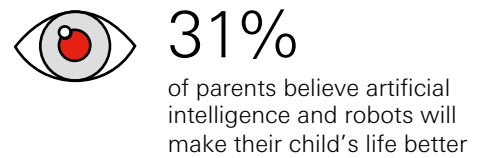
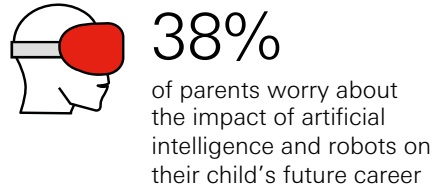
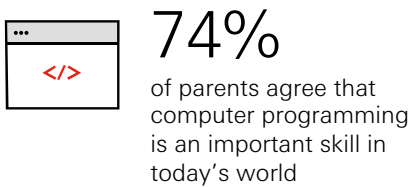
The future of skills

The road ahead

Parents are divided when it comes to thinking about the future impact of artificial intelligence and robots on their children’s lives. Almost two fifths of parents (38 per cent) remain skeptical and are worried about the impact it will have on their child’s future career. However, almost a third (31 per cent) believe that AI and robots will make their child’s life better.

When it comes to the importance of computer skills, 74 per cent of parents believe that computer programming is a necessary skill in today’s world.

Parents in the USA are divided on the benefits of AI and robots, but value computer programming



Q. Below is a list of statements some parents have made. To what extent do you agree or disagree with each of the following statements? A. Agree or strongly agree (Base: All parents)
Q. Here are some statements parents have made about their children’s education. To what extent do you agree or disagree with each of them? A. Tend to agree or strongly agree (Base: All parents)

People skills

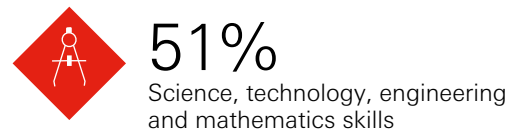
Thinking ahead to 2030, parents are less optimistic than students about the role of education in preparing their children for the future world of work.

Seventy-two per cent of university students agree that their education to date has prepared them for the world of 2030 and beyond compared to 44 per cent of parents. In addition, half (50 per cent) of parents worry that universities are not preparing students for the jobs that they will be doing in years to come.

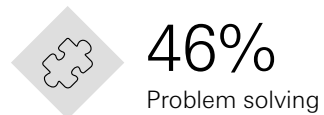
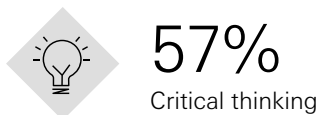
For parents and students who agree that education so far has prepared their child/ themselves for the future, both believe it is the softer skills required to think critically and solve problems that education should focus on for 2030 and beyond.

Future education should focus more on softer skills

Parents: top 3 skills education should focus on for 2030



Students: top 3 skills education should focus on for 2030

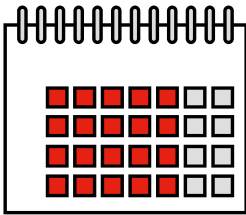


Q. Which of the following skills do you think your child’s/ your education should focus on to better prepare them/ you for the world of 2030 and beyond? (Base: All parents/ students who agree education has prepared their child/ them for 2030)

Practical steps

Here are some practical steps drawn from the research findings, for parents to consider when planning for their children's education:

1



Start planning early

Early planning and saving for education can help your children fulfill their potential and limit the strain on family finances. Seeking professional advice can help you plan and make better informed choices.

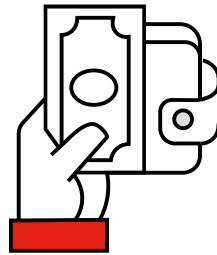
2



Be realistic about the costs

The cost of university education for your children can be expensive. Take into account all the costs when planning how to financially support them through higher education.

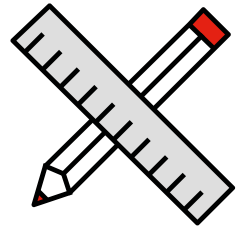
3



Instill good financial habits

Help your children to plan and manage the costs of student life by taking advantage of the budgeting tools and calculators available online.

4



Invest in a range of skills

Help your children choose an educational route that will equip them with the softer skills needed for the workplace of the future as well as the specific skills for their chosen career.

The research

The Value of Education is an independent consumer research study into global education trends, commissioned by HSBC. It provides authoritative insights into parents' and students' attitudes and behavior towards education around the world.

These findings are from the fifth survey in the series and represent the views of 10,478 parents and 1,507 students in 15 countries and territories: Australia, Canada, Mainland China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, Turkey, United Arab Emirates, United Kingdom, United States.

The findings are based on a sample of parents with at least one child aged 23 or younger currently (or soon to be) in education, and on a sample of students aged 18 to 34 in university undergraduate and postgraduate education, drawn from nationally representative online panels in each country and territory. The research was conducted online by Ipsos MORI in March and April 2018.

This country factsheet represents the views of 519 parents and 105 students in the USA.

Definitions

University education: Covers university undergraduate, university postgraduate, business/engineering school and technical/vocational college.

To calculate parents' spend, parents currently contributing to funding any aspect of their child's university education were asked approximately how much they contribute each year. This annual figure was multiplied by the typical course length in that country to derive the total amount spent over their child's university education.

To calculate students' spend, students were asked how much they spend on a list of different items in a typical month, which was multiplied by 12. This annual figure was multiplied by the typical course length in that country to derive the total amount spent over their university education.

The exchange rates used are based on the OFX2017 average yearly rate.

Figures have been rounded to the nearest whole number.

Legal disclaimer

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