



REPORT

Are Idahoans Dreaming Big? **Attitudes, Behavior, and Facts about Paying for College**

In conjunction with National College Savings Month, IDeal, the State of Idaho's 529 College Savings Program, has compiled original and existing research to paint a picture of the state of higher education ROI and attitudes about the value of higher education in Idaho.

Attitudes about Higher Education ROI

Nationally, research organizations have been tracking some concerning trends, including an [explosion in student loan debt](#) and a [greater likelihood among college graduates with student debt to believe that higher education costs don't outweigh the benefits](#).

Here in Idaho, *Idaho Education News* recently reported that Idahoans are leaving significant amounts of money on the table when it comes to financial aid.^{iv}

Further, recent national data^v revealed that a large percentage of parents are delaying and avoiding important conversations with their teenage children about financing higher education:

- 40% of parents with sophomores or older haven't yet discussed with their children that they are expected to contribute to college savings.^v
- 43% of parents with sophomores or older have not yet discussed how much student debt their child may incur.^v

Myths, anxiety, and lack of awareness clearly surround higher education and efforts to overcome financial hurdles. And despite the fact that wage and income data demonstrate a clear and marked return on investment in higher education, the result of these trends has been a national debate about the value of higher education—one taking place at kitchen tables and in the halls of Congress.

These factors, in addition to the rising costs of higher education, all work together to create steep footing for Idaho education stakeholders working to improve Idaho's college-going rates. This report intends to provide important context for education stakeholders, policymakers, and concerned citizens, as well as shed new light on how Idahoans think about paying for higher education.

Attitudes toward Saving and Paying for Higher Education in Idaho

Most Idahoans Aren't Hopeful about Saving

A poll conducted in 2018 by Ascensus College Savings on behalf of IDeal—Idaho 529 College Savings Program shows that just over a third (37%) of Idaho parents and grandparents say that they feel “hopeful” when thinking about saving for higher education.

Only 5% of Idahoans Are Likely to Use A College Savings Plan

The same poll showed that just 5% of Idaho residents say they are likely to open a 529 college savings plan, compared to 14% of people surveyed nationally.

Idaho's 529 plan is a tax-advantaged investment vehicle intended to help families save and prepare for higher education expenses. The Program offers a substantial tax deduction for annual contributions of up to \$12,000. Nationally, these vehicles are popular because they offer families the opportunity to potentially stretch their dollars farther than would be possible with a traditional savings account.

Idaho Ranks Second Among Western States for Popularity of Google Search Terms “College Savings” and “529”

The report leveraged Google Trends data to evaluate the relative popularity (and likely awareness) of various vehicles used to pay for higher education.

Google trends scores indicate popularity of a certain search term relative to all other searches conducted over a time period and within a geographic region. Oregon shows the most relative popularity for “College savings,” and thus scores a 100.

Among western states, Idaho trails only Oregon and Alaska in relative popularity for the term “College Savings” and only Colorado for the term “529” over the past year.

Interest by subregion ?



Interest by subregion ?



Oregon leads the nation in relative popularity of searches for "college savings."

Region	Search Popularity Score
Oregon	100
Alaska	73
Idaho	33
Washington	24
Colorado	23
Hawaii	23
California	18
Arizona	16
New Mexico	15
Nevada	14
Utah	14
Wyoming	No data
Montana	No data

The Google Trends data suggest that relative interest in saving for college is greater in Idaho than in most nearby states, including those with cultural and economic similarities. These data suggest that Idahoans may be highly receptive to hearing about college savings from education and community leaders.

Idaho Google Searches Suggest an Awareness Gap about Options for Saving for Higher Education

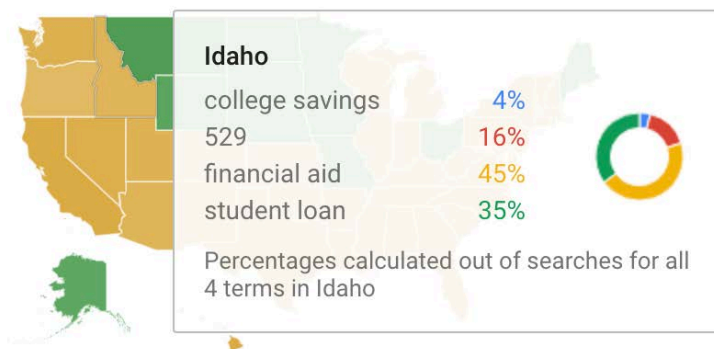
While Idaho is relatively active in search behavior around saving for college, the report also demonstrated that there is room for improvement when it comes to the gap between awareness of college savings and student loans.

The report leveraged Google Trends data to compare the relative popularity of searches for “college savings,” and “529,” (the IRS code and common shorthand for tax-advantaged college savings accounts), as compared to “student loan,” and “financial aid” over the past year.

Among searches in Idaho for those four search terms, “College Savings” and “529” comprised 20% of all searches for any of the four terms, compared to “student loan” and “financial aid,” which made up the remaining 80% of searches.

Compared breakdown by subregion

● college savings ● 529 ● financial aid ● student loan

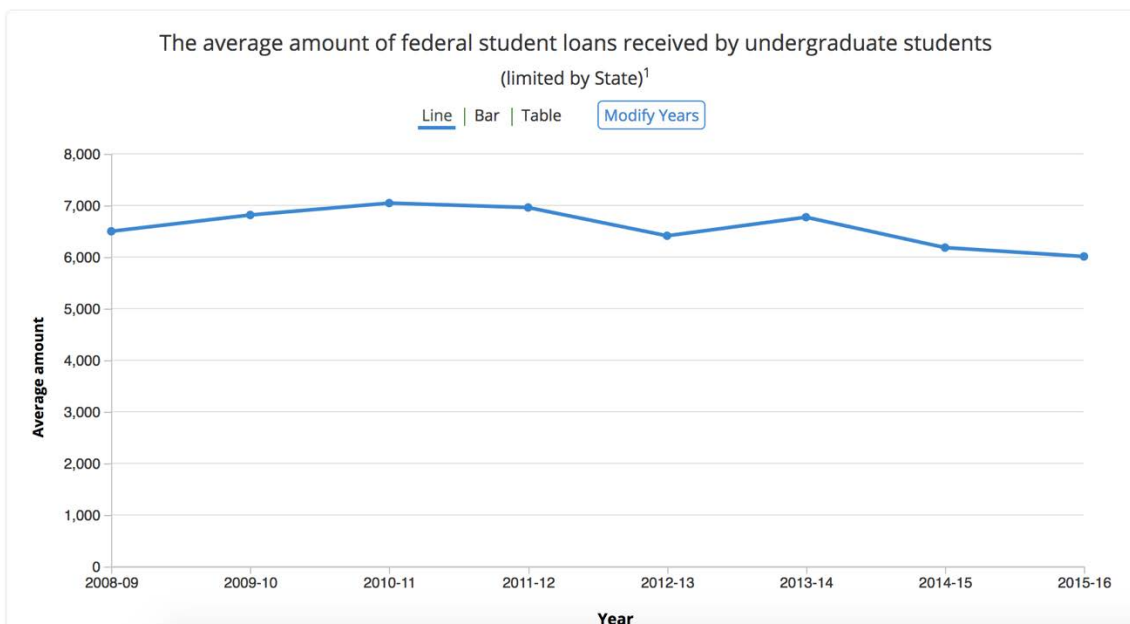
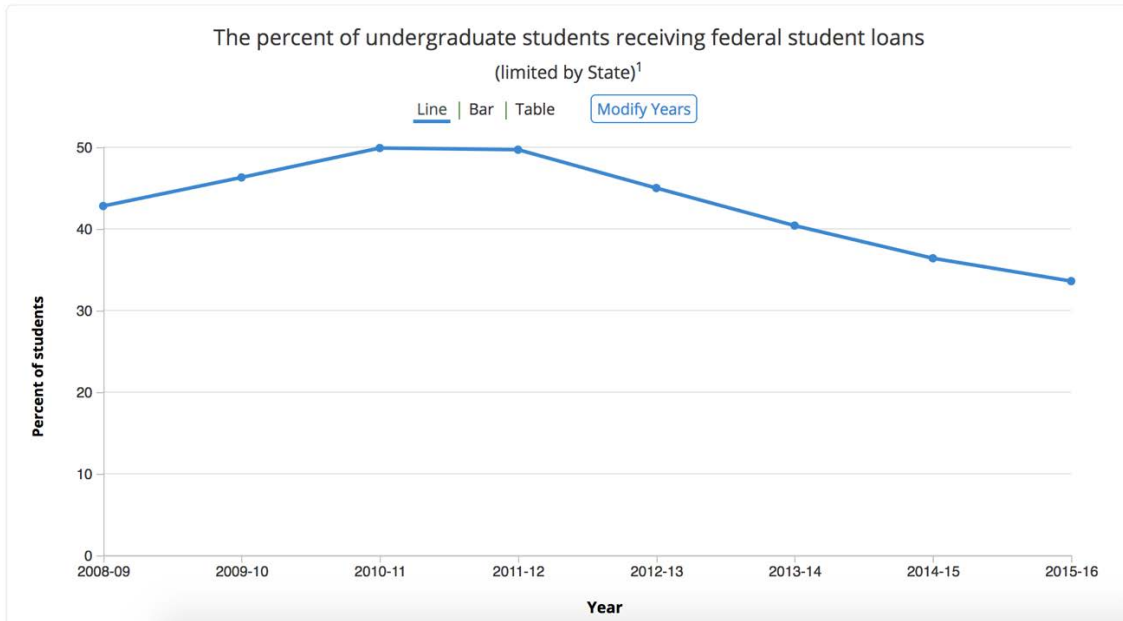


The poll conducted in 2018 by Ascensus College Savings provides supporting evidence of this awareness gap. Clearly, when it comes to financing higher education, it appears that more Idahoans are focused on borrowing money or obtaining aid than planning for college through a savings plan.

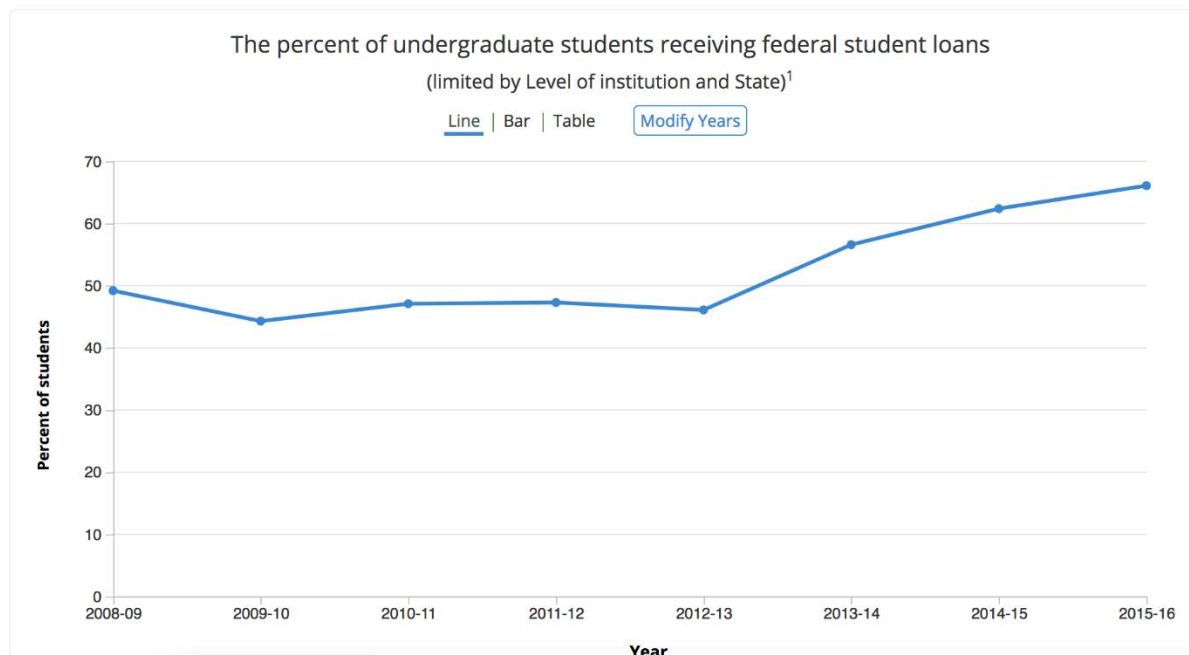
Effects of Student Loan Debt

State of Student Debt in Idaho

Data from the US Department of Education reveals that the number of undergraduate students in Idaho receiving federal student loans is at an eight-year low, as is the average amount of student loans received annually by undergraduate students.^{vi}



However, when it comes to students pursuing programs that take less than two years, reliance on student loans is widespread; the percent of those students who rely on student loans is at an eight-year high.^{vii}



Student Loan Payments

The most recently available student loan data from the Institute for College Access and Success^{viii} shows that students who borrow money in Idaho graduate with an average of \$26,675 in student debt.

However, the actual cost of these student loans—or the total amount paid with interest—can be substantially higher. Assuming an interest rate of 4.45%^{ix} over a 10-year standard repayment plan, the average Idaho student loan borrower may ultimately pay around \$275 per month (or \$33,097 total) for such loans including interest, as indicated in the hypothetical chart below.

Interest Rate	Payment Period	Student Loan Sum	Monthly Payment	Total Paid
4.45%	10 years	\$26,675	\$275	\$33,097

Higher Education ROI in Idaho

Idaho's Four-Year Higher Education Institutions Offer Positive Return on Investment

According to Payscale.com's Annual *Best Value Colleges* Report, all of Idaho's four-year higher education institutions offer positive dollar-for-dollar return on investment.^x

"Often, higher education return on investment is measured by how much graduates can earn in the immediate or even long term, and while those are certainly important statistics, they also paint an incomplete picture of the value of higher education," noted Christine Stoll, Executive Director of IDEal. "It's also important to look at the range of options afforded by higher education versus a high school diploma alone." Further, Bureau of Labor Statistics data indicates lower unemployment rates and less employment volatility among people with higher education.^{xi}

State Data Shows Higher Education Provides Students More Options

IDEal reviewed job statistics listed on the Idaho Department of Labor's *Jobscape* website to assess the range of median wage or higher jobs available to graduates with and without higher education.

For occupations listed as paying above median wage:^{xii}

- 164 occupations require only a high school diploma.
- 293 occupations require at least some higher education, and up to a post-graduate degree.
- 150 occupations required at least a bachelor's degree.

Christine Stoll, IDEal Executive Director, notes: "It's clear looking at Idaho's labor market that higher education raises a student's odds of finding a career path they enjoy *and* that can pay the bills. Higher education doesn't just result in better wages—it holds open more doors in a young person's life."

Effects of Saving for Higher Education: Increased Return on Investment

The data offer a clear conclusion: higher education is worth the investment. However, reliance on student loans can significantly reduce higher education return on investment.

Saving for college, however, has the potential to reduce the total amount paid toward higher education—thereby increasing return on investment. When taking into account potential investment earnings in addition to avoided student loan interest, saving for college using a 529 plan has the potential to yield significant savings to a family on the overall costs of higher education.

Earlier, this report stated that the average student borrower who graduates from college in Idaho could potentially pay about \$275 per month in student loans assuming 4.45% interest over 10 years.

IDEAL also calculated what a family would have to save over the course of eighteen years using a 529 plan in order to offset average student loan debt.

Assuming monthly savings over eighteen years, at an annual return rate of 5%, families who save for higher education could potentially cover the average student loan burden assumed by Idaho borrowers for just \$77 per month. The monthly “cost” of saving could potentially be less than one-third of the monthly cost of servicing the debt after the fact, as indicated in the hypothetical chart below.

Loan Interest Rate	Payment Period	Student Loan Sum	Monthly Payment	Total Paid
4.45%	10 years	\$26,675	\$275	\$33,097
529 Interest Rate	Savings Period	Savings Total With Interest	Monthly Savings Contributions	Total Contributed to Savings
5%	18 years	\$26,693	\$77	\$16,632

Opportunities for Increased Awareness of College Savings Options

Finally, IDeal measured county-by-county, per-capita rates of IDeal 529 college savings account ownership. While there is clearly a need for greater awareness of 529 college savings accounts across Idaho, this county-by-county look offers priorities for community and education leaders, as well as IDeal—Idaho 529 College Savings Program, focusing efforts to raise awareness of college savings plans.

Lowest Per-Capita Ownership of IDeal College Savings Accounts:

ONEIDA	0.07%
BEAR LAKE	0.10%
CLARK	0.23%
BUTTE	0.24%
FREMONT	0.25%
FRANKLIN	0.27%
POWER	0.29%
OWYHEE	0.32%
LINCOLN	0.36%
BENEWAH	0.36%

Community leaders, businesses, and educators can help increase awareness of college savings options by:

- Including IDeal in important policy discussions regarding higher education attainment.
- Partnering with IDeal to educate families about the power of saving versus the burden of borrowing.
- Equipping families—especially parents of young children—with information on saving for college and starting early. IDeal can provide posters, instructions, social media content, and brochures to offer parents and grandparents.
- Offering to help employees set up direct deposit from their paychecks to their college savings accounts. This is an additional benefit that employers can offer at no cost.
- Inviting IDeal to informational nights, HR benefits fairs, etc. for employees and parents. IDeal’s field representative travels to all corners of our state to speak directly with families and answer their questions about how the program works.
- Setting an example by opening an IDeal account yourself, for a child, grandchild, or your own continuing education—and let people know you’re investing in students you know through IDeal.

About IDEal – Idaho College Savings Program

IDEal is located within State Treasurer Ron Crane’s office and is administered by the Idaho College Savings Program Board. Ascensus Broker Dealer Services, LLC serves as Program Manager.

For more information, about IDEal, contact Christine Stoll at 208-332-2935, cstoll@idsaves.idaho.gov, or visit www.idsaves.org.

For more information about IDEal - Idaho College Savings Program ("IDEal"), call 866-433-2533 or [click here](#) to obtain a Disclosure Statement. The Disclosure Statement discusses investment objectives, risks, charges, expenses, and other important information. Because investing in IDEal is an important decision for you and your family, you should read and consider the Disclosure Statement carefully before investing.

If you are not an Idaho taxpayer, before you invest, consider whether your or the beneficiary’s home state offers any state tax or other benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state’s qualified tuition program.

IDEal is administered by the Idaho College Savings Program Board ("Board"). Ascensus Broker Dealer Services, LLC, the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing. The Vanguard Group, Inc. ("Vanguard") serves as Investment Manager for IDEal. Sallie Mae Bank serves as the Savings Portfolio Manager for IDEal. IDEal's Portfolios invest in either: (i) mutual funds offered or managed by Vanguard; or (ii) an FDIC-insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in IDEal are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in IDEal, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Not FDIC-Insured (except for the Savings Portfolio).

No Bank, State or Federal Guarantee.

May Lose Value.

ⁱ <https://www.idahoednews.org/news/leaving-money-on-the-table-idahos-big-financial-aid-gap/>

ⁱⁱ <https://nces.ed.gov/ipeds/trendgenerator/#/answer/8/37?f=6%3DID>

ⁱⁱⁱ https://www.bls.gov/oes/current/oes_id.htm#00-0000

^{iv} <https://www.idahoednews.org/news/leaving-money-on-the-table-idahos-big-financial-aid-gap/>

^v <https://www.fidelity.com/about-fidelity/individual-investing/college-is-no-free-ride>

-
- ^{vi} <https://nces.ed.gov/ipeds/trendgenerator/#/answer/8/37?f=6%3DID> Data limited by state (Idaho)
<https://nces.ed.gov/ipeds/trendgenerator/#/answer/8/38?f=6%3DID> Data limited by state (Idaho)
- ^{vii} <https://nces.ed.gov/ipeds/trendgenerator/#/answer/8/37?f=6%3DID%3B5%3D3> Data limited by state (Idaho) and level of institution (less than 2 years)
- ^{viii} <https://ticas.org/posd/map-state-data>
- ^{ix} <https://www.sofi.com/resource-center/debt-management/whats-average-student-loan-interest-rate/>
- ^x <https://www.payscale.com/college-roi/state/Idaho>
- ^{xi} <https://www.bls.gov/opub/ted/2017/unemployment-rate-2-point-5-percent-for-college-grads-7-point-7-percent-for-high-school-dropouts-january-2017.htm>
- ^{xii} https://www.bls.gov/oes/current/oes_id.htm#00-0000