The Value of Education

Higher and higher

USA Report

HSBC
Foreword

With the rise of the information economy and a challenging job market for young people, education has never been more important than it is today. Parents know this and they are willing to go to great lengths to secure the right educational opportunities for their children.

Our latest report in The Value of Education series, Higher and higher, looks at parents’ ambitions for their children, their views on the costs and benefits of education, and the sacrifices they are prepared to make to ensure their children can fulfil their potential. It also explores parents’ perceptions of digital learning and the importance of international studies in our globalised world.

At HSBC, we recognise that education is key to human development and prosperity. Every year, we help parents and students around the world to make their education plans a reality, and we support access to education for disadvantaged young people through the HSBC Education Programme.

I hope the insights in this report will help parents appreciate the long-term costs of education and put practical measures in place to ensure their children have the best start in life.
Key findings

84% of parents are confident their child will have a bright future

87% of parents are ready to make personal sacrifices for their child to succeed

USD58,464 is the average amount parents say they spend on their child’s primary, secondary and tertiary education

94% of parents would consider a postgraduate education for their child
Key findings

60% of parents are funding their child’s education from day-to-day income

36% of parents would consider university abroad for their child, yet 36% of them do not know how much it would cost

UK is the most likely destination for parents considering university abroad for their child

67% of parents would consider a university degree that is either completely or partly online
Going the extra mile
Parents are aware of the need to enhance their children’s life chances through higher education, and the trend towards market-relevant STEM and business / finance subjects across different regions, especially in Asia, is clear.”

**Professor Colin B. Grant**  
BA, PhD, FHEA, FRSA  
Vice President (International), University of Southampton  
Member of Universities UK International Strategic Advisory Board  
Member of the British Council Education Advisory Group  
Chair, Russell Group International Forum
High aspirations

Parents in the USA are optimistic their children will reach their full potential and be successful in the future.

More than four in five (84%) parents are confident their child will have a bright future, while 66% are confident their child will get top grades in their exams and 76% are confident they will get a great job.

Millennial parents are more likely to be optimistic about their child’s future. More than four in five (84%) are confident their child will get a great job compared to 73% of Baby Boomer and 68% Generation X parents.

Parents are optimistic about their child’s future

- 84% are confident their child will have a bright future
- 76% are confident their child will get a great job
- 66% are confident their child will get top grades in their exams

Q. To what extent do you agree or disagree with each of the following statements?
A. Agree or strongly agree (Base: All parents)
On the starting blocks

Parents are going the extra mile to ensure their children have a good start in life. Seven in 10 parents (70%) have started making plans for their child’s education, and 60% started making funding decisions, before their child had begun primary education.

Half (50%) are putting a child through state funded education, and 46% are paying for private tuition or have done so in the past.

Millennial parents are more likely to have paid for private tuition, or be currently paying for it (72%), than both Generation X and Baby Boomer parents (34% and 26% respectively).

The same holds true for those parents considering an education abroad for their child. Around three-quarters (74%) currently pay for private tuition, or have done so in the past, compared to 30% who would not consider a university education abroad for their child.
Making sacrifices

Apart from financial commitments, most (87%) parents are ready to make personal sacrifices for their child to succeed.

To support their child’s education, nearly a quarter (24%) of parents have forfeited ‘me time’ and/or given up hobbies, and 17% have either drastically reduced or completely stopped leisure activities and holidays.

Parents with a child who hasn’t started primary education yet (34%) are more likely to have forfeited ‘me-time’ and/or given up hobbies than parents with a child in secondary (20%) or primary education (22%).

Despite making these sacrifices, parents are still not sure they are doing enough. Nearly half (47%) worry that they are not doing the best for their children.

Q. Which, if any, of the following have you/your partner done or are currently doing, to support your child’s education? (Base: All parents)
Spending on education

Parents see their children’s education as an essential investment in their future but it can be costly. From buying school uniforms to paying university fees, parents fund many expenses for their children’s education.

On average, parents say they spend USD58,464 (USD74,112 if paid-for, USD39,544 if state-funded) on their child’s primary, secondary and tertiary education up to undergraduate level*.

<table>
<thead>
<tr>
<th>Education level</th>
<th>Average spend (USD)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary school</td>
<td>24,168</td>
</tr>
<tr>
<td>Secondary school</td>
<td>12,284</td>
</tr>
<tr>
<td>University/college (undergraduate)</td>
<td>22,012</td>
</tr>
</tbody>
</table>

*Methodology in The research, Definitions

Parents planning for their child to complete a postgraduate degree or attend university abroad can expect significant additional costs.

USD58,464
average total spend on child’s education

The Value of Education Higher and higher
Gateway to employment

Nearly all (96%) parents would consider a university education for their child, with 94% considering postgraduate studies.

Over three-quarters (77%) of parents see completing a postgraduate degree as an important gateway for their child to getting into full-time employment in their chosen occupation.

Engineering (14%) is parents’ most preferred university course for their child to study, with medicine (11%), business, management and finance (9%), computer and information sciences (8%) and education (5%) making up the top five most favoured courses.

94% of parents would consider a postgraduate education for their child
Most parents (73%) with a child in college or university education are contributing to their funding, and of parents considering postgraduate education for their child, 64% expect to contribute towards funding that too.

In hindsight, two in five (40%) parents wish they had started saving earlier, while 35% wish they had put more money aside for their child’s education, and 15% wish they had taken professional financial advice.

Over two in five (42%) parents whose child is currently in tertiary education wish they had put more money aside for their child’s education.

Q. Who is currently contributing to funding any aspect of your child’s education? (Base: Parents with a child in that level of education)
Planning ahead

Three in five (60%) parents are funding their child’s education from day-to-day income, while around a third (34%) are using general savings, investments or insurance.

Fewer parents (24%) are funding their child’s education through a specific education savings or investment plan. Millennial parents (42%) are more likely than parents from earlier generations (29%) to be funding their child’s education using general savings, investments or insurance.

Parents are making or have made a range of financial sacrifices to help fund their child’s education. Three in 10 (30%) have reduced their expenditure on leisure activities, 20% have worked extra hours in their existing job, 18% have contributed less towards their own retirement savings and 18% have contributed less towards their own long-term savings or investments.

Q. How are you/ your partner funding your child’s education (Base: All parents)

<table>
<thead>
<tr>
<th>How parents fund their child's education</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>60%</strong> Day-to-day income</td>
</tr>
<tr>
<td><strong>34%</strong> General savings/ investments/ insurance</td>
</tr>
<tr>
<td><strong>24%</strong> Specific education savings/ investment plan</td>
</tr>
<tr>
<td><strong>16%</strong> General borrowing</td>
</tr>
<tr>
<td><strong>7%</strong> Inheritance/ other lump sum</td>
</tr>
</tbody>
</table>
International horizons
More than four million students around the world enroll in higher education outside of their home countries, seeking to gain international skills that will prepare them to work in the global economy.

An increasing number of students are choosing education abroad as an investment in their future, as employers are increasingly looking for workers who have international experience, cross-cultural competence and language skills.”

Rajika Bhandari
Head of Research, Policy and Practice,
Institute of International Education, Inc.
Essential experience

Studying at university abroad challenges students at a personal level, but can also have a positive impact on their academic and employment career. In today’s globalised world, a university education in a different country is a real option.

Over a third (36%) of parents would consider a university education abroad for their child, and they are more likely to consider a postgraduate education (31%) than an undergraduate education abroad (25%).

Millennial parents are more likely to consider a university education abroad, with 57% considering this option for their child, compared to 14% of Baby Boomer parents and 26% of Generation X parents.
Top destinations

Of parents in the USA who would consider university education abroad for their child, many have a preferred country in mind where they would like their child to study.

The UK is their most popular choice: 37% would consider sending their child to university there. France (36%) and Canada (36%) are the second most popular choices.

Millennial parents (44%) are more likely to consider France as a destination, than parents from earlier generations (22%).

Q. Which countries or territories, different to the one where you reside, would you be most likely to consider? (Base: Parents who would consider university education abroad for their child)
Selecting a university abroad

Many parents (40%) considering university education abroad for their child have specific universities in mind that they would like their child to attend.

The quality of teaching on offer (40%), the courses the university offers (40%) and if it is nearby / convenient to travel to (39%) are the top three criteria when considering particular universities abroad.

Millennial parents are more likely to place importance on the quality of the teaching on offer (48%) and the prestige associated with the university (39%) as reasons for considering a specific university abroad, than parents from earlier generations (31% and 17% respectively). Yet more than a third (36%) of parents do not know how much it would cost for their child to study abroad.

Main reasons why parents have specific universities in mind

- 40% Quality of teaching on offer
- 40% The courses the university offers
- 39% It is nearby / convenient to travel to
- 34% ranked highly overall in university league table
- 32% Tuition fees are more affordable

Q. Which, if any, of the following reasons explain why you are considering a specific university? (Base: Parents who have specific university/universities they would like their child to attend, in a different country to where they reside)
### Powerful enabler

From developing soft skills to widening core abilities, parents see a range of benefits to completing a university education in a different country. According to parents considering university abroad for their child, exposure to new experiences, ideas and cultures (40%), international work experience (36%) and gaining independence (33%) are the main benefits.

Parents educated to undergraduate level are more likely to see exposure to new experiences, ideas and culture (55%) as a bigger benefit of a university education abroad, compared to those educated to postgraduate level (33%).

#### Main benefits of a university education abroad

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure to new experiences, ideas and cultures</td>
<td>40%</td>
</tr>
<tr>
<td>International work experience</td>
<td>36%</td>
</tr>
<tr>
<td>Gaining independence</td>
<td>33%</td>
</tr>
<tr>
<td>Increasing confidence</td>
<td>33%</td>
</tr>
<tr>
<td>Social networking</td>
<td>32%</td>
</tr>
</tbody>
</table>

Q. Which, if any, of the following do you see as the main benefits of completing a university education in a different country to the one where you reside? (Base: Parents who would consider university abroad for their child)
New challenges

While there are many benefits to studying abroad, children being away from home can be a big challenge for all the family.

Of parents considering university abroad for their child, 32% said the higher cost to their child would be a barrier. A similar amount thought not being able to speak the language (32%) and the long distance travelling for their child (31%) is a potential barrier.

Parents also see emotional factors as barriers, with 28% being concerned that their child will get homesick and 23% worrying about missing their child.

Parents from earlier generations were more likely (45%) to see their child’s inability to speak the language as a potential barrier than Millennial parents (25%).

Main barriers to a university education abroad

- Higher cost for my child: 32%
- My child not speaking the language: 32%
- Long distance travelling for my child: 31%
- Higher cost to me or my partner: 30%
- Political instability: 30%
University education abroad is not the only international experience that parents value for their child: over a third (36%) would consider a study abroad programme, and more than a quarter (26%) a work placement in another country.

Millennial parents are more likely to consider work placements in another country (32%) and summer programmes at a university for children in secondary education (38%), than parents from earlier generations (22% and 16% respectively).

Parents educated to postgraduate level are more likely (33%) to consider work placements in another country than those educated up to secondary level (13%).

Q. Would you consider any of these experiences for your child in another country or territory?
(Base: All parents)
Digital campus
Expert view

"The digital campus offers online education that is flexible and catered to fit around differing work and life demands, enabling students to work, earn and learn in some of the world’s best institutions without having to move home, leave their job or sacrifice their career."

Professor Timothy Quine
Deputy Vice-Chancellor (Education),
University of Exeter
Digital learning

Around two-thirds (68%) of parents agree that new technology means everyone has more access to good education.

The majority (87%) of parents in the USA are aware of these online degrees and 67% would consider a university degree for their child that is either completely online or incorporates some online courses/modules, with a third (33%) saying they would consider a degree that is completely online.

In contrast, 73% of parents surveyed worldwide are aware of online degrees, and 60% would consider a degree that is completely or partly online.

Parents with a child in paid-for education (71%) are the more likely to consider a degree that is either completely online or incorporates some online courses/modules than those with children in state education (62%).

67% of parents would consider a university degree that is completely or partly online.
Benefits and drawbacks

Many parents appreciate the financial advantages of online degrees compared to traditional campus-based degrees. A reduction in tuition fees (51%) and a reduction in travel/living costs (50%) are seen as the main benefits.

Parents also recognise lifestyle advantages, with many citing a more comfortable/flexible learning environment (47%) and increased ease of gaining work experience whilst studying (32%) as major benefits.

However, parents also see drawbacks with online degrees, such as fewer opportunities to interact with peers (44%), a less close relationship with lecturers and tutors (37%) and that they are not suitable for all subjects (35%).

Q. What do you think are the benefits/drawbacks of completing an online degree, compared to a traditional degree? (Base: Parents who would consider a university degree for their child that is either completely or partly online)

<table>
<thead>
<tr>
<th>Benefits of online degrees</th>
<th>Drawbacks of online degrees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>51%</strong></td>
<td><strong>44%</strong></td>
</tr>
<tr>
<td>Reduces university costs</td>
<td>Fewer opportunities</td>
</tr>
<tr>
<td>as tuition fees are</td>
<td>to interact with peers</td>
</tr>
<tr>
<td>cheaper</td>
<td></td>
</tr>
<tr>
<td><strong>50%</strong></td>
<td><strong>37%</strong></td>
</tr>
<tr>
<td>Reduces travel/living</td>
<td>Less of a relationship</td>
</tr>
<tr>
<td>costs</td>
<td>with lecturers and tutors</td>
</tr>
<tr>
<td>as no need to attend</td>
<td></td>
</tr>
<tr>
<td>university in person</td>
<td></td>
</tr>
<tr>
<td><strong>47%</strong></td>
<td><strong>35%</strong></td>
</tr>
<tr>
<td>A more comfortable/flexible</td>
<td>Not suitable for all</td>
</tr>
<tr>
<td>learning environment</td>
<td>subjects</td>
</tr>
<tr>
<td><strong>32%</strong></td>
<td><strong>32%</strong></td>
</tr>
<tr>
<td>Easier to gain work</td>
<td>Not enough interaction</td>
</tr>
<tr>
<td>experience whilst</td>
<td>during the course</td>
</tr>
<tr>
<td>studying</td>
<td></td>
</tr>
<tr>
<td><strong>31%</strong></td>
<td><strong>32%</strong></td>
</tr>
<tr>
<td>Develops my child’s</td>
<td>Quality of the teaching</td>
</tr>
<tr>
<td>technology skills</td>
<td>on the course is not the</td>
</tr>
<tr>
<td></td>
<td>same</td>
</tr>
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The Value of Education Higher and higher
The influence of cost

Around two in three (67%) parents would consider an online degree for their child if it was cheaper than the cost of a traditional campus-based degree.

A third (33%) of parents say an online degree would need to be 50% cheaper for them to consider, while for 16% it would need to be 75% cheaper. Six percent would not consider an online degree even if it was free, with Baby Boomer parents (12%) more likely than Millennial parents (4%) to say this.

The overall cost of an online degree can be 25% to 50% cheaper than a traditional degree, as a result of reduced accommodation expenses, study materials and tuition fees.

Most parents would consider an online degree if cheaper than a traditional degree

- 75% cheaper: 16%
- 50% cheaper: 33%
- 25% cheaper: 18%
- Same cost: 4%
- Only if free: 5%
- Not even if free: 6%
- Don’t know: 19%

Q. How much cheaper than a traditional degree would an online degree need to be, for you to consider it for your child? (Base: All parents)
Practical steps

Here are some important insights and practical actions drawn from the research findings, for parents to consider when planning for their children’s education.

- **Start planning early**
- **Be realistic about the costs**
- **Consider university abroad**
- **Prepare for the long term**
Practical steps

Here are some important insights and practical actions drawn from the research findings, for parents to consider when planning for their children’s education.

40% of parents wish they had started saving earlier, and 35% wish they had put more money aside for their child’s education.

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

- Be realistic about the costs
- Consider university abroad
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Practical steps

Here are some important insights and practical actions drawn from the research findings, for parents to consider when planning for their children’s education.

Start planning early

USD58,464 is the average amount parents say they spend on their child’s primary, secondary and tertiary education.

Consider university abroad

The costs of educating your children from school to university can be very expensive. Be sure to allocate enough money to support their development and attainment through all stages of their education.

Prepare for the long term
Practical steps

Here are some important insights and practical actions drawn from the research findings, for parents to consider when planning for their children’s education.

Start planning early

Be realistic about the costs

36% of parents would consider university abroad for their child, yet 36% of them do not know how much it would cost

A university education abroad can help your children to be independent and enhance their job prospects. Make sure to plan for all the implications including higher tuition fees, international travel and exchange rates

Prepare for the long term

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Practical steps

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- **Start planning early**
- **Be realistic about the costs**
- **Consider university abroad**

73% of parents are currently contributing to funding their child’s university or college education and 94% would consider postgraduate education for their child.

Parents can still be paying for their children’s education well into their twenties. Understand the extra costs of them studying for longer and consider putting plans in place to fund these should the unexpected happen.
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' attitudes and behaviour towards their children's education around the world.

This report, *Higher and higher*, is the fourth in the series and represents the views of 8,481 parents in 15 countries and territories.

Since The Value of Education programme began in 2014, more than 24,000 parents have been surveyed.
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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, drawn from nationally representative online panels in each country or territory.

Over 500 parents (including at least 150 with a child at university or college) were surveyed in all countries.

Figures have been rounded to the nearest whole number.

The research was conducted online by Ipsos MORI in February 2017, with interviews in Egypt conducted face-to-face.

The 15 countries and territories are:
- Australia
- Canada
- China
- Egypt
- France
- Hong Kong
- India
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- United Arab Emirates
- United Kingdom
- United States

This country report represents the views of 501 parents in the USA.

Survey
The research

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**Definitions**

*Spending on education (methodology)*

To calculate spending on education, parents who are currently contributing to funding any aspects (e.g. school/university tuition fees, educational books, transport, accommodation) of their child’s primary, secondary and tertiary education (up to undergraduate level) were asked approximately how much they contribute each year.

The average yearly amount spent by parents on each stage of education in each country was multiplied by the typical length of each educational stage in that country, to derive the total amount spent on a child’s education.

The exchange rates used are based on the NZForex 2016 average yearly rate.

**Primary education**: Also known as primary or elementary school.

**Secondary education**: Also known as secondary or high school.

**Tertiary education**: Also known as college or university.

**College**: Also known as trade, technical, career or vocational college.

**University**: Also known as further education, higher education or college.


**Baby Boomer parents**: Born between 1945 and 1965.
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**HSBC Holdings plc**
HSBC Holding plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from approximately 4,000 offices in 70 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of $2,416bn at 31 March 2017, HSBC is one of the world’s largest banking and financial services organisations.

**HSBC Education Programme**
HSBC’s Education Programme aims to spark young ambition. Along with a wide range of education projects in regions and countries, HSBC has two global flagship education programmes: the HSBC Youth Opportunities Programme which helps the most at-risk young people access education and skills training, and JA More than Money which helps 7- to 11-year-olds to learn about money management and the skills necessary to succeed in the workplace.

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