



First-Generation Finance

Future First-Generation Students
Reflect on Their Plans, Perceptions,
and Preparation to Pay for College



At Citizens, we have worked with students and families for over 40 years on how to pay for college. In that time, we have supported thousands of students through their college journey. Today, we offer resources through our College Bound Citizens program, including articles, videos, and resources at www.citizensbank.com/collegeboundcitizens.

Citizens partnered together with EverFi to learn more about the gaps that first generation students are experiencing. Through this partnership, the percentage of students who started out thinking college wasn't worth it began at 18%, however when they completed the course, it declined to 7%, showing the power of real, transparent education in how to finance college in action. Only 1 in 6 students talk to guidance counselors or teachers about higher education plans. Not every future college student has an adult in their lives who can help guide them on the extremely complex process of paying for college, especially first-generation students.

We continue to build on our community outreach and education. We believe that empowerment is key to informed decision making, especially as it relates to every student's unique college journey. Students should be informed, educated, and feel empowered on this significant investment in their future. Citizens continues to enhance our College Bound Citizens program so our communities can continue to get stronger in how they pay for college.

Sincerely,

A handwritten signature in black ink that reads "Christopher Ebeling".

Christopher Ebeling

Executive Vice President, Head of Student Lending

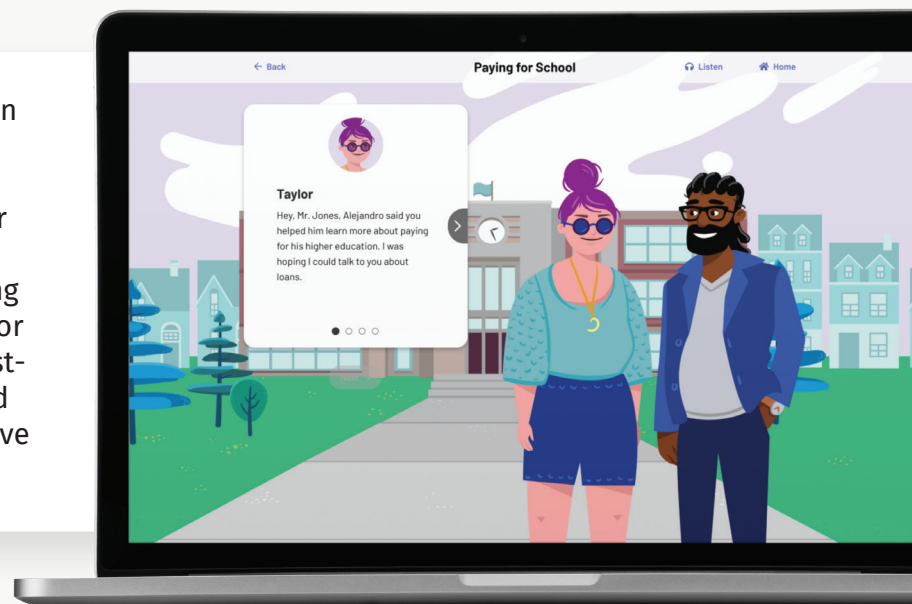
Data presented here reflects research from *First-Generation Finance, Future First-Generation Students Reflect on Their Plans, Perceptions, and Preparation to Pay for College*.

Navigating from high school to college is a challenging process that involves not just academic work to qualify for admission, but also managing complex admissions and financial systems. While efforts have been made in recent years to streamline and standardize college applications and financial aid processes, both still represent substantial bureaucratic and administrative undertakings which will be foreign to most teenagers. Despite these challenges, the value of a college degree for lifetime income and earnings and wealth creation for future generations is substantial.

Nationally, approximately 65 percent¹ of high school graduates enroll in college immediately after high school. The share of high school students who plan to go to college, though, is higher. Among students we surveyed, three in four students plan to attend a four-year or community college after high school. There are a number of reasons why students who plan to enroll in college do not, ranging from individual circumstances to the effects of national and global economic conditions. It is evident, though, that students with at least one college-going parent have an advantage when it comes to navigating the path from high school to college.

Without direct family experience to draw on, first-generation students are often starting behind their peers with college-going parents when it comes to navigating the application, financial aid, and decision-making processes. Would-be first-generation college students are more likely to come from a disadvantaged background, and do not have direct familial experience to draw on when facing the challenges of applying and paying for college.

Citizens partnered with digital education provider EVERFI to develop *Pathways*, a course to help high school students navigate the process of financing higher education, from understanding the value of college to budgeting, identifying funding, and developing a plan to pay for college. The course is not specific to first-generation college students, but we find that the course has a particularly positive impact on this cohort.



¹ Bureau of Labor Statistics, College Enrollment and Work Activity of High School Graduates. In 2020, 62.7% of high school graduates enrolled in college, down from 66.2% in 2019.

First-Generation College Students

First-generation students—those without a parent with a college degree—represent about a third of enrolled college students. While first-generation students come from a variety of backgrounds, a few demographic trends characterize the first-generation cohort. Significantly, first-generation students tend to come from families with lower financial means. Among the group we surveyed, 53 percent of students without a college-going parent attended a low- to moderate-income high school, compared with 38 percent of students with a parent who graduated from college. Nationally, the median parental income for first-generation students is \$41,000, less than half of the \$90,000 for continuing-generation students.²

First generation students also are less likely to be white, and particularly more likely to be Hispanic or Latino. In the cohort we surveyed, 45 percent of would-be first-generation students identified as white (alone or with another race or ethnicity), compared with 62 percent of students with a college-going parent. Also consistent with national trends, 26 percent of our respondents who would be first generation identified as Hispanic or Latino, compared with 12 percent of continuing generation students.

Nationally, first-generation college students tend to be somewhat older than continuing-generation students. These students are more likely to take time off before pursuing college, or attend college part-time while working.

Key Findings

This report draws on surveys of more than 10,000 high school students to understand the plans, perceptions, and preparation for college of prospective first-generation college students, relative to their peers with college-going parents.



Plans: The majority of high school juniors and seniors plan to enroll in college after they finish high school. Prospective first-generation students, though, differ from their peers in several key ways. They are more likely to consider community college or vocational training. This group is also less likely to rely on family for financial support in college, and more likely to report that they plan to work while in school.



Perceptions: While relatively few high school students regard paying for college as ‘not worth it’, students without a college-going parent are more likely to question the value of the cost of college, and more likely to report that the process makes them ‘nervous’.



Preparation: Juniors and seniors who plan to enroll in college after high school report low levels of preparation when it comes to planning to pay for college, regardless of their parents’ college experience.

Unless otherwise cited, data in this report comes from survey responses collected from high school juniors and seniors prior to their participation in the Pathways program. Survey responses were collected between October 4, 2020, and July 12, 2021.

2 National data in this section from the NASPA Center for First Generation Student Success, National Data Fact Sheets (2019).



Plans

College & Work Plans

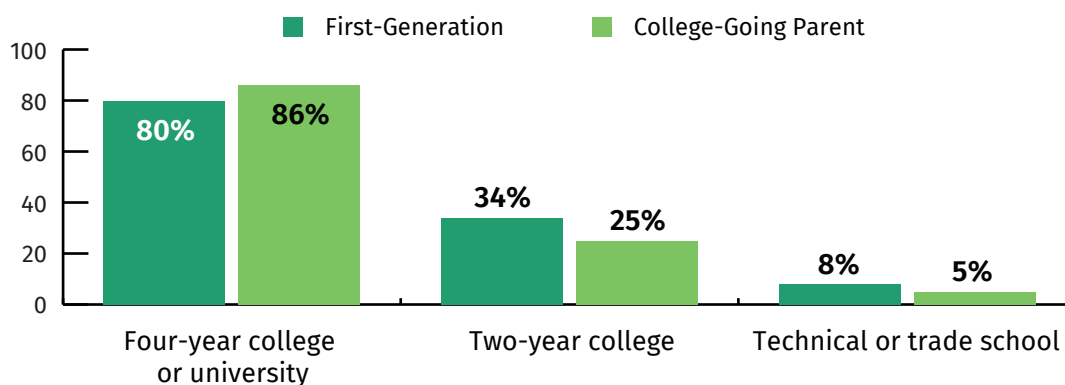
What We Learned

A substantial majority of high school students across all backgrounds plan to enroll in either a four-year or community college program following high school. Students with at least one college-going parent are somewhat more likely, at 80%, to report that they plan to enroll in college, compared to students who would be the first in their family to attend college (74%).

Aspiring first-generation college students also report different approaches to what kind of school they will attend, and whether they will work. Among high school juniors and seniors who plan to attend college, prospective first-generation students are more likely to say that they plan to attend a two-year college or trade school, and less likely to say that they plan to enroll immediately in a four-year college or university.

College Plans

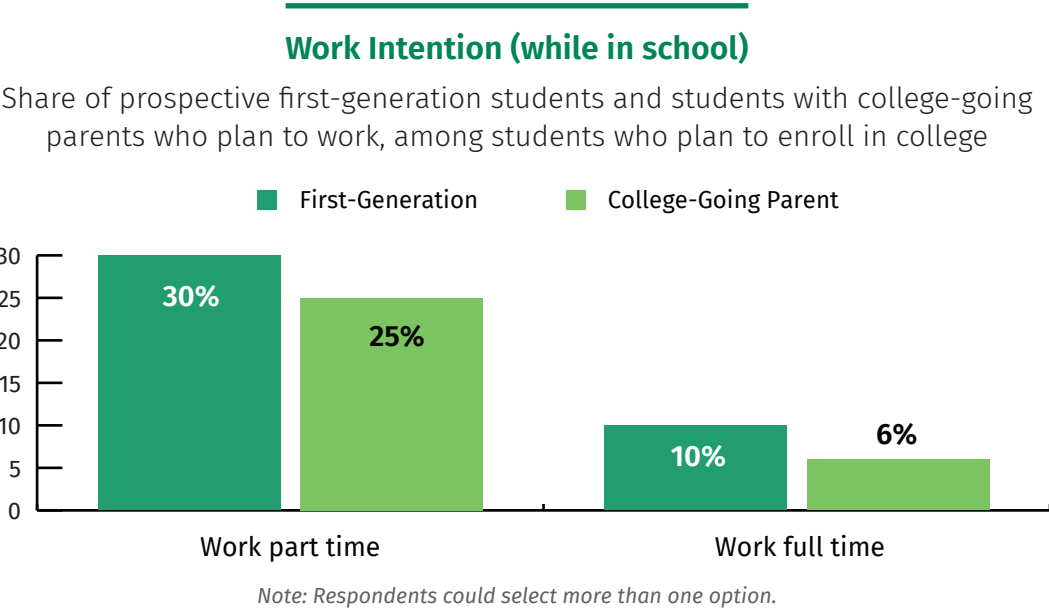
Share of prospective first-generation students and students with college-going parents who plan to enroll, by education type



Note: Respondents could select more than one option.

Prospective first-generation students and students with college-going parents are similar in their intentions to join the military (8% consider this option) and to take time off before, eventually, enrolling in college (14% of prospective first-generation students, 12% of students with college-going parents). Students without a college-going parent, though, are more likely to plan to work—whether or not they are also in school—after high school. Eighteen percent of students without a college-going parent plan to work full-time after high school, compared to 11 percent of students with at least one parent with a college degree.

Even among students who plan to enroll in college immediately after high school, prospective first-generation students are more likely to say that they plan to work while in school.



Education Impact

First-generation college students are less likely to follow the so-called traditional path to college: Enrolling in a full-time undergraduate program immediately following high school. First-generation students on college campuses tend to be older and, according to our findings, even in high school are more likely to plan to work while attending school.

The *Pathways* course supports prospective first-generation college students in their high school years by helping them understand how to weigh both the costs and the benefits of different post-secondary education options. During the 2020-2021 school year, would-be first-generation students who completed the course were slightly more likely to report considering college after *Pathways* than before taking the course.

“[After taking Pathways] I could help my friends, family, or others pay for college and help them through the entire process of getting ready for college.”

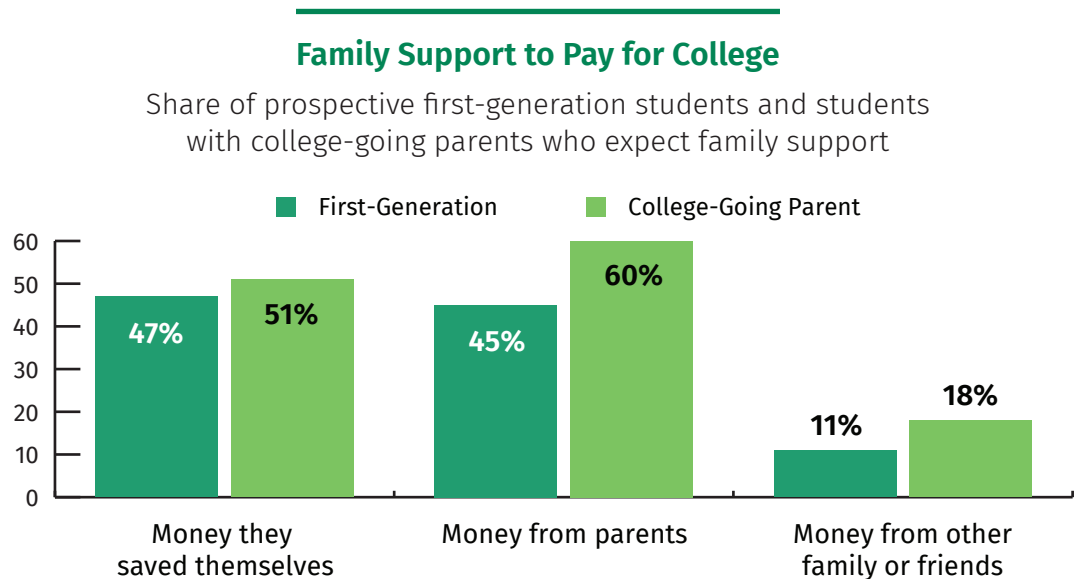
Prospective first-generation student in Pennsylvania

More importantly, the share of prospective first-generation students who described paying for college as “a good investment” increased from 25 percent before *Pathways* to 38 percent after the course. The share of students who said “not worth it” describes how they feel about paying for college dropped by more than half, from 18 percent to just 7 percent. Overall, *Pathways* helped prospective first-generation students internalize the value of college, and examine the tangible benefits alongside the very real financial cost.

Plans to Pay for College

What We Learned

Beyond their plans to attend college, would-be first-generation students and their peers with college-going parents also differ in how they plan to pay for college. Most notably, prospective first-generation students are considerably less likely to report that they will have support from their parents or other family members when it comes to paying for college.



Note: Respondents could select more than one option.

Expectations for family support are consistent with differences in the economic circumstances of households with a degree-holding member and those where members have college degrees. The differences in income and lifetime earnings that follow from a college degree are significant, and generationally result in substantial differences in wealth. Among our sample more than half of prospective first-generation students attend a low- to moderate-income³ high school, while fewer than four-in-ten students with college-going parents attend those schools.

Across the board, students underestimate the degree to which they will need to rely on student loans to pay for college. A third of high school students say that they plan to use either federal or private student loans to help pay for college. Among the class of 2019, almost twice as many (62%) college graduates have student loan debt.⁴ Despite their shared probable underestimation, prospective first-generation students are more likely to report that they will use federal student loans—as well as scholarships and grants—to help pay their way through college.

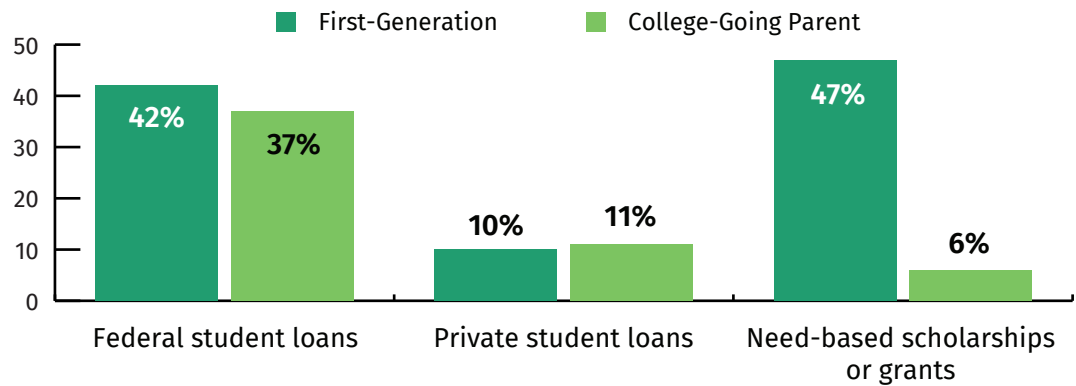
3 A low- to moderate-income school is one where the majority of enrolled students are eligible for free- or reduced-price lunch programs.

4 The Institute for College Access and Success, Student Debt and the Class of 2019.

While more prospective-first generation students plan to use federal loans and need-based grants, the share of high school students who expect to use private loans is similar, regardless of parental education.

Loans and Grants to Pay for College

Description: Share of prospective first-generation students and students with college-going parents who expect to use loans and grants



Note: Respondents could select more than one option.

Education Impact

The consequences of underestimating their need for financial aid could be particularly devastating for first-generation college students. According to one study, 65 percent of first-generation freshman college students used financial aid services,⁵ more than 20 percentage points fewer than the share of high school students who plan to use these services. Students who are surprised by the cost of college may find themselves unable to come up with the resources to continue their education.

Education prior to college—while there is still time to develop a plan and identify resources—can help first-generation students prepare for the financial challenges ahead. After taking *Pathways*, twice as many would-be first-generation juniors and seniors described themselves as prepared to calculate what they will need to borrow to pay for college.

These students, who would be the first in their families to attend college, also expressed more openness to scholarships and loans after taking *Pathways*. After the course, 55 percent of this group said they expected to use merit-based scholarships or grants (not exclusively) to help pay for college, compared to 47 percent before the course. The share who plan to use loans—either federal or private—increased slightly as well. Notably, more students are developing a plan for how they will pay for college; after the course just 11 percent of prospective first-generation students said they were “not sure” how they expected to pay for college, compared to 17 percent before the course.

“I like how the course addresses students in all kinds of situations trying to go to the best college for them whether wealthy or poor. They all had an opportunity to make a plan and they had help and guidance throughout.”

Prospective first-generation student in South Carolina

Based on post-course surveys of students who participated in Pathways during the 2020-2021 school year.



Perceptions

What We Learned

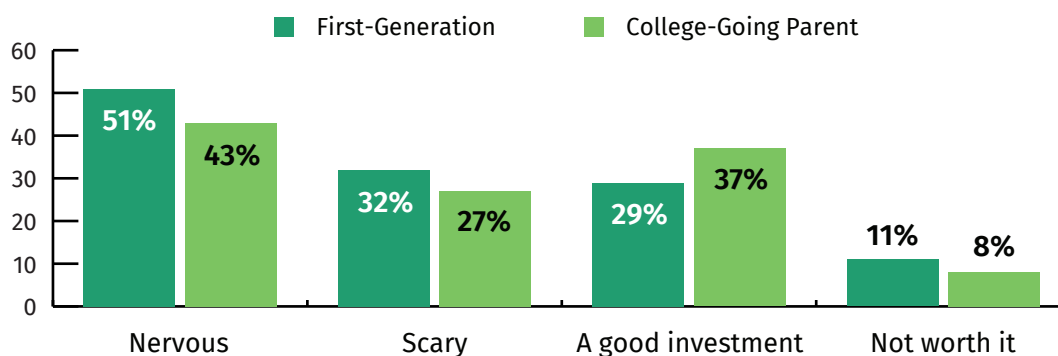
Prospective first-generation students—who are less likely to rely on family and more likely to rely on loans—tend to have a less positive perception of the reality of paying for college. They also appear to assess the risk of loans differently than their peers who are more likely to be able to draw on parental experience or family wealth when needed.

Asked what words described how they feel about paying for college, two thirds of all students describe paying for college as ‘expensive’, a share that is similar for both students with a college-going parent (67%) and those without (68%). A substantial minority of all students (42%) also described the process as ‘intimidating’, again consistent across students with and without a college-going parent.

There are notable differences, though, in other perceptions of the prospect of paying for college. Students who would be the first in their family to attend college were less likely to describe paying for college as ‘a good investment’ and more likely to say that the process made them ‘nervous’.

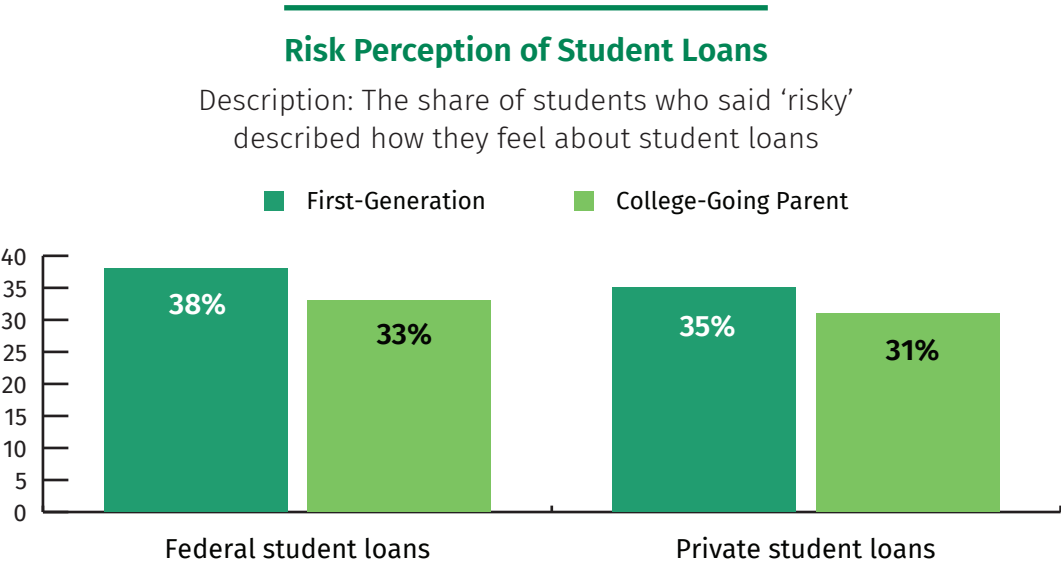
Perceptions of Paying for College

The share of students who reported _____ described how they feel about paying for college



The differences between students, based on the college experience of their parents, is significant, particularly when it comes to negative perceptions of the process of paying for college. It is notable, though, that among all students fewer than four in ten high school students describe paying for college as a good investment. And among students who plan to enroll in college within the next year or two, nearly half say that the prospect of paying for college makes them nervous.

Whether or not their parents graduated from college, a significant minority of high school students describe student loans as ‘risky’. Prospective first-generation students are somewhat more likely to regard these loans as a risk, compared to their peer with a college-going parent. Of note, fewer students in both groups said that private loans were risky, compared to federal student loans.



Our analysis does not indicate what, in particular, students consider risky about these loans, a potential area for future exploration. Rather, the response indicates a general wariness of loans, whether it reflects concerns about the cost of repaying loans, the ability to repay them at all, or more general concerns about financial systems.

Education Impact

As the costs of college have increased, outpacing inflation over the past few decades, skepticism about the value of a traditional four-year, on-campus college experience has increased. Our findings indicate that this skepticism may be particularly pronounced among would-be first-generation students, who do not have the first-hand familial experience with college, and who might need to make more short-term sacrifices in order to afford college.

Providing education to high school students to guide them through paying for college—not just the logistics of paying for college, but the process and value of assessing options and considering costs—can meaningfully demystify the financing process. After taking *Pathways* the share of would-be first-generation students who described federal student loans as “risky” declined by more than ten percentage points. Similarly, the share of this cohort who described loans as “complicated” dropped from 41 percent to 33 percent.



Preparation

What We Learned

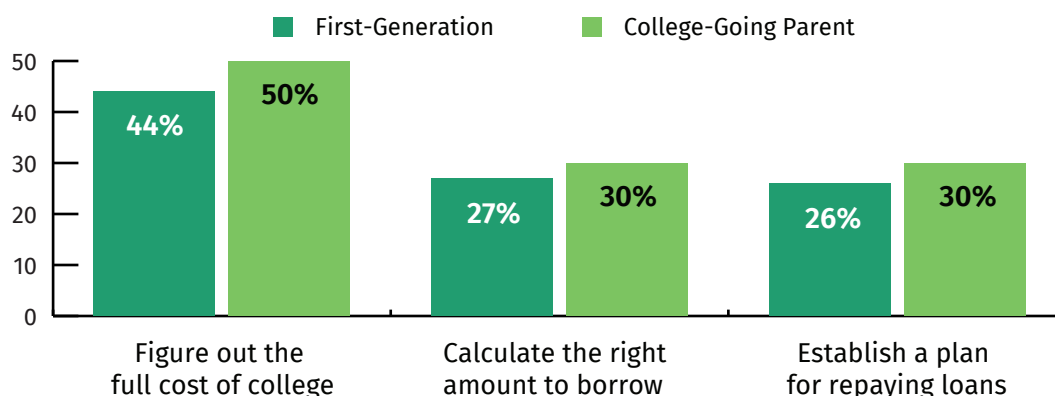
When it comes to navigating the steps required to make wise decisions about paying for college—and securing funding if needed—a majority of high school juniors and seniors who plan to attend college report feeling underprepared. Fewer than half of students describe themselves as prepared to figure out the full cost of colleges they are interested in, and less than a third say that they are prepared to figure out how much they will need to borrow, or develop a plan for repaying any loans they take out. Differences between prospective first-generation students and students with college-going parents persist in preparation, but are relatively small. Low levels of preparedness globally are a signal that there is room for improvement among all college-bound students, regardless of their family experience with higher education.

This course has opened my eyes about what I would have to do in order to pay for my higher education. [It also shows] many options on how to apply and pay back loans and how to do so in a manner that won't affect your future."

Prospective first-generation student in California

Preparedness to pay for college

The share of students who reported they felt 'somewhat' or 'very' prepared to _____.



Perhaps as a result of their differences in experience, students who do not have a parent who went to college are less likely to report having discussed how they plan to pay for college with a parent (70%), compared to students with at least one college-graduate parent (80%). In good news, more prospective first-generation students say they have talked to a guidance counselor (16%) or teacher (14%), compared to their peers with a college-going parent (13% and 10%, respectively), though overall rates of discussions with school officials is low. Even fewer students—less than 10% of juniors and seniors in both groups—say that they have talked to a financial counselor or advisor.

Education Impact

According to the students we surveyed, parents are overwhelmingly the most important source of information and support when it comes time to figure out how to pay for college. Fewer than one in six students say they've talked to a guidance counselor, teacher, or financial professional about their plan. Combined with low levels of self-reported preparedness to pay for college, there's a clear opportunity to improve students' experience—and ultimately outcomes—by meeting them where they are with the information they need to make sound financial decisions.

Given their families' lack of direct experience with the college admissions and financial systems, would-be first-generation college students are particularly impacted when they don't have access to or don't take advantage of existing resources. After completing *Pathways*, more students said they felt prepared to make sound financial decisions. While the share of students who felt prepared rose across the board, increases were larger among prospective first-generation students, particularly when it came to the nuts and bolts of financial decisions: Calculating the right amount to borrow, and estimating the cost of repayment.

"I liked how [Pathways] took us through a step-by-step process of what others are going through and we saw that there are different options for everybody."

Prospective first-generation student in California

Conclusion

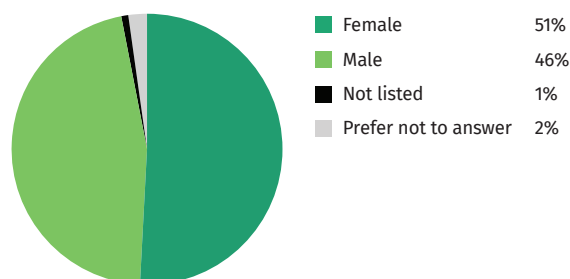
A substantial body of research and reporting describes the challenges that first-generation college students face when it comes to accessing college, and completing a degree once they enroll. The gap in college plans, perceptions of the challenges associated with paying for college, and preparation to pay for college reflected in this report shows that those challenges are evident in the attitudes of high school students. High school students whose parents do not have college degrees aspire to college in substantial numbers. But they are less likely to expect financial support from family members and more likely to perceive the process of paying for college as stressful or not worth it. At the same time, they describe themselves as less prepared to pay for college and are less likely to discuss paying for college with parents. Examination of the gaps documented in this report point to areas where even non-financial support could help support prospective first-generation students, including demystifying the college application and financing processes and providing access to social support and financial guidance outside of the family.

About This Report

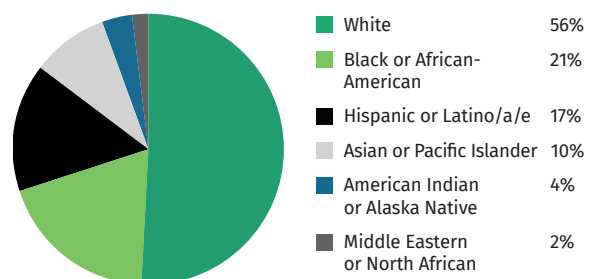
Over the course of the 2020-2021 school year, Citizens provided financial education to more than 15,000 students around the country. The majority of those students participated in a course on financing higher education. The *Pathways* course was developed by education technology company EVERFI with Citizens and aims to prepare students to make wise decisions when considering how to pay for college.

This report is based on pre-course survey responses from 12,265 high school students who participated in the course during the 2020-2021 school year, and focuses in particular on responses from 7,956 high school juniors and seniors. The findings reflect students' perceptions, attitudes, and plans prior to participating in the course.

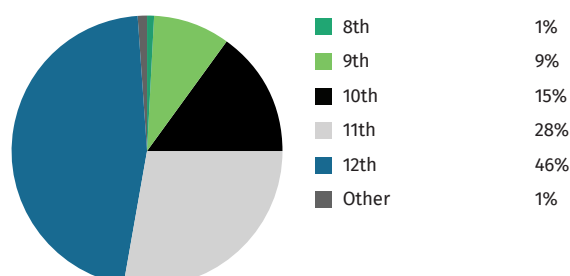
Gender



Race & Ethnicity



Year in School



Parental Education

