

When Does Money Matter?
Parents' Perceptions of Paying
and
Student's College
Expectations and Preparedness

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Overview

- Differences in Educational Attainment
- Models of Educational Attainment
- Why and When Do Parents' Perceptions of Paying Matter?
- What Factors Affect Parents' Perceptions of Paying?
- To What Extent Do Parents' Perceptions of Paying Affect Students' College Expectations and Preparedness Behaviors?
- Conclusions and Policy Implications
- Future Research Directions

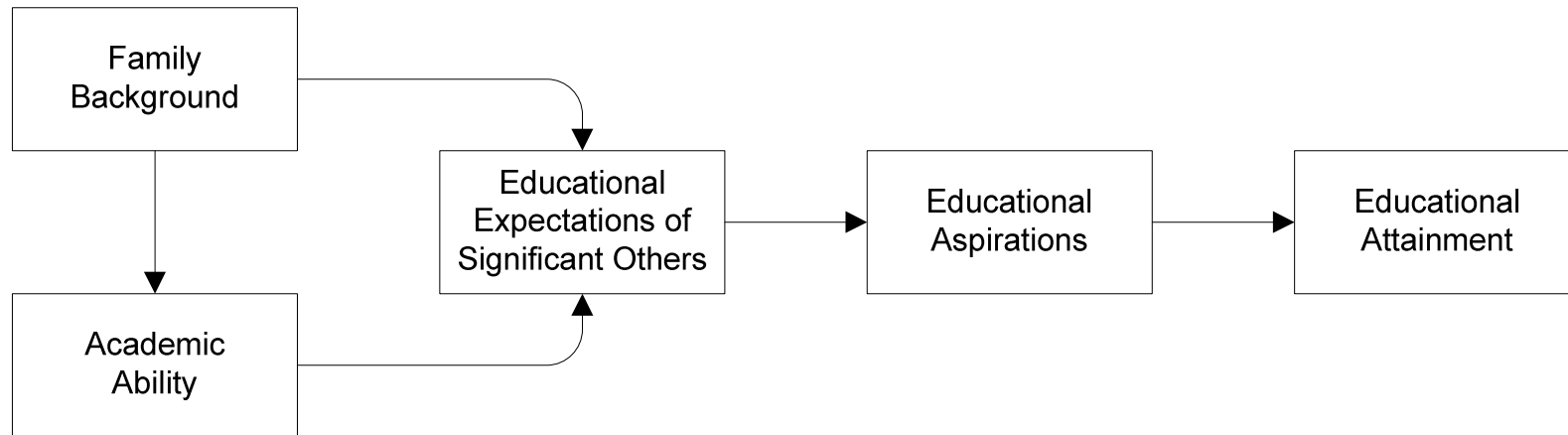
College Matters

- A college degree has become increasingly important for labor market success
- Yet access to college is stratified by race and income
 - 30 percentage point gap between low- and high-income students in enrollment
 - African Americans and Latinos remain underrepresented in college enrollment and degree attainment

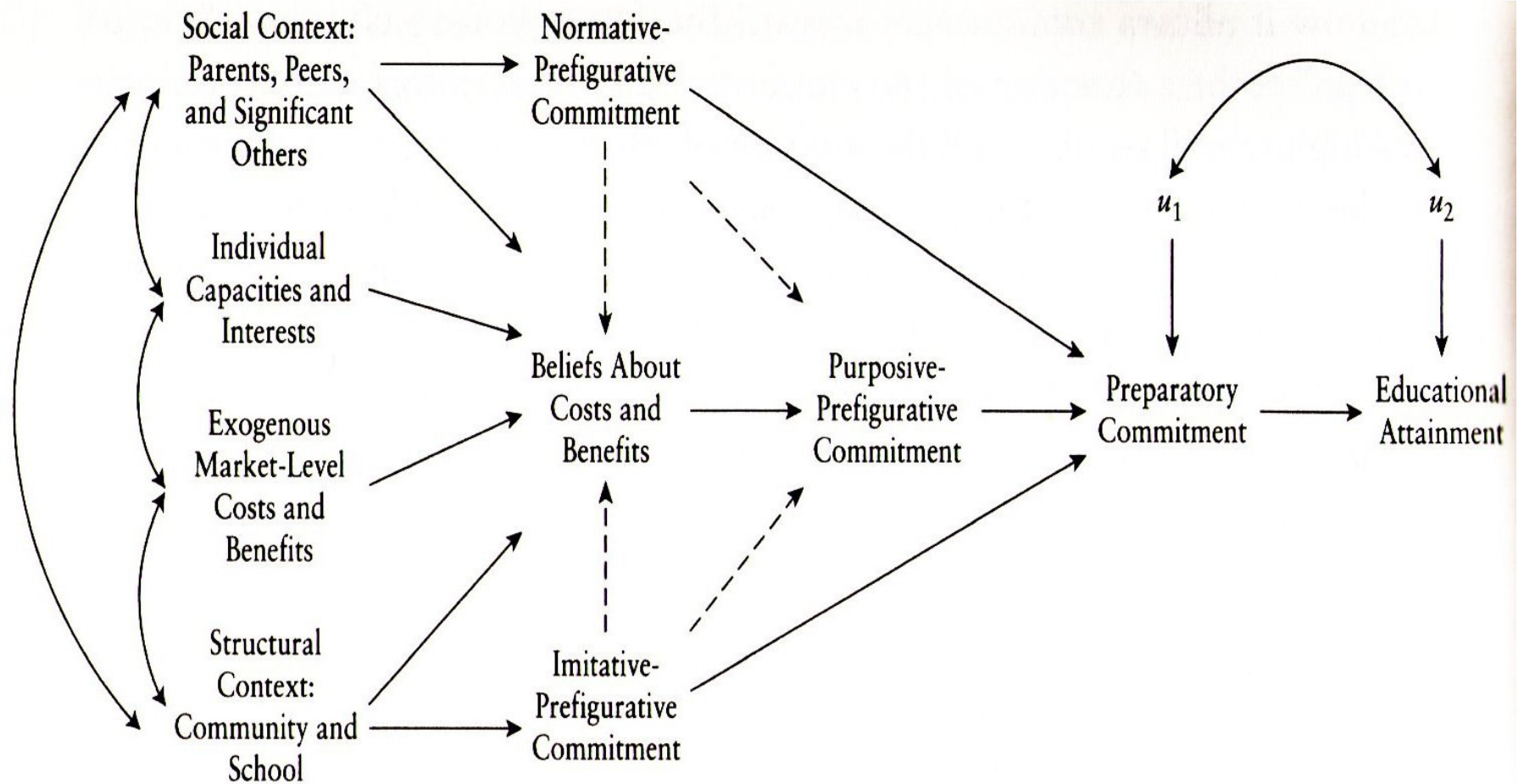
How Do We Account for Differences in Educational Attainment?

- Models of Educational Attainment
 - Wisconsin Model of Status Attainment
 - Morgan's Preparatory Commitment Model

Wisconsin Model of Status Attainment



Morgan's Preparatory Commitment Model



Why Do Parents' Perceptions of Ability to Pay Matter?

- Data suggest many families do not learn about college prices and financial aid until the end of high school
- Students whose parents have little information or believe that they cannot pay for college may be less likely to expect to attend college or to take steps necessary to prepare for college in high school

Why Do Parents' Perceptions of Ability to Pay Matter?

- Parents are the most influential “others” in a student’s college choice process
- Parents’ understanding of college prices and financial aid positively predict students’ college enrollment rates

What Factors Affect Parents' Perceptions of Ability to Pay?

- Study on Parents' Perceived Ability to Pay in Students' Senior Year:
 - Income, Education, Family Composition and Size, Test scores, Parents' Educational Expectations
- Study on Parents' Knowledge of Loans and Grants in Students' Senior Year:
 - Race, Sex, Income, Education, Family Composition and Size, Parents' Expectations and Involvement, College Savings

Research Question 1

What factors affect whether or not parents have thought about paying for college by eighth grade?

Data

- NELS 1988-1992 in three waves, from eighth to twelfth grade
- Student and School questionnaires in each wave
- Parent questionnaires in first and third waves
- Questions about parents' perceptions of paying for college in first wave

Data

- Dependent Variable
 - Parents Have Thought About Paying for College
- Independent Variables
 - Student-level Controls
 - Race
 - Sex
 - Ability
 - Aspirations
 - Contextual Controls
 - Family SES/Composition
 - Parents Paying College Tuition Currently

Methods

- OLS Regression
 - With robust standard errors to account for the clustered nature of the data
 - Weighted to adjust for sample design
 - Missing values were multiply imputed using Stata's *ice* program
 - All analyses conducted on five complete data sets using Stata's *mim* command

Research Question 1

What factors affect whether or not parents have thought about paying for college by eighth grade?

| > RESEARCH QUESTION 1 | Model 1 | Model 2 | Model 3 |
|---|---------|---------|---------|
| Socioeconomic status composite (SES) | | + | + |
| <i>Race/ethnicity (Referent = White)</i> | | | |
| Asian/Pacific Islander | - | - | - |
| Hispanic | - | - | - |
| African-American | x | + | + |
| Native American | x | x | x |
| <i>Family composition (Referent = Both parents)</i> | | | |
| Single parent | | | + |
| Parent/step-parent | | | x |
| Neither biological parent | | | x |
| College expenses (1=currently paying college tuition expenses) | | | + |
| Sex (1 = Male) | | | x |
| Ability | | | + |
| Sex*Ability | | | - |
| Student's college aspirations (1= student aspires to four years of college or more) | | | + |

To What Extent Do Parents' Perceptions of Ability to Pay Affect Student Behavior?

- Parents' Perceptions of Ability to Pay and Knowledge of Financial Aid in Senior Year Affect Likelihood of Enrollment
- Students of Parents Who Plan for College Earlier Are More Likely to Have Necessary College Qualifications
- 71% of Low SES students don't have college qualifications compared to 30% of High SES students

Indiana Study

- 9 year longitudinal study of students and parents and the college choice process
- Finding: parents' encouragement and **support** matter more than family income in early stages of choice process
- Limitations: not nationally representative, limited ethnic diversity

Research Question 2

To what extent do parents' perceptions of their ability to pay affect students' educational expectations, course taking, and likelihood of taking the SAT/ACT by their senior year?

Data

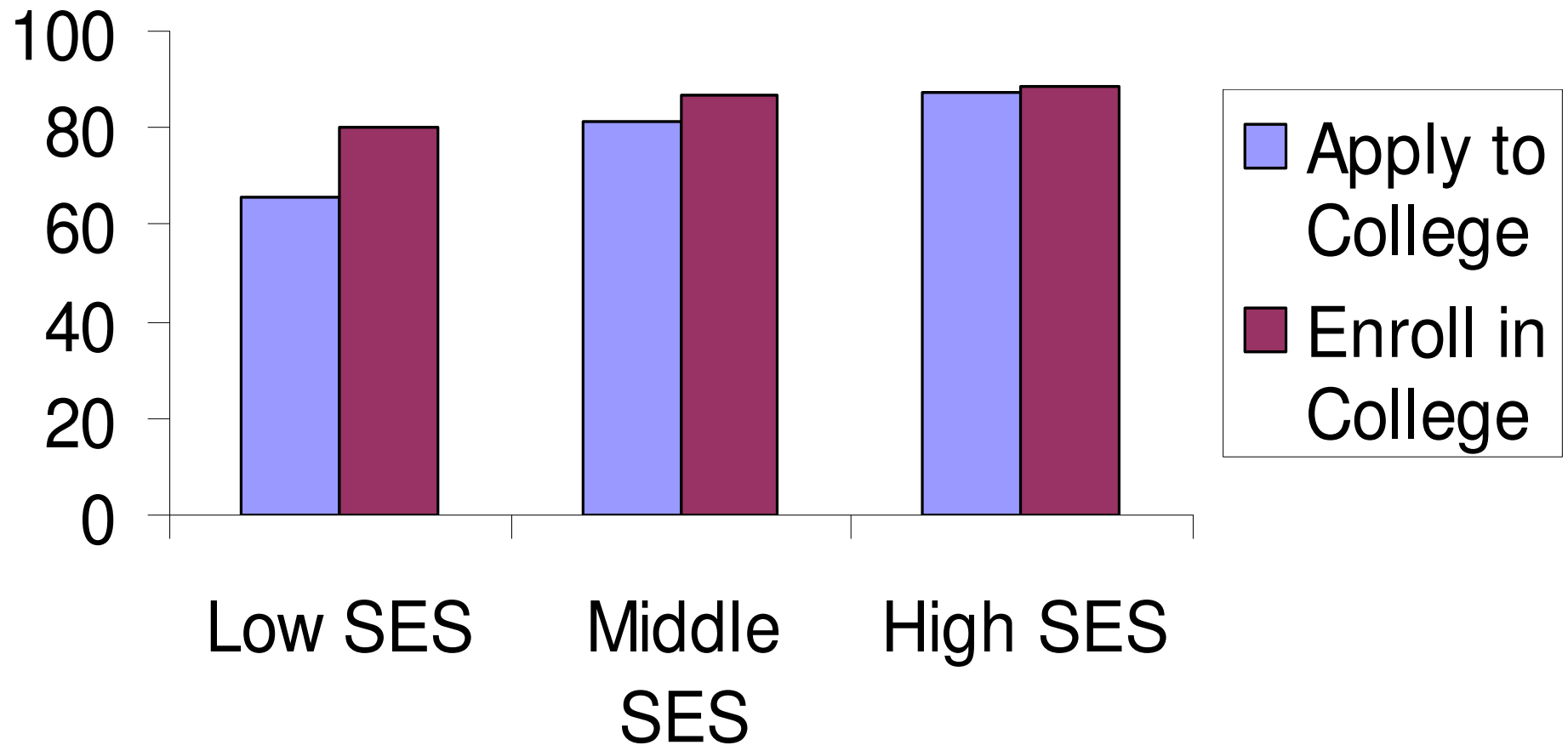
- **Dependent Variables**
 - Students
 - Expect to Attend College – F1
 - Report Being on College Prep Track – F1
 - Have Taken SAT/ACT by Senior Year – F2
- **Independent Variables**
 - Parents Have Thought About Paying for College - BY
 - Student-level Controls
 - Race
 - Sex
 - Ability – BY
 - Aspirations – BY
 - Test Scores – F1
 - Contextual Controls
 - Family SES
 - Friends Think College is Important – F1
 - Region

Methods

- Logistic Regression
 - With robust standard errors to account for the clustered nature of the data
 - Weighted to adjust for sample design
 - Missing values were multiply imputed using Stata's *ice* program
 - All analyses conducted on five complete data sets using Stata's *mim* command

| > RESEARCH QUESTION 2 | Students' Expectations | On College Track | Has Taken the SAT/ACT |
|--|------------------------|------------------|-----------------------|
| Parents Thought About Paying for College, BY | + | + | + |
| Socioeconomic status composite (SES) | + | X | + |
| <i>Race/ethnicity (Referent = White)</i> | | | |
| Asian/Pacific Islander | + | X | + |
| Hispanic | X | + | X |
| African-American | + | + | X |
| Native American | X | X | X |
| Sex (1 = Male) | X | X | - |
| Ability, BY | + | + | + |
| Student's college aspirations, BY | + | + | + |
| Friends think college is important, F1 | + | + | + |
| Standardized test scores, F1 | + | + | + |
| <i>Region (Referent = South)</i> | | | |
| Northeast | X | X | + |
| Midwest | - | X | X |
| West | X | X | - |
| Students' Expectations, F1 | | + | + |
| On College Track, F1 | | | + |

College Application and Enrollment Rates Among College Qualified Students by SES



Research Question 3

To what extent do parents' perceptions of their ability to pay affect whether or not students apply to college by their senior year of high school?

| > RESEARCH QUESTION 3 | Model 1 | Model 2 | Model 3 |
|---|---------|---------|---------|
| Parents Thought About Paying for College, BY | + | + | x |
| Socioeconomic status composite (SES) | | + | + |
| <i>Race/ethnicity (Referent = White)</i> | | | |
| Asian/Pacific Islander | | + | + |
| Hispanic | | x | x |
| African-American | | + | + |
| Native American | | - | x |
| Sex (1 = Male) | | - | - |
| <i>Family Composition (Referent = Both parents)</i> | | | |
| Single parent | | | x |
| Step-parent/parent | | | - |
| Neither parent | | | x |
| Important to friends to continue education, F1 | | | + |
| Standardized test scores, F1 | | | + |
| <i>Region (Referent = South)</i> | | | |
| Northeast | | | + |
| Midwest | | | + |
| West | | | x |
| Students' Expectations, F1 | | | + |
| On College Track, F1 | | | + |
| Has Taken SAT/ACT, F2 | | | + |

Conclusions

- Race and Class Differences Exist in the Extent to Which Parents Think About College Early On
- Thinking About Paying for College Early On Matters
 - For Students' College Expectations and Preparedness Behaviors
 - Regardless of Socioeconomic Status
 - Replicates Indiana Study Finding about Importance of Parental Support Early On
- Students' College Preparedness Behaviors Appear to Mediate the Effect of Parents' Thoughts About College On Likelihood of Applying to Four Year College

Policy Implications

- Information campaigns or mentoring programs to help parents begin thinking about paying for college earlier on, especially for low-income families
- Focus on Students' College Readiness
 - Programs such as Trio, Talent Search and Upward Bound

Future Research

- To what extent do perceptions of paying affect where students apply to college?
- To what extent do parents' perceptions of paying change from first to third waves?
- To what extent do parents' perceptions of whether aid is need or merit based affect student outcomes?

Thanks to AIR for making this
research possible!