

## What We're Learning: Student Financial Contributions to Families

### *A Data Update from the Wisconsin HOPE Lab*

January 27, 2016

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Attending college is increasingly expensive, and schools and policymakers assume that most college students can rely on their families to cover at least some of these costs. Indeed, financial aid determinations involve the calculation of an “expected family contribution (EFC)”—money a student’s family can presumably pay toward their offspring’s education. In general, monetary and other support is believed to flow in one direction, from parents to their college-going offspring.

But reality, it seems, is more complicated. Recent and forthcoming work from Wisconsin HOPE Lab Founding Director Sara Goldrick-Rab and Senior Researcher Peter Kinsley<sup>1</sup> has established that in many lower-income households, resource flows between students and their families are at least partially reversed. Many college-goers provide considerable help, both monetary and otherwise, to their families—help which is essential to managing and meeting family needs. To build upon this research, we gathered data from a sample of 997 low- and moderate-income students in Wisconsin in spring 2015. Respondents were asked the following question:

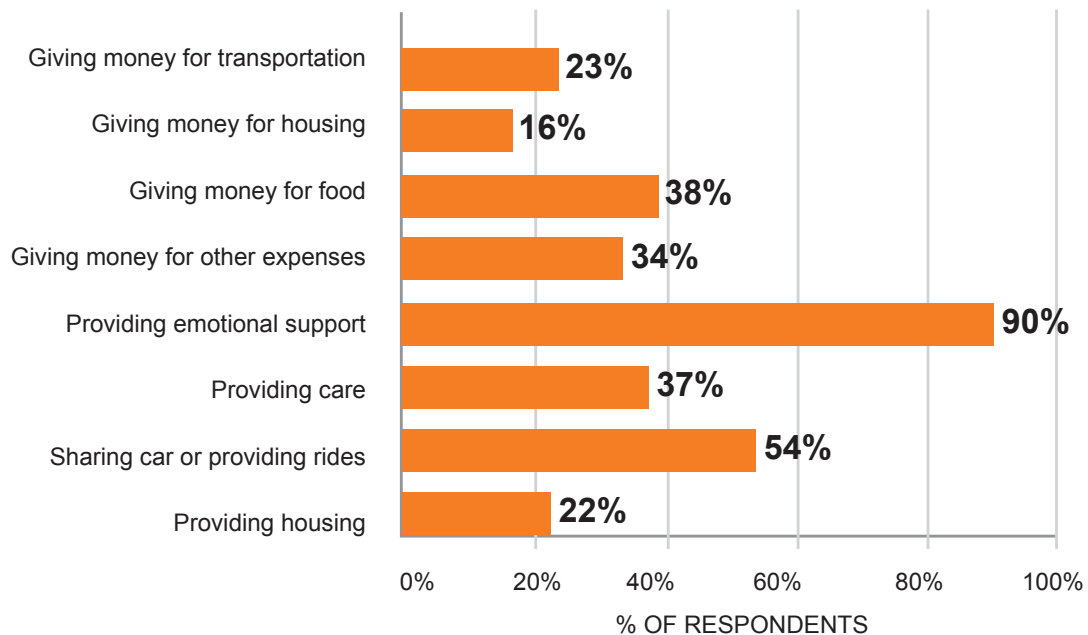
<sup>1</sup> See Goldrick-Rab, *Paying the Price: College Costs, Inequality, and the Betrayal of the American Dream* (forthcoming from University of Chicago Press), and Kinsley, *The Pull of Home: Family Dynamics and Initial College Experiences of Low-Income Undergraduates* (Doctoral dissertation, University of Wisconsin-Madison, 2014).

*During the immediate academic year, since September 2014, how much have you helped members of your immediate family, including your parents, grandparents, or siblings?*

We asked about a number of different forms of help, both monetary and non-monetary, such as sharing one's residence, giving rides, and providing care for children or disabled adults. Five optional responses were provided: "not at all," "a little," "some," "quite a bit," and "a great deal." We grouped those who responded "a little" through "a great deal" together in order to measure the percentage of students contributing at least some assistance to their families.

Results in Figure 1 suggest that college students are more deeply involved in providing assistance to their families than is generally believed. More than one-third (37%) of the students we surveyed performed some sort of work in their families taking care of a child or a disabled adult. More than half shared their car with or gave rides to family members, and one in five provided family members with housing at least some of the time.

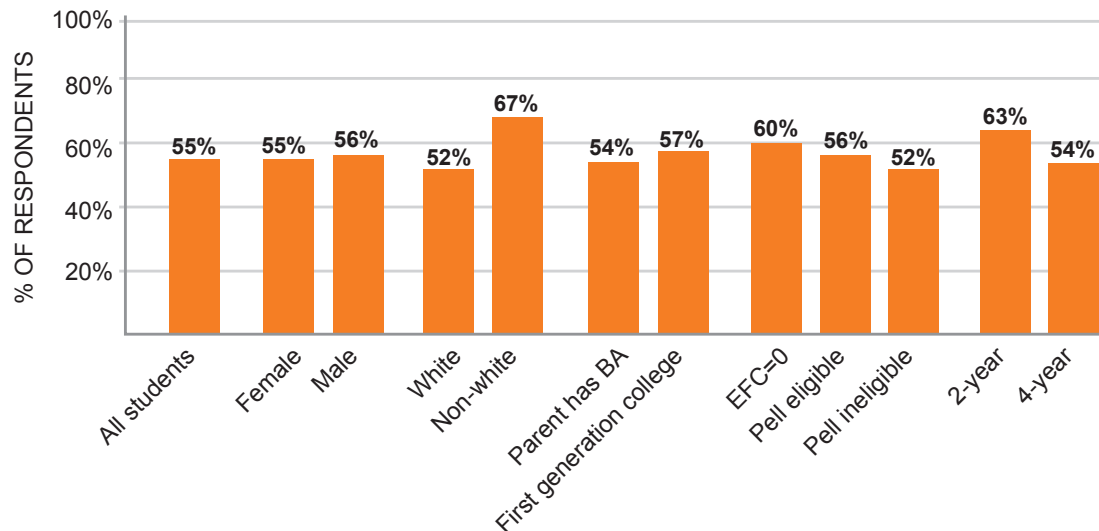
**Figure 1: How do college students help their families?**



The proportion of students supplying their families with monetary support is also considerable. Over one-third of respondents reported giving their families money for food at some point in the prior school year, and 23% said they gave their family money for transportation costs, such as gas or public transit fares. Sixteen percent said they provided assistance to help cover housing costs, such as meeting rent or mortgage payments. This is a clear indication that rather than being simply economically dependent on their families, many college-goers also make important financial contributions to their families.

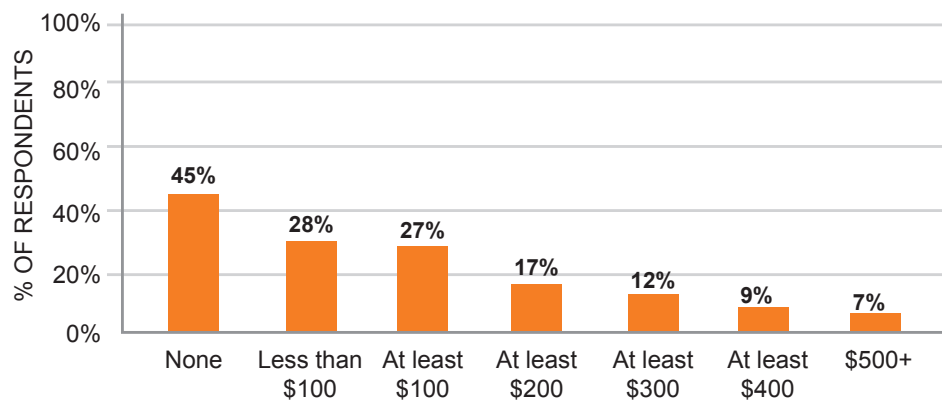
The extent of support seems to vary across different subgroups of students, as indicated in Figure 2. In general, as might be expected, students from more disadvantaged backgrounds are more likely to contribute financially to their families. Though the rate of giving monetarily does not vary by gender, non-white students are more likely (67%) than white students (52%) to give money to their families. Students whose parents do not have a college degree appear to be slightly more likely to assist their families than those from families where at least one parent has a bachelor's degree. And students from lower income households are also more likely to provide help: those whose family income was low enough to have an EFC of zero contributed at a rate of 60%, whereas for students whose family incomes were high enough to render them ineligible for a Pell grant this rate was 52%. Finally, students at two-year colleges were more likely to provide funds to their families than those at four-year colleges.

**Figure 2. What percent of students are giving financial support to their families?**



Findings reported above suggest that many students provide financial assistance to their families. But how *much* money are students giving to their families? To find out, we asked respondents to estimate the total amount of their financial contributions to their families over the course of the 2014-15 academic year. Results appear in Figure 3. Though for most students the amount came to less than \$100 for the year, a substantial proportion of students provided far more than this. One-quarter of students gave their families at least \$100, and 17% gave at least \$200. Twelve percent of students provided their families with at least \$300, and for 7% of students this contribution was over \$500. It is important, in interpreting these figures, to keep in mind that the income of many college students is quite modest. Three hundred dollars per year may seem insignificant to some, but as this expense is equal to 9% of the average Pell Grant and is not considered part of a student's budget for college, it may be quite sizable to some college-goers.

**Figure 3. How much money are students giving their families?**



These findings contribute to our growing understanding that in many families, the received image of a one-directional transfer of resources from parents to college-going offspring is overly simplistic. Many college-goers, and particularly those from disadvantaged backgrounds, make substantial contributions of both time and money to their families. Monetary contributions can be considerable, as we document, and are not presently incorporated into calculations of students' cost of college attendance.

Data discussed in this brief were collected as part of a larger research project investigating the impact of financial aid on persistence in science, technology, engineering, and math (STEM) majors. Students were recruited in the fall of 2014 at seven campuses of the University of Wisconsin System, two public technical colleges, and one private non-profit four-year college. Participants were mostly first-time entering students, and in order to be eligible they had to be Wisconsin residents, be enrolled in at least one credit, have an EFC of \$10,314 or less (200% of the Pell cut-off for the 2014-15 academic year), have at least \$1,000 of unmet need, have demonstrated a modest interest in STEM fields, and have test scores indicating they would not require remedial courses in mathematics. The particular data employed here derive from responses to the second wave survey of this study, carried out in spring 2015. The eligible sample for this wave was 1,565 students, and the response rate was 64%. Respondents were 80% white; we grouped other racial/ethnic groups together here because samples are too small to be analyzed independently.