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How Families Finance College Education

By Charlotte V.
Churaman

The issue of intergenerational transfers is addressed in the context of how families finance college education. Two aspects of the problem are examined: the extent of parental support, and when the funds are allocated, i.e. from earlier saving, from current income or in the form of loans to be repaid in the future.

Data are drawn from the 1987 National Postsecondary Student Aid Study, which included surveys of both aided and unaided students, college record offices, and a survey of a smaller sample of parents.

Interfamily transfers for college education continue to be a major way in which parents contribute to the upward mobility of their children. This support is provided in the form of money, primarily from current income, and in the form of goods and services.

When higher education adds to the ability and motivation of parents, it enhances the life chances of their children and through them influences the life chances of succeeding generations (Bowen, 1979, p.41).

... Education has become a major purchase for most families, a high ticket item like a house (Foose and Meyerson, 1986, p. viii).

The question we need to ask is: What financial arrangements make sense when most people will spend a substantial fraction of their lives paying for somebody's college education—whether their own, their children's or (as taxpayers) the public at large? (McPherson and Skinner, 1986, p. 30).

Dr. Churaman is a retired Assistant Professor of Family and Community Development in the College of Human Ecology at the University of Maryland. Partial support for this research was provided by The College of Human Ecology and the Computer Science Center of the University of Maryland. The research is a secondary analysis of the 1987 National Postsecondary Student Aid Study conducted for the U.S. Department of Education, National Center for Educational Statistics by Westat, Inc. This report is based on a presentation made at the 1991 Conference of the Southeastern Regional Association of Family Economics-Home Management held at Auburn University in February 1991.

While it is recognized that the cost of postsecondary education will vary depending on several factors i.e., type of school, whether it is public or private, and the student's residency status (Korb et al, 1988), tuition and fee increases that have surpassed the rate of inflation for the past ten years are always shocking (Evangelauf, 1990). The "cost sharing" model for financing college education posits that cost is assumed by parents, students, taxpayers, and institutions/philanthropists. Changes in the cost structure by any particular party usually has a zero-sum impact on the total costs and thus merely shifts the burden to other participants (Johnstone, 1986, p. xv).

Broder (1988) observed that America faces the challenge of a four-generation society, indicating that equity among the generations is a greater social concern. McPherson and Skinner (1986) have pointed out that "as the costs as well as the benefits of college education come to be spread over more of peoples' lifetimes, we shall need to learn to think about college financing in more explicit intergenerational terms." [as we view issues about pensions and social security, long term health care for the elderly, budget deficits] (p.32). Like Broder, they conclude that decisions about making intergenerational transfers have become societal issues and not purely private ones.

Purpose

This research focused on parental support for childrens' college education, an aspect of interfamily transfers which had not been emphasized in earlier research. Two dimensions of parental support were examined: the type and extent of transfer of resources from parental generation to the college student and the timing of the parents' allocation of funds for this purpose. Comparisons were made between married and single students.

Background

Interfamily Transfers

Bivens (1976) conceptualized interfamily transfer in terms of "interfamily grants" which might be reciprocated over time, because parents support the young during their formative years, and to some extent, children in turn later transfer resources to the older generation. But this reciprocity is generally not contractual in nature, and in fact may not even be expected. Bivens cited several changes in families which may have had the effect of reducing the extension of grants, namely: changes in family unit stability, impeded cross-generation communication, more married women working outside the home, shifts in function from family to society, and conversion from grants to market transactions (for example providing money for meals that used to be produced at home). Likely reasons for a decrease in interfamily transfers to youth are societal recognition and legitimization of parents' rights to develop themselves (Schnaiberg and Goldenberg, 1989). Parents may now be less willing to sacrifice; they have shown a growing disinclination to save more or to be taxed, even for supposedly worthy goals. Life expectancies also may be a factor in the decreases (Johnstone, 1986).

In cases of separation and divorce, it is often difficult to actually get an expected contribution from estranged parents. The 1971 voting rights law, which reduced the age of majority to 18, effectively cancelled any advances made in the college support doctrine (Smith, 1984). Only 22% of child support awards were written beyond the age of majority, although financial burdens such as education continue several years beyond (Baker, 1987).

On the other hand, some families may be electing to have fewer children but to supply larger transfers to produce "higher quality" children (Lillydahl and Singell, 1982).

Cheal (1983) examined two models of intergenerational transfers over the life cycle, the curvilinear and the role continuity models. He concluded that distribution of gains and losses vary by type throughout the life cycle and that many elderly people in contemporary North America do possess significant financial resources, and are prepared to reduce current consumption in order to assist others.

Hill, et al. (1970) in their classic study of grandparents, parents, and married children, looked at money, goods, services or knowledge given or received, and also at the condition of help, whether it was a loan, an exchange, or a gift. The parent generation was most active in giving, the married child in receiving, and the grandparent least active in both giving and receiving.

Studies of family life cycles are relevant to the purpose of this research. The likelihood of the parents co-residing with children aged

"Decisions about making inter-generational transfers have become societal issues and not purely private ones."

19-22 was 55%; with children aged 22-24, 19%; and with children aged 25-29, 10% (Aquilino, 1991). Daughters tended to leave the parental home a year earlier than sons (Hill & Hill, 1976; Aquilino, 1991). Aquilino found that parents viewed co-residence with children more positively when their children were attending school; parents' attitudes toward helping students with college expenses were not related, but their attitudes toward letting students live at home were related. Apparently the most important factor governing parents' willingness to allow male children to remain in the home was the degree to which the children satisfied the parents' educational expectations. Family financial well-being and whether the child shared in family expenses both had the expected positive effect on parents' willingness, but neither was statistically significant. Schnaiberg and Goldenberg (1989), recognizing that parents dislike charging board and yet resent it when children treat all of their own income as discretionary while much of parental income is devoted to family maintenance, suggest establishing contractual relations with children.

Evidence indicates that the number of adult children who return to live with parents because of divorce, loss of job, etc., is increasing (Glick and Lin, 1986; Schnaiberg and Goldenberg, 1989; Aquilino, 1991). When jobs are scarce, children might do best by remaining with the parents and/or continuing their education. On the other hand, parents may or may not have a commitment to provide general living expenses and college costs for their adult children.

Marital Status of Students

Women are more likely than men to get married during college, even when they both enter college with plans to complete. Those married when they enter have a good chance of completing if the spouse provides major support. However, being married at application stage for aid may reduce chances of securing aid (Rosenfeld and Peng, 1980).

Interfamily transfers in the form of cash, services, and/or materials from parents to young married couples have been documented by Clark and Warren (1963); money for college was one of the contributions, but not as frequent as money for insurance and medical expenses. Olson and Smith (1980) found that 7% of those married from one to five years received money from parents for education purposes, the average annual gift being \$1,631. In addition, child care support provided by parents was valued at \$230 annually. The available findings and predictions leave unanswered questions concerning the extent of intergenerational transfers for education purposes to both married and single college students.

Family Financial Management and Timing of Allocation of Funds

A second dimension of education financing is the timing of allocation of funds to pay college expenses. Olson (1982) noted that college financing can be viewed both as an investment and as current consumption. Financing of education can represent (1) past savings or accumulation of assets, (2) use of current income, or (3) a loan placing a lien on future income.

The normative model of family money management posits a sequence of making plans concerning use of available resources to meet goals and then using the control process of checking and adjusting to carry out the plan (Deacon and Firebaugh, 1981). This model also implies that major goals (such as financing a college education and thus producing "higher quality" children) often require action over a period of time.

A 1960 study (Lansing, et al.) supported the occurrence of long range planning for education financing by about half of the families who knew in advance that they wanted their children to go to college. However, parents commonly expected children to earn about 1/5 of their expenses; few parents expected to borrow. A 1984 study (North Carolina Commission on Higher Education Facilities) found that 96% of parents who expected to send their children to college were saving for some reason. Saving for college was the second most important reason for saving (50%), behind emergencies (62%) but ahead of retirement (37%). Tax breaks were considered important incentives. The fact that many parents appear to finance their contribution to their children's education from current income could reflect either normal increases in husband's income or the wife's gainful employment. On the other hand it may be due to inadequate income or insufficient planning in earlier years (Gross, et al., 1973).

"Parents may now be less willing to sacrifice; they have shown a growing disinclination to save more or to be taxed."

The Role of Student Aid

Arrangements for government student aid subsidies have been established in recognition of the value of societal investment in human capital, as a way to improve the quality of life, to make our society or country more technologically competitive, or to demonstrate the value of equal access and social justice for various subgroups (Jensen, 1983). In 1986, Congress mandated using the Congressional Methodology Need Analysis Formula to determine the expected family contribution for college expenses before a dependent student is eligible for federal grants, need-based loans, and work-study programs. This takes into consideration income and net worth of both parents and students, number of children in college, and living expenses. An asset protection allowance built into the formula is based on the age of the parents. The students' assets are assessed at a much greater rate the parents' assets and students are expected to contribute a minimum of \$700 to \$900 a year.

The role of parents is often important in the process of gaining access to student financial aid. Parents may lack awareness of the programs, be unwilling to go into debt, feel the process is too complex (Olson and Rosenfeld, 1984), or not want to disclose the details of their finances to their children or to others. Student loans, once viewed as largely for the middle class, are now used by many students from low-income families as well.

Method

This research was a secondary analysis of a select subgroup drawn from the National Postsecondary Student Aid Study (NPSAS) (Department of Education, 1988, 1989). The unit of analysis was students enrolled in

undergraduate programs for at least six credit hours in the fall of 1986, and their families. The selected subsample included both students who received financial aid and those who did not, making a total sample of 7,341 cases for which there were responses to both the student survey and to a smaller sample of parents and stepparents, unless the parent survey had been considered irrelevant as in the case of independent students over 25 years of age.

An SPSS* subfile was created to include the target population and the variables of interest. Statisticians from the Department of Education computed a summary variable of total student costs directly related to education over a nine-month school year. Financial support was also based on the school year, while income data was based on the 1986 tax year. The percentages of individuals reporting various dollar amounts of income, contributions, and loans were calculated and the mean dollar values calculated for those who had reported positive amounts. Time of allocation of funds was examined by classifying and grouping the different types of funds which parents used to make contributions to the students' expenses.

Chi-square analysis was used to examine the differences between the characteristics of married and single students which were measured by nominal data and t-tests to examine those measured by interval data.

Findings

Description of Sample

Descriptive data for married and single students is shown in Table 1. Nearly 57% of married students were female, compared to 50% of the single students. White students made up 90.7% of the married students and 85.4% of the single students. Over 60% of both groups attended public schools, but more of the married students attended two-year colleges and more were part-time students. While 80% of the married students resided off campus, over 42% of the single students lived on campus, 31.2% lived with parents, and 26.5% lived off campus.

A greater proportion of married students than single students had applied for financial aid (67.3% and 48.4% respectively), and a greater proportion of married than single students had received aid (65.8% and 45.2%), grants being the most frequent type, then loan aid, and work-study. A student could have been awarded more than one type of aid. Support such as use of car, food, housing, and clothing were all significantly greater for single than for married students.

Student Financial Status and Reported Support

Table 2 summarizes the financial characteristics of married and single students, their reported contributions and loans from family and friends, and their student aid as reported by school records.

Students and spouses had average (mean) incomes of \$17,635 as compared to the average income of \$3,845 for single students, as one would expect. Some spouses may have had full-time jobs accounting for wide standard deviations in income and net worth of married students.

Married students worked an average of 28 hours per week which single students worked only 23 hours. Few single students had reported asset and liability data but the mean negative net worth of those who did

TABLE 1
Description of Married and Single College Students

Variable	Married (n = 450)		Single (n = 6,891)		Chi-square
	N	Percent	N	Percent	
Sex					
Male	194	43.1	3,463	50.3	8.62**
Female	256	56.9	3,428	49.7	1 df
Race					
American Indian	3	0.7	35	.5	16.50**
Asian	7	1.6	271	3.9	4 df
Black	12	2.7	420	6.1	
Hispanic (any race)	20	4.4	282	4.1	
White (not Hispanic)	408	90.7	5,383	85.4	
Age Group					
Under 25	367	81.6	6,716	97.5	315.12***
25 or older	83	18.4	175	2.5	1 df
Control of School					
Public	280	62.2	4,169	60.5	.52 ns
Private, non-profit	170	37.8	2,722	39.5	1 df
Type of School Attended					
2 year	92	20.4	1,110	16.1	5.82*
4 year	156	34.7	2,544	36.9	2 df
4 year and graduate	202	44.9	3,237	47.0	
Enrollment					
Full Time	345	76.7	6,216	90.2	81.53***
Part Time	105	23.3	675	9.8	1 df
Residency					
School housing	49	10.9	2,916	42.3	579.73***
Off campus	360	80.0	1,823	26.5	2 df
With Parents	41	9.1	2,152	31.2	
Dependency Status					
Dependent	166	36.9	6,304	91.5	1,203.90***
Independent	284	63.1	587	8.5	1 df
Did you apply for financial aid?					
Yes	303	67.3	3,335	48.4	60.60***
No	147	32.7	3,557	51.6	1 df
Did you receive aid?					
Yes	296	65.8	3,114	45.2	71.90***
No	154	34.2	3,777	54.8	1 df
Mother's Level of Education					
Less than High School	44	9.9	484	7.1	31.99***
High School or GED	156	35.1	1,837	26.9	6 df
Beyond High School	116	26.1	1,670	24.5	
College grad	77	17.3	1,573	23.0	
Masters degree	31	7.0	722	10.6	
PhD or Advanced	15	3.4	406	5.9	
Don't Know	6	1.3	134	2.0	
Father's Level of Education					
Less than High School	57	12.8	466	7.0	43.48***
High School or GED	132	29.7	1,756	25.9	6 df
Beyond High School	118	26.5	1,603	23.6	
College grad	73	16.4	1,594	23.5	
Masters degree	40	9.0	746	11.0	
PhD or Advanced	15	3.4	484	7.1	
Don't Know	10	2.2	135	2.0	

TABLE 1, continued
Description of Married and Single College Students

Variable	Married (n = 450)		Single (n = 6,891)		Chi-square
	N	Percent	N	Percent	
Highest Level of Education You Expect to Get					
Some college	41	9.2	422	6.2	6.92*
Complete college	193	43.1	2,858	42.2	2 df
Graduate degree	214	47.8	3,500	51.6	
Did Parents help pay for car costs?					
Yes	83	18.6	3,312	48.8	153.35***
No	363	81.4	3,472	51.2	1 df
Did Parents provide food?					
Yes	64	14.3	4,412	64.8	450.76***
No	382	85.7	2,397	35.2	1 df
Did Parents provide housing?					
Yes	58	13.0	387	14.2	490.65***
No	387	87.0	2,342	85.8	1 df
Did Parents provide clothes/other?					
Yes	70	15.7	4,200	61.4	358.97***
No	375	84.3	2,642	38.6	1 df

* $p < .05$ ** $p < .01$ *** $p < .001$

df = degrees of freedom

ns = not significant

was not surprising. Singles had higher expenses than married students (\$5,951 as compared to \$4,093). Single students contributed an average amount of about \$1,600 to their own expenses while married students and their spouses paid about \$2,000 of the cost.

Parents contributed \$4,363 to single students which was more than the \$1,807 contributed to married students. It will be noted that a relatively small number of students reported loans from parents, or contributions or loans from friends and relatives, but the average size of loans from parents was slightly greater for singles than for married students (\$2,071 compared to \$1,407). While grants were the most frequently reported type of student aid, especially for married students, the average size of grant for singles was \$2,792 compared to \$1,961 for married students. Nearly 37% of married students took student loans as compared to 21.5% of single students, but the average size of the loans, around \$2,500, was not significantly different. Work-study aid was used by 5 to 7% of both groups and amounts earned were around \$1,000.

Table 3 shows age and financial characteristics of respondents to the parent survey and their reports of the amount of financial and other support which they provided. Parents of married students were on the average about a year older than parents of the single students. Family income, family per capita income, and family net worth were significantly higher for the slightly younger families of single students but the standard deviations were greater. As noted earlier, however, parents of "independent" students 25 or older had not been included in the survey. Also, some parents may have cut back on their work time or retired.

TABLE 2
Financial Status and Reported Support of Married and Single Students, Percent Reporting, Mean Amounts and How Amounts Compare

Variable	Married (n = 450)		Single (n = 6,891)		T-Test
	Percent ^a	Mean	Percent ^a	Mean	
Financial Status					
Student Income	96.4	\$17,635 (15,296)	87.4	\$3,845 (4,386)	18.73***
Hours Student Worked Weekly	65.3	27.96 (14.27)	46.3	22.88 (15.12)	5.82***
Student Net Worth	37.5	\$10,569 (41,900)	0.03	-\$4,437 (8,112)	4.57***
Amount Ever Borrowed for College	58.7	\$5,998 (7,593)	40.0	\$5,384 (5,812)	1.28 ns
Amount Owed on College Loans	53.6	\$6,042 (7,474)	35.1	\$5,076 (5,182)	1.96*
Student Cost ^b	98.0	\$4,093 (3,613)	98.4	\$5,951 (4,319)	-10.35***
Support Reported by Students					
Student/Spouse Contribution	79.5	\$2,066 (2,829)	74.1	\$1,573 (1,708)	3.26***
Parent/Guardian Money Contribution	27.5	\$1,807 (2,252)	73.4	\$4,363 (4,461)	-12.08***
Parent/Guardian Other Support	30.0	\$1,417 (2,187)	79.6	\$2,631 (3,512)	-6.25***
Loans from Parents	7.8	\$1,407 (1,636)	11.7	\$2,071 (2,828)	-2.26*
Parent/Guardian Total Contribution	45.0	\$2,458 (3,435)	88.0	\$6,208 (6,539)	-14.42***
Friends/Relatives Contribution	8.0	\$821 (1,429)	14.6	\$1,010 (2,193)	-.76 ns
Loans from Friends/Relatives	4.7	\$1,701 (2,444)	3.3	\$1,103 (1,445)	1.10 ns
Support Reported by Student Aid Offices					
Loan Aid	36.7	\$2,664 (2,179)	21.5	\$2,400 (1,351)	1.52 ns
Grant Aid	50.7	\$1,961 (1,713)	33.1	\$2,792 (2,716)	-6.54**
Work-study Aid	5.3	\$1,015 (633)	7.1	\$1,059 (899)	.33 ns
Total Aid	65.8	\$3,250 (2,771)	45.1	\$3,703 (3,284)	-2.64**

^apercent of group reporting

^bStudent cost directly related to college for a nine-month school year was calculated by Department of Education.

* $p < .05$ ** $p < .01$ *** $p < .001$

2-tailed probability (when the direction was not predicted in advance)

The number in parenthesis after the mean is the standard deviation.

ns = not significant

A comparison of the amounts of parental support reported by students and the amounts parents reported reveals discrepancies that raise questions. Even though students might have included amounts from divorced parents as well as the amounts reported as coming from the reporting parent, both married and single students tended to report

TABLE 3
Age, Financial Status, and Reported Contributions of Parents
Of Married and Single Students: Percent Reporting,
Mean Amounts, and Tests of Significance

Variable	Married (n = 450)		Single (n = 6,891)		T-Test
	Percent ^a	Mean	Percent ^a	Mean	
Age and Financial Status					
Age of Respondent	99.1	51.5 (7.2)	99.4	50.3 (6.7)	-3.69***
Age of Spouse	86.2	52.1 (7.7)	86.2	50.0 (6.6)	-5.19***
Family Income	64.0	\$34,764 (27,078)	75.3	\$50,639 (47,842)	-9.19***
Family Per Capita Income	62.9	\$9,363 (6,894)	74.8	\$12,544 (11,199)	-7.25***
Family Net Worth	66.6	\$74,268 (147,467)	77.9	\$157,471 (226,043)	-9.19***
Amount Owed on Education Debt	15.8	\$7,498 (8,581)	19.3	\$8,429 (12,457)	-.87 ns
Support Reported by Parents					
Money Contribution	29.6	\$3,097 (3,820)	72.9	\$5,523 (5,182)	-7.15***
Money Loaned	5.6	\$2,553 (3,501)	12.2	\$3,807 (4,399)	-1.75*
Other Support	45.6	\$2,062 (4,125)	85.4	\$3,177 (3,469)	-3.82***
Total Contribution	51.8	\$3,856 (5,834)	91.1	\$7,910 (7,200)	-10.32***

^aPercent of group reporting

* $p < .05$ ** $p < .01$ *** $p < .001$

2-tailed probability (when the direction was not predicted in advance)

The number in parenthesis after the mean is the standard deviation.

ns = not significant

amounts about half the size of those reported by parents. This may have resulted from students' failure to have records, a lifelong habit of taking parental support for granted, or a difference in perception of what expenditures should be included. It is also possible that loan arrangements were informal, unclear, or the debt forgiven.

Timing of parental allocation of funds

In response to the question "Did/will you/spouse contribute/lend money?" 5,617 (76.5%) of the parents responded "yes" and 1,724 (23.5%) responded "no." The parents of married and single students were examined as one group because parents would hardly have considered whether or not their children might be married while in college as part of any advance planning. Table 4a summarizes the results for those who said they contributed. The different ways of securing funds were separated by time of allocation and the percentage of parents indicating each method reported. The single most frequent source was from current income, followed by savings/trusts. Table 4b indicates that parents generally relied on one or two forms of allocation within a time

TABLE 4a
How Parents Who Contributed/Lent Money for Student
College Expenses Accumulated Funds (N = 5,617)

Variable	Percent
Funds Allocated in the Past	
Savings accounts for school	38.7
Trust funds set aside	12.7
Money from savings/trusts not for school	54.9
Sold assets (real estate, stocks, bonds)	14.4
Allocated from Current Funds	
I/spouse started working/took other job	19.1
I/spouse worked more hours at job	21.1
Used current income (not from extra work)	85.1
Funds to Be Repaid in the Future	
Borrowed from Life Insurance	5.2
Took out second mortgage	7.4
Refinanced real estate	4.9
Took out loans other than mortgage	17.7
Other (not specified)	3.6

TABLE 4b
Number of Sources from Each Time Period Parents Used to
Pay Children's College Expenses (N = 5,617)

Sources	Past		Present		Future	
	N	Percent	N	Percent	N	Percent
None	1,706	30.3	870	15.5	4,304	76.6
1	2,363	42.1	3,488	62.1	1,034	18.4
2	1,177	20.0	1,014	18.1	222	4.0
3	305	5.4	245	4.4	49	0.9
4	66	1.2			8	0.1

TABLE 4c
Pattern of Timing of Funds (N = 5,506)

	Time Periods Employed			N	Percent
	Past	Current	Future		
x				558	10.1
		x		1,243	22.6
			x	201	3.0
x		x		2,117	40.3
x			x	275	4.9
		x	x	291	5.3
x		x	x	821	14.0

period. An examination of patterns for allocating funds was done by identifying how many of the time periods were used (Table 4c). Over 40.3% used current income, followed by 22.6% who used current funds and 14% who used funds from all three periods.

Actions Students Would Take if Resources Ran Short

Another measure of intergenerational dependence was examined by looking at kinds of action students said they had taken or would take

if their resources did not meet expenses. Responses to separate items were grouped according to whether they would rely on parents, on themselves, or whether they would change their school enrollment (Table 5a).

Married and single students differed significantly on the items relating to reliance on parents and relying on themselves, but both groups were similar in that 68 to 87% did not intend to reduce course load or withdraw from school. In Tables 5b, 5c, and 5d the patterns of action students had already taken, action they may take, and action they would not take should they run out of money are shown separately. Nearly 60% of married students had already taken action which did not rely on parents. The largest group of single students (36.5%) had relied on both self and parent, 26.2% relied on self, and 20.7% relied on parents.

General trends were similar in the identification of what the students said they may do (Table 5c) and would not do (Table 5d). Nearly 6% of single students and 7% of married students indicated that they might rely on parents alone if they ran out of money, while only 1% of married students and 1.4% of single students indicated that they would not rely on parents for further money if they should run short.

Summary and Conclusions

Interfamily transfers for college education continue to be a major way in which parents contribute to the upward mobility of their children. Their support is both monetary and in the form of goods and services. While the contributions to single students are both more frequent and generally of statistically significant greater value than those to married students, the contributions to the young married students' education may, nevertheless, mean long-range benefits to them and their children.

This research made it possible to examine transfers from the parental generation to the student generation, but any contributions from grandparents had been incorporated under the general term of "gifts/loans from friends and relatives." Also, grandparents may have provided gifts to their grandchildren at an early age, in which case it would have been included in the students' net worth. Further study would be needed to determine current patterns of grandparent aid to student college expenses. Also, since this data base did not include transfers from youth to parents and grandparents, and from parents to grandparents, a complete examination of the competing curvilinear model and the linear model of interfamily transfers (Cheal, 1983) cannot be tested. Studies which have attempted this have thus far focused on food and gifts and have not included the important area of education.

Like parents in the earlier studies, today's parents rely most heavily on current income to meet college costs. This puts a particular burden on female single parents, families with other members in college, those paying tuition to private schools, and on those who are at the same time trying to accumulate funds for retirement. Many families elect not to apply for financial aid, or are not adequately informed about the process (Olson, 1982).

Information such as that provided in this analysis should be useful to those who counsel families and students concerning distribution of

TABLE 5a
Specific Actions Married and Single Students Say They Have Taken, or That They Do or Do Not Anticipate Taking Should They Run Short of Money

	Married		Single		Chi-Square
	N	Percent	N	Percent	
Rely on Parents					
Ask parents for more money					
Have done	41	13.7	1,647	37.3	170.90***
May do	54	18.1	1,373	31.1	2 df
Would not do	204	68.2	1,390	31.5	(n = 4,709)
Ask parents for more money					
Have done	15	6.6	899	24.7	115.20***
May do	33	14.5	1,187	32.7	2 df
Would not do	180	78.9	1,553	42.7	(n = 3,867)
Move back home					
Have done	9	3.1	850	19.7	83.36***
May do	11	3.8	539	12.5	2 df
Would not do	273	93.2	2,934	67.9	(n = 4,616)
Rely on Self					
Apply for loan					
Have done	70	23.8	711	16.2	12.91***
May do	92	31.3	1,670	38.1	2 df
Would not do	132	44.9	1,999	45.6	(n = 4,674)
Work another job					
Have done	103	34.7	1,501	33.9	19.36***
May do	107	35.0	2,059	46.5	2 df
Would not do	87	29.3	872	19.7	(n = 4,729)
Cut down on costs					
Have done	135	45.5	1,819	41.1	21.22***
May do	92	31.0	1,906	43.1	2 df
Would not do	70	23.6	699	15.8	(n = 4,721)
Change of Enrollment					
Reduce course load					
Have done	28	9.5	329	7.6	2.60 ns
May do	67	22.7	893	20.5	2 df
Would not do	200	67.8	3,125	71.9	(n = 4,642)
Withdraw from school					
Have done	19	6.4	198	4.5	5.33 ns
May do	33	11.2	366	8.4	2 df
Would not do	243	82.4	3,796	87.1	(n = 4,652)
Transfer					
Have done	12	4.1	146	3.4	10.58**
May do	26	8.8	688	15.8	2 df
Would not do	257	87.1	3,515	80.8	(n = 4,644)

* < .05 ** < .01 *** < .001

df = degrees of freedom

ns = not significant

TABLE 5b
Types of Actions Already Taken by Married and Single
Students When They Ran Short of Money

Relied On:			Married		Single		Chi-Square
Parents	Self	Enrollment Change	N	%	N	%	
x			5	6.8	644	20.7	43.2*** 6 degrees of freedom (n = 3,177)
	x		32	43.8	813	26.2	
		x	7	9.6	95	3.1	
x	x		17	23.3	1,133	36.5	
x		x	2	2.7	42	1.4	
	x	x	5	6.8	45	1.4	
x	x	x	5	6.8	332	10.7	

TABLE 5c
Types of Action Married and Single Students Say They May
Take Should They Run Short of Money

Would Rely On:			Married		Single		Chi-Square
Parents	Self	Enrollment Change	N	%	N	%	
x			6	6.8	195	5.7	13.54* 6 degrees of freedom (n = 3,981)
	x		23	26.1	885	25.7	
		x	2	2.3	99	2.9	
x	x		16	18.2	1,064	30.9	
x		x	4	4.5	80	2.3	
	x	x	20	22.7	433	12.6	
x	x	x	17	19.3	686	19.9	

TABLE 5d
Types of Action Married and Single Students Say They Would
Not Take Should They Run Short of Money

Would Not Rely On:			Married		Single		Chi-Square
Parents	Self	Enrollment Change	N	%	N	%	
x			3	1.0	59	1.4	46.6*** 6 degrees of freedom (n = 4,617)
	x		-	-	39	0.9	
		x	4	1.4	401	9.3	
x	x		6	2.0	43	1.0	
x		x	104	35.4	1,389	32.1	
	x	x	7	2.4	374	8.7	
x	x	x	170	57.8	2,018	46.7	

* < .05 ** < .01 *** < .001

college expenses over the life cycle (McPherson and Skinner, 1986). It can provide a basis for discussion of realistic goals and plans for saving and/or use of credit (student loans, parent loans, home equity loans, etc.). The long-range approach would consider the implications of the methods of financing for each generation. The findings of the study also extend the research relating to interfamily transfers and to timing of allocation of funds for college.

There is evidence that policymakers have attempted to aid families in financing college education through the 1990 provision that parents can invest in EE Bonds in their own name(s), and later withdraw the money without paying taxes on the interest if the money is used for certain college payments. Under consideration are provisions for allowing similar tax-free withdrawal from IRAs and some other tax-sheltered retirement accounts if used for education or purchase of a first home. These and other intergenerational issues dealing with government support suggest several areas of policy research: To what extent do these new provisions and home equity loans threaten parents' retirement security? To what extent have grandparents' funds contributed to the education and support of their grandchildren and in what forms are their contributions made? To what extent do divorced, non-custodial parents contribute to the education of their children, particularly those who are over 18 years of age? Can it be demonstrated that larger public investment in grants to needy students will more than pay for itself through greater U.S. productivity and through enhancing the life chances of future generations? All of these issues cry out for longitudinal research and long-range perspective in policymaking. Both the private and public implications are of critical importance.

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