

## **College Persistence of Latino Students: The Role of Parental Financial Support**

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## **Objectives**

This study uses the Beginning Postsecondary Students Longitudinal Study to examine the contribution of parental financial support to the Latino-white gap in college completion. Specifically, it asks: 1) what are the patterns of financial aid and need among Latino and white post-secondary students in the U.S.? 2) Are there Latino-white differences in parental financial support for college? 3) Do patterns of parental financial support help explain the Latino-white gap in college completion? 4) Does parental financial support differentially affect choice of college and college completion between Latino and white students?

## **Background**

President Barack Obama's overarching higher education goal for the country is for the U.S. to lead the world in college graduation rates by 2020. Achieving this goal will require, in no small part, a critical improvement in college attendance and completion rates of the most underrepresented group in higher education: Latinos. The largest and fastest-growing minority in the U.S., Latinos currently comprise 16 percent of the total U.S. population. The growth among the college-aged Latino population is especially striking, with the Latino share of 18-24-year-olds in the U.S. increasing nearly four-fold in the last four decades, from 5 percent in 1972 to 19 percent in 2010 (Fry 2011). This means that our college-aged population.

Concern about college access and completion among Latino students stems from a socio-demographic profile characterized by high rates of poverty and low levels of parental education and an academic profile characterized by high rates of high school dropout, insufficient college preparation in high school, low rates of college attendance, attendance at less selective postsecondary institutions, and low rates of college graduation. Despite recent increases, Latinos still trail all other racial/ethnic groups in educational attainment; only 21 percent of Latino adults hold a 2-year college degree or higher, compared to 30 percent of black adults and 44 percent of white adults (Carnevale, Smith, and Strohl 2010). Existing research largely attributes the low rates of college attendance and college completion to academic factors such as insufficient college preparation in high school (Contreras 2005; Gandara and Lopez 1998). Building on this previous research, this paper shifts focus to another potential factor: parental financial support for college.

Previous research underscores the importance of parental financial support for post-secondary education outcomes. For example, in his analysis of factors influencing high school seniors' college decisions, An (2010), using ELS, found that parents' savings were positively associated with where students apply to college; students from families that had saved the largest amounts of money for college were more likely to apply to a selective college than were students from families that had no money saved. Charles, Roscigno, and Torres (2007), using the National Education Longitudinal Study of 1988, showed that saving for college was positively associated with both two-year and four-year college attendance, and that the amount saved was positively associated with four-year college attendance. Steelman and Powell (1989), using the National Longitudinal Survey of the High School Class of 1972, found that that receiving parental monetary support in college increased children's odds of continuing to a second year of college and of graduating from college.

This body of research also shows significant racial/ethnic differences in parental investments in children's college. For example, although there is no difference in likelihood

of saving for college after controlling for SES, Latino parents save significantly less money for their twelfth grader's education relative to white parents (Charles, Roscigno, and Torres 2007). In addition, they find that Latina immigrant mothers have lower odds of having knowledge of college loans and grants compared with white native-born parents.

The Latino-white gap in financial planning for college suggests that parental financial support may be an important contributor to the Latino-white gap in college completion. On the one hand, because Latino parents—a large proportion of whom are immigrants—have less knowledge of loans, grants, and other college finance options, Latino college students may be more reliant on parental financial support for college, and thus less likely to complete college without such support. On the other hand, because Latino parents save less for their children's college, Latino may be more reliant on loans, grants, or other sources of funding, which may affect the educational debt burden they will carry upon graduation. Our study adds to this literature by examining whether there are Latino-white differences in parental financial support for college and whether parental financial support differentially affects college choice and college completion among white and Latino college students.

## **Data & Sample**

The most recent data from the Beginning Postsecondary Students Longitudinal Study (BPS 04/09) is well suited to explore questions of how financial assistance from family or other institutions is associated with persistence to degree. The BPS draws a sample of students in their first year of postsecondary education in 2003 from the National Postsecondary Student Aid Study (NPSAS). This sample was then invited to complete an additional survey two years later in 2006, and again in 2009. Students were followed in these subsequent surveys even if they were no longer enrolled, or did not ultimately attain a degree within the six-year time frame of the study. The final sample includes information on over 16,000 students.

Because the initial sample of BPS is drawn from the NPSAS, we have access to detailed information on the postsecondary institution of enrollment and on the financial aid offered to the student. The survey also asks specific information regarding type and amount of parental financial support. Recently, transcripts from these postsecondary institutions have been linked to the BPS data allowing for even more detailed and accurate information on enrollment, course-taking and academic performance.

As our research question centers on the experiences of Latinos, and the Latino-white gap in college completion, the sample for our analysis is restricted to Latino and white students. Also, we limit analysis to students whose first enrollment was in a 2-year or 4-year institution, and who were less than 24 years old upon entering their first postsecondary institution. This brings our final analytic sample to about 8,400.

## **Measures**

*Dependent Variables.* Our dependent variable of interest is whether the student earned a degree by six years after initial enrollment in a postsecondary institution. We will also consider the type of institution in which the student originally enrolled and track whether the degree earned is consistent with the original institution type.

*Immigrant & Citizenship Status.* A major consideration for the analysis of college going and financial aid for Latinos is immigrant status. The immigrant and citizenship status

of both the parents and the student can determine the type of school a student chooses to attend, as well as the financial aid available. Using information on the birthplace of the student and the birthplace of the student's parents, we create an immigrant generation variable. We categorize students born outside of the U.S. as 1<sup>st</sup> generation, U.S.-born students with foreign-born parents as 2<sup>nd</sup> generation, and U.S.-born students with U.S.-born parents as 3<sup>rd</sup>-plus generation.

*Institution Type.* The quality and type of post-secondary institution is directly associated with the overall cost of education. We specify the selectivity, type (2-year or 4-year), and sector of the institution in which the student is enrolled. BPS tracks each respondent's trajectory over the six years of the survey, so we are able to not only consider the institution of first enrollment, but whether the student experienced subsequent transfers to other institutions of differing type or quality.

*Postsecondary Education Costs.* The costs associated with postsecondary education are calculated using two major variables. First, the *Total Tuition and Fees* measure is the cost of tuition for the institution. *Total Student Budget*, however, incorporates the tuition and fees, as well as other student and school-related costs, such as books, housing and food.

*Financial aid.* In order to understand the amount that students and parents are expected to cover themselves for postsecondary education, we are interested in the amount of grants and scholarships provided to the student throughout their enrollment. These forms of financial aid are important because they directly lower the costs of tuition and overall budget, without burdening the student with a debt to carry after they leave the institution. We also consider whether the student accepted student loans (both Federal and private), work-study, and other forms of financial aid. A key distinction we will make while exploring the patterns of financial support used is whether the aid is need-based, or merit-based.

*Family-based support.* Finally, we will use measures that focus on parent's contribution to postsecondary education. BPS asks students whether their parents are helping to support them while in school, and if so, to which specific aspects they are contributing. We know if parents are helping with tuition, housing, or other education-related expenses. BPS also provides information on whether parents took out a loan specifically to put toward their child's education.

### **Analytic strategy**

Our first analysis will be an overall description of the financial situations of the students in our survey—separating by ethnicity, immigrant status and institution type. We will consider the overall costs of the postsecondary institution, as well as the grant and scholarship aid provided to the student in order to better calculate the amount left for the student and family to shoulder. Next we will investigate the role that financial aid from school, loans and family may play in the persistence of the student to a degree by the 6<sup>th</sup> year after initial enrollment. To do this we will predict degree completion using a series of nested logistic regression models. As certain financial support variables are added to the model, we will evaluate how the inequalities in persistence by degree seen in initial regressions changes. We will focus on differences in persistence between Latino and white students, as well as between Latino immigrant generations.

### **Preliminary Results**

Table 1 shows preliminary descriptive statistics from the first wave of BPS data, collected after the first year of postsecondary enrollment. We looked at several basic characteristics of student enrollment and the financial aid across immigrant generation status of Latinos, and for 3<sup>rd</sup>-plus generation whites (our reference group of interest). A higher percentage of Latinos in the sample are enrolled in 2 year institutions than the white 3<sup>rd</sup>-plus generation reference group. Among students who did enroll in 4-year institutions, a greater percentage of white students enroll in private schools (20%) than any Latino group. Among Latino students, 3<sup>rd</sup>-plus generation have the highest percentage of full time enrollment at 69%, however this is still lower than the percentage of white students who are enrolled full time (79%).

The patterns we see showing that Latino students are less likely both be enrolled in 4-year institutions and be enrolled full time is perhaps connected to family and academic background. First, parents of white students have higher education, as well as a higher median income than any Latino immigrant group. Additionally, Latino students have lower high school academic measures than the white students in the sample.

The mean total student budget minus all grants (which includes scholarships and grants) is a rough measure of the estimated total costs the student (or family) must pay out-of-pocket in some way. Our findings show a clear pattern across Latino immigrant generations, with 1<sup>st</sup> generation students left with an average of approximately \$7500 to cover with other financial sources, \$8500 for 2<sup>nd</sup> generation, and over \$9000 for 3<sup>rd</sup>-plus generation Latinos. Native-born whites have the largest amount left to cover, with an average of \$11,400 left after grants are considered. This same pattern is clear when focusing on the amount left to pay for only tuition and fees after considering grant aid.

Because we know that part of the pattern we see may simply be due to the patterns of enrollment in private 4-year institutions or 2-year institutions, we consider the percentage of the total student budget that was covered by the grants and scholarships provided to the student. 1<sup>st</sup> and 2<sup>nd</sup> generation Latinos had approximately 25% of the total budget covered by grants, while 3<sup>rd</sup>-plus generation Latinos and Whites had less covered with 21% and 18% respectively.

Turning to parental financial support, we see that white students are more likely to have any type of parental help compared to all Latino immigrant groups. Also, a lower percentage of Latino students took out any sort of loan. The percentage of the total student budget covered by loans is lowest for 1<sup>st</sup> generation Latino immigrants and highest for white students (6.26% and 13.54% respectively).

### **Expected Findings and Conclusion**

These preliminary findings orient us to the general patterns of both college enrollment and use of financial and parental aid in postsecondary education of Latino and white students. Our main goal for future analyses is to investigate the role that these types of aid—particularly financial support from parents—affect the persistence of Latino immigrant students through postsecondary schooling toward a degree. And in turn, whether it helps to explain the gap in Latino-white college degree attainment. In order to do this, our models will incorporate the costs of schooling considering the amount of grant aid provided to the student, as well as the income of the student and their family.

Table 1: Weighted Means and Proportions for first postsecondary institution enrolled by Race and Latino Immigrant Generation (BPS: 2004)

	N	Latino			White				
		1st Gen	2nd Gen	3rd Gen	3rd Gen				
<b>Postsecondary Institution</b>									
<i>Institution Type</i>									
2 year		0.52	0.56	0.48			0.38		
Public 4-year		0.29	0.25	0.26			0.38		
Private 4-year		0.16	0.11	0.15			0.20		
For-Profit		0.04	0.09	0.11			0.04		
Enrolled Full-Time		0.66	0.62	0.69			0.79		
<b>Family &amp; Student Characteristics</b>									
Female		0.54	0.58	0.56			0.54		
<i>Parent's Highest Education Level</i>									
Less than HS		0.19	0.25	0.08			0.01		
HS diploma or GED		0.20	0.28	0.34			0.21		
Some College, no degree		0.12	0.17	0.21			0.18		
Associate's Degree		0.05	0.07	0.12			0.08		
Bachelor's Degree		0.23	0.11	0.12			0.26		
Advanced Degree		0.19	0.08	0.11			0.24		
Don't Know		0.03	0.04	0.02			0.01		
Median Income (Family)		29057.5	36052.0	48669.0			69374.0		
Median Income (Independent Student)		12120.0	9753.0	9990.0			12264.0		
<b>High School Academic Background</b>									
<i>High School G.P.A.</i>									
0.5 - 1.9 (D- to C)		0.04	0.04	0.02			0.04		
2.0 - 2.4 (C to B-)		0.15	0.18	0.14			0.10		
2.5 - 2.9 (B- to B)		0.13	0.16	0.14			0.13		
3.0 - 3.4 (B to B-)		0.38	0.41	0.51			0.33		
3.5 - 4.0 (B- to A)		0.22	0.20	0.18			0.39		
Missing		0.09	0.01	0.00			0.00		
<i>Highest Math Course Taken in HS</i>									
Algebra II or Trigonometry		0.48	0.58	0.51			0.45		
Pre-Calculus		0.20	0.18	0.23			0.23		
Calculus		0.13	0.09	0.09			0.20		
None of these		0.19	0.15	0.16			0.12		
<b>Postsecondary Costs</b>									
Total student budget minus all grants		7565.14	(5040.2)	8050.93	(5818.2)	9173.11	(6539.5)	11431.96	(8064.5)
% of Total student budget covered by grants		24.61	(25.9)	25.16	(24.1)	20.98	(23.1)	18.38	(23.5)
<b>Financial Support for School</b>									
<i>Type of Financial Help from Parents</i>									
None/Independent Student		0.30	0.26	0.29			0.18		
Tuition Only		0.06	0.05	0.06			0.06		
Non-tuition Only		0.28	0.33	0.24			0.19		
Both Tuition & Non-tuition		0.36	0.36	0.41			0.57		
Student has loans (any type)		0.20	0.27	0.33			0.38		
% of Total student budget covered by loans		6.26	(14.5)	9.29	(16.4)	11.79	(20.2)	13.54	(23.4)

Standard deviations shown in parentheses

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