



# Clarifying the True Cost of College for Student Parents

## Key Takeaways

» Net price calculators underestimate costs for low-income student parents

» Student parents face high costs in all regions of California

» Student parents pay more to attend a community college compared to a four-year institution

» Increasing net price calculators' transparency and publicizing alternative financing options could improve affordability

Nationwide, 3.8 million student parents enroll in a higher education system not set up for their success.<sup>1</sup> According to an analysis by the United States Government Accountability Office, only 12 percent of student parents completed a degree across the country, compared to 46 percent of their peers without children.<sup>2</sup> In effect, student parents are only 25 percent as likely as their nonparenting peers to complete a degree. While earning a postsecondary credential is important for all students, a failure to do so may be especially consequential for student parents. Research shows that student parents who are able to complete a meaningful postsecondary credential have increased odds for accelerating their career, emerging from poverty, strengthening our economy, and creating more vibrant communities. These benefits not only substantively improve their quality of life, but also trickle down to improve outcomes for their children<sup>3</sup>.

For the 486,454<sup>4</sup> student parents in California juggling work, family, and academic obligations, not being able to afford college tends to be the biggest barrier to completing postsecondary education.<sup>5</sup> To adequately plan their attendance, student parents need accurate estimates of the total cost of college, including tuition and fees, room and board, books and supplies, and transportation, as well as the additional costs related to parenting.

In recent years, colleges and universities across the country have adopted net price calculators to increase the transparency of college costs. Net price calculators provide a quick, semi-customized estimate of college costs after grant aid is taken into account. These calculators are available on the website of nearly every public, for-profit, and nonprofit private college. Net price calculators are intended for students to use during the application process, prior to submitting the federal financial aid application. However, these estimates fail to transparently account for the additional costs associated with parenting for low-income individuals. In California, where the cost of living is high, such omissions may prevent student parents from accurately assessing the true cost of attendance.

This brief describes the fallacy of net price calculators for student parents in California and shares an improved model that would account for additional costs associated with childcare and food. In addition to identifying costs for low-income student parents in California's public postsecondary system, the analysis makes note of differences in cost based on attendance at two-year versus four-year institutions and by region. This brief concludes with two key policy recommendations that would benefit all students—including student parents—by extending the state's existing efforts to improve college affordability and transparency.

# Net Price Calculators Exclude Costs Student Parents Face

By federal law, colleges are required to disclose college costs through a net price calculator. To use the calculator, students input information about their income, living situation, and family status. In return, the net price calculator provides an estimate of the total cost of attendance, the grant aid a student may expect, and the net price (or out-of-pocket cost) of attendance for one academic year. These calculations can vary by institution, and the details behind the calculations are not always disclosed.<sup>6</sup>

To understand net price calculator estimates for student parents' cost of college in California, California Competes developed a fictionalized scenario comparing the estimates for attending all public California institutions for a low-income 24-year-old living on their own, with and then without one dependent. The calculator prompts students to indicate their parenting status (i.e., whether they have a dependent or not), and for those with at least one dependent, it subsequently prompts them to identify whether they hold primary financial responsibility for the dependent. Student parents using net price calculators may believe that because their parenting status and financial responsibility are being asked about, the net price calculator takes the costs of parenting into account. However, **net price calculators do not appear to adjust the total cost of attendance for low-income parenting.** This lack of adjustment could be due to shortcomings of the federally-mandated estimates of expected family contribution (EFC), which is used in the calculators. Low-income students with children likely have an EFC of zero, similar to their low-income peers without children, despite their potentially lower ability to pay for college costs.<sup>7</sup> Advocates have recommended allowing negative EFCs, which would likely improve the ability of net price calculators to provide low-income students more accurate estimates.<sup>8</sup>

Student parents will incur costs associated with parenting regardless of whether they enroll in college; however, calculations of college costs typically include life costs students face regardless of matriculation (like room and board). Though the net price calculators inquire about students' parenting status, the calculations do not consider life costs student parents face. This could cause student parents to inadvertently underestimate their cost of college, particularly if they believe the calculators consider these costs since they ask about them.

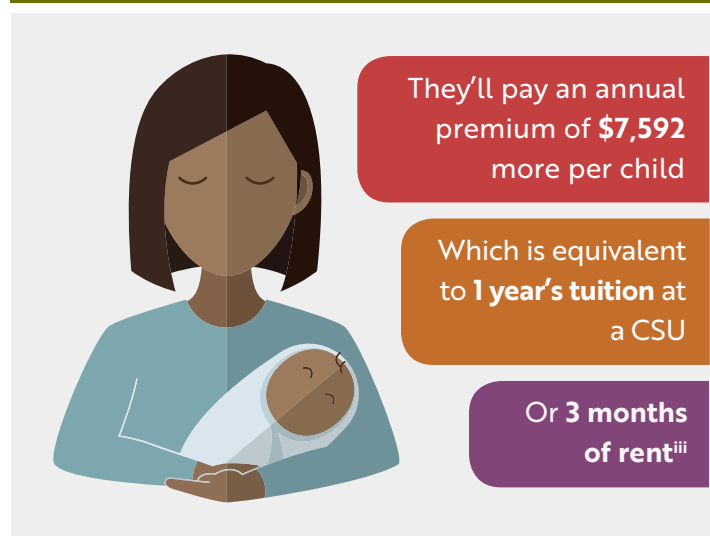
The omission of any adjustment to costs for parenting may be especially dubious given the high cost of childcare and living in California, and the relatively low wages student parents earn.<sup>9</sup>

## Modeling Cost Estimates for Student Parents

After determining that net price calculators do not appear to adjust for the increased costs of parenting for low-income students, we developed an alternative model to estimate childcare and food costs. To determine a student parent's estimated cost of attendance by region, we pooled the net costs of California's 114 community colleges, 23 California State University campuses, and 9 University of California institutions for a 24-year-old student with a dependent child; the average cost of childcare by region; and the nine-month sum of the United States Department of Agriculture low-income food budget for children.<sup>i</sup>

According to the model, **student parents pay an annual premium of \$7,592 more per child than nonparenting students attending college, once childcare and food costs are explicitly included.**<sup>ii</sup> In effect, a single, low-income California student parent's average cost of college is 34 percent greater than that of a nonparenting student. This translates into a 55 percent higher average net price (or out-of-pocket cost).

Figure 1. Contextualizing the student parent premium

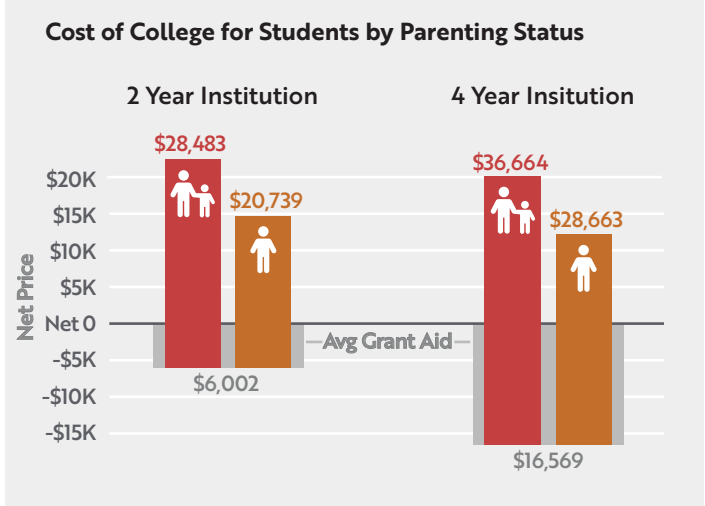


- i. Our net price calculations use the following criteria about a fictional student: is 24 years old, enrolled in 12 units, lives alone or with a roommate, and makes less than \$30,000 annually. For student parents, we also included that they had one dependent child. We spot-checked the same process on 22 net price calculators and saw no change in net price for student parents and nonparenting students.
- ii. A California Student Aid Commission Student Expenses and Resources Survey shows student parents spent \$11,430 an academic year. This amount likely factors in children's clothing and other needs. Our conservative estimates include only food and childcare costs, which resulted in a lower estimate.
- iii. Average rent for a 1-bedroom apartment in California is nearly \$2,500. Retrieved from <https://www.homesnacks.net/cities/average-rent-in-california/> on 12/23/2019

# Student Parents Pay More at Community Colleges

Many student parents enroll in the community college system, largely due to its perceived affordability and open-access status.<sup>10</sup> However, students often pay more to attend a public two-year institution than they do to attend a public four-year institution.<sup>10</sup> We found similar results in our analysis of adjusted costs: after accounting for average grant aid received, **student parents attending community colleges pay nearly \$2,400 more each year compared to student parents attending four-year institutions (Figure 2).** While four-year institutions have higher total costs of attendance, students enrolled at them are often awarded more financial aid than their peers attending lower-cost two-year institutions. This imbalance results in a greater average net cost for students attending California community colleges, including student parents.<sup>11</sup>

**Figure 2. Student parents face higher net prices in community colleges**

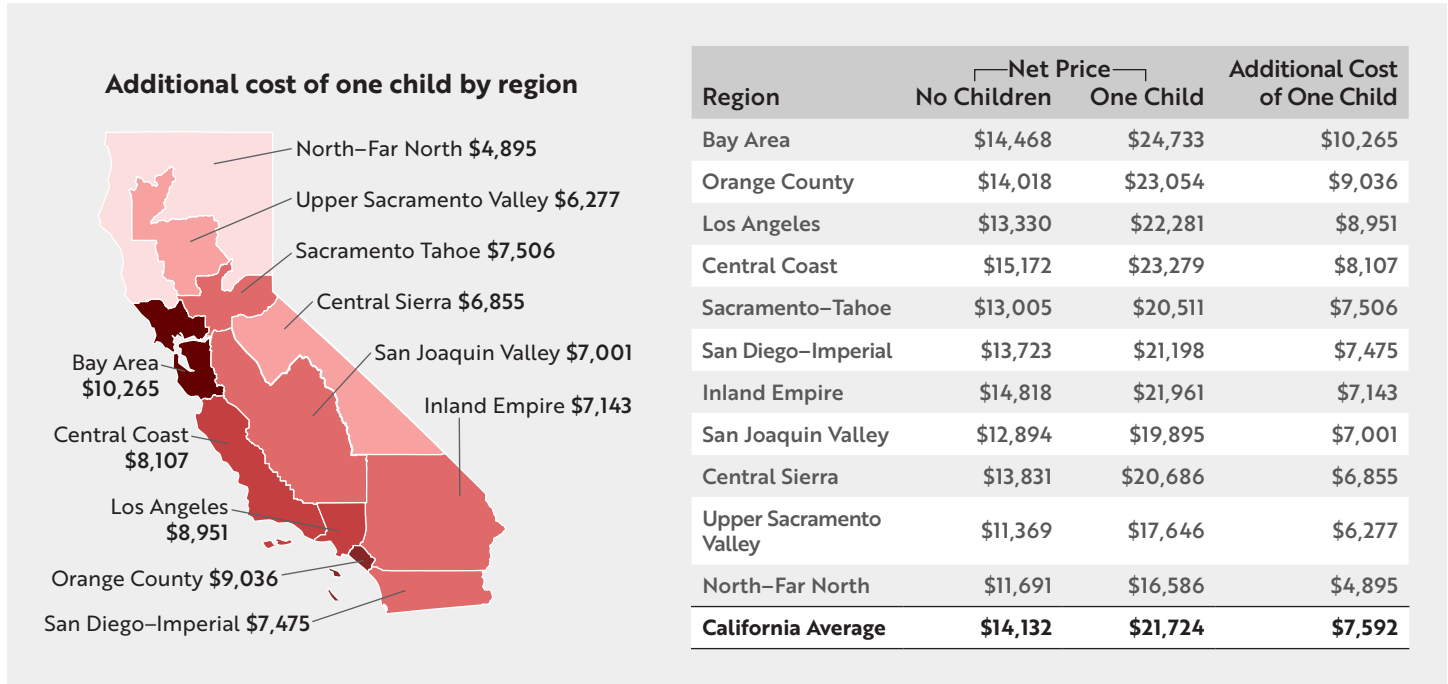


# Student Parents Face High Costs Regardless of Region

The net price for student parents to attend a public California college or university varies substantially by region.<sup>i</sup> Once the costs of childcare and food are incorporated, the cost of attendance for student parents ranges from as low as \$16,586 in the North–Far North region to \$24,733 in the Bay Area (Figure 3).

Unsurprisingly, the additional cost of one child is highest in urban regions (which see higher childcare and college costs), such as the Bay Area (\$10,265), Orange County (\$9,036), and Los Angeles (\$8,951). Student parents in more suburban and rural regions pay a premium of at least \$4,895 per year to attend college. Even in lower-cost areas, student parents still face higher costs than their peers without dependent children.

**Figure 3. Student parents face high costs regardless of region**



i. We aggregated the Public Use Microdata Area (PUMA) into regions based on counties. For more information on these regions, please see California Competes, Back to college, part 1, Appendix B, Figure B2 (p. 17).

# State and Federal Policy Could Work Together to Improve Affordability

Federal law requires every institution receiving federal financial aid to post a net price calculator that provides information about a standard set of elements, such as an institution's estimated total cost of attendance, tuition and fees, room and board, books and supplies, other expenses (personal expenses, transportation, etc.), total grant aid, and net price. However, states can develop add-ons relevant to their contexts.<sup>12</sup> By improving the accuracy and transparency of net price calculator estimates, California policymakers can increase the calculators' usefulness for all students, particularly low-income student parents.

**Increase transparency of the net price calculators' methodology.** While net price calculators are required to include the seven aforementioned elements, institutions are not required to disclose how these elements are used to estimate students' net price. Increasing the transparency of the methodology, and emphasizing that calculations are based on averages, can help students better understand net price calculator estimates and limitations. In our student parent example, low-income student parents would see how the cost of parenting (e.g., childcare, children's clothes, etc.) affects EFC and may or may not get included in the net price calculation. Students should also be explicitly informed that once enrolled, they can request an adjustment to their financial aid budget if they have unique circumstances, like being a student parent.

**Inform students of alternative financing options for which they may be eligible.** Estimates provided by the net price calculator include grant aid, as required by federal regulation. However, students should be aware of other financing options that could offset net costs, such as CalFresh, subsidized childcare funding, or the dependent care allowance<sup>13</sup>. Directing eligible students towards these options could alter their college-going decisions; however, alternative financing options should not be used to compute the net price

calculator estimate since many of these programs are optional. Nonetheless, students should be aware of and directed to all financing options that could increase college affordability.

**Incentivize practices that improve transparency and accuracy of net price calculators.** State legislators can implement these changes by altering institutions' Cal Grant eligibility requirements to incentivize practices that improve the transparency and accuracy of net price calculators. The Cal Grant program is a promising lever for change across California's multifaceted higher education system because it impacts nearly all private nonprofit and public institutions. Adding conditions onto Cal Grant eligibility requirements allows legislators to hold all institutions, including the University of California and private colleges, accountable in a way that state legislation itself would not. Legislators took this approach with the 2011 state budget, which stipulated that institutions participating in the Cal Grant program had to meet new eligibility requirements associated with loan default rates.<sup>14</sup>

## Investment in Student Parents Is an Investment in the State's Future

Enhancing the accuracy of net price calculator estimates is just one way to improve students' college affordability, especially for those who are simultaneously parenting. This brief highlights the complicated nature of cost calculations for college in a state with wide-ranging costs of living across regions, cost of attendance by sector (i.e., public two-year versus four-year institution), and cost of attendance while parenting. According to the analysis presented here, even with the expansion of aid for eligible student parents in the 2019–2020 state budget<sup>15</sup>, this population may face an average shortfall of almost \$2,000 per year. As the governor, legislature, and other stakeholders deliberate ways to improve college affordability, this analysis highlights the need to reform net price calculators so these well-intentioned tools can better support vulnerable students.

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# Notes

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