Abstract
Results from the 2013 Survey of Consumer Finances (SCF) show that only 29% of households with a child under 18 reported saving for college as a goal. Why is the proportion so low? Some parents might plan not to contribute, while others might plan to contribute from current income or rely on loans. Some might already have enough saved through their own savings or those of relatives. In order to provide more insights into the factors related to having college as a saving goal, our research extends prior research on saving for children’s college expenses by using a variable in the SCF, whether expenses for education are expected in the next 5 to 10 years. Our research analyzes only households with at least one child age 13 to 17, in order for the expected expense variable to be relevant. Among these households, only 27% reported having a goal of saving for a child’s education expenses, yet 67% reported expecting to have an expense related to education.

A logistic regression was run on whether parents expected to have an educational expense in the next 5 to 10 years, for households with at least one child age 13 to 17. As the educational attainment of household head increased, the odds of expecting an education expense increased. The likelihood of expecting an education expense was positively related to income and net worth. Households with a Hispanic respondent were less likely to expect to have education expenses than similar households with a white respondent.

The descriptive and multivariate results suggest that many households with children under 18 who do not list college as a saving goal have met the goal already or plan to help their children in other ways. The positive effect of net worth on expecting an expense, combined with previous research finding that net worth was negatively related to the likelihood of listing college as a saving goal, are consistent with the idea that goals that have already been met are not reported as goals. The positive effect of parent education on the likelihood of helping with children’s educational expenses implies that social norms play a significant role in parental support for children’s college expenses.