

Priced Out:

How the Wrong Financial-Aid Policies Hurt Low-Income Students



The Education Trust

TO THE POINT

- ▶ New data from the U.S. Department of Education permits this unprecedented analysis of the real cost of college.
- ▶ Low-income students at 275 institutions are expected to pay more than 100 percent of their annual family income to attend college.
- ▶ Not one of the nation's public flagships, private nonprofits, or for-profit institutions appears among the five institutions that meet relatively conservative criteria for affordability, quality, and accessibility.

“Education, beyond all other devices of human origin, is the great equalizer of the conditions of men, the balance-wheel of the social machinery.”

— Horace Mann, 19th century American educator



Over the past three decades, college tuition and fees have grown at four times the rate of inflation. As a result, the percentage of family income needed to pay for college has mushroomed. This is especially true for the lowest income households. These families must pay or borrow an amount equivalent to nearly three-quarters of their annual income to send just one child to a four-year college.

It seems that despite all the policies and programs that aim to make college more accessible, **many low-income students must bear immense burdens to attend college.** Using data collected just last spring by the U.S. Department of Education, through the Integrated Postsecondary Education Data System, The Education Trust is now able to offer a fresh analysis of a perennial problem: the high and rising cost of a college education. Not only do the new data show the full extent of the problem, they also help spotlight wrong-headed policies on financial aid that are exacerbating a bad situation.

Key Findings

Nationwide, nearly 1,200 four-year colleges and universities have comparable data on what low-income students pay for college. Of these, *only five institutions* demonstrate success in three key areas:

- They enroll a proportion of low-income students that is at least as high as the national average.
- They ask these students to pay a portion of their family income no greater than what the average middle-income student pays for a bachelor's degree.
- They offer all students at least a 1-in-2 chance at graduation.

It is noteworthy that none of the highly profitable, for-profit college companies, well-endowed public flagships, or private nonprofits appears among this list of five. Moreover, many of the public flagships and private nonprofit institu-

tions that do manage to keep costs relatively low for students of modest means enroll far too few of these students. The data in this study show that, increasingly, financial-aid policy choices—at the national, state and institution levels—benefit affluent students more than those exhibiting the greatest financial need.

Recommendations

Young people who've proven themselves academically should not be priced out of their college dreams. Yet deliberate choices made by policymakers at all levels are diminishing, rather than broadening, opportunity for low-income students. This systemic problem calls for a new set of criteria for financial aid, so that more Americans can reap the rewards of a college education. When setting financial-aid policy, decision makers should ask themselves:

- Will the policy primarily benefit low-income students, or will it steer much of the financial aid toward high-income students?
- Can low-income students fully tap financial assistance, or do technical barriers stand in the way?
- Are financial awards large enough to influence the choices—and success rates—of low-income students?

The skyrocketing cost of college not only hurts Americans of modest means, but it betrays our democratic principles and weakens our ability to reach our shared goals. Our nation's proud legacy of educational opportunity has long fueled our intellectual and economic vitality. Even in the face of budget deficits, policymakers at the federal, state, and institution level must work to close the opportunity gap for young people seeking a college degree. The Education Trust offers this report to support and inform those endeavors.



Priced Out:

How the Wrong Financial-Aid Policies Hurt Low-Income Students

BY MAMIE LYNCH, JENNIFER ENGLE, AND JOSÉ L. CRUZ

The rapidly escalating cost of attending college has lots of American families worried. And for good reason. Since the early 1980s, college tuition and fees have increased at four times the rate of inflation—even faster than skyrocketing healthcare expenses.¹ As a result, the percentage of family income needed to pay for college also has mounted, particularly for the lowest income families.² These households have felt the brunt of climbing costs, because their earnings have actually decreased by 7 percent over the last 30 years. In contrast, those in the highest income bracket have seen their earnings rise by 73 percent.³

So it should surprise no one that 63 percent of respondents in a recent Public Agenda survey think making higher education more affordable is a “very effective” way of helping people who are struggling in the current economy—topping support for other policy proposals like cutting taxes for the middle class, preserving Social Security and Medicare, expanding job training, and reducing the federal deficit.⁴

Yet at every level—federal, state, and institutional—our leaders are making counterproductive choices. Policy decisions that place the heaviest burdens on those who have the least will thwart our nation’s goal to raise postsecondary educational attainment. This is particularly true when evidence suggests that policies on financial aid can positively influence college aspirations, access, and success—especially for low-income students.⁵

Sadly, as this report reveals, policymakers are making choices that put the cost of college out of reach for many low-income students and families. Until recently, lack of data obscured the full extent of this problem. Last spring, however, the U.S. Department of Education—through the

Integrated Postsecondary Education Data System (IPEDS)—collected “net price” data for the first time, allowing for a deeper analysis of college costs. And these new data, which are now available on College Results Online (www.collegeresults.org), send a clear message: Low-income families are absolutely right to worry about the price tag for a college education.

Across the country, 1,186 four-year colleges and universities in America have comparable data on what low-income students actually pay to attend college.⁶ Of these, only *five* open their doors to a proportion of low-income students that is at or above the national average, provide all of their students with at least a 1-in-2 chance at graduating, and ask low-income students to pay a portion of their family income no greater than what the average middle-income student in the United States pays. Tellingly, none of the well-endowed public flagships, private nonprofits, or for-profit college companies appear in this group.

This opportunity gap for low-income students should alarm all Americans, particularly policymakers and institutional leaders seeking to tame budget deficits at the expense of our neediest citizens. In this new era of austerity, we must ask ourselves whether we can afford to keep subsidizing college for students from families for whom the question is not whether to attend, but where. Today, with shrinking resources and the number of struggling families on the rise, ought we not budget for opportunity instead? We hope that the data, analysis, and recommendations contained in this report will spur both thought and action.

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CHOOSING INEQUALITY

A hallmark program of the federal government, the Pell Grant was designed to aid students with the most financial need. But the declining purchasing power of these grants,⁷ combined with the rise of federal student loans and tax breaks,⁸ has shifted attention away from the need-based philosophy underpinning the program. In recent budget debates, most policymakers have focused on ways to control the “unsustainable growth in the Pell Grant program” (total spending is estimated at more than \$33 billion in FY2010).⁹ Meanwhile, the \$19.4 billion spent on tuition tax credits and deductions in 2010¹⁰—of which 61 and 91 percent of beneficiaries, respectively, were middle-income and upper income families¹¹—have largely avoided scrutiny.

In state governments, a similar pattern holds. Traditionally, states have supported higher education through direct funding to institutions and grant aid to students. But direct funding of institutions has failed to keep pace with rising enrollments, shifting a significant portion of college costs onto students in the form of higher tuition.¹² Making matters worse, state grants not based on need have grown at triple the rate of need-based grants over the past 10 years.¹³ These politically popular programs disproportionately benefit middle-income and upper income students, who likely would go to college without the additional financial assistance. Such policies siphon funds away from low-income students and students of color, even though both groups often rely on financial aid to attend college.¹⁴

Postsecondary institutions make some of the most inequitable choices of all. Together, our colleges and universities control more than a third of all funds available for student grants.¹⁵ In 2007, four-year public and private nonprofit colleges and universities spent nearly \$15 billion on grant aid. Yet these institutions *chose* to distribute this aid in a highly regressive manner. Private nonprofit colleges and universi-

ties spent *almost twice as much* on students from families in the top quintile of family income as they did on those in the bottom quintile. Even public institutions spent *roughly the same amount* on students from the wealthiest families as they did on those from low-income backgrounds.¹⁶

At a time when inequality in America has reached dangerous levels—with the top 10 percent of Americans controlling more than two-thirds of the country’s wealth¹⁷—federal, state, and institutional leaders need to rethink policies that widen the opportunity gap in America’s colleges and universities.

BARRIERS TO OPPORTUNITY

After exhausting all sources of grant aid, the typical low-income student must come up with more than \$11,000 a year to attend a public or private nonprofit college.¹⁸ Every year, this extraordinary financial burden requires low-income families to pay or borrow an amount equivalent to nearly three-quarters of their family income for just one child to attend a four-year college. In contrast, middle-class students must finance the equivalent of 27 percent of their family income to go to college, while high-income students must finance just 14 percent (Table 1).

Students, institutions of higher learning, and ultimately, the country all suffer from the regressive nature of financial-aid policies and their negative, aggregate effect. Nonetheless, we thought that if we dug into the newly available net-price data, we would find some institutions that do a good job managing the unmet financial need of their students. First we had to determine how much the lowest income students should be expected to contribute toward their education as a percentage of their family income. One possible way to identify model institutions is to look for those that, at the very least, expect their *lowest* income students to contribute no more than what middle-income students do as a

Table 1: Unmet Need after Grant Aid and Expected Family Contribution, and Remaining Cost after Grant Aid

Family Income (in 2007 dollars)	2007 Average Income (in 2007 dollars)	2007 Cost of Attendance (in 2007 dollars)	2007 Expected Family Contribution (EFC) (in 2007 dollars)	2007 Grant Aid (in 2007 dollars)	2007 Unmet Need After EFC and Grant Aid (in 2007 dollars)	Percent of Income Required to Pay for College After Grant Aid
\$0 - 30,200	17,011	22,007	951	9,704	11,352	72%
\$30,201 - 54,000	42,661	23,229	4,043	7,694	11,493	36%
\$54,001 - 80,400	67,844	23,640	10,224	5,352	8,064	27%
\$80,401 - 115,400	97,594	25,050	18,158	4,554	2,339	21%
\$115,401 +	173,474	27,689	37,821	3,822	-13,953	14%

Source: Data—Education Trust analysis of NPSAS:08 using PowerStats, <http://nces.ed.gov/datalab>. Calculations represent full-time, full-year, one-institution, dependent undergraduates. Methodology is from Postsecondary Education Opportunity.

proportion of their household income. That is, institutions that require their lowest income students to finance no

more than 27 percent, or \$4,600, of their meager resources toward the cost of their education.¹⁹

UNCOVERING THE TRUE COST OF COLLEGE



Under the Higher Education Opportunity Act of 2008 (HEOA 2008), all colleges and universities that participate in federal Title IV financial-aid programs are now required to report pricing data.²⁰ More specifically, institutions must report the net price of the institution—or the amount of money, after all forms of federal, state, and institutional grant aid are accounted for, that students contribute toward their post-secondary education.

Students can compare institutions, through the new data from IPEDS found on College Navigator (<http://nces.ed.gov/collegenavigator/>) and College Results Online (www.collegeresultsonline.org). Two types of net-price data are available:

1. For the past three academic years (2006-07, 2007-08, and 2008-09), average net price is reported for all first-time, full-time undergraduates who received any form of grant or scholarship aid, and
2. For the last academic year (2008-09), average net price by income level is reported for first-time, full-time undergraduates who received Title IV financial aid.

These new data are helpful in examining the true costs that college students face, but to ensure the results are interpreted properly, it is important to note several data limitations.

Table 2: Likelihood of receiving Title IV financial aid by family income

Family Income	Did not receive Title IV aid	Received Title IV aid
\$0-30,000	18%	82%
\$30,001-48,000	28%	72%
\$48,001-75,000	44%	56%
\$75,001-110,000	56%	44%
\$110,001+	64%	36%

Source: Education Trust analysis of NPSAS:08 using PowerStats, <http://nces.ed.gov/datalab>. Data are for full-time undergraduate students who entered postsecondary education in calendar year 2007 or 2008.

$$\begin{aligned} &\text{Total Cost of Attendance} \\ &- \text{Total Grant Aid from} \\ &\quad \text{All Sources} \\ \hline &= \text{Net Price} \end{aligned}$$

1. As with IPEDS data on graduation rates, these net price results are limited to first-time, full-time freshmen, a sample that omits part-time and transfer students.
2. The overall average net-price is not directly comparable with the average net price by income level because the sample of students included in each of these calculations is different. The overall average reflects the net price for students receiving grant or scholarship aid from any source, whereas the net price by income level provides information on students who received Title IV financial assistance.
3. Because most Title IV aid is distributed based on financial need, students from lower income groups are more likely to receive this aid than those in higher income categories (Table 2). As a result, fewer students from high-income brackets are included in the net-price calculations by income level, and in effect, these data are more representative for low-income than high-income students. To avoid drawing inaccurate conclusions from nonrepresentative data, this report's analysis focuses only on students in the lowest income group (\$0-30,000), who are most likely to receive Title IV aid.
4. For public colleges and universities, the reported net price represents the price for in-state (or in-district) students. Data on net price for students paying out-of-state tuition are not available.
5. Finally, net-price data are calculated based on students who actually enrolled in the institution. In other words, students who somehow managed to fill the financial gap—either through heavy loan or work burdens. Some students, particularly those from low-income backgrounds, may decide not to enroll because the cost is too high. Thus, the actual price that *prospective* students face may be different than the price that *enrolled* students actually pay.

By October 2011, in addition to the net-price data available in IPEDS and College Navigator, all institutions must also make available on their website a net-price calculator that allows students to estimate how much they might pay to attend the institution—based on individual student characteristics. These calculators must meet minimum requirements set forth by the U.S. Department of Education, but institutions also are permitted to include more information.²¹ These calculators, along with the data posted by the Education Department on College Navigator, mark an important first step in making college costs more transparent.

THE RANGE OF OPPORTUNITY

Unfortunately, while there are 1,186 four-year colleges and universities in the U.S. that have comparable data on what low-income students actually pay to attend, only 55 publics, 10 private nonprofits, and not a single for-profit have a net price below \$4,600. In fact, 275 institutions require their lowest income students to pay more 100 percent of their annual family income to attend college (Figure 1).

If we were to use a stricter benchmark, by estimating that low-income students should not pay proportionally more than what *high*-income students pay, then the reasonable net price for low-income students falls to \$2,400.²² Only 15 colleges—13 publics and 2 private nonprofits—have a net price for low-income students below this more stringent cutoff.

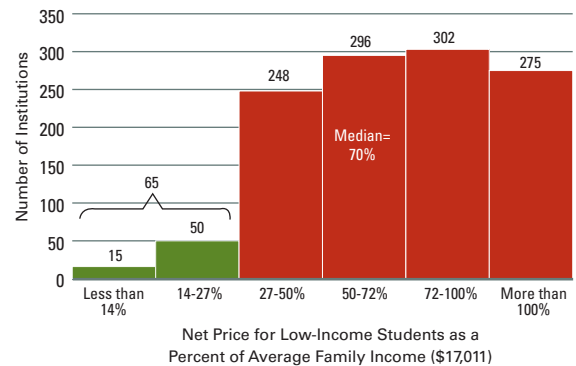
But net price is not the only important consideration for low-income students when choosing where to attend college. Students need options that offer both quality and affordability. Measuring quality is difficult, but one indicator of an institution's quality is the percentage of its students that graduate. Colleges routinely argue, of course, that accreditation by a regional accrediting body is all the public needs to know to be sure of institutional quality. We're not sure that ever was sufficient to protect students, but it certainly isn't now—especially as profit-making companies buy up struggling nonprofit colleges, then use their accreditation status to insulate themselves from external scrutiny. So with accreditation status as an insufficient indication of quality, we are left to measure the bottom line: Does the institution at least provide an instructional program and set of student services that enable 50 percent or more of the students it enrolls to succeed?

How many of the previously identified 65 institutions with a net price below \$4,600 give all their students at least a 1-in-2 shot at graduating? Only 19 publics and 10 private nonprofits—29 institutions in total—meet this rather low standard (Figure 2). (See sidebar, "How many low-income students graduate?" pg. 5)

And how interested in serving low-income students are these 29 colleges that are reasonably affordable and reasonably successful in graduating their students? Not very. Only five of these 29—all public colleges—meet or exceed the national average of enrolling a student body that is at least 30 percent low income (Figure 3).²³

The dwindling number of institutions that hold up to scrutiny as we successively apply affordability, quality, and accessibility criteria is depicted graphically in Figure 4. The

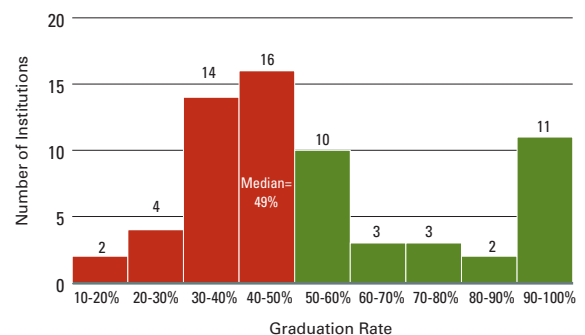
Figure 1: Only 65 institutions have a net price below 27 percent of average family income for low-income students



Source: IPEDS 2009

Notes: Distribution is based on full net price sample (1,186 institutions). Percentile ranges are inclusive on the upper end, but not the lower end. High-income families spend an amount equivalent to 14 percent of their family income on college; middle-income families spend an amount equivalent to 27 percent; low-income families spend an amount equivalent to 72 percent.

Figure 2: There are only 29 low net-price institutions with a graduation rate of at least 50 percent

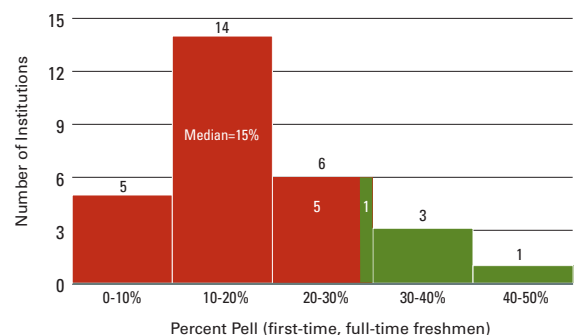


Source: IPEDS 2009

Notes: Distribution is based on 65 institutions in the net-price sample with a net price for low-income students of \$4,600 or less. Percentile ranges are inclusive on the upper end, but not the lower end.

Figure 3: Only five low net-price institutions have a graduation rate of at least 50 percent and at least 30 percent Pell enrollment

*Berea College (see sidebar pg. 7), which does not charge tuition, was omitted from this analysis because of its unique pricing model.



Source: IPEDS 2009. Notes: Distribution is based on 29 institutions in the net price sample with a net price for low-income students of \$4,600 or less and a graduation rate of at least 50 percent. Percentile ranges are inclusive on the upper end, but not the lower end.

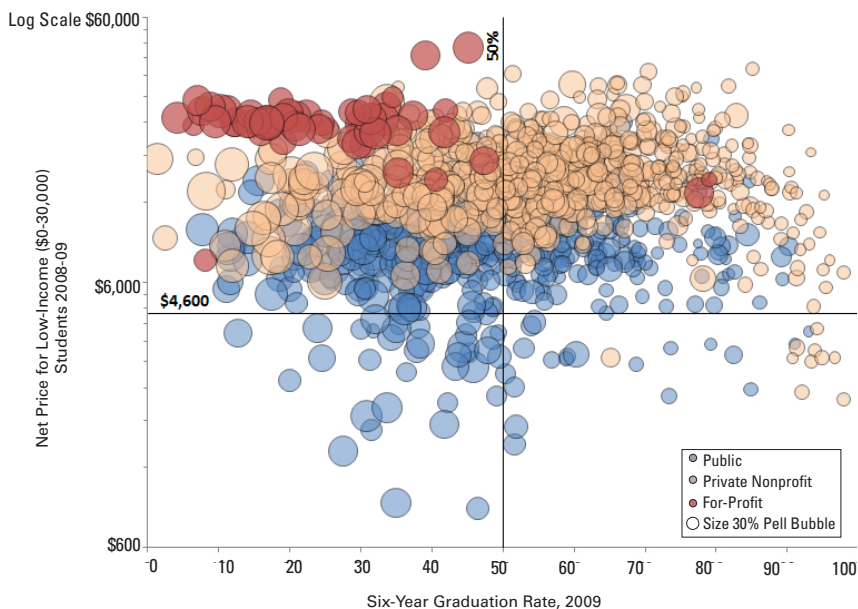
image, which is discussed in more detail in the next section, is as dramatic as it is dangerous for our nation's future. Faced with this reality, one is forced to ask some potentially unsettling questions:

- Which are the five institutions that survived our conservative cuts?
- Where are the highly profitable for-profit colleges and universities that claim to serve the underserved?
- Where are the top-ranked private nonprofit institutions with billion dollar endowments that would equip them to do more for those that have less?
- Where are the public flagships whose mission it is to provide a high-quality education to all of their constituents?

THE LANDSCAPE OF OPPORTUNITY

Mapping the landscape of postsecondary opportunity in the U.S., as shown in Figure 4, reveals the roles played by various sectors of higher education. Each bubble represents one of 1,186 four-year colleges and universities that have comparable net-price data.²⁶ The size of the bubbles represents the percentage of first-time, full-time students who are Pell Grant recipients at each one of these institutions; the larger the bubble, the higher the concentration of low-income students. The blue bubbles represent public institutions; orange bubbles represent private nonprofit institutions; and, red bubbles represent for-profit proprietary institutions. The horizontal axis represents an institution's six-year graduation rate. The vertical axis represents an institution's annual net price for first-time, full-time students who received Title IV financial aid and had a family income of less than \$30,000 per year.

Figure 4: The Landscape of Opportunity



Source: IPEDS 2009
 \$4,600 is the amount that a low-income student would pay for college if contributing the same proportion of family income as a middle-income student. On average, 30 percent of first-time, full-time freshmen at four-year colleges and universities receive Pell Grants, so if at least 30 percent of an institution's full-time freshmen are Pell Grant recipients, the institution is considered nationally representative.

HOW MANY LOW-INCOME STUDENTS GRADUATE?

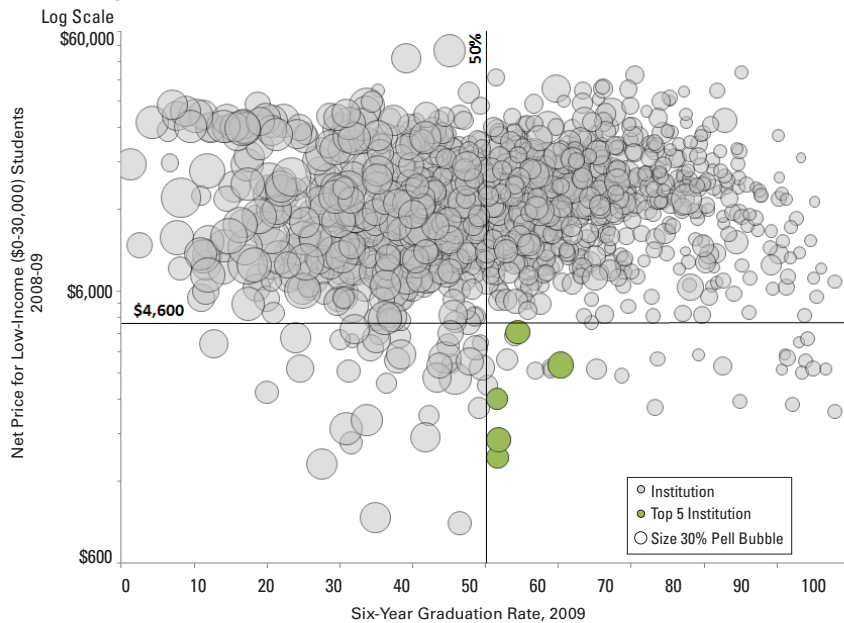
Even though this paper focuses on the net price facing low-income students, the graduation rates presented here apply to all first-time, full-time undergraduates—not just those from low-income backgrounds. This unfortunate inconsistency occurs because comprehensive data on graduation rates for low-income students—or Pell Grant recipients—simply are not available.

It's not that these data cannot be collected because of technical problems. In fact, many institutions *do* disaggregate their graduation rates by income for internal purposes, and as of the summer of 2010, all colleges and universities that receive federal Title IV aid are required to disclose these graduation rates.²⁴ This disclosure requirement is an important first step in making these data available, but for them to be truly useful, the federal government must require that institutions report these data to IPEDS, rather than only provide them upon request.

Early results from the Access to Success (A2S) Initiative (www.edtrust.org/issues/higher-education/access-to-success) give a glimpse into what such reporting requirements may show at the national level. As part of A2S, 20 systems of higher education, which include about 300 institutions, annually submit their graduation rates disaggregated by income status to The Education Trust. These systems have not only proven that it is possible to report these data on a large scale, but also have shown courage in volunteering to make the results public, regardless of how troubling they may be. In the baseline year of the initiative, a substantial gap separated low-income students from their higher income peers: The average six-year graduation rate for Pell Grant recipients was 45 percent, compared with 57 percent for those from higher income families.²⁵

Evaluating similar data for all postsecondary institutions would help policymakers, advocates, and students better understand how the graduation rates of low-income students vary at the institutional level and would allow for improved decision-making at all levels.

Figure 5: Only five low net-price institutions have a graduation rate of at least 50 percent and at least 30 percent Pell enrollment



Source: IPEDS 2009
 \$4,600 is the amount that a low-income student would pay for college if contributing the same proportion of family income as a middle-income student. On average, 30 percent of first-time, full-time freshmen at four-year colleges and universities receive Pell Grants, so if at least 30 percent of an institution's full-time freshmen are Pell Grant recipients, the institution is considered nationally representative.

WHICH ARE THE FIVE MOST AFFORDABLE AND ACCESSIBLE INSTITUTIONS WITH HIGH GRADUATION RATES?

The five institutions that survived our very conservative cuts around affordability, quality, and accessibility are revealed in Figure 5 (green bubbles). All of these colleges are from public university systems. These include California State University: Fullerton and Long Beach, City University of New York: Bernard M. Baruch and Queens, and University of North Carolina—Greensboro (Table 3). It is important to note that these three systems are deeply, publicly committed to closing the access and success gaps between low-income and high-income students, and between whites and underrepresented minorities.²⁷

Favorable state and system policies play a major role in helping these public institutions keep costs more manageable for low-income students. Tuition and fees are below the national average in all three systems.²⁸ In addition, all three states—New York, North Carolina, and California—provide more need-based financial aid per student than most other states, ranking second, fourth, and eleventh nationally.²⁹ In New York, which awards 96 percent of its state grant aid based on need, low-income students are eligible for up to \$5,000 through the state's Tuition Assistance Program (TAP). Low-income students attending CUNY four-year colleges are also eligible to participate in SEEK

(Search for Education, Elevation and Knowledge), an educational opportunity program that provides both financial and academic support.³⁰ Although system and state policies promote affordability and access on these campuses, the net price at each of these institutions ranks near or below the average in these already lower cost systems. This suggests that the campuses themselves also have made priority of controlling costs for low-income students.³¹

Beyond these five schools that are making a quality education more affordable for low-income students, another college deserves particular attention. Berea College has made enrolling and graduating low-income students—at little or no cost—its mission. The college uses a work-study model, through which all

students take part in the campus labor program in exchange for tuition and a modest living stipend (See sidebar on Berea College pg. 7). Because of this unique pricing model, Berea's net-price data do not provide an accurate representation of the school's cost,³² and the school was omitted from this overall analysis.

Table 3: Low net-price institutions with a graduation rate of at least 50 percent and at least 30 percent Pell enrollment

Five institutions have a net price for low-income students of \$4,600 or below, offer students at least a 1-in-2 shot at graduating, and serve at least an average proportion of low-income students

Institution	State	Net Price for Low-Income (\$0-30,000) Students	Grad Rate 2009	% Pell (FTFT)
University of North Carolina at Greensboro	NC	\$1,470	51.6	31
CUNY Queens College	NY	\$1,708	51.8	39
California State University-Fullerton	CA	\$2,412	51.6	30
CUNY Bernard M. Baruch College	NY	\$3,220	60.3	44
California State University-Long Beach	CA	\$4,239	54.4	36

Source: Pell - IPEDS, 2009, Student Financial Aid; Graduation Rate - IPEDS, 2009 GRS, 2003 cohort; Net Price—2010, Student Financial Aid

WHERE ARE THE PROFITABLE FOR-PROFIT COLLEGES?

The red bubbles in Figure 6 correspond to for-profit colleges. It is clear that for-profits cluster in the graph's region of low graduation rates and high net prices. And the relative size of the bubbles indicates that they enroll a large proportion of low-income students. In fact, more than half of for-profit institutions and 94 percent of low-income students at for-profits are concentrated in the upper leftmost corner. This region of the graph shows institutions that require students from families making less than \$30,000 per year to contribute *more than 100 percent of their average household income* (about \$17,000). Yet, these higher priced institutions provide students with less than a **1-in-4 chance at graduating**. A substantial 65 percent of these toxic for-profits are part of the University of Phoenix system.

This is not surprising. For-profit college companies would like us to believe that they are the sole purveyors of post-secondary “choice” and “opportunity” for low-income students and students of color. But, as documented in our recent report, “Subprime Opportunity: The Unfulfilled Promise of For-Profit Colleges and Universities,” the facts paint a different picture. Too many for-profits are doing little more than preying on the aspirations of the underserved and absconding with huge profits derived from taxpayer dollars, in the form of federal Pell Grants and loans. Indeed, for-profits enroll just 13 percent of all postsecondary students in the U.S., but garner 25 percent of all federal Pell Grant dollars, and generate 47 percent of defaults on student loans.³⁶

SUBSIDY AND SUPPORT: THE BEREA COLLEGE MODEL

With close to 1,600 students, a verdant setting, and a reputation for academic rigor, Berea College fits the profile of many small liberal arts schools across the nation. Yet this Kentucky institution stands out among its peers in one pivotal way: It charges no tuition.

“We’re literally the only school in America that says if you can afford to come, you can’t,” says Larry Shinn, president of the college since 1994 and a former religion professor, citing the average family income of \$29,291 for students on his campus in 2010. Nationwide, only 8 percent of low-income, young adults earn a bachelor’s degree,³³ but Berea puts educating young people of modest means at the heart of its mission.

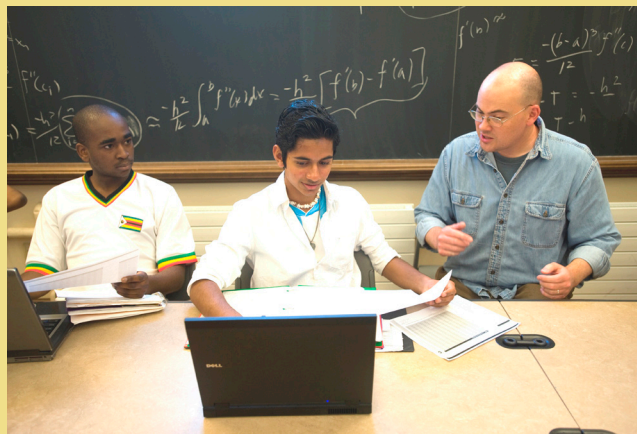
The convictions that drive Berea College date back to its 1855 founding by an abolitionist minister and a sympathetic landowner. Interracial from the start, the school weathered a shutdown during the Civil War and a postwar reopening to educate newly freed slaves and women from the region. Today, Berea maintains its radical Christian character and a commitment to serve, above all, the residents of Appalachia. Among its first-year students, four out of five qualify for federal Pell Grants.

Not only that, but Berea is helping its students succeed. From 2002 to 2009, the college boosted six-year graduation rates from 50 percent to 65 percent.³⁴ And between a nearly \$950 million endowment,³⁵ a

substantial work-study program, and the “plain living” values woven into its mission statement, the school manages to underwrite the tuition of its students.

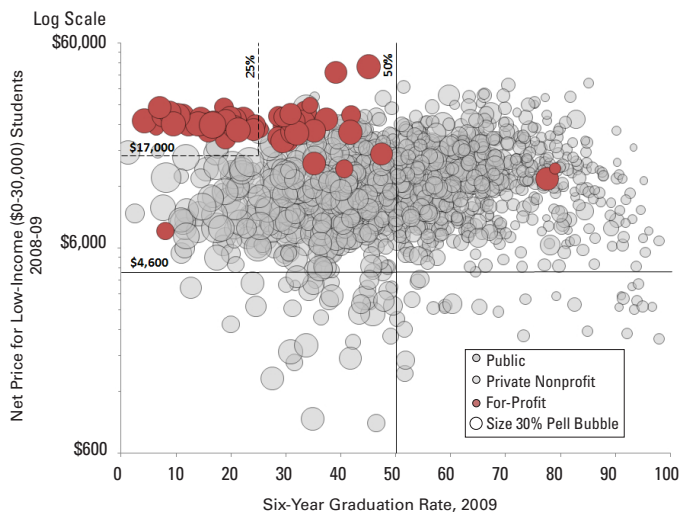
How does Berea graduate so many low-income students and do so affordably? Shinn points to programs designed to ease the educational transition of young people who are often the first in their families to earn a college degree. “You have to build a good bridge to Berea from where they come from,” says Shinn, recalling a high school valedictorian who enrolled but faltered when faced with college-level mathematics. For students like her, a “bridge” might include the sequence of developmental math courses taken by a quarter of first-year students. These ungraded classes, says coordinator Sandy Bolster, offer small size (up to 15 students), a high faculty-student ratio (one instructor plus two to three teaching assistants), lots of help (a math lab and faculty tutoring), and above all, an expectation of success for all students. Meanwhile, freshman seminars led by a faculty adviser and a peer tutor also aim to boost reading, writing, and speaking skills.

Berea’s director of academic services, Curtis Sandberg, sees the key to ensuring student success as “an understanding of who we serve and what they need.” Three or four weeks into the semester, the school sends student data to all faculty advisers. In addition, a broad array of campus administrators—including the developmental math coordinator, the athletic director and directors of both the Appalachian Center and the Black



Cultural Center—meet every Monday as an Intervention Team to discuss how best to help students identified as having trouble with their classes.

Figure 6: For-Profit colleges are among the most expensive, least successful institutions



Source: IPEDS 2009. \$4,600 is the amount that a low-income student would pay for college if contributing the same proportion of family income as a middle-income student. On average, 30 percent of first-time, full-time freshmen at four-year colleges and universities receive Pell Grants, so if at least 30 percent of an institution's full-time freshmen are Pell Grant recipients, the institution is considered nationally representative.

WHERE ARE THE WELL-ENDOWED, TOP-RANKED PRIVATE NONPROFIT INSTITUTIONS?

The orange bubbles in Figure 7 correspond to top-ranked private nonprofit national universities in the U.S.³⁷ These institutions are clustered in the upper right region, where graduation rates are high, but so is net price for the lowest income students. Furthermore, the small size of the bubbles indicates that these institutions enroll a very small proportion of low-income students.

Elite private institutions have enormous endowments, which they could use to make their universities more accessible to low-income students. Harvard, Stanford, and Princeton, for instance, keep net prices relatively affordable for low-income students, at about \$3,000. These three institutions also have three of the largest endowments in the country, with nearly \$28 billion at Harvard alone.³⁸ Yet, as revealed in Figure 8, fewer than 15 percent of students attending these universities come

In a “win-win” equation for the college budget and student retention, Berea College also requires 10 to 12 weekly hours of labor from its students. Many work as teaching associates in programs ranging from agriculture to women’s studies; others serve meals or maintain campus gardens; and still others craft brooms and furniture marketed by the college. Administrators see the labor program as yet another bridge to a diploma. “Every student has a labor supervisor who is seeing that student on a regular basis,” Sandberg says. “They know if that student is not feeling well, if that student is depressed.”

College leaders see both work-study and out-of-class programs, formal and informal, as anchors for Berea students. Since 1997, Berea has doubled the proportion of African-American students, from 8 to 17 percent, while boosting retention. Shinn cites the importance of such “comfort zones” as the Black Cultural Center and the Black Music Ensemble for this student population.

On a rainy night in the fall of 2002, the president himself showed up at the Blue Ridge Dormitory to meet with a group of mostly male, African-American students. The students belonged to a club called “The Brotherhood.” The group’s co-founder, Seyram Selase, now a 27-year-old nonprofit grants manager near his rural hometown of Eastaboga, Ala., still marvels at the late-night meeting that energized Brotherhood members. Shinn “was willing to get out of his bed at midnight to meet with this group of young men who were fired up about changing the world and our immediate campus,” he recalls.

Bent on completing college, Brotherhood members weekly

donned shirts and ties as a mark of their commitment, met on Wednesdays in the wee hours, and shared support as needed. The group “ended up propelling us through our studies because we could let down our guards and get help from other brothers,” Selase says. The son of a single mother, he is the first black male in his family to earn a college degree, and Berea’s tuition subsidies have also allowed his two sisters to pursue higher education. Of the Brotherhood’s 13 original members, 12 went on to gain a diploma from Berea.

Selase cites not only the Brotherhood, but the labor program, the seven annual campus convocations (lectures and concerts) required of all students, and an “amazing” faculty as factors in his own success. Asked about his long-term goals, this alumnus unhesitatingly says, “World-changer: That’s what Berea prepared me to do.”

Not all institutions can adopt Berea’s model of tuition-free success wholesale, but many could borrow from it. In Shinn’s view, making college accessible to all students requires institutional will and strategic use of funds. For instance, he argues, financial aid used to “buy” institutional selectivity squanders resources that could sustain students of modest means. “If we choose to

“If we choose to give merit aid to those who don’t need it, we’re wasting our dollars,”

—Larry Shinn

give merit aid to those who don’t need it, we’re wasting our dollars,” says Shinn, flagging this growing practice at other institutions. For Berea’s president, fostering the academic achievement of low-income students is an ethical imperative that merits more attention across higher education. “It’s hard work, but more colleges and universities are going to need to do it, given changing student demographics,” he says.

—Paula Amann

from low-income families.³⁹

Clearly, these institutions could shift more of their funds towards recruiting more high-performing students of modest means and cushioning college costs for them, to open their campuses to a wider array of Americans. Given their track record of success and their ample resources, the elite private institutions should help our country reach its college attainment goals by enrolling more high-achieving, low-income, and underserved students.

WHERE ARE THE PUBLIC FLAGSHIPS?

One would expect public flagship universities, which were founded on the principle of broad access to high-quality education, to serve a high proportion of low-income students at a low net price. Unfortunately, as seen in Figure 8 (purple bubbles), this isn't the case.

In earlier Ed Trust reports, "Engines of Inequality" and "Opportunity Adrift," we documented how many flagship institutions are opening their doors to a dwindling proportion of low-income students. On the whole, the representation of low-income students at flagship universities has decreased since the early 1990s and these elite institutions actually served 7,000 fewer low-income students in 2007

than in 2004.⁴⁰ These earlier reports show that public research universities, on average, have not targeted their financial-aid dollars towards the neediest students. Now that IPEDS includes net-price data, institution by institution, we can investigate what individual flagships expect their low-income students to pay.⁴¹

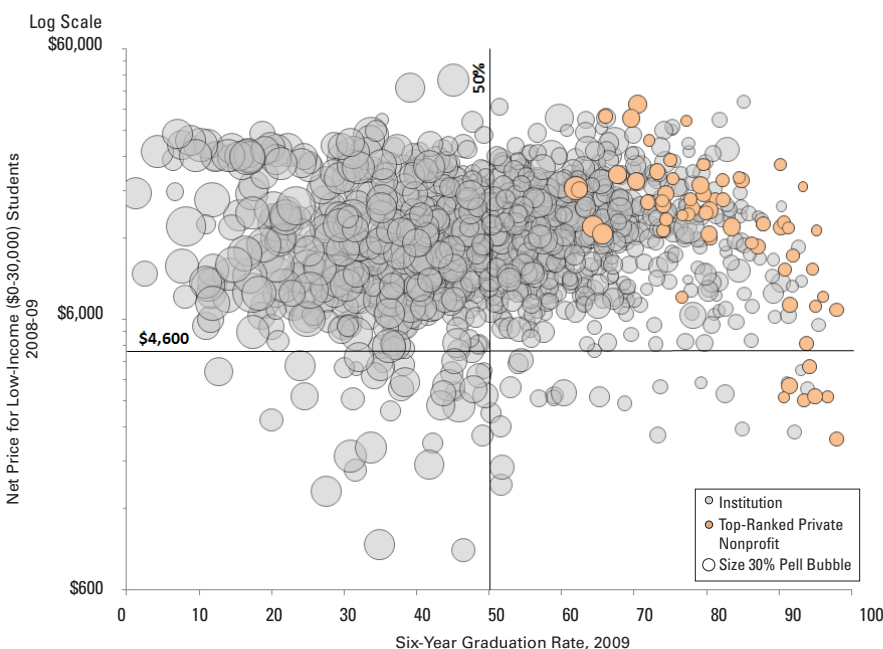
Because they are comparatively rich, with far more resources than other public institutions, all 50 flagships should be affordable. In reality, as revealed in Figure 8, all but five of them—University of North Carolina at Chapel Hill, Louisiana State University, University of Florida, Indiana University at Bloomington, and University of Virginia—charge net prices above \$4,600. This represents the amount that low-income students would be expected to contribute if they were paying proportionally what a middle-income student pays to attend college (Table 4).

What's more, even among these five, relatively affordable flagship universities, low-income students remain grossly underrepresented. None of these five flagships serves low-income students at or above the national average of 30 percent. So, while these five universities offer low-income students a high-quality education at a relative low cost, they do not yet offer it to nearly enough of these students.

In fact, all five of these flagships enroll low-income students at far lower rates than other colleges and universities in their states.⁴² This lack of accessibility, born out of a desire to preserve rankings and reputation, limits the impact of these institutions' no-loan or low-loan promise programs, intended to meet the financial need of low-income students through a mix of grants and federal work-study, or grants alone.⁴³

Other flagships not only serve too few low-income students, they are also extremely expensive for the low-income students they do admit. For example, the five most expensive schools for low-income students—the University of South Carolina at Columbia, the University of Alabama, Rutgers University at New Brunswick, Pennsylvania State University Main Campus, and the University of Mississippi—all expect low-income

Figure 7: Most top-ranked private nonprofit institutions serve too few low-income students and are too costly

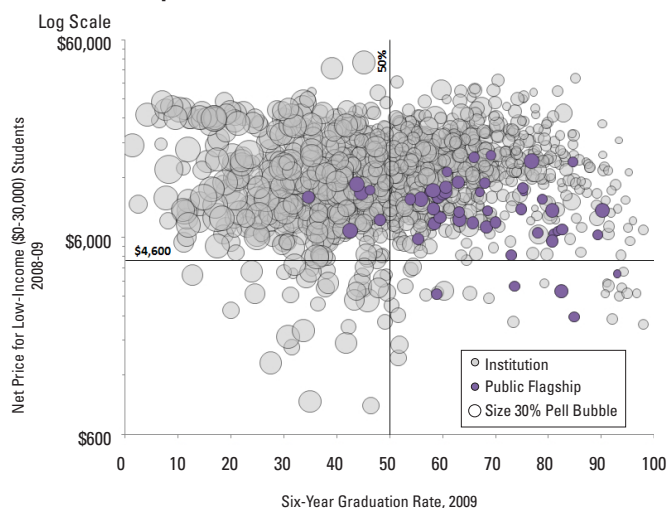


Source: IPEDS 2009
\$4,600 is the amount that a low-income student would pay for college if contributing the same proportion of family income as a middle-income student. On average, 30 percent of first-time, full-time freshmen at four-year colleges and universities receive Pell Grants, so if at least 30 percent of an institution's full-time freshmen are Pell Grant recipients, the institution is considered nationally representative. Institutions ranked in the top half of the *U.S. News and World Report* listing of National Universities are considered "Top-Ranked".

students to finance more than \$11,500 to attend their elite institutions (Table 5). Expecting many low-income students to contribute this amount of money to college, which represents more than half of students' family income in some cases, is unreasonable.

Several flagships with high net price, such as University of South Carolina, Penn State, and Rutgers, are in states with relatively high tuition.⁴⁴ In particular, the state of South Carolina follows a high-tuition, high-aid financing model.⁴⁵ This philosophy assumes that wealthy students

Figure 8: Most public flagships do not serve enough low-income students or keep costs low



Source: IPEDS 2009
 \$4,600 is the amount that a low-income student would pay for college if contributing the same proportion of family income as a middle-income student. On average, 30 percent of first-time, full-time freshmen at four-year colleges and universities receive Pell Grants, so if at least 30 percent of an institution's full-time freshmen are Pell Grant recipients, the institution is considered nationally representative.

will pay the full cost to attend college, but states will defray the cost for low-income students through grant aid. While this model sounds promising in theory, in practice, tuition and aid policies often are not set in tandem. Consequently, the grant programs typically do not keep pace with the high tuition,⁴⁶ leaving low-income students effectively shut out of the most expensive schools or needing to take on burdensome levels of debt.

Institutions in these high-cost states may find it more difficult to become more cost-accessible for low-income students, particularly as state appropriations to these institutions decrease. However, the institutions still must reconsider how they are using the resources they have at their disposal. Unfortunately, the net-price data do not allow us to examine how institutions allocate their aid to students in different income brackets, only how much low-income students are expected to pay after all grant aid from all

sources. But, we do know that four of the five highest priced flagships spent more than \$8 million on grant aid in 2008-09—more than University of Florida or UNC—Chapel Hill.⁴⁷ So while these institutions do not lack in resources, their high net prices for the lowest income students suggest that they are not channeling their grant dollars towards the students who need them most.

In several of these high-cost states, a low-income resident could more easily afford to attend the top-ranked private institution than their in-state flagship. In fact, in 10 states, the top-ranked private university does a better job at managing costs for low-income students than does the public flagship, despite its mission to serve the state's residents (Table 6).

Table 4: Flagships offering low-income students a net price below \$4,600

Flagship	% Pell, (Among full-time, freshmen)	Grad Rate	Net Price for Low-Income (\$0-30,000) Students
University of North Carolina at Chapel Hill	13	84.9	\$2,366
Louisiana State University and Agricultural & Mechanical College	15	58.9	\$3,079
University of Florida	22	82.5	\$3,188
Indiana University-Bloomington*	14	73.6	\$3,383
University of Virginia*	8	93.0	\$3,904

*University of Virginia's and Indiana University-Bloomington's 2008-09 net-price data in IPEDS is erroneous. The data in this analysis reflect corrected net-price data e-mailed to The Education Trust from University of Virginia and Indiana University.
 Source: Pell - IPEDS, 2009, Student Financial Aid; Graduation Rate - IPEDS, 2009 GRS, 2003 cohort; Net Price, 2010, Student Financial Aid

Table 5: The five most expensive flagships for low-income students

Flagship	% Pell, (Among full-time, freshmen)	Grad Rate	Net Price for Low-Income (\$0-30,000) Students
University of Mississippi	20	60.5	\$11,509
Pennsylvania State University-Main Campus	12	84.6	\$14,460
Rutgers University-New Brunswick*	25	76.8	\$14,572
The University of Alabama	14	65.9	\$15,216
University of South Carolina-Columbia	13	69.1	\$15,578

*Rutgers University - New Brunswick's 2008-09 net-price data in IPEDS is erroneous. The data in this analysis reflect corrected net-price data e-mailed to The Education Trust from Rutgers University.
 Source: Pell - IPEDS, 2009, Student Financial Aid; Graduation Rate - IPEDS, 2009 GRS, 2003 cohort; Net Price, 2010, Student Financial Aid

Table 6: In some states, the top private university is more affordable for low-income students than the public flagship

State	Flagship	% Pell (Among full-time, freshmen)	Grad Rate	Net Price for Low-Income (\$0-30,000) Students	2010 Endowment Value	Top Private University in State	% Pell (Among full-time, freshmen)	Grad Rate	Net Price for Low-Income (\$0-30,000) Students	2010 Endowment Value
Flagships with below average net price										
NC	University of North Carolina at Chapel Hill	13	84.9	\$2,366	\$1,979,222,000	Duke University	9	94.6	\$9,220	\$4,823,572,000
LA	Louisiana State University and Agricultural & Mechanical College [†]	15	58.9	\$3,079	\$868,155,000	Tulane University of Louisiana	6	73.4	\$16,222	\$888,667,000
FL	University of Florida	22	82.5	\$3,188	\$1,104,573,000	University of Miami	15	79.5	\$17,402	\$618,236,000
IN	Indiana University-Bloomington ^{*,‡}	14	73.6	\$3,383	\$1,371,025,000	University of Notre Dame	8	96	\$7,267	\$5,234,841,000
WI	University of Wisconsin-Madison [†]	10	81	\$6,246	\$1,839,938,000	Marquette University	13	79.9	\$14,892	\$326,003,000
CT	University of Connecticut [‡]	13	78	\$6,309	\$271,822,000	Yale University	12	97.9	\$6,516	\$16,652,000,000
MD	University of Maryland-College Park [†]	11	81.7	\$6,444	\$863,902,000	Johns Hopkins University	11	90.6	\$13,688	\$2,219,925,000
IL	University of Illinois at Urbana-Champaign ^{*,‡}	15	82.6	\$6,569	\$1,289,871,000	University of Chicago	15	91.5	\$6,788	\$5,638,040,000
MN	University of Minnesota-Twin Cities [‡]	19	68.2	\$6,743	\$2,195,740,000	University of St. Thomas	14	71.9	\$16,282	\$294,008,000
MA	University of Massachusetts Amherst [‡]	18	65.7	\$7,072	\$459,368,000	Harvard University	13	97.9	\$2,170	\$27,557,404,000
CA	University of California-Berkeley [†]	24	90.2	\$8,170	\$6,295,794,000	Stanford University	15	94.9	\$3,120	\$13,851,115,000
TX	The University of Texas at Austin [‡]	23	80.7	\$8,184	\$14,052,220,000	Rice University	12	93.4	\$3,008	\$3,786,548,000
OH	Ohio State University-Main Campus [‡]	15	74.9	\$8,305	\$1,869,312,000	Case Western Reserve University	19	80.4	\$15,153	\$1,462,027,000
Flagships with above average net price										
NY	SUNY College at Buffalo	40	47.9	\$8,711	\$428,851,000	Columbia University in the City of New York	13	93.7	\$4,870	\$6,516,512,000
GA	University of Georgia [†]	12	78.8	\$9,301	\$625,823,000	Emory University	15	90.3	\$13,091	\$4,694,260,000
CO	University of Colorado at Boulder [‡]	11	67	\$10,119	\$665,442,000	University of Denver	12	75	\$23,277	\$289,030,000
UT	University of Utah	14	57.6	\$10,182	\$567,814,000	Brigham Young University	9	76.6	\$7,247	na
NH	University of New Hampshire-Main Campus [‡]	14	75.2	\$10,606	\$286,626,000	Dartmouth College	12	94.2	\$4,007	\$2,998,302,000
TN	The University of Tennessee [‡]	18	60.6	\$10,724	\$728,726,000	Vanderbilt University	8	90.7	\$3,099	\$3,044,000,000
MO	University of Missouri-Columbia [‡]	14	67.9	\$11,254	\$974,900,000	Washington University in St Louis	6	93.3	\$18,549	\$4,473,180,000
OK	University of Oklahoma Norman Campus [‡]	19	63	\$11,362	\$968,482,000	University of Tulsa	17	62.4	\$18,122	\$691,917,000
PA	Pennsylvania State University-Main Campus [‡]	12	84.6	\$14,460	\$1,368,031,000	University of Pennsylvania	10	95	\$6,704	\$5,668,937,000
NJ	Rutgers University-New Brunswick ^{*,‡}	25	76.8	\$14,572	\$603,083,000	Princeton University	10	96.7	\$3,110	\$14,391,450,000
AL	The University of Alabama [‡]	14	65.9	\$15,216	\$854,382,000	Samford University	12	74	\$12,825	na

Source: Pell - IPEDS, 2009, Student Financial Aid; Graduation Rate - IPEDS, 2009 GRS, 2003 cohort; Net Price, 2010, Student Financial Aid; National Association of College and University Business Officers (NACUBO), U.S. and Canadian Institutions Listed by Fiscal Year 2010 Endowment Market Value and Percentage Change* in Endowment Market Value from FY 2009 to FY 2010 (Washington, DC: NACUBO, 2011), http://www.nacubo.org/Documents/research/2010NCSE_Public_Tables_Endowment_Market_Values_Final.pdf.

Shaded rows indicate states where the top private has a lower net price than the flagship. *Several institutions (Indiana University-Bloomington, University of Illinois-Urbana-Champaign, and Rutgers University-New Brunswick) had erroneous net-price data in IPEDS. For these institutions, the data presented here reflect revised net-price data e-mailed to The Education Trust. †In some cases, the endowment listed here sums the endowments for several related entities. These cases are as follows: Louisiana State University = Louisiana State University System + Louisiana State University Foundation; University of Wisconsin-Madison = University of Wisconsin Foundation + University of Wisconsin System; University of Maryland-College Park = University of Maryland Foundation + University of Maryland-College Park Foundation; University of California Berkeley = University of California Berkeley Foundation + University of California; University of Georgia = University of Georgia Foundation + Arch Foundation for the University of Georgia + University of Georgia. ‡In some cases, including: Indiana University-Bloomington, University of Connecticut, University of Illinois at Urbana-Champaign, University of Minnesota-Twin Cities, University of Massachusetts-Amherst, The University of Texas at Austin, Ohio State University-Main Campus, University of Colorado-Boulder, University of New Hampshire-Main Campus, University of Tennessee, University of Missouri-Columbia, University of Oklahoma-Norman Campus, Pennsylvania State University-Main Campus, Rutgers University-New Brunswick, and University of Alabama, the foundation amount listed here applies to the foundation for the system, not just the flagship.

CONCLUSION

Federal, state, and institutional policies all have a role to play in making college more affordable for low-income students. Despite strong public support for cutting the net price of college, the data presented in this report show that existing efforts are not nearly enough to make college a realistic option for the lowest income Americans—even when federal, state, and institutional programs are combined. Is it any surprise then that 82 percent of young people from the highest income quartile in America have a bachelor's degree by age 24, but that only 8 percent of those from the lowest income quartile do so?⁴⁸

When deciding how to finance higher education, it is important for policymakers to ask themselves how any policy will impact the neediest students:

- Will the policy primarily benefit low-income students, or will a significant portion of the financial aid go to high-income students?
- Will program implementation allow low-income students full access to financial assistance, or do technical barriers stand in the way?
- Are the financial awards large enough to influence the choices and success rates of low-income students?⁴⁹

In a nation founded on principles of fairness, we certainly must do better to provide our neediest students with the opportunities they require for upward economic mobility.

But it's not just about fairness, although you'd think that would be enough. The bias toward privilege encoded in today's financial aid policies not only betrays our democratic principles, it also weakens our ability to reach our collective aspirations.

Horace Mann, the great 19th century American educator, knew the threat inequality posed to a nascent democracy. He also knew what needed to be done to eradicate it: "Education, beyond all other devices of human origin, is the great equalizer of the conditions of men, the balance-wheel of the social machinery." Here is a man born in 1796, just two decades into the life of this nation, clearly articulating the role education plays in cementing the democratic principles so cherished by all Americans—a role we currently seem ready to overlook.

Today, federal policymakers discuss the future of the Pell Grant program and debate the merits of regulating for-profit proprietary institutions. State policymakers deliberate cuts to higher education appropriations and state grant aid. And colleges finalize their institutional financial-aid awards to prospective students.

We can only hope that, as decision makers work to tame budget deficits, the opportunity deficit in America will weigh as heavily on their minds.

NOTES

- ¹ Patrick M. Callan, "Measuring Up 2008" (San Jose, California: National Center for Public Policy and Higher Education, 2008), 8. <http://measuringup2008.highereducation.org/print/NCPPHEMUNationalRpt.pdf>
- ² Ibid.
- ³ The College Board, "Trends in College Pricing 2010" (New York: College Board, 2010), 24. http://trends.collegeboard.org/downloads/College_Pricing_2010.pdf
- ⁴ Public Agenda, "Slip Sliding Away Survey Results" (New York: Public Agenda, 2011), 3-5. <http://www.publicagenda.org/files/pdf/struggling-in-america-topline.pdf>
- ⁵ William G. Bowen, Matthew M. Chingos, and Michael S. McPherson, *Crossing the Finish Line* (Princeton, NJ: Princeton University Press, 2009), 230.
- ⁶ The sample in this analysis is limited to four-year, degree-granting, primarily baccalaureate or above, Title IV, postsecondary, U.S. institutions. Institutions classified as specialty schools by the Carnegie classification system were omitted from the analysis because of the differing cost structures at these schools. For the same reason, only institutions that primarily grant degrees at the baccalaureate level or above were included in this analysis. Institutions that were missing 2009 graduation-rate data or 2008-09 net-price data for the \$0-30,000 income cohort, or had less than 30 students in the \$0-30,000 net-price cohort or in the 2009 graduation rate survey cohort also were omitted for reliability purposes.
- ⁷ Shannon M. Mahan, Federal Pell Grant Program of the Higher Education Act: Background, Recent Changes, and Current Legislative Issues (Washington, D.C.: Congressional Research Service, 2011), 24; and Bryan J. Cook and Jacqueline E. King, "2007 Status Report on the Pell Grant Program" (Washington, D.C.: American Council on Education, 2007), vii. <http://www.acenet.edu/AM/Template.cfm?Section=Publications&Template=/CM/ContentDisplay.cfm&ContentFileID=3434>
- ⁸ Education Trust calculations from: The College Board, "Trends in Student Aid 2010" (New York: College Board, 2010), Data for Table 1a in Excel file: 2010_Trends_Student_Aid_All_Figures_Tables.xls, http://trends.collegeboard.org/student_aid.
- ⁹ Shannon M. Mahan, "Federal Pell Grant Program of the Higher Education Act: Background, Recent Changes, and Current Legislative Issues" (Washington, D.C.: Congressional Research Service, 2011), 1.
- ¹⁰ Office of Management and Budget, Supplemental Materials, Tax Expenditures Spreadsheet, Table 17-1. Estimates of Total Income Tax Expenditures for Fiscal Years 2010-2016. <http://www.whitehouse.gov/omb/budget/Supplemental>
- ¹¹ The College Board, "Trends in Student Aid 2010" (New York: College Board, 2010), 21. http://trends.collegeboard.org/downloads/Student_Aid_2010.pdf. Note: Data on federal spending on tax credits and deductions are for 2010. Data on beneficiaries of tax credits and deductions are for 2008. Recent changes in tax credits made them available to more low-income families and more high-income families. In 2009, under the American Recovery and Reinvestment Act (ARRA), the Hope Credit was modified to become the American Opportunity Credit for the years 2009 and 2010. These adjustments made the maximum credit available for joint filers earning up to \$160,000 and to those who owe no taxes. Families earning above \$180,000 are not eligible (and families earning between \$160,000 and 180,000 can receive a portion of the credit). ARRA also added required course materials to eligible costs and made the tax credit available for four years of college, rather than just two. American Opportunity Credit, Internal Revenue Service, <http://www.irs.gov/newsroom/article/0,,id=205674,00.html>
- ¹² State Higher Education Executive Officers (SHEEO), "State Higher Education Executive Finance 2010" (Boulder, Colorado: SHEEO, 2011), 23. http://www.sheeo.org/finance/shef/SHEF_FY10.pdf
- ¹³ National Association of State Student Grant and Aid Programs (NASSGAP), "40th Annual Survey Report on State-Sponsored Student Financial Aid: 2008-2009 Academic Year" (Washington, D.C.: NASSGAP, 2010), 3. <http://www.nassgap.org/viewrepository.aspx?categoryID=3#>
- ¹⁴ Christopher Cornwell and David B. Mustard, "Race and the Effects of Georgia's HOPE Scholarship" in *Who should we help? The Negative Social Consequences of Merit Scholarships*, Ed. Donald E. Heller and Patricia Marin (Cambridge, MA: The Civil Rights Project at Harvard University, 2002), 71. <http://www.eric.ed.gov/PDFS/ED468845.pdf> and Donald E. Heller, "State Merit Scholarship Programs: An Overview" in *State Merit Scholarship Programs and Racial Inequality*, Ed. Donald E. Heller and Patricia Marin (Cambridge, MA: The Civil Rights Project at Harvard University, 2004), 20. <http://www.eric.ed.gov/PDFS/ED489183.pdf>
- ¹⁵ The College Board, "Trends in Student Aid 2010" (New York: College Board, 2010), 12. http://trends.collegeboard.org/downloads/Student_Aid_2010.pdf
- ¹⁶ Education Trust analysis of NPSAS:08 using PowerStats, <http://nces.ed.gov/datalab/>. Results apply to full-time, full-year, one-institution dependent undergraduates.
- ¹⁷ Edward N. Wolff, "Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze—An Update to 2007" (Annandale-on-Hudson, NY: Levy Economics Institute of Bard College, 2010), 44. http://www.levyinstitute.org/pubs/wp_589.pdf
- ¹⁸ Education Trust analysis of NPSAS:08 using PowerStats, <http://nces.ed.gov/datalab/>. Results apply to full-time, full-year, one-institution, dependent undergraduates.
- ¹⁹ 27 percent of \$17,011—the average family income for the lowest income quintile—is \$4,593.
- ²⁰ Higher Education Opportunity Act of 2008, Sec. 132, http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ315.110.pdf
- ²¹ Net Price Calculator Requirement, National Center for Education Statistics, http://nces.ed.gov/ipeds/resource/net_price_calculator.asp
- ²² High-income students spend 14 percent of their family income on college costs, on average (Education Trust analysis of NPSAS:08). Applying this 14 percent to the average income of low-income families (\$17,011) results in a net price for low-income students of \$2,382.
- ²³ In the net-price sample of 1,186 four-year institutions, 30 percent of first-time, full-time undergraduates received Pell Grants in 2008-09.
- ²⁴ Higher Education Opportunity Act of 2008, Sec. 488(a)(3), http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ315.110.pdf
- ²⁵ Jennifer Engle and Mary Lynch, "Charting a Necessary Path" (Washington, D.C.: The Education Trust, 2009), 6. http://www.edtrust.org/sites/edtrust.org/files/publications/files/A2S_BaselineReport_0.pdf
- ²⁶ The sample in this analysis is limited to four-year, degree-granting, primarily baccalaureate or above, Title IV, postsecondary, U.S. institutions. Institutions classified as specialty schools by the Carnegie classification system were omitted from the analysis because of the differing cost structures at these schools. For the same reason, only institutions that primarily grant degrees at the baccalaureate or above level were included in this analysis. Institutions that were missing 2009 graduation rate data or 2008-09 net-price data for the \$0-30,000 income cohort, or had less than 30 students in the \$0-30,000 net-price cohort or in the 2009 graduation rate survey

cohort also were omitted for reliability purposes.

- ²⁷ California State University, City University of New York, and University of North Carolina are part of the NASH/Ed Trust Access to Success Initiative.
- ²⁸ Average in-state tuition and required fees for undergraduates at four-year public institutions was \$6,070 in 2008-09. (National Center for Education Statistics (NCES), "Postsecondary Institutions and Price of Attendance in the United States: Fall 2008 and Degrees and Other Awards Conferred: 2007-08, and 12-Month Enrollment 2007-08", Table 3: Average, median, and number of institutions reporting academic year tuition and required fees for full-time students at Title IV institutions, by control of institution, student level, level of institution, and first-professional program: United States, academic year 2008-09 (Washington, D.C.: NCES, 2008). http://nces.ed.gov/das/library/tables_listings/ipeds2008.asp). In the same year, average tuition and fees were \$3,810 in the California State University System, \$4,361 in the CUNY System, and \$4,319 in the University of North Carolina System. (Education Trust calculations from The Project on Student Debt, State by State Data (Oakland, CA: The Institute for College Access and Success, 2010). http://projectonstudentdebt.org/state_by_state-data.php)
- ²⁹ National Association of State Student Grant and Aid Programs (NASSGAP), "40th Annual Survey Report on State-Sponsored Student Financial Aid: 2008-2009 Academic Year" (Washington, D.C.: NASSGAP, 2010), 23. <http://www.nassgap.org/viewrepository.aspx?categoryID=3#>
- ³⁰ National Association of State Student Grant and Aid Programs (NASSGAP), "40th Annual Survey Report on State-Sponsored Student Financial Aid 2008-2009 Academic Year" (Washington, DC: NASSGAP, 2010), 13. <http://www.nassgap.org/viewrepository.aspx?categoryID=3#>; New York State Higher Education Services Corporation (HESC), About TAP (New York: HESC), http://www.hesc.com/content.nsf/SFC/About_TAP; City University of New York (CUNY), SEEK Overview (New York, NY: CUNY), <http://www.cuny.edu/academics/programs/notable/seekcd/seek-overview.html>
- ³¹ The net-price data in IPEDS provides the average grant amount received by students in each income category, but it does not specify the source of these grants. Because of this data limitation, it is not possible to parse out the different effects of institutional, state, and federal grant aid for low-income students.
- ³² "Berea College," College Navigator, <http://nces.ed.gov/collegenavigator/?q=berea&s=all&id=156295#netprc>
- ³³ Tom Mortenson, Bachelor's Degree Attainment by Age 24 by Family Income Quartiles, 1970 to 2009 (Oskaloosa, IA: Postsecondary Education Opportunity, 2010). <http://www.postsecondary.org/default.asp>
- ³⁴ College Results Online, www.collegeresults.org, 2009.
- ³⁵ Figure provided by Berea College.
- ³⁶ Education Trust analysis of: (1) Enrollment data: IPEDS, 12-Month Enrollment Survey, 12-month unduplicated headcount enrollment at Title IV U.S. institutions, 2009-2010 (Washington, D.C.: U.S. Department of Education, 2011) <http://nces.ed.gov/ipeds> (2) Pell Grant data: Federal Student Aid Data Center, 2009-2010 Award Year Grant Volume by School (Washington, D.C.: U.S. Department of Education, 2011). <http://federalstudentaid.ed.gov/datacenter/programmatic.html> (3) Default data: Federal Student Aid Data Center, FY2008 Cohort Default Rates (Washington, D.C.: U.S. Department of Education, 2011). <http://federalstudentaid.ed.gov/datacenter/cohort.html>
- ³⁷ *US News and World Report*, "National University Rankings" (Washington, D.C. 2011). <http://colleges.usnews.rankingsandreviews.com/best-colleges/rankings/national-universities>
- ³⁸ National Association of College and University Business Officers (NACUBO), U.S. and Canadian Institutions Listed by Fiscal Year 2010 Endowment Market Value and Percentage Change* in Endowment Market Value from FY 2009 to FY 2010 (Washington, D.C.: NACUBO 2011), http://www.nacubo.org/Documents/research/2010NCSE_Public_Tables_Endowment_Market_Values_Final.pdf
- ³⁹ In general, other elite institutions besides Harvard, Stanford, and Princeton, also enroll large proportions of high-income students. Thomas J. Espenshade and Alexandria Walton Radford, *No Longer Separate Not Yet Equal* (Princeton, NJ: Princeton University Press, 2009), 157.
- ⁴⁰ Danette Gerald and Kati Haycock, "Engines of Inequality," (Washington, D.C.: The Education Trust, 2006), 7. <http://www.edtrust.org/sites/edtrust.org/files/publications/files/EnginesofInequality.pdf>, and Kati Haycock, Mary Lynch, and Jennifer Engle, "Opportunity Adrift," (Washington, D.C.: The Education Trust, 2010), 8. http://www.edtrust.org/sites/edtrust.org/files/publications/files/Opportunitypercent20Adrift_0.pdf
- ⁴¹ IPEDS net-price data does not include information on how much grant aid institutions provide to students in different income groups. Rather, the net-price data combines the effects of federal, state, and institutional grant aid by subtracting average grant aid from all sources from average cost of attendance. Because of this data limitation, we cannot say definitively what percent of grant aid to low-income students comes from institutions as opposed to other sources.
- ⁴² Kati Haycock, Mary Lynch, and Jennifer Engle, "Opportunity Adrift," (Washington, D.C.: The Education Trust, 2010), 20. http://www.edtrust.org/sites/edtrust.org/files/publications/files/Opportunitypercent20Adrift_0.pdf
- ⁴³ The Project on Student Debt, "What's the Bottom Line?," http://www.projectonstudentdebt.org/ncoa_chart.php
- ⁴⁴ Education Trust analysis of IPEDS 2008-09 Institutional Characteristics File.
- ⁴⁵ Allison C. Bell, "State Tuition, Fees, and Financial Assistance Policies." (Boulder, CO: State Higher Education Executive Officers, 2011.), State-Level Responses Excel spreadsheet, Q47. <http://www.sheeo.org/finance/tuit/>
- ⁴⁶ Patrick M. Callan, "Coping with Recession: Public Policy, Economic Downturns and Higher Education" (San Jose, CA: National Center for Public Policy and Higher Education, 2002), 14. <http://www.highereducation.org/reports/curecession/MIS11738.pdf>
- ⁴⁷ Education Trust analysis of IPEDS, Spring 2009, Student Financial Aid component.
- ⁴⁸ Tom Mortenson, "Bachelor's Degree Attainment by Age 24 by Family Income Quartiles, 1970 to 2009" (Oskaloosa, IA: Postsecondary Education Opportunity, 2010). <http://www.postsecondary.org/default.asp>
- ⁴⁹ In a companion report set for release later this year, the Education Trust will provide a more detailed assessment of the inequality bias in financial aid policies at all levels, as well as policy recommendations aimed at correcting this bias and fostering college access and attainment for low-income students.

ABOUT THE EDUCATION TRUST

The Education Trust promotes high academic achievement for all students at all levels—pre-kindergarten through college. We work alongside parents, educators, and community and business leaders across the country in transforming schools and colleges into institutions that serve all students well. Lessons learned in these efforts, together with unflinching data analyses, shape our state and national policy agendas. Our goal is to close the gaps in opportunity and achievement that consign far too many young people—especially those who are black, Latino, American Indian, or from low-income families—to lives on the margin of the American mainstream.



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