A College Education in Exchange for Student Debt: Tuition Costs and Low-Income Students

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In today's higher education institutions, tuition is climbing and aid for low-income students is falling. Education has always been touted as the way for low-income students to move up in social status, yet these students will face increasing debt and will pay more for their education than their wealthier classmates. As student affairs professionals working with low-income students, there is a need to understand the challenges they are facing and advocate for these students to ensure their success. By exploring these challenges and the implications for practice, student affairs professionals will be better equipped to work with the low-income students.

The data are clear: The cost of a college education is rising well above the average increase in household income, and financial aid is not keeping up with the pace (Horn, Chapman, & Chen, 2003). Students and families face an increased financial burden and rising debt, with a 38% average increase in tuition. The majority of financial aid is allocated in the form of loans, leaving families with few options of resolving their unmet financial needs (Horn et al., 2003). Student affairs administrators must be aware of the increasing barriers to college access for low-income students and advocate for change. Low-income students are disadvantaged by society due to the increased pressure to supplement tuition costs and the large amount of debt these students must repay after college. By exploring the historical context of tuition increases, the financial aid challenges of low-income students, and the impact these obstacles have on students, student affairs administrators can gain a clearer understanding of how to support low-income students.

Historical Context

The past 30-40 years have seen myriad tuition increases. In the 1970s, tuition lagged behind the rate of inflation, yet in the 1980s tuition rose twice as much as the inflation rate and surged in comparison to the increase in household income (Haupt-

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AJ wishes to thank The Vermont Connection Editorial Board, and the classes of 2007 and 2009 for all their support. Most of all AJ wants to thank the class of 2008 for the life-long memories and friendships as graduate school would surely have been a debacle without them.

man, 1990). By 1990, the average tuition rates were increasing at a rate 5% higher than the national inflation rate (Vedder, 2004). Family income was not growing, yet tuition was, which meant families' ability to pay tuition decreased (Hauptman, 1990).

One of the main reasons for the tuition increase is revealed through the philosophy of higher education. Between the start of the 1980s and the end of the 1990s there was a shift in direction of higher education funding. Federal and state policies for funding higher education moved away from the practice of taxpayers contributing to the financial aid pool and towards policies and philosophies that students should pay their own tuition. These policies led to a drop in state and federal funding and an increase in student loans. Additionally, colleges and universities were increasing faculty and staff salaries and attempting to improve and upgrade facilities, leading to further increases in tuition. These practices increased the financial strains on students, which resulted in a decline in enrollment. The combination of these factors, the decline of the United States (U.S.) economy in the 1980s, and the reduction of state and federal funding all contributed to the increases in tuition (Hauptman, 1990).

Financial Aid

"The last two decades of the twentieth century can appropriately be characterized as a period of high tuition, high aid, but with an emphasis on loans rather than grants" (Paulsen & St. John, 2002, p. 189). This combination limits financial access to college. "Each year increasing numbers of low-income students graduate from high school academically prepared to enter college but confront significant financial barriers that limit their ability to enter and stay in college" (The Journal of Blacks in Higher Education, 2001, p. 12). At four-year institutions across the country, the enrollment rate for low-income students is half that of students from families with incomes above $75,000 a year. Low-income students are facing costs in excess of 62% of their family's yearly income; a 20% cost increase from the 1970s. Compounding the problem is the fact that Pell Grants, the largest federal financial aid for these students, only cover approximately 39% of today's college costs (The Journal of Blacks in Higher Education, 2001).

The responsibility of funding college has switched from grants and federal aid to the shoulders of students. While financial aid helps reduce the cost of college, low-income students and their families must account for any unmet need. Although there is currently a 60 billion dollar investment in student aid, much of this is tied up in student loans. In 2003-04, the average student debt upon graduation was $15,500 for a four-year public institution and $19,500 for a four-year private institution (College Board, 2006b). Following graduation, students with loans are often forced to find employment to handle the high amount of accumulated debt. This can mean accepting employment as a means to an end, not as an ideal fit for the person or the place of employment (Price, 2004).

The major consequence of increasing student loans and decreasing federal funding is the cost to the community and society. "The consequences of a public policy that emphasizes the use of student loans to finance higher education is to alter the balance between the social and the individual purposes of higher education" (Price, 2004, p. 7). By keeping cost as an individual obstacle, we allow some (usually those who already have the means) to move upwards in society while preventing others from doing so because they either do not have the means to attend college or graduate with high levels of debt. Student loans shift the focus away from education as a means to better society, which in turn devalues education as a means for social transformation. The initial concept of using loans to increase access for low-income students has failed (Fossey, 1998).

The economy is calling for educated workers, and a college degree has become integral to future success, but the cost of obtaining that education is out of reach for many (Price, 2004). In the first ten years of this century, 42% of new jobs will require a college education (Price, 2004). It is clear that students facing the job market will require a college degree, yet the government continues to decrease financial support. Between 1979 and 1999, the average income for college educated workers increased by 16%, while the average income for high school educated workers decreased by 8%. As of 2006, women with college degrees were earning 70% more than women with high school diplomas and men were earning 63% more (The College Board, 2006a).

Impact on Students

One of the first things many high school students consider when thinking about college is cost. For example, in the Paulsen and St. John research (2002), 64% of low-income students based their college decisions on low tuition costs, student assistance, and aid. Studies have shown that low-income students who receive larger amounts of loans and grants still tend to choose a lower costing college. Grants and loans are "well below the total of tuition and living costs, indicating a substantial unmet need for low-income students" (Paulsen & St. John, 2002, p. 207). When compared to their lower-income counterparts, higher-income students expressed a lack of concern towards the costs of the college with more than 56% choosing a private college, 92% attending a four-year institution, and 86% having the ability to attend full time. Higher income students are not choosing their institutions based on the cost (Paulsen & St. John, 2002).

This focus on college costs combined with the realities of high tuition and high debt lead low-income students into more affordable, less prestigious colleges. According to the Cooperative Institutional Research Program at the University of Los Angeles (1999), 39% of students in families earning a yearly income under $20,000 attend two-year public colleges. Only 5.8% of students in the same income bracket attend highly selective, private four-year colleges. In contrast, 10.1% of students from families earning above $200,000 attend two-year public colleges, while 25.5% of students in this high income bracket attend highly selective, private four-year colleges (as cited in McPherson & Schapiro, 2006, p. 5).

The staggering difference in college selection can also be attributed to different levels of cultural capital that students possess as they enter college. Low-income students tend to have less cultural capital and are more likely to be first generation college students. Low-income, first generation students do not have the guidance that higher income students do as they often cannot afford extra help such as test preparation sessions, tutors, or private academic counselors. The lack of family knowledge about the application process can make selecting a college, navigating the admissions process, and interpreting financial aid even more daunting.

Low-income students continue to be disadvantaged in our current educational system. Low-income students are more likely to achieve A's, yet are still much less likely to pursue a graduate education. Additionally, they are less likely to live on-campus during college or attend a private institution (Paulsen & St. John, 2002). Almost 30% of low-income students work more than 35 hours a week. These students must divide their time between school and work, opt to attend college part-time, and/or attend two-year community colleges (The Journal of Blacks in Higher Education, 2001). These obstacles often result in more years spent in school, and therefore greater total debt.

The situation does not look brighter for the future. Projections estimate that by 2015 college enrollments will increase by over 1.5 million students. Most of these will be low-income students, and 700,000 of that 1.5 million will be African American (The Journal of Blacks in Higher Education, 2001). While increasing the numbers of these students on our campus is positive, the overall increase in low-income students will cause a strain on the already miniscule funding. These students will have an even bigger financial burden on their shoulders. Colleges must begin to contain costs and identify ways to increase access and financial assistance before 2015 in order to support the needs of our future students.

Ideas for Change

As mentioned above, cost containment is a large area where colleges can free up funds. At the university level, financial officers and budget managers can discuss the best ways to decrease costs and increase accountability for how funds are used. At the divisional or departmental level, student affairs practitioners can contain costs within their budget lines. Using assessment tools to point out ineffective programs can help reduce costs. If a department has an ineffective program or initiative, bringing those to light can free up the resources that are associated with that program. Those resources can then be reallocated to other new programs instead of requesting new money to fund new initiatives.

Job effectiveness is another area for improvement at the departmental level. It is widely known that student affairs practitioners have considerable amounts of responsibility in their positions. If possible, departments should consider delegating tasks to student employees to both increase efficiency and create more student jobs. Departments should also consider evaluating job effectiveness by asking strategic questions: Is the department running as effectively as it can? Are there technologies available that would free up people or resources? Does the structure of the department flow easily and in the most effective way? Could restructuring allow for more effectiveness? These questions can all lead to more effective work and a reduction in departmental spending. To redirect departmental funds to low-income students, all aspects of the institution's governance structure would need to be committed to accessibility for low-income students.

Furthermore, it is essential for student affairs practitioners to know the stresses that low-income students are facing. By understanding what these students are experiencing in high school and in their struggle to come to college, we can assist those who do attend our institutions. Programs for low-income students on our campuses can help their orientation to school and ultimately their retention. Low-income students who graduate and are now working and living in different communities are the best recruitment and resources available. By increasing access to higher education and by ensuring these students graduate, we ensure that more low-income students have positive role models. Educating ourselves and our colleagues is the first step in the advocacy process.

Finally, different departments and operating units should consider what type of advocacy for low-income students is most important for their functional area. An example of good practice can include the admissions office running and hosting programs for high schools that discuss the financial aspect of college and the different opportunities for students to receive funding. Outreach to low-income students while they are still young may give those students the knowledge that higher education is accessible to them. Informing these students at a young age can help them realize they too can attend college, and it will give them knowledge about the process.

Student affairs practitioners can also affect change on a larger scale. One of the major ways that student affairs professionals can oppose the growing rise in student debt and inaccessibility is through the political system. "The focus of most state education reforms has been limited to K-12 school systems" (Callan, Finney, Kirst, Usdan, & Venezia, A. 2006, p. 143). Student affairs professionals can lobby for increasing federal and state aid for our colleges and universities. One step that could be taken would be to support candidates who favor tax legislation on initiatives that increase tuition. Schools that increase tuition rates would be taxed at a higher level, reducing the government funding that schools receive. This could be an incentive for schools not to raise tuition rates. While not a solution to the problem, it is one possible way to control rising tuition costs (Vedder, 2004). Student affairs professionals need to send a clear message to campus leadership that the burden of education should not be placed on the shoulders of the students. Rather, the burden should be on the campus to reduce unnecessary costs, and on the government to value education and support it in a fashion that allows access for all potential students.

Conclusion

Unfortunately, many schools are not in a position to increase access to their institution for low-income students because of the lack of funding. Yet, there are a number of selective institutions that do have the financial capability to support low-income students (McPherson & Schapiro, 2006). There are many low-income students that are academically prepared for these select institutions, and institutions that are able to answer the call, and are financially able to assist more students, should do so.

"We must never forget that every dollar a student borrows to finance post-secondary education has the potential for jeopardizing rather than enhancing the student's future" (Fossey, 1998, p. 186). As student affairs professionals, we have the obligation to increase awareness of tuition costs and to assist students who are struggling to afford tuition with the hopes that one day, our colleges and universities will be accessible to all students.

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