

# Financial Barriers to Opportunity for Higher Education

**Student Financial Aid Research Network**

San Francisco

June 9-10, 2016

Tom Mortenson

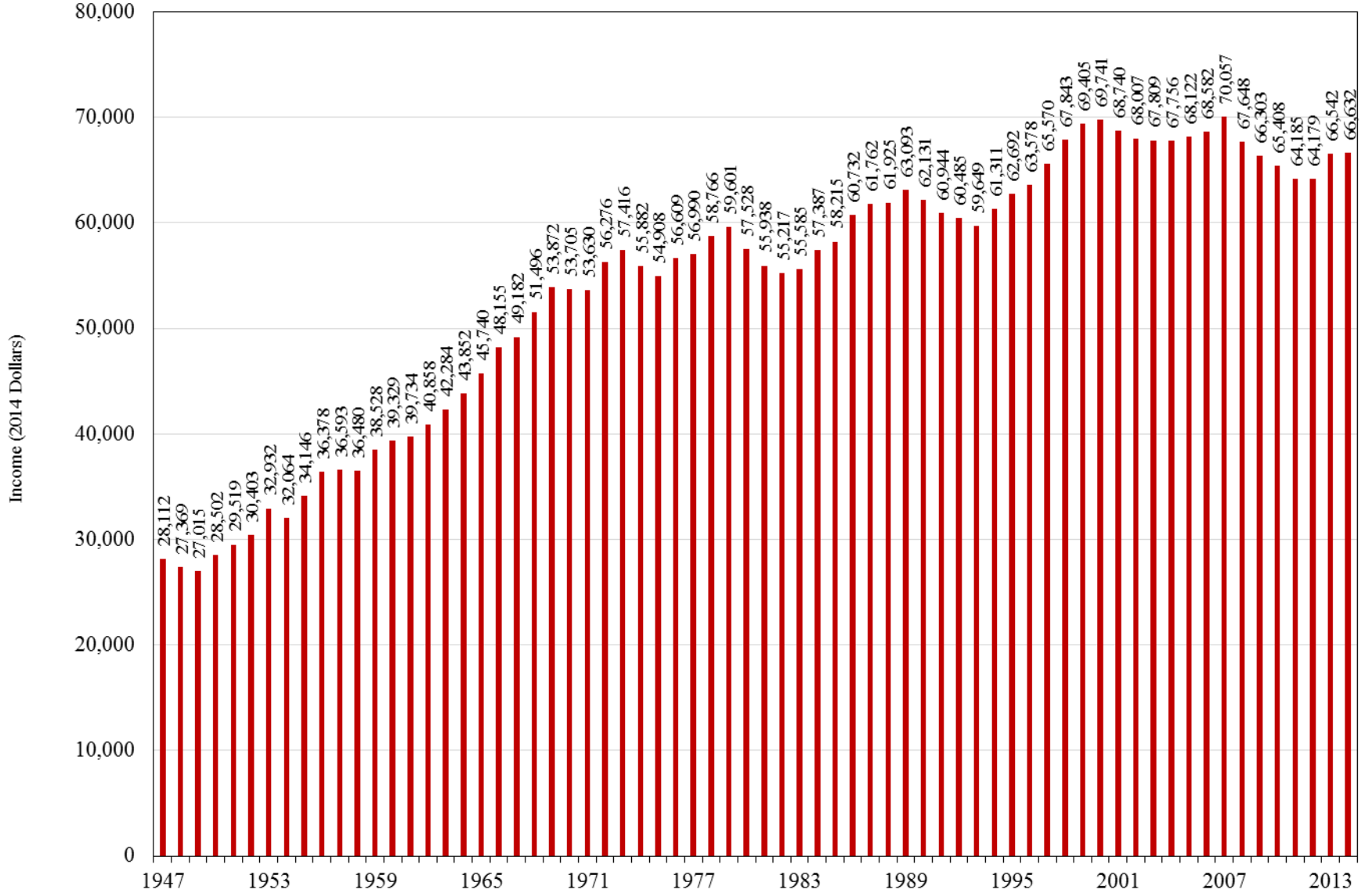
Senior Scholar

The Pell Institute for the Study of Opportunity in Higher Education

# Financial Barriers

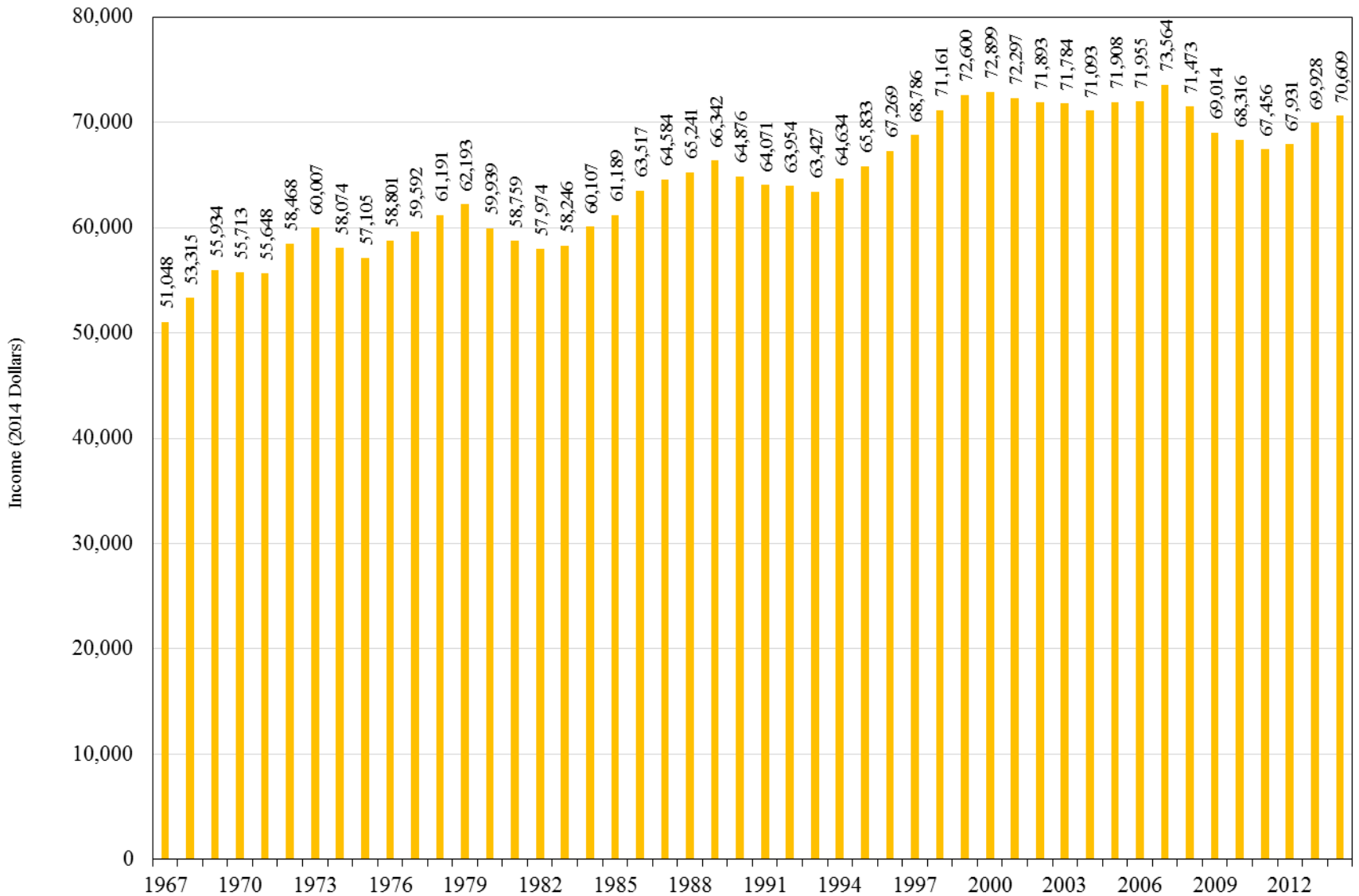
- Family Income
- Financial Barriers
- Consequences
- Restoring college affordability

# Median Family Income for Families 1947 to 2014



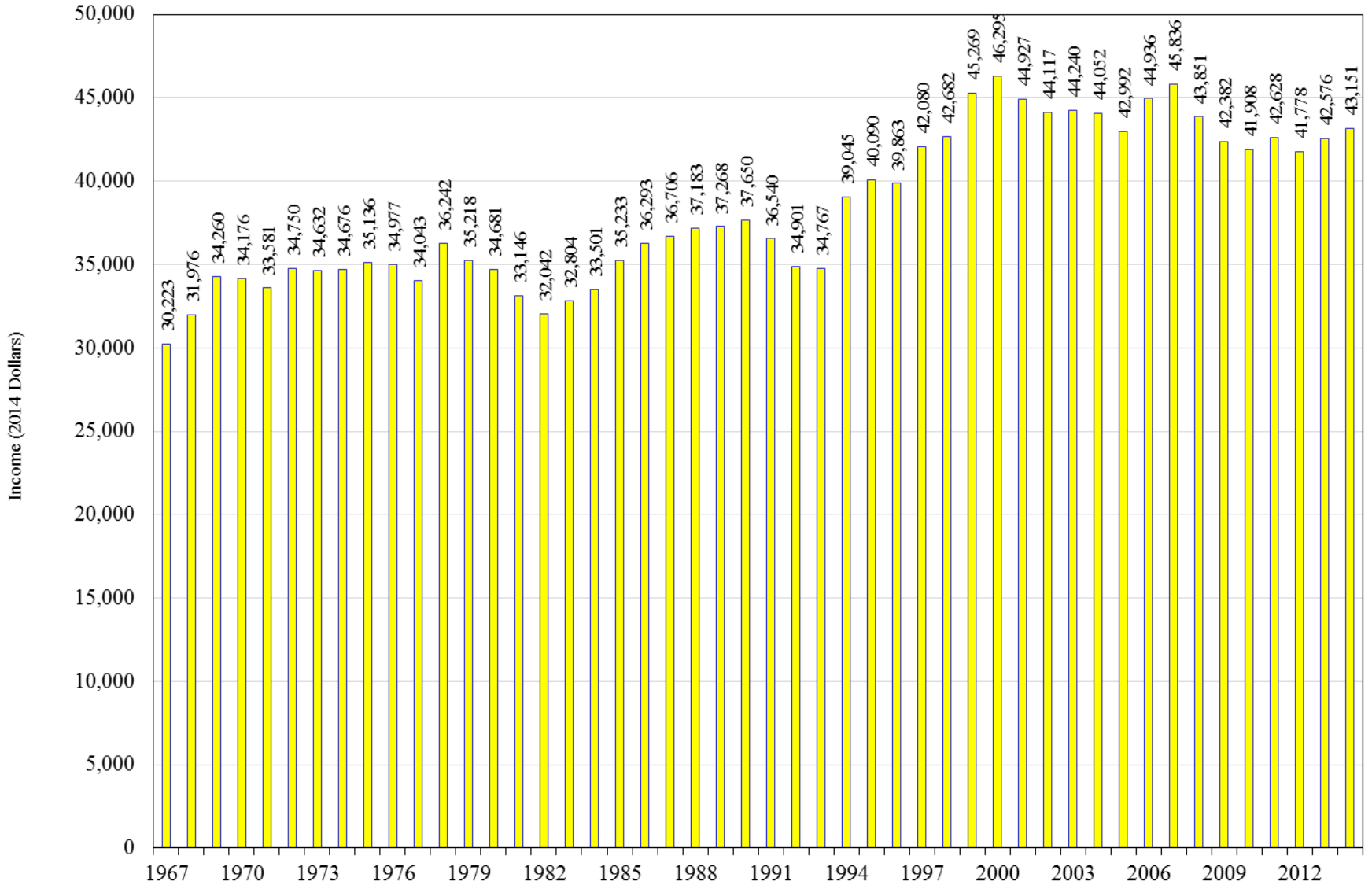
Source: US Census Bureau/CPS

## Median Family Income for White non-Hispanic Families 1967 to 2014



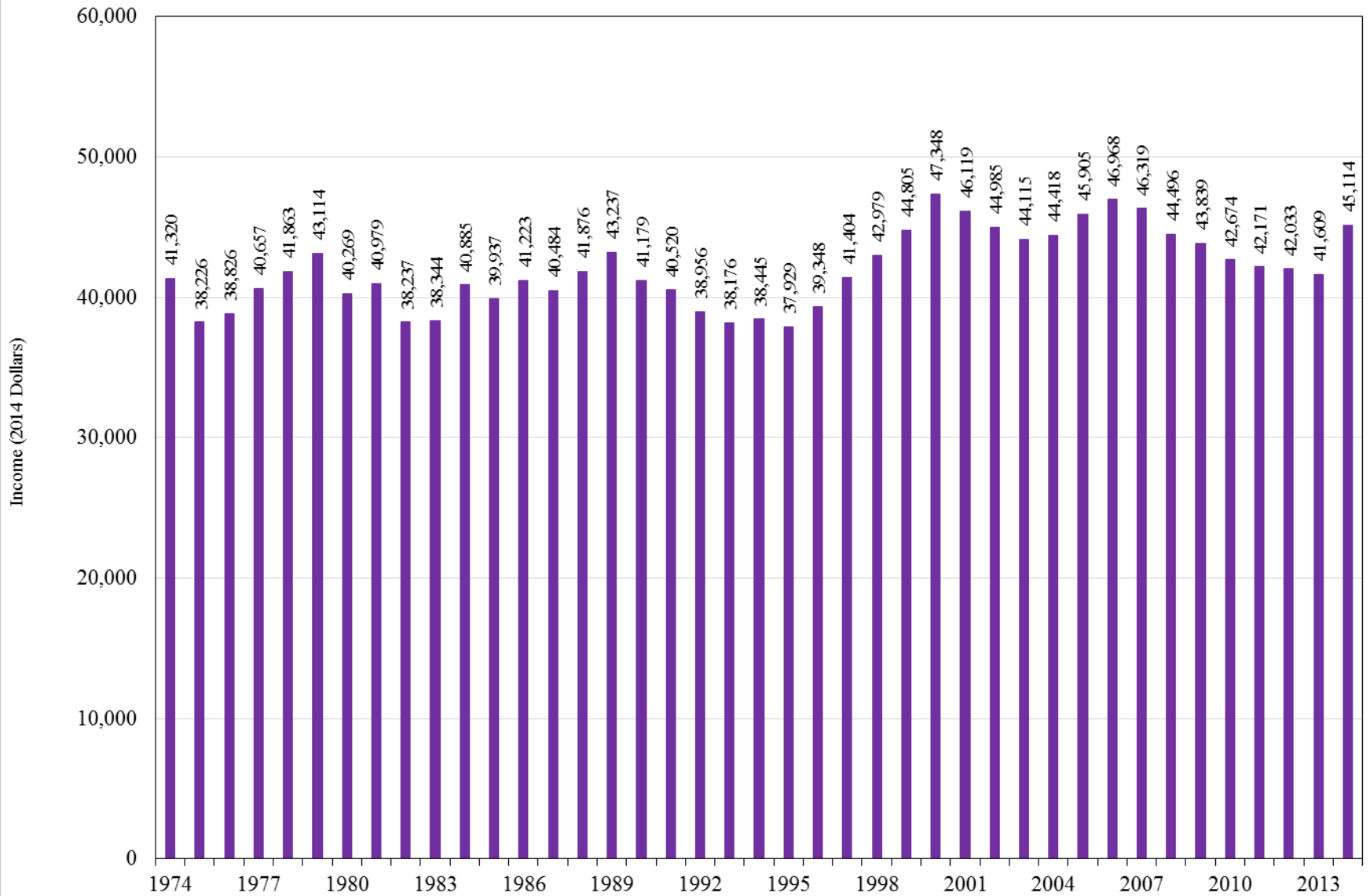
Source: US Census Bureau/CPS

## Median Family Income for Black Families 1967 to 2014



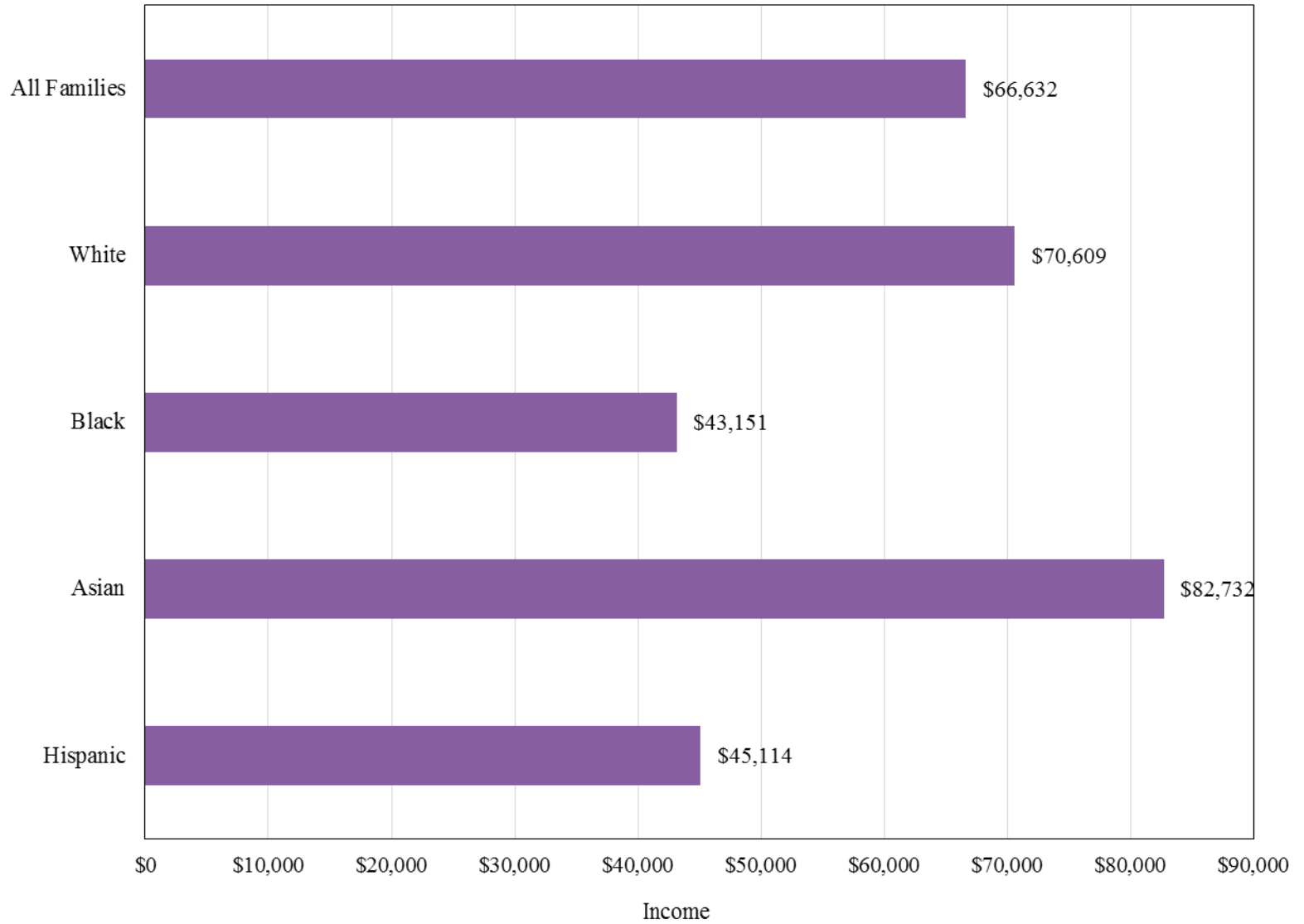
Source: US Census Bureau/CPS

## Median Family Income for Hispanic Families 1974 to 2014



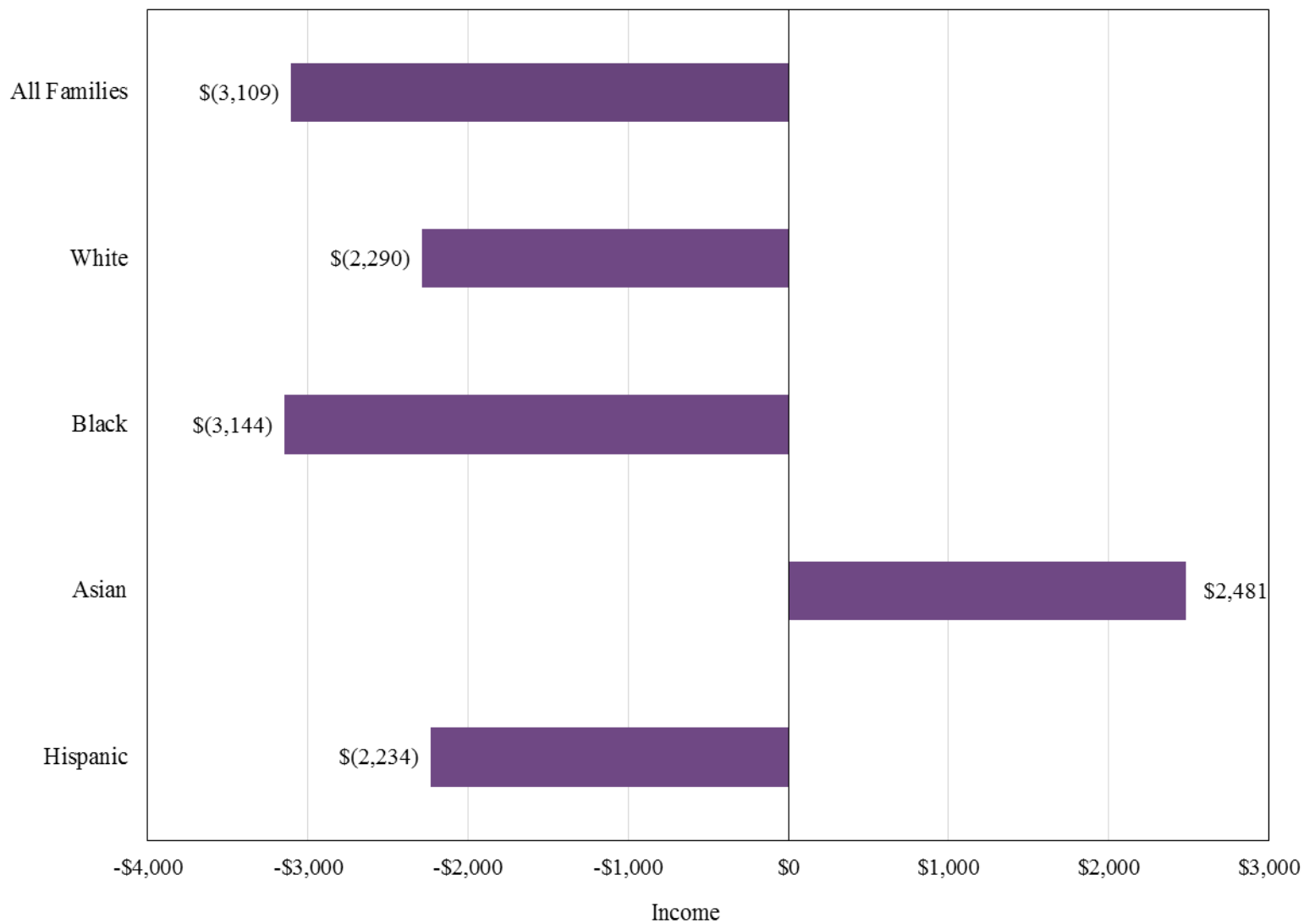
Source: US Census Bureau/CPS

## Median Income for Families by Race/Ethnicity 2014



Source: US Census Bureau/CPS

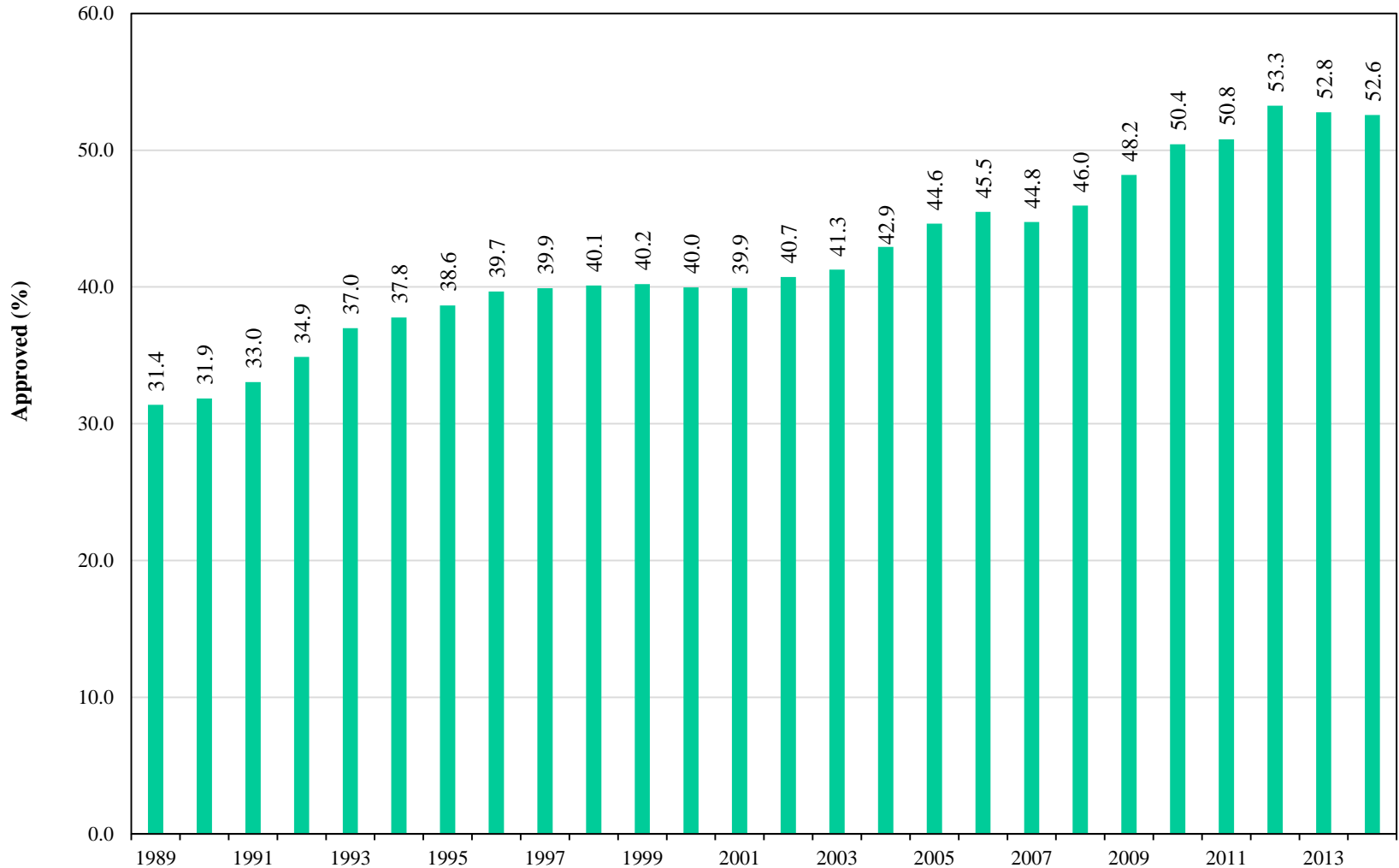
### Change in Median Income for Families by Race/Ethnicity 2000 to 2014



Source: US Census Bureau/CPS

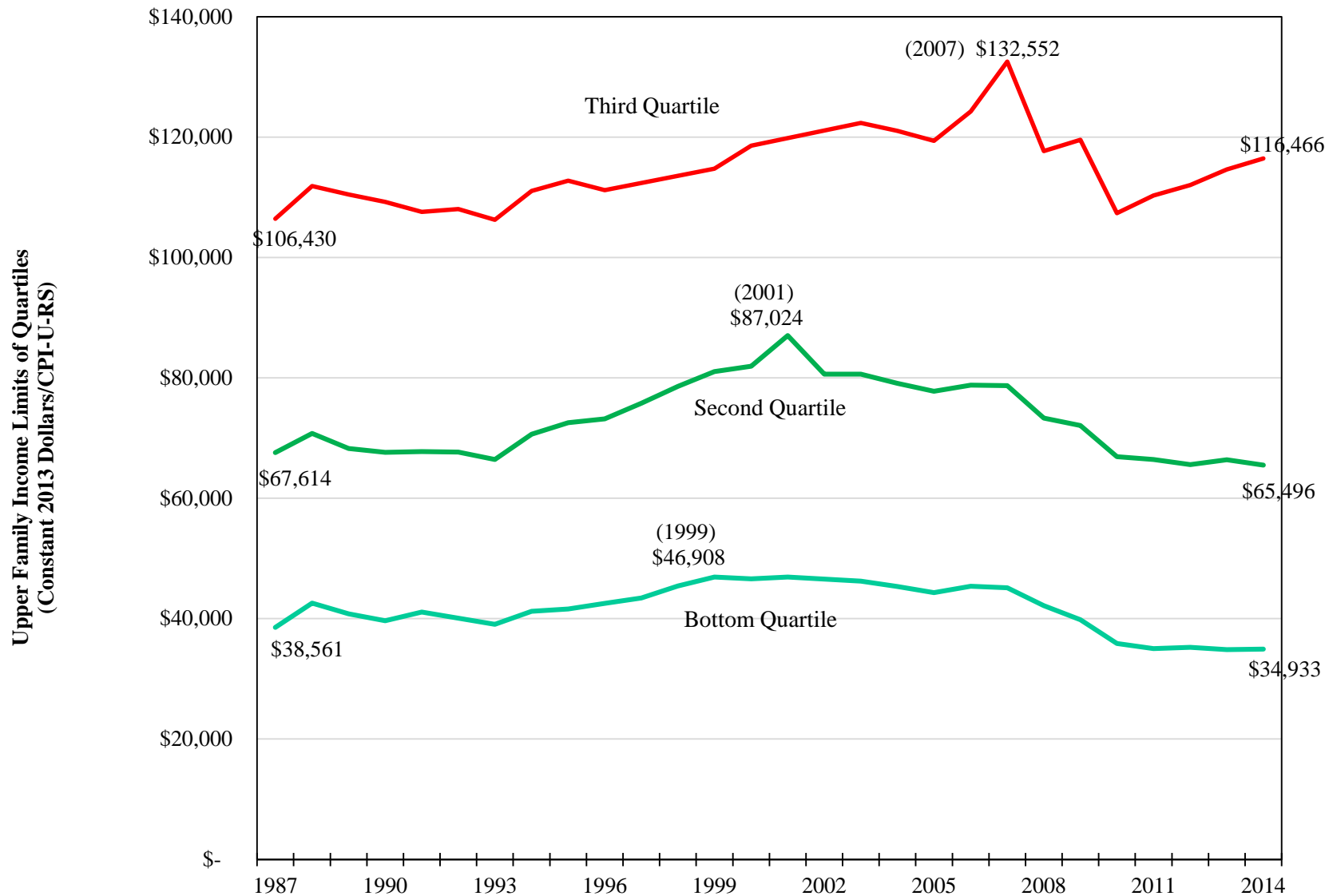


# K-12 School Children Approved for National School Lunch Program 1989 to 2014

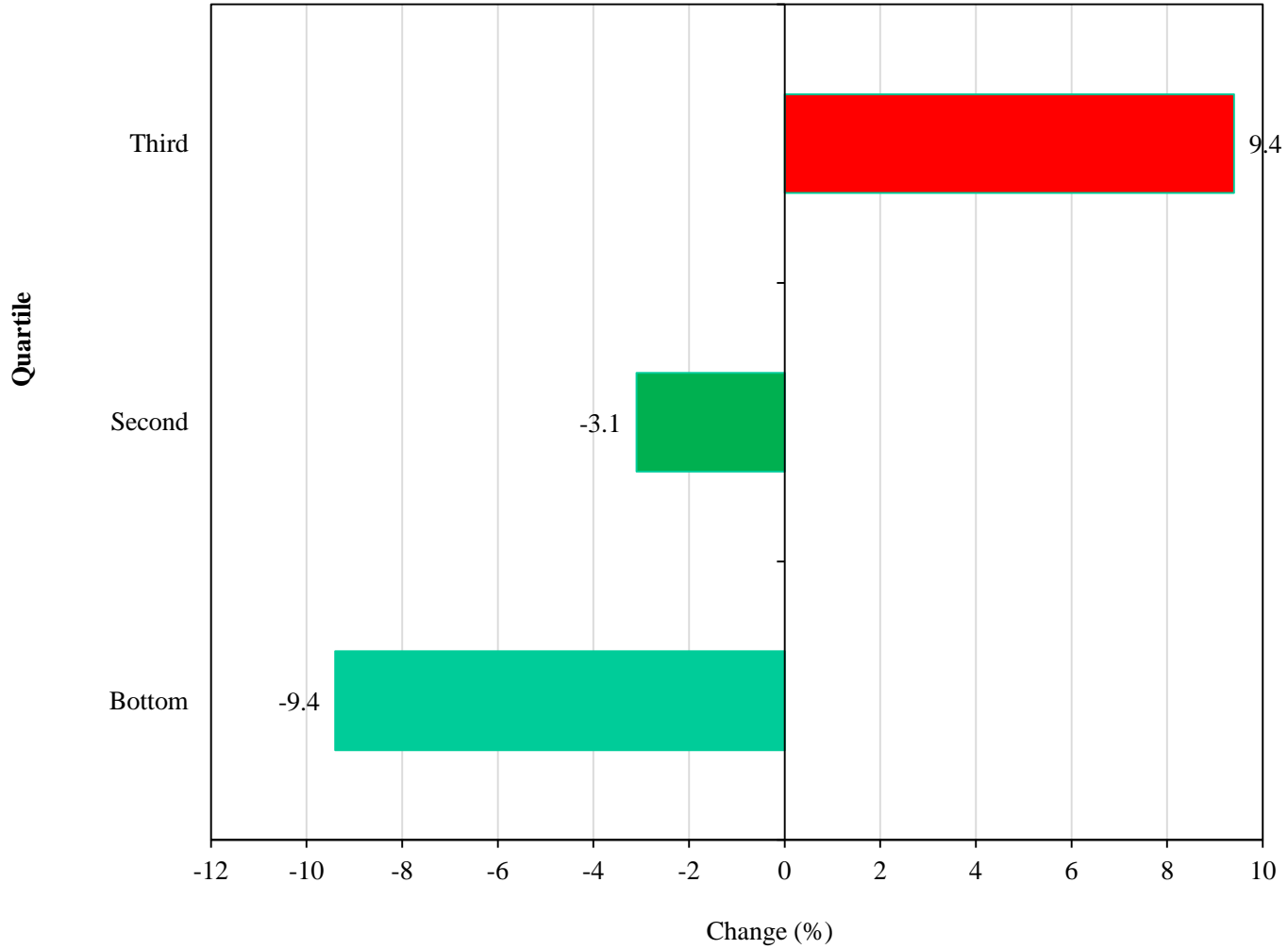


Source: US Dept of Agriculture

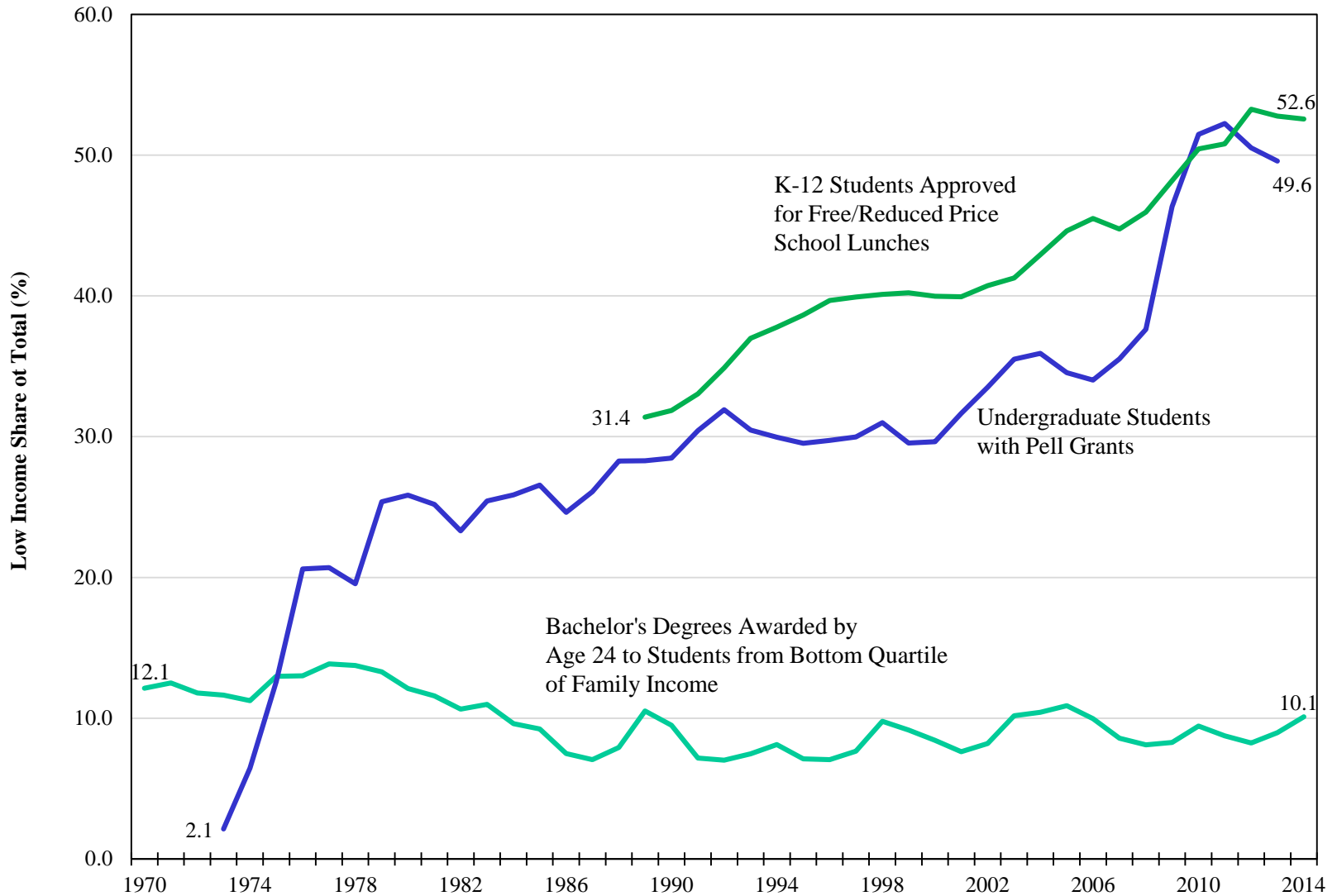
# Upper Family Income Limits for First, Second and Third Family Income Quartiles 1987 to 2014



# Change in Upper Limits for First, Second and Third Family Income Quartiles Between 1987 and 2014



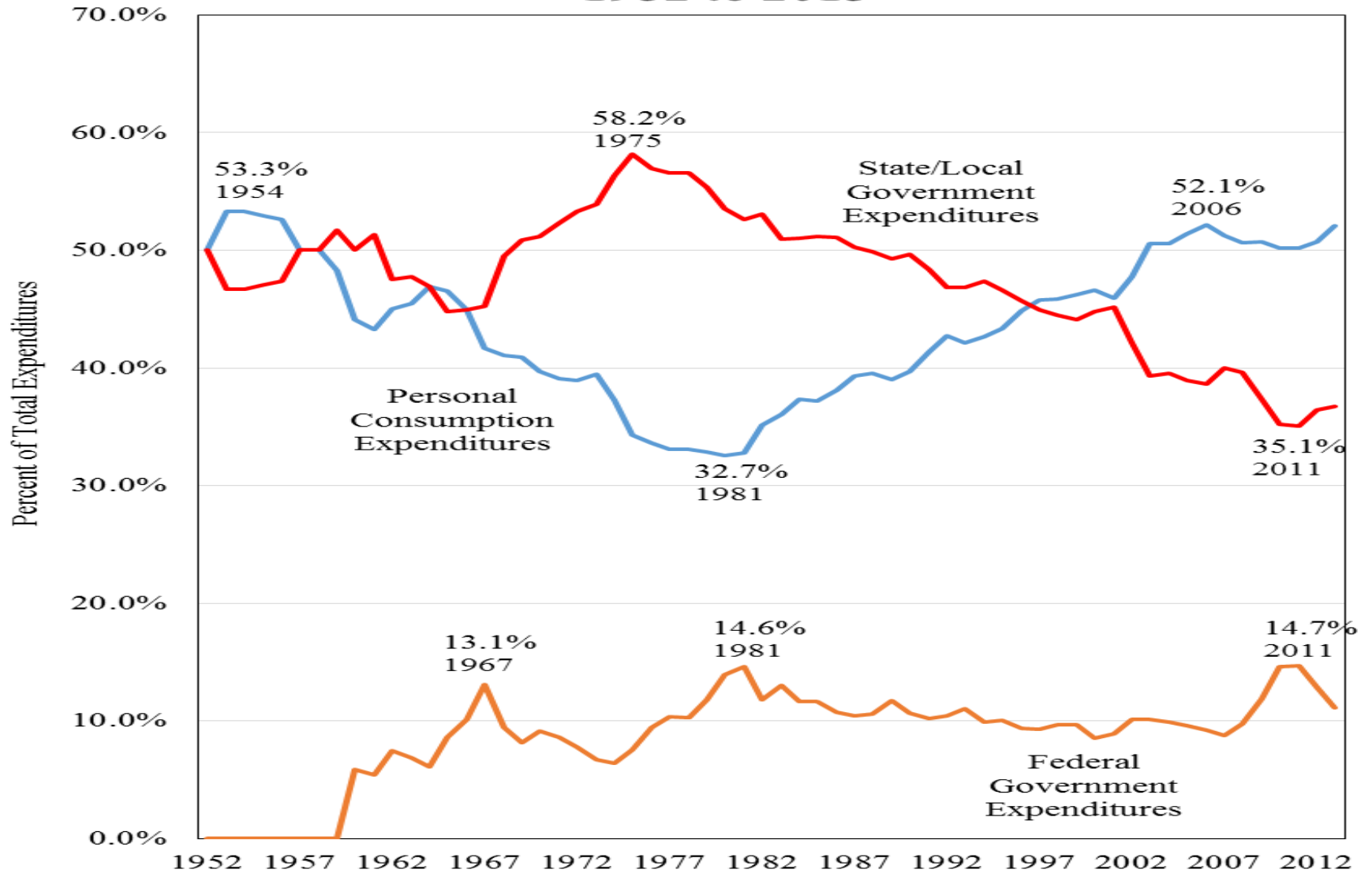
# Low Income Student Shares of Totals 1970 to 2014



# Financial Barriers

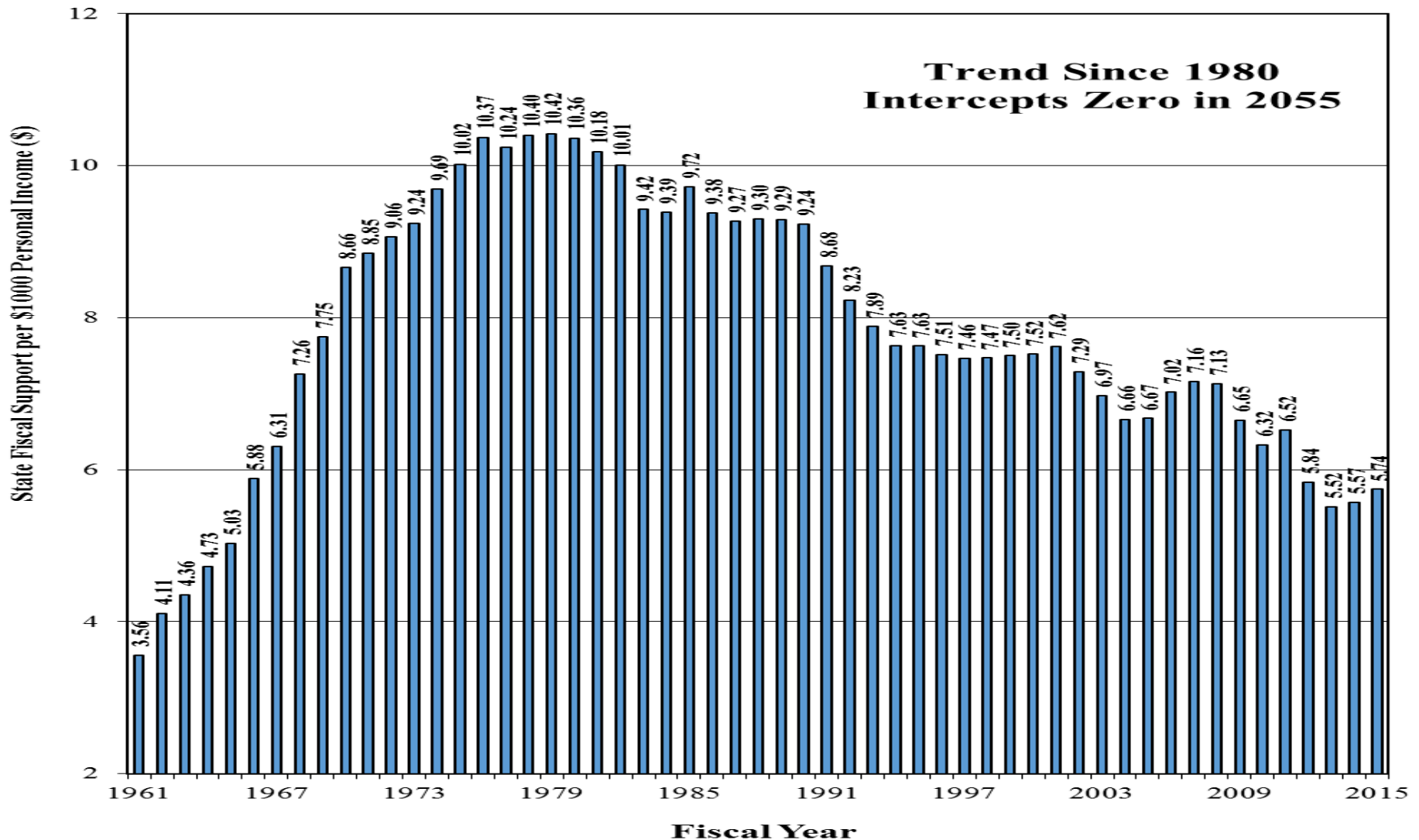
- Family Income
- **Financial Barriers**
- Consequences
- Restoring college affordability

## Distribution of Revenue Sources for Financing Public and Private Higher Education 1952 to 2013



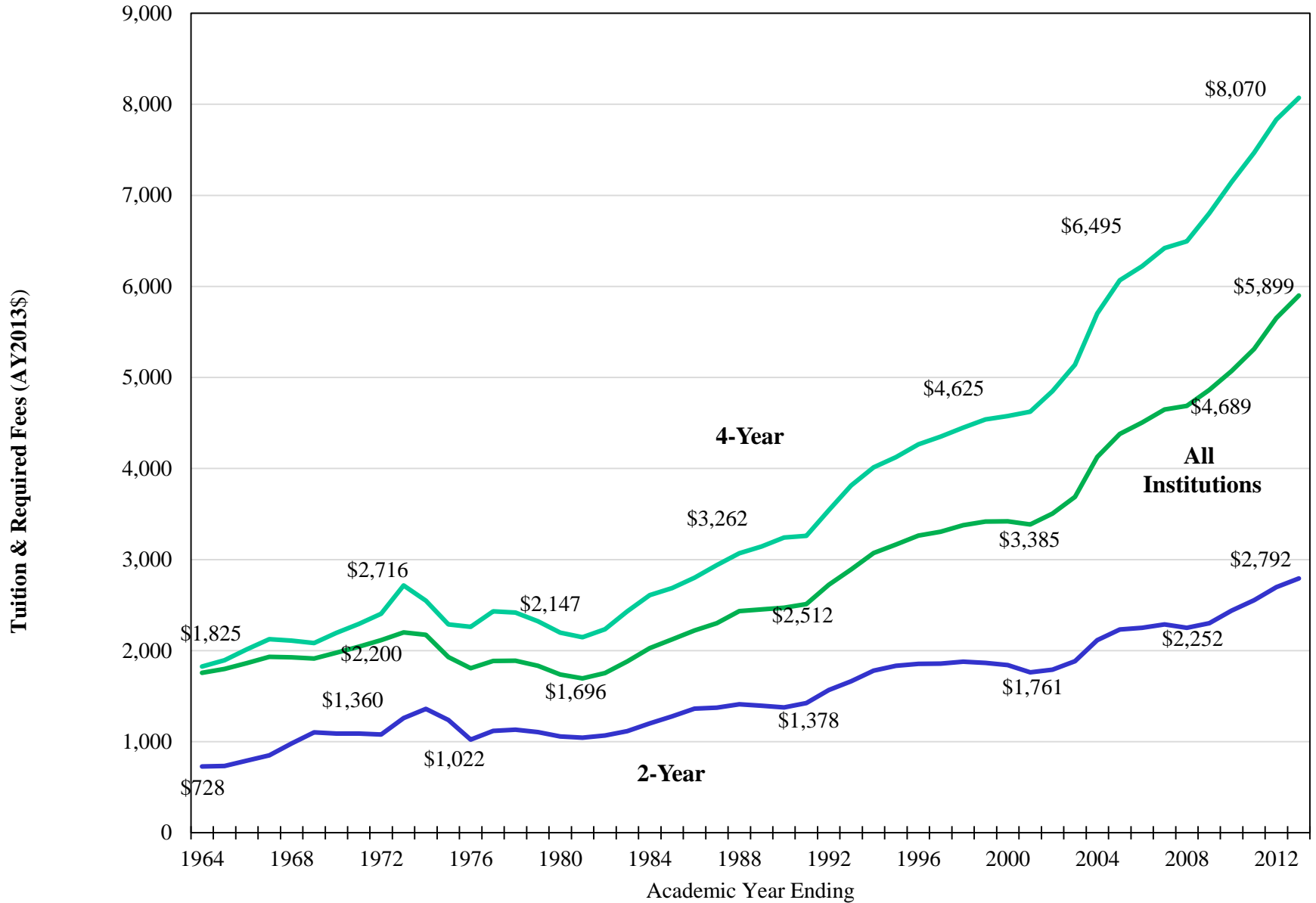
Source: National Income and Product Accounts

# State Fiscal Support for Higher Education per \$1000 of Personal Income FY1961 to FY2015



Sources: Grapevine, Bureau of Economic Analysis

# Average Tuition and Required Fees in Public Institutions In Constant Dollars AY1964 to AY2013





# **Financial Need Analysis Model**

## **Cost of Attendance**

Tuition and fees

Room and board

Books and supplies

Personal and medical care

Transportation

## **Less: Expected family contribution**

Income and assets

Family size

Number of children enrolled in college

## **Equals: Financial need**

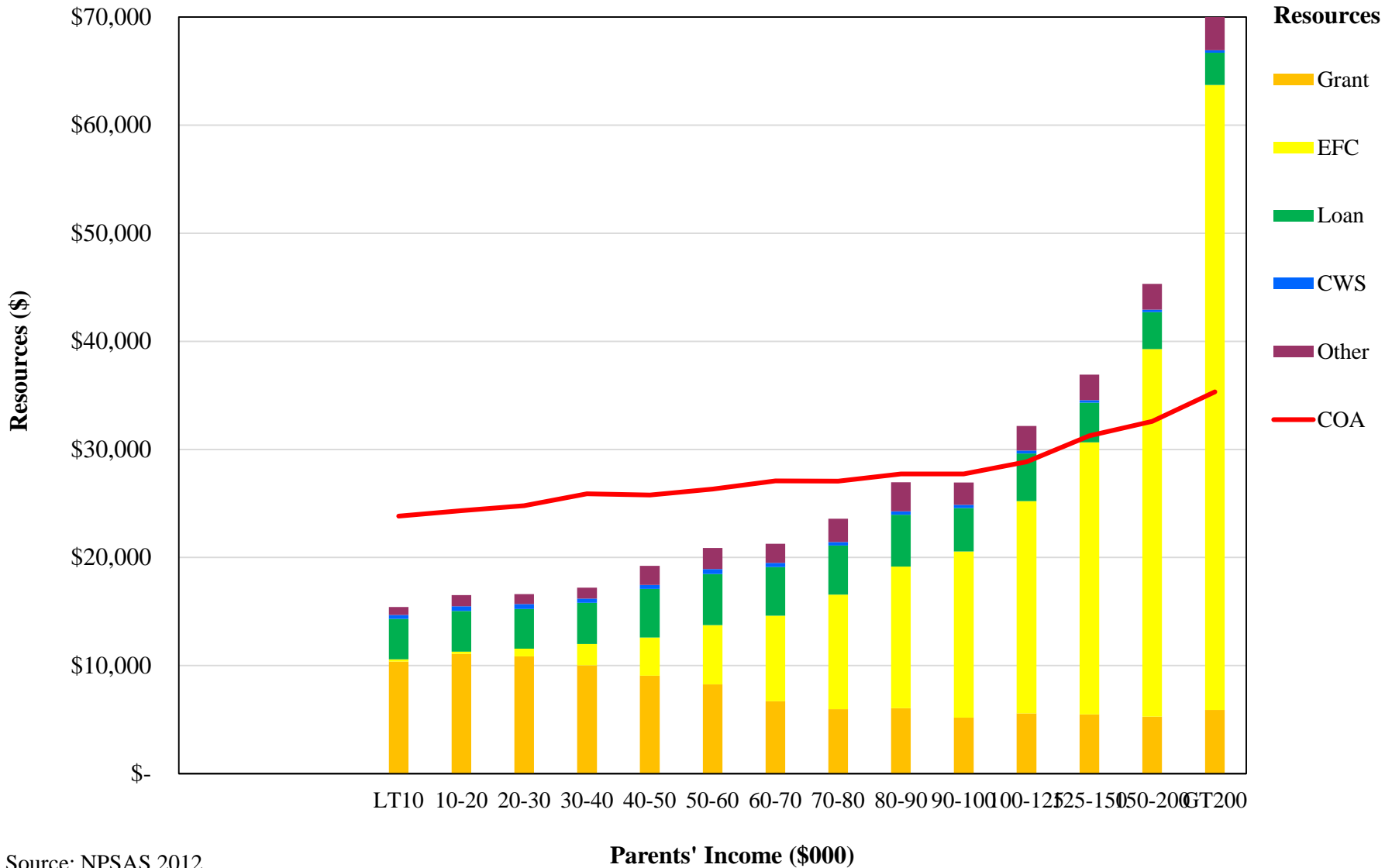
Gift aid: grants, scholarships, waivers

Earnings from work/study

Education loans: subsidized/unsubsidized Stafford, PLUS

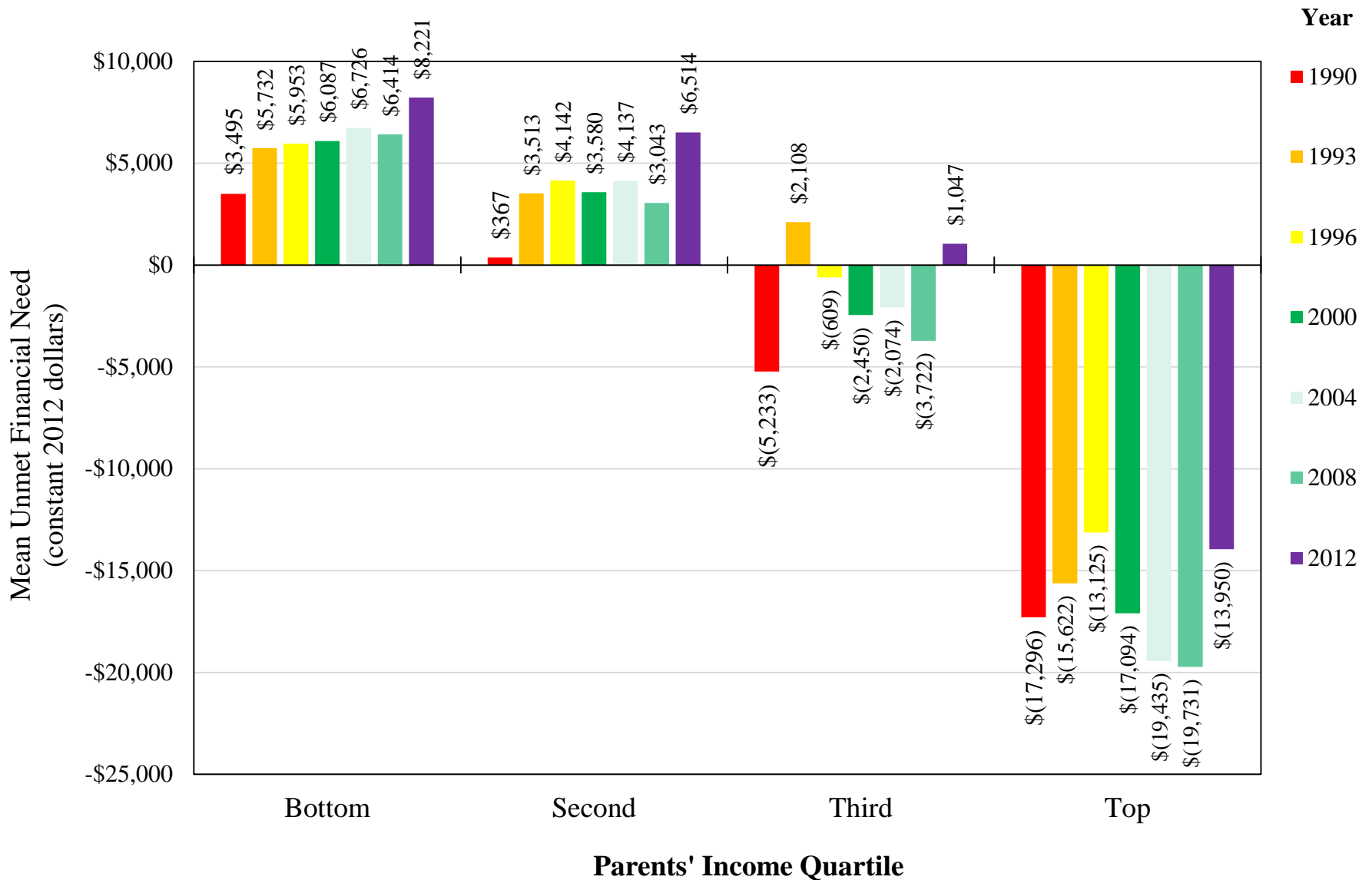
Federal tax credits

# Financial Resources and Barriers of Full-Time, Full-Year Dependent Undergraduate Students at One Institution 2012

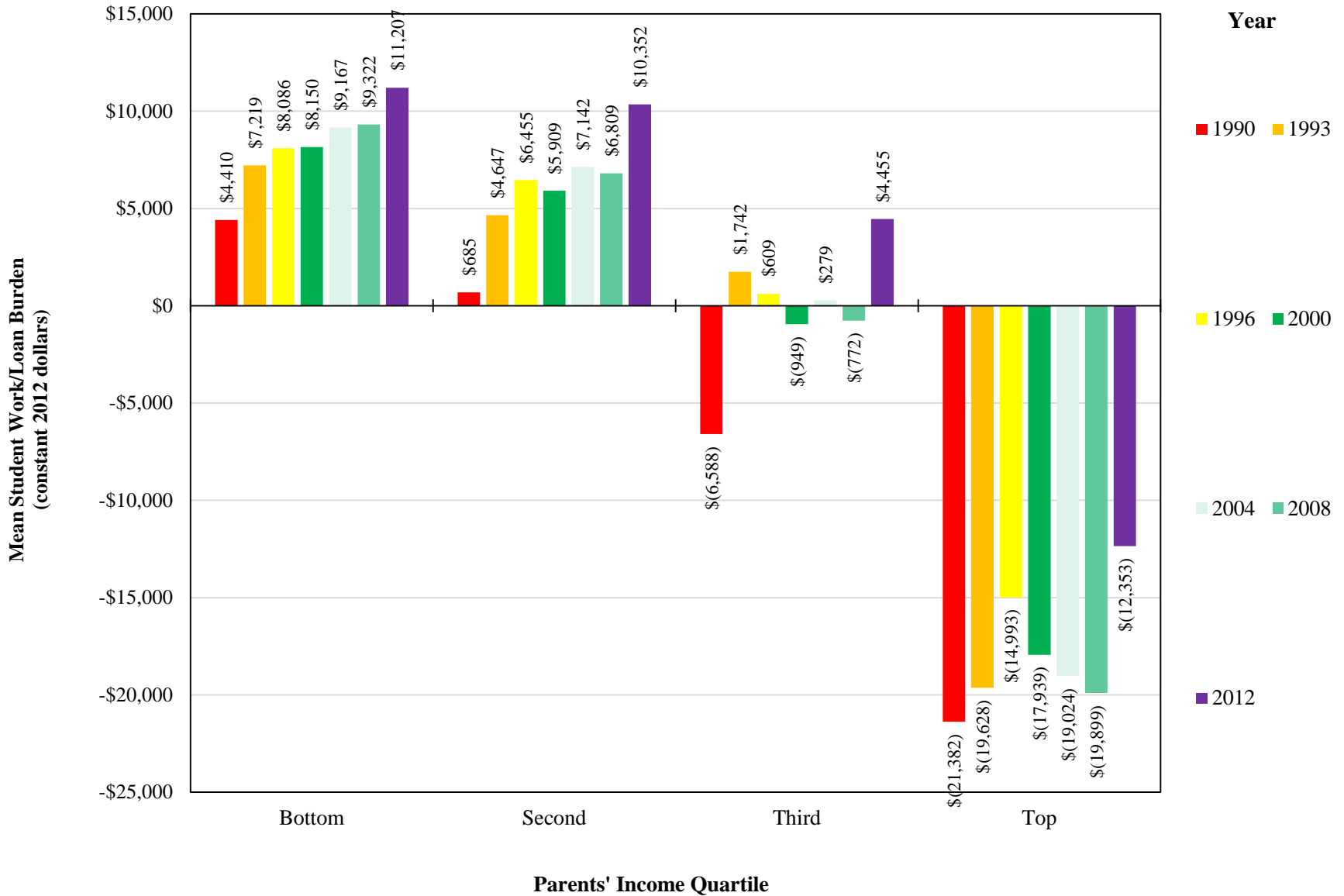


Source: NPSAS 2012

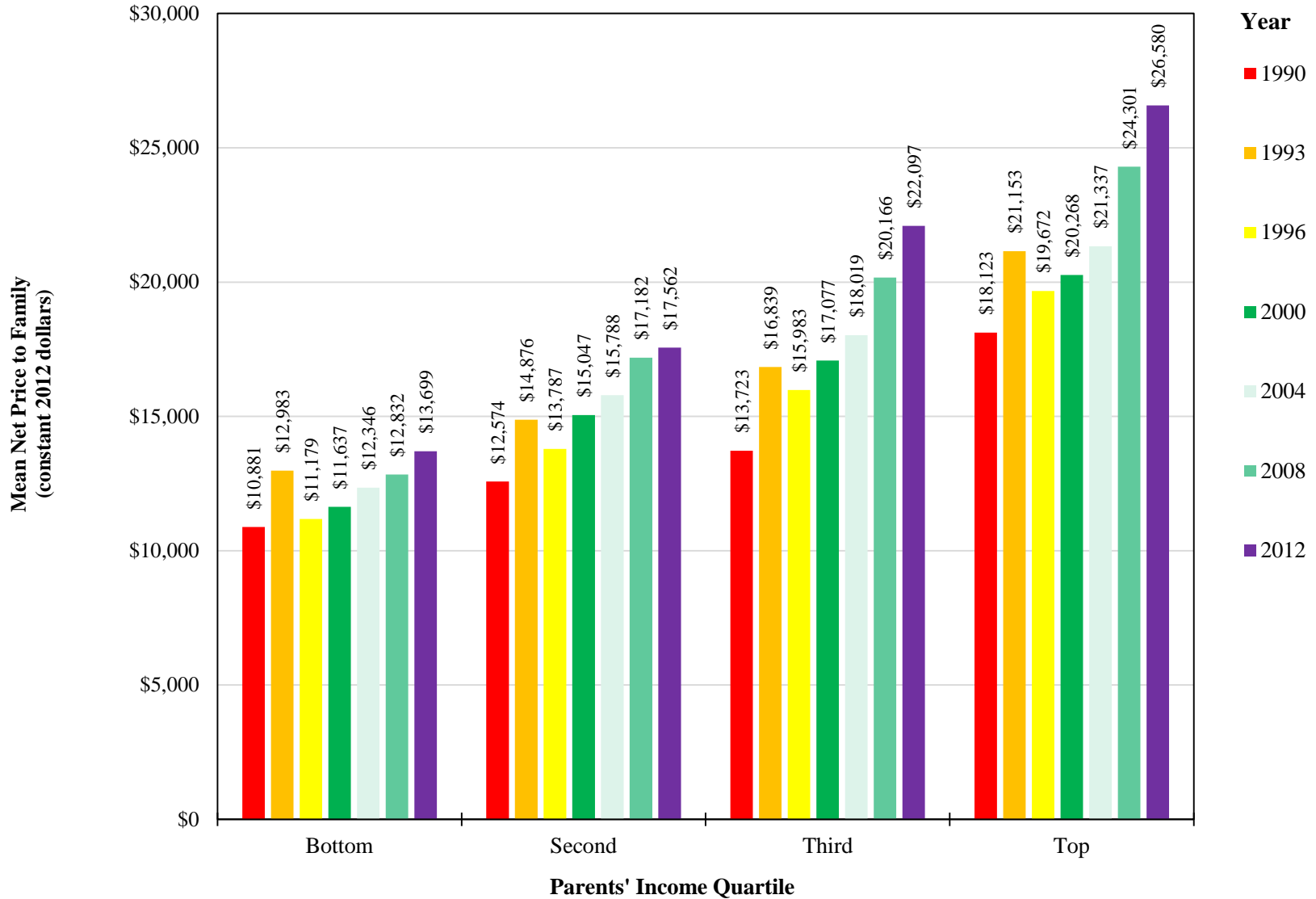
# Mean Unmet Financial Need for Dependent Undergraduates By Parents' Income Quartiles 1990 to 2012



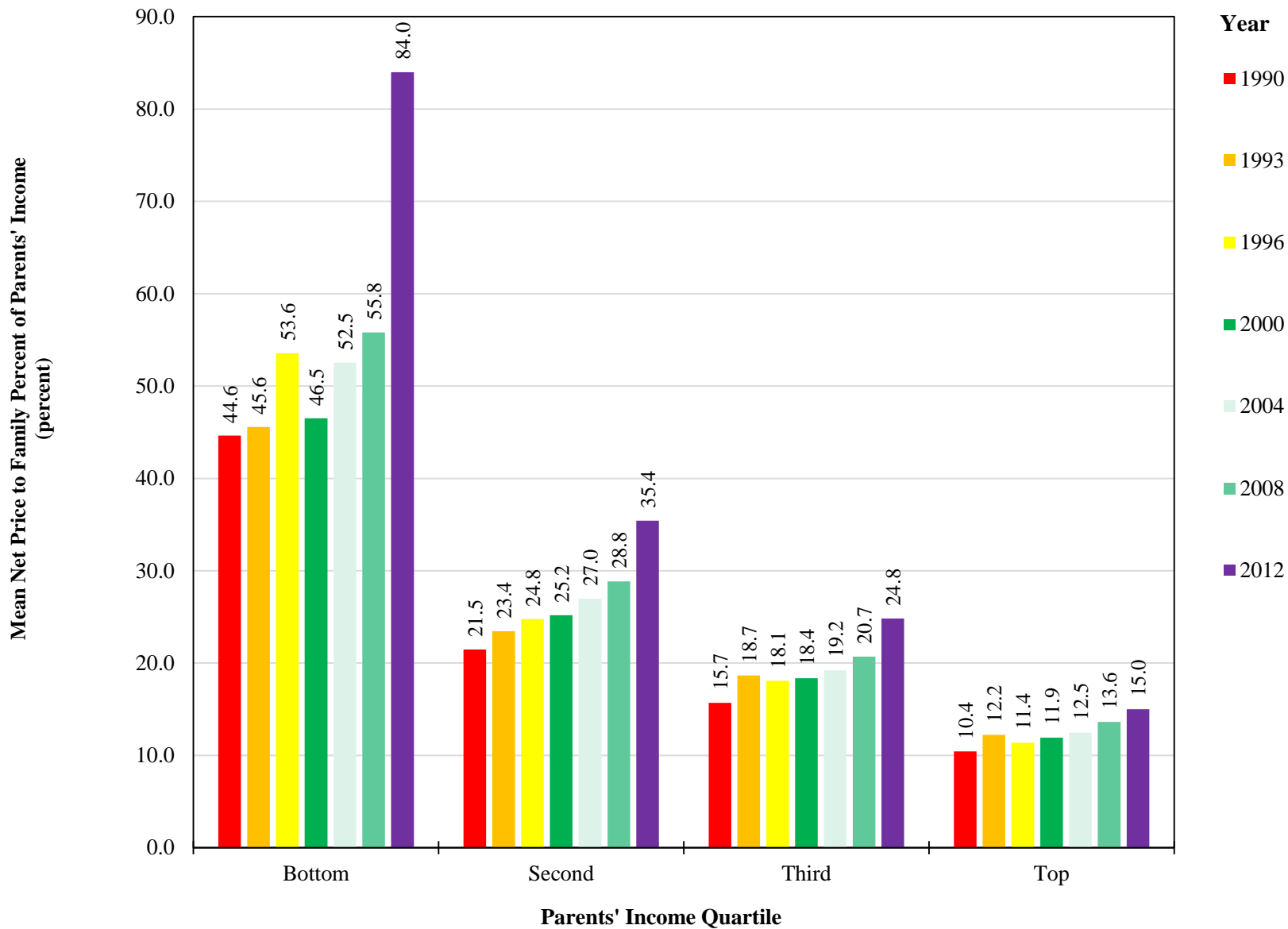
# Mean Student Work/Loan Burden in Public 4-Year Institutions for Dependent Undergraduates by Parents' Income Quartiles 1990 to 2012



## Mean Net Price to Family for Dependent Undergraduates by Parents' Income Quartiles 1990 to 2012



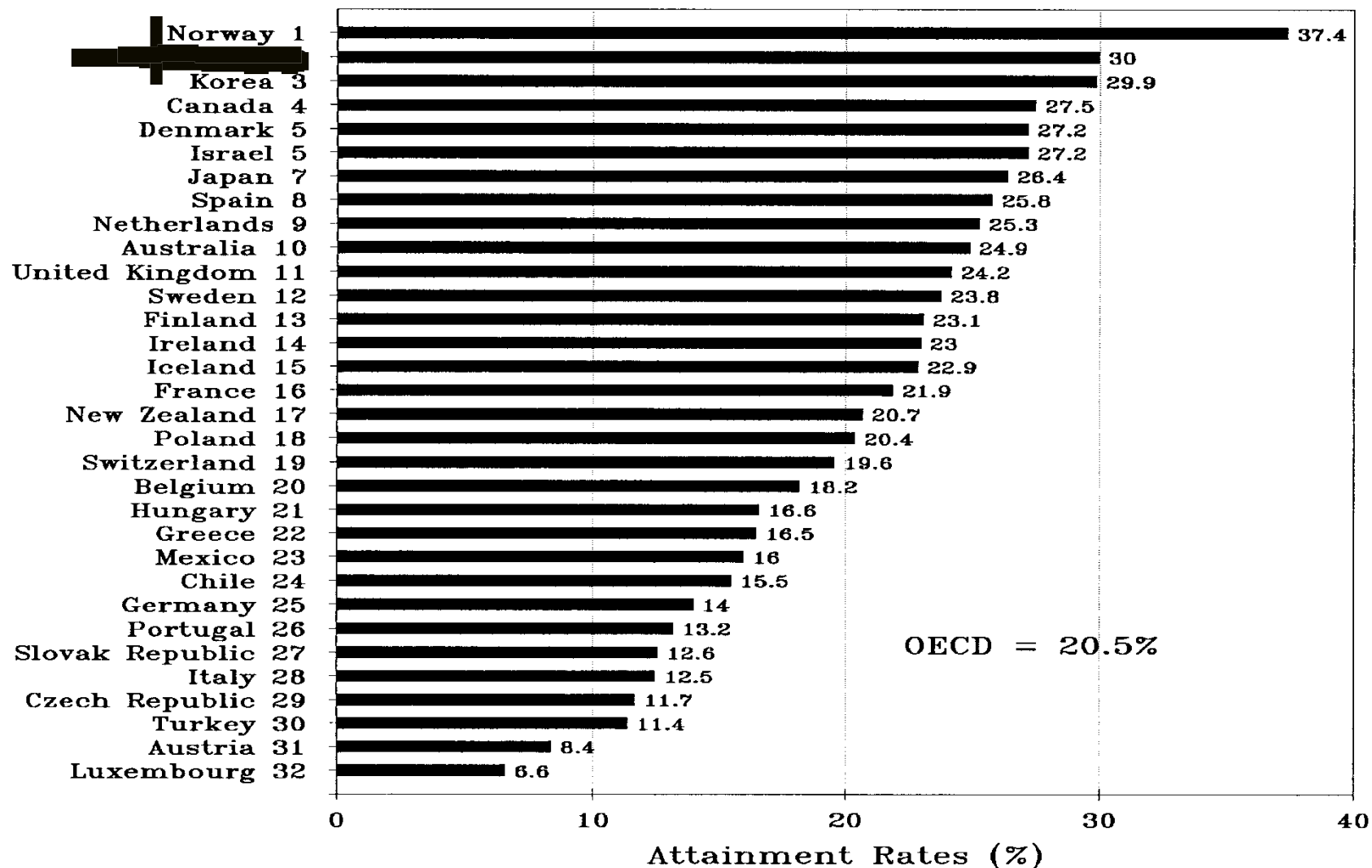
# Mean Net Price to Family as a Percent of Parents' Income by Parents' Income Quartiles 1990 to 2012



# Financial Barriers

- Family Income
- Financial Barriers
- Consequences
- Restoring college affordability

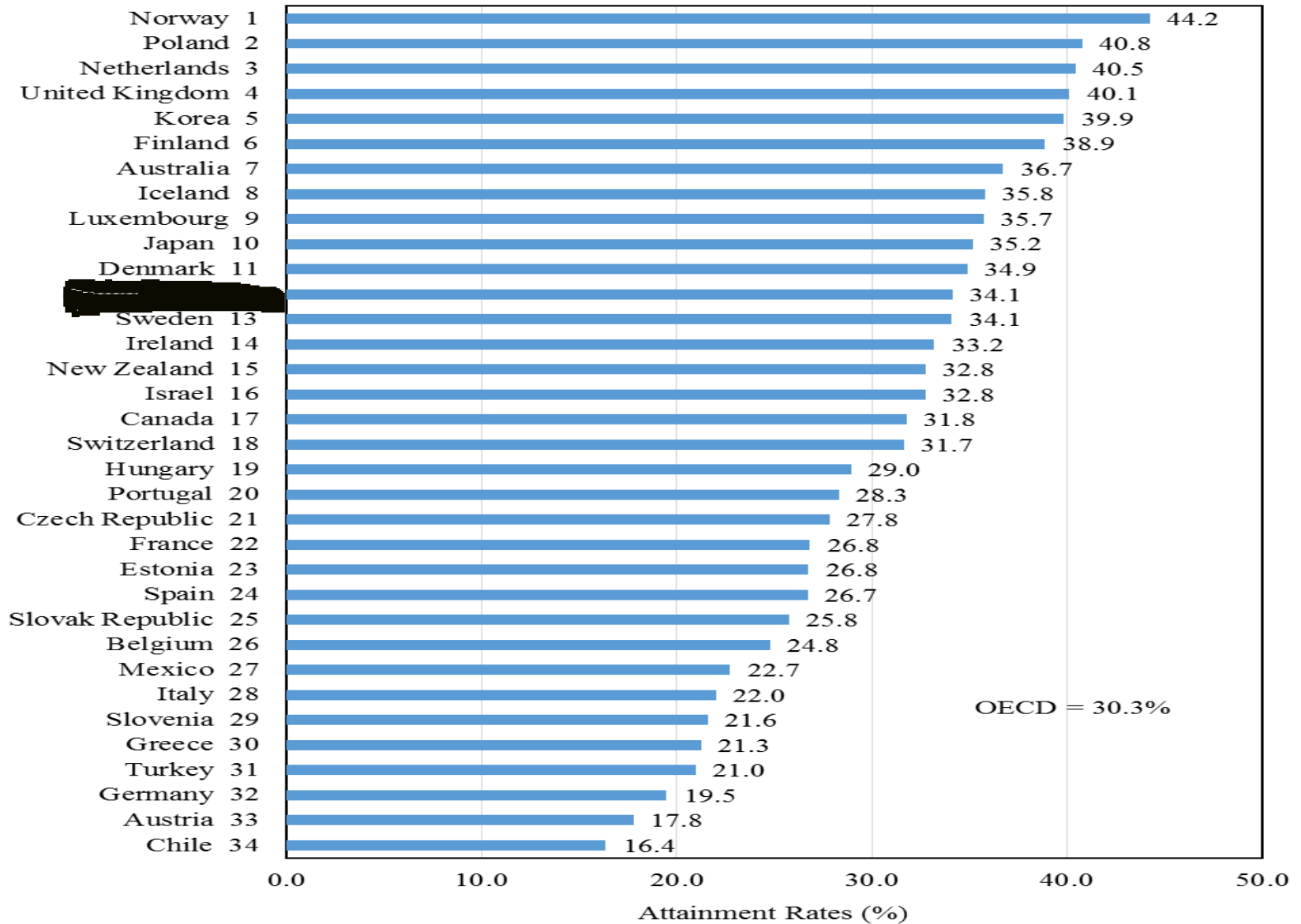
## Tertiary Type-A Degree Attainment Rates for 25 to 34 Year Olds in OECD Countries 2003



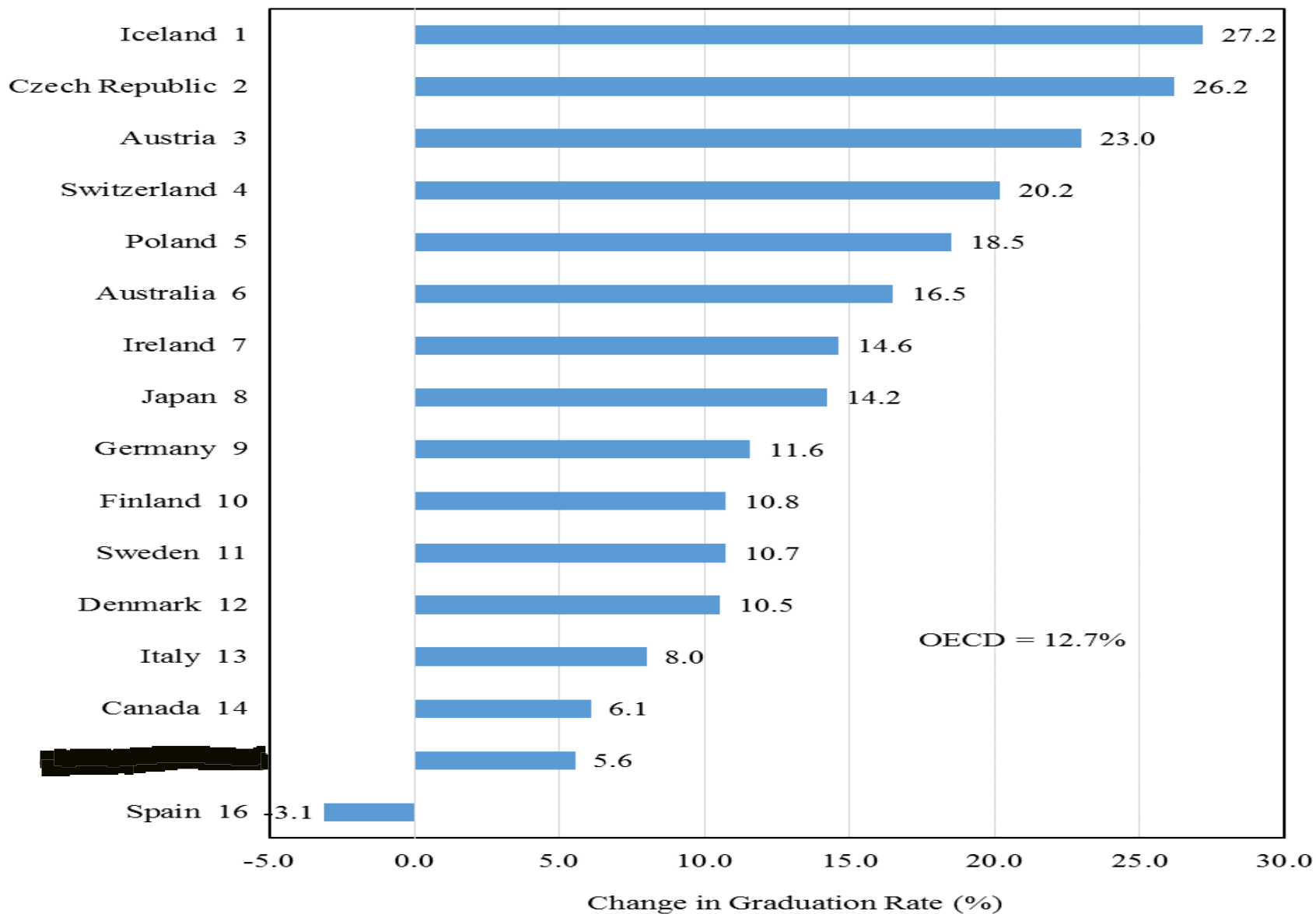
Source: OECD *Education at a Glance*



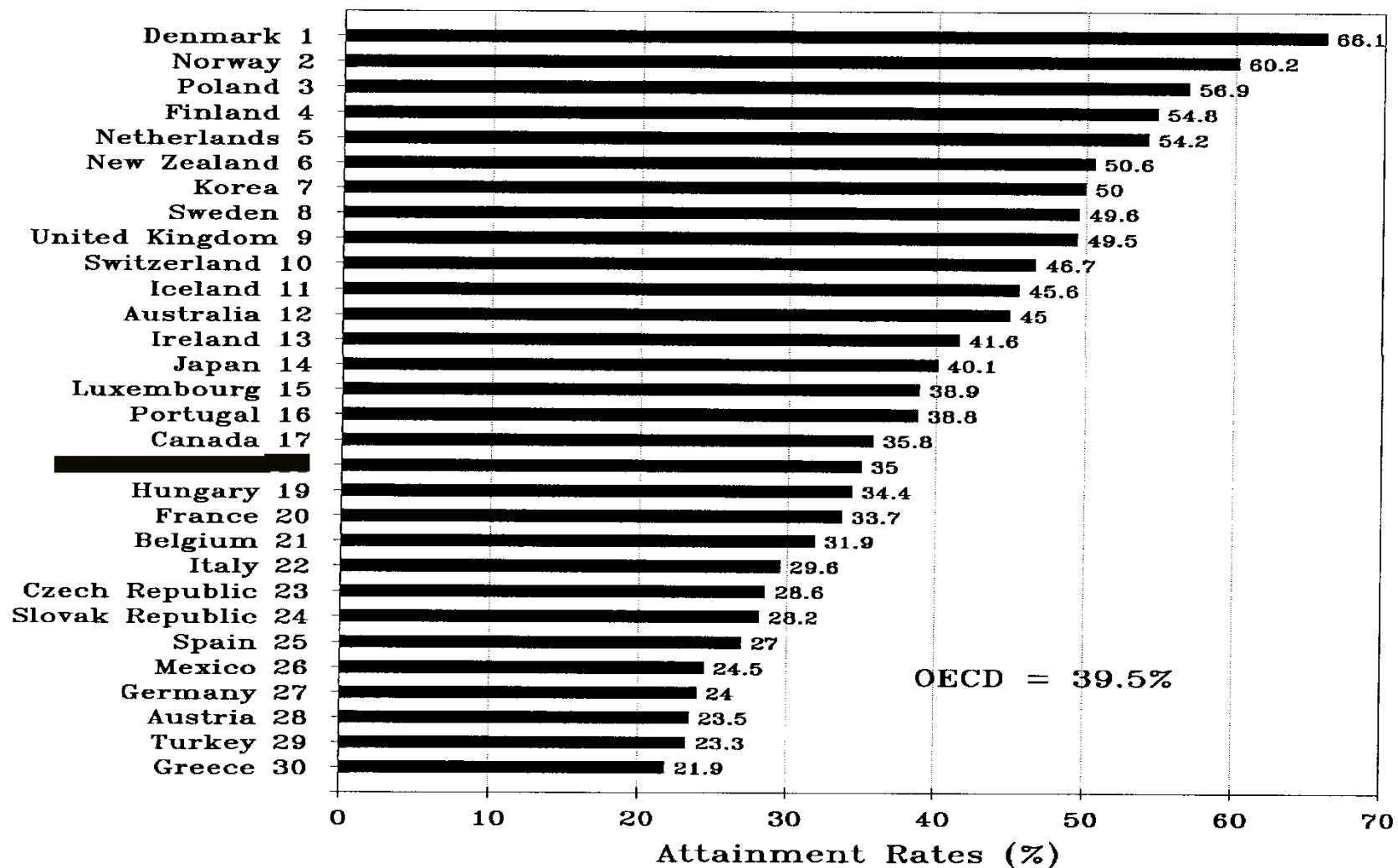
## Tertiary Type-A Degree Attainment Rates for 25 to 34 Year Olds in OECD Countries 2012



# Change in Tertiary Type-A Graduation Rates for OECD Countries 2000 to 2012



## Projected Tertiary Type-A Degree Attainment Rates for 25 to 34 Year Olds in OECD Countries 2020



Source: OECD *Education at a Glance*

# Financial Barriers

- Family Income
- Financial Barriers
- Consequences
- Restoring college affordability

**Restoring College Affordability:  
Recommendations for Reauthorization  
of the Higher Education Act**

1. \$13,000 Pell Grant maximum award
2. \$2000 Super Pell Grant
3. Federal-State partnership for financing Pell Grant program
4. College Work-Study for all students
5. Income contingent education loan repayment
6. Admissions lottery for class-selective Title IV institutions
7. Rigorous evaluation of *all* financial aid programs for effectiveness

# Contact Information:

Email Tom to request this PowerPoint:

**tom@postsecondary.org**