Financial Barriers to Opportunity for Higher Education

Student Financial Aid Research Network
San Francisco
June 9-10, 2016

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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 White non-Hispanic Families
1967 to 2014

Source: US Census Bureau/CPS
Median Income for Families by Race/Ethnicity
2014

- All Families: $66,632
- White: $70,609
- Black: $43,151
- Asian: $82,732
- Hispanic: $45,114

Source: US Census Bureau/CPS
Change in Median Income for Families by Race/Ethnicity
2000 to 2014

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Change in Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Families</td>
<td>$(3,109)</td>
</tr>
<tr>
<td>White</td>
<td>$(2,290)</td>
</tr>
<tr>
<td>Black</td>
<td>$(3,144)</td>
</tr>
<tr>
<td>Asian</td>
<td>$2,481</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$(2,234)</td>
</tr>
</tbody>
</table>

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

Third Quartile

(2007) $132,552

(2001) $87,024

(1999) $46,908

Second Quartile

(1996) $34,933

(1993) $67,614

Bottom Quartile

$38,561

$67,614

Upper Family Income Limits of Quartiles (Constant 2013 Dollars/CPI-U-RS)
Change in Upper Limits for First, Second and Third Family Income Quartiles Between 1987 and 2014

- Bottom: -9.4
- Second: -3.1
- Third: 9.4
Low Income Student Shares of Totals
1970 to 2014

K-12 Students Approved for Free/Reduced Price School Lunches
Undergraduate Students with Pell Grants
Bachelor's Degrees Awarded by Age 24 to Students from Bottom Quartile of Family Income
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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

Source: 2013 Digest of Education Statistics
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

Resources
- Grant
- EFC
- Loan
- CWS
- Other
- COA

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

Parents' Income Quartile

Year

1990
1993
1996
2000
2004
2008
2012

Mean Student Work/Loan Burden (constant 2012 dollars)

-$25,000
-$20,000
-$15,000
-$10,000
-$5,000
$0
$5,000
$10,000
$15,000

Bottom
Second
Third
Top
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Tertiary Type-A Degree Attainment Rates for 25 to 34 Year Olds in OECD Countries 2003

Source: OECD Education at a Glance
<table>
<thead>
<tr>
<th>Country</th>
<th>Attainment Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>44.2</td>
</tr>
<tr>
<td>Poland</td>
<td>40.8</td>
</tr>
<tr>
<td>Netherlands</td>
<td>40.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>40.1</td>
</tr>
<tr>
<td>Korea</td>
<td>39.9</td>
</tr>
<tr>
<td>Finland</td>
<td>38.9</td>
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<tr>
<td>Australia</td>
<td>36.7</td>
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<tr>
<td>Iceland</td>
<td>35.8</td>
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<tr>
<td>Luxembourg</td>
<td>35.2</td>
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<tr>
<td>Japan</td>
<td>35.2</td>
</tr>
<tr>
<td>Denmark</td>
<td>34.9</td>
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<tr>
<td>Sweden</td>
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<tr>
<td>Ireland</td>
<td>34.1</td>
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<tr>
<td>New Zealand</td>
<td>33.2</td>
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<tr>
<td>Israel</td>
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<tr>
<td>Canada</td>
<td>32.8</td>
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<tr>
<td>Switzerland</td>
<td>31.8</td>
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<tr>
<td>Hungary</td>
<td>31.7</td>
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<tr>
<td>Portugal</td>
<td>29.0</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>28.3</td>
</tr>
<tr>
<td>France</td>
<td>27.8</td>
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<tr>
<td>Estonia</td>
<td>26.8</td>
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<tr>
<td>Spain</td>
<td>26.7</td>
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<td>Slovak Republic</td>
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<tr>
<td>Belgium</td>
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<td>Mexico</td>
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<tr>
<td>Italy</td>
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<td>Slovenia</td>
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<tr>
<td>Greece</td>
<td>21.6</td>
</tr>
<tr>
<td>Turkey</td>
<td>21.3</td>
</tr>
<tr>
<td>Germany</td>
<td>21.0</td>
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<tr>
<td>Austria</td>
<td>19.5</td>
</tr>
<tr>
<td>Chile</td>
<td>17.8</td>
</tr>
</tbody>
</table>

OECD = 30.3%
Change in Tertiary Type-A Graduation Rates for OECD Countries 2000 to 2012

- Iceland: 27.2%
- Czech Republic: 26.2%
- Austria: 23.0%
- Switzerland: 20.2%
- Poland: 18.5%
- Australia: 16.5%
- Ireland: 14.6%
- Japan: 14.2%
- Germany: 11.6%
- Finland: 10.8%
- Sweden: 10.7%
- Denmark: 10.5%
- Italy: 8.0%
- Canada: 6.1%
- Spain: -3.1%

OECD = 12.7%
Projected Tertiary Type-A Degree Attainment Rates for 25 to 34 Year Olds in OECD Countries 2020

OECD = 39.5%

Source: OECD Education at a Glance
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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
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