Barriers Beget Barriers:

Low-Income Students, Income Inequality, and the Role of Higher Education

Shannon Usher

College of Professional Studies, Northeastern University

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Dr. Mounira Morris

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In the United States in 2020, 37.2 million people lived in poverty representing a poverty rate of 11.4% (this is a 3.3 million person and 1.0% increase over 2019). Poverty disproportionately affects young people. For Americans under the age of 18, the poverty rate in 2020 was 16.1% (U.S. Census Bureau, 2022). If 16.1% of Americans under 18 experience poverty, then students in higher education who experience poverty should be a similar number. Pew Research Center analysis of Nation Center for Education Statistics tells us otherwise. The most recent data shows that 31% of enrolled students were in poverty (Fry & Cilluffo, 2020); this means that students in poverty are more likely to enroll at a higher education institution than their peers. This paper will address how this trend came to exist and how the systems of higher education continue to perpetuate poverty even after graduation.

Levels of educational attainment have a noticeable impact on income; someone with a bachelor's degree makes nearly double on average that of someone who has completed high school (U.S. Bureau of Labor Statistics, 2021). Additionally, degree attainment, particularly at selective colleges and universities, is perceived to be an important stepping-stone to professional and leadership positions and a general measure of traditional success (Pallais & Turner, 2007). For both its financial and social reasons, higher education has become a marker for low-income students to increase their upward mobility (Dalton & Crosby, 2015). Despite a thirst for knowledge and an appetite for success, the cost of higher education represents a barrier to low-income students.

To remove this barrier, the federal government began to implement student financial aid programs. Beginning in the 1960s, the United States introduced a series of grant programs designed to allow low-income students to attend a higher education institution at a reduced cost (Coomes, 2000). One of the most notable pieces of legislation to emerge from this push was the

Higher Education Act of 1965 which supported efforts to expand and increase access for low-income and first-generation students such as Pell Grants (American Council on Education, 2021), a system that is still used to assist low-income students today. Despite its clear success in increasing enrollments of low-income students, the current structure of financial aid is still a barrier itself. Current public policy does not prepare low-income families for the costs of higher education, even with efforts centered on increasing Pell grants and decreasing institutional costs. The Free Application for Federal Student Aid is often perceived as complicated and difficult, and many families do not complete it as a result. In 2020, 100,000 fewer high school seniors completed financial aid applications (Long & Douglas-Gabriel, 2020). Furthermore, many institutions focus on merit-based aid, rather than need-based aid and further estrange low-income students from higher education (Engberg & Allen, 2011; Pulcini, 2018). A potential solution to this problem creates another barrier itself: enrollment management.

When the federal and state governments fail to provide students with the resources they need to attend an institution, including the knowledge of how to even access those resources, the development of recruitment strategies and policies at higher education institutions themselves becomes an important piece of this puzzle (Engberg & Allen, 2011). Unfortunately, relying on institutions is statistically unreliable. Though many institutions of higher education have shifted to include diversity in their missions and focus on increasing their numbers of low-income students, enrollment management still constrains equity outcomes for low-income students as they try to balance their priority at the institution versus the priority of revenue outcomes and institutional prestige (Hossler & Kalsbeek, 2008).

In addition to barriers that may impact a low-income student's likelihood to attend an institution of higher education; institutions themselves perpetuate cycles of poverty while students are enrolled. Campus activities and student groups with fees, internships (paid and unpaid), and study abroad programs provide students with meaningful and valuable experiences but restrict access to those with the financial means and are often inaccessible to low income students. In doing so, institutions have emphasized measures of merit that are behind paywalls; as a result, this both ignores the existence of such barriers, and fails to even the playing field for low-income students (Dalton & Crosby, 2015).

Indirect costs of attendance must be considered in this conversation as well; the most notable are textbooks and transportation. These indirect costs, depending on the institution, could potentially make up half or more of the total cost of attendance (Carrns, 2020) and often are not covered in student financial aid packages as they are purchased outside of loan disbursement. In fact, a 2017 study found that 66% of students surveyed had not purchased a textbook due to cost (Martin et. al, 2017) and a 2021 survey found 68.6% of students surveyed delayed purchasing a textbook due to cost, and 41.3% reported not purchasing required materials (Spica & Biddix, 2021). Though books are tied to academic success, perhaps even more significant is the food and housing crisis in higher education.

A 2018 study of 43,000 students at 31 community colleges and 35 four-year universities in 20 states and Washington, D.C. found that 36% of college students are food insecure, and 36% are in precarious housing situations (Goldrick-Rab, 2018). Nationally, in 2019, 41% of university students nationwide reported food insecurity. To add insult to injury, the United States Department of Agriculture (USDA) and The Food Recovery Network report that 22 million pounds of food, averaging 142 pounds of food waste per student, are wasted on college campuses annually (Frank, 2020).

With campus climate, health and safety, and financial barriers to campus activities and success, it is no wonder that graduation rates are affected. In a study conducted in New England over the course of 2006-2011, findings suggest that graduation rates were stagnant for First-Time, First-Year Federal Pell Grant recipients despite increased enrollments (Chillo, 2014). Across all students from all socioeconomic backgrounds, only about 6 out of 10 graduate, and that number drops for people of color (who have the highest poverty rates in the nation, ranging from 17 to 19.5%) (Handel & Strempel, 2021; U.S. Census Bureau, 2022). Despite the overall general gains low-income students have experienced since the 70s, the gains made by wealthier students greatly surpass them (Bastedo & Jacquette, 2011)

Furthermore, those students that do graduate are often saddled with copious amounts of student debt. As of April 5, 2022, the current total student loan debt is $1.75 trillion (including federal and private loans). On average, students borrowed $28,950, and 55-57% of students across public and nonprofit 4 year institutions took out loans (Hahn & Tarver, 2022). The Department of Education also shows that approximately one million people default on their student loans every year, something that could be attributed to the over 780 institutions where fewer than one-third of students have annual earnings above $25,000 six years after beginning college (Carey, 2021).

The most at risk of suffering as a result of student debt are low-income students. First-Time, First-Year Federal Pell Grant students were most at risk for high levels of student indebtedness as a result of institutional financial aid priorities and low 6-year graduation rates (Chillo, 2014). Should a low-income student make it to graduation, they are more marketable for jobs with a degree attached to their resume; however, for those students who do not graduate, the student debt does not go away: students who do not complete their degree are three times more likely to default on their loans than those who earned a diploma (Hess, 2021).

At every step of the way, the system is stacked against low-income students. From applications and admissions, to continuing education, to graduation and beyond: there is not a level playing field in sight. Economic inequality persists, at least in part, due to higher education's perpetual cycle of income disparity. The wealthy can attain more wealth and low-income families face a system created and reinforced to maintain this gap. Part two of this paper will address more on the demographic of poverty and who feels the effects of this cycle more, and further detail the long lasting effects of this system. Additionally, the second part of this paper will address proposed approaches to addressing this problem. At the conclusion of this paper, recommendations and suggestions for future research will be presented.

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