

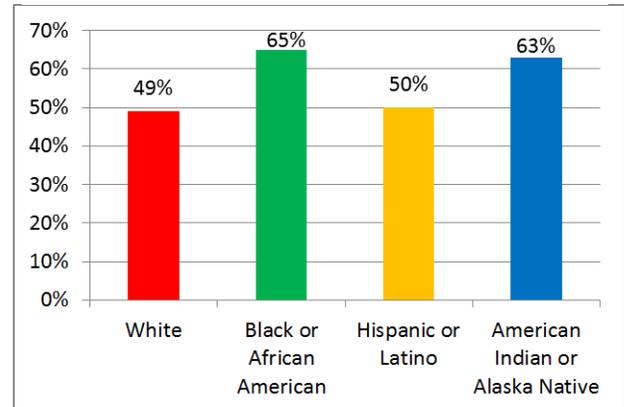
Barriers to Success: Unmet Financial Need for Low-Income Students of Color in Community College

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Postsecondary education plays a vital role in increasing upward mobility and economic success for individuals and their families. The need for education beyond high school is growing, as nearly two-thirds of all U.S. jobs will require some form of postsecondary education or training by 2020.ⁱ But for some individuals, the likelihood of pursuing postsecondary education varies substantially by family income.ⁱⁱ Over the last three decades, the cost of college tuition and fees has increased nearly four times faster than the median income, and the majority of Americans (75 percent) believe college is too expensive for most to afford.

More than 50 percent of all undergraduates are low-income.ⁱⁱⁱ Whereas half of all individuals from high-income families possess a bachelor's degree by age 25, only 1 in 10 individuals from low-income families do.^{iv} Low-income students – especially students of color – are more likely to be financially independent for the purposes of student financial aid than their higher-income and white peers (figure 1).^v Because, by definition, financially independent students cannot rely on resources from their parents for college costs, they are more likely to have higher levels of unmet need and fewer financial resources to contribute to their college expenses. Of students who entered college in 2005, 62 percent of whites received a degree within six years, versus 40 percent of blacks and 51 percent of Hispanics.^{vi} The increase in college costs, coupled with the decreased funding for financial aid, have led to sizable gaps in unmet need, pushing college out of reach for many low-income students of color.

Figure 1. Percentage of Independent Undergraduates by Race/Ethnicity in 2011-12

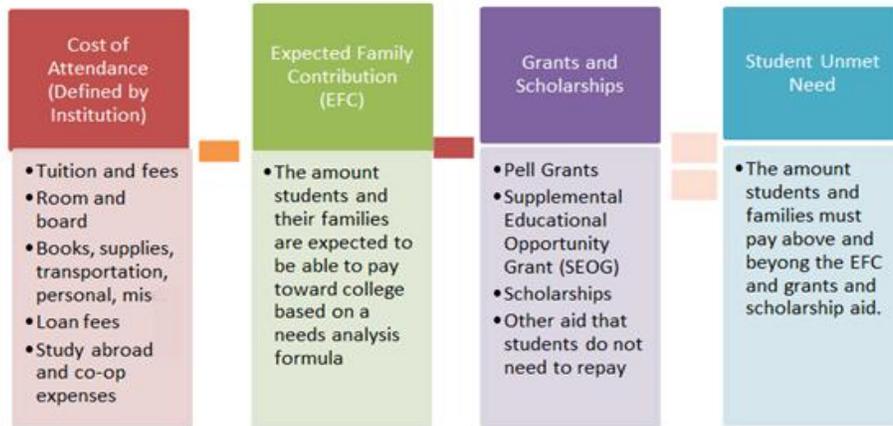


What is Unmet Need?

Unmet need is the *gap* between college costs and what students have to pay after accounting for the student's expected family contribution (EFC), grants and scholarships, and any other aid that does not need to be repaid (figure 2).^{vii} When financial aid does not sufficiently cover educational expenses, low-income students are more likely to borrow more, work more hours, decrease enrollment intensity, or even drop out. Unmet need is common even at two-year public institutions, which are considered relatively low cost. CLASP's [recently updated analysis of student unmet financial need](#) highlighted that in 2011-12, more than 90 percent of the neediest full-time

independent community college students and 80 percent of part-time students had unmet need, averaging \$7,734 and \$3,559, respectively. These students rely on financial aid to cover their educational expenses.

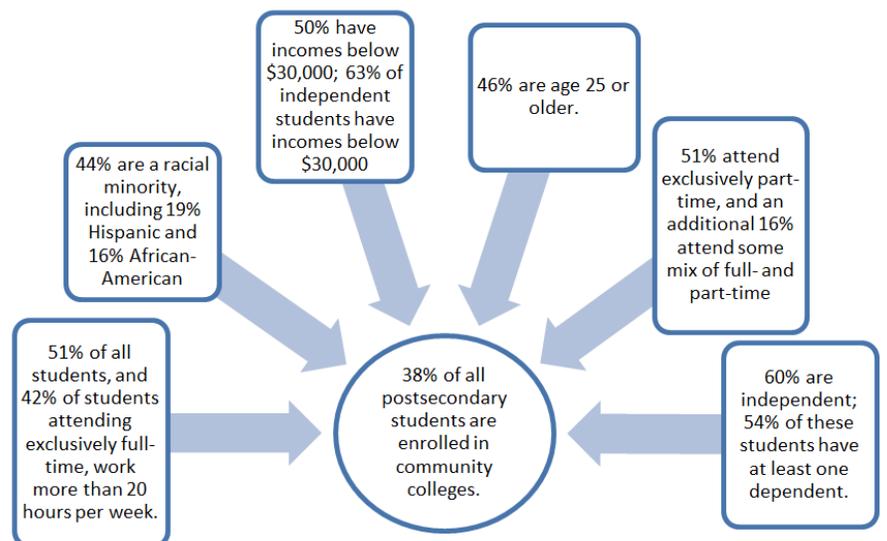
Figure 2: Calculating Unmet Financial Need



The Role of Financial Aid and Unmet Need

Over half of all undergraduate students in 2011-2012 received some type of federal financial aid; 41 percent received an average of \$3,400 in Pell Grants.^{viii} This amount is barely enough to cover the average tuition and fees at a public two-year institution (\$3,347), let alone the total annual cost of community college attendance (\$16,352).^{ix} For community college students -- who are typically older, more racially and ethnically diverse, and are more likely to be financially independent, parents, and employed (figure 3)^x -- Pell Grants play a significant, yet increasingly diminished, role in financing their education, due to rapidly increasing postsecondary costs.

Figure 3. Profile of Community College Students



While our recent analysis found that the percentage of independent students with unmet need has dropped since 2007-2008, there are still a substantial

number of students with high unmet financial need, including more than 70 percent of students in the bottom two quartiles. According to the National Postsecondary Student Aid Study, about 38 percent of all community college students received enough federal and state grants to cover all tuition and fees in 2012. But the remaining 62 percent still faced significant unmet financial need. Similar patterns of high unmet need are prevalent among different racial groups. After accounting for EFC and financial aid, there is more than a 20 percent difference between white and black student unmet need levels, and only white students have unmet need levels of less than 70 percent. White students averaged \$3,517 in unmet need, while black students averaged \$5,054 and Hispanic students averaged \$4,214 (see table 1). While historically marginalized populations of color have gained increased access to higher education, their financial need continues to affect their ability to complete their programs of study and earn a degree or credential.

Table 1. Unmet Need of Students of Color in Community College^{xi}

Race/Ethnicity	% Receiving Pell Grants	% with Unmet Need	Average Unmet Need
Total	38%	68%	\$4,011
Black or African American	57%	82%	\$5,045
Hispanic or Latino	41%	75%	\$4,214
Asian	30%	73%	\$5,036
American Indian or Alaska Native	45%	75%	\$4,180
Native Hawaiian/Other Pacific Islander	36%	81%	\$5,436
White	31%	61%	\$3,517
More than one race	44%	70%	\$4,303

How to Better Serve Low-Income Students of Color in Community Colleges with Reformed Funding Policies

Research indicates that financial aid is important to support students in accessing and completing college. The changing face of higher education requires bold rethinking of federal higher education policy to meet the needs of today’s non-traditional students, which include an increasing number of low-income students of color. CLASP’s recent paper, *Mind the Gap Update: High Unmet Financial Need Continues to Endanger Higher Education Opportunities for Low-Income Students*, highlighted the three main benefits to low-income students of more

effective and better targeted funding policies, especially at community colleges. These include:

- Reduced reliance on student loans to supplement unmet financial need,
- Reduced need to work more while in school, and
- Reduced likelihood of stopping or dropping out.

As members of Congress continue to debate reforms to current financial aid policies, they should be mindful of the life circumstances of the growing population of non-traditional students, as well as the increasing challenge of meeting the rising costs of college. Congress should specifically consider:

- *Preserving continuous student aid eligibility for students who mix their enrollment intensity over the course of their college program.*
- *Allowing students to receive aid more flexibly for year-round study, enabling them to respond to changing family and life circumstances or to accelerate their studies.*
- *Requiring that students who submit a FAFSA are made aware of public benefits for which they may be eligible.*
- *Increasing the semester cap on Pell Grants to ensure students have access to Pell throughout the entire course of their program of study and to better align with Satisfactory Academic Progress (SAP) requirements.*

Endnotes

ⁱ Anthony P. Carnevale, Nicole Smith, and Jeff Strohl, *Recovery: Job Growth and Education Requirements Through 2020*, Georgetown University, Center on Education and the Workforce, 2013, https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.FR_Web_.pdf

ⁱⁱ Bridget Terry Long and Erin Riley, *Financial Aid: A Broken Bridge to College Access?*, Harvard Educational Review, Vol. 77, No. 1, 2007, <http://isites.harvard.edu/fs/docs/icb.topic1233004.files/Long%20Riley%202007%20Financial%20Aid%20-%20A%20Broken%20Bridge%20to%20Access%20-%20HER.pdf>

ⁱⁱⁱ Yesterday's Non-Traditional Student is Today's Traditional Student. Center for Postsecondary and Economic Success, 2015, <http://www.clasp.org/resources-and-publications/publication-1/CPES-Nontraditional-students-pdf.pdf>

^{iv} Martha J. Bailey and Susan M. Dynarski, "Inequality in Postsecondary Attainment," 2011, In Greg Duncan and Richard Murnane, eds., *Whither Opportunity: Rising Inequality, Schools, and Children's Life Chances*, pp. 117-132, New York: Russell Sage Foundation.

^v U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12), 2013.

^{vi} Ben Casselman, *Race Gap Narrows in College Enrollment, But not In Graduation*, <http://fivethirtyeight.com/features/race-gap-narrows-in-college-enrollment-but-not-in-graduation/#ss-3>

^{vii} Vickie Choitz and Patrick Reimherr, *Mind the Gap: High Unmet Financial Need Threatens Persistence and Completion for Low-Income Community College Students*, Center for Law and Social Policy, 2013, <http://www.clasp.org/resources-and-publications/files/CLASP-Unmet-Need-Brief-041213-final-ab-2.pdf>

^{viii} U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12), Student Financial Aid Estimates for 2011-12, 2013, <http://nces.ed.gov/pubs2013/2013165.pdf>

^{ix} This figure represents the total cost of attendance, including tuition and fees, room and board, and other educational related expenses. *Trends in College Pricing 2014*, College Board, 2014, <https://secure-media.collegeboard.org/digitalServices/misc/trends/2014-trends-college-pricing-report-final.pdf>

^x CLASP analysis of U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12), 2013.

^{xi} CLASP analysis of U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12), 2013.