A Measurement of the Effectiveness of Federal Financial Aid and College Affordability

And Its Impact Across Racial and Socioeconomic Levels

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ABSTRACT

The purpose of this writing is to showcase how broken the ability to obtain Higher Education has become in the United States of America.

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Sections:

Introduction

The rising costs of college tuition have become a popular topic of conversation across America. Parents and students have become increasingly aware of the investment they are being asked to make when it comes to Higher Education. During my time in Higher Education over the last eight years, particularly as a member of various admissions staffs, I have seen first-hand some of the challenges that families face when trying to finance a student's education. While some families can afford to save or make use of federally backed loans to cover the finances that they can't put forward, many families struggle to cover even tuition costs. Along with established research, I've also utilized some polls that I have personally conducted through my use of social media (363 responses as of April 18, 2020). The purpose of this thesis is to show how effective and useful Federal Financial Aid opportunities can be for students, especially students of lower socioeconomic families, but needs an assessment and restructuring in order to do so effectively. My thesis also shows the correlation between state funding and tuition costs, while suggesting alternative ways for states to secure funding for their public institutions. The number of public institutions creating new incentives and programs to fund their most vulnerable students: primarily low income students and Black and Indigenous people of color (BIPOC) and Hispanic populations, has risen over the last few years as well. It's important to highlight these institutions and the ways they're leading the charge to curb loan debt. It's also important to highlight the role that standardized testing has on admission, merit-based aid, and overall graduation outcomes. By examining these factors and the role they play in the college admissions and retention process, we can make rational and practical attempts at solving the problem and closing the affordability gap that exists within higher education.

The Loan Problem in Higher Education

The federal government offers five primary funding options for students who wish to attend institutions of higher education: The Pell Grant, Supplemental Educational Opportunity Grants, Federal Subsidized Loans, Federal Unsubsidized Loans, and Parent Plus Loans. The Pell Grant, which was founded as part of the Higher Education Act of 1965, initially served low-income students in the form of a grant while also giving low-interest loans to students who missed out on qualifications for the grant. The amount of the grant has increased over time, starting around $2000 when initially introduced to $6,195 for the 2020-2021 academic year. According to the National Center for Education Statistics (NCES), when the first Pell Grants were disbursed in the 1972-73 academic year, the average cost of tuition at a public university was $2,716. For the 2019 academic year, *The US News and World Report* found that state residents at public universities paid an average tuition of $11,260 (Powell & Kerr) **[See Figure 1 – p.60].** Students who demonstrated higher levels of need previously had access to a Federal Perkins Loan: a loan with a fixed interest rate of 5% that had a 10-year repayment period. The loan was discontinued on September 30, 2017 after Congress failed to renew funding for the program (Hutchins). These students now have access to the Federal Supplemental Educational Opportunity Grant, which can only be awarded under the following conditions: they are a U.S. Citizen, have never defaulted on student loans, cannot have a payout in their account from Pell (they must still have something they owe after Pell), and maintain at least a 2.0 GPA. Not every institution participates in the FSEOG, so not every student with high levels of need has access to this grant. The maximum payout for this grant is $4,000 per year.

Students who qualify for a full Pell Grant still have an average of $5,065 to cover their remaining tuition costs. These students can then turn to Federal Subsidized and Unsubsidized Loans. If a student accepts a subsidized loan, the U.S. Department of Education pays interest on the loan while the student is in school and for the first six months post-graduation. A student who is considered dependent (can be claimed on taxes by a parent/guardian) can borrow up to $3,500 from this loan as a freshman, leaving them with a gap of $1,565 to cover in unsubsidized loans. $4,500 can be borrowed as a sophomore, $5,500 as a third-year student and beyond with the gaps falling to $565 and a surplus of $435 respectively. Unsubsidized loans are loans that accrue interest from the moment they are disbursed to the student. For both sets of loans, the interest rates are calculated based on the 10-Year Treasury Note, plus “a margin depending on the loan type” (Sarubbi & Pingel). If students were to borrow that money at a 5.8% interest rate (the national average as of Feb. 2020), they would owe and pay $2,812 over 10 years for their unsubsidized debt alone (per SmartAsset).

Repayment programs for student loans follow a standard ten-year plan with a minimum monthly payment of $50 (Austin, D. A., 347). If students incorporate their $19,000 worth of subsidized loans, they’ll owe $21,812 back to the Federal Government; that’s before the interest on that $19,000 is taken into account. Over a ten-year period, that $19,000 becomes $25,084. This doesn't begin to account for the myriad of other issues that students of high need must deal with when attending institutions of Higher Education: affordable housing and meals are two of the biggest concerns these students must grapple with outside of the classroom. Nearly one in ten U.S. undergraduates are homeless or self-supporting and at-risk of homelessness (Norton). This can be for various reasons: on-campus housing may be cheaper in the long-run, especially when one considers that utilities are often included in the campus housing package, but in order to afford it, students will have to take out additional loans. If they choose to continue using subsidized loans to accommodate their needs, they can withdraw an additional $2,000 per year. CollegeBoard estimates that the average cost of room and board at a public, four-year institution is roughly $11,510 a year. In order to tap into a Federal source, a student must now turn to Parent-Plus loans; a loan program that does not have a limit on how much a student can withdraw. The catch is that a parent must sign off on this loan and are also held responsible for the payments. Students who have parents who are able to co-sign a loan must now deal with a higher interest rate of debt. In the situations above, a freshman would now owe a total of $16,575 per year in loans. This comes to a grand total of $66,300 over the course of four years. If students choose to live off-campus (if they're allowed to), they must work to support themselves and pay their bills, or else they'll face possible evictions. Dr. Sara Goldrick-Rab makes the point in "Paying the Price" that these students must also deal with opportunity costs: the loss of potential gains when another option is chosen. For low-income students who attend college, they're giving up the chance to work and earn immediate wages for the trade-off of potentially earning higher wages after completing a degree. The Federal Aid system, in preparing and calculating estimated family contribution (EFC), bases all calculations on the same family financial dynamic: money flows, as needed, from the parent(s) to the child/dependent(s). However, in a growing number of low-income families, money travels often in the opposite direction**.** These students are often working not only to subsidize themselves, but rather to send money back home to their families. This means that every dollar they generate isn't spent on their direct needs. These students are also at another distinct disadvantage: they cannot claim themselves as independent if their family continues to claim them for any tax purposes whatsoever. This significantly limits the amount of funding they can receive from federal programs and the interest rates at which they can receive these loans. When students can longer draw from federal loan programs, they must turn to private lenders instead. Note that the cap on federal student loans for an undergraduate student is $57,500, no more than $23,000 of which can be subsidized.

In the survey we conducted, 51% of students who had taken out more than $40,000 in student loan debt came from homes where the median household income was less than $50,000 **[Figure No. 3, p. 62]**. 38% of this same student group graduated with more $75,000 in debt. These numbers have a residual effect that can last for decades.

Let's boil this down to a specific example. At the University of Alabama at Birmingham, a mid-size research institution, the current cost of in-state tuition for the 2019-2020 academic year is $10,710. All freshmen will be required to live on campus in the 2020-2021 academic year, so let's assume this tuition cost applies to them and look at their potential account statements. The cheapest freshmen housing facility on campus runs $6,600 for the entire academic year, while the cost of the freshmen meal plan is $4,310.

In total, what students will see on their account over the course of the year is $21,620. We'll use a high-need student in this example, who would qualify for full Pell ($6,195) and the maximum FSEOG ($4,000). This gives the student $10,195 in grant money, which would be enough to pay most of their tuition, with a remaining balance of $515. This student would also need to cover the remaining $10,910 that is owed for housing and meals [**Figure No. 4, p.62]**.

UAB and plenty of other institutions offer merit-based scholarships that are usually based on ACT/SAT test scores as well as the student's high school GPA. UAB offers awards that range from $2,500 to full tuition and fees coverage if a student possesses a 30-36 ACT and a 3.5 GPA. In our theoretical situation, a student of high need must have those scores in order to have their tuition covered, allowing them to pay most of their housing and meal costs with their grant money. This would leave only a gap of $715 per year, an overall debt of $2,860 that could be covered in subsidized loans. In this scenario, our high-need student could work about 90 hours during each year to pay their debt before it collects interest. There are of course other variables, such outside scholarship opportunities that would cover remaining costs, etc. However, as we dig into this research, we will learn that students with high need, typically Black, Indigenous and Hispanic students, tend not to earn scores in the top percentile on standardized tests. These tests are often biased toward White and Asian students, and usually because these high-need students of color are often graduating from underfunded schools, which already average lower standardized test scores.

When the Higher Education Act was first passed and put into effect in the 1960s and 1970s, college costs compared to the cost of living and minimum wage were a lot closer together. Students working 800 hours per year, the equivalent of 10 hours a week during the academic year and 35 hours per week during the summer term, could earn enough to cover their charges at the average public institution. In 1987, a student who worked the required hours above could make roughly $5,800 at minimum wage (Urban Institute). When considering the average cost of tuition per year ($9,000) and the maximum Pell Grant awarded in that academic year ($2,100) (U.S. Department of Education, 1988), a student has roughly $6,900 to cover, meaning that working and earning the $5,800 would have left that student with a shortage of $1,100 that they would owe. In this scenario, we have still created a realistic way for a student to pay for college tuition costs without the use of student loans. Even if a student did make use of GSL loans that were available at the time, at an 8% average interest rate, that $1,100 gap per year becomes $6,406 over a 10-year payment commitment. Students today aren't facing that same luxury because of economic inflation. When considering stagnant wages and an economy in the middle of and recovering from a recession since the mid to late 2000s, one particular generation got caught in the crossfire. With the rise of the coronavirus and COVID-19, yet another generation is set up to feel a greater generational economic pain if things do not change.

Millennials (defined by Pew Research as anyone born between 1981-1996), while possessing, on average, the third most debt compared to Generation X (1965-1980) and Baby Boomers (1946-1964), have a unique situation. The Great Recession of 2008 affected Higher Education support and funding at the state level. States saw an overall drop in Higher Education funding of 17% from the 2007-2008 academic year to the 2011-2012 academic year (Barr, A. & Turner, S., 2013). Simultaneously, the Millennial

Generation, as the children of both late Boomers and early Generation Xers, began to increase enrollment in Higher Education. These inverse factors resulted in state funded appropriations per student dropping roughly $2,350 dollars to $6,651. These habits and patterns continued beyond the recession's official endpoint. According to the Center on Budget and Policy Priorities, 48 states are providing less funding to Higher Education than they did before the recession started, when adjusted for inflation (Mitchell, Palacios & Leachman, 2015). State revenues decreased during the official and unofficial periods of the Great Recession. Even though markets largely recovered, most households had a slower recovery period. As Mitchell, et. all noted:

> High unemployment and a slow recovery in housing values left people with less income and less purchasing power. As a result, states took in less income and sales tax revenue, the main source of the funding they use to fund education and other services. (Mitchell, et. all, 9)

In other words, since people weren't spending as much, states had to continue cutting budgets. When cutting education budgets at the state level, Higher Education cuts often come first since the main line of thinking is that institutions can cover their deficits through tuition increases and reduction of some course offerings, in ways that a K-12 system cannot (faculty and staff cuts). Higher Education does not have funding mandates or minimum funding amounts required to receive federal dollars. This can prove to have devastating ripple effects, especially when compared with the aforementioned point that a sizable portion of the Millennial generation was part of a Baby Boomer "Echo" that saw a spike in the number of eligible, college-aspiring students. Decreased funding between the 2007-2013 academic years was one reason why tuition rose an average of 28%. The ripple effects of this are simple: increased tuition means more money borrowed, which means substantial increases in debt compared to that incurred by previous generations of college students.

Despite the rising costs and the way it has affected students of various socioeconomic and racial backgrounds, some states and state universities have policies and programs that can prevent students from having to sign for an exorbitant amount of loan money. Several states have invested in lottery programs meant to provide scholarships to their residents. In the state of Georgia, students who have a 3.75 Core GPA, along with meeting a few other standards, are awarded the Zell Miller Scholarship. This scholarship provides students with coverage of tuition costs at any public institution in the state of Georgia. If they have a 3.0 GPA, they'll receive 80% coverage through the HOPE scholarship.

Tennessee has a similar program: students who wish to be eligible must have one year of residence in the state, they must graduate from a state eligible High School, and they can be granted an exception if their school is located in bordering out-of-state counties. They must enroll at a public institution, have either a 21 ACT or 1060 SAT minimum and an overall minimum 3.0 GPA, and must enroll within 16 months of High School graduation. Students who receive the award are provided $3,500 per year as a freshman and sophomore and $4,450 as a junior and senior if they attend a four-year institution or two-year with on-campus housing. They can receive $3,000 per year as a full-time student at a two-year institution.

Unfortunately, these programs aren't made equal across all fifty states, and that can leave students vulnerable, depending on where they live. Even with these programs, some students are still left out in the cold when it comes to adequate funding. There are costs that most aid programs at the state and federal level simply don't account for, and while any funding is positive for a student, many people misguidedly assume that because a student received any aid, they should have their needs covered. The cost of attending college goes beyond the cost of tuition, and in the case of low-income students, particularly Black, Hispanic and Indigenous students, it goes beyond the costs for housing and dining.

Financial Aid: Complicated and Insufficient

Financial Aid disbursement is a complex process. Students are tasked with completing the Free Application for Federal Student Aid (FAFSA) once per year. This process involves submitting tax documentation to the federal government, who then uses varying formulas regarding income to determine a student's estimated family contribution (EFC). The student's EFC is contrasted with the cost of attendance and is then used as a measurement for exactly what types of aid they may receive. This comes in several forms, most notably grants and loans, and for some students, work study. Students with a low EFC, and therefore greater need, usually qualify for a grant, like the Pell, and if their institution participates in it, the Federal Supplemental Educational Opportunity Grant. These are federally funded grants that do not require the student to pay them back. The more common form of Federal Aid is the Direct Stafford Loan, a low interest loan provided to the student that comes in two different varieties: the subsidized, in which the Federal Government pays any interest the loan accrues until a few months after a student graduates, and the unsubsidized loan, in which interest accrues immediately after disbursement.

The process of determining the estimated family contribution of a student and how the systems distribute funds has not kept pace with the needs of today's students. The Federal Government currently uses an extensive formula to determine the student's EFC, estimating that a student's family either has the means to pay for the student's education or, more importantly, plans on paying for the said education. Even families who have every intent to help their students cannot pay for what the Federal Government assumes they can afford.

There are three different formulas used for calculating the EFC:

Formula A: Dependent Students

Formula B: Independent Students without dependents, excluding a spouse

Formula C: Independent Students with dependents other than a spouse

Each formula contains upwards of fifty different data points, including family size and assets, parental income, and cash/savings in order to create the final EFC number. However, it fails to assess various debts, rent or mortgages, or other day-to-day expenses that families must reckon with (Information for Financial Aid Professionals, 2019). This leads to several students receiving an EFC that notes that they're only eligible for Federal Loans as it assumes that their families can provide more to their education than what's plausible. As previously mentioned, some students get an EFC although their parents don't plan on assisting with their education. It's simply not an option for these students to declare themselves independent so long as their parents continue to claim them on taxes. The only way they can qualify outside of aging out of dependency status at 23 years old is to either be married, a U.S. Veteran, or an active duty servicemember (training does not count). Outside of these conditions, a student must have recently been a homeless youth or self-supporting and at risk of homelessness.

This can create problems for students who may have a falling out with their family after starting college with their help. During a TedTalk in Philadelphia, PA, Dr. Sara Goldrick-Rab cited a student she had worked with who was estranged from her family during her undergraduate studies after she revealed her sexual orientation. This created a gap in funding that required the student to take out more loans when she had reached the maximum amount of federal loans she could take out, so she had to turn to private entities. These entities have a much higher interest rate and don't offer the buffer of an interest-free period like their subsidized federal counterparts.

One of the other ways in which the FAFSA has fallen short over the last decade or so has been its failure to keep up with the rising costs of postsecondary education. In the past, Federal Aid could pay for most of a student's collegiate costs. The costs that couldn't be covered by federal aid could reasonably be accounted for with a part-time job. Over the last two decades, students are running into two primary issues: The government considerably underfunds the federal work-study program, and for the Millennial generation, the economy has not fully rebounded from the Great Recession of 2008 (Goldrick-Rab, 81). This substantially affects the ability of Pell students to attend college, especially if they're staying on campus, as they depend on part-time jobs to make ends meet.

The Federal Work-Study program is an option available for low-income students who need further federal assistance when grants and loans fall short. If they're eligible and their institution participates, students are able to apply for on-campus jobs. They're paid at the federal minimum wage and have the option of receiving their pay personally or have their earnings sent directly to their student accounts. As of June 2019, the federal minimum wage has not increased since 2009. This has been the longest gap in minimum wage increases since the enactment of the federal minimum wage. According to the Bureau of Labor Statistics consumer price index, today's prices are an average of 20.58% higher than in 2009, meaning that something that once cost $100 in 2009 would cost $120.58 today. Pell students see their gaps in funding growing wider and wider every year. "One in two Pell recipients attending public colleges and universities work for an average of twenty-five hours per week" (Goldrick-Rab, 81). Prior to the Great Recession, 64% of Pell recipients were employed part-time; that number quickly fell to 50% by the end of 2008. This is largely because of the loss of job opportunities caused by the economic crash, limiting the money that Pell recipients, or most college students for that matter, could make. When these students are unable to earn money, they struggle to pay their bills and make any other financial commitments they may have for themselves or family.

Among those additional costs include providing food for themselves. Students who qualify for Pell programs often come from homes within the poverty line and also struggle to have adequate nutrition. These students are considered food insecure. Food insecurity is language that was created by the U.S. Department of Agriculture in 2006 that refers to one’s access to healthy food on a consistent basis. There are four defined ranges of food security: very low food security, low food security, marginal food security, and high food security. Low income households within 185% of the Federal Poverty Line make up roughly 35% of families that are food insecure, and these students are more likely to report a lower GPA than their food secure peers (Maroto, Linck & Snelling, 2014). Some colleges and universities, such as Auburn University at Montgomery, are beginning to offer food pantries for their students in need. This is helping to alleviate some of the issues that students are facing, but more assistance is needed. Food insecurity speaks to just how disadvantaged low-income students are when it comes to Higher Education and specifically, retention. When opponents of federal aid demand that colleges and universities cut funding to student service programs they deem unnecessary, these are often the programs that end up affected.

The Consequences of Cutting Funding

When the Great Recession occurred in 2008, states struggled to find revenue and began making major cuts to their budgets. The housing crisis left markets in disarray and decreased individual buying power, slowing the economy. A great number of states made significant cuts to their education budgets, particularly higher education funding, which in turn caused public institutions to increase their tuition rates. As of 2019, only ten states had resumed funding their postsecondary institutions at levels that were equal to or above their funding before the recession began. One of those states, Indiana, has returned to actually match their exact level of funding (Mitchell, et. all, 2019).

These spikes in tuition, combined with a drop in expendable income, expanded the delta of college affordability. It was especially harder on low income students, particularly Black, Hispanic and Indigenous students, as it took some time for federal provisions to increase through the FAFSA program. Between 2007 and 2018, the average tuition cost at public American universities rose by over $2,100 (29.5%), while the maximum value of Pell Grants tried to match the rise by increasing by $1,455 (19%) **[Figure No. 5, p.63]**. However, this still creates a meaningful gap as, on average, an additional $645 in loan money is still required from students who actually qualified for the maximum amount of Pell Grants just to cover the difference. The amount of loan money required grew even more for students who didn't receive the full amount from the Pell program.

The loss of funding from the state caused problems within the colleges and universities themselves, with casualties coming in the form of academic offerings. During the 2008 Financial Crisis:

- "The Pennsylvania State System of Higher Education system cut 540 full-time employees and discontinued additional enrollment in nearly 200 programs
- Arizona's University system cut 2100 positions, consolidated or eliminated 182 colleges, schools, programs, and departments; and closed eight extension campuses

- University of North Carolina at Chapel Hill eliminated nearly 500 positions, cut 16,000 course seats, increased class sizes and eliminated two distance education centers." (Mitchell, et. al, 14)

These direct cuts affected the quality of education and amenities that institutions were offering to their students. While some members of the Higher Education community, as well as outside observers, believe these amenities are unnecessary, data shows that programs such as Diversity and Inclusion and other student service departments play a pivotal role in student retention. "University services and facilities could help students manage their time and coursework responsibilities in order to alleviate this pressure" (Patti, et. all, 1993). Beyond the diversity initiatives, student service programming often includes career services, research labs, and career advancement programs. Outside of main campuses, cuts reduce availability and access for students in rural localities that hosted extension centers meant to provide a more convenient option to those who live hours away from a college campus. Even when colleges and universities began hiring again, it wasn't at a proportional rate to the previous layoffs. Between the 2007-2008 and 2012-2013 academic years, the number of full-time instructional staff at public institutions grew by 7% compared to enrollment increasing by 10%. Fewer resources and more students meant a reduction in quality and availability. The overall result of these cuts and changes was that students enrolled in public and private institutions were responsible for roughly $1.08 trillion in student debt, more than they owe for auto loans and credit card debt. The average student loan debt rose from 2005-2013 by 6.3% from $11,200 to $11,900. By 2017 that number had increased to $26,900 at public four-year schools and $32,600 at private four-year schools. State funding decreased by 17% from 2007 to 2012, a drop of $15.2 billion overall, which resulted in a drop in funding of roughly $2,400 per student (Barr & Turner, 181).

These price spikes don't just result in more debt for students; they can often discourage high-need students, particularly Black, Hispanic and Indigenous students, from even enrolling. While these students are commonly offered aid, they don't particularly see the investment as worthwhile. Harvard University researcher Thomas Kane noted in a 1995 study that there was a correlation between the largest tuition increases during the 1980s and 1990s and the gaps in enrollment between high- and low-income students. This even extends to the students who are some of the most highly qualified and among the top scores testing-wise. Students who derive from the top of the socioeconomic ladder attend college at nearly twice the rate as equally qualified students from the lower end of the socioeconomic ladder (Mitchell, et. al., 19).

When states choose to cut their higher education funding, they often end up with the unintended consequences that affect the most vulnerable within their population. It's not just placing the option of postsecondary education or training out of reach for would be "traditional" students; it's taking away resources and opportunities from rural populations and extension centers. This creates an opportunity vacuum in which upward mobility is halted by the lack of available resources to train and educate a populace. This disproportionately affects ethnic minority groups, particularly black students who were raised at the bottom economic quartile. According to the PEW Research Center: "more than half of Black adults (53 percent for family income and 50 percent for family wealth) raised at the bottom remain stuck as adults, but only a third (33 percent) of whites do

(PEW, 19). One of the biggest indicators for a potential increase in generational wealth is a college education, with a four-year degree making the largest difference. Four-year degrees can elevate an individual out of the bottom wealth quartile and typically prevent those raised in the middle class from falling into poverty (PEW, 28). In other words, it's not just the University's operating budget that's affected by state's reducing their higher education funding; it vastly affects low-income students, particularly Black, Hispanic and Indigenous students at an incredibly disproportionate rate. Continued increases in college and university tuition costs opens the door for students to explore other routes toward a degree or certification. If a public institution can't offer enough, then students begin turning to private entities, non-profits and for-profits alike.

The Predatory For-Profit Boom

For-profit institutions (FPI) have existed since the proprietary schools of the 1800s before being seemingly legislated out of existence via the Smith-Hughes Act of 1917. They would make a resurgence in the 1940s, making use of GI Bills and being given further support when the decision was made to allow Federal Aid offered through the Higher Education Act to be used at for-profit institutions.

FPIs have one primary focus: acquiring as much profit as possible. They are, essentially, a business, and their practices often center around this. FPIs have a history of deceptive marketing and over-exaggerating the benefits of their degree and certificate offerings in hopes of inflating their enrollment. To combat this, the Obama Administration passed regulations in 2015 that required colleges and universities to submit information on program costs, graduation rates, recent graduate income, and the amount of debt students are graduating with. If an institution could prove that their average student's debt did not exceed one-fifth of their discretionary income, they would be able to continue participating in federal aid programs:

> Based on available data, the Department (of Education) estimates that about 1,400 programs, serving 840,000 students - of whom 99% are at for-profit institutions - would not pass the accountability standards. (U.S. Department of Education, 2015)

FPIs can play vital roles for certain student demographics. They often provide career and technical focused programs that do not require a four-year degree and may not be offered at a local community college. FPIs also tend to have a very open admissions policy, making them even more accessible to students who do not test well enough to enter a four-year college or university that requires minimum standardized testing scores to enter. Veterans of the military are also often enrolled at FPIs in high numbers, primarily because they're targeted by these institutions. Aid from the Department of Defense and Department of Veterans Affairs are not counted as federal aid when considering an institution's revenue. However, trouble arises when these colleges focus on enrollment goals over potential retention and graduation. If an FPI is eligible for students to utilize their financial aid awards, then simply enrolling the student may be their only focus. This doesn't mean that any particular FPI fails to provide an office focused on retention; it's that they're simply not worried about endowments like private non-profits or state and federal assistance programs that require certain retention levels like public non-profits.

Still, even the FPIs that operate within the Federal Government's parameters end up costing students more in the long run. According to the National Center for Education Statistics, the average annual tuition cost at a for-profit college (2016-2017) was roughly $15,000. Compare that to the cost of the average community college, which often offers similar programs: roughly $3,294 or $10,531 for ones with room and board. These costs, of course, vary geographically, but their costs compared to their private, for-profit counterparts are about 63% less expensive and typically carry the regional and national accreditation necessary to guarantee that future employers accept their degree or certificate. Using the national averages, most students who apply to FPIs need to take out an average of $5305 in private loans in their first year alone if they're able to utilize a Pell Grant and $11,500 if they are not eligible for Pell. [**See Figure 7, p.64**]

On August 4, 2010, the United States Government Accountability Office released a report centered around fraudulent and deceptive tactics by fifteen FPIs that they had investigated:

> Undercover tests at 15 for-profit colleges found that 4 colleges encouraged fraudulent practices and that all 15 made deceptive or otherwise questionable statements to GAO's undercover applicants. Four undercover applicants were encouraged by college personnel to falsify their financial aid forms to qualify for federal aid—for example, one admissions representative told an applicant to fraudulently remove $250,000 in savings. Other college representatives exaggerated undercover applicants' potential salary after graduation and failed to provide clear information about the college's program duration, costs, or graduation rate despite federal regulations requiring them to do so. For example,

> staff commonly told GAO's applicants they would attend classes for 12 months a year, but stated the annual cost of attendance for 9 months of classes, misleading applicants about the total cost of tuition. Admissions staff used other deceptive practices, such as pressuring applicants to sign a contract for enrollment before allowing them to speak to a financial advisor about program cost and financing options. (Kutz, 2010)

Unfortunately, these reports and the Obama Administration's regulations haven't stopped the flow of federal funding to these institutions completely. A 2015 *New York Times* article reported that "hundreds of schools that have failed regulatory standards or been accused of violating legal statutes are still hauling in billions in federal funds" (Cohen, 2015). The Federal Government did argue that it's not as simple as cutting funding or closing down any institution for violations and has insisted on working with companies willing to cooperate. However, the transition from the Obama Administration to the Trump Administration has all but removed these protective practices and allowed FPIs to continue to operate without much oversight and regulation. Faculty and staff are still free to engage in predatory recruitment practices if they wish to do so.

These deceptive practices have drawn the ire of Admissions professionals in the non-profit sector, particularly regarding admission representative behavior at college recruitment fairs.

The National Association for College Admission Counseling (NACAC), which serves as the governing board for higher education recruitment and counseling, released fact sheets for students who show interest in enrolling in FPIs. The fact sheets include warnings about elevated tuition costs and dishonest recruiter practices such as making promises about future income, degree accreditation, and transferability. While NACAC often provides information to students about their college search, they rarely, if ever, single out a certain type of institution with descriptive warnings. NACAC went as far as to disparage the Trump Administration's removal of the regulations and the actions taken by Secretary of Education Betsy DeVos, signaling support of a bill put forward by Senators Maggie Hassen (D-NH) and Richard Durbin (D-IL). The bill focuses on closing the loophole that allows Department of Defense and Department of Veteran Affairs funding to not count as Federal funding, as well as an adjustment to the 90/10 rule which would force FPIs to "derive at least 15 percent of their revenue from non-federal funds" (NACAC, 2019).

It's clear that some For-Profit institutions do include some programs that local institutions may not be able to offer. Still, if the goal of the Federal and State Governments are to create an educated populace, then adequate funding should exist for certification and technical programs at local community colleges. This ensures that students are not being subjected to prices that are meant to create a profit as opposed to a non-profit community college designed to make these opportunities accessible and affordable. In an effort to make themselves more affordable, non-profit institutions have taken to offering awards to prospective students who meet certain criteria, primarily through grade point average and standardized testing measures.

The Case on Merit-Based Aid

For some universities, standardized testing plays a much bigger role outside of the admission process. Many institutions now offer merit-based aid, often predicated on a student's high school GPA as well as their ACT or SAT score. For example, South Alabama offers an award of $2,000 per year if a student has a 21 ACT score and a 3.5 GPA. They'll also offer a full tuition scholarship if a student has a 32 with a 3.5. **[Figure No. 8 – p.64]** On paper this is a fantastic system that rewards students for their hard work on achieving such high merits; however, in a practical sense, it leaves a lot of disadvantaged students out.

Arguments in favor of merit-based aid usually tend to indicate that merit-aid can serve as an appropriate counterbalance to need-based aid, that students who do not have financial need should also receive some cash incentives from colleges in order to aid them in their decision. I don't disagree: merit-based aid options do help regional and directional institutions attract students who wouldn't otherwise look at them—not because the university can't help that student, but the aforementioned belief that attending said institution could hurt their chances at a strong career or applying for graduate or professional school. The merit-based aid, in a way, serves as a strong recruitment tool that helps those institutions like South Alabama compete in a state where two large, historic state institutions bring in significantly more applicants than they do. Even overlooking those two, there's a university of comparable size in Birmingham (UAB) that has the very opportunities that South Alabama prides itself on: a strong health sciences and professions curriculum and a medical school to complement it.

This makes the issue even more complex. However, scholars like Dr. Sara Goldrick-Rab have been adamantly against the merit-based practice, arguing in a 2016 *Medium* article that:

> [C]onsider the strong evidence that while merit aid may change where students attend college, it doesn't do much to create new college graduates. Merit aid recipients, in other words, tend to finish college with or without it — since the criteria used to determine their "merit" is strongly predictive of college attainment to begin with. For this reason, the practice isn't particularly cost-effective for society. And given that merit aid is often distributed without first assuring that students with substantial financial need — including Pell recipients — are left with net prices they can afford, it isn't equitable either. (Goldrick-Rab, 2016)

Goldrick-Rab and plenty of scholars who are against the merit-aid practice insist that the practice simply attempts to cover a gap that has been widening over the years. Students from wealthy families often don't have to worry about merit-aid or financial aid; they have the income and assets to pay for school outright. The students really caught in the middle are those in the middle class. These students come from families who make too much to receive Pell Grants under the current guidelines, but they also, realistically, do not make enough money to put towards their child's education without having to take out student loans. Even students who do have heavy financial needs and do score well enough to earn merit aid may still have gaps remaining, and still, those students are rare compared to the number of students who come from decently well-off families who typically make up the earners of most of these rewards. This utilizes significant university resources because it ends up becoming necessary funding that the university does not get since it essentially discounted a student's price in order to inflate enrollment numbers and goals.

This becomes even more concerning now that colleges are expecting a major decline in enrollment numbers by 2025. This decline, known in Enrollment Management circles as the Higher Ed cliff, is the result of a combination of factors: a drop in birth rates during the Great Recession, including record low birth rates in 2018, and far less expendable income from American families compared to previous generations. Now with the unofficially named Great Lockdown of 2020 causing another depression, it's unlikely that birth rates will rise anytime soon, meaning that Higher Education will be dealing with this future for the next few decades. With tuition dollars encompassing an even smaller amount of the total budget due to a shortfall in students, universities are going to have to make decisions about whether to continue the practice or ask the federal government for more investment.

Racial and Economic Barriers that Create a Paywall

The Perils of Standardized Testing

Numerous studies show that the standardized testing that colleges rely on for admission purposes hurt students of low socioeconomic status, African-American students in particular. How did standardized testing come about and why has it become an important measuring stick? The answer to the latter question boils down to the No Child Left Behind Act passed with bipartisan support under the George W. Bush administration in 2002. NCLB created mandatory testing provisions for schools, particularly with reading and math in grades 3-8. Schools were required to report the results for the school as a whole, as well as results for various subgroups: racial minorities, low-income students, and special education students. A benchmark entitled “Adequate Yearly Progress” was created on a state-by-state basis; if a school failed to make AYP, they were subject to sanctions that included:

- Allowing students to transfer if the school missed AYP two years in a row
- Offering free tutoring if a school missed AYP three years in a row
- State intervention: this could be a state takeover, turning it into a charter school, or shutting it down completely
- Setting aside a portion of their Title I funding for school choice

Alyson Klein believes that the law, while meant to encourage low-performing schools to step up their performance, has many flaws:

> Major portions of the NCLB law have proven problematic, particularly as the law has matured without any congressional update or reauthorization. For instance, it’s unclear that the two main remedies for low-performing schools did much to improve student achievement. In many cases, students did not take advantage of the opportunity to transfer to another school or get free tutoring. States and districts also had difficulty screening tutors for quality. Some districts, including Chicago, successfully petitioned to offer their own tutoring services. States also generally shied away from employing dramatic school turnaround strategies for perennially failing schools. The NCLB law has also been criticized for growing the federal footprint in K-12 education, and for relying too heavily on standardized

> tests. And others say its emphasis on math and reading tests has narrowed the curriculum, forcing schools to spend less time on subjects that aren't explicitly tested, like social studies, foreign language, and the arts. (Klein, 2015)

Klein also points out that federal funding was largely insufficient compared to the benchmark goals that were set for the program. By 2007, annual funding for the program was scheduled to be $25 Billion; however, in 2015 the funding had only risen to just over half as much: $14.5 Billion:

> What's more, many states and districts have ignored parts of the law, including the requirement to ensure that highly qualified teachers are evenly distributed between poor and wealthier schools. (Klein, 2015)

Therein lies the crux of the problem: states are largely responsible for funding their public education; this is a provision outlined in the Constitution of the United States. While federal investment has grown since the establishment of the Elementary and Secondary Education Act of 1965, a large portion of school funding comes from the local tax base. This means that districts are often funded based on population, not necessarily population need. Enrollment has steadily increased over the last 60 years; this requires districts to "pay for more teachers, facilities, and transportation" (EdWeek, 2019). To make things more complicated, enrollment in the North has decreased, while enrollment in Southern states like Georgia, Texas, North Carolina, and Florida has significantly increased (15% or more), meaning the dollars contributed simply don't go as far as they once did in certain areas. Students with special direct needs have also significantly increased: more students in the US speak English as a second language, low-income students on free or reduced lunch now make up more than half of America's student body (EdWeek, 2019), and a need for accessibility has increased for students with mental and physical disabilities. Operational costs have far exceeded what schools are able to pull in, and without sufficient federal and state help, school districts are incurring unreasonable amounts of debt.

It's arguably worse in areas that do not have dense populations or communities with homes that do not have a lot of property value. 45 out of 50 states use funding formulas to determine the amount of funding they should place into each district. Ideally, states set a minimum funding guideline per student; then it requires the various school districts within the state to assess property taxes that will be used towards school funding. Where there is a shortfall, the state government is supposed to be able to fill in those gaps. Research done by Kristin Blagg and Matthew Chingos of The Urban Institute used a $10,000 per student minimum as an example within an imaginary state:

> We illustrate this model with an imaginary state that has 20 districts, each with a different level of property wealth. In this state, the combination of district and state funds must add up to at least $10,000 per student.
>
> This state requires districts to assess a percent property tax and has estimated each district's ability to pay based on that amount. The amount each district raises through a 1 percent tax varies widely, with one raising more than $10,000 per student. Less property-wealthy districts, however, need significant help from the state to reach the minimum. (Blagg, K. & Chingos, M., 2017)

In these scenarios, there are still a few questions that stand out: districts may be split across several different communities, or in some cases even counties/parishes/districts/boroughs, each would assess their property taxes differently, meaning that expected contributions and collections could come up short. Or, in a case where districts were required to raise property taxes for funding, locations with homes that are valued far less or simply have fewer homes will still come up short. Underfunded schools don't often have the additional resources that their better funded counterparts do: free tutoring and standardized test prep can help boost a student's chances of being admitted into selective and competitive universities. Standardized test scores help with receiving merit-based aid. As Anthony Brian Watkins pointed out in 2004, "students who participated in any extracurricular activity had statistically significantly higher mean cumulative GPAs than those who participated in no extracurricular activities." Rural districts or districts where the homes lack property value don't have the additional funding necessary to maintain a significant number of programs for their students to participate in. Their Advanced Placement course offerings are slimmer, and they may not have access to International Baccalaureate programs. Both types of advanced curriculums can influence a student's acceptance decision at a selective institution or help with scholarship aid. Between 2001-2015, the number of AP courses accessible to rural students has increased significantly. In 2001, roughly 56% of rural students had access to at least one AP course, and by 2015, the number had risen to 73%. The number of STEM AP courses jumped from 42% to 62%. This is a significant increase, but still pales in comparison to students in urban and suburban environments who have access rates exceeding 90% (Mann, Sponslor, & Welch, 2017).

In short, despite their opportunities increasing, rural students still find themselves a step behind their urban and suburban counterparts simply because they don’t have access to the advanced coursework that they do. This is due, once again, to their lack of funding.

These gaps are exacerbated when standardized testing gets factored into the equation. Standardized testing in the United States can be traced back to the Intelligence Quotient test developed by French Psychologist Alfred Binet in 1904. When Binet’s test was brought over to the US, psychologists distorted the tests into measurements and presumptions of human abilities.

> With the explicit support of educational philanthropists like Carnegie (Karier, 1972), these psychologists contributed greatly to the idea that IQ was hereditary and fixed, thus establishing the justification for the use of standardized testing to sorting and ranking of human populations by race, ethnicity, gender, and class according to supposedly inborn, biologically innate intelligence. (Au, 2016)

Black scholars like W.E.B. DuBois noticed how IQ tests and standardized testing were being used to devalue and degrade black people by eugenicists. Psychologists were attempting to “quickly adjust IQ testing so as to put black citizens beyond the possibility of civilization” (quoted in Au, 2016, 7). These scores were used as ways to push black students out of primarily white institutions of higher education and into vocational training or to explain away difficulties that white teachers may have with black students in their classrooms. To those who believed standardized testing were true tests of merit and intelligence, if Black people and poor people continuously scored poorly, then it was a matter of personal or cultural failure and not a systemic issue. It's an off-shoot of the "bootstrap" ideology that many Americans subscribe to: that all people in America can truly succeed it if they simply work hard enough. **[See Figures 9a, 9b -p.65-66]**

> As such, with the empirical evidence provided by presumptively "objective" standardized tests, Whites and wealthy elites could mask their own structural advantages, deny the existence of systemic racism, justify racial hierarchies, and structure specific racial groups as less intelligent and inferior, all under the guise of "naturally" occurring aptitude among individuals (Bisseret, 1979) competing within a meritocratic framework. (Au, 2016)

It's important to juxtapose that historical information with data regarding ACT and SAT test scores, first by race. In a general, racial breakdown between 2000 and 2018, White students have scored roughly 4-6 points higher than Black and Native American students on the ACT, and 3-4 points higher than Hispanic students (National Center for Education Statistics, 2019). The SAT divide exists as well: in 2018, the average SAT score of white students was 1123 while the average SAT of black students stood at 946. If black and rural students are struggling with standardized testing, and they're not being provided with enough advanced placement coursework or extracurricular activities to counteract this, they're left out in the cold when it comes to the admissions process and most merit-based aid. There's an argument for increased infrastructure negating the disadvantages that standardized testing creates, however, the larger argument is for the removal of this system altogether. There's a particular intersection where this is even more alarming: Black students in the more rural parts of the Southeast, like the Black Belt region.

The Black Belt Region is a socioeconomic region that expands between a border shared by Mississippi, Arkansas and Louisiana, through Alabama and Georgia, and into South Carolina. Some define this region by extending it into Virginia, but for the extent of this research, we'll confine this region between the aforementioned border and into South Carolina. This region is heavily populated by Black Americans who tend to be direct descendants of American slaves. In Alabama, the 18 counties that make up the region are all in the bottom 20 of Alabama counties when it comes to median income. Russell County (ranked 46th out of 67 Alabama counties) posts a median income of $36,124, while Wilcox County, one of the country's poorest counties, posts a median income of $23,041 (Gore, 2019). This creates a massive challenge for the students of this region whose families don't have the financial flexibility to build their student's academic profile for potential college admission and scholarships. More often than not, students from low-income families find themselves working almost as hard as their parents to help supplement income in their household. These are also school systems that are largely underfunded due to the methods used for funding, which revolve around property tax values, and are often unofficially racially segregated due to the county's local "segregation academy"—a private school created in response to racial integration of the 1950s, 60s and 70s. These schools can be found throughout the Black Belt and are disproportionately White.

Using Racial History to Contextualize Socioeconomic Gaps

After the conclusion of the Civil War, Union troops occupied the former Confederate States of America, serving as a buffer to ensure that blacks had equal rights. This era saw a rise in black politicians in Southern states that had relatively larger Black populations. Newfound freedom and political power for Blacks, combined with a struggling Southern economy created a wide range of racial animosity from whites who sought to maintain their desired supremacy. Former plantation owners found it difficult to run their operation now that they had to pay their workers: “the South’s quasi-feudal plantation system was not well-suited for a modern, free labor force” (McDermott, 2009). Landowners’ situations became cyclical: the economy and banking system were broken; therefore, there was no money to pay former slaves. Land had been overworked, meaning there were poor harvest returns. Poor harvest returns meant a lack of funds to properly hire wage workers.

In 1865, Congress established The Freedman’s Bureau in an effort to help former slaves and poor whites by providing food, housing, medical aid, and established schools while also offering legal assistance. Land that was seized by Union soldiers was also given to former slaves to “repay” for damages caused. However, the Bureau would never become fully established due to the costs of the Civil War. There was a significant shortage of funds and personnel to assist in implementing the programs, which helped lead to the aforementioned rise in racial tensions.

Sharecropping, born out of the reluctant relationships between plantation owners and freed slaves who were looking for work, was the system that was abused to maintain financial power. “[Sharecropping] allowed the exploitation of the small farmer by the monopolistic financial structure dominated by the local merchant” (Ransom, 1972). Farmers lacked the necessary resources to acquire credit that would be used to purchase supplies. This meant that farmers would have to leverage future harvests to finance their loan, which restricted where the crops were sold, with the value being solely determined by the creditor. The primary crop produced for these purposes was cotton, which meant that sharecroppers utilized their land in order to pay off debts, neglecting crops that could be used for food consumption. This meant that they were also reliant upon their landlords for food purchases, and the landlords charged fees that were “exorbitant, reflecting not only the local merchant’s inefficiency, but his exploitative powers as the sole source of rural credit.” This created a cycle that left sharecroppers in debt that often negated the equity of their land.

As it became a financial stress to continue owning the land, former slave owners fled the region and moved to the areas in the South that were becoming industrialized. Meanwhile, Black ownership of land had increased substantially from 3 million acres in 1875 to 15 million in the 1910s (Mitchell, 2000). These numbers began to decrease dramatically in the years that followed: “common issues causing land loss amongst freed slaves and their descendants were caused by a lack of unnecessary paperwork and documents” (Williams, 2004). Williams added that lacking these items (such as birth certificates that prove identity) prevented Black landowners and their descendants from accessing government programs that would have helped them acquire and maintain land, as well as ensuring that family members continued ownership once the original owner passed on. This allowed governments to seize land and for Black property to be outright stolen.

As the era of Jim Crow became more prominent in the South, Black people began moving North during the “Great Migration” into more “inviting” towns and cities. As the population of Blacks in these cities increased, politicians began redlining in an effort to segregate the communities and limit their political power. This meant that Black people were only allowed to live in certain areas, and in some cases, banks would not lend out home loans to Black clients if the home was outside of that redlined district (Rothstein, 2017).

In 2018, Perry, Rothwell, and Harsharger wrote that “owner-occupied homes in black neighborhoods are undervalued by $48,000 per home on average, amounting to $156 billion in cumulative losses.” This kind of discrimination has effectively hampered the ability for the average Black family to accumulate wealth. This is especially true as “White Flight” emerged in the mid-1900s, when white people moved out of urban centers, taking a major portion of the tax base that would have been used to pay for infrastructure and education. Generations of people who were essentially barred from any kind of ability to acquire wealth were left to use their own tax base to maintain standards they could not afford.

These systemic issues have led to what has become a substantial wealth gap between black and white communities. In 2016, The Center for American Progress discovered that the median household wealth of black families was estimated to be $17,600 while the median wealth of white families was estimated to be close to $171,000. That is a difference that is nearly ten times over. Federal Reserve data showed that there are several things that keep the wealth gap continuing: blacks are underpaid and earn about 70% of their white counterparts in equal positions. Generational equity has allowed most white citizens to have a familial safety net that allows for the passage of home ownership or the passage of home value. The Federal Reserve also noted that while Black people typically have fewer debt than whites, the interest rates on black loans tend to be significantly higher in terms of interest (installment credit, student loans, and car loans).

These gaps continue to persist in part due to a lack of quality public educational opportunities in Black neighborhoods. A major portion of “White Flight” involved the removal of a major tax base from most cities; this combined with the rise of “segregation academies” in the late 1960s and early 70s removed a major economic base from public schooling. These academies rose as a reaction to the ruling of *Brown v. Board of Education* that ushered in the era of legally-backed racial integration and the Civil Rights Act of 1964 that affirmed the rights of Black citizens. From 1967 to 1971, the number of children who left Alabama Public Schools to enroll in private schools reached roughly 50,000 (Walder, 1971).

Educational disparities continued to grow before beginning to close from 1990 to 2015. The National Assessment of Educational Progress found that a two to three grade level gap in math and reading existed between Black and White students. These gaps are cited as the results of residential segregation and disparities in socioeconomic familiar backgrounds (Poverty and Inequality Report, 2017): “Racial and ethnic differences in family income, wealth, and parental education remain very large and have changed very little: Black and Hispanic households' median incomes today are roughly 60 percent as large as white households', up only slightly from 55 percent in 1967" (Bloome, 2014). The politics of the post-Civil Rights era, including Nixon and Goldwater's "Southern Strategy" revolved around ways to allow Whites to continue to distance themselves from People of Color, particularly Black people. Allowing segregated school systems and continuing a flawed funding system created gaps in opportunity for people who were routinely barred from purchasing land or redlined into districts after being granted their freedom. These efforts produced a substantial financial gap and made it incredibly difficult for Black Americans to obtain and sustain wealth. The increased difficulty to sustain wealth in addition to black students coming from devalued neighborhoods creates a void where, more often than not, Black students are starting further back than their white peers.

Financial Retention: How Universities are Learning to better Serve their Communities

To counter merit-based aid and add more opportunities to their most vulnerable populations, some institutions have enacted programs designed to make their universities much more affordable. In Tennessee, the flagship university, the University of Tennessee-Knoxville, has introduced their Tri-Star scholarship program to assist high need populations. The UT Promise scholarship offers last dollar tuition and fees to students who are admitted to UTK from families that earn less than $50,001 per year and qualify for the HOPE lottery scholarship. The scholarship covers the final dollar amounts left over after federal, state and institutional aid have graced the student's account. The Tennessee Pledge scholarship offers a last dollar award to the total cost of tuition along with the average cost of housing and meal plans for families making less than $40,001 per year. The University of Memphis has followed a similar format: ensuring the total cost of tuition for students who are from families making less than $50,001 per year. Since the median household income in the city of Memphis is less than $38,000, this covers a significant portion of the community the university was built to serve.

Other flagship universities are starting to create initiatives for their underserved communities: The University of Alabama has introduced the Alabama Advantage, University of Vermont gives the Catamount Commitment, Florida International University offers the Golden Promise, The University of Illinois at Urbana-Champaign provides the Illinois Commitment, and the University of Virginia has created the Wise within Reach initiative. All of these programs are meant to serve low-income students in their respective states in an effort to pay tuition and fees. For the Alabama Advantage, Golden Promise, and Catamount Commitment, students must be Pell Grant eligible to be offered the funding. For UVA students, their families must make less than $40,001 per year, while Illinois students must come from families that make less than $67,100 per year.

Some institutions have stepped in to provide more than just tuition and fees for their students. The University of Mississippi offers the Ole Miss Opportunity, which gives Mississippi residents who possess a 3.0 GPA Pell Eligibility and an Adjusted Gross Income of $32,500 last dollar on the full cost of attendance. This is based on their standard double-occupancy rate and comes with a standard “unlimited” meal plan. These plans go a step further to ensure that their underserved students do not become food insecure and ensure that they have adequate housing.

The city of Birmingham, Alabama has introduced the Birmingham Promise Scholarship. This initiative is a public/private partnership that promises any graduate of the Birmingham City School system (which covers seven high schools) a full tuition scholarship to any in-state, public school. This scholarship is scaled based on the number of years in the system. A student who attended all 12 years will have full coverage, while a student who attended for 4 of 12 will receive 33%. The scaling is meant to prevent parents from trying to take advantage of the reward by moving their child into the school system from a more affluent area. The University of Alabama at Birmingham has partnered with the city to extend the scholarship to any student from the city system that is admitted into UAB. This will carry regardless of time in the school system. Birmingham, Alabama has one of the highest percentage populations of black residents, giving a new generation of students unprecedented access to institutional aid. While housing and dining costs can and will still be a concern as the Pell Grant cannot cover both, the amount of loans a student would have to take out would be exponentially less than in previous years **[See Figure 10, p.67]**.

The University of Florida has one of the most robust programs focused on students of high need. Started in 2006, the Machen Florida Opportunity Scholarship provides students who come from households with a combined income of less than $40,000 with assets under $25,000 a last-dollar award that provides students with the total cost of attending the university. Dr. Leslie Pendleton serves as the Senior Director of the MFOS program. Between her and the two Assistant Directors, they provide their students with the proper mentorship and resources to guide them through their tenure at the institution. The program works to ensure the students are comfortable in their new environment and living situations by encouraging routine check-ins. Since its inception, the program has grown to accept cohorts of 300 students (per year) that Pendleton hopes will grow to 350 in the near future. As it currently stands, the program boasts a remarkable 97% retention rate from freshman to sophomore year, and while that's on par with the average retention rate at the university itself, the national retention rate in 2017 was 73.5% (NSC Research, 2019). UF's MFOS program isn't the only need-based scholar program in the country; however, it is one of the leaders of the idea with both institutional and state support and an alumni base of roughly 3200. These programs offer opportunities for low-income students of color that they otherwise would not have had 15-20 years ago and gives them access to "recognizable" institutions that have long been unaffordable. This is important when it comes to accessibility, but the state flagship institutions are largely late to the party. Regional and Directional institutions, typically smaller schools within the state, have provided quality education and opportunities at a much lower price than their counterparts. Unfortunately for them, America's obsession with prestige when it comes to public discourse of colleges and universities, causes institutions like Appalachian State or East Carolina to be overlooked when they often play a vital role within their communities.

Prestige vs. Practicality

Watching any piece of American television or film that centers around a student planning to attend college usually features a tense, letter opening moment of some sort.

The scene is usually set in similar ways: the high school student just received a letter; there's a shot from about the waist where the camera captures the student's anxiety as they nervously shake and open the letter. It's the picture of college that's embedded in Americana: the all too important admission decision. I've confronted this anxiety in my line of work, though I've primarily worked for state institutions that didn't have stringent admissions requirements. During my time at the University of South Alabama, the admissions requirements were a 19 on the ACT and a 2.5 GPA. Institutions like South Alabama were designed to serve residents in their immediate area with a focus on being an accessible university that offers research opportunities and plenty of degree options. If I were to take a cross-section of where students who attended South Alabama were from, a large majority would be from the counties that make up the southern portion of the state of Alabama and the other states in the Gulf Coast (Mississippi, Louisiana, and Florida). Another major chunk would come from the Birmingham and Huntsville areas, with a few other members coming from the other counties in Alabama while a small number comes from out of state. South Alabama, and institutions like it, often called regional or directional schools, are what students consider "safety schools." Safety schools are defined as institutions that students have a higher chance of being admitted to because they don't tend to have stringent admissions requirements. Students who come from families more familiar with the college search process, or who have graduated from college themselves, often begin their application process by applying to more academically prestigious schools. Prestigious schools tend to have rigorous academic requirements for admissions, often involve detailed essays and interviews, and have limited space in their incoming freshmen classes. This can create some anxiety in students as they continue to stress over whether or not they'll be "good enough" for their dream school. This comes at the expense of institutions like USA that have done incredible things for their community. USA's University Hospital is home to one of Alabama's four Level 1 Trauma Centers, institutions like UAB are the largest employers in their state. Eastern Carolina University is absolutely vital to the healthcare industry of Eastern Carolina and provides healthcare training for their portion of the state. Students who enroll in these institutions and eventually attend these medical schools are getting quality education, even without the name recognition.

The Carnegie Classifications of Institutions of Higher Education was created in 1970 by the Carnegie Foundation for the Advancement of Teaching, a U.S.-based policy and research center. Carnegie Classifications served as a way to classify colleges and universities in the U.S., assigning a classification to all accredited, degree-granting institutions of Higher Learning to identify groups of comparable institutions. Carnegie Classification is divided into six primary categories: Doctorate-granting Universities, Master's Colleges and Universities, Baccalaureate Colleges, Associate's Colleges, Special Focus Institutions, and Tribal Colleges. Doctorate-granting Universities tend to be the most sought after and recognized in the public eye. They are separated into three sub-categories based on their research output: Very High (R1), High (R2), and Doctoral/Professional (R3). Some of the country's most well-known colleges and universities are considered R1 research institutions: Harvard, Yale and the other Ivy League schools, along with Stanford, University of Chicago, Duke, University of

Pennsylvania, etc. While there is no “official” hierarchy of institutions in the United States, these universities are considered among the best.

An unofficial hierarchy exists within Higher Education as well, at least among the general public. Ivy League/prestigious Universities are at the top of the helm. From there, the shift moves towards selective liberal arts colleges and big flagship state institutions. Afterward come the regional/directional and specialty schools, followed by community colleges. When students are applying to colleges, they are often (when coming from a place of financial privilege) applying to a prestigious institution or a state flagship as their dream school with lesser known state/directional schools as their “safety school.” In some cases, students are well prepared for any other factors and submit an application to their local community college just in case. Regardless, prestige and name recognition almost always goes to the top of the list.

To be fair, most of this assumed prestige and hierarchy comes from experience. In 1994, only 59 universities were considered R1, meaning that in order to receive the highest quality education with some chances to explore research opportunities, the options were largely limited. Today, that number has more than doubled, as 131 R1 research institutions exist. This elevated the status of institutions like the University of Alabama at Birmingham, Florida International, University of North Texas, Georgia State University, and Wayne State University, allowing them to grow exponentially, but in the public eye, their images remained largely the same for some time.

Parents often play a major role in assisting their children with the college search process, whether they are having a direct influence in a student’s decision by providing heavy handed opinions, or they’re playing an indirect role by subtly steering their child towards where they’re more comfortable with them going. When a parent who grew up in the Atlanta area and only knew of Georgia State University as a night school sees that their child is receiving communication from the institution, most get hesitant. It’s not until their child sees the campus and understands what’s available do opinions start to change. That’s not always the case either: students who get deferred by more selective institutions in Georgia such as the flagship University of Georgia or Georgia Institute of Technology (Georgia Tech) may utilize institutions like Georgia State or Georgia Gwinnett College to earn what they need to transfer out. Their inclination is that their degree from Georgia Tech will take them further than what Georgia State can give them. Again, based on the old line of thinking, they’re not wrong. However, now that most institutions can provide students access to those hands-on experiences that they need outside of having a degree, it’s becoming more important that students have access to better extracurricular, professional experiences. Georgia State, until the 2019 academic year, offered the only public undergraduate Neuroscience program in the state of Georgia. The University of South Alabama is one of three Alabama institutions to offer Hospitality and Tourism Management, Middle Tennessee State University and Delta State University (Mississippi) offer two of the most robust Audio Production/Engineering programs in the southeastern United States. When students (and their parents and counselors) get caught up on the idea of prestige, not only are they overlooking unique and quality programs, they can also put themselves into a precarious position financially.

As of April 2020, the top 10 institutions in the United States, according *to US News & World Repor*t, are Princeton, Harvard, Columbia, MIT, Yale, Stanford, University of Chicago, University of Pennsylvania, Duke, and John Hopkins University. The average cost of tuition and fees for these institutions is $61,577 per academic year. These universities are aware of their costs and typically offer need-based aid for their students who qualify. These institutions are also private and therefore can piece together higher aid packages than their public counterparts can, but in most cases, more aid money doesn’t necessarily mean cheaper costs when compared with other options. When students and their parents focus on prestige, without concern for the financial costs, and don’t have an adequate plan put together to pay for these costs, it can spell a problem for some students.

A student who graduates from any of these top institutions will undoubtedly be able to find gainful employment. The average starting salary of a Duke graduate is $65,300 (Martin, 2018), compared to the class of 2018 starting salary of $50,944 (NACE, 2019), an increase of roughly 28%. These universities have also worked hard to curb the debt that their students will incur while in undergrad in recent years. Duke University created a program entitled Duke Life (Low Income, First Generation) that not only provides much needed programming and events for students, but also works to create financial opportunities such as scholarships and grants for students to utilize, regardless of financial background. Yet, the problem still remains that students and their parents don't often see the benefits that local institutions can provide for them, whether that means a less stressful admission process, more direct access to internships and research opportunities, or overall cheaper costs. These local institutions may also be R1 institutions, which means they have faculty members who are committed to research, and, depending on the size and accessibility of the institution, those faculty members may often have undergraduate students participate in research with them. This is a very invaluable experience, and while there is insufficient data showing how undergraduate research ties directly to graduate or professional school admission or into a career opportunity, the tangible benefits are still widely known. When involved with faculty research, students are often meeting with said faculty once per week, establishing a professional network through the faculty's contacts, and in some cases, depending on the institution, they can have their work published, creating a name for themselves in their field early on in their career. All of this done at a cheaper price.

For a lot of students, these top 10 institutions simply are not reachable. Students who come from areas where access to collegiate level courses are limited, such as the extremely rural parts of the South, may not be competitive enough to be considered for these schools. This can be for a number of reasons, but one of the biggest factors would be a lack of adequate resources provided by their K-12 schools. In the Madison County, Alabama school system, students have access to healthcare courses that allow them to have a real, personal experience in Huntsville Hospital. However, a student in Perry County, Alabama may not have that same system or opportunity built in, and if they did, they're less likely to have the necessary transportation to take them to a nearby hospital, putting them at a real disadvantage. This can be extended to other community opportunities. A student living in Metropolitan Atlanta who is interested in business or journalism has a wider variety of opportunities and a small (compared to other US Cities) metro transit system that can take them to companies that offer internships and shadowing opportunities. When contrasted with a student from the North Georgia Mountains or Albany, GA, this student has more at their fingertips. These extracurricular activities play a major role, alongside high school grades and test scores, in admissions decisions at selective institutions. With limited incoming freshman class sizes, this can leave a lot of students out in the cold.

These factors must be considered when discussing the purpose of state institutions and why providing the necessary funding is extremely important: to keep them accessible and affordable. In the long run, for what they provide, East Tennessee State University is just as important as University of North Carolina - Chapel Hill.

Statistics and Outcomes: Survey Data, Graduation Rates and Loan Debt Compared to Starting Salary

Admissions counselors play a vital role in the college selection process for high school students looking to make the transition. They are typically the first representative of an institution that a prospective student meets, whether that's through a campus tour, a high school visit, or a college fair. Colleges and universities often employ teams of admissions representatives to assist in the promotion of the institution, or, in the case of larger flagship institutions, to serve as a liaison of the team that makes admissions decisions. These counselors serve as guides during the application process, helping students acquire all of the information necessary to transition from applicant, to admit, to enrolled or at least making the decision on where to enroll. Counselors with non-profit institutions are not salespeople. In most public institutions, they aren't judged or graded on a quota that has to be met in order to maintain their job. This means they aren't pressured to round up numbers and students, and families can trust that the counselor is providing them with the best information for the student.

This is important when it comes time for incoming students to make informed decisions. It's not enough nowadays to simply find the university that offers the major a student wants; they must ensure that the institution has the proper amenities and access to what a student needs to thrive within that field. Along with all of this, a student must find an affordable solution. In our survey, students noted a variety of reasons why they picked their eventual institution, but the central themes were almost always comfort or money.

> "UAB's tuition was the cheapest of my options and it was an optimal location." - Film Major, University of Alabama at Birmingham

> "I chose one of the few schools that accepted me AND gave some grants" - Anthropology, Franklin & Marshall College

> "Price, location, benefits" - Business Management, St. Mary's College of Maryland

> "I chose the most affordable option because my dream schools were expensive—even with max scholarships, out of state fees were upwards of $20k annually and student loans terrified me. I knew I didn't come from the type of household that could front me tuition/housing/food money if financial aid was late or not enough. Going to school close to home was the safe bet. Also, my single

mother asked me to stay because she needed help at home. (This story sounds sad, but I am very happy with my choice)" - Finance and Marketing, University of Nevada-Las Vegas

"I primarily decided what college to attend based on my major and cost. Auburn had a well-established engineering program and was an in-state option. I considered other schools such as MIT and GA Tech but did not feel like their financial packages would make it affordable for me since my parents didn't save despite their high income at the time." - Chemical Engineering, Auburn University

"I chose an in-state university [because] that was the only university my mom could afford. Although I had to take our loans to pay for tuition even with my scholarship, my mom paid for my rent through child support money. If my mom had more money and could afford to save a college fund, I would have gone out of state or a private university." - Psychology, University of Mississippi

"I made my decision based off the major I wanted. The college I attended was the only school that was accredited for that major at the time in the state of Georgia." - Forensic Science, Albany State University

In these above scenarios, the students are making important financial decisions at very young ages. As one student noted in our survey when asked what they wish they would have known at the time: "I had a feeling about this at the time but, student loan bills are REAL. When you're 17-18, those large numbers seem like abstract amounts that exist in some very distant future. It's not that distant fam!" For a number of these students, these costs are arbitrary; they're numbers on the page. For other students they mean nothing more than a necessary means to escaping poverty.

As demonstrated earlier: students who can utilize federal grant programs like the Pell Grant or Supplemental Education Opportunity Grant are often left without the additional merit aid that can help close their gap. These students will utilize whatever resource is necessary in order to obtain the funding needed to earn their degree. In a second conducted survey, I asked former students who received Pell Grants questions regarding where they attended school and what additional aid they received. I asked these questions in order to identify several things: if there was a correlation between the amount of Pell aid received and their standardized test score and how much merit aid those students received based on their test scores.

211 individual responses were received and yielded the following data: only 52 (24.6%) received the maximum Pell award as well as the SEOG. The students were also asked to report their highest ACT and SAT scores; the mean for all reported ACT scores was a 25.52. This subgroup scored particularly well on the test, as the national average is a score of 21 (*Princeton Review*). These students would be in considerably great shape in terms of additional merit-based aid. To provide context to these numbers, let's use a state where every public college or university offers merit-based aid with standards that are published on every institution's website. In the state of Alabama, there are 14 public institutions that grant at least a bachelor's degree with one (Athens State) serving as a complement to community colleges by only offering third and fourth year coursework. Between these 13 remaining institutions, one already offers a substantial scholarship for

need-based students (University of Alabama), the information on which was already covered in a previous section. Because of this, I left them out of this extrapolation.

Because the average ACT score sits between a 25 and 26, we can use both scores to estimate aid from these institutions, as there is a considerable difference. For the 12 remaining institutions, two (Auburn and Troy) will not give any merit aid for a student with a 25 ACT, while two (Alabama A&M and Alabama State) offer full tuition awards at 25, with Alabama State also covering the cost of books. One institution, the University of Alabama in Huntsville, offers aid based on a percentage discount. In this case, the student with a 25 will receive between 35-50% off of their tuition costs (depending on their high school grade point average). For the remaining 9 institutions, a student with a 25 ACT would receive, on average, anywhere between $2,666 and $3,333 per year depending on their high school GPA. For a student with a 26 ACT, Alabama A&M and Alabama State's offer of full tuition coverage does not change; however, Alabama State would also cover the cost of room and board for a student. Between the other 9 institutions, a student with a 26 would accrue anywhere between $3,777 and $5,444 per year, again, pending their high school GPA. In these scenarios, one point on a test score can mean the difference of $1,111 to $2,111 in aid per year, which magnifies the further the score decreases. **[See Figure 11, p.68]**

The students who aren't fortunate enough to access this aid, roughly 75% in the survey, must rely more and more on loans. This, of course, can be problematic if the only aid a student can access is the federal money provided to them. Much worse, if students can't complete their degree program because they've maxed out their loan opportunities, they don’t have the qualifications necessary to land jobs with higher starting salaries.

These disparities become exponentially worse once starting salaries are factored in. For one, students who graduate college have, on average, a higher salary than their counterparts who only complete high school or drop out of high school. The Bureau of Labor Statistics released their median earnings chart by education level in May of 2020 that punctuates this claim: students who dropout of high school earn a median weekly pre-tax income of $592 per week. Students who graduate high school but do not earn any additional degrees or certifications average $746 per week. Students with only some college education earn roughly $833 per week, students with an Associate’s Degree earn $887, while students with a Bachelor’s earn $1248, making the difference between a Bachelor’s degree and a little college education without an Associate’s Degree or Bachelor’s roughly $415 per week, or $21,580 annually (Bureau of Labor Statistics, 2020).

In the state of Georgia, for example, having access to a University System of Georgia (USG) four-year university yielded a difference of $11,000 in annual salary by age 30 (Smith & Goodwin & Hurwitz, 2020). In this case, it’s a direct effect on the state investing in their student’s higher education by paying their college tuition expenses if they graduate high school with a certain GPA. While high-need students will still need to borrow funds if they intend to live on campus (or do not have a choice but to live on campus), there’s no denying that it limits the amount of money the student will need to borrow and eventually owe. The average on-campus expenses for students within the USG for the 2019-2020 academic year were just over $10,000, so a student receiving the full Pell award would only need to cover roughly $4,000 worth of expenses via loans. This still doesn't absolve the entire issue, however, as it still does not account for students acquiring adequate food and finances for other needs as mentioned above.

Offering a Solution

The prospects of free public college have gained considerable momentum over the last half of a decade. What would have been considered a pipe dream in 2010 became a bit of a focus throughout the 2020 Presidential Democratic Primary. Presumptive Democratic Presidential Nominee Joe Biden initially proposed a free Community College plan similar to the one adopted by the state of Tennessee through their lottery system. On Sunday, March 15, 2020, Biden changed his stance to pledge to make public colleges, community colleges, and trade schools free to any families who made less than $125,000 per year. While this is a policy that could certainly gain momentum, what happens if Biden, assuming he wins the Presidency, is unable to get this passed through Congress? What happens to the Americans who are still struggling with student loan debt? How do we push a solution that allows for a temporary fix while the long-term goal of free public college, financed through tax dollars, gets tabled for another discussion?

There are several solutions that would help alleviate debt for those who have already taken out loans, while also preventing future students from having to do so. The first option is multifaceted: the Federal Government must fix the current Estimated Family

Contribution formula and switch to an affordability formula created by the Lumina Foundation as outlined by Poutre, Rorison and Voight (2017):

> The future college student (or their family, in the case of dependent students) should be able to save roughly 10% of their discretionary income over a period of 10 years before college. The student should be able to work 10 hours per week (500 hours per year) while attending college full-time. Because the Benchmark is based on discretionary income, students and/or families with an income less than 200 percent of the Federal Poverty Guideline for their household size are not expected to save for college. By definition they do not have discretionary income. (3)

By using this process, we can determine that a student who works 500 hours throughout the course of the academic year (10 hours per week in the 15-week Fall and Spring semesters, and 20 hours per week during a 10-week summer period) and who works at the current Federal Minimum Wage of $7.25 per hour would earn $3,625 each year. This is the baseline for which the program begins. Federal Aid, in the form of a Pell Grant, would cover costs beyond a families Affordability Benchmark, including housing (lowest cost available) and meals (largest plan available). So families are not expected to deliver their Affordability Benchmark up-front, they are offered a subsidized loan from the Federal Government that will not accrue interest until 12 months after graduation. Students who dropout before completion of their degree program may apply to have their loan voided based on circumstances (caring for family members, illness, etc.). For families in the top 30% of income (based on household size), the aid would only be available in the form of a low-interest, unsubsidized student loan.

In a situation where a family is above 200% of the Federal Poverty Guideline, adjusted levels could be made depending on how far beyond the threshold they are, and how many dependents have been in the household. Their expected family contribution would be 10% of their income over 10 years, divided by the number of dependents. For example, if a family of 4 that has a household income of $120,000 is far beyond the 200% mark. Assuming that their salaries have held consistent for that timeframe and that two of the household members are dependents, we can calculate their affordability benchmark. **[See Figure 12]**

A Pell Grant offer should cover the cost of a student's attendance and board at the institutions which they've been admitted into. The grant should cover full tuition costs (if there is a gap), the cheapest room option, and the most robust meal plan option. This guarantees that students from lower income families can afford to attend college, removing the financial paywall covered in an earlier section of this paper. This also makes sure that they have adequate housing and an appropriate meal plan to combat any financial issues the student may have with securing nutrition. The Federal Government could take it one step further by allowing the student's earned wages to be tax-free: this could be done through special hiring paperwork that the IRS could create and provide to businesses across the country. This guarantees that by meeting the minimum working hours, a student will be able to afford undergraduate education and that any subsidized loans they may take out could be paid off while they work. In states like Georgia or Tennessee, where the state funds a certain amount of tuition based on grades, Pell could cover the room and board costs that those state funds typically don't cover. The Federal Government could still set minimum amounts for Pell, ensuring that students are guaranteed a minimum amount if they're under 200% of the poverty line. That amount could be anywhere between $1500 - $6000 depending on what the budget allows for.

We'll put two examples to practice using two institutions in two different states. Allison lives in Fairburn, GA and wishes to attend Georgia State University. She's the oldest of three children in a household of five (including her parents), and the combined household income is $43,000. According to the Department of Health and Human Services, the poverty line for a household of 5 is $30,680. 200 percent of that number comes out to $61,360, meaning that Allison falls below the 200% and has an affordability benchmark of $3,625 per year. Because Allison has a core GPA above a 3.75, the state of Georgia will award her with the Zell Miller Scholarship, which would pay her tuition and fees, meaning that Allison will need assistance with room and board. Allison has not received any merit-based aid from GSU. The cheapest room and board option at Georgia State University for a first-time freshman is $8052 per year, or $4026 per semester. The amount Allison would need to cover remaining costs would be $4302 for the academic year, which the Pell would be able to cover. **[Figure 14a – p.70]**

Darren is a student from Huntsville, AL who wishes to attend Auburn University at Montgomery. Darren's family also falls below the 200 percent poverty threshold, giving him an affordability benchmark of $3,625 per year ($1125 for Fall and Spring, $1375 for the summer). Darren qualifies for the Warhawk Scholarship, which awards him $5,000 for the academic year, $2,500 for the Fall and Spring semesters. AUM's tuition charges for a full-time student come to $9,690 for the academic year, and the cheapest room option comes to $3,760 per year ($1,880 per semester), while the most expensive meal plan option is $2,500 per year. This makes Darren's total cost to attend $15,950. When Darren's scholarship and affordability benchmarks are removed from the total cost, that would leave the Federal Government covering roughly $7,325 per year. **[Figure 14B, p.70]**

In one of those scenarios, the Federal Government would pay less than their current Grant guidelines while also ensuring that the student has all their needs covered. In the other scenario, while the Pell would cover more than it does now, by roughly $1,200, it ensures that this student can take out minimum federal loans with a plan to pay the loans. According to an American Public and Land Grant University study, the average undergraduate student has roughly $16,300 in debt. If a student receives the full Federal Pell assistance but fell on hardship or was unable to pay off their loan while working as an undergraduate student, they would owe $14,000. That is roughly 14% less than the average student. To counter this, the Federal Government could offer incentives to students who work in certain sectors of employment: whether directly with the Federal Government or through State or Municipal government or private enterprises that sees an extra tax that is kicked back to the Pell program in order to help continue the program.

The other solution the Federal Government should put forward would be to absolve student loan debt. This would remove a substantial part of most of the Millennial generation's monthly payments, freeing up expenditures. This would allow these former students to spend more freely or handle other debts and burdens. This is a two-fold solution that would take the burden off the current generation in the midst of employment and the new generation that wants to avoid being saddled with the same problems.

Another alternative the Federal Government could put forward would be to allocate funding directly to all public institutions, helping to subsidize increasing costs to operate while also putting forward incentives to states to return funding to pre-recession levels and maintaining said amounts when accounting for inflation through the years. This would still require an increased investment in the Federal Pell Grant program, effectively increasing the maximum a student of need can receive. A nationwide working-college program, similar to the way Berea College and other work colleges function, would also be beneficial to low-income students. It would still need to follow the 500-hour guideline, allowing those students to focus on their academics above all. Regardless, better formulas should be calculated for the FAFSA and should allow for more students to declare themselves as independents, especially if they're not being assisted with their costs by their families.

What has existed as the status quo for decades simply cannot continue. College is no longer affordable and accessible to those who want it, and in an economy that relies more and more on postsecondary education of any kind, it is simply irresponsible for the Federal Government to refrain from making drastic changes to the programs as they stand. A government should invest in its people in order to ensure a well-educated and trained workforce in order to keep its economy and infrastructure in place. Winners and losers should not be chosen at birth, based on the zip code they reside in and the barriers preventing students from achieving their full academic and professional potential.

Reference Figures

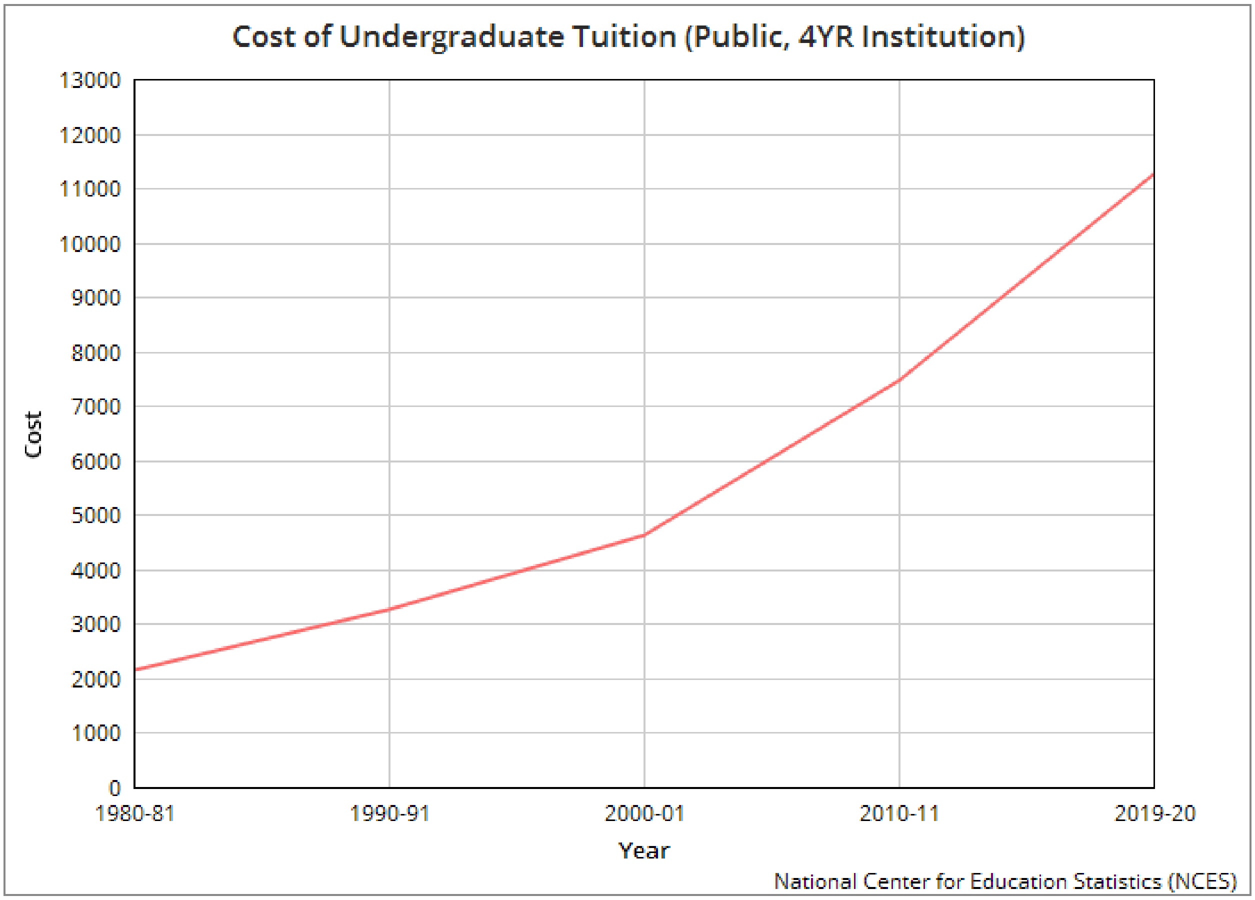
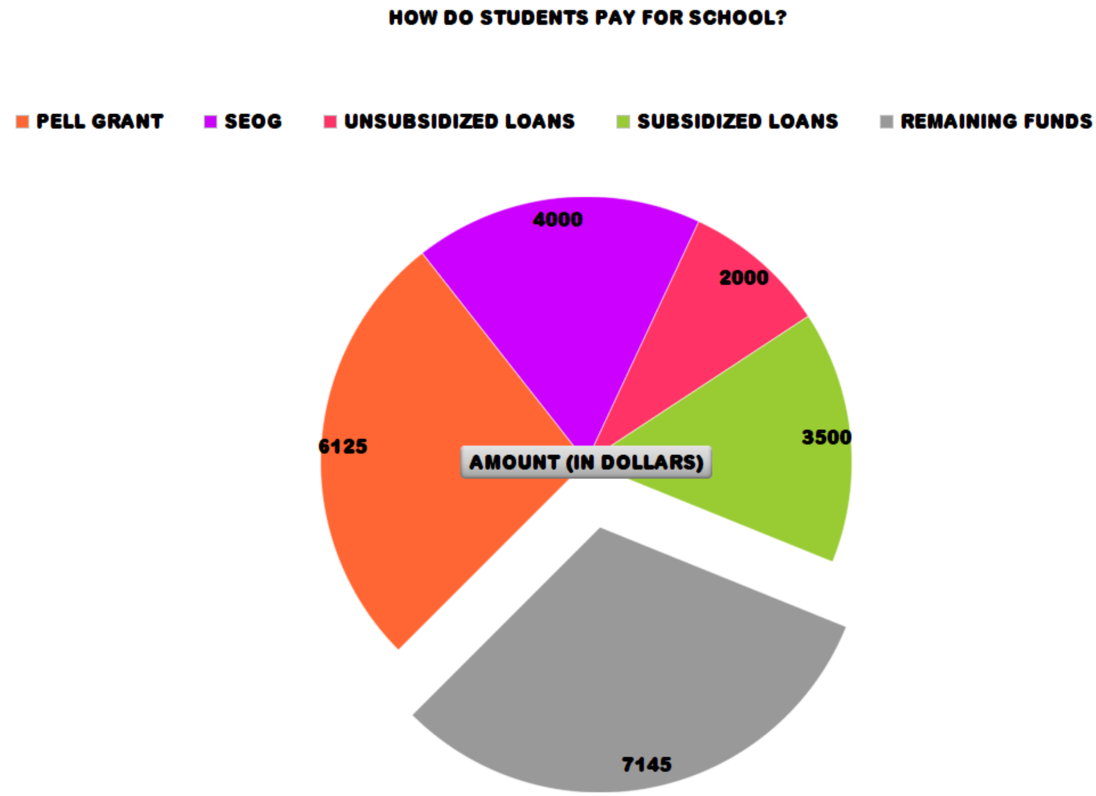


Figure 1 - Average cost of undergraduate tuition - 4yr public

Figure 2- Breakdown of how federal aid factors into the average cost of attendance



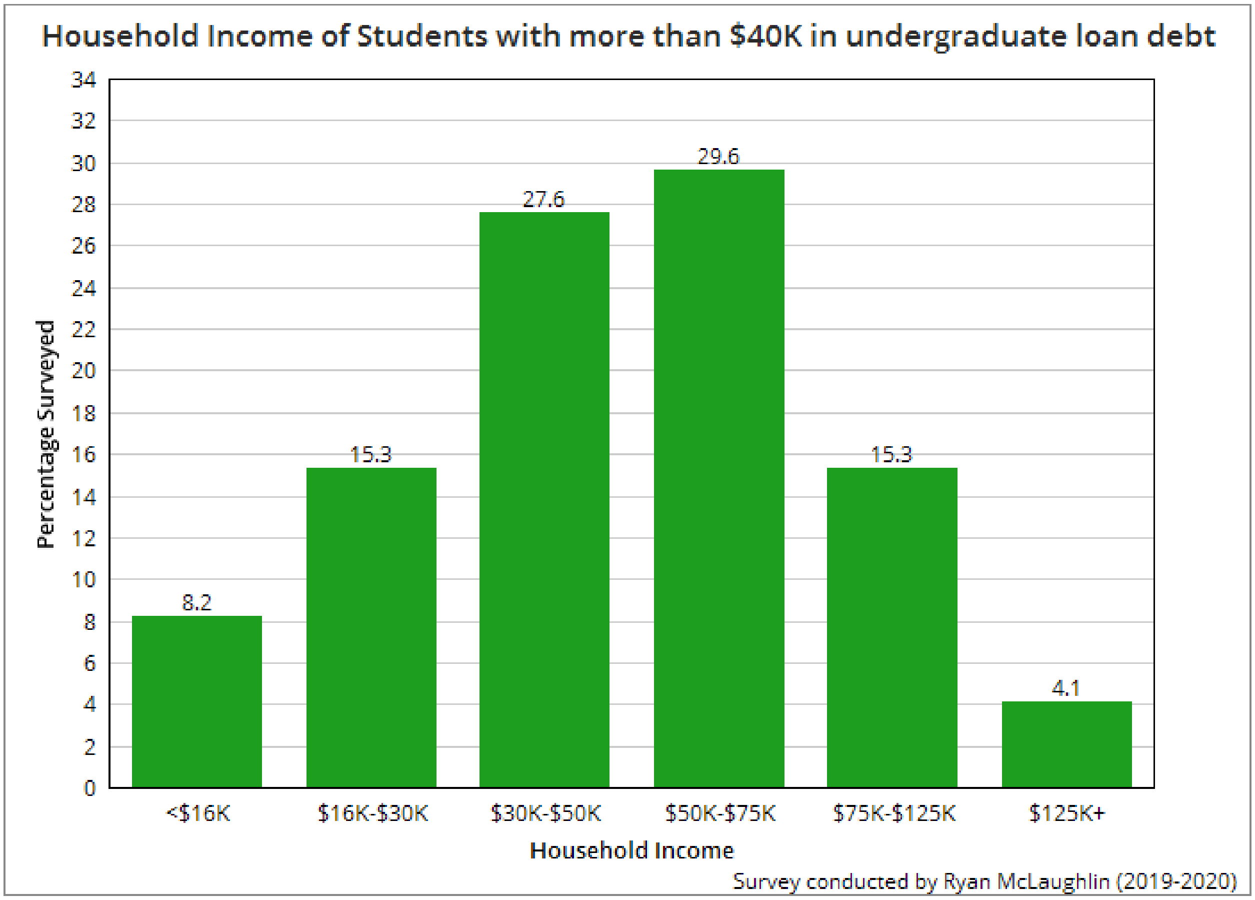


Figure 3 – p. 6

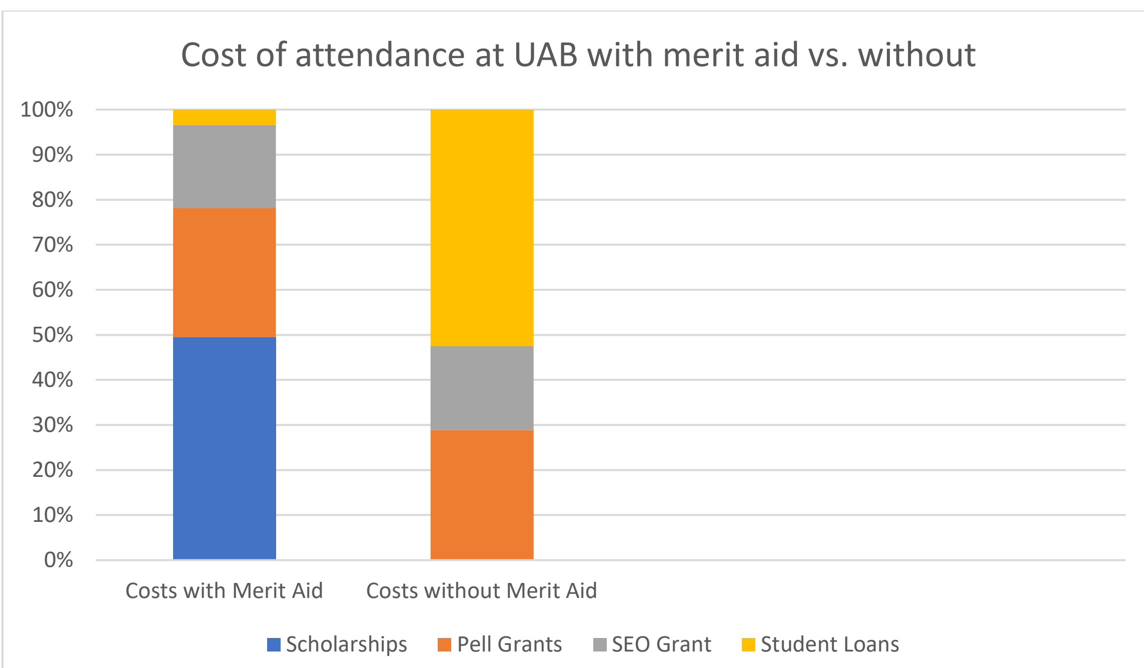


Figure 4 - p.7

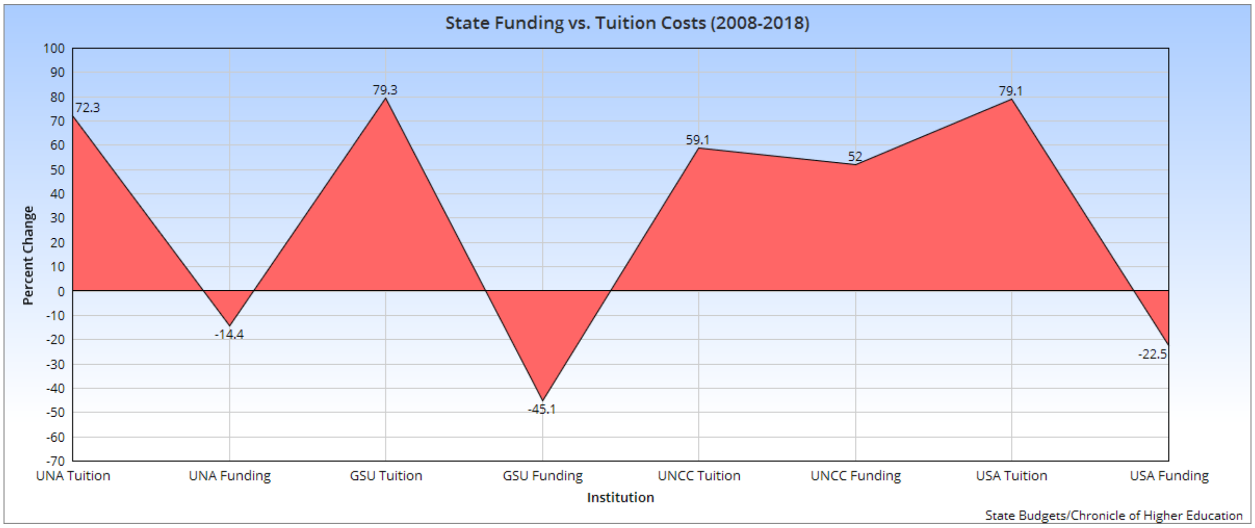


Figure 5 - State Funding vs. Tuition Costs (percentage difference) - p.15

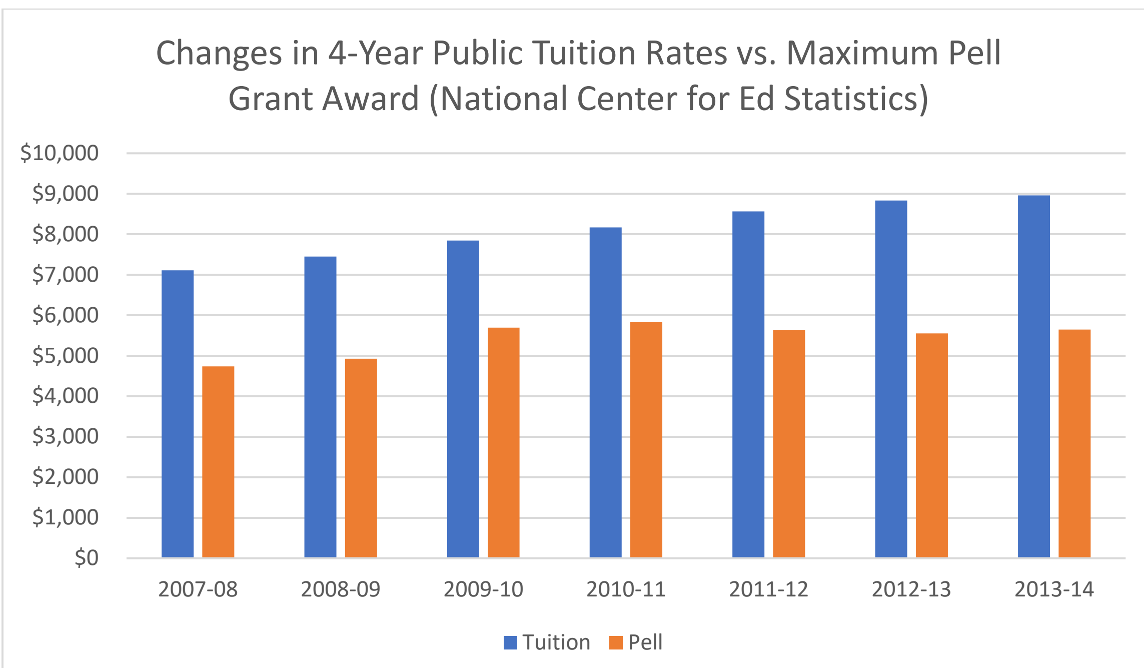


Figure 6 - Changes in Pell Award vs. Public Tuition - p.15

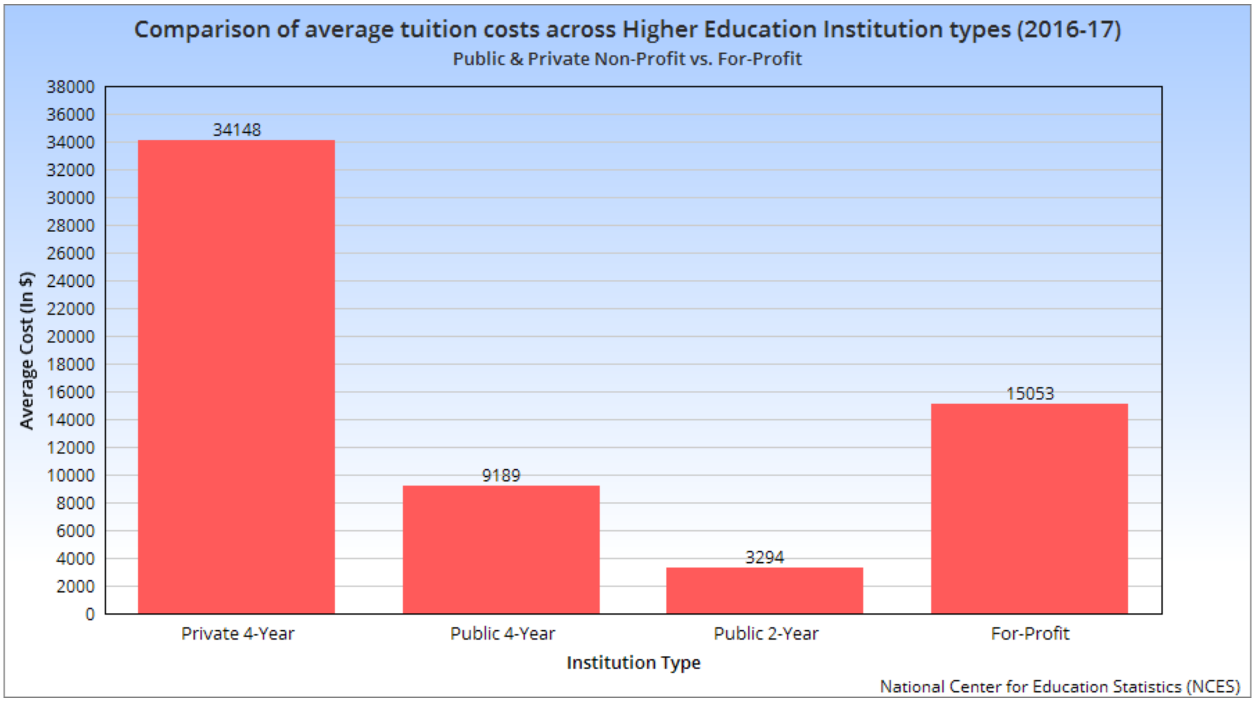


Figure 7 - Comparison of costs vs institution type - p.21

ACT	SAT	High School GPA	Scholarship Value Per Year
32-36	1420-1600	3.5	Full Tuition
30-31	1360-1410	3.5	$8,000
29	1330-1350	3.5	$6,000
27-28	1260-1320	3.5	$5,000
25-26	1200-1250	3.5	$4,000
24	1160-1190	3.5	$3,500
23	1130-1150	3.5	$2,500
21-22	1060-1120	3.5	$2,000

ACT	SAT	High School GPA	Scholarship Value Per Year
33-36	1450-1600	3.0-3.49	$8,000
32	1420-1440	3.0-3.49	$7,000
30-31	1360-1410	3.0-3.49	$7,000
23-29	1130-1350	3.0—3.49	$2,500
21-22	1060-1120	3.0-3.49	$2,000

Figure 8 - University of South Alabama merit based scholarships - p.24

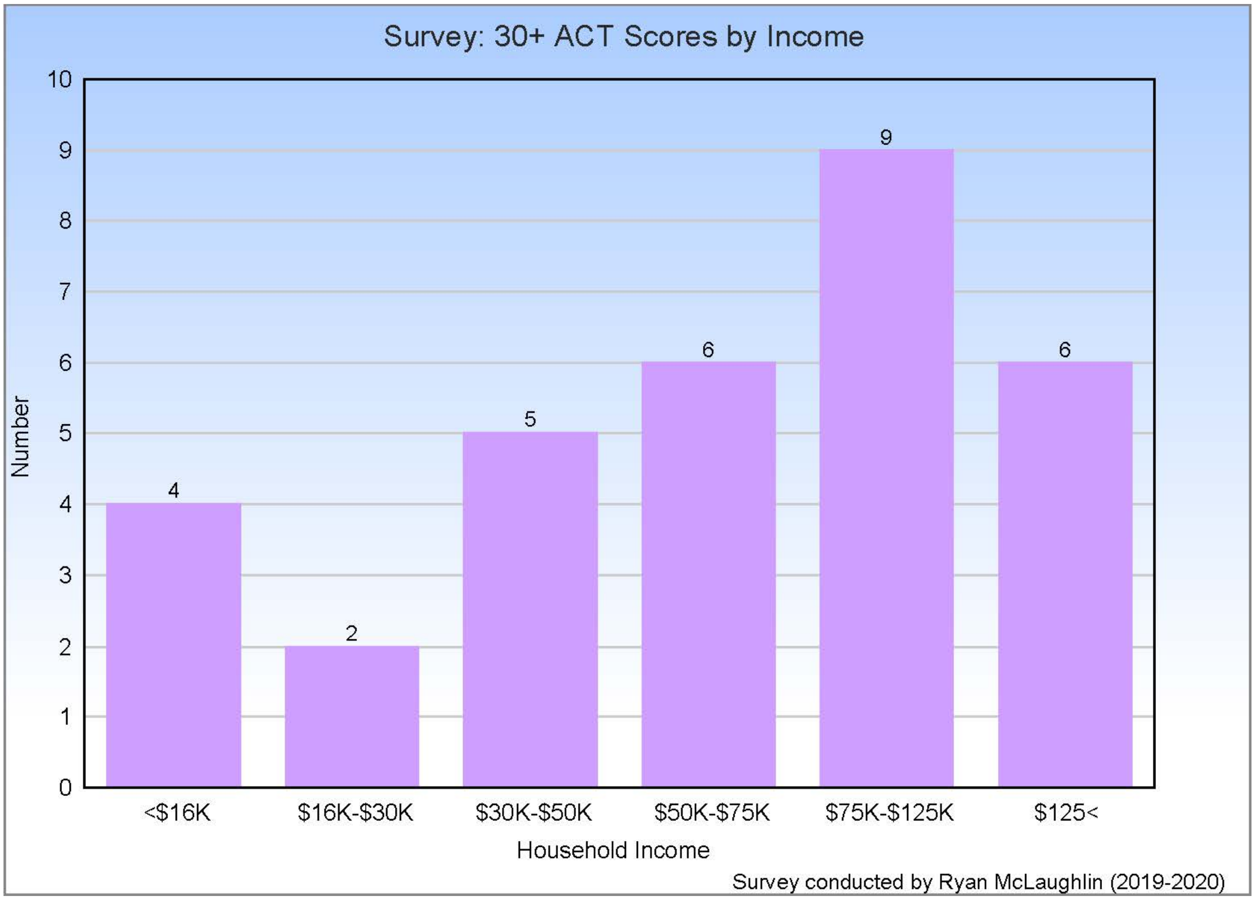


Figure 9a: 30+ ACT scores by Income, p.32

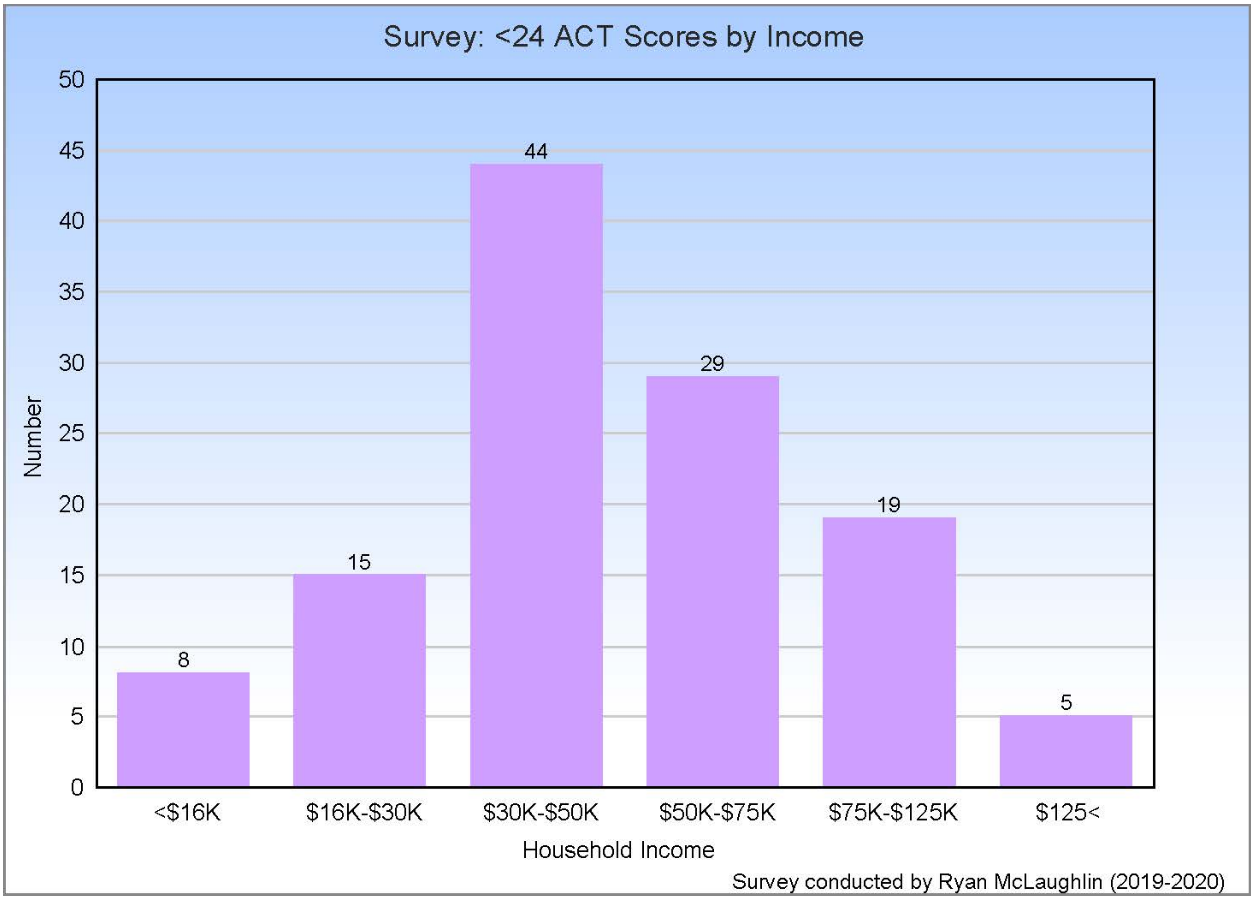


Figure 9B: ACT Scores under 24 by household income. P.32

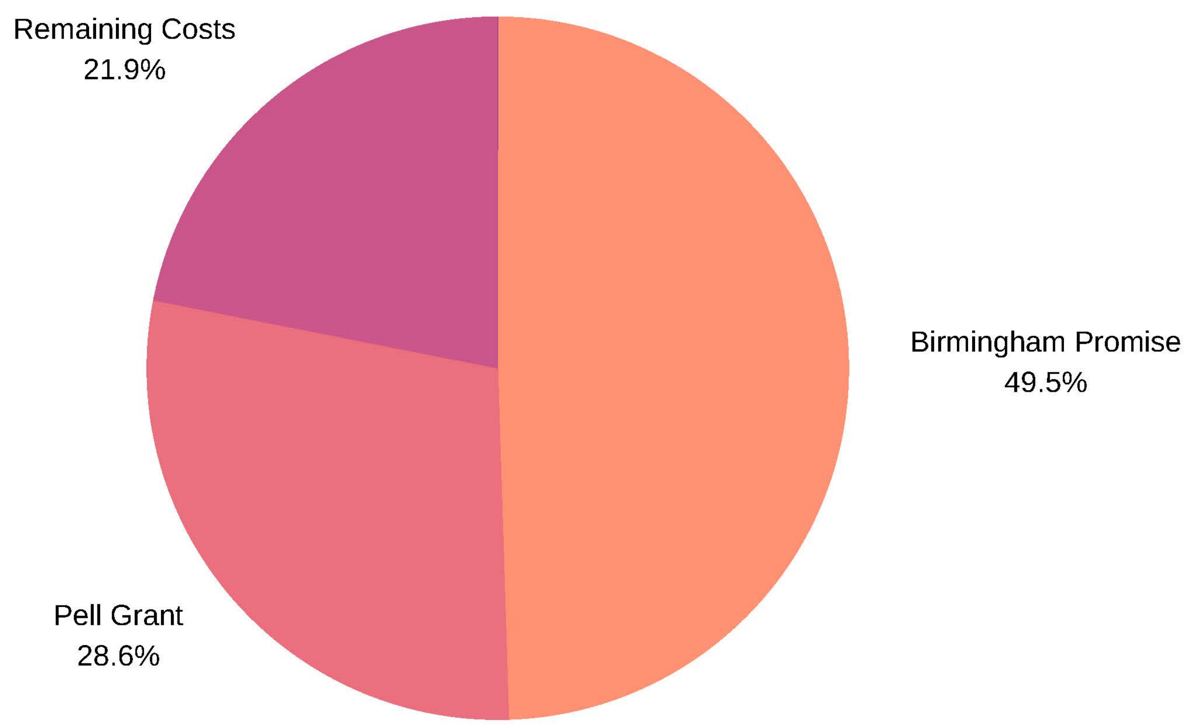


Figure 10- The Birmingham Promise Scholarship (at UAB) -p.40

Figure No. 11

Value of Merit-Based Scholarship at Public Alabama Institutions*

Based on average ACT score of 25 a survey conducted by Ryan K. McLaughlin, 2020

Institution	Scholarship Value	Pell + SEOG	Remaining Costs**	Pell Only	Remaining Costs** (Pell Only)
Alabama A&M	Tuition & fees	$10,195	($-2763) – ($-195)	$6,195	$1,237 - $3,805
Alabama State	Tuition & fees	$10,195	($-5093) – ($-3095)	$6,195	(-$1093) - $905
Auburn Univ.	$0	$10,195	$15,075	$6,195	$19,075
Auburn Univ. Montgomery	$5,000	$10,195	$4,647	$6,195	$8,647
Jacksonville State	$3,500	$10,195	$1,225 - $3,725	$6,195	$5,225 - $7,725
Troy University	$0	$10,195	$4,465 - $8,265	$6,195	$8,465 - $12,265
Univ Alabama-Birmingham	$4,000	$10,195	$7,425	$6,195	$11,425
Univ. of North Alabama	$5,500	$10,195	$1,525 - $6,861	$6,195	$5,525 - $10,861
Univ. of South Alabama	$4,000	$10,195	$3,575 - $6,225	$6,195	$7,575 - $10,225
Univ. of West Alabama	$4,000	$10,195	$5,145	$6,195	$9,145

All listed values are based on one academic year

Highest GPA possible assumed

*1. The University of Alabama in Huntsville was excluded from this table as their merit-based awards are provided based on percentage of tuition.

2. The University of Alabama was omitted from this list due to a new program that would automatically provide Pell Grant eligible students with funding equal to the cost of tuition.

3. Athens State University was excluded as it only offers courses for the final two years of an undergraduate degree with no ACT-based merit aid.

** Remaining costs are based on the 2020 Tuition and fees rates (15 credit hours per semester) + housing and meal plan costs at the lowest and highest possible end. Numbers are for the entire academic year.

Figure No. 12
Lumina Foundation's Affordability Benchmark
Poverty Guidelines for 2020, 48 contiguous states and the District of Columbia
Department of Health and Human Services

Household No.	Poverty Guideline	200% of PG
1	$12,760	$25,520
2	$17,240	$34,480
3	$21,720	$43,480
4	$26,200	$52,400
5	$30,680	$61,360
6	$35,160	$70,320
7	$39,640	$79,280
8	$44,120	$88,240

*Households over 8 should add $4,480 to the Poverty Guideline for each additional persons

Figure No. 13

Sample Family A
Household Size: 4
Dependents: 2
Household income: $120,000
10% of Household Income: $12,000
Divided by No. of Dependents: $12,000/2 = $6,000 per child
Plus 500 Hour Minimum Wage = $3,625
Affordability Benchmark: $9,625

Sample Family B
Household Size: 6
Dependents: 4
Household Income: $78,000
10% of Household Income: $7,800
Divided by No. of Dependents: $7,800/5 = $1,560
Plus 500 Hour Minimum Wage = $3,625
Affordability Benchmark = $5,185

Sample Family C
Household Size: 5
Household Income: $225,000
10% of Household Income: $22,500
Divided by No. of Dependents: $22,500/3 = $7,500
Plus 500 Hour Minimum Wage = $3,625
Affordability Benchmark = $11,125

In the scenarios above, federal aid is offered for costs beyond Affordability Benchmark

Figure No. 14a – Affordability Benchmark Scenario, Allison, p.57

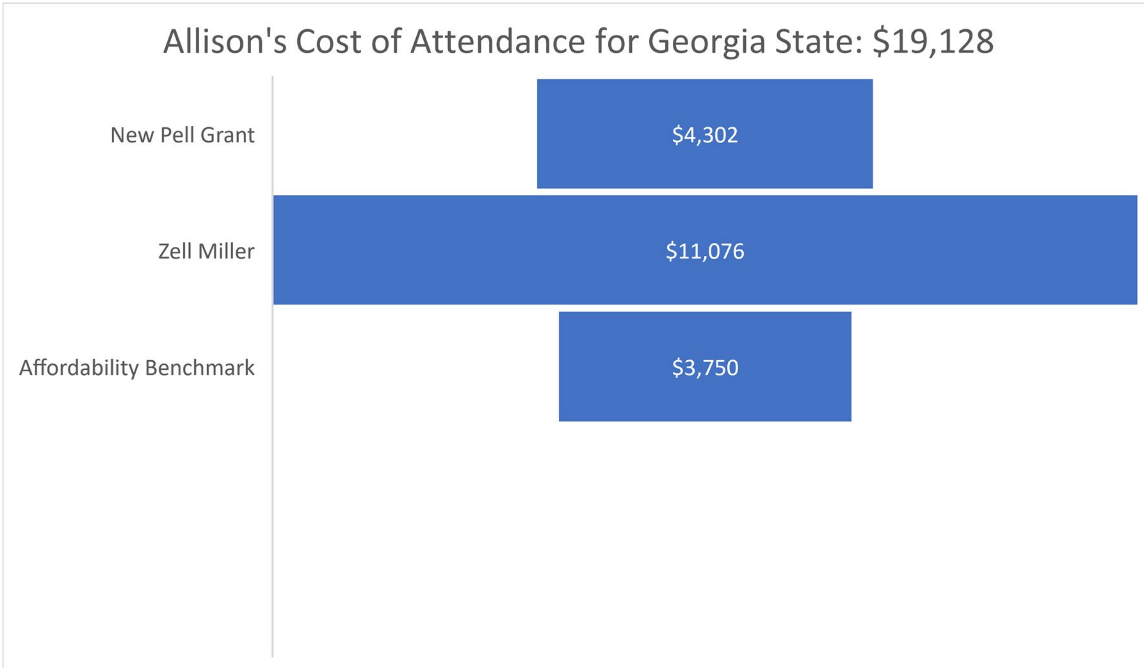
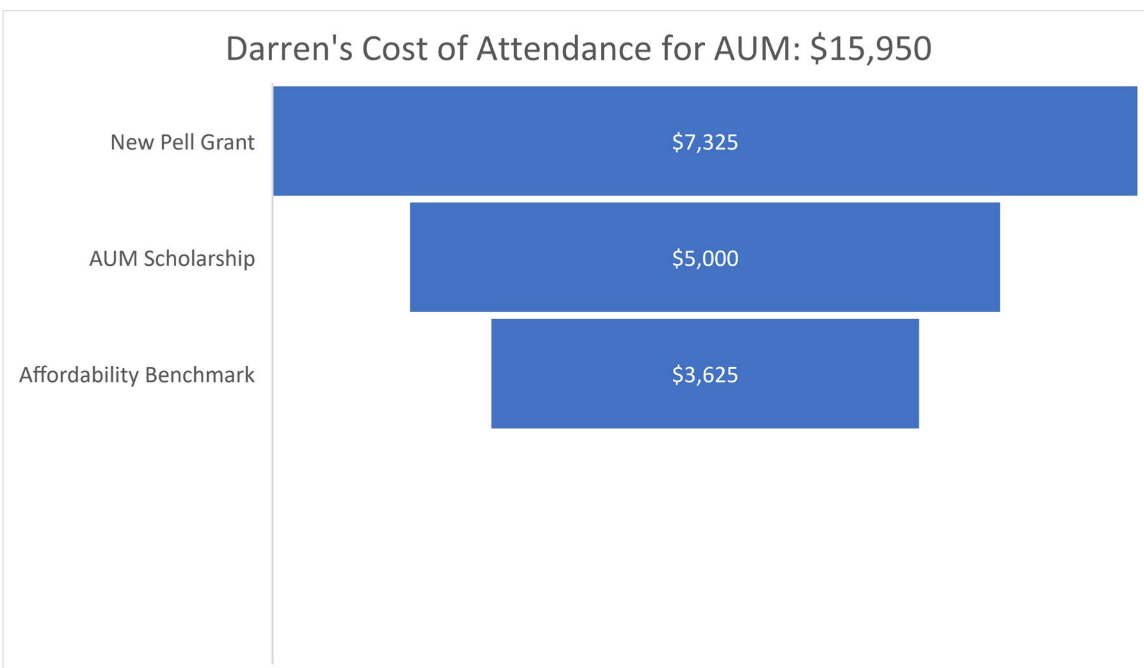


Figure No. 14b – Affordability Benchmark Scenario, Darren, p.58



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