DEFINING COLLEGE AFFORDABILITY FOR LOW-INCOME ADULTS

Improving returns on investment for families and society
Lumina Foundation Author’s Conference
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Vice President and Executive Director
Institute for Women’s Policy Research
Defining Affordability
Defining Affordability from a Student’s Perspective

From a student’s perspective, college is affordable when...

- It allows individuals and families to maintain:
  - A reasonable economic standard of living, or “self-sufficiency.”
  - Social & physical health & well-being (both during & after school enrollment).

College results in a positive ROI for the student & their family over their lifetime.
Defining a Reasonable Economic Standard of Living

Economic self-sufficiency measures account for a full complement of expenditures by family size and type.

- According to WOW, a single parent family with two young children requires $61,044 to make ends meet.
Defining Standards of Physical Health & Well-being

College is affordable when after work, class, & study demands, students have time & resources to care for their own & their families’ physical & social health needs to include:

- Sleep
- Quality time for children
- Preventative health activities
- Social support
Defining Affordability from Society’s Perspective

Investing in postsecondary education is affordable if:

- The benefits to society outweigh costs such that public investments pay off in the long term, because economic & social gains from **successful graduates** (including economic effects of inequality reductions).
- Children are better off & more likely to attend college.
- Institutions provide good value & efficiency.
Why a Race/Gender Analysis Matters

- Examining affordability concerns by **gender, race, & ethnicity** is key to improving ROI to education & social equity.

- Career segregation persists and **can be disrupted** by systems of higher education.

- Better attending to the financial & social needs of families enhances **multigenerational gains** that higher education brings to society.
Racial/Ethnic Disparities in Earnings
Workers of Color & Women Face Lower Earnings

Median earnings for FT, FY workers age 25+ with a Bachelor’s degree by gender, race, & ethnicity

Black & Hispanic Workers Need More Education to Earn as Much as Whites & Asians

Median earnings by degree & race/ethnicity, 2009-2011

Race/Ethnicity Associated with Women’s Earnings at All Education Levels

Median earnings for women by degree, race, and ethnicity, 2009-2011

Racial/Ethnic Wage Gap is Growing for African Americans & Hispanics

Median earnings of Bachelor’s degree holders as proportion of comparable white workers’ earnings

- Ratio of Black to White earnings
- Ratio of Asian to White earnings
- Ratio of Hispanic to White earnings

Proportion of African Americans by Community College Major

Few African American students major in STEM.
Proportion of Asian Americans by Community College Major

Asian students are much more likely to major in STEM.

Workers of Color Make Less than Whites with the Same Major

Median Earnings by Race for FT, FY workers with a Bachelor’s degree

Electrical Engineering
- Whites: $90,000
- Blacks: $68,000
- Hispanics: $60,000

Architecture
- Whites: $65,000
- Blacks: $55,000
- Hispanics: $59,000

Students of Color Graduate with More College Debt

Average undergraduate debt of Bachelor’s degree holders one year after graduation, by race, ethnicity, & gender

Source: IWPR calculations, 2008 Baccalaureate and Beyond Survey data. National Center of Education Statistics.
Students of Color Have Higher Debt to Earnings Ratios

Student Loan Debt as a Percent of Annual Earned Income*, One Year after Graduation 2009

*Earnings from work.

The Gender Wage Gap
Women Today Will Not See Equal Pay in Their Working Lives

Gender Wage Gap Stagnant for BA Holders

Women’s earnings as a percentage of men’s for all full-time, full-year BA holders

Gender Wage Gap Diminishes
Ability to Repay Loans

Women only earn 77 percent for each
dollar earned annually by men,
only 82 percent of each dollar earned
weekly, and
women with Bachelor degrees earn about
$11,334 per year less
than comparable full-time, full-year men.
<table>
<thead>
<tr>
<th>Major Category</th>
<th>Proportion of Females</th>
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<tbody>
<tr>
<td>All Associates Degrees (N=787,325)</td>
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<tr>
<td>Family and Consumer Sciences (N=9,020)</td>
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<tr>
<td>Legal Professions and Studies (N=9,062)</td>
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<tr>
<td>Library Science (N=116)</td>
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<tr>
<td>Public Administration and Social Services (N=4,178)</td>
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<tr>
<td>Education (N=14,123)</td>
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<td>Foreign Languages, Literatures, and Linguistics (N=1,627)</td>
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<td>Psychology (N=3,949)</td>
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<td>Area, Ethnic, Cultural, and Gender Studies (N=173)</td>
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<td>Biological and Biomedical Sciences (N=2,364)</td>
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<td>Business, Management, and Marketing, Total (N=111,521)</td>
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<tr>
<td>English Language and Literature/Letters (N=1,525)</td>
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<tr>
<td>Social Sciences and History, Total (N=9,142)</td>
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<tr>
<td>Visual and Performing Arts, Total (N=18,629)</td>
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<tr>
<td>Multi/Interdisciplinary Studies (N=15,459)</td>
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<tr>
<td>Liberal Arts, General Studies, and Humanities (N=263,853)</td>
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<tr>
<td>Architecture and Related Services (N=596)</td>
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<tr>
<td>Communications (N=2,722)</td>
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<tr>
<td>Personal and Culinary Services (N=16,327)</td>
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<td>Theology and Religious Vocations (N=675)</td>
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<td>Security and Protective Services, Total (N=33,033)</td>
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<td>Physical Sciences and Science Technologies, Total (N=3,617)</td>
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<td>Parks, Recreation, Leisure, and Fitness Studies (N=1,587)</td>
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<td>Agriculture and Natural Resources, Total (N=5,724)</td>
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<td>Mathematics (N=930)</td>
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<td>Communications Technologies (N=4,803)</td>
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<td>Philosophy and Religion (N=191)</td>
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<td>Computer and Information Sciences (N=30,006)</td>
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<td>Military Technologies (N=721)</td>
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<td>Engineering (N=2,181)</td>
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<td>Engineering-Related Technologies (N=30,434)</td>
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<td>Transportation and Material Moving Workers (N=1,430)</td>
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<tr>
<td>Precision Production Trades (N=2,126)</td>
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<td>Mechanics and Repairers (N=16,066)</td>
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<td>Construction Trades (N=4,252)</td>
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Few female students major in STEM.
### Top Five Majors For Associate Degrees, 2008-09

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Women Make Less than Men with the Same Major

Chemical Engineering

$92,000
77% Men

Human Services & Community Organization

$35,000
78% Women

$72,000
23% Women

$40,000
22% Men

Women have higher debt after graduation

Average debt one year after graduation as a percent of lifetime income, by gender and race/ethnicity

Parenthood Affects College Affordability
More than a Quarter of College Students Have Dependent Children

Proportion of College Students with Dependent Children by Institution Type, 2004-2012

Women of Color in College Are Very Likely to Have Dependent Children

Proportion of College Students with Children by Race & Gender

- Women: 47.0% (Black), 31.6% (Hispanic or Latino), 18.2% (Asian), 41.4% (American Indian or Alaska Native), 39.4% (Native Hawaiian or Pacific Islander), 28.0% (More than one race)
- Men: 29.1%, 20.0%, 10.0%, 0.0%, 0.0%, 0.0%

The Student Parent Population: Female, Single & Low Income

There are 4.8 million student parents.

Gender Makeup
- Men: 29%
- Women: 71%

Income Levels
- Married, Higher Income: 32%
- Married, Low Income: 11%
- Single, Low Income: 39%
- Single, Higher Income: 18%

Sources: Number of student parents from IWPR analysis of the 2011-2012 National Postsecondary Student Aid Survey. Gender and income breakdowns from IWPR analysis of 2008 NPSAS.
Time Demands on Student Parents

Full Time Activities (30 hours or more per week) of Single Parents Attending Community College

Source: Data on school attendance patterns and work hours derived from IWPR analysis of National Postsecondary Student Aid Survey, 2008 undergraduate cohort. Data on time spent caring for dependents was calculated by IWPR from the 2008 Community College Survey of Student Engagement.
In 2012, 50% of students at for-profit colleges were parents compared to 30% of students at 2 year colleges.

For-profit colleges are the least likely to have child care available.
Women & Student Parents Graduate with More College Debt

Average Undergraduate Debt One Year after Graduation by Gender & Parent Status

- All Students: $28,350
- Men: $25,135
- Women: $27,805
- Independent Students: $26,903

Source: IWPR calculations, 2008 Baccalaureate and Beyond Survey data. National Center of Education Statistics.
Unmet Financial Need is Greater for Student Parents

Unmet Need* for College Students by Parent Status

- All Students
- Men
- Women
- Independent Students

*Unmet need is equal to the student budget (tuition and non-tuition academic expenses) minus the EFC and all aid. All aid includes need-based and non-need based financial aid at the federal, state and institutional level and private grants but not private loans.

Source: IWPR calculations, 2008 National Postsecondary Student Aid Survey data. National Center of Education Statistics.
Campus Child Care Serves <5% of Need

- Total number of campus child care slots needed by student parents: 1,124,000
- Number of slots currently available: 54,400

Source: IWPR calculations utilizing data from the National Postsecondary Student Aid Survey, Department of Education enrollment figures, IWPR NCCCC Member Survey, and the 2010 Current Population Survey.
Campus Child Care Declining

Full-time child care costs range from $3,900 to $15,000 a year depending on location, quality, and child’s age.

These costs make up approximately 25% of expenditures for a family of three.

Help paying for child care can be tough to find

- In 2013, 19 states had wait lists for child care, with wait times ranging from 90 days to 3 years.

- Income protection allowance in FAFSA doesn’t fully cover the cost of child care.

Tools to Improve Equity in Career Choices

Create a **Return on Investment to College Calculator.**

- To “suggest” higher paying careers within the participants’ skill parameters.

- Would combine tools that already exist or are in development.

- Outputs would include monthly/annual *income before/after estimated debt payments.*
Characteristics of a Return on Investment Calculator

- Calculations could include access to child care assistance as a factor in expenditure calculation.
- Include access to in-person career counseling supports.
- Include profiles of demographically comparable workers in careers.
- Include an option for “consciousness raising” on segregation?
Integrate efforts to increase diversity in STEM with national postsecondary success initiatives.

- Potential Partners:
  - National Science Foundation Human Resource Development Program
  - STEM diversity professional associations

- Take STEM diversity program models to scale

- Ensure major STEM outreach efforts take advantage of evidence-based practices to increase diversity.
Interventions for Improving ROI

- Improve student access to & awareness of public benefits.

- Expand access to child care supports, e.g. through expansions to CCAMPIS program & integration with state & community early care & education systems.

- Develop targeted grants for those with greatest combined dependent care time & affordability challenges.

- Promote family-related supports and family friendly colleges & universities, in part to reduce alienation, stress, & time demands.
Build an Array of Supports for Student Parents

Institutional rankings & outcomes tracking must report earnings disaggregated by race and gender.

- To ensure institutions are not unintentionally penalized for diverse or highly female student population (e.g. women’s colleges).

- Institutional **incentive systems** can reward progress toward equity in distribution of graduates across majors.
Thank you!

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