

Pell Grants cut, tuition fees rise

US: Higher education costs increase for the most needy

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The College Board, a not-for-profit organization that administers entrance and other standardized tests in the US and whose membership includes more than 5,000 institutions of higher learning, has released several reports on higher education in the United States. All of these studies lead to the inescapable conclusion that since the year 2000, middle- and lower-income students have been paying more for public higher education at a time when they are less able to afford doing so.

As a result, we are witnessing an ever widening gap in access to higher education between the majority of Americans and those at the top. This gap in educational opportunity is driven by a historically unprecedented growth of income inequality.

Two College Board reports, “Trends in College Pricing 2006” and “Trends in Student Aid 2006,” reveal that although the rise in average tuition and fees for four-year public colleges has decreased over the past three years, college costs are still up 35 percent over the past five years, after adjusting for inflation. For the 2006-2007 academic year, tuition and fees at four-year public institutions increased by 6.3 percent (\$344), or 2.4 percent after adjusting for inflation. At two-year public colleges, the increase in average tuition and fees for the same time period was 4.1 percent (\$90), slightly less than one-half of one percentage point higher than the rate of inflation, and two percentage points below the increase for four-year institutions.

Compounding the financial burden of increased tuition and fees is the continuing decrease in student aid. While \$134.8 billion in student aid was disbursed from state governments, institutions of higher learning and private sources, the inflation-adjusted dollars provided by all of the federal aid programs was actually lower in 2005-2006 than it had been earlier in the decade. Lower-income students were particularly disadvantaged. The average Pell Grant award, the largest and—because the money does not need to be repaid—most beneficial source of aid for middle- and low-income students, was \$120 less in the 2005-2006 academic year than in the previous year.

It is not only the Pell Grant dollar amount that has changed, however. The number of eligible recipients has also decreased, and not by accident. As the WSWS has reported, in 2004 the

Bush administration and the US Congress changed the formula for determining how much family income is discretionary and thereby available to help pay for college tuition and fees. Prior to the 2004 change, the formula allowed families to deduct part of what they paid in state and local taxes. The 2004 rule change significantly cut the allowable amount to be deducted. (See “US Congress uses Alice in Wonderland logic to sell cuts in college grants”) A *New York Times* editorial published November 1 reported that the 2004 rule change has decreased the Pell Grant coverage of the average costs at a four-year school from 42 percent five years ago to about a third today.

Many middle- and lower-income students are also being economically disadvantaged by the need to take remedial courses. According to the College Board supplement to “Education Pays: The Benefits of Higher Education for Individuals and Society,” released on October 24, “over one-third of first- and second-year college students have taken remedial courses since high school graduation.” Because these courses do not cover college material but rather serve the student as refreshers for high school material, remedial courses do not generally count as college credit. As one might expect, students who take these courses often take longer to graduate (e.g., in 1999-2000, students who began their college careers in four-year institutions took an average of 6.2 years to complete their degrees), thereby forgoing the money they might have earned had they graduated. Furthermore, because many of these students must take out more loans the longer they stay in college, they will owe more money once they do graduate.

Middle- and lower-income students often come from districts where the loss of tax revenues has led to schools with crumbling infrastructures, old or nonexistent instructional materials, and burned-out or ill-prepared instructors. For these students, preparing for college-level work is not nearly as easy as it is for their counterparts in wealthier districts where facilities, materials and instructors are often first-rate. Consequently, they are the ones who frequently must take remedial courses and who ultimately pay more, relative to personal income, for their education than their wealthier peers.

It is not just recent high school graduates who are paying

more for their education while receiving less financial aid. An increasing number of former autoworkers are returning to school after they have seen their jobs eliminated and/or been forced to accept a buyout. Others are returning to school because their present jobs simply do not offer adequate wages and benefits. Often middle-age or approaching retirement, these “non-traditional” students are also confronting economic problems. Due to the length of time since they attended high school, many must take remedial coursework, with the same additional costs experienced by recent high school graduates, but at a time in life when these costs will be harder to pay. And, while their former employers may be paying for a significant portion of their education, they frequently have children who are experiencing their own economic problems and who must therefore be helped.

The College Board notes another disadvantage for lower-income families: tax benefits favor middle- and upper-income families over lower-income families. In fact, only 22 percent of the tuition tax deduction goes to taxpayers with incomes below \$50,000.

The College Board’s proposed solutions to decreasing this gap in access to higher education, however, fail to get at the root of the problem. According to Gaston Caperton, president of the College Board, “both affordability and rigorous academic preparation are critical to improving access to college.” But the same press release notes that public colleges and universities are paying more for health benefits and utilities, in addition to paying higher salaries to their faculty, at a time when state and local funding for higher education is being reduced.

Middle- and lower-incomes students and their families are caught in the same trap. While they are paying more for tuition and health care, in addition to other expenditures (the College Board press release adds that “Tuition and fees represent only a fraction of the cost of attending college”) their incomes have actually been stagnating or even falling.

The recently published study “The Evolution of Top Incomes,” found that while the wealthiest 1 percent of American households made 29.3 percent of the nation’s pretax incomes in 2004, the median family income grew only 1.6 percent from 2001 to 2004, when adjusted for inflation. As reported in the *Detroit Free Press* November 5, the same study found a simple reason for this staggering disparity: the rich own more assets than the rest of us, especially in terms of returns from stock market investments in conjunction with the Bush administration’s 2003 tax cuts, which lowered the rate at which capital gains and dividends may be taxed. (See “Income gap between America’s families is growing, study finds”) Under these conditions, middle- and lower-income students will continue finding higher education less affordable.

As for the College Board’s second commendable goal of more rigorous academic preparation, urban and rural areas—where the great majority of middle-and lower-income

students live and attend a college or university—have been hard hit by job losses and stagnant or lower real incomes. With the resulting loss in tax revenues, in addition to state and local funding cuts, public high school systems are cutting faculty and staff, decreasing many of the programs that do indeed result in a more rigorous academic environment, such as art, music and vital extracurricular activities. Due to a lack of space and instructional resources, these secondary schools are sending more of their students to community colleges under “dual enrollment” programs where the students often wind up in remedial programs, thus attenuating an already weakening environment of “rigorous academic preparation.”

To attain the College Board’s goals and ensure equal educational opportunities for all, the source of the ever-widening gap between the rich and the vast majority of the population must be addressed—the capitalist profit system based on the private ownership of the means of production. Neither the increases in the cost of tuition and fees, healthcare, utilities and other essentials, nor the stagnation and often decline in real wages are the result of workers creating less wealth. Indeed, since 1972, the gross domestic product of the US has increased by 50 percent in real dollars. Rather, these conditions are the consequence of a profit system that allows 1 percent of the population to gain nearly 30 percent of the nation’s pretax wealth and where CEOs are now making 431 times the wage of the average American worker.

In its 2006 election statement, “For a socialist alternative in the 2006 US elections” the Socialist Equality Party has called for “massive investment to ensure high-quality public education and access to free higher education.” To achieve this, economic life must be reorganized according to rational and humane, i.e., socialist foundations, combined with a radical redistribution of wealth. Only in this way can basic needs such as education, housing and be provided to all.



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