Majority of students cannot afford 95 percent of US colleges

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A recent report shows that US colleges are becoming increasingly unaffordable. "Limited Means, Limited Options: College Remains Unaffordable for Many Americans," released in March 2017 by the Institute for Higher Education Policy (IHEP), shows 95 percent of American colleges are too expensive for the majority of low-income students.

The study draws shocking results. "[A]lthough the student from the highest income quintile in these analyses could afford to attend 90 percent of colleges in the sample," the report states, "the low- and moderate-income students with fewer financial resources could only afford 1 to 5 percent of colleges."

Working class students and youth are faced with bleak options for future employment. Most jobs that pay "decent" wages require a college degree or certificate. But over the last several decades, there has been a significant shift in financial policy for higher education: on the one hand, the cost of attaining a degree has skyrocketed and, on the other, state and federal funding for college costs has been rolled back significantly.

These tuition hikes and funding cutbacks have effectively educationally crippled millions of working class students and youth in the US. Student loan debt has again reached an all-time high, weighing in at $1.4 trillion nationally. The average 2016 college graduate has a massive $37,172 in student loan debt, according to March 2017 statistics from studentloanhero.com.

The IHEP report cites low funding for the Pell Grant as a major factor in college unaffordability. In some states, funding for the Pell Grant has gone up in recent years, but not in proportion to the continually rising cost of tuition as well as other expenses, such as books and fees—not to mention vital day-to-day living expenses like rent, groceries and health care.

"On average," the report states, "the low-income student needs to finance an amount equivalent to more than 100 percent of their family's annual income to attend one year at a four-year college, compared with high-income students, who must finance only 15 percent on average."

The cost of attending college is calculated by the Higher Education Act from data reported by colleges to the Integrated Postsecondary Education Data System. It adds the cost of tuition, fees, room, board, books, supplies, transportation and "other costs," and then subtracts grant aid from that total.

The report categorizes students by the Lumina Foundation's "Affordability Benchmark," standards which are already inconceivable for the average working class family. It is based on the "Rule of 10," meaning the student "should be able to work 10 hours per week (500 hours per year) while attending college full-time."

According to this benchmark, "To be considered affordable, the total 10-year savings plus part-time earnings should cover the entire cost of a four-year degree." The report notes that students and/or families with an income less than 200 percent of the Federal Poverty Guideline are not expected to save for college because they have no discretionary income.

However, parents of prospective college students whose incomes are above the federal poverty line are expected to save 10 percent of their discretionary income every year over the course of a decade to contribute to their child's college tuition.

Take for example the imaginary "Mia," from a family of four, created for the purpose of the study but based on averaged national statistics. Her parents have a combined income of $100,000, so IHEP calculates that they should be able to contribute $54,000 to her bachelor's degree. If Mia works 10 hours a week at a minimum-wage job during college, she should theoretically be able to contribute $14,500 to her degree. All in all, she should be able to afford the cost of her degree at $65,900 over the course of four years, or $16,475 a year. Anything beyond that is considered out of Mia's financial reach.

According to the College Board, the average cost of tuition and fees for the 2016-2017 school year was $33,480 at private colleges, $9,650 for in-state residents at public colleges and $24,930 for out-of-state residents at public universities. Theoretically speaking, Mia can afford only the public college within her state, and that price tag does not include rent, food, transportation and other living expenses.

While useful in shedding light on the affordability crisis, the benchmark does not take into account any situation that would jeopardize that family's financial situation even remotely. Do Mia's parents have ample savings in pensions and retirement funds? Are Mia's parents financially responsible for their own aging parents? Is Mia capable of working a part-time job during college? Answering "yes" to any of these questions, among countless others posed to the majority of working class Americans—even the "better off" ones—throws a wrench in the benchmark calculations.

It is also crucial to note that according to the US Census Bureau, in 2016 the median household income was $56,516. Mia is considered well off financially compared to many of her peers.

The study notes that for independent students, meaning students who cannot rely on family to contribute to their education, loans are a major factor in deciding where to attend college. The lowest-income student example cited in the study can afford to attend 3 percent of colleges without loans. With Subsidized Stafford loans, the number of schools considered affordable is raised from 3 to 9 percent, which still leaves the vast majority of higher-education institutions out of reach.

Most students in the independent and low-income dependent groups are forced to work full-time out of necessity to avoid being buried in student loan debt. Poor performance at any level of education is directly correlated to problems faced by the working class. A full-time student who needs only to worry about grades and studying is much more likely to achieve academic success than a full-time student who is also a full-time worker.

While the study itself draws important conclusions, and is useful in showing the extreme disparities that exist between the classes, it goes on to advocate for governmental changes—calling for policymakers to implement certain measures which would supposedly even the playing field for students from a wider variety of economic backgrounds.

For example, it demands that "[C]olleges with wealth at their disposal—either in the form of large endowments or company profits—should keep prices low for needy students." Calling on policymakers to intervene in the finances of wealthy and prestigious institutions or profit-making private universities is absurd under the current economic and political system.

The results drawn from the study reflect precisely what is happening at large, in not only American society, but globally as well: the gap between the rich and the poor, and what is accessible to each, is growing larger, and has an impact on every aspect of social life.