

## COST PERCEPTIONS AND COLLEGE-GOING FOR LOW-INCOME STUDENTS

This *Research to Practice* brief is the first in a series from the Pathways to College Network and National College Access Network seeking to bridge the gap between scholarly research and effective practice. This brief highlights research on the role of “cost perceptions” on low-income students’ college-going and features tangible advice from ACCESS College Foundation experts.

Passage of the Higher Education Act of 1965 (HEA) represented a landmark effort by the federal government to minimize the cost of college as a barrier to postsecondary access for low-income students and their families. Since then, a myriad of financial aid programs have been designed to equalize educational opportunity. Most recently, the Health Care and Education Reconciliation Act highlighted this long-term commitment of our nation’s leaders. The legislation strengthens the Pell Grant program, enhances student loan repayment options, and invests in community colleges and minority-serving institutions.

While the overall number of students entering college has increased, there still exists a substantial gap in the postsecondary enrollment rates of low-income students compared to those from middle- and upper-income families. Take, for instance, the following:

- While the United States experienced a 20 percent increase in immediate postsecondary enrollment<sup>1</sup> between 1972 and 2007, the gap between low-income and high-income student enrollment has remained steadfast at 23 percent (NCES 2009).

- Only 31 percent of students from low-income backgrounds go on to attend some form of postsecondary education as compared to 56 percent of middle-income and 75 percent of high-income students (The Pell Institute 2005).
- Among the highest academically qualified, only 47 percent of low-income students went on to attend a four-year institution as compared to 67 percent of high performing, high-income students (ACSFA 2002).

Researchers, policymakers, and community advocates generally agree that, next to K–12 school preparation, the cost of attending college remains one of the most substantial barriers to access for low-income students. Decades of financial aid policymaking, not to mention the proliferation of financing tools intended to help families meet the escalating cost of college, have failed to bolster low-income students’ enrollment rates. More than just a question of numbers, the issue of college costs represents a complex set of individual level responses that inevitably dictate student enrollment behavior, and ultimately, the likelihood of degree attainment.

<sup>1</sup> “Immediate” postsecondary enrollment is defined as matriculation in a two- or four-year institution upon graduation from high school (NCES 2009).



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One area that has received heightened attention within educational research circles is the role of cost perceptions on low-income students' college-going. This brief synthesizes existing research, focusing in particular on what is known about the relationship between cost perceptions and low-income students' financing decisions. Factors discussed include the importance of accurate and timely information, the role of culture, and the significance of risk associated with borrowing and debt among low-income families.

### **What Research Tells Us: Cost Perceptions and Low-Income Students**

Unquestionably, the college cost climate has changed dramatically over the last several decades, with U.S. colleges and universities introducing steep increases in the price of tuition. In 2008—2009 alone, the cost to attend a private four-year institution rose 6 percent (after inflation) and 6 percent and 5 percent at public four-year and public two-year institutions respectively (College Board 2009). Conversely, federal and state need-based aid decreased in value relative to these rising costs, with the maximum Pell Grant award representing a mere 35 percent of four-year public tuition fees in 2009—2010 (College Board 2009). Use of public and private loans has also increased substantially over time (5 percent alone in 2008—2009), with students who borrowed graduating with an average debt burden of \$20,000 (College Board 2009).

While current pricing and aid trends represent clear and distinct challenges to low-income students' postsecondary opportunities, researchers estimated that approximately one million students failed to apply for federal Pell awards despite being eligible (King 2006). Educational research also indicates the following trends:

- Low-income students are more apt to delay postsecondary entry immediately following high school (Engle and Tinto 2008).
- Low-income students are more likely than any other income group to work at least 30 hours per week while maintaining a full course load (ACE 2006).
- Low-income students are at greater risk for assuming higher levels of post-graduation debt (Price 2004).
- Low-income students have the greatest tendency for interrupted and part-time enrollment due to cost concerns (Goldrick-Rab 2006).

These depictions of low-income students' behavior represent more than mere responses to the high cost of college, but also a set of perceptions over what is considered affordable, worthwhile, or realistic.

### ***Culture and Cost Perceptions***

Culture serves as an all-encompassing term for the ways in which practices, rules, and habits are determined. In a sense, culture regulates how individuals interact with the world and how they come to understand human action.

One recent study explored the ways in which the class and cultural-based dispositions of middle-class high school college counselors influenced the type of cost information and support provided to their low-income students (McDonough and Calderone 2006). Findings highlighted the differential, class-based understandings of money between middle-class counselors and low-income families that lead to differential sets of expectations over the kinds of information low-income families needed to adequately assess college financing options. Differing perceptions over “money meaning” reflected different forms of sense-making that middle-class counselors and low-income students/families created around money and money usage. Importantly, these contradictions in meaning spoke to misunderstanding over how cost information should be communicated to students and families as well as how this information would be acted upon. (McDonough and Calderone 2006).

### ***Cost Perceptions and Risk***

With increasing cost and the shrinking buying power of the Pell Grant, students must consider taking out loans to meet college expenses. There is tremendous inferred risk in financing a college education through loans, particularly as it relates to fears and anxieties over borrowing and debt. Research suggests that low-income, first-generation students often forgo the use of loans to pay for college for fear that they will be burdened with debt (IHEP 2008).

Research focusing on “loan aversion” indicated resistance to borrowing is influenced by several complex factors, including, for example:

- Individual resistance to perceived financial risk;
- Concerns over the potential loss of short-term, immediate income for the sake of long-term educational investment;

- Family history around debt and borrowing;
- Cultural practices that stigmatize indebtedness;
- The impact of such things as immigration status and language; and
- The lack of familiarity and/or history of interaction with financial institutions and the services they provide (IHEP 2008).


decisions of low-income students. Yet, research suggests that information about college and financial aid is presented in such sporadic and ineffective ways that it does little to positively impact college enrollment decisions of low-income students (Luna de la Rosa 2006). Students and families already hold perceptions about college affordability that often are based on partial, dated, or inaccurate information—leading families to uncertainty about the true costs of college (Luna de la Rosa 2006).

Key research in this area provides evidence to suggest that low-income students would benefit from the following intervention strategies:

- Deliberately target parents in order to directly address concerns over college costs.
- Offer clear and concise information to families regarding the financial aid process as well as identify specific college financing resources currently available.
- Provide clear, accurate financial aid information early on in the educational pipeline (i.e. grades 7–9) to promote college-going aspirations and encourage students to maintain academic excellence.

### **Bridging Research and Practice**

Research on the college cost perceptions of low-income students, their families, and practitioners sheds light on a complex environment shaped by cultural norms, misinformation on college cost, and other powerful forces that lead low-income students to question the viability of attending postsecondary education.

In response, college access providers must continually monitor the quality and accuracy of information provided to students and parents regarding the realities of college pricing; the ways in which cultural predispositions shape college-going decisions and decision-making; and, the inherent anxieties of rising college costs and borrowing. Relevant findings from the education research community can augment program design for practitioners seeking new solutions as well as validation of the work they do on a day-to-day basis. Particularly given this era of evidence-based programming, research findings are a powerful tool when designing new financial aid awareness activities and seeking federal, state, and private funding. 

## **Resource Highlights**

### Trends in College Pricing

This College Board® report provides detailed information on college costs of institutions for the 2009–2010 academic year, as well as trends in college prices over time, and some of the factors driving increasing cost.

([http://www.trends-collegeboard.com/college\\_pricing/](http://www.trends-collegeboard.com/college_pricing/))

### College Access Resources

The National Association of Student Financial Aid Administrators' (NASFAA) College Access Resource Center offers links to resources and websites to help students, parents, and counselors navigate the college admissions and financial aid processes.

([http://www.nasfaa.org/Redesign/CollegeAccess\\_center.asp](http://www.nasfaa.org/Redesign/CollegeAccess_center.asp))

Non-borrowing behaviors may be further reinforced within the social contexts of schools. For instance, research findings have indicated that in highly resourced schools, students were more likely to assume debt in order to pay for their college education (Perna 2008). Conversely, students at poorly resourced schools were not (Perna 2008). It was found that the cultural dispositions of students and families to risk-taking, indebtedness, and financial vulnerability were salient factors in the decision to borrow or not.

### **Information vs. Misinformation**

Accurate and timely information regarding the costs associated with college-going as well as available aid opportunities are factors known to influence the enrollment

# Lessons from the Field: The ACCESS College Foundation

Founded in 1988, the ACCESS College Foundation (ACF) supports local students and families as they plan for and apply to college via workshops, seminars, and one-on-one meetings. ACCESS partners with 29 public high schools in southern Virginia, where 65 percent of families are at or below 200 percent of the poverty level. President and CEO Bonnie B. Sutton has been with the program since its inception. Cheryl L. Jones is the program director and served nine years as an ACCESS Advisor in the participating high schools.



Bonnie B. Sutton



Cheryl L. Jones

## 1. While most students and families overestimate the price of college, this trend is exacerbated among low-income families. Would you say this trend holds true for your students? Based on your experience, what can be done to provide more accurate information?

In Sutton and Jones's experience working with students and families, this trend holds partly true. While working with a group of mothers on the topic of saving for college, Sutton found that parents both underestimated *and* overestimated the cost of some of the better known area colleges and universities.

Nonetheless, misinformation about how to pay for college discourages students from pursuing higher education. Thus, ACF focuses on helping students become aware of the resources that are available to pay for college, and how to access those resources and navigate the financial aid process.

## 2. Please describe the strategies your program uses to provide accurate information on financial aid to students?

ACF uses several strategies to educate students and their families about how to pay for college. They begin by introducing information to seventh grade middle school students using an 'access light approach' through workshops that debunk myths associated with college funding such as the notion that only students with the best grades can get scholarships. By the 11th grade, ACF provides more targeted and specific information, including a college preparation handbook for every student in each of the participating high schools and one-on-one meetings with students and parents.

While most of this work is done by ACCESS Advisors in the high schools, they also partner with college financial aid personnel to conduct workshops and presentations for students and families. Because ACF provides this information

to students at various grade levels, students have multiple opportunities to fill the information gap. These efforts are well-received by the community and families often take advantage of them over many years.

Results from a 2007 survey of approximately 900 parents/families conducted by Old Dominion University show that parents are aware of the services provided by ACF and view them as a viable resource of support through the financial aid process.

## Resource Highlights

### [PCN Online Library](#)

A searchable database of publications, research reports, websites, and other relevant resources related to improving college access and success for underserved students.

(<http://www.pathwaystocollege.net/PCNLibrary/>)

### [College Readiness For All Toolbox](#)

Comprehensive tools and related resources that provide school leaders and college access providers with support to plan, organize, and implement continuous program improvement, enabling a college-going culture.

(<http://toolbox.pathwaystocollege.net/>)

### [National College Access Program Directory](#)

An online resource for students, parents, counselors, researchers, and college access programs to identify and locate services or programs within a region, state, or locality.

(<http://www.collegeaccess.org/accessprogramdirectory/>)

### 3. What challenges have you encountered while working with parents during the financial aid process, and how have you attempted to overcome those challenges?

Jones describes the main challenge of working with parents as a lack of education and knowledge about college, particularly the financial aid process. To overcome this challenge, ACCESS Advisors encourage parents not to assume they make too much money to qualify for financial aid and reinforce completion of the FAFSA as beneficial.

ACF financial aid workshops target juniors in the spring and seniors in the fall of each academic year. In addition to these workshops, ACF offers financial aid programming at regional college fairs each October and provides opportunities for families to learn more about the process. These workshops are widely advertised to the community, and it is not uncommon for parents of middle school students to attend.

For more personalized support, ACCESS Advisors set up one-on-one meetings with parents during workshop events. Advisors provide FAFSA filing and follow-up paperwork assistance. For the 2009–2010 academic year, ACF has helped approximately 2,300 families file their FAFSA. This represents about one-quarter of seniors from targeted schools.

### 4. Research suggests that low-income, first-generation students often forgo the use of loans to pay for college for fear they will be burdened with debt. Would you say this trend holds true for your students? What about students from specific racial/ethnic backgrounds?

ACCESS Advisors find that low-income, first-generation students are fearful of loans due to some of the horror stories they hear about loan debt, especially if they drop out before receiving a degree. Understanding these concerns, ACF's approach is to first work with families to find all of the gift aid available through grants and scholarships, and then educate families about loans as a potential next step to finance college. ACCESS Advisors have candid conversations about college choice and help students understand that loans may be necessary, particularly if they have their heart set on attending a specific institution.

In her experience working with Latino/a and Asian students, Sutton finds that they generally have more of a “pay as you go” philosophy regarding college financing. As a result, conversations with families about loans are a bit “dicey”. She

also notes that for these two student groups, family resources extend beyond what is revealed on the FAFSA forms. Specifically, extended family members often pool resources to finance college, which minimizes the need for loans.

### 5. How does ACCESS work with counselors to ensure students have the resources they need to support students during the financial aid process?

Guidance counselors in participating ACF high schools often rely on ACCESS Advisors to walk students through the financial aid process. Since guidance counselors are ultimately responsible for educating students and their families on financial aid options, there needs to be a sustained commitment to ensure counselors receive training in this area. Counselors need to stay informed and up-to-date about the process, particularly in schools or communities where college access programs are not available.

Recognizing that guidance counselors often do not have time to devote to FAFSA filing or other need-based financial aid

## Resource Highlights

### [Student Aversion to Borrowing: Who Borrows and Who Doesn't?](http://www.ihep.org/assets/files/publications/s-z/StudentAversiontoBorrowing.pdf)

This research report highlights the borrowing patterns of students who choose to enroll in college and provides suggestions about why certain students may not borrow, even when borrowing seems to be a logical choice.

(<http://www.ihep.org/assets/files/publications/s-z/StudentAversiontoBorrowing.pdf>)

### [Effects of the Economy on the Admission Process](http://www.nacacnet.org/PublicationsResources/Research/Reports/Documents/EconomySurveyPart2.pdf)

This survey, conducted by the National Association for College Admission Counseling, ascertains how the economic crisis is continuing to affect both secondary and postsecondary schools. This fact sheet summarizes the results of the survey.

(<http://www.nacacnet.org/PublicationsResources/Research/Reports/Documents/EconomySurveyPart2.pdf>)



issues, ACF and their Advisors participate in annual local and regional trainings. Sutton further recommends that schools identify one person on staff to make college access their strength, thus aiding the guidance counseling department in staying abreast of financial aid information .

### 6. Are there any other trends that you have seen that have impacted the way you provide services for students and families?

In light of the economic downturn, ACF noticed an increased need for their services beginning in the Fall of 2008. Although their target market continues to be low-income, first-generation students, Sutton acknowledges that “[We have] definitely seen an influx of families of all income and educational levels flooding our offices” for support in filing their FAFSA, interpreting financial aid award letters, or accessing other services. This speaks to concerns that all families have about college affordability and the complexity of financing college. ☞

For more information on the ACCESS College Foundation, please visit: <http://www.accesscollege.org>.

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## About Pathways & NCAN

The Pathways to College Network (Pathways) is an alliance of national organizations that advances college opportunity for underserved students by raising public awareness, supporting innovative research, and promoting evidence-based policies and practices across the K—12 and higher education sectors. Pathways promotes the use of research-based policies and practices, the development of new research that is both rigorous and actionable, and the alignment of efforts across middle school, high school, and higher education in order to promote college access and success for underserved students.

The National College Access Network (NCAN) is a partner organization of the Pathways to College Network. Incorporated in 1995, the mission of the NCAN is to build, strengthen, and empower communities committed to college access and success so that all students, especially those underrepresented in postsecondary education, can achieve their educational dreams. Through advising and financial assistance, our members share a commitment to encourage and enable students to set and achieve educational goals.

To learn more about the Pathways to College Network and the National College Access Network, please visit our websites:

[www.pathwaystocollege.net](http://www.pathwaystocollege.net)

<http://www.collegeaccess.org/>