

# Limited Means, Limited Options

## College Remains Unaffordable for Many Americans

Higher education offers people from all walks of life the opportunity to achieve a more secure future for themselves and their families, yet college remains unaffordable for many Americans.

Consider this: 10 students aspire to earn a bachelor’s degree. Five are high-school seniors and five are adults supporting families. Eight of them have only modest financial resources. Although all 10 students are academically prepared to attend college, IHEP’s first-of-its-kind analysis of net prices shows that most will be robbed of the opportunity because they cannot afford it.

These students *should* be able to afford college, by saving 10 percent of their discretionary household income for 10 years and working 10 hours per week while enrolled.<sup>1</sup> However, applying this benchmark for these 10 theoretical 21st-century students at over 2,000 colleges reveals just how unaffordable college is for low-income, working-class, and middle-class Americans.

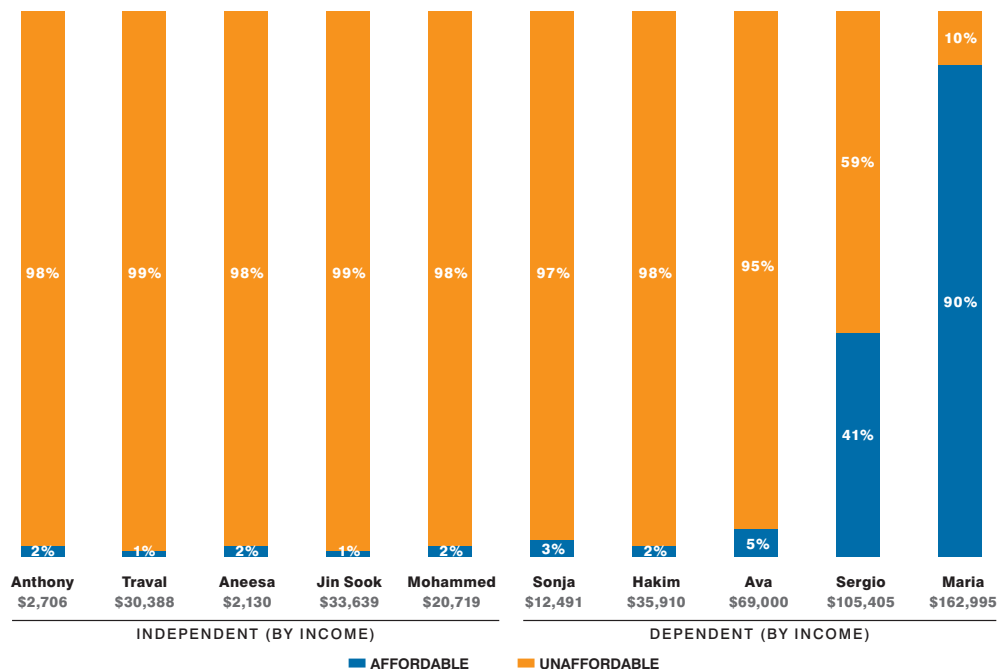
As seen in the figure below, roughly 90 percent of colleges are affordable for the student whose family income exceeds \$160,000 per year, while students with fewer resources struggle to find affordable college options—even after considering the grant aid they would receive.

The college affordability problem is fundamentally one of inequity. This inequity enables a wealthy student to attend essentially any college while effectively shutting out many of her peers. But there is hope. The higher education community—federal, state and institutional policymakers—can adopt policies that tackle inequity head-on to ensure that qualified low- and moderate-income students have the same opportunities as students with higher family incomes. Policymakers can level the playing field by:

- Protecting and strengthening the Pell Grant
- Strengthening direct investment in public colleges and need-based aid programs
- Managing institutional costs to concentrate expenditures on students
- Keeping college prices low for needy students
- Passing legislation that gives students the information they need to make affordable choices

These interventions are not mutually exclusive, nor will they be effective as standalone options. Efforts to improve college affordability in the United States must address both rising costs and diminishing aid. Practitioners, advocates, and policymakers know what must be done—what we need now is bold action and political bravery to spearhead these much-needed reforms.

Percent of sample colleges that are affordable or unaffordable for example students.



1 Lumina Foundation. (2015). *A benchmark for making college affordable: The rule of 10*. Retrieved from <http://www.luminafoundation.org/files/resources/affordability-benchmark-1.pdf>