Report Finds Most Private Colleges Out of Reach for Needy Students; Lobbyists Disagree

By STEPHEN BURD

A new report that compares colleges by how accessible they are to needy students is drawing the ire of private college leaders and lobbyists. Click here for report

The report, which is being released today by the Lumina Foundation for Education, ranks 2,800 public and private colleges by how selective and affordable they are for average-performing students from low-income families. The report concludes that almost all private colleges and the majority of public institutions are either too selective or too costly for these students to attend without putting themselves or their families at a "serious financial inconvenience" or making an "extraordinary financial sacrifice."

The report also finds that the opportunities available for the neediest students vary state by state. "Geography matters. Where you live often limits your ability to go to college," said Jerry Davis, Lumina's vice president for research. "College expenses, admissions standards, financial-aid resources, and the number and types of institutions available vary among states."

The Lumina Foundation was created from the proceeds of the sale of USA Group, a company that ran the nation's largest student-loan guarantee agency, to Sallie Mae, the country's largest financer of loans, in 2000. The private, nonprofit foundation, based in Indianapolis, does research primarily on student-aid issues.

On the bright side, the report found that at least 90 percent of the public institutions in 14 states and the District of Columbia are accessible to students from low-income families, without the families' having to take on large levels of debt. Those states are: Alabama, Alaska, Arkansas, California, Connecticut, Hawaii, Illinois, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Tennessee, and Wyoming. Those states either charge less for students to attend their institutions, or provide generous amounts of student aid, or do both.

At the opposite extreme, more than one-fourth of the public institutions in 16 states are inaccessible, the report states. Those states are: Delaware, Florida, Maine, Maryland, Massachusetts, Missouri, Montana, Nevada, New Hampshire, New Jersey, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, and West Virginia.

To the dismay of private-college leaders and lobbyists, the report concludes that fewer than 100 of the nation's 1,500 private colleges are "generally admissible and affordable" to average-performing, needy students because those institutions tend to be more selective and costly than public institutions.

Strongly disputing the foundation's findings, David L. Warren, the president of the National Association
of Independent Colleges and Universities, issued a response to the report on Friday, in which he wrote that it "misrepresents reality, misleads readers, and harms the very families the foundation is trying to help."

He said the report's authors underestimated the amount of aid private colleges award to needy students. In 1999-2000, private institutions provided $8-billion in student aid, "more than their students received from all federal and state grant aid combined," Mr. Warren said.

While the report's authors estimated how much financial aid a needy student could expect from a college by looking at the average-size grant that the institution gave in a given year, they should have looked at how much aid actual needy students received from their institutions, he said.

The report's authors "fail to recognize that these are the very students who are eligible for aid awards [that are] much above average," he said, "making many of these institutions eminently affordable for low-income students."

In a written response, which is being released with the report, a spokesman for the Lumina Foundation expressed doubt about Mr. Warren's claims.

"Data provided by colleges and universities to the College Board and the U.S. Department of Education indicate that institutional aid awards at the vast majority of independent colleges would have to be more than double, and in many cases triple, the average award to make the schools affordable to low-income students," the spokesman wrote. "Given the trends in packaging of institutional aid, it is very unlikely that many made such high awards to their low-income students."

January 7, 2002

Study: Most Colleges Too Expensive

By THE ASSOCIATED PRESS

Filed at 12:02 a.m. ET

A new study being released Monday on the skyrocketing cost of higher education says there are only five states where all the four-year public colleges are affordable for low-income students, and in many of those, the students still need to borrow money to get by.

In a third of all states, low-income students need loans even to attend some two-year community colleges, the study found.

The findings of the year-old Lumina Foundation for Education have sparked sharp criticism from higher education groups.

The foundation rated nearly 3,000 colleges and universities, and said that while at least half the public four-year schools in 40 states are financially manageable for median-income students, those students often need loans.

Only in Alaska, Arkansas, Hawaii, Kentucky and Wyoming are all four-year public colleges affordable for low-income people, it said.

Critics complained that the study flies in the face of reality: 15 million people from all income levels attend college at two- and four-year schools. They also charged that the study risks discouraging those who might benefit most from a college degree.

Lumina's vice president for research, Jerry Davis, said the study focuses on the hardships imposed by paying for college.

``We're saying students and families must make inordinate financial sacrifices to attend those schools," Davis said. The struggle to afford college leads some to quit, he said.

Davis said he had hoped that higher education officials would use the study to help secure more state and federal aid for students.

The study arrives as the recession is both driving up demand for college -- as people look to improve their skills and resumes -- and the cost of attending, especially at state institutions where about 80 percent of college students are found.
The study used 1998 federal statistics on income, enrollment and financial aid, among other factors. It looked at four income groups: low- and median-income students still dependent on parents’ income, and independent students ages 25-34 with low or median incomes.

Higher education groups said the study's methods were flawed and could put people off the idea of college or certain institutions.

``Enrollments go up every single year," said Terry Hartle, vice president of the American Council on Education. "If this is correct, there are a lot of people in higher education that aren't supposed to be there."

Hartle lauded Lumina's effort but said it would reinforce mistaken assumptions. Surveys find the public tends to overestimate the cost of a college education, he said.

David Warren, head of the National Association of Independent Colleges and Universities, said the report ``misrepresents reality, misleads readers, and harms the very families the foundation is trying to help.''

The topic of cost is ``probably one of the touchiest policy issues in higher education right now," said Travis Reindl, state policy director at the American Association of State Colleges and Universities.

Still, Reindl said it was unfair for the study to label specific schools as "unaffordable."

``If you're going to really judge an institution, you have to really dig into the nitty-gritty of what's happening at the institution," he said.

The nonprofit Lumina Foundation was created with proceeds from the 2000 purchase of USA Group, a nonprofit company that services student loans, by Sallie Mae, a leading provider of student loans. The foundation is devoted to expanding access to higher education.

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On the Net:

Lumina: http://www.luminafoundation.org/
News from NASFAA

Lumina Foundation Issues State-by-State Report Showing Disparity Postsecondary Education Access

A student’s opportunity to gain access to and afford a college education varies significantly from state to state, according to a report issued today by Lumina Foundation for Education. Furthermore, low-income students continue to have significantly fewer options than their higher-income counterparts and generally need to borrow to make college affordable.

“Geography matters. Where you live often limits your ability to go to college,” said Jerry Davis, vice president for research at Lumina Foundation. “A low-income, college-bound student in one state may have more options than a similarly qualified student in another state. College expenses, admission standards, financial aid resources and the number and types of institutions available vary among the states. Admissibility varies depending on the mix of institutions within a state; admissibility increases if two-year and community colleges are available. Affordability varies between states because of family income, state funding of higher education and financial aid and the availability of institutional aid.”

Davis noted, “The combination of federal, state and institutional grant aid is often insufficient to close the sizable affordability gap, particularly for low-income students.”

“The findings in this report, Unequal Opportunity: Disparities in College Access Among the 50 States, have important implications for all Americans,” said Davis. “Even with continued improvements in financial aid and an increased cost-containment focus by colleges, needy students still struggle to afford a postsecondary education. All interested stakeholders need to do more to provide equal access to all students. Federal and state policy-makers, as well as philanthropists and businesses, must continue to focus on this important issue and partner with higher education institutions to close the funding gap, particularly for our country’s neediest students.”

He added that this situation begs for attention now because demographic projections show that an increasing proportion of college students will be from low-income groups in the future.

The study of 2,887 degree-granting colleges classifies each college/university in terms of its admissibility and affordability and examines differences in the patterns within and among states for different types of institutions and different groups of students.

Institutions are defined as admissible if they are open to college-qualified students with test scores and grades that place them in the 25th to 75th percentiles of college-bound high school graduates from their state. In assessing affordability, the study focuses not only on college expenses and family resources, but also on the extent to which federal, state and institutional aid help meet financial need for specific types of students. If the sum of these potential financial sources met the estimated expenses, the college was considered affordable. These two measures — affordability and admissibility — are combined to classify each institution in terms of its accessibility.
“An accessible institution is one that college-qualified students are academically and financially able to attend,” said Samuel M. Kipp III, the lead researcher and co-author of the report. “Low-income students have far fewer accessible options than median-income students with similar academic qualifications. For both groups, the extent of their choices varies depending on the state in which they reside.”

The analysis produced several key findings:

Residential campuses tend to be less affordable than commuter campuses, even within the same university system, because financial aid does not usually make up the additional expense of a residential campus. Independent students have access to fewer affordable institutions and must borrow more than dependent students. Pell Grants and student loans help close the affordability gap for low-income students but do not cover the entire gap.

“Even at the institutions we consider the most affordable — public colleges and universities — and especially at four-year institutions, low-income students must borrow money to make these institutions affordable more often than their median-income peers,” said Derek Price, director of higher education research at Lumina Foundation and co-author of the report. He noted that in 22 states at least twice as many loan-free options are available to median-income students as compared to low-income students.

The vast majority of undergraduates enroll in public colleges and universities. In 1998 public institutions accounted for 82 percent of all undergraduate enrollments. Therefore, one of the best indicators of a state’s accessibility is the extent to which public two- and four-year institutions are generally accessible for its residents. At least 90 percent of the public institutions in 14 states and the District of Columbia are accessible to low-income, dependent students. These states are: Alabama, Alaska, Arkansas, California, Connecticut, Hawaii, Illinois, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Tennessee and Wyoming.

At the other extreme, more than one-fourth of the public institutions in 16 states are inaccessible based on the study’s methodology. The states with the least accessibility are: Delaware, Florida, Maine, Maryland, Massachusetts, Missouri, Montana, Nevada, New Hampshire, New Jersey, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and West Virginia.

“From a public policy perspective, access to public two- and four-year institutions is critical,” said Davis. “These are the institutions in which state policy-makers can most significantly influence accessibility.”

Davis also noted the key role of independent colleges, which post impressive graduation results and have increased the institutional aid they provide to needy students. “These schools can play a major role in closing the attainment gap, but they cannot be expected to close the affordability gap without more help from state and federal policy-makers.”

The Unequal Opportunity report was inspired by Free-Access Higher Education, a 1970 College Board publication by Warren Willingham, which examined the extent to which low or no-tuition, open-access colleges and universities were geographically accessible to students in each state.
In delivering the report, Davis said, “American higher education remains the key to a vital democracy and the opportunity of its people. We hope this report inspires lively dialogue among policy-makers and leaders in higher education, business and philanthropy about how we must work together to keep higher education accessible to all Americans.”

A complete copy of the report is available on Lumina Foundation’s Web site among its New Agenda Series publications. Printed copies of the report are also available. To obtain a free copy, please send an e-mail request to pgriffin@luminafoundation.org.

[Information on the report’s content was provided by the Lumina Foundation.]

Posted January 7, 2002, on the NASFAA Web Site www.nasfaa.org
A study that found hundreds of colleges were difficult for low-income families to afford misclassified 111 schools, the foundation that produced the study disclosed Wednesday.

Eighty-two of the mislabeled schools should have been rated as more affordable by the Lumina Foundation for Education, while 29 were actually less affordable, the foundation said.

``The report's overall conclusions are the same,'' said Sara Murray-Plumer, spokeswoman for the Indianapolis-based private foundation, which released the study Jan. 7. ``We certainly regret the errors and sincerely apologize for these mistakes.''

Lumina was correcting the report on its Web site, notifying affected schools and sending a corrected list to anyone who received the original report in book form, Murray-Plumer said.

The foundation blamed the mistakes on clerical error. All told, nearly 3,000 two- and four-year schools were rated in some 11,000 categories, Murray-Plumer said.

The study used 1998 federal statistics on income, enrollment and financial aid, among other factors. It looked at four income groups: low- and median-income students still dependent on parents' income, and independent students ages 25-34 with low or median incomes.

Higher-education groups attacked the study when it was released, calling its methods and assumptions flawed. They said that with 15 million people in American colleges, reality contradicts the survey's conclusion that many colleges are unaffordable.

Terry Hartle, vice president of the American Council on Education, said Wednesday that the foundation deserved credit for admitting its mistakes but added that he still disagreed with the report's conclusions.

The errors came to light when the Southwest Daily Times of Liberal, Kan., asked Lumina for the figures it used to rate a local community college as out of reach for students ages 18-23 from low-income and median-income families,
Murray-Plumer said.

Lumina researchers rechecked their results and discovered the college should have been listed as affordable. They then reviewed results for all of the schools and discovered similar errors.

James Grote, president of the school in Liberal, Seward County Community College, said he was puzzled when his school was rated unaffordable. Of 19 community colleges in Kansas, he said, Seward is the fourth-least expensive.

He called the newspaper, which investigated and reported the error. But Grote fears the initial publicity could be harmful.

``How many students may not consider our institution because of the initial release?'' he said.

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On the Net:

http://www.luminafoundation.org
Foundation Concedes Errors in Report on College Accessibility but Defends Its Conclusions

By RICHARD MORGAN

The Lumina Foundation for Education acknowledged on Wednesday that a report it issued this month on college affordability contained scores of mistakes. The report had incorrect information for 111 institutions across the country, but foundation officials said its overall conclusions were not affected by the errors.

The report, "Unequal Opportunity: Disparities in College Access Among the 50 States," ranks 2,800 colleges by how selective and affordable they are for average-performing students from low-income families. It concludes that almost all private colleges, and most four-year public institutions, are either too selective or costly for these students -- a finding that rankled officials at many colleges. (See an article from The Chronicle, January 18.)

In a news release issued Wednesday, Lumina, citing "human error," said that 116 mistakes were made in labeling institutions as "unaffordable," "affordable with loans," or "affordable" (the data for five institutions contained more than one error). The vast majority of the errors -- almost three-fourths -- made institutions seem less affordable than they really are.

But "the errors create only minor changes," said Sara A. Murray-Plumer, director of communication at Lumina. "There is no effect on the overall conclusions of the study."

Revelations about the errors surfaced after Seward County Community College, a two-year institution in Kansas, told a local newspaper reporter to check the information in the report. Seward had received critical coverage in two local newspapers, The Hutchinson News and the Southwest Daily Times, in the aftermath of the report.

"It hurt us," Andrea G. Yoxall, a Seward spokeswoman, said of the report. "Coaches and recruiters would say, 'Well, we saw that story in the Hutch news, and we're not sure we want to go there.'"

In the original report, Seward was labeled "unaffordable" for dependent, low-income students; "unaffordable" for dependent median-income students; "affordable with loans" for independent, low-income students; and "affordable" for independent, median-income students.

In the corrected report, Seward's rankings changed to "affordable" for both low- and median-income dependent students.

Not all of the corrections were positive, however. Alabama State University was downgraded from "affordable" to "affordable with loans" for median-income dependent students.
"Complex methodologies often result in computational errors," said Terry W. Hartle, senior vice president for government and public affairs at the American Council on Education. "But this does nothing to change our view that the Lumina Foundation report makes higher education seem less affordable than it is." Mr. Hartle added that Lumina should be credited "for being candid and upfront" about its mistakes.

The Lumina Foundation, based in Indianapolis, was created from the proceeds of the sale of USA Group, a company that ran the nation's largest student-loan guarantee agency, to Sallie Mae, the country's largest financer of loans, in 2000. The private, nonprofit foundation does research primarily on student-aid issues.