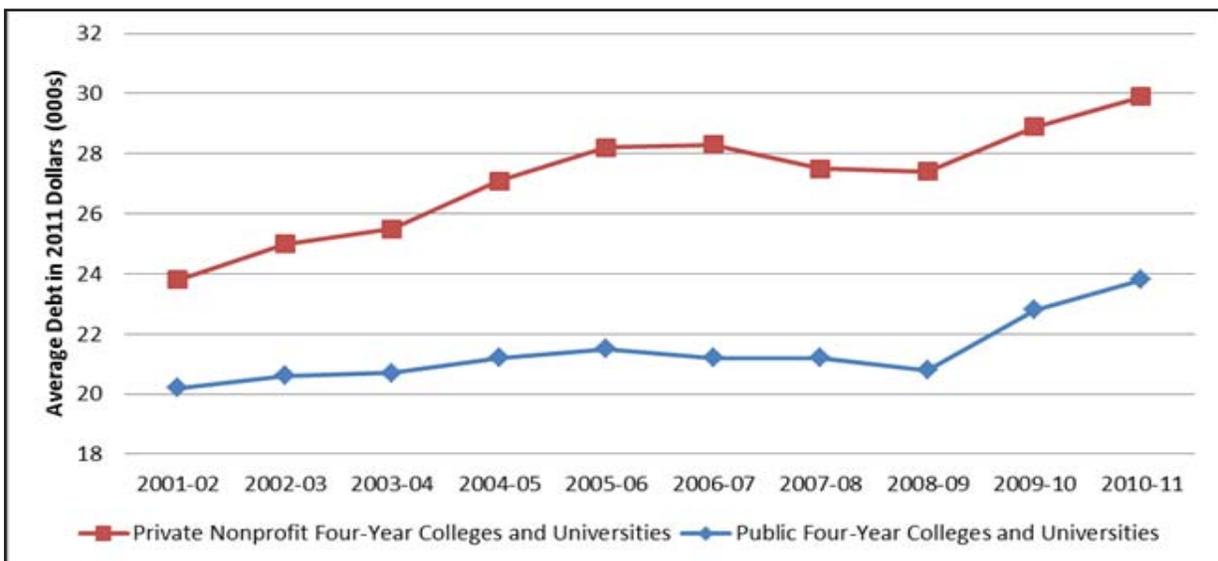


## The College Affordability Crisis

College affordability serves as a significant barrier to postsecondary degree attainment. According to the National Center for Education Statistics, for the 2010-11 academic year, the average cost for undergraduate tuition, room, and board was \$13,600 at public institutions, \$23,500 at private for-profit institutions, and \$36,300 at private not-for-profit institutions. Since the turn of the century, after adjusting for inflation, the prices for undergraduate tuition, room, and board at public institutions rose by 42 percent, and prices at private not-for-profit institutions rose by 31 percent<sup>1</sup>.

College enrollees have been forced to absorb increasing amounts of debt due to these rising educational costs. In the 2007-08 school year, 65.6 percent of college seniors reported taking out student loans to fund their undergraduate education<sup>2</sup>. The average debt level among students who earned their bachelor's degree has steadily risen in the last decade, even when adjusting for inflation, as seen in Figure 1.

Figure 1: Average Student Loan Debt per Borrower, 2001-02 to 2010-11<sup>3</sup>



This issue, which the National Action Council for Minorities in Engineering, Inc. (NACME) refers to as The College Affordability Crisis, can be particularly problematic for low-income families. The 2007-08 National Postsecondary Student Aid Study revealed that 48.3 percent of dependent students whose parents earned less than \$20,000 took out Federal loans, while 54.6 percent of dependent students whose parents earned between \$20,000-\$39,999 also took out loans<sup>4</sup>. The affordability of an institution plays a large factor in helping students decide where to attend college. In a national survey of 192,912 first-time, full-time college students entering 283 four-year colleges and universities, 66.6 percent of respondents reported that the current economic situation significantly affected their college choice, and 13.4 percent reported that not being able to afford their first-choice was “very important” in deciding which institution to attend<sup>5</sup>. Once enrolled, many students are forced to work in order to support themselves financially, which can often be detrimental to their schoolwork. In the Beginning Postsecondary Students Longitudinal Study, which tracked the six-year college completion rate of a nationally representative sample of over 12,000 students who began college in the fall of 1995, students who did not complete their degree were more likely to have worked 15 hours or more a week in college (42.6 percent, compared with 27.1 percent among those who completed their degrees)<sup>6</sup>. Many students from low-income families choose not to enroll in college after completing high school. In 2010, the immediate college enrollment rate of high school completers from low-income families was 30 percentage points lower than the rate of high school completers from high-income families (82 to 52 percent)<sup>7</sup>.

## Research & Policy

Underrepresented minorities (URMs – those who are African American, Latino, and American Indian) disproportionately earn lower wages than their peers. According to the 2009 U.S. Census, the median household income for all families was \$60,088, while the median household income for Latinos and African Americans was \$39,730 and \$38,409, respectively<sup>8</sup>. In 2008, the median income for American Indian and Alaska Native households was \$37,815<sup>9</sup>. While URMs face other obstacles to earning postsecondary degrees, particularly in the STEM fields, the rising cost of a college education is particularly problematic. On the 2009 Baccalaureate and Beyond Longitudinal Study, a higher percentage of African American (27.7 percent) and American Indian/Alaska Native students (25.4 percent) reported accumulating high student loan totals (\$33,500 or more) in their undergraduate programs compared to their peers (15.9 percent of all students).

**Table 1: Cumulative Loan Amount Borrowed for Undergraduate by Race/Ethnicity<sup>10</sup>**

	\$0	\$1-11,699	\$11,700 - 19,999	\$20,000 - 33,499	\$33,500 or more
	(%)	(%)	(%)	(%)	(%)
Total	34.4	15.5	14.3	19.8	15.9
White	35.4	15.0	14.7	19.7	15.2
Black	20.3	11.8	14.0	26.4	27.7
Hispanic	33.2	21.1	13.4	17.1	15.1
Asian	46.2	18.7	12.2	14.7	8.2
American Indian or Alaska Native	22.9	14.7	11.6	25.5	25.4
Native Hawaiian or other Pacific Islander	23.6	15.7	24.4	17.6	18.7
Other	19.8	17.7	21.1	12.1	29.3
Two or more races	34.2	16.8	11.9	21.8	15.3

### NACME SCHOLARS PROGRAM

To alleviate this issue, NACME provides block grants to colleges and universities that, in turn, distribute funding to talented African American, American Indian, and Latino students enrolled in engineering programs as part of their financial aid packages. NACME is responsible for more than \$4 million in scholarships awarded annually to underrepresented minority engineering students. The annual survey of NACME Scholars asks students to rate the relative importance of 14 possible sources of funding for their undergraduate education. In 2011-12, 85 percent rated the NACME Scholarship as “very important” to funding their education, as seen in Table 2.

### Endnotes

<sup>1</sup> National Center for Education Statistics, Digest of Education Statistics: 2011. [http://nces.ed.gov/programs/digest/d11/ch\\_3.asp](http://nces.ed.gov/programs/digest/d11/ch_3.asp).  
<sup>2</sup> U.S. Department of Education, National Center for Education Statistics, B&B:09 Baccalaureate and Beyond Longitudinal Study. Baum, S., & Payea, K. (2012). Trends in Student Aid, 2012. New York, NY: The College Board.  
<sup>3</sup> Wei, C.C., Berkner, L., He, S., Lew, S., Cominole, M., and Siegel, P. (2009). 2007–08 National Postsecondary Student Aid Study (NPSAS:08): Student Financial Aid Estimates for 2007–08: First Look (NCES 2009-166). National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education, Washington, DC.  
<sup>4</sup> Pryor, J. H., Eagan, K., Palucki Blake, L., Hurtado, S., Berdan, J., & Case, M. H. (2012). The American freshman: National norms fall 2012. Los Angeles: Higher Education Research Institute, UCLA.  
<sup>5</sup> American Council on Education, 2005. Increasing the Success of Minority Students in Science and Technology. Washington, DC: ACE.  
<sup>6</sup> National Center for Education Statistics, Institute of Education Sciences. <http://nces.ed.gov/fastfacts/display.asp?id=51>.  
<sup>7</sup> U.S. Census Bureau, Statistical Abstract of the United States: 2012. <http://www.census.gov/compendia/statab/2012/tables//12s0695.pdf>.  
<sup>8</sup> <http://www.infoplease.com/spot/aihmensus1.html>.  
<sup>9</sup> U.S. Department of Education, National Center for Education Statistics, B&B:09 Baccalaureate and Beyond Longitudinal Study.  
<sup>10</sup> <http://www.finaid.org/questions/noloansforlowincome.phtml>.  
<sup>11</sup> U.S. Department of Education, National Center for Education Statistics, 2007-08 National Postsecondary Student Aid Study (NPSAS:08).  
<sup>12</sup> Rivera, Elizabeth I. 2010. “Community College Transfers in Baccalaureate Engineering Degree Programs” (White Plains, NY: National Action Council for Minorities in Engineering, Inc.).

**Table 2: Number and Percentage of NACME Scholars Reporting Source as “Very Important” to Funding their Education**

n = 101	Percentage	Number
NACME Scholarship	85%	86
Fellowship or scholarships other than NACME	71%	72
Federal or state grant (e.g. Pell grants, Lottery scholarships, etc.)	67%	68
Student loans from the school you attended, or from the federal or state government (repayable after you leave school)	56%	57
Financial support from parents, spouse, relatives (not to be repaid)	53%	53
Earnings from internships/co-ops or other non-work-study employment	52%	52
Work-study	30%	30
Tuition waivers	22%	22
Financial assistance from your employer	18%	18
Credit cards	13%	13
Loans from banks that are not specifically student loans	9%	9
Loans from parents or other relatives (to be repaid)	8%	8
GI Bill benefits	7%	7
Armed forces reserves or ROTC funds	4%	4

## POLICY CONSIDERATIONS

College affordability is a significant problem in the American educational system that must be addressed. We encourage policymakers and educational institutions to pursue the following policies and practices:

- 1. Reduce the amount of student loans disbursed to low-income students.** Several schools have instituted policies that eliminate loans from the financial aid package of low income students<sup>11</sup>. More universities should follow this model to ensure that low-income students have fair access to higher education.
- 2. Increase both merit and need-based grant and scholarship support allotted to undergraduates.** Support funding opportunities, like the NACME Scholarship, that allow students to earn a degree without graduating with high debt.
- 3. Invest in the community college pathway.** Only 13 percent of students attending public two-year colleges took out student loans in 2007-08<sup>12</sup>. Research has shown that community colleges serve as an important pathway to a baccalaureate for URMs in engineering (including NACME Scholars<sup>13</sup>), so increased investments in these institutions are needed to best serve these students.

**NACME would like to thank the Northrop Grumman Foundation for their support of our research initiatives.**