PAYING THE PRICE

COLLEGE COSTS, FINANCIAL AID, AND THE BETRAYAL OF THE AMERICAN DREAM

Dear Chad + Anya,
Thank you for your friendship!
— Sara

Sara Goldrick-Rab

The University of Chicago Press *Chicago and London*

Introduction

There is a new economics of college in America. In the past, students and families who worked hard stood a real chance of attaining a college degree, a ticket to the good life. But then the world shifted. Today, the promise of a college degree in exchange for hard work and dedication no longer holds true. Instead, students encounter a price so high that it has changed what it means to attend college.

Unfortunately, many people don't know this. Millions enroll in higher education with plans to work, borrow, and save, only to find that their funds still fall short. Even living on ramen, doubling up with roommates, and working a part-time job isn't enough to make ends meet. Many who start college can't afford to complete their degrees. Others take on huge debt that either they cannot repay or limits their future opportunities. And this is occurring at a time when diplomas matter more than ever.

What happened? Just as Americans decided that college was essential, states began spending less on public higher education and the price of college rose. At the same time, the financial aid system, long intended to make college affordable, failed to keep up with growing student and family need. Student loans became the stopgap. And, to make matters worse, for nearly 80 percent of the public, family income declined.[1]

What does this mean for students facing the new economics in public colleges and universities? How are they managing to make it through higher education today, and where are they falling short? This book is the result of my six-year-long effort to find out. As you will see, the statistics and stories make one thing quite clear: college students are paying a hefty price.

Paying the Price

At dinner tables around the country, families talk about the cost of college. Usually, they speak of tuition and fees, which have been steadily rising over time. The other costs of college, those that come with books and supplies, transportation, housing, and food, have also grown. This is true across public higher education, at two-year and four-year schools alike. As figure 1 shows, between 1974–75 and 2013–14, the cost of attending the nation's community colleges ballooned from just under $6,000 per year (in constant 2012–13 dollars) to almost $9,000 per year. At the four-year colleges and universities, that same thirty-year period saw a more than $10,000 increase. Since the year 2000, community college costs are up by 28 percent, and the cost of attendance at public universities is up by 54 percent.[2]

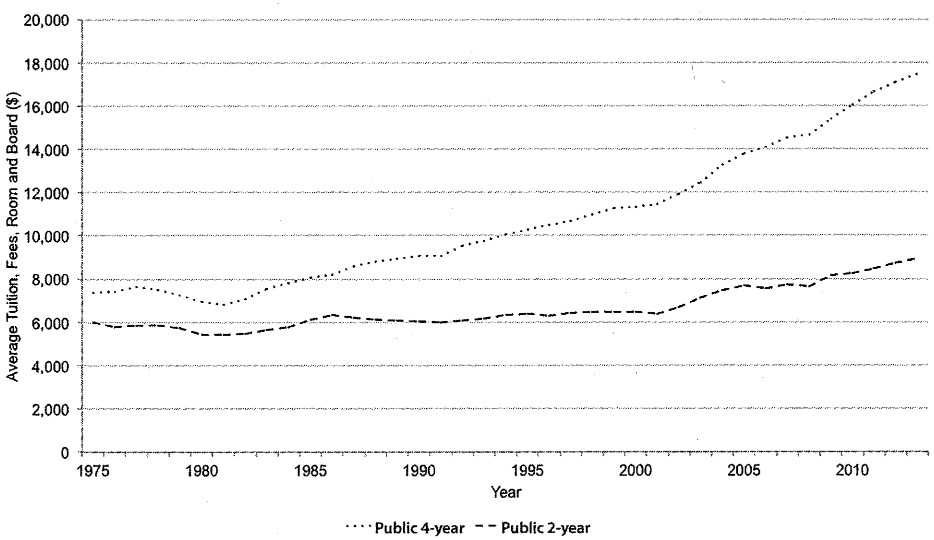

Figure 1. Trends in average tuition, fees, room, and board in the public sector, by college type: 1974–2014. All figures are constant 2012–13 dollars. Room and board for two-year colleges is estimated in the College Board report and figures are in the underlying data provided in the "Download Data" link. Source: adapted from Ma, et al., *Trends in College Pricing: 2015*, table 2: Tuition and Fees and Room and Board over Time.

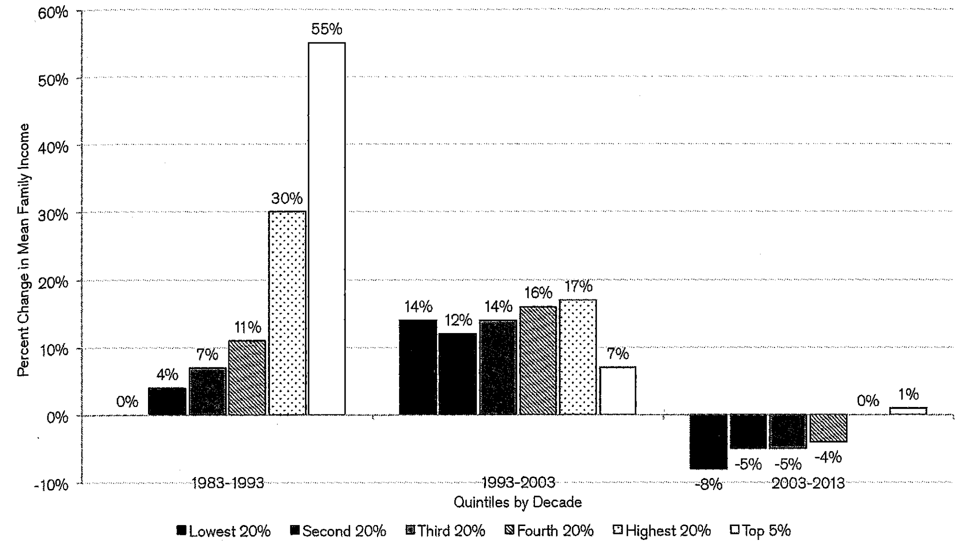

Figure 2. Percentage change in mean family income by quintile: 1983–1993, 1993–2003, and 2003–2013. Income is reported in constant 2013 dollars. Source: adapted from Baum and Ma, *Trends in College Pricing: 2014*, figure 22A: Changes in Family Income over Time.

The rising college prices over the last fifteen years stand in sharp contrast to what happened to family income. While in the 1980s and 1990s, growth in college prices was generally matched by growth in family income, in the current century it was not. Since 2003, the mean family income of all but the very wealthiest 5 percent of Americans fell or stagnated (see figure 2).[3] In 2013, middle-income families earned about $64,000 per year, a decline of 5 percent over the prior decade. Families in the bottom fifth of the income distribution had earnings of about $16,000—down 8 percent.

The financial aid system was built to help with these challenges by offsetting the price of college for financially constrained families, thereby making college affordable. Grants, loans, work-study, and tax credits are—at annual cost of almost $240 billion—supposed to lower the official cost of attendance to a manageable price based on assessed financial need.[4] The centerpiece of these efforts is the Pell Grant Program, which provides a bit less than $6,000 a year to help reduce the price of attendance for the most economically vulnerable

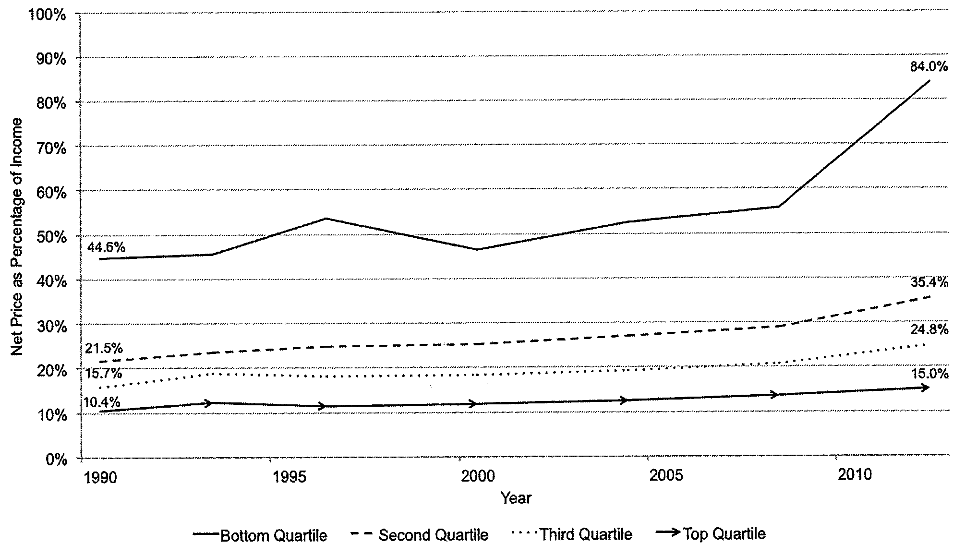

Figure 3. Average net price as a percent of family income, by income quartile: 1990–2012. Net price is the cost of attendance less grant aid faced by the average student across all sectors of higher education. All figures are constant 2012 dollars. In 2012, average family income by quartiles was bottom, $16,311; second, $49,837; third, $89,119; and top, $172,729. Source: adapted from Mortenson, "Financial Barriers to Higher Education by Parental Income and Institutional Level/Control, 1990 to 2012."

students. Soon, nearly ten million people will receive Pell support each year.

But financial aid is falling far short of expectations. Even community college, an institution most think of as free, is no longer actually free for Pell recipients. Consider some bottom-line numbers for low-income families. Students from families earning an average of just $20,000 a year are required to pay at least $8,000 for a year of community college and more than $12,000 a year at a public university.[5] Middle-class families are struggling, too.[6] A year of college at a public university runs a family earning $80,000 a year just over $20,000.[7] That "net price" is the cost after all grants (including the Pell and state and institutional grants) are subtracted from the cost of attending college.

The hard truth is that while financial aid reduces the ever-increasing cost of college, more often than not it still leaves families

with unmanageable prices.[8] Figure 3 expresses the average net price of a year of college as a percentage of family income. It depicts substantial growth over time in the burden of paying for college. In 1990, only the poorest quarter of American families had to pay much more than 20 percent of their annual income for higher education. Today, 75 percent of families pay at least that much—after all grants are distributed! And when it comes to the group that this financial aid system was designed to help the most—those families earning an average of $16,000 per year—the net price of college now amounts to a whopping 84 percent of their income.

The consequences of the new economics of college are staggering. When the Pell program began, it was intended to shield recipients from having to take loans. Today nine out of ten Pell recipients graduate with debt.[9] Of the Pell recipients who attend public colleges and universities—fully two-thirds of all Pell recipients—just 48 percent who start college full time complete a degree or certificate of any kind within six years.[10] Of the remaining 52 percent, one in three leaves with a double burden: no credential and an average of $9,000 in student loan debt.[11]

Going to College in the Great Recession

What does it mean for students to confront these prices? In September 2008, just as the Great Recession was getting underway, three thousand students enrolled in the forty-two public colleges and universities across Wisconsin for the very first time. There were just over 5.6 million people living in the state back then, and about 60 percent of working adults had attended college.[12] Wisconsin has been called a "mythical microcosm," and "the most typical state in the nation" because it comes closer than any other to national averages on key measures such as income, education, and neighborhood characteristics.[13] One in four working families had an income under 200 percent of the poverty threshold, and among racial/ethnic minority working families, the fraction was much higher, at 47 percent. Parents who had not attended college led almost half of all working poor families.[14]

These students wanted economic security, so they went to college. They came from all over the state, from small rural towns and suburban communities and from larger cities, including Milwaukee and the state's capitol, Madison. Each showed up for school having completed the Free Application for Federal Student Aid (FAFSA) and secured at least some grant aid, including the Pell Grant. They signed up for at least twelve college credits and began pursuing degrees. My research team got in touch with them and started following their progress.

College costs were rising quickly in Wisconsin's public two-year and four-year colleges and universities, even as employment rates declined during the onslaught of the recession.[15] A private foundation, the Fund for Wisconsin Scholars, was concerned about the implications for educational opportunities in the state and decided to intervene. The creation of its new grant program, aimed at distributing about $5 million a year to students in the forty-two public colleges and universities, made it possible to investigate whether reducing the price of college through financial grants would affect rates of success, including graduation.

Along with economist Douglas N. Harris, I designed and implemented the Wisconsin Scholars Longitudinal Study, which is described in detail in appendix 1. This effort included a robust array of data collection activities, including lengthy surveys accompanied by payments for participation, and legal agreements to collect administrative data from the public colleges and universities and their system offices. I also led a team of graduate students in conducting repeated in-depth in-person interviews with fifty of the three thousand students to help us understand their daily experiences in college. These students attended four universities and two of the technical colleges among the forty-two colleges and universities in the study, and they were among the more than eleven hundred students who had volunteered to meet for interviews. After sorting those volunteers by institution, gender, and race/ethnicity, we selected among them at random. We sought to measure in great detail how and why financial aid enhanced their progress through school, as well as where it fell short.[16]

Our average student was between eighteen and nineteen years of age in 2008 and came from a family with an adjusted gross income of just under $25,000. Their average expected family contribution, which is used by the college to determine the student's financial aid award, was $1,370.[17] Fifty-eight percent of the students were female, and 57 percent of them had parents who had not completed a bachelor's degree (this makes them the first generation to pursue higher education). Almost three in four students identified as non-Hispanic white, with the rest of students identifying as African American (10%), Hispanic (7%), Asian (8%), or another race/ethnicity (4%). They were broadly representative of more than six thousand other undergraduates across the state meeting the same criteria, and with a few exceptions (notably, they were disproportionately white) they were generally representative of the national population of first-time, full-time, on-time Pell Grant recipients attending public institutions. A full description of their characteristics is contained in appendix 1.

The institutions they attended included the thirteen public universities and thirteen two-year branch campuses in the University of Wisconsin (UW) System, long lauded as a leader in public higher education. In addition, students came from across the sixteen public technical colleges that compose the Wisconsin Technical College System, which grants certificates and associate degrees in applied fields. In total, half our students enrolled in either a UW college—a two-year branch campus in the UW System—or a Wisconsin technical college. The other half enrolled in public universities. Appendix 2 contains a detailed description of higher education in Wisconsin.

The students did not know it, but Wisconsin, like many other states, was in the midst of a long period of reducing support for public higher education. Competing priorities and political preferences for tax cuts meant that as college enrollment in the state grew, subsidies on a per-student basis for public colleges and universities fell. For each $1,000 in taxpayer support, the state was spending less and less. When the Pell Grant Program was created in 1972, Wisconsin invested almost fifteen dollars in public higher education per $1,000 of state personal income, but by 2008 it put in just about six dollars.[18] At the same time, while spending grew slowly for the state's need-based grant program, the Wisconsin Higher Education Grant, it covered less and less of the costs of college attendance.[19] That was primarily because public colleges and universities were raising tuition and other costs in order to recover the lost monies from the state.

Had the students in this study begun college in the year they were born, they would not have needed to borrow and simply could have worked at a part-time job year-round to cover college costs. Or, had they borrowed, they could have worked only during the summer and focused entirely on school for the rest of the year. In 1990, an average student from a low-income family in Milwaukee paid roughly $4,500 per year (after grants) to attend that city's public university—but when our students enrolled in 2008, a similarly situated student paid about $7,460.[20] Affording college, even for the poorest students, now required both work and borrowing.

We watched as students came to grips with these financial realities. They started with great expectations. Many were disappointed. Half of them left college without achieving their goals. Less than one in five who entered a public university finished a bachelor's degree in four years.

We documented the extent to which the Fund for Wisconsin Scholars' investment in grants changed those odds of success. Sometimes, the program made a big difference, as the funds helped students avoid working long hours or taking on more debt, making it possible to finish a bachelor's degree in a shorter period of time and with lower debt. For each additional $1,000 received, the percentage of students who completed a bachelor's degree on-time (in four years) went up four points.[21] But more often than not, the $3,500- per-year grants the foundation offered university students, and the $1,800-per-year grants it offered two-year college students, did not change the odds of graduation very much.

This did not mean that money was not important in their lives—it was. Students echoed the words of the Wu-Tang Clan: "Cash rules everything around me."[22] But financial aid is not cash. You can use cash in your wallet or your bank account as you need it. But you can't

just go out and buy milk with financial aid dollars. Those who think that financial aid simply transfers money to students who need it are fundamentally wrong. Today's financial aid programs and policies are bureaucratic and complex. Financial aid often falls short—in terms of both how much it pays for and how it is delivered.

Millions of American families wrestle with these struggles in private. Many people continue to believe that financial aid is working to make college affordable, at least for people from low-income families. They are upset about loans but focus mainly on the struggle to repay them, rather than their root cause: the high price of college that makes them necessary in the first place. These misperceptions are understandable, since the changes creating the current mess happened without warning or real discussion and accelerated rapidly during the last decade.

This book is intended to be a wake-up call. It brings the lives of students pursuing college degrees front and center and unveils their financial struggles. Ensuring that the American public has a clear sense of how and why financial aid is failing to get students to graduation will help us find effective solutions. Low-income families are not alone—middle-class families are squeezed too, as the current system often expects more from them than they can give. Outdated policies that are not up to the task of funding a widely accessible, high-quality system of higher education have compromised the ability of hard-working people from all family backgrounds to complete their degrees and left millions in debt, without a degree, and worse off than when they began. Perhaps the best sign of hope we have is that there is growing recognition there is something terribly wrong when so many Americans are falling flat just trying to pay for school.

Overview of the Book

Improving our collective understanding of college affordability takes work—work to look beyond the published figures and media claims and get down to the real experiences of regular Americans. This book is grounded in the lives of six students, whom you will meet in chapter 1. These men and women represent the range of students we studied, and I draw on their experiences throughout the book. I also include the stories of other students, where they help to illustrate particular points. In chapters 2 and 3, I explore today's financial aid system and how it attempts to make college affordable for people without sufficient resources. Tracing changes in the characteristics of Pell recipients over time and contrasting those trends with shifts in the prices they pay for college, I dispel common misperceptions about who gets Pell and why. Then, beginning in chapter 4, the students themselves, who generously shared their time with us over many years, explain how well-intentioned efforts to provide financial aid come up short. My team documented the careful dance involved in cobbling together work and loans and in reducing expenses while ensuring students are equipped for school each day. Chapter 5 reveals what happens when the dance isn't enough, and students face scarcity.

Families often provide the impetus for college enrollment, and how relationships with family members affect and are affected by the act of paying for college is the topic of chapter 6. In chapter 7, I return to the academic side of college life, investigating ways that the new economics of college affects how students pursue their course work and engage in learning activities. A desire to do well in school was shared by nearly every student in our study, but some faced additional challenges. Chapter 8 documents the especially fragile circumstances surrounding the students who attended college in Milwaukee, a city in economic distress, whose public colleges and universities are underresourced and often ill-equipped to ensure that all students graduate.

Finally, in chapter 9 the graduation outcomes of the three thousand students are revealed. After six years, they reached a variety of points in the road. Some graduated, but many did not. Sometimes financial aid was sufficient, and occasionally additional grant support made graduation possible. But often, making ends meet with too little money during the Great Recession left these undergraduates wondering what college was good for. It was meant to provide them a route out of poverty, but for far too many, it left them feeling poorer than ever.

The last chapter of the book describes how we can do better. There are some solutions that are straightforward and could be implemented locally by colleges and universities. Others would require state or federal action. Whenever possible, I reach beyond educational policy solutions to think about other supports that could help more students succeed. The price of college must be lowered much further than the current system allows. Money must be brought to the table—there is no way around it. But how that money is deployed so as to ameliorate the price barrier to college graduation is a matter deserving of national debate.

The bones of the current financial aid system are now more than a half a century old. The GI Bill and its successors, the Truman Commission, the National Defense Education Act, and the Higher Education Act of 1965, were the first steps in the process of ensuring equitable opportunities at the postsecondary level.[23] This book tells the stories of students actually *experiencing* the financial aid system today, and it should give us pause. The evidence points to the need for a more effective system of college financing that works with students in their efforts to obtain college degrees.

There is reason for hope. An improved college financing system could help America create a future where more people can use their own hard work to get ahead. These college successes will get better jobs, contribute more to the common good as taxpayers, and lean on the government less for support throughout their lives. Such a future would be far brighter than the one we face today.

1
Possible Lives

A public debate is raging about the future of financial aid, with experts often trying to blame financial aid recipients rather than the system. Data on their academic performance have been used to question whether they belong in college in the first place. Data on their use of student loans have been used to question their financial literacy and how they live their lives. Data on their degree completion rates have been used to question whether the Pell Grant Program is a waste. Some even ask whether, since college credentials result in increased earnings, we should subsidize college participation for anyone. Let those who can afford it get ahead, while the others remain behind, they argue.[1]

Amid this national furor, students from lower-income families are simply trying to make a better life. In this chapter you'll meet students in the Wisconsin Scholars Longitudinal Study, including the three men and three women who serve as focal points throughout much of the book. But first, let's take a look at the original plans and designs of financial aid and what happened to them over time.

College Then and Now

In the 1960s, when federal financial aid policy was first formulated, the nation was in the midst of a period of economic growth and security, declining poverty, and great social change. Women, African Americans, immigrants, and working-class white people were all

clamoring for a shot at middle-class jobs and the American dream, and politicians in Washington wanted to help. From President Lyndon Johnson on down, many policymakers believed that helping people improve their education and skills levels would in turn help the nation. Providing access to higher education was a clear and seemingly fair way to do that.[2]

Passage of the Higher Education Act of 1965 dramatically increased federal investment in higher education and provided grants and loans for students attending public and private colleges. In 1971, the U.S. Senate Subcommittee on Education debated a bill introduced by Senator Claiborne Pell that took things a step further, establishing as a policy of the federal government "the right of every youngster, regardless of his family's financial circumstances, to obtain a postsecondary education." His actions followed those of the Truman Commission, which in 1947 recognized that college costs impeded the nation's ability to double the number of college goers (from 2.3 million in 1947 to 4.6 million by 1960).[3] While that commission took steps to create more affordable institutions of higher education—most critically, the nation's community colleges—Senator Pell and his colleagues believed that it was also important to indirectly subsidize the costs of college. The bill provided $1,200 annually for each student to use as a voucher to lower the amount of tuition they paid at the college or university of their choice.[4] In 1972, the bill passed, and the Pell Grant was born.[5]

The creators of the current federal student aid system knew that college degrees brought real opportunities. The architects of the financial aid system did not, however, envision college as the only route out of poverty. During the same period, Congress invested in jobs programs, a safety net for those left behind, and Head Start for the children of poor families. The emphasis was on college as one option, one possible pathway, and the Pell Grant Program was organized to support that. The grant could be taken to any college or university in the nation participating in the federal student aid program, providing students with a wide range of options, and policymakers hoped that the higher education marketplace would respond by ensuring that opportunities were of the highest quality.[6]

The creation of the financial aid system followed more than a century of investment in public higher education, beginning with the Morrill Act of 1862 and continuing with the GI Bill (1944), the Truman Commission (1947), the National Defense Education Act (1958), and the California Master Plan (1960). By the time the Pell Grant was created in 1972, 80 percent of American college students were enrolled in public colleges and universities.[7] Historian Roger Geiger described the scene this way: "American states poured enormous resources into building public systems of higher education: flagship universities were expanded and outfitted for an extensive research role; teachers colleges grew into regional universities; public urban universities multiplied and grew; and a vast array of community colleges was built."[8] Economists Claudia Goldin and Lawrence Katz have linked these major investments in public education to a growth in human capital that enabled the United States to thrive as a global economic powerhouse.[9] These results would not have occurred if only the wealthiest or even only the highest-achieving students went to college.

Despite these overt commitments to higher education as a public good, not everyone shared Claiborne Pell's vision for how to bring more equality of opportunity into the American system. In fact, the "system" of higher education has never been much of a system at all. It is instead a loose conglomeration of government institutions (at the local, state, and federal levels) and both public and private educational providers that share some similar interests but hold many different ones as well.

Soaring rhetoric about the value of hard work obscures the fact that family money has long been one of the best predictors of college success. In the words of the Truman Commission: "For the great majority of our boys and girls, the kind and amount of education they may hope to attain depends, not on their own abilities, but on the family or community into which they happened to be born or, worse still, on the color of their skin or the religion of their parents."[10]

The children of wealthy families are still most likely to complete college, followed by students from middle-income families. Students from low-income families are the least likely to graduate.[11] Should breaking the link between family income and degree attainment be a public priority supported by taxpayer dollars? In the late 1960s and 1970s, states including California, Florida, Michigan, and North Carolina said yes and invested resources in their public colleges and universities in order to keep the prices charged to students low, while also creating state need-based aid programs to complement the federal Pell.[12] State fiscal support for higher education nearly tripled from $3.56 per $1,000 of state personal income in 1961, to $10.42 in 1979.[13]

Other states disagreed. Massachusetts, New Hampshire, New Jersey, Pennsylvania, and Vermont, among other states, appropriated little money to public colleges and universities and instead relied on private institutions to offer opportunities.[14] Rarely do state expenditures per student come anywhere close to matching the federal investment in the Pell Grant.[15] Even the states that initially spent heavily on public colleges and universities reduced their support as more and more people went to college. Beginning in 1981, state appropriations began to decline, from $10.18 per $1,000 of state personal income in that year to $9.24 in 1990 to $7.52 in 2000 to $6.32 in 2010. Today, the share of state resources invested in higher education is about the same as it was in 1966 (about five dollars for every $1,000 of personal income).[16]

Wisconsin, the focus of this book, is among the states that reduced support to higher education the most.[17] Perhaps this was a reaction to signals that college was now sufficiently accessible—after all, demand was rising—or perhaps competing needs (such as Medicare costs) simply required the funds.[18] Or, as many have argued, disinvestment in higher education may be the direct result of shifts in political priorities.[19] Whatever the case, no federal authority requires that states make college affordable, and tuition and other costs grew rapidly, even at public colleges and universities.[20] Had states been required to maintain a reasonable level of commitment (say, the ten dollars or so per $1,000 of personal income provided in 1981), the total amount states contribute to higher education today would be about $146 billion, instead of the $81 billion contributed in 2015.[21] That commitment would have likely prevented the rapid

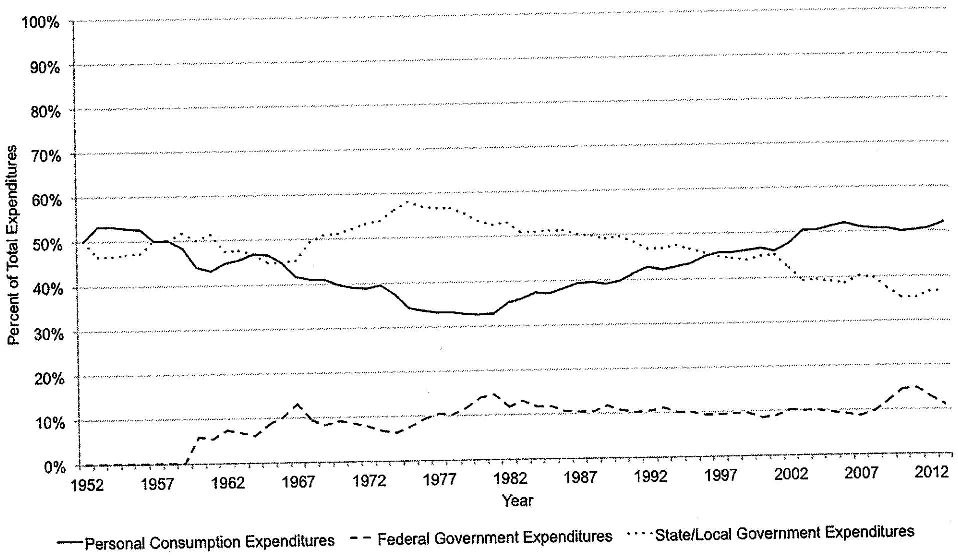

Figure 4. Distribution of revenue sources for financing public and private higher education: 1952 to 2013. Source: adapted from Mortenson, "State Investment and Disinvestment in Higher Education, FY1961 to FY2014."

increases in tuition and fees in public higher education (see fig. 1) that fueled the declining purchasing power of the Pell and the need for so many middle-class families to turn to student loans. As figure 4 illustrates, the federal commitment to higher education has long been smaller but steadier. What has changed is state behavior—and this is what drove changes in the prices paid by individual Americans directly from their wallets (as opposed to collectively, through their taxes).

But the federal financial aid system is virtually silent on the role of colleges and universities in keeping the price of higher education reasonable. It also does little to ensure that the education delivered is high quality, and it says nothing about which colleges should admit which students. It does not mandate that institutions create their own need-based aid programs or direct resources to support economically vulnerable students. There are no requirements that the Pell Grant vouch for a meaningful amount of the cost of attending that college. A college that charges $60,000 a year can receive $5,000 Pell vouchers just as easily as a college that charges $6,000.

The revenues available from the Pell, along with the array of other federal programs under Title IV of the Higher Education Act including student loans, flow into the coffers of colleges and universities without extracting any accountability for keeping costs affordable.[22] For-profit colleges and universities benefit substantially, pocketing billons in federal student aid each year while producing degrees that employers value far less than community college degrees, often equating them with high school diplomas.[23] The rapid growth of federal spending in that sector is one reason why the entire Pell program is being reexamined today.[24] But some nonprofit private colleges and universities, and a few public flagships, benefit as well, making extensive use of Pell Grants even as they construct mammoth endowments worth billions of dollars and hoard opportunities for the wealthiest students.[25]

Over the past fifty years, America built a financial aid system with lofty ambitions and few teeth. That was fine, perhaps, at a time when a college degree was nice but not required. When the Pell program began, Pell Grants subsidized more than 80 percent of the cost of attending the average public university and all of the costs of attending a community college. Things are different now. Today the maximum Pell covers less than one-third of the cost of attending a public four-year college or university and barely 60 percent of the cost of attending a community college. Figures 5 and 6 illustrate the problem. Spending on the Pell program has lagged behind growth in the number of recipients for decades. These trends, along with rising college costs, have resulted in the significant erosion of the Pell purchasing power.

At the same time, economic restructuring and political decision making has rendered higher education the singular option for getting ahead in America. The spectacular dropout examples, like Bill Gates, are, like some exotic, endangered species, vanishingly rare. Today, the American vision of success runs this way: good parenting and hard work leads young adults to college, college attendance (both for young adults and midlife back-to-school students) leads to better jobs, stronger families, happier marriages, and healthier and longer lives. College is supposed to grant entry to (or at least keep

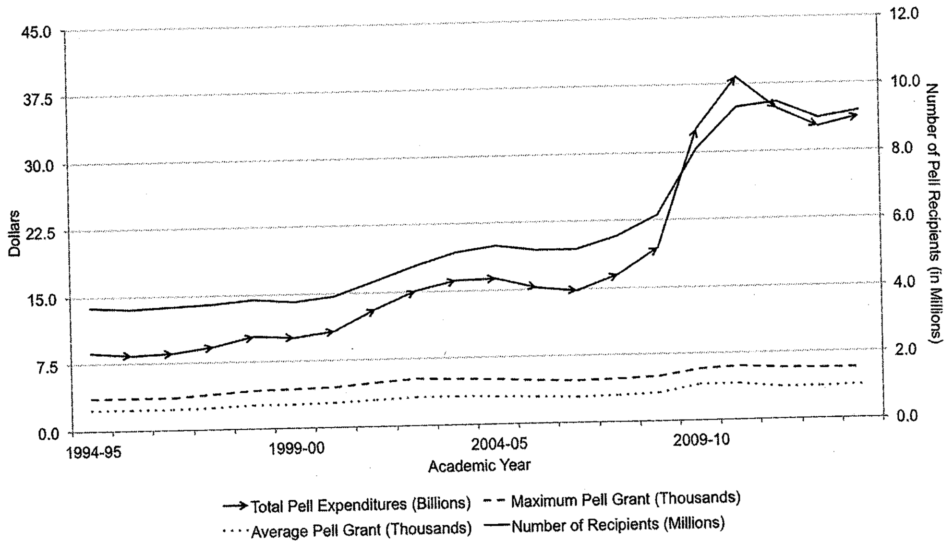

Figure 5. Total Pell expenditures, maximum and average Pell Grant, and number of recipients: 1994–95 to 2013–14. All figures are in constant 2013 dollars. Source: adapted from Baum and Ma, *Trends in Student Aid: 2014*, table 5: Number of Recipients, Total Awards and Aid per Recipient for Federal Aid Programs in Current Dollars and in 2013 Dollars, 1976–77 to 2013–14.

you in) the middle class and certainly more or less guarantee you earn enough money to make ends meet.

If only this were true. Colleges and universities are populated by students and governed by policies—and over time changes in both the students and the policies have altered the meaning of American higher education and limited what our nation's colleges and universities have the capacity to achieve. Against a backdrop of widening inequality in both income and wealth, the number of Americans living in or near poverty has grown. Today 22 percent of the sixty-seven million children in the United States live under the federal poverty level.[26] Many researchers think that the federal poverty level understates the level of income families really need in order to subsist with a modicum of decency.[27] We do far less to support impoverished children and their families than we once did, withholding cash assistance, food stamps, and affordable housing unless or until we are convinced they work hard enough to be "deserving" of help, requiring not only drug tests and jobs of parents, but often frequent reapplications and jumping through multiple bureaucratic hoops as

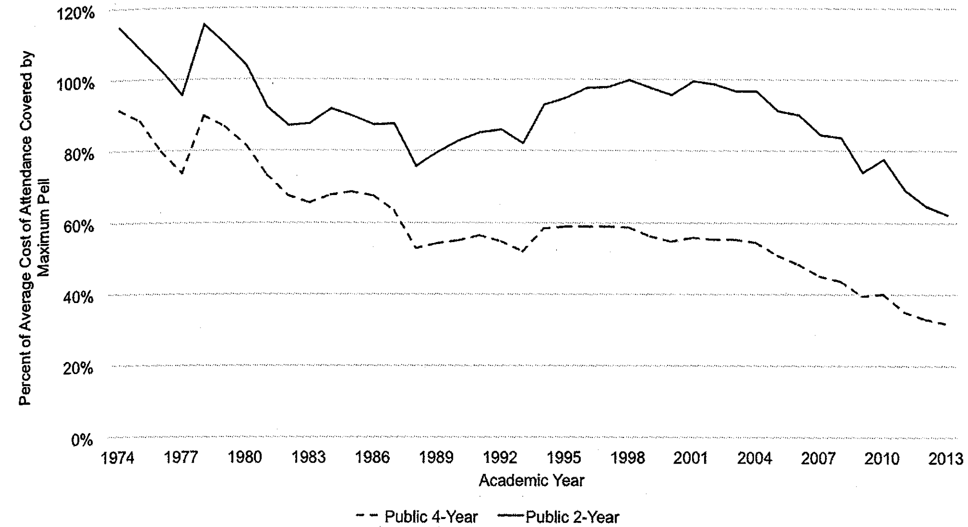

Figure 6. Purchasing power of the Pell Grant at public institutions, by type: 1974–2013. Purchasing power is the percentage of the average cost of attendance covered by the maximum Pell Grant. Source: adapted from Baum and Ma, *Trends in College Pricing: 2014*, table 2A: Tuition and Fees and Room and Board over Time, 1974–75 to 2014–15, Selected Years.

well.[28] At the same time, we pressure their schools and teachers to educate students, regardless of the disadvantages they face in their homes and communities. The K–12 system is required to graduate most students and move them on. What then?

Fifty years ago, many of these students could have gone on to production and manufacturing jobs, often with unions and benefits, and some of them could have made it into the middle class.

Twenty years ago, even, most would have moved straight to the workforce, trying their hand at unstable, low-wage jobs, with some finding their way into more reliable blue-collar work with protections offered by unions. Working-class white men, in particular, continued to find some opportunities that way, even in the post-Reagan era.[29]

Today, those jobs are much harder to find, unions are weaker, and high school graduates are more convinced than ever that their only viable option for a better life is higher education. Higher education is no longer seen as a choice or a luxury—it is viewed as the only available next step and, indeed, the only hope.

Of course, America's hopes for higher education can overstate what college today tends to achieve. Some think that because a college degree brings higher wages, better chances of full-time work, and jobs with benefits, increasing the number of people who attend college can decrease economic inequality. This is a false hope. The social mobility offered by higher education, the opportunity to climb from one rung on the ladder to the next, is not accompanied by any assurance that others higher on the ladder aren't also moving ahead at an even faster rate. There is no guarantee, in other words, that college-educated people from low-income families will not be left behind. And in American higher education, a vicious cycle of exclusion and adaptation in which resources are unequally distributed in ways that preserve privilege helps to ensure that people from lower-class backgrounds stay behind.[30]

The process is quite effective. For people born in the early 1960s, prior to the first Higher Education Act, the odds of bachelor's degree completion (conditional on college entry) for a low-income individual lagged 31 percentage points behind that of a high-income person (see fig. 7). But for those born in the late 1970s, when the financial aid program was in full swing, that gap was 45 percentage points.[31] Despite making some gains in accessing college, the poor are simply running in place.[32]

Furthermore, the average financial benefit of college degrees—the bonus that appears evident when you compare the earnings of a person who holds a bachelor's degree to those of a high school graduate—does not accrue equally for everyone. The returns on investing time and money in college are uneven and unstable since they depend on opportunities in the ever-shifting labor market—a market rife with uncertainty and ongoing change and, too often, discrimination to boot.[33] People who grow up in economically fragile circumstances often continue to live in economically fragile communities, even after they attend college.[34] They are better off than their peers who do not go beyond high school, but they remain far behind most Americans.

All this means that college alone will not conquer inequality. But this doesn't mean we shouldn't be doing more to realize the ideals of meritocracy and equal opportunity that launched the federal

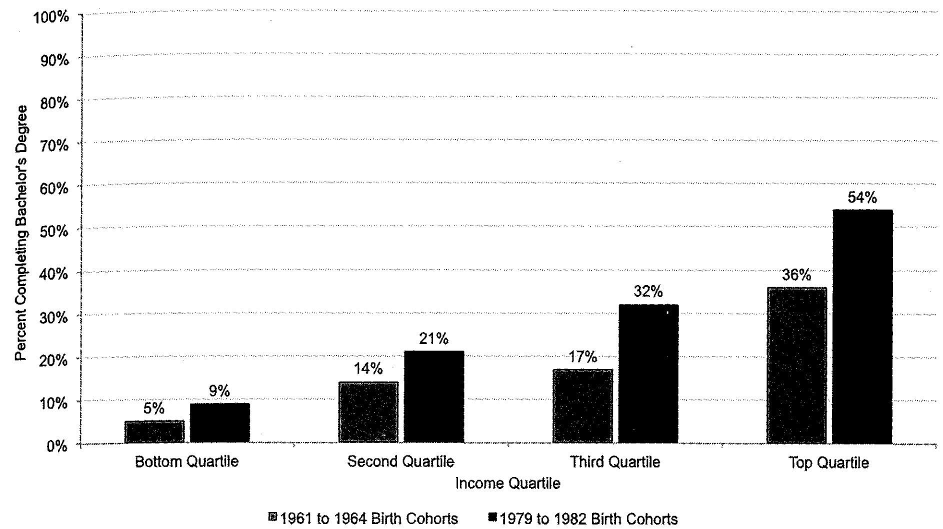

Figure 7. Percentage of students completing bachelor's degree, by income quartile and year of birth. Source: Bailey and Dynarski, "Inequality in Postsecondary Education." Based on data from the *National Longitudinal Survey of Youth*, 1979 and 1997.

Pell program. As figure 8 illustrates, today the likelihood of earning college degrees is still tied to family income.[35] Tracking America's spring 2002 high school sophomores, the U.S. Department of Education found that, among students with similar performance on math tests, students from higher-income backgrounds were vastly more likely to complete college degrees than student from middle-income backgrounds, who were in turn much more likely to graduate than students from low-income backgrounds.

Why is this happening? Students from working- and middle-class families who hit the books in high school and are academically prepared for college are turning away from higher education because they cannot afford it. Those who do make it in the door are leaving without degrees at higher and higher rates. [36] Those who remain in college take longer to finish their degrees, racking up additional debt along the way.[37] This is even truer today than fifty years ago. As members of the Truman Commission wrote, "The democratic community cannot tolerate a society based upon education for the well-to-do alone. If college opportunities are restricted to those

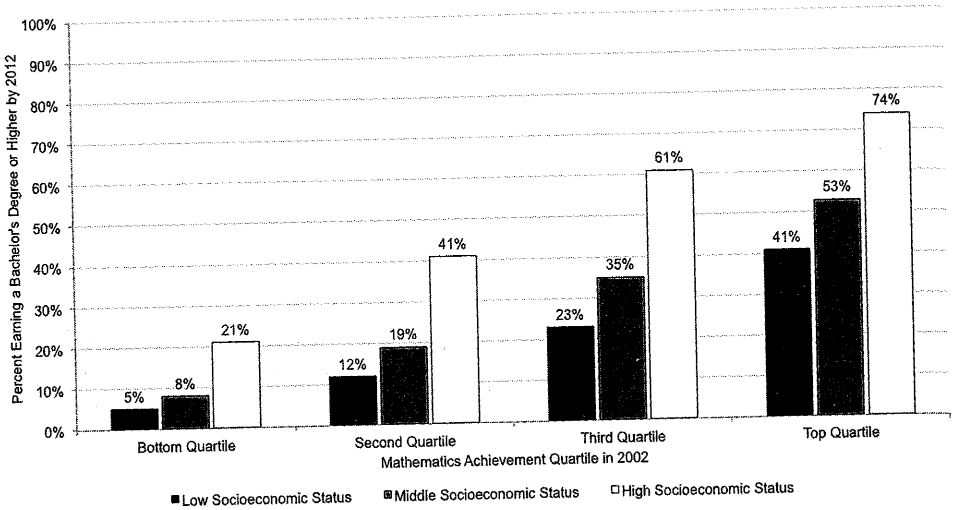

Figure 8. Percent of spring 2002 high school sophomores who earned a bachelor's degree or higher by 2012, by socioeconomic status and math achievement quartile in 2002. Source: adapted from Kena et al., *The Condition of Education 2015*, figure 5.

in the higher income brackets, the way is open to the creation and perpetuation of a class society which has no place in the American way of life."[38]

The "class society" the Truman Commission feared is now very much a reality, and income inequality is starker than it has been at any time since the Gilded Age.[39] The economic successes of the twentieth century were propelled by investments in education. Now the expected benefits of attending college are increasingly outweighed by both the perceived and real costs, especially over the short term. For people from fragile economic circumstances, the short term is the only future they know they have.

Six Grants, Six Lives

The students of the Wisconsin Scholars Longitudinal Study, who entered college in the fall of 2008, were born in 1990. Their young lives were bookended by financial crises. In the years leading up to their birth, America struggled with the aftermath of Black Monday, the 1987 stock market crash, and the collapse of the savings and loan

industry. In the summer of 1990, Iraq invaded Kuwait, causing the price of oil to rise, diminishing consumer confidence, and accelerating an economic downturn that became a recession for the next three years. Following that period, however, their childhoods were made easier during a robust period of strong economic growth and job creation. Real family income in Wisconsin grew by almost $14,500 during the 1990s, far more than the national average of $11,600.[40] Prosperity was not felt evenly, however. Male jobless rates rose in Milwaukee during that period, the population there fell, and the city became majority-minority as its white population diminished from 61 percent of the population in 1990 to 40 percent in 2008. In that year, more than one in three children in Wisconsin's major metropolitan city were living in poverty.[41]

As our students walked onto campus in September 2008, Lehman Brothers filed the largest bankruptcy in the history of the United States. While the Great Recession technically lasted only nineteen months, from December 2007 to June 2009, its aftermath is widely considered to have extended for many years. Between October 2008 and August 2010, a national poll found that Americans felt that "education, schooling, and the ability to afford college" was one of the top two most important problems facing the nation.[42] High levels of unemployment persisted through 2014. Other markers of a weak economy lasted as well, including low consumer confidence, rising federal debt, a slide in rates of home ownership, and unemployment's statistical doppelgänger, underemployment, a measure of part-time workers who would like to be full time, highly skilled workers who were working in low-skill or low-pay jobs and the like.

Our students felt that their only hope of getting a decent job and a stable life for their families was to go college. In prior decades, some of them might have found alternatives, going to work in construction or manufacturing jobs or working on a parent's farm. But those jobs had largely disappeared, and so here these students were, pursuing more education to get ahead. The unemployment rate in Wisconsin for high school graduates without a bachelor's degree was 10 percent—two and a half times higher than the rate for bachelor's degree holders. People with bachelor's degrees earned about ten dollars more per hour than their counterparts with high school degrees.[43] Our students seemed to know this. Ninety-one percent felt that education would pay off in higher earnings: they anticipated a median annual earnings increase from completing a bachelor's degree of $20,000. This would, they estimated on surveys, lead them to careers making about $50,000 a year.

TYLER OLSON

Tyler Olson grew up in a small Wisconsin city banked by a river and a lake, in a community where nine in ten residents share his Anglo origins and where families like his were known for their commitment to football, wrestling, and fishing. Tyler's parents were divorced and experienced frequent spells of unemployment. His mother was disabled by a back injury, and in the year before we met Tyler his dad earned less than $10,000 per year. When he was fourteen years old, Tyler started working at Hardee's fast food restaurant. By his senior year of high school he was putting in twenty hours of work each week. Still, Tyler did not consider himself "poor." "We were middle class, or actually the missing class. You know, making just enough to get by and pay the bills and not be considered lower class but not enough to enjoy the life of a middle-class person where you get to go on a vacation or buy your kids nice gifts for Christmas, go to the movies, and hang out with friends bowling. We were stuck in between. We'd get a Green Bay Packers jacket and just be happy."

Like many of our students, Tyler hoped to gain the knowledge and skills in college to eventually open his own business. He did not want to continue working in fast food, in a situation he considered "settling," and he applied to several universities, including the University of Wisconsin–Madison (UW–Madison), the state's flagship.[44] Convinced that an athletic scholarship was the only way for him to pay for college, he looked for a school that would pay him to play football. "I finished high school with a C average. I didn't put forth much effort—I figured if I could play football I didn't need to really try, but I knew I could succeed in college. Not many teachers believed me, but I didn't really care. I finished high school; well,

they pretty much graduated me because they didn't want me there anymore. I'm not gonna lie." Tyler said that several football coaches told him "that they would talk to the admissions office for me, and the financial aid office too, since I said my parents don't have much money." When an offer from Madison failed to materialize, he found another public university on the other side of the state that would give him a scholarship, and moved there without a second thought.

Tyler earned a 3.19 GPA in his first semester, but over the winter break he broke his ankle. While treating him, doctors discovered that he had a rare genetic clotting disorder that meant an injury could be life threatening—he could not play contact sports. Tyler needed regular medical attention, and his dad's health insurance did not cover the hospitals near his university. His football days were over. Tyler moved back home and enrolled in the closest university. Without an athletic scholarship, he only had financial aid to depend on, and his future no longer seemed so clear.

NORBERT WEBSTER

Norbert Webster was born outside of Wisconsin, but as a young child he moved north with his family to the reservation of his tribe, the Oneida. Located about ten miles from Green Bay, the reservation was home to a small high school where Norbert eventually became interested in college and in planning for his future. "Our graduating high school class was twenty-six people. . . . I knew everyone's name in my high school and knew a lot about them. It was a really small community." In general, Norbert reported that few students in high school went on to college but that his cohort was an exception. "Our class was always on top of things and we all wanted to go to college. Almost all of my close friends [from high school] are in college now." He was conscious of how that defied common perceptions of Native Americans and felt that people sometimes looked at him with surprise.

In fact, when Norbert began high school he wasn't very interested in college at all—he was interested in sports. He enjoyed wrestling and focused his time and effort on those tournaments, until midway through his freshman year when he was placed on academic probation and his opportunity to wrestle was suspended. "I couldn't participate in two tournaments, which kind of sucked. My brother is a pretty smart kid, he wrestled too, and I talked to him and he told me [to do better]. So I had a little bit of motivation to do better in academics, and then the next semester I made the honor roll. I was also working, so that helped me stay out of trouble." As he moved toward his senior year of high school, Norbert became more focused on school and began to take steps to ensure that he would begin college on the right track. "I knew I wanted to go to college . . . I just did not know what I wanted to do, or where to go, but I always knew that I would go to college. It was a no brainer." Every time he heard about opportunities to prepare for college, he seized them. This included taking a college tour: "It helped me get a feel for what college would be like and that helped me with my decision," he said.

Norbert graduated from high school with a 3.09 GPA, having taken the types of rigorous course work that qualified him for an Academic Competitiveness Grant, a special federal program for Pell recipients that provided him an additional $750 a year. He considered several Wisconsin public universities (including UW–Madison, where he was accepted but did not go), deciding instead on the same public university Tyler attended because it was closer to home and boasted a strong mentoring program for Native American students. When he began college, his older brother was enrolled at a technical college, and his younger brother was in middle school.

The vast majority of Norbert's college expenses were covered by an uncommonly generous scholarship provided by the Oneida Nation of Wisconsin, which awarded up to $20,000 per year. This meant that Norbert needed to pay less than $100 for his first year of college.

Norbert wanted to become an accountant. He knew that the Oneida offered good jobs for accountants in its casinos, and this seemed like a smart option. On a survey, he estimated that if he completed a bachelor's degree and went to work he would earn $64,000 a year, and if he didn't complete a degree he'd likely earn just $22,000 a year.

IAN WILLIAMS

There were many reasons why students joined the Wisconsin Scholars Longitudinal Study, which required providing access to their administrative records, participating in surveys, and sometimes sitting for lengthy interviews. Some wanted the money we offered—twenty dollars for a survey or an interview, payable in cash as soon as the survey or interview was done. Others expressed gratitude for the chance to speak about their challenges, and wrote "glad you asked!" in the margins of surveys. Ian Williams met with our team eight times over six years and completed every survey promptly. He explained why: "What I'm hoping to do is speak for the people who don't have this opportunity, people who live in my community, my brothers, my family. . . . I'm going to speak for them, instead of myself."

Ian's low-income community could benefit from more voices like his. Possessing a quick smile and an indelibly positive attitude, Ian is the second youngest of five African American children who grew up on the north side of Milwaukee. Life was not easy coming up in what Ian called a "ghetto-ish type of neighborhood with a lot of violence." His family struggled to pay the bills.

> Sometimes we didn't [have enough to eat] but it was something that we just dealt with because we knew that in the future there was going to be food. We are just going to have to work with what we have, but next week we know there is going to be food in the house. . . . We just divided it amongst us so we didn't get greedy, we knew what to do because we were in that situation so many times. We just divided it amongst each other and let each other know not to eat too much.

Once, Ian's family would have qualified for cash assistance and other income supports, but by the time Ian entered elementary school, Wisconsin governor Tommy Thompson had substantially reduced the availability of such programs. Life in Milwaukee was challenging for Ian and his siblings. He reported, "It was hard for us to get through school because we had so many problems."

During high school Ian participated in after-school programs in order to stay away from trouble on the street. In youth programs, Ian played basketball, took computer classes, and played video games and described that time "as a good experience, instead of just seeing the bad side, you see the good side of the black community." Still, Ian had trouble in school. "I was struggling really badly because I couldn't really concentrate on my work, there were so many class clowns. It was really irritating me and distracted me from my work."

Ian had a vague sense that he wanted to go to college but was not confident that he would make it. "I felt it in my heart that I wanted to go . . . but I don't know for sure. So I kept on feeling like 'Oh, all I'm fixing to do is go through high school,' you know, and that's it. I'm going to get out of high school and have . . . a full-time job paying my mother's bills and everything."

In 2007, Ian graduated from high school. He then spent a year working to save money and finally enrolled in college. "Somehow I managed to stay more focused on my education, and that's why I'm here [in college] right now. . . . I've been through the struggle and it made me stronger." But while his brothers enrolled in a technical college, and his sister attended a for-profit university, Ian went to a public university, where he aimed for a career in finance. His goal was a master's degree in business administration, and his ambitions were much like Tyler's. "Ever since I was younger I've been trying to fulfill the goal of having my own company or something . . . succeeding means accomplishing the goals you set forth, even if you have to go-go-go, even if it has to be going to college—as long as you set your goal at a young age and you accomplish it, that's what succeeding means to me."

Enrolling in college is an achievement where Ian comes from, he said. He was proud of the message his enrollment sent to other people in his community. "They see me going to college and are like, 'Oh, he's doing something positive, he's breaking through the ceiling.' . . . I'm trying to be a positive role model to them and let them know I'm not the only one who can do it."

NIMA CHAUDHARY

When she was young child in Nepal, Nima Chaudhary's experience of grinding poverty was so severe that her parents were often forced to decide which of their children would receive an investment of the "good" food for the day. The family often lacked sufficient clothing as well.

Nima recalls the time when her mother won an immigration lottery, as one of the best and most important moments of her family's life. Nima moved to Wisconsin from Nepal when she was eight years old.

Life in Wisconsin was better for Nima but still difficult. When I met Nima, she was eighteen years old and living in a small two-bedroom apartment with her parents and two older brothers. Her parents shared one bedroom, she got the other, and her brothers slept on couches in the living room. Both brothers were students at UW–Madison, a fact that her parents often boasted about to friends.

A South Asian woman raised by parents with traditional values, Nima was unsure of whether she should go to college. She worried about the costs involved and, particularly, about how those costs measured up relative to the value of her education as a woman. Even though she had done well in high school, earning a solid B average

Table 1. Characteristics of WSLS focal students

	Career Goal	*Type of College*	*High School GPA*	*No. of Siblings*	*Race/Ethnicity*
Nima Chaudhary	Graphic design	Technical college	3.3	2	Nepalese American
Chloe Johnson	Vet tech	Technical college	2	0	Non-Hispanic white
Tyler Olson	Business	Regional university	2.2	2	Non-Hispanic white
Sophie Schmidt	Christian motivational speaker	Research university	NR	3	Non-Hispanic white
Norbert Webster	Accounting	Regional university	3.1	2	Native American
Ian Williams	Finance	Research university	2.4	4	African American

Source. WSLS data.

Note. All students are Pell recipients and the first in their family to attend college. We do not have Sophie Schmidt's high school GPA, but she was admitted to a selective university.

and an ACT standardized test score of nineteen, she was plagued by doubts. She was almost surprised by her own success. As she explained, "I did not think I would graduate from high school. But I did—and with honors."

She decided to apply to just one college, a nearby technical school. It was the less-expensive option, and she knew she could get in—the school had an open admissions policy. As if by chance, she was enrolled. "I didn't think I was going to college," she told me. "And now I'm in college." Her brothers had helped her complete her financial aid application, and while she wasn't quite sure how she had arrived, she was completely confident that she would complete her degree.

While Nima's brothers focused on majors that would seem to guarantee economic returns (they chose nursing and engineering), Nima planned to study art and become a graphic designer. She felt such a job required an associate degree, and with a degree in hand she expected to earn $20,000 a year—an improvement over the $15,000 a year she anticipated making if she did not attend college. The two-year program of study had a purpose, she explained. "I want to have a good job in art and have enough money to support my family. To have everything paid, all of their bills, and help my parents and my family in Nepal."

SOPHIE SCHMIDT

Most Pell recipients do not come from a background of generational poverty. Some come from middle-class families but don't have either the income stability or the parental support for college that the financial aid system assumes is possible. A study by economists Meta Brown, Karl Scholz, and Ananth Seshadri found that students who weren't receiving the "expected" amount of money from their parents were often hurt by the financial aid system's approach to allocating resources.[45] That is Sophie Schmidt's story.

Sophie was a small-town girl who grew up in a community of just fifteen hundred people composed almost entirely of non-Hispanic white people like herself, and she was excited about college. She was the first person in her immediate family to enroll, yet she reported, "It was kind of always assumed that after high school I would be going to go to college. This is what I was supposed to do."

When she was very young, Sophie enjoyed a life that included vacations, toys, and the little luxuries that come with middle-class financial stability. But her parents divorced when she was seven years old, and her family's income fell when her father ended his support. The divorce was contentious, and as it progressed Sophie became much closer to her mom, who worked in a factory and as a hair stylist before going to school to become a certified nursing assistant. Her dad began a new life with another family. Her mother also remarried, but that marriage lasted just a short time before also ending in divorce.

When it came time to complete her financial aid application, Sophie's mother was unemployed, and her father was earning $70,424 a year. She was eligible for the federal Pell Grant, but just barely. According to Sophie, her father refused to contribute to her college education despite having a nice home, a new car, and enough time and money to take vacations. In her eyes, he was "cheap"—a "jerk" who would not help her. Intent on making it in spite of him, Sophie applied and was admitted to a selective public university where she would need to borrow or earn almost $16,000 a year to cover costs. With "a plan and a purpose" in mind, aiming to become a Christian motivational speaker after graduation, she went for it. She had worked thirty hours a week while in high school and planned to try to work her way through college.

CHLOE JOHNSON

Like Sophie, Chloe Johnson was born in a small town. Port Edwards is located in central Wisconsin, with a population just under two thousand people. Each year, the town high school graduates about thirty-five students. The community grew up around a papermaking sawmill. In 2008, as Chloe began college, the sawmill closed, resulting in the loss of five hundred jobs.[46]

But by that time, Chloe was living in Fond du Lac with her mother, who moved there along with Chloe's older brother following a divorce. She went to college because that was what was expected of her.

> I didn't know what I was doing, I just knew that you get out of high school and you go to college. That's what you do, and that's what I did. . . . It just feels like you can't get a decent job, you know. I don't want to spend forever—it might be OK for some people but I definitely knew it wasn't for me—working at PetSmart or Kohl's or McDonald's, or something like that for the rest of my life. I just couldn't see myself doing that, and I knew I had to get an education in order to prevent that from happening.

Ever since Chloe was five years old, she had wanted to become a veterinarian. She loved animals and had dogs and a horse growing up. But as she learned more about the responsibilities of being a vet she decided instead to become a veterinary technician to avoid the life-and-death decisions that a vet has to deal with. She enrolled at a technical college, in Wisconsin's only accredited program for the degree she needed. The sticker price for a year of higher education was just over $15,500 a year.

The Truth

Tyler, Ian, Norbert, Nima, Sophie, and Chloe are not composites. While their names have been changed, this book tells their real stories. We spent years getting to know them, meeting with them for interviews, examining their financial aid records and transcripts, and asking them to respond to surveys. They were extraordinarily generous in sharing their lives, and we learned a lot from them. Coming from different ethnic, racial, and family backgrounds, from small towns and big cities, from intense poverty and the middle class, these six young adults have similar stories in two key respects: all tried to attend and succeed in college under financial pressure. And all received at least some help from Uncle Sam in the form of a Pell Grant.

In important ways, their experiences are representative. When they started college, these six students had a great deal in common with the 2,994 other students my team studied. Like Ian, Nima, and Chloe, over half of our students indicated that college costs played an important role in their decision about where to attend college, and like Nima and Ian, just under one in three said they selected a college because it was near their family's home. All six had specific career goals and plans in mind when they started college, as did four in five of the rest of the students. Most of these students felt confident that they were as smart as their college classmates, but like Nima and Ian about one in three had their doubts. Still, none of these six students began college with even an inkling that they could leave college without a degree, nor did the vast majority of the thousands of students we surveyed. In other words, these Pell recipients started college with great expectations.

On one survey we asked the students to rate on a scale of 1–5 their level of the agreement with the statement: "I am willing to sacrifice today so that my life can be better tomorrow." Eighty-one percent of students said that they somewhat (4) or strongly (5) agreed with that statement. They were generally forward-thinking individuals who saw the purpose of those sacrifices. Eighty-six percent also indicated: "I have to do well in college if I want to be a success in life."

Giving for a Change

For decades, studies have shown that family income relates to how students engage in school. We know, for example, that students from families with fewer resources are less likely to feel academically and socially part of campus life. Fewer economic resources often mean a lower likelihood of participating in extracurricular activities, visiting professors during office hours, and spending time on campus. In turn, this results in fewer opportunities to build relationships that could pave the way for social networks yielding greater returns to the college degree.[47] This helps explain why there are large income disparities in who persists past their first year of college and completes degrees.[48] It might be why lower-income students are more often described as "academically adrift."[49]

These observed differences are often attributed to social class writ large, a configuration of economic, cultural, and social resources that come together to create advantages and disadvantages.[50] Too often, however, what students go through in order to pay for college is overlooked, as writers favor more simplistic ways of understanding class differences. Money, they say, is not really what matters. But in reality, money does matter—a lot. What happens in college is not simply a function of students lacking social networks, academic skills, or cultural know-how or having more commitments to work or family. It is rooted in the struggles they endure because they cannot pay for what they need and in the lengths they must go to in order to find money.

John and Tashia Morgridge, graduates of Wauwatosa High School and the University of Wisconsin–Madison, know many young people like the ones in our study. They have been committed to social philanthropy for decades, and their giving has included scholarships at public and private colleges and universities around the state. Over Christmas in 2007, they decided to broaden their investment in Wisconsin, establishing the Fund for Wisconsin Scholars with a gift of $175 million. "Wisconsin's public high schools do an outstanding job of preparing students for higher education. We are committed to helping ensure that higher education is accessible and affordable," Tashia Morgridge said in a press release.[51]

Under the guidance of its board of directors and the hard work of Executive Director Mary Gulbrandsen, the Fund for Wisconsin Scholars now runs the largest private scholarship program in the state. It is second in size only to the state-funded Wisconsin Higher Education Grant. The Wisconsin Scholars Grant (which from now on I will refer to as the WSG) is generous, providing university students with a $1,750 grant per semester for up to ten semesters (fall and/or spring semesters), making the total maximum award $17,500 per student. The grant is transferable among all public colleges and universities in Wisconsin, and the amount increases or decreases if a student changes sectors—for example, if a student moves to a

two-year public college, the grant declines to $900 per semester, and vice versa.

All students eligible to receive the Wisconsin Scholars Grant, and therefore all students in this study, met the following criteria:

- Resident of the state of Wisconsin
- Graduated from a Wisconsin public high school no more than three years prior
- Enrolled full time at a Wisconsin public college or university
- Filed a Free Application for Federal Student Aid (FAFSA)
- Pell Grant recipient
- Net price (cost of attendance minus all grants) of at least one dollar

The fund's first group of students, selected from among the three thousand in this study, was first notified that they would receive the grant on October 22, 2008—the second month of their first semester of college. They did not apply for the grant; it was a brand new program, and instead, financial aid officers simply examined their records to identify and nominate eligible students. The names of all eligible students from around the state were submitted to the state's financial aid agency, where a drawing was held to select twelve hundred winners at random.

Those chosen for the grant were then informed of their good fortune. Funds were distributed to their financial aid officers by the end of the term. For most students, the award appeared in their aid package in early December 2008. Subsequent payments arrived by the start of each new semester. Thus, in their first year of college, students received two grant payments (a total of $3,500 or $1,800, depending on the type of college they attended) if they were eligible in both terms.

In order to continue receiving the grant, students had to be enrolled at a Wisconsin public two-year or four-year college or university where they also had to register for a full-time course load. They needed to remain eligible for the Pell Grant, which meant they had to refile their FAFSA and qualify for the Pell based on their family's financial situation, and they had to make "satisfactory academic progress," a specific federal student aid standard discussed in chapter 2.

Wisconsin Scholars Longitudinal Study

The generosity of the Fund for Wisconsin Scholars and the program's use of a drawing to select among eligible students at random created an opportunity to closely examine how philanthropy changes lives. I was consulted about the program during the early stages of the fund's planning process and, soon thereafter, asked if I could study the first group of students they served.

I felt it was important to conduct research on this program for two reasons. First, most studies of financial aid, the nation's primary investment in making college affordable, have a hard time figuring out how aid affects students' performance in college. Students who receive more aid are very different from those who receive less—they tend to come from poorer families, live in neighborhoods with fewer resources, and grow up attending weaker schools. Any of these reasons, or a host of others, could lead to lower graduation rates. Simply comparing the graduation rates of students with more or less financial aid, then, doesn't tell us much. It might even lead us to believe that getting more financial aid *caused* students to drop out of college—a far-fetched hypothesis indeed.

In order to really untangle the impact that the fund's grants would have on students, we needed to compare the outcomes of two groups of students who were identical in every respect except for luck at a particular moment when the drawing was held. Up until that moment, all students eligible for the grant were essentially the same. But then, at random, some were chosen to get the WSG and others were not. That is the point at which their lives diverged, and from then on my team measured their experiences all the way until graduation. We did this for those who got the grant and those who did not. By comparing the results, we were able to determine the effect of the additional grant aid. If paying for college were a challenge, would this make a difference? We wanted to know.

What does it really mean to say that paying for college is difficult?

Under what circumstances do students find it challenging, and when does it feel manageable? Is it about the absolute amount of money held in hand, or are students' perceptions of affordability shaped by other factors? How do they cope with financial challenges? How do these affect school? Does family help out? Since every program, including financial aid, operates in the context of ordinary lives, it was important to understand these factors.

With the generous support of multiple funders and a team including my coinvestigator Douglas N. Harris, we designed a comprehensive study that collected student surveys, interviews, financial aid records and applications, and college transcripts for the next six years. This was an enormously complicated undertaking, and the costs of the study were almost as large as the costs of the grants students received. Even though the students all agreed to participate, the time they committed to the study was substantial. The comments and notes we have received suggest that students understood that participating was a way to make a difference. They wanted to tell their stories.

The various details of how we collected data are contained in appendix 1. We have examined the issues from multiple vantage points, comparing results obtained from quantitative analyses with those gleaned from interviews and often circling back again and again to triangulate sources and look for conflict and congruence. The analytic work has been ongoing since the study began, and the process was iterative—we collected data, analyzed it, wrote, and then began the process over again.

Nima, Chloe, Tyler, Norbert, Ian, and Sophie represent the range of men and women we interviewed over time. While each is unique in his or her own way, they are actually quite typical. Like many Americans, they all identified as "middle class," despite coming from families living well below the median income. They were searching for a better life, a stable job, and some security. Hard work was something they valued, and by finishing high school, completing the FAFSA, and enrolling in college they demonstrated a commitment to a brighter future. They all planned to finish college degrees.

These six individuals were willing and able to walk us through their college journeys, revealing the good, the bad, and the terribly sad. They have added great depth to my thinking about college prices and financial aid and helped me to reimagine the current system. Listening to them will help readers understand why a well-intentioned approach to financing college isn't working as planned, how it harms instead of helps, and how we can do better moving forward.

2
The Cost and Price of a College Education

When American families say "college costs too much," they are usually referring to the *price* they face when paying for college. Most understand that providing a good education costs money. It requires time and effort from high-quality teachers, not to mention books and materials. The majority of costs for undergraduate education are instructional costs, directly related to teaching and learning. These include many of the things we'd expect in an educational experience, items like faculty and staff salaries, libraries, tutoring, computer labs, and academic buildings that house laboratories and classrooms. Student support services, which include academic advising, tutoring, and counseling, also fall into this category.

What is really affecting students and families, especially those enrolled in the public sector, are changes in the price of college—not the cost to institutions of providing education. As the last chapter described, states used to discount more of the costs, passing on a smaller fraction to families. While there have always been large variations from state to state and school to school, a generation ago public colleges and universities received on average about 75 percent of their operating budget from state appropriations. Today that number is closer to 50 percent.[1] As that discount was removed, the price facing an individual person purchasing a college education grew.[2] Moreover, the approach to further discounting that price with financial aid has become ever more complicated. This chapter explains