



COLLEGIATE DIRECTIONS



Barriers to Entry

An examination of the structural challenges
and institutional obstacles facing low-income
first-generation-to-college students



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COLLEGIATE DIRECTIONS

The process of applying to college can be an anxiety-inducing exercise for many high school seniors and their families, as students prep for tests whose results will underscore the years of effort they've put into their academic résumés, scour college websites, compose essays, complete applications, participate in interviews, fill out financial aid forms, submit scholarship applications, and wait for a response from the admissions office.

Since 2005 Collegiate Directions, Inc. has successfully shepherded hundreds of low-income first-generation to college students up the long and winding path to a college degree. It is a journey fraught with pitfalls to avoid and obstacles to surmount that extend far beyond the classroom.

In *Barriers to Entry*, we examine eight topics that present direct impediments to the successful attain-

ment of a college degree by any student: Academic Readiness, Conventional Wisdom, First-Generation status, Early Application, Demonstrated Interest, Financial Review, Scholarship Displacement, and Defining costs.

By themselves, any of these barriers could potentially lay waste to the best of college plans. However, the average CDI Scholar does not face just one of these barriers, but a disproportionate number face them all, making the task of graduating from college within six years all the more daunting.

CDI Scholars are students for whom statistical evidence would suggest that their higher education dreams and aspirations are far out of reach.

With limited resources and limited knowledge of the process our Scholars simply don't know what they don't know, and it is our mission

to leverage our years of expertise to fill in those knowledge gaps and provide the academic, social, financial, and emotional support to ease their transition to college and position them for future success.

But that task grows ever harder each year as new hurdles are thrown into the paths of students who, regardless of the position from which they begin their educational journey, deserve an equal opportunity to travel as far and fly as high as their determination, effort and talent will take them.

Across the country, only 11% of low-income, first-generation students will successfully graduate from college. Meanwhile, 97% of CDI Scholars have graduated from highly selective colleges and universities. We have helped Scholars obtain an average of \$33,000 in college grants and scholarships, which is more than double the national average of

\$14,800 per student.

But getting from point A to graduation day is a six-year process in which we spend an average of 179 hours assisting each Scholar, including 68 hours spent on preparation and submission of college applications and essays, 10 hours of meetings with Scholar families, 10 hours of financial aid-related assistance and meetings; and we facilitate more than 50 hours of SAT/ACT test prep. Additionally, our mental health counselor meets with every high school student enrolled in the Scholars Program to help them address a range of social and emotional challenges.

While ours is indeed a high-touch model that has been refined and streamlined over the years to utilize our best practices, our ability to produce extraordinary results can obscure the serious threats to academic achievement posed by each of these eight barriers to college entry.

Amma Felix
President



ACADEMIC READINESS

College academic readiness does not exist in a vacuum, and a student who is unprepared for college coursework not only falls into a readiness gap but most likely falls into economic and achievement gaps as well.



The Domino Effect of Readiness Gaps

While there are many challenges for low-income first-generation-to-college students with regard to accessing and financing their college education, an often overlooked part of the process is the academic preparation that must take place in the years prior to the first application being filled out.

The level of a student's academic preparedness going into college will largely determine whether they graduate, how long it takes them to graduate and the cost of their college education.

In a 2010 report, the National Center for Public Policy and Higher Education²⁴ examined multiple reasons for the academic preparedness and college readiness gap and found the overarching problem to be that definitions of college readiness by K-12 schools and colleges were often set independent of one another. The result is that a student can complete a series of college prep courses in high school and still arrive at college un-

prepared to meet academic expectations. There is also no standard definition of "readiness" among colleges, making it possible for a student to be considered ready at one college but unprepared at another.

"In the absence of college readiness standards, teachers have no reliable guides to focus their teaching directly on helping students attain college readiness," the report stated. "Instead, they can try to get students to perform well on the assessments that are used by their school or state. But unless those assessments reflect the specific readiness skills in reading, writing, and math that have been adopted across school and post-secondary systems, there is no assurance that helping students score well on those assessments will help them become college ready."

One widely accepted measure of academic readiness is the ACT College Readiness Benchmark which provides the minimum ACT scores required for students to have "a reason-

able chance of success in first-year-credit-bearing college courses at the typical college." The benchmarks are based on courses from the core subject areas that are most commonly taken by first-year college students.

In English, math, reading, and science the ACT benchmark scores are 18, 22, 22, and 23 respectively. However, the college readiness report also found problems with using scores on standardized tests such as the ACT or SAT to determine how prepared students were to succeed in college.

According to the report, "Standardized tests are valued for their ability to predict college success, but most of these national tests do not measure student attainment of specific college readiness skills because, for most states, explicit readiness standards have not been developed, and, for the few states that have begun to develop readiness standards, the tests have not been tailored to the state's specific curriculum and standards. Generic national assessments of college readiness are not connected tightly enough to the state curriculum. Unless those assessments reflect the specific readiness skills in reading, writing, and math that have been adopted across (grade levels) in each state, there is no assurance that helping students score well on those assessments will help them become college ready."

Falling Into the Gap

College academic readiness does not exist in a vacuum, and a student who is unprepared for college coursework not only falls into a readiness gap but most likely falls into economic and achievement gaps as well.

Teacher and author Judy Molland described the achievement gap and its associated domino effect in a recent article entitled "Falling Into the Achievement Gap."²⁸

"When we talk about the achievement gap, we're talking about children who start off behind, even before school begins. Once they get to school, these students fall farther and farther behind," Molland said. "Though it's often measured and cited using test scores, the achievement gap extends way beyond results from annual standardized tests. The gap shows up in the number of words a child knows on the first day of kindergarten, the number of kids being suspended and expelled, the number of students taking honors and AP courses, the number of students graduating from high school, the number of high school seniors admitted to college, the number of college students forced to take remedial classes, and the number of those college students who eventually earn a degree. But it doesn't end there. The academic achievement gap predicts gaps in what researchers call 'life outcomes' — long-term health, income, employment, and incarceration rates."

Through his research³¹, sociologist Sean Reardon found the achievement gap between children from high-income and low-income families has been increasing for at least 50 years and is even greater than race-based achievement gaps.

"At the same time that family income has become more predictive of children's academic achievement, so have educational attainment and cognitive skills become more predictive of adults' earnings," Reardon said.



“The combination of these trends creates a feedback mechanism that may decrease intergenerational mobility. As the children of the rich do better in school, and those who do better in school are more likely to become rich, we risk producing an even more unequal and economically polarized society.”

The income-related educational achievement disparities are evident as early as kindergarten and persist for years according to a study by the Georgetown University Center on Education and the Workforce.⁸ The study found that 74% of kindergartners from families with the highest socioeconomic status, which takes into account factors other than income, such as race, had above-median math scores. Only 26% of kindergartners from families with the lowest socioeconomic status had above-median math scores. These percentages remained relatively unchanged through eighth grade.

Researchers also found that even when academic performance declined, students with the higher socioeconomic backgrounds were more

likely to recover by eighth grade because their status coincided with access to resources that provided a virtual safety net that prevented them from falling too far behind and remaining there.

Racial disparities were also observed among students with top math scores. While Black and Latino students with top math scores in tenth grade were more likely to earn a college degree in the next 10 years than their peers with lower scores, Black and Latino students with low math scores were as much as 23% less likely to earn that degree than their White and Asian peers with top math scores.

Socioeconomic differences also play a role in college completion. The Georgetown study found that a student with a lower socioeconomic status but above-median math scores was less likely to graduate from college than a student with higher socioeconomic status who had below-median math scores, leading Anthony Carnevale, co-author of the report, to conclude, “To succeed in America, it’s better to be born rich than smart.”

Abounding Inequity

With the income gap impacting the education gap and the education gap impacting the college readiness gap and the college readiness gap impacting the college graduation gap, there are multiple factors working against low-income and minority students in disproportionately negative ways.

While the problem of income inequity requires large-scale systemic solutions, helping students of lower socioeconomic status graduate from college is an attainable goal provided they receive the support and assistance necessary to identify and overcome the obstacles along their college graduation path.

Along with early intervention, researchers suggest improving college counseling at the high school level to help alleviate the college readiness disparities. A 2015 study by the National Association for College Admission Counseling¹⁵ found that the average public high school counselor spends two hours per student over the course of four years on college advising. Two hours does not even provide the time to fully introduce all of the topics students and their families will need to familiarize themselves with on the road to college — test prep, test taking, essay writing, college selection, choosing a field of study, application submission, financial aid application, and more.

Students from higher income families can make up for this lack of counseling by accessing high-cost resources available to them as a result of their socioeconomic status, including tutors, standardized test coaches,

and college access assistance.

The benefits of a high-income family come into play throughout the student’s school life. As the Georgetown study notes, “(High-income families) are better able to provide extra support that prevents (students) from slipping backward in school. For example, children from affluent families are less likely than those from poor families to fall behind over summer break because more affluent families tend to engage in more enrichment activities, such as summer camps and vacations ... Because they can spend nearly five times as much on goods and services, affluent families can give their children more access to novel experiences and related support, such as books, school supplies, computers, summer camps, music lessons, tutoring, childcare, and private schooling.”

The study also noted that as of 2016, families in the highest income group spent approximately \$8,600 per year on child enrichment activities, which included recreation and education, versus families in the lowest income group who spent approximately \$1,700 per year.

Even if a low-income student manages to overcome the barriers posed by not having the means to obtain additional assistance and support during the college application process and is accepted to a college, statistics suggest the student may face new academic challenges.

While readiness standards vary, the college readiness gap is more or less pronounced depending on the type of college. A report by the National Center for Public Policy

and Higher Education²⁴ found that at highly selective four-year schools that require college prep curriculum, high grade-point average, high test scores, and extracurricular activities, approximately 10% of students are considered unprepared. At less selective colleges that require college prep courses and a combination of test scores and grade-point average that are lower than more selective schools, approximately 30% of stu-

dents are considered unprepared. At non-selective two-year colleges that only require a high school diploma for admission, approximately 60% of students are considered unprepared.

Students who arrive at college unprepared to meet the academic demands will inevitably have a more difficult time earning their degrees. But students without sufficient levels of academic readiness face an additional institutional hurdle — remedial

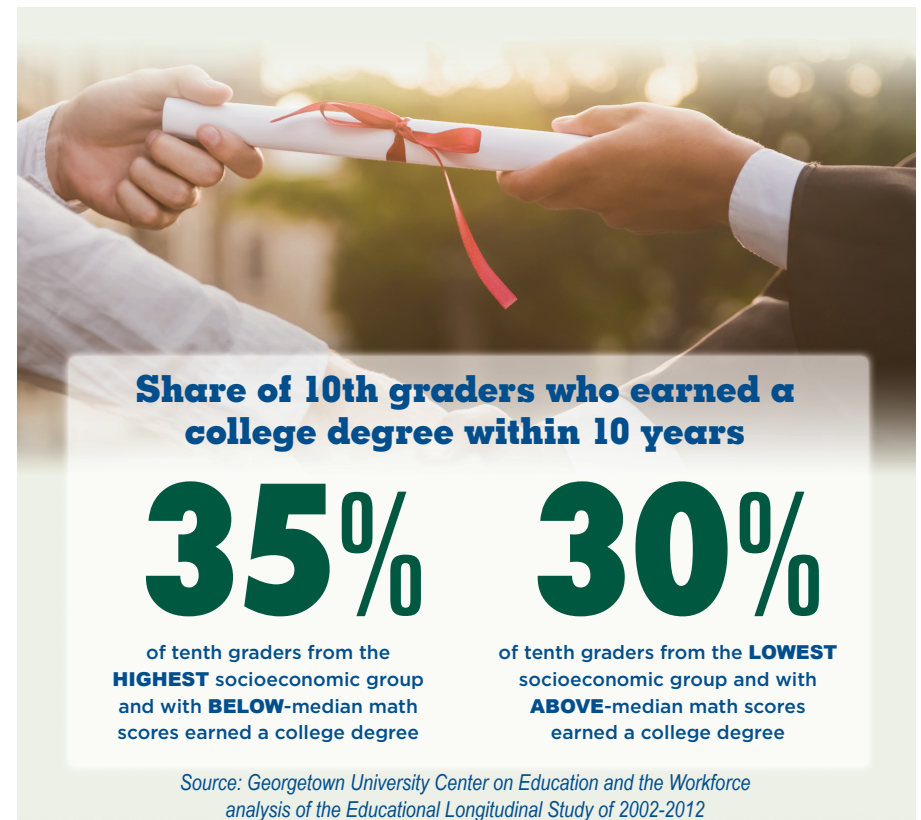
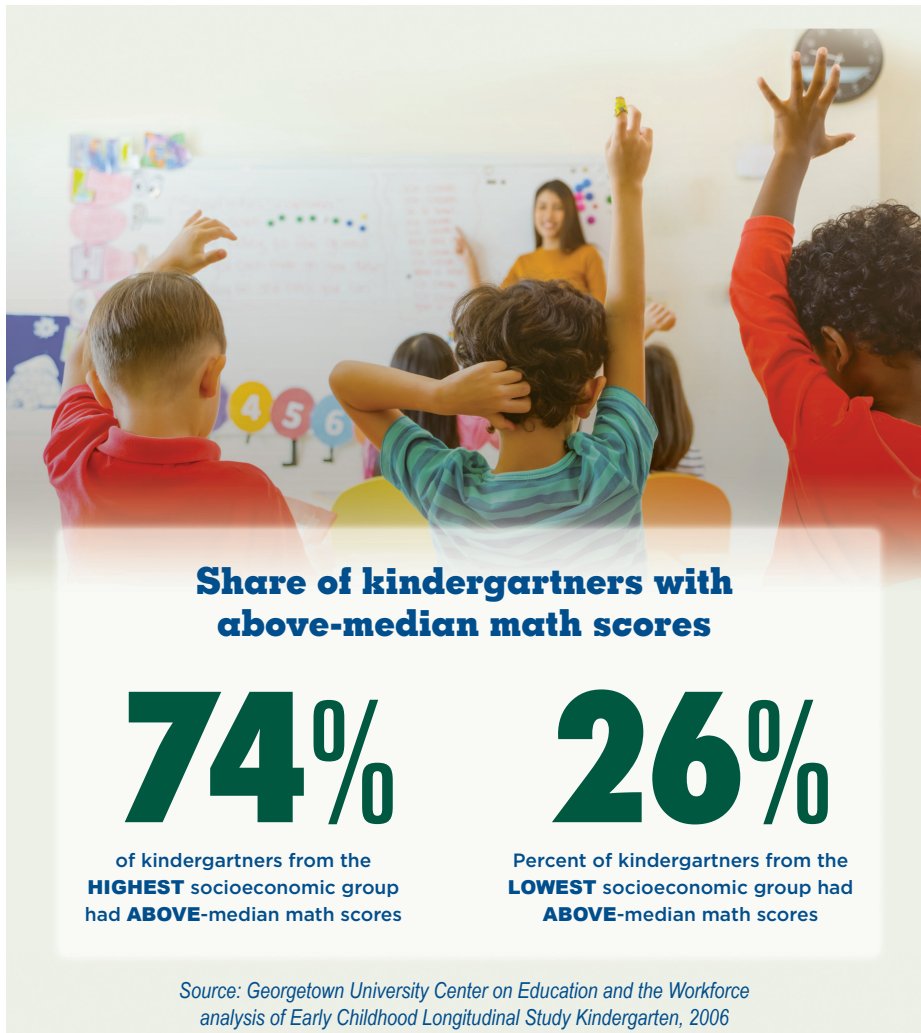
coursework.

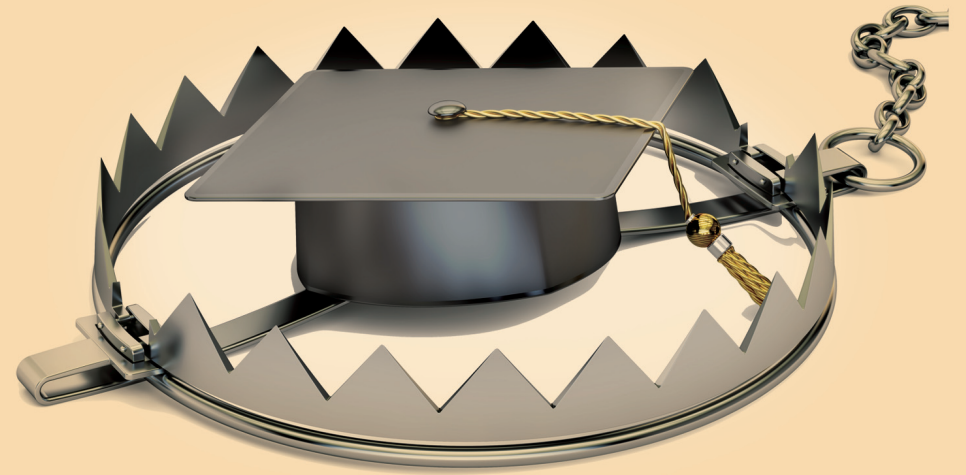
A study released in 2012 by the National Center for Education Statistics² examined course transcripts for nearly 17,000 students over six years and found many students entering college were unprepared academically for the college-level coursework they encountered. According to the study, 39% of students who initially enrolled at four-year public institutions and 68% who initially enrolled at two-year public institutions took at least one remedial course.

Remedial courses are offered to students who have failed to grasp the basic concepts and ideas of a given subject, with the goal being to

provide the core competency to advance to more difficult work in the same subject area.

When freshmen college students take remedial courses, they are not earning credit towards their undergraduate degree because the remedial classes are not college-level courses. Depending on the number of classes taken and the completion results, a student who has to take remedial courses could end up extending their time to graduate by a semester or a year or more. Taking longer to graduate also means more money spent on college costs and increases the likelihood of dropping out of college altogether.





CONVENTIONAL WISDOM

For many low-income students, seemingly practical choices are likely to spell disaster and permanently derail their dreams of obtaining a college degree.



The Conventional Wisdom Trap

For many low-income students, seemingly practical choices are likely to spell disaster and permanently derail their dreams of obtaining a college degree.

As the cost of attending college continues to rise, paying for college is presenting an even greater challenge for a growing number of students and their families. But for middle to low-income households, the problem is particularly acute as they search for a path through the maze of college financing options that avoids, or at least minimizes, the crushing debt from student loans that can slow their new college graduate's upward economic mobility.

A recent article in *The Atlantic*³³ asked a simple question that certainly crosses the mind of those filling out federal student aid forms, applying for scholarships, and searching for grants — Why is college in America so expensive?

Upon closer examination, the cost of attending college in the U.S. is so

expensive due to a combination of staff salaries, lack of government regulation to cap tuition prices, state-level higher education spending cuts, and the uniqueness of the college education itself.

A college education is a highly specific service, not a product, and is largely immune to many of the factors that typically regulate costs and pricing in other areas of commerce — technological advances, consumer confidence, manufacturing costs, tariffs, etc. Meanwhile, the value of that service, earning a college degree, is substantial. A 2015 report from Georgetown University¹⁰ underscores a trend in the lifetime earnings gap that has been growing rapidly since the late '70s and shows that on average, depending on the major, college graduates will earn from \$1 million to \$3.4 million more in lifetime wages than those with only a high school diploma.

The value of a college degree is clear. And for many students, that

value makes the prospect of saddling themselves with loan debt a risk worth taking.

STICKER SHOCK

In 1987 the average tuition at a four-year, private college was \$5,520 per year. Room and board averaged \$2,820, bringing the total annual cost for an undergraduate student living on campus to \$8,340. By 2001 the average tuition increased to \$13,770 and room and board to \$5,450. This upward trend continued right through 2017 where average tuition totaled \$29,680 and room and board cost \$11,030, bringing the total annual cost for an undergraduate student living on campus to \$40,710.

Adjusted for inflation, that same 1987 tuition would cost \$18,640 in 2017 dollars, meaning there has been a 118% price increase in three decades.

Whether current undergraduate students are receiving an education that is 118% better than that of students 30 years ago is debatable. What can't be argued is the fact that the cost of attending college is rising steadily to various degrees across the board.

FAMILY PLANNING

For the family facing the high cost of college and the reality of a low-income household, but knowing the inherent value of their student obtaining a degree, some analysis and planning must take place. While the costs of tuition and room and board are fixed, the latter is optional.

If a student lives at home and commutes to school, the family could

save thousands of dollars. The College Board reports³⁹ that the average cost of room and board in 2017-2018 ranged from \$10,800 at four-year public schools to \$12,210 at private schools.

If the student gets a job while enrolled in college, the wages earned could offset some of the tuition cost.

Conventional wisdom suggests the combination of living at home and holding a job while attending college are perfectly reasonable concessions to make if the goals are to reduce expenses and graduate with as little student loan debt as possible. But for many students, especially those categorized as low-income, the seemingly practical choices are likely to spell disaster and permanently derail their dreams of obtaining a college degree.

WORK & STUDY

A study from the Georgetown University Center on Education and the Workforce⁵ shows that 70% of college students hold jobs. However, it also finds that the jobs held by students coming from families with higher incomes tend to pay more, be more related to their field of study, and require fewer hours. Conversely, jobs held by lower-income students tend to pay less, be unrelated to their field of study, and require many more work hours.

Researchers found that these low-income working learners are disproportionately Latino, Black, women, or the first in their families to attend college. Because these students lack a financial safety net, they often must work more hours at their low-paying jobs to afford to attend school. But

working longer hours means these student workers are more likely to experience a decline in academic performance when the average number of hours they work approaches or exceeds 40 hours per week — increasing the likelihood that they will not graduate.

TWO-YEAR PLAN

Another option often considered by low-income students is enrolling in a two-year community college program to save money and get basic courses out of the way before transferring to a four-year college to earn a bachelor's degree. According to the Georgetown study, low-income students are more likely to enroll in certificate programs and to attend either two-year public or for-profit colleges than their higher-income peers who are more likely to attend selective four-year colleges to earn a bachelor's degree.

The Community College Research Center at Columbia University reports⁴⁰ that 44% of low-income students attend community colleges as their first college after high school, compared with only 15% of high-income students. Similarly, 38% of students whose parents did not graduate from college choose community colleges as their first institution, compared with 20% of students whose parents graduated from college.

Low-income and minority students tend to enroll in community colleges at higher rates. According to the American Association of Community Colleges³⁶, the percentage of first-time community college students who identified as Hispanic in-

creased from 13% in 2001 to 26% in 2016. The population of Black first-time students during that same time period remained flat, while the percentage of white first-time students has declined from 61% to about 44%. First-generation-to-college students comprise 36% of community college attendees.

A 2016 study by the National Student Clearinghouse Research Center³⁰ found that 64% of students in 2010 who earned an associate degree at a community college transferred to a four-year institution. Of that group, only 41% went on to earn a bachelor's degree within the next six years.

Much like working their way through college, attending a two-year community college to save money and complete some general education courses sounds like the practical thing to do, but, in fact, is more likely to lead to dropping out than a bachelor's degree.

HOME SWEET HOME

With room and board and meal expenses accounting for at least \$10,000 of the annual cost of attendance, living at home and commuting to school seems like another practical, cost-saving measure. While both family and student will get some financial relief in exchange for the commute, studies show that students living off-campus are less likely to graduate in six years than their peers residing in dormitories.

An analysis of the National Survey of Student Engagement at Indiana University¹⁹ found that students who live on campus spend significantly more time preparing for classes, participating in collaborative learn-

ing activities, performing community service, and have higher quality interactions with faculty and students with different religious beliefs, racial and economic backgrounds, and political views than those who live beyond walking distance from school.

Schools within the California State University system are including adding more on-campus housing as part of an overall strategy to raise graduation rates.

"Living on campus increases a student's engagement with the university," said Jimmy Moore, assistant director for housing and residence life at the University of Central Florida. "Residents are more likely to have friends, connect to resources, get involved in organizations and go to class. In addition to a supportive community feeling, on-campus communities also provide special pro-

grams, resources, workshops and access to academic advisors."

The University of Maryland, College Park reports⁷ students living on campus carry higher grade point averages and graduate at rates 22% higher than their nonresidential peers.

Ginny Arthur, associate director of residence at Iowa State University, notes similar results for students living on campus. "On-campus housing provides an environment that supports academic and personal success," she said. "Students who live in the residence halls feel connected and get better acclimated to the university very quickly, resulting in them feeling more engaged both academically and personally. It's what I believe leads to higher graduation and return rates."

Bachelor's Degree Outcomes for Students Who First Earned an Associate Degree

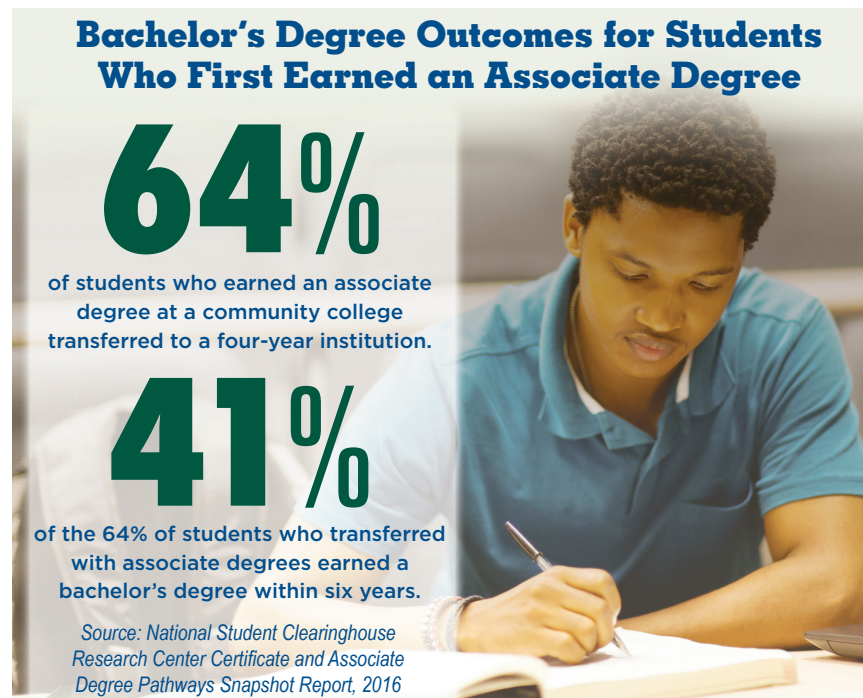
64%

of students who earned an associate degree at a community college transferred to a four-year institution.

41%

of the 64% of students who transferred with associate degrees earned a bachelor's degree within six years.

Source: National Student Clearinghouse Research Center Certificate and Associate Degree Pathways Snapshot Report, 2016





FIRST-GENERATION

First-generation-to-college students face all of the same challenges related to academic achievement and college graduation as other groups, but have additional obstacles specifically related to their status.



First-Generation-to-College

A U.S. Department of Education study of educational outcomes for first-generation students¹¹ revealed that this particular group faces all of the same challenges related to academic achievement and college graduation as the other groups, but have additional obstacles specifically related to their status.

In the study, the “first-generation” designation was based on the highest level of education attained by either parent and not on a student’s immigrant status. But one of the clear takeaways is that first-generation-to-college students face more of an uphill climb because they do not have family members they can turn to to help navigate the road to a college degree, and typically lack the money and resources make up the difference.

The study examined three groups: Students whose parents earned bachelor’s degrees; students whose parents had some college; and first-generation students whose parents

never attended college.

Whether enrollment, persistence, or graduation rates, the numbers for first-generation students always lagged behind the other groups to varying degrees.

For students who were high school sophomores in 2002, the study shows the majority of students graduated from high school with only a 6% difference between first-generation students (92%) and students with a parent who earned a bachelor’s degree (98%).

However, the number of students from the same class who had enrolled in college by 2012 was only 72% for first-generation students and 93% for students with a parent who earned a bachelor’s degree.

Only 58% of first-generation students enrolled in college within the first three months after graduating from high school, versus 78% for students with a parent who earned a bachelor’s degree.

Only 26% of students with a par-

First-generation students are missing out on what researchers have termed “cultural capital” — the experiential and institutional knowledge gained by those who have earned a degree and then passed on to the student.

ent who earned a bachelor’s degree enrolled in a two-year community college after graduation versus 46% of first-generation students.

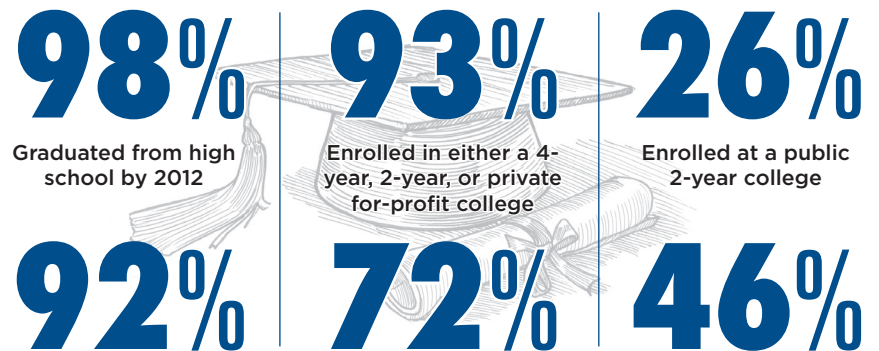
Three years after graduation 33% of first-generation students dropped out of college versus only 14% of students with a parent who earned a bachelor’s degree.

The statistical differences are clear, but by not having the benefit of a parent who has successfully earned a college degree, first-generation students are missing out on what researchers have termed “cultural capital” — the experiential and institutional knowledge gained by those who have earned a degree and then pass on to the student useful information regarding things such as class selection, study skills, making use of office hours, graduation checkups,

social navigation, utilizing a syllabus, and more.

“Disadvantaged families may be unable to provide the same environmental protections and enrichments—not because they don’t want the best for their children, but because systemic economic inequality bars their access to the social capital or material resources they need to give their children an advantage. In addition, the effects of racial segregation and discrimination continue to play out in children’s life chances,” states the Georgetown University report “Born to Win, Schooled to Lose.”⁸ “In the face of these troubling dynamics, education can be the great equalizer—but only if we leverage its power to ensure equal access to the American Dream.”

Students with a parent with a bachelor’s degree



First-generation-to-college students

U.S. Department of Education: *First Generation Students - College Access Persistence and Outcomes, 2018*



Early Application

Early application programs clearly results in an increased chance of acceptance, but those options present potential obstacles, particularly for students from low-income households.



The Access Advantage

At many colleges and universities, students are presented with two early application options, Early Decision and Early Action, that allow them to be considered for admissions in the fall instead of waiting until the traditional application deadlines at the beginning of the year.

Despite the similar sounding names, the processes are quite different and can have different ramifications on a student's application process. The key difference is that Early Decision is binding and Early Action is non-binding.

If your student participates in the Early Decision process and is accepted by that school, they are committed to attend and agree to withdraw all other applications submitted to all other schools for the remainder of the college application term. However, if your student chooses Early Action, the school will still consider their application much earlier in the admissions process, but your student will

generally be allowed to submit additional applications to other colleges.

The Early Bird Gets The Access

Early Decision is used by many colleges to build up their enrollment numbers for the coming year and reach various budget-related goals.

Because schools are using the process to help ensure their freshmen classes are filled, the odds of being accepted to a college via Early Decision increase to varying degrees depending on the school.

According to an article published in the Wall Street Journal,⁶ at Colorado College, 27% of students who applied through early decision were admitted in 2018 versus 5% who were admitted through the regular admission process.

At Dartmouth College 574 (23.2%) of 2,474 Early Decision applicants were accepted in 2019.⁴¹ Conversely, only 7.9% of total applicants were

admitted to the school for the same year.

At Cornell University 1,395 (22.6%) of 6,159 Early Decision applicants were accepted in 2019.²⁶

At Middlebury College 297 (45%) of 654 Early Decision applicants were accepted in 2019.²²

At Scripps College 76 (48%) of 158 Early Decision applicants were accepted in 2019.³⁸

At Georgia Tech more than 20,000 Early Action applications were submitted for fall 2019.⁴ The acceptance rate among those applicants was 39.6% for Georgia residents and 14% for out-of-state students.

Notre Dame admitted 1,532 (21.2%) of its 7,217 Early Action applicants.³⁴

Virginia Tech received more than 30,000 applications for fall 2019 with nearly 20,000 applications coming through its Early Action program.³

The University of Virginia received more than 40,000 applications for fall 2019 with more than 25,000 coming by way of its Early Action program.³² Of those Early Action applicants, 6,550 (26%) were admitted.

While Georgetown University admitted 919 (11.7%) of its 7,802 Early Action applicants, both numbers saw a decrease.²⁵ In a 2019 interview, Georgetown Dean of Undergraduate Admissions Charles Deacon said he believes fewer students applied to Georgetown by way of non-binding Early Action due to pressure from competing schools to apply through binding Early Decision programs.

"It's all about marketing and trying to get numerical results that they think make them look competitive," Deacon said. "Because, if you do get admitted in a binding early decision then you

are going to have to enroll, so they get 100% yield."

Risk, Reward, or More Risk

Participating in the Early Decision and Early Action programs clearly results in an increased chance of acceptance, but both options present potential obstacles, particularly for students from low-income households.

The primary problem is that for many low-income students and their families, financial aid will play a critical role in helping determine if a particular college is affordable. However, while most financial aid award packages are not received until the spring, the early applications must be submitted in the fall, months earlier. Ultimately, a student who participates in an Early Decision program to increase their chances of acceptance at a particular school can find themselves in December with a binding commitment to a college and discover in March that they can't afford to attend based on a lackluster financial aid offering. And while some schools will release a student from an Early Decision commitment if they cannot afford the tuition, the student remains in a particularly precarious position because they withdrew all other college applications to receive Early Decision consideration and possibly missed the application deadline for several other schools.

In the end, Early Decision programs truly benefit those students and families who can pay a given tuition without the assistance of financial aid and those willing to gamble on the hope that foregoing all other options results in a robust financial aid award that makes attending their first-choice school a reality.



DEMONSTRATED INTEREST

By creating an unofficial tier system for demonstrated interest in which the more money you spend to demonstrate your interest, the greater consideration you get, colleges are placing families with lower incomes at a distinct disadvantage.



DEMONSTRATED INTEREST

Demonstrated interest is a measure colleges use to determine how likely a student is to attend their school if accepted for admission. The amount of influence a student's demonstrated interest has on admissions decisions varies from college to college, but at many highly selective schools it plays an important role in their competitive admissions processes.

Many things fall under the demonstrated interest umbrella, including visiting the school's website, sending and responding to emails and letters, taking campus tours, visiting the school's booth at a college fair, interviewing with an admissions officer, participating in on-campus academic programs, and making informational phone calls to the school, among other things.

Very Interesting

Colleges track all of the criteria they use to measure demonstrated interest and assign a score to each

applicant. When admissions officers have to make a decision between multiple students with similar academic profiles, a higher demonstrated interest score could be the difference between admission or denial.

Colleges want to maximize their yield, which is the number of students who commit to attending out of a pool of applicants. With the Common Application and other Internet-based applications, it is easier than ever for students to apply to multiple schools as first, second, third, or even tenth choices. The result is that many colleges are receiving tens of thousands of applications for a comparatively small number of slots in an incoming class.

At first glance, it makes sense that the schools would take demonstrated interest into account to help determine which students in a group with similar test scores, grades, and essays would be likely to attend if offered admission. But a closer look at the process reveals how the demonstrated interest score can adversely

affect certain students.

Unknown Knowns

One of the problems with demonstrated interest as an admissions factor is the fact that many students are unaware that demonstrated interest is a factor to begin with. The terminology is part of the insider jargon used by college counselors, admissions officials, and others who work in the college access field.

In Maryland, on average, each high school counselor is responsible for 369 students. In Washington D.C. each counselor is responsible for serving 361 students.³⁷ These ratios are not unique to Maryland and D.C. and suggest that with such large populations to serve students will be lucky to receive basic college application and admissions counseling. A 2015 study by the National Association for College Admission Counseling¹⁵ found that the average public high school counselor spent only two hours per student over the course of four years on college advising.

During those two hours, it is unlikely that the nuances of exhibiting demonstrated interest were raised, leaving the student without a key piece of information that could help elevate their chances for college admission.

However, even if the student became aware of the significance of demonstrated interest from a counselor, a teacher, or stumbled across an article online, simply having the information doesn't level the playing field because in the eyes of colleges, all demonstrated interest is not equal.

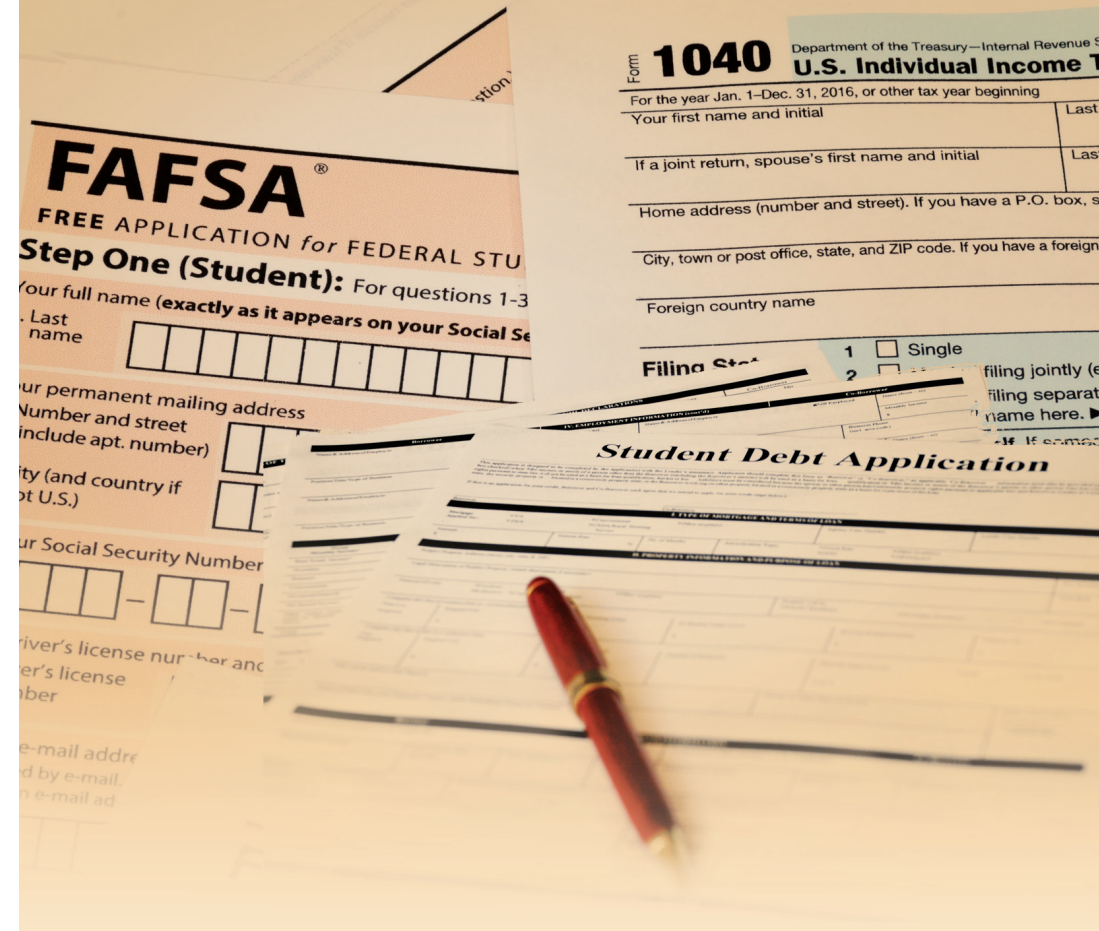
A 2017 study entitled, "Demon-

strated Interest: Signaling Behavior in College Admissions"¹⁶ found that colleges have a ranking system for each demonstrated interest factor that assigns greater weight to different acts of interest.

The researchers used comprehensive administrative data from the admissions office of a medium-sized, highly-selective university during two admission cycles that included the types of contact each of 12,501 applicants made with the admissions office and found, "costlier signals of interest that prospective students send, such as in-person campus visits, have a greater impact on a university's admission decision than attendance at a high-school-based information session. These on-site types of contact can increase an applicant's likelihood of admission by approximately 30%,¹⁶ and the effect becomes stronger when the contact is costlier. In other words, the more it costs a student to contact the university in time and money, the more likely he or she is to get in, all else [being] equal."

So, while talking to an admissions officer at a college fair two cities away might get a student a demonstrated interest point, that meeting will be viewed as minimal compared to that of the student who traveled to the college, toured the campus, spoke face-to-face with admissions officers and possibly sat in on a class or two.

By creating an unofficial tier system for demonstrated interest in which the more money you spend to demonstrate your interest, the greater consideration you get, colleges are placing families with lower incomes at a distinct disadvantage.



FINANCIAL REVIEW

Many first-generation-to-college and low-income students are disproportionately selected for financial aid verification, which requires them to find and submit a range of documents that they may not have access to or could be difficult to obtain.



FINANCIAL REVIEW

With the rising cost of college, financial aid plays a major role for the majority of prospective college students. Whether scholarships, grants or federal financial aid, obtaining the assistance requires filling out a considerable number of forms requiring applicants to provide personal and financial information. For most families it is a time consuming process that simply requires gathering the necessary documentation and filling in all of the various fields and checking the corresponding boxes, submitting the information on time, and then waiting to find out how much their student has been awarded in the form of grants, loans, and work-study aid.

One of the most common and critical sources of need-based financial aid comes in the form of Federal Pell Grants that are awarded to undergraduate students. The maximum amount of the award fluctuates from year-to-year but currently hovers around \$6,100 annually. The amount

of money a student is awarded is based on four factors: The student's expected family contribution; the cost of college attendance; status as a full or part-time student; and attendance at a college for the full academic year.

Students are eligible to receive Pell Grants for 12 semesters (six years) or until they earn a degree, as long as they remain enrolled in an undergraduate program and fill out their Free Application for Federal Student Aid (FAFSA) form each year they are in school.

The upside is that as a grant, money received through the Pell process does not have to be repaid, making it a key component of most financial aid packages. The downside, according to Mamie Voight, vice president of policy research for the Institute For Higher Education Policy, is that "today's maximum Pell Grant of \$6,095 covers the lowest share of college expenses than at any other time in the program's 50-year history."

"Today's maximum Pell Grant of \$6,095 covers the lowest share of college expenses than at any other time in the program's 50-year history."

Mamie Voight, Vice President of Policy Research
Institute For Higher Education Policy

Because the amount of money awarded is based on need, the government uses financial information submitted on the FAFSA to determine the total amount a student will receive and to determine how much money the student's family is expected to contribute by way of the Expected Family Contribution (EFC).

A Closer Look

The U.S. Education Department attempts to ensure the accuracy of financial information through a verification process that is intended to make sure students in need are receiving the correct amount of aid.

Federal Student Aid and Office of Postsecondary Education officials use five processes to determine which applicants will be required to submit additional information for financial verification: automatic, discretionary, identity, random, and targeted.

Automatic Verification: Student aid officials identify specific data points to use to trigger verification such as changes of a specific amount in adjusted gross income.

Discretionary Verification: Student aid officials can select any student for verification if they have specific concerns regarding the application.

Identity Verification: Student aid officials can select a student for verification if they identify elements in the application that are often associated with fraud.

Random Verification: Students are

selected at random for verification by the Federal Student Aid Central Processing System.

Targeted Verification: Student aid officials use a statistical model to identify the criteria with the highest probability of serious FAFSA errors that would have a direct impact on the award amount.

In 2015-2016, six-million of the 19-million (31.6%) students who submitted a FAFSA were selected for verification. In 2016-2017, five-million of the 18-million (27.8%) students who submitted a FAFSA were subject to verification.

While it makes sense for the government and colleges to use a verification process to ensure students are receiving the correct amount of financial aid, a 2019 report from the U.S. Department of Education²⁰ found problems with the process that create additional barriers for students, perhaps unnecessarily.

The report, conducted by the department's inspector general, found that a lack of thorough analysis of the verification process has made it less likely to identify serious errors that would impact the amount of money awarded to a student. Additionally, the report questioned whether the 30% of FAFSA applicants the department required to provide verification was a sufficient or effective rate.

"As a result of not effectively evaluating the targeted, automatic, and identity selection processes, (Federal

Student Aid) has not ensured that the processes selected students with errors on their FAFSAs and prevented students from improperly receiving Federal financial aid,” the report stated. “By not evaluating its 30% limitation, FSA could not support that the selection rate was appropriate and did not create an undue burden to schools and students. Further, by not monitoring its processes for selecting students for verification, FSA could not assess whether the processes were meeting expected results.”

Unnatural Selection

The problem for many first-generation-to-college and low-income students is that they are disproportionately selected for verification, which requires them to find and submit a range of documents that they may not have access to or could be difficult to obtain. But once they obtain and submit the necessary documentation, the report shows that there is rarely any significant change in the student aid award amount, meaning students and families are being put through an additional process that is unlikely to change their federal student aid package.

Being eligible for a Federal Pell Grant means that a student has a demonstrated financial need. In 2014-2015, 5.3 million students were selected for verification, with 5.2 million being Pell Grant-eligible.¹⁸ Ultimately 98% of the students with the greatest need were forced to jump through additional bureaucratic hoops.

In 2016-17, approximately 76,000 students at Houston Community College completed the FAFSA with about 37,000 chosen for verification.

Approximately 18,000 of those students did not complete the verification process.

An analysis of data by the National College Access Network¹⁸ found that in 2015-16 only 56% of students who were Pell Grant-eligible and selected for verification actually received the grant. However, 78% of students who were Pell Grant-eligible and not selected for verification went on to receive the grant. Without additional, specific data to explain differences between the students, NCAN attributes the 22% disparity to “verification melt” — failure to receive Pell Grant awards after being subjected to the verification process.

While there can be a number of reasons why students don’t complete the verification process, many financial aid officers at colleges across the country and others working in the college access field report the burden of the process itself is a major factor in students failing to receive billions in unclaimed Pell Grant awards.

The documentation required to satisfy a verification request varies depending on the process used to identify the student, but can include proof of the following: Adjusted gross income, income earned from work, income taxes paid, household size, number of family members in college, untaxed income and benefits, untaxed individual retirement account distributions, untaxed portion of pensions, tax-exempt interest income, individual retirement account deductions and payments, education tax credits, Supplemental Nutrition Assistance Program benefits, child support paid, high school completion status, identity and statement of

educational purpose, other untaxed income, child support received, payments to tax-deferred pensions and savings, veterans non-education benefits, housing/food/living allowances, and money received or paid on behalf of student.

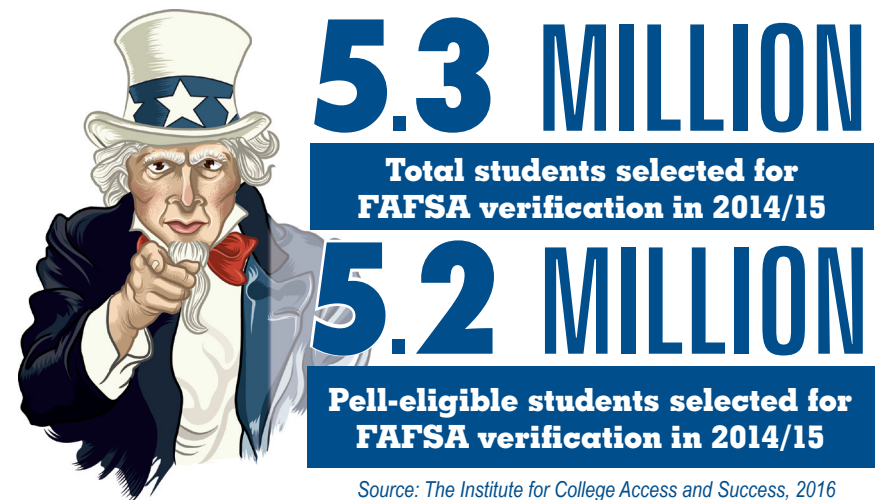
If a student has access to the required documentation then the process can be inconvenient, but relatively painless. However, there are many scenarios that raise the difficulty level significantly.

If there are name, spelling, or date discrepancies on documents, another series of forms and processes will be required. This presents particular problems for immigrant families whose required documents may be on file in another country with a different system of record keeping and distribution.

In some cases, an IRS tax transcript is required for verification. A majority of applicants use the IRS online data-retrieval tool to pull their information directly into the FAFSA form which is intended to reduce the likelihood of errors. However, if a student or family

member is underbanked and doesn’t have a financial account number linked to their name in the form of a credit card, student loan, home mortgage, home equity line of credit, or auto loan, they cannot register for an online service account and must request their transcript through the mail — a process that could take up to 20 days before the college begins their review process.

Depending on individual circumstances, students may also be required to: obtain financial information from non-custodial parents with whom they may not have any actual relationship, fax forms to colleges, obtain advocacy letters, provide death certificates, complete non-filer forms, provide proof of citizenship, and submit signature verification. These actions often lead to a minimal amount of change in the financial aid award and, according to the Chronicle of Higher Education,¹² typically result in increases or decreases in the expected family contribution of up to \$500, with most adjustments being smaller.





SCHOLARSHIP DISPLACEMENT

Not only can scholarship displacement negate the impact of private scholarships while leaving the debt load intact, but the degree of displacement could ultimately impact the affordability of the college.



SCHOLARSHIP DISPLACEMENT

When students fill out the Free Application for Federal Student Aid (FAFSA) they are applying to determine their eligibility to receive federal financial aid in the form of grants, loans, and work-study. The most common grants, Federal Pell Grants and Federal Supplemental Educational Opportunity Grants (FSEOG), are need-based and take into account the Expected Family Contribution (EFC), or the amount of money a student's family is expected to contribute toward the cost of their college education.

Colleges compare the cost of attending their school with the student's EFC. The difference between those two amounts is used to create a student aid report that ultimately determines the student's financial need. Colleges then create financial aid award packages to meet that need by combining federal, state, institutional, and private sources. If a family is expected to contribute more money to

offset the cost of their student's education the financial aid award won't be as great. If a family doesn't have much money to contribute, the award will typically be larger.

To make up the difference between the amount of the grants and the cost of attending the school, many students take out federal student loans. These loans are a less ideal financial aid option because, unlike grants, the money has to be paid back over time.

The College Scholarship Service Profile (CSS) allows students to be considered for non-federal financial aid from nearly 400 various participating colleges and scholarship programs. The CSS application typically requires more detailed financial information than the FAFSA but can provide an additional source of aid if the college being applied to uses the CSS Profile to distribute its institutional aid.

In addition to these standard

sources of financial aid, many students apply for private scholarships from a number of sources including private businesses, religious organizations, social clubs, nonprofit organizations, family foundations, corporations, and more. Scholarships can be based on need, academic achievement, religious affiliation, ethnic background, athletic ability, community service, or a range of other criteria. Because scholarships originate from so many different sources, the amount of the award can vary greatly from a few hundred dollars to tens of thousands.

While nearly every student wants to maximize the amount of financial aid they receive to offset the ever-increasing cost of college, some students who receive need-based financial aid run into a new problem — scholarship displacement.

Giving and Taking Away

Scholarship displacement can occur when a student receives need-based financial aid from a college and also receives one or more private scholarships. If the college determines that the combination of the private scholarships and the financial aid exceed the total cost of attending the school, the college can reduce the amount of financial aid it is of-

fering equal to the same amount as the scholarship by designating the student as "over-awarded." Or the school can simply decide that the student now has less need.

For example, if a student receives a \$2,500 scholarship from a local civic organization, the college could determine that the student's financial need has now decreased by \$2,500, reduce their financial aid package by \$2,500, and offer the aid to another student.

While Pell Grants are not impacted, federal regulations from the Department of Education²⁰ provide guidelines for how colleges should handle over-award cases that impact Federal Work-Study, Federal Perkins Loan, or FSEOG award calculations.

According to the regulations, "The institution shall decide whether the student has increased financial need that was unanticipated when it awarded financial aid to the student. If the student demonstrates increased financial need and the total amount of estimated financial assistance does not exceed this increased need by more than \$300, no further action is necessary. If the student's total amount of estimated financial assistance still exceeds his or her need by more than \$300, the institution shall cancel any un-disbursed



If a student receives a \$2,500 scholarship from a local civic organization, the college could determine that the student's financial need has now decreased by \$2,500 and reduce their financial aid package by \$2,500

loan or grant (other than a Federal Pell Grant).”

If colleges fail to adjust financial aid when over-awarding occurs they can find themselves at risk of losing access to the student financial aid funds they receive from the government.

In 2017 lawmakers in Maryland passed legislation¹ to restrict the use of scholarship displacement. Under the law students at four-year public colleges and universities in Maryland can no longer have their financial aid packages reduced as a result of obtaining private scholarship money unless the student's total financial aid exceeds the cost of attendance or the scholarship provider gives permission.

While college access advocates are working to get the Maryland law adopted by other states, many students could find themselves dealing with scholarship displacement.

Disappearing Act

When a student receives a private scholarship the award must be reported to their college so that the school can evaluate the impact the award will have on the student's financial need and the financial aid package currently being offered.

The argument for scholarship displacement is that by taking money from a student who has been “over-awarded” a college can provide aid to another deserving student who has unmet financial needs. And, in some cases, scholarship displacement can benefit students if the college decides to reduce the amount of student loans or work-study before grants — ultimately reducing the stu-

dent's debt.

The problem is that outside of Maryland there are no laws, rules, or regulations that compel schools to reduce the debt-producing forms of aid first before targeting grants. A scholarship displacement survey conducted by the National Scholarship Provider's Association²³ found 31 distinct policies for dealing with over-award among 61 different colleges. Among the survey's other findings were:

- 80% of the colleges reduced work-study and student loans before grants.
- 36% of colleges said they adjust a student's financial aid package for future years if they believe an outside scholarship will be renewed annually.
- 17% of colleges reduce grants before loans and work-study or require some amount of unmet need.

The unmet need requirement could take the form of a minimum student contribution or summer work expectation. In this scenario, the college assumes that the student will work during the summer and use their earnings to pay for college. However, for many low-income students, money earned during the summer must be put toward meeting current basic needs and family assistance and is unavailable to apply to college costs.

There are three general options financial aid experts recommend for dealing with Scholarship displacement — Cost of attendance increase, reduction of unmet need, and scholarship deferment.

Since scholarship displacement can only occur when a student's private scholarships and financial aid awards are greater than the cost of

attending the school, college officials can simply increase the cost of attendance by factoring in the actual cost of supplies, books and other items that place the financial aid and scholarships below the over-award threshold.

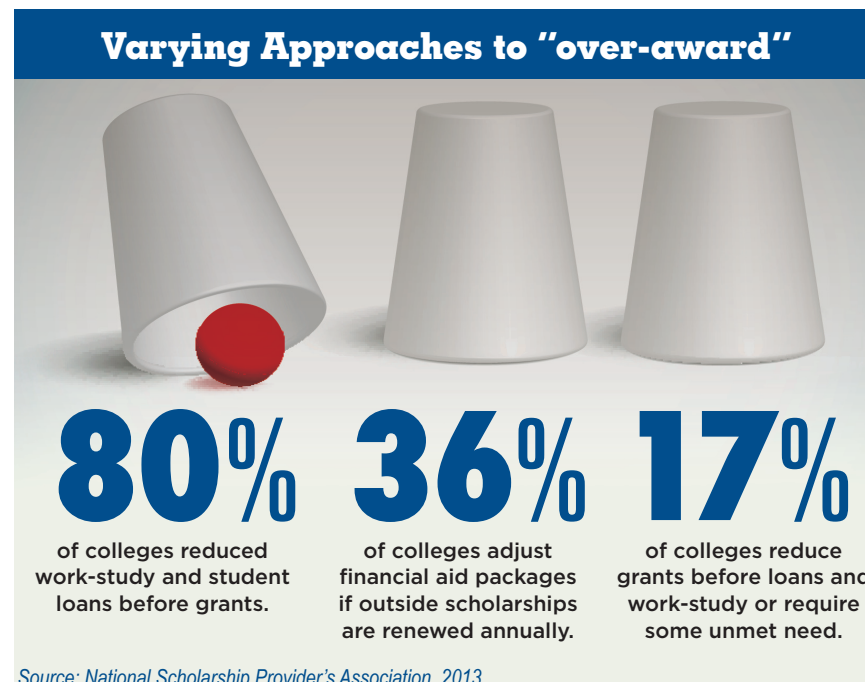
Colleges can help students reduce unmet need by allowing private scholarships to be used to cover the cost of unmet need, which is the amount of money between the cost of attending the school and the amount of institutional financial aid that typically requires students to take out loans to cover.

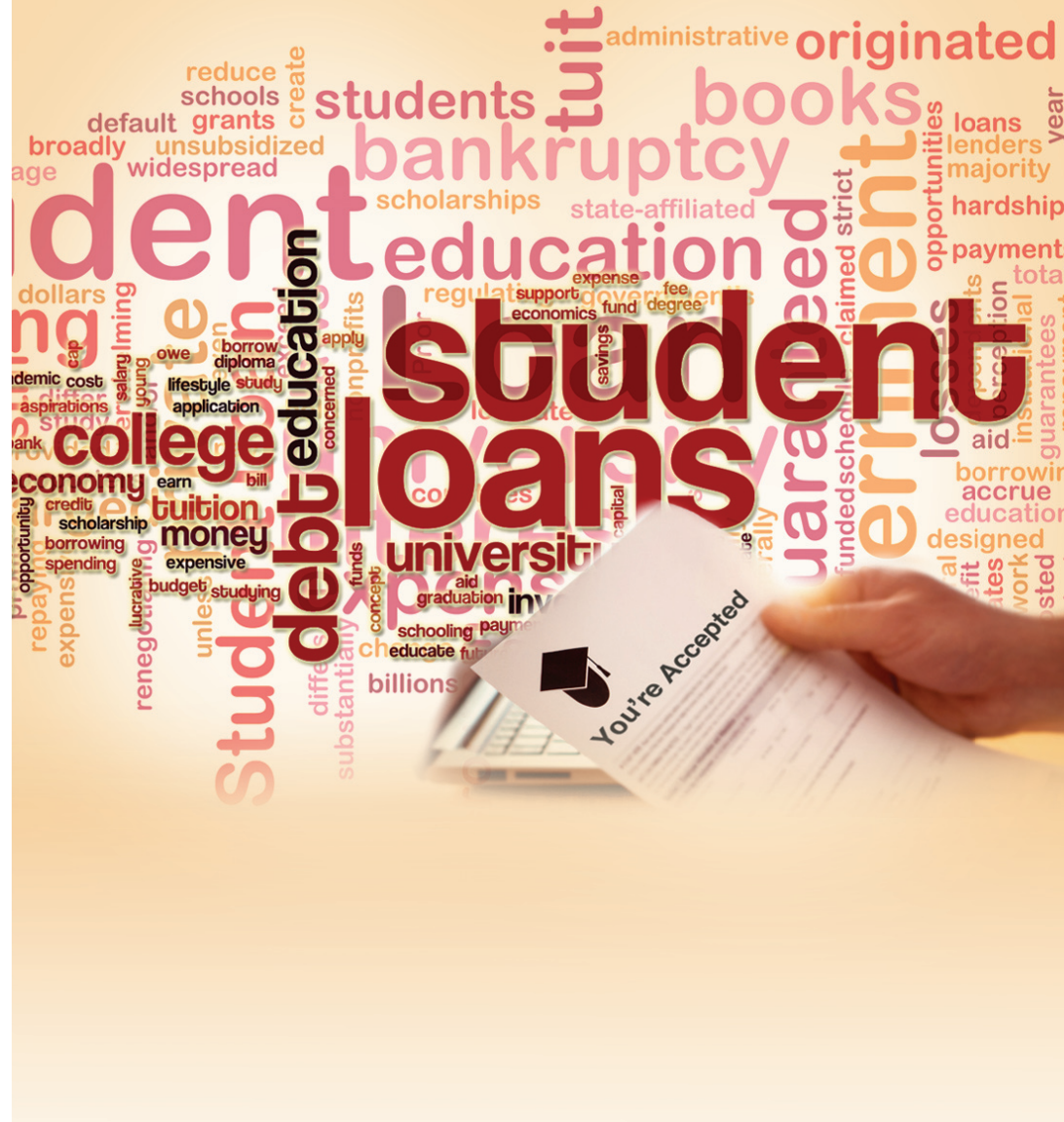
By deferring scholarship payments to future school years a scholarship provider can help a student avoid over-award status but maintain the value and benefit of the full scholarship award. In some cases, if the scholarship is deferred until after

graduation, the money can be applied to help pay off loans.

With options varying from school to school students should check with the financial aid office to determine how schools they are applying to deal with scholarship displacement.

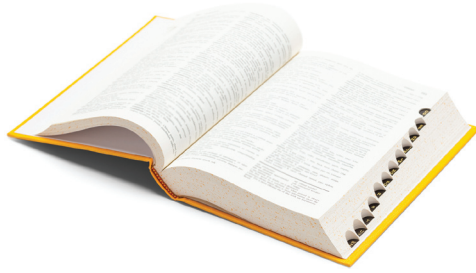
Because most students and their families are unfamiliar with scholarship displacement, many don't find out that they can be or have been affected until after they have been accepted to a college, until after their financial aid award package has been created, and until after they have done all the hard work to secure private scholarships. Not only can scholarship displacement negate the impact of private scholarships while leaving the debt load intact, but the degree of displacement could ultimately impact the affordability of the college.





DEFINING COSTS

Confusing and misleading financial aid award information can lead to unanticipated costs.



DEFINING THE COST OF COLLEGE

For a large segment of high school graduates and their families cost is the primary determining factor in choosing a college, making the assessment of financial aid offerings a critical decision.

Typically, information regarding the amount and type of financial aid a student will receive arrives after they are notified that they have been accepted to a particular college. With financial aid award packages in-hand students and families must then sort through their options to arrive at a final selection that is the best financial and academic fit.

However, a recent study, “Decoding the Cost of College,”⁹ conducted by New America and UAspire has found that financial aid award information provided by many colleges and universities is inadvertently convoluted at best and intentionally deceptive at worst.

The study, which focused on Pell Grant-eligible students and examined more than 500 financial aid award

letters, concluded that the primary problems involve the use of vague and confusing language, the omission of complete costs, a failure to differentiate types of aid, inconsistent bottom-line calculations, no clear next steps, and the misrepresentation of loans.

Among the award letters, researchers found 455 colleges that included unsubsidized student loans in their aid packages but listed them using 136 different terms. Some of the award letters did not use the term “loan” at all. Because loans must be repaid, the shell game played with the terminology can present obvious problems for already cash-strapped families and students leading to an increase in out-of-pocket spending for college that can quickly derail educational aspirations. On average, two-thirds of the cost of college attendance was covered by scholarships, grants, and loans from federal or state governments, leaving nearly \$12,000 to be paid by the student

and family through work earnings, private or federal parent loans, savings, or other sources.

According to the study, “No federal policy exists that requires standardized terminology, consistent formatting, or critical information on every financial aid award letter. Without guidelines, the consumer is left without an apples-to-apples comparison for a major financial decision.”

The end result is colleges and universities communicating about millions of dollars of federal aid in hundreds of different ways.

Experts suggest the solution to this confusion is the creation of federally mandated financial aid award letter standards, similar to nutritional labels found on packaged food.

In the absence of such standards, low-income and first-generation-to-college students are the most likely to fall victim to the confusion because they are the most dependent on financial assistance to attend college and, by definition, are the first in their families to engage in the process of applying to and paying for college.

The top reasons for not submitting a FAFSA are that students:

- Did not know how or that they could
- Are debt averse or think their credit is too low even though credit scores are not taken into account at all
- Are not pursuing college
- Think the form is too complicated

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A 2015 report from Georgetown

University shows that on average, depending on the major, college graduates will earn from \$1 million to \$3.4 million more in lifetime wages than those with only a high school diploma.



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Financial Aid Verification: The Unbanked and Underbanked

14.1 million U.S. adults were unbanked in 2017, meaning they did not have a checking or savings account at an insured institution.

52.7% of all unbanked households do not have a bank account because they “Do not have enough money to keep an account.”

In 2017, 48.9 million adults were underbanked, meaning they had a checking or savings account but used services from an alternative financial service provider outside of the banking system for money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, and auto title loans.

Alternative Financial Service Use was higher among lower-income households, less educated households, younger households, and Black and Hispanic households.

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COLLEGIATE DIRECTIONS

Collegiate Directions, Inc., founded in 2005, is a 501(c)(3) nonprofit organization committed to closing the education, achievement, and opportunity gap for low-income, primarily first-generation-to-college students. In our **Scholars Program** we provide comprehensive college counseling, targeted tutoring, test preparation, study skills, leadership training, and ongoing support, starting in 10th grade and continuing through successful college graduation. As a part of our **School Support Program** CDI extends our work to high school college advising offices through tailored consulting focused on helping school counselors and staff improve college advising and supporting students to find their best-fit college. Our newly launched **Career Mentoring Initiative** focuses on career coaching and access to workforce opportunities through experiential learning and connects Scholars with accomplished professionals in their chosen fields.

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