Working-Class Students Feel the Pinch.Stephen Burd. ***The Chronicle of Higher Education*** 52.40 (June 9, 2006)(3593 words) From *General Reference Center Gold*.

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California, Pa. -- Finals are fast approaching, but Marc Chlebowski, a freshman at California University of Pennsylvania here, has been spending as much time in the financial-aid office as he has studying.

Before arriving here in the fall, he had hoped that he would be able to pay his own way through college. He's come up short.

Abandoned by his father at age 3 and raised with two siblings by his mother, a county nurse, Mr. Chlebowski is used to having to support himself.

He spent much of high school working -- as a busboy and dishwasher, as well as at various odd jobs, he says, including "flooring, hauling, landscaping, you name it" -- hoping to earn enough to pay for his first year of college.

But one of the first lessons he learned when he arrived at California University was that the $5,400 he had made his senior year was not enough.

And to his amazement, he discovered that the money he had earned his junior year -- when combined with his mother's income in the formula the government uses to determine a student's need for financial aid -- had made him ineligible for federal student aid, except for loans.

Without the government's assistance, he is not sure he will be able to return to California University in the fall.

"You almost have to be dirt poor to get any help," says Mr. Chlebowski. "Meanwhile, I'm someone who is working to go to college, working the hardest I can to pay for it, and I'm being penalized."

Higher education still holds out the promise of serving as a portal to the middle class for students from low-income and working-class families. But in reality, the path to a baccalaureate degree is getting more difficult for students like Mr. Chlebowski. With the cost of attending even the least-expensive public four-year colleges growing rapidly each year, and dwindling financial support for higher education from the federal government and states, students from blue-collar backgrounds increasingly find four-year public and private colleges to be out of their reach.

While there is no formal definition of working-class students, experts commonly use those from lower-middle-income families with incomes between $30,000 and $50,000 a year, as a substitute. The proportion of bachelor's degrees going to students from those families has declined over the past 25 years, from about 15 percent of all B.A. degrees earned in 1980 to about 11 percent in 2004. Comparatively, the share of the degrees going to students from more affluent families has risen to 79 percent from 72 percent over that period.

Working-class students are not well served, financial-aid experts say, by a student-aid system created by the federal government in the 1960s and 70s to help make college more affordable for students from low- and middle-income backgrounds. When the formula the government uses to assess a student's need was put into place, most students came from traditional two-parent families who could pay at least a portion of their children's college bills, and fewer students worked full time while enrolled in college. Those expectations were written into the formula, and, as a result, students are essentially penalized for working long hours to pay their way through college.

But those assumptions no longer hold water, aid experts say. Today, according to a 2002 Education Department report, only about 30 percent of undergraduates are considered "traditional" students -- meaning that they enroll in college straight from high school, depend on their parents for financial support, and don't work.

Of the rest, many are working-class students, like Mr. Chlebowski, whose parents cannot afford to contribute, and who are left to fend for themselves. Others are older and need to work to support themselves and their own families.

"The formula is definitely showing its age," says Mark Kantrowitz, publisher of FinAid, a Web site about student aid. "A lot of today's realities weren't contemplated by lawmakers when they designed the formula."

Falling Behind

California University of Pennsylvania sits on the banks of the Monongahela River in northern Appalachia. The majestic beauty of the Mon Valley, nicknamed for the river that twists through its rolling hills, masks the hardships that exist there.

For generations, the coal and steel industries were the lifeblood of the valley, and when the mills closed, the region was devastated. Today the counties that surround California University are some of the poorest in the commonwealth, and their populations are dwindling.

"Our students' parents and their parents' parents grew up in a culture of coal and steel, and took pride in being a coal worker or a steel worker," says Sean Madden, acting dean of California's College of Liberal Arts.

The current generation of students "faces a dubious challenge," Mr. Madden says, "because the industrial jobs are no longer there, and the artisan crafts, such as carpentry, iron making, and bricklaying, no longer have the status they once had."

Educating working-class students has long been a key part of California University's mission. But the university has been finding it increasingly difficult in recent years, as it has come under competing pressures from the state, to raise the level of academic achievement, even as its budget is being squeezed.

Over the last decade, the state's contribution to the university's $94-million budget has plummeted. During the last five years alone, the state's share has dropped from about half to 38 percent.

To make up for that reduction, students here -- like those at public universities across the country -- are being asked to bear a larger share of the price tag. Since 1996-97, annual tuition and fees here have risen by about 51 percent, to $6,483. And the costs for room and board are growing even faster. Today they average about $7,800.

The price increases are taking a toll on students, who are taking on more debt than in the past. Today more than 80 percent of students here have to borrow to cover their college costs. The average student-loan debt of graduating seniors has just about doubled over the last 10 years, from $11,343 in 1996 to $21,981.

"We can tell that our students are falling further behind because their average debt is growing at twice the rate of inflation," says Angelo Armenti Jr., the university's president. "So despite whatever the intentions were of those who created the financial-aid system, it's not working -- at least not at our university."

University officials believe that the higher prices may be scaring off some students from low-income and lower-middle-class families. To try to make college more affordable, those who do attend often do things detrimental to their academic progress: They work long hours while enrolled (about one-third of the university's students work more than 21 hours a week), commute from home rather than live on the campus, take time off to earn extra money, or attend only part time.

And there is another factor making it more difficult for the university to carry out its historical mission. The university, which has long been an open-enrollment institution, is under pressure from the state to increase the academic performance of its students. In response, leaders outlined an ambitious strategic plan last year to transform the college into "a premier educational institution."

To accomplish that goal, university officials said they would set "increasingly higher admissions criteria." Among other things, the university would seek to increase the average SAT scores of the students admitted; raise the annual four-year and six-year graduation rates, which are 20 percent and 46 percent respectively; strengthen the university's honors program "by actively recruiting students with high SAT scores and top high-school rank"; and "achieve a high ranking in the U.S. News & World Report survey."

In addition, the university is embarking on a major capital campaign -- only the second in its history -- with a goal of raising $25-million to $30-million over the next five years. University officials plan to spend 60 percent of the money raised on student aid. Mr. Armenti says the new scholarships will help reduce students' debt burden. But he acknowledges that the aid will go primarily to students "who have a pretty good high-school GPA as well, obviously, as financial need."

At What Cost?

Student-aid experts say those types of strategies, which are being employed by public colleges across the country, may sound admirable but carry a heavy price for those left behind.

"When institutions like California University start competing for higher-performing students, some people are being pushed out," says Donald E. Heller, an associate professor of education at Pennsylvania State

University at University Park who studies financial-aid trends. "And those tend to be low-income and working-class students."

Mr. Madden, the acting dean at California, shares some concern that the institution's push to be more academically competitive could harm its core constituency. But he has faith that Mr. Armenti will not let that happen. "I hope we never lose touch with that base," he says.

Ashley Dusack, a second-semester sophomore, is not so optimistic. She thinks the university is pulling out all the stops to attract students from middle- and upper-middle-income families, at the expense of students like herself. Ms. Dusack just barely missed the cutoff for Pell Grants, which typically go to students whose family incomes are below $40,000.

She points to the new dormitories the university has opened over the last two years. These "state-of-the-art, air-conditioned residence halls," as the university advertises on its Web site, are replacing the old dorms, which are less expensive for students, but some of which are almost 50 years old.

The new dorms -- where students live in suites with, according to the Web site, "many of the amenities found in full-scale apartments" -- appear to be having the desired effect. The university has seen a surge in applicants since they were built.

"When I came here, I felt like most people were in the same boat as me," says Ms. Dusack, who says she can afford to return in the fall only because she was rehired as a resident assistant, a job that pays $4,000 a year. "But now we're starting to draw in wealthier families because the dorms are a lot more expensive."

Rooms in the new residence halls range from $2,494 to $3,638 per year, depending on their configuration. Rooms in the older dorms cost just over $1,900.

Clamping Down

Mr. Chlebowski lives in the least expensive dorm on the campus. But the university is shutting it down, so he knows that if he returns, and chooses to live on the campus, he will have added expenses.

He is willing to take out student loans. In fact, he has already taken out the maximum $2,625 federal loan available to freshmen. But he is not eager to get the high-interest private loans that many of his classmates are taking. He is afraid to get too deep into debt because he has had family members who have had to declare bankruptcy.

Instead, he is thinking of following the lead of a friend who recently returned from a 13-month tour of duty in Iraq, and whose college bills are being covered by the military. It's not that Mr. Chlebowski is a big fan of the war. "I don't think it's right," he says.

But he says that joining the Army -- and having the military pick up his tab -- may present him with his best chance of achieving his ultimate goal: earning a bachelor's degree.

"You do what you have to do," he says.

In discussions of the federal government's role in financing higher education, the plight of working-class students like Mr. Chlebowski is often overlooked.

Eligibility for Pell Grants, the primary source of aid for low-income students, is so closely tied to the income of students' families that it is assumed that those who just miss the cutoff don't need assistance. But many lower-middle-income and working-class families are struggling financially and can't afford to contribute to their children's education.

As a result, these students must pay their own way.

What really galls many of them is that the government includes their parents' income when determining their eligibility for aid even though they are not getting help from their parents.

Policy makers attempted to fix this problem in the mid-1980s by making it easier for such students to be declared independent of their parents. Congress amended the Higher Education Act to allow students to qualify as independent if they had not been claimed as dependents on their parents' tax returns, and had received at least $4,000 in income, in the previous year.

But after being flooded with stories of wealthy students whose parents had dropped them from their tax returns in order to qualify for federal aid, the policy makers had a change of heart. When revising the higher-education law in 1992, Congress made it extremely difficult for students to be classified as independent.

Now, to claim independent status, a student must be 24 or older, married or a parent, a soldier on active duty or a veteran, or an orphan or a ward of the court.

The law allows financial-aid officers to use their "professional judgment" to make exceptions under "unusual circumstances," but many are reluctant to do so for fear of being second-guessed by federal auditors. And they have good reason: The Bush administration has significantly narrowed the criteria that aid administrators can use when making those judgments.

The latest edition of the Education Department's Student Aid Handbook expressly forbids aid administrators from granting exceptions simply because "a student demonstrates total self-sufficiency." In fact, it lists only two conditions in which a "dependency override" is acceptable: if a student has been abandoned by his or her parents, or if he or she has been abused by them.

Student-aid experts, such as Mr. Kantrowitz, believe that the department's guidelines are far more restrictive than the authors of the 1992 law ever intended. "It wasn't Congress's intention to entirely eliminate the ability of self-sufficient students to be declared independent," Mr. Kantrowitz says. "They just wanted to prevent people from gaming the system."

'A Terrible Message'

For self-supporting students, being denied independent status not only means that their parents' income will be considered when they apply for financial aid, but also that less of their yearly earnings will be protected in the financial-aid formula.

During the 2005-6 academic year, dependent students were able to earn up to $2,550 and still qualify for a maximum Pell Grant of $4,050, while most independent students could earn up to $5,790. The amounts represent the income that the federal government believes students need to live on.

The government expects that half of any earnings above those levels can be used to pay educational expenses. So if a dependent student earned $5,000 last year, the government would assume that the student has $2,450 available for discretionary purposes, and that 50 percent of that amount is available for educational expenses. As a result, the student's eligibility for Pell Grants would be reduced by $1,225.

Advocates for students and financial-aid administrators have long argued that the amounts of income protected in the formula are too low. Responding to those concerns, Congress raised the protected amounts in February to $3,000 for dependent students and $6,050 for independent students.

Although he welcomes the increases, Robert Thorn, California University's financial-aid director, says they are "not enough to make a difference."

Mr. Thorn does not think the allowances accurately reflect the expenses that self-supporting students face. For example, he says, these allowances may not even cover a year's worth of gas for students who commute or drive to off-campus jobs.

The government should not only raise the allowances, aid experts say, but also should not assume that students will be able to devote half their earnings -- above the caps -- to pay for college. Such an expectation is a relic of a time, they say, when students worked primarily to earn a little spending money.

This "confiscatory assessment rate" of 50 percent is especially injurious to independent students, wrote Sandy Baum, an economics professor at Skidmore College and a senior policy analyst for the College Board, in a recent report for the Lumina Foundation for Education, entitled "Fixing the Formula."

"This approach unfairly discriminates against those who are forced to work long hours because they have no other financial resources," the report says.

Mark Mosorjak, who is 27 and finishing his sophomore year at California University, doesn't understand why the government would punish him for working. "It sends a terrible message," he says.

For Mr. Mosorjak, California University represents a second chance. When he was 18, he dropped out of college after only one semester to help raise a child he had had when he was a senior in high school. Recently divorced, he has returned to college to upgrade his skills so that he can be a high-school shop teacher and football coach. "I want to have the college education that neither of my parents had," he says.

He received a Pell Grant of about $1,700 and federal student loans this year to pay for his tuition. He is thinking of applying for an unsubsidized loan -- a federal loan that is not restricted to students with financial need -- so he can cut back his hours at his job. He works 32 hours a week providing technical support to Apple iPod users, and as a result, does most of his studying in the wee hours of the morning.

He knows he would be eligible for a larger Pell Grant if he quit his job, but that is not something he feels comfortable doing. "I don't want things handed to me," he says. "I'd feel like a bum."

A Big Gamble

Many working-class students have an aversion to borrowing. Like Mr. Chlebowski, they have seen family members struggle with debt, and are afraid of getting in over their heads.

But by working long hours, they are not only jeopardizing their eligibility for financial aid but potentially hurting their chances of graduating. Jacqueline E. King, director of the Center for Policy Analysis at the American Council on Education, wrote in a report last month on student work that "Education Department data collections have consistently found that working more than 15 to 20 hours per week has a negative impact on persistence and degree completion."

Some higher-education policy analysts say that colleges need to do a better job of helping students overcome their fear of loans. "They should be educated about the benefit of borrowing for higher education, and the wisdom of doing so," says Ms. Baum. "We shouldn't just say, People don't want to borrow. We should help them understand what good borrowing is."

But at California University, working-class students have little choice but to take out a federal student loan, particularly if they want to live on the campus.

The question that many of those students face is whether they should use private loans offered by such student-loan providers as Citibank and Sallie Mae.

Because of rising prices and strict limits on what students can borrow from the federal programs, students at four-year colleges must increasingly take on private debt, which invariably has less-attractive terms and conditions than do loans backed by the government. The interest rate that students are charged on these loans tends to be much higher, and unlike federal loans, they cannot be discharged if a borrower dies or is permanently disabled.

According to Mr. Thorn, the university's financial-aid director, the amount of private-loan borrowing at the campus has grown "exponentially every year" -- from about $26,000 in 1995-96 to $2.2-million in 2004-5, which is double what it was the year before.

Ms. Dusack, the second-semester sophomore who barely missed the cutoff for Pell Grants, refuses to consider taking out a private loan. "I can't afford it," she says.

Kenneth E. Redd, director of research and policy analysis for the National Association of Student Financial Aid Administrators, doesn't blame her. Students from low-income and working-class families who take out private loans "are taking a pretty big gamble" that they will graduate. "If they take out a private loan and don't finish, then they literally won't get a payoff from going to school," he says. "They'll actually be worse off than if they had not tried at all, which is not only a big loss for them but for society as a whole."

Meanwhile, Mr. Chlebowski has received some good news and some bad news in the final weeks of the semester.

The financial-aid office discovered an error in his income-tax filing status, which qualified him for a $2,100 Pell Grant. In addition, the office helped him file an appeal with the state grant agency, and he received an award of $3,500.

He was buoyed by the news, relieved that he was able to pay off his freshman college bills. But soon afterward, he learned that he would not be eligible for a Pell Grant for his sophomore year because of the $5,400 he had earned the previous year. Had he not worked, Mr. Thorn says, he would have qualified for a $1,100 Pell Grant.

For now Mr. Chlebowski plans to remain in college, rather than enlisting. To cut down his costs, he is moving off the campus and renting an apartment with a friend. He is also thinking about reducing his course load so that he won't have to pay for as many credits. And if things get rough, joining the military still remains an option.

"It's just a shame," he says, "it has to be so hard."

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