

At What Cost?

The Price That Working Students Pay For A College Education

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The State PIRGs are non-profit, non-partisan public interest advocacy groups. The Higher Education Project was established in 1994 to secure more student aid, with a focus on additional grants, lowering the cost of borrowing, and better service to students in the federal financial aid system.

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Executive Summary

A college education is one of the best investments of a lifetime. Bachelor degree recipients earn 80% more than high school graduates, or \$1,000,000 over a lifetime in the workforce.¹ Yet, a higher education is not simply a means to achieve higher earning potential, it should also be a life enriching experience. Colleges and universities foster both academic and personal development – from community service and civic engagement, where students learn how to become active participants in democracy, to team athletics, where students gain valuable leadership experience.

However, as college costs rise many students are turning to working long hours to finance their education. Nearly half of all full-time working students are working enough hours to hurt their academic achievement and the overall quality of their education. At the same time the majority of these students (63%) reported that they would not be able to attend college if they did not work.

In recent decades as college costs have risen federal grant-aid has failed to keep pace. The average grant award per student, as a percentage of average tuition and fees at a typical public four-year institution, has dropped by nearly one-third since 1982,² and the typical student now graduates with \$16,928 in federal student loan debt.³

Grant aid has helped many students to minimize the negative impact of working and borrowing, but still lags behind what is necessary to provide equal access to a quality education. The students who are most likely to suffer the effects of excessive working are also more likely to take on student debt to finance their education. There is also significant evidence to show that working not only impacts the quality of education, but also persistence.

Despite these findings, students are likely to face even greater hardship in the future. Gloomy state and federal budget forecasts have already begun to negatively impact tuition at public institutions and the availability of federal grant aid. In order to ensure that access to and the quality of a college education is not further compromised, it is our recommendation that state and federal lawmakers should prioritize funding for higher education. Specifically, we call for increases in student grant aid at the federal level. Funding need-based grant aid is a proven strategy for providing access to a college education and minimizing the negative impacts of excessive working and college debt.

Key Findings:

- Forty-six percent (46%) of all full-time working students work 25 or more hours per week.
- Forty-two percent (42%) of these students reported that working hurt their grades.
- Fifty-three percent (53%) of all full-time working students who work 25 or more hours per week reported that employment limited their class schedule, and 38% said that work limited their class choice.
- Sixty-three percent (63%) of all full-time working students who work 25 or more hours per week reported that they would not be able to afford college if they did not work.
- One in five full-time working students works 35 or more hours per week.

¹ The College Board. 2001. *Trends in Student Aid*. Washington, D.C.

² *Ibid.*

³ The State PIRGs' Higher Education Project. 2002. *The Burden of Borrowing: A Report on the Rising Rates of Student Loan Debt*. Washington, D.C.

At What Cost? The Price That Working Students Pay For A College Education

As college costs rise, federal financial aid fails to keep pace, and state budgets shrink, many students and their families are struggling to finance college. More students are turning to work to bridge the gap between their families' available resources, financial aid, and the cost of education. According to the Department of Education's 1999-2000 National Postsecondary Student Aid Survey (NPSAS), nearly half of all full-time working students are working 25 or more hours per week.¹

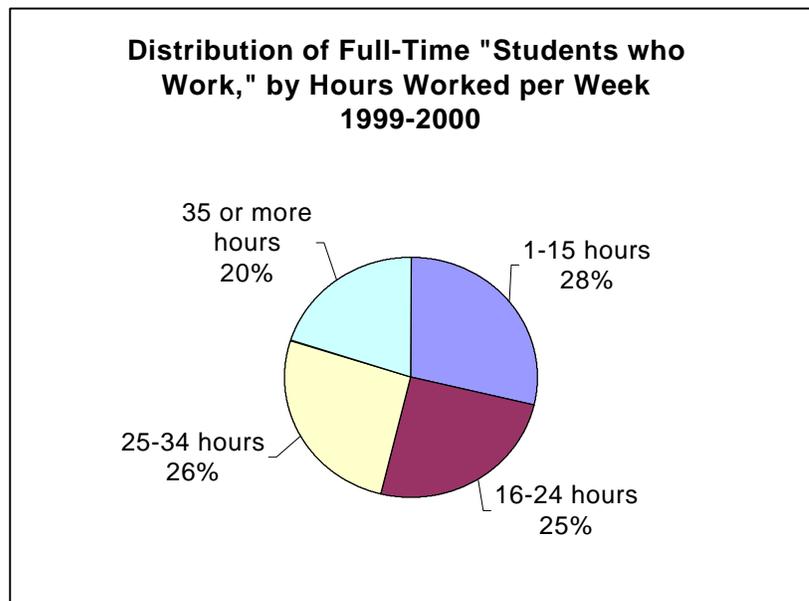
Data from the 1999-2000 NPSAS also show that employment has a negative impact on many students' academics and overall college experience. The more hours that students work, the more likely that working is to negatively impact their grades and the quality of their education.

For many of these students, working compromises not only their academics, but also their ability to engage in civic learning, community service, and other extracurricular activities. Full-time students who spend 25 hours per week working are engaged in either paid work or academics between 60 and 80 hours per week. This leaves little time for a broader learning experience outside the classroom and likely cheats many of these students out of a full college education. For these students, working has become a barrier rather than a solution to advancing their education.

Student Employment

Of all full-time students, 74% work while attending school. Of students who are both employed and enrolled, 84% identify themselves primarily as students working to meet college expenses, in contrast to employees who enroll to take credit classes.

In addition to studying full-time, many students work long hours to pay for a college education. Forty-six percent (46%) of full-time students working to cover college costs worked 25 or



¹ "Work" includes all paid employment, on- or off-campus work, and includes work-study.

more hours per week. One in every five working students works full-time, 35 or more hours per week, while enrolled as a full-time student.

Over the last few years, the number of students working long hours has increased. The percentage of all full-time students who worked increased from 71% to 74% from 1995-96 to 1999-2000. Over the same time period, the percentage of full-time working students who worked 25 or more hours per week increased from 43% to 46%, and the percentage of those working full-time increased from 19% to 20%.

Impact of Employment on College Experience

Working while enrolled full-time helps some students prepare for their future careers and helps others with their coursework. However, many students reported that working was detrimental to their grades and college experience.

The more hours that students work, the more likely they are to report negative effects of employment on their grades and overall college education. Students who work 25 or more hours per week are more than twice as likely to indicate that working has a negative impact on various aspects of their academic experience. Forty-two percent (42%) of those working 25 or more hours per week reported that working had a negative impact their grades, compared to 22% of those who worked less than 25 hours per week. Similarly, 53% of full-time students working 25 or more hours per week reported that working limited their class schedule, compared to 26% of those working fewer hours; and 38% said that work limited their class choice, compared to 17% of those working less than 25 hours per week.

Students who worked full-time reported an even gloomier picture. Forty-six percent (46%) of these students said that work hurt their grades. The majority (62%) said that work limited their class schedule; half reported that work limited the number of classes they enrolled in; and 45% said that work restricted their class choice.

**Effects of Employment on Grades Among Full-Time “Students who Work,”
by Number of Hours Worked per Week**

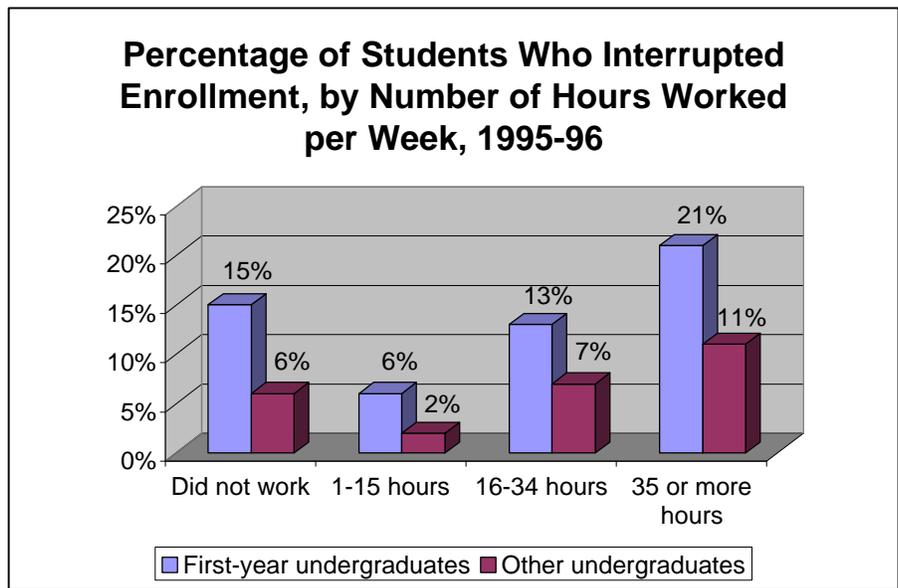
	<i>Positive effect</i>	<i>Negative effect</i>	<i>No effect</i>
Total	25%	32%	43%
1-15 hours	29%	16%	55%
16-24 hours	26%	29%	45%
25-34 hours	23%	39%	38%
35 or more hours	21%	46%	33%

**Effects of Employment on College Experience Among Full-Time “Students who Work,”
by Number of Hours Worked per Week**

	<i>Help with career preparation</i>	<i>Help with coursework</i>	<i>Limit class schedule</i>	<i>Limit number of classes</i>	<i>Restrict class choice</i>	<i>Limit library access</i>
Total	54%	25%	38%	29%	27%	27%
1-15 hours	52%	27%	18%	12%	11%	12%
16-24 hours	54%	26%	35%	25%	23%	22%
25-34 hours	53%	23%	47%	36%	33%	33%
35 or more hours	58%	24%	62%	50%	45%	46%

According to the NPSAS data, students who work fewer hours are more likely to have high grade point averages than are those who work long hours. Seventeen percent (17%) of those who worked 25 or more hours per week had a GPA of 3.5 or higher, compared to 25% of students who worked less than 25 hours per week.

Evidence suggests that working affects students’ persistence, specifically, the likelihood of completing a full year of college. While current data on persistence among students working 25 or more hours per week were not available from the 1999-2000 NPSAS, previous reports indicate that working a limited number of hours has a positive impact on persistence, while students who work full-time are more likely to interrupt their enrollment.



Based on a 1995-96 report from the Department of Education,² 21% of first-year students working 35 or more hours per week did not complete a full year of college, compared to 6% of those who worked less than 15 hours per week. Among continuing students, 11% of those working full-time did not complete a full year, compared to 2% of those working less than 15 hours per week. Those working between 16 and 34 hours per week were more likely to interrupt their enrollment than were those working less

² U.S. Department of Education. National Center for Education Statistics. 1998. *Profile of Undergraduates in U.S. Postsecondary Education Institutions: 1995-96*. Washington, D.C.

than 15 hours per week. However, these students had similar persistence rates to students who did not work at all.

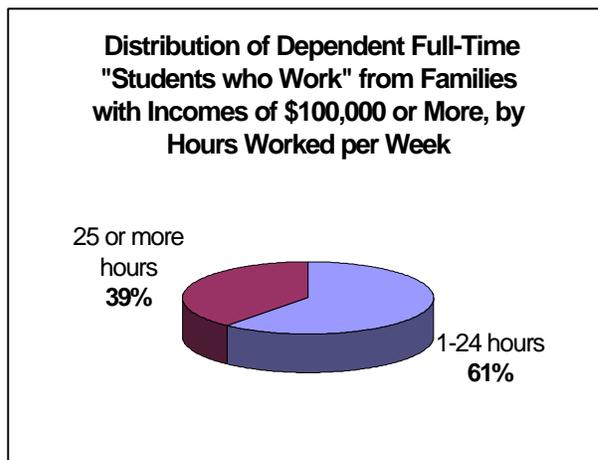
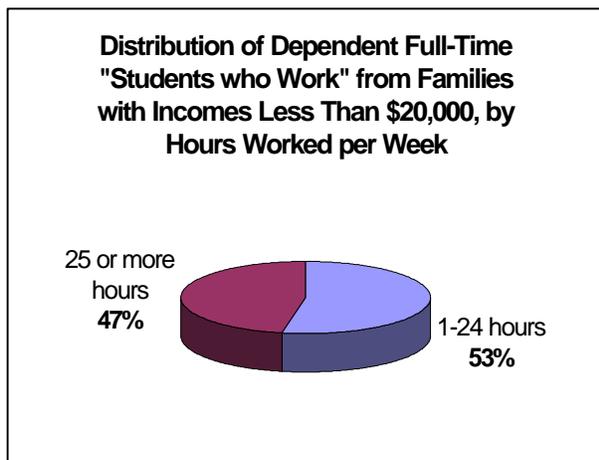
Despite research that shows that working 25 or more hours per week negatively impacts academic achievement and the overall college experience, most working students said that they would not be able to afford college otherwise. Among students who work 25 or more hours per week, 63% said that they would not be able to afford college if they did not work, compared to 70% of the students who are the most at risk – those who work full-time in addition to a full course load.

Low-Income Students

A recent report by the Advisory Committee on Student Financial Assistance found that the typical low-income student faces \$3,800 in unmet need when paying to attend a four-year public institution.³ In other words, even after all financial aid has been awarded, low-income students need an average of \$3,800 per year to meet the costs of college.

Low-income students often find themselves working long hours to finance college. Among dependent students, those from low-income families were much more likely to work than wealthy students to pay for tuition, fees, or living expenses, rather than to earn spending money or to gain job experience. Sixty-two percent (62%) of full-time “students who work” from families with incomes less than \$20,000 cited paying for tuition, fees, or living expenses as their primary reason for working, compared to 35% of those from families with incomes higher than \$100,000. Fifty-one percent (51%) of low-income students who work said that they would not be able to pay for a college education without working, compared to 26% of wealthy students.

Low-income students are also more likely to work 25 or more hours per week than are



³ The Advisory Committee on Student Financial Assistance. 2001. *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity*. Washington, D.C.

wealthy students. Forty-seven percent (47%) of full-time “students who work” from families with incomes less than \$20,000 worked 25 or more hours per week, compared to 39% of those from families with incomes higher than \$100,000.

Thirty-two percent (32%) of students from low-income families reported that working had a negative impact on their grades, compared to 23% of wealthy students. Forty-one percent (41%) of students from low-income families reported that employment limited their class schedules, while 33% of students from wealthy families reported the same negative effect.

**Effects of Employment on Grades Among Dependent Full-Time
“Students who Work,” by Family Income**

<i>Family Income</i>	<i>Positive effect</i>	<i>Negative effect</i>	<i>No effect</i>
Less than \$20,000	27%	32%	41%
\$20,000-\$39,999	23%	33%	44%
\$40,000-\$59,999	24%	29%	46%
\$60,000-\$79,999	27%	28%	44%
\$80,000-\$99,999	26%	22%	52%
\$100,000 or more	28%	23%	49%

**Effects of Employment on College Experience Among Dependent Full-Time
“Students who Work,” by Family Income**

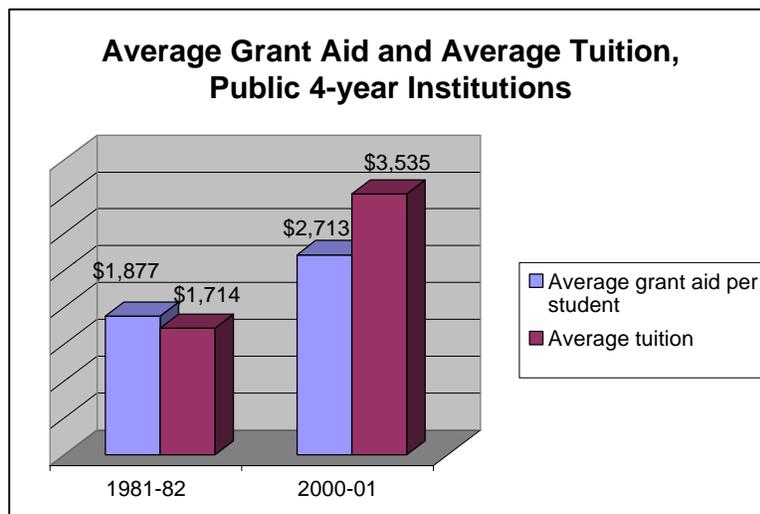
<i>Family Income</i>	<i>Help with career preparation</i>	<i>Help with coursework</i>	<i>Limit class schedule</i>	<i>Limit number of classes</i>	<i>Restrict class choice</i>	<i>Limit library access</i>
Less than \$20,000	57%	30%	41%	31%	29%	30%
\$20,000-\$39,999	53%	24%	37%	28%	25%	27%
\$40,000-\$59,999	54%	23%	35%	25%	23%	22%
\$60,000-\$79,999	52%	25%	34%	22%	22%	23%
\$80,000-\$99,999	55%	25%	32%	22%	21%	16%
\$100,000 or more	56%	24%	33%	21%	20%	18%

Need-Based Grant Aid

The good news is that need-based grant aid likely helps students reduce their workload. Students who received more need-based aid were less likely to work 25 or more hours per week. Forty-nine percent (49%) of working students who received less than \$1,000 in

need-based grant aid worked 25 or more hours per week, compared to 26% of those who received more than \$5,000 in need-based aid.

As federal grant aid fails to keep pace with rising costs, and the buying power of key programs – such as Pell Grant – diminish, more and more students need to work long hours to cover college costs. Since 1981-82, the average grant aid per student as a percentage of average tuition and fees at a typical public four-year institution has dropped by nearly one-third.⁴



Working and Borrowing

Full-time students who work 25 or more hours per week are also more likely to borrow to pay for school than are those who do not work. Among students who completed their degree program in 1999-2000, 64% of students who worked 25 or more hours per week graduated with debt, compared to 49% of those who did not work.

Conclusion, Recommendations

Most students work while enrolled in college, and nearly half of all full-time working students work 25 or more hours per week. While evidence shows that many students are working at levels that are likely to negatively impact their academic achievement and the quality of their education, they often cannot afford to cut back their work hours.

Rising college costs and the failure of federal financial aid to keep pace have forced too many students into working a number of hours that negatively impact their education.

⁴ The College Board. 2001. *Trends in Student Aid*. Washington, D.C.

Congress should increase need-based grant aid to help make a college education more affordable for students and families, so that students do not sacrifice their academics and overall college experience.

Pell Grants

The Pell Grant program is the cornerstone of the federal grant aid program, helping nearly 4 million students and their families pay for college.⁵ While Congress has made considerable strides in recent years to increase Pell grant funding, the maximum grant has been unable to keep up with rising college tuition and even inflation. The maximum grant has declined from covering 84% of the cost of attending a four-year public institution in 1975-76, to 39% today.⁶ Restoring the Pell Grant to its original purchasing power would enable many students and families to meet college costs without students having to rely on working long hours. Congress should take the first step to restoring the buying power of the Pell Grant by increasing the maximum grant award in fiscal year 2003 by \$500, to \$4,500.

Supplemental Grants

The Supplemental Educational Opportunity Grant (SEOG) program provides additional grant aid to Pell Grant recipients in order of need. Colleges and universities match one-third of the federal government funding. Congress should increase funding for SEOG by \$150 million, to \$875 million in the fiscal year 2003 budget.

LEAP

The Leveraging Educational Assistance Partnership (LEAP) program encourages states to invest in student aid. For every two dollars that states invest in financial aid programs, the federal government contributes one. LEAP helps low-income students pay for college, with 60% of LEAP grant recipients coming from families with incomes below \$20,000. Congress should increase LEAP funding to \$100 million in the fiscal year 2003 budget. At \$100 million in federal funding, students would receive a total of \$270 million in grant aid.

Methodology

This analysis was based on the National Postsecondary Student Aid Survey (NPSAS), a nationwide survey conducted by the Department of Education's National Center for Education Statistics. The NPSAS surveys approximately 50,000 undergraduates and represents about 16.5 million undergraduates. The data is based on the working patterns of full-time students enrolled in 4-year institutions. Full-time students are defined as those

⁵ American Council on Education. 2000. *2000 Status Report on the Pell Grant Program*. Washington, D.C.

⁶ The Advisory Committee on Student Financial Assistance. 2001. *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity*. Washington, D.C.

who are enrolled full-time for 9 or more months during the calendar year. Students who work, or working students, are those who identified themselves as students working to meet college expenses while enrolled.

In order to determine the impacts of working a 25 or more hours per week on grades, class schedule, career preparation, coursework, number of classes, class choice and library access, we used the combined weighted average of responses from both students who work 25-34 hours per week and 35 or more hours per week.