

People, this is a three-part document. You must study all three parts. ☺

HECHINGER REPORT [Divided We Learn](#)

The business decision segregating college students by income and race

In a bid for revenue, campuses build pricey new dorms many can't afford

SOURCE: <http://hechingerreport.org/business-decision-segregating-college-students-income-race/>

by [Jon Marcus](#) September 26, 2016

After she figured out the system of five residential campuses into which Rutgers University divides itself, arriving freshman Imani Hayes started hearing one of them — called Livingston — referred to as “the black campus.”

In part, Hayes found when she began at Rutgers in 2011, that was because Livingston was where the African-American studies classes were held. But she said she learned there was another reason: It was one of the cheapest places to live.

“If you look at the pictures of the dorms, they were kind of old, not very appealing,” she said. “Nobody really chose to live in Livingston. The only people who really lived there were the black students,” many of them from lower-income backgrounds and price conscious.

As calls intensify for more diversity at universities and colleges, some students and researchers say socioeconomic and racial segregation on campuses is instead on the rise. Among other things, they say, differently priced dorms and dining halls are dividing rich and poor — and, by extension, white and nonwhite — by what they can afford to pay.

The trend has been propelled by some public universities' attempts to compensate for budget cuts by luring higher-income and out-of-state students with newer (and more expensive) housing, and by a separate, little-noticed phenomenon of pricey off-campus student apartments being built by private real estate-investment companies. This is a change from a time when the only price difference among rooms in different dorms was based on whether they were singles, doubles, or triples.

At Rutgers, for example, the university has added new apartments with single rooms, private bathrooms, refrigerators, microwaves, dishwashers and the highest rents on campus. Those have attracted higher-income students, many of them white, Hayes said. (A Rutgers spokesman refuted this characterization, saying that the university “is renowned for its diverse population and inclusive community” and that more than half its students are nonwhite; federal data [show](#) this is in large part due to a disproportionate representation of Asians, who make up 26 percent of the enrollment, which is 7 percent black and 13 percent Hispanic.)

Some colleges and universities acknowledge that this kind of separation is occurring, and are responding to it by encouraging students from different backgrounds to interact in other ways. But they point out that federal law prevents housing offices from even asking about students' race or income, and that students expect to be able to choose their own living spaces, dining companions and roommates.

“Not only are the poor kids and the rich kids going to different schools, but they're being segregated in their living spaces and in the places where they eat.” Sara Goldrick-Rab, Temple University

“I don't think it happens on purpose,” said Hayes, who graduated in May and now works in information technology. “But I also don't think it's a trivial thing. I came to Rutgers and I believed the diversity spiel.” She said she was “a little confused” when she found that students from different races and income levels often didn't mix.

“That's the point of college,” she said. “You likely came from a place where everybody looked like you. At college, you should be getting an experience that's different.”

And many students aren't, said Sara Goldrick-Rab, a professor of higher education policy at Temple University and co-author of an ongoing [six-year study](#) at 42 public universities and colleges of practices that promote division or equality.

“Not only are the poor kids and the rich kids going to different schools, but they’re being segregated in their living spaces and in the places where they eat, and there are institutional policies that contribute to this,” Goldrick-Rab said.

“It’s like the rest of society, unfortunately,” she said. “These campuses tout how they’re the bastions of diversity. No. You may be on the same campus, but you’re having the same segregated experience as you would in the rest of the world.”

This only worsens the problem of high dropout rates, said Caroline DeLeon, a program director at uAspire, which works with low-income students who are the first in their families to go to college.

“We lose really talented students because they don’t feel part of the community at institutions,” DeLeon said.

Often it’s students themselves who do the segregating. A controversial posting for a fourth roommate by three nonwhite students during the summer at the Claremont Colleges in California, for example, specified that they would consider only “POC,” or people of color.

“At a big institution, it’s easier to be around people who have similar backgrounds in terms of your culture and even your race,” said Mai Xiong, reflecting on her experience when she attended the University of Minnesota. “I wanted to be in a certain dorm because I wanted to live with my friends.”

A five-year study of more than 200 students at seven New England colleges backs this up. It found them drifting into networks of people from similar backgrounds.

New on-campus apartments at one university cost \$1,074 per month for a room in a two-bedroom suite, compared to \$832 to share a double in other dorms.

“Most of them don’t do it intentionally,” said one of the researchers, Joe Swingle, a professor of sociology at Wellesley College. “It just sort of happens.”

This division usually begins after freshman year, Swingle and his colleagues found. That’s because arriving students don’t get to pick their roommates, but are assigned to them. “It’s a whole thing about developing different perspectives and mutual awareness of what other people’s lives are like, so you’re not living in this cocoon,” said Swingle, whose work, with colleagues, has resulted in the new book [Practice for Life: Making Decisions in College](#).

After that, however, students tend to scatter back into segregated groups, the study found. And the relatively new phenomenon of differently priced housing, Swingle said, can only make that worse.

“The exposure to diversity that students get in their second, third and fourth year is going to be even less when students separate into these dorms that are very different in terms of who can afford them and who can’t,” he said. “It just seems like a recipe for further alienation between groups.”

Yet the divides in price are only widening. That’s because cash-strapped universities and colleges use profits from their residence halls and dining plans to offset budget cuts. “It’s part of the much broader trend where finances are guiding decision-making, rather than educational priorities,” Goldrick-Rab said.

Meanwhile, real estate-investment trusts have discovered a new market in building student housing on the edges of campuses, with swimming pools, fitness centers, fully equipped kitchens, floor-to-ceiling windows, washers, dryers, balconies, game rooms, fewer rules than on-campus housing and almost always higher rents.

One of those companies, American Campus Communities, [owns or manages](#) 206 properties with 133,100 beds near many large public and a few private universities, including Florida State, Arizona State and the universities of Southern California and Texas; it generated \$753 million in revenue last year, [Securities and Exchange Commission filings](#) show. Another, EdR Collegiate Housing, has added \$720 million worth of new student apartment developments [since 2010 alone](#), with more under construction, including at Michigan State University and Texas A&M.

An American Campus Communities development near Princeton [costs \\$1,126 per month](#), compared to [\\$926 per month](#) for a Princeton dorm. Those new on-campus apartments at Rutgers [cost \\$1,074 per month](#), per student, to share a two-bedroom suite, compared to [\\$832 for a bed in a double in other dorms](#).

Differences like these are enough to shut out lower-income students — already struggling to pay tuition — from the more expensive options, they and experts say.

Ruby McRoberts graduated from the University of Minnesota, Twin Cities, which is ringed with privately developed student apartment buildings. The first in her family to go to college, McRoberts said, “It was never an option for me to live in these high-rise places around campus. I definitely felt that division.”

There are more subtle impacts, too, said Nancy Kendall, a professor of educational policy studies at the University of Wisconsin.

Lower-income students may end up “in a dorm that’s falling apart, versus a dorm that has a coffeehouse downstairs and air conditioning in all the rooms and an athletic facility right there,” Kendall said. “It gives the message to these students that even though they’ve made it, even though they’ve worked their butts off and gotten to these universities, they’re not worth as much as other students.”

This is not lost on administrators, who face a delicate balancing act, said Allan Blattner, director of housing at the University of North Carolina at Chapel Hill and president of the Association of College and University Housing Officers.

“Yes, we’re paying attention to what that does to our diversity. It is absolutely something that I think our members are really honing in on and trying to figure out strategies to deal with it,” Blattner said.

Elon University, for example, has organized its housing into seven broader “neighborhoods,” encouraging students from different backgrounds to eat, socialize and study together, regardless of which dorm they choose.

The idea came after the university built some new residence halls and charged a higher price for them, said Smith Jackson, vice president for student life.

“We were noticing that some people said, ‘I can’t afford this. I can’t live there,’” Jackson said.

“We’re trying to prepare students for life in the United States, which is the most diverse country in the world,” he said. “Living with people who are different from you can be one of the most powerful learning experiences there is. You learn more about yourself when you’re exposed to differences.”

After all, said Jackson, “How can we expect future world leaders to live lives of reconciliation and live lives of peace and understanding? If we can’t do it on a college campus, which is designed for that, where else is it going to happen?”

This story was produced by [The Hechinger Report](#), a nonprofit, independent news organization focused on inequality and innovation in education. Read more about [higher education](#). Unlike [most of our stories](#), this piece is an exclusive collaboration and may not be republished.

[Jon Marcus](#), higher-education editor, has written about higher education for the Washington Post, USA Today, Time, the Boston Globe, Washington Monthly, is North America higher-education

This story also appeared in *The Atlantic*

Related: [Policies to help students pay for college continue to shift toward favoring the rich](#)

HECHINGER REPORT [Divided We Learn](#)

Policies to help students pay for college continue to shift toward favoring the rich

The surprising degree to which tax credits and financial aid flow to wealthier Americans

by [Jon Marcus](#) May 24, 2016

SOURCE: <http://hechingerreport.org/policies-help-students-pay-college-continue-shift-toward-favoring-rich/>

Eduardo Medina, a junior at Cornell, which temporarily kicked him out because of a past-due bill. Now he's helping design a way to encourage the working poor to save. Photo: Cristina Acosta

Determined that he and his younger brother would go to college, Eduardo Medina's parents put money away in a savings account to pay for the tuition.

It never added up to more than \$5,000, and before he finished high school on his way to the Ivy League, they were compelled to use it for a different purpose: to help his grandmother avoid losing her home to foreclosure.

Much of the rest of the family's thinly stretched income went to pay for the cramped two-bedroom apartment in a San Diego suburb where they moved because the schools were slightly better than in the city.

What has happened to Medina since is a case study in the way some government, university and private programs to help Americans pay for college have become more likely to benefit wealthier students than even the most academically talented lower-income ones.

At a time when the presidential primaries have refocused attention on income disparity, and new data show [the socioeconomic divide on campuses getting wider](#), some policymakers want to change these programs to better help lower-income students. Without these students, the nation can't meet [its goal of increasing the proportion of the population with degrees](#), a measure by which several economic rivals now have an advantage.

But such reforms are given long odds even by the people who support them. Meanwhile still more obstacles are being put up in the way of the same low-income students politicians and university officials say they want to help.

Medina's father is an administrator at a Navy hospital; his mother, a Mexican immigrant who works for AT&T. Neither was aware of college savings accounts called 529 plans that the federal government makes tax-free as a way of easing the burden of paying tuition. Only one in 10 families that earn less than \$50,000 knows about 529 plans, a survey by the investment firm Edward Jones found; 70 percent of these accounts are held by households with incomes of \$150,000 or more, according to the research and consulting firm [Strategic Insight](#).

Obstacles placed in front of low-income students “are real, and they hurt. They truly break down the perseverance of a person.” Eduardo Medina, who was temporarily kicked out by Cornell because of financial problems

Accepted to Cornell, Medina, whose friends call him Eddy, didn't apply for any private scholarships like those provided by Rotary Clubs and other civic groups and businesses. More than \$16 billion a year is made available by organizations like these, [College Board figures show](#), but the U.S. Department of Education reports that more of it goes to students from families that earn \$106,000 and up than to those with incomes under \$30,000. This is largely because wealthier families know to apply for private scholarships or their kids go to private or suburban high schools that have savvy college counselors. By comparison, Medina said he met with the overworked college counselor in his school only twice in four years.

Cornell gave Medina direct grants of more than \$33,000 a year, though the amount steadily declined; colleges and universities often offer larger discounts to freshmen, [which fall over time](#). To pay for the rest of the tuition, fees and other costs, which this year totaled nearly \$63,000 for out-of-state students, he took a work-study job, part of a more than \$1 billion taxpayer-funded program to help students pay for their educations.

There was a limit on how much work Medina could get. Yet because money for the federal work-study program is divided up under [a 50-year-old formula](#) based not on how many students at a university actually need it, but on how much the university received the year before, and how much it charges, a quarter of the students who receive it come from families whose annual income exceeds \$80,000, and one in 10 from households with \$100,000 in earnings or more, [federal data show](#). And wealthier recipients get more of it, on average — \$2,300 for students from families that make \$100,000 or more versus \$2,100 for recipients whose families make less than \$20,000.

Medina's parents also didn't know they could qualify for federal tax credits to offset the tuition they were paying. The federal government gives \$18 billion a year in tuition tax breaks to “make college affordable for all Americans,” as President Barack Obama put it when he pushed for them. But more than a fifth goes to families earning more than \$100,000 a year, [according to the Congressional Research Service](#). And those families get an average of \$1,900, versus about \$1,100 for the lowest-income households. ([Another analysis](#) suggests it's people earning between \$65,000 and \$106,000 who disproportionately benefit from these tax credits.)

Medina and his family struggled to stay above water. His mother had to take money out of her 401K to keep up with the bills from Cornell, paying a penalty to do it. With nearly \$14,000 worth of federal student loans already, he applied this year for a \$38,000 private loan to stay in school. Loans like those generally carry higher interest than federal loans, can't be deferred, and don't qualify for new types of repayment plans based on income. Only after he finally got one did he learn he couldn't use it to cover the \$6,500 he owed Cornell from last year, including late fees.

In January, documents provided by Medina show, the university kicked him out, and said he couldn't come back until he paid. After weeks of hacking his way through further red tape, he managed to use his new loan to cover his old balance — and the additional \$350 late fee the university charged him.

"I felt helpless. I felt completely helpless," he said. "It made me feel guilty for being a first-generation college student, for coming here in the first place." (Cornell said it was prevented from federal privacy laws from commenting about individual students' financial situations.)

Problems like these, Medina said, "are real, and they hurt. They truly break down the perseverance of a person to a point that leaves them unable to recognize the passion they once had."

Not all of these programs were intended solely to help low-income people. Nor is it easy even for families in higher income brackets to pay the rising cost of college without help.

When people wonder "how in the world are policymakers and schools providing benefits and aid to people in these [higher] income groups, it's because they're getting nailed, too," said Jason Delisle, director of the Federal Education Budget Project at the nonpartisan think tank New America.

The surprising amount of assistance they're receiving, however, is flowing to them at a time when [a new report from the University of Pennsylvania shows](#) the proportion of wealthier students earning degrees continues to rise, while the proportion of lower-income degree recipients is falling. And [a study by researchers at Stanford and the University of California, Santa Cruz](#), found that higher-income parents would send their kids to college even without help from such things as federal tax credits.

Proposals to reform these programs have had scant success.

One bill that passed the House of Representatives would have lowered the maximum income at which families are eligible for the tuition tax credit from \$180,000 to \$160,000. It died without being taken up in the Senate. Nor has there been much support for an idea floated by [a coalition of advocacy groups](#) that would block the tax credits from being applied against tuition paid to colleges and universities with low graduation rates, small numbers of low-income students and high levels of student debt.

Only one in 10 families that earn less than \$50,000 knows about college savings plans, 70 percent of which are held by households with incomes of \$150,000 or more.

The White House tried to reduce the \$1.6 billion-a-year cost to the Treasury, in forgone revenue, of those tax-deductible 529 college savings plans, the recipients of which [the U.S. Government Accountability Office](#) says have a median household income of \$142,000. The Obama administration wanted to tax withdrawals from the plans, which are now tax-free. That idea, which administration officials said was a response to the fact that the benefit does little to help the lower or middle classes, was branded by Republicans as a tax increase, and was dropped within days.

Now the president [has proposed](#), in his 2017 budget, a seemingly insignificant change in the federal Pell program of direct grants, which are awarded to students of families earning around \$40,000 or less. Colleges and universities apply these grants to tuition first, leaving low-income students little or no tuition costs to claim under the tax credit. The Obama plan would let them use their Pell Grants for living expenses first and tuition second, nearly doubling the proportion who would become eligible for those tuition tax breaks from 44 percent now to 82 percent, according to calculations by New America.

The Obama budget has already been rejected by Republicans, however.

All of this comes against the backdrop of other money meant for low-income students relentlessly being shifted to their higher-income classmates.

The financial aid given out by colleges and universities themselves, for instance, has steadily moved from lower-income to higher-income students. Wealthier students still pay more, but [the gap is closing](#) as universities offer deeper discounts to families that can afford to pay the rest of the tuition and whose children went to better high schools and arrive with strong test scores and grade-point averages that are factored into rankings by the likes of *U.S. News & World Report*.

The proportion of the highest-earning families who get financial aid in the form of so-called merit grants from universities is up from 23 percent a decade ago to 28 percent today, [the government's National Center for Education Statistics found](#), while the proportion of the lowest-earning families getting aid has dropped from 23 percent to 20 percent.

States, too, have started awarding financial assistance based not only on need, but on grades and other measures, mostly to keep top students from moving somewhere else. Nearly a quarter of state financial aid now goes to students for reasons other than financial need, [the College Board reports](#). As recently as the 1980s, none of it did.

Other state policies also take a toll on low-income students, researchers and advocates contend. The new movement by states to underwrite public universities based on such things as their graduation rates, instead of simply on the number of students they enroll, [one study found](#), has pushed colleges to give even more financial aid to families that may not need it, as they try to attract the students most likely to succeed.

Flagship public universities also are increasingly using financial aid as a weapon in their escalating battle to lure out-of-state students, who pay more than in-state ones. One in five public colleges and universities now gives financial aid to 20 percent or more of its freshmen who don't have financial need, [New America reports](#). Such policies leave fewer seats and less money for lower-income, in-state students.

To try and ease the burden of the loans taken out by 69 percent of undergraduates such as Medina —who now has borrowed \$52,912 toward his education, with a year still left to go — the government has instituted [a program tying graduates' monthly payments to their income](#). Under the plan, which applies only to federally subsidized student loans, any remaining debt is forgiven after 20 or 25 years.

But even this well-intentioned scheme, called income-based repayment, tends to favor wealthier students. That's because more of them go on to graduate and professional schools, for which even more borrowing occurs, [studies show](#); though they're more likely to earn high salaries as a result, the income-based repayment scheme slows down their repayments enough that they're less likely to end up paying off their entire debts before the balance is forgiven, leaving the rest to be covered by the government.

"That's a high subsidy to someone who went to graduate school who isn't poor," Delisle said.

Graduates who earn lower salaries, on the other hand, [could see the cost of their loans go up](#) under income-based repayment, since it increases the duration of the loan and interest continues to accrue. A borrower making \$35,000 a year with about \$30,000 in debt would pay 26 percent more, when adjusted for inflation, than called for by the standard 10-year repayment plan, [according to the Institute for College Access and Success](#).

As for Medina, he'll be spending the summer on a side project with a classmate: developing a micro-loan concept they call a "social collective investment option," encouraging the working poor to save by letting them invest as little as \$30 at a time in local small businesses with good prospects for returns.

Medina said the idea was inspired in part by his own experience.

"How can I fix this?" he said he asked himself. "How can I help my family maximize their income? Help people with very little money make more of it?"

Meanwhile, Medina expects to have to borrow even more next year to finish his degree in industrial and labor relations, with a concentration in developmental economics and social finance. After graduating, he plans to continue working on his social investment idea.

At least he knows now how the college financing process works, he said. But Medina said it still leaves him with self-doubt.

"Is this system really this hard to understand," he asked, "or is it just me?"

This story was produced by [The Hechinger Report](#), a nonprofit, independent news organization focused on inequality and innovation in education. Read more about [higher education](#). Reproduction of this story is not permitted.

[Jon Marcus](#), higher-education editor, has written about higher education for the Washington Post, USA Today, Time, the Boston Globe, Washington Monthly, is North America higher-education.

This story also appeared in *The Atlantic*

HECHINGER REPORT [Divided We Learn](#)

States moving college scholarship money away from the poor, to the wealthy and middle class

SOURCE: <http://hechingerreport.org/states-moving-college-scholarship-money-away-from-the-poor-to-the-wealthy-and-middle-class/>

NASHVILLE, Tenn. — When Paul Kline was applying to college last fall, he found himself in an enviable position: He didn't have to worry about financial aid. The 17-year-old could count on support from a generous, wealthy grandmother and knew his tuition would be covered.

Nonetheless, he earned several scholarships for the University of Tennessee at Knoxville (UTK) — worth more than \$18,000 per year. On top of that, he received \$3,500 from [HOPE](#), Tennessee's merit-based scholarship.

Even as 19 states reduced the total amount of financial they awarded between 2008 and 2013, according to the National Association of State Student Grant and Aid Programs, Kline is among hundreds of thousands of U.S. students from well-off families awarded public dollars in the form of merit-based state scholarships — all based on grades and test scores, not on whether or not they need the money.

Twelve states plus Washington D.C. now spend more on merit-based aid than need-based aid, and many others have increased funding for scholarships based on academic achievement instead of need. Some states have cut financial aid for everybody, leaving hundreds of thousands of eligible low-income students without help simply because the states' money ran out.

"I always knew that if all else failed, if I wanted to go to college really bad and I still had to pay \$60,000 out of pocket, I could," said Kline, a lanky Nashville native with dark blond hair. "I know that for me the HOPE scholarship was almost negligible because of all the other merit-based stuff I got from UTK."

In 2011, residents of Oconee, one of Georgia's wealthiest counties, where median income was \$76,298, got twice as much per capita in HOPE dollars as students from Randolph County, where median income was \$26,863.

Who does merit aid help?

[Studies](#) have shown that merit-based programs disproportionately benefit middle- and upper-income students and [have little impact](#) on college graduation [rates](#). And that's one reason that researchers, academics and advocates who try to help low-income students get to and through college believe such programs are unfair.

In addition, students who receive merit aid aren't necessarily always top of the class. About 20 percent of students who are awarded merit-based aid have less than a B average, and a similar number have less-than-stellar SAT scores, according to [a report](#) by the National Center for Education Statistics.

"It's a huge waste of billions of dollars nationally," said [Donald Heller](#), dean of the Michigan State University College of Education, whose research focuses on college access. "If the goal in the state is to increase the number of people getting college degrees, it doesn't do any good to subsidize students who are going to go to college anyways."

At Hunters Lane, only [33 students](#), or 13 percent of the senior class, qualified for the merit-based HOPE scholarship last year. The 1,600-student school, where [79 percent](#) are eligible for free or reduced-price lunch, follows the same pattern as other Nashville high schools: The higher the percentage of low-income students, the lower the percentage who qualify for HOPE (see graph).

Courtajaha Brooks-James graduated from Hunters Lane alongside Kline this spring, and was among the low-income students who didn't make the HOPE cut. Last fall, she worked at the Hardee's near her family's home after school from 2 p.m. to 10 p.m., and some times later. Since the school day started at 7 a.m., she did homework on weekends, during work breaks and sometimes during class.

"I did so good. Everybody was proud of me," said the fiercely independent young woman with an easy smile, who will turn 18 in August. "I got mostly A's and B's."

Her recent good grades weren't enough, though. Brooks-James's standardized test scores fell just below the cutoff for the HOPE scholarship, which could have provided \$16,000 toward the cost of her degree. She also needed a 3.0 grade-point average for all four years in high school to qualify, but her spotty performance when she was younger brought her average down.

In contrast, Kline's supportive family offered access to tutors if needed, and he didn't have to juggle a job while going to school. He is keenly aware of the inequity.

“I know that for a lot of people at my school, it would have benefited them a lot more to have gotten more money from the HOPE scholarship than me,” he said.

Low-income students left behind

States that devote significant funding to merit-based scholarships are often aiming to keep bright students in state, hoping to stem a brain drain. Yet last year, at least 10 states that offer need-based programs ran out of money before everyone who was eligible got grants, while the merit-based scholarships in most of those states were fully funded. As a result, hundreds of thousands of eligible low-income students were denied state tuition assistance, according to a review of state grant programs by [The Hechinger Report](#).

In many other states, budget cuts have reduced the pot of money available, even as the number of eligible students applying has risen. In some states, applying for a scholarship later than January means getting turned away. The early deadline gives an advantage to students who get guidance from savvy parents or counselors.

“People ask, how come there’s more inequality in higher education? Well, it’s because of policies like these, that transfer of wealth is happening.” Sara Goldrick-Rab, professor of educational policy studies and sociology at the University of Wisconsin-Madison, on lottery-funded merit-based scholarships

Several states only give money to the very lowest-income students — for example, in Tennessee, need-based grants are only awarded to new students with no [expected family contributions this year](#). Other states prioritize funding for students who are already enrolled in college and receiving the scholarship.

In Florida, [almost](#) half of the eligible low-income students — [90,000](#) — were turned away last year. (The state [handed out](#) \$134 million in need-based aid to about 92,000 students.) In Kentucky, more than [100,000 students](#) were denied grants from the state’s need-based programs in 2013-14. (About [51,000 students](#) received one of the need-based grants, for a total bill of \$92.2 million, according to state records.)

Some 120,000 eligible students who applied for Tennessee State Aid were denied last year after funding dried up and the state legislature’s allocation of \$61.4 million fell far short of demand. While 32,606 students received aid, fewer than one-third of the students who received the \$1,000 grants were newly enrolling college freshmen — the rest of the grants went to continuing students trying to finish their degrees, according to data provided by state officials.

Meanwhile, Tennessee spent three times more money on non-need-based aid than need-based scholarships last year. As a result, some educators question the state’s funding priorities.

“Are we okay giving money to kids who are already going to go to college, or do we really want to make college change the trajectory of a kid who wouldn’t have had that in his life?” asked Tom Ward, president and CEO of [Oasis](#), a nonprofit youth advocacy group that helped advise Brooks-James on every aspect of her application, from essays to financial aid. Ward worked as a teacher and principal in Nashville’s public schools for more than 30 years.

Tennessee officials said that they were monitoring the spending balance between the need- and merit-based aid programs.

“It’s something we’re evaluating on a year-to-year basis, and we’ll continue to do so,” said David Smith, press secretary for Gov. Bill Haslam.

About a third of students who get Tennessee’s lottery-funded scholarships have [family incomes](#) above \$96,000, more than twice the state’s median income. Tuition at a four-year public college in Tennessee amounts to [five percent](#) of an upper-income family’s income, but 45 percent of a lowest-income family’s, according to a report compiled by the [Tennessee Higher Education Commission](#).

Still, the HOPE scholarship awarded \$149.5 million in 2013 to families with an average income of about \$85,000 while an even more selective merit scholarship gave more than \$30 million to families with average incomes of \$102,000.

A third lottery-funded scholarship, aimed at low-income, high-achieving students, awarded \$88 million to families with an average income of just over \$20,000, according to data provided by Emily House, lottery scholarship and student financial aid research director at the Tennessee Higher Education Commission.

Yet another program, [Tennessee’s Promise](#) scholarship, which launched in 2014 and pays tuition for any recent high school graduate who wants to attend community college, has been greeted with praise by champions of improved college access.

But some have also [noted](#) that the federal Pell grant, which provides tuition assistance to low-income students, already covers tuition for community college for low-income students. The Promise program may fill an important financial gap for lower-achieving middle-income students, they say, but that money won't go to the poor.

“Are we okay giving money to kids who are already going to go to college, or do we really want to make college change the trajectory of a kid who wouldn't have had that in his life?”

Gov. Haslam's administration counters that even if the funding from Promise won't directly go to low-income families, students are still eligible for the mentoring program that is an important part of Promise, along with a three-week summer bridge program that provides tutoring.

“You get people's attention by telling them something is free,” said Mike Krause, executive director both of Promise and of the state's college-completion efforts. “I would stridently disagree that Promise doesn't affect the poor.”

Krause pointed to a big jump in the number of Tennesseans filling out federal financial aid forms and said he believes Promise will increase the number of both lower- and middle-income Tennesseans going to college.

Tennessee has made a public priority of increasing the number of college graduates in the state, but has also been under pressure to keep taxes low, which has pushed down spending on higher education. Like other states, Tennessee funds its merit-based scholarships using proceeds from the state lottery. But this practice too has been criticized as moving dollars from low-income communities into wealthier ones, as a disproportionate amount of lottery money comes from the poor.

State lottery links

Georgia [eliminated](#) all of its need-based tuition aid in 2012, even as public four-year tuition [rose by more than 66](#) percent between 2007-08 and 2013-14, according to a report by the [Center on Budget and Policy Priorities](#), a nonpartisan research and policy institute. The vast majority of Georgia's aid program, also known as HOPE, [comes from](#) lottery proceeds.

The state doesn't keep data on the family income of recipients, but a [recent study](#) by the Georgia Budget & Policy Institute showed that poorer counties spend more on lottery tickets and get less from HOPE.

“It's a huge waste of billions of dollars nationally.” Donald Heller, dean of the Michigan State University College of Education, on giving grant money to students from wealthy families

For example, in 2011, residents of Oconee, one of Georgia's wealthiest counties, where median income was \$76,298, got twice as much per capita in HOPE dollars as Randolph County, where median income was \$26,863. Oconee residents spent on average about \$257 per year on the lottery, while the poorer Randolph residents spent about \$895, according to the report.

In the early 1990s, families making more than \$100,000 a year couldn't get HOPE scholarships, but that income ceiling was eliminated in 1995.

Georgia state officials defend the decision to keep HOPE a solely merit-based program. “Gov. [Nathan] Deal believes HOPE scholarship should be awarded on the basis of merit because it helps keep Georgia's best and brightest students in the state,” said Jen Talaber, a spokesperson for Deal, in an email. “In turn, graduates of Georgia schools are more likely to begin their careers here, which is good for the state's economy as a whole.”

“Under current revenues, a need-based scholarship would exclude many middle-income families that would struggle to pay for college,” Talaber continued. “Our system allows every student a chance at the most generous state-based scholarship in the nation.”

Some scholars disagree that systems like Georgia's offer students an equal chance at an affordable college degree. They note that while the number of Americans with college degrees has risen in the past few decades, the college completion rate for low-income students has remained [stubbornly low](#) — in 2013, only 9 percent of low-income students who began college at age 18 had graduated by age 24.

“People ask, how come there's more inequality in higher education?” said [Sara Goldrick-Rab](#), professor of educational policy studies and sociology at the University of Wisconsin–Madison. “Well, it's because of policies like these that transfer of wealth is happening.”

310,000 eligible low-income students were denied state tuition aid in Florida, Tennessee and Kentucky last year.

Florida also uses lottery proceeds to fund its merit-based program, and spends twice as much on those scholarships as on need-based ones. About 30 percent of the state's merit-based scholarship, known as [Bright Futures](#), went to students with family incomes of \$100,000 or higher in 2011, according to the Florida College Access Network, an organization that seeks to increase the percentage of Americans getting college degrees.

According to state officials, Florida no longer tracks Bright Future recipients' income levels. But [an analysis](#) by Florida's universities found that after the state [tightened Bright Future eligibility requirements](#) in 2013, raising the minimum standardized test scores needed to qualify, nearly half of Latino students and 62 percent of black students who had qualified in 2012 no longer did so.

In Kentucky, the lottery-funded financial aid program that doesn't consider financial need provided \$23.9 million to families making more than \$100,000 in 2013, according to state data [compiled by](#) the Kentucky Center for Economic Policy, a nonprofit policy group.

That same year, [the state diverted](#) about \$23 million in lottery funds that could have gone to need-based grants to fill a budget gap, according to data from Kentucky's Office of the State Budget Director, even though by law all but \$3 million must go to state scholarships. In 2013, [two-thirds of](#) eligible students in Kentucky were denied funds from the state's need-based programs, the Kentucky Council on Postsecondary Education reported.

The lack of financial support may have affected students' ability to complete their degrees. Kentucky's [college graduation rate](#) for low-income students fell from 46 percent in 2009 to 37 percent in 2013, according to the most recent accountability report by the Kentucky Council on Postsecondary Education.

Six different schools

Unlike in Kline's family, neither of Brooks-James's parents have a college degree. Her mom got pregnant at 17 and dropped out of high school. Brooks-James said her dad fathered his first child at age 13 and didn't finish high school either; by the time she was born, he had three other children and was doing time in prison.

Her mom eventually got her G.E.D. and found work as a home health aide in Clarksville, Tennessee, where the two of them moved when Brooks-James was four years old and already showing academic promise. In elementary school, she performed well, but her mom pulled her out of the local school at the end of fourth grade after their apartment was broken into.

After that, schooling became far more complicated: Brooks-James attended six different schools from fourth to 12th grade.

Still, Brooks-James was accepted into several four-year colleges and was planning on going to one of the state's cheapest — East Tennessee State University. Her family's near-poverty income qualified her for the maximum federal aid of \$5,775, but the \$6,775 in government grants for which she's eligible would only have made a small dent in the estimated \$23,000 annual [cost of attendance](#).

In late May, Brooks-James found out her mom was pregnant, and she decided that leaving Nashville was neither practical nor financially feasible. She looked into attending Austin Peay State University in Clarksville and living at home, but that [would still have cost her](#) about \$13,250 a year. Financial aid would [barely have covered](#) half of her expenses. Instead, she'll attend Volunteer State Community College, just 20 minutes from home. It's cheap enough that her federal aid will more than cover the estimated [\\$5,000 cost of](#) tuition, books and supplies. Brooks-James will also keep her fast-food restaurant job and help take care of her new sibling. She is still determined to become a social worker and plans to transfer to a four-year college, but faces stiff odds. While about [45 percent of female students](#) graduate within six years at East Tennessee State, and 40 percent from Austin Peay, only 17 percent — and only three percent of African Americans — [graduate in three years](#) from Volunteer State.

In the end, Brooks-James won't have the scholarship she had hoped for, but her mentors at Oasis will still give her their full backing and support as she begins college — even though they had hoped she would choose East Tennessee.

"It does matter where she goes," said Lee Gray, Oasis's college connection manager. "Everything after that decision looks different."

This story was produced by [The Hechinger Report](#), a nonprofit, independent news organization focused on inequality and innovation in education. Read more about [higher education](#). Reproduction of this story is not permitted.

[Meredith Kolodner](#) is a staff writer. She previously covered schools for the New York Daily News and was an editor at InsideSchools.org

This story also appeared in *PBS Newshour*

- [College "bait and switch"](#)

- [Rich school, poor school](#)
- [The financial aid policy that shuts out millions of students](#)
- [Catholic colleges tell poor students: Go somewhere else](#)
- [Colleges that pledged to help poor families have been doing the opposite, new figures show](#)
- [As white enrollment sags, colleges turn to new market: Hispanics](#)

Related: [Poorer families are bearing the brunt of college price hikes](#)

Related: [A 'promising' way to help low-income students to and through college](#)

Related: [Catholic colleges tell poor students: Go somewhere else](#)

Related: [States moving college scholarship money away from the poor, to the wealthy and middle class](#)

Related: [Colleges that pledged to help poor families have been doing the opposite, new figures show](#)

Related: [Wealthier students more likely than poor to get private scholarships](#)

Related: [Outdated Pell rules may discriminate against low-income students](#)

Related: [The rich-poor divide on America's college campuses is getting wider, fast](#)

Related: [Can a small, rural college that eliminated merit aid survive – and thrive?](#)

Want more?

- [High failure rates spur universities to overhaul math class](#)
- [British universities reach out to the new minority: poor white males](#)
- [Are science lecture classes sexist?](#)
- [Students on the autism spectrum are often as smart as their peers — so why do so few go to college?](#)
- [Report: Last affordable options for college students are fast disappearing](#)
- [The troubling use of 'merit aid' at public flagships and research universities](#)