



## **Forum**

### *Low-Income Student Access at UW–Madison and Beyond: Problems and Solutions*

February 23, 2007

## **Executive Summary**

### **Overview**

Held on the University of Wisconsin–Madison campus on February 23, 2007, this public forum featured an ongoing research project focusing on low-income student access to UW–Madison, as well as universities nationwide. The program also showcased a website-in-development designed to help potential students understand the expected economic returns to a UW–Madison degree. These projects are the two most complete parts of an ongoing three-part study examining issues related to low-income college students.

Co-sponsored by the La Follette School of Public Affairs, the forum attracted 120 students, faculty, administrators, and researchers from on and off campus, drawing participants from as far away as the University of Wisconsin–La Crosse and southern Iowa.

### **Introduction and Research Project Overview**

Barbara Wolfe, director of the La Follette School of Public Affairs and professor of economics, public affairs, and population health sciences, began the forum with an overview of the three-part study. Entitled *Assessing Equity and Excellence in Public Higher Education: Evidence from a Large Flagship Public University*, the study was initiated after UW–Madison Chancellor John Wiley approached the La Follette School about what he saw as a decline in postsecondary education access for low-income students.

Wolfe briefly described the third part of the study, which, being in its early stages, was not presented at the forum. Under the direction of Wolfe; Sara Goldrick-Rab, WISCAPE

scholar and assistant professor of educational policy studies; and John Witte, professor of public affairs and political science, this study looks at whether there has been a change in the socioeconomic distribution of students who apply to, are accepted at, and enroll at UW–Madison since the 1970s. Using financial aid application and admissions data, the researchers have developed a dataset of more than 500,000 students who applied from 1972 – 1999 to use in their analysis. By matching applicant addresses with U.S. Census data for the applicants’ neighborhoods, the merged dataset provides median household incomes and proportions of poverty in the geographic areas where applicants live, as well as details on individual applicants’ household incomes.

While the study is limited to UW–Madison, it could be replicated at other universities. “We hope that this is a method that other institutions of higher learning can use,” Wolfe said.

### **Variation among Universities in Admitting and Graduating Low-Income Students**

The first presentation highlighted an ongoing study of the factors that influence economic diversity at UW–Madison and other research universities in the United States. Presenters were Matthew Steinberg, a graduate student researcher in the La Follette School, and Patrizio Piraino, a visiting scholar at UW–Madison’s Institute for Research on Poverty, both of whom are working on this project with Robert Haveman, professor emeritus of economics and public affairs at the La Follette School.

Piraino prefaced the talk by describing growing concerns about economic diversity in the United States. Recent studies demonstrate that education gaps by family income are even higher than believed, prompting the question of how well U.S. higher education is promoting an economically mobile society.

Piraino then provided an assessment of public attitudes toward the role of education in opportunity and advancement. Popular media and surveys indicate two strong beliefs among Americans: 1) we live in an open society where the poor have opportunities similar to the rich, and 2) a college education is a key component to individual economic advancement.

“These beliefs can help us understand U.S. policies, but evidence does not correspond well to these beliefs,” Piraino said.

In truth, youths from low-income families participate in higher education at lower rates than those from high-income families, and the gap between these two groups increasing. In addition, low-income students are more likely to attend community and vocational colleges or four-year colleges of lesser quality. Low-income students also graduate at lower rates than high-income students.

In order to get at the reasons behind this emerging picture of postsecondary education, the researchers gathered information on low-income student participation and other

relevant factors for a number of higher education institutions in the United States. They created a dataset by drawing from several national databases and other sources and used it to model the determinants of low-income student participation.

To download a copy of Patrizio Piraino's presentation, please visit:  
<http://www.wiscapewisc.edu/calendar/details.asp?id=452>.

Steinberg presented the results of this analysis in the context of the rising costs of and declining funding for public higher education (in Wisconsin and throughout the nation), as well as the nationwide trend of rapid growth for merit aid and slow growth for need-based aid. Their study looked at how the confluence of these factors might affect the economic diversity of the student population at UW–Madison and other research universities.

The researchers used Pell Grant recipients as a proxy for low-income student participation and examined what factors might contribute to variations in the prevalence of these recipients at various institutions. They also looked at how much the actual percentages of Pell Grant recipients at particular institutions deviated from ratios predicted by the model derived from their dataset. The research sample consisted of 148 doctoral institutions, as classified by the Carnegie system.

For public universities, the researchers found that median SAT scores have a significantly negative effect on the number of Pell Grant recipients at an institution; for every percentage increase in SAT scores, the number of Pell Grant recipients decreases by 2.7 percent. However, enrollment increases correspond with increases in Pell Grant recipients, and the state's share of low-income students enrolled in primary and secondary schools is positively related to the number of Pell Grant recipients at its doctoral institutions. Median SAT scores and enrollment increases had similar effects on the prevalence of Pell Grant recipients at private institutions, while the increases in costs of attendance at private institutions corresponded with declines in Pell Grant recipients.

The researchers also used their model to predict how the institutions in their sample should be performing in terms of Pell Grant recipient enrollment and compared this to their actual performance. Most institutions were performing below predicted values. UW–Madison came in 1.7 percent below its predicted performance on Pell Grant recipient participation. While the institutions were ranked using this performance comparison, Steinberg cautioned that the rankings list should not be used as an index for comparing institutions.

To download a copy of Matthew Steinberg's presentation, please visit:  
<http://www.wiscapewisc.edu/calendar/details.asp?id=452>.

According to Steinberg, the framework establishes an analytical framework that can help explain a great deal of the variation in Pell Grant recipients at both public and private research institutions, understand and estimate the factors contributing to the variation, and identify institutions that perform above expectations in terms of enrolling Pell Grant recipients.

“Our analysis should provide the catalyst for institutions to explore a range of alternative policies, such as those employed by relatively successful institutions, toward the goal of attaining an economically diverse student body,” Steinberg said.

The presentation was followed by commentary from respondent Steven Schuetz, vice president for admission and financial aid at Ripon College, as well as discussion involving the forum participants.

### **The Expected Economic Returns of a UW-Madison Undergraduate Degree**

In the second presentation, Haveman demonstrated a proposed website designed to help potential students understand the expected economic returns to a UW–Madison degree. The website serves to answer two questions:

- To what extent does the investment a student and family puts toward obtaining a degree from UW–Madison pay off in comparison to stopping school with a high school degree?
- Do the financial costs incurred by the student and family in securing a UW–Madison degree generate a financial return that is greater than these costs?

The site employs a model that considers users’ demographic characteristics, such as race and gender; high school performance, such as ACT scores and high school grades; and family income.

“These are all relevant considerations in trying to determine the pay-off to a particular youth,” Haveman said.

Using this information, the site calculates the predicted economic return through discounting the present value (i.e., the value today) of all earning gains from a UW–Madison degree over a lifetime. The model also takes into account tuition and fees and expected financial aid when calculating an expected economic return to a degree. Haveman said he also plans to include discussion of the social benefits of degree attainment on the site, such as increased savings propensity and charitable giving and reduced crime, as well as the private non-financial benefits, like better health, longer life expectancy, and improved consumer decisions.

“It’s a website that can be used in high schools to give students some sense of what it’s worth to get a college education,” Haveman said. “It can be used to demonstrate that it makes sense to borrow ten, twenty, thirty thousand dollars when, over your lifetime, the payback will be many times greater than that.”

Haveman estimated the site will be available for use in Fall 2008; it will be accessible to anyone. He said the site can be tailored to other universities, as well.

To download a copy of Robert Haveman’s presentation, please visit:  
<http://www.wiscape.wisc.edu/calendar/details.asp?id=452>.

Jacqueline DeWalt, director of UW–Madison’s PEOPLE program, served as a respondent for Haveman’s presentation. She began by praising the website project.

“I see a whole lot of ways in which we could benefit from it and include it in our program,” she said.

DeWalt also posed several questions regarding the model. Many of her questions, as well as Haveman’s answers, are paraphrased or quoted below:

**DeWalt:** Does the model take into account students’ financial commitments to family income?

**Haveman:** The calculator needs to be truthful to the existing research literature. Since the literature doesn’t distinguish very well in terms of family income, the website would go beyond the scope of known research if it tried to do so.

**DeWalt:** Can the calculated payback be disaggregated by race and gender, taking into account the glass ceiling effects for woman and certain races?

**Haveman:** Yes, the database includes the information necessary to do this.

**DeWalt:** Are other costs besides tuition and fees considered in a student’s up front private costs for a college degree?

**Haveman:** In the payback literature in economics, living expenses are treated as “a wash” because students will have to pay these costs regardless of whether they attend college. “Personal costs are a matter of taste and preference,” Haveman said. “That’s a hard nut to crack.”

**DeWalt:** Does the model take into account the availability of loans versus grants?

**Haveman:** The model accounts for this by placing a lower weight on loan components because loans need to be paid back.

**DeWalt:** “We all know there are a lot of barriers to completing a college degree. So what’s the cost of starting and *not* completing a degree?”  
In other words, how can the model incorporate probabilities of completing a degree?

**Haveman:** “I’m at a loss on that one. I’ll have to think about it.”

DeWalt’s questions were followed by discussion with the audience. Haveman ended the session by adding that the website will include a section describing what factors the model *cannot* take into account in order to better inform users.

### Related Web Links

Institute for Research on Poverty

<http://www.irp.wisc.edu/>

PEOPLE

<http://www.peopleprogram.wisc.edu/>

Robert M. La Follette School of Public Affairs

<http://www.lafollette.wisc.edu/>

**Agenda**

*Low-Income Student Access at UW–Madison and Beyond: Problems and Solutions*

Friday, February 23

12:15 p.m. – 2:30 p.m.

8417 Sewell Social Sciences Building

**Welcome**

*An Overview of the Study*

12:15 p.m. – 12:30 p.m.

**Welcome**

Noel Radomski  
Managing Director  
WISCAPE

**Introduction**

Barbara Wolfe  
Director  
La Follette School of Public Affairs  
Professor of Public Affairs, Economics, and Population Health Sciences  
University of Wisconsin–Madison

**Public Lecture**

*Variation among Universities in Admitting and Graduating Low-Income Students*

12:30 p.m. – 1:30 p.m.

**Introduction**

Barbara Wolfe  
Director  
La Follette School of Public Affairs  
Professor of Public Affairs, Economics, and Population Health Sciences  
University of Wisconsin–Madison

**Presenters**

Matthew Steinberg  
Graduate Researcher  
La Follette School of Public Affairs  
University of Wisconsin–Madison

*(Continued on following page)*

Patrizio Piraino  
Visiting Scholar  
Institute for Research on Poverty  
University of Wisconsin–Madison

**Respondent**

Steven Schuetz  
Vice President for Admission and Financial Aid  
Ripon College  
Past President  
Wisconsin Association of Student Financial Aid Administrators

**Discussion**

**Break**

1:30 p.m. – 1:45 p.m.

**Public Lecture**

*The Expected Economic Returns of a UW–Madison Undergraduate Degree*

1:45 p.m. – 2:45 p.m.

**Introduction**

Barbara Wolfe  
Director  
La Follette School of Public Affairs  
Professor of Public Affairs, Economics, and Population Health Sciences  
University of Wisconsin–Madison

**Presenter**

Robert Haveman  
Professor Emeritus of Public Affairs and Economics  
La Follette School of Public Affairs  
University of Wisconsin–Madison

**Respondent**

Jacqueline A. DeWalt  
Director  
PEOPLE Program

**Discussion**