

# Financial Aid and Engagement: An Examination of How a Private Scholarship Program Facilitates Access, Retention, and Success for Low-Income Students

Steven M. LaNasa

Donnelly College

Sydney Rogers

University of Missouri–Kansas City

## ***Abstract***

*This paper presents the results of a qualitative inquiry into how a private-tuition scholarship program impacted low-income students' access to a four-year postsecondary experience, and how that aid influenced those students to persist and reach their educational goals. Participants included five undergraduate students who were the recipients of tuition scholarships funded by the private philanthropic foundation arm of a national corporation. Results indicated that (a) the scholarship made a four-year education feasible, although it provided only partial educational-expense support, (b) students attributed significance to and found motivation in the award, and (c) the students' need for loans and continued need for work to supplement both their education and their personal support system had both negative and positive implications for their engagement and persistence in college.*

That the price of higher education in America is on a steady upward climb there is little debate. The Spellings Commission Report (U.S. Department of Education, 2006) noted concern with the “seemingly inexorable increase in college costs, which have outpaced inflation for the past two decades and have made affordability an ever-growing worry for students, families, and policymakers” (p. 2). From 1995 to 2005, the average tuition and fees at a public four-year institution rose by 51% and at community colleges by 30% (College Board, 2005). For academic year 2007–2008, public four-year tuition rose 6.6% (College Board, 2007). The trade-offs produced by the shift from grant aid to loan aid are well documented (Paulson, 2001), but while postsecondary education's tuition and total costs have increased,

an equally concerning trend has developed among low-income student enrollment patterns.

As the price of higher education continues to outpace inflation (College Board, 2007), the impact on students, especially those from economically disadvantaged backgrounds, becomes more intense. Evidence of this is found in the fact that the lower socioeconomic student population appears to be on the rise in the general population, but their representation among those enrolled in college has declined. King (2006) contends that the number of students who would have qualified for Pell Grants, if all applied, nearly doubled between 1999–2000 and 2003–04. Unfortunately, however, the proportion of students from lower income categories enrolled in postsecondary education dropped in absolute and relative terms between 1999 and 2006 (Mortenson, 2008). The most recent analysis of Pell Grant data shows that the proportion of low-income students at elite colleges and the top public universities has steadily declined since 2004 (Fischer, 2008).

## **Background and Literature Review**

The slipping enrollment shift is connected to a trend that has manifested in the last decade. The proportion of aid made available by the states has shifted to a greater emphasis on, and thus availability of, merit-based aid versus need-based aid. From 1993–94 to 2005–06, the share of state aid considered merit-based grew by 500% as compared to need-based aid, which grew by only 60%, after adjusting for inflation (National Association of State Student Grant and Aid Programs, 2004, 2006). Similarly, Heller and Martin (2004) found that throughout the 1990s postsecondary institutions also increased the proportion of scholarships that were awarded based on merit. Although some have argued that rancor over the growth of merit-based aid is unfounded or, at best, misinterpreted because the analysis are rooted in a belief that the aid components are locked in a “zero-sum game” (Longanecker, 2002), evidence suggests otherwise. Review of the NASSGAP data shows, unfortunately, that between 1995 and 2006 the cost-adjusted aid allocation for state need-based aid decreased by 13.5%, while merit-based aid increased by 13.48% of total state aid budgets—a seemingly clear indication that one has grown at the expense of the other. Additionally, recent data indicate that in the years