

*Essays***Financial Aid for Low-Income Students: Lingering Challenges in Southern Education**

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Despite two decades of national education reform, often lead by Southern governors, Southern states constitute the section of the United States where the nation fails most in advancing educational success for poor and minority students. It is where states remain farthest from the goal of increasing college-going rates, especially for poor, African-American and Latino students.

While most Southern states now match or exceed the national average in high school graduation rates, the Deep South states have the nation's lowest percentages of students and adults receiving BA degrees, including degrees in engineering, math and sciences. Poor and minority students in Southern states also have among the nation's smallest chances to participate or succeed in college.

This longstanding trend corresponds closely to the fact that the South remains a region where states provide very little need-based financial aid for college. In the year 2002, for example, four Deep South states --- Georgia, Alabama, Mississippi, and Louisiana --- provided a combined total of less than \$6 million in state funding earmarked as need-based aid for college. In comparison, the state of Indiana alone provided poor, college-going students 20 times more support --- \$105 million in need-based aid in 2000. Also, Southern states that have need-based aid too seldom consider these appropriations as essential state investments. For example, in the 2001 fiscal year, Arkansas eliminated all of its need-based scholarships --- \$20 million --- in the first round of budget cuts after the slowdown in the national economy affected state revenues.

Across this bleak landscape, there are some encouraging signs. Using first-year funds from its "education lottery," South Carolina is now providing free tuition to students who enter two-year colleges and has adopted a diverse set of eligibility standards for its merit-based scholarships funded by the lottery. Governors in both

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Kentucky and West Virginia have set clear goals to increase substantially their states' numbers of college graduates in the coming decade (although these initiatives have not created additional need-based student aid). So far, the governor of Virginia has protected need-based financial aid from the most severe cutbacks of state government. And, in Arkansas the governor and the legislature have restored Arkansas' need-based scholarships after cutting them out of the state budget in 2001-2002.

Despite these hopeful signs, the fact remains that too few students in the South are attending and graduating

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college. The South's poor students -- regardless of race -- have a small chance of graduating from college, and Southern states do relatively little to help the students who have the greatest financial needs.

Southern Issues Shaping Student Financial Aid

The Southern states face three primary trends that will shape the prospects for increasing student aid for college-going students.

1. General Pattern of Under-Investment by Race, Income, and Ethnicity

The absence of adequate need-based financial aid in the South cannot be understood properly in isolation. It is a part of a larger, general pattern of under-investment in students, primarily according to race, ethnicity, and income. Over the whole life of a child's education in the Southern states, there is an inequitable pattern of expenditure of education funds from beginning years through college. For instance, SEF has estimated in South Carolina and Arkansas that a student attending 12 years of school in a high-poverty or high African American district will receive an education worth \$1 million to \$1.5 million less than the education of a child attending a wealthier school district. (See SEF's reports, *Miles to Go South Carolina* and *Miles to Go Arkansas*.)

Alabama's school districts have a range in per pupil expenditure that swings from over \$7000 in the wealthy suburbs of Birmingham to less than \$4500 in poorer, rural school districts. In Tennessee there has been a difference in K-12

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teacher pay of almost \$10,000 per year between small, poorer schools and larger more wealthy schools. In Arkansas, there is almost a \$20,000 difference in what teachers' are paid between the highest and lowest- paying public school districts.

These disparities represent the front and middle of a pattern of under-investment in the education of poor and minority students that begins early and persists. The South's failure to provide adequate financial aid according to need is the back end of this pattern of under-investment. Together, they have a profound cumulative effect.

2. Public Mandate for College Education

There is a long legacy of discrimination in the South that explains the region's historical pattern of under-investment, but there is far too little public understanding today as to why it is in the self-interest of all citizens of a state to sharply reverse this pattern. In most Southern states, according to current, election-related polling, public support for education is remarkably strong. Yet, based on most available indications, there is no clear public understanding about the economic necessity of a college-level education for both the future success of individuals and their families and the future economic progress of individual states. Too often in the public mind of the South, a high school diploma continues to have the currency it had 30 years ago --- as a certificate for livable wages. Yet, as analysts like Tom Mortenson and David Ellwood have plainly documented, only those families headed by individuals with a college education over the last 25 years have had actual gains in income. States with the higher percentages of college graduates generally have the higher per capita incomes.

There is too little public discussion about this issue in the South. While I dare say every incumbent or challenger running to sit in the US House of Representatives or the US Senate from Southern states has expressed "support for education," a SEF survey of stories in the South's newspapers and wire services over the last 4 months of the political campaigns in 2002 indicated that financial aid for college was raised or discussed by the candidates in only 6 Congressional races --- among over 160 races for both the U.S. House and Senate in 15 Southern states. And three of those 6 races were in one state --- Tennessee.

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Also, the South's elected leadership has not yet established a consensus on this imperative for increasing college education. Not long ago, for instance, I had a conversation with the chairperson of an education committee of a Southern state legislature. In response to my argument that the state had to increase its percentage of college graduates in order to fuel the state's future economic progress, the chairperson informed me that most students in the state probably "are not capable of handling a college education."

3. Fairness -- a Necessity in the South's Future Education

Equally disturbing, the Southern states as a whole have not yet come to understand fully that fairness has a new imperative. Equity is not only morally right; it is a necessity in education for the sake of an entire state's future economic and social growth. Today in most Southern states, students who are receiving the least support and have the largest needs --- the South's poor, African American, and Latino students --- are a virtual majority of the student population in grades K-12. In 10 years, these groups of students will be a clear majority of the South's students --- and most of the South's future work force. Unlike the days of the South's old regional economy that could grow on unskilled, cheap labor, there is no way for most Southern states in the new global economy to have the necessary, educated work force, future economic prosperity, and amicable social relations if they fail to educate adequately a majority of their students. It simply cannot be done as the global economy of the 21st century expands.

Most Southern public leaders and many in their communities have not come to appreciate this new reality and the necessity of equity for the welfare of an entire state. Even fewer have begun to act on this new imperative.

Options Ahead

Until Southern states break old patterns of under-investment and embrace new imperatives, the South's support for major improvement in need-based financial aid as a matter of state or federal policy will be limited. These patterns, problems, and issues are not uniquely Southern. They exist in some degree in all parts of the nation. For this reason, the South's experience is instructive to all states and our nation as a whole: America will substantially increase need-based financial aid only after we have developed a fundamental national policy that reflects the new imperatives of the 21st century.