**Increasing the Representation of Low-income High-Achievers at Elite Colleges**

**ABSTRACT**

Low intergenerational mobility is an enduring problem in the United States. While the elite colleges are capable of boosting socioeconomic mobility, they do not prioritize recruitment of low-income students. Despite the generous financial aid policies, low-income students remain massively underrepresented at the elite institutions. This phenomenon results from undermatching—a situation when high-achieving low-income students are not matched with top-tier schools that can best help them become successful in the future. Consequently, the institutions of higher education—that have the power to improve intergenerational mobility—exacerbate it instead. The policies of sending mailers (Hoxby and Turner, 2013) or giving a 160-point SAT advantage (Chetty et al., 2020) to low-income students would not be widely administered until the recruitment of low-income students becomes the top priority of elite colleges. This paper identifies two policies that the government that wishes to correct the problem of undermatching can implement. The first policy would be to change elite colleges’ incentives by adding mobility rankings in the US World and News Report, and granting the federal aid based on that ranking. The second policy would be to grant access to higher education to the top students in all public high-schools and to invest in the public institutions—particularly in those, where the mobility rates are already high.
“We make a promise to every admitted student: your financial circumstances will not keep you from Harvard” (Harvard College, 2020). The elite colleges position themselves as the drivers of social mobility by demonstrating their effort to make higher education accessible. But is it true that low-income is no longer a barrier to elite education? After all, low intergenerational mobility continues to be a persisting issue in the United States. Levy and Tyre (2018) explain that the problem is that: "In a group of 38 selective colleges, more students came from families in the top 1 percent of the income scale than from the entire bottom 60 percent." Many high-achieving low-income students do not receive the elite education. The goal of this paper is to examine the roots of this phenomenon and to propose policies to improve access to higher education for low-income students.

The low-income students are dramatically underrepresented at the elite institutions. Figure 1 plots the share of students from different income groups at the elite colleges in 2002 and 2013. It shows that, in 2013, the elite colleges had more students from the top 1% than the bottom 40%. Moreover, according to the figure, the top 1% was the only income group that increased as a proportion of the student body over the decade. The other income groups saw a decline: for example, the proportion of students from the bottom 20% dropped from a paltry 4 % to 3.5%. This drop occurred in spite of the notable increase in the overall number of low-income college students. Figure 2 - which shows the change in the share of low-income students in higher education between 1996 and 2016 - illustrates that the proportion of low-income students in higher education rose from 12% to 20%. Figure 2 also shows that this rise largely owes to the
increase of low-income students in minimally selective schools (Fry & Cilluffo, 2019). Hence, more low-income students are receiving post-secondary education, but not at the elite colleges.

The underrepresentation of low-income students at the elite colleges exacerbates the issue of socioeconomic mobility. Matthews (2017) warns about the lost opportunity to improve equality because the elite school graduates have more than a 50% chance to wind up in the top income quintiles in comparison to a mere 2.9% chance for the non-selective school graduates. To illustrate, Figure 3 plots the effect of college education on intergenerational mobility. The intergenerational mobility signals to what extent the incomes of students are pre-determined by their parents’. Figure 3 shows that the elite colleges have the highest potential to increase intergenerational mobility because all their graduates, regardless of their family incomes, are likely to land in the top 30% income group (Chetty et al., 2017). The problem, as Chetty et al (2020) stress, is that elite colleges not only disuse their potential, but further depress intergenerational mobility when they admit too few low-income students.

It is often argued that most low-income students lack qualifications required by the elite institutions (US Department of Education, n.d.). The data puts light on this claim. The proportion of low-income students at selective colleges is much smaller than the proportion of low-income high-achievers. Figure 4 groups the students with similar scores according to their income. Despite having the same scores, high-income students attend selective college at a rate 23.5% higher than their low-income peers (Education, 2020). This data is consistent with Chetty et al (2020)’s findings that higher-income students are more likely to attend elite colleges at any level
of academic performance. There are, however, two possible explanations for such income segregation in elite colleges: either elite colleges do not admit low-income students, or low-income students do not apply to elite colleges.

The low proportion of low-income students in top-tier schools stems from low application rates, rather than low admittance rates. Indeed, many of the high-achieving low-income students do not apply to elite schools. Figure 5 shows that low-income students are half as many as high-income students among the high-achievers (Hoxby and Avery, 2012). But when it comes to the application rates, Hoxby and Avery note that low-income students are 15 times less common. Over 40% of high-achieving low-income students choose to apply only to non-selective schools (See Figure 1 on p.7 in Hoxby and Turner 2013), and therefore end up attending a College that is less selective than they are qualified to attend--i.e., they end up “undermatched”.

Undermatching occurs because low-income students are unaware of or misinformed about their opportunities. Avery and Kane (2004) find that low-income students do not apply because they overestimate the cost, find the application process complex, or believe themselves to be unqualified to apply. Hoxby and Turner (2013) agree that expensive price-tags discourage students from applying because they do not know that the most selective colleges usually have the most generous financial aid policies. Moreover, Hoxby and Turner underscore that the fees associated with the standardized testing, and complex paperwork present further barriers to applying. Most importantly, as Roderick et al (2008) highlight, these students come from
communities with no tradition of college going, which means that they lack the encouragement, guidance and support to apply to colleges. As a result, low-income students rarely have help from family members or professional college counselors when it comes to applying to selective colleges. Consequently, many capable students do not apply to elite colleges and apply to feeder schools without examining all of their options (Roderick et al).

Low-income high-achievers are uninformed because Colleges do not reach out to them. Avery and Hoxby (2012) explain that recruiting methods depend on student concentration and geographic proximity, so traditional recruitment methods would be costly and ineffective with the low-income students, who are scattered around the country. The elite schools traditionally reach out through ACT or SAT mailers, college access programs, college counselors and college visits. ACT/SAT mailers rarely distinguish students by income, and therefore, do not include the specific information tailored for low-income students about fee waivers and available aid. College access programs rely on students coming to seek their help by themselves. College counselors that colleges maintain strong relationships with usually come from selective high-schools (Avery and Hoxby), but most low-income students attend high-schools with the average student-to-counselor ratio of 482 to 1 (Levy & Tyre, 2018). Each elite college is capable of visiting at most 100 out of 42000 US high-schools, and they usually select schools that are feeders or that have high-concentrations of students (Avery and Hoxby). Simply put, using traditional recruiting methods to reach all of the low-income high-achievers would be prohibitively costly.
Undermatching due to a lack of awareness or savvy on the part of the low-income students is potentially remediable by appropriate actions by college admission offices. Two studies found cost-effective recruiting methods that increased low-income students’ likelihood to apply and enroll in elite colleges. In 2010, Hoxby and Turner (2013) sent mailers to low-income students and their parents that included application guidance, information about net costs and fee waivers. The students who received the mailers were twice as likely to apply and get enrolled than those who did not (See Figure 6 on p. 25 in Hoxby and Turner 2013). Each mailer cost $6, which is little in comparison to millions spent on recruitment and the significant returns to the economy brought by low-income students who graduate from the elite colleges. A similar and even less costly experiment was conducted by Oreopoulos and Dunn (2012) in disadvantaged schools in Toronto. A simple 3-minute-video about the benefits of higher education and the presentation of the financial aid calculator increased the interest and willingness of low-income students to apply for post-secondary education. The success and the relative affordability of these ventures suggest that the low low-income student enrollment rates emanate from elite colleges’ reluctance to reach out, rather than elite colleges’ inability to reach out. In other words, it appears to be that elite colleges simply do not prioritize reaching out to low-income students.

There is additional evidence to support that low-income students are not in the spotlight of elite colleges’ attention. Firstly, elite colleges place more weight on the recruitment of athletes and legacy students. Levy and Tyre (2018) highlight that legacy students have a 23% greater chance of being admitted. Similarly, Belasco (2019) notes that elite colleges are 20% more likely to admit athletes. To illustrate, 43% of Harvard's student body consists of athletes, legacies or
children of the faculty (Caldera, 2019). Both athletes and legacies usually come from wealthy families because legacy students are the children of the alumni, and athletes, as Desai (2018) notes, should have substantial financial support to afford professional coaching, equipment and traveling for tournaments. Secondly, many selective colleges use early admission policies that add further barriers for low-income students. Anderson (2016) finds that elite colleges recruit 40% of their students through the early-application system. Avery et al (2004) explain that many low-income students do not have the luxury of applying for the binding early decision because they need to compare their financial aid packages before choosing their college. Fallows (2001) concludes that the only beneficiaries of the early-admission advantage are the high-income students, and the yield rankings of colleges.

In light of this diagnosis--that colleges do not prioritize enrollment of low-income students--governments that want to increase low-income students’ access to elite colleges may need to reconsider their policies regarding higher education. The elite colleges have not tried the Hoxby and Turner (2013) mailers so it is highly unlikely that they will accept Chetty et al’s (2020) proposal to give 160-point SAT advantage to low-income students that is said to improve representation of low-income students from 7.3% to 25.8% (Education, 2020). Most of the elite institutions are private, so the government is not able to force them to change their policies. Nevertheless, the government has other options: it can change the incentives for elite colleges or improve access to public institutions.
The first option is to change the elite colleges’ incentives. Elite colleges compete with each other in rankings that usually feature their admission and yield rates. While athletes and legacy students are important to develop the college culture, climb up in rankings and receive vast financial resources for amenities, it is important that elite colleges split the bonuses equally across different student groups. Therefore, the US World and News Report (2020) can start to rank colleges by their accessibility and mobility rates. Moreover, the government can stop providing federal grants to elite colleges with low mobility rates. Matthews (2017) highlights that no elite institution would appear in the top 10 if we sorted colleges by mobility rates. The mobility ranking can incentivize elite colleges to reserve more spaces for the low-income students, and prioritize outreach to high-achieving low-income students to ensure that they are getting the most qualified students.

The second option is to improve the quality and to increase the access to public institutions. Most of the colleges on Matthews’ (2017) top 10 by mobility rate list are public, including Cal State, SUNY and University of Texas. Investing and providing more federal grants to these colleges can further help them to recruit more low-income students and develop their resources so that their mobility rates can rise further. Bleemer (2020) further highlights the effectiveness of the Eligibility in the Local Context program conducted by University of California. This program provided the top 4% of high school graduates with access to a selective college. The students, otherwise unqualified for admissions, enrolled in the selective college and moved up the income ladder by as much as $25000. It is important that the context of students was taken into account since many capable students are unqualified because they could not
afford to hire tutors to prepare for the standardized tests or edit their college essays. Hence, if the government expands this policy to all public institutions, more of the low-income high-achievers will get their ticket to the higher quantiles of the income ladder.

The diagnosis that elite colleges do not prioritize low-income students in their recruitment policies has important implications for the government policies. Firstly, adding the mobility ranking to the US World and News Report and assigning federal grants according to it is likely to incentivize the elite colleges to place more weight on low-income student recruitment. Secondly, broad implementation of the Eligibility in the Local Context program and investment in public institutions - especially those where mobility rates are already high - can further increase the access and mobility rates of the public colleges. Only such policies can ensure that low-income high-achievers attend institutions that match their qualifications and can best help them to move up the income ladder. Of course, these policies are only a first step, as the larger issues that prevent low-income students from becoming high-achievers remain. The promise that “your financial circumstances will not keep you from Harvard” was made, now it is time to keep it.
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