

RESEARCH REPORT

# Race, Ethnicity, and the Design of State Grant Aid Programs

*Sandy Baum*

*Kristin Blagg*

*Leonardo Restrepo*

*Fanny Terrones*

*January 2023*





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# Acknowledgments

This report was funded by Lumina Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

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# Race, Ethnicity, and the Design of State Grant Aid Programs

Most states use grant programs to lower the prices individual college students pay for their education. Unlike overall reductions in tuition prices for public institutions, these grant policies allow some students to pay less than others. The programs' policy design and eligibility requirements vary by state and even across sectors.

Some state grant aid, based on factors other than financial need, is distributed to students based on high school grades or test scores, intended courses of study, parental occupation, or other characteristics. This aid usually aims to reward achievement, to induce talented students to stay in state for college, to encourage students to prepare for occupations in high demand, or to acknowledge the challenges students in specific circumstances face.

Need-based aid programs direct funds toward students for whom paying for college is difficult because of financial circumstances. These policies are rooted in both equity and efficiency goals. There is broad consensus that it is unfair to deny college access to potential students because of their inability to pay. And providing sufficient financial support to enable all admitted students to enroll in and succeed at an institution increases labor force productivity and reduces the need for publicly funded social supports.

But some of the eligibility restrictions for state grants may have differential impacts by race and ethnicity, with the possible unintentional consequence of disproportionately excluding Black and Hispanic students. Some need-based aid programs provide limited or no aid to students enrolled at community colleges or for-profit institutions, give priority to students with strong high school records, exclude part-time college students, or require that students enroll in college immediately after high school.

Grant aid influences students' enrollment decisions, their choice of institutions (Bussey et al. 2021, chapter 8; Dynarski, Page, and Scott-Clayton 2022) and their chances of success (Bettinger 2015), especially among students from low-income and underrepresented backgrounds. Because it lowers net prices, grant aid can also reduce reliance on student loans.

The impact of grant aid and lower net prices on low-income students and those from underrepresented backgrounds makes these programs' structure and eligibility criteria critical. Some

program designs may create barriers to accessing aid among those who need it most. This report aims to describe these potential barriers and assess differences in eligibility and aid receipt among racial and ethnic groups across states. We use data from the National Center for Education Statistics 2017–18 National Postsecondary Student Aid Study, Administrative Collection (NPSAS:18-AC) to study this issue. Unlike earlier survey-based NPSAS data, these new data are representative at the state level for many states.<sup>1</sup>

## Need-Based and Non-Need-Based Aid

Need-based state grant aid provides a larger share of its subsidies to low- and moderate-income students than other state grant aid does. Need-based state grant aid is concentrated among dependent students from low- and moderate-income families (students from families earning less than \$60,000 a year), but similar shares of dependent students at all levels of the income distribution receive state non-need-based grant aid (figure 1).

Because of the correlation between race and ethnicity and financial circumstances, we might expect the two types of programs to differ in their distribution of funds across racial and ethnic groups. According to nationally representative NPSAS data, these differences were not large at the national level in 2017–18. Among students attending institutions in their states of legal residence, white students and those from “other racial and ethnic groups” (i.e., who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race) are somewhat less likely than Black, Hispanic, and Asian students to receive both need-based and non-need-based state grant aid.

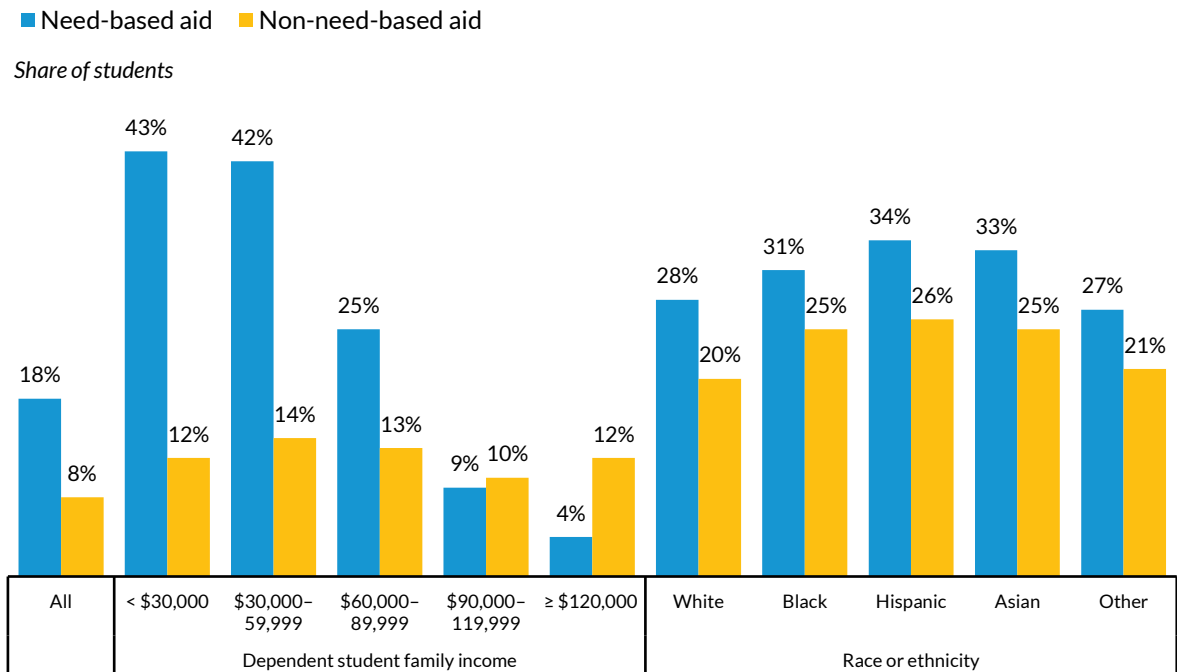
These patterns of state grant receipt—and the data we use for the rest of our analyses—include only students who are enrolled in college. If failure to obtain state grant aid dissuades students from enrolling in higher education, the distribution of aid among college students might hide differences in the awarding of aid. Among 2009 ninth-graders who applied to at least one higher education institution upon completing high school but did not enroll, about 30 percent stated that the main reason they did not enroll was because they could not afford to (NCES High School Longitudinal Study of 2009). Black and Hispanic applicants were more likely (40 percent and 30 percent, respectively) than white applicants (23 percent) to report cost as the main barrier.

It is also possible that even among aid applicants, application deadlines have a differential effect on students from different racial and ethnic groups. We do not have data on aid application dates for

individual students, but this issue appears to create racial gaps in some states, including Wisconsin (Stein, Shayan, and Kenney 2022).

**FIGURE 1**  
**Shares of Undergraduates Attending College in Their State of Legal Residence Receiving State Grant Aid, 2017–18**

*In the US, Black and Hispanic students are at least as likely as others to receive state grant aid*



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**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** “Other” includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

National averages may conceal variation across states. In this report, we analyze how the characteristics of need-based state grant programs affect their reach to students from different racial and ethnic groups. We focus on 11 states with significant need-based grant programs and examine both program structure and the distribution of aid among students from different racial and ethnic groups. All the data analysis in this report looks only at students attending college in their state of legal residence, as students going out of state are rarely eligible for state grant aid.

Need-based aid programs make clear distinctions based on student and family incomes and sometimes asset levels. The programs carefully define the financial circumstances required for grant receipt. They do not exclude or include students because of their racial and ethnic identities. But

because of differences in enrollment patterns and in high school records, some of the eligibility restrictions for state grants may diminish the programs' effectiveness in increasing postsecondary opportunities, particularly for Black and Hispanic students.

Enrollment in different institutional sectors does differ by student race and ethnicity at the national level (table 1). State grant programs that exclude students enrolled in two-year or nonpublic institutions from grant aid could disproportionately exclude students from certain racial and ethnic backgrounds. In 2017–18, when 46 percent of undergraduates in the US attending college in their state of legal residence attended public two-year colleges, 52 percent of Hispanic students were enrolled in this sector. Black students who enrolled in their home state disproportionately attended private for-profit colleges, which are often excluded from state-based aid.

**TABLE 1**

**Undergraduate Enrollment, by Race, Ethnicity, and Sector**

*Larger shares of Hispanic students than of students from other groups enroll in public two-year colleges, and larger shares of Black students than of students from other groups enroll in for-profit institutions*

	Public four-year	Private nonprofit four-year	Public two-year	For-profit degree-granting	Other
All	35%	10%	46%	4%	4%
White	38%	11%	45%	2%	4%
Black	30%	9%	47%	8%	6%
Hispanic	29%	9%	52%	5%	5%
Asian	38%	11%	44%	3%	4%
Other	40%	10%	40%	4%	5%

**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Notes:** Includes only students attending college in their state of legal residence. “Other” includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

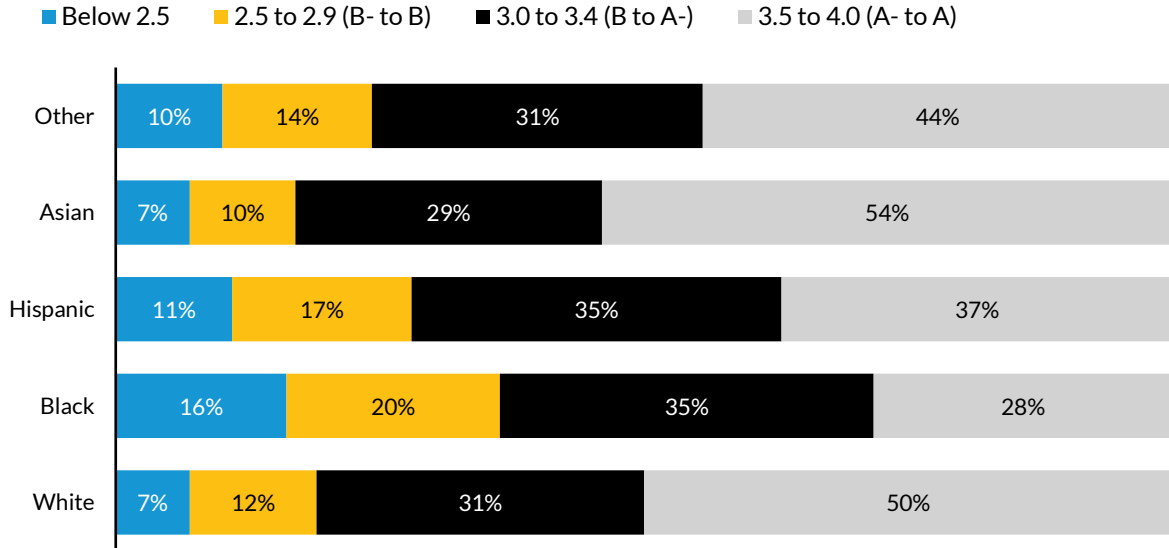
Some state grant programs incorporate high school achievement criteria, such as grades, test scores, or academic coursework, even if grant eligibility is primarily grounded in need. A need-based program may require that eligible students have a certain high school grade point average (GPA). At least half of white and Asian undergraduates in 2017–18 had high school GPAs of 3.5 or higher, but only 28 percent of Black students and 37 percent of Hispanic students reached this level. Thirty-six percent of Black students and 28 percent of Hispanic students had GPAs below 3.0 and would not have qualified for state grant programs with 3.0 thresholds (figure 2).



FIGURE 2

**High School Grade Point Averages of Undergraduate Students, 2017–18**

*Black and Hispanic college students have lower high school grade point averages than students from other groups*



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**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** “Other” includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

Some state grant programs fund part-time students, such that students enrolled for fewer credit hours receive smaller awards than those enrolled full time. But some state grant programs exclude part-time students, funding only students who are enrolled full time. Black and Hispanic students are less likely than others to enroll full time, potentially making them less eligible for state-based programs. But among public four-year college students, the national shares of students from different racial and ethnic groups enrolled full time differ by only small amounts (table 2).

TABLE 2

**Full-Time and Part-Time Enrollment among Undergraduate Students, 2017–18***A smaller share of Hispanic students than of students from other groups is enrolled full time*

	Full time	Half time	Less than half time
<b>At all institutions</b>			
All	66%	28%	6%
White	68%	26%	6%
Black	64%	31%	5%
Hispanic	60%	33%	6%
Asian	68%	25%	7%
Other	70%	25%	4%
<b>At public four-year institutions</b>			
All	82%	16%	2%
White	83%	15%	2%
Black	82%	16%	2%
Hispanic	80%	18%	2%
Asian	84%	14%	2%
Other	84%	14%	2%

**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** “Other” includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

Some states offer need-based aid only to first-time students or recent high school graduates. As undergraduates, Black students are less likely than others to be 22 or younger and are most likely to be 30 or older (table 3). As a result, they are more likely than others to be affected by restrictions on age or time since high school graduation.

TABLE 3

**Ages of Undergraduate Students, 2017–18***On average, Black students are older than students from other groups*

	22 or younger	23 to 29	30 or older
All	57%	23%	20%
White	57%	23%	21%
Black	48%	25%	27%
Hispanic	59%	24%	16%
Asian	61%	23%	16%
Other	63%	21%	16%

**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** “Other” includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

All these characteristics associated with possible exclusion from state grant programs—enrollment outside the public four-year sector, lower high school achievement levels, part-time enrollment, and older ages—are more common among independent students than among dependent students. And 53

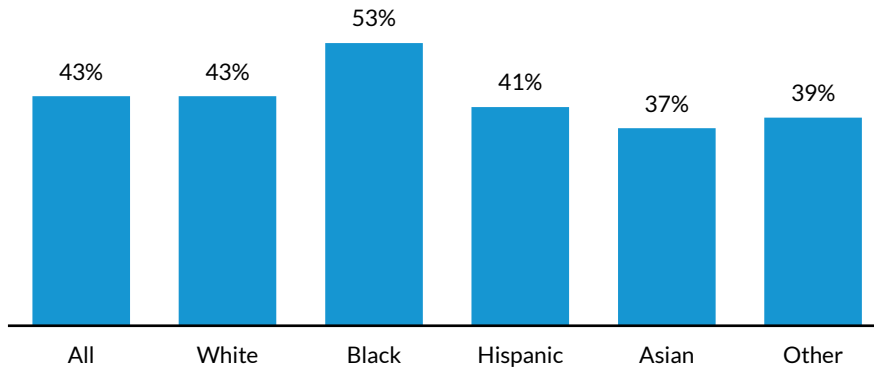
percent of Black students are independent versus 43 percent of all students (figure 3). This difference is mainly because Black students are more likely than others to be 23 or older (52 percent compared with 43 percent overall) and are more likely than others to have dependents (29 percent compared with 19 percent overall).

FIGURE 3

**Share of Undergraduates Who Are Independent**

*A larger share of Black undergraduates than of students from other groups is independent*

*Share of students who are independent*



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**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Notes:** Undergraduate students are classified as independent of their parents for financial aid purposes if they are 24 or older, are married, have dependents of their own, are veterans or active-duty military members, or meet other special criteria. “Other” includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

Because demographics and enrollment patterns differ significantly by state, these national patterns may not be reliable indicators of how well need-based state grant programs serve students from different racial and ethnic groups. The remainder of this report focuses on the following 11 states: California, Illinois, Kentucky, Massachusetts, Missouri, New Jersey, New York, North Carolina, Ohio, Texas, and Wisconsin. We find that even though differences are not as large or as prevalent as one might expect, in some states, Black, Hispanic, or Asian students are less likely than others with similar household incomes—or similar federal expected family contributions (EFCs)—to receive state grant aid. These differences usually do not occur within the public four-year sector but occur either among public two-year college students or among college students overall. We explore differences in state grant program structures that might lead to this outcome or that might support equitable access to funding.

# Overview of Student Demographics and Need-Based Aid

Before looking at the distribution of need-based grant aid in individual states, we compare the demographics of students in our 11 states, focusing on race and ethnicity and differences in the characteristics and enrollment patterns of white, Black, Hispanic, and Asian students. Small sample sizes do not allow us to report on members of other racial and ethnic groups.

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## BOX 1

### Profiles of Grant Aid in 11 States

We summarize and synthesize information on 11 states—California, Illinois, Kentucky, Massachusetts, Missouri, New Jersey, New York, North Carolina, Ohio, Texas, and Wisconsin—in this report. We provide a full state grant aid profile for each state in our appendix report *Race, Ethnicity, and the Design of State Grant Aid Programs: Appendixes*. These profiles provide more information about the programs available in each state, the amount spent on each, and how program structure may affect state grant aid distribution by race and ethnicity. This appendix report can be accessed at <https://www.urban.org/research/publication/race-ethnicity-and-design-state-grant-aid-programs>.

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## Race and Ethnicity

Half of the undergraduate students in the US attending institutions in their state of legal residence are white, but only 38 percent of those with \$0 EFCs—households who have income and assets deemed too low to contribute to financing an education—are white. Black students make up 14 percent of the total but 21 percent of students with \$0 EFCs. Hispanic students make up 21 percent of the total but 26 percent of students with \$0 EFCs.

Among the 11 states we studied, California has the smallest share of white students enrolled in state (26 percent), and Kentucky has the largest share (79 percent). The Black share of students ranges from 5 percent in California to 24 percent in North Carolina. The Hispanic share ranges from 4 percent in Kentucky to 41 percent in Texas. And the Asian share ranges from 3 percent in Kentucky to 18 percent in California (table 4).

TABLE 4

**Racial and Ethnic Composition of In-State College Students, by State, 2017–18**

*In all states, Black and Hispanic students make up a larger share of students with \$0 EFCs than of the total student body*

	All Students					Students with \$0 EFCs				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
US	50%	14%	21%	8%	7%	38%	21%	26%	9%	7%
CA	26%	5%	44%	18%	7%	22%	6%	50%	17%	5%
IL	53%	12%	22%	9%	5%	40%	20%	25%	10%	5%
KY	79%	9%	4%	3%	6%	73%	14%	4%	3%	6%
MA	57%	13%	14%	11%	5%	45%	21%	20%	11%	3%
MO	75%	11%	3%	5%	5%	62%	21%	4%	6%	8%
NJ	44%	18%	22%	11%	5%	32%	27%	29%	7%	4%
NY	45%	15%	21%	15%	4%	32%	19%	25%	18%	5%
NC	54%	24%	10%	4%	8%	41%	30%	14%	4%	10%
OH	71%	14%	5%	4%	6%	52%	28%	7%	5%	8%
TX	34%	13%	41%	7%	5%	23%	21%	46%	5%	5%
WI	76%	7%	7%	6%	5%	58%	15%	8%	11%	7%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

Notes: EFC = expected family contribution. "Other" includes students who are American Indian or Alaska Native, who are Native Hawaiian or other Pacific Islander, or who identify as more than one race.

## \$0 EFCs

The federal need analysis system assigns students who complete the Free Application for Federal Student Aid (FAFSA) an EFC based on their income and assets. For dependent students, the EFC is a function of the financial resources of both students and parents. The calculation for independent students (who are 24 or older, are married, have dependents of their own, or meet other specified criteria) includes the financial resources of only the student and, if applicable, the student's spouse.

A \$0 EFC indicates the student's household does not have adequate financial resources to contribute to the cost of an education. In the US, 38 percent of undergraduates attending college in their state of residence in 2017–18 had \$0 EFCs. In the 11 states we studied, the share ranged from 27 percent in Wisconsin to 44 percent in New York and North Carolina (table 5).

TABLE 5

**Share of Undergraduates with \$0 EFCs, 2017–18**

*Almost 40 percent of US college students and their families are deemed unable to contribute financially to college costs*

Share of students with \$0 EFCs	
US	38%
CA	41%
IL	34%
KY	38%
MA	32%
MO	34%
NJ	36%
NY	44%
NC	44%
OH	34%
TX	39%
WI	27%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

Note: EFC = expected family contribution.

## Enrollment by Sector

In the US, 48 percent of undergraduate students enrolled in colleges and universities in their state of legal residence attend public two-year colleges, 36 percent attend public four-year colleges, and 16 percent attend private nonprofit or for-profit institutions (table 9).

In the 11 states we studied, the share enrolled in public two-year colleges ranges from 34 percent in Missouri to 64 percent in Illinois. The share enrolled in public four-year colleges ranges from 19 percent in Illinois to 51 percent in North Carolina.

Underrepresentation of Black and Hispanic students at four-year public institutions and private nonprofit institutions may diminish their chances of receiving state grant aid. Hispanic students are more likely than others (54 percent versus 48 percent of all students) to attend public two-year colleges. Black and Hispanic students are least likely to attend public four-year colleges.

In almost all states, a larger share of Hispanic students than of white students attends public two-year colleges. But the differences range from 0 percentage points in Texas (50 percent of both groups) to 41 percentage points in North Carolina (69 percent of Hispanic students and 28 percent of white students).

In all states except Illinois and North Carolina, a larger share of Black students than of white students attends public two-year colleges. The largest gap is in Wisconsin, where 63 percent of Black students and 46 percent of white students are enrolled in this sector.

**TABLE 9**

**Share of Undergraduates Enrolled in Public Two-Year and Four-Year Institutions**

*There is wide variation across states in the distribution of students between public two-year and four-year institutions*

	Public Two-Year					Public Four-Year				
	All	White	Black	Hispanic	Asian	All	White	Black	Hispanic	Asian
US	48%	46%	49%	54%	45%	36%	39%	32%	30%	39%
CA	62%	63%	67%	67%	60%	28%	25%	14%	24%	34%
IL	64%	64%	59%	68%	54%	19%	19%	21%	14%	25%
KY	45%	45%	46%	47%	40%	41%	41%	41%	33%	42%
MA	36%	33%	47%	47%	25%	31%	33%	28%	24%	33%
MO	34%	32%	37%	42%	28%	43%	45%	36%	37%	34%
NJ	45%	44%	55%	49%	24%	45%	45%	36%	41%	63%
NY	39%	40%	49%	42%	25%	34%	30%	25%	37%	50%
NC	35%	28%	26%	69%	47%	51%	57%	53%	28%	50%
OH	49%	46%	59%	58%	44%	37%	40%	26%	40%	39%
TX	50%	50%	53%	50%	45%	37%	39%	34%	37%	36%
WI	48%	46%	63%	54%	50%	41%	45%	10%	36%	33%

**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** Because the data are valid at the state level only for public colleges and universities, it is not possible to separate private nonprofit and for-profit enrollment.

**Full-Time and Part-Time Enrollment**

In the US, 66 percent of undergraduate students attending college in their state of legal residence were enrolled full time in fall 2018. Another 28 percent were enrolled half time, with only 6 percent enrolled less than half time (table 10).

Hispanic students were least likely (60 percent) to be enrolled full time, but Asian students were slightly less likely than others to be enrolled at least half time. Part-time enrollment may exclude disproportionate shares of Black, Hispanic, and Asian students from some state grant programs.

The share of students enrolled full time ranged from 55 percent in California to 80 percent in North Carolina.

The share of students enrolled less than half time ranged from 1 percent in North Carolina to 13 percent in California, where 19 percent of Black students were enrolled less than half time.

TABLE 10

**Shares of Students Enrolled Full Time, at Least Half Time, and Less Than Half Time***In all states except Kentucky, Black and Hispanic students are least likely to be enrolled full time*

	US	CA	IL	KY	MA	MO	NJ	NY	NC	OH	TX	WI
<b>Share enrolled full time</b>												
All	66%	55%	63%	69%	70%	73%	74%	75%	80%	67%	62%	73%
White	68%	52%	66%	70%	73%	74%	76%	74%	81%	70%	64%	75%
Black	64%	49%	62%	62%	55%	68%	70%	71%	82%	60%	62%	45%
Hispanic	60%	52%	55%	75%	65%	68%	70%	71%	75%	55%	60%	68%
Asian	68%	60%	70%	54%	79%	74%	82%	83%	84%	68%	62%	66%
Other	70%	77%	N/A	78%	73%	78%	74%	85%	73%	N/A	63%	76%
<b>Share enrolled half time</b>												
All	28%	32%	30%	26%	26%	25%	22%	21%	19%	29%	33%	23%
White	26%	32%	26%	27%	23%	24%	20%	21%	18%	26%	29%	20%
Black	31%	31%	35%	30%	42%	31%	26%	24%	17%	36%	34%	52%
Hispanic	33%	37%	40%	25%	32%	30%	28%	24%	24%	41%	35%	29%
Asian	25%	27%	26%	36%	15%	25%	16%	15%	16%	25%	32%	31%
Other	25%	17%	0%	12%	26%	20%	21%	11%	27%	N/A	33%	18%
<b>Share enrolled less than half time</b>												
All	6%	13%	7%	4%	4%	2%	3%	4%	1%	4%	5%	4%
White	6%	16%	9%	4%	4%	2%	4%	5%	1%	4%	6%	5%
Black	5%	19%	3%	8%	3%	1%	4%	5%	1%	3%	4%	3%
Hispanic	6%	11%	4%	0%	3%	2%	2%	5%	1%	4%	4%	3%
Asian	7%	13%	4%	10%	5%	2%	2%	1%	1%	7%	6%	3%
Other	4%	5%	0%	10%	1%	2%	4%	3%	0%	N/A	5%	6%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

Note: N/A = not applicable.

## Aid Application

All state grant programs require that students complete the FAFSA or a similar state eligibility form. Some programs require additional information. Students might not apply for aid because they are unaware of the requirement, because they do not think they will be eligible, or because the process is too complicated or intimidating. In 2017–18, the share of students with estimated EFCs below \$6,000 enrolled at least half time who applied for federal student aid ranged from 85 percent in Illinois to 97 percent in North Carolina (table 11).

Across the US, Black students with EFCs below \$6,000 are slightly more likely than others to apply for federal student aid.

In California, Black students were least likely to apply for aid, but in other states, either Hispanic or Asian students were least likely to complete the FAFSA.

The largest difference in aid application rates across groups was in New Jersey, where 94 percent of Black students applied for aid, compared with 80 percent of Asian students with EFCs below \$6,000.



**TABLE 11**

**Share of In-State Students Enrolled At Least Half Time with Expected Family Contributions Less Than \$6,000 Applying for Federal Aid**

*Patterns vary among states, but generally, white students are no more likely than students from other groups to apply for federal student aid*

	US	CA	IL	KY	MA	MO	NJ	NY	NC	OH	TX	WI
All	89%	86%	85%	93%	93%	93%	89%	89%	97%	90%	90%	89%
White	90%	91%	88%	93%	93%	93%	87%	91%	96%	89%	89%	88%
Black	94%	83%	93%	92%	93%	97%	94%	88%	98%	96%	95%	95%
Hispanic	87%	85%	77%	89%	92%	88%	90%	83%	99%	88%	90%	86%
Asian	87%	86%	80%	81%	95%	86%	80%	90%	96%	85%	91%	90%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

These numbers may understate the share of students considering higher education who do not apply for financial aid because the data include only students who ultimately enrolled in higher education.

**Share of Students Receiving Need-Based State Grants**

Almost a quarter of undergraduate students in the US attending institutions in their state of legal residence receive need-based state grant aid. Among those with \$0 EFCs, 30 percent receive this aid, and a similar share of those with EFCs below \$6,000 receive this aid (table 12).

Among the 11 states we studied, the share of in-state undergraduates receiving need-based state grant aid ranges from 15 percent in Ohio to 43 percent in Massachusetts.

In most states, the share of students with \$0 EFCs receiving this aid is similar to the share of all those with EFCs below \$6,000 receiving it. But in Kentucky 52 percent of students with \$0 EFCs, but only 29 percent of those with EFCs below \$6,000 receive need-based state grant aid.

North Carolina is the only state we studied where the share of students with \$0 EFCs receiving this aid (32 percent) is lower than the share of all students receiving it (41 percent).

TABLE 12

### Share of All In-State Undergraduates and of Low-Income Undergraduates Receiving Need-Based State Grant Aid

The share of students with \$0 EFCs receiving state grant aid ranges from 28 percent in Ohio to 66 percent in Massachusetts

	Share of in-state undergraduates receiving need-based grant aid	Share of students with \$0 EFCs	Share of students with EFCs less than \$6,000
US	23%	30%	31%
CA	22%	32%	30%
IL	23%	36%	37%
KY	35%	52%	29%
MA	43%	66%	67%
MO	21%	30%	34%
NJ	25%	35%	35%
NY	37%	48%	47%
NC	41%	32%	30%
OH	15%	28%	24%
TX	27%	32%	36%
WI	32%	48%	51%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

Note: EFC = expected family contribution. Includes only state grant aid based at least in part on financial circumstances. Some students receive state grant aid that is not need-based aid.

The ages and weaker high school records of Black and Hispanic students may disqualify them from some need-based state grant programs, even if they are academically eligible for enrollment and are admitted to institutions in the state. In addition, Black and Hispanic students' higher rates of part-time enrollment and attendance at public two-year or for-profit institutions may reduce their chances of getting aid.

The appendixes to this report look at need-based grant programs and patterns of aid receipt by race and ethnicity in 11 states. Below, we summarize the findings detailed in the state reports.

## Receipt of Need-Based State Grant Aid among Racial and Ethnic Groups

### Summary of State Findings

In most of the 11 states we examined, there are some differences in rates of need-based state grant aid among students with EFCs below \$6,000 from different racial and ethnic groups (table 13).

In California, 23 percent of low-EFC Black students receive state grant aid, compared with 29 percent of low-EFC Asian students and 30 percent of all low-EFC students. In North Carolina, 43 percent of low-EFC Hispanic students receive state grant aid, compared with 68 percent of low-EFC white students and 59 percent of all low-EFC students. In Kentucky, 50 percent of low-EFC Black students and 51 percent of low-EFC Asian students receive state grant aid, compared with 63 percent of low-EFC white students and 61 percent of all low-EFC students. But in Illinois, the lowest grant receipt among low-EFC students is among white students.

Differences in grant receipt by race and ethnicity among students enrolled in the public four-year sector are rare. We find that grant receipt differences either appear within the public two-year sector or are associated with the concentration of nonwhite students at public two-year colleges, where small shares of students receive aid in many states. Within the public two-year sector, it is most commonly low-EFC Asian students who have the lowest rates of aid receipt.

TABLE 13

**Share of Students with EFCs below \$6,000 Receiving State Grant Aid**

*Most differences in rates of need-based state grant receipt are between the public two-year and four-year sectors and within the public two-year sector—not within the public four-year sector*

	All	White	Black	Hispanic	Asian
CA	30%	30%	23%	31%	29%
IL	49%	44%	62%	49%	53%
KY	61%	63%	50%	54%	51%
MA	74%	74%	76%	74%	74%
MO	34%	36%	25%	29%	40%
NJ	41%	42%	39%	41%	50%
NY	57%	59%	55%	51%	59%
NC	59%	68%	59%	43%	46%
OH	30%	30%	36%	27%	21%
TX	36%	35%	34%	37%	30%
WI	62%	62%	49%	65%	63%
<b>Public four-year</b>					
CA	58%	60%	N/A	60%	57%
IL	74%	66%	N/A	78%	84%
KY	77%	77%	N/A	79%	N/A
MA	85%	83%	N/A	89%	86%
MO	52%	54%	39%	N/A	N/A
NJ	66%	66%	63%	69%	66%
NY	59%	62%	56%	57%	59%
NC	83%	83%	82%	85%	85%
OH	59%	55%	89%	N/A	N/A
TX	60%	61%	65%	61%	51%
WI	73%	72%	71%	75%	72%
<b>Public two-year</b>					
CA	17%	18%	16%	19%	15%
IL	26%	25%	35%	26%	13%
KY	51%	54%	N/A	N/A	N/A
MA	65%	67%	65%	68%	50%
MO	20%	23%	15%	24%	N/A
NJ	25%	21%	30%	27%	31%
NY	53%	59%	49%	42%	49%
NC	27%	37%	19%	24%	23%
OH	8%	7%	9%	5%	N/A
TX	21%	18%	22%	21%	24%
WI	60%	60%	58%	55%	67%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

Notes: N/A = not available. Shaded cells indicate share of grant recipients at least 3 percentage points below the overall share.

High school GPA requirements are most likely to affect Black and Hispanic students but are rare among grant programs in the 11 states we studied. Thus, it is unlikely that these requirements are producing substantial differences in grant receipt by race and ethnicity. Within states that do have academic requirements, we do not see substantial differences in grant receipt by race or ethnicity. This is likely because most students meeting the academic requirements for admission at most of the affected four-year institutions also meet the academic requirements for aid receipt. For example,

California's need-based grant programs require a 3.0 high school GPA for students attending public four-year institutions. But because of the rigorous requirements for admission, very few students are disqualified for not meeting this requirement. The sample of Black students in this sector is too small to yield meaningful results, but low-EFC Hispanic students are at least as likely as white and Asian students to receive this aid. Similarly, the high school academic criteria determining priority for state grant aid at public four-year universities in Texas do not create measurable differences in aid receipt by race and ethnicity. Low-EFC Asian students are least likely to receive state grant aid at these institutions. Texas data suggest this outcome is partially the result of low-EFC Asian students in the state being less likely than others to enroll full time. In 2017–18, 10 percent of low-EFC Asian students at public four-year institutions in Texas were enrolled less than half time, compared with 2 percent of all low-EFC students.

Many states award aid to students who are enrolled at least half time, but some exclude all those not enrolled full time. Excluding half-time students has the biggest impact on Black and Hispanic students who, in most states, are more likely than others to enroll part time. But part-time enrollment is most common at public two-year colleges, where the share of students receiving state grant aid is generally low. And in none of the states we studied did focusing only on full-time students or students enrolled at least half time measurably diminish any differences in aid receipt among racial and ethnic groups.

A few states, such as California and Texas, require state grant recipients to be recent high school graduates. This requirement is most likely to affect Black students who, unlike Hispanic students, tend to be older overall. Many older students attend public two-year colleges or enroll part time so might miss out on grants for multiple reasons.

Despite the evidence that some restrictions on state grant aid might disproportionately exclude Black and Hispanic students, these policies appear to cause fewer disparities in practice than might be anticipated. But the disproportionate enrollment of Black and Hispanic students at public two-year institutions and for-profit institutions frequently prevents them from receiving state grant aid. This observation is consistent with the evidence that variation in grant receipt among racial and ethnic groups is more widespread in aggregate state data than within either the public two-year sector or the public four-year sector.

Decisions about allocating aid between two-year and four-year students are not simple. In some states, the lower tuition at public two-year colleges leads policymakers to direct the bulk of their aid to four-year college students. But even if grant aid covers tuition, many public two-year college students

struggle to cover their living expenses. States aiming to increase college enrollment and success might find it constructive to reconsider their allocation of state grant aid to institutions that enroll disproportionate shares of low-income Black and Hispanic students.

In all 11 states we studied, there is a significant difference in aid receipt between low-EFC aid applicants enrolled at least half time in public two-year institutions and those at four-year institutions. The differences are relatively small in New York (70 percent versus 63 percent), Wisconsin (83 percent versus 73 percent), and Massachusetts (89 percent versus 75 percent). But in Ohio, where 63 percent of low-EFC public four-year students receive need-based state grant aid, only 9 percent of two-year students receive that aid. In North Carolina, these shares are 87 percent and 27 percent.

Because Black and Hispanic students are most likely to be overrepresented at public two-year colleges, these differences in aid receipt lower the shares of otherwise eligible students receiving state grant aid. In North Carolina, 69 percent of Hispanic students and 28 percent of white students are in the public two-year sector. In Ohio, 59 percent of Black students, 58 percent of Hispanic students, and 46 percent of white students are enrolled in this sector. In Massachusetts, 47 percent of Black and Hispanic students attend public two-year colleges, compared with 33 percent of white students. But in Illinois, the only one of the 11 states we studied where overall grant receipt is lowest among white students, 64 percent of white students and 59 percent of Black students attend public two-year colleges (table 14).

**TABLE 14**  
**Shares of Low-EFC Students Receiving Need-Based State Grant Aid in Public Four-Year and Two-Year Institutions and of Students Enrolled in Public Two-Year Colleges, by Race or Ethnicity**

	Share of Low-EFC Students Receiving Aid		Share of Students Attending Public Two-Year Institutions			
	Public four-year	Public two-year	White	Black	Hispanic	Asian
CA	61%	23%	63%	67%	67%	60%
IL	78%	38%	64%	59%	68%	54%
KY	82%	60%	45%	46%	47%	40%
MA	89%	75%	33%	47%	47%	25%
MO	55%	22%	32%	37%	42%	28%
NJ	69%	32%	44%	55%	49%	24%
NY	70%	63%	40%	49%	42%	25%
NC	87%	27%	28%	26%	69%	47%
OH	63%	9%	46%	59%	58%	44%
TX	64%	31%	50%	53%	50%	45%
WI	83%	73%	46%	63%	54%	50%

**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** EFC = expected family contribution.

## Conclusion

States use need-based state grant aid to reduce financial barriers to college for students from low-income households. Each state has a unique program design, and student demographics and enrollment patterns vary considerably. These characteristics, in addition to the budget constraints states face, mean that the most effective policies will differ from state to state. But common patterns in the differing circumstances of students from different racial and ethnic groups mean that some practices may lead inadvertently to the disproportionate exclusion of Black and Hispanic students from state grant programs.

Restricting eligibility based on high school academic performance, age, time elapsed since high school graduation, and part-time versus full-time enrollment is likely to exclude larger shares of Black and Hispanic students than of other students. But in practice, the most significant issue appears to be the small share of state grant aid going to students attending public two-year colleges, which tend to enroll larger shares of Black and Hispanic students than other sectors.

If states want to ensure inclusivity in their need-based state grant programs, they should examine their policies for differential impacts by race and ethnicity. The data in this report, which include only students who are enrolled in college, do not shed any light on whether some state grant policies discourage students with particular characteristics from pursuing postsecondary education. This question must be part of thorough inquiries into the most effective strategies for meeting states' goals for access and success in higher education.<sup>2</sup>

# Appendix. Overview of Student Characteristics

## Dependency Status

In fall 2017, 43 percent of US undergraduate students were independent for financial aid purposes. In the 11 states we studied, the share of students who were independent ranged from 38 percent in New Jersey to 43 percent in Illinois and Ohio.

The largest share of independent students is among Black students, both in the US (53 percent) and in each of the 11 states we studied.

Shares of Black students who were independent ranged from 45 percent in North Carolina to 71 percent in Wisconsin (table A.1).

**TABLE A.1**

### Share of Undergraduate Students Who Are Independent for Financial Aid Purposes

*In all states we studied, a larger share of Black undergraduates than of students from other groups is independent*

	US	CA	IL	KY	MA	MO	NJ	NY	NC	OH	TX	WI
All	43%	42%	43%	41%	41%	39%	38%	39%	40%	43%	41%	41%
White	43%	48%	47%	41%	36%	37%	35%	38%	39%	40%	43%	37%
Black	53%	63%	58%	52%	59%	49%	52%	55%	45%	58%	50%	71%
Hispanic	41%	41%	41%	44%	44%	43%	37%	37%	43%	45%	38%	39%
Asian	37%	35%	35%	50%	40%	33%	30%	26%	32%	45%	38%	44%
Other	39%	32%	32%	13%	35%	38%	28%	45%	34%	40%	39%	45%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

## Age

In fall 2017, 57 percent of US undergraduates attending institutions in their state of legal residence were 22 or younger.

Among the 11 states we studied, the share of students ages 22 or younger ranged from 56 percent in California to 62 percent in Kentucky.



In line with national data, in the 11 states we studied, Black students were less likely than others to be 22 or younger (except in Kentucky). As a result, grant programs that are available only to recent high school graduates may disproportionately exclude Black students.

In Kentucky, a slightly smaller share of Asian students was in this age range. Among the 11 states we studied, the share of Black students ages 22 or younger ranged from 36 percent in California to 54 percent in North Carolina (table A.2).

**TABLE A.2**

**Share of Undergraduates Ages 22 or Younger**

*In all states we studied, Black students are older than students from other groups*

	US	CA	IL	KY	MA	MO	NJ	NY	NC	OH	TX	WI
All	57%	56%	56%	62%	58%	61%	61%	61%	61%	58%	58%	58%
White	57%	50%	53%	62%	61%	62%	63%	61%	61%	60%	56%	60%
Black	48%	36%	51%	52%	41%	53%	49%	46%	54%	48%	50%	29%
Hispanic	59%	58%	57%	62%	60%	67%	62%	63%	62%	63%	61%	62%
Asian	61%	63%	66%	50%	59%	67%	67%	73%	64%	56%	61%	54%
Other	63%	67%	73%	81%	65%	64%	69%	55%	72%	61%	68%	58%

Source: 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**High School GPA**

About one-quarter of undergraduate students had high school GPAs below 3.0. This share ranged from 20 percent in Texas to 25 percent in California (table A.3).

In the US as a whole and in each of the 11 states we studied, larger shares of Black students than of students from other groups have high school GPAs below 3.0. For Black students, the range was from 26 percent in Texas to 49 percent in Ohio. Differences in high school academic records across racial and ethnic groups may lead to Hispanic students and particularly Black students losing out on state grant aid in states with restrictions or priority based on grades or test scores.

**TABLE A.3**

**Share of Students with High School GPAs below 3.0**

*In almost all states studies, Black and Hispanic college students have lower high school GPAs than students from other groups*

	<b>US</b>	<b>CA</b>	<b>IL</b>	<b>KY</b>	<b>MA</b>	<b>MO</b>	<b>NJ</b>	<b>NY</b>	<b>NC</b>	<b>OH</b>	<b>TX</b>	<b>WI</b>
All	23%	25%	25%	22%	23%	22%	23%	24%	21%	24%	20%	24%
White	19%	23%	22%	22%	20%	18%	19%	18%	14%	20%	16%	21%
Black	36%	32%	35%	28%	37%	44%	38%	38%	33%	49%	26%	43%
Hispanic	28%	30%	31%	17%	27%	36%	25%	31%	27%	34%	23%	33%
Asian	17%	18%	19%	18%	15%	18%	12%	17%	14%	14%	13%	27%
Other	24%	13%	23%	17%	19%	30%	26%	36%	29%	20%	15%	33%

**Source:** 2017–18 National Postsecondary Student Aid Study, Administrative Collection, PowerStats.

**Note:** GPA = grade point average.

# Notes

- <sup>1</sup> The NPSAS:18-AC data are representative overall and for public institutions in the states we examine but not for private institutions.
- <sup>2</sup> The PowerStats table codes for the ones used as sources for the appendix tables are available upon request.

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# About the Authors

**Sandy Baum** is a nonresident senior fellow in the Center on Education Data and Policy at the Urban Institute and professor emerita of economics at Skidmore College. An expert on higher education finance, she speaks and writes extensively about issues relating to college access, college pricing, student aid policy, student debt, and affordability. Baum earned her BA in sociology from Bryn Mawr College, where she serves on the board of trustees, and earned her PhD in economics from Columbia University.

**Kristin Blagg** is a principal research associate in the Center on Education Data and Policy. Her research focuses on K-12 and postsecondary education. Blagg has conducted studies on student transportation and school choice, student loans, and the role of information in higher education. In addition to her work at Urban, she is pursuing a PhD in public policy and public administration at the George Washington University. Blagg holds a BA in government from Harvard University, an MEd from Hunter College, and an MPP from Georgetown University.

**Leonardo Restrepo** is a research analyst in the Center on Education Data and Policy. He has worked as a special educator in Brooklyn and in evidence-based student loan policy research. His research interests include school segregation, student loan models, and inequity in student-life outcomes. Restrepo holds a bachelor's degree in political science from the University of Chicago and a master's degree in learning analytics from Teachers College, Columbia University.

**Fanny Terrones** is a research analyst in the Center on Education Data and Policy, where she focuses on K-12 education topics. Before joining Urban, she completed her master's degree in education policy and leadership at American University. Terrones graduated from Baylor University with a bachelor's degree in social work and political science.

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