

THE PERFECT STORM

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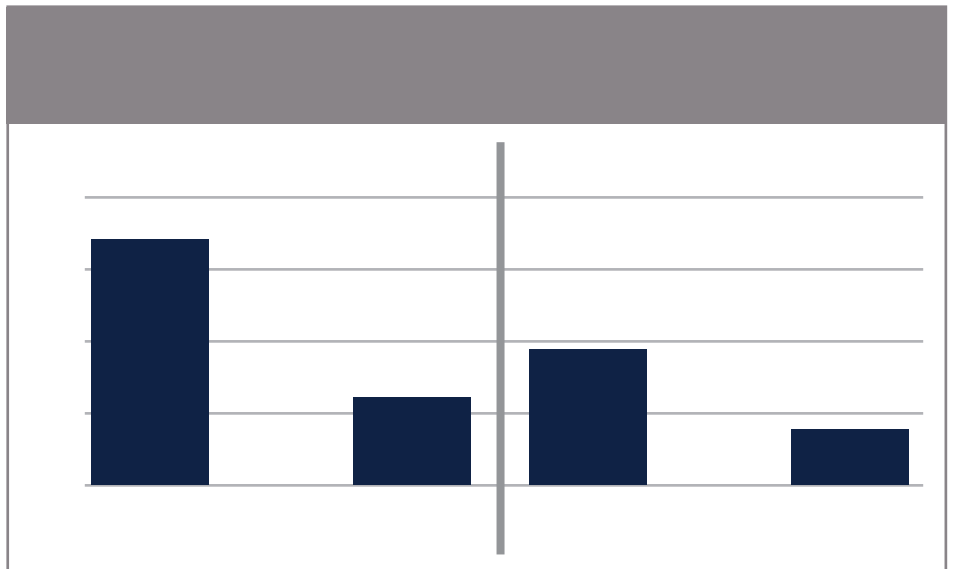


In the summer of 2021, the American Association of University Women (AAUW) contracted with the public opinion research firm Ipsos to investigate the impact of the pandemic on women's economic insecurity¹ in New York City. That survey found that women were in a financially precarious position well before the pandemic pushed them over the edge.

the cost of attending a four-year college full-time increased 180%.⁴ The cost varies widely based on institution type and location, but a student can now expect to spend somewhere between \$9,400 and \$37,000 per year on tuition and fees alone.⁵ The higher the cost, the larger the loans students must take on, with a particularly steep burden falling on students from lower-income backgrounds. How students come up with the funds to attend college impacts their accumulation of student loan debt—which in turn sets the course for their economic security over their lifetime. The unequal distribution of wealth in the U.S. means that some students have greater access to higher education than others. The median Black family has a mere 12.7% of the wealth that the median white family has.⁶ This results in white families having a

greater ability to invest in their children's education.

The AAUW/Ipsos survey, representative of women in the five boroughs in terms of age, race, education, borough of residence, and income, found that white women in New York City who attend college are much more likely to receive financial help from family than Black or Hispanic women who attend college, either in the form of a gift or a loan.



Moreover, Black women (41%) and Hispanic women (43%) are far more likely to pay for school with federal

repayment programs.¹³ In addition, the income-driven repayment formula should be reconfigured to protect a greater portion of a borrower's income, and the discretionary income threshold should be increased to 400% of the federal poverty level. Until these measures are put in place, the payment pause should continue.

In addition to debt relief, policymakers should act to make college more affordable to all. The federal Pell Grants are critical to many students' success in higher education, but the program's purchasing power is the lowest it has been

in decades. Congress must ensure that the maximum Pell Grant is doubled and indexed to inflation to ensure that aid covers a greater share of the total cost of college attendance.

These actions at the individual, state and federal levels will help stem the impact of generational wealth inequities and pay discrimination, allowing the most vulnerable populations—women of color, and low-income and low-wealth individuals—to have a better chance of achieving a financially secure future.

1 "Women in NYC Were Already Feeling Economically Pinched. Then the Pandemic Hit." (Washington, D.C.: American Association of University Women, 2022), <https://www.aauw.org/app/uploads/2022/01/NY-Surv>