



Unveiling Disparities

Racial, Ethnic, and Gender Gaps in Student Financial Insecurity and Proposed Solutions

AT A GLANCE

Jobs for the Future (JFF), in partnership with Trellis Strategies, analyzed Trellis's 2022 Student Financial Wellness Survey of over 30,000 students from 89 schools in 23 states. Findings reveal significant financial insecurity gaps, particularly for Black, Latine, and women students, emphasizing the need for a multifaceted approach, including basic needs hubs, policy changes, and improved data collection.

AUTHORS

Lois Joy
Director, JFF

Umair Tarbhai
Senior Research Analyst, JFF

Carla Fletcher
Senior Research Analyst,
Trellis Company

Jeff Webster
Director of Research,
Trellis Company

Acknowledgments

About JFF

Jobs for the Future (JFF) drives transformation of the U.S. education and workforce systems to achieve equitable economic advancement for all.

www.jff.org

About JFF's Language Choices

JFF is committed to using language that promotes equity and human dignity, rooted in the strengths of the people and communities we serve. We develop our content with the awareness that language can perpetuate privilege but also can educate, empower, and drive positive change to create a more equitable society. We routinely reevaluate our efforts as usage evolves. info.jff.org/language-matters

About Trellis Strategies

Trellis Strategies is an experienced research partner dedicated to advancing education and workforce development. With nearly 40 years of expertise, we specialize in quantitative and qualitative research services, including surveys, interviews, focus groups, and case studies. Our proficiency in qualitative research and quantitative analyses enables us to extract insights from extensive datasets, guiding strategic decision-making in areas such as student success and outcomes.

Contents

Introduction	4
Research Questions and Contributions	6
Key Findings	8
1. Across all six measures of financial insecurity, Black and Latine students faced the greatest hardships.	8
2. Across and within all racial and ethnic groups, women faced more financial insecurity than men.	9
3. Students who are parents faced higher financial insecurity than non-parents.	11
4. Across all racial and ethnic groups, reliance on student loans, grants, and scholarships was associated with higher financial insecurity.	12
5. Black, Latine, and women students were less confident than white students and men students in their ability to repay loans.	13
Call to Action	14
Endnotes.....	17

Introduction

Financial insecurity has detrimental impacts for student persistence and completion of postsecondary degrees. Extensive research has demonstrated the connections between financial stress and time-to-degree or dropout rates.¹ Additional research has found that financial stress limits student academic achievements, subjective measures of well-being, and students' confidence in their ability to complete college.²

The pandemic exacerbated these effects. Analysis drawing from the Trellis Fall 2020 Student Financial Wellness Survey showed disparate impacts of the pandemic among students experiencing basic needs insecurity.³ In a first look at National Postsecondary Student Aid Study (NPSAS) data after the pandemic, research found that Black and Latine students had difficulty accessing food or paying for food at higher rates than either white students or students from Asian descent: 10% and 14% for Black and Latine students, respectively, compared with 7% for white and Asian students.⁴ The authors also found that students who identified as female had difficulty finding safe and stable child care at higher rates (24%) than students who identified as male (14%).

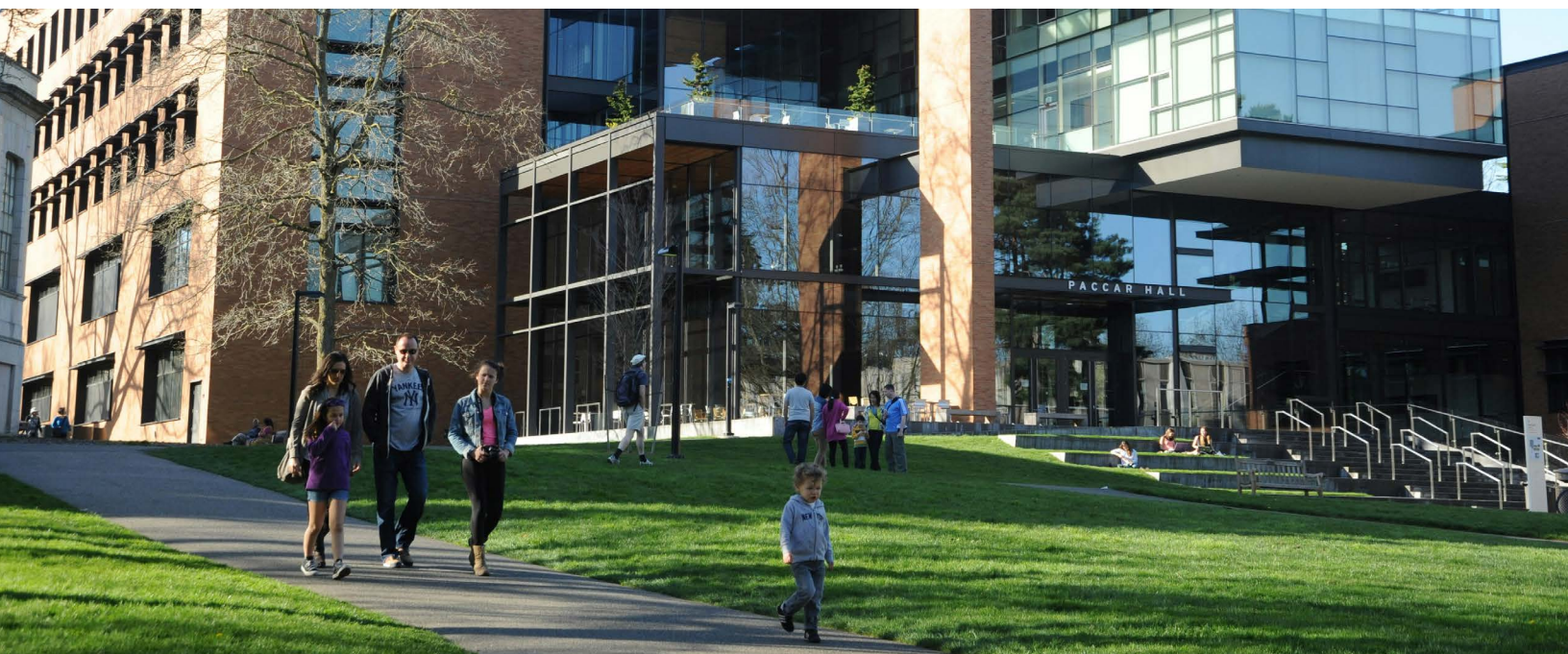
Added evidence points to racial gaps in student financial insecurity that negatively impact Black student outcomes. For example, researchers drawing from the 2010 Ohio Student Financial Wellness Survey found that Black students had higher levels of student debt and financial stress than other students.⁵ Contributing to Black students' financial insecurity was their higher unmet financial need. Research from the Institute for Higher Education Policy



estimated that 88% of Black learners had unmet need during the 2019-2020 school year compared with 82% of Latine students, 78% of Asian students, and 68% of white students. These negative effects may be even more pronounced for Black learners at historically Black colleges and universities, tribal colleges, and community colleges.⁶

Gender also has been found to be related to student financial insecurity in ways that are exacerbated for single mothers and female students of color. One report found female students across 16 Maryland community colleges experienced higher incidences of food insecurity than male students.⁷ Further, research drawing from the Hope Center #RealCollege survey found higher rates of food and housing insecurity among student parents, the majority of whom were single and female, compared with non-parents. At the intersection of gender, race, and parenting status, Black women were more likely than all other race, ethnic, and gender groups to be parenting while in college.⁸

The type of tuition assistance students use to pay for college is correlated with their economic circumstances in ways that vary by race and ethnicity. For example, research found that Black students receiving non-grant aid had higher dropout rates than white students receiving this aid, whereas grant aid lowered dropout risk for Black but not white students.⁹ Research using data from Indiana's four-year public institutions found that grants had a stronger effect on persistence for Black and Latine students than for white students and that grants enhanced within-year persistence more for Black students than for students in other racial and ethnic groups.¹⁰





Research Questions and Contributions

To update and further codify racial, ethnic, and gender gaps in student financial insecurity, JFF partnered with Trellis Strategies. JFF's North Star goal—in 10 years, 75 million people facing systemic barriers to advancement will work in quality jobs—encompasses a strategy of effective on-ramps and supports for postsecondary student success. Understanding racial and gender gaps in financial insecurity is one step toward this goal of developing and implementing policies and programs that make postsecondary education financially accessible and feasible for all students. Trellis Strategies fields the nationally extensive Trellis Student Financial Wellness Survey, which collects some of the only data available to analyze postsecondary student financial insecurity in the United States.

In this report, we update and expand prior research on student financial insecurity focusing on three questions:

- 1 What are the racial, ethnic, and gender gaps across six measures of student financial insecurity: the ability to meet food, housing, utility, medical care, and child care expenses and a \$500 emergency expense?
- 2 What are the relationships by race, ethnicity, and gender between method of tuition payment and the six measures of financial insecurity?
- 3 What are the racial, ethnic, and gender gaps in student confidence in their ability to pay back loans and loan forgiveness?

Our research adds to the previous literature in four ways. First, we explore racial, ethnic, and gender differences across six different measures of financial insecurity, providing a wider, more comprehensive scan of the financial insecurity students face. Second, we employ a multivariate strategy that controls for countervailing factors that may be correlated with race, ethnicity, and gender and financial insecurity, including method of tuition payment, to obtain a more precise measure of the ways structural barriers of discrimination contribute to racial, ethnic, and gender gaps in student financial insecurity. Third, we conduct our analysis both pooled and unpooled by race and ethnicity to measure the across- and within-racial and ethnic differences in student financial insecurity. Fourth, we add an investigation of racial and gender differences in student confidence in ability to pay back loans to assess the potential longer-term impacts of financial insecurity and method of tuition payment on student outcomes.

In our Call to Action section below, findings from this research are used to inform a multipronged policy and programmatic approach to alleviating racial, ethnic, and gender gaps in financial insecurity.

Our multivariate analysis draws data from the large and rich 2022 Trellis Student Financial Wellness Survey, which collected information for more than 30,000 students across 89 two- and four-year postsecondary schools.¹¹ The research provides a first-of-its-kind, comprehensive examination of racial, ethnic, and gender differences in student financial insecurity while enrolled with a glimpse of students' perceptions of their financial wellness after leaving school (for a full analysis, please see [Technical Report](#)).



Key Findings

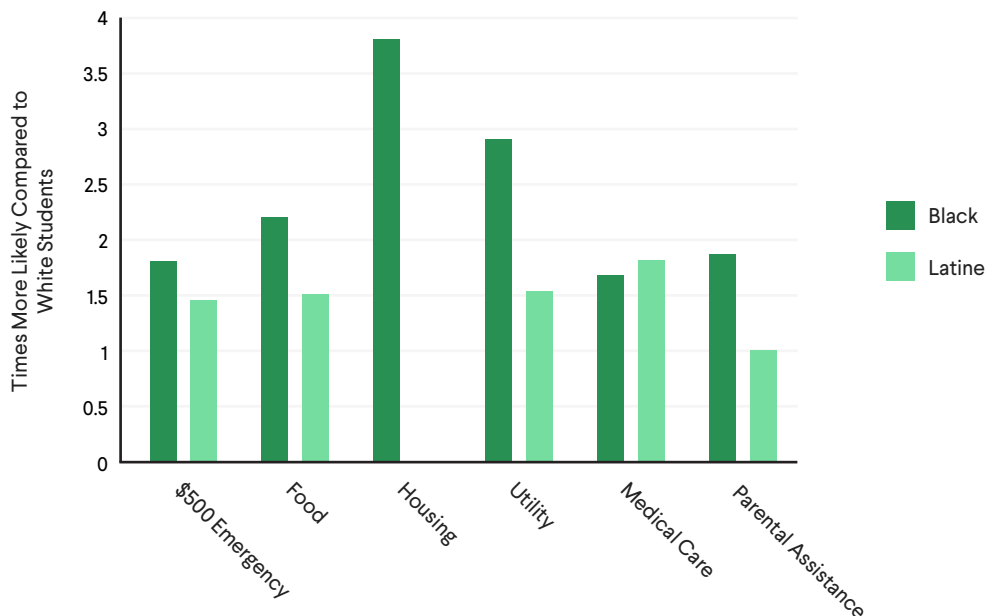
1

Across all six measures of financial insecurity, Black and Latine students faced the greatest hardships.

Compared with white students, Black and Latine students were more likely to have needed food, housing, utility, and medical assistance. Black students additionally were more likely than white and Latine students to have needed child care assistance. Both Black and Latine students were more likely than white students to have faced difficulty covering a \$500 emergency.

Black students were about two times as likely as white students to have needed financial support for food, housing, utility, and parental assistance, and almost two times as likely as white students to face challenges covering a \$500 emergency. For Latine students, while the insecurity gap compared with white students was not as wide as that for Black students—Latine students were about 1.5 times more likely than white students to require food, utility, and medical assistance—the insecurity was almost as pervasive across five of the six measures.

Racial and Ethnic Gaps in Student Financial Insecurity¹²

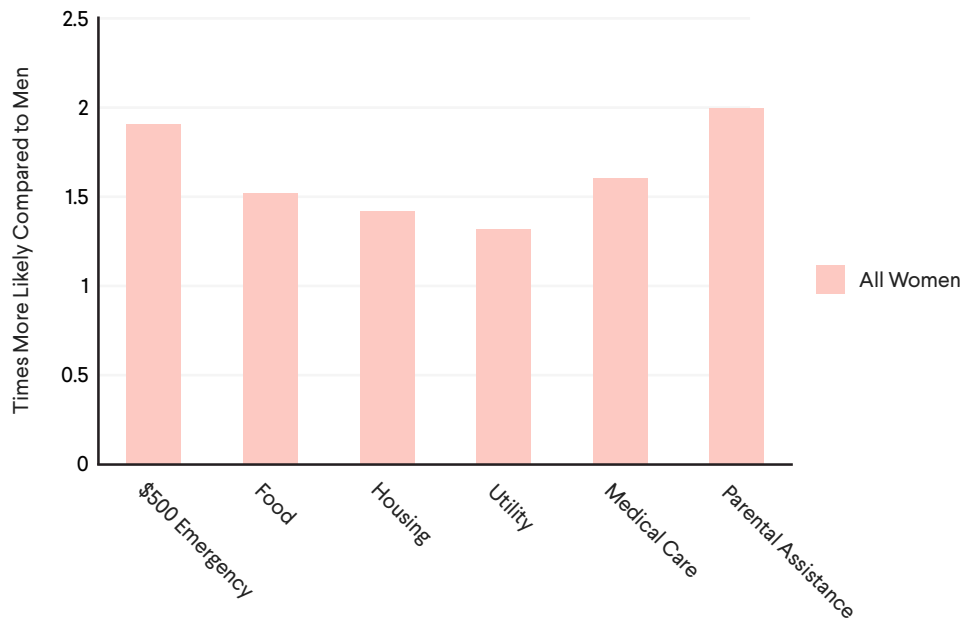


2

Across and within all racial and ethnic groups, women faced more financial insecurity than men.

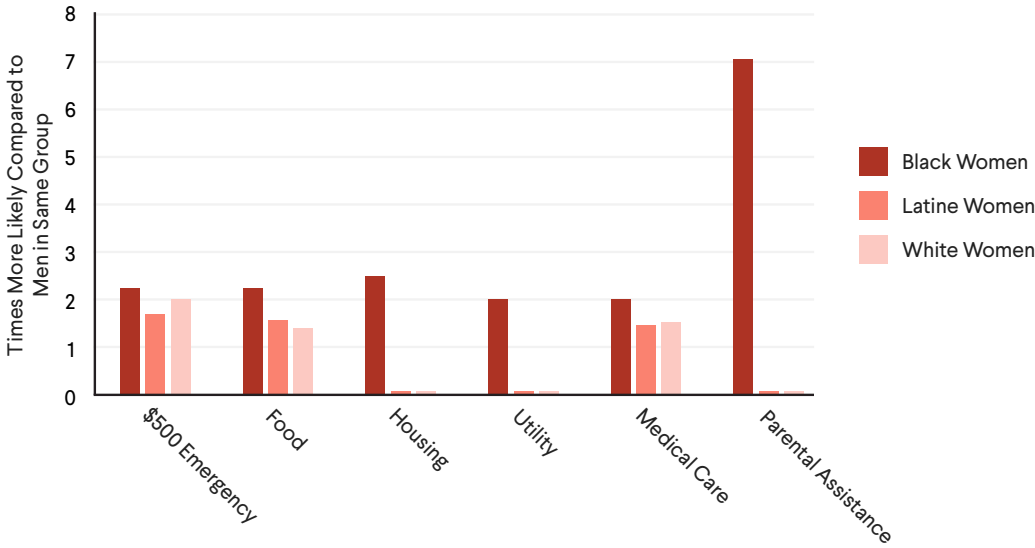
The results for gender showed that among students, women were in more precarious financial positions than men. In comparison to men, women were almost two times more likely to report they would struggle to handle a \$500 emergency. Additionally, women in our sample indicated a significantly higher likelihood of using welfare services than men: Women were 1.5 times more likely to use food assistance, 1.4 times more likely to use housing assistance, 1.3 times more likely to use utility assistance, and 1.6 more likely to use medical care assistance. Among students who were parents, women were two times more likely to require childcare assistance.

Gender Gap in Student Financial Insecurity¹³



Gender gaps in financial insecurity were evident within all racial and ethnic groups with some differences. Compared with Black men, Black women were more likely to need all assistance, including for childcare, which they were seven times more likely to need than men. Latine women were more likely than Latine men to be unable to cover a \$500 emergency and more likely to need food and medical assistance. Compared with white men, white women were less likely to be able to handle a \$500 emergency and more likely to need food and medical assistance.

Gender Gap in Student Financial Insecurity within Race and Ethnic Groups¹⁴

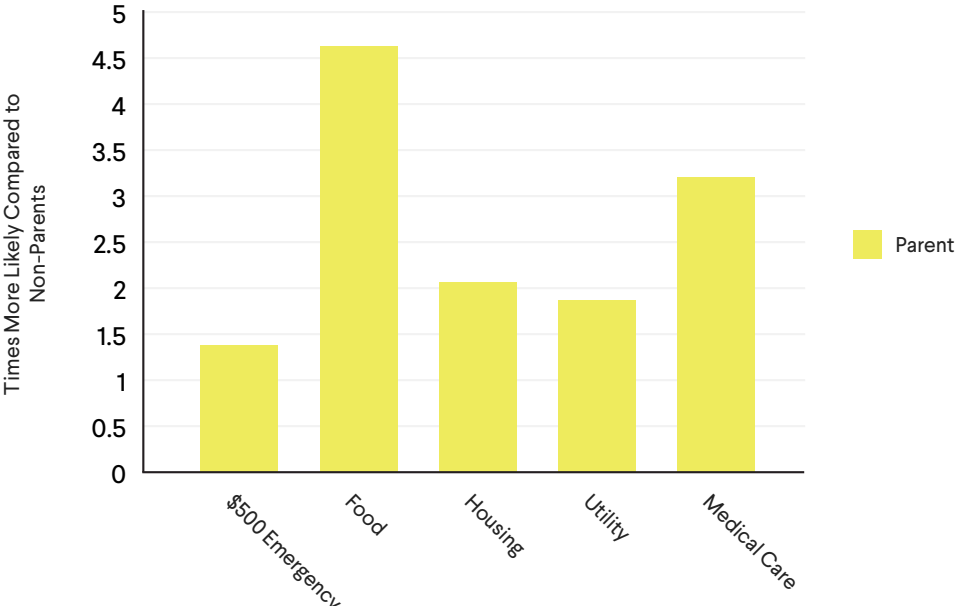


3

Students who are parents faced higher financial insecurity than non-parents.

Student parents faced significant financial precariousness. Being a parent had a major impact on the use of welfare assistance across all measures, with use of food assistance 4.6 times higher, use of medical assistance 3.2 times higher, and difficulty of covering a \$500 emergency 1.5 times higher compared with students who were not parents. The greater financial insecurity of parents was evident within all racial and ethnic groups.

Financial Insecurity and Parental Status¹⁵

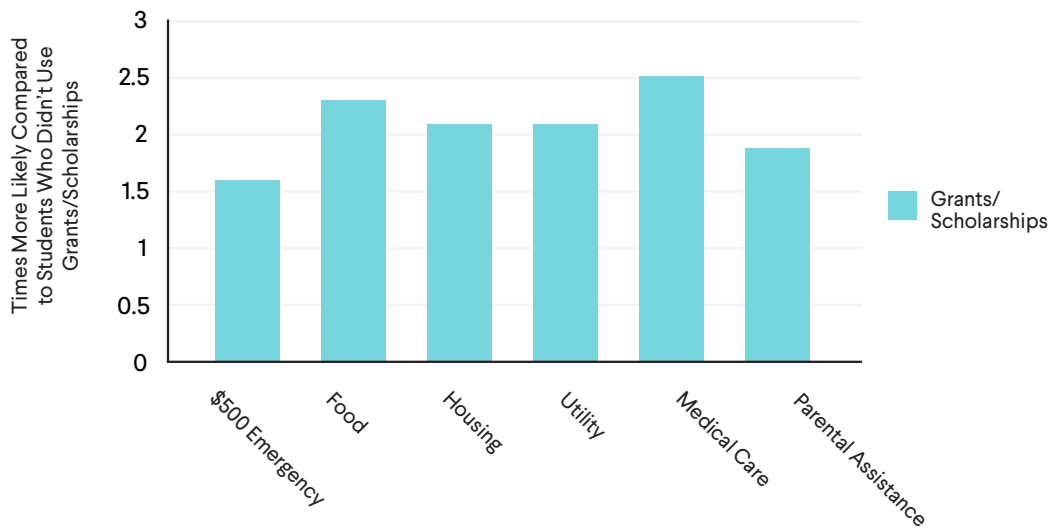


4

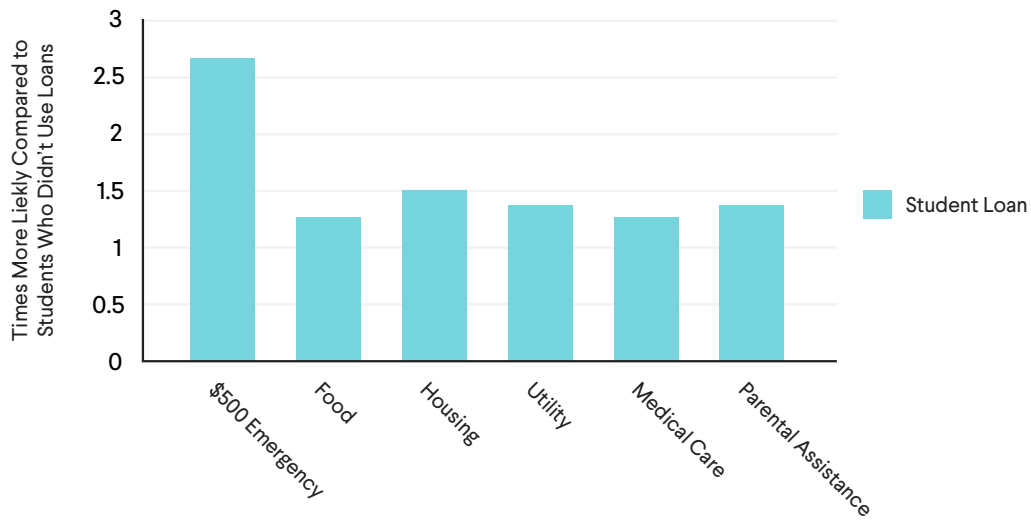
Across all racial and ethnic groups, reliance on student loans, grants, and scholarships was associated with higher financial insecurity.

Students who relied on grants and scholarships faced the most financial precariousness compared with students who did not. Students relying on grants or scholarships (including Pell grants) were more than two times more likely than those not relying on this method of tuition payment to need food, housing, utility, and medical assistance. In addition, students who relied on student loans to pay tuition were more than 2.5 times more likely than other students to be unable to cover a \$500 emergency and also more likely than students who did not rely on loans to face more financial insecurity across all the measures. Those students relying on family assistance and personal savings were the least likely to face financial insecurities. These impacts were found within all the racial and ethnic groups with few exceptions (see [Technical Report](#) for details).

Financial Insecurity and Use of Grants/Scholarships¹⁶



Financial Insecurity and Use of Loans¹⁷



5

Black, Latine, and women students were less confident than white students and men students in their ability to repay loans.

While Black students and female students of all backgrounds were more likely than other students to rely on loans to pay tuition, they also felt less confident in their ability to pay back those loans after graduation. While Latine students were not more likely than other students to rely on loans, they too were more likely than white students to not feel confident in their ability to pay back those loans. Our research showed that Black students were 45% less likely than white students to feel confident they could pay back their loans, while Latine students were 16% less confident than white students. In addition, we found that men were two times more likely than women to feel confident they could pay back their loans. Some of this uncertainty in loan repayment may be linked to Black, Latine, and female students' greater financial insecurity compared with other groups. Black, Latine, and female students may also be aware of the constraints that labor market discrimination and occupational segregation play in restricting postgraduate earnings and advancement, including higher unemployment rates and segregation into lower paying occupations and career pathways.¹⁸

Call to Action

In his book *Poverty, by America*, sociologist Matthew Desmond writes:

“Have you ever sat in a hospital waiting room, watching the clock and praying for good news? You are there, locked on the present emergency, next to which all other concerns and responsibilities feel (and are) trivial. The experience is something like living in poverty. ... Poverty does not just deprive people of security and comfort; it siphons off their brainpower.”¹⁹

Given the stress and uncertainty of financial insecurity, students lacking the resources to cover basic needs face an uphill climb to completing their degrees, degrees they seek to build better lives for themselves and their families. As shown in this research, these financial stresses are significantly more acute for students who are Black or Latine, and women and parents of all backgrounds. These groups of students were more likely than other groups to be unable to cover a \$500 emergency expense and necessary expenses for housing, food, utilities, medical care, and child care.

In addition, the main methods for meeting the need to pay for tuition—grants and loans—did not remedy student financial insecurity or close financial insecurity gaps. Reliance on grants,

scholarships, and student loans was correlated with increased probabilities of financial insecurity. Not only did loans not close financial insecurity gaps, but those students most likely to rely on loans (Black students and female students) were the least likely to feel they would be able to pay them off after college.

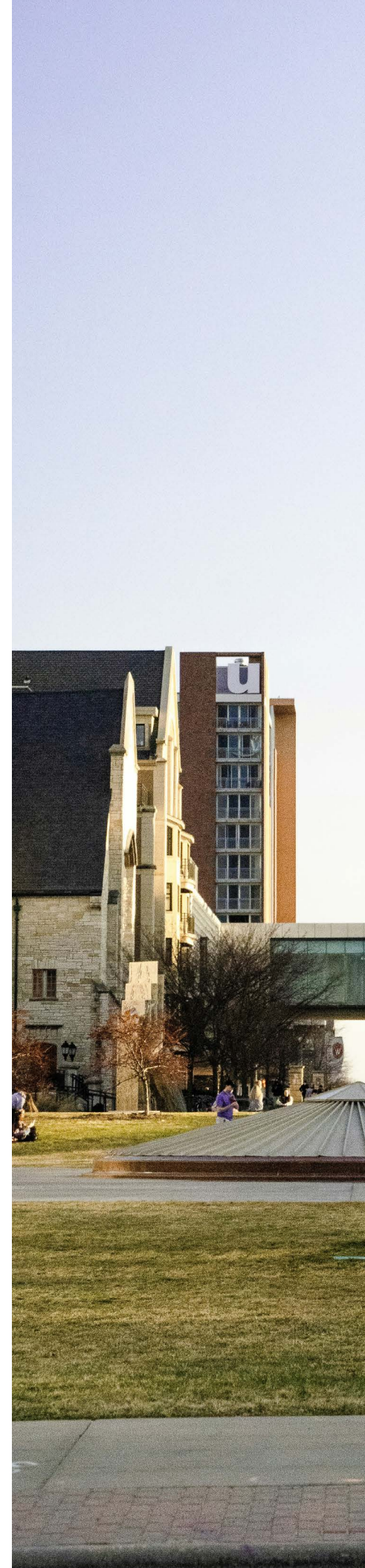
Financial support and assistance beyond what is available through grants and loans is needed to ensure the postsecondary education promise of economic mobility. Given the complexity of the determinants of student financial insecurity, we offer a multipronged approach that includes the following:

1

STUDENT BASIC NEEDS CENTERS: Over the past 10 years, colleges, especially public and community, have stepped in to provide and connect students in need with supports. One national survey found that 74% of the responding institutions had some kind of emergency aid program in place for their students.²⁰ Consolidating these services through Basic Needs Centers located on college campuses and accessed virtually can make it easier for students to apply for an array of financial, food, child care, housing, transportation, and other assistance in “one shop.” One of the biggest challenges with these centers, however, is their low utilization rate. Some research suggests that utilization rates rise when students are provided nudging in the form of email or text messages about services in ways that are not stigmatizing.²¹

2

FEDERAL, STATE, AND LOCAL ASSISTANCE FOR STUDENTS FACING FINANCIAL HARDSHIPS: Systems and policies of financial support for students have not kept pace with the “new economics of college.”²² Unlike in the past, when four-year colleges largely admitted young white students from middle-income or higher families, the good news today is that there are many more people from low-income families attending college who are also older adults, workers, and caregivers. However, although the demographics of students have shifted, college costs have risen, minimum wages have stagnated, and inflationary pressures have driven up the costs of food and housing. Students from low-income families are more likely than other students





to depend on loans, grants, and scholarships to help cover the expenses of attending college. But as this and other research shows, these kinds of financial assistance are inadequate, leaving too many students hungry, homeless, and unable to pay basic expenses including medical and child care. Unfortunately, outdated rules currently exclude many students from participating in federal food and housing assistance programs. And even among those who qualify, the uptake of benefits has been low. In 2018, for example, the U.S. Department of Agriculture found that only 2.6% of eligible students were receiving SNAP food assistance compared with 85% of those in the population as a whole who were eligible for this program.²³ Additional research has found that housing assistance programs also sometimes limit student eligibility.²⁴ For postsecondary education to be accessible and feasible for all students, the “new economics of education” will require systems of assistance that better meet student need and increase accessibility.

3

DATA: National data on postsecondary student financial wellness—the National Postsecondary Student Aid Study²⁵—are limited. The NPSAS, which surveys students about how they finance their education, is administered only every three to four years. Data about student financial wellness are not collected in the survey but gathered mainly through interviews, which results in a much more limited sample. To better monitor student financial well-being and address gaps, annual institutional-level financial well-being data are needed. With this kind of data, institutions can assess student financial insecurity over time, link financial insecurity measures to outcomes to assist policy and program development, and evaluate the effectiveness of programs and policy changes.

With these strategies, practices, and policies in place, our nation’s postsecondary education system will be in a stronger position to reduce student financial stress; close the racial, ethnic, gender, and parent gaps in student financial insecurity; and make good on the promise of economic advancement through postsecondary education for all.

Endnotes

- 1 Robert Bozick, "Making It Through the First Year of College: The Role of Students' Economic Resources, Employment, and Living Arrangements," *Sociology of Education* 80, no. 3 (July 2007) 261-284; Chris Fernandez, Jeff Webster, and Allyson Cornett, *Studying on Empty: A Qualitative Study of Low Food Security Among College Students* (Round Rock, TX: Trellis Company, October 19, 2019), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3467730; So-Hyun Joo, Dorothy Bagwell Durband, and John Grable, "The Academic Impact of Financial Stress on College Students," *Journal of College Student Retention: Research, Theory & Practice* 10, no. 3 (January 20, 2009): 287-305, <https://doi.org/10.2190/CS.10.3.c>; Lap-Pun T. Lam, "Assessing Financial Aid Impacts on Time-to-Degree for Nontransfer Undergraduate Students at a Large Urban Public University," AIR Annual Forum paper (1999), <https://files.eric.ed.gov/fulltext/ED433796.pdf>; and Cliff A. Robb, "College student financial stress: Are the kids alright?" *Journal of Family and Economic Issues* 38, no. 4 (April 19, 2017): 514-527, <https://doi.org/10.1007/s10834-017-9527-6>.
- 2 Andrea Moore et al., "A qualitative examination of the impacts of financial stress on college students' well-being: Insights from a large, private institution," *SAGE Open Medicine* (May 21, 2021), <https://doi.org/10.1177/20503121211018122>; and Meta Brown et al., "Measuring Student Debt and Its Performance," Federal Reserve Bank of New York, Staff Report 668 (April 2014), retrieved July 2, 2023, from www.newyorkfed.org/medialibrary/media/research/staff_reports/sr668.pdf.
- 3 Allyson A. Cornett and Carla Fletcher, "The impacts of COVID-19 on the experiences of students with basic needs insecurity: Evidence from a national survey," *Journal of Student Financial Aid* 51, no. 1, <https://doi.org/10.55504/0884-9153.1780>.
- 4 Emily E. Cameron et al., "Maternal psychological distress & mental health service use during the COVID-19 pandemic," *Journal of Affective Disorders* 276 (November 1, 2020): 765-774, <https://doi.org/10.1016/j.jad.2020.07.081>.
- 5 Sonya L. Britt et al., "Financial stress, coping strategy, and academic achievement of college students," *Journal of Financial Counseling and Planning* 27, no. 2 (January 2016): 172-183, <https://doi.org/10.1891/1052-3073.27.2.172>.

- 6 Shaun R. Harper, "COVID-19 and the racial equity implications of reopening college and university campuses," *American Journal of Education* 127, no. 1 (November 2020): 153-162, <https://doi.org/10.1086/711095>.
- 7 Robin L. Spaid et al., "Sustenance for success: Connections between community college students and food insecurity," *Journal of Applied Research in the Community College* 28, no.1 (Spring 2021): 63-79, www.ncbi.nlm.nih.gov/pmc/articles/PMC8162200/.
- 8 Nicholas Freudenberg, Sara Goldrick-Rab, and Janet Poppendieck, "College students and SNAP: The new face of food insecurity in the United States," *American Journal of Public Health* 109, no. 12 (November 6, 2019): 1652-1658, <https://doi.org/10.2105/AJPH.2019.305332>.
- 9 Rong Chen and Stephen L. DesJardins, "Investigating the Impact of Financial Aid on Student Dropout Risks," *Journal of Higher Education* 81, no. 2 (March-April 2010): 179-208, http://muse.jhu.edu/content/crossref/journals/journal_of_higher_education.
- 10 Edward P. St. John, Shouping Hu, and Jeff Weber, "State Policy and the Affordability of Public Higher Education: The Influence of State Grants on Persistence in Indiana," *Research in Higher Education* 42, no. 4 (August 2001): 401-428; and Edward P. St. John, Michael B. Paulsen, and Deborah Faye Carter, "Diversity, college costs, and postsecondary opportunity: An examination of the financial nexus between college choice and persistence for African Americans and whites," *The Journal of Higher Education* 76 (September 2005): 545-569.
- 11 Our sample included 61 community colleges, 18 public four-year colleges, and 10 private four-year colleges. We ran our analysis separately by school level but did not find differences, so for more robust analysis, we pooled analysis across school types controlling for type with dummy variables.
- 12 2022 Trellis Financial Wellness Survey. From regressions that included controls for: type of institution, the individual school, age, gender, parent status, number of credits accumulated, and methods of paying for school. Regression for parental assistance included only student parents.
- 13 2022 Trellis Financial Wellness Survey.
- 14 2022 Trellis Financial Wellness Survey.

- 15 2022 Trellis Financial Wellness Survey.
- 16 2022 Trellis Financial Wellness Survey.
- 17 2022 Trellis Financial Wellness Survey.
- 18 Douglas A. Webber, "Are college costs worth it? How ability, major, and debt affect the returns to schooling," *Economics of Education Review* 53 (August 2016): 296-310, <https://doi.org/10.1016/j.econedurev.2016.04.007>; and HanNa Lim et al., "Financial Stress, Self-Efficacy, and Financial Help-Seeking Behavior of College Students," *Journal of Financial Counseling and Planning* 25, no. 2 (December 14, 2014): 148-160, <https://papers.ssrn.com/abstract=2537579>.
- 19 Matthew Desmond, *Poverty, by America* (New York, NY: Crown Publishers, 2023): page 21.
- 20 Kevin Kruger, Amelia Parnell, and Alexis Wesaw, *Landscape Analysis of Emergency Aid Programs* (Washington, DC: National Association of Student Personnel Administrators, 2016), www.naspa.org/files/dmfile/Emergency_Aid_Report.pdf.
- 21 Sara Goldrick-Rab et al., *Supporting the Whole Community College Student: The Impact of Nudging for Basic Needs Security* (Philadelphia, PA: Hope Center for College, Community, and Justice, October 2021), <https://eric.ed.gov/?id=ED626842>.
- 22 Freudenberg, "College students and SNAP," <https://doi.org/10.2105/AJPH.2019.305332>.
- 23 U.S. Department of Agriculture, "Trends in SNAP Participation Rates: FY 2010-2016" (Washington, DC: updated November 12, 2021), www.fns.usda.gov/snap/participation-rates-fy-2010-2016.
- 24 C. Sackett, *Barriers to Success: Housing Insecurity for U.S. College Students* (Washington, DC: U.S. Department of Housing and Urban Development, 2015), www.communitycommons.org/entities/fe2211ff-6ea0-40ea-9735-9780b3bd7b37.
- 25 The National Postsecondary Student Aid Study (NPSAS) is a survey administered by the National Center for Education Statistics every three to four years (since 1987) to study how students finance their education.



Building a Future
That Works
For Everyone