

## **Does College Guarantee Economic Mobility? Incorporating Lost In-kind Benefits into the Calculation**

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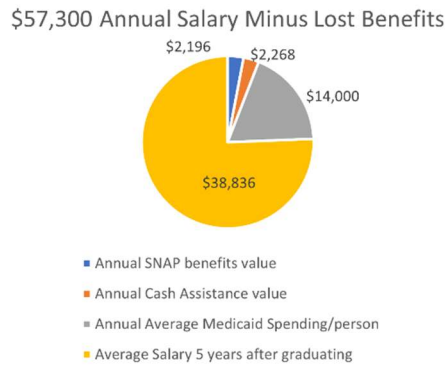
A college degree is marketed to low-income students as the means for being catapulted out of poverty (Capelli, 2020; Chetty et al., 2017; Deming, 2023). Since 2017, I have taught at a college with >50% of students in a family with less-than \$50,000 income (Lehman, n.d.). Through my work, I have identified a gap in the literature and supportive services for these low-income students: the value of benefits lost upon graduation is not incorporated into economic mobility calculations. And, students are not prepared to lose their benefits.

Students from poverty-level families may qualify for public (cash) assistance, Medicaid, Supplemental Nutritional Assistance Plan (SNAP), and/or Section 8 housing vouchers. Upon graduation and earning a Bachelor's-level salary, these same students will out-earn income thresholds set by each state and lose the benefits. Losing one's benefits is neither sufficiently explained to graduating students nor are the cash values of these benefits incorporated into economic mobility calculations. This opinion piece describes the problem and highlights areas for future action and research.

Economic mobility is defined as an individual's ability to improve their economic status in their lifetime. Researchers have firmly established the greater earning potential for a college graduate over a high school graduate, even when segmenting the data by public vs. private college tuition, four- vs. five-year degree, humanities vs. STEAM (Science, Technology, Engineering, Arts, Math) major, and Associate's then Bachelor's degree vs. four-year college only (Abel & Deitz, 2014; Lobo & Burke-Smalley, 2018; Wright & Ross, 2019). What is missing from these calculations is an incorporation of the lost benefits in estimating the economic mobility associated with a college degree. See Figure 1 presenting the economic hit of losing SNAP, Medicaid, and Cash Assistance that brings the experience of

earning a \$57,300 salary (average salary five-years post-graduation across all majors) down to feeling like you are earning \$38,836.

**Figure 1: Lived Experience of Lost In-Kind Benefits from a Full-Time Salary**



Additionally, paying copayments, coinsurance, a deductible, and a portion of a health care premium, plus selecting an HMO (health maintenance organization) vs a PPO (preferred provider organization) vs. a high deductible plan with a savings account is a nuanced decision that is further complicated for somebody previously on Medicaid where enrollees see neither claims nor paperwork (White, 2023). A college degree is advantageous for all, however, there needs to be greater transparency in explaining benefits transitions to graduating students. There is a wide variation in the benefits offered by public and private employers; particularly for first generation college students and students from families receiving public assistance, additional supportive services and career readiness is needed to fulfill the promise of a college degree and support graduating students in evaluating job offers' total economic value (salary plus benefits).

My recommended future research is to incorporate the value of lost benefits into economic mobility calculations and to compare pre- and post-tax dollars used for benefits. The calculations need to be segmented by degree and major, public vs. private college, and public vs. private sector employment as the salaries plus benefits vary by employment type. Return on investment of a college degree is a spectrum, not a point estimate, so an array of estimates for the salaries and benefits by major would be a more transparent representation of the experience of earning a college degree.

This opinion piece points out the missed opportunity of supporting students as they earn higher salaries and lose in-kind benefits. Not considering lost benefits in the economic mobility calculations does not present the lived experience of receiving the benefits and could mislead or misinform students to think they will be qualified for the benefit indefinitely. Colleges may be putting some students into worse circumstances by not being transparent about the variation in income range by major. Discussions on the earning potential of college majors and health insurance literacy

will better prepare students to make informed decisions about their future. The financial and health consequences of not being transparent, plus the gendered differences in college majors and salaries, implore student support services and researchers to conduct more research on this topic and expand resources to college students. My recommendation is to fill the research gap and support students selecting jobs and benefits packages.

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