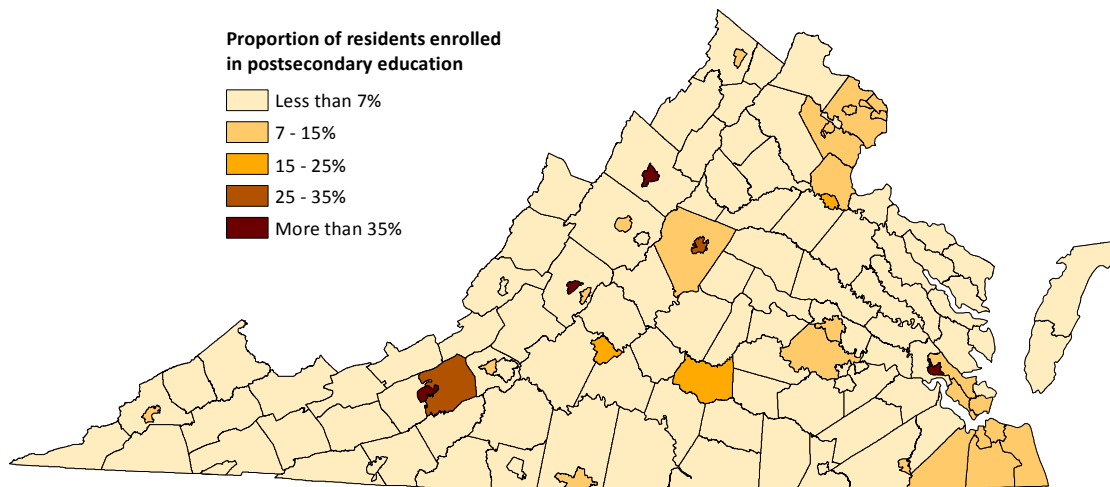


Poverty and postsecondary students in college towns



It matters how we measure poverty

College towns frequently appear to have high poverty rates, often inflated by the presence of students in the population. When postsecondary students are incorporated into poverty statistics, local leaders are left without a reliable measure of poverty among non-student residents. As a result, in some localities, leaders may struggle to identify meaningful ways to combat poverty, or may enact unnecessary or poorly-targeted anti-poverty initiatives; in other localities, pervasive poverty among non-student residents may go unrecognized or under-addressed.

The impact of college students on poverty rates is not uniform across localities. When a college or university is located in a large city, the student population is usually not large enough to have a meaningful effect on poverty rates. In smaller towns, however, college students can skew the numbers significantly.

The following brief explains why the standard poverty rate is insufficient for understanding poverty in Virginia college towns and offers an alternative method for measuring the level of need among the non-student population in these localities.

How poverty is understood

The federal poverty measure is a tool used by many communities—from neighborhood to nation—to understand

the financial wellbeing of residents. Poverty is measured by household units, and the income level demarcating “poverty” varies by household size, age of the residents, and their relationships to the householder.

The poverty measure, by design, includes only household populations living on household resources. People living in group quarters, such as college students in dormitories, older adults in nursing homes or residential hospitals, prisoners or inmates, and military personnel in barracks, are excluded from poverty calculations.

If all college students lived in campus dormitories, they wouldn’t affect local poverty statistics, as they would be excluded from the count of local residents in poverty. However, as greater numbers of college students live off campus in rental houses or apartments, they account for increasing shares of localities’ household populations and poverty estimates. The inclusion of students in the household population dilutes the strength of the poverty measure in estimating poverty among regular residents.

Most college students report very low incomes, putting them below their respective poverty thresholds and—especially in cases of large off-campus student populations—raising the rate of poverty in the towns where they live. Yet, intuitively, we recognize that college or graduate student “poverty” means something different than poverty among the unemployed, families with children, or the persistently needy.

- First, college students may have access to resources that do not appear in their incomes. Students may be living on very little income at school, but student loans or savings may cover food, housing, and tuition costs. Additionally, parents may provide at least a safety net, if not complete support, for housing, food, and medical expenses.
- Second, students' low incomes do not usually represent a persistent struggle to gain high-paying employment. Rather, students are generally taking a temporary break from employment in order to increase their earning power.

The poverty students experience may be described as short-term, or situational (a direct result of current living conditions which are expected to change). Students are thus unlikely to participate in programs or services aimed at alleviating conventional poverty.

What to do about it

A modified poverty rate among non-student residents may be computed by using poverty status by school enrollment data published by the Census Bureau, which allows us to remove all students enrolled in undergraduate or graduate programs from the locality's population. By excluding all postsecondary students from these calculations and comparing the resulting figures with cities' official poverty rates, we get an idea of

the effect students have on the poverty measurement. More importantly, this approach allows us to measure poverty among the non-student population (although it excludes post-secondary students who come to college from poor families or communities). In the table below are the results of making this calculation for ten Virginia localities with large student populations.

Note that, in each case, removing students from the estimates reveals a lower poverty rate among the remaining residents, although the degree of the drop varies. For example, removing students from the poverty calculation in Richmond, Lynchburg, Fredericksburg, and Prince Edward County does not change the poverty rate significantly, indicating that the official poverty rate serves as a good measure of need among the regular residents of these localities. In other places, such as Radford, Harrisonburg, Charlottesville, or Montgomery County, students account for the majority of those in poverty. Poverty among the regular residents in these localities is considerably lower than the official poverty rate.

While postsecondary student poverty may be inconvenient or limiting for those who experience it, the condition is likely temporary. Leaders of cities and towns with large student populations who wish to thoroughly understand and combat long-term systemic poverty will benefit from this method to determine the size of the problem among the non-student population.

Locality	Overall poverty rate	Non-postsecondary student poverty rate ¹
Radford	39.6%	15.3%
Harrisonburg	32.5%	15.3%
Charlottesville	27.5%	14.8%
Montgomery County	25.6%	12.5%
Richmond	25.5%	22.6%
Lynchburg	24.6%	19.9%
Prince Edward County	22.3%	19.5%
Williamsburg	20.5%	11.6%
Lexington	19.3%	9.8%
Fredericksburg	19.2%	16.0%

1. While the "overall poverty rate" reported in this table includes all residents living in households, the "non-postsecondary student poverty rate" includes only residents ages 3 and up.

2. Because this data comes from the American Community Survey, it has margins of error. For most localities' rates, the margins of error are relatively low. Lexington is small enough to make its margins of error more important. The overall poverty rate has a margin of error of 7%, while its non-postsecondary student poverty rate has a margin of error of 4.8%. ACS margins of error reflect a 90% confidence interval.

Authored by Annie Rorem and Luke Juday. For more information, contact Luke Juday: 434.982.3199 or LJuday@virginia.edu