

Public Benefits and Financial Aid Support Education Beyond High School and Long-Term Economic Well-Being for Low-Income Young Adults

Highlights and Recommendations for State and Federal Policymakers

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Education beyond high school is one of the most reliable paths to economic stability in the United States. Americans with college credentials are [more likely to be employed](#), have [higher earnings](#), [are less likely to use public benefit programs](#), and pay more into the economy [through taxes](#). Further, their children are more likely to [attend and complete college themselves](#). Federal public benefit programs were designed to provide immediate resources to meet people's basic needs and encourage work, but whether they also support educational investments—and lasting economic stability—has remained an open question. We investigated that question using nearly 30 years of longitudinal data, following young adults from low-income backgrounds¹ from their adolescence to approximately age 40 and examining how public benefit programs and financial aid shape their college experiences² and long-term economic well-being.

Key Findings

- 1. Public benefits—specifically the Earned Income Tax Credit (EITC) and Supplemental Nutrition Assistance Program (SNAP)—increase the likelihood that young adults from low-income backgrounds enroll in education beyond high school.** SNAP receipt increases enrollment odds by 63 percent and the EITC increases them by 36 percent.
- 2. Public benefits and financial aid shape educational pathways in distinct but complementary ways.** Public benefits facilitate enrollment and persistence; financial aid enables full-time engagement with education. Together, they function as a springboard to long-term economic self-sufficiency by making education beyond high school possible.
- 3. Receiving public benefits and financial aid while enrolled strongly predicts degree completion.** Each additional year of receiving EITC, SNAP, WIC (Special Supplemental Nutrition Program for Women, Infants, and Children), Medicaid, or housing assistance while in school is associated with 14 to 59 percent higher odds of earning a degree (depending on benefit and degree). Receipt of any type of financial aid is also strongly associated with degree completion.
- 4. Facilitated by public benefits and financial aid, degrees deliver substantial mid-life economic returns.** Earning a bachelor's or graduate degree is associated with \$18,400–\$40,600 more in annual income at approximately age 40; associate degrees reduce poverty and improve economic mobility without an income premium.

To learn more about the research and findings from this study, see our research [brief](#).

A note on context: The findings in this brief reflect a specific historical window. The largest share of participants in our study pursued education beyond high school in the early 2000s, a period that predates major changes to several of the public benefit programs examined here. Whether and how these changes have affected the capacity of public benefit programs to support educational investment among young adults from low-income backgrounds remains an open question—one that makes the underlying relationships documented in this study all the more important to understand.

¹ Specifically, we examine youth from economically disadvantaged backgrounds using an approach modeled on the target population for major safety net programs. We include respondents who: (1) lived, at age 17, in a household with income below 200 percent of the federal poverty level; (2) reported childhood receipt of any public economic benefit; or (3) had a teen mother.

² Throughout, we use “college” broadly to include certificates, associate, bachelor's, and graduate degree programs.

Research-Driven Policy Recommendations

Based on our analyses of nearly 30 years of data following young adults from low-income backgrounds, we recommend six actions that federal and state policymakers can take to optimize existing public benefits and financial aid programs to promote sustained economic well-being via education beyond high school. For each, we provide an example of progress in this direction or a resource to support additional learning.

Preserve and strengthen EITC access for working students.

The EITC supports higher education as a pathway to economic stability. However, the amount of EITC an individual receives depends on their earned income, which can create tension with full-time enrollment. Reforms should ensure that tax credit amounts remain meaningful for students who work part-time. A revised phase-in schedule for students could maintain the EITC's work incentive while reducing pressure on students to overwork during school and impede academic progress.



- ▶ *Some institutions are already helping students access the EITC they've earned—for example, through free tax preparation services like those at [Miami Dade College](#).*

Align SNAP eligibility rules with educational pathways to support economic mobility.

SNAP receipt increases college enrollment odds by more than 50 percent and supports bachelor's degree completion. Yet students enrolled at least half-time in higher education are ineligible for SNAP unless they meet one of a limited set of exemptions, such as working at least 20 hours per week, participating in federal or state work-study, pursuing a SNAP Employment and Training (E&T) program, or caring for a dependent child under age 6. For some students, the 20-hour work threshold may slow progress toward degree completion. At the same time, most students work; our findings suggest that, for some students, working while enrolled can carry long-term income benefits, pointing to the value of work experiences that complement rather than compete with academic progress. Aligning SNAP eligibility rules to better support economic mobility through education could include simplifying and clarifying the exemption rules to reduce administrative burden on students and institutions; broadening access to the work-study exemption by expanding federal and state work-study availability; allowing comparable employment arrangements to qualify for students who lack access to formal work-study programs (which vary considerably across institutions); and facilitating approval of additional schools as third-party SNAP E&T providers.



- ▶ *A [Hope Center analysis](#) documents state-level approaches, including Wisconsin's policy of averaging student work hours across semesters—a small design change that meaningfully reduces the risk of losing benefits during academically intensive periods. To learn more about SNAP and college, [The Institute for College Access and Success](#) has a detailed analysis of SNAP's restrictions on education beyond high school.*

Improve coordination between financial aid and public benefits.



Public benefits and financial aid work in complementary ways, and improved coordination would better ensure that low-income students have access to both resources. Students can meet a SNAP exemption, for example, by participating in a federal or state work-study program or a SNAP E&T program. Expanding these opportunities can maximize investments across programs, and interagency data sharing agreements can inform opportunities for effective coordination.

- ▶ [State-level examples of data-sharing and coordination between colleges and public benefit programs](#) illustrate what improved coordination can look like in practice (see page 6).

Increase need-based grants for low-income students to cover a meaningful share of attendance costs.



Students who receive more aid relative to their costs are more likely to enroll full-time and complete degrees. Increasing award amounts to cover a meaningful share of cost of attendance would enable the kind of full-time engagement that leads to faster degree completion. The [current maximum Pell Grant](#) award, at \$7,395, covers only a fraction of the cost of attendance at many institutions—a share far smaller than [when the program was created](#). Federal and state policymakers can act to close this gap by raising Pell award amounts, expanding state need-based aid, and designing grants to keep pace with rising costs of attendance.

- ▶ [A recent analysis from The Century Foundation](#) examines how federal and state aid investments can be better targeted and scaled to meaningfully reduce unmet need for low-income students.

Provide multi-year financial aid commitments to support continuous enrollment.



Uncertainty about receipt or amount of financial aid can disrupt enrollment and force students to work more hours or stop out. Multi-year award commitments (guaranteeing aid levels for two to four years contingent on satisfactory academic progress) designed to support both part-time and full-time students would reduce uncertainty and facilitate continuous enrollment and completion.

- ▶ [The University of Michigan's HAIL Scholarship](#)—a rigorously evaluated program that provided low-income, high-achieving students with an early, unconditional four-year commitment of free tuition and fees—demonstrated that predictable, multi-year aid guarantees more than doubled the likelihood that low-income students applied and enrolled, and has since informed similar commitment programs at institutions across the country.

Align public benefit program rules with the time and credential requirements of education beyond high school.

Public benefit program rules can also pose barriers to educational pathways to economic mobility. Under federal law, education beyond high school can count as a qualifying work activity for SNAP and TANF recipients for only 12 months—far shorter than the time needed to complete most degrees. And some states impose additional restrictions, limiting participation to two-year programs or excluding four-year degrees entirely. Federal and state policymakers can act by extending the period during which education beyond high school counts toward work participation requirements, ensuring that program rules accommodate the full credential ladder that our findings show delivers lasting economic returns and reviewing time limits so students are not required to exit programs before completing a degree. States have considerable flexibility here.



- ▶ *Maine has established the [Parents as Scholars Program](#) to support up to 2,000 TANF-eligible families pursuing two- or four-year degrees with financial resources that can continue beyond 12 months, allowing them to pursue education with support that exceeds typical TANF thresholds. The [Hope Center's state-by-state analysis](#) documents the range of approaches and where opportunities for reform remain.*

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