

# PROMISE ABANDONED:

## How Policy Choices and Institutional Practices Restrict College Opportunities

By Kati Haycock

We Americans have long been dedicated to the idea that hard work should pay off — that even those from the most humble origins should be able to work their way to the top.

That still happens, of course. Antonio Villaraigosa, the high school dropout from a poor Latino family in East Los Angeles who went on to graduate from UCLA and is now mayor of the second largest city in America. Tom Vilsack, the orphan who grew up to become governor of the state of Iowa. Colin Powell, the son of Caribbean immigrants who climbed his way through the City College of New York to become the first African-American Secretary of State. We repeat these stories over and over.

But despite how important these achievements are to our sense of who we are as a nation, this kind of upward mobility happens far less often than most of us realize.

Today, we not only have *less mobility* than we did 20 years ago, but we also have *less than in most other developed countries*. Indeed, there is now less economic mobility in the United States than in France, Germany, Denmark, and a whole host of other European nations. Only good old, hide-bound England has less movement among economic classes than we do—and even then, not by much.<sup>1</sup>

Why is this? Principally because of education – or more precisely, the lack thereof.

In the Information Age, education — particularly higher education — is key to a healthy income. Almost no amount of hard work will make up for the lack of it.

Understanding that earlier than most, President Lyndon Baines Johnson and the 89<sup>th</sup> Congress made a solemn promise to America's young people in 1965. "Tell them," said the President, "that the leadership of your country believes it is the obligation of your Nation to provide and permit and assist every child born in these borders to receive all the education that he can take."<sup>2</sup>

But over the past few decades, we've gradually abandoned that promise, and along with it the promise of far too many of our children. Especially in the last fifteen years, educational opportunities in America have been reshuffled and the role of higher education has been transformed. Instead of expanding and equalizing opportunity in our country, much of higher education has simply become another agent of stratification. Today, our highest-achieving low-income students actually go directly on to college at rates about the same as our lowest-achieving students from wealthy families.<sup>3</sup>

Some of the causes for the growing inequality in college participation are, of course, well known:

- Urban and rural high schools that don't even offer the courses students need to be admitted to many colleges, much less succeed in them.
- Rapidly escalating college costs, without the commensurate increases in student aid necessary to help low-income families pay those costs.
- A Byzantine financial aid system, which is especially hard for first-generation college students to navigate.
- And many federal and state policymakers who seem to have decided that it is more important to use available dollars to cater to the interests of middle- and upper-class college students and their families, than to follow through on our nation's historic commitment to making college affordable for low-income students.

In this fourth in our series of reports on higher-education outcomes, we've analyzed national data sets for what they tell us about each of these problems. And we'll tell those stories here. But we'll also tell another story that emerges from the data — a story about disturbing choices made by the colleges themselves. For it turns out that college leaders are important actors in the drama of shrinking opportunity in this country.

Many four-year colleges, for example, have their own resources to provide financial assistance to the students they admit. But through a set of practices known as enrollment management, leaders in both public and private four-year colleges increasingly are choosing to use their resources to compete with each other for high-end, high-scoring students instead of providing a chance for college-qualified students from low-income families who cannot attend college without adequate financial support. In institution after institution, leaders are choosing to use their resources to boost their “selectivity” ratings and guide book rankings rather than to extend college opportunities to a broader swath of American young people.

But even for the low-income, minority and first-generation students who do get into four-year colleges and universities, frequent institutional indifference to their success has a similar effect on how many of them actually get a college degree. Yes, some colleges work at eliminating unnecessary obstacles to timely graduation. For far too many colleges, though, institutional responsibility stops at giving students

access to college, and student success is often left up to the students themselves. Yet for many college students — including the best prepared — negotiating the complicated thickets of college can be confusing and overwhelming. The absence of a friendly face or guiding hand often leads to disengagement and disillusionment. Instead of a degree, they end up with debilitating debt that leaves them worse off than before.

Certainly, like leaders in any other field, college leaders have to make a lot of tough choices. In the public sector, those choices have been made even more difficult by state legislatures that don't accord higher education the same funding priority that they once did. Governing boards obsessed with improving their standing in college rankings guides don't help, either.

That said, you can tell a lot about fundamental values from the ways leaders decide to use the resources they do have. So when college leaders, too, choose to join politicians in catering ever more to the most privileged Americans, their actions represent a sorry retreat from the values that drew many of them to education in the first place. It is important to take stock of the cumulative effect that choices like these have on the hopes, dreams, and effort of America's high school students.

The truth is that students growing up in wealthy families today have to work pretty hard not to obtain at least a bachelor's degree. By age 24, 75 percent of students from the top income quartile receive such degrees. For students growing up in low-income families, on the other hand, almost no amount of hard work will earn them that degree. Fewer than 9 percent of these students earn a bachelor's degree by 24.<sup>4</sup>

The gaps by race are also stark, with African-Americans between 25 and 29 attaining bachelor's degrees at nearly one half—and Latinos at one-third—the rate of Whites.<sup>5</sup>

And, instead of gradually getting better, most of these gaps are getting worse.

It would be comforting to our national identity to believe that the patterns chronicled in this report are about merit, rather than about privilege — that the low-income or minority students who don't get college degrees are somehow lacking. Not focused enough. Not smart enough. Not energetic enough. Too worried about “acting white.” Then we could hold on to our Antonio Villaraigosas, our Tom Vilsacks and our Colin Powells and feel no discomfort about what we have

Table 1: College Going Rates by Income and Achievement Levels

Achievement Level (in quartiles)	Low-Income	High-Income
First (Low)	36%	77%
Second	50%	85%
Third	63%	90%
Fourth (High)	78%	97%

Source: NELS: 88, Second (1992) and Third Follow-up (1994); in, USDOE, NCES Condition of Education 1997 p.64

become as a nation.

But the patterns confirmed by the national data chronicled in this report are mostly not about these things. Though college leaders may not have intended this, higher education — especially the four-year college sector — has become a mechanism for reinforcing social class, rather than a vehicle for fostering social mobility.

That’s bad for low-income and minority families. And it is bad for America.

### IS THE PROBLEM IN OUR HIGH SCHOOLS?

Many people within higher education believe that the lack of progress is a story mostly about ineffective high schools. They would like the nation to believe that we have a high school problem, not a college problem.

That view isn’t all wrong. National data make it clear that low-income and minority students are less likely than other students to complete high school or to be programmed into a college-prep course sequence. Even when these students take the right courses, chances are that they will not be taught by an appropriately certified teacher. Not surprisingly, given both of these scenarios, low-income students are less likely to perform at the “college-ready” level on college admissions tests.

As shown in Table 1, preparation is by no means the only issue. Among the best-prepared students in the country, for example, more than 20 percent of those from low-income families don’t go directly on to college. Among high achievers from high-income families, only 3 percent don’t enter college right away.

The ratios are even worse for college completion. One recent study tracked eighth-graders who were high achievers in math over a 10-year period. Among those from high-income families, 99 percent went to college and 74 percent graduated. Among similarly high-achieving students from low-income families,

75 percent went to college but only 29 percent graduated.<sup>6</sup>

If the problem isn’t just about preparation, then what is it about?

Two giant problems:

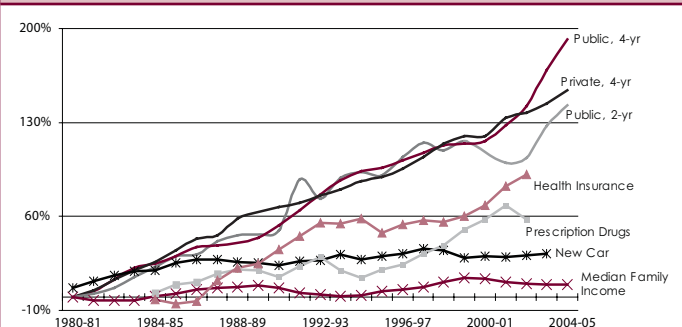
- First, as college costs have increased, we’ve not made proportionate increases in need-based student aid. As a result, too many low-income students don’t prepare for college, and either don’t go or are forced down paths less likely to result in a degree.
- Second, even when they begin full-time in four-year colleges, low-income and minority freshmen are far less likely than other students to complete degrees. And despite compelling evidence that they could close these gaps if they worked at it, most college leaders have yet to put this issue high on their agendas.

Let’s examine each of these problems.

### Problem One: College Costs are Rising and Financial Aid Doesn’t Keep Pace

College costs have increased rapidly over the past two decades — far more rapidly than inflation, far more rapidly even than the cost of prescription drugs and health insurance, and far, far more rapidly than family income.

FIGURE 1: PRICE OF COLLEGE IS GOING UP



Source: Wellman, J. Costs, Prices and Affordability. Prepared for the Secretary’s Commission on the Future of Higher Education, 2006.

This gap between increases in the sticker price of higher education and increases in family income could, of course, have been cushioned — as it was during the seventies and eighties — through increased investments in grant programs to help defray college costs. And indeed, there were robust increases in grant aid — up 68 percent from 1985 to 1995 and 51 percent from 1995 to 2005<sup>7</sup> — that were almost commensurate with increases in tuition and fees.

But along the way, something very important changed. Instead of focusing those increases on students who absolutely needed additional funding to attend college, the biggest increases went to more affluent students who could afford to attend college without such financial support.

How did this happen? It happened because all of the key players in student financial aid — the federal government, state governments and institutions themselves — increased the proportion of their aid dollars going to non need-based aid.

### Federal Role

The federal government is the biggest player in student financial assistance. In 2004-05, \$90 billion of the \$128 billion spent on student aid came from the federal government. That means that federal sources accounted for 70 percent of all expenditures on student aid.<sup>8</sup>

Historically, the federal government's principle vehicle for providing college access to low-income students has been the Pell Grant. Created in 1972 as the Basic Education Opportunity Grant (BEOG), the Pell Grant program has enabled millions of students from low-income families to attend two- and four-year colleges.

But investments in this program, while up, have not kept pace either with college costs or with rising demand for college. In 1975, the maximum Pell Grant covered approximately 84 percent of the cost of attending a public college or university. Today, it covers only 36 percent, effectively blocking access for thousands of aspiring college students from low-income families.<sup>9</sup>

This shortfall might, of course, be understandable given other pressures on the federal budget. But, in fact, federal expenditures on non need-based student aid have grown *exponentially* faster over the past decade than expenditures on need-based aid.

## DELIVERING ON THE PROMISE?

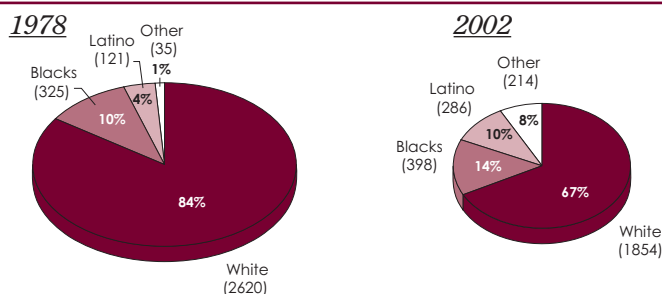
At first blush, the numbers on American higher education would seem worth crowing about. Over the last thirty years:

- African-American college enrollment grew from 943,000 to 1.9 million; in 2004, nearly 131,000 African Americans earned a bachelor's degree.<sup>i</sup>
- Latino college enrollment increased from 353,000 to 1.7 million; in 2004, 94,000 Latinos earned a bachelor's degree.<sup>i</sup>
- College-going among students from low-income families grew from one-in-five to over one-half.<sup>ii</sup>

But as these numbers are trumpeted from every rooftop, a very important fact is missing — that these changes pale in comparison to sweeping demographic changes in the schools that feed our colleges, and in our society more generally.

In 1974, approximately 3.1 million young people earned a high school diploma or its equivalent. Approximately 14 percent of those graduates were Black or Latino. By 2004, though the total number of graduates had shrunk, the number of Black and Latino graduates actually increased by more than 50 percent. Simultaneously, the number of White graduates actually fell from 2.6 million to 1.8 million.

### HIGH SCHOOL GRADUATES BY RACE/ETHNICITY (IN THOUSANDS)



Source: U.S. Department of Education, Digest of Education Statistics, 2005. Table 205.

Despite the sharp decline in the number of White high school graduates in the U.S., the number of White college students continued to increase, from 7.7 million in 1974 to 9.7 million in 2004. How? Principally because college-going rates among white high school graduates soared.

These rates have increased among Black and Latino graduates too, but not as much. Thirty years ago, for example, Black and Latino high school

graduates entered college at almost the same rates as their White counterparts; only a few percentage points separated them.

But then, college-going rates among White high school graduates started to climb, up 22 points from 1974 to 2004. They grew, too, for African Americans and Latinos, but much more slowly. African-Americans improved 16 points; Latinos grew 15 points.

YEAR	White	Black	Hispanic
1974	47	47	47
1979	50	47	45
1984	59	40	44
1989	61	53	55
1994	65	51	49
1999	66	59	52
2004	69	63	62

Source: U.S. Department of Education, Digest of Education Statistics, 2005. Table 181.

Over the same time period, college-going rates climbed for students in all *economic* groups — indeed, even faster for low-income students than for others. But today, college-participation rates for low-income students not only lag behind those of their middle- and high-income peers, but they are still significantly lower than the college-going rates of high-income students were three decades ago.

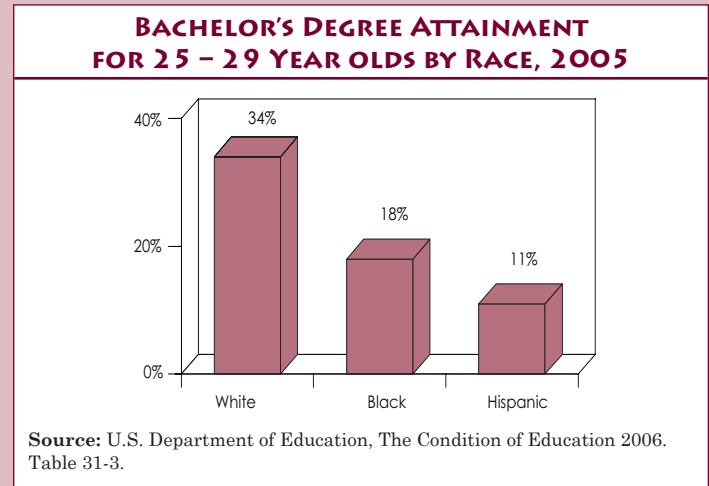
YEAR	Low Income	Mid Income	High Income
1973	20	41	64
1979	31	43	63
1984	34	48	74
1989	48	55	71
1994	43	58	78
1999	49	59	76
2004	50	63	79

Note: Income data were not available for 1974.  
Source: U.S. Dept. of Education, Condition of Education, 2006. Table 29-1.

At the baccalaureate degree level, the differences are even more stark. In the mid-seventies, 23 of every 100 White young people between the ages of 25 and 29 earned a bachelor’s degree. By 2005, that ratio had climbed to 34 of every 100. There was growth in attainment among Latinos and Blacks, as well. Black bachelor’s degrees climbed from about 8 in every 100

to 18; Latinos from 6 in every 100 to 11.<sup>iii</sup>

*But even after 30 years, neither group had yet reached the bachelor’s attainment rate that White students had back in 1975.* The 30-year scorecard? Whites up 11 points; Blacks up 10 points; Latinos up 5 points. So yes, the numbers of Black and Latino college students and college graduates are growing. But 30-years later the gap between groups are wider.



The differences by family income tell a similar story. In the seventies, approximately 40 percent of students from families in the top income quartile earned a bachelor’s degree by age 24, compared to approximately 6 percent of students from families in the bottom income quartile. In other words, high-income students were nearly seven times as likely as low-income students to earn at least a baccalaureate degree. By 2003, that ratio had grown significantly. Among students in the top quartile, more than 75 percent now earn a bachelor’s degree; among students in the bottom quartile, only 9 percent earn a bachelor’s degree.<sup>iv</sup> So, the gaps are wider today than they were thirty years ago. These gaps in degree attainment are particularly worrisome today, when there is no longer much, if any, economic return to “some college”. In our all or nothing marketplace, degrees are what count.

<sup>i</sup> U.S. Department of Education, NCES, Digest of Education Statistics 2005. Tables 205 and 261.

<sup>ii</sup> U.S. Dept. of Education, NCES, The Condition of Education, 2006. Table 29-1.

<sup>iii</sup> US Dept. of Commerce, Bureau of the Census. March Current Population Surveys, 1971-2004, in The Condition of Education, 2006. Table 31-3.

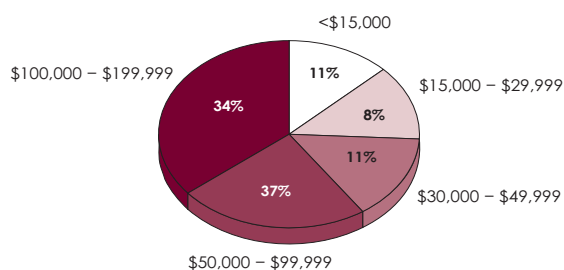
<sup>iv</sup> “Family Income and Higher Education Opportunity 1970 to 2003” *Postsecondary Education Opportunity*, Number 156. June 2005.

Indeed, of current federal expenditures on student aid, 52 percent — or more than \$45 billion — is not based on need.

One example: Of the \$1.3 billion in federal tuition and fee deductions, more than 34 percent goes to families with annual incomes of more than \$100,000.<sup>10</sup>

**FIGURE 2: FEDERAL TUITION AND FEE INCOME TAX DEDUCTIONS**

*Distribution of Savings by Family Income Level, 2003*



Source: Trends in Student Aid 2005, The College Board. p.25.

Certainly, it is not wrong for the federal government to assist middle-income Americans in getting the education they want and need, and that we all benefit from them having. But surely financial assistance to students from upper-income families should be awarded only after we meet the needs of those who literally cannot attend college without adequate financial aid.

Yet President Clinton proposed two big tax programs — and Congress acted — without first taking that basic step.

### State Role

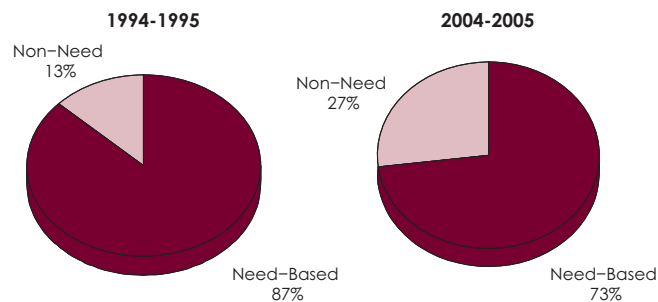
The pattern in the states has been much the same.

States are a smaller player in student aid, but a significant one nonetheless. In 2003-4, state governments invested approximately \$6 billion in grant aid, approximately two-thirds of which was spent on need-based grants.

Over the past decade, state expenditures on need-based aid increased by over 95 percent. At the same time, however, state expenditures on non need-based grants increased by nearly 350 percent, to \$1.7 billion.<sup>11</sup>

The result? Ten years ago, grants to students without demonstrated financial need represented 13 percent of state grant expenditures. Today that fraction has more than doubled to 27 percent,<sup>12</sup> as more and more states follow in the steps of Georgia, Florida and Louisiana in providing grant aid to students with no financial need without first ensuring that the needs of low-income students were fully met.<sup>13</sup>

**FIGURE 3: DISTRIBUTION OF STATE GRANTS**



Source: National Association of State Student Grant and Aid Programs, 2005

Yes, as with the federal budget, there have been big pressures on state budgets, too. But like their federal counterparts, state lawmakers have voted for the biggest increases in student aid to go to middle- and upper-income families, rather than lower-income families.

### Institutional Role

The biggest shift of all, however, has occurred under the radar screen. Not in the federal and state budgets that are open for public review, but rather, behind the hallowed doors of the academy where colleges and universities make decisions about how to use their own resources.

Like federal and state governments, most colleges traditionally deployed their own monetary resources to meet the demonstrated financial needs of the low-income students they admitted. However, beginning in the late 1970's, and increasing over time, schools began to use a set of practices known as enrollment management to change the way financial aid was distributed. (See "Enrollment Management" sidebar for more detail.)

No longer pre-occupied with ensuring ability to pay, institutions primarily used enrollment management strategies for two very different purposes: (1) to "purchase" the high school talent that would enhance their prestige in ranking guides and (2) to shield middle- and upper-class students and their families, who were reluctant to pay full price, from the rapidly escalating cost of attending the nation's colleges and universities.

In other words, instead of continuing to devote scarce dollars to expand opportunities for low-income students, institutional leaders have devoted increasing portions of those dollars to burnishing their own images.

## CLOSER LOOK: ENROLLMENT MANAGEMENT

Enrollment management describes a myriad of techniques used by colleges and universities to help them yield their targeted student populations. By implementing tactics oft used in the business world, such as data mining, pricing metrics and savvy marketing campaigns, institutions attempt to realize a set of predetermined goals which typically include increasing the number of students in an entering class, raising the academic quality of the freshmen cohort, achieving a more racially and ethnically diverse student body or increasing revenue. Nearly 75 percent of all four-year institutions, in both the public and private sectors, currently have an enrollment manager on staff who is responsible for the nuanced operations of, and between, the admissions and financial aid offices. While enrollment management techniques are sometimes used for laudable purposes, such as to ensure that low-income students receive the aid that they need to attend an institution, they are frequently criticized for the role that they have played in transforming institutional financial aid from “a tool to help low-income students into a strategic weapon [used] to entice wealthy and high-scoring students”.<sup>i</sup>

Two enrollment management strategies are most commonly employed to help colleges and universities attract and enroll the most sought after students: tuition discounting and financial aid leveraging. At face value, tuition discounting is the practice of reducing the actual cost of attending a particular institution. Underneath the surface of this straightforward definition, however, tuition discounting takes into consideration that students’ decisions to attend a particular college are dependent upon their ability to pay the necessary expenses, as well as their willingness to do so.<sup>ii</sup> Thus, many institutions significantly reduce the actual cost of attendance for students, including those from wealthy families who could afford to pay full price, if doing so increases the likelihood that they will meet other important goals – namely enrolling high-achievers that can help them climb up a few point in the national rankings.

Financial aid leveraging involves a complicated, statistical matrix that is primarily used to determine how colleges can disburse financial aid so that they enroll the greatest number of high-achieving, low-need students possible.<sup>iii</sup> In an attempt to woo academically strong admits, schools often offer non need-based aid to students who can afford to pay the full cost of attending their institution instead of offering the same aid, in need-based form, to lower-income students who can not afford to enroll without adequate support.

But the financial leveraging practice that is most troubling is the “admit-deny” tactic.<sup>i</sup> This involves offering admission to low-income students, but purposefully awarding them grossly inadequate financial aid packages. The intent of the insufficient funding is to ensure that these students can’t afford to enroll. Such practices enable institutions to limit the number of poor students they enroll while creating a public image that supports access for low-income students.

<sup>i</sup> Matthew Quirk. “The best class money can buy”. *The Atlantic Monthly*, November 1, 2005. Volume 296, Number 4.

<sup>ii</sup> Jerry Davis, Unintended Consequences of Tuition Discounting, The Lumina Foundation for Education. May 2003.

<sup>iii</sup> Congressional Testimony of Claire Gaudiani, President of Connecticut College. February 9, 2000. [http://www.senate.gov/~govt-aff/020900\\_gaudiani.htm](http://www.senate.gov/~govt-aff/020900_gaudiani.htm)

Information on these expenditures is harder to come by. But a special analysis of national financial-aid data conducted for the Education Trust<sup>14</sup> shows changes in institutional aid to be *worse* for low-income students than the shifts in federal and state aid described in Tables 2 and 3 (*see page 8*).

In four-year **private** colleges and universities:

- In 1995, the average student from a family with income below \$20,000 received \$3,446 in institutional aid, while the student from a family above \$100,000 received \$1,359 in assistance.
- Just eight years later, the average low-income student award had increased by 52 percent to \$5,240, while the average award to students from families with incomes over \$100,000 increased by 254 percent to \$4,806.
- In 2003, the average institutional award for

students from families making less than \$20,000 per year was actually \$1,200 less than the average award for students from families making \$80,000-\$99,000 per year.

Although four-year **public** colleges and universities spend considerably less per student than their private counterparts, the direction of change in their expenditures is very much the same.

- In 1995, the average student from a family with income below \$20,000 per year received \$836 in institutional grant aid, while students from families above \$100,000 received an average of \$239 in institutional assistance.
- Just eight years later, the average award to low-income students had increased 50 percent to \$1,251, while the average award to students from families earning above \$100,000 had grown 227 percent to \$781.

The effects of these changes on students from families making less than \$40,000 per year are clear. During just the eight years chronicled here, such students declined from 38 percent of the undergraduates in four-year public colleges to 28 percent, and from 37 percent of the undergraduates in four-year private colleges to 27 percent. Over the same time period, the portion of institutional aid awarded to such students shrunk from 56 percent to 35 percent in public colleges and from 44 percent to 27 percent in private colleges.<sup>15</sup>

The result? Though their needs are undeniably greater than those of students from more affluent families, lower-income students in private colleges get the exact share of institutional aid that they represent of the student population. This is markedly worse than it was in 1995, when such students received what common sense and fairness would suggest: a significantly greater share of institutional aid than would be expected simply from their fraction of the student population.

In public colleges, the situation is somewhat better: lower-income students continue to receive a larger percentage of institutional aid. But the ratio has declined, from 1.46 (share of aid divided by share of undergraduates) in 1995 to 1.25 in 2003.<sup>16</sup>

## CUMULATIVE EFFECT OF SHIFTS IN FEDERAL, STATE, AND INSTITUTIONAL GRANT AID

So far, we have looked separately at changing patterns at the federal, state and institutional level. For a student, however, the question is how they add up.

Tables 4 and 5 show total grant aid per full-time, dependent undergraduate student in private and public colleges, respectively. Not surprisingly, given the shift in each separate source, the combined pattern of change favors more affluent students once again. Because these grant figures do not include the effects of federal tax credits and tuition deductions, which provide more help to upper-income families than to lower-income families, they actually understate the overall pattern.<sup>17</sup>

Given the rapid escalation in college costs during this time period, the bottom line is clear. In both public and private colleges, low-income students have been the least likely to be shielded from increased college costs.

Certainly, some of the cost of college attendance can be borne by students and their families, or covered through loans. But for the average low-income student in a four-year public college, the amount remaining after grants are subtracted from college costs is still daunting. Given the vast differences in family resources, this defies both logic and common sense.

## THE EFFECTS OF LARGE UNMET FINANCIAL NEED

The large unmet need faced by prospective students from low-income families has two major effects. First, many of those “students” never become students at all. Indeed, only about one-half of all “college-qualified” students from low-income families enter a four-year college, compared to over 80 percent of similarly qualified students from high income families.<sup>18</sup>

But that’s not the only effect. Other low-income students attend college, but do so in ways that are far less likely to lead to a degree.

Today’s college leaders frequently

Table 2: Avg. Institutional Grant Aid per Full-Time Dependent Undergraduates by Institutional Type and Family Income

Four-year Private Colleges					
Family Income	1995	1999	2003	% Chg 1995 - 2003	Amt Chg 1995 - 2003
< \$20K	\$3,446	\$4,027	\$5,240	52%	\$1,794
\$20 - \$39,999	\$4,723	\$5,430	\$6,254	32%	\$1,531
\$40 - \$59,999	\$4,360	\$5,982	\$6,633	52%	\$2,273
\$60 - \$79,999	\$3,386	\$5,705	\$6,486	92%	\$3,100
\$80 - \$99,999	\$2,561	\$4,761	\$6,472	153%	\$3,911
\$100,000 Plus	\$1,359	\$3,321	\$4,806	254%	\$3,447

Table 3: Avg. Institutional Grant Aid per Full-Time Dependent Undergraduates by Institutional Type and Family Income

Four-year Public Colleges					
Family Income	1995	1999	2003	% Chg 1995 - 2003	Amt Chg 1995 - 2003
< \$20K	\$836	\$838	\$1,251	50%	\$415
\$20 - \$39,999	\$643	\$777	\$1,139	77%	\$496
\$40 - \$59,999	\$465	\$706	\$906	95%	\$441
\$60 - \$79,999	\$371	\$714	\$952	157%	\$581
\$80 - \$99,999	\$196	\$494	\$754	285%	\$558
\$100,000 Plus	\$239	\$619	\$781	227%	\$542

NOTE: Amounts have not been adjusted for inflation.

SOURCE: Analysis of NPSAS 2003 - 2004 data completed by Jerry Davis for The Education Trust.



**Table 4: Avg. Total Grant Aid per Full-Time Dependent Undergraduates by Institutional Type and Family Income**

Four-year Private Colleges					
Family Income	1995	1999	2003	% Chg 1995 - 2003	Amt Chg 1995 - 2003
< \$20K	\$6,813	\$8,312	\$10,999	61%	\$4,186
\$20 - \$39,999	\$7,175	\$8,742	\$10,638	48%	\$3,463
\$40 - \$59,999	\$5,456	\$7,838	\$9,183	68%	\$3,727
\$60 - \$79,999	\$3,957	\$7,019	\$8,042	103%	\$4,085
\$80 - \$99,999	\$2,982	\$5,514	\$7,520	152%	\$4,538
\$100,000 Plus	\$1,648	\$4,031	\$6,248	279%	\$4,600

**Table 5: Avg. Total Grant Aid per Full-Time Dependent Undergraduates by Institutional Type and Family Income**

Four-year Public Colleges					
Family Income	1995	1999	2003	% Chg 1995 - 2003	Amt Chg 1995 - 2003
< \$20K	\$3,404	\$4,227	\$5,890	73%	\$2,486
\$20 - \$39,999	\$1,994	\$3,061	\$4,476	124%	\$2,482
\$40 - \$59,999	\$897	\$1,593	\$2,242	150%	\$1,345
\$60 - \$79,999	\$647	\$1,193	\$1,677	159%	\$1,030
\$80 - \$99,999	\$390	\$1,044	\$1,519	289%	\$1,129
\$100,000 Plus	\$396	\$1,007	\$1,375	247%	\$979

Source: Analysis of NPSAS data completed by Jerry Davis for The Education Trust.

talk with pride about the “multiple paths” that students can take to a baccalaureate degree. Claims like this aren’t all wrong. Certainly, in this era where postsecondary education is so critical to future earnings, it would be wrong to make further learning unavailable to students for whom the traditional (full-time, residential, non-working) mode of attending college is out of the question.

But the truth is that we’ve learned to celebrate paths that are inherently unequal. As research conducted by Clifford Adelman at the U.S. Department of Education confirms, every departure from the traditional path of four years in high school followed immediately by four years of full-time attendance in a four-year college significantly reduces the likelihood of degree attainment. For example, students who attend college on a part-time

basis reduce their chances of earning a bachelor’s degree by 35 percent,<sup>19</sup> and those who begin in a two-year college with the intention of earning a bachelor’s degree earn degrees at rates 30 percent lower than those that start at four-year institutions.<sup>20</sup>

So, yes, students should be aware of the multitude of different pathways to obtaining a bachelor’s degree (i.e., attending part-time, delaying attendance and beginning at two-year institutions). But, if we want students to succeed in college, we shouldn’t force them down these alternative routes.

That, however, is exactly what we are doing by shifting precious financial-aid dollars to middle- and upper-class students. The results are absolutely clear in enrollment statistics over time.

In 1974, for example, approximately

62 percent of Pell Grant recipients attended four-year colleges. By 2004 that number had dropped to 46 percent.<sup>21</sup>

Similar enrollment trends exist among African-American and Latino students who disproportionately attend two-year and proprietary colleges from which they have significantly lower chances of earning a degree.

Differences in high school preparation contribute to differences in enrollment patterns. But even when you hold high school achievement constant, there are glaring, and quite disturbing, differences in the enrollment patterns of different groups.

As the Federal Advisory Committee on Student Financial Aid said in its 2001 report to Congress, “Make no mistake, the pattern of educational decision making typical of low-income students today, which diminishes the likelihood of ever completing a bachelor’s degree, is not the result of free choice. Nor can it be blamed on academic preparation.”<sup>22</sup>

The blame, instead, is on us. Over the past decade, we have somehow come to the conclusion that it is more important to consider the interests of middle- and upper-class students and their families than to guarantee that students from low-income families who work hard in school can follow their talents wherever they lead.

The end result is simple. Many talented low-income students give up entirely — sometimes while still in high school, sometimes just after graduating when they discover they cannot afford to pursue their dreams. And our institutions have become increasingly segregated. Four-year colleges, especially the selective ones, look less and less

### COLLEGE RESULTS ONLINE

In 2005, the Education Trust created a new, interactive, web-based data tool called **College Results Online** ([www.CollegeResults.org](http://www.CollegeResults.org)). It allows users to select any four-year public or private non-profit college or university in the country and see how its graduation rates compare with those of other institutions that are most similar, based on 11 factors that are statistically related to graduation rates, ranging from median scores on college admissions exams to the percentage of students receiving federal Pell Grants.

**College Results Online** shows that very similar institutions often have very different graduation rates. These differences are not trivial. A typical analysis comparing one university to the 25 most similar institutions produces a range between the highest and lowest graduation rates of 30 percentage points or more. The highest-performing school can have a graduation rate *double* that of the lowest. For students, the impact of these differences between institutions that otherwise look the same is huge.

**College Results Online** also allows users to study graduation rates broken down by students' race, ethnicity, and gender within a single institution. That information – which has only recently become publicly available for all four-year colleges and universities – also reveals significant graduation-rate gaps between White students and students of color. Users can sort schools according to the size of their graduation-rate gap, as well as examine how overall graduation rates at individual colleges and universities increased or decreased over time.

like America and are instead becoming more and more the bastions of the rich. Our two-year colleges don't look like America, either, with fewer and fewer White, Asian and middle-class students, and more and more Black, Latino, Native American and low-income students. (See Figure 4)

#### Problem Two: Low Graduation Rates for Low-Income and Minority Students who Make It to Four-Year Colleges

If we were more successful in getting students through our institutions of higher education

— including getting students who start in two-year colleges transferred to a four-year institution and through with a bachelor's degree — we might have been able to blunt the impact of these shifts in where students are going to college. But far too many students who start college never finish.

Among students who start their education in four-year colleges, fewer than 4 in 10 obtain a four-year degree from that institution within four years. Within six years, completion rates rise to only 6 in 10. Looked at from another angle,

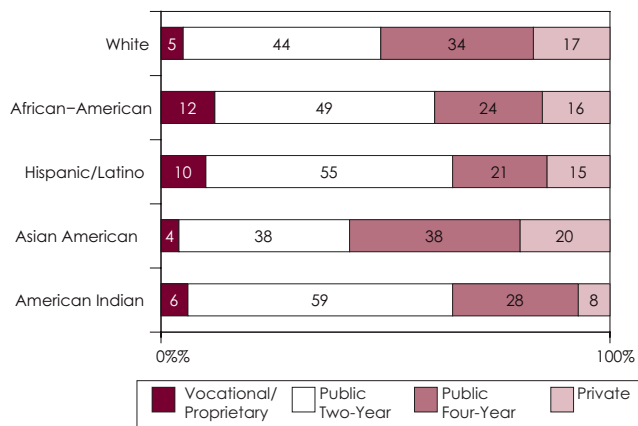
that means that nearly 400,000 of the roughly 1 million freshmen who begin their journey in four-year colleges every year do not emerge with the bachelor's degree they sought.<sup>23</sup>

Though worrisome, these averages mask even more troubling patterns among particular groups of students. For example, only about 40 percent of African-American freshmen and 47 percent of Latino freshmen obtain bachelor's degrees within six years, compared to 59 percent of White freshmen and 66 percent of Asian freshmen.<sup>24</sup>

Federal longitudinal studies suggest that an additional eight percent of these freshman go on to get degrees from other institutions.<sup>25</sup> But still, the toll is terrible.

- For example, among the 117,119 African-American freshmen who started full-time in four-year colleges back in 1998, only 47,485 emerged with a degree six years later. Again, based on longitudinal studies, it is likely that about another eight percent of the original group earned a degree from another institution. But still,

**FIGURE 4: DISTRIBUTION OF BEGINNING POSTSECONDARY STUDENTS BY INSTITUTIONAL TYPE AND RACE/ETHNICITY: 2003–2004**



Source: Analysis of National Postsecondary Student Aid Study: 2003 – 2004 (NPSAS) by Ken Redd for the Education Trust

that means that *we lost* more than 60,000 black students along the way—and that *they*, too, lost enormous future opportunities.<sup>26</sup>

- Among Latinos, the patterns are similar: 63,541 full-time freshmen in four-year colleges back in 1998 dwindled to 29,830 with bachelor’s degrees from those same institutions six years later. Even after accounting for the estimated eight percent of the original group that went on to earn a degree elsewhere, that still means that *we lost more than* 25,000 Latino students along the way.<sup>27</sup>

And remember, this is just one year’s cohort — we lose a similar number from each year’s entering class. Remember, too, that these are generally our *highest achieving* African American and Latino high school students. The ones who started as full-time students at four-year colleges after graduating from high school and whom we should have been able to get to a bachelor’s degree, if only we had tried a little harder.

## FAIR TO COUNT INSTITUTIONAL GRAD RATES?

There are many within higher education who argue that institutional graduation rates are meaningless, because in today’s highly mobile population “more and more” students move from institution to institution. Indeed, their favorite statistic is one from the U.S. Department of Education’s most recent longitudinal study of college graduates: 60 percent of college graduates attend more than one institution.<sup>28</sup>

But as shown in a recent analysis by the Education Sector, this statistic is terribly misleading. Yes, 60 percent of college graduates earn credits from more than one institution, but “that includes students who study abroad for a semester, earn credits at a local college while in high school, or pick up a few classes at a community college over the summer.” Actually, 67 percent of the Americans who earn a bachelor’s degree get it from the first institution in which they enroll

— and that includes transfers from two-year colleges. If you only consider students who begin in four-year colleges, 80 percent of those who graduate get their degrees from the first institution they attend.<sup>29</sup>

Moreover, mobility rates aren’t increasing that much after all. In the seventies, the proportion of bachelors degree recipients who earned credits from more than one institution was 57 percent; in the eighties it was 58 percent; in the nineties, 59 percent.<sup>30</sup>

## PART OF THE SOLUTION: HOLDING DOWN EXPENDITURES

To be sure, tuition has increased in part to make up for declining state support. But that’s only half the story: Institutional spending is increasing, too – much faster than inflation – which contributes to increased student fees. Responsible public policy has to address both sides of the equation, so that adequate funds are allocated and that they are spent wisely and efficiently.

There is a dearth of good information on higher education costs – where the money comes from, where it goes, whether it can be spent more efficiently. But the research that does exist suggests that for most institutions the increased spending is not going toward educating students.

Instead, most of the growth is in “institutional aid,” (i.e., tuition discounting) and in administrative costs.<sup>i</sup> For example, recent studies of tuition discounting among private schools suggest that close to 80 percent of all freshmen are getting some form of a tuition discount; averaging close to \$9,000 per student, or about 40 percent of the average full cost of tuition (\$22,500).<sup>ii</sup>

In terms of administrative costs, recent research documents that colleges spend an inordinate amount on recruitment. Public colleges spend an average of \$455 per student on recruitment, and private colleges spent an astounding \$2,073 *per student* on recruitment in 2005, up more than \$150 per student from the year before.<sup>iii</sup>

It’s also clear that colleges are not consistently taking sufficient advantage of new instructional technologies. The experiences of colleges participating in the course redesign efforts led by the National Center for Academic Transformation, for example, suggest that by incorporating such technologies in introductory courses, costs can be cut by an average of 35 percent and learning outcomes improved.<sup>iv</sup>

If institutions quit the bad habits of tuition discounting, and profligate spending on poorly directed recruitment, and get into to the good habit of exploring technology and other strategies to reduce costs and improve learning, it would help them keep costs to students down.

<sup>i</sup> NCES Education Statistics Quarterly, Vol. 4, Issue 1. “Study of College Costs and Prices: 1988–89 to 1997–98,” 2002

<sup>ii</sup> National Association of College and University Business Officers, “A Current Look at Tuition Discounting,” 2006.

<sup>iii</sup> Noel-Levitz. Cost of Recruiting Poll Results. March, 2006.

<sup>iv</sup> National Center for Academic Transformation - Program in Course Redesign (PCR): Outcomes Analysis – Rounds I,II,&III Projected and Annual Savings Summary, <http://www.center.rpi.edu/PCR/Outcomes.htm>.

When their arguments about mobility don't succeed, leaders of colleges with low graduation rates are quick to resort to blaming things on the students or talking about their "high standards." As we show later in this report (and have documented in three previous reports), however, similar institutions that serve exactly the same kinds of students often have very different six-year graduation rates. Moreover, years of research generally confirm that high standards and high graduation rates go hand in hand: students are more likely to complete when they are challenged.<sup>31</sup>

Certainly, six-year graduation rates don't fully summarize all of the contributions of a given college or university. Some schools serve community college transfers well, helping them to obtain bachelor's degrees. And some colleges prepare students well to succeed at other colleges. Further, it certainly matters that graduates master the knowledge and skills that are implied by a bachelor's degree. So, it is important over time to understand how colleges do on this measure, as well.

That said, the first-time, full-time freshmen who form the basis for the federal Graduation Rate Survey are generally the best prepared students that an institution has. Even if we could follow all students everywhere they go, overall graduation rates would not look much better. First-time, full-time freshmen have the very best chance to graduate; they, certainly, are at least a good place to start.

## GRADUATION GAPS INEVITABLE?

Despite its critical importance to our democracy, talk of improving graduation rates for students from our

largest minority groups often feels to leaders in higher education like a job for high schools. "Send us better prepared students," they say, "and we'll give you more and better graduates." And nowhere is this more true than with underrepresented minorities, who typically enter our institutions underprepared.

High school principals, of course, find claims like this maddening. "If they didn't think these students could succeed, why the heck did they admit them?" they ask. But are the college leaders right...or wrong?

Let's take a closer look at graduation-rate statistics, drawing on the federal government's Integrated Postsecondary Education Data System (IPEDS), which includes four-, five- and six-year graduation-rate statistics for first-time freshmen in every four-year college in America, to see if we can find some answers.

As noted earlier, the overall graduation rate for such students is 56.4 percent. In other words, of the students who start their educational journey in a four-year college or university, 56.4 percent emerge from that same university with a bachelor's degree within six years.

But underneath that average, there are some institutions—indeed, about 110 – that routinely graduate more than 80 percent of their freshmen within six years. And, at the opposite end of the spectrum, there are about 73 institutions that routinely graduate fewer than 20 percent of their freshmen within six years. Averages, in other words, conceal a lot.

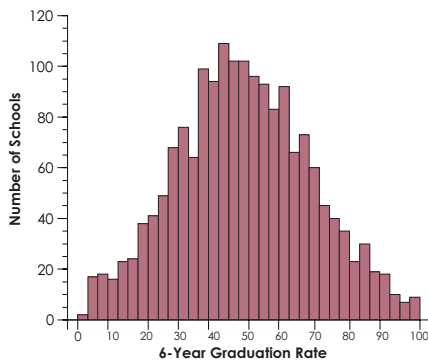
## FOUR-YEAR GRADUATION RATES

Six years is the time frame most often used to measure graduation rates. But we shouldn't lose sight of the fact that these are, after all, "four-year" institutions. Since that's the norm, why tack on two extra years?

In fact, most bachelor's degree-granting institutions are "four-year" colleges in name only. The large majority of students don't graduate "on time" by that measure. A solid majority of beginning, degree-seeking four-year students – 63 percent – get a bachelor's degree with in six years. Only 37 percent get a bachelor's degree in four years. In other words, four out of every 10 students who successfully get a bachelor's degree within six years take longer than four years to do so. Institutional graduation rates show a similar pattern. The median institutional four-year graduation rate is 32 percent. Barely a quarter of all four-year institutions graduate more than 50 percent of their students in four years or less.

Because a huge number of students successfully complete college during those additional two years, it makes sense to take them into account in gauging postsecondary success. But that doesn't mean we should lose sight of the four year completion goal, simply because most people don't meet it. Extra time for degree completion comes at a significant cost, both to the student and to the institution, because it requires resources that might be better spent elsewhere to be used.

**FIGURE 5: FREQUENCY DISTRIBUTION OF GRADUATION RATES AT FOUR YEAR COLLEGES AND UNIVERSITIES**



Source: Education Trust analysis of IPEDS data.

Averages also conceal a lot when it comes to success with minority students. For example, while about 40 percent of all the African-American students who start

their undergraduate education at four-year colleges managed to earn a bachelor’s degree from those institutions six years later, the differences among institutions are huge. Table 6 shows the three-year average, six-year graduation rates from 2002–2004, for African-American students at institutions where at least 10 percent of the undergraduate population is African-American.

Table 7 shows the highest and lowest performing institutions in terms of six-year graduation rates for Latino students over a three-year period. Again, we’ve drawn only on institutions where at least 10 percent of the undergraduate population is Latino.

It’s interesting to note that both in the African American-specific lists and the Latino-specific lists, the high and low-performers aren’t always the institutions one might expect. Yes, some of the highest performers

**Table 6: African-American Three-Year Average Graduation Rates, 2002–2004\***

Institution Name	State	3-Year Avg Afr. Am. Grad Rate	%Afr. Am.	Carnegie Class
<b>Top 10</b>				
Stanford Univ.	CA	89.1%	10.7%	Research Very High
Duke Univ.	NC	85.9%	10.9%	Research Very High
Spelman College	GA	77.0%	94.2%	Bac/Arts&Sci
Miles College	AL	72.0%	97.5%	Bac/Diverse Fields
Univ. Of North Carolina At Chapel Hill	NC	70.4%	10.8%	Research Very High
Hood College	MD	70.2%	12.0%	Master’s Medium
Clafin Univ.	SC	69.2%	92.0%	Bac/Diverse Fields
Fisk Univ.	TN	68.6%	95.2%	Bac/Arts&Sci
Agnes Scott College	GA	68.2%	21.9%	Bac/Arts&Sci
Hiram College	OH	67.2%	10.4%	Bac/Arts&Sci
<b>Bottom 10</b>				
Clayton College and State Univ.	GA	8.9%	48.9%	Bac/Diverse
Louisiana State Univ.-Shreveport	LA	9.0%	22.7%	Master’s Medium
Troy State University-montgomery	AL	9.1%	55.6%	Master’s Large
Medaille College	NY	9.4%	13.1%	Master’s Large
Purdue Univ.-Calumet Campus	IN	9.4%	14.8%	Master’s Medium
Southern Univ. At New Orleans	LA	10.9%	94.5%	Master’s Medium
Indiana Univ.-Northwest	IN	11.2%	20.2%	Master’s Small
Siena Heights Univ.	MI	11.7%	10.2%	Master’s Small
Wayne State Univ.	MI	11.7%	29.7%	Research Very High
Indiana Univ.-Purdue Univ. Indianapolis	IN	12.0%	10.3%	Research High

\*At schools where at least 10% of students are African-American and the outbound transfer rate is less than 35%.

**Table 7: Latino Three-Year Average Graduation Rates, 2002–2004\***

Institution Name	State	3-Year Average Latino Grad Rate	% Latino	Carnegie Class
<b>Top 10</b>				
Stanford Univ.	CA	91.9%	11.7%	Research Very High
Claremont McKenna College	CA	90.2%	10.9%	Bac/Arts&Sci
Rice Univ.	TX	86.8%	11.3%	Research Very High
Massachusetts Inst. of Technology	MA	81.4%	11.5%	Research Very High
Pepperdine Univ.	CA	80.7%	11.0%	Doctoral/Research
Santa Clara Univ.	CA	80.0%	13.2%	Master’s Large
Univ. Of California-Los Angeles	CA	78.9%	15.3%	Research Very High
Univ. Of California-Berkeley	CA	76.0%	10.5%	Research Very High
Univ. Of Southern California	CA	76.0%	13.0%	Research Very High
Univ. Of California-San Diego	CA	75.0%	10.1%	Research Very High
<b>Bottom 10</b>				
Huston-Tillotson College	TX	10.2%	10.5%	Bac/Arts&Sci
Metropolitan State College of Denver	CO	14.5%	13.2%	Bac/Arts&Sci
Boricua College	NY	15.4%	80.8%	Bac/Assoc
Western New Mexico University	NM	16.2%	45.2%	Master’s Medium
Purdue University-Calumet Campus	IN	16.5%	14.6%	Master’s Medium
Mercy College-Main	NY	17.8%	33.4%	Master’s Large
Sul Ross State Univ.	TX	17.9%	56.4%	Master’s Large
Pacific Union College	CA	17.9%	10.9%	Bac/Diverse Fields
Howard Payne Univ.	TX	20.2%	10.4%	Bac/Diverse Fields
New Mexico Highlands University	NW	22.2%	57.0%	Master’s Large

\*At schools where at least 10% of students are Latino and the outbound transfer rate is less than 35%.

**EXAMPLES OF SCHOOLS WITH SMALL OR NO GRADUATION RATE GAPS**

**Table 8: African-American-White Graduation Rate Gaps, 2004**

Institution Name	State	Gap	White Grad Rate	Af. Amer. Grad Rate	Overall Grad Rate	% Black	% White
Old Dominion University	VA	1.7	46.7%	45.0%	45.9%	23.4%	59.5%
Florida State Univ.	FL	-2.1	65.7%	67.8%	65.5%	11.8%	72.3%
Berea College	KY	-4.0	60.3%	64.3%	62.6%	18.5%	68.4%

**Table 9: Latino-White Graduation Rate Gaps, 2004**

Institution Name	State	Gap	White Grad Rate	Latino Grad Rate	Overall Grad Rate	% Latino	% White
College Of Mount Saint Vincent	NY	-2.0	73.4%	75.4%	57.1%	18.6%	54.1%
Univ. Of California-Irvine	CA	4.2	79.5%	75.3%	79.8%	11.6%	24.9%
Univ. Of Miami	FL	-7.3	69.5%	76.8%	71.2%	22.8%	52.2%

**Note:** At schools with consistently small gaps where at least 10% of students are either African-American or Latino and at least 10% of students are White.

are highly selective, but not all. (There is a fuller discussion of this subject later in this paper.)

There are institutional differences, too, in the gaps separating the graduation rates of African-American and Latino students from those of other students. For the nation, the average Black-White gap is about 19 points; Black students graduate at about two-thirds the rate of their White counterparts. The Latino-White gap is about 12 points, with Latino students graduating at about 80 percent the rate of their White counterparts.

But once again, there are wide differences among institutions. Some institutions consistently do a better job of graduating their Latino and African-American students than their peers do. Tables 8 and 9 offer a sample of public and private institutions of varying selectivity with small gaps in graduation rates between different groups of students.

And some institutions consistently have grad-rate gaps that are considerably worse than other institutions. Some of the institutions that have consistently large gaps in graduation rates between African-American and White and Latino and White students are listed in Tables 10 and 11.

**EXAMPLES OF SCHOOLS WITH LARGE GRADUATION RATE GAPS**

**Table 10: African-American-White Graduation Rate Gaps, 2004**

Institution Name	State	Gap	White Grad Rate	Afr. Amer. Grad Rate	Overall Grad Rate	% Black	% White
Wayne State University	MI	33.6	43.6%	10.0%	31.7%	29.7%	48.9%
McKendree College	IL	33.4	63.4%	30.0%	57.9%	11.7%	81.0%
Youngstown State Univ.	OH	23.2	39.1%	15.9%	37.3%	10.5%	79.1%

**Table 11: Latino - White Graduation Rates Gaps, 2004**

Institution Name	State	Gap	White Grad Rate	Latino Grad Rate	Overall Grad Rate	% Latino	% White
Cuny College Of Staten Island	NY	27.1	40.0%	12.9%	36.4%	11.6%	65.5%
Wayland Baptist University	TX	19.2	34.3%	15.1%	27.5%	17.1%	53.8%
California State Univ-Chico	CA	17.0	55.7%	38.7%	51.0%	10.8%	66.3%

**Note:** At schools with consistently large gaps where at least 10% of students are either African-American or Latino and at least 10% of students are White.

It would be important to look at institutional differences in graduation rates for low-income students, but this data currently is not collected by the federal government.

**FACTORS THAT MATTER**

Lists of high- and low-performing institutions have their limits, in part because they include institutions with very different missions and student profiles. Such lists always prompt questions about whether college outcomes are the results of institutional effort or largely determined by the characteristics of the themselves. New data make it possible to go deeper. What do we know now about why some institutions get more—or, for that matter, fewer—of their students through with a degree?

There are a number of characteristics — of both students and institutions — that might affect student success. These factors include student-related expenditures (dollars spent on instruction, advising, etc.), institutional type (i.e., Carnegie Classification), size, and commuter status, among others. With the help of a technical advisory committee, we tested each

of those variables out. Most mattered at least a little bit. But together, they mattered even more, “explaining” about three-quarters of the differences among six-year institutional graduation rates.

No wonder so many people within higher education think that improving institutional graduation rates is something beyond their control — or at least beyond their influence unless they fundamentally change their institutions, or the students they admit.

### BIG DIFFERENCES WITHIN CATEGORIES

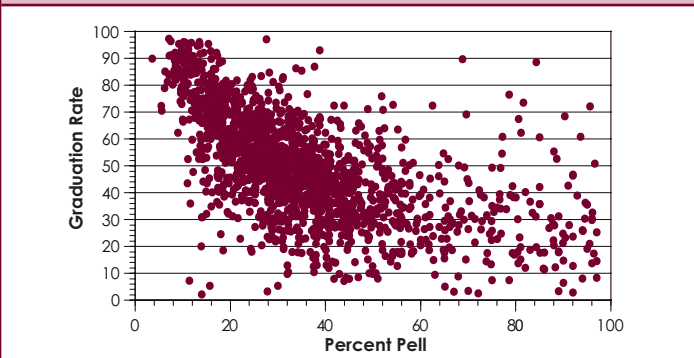
But here’s the rub. While the overall patterns are clear, there is so much variation *within* each category as to call this rather deterministic way of thinking into serious question.

Let’s take the number of low-income students in an institution, for example. As noted above, institutions with many low-income students average far lower graduation rates than institutions with few such students. But as Figure 6 shows, there is wide variation in graduation rates even among institutions with *exactly the same concentration of poor students*.

LeMoyne-Owen College and Miles College, for example, both serve many low-income students. Approximately 80 percent of LeMoyne-Owen’s students receive federal Pell Grants while approximately 95 percent of Miles College’s students do. Though the average six-year graduation rate for institutions serving that many poor students is 34 percent, these institutions have rather different success rates. LeMoyne-Owen gets only 14 percent of its students through in six years while Miles College graduates 72 percent of its students!

Let’s pick another point on the income scale. At both University of Pittsburgh-Johnstown and the University of Pittsburgh-Greensburg, around 30 percent of students receive federal Pell Grants. Although the average graduation rate for similar institutions serving that many low-income students is about 49 percent, the outcomes are quite different for these two schools. University of Pittsburgh-Johnstown gets 63 percent of its students through in six years. At the University of Pittsburgh-Greensburg, however, only 44 percent of students graduate in six years.

**FIGURE 6: GRADUATION RATE BY PERCENT PELL**



Source: Internal Analysis of Pell Data from Postsecondary Opportunity and Graduation Rate Data from Integrated Postsecondary Data System (IPEDS)

Are there similar differences with respect to student preparation? Yes there are. Figure 7 shows the graduation rates for all four-year colleges, according to the average SAT scores of their entering students.<sup>32</sup> As with percentage of Pell recipients, there is a clear relationship between average SAT score and institutional graduation rate.

But again, too, there is wide variation, especially at lower score levels. For example, the typical six-year graduation rate for institutions with an SAT average of around 935 is about 40 percent. St. Francis College and Mt. Olive College, which each have SAT averages at about that level, have wide disparities in graduation rates. St. Francis College has a six-year graduation rate of 57 percent; Mt. Olive College graduates only 27 percent of its first-time, full-time freshmen in six years.

Similarly, the typical six-year graduation rate for institutions with an SAT average of 1,055 is 51 percent. But Western New England College and Daniel Webster College, which each have SAT averages at that same level, show how some institutions manage to get substantially more – or substantially fewer — of their students through. Western New England College has a six-year graduation rate of 57 percent; Daniel Webster College has a six-year graduation rate of only 33 percent.

## BARUCH COLLEGE: GUIDED BY HISTORIC MISSION

Only 20 four-year colleges in the country can claim that more than half their students receive Pell Grants and that their six-year graduation rate is higher than 50 percent. Of those 20 schools, only one is large – Baruch College, part of the City University of New York system. Just about 52 percent of its almost 15,700 students (about 13,000 undergraduate and about 3,000 graduate students) receive Pell grants, and its six-year graduation rate has steadily improved from 1998, increasing from 35.5 percent to 53 percent in 2004.

Although some of that improvement can be attributed to its having instituted somewhat higher admissions standards, Provost David Dannenbring says that is only part of it. Each CUNY school is required to have a plan to improve graduation and retention rates (Baruch has the highest six-year graduation rate of all the CUNY schools) as part of what CUNY calls its “campaign for success” aimed at not only convincing students that they should graduate on time but to provide the support to make sure that they do.

As part of that, Baruch has identified its “killer courses,” Dannenbring says, and added tutoring sections for them, with some geared specifically for students who are repeating those courses. The tutoring center keeps track of which topics students need the most help in and feeds that information back to the academic departments so that professors can see where they might need to improve their instruction. The school has also videotaped some of the classes and posted them on the Web, allowing students who missed a crucial point to watch the class again. Dannenbring says that this practice has not affected class attendance rates. The school asks faculty members to tell them which students are not attending class or turning in work and the school sends those students letters urging them to, among other things, attend tutoring sessions.

In addition, Baruch has increased the number of summer and winter intersession courses that students can take to keep them on track for graduation. Forty-five percent of students take summer classes, and during the 2005-6 winter intersession the classes were filled within two days. With an eye to building better-prepared freshman classes in the future, it also brings high school students on campus during the summer to take college classes.

Baruch is an entirely commuter school and so it has no opportunity, as other schools do, to build learning communities in residence halls. But it has started to pair classes in what they call a “shared learning community” that will use the same text. For example, an English and a history class both used George Orwell’s *1984* as a shared reading. So far, between 300 and 400 students have participated in such shared classes, and Dannenbring says their grade-point averages are .16 above those not in the shared classes. Though a modest difference, it is considered a significant enough improvement that it is spurring an effort to expand the program.

In the past, Baruch offered only business degrees. It now has a wide array of majors, but 70 percent of the degrees it awards are still in business, and many of the students who enroll plan on business careers. To further that, Baruch requires all students to take ten “foundation” courses as freshmen and sophomores – two economics courses, statistics, information systems, calculus, business law, accounting, English, writing, and speech. In all but the speech and writing class they must earn at least a 2.25 in order to continue on to their junior year if they plan to major in business. This requirement, Dannenbring says, means that students focus much more closely on learning the material in those courses.

However, if after taking accounting students decide they no longer want to be an accountant, for example, Baruch now hosts a “career day” where the different departments explain the different majors and try to recruit some promising students for their department. In the past, such students might have simply left and gone to another of the CUNY schools to pursue a different major.

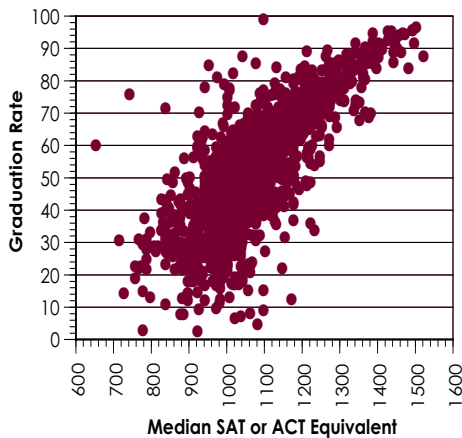
Baruch also requires all students to take what it calls a “Tier 3 minor” which means that they choose one liberal arts field – psychology, history, and communications are all popular – and take three successive courses in that field with the final course being a “capstone” that requires a lot of writing. The idea is for students to immerse themselves in at least one field outside their major rather than simply taking a lot of disconnected electives – though there is still time in the schedule for electives.

Vice President for Student Affairs Ben Corpus says that in thinking about Baruch’s graduation rates it is also important to remember that Baruch has a unique culture that derives from a very driven student body eager to take their place in New York’s business and civic community.

“Our historic mission is to serve the people of New York City who didn’t inherit a silver spoon. In the past, many had to work while going to college to support their families, but they know that their investment will change generations beyond their own bachelor’s degree,” he says. “About 60 percent of our students have parents who were born overseas, although it used to be higher.” The average out-of-pocket cost to attend Baruch for students who receive financial aid - and 75 percent receive some form of aid - is, Corpus says, about \$1,800 a year. “We are now seeing second and third generation students who are savvy higher-ed consumers who are quite academically competitive and driven to succeed in business or professional life.”



FIGURE 7: GRADUATION RATE BY MEDIAN SAT



Source: Education Trust Analysis of SAT and Graduation Rate Data from Integrated Postsecondary Education Data System (IPEDS)

Clearly, in other words, institutions **can** surmount the obstacles to student success presented by large numbers of low-income students or by concentrations of under-prepared students. Indeed, what institutions do seems to matter **most** for low-income and under-prepared students. (To learn about how one institution has carried out its promise to serve low-income students, see *Baruch College sidebar*.)

### DIFFERENCES AMONG INSTITUTIONS SIMILAR ON MULTIPLE MEASURES

But we could, of course, be seeing differences here only because we are looking at one variable in the equation of student success at a time. What happens when you combine all of the factors — about both institutions and students — that seem to matter to student success? Are there still big differences among institutions?

The answer, quite simply, is yes.

The institutions listed in Table 12 are *comprehensive regional universities*, and are alike in almost every way. For example, their median SAT or ACT equivalent scores are within 80 points of one another and they range in size from about 5,000 to 14,000 students. They also spend roughly the same amounts on instruction and advising.

What is not similar about them, however, is their success with students. At Montclair State University, the highest performer, the six-year graduation rate is 56.8 percent. At Kennesaw State University, on the other hand, the six-year graduation rate is only 31.5 percent.

The universities described in Table 13 are very different from the set of institutions described in Table 12. Less selective and smaller than their earlier

Table 12: Mid-Size Comprehensive System Regional Universities

Main	State	Grad Rate	Median SAT	Pct Pell	Pct UR Min	Size	Student Related Expenditures / FTE	Carnegie Class
Montclair State University	NJ	56.8%	1,030	25.9%	26.1%	10,297	\$7,295	Master's Large
Bridgewater State College	MA	51.4%	1,015	19.0%	5.1%	6,813	\$6,628	Master's Large
University Of Massachusetts-Dartmouth	MA	50.4%	1,060	21.8%	9.2%	6,531	\$7,703	Master's Large
Southeast Missouri State University	MO	49.5%	1,045	26.9%	9.3%	7,129	\$6,839	Master's Large
Sonoma State University	CA	48.5%	1,020	23.8%	13.2%	6,205	\$7,064	Master's Large
William Paterson University Of New Jersey	NJ	48.4%	985	22.7%	28.9%	8,199	\$8,151	Master's Large
University Of North Carolina At Charlotte	NC	46.6%	1,065	26.9%	17.1%	13,777	\$8,203	Doctoral/Research
Old Dominion University	VA	45.9%	1,050	27.2%	27.4%	11,629	\$8,054	Research High
University Of Wisconsin-Green Bay	WI	45.5%	1,045	22.7%	3.0%	4,769	\$6,873	Bac/Arts&Sci
Central Connecticut State University	CT	43.4%	1,035	18.6%	13.7%	8,031	\$9,716	Master's Large
Southern Illinois University Edwardsville	IL	42.8%	1,045	28.9%	12.5%	9,636	\$8,564	Master's Large
Virginia Commonwealth University	VA	40.3%	1,060	23.4%	23.8%	16,311	\$10,584	Research High
University Of Nebraska At Omaha	NE	37.2%	1,045	24.2%	8.7%	9,128	\$6,794	Master's Large
University Of Colorado At Colorado Springs	CO	37.0%	1,065	28.4%	13.4%	5,254	\$6,446	Master's Large
Saginaw Valley State University	MI	35.1%	990	29.0%	7.8%	6,486	\$6,106	Master's Large
Kennesaw State University	GA	31.5%	1,065	20.5%	11.7%	12,456	\$5,822	Master's Large

Institution Name	State	Grad Rate	Median SAT	Pct Pell	Pct UR Min	Size	Carnegie Class
South Carolina State University	SC	52.8%	850	65.8%	98.2%	3,465	Doctoral/Research
North Carolina Central University	NC	50.5%	830	57.6%	90.9%	5,159	Master's Large
Elizabeth City State University	NC	45.5%	840	62.0%	80.9%	2,224	Bac/Diverse
Winston-Salem State University	NC	43.7%	860	56.2%	86.4%	4,172	Bac/Diverse
University Of Maryland-Eastern Shore	MD	42.4%	830	53.2%	77.9%	3,135	Master's Small
Virginia State University	VA	41.4%	835	60.6%	97.8%	3,977	Master's Medium
California State University-Bakersfield	CA	37.6%	945	51.4%	43.0%	5,256	Master's Large
Fayetteville State University	NC	34.7%	860	65.2%	85.4%	3,947	Master's Small
Prairie View A & M University	TX	34.6%	815	56.2%	95.5%	5,933	Master's Large
Alabama A & M University	AL	32.8%	845	83.5%	95.1%	4,846	Master's Large
Kentucky State University	KY	32.6%	825	55.0%	66.1%	1,806	Bac/Diverse
Savannah State University	GA	30.5%	880	71.4%	95.7%	2,285	Master's Small
Norfolk State University	VA	27.1%	880	55.7%	90.8%	4,777	Master's Large
Texas A & M University-Kingsville	TX	26.9%	885	57.5%	71.8%	4,488	Doctoral/Research
Coppin State University	MD	26%	875	59.0%	94.7%	2,794	Master's Medium
New Mexico Highlands University	NM	24.1%	865	62.6%	70.0%	1,467	Master's Large

Main	State	Overall Grad Rate	Under Rep Minority Grad Rate	White Grad Rate	Gap	Median SAT	Pct Pell	Pct UR Min	Size	Carnegie Class
Mississippi College	MS	67.2%	64.5%	67.3%	2.8%	1,085	38.4%	16.7%	2,245	Master's Medium
The College Of Saint Scholastica	MN	66.8%	N/A	66.5%	N/A	1,085	34.1%	3.7%	2,270	Master's Large
Arcadia University	PA	66.5%	47.6%	69.9%	22.3%	1,080	28.9%	10.6%	1,765	Master's Large
Gannon University	PA	64.5%	25%	66.3%	41.3%	1,085	34.4%	5.4%	2,219	Master's Large
Doane College	NE	63.9%	N/A	64.1%	N/A	1,045	36.1%	5.4%	1,490	Master's Large
Carson-Newman College	TN	62.8%	51.9%	64.3%	12.4%	1,005	38.3%	10.6%	1,816	Master's Small
Roberts Wesleyan College	NY	59.7%	33.3%	63.0%	29.7%	1,130	37.6%	8%	1,287	Master's Large
Saint John Fisher College	NY	59%	29.4%	63.6%	34.2%	1,055	33%	7.2%	2,456	Master's Large
St Marys University	TX	56.5%	57.6%	51.8%	-5.8%	1,070	38.7%	71.5%	2,370	Master's Large
Geneva College	PA	54.8%	55%	55.1%	0.1%	1,030	40.5%	12.1%	1,667	Master's Medium
Olivet Nazarene University	IL	53%	23.7%	56.0%	32.3%	1,065	29.1%	10.4%	2,446	Master's Large
Dbi Corban College	OR	51.4%	N/A	54.7%	N/A	1,087	37.7%	5.7%	652	Bac/Diverse
Houston Baptist University	TX	46.4%	44.6%	47.6%	3.0%	1,080	41.3%	32.9%	1,661	Master's Medium
Philadelphia Biblical University-Langhorne	PA	44.4%	N/A	46.1%	N/A	1,053	29.9%	12.3%	901	Master's Medium
University Of Mary Hardin-Baylor	TX	37.5%	28.3%	40.0%	11.7%	1,065	38.5%	21.2%	2,339	Master's Small
Palm Beach Atlantic Univ-West Palm Beach	FL	33.3%	23.6%	35.7%	12.1%	1,075	35.6%	23%	2,277	Master's Medium

counterparts, these institutions also serve more low-income and minority students. What they do have in common with the group in Table 12 is that there are major differences among them in terms of student success. For example, compare North Carolina Central University, with a six-year graduation rate of 50.5 percent, to Coppin State University, which has a six-year graduation rate of 26 percent.

So far, we've focused primarily on public institutions. Are there differences in student success at roughly similar private institutions as well?

As is clear in the Table 14, there are indeed differences in student success among comparable private colleges. These 15 institutions are all private liberal arts colleges with less than 2,500 full-time equivalent students

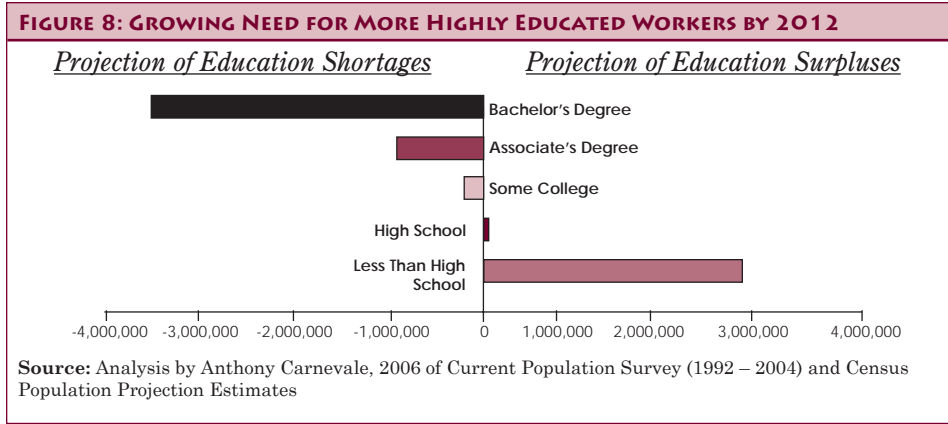
and similar median SAT scores. However, their range in graduation rates spans from 67 percent at Mississippi College to 33 percent at Palm Beach Atlantic University-West Palm Beach. These similar schools are also unequal when it comes to their success in serving different groups of students. At Gannon University, the graduation-rate gap between Whites and underrepresented minorities is more than 40 percentage points, while at St. Mary’s University, underrepresented minorities graduate at a rate five percentage points higher than White students.<sup>33</sup>

No matter how you look at these data, the overwhelming message is clear. Yes, things like student preparation and the economic pressures on students matter. But what institutions do matters a lot, too. Some institutions routinely manage to get far more of their students out with a degree than other institutions that serve the same kinds of students.

**GETTING SOME TRACTION ON THESE PROBLEMS**

Over the past two years, we’ve worked hard to better understand lessons from colleges that are unusually successful in serving particular kinds of students. Some of the lessons from institutions that are better at getting students through are shared in two of our earlier reports, **Choosing to Improve** and **One Step from the Finish Line**. Last year, we also partnered with the American Association of State Colleges and Universities in a study of their own member institutions that performed particularly well on our College Results Online tool.<sup>34</sup>

We were, of course, by no means the first to look at what institutions



can do to improve student success. Indeed, our work built in a very deliberate way on the extraordinary insights of people like Vince Tinto, George Kuh, John Gardner, and many others.

The lessons, it turns out, are not all that surprising. Indeed, they are mostly common sense.

- It matters whether institutions focus on getting their students engaged and connected to the campus, particularly in the critical freshman year;
- It matters whether there is a genuine emphasis on the quality of undergraduate teaching and learning, because academic success and degree completion go hand in hand;
- It matters whether administrators and faculty monitor student progress, taking advantage of new data systems to tease out patterns of student success.

When institutions — and especially institutional leaders — really focus, they tend to get ever better results. When they don’t, those results tend to slip.

And the same might be said of government. During the seventies and early eighties, when both federal and state governments were focused on providing financial support to students who absolutely

needed that assistance to go to college, we made progress. When that focus shifted, the momentum slowed, then stopped. And we started actually falling backward.

The recommendations on the pages that follow are by no means exhaustive. Hopefully, however, they will provoke each of the major actors in the drama of narrowing opportunity in this country to consider what they might do to turn the battleship in a more promising direction. Yes, the problem is a complicated one, with myriad forces contributing to the alarming position in which we now find ourselves. But it is fixable, and fix it we must. Not just for the young people who will benefit directly, but for our country’s future.

We need more college graduates, no question about it. As the Figure 8 shows only too well, by 2012 we will have more than three million more jobs requiring a bachelor’s degree than we have college graduates to fill them. And there is, frankly, no way to generate increases of the sort we need to reach that target without increasing both access and success for low-income students and students of color, who together comprise more than half of the high school students in this country.

But we also need more hope. Right now, an awful lot of our young people are simply giving up.

During much of the 20th century, young people from limited means had reason to hope. Economic mobility was growing. That progress stopped around 1980, though, and since then, we've headed in the opposite direction.<sup>35</sup>

Given the centrality of higher education to economic opportunity in the information age, there is only one way to turn this pattern around: by broadening both access to and success within our colleges and universities.

Despite that obvious point, however, we have all allowed higher education to stray from its mission. Rather than providing upward mobility for motivated students, our universities have increasingly become mechanisms for reifying privilege.

Not, certainly, because ability is that unevenly distributed. But because too many of us — both inside and outside of higher education — sat silently on the sidelines as our national promise to low income children was abandoned.

Shame on us.

## RECOMMENDATIONS

Forty years ago, when President Lyndon B. Johnson signed the Higher Education Act of 1965 establishing the first substantial federal aid program for low-income college students, he recalled the experiences in his own life—first as a needy college student himself, and subsequently as a teacher in a school serving Mexican-American students—that prompted him to work so hard to win the enactment of this ground-breaking law:

“*I shall never forget the faces of the boys and the girls in that little Welhausen Mexican School, and I remember even yet the pain of realizing and knowing then that college was closed to practically every one of those children because they were too poor.*

*And I think it was then that I made up my mind that this Nation could never rest while the door to knowledge remained closed to any American.*”

Later in his remarks, he called on all of us—“the teachers and the citizens and the educational leaders of tomorrow:”

“*...when you look into the faces of your students and your children and your grandchildren, tell them that you were there when it began. Tell them that a promise has been made to them. Tell them that the leadership of your country believes it is the obligation of your Nation to provide and permit and assist every child born in these borders to receive all the education that he can take.*”

“The rest,” he said, “is up to you.”<sup>36</sup>

Clearly, in a whole host of ways, we’ve strayed from that central commitment and broken that all-important promise. And the consequences have been grave. Many young people no longer believe that if they work hard, college is a real possibility for them. We can quibble with their logic. We can argue that college costs less than they think, that there is more aid money than they realize or that even large loan debts make long-term sense. But we can’t quibble with the facts: pathetically few low-income students, including the highest achieving, are entering and completing college.

Though it may be too late for some students, it is not too late for others. And it is not yet too late for our country. We can change the patterns described in this report if we so choose.

### Two changes are fundamentally important.

- First, at every level—federal, state and institutional—we must recommit to the ideals we hold dear as a country and put the needs of low-income students first. That doesn’t mean that we can’t help middle-income students, too. But it does mean that, before we spend a single penny on the rich, we must first honor our commitment to students from low-income families. The message to them must be clear, unequivocal and sent early enough to make a difference: if you work hard in school, you won’t have to worry about being able to afford a college education;
- Second, we must begin to think very differently about what constitutes “quality” in higher education. At the moment, colleges and universities get a lot of their status from things that have very little to do with the fundamental purposes of higher education. Things like how many applications they get for every one they accept, the average SAT or ACT score of their freshman class, or how well their sports teams do. Indeed, new college presidents are often charged with improving their institution’s performance on these rankings, and retiring presidents’ accomplishments are often celebrated in much the same way. “During his tenure, President X improved the SAT score of entering applicants by 50 points, increased our applicant-to-acceptance ratio and got the athletic program back on a winning track.” If higher education is to play the role of widening opportunity that the nation needs it to play, we need very different metrics for assessing quality.

At their core, these new metrics — and the new way of thinking that goes along with them— must do a better

## RECOMMENDATIONS (CONTINUED)

job of recognizing and rewarding institutions for who they serve. This means honoring and supporting those that are making progress in serving the full communities in which they sit and genuinely expanding opportunity for underserved groups of students. But the metrics also must do a much better job of recognizing and rewarding institutions for what they do with the students they admit. Instead of simply bestowing status on colleges that only admit students who will succeed no matter where they go, we need to honor and support institutions that are helping increasing numbers of students who face far more difficult challenges in obtaining the degrees that will help them advance personally and contribute to the social, civic and economic well-being of the nation.

A focus on improving student success could have a particularly fast pay-off. Consider this: If we could just cut the Black-White and Latino-White graduation-rate gaps in half over the next ten years — which some institutions have already done — our nation’s colleges and universities could produce an additional 15,000 Latino and African-American bachelor’s degrees per year – 150,000 more over a decade. If we could go further, and actually close the gaps – which again, some institutions already have – we would produce 30,000 more per year, 300,000 more over a decade.

Below, we offer a few thoughts on how institutions, states, the federal government and other important players could better align their policies and practices with the imperative that more low-income and minority students are successfully served in higher education. No single one of these actions can turn things around; indeed no single player can turn things around. That said, we shouldn’t be waiting on each other to act. What’s important in moving forward is that all of the important actors realize they have a role to play.

### THE FEDERAL GOVERNMENT

The federal government has a sacred obligation and a central role to play in returning us to a path of truly expanding college opportunities in America. Part of that is about student financial aid, because the federal government provides the lion’s share of student support. But there are other critical roles, as well—roles that no other agency or level of government can play. That includes the creation and maintenance of data systems that can tell us whether we are making progress in expanding access and success, oversight of the accrediting systems that essentially determine whether individual colleges can exist at all, and a big enough role in financing higher education to give it leverage in demanding better results.

#### Some specific steps in this direction include:

- Radically simplify the student aid system and restore the buying power of its most important program: the Pell Grant. For low-income families, in particular, the government’s commitment to pay college costs should be clear while their children are quite young (no later than middle school) and the process of applying for aid should be very simple. There should be no increases in other aid programs until Pell covers at least 85 percent of the costs of attending a public college—the same level it achieved in 1975. If necessary to meet the full needs of low-income students, existing tax credit and tuition tax deduction programs should be capped at the national median income, should apply to all education expenses instead of just tuition and should be made refundable.
- Embed in other federal funding programs strong incentives to increase service to low-income students. With the exception of federal programs aimed at minority-serving institutions, most federal funding streams take little or no account of the quality and/or quantity of service to low-income and minority students. Interestingly, this is true even of funding for campus-based student aid programs like the Supplemental Educational Opportunity Grants (FSEOGs), which often provide proportionately more funding to wealthy institutions that serve few poor students than they provide to colleges that serve mostly low-income students. That needs to change. For starters, FSEOGs should be disbursed on a straight formula basis to institutions that serve the highest proportion of Pell-eligible students. But the government shouldn’t stop there. Other grant programs, including those administered by the National Science Foundation and the National Institutes of Health, should include new incentives for improving service to low-income students.

## RECOMMENDATIONS (CONTINUED)

- Improve data collection systems so that both policymakers and the public have easy access to honest and accurate information about student outcomes and institutional costs. At the moment, colleges and universities get to have it both ways: they can object to being held accountable for things like graduation rates because current federal reporting systems are imperfect—for example, current systems can't track students who leave an institution, but actually graduate from someplace else, thus count them as “dropouts”—while simultaneously blocking efforts to improve those same systems by raising the red flag of student privacy. The truth is that the necessary data systems can be put into place without violating student privacy; Congress and the Administration should override institutional objections and install such systems as soon as possible. In the meantime, though, the current IPEDS data system should be improved in several ways, including: addition of “Pell grant” status to the Graduation Rate Survey, so that the success of low-income students can be measured and reported; tracking and reporting year-to-year retention rates disaggregated by Pell status and race/ethnicity; and mandating and verifying the reporting (now voluntary) of transfer rates.
- Demand that federally-chartered accrediting organizations take account of who colleges and universities serve and how well they serve them. By making institutional accreditation a condition of administering federal student aid, the federal government essentially decides which institutions survive and which don't. While there is certainly evidence that accrediting bodies are paying more attention to matters of student success than they used to, the federal government should demand more. In particular, federal policymakers should insist that accreditors review the extent to which colleges are serving the broader communities and/or states in which they sit, as well as how successful they are in getting the students they admit through with a degree. Institutions that have very low graduation rates or very large gaps between different groups of students should be required to improve student success, provided with advice and assistance, and penalized if they don't make progress.

## STATE GOVERNMENTS

Governors and State Legislatures also have critical roles to play, especially in expanding opportunity in state-supported colleges and universities and in controlling increases in college costs. So, too, do the 54 multi-campus university systems whose campuses serve the majority of students in public four-year higher education. Among other things, state and system leaders should:

- Increase funding for need-based student aid programs and ensure that aid is first distributed to students with the greatest financial need. Most states don't spend enough on student aid to begin with. It's also important who the dollars are spent on. Until the needs of low-income students are secured, precious state resources shouldn't be spent on students from high-income families.
- Provide additional per-student funding to schools serving large numbers of low-income and first generation students, who need additional services and supports. Nationally, the patterns are clear: four-year colleges get more per-student public support than two-year colleges, and the more selective four-year colleges get more per-student support than the colleges that serve students with greater challenges. In other words, we do exactly the opposite of what both fairness and common sense would dictate: the students who already have the most get the most, while those who need more help actually get less. States should revisit funding formulas with greater fairness in mind.
- Provide incentives for public universities to hold costs down. Some of the claims that college leaders make about the reasons for skyrocketing costs are believable and rooted in real evidence; others don't come close. Some colleges, for example, spend extravagant amounts of money “recruiting” students they have little chance to attract. And colleges as a whole haven't exactly leapt to take advantage of new technologies that can both reduce costs and improve student learning, such as the innovative work being done by the National Center for Academic Transformation. There are things states can do here that aren't about simply shortchanging the institutions in state budgets. States need to be more vigilant in getting underneath

## RECOMMENDATIONS (CONTINUED)

institutional budgets to look at cost factors and press colleges to use any technologies that both reduce costs and improve learning.

- Adopt accountability systems that set stretch goals for access and success, and hold institutions responsible for meeting them. A few states and university systems — notably the Pennsylvania State System of Higher Education — set clear goals for individual campuses around things like student success and then provide financial rewards (and penalties). More should do so, on both the access and success side. On the access side, one approach might be to define a service area from which each institution recruits most of its students and then set goals to better serve low-income or other underserved groups. On the success side, one approach is to look at graduation rates for comparable institutions (using College Results Online or any other system), then set stretch goals for institutions based on their best-performing peers. State legislatures could put further teeth in this process by implementing a funding model similar to the British system, where institutions don't get their full per-student funding allotment until the student actually graduates. Or, short of that, states could provide a sort of “bounty” to institutions for every Pell recipient enrolled and graduated.
- Adopt statewide “Halve the Gap” initiatives that engage institutions and the public in efforts to improve success rates for low-income and minority students. Public institutions should be asked to look closely at their graduation rates by group, identify existing gaps, and work to cut those gaps in half over five years. State leaders should provide help by identifying institutions that are unusually successful with certain student groups, unpacking their practices, and helping other institutions to put similar practices in place.

## HIGHER EDUCATION ASSOCIATIONS

With few exceptions, most of the major higher education associations operate primarily to protect the status quo. This needs to change. If we are going to get back on track, and begin again to aggressively expand college opportunities, higher education associations need to make this their issue.

### What could they do?

- Provide a venue for honest conversations about the financial aid “arms race” and a means for collective disarmament. Recently, some very elite universities have recommitted themselves to increasing access for low income students. They certainly deserve our praise. But it is far easier for very prestigious (and very wealthy) universities to take such steps than it is for less prestigious colleges. These colleges are more likely to move if they have the “cover” that comes from collective discussion and action. Some courageous higher education leaders—for example, University System of Maryland Chancellor Brit Kirwan—are trying to get honest discussions going, but don't have vehicles to organize collective action. Higher education associations should use their annual meetings, publications and other convenings to press for discussion and action.
- Identify member institutions that are unusually successful on the access or success fronts, and strive to understand their practices and help others to put them in place. Recently, the American Association of State Colleges and Universities took an important step in this direction by embarking on a process to understand what was behind the unusual success of certain of their member institutions in getting freshmen through with a degree. Other associations should undertake similar initiatives.

## COLLEGE GOVERNING BOARDS AND PRESIDENTS

There's a widespread belief within higher education that there's not much that can be done about student results. The data in this paper should make it clear that this is just not so. What institutions do matters a lot to whether students make it through with a degree. The University of Minnesota has set an example by guaranteeing four years of free tuition and fees to low-income students who meet University admissions requirements.<sup>37</sup> Together, governing boards and campus presidents need to ask themselves, “What could we do to



## RECOMMENDATIONS (CONTINUED)

make a bigger difference, especially in terms of access and success of low-income students?”

Among other things, governing boards and institutional leaders committed to expanding service to low-income students could consider the following:

- Evaluate college presidents on their success in improving access and success of low-income students. With all the competing priorities in higher education, this agenda will not receive the prominence it needs to have unless campus presidents are asked to account for their performance in this regard, and governing boards evaluate and compensate them accordingly. The California State University System and the Mississippi system are examples of systems that do this now.
- Stop using financial aid or tuition discounting to “buy” students with no financial need away from other institutions—at least until the full need of low-income students is met. Yes, unilateral disarmament is hard. But if some institutions lead the way very publicly, others will follow. There should be no tuition discounting for students from families with annual income of \$100,000 or more.
- Revise financial aid packages for students from families below the median income so that meeting “full need” really means full. The aid package should cover full need with no more than 15 hours per week of student work, no loans in the first two years, and a total loan obligation no greater than 15 percent of their families’ annual income.
- Manage costs, control prices and sharpen focus on the best ways to use resources to obtain student success. Institutions must do a better job of holding down spending, and to do that they need to improve their capacity to understand their own cost structures. Greater attention to spending and productivity will also help to focus on the best way to use resources to ensure both access and success.
- Make a public commitment to at least halving gaps in graduation rates between groups within the next five years. Institutions should establish their baseline and then make a commitment to the next entering freshmen class that the institution’s success is tied to and dependent upon the new students’ success. To learn more about what will work, they should look to peer institutions with more success.

## INSTITUTIONAL RANKING GUIDES

Leaders in higher education frequently attribute many of the perverse practices documented in this report to popular college rankings guides. They point to the wide use of these guides by prospective students, and essentially suggest it would be irrational and irresponsible (presumably to their institutions) not to try to do as well as possible, even if the measures aren’t the ones they would choose. Publishers of the guides respond in two ways. First, that they publish essentially what is available, quantitative and verifiable. And second, that they don’t make the institutions pursue the ratings—that’s a choice made by institutional leaders. Both sides make important points. But we think there are some things publishers of ranking guides should do to help in the effort to create more incentives for colleges to expand opportunity and student success.

Among other things, the publishers should:

- Incorporate data on the extent to which each institution’s students broadly represent the region or state it serves (or, for “national” universities, the nation as a whole).
- Incorporate data on each institution’s success in getting students—including different groups of students—through with a degree, comparing that to the success of comparable institutions. For example, *U.S. News and World Report* includes a small weight based on whether institutions are meeting “predicted graduation rates,” but only applies this measure to elite institutions. A similar measure should also be applied to less selective institutions, which tend to vary even more in their success rates. Measures should also be developed to look specifically at success with low-income and minority students.
- Withhold “top” rankings from any institution that admits or graduates substantially fewer low-income students than otherwise comparable institutions.

## ENDNOTES

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## ABOUT THE EDUCATION TRUST

The Education Trust, Inc. was created to promote high academic achievement for all students, at all levels—pre-kindergarten through college. While we know that all schools and colleges could better serve their students, our work focuses on the schools and colleges most often left behind in plans to improve education: those serving African American, Latino, Native American and low-income students.

The Education Trust works side-by-side with policy makers, parents, education professionals, community and business leaders—in cities and towns across the country—who are trying to transform their schools and colleges into institutions that genuinely serve all students. We also bring lessons learned in local communities back to Washington to help inform national policy debates.



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