ACCESS MATTERS

MEETING THE NATION’S COLLEGE COMPLETION GOALS REQUIRES LARGE INCREASES IN NEED-BASED GRANT AID

SPRING 2013
ADVISORY COMMITTEE ON
STUDENT FINANCIAL ASSISTANCE

WASHINGTON DC
EXECUTIVE SUMMARY

1. HOW UNEQUAL IS ACCESS TO COLLEGE AND WHY?
   • Access and bachelor's degree completion, by family income, were very *unequal* in the 1990s. (1-A)
   • Access to 4-year public college last decade was far more unequal than it was in previous decades. (1-B)
   • Access inequality is driven by student and family financial concerns about rising college prices. (1-C)

2. HOW UNAFFORDABLE IS COLLEGE – AND FOR WHOM?
   • Net prices as a percent of family income continue to rise for low- and moderate-income students. (2-A)
   • Inadequate need-based grant aid makes college unaffordable for half of high school graduates. (2-B)
   • Prospective loan burdens are formidable and well above those referenced in policy discussions. (2-C)

3. HOW ARE ACCESS AND PERSISTENCE RELATED?
   • Inequality in bachelor's degree completion is driven by *both* access and persistence inequalities. (3-A)
   • Persistence (and completion) has been deteriorating in both 4-year colleges and 2-year colleges. (3-B)
   • Declining persistence combined with unequal access triggers lower and more unequal completion. (3-C)
   • Improvements in persistence alone cannot offset the impact of access inequality on completion. (3-D)
   • Improving access to college is as important and as potent as improving persistence in college. (3-E)

4. WHAT IMPLICATIONS CAN BE DRAWN FOR THE FUTURE?
   • Millions of bachelor's degrees will be lost this decade – exceeding the losses in previous decades. (4-A)
   • Unless college affordability is greatly improved, the nation's 2020 completion goals cannot be met. (4-B)
   • Capping need-based aid will worsen inequality in college completion by income, race, and ethnicity. (4-C)
   • These trends will be greatly exacerbated by the negative effects of the current economic downturn. (4-D)

5. WHAT ARE ACSFA FINDINGS AND RECOMMENDATIONS?
   • *Mortgaging Our Future* (2006) – Stemming bachelor's degree losses requires six policy initiatives. (5-A)
   • *The Rising Price of Inequality* (2010) – A loan experiment and comprehensive strategy is required. (5-B)
ABOUT THE PRESENTATION

• Given at graduate schools of education across the nation in 2012, this presentation expands on and updates analyses in two Advisory Committee reports to Congress and the Secretary of Education:
  - *The Rising Price of Inequality: How Inadequate Grant Aid Limits College Access and Persistence* (June 2010)

• The analyses use data from five National Center for Education Statistics (NCES) reports:
  - Education Longitudinal Study of 2002 (ELS:2002) which monitors the transition of a national sample of young people as they progress from tenth grade through high school and on to postsecondary education and/or the world of work.
  - Beginning Postsecondary Students (BPS) which follows cohorts of students who are enrolling in postsecondary education for the first time and tracks their paths through postsecondary education.
  - National Postsecondary Student Aid Study (NPSAS) which examines the characteristics of students in postsecondary education, with special focus on how they finance their education.
  - Integrated Postsecondary Education Data System (IPEDS) which gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs.

• The analyses also use data from the U.S. Census.
ABOUT THE ADVISORY COMMITTEE

• The Advisory Committee on Student Financial Assistance (ACSFA) was created by Congress in the Higher Education Amendments of 1986 to be an independent and nonpartisan source of advice and counsel on student financial aid policy to both Congress and the Secretary of Education.

• To fulfill its legislative charge, the Committee:
  - Makes recommendations to maintain and increase access and persistence to higher education for low- and moderate-income students.
  - Provides technical expertise and understanding of federal, state, and institutional student financial aid programs, and systems of need analysis and application forms.

• The congressional mandate requires the Advisory Committee to conduct objective, nonpartisan, and independent analyses on important aspects of the student assistance programs under Title IV of the Higher Education Act.

• The Advisory Committee is composed of eleven members appointed by members of Congress and the Secretary of Education for a single term of four years:
  - Four members are appointed by the Speaker of the House of Representatives—two each upon recommendation by the majority and minority leaders.
  - Four by the President pro tempore of the Senate—two each upon recommendation by the majority and minority leaders.
  - Three by the Secretary of Education.

• Committee members come from across the nation and include financial aid officers, students, college presidents and senior administrators, officers of guaranty agencies, and leaders of national educational associations.

• The Advisory Committee oversees a staff in its Washington, D.C. office.
MOTIVATION BEHIND THE PRESENTATION

• College completion rates – including rates of bachelor’s degree completion – are falling today, particularly among young Americans.

• Reversing the current trend and increasing college completion has become an imperative at all levels of American government.
  ➢ At the federal level, the goal to have the world’s highest rates of college completion is now front and center.
  ➢ Achieving this important goal by 2020 will require a formidable effort to increase the nation’s college degrees and certificates.

• At the same time, policy discussions are underway about the need to limit or redirect federal need-based grant aid – which could prove counterproductive.
  ➢ These discussions are often devoid of any consideration or analysis of how alternative proposals might affect college enrollment and completion.

• This presentation seeks to demonstrate that America’s 2020 goals cannot be met without increases in need-based grant aid – from all sources.
  ➢ Need-based grant aid is an investment in human capital that pays dividends in higher economic growth, greater income equality, and improved global competitiveness.
  ➢ Longitudinal data suggest that this is not the time to limit these investments.
The news from Census data that the national bachelor’s degree completion rate rose to over 30 percent was highly touted in the media.

However, a closer look at the data reveals an ominous trend: the completion rate of 25- to 34-year-olds is now lower than that of 35- to 44-year-olds.

Even worse, large income-based, racial, and ethnic disparities still exist in bachelor’s degree completion:

- far more middle-income students earn a bachelor’s degree than their low- and moderate-income peers with similar aspirations and preparation, and
- far more Whites and Asians do so than African Americans and Hispanics.

A leveling off or decline in the overall national bachelor’s degree completion rate in the future would:

- freeze these disparities in place permanently, and
- undermine economic growth, income equality, global competitiveness as previous Advisory Committee reports caution.

The reason for the policy concern is illustrated in the Census data in Figure 1.
FIGURE 1: PERCENTAGE OF THE POPULATION 25 YEARS AND OVER WHO HAVE COMPLETED HIGH SCHOOL OR COLLEGE
SELECTED YEARS 1940-2009

HOW ACCESS IS DEFINED AND WHEN NEED-BASED GRANT AID IS “ADEQUATE”

- **Access** in this presentation refers to the extent to which students are financially able to enroll initially in the type of postsecondary institution:
  - to which they aspire
  - for which they have prepared, and
  - to which they can gain admission

  in a timely way and with the desired enrollment status.

- **Equal access** exists when there is a reasonable match, across family income levels, between students’ aspirations and academic preparation and the type, timing, status, and selectivity of initial college enrollment.

- **Unequal access** exists when there is a significant financially-induced mismatch, evidenced by low- and moderate-income student behavior of two types:
  - enrolling initially in a public 2-year college (rather than a 4-year college), or failing to enroll in any college, more often than similarly prepared middle-income peers.
  - enrolling initially in a less selective 4-year college more often than similarly prepared middle-income peers.

    - In their book, *Crossing the Finish Line* (2009), Bowen, Chingos, and McPherson address this sort of “selectivity” mismatch.

- **Adequacy of need-based grant aid** in Advisory Committee analyses depends on the extent to which the first type of mismatch exists and the consequences for college completion.
HOW DISPARITIES IN ENROLLMENT AND PERSISTENCE DUE TO FINANCES ARE ISOLATED

• In addition to finances, many factors affect college going behavior, including:
  ➢ aspirations,
  ➢ parents’ education and background,
  ➢ academic preparation,
  ➢ information, counseling, early intervention,
  ➢ complexity of application forms and processes,
  ➢ and others.

• However, these factors do not affect student and family decision making simultaneously, at a single point in time, but rather at various points in time in a sequential process.

• To isolate the impact of finances, to the extent possible, the analyses focus on a select subset of high school graduates, late in the sequential process, who have survived other potential barriers, in that they:
  ✔ aspired and expected to earn a bachelor’s degree,
  ✔ took at least Algebra II (and higher level courses),
  ✔ completed the SAT or ACT, and
  ✔ applied for financial aid.

• Focusing on this set of students controls, to the extent possible, for the effects of other important factors on both access and persistence – at least descriptively.

• In addition, since these high school graduates are the most likely students to complete a bachelor’s degree, they should be the central focus of policy related to completion.
STUDENTS WHO ARE EXCLUDED FROM THE ANALYSES AND WHY

Table IX shows the percent of NELS 1988 8th graders and ELS 2002 10th graders excluded by the data filters of “at least Algebra II” and “at least Trigonometry.”

Excluded are all those students who (a) did not graduate from high school and (b) graduated from high school but did not take the courses in question.

Excluding these students from the analyses is done solely to focus on students who could gain admission to a 4-year college and does not imply that those excluded should not receive aid.

For example, only a very small percentage of students enrolled in the typical 2-year college are recent high school graduates who took at least Algebra II.

For simplicity, the following analyses use the “at least Algebra II” filter, but the income-related enrollment and persistence patterns exist also for “at least Trigonometry.”

<table>
<thead>
<tr>
<th>Family Income</th>
<th>Percent of NELS 1988 8th Graders Excluded by:</th>
<th>Percent of ELS 2002 10th Graders Excluded by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At Least Algebra II</td>
<td>At Least Trigonometry</td>
</tr>
<tr>
<td>Low</td>
<td>63</td>
<td>83</td>
</tr>
<tr>
<td>Moderate</td>
<td>45</td>
<td>71</td>
</tr>
<tr>
<td>Middle</td>
<td>34</td>
<td>61</td>
</tr>
<tr>
<td>High</td>
<td>18</td>
<td>43</td>
</tr>
</tbody>
</table>

THE OVERALL NARRATIVE

• Access to college today is much more unequal, by family income, than in the past.
  ➢ Inequality is driven by family financial concerns about rising college prices.
  ➢ Financial barriers at 4-year public colleges today are nearly prohibitive for students from low- and moderate-income families.

• Persistence in college today is stagnant, at best, and more likely declining.
  ➢ With persistence declining, unequal access today triggers lower and more unequal completion tomorrow.
  ➢ The impact of access inequality on completion cannot be offset by improving persistence alone.
  ➢ Improving access to college is as important and potent a policy tool as improving persistence.

• Without increases in need-based grant aid,
  ➢ the nation’s 2020 bachelor’s degree completion goals will not be met, and
  ➢ large income-based and racial/ethnic disparities will likely be permanent.
HOW UNEQUAL IS ACCESS TO COLLEGE AND WHY?
To show the antecedents of today's problem, Table 1-A shows the enrollment and 8-year bachelor's degree completion rates of 1992 high school graduates who took at least Algebra II.

NELS are the most recent nationally representative data on the access and persistence pipeline from enrollment through bachelor's degree completion. (ELS will be when 2012 data are in.)

From the table, it is apparent that today's problems in access and persistence to bachelor's degree completion existed to a great extent two decades ago.

- Low-income high school graduates in 1992 enrolled in a 4-year college far less often than their middle-income peers – 54% vs. 68%.
- They also enrolled nowhere at all far more often – 21% vs. 7%.

Therefore, it is not surprising that they earned a bachelor's degree by year 2000 far less often than their middle-income peers – 43% vs. 64%.

*Includes for-profit and less-than-2-year institutions.
**No PSE=No Postsecondary Education
Table 1-B shows what happened between 1992 and 2004 to college enrollment of “at least Algebra II” high school graduates, by family income and institutional type.

ELS is the most recent, nationally representative data on college enrollment. The full 8-year pipeline data through bachelor's degree completion (comparable to NELS) are not yet available.

A large shift occurred, with low-income high school graduates in 2004 enrolling in a 4-year college far less often than their low-income peers in 1992 – 40% vs. 54%.

Compared to middle-income students in their own class, low-income students in 2004 enrolled in a 4-year college far less often – 40% vs. 66%.

Also, they enrolled in a 2-year college far more often – 31% vs. 22%.

Perhaps most important, as in 1992, low-income high school graduates enrolled nowhere at all far more often than their middle-income peers – 23% vs. 9%.

Table 1-B: A Comparison of the Enrollment of High School Graduates in 1992 and 2004

<table>
<thead>
<tr>
<th>Family Income</th>
<th>Percent Enrolled in:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4-Year College</td>
<td>2-Year College</td>
<td>Other College*</td>
<td>No PSE**</td>
<td></td>
<td>4-Year College</td>
<td>2-Year College</td>
<td>Other College*</td>
<td>No PSE**</td>
</tr>
<tr>
<td>Low</td>
<td>54</td>
<td>40</td>
<td>21</td>
<td>31</td>
<td>4</td>
<td>6</td>
<td>21</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td>59</td>
<td>53</td>
<td>24</td>
<td>28</td>
<td>3</td>
<td>4</td>
<td>14</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Middle</td>
<td>68</td>
<td>66</td>
<td>24</td>
<td>22</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>84</td>
<td>79</td>
<td>11</td>
<td>14</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>


*Includes for-profit and less-than-2-year institutions.

**No PSE=No Postsecondary Education
ACCESS INEQUALITY IS DRIVEN BY STUDENT AND FAMILY
FINANCIAL CONCERNS ABOUT RISING COLLEGE PRICES

Table 1-C shows the impact of financial concerns on enrollment decisions, using an index of family financial concerns for the 1992 and 2004 high school classes, at two levels of course taking.

In 1992 and 2004, compared to students from families who were not concerned about finances, students from families who were very concerned applied to a 4-year college far less often:

- at the “at least Algebra II” level ……… 60% vs. 97% in 1992; 66% vs. 90% in 2004.
- at the “at least Trigonometry” level ….. 68% vs. 98% in 1992; 70% vs. 93% in 2004.

The same was true for enrolling in a 4-year college:

- at the “at least Algebra II” level ……… 54% vs. 91% in 1992, 43% vs. 88% in 2004.
- at the “at least Trigonometry” level ….. 64% vs. 90% in 1992; 53% vs. 94% in 2004.

Financial concerns about college expenses and financial aid were the main driver of access inequality for both 1992 and 2004 high school graduates who could gain admission to a 4-year college.

<table>
<thead>
<tr>
<th>Degree of Family Financial Concern</th>
<th>Percent of 1992 and 2004 High School Graduates Who:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Took at Least Algebra II and:</td>
<td>Took at Least Trigonometry and:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Took SAT or ACT</td>
<td>Applied to 4-Year</td>
<td>4-Year College</td>
</tr>
<tr>
<td>1992 Very (8)</td>
<td>92</td>
<td>60</td>
<td>54</td>
</tr>
<tr>
<td>Not (0)</td>
<td>93</td>
<td>97</td>
<td>91</td>
</tr>
<tr>
<td>2004 Very (8)</td>
<td>87</td>
<td>66</td>
<td>43</td>
</tr>
<tr>
<td>Not (0)</td>
<td>97</td>
<td>90</td>
<td>88</td>
</tr>
</tbody>
</table>


*Includes for-profit and less-than-2-year institutions.

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Financial concerns about college expenses and financial aid were the main driver of access inequality for both 1992 and 2004 high school graduates who could gain admission to a 4-year college.
HOW UNAFFORDABLE IS COLLEGE – AND FOR WHOM?
NET PRICES AS A PERCENT OF FAMILY INCOME CONTINUE TO RISE FOR LOW- AND MODERATE-INCOME STUDENTS

TABLE 2-A: NET PRICES OF 4-YEAR PUBLIC COLLEGES
Past, Present, and Future

<table>
<thead>
<tr>
<th>Family Income</th>
<th>Net Price</th>
<th>Net Price As Percent of Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>$7,570</td>
<td>$9,560</td>
</tr>
<tr>
<td>Moderate</td>
<td>$8,790</td>
<td>$12,910</td>
</tr>
<tr>
<td>Middle</td>
<td>$9,712</td>
<td>$14,520</td>
</tr>
<tr>
<td>High</td>
<td>$10,199</td>
<td>$15,690</td>
</tr>
</tbody>
</table>

Source: Estimates based on the National Postsecondary Student Aid Surveys (NPSAS)
*Projected (Straight Line)

• For purposes of illustration, Table 2-A assumes unrealistically that net price and family income will increase at the same rate between 2004-05 and 2020-21 as they did between 1992-93 and 2004-05.

• Total grant aid from all sources failed to keep pace with increases in 4-year public college prices between 1992-1993 and 2004-2005:
  
  ➢ The burden of net price, expressed as a percentage of family income, increased
    ▪ for low-income students, from \textbf{41\%} to \textbf{46\%} and
    ▪ for moderate-income students, from \textbf{22\%} to \textbf{25\%}.

• By 2016-17, net price, expressed as a percentage of family income, is expected to rise to \textbf{52\%} and \textbf{28\%} for low-income and moderate-income students, respectively.
INADEQUATE NEED-BASED GRANT AID MAKES COLLEGE UNAFFORDABLE FOR HALF OF HIGH SCHOOL GRADUATES

**TABLE 2-B: NET PRICE AT A 4-YEAR PUBLIC UNIVERSITY TODAY**
Examples: Low-Income vs. Moderate-Income Student

<table>
<thead>
<tr>
<th>Financial Aid, Net Price, and Work and Loan Burden</th>
<th>Low-Income Student</th>
<th>Moderate-Income Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Income = $25,000 EFC = 0, Maximum Pell Grant Cost of Attendance (COA) = $20,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amount</strong></td>
<td><strong>Amount</strong></td>
<td><strong>% of COA</strong></td>
</tr>
<tr>
<td>Federal</td>
<td>$6,000</td>
<td>30%</td>
</tr>
<tr>
<td>State</td>
<td>$1,500</td>
<td>8%</td>
</tr>
<tr>
<td>Institutional</td>
<td>$800</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Annual Net Price</strong></td>
<td><strong>$11,700</strong></td>
<td><strong>59%</strong></td>
</tr>
<tr>
<td>Federal Work-Study</td>
<td>$2,500</td>
<td>13%</td>
</tr>
<tr>
<td>Federal Direct Loan</td>
<td>$5,500</td>
<td>28%</td>
</tr>
<tr>
<td>Federal Perkins Loan</td>
<td>$2,000</td>
<td>10%</td>
</tr>
<tr>
<td>Federal Parent PLUS Loan*</td>
<td>$1,700*</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Annual Work and Loan Burden</strong></td>
<td><strong>$11,700</strong></td>
<td><strong>59%</strong></td>
</tr>
</tbody>
</table>

Source: Estimates based on the National Postsecondary Student Aid Survey and the Integrated Postsecondary Education Data System.

*Assumes parents are able to borrow a PLUS loan and do so.

- **Table 2-B** shows that low-income high school graduates face an annual net price (cost of attendance minus need-based grant aid) of **$11,700** at a 4-year public university – **59%** of cost of attendance.
- Their moderate-income peers face an annual net price of **$18,450 – 92%** of cost of attendance.
- State need-based grant aid covers only a small share of cost of attendance – **8%** and **5%**, respectively.
- While actual awards and packages will differ from student to student, on average, these amounts are typical of those facing low- and moderate-income high school graduates at 4-year public universities.
PROSPECTIVE LOAN BURDENS ARE FORMIDABLE AND WELL ABOVE THOSE REFERENCED IN POLICY DISCUSSIONS

Table 2-C shows that low-income students typically face a total family loan burden for four years of **$36,800** at a 4-year public university – the student share is **$27,000** and the parent share is **$9,800**.

For students from moderate-income families, total family loan burden for four years is **$63,800** – the student share is **$27,000** and the parent share is **$36,800**.

Assuming constant annual need-based grant aid and federal work study, for five years of attendance, total family loan burden rises to truly unaffordable levels: **$46,000** and **$79,750**, respectively.

### TABLE 2-C: TOTAL PROSPECTIVE LOAN BURDEN AT A 4-YEAR PUBLIC UNIVERSITY TODAY

Examples: Low-Income vs. Moderate-Income Student

<table>
<thead>
<tr>
<th>Net Price, Work-Study and Loan Burden</th>
<th>Low-Income Student</th>
<th>Moderate-Income Student</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Family Income = $25,000</td>
<td>Family Income = $50,000</td>
</tr>
<tr>
<td></td>
<td>EFC = 0, Maximum Pell Grant</td>
<td>EFC = 5,000, No Pell Grant</td>
</tr>
<tr>
<td></td>
<td>Cost of Attendance = $20,000</td>
<td>Cost of Attendance = $20,000</td>
</tr>
<tr>
<td></td>
<td>Annual Net Price = $11,700</td>
<td>Annual Net Price = $18,450</td>
</tr>
<tr>
<td>For 4 Years</td>
<td>$46,800</td>
<td>$73,800</td>
</tr>
<tr>
<td>For 5 Years</td>
<td>$58,500</td>
<td>$92,250</td>
</tr>
</tbody>
</table>

| Total Federal Work-Study             | $10,000            | $10,000                 |
|                                     | $12,500            | $12,500                 |

| Total Loan Burden—Parent            | $9,800*            | $36,800*                |
|                                     | $15,000*           | $48,750*                |

| Total Loan Burden—Student           | $27,000            | $27,000                 |
|                                     | $31,000            | $31,000                 |

| Total Family Loan Burden            | $36,800            | $63,800                 |
|                                     | $46,000            | $79,750                 |

*Source: Estimates based on the National Postsecondary Student Aid Survey and the Integrated Postsecondary Education Data System.

*Assumes parents are able to borrow a PLUS loan and do so.*
HOW ARE ACCESS AND PERSISTENCE RELATED?
Table 3-A shows that “at least Algebra II” 1992 high school graduates starting at a 4-year college completed a bachelor's degree far more often than their peers starting at a 2-year college:

- for low-income students, the rates were 61% vs. 19%, respectively
- for moderate-income students, the rates were 67% vs. 29%.

This difference was a major factor in low-income students earning a bachelor's degree far less often than their middle-income peers – 37% vs. 61%.

In 1992, for every 100 low-income high school graduates who enrolled in a 2-year college rather than a 4-year college, 42 bachelor's degrees were lost – 61% vs. 19%.

Differences in bachelor's degree completion rates by family income suggest that finances are a major factor in persistence at both 4-year and 2-year colleges.

PERSISTENCE (AND COMPLETION) HAS BEEN DETERIORATING IN BOTH 4-YEAR COLLEGES AND 2-YEAR COLLEGES

**Table 3-B: Persistence Rates of Beginning Dependent Students in 1995-96 and 2003-04**

Students Who Took At Least Algebra II and Were Enrolled Full-Time, Full-Year at Their First Institution

<table>
<thead>
<tr>
<th>Family Income</th>
<th>Percent Attaining a Degree or Certificate or Still Enrolled Anywhere Five Years Later</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Among Students Who Initially Enrolled in a 4-Year College</td>
</tr>
<tr>
<td>Low</td>
<td>79</td>
</tr>
<tr>
<td>Moderate</td>
<td>85</td>
</tr>
<tr>
<td>Middle</td>
<td>90</td>
</tr>
<tr>
<td>High</td>
<td>89</td>
</tr>
</tbody>
</table>


- **Table 3-B** compares the 5-year persistence rates of students beginning in 1995 and 2003, for those most likely to succeed – enrolled full-time, full-year at their first institution – using a very broad and inclusive definition of persistence: attained a degree or certificate or still enrolled anywhere.
- The persistence rates five years later of students beginning college in 2003 were lower than the rates of their peers beginning in 1995 five years later, except for high-income students.
  - Among low- and moderate-income students, persistence rates were lower for those starting at a 4-year college – 75% vs. 79% and 84% vs. 85%.
  - Rates for those beginning at a 2-year college were also lower – 67% vs. 78%.
- The data suggest that persistence in college **likely declined** between 1995 and 2008.
- The 2004 high school class is likely to persist at lower levels than their peers in 1992.
Declining persistence combined with unequal access triggers lower and more unequal completion

Table 3-C: Rates of enrollment and projected bachelor’s degree completion of 2004 high school graduates by year 2012

<table>
<thead>
<tr>
<th>Family Income</th>
<th>4-Year College</th>
<th>2-Year College</th>
<th>Total Weighted Bachelor’s Degree Completion Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Who Enrolled</td>
<td>Bachelor’s Degree Completion Rate*</td>
<td>% Who Enrolled</td>
</tr>
<tr>
<td>Low</td>
<td>40</td>
<td>61</td>
<td>31</td>
</tr>
<tr>
<td>Moderate</td>
<td>53</td>
<td>67</td>
<td>28</td>
</tr>
<tr>
<td>Middle</td>
<td>66</td>
<td>77</td>
<td>22</td>
</tr>
<tr>
<td>High</td>
<td>79</td>
<td>84</td>
<td>14</td>
</tr>
</tbody>
</table>


*Assumes optimistically that high school graduates in 2004 will complete the degree at the same level and in the same pattern as their 1992 peers.

- **Table 3-C** takes advantage of the finding that persistence very likely declined between 1995 - 2000 and 2003 - 2008 and derives conservative projections of bachelor's degree completion for high school graduates in 2004, by 2012. (Once again, data are not yet available.)

- Percentages in italics in the table assume optimistically that the 2004 high school class will persist at the same level and in the same pattern as their 1992 peers – even though that is unlikely. (**Table 3-A**)  

- Projected bachelor's degree completion rates for the 2004 high school class by 2012 are not surprisingly lower and more unequal than for their 1992 peers (as shown in Table 3-A):
  - 30%, 44%, 59%, and 74% in 2012
  - 37%, 47%, 61%, and 77% in 2000

- Enrollment shifts away from 4-year colleges, with stagnant or declining persistence, have grave consequences for bachelor's degree completion: lower and more unequal.
IMPROVEMENTS IN PERSISTENCE ALONE CANNOT OFFSET THE IMPACT OF ACCESS INEQUALITY ON COMPLETION

### Table 3-D: Simulation of the Impact of Improving Persistence on Bachelor’s Degree Completion Rates of Low-Income 2004 High School Graduates by 2012

Students Who Took at Least Algebra II and Enrolled in Either a 4-Year or 2-Year College

<table>
<thead>
<tr>
<th>Family Income</th>
<th>4-Year College</th>
<th>2-Year College</th>
<th>Total Weighted Bachelor’s Degree Completion Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Who Enrolled</td>
<td>Bachelor’s Degree Completion Rate</td>
<td>% Who Enrolled</td>
</tr>
<tr>
<td>Low</td>
<td>40</td>
<td>61</td>
<td>31</td>
</tr>
<tr>
<td>Low¹</td>
<td>40</td>
<td>77</td>
<td>31</td>
</tr>
<tr>
<td>Low²</td>
<td>40</td>
<td>84</td>
<td>31</td>
</tr>
<tr>
<td>Middle</td>
<td>66</td>
<td>77</td>
<td>22</td>
</tr>
<tr>
<td>High</td>
<td>79</td>
<td>84</td>
<td>14</td>
</tr>
</tbody>
</table>


- **Table 3-D** uses the data from the previous tables to simulate the effect on bachelor's degree completion of improving persistence without addressing access inequality.

- Low¹ shows that raising the persistence rates of low-income students to the level of their middle-income peers would increase their bachelor's degree completion rate to **43%** – far short of the middle-income rate of **59%**.

- Low² shows that raising persistence rates to those of their high-income peers would increase bachelor's degree completion rates to **51%** – still below **59%**.

- The more that differences in persistence rates, by family income, reflect differences in academic preparation, the longer it would take to achieve even these results – perhaps a generation or more.

- Access inequality limits the impact of improving persistence on bachelor's degree completion.
Table 3-E simulates the effect on bachelor's degree completion rates of improving access without addressing persistence inequalities.

- Low\(^1\) shows that raising the enrollment rates of low-income students to the level of their middle-income peers would increase their bachelor's degree completion rate to \(44\%\) — one percentage point higher than raising persistence rates alone.
- Low\(^2\) shows that raising the enrollment rates to those of their high-income peers would increase bachelor's degree completion rates to \(51\%\) — same as raising persistence rates alone.

- Improving access is as powerful a tool as improving persistence for raising bachelor's degree completion, and may be far easier to do.
- In any case, increasing and equalizing bachelor's degree completion requires a comprehensive strategy to improve both access and persistence.
WHAT IMPLICATIONS CAN BE DRAWN FOR THE FUTURE?
### Table 4-A: Enrollment and Projected Bachelor’s Degree Completion of 2004 High School Graduates by Year 2012

**Students Who Took At Least Algebra II and Enrolled in Either a 4-Year or 2-Year College**

<table>
<thead>
<tr>
<th>Family Income Quartile</th>
<th>Number of 2004 High School Graduates (000)</th>
<th>Took at Least Algebra II</th>
<th>Enrolled</th>
<th>Projected to Earn Bachelor’s Degree by Year 2012*</th>
<th>Enrolled</th>
<th>Projected to Earn Bachelor’s Degree by Year 2012*</th>
<th>Total Projected Bachelor’s Degrees by Year 2012*</th>
<th>Total Projected Bachelor’s Degree Losses by Year 2012*</th>
<th>Total Adjusted Projected Bachelor’s Degree Losses by Year 2012*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>800</td>
<td>66</td>
<td>528</td>
<td>40</td>
<td>211</td>
<td>61</td>
<td>129</td>
<td>31</td>
<td>164</td>
</tr>
<tr>
<td>2nd</td>
<td>800</td>
<td>75</td>
<td>600</td>
<td>53</td>
<td>318</td>
<td>67</td>
<td>213</td>
<td>28</td>
<td>168</td>
</tr>
<tr>
<td>3rd</td>
<td>800</td>
<td>84</td>
<td>672</td>
<td>66</td>
<td>444</td>
<td>77</td>
<td>341</td>
<td>22</td>
<td>148</td>
</tr>
<tr>
<td>4th</td>
<td>800</td>
<td>90</td>
<td>720</td>
<td>79</td>
<td>569</td>
<td>84</td>
<td>478</td>
<td>14</td>
<td>101</td>
</tr>
</tbody>
</table>


- **Table 4-A illustrates** the impact of enrollment rates (columns 3 and 7) and bachelor's degree completion rates (columns 5 and 9) on projected bachelor's degree completion (columns 12 and 14).
- Keep in mind this is only one cohort – the high school class of 2004.
- Column 16 shows that adjusting 1<sup>st</sup> and 2<sup>nd</sup> quartile bachelor's degree loss rates (70% and 56% in column 13) to 29% and 15% by subtracting the loss rate of 3<sup>rd</sup> quartile students (41%) still results in 243,000 bachelor's degree losses among low- and moderate-income students (153,000 + 90,000).
- If the 2004 high school class is representative, decade-wide losses would total 2.43 million.
UNLESS COLLEGE AFFORDABILITY IS GREATLY IMPROVED, THE NATION’S 2020 COMPLETION GOALS CANNOT BE MET

TABLE 4-B: IMPACT OF RISING NET PRICES ON 4-YEAR COLLEGE ENROLLMENT OF LOW-INCOME HIGH SCHOOL GRADUATES

Students Who Took at Least Algebra II

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Price as a Percent of Low Family Income</td>
<td>41</td>
<td>46</td>
<td>52*</td>
<td>54*</td>
</tr>
<tr>
<td>Low-Income 4-Year College Initial Enrollment Rate</td>
<td>54</td>
<td>40</td>
<td>30*</td>
<td>26*</td>
</tr>
</tbody>
</table>


*Projected

- **Table 4-B** provides straight line projections of net price and 4-year college enrollment of low-income students to illustrate the effect of future increases in net price.
- Between 1992 and 2004, the net price of 4-year public college as a percentage of low family income rose from **41%** to **46%**.
- Over that period, the 4-year college enrollment rate of low-income high school graduates who had taken at least Algebra II fell from **54%** to **40%**.
- If net price (as a percent of low family income) continues to rise at the same rate, the 4-year college enrollment rate could decline to as low as **30%** in 2016 and to as low as **26%** in 2020 – further undermining bachelor's degree completion.
- Unchecked, the same trend will undermine 4-year college enrollment and bachelor's degree completion of both moderate- and middle-income students.
- Many fear the likelihood that net prices as a percent of family income will rise much faster between now and 2020 than they did between 1992 and 2004.
Table 4-C shows that the bachelor's degree completion rate of 25- to 34-year-old Americans in 2008 was below that of 35- to 44-year-olds – 30% vs. 31%; the associate's degree completion rate was also lower – 8% vs. 9%.

Bachelor's degree completion was also very unequal by race/ethnicity:

- among White students 31% (34% in 2011)
- among Black students 18% (20% in 2011)
- among Hispanic students 13% (14% in 2011)
- among Asian students 50% (50% in 2011)

Disparity increased

Table 3-C projected bachelor's degree completion, by family income, of the 2004 high school class by 2012 to be lower and more unequal than their peers in 1992.

Because Black and Hispanic students are disproportionately from low- and moderate-income families, rising net prices will almost certainly worsen inequality by race and ethnicity.

Table 4-C: Disparities in Educational Attainment by Race/Ethnicity and Age: 2000 and 2008

<table>
<thead>
<tr>
<th>Race, Ethnicity and Age</th>
<th>Associate’s Degree</th>
<th>Bachelor’s Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Black</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Asian</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Hispanic</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td>25-34</td>
<td>8</td>
</tr>
<tr>
<td>Age</td>
<td>35-44</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>45-64</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>65-over</td>
<td>3</td>
</tr>
</tbody>
</table>

THESE TRENDS WILL BE GREATLY EXACERBATED BY THE NEGATIVE EFFECTS OF THE CURRENT ECONOMIC DOWNTURN

• The recession is changing the budgetary landscape at every level: federal, state, and institutional.

• These budget realities and economic conditions have implications for low- and moderate-income students – and for many middle-income students as well.
  ➢ higher unemployment
  ➢ lower family income
  ➢ falling home equity
  ➢ rising 4-year public college prices
  ➢ stagnant federal, state, and institutional need-based student aid
  ➢ rising net prices and advancing loan burden
  ➢ weaker employment opportunities for graduates.

• These trends will lead to further changes in enrollment:
  ➢ shifts to lower price institutions
  ➢ delays in enrollment
  ➢ more part-time enrollment, and
  ➢ failure to enroll or stopping out.

• All of these factors will greatly exacerbate the access and persistence inequalities identified in this presentation.

• Bachelor's degree completion could be significantly undermined for decades.
WHAT ARE ACSFA FINDINGS AND RECOMMENDATIONS?
FINDINGS AND RECOMMENDATIONS
IN “MORTGAGING OUR FUTURE” (2006)

Findings

• Despite successful efforts to increase access and persistence through improved academic preparation, heightened aspirations and expectations, and greater simplicity in the financial aid system, losses of bachelor's degrees appear to be increasing.

• Lowering financial barriers by increasing need-based aid appears to be a necessary condition for stemming bachelor's degree losses among college-qualified high school graduates.

• Without increases, grant aid will be stretched further across a wider population of students and the net price facing every student will rise.

Recommendations

• Stemming bachelor's degree losses requires six policy initiatives:

  ➢ Reinvigorate the access and persistence partnership to increase need-based grant aid from all sources.

  ➢ Restrain increases in the price of college and offset increases with need-based student aid.

  ➢ Moderate the trend—at all levels—toward merit-based aid and the increasing reliance on loans.

  ➢ Reduce financial barriers to transfer from 2-year to 4-year colleges.

  ➢ Strengthen early intervention programs for low- and moderate-income students.

  ➢ Invest in efficient and productive remediation.
FINDINGS AND RECOMMENDATIONS IN

Findings

• Large-scale mismatches exist and are growing between the aspirations and qualifications of these high school graduates and where they are able financially to enroll in college.

• Triggered by increasing family financial concerns about college expenses and financial aid, these mismatches are shifting initial enrollment of qualified students away from 4-year colleges.

• Shifts in initial enrollment are consequential because where qualified high school graduates are able to start college (access) largely determines their likelihood of success (persistence).

• Exacerbating the negative impact of enrollment shifts, persistence rates today appear to be lower, especially for qualified high school graduates who are unable financially to start at a 4-year college.

Recommendations

• A national experiment should be conducted to determine the impact on family financial concerns of current features of the federal student loan programs – in particular, the income-contingency and forgiveness provisions – and how the programs might be improved to offset the negative effects of family financial concerns.

• Achieving the goal of increasing bachelor's degree attainment requires that the federal government pursue a comprehensive strategy that adequately addresses income-related inequalities in academic preparation, access, and persistence simultaneously.
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