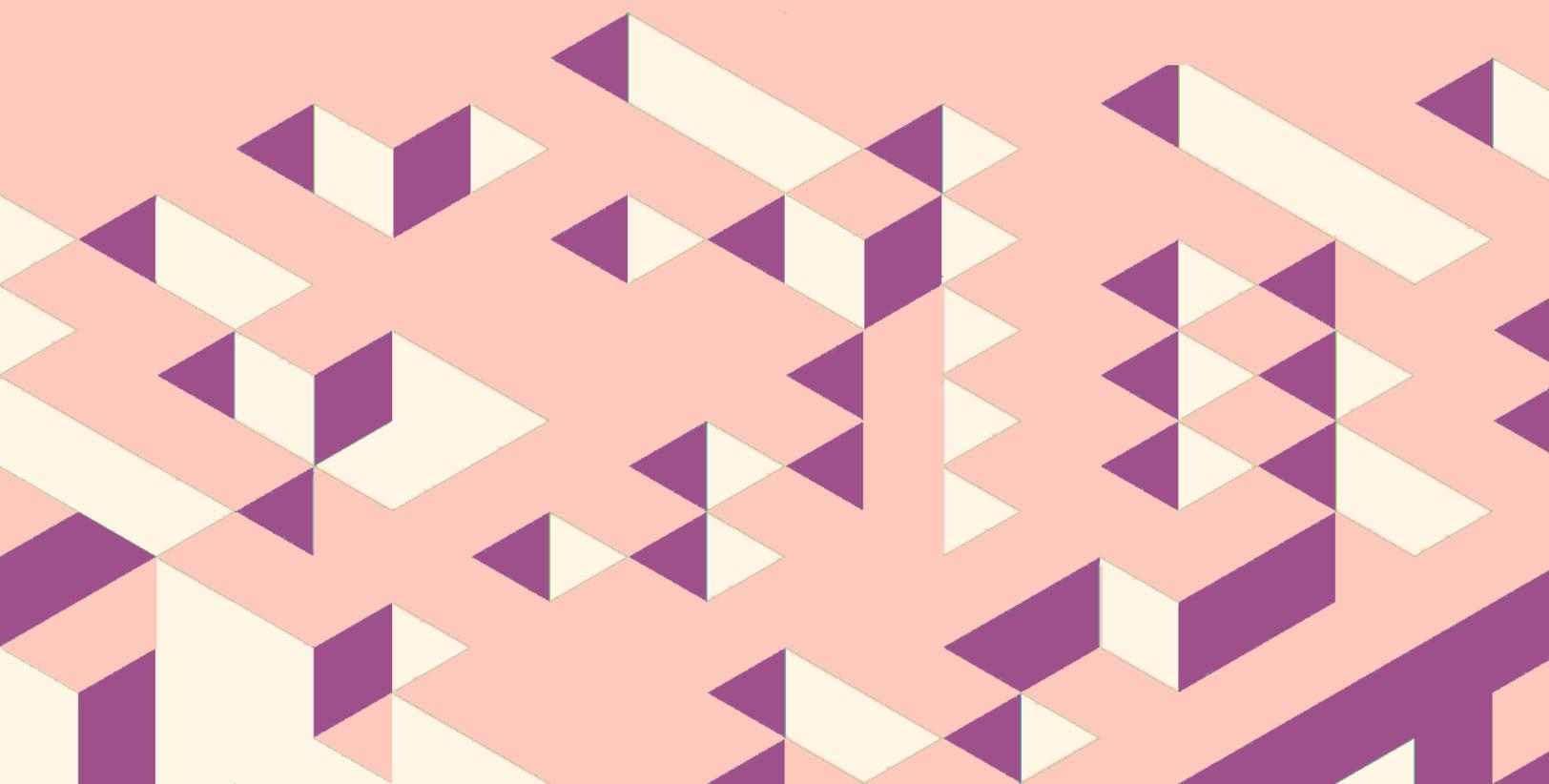

DISMANTLING DIRE DISPARITIES

A Closer Look at Racially Inequitable Funding
at Public Four-Year Colleges and Universities



Acknowledgements

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Introduction

As our economy becomes more reliant on a college-educated workforce,¹ sustained and equitable investments in public colleges and universities are more critical than ever. Public colleges and universities educate three-quarters of all students and, remain a driving force for upward social mobility and economic vitality, for both students and communities.² More Black, Indigenous, and People of Color (BIPOC) are participating in public higher education and benefiting from completing college degrees than ever before, with the share of BIPOC students at public colleges and universities reaching almost 45 percent in 2018 (from 33 percent in 2006).³ Yet, long-term disinvestment in public colleges and universities, in addition to longstanding racial and economic injustice, continue to disproportionately harm BIPOC students.

This report examines funding and resource patterns from the Great Recession to the peak of the economic recovery (2006 to 2018), with a deep dive into the public four-year colleges that enroll and graduate the greatest shares of BIPOC students.⁴ This group includes colleges that have long served disproportionate shares of BIPOC students, such as Historically Black Colleges and Universities (HBCUs), as well as the growing number of Hispanic-Serving Institutions (HSIs) and less selective public colleges and universities that primarily serve a specific region or nearby community. Like community colleges, these colleges are critical access points that serve BIPOC and students from low-income backgrounds at a lower price than other types of four-year colleges, but states have long provided inadequate funding that would help these colleges better support students through to graduation. This report shows that state disinvestment and the slow recovery in funding after the Great Recession severely impacted the disparities in resources available to more racially inclusive public four-year schools and their students.

These trends represent a continuation in preexisting disparities in state investment and resources for public colleges and universities. For decades, BIPOC students have disproportionately attended public colleges and universities that have less money to spend supporting them, and where success rates are low. Our prior report, *Dire Disparities*, examined how changes in core education revenue (state and local appropriations, and tuition) between 2006 and 2016 — the years during and following the Great Recession — impacted disparities in resources across public colleges and universities and the students who enroll in them.⁵ Over the ten years, community colleges that serve disproportionate shares of BIPOC and students from low-income backgrounds continued to have fewer total resources to spend on educating their disproportionately high-need students compared to those served by their public four-year university peers. These revenue differentials translate into different levels of spending on student supports and need-based financial aid that help to see students through to completion. Inequitable funding also means fewer resources to hire, and retain, faculty and staff who mentor low-income and BIPOC students.

On top of the harmful impacts of long-term underinvestment in public higher education, COVID-19 has increased financial uncertainty for colleges that have relatively fewer financial resources available to adjust to a rapidly changing higher education landscape.⁶ Enrollment has declined steeply at community colleges, HBCUs, and other Minority-Serving Institutions (MSIs), that serve higher shares of BIPOC and low-income students, potentially sapping them of tuition and appropriations funds that are directly or indirectly tied to enrollment.⁷ Declining enrollment — and declines in persistence for BIPOC and students from low-income backgrounds — during the COVID-19 pandemic may have exacerbated longer-run demographic pressures on colleges, as well as racial equity gaps, that add to the urgency to focus on enrolling and graduating students of all racial, ethnic, and economic identi-

ties.⁸ COVID-19 also has sped up changes in how higher education is delivered that require greater investments in technology,⁹ student success initiatives,¹⁰ and wraparound supports for students, such as mental health services.¹¹

More than ever, robust, and equitable investment in public colleges and universities is critical for improving student success, making college more affordable, and advancing equity. A fundamental shift is needed to eliminate disparities in funding and resource support for schools that disproportionately educate BIPOC students and students from low-income backgrounds. During the Great Recession and subsequent recovery, disparities persisted for community colleges and many public four-year schools, particularly those that primarily educate Latina/o and Black students. **We find that:**

Inadequate and inequitable funding persisted at public colleges and universities from 2006 to 2018, especially for community colleges that disproportionately educate BIPOC students.

- **Revenue disparities persisted for community colleges that educate the highest shares of BIPOC students.** Community colleges still received nearly \$900 less per student from states and localities than doctoral universities in 2018-19, despite serving the highest shares of BIPOC students. Considering both tuition and appropriations, state reinvestment in community colleges did not move the needle on persistent disparities in total per-student revenue across different types of public colleges. Community colleges continued to receive less than half as much in combined appropriations and tuition revenue per student, as compared to doctoral universities (\$11,200 vs. \$23,800). (See pages 10-12.)
- **As of 2018, state and local appropriations revenue had not recovered to 2006 levels at public four-year schools.** Over the course of the 12 years, state and local funding per student increased modestly at community colleges, while remaining below 2006 levels at other types of public colleges and universities. Per-student state and local investment in master's colleges and universities, as well as doctoral universities, remained below pre-recession levels despite economic recovery, adversely impacting the educational opportunities of Black, Latina/o, and Indigenous students who comprised over one-third of students at these schools in 2018-19 (36% at doctoral universities and 42% at master's colleges and universities). (See pages 8-11.)
- **While state support of public higher education continued its long-term downward trend, the burden of paying for college shifted onto students and families.** State disinvestment following the Great Recession and its aftermath shifted more of the burden of college costs from state and local governments onto students and families in the form of increased tuition. Between 2006 and 2018, tuition revenue as a share of total revenue per student increased by double-digits across every college type from 2006 to 2011 (10 percentage points at community colleges, 10 percentage points at baccalaureate colleges, 12 percentages points at master's colleges and universities, and 13 percentage points at doctoral universities). (See pages 9-10.)

During the 12-year period, disparities persisted among public four-year schools and fewer resources were available for colleges and universities that primarily educate Latina/o and Black students.

- **Resource Inequities undermine strategies to improve student success, college affordability, and racial equity.** Investment in public HBCUs, Predominantly Black Institutions (PBIs), and HSIs is a key indicator of policymakers' commitment to equitable funding for public colleges and universities. These schools educate some of the highest shares of BIPOC students and—at these schools—robust federal and state investment can go a long way in supporting evidence-based student success strategies that increase completion, make college more

affordable, and advance diversity, equity, and inclusion. From 2006 to 2018, these schools consistently received less core revenue per student that could have been used to strengthen supports that help students thrive in college. (See pages 14-15.)

- **Colleges and universities that primarily educate Latina/o students faced persistent resource disparities and declines in per-student state appropriations.** For public four-year Predominantly Latina/o Institutions (PLIs), a subset of HSIs that primarily educate Latina/o students, disparities in per-student revenue persisted, as funding failed to keep up with growing enrollment. In 2018-19, PLIs had nearly \$4,300 less in per-student revenue than schools located in the same states. From 2006 to 2018, per-student state and local appropriations at PLIs declined almost \$1,000. Similar to other public four-year colleges, PLIs offset reduced per-student funding with increases in tuition revenue — yet gaps in total revenue between PLIs and all public four-year schools widened over the 12 years. (See pages 19-21.)
- **Colleges and universities that primarily educate Black students consistently received less per-student revenue, as tuition costs skyrocketed at these schools.** For public four-year HBCUs and PBIs, disparities in per-student revenue persisted, despite these schools enrolling many fewer students in 2018 than in 2006. In 2018-19, HBCU and PBIs received about \$1,500 less in per-student revenue than their peers. The burden of paying for college increased dramatically for students at HBCUs and PBIs, as these schools compensated for funding cuts and slow reinvestment after the Great Recession. During the 12-year period per-student tuition and fee revenue increased at HBCUs and PBIs by 65 percent in current dollars — or more than double the rate of inflation. (See pages 22-25.)
- **This analysis likely understates the true breadth and depth of resource disparities borne by public four-year HBCUs and Minority-Serving Institutions, as well as students who attend these schools.** Given decades of state and federal underinvestment in HBCUs, PBIs, and HSIs, and the vast disparities in resources beyond revenue, such as private gifts and endowment, our revenue analysis likely understates the scale of inequities that adversely impact these schools and their students. This adds to the urgency in eliminating resource disparities for colleges and universities that disproportionately educate BIPOC students and those from low-income backgrounds (See pages 25-26.)

Measuring State and Local Support for Public Higher Education

This analysis assesses patterns and trends in per-student revenue, using federally collected revenue data that adjust for the number of full-time equivalent (FTE) students at each school. We focus on several per-student revenue metrics because they are widely used and understood among experts,¹² comprehensively available through federal data, and reasonably good indicators of levels in revenue across diverse school types. Notably, these types of metrics allow researchers to calculate per-student revenue so that schools are weighted proportionally to the number of students they enroll.

No indicator of financial support for public higher education is perfect. Policies and decisions about the financing of higher education are made in the context of multiple factors, including economic conditions, available tax revenue, demographic trends in college-aged adults, and higher education characteristics of the state.¹³ Per-student revenue can be sensitive to short-term swings in enrollment, that may not directly reflect changes in resources available to schools.¹⁴ Enrollments at public colleges and universities increase the fastest during recessions, especially at community colleges, as job market opportunities dry up. State revenue per student declines during recessions as the boom in enrollment generally outpaces the capability of states to support public higher education. This pattern drove down per-student revenue after the 2008 financial crisis, when enrollment went up. The COVID-19 pandemic may see the reverse happen, with unexpectedly sharp declines in enrollment inflating per-student revenue at community colleges and less selective four-year schools.¹⁵

More complex metrics could be developed to account for changes in enrollment, that would compare state and local investment, as well as tuition revenue, to measures of both long-term and short-term costs facing colleges and universities. Researchers also continue to explore alternative indicators of states' efforts in supporting public higher education, such as funding for higher education as a percentage of total state and local tax revenues, funding per state resident, and funding per \$1,000 of personal income.¹⁶ These indicators help to take into consideration states' economic and demographic trends. However, per-student revenue has several advantages, in that it more clearly communicates what funding inequities may mean for students themselves, and it allows for comparisons across various school types and sizes.

National Trends at Public Colleges and Universities

In the wake of the Great Recession, state and local funding support declined for all public colleges and total revenue did not recover at public four-year schools.

In our previous *Dire Disparities* brief, we spotlighted the decline in state investment for all types of public colleges and universities during and after the Great Recession.¹⁷ When the Great Recession began in December 2007, state support for public higher education had already declined from its high in 2001, and total enrollment was continuing to climb.¹⁸ The Great Recession ended in June 2009, and state fiscal year 2012 saw both an historic low level of total per-student state support for higher education and an historic high in total enrollment.¹⁹

By the 2011-12 academic year, state, and local support (as measured by appropriations per full-time equivalent (FTE)) had declined from 2006 levels across the board (Table 1). Appropriations revenue at associate's colleges (community colleges) declined by 25 percent, at baccalaureate colleges by 23 percent, at master's universities by 23 percent, and at doctoral universities by 29 percent.²⁰ (See methodology for information on school types.)

As state revenues began to recover from the Great Recession between 2011 and 2016, per-student state and local appropriations for community colleges grew by 30 percent, while investment at four-year colleges rebounded more slowly (20% at baccalaureate colleges, 10% at both master's colleges and universities, and 4% at doctoral universities). However, only community colleges returned to pre-recession levels of per-student state and local appropriations — the result of increasing appropriations and declining student enrollment.

In the two most recent years of data available since the *Dire Disparities* report, reinvestment in public higher education has slowed once again, and in some instances even reversed. Community colleges saw the largest two-year increase in state and local appropriations per-student at eight percent, and master's colleges and universities had a seven percent increase, while baccalaureate colleges had a seven percent decline, and per-student appropriations at doctoral universities virtually remained flat (-1%).²¹

Over the full 12-year period since start of the Great Recession, from 2006 to 2018, community colleges were the only public school-type to have seen a net increase in per-student state and local appropriations revenue. All types of public four-year colleges experienced net declines in appropriations and, as of 2018, their state and local funding remained below pre-recession levels (-14% at baccalaureate colleges, -9% at master's colleges and universities, and -26% at doctoral universities).

TABLE 1: CHANGE IN REVENUE PER FTE, BY CARNEGIE CLASSIFICATION

		APPROPRIATIONS	TUITION	TOTAL REVENUE
2006-07 to 2011-12 (five years)	Associate's Colleges	-25%	18%	-11%
	Baccalaureate Colleges*	-23%	11%	-6%
	Master's Colleges and Universities	-23%	28%	2%
	Doctoral Universities	-29%	24%	-2%
2011-12 to 2016-17 (five years)	Associate's Colleges	30%	8%	21%
	Baccalaureate Colleges*	20%	-4%	6%
	Master's Colleges and Universities	10%	9%	9%
	Doctoral Universities	4%	13%	10%
2016-17 to 2018-19 (two years since <i>Dire Disparities</i> analysis)	Associate's Colleges	8%	0%	5%
	Baccalaureate Colleges*	-7%	-8%	-8%
	Master's Colleges and Universities	7%	-2%	2%
	Doctoral Universities	-1%	0%	0%
2006-07-to 2018-19 (12 years)	Associate's Colleges	5%	28%	12%
	Baccalaureate Colleges*	-14%	-2%	-8%
	Master's Colleges and Universities	-9%	36%	14%
	Doctoral Universities	-26%	41%	8%

* In recent years, some community colleges have been reclassified as baccalaureate or baccalaureate-associate's (bachelor's degree dominant), after they scaled up bachelor's degree offerings. Reclassification of these relatively less funded and lower priced colleges may deflate trend figures for baccalaureate colleges. For more information about these hybrid colleges, see callout box on page 13 and TICAS. 2019. *Dire Disparities*. <https://bit.ly.co/6v10>.

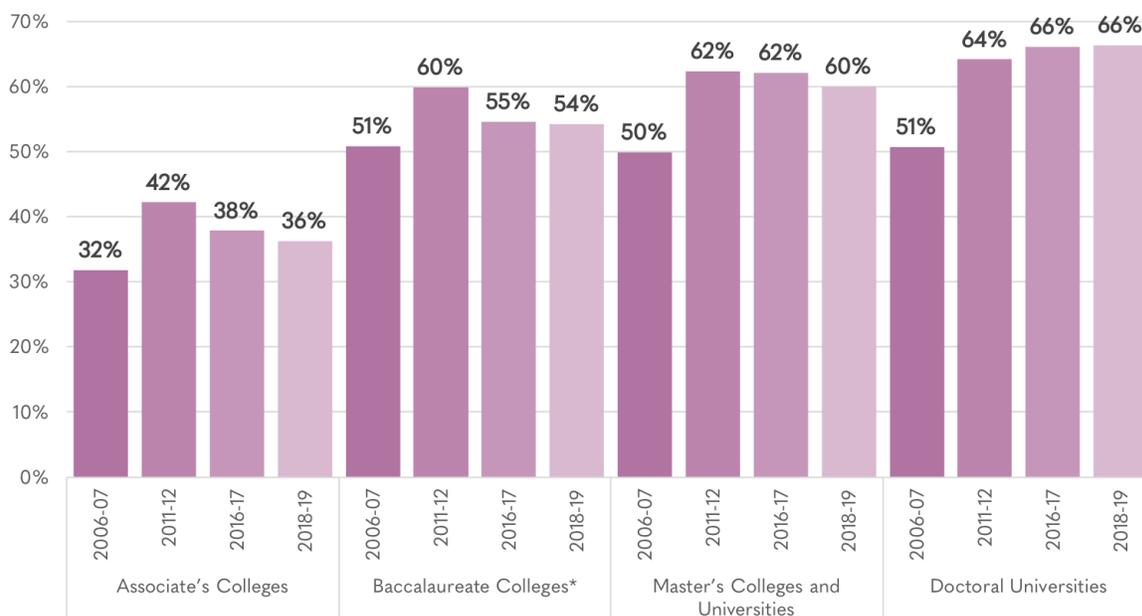
Per-student tuition revenue increased across all school types, compensating for state cuts and shifting college costs to students and families over the past 12 years.

As national and state budgets reeled from the Great Recession in 2006, tuition rates rose and the resulting increases in per-student tuition revenue partially offset losses in state and local appropriations revenue. The share of tuition revenue, as a percentage of total revenue, increased by double-digits across every college type from 2006 to 2011 (10 percentage points at community colleges, 10 percentage points at baccalaureate colleges, 12 percentage points at master's colleges and universities, and 13 percentage points at doctoral universities). Since 2016, the trajectory of tuition and fees charged by public institutions has leveled off, and per-student tuition revenue growth has slowed or slightly reversed among all college types.²²

For every college type, tuition comprised a greater portion of total revenue in 2018 than before the recession, a sign of the shifting burden of college costs from states to students at all types of public institutions. Increases in the share of tuition revenue at doctoral universities was the larger and more

persistent, compared to the other three school types (Figure 1). From 2011 to 2018, tuition revenue as a share of total revenue at doctoral universities increased slightly from 64 percent to 66 percent, while the share of tuition revenue at the other three school types declined slightly during the same period. In 2018, the share of tuition revenue remained highest at doctoral universities followed by master’s colleges and universities (66% and 60%, respectively).

FIGURE 1: TUITION AS A SHARE OF TOTAL REVENUE PER FTE



* In recent years, some community colleges have been reclassified as baccalaureate or baccalaureate-associate's (bachelor's degree dominant), after they scaled up bachelor's degree offerings. Reclassification of these relatively less funded and lower priced colleges may deflate trend figures for baccalaureate colleges. For more information about these hybrid colleges, see callout box on page 13 and TICAS. 2019. *Dire Disparities*. <https://bit.ly.co/6v10>.

Disparities in revenue at public colleges and universities persisted through the economic recovery from 2011 to 2018.

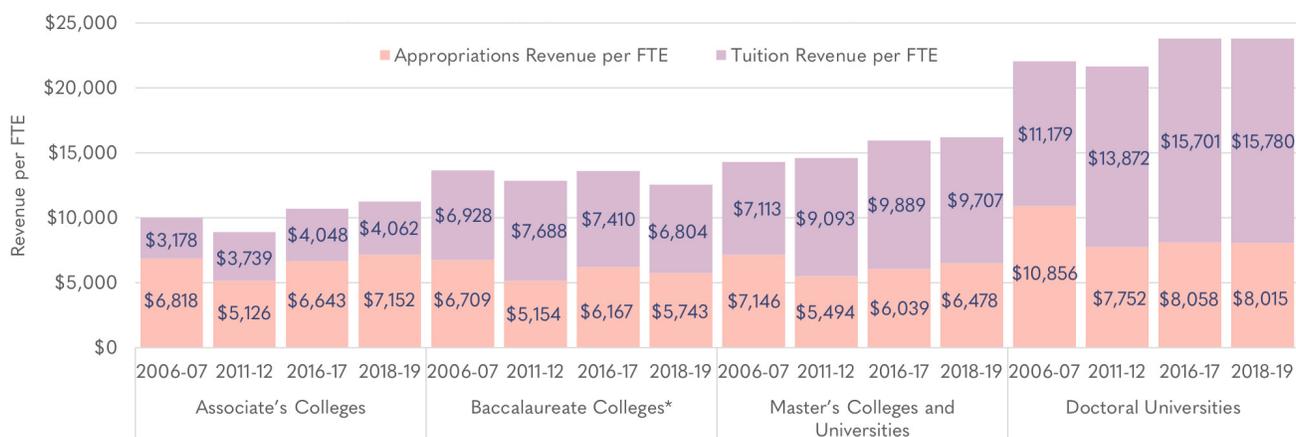
Preexisting funding disparities and underinvestment in colleges educating higher percentages of racial, ethnic, and economic student groups that are underrepresented in public higher education persisted during the last decade. Revenue declined at public colleges and universities during the aftermath of the Great Recession, and schools that educate higher shares of BIPOC students continued to receive less resources.²³ Institutions across every school type absorbed severe cuts in per-student local and state appropriations from 2006 to 2011 (Figure 2). Per-student state and local investment in master’s colleges and universities, as well as doctoral universities, has remained below pre-recession levels despite economic recovery, adversely impacting the educational opportunities of Black, Latina/o, and Indigenous students, who together comprise over one-third of students at these schools (36% at doctoral universities and 42% at master’s colleges and universities).²⁴

State funding gaps between community colleges and four-year public institutions actually declined very slightly through the Great Recession as a result of states making somewhat larger cuts to per-student appropriations for master’s colleges and universities and doctoral universities in the

years immediately following the recession.²⁵ States also made relatively larger reinvestments in community colleges as the economy recovered, which helped reduce — but not eliminate — disparities in local and state appropriations across types of public colleges. At the same time, community colleges — like many less selective, non-research-intensive public four-year colleges — generally can draw from fewer sources of revenue beyond appropriations. In particular, they are less able to raise additional revenue from tuition and fees, compared to public four-year schools.²⁶

When looking at both appropriations and tuition revenue, the primary funding sources for core education at public colleges, community colleges were the only type of public college to see a decline in total per-student revenue between 2006 to 2011 (see Table 1 on page 9). And while community colleges also saw relatively larger increases in state and local funding over the next five years, stark disparities in total revenue between community colleges and all other school types persisted into 2018. Baccalaureate colleges saw the second lowest amount of total per-student revenue, by Carnegie Classification.

FIGURE 2: STUDENT APPROPRIATIONS AND TUITION REVENUE, BY CARNEGIE CLASSIFICATION

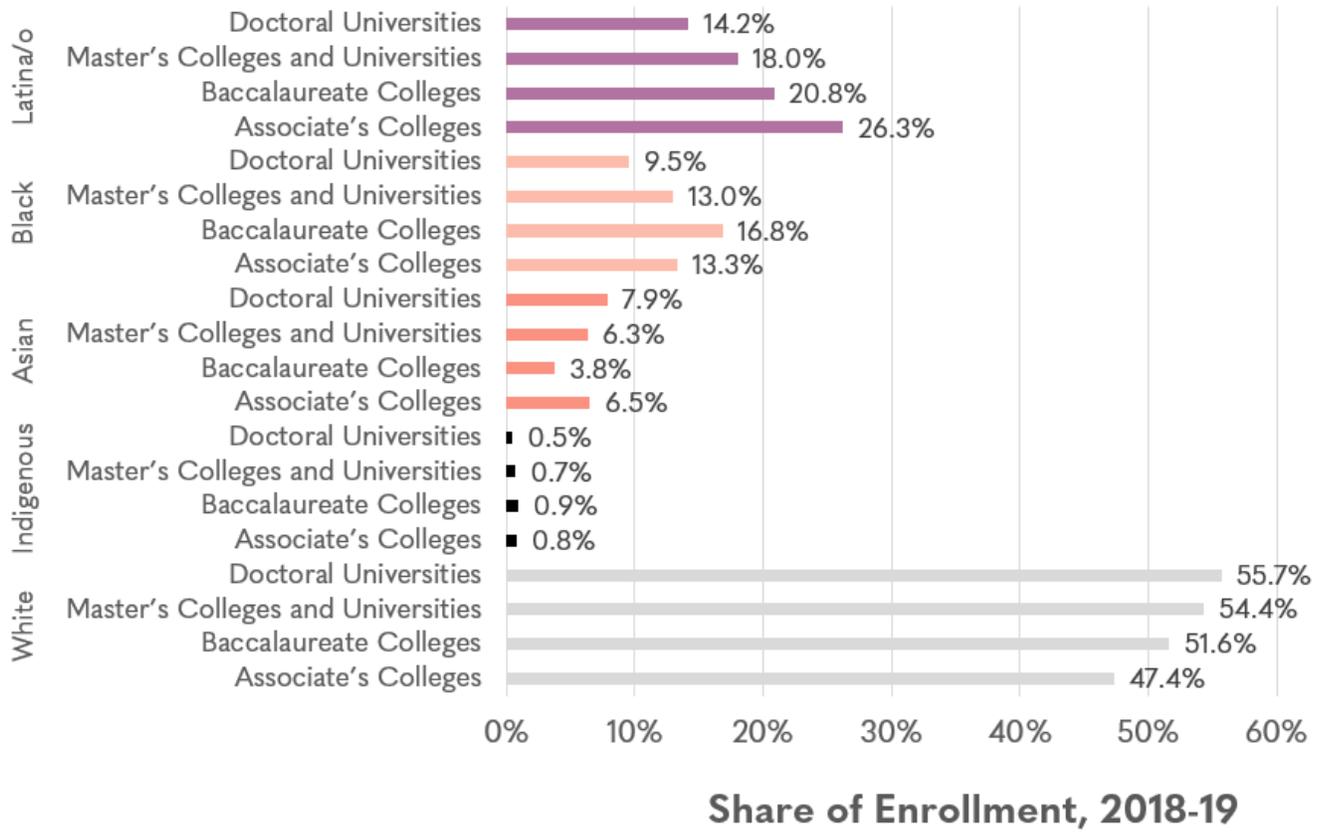


* In recent years, some community colleges have been reclassified as baccalaureate or baccalaureate-associate's (bachelor's degree dominant), after they scaled up bachelor's degree offerings. Reclassification of these relatively less funded and lower priced colleges may deflate trend figures for baccalaureate colleges. For more information about these hybrid colleges, see callout box on page 13 and TICAS. 2019. *Dire Disparities*. <https://bit.ly/co/6v10>.

Revenue disparities adversely impact BIPOC students who are disproportionately enrolled in the lowest resourced colleges.

Revenue disparities across school types adversely and disproportionately impact students by race and ethnicity. In 2018-19, disparities in funding for community colleges fell hardest on Latina/o students, who comprised 26 percent of enrollment at these schools. Community colleges and baccalaureate colleges educate higher shares of Black and Indigenous students, compared to master's colleges and universities and doctoral universities, and thus those students also bear a disproportionate harm. Although the share of Asian students was highest at doctoral universities, the second highest share of Asian students attended community colleges, where disparities in total revenue were deepest.²⁷

FIGURE 3: ENROLLMENT OF BLACK, LATINA/O, INDIGENOUS, AND ASIAN STUDENTS, BY CARNEGIE CLASSIFICATION



Hybrid Baccalaureate Colleges that Changed Carnegie Classifications

This analysis uses Carnegie Classifications to group institutions into categories that can be compared across a set of years. However, while a relatively small fraction of colleges change classification from one year to the next, they do occur, and complicate analyses of differences across types of institutions over time. Gradual changes in classification can also add up over time for analyses that track longer-term trends.

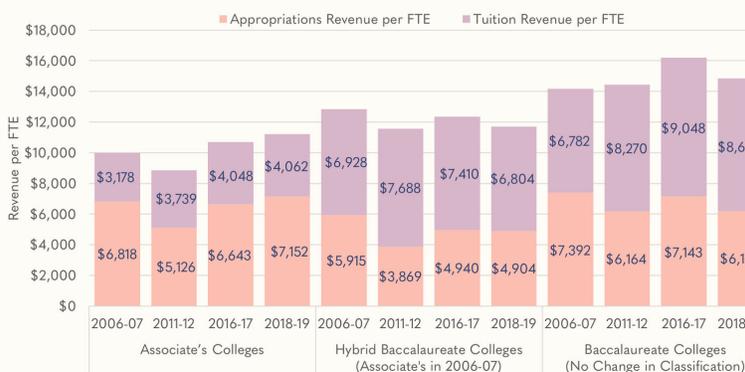
During the 12-year period reflected in this analysis, dozens of colleges changed classification, and many of them were community colleges that had expanded bachelor's degree programs to the point that they were conferring mostly bachelor's degrees to students (see methodology). Out of 169 colleges that changed classification, 28 (17%) were community colleges that transitioned to the baccalaureate classification from 2011 to 2018. Over the entire 12 years of the analysis, 35 community colleges transitioned into the baccalaureate classification.

Since baccalaureate colleges only represent about 10 percent of public colleges and universities and 4 percent of FTE students enrolled in 2018-19, these 35 hybrid colleges comprise a large enough share of enrollment that they have some influence on revenue patterns for the baccalaureate group as a whole.²⁸ Out of 440,550 students who attended baccalaureate colleges in 2018-19, 42 percent attended one of these hybrid community colleges and an additional 16 percent attended colleges that were either founded after 2006 or that had changed classification in some other way.²⁹

In recognition of this evolution within the universe of baccalaureate colleges, previous analyses have attempted to facilitate fair comparisons — either excluding colleges that changed classification³⁰ or excluding colleges that confer a mix of bachelor's and associate's degrees.³¹ This analysis however, includes hybrid colleges in the baccalaureate category because colleges with no changes in classification now represent less than half of FTE students attending baccalaureate colleges.³²

To better understand patterns in baccalaureate funding, we additionally examine per-student revenue among the subset of baccalaureate colleges with no changes in classification, as well as the 35 hybrid schools that transitioned into baccalaureate classification after 2006. Disparities in appropriations and tuition revenue persist at both community colleges and the baccalaureate hybrids. Per-student tuition revenue varies substantially between community colleges, baccalaureate hybrids, and baccalaureate colleges with no change in classification (\$4,050, \$6,800, and \$9,700 in 2018-19). However, all categories of baccalaureate colleges have seen increasing reliance on tuition revenue during the 12-year period, with tuition's share of total revenue rising from 37 percent to 45 percent at the hybrid schools and from 48 percent to 58 percent at baccalaureate colleges with no classification change.³³

PER-STUDENT APPROPRIATIONS AND TUITION REVENUE, BY CARNEGIE CLASSIFICATION



Funding Matters for Student Success and Racial Equity

A growing body of evidence points to the critical role institutional resources play in seeing students through to graduation, making college costs more affordable for students, and improving diversity, equity, and inclusion on campus. Increased spending, wisely invested and deployed, increases student success, while decreased spending undermines the conditions needed for educational excellence.³⁴ Not all strategies to increase completion come with a big price tag, but resources are needed to support students at scale.³⁵ Investments in public higher education, that are unreliable, inadequate, and inequitable across college types, decrease the likelihood that public colleges and universities can scale up and sustain proven strategies that are key to driving student success.

The COVID-19 pandemic adds yet more evidence that funding matters for student success. Financial resources can help public colleges and universities more effectively adapt to the changing higher education landscape, as well as the unprecedented diversity of students. For example, the COVID-19 pandemic and associated transition to online education required colleges to make investments in IT infrastructure, effective methods of online teaching, emergency financial aid for student impacted by the crisis, and accessible mental health services.³⁶ These adjustments required significant financial commitments, and better resourced public colleges and universities had an easier time making the adjustments.³⁷

Persistent revenue disparities and state disinvestment of public four-year colleges and universities undermine student success, college affordability, and progress on diversity, equity, and inclusion.

Although addressing revenue disparities is critical for student success strategies at community colleges — where the majority of BIPOC students in public higher education attend school³⁸ — resource equity also matters greatly for student success at public-four-year colleges and universities. Across every major economic, racial, and ethnic group, a higher percentage of students graduated in six years or less at school types with more per-student revenue (Table 4). In 2018-19, baccalaureate colleges and master's colleges and universities had lower graduation rates, as compared to all public four-year colleges, and taken together, they educated disproportionate shares of all Black, Latina/o, and Indigenous students enrolled at public four-year schools (47%, 44%, 49%, respectively, compared to only 37% of all White students).³⁹ Research shows that concentrations of BIPOC students in less resourced and less selective colleges contribute to persistent gaps in completion, especially at the four-year level.⁴⁰

In addition to undermining student success efforts, state disinvestment and funding inequities have harmed students' ability to pay for college, without relying heavily on student loans. A renewed commitment of states to invest at public four-year schools is a critical step toward decreasing tuition and freeing up student grants, scholarships, and savings to pay for non-tuition expenses, and help stop and reverse rising student debt burdens.⁴¹ A recent Federal Reserve Bank of New York report, that studied the dynamics of funding and college costs prior to and during the Great Recession, found that a \$1,000 increase in state appropriations per student results, on average, in a decrease in in-state tuition of \$483 and a decrease in out-of-state tuition of \$713, at public four-year colleges.⁴² The same change in state appropriations also decreases the likelihood that students enrolled at four-year public institutions take out student loans, as well as decreasing the amount of college debt students owed by age 35. Another analysis has shown that tepid state reinvestment in public higher education coincided with widening affordability gaps for students from low-income backgrounds at both four-year and two-year schools.⁴³

**TABLE 2: SIX-YEAR GRADUATION RATES IN 2018-19,
BY CARNEGIE CLASSIFICATION***

	BACCALAUREATE COLLEGES	MASTER'S COLLEGES AND UNIVERSITIES	DOCTORAL UNIVERSITIES	ALL PUBLIC FOUR-YEAR COLLEGES
All students	39%	54%	67%	62%
Pell recipients	32%	46%	56%	51%
Black	29%	38%	50%	45%
Latina/o	35%	51%	61%	57%
Indigenous	29%	34%	48%	40%
Asian	39%	64%	79%	74%
White	42%	58%	70%	65%

* Cohort includes first-time full-time bachelor's degree-seeking degree students.

Making matters worse, inadequate resources undercut efforts to improve diversity, equity, and inclusion (DEI) at public colleges and universities. Dedicated resources for DEI can help build and sustain spaces and supports for students, faculty, and staff who belong to communities that have historically been underrepresented at these schools. Schools can use more funding to make more robust investments in DEI work, to support specialized initiatives and academic interventions, redesign curriculum and academic offerings, create inclusive student activities, and improve professional development and support for faculty and staff.⁴⁴ Effective DEI work requires dedicated staff, to develop and facilitate DEI on campus and relieve students and (non-DEI) staff of the burden of carrying out this work.⁴⁵ DEI investments can also allow schools to move away from one-size-fits-all cultural spaces towards multiple cultural centers, that foster a sense of cultural identity, encourage student leadership, and tailor themselves to distinct racial, economic, and social groups.⁴⁶

DEI-focused supports, along with student success strategies and investments in affordability, are increasingly important as colleges and universities become more racially and ethnically diverse — and they feature prominently at Minority-Serving Institutions (MSIs) that enroll higher shares of BIPOC students and seek to deepen their commitment to the students they educate.⁴⁷ Investment that enables these supports is critical for students attending public four-year MSIs, particularly Latina/o and Black students — who are severely underrepresented at four-year schools and comprise the vast majority of BIPOC students.

Disparities Among Public Four-Year Colleges and Universities: Insights on Funding Patterns at Predominantly Latina/o and Black Institutions

Investment in HBCUs, PBIs, and HSIs is a key indicator of policymakers' commitment to equitable funding for public colleges and universities.

Public four-year HBCUs, PBIs, and HSIs are central to providing Black and Latina/o students with rich educational opportunities, as well as helping Black and Latina/o communities thrive. They show how wisely invested resources and supports can move the dial on student success, with the following examples of effective evidence-based strategies that see students through to graduation: North Carolina A & T State University (HBCU),⁴⁸ Georgia State University (PBI),⁴⁹ and University of California-Riverside (HSI).⁵⁰ Given their pivotal role, this section spotlights patterns and trends in revenue at public four-year HBCUs, PBIs, and HSIs, that primarily educate Black or Latina/o students (see callout box on how we categorize and compare schools).

HBCUs have a long history of empowering Black students to complete a college degree, in the face of persistent and systemic racism and segregation in higher education. HBCUs were formed after the Civil War, when traditionally White colleges excluded Black students from admission, and they continue to serve an outsized role in graduating Black professionals and leaders and driving economic growth in their surrounding communities.⁵¹ For states where sizable shares of Black students attend public HBCUs, stronger investments in HBCUs can help address racial inequities in higher education spending more broadly.⁵²

PBIs serve similar demographics as HBCUs, in primarily educating Black students, but they have been legally designated as Black-serving colleges more recently.⁵³ These colleges are eligible for additional federal funding, to alleviate the financial constraints, that may have an adverse impact on persistence and completion, and support efforts to better engage Black students.⁵⁴ Trends in state funding, in turn, play a role in strengthening these institutions and their effectiveness in serving Black students.

HSIs are colleges where Latina/o students constitute at least 25 percent of the undergraduate population. HSIs vary greatly in how well they culturally respond to the identities of Latina/o students and many are previously Predominantly White Institutions (PWIs), that need to adapt to rapidly changing student demographics, contexts, and aspirations.⁵⁵ Additionally, college costs are a major barrier for students at HSIs, where the share of low-income, Pell grant recipients regularly exceeds 50 percent, and many other students are excluded from federal and state aid due to their immigration status.⁵⁶ The culmination of these unique challenges means that the long-term downward trend in state investments in public colleges and universities has hit HSIs especially hard.⁵⁷

As more Latina/o students have attended college over the past several decades, HSIs have become one of the fastest growing segments in higher education — particularly among public four-year schools.⁵⁸ Given that HSIs comprise only about 18 percent of colleges and universities, while educating two-thirds of Latina/o students, strengthening investment in this relatively small group of institutions can make a big difference for Latina/o students.⁵⁹ This report focuses on Predominantly Latina/o Institutions, the subset of HSIs that primarily enroll Latina/o students (see callout box).

Categorizing and Comparing Colleges by Racial and Ethnic Demographics

This report classifies and analyzes public four-year colleges and universities, based on the racial and ethnic composition of the students they enroll. To help gauge racial equity in state and local funding of public four-year schools, we compare per-student revenue at schools that enroll high shares of Latina/o and Black students to per-student revenue among all public four-year colleges in general. Schools that primarily educate Black students are “HBCUs/PBIs” and schools that primarily educate Latina/o students are “PLIs.” We analyze each of these two groups separately in this section, since they each have their own unique contexts and revenue patterns. For each of these two groups, we compare revenue to all public four-year schools nationally, as well as public four-year schools within the same states as the HBCUs/PBIs and PLIs. Comparing HBCUs/PBIs and PLIs to schools within their respective states helps to factor in regional differences in state support of public higher education, that are less directly tied to inequitable funding patterns between schools.

How this report defines HBCUs/PBIs, PLIs, and comparison groups?

Below are descriptions of HBCUs/PBIs, PLIs, and the groups of schools they are compared to (see methodology for more details):

- **Predominantly Latina/o Institutions (PLI):** These are schools where the share of students who identify as Latina/o or Hispanic equals, or surpasses, 40 percent. These schools are typically a subset of Hispanic-Serving Institutions (HSIs), which are colleges and universities where the share of Latina/o undergraduates is at least 25 percent and the majority of undergraduates receive federal student aid.⁶⁰ While the HSI designation remains a critical indicator for targeting federal resources toward programs that support Latina/o and students from low-income backgrounds, this analysis focuses on the special case of PLIs, where revenue disparities are starkest and where pluralities and, in most cases, majorities of students identify as Latina/o.
- **Colleges in States with PLIs:** These are schools located in states that have at least one PLI. This category includes PLIs themselves, other MSIs, and Predominantly White Institutions that enroll relatively few BIPOC students. These schools are funded by the same state entities as PLIs and provide a comparison point for analysis on revenue trends among PLIs.
- **Historically Black Colleges and Universities and Predominantly Black Institutions (HBCUs/PBIs):** HBCUs are schools, founded prior to 1964, that are federally designated as colleges and universities that primarily educate Black students.⁶¹ PBIs are colleges, that are not HBCUs, where the share of students that identify as Black or African American equals or surpasses 40 percent.⁶² HBCUs/PBIs refer to the combined group of schools that are either HBCUs or PBIs. We analyze these HBCUs/PBIs as a single, combined group, since there are only a few public four-year PBIs.
- **Colleges in States with HBCUs/PBIs:** These are schools located in states that have at least one HBCU or PBI. This category includes HBCUs and PBIs themselves and other colleges that enroll smaller shares of Black students. These schools are funded by the same state entities as HBCUs and PBIs, and provide a comparison point for analysis on revenue trends among HBCUs/PBIs.

Categorizing and Comparing Colleges by Racial and Ethnic Demographics (cont.)

Which states comprise the two comparison groups for PLIs and HBCUs/PBIs?

PLIs and HBCUs are located in two nearly distinct regions of the country. We compare PLIs and HBCUs/PBIs, respectively, to all public four-year schools located in the same states that these two groups of schools are located. As of 2018, PLIs were in seven states, primarily centered in the American West (Arizona, California, Florida, New Mexico, New York, Texas, and Washington). PLIs are still located in just a handful of states, but their geographic reach has expanded over time to Arizona and Washington.⁶³ Their numbers have also greatly increased in California and Texas since 2006. See map on page 19.

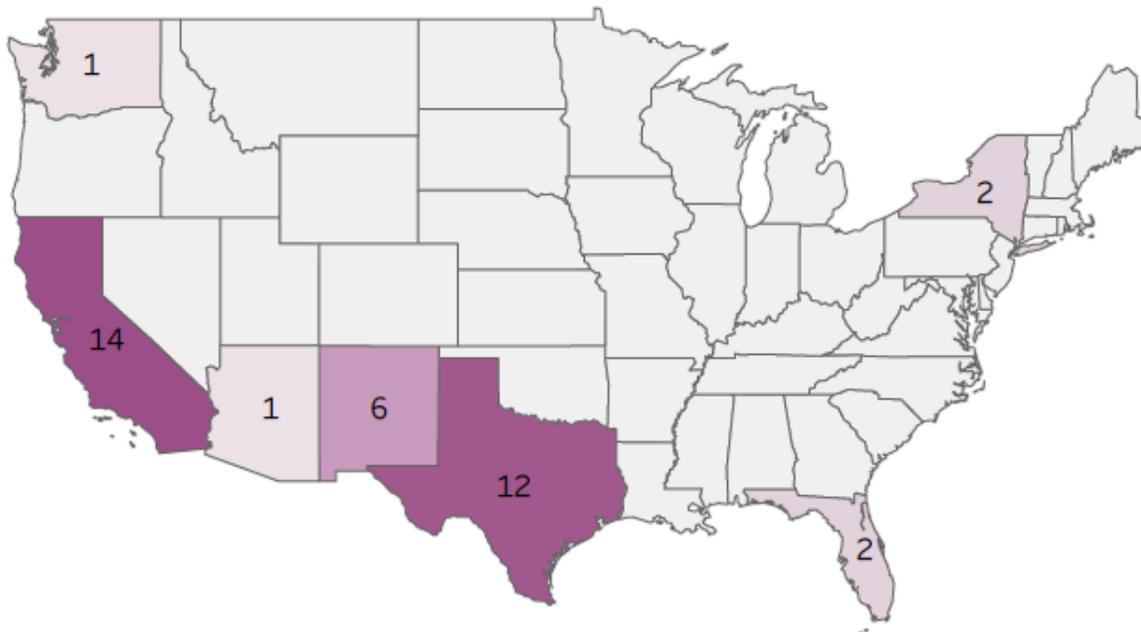
HBCUs/PBIs are located in 22 states (counting DC) and primarily serve communities in the Southeast United States, as well as a few states in the mid-Atlantic and Midwest. HBCUs/PBIs are more evenly dispersed across states with historically greater numbers of Black residents, but Georgia, Maryland, and North Carolina have the most extensive network of public HBCUs/PBIs — with five each. See map on page 22.

How does this report treat changes in the number of PLIs and HBCUs/PBIs over time?

As the share of Latina/o students in public higher education has grown, Latina/o enrollment has crossed the PLI threshold at an increasing number of public four-year colleges and universities. In 2006, only 14 schools were PLIs, compared to 38 schools in 2018, with total enrollment growing 270 percent.⁶⁴ We analyze 36 PLIs, with usable data, in assessing revenue trends. We also track revenue trends for the subgroup of 14 colleges that were PLIs in 2006, as well as the 21 “new PLIs” that started enrolling pluralities of Latina/o students after 2006.⁶⁵ In contrast, HBCUs/PBIs are a relatively fixed group of schools, with their numbers ranging between 44 and 48 over the 12 years from 2006 to 2018, with total enrollment *declining* by 20 percent.⁶⁶ HBCUs typically do not change status over time because they are explicitly designated in federal statute. Only PBIs, which are few in number among public four-year schools, can gain or lose their MSI status due to shifts in student demographics. For this reason, we analyze HBCUs/PBIs as a single, combined group for each data year, without additional disaggregation based on when they became HBCUs or PBIs.

PUBLIC FOUR-YEAR PREDOMINANTLY LATINA/O INSTITUTIONS

States with PLIs in 2018-19



Disparities in per-student revenue for PLIs persisted from 2006 to 2018, as funding failed to keep up with growing enrollment.

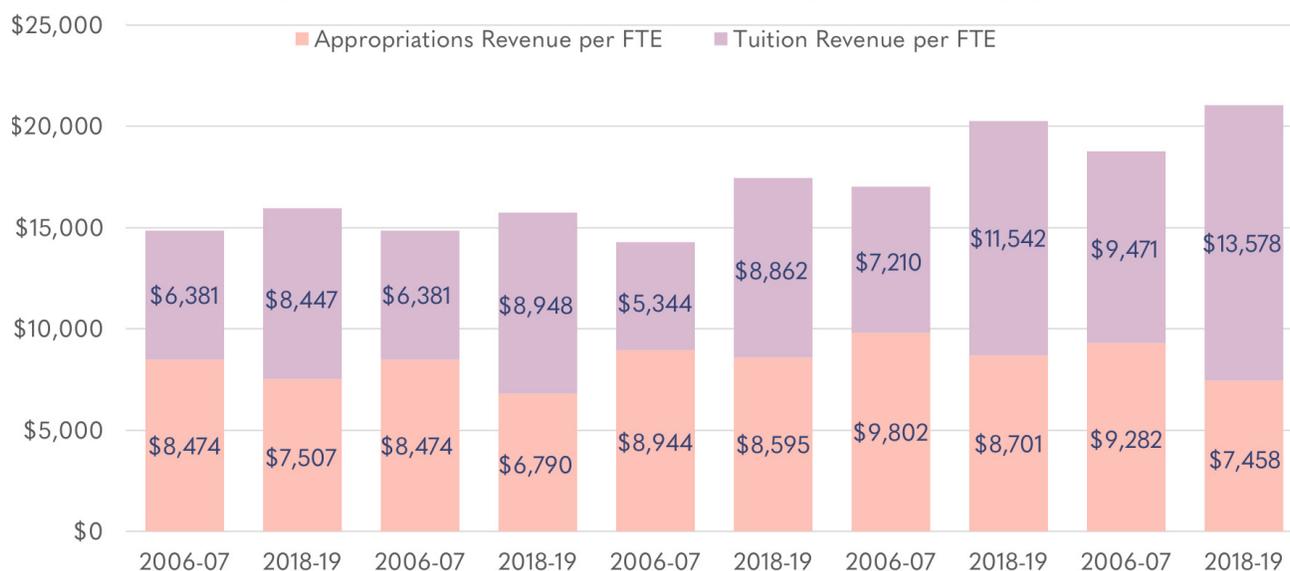
A look at PLIs shows deep disparities in per-student revenue, compared to public four-year schools nationally, and within the same states as PLIs (Figure 4). In 2018-19, PLIs received nearly \$4,300 less in per-student revenue than their peers. From 2006 to 2018, per-student state and local appropriations at PLIs declined almost \$1,000 from \$8,450 to \$7,500, as funding failed to keep up with growing enrollment. Similar to other public four-year colleges, PLIs offset reduced per-student funding with increases in tuition revenue, but gaps in total revenue between PLIs and all public four-year schools widened over the 12 years. From 2006 to 2018, per-student tuition and fee revenue increased at PLIs by 64 percent in current dollars — more than double the rate of inflation — while per-student appropriations revenue declined.

Do revenue patterns depend on how long a school has primarily educated Latina/o students?

Trends are similar between schools that were already PLIs in 2006 and schools that became “New PLIs” after 2006, due to Latina/o enrollment growth. State and local appropriations per student declined at the 14 colleges that were public four-year PLIs in 2006.⁶⁷ Among these schools, enrollment grew 35 percent from 2006 to 2018, while state and local appropriations revenue failed to keep up with growing numbers of students attending these schools (declining from \$8,450 to \$6,800 per student).⁶⁸ Trends show that, state investment in these PLIs contracted and costs shifted to students, just as these colleges faced surging numbers of (mostly Latina/o) students seeking a college degree. Over the 12-year period, per-student tuition revenue grew from \$6,400 to \$8,950 in 2018 dollars (a 40% increase).

New PLIs — the 21 colleges where the share of Latina/o students surpassed a 40 percent after 2006 — faced a slight decline in state and local appropriations over the 12-year period (\$8,950 to \$8,600). Strong enrollment growth and lagging increases in state and local appropriations drove this decline in per-student support, with the number of FTE students at new PLIs growing 26 percent from 2006 to 2018. Over the 12-years, when Latina/o students started to comprise a plurality at these colleges, per-student tuition revenue skyrocketed from \$5,350 to \$8,850 — more than a 65 percent increase.

FIGURE 4: PER-STUDENT REVENUE AT PUBLIC FOUR-YEAR PLIs



* Excludes Miami-Dade College for better comparability between the 2006 and 2018 revenue figures. Although the majority of students at Miami-Dade were Latina/o from 2006 to 2018, it was classified as an associate's college from 2006 to 2016, and was not included in our analytical sample of public four-year schools prior to 2018-19.

** "New PLIs" are schools where the share of Latina/o students was less than 40 percent in 2006 and then equaled, or exceeded, 40 percent in 2018-19. Two of these schools are excluded due to limitations in IPEDS finance reporting.

Revenue disparities between PLIs and their public four-year peers were prevalent across all school types in 2018-19.

Although some of the difference in revenue per student between PLIs and the typical public four-year school can be ascribed to broader resource disparities between different school types, disparities exist even among colleges with similar educational and research activities (Table 3). In 2018-19, most students at PLIs attended baccalaureate colleges and master's colleges and universities — school types that typically bring in less per-student revenue. Full-time equivalent (FTE) students, who attended PLIs, were concentrated at baccalaureate colleges and master's colleges and universities, as compared to all students who attended public four-year schools located in states with at least one PLI (64% vs. 47%).

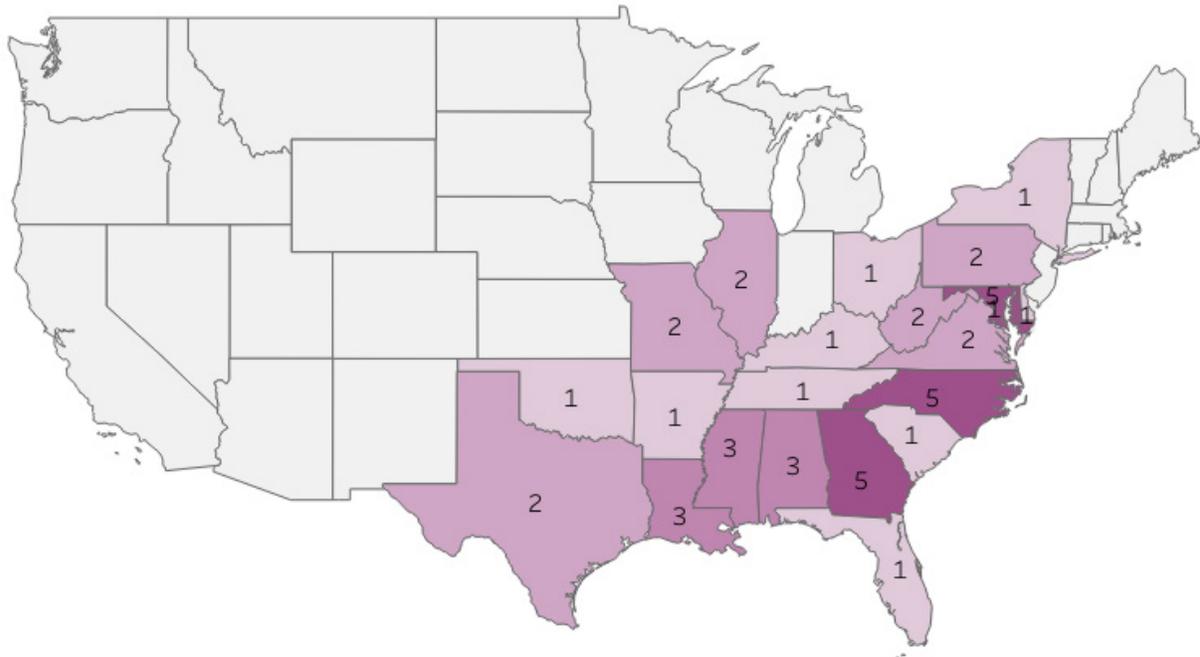
However, even within the same school type and in the same states, disparities in per-student revenue were seen within every Carnegie Classification. In 2018-19, public four-year colleges within the same states as PLIs had higher per-student revenue than PLIs, with revenue gaps of \$2,650 among baccalaureate colleges, \$650 among master’s colleges and universities, and \$6,000 among doctoral universities.

Table 3: Revenue and Enrollment at Public Four-Year PLIs for 2018-19, by Carnegie Classification

TOTAL REVENUE PER FTE STUDENT: APPROPRIATIONS + TUITION				
	BACCALAUREATE COLLEGES	MASTER'S COLLEGES AND UNIVERSITIES	DOCTORAL UNIVERSITIES	TOTAL
PLIs	\$8,308	\$16,488	\$17,344	\$15,954
Colleges in States w/ PLIs	\$10,943	\$17,124	\$23,353	\$20,242
Gap within School Type	\$2,636	\$636	\$6,009	\$4,289
PROPORTION OF ALL FTE STUDENTS ENROLLED AT EACH SCHOOL TYPE				
	BACCALAUREATE COLLEGES	MASTER'S COLLEGES AND UNIVERSITIES	DOCTORAL UNIVERSITIES	TOTAL
Students Attending PLIs	10%	54%	36%	100%
Students Attending Colleges in States w/ PLIs	10%	37%	53%	100%

PUBLIC FOUR-YEAR HISTORICALLY BLACK COLLEGES AND UNIVERSITIES, AND PREDOMINANTLY BLACK INSTITUTIONS

States with HBCUs and PBIs in 2018-19



Disparities in per-student revenue for HBCUs and PBIs persisted from 2006 to 2018, despite declining enrollment.

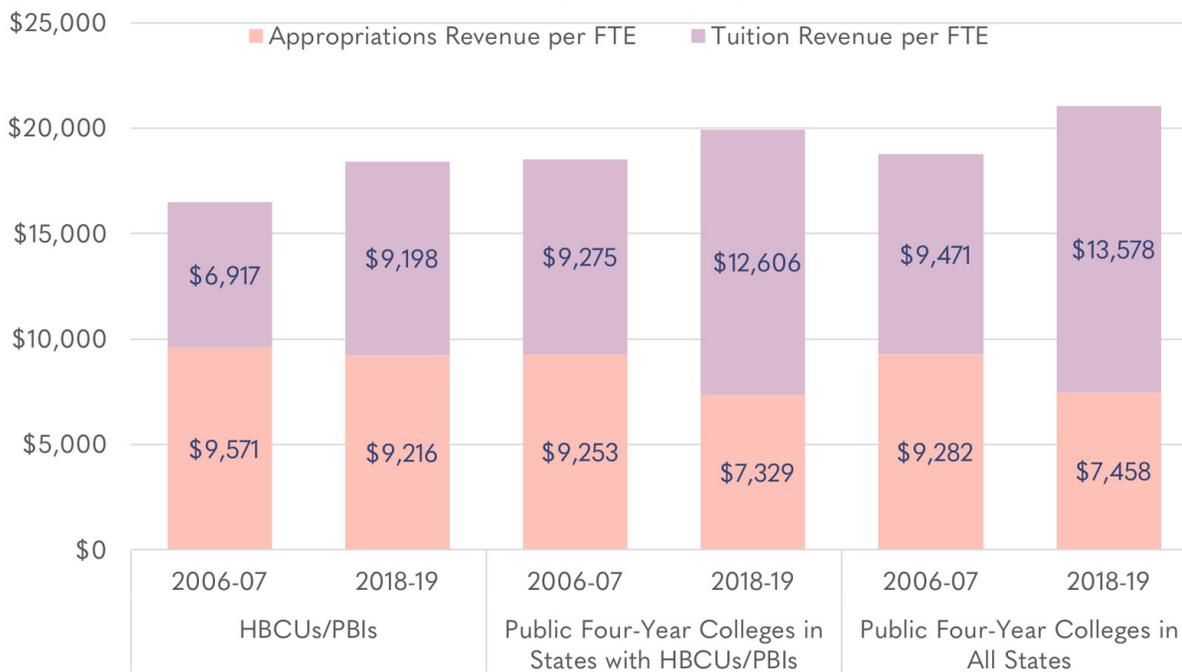
HBCUs/PBIs consistently receive less total per-student revenue, as compared to their public four-year peers in the same states (Figure 5). HBCU/PBIs received about \$1,500 less in per-student revenue than their peers. Although state disinvestment in HBCUs/PBIs was less severe over the 12 years, compared to the trend for public four-year schools in general, they received less per-student appropriations in 2018 than they did in 2006 (\$9,200 vs. \$9,550). The burden of paying for college increased dramatically for students who attended public four-year HBCUs/PBIs, as these schools compensated for funding cuts and slow reinvestment after the Great Recession. During the 12-year period per-student tuition revenue increased at HBCUs/PBIs by 65 percent in current dollars — or more than double the rate of inflation — to make up for this lack of state investment.

How do changes in enrollment interact with per-student revenue trends over time for HBCUs/PBIs?

Declines in the number of FTE students at HBCUs and PBIs mean that per-student revenue may understate the true extent of resource disparities at these schools. The stagnant and slight downward trend in per-student state and local appropriations occurred despite student enrollment at public four-year HBCUs/PBIs declining 20 percent from 2006 to 2018.⁶⁹ States could have boosted per-student funding at HBCUs/PBIs during these 12 years if they had at least maintained total inflation-adjusted appropriations for HBCUs/PBIs at pre-recession levels. This long-term disinvestment HBCUs/PBIs was unlikely to have been made up for by Black students attending other, better resourced public colleges and universities. In the last two decades, Black enrollment has stagnated at public four-year schools as a whole, and underrepresentation of Black students at selective public colleges and universities has worsened in more states than not.⁷⁰

Additionally, figures on per-student appropriations and tuition revenue may overstate the resources available to HBCUs/PBIs because these schools are smaller than what is typical at public four-year colleges and universities (4,250 compared to 8,850 FTE students). Research shows that per-student costs decrease with scale, and per-student funding metrics can underestimate resource needs at smaller schools, where greater shares of resources are spent on fixed costs such as paying salaries of senior leadership and debt obligations.⁷¹ In turn, per-student revenue metrics may **overstate** how much disposable funds smaller schools have to spend on academic offerings and student supports, beyond the minimal costs of “keeping the doors open.”

FIGURE 5: PER-STUDENT REVENUE AT PUBLIC FOUR-YEAR HBCUs AND PBIs



As of 2018-19, per-student revenue disparities between school types drove much of the gaps between HBCUs/PBIs and their public-four-year peers.

Much of the gap in revenue between HBCUs/PBIs and the typical public four-year school can be ascribed to broader resource disparities between different school types. In 2018-19, 7 in 10 (70%) students at HBCUs/PBIs attended baccalaureate colleges and master's colleges and universities, compared to 3 in 10 (31%) of all students at public four-year colleges in the same states. The concentration of HBCUs/PBIs in school types that have traditionally been less well funded may be the result of federal and state policies that limit or undercut higher-credentialed programmatic offerings at HBCUs. For instance, federal funding for educational and research grants, contracts, and appropriations at HBCUs, that help support graduate programs, has consistently lagged similar funding allocated to non-HBCUs.⁷² Although millions of dollars of federal funds are set aside for HBCUs to promote equal opportunity and build institutional capacity, HBCUs continue to receive less in direct federal funding per student than their peers.

Additionally, Maryland recently agreed to pay its public HBCUs \$577 million in compensation for unnecessarily duplicating HBCUs' programs with similar programs at Predominantly White Institutions, and intensifying segregation at the state's colleges and draining away enrollment and resources from HBCUs.⁷³ At the heart of the lawsuit were allegations that the state discriminated against a graduate-level business administration program at Morgan State University. The lawsuit asserted that such a program was vital for raising the university's profile and drawing in students and funding.⁷⁴

The gap in per-student revenue between HBCUs/PBIs and their public four-year peers was greatest among doctoral universities in 2018-19.

Taking a look at revenue patterns within the same school type, disparities in per-student revenue were seen at doctoral universities, with a revenue gap of about \$2,700 (Table 4). Differences in per-student tuition revenue account for this entire gap, with tuition revenue as a share of total revenue much lower at doctoral HBCUs/PBIs, than the average for doctoral universities in the same states (52% vs. 65%).⁷⁵

In 2018-19, the typical level of per-student revenue at baccalaureate and master's HBCUs/PBIs exceeded that of schools in the same Carnegie Classifications, but per-student revenue at some HBCUs/PBIs in these categories may have been inflated by dramatic decreases in FTE enrollment. From 2006 to 2018, ten baccalaureate and master's HBCUs/PBIs had enrollment declines of at least 30 percent that drove up state and local appropriations revenue per student.⁷⁶ Six of these schools saw appropriations revenue per student exceed \$15,000 in 2018 — more than 50 percent higher than the average among all public four-year HBCUs (Figure 5).⁷⁷

Further examination is needed as to why enrollments declined at these schools. Each school likely has its own unique story. Unfortunately, robust longitudinal data on demographic and enrollment patterns, that could speak to the question of why enrollments have declined, are not widely available. This uncertainty only serves to underscore that revenue trends should be interpreted with caution for schools with rapid changes in the number of FTE students.

Table 4: Revenue and Enrollment at Public Four-Year HBCUs and PBIs for 2018-19, by Carnegie Classification

TOTAL REVENUE PER FTE STUDENT: APPROPRIATIONS + TUITION				
	BACCALAUREATE COLLEGES	MASTER'S COLLEGES AND UNIVERSITIES	DOCTORAL UNIVERSITIES	TOTAL
HBCUs/PBIs	\$18,197	\$17,937	\$19,437	\$18,413
Colleges in States w/ HBCUs/PBIs	\$12,212	\$16,135	\$22,136	\$19,934
Gap within School Type	No gap	No gap	\$2,699	\$1,521
PROPORTION OF ALL FTE STUDENTS ENROLLED AT EACH SCHOOL TYPE				
	BACCALAUREATE COLLEGES	MASTER'S COLLEGES AND UNIVERSITIES	DOCTORAL UNIVERSITIES	TOTAL
Students Attending HBCUs/PBIs	11%	59%	30%	100%
Students Attending Colleges in States w/ HBCUs/PBIs	8%	23%	69%	100%

Patterns of inequitable investment in HBCUs, PBIs, and HSIs go well beyond per-student revenue.

Racial inequities in public higher education funding for HBCUs, PBIs, and HSIs are broader and more longstanding than the revenue disparities examined in this paper. HSIs (and PLIs) have emerged more recently but have faced persistent underinvestment over the course of their existence.⁷⁸ Disparities can even exist within the same university systems, due to entrenched funding formulas that favor traditionally White universities.⁷⁹ HBCUs and PBIs have suffered generations of discrimination and underinvestment, that can add up over time.⁸⁰ Tennessee underfunded one HBCU, Tennessee State University, by \$150 million to \$544 million in land grant funds over more than 100 years, according to a recent state report.⁸¹ This underinvestment in HBCUs, and their students, can lead to millions of dollars of deferred expenses, such as delayed refurbishment of buildings or upgrades to technological infrastructure, that can adversely affect these colleges' future ability to educate and support students.⁸²

More broadly, disparities in private giving, endowments, research activities, and other sources of auxiliary revenue (such as sports, housing and dining, and health care) exacerbate disparities among colleges.⁸³ Disparities in these resources can coincide with, and supplement, inequitable patterns in core revenue. During the COVID-19 pandemic, loss of housing and dining revenue undercut the financial health of residential colleges, but public schools with deeper pockets were better able to absorb the impact.⁸⁴

Although not always fungible sources of funding, private giving (from individuals and organizations), affiliate organizations (e.g., alumni non-profits), and endowments have grown in importance at public four-year schools since the Great Recession.⁸⁵ Disparities in private giving and institutional wealth are especially stark and persistent among HSIs. Many HSIs have grown in recent years and some HSIs, such as University of California-Merced, are relatively new institutions that have smaller and less-wealthy alumni donor bases.⁸⁶ In 2018-19, the 36 PLIs in our analysis had over four times less private giving per student and over three times smaller endowments, compared to all public four-year schools.⁸⁷

HBCU alumni are just as generous in giving back as alumni at other colleges, but the racial wealth gap and ongoing job market discrimination limit their ability to support their schools.⁸⁸ In 2018-19, HBCUs/PBIs in our analysis had over seven times less private giving per student and almost four times smaller endowments, compared to all public four-year schools.⁸⁹ One bright spot is that per-student private giving at HBCUs/PBIs increased 45 percent from 2006 to 2018, out pacing all college types in this analysis.⁹⁰

Policy Recommendations

The data are clear that states, acting alone, do not fund their public colleges and universities in a manner that adequately and equitably supports all students. Rather, the schools that enroll the most BIPOC students and students from low-income backgrounds have fewer resources to educate and support their students. From 2006 to 2018, disparities in per-student revenue persisted for both community colleges and public four-year schools that disproportionately educate BIPOC and students from low-income backgrounds. Without interrupting the status quo, this funding pattern will not change. The federal government has the responsibility to provide the resources and incentives states need to make significant changes to how they fund public higher education.

Below we recommend a fundamental shift in the federal state higher education relationship. We pair that recommendation with one that acknowledges that the federal government has itself contributed to inequitable funding patterns. The federal government has not adequately increased its own cornerstone investment in college affordability, the Pell Grant, which supports students from low-income backgrounds and disproportionately benefits BIPOC and first-generation students.

Low-income students urgently need more robust financial support to pay for college, considering the long-term declines in state investment in public higher education. Our analysis found that, in the wake of the Great Recession, state and local funding support declined for all public colleges and total revenue has not recovered at public four-year schools. During the same period (2006 to 2018), per-student tuition revenue increased across all public college types, compensating for state cuts, and shifting college costs to students and families.

Our second recommendation recognizes that improving funding patterns for colleges and increasing need-based aid for students is necessary but not sufficient to address inequities in educational attainment. Research shows concentrations of low-income and BIPOC students in less resourced and less selective colleges contribute to persistent gaps in completion, especially at the four-year level.⁹¹ This report found that disparities persisted among different types of public four-year schools, and less per-student revenue went to HBCUs and MSIs, that educate the greatest shares of Latina/o and Black students. Providing colleges with resources to implement and grow evidence-based strategies to support their students through to completion is a critical part of how we ultimately eliminate disparities in success.

Finally, eliminating disparities of any kind, but particularly in funding and resource support, requires access to robust data. So, our last recommendation focuses on the kinds of data improvements that are needed to provide policymakers at the federal, state, and institutional levels the information they require to make the equitable decisions for students.

Double the Pell Grant & create a new federal-state funding partnership for public colleges.

New federal investments in college affordability can help close persistent gaps in access and degree attainment for low-income students and BIPOC students. Congress must take a comprehensive approach by (1) providing more need-based aid to students via the Pell Grant program, and (2) creating a new federal-state funding partnership to restore state investment in higher education, lower net costs for students, improve institutional quality, and stabilize funding across economic cycles.

Congress should make a long-overdue boost to the Pell Grant program by doubling the maximum award. Pell Grants — which are especially crucial for BIPOC students — are the nation's most ef-

fective investment in college affordability, making higher education possible for nearly seven million low- and moderate-income students each year.⁹² As part of this boost, Congress should also restore the automatic inflation adjustment, which will help the grant maintain its value over time.

In tandem with this new investment in the Pell Grant program, Congress should create a new federal-state partnership to invest in equitably funded two and four-year public colleges.⁹³ Through this new partnership, the federal government would send significant new funding to states to equip them to better support public institutions across swings in the economic cycle, with the goal of increasing educational quality, closing resource disparities among institutions, reducing net costs for students, and providing evidence-based advising and student supports to increase completion.

In exchange for new federal funding, states should be required to maintain or increase their own investments in public higher education and to develop and implement data-driven plans to directly address racial and economic inequities in access, affordability, and attainment.⁹⁴

As part of its American Families Plan, the Biden Administration has proposed to create a new federal-state partnership to provide tuition-free community college to all students, and to cover two years of tuition and fees for certain eligible students (based on income) at four-year HBCUs and MSIs. While this is a strong starting point, we urge policymakers to expand this proposal to better account for the value that all types of four-year public colleges can provide for students.

Invest in proven strategies to help many more students graduate. While low graduation rates — particularly among Black and Latina/o students and students from low-income backgrounds — persist, a growing number of colleges and non-profit organizations have developed successful strategies to improve persistence and graduation rates.

These programs take an individualized, data-driven approach to student success through advising, mentoring, or case management, and provide students with customized support to comprehensively address financial, academic, personal, and career barriers. The City University of New York's ASAP program, for example, has helped to double graduation rates among participants, and has been replicated in four states. Inside Track, a nonprofit organization that partners with colleges, increased the persistence of Pell-eligible students by 15 percent in one year.⁹⁵

Since evidence-based comprehensive approaches to student success show great promise for increasing persistence and completion rates, and for closing equity gaps, Congress should make a large new investment that would help states implement and scale proven models. A portion of these funds should be reserved to provide expert implementation support, increase the human, data, and evaluation capacity necessary to support these programs, and to encourage innovation.

While funding existing proven models is critical, continuing to drive learning about effective approaches and emerging student success models is also essential to continue growing the body of evidence around what works to support student success.

Better data to support tracking, assessment, and strategy in closing equity gaps. Meeting state educational and workforce attainment goals require a commitment to funding equity to ensure schools serving the bulk of BIPOC students and students from low-income backgrounds have adequate resources to support success. Strategies for increasing access and completion should be guided by deep assessments of funding gaps and their impacts on individual racial, ethnic, and socioeconomic groups of students who face unique barriers. However, states need better federal and state data to close these racial and economic equity gaps.

The federal government can provide support by enacting the bipartisan College Transparency Act (CTA), which would address current gaps in the system by creating a new, privacy-protected federal student-level data network to ensure that consumers have clear, comparable, and transparent data on institution- and program-level outcomes. Until CTA is passed, the Department of Education can expand existing collections to add targeted disaggregations for specific data elements that could provide immediate improvement in data availability.⁹⁶

As part of this work, states should prioritize improving state longitudinal data systems (SLDSs) to ensure they can accurately track student_outcomes data needed to identify areas for improvement and track progress in closing gaps — including key racial and economic disaggregates.

The federal government can support state efforts to close equity gaps by providing funding for states to develop and implement data-driven improvement plans and requiring states to track progress towards postsecondary equity goals. States should improve their own transparency and accountability, in how well they support each of their public colleges and universities, spotlighting resource inequities that may have racially or economically disparate impacts.

Methodology

This report uses data from the Integrated Postsecondary Education Data System (IPEDS) 2006-07, 2011-12, 2016-17, and 2018-19 year, including the Finance, 12-month Enrollment, and Fall Enrollment Surveys. Our data analysis was based on analysis of appropriations and tuition revenue from our previous *Dire Disparities* report.⁹⁷ Revenue figures include average tuition revenue and appropriations per full-time equivalent (FTE) graduate and undergraduate student enrollment for public two-year and four-year institutions (excluding Special Focus and Tribal schools) in the 50 states and the District of Columbia (DC). Revenue is inclusive of both tuition revenue and state and local appropriations revenue at Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) schools, using the Delta Cost Project methodology for use of FASB and GASB accounting methods.⁹⁸ All revenue figures are in 2018 dollars.⁹⁹ Share of enrollment figures include both undergraduate and graduate student FTE enrollment, using the IPEDS derivation from 12-month Enrollment Survey.

Carnegie Classification groupings are based on the Basic Classification by the Carnegie Foundation for the Advancement of Teaching.¹⁰⁰ Baccalaureate colleges include institutions where baccalaureate or higher degrees represent at least 50 percent of all degrees but where fewer than 50 master's degrees or 20 doctoral degrees were awarded during the update year. All other baccalaureate/associate's colleges, which include four-year colleges (by virtue of having a baccalaureate degree program) and that conferred more than 50 percent of degrees at the associate's level, are classified as associate's colleges.

Colleges can and do change Carnegie Classifications over time. Additionally, new colleges may not have had a classification during some years, while others may close or merge with institutions that have different Carnegie Classifications. Out of 1,562 institutions and reporting entities¹⁰¹ analyzed for the 2018 data year, 169 schools have Carnegie Classifications that differed during at least one prior year for this analysis. The 34 schools classified as master's colleges and universities in 2011-12 and doctoral universities in 2018-19 represent the largest single group of schools whose classification changed at least once over the 12-year period. The 28 schools we classified as associate's colleges in 2011-12 and baccalaureate or baccalaureate-associate's colleges (that award a majority of bachelor's

degrees and higher) represent the second largest group of colleges with changing classifications. These changes could influence trends over time for the baccalaureate/ baccalaureate-associate category, which includes relatively small numbers of schools and students, and we discuss this consideration in greater detail on page 13.

In contrast with the prior *Dire Disparities* brief, we included colleges with changing Carnegie Classifications in our analysis. Revenue averages are calculated for each update year separately, based on the Carnegie Classifications assigned to each institution during that year. Based on 2018-19 reporting, the majority of students attending baccalaureate colleges were enrolled at schools that had previously changed classification, and we developed this new methodology to capture a more robust snapshot of revenue disparities during each update year.

For analysis of racial disparities at public four-year colleges and universities, schools are categorized as Historically Black College and Universities (HBCUs), Predominantly Black Institutions (PBIs), and Predominantly Latina/o Institutions (PLIs). HBCUs are based on the IPEDS Institution Characteristics Survey, while PBI and PLI groups are based on the racial composition of unduplicated 12-month enrollment.¹⁰² PBIs are colleges where at least 40 percent of students identify as Black and PLIs are college where at least 40 percent of student identify as Latina/o or Hispanic. The 40 percent threshold aligns with the legal definition for PBIs, that allows colleges that are not HBCUs and primarily educate Black students to receive federal funding for Minority-Serving Institutions.¹⁰³ This report combines HBCU and PBIs into a single category, since these colleges both primarily educate Black students, and predominantly four-year PBIs are relatively few in number (7), compared to HBCUs (39).

We also adjust data for parent-child reporting relationships in which multiple colleges report some, or all, financial data through a single system office, or main campus. Although most public schools report their own data as a single, standalone campus, parent-child reporting applies to several groups of public colleges and universities in our analysis. To improve the comparability of data over time, we combine enrollment and financial data for institution groupings that have any parent-child reporting, with financial data corresponding to the system office, or main campus, adjusted to reflect the total revenue and number of students at colleges within their institution group.¹⁰⁴ Carnegie Classifications, HBCU, PBI, and PLI classifications of system offices and main campuses are adjusted as well, based on the characteristics of the underlying colleges included in their institution group.

Figures in this report may not align with those reported in our prior *Dire Disparities* brief, which analyzed colleges over the ten-year period before and after the Great Recession.¹⁰⁵ In contrast to the prior brief, figures in this report include (rather than exclude) institutions whose Carnegie Classification changed from prior years (2006-07, 2011-12, and 2016-17). Moreover, baccalaureate colleges include a narrower set of schools that primarily award four-year degrees, and adjustments for parent-child financial reporting are more comprehensive in this report. Inflation adjustments have been updated as well.

ENDNOTES

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- ² Based on TICAS calculations on full-time equivalent enrollment from the U.S. Department of Education, IPEDS 12-month enrollment for all students enrolled in 2018-19 in public four-year schools in the 50 states and the District of Columbia.
- ³ Based on TICAS calculations on unduplicated headcount enrollment from the U.S. Department of Education, IPEDS 12-month enrollment for all students enrolled in 2018-19 in public four-year schools in the 50 states and the District of Columbia.
- ⁴ This report exclusively analyzes public colleges and universities. These schools, which are taxpayer-supported and established by states for the public good, must have the resources needed to advance educational opportunity for all students—including BIPOC and students from low-income backgrounds. Although some private, nonprofit and for-profit schools disproportionately enroll BIPOC students, they typically receive less funding from state taxpayers, and operate with less direct oversight from states. Additionally, research shows that taxpayer investment in for-profit schools too often does not translate into student success. Students who attend for-profit colleges are less likely to graduate with high-quality credentials, and those who do graduate, are more likely to have high debt levels and struggle with repayment.
- ⁵ The brief specifically examined enrollment of underrepresented students of color, defined as Black, Latina/o, Native Hawaiian or Pacific Islander, and Indigenous (American Indian or Alaskan Native) students. See TICAS. August 2019. *Dire Disparities: Patterns of Racially Inequitable Funding and Student Success in Public Postsecondary Education*. <https://bitly.co/7Adq>.
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- ²¹ The two-year revenue decline for the baccalaureate category is mostly attributable to changes in the composition of baccalaureate colleges. In recent years, some community colleges have been reclassified as baccalaureate or baccalaureate-associate’s (with at least half of degrees conferred as bachelor’s degrees or above), after they scaled up bachelor’s degree offerings. Reclassification of these relatively less funded and lower priced colleges may deflate

trend figures for baccalaureate colleges. For more information about these hybrid colleges, see TICAS. 2019. *Dire Disparities*. <https://bityl.co/7Adq>.

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³² In general, defining categories more inclusively helps to better represent a snapshot of disparities experienced by schools and students within each school type at one point in time.

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- ⁶⁵ We exclude Miami-Dade College from the subgroup analysis.
- ⁶⁶ Based on TICAS calculations on full-time equivalent enrollment from the U.S. Department of Education, IPEDS 12-month enrollment for all students enrolled in 2018-19 in public four-year schools in the 50 states and the District of Columbia.
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¹⁰² Analyses of the racial and ethnic composition of students are based on 12-month enrollment reporting, which is more inclusive of part-time students and students who enroll after the fall term.

¹⁰³ The federal PBI designation is based on a combination undergraduate full-time equivalent enrollment and the percentage of students who receive some federal financial aid. This report categorizes colleges based on the demographics of both undergraduates and graduate students, since financial data are not disaggregated by academic level. See 20 U.S. Code § 1059e (Predominantly Black Institutions). <https://bit.ly/7AtF>.

¹⁰⁴ We do not combine the data for a few institution groupings that report revenue data through individual campuses, but other financial data through only the main campus (known as a "partial parent-child relationship") and that include colleges with differing Carnegie Classifications. However, when all finance data are reported through a single campus or system office (known as a "full parent-child relationship"), combining data of colleges with differing Carnegie Classifications is unavoidable.

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