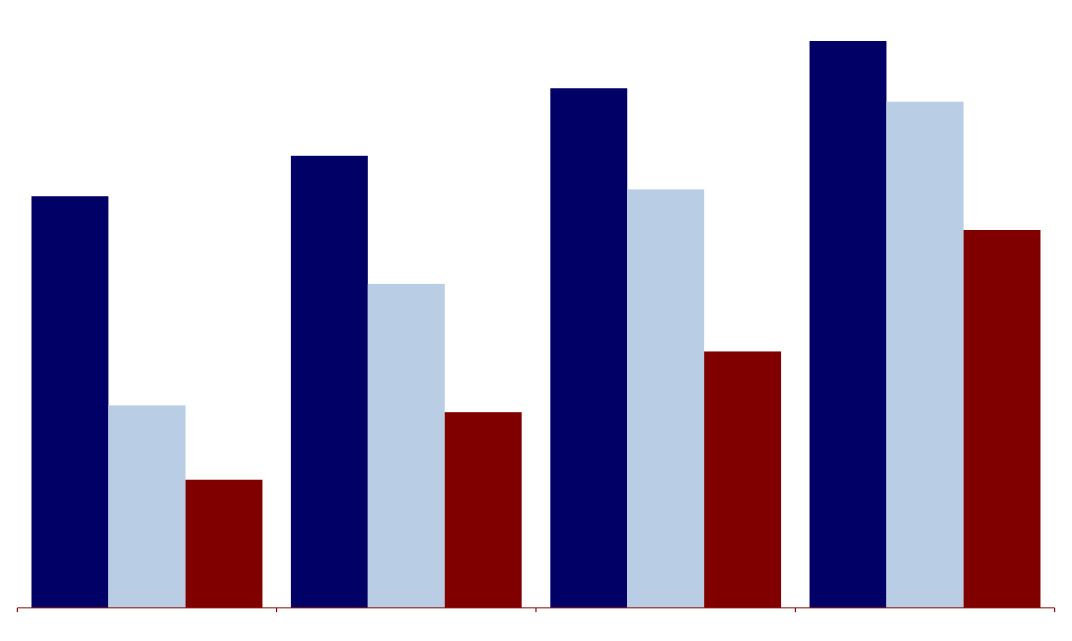
ACCESS MATTERS

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)
  - *Mortgaging Our Future: How Financial Barriers to College Undercut America's Global Competitiveness* (September 2006)
- The analyses use data from five National Center for Education Statistics (NCES) reports:
  - National Education Longitudinal Study of 1988 (NELS:88) which includes a nationally representative sample of eighth-graders first surveyed in the spring of 1988 and then resurveyed through four follow-ups in 1990, 1992, 1994, and 2000.
  - 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 NATIONAL POLICY ISSUE DRIVING THE PRESENTATION

- 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:

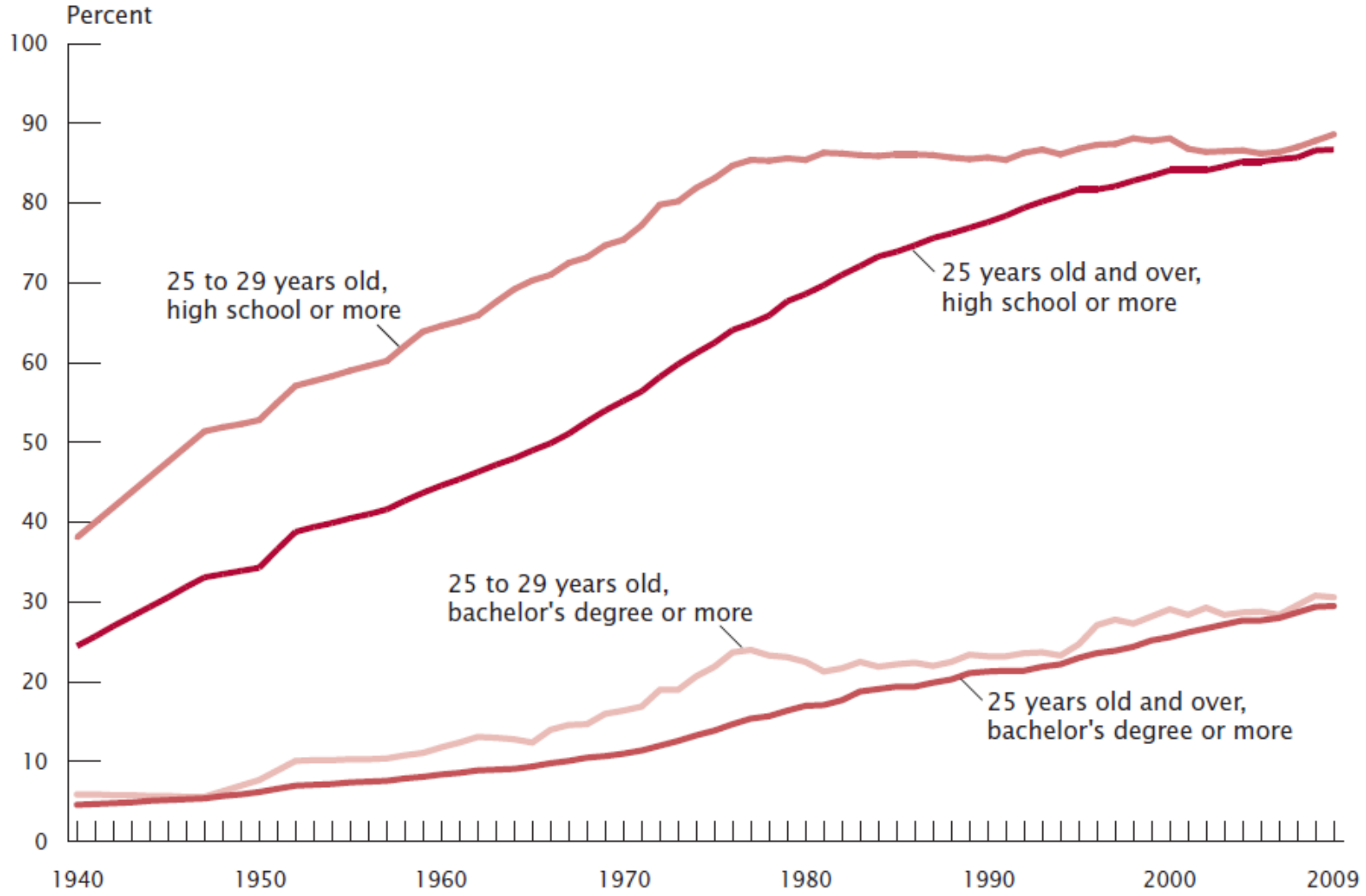
  - freeze these disparities in place permanently, and
  - undermine economic growth, income equality, global competitiveness

  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



Source: U.S. Census Bureau, Current Population Survey and decennial censuses.

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: STUDENTS EXCLUDED FROM THE ANALYSES

Family Income	Percent of NELS 1988 8th Graders Excluded by:		Percent of ELS 2002 10th Graders Excluded by:	
	At Least Algebra II	At Least Trigonometry	At Least Algebra II	At Least Trigonometry
Low	63	83	53	77
Moderate	45	71	37	63
Middle	34	61	24	49
High	18	43	15	36

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.

- **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."

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.

1

HOW UNEQUAL IS ACCESS TO COLLEGE AND WHY?

ACCESS AND BACHELOR'S DEGREE COMPLETION, BY FAMILY INCOME, WERE VERY *UNEQUAL* IN THE 1990S

TABLE 1-A: ENROLLMENT AND BACHELOR'S DEGREE COMPLETION OF 1992 HIGH SCHOOL GRADUATES THROUGH YEAR 2000

Students Who Took At Least Algebra II

Family Income	Percent Enrolling within 2 Years of High School Graduation in:				Percent Earning a Bachelor's Degree by Year 2000
	4-Year College	2-Year College	Other College*	No PSE**	
Low	54	21	4	21	43
Moderate	59	24	3	14	50
Middle	68	24	2	7	64
High	84	11	2	3	80

Source: Estimates based on the National Education Longitudinal Study of 1988/2000.
***Includes for-profit and less-than-2-year institutions.**
****No PSE=No Postsecondary Education**

- 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%.**

ACCESS TO 4-YEAR PUBLIC COLLEGE LAST DECADE WAS FAR MORE UNEQUAL THAN IT WAS IN PREVIOUS DECADES

TABLE 1-B: A COMPARISON OF THE ENROLLMENT OF HIGH SCHOOL GRADUATES IN 1992 AND 2004

Students Who Took At Least Algebra II

Family Income	Percent Enrolled in:							
	4-Year College		2-Year College		Other College*		No PSE**	
	1992	2004	1992	2004	1992	2004	1992	2004
Low	54	40	21	31	4	6	21	23
Moderate	59	53	24	28	3	4	14	15
Middle	68	66	24	22	2	4	7	9
High	84	79	11	14	2	2	3	5

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.
***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%.**

ACCESS INEQUALITY IS DRIVEN BY STUDENT AND FAMILY FINANCIAL CONCERNS ABOUT RISING COLLEGE PRICES

TABLE 1-C: FAMILY FINANCIAL CONCERNS AND ENROLLMENT BEHAVIOR OF 1992 AND 2004 HIGH SCHOOL GRADUATES

Degree of Family Financial Concern		Percent of 1992 and 2004 High School Graduates Who:											
		Took at Least Algebra II and:						Took at Least Trigonometry and:					
		Took SAT or ACT	Applied to 4-Year	Enrolled in:				Took SAT or ACT	Applied to 4-Year	Enrolled in:			
				4-Year College	2-Year College	Other College*	No PSE**			4-Year College	2-Year College	Other College*	No PSE**
1992	Very (8)	92	60	54	35	3	9	90	68	64	32	2	3
	Not (0)	93	97	91	4	2	3	95	98	90	5	2	2
2004	Very (8)	87	66	43	36	5	16	89	70	53	33	3	12
	Not (0)	97	90	88	11	0	1	99	93	94	6	0	0

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.
***Includes for-profit and less-than-2-year institutions.**
****No PSE=No Postsecondary Education**

- **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.

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

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

Family Income	Net Price					Net Price As Percent of Family Income				
	1992-93	2004-05	2012-13*	2016-17*	2020-21*	1992-93	2004-05	2012-13*	2016-17*	2020-21*
Low	$7,570	$9,560	*$11,240*	*$12,070*	*$13,120*	41%	46%	*50%*	*52%*	*54%*
Moderate	$8,790	$12,910	*$16,940*	*$18,960*	*$20,600*	22%	25%	*27%*	*28%*	*29%*
Middle	$9,712	$14,520	*$19,310*	*$21,710*	*$23,590*	17%	18%	*19%*	*19%*	*19%*
High	$10,199	$15,690	*$21,320*	*$24,140*	*$26,230*	9%	11%	*13%*	*13%*	*14%*

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 **41%** to **46%** and
    - for moderate-income students, from **22%** to **25%**.
- By 2016-17, net price, expressed as a percentage of family income, is expected to rise to **52%** and **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

Financial Aid, Net Price, and Work and Loan Burden Full-Time In-State Student		Low-Income Student Family Income = $25,000 EFC = 0, Maximum Pell Grant Cost of Attendance (COA) = $20,000		Moderate-Income Student Family Income = $50,000 EFC = 5,000, No Pell Grant Cost of Attendance (COA) = $20,000	
		Amount	% of COA	Amount	% of COA
Need-Based Grant Aid	Federal	$6,000	30%	$0	0%
	State	$1,500	8%	$1,000	5%
	Institutional	$800	4%	$550	3%
Annual Net Price		$11,700	59%	$18,450	92%
Federal Work-Study		$2,500	13%	$2,500	13%
Federal Direct Loan		$5,500	28%	$5,500	28%
Federal Perkins Loan		$2,000	10%	$2,000	10%
Federal Parent PLUS Loan*		$1,700*	9%	$8,450*	42%
Annual Work and Loan Burden		$11,700	59%	$18,450	92%

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: TOTAL PROSPECTIVE LOAN BURDEN AT A 4-YEAR PUBLIC UNIVERSITY TODAY

Examples: Low-Income vs. Moderate-Income Student

Net Price, Work-Study and Loan Burden Full-Time In-State Student	Low-Income Student Family Income = $25,000 EFC = 0, Maximum Pell Grant Cost of Attendance = $20,000 Annual Net Price = $11,700		Moderate-Income Student Family Income = $50,000 EFC = 5,000, No Pell Grant Cost of Attendance = $20,000 Annual Net Price = $18,450	
	For 4 Years	For 5 Years	For 4 Years	For 5 Years
Total Net Price	$46,800	$58,500	$73,800	$92,250
Total Federal Work-Study	$10,000	$12,500	$10,000	$12,500
Total Loan Burden—Parent	$9,800*	$15,000*	$36,800*	$48,750*
Total Loan Burden—Student	$27,000	$31,000	$27,000	$31,000
Total Family Loan Burden	$36,800	$46,000	$63,800	$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.**

- **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.

3

HOW ARE ACCESS AND PERSISTENCE RELATED?

INEQUALITY IN BACHELOR'S DEGREE COMPLETION IS DRIVEN BY *BOTH* ACCESS AND PERSISTENCE INEQUALITIES

TABLE 3-A: BACHELOR'S DEGREE COMPLETION OF 1992 HIGH SCHOOL GRADUATES BY YEAR 2000

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

Family Income	4-Year College		2-Year College		Total Weighted Bachelor's Degree Completion Rate
	% Who Enrolled	Bachelor's Degree Completion Rate	% Who Enrolled	Bachelor's Degree Completion Rate	
Low	54	61	21	19	37
Moderate	59	67	24	29	47
Middle	68	77	24	38	61
High	84	84	11	56	77

Source: Estimates based on the National Education Longitudinal Study of 1988/2000.

- **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

Family Income	Percent Attaining a Degree or Certificate or Still Enrolled Anywhere Five Years Later			
	Among Students Who Initially Enrolled in a 4-Year College		Among Students Who Initially Enrolled in a 2-Year College and Expected at Least an Associate's Degree	
	Beginning in 1995-96 (by 2000-2001)	Beginning in 2003-04 (by 2008-09)	Beginning in 1995-96 (by 2000-2001)	Beginning in 2003-04 (by 2008-09)
Low	79	75	78	67
Moderate	85	84		
Middle	90	84	76	75
High	89	90		

Source: Estimates based on the Beginning Postsecondary Students Study: 1995-1996 and 2003-2004

- **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

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

Family Income	4-Year College		2-Year College		Total Weighted Bachelor's Degree Completion Rate*
	% Who Enrolled	Bachelor's Degree Completion Rate*	% Who Enrolled	Bachelor's Degree Completion Rate*	
Low	40	*61*	31	*19*	*30*
Moderate	53	*67*	28	*29*	*44*
Middle	66	*77*	22	*38*	*59*
High	79	*84*	14	*56*	*74*

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.

***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

Family Income	4-Year College		2-Year College		Total Weighted Bachelor's Degree Completion Rate*
	% Who Enrolled	Bachelor's Degree Completion Rate	% Who Enrolled	Bachelor's Degree Completion Rate	
Low	40	61	31	19	30
Low[1]	40	*77*	31	*38*	*43*
Low[2]	40	*84*	31	*56*	*51*
Middle	66	77	22	38	59
High	79	84	14	56	74

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.
***Assumes optimistically that high school graduates in 2004 will complete the degree in the same pattern as their 1992 peers.**

- **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.
- Low[1] 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%**.
- Low[2] 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.

IMPROVING ACCESS TO COLLEGE IS AS IMPORTANT AND AS POTENT AS IMPROVING PERSISTENCE IN COLLEGE

TABLE 3-E: SIMULATION OF THE IMPACT OF IMPROVING ACCESS 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

Family Income	4-Year College		2-Year College		Total Weighted Bachelor's Degree Completion Rate*
	% Who Enrolled	Bachelor's Degree Completion Rate	% Who Enrolled	Bachelor's Degree Completion Rate	
Low	40	61	31	19	30
Low[1]	*66*	61	*22*	19	*44*
Low[2]	*79*	61	*14*	19	*51*
Middle	66	77	22	38	59
High	79	84	14	56	74

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.
***Assumes optimistically that high school graduates in 2004 will complete the degree in the same pattern as their 1992 peers.**

- **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.

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

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

Family Income Quartile	Number of 2004 High School Graduates (000)	Took at Least Algebra II		4-Year College				2-Year College				Total Projected to Earn Bachelor's Degrees by Year 2012*		Total Projected Bachelor's Degree Losses by Year 2012*		Total Adjusted Projected Bachelor's Degree Losses by Year 2012*	
				Enrolled		Projected to Earn Bachelor's Degree by Year 2012*		Enrolled		Projected to Earn Bachelor's Degree by Year 2012*							
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		%	# (000)	%	# (000)	%	# (000)	%	# (000)	%	# (000)	%	# (000)	%	# (000)	%	# (000)
1st	800	66	528	40	211	61	129	31	164	19	31	30	160	70	368	29	153
2nd	800	75	600	53	318	67	213	28	168	29	49	44	262	56	338	15	90
3rd	800	84	672	66	444	77	341	22	148	38	56	59	397	41	275	N/A	N/A
4th	800	90	720	79	569	84	478	14	101	56	57	74	535	26	185	N/A	N/A

Source: Estimates based on the National Education Longitudinal Study of 1988/2000 and Education Longitudinal Study of 2002/2004.
***Assumes that high school graduates in 2004 will complete the degree at the same level and in the same pattern as their 1992 peers.**

- **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 1st and 2nd quartile bachelor's degree loss rates (**70%** and **56%** in column 13) to **29%** and **15%** by subtracting the loss rate of 3rd 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

Net Price and Enrollment	1992	2004	2016*	2020*
Net Price as a Percent of Low Family Income	41	46	*52**	*54**
Low-Income 4-Year College Initial Enrollment Rate	54	40	*30**	*26**

Source: Estimates based on the National Education Longitudinal Study of 1988/2000, Education Longitudinal Study of 2002/2004, and National Postsecondary Student Aid Surveys.

***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.

CAPPING NEED-BASED AID WILL WORSEN INEQUALITY IN COLLEGE COMPLETION BY INCOME, RACE, AND ETHNICITY

TABLE 4-C: DISPARITIES IN EDUCATIONAL ATTAINMENT BY RACE/ETHNICITY AND AGE: 2000 AND 2008

Race, Ethnicity and Age		Associate's Degree		Bachelor's Degree	
		2000	2008	2000	2008
Race/ Ethnicity	White	7	8	27	31
	Black	6	7	14	18
	Asian	7	7	44	50
	Hispanic	4	5	10	13
Age	25-34	8	8	28	30
	35-44	8	9	26	31
	45-64	6	8	26	29
	65-over	3	4	15	20

Source: Brookings analysis of Census 2000 and 2008 American Community Survey data.

- **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.

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 "THE RISING PRICE OF INEQUALITY" (2010)

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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