Trends Threatening to Narrow College Opportunity in America

A PROFILE OF NEW ENGLAND

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As described in the report CONVERGENCE: Trends Threatening to Narrow College Opportunity in America, a series of trends are converging in a way that may decrease postsecondary educational opportunity, especially for underserved populations. The trends are interrelated, and though their cumulative impact cannot be quantified, the ramifications are critically significant for the future of the whole system and must be explored. New England faces an array of trends similar to those discussed on a national basis in the report. These include the limited buying power of the Pell Grant, increased reliance on loans rather than grants, the use of tuition discounting by colleges and universities, and shifting demographics. However, the region has some unique characteristics that make some of these trends appear different for New England than for the rest of the country.

New England is composed of six states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. There is significant demographic variation among the various states, and regional results are sometimes skewed by the two most populous states, Connecticut and Massachusetts. These two states also tend to be different from more rural states in the region. Nonetheless, there are characteristics common across the region that result from a number of historical, economic, political, and other factors.¹

For example, on average, New Englanders tend to have higher salaries and other forms of income than the nation as a whole. The median family income in New England was $60,512 in 2004, compared to $53,699 for the nation as a whole. This number varies by state, with Connecticut and Massachusetts having the highest median incomes.² In addition, the percentage of families in poverty in New England is lower than nationwide, 7 percent compared to 9 percent.³ However, it is important to note that prices for many consumer goods also are higher, including tuition and housing. For example, in 2004, about 85 percent of new houses in the Northeast sold for $200,000 or more, compared to 56 percent of new houses in the nation as a whole.⁴

¹ Note that in most cases, state averages are used to calculate the regional averages.
² Census Bureau 2004
³ NCHEMS 2005
⁴ Census Bureau 2005b. Note that the Northeast region differs slightly from the definition of New England.
New England states have higher ratings on the New Economy Index—on average, an index score of 68 versus 60 nationwide. This index measures the degree to which state economies are structured to take advantage of the new economic order, including information technology, education levels, globalization, digital advances, and investment in research and development. To some extent, this reflects the technological concentration within each state.

In terms of postsecondary education, New England as a region is substantially more likely to be influenced by trends at private four-year institutions because larger proportions of students are enrolled in them. For example, more than half (54 percent) of postsecondary institutions in New England are private four-year institutions, compared to 41 percent nationwide. Similarly, 38 percent of students are enrolled in private four-year institutions, compared to 18 percent nationwide. (See Figure 1) Also, the proportion of students in New England who are graduate or professional students is slightly higher than that of the nation as a whole, 17 percent compared to 14 percent. This figure is highly influenced by Connecticut and Massachusetts, for which the rates are 20 and 24 percent, respectively. Despite outreach efforts to non-traditional students, nearly two-thirds of New England college students are enrolled full time, and this proportion continues to increase.

New England colleges also have a demographic profile that differs from many other regions, in terms of both race/ethnicity and income status. A lower proportion of students in New England are students of color—about 13 percent of students in 2002 were Black, Hispanic, Asian, or American Indian, compared to 29 percent across the country. This reflects the New England population, where 17 percent was minority, compared to 33 percent nationwide.

Finally, New England colleges and universities are twice as rural as all institutions in the United States—10 percent of New England institutions are located in rural areas, compared to 5 percent overall.

**Benefits of Postsecondary Education for New England**

As in the rest of the country, higher education in New England has economic and social benefits both to individuals and to society as a whole. These

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5 NCHEMS 2005. For the original index, see Progressive Policy Institute, http://www.neweconomyindex.org/
6 National Center for Public Policy and Higher Education 2004
7 New England Board of Higher Education 2005
8 NCES 2004
9 Census Bureau, Population Division 2005
10 NCES 2005
benefits range from higher salaries and higher savings to reduced crime and a greater tolerance of diversity. For example, on average across the six states, residents of New England age 25 and older who had attained bachelor’s degrees earned about $49,134 in 2003, compared to $26,731 for high school graduates, a difference of 84 percent. In addition, those with bachelor’s degrees had lower rates of unemployment. This is similar to the trend found across the country.

In 2004, New England residents age 25 and older who had attained bachelor’s degrees were also more likely to report having good, very good, or excellent health (94 percent, compared to 85 percent of high school graduates). In addition, in 2004, those with bachelor’s degrees or higher had

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11 Institute for Higher Education Policy 2005. Note that the categories of educational attainment represent the highest degree attained, and are mutually exclusive (i.e., high school graduates does not include all others who graduated high school and earned a higher degree).
higher rates of volunteering than high school graduates—43 percent versus 25 percent.\textsuperscript{12}

\textbf{The Postsecondary Population—Current and Future}

Overall, New England residents tend to be highly educated, although this varies by state. However, the status of postsecondary education in the region will be influenced in the future by the patterns of enrollment as well as by projected demographic change.

Public high school graduation rates in 2002 were about 75 percent in New England, compared to 68 percent in the nation as a whole.\textsuperscript{13} In terms of immediate enrollment in college after high school graduation, New England averages about the same as the nation as a whole—56 percent of high school graduates enroll immediately in college.\textsuperscript{14} However, these rates vary across the six states, especially by income, and the rates in Connecticut and Massachusetts are significantly higher.\textsuperscript{15} In addition, students of color are often underrepresented in New England; for example, in 2000, African Americans and Hispanics made up 11 percent of 18 year-olds on average for the six states but made up 8 percent of undergraduates.\textsuperscript{16}

In 2004, about 34 percent of New England residents age 25 and older had attained a bachelor’s degree or higher, compared to 28 percent for the United States as a whole.\textsuperscript{17} On average, across the six New England states in 2003, 62 percent of first-time, full-time, bachelor’s degree-seeking students graduated from a four-year institution within six years, compared to 54 percent in the nation as a whole.\textsuperscript{18} On the other hand, New England has lagged in the conferring of associate’s degrees.\textsuperscript{19} These graduation rates vary by state, as well as by race/ethnicity. For example, 51 percent of students graduated from a public four-year institution within six years, compared to 37 percent of African American students and 39 percent of Hispanic students.\textsuperscript{20}

The supply of educated workers in New England may be affected by changes in the future population. Between 1990 and 2004, population growth in New England was lower than in the rest of the country, at 5 percent on average, compared to 13 percent. Only New Hampshire grew more than

\begin{itemize}
\item \textsuperscript{12} Institute for Higher Education Policy 2005
\item \textsuperscript{13} Postsecondary Education OPPORTUNITY 2004
\item \textsuperscript{14} NCHEMS 2005
\item \textsuperscript{15} New England Board of Higher Education 2005
\item \textsuperscript{16} New England Board of Higher Education 2005
\item \textsuperscript{17} Institute for Higher Education Policy 2005
\item \textsuperscript{18} NCHEMS 2005
\item \textsuperscript{19} New England Board of Higher Education 2005
\item \textsuperscript{20} New England Board of Higher Education 2005
\end{itemize}
10 percent. Projections of growth in the population between 2000 and 2025 are also lower—11 percent compared to 19 percent. At the same time, according to recent projections, the number of public high school graduates in New England will peak in 2008 and then decline, representing a total decrease of 2 percent between 2002 and 2018. Therefore, there is likely to be a smaller group of students from which colleges can draw regionally, even if they attract older students to fill the gaps.

At the same time, it is projected that students of color will make up an increasing share of New England’s K-12 population. From 2006 through 2018, the number of White school-age children will decline while the number of non-White students will increase. Thus New England will see a rise in the proportion of non-White high school graduates (See Figure 2). Nevertheless, undergraduate enrollment projections out to 2015 suggest that, even though

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21 New England Board of Higher Education 2005  
22 NCHEMS 2005  
23 WICHE 2003  
24 Brodigan 2005
New England’s minority population will increase, the region’s institutions and campuses will lag behind the nation in terms of diversity, with fewer than 30 percent of undergraduates being students of color.\textsuperscript{25} Furthermore, in the near term, five New England states project that a larger share of their public high school graduates will come from higher income categories, while a smaller share will come from lower-income backgrounds.\textsuperscript{26}

**Downward Trends in Aid**

As in the country as a whole, a number of trends in New England could affect the opportunity for disadvantaged students to attend college and graduate with a degree.

On the plus side, in five of the six New England states, total state appropriations to public colleges (adjusted for inflation) have increased over the past ten years. Only Massachusetts experienced a significant decline within that ten-year period, with appropriations down 7 percent between FY1995 and FY2005.\textsuperscript{27} On the minus side, educational appropriations per full-time equivalent (FTE) student in 2004 were slightly lower in New England ($5,646) than nationwide ($5,721). And state and local government support per capita was substantially lower—$148 compared to $239.\textsuperscript{28}

New England states provide relatively low amounts of grant aid to students, despite the fact that this grant aid makes college more affordable for many residents. New England’s average is substantially lower than the national average for state grant aid per population and per person age 18 to 25. New England also falls well below the national average for undergraduate grant aid awarded per FTE undergraduate student—$305 compared to $500 nationwide. Moreover, New England’s averages are lower despite the fact that Vermont is substantially above the average in each of these categories.\textsuperscript{29}

However, the aid New England states provide is much more likely to be need-based aid. On average across the six states, non-need-based state grants make up less than 1 percent of all state grant awards. This is very different from the national trend and suggests that New England states have maintained their commitment to need-based aid. Over the five years from 1998-99 to 2003-04 need-based grant aid increased 53 percent in New England,

\textsuperscript{25} Carnevale and Fry 2000, Figure 10.
\textsuperscript{26} WICHE 2003
\textsuperscript{27} Center for the Study of Education Policy 2005. It should be noted that Vermont has historically had very low state appropriations.
\textsuperscript{28} NCHEMS 2005. This relatively low investment is sometimes attributed to the fact that a high proportion of students attend private institutions (New England Board of Higher Education 2005).
\textsuperscript{29} NASSGAP 2004
about the same as the national figure. However, there are some warning signals. Massachusetts saw a decrease in need-based aid over this period, and between 2002-03 and 2003-04, four of the six states decreased their need-based grant aid (Connecticut, Maine, Massachusetts, and New Hampshire).  

At the federal level, the power of Pell grants to make higher education more affordable for low-income students has decreased over time nationwide—and particularly in New England. In 2004-05, the maximum Pell grant award covered 16 percent of tuition and fees at private four-year institutions in New England and 59 percent at public ones. Nationally, the figures were 20 percent for private four-year institutions and 78 percent.

30 NASSGAP 2004
for public ones. Meanwhile, student borrowing continues to increase. In 2003, the annual federal loan to undergraduate students in New England averaged $3,877 across the six states, slightly higher than the $3,344 nationwide. About 46 percent of student aid in 2003-04 came from federal student loans, compared to 10 percent from Pell Grants and 5 percent from state grants.

**Upward Trends in Costs**

At the institutional level, perhaps the most important trend in New England relates to college prices. In 2005-06, overall tuition and fees at New England’s colleges and universities were the most expensive in the country, at $7,277 at public four-year institutions compared to $5,491 nationwide, and $27,111 at private not-for-profit four-year institutions, compared to $21,235 nationwide. (Tuition and fees for public-two year colleges were slightly higher in the Middle States region, at $3,359, compared to $3,316 in New England and $2,191 nationwide.) (See Figure 3)

Moreover, since 2001, in five of the six states, tuition charges at the lowest-priced institutions have risen faster than the average income of families in the lowest quintile since 2001. In terms of dollar amounts, ten-year tuition increases across all sectors as of 2003-04 were higher in New England than in the nation as a whole; however, the ten-year growth rates were slower in the region than in the nation overall, at least partly because they were starting from a higher base.

Because New England has so many private four-year institutions, tuition discounting and the use of institutional aid are an important part of financial aid packages in the region. In 2003-04, 44 percent of undergraduate students attending institutions in New England received institutional grants, averaging $3,282; about a third received need-based grants. Nationwide, 30 percent of undergraduates received institutional grants (averaging $1,496) while 17 percent received need-based grants.

Ultimately, colleges in New England are less affordable than in other parts of the country, despite financial aid. In 2004, an average of 34 percent of income was needed to pay for public four-year institutions in New England, compared to 29 percent for the nation as a whole. In the lowest

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31 Calculated from College Board 2005
32 National Center for Public Policy and Higher Education 2004
33 New England Board of Higher Education 2005
34 College Board 2005
35 NCHEMS 2005. The one exception was Rhode Island, where both income and tuition increased at roughly the same rate.
36 College Board 2004. Note that these growth rates are starting from a generally higher base.
37 NCES 2005
income quintile, these figures were 83 percent and 69 percent, respectively. Low-income residents were even less likely to be able to afford college. Similar trends existed at private not-for-profit four-year institutions and community colleges.  

Goals for the Future

The trends highlighted above indicate that lower-income families in New England may have a more difficult time covering the costs of tuition at even the most affordable schools in the region. In addition, given that low-income students and students of color tend to attend colleges at lower rates than their peers, the region’s institutions need to consider recruitment and participation strategies that address demographic changes. When national trends are combined with some of the characteristics particular to New England—such as high tuition and not enough aid to make college affordable—it becomes clear that the region will face unique challenges in the coming decades.

But New England has the opportunity to make great strides. Student growth is not predicted to be as high as in other regions. While this could cause the institutions to compete more aggressively for out-of-state (and even out-of-country) students, New England’s colleges and universities could better serve the region by making a commitment to develop the regional pipeline and reach out to local students who might not otherwise enroll.

To accomplish these goals, we offer the following recommendations for states in New England:

- Limit tuition increases at each state’s public institutions to a rolling average of that state’s average increase in family income.

- Increase need-based aid programs so they can make full awards to all eligible students.

- Continue to maintain a large majority of state financial aid programs as need-based, thereby ensuring that low-income students get college educations and contribute to the economic and social development of the state.

- If states do have academically based aid programs, ensure that they are sustainable, and target the intended populations by employing income caps, prohibiting the replacement of state aid with Pell Grant dollars, and ensuring they are well publicized.
Implement programs to reward public institutions that perform well in attracting and retaining low-income students and students of color.

At the level of colleges and universities, shift the balance of institutional financial aid back to a primary emphasis on assisting those who are otherwise qualified but lack the financial resources to attend college.

Encourage private sector investment in need-based student aid, thereby engaging the capacities and resources of the private sector in the cause of increasing college opportunity. Also, tie privately funded scholarships and other programs to early intervention efforts in order to create a seamless support system from K-12 to the attainment of a postsecondary degree.

References


NASSGAP. See: National Association of State Student Grant and Aid Programs.


WICHE. See: Western Interstate Commission for Higher Education.