



FACT SHEET

CONVERGENCE

Trends Threatening to Narrow College Opportunity in America

A project of the Institute for Higher Education Policy • Funded by the Nellie Mae Education Foundation • April 2006

Convergence: Trends Threatening to Narrow College Opportunity in America addresses an impending crisis in America's higher education system. The full report is available at <http://www.ihep.org>.

Background

- ▶ Higher education provides economic and social benefits both to individuals and society as a whole.
 - People with more education tend to have higher salaries, higher savings, more leisure time, and better health/life expectancy.
- ▶ However, for a significant number of people—low-income students, students of color, first-generation college-goers—our higher education system does not work well, if at all.
 - In 2003, while 80 percent of high-income high school completers were enrolled in college by the following October, only 53 percent of low-income students were.
 - A study of 19 selective public and private colleges found that roughly 11 percent of their students came from families in the lowest-income quartile, and only 6 percent were first-generation students.
 - About 63 percent of all students who were first-time students at four-year institutions in 1995-96 earned a bachelor's degree within six years. But only 54 percent of students with family incomes in the lowest quartile had earned their degree, and 46 percent of Black students.
- ▶ Over the coming decade, it will become increasingly important for the higher education system to close enrollment gaps and better educate currently underserved students.
 - Projections indicate that more than 40 percent of the graduating high school seniors will be of a racial or ethnic minority by 2014.
 - By 2015, 80 percent of the new undergraduate students will be African American, Hispanic, or Asian/Pacific Islander. In all, students of color will represent 37 percent of all enrollments.

Trends and Threats to College Opportunity

Several converging trends point to decreasing access and success for students from certain backgrounds, with the overall effect of less opportunity for some students, especially students of color and students from low-income backgrounds.

- ▶ Federal, state, and institutional aid appears to be shifting away from the students with the most financial need.
 - The maximum Pell Grant, the foundation of federal need-based aid programs, covered only 36 percent of the price of attendance at a public four-year institution in 2004-05, down from 42 percent in 2001-02.
 - Among state grant aid, non-need based aid is growing faster than need-based aid—300 percent and 70 percent, respectively, in constant dollar terms between 1993-94 and 2003-04.
 - Early intervention and awareness programs that target low-income and first-generation students have been threatened with elimination or budget cuts.
- ▶ Strategies that colleges use to compete for students and increase prestige are often detrimental to low-income students and students of color.

- Institutional tuition discounting through academically based aid is being used as a tool to compete for students who are not necessarily underserved.
- Institutions are also offering their students increasing numbers of services and facilities which, while not education related, require higher expenditures.

Convergence

The points at which these trends converge and interact with each other have been missing from the big-picture dialogue about higher education in America. If current trends continue unchecked, we can expect that:

- More financial aid will flow to students and families in the upper income categories.
- For all low-income students except the very highest achievers, financial aid will be less effective in the face of rising tuition.
- On the whole, higher education will grow less affordable, and those who do enter higher education will be forced to take on more debt.
- Social stratification will increase, to the detriment of society as a whole.

Recommendations

Countering this convergence will require a partnership—including lawmakers, students, parents, higher education associations, and those from the private sector—to develop a coordinated strategy in order to make proper investments to postsecondary education in this country.

The partnership will need to operate on a few focused, core principles:

- **Principle 1:** Resources should be focused on those who need them—students who would not otherwise attend and complete college.
- **Principle 2:** Rewards should flow to those who serve society well by broadening access and success for students who would not otherwise attend and complete college.
- **Principle 3:** Programs and policies that encourage success already exist and should be expanded.

To meet these principles, recommendations include the following:

- Limit tuition increases at a state's public institutions to that state's average increase in family income.
- 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.
- Implement programs to reward public institutions that succeed in attracting and retaining low-income students and students of color.
- 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.
- Improve the federal student aid application system by using technology to provide more accessible and timely information.
- At the federal level, address persistence by considering several initiatives, such as creating a new and prestigious competitive grant for colleges and universities that provides financial support for and recognition of an institution's attempts to improve success rates for students who historically have not been well served by the higher education system.
- Invest in programs that concentrate on the recruitment and retention of students in the STEM fields (Science, Technology, Engineering, and Mathematics).
- Encourage private sector investment in need-based student aid through the federal Leveraging Educational Assistance Partnership (LEAP) Program.
- Develop and widely disseminate more information that explains, unequivocally, the rewards of higher education.
- Encourage college rankings to incorporate measures that reflect a college's commitment to opportunity.