

Marin Education Fund

The State of Postsecondary Education

A Summary of *Crossing the Finish Line* and Rising Tuition Costs

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“Today, with our global competitiveness in question and our educational attainment levels ominously stagnant, we realize that the real promise of opportunity depends on completing, not just pursuing, a bachelor’s degree.” – Eugene Tobin, The Andrew W. Mellon Foundation

The Problem: The inequity in college attainment is driven by major trends of dwindling grant aid, sky-rocketing tuitions that are rising faster than the average family’s income, more students going to college, and a far greater labor force demand for college educated workers. The obstacles for students who have been traditionally underrepresented in higher education to access and succeed in college, have been even further exacerbated by the current economic crisis.

This year, our students will continue to face enormous challenges to accessing and persisting in college. Many students have contemplated leaving school to work full-time with the intention of saving money and hopefully returning in the future, leaving four-year schools to attend the more affordable community colleges, taking on significant credit card debt to pay next semester’s tuition so they can at least enroll in classes and dropping out of school altogether.

“The rising cost of college—even before the recession—threatens to put higher education out of reach for most Americans.” (New York Times, December 3, 2008)

Coupled with the broader and grave economic crisis and uncertainty, current and prospective college students face a number of obstacles, essentially boiling down to increased competition and less resources available to the students who do make it in to college. They include:

- Early deadlines for admission and financial aid. Deadlines are being more strictly enforced and often require materials that are difficult to get – ie, applying for financial aid in early January before tax documents are completed.
- State budget crisis has impacted the capacity at California public schools. The turmoil over the budget has forced many schools to strictly limit capacity and strictly enforce rigorous admission criteria
- School endowments. As endowments suffer from the market volatility, schools have less financial aid to offer
- Student loans are much more difficult to get, both individually and through schools. Families other means of credit have also in many cases been reduced or eliminated.
- Demographics. California’s high school graduating class of 2009 is the largest in recent history.

At Marin Education Fund, we believe everyone should have a chance at college. We believe that education is the foundation of a just and equitable society, that it is a right regardless of race, ethnicity or socioeconomic background, is the responsibility of families, schools and communities and is critical to the well being of all people and families, to the economic and social vitality of our community and to a democratic society.

Yet, it has been 50 years since Brown vs. the Board of Education, and the education gap in this country is greater than ever before. We are the only industrialized nation with a declining college participation rate.

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In a world where there is a demand for analytical and problem-solving ability and for new ideas and technologies, workers in the United States lack the skills to compete globally. The overall level of educational attainment in the United States is both too low and too stagnant, and the disparities related to race/ethnicity, gender, and socioeconomic status are too great.

In California, less than a fifth of our students earn a college degree on a timely basis after high school, and about a third fail to complete high school at all. And the students that drop out are disproportionately African American and Latino, and they disproportionately come from low-income families. (Source: *Education Impact Guide, Full Circle Fund*)

It is essential to understand the reasons behind these outcomes in order to work to improve overall levels of educational attainment. The following is a summary of data presented and discussed by the authors in the recently released book, *Crossing the Finish Line: Completing at America's Public Universities*, Andrew Bowen, William G., Matthew M. Chingos, and Michael S. McPherson. *Crossing the Finish Line*. Princeton: Princeton University Press, 2009. We also provide an update of the current tuition increases within California's public higher education system.

What are the recent trends in overall level of educational attainment in the United States?

- The rate of increase in educational attainment in the United States has been falling since the mid-1970s and has been on a plateau in recent years.
- Payoff from education is from completion, not enrollment; discussion needs to shift from [access](#) to [attainment](#).
- The U.S. is now second to last in the rank-ordering of countries by college completion rate (the graduation rate is 56%)
- Supply of college-educated workers has not kept up with demand
- The problem is not low aspirations – 80% of all 10th graders expect to earn a bachelor's degree of higher, 66% of low-SES students have this expectation, as do 77% of black students

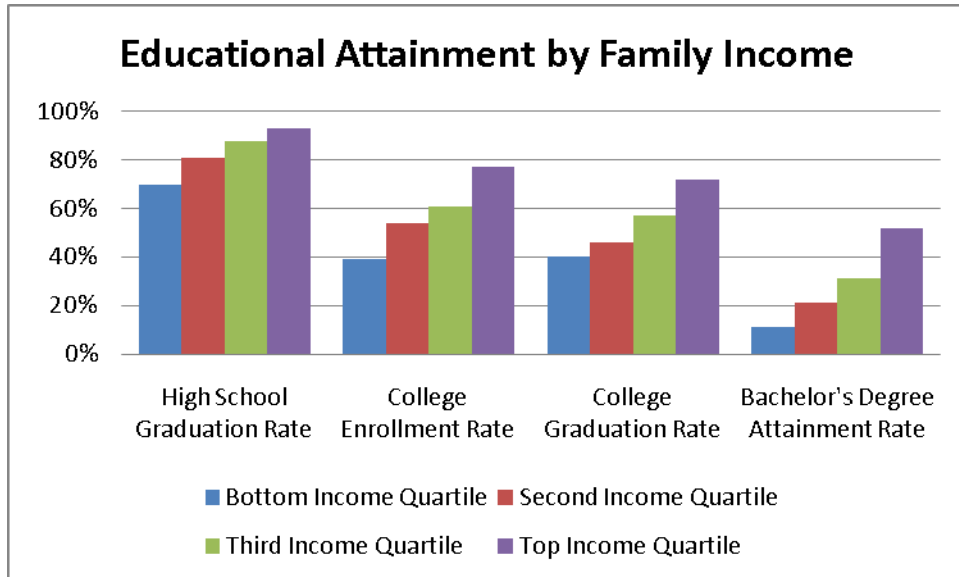
“Our education failure is the largest contributing factor to the decline of the American worker’s global competitiveness.” Todd Martin, former global executive with PepsiCo, *New York Times*.

How are these outcomes broken down by race/ethnicity, gender, and socioeconomic status?

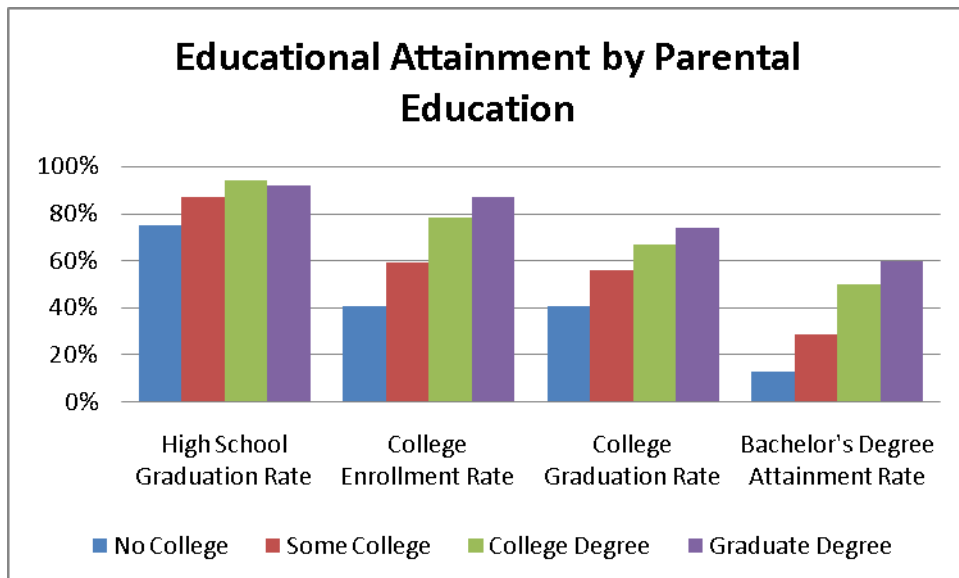
- 82% of eighth graders graduate from high school
- Of those graduates, 58% enroll at a four-year college
- Of those, 59% earned a bachelor's degree by age 26
- Bachelor's degree attainment for eighth graders is 28%
- The following is a breakdown by race/ethnicity and gender:
 - 36% of white women earn a bachelor's degree by age 26
 - 22% of black women
 - 13% of Hispanic women
 - 30% of white men
 - 11% of black men

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- 12% of Hispanic men
- While 68% of non-first generation students from the top income quartile earn a bachelor’s degree by age 26, only 9% of first generation students from the bottom income quartile do so – the least advantaged are seven and a half times less likely to graduate than the most advantaged
- These disparities remain after controlling for academic preparedness, suggesting that parental education and socioeconomic status are strongly associated with graduation rates



Compared to students from families in the bottom income quartile, top-income quartile students have high school graduation rates that are 23 percentage points higher, college enrollment rates that are 38 points higher, and college graduation rates that are 32 points higher.



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Compared to children of the least educated parents, children of the most educated parents have high school graduation rates that are 17 percentage points higher, college enrollment rates that are 46 points higher, and college graduation rates that are 33 points higher.

What is the role of “undermatching”?

- Only 41% of students from the bottom income quartile who are qualified to attend a selective college do so (59% are “undermatched”).
- 64% of first generation students are undermatched.
- Explanations for these undermatchings include inertia, lack of information, lack of forward planning for college, and lack of encouragement.
- Only 66% of undermatched students graduate from college in six years, compared to 81% of similarly prepared students who were matched to selective schools.

How do students at two-year colleges compare to those at four-year institutions?

- Across all levels of academic preparedness, low-income students are more than twice as likely to start at a two-year college as are high-income students.
- Students who start at a two-year college are half as likely to attain a bachelor’s degree as are students who start at a four-year college.

Are students recruited into programs that are too challenging for them?

- Black and Latino students are significantly less likely than other groups to enroll in a college with selectivity levels that match or exceed their qualifications.
- Students are significantly more likely to graduate from a selective school than a less selective school, even when controlling for academic qualifications.
- In fact, while opponents of affirmative action argue that race-sensitive admissions policies harm minority students by placing them in too challenging programs, students who are “under qualified” actually are more likely to graduate than their peers who attended programs for which they were qualified.

In conclusion, the authors suggest that in order to improve college completion rates we must focus on the following:

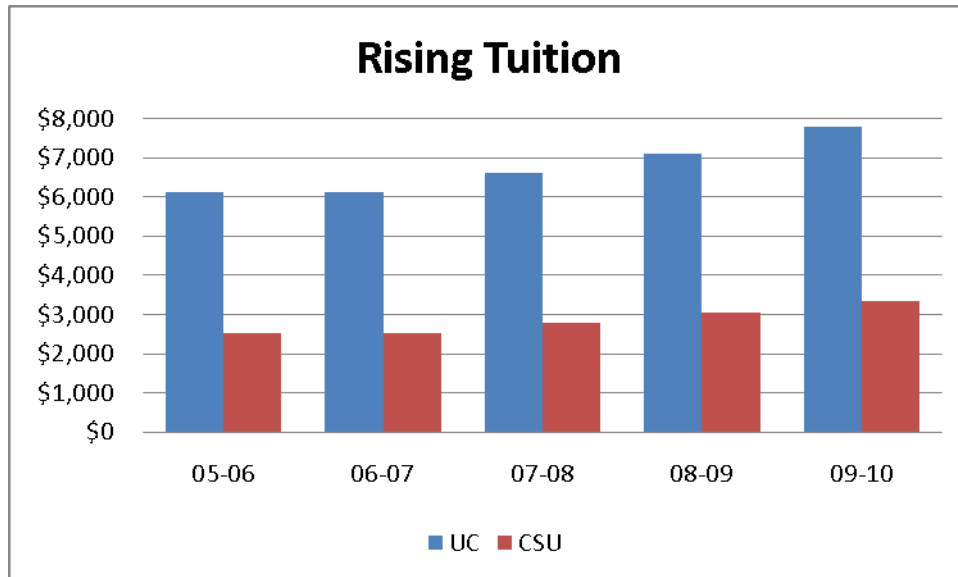
1. Improve graduation rates of Hispanic students, underrepresented minority students (especially black men), and students from low-socioeconomic backgrounds.
2. Reduce time-to-degree, as a long time-to-degree carries high costs for the system and individuals.
3. Advise students to enroll at the most challenging institution that will accept them, since graduate rates at more selective colleges are significantly higher than those at less selective schools.
4. Consistent and flexible financial aid makes a real difference in graduation rates for that population. It is clear that grant aid is important not just to college enrollment but to persistence and success. Low-income students, in particular, are often forced to leave college because of one financial crisis or another.

The Need for Scholarships and other Need-based Aid

Despite the ongoing efforts of numerous entities, both public and private, the actual need, financial and otherwise continues to grow.

College tuition and educational expenses continue to increase at an alarming rate:

College tuition has been rising steadily in the last decade, often outpacing inflation. From the 2001-02 school year to the 2006-07 school year, there was an increase of 35% in college tuition. (5) For the 2008-09 school year, the CSUs have increased tuition by another 10%.



Tuition at the UC campuses has increased by 27% over the past five years; and 33% respectively at the CSU campuses.

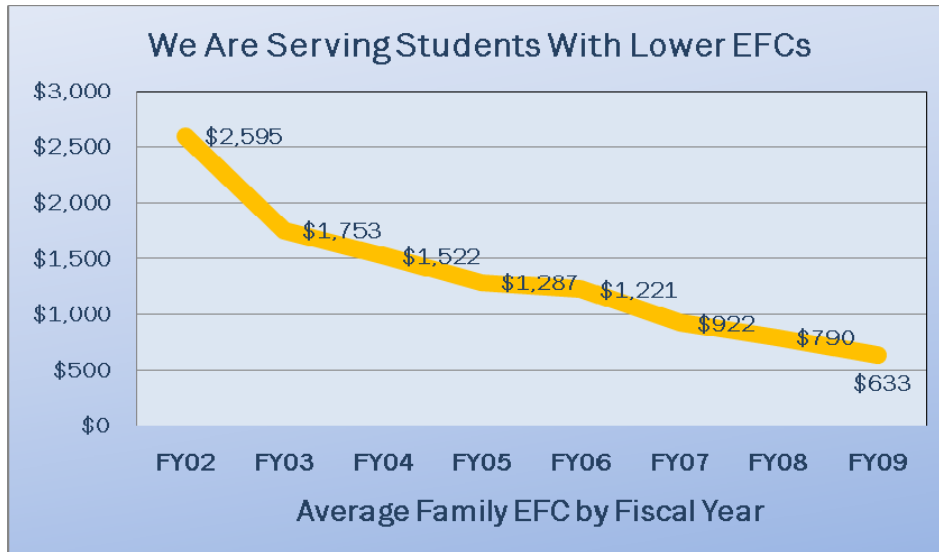
- **Student Aid on the Decline, Family support more limited.**

“The proportion of undergraduate funding in the form of grant aid has declined each year since 2001-2002.” (6) In addition, when considered as a percentage of a family’s income, the numbers are even more surprising. In 1980 college tuition at public universities cost the lowest income families 12% of their income, by 2000 that figure had grown to nearly 25% of their income, and is still on the rise. (6a)

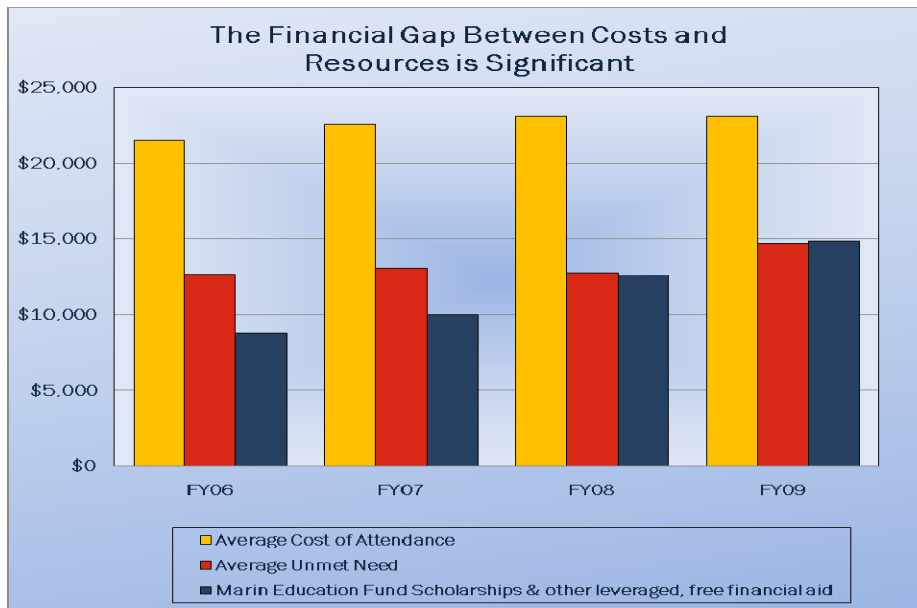
Pell Grants have not increased for the last five years. (1) However, President Obama’s economic stimulus package will provide students with additional assistance for 2009-2010. Pell Grant benefits will increase from \$4,850 to \$5,350.

Marin Education Fund’s data shows a trend of a continuing decrease in a family’s expected contribution and a continuing increase in unmet financial need. Each year, Marin Education Fund is **servicing students and families with even greater financial need**. The graph below depicts a declining trend in the EFC (Expected Family Contribution). EFC has declined by 76% from FY 02 to FY 09. This means that each year, our students’ families have even less money to apply towards the cost of college.

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And the financial gap between cost and resources is significant. While the cost increases, the graph below illustrates that the efforts of Marin Education Fund have led to an increase in leveraged, free financial aid year after year.

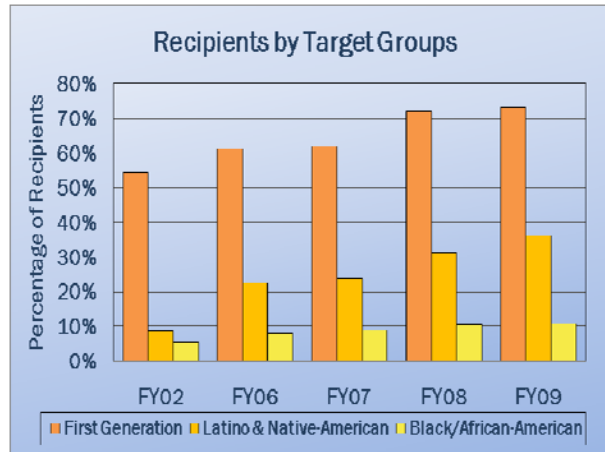


- Shifting Demographics puts more pressure on the system:**

In 2000 the population in California was approximately 34 million people, 47% white and 33% Hispanic. Projections show that by 2025 the population will rise to well over 40 million and the white population will decrease to just over 30% of the total, while the Hispanic population will increase to 46% of the population. (7)

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At Marin Education Fund, scholarship recipients continue to increasingly come from underrepresented groups as exhibited in the chart below. There has been a 35% increase in first-generation recipients (54% in FY 02 as compared to 73% in FY 09). Likewise, our proportion of students from racially underrepresented groups continues to grow: an increase in Latino and Native-American students since FY 02 and an increase in African-American/Black students since FY 02.



Data shows that students from this and other ethnic and racial groups face formidable roadblocks to accessing college. Here in Marin County, educational inequity is notable on several indicators. For data, please refer to the College Opportunity Ratio produced by UC Accord, UCLA for college readiness rates relative to race and ethnicity.

- **Demand for College Educated Workforce on the Rise**

“One of the most threatening trends is the potential mismatch between the education requirements of the new economy and the amount of education its future population is likely to have.” (7a) As California’s economy continues to shift from manufacturing to service, more and more employers will require college educated employees. Recent reports show that California is simply not producing enough college graduates to fill the growing number of jobs that require a college education. At the present time, America is the only industrialized nation with a declining college-going rate.