Making the Grade:
A Closer Look at College Access and Completion

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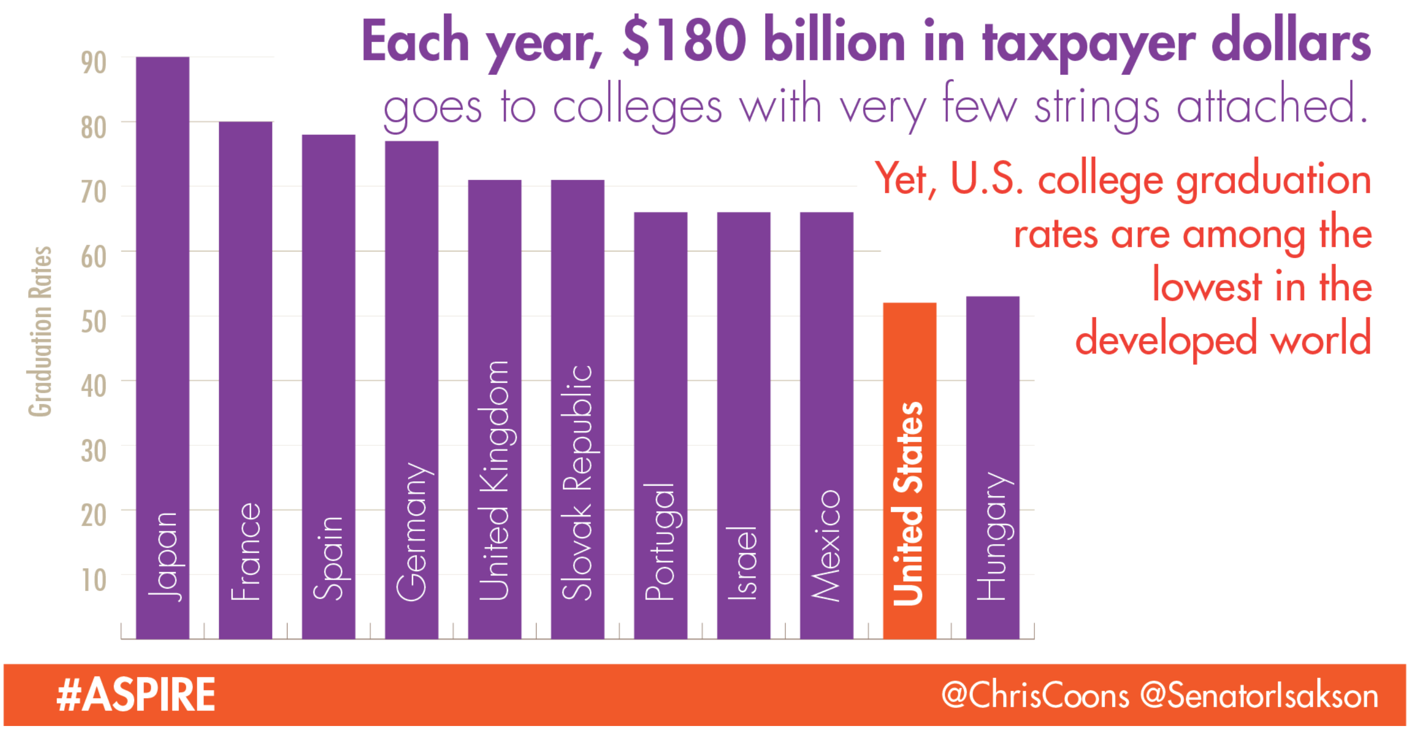
September 2016

OVERVIEW

In today's economy, a postsecondary degree is an increasingly vital ticket to achieving the American Dream. The U.S. government spends roughly $180 billion each year in federal student aid and tax benefits to help low- and middle-income students, money that flows to universities with little to no strings attached. The federal government doesn't require colleges to meet basic benchmarks, such as making sure they actually graduate students or ensuring that their institutions are really accessible to all qualified students. In addition to basic benchmarks, the federal government does a poor job targeting resources to where they are needed most. Despite the significant federal investment in the higher system, U.S. college graduation rates are currently among the lowest in the developed world (OECD Education at a Glance, 2013).



KEY FINDINGS ON ACCESS

- **A significant number of high achieving, low-income students do not attend selective colleges despite fitting qualifications for admission.**
  According to the College Board, which administers the PSAT and SAT, each year roughly 25,000-30,000 low-income high school graduates who score in the top 10 percent of the SAT enroll at less selective institutions than they are qualified to attend, or they do not enroll at all (The College Board Advocacy & Policy Center, 2012). While there are a number of factors that must be taken into account when deciding what institution best fits a student's individual situation, every student should be given an opportunity to attend an institution that will best prepare them for success.

- **More qualified low-income students could attend resource-rich, highly-selective institutions.**
  Nationally, in the 2013-14 school year, 39 percent of freshman students attending four-year universities received Pell grants, with an average grant per recipient of $3,678 (IPEDS, 2015). However, in that same year, roughly 80 higher education institutions had a freshman Pell population of less than 15

percent (Internal analysis, with assistance from CRS and Education Reform Now). These selective institutions have some of the highest graduation rates in the country, as well as the most advanced facilities and resources for students – the median college boasts an endowment of $650 million. What's more, low-income students enrolled at these schools graduate and succeed – whereas nationally 51 percent of low-income students graduate within six years, the median college here graduates 86 percent.

KEY FINDINGS ON COMPLETION

- **Some universities that struggle to graduate students lack the resources to serve their students.** Each year, approximately 400,000 students attend roughly 80 four-year colleges that have six-year graduation rates **below 22 percent**, with many of these institutions facing significant resource deficits. Low-income students often require additional services, such as intensive academic counseling or remedial courses, making them more expensive to serve.

- **Significant gaps in completion rates persist even between high-achieving students from high-income families and students from low-income families.**
  Within eight years of graduating from high school, 74 percent of top math performers from high-income families had completed at least a bachelor's degree. However, among top math performers from low-income families, only 29 percent had obtained at least a bachelor's—exactly one point below the 30 percent bachelor's completion rate for high-income students in the lowest quartile of math performance (College Board, 2007).

- **Student loan defaults are concentrated among students who drop out without a degree.**
  The 3.2 million borrowers in default under the Direct Loan program, the source of all federal loans for college students, owe an average of $15,000, while the other 29.4 million borrowers owe an average of $26,000 (Department of Education FSA Data Center, 2015). This statistic challenges the widely-held belief that more debt leads to higher default rates. We also know that actually getting a degree is the key component of making sure students can pay back their loans.

SOLUTION

1) Incentivize four-year institutions to expand access to higher education for low-income students and increase graduation rates for all students.
2) Shift resources to institutions that serve high numbers of Pell students but struggle to graduate them. For the lowest-performing schools on completion, tie these resources to bare-minimum accountability metrics.
3) Enable schools to apply for competitive funds to improve completion rates, with a priority going to minority-serving institutions and HBCUs.
4) Enable high-performing institutions on access and completion to apply for non-financial rewards, such as bonus points in federal competitive grants and/or alleviated regulatory burden.