

Improving Equity in Higher Education Attainment: A National Imperative

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One of the greatest threats facing our nation is the growing divide between the “haves” and the “have nots.” Contributing to this problem is the fact that students from high-income families attain college degrees at far higher rates than students from low-income families. Not everyone needs a college degree, of course, but far too few people in the United States—and especially far too few people from groups that are historically underrepresented in college—are getting one.²⁵ Low levels of educational attainment have negative economic and social consequences for individuals and society as a whole.

The benefits of a college degree are well documented and numerous. People with college degrees tend to experience higher earnings, lower unemployment and poverty, better working conditions, longer lives, better health, and many other benefits.²⁶ Society as a whole also benefits when more individuals complete higher levels of education. When college attainment improves, the tax base increases, reliance on social welfare programs declines, and civic and political engagement increases.²⁷

The *Indicators* in this report paint a powerful picture of the magnitude of progress needed to achieve equity in higher education outcomes and to maximize the countless benefits of higher education.²⁸

Income-Based Inequities in Educational Attainment

Bachelor’s degree attainment rates in 2013 were an incredible 66 percentage points lower for students from low-income families than for students from high-income families (Equity Indicator 5a). As the following findings illustrate, these differences in degree attainment are attributable in part to differences in the likelihood of enrolling in college and differences in the type of college attended:

- Compared with students from higher income families, students from lower income families are considerably less likely to participate in postsecondary education (Equity Indicator 1).

²⁵ The share of adults age 25 to 34 that hold the equivalent of a bachelor’s degree (Type A Tertiary Degree) is now at least 6 percentage points lower in the United States than in Norway, Poland, the Netherlands, the United Kingdom, Korea, and Finland (Equity Indicator 6).

²⁶ Sandy Baum, Jennifer Ma, and Kathleen Payea, *Education pays: The benefits of higher education for individuals and society* (Washington, DC: The College Board, 2013).

²⁷ Baum, Ma, and Payea, *Education pays*.

²⁸ For a more complete discussion of the reasons why the U.S. must not only raise overall higher education attainment but also close gaps in attainment across groups see Laura W. Perna and Joni Finney, *The attainment agenda: State policy leadership for higher education* (Baltimore, MD: Johns Hopkins University Press, 2014).

- When they do enroll, students from low-income families disproportionately attend two-year rather than four-year institutions, and for-profit postsecondary institutions rather than private not-for-profit institutions (Equity Indicator 2).
- The average net price of attendance at the institutions attended by students from the highest income quartile is growing at a faster rate than at institutions attended by students in the lowest income quartile. This suggests increasing stratification across groups in the types of postsecondary education options that students from different groups can access (Equity Indicator 3b).
- Even when only those who enter college are considered, bachelor's degree attainment rates in 2013 were an astonishing 78 percentage points lower for students from lower income families than for students from higher income families.
- Although gaps in college participation have declined somewhat over time (Equity Indicator 1), gaps in bachelor's degree attainment (Equity Indicator 5) have grown.

These data illustrate the profound, persisting gaps in equity for one important group: students from low-income families. Most of the data also describe an even more specific subgroup: students of traditional college-going age (18 to 24) who are financially dependent on their parents.

Attention to the status of equity for this particular population is not meant to minimize or obscure inequities in higher education outcomes among many other groups. Higher education outcomes in the United States also vary dramatically based on other demographic characteristics. College outcomes are generally lower for Blacks and Hispanics than for Whites and Asians (as a group), lower for students who are the first in their families to attend college than for students whose parents attained a college degree, and lower for older students than for their younger counterparts. Higher education outcomes also vary based on place of residence, as attainment rates differ across and within states, based on the characteristics of the high school attended.²⁹

Documenting the status of equity for low-income, traditional-age students has great value because so many of our existing public policies and institutional practices ostensibly focus on promoting higher education outcomes for this group. And yet the *Indicators* demonstrate that existing public policies and institutional practices are insufficient, particularly with regard to ensuring the affordability of college.

Inequities in Affordability

College affordability is determined by policies and practices pertaining to state appropriations, tuition setting, and financial aid. These policies have shifted over time in ways that make students and families responsible for a growing share of college costs, as highlighted by the following findings:

- The share of costs covered by state and local governments has steadily declined (Equity Indicator 4a).
- The primary federal policy for reducing the financial barriers to college attendance for low-income students is the Federal Pell Grant. Yet the share of the average cost of attendance that is covered by the Federal Pell Grant has been steadily declining (Equity Indicator 3a).
- In 2012, the Federal Pell Grant covered only 27 percent of the average cost of attendance (Equity Indicator 3a).

²⁹ For more information, see, for example, Perna and Finney, *The attainment agenda*; and Laura W. Perna and Anthony Jones, eds., *The state of college access and completion: Improving college success for students from underrepresented groups* (New York, NY: Routledge, 2013).

- Average net price of attendance has increased regardless of family income (Equity Indicator 3b), and students from all but the highest-income quartile now must find a way to pay for some amount of financial need that is not covered by financial aid (Equity Indicator 3c).
- More and more students of all family income groups are covering these costs by borrowing larger amounts (Equity Indicator 4c).

State governments, the federal government, and colleges and universities share the responsibility for reducing the financial barriers to attending and completing college.³⁰ In our study of the relationship between public policy and higher education attainment in five states, Joni Finney and I learned that raising attainment—and closing gaps in attainment—requires a comprehensive approach. To improve college affordability, state governments should provide a reliable, sustained base of public resources for higher education and work with colleges and universities to limit increases in tuition and other costs of attendance. State governments, the federal government, and colleges and universities must provide adequate student financial aid. And this aid should be provided in the form of need-based grants, so as to address differences across groups in the availability of financial resources to pay college costs and reduce the reliance on student loans for students from low-income families.

State governments, the federal government, and institutions must also do more to ensure that students and their families have accurate and complete knowledge about college costs and financial aid early in the educational pipeline. Knowledge is critical, given the complexity of the nation’s student financial aid system and related application processes. But in most high schools—and especially the high schools that students from low-income families tend to attend—too few counselors are available to provide this information.

Other Factors Affecting Equity

Although necessary, improving college affordability alone will be insufficient for achieving equity in higher education attainment across family income and other demographic groups. Higher education attainment is the result of a process that begins arguably at birth. Achieving equity in attainment will require eliminating gaps not only in college enrollment, choice, and completion, but also in other critical outcomes, including completion of a rigorous academic curricular program, graduation from high school, and seamless transfer from one college or university to another.

In order to enroll and succeed in college, all individuals must graduate from high school academically ready for college-level work. Too many students who enter postsecondary education are derailed by the need for developmental coursework. State governments, K-12 schools, and higher education institutions must ensure that academically rigorous courses are available in all schools (particularly schools with high shares of students from low-income families and racial/ethnic minority groups) and that the academic requirements for graduating from high school align with the academic expectations for succeeding in college. State governments and higher education institutions must also do more to ensure that students can transfer across higher education institutions without loss of academic credit.

³⁰ For more information on the recommendations in this essay see Perna and Finney, *The Attainment Agenda*; and Perna and Jones, *The state of college access and completion*.

A Comprehensive Approach to Closing the Gaps

Closing the considerable gaps in higher education attainment that are documented in this report will not be simple or easy. Improving equity in higher education attainment is a complex, multi-faceted challenge that cannot be “solved” by changing just one policy or practice. Instead, leadership is required at federal, state, and institutional levels.

Closing gaps in attainment requires a comprehensive approach that recognizes the roles and responsibilities of different stakeholders, the characteristics of the target population (e.g., low-income students), and the state and local context (including the characteristics of the higher education institutions that are available to students). This comprehensive approach must recognize the importance of improving college affordability, academic readiness, information, and support, as well as the interrelated roles of the federal government, state governments, and colleges and universities. A comprehensive approach must also recognize the role of data and research in informing understanding of the most appropriate policies and practices.

This *Indicators* report clearly shows that more work is required.