

Addressing the Equity Gap in Completion

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One of the most important roles of higher education is to provide economic opportunity to all students, regardless of income, race, or gender, by preparing them for the jobs of the 21st century economy. That's why the federal government invests nearly \$130 billion each year in financial aid to ensure all students can have a real chance to secure a quality post-secondary credential or degree. But just providing *access* to college isn't enough. In order for this investment to pay off for students and taxpayers, we must ensure that more students, regardless of their background, finish the program they started.

Making this change is critical given that 65% of jobs will require some sort of education beyond high school by the year 2020.¹ If we don't raise attainment levels for all students, we will not be able to fill the jobs of tomorrow. Yet, data has shown that our higher education system is not serving low-income students and students of color in the way they must in order for those groups to earn degrees at rates equal to their peers.² That's why federal

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efforts to increase educational attainment must include a focus on closing equity gaps to ensure *all students* can gain the mobility and economic security a college degree affords.

The Problem

Black and Latinx adults are almost half as likely to get a postsecondary degree as their white peers.

Our current system does little to address the needs of students of color, creating significant gaps when it comes to rates of college completion. According to Census data from 2017, 55% of White adults had a college degree, compared to only 35% of Black and 28% of Latinx adults.³ In addition to these national disparities, attainment gaps exist at the institution-level as well. For example, nearly 900 four-year institutions graduate their Black students at a lower rate than white students, with an average completion gap of 14 percentage points.⁴ Similar gaps exist for Latinx students, with nearly 700 institutions graduating their Latinx students at a lower rate than their white peers, with an average completion gap of seven percentage points.⁵

At many institutions, low- and moderate-income students graduate at a lower rate.

One indicator the federal government uses to designate if a student is low- or moderate-income is whether or not they receive a Pell Grant to attend higher education. More than three-quarters of dependent Pell Grant recipients come from families earning less than \$40,000 per year.⁶ Until recently, data was not publicly available to show how those students fared at institutions, despite those schools getting significant tax dollars to educate those students. New US Department of Education data released earlier this year shows that a shocking 80% of four-year institutions graduate their Pell students at a lower rate than their non-Pell peers. Only 47% of all four-year institutions graduate more than half of their first-time, full-time Pell students.⁷ When you add the whole system together, first-time, full-time Pell students graduate at a rate 18 percentage points lower than non-Pell recipients.⁸ And while college is supposed to be a ladder out of poverty, fewer than 15% of low-income students obtain a four-year degree, while more than 60% of wealthy students do.⁹

Federal policy doesn't even measure, let alone address, equity gaps in higher education.

Historically, the federal government has played a specific role in addressing higher education equity gaps, including through the creation of HBCU land grants in 1890 and the creation of the Pell Grant in 1965. However, current federal higher education policy doesn't even measure the equity gaps that exist in higher education—partially due to the lack of data in higher education. (That itself is its own problem with existing possible solutions like the bipartisan *College Transparency Act* that would provide that data.) Federal policy also does little to shed light on equity gaps or provide additional resources to help improve outcomes for traditionally

underserved populations. This is in sharp contrast to the federal law governing our K-12

underserved populations. This is in sharp contrast to the federal law governing our K-12 system, the *Elementary and Secondary Education Act* (ESEA), which requires the disaggregation of performance data by subgroups of students and holds schools and districts accountable for the outcomes of these various groups, in addition to their overall student body.¹⁰ Making a concerted effort to focus on equity gaps at the K-12 level has paid off. Between 1999 and 2012, high school dropout rates for Black and Latinx students dropped dramatically.¹¹

Yet in higher education—where the federal investment is six times larger than its K-12 counterpart—institutions face no federal scrutiny or incentives to improve when large performance disparities persist.¹² In fact, many institutions often blame poor performance on the students they serve, rather than looking to their peers who serve similar student populations more successfully. Without explicitly making the effort to measure institutional performance for different demographics of students, it's unlikely that institutions will change their behavior to better serve low-income students and students of color. Simply having the transparency to expose these gaps would be a big step in the right direction and could help students make better decisions about the colleges poised to serve them best—while also incentivizing institutions to improve in their efforts to serve today's students.

Students of color and low-income students are disproportionately concentrated at under-resourced institutions, making it hard to address gaps with limited resources.

The current higher education system is increasingly stratified, leaving those students who stand to gain the most from a college degree even further behind. One recent analysis from the Center for American Progress shows that students of color attending public two-year and four-year institutions receive an average of \$1,000 less per year in education spending than their white peers.¹³ And we know that selective institutions—who are well-resourced—enroll much smaller percentages and numbers of low-income students. Raj Chetty and the Opportunity Insights project found that the majority of students at selective colleges come from the top 20% of the income scale, with 38 institutions enrolling more students from the top 1% of the income scale than the entire bottom 60%.¹⁴ With marginalized students enrolling disproportionately at schools with fewer resources, it is unlikely our current funding structures will do much to close existing achievement gaps.

The Solution

Despite the progress we've made to improve access to higher education through increased high school graduation rates and access to financial aid, it's clear that our country is not doing what it must to ensure all students have an equal opportunity to graduate with a quality degree. That's why Congress should make a concerted effort within the next *Higher Education Act* to prioritize recognizing and closing the systemic completion gaps that exist for low-income students and students of color. One way to achieve that goal would be to establish a

new grant program dedicated to providing additional resources to institutions that publicly

new grant program dedicated to providing additional resources to institutions that publicly commit to closing equity gaps. Congress should create an Equity Enhancement Fund (EEF) which would provide support for institutions serving a high proportion of low-income students to implement evidence-based strategies to improve completion rates among traditionally underrepresented students. In order to adequately fund this effort, Congress should allocate a new stream of funding that is substantial enough to have an impact.

In order for an institution to be eligible to apply for an EEF Grant, it should be serving an above-average share of Pell students—currently 36% of students nationwide.¹⁵ Institutions could also be eligible for funding if they serve a higher than average proportion of students of color, which for the average institution's undergraduate population is 24% Black and 20% Latinx.¹⁶ In order to receive funding, institutions would need to identify equity gaps—for any of the three target populations—within their institutions, propose evidence-based strategies to help close those gaps by improving outcomes, and demonstrate how additional resources would help them increase completion rates. These could include programs such as intrusive advising, emergency or completion grants, or other student support services targeted to these populations, to name a few that have been proven successful elsewhere.

While it is beneficial for all institutions with gaps to improve, the limited grant dollars allocated for this fund should be targeted toward institutions on the cusp (rather than the worst of the worst institutions who may require larger interventions than just additional funding) based on their ability to close either race-based or low-income-based equity gaps. For this reason, we recommend the Department of Education put a minimum threshold in place for who is eligible and exclude the bottom quartile of institutions. For low-income students, this should be based on the upcoming Outcomes Measure graduation rate for Pell Students.¹⁷ For students of color, this should be based on the standard first-time, full-time 150% graduation rate by race, as we currently do not have graduation rate data for part-time and transfer students of color—though the passage of the bipartisan *College Transparency Act* would give us this information. Additionally, only public and non-profit institutions should be eligible for these funds, as these would be new, taxpayer-funded dollars that should not go to enriching shareholders at for-profit institutions.

Critiques and Responses

Completion isn't the only measure of inequity.

Completion isn't the only way to measure success—or to assess the inequities that might exist within an institution. However, completion is highly associated with greater earnings and is a key factor in students' ability to repay their loans. Data shows that students who obtain a college degree earn on average nearly one million dollars more over their lifetimes and are three times less likely to default on their student loans after graduating from an

institution.¹⁸ These numbers show why closing completion gaps must be a high priority for

institution. These numbers show why closing completion gaps must be a high priority for federal intervention. Inequities are rampant when looking at metrics outside of completion as well, and additional funding could be provided to address gaps—none of which would need to be mutually exclusive with the completion-focused EEF.

Students of color and low-income students are two different populations and, while there may be some overlap, these students do not always face the same challenges.

While there is often overlap between these two groups, students of color and low-income students may face unique challenges that exacerbate existing gaps. For example, students of color face issues of systemic racism both prior to and during their college careers, and low-income students regardless of their race may be required to work while obtaining their college degrees—both factors that decrease the likelihood of college completion.¹⁹ That's why closing gaps for all students is important, as both Pell Grant recipients of all races and students of color, who may be Pell Grant recipients themselves, often enter an institution with less preparedness and lower family income than their wealthier or white college-going peers.²⁰ That's why the EEF would allow institutions to develop plans that would target resources to close gaps for either low-income students *or* students of color, or for low-income students *and* students of color.

Money alone is insufficient.

We know the only way we can reach critical attainment goals is to close the clear equity gaps within our higher education system. While we believe financial support is critical for under-resourced schools to improve equity gaps and increase college attainment, we also acknowledge additional resources alone cannot solve the greater accountability challenges that exist in higher education today. That is why we believe this policy should serve as only one piece of a broader reform to the higher education system that includes both additional resources *and* greater accountability to hold institutions accountable for their outcomes.

Conclusion

In order for the country to reach our attainment goals, have the skilled workforce we need, and ensure true opportunity for all, the federal government must make closing equity gaps in higher education a priority the way it did at the K-12 level just over a decade ago. This is not only about equity for morality's sake. The talent and economic contributions of low-income students and students of color are something we can't afford to leave on the table. By creating a fund dedicated to closing equity gaps for students of color and low-income students, our country could take an important first step toward ensuring a more equitable higher education system for all.

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