A Matter of Degrees:
Improving Graduation Rates in Four-Year Colleges and Universities

By Kevin Carey

America, being the large, prosperous, free nation that it is, leads the world in a great many things. Economic output. Geo-political influence. Popular culture. Much more.

To this long list we can certainly add higher education. Collectively, our colleges and universities are unparalleled, attracting students and scholars from across the globe. Higher education, and the promise it represents, has long been one of the main drivers of opportunity, social mobility and economic progress in our society. And that promise has been backed up by action—from the first colleges founded in the 17th Century to the land grant institutions of the 19th Century to the G.I. Bill after World War II, we have continued to steadily increase our investment in the higher education of the populace.

As a result, the United States has long had and continues to have the best-educated, most productive workforce in the world. Our historical national commitment to education has paid fantastic dividends. But now there is a danger that having come to this point, we may conclude that no more substantive progress or fundamental change is necessary. Having reached the top, we may be tempted to believe that steady care and maintenance of the current system is all that is needed to keep us there. This would be a great mistake.

America’s colleges and universities have a serious and deep-rooted problem: far too many students who enter our higher education system fail to get a degree. Even among the students most likely to succeed—those who begin their college career as full-time freshmen in four-year colleges and universities—only six out of every ten of them, on average, get a B.A. within six years.¹ This translates into over half a million collegians every year, a group disproportionately made up of low-income and minority students, who fall short of acquiring the credentials, skills and knowledge they seek.²
A MATTER OF DEGREES: IMPROVING GRADUATION RATES IN FOUR-YEAR COLLEGES AND UNIVERSITIES

Chart 1

<table>
<thead>
<tr>
<th>More Students From All Groups Are Going to College</th>
<th>Immediate College Enrollment Rates (Three-Year Average)</th>
<th>change (in percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1975</td>
<td>2001</td>
</tr>
<tr>
<td>Total</td>
<td>49%</td>
<td>63%</td>
</tr>
<tr>
<td>Low-Income</td>
<td>31%</td>
<td>48%</td>
</tr>
<tr>
<td>African American</td>
<td>45%</td>
<td>56%</td>
</tr>
<tr>
<td>Latino</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>White</td>
<td>49%</td>
<td>66%</td>
</tr>
<tr>
<td>Men</td>
<td>53%</td>
<td>62%</td>
</tr>
<tr>
<td>Women</td>
<td>49%</td>
<td>68%</td>
</tr>
</tbody>
</table>


The negative impact of this low completion rate has been largely masked in recent years, because the number of students entering the system has been rising. The percentage of students going on to two-year or four-year colleges and universities increased from less than half in 1975 to almost two-thirds in 2001, with the biggest gains among female and low-income students. When the timeframe is extended to the first eight years out of high school, we find that by the 1990s, four out of five on-time high school graduates had enrolled in some form of higher education.

Unfortunately, once they get there, a great number of students don’t succeed. Many higher education institutions routinely lose more than one out of every four students they enroll in the freshmen year alone. The completion numbers overall are bad enough, but they are even worse for traditionally underrepresented students. There is a large graduation rate gap between low-income and high-income students, and the majority of African American and Latino students don’t complete their degree within six years.

This isn’t a new problem. One study using a slightly different measure of graduation rates found remarkable stability across the decades: an eight-year graduation rate of 67% for the high school class of 1992 compared to 66% for the class of 1982 and 66% for the class of 1972.

But the consequences of not graduating have not stayed the same. Once, those who tried and failed to get a college degree still had the opportunity to find a solid middle-management job and move up a career ladder. Lack of success in college was seen as an individual disappointment, not a national dilemma.

The world has changed since then. The rapidly globalizing 21st Century economy is putting relentless pressure on lower-skill manufacturing jobs that once allowed people without a post-secondary education to stay comfortably in the middle class. This trend is growing, and there is no end in sight.

Chart 2

<table>
<thead>
<tr>
<th>Too Few College Freshmen Ever Graduate</th>
<th>Six Year Graduation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>63%</td>
</tr>
<tr>
<td>Low-Income</td>
<td>54%</td>
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<td>African American</td>
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<td>Latino</td>
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<tr>
<td>White</td>
<td>67%</td>
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<tr>
<td>Men</td>
<td>59%</td>
</tr>
<tr>
<td>Women</td>
<td>66%</td>
</tr>
</tbody>
</table>

A new economy, new rules

The chart below shows the steady widening of the gap between educational haves and have-nots. People with a four-year degree or higher now earn much more relative to high school graduates than they did 30 years ago, and the gap increases with the level of the degree.

By contrast, those who enroll in college but fail to graduate, or get an associate’s degree, have made only slight gains, while the distance between those students and B.A. or advanced degree recipients is growing. Not getting a high school diploma at all, which has never been a good idea, is more of an economic dead end now than ever before.

Chart 3

Ratio of Earnings for Workers 18 and Over, by Educational Attainment, to Average Earnings for Workers With Only a High School Diploma

The ranks of those in the “middle ground” of higher education attainment are significant. The latest Census numbers estimate that 19%—almost one in five—of adults age 25-34 fall into the category of “some college, no degree.”

This is a huge national problem because as economies in other nations mature and evolve, external job pressure is creeping further and further up the income and skills ladder. Advances in telecommunications have made possible the “outsourcing” of white-collar jobs in areas such as computer programming, claims processing, accounting, and medical diagnostics to countries with a growing labor pool of English-speaking college graduates willing to work at a fraction of the average wage of similar workers in the United States. These jobs are leaving, and many won’t be coming back.
In other words, the rest of the world has seen the great success of America’s past investment in higher education, and is now catching up. Recent reports from the Organisation of Economic Cooperation and Development suggest that over the last 10 years, the U.S. has lost its first-place position in the developed world in terms of college-going rates. Similarly, the chart below shows that America has also slipped from first in college attainment, measured by the percentage of 25- to 34-year olds with a four-year college degree. More significantly, every country studied except one made great strides in increasing college attainment rates for the current generation compared to the last. The one exception was the U.S., which made no progress at all. College attainment rates in some nations have more than doubled over 20 years. The U.S. rate, alone among its peers, is unchanged.

Our historical forward momentum in education is slowing, our international lead is slipping, and the timing couldn’t be worse. The aging of the baby boom generation means that the proportion of the U.S. population of working age will decline. Over the next 50 years, the percentage of persons age 20-64 is projected to drop from the current 59% to 53%.

Even as proportionately fewer people are in the workforce, more and more jobs will require the advanced skills and knowledge that higher education provides. The adjacent Bureau of Labor Statistics chart shows the need for millions of new jobs requiring a four-year degree or more in the coming decade. Whether our higher education system is able to meet this challenge will make a big difference in our future prosperity. As Federal Reserve Chairman Alan Greenspan noted recently:

“By the time that the United States entered World War II, the median level of education for a seventeen-year-old was a high-school diploma—an accomplishment that set us apart from other countries... We need to be forward-looking in order to adapt our educational
system to the evolving needs of the economy and the realities of our changing society...More broadly, our system of higher education bears an important responsibility for ensuring that our workforce is prepared for the demands of economic change.8

This means that low college graduation rates are something our economy can no longer afford and our society must no longer tolerate. As a nation, we’ve been profligate with our aspiring college students. Every year, hundreds of thousands of young people leave our higher education system unsuccessfully, burdened with large student loans that must be repaid, but without the benefit of the wages that a college degree provides.

These students are disproportionately low-income and people of color. For many, going to college was their first, best, and last opportunity for real economic mobility and success. These are the people who are most vulnerable to the vagaries of an increasingly globalized and volatile job market. Without a degree, they face an uncertain and unstable future.

**Greater access, more success**

While the increases in college-going rates are good, they are not good enough. Unequal access to higher education continues to plague many students. The severity of this problem has been amplified by unending double-digit increases in college tuition and federal student aid programs, whose real value has declined by 50% over the last two decades.9

Opportunity continues to be bound by class. The most recent comprehensive longitudinal data suggest that poor students who score in the highest achievement quartile in the 8th grade when compared to all other students are less likely to go on to college than wealthy students scoring at or near the bottom academically.10

Ultimately, only 7% of all lower-income students get a B.A. by age 26, compared to 60% of upper-income students.

Some of the problem undoubtedly lies with our K-12 schools. Low-income and minority students are far more likely to be educated in under-resourced, under-staffed schools that expect far too little of their students and get little in return. And even in more affluent areas, there are a great number of high school students who, despite their strong likelihood of going on to college, aren’t assigned to nearly enough rigorous, upper-level college preparatory classes.11

Of course, the students themselves bear significant responsibility for their own success. College students are adults, albeit young ones, and they make their own decisions—some wise, some less so. Anyone who’s spent much time on a college campus is likely to remember a classmate or two whose weekend enthusiasms weren’t matched by effort in the classroom.

But a large measure of the responsibility for the education of college students lies with the decisions and conduct of the institutions themselves. What colleges and universities do matters greatly when it comes to student success. Some institutions do an excellent job at making sure as many students as possible learn, thrive, and get their degrees. These schools have unusually high graduation rates. Other institutions are not successful at all. Their graduation rates are inordinately low.
Institutional graduation rates vary a lot

How different are institutional graduation rates? Literally, as different as they could possibly be. The adjacent graph shows the distribution of overall six-year graduation rates at American four-year colleges and universities in 2002. These data are collected annually by the U.S. Department of Education’s Graduation Rate Survey (GRS) for every degree-granting higher education institution in the country. In 2004, for the first time, the Department released graduation rate data further broken down by student gender and race/ethnicity.

At the extremes, overall six-year graduation rates range from less than 10% to almost 100%. The average institutional rate, after weighting institutions based on the number of students they enroll, is 53%. About two-thirds of all institutions are in a range running from 35% to 70%. Nearly one out of five four-year institutions in America graduate less than one-

Graduation Rate Data

The U.S. Department of Education collects graduation rate information from every degree-granting higher education institution in the United States through its annual Graduation Rate Survey (GRS), as required by the federal Student Right to Know Act. The most recent GRS collection of six-year graduation rates are available for students who enrolled as first-time freshmen in the fall of 1996 at four-year institutions. GRS collects the percentage of those students who received a bachelor’s degree from that institution on or before spring 2002, six years later, as well as the percentage who graduated within five and four years respectively.

To ensure fairness and accuracy, the GRS is limited to only those students who enroll as first-time, full-time freshmen with the goal of getting a bachelor’s degree – about 83% of all freshmen. It also makes adjustments for students who die or leave college early to join the Armed Services, foreign aid services, or serve on official church missions. Research shows that transfer students and students who enroll part-time are, collectively, less likely to graduate than students who begin full-time at one institution and stay there. Therefore, GRS graduation rates likely overstate the success of institutions somewhat.

GRS data have been collected for the last five years, starting with the entering class of 1992. While institutions have always reported their graduation rate outcomes broken down by gender and race/ethnicity, this is the first year that these data have been released to the public.

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2 Ibid.
3 GRS data are further disaggregated by major sports category. This is because the original federal legislation mandating the reporting of graduation rate data was enacted in part due to concerns about low graduation rates among elite student athletes. Thus, we can identify, for a given institution, the percentage of female non-resident Alien cross-country/track athletes who graduate in four, five, or six years. We can’t however, calculate graduation rate data for students based on their family income, or their academic major. One hopes that GRS survey data will be expanded to include these other, possibly more important categories in the future.
third of their first-time, full-time, degree-seeking freshmen within six years.

The numbers for minority students are quite a bit worse. There are, for example, 772 four-year colleges and universities in the United States where at least 5% of the full-time undergraduates are African American. At 299 of those institutions, the graduation rate for African American students is under 30%. At 164 of those institutions, the rate is under 20%. At 68 of those institutions, the rate is under 10%.

The typical American college or university has a graduation rate gap between white and African American students of over 10 percentage points. A quarter of institutions have a gap of 20 percentage points or more. There are also significant gaps for Latino students: 25% of all institutions with at least 5% Latino students have a Latino graduation rate of 30% or less. Similarly, the typical graduation rate gap for Latino students is 7 percentage points, with a 15 percentage point gap or more in a quarter of all institutions.

Looking at disaggregated rates for individual colleges and universities shows that inside the overall national graduation rate—a low number, in and of itself—there are certain institutions and certain groups of students for whom the odds of successfully getting a degree drop from marginal to slim to almost none. These are the students most in need of urgent assistance, who most need institutions of higher education to take responsibility for these numbers, analyze the barriers that lie underneath them, and change their practices in ways that will improve student success. But there are those in the higher education world who would rather not talk about graduation rates at all.

Some criticize the nature of the statistics themselves. They often cite the issue of student mobility—students transferring between institutions or earning credits from different institutions. They argue that mobility makes institutional graduation rates unreliable because it complicates the task of assigning responsibility for student success to a single college or university. However, these concerns are ultimately overstated because the large majority of all students attempting a four-year degree begin their academic career at a given four-year institution, and either succeed there or fail there—nowhere else (for a more detailed explanation, see “Student Mobility,” page 8).

Others argue that graduation rates are too simplistic, asserting that what really matters in higher education is what students learn. That learning is vitally important should, of course, go without saying. Yet the fundamental truth is that students won’t learn what institutions want them to learn if they’re not around to learn it. A focus on learning is necessary, in other words, but not sufficient. Still others will grant that institutional graduation rates are an important measure – just not an important measure of institutions. To these observers, graduation rates are all about the students.

And there’s some truth in this. Students who enroll right out of high school on a full-time basis with solid academic credentials and sufficient financial support are more likely to graduate than students who lack some or all of these characteristics. To the extent that a given college or university enrolls many of the second kind of student, as opposed to many the first, it’s probably reasonable to expect that their graduation rate will be less than perfect.

But, institutional-level data show that some institutional graduation rates are much, much different from others, even when compared to institutions with very similar students. In fact, even after controlling for a host of possible factors that might influence graduation rates—including students’ SAT and ACT scores, institutional mission, financial resources, degree programs, size, location, and others—we still find that some colleges and universities far outperform their peers. These high-performers offer powerful evidence that our higher education system has the capacity for great improvement when it comes to maximizing the education and success of all students.
Student Mobility

Not all college students follow the “traditional” path of starting and ending their higher education career at one four-year institution. Some students start at one four-year institution and then transfer to another, others start at a two-year community college and then move on to a four-year institution to get their B.A. Thus, institution-level graduation rates aren’t perfect measures, because some students attend multiple institutions. But is this imperfection enough to make the six-year graduation rates collected by the Department of Education’s Graduation Rate Survey unreliable?

A close look at various measures of mobility shows that this is not the case. That’s because there are two important things about students seeking bachelor’s degrees that have been true for a long time and remain true today:

1) Most of them begin their college careers by enrolling in a four-year college or university.

2) Once enrolled, most of them never leave to go somewhere else. They succeed or fail at the institution where they started.

To illustrate the first point, we see that in the fall of 2000, 2.43 million students enrolled as first-time freshman in degree-granting institutions of higher education. Of those, 1.34 million (55%) enrolled in four-year institutions. This is a majority, although not a large one. However, of the 45% of students who enrolled in two-year institutions, past trends suggest that only about 25% will ever transfer to a four-year institution. Many two-year students entered higher education looking for an associate’s degree, a one-year certificate, or less. So while there are always a significant number of two- to four-year transfers, it’s the case that the large majority of students who get a B.A. begin their academic career at the only place that allows them to reach that goal—a four-year institution.

The second point is that once students get to that four-year institution, most never transfer away. Data from the Department of Education's nationally representative Beginning Post-Secondary Survey indicate that only 23% of students who begin college at a four-year institution ever transfer to another institution of any kind. The net result is that over 80% of all students who begin higher education at a four-year institution and ultimately graduate get that degree from the same institution where they started.

But if this is true, how does it square with many widely cited numbers about student mobility in higher education, suggesting that many—even most—students attend more than one college or university? How can these numbers be compatible with those? The answer is that it’s all a matter of definition. For example, longitudinal studies indicate that approximately 60% of all students who get a bachelor’s degree earn credits from more than one higher education institution. This amount has increased by less than three percentage points since the 1970s.

At the same time, it’s also true that two-thirds (67%) of all B.A. recipients get their degree from the higher education institution where they started. This includes those who began at two-year community colleges and transferred; when we narrow the focus to only those who started at four-year institutions, the percentage rises to the aforementioned 80%.

So, most students finish where they started, but most students attend multiple institutions before they finish. How can both be true at the same time? The answer is that a significant number of students get credits from different institutions, but never really leave their first institution. These are multi-institution students, but not mobile students. For example, students may take courses at a two-year community college during the summer to pick up extra credits, or they may study abroad for a semester and then return home for their degree. So, while all students who transfer attend multiple institutions, not all students who earn credits from multiple institutions transfer.
Moreover, students who transfer into an institution don’t affect that institution’s GRS graduation rate statistics one way or another. GRS rates are based only on the success of first-time, full-time degree-seeking freshmen. Inbound transfer students aren’t in the numerator or the denominator of the equation. Plus, if we included those students, institutional graduation rates would probably look worse.

While many students successfully complete the two-year to four-year college pathway every year, it remains the case that the students who are most likely to get a degree from a four-year institution are those who start on a full-time basis at a four-year institution. The overall degree completion rate of students who earn at least ten credits from a community college and transfer to a four-year college is 62%, slightly less than those who start at four-year institutions. However, of community college students who earn at least ten credits, only 36% transfer to four-year institutions.

Similarly, students who transfer from one four-year institution to another are less likely to graduate than those who do not. So, if an institution is having trouble graduating the students who started there, it’s very likely having trouble with those who started somewhere else.

The flip side of mobility is outbound transfer students, those who start at a four-year institution but decide to go elsewhere. These are more problematic. To some extent, GRS statistics underestimate the ultimate success of all beginning students, because some students who start at one four-year institution ultimately get a B.A. from another four-year institution.

But for most institutions, including those students wouldn’t improve their graduation rates very much. Only one in five students who start at a four-year institution and get a B.A. get that degree from an institution other than where they started. As a result, data from the Department of Education’s Beginning Post-Secondary Survey (BPS) show that while 55% of all students who enroll as first-time, degree-seeking freshmen get a bachelor’s degree within six years at the original institution, 63% of those students get a B.A. at the original institution, or any other institution. In other words, outbound transfer students add about 8 percentage points to the average institutional graduation rate.

This number tends to drop in proportion to the rate itself. For example, the BPS found that 41% of African American students get a degree from their first institution, while 46% get a degree from any institution, a difference of 5 percentage points. In the end, adding a few percentage points to an unacceptably low institutional graduation rate outcome generally only gets you another, slightly less unacceptably low institutional graduation rate outcome.

Outgoing transfer rates vary from institution to institution, and there may very well be a small subset of four-year schools that, for various reasons, have a great number of outbound transfers who ultimately succeed elsewhere. But these are the exception, not the rule. Only 36% of institutions that submitted outbound transfer data along with their GRS survey data for the incoming class of 1996 reported outbound rates of more than 25%, while fewer than 50 institutions nationwide reported rates of 40% or higher. For the great majority of four-year colleges and universities, the inclusion of student transfers doesn’t change the fact that a large number of students who enroll never finish—there, or anywhere else.

1 U.S. Department of Education, Digest of Education Statistics 2002, Table 181. This amount does not include students who enrolled in non-degree granting institutions, such as trade schools that offer only vocational certificates.
4 Adelman, Principal Indicators 2004.
5 Ibid.
6 Ibid.
7 Ibid.
8 Ibid. Degree completion rates represent degrees obtained by June 2000 for the graduating high school class of 1992.
9 Berkner et al, 2002.
10 Less than half the institutions reported any outbound transfer data. It is unknown how many had transfers and didn’t report them, how many actually had no transfers to report, or the extent to which the subset of reporting institutions are representative of the whole.
High-performing institutions: graduating more students

Elizabeth City State University is an undergraduate university in northeastern North Carolina. ECSU is a Historically Black Institution, founded in 1891. It has a student body of about 2,000, of whom three-fourths are African American, and two-thirds of whom have family incomes low enough to qualify for federal Pell Grants. ECSU is listed as “less competitive” by Barron’s Profiles of American Colleges, a popular guidebook for prospective students. This relatively open admissions policy is reflected in a below-average SAT profile for incoming freshmen, who have a median combined score of approximately 835 out of 1600. There are 30 colleges and universities in the United States that are roughly similar to ECSU: “less competitive” baccalaureate or masters-granting institutions with fewer than 5,000 undergraduates and a median SAT score between 760 and 900. The median graduation rate among those institutions is 39% for all students, and 37% for African American students. Graduation rates in some institutions are 20% or below.

ECSU, by contrast, had a graduation rate of 53% for all students and 60% for African American students in 2002. This isn’t a one-year anomaly. ECSU has reported graduation rates in this range in every year they’ve been collected by the Department of Education. Elizabeth City State University is one of many colleges and universities across the country that routinely and consistently outperform their peers. Given similar students, resources, and institutional missions, they simply do better, year after year.

For another example, take the University of Northern Iowa. Located near Cedar Rapids, UNI is a “competitive” masters-granting public university, educating 11,000 full-time undergraduates with a median ACT score of 22.5, which is the equivalent to about 1045 on the SAT. There are 42 universities that are basically similar to UNI. The median six-year graduation rate among these “peer institutions” is 48%, with nine reporting rates below 40%. UNI had a 67% graduation rate in 2002, almost 20 percentage points higher than the norm. Its graduation rate was 61% in 1997, and it has increased steadily ever since.

Or we can look at Miami University of Ohio, located on the outskirts of Cincinnati. Miami U. is a public, doctoral-granting university with about 15,000 undergraduate students. Its selectivity is “very competitive,” two tiers below the top ranking but still well above the norm, with a median SAT score of 1215. There are 17 higher education institutions nationwide that are basically similar to Miami of Ohio. The median six-year graduation rate among them is 68%, with one as low as 45%.

Miami of Ohio reported an 81% graduation rate in 2002. Its graduation rate has been within one percentage point, plus or minus, of 80% in every year that data have been reported.

On the surface, Elizabeth City State University, the University of Northern Iowa, and Miami University of Ohio don’t have a lot in common. They’re in different parts of the country;
they have different institutional missions, degree programs, and funding levels; and they serve different kinds of students. But they share one important quality—each institution routinely and substantially outperforms its peers, year after year, successfully graduating far more students than similar universities. High-performing universities like these show that institutions make a big difference when it comes to the success of their students.

**High-performing institutions: closing gaps between student groups**

High performance isn’t limited to overall averages. Some colleges and universities are also much more effective in serving specific groups of students. As we saw previously, there are huge differences in institutions’ graduation rates for minority students: 67% on average for white students, compared to 46% for African American and 47% for Latino students.

But some institutions don’t have this problem. They have little or no gap, or even higher graduation rates for minority students. Consider, for example, **Binghamton University**, one of the university centers in the State University of New York (SUNY) system. A “highly competitive” doctoral and research institution, Binghamton has an undergraduate population of 10,000, of whom about 12% are members of underrepresented minority groups. Its six-year graduation rate is 79%, significantly above the median rate of 70% among its closest peers.

The median African American graduation rate at Binghamton’s peer institutions is 59%, 11 percentage points lower than the rate for all students in those schools and 13 points below the rate for white students. Binghamton, on the other hand, has an African American graduation rate of 77%, a full 18 percentage points higher than the average for its peer group, and virtually the same as its overall rate and rate for white students. Above-average success at Binghamton isn’t confined to only some groups.

Or look at **East Carolina University** in Greenville, North Carolina, a “competitive” doctoral-degree granting institution whose 15,000 students are 16% minority. Among ECU’s peers, the median overall grad rate is 41% and the median rate for African American students is 32%. At East Carolina, the graduation rate for all students is 54%, a rate that has increased every year since 1997. The rate for African American students is six percentage points higher: at 60% almost double the rate of other, similar universities. This number isn’t a one-year fluke. African American graduation rates at East Carolina exceed those of white students even when averaged over the last four years.

There’s also the University of California – Riverside, whose racially diverse student body of over 13,000 students is 23% white, 22% Latino, and 41% Asian. It has an overall graduation rate of 66%, 15 percentage points better than the 51% median rate of its 33 peer institutions.

The median graduation rate for Latino students at the peer schools is much lower, less than 39%. By contrast, success at UC-Riverside is equally distributed across groups. The

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**Chart 8**

<table>
<thead>
<tr>
<th>High-Performing for All Students</th>
<th>Peer Overall Grad Rate</th>
<th>Peer Overall Grad Rate</th>
<th>Peer Gap (in percentage points)</th>
<th>Institution Overall Grad Rate</th>
<th>Institution Minority Grad Rate</th>
<th>Gap (in percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binghamton University</td>
<td>70%</td>
<td>59%</td>
<td>-11</td>
<td>79%</td>
<td>77%</td>
<td>-2</td>
</tr>
<tr>
<td>East Carolina University</td>
<td>41%</td>
<td>32%</td>
<td>-9</td>
<td>54%</td>
<td>60%</td>
<td>6</td>
</tr>
<tr>
<td>UC - Riverside</td>
<td>51%</td>
<td>39%</td>
<td>-12</td>
<td>66%</td>
<td>68%</td>
<td>2</td>
</tr>
</tbody>
</table>

graduation rate is 65% for white students, 67% for Asian students, and 68% for Latino students.

**High-performing institutions: rapid gains**

High-performing for all students, little or no graduation rate gaps—the institutions just featured are some of those leading the way. But is it reasonable to expect that other institutions should be able to emulate the success of their high-performing peers, and make changes sooner, rather than later? The data suggest that it is.

Six years of graduation rate data show that institutions can improve, and do so quickly. For example, look at the graduation rate at Louisiana Tech, a “competitive” public doctoral institution with about 9,000 undergraduates.

The six-year graduation rate of 55% is well above the 46% median rate among its peers. But this wasn’t always the case. Louisiana Tech has increased its graduation rate for five consecutive years, from 35% in 1997 to 55% in 2002. This 20-point gain shows that significant increases in institutional performance are quite possible. Indeed they are happening.

Other institutions have made similar improvement. Weber State University, a “non-competitive” institution with 13,000 undergraduates in Ogden, Utah, increased its graduation rate during the same time period from 31% to 45%.

The University of Florida, a “highly competitive” doctoral and research institution, went from 64% to 77%. Maryville College, a small private school in Tennessee, jumped from 41% to 65%.

And then there’s Troy State University, a “competitive” public university in Alabama whose student body of 9,000 undergraduates is 32% minority. Among its peer institutions, the median grad rate is 43% overall and 32% for African American students. At Troy State, the rate is 57% overall and 54% for African American students. The overall rate at Troy had increased from 40% in 1997, a 17 percentage point jump in just five years. Troy State is outperforming its peers; it is improving quickly; and it is doing so without the large graduation rate gaps common to many institutions.

**Improving student success in higher education**

We know that higher education graduation rates can improve, because some institutions are already rising quickly and performing at a much higher level than others. And we know that higher education graduation rates must improve, because the consequences of not doing better, both for individual students and for society as a whole, are becoming ever more severe.

Where to start?

To begin, we can learn a whole lot about what those high-performing institutions are doing to be so successful year after year. We need to dig deep into their policies and practices, their leadership and culture, to understand what combination of circumstances and actions have helped them do so well by their students.
Fortunately some researchers have already started down this path. The National Survey of Student Engagement (NSSE) and the American Association for Higher Education are currently conducting case studies of 20 colleges and universities that have relatively high graduation rates and exceptional scores on the five NSSE benchmarks of effective education practices, including the level of academic challenge and student interaction with faculty members.

The Policy Center on the First Year of College is partnering with public and private universities to create a set of standards to use for measuring their effectiveness in retaining students and helping them move successfully through undergraduate education. And the Council for Opportunity in Education and the Pell Institute for the Study of Opportunity in Higher Education may soon be expanding on previous research that focused on 19 smaller public and private colleges with high concentrations of low-income students and high student success rates.

This kind of research is extremely important. We need much more of it, and its results will make a big difference for higher education institutions that use the findings to learn from success and improve their own performance.

But the research won’t, by itself, be enough.

In the higher education world of 2004, even if we knew everything about what it takes to be high performing, it will not help all the students who need help and it will not have the transformative effect on higher education practice and success that it should. We are, after all, not starting from scratch. Researchers have been studying higher education practices at various levels for some time and publishing lengthy, widely accepted inventories of the practices of effective colleges and universities.18 This is not to say that much more inquiry is not needed. But some of the information is already out there. People just aren’t using it.

Why? Clearly, people in positions of responsibility at American colleges and universities want their graduation rates to be higher. But there is an immense difference between wanting to improve and needing to improve, and right now most colleges and universities simply don’t have to perform at a higher level than they already do. This absence of urgency exists because higher education is largely insulated from the accountability for success normally created by competition in the marketplace. There are a number of reasons for this:

First, higher education is sustained by the great engine of demography. The nations’ population continues to rise, creating an ever larger number of college-age students. And, as noted previously, the value of a B.A. in the job market is much greater than it used to be, driving a greater percentage of people to try to obtain a degree. So not only are there more and more 18-year olds who can go to college, there are more who want to go to college.

This surge in demand is buttressed by government financial subsidies in the form of tax-exempt status for private institutions, direct monetary support of public institutions, subsidized student loan programs, and direct student aid. These programs are vastly important. Indeed, they should be expanded. But they also have the (intended) effect of keeping the price of attending college lower than it would be otherwise, further bolstering demand. Meanwhile, the cost to new competitors to enter the market to meet the rising demand or challenge the existing market leaders is often prohibitively high, further insulating existing institutions from serious competition. Consider: there are tremendously successful companies in some industries that didn’t even exist when George H. W. Bush was President. Some of the leading institutions in American higher education were decades old when George Washington was President.

Second, there are serious information deficits in
higher education. Important data are absent for students and parents trying to make rational, informed choices about where to attend, and for education policymakers trying to really understand how well institutions are doing their jobs. For example, students choosing schools tend to look at factors such as institutional reputation, cost, proximity to home, the aesthetic appeal of the campus, degree programs offered, and the nature of the student body. The problem is that none of these things has much of anything to do with whether or not the institution is effectively fulfilling its mission. Students, parents, legislators, and the public at large are basically in the dark when it comes to what should be the single most important factor about a given school: how effective is the institution in helping its students learn, improve, and succeed?

With more students at the doorstep every fall, significant barriers to competition, and a market muddled by lack of information, many colleges and universities can operate in comfortable insulation for years or even decades without really improving student outcomes that are often distressingly low. This simply must change.

That said, we should be clear: the fact that insularity creates this problem doesn’t necessarily mean that we need to attack all the sources of insularity to fix it. After all, more students going to college is a good thing. Student aid programs and public financial support for higher education are good things. Barriers to entering the market and the accelerating value of a college degree aren’t really public policy choices; they simply are what they are. We don’t want higher education institutions to be whipsawed by unstable financial markets, subject to the vertiginous boom and bust cycles of the private sector. The traditions, experience, and continuity of higher education are far too important.

Instead, we need a coordinated, many-pronged approach to reduce insularity in higher education where it’s appropriate, and bring pressure to bear in other ways when it’s not. We need to take specific actions at the state and federal level to re-create the incentives and pressure that naturally occur in the market by other means. When we gather information about what makes high-performing colleges and universities high-performing, we have to send that information out into a world where ignoring it is not an option. We need, in other words, to create accountability in higher education. This, along with other needed reforms, can have real and lasting benefits for the many students whose higher education experience currently ends in failure. These reforms include:

1) Real accountability in higher education: Accountability can mean many things and come in many forms. Given the strong tradition of state support for and control over higher education, now is probably not the time to pursue a highly centralized federal accountability system for all institutions. But at the individual state level, it’s a different matter entirely. Many states can do much more to better balance the traditional autonomy of colleges and universities with the larger public interests to which those institutions have a strong and lasting obligation.

There are at least two essential elements of any successful higher education accountability system. The first is public information. If something is really important, then everyone ought to know about it. But few institutions voluntarily provide and publicize readily available, easy-to-understand, disaggregated graduation rate statistics. To see proof of this, simply log onto the web site or read the promotional brochure of an undergraduate institution chosen at random and try to find disaggregated grad rate data. Odds are, you can’t.

Many states compile higher education data on state web sites, and aggregate graduation rates can also be found in the fine print of most college guidebooks. But these data are usually not disaggregated by gender, income status, or race/ethnicity—even though
institutions have been tracking these data internally for years. Nor is it given the publicity, scrutiny, or attention it deserves. We need an intensive, coordinated effort at the federal, state, and institutional level to make critical information about higher education quality and effectiveness—beginning with graduation rates—not only available, but unavoidable.

The second essential element of accountability is a plan with **concrete goals for improvement**. If something is really important, and it needs to be better, then we have to start by making a public, coordinated, and vigorous commitment to improving it, with specific, verifiable goals for success. Higher education leaders need to send a clear message to every level of their institutions that improving graduation rates is a primary organizational goal. And their success in meeting that goal needs to matter greatly when the time comes to decide whether or not they get to continue being higher education leaders in the future.

Some higher education leaders have already taken steps in this direction. For example, Thomas Meredith, Chancellor of the University System of Georgia, recently committed to developing a five-year strategy to significantly increase the systemwide graduation rate. His Graduation Rate Taskforce is conducting a comprehensive evaluation of strategies and practices at each campus, including comparisons to peer institutions with greater rates of success. Other higher education leaders should follow suit. State, system, and institution-level higher education governing boards should also tackle this issue head-on and develop specific graduation rate improvement goals—both for all students and for the underrepresented minorities whose graduation rates often lag—against which institutions are measured.

The fact that colleges and universities go through periodic reviews to maintain accreditation is often seen as a kind of accountability, particularly by those in higher education. But there are clear differences between what accreditation requires and what we are describing here. For one thing, it’s public knowledge whether an institution is accredited or not, but the criteria are usually not known outside of academe. So the public doesn’t really know what accreditation means. Second, the accreditation process rarely, if ever, considers such student outcomes as graduation rates, even though producing successful graduates is arguably higher education’s core mission.

Creating real, meaningful accountability for success will help us maximize the value of what we learn from high-performing institutions. It will allow students and parents to make smarter decisions about where their higher education dollars are best spent. It will create an environment where a constant focus on improving student outcomes is mandatory for long-term success, not optional. It will make higher education more responsive to the changing world around it.

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**Four-Year Graduation Rates**

Six years is the time frame most often used to measure graduation rates. But we shouldn’t lose sight of the fact that these are, after all, “four-year” institutions. Since that’s the norm, why tack on two extra years?

In fact, most B.A.-granting institutions are “four-year” colleges in name only. The large majority of students don’t graduate “on time” by that measure. A solid majority of beginning, degree-seeking four-year students—63%—get a B.A. within six years. Only 37% get a B.A. in four years. In other words, four out of every 10 students who successfully get a B.A. within six years take longer than four years to do so. Institutional graduation rates show a similar pattern. The median institutional four-year grad rate is 32%. Barely a quarter of all four-year institutions graduate more than 50% of their students in four years or less.

Because a huge number of students successfully complete college during those additional two years, it makes sense to take them into account in gauging postsecondary success. But that doesn’t mean we should lose sight of the four-year completion goal, simply because most people don’t meet it. Extra time for degree completion comes at a significant cost, both to the student and to the institution, resources that might be better spent elsewhere.
2) Improving alignment between K-12 and higher education: Far too many high school graduates enroll in higher education unready to do advanced work. As a result, one in five students who start as full-time, first-time freshmen in public four-year institutions take at least one remedial reading, writing, or mathematics course, while 12% of students in private four-year colleges and universities do the same.20 As the table shows, the consequences of this weak preparation are severe. Remedial students are much less likely to graduate, particularly if they need help in reading.21

While K-12 schools continue to lag in providing enough higher-level course opportunities for their students, higher education institutions are by no means blameless in this. Many of their standards for assigning students to remedial classes are idiosyncratic and essentially secret, differ widely between individual institutions and academic departments, and are never made available to students before they take placement tests prior to starting college in the fall. Many institutions draw large numbers of incoming students from a relatively small group of nearby high schools, but never tell those high schools the extent to which their graduates are or are not prepared for college-level work.

And while the quality of remedial education itself varies widely, few if any institutions have tried to systematically assess which of their remedial instructors are most effective in getting students ready for college-level work and which are not. Higher education institutions need to do much more to make the transition from Grade 12 to college far smoother and more open, while also working to improve the quality of education they provide to students who enroll unprepared.

3) Continuing to improve access and affordability: Though we’ve made progress in recent years, there are still huge gaps in college-going rates for low-income students, even among those who are most qualified. One of the biggest barriers to access is affordability. The cost of higher education is increasing far faster than the ability of people to pay, and federal aid programs haven’t kept pace.

Meanwhile, state efforts to help needy students run the gamut from generous to paltry. States like New York, Pennsylvania, and Indiana provide over ten times as much need-based student aid per FTE student compared to states like Georgia, Arizona, and Mississippi.22 These policies matter. One recent study of college participation rates in different states found that the amount of need-based aid provided per student was the single most important financial variable influencing college-going.23 Institutions provide additional student aid from their own funds, and these decisions matter as well. Some colleges and universities choose to concentrate their institutional aid on supporting the education of lower-income students, while others are more focused on using scarce aid dollars to improve their rankings by chasing higher performing students, many of whom are capable of paying full freight.

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<table>
<thead>
<tr>
<th>Remediation status</th>
<th>Percent earning a B.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any remedial reading</td>
<td>36%</td>
</tr>
<tr>
<td>1-2 remedial math only</td>
<td>45%</td>
</tr>
<tr>
<td>2 or more other remedial courses (not reading)</td>
<td>49%</td>
</tr>
<tr>
<td>One other remedial course</td>
<td>61%</td>
</tr>
<tr>
<td>No remedial coursework</td>
<td>76%</td>
</tr>
</tbody>
</table>

Ultimately, there is still much more work to be done to provide access to higher education, even as we also work to ensure the success of students once they get there. Good accountability systems will thus have goals for expanding access, as well as the kind of disaggregated goals on the success side that will ensure that institutions work to translate that access into success.

4) Continue to increase the quality of learning: Some would suggest that the easiest way to raise graduation rates is to lower standards. But both research and experience suggest that’s not true.

For example, large-scale research conducted by Cliff Adelman at the U.S. Department of Education suggests that a significant proportion of the students who do not complete a degree are in good academic standing. They don’t need institutions to lower their standards. They need someone to make sure they stay on track. Indeed, we could increase the number of African American and Latino graduates by as much as one-third if we just made sure that those who have completed at least 60 credit hours and are in good academic standing actually complete a degree.24

Higher graduation rates and better student learning are not opposed. Indeed, many of the institutional practices strongly associated with better student learning (and included in research underway by NSSE and others) are also strongly associated with higher graduation rates. This is just common sense. If students are learning more, they’re more likely to stay in school, and vice versa.

Despite all this, there are some troubling signs that even those who currently get their degree aren’t always gaining even the basics. The most recent National Adult Literacy Survey found that 4% of all B.A. recipients were at the lowest level of literacy, while another 11% were at the second-lowest level—unable, for example, to write a brief letter explaining an error on a credit card bill or interpret instructions on a product warranty.25

The RAND Corporation’s Collegiate Learning Assessment initiative has recently developed a process for assessing general education skills—critical thinking, analytic reasoning, and written communication—among undergraduates. By comparing scores among students at different points in their studies, the assessment can gauge institutional success in promoting learning among their students—the “value added” the institutions provide. Preliminary results suggest that, just as with graduation rates, some higher education institutions are more successful than others in helping students learn, even after taking into account the relative academic strength of the student body.26

Initiatives like this should be supported and greatly expanded. Over time, in other words, accountability systems must include both completion rates and measures of student learning.

5) Changing the way public institutions are funded: Most state systems of funding public higher education are based, to varying degrees, on the simple total number of enrolled students. This means that universities tend to make money on low-cost freshmen, who are often educated in large classes taught by graduate students working in what amounts to indentured servitude. Conversely, they tend to lose money on high-cost seniors, who are more often taught in smaller, seminar-style classes by full professors. Thus, universities have the greatest incentive to get students enrolled, but far less of a financial reason to keep them in school after the first few years. Strictly speaking, an institution might be better off enrolling four students for one year than one student for four years.

Self-interested institutions react to this system rationally by focusing more of their energies on maintaining a steady stream of new, lower-cost freshmen, and less on maximizing student completion. To counteract this, states should consider changing their funding systems so that higher education institutions receive funding on
an escalating basis keyed to the number of credit hours each student obtains. States might also pursue funding strategies like those used in the United Kingdom, where institutions don’t receive their full per-student allocation until the student actually graduates. Changes along these lines would better align the financial interests of individual colleges and universities with the public interest in higher graduation rates.

6) Investing in more and better information: The Graduate Rate Survey (GRS) statistics give us important information about success in higher education. They’re more than enough to begin the process of studying high-performing institutions and holding institutions accountable for their success. But there’s still room for improvement. GRS data aren’t disaggregated by student socio-economic status, or by academic major. Nor do we have complete data for transfer students.

Fortunately, some states have already taken the lead in creating powerful integrated data systems that allow institutions to follow student progress among different institutions, into the workplace, and beyond. Florida, for example, uses unique student-level identifiers to link data systems from K-12 education, two-year and four-year higher education systems, and the workplace. A number of other states have various elements of systems like this in place; they just need to take steps to put all the pieces together into a functioning whole. A recent study found that 39 states currently operate a total of 46 “unit record” databases, information systems that track progress at the individual student level for at least one level of public higher education. Collectively, these databases cover 69% of the nation’s full time college enrollment. This means that many of the foundations of better information are already in place. The challenge now is to refine and improve these systems, connect them to K-12 and employment information, and connect them to one another.

A renewed commitment

Our world-class higher education system has been and continues to be a great asset to society. In many ways, it’s hard to have anything but good feelings about it. The world may change around us, people come and go, but every year we can rely on the university to be filled with a fresh crop of bright young students holding all the promise of the future. So we’ve pretty much left the university to its own devices, and for certain kinds of students, that’s worked just fine.

We have to put these feelings aside. We need an intense, immediate focus on the hard reality in front of us: higher education is failing to successfully educate far too many people, disproportionately low-income and minority students. At this moment we can look to the future and see, beyond the insular walls of academia, a growing tide of students for whom higher education success is more and more a matter of economic life or death, and an economy and society in greater and greater need of successful students. But in between these twin points of rising demand, both driven by powerful and irreversible trends in demography and economics, we have a higher education establishment that does not need to improve in order to endure.

If this doesn’t change soon, there is a real danger that higher education will cease to be an engine of social opportunity, and start to be more of a reifying agent of already severe educational and social inequalities. This we simply cannot afford. But if we make a concerted effort to learn from those institutions that are already outperforming their peers, and build an accountability system that will give that information real meaning, we can and will do better by the hundreds of thousands of college students who need that help the most.
A MATTER OF DEGREES: IMPROVING GRADUATION RATES IN FOUR-YEAR COLLEGES AND UNIVERSITIES

ENDNOTES

1 Berkner, He, Cataldi, Descriptive Summary of 1995-1996 Beginning Postsecondary Students: Six Years Later, U.S. Department of Education, National Center for Education Statistics, 2002. The U.S. Department of Education’s Beginning Post-Secondary Survey (BPS) tracked a representative sample of over 10,000 students who enrolled for the first time in a 4-year institution in the fall of 1995. The 62.7% graduation rate represents the subset of students who began at a 4-year institution with the goal of obtaining a B.A. The rate for all students was 58%. Both amounts represent the percentage of students who got their degree in 6-years from the institution where they started, or any other institution.

2 First-time freshmen enrollment in 4-year institutions currently tops 1.4 million students per year. In addition, a smaller but significant number of students enroll in 2-year colleges and eventually transfer to 4-year institutions to attempt to earn a degree.

3 U.S. Census Bureau, Current Population Survey, 1974 - 2002. Latinos are the only population shown where an increase in college going is not indicated. However, the Latino population in the United States has increased significantly between 1975 – 2001, fueled primarily by immigration. Since first-generation immigrants are less likely to go to college, this phenomenon may have had the effect of lowering the college going rate below where it would have been otherwise.


5 Adelman, 2004. It should be noted that the post high school graduation timeframe for the three cohorts is not identical. The analysis of the class of 1972 looked at a 12 year post-graduation timeframe, compared to 11 years for the class of 1982, and 8.5 years for the class of 1992. Since there will always be a few students continuing to attain B.A.’s, 10, and 11 years after graduating, and the 1990s rate for 8.5 years is already slightly higher than the previous cohorts, the author concludes that the proportion of traditional age students getting a degree on time “has risen slightly over the period covered by the cohort histories.”


7 U.S. Census Bureau, March 2004.


9 The maximum federal Pell Grant now covers only 42% of the average fixed cost at a public four-year institution, compared to 84% twenty years ago – The College Board, Trends in Student Aid 2002.


12 There are a total of about 2,500 higher education institutions in the United States that offer 4-year degrees. For analytic purposes, we factor out specialty institutions, for-profit schools, distance learning outlets, etc, leaving us with about 1,400 colleges and universities that meet the general definition of a “regular” 4-year college or university, and have graduation rate data. These institutions educate approximately 90% of all undergraduate students.

13 This is very consistent with the BPS survey (see footnote 4), which estimates an overall institutional graduation rate of 55.3%. The difference between this amount and the 62.7% amount cited earlier is that 55.3% of students graduated from the institution where they started, while 62.7% graduated from that institution or any other institution.

14 Among the 700 4-year institutions where at least 5% of full-time undergraduates are white and at least 5% are black, 79% have a lower graduation rate for black students than for white students. The median black-white gap (including those with no gap), is 11%. The median institutional gap is significantly smaller than the overall nationwide black-white graduation rate gap because black students are more likely than white students to attend institutions with below-average graduation rates.

15 Among 376 4-year institutions with at least 5% white and 5% Latino students, 74% have a lower graduation rate for Latinos. The median Latino-white gap (including those with no gap) is 7.1%.

16 “Competitive” student selectivity, Masters-degree granting, between 5,000 and 14,000 students, and a median SAT score between 1,000 and 1,100.

17 “Very Competitive” or “Highly Competitive” (the next higher selectivity ranking) Doctoral-granting institutions, with between 10,000 and 25,000 undergraduate students, and a median SAT score between 1,150 and 1,250.

Elizabeth City State University is an exception—on their web site for prospective students, they note that “students graduate at a competitively high rate, including student athletes.” Miami of Ohio also notes its high graduation rates. This kind of information, and it’s very public, specific display, needs to be standard operating procedure for all institutions, not just those that greatly outperform their peers.

Basmate Parsand and Laurie Lewis, Remedial Education at Degree-Granting Postsecondary Institutions in Fall 2000, U.S. Department of Education, National Center for Education Statistics, 2003. Remediation rates for students enrolled in 2-year institutions are significantly higher – 42% in 2-year public institutions.


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Patte Barth, Editor
Christa Jackson, Editorial Assistant
Autumn Richardson, Graphics Editor

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About The Education Trust

The Education Trust, Inc. was created to promote high academic achievement for all students, at all levels—kindergarten through college. While we know that all schools and colleges could better serve their students, our work focuses on the schools and colleges most often left behind in plans to improve education: those serving African American, Latino, Native American and low-income students.

The Education Trust works side-by-side with policy makers, parents, education professionals, community and business leaders—in cities and towns across the country—who are trying to transform their schools and colleges into institutions that genuinely serve all students. We also bring lessons learned in local communities back to Washington to help inform national policy debates.