

THE EDUCATION TRUST

The California Latino Leadership Education Summit

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America: Two Powerful Stories

1. Land of Opportunity:

**Work hard, and you can become anything
you want to be.**

2. Generational Advancement:

Through hard work, each generation of parents can assure a better life — and better education — for their children.

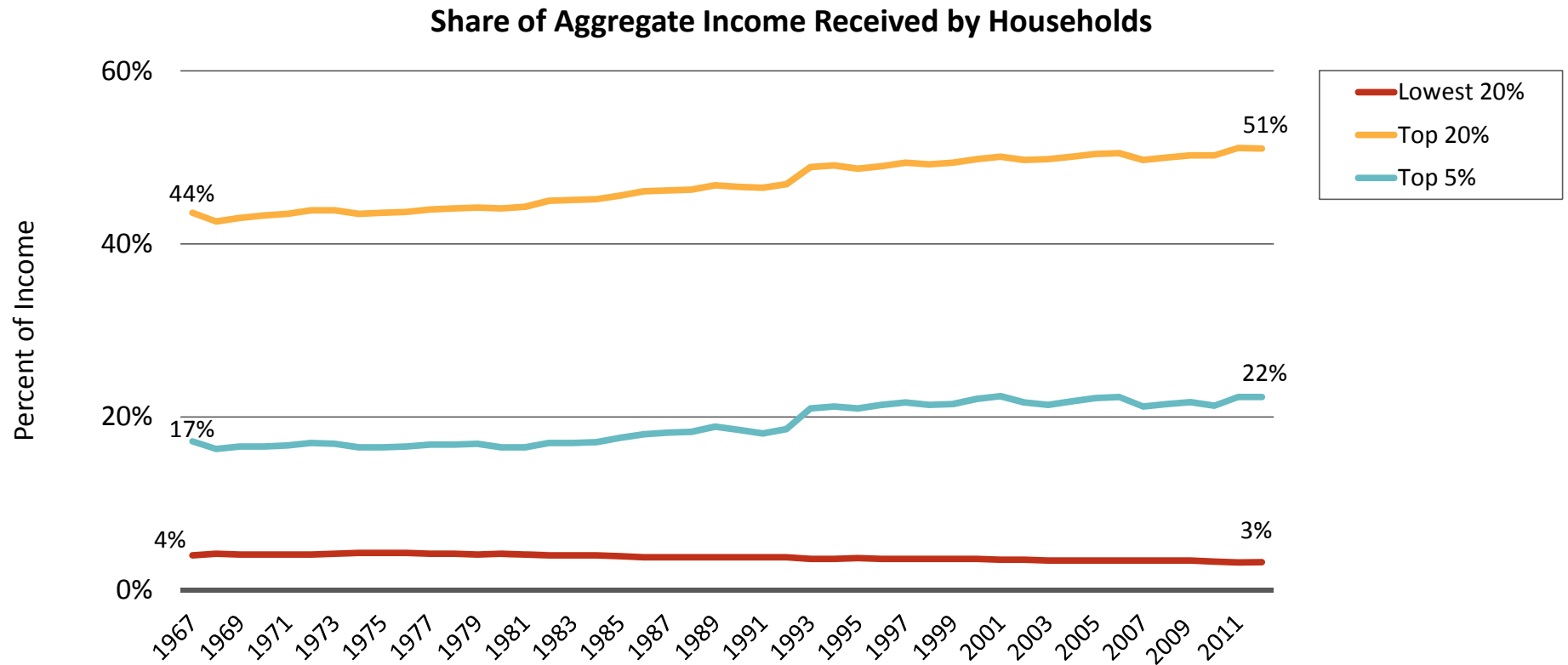


Powerful narratives.

No longer true.

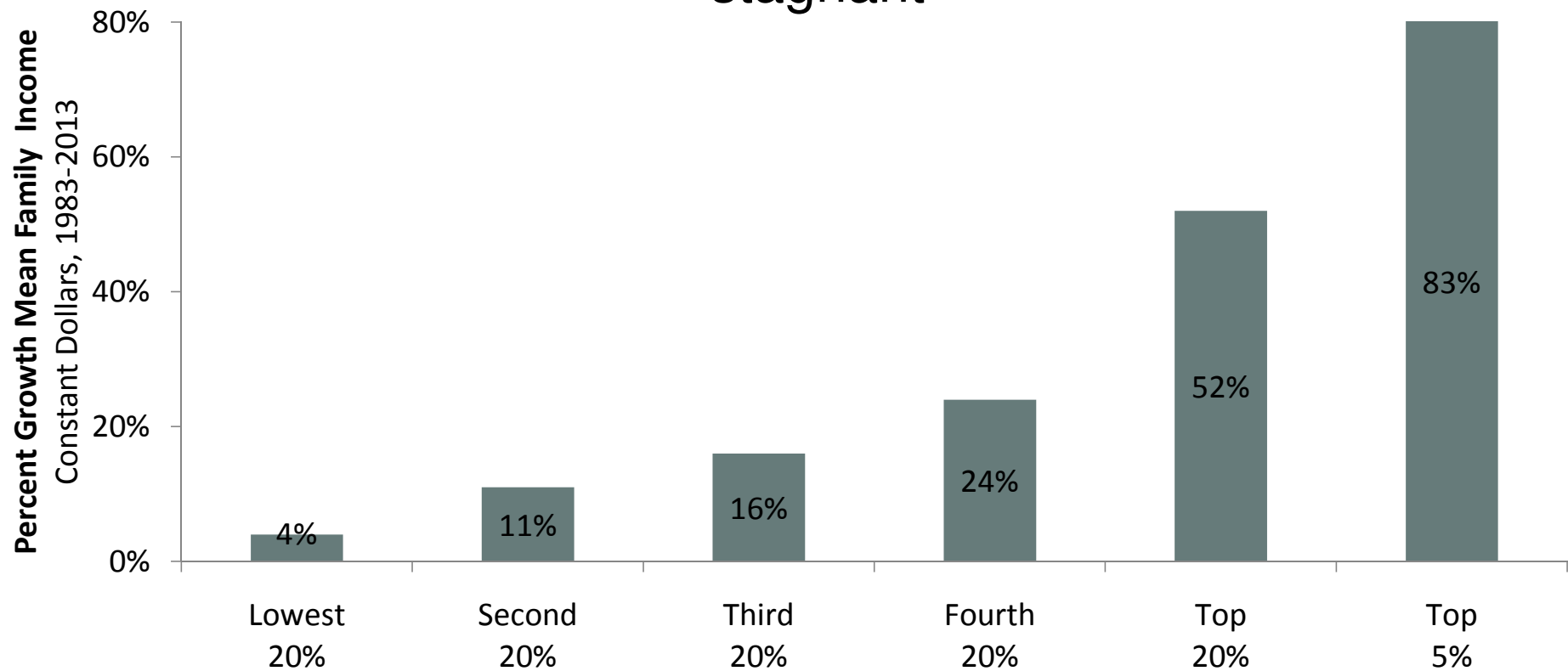
Within the U.S., income inequality has been rising.

Wealthiest US households take greater share of income, while poorest fifth fall backwards



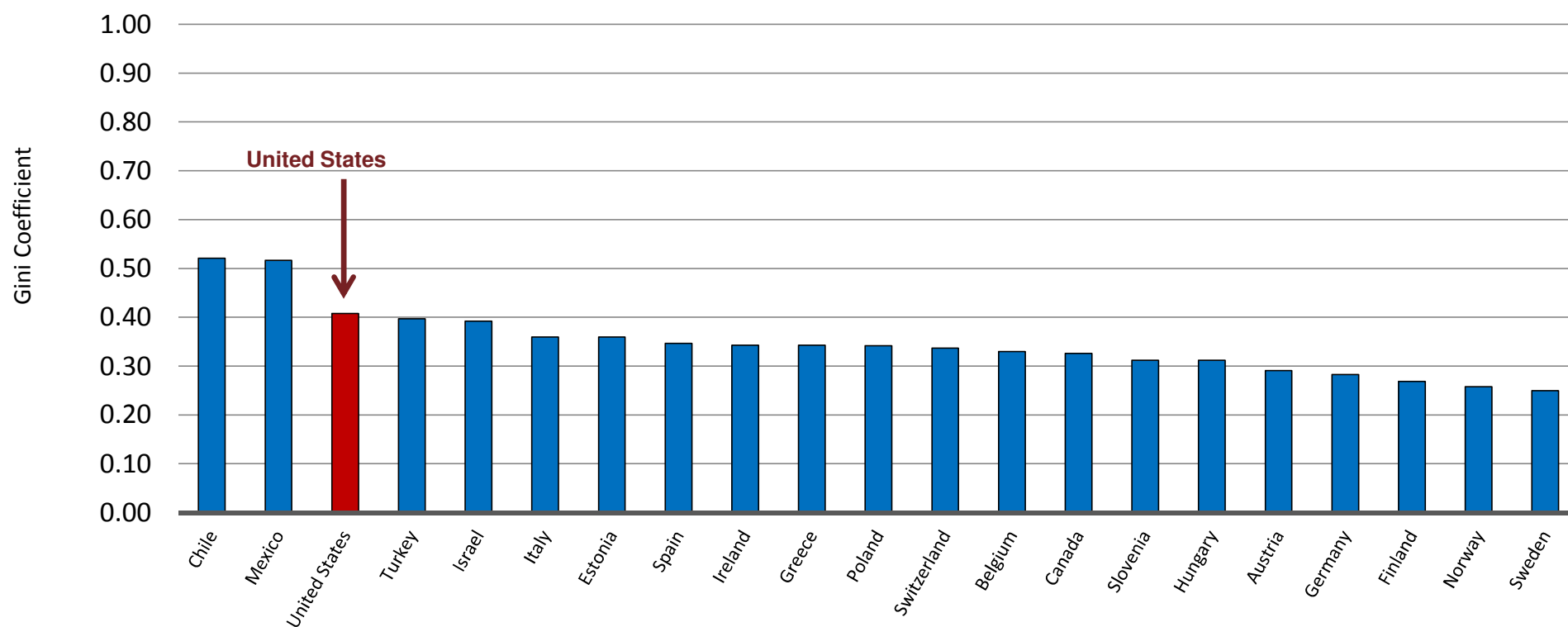
Source: U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplements, Table H-2. Share of Aggregate Income Received by Each Fifth and Top 5 Percent of Households, All Races: 1967 to 2012.

And, earnings among the lowest income families have remained stagnant



Source: The College Board, "Trends in College Pricing 2014" (New York: College Board, 2013), Figure 22A

Instead of being the most equal, the U.S. has the third highest income inequality among OECD nations.



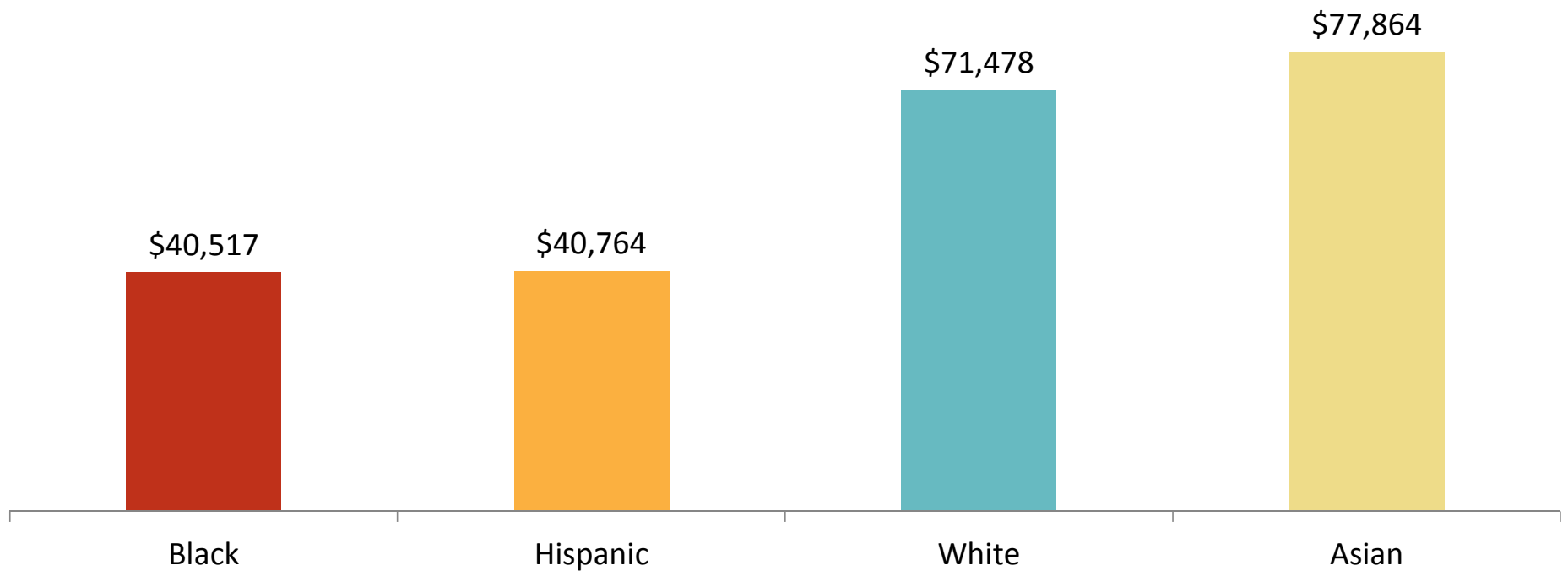
Note: Gini coefficient ranges from 0 to 1, where 0 indicates total income equality and 1 indicates total income inequality.

Source: United Nations, U.N. data, <http://data.un.org/DocumentData.aspx?q=gini&id=271>: 2011

Blacks and Latinos experience greater inequalities.

Blacks and Latinos have lower earnings.

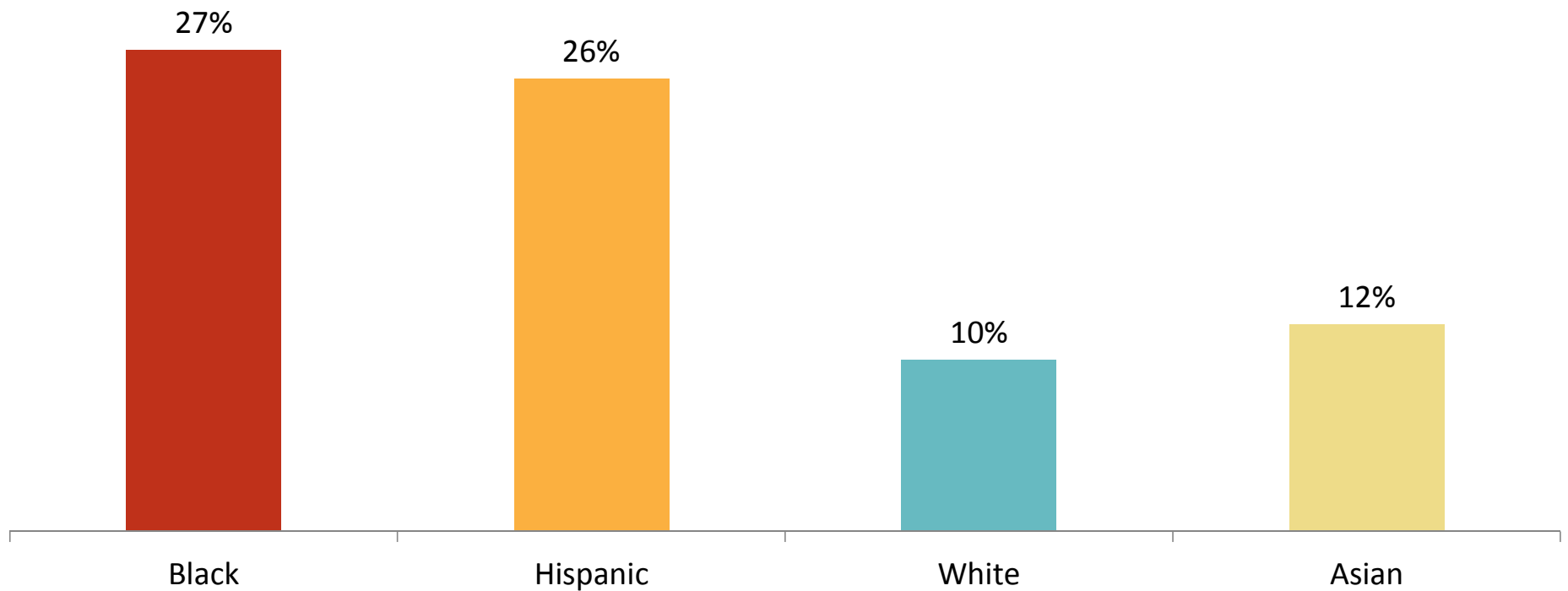
Median Family Income by Race, 2010



Source: The College Board, "Trends in College Pricing 2013" (New York: College Board, 2013), Figure 20B.

And higher rates of poverty.

Percent below poverty, 2012



Source: U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2012, Table 3.

Median Wealth of White Families

20 X that of African Americans

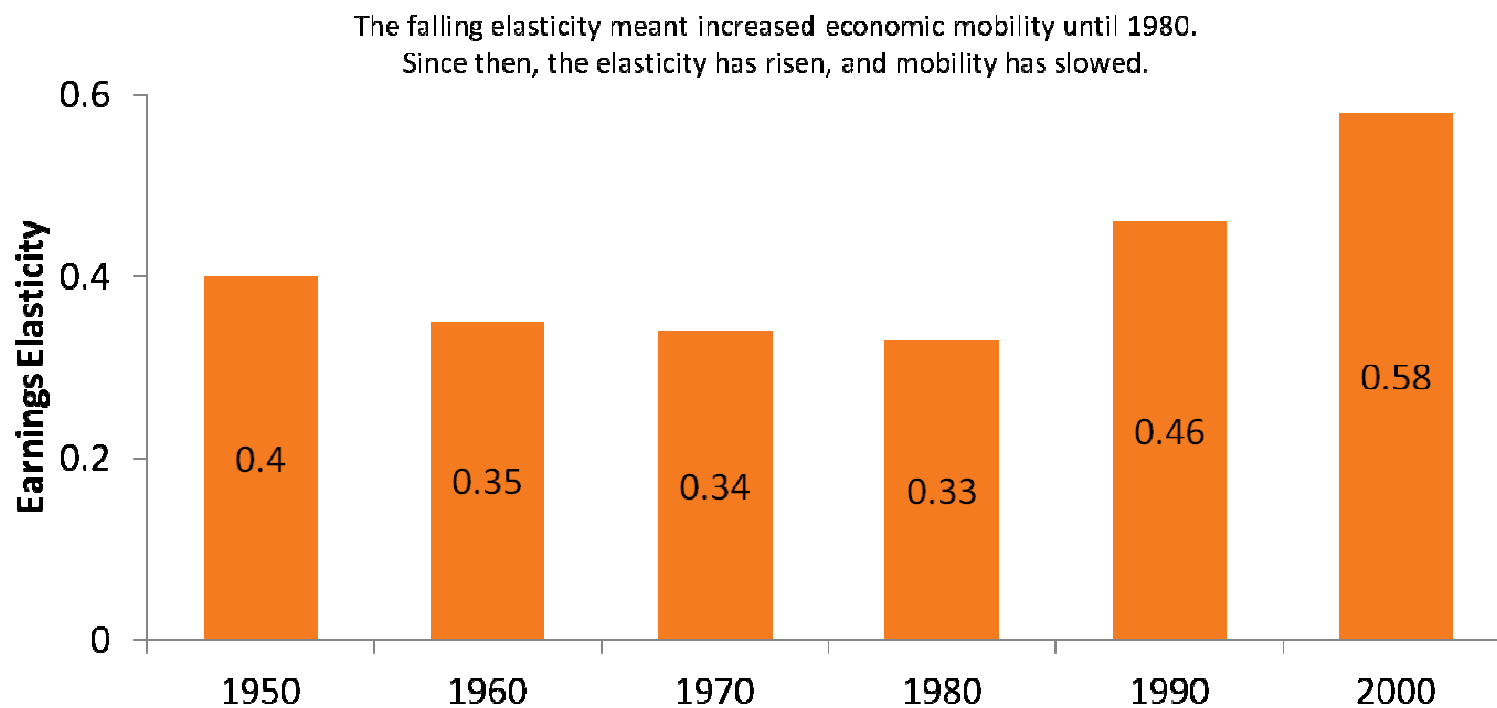
18 X that of Latinos

Source: Rakesh Kochhar, Richard Fry, and Paul Taylor, "Twenty-to-One: Wealth Gaps Rise to Record Highs Between Whites, Blacks, and Hispanics," Pew Social & Demographic Trends, 2011.



What about generational advancement?

U.S. intergenerational mobility was increasing until 1980, but has sharply declined since.



Source: Daniel Aaronson and Bhashkar Mazumder. *Intergenerational Economic Mobility in the U.S., 1940 to 2000*. Federal Reserve Bank of Chicago WP 2005-12: Dec. 2005.

What is the overwhelming message about what matters in turning this around?

Education.

“Among those who have finished four years of college, there is no racial gap in economic mobility. Both whites and blacks experience very high rates of upward economic mobility.”

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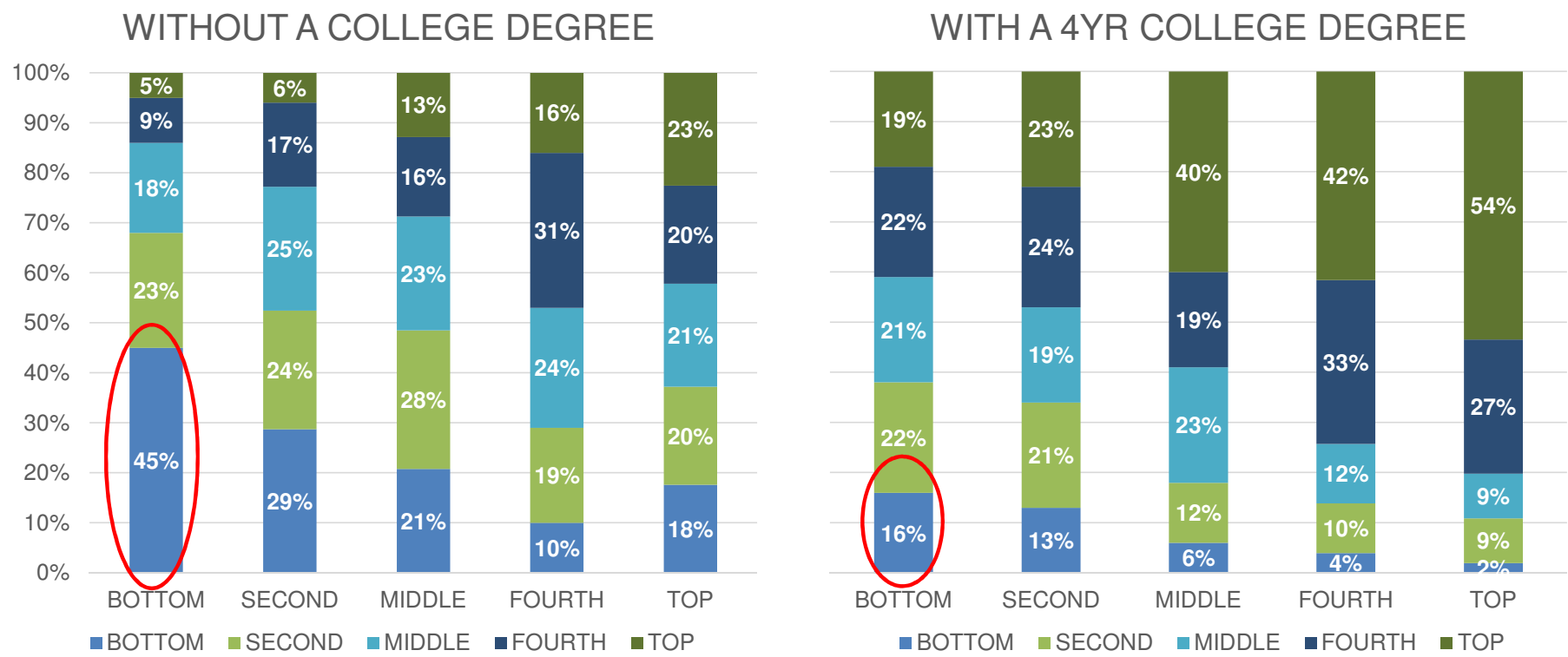
JLS2

Not sure I understand the ? in the title

Jose Luis Santos, 2/5/2015

A college degree is a powerful catalyst to economic mobility

Percent of Adult Children Reaching Each Quintile



Source: Haskins, Holzer and Lerman. *Promoting Economic Mobility by Increasing Postsecondary Education*. Economic Mobility Project; Pew Charitable Trusts: 2009. Figure 2. Brookings tabulations of PSID data.

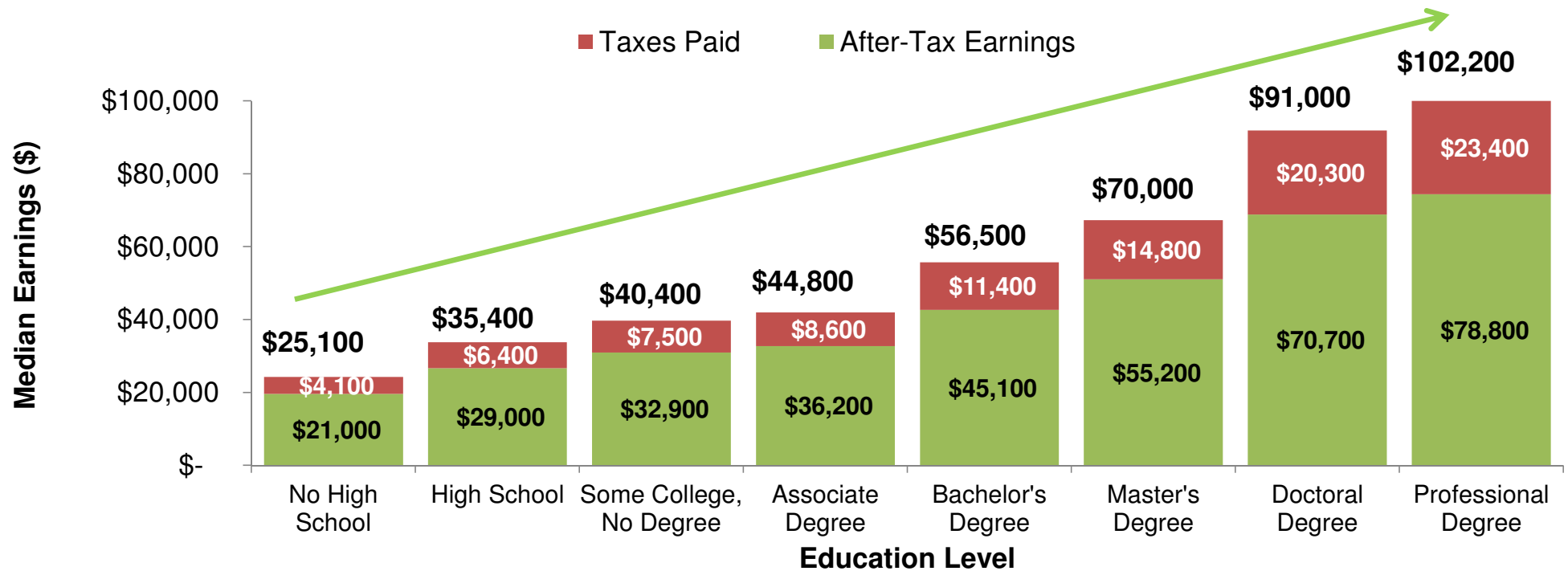
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JLS3

Not sure i understand the figure. Let's discuss.

Jose Luis Santos, 2/5/2015

College Grads Earn More



Source: College Board, Education Pays, 2013, Figure 1.1: Median Earnings and Tax Payments of Full-Time Year-Round Workers Ages 25 and Older, by Education Level, 2011

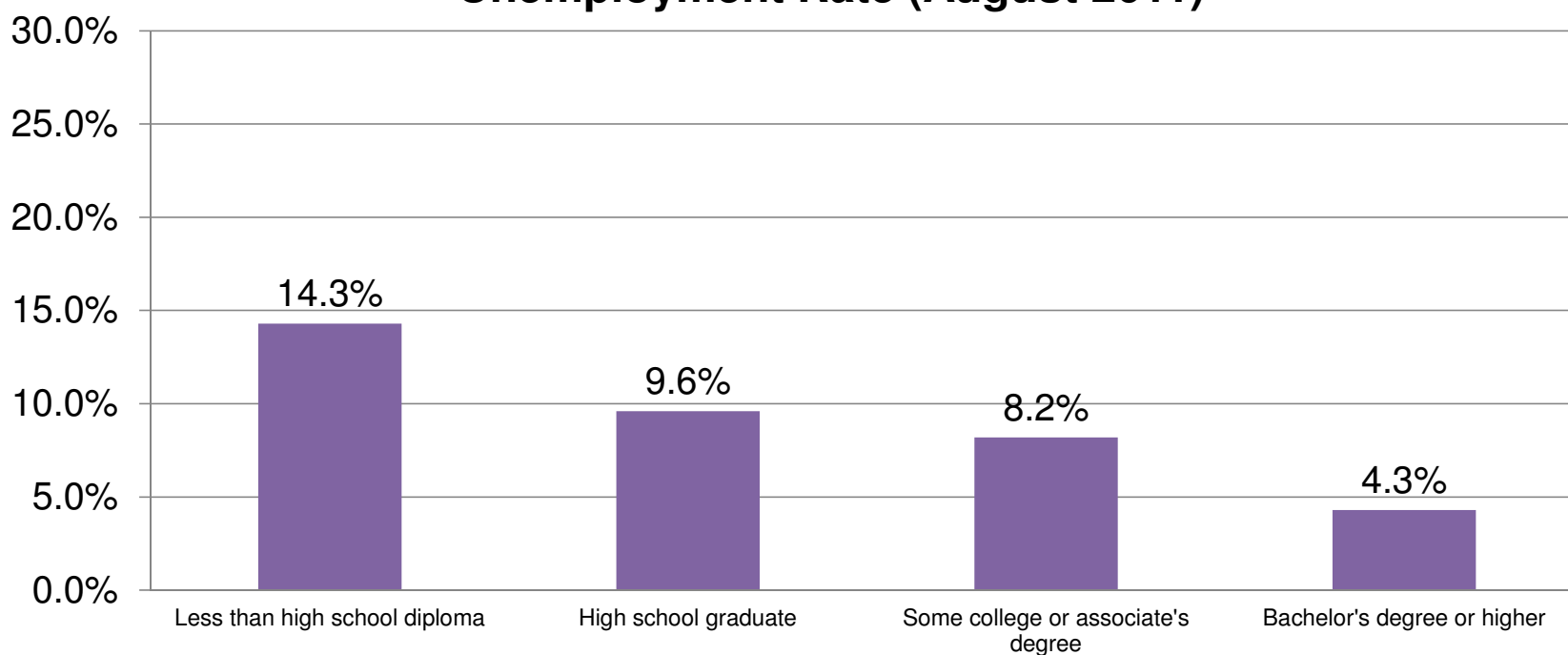
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JLS4


Jose Luis Santos, 2/5/2015

College Grads Less Likely to be Unemployed

Unemployment Rate (August 2011)



Source: U.S. Bureau of Labor Statistics, Table A-4, <http://www.bls.gov/news.release/empsit.t04.htm>



At macro level, better and more equal education
is not the only answer.

But at the individual level, it really is.



It's also closely tied to our economic competitiveness.

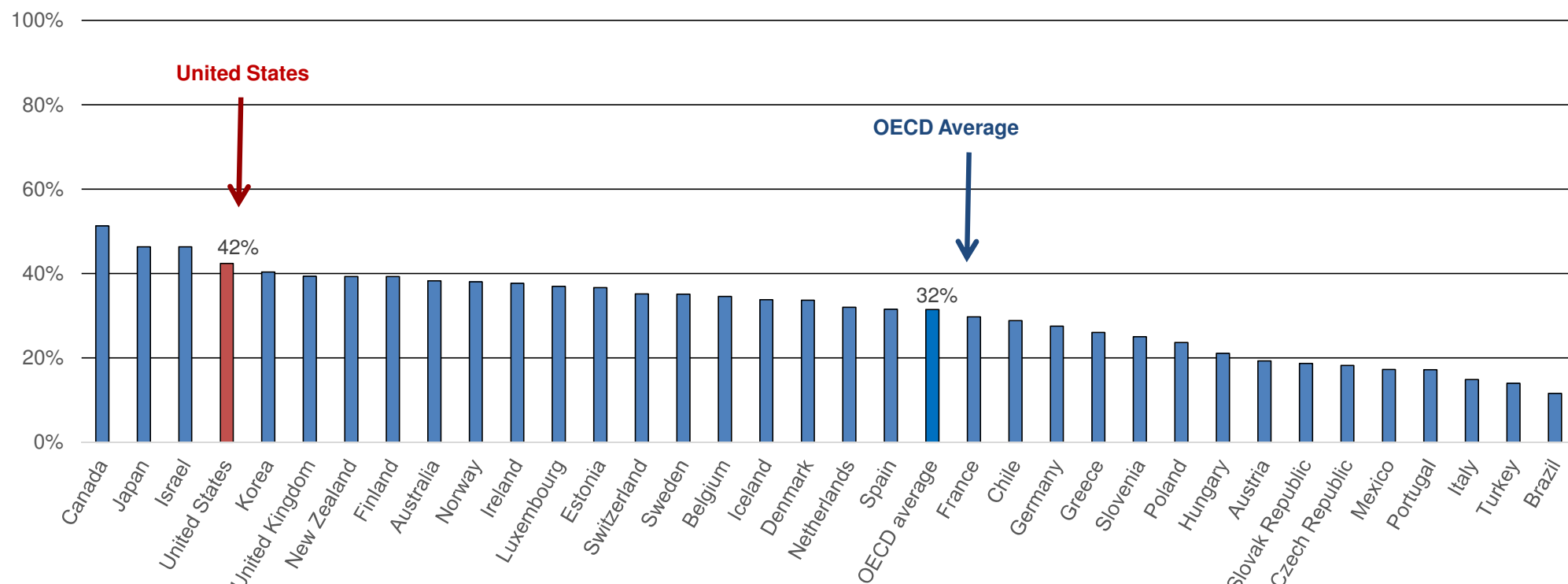
Source: Carnevale, Smith, and Strohl, Help Wanted: Projections of Jobs and Education Requirements Through 2018.



The U.S. is falling behind other developed countries in educational attainment.

We're relatively strong in educational attainment

Percentage of residents aged 25-64 with a postsecondary degree



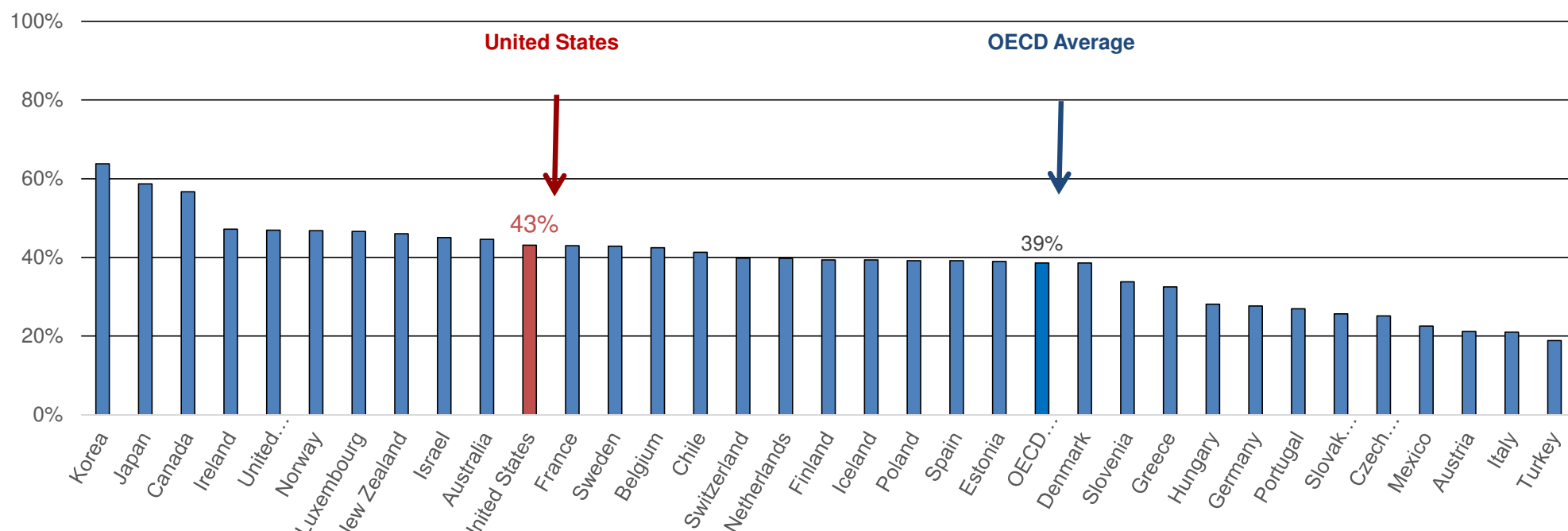
Note: Adults with a postsecondary degree include those who have completed either a tertiary-type B program (programs that last for at least two years, are skill-based, and prepare students for direct entry into the labor market) or a tertiary-type A program (programs that last at least three, but usually four, years, are largely theory-based, and provide qualifications for entry into highly-skilled professions or advanced research programs)

Source: Organisation for Economic Co-operation and Development, Education at a Glance 2013 (2011 data).

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Our world standing drops to 11th for younger adults


Percentage of residents aged 25-34 with a postsecondary degree



Note: Adults with a postsecondary degree include those who have completed either a tertiary-type B program (programs that last for at least two years, are skill-based, and prepare students for direct entry into the labor market) or a tertiary-type A program (programs that last at least three, but usually four, years, are largely theory-based, and provide qualifications for entry into highly-skilled professions or advanced research programs)

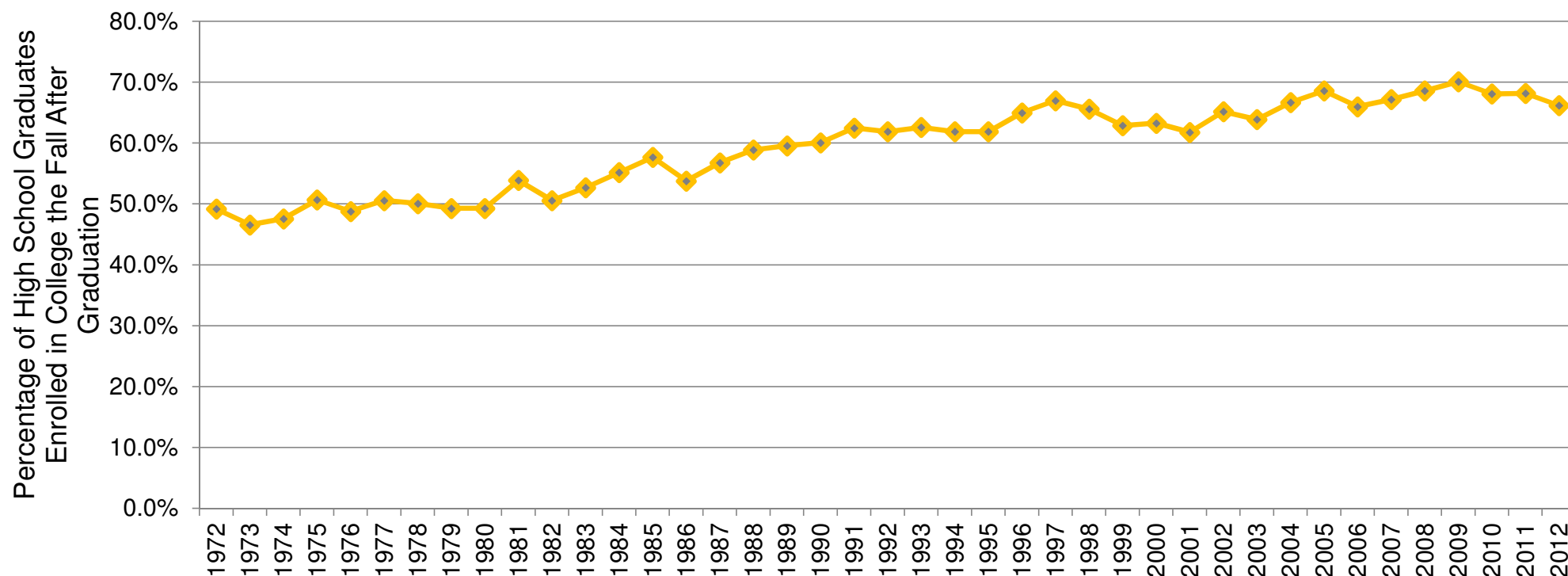
Source: Organisation for Economic Co-operation and Development, Education at a Glance 2013 (2011 data).

How are we doing?



Over past 30 years, we've made a lot of progress on the access side.

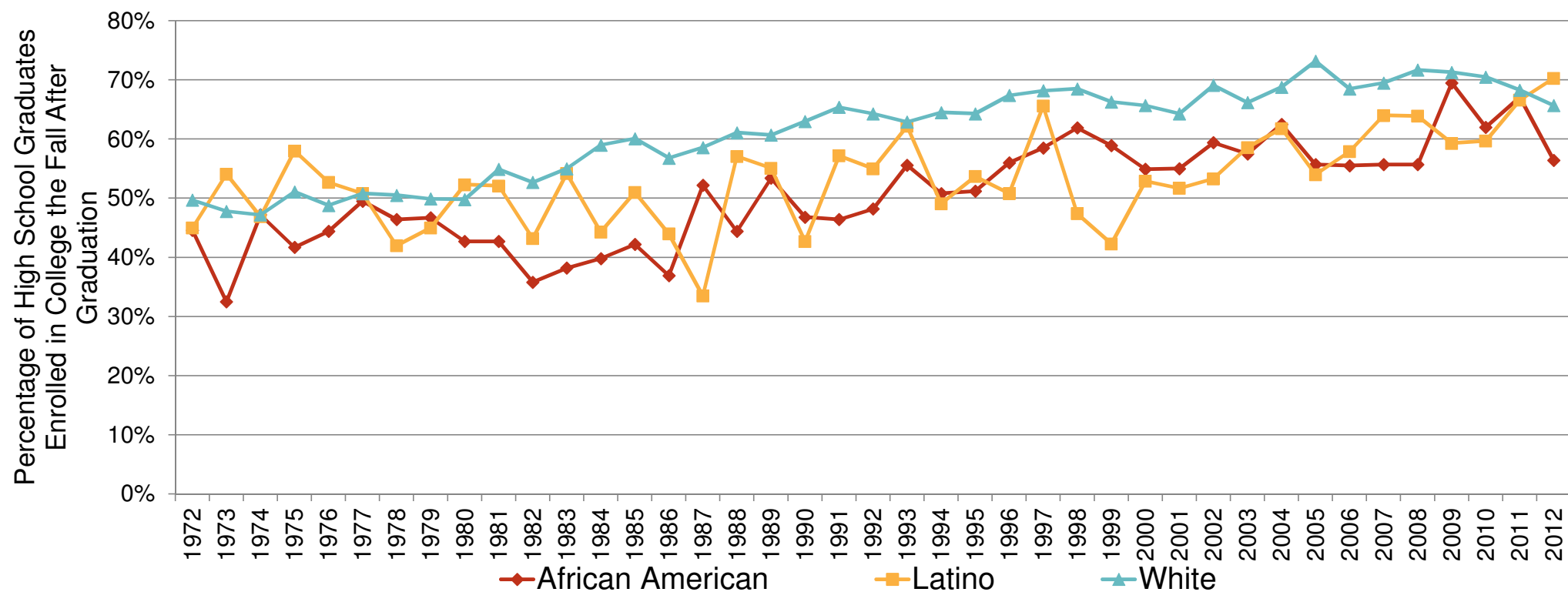
Immediate College-Going Up



Note: Percent of high school completers who were enrolled in 2-year or 4-year college the October after completing high school

Source: NCES, *The Digest of Education Statistics 2013* (Table 302.10).

Immediate College-Going Increasing for All Racial/Ethnic Groups: 1972 to 2012



Note: Percent of high school completers who were enrolled in college the October after completing high school

Source: NCES, *The Digest of Education Statistics 2013* (Table 302.20).

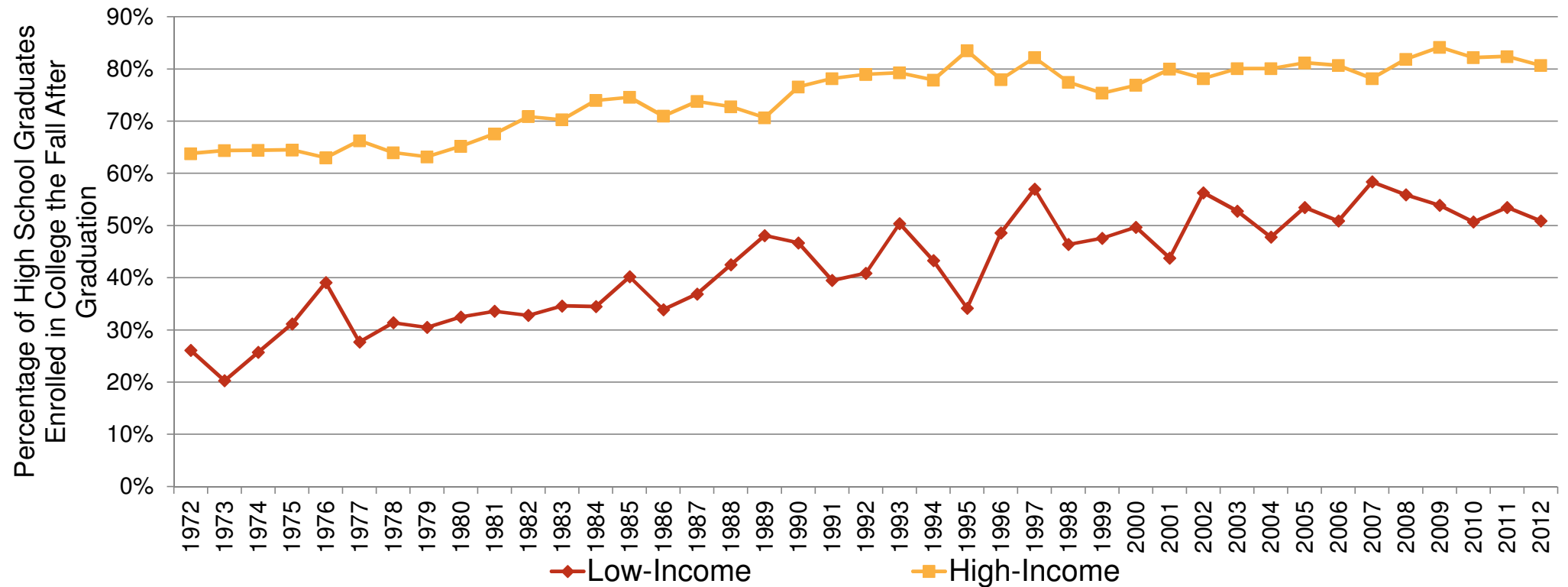
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JLS6

This points to volatility and instability in college-going for AA and Latinos

Jose Luis Santos, 2/5/2015

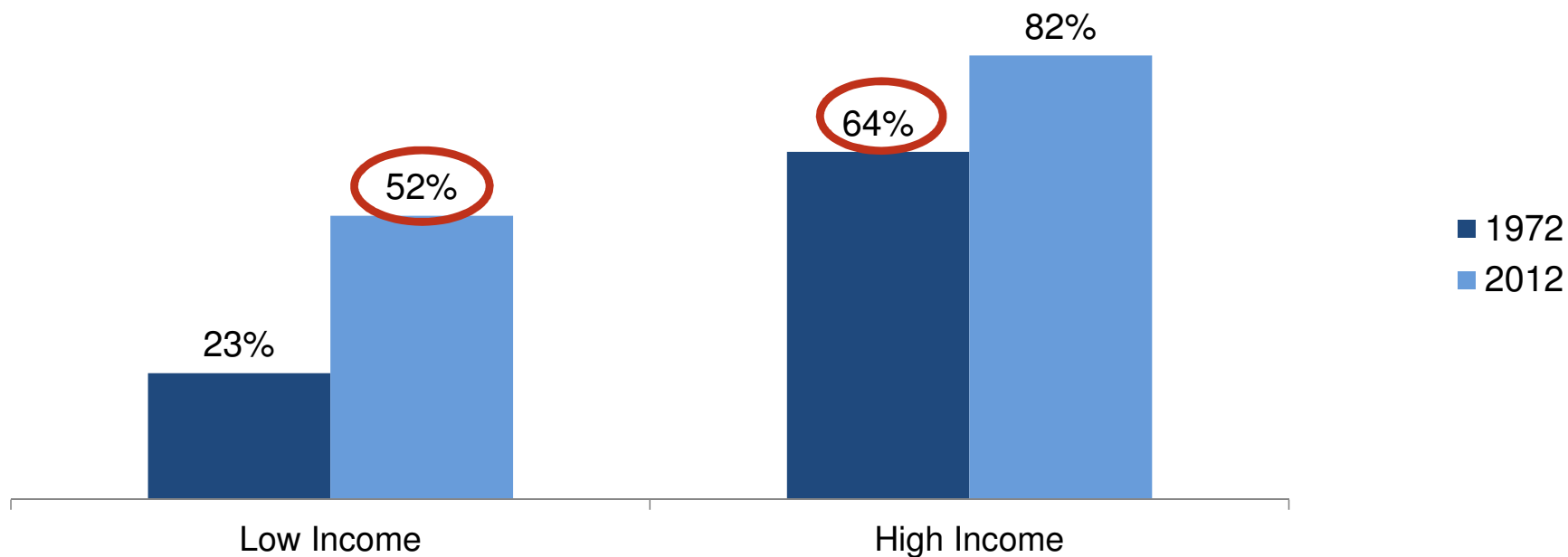
College-Going Generally Increasing for All Income Groups



Note: Percent of high school completers who were enrolled in college the October after completing high school
Source: NCES, *The Condition of Education 2010* (Table A-20-1) and *The Digest of Education Statistics 2013* (Table 302.30).

Low-income students enroll at a rate lower than wealthy students did in 1972

Percentage of high school graduates immediately enrolling in college, 1972-2012



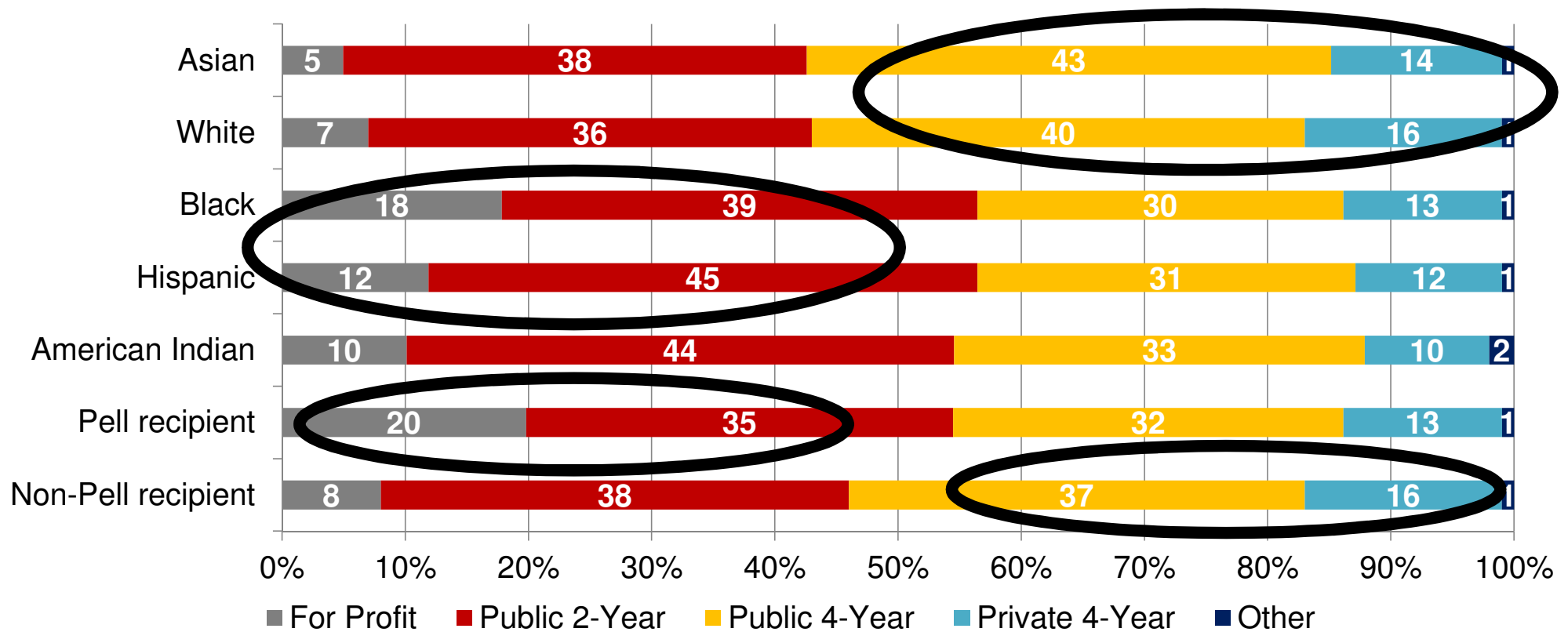
Note: Data for black, Hispanic, and low-income represent two-year moving average because of small sample sizes.

Source: NCES, *The Condition of Education* 2010 (Table A-20-1) and *The Digest of Education Statistics* 2013 (Table 302.30)

But access isn't the only issue.

We must also ask **access to what?**

Black, Hispanic, and Pell students are clustered at for-profit and public two-year institutions



Ed Trust analysis of IPEDS Fall enrollment, Fall 2012 (by race) and IPEDS Student Financial Aid survey, 2011-12 (by Pell recipient status)

ILS14
MW2

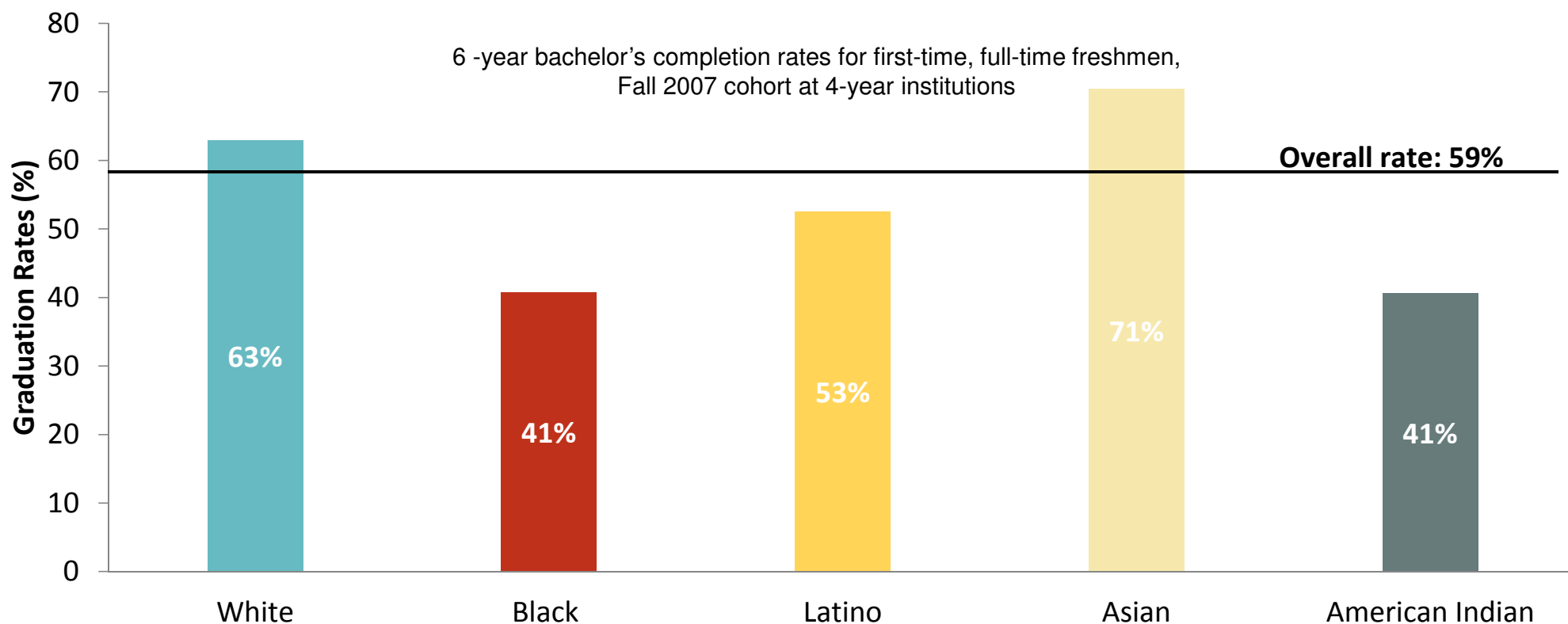
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JLS14 check dangling 28
Jose Luis Santos, 2/5/2015

MW2 I changed the title; please check.
Meredith Welch, 2/5/2015

Black, Latino, and American Indian Freshmen Complete College at Lower Rates Than Other Students



Source: NCES (November 2014). Graduation Rates for Selected Cohorts, 2005-10; and Student Financial Aid in Postsecondary Institutions, Academic Year 2012-13: First Look (Provisional Data) Table 1.

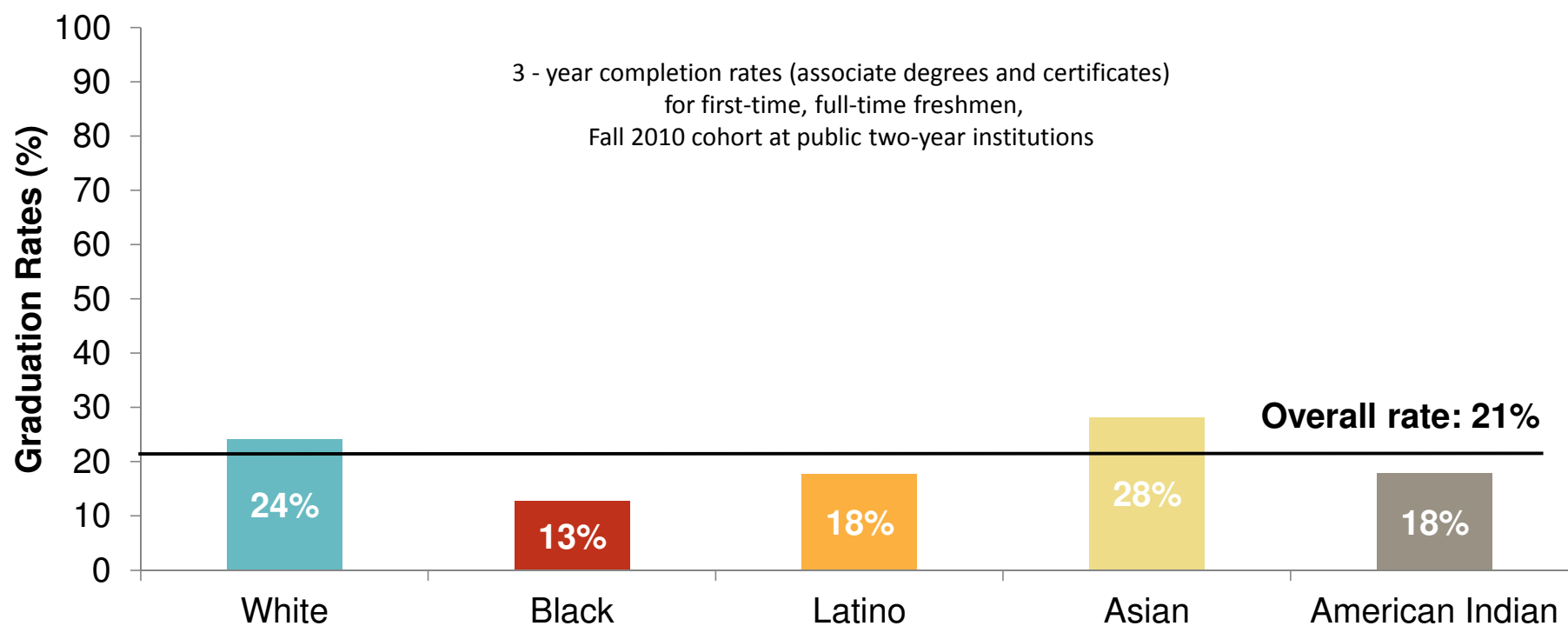
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JLS16

update

Jose Luis Santos, 2/5/2015

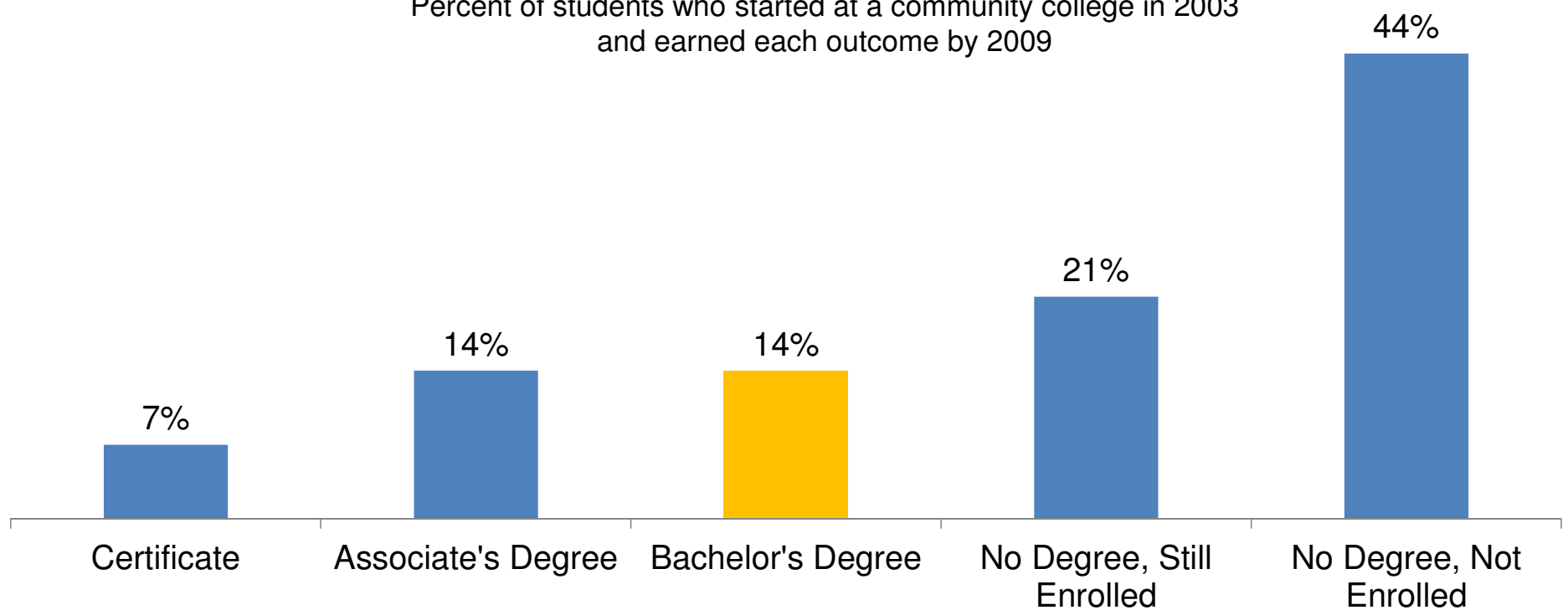
Graduation rates at public community colleges



Source: NCES (November 2014). Graduation Rates for Selected Cohorts, 2005-10; and Student Financial Aid in Postsecondary Institutions, Academic Year 2012-13: First Look (Provisional Data) Table 1.

The vast majority of students who begin at a community college *intending to earn at least a Bachelor's Degree* won't make it

Percent of students who started at a community college in 2003
and earned each outcome by 2009



We must also ask, **access at what cost?**

Low-income students must devote an amount equivalent to 76% of their family income towards college costs

Family Income Percentile	Average Income	Average Cost of Attendance	Average Expected Family Contribution (EFC)	Average Grant Aid	Average Unmet Need After EFC and Grant Aid	Average % of Income Required to Pay Out-of-Pocket Expenses
0 – 20%	\$12,783	\$27,428	\$276	\$13,565	\$13,591	76%
21 – 40%	\$36,205	\$29,345	\$2,138	\$12,246	\$15,006	46%
41 – 60%	\$65,204	\$29,804	\$8,059	\$8,465	\$13,689	33%
61 – 80%	\$97,733	\$30,719	\$16,259	\$6,842	\$9,465	25%
81 – 100%	\$185,819	\$34,370	\$35,925	\$6,041	\$5,281	17%

Source: Education Trust analysis of NPSAS:12 using PowerStats, <http://nces.ed.gov/datalab/>. Results based on full-time, full-year, one-institution dependent undergraduates at public and private nonprofit four-year colleges

Students at for-profit colleges graduate with more debt than their public and non-profit peers

Median Debt of Bachelor's Degree Recipients,
2011-12



Source: Education Trust analysis of NPSAS:12 using PowerStats, <http://nces.ed.gov/datalab/>

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JLS7

Here, we use the NPSAS data.

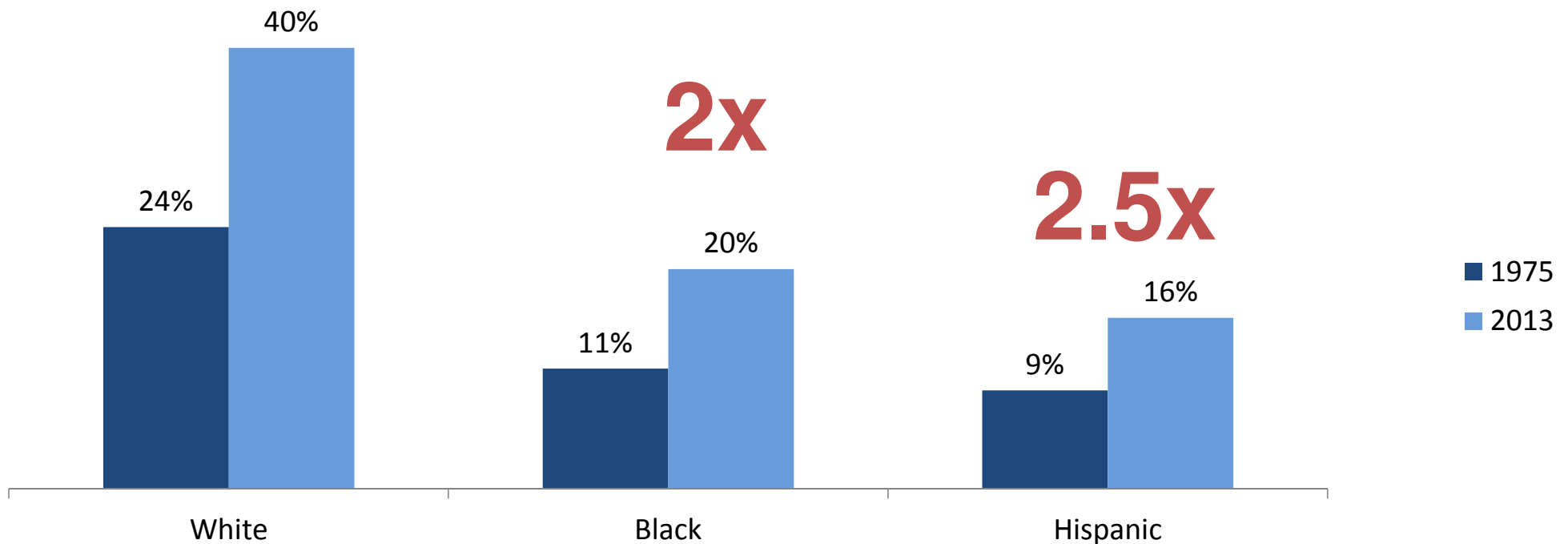
Jose Luis Santos, 2/5/2015

Add it all up...

Different groups of young Americans obtain degrees at very different rates.

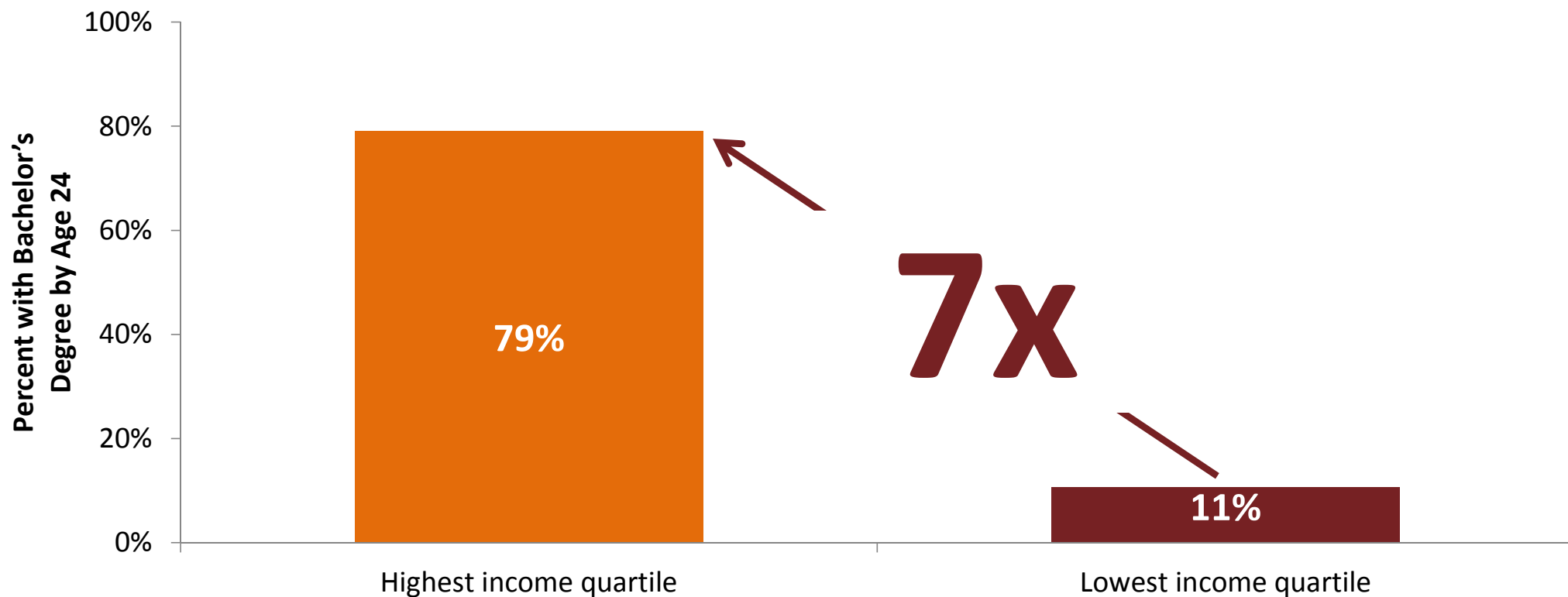
White young adults are much more likely to hold Bachelor's degrees

Bachelor's degree attainment of young adults (25-29 year olds)



NCES, *Condition of Education* 2010 (Table A-22-1) and U.S. Census Bureau, Educational Attainment in the United States: 2013.

Young adults from high-income families are 7 times more likely to earn bachelor's degrees by age 24



Tom Mortenson, *Bachelor's Degree Attainment by age 24 by Family Income Quartiles, 1970 to 2010*, Postsecondary Education Opportunity, 2012.

So, what's going on?

"In this country, every generation has paid for the bulk of the education costs of the generation that came behind it, through taxes or parental support.

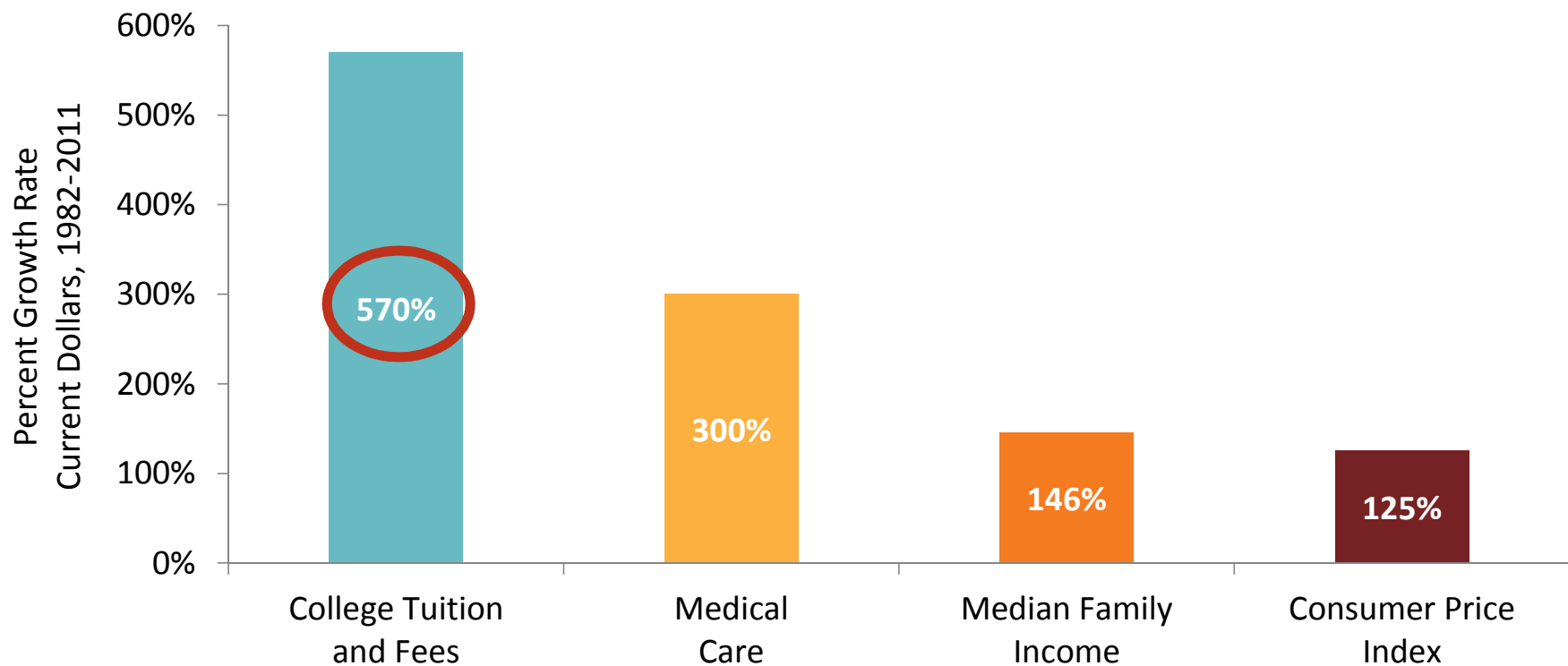
Now we're saying, 'you're on your own, pay for it out of future earnings,'
even though there's not a lot of confidence that those earnings will be as good as in previous years...

Is this really the way we should fund education in this country?"

-Pat Callan, Higher Education Policy Institute

Policies at all levels are shifting funds away
from the students who need the most
support

College costs have increased at 4.5 times the rate of inflation



Source: Bureau of Labor Statistics, Annual Average CPI Index, 2011: <http://www.bls.gov/cpi/cpid11av.pdf>; Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2012; Table F-6.

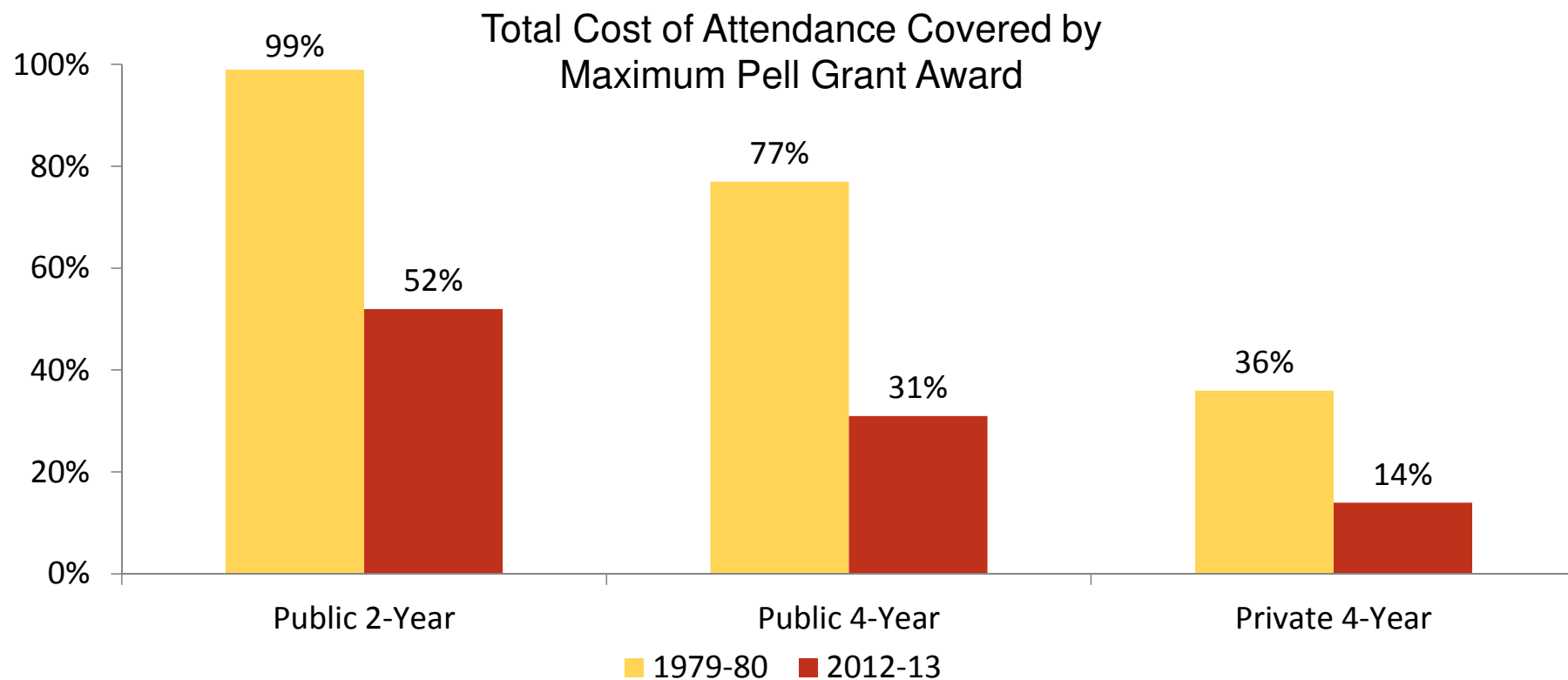
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JLS18

update

Jose Luis Santos, 2/5/2015

Federal Pell Grants have failed to keep pace with rising college costs



Source: American Council on Education (2007). "Status Report on the Pell Grant Program, 2007" and College Board, Trends in Student Aid, 2013.

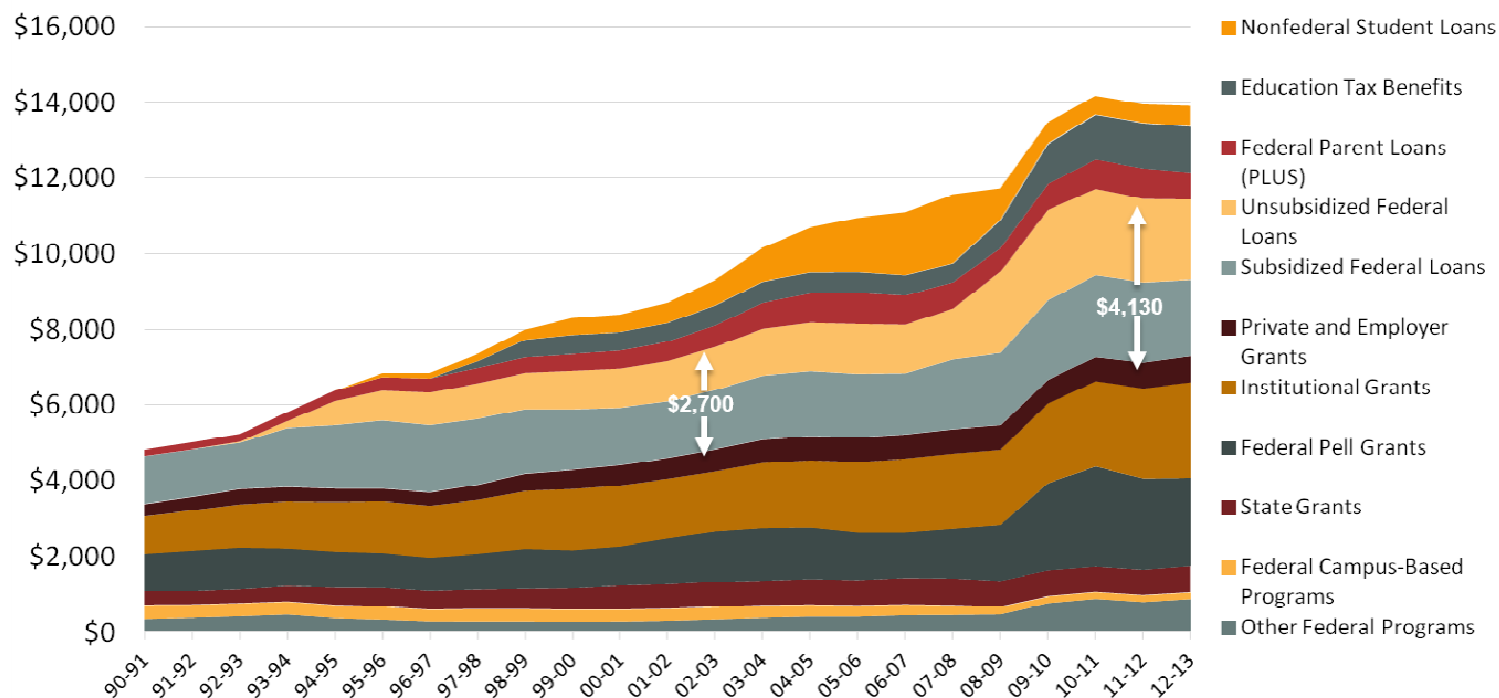
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JLS8 Current max award: \$5,730
Jose Luis Santos, 2/5/2015

JLS9 Next academic yr max: \$5,775
Jose Luis Santos, 2/5/2015

Total financial aid per undergraduate student has increased 50% over the last decade

Student aid and non-federal loans per full-time equivalent (FTE) undergraduate student used to finance postsecondary



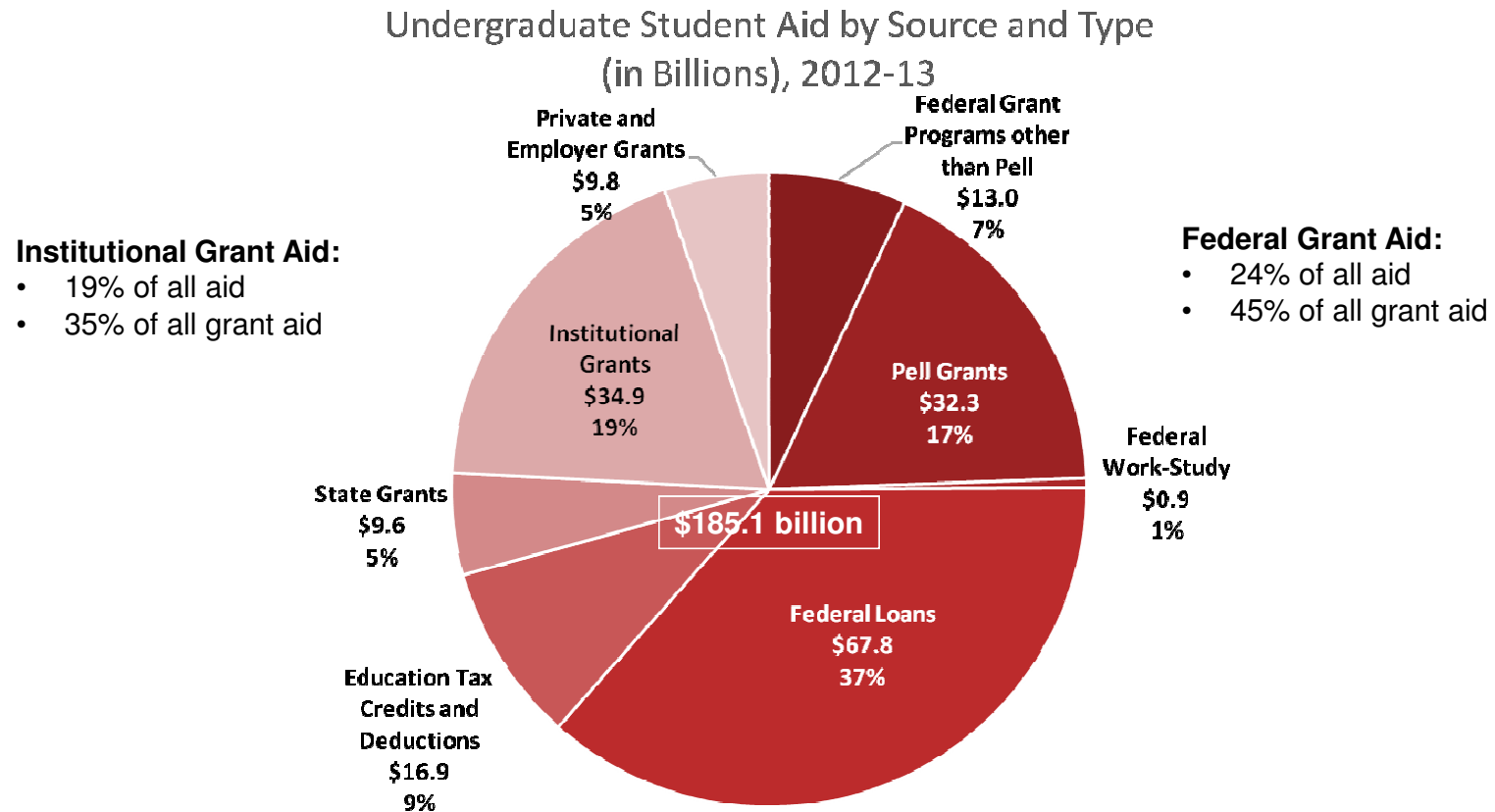
Source: College Board, *Trends in College Pricing* (2013) and *Trends in Student Aid* (2013)

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MD16 Again, accepts CB's premise that loans are financial aid. They're subsidized in varying part, but they are far different than grant / gift aid. Don't buy their frame of reference. Allows feds, states, and schools to cut grant aid and substitute in loans (e.g. our rotten friends at UVA).

Michael Dannenberg, 12/10/2013

Federal student loans remain the largest source of aid




Source: College Board, *Trends in College Pricing* (2013) and *Trends in Student Aid* (2013)

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MW3


This is a picture because of all of the extra notations on the side. So, I can't easily change the colors.

Meredith Welch, 2/5/2015



Yet, while many in Washington are claiming that the estimated \$32.3 billion spent on the Pell Grant program in 2012 is “unsustainable”...

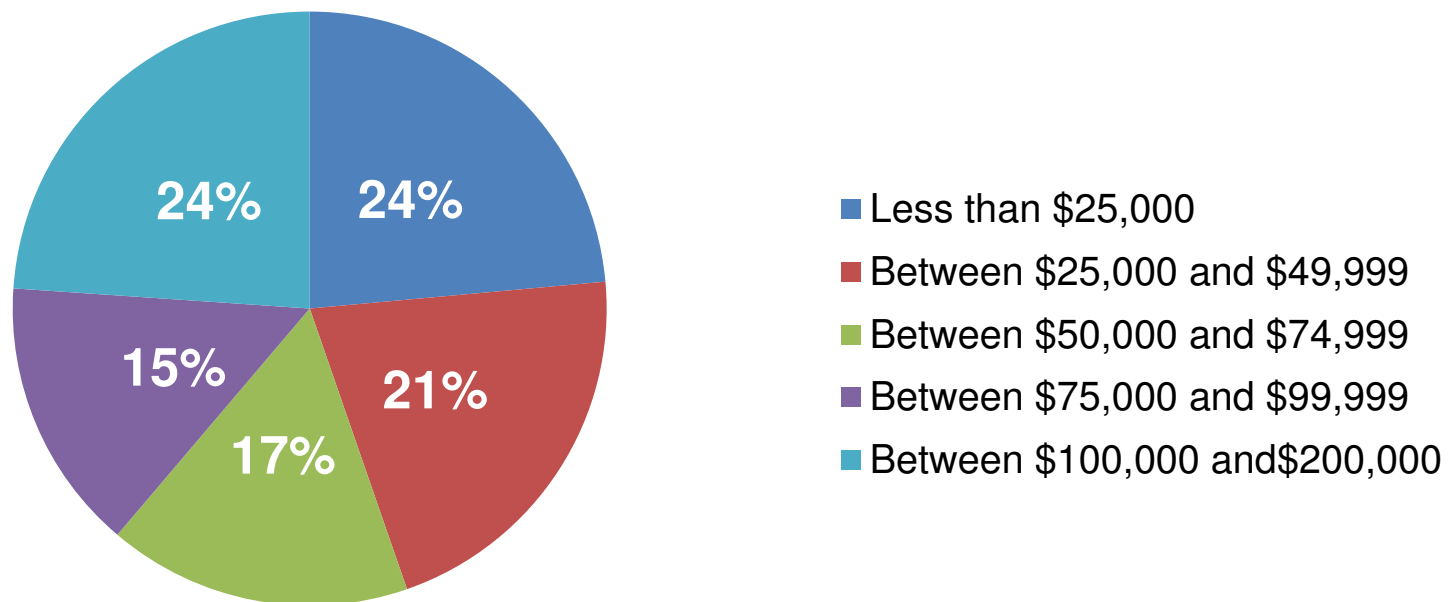
Source: The College Board, *Trends in Student Aid 2013*.



In FY13 \$21 billion in federal dollars were diverted to education tax benefits, many of which benefit institutions or wealthier students.

39 percent of savings from education tax credits go to middle- and upper-income families

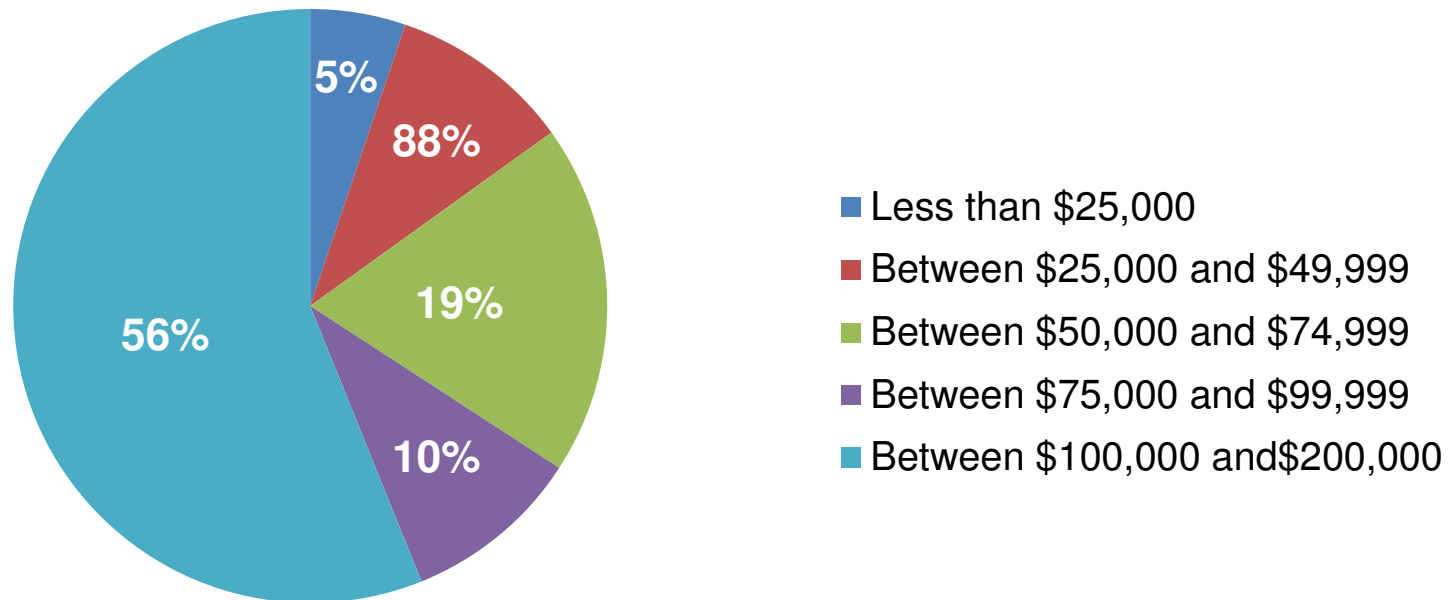
Distribution of Education Tax Credits
by Adjusted Gross Income




Source: The College Board, *Trends in Student Aid 2014*, Figure 25B.

56 percent of savings from tuition tax deductions go to families making over \$100,000

Distribution of Tax Deduction Savings
by Adjusted Gross Income



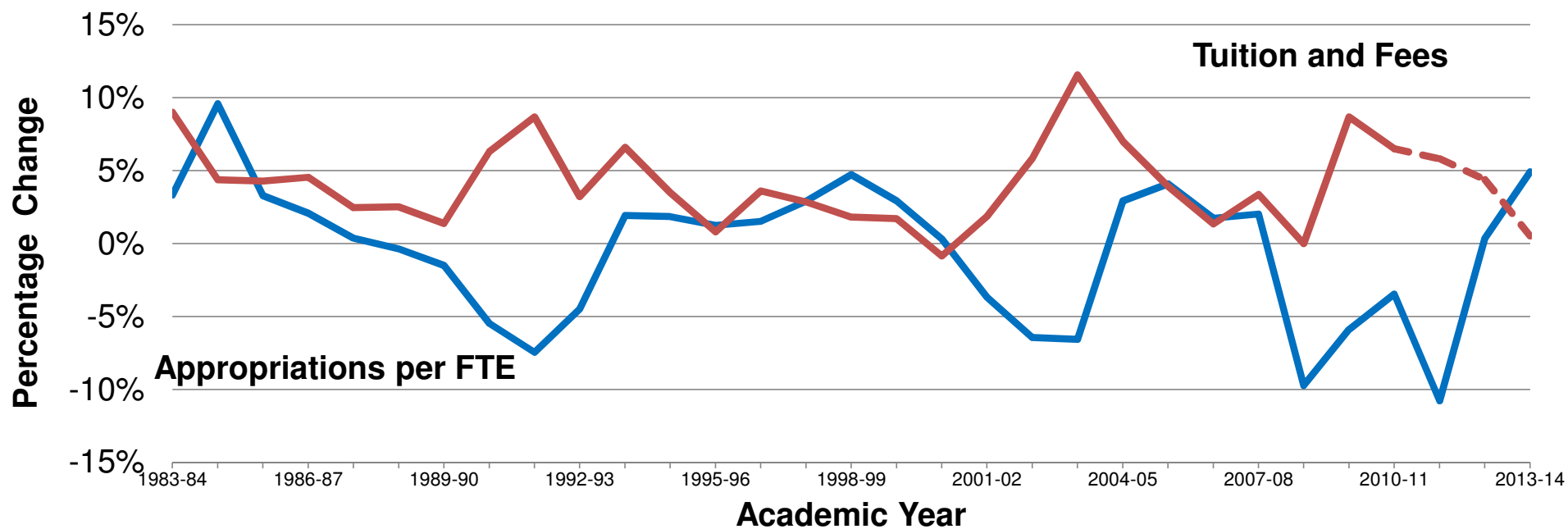
Note: Percentages may not add to 100% because of rounding.
Source: The College Board, *Trends in Student Aid 2014*, Figure 25B.



At the same time, states also have shifted costs onto students and diverted grant funds away from low-income students.

State funding cuts for higher education mean families pay higher tuition

**Annual Percentage Changes in State Tax Appropriations for Higher Education
Per FTE Student and in Tuition and Fees at Public Institutions**



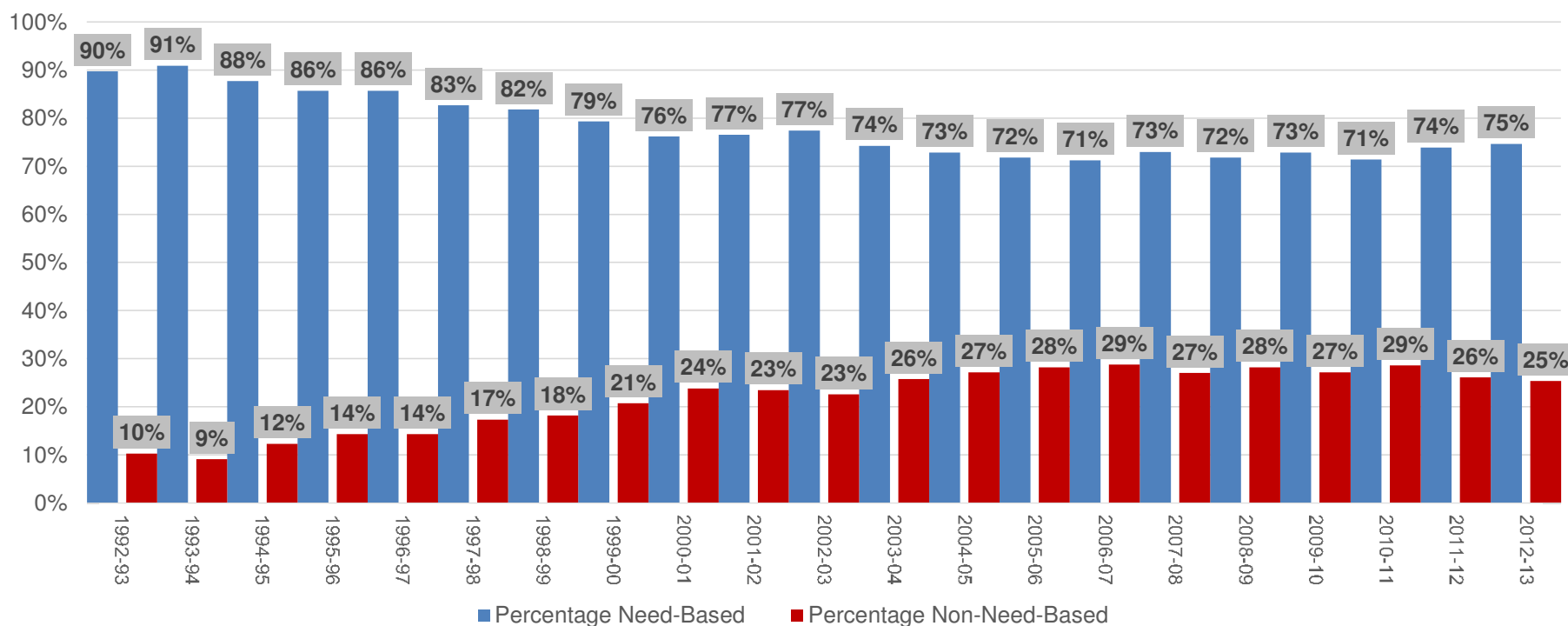
Source: The College Board, *Trends in College Pricing 2014*, Figure 16A.

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JLS10 Need to understand these trend lines.
Jose Luis Santos, 2/5/2015

Non-need-based grant aid now represents more than a quarter of all state grant aid

Need-Based and Non-Need-Based State Grants per Full-Time Equivalent (FTE) Undergraduate Student, 1992-93 to 2011-12



Source: The College Board, *Trends in Student Aid 2014*, Figure 26A.



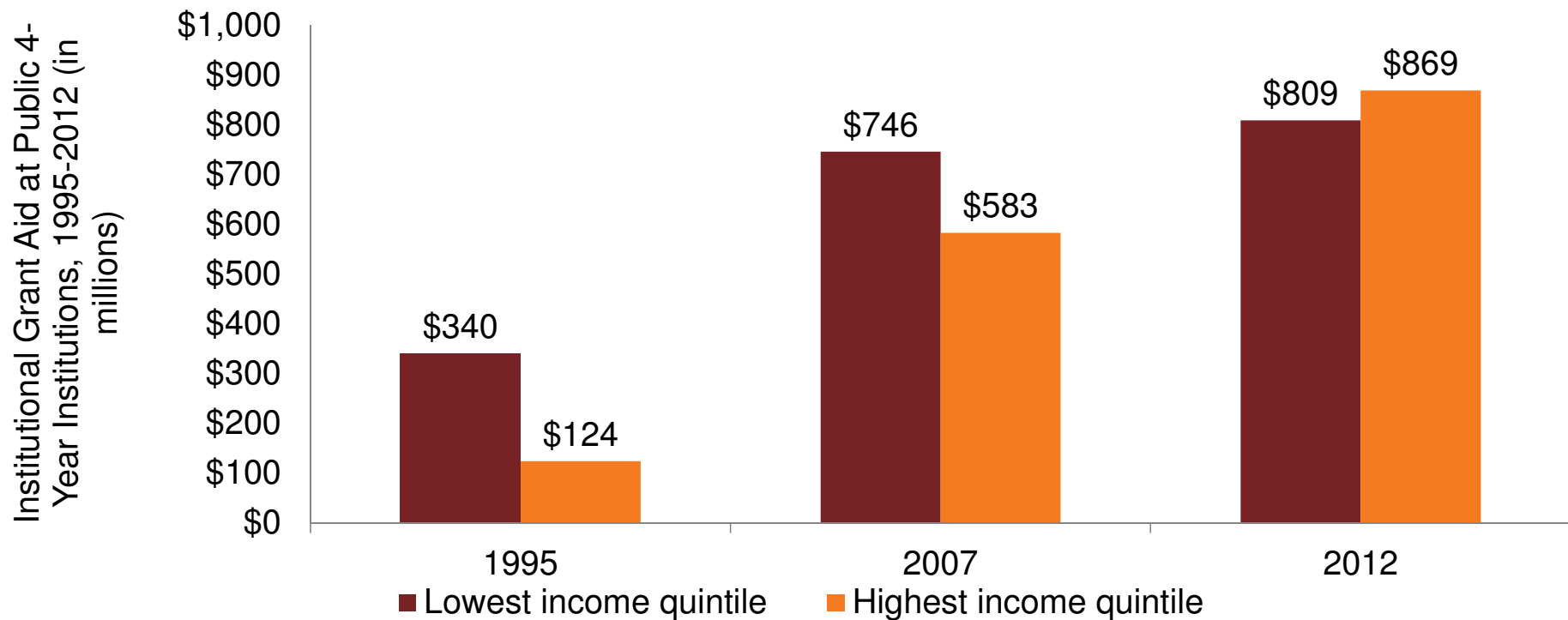
Colleges and universities also
make inequitable choices
with their grant funds

Source: The Education Trust, *Priced Out: How the Wrong Financial-Aid Policies Hurt Low-Income Students*, 2011

In 2011, four-year public and private nonprofit colleges spent over **\$21 billion** on grant aid.

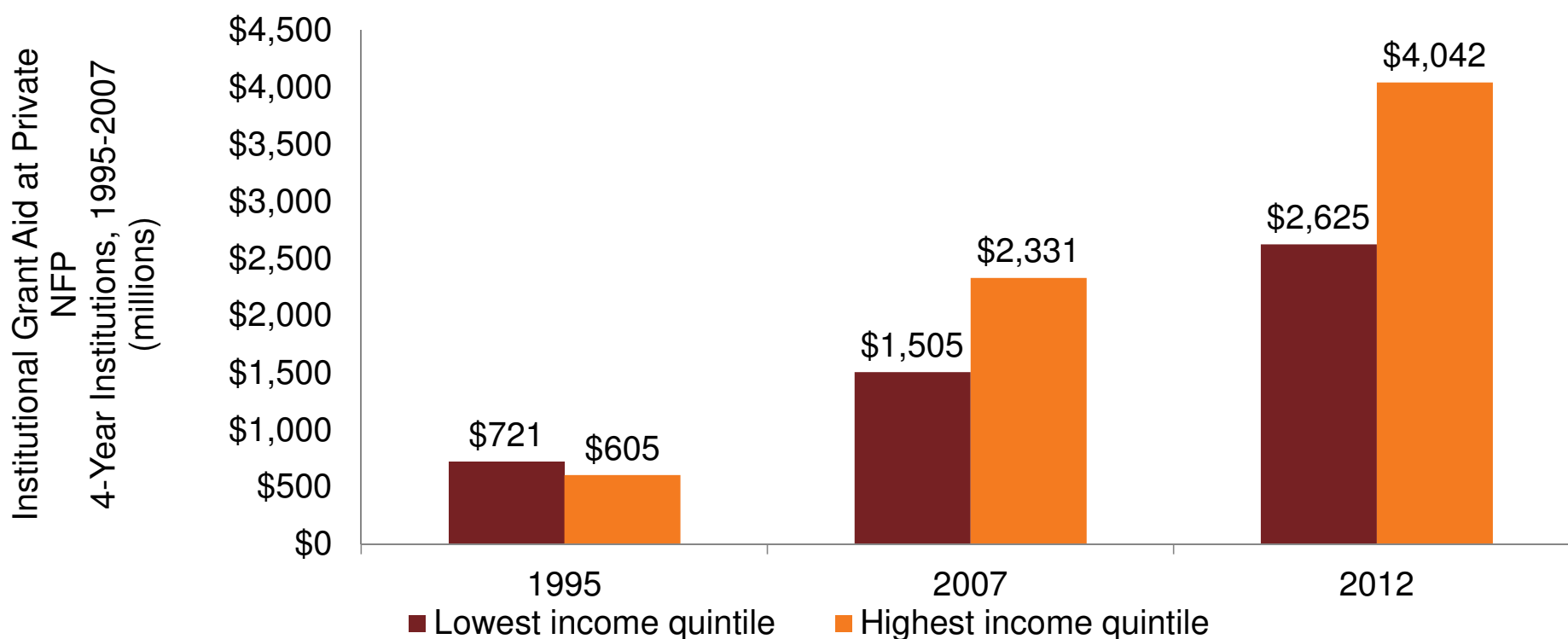
But, they spent a lot of aid on students who
didn't need it...

Public 4-year colleges used to spend more than twice as much on needy students, but now spend about the same on wealthy students




Source: Education Trust analysis of NPSAS:96, NPSAS:08, and NPSAS:12 using PowerStats. Results based on full-time, full-year, one-institution dependent undergraduates.

Private nonprofit 4-year colleges used to spend more on low-income students, but now spend nearly twice as much on wealthy students



Source: Education Trust analysis of NPSAS:96, NPSAS:08, and NPSAS:12 using PowerStats. Results based on full-time, full-year, one-institution dependent undergraduates.

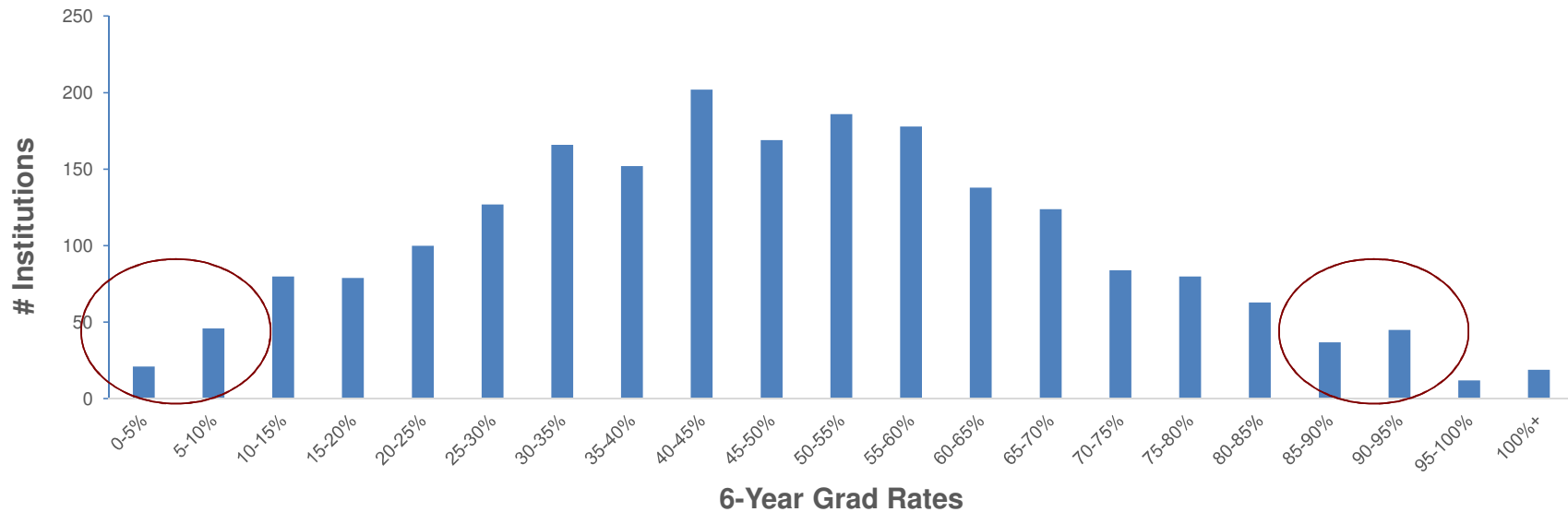


So it's not all about the students or about government. What colleges do is important for who goes to college...and who doesn't.


Moreover, what colleges do also turns out to be very important in whether students graduate or not.

Many Four-Year Colleges Have Very High Graduation Rates and Many, Very Low


Distribution of Graduation Rates (2012)
6-year bachelor's completion rates for first-time, full-time freshmen,
Fall 2006 cohort at 4-year institutions




Source: Ed Trust Analysis of IPEDS Graduation Rates



Some of these differences are clearly attributable to differences in student preparation and/or institutional mission.



Indeed, with enough data on both institutions and students, we can find a way to “explain” nearly 80% of the variance among institutions.



But...when you dig underneath the averages, one thing is very clear:

Some colleges are far more successful than their students' "stats" would suggest.

EdTrust experience:
“Our graduation rates are about the same as
other institutions that serve similar students.”

Some institutions that have same mission,
same focus and serve essentially same
students...get far better results

Transition to Panel