



Brighter futures

Tackling the college completion challenge

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Brighter futures: tackling the college completion challenge

The United States' single greatest collective investment in human capital—and in its future generations—is public education. Yet today that investment is generating very poor returns for low-income students.

Members of the lowest-income U.S. families are 10 times less likely to earn a bachelor's degree than members of the highest-income families. This situation would be troubling in any environment, but with income inequality only increasing and global job competitiveness intensifying every year, it is downright dangerous—not just for low-income students but for society at large. While a field-level conversation about the

college access, persistence, and completion challenges that face low-income students has been slow in coming, we believe that conversation is now imperative. What follows is an overview of our theory of the problem, reflections on the state of the field, and our point of view on how to collectively intensify the ways we address these pressing challenges.

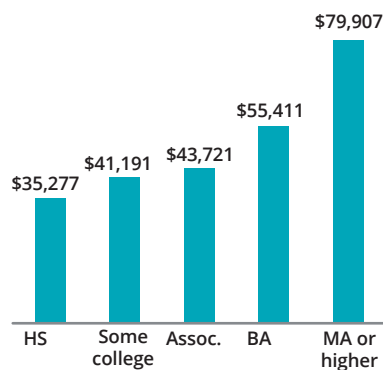
The problem: low-income students struggle to reach—and finish—college

College completion is an increasingly significant predictor of future income and employment in the United States. College graduates earn significantly more than non-college grads—nearly \$600,000 more over the course of a 40-year working career (see *Exhibit 1*).ⁱ This income differential is likely to increase still further in the coming decades, as more and more jobs require applicants to have an associate degree or higher (see *Exhibit 2*), resulting in downward pressure on wages for jobs that do not require post-secondary education. In addition to higher incomes, college graduates also enjoy higher overall employment rates, lower incarceration rates, and longer lives.ⁱⁱ

Of course, not everybody who goes to college stays in college—and family income level is also in some ways a predictor of whether students will ultimately attain a post-secondary degree. Analyzing educational attainment rates by family income, a number of drop-off points across the educational pipeline where students with low family income are exiting the system become clear (see *Exhibit 3*).

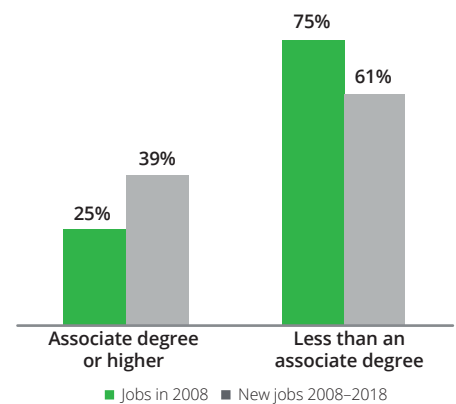
Investigating the college persistence rate still further, the most significant drop-off for students across income levels occurs between enrollment and year two—on average, a roughly 25 percent decline. However, dropout rates decrease significantly after the second year (see *Exhibit 4*).

Exhibit 1: Annual income by education



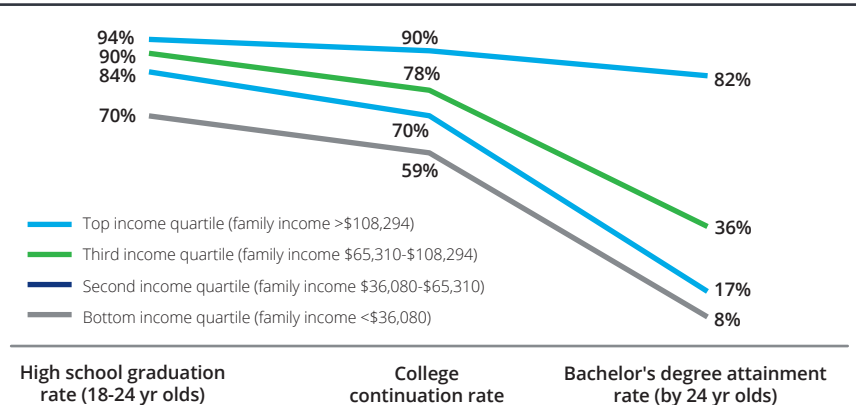
Source: National Center for Education Statistics, 2009

Exhibit 2: Current jobs vs. 10-year forecast



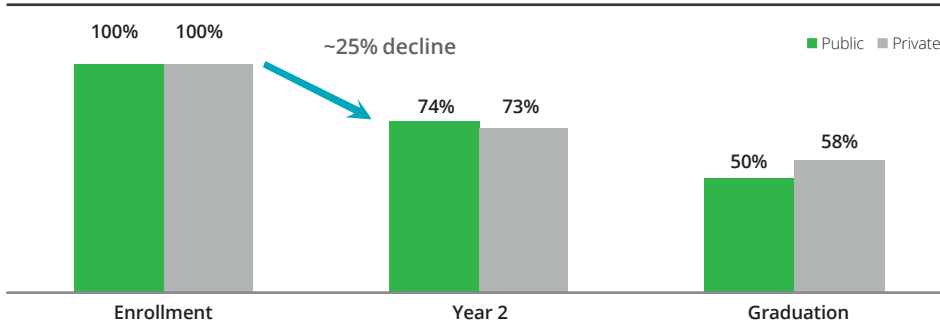
Source: Bureau of Labor Statistics, 2008

Exhibit 3: Pipeline to and through college by family income level, 1970–2009



Note: College continuation rate refers to is the percentage of students enrolled in college somewhere in the U.S. during the fall following high school graduation.
 Source: Family Income and Educational Attainment: 1970 to 2009, Postsecondary Education, Nov 2010 (http://www.postsecondary.org/last12/221_1110pg1_16.pdf).

Exhibit 4: Persistence rates within four-year colleges, 2010



Note: Graduation rate is a six-year term. Source: ACT College Student Retention; ACT What Works in Student Retention, 2010.

“The most significant drop-off for students across income levels occurs between enrollment and year two—on average, a roughly 25 percent decline.”

In addition, according to the National Center for Education Statistics, only 30 percent of students studying at a community college graduate with an associate degree in three years.ⁱⁱⁱ As community colleges tend to be the most accessible and affordable post-secondary institutions, such a low completion rate is particularly sobering. Based on the above analysis, most low-income students who exit the higher-education system tend to do so between high-school graduation and college enrollment, between college enrollment

and year two of a degree program, and when transitioning from a two-year to a four-year college. Overall, dropout rates are alarmingly high, especially after the first year of college; according to a recent OECD report, the United States has the highest college dropout rate in the industrialized world.^{iv} Given the importance of a college degree to securing a career and achieving economic stability in the U.S., why are so many students failing to enroll—and stay enrolled—in college?

There are many underlying factors driving low college enrollment and completion rates among low-income students. A recent survey conducted by ACT, “What Works in Student Retention,” ranks the top attrition factors at both private and public four-year colleges (see Exhibit 5).

In studying this list, three primary factors appear to be driving student attrition above all others: (1) financial constraints, (2) lack of academic preparedness, and (3) the difficulty of navigating complex college systems. Below, we discuss each of these in turn.

Exhibit 5: Factors affecting student attrition at private and public four-year colleges and universities

Rank	Private four-year colleges attrition factors	Public four-year colleges attrition factors
1	Adequacy of personal financial resources	Level of student preparation for college-level work
2	Amount of financial aid available to students	Adequacy of personal financial resources
3	Level of student preparation for college-level work	Student study skills
4	Level of student motivation to succeed	Amount of financial aid available to students
5	Student study skills	Level of student motivation to succeed
6	Student – institution “fit”	Level of student commitment to earning a degree
7	Level of student commitment to earning a degree	Level of job demands on students
8	Ratio of loans to other forms of financial aid	Student low socio-economic status
9	–	Student educational aspirations and goals
10	–	Student personal coping skills

Note: Chart includes attrition factors that were rated as having more than a moderate affect (e.g., receiving a greater than three survey ranking) on student attrition. Source: ACT, What Works in Student Retention?

Financial constraints

“Three primary factors appear to be driving student attrition above all others:

(1) financial constraints, (2) lack of academic preparedness, and (3) the difficulty of navigating complex college systems.”

“Over the past 10 years, after adjusting for inflation, the median family income increased by 12 percent, while the average tuition and fees at four-year public institutions increased by 40 percent and at four-year private schools by 33 percent.”

“The Burden of Borrowing: A report on the rising rates of student loan debt”
From the State PIRG’s Higher Education Project

Students who qualify for financial aid are usually given support at a percentage of their family income level. However, for many students, these percentages are not high enough; even after factoring in formal aid, the total cost of the education they’ve signed up for is often substantially higher than students and their families can afford. As a recent Education Trust report, “Priced Out: How the Wrong Financial-Aid Policies Hurt Low-Income Students,” points out there are a number of institutions that require their lowest-income students to pay more [than] 100 percent of their annual family income to attend college.^v Some experts believe that this trend will only worsen over time. According to the Higher Education Project, “Over the past 10 years, after adjusting for inflation, the median family income increased by 12 percent, while the average tuition and fees at four-year public institutions increased by 40 percent and at four-year private schools by 33 percent. As family income in this country becomes more stratified, tuition as a percentage of family income will continue to increase, particularly for low-income students, amplifying the average student’s debt burden.”^{vii}

The primary reason for these practices is also financial: colleges and universities are themselves often economically strapped—and therefore unable to pull together aid packages that meet the financial needs of low-income students. The recession has led to the shrinking of many college endowments—where they existed in the first place—and colleges have compensated

by increasing tuition. In addition, reduced federal, state, and local funding of universities and colleges due to budgetary constraints have further reduced their financial aid resources.

It’s also true that many colleges have adopted special aid policies designed to attract higher-income and high-performing students to their campuses, resulting in an increased number of grants being awarded to these students:

“Through a set of practices known as enrollment management, leaders in both public and private four-year colleges increasingly are choosing to use their resources to compete with each other for high-end, high-scoring students instead of providing a chance for college-qualified students from low-income families who cannot attend college without adequate financial support.”^{vii}

Such institutional practices, combined with the already limited landscape of financial aid options, put increased financial pressure on students from low-income families who are committed to attending college yet must scramble for the resources to do so. These students typically have to borrow large amounts of money to fund their education and often have to weigh the financial opportunity cost associated with enrolling in college against the immediate need to contribute financially to their families. For community college students looking to transfer to a four-year institution, the different financial aid process, higher tuition fees, reduced financial aid, and larger student loans make that process especially challenging. When facing these decisions, students may not know how to value the future payoff of an investment in their education against the urgency of immediate financial considerations, such as debt load and the financial needs of their families.

Academic preparedness

For students from low-income families, money is not the only factor standing in the way of their pursuit of higher learning. Many are not receiving the high-quality K-12 education they need to be prepared for college in the first place. According to a recent Programme for International Student Assessment (PISA) report, the quality of the U.S. education system varies widely depending on the ethnic and socioeconomic profile of one's local school system (*see Exhibit 6*). The study found that the average literacy scores in schools where more than 75 percent of students receive free or reduced lunch (FRL), a proxy for income level, are abysmally low—among the lowest in the world. By contrast, students attending schools where less than 10 percent receive free or reduced lunch have the highest literacy scores in the world.

This issue is exacerbated by the fact that many high schools—particularly those in

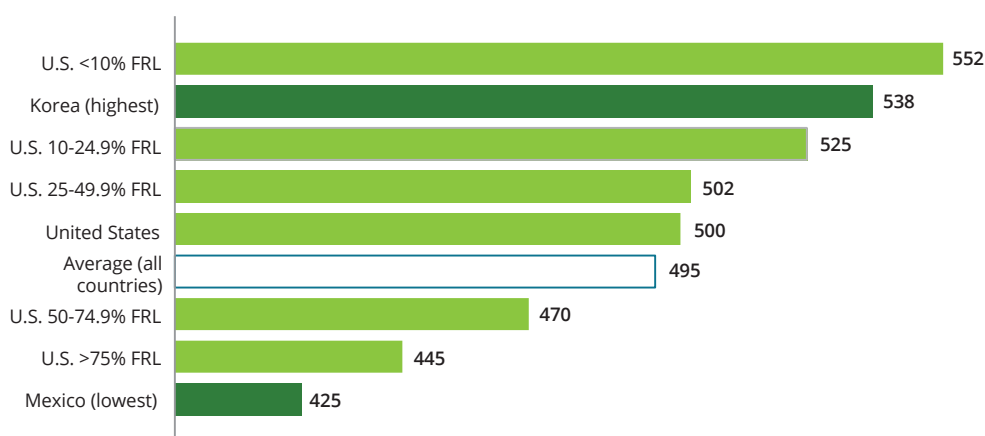
low-income areas—are not adequately preparing students to excel in college or in their future careers:

“Low-income and minority students are less likely than other students to complete high school or to be programmed into a college-prep course sequence. Even when these students take the right courses, chances are that they will not be taught by an appropriately certified teacher. Not surprisingly, given both of these scenarios, low-income students are less likely to perform at the ‘college-ready’ level on college admissions tests.”^{viii}

Moreover, students who are not being prepared appropriately for college are unlikely to develop the study skills needed to keep pace in the academically rigorous learning environment they will encounter in college. As a result, they may lose the confidence and motivation required to complete their studies.

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Exhibit 6: Average literacy scores by U.S. sub-population



Note: FRL stands for free and reduced lunch. Source: Programme for International Student Assessment, 2009.

Ability to navigate college systems

The college application process is stressful for everyone, regardless of income level. However, low-income students are often the first in their family to attend college. As such, they may not have the social systems and supports in place to help them navigate the often complex processes associated with the pursuit of a college education, such as filling out financial aid applications, choosing the right school, and so on.

When it comes to financial aid, parents and students often have limited knowledge about the available options and have difficulty navigating the complexities of the application process, which include the FAFSA, school-specific forms, and scholarship paperwork. Steering through these processes can be difficult for all students, whether they are enrolling in college for the first time or transferring from community college. Once students reach a college campus, the flurry of decisions continues—including course registration, choosing a major, and figuring out how to balance earning money with school demands. Weighing these multiple paths and options requires a certain level of “college knowledge” that many students lack when they first matriculate.

Navigating four-year institutions is an especially daunting task for community college transfer students. In addition to the standard college hurdles described above, these students also need to decipher

whether their college credits will transfer to their new four-year institution—an often intricate task. Unfortunately, many four-year institutions do not fully recognize community college credits and require transferring students to repeat courses they have already taken. Given the complexity and poorly defined nature of the transfer process, students often struggle to make proper choices among the options available to them, which may include maximizing the number of transferrable credits, reducing overall costs, and minimizing the time needed to complete their degree.

Finally, first-generation college students may not be able to rely on family or friends for advice, and therefore have the additional burden of constructing a support network of mentors, role models, and advisors all on their own. Without this advice and counseling, students may make decisions that adversely affect their circumstances—and thus their education.

Efforts to address the deep structural barriers described above are still dwarfed by the scale and complexity of the problem. As we evaluate the primary drivers of college enrollment and completion, the question remains:

How can actors across the education field work together to make it easier for low-income students to pursue better lives through post-secondary education?

“Low-income students... may not have the social systems and supports in place to help them navigate the often complex processes associated with the pursuit of a college education.”

Current state of the field

As consultants to a number of organizations in the education field, we know that the barriers outlined above are generally well understood. We also know that many organizations have made great strides in tackling these barriers head-on. At the risk of oversimplifying a complicated field, we see three broad categories of actors working to improve college access and persistence:

- **High schools:** college-prep charter schools, such as KIPP, have succeeded in getting low-income students to and through college and are even experimenting with their own college support programming (e.g., hiring dedicated counselors to help students after high-school graduation).
- **Colleges and universities:** post-secondary institutions such as Amherst College, Colorado State University, and Franklin and Marshall have invested significant resources in recent years to attract low-income high-school students and develop targeted programming (e.g., outreach programs, summer bridge programs, developmental courses) to make certain they succeed.

- **Third-party nonprofits:** independent organizations, such as the Posse Foundation, have made significant strides in ensuring that low-income students have the academic and systems support they need to successfully matriculate and graduate from college.

Given the success of these and others efforts, why are we not making more progress as a field? One reason is the relatively small *size* of these efforts: most of the actors in the above categories serve very small populations—between 100 and 1,000 students annually—and are unable to meaningfully impact the college access and persistence problem on a national level despite the strong success of their initiatives. A second problem is *scale*. Most successful initiatives and pilots are “brute force” efforts built on staff-intensive models that by their nature cannot scale. The ability to scale is further hampered by a relative lack of systemic and ongoing field-wide collaboration; indeed, even the most successful organizations have difficulty broadly disseminating “what works” to others.

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Meeting the challenge

So, what might the field's actors and stakeholders do to overcome these issues of size and scale? We see three primary pathways through which its key actors especially can dramatically improve the flow of information through the education ecosystem—and de-fragment the field and its vast knowledge base in the process.

- **Improve coordination between key actors.** Lack of coordination is one of the biggest issues hindering progress in raising college access and completion rates among low-income students.

While coordination of so many disparate actors can seem daunting, it is possible to improve field-wide coordination by boosting the information flows between key actors in the system, especially:

- Between high schools and colleges: More dialogue is needed between colleges and feeder high schools on how to support low-income youth, both academically and socially, on their journey to and through college. Currently, this kind of coordination typically happens in one-off situations, where a motivated actor puts together a network to support student goals (e.g., how Cristo Rey interacts with its partner colleges). In addition, colleges do not send a consistent message about the competencies and capabilities incoming freshman will need in order to be successful. Similarly, high schools often fail to highlight the types of supports they see as fundamental to ensuring college completion among low-income student populations.

- Within the college community: many colleges are understandably cautious about targeting low-income students who will not be able to pay full tuition. Meanwhile, among institutions that do target low-income students, there is little evidence of them working collaboratively to “grow the pie” of talented, low-income applicants, either within a specific region or nationally. Once low-income students arrive on campus, many of them are not provided with the support they need to complete their degree.

- Among nonprofit organizations: many small-scale nonprofits pursuing similar missions and programs in this space work independently of one another. Yet greater collaboration among these organizations would help drive best-practice sharing, begin to tackle the scale issue, and help funders discern truly impactful and scalable work from isolated success stories. However, some of this lack of coordination may be intentional. These organizations often find themselves competing for limited funding from foundations—and thus may approach coalition and partnership opportunities in a guarded way, weighing meeting their own impact goals against driving broader impact through joint efforts.

- Between actors in the field and parents/communities: educating parents and increasing their access to information about the college process might significantly improve the experience and success of low-income students seeking a college degree. Making such

information easily accessible would help ensure that parents and students alike understand not just how to navigate the college application process but also the importance of making sure that their k-12 schools are preparing them academically for the rigors of a post-secondary degree. As informed education “consumers,” parents could potentially drive demand-side changes to college access and persistence challenges. However, it is worth noting that efforts to engage parents and communities in these issues an effective manner have thus far not proved very successful.

This lack of coordination clearly calls out for greater connection and collaboration between k-12 and higher education, between public and private sectors, between funders and actors, and between teachers, parents, and students. While there are pockets of this kind of collaboration today, they remain rare—and few exist at any kind of scale.

“Among institutions that do target low-income students, there is little evidence of them working collaboratively to “grow the pie” of talented, low-income applicants.”

– We have worked with a number of clients on driving “aligned action,” whereby multiple organizations come together to form a common understanding of a problem and develop a shared plan of attack. This kind of aligned action is further fueled by digital and visual technologies that allow groups to “map” the whole landscape of a problem, see and intervene in the whole system, and address root causes instead of only the symptoms. Creating aligned action can lead to process and mindset shifts that let all parties reimagine how they can work together in new ways to drive real change.

• **Create clarity around metrics—and what drives successful outcomes.**

Given the field’s overall fragmentation and the small size and reach of many of its key actors, it is not surprising that consensus has yet to emerge around what a successful interventions looks like—both in terms of the outcomes it delivers and the program components that create those outcomes. While recent research has uncovered some of the key drivers of improved college access and persistence (e.g., academic, financial, and social preparedness), many programs continue to focus disproportionately on raising low-income students’ aspirations. In addition, there is debate regarding

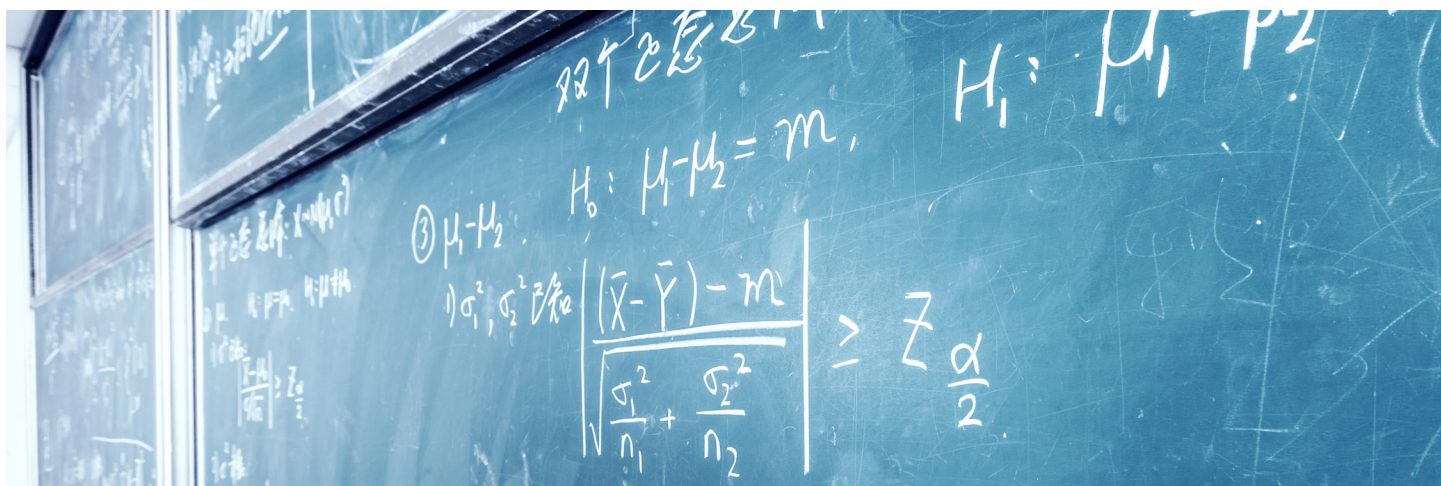
what the eventual goal of college-related programs should be: is it driving students toward college graduation or something broader, such as students achieving a living wage, attaining a viable career, or becoming more informed and engaged citizens? Finally, the lack of alignment around what defines success also makes it difficult for funders to identify and support high-performing organizations.

• **Look beyond the traditional definition of “student.”**

Today, much of our education policy and practice is based on an outdated definition of a “student”—specifically, a young man or woman who graduates high school at 18, proceeds directly to college, and attains a degree in four years. Yet this archetype now characterizes only a small population of students within a highly dynamic and complex student ecosystem. According to College Complete America, only 25 percent of students attend school full-time at residential colleges, whereas 75 percent are college commuters, often juggling families, jobs, and school simultaneously. Nonetheless, many education funders and actors continue to drive change primarily from the lens of the “traditional student” and/or use overly simplistic descriptors of student populations (e.g., minority vs. majority, full-time vs. part-time).

– We believe the field needs a clearer understanding of the different pathways students take to get to and through college—not defined by their race or income but by the obstacles they face along the way and the resources they have (or don’t have) to overcome them. Consumer insight tools like Monitor Deloitte’s GrowthPath™ can be used to better understand students—the oft-overlooked “consumers” of education; that increased understanding could then be used to identify and remove barriers to college completion. At the field-level, this knowledge could be transformative, enabling organizations to better target and serve students according to the nature of their pathway.

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Continuing the dialogue

Monitor Institute is committed to working with educators and educational nonprofits to increase college attendance and completion rates among low-income students. We see this paper as the beginning of a dialogue with the field on how to create more productive collaboration. The ideas presented in this paper also intersect with key parts of our consulting practice. Specifically, we see three ways Monitor Institute can add value in this space:

- Helping organizations scale. Building the infrastructure, funding mechanisms, and collaboration models to identify and rapidly scale programs, experiments, and policies that work.
- Convening key stakeholders. Engaging multiple stakeholders in strategic conversations designed to create “aligned action,” as well as facilitating conversations among these groups with the goal of creating greater connection and collaboration.
- Surfacing students’ experience and stories. Utilizing an extensive set of consumer insight tools to create a richer understanding of student archetypes and pathways, with an eye toward identifying and removing barriers to success.

To learn more about Monitor Institute’s experience in these areas, or to explore a possible collaboration with the Institute on these issues, please contact:

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Endnotes

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