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Only 5 colleges do well by low-income students, report says

By Beckie Supiano
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Five colleges. That's how many are doing a good job of serving low-income students, according to a report released Wednesday by the Education Trust, a research and advocacy group. All five of the colleges are public, and none of them are flagships.

The report, "Priced Out: How the Wrong Financial-Aid Policies Hurt Low-Income Students," doesn't look only at cost. Four-year colleges had to cost no more than \$4,600 a year after all grants for students in households earning up to \$30,000 a year. The colleges also had to have at least a 50-percent six-year graduation rate, and at least 30 percent of their enrollments had to be Pell Grant recipients. It's an unusually high, or at least an unusual, bar.

The criteria are narrow enough, in fact, that out of 1,186 four-year colleges the group examined, only five made the cut: the Fullerton and Long Beach campuses of California State University; Baruch College and Queens College of the City University of New York; and the University of North Carolina at Greensboro.

Education Trust had initially set out to provide a "best value" list of colleges for low-income students, said Jennifer L. Engle, director of higher-education research and policy and one of the report's authors. The group was surprised, she said, when so few colleges met its benchmarks. Officials of some of the five that did said they might no longer meet the bar in the future as a result of state budget cuts.

So the report became less a tool for consumers and more a policy analysis. It's the first major study by an outside group of new federal data on colleges' net price by income. Colleges are now required to report that information in the Integrated Postsecondary Education Data System, or Ipeds. The current data, are for the 2008-9 academic year, are part of new accountability measures laid out in the Higher Education Opportunity Act of 2008.

State and system policies have much to do with the five colleges' success in meeting Education Trust's benchmarks, the report says. "That is not an afterthought or a footnote to how these institutions got here," said Ms. Engle.

The three systems that the five colleges belong to have lower-than-average tuition and fees, the report notes, and the states of California, New York, and North Carolina offer more need-based financial aid per student than most others do.

Still, the individual colleges have low net prices even compared with others in their systems, suggesting that institutional policies play a role, too, the report says.

The Education Trust set high standards, said Michael McPherson, president of the Spencer Foundation, who blogs for *The Chronicle*, but it's not as if it expects all colleges to meet them overnight. "Colleges should absolutely be pressured to do everything they can," he said.

But ultimately, Mr. McPherson argued, the deeper issues can't be addressed without more taxpayer dollars. The report, he said, is particularly useful because it acknowledges that serving low-income students well involves policy choices made beyond a college's doors.

The authors hope that the report will speak to institutions, states, and the federal government alike, especially as cuts in the Pell Grant program are considered. "We certainly hope this report sparks more conversation about this issue," Ms. Engle said.

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Even though only one of the three criteria is related to what students pay, the report's authors are particularly worried about that issue.

Complex Data

The data that the report analyzes look at first glance like a treasure trove for consumers. But the view is not without limitations.

The net-price information by income considers only first-time, full-time students who received federal financial aid. At each college, a net price is reported for each income range by subtracting federal, state, local, and institutional grants and scholarships (but not outside scholarships) from the cost of attendance.

Because only those students who receive federal aid are considered, the data on net price by income can be misleading in some cases. For instance, at colleges that don't package student loans, many middle-income students don't show up in the data, even if they receive institutional aid.

The report gets around this problem, in part, by looking at only the lowest income category, where the data should be better because most of those students would be receiving Pell Grants.

In looking at data from the National Postsecondary Student Aid Study, or Npsas, the authors found that 82 percent of students in the up-to-\$30,000 income range received federal aid, said Mamie G. Lynch, an analyst of higher-education research and policy for the Education Trust and another author of the report. The group further refined the data by eliminating any college that had fewer than 30 students in the lowest-income category.

Because outside scholarships are not counted, however, the report's net prices could be inflated, especially at the most-selective colleges, where some students may get large outside awards. The Education Trust, however, said the data were reliable enough to be used in its three-part test for colleges focused on affordability, student outcomes, and accessibility.

To come up with a benchmark for affordability, the group used Npsas data to calculate how much of a family's income would be required to pay the average cost of college after grant aid at colleges generally, and found that it was 27 percent of income for those who made \$54,001 to \$80,400.

The authors explain that "one possible way to identify model institutions is to look for those that, at the very least, expect their *lowest*-income students to contribute no more than what middle-income students do as a proportion of household income."

So they calculated 27 percent of the average family income in the lowest group, about \$17,000, and come up with about \$4,600. By that guideline, 65 of the 1,186 colleges were affordable—10 private nonprofits, 55 public institutions, and no for-profits.

Next the group considered graduation rates. Because data on graduation rates for low-income students were not available, the authors looked at each college's overall graduation rate. Only 29 of the colleges that met the net-price bar had graduation rates that were at least 50 percent.

Finally the group eliminated colleges from the set if less than 30 percent of their students received Pell Grants, the average of all the colleges in their analysis. After that final step, only the five were left.

The report does give credit to one institution that wasn't considered in its analysis: Berea College, in Kentucky, where students participate in a work program, and no tuition is charged.