

Tough Love: Bottom-Line Quality Standards for Colleges



The Education Trust

TO THE POINT

- ▶ Roughly \$180 billion in federal student aid and tax benefits are provided each year to colleges and universities with virtually no consideration of institution performance on low-income student access, degree-completion, and post-enrollment success measures.
- ▶ Some 600,000 undergraduates attend four-year colleges that fall below the barest minimum standards of institutional success, including dropout rates in excess of 85 percent. Over \$15 billion is distributed annually to more than 300 colleges that qualify as engines of inequality, dropout factories, or diploma mills.
- ▶ Recommended is targeted assistance to persistently underperforming public and nonprofit colleges and tough consequences, including cutting off federal aid, for those institutions that fail to improve within a reasonable period of time.

The federal government provides roughly **\$180 billion** in the form of student financial aid and tax benefits to American colleges and universities in a typical year.

When the checks are written, **an institution's performance** on access, completion, and post-enrollment success measures **essentially doesn't matter.**

Tough Love:

Bottom-Line Quality Standards for Colleges

BY MICHAEL DANNENBERG AND MARY NGUYEN BARRY

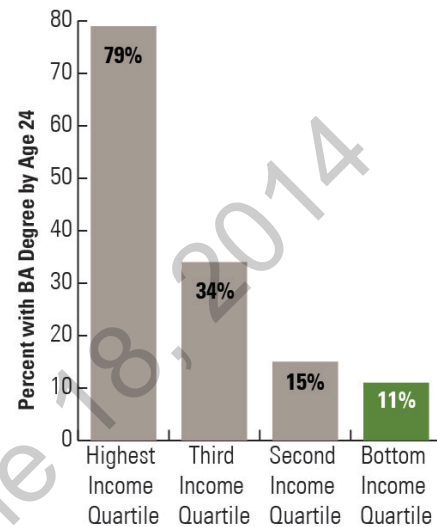
The world is changing. Physical stamina and a good work ethic are no longer enough to secure a stable future. Obtaining a quality education, especially a college education, is the surest way to gain a lasting foothold in today's economy.¹ Most Americans realize this, and as a result, college aspiration and college-going rates are rising among all demographic groups — rich, poor, white, and students of color.²

But U.S. college *graduation* rates are among the lowest in the developed world.³ Less than two-thirds of students who start full time at a four-year college earn a degree from any college within six years of initial enrollment; among those who start at two-year colleges, fewer than a quarter earn a credential within three years of initial enrollment.⁴ Moreover, the way federal and state governments currently finance higher education — mostly on the backs of students and their families — leaves both those who finish college and those who don't with unprecedented levels of debt. Just when they would normally be ready to buy a house, car, or make another major investment, many former students are struggling to meet — if not outright defaulting on — their student loan obligations.⁵

To make matters worse, college-going rates, graduation rates and rates of high student loan debt all track family income and race.⁶ While roughly 8 out of 10 young people from families in the top income quartile earn at least a bachelor's degree, only 1 in 9 young people from families in the bottom income quartile do the same by age 24 (*Figure 1*). Similar disparities exist by race: Young white adults earn bachelor's degrees at nearly twice the rate of African Americans and nearly three times the rate of Latinos (*Figure 2*).

Some would argue these troubling trends are mostly about the students, many of whom arrive at college underprepared. But it turns out that at

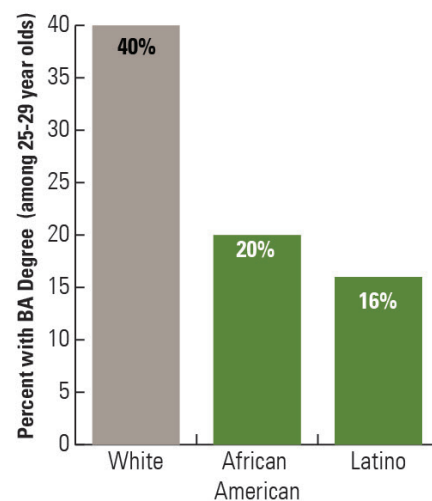
Figure 1: Young Adults From High-Income Families Are Seven Times More Likely Than Low-Income Students to Earn Bachelor's Degrees by Age 24



Source: Tom Mortenson, "Bachelor's Degree Attainment by age 24 by Family Income Quartiles, 1970-2010," (Oskaloosa, IA: Postsecondary Education Opportunity, 2012).

Figure 2: White Students Attain Bachelor's Degrees at Nearly Twice the Rate of African Americans and Three Times the Rate of Latinos

Bachelor's Degree Attainment of Young Adults (25-29-year-olds), 2013



Source: U.S. Census Bureau, Educational Attainment in the United States: 2013

Michael Dannenberg is director of higher education and education finance policy, and Mary Nguyen Barry is higher education research and policy analyst at The Education Trust.

PROPOSAL AT A GLANCE

THE EDUCATION TRUST'S PROPOSAL FOR MINIMUM INSTITUTION OF HIGHER EDUCATION PERFORMANCE STANDARDS

Raise the Floor Above the Current Bottom 5 Percent

Minimum Standards for Low-Income Student Access and Degree Completion

- ▶ Pell, full-time freshman enrollment: **17 percent**
- ▶ Six-year, full-time freshman graduation rate: **15 percent**
- ▶ Student loan repayment rate (optional interim proxy three-year cohort default rate: **28 percent**)

Time Frame for Improvement

- ▶ Fair notice of new minimum performance standards (at least one year)
- ▶ Opportunity to appeal designation for those institutions that may be the only option within a certain geographic area or that overwhelmingly serve non-first-time, full-time students but perform better with those students than with first-time, full-time students
- ▶ Federal monetary and technical assistance for institutions below graduation and loan repayment standards

Low-access colleges have **three** years to improve, succeeding if the average Pell enrollment rate over the next three years equals or exceeds 17 percent.

Low-graduation colleges have **four** years to improve, with two additional years if they are on track to graduate at least 15 percent of students by the end of six years, succeeding if the average graduation rate during this time frame equals or exceeds 15 percent.

Low-loan repayment colleges will also have time to improve. A specific time frame is to be determined upon availability of data, but should be, at a minimum, at least **three** years.

Sanctions for No Improvement

Low-access "**Engines of Inequality**" will be subject to losing institutional grant and tax benefits, including tax-exempt bonds to nonprofits and the charitable interest deduction to both the institution and affiliated foundations.

Low-graduation "**College Dropout Factories**" and low-loan repayment "**Diploma Mills**" will be subject to losing institutional grant and tax benefits as well as all eligibility to receive federal student aid, including grant, loan, and tax aid.

A Rolling Benchmark

As institutions evolve and improve over time, a new 5 percent standard will be updated every three to six years to encourage continuous improvement.

every level of preparation — from institutions that serve only impeccably prepared students to those that serve the most underprepared — some colleges consistently do a much better job than other institutions serving exactly the same kinds of students.

And yet, regardless of outcomes, nearly all colleges continue to receive taxpayer dollars, year after year after year. Federal dollars flow to institutions that graduate almost all their students and those that graduate almost none; institutions that serve their “fair share” of students from lower income families, and those that don’t; and institutions whose students graduate with manageable debt and are able to turn their degrees into decent jobs that support loan repayment, as well as institutions whose students carry too much debt and leave with no degree or a worthless one.

In fact, the federal government provides roughly \$180 billion in the form of student financial aid and tax benefits to American colleges and universities in a typical year. (See “*How Does the Money Flow?*”) When the checks are written, an institution’s performance on these three critical measures — access, completion, and post-enrollment success — essentially doesn’t matter.

This hands-off approach stands in stark contrast to what the federal government asks in return for a much smaller investment in elementary and secondary (K-12) education. To qualify for federal K-12 dollars each year, states and school districts have had to set improvement goals for every major demographic group of students they serve, and schools are held accountable for meeting those goals. Schools that consistently perform in the bottom 5 percent are subject to much stronger interventions.

The theory of action in higher education has been different. In a country with what has been viewed as the best higher education system in the world, the primary role of the federal government has been to help students from low-income families afford the cost of attendance. Basically, all that has been considered necessary to guarantee quality is a peer-review process called accreditation.

This policy framework might be acceptable if the United States was still comfortably ahead of its competitors in educating the nation and its future workforce. But postsecondary attainment levels of U.S. young adults have dropped from first in the world to middle of the pack.⁷

If we are to return to being a global leader in the education levels of our workforce, no involved party — high schools, government, or institutions themselves — can afford to sit idly by and watch while we fail to maximize our investment in the nation’s future.

Fortunately though, some promising work is already underway.

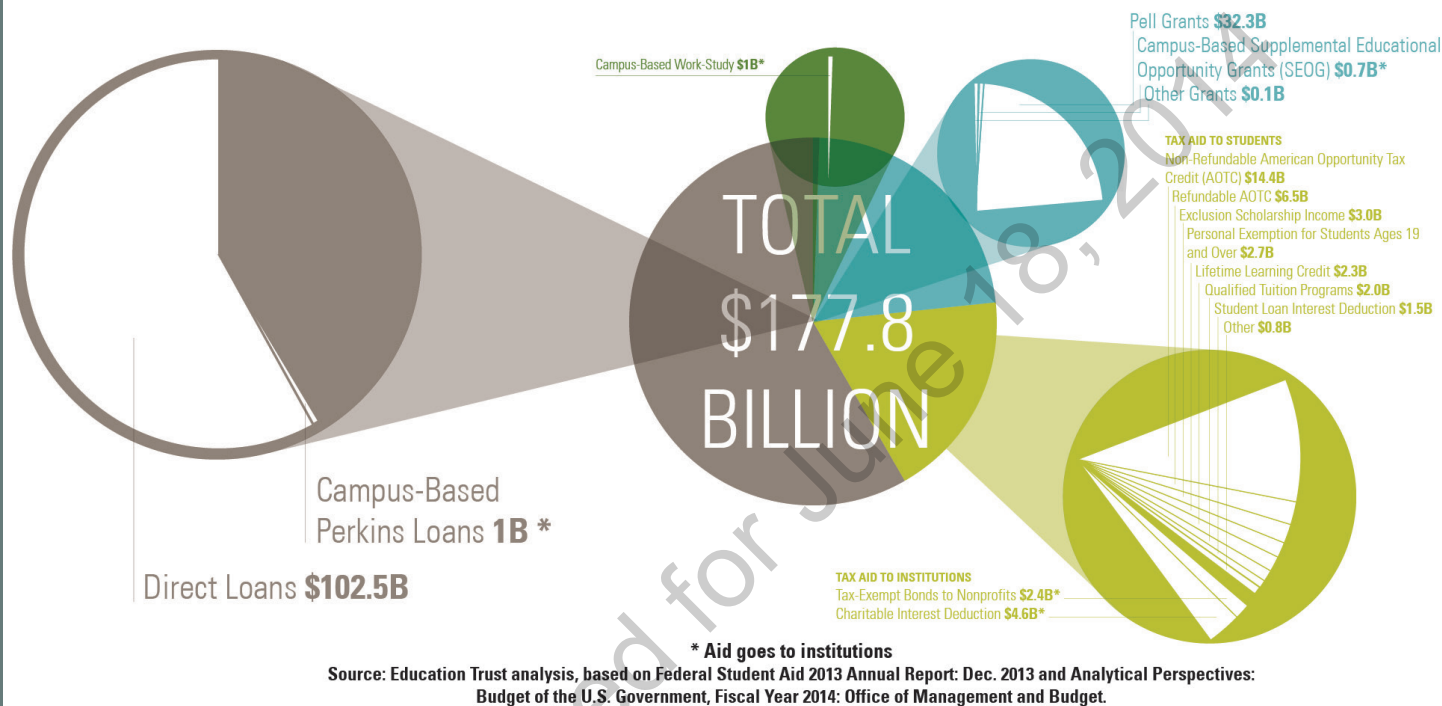
- After years of academic standards that stopped well short of what colleges require for entry, state leaders have adopted new K-12 standards that match the skills and knowledge necessary for students to be truly college ready at the end of high school. These standards require more of both students and teachers; as implementation efforts proceed, college preparation levels are expected to rise.
- States have also stepped up to adopt goals and performance funding aimed at increasing degree completion. Already, 33 states have adopted college completion goals, and 27 have implemented or are in the process of implementing state funding systems that reward institutions for their performance with students.⁸
- Some colleges have shifted their focus away from just access to access *and success*, making student success an institutionwide priority. With strong campus leadership from university presidents and provosts and data systems that track student progression and credit accumulation, colleges like Florida State, Georgia State, and San Diego State have made major strides in graduating more of their students — especially students of color and low-income students — than peer institutions throughout the country.⁹

HOW DOES THE MONEY FLOW?

A finer lens on the nature of federal investment in higher education shows that resources are distributed to two main groups. There are: 1) **resources that go directly to colleges, universities, and affiliated foundations** in the form of tax breaks and grants that provide institutional support and student financial aid; and 2) **resources that go directly to students and families** in the form of tax credits and deductions, grants, and student loans. Some of these resources, like Pell Grants, are direct expenditures of federal dollars. Other benefits, like student loans, represent *outflows* of dollars, but do not equate to actual spending since the majority of these dollars will be paid back. And finally, benefits like tax credits, deductions, and other tax breaks typically offset tax obligations or promote investment in the form of higher charitable giving and also do not count as direct expenditures.

The \$180 Billion Federal Investment in Higher Education Exists in Many Forms

Federal Investment in Higher Education by Type in Billions, FY 2013



Indeed, among all the major players, only the federal government sits passively on the sidelines, writing check after check for higher education with almost no consideration of institutional performance. In continuing to do so, the federal government undermines the message that results matter — and that what individual colleges do makes a difference.

So, how could the federal government play a more productive role — one that reinforces work that is already underway while mobilizing institutions that lag behind? **By establishing minimum performance standards that align with its core purposes for investing in financial aid — low-income student access and meaningful degree**

completion — and giving institutions several years to meet those standards.

The process should start with minimum performance standards for four-year colleges. Their degree-oriented missions are clear, and publicly available data on completion are reasonably strong. Later, standards should also be set for two-year colleges. But because available data are weaker and their missions more complex — including transfer to a four-year college, short-term job training, and non-degree, lifelong learning opportunities — this will take additional time.

For K-12 education policy, both the executive branch and members of Congress over time have

come to embrace a framework in which the focal point for targeted attention and intervention is chronically underperforming schools — the bottom 5 percent of all institutions.¹⁰ Following that example, we suggest identifying a bottom 5 percent threshold for four-year colleges on access and success metrics.ⁱ

The basic idea is simple: Draw a line based on where the fifth percentile of institutional performance currently rests and make that the minimum standard all institutions should strive to surpass over the next several years.ⁱⁱ As is true in K-12, our analyses of the institutions that currently fall below that bottom 5 percent threshold suggest that not only are they low-performers relative to other institutions like them, but they are objectively low-performers.

To be clear and similar to K-12 precedent, we do not seek identification of exactly 5 percent of institutions each year. We also do not suggest immediately implementing sanctions for persistent underperformance. Rather, we propose:

- Fair notice of new minimum performance standards;
- Opportunity to appeal for those institutions that may be the only option within a certain geographic area or institutions that overwhelmingly serve non-first-time, full-time students and perform markedly better with those students than with first-time, full-time students;
- Additional financial and technical assistance for public and nonprofit private institutions struggling to meet success metrics to help them get up to par; and,
- Sanctions only for those that over three or four years do not meet the minimum bench-

i. The sample of institutions used for the analysis in this paper includes all four-year schools that award bachelor's degrees that have had a cohort of first-time, full-time undergraduates within the last three years (N=2,220). The bottom 5 percent threshold only applies to colleges without missing data and that have at least 30 students in the given cohort (first-time, full-time freshmen for graduation rates and freshman Pell enrollment rates). Note that this paper uses data from the 2010-11 academic school year as the benchmark year to establish initial thresholds for consideration.

ii. After several years, a new bottom 5 percent threshold should be identified to encourage continuous improvement. The minimum performance standard, therefore, represents a rolling benchmark.

mark on access and success measures. (See *"Proposal At a Glance."*)

But on this last point, the federal government must be clear: If, after receiving support and time to get better, exceptionally and persistently low-performing colleges do not improve, there must be consequences.

The goal should be to spur institutions to improve, not to shrink or close them. If we as a nation are to get the education of our workforce where it needs to be, we need more higher education capacity, not less. That said, experience teaches us that one more set of goals without consequences for not meeting them won't do the job. It won't galvanize the energy and resources necessary to make real improvements in education institutions. And it won't save students from the lifetime consequences of debt with no degree.

THE COST OF FAILING COLLEGES

Of the total \$180 billion federal investment in higher education student aid made each year, over \$100 billion is Title IV aid dispensed only to four-year colleges in the form of grant, work-study, and student loan resources (i.e., non-tax benefits). Of that \$100 billion, **approximately \$15 billion** is distributed to some 300 institutions that currently reside among the bottom 5 percent nationally in enrolling low-income students, graduating the students they serve, or graduating students with manageable debt and degrees that can support that investment without default.ⁱⁱⁱ

For students, the consequences of grossly underperforming colleges are severe. Currently, **nearly 600,000 undergraduates** attend four-year institutions that rest in the bottom 5 percent of colleges nationally on student *success* metrics that measure the likelihood of graduating and repaying student loans.¹¹ Of these students, an

iii. Low-graduation University of Phoenix campuses *alone* account for over one-quarter (\$4.1 billion) of the \$15 billion federal student aid dollars distributed to colleges in the bottom 5 percent of access and success metrics. Source: Education Trust analysis of Title IV Program Volume Reports, from Federal Student Aid, U.S. Department of Education.

estimated 100,000 will default on their federal student loans within three years of exit.¹²

For first-time, full-time students attending one of the bottom 5 percent of colleges on graduation rates, the chances of leaving school with no degree are **nearly six times greater** than the chances of graduating.¹³ New full-time students attending failing four-year colleges have only a *1-in-2* chance of making it to their second year. And the first-time, full-time freshmen we lose nationally after attending just *one year* at one of these schools leave with nearly \$40 million in student loan debt,¹⁴ which can have a tragic impact considering students who drop out with no degree face a fourfold increase in their likelihood of defaulting on their student loans.¹⁵

Likewise, there are serious consequences for talented students from low-income families who don't have a chance to attend the mostly elite colleges that rank in the bottom 5 percent on low-income student access. Many of these students will enroll in colleges of lesser quality, if any at all, negatively affecting their chances of earning a degree.¹⁶ Completion rates for students who "under match," or enroll in less rigorous institutions than they are qualified for, are 15 percentage points lower than similarly well-prepared peers.¹⁷ And students with some college but no degree have notably lower earnings than those who complete a bachelor's degree.¹⁸

THREE PROPOSED STANDARDS

Standard #1. A Bottom 5 Percent Standard for Fair Access: At Least 17 Percent of Full-Time Freshmen Are Pell Grant-Eligible

Highly selective, low-Pell institutions can enroll more low-income students without compromising admission standards

To judge an institution's service to low-income student access, analysts traditionally have relied on the percentage of full-time freshmen eligible for a Pell Grant.¹⁹ It's not a perfect measure, because some lower income students — despite the best efforts of their colleges — don't fill out

the necessary forms to receive a Pell Grant. But it's a well-accepted measure of the enrollment of low-income students.^{20, iv}

Among all full-time freshmen enrolled at four-year colleges, roughly 4 in 10 (39 percent) are Pell Grant recipients. In colleges that fall in the bottom 5 percent, however, fewer than 17 percent of freshmen are Pell students, making these institutions engines of inequality in a country that already has too much.^v

Universities falling below the 17 percent Pell threshold are mostly selective, private, and wealthy — some very wealthy — colleges (*Figures 3 & 4*). There are a handful of public institutions as well. Together though, these institutions have some of the largest endowments in the country. If their leaders wanted to, they could invest more

Figure 3: Which Colleges Are the "Engines of Inequality"?

What types of colleges are in the bottom 5 percent in Pell freshman enrollment?

# Public Colleges (% of Sector)	% of Bottom Five	# Nonprofit, Private (% of Sector)	% of Bottom Five	# For-Profit (% of Sector)	% of Bottom Five	Barron's Selectivity	FY2012 Endowment
16 (3%)	15%	89 (7%)	83%	2 (1%)	2%	80% in the top three levels of selectivity	Total: \$168.8 billion Average: \$1.7 billion Median: \$550.3 million

Notes: Chart displays statistics for the 107 total colleges with Pell freshman enrollment rates below 17 percent. See Figure 4 for a sample listing of four-year colleges and universities that currently rank among the bottom 5 percent on low-income student college access and Appendix Table 1 for a full list.

Source: Ed Trust analysis of 2011 IPEDS data on Pell freshman enrollment, 2012 IPEDS data on endowment assets, and 2011 Barron's data on selectivity.

iv. Note that we have made a deliberate choice for the four-year sector in applying a threshold for the percentage of Pell students enrolled in the *freshman* class versus the percentage of Pell students enrolled among all *undergraduates*. This was meant to capture a measure of access alone and to remove the success component out of the picture because Pell students tend to have higher withdrawal rates and are less well-represented among upperclassmen.

v. We recognize that while some colleges may enroll more than 17 percent of Pell students, they may still charge students very high net prices, which doesn't make them paragons of socioeconomic mobility. Devising an affordability metric, however, is outside the scope of this paper. We will further investigate recommendations around a minimum affordability standard in a separate publication.

Figure 4: Sample Listing of Colleges Enrolling Fewer Than 17 Percent Pell Students in Fall 2010

College Name	% Pell Among 2010 Entering Class (2011 Benchmark Year)	FY2012 Endowment Funds
Washington University in St. Louis (MO)	6%	\$5.3 billion
Princeton University (NJ)	11%	\$17.4 billion
Yale University (CT)	13%	\$19.3 billion
University of Chicago (IL)	15%	\$5.7 billion
University of Virginia (VA)	13%	\$4.7 billion

Notes: Full listing of colleges falling in bottom 5 percent in 2011 is in Appendix Table 1. All institutions serve at least 30 first-time, full-time students.

in identifying, recruiting, and enrolling more talented students from low-income families.

When pressed, leaders in these institutions typically argue they can't find more low-income students or cannot admit them without lowering institutional academic standards. But an examination of national college admissions test data and the actions of individual institutions indicate otherwise. The evidence suggests there are many more very high achieving young people from low-income families than currently enrolled in highly selective colleges.²¹ Some institutions work at finding and supporting those students, while other institutions do not.

Middlebury College in Vermont, for example, in 2011 fell in the bottom 5 percent of all colleges in its enrollment of low-income students: 10 percent. Yet equally selective institutions like Amherst College and Vassar College enrolled more than twice as many low-income students, 23 and 27 percent respectively. We see the same variation in the public sector. The University of Virginia, which ranks in the bottom 5 percent on service to low-income students, enrolled only 13 percent Pell students in 2011, whereas the University of North Carolina–Chapel Hill and the State University of New York at Binghamton enrolled 20 and 26 percent Pell students, respectively.

UNC–Chapel Hill and Binghamton University have comparable admissions standards to U.Va. and fewer financial resources. In fact, U.Va. is twice as wealthy as UNC–Chapel Hill and over 75 times as wealthy as Binghamton.²²

More and more research on the “under matching” phenomenon indicates that higher Pell enrollments at some highly selective universities as compared with others are not a fluke: There are high-achieving, low-income students whose academic credentials place them well within the band of elite colleges’ current admission standards but who for a variety of reasons do not apply to or enroll in these selective institutions. Nearly two-thirds of low-income students with high grades and SAT scores do not attend the most selective institutions for which they are qualified, compared with just over one-quarter of high-income students with similar academic credentials.²³

Our own analysis of ACT data suggests the same — that if highly selective, low-Pell enrollment colleges really tried to become engines of *opportunity* instead of inequality, there are more than enough high-achieving, low-income students who already meet their admission standard of drawing freshmen from the top 10 percent of test-takers nationwide.^{vi} Among ACT test-takers over the past three years, 20 percent of students scoring in the top 10 percent came from low-income families (self-identified as coming from families with incomes below \$50,000, the rough threshold for Pell eligibility), making surpassing a 17 percent standard readily attainable without dramatically compromising admissions standards (Figure 5).

vi. The median SAT/ACT score equivalent among colleges in the bottom 5 percent was 1300 (out of 1600), which represents the top 10 percent of scorers according to College Board. While data was only available to us for ACT test-takers, that income data is more complete and reliable than the data available from College Board for the SAT. Moreover, if 20 percent of ACT test-takers are low-income, that suggests that a similar proportion — and larger pool of high-achieving, low-income students overall — should exist among SAT test-takers as well.

Figure 5: 20 Percent of Students Scoring Among the Top 10 Percent on the ACT Are Low-Income

ACT Percentile Rank and Score	Percent of Test-Takers Who Are Low-Income (<\$50,000)
Top 1%: 33	12%
Top 5%: 30	17%
Top 10%: 28	20%
Top 15%: 26	21%
Top 20%: 25	23%

Source: Ed Trust analysis of 2011-13 ACT data.

Standard #2: A Bottom 5 Percent Standard for Education Success: Graduation Rates of at Least 15 Percent

Institutions with similar demographics can have very different outcomes — student demographics are not to blame

What do degree success rates look like at the fifth percentile among four-year colleges? Currently, the bottom 5 percent of colleges have *six-year* completion rates of 15 percent or lower. Over half of these college dropout factories are for-profit institutions; one-third are nonprofit privates; and one-tenth are publics.^{vii} One-fifth are nonprofit minority-serving institutions; four-fifths are not. Many are largely online colleges (*Figures 6 & 7*). (See “*Are IPEDS Graduation Rates Valid to Use?*”)

Unlike the colleges that fall below our minimum access standard, institutions with success rates below the 15 percent standard do not serve mostly wealthy, high achievers. Rather, these colleges often serve students whose high schools left them underprepared for the rigors of postsecondary education; many are from low-income families and are members of racial or ethnic minority groups. Not surprisingly, when pressed about their success rates, leaders point not at their academic standards or institutional practices but at their students.

Certainly serving underprepared students makes graduating students more challenging. But the claim that these low-performing colleges are doing “about as well as can be expected” is a ruse. Hundreds of colleges prove that demographics are *not* destiny in higher education.

Texas Southern University, for example, fell in the bottom 5 percent of all institutions on graduation rates in 2011, graduating only 11.8 percent of its full-time freshmen within six years of initial enrollment. Some 80 percent of Texas Southern’s freshmen are from low-income families (i.e., Pell Grant recipients); 90 percent are from underrepresented minority groups;

vii. A dropout factory in the K-12 context is a term coined by Bob Balfanz and Nettie Letgers referring to high schools with graduation rates below 60 percent. It has also been used in the higher education context in a 2010 *Washington Monthly* article by Ben Miller and Phuong Ly.

Figure 6: In What Sector are the “College Dropout Factories” Located?

What types of colleges are in the bottom 5% in graduation rates?					
# Publics (% of Sector)	% of Bottom Five	# Nonprofits (% of Sector)	% of Bottom Five	# For-Profits (% of Sector)	% of Bottom Five
12 (2%)	11%	34 (3%)	32%	59 (15%)	56%
# HBCUs (% of Sector)	% of Bottom Five	# HSIs (% of Sector)	% of Bottom Five	# Tribals (% of Sector)	% of Bottom Five
10 (12%)	10%	10 (8%)	10%	3 (38%)	3%

Notes: Chart displays statistics for the 105 total colleges that have graduation rates below 15 percent. Hispanic-serving institutions (HSIs) are defined here as public and nonprofit private institutions whose Hispanic FTE undergraduate enrollment comprises at least 25 percent of total FTE undergraduate enrollment. See Figure 7 for a sample listing of four-year colleges and universities that currently rank among the bottom 5 percent on graduation rates and Appendix Table 2A for a full list.

Source: Ed Trust analysis of 2011 IPEDS data.

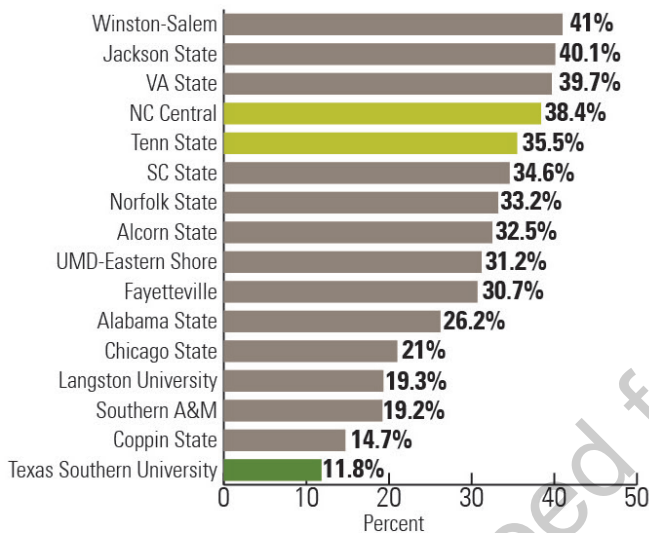
Figure 7: Sample List of Colleges Graduating Fewer Than 15 Percent of Students in 2011

College Name	Sector	6-Year Graduation Rate in 2011 (Benchmark Year)
Concordia College-Selma (AL)	Nonprofit HBCU	3.4%
East-West University (IL)	Nonprofit	7.7%
Colorado Technical University-Online (CO)	For-Profit	9.4%
University of Phoenix-Philadelphia (PA)	For-Profit	10.7%
Louisiana State University-Alexandria (LA)	Public	12.1%

Notes: Full listing of colleges falling in bottom 5 percent in 2011 is in Appendix Table 2A. All institutions serve at least 30 first-time, full-time students.

and many are weakly prepared for college, with a median SAT score of 800 out of 1600 and an average high school GPA of 2.7. But so too are the students at Tennessee State University and North Carolina Central University, yet they graduate at rates more than three times as high (35.5 percent and 38.4 percent, respectively). In fact, Texas Southern performs at the very bottom of its closest 15 peer institutions and has for many years (Figure 8). (See "How Does Ed Trust Define Peer Groups?")

Figure 8: Even Among Similar Colleges, Wide Variation in Graduation Rates Exist
Overall 6-Year Grad Rates, 2011



Source: College Results Online, 2013.

These same differences are clear when we compare graduation rates of other bottom performers with institutions that are most like them. **Truett-McConnell College**, for example, a small private university in Georgia, had one of the lowest graduation rates among its peer group — graduating only 13.6 percent of students within six years of initial enrollment. Meanwhile, peers like **Averett University** in Virginia and **Cazenovia College** in New York serve similar students yet graduate them at much higher rates (41 percent and 49.5 percent respectively). Or take **Western International University**, a for-profit college located in Phoenix. In 2011, it graduated only 2 percent of all full-time freshmen. Needless

to say, many other for-profit peers have higher graduation rates.

Indeed, when viewed as a group, the performance of nearly all colleges with overall graduation rates of less than 15 percent — such as Texas Southern, Truett-McConnell, and Western International — are concentrated near the bottom of their respective peer groups. These college dropout factories typically and markedly underperform peer institutions serving similar students — almost 9 out of 10 fall in the bottom two quintiles of their “most similar” institutional peers (Figure 9). (See “Applying the Graduation Standard at the Subgroup Level.”)

Standard #3. A Bottom 5 Percent Standard Indicating Preparation for Post-Enrollment Success: Student Loan Repayment Rates

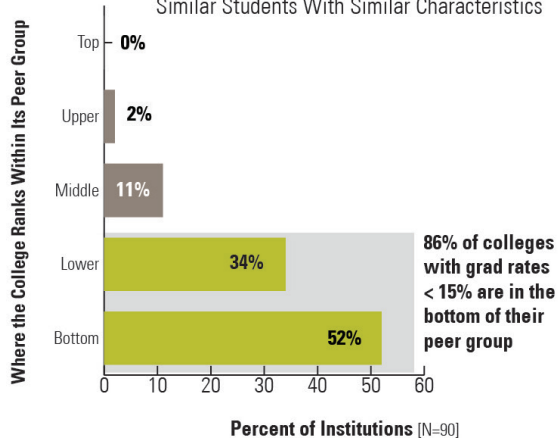
Institutions can protect students’ debt investment by helping them graduate with meaningful degrees

So far, we’ve proposed minimum standards for access and completion. What about a minimum standard for quality? Might some schools grant degrees that aren’t worth the paper on which they are printed? Would the absence of a quality standard encourage institutions to try to improve their completion rates by diluting degree-granting standards and simply passing through to graduation students who do not exhibit the knowledge and skills warranting a degree, effectively serving as “diploma mills”?

Frankly, we’re not so worried because for years we have studied institutions that have vastly improved their levels of student success, and virtually all agree that the key is *raising* standards, not lowering them. Nevertheless, our experience with existing diploma mills — many of them for-profit institutions — convinces us that a post-enrollment success metric would be a valuable addition in any high-stakes environment.

But unlike in K-12 education, where states regularly assess student learning, there are no common, widely used assessments in higher education. Moreover, post-graduation earnings

Figure 9: Nearly 90 Percent of Colleges Graduating Fewer Than 15 Percent of First-Time, Full-Time Freshmen Perform Worse Than Peer Institutions Serving Similar Students With Similar Characteristics



Source: Ed Trust analysis of College Results Online peer groups.

data — which certainly could help identify diploma mills — are still spotty.

If it chose to, however, the federal government could readily collect institution-level data that would serve as a reasonable basis for establishing a minimum college quality standard: student loan repayment rates. Simply put, these rates would measure what percentage of the students in each

institutional exit cohort were able to reduce the balance on their loans by at least a single dollar during the previous year.²⁴ Given that the federal role in higher education revolves so heavily around student financial aid and student loans in particular, this makes sense as a minimum quality standard, both from a student perspective and that of the taxpayer.

Student loans are by far the riskiest form of federal financial aid. Students who cannot meet their debt obligations either because they earn a degree with little economic value or because they earn no degree at all will confront life-damaging consequences of bad credit, including the inability to take on future debt — like a home mortgage or a car loan — and possibly even wage and tax garnishment.

Students whom colleges encourage to take on debt should have some minimal chance of graduating with a meaningful degree to support that investment. This is especially true for low-income students whose families do not have resources to help with education-related debt.

ARE IPEDS GRADUATION RATES VALID TO USE?

In order to receive federal financial aid, four-year institutions of higher education must calculate six-year graduation rates for all first-time, full-time students. This so-called “IPEDS graduation rate,” like the Pell Grant-eligible freshman enrollment rate, isn’t a perfect measure. It ignores the success of part-time and transfer students, and treats all students who leave school as dropouts even if they re-enroll elsewhere. Graduation rates would be a better performance metric if these problems were fixed in the IPEDS data collection, and we have long supported such efforts.¹

It’s important to note, however, that institution graduation rates typically remain the same, or even decrease, with the inclusion of transfer and part-time students. Including transfer students can nudge overall institution numbers up, but generally only by a percentage point or two.² But, because part-time students necessarily take longer to complete and complete at substantially lower rates, including such students generally *reduces* institution graduation rates.³ On balance then, we submit the current IPEDS graduation rate metric is adequate to use — at least until we have more comprehensive data.

¹ See EdTrust comments to the federal comment request on the Integrated Postsecondary Education Data System (IPEDS) 2013-2016.

² EdTrust analysis of transfer graduation rates from our Access to Success Initiative. The Access to Success Initiative is a project of The Education Trust and the National Association of System Heads that works with 19 state public higher education systems to cut the college-going and graduation rate gaps for low-income and minority students in half by 2015. The 300 two-year and four-year campuses enroll more than 3.5 million students, nearly 900,000 students of color and over a million Pell Grant recipients.

³ EdTrust analysis of part-time graduation rates from our Access to Success Initiative. Also, Alexandria Walton Radford, et al., Persistence and Attainment of 2003-04 Beginning Postsecondary Students: After 6 Years (NCES 2011-151) (Table 1).

These students — a majority of federal student loan borrowers in a given year — need at least some basic level of protection from rip-off schools that are unusually likely to damage their futures.²⁵ A minimum standard based on student loan repayment rates can serve that protective role, while also helping to quantify the success of the federal investment.

Some might argue that the current cohort default rate standard the U.S. Department of Education uses is more than adequate as a protection against diluted degrees. We disagree. While three-year cohort default rates are currently the only quantitative metric the federal government uses to measure institutional quality, it's important to be clear about three of the measure's limitations: (1) default represents the *final* stage of financial distress; (2) the current institution eligibility threshold attached to the cohort default rate metric is arbitrary and fixed; and (3) if institutions have sufficient resources, they can fairly easily manipulate their cohort default rates. Some for-profit college corporations, for example, artificially keep their default rates low by pushing students into forbearance and deferment, thereby delaying defaults until after the time frame during which schools are held accountable for results.

Student loan repayment rates would be a much better measure of minimum institutional quality, because they reflect an ongoing record of whether former students have been able to make at least a single payment to reduce their federal student loan principal balance in the previous year. Colleges that have extremely low repayment rates are likely to have both unusually high dropout rates and unusually low employment rates, which are clear measures of quality problems.

A student loan repayment measure would protect against some of the limitations in using cohort default rates, since repayment rates are not as easy to manipulate and do not represent only the final stage of financial distress. Currently, however, repayment rates are not available by institution. We strongly encourage the Department of Education to collect and aggregate repayment rate data at the institution level; once that data is

available, a bottom 5 percent threshold applicable to this new metric should be set.^{viii} (See *"In the Meantime: Using the Cohort Default Rate to Identify the Bottom 5 Percent."*)

TIME AND SUPPORT FOR LOW-PERFORMING COLLEGES TO IMPROVE

Colleges that are low-performers on any of these three minimum benchmarks need fair notice of the new requirements (at least one year), an opportunity to appeal, and time to improve. Examples of successful appeals may include colleges that are the only postsecondary education option within a certain geographic area, or colleges that overwhelmingly serve *non*-first-time, full-time students and can provide evidence that they perform markedly better with those students than with first-time, full-time students.

Recognizing that low-performing colleges, especially nonprofit private and public institutions, are sometimes under-resourced, the federal government should be prepared — as it has been for the bottom-performing K-12 schools — to provide resources to support improvement efforts. For-profit institutions should not, however, receive additional federal funds under this proposal because the majority already receive 75 percent or more of their revenues from the federal government and because their explicit business model allows them to access capital needed to support student success.

Many of the problems underperforming institutions confront, however, likely transcend monetary issues. As has been true in K-12 education, it may take structural change and unorthodox authority for new leaders: Simply sending a new president into a low-performing college, but then tying his or her hands with archaic personnel or budget rules won't be sufficient.

viii. We recommend this until the day comes when an invalidating percentage of students are enrolled in income-based repayment, at which point a new metric for post-enrollment success should be determined. With 11 percent of borrowers enrolled in income-based repayment currently, we are far from that day.

IN THE MEANTIME: USING THE COHORT DEFAULT RATE TO IDENTIFY THE BOTTOM 5 PERCENT

Until overall loan repayment rates are made available by institution, one option to consider is to establish a bottom 5 percent threshold based on three-year cohort default rates. A bottom 5 percent threshold applied to fiscal year 2010 three-year cohort default rate data would yield a 28 percent benchmark,¹ meaning more than 1 in 4 former students are struggling to find a job with an adequate income to make student loan payments within three years of exit.

WHAT TYPES OF COLLEGES ARE IN THE BOTTOM 5 PERCENT IN COHORT DEFAULT RATES?

# Publics (% of Sector)	% of Bottom Five	# Nonprofits (% of Sector)	% of Bottom Five	# For-Profits (% of Sector)	% of Bottom Five
5 (1%)	4%	34 (3%)	30%	75 (19%)	66%
# HBCUs (% of Sector)	% of Bottom Five	# HSIs (% of Sector)	% of Bottom Five	# Tribals (% of Sector)	% of Bottom Five
16 (19%)	14%	18 (14%)	16%	0 (0%)	0%

Notes: Chart displays statistics for the 114 total colleges that have default rates exceeding 28 percent. Hispanic-serving institutions (HSIs) are defined here as public and nonprofit private institutions whose Hispanic FTE undergraduate enrollment comprises at least 25 percent of total FTE undergraduate enrollment. Twenty of these colleges also do not meet our proposed graduation rate benchmark of 15 percent. See Appendix Table 3 for a full listing of four-year colleges and universities that currently rank among the bottom 5 percent on default rates.

Source: Ed Trust analysis of official FY2010 three-year cohort default rate data from the Department of Education, and 2011 IPEDS data.

This difficulty may be a reflection of two major factors: 1) Either a college produces many dropouts with significant debt and no degree from which to reap increased earnings; or 2) a college produces graduates with high debt and degrees with scant economic meaning or value in the labor market. In either case, these institutions are not a good bet either for students or for federal dollars.

Similar to graduation rates — and as has happened in the past with cohort default rates — we expect that most of the institutions that initially fall below our recommended cohort default rate threshold will

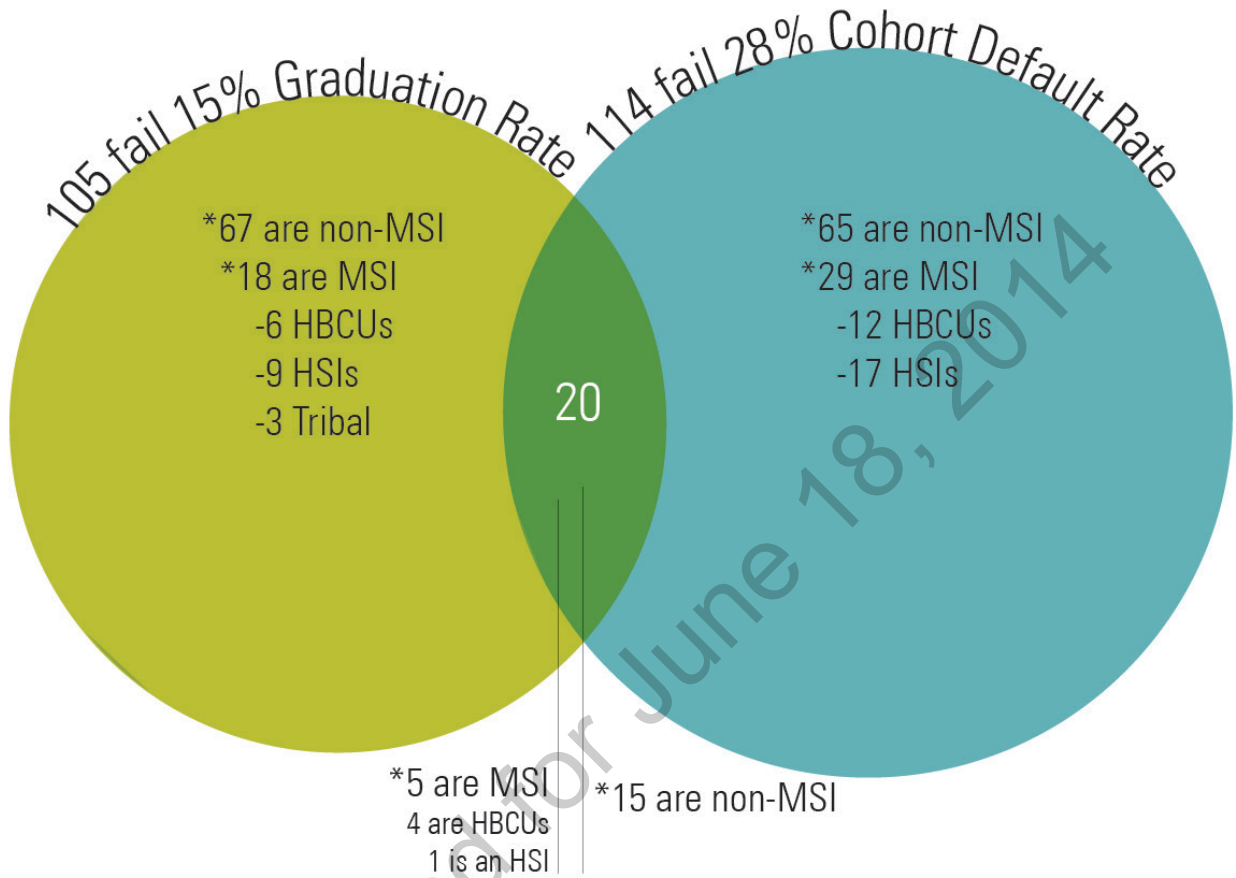
improve with a combination of attention and support. Institutions can improve their default rates not only by raising their graduation rates, but also by implementing concrete strategies to lower defaults, such as providing individual counseling on loan repayment options before and after students leave campus. In the past, we have seen a number of institutions, minority-serving institutions in particular, take serious, genuine, and coordinated action to work with their students in these ways, resulting in a significant reduction in school cohort default rates.²

Although graduation rates and default rates are correlated, among the bottom 5 percent of institutions on graduation rates and default rates, separately considered, only 20 colleges underperform on both measures, indicating that default rates do indeed point out something different than the graduation rate metric (*Figure A*).

1. In addition to reducing the current cohort default rate threshold from 30 percent to 28 percent under this option, we would also propose that institutions must maintain a three-year average default rate below 28 percent. Under current law, institutions are “safe” if they can keep their default rate below 30 percent in any given year. Moving to a three-year average would make institutions attend to the ability of their students to repay loans on a more consistent basis. Regardless, the 28 percent threshold could and should be regularly updated every few years, as we propose with our access and success metrics, to encourage continuous improvement.

2. Dillon, E. and Smiles, R. *Lowering Student Loan Default Rates: What One Consortium of Historically Black Institutions Did to Succeed*, Education Sector: 2010.

Figure A: How Would Default Rates Interact With Graduation Rates?



Notes: Minority-serving institutions (MSIs) are defined here as public and private nonprofit institutions designated as HBCUs, Hispanic-serving, or tribal.

Source: Ed Trust analysis of 2011 IPEDS graduation rate data and FY2010 cohort default rate data.

During a period of initial notice of underperformance, the federal government should support contracts between entities that have been successful in guiding institutional improvement and leaders (governing boards, state officials, and campus leaders) of public and nonprofit private institutions with low graduation and low loan repayment rates that show a commitment to improvement. Outside groups can help assess institutional challenges and provide recommendations for improvement, technical assistance, and support. Institution leaders can and should facilitate a campuswide culture of inquiry into student success and improvement.²⁶ Department of Education leaders should use their influence to broker assistance from major national foundations and corporations. The goal should be to improve institutions, not close them. (See *“It Can Be Done: Salish Kootenai College.”*)

But all this support needs to be accompanied by clear deadlines and real consequences. Without those, state and institutional leaders won’t have the leverage they need to bring about change fast enough to make a difference.

Three Years to Improve Pell Enrollment Rates

Colleges without at least 17 percent Pell student freshman enrollment will have three years to raise their enrollment of low-income students. This is a sufficient period of time for the admissions staff, enrollment management team, and other school administrators to adjust recruiting and financial aid practices to increase Pell enrollment in the freshman class. Consider the success of institutions like Franklin & Marshall College: Despite being in the bottom 5 percent of low-access colleges in 2011, Franklin & Marshall has since markedly improved low-income student enrollment, and did so quickly following a commitment by institution leadership. (See *“It Can Be Done: Franklin & Marshall College.”*)

Based on the Franklin & Marshall example and our analysis of ACT data, we submit that a three-year improvement window provides institutions with sufficient time to exhibit meaningful growth; colleges will be deemed successful only if the average Pell freshman enrollment during the

three-year improvement time frame is at least 17 percent. Averaging three years of enrollment information will help guard against any natural data fluctuations as well as deter an unintended consequence where institutions may enroll more low-income students only in one of three years to avoid sanctions (Figure 10).

Four Years to Improve College Graduation Rates

When and where leaders are truly intentional about all matters related to student success, colleges can change completion and post-enrollment success patterns even for students who are well into the undergraduate experience.²⁷ However, in order to provide institutions with a fair amount of time to intervene with an entire cohort of students and form practices that will permanently affect graduation rates, we propose providing institutions graduating less than 15 percent of first-time, full-time students at least *four years* to improve.

Moreover, at the end of four years, if an institution can furnish data showing that they are on track to graduate at least 15 percent of its students over the next two years (to align with a six-year graduation rate), the secretary of education should be able to grant those institutions an additional two-year

Figure 10: Timeline for Improvement

	1 YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
ACCESS: 17% Pell Enrollment		3 years to improve					
SUCCESS: 15% 6-Year Graduation Rate		4 years to improve				2-year grace period if on track to graduate 15+% of students	
POST-ENROLLMENT SUCCESS: Loan Repayment Rates or Revised CDR in Interim	RECEIVE NOTICE OF UNDER-PERFORMANCE	3 years to improve					

grace period. To ensure meaningful, consistent improvement and provide some flexibility for natural data fluctuations, colleges will be considered successful if their average graduation rate during this improvement time frame is at least 15 percent.

Three Years to Improve Student Loan Repayment Rates

When student loan repayment rates become available at the institutional level and a bottom 5 percent threshold is established, colleges with low loan repayment rates should also receive time to improve. We suggest not making a decision on the specific time frame for improvement until the data becomes available, in order to determine a time period most appropriate to this metric. But we would suggest institutions should have at least three years to improve their repayment rates, and that upon notice of underperformance, institutions have to evidence at least a three-year average repayment rate that is above the threshold to demonstrate meaningful improvement.

The bottom 5 percent threshold suggested for each metric is meant to be updated and recalculated regularly to represent the evolution (and expected improvement) in the field on the whole. We recommend new bottom 5 percent thresholds be recalculated at the end of each improvement time frame: every three years for Pell freshman enrollment and repayment rates or cohort default rates, and every six years for graduation rates. These thresholds will continue to be updated over time until they are no longer needed, such as if all institutions enroll a proportion of low-income students that equals a high percentage of the national average of such students.

ULTIMATE CONSEQUENCES FOR CHRONIC LOW-PERFORMERS

If at the end of multi-year grace periods for improvement, relevant colleges *still* are not rising above the bottom 5 percent threshold established years prior, the federal government has to take the next step: reduce if not eliminate its financial investment in institutions that consistently fail to serve their students and the nation. Vulnerable

students, first and foremost, and a finite public investment ultimately must be protected from continued harm.

In the case of chronically and dramatically low-performing colleges, the two categories of federal aid — (1) tax breaks and grants that go to colleges, universities, and affiliated foundations; and (2) tax benefits, grants, and loans that go to students and families — do little to promote the primary purposes of federal investment in higher education: low-income student access and degree completion. Indeed it could be argued that they serve instead to protect and even enhance the attractiveness of weak institutions, many of whose students would be better served elsewhere. We suggest federal resources be leveraged differently to better serve the national interest in improving postsecondary outcomes, especially for low-income students (*Figure 11*).

Figure 11: Summary Chart of Ultimate Consequences

	Institutional Tax	Institutional Grants	Student Tax	Student Grants & Loans
	Charitable deductions for institutions and their affiliated foundations	<ul style="list-style-type: none"> •TRIO •Campus-based aid •Competitive federal-state money 	<ul style="list-style-type: none"> •AOTC •Lifetime learning credit •Student loan interest deduction •Personal exemption for students age 19 and over •Qualified tuition programs 	<ul style="list-style-type: none"> •Pell •Stafford loans •PLUS loans
Access: Pell Enrollment "Engines of Inequality"	X	X		
Success: Graduation Rates "Dropout Factories"	X	X	X	X
Post-Enrollment Success: Loan Repayment Rates "Diploma Mills"	X	X	X	X

Engines of Inequality — Bottom Performers in Enrolling Students From Low-Income Families

Colleges that effectively and repeatedly *choose* to operate as engines of inequality, failing to enroll a bare minimum percentage of low-income students, should lose access to institution-based federal aid. If there is to be a shared responsibility for college access and success, then at some point the federal government should no longer permit low-access institutions of higher education — or their affiliated foundations — to take advantage of the tax code to receive tax-deductible charitable donations or institutional campus-based aid in the form of the Supplemental Education Opportunity Grant and federal work-study, or competitive federal dollars, including those awarded through the TRIO and GEAR UP programs and any future federal-state partnership initiative.²⁸

The mostly selective, private, and fairly wealthy colleges that might be affected by this proposal may argue that their services — to teach, conduct research, and provide public service — are critical to the overall well-being of a democratic society; as such, they are fulfilling their mission as public charities and should continue to receive some federal tax relief. But colleges that receive their tax-exempt status on the basis of their *educational* mission have a primary responsibility to serve the public good through education. By not supporting even a minimum number of qualified, low-income students, they fail the public interest in a crucial way — by calcifying rather than ameliorating societal inequities.

For institutional grants, the federal government originally provided TRIO and campus-based aid as supplemental funds to help institutions of higher education and others provide outreach and support to students from disadvantaged backgrounds. But it's clear that those dollars are not achieving their intended impact at these colleges, if after repeated years, they still do not enroll a bare-minimum percentage of low-income students. These scarce funds would be better spent elsewhere, i.e., at institutions that do prioritize needy students and contribute to the public good.

To be clear, we recommend these colleges lose access only to institution-based aid, not that their students lose access to direct student-based financial aid. Our goal is to protect and help needy students. Low-income and hard-pressed, middle-income students who currently attend these low-access colleges will still maintain access to Pell Grants, federal student loans, and student tax benefits — particularly the American Opportunity Tax Credit — ensuring that they are able to continue to attend and complete their studies.

College Dropout Factories and Diploma Mills — Colleges Failing to Improve on Completion or Success

Postsecondary education institutions that continue to operate as college dropout factories after four-to-six years of consistent failure or continue to operate as diploma mills whose students cannot earn enough post-graduation to repay their loans without default should face serious consequences: They should be subject to losing not only institutional-based aid, but also eligibility to receive all forms of federal student-based aid, *including* federal student loans.^{ix}

Why such a seemingly draconian step? Because prospective students should not enroll in these poor-performing institutions on the taxpayers' dime. It's neither an efficient nor effective use of finite public resources. And the virtual absence of institutional accountability makes the federal government complicit in harming vulnerable students who are highly likely to be financially injured by these institutions or at the very least lose ability to access time-restricted Pell Grant funds.

In the end, taking away all federal aid is the only way to send an unequivocal message to students

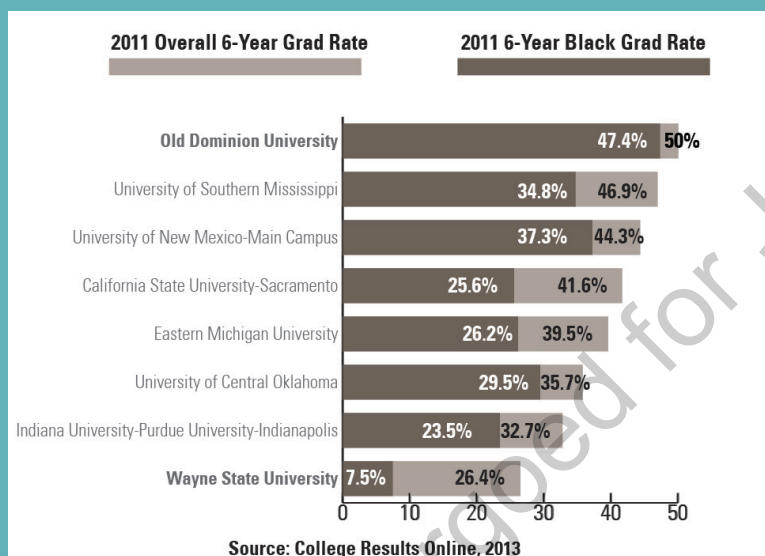
ix. There is, of course, the concern that if we cut off all federal aid, students still wanting to go to these schools will have to turn to private loans, which carry higher interest rates and less borrower protection. While that is a theoretical possibility, we think it's unlikely a private bank will lend to students to attend an institution labeled a college dropout factory or diploma mill. In fact, given how risky an investment these institutions of higher education are, it would make sense for the Consumer Financial Protection Bureau — a supervisor of private lending institutions — and/or bank regulators to consider regulating how much of a private lender's portfolio may be tied up in dropout factories and diploma mills.

APPLYING THE GRADUATION STANDARD AT THE SUBGROUP LEVEL

Should we apply the graduation standard to demographic subgroups? Graduation rate data make it very clear that at the aggregate level and at most institutions, there are significant differences in the rates at which different subgroups of students complete. On average, black, Latino and American Indian freshmen complete their degrees at rates far below those of white and Asian students.¹ The pattern is the same for Pell students.² But these gaps are not inevitable: At institutions that work hard to support their students, there are often small or no gaps between student groups.

Given that low-income students and students of color now constitute a majority of the young people in this country, it is important for the federal government to signal its concern about these gaps and the need for them to be closed.

Metrics to this effect could be included in any overall postsecondary accountability system. But there is no reason to wait for a comprehensive system to be developed, tested, and put into place. Instead, the federal government could send a powerful signal of its concern by applying a minimum graduation rate standard not just at the institution level, but also separately for every significant group of students. For example, while an institution might have an overall six-year graduation rate of 32 percent, if its graduation rate for, say, black or Latino students fell consistently below the 15 percent standard, that institution would have to work hard to improve its record. (See Appendix Table 2B for a listing of colleges that serve one or more subgroups of students inadequately.)



Consider, for example, Wayne State University. Wayne State's overall six-year graduation rate in 2011 was 26 percent — nothing to write home about for sure. But the university did a particularly abysmal job serving African American students, over 90 percent of whom fail to complete a degree within six years of initial enrollment. That's right; Wayne State graduated less than 10 percent (7.5 percent in fact) of its African American students in 2011. It doesn't have to be this way: Old Dominion University in Virginia — a Wayne State peer serving a similar student body — graduated African American students at a rate nearly 40 percentage points higher (47.4 percent).

Clearly, Wayne State needs a push to address the needs of its black students more seriously. Its

black-white graduation rate gap of 31 points is considerably larger than the national average of 23 points.³ Yet Wayne State is not alone. Some institutions are clearly more vigilant than others at making sure all their students have the best possible chance of success.

Interestingly though, institutions like Wayne State may need a push for an even bigger reason. When we examined the subset of colleges with graduation rates below 15 percent for a particular subgroup(s), the majority of these institutions also have overall graduation rates that are substantially lower than their peer institutions. More than 8 in 10 fall toward the bottom of their peer groups. The median college within this group of institutions graduates only 23 percent of all students. So while these colleges may have overall graduation rates exceeding 15 percent, their overall performance with students is still lacking.

¹National Center for Education Statistics (NCES), *Enrollment in Postsecondary Institutions, Fall 2012; Financial Statistics, Fiscal Year 2012; and Graduation Rates, Selected Cohorts, 2004-2009, First Look* (Table 3).

²EdTrust analysis of 2003-04 Beginning Postsecondary Students survey, from the U.S. Department of Education.

³NCES, *Enrollment in Postsecondary Institutions, Fall 2012; Financial Statistics, Fiscal Year 2012; and Graduation Rates, Selected Cohorts, 2004-2009, First Look* (Table 3).

RESTRICTING CHOICE?

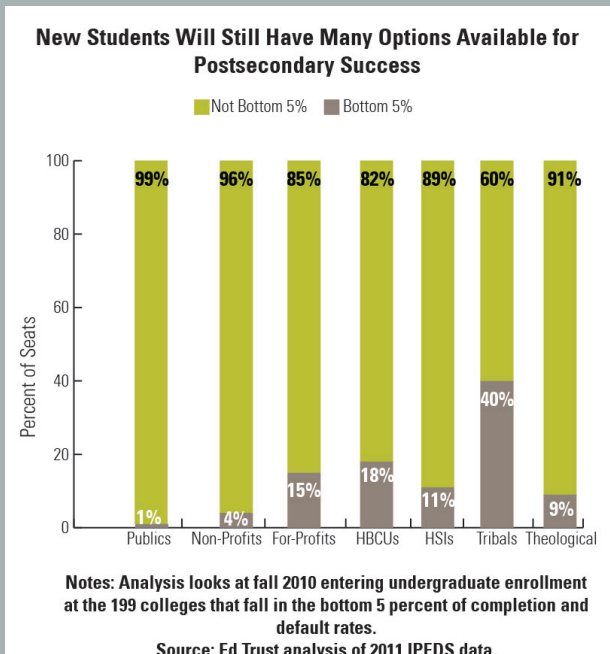
Some low-performing institutions on graduation rates or default rate metrics are for-profits or minority-serving institutions. While we expect most of these institutions to improve with the pressure and support provided in this proposal, some observ-

ers may still be concerned that this proposal would restrict student choice within particular sectors.

Let's examine the numbers. Currently 600,000 undergraduates — representing 6 percent of all undergraduates and just slightly over 10 percent of African American, Hispanic, and American Indian students — are concentrated in institutions that are bottom performers on our proposed student success measures.¹ If these bottom performers don't improve after time and support to do so, and tough sanctions take effect, will new students seeking an education at a for-profit, online, or minority-serving institution continue to have options to receive a college education at the same type of institution?

In every case, the answer is yes. Regardless of institution type, only a small percentage of seats are affected. The only exception is tribal colleges, and many of these are likely to be exempted based on geographic isolation.

1. This includes first-time, returning, full-time, and part-time students attending the 199 colleges that fall in the bottom 5 percent on graduation rates and student loan default rates. Student loan default rates are a proxy for those institutions that might underperform on a loan repayment metric.



HOW DOES ED TRUST DEFINE PEER GROUPS?

For the past 10 years, The Education Trust, through its *College Results Online* Web tool, has established a methodology to identify each college's group of peer or "similar" institutions. Our algorithm is public and has been vetted by a series of outside technical experts over the years.

For public and private nonprofit institutions, we have identified 12 institutional and student-related characteristics that significantly predict six-year graduation rates. Our 2011 peer groups, for example, were based on the following variables:

Institutional Characteristics

- ▶ Sector (public vs. private)
- ▶ Size (number of Full-Time Equivalent undergraduates)
- ▶ Status as a commuter campus
- ▶ Barron's admission selectivity
- ▶ Student-related expenditures per Full-Time Equivalent undergraduate

- ▶ Carnegie classification
- ▶ Percent of degrees awarded in STEM

Student Characteristics

- ▶ Estimated median SAT or ACT equivalent of freshman class
- ▶ Average high school GPA among college freshmen
- ▶ Percent of Pell recipients among full-time freshman class
- ▶ Percent of undergraduates enrolled part-time
- ▶ Percent of Full-Time Equivalent undergraduate students age 25 and over

The same algorithm can't be used for for-profit institutions because certain variables are not available and/or applicable to this sector (e.g., SAT, Barron's, GPA). Instead, we use filters on the same characteristics to ensure similar colleges are compared to each other.

See our *Frequently Asked Questions* section at www.collegeresults.org for more information, including weights associated with each characteristic utilized in identifying peer groups.

that these schools will not serve them well and they should enroll elsewhere. Sadly, it may also be the only way to send an unequivocal message to those who run these institutions that it is neither ethical nor acceptable to take hard-earned money from students when you don't have the capacity to see them through to the degrees they seek. Notice of non-eligibility for federal student aid should be prominently displayed on institutions' admission pages and on financial aid award letters, including the standardized Financial Aid Shopping Sheet for participating institutions, among other consumer warnings, to warn new students that they will not be eligible for financial aid at these low-performing colleges.

To be absolutely clear, any revocation of student-based aid eligibility should only be applicable to newly admitted students, not currently enrolled students.²⁹ Students who are already enrolled should be permitted to conclude their studies. However, we do recommend the Department of Education provide those eligible for federal financial aid with strong consumer warnings informing them of the institution's record of graduating students and/or leading them to default. (See "Restricting Choice?")

CONCLUSION

Our public priority should be to increase the access and success of needy students to postsecondary education, not to protect the financial interests of institutions of higher education regardless of their quality or service to the nation. No longer should federal higher education money flow unabated and unquestioned to institutions that neglect their public duty to educate successfully the students they admit and to enroll low-income students at least at a bare-minimum level.

We understand that the consequences we suggest for bottom performers that don't improve are severe. But they are by no means out of line with the consequences for underserved students — the nearly 600,000 undergraduates attending the schools that fall below our minimum standards

for success and the estimated 100,000 of them who will default on student loans. These students are at risk of facing both a lifetime of debt and no degree.

And let's be clear: Establishing rigorous minimum performance benchmarks is particularly important at a time when federal dollars are, and will remain for the foreseeable future, scarce. In such a climate, serving students effectively, accountability for results, and efficiency of performance are of increased importance.

This scarcity of resources is what led states to set goals, experiment with performance-based funding, and set minimum institutional success standards to access state financial aid.^x It's time for the federal government to do its part as well, instead of continuing to write \$180 billion in checks to colleges every year and asking for virtually nothing in return. ■

x. The California Cal Grant program, for example, requires participating institutions to have a graduation rate that is at least 30 percent or a three-year cohort default rate below 15.5 percent.

IT CAN BE DONE

SALISH KOOTENAI COLLEGE

By Mandy Zatynski

At Salish Kootenai College, a small, tribal school in Montana, about half of all incoming students start in at least one remedial (or non-credit-bearing) course. Nearly one-quarter end up in three remedial courses: reading, math, and writing. Evidence indicates that students who are placed in remedial, or developmental education, courses are at a higher risk of dropping out, and those who don't will often take longer to complete their degrees.¹ A few years ago, students at Salish Kootenai were no different. In 2009, less than half of remedial students completed their courses; even fewer were successful once they got to gateway, or entry-level, 101 courses.



Photo courtesy of Salish Kootenai

So college administrators decided to look at the structures needed to support remedial students. What they found was disjointed efforts and departments that only complicated pathways for students. "There's a tendency to think that the student is the problem," says Stacey Sherwin, director of institutional effectiveness at Salish Kootenai. "We found that a lot of times, it was the institution that was the problem."

Salish Kootenai is in Pablo, Mont., a town surrounded by national forests in the northwest corner of the state. The college sits on the Flathead Indian Reservation and prides itself on catering to the specific needs of Native students. More

than three-quarters of students are Native, almost 9 in 10 freshmen receive Pell Grants, and more than half of the student population is 25 years or older.² For these reasons and based on averages at other institutions with comparable populations, using a predicted vs. actual regression methodology, The Education Trust predicted Salish Kootenai to graduate only 10 percent of its students. But the college's actual graduation rate is more than four times that — 43 percent — thanks to deliberate efforts to streamline processes and strengthen supports for students, many of whom are first-generation or lack academic preparation for college-level work.

Improvements have included revamped assessments that better place students into appropriate courses, more meaningful advising procedures that doubly ensure students' coursework matches their abilities and academic goals, and a new department to oversee — and coordinate — all of it. This prevents mishaps like simultaneously enrolling students in remedial reading and a scientific literature course. Scenarios like these weren't an entirely uncommon occurrence, said Stephen McCoy, director of academic success. According to the college's internal assessment in 2009, about 20 percent of remedial students were simultaneously enrolled in courses in which they were unlikely to succeed. The new advising structure, however, now gives students a remediation-focused adviser, who ensures student course schedules make sense.

These new efforts came at a cost, but officials found financial support through external grants. A \$100,000 Wal-Mart grant helped establish the new department of academic success, which became a go-to hub for remedial students and their advisers, and a \$400,000 grant from the Lumina Foundation helped administrators collect data to better identify the obstacles students faced on the



way to graduation. “Often what manifests itself as an academic problem,” said McCoy, “is rooted in what research calls a ‘non-cognitive factor’ or a ‘soft skills factor.’”

Take, for example, a student who struggles with math. Does that student have the self-efficacy and the study skills necessary to succeed in that class? In many cases, McCoy said, they found that students don’t. To address this, faculty attended professional development sessions that taught them how to work with low-skill, adult learners and help them be successful, not just in their class specifically, but as a student generally. Now, the engineering department dedicates more time toward helping students understand the vocabulary central to the coursework. Students learn the roots of words and draw their meanings on note cards, a technique pitched in one of the professional development sessions. That foundation allows students to grasp complex topics more easily later on, McCoy says.

Remedial completion rates now reach as high as 80 percent. “Everybody talks about breaking down silos between academics and student support services,” says Sherwin, “but we actually did it.” And administrators have taken note: Once they saw the successes with remedial students, they turned their attention toward students who receive financial aid, but are on academic suspension, which puts that critical money at risk.

For these students, the college now offers an “academic improvement waiver.” It’s funded

through federal money the college receives for its Native population, and it pays for the student’s full-time tuition for one quarter while they work to re-instate themselves. In exchange, students must take an Academic Success 101 course, which instills a lot of the soft skills that McCoy references, including everything from identity and motivation to note-taking and study habits. Students must also take a personal employment class, which gauges their interests and strengths to ensure they have chosen a career where they’ll find success. Finally, students must take a series of Friday seminars, which build on the topics covered in Academic Success 101. Perhaps most important, the college requires students with these waivers to take one core class as well, all in the grand plan to ensure they stay on track toward graduation. Since the waivers were introduced two years ago, almost three-quarters of students have been reinstated for the next quarter. Although McCoy acknowledges that doesn’t mean they stay out of academic trouble, he adds, “They would have been done and gone if they hadn’t been here.” ■

¹ Complete College America. *Time is the Enemy*: Sept. 2011.

² College Results Online, www.collegeresults.org

IT CAN BE DONE

FRANKLIN & MARSHALL COLLEGE

By Mandy Zatynski

Franklin & Marshall College is a small but prestigious liberal arts school in Pennsylvania. Like many such institutions, few in its student body of 2,400 come from low-income families. But in the past few years, that has started to change. In fall 2008, only 5 percent of all F&M students received a Pell Grant, one of the lowest percentages in the country. Just three years later, however, it was 17 percent. Why the shift, and how did they do it?



Photo courtesy of Franklin & Marshall College

It started with the college's board of trustees agreeing that the reflected imbalance in diversity didn't align with the college's mission. Trustees also concluded that it wasn't good for students' educational experience. But the board knew it would cost them precious resources to radically increase the amount of need-based aid necessary to attract more low-income students and students of color without reducing aid to current students. And they knew it would take a strong leader to transition the campus community to serving a broader population.

So, beginning in early 2008, the board started to redirect more money toward financial aid, mostly by reducing planned budget surpluses. By the summer, they approved a plan to gradually phase out non-need-based aid in favor of boosting the pot of funds for need-based aid. By the time they launched a search for a new president in 2010, they looked for a

leader who would promote access and continue what they had started. What the board did with money — increasing the financial aid budget from \$5.8 million to \$11.3 million over five years — the new president, Dan Porterfield, augmented with programming.

At the core of the new programming in support of economic diversity was relationship-building. F&M worked to identify K-12 schools and networks, like KIPP, that predominantly serve talented low-income students and build partnerships that introduce enrolled teens to college life and expectations. The college created F&M College Prep, now in its fourth year, to bring high-achieving, first-generation students to campus the summer before their senior year of high school. Students must have a 3.3 GPA or rank in the top 5 percent of their class, and they must demonstrate some leadership experience at their school. For three weeks, participants live on campus, take two courses with F&M faculty

(from environmental science to creative writing), and participate in other activities, like seminars on financial aid, that aim to acclimate students to the college-going lifestyle. F&M also pays a \$500 stipend to each student who completes the program in an attempt to make up any summer earning potential they lost. The goal, in the end, is that these students apply to their dream schools — even if that doesn't mean F&M. Thus far, all 156 students who have participated in F&M College Prep have been accepted into college, including such selective institutions as the University of Texas at Austin, University of California–Berkeley, Brown University, and Harvard University. More than 90 percent of students actually go — and more than a quarter of them go to F&M.

F&M also works with the National College Advising Corps to provide college counseling to 15 rural schools in Pennsylvania. In addition, for a decade,

it has maintained a relationship with the Posse Foundation, which promotes college access and youth leadership development, offering full-tuition scholarships to 10 high-achieving students of color from New York City and most recently, Miami. In particular, F&M targets prospective students with interests in STEM-related careers, in part because of its strong math and science offerings, but also because leaders know those careers are in demand.

Porterfield says other schools can do the same, identify their own programmatic strengths and then form partnerships with like-minded networks that will attract not only students in those programs, but also those students' communities. "The big advantage of the Posse relationship is that you not only identify students who are a great fit for your school, but you develop some inroads into those students' high school communities, which can open pipelines beyond what the formal Posse pipeline brings," he says.

Additionally, F&M works to keep introductory class sizes small, encouraging more faculty-student engagement and letting more students know of the resources and help available to them. Other efforts focus on drawing the connection between school and work, like a new pilot program this year that identifies work and internships in the community that align with students' career interests. Upperclassmen pursue these opportunities as part of their work-study program, collecting a stipend from the university while also doing work that matters to them. F&M added a new leadership position

to its general operating budget, the senior associate dean for planning and student outcomes, who is charged with assessing all of its programming, whether it's working, and how it can be improved.

There's no regression analysis, but

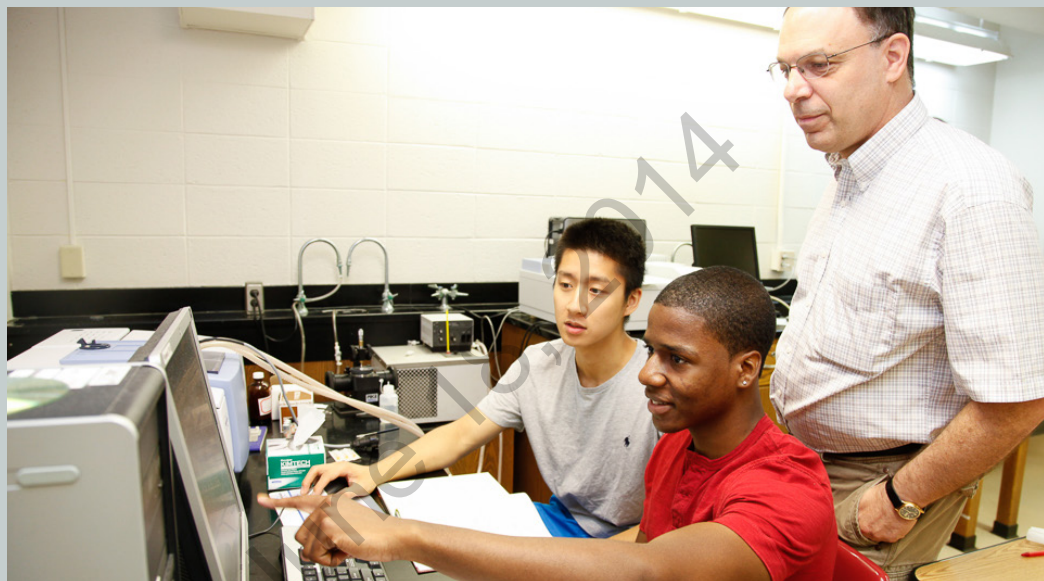


Photo courtesy of Franklin & Marshall College

through these and other supports at F&M, the retention of its Pell students is actually higher than the freshman class and first-generation students. Comparatively, 92 percent of the freshman class as a whole returned, and 96 percent of first-generation students did.

F&M leaders say much of this couldn't have been accomplished without the significant commitment to need-based financial aid made back in 2008. Thanks to the additional grants, F&M has attracted more than triple the number of Pell Grant recipients it did then. The college now meets the full demonstrated need of every student who enrolls. (To pay for this, college leaders reduced their annual surplus and now project expenses more precisely.) They've also phased out almost all non-need-based

aid with the exception of a few endowed scholarships for the arts. "We've achieved more goals than just increasing Pell [Grant-eligible] students by increasing financial aid," Porterfield says. "We're trying to attend to all students' financial need."

This summer, the college plans to launch a fundraising campaign solely centered on financial aid — something it hasn't done before. Porterfield is cautious. He and other leaders know little about how this campaign will be received and whether donors will contribute with the same enthusiasm as they have in the past. But one thing is for certain: F&M more than tripled its Pell enrollment rate in just three years. Their efforts were aggressive, their goals — ambitious, but not impossible.

"This is do-able. Some of the gains we've made ... are achievable with thoughtful and intentional effort," Porterfield says. "This is not a matter of moving mountains." ■

TABLE 1: COLLEGES IN THE BOTTOM 5% FOR NOT ENROLLING AT LEAST 17% PELL FRESHMEN

Name	State	Sector	Median SAT/ACT of Enrolled Students (2011)	ID Year	Y1 Status
				% Pell (2011)	% Pell (2012)
Auburn University	AL	Public	1225	14%	13%
California Institute of Technology	CA	Nonprofit	1525	9%	11%
California Polytechnic State University	CA	Public	1205	14%	14%
Claremont McKenna College	CA	Nonprofit	1390	15%	10%
Harvey Mudd College	CA	Nonprofit	1485	12%	13%
Pitzer College	CA	Nonprofit	1270	14%	10%
Pomona College	CA	Nonprofit	1470	15%	16%
University of San Diego	CA	Nonprofit	1210	16%	15%
Santa Clara University	CA	Nonprofit	1230	16%	13%
Scripps College	CA	Nonprofit	1360	15%	11%
Stanford University	CA	Nonprofit	1455	16%	16%
West Coast University-Los Angeles	CA	For-Profit	N/A	15%	45%
University of Colorado-Boulder	CO	Public	1165	16%	17%
Colorado College	CO	Nonprofit	1315	12%	10%
Colorado Heights University	CO	Nonprofit	N/A	4%	N/A*
Connecticut College	CT	Nonprofit	N/A	13%	16%
Quinnipiac University	CT	Nonprofit	1090	16%	14%
Trinity College	CT	Nonprofit	1285	13%	10%
Wesleyan University	CT	Nonprofit	1395	16%	21%
Yale University	CT	Nonprofit	1490	13%	12%
American University	DC	Nonprofit	1280	15%	24%
Catholic University of America	DC	Nonprofit	1110	12%	12%
George Washington University	DC	Nonprofit	1290	13%	12%
Georgetown University	DC	Nonprofit	1400	14%	16%
University of Delaware	DE	Public	1185	13%	12%
Beacon College	FL	Nonprofit	N/A	10%	24%
Embry Riddle Aeronautical University-Worldwide	FL	Nonprofit	N/A	13%	28%
University of Chicago	IL	Nonprofit	1480	15%	11%
Northwestern University	IL	Nonprofit	1445	15%	14%
University of Notre Dame	IN	Nonprofit	1450	12%	12%
Centre College	KY	Nonprofit	1280	16%	17%
Tulane University	LA	Nonprofit	1315	13%	11%
Bentley University	MA	Nonprofit	1210	16%	14%
Boston College	MA	Nonprofit	1340	16%	12%
Emerson College	MA	Nonprofit	1240	14%	19%
Northeastern University	MA	Nonprofit	1310	13%	13%
Stonehill College	MA	Nonprofit	N/A	14%	12%
Tufts University	MA	Nonprofit	1425	10%	11%

Worcester Polytechnic Institute	MA	Nonprofit	N/A	15%	15%
Franklin W. Olin College of Engineering	MA	Nonprofit	1455	14%	10%
Johns Hopkins University	MD	Nonprofit	1395	12%	13%
Loyola University-Baltimore	MD	Nonprofit	1198	14%	14%
University of Maryland-College Park	MD	Public	1290	15%	15%
Ner Israel Rabbinical College	MD	Nonprofit	N/A	15%	22%
St Mary's College of Maryland	MD	Public	1235	14%	19%
Bates College	ME	Nonprofit	N/A	13%	12%
Colby College	ME	Nonprofit	1335	10%	11%
University of Michigan-Ann Arbor	MI	Public	1300	15%	16%
Carleton College	MN	Nonprofit	1400	13%	14%
Washington University in St Louis	MO	Nonprofit	1470	6%	6%
Davidson College	NC	Nonprofit	1345	13%	12%
Duke University	NC	Nonprofit	1435	13%	14%
Elon University	NC	Nonprofit	1215	10%	11%
High Point University	NC	Nonprofit	1075	12%	14%
Wake Forest University	NC	Nonprofit	N/A	14%	14%
Dartmouth College	NH	Nonprofit	1450	13%	13%
Princeton University	NJ	Nonprofit	1490	11%	12%
Colgate University	NY	Nonprofit	1365	11%	11%
Cooper Union for the Advancement of Science and Art	NY	Nonprofit	1365	13%	19%
Cornell University	NY	Nonprofit	1400	15%	17%
Jewish Theological Seminary of America	NY	Nonprofit	1350	0%	0%
The Juilliard School	NY	Nonprofit	N/A	11%	25%
Marist College	NY	Nonprofit	1160	15%	15%
Rabbinical Seminary of America	NY	Nonprofit	N/A	11%	18%
Torah Temimah Talmudical Seminary	NY	Nonprofit	N/A	16%	18%
Kenyon College	OH	Nonprofit	1340	10%	7%
Oberlin College	OH	Nonprofit	1365	10%	9%
Bucknell University	PA	Nonprofit	1300	11%	9%
Carnegie Mellon University	PA	Nonprofit	1400	13%	15%
Dickinson College	PA	Nonprofit	1284	12%	10%
Franklin and Marshall College	PA	Nonprofit	N/A	13%	17%
Gettysburg College	PA	Nonprofit	1300	13%	12%
Haverford College	PA	Nonprofit	1395	16%	14%
Lafayette College	PA	Nonprofit	1275	8%	13%
Lehigh University	PA	Nonprofit	1305	16%	14%
Muhlenberg College	PA	Nonprofit	1240	8%	9%
Pennsylvania State University-Main	PA	Public	1195	16%	15%
University of Pennsylvania	PA	Nonprofit	1440	16%	17%
University of Pittsburgh	PA	Public	1260	16%	16%

Saint Joseph's University	PA	Nonprofit	1120	12%	10%
Swarthmore College	PA	Nonprofit	1435	14%	17%
Villanova University	PA	Nonprofit	1300	11%	13%
Bryant University	RI	Nonprofit	1140	14%	17%
Providence College	RI	Nonprofit	1160	16%	16%
Roger Williams University	RI	Nonprofit	1075	14%	14%
Furman University	SC	Nonprofit	1275	16%	12%
Rhodes College	TN	Nonprofit	1260	16%	19%
Sewanee-The University of the South	TN	Nonprofit	1260	16%	19%
Vanderbilt University	TN	Nonprofit	1430	13%	14%
Rice University	TX	Nonprofit	1440	16%	17%
Southern Methodist University	TX	Nonprofit	1245	15%	15%
Texas Christian University	TX	Nonprofit	1165	14%	11%
Brigham Young University-Provo	UT	Nonprofit	1260	16%	18%
College of William and Mary	VA	Public	1350	10%	9%
Christopher Newport University	VA	Public	1200	16%	18%
James Madison University	VA	Public	1145	14%	14%
University of Richmond	VA	Nonprofit	1280	14%	15%
Strayer University-Virginia	VA	For-Profit	N/A	16%	8%
Virginia Tech	VA	Public	1220	15%	15%
University of Virginia	VA	Public	1335	13%	12%
Virginia Military Institute	VA	Public	1135	16%	16%
Washington and Lee University	VA	Nonprofit	1385	11%	11%
Middlebury College	VT	Nonprofit	1385	10%	10%
Gonzaga University	WA	Nonprofit	1185	16%	19%
Whitman College	WA	Nonprofit	1325	14%	10%
Bellin College	WI	Nonprofit	1125	0%	N/A*
University of Wisconsin-Madison	WI	Public	1260	15%	16%

Notes: Colleges must have at least 30 full-time freshmen in the 2010-2011 school year to be identified as falling in the bottom 5 percent of Pell freshman enrollment rates. Y1 status shows how these institutions are performing one year later but should be interpreted with caution: To allow for natural data fluctuations, our proposal stipulates that colleges will only be considered successful if their three-year weighted average, after the identification year, surpasses the 17 percent Pell benchmark. Colleges marked "N/A*" had a cohort size fewer than 30 full-time freshmen in the subsequent year. Their Pell rates, however, will still be used in calculating a three-year weighted average to determine whether they surpass the 17 percent Pell benchmark after three years.

Source: 2011 and 2012 Integrated Postsecondary Education Data System (IPEDS) Pell data.

TABLE 2A: COLLEGES IN THE BOTTOM 5% FOR FAILING TO GRADUATE AT LEAST 15% OF ALL FRESHMEN

Name	State	Sector	ID Year	Y1 Status
			Overall Grad Rate (2011)	Overall Grad Rate (2012)
Concordia College-Selma	AL	Nonprofit, HBCU	3.4%	5.5%
ITT Technical Institute-Bessemer	AL	For-Profit	9.3%	14%
Arkansas Baptist College	AR	Nonprofit, HBCU	4.2%	4.8%
University of Phoenix-Little Rock	AR	For-Profit	9.7%	15.3%
University of Phoenix-Northwest Arkansas	AR	For-Profit	7.9%	20.3%
Western International University	AZ	For-Profit	2.4%	2.6%
University of Phoenix-Online	AZ	For-Profit	6.2%	4.3%
Yeshiva Ohr Elchonon Chabad	CA	Nonprofit	14.6%	36.4%
University of Phoenix-San Diego	CA	For-Profit	12.4%	14.4%
University of Phoenix-Sacramento Valley	CA	For-Profit	10.7%	16.2%
Colorado Technical University-Colorado	CO	For-Profit	8.5%	19%
Colorado Technical University-Greenwood	CO	For-Profit	7%	N/A*
Colorado Technical University-Online	CO	For-Profit	9.4%	9.5%
University of the District of Columbia	DC	Public, HBCU	8%	15.8%
Carlos Albizu University-Miami	FL	Nonprofit, HSI	8.8%	N/A*
Hodges University	FL	Nonprofit, HSI	12.5%	N/A*
University of Phoenix-North Florida	FL	For-Profit	14.8%	18.8%
Thomas University	GA	Nonprofit	7.5%	14.3%
Truett-McConnell College	GA	Nonprofit	13.6%	9.4%
University of Phoenix-Atlanta	GA	For-Profit	14.1%	13.5%
University of Phoenix-Columbus	GA	For-Profit	10.1%	15.6%
University of Phoenix-Hawaii	HI	For-Profit	13.3%	26.7%
University of Phoenix-Des Moines	IA	For-Profit	10%	N/A*
University of Phoenix-Idaho	ID	For-Profit	9.1%	8.8%
East-West University	IL	Nonprofit	7.7%	8.7%
Hebrew Theological College	IL	Nonprofit	5.7%	8.8%
Holy Cross College	IN	Nonprofit	12.7%	19.9%
ITT Technical Institute-Fort Wayne	IN	For-Profit	9.1%	N/A*
ITT Technical Institute-Indianapolis	IN	For-Profit	8.3%	10.5%
University of Phoenix-Indianapolis	IN	For-Profit	5.3%	14.1%
University of Phoenix-Wichita	KS	For-Profit	12.8%	1.5%
ITT Technical Institute-Louisville	KY	For-Profit	14.7%	18.2%
University of Phoenix-Louisville	KY	For-Profit	4.9%	N/A*
Louisiana State University-Alexandria	LA	Public	12.1%	13.5%
University of Phoenix-Louisiana	LA	For-Profit	13.6%	17.9%
Boston Architectural College	MA	Nonprofit	9.1%	6.8%
Coppin State University	MD	Public, HBCU	14.7%	17%

University of Maryland-University College	MD	Public	10.3%	4.3%
Baker College of Owosso	MI	Nonprofit	13%	11.1%
University of Phoenix-Metro Detroit	MI	For-Profit	11.4%	10.5%
University of Phoenix-West Michigan	MI	For-Profit	7.1%	14.4%
University of Phoenix-Minneapolis/St Paul	MN	For-Profit	6.8%	12.9%
ITT Technical Institute-Earth City	MO	For-Profit	10.7%	11.1%
Harris-Stowe State University	MO	Public, HBCU	8.5%	8.2%
University of Phoenix-St Louis	MO	For-Profit	7.6%	10.2%
University of Phoenix-Kansas City	MO	For-Profit	12.9%	13.3%
University of Phoenix-Springfield	MO	For-Profit	10.9%	9.7%
University of Phoenix-Charlotte	NC	For-Profit	9.9%	16.3%
University of Phoenix-Raleigh	NC	For-Profit	6.8%	12.1%
Turtle Mountain Community College	ND	Nonprofit, Tribal	0.7%	N/A*
Rabbinical College of America	NJ	Nonprofit	12.1%	N/A*
Yeshiva Toras Chaim	NJ	Nonprofit	2.9%	2.2%
Western New Mexico University	NM	Public, HSI	12.5%	16.2%
Great Basin College	NV	Public	7.7%	14.3%
ITT Technical Institute-Henderson	NV	For-Profit	11.9%	N/A*
International Academy of Design and Technology-Henderson	NV	For-Profit	11.9%	36.4%
Mirrur Yeshiva Cent Institute	NY	Nonprofit	6.1%	15.4%
Rabbinical College of Long Island	NY	Nonprofit	3%	2.6%
Talmudical Seminary Oholei Torah	NY	Nonprofit	2.2%	3.5%
Torah Temimah Talmudical Seminary	NY	Nonprofit	5%	2.6%
Yeshivat Mikdash Melech	NY	Nonprofit	2.7%	N/A*
Yeshiva of the Telshe Alumni	NY	Nonprofit	2.6%	N/A*
DeVry College of New York	NY	For-Profit	14.4%	24.5%
Chancellor University	OH	For-Profit	4.8%	4.6%
University of Phoenix-Cincinnati	OH	For-Profit	8.8%	3.2%
Bacone College	OK	Nonprofit	4.2%	9.5%
Oklahoma State University Institute of Technology-Okmulgee	OK	Public	1.1%	missing
University of Phoenix-Oklahoma City	OK	For-Profit	13.9%	11.9%
University of Phoenix-Tulsa	OK	For-Profit	13.4%	13.8%
University of Phoenix-Philadelphia	PA	For-Profit	10.7%	9%
University of Phoenix-Pittsburgh	PA	For-Profit	5.9%	N/A*
Harrisburg University of Science and Technology	PA	Nonprofit	9.1%	N/A*
National University College-Bayamon	PR	For-Profit	9.3%	5.5%
National University College-Arecibo	PR	For-Profit	14.3%	12.2%
University of Puerto Rico-Utuado	PR	Public, HSI	12.1%	20.8%
Universidad Del Este	PR	Nonprofit, HSI	12.5%	22.5%
EDP College of Puerto Rico Inc-San Juan	PR	Nonprofit, HSI	10.9%	25%
Caribbean University-Vega Baja	PR	Nonprofit, HSI	12.8%	29.4%
Oglala Lakota College	SD	Public, Tribal	4.5%	1.3%
Sinte Gleska University	SD	Nonprofit, Tribal	4.7%	N/A*
ITT Technical Institute-Nashville	TN	For-Profit	13.8%	12.5%
LeMoyne-Owen College	TN	Nonprofit, HBCU	14.9%	8.1%
Victory University	TN	For-Profit	10.3%	13.2%

ITT Technical Institute-Knoxville	TN	For-Profit	11.8%	9.5%
ITT Technical Institute-Cordova	TN	For-Profit	13.8%	16.7%
University of Phoenix-Nashville	TN	For-Profit	14.1%	9.6%
University of Houston-Downtown	TX	Public, HSI	14.7%	11.9%
Jarvis Christian College	TX	Nonprofit, HBCU	14.3%	13.3%
Paul Quinn College	TX	Nonprofit, HBCU	5.4%	0.6%
Texas College	TX	Nonprofit, HBCU	6.4%	17.1%
Texas Southern University	TX	Public, HBCU	11.8%	12%
University of Phoenix-Dallas	TX	For-Profit	7.1%	15.7%
Baptist University of the Americas	TX	Nonprofit, HSI	10.3%	N/A*
American InterContinental University-Houston	TX	For-Profit	13.8%	24.4%
University of Phoenix-Austin	TX	For-Profit	12.2%	12.5%
Stevens-Henager College of Business-Provo	UT	For-Profit	4.9%	41.5%
ITT Technical Institute-Norfolk	VA	For-Profit	10%	2%
University of Phoenix-Northern Virginia	VA	For-Profit	8.5%	N/A*
University of Phoenix-Richmond	VA	For-Profit	3.4%	3.9%
Heritage University	WA	Nonprofit, HSI	12.3%	16%
University of Phoenix-Western Washington	WA	For-Profit	14.5%	14.7%
ITT Technical Institute-Greenfield	WI	For-Profit	14.3%	5.4%
University of Phoenix-Milwaukee	WI	For-Profit	9.6%	6.8%
Mountain State University	WV	Nonprofit	11.6%	missing
Salem International University	WV	For-Profit	13.6%	11.3%

Notes: Colleges must have at least 30 full-time freshmen in the 2005 fall cohort to be identified as falling in the bottom 5 percent of 2011 graduation rates. Y1 status shows how these institutions are performing one year later but should be interpreted with caution. To allow for natural data fluctuations, our proposal stipulates that colleges will only be considered successful if their four-year weighted average, after the identification year, surpasses the 15 percent graduation rate benchmark.

Colleges marked "N/A*" had a cohort size fewer than 30 full-time freshmen in the subsequent year. Their graduation rates, however, will still be used in calculating a four-year weighted average to determine whether they surpass the 15 percent graduation rate benchmark after four years.

Source: 2011 and 2012 Integrated Postsecondary Education Data System (IPEDS) Graduation Rate data.

TABLE 2B: COLLEGES IN THE BOTTOM 5% FOR NOT GRADUATING AT LEAST 15% OF ANY SUBGROUP

Name	State	Sector	Overall Grad Rate (2011)	ID Year
				Subgroup Grad Rate (2011)
University of North Alabama	AL	Public	27.4%	11.9% (Black)
Talladega College	AL	Nonprofit, HBCU	20%	14.2% (Black)
University of Alaska-Anchorage	AK	Public	25.3%	11.8% (Hispanic) 9.1% (Am. Indian)
University of Phoenix-Phoenix-Hohokam	AZ	For-Profit	16.7%	13.9% (Hispanic)
University of Arkansas at Little Rock	AR	Public	21.2%	13.6% (Black)
University of Arkansas at Monticello	AR	Public	23.2%	10.9% (Black)
Academy of Art University	CA	For-Profit	34.5%	14.3% (Hispanic)
Westwood College-Los Angeles	CA	For-Profit	15.4%	8.2% (White)
Metropolitan State College of Denver	CO	Public	21.4%	13.7% (Hispanic)
Gallaudet University	DC	Nonprofit	41.4%	14.3% (Black)
Augusta State University	GA	Public	22.3%	13.3% (Black)
International Academy of Design and Technology-Chicago	IL	For-Profit	18.1%	12.7% (Black)
Northeastern Illinois University	IL	Public, HSI	23.1%	8.6% (Black)
Indiana University-Purdue University-Fort Wayne	IN	Public	25.6%	11.9% (Black) 13.0% (Hispanic)
University of Southern Indiana	IN	Public	34.3%	10.5% (Black)
Indiana University-South Bend	IN	Public	22.2%	6.5% (Black)
Indiana University-Northwest	IN	Public	23.1%	11.3% (Black)
Purdue University-Calumet	IN	Public	27.7%	14.1% (Black)
Iowa Wesleyan College	IA	Nonprofit	25.2%	12.1% (Black)
Kentucky State University	KY	Public, HBCU	21.4%	14.3% (White)
Louisiana College	LA	Nonprofit	31.1%	13.3% (Black)

University of New Orleans	LA	Public	38.1%	12.1% (Black)
Baker College of Flint	MI	Nonprofit	16.7%	3% (Black)
Lake Superior State University	MI	Public	35.3%	13.3% (Am. Indian)
Lawrence Technological University	MI	Nonprofit	43.9%	11.1% (Black)
Wayne State University	MI	Public	26.4%	7.5% (Black)
Missouri Baptist University	MO	Nonprofit	27.8%	14.3% (Black)
Missouri Western State University	MO	Public	27%	9.3% (Black)
Eastern New Mexico University	NM	Public, HSI	23.9%	8.7% (Black)
New Mexico Highlands University	NM	Public, HSI	20.9%	12.1% (White)
CUNY York College	NY	Public	19.8%	14.4% (Hispanic) 12.8% (White)
SUNY Empire State College	NY	Public	18.7%	9.3% (Black)
Methodist University	NC	Nonprofit	38.6%	14.5% (Black)
University of Akron	OH	Public	38%	9.8% (Black)
Cleveland State University	OH	Public	29.9%	13.1% (Black) 13.0% (Hispanic)
DeVry University-Ohio	OH	For-Profit	32.9%	12.2% (Black)
Kent State University-Stark	OH	Public	23.5%	6.5% (Black)
Ohio University-Chillicothe	OH	Public	15.1%	14.7% (White)
Youngstown State University	OH	Public	35.2%	12.5% (Black)
Cameron University	OK	Public	19%	7.9% (Am. Indian)
Southwestern Oklahoma State University	OK	Public	32.9%	5.7% (Hispanic)
DeVry University-Texas	TX	For-Profit	18.8%	13.2% (White)
The University of Texas-Brownsville	TX	Public, HSI	17.4%	8.1% (White)
Wayland Baptist University	TX	Nonprofit	37.4%	14.6% (Hispanic)
The University of Virginia's College-Wise	VA	Public	38.8%	6.5% (Black)
Concord University	WV	Public	33.5%	14.3% (Black)
University of Wisconsin-Parkside	WI	Public	27.7%	14.3% (Black)
University of Phoenix-Bay Area	CA	For-Profit	18.6%	6.3% (Black)

University of Phoenix-Southern California	CA	For-Profit	15%	12% (Black)
Western Governors University	UT	Nonprofit	18.4%	7.2% (Black) 13.2% (Hispanic)
University of Phoenix-South Florida	FL	For-Profit	20.4%	14.9% (Hispanic)
University of Phoenix-Houston	TX	For-Profit	16.1%	13.9% (White)
Westwood College-Chicago Loop	IL	For-Profit	17.9%	10% (Black)
University of Phoenix-Memphis	TN	For-Profit	15.4%	14.5% (Black)

Notes: Colleges must have at least 30 full-time freshmen in any of the five major subgroups (black, Hispanic, American Indian, white, Asian) in the 2005 cohort to be identified as falling below the bottom 5 percent 2011 overall graduation rate standard.

Source: 2011 Integrated Postsecondary Education Data System (IPEDS) Graduation Rate data.

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TABLE 3: COLLEGES IN THE BOTTOM 5% FOR HAVING MORE THAN 28% OF STUDENTS DEFAULT ON STUDENT LOANS

			ID Year
			3-Year Cohort Default Rates (FY2010)
Name	State	Sector	
Concordia College-Selma	AL	Nonprofit, HBCU	33.0%
Talladega College	AL	Nonprofit, HBCU	36.7%
ITT Technical Institute-Bessemer	AL	For-Profit	29.2%
Virginia College-Birmingham	AL	For-Profit	28.2%
Virginia College-Huntsville	AL	For-Profit	28.2%
Arkansas Baptist College	AR	Nonprofit, HBCU	33.6%
University of Arkansas at Pine Bluff	AR	Public, HBCU	29.2%
ITT Technical Institute-Little Rock	AR	For-Profit	29.2%
ITT Technical Institute-Tucson	AZ	For-Profit	29.2%
ITT Technical Institute-Tempe	AZ	For-Profit	29.2%
Le Cordon Bleu College of Culinary Arts	AZ	For-Profit	28.5%
ITT Technical Institute-Rancho Cordova	CA	For-Profit	29.2%
California College-San Diego	CA	For-Profit	29.3%
ITT Technical Institute-San Diego	CA	For-Profit	29.2%
ITT Technical Institute-San Dimas	CA	For-Profit	29.2%
ITT Technical Institute-Orange	CA	For-Profit	29.2%
ITT Technical Institute-Sylmar	CA	For-Profit	29.2%
ITT Technical Institute-Torrance	CA	For-Profit	29.2%
ITT Technical Institute-San Bernardino	CA	For-Profit	29.2%
ITT Technical Institute-Oxnard	CA	For-Profit	29.2%
ITT Technical Institute-Lathrop	CA	For-Profit	29.2%
College America-Denver	CO	For-Profit	35.1%
ITT Technical Institute-Thornton	CO	For-Profit	29.2%
College America-Colorado Springs	CO	For-Profit	35.1%
College America-Fort Collins	CO	For-Profit	35.1%
Potomac College-Washington	DC	For-Profit	32.8%
ITT Technical Institute-Tampa	FL	For-Profit	29.2%
Lincoln College of Technology-West Palm	FL	For-Profit	31.3%
ITT Technical Institute-Lake Mary	FL	For-Profit	29.2%
ITT Technical Institute-Jacksonville	FL	For-Profit	29.2%
ITT Technical Institute-Fort Lauderdale	FL	For-Profit	29.2%
ITT Technical Institute-Miami	FL	For-Profit	29.2%
Bauder College	GA	For-Profit	29.0%
ITT Technical Institute-Duluth	GA	For-Profit	29.2%
ITT Technical Institute-Kennesaw	GA	For-Profit	29.2%
ITT Technical Institute-Boise	ID	For-Profit	29.2%
East-West University	IL	Nonprofit	30.5%
ITT Technical Institute-Mount Prospect	IL	For-Profit	29.2%

ITT Technical Institute-Orland Park	IL	For-Profit	29.2%
ITT Technical Institute-Fort Wayne	IN	For-Profit	29.2%
ITT Technical Institute-Indianapolis	IN	For-Profit	29.2%
ITT Technical Institute-Newburgh	IN	For-Profit	29.2%
ITT Technical Institute-Louisville	KY	For-Profit	29.2%
ITT Technical Institute-Saint Rose	LA	For-Profit	29.2%
Pine Manor College	MA	Nonprofit	31.5%
ITT Technical Institute-Eden Prairie	MN	For-Profit	29.2%
ITT Technical Institute-Earth City	MO	For-Profit	29.2%
Missouri Tech	MO	For-Profit	39.1%
ITT Technical Institute-Arnold	MO	For-Profit	29.2%
ITT Technical Institute-Kansas City	MO	For-Profit	29.2%
Rust College	MS	Nonprofit, HBCU	32.0%
South College-Asheville	NC	For-Profit	31.7%
Heritage Bible College	NC	Nonprofit	29.4%
Livingstone College	NC	Nonprofit, HBCU	32.4%
Saint Augustine's University	NC	Nonprofit, HBCU	30.6%
ITT Technical Institute-Omaha	NE	For-Profit	29.2%
ITT Technical Institute-Albuquerque	NM	For-Profit	29.2%
ITT Technical Institute-Henderson	NV	For-Profit	29.2%
Globe Institute of Technology	NY	For-Profit	35.9%
Bryant & Stratton College-Parma	OH	For-Profit	30.3%
Central State University	OH	Public, HBCU	31.2%
Bryant & Stratton College-Cleveland	OH	For-Profit	30.3%
Bryant & Stratton College-Eastlake	OH	For-Profit	30.3%
Bacone College	OK	Nonprofit	32.0%
Langston University	OK	Public, HBCU	32.5%
Oklahoma State University Institute of Technology-Okmulgee	OK	Public	30.5%
ITT Technical Institute-Portland	OR	For-Profit	29.2%
Cheyney University of Pennsylvania	PA	Public, HBCU	28.2%
American University of Puerto Rico	PR	Nonprofit, HSI	31.2%
Caribbean University-Bayamon	PR	Nonprofit, HSI	29.9%
Caribbean University-Carolina	PR	Nonprofit, HSI	29.9%
Pontifical Catholic University of Puerto Rico-Arecibo	PR	Nonprofit, HSI	28.6%
Pontifical Catholic University of Puerto Rico-Ponce	PR	Nonprofit, HSI	28.6%
Inter American University of Puerto Rico-San German	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Aguadilla	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Arecibo	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Barranquitas	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Metro	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Ponce	PR	Nonprofit, HSI	28.9%

Inter American University of Puerto Rico-Fajardo	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Guayama	PR	Nonprofit, HSI	28.9%
Inter American University of Puerto Rico-Bayamon	PR	Nonprofit, HSI	28.9%
Pontifical Catholic University of Puerto Rico-Mayaguez	PR	Nonprofit, HSI	28.6%
Caribbean University-Ponce	PR	Nonprofit, HSI	29.9%
Caribbean University-Vega Baja	PR	Nonprofit, HSI	29.9%
Allen University	SC	Nonprofit, HBCU	35.3%
Benedict College	SC	Nonprofit, HBCU	32.9%
Morris College	SC	Nonprofit, HBCU	28.8%
ITT Technical Institute-Greenville	SC	For-Profit	29.2%
ITT Technical Institute-Nashville	TN	For-Profit	29.2%
ITT Technical Institute-Knoxville	TN	For-Profit	29.2%
ITT Technical Institute-Cordova	TN	For-Profit	29.2%
Jarvis Christian College	TX	Nonprofit, HBCU	50.6%
Southwestern Christian College	TX	Nonprofit, HBCU	32.7%
Texas College	TX	Nonprofit, HBCU	34.6%
ITT Technical Institute-Murray	UT	For-Profit	29.2%
Stevens-Henager College-Ogden	UT	For-Profit	34.1%
Stevens-Henager College of Business-Provo	UT	For-Profit	34.1%
Stevens-Henager College-Murray	UT	For-Profit	34.1%
Stevens-Henager College-Logan	UT	For-Profit	34.1%
Bryant & Stratton College-Virginia Beach	VA	For-Profit	30.3%
Bryant & Stratton College-Richmond	VA	For-Profit	30.3%
Centura College-Virginia Beach	VA	For-Profit	32.0%
Sanford-Brown College-Vienna	VA	For-Profit	31.6%
ITT Technical Institute-Norfolk	VA	For-Profit	29.2%
ITT Technical Institute-Richmond	VA	For-Profit	29.2%
ITT Technical Institute-Springfield	VA	For-Profit	29.2%
ITT Technical Institute-Chantilly	VA	For-Profit	29.2%
Potomac College-Herndon	VA	For-Profit	32.8%
ITT Technical Institute-Greenfield	WI	For-Profit	29.2%
Bryant & Stratton College-Milwaukee	WI	For-Profit	30.3%
ITT Technical Institute-Green Bay	WI	For-Profit	29.2%
Bryant & Stratton College-Wauwatosa	WI	For-Profit	30.3%

Notes: Colleges must have at least 30 students in the 2010 cohort entering repayment to be considered falling in the bottom 5 percent of cohort default rates.

Source: FY2010 Default Data from Federal Student Aid, U.S. Department of Education.

ENDNOTES

1. Bhashkar Mazumder, "Upward Intergenerational Economic Mobility in the United States" (Washington, D.C.: Economic Mobility Project, Pew Charitable Trusts, 2008); Ron Haskins, Harry Holzer and Robert Lerman, "Promoting Economic Mobility by Increasing Postsecondary Education" (Washington, D.C.: Economic Mobility Project, Pew Charitable Trusts, 2009). According to the Economic Mobility Project at Pew Charitable Trusts, those who have finished four years of college see no racial gap in economic mobility: Both whites and blacks in this group experience very high rates of upward mobility. A follow-up report also found that poor children are four times more likely to become rich if they attain a four-year college degree than they are if they don't earn a bachelor's.
2. Undergraduate enrollment trends from 1960 to 2012 can be found at: U.S. Department of Education, National Center for Education Statistics, "The Digest of Education Statistics 2013," Tables 302.20 and 302.30 (Washington D.C.: 2013). Postsecondary expectations of 12th-graders from 1981 to 2004 can be found at: U.S. Department of Education, National Center for Education Statistics, "The Condition of Education 2006," Indicator 23 (Washington, D.C.: 2006).
3. Organisation for Economic Co-operation and Development, "Education at a Glance 2013," Chart A4.2 (Paris: Organisation for Economic Co-operation and Development, 2013).
4. Education Trust analysis of "Beginning Postsecondary Students Study (BPS), 2003-04" (Washington, D.C.: U.S. Department of Education, National Center for Education Statistics), <http://nces.ed.gov/surveys/bps/>.
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7. Organisation for Economic Co-operation and Development, "Education at a Glance 2013" (Paris: Organisation for Economic Co-operation and Development, 2013).
8. Dennis P. Jones, "Outcomes-Based Funding: The Wave of Implementation" (Washington, D.C.: Complete College America and National Center for Higher Education Management Systems, October 2013). Currently, 33 states are part of the Complete College America Alliance of States. To become a member, a state's governor, in partnership with its colleges and universities, pledges to make college completion a top priority and commits to: 1) establish annual state and campus-specific completion goals through 2020; 2) collect and report common measures of progress; and 3) develop action plans and move key policy levers.
9. Joseph Yeado, Kati Haycock, Rob Johnstone, and Priyadarshini Chaplot, "Learning From High-Performing and Fast-Gaining Institutions" (Washington, D.C.: The Education Trust, January 2014).
10. Mass Insight Education, "State Education Agencies — Creating Proof Points and Scaling Results" (Washington, D.C.: Mass Insight Education, June 2012); *Strengthening America's Schools Act of 2013* bill summary. For example, the State Fiscal Stabilization Fund within *The American Recovery and Reinvestment Act of 2009*, the School Improvement Grant, and 2009 Race to the Top required grantees to focus on the persistently low-achieving schools — the bottom 5 percent — as a condition to receive federal dollars. More recently, both the waiver application granting states flexibility from the Elementary and Secondary Education Act's (ESEA) accountability provisions and the Senate ESEA reauthorization bill required states to identify and support "priority schools," those that had been identified as the lowest achieving 5 percent of each Title I elementary and secondary schools in the state.
11. Calculation includes first-time, returning, full-time, and part-time students attending the colleges that fall in the bottom 5 percent on graduation rates and student loan default rates. Student loan default rates were chosen as a proxy for those institutions that might underperform on a loan repayment metric, for which institution-level data is not available.
12. Education Trust analysis of Integrated Postsecondary Education Data System (IPEDS) and FY2010 three-year cohort default rate, 2011 (Washington, D.C.: U.S. Department of Education, National Center for Education Statistics), <http://nces.ed.gov/ipeds/>.
13. Education Trust analysis of Integrated Postsecondary Education Data System (IPEDS), Graduation rate data, 2011 (Washington, D.C.: U.S. Department of Education Statistics, National Center for Education Statistics), <http://nces.ed.gov/ipeds/>.
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15. Mary Nguyen, "Degreeless in Debt: What Happens to Borrowers Who Drop Out" (Washington, D.C.: Education Sector, 2012).
16. William G. Bowen, Matthew M. Chingos and Michael S. McPherson, *Crossing the Finish Line: Completing College at America's Public Universities* (Princeton, New Jersey: Princeton University Press, 2009). According to *Crossing the Finish Line*, among highly qualified students eligible to attend a highly selective college, more than 40 percent "under match": 30 percent enroll at a less selective college, 1 percent enroll at an HBCU, 3 percent enroll at a two-year college, and 9 percent do not go to college at all, according to National Student Clearinghouse data.
17. Bowen et al., *Crossing the Finish Line*.
18. Sandy Baum, Jennifer Ma, and Kathleen Payea, "Education Pays 2013: The Benefits of Higher Education for Individuals and Society," Figure 1.1: Median Earnings and Tax Payments of Full-Time Year-Round Workers Ages 25 and Older by Educational Level, 2011 (Washington D.C.: College Board, 2013).
19. Education Trust, "The Access to Success Initiative Technical Appendix in Replenishing Opportunity in America: The 2012 Midterm Report of Public Higher Education Systems" (Washington, D.C.: Education Trust, 2012). The Education Trust and its Access to Success Initiative have used Pell receipt as an indicator of income status because of its close reflection to the national proportion of first-time, full-time students who come from families with incomes below \$50,000, the approximate income eligibility threshold for Pell Grants. Using the 2012 National Postsecondary Student Aid Survey, we find that the percentage of four-year, college-entering students with Pell Grants (42 percent) was the same as the percentage of students with incomes below \$50,000 — approximately 40 percent. It is also the only income measure that is widely available across institutions, systems, and states.
20. Education Trust analysis of National Postsecondary Student Aid Study (NPSAS), 2011-12 (Washington, D.C.: U.S. Department of Education, National Center for Education Statistics), <http://nces.ed.gov/surveys/npsas/>. Over 90 percent of Pell Grant recipients come from families with incomes of \$50,000 or less, the bottom 40 percent of the national income distribution. In fact, many Pell recipients are extremely low-income. One-quarter come from families with incomes of \$6,000 or less.
21. Education Trust analysis of ACT data, 2011-13 (Iowa City, Iowa: ACT, Inc.); Bowen et al., *Crossing the Finish Line*.
22. U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Endowment assets, 2011-12 (Washington, D.C.: U.S. Department of Education, National Center for Education Statistics). According to 2012 IPEDS data, U.Va.'s FY2012 endowment assets were valued at \$4.7 billion, compared

- with \$2.2 billion at UNC-Chapel Hill and \$62 million at Binghamton University.
23. Bowen et al., *Crossing the Finish Line*.
 24. U.S. Department of Education, Office of Federal Student Aid, 2011 "Gainful Employment Data," <https://studentaid.ed.gov/about/data-center/school/ge/data>. According to the 2011 Gainful Employment Informational Rates, repayment rates measure the percent of the GE program's former students who are repaying their federal student loans, weighted by the original outstanding principal loan balances. Students would be considered repaying their loans if they reduced the principal balance by at least one dollar in the most recently completed fiscal year.
 25. Education Trust analysis of National Postsecondary Student Aid Study, 2011-12 (Washington, D.C.: U.S. Department of Education, National Center for Education Statistics), <http://nces.ed.gov/surveys/npsas/>. National Postsecondary Student Aid Study 2011-12 indicates that 62 percent of students who received federal student loans also received Pell Grants.
 26. Yeado et al., "Learning From High-Performing and Fast-Gaining Institutions."
 27. Yeado et al., "Learning From High-Performing and Fast-Gaining Institutions."
 28. Michael Dannenberg and Mamie Voight, "Doing Away With Debt: Using Existing Resources to Ensure College Affordability for Low and Middle-Income Families" (Washington, D.C.: The Education Trust, February 2013); Daniel J. Hurley, Thomas L. Harnisch, and Barmak Nasirian, "A Proposed Federal Matching Program to Stop the Privatization of Public Higher Education" (Washington, D.C.: American Association of State Colleges and Universities, January 2014); Elizabeth Baylor and David A. Bergeron, "Public College Quality Compact for Students and Taxpayers" (Washington, D.C.: Center for American Progress, 2014). President Barack Obama has repeatedly called for a shared responsibility between states and higher education institutions — working with the federal government — to promote access, affordability, and attainment in higher education.
 29. Regulations already permit an institution to use funds received under Pell, ACG, SMART, TEACH, a campus-based program, or direct loans, or to request additional funds from the secretary of education if the institution does not possess sufficient funds or if the commitment to the student was made before the end of the participation in the Title IV program. See 34 CFR 668.26. If an institution closes before all students have completed their programs, a teach-out plan must be submitted to the department that provides for the equitable treatment of students. The plan may also include a teach-out agreement between institutions. See 34 CFR 602.24(c).

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The Education Trust promotes high academic achievement for all students at all levels — pre-kindergarten through college. We work alongside parents, educators, and community and business leaders across the country in transforming schools and colleges into institutions that serve all students well. Lessons learned in these efforts, together with unflinching data analyses, shape our state and national policy agendas. Our goal is to close the gaps in opportunity and achievement that consign far too many young people — especially those who are black, Latino, American Indian, or from low-income families — to lives on the margins of the American mainstream.

ACKNOWLEDGEMENTS

The Education Trust is grateful to the Bill & Melinda Gates Foundation and Lumina Foundation for providing support for the development of this publication. The views expressed herein are those of the authors and do not necessarily represent those of the foundations, their officers, or employees.

Embargoed for June 18, 2014



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1250 H STREET, NW, SUITE 700, WASHINGTON, D.C. 20005
P 202-293-1217 F 202-293-2605 WWW.EDTRUST.ORG