



SHIFTS IN COLLEGE ENROLLMENT INCREASE PROJECTED LOSSES IN BACHELOR'S DEGREES

When the Advisory Committee released *Mortgaging Our Future* in 2006, final enrollment data for the high school class of 2004 were not yet available. The report assumed that those who were college-qualified would enroll in college at the same rate and in the same pattern as their peers in 1992. However, data now show that assumption was incorrect:

Between 1992 and 2004, a major shift in enrollment away from 4-year colleges occurred among college-qualified high school graduates from low- and moderate-income families.

An inability to start at a 4-year college decreases considerably the likelihood of earning a bachelor's degree. Therefore, this shift in enrollment requires a recalculation of the report's projected bachelor's degree losses for the class of 2004, as well as cumulative losses this decade. The resulting higher loss projections provide stark evidence that unequal access to and success in college may be transforming higher education into an engine of income inequality – as many have feared.

Impact of Financial Barriers—Using invaluable longitudinal data from the National Center for Education Statistics allowing comparisons between high school graduates in 1992 and 2004, *Mortgaging Our Future* found that rising college prices and insufficient need-based grant aid from all sources are barriers to bachelor's degree completion. The report originally projected that, despite rising academic preparedness, between **1.4 million** and **2.4 million** bachelor's degrees would be lost this decade among college-qualified high school graduates from low- and moderate-income families.

Shift in College Enrollment (Table 1)—However, a shift in enrollment away from 4-year colleges between 1992 and 2004 is now apparent and is most striking among college-qualified high school graduates from low-income families:

- among those who took at least Algebra II, **40%** enrolled in a 4-year college in 2004 compared to **54%** in 1992
- among those who took at least Trigonometry, **55%** enrolled in a 4-year college in 2004 compared to **73%** in 1992

Bachelor's Degree Losses (Table 2)—This enrollment shift away from 4-year colleges triggers an increase in projected bachelor's degree losses among 2004 high school graduates, especially among those from low-income families:

- among those who took at least Algebra II, losses increase from **338,000** to **434,000** – by **96,000**
- among those who took at least Trigonometry, losses increase from **130,000** to **175,000** – by **45,000**

Note that these losses are only for the class of 2004. Because the number of high school graduates in 2004 was below average for the decade, cumulative projected bachelor's degree losses for the entire decade are **at least ten times higher**.

Decade-Wide Losses Attributable to Financial Barriers (Table 3)—In *Mortgaging Our Future*, only losses among low- and moderate-income students were attributed to financial barriers, and those losses were adjusted downward to reflect the rate at which their middle-income peers did not attain the degree. The shift in enrollment away from 4-year colleges generates an increase in the report's initial projections of decade-wide losses attributable to financial barriers:

- among those who took at least Algebra II, projected losses increase from **2.4 million** to **3.2 million**
- among those who took at least Trigonometry, projected losses increase from **1.4 million** to **1.7 million**

The new loss range – **1.7 million to 3.2 million** – provides a compelling rationale for the changes Congress made in budget reconciliation to increase need-based grant aid, as well as for further improvements under consideration in HEA reauthorization. It also serves to reinforce the policy implications in *Mortgaging Our Future* (**Exhibit 1**).

The original *Mortgaging Our Future* report is attached for reference and convenience. For a more detailed technical explanation of the methodology used in calculating these new projections, please contact: zakiya.smith@ed.gov

TABLE 1: SHIFTS IN ENROLLMENT OF COLLEGE-QUALIFIED HIGH SCHOOL GRADUATES BETWEEN 1992 AND 2004

At Least Algebra II

Family Income	% Enrolled in 4-Year College		% Enrolled in 2-Year College		% Enrolled in Other College*		% Enrolled in No PSE	
	1992	2004	1992	2004	1992	2004	1992	2004
Low	54	40	21	31	4	6	20	23
Moderate	59	53	24	28	3	5	14	15
Middle	68	66	23	22	2	4	6	9
High	84	78	11	15	1	3	3	5

At Least Trigonometry

Family Income	% Enrolled in 4-Year College		% Enrolled in 2-Year College		% Enrolled in Other College*		% Enrolled in No PSE	
	1992	2004	1992	2004	1992	2004	1992	2004
Low	73	55	17	25	2	4	8	16
Moderate	72	66	16	22	2	3	9	9
Middle	81	77	15	14	1	3	3	6
High	90	86	8	10	1	2	1	3

* Other college includes for profit colleges, less than 4-year privates, and less than 2-year publics

TABLE 2: BACHELOR'S DEGREE LOSSES AMONG COLLEGE-QUALIFIED HIGH SCHOOL GRADUATES IN 2004

At Least Algebra II

Family Income	Projected in MOF	New Projection	Increase
Low	338,000	434,000	96,000
Moderate	407,000	484,000	77,000
Middle	206,000	242,000	36,000
High	78,000	111,000	33,000

At Least Trigonometry

Family Income	Projected in MOF	New Projection	Increase
Low	130,000	175,000	45,000
Moderate	176,000	216,000	40,000
Middle	84,000	110,000	26,000
High	44,000	62,000	18,000

TABLE 3: DECADE-WIDE BACHELOR'S DEGREE LOSSES AMONG COLLEGE-QUALIFIED HIGH SCHOOL GRADUATES ATTRIBUTABLE TO FINANCIAL BARRIERS

METHOD OF COMPUTING LOSSES		At Least Algebra II		At Least Trigonometry	
		Projected in MOF	New Projection	Projected in MOF	New Projection
Baseline	All College-Qualified High School Graduates	10.3m	12.7m	4.3m	5.6m
High-Income Excluded	Low-, Moderate-, and Middle-Income Adjusted Downward by the Rate at Which High-Income Do Not Attain the Degree	5.6m	5.9m	2.2m	2.5m
Middle- and High-Income Excluded	Low- and Moderate-Income Adjusted Downward by the Rate at Which Middle-Income Do Not Attain the Degree	2.4m	3.2m	1.4m	1.7m

Enrollment percentages and loss projections calculated using NCES national longitudinal data from NELS:88 and ELS:2002

EXHIBIT 1: FINDINGS AND POLICY IMPLICATIONS FROM *MORTGAGING OUR FUTURE* (2006)

Preliminary comparisons between the 1992 and 2004 cohorts of high school graduates yield greater insight into the interaction of factors determining academic success over time, particularly the role financial barriers play. Specifically, the data show the kind of student aid policy that appears necessary to stem the bachelor's degree losses identified in this report.

Findings

Between 1992 and 2004, among college-qualified high school graduates—

- academic preparation, as measured by course-taking, improved among those from low- and moderate-income families;
- information, at least as reflected in 10th grade college expectations, increased among low- and moderate-income high school graduates who were college-qualified;
- aid application forms and processes were simplified to include one free form, one need analysis model, the automatic zero expected family contribution (EFC) for the lowest income applicants, and automatic re-application.

These are impressive gains made by K-12 educators, professionals in early intervention programs, states, colleges, Congress, and the Department of Education. Unfortunately, net prices increased throughout the period and appear to have undermined these improvements.

Policy Implications

Lowering financial barriers by increasing need-based aid appears to be a necessary condition for stemming bachelor's degree losses among college-qualified high school graduates. Without increases, grant aid will be stretched further across a wider population of students, and the net price facing every student will rise.

Stemming bachelor's degree losses requires six broad policy initiatives:

- Reinvigorate the access and persistence partnership to increase need-based aid from all sources.
- Restrain increases in the price of college and offset increases with need-based student aid.
- Moderate the trend—at all levels—toward merit-based aid and the increasing reliance on loans.
- Reduce financial barriers to transfer from two-year to four-year colleges.
- Strengthen early intervention programs for low- and moderate-income students.
- Invest in efficient and productive remediation.

These six policy initiatives, if undertaken together, will increase bachelor's degree attainment among low- and moderate-income high school graduates who are college-qualified.