EXECUTIVE SUMMARY OF REPORT ON THE IMPACT OF FINANCIAL BARRIERS TO ATTAINING A COLLEGE DEGREE

America’s global competitiveness depends on the ability of our high school graduates to earn at least a bachelor’s degree. As in recent decades, financial barriers are a major factor in preventing large numbers of college-qualified students from earning a bachelor’s degree, particularly those from low- and moderate-income families. These bachelor’s degree losses are an unmistakable signal that our nation has yet to make the full investment in student aid necessary to secure our economic future—a dire warning that we are requiring millions of students to mortgage their future and ours as well.

We have failed to take accurate account of the impact of price barriers on our lowest income students, especially those who have prepared and planned for college:

• During the 1990s, between nearly 1 million and 1.6 million bachelor’s degrees were lost among college-qualified high school graduates from low- and moderate-income families.
• During the current decade, between 1.4 million and 2.4 million more bachelor’s degrees will likely be lost, as the number of high school graduates increases and academic preparation improves.

These estimates are extremely conservative, reflecting only those losses that occur among low-and moderate-income college-qualified high school graduates and only to the extent that they are unable to enroll and persist in college at the same rates as their middle-income peers. Total losses, including those among middle-income students, are much higher.

The loss ranges are based on two measures of “college qualification” or academic preparation, one more rigorous than the other:

• The lower end of the loss range includes only those high school graduates who took at least Trigonometry.
• The upper end includes only those high school graduates who took at least Algebra II.

It is extremely important to note that these bachelor’s degree loss estimates exclude a very large portion of low and moderate income 8th graders who either do not graduate from high school or graduate but are not college-qualified under at least one of these measures. The bachelor’s degree losses in this report, therefore, represent the cream of the nation’s high school graduate crop. These are students who—

• expected and planned to earn a bachelor’s degree and had completed the courses required to attend a four-year college;
• had more financial aid information than their middle-income peers;
• were not likely deterred by application forms and processes, which millions of far less qualified students complete successfully.

These bachelor’s degree losses will be difficult, if not impossible, to stem through strictly non-financial means. Although academic preparation appears to have improved, early information and student expectations to complete college have certainly expanded, and financial aid forms and processes have been greatly simplified over the last decade and a half, bachelor’s degree completion rates by family income show no sign of improving. Financial barriers in the form of record level work and loan burden caused by rising college prices and insufficient need-based grant aid continue to undermine advances in other areas.
In addition to the direct effects of financial barriers on the success of low- and moderate-income college-qualified high school graduates, there are pervasive indirect effects on students from middle school through high school who strive to become college-qualified. Today’s financial barriers serve to reduce the pool of college-qualified high school graduates tomorrow by—
• weakening incentives to prepare academically,
• compromising the effectiveness of early intervention efforts,
• making further simplification of student aid more difficult.
These findings have important implications for federal, state, and institutional financial aid policy. To increase bachelor’s degree attainment, the nation must—
• reinvigorate the access and persistence partnership to increase need-based aid from all sources,
• restrain increases in the price of college and offset necessary increases with need-based aid,
• moderate the trend—at all levels—toward merit-based aid and 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 middle school students,
• invest in efficient and productive remediation in college.
Taking these actions collectively will lower financial barriers, improve bachelor’s degree attainment rates, expand the pool of college-qualified high school graduates over time, and enhance America’s economic competitiveness. The losses also provide a framework for evaluating current student aid proposals, particularly their rationale and supporting data. Given the paramount importance of maintaining America’s competitiveness, proposals aimed at lowering financial barriers through increased need-based aid from all sources should receive top priority. Overhauling or dismantling the Title IV programs—which suffer primarily from inadequate funding—is unnecessary. Well-designed improvements to increase efficiency and further streamline delivery are all that is required.
The current reauthorization of the Higher Education Act presents an ideal opportunity to make lasting improvements in student aid that will increase educational attainment, strengthen America’s global competitiveness, and create a brighter future for all.