

SUMMARY OF KEY FINDINGS: PROMOTING ECONOMIC MOBILITY BY INCREASING POSTSECONDARY EDUCATION

Postsecondary education is a critical factor in promoting upward economic mobility, especially for poor and low-income individuals. However, while college enrollment has increased exponentially in the last several decades, the enrollment and graduation rates of poor and low-income students remain significantly behind those of their middle- and upper-income peers. **This report outlines the current educational attainment gap, and proposes a set of nonpartisan policy and programmatic solutions to encourage equality of educational opportunity in the United States.**

SOME KEY FINDINGS:

- **Returns to higher education make a college degree one of the most effective assets available for experiencing upward economic mobility.** The incomes of those who had a college degree in 1965 grew by 47 percent by 2005, while the incomes of those with a high school diploma grew by just 7 percent in the same time period. More striking, over this period the incomes of high school drop outs actually decreased by 6 percent. (*See Figure 1.*)
- **Postsecondary education boosts mobility particularly for those in the bottom of the income distribution.** As past EMP reports have found, adult children from families in the bottom income quintile are four times as likely to reach the top income quintile if they have a four-year college degree. (*See Figure 2.*)
- **Nevertheless, low-income students enroll in and graduate from college at significantly lower rates than their middle- and upper-income classmates.** Nearly 80 percent children in the top income quintile enroll in college, and 53 percent eventually graduate. By contrast, just 34 percent of children in the bottom income quintile enroll, and a mere 11 percent graduate. (*See Figure 5.*)
 - Minority students, while making up ground, continue to lag behind whites in terms of college attainment. Since 1976, minority enrollment in 4-year colleges has doubled, but still accounts for just 34 percent of all students. (*See Figure 4.*)
- **While all levels of government and the private sector spent \$162 billion on student aid in the 2007-2008 school year, the current process for accessing that aid is not as effective or straightforward as it could be.**
 - The federal financial aid process is both complex and cumbersome; the 127-question application takes 10 hours to complete, and doesn't provide students and their families an estimated aid package until the spring of the student's senior year – often too late for low-income students to know where their package may take them.
 - Neither of the main education tax credits (the Hope Credit and the Lifetime Learning Tax Credit) are refundable, meaning that poor and low-income families who don't owe any income tax can't take advantage of them. (*See Table 4.*)
- **Students lack good information about how significantly financial aid packages can reduce the cost of tuition.** Student aid reduced tuition and fees at the average four-year public college by more than 55 percent in 2008-2009. At the average community college, student aid brought the cost of tuition down from \$2,400 to only \$100. (*See Figure 8.*)
- **To ensure that all Americans enjoy equality of educational opportunity, this report offers policy and programmatic recommendations in four areas.** (*See Table 5.*)
 - Improve student's K-12 academic achievement and preparation
 - Provide effective guidance for students on choosing and paying for college
 - Help students stay in college and earn a degree
 - Clarify the Goals of Federal Post-Secondary Education Policy and Research

**See reverse for a complete table of the report's recommendations.*

Summary of Recommendations to Increase College Enrollment and Graduation Rates of Students from Poor and Low-Income Families	
Policy	Goal
Improving Academic Preparation	
Increase the quality and coverage of preschool programs for poor children	To increase school readiness
Schools establish culture of college-going	To increase interest in and academic preparation for college
Improve academic preparation for college coursework	To improve students' ability to successfully engage in college coursework and increase graduation rates
States build data longitudinal data systems	To enable schools and school systems to track the success of their graduates in college and to conduct studies of factors correlated with college success
Selecting and Paying for College	
High schools improve college and financial aid counseling	To help students enroll in colleges that fit their abilities and qualifications and obtain student aid packages that match their needs
Simplify application for federal aid and provide early notification to families	To make applying for federal student aid easier and more transparent and make low-income families aware of the generous student aid available
Reform Pell grant by providing maximum benefit to families under 150 percent of poverty and increasing maximum grant to over \$5,000	To increase the average amount of federal aid for disadvantaged students by increasing the grant maximum and by focusing aid on those with greatest need
Terminate several redundant grant programs	To help finance expansion of the Pell grant and to increase the efficiency of federal student grant programs
Provide stipends for older students	To help older students, many with families, reduce their workload to attend college
Expand the Income-Based Repayment system	To encourage students to borrow money needed for college and to make repayment of college loans easier
Reform state financing of postsecondary education by providing 25 percent of basic support to colleges and universities in the form of vouchers for low-income students; federal government create a \$.5 billion pot to match state voucher programs	To increase incentive for state colleges and universities to attract disadvantaged students
Staying in College	
Provide federal incentive grants encouraging colleges and universities to mount innovative programs to help disadvantaged students stay in college	To increase the college graduation rate of disadvantaged students
Clarifying Federal Policy and Research	
Make college enrollment and graduation rates of students from low-income families a top priority of federal education policy and research	To clarify a major goal of the nation's spending on postsecondary education and to determine whether the nation's investment in supporting postsecondary education for disadvantaged students is paying off

By forging a broad and nonpartisan agreement on the facts, figures and trends related to mobility, the Economic Mobility Project seeks to focus public attention on this critically important issue and generate an active policy debate about how best to ensure that the American Dream is kept alive for generations that follow.