

# IT'S TIME FOR SOME TOUGH LOVE

## FEDERAL SUPPORT OF HIGHER EDUCATION IS FAILING THE STUDENTS IT WAS ORIGINALLY DESIGNED TO SERVE...

- Low-income students are attending college at lower rates than their higher-income counterparts did...IN 1972!
- 8 in 10 young people from families in the top quartile (\$98,875+) earn at least a bachelor's degree...1 in 9 from families in the bottom quartile (< \$33,050) do the same
- Young, white adults are 2x as likely as African Americans – and almost three times as likely as Latinos – to receive a bachelor's degree.

## THE FEDERAL GOVERNMENT HAS AUTHORITY AND ABILITY TO INCENTIVIZE CHANGE...

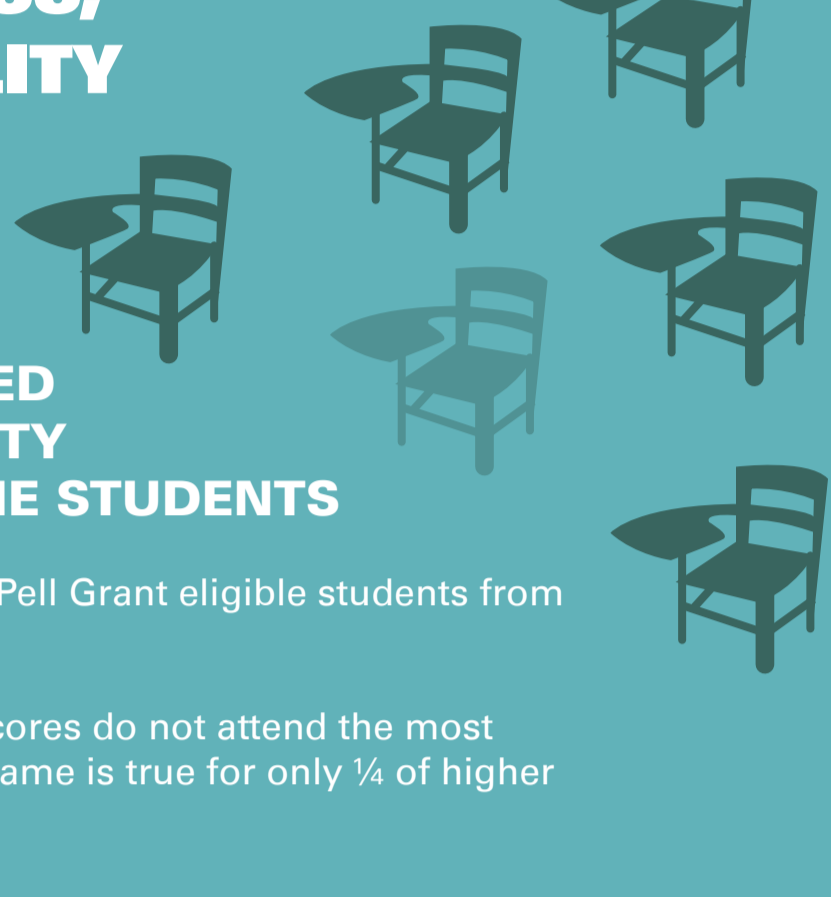
- The federal government writes an \$180,000,000,000 check each year to institutions of higher education. THAT'S LEVERAGE!
- The federal government should establish minimum performance standards for colleges.

## BY ESTABLISHING AN EXPECTATION OF MINIMUM COLLEGE PERFORMANCE IN ORDER TO GET FEDERAL AID.

- \$15,000,000,000 in federal student aid annually is given to the 300 institutions that overwhelmingly fail students and taxpayers.
- Colleges in the bottom 5% have students who:
  - Are 6x more likely to drop out than graduate with a degree
  - Have barely a 1 in 2 chance of making it to the second year of college
  - Drop out after their first year with more than \$40 million in debt

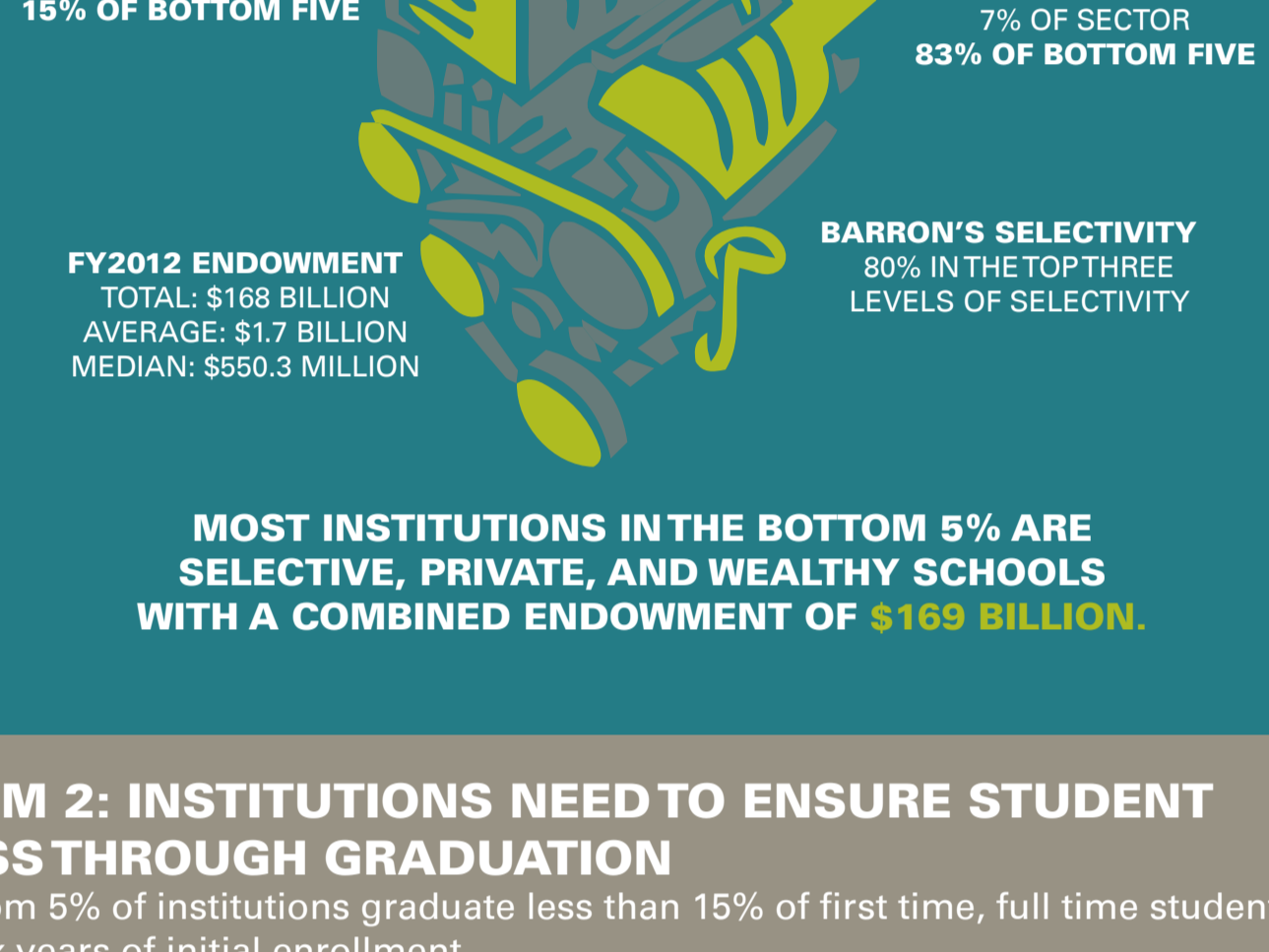
## WE NEED ACCESS, SUCCESS, & QUALITY ACCOUNTABILITY FOR HIGHER EDUCATION INSTITUTIONS

### PROBLEM 1: IT ALL STARTS WITH A SEAT IN THE CLASSROOM! WE NEED INCREASED ACCESS ACCOUNTABILITY FOR WORKING CLASS & LOW-INCOME STUDENTS



- The bottom 5% of institutions admit less than 17% Pell Grant eligible students from working class & low-income families
- 2/3 of low-income students with high GPA & SAT scores do not attend the most selective schools for which they are qualified. The same is true for only 1/4 of higher income students.

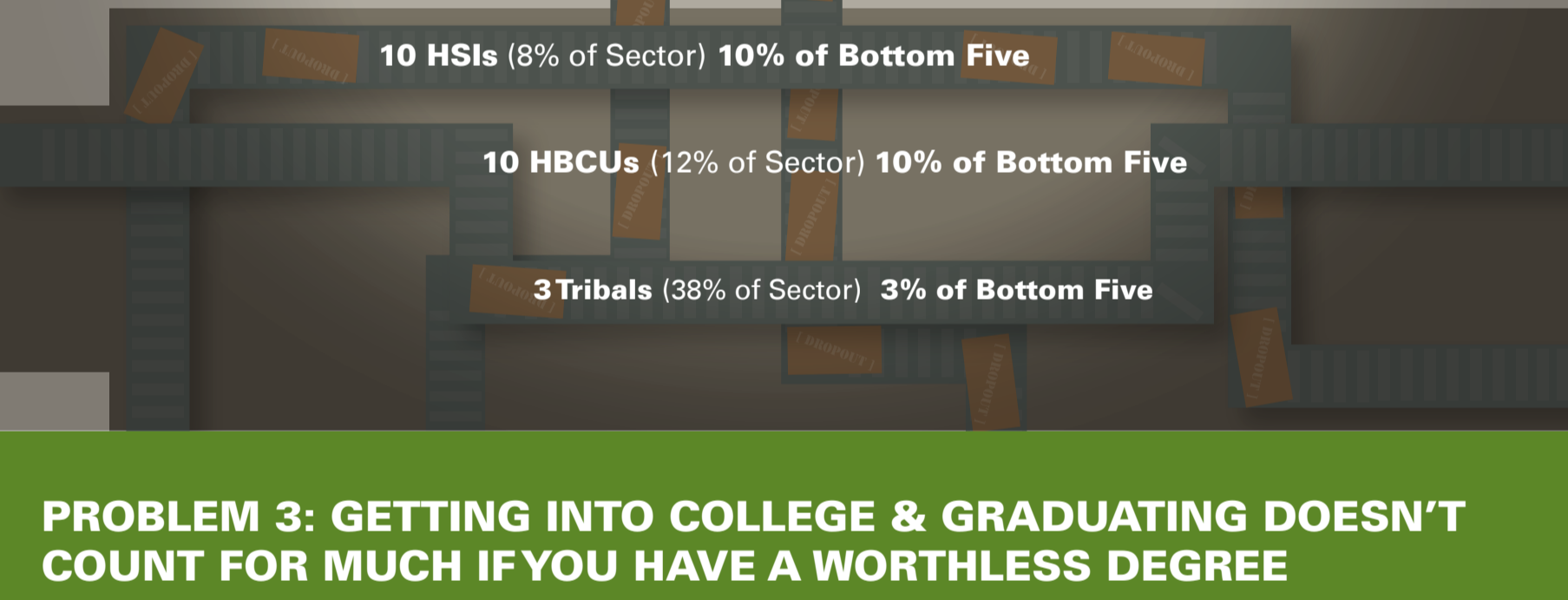
## WHICH COLLEGES ARE THE ENGINES OF INEQUALITY?



## PROBLEM 2: INSTITUTIONS NEED TO ENSURE STUDENT SUCCESS THROUGH GRADUATION

- The bottom 5% of institutions graduate less than 15% of first time, full time students within six years of initial enrollment
- Students who don't graduate are 4X as likely to default on a student loan.
- 90% of colleges in the bottom 5% also fall in the bottom of their peer groups meaning low graduation rates are not inevitable: institutions with similar demographics can have very different – and much higher – outcomes

## IN WHAT SECTORS ARE THE "COLLEGE DROPOUT FACTORIES" LOCATED?



## PROBLEM 3: GETTING INTO COLLEGE & GRADUATING DOESN'T COUNT FOR MUCH IF YOU HAVE A WORTHLESS DEGREE

- Nearly 2/3 of federal student loan borrowers are Pell recipients.
- A handful of colleges have default rates that are twice the national average. The bottom 5% of institutions have a student loan cohort default rate of 28% or higher

## DIPLOMA MILLS: WHAT TYPES OF COLLEGES ARE IN THE BOTTOM 5 PERCENT IN COHORT DEFAULT RATES?



## AFTER ESTABLISHING MINIMUM STANDARDS FOR ACCESS, SUCCESS & QUALITY: HOW WE MAKE IT STICK

- STEP 1: INSTITUTIONS RECEIVE AT LEAST ONE-YEAR NOTICE**
- STEP 2: INSTITUTIONS GET TIME, AND IN THE CASE OF PUBLIC AND NON-PROFIT SCHOOLS, ADDED TARGETED ASSISTANCE TO IMPROVE**
- STEP 3: IF AN INSTITUTION FAILS ON:**
- ACCESS** – IT WILL BE DISQUALIFIED FROM RECEIVING FEDERAL INSTITUTION-BASED SUPPORT, INCLUDING TAX-EXEMPT STATUS AND COMPETITIVE FEDERAL GRANT AID.
  - SUCCESS OR QUALITY** – IT WILL BE DISQUALIFIED FROM RECEIVING FEDERAL INSTITUTION-BASED AID AS WELL AS PELL GRANT AND STUDENT LOAN FUNDS.

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

**Our nation's priority should be to increase the access and success of needy students.**

**Establishing clear bottom-line performance benchmarks is the first step.**

**But goals without consequences won't get the job done. Having real consequences for under performing institutions that fail to meet those benchmarks helps ensure that our higher education system is serving students and the public good.**

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READ OUR PROPOSAL FOR ADDITIONAL INFORMATION

[WWW.EDTRUST.ORG/TOUGH\\_LOVE](http://WWW.EDTRUST.ORG/TOUGH_LOVE)



The Education Trust