

# Serving America's New Traditional Students



America's students of tomorrow will be different than the students in traditional universities today. And while private sector institutions have been adapting to the needs of these students, the rest of higher education needs to do more to meet the changes to come and to deliver the education Americans need.

While the education that an institution provides must be tailored to the needs of the modern workforce, in terms of skills, it must also be tailored to the changing needs and demands of students. Higher education may be able to adapt curricula to suit the changing world, but if it can't adapt to the newly emerging population of students, who are fast becoming the norm in higher education, then it will fail. By 2030, nearly 45 percent of all Americans will be from a minority group and by 2050, more than half will be. In this context, adapting to meet the needs of future Americans means doing a better job helping minority students achieve postsecondary education.

Almost 3 million more minority students will achieve postsecondary attainment by 2030, because of private sector institutions. [Figure 1]. The efforts

of the sector are important for ensuring access to postsecondary education for all Americans. These efforts, however, are being threatened by damaging policies and reactionary thinking designed to limit the private sector's role in higher education.

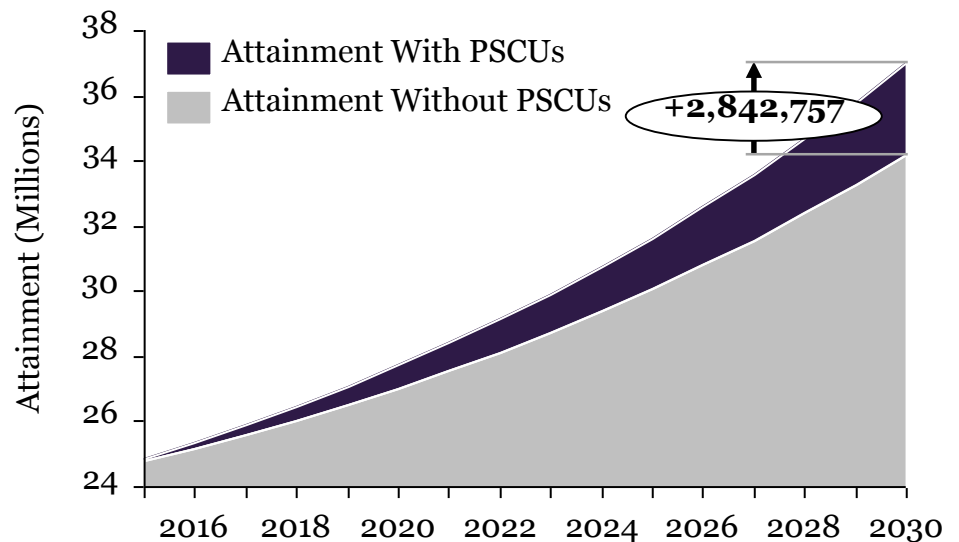
**“Almost 3 million more minority students will achieve postsecondary attainment by 2030, because of private sector institutions.”**

## Most Americans Will Be From A Minority Group In 2050

Since the 1980s higher education has become an option for more Americans who were traditionally underserved by

**Fig 1: Private Sector Institutions Are Projected To Improve Minority Attainment By 3 Million By 2030**

### Projected Minority Postsecondary Attainment Over Time



Source: U.S. Census Bureau, Department Of Education, APSCU Analysis

postsecondary institutions. Notably, minority students now make up a larger portion of the postsecondary student population than ever before. Hence the term “new traditional students,” because they, along with older, financially independent, and part-time students, have become the norm of those seeking higher education.

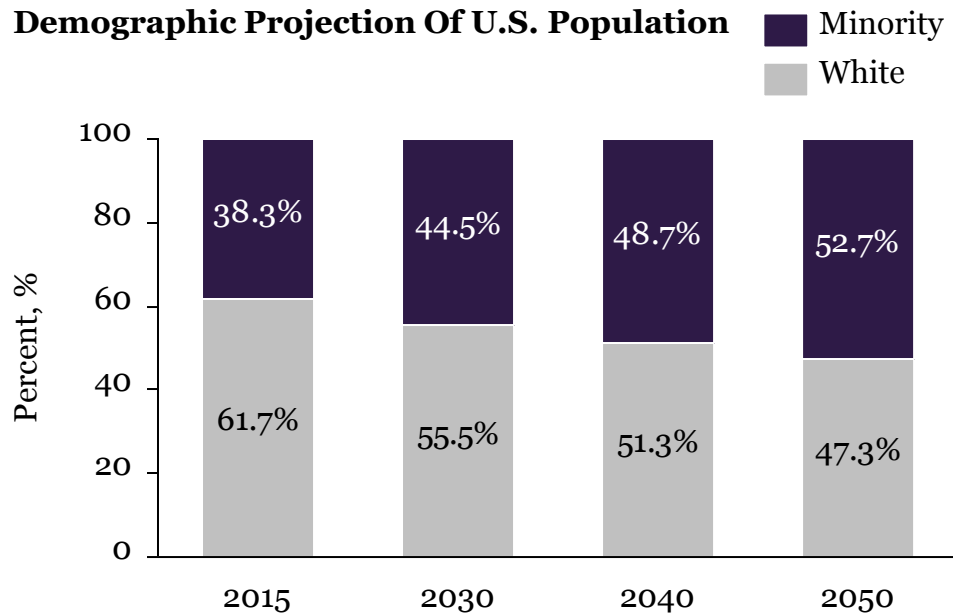
But while minorities have achieved greater access to postsecondary education over the past four decades, we still have a long way to go – especially considering that the U.S. population will become a majority minority nation in just over 30 years [Figure 2]. Thus, ensuring all Americans have access to higher education will become increasingly important over time.

### Attainment Among Minority Groups Is Tied To Income Inequality

As the U.S. economy has shifted to demand a more skilled workforce, educational attainment has become paramount for economic success. The strong earnings advantage from having a degree or certificate is large and growing as employers become more focused on having skilled, job-ready employees. A report by Jaison Abel and Richard Deitz of the New York Fed found that bachelor’s and associate’s degree holders maintain a 75 percent and 20 percent wage premium over high school graduates, respectively.<sup>1</sup>

Just as a postsecondary degree or credential brings big eco-

**Fig 2: By 2050, Half Of The U.S. Population Will Belong To A Minority Group**



Source: Census Bureau

nomics benefits to individual students, widespread postsecondary attainment brings benefits to the overall economy. As such, income inequality and variances in educational attainment are inherently linked. Figure 3 shows that minority groups, specifically the Hispanic/Latino and Black/African American populations have significantly lower rates of educational attainment than other segments of the population.<sup>2</sup> The disparity in attainment among these demographics has led to a disparity in incomes as well.

If the current rates of postsecondary attainment persist, then income inequality will worsen over time as the groups that have typically been underserved by higher education make up larger portions of the total U.S. population. In this context, private sector institution’s contribution to minority attainment cannot be overlooked.

### Public Institutions Aren’t Able To Meet Demand

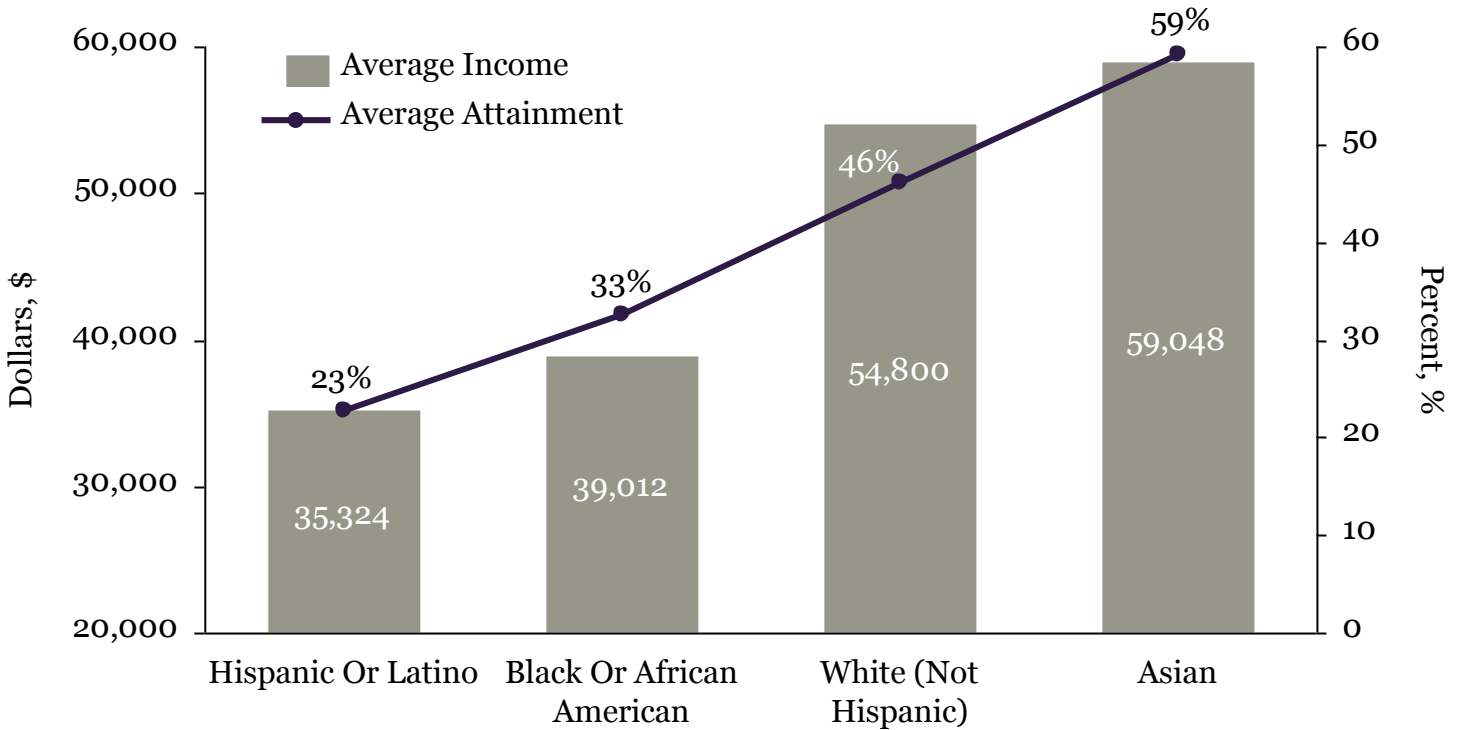
The stark reality is that without private sector institutions there simply would not be enough resources to educate all the Americans that seek higher education. Across the country, state funding for higher education is still below pre-recession levels. According to the Center on Budget and Policy Priorities, 47 states spent less on higher education in the 2014-15 school year than in 2007-08. On average the spending decline was \$1805 per student.<sup>3</sup>

Inflexible state budgets put access and costs at odds. Increasing access to education will mean more students competing for fewer government dollars, forcing state institutions to raise prices or lower quality.

We have already seen increas-

**Fig 3: Educational Attainment And Average Annual Income Are Strongly Correlated Across Racial And Ethnic Groups**

**Average Income And Attainment By Racial And Ethnic Group (25 Years And Older)**



Source: U.S. Census Bureau

es in tuition at public colleges paired with the declines in spending. But if enrollment growth outpaces funding growth, we will see tuition rise progressively closer to the true cost of higher education, which at public institutions is more than 50 percent subsidized by taxpayers [Figure 4]. Cost increases associated with increasing access at these institutions will either put upward pressure on tuition and fees or taxpayer subsidies.

Private sector institutions are helping meet the demand for postsecondary education while saving taxpayers money. A report from the Nexus Policy Research Center found that private sector institutions save taxpayers \$4.2 billion annually by providing access to educa-

tion without public subsidies.<sup>4</sup> Without these schools, the infrastructure would not exist to educate the Americans seeking a degree to build their career.

**Private Sector Institutions Will Help Almost 3 Million Minority Americans Achieve Postsecondary Attainment By 2030**

Private sector institutions have played a vital role in filling the supply gap created by shrinking government support for public institutions. The flexibility and scalability of these institutions allows them to expand access to postsecondary education more rapidly than traditional institutions.

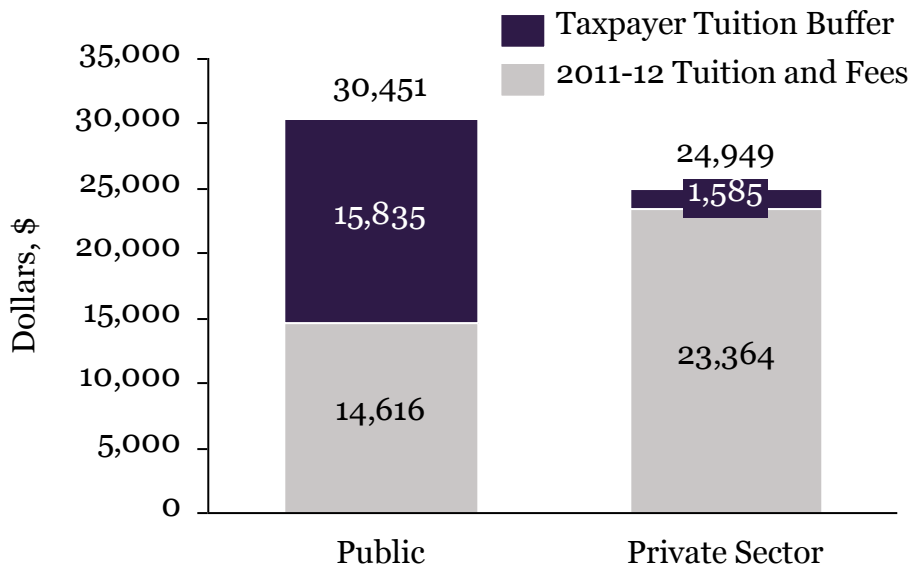
Private sector institutions not only fill the supply gap in and

save taxpayers billions every year, they also play a large role in providing access to minority students. In 2013 alone, these institutions conferred more than half of all their degrees to minority students. Additionally, an analysis of U.S. Department of Education data<sup>5</sup> shows that every year since 2002 private sector institutions have increased the number of degrees conferred to minority students by an average of 8 percent, compared to 6.6 and 4.5 percent at public and private non-profit institutions, respectively.

Private sector institutions have demonstrated the ability to adapt and be flexible to the changing demographics of higher education where others have not. Minority students choose to attend private sector

**Fig 4: Public Institutions Will Not Be Able To Keep Costs Down If Enrollment Increases**

**Actual And Potential Tuition**



Source: Department Of Education, APSCU Analysis

institutions because they offer students convenient access to the programs that provide them with the skills employers want.

The future of American postsecondary education looks drastically different without private sector institutions. As Figure 1 shows, if the trends in how each sector educates minority students hold going forward, almost 3 million more minority Americans will have their first postsecondary credential in 2030, because of private sector institutions.

Right now, these 3 million students represent an opportunity to improve access to postsecondary education and, by extension, the lives of millions of Americans and their families. However, the continued efforts to hamper the ability of private sector institutions to provide that access will be an opportunity lost.

**The Department Of Education Has A Choice To Promote Access Or Cut Students Out**

While the need to improve access to postsecondary edu-

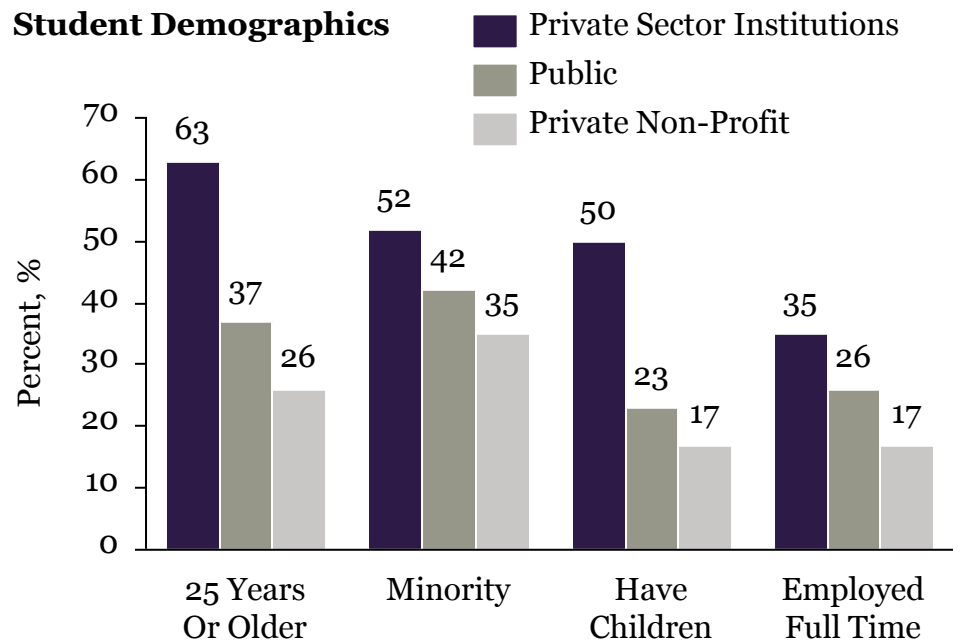
cation for minority students is clear, it is far less clear how this goal will be achieved. Over the past few years, the U.S. Department of Education has taken steps that undermine minority achievement in higher education and block the most direct path to the middle class for millions of families.

The gainful employment regulation is an example of an access-limiting action. The rule, which primarily targets private sector institutions, who educate far more new traditional [Figure 5], will cause 3.2 million students to lose access to the opportunity to attain postsecondary education by 2024.<sup>6</sup>

Given this projection and the projected benefits that private sector institutions will bring through 2030 by educating minority students, the U.S. Department of Education has

**Fig 5: Private Sector Institutions Educate Far More New Traditional Students Than Other Sectors**

**Student Demographics**



Source: Department Of Education

a choice to make about what the future of postsecondary education will look like. It can either help support the institutions that serve new traditional students or continue down the path that limits access

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Department of Education is systematically cutting low-income and minority students out of the

## **Conclusion**

Actions that limit minority student access and opportunity will have a damaging effect on both the future of American higher education and the economic environment for years to come.

Through its various pursuits to hamper private sector institutions, the U.S.

chance to earn a postsecondary degree, which is becoming increasingly important to both individual and national economic success. They are creating a world where postsecondary education is a rare privilege for the few rather than an opportunity for all.

**For more resources and information, visit:**

[www.highereducationforall.com](http://www.highereducationforall.com)

## Sources:

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