

# What Free Won't Fix: Too Many Public Colleges are Dropout Factories

By Tamara Hiler and Lanae Erickson Hatalsky | Published: 08/11/16

Public colleges and universities play an essential role in unlocking the doors of higher education for many Americans. Today, more than 6.8 million students attend four-year public institutions, making up nearly two-thirds of the entire bachelor's degree-seeking population in the United States.<sup>1</sup> Close to two-thirds of all students attending these schools take out student loans in order to finance their education, with the average loan-holding student finding themselves more than \$20,000 in debt four years later.<sup>2</sup> And American taxpayers spend more than \$10 billion dollars a year on federal Pell grants to help more than 2.7 million low- and moderate-income students attending these institutions afford a postsecondary education.<sup>3</sup>

This investment is one most Americans are willing to make—in part because of the irrefutable economic benefits gained in our modern economy by those who earn a college degree.<sup>4</sup> But our analysis of the Department of Education's [College Scorecard](#) data reveals that not all four-year public schools are giving students, or taxpayers, a good return on their investment. In fact, at many of these institutions, first-time, full-time students are not graduating, a large number are unable to earn wages higher than the typical high school graduate, and many cannot pay back the loans they've taken out.

While rising costs continue to drive the conversation around higher education in our country, this report and our [previous analysis](#) of four-year private, non-profit colleges raise much more fundamental questions beyond sticker price. With outcomes like these, it is clear that simply addressing the rising cost of college isn't sufficient to ensure students are being equipped with the degrees and skills they need to succeed.

Among our key findings:

## 1. Low Graduation Rates for First-Time, Full-Time Students:

- A typical four-year public college graduates only 48.3% of first-time, full-time students within six years of enrollment. That means first-time, full-time students that enter the average public institution are more likely to NOT graduate than they are to graduate from the school where they first enrolled.
- At only **80 schools** (15.0% of four-year public colleges) did more than two-thirds of first-time, full-time students manage to earn a degree within six years. The graduation rates of the remaining 455 schools are so low that if they were high schools instead of colleges, they would be flagged as dropout factories and be required by federal law to intervene to improve their completion rates.

## 2. Poor Wage Outcomes for Loan-Holding Students:

- At the average four-year public college, nearly 4 in 10 loan-holding students (36.5%) are unable to earn more than \$25,000 (the expected earnings of a high school graduate) six years after enrollment.
- At the average four-year public college, 22.2% of students who had taken out loans were unable to begin paying down their loans three years after leaving school. To put this in perspective, during the height of the housing crisis in 2010, 90-day mortgage delinquencies peaked at around 10%.<sup>5</sup>

## 3. Not all Public Schools are Created Equal:

- We mapped the schools by how well they were delivering for low- and moderate-income students on a scale we call the “mobility metric.”
- There is a 35.5 point difference between the average completion rate at schools in the top quartile (66.5%) and the average completion rate at bottom-quartile schools (31.0%).
- There is a nearly 30 point gap between the average repayment rate at top-quartile schools (90.0%) and bottom-quartile schools (60.7%).

## 4. Pell Students Tend to Be Concentrated at the Schools with the Worst Outcomes:

- On average, the schools that rank in the top quartile of the mobility metric (meaning they have good outcomes for students) take in 29.3% Pell, while bottom-quartile schools take in 48.6% Pell.
- Among the 81 schools in which half or more of students received Pell grants, only three are in the top quartile of our mobility ranking, and just 14 are in the top half.
- Of the 252 four-year public institutions that have greater than average Pell enrollment (38.2%):
  - Only 16.3% graduated at least half of their first-time, full-time students within six years; and,
  - At only 17.1% do more than two-thirds of loan-holding students earn more than a high school graduate six years after enrollment.

## 5. Price has Little Relationship to Outcomes:

- Higher cost for low- and moderate-income students (coming from families making \$0-\$48k/year) does not deliver better results at our public institutions. The average net cost for those students remains virtually the same across the range of schools—whether students are graduating, finding employment, and paying their back loans or not.
- The average top-quartile school (those with good outcomes like completion, earnings, and repayment rates) charges a net price of \$10,176, while the average bottom-quartile school (those with the worst outcomes) charges nearly \$600 **more** (\$10,762).

# The Completion Crisis at America's Four-Year Public Colleges

Public colleges and universities have long been beacons of hope for millions of Americans seeking to better their lives and improve their economic standing. Each year, they educate the largest proportion of bachelor's degree-seeking students (about two-thirds of the college-going population), often offering a much more affordable education than their private, non-profit peers. Yet very little is understood about whether these institutions are actually fulfilling their promise to serve as engines of mobility for the 6.8

million students that walk through their doors each year.<sup>6</sup> Specifically, how well are our country's four-year public colleges and universities equipping students with a degree and the skills they need to obtain well-paying jobs in our modern economy?

To shed some light on this question, we created a mobility metric using data from the Department of Education's recently-released [College Scorecard](#). Similar to a [report](#) we released earlier this year that analyzed the performance of our country's four-year private, non-profit institutions, the data used in our mobility metric includes outcome measures like graduation rates, post-college earnings, and repayment rates. Due to the limits of the data that is publicly available, the graduation rates included in this report reflect a particular cohort of college-goers: first-time, full-time students.\*<sup>7</sup> Of the 535 four-year public colleges and universities for which data was available, we found that nearly 6 in 10 are failing to graduate a majority of their first-time, full-time students, dimming prospects for their future economic success. In addition, our results reveal that there is a wide divergence of quality in our public institutions, with the students who need higher education as an engine of mobility the most often concentrated at schools with the worst outcomes.

We fully recognize that some of the data used in this report is not inclusive of part-time students or those who have transferred from one institution to another. According to the National Center for Education Statistics, part-time students make up approximately one-fifth of undergraduate students enrolled at four-year public institutions, and a 2015 report by the National Student Clearinghouse found that the transfer rate from four-year public institutions was roughly 37%.<sup>8</sup> The outcomes data for those students is inaccessible because the *Higher Education Act* prohibits the federal government from creating a system that would make it possible to track them.<sup>9</sup> It should be noted, however, that part-time students generally are the group least likely to graduate within six years, meaning that their exclusion actually inflates these graduation rates. We also know that a little over half of students who transfer after starting at four-year public institutions transfer *down* to two-year public schools, and more than three-quarters do not have a bachelor's degree from any institution six years after their initial enrollment.<sup>10</sup> So while completion rates may actually be slightly higher at these institutions than what is reflected in the College Scorecard data if we were able to capture transfer students who end up graduating with a

four-year degree from another school, that small proportion of students does not explain away the 52% who according to the federal data don't graduate within six years at the average institution.

As was the case in our previous report, the purpose of this paper is not to steer students away from attending college—as the necessity and economic benefits of earning a bachelor's degree today are clear—but to refocus the national conversation around higher education on the full panoply of changes we must make to ensure students, and taxpayers, are getting true value from their investment.<sup>11</sup>

*\* Please see the Appendix A below for a full description of the student population represented for each metric.*

## Explaining the Mobility Metric

Using recently released College Scorecard data for this set of institutions, we have compiled a “mobility metric” that looks at how well four-year, public colleges and universities are doing across a variety of factors: net price (the amount paid once financial aid has been factored in) for students coming from families that make less than \$48,000/year; the percentage of an institution's students who receive Pell grants (typically students who come from families earning less than \$50,000 per year); completion rates within six years for first-time, full-time students; the percentage of students who received financial aid earning more than \$25,000 annually (the average salary of a high school graduate) six years after enrollment; and the repayment rate on federal loans for students three years after they leave school.\*

Category	Weight
Net Price	15%
Completion Rate	20%
Repayment Rate	25%
Earnings	25%
Pell Grant	15%

This publicly-available data is by far the most comprehensive ever available for this type of analysis, but we recognize its limitations which are extensively noted above. The College Scorecard reports only institution-level graduation rates for first-time, full-time students, and for other metrics, it only reports on students with federal loans. Given such parameters, only 57% of first-time, full-time students attending four-year public institutions were counted in the 2012 Integrated Postsecondary Education Data System (IPEDS) system, with approximately 51% taking out student loans.<sup>12</sup>

Given that many institutions have been reluctant to share data on their outcomes, this data set is the most comprehensive public reporting of how our colleges are doing—and hence worth studying even with the necessary caveats. In addition, this data represents the outcomes a student who intends to start full-time and finish college at the same institution could expect to receive at a school. As a result, the data limitations cannot mask what has become an astounding reality—that many of our nation’s public colleges are failing to make good on their promises to students.

*\* For a full explanation of the data and our mobility composite score, please see Appendix A.*

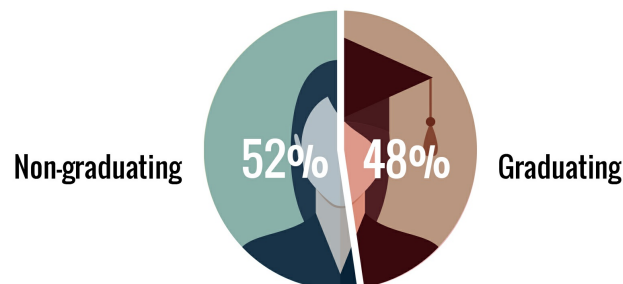
# Finding 1. At the Average School, a First-Time, Full-Time Student Has Less Than a 50-50 Chance of Graduating.

In today's economy, graduation rate is the most powerful indicator of whether or not a college is truly bringing value to a student's life. Americans holding bachelor's degrees have median weekly earnings that are more than \$400 greater than their non-college educated peers, resulting in lifetime wages that are on average \$1 million more over the course of a lifetime.<sup>13</sup> By contrast, students who do not earn a diploma are in many cases worse off than if they had never attended college at all—in large part because most non-completers will have taken on some form of debt yet will not be eligible for the higher paying jobs a degree would open up to help pay it off.<sup>14</sup> This also explains why a recent Council of Economic Advisers report found that the students who are most likely to default on their student loans are those with less than \$10,000 in debt, as these are students who are “much less likely to have completed, having left school before paying for the full cost of a degree.”<sup>15</sup>

## Yet, at the average public institution, students have **LESS THAN** a 1 in 2 shot of graduating.

- The graduation rate for first time, full time students at the average four-year public institution is 48.3%.
- At 6 in 10 of these institutions (57.6%), fewer than half of first-time, full-time students earn a degree.
- Only 39 four-year public institutions (7.3%) boast a graduation rate higher than 75%.

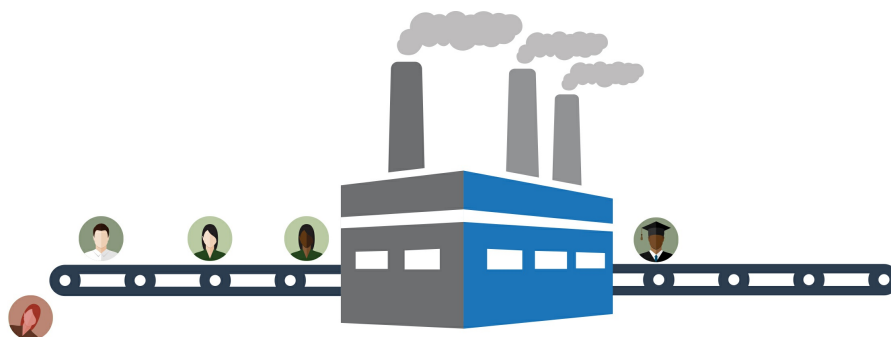
### Graduation Rate at the Average Four-Year Public College



This means that today, a first-time, full-time student who enters the average public institution is more likely to NOT graduate from that school than they are to graduate—a reality that should be distressing to any prospective student hoping to earn a degree from the same institution where they first enroll. In fact, there are 34 schools where these students have less than a 25% chance of finishing, including one school—Harris-Stowe State University in Missouri—with a completion rate in the *single digits* (9.3%). And while many may say that rising costs or a more difficult-to-serve population at four-year public institutions are solely to blame for this low performance, the data simply does not bear that out. In fact, between 2000 and 2012, the National Center for Education Statistics reports that while out-of-pocket net price for first-time, full-time students at four-year public institutions increased by \$1,700, grant aid increased by \$2,400 during this same time.<sup>16</sup> And when it comes to student body, the average four-year public college has the same number of first-time, full-time Pell students (38.2%) on campus as the average private, non-profit college (38.3%). In addition, only 19% of all four-year public institutions have open admissions policies compared to 15% of their four-year private, non-profit peers, so the vast majority of these institutions are accepting students through an application process designed to weed out bad fits.<sup>17</sup>

## **A shocking 85% of four-year public colleges and universities would be considered dropout factories if they were held to the same standards as our nation's high schools.**

- Only 80 public institutions graduate more than two-thirds of the first-time, full time students who enter their school.



**At 85%** of four year public schools, less than two-thirds of students graduate.

One of the more astounding findings in this dataset is the reality that only 80 out of 535 four-year public institutions—or 15.0% of these schools—graduate more than two-thirds of their first-time, full-time students each year. That means that if the remaining 455 schools were a part of our country’s K-12 system, they would be considered “dropout factories” under the recent reauthorization of the *Elementary and Secondary Education Act*.<sup>18</sup> Specifically, the federal government has recognized that if a high school fails to graduate more than two-thirds of their students (a status which describes approximately 5% of all high schools in the U.S.) they are required to put in place some sort of support plan to improve their outcomes or face possible closure.<sup>19</sup> However, no such comparable scrutiny or intervention exists for any of our colleges and universities, no matter how inadequate their outcomes, allowing students to take out loans and receive federally-subsidized grants to attend schools with consistently puny graduation rates year after year.

And while low graduation rates are a problem on their own, what is even more disconcerting is the fact that a number of these institutions have particularly damaging outcomes for students coming from low- and moderate-income families. Specifically, there are 106 dropout factories that take both an above-average share of Pell students (more than 38.2%) *and* charge students coming from families earning \$0-\$48,000/year more than the average net price (\$10,482). Far too many Pell students are attending these institutions with help from taxpayers but are leaving with more debt to pay and no diploma to show for it.

**Top 10 Worst Offenders: Dropout Factories with an Above-Average Number of Pell Students and an Above-Average Net Price for Families Making Less than \$48k/Year**

School	State	Pell	Net Price	Completion
Louisiana State University-Alexandria	LA	40.9%	\$11,001	13.0%
Texas Southern University	TX	67.2%	\$18,303	13.8%
Kentucky State University	KY	59.5%	\$15,074	16.0%
Rogers State University	OK	47.2%	\$10,920	19.0%
Northeastern Illinois University	IL	48.2%	\$14,930	20.7%
Adams State University	CO	50.3%	\$14,656	21.7%
Cheyney University of Pennsylvania	PA	77.0%	\$13,425	23.6%
University of South Carolina-Beaumont	SC	39.6%	\$11,526	25.0%
Alabama State University	AL	82.7%	\$12,074	25.7%
Central State University	OH	75.8%	\$10,834	26.0%

## There are notable exceptions.

It should be noted that there are a handful of public institutions that manage to graduate large proportions of their students, even when serving a high proportion of Pell recipients on campus. Specifically, there are five schools—the majority of which are notably within the University of California system—that have a Pell population greater than the average (38.2%) and still manage to graduate more than two-thirds of their first-time, full-time students (i.e. non-dropout factories), dispelling the myth that it is impossible to achieve high outcomes with a student population that may require more support.

### Schools that Take Above-Average Pell and Graduate More than 67% of Students

School	State	Completion	Pell
University of California-Santa Cruz	CA	73.5%	44.6%
University of California-Irvine	CA	85.7%	43.2%
University of California-Davis	CA	81.3%	43.0%
University of California-San Diego	CA	86.0%	42.7%
SUNY College at Brockport	NY	67.0%	40.8%

## Finding 2. At the Average School, Loan-Holding Students Experience Poor Wage Outcomes.

Given the increased focus on the rising costs of college and ballooning student debt, another important indicator of value is what percentage of an institution’s student body is able to earn a decent salary and make payments on their loans post-enrollment. This is particularly important given the evidence that most students are choosing to go to college first and foremost to better their economic prospects by gaining expanded employment opportunities and access to higher wages.<sup>20</sup> Luckily, the College Scorecard for the first time allows students to take post-college wage factors into consideration when selecting a school.

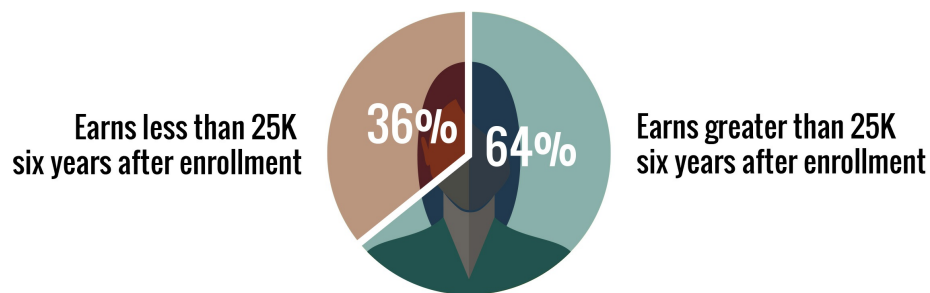
### At the average four-year public institution, many students aren’t earning more than a high school graduate six years after enrollment.

The anticipated annual earnings for the average high school graduate is \$25,000—making it a worthwhile metric to analyze whether a college has improved the earning potential of its student body, especially those who took out student loans as an investment in what

they hoped would be higher future wages.<sup>21</sup> The College Scorecard measures what percentage of an institution's students who received Title IV financial aid to finance their education are earning more than \$25,000 six years after enrollment.

- At the average four-year public college and university, only 63.5% of students who took out loans earned in excess of \$25,000 six years after enrolling. This figure omits those who are enrolled in graduate school as full-time students.
- At 322 out of 535 (60.2%) of four-year public institutions, less than two-thirds of loan-holding students earn in excess of \$25,000 after six years.
- At 9% percent of schools, students had less than a 50/50 shot at earning more than a high school graduate six years after they enrolled.

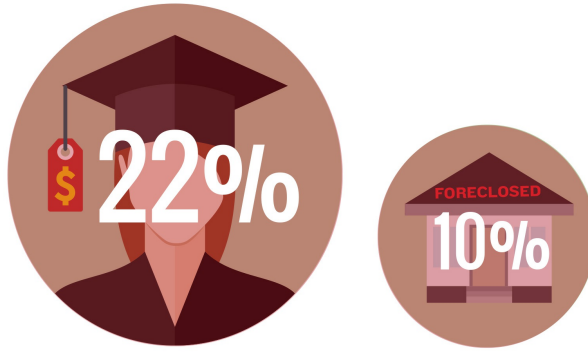
## Salary Outcomes at the Average Four-Year Public College



**Given the poor wage outcomes, many students from four-year public institutions are unable to begin paying down their loans within three years.**

It's no surprise that if a large number of students who have taken out loans to attend college are unable to find decent-paying jobs, they would also struggle to begin making payments on their debt after leaving school. To assess the financial health of loan-holding students, the College Scorecard also examines what percentage of a school's students with loans are able to begin repayment—meaning they are able to pay at least one dollar towards their principal balance—three years after those loans become due.

- At the average four-year public institution, the repayment rate is 77.8%. That means nearly one-quarter of students are unable to begin paying down their loans three years after leaving school. (This figure omits those who are enrolled in graduate school as full-time students.)
- At 165 of the 535 schools (30.8%), at least one-quarter of students were not able to begin paying down their loans after three years.



**An unmatched crisis: The average percentage of students at four-year public colleges unable to repay their loans compared to mortgage delinquencies at the height of the housing crisis.**

Certainly these wage outcomes are not what we would expect out of a public higher education system in which we invest billions of federal dollars each year. However, it should be noted that these figures are almost identical to the earnings and repayment rates found at our country's four-year private, non-profits (where at the average institution, 62.6% of students are earning more than \$25,000/year six years after enrollment vs. 63.5% at the publics, and 80.9% of students are able to begin repayment three years out vs. 77.8% at the publics). Unfortunately, undergraduate students at these private, non-profit universities borrow 50% more cumulatively than their public university peers, an issue that becomes most problematic for students who do not complete college.<sup>22</sup> In fact, those who attend four-year private, non-profit colleges but do not graduate have an average cumulative debt-to-annual-income ratio of 51% compared to only 34% for non-completers from four-year public institutions.<sup>23</sup> So while we must demand more accountability from all of our colleges and universities to ensure students are graduating and being equipped with the skills they need to earn decent wages and pay back their loans, the public institutions are at least doing more to ensure their students are taking on a lower debt load in the first place.

## There are notable exceptions.

There are a handful of schools that are consistently setting their students on a pathway towards higher wages and equipping them with the ability to repay their loans, including 51 public institutions where more than three-quarters of students are earning salaries above what is expected of a high school graduate, and 80 institutions where more than 9 in 10 students are entering into repayment within three years.

### Top 10 Schools: Students Earning more than \$25,000 After Six Years

School	State	Earning >\$25k	Specialization
U.S. Merchant Marine Academy	NY	90.0%	Maritime
Nevada State College	NV	86.2%	N/A
Colorado School of Mines	CO	85.9%	Mining
Georgia Institute of Technology	GA	85.8%	Technology
Massachusetts Maritime Academy	MA	84.2%	Maritime
Maine Maritime Academy	ME	83.4%	Maritime
University of Baltimore	MD	82.5%	N/A
Missouri University of Science & Technology	MO	82.1%	Technology
New Jersey Institute of Technology	NJ	80.7%	Technology
Virginia Polytechnic Institute & State University	VA	80.3%	Technology

Notably, five schools within the top decile of the earnings measure take in an above-average number of students receiving Pell grants (>38.2%):

### Top-Decile Schools: Students Earning more than \$25,000 After Six Years with an Above-Average Number of Pell Students

School	State	Earnings	Pell
New Jersey Institute of Technology	NJ	80.7%	39.0%
Metropolitan State University	MN	76.0%	41.6%
Southern Polytechnic State University	GA	75.6%	41.4%
SUNY Institute of Technology at Utica-Rome	NY	75.5%	38.5%
University of Washington-Tacoma	WA	75.1%	46.4%

There are also a handful of schools with exceptionally high repayment rates for students, including The College of New Jersey (96.1%), James Madison University (95.7%), and College of William and Mary (95.6%). However, even more notable are the 90 public institutions that have a repayment rate above the national average for four-year public institutions (77.8%) *and* take in an above-average number of Pell students (>38.2%). It is clear from these examples that student success is possible, and some schools are delivering much greater value than others.

### Repayment Champs: Top 10 Schools for Repayment that Take Above-Average Pell

School	State	Repayment	Pell
University of California-San Diego	CA	92.1%	42.7%
University of California-Davis	CA	92.0%	43.0%
University of Washington-Tacoma	WA	91.9%	46.4%
University of California-Irvine	CA	91.6%	43.2%
California State Polytechnic University-Pomona	CA	90.4%	44.0%
University of California-Santa Cruz	CA	89.5%	44.6%
Rutgers University-Newark*	NJ	87.8%	46.4%
Rutgers University-Camden*	NJ	87.8%	43.3%
San Jose State University	CA	87.8%	39.6%
California State University-Long Beach	CA	87.7%	47.3%

*\*Schools have same repayment rate since they are branches of the same institution.*

## Finding 3. Not all Public Schools are Created Equal.

According to the 2015 “[College Decisions Survey](#)” conducted by New America, students take a variety of factors into account when selecting a college, including the majors or programs a college offers, its location, and (overwhelmingly) the amount of financial aid available and how much a particular college will cost.<sup>24</sup> The cheaper price tag offered at most public colleges and universities often makes them a popular option for students and families looking to find a postsecondary education that will meet both their educational and economic needs. And while it’s no surprise that (like any other product on the market) public colleges and universities come in all shapes and sizes—for example, undergraduate enrollment can vary anywhere from around 200 students (Institute of American Indian and Alaska Native Culture) to more than 50,000 students (University of Central Florida)—most consumers have very little understanding about just how wide-ranging their outcomes may be when they choose to enroll in one public university over another.

### **There are significant gaps in outcomes for students who attend top-quartile and bottom-quartile schools.**

Using our “mobility metric” outlined above, we mapped how well four-year public schools were delivering for low- and moderate-income students on a variety of metrics, including graduation rates, the percentage of students earning more than \$25,000/year, and the percentage of students able to enter into repayment on their loans. By dividing the schools based on their “mobility score” into quartiles, we were able to see the wide gap in


quality that exists between public colleges and universities—with top-quartile schools significantly more likely to fulfill the promise of mobility for students than their bottom-quartile peers. Specifically, when looking at the data for completion and repayment:


- There is a 35.7 point difference between the average completion rate at top-quartile schools (66.5%) and the average completion rate at bottom-quartile schools (30.9%).
- There is a nearly 30 point gap between the average repayment rate at top-quartile schools (90.0%) and bottom-quartile schools (60.7%).
- There is a 20.3 point difference between the proportion of students who make more than a typical high school graduate at top-quartile schools (73.1%) and bottom-quartile schools (52.8%)


## Not all public schools are created equal.

Similar gaps in the outcomes between top- and bottom-quartile schools were also evident in our analysis of the four-year private, non-profit peers (for example, there was a 39 point completion gap, a 29 point repayment gap, and a 28 point earnings gap between the top-tier and bottom-tier schools). However, with a wide variety of actors falling under the private, non-profit umbrella—from elite Ivy Leagues to small bible colleges and art schools—such gaps are more obvious to consumers. When thinking about the public sector, many students and families may be inclined to lump schools together even if the outcome data varies widely from campus to campus within the same state system. For example, Indiana University-Bloomington graduates more than three-quarters of its first-time, full-time student body, whereas Indiana University-Southeast located less than 100 miles down the road has an average graduation rate under 30%. This type of chasm in outcomes only underscores the need to provide more robust and transparent data for consumers as they select their institution of choice.

## Large Gaps in Outcomes Between Top- and Bottom- Quartile Schools

**36**points   
Difference in completion between  
top and bottom quartile schools

**29**points   
Difference in repayment between  
top and bottom quartile schools

**20**points   
Difference in earnings between  
top and bottom quartile schools

## **Finding 4. Pell Students Tend to Be Concentrated at the Schools with the Worst Outcomes.**

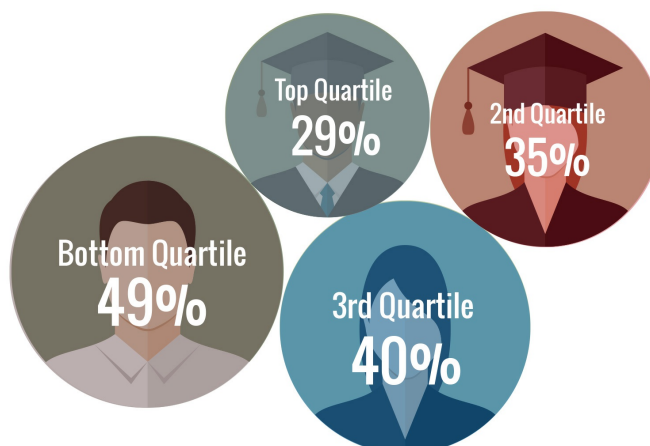
Since the 1970's, the federal Pell grant program has opened the doors to higher education for millions of low- and moderate-income students each year.<sup>25</sup> Today, eligible students can receive up to \$5,815 in Pell grant funding per year, as determined by a variety of factors, such as their financial need and annual cost of attendance, with the majority of students coming from families making an adjusted gross income below \$50,000.<sup>26</sup> According to the National Center for Education Statistics, Pell serves as the "largest federal grant program available to undergraduate students," with American taxpayers investing over \$30 billion dollars in 2015 alone to benefit more than 8 million recipients.<sup>27</sup> Given the lower tuitions available at most public colleges and universities, it should be no surprise that these institutions are often a popular option for Pell students seeking a postsecondary education.

## Public institutions with larger Pell populations struggle.

Yet, mirroring our findings at private, non-profit institutions, the data reveals the public institutions with the highest concentrations of Pell students overwhelmingly have the worst outcomes: the lowest completion rates, the fewest percentage of students earning more than a high school diploma post-enrollment, and the largest share of students unable to begin paying down their student loans. On the flip side, many of our country's top public institutions are not doing their fair share to provide mobility to the Pell students who need it the most.

- On average, top-quartile schools take in 29.3% Pell, while bottom-quartile schools take in 48.6% Pell.
- Among the 81 schools in which at least half of the student body received Pell grants, only three are in the top quartile of our mobility ranking, and just 14 are in the top half.
- Of the 252 four-year public institutions that have Pell enrollment greater than the mean (38.2%):
  - Only 41 schools (16.3%) graduated at least half of their first-time, full-time students within six years;
  - Only 43 schools (17.1%) saw more than two-thirds of their loan-holding students earning more than a high school graduate six years after enrollment; and,
  - A mere 91 schools (36.1%) have loan repayment rates above the average (77.8%) three years out.

### Average Percentage of Pell Students at Four-Year Public Schools



Schools that take in high shares of students coming from low- and moderate-income backgrounds may require more resources to achieve the same outcomes as schools who take in only a handful of low-income students each year. That principle guides the way we distribute federal resources to K-12 schools through Title I funding, which is intended to support schools with higher concentrations of students in poverty. Unfortunately, it plays virtually no role in our current higher education system. And while colleges that are willing to take in a high proportion of Pell students deserve support and recognition if they are delivering good outcomes for those students, we must also ensure institutions are not making this population of students worse off by saddling them with debt and no degree to show for it.

### There are notable exceptions.

Luckily there are a number of high-quality public institutions showing that success is possible by achieving good outcomes with a high proportion of Pell students. In fact, 11 of the schools in the top decile of our mobility metric take in an above-average number of Pell students (38.2%) each year.

**Top-Decile Schools that Take in Above-Average Pell**

School	State	Net Price	Completion	Repayment
University of Illinois at Chicago	IL	\$9,920	57.1%	86.8%
California State University-Long Beach	CA	\$6,672	58.6%	87.7%
University of Washington-Tacoma	WA	\$5,729	46.5%	91.9%
Rutgers University-Newark*	NJ	\$8,212	64.3%	87.8%
CUNY Bernard M Baruch College	NY	\$5,559	64.7%	86.5%
California State Polytechnic University-Pomona	CA	\$8,401	51.6%	90.4%
Rutgers University-Camden*	NJ	\$8,493	60.1%	87.8%
University of California-Irvine	CA	\$8,521	85.7%	91.6%
University of California-Davis	CA	\$9,965	81.3%	92.0%
University of California-San Diego	CA	\$9,279	86.0%	92.1%
San Diego State University	CA	\$7,159	66.1%	87.2%

*\*Schools have same repayment rate since they are branches of the same institution.*

And as noted above in Finding 1, there are also a handful of schools—almost all from the University of California system—that are taking in an above-average number of Pell students and are graduating more than two-thirds of their first-time, full-time students each year. These schools illustrate that it is possible to do well with high concentrations of Pell students—and they should motivate others to do better.

## Finding 5. Price has No Relationship to Outcomes.

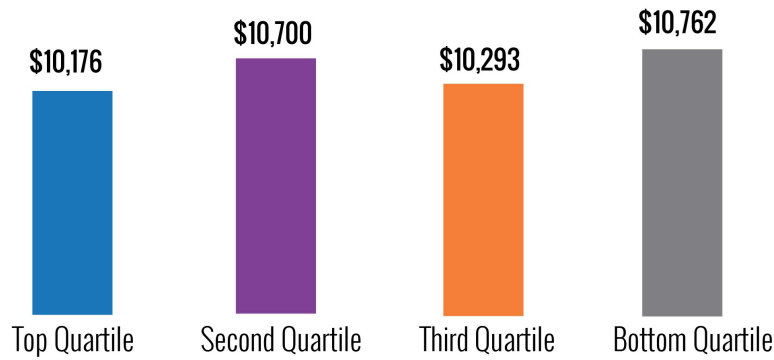
Other than buying a home and saving for retirement, financing a college education is often the biggest investments a person makes throughout the course of his or her lifetime. And just like any other major purchase, students and their families expect the price of an education to reflect the quality they receive. Sadly, that assumption is simply not applicable in our higher education system.

### **A completely broken marketplace.**

Similar to our findings at four-year private, non-profit institutions, the College Scorecard reveals that the net price a student pays for a public college has almost no bearing on the outcomes they can expect to receive from that institution. To start, the average net price at four-year public institutions overall is \$7,000 cheaper than their private, non-profit peers. However, when the public schools are compared to each other, it becomes clear that low- and moderate-income students pay virtually the same price at a public college regardless of whether they attend a top-quartile school or a bottom-quartile school—a sign that the marketplace is broken. Specifically, when looking at the average net price (the out-of-pocket cost a student actually pays once financial aid is factored in) of public institutions for students earning less than \$0-\$48,000/year, we found:

- The average net tuition at four-year public institutions in the top quartile of our mobility metric was \$10,176 compared to \$10,762 for four-year public schools in the bottom quartile.
- This means that low- and moderate-income students attending schools with worse outcomes (lower completion rates, lower percentage of students earning more than \$25,000/year, and lower repayment rates), are actually paying on average \$600 *more* per year than students attending higher quality schools.

### Average Net Price for Students Coming from Families Making \$0-48k, by Quartile



### There are notable exceptions.

Price does not denote quality in this marketplace, and in some instances, schools are providing exceptional value to their students. Compared to private non-profits, four-year public institutions are a more affordable option for students coming from low- and moderate-income backgrounds, and 18 schools excel on that measure, with net prices under \$5,000 a year, including two schools in the top quartile of our mobility metric—The United States Merchant Marine Academy (\$1,229) and Texas A&M University-College Station (\$4,528).

#### Best Bargains: Schools that Charge Less than \$5,000/year for Students Whose Families Make Less than \$48k/year and have a Graduation Rate Higher than 50%

School	State	Net Price	Graduation Rate
United States Merchant Marine Academy	NY	\$1,220	74.7%
CUNY Queens College	NY	\$4,044	55.7%
CUNY Brooklyn College	NY	\$4,538	52.3%
Texas A&M University-College Station	TX	\$4,528	79.3%

# Conclusion

A college degree plays a key role in helping students secure a ticket to the middle class, and public institutions have historically provided access to an affordable education for many low- and moderate- income students. But while so much of the conversation on college over the last decade has focused on cost, the analysis of outcomes data provided both here and in our previous report on the private, non-profit institutions highlights the need to have a much more honest conversation about which colleges are in fact providing value to students. This inquiry will require us to broaden the policy debate in higher education from one that focuses solely on refinancing student loans or providing debt-free college to one that improves data transparency for students and holds colleges accountable for outcomes. The need for this shift is especially acute given that offering free tuition when more than half of students fail to graduate will do little to fix the larger problem. (For more details on specific policy proposals that could help achieve these goals, please refer to our previous report on nonprofit colleges [here](#)).

While addressing the rising costs of college is a worthwhile discussion, students deserve a better guarantee that if they enroll in college they will get a return on their investment of both time and money. The reauthorization of the *Higher Education Act* provides an opportunity for our leaders to ensure that taxpayer investments in higher education are accompanied by a renewed promise from institutions that students who enter their campuses will leave with a diploma in hand and the skills they need to secure a well-paying job in today's modern economy.

# APPENDIX: Methodology

## Mobility Metric

The U.S. Department of Education’s College Scorecard data—compiled from 7,000 colleges and universities over the past 18 years—was used for the mobility metric featured within this report. The data was acquired from the Department of Education’s College Scorecard technical website ([collegescorecard.ed.gov/data/](http://collegescorecard.ed.gov/data/)), which originally became public in September of 2015. The institutions used for analysis were four-year public institutions that predominately awarded Bachelor’s degrees. No other filters were applied to limit the institutions used for the analysis. However, some institutions did need to be excluded due to their lack of data within the fields required by the analysis, detailed below. A total of 535 four-year public colleges gave adequate data to be included within the analysis.

The following data fields were used to determine the mobility scores featured in this report:

Category	Details	Population	Dataset Year	Original Database
Net Price	Average net price for students whose families earned \$0-48,000 at the time of enrollment	First-time, full-time students who receive Title IV aid	2013	IPEDS
Completion Rate	Completion rate 6 years after enrollment; pooled over 2 years	First-time, full-time students	2013	IPEDS
Repayment Rate	Percent of students who paid at least \$1 of their principal and have not defaulted three years after entering repayment	Students with federal student loans	2013	NSLDS
Earnings	Percent of students who enrolled in 2005 obtaining wages over \$25,000 six years after graduation (2011)	Students who received Title IV student aid	2011	Treasury
Pell Grant	Percent of students who were enrolled receiving Pell grants	All students	2013	NSLDS

## Methodology

The “mobility metric” refers to all of the data points that create the mobility composite score for each college. The composite score for the mobility metric was developed through several steps. First, each of the five variables were derived for each relevant college. For each variable, the colleges were ranked and a predetermined weight was applied to each data point. The weights allowed for net price to comprise 15% of the final

score, completion rate to comprise 20% of the final score, repayment rate to comprise 25%, earnings 25%, and Pell Grant 15%. Summing the scores from the five variables created the composite score for the mobility metric. Colleges could then be ranked by composite scores to determine their impact as being mobility engines for their students. Colleges that were missing fields of data were excluded from the analysis.

## Explore the data: [Click to download](#)

### Limitations of Original Datasets

There were several limitations due to the original datasets that were used to compile the College Scorecard data. The National Student Loan Data System (NSLDS), which provided average net price, repayment rate, and the percent of Pell Grant students, only contains data from students who are eligible for Pell Grants and/or federal student loans. This qualification should not impact average net price because most students whose parents earn \$0-48,000 per year should qualify for Pell Grants. Similarly, the NSLDS should be the best source for determining the percent of Pell students in an institution.

The Integrated Postsecondary Education Data System (IPEDS) only contains data from individuals who are first-time, full-time students and does not include students who transfer and then graduate. This qualifier is most important for colleges with high percentages of students who were part-time, previously enrolled at another school, or who transfer out of their first college. Community colleges typically exhibit the greatest percentages of part-time students and adults who are not first-time students, but community colleges are not present within this analysis. The validity of completion data for four-year public institutions within this analysis is impacted to the degree that students are not first-time, full-time students, as explained at length several times throughout the report.

### Validity Concerns

Various other measures can impact the validity of the data used within this report. For example, the validity of the average net price metric decreases if there are a very low number of Title IV students whose parents earned \$0-\$48,000 because results are based on very few instances. Similarly, very low levels of Title IV students impact the validity of

the repayment rate and percent Pell metrics. Very low levels of first-time, full-time students impact the validity of the completion rate metric. Additionally, to avoid variability that can take place across years, especially for colleges with low enrollment, completion rate data is pooled over two years. Repayment rate data stemming from colleges with very few Title IV students was also suppressed for low numbers. It must also be noted that the metric showing the percentage of students who obtain wages over \$25,000 is the most dated metric. Not only did the students who are analyzed for the metric enroll in 2006, the data was reported in 2011, whereas data from other metrics were reported in 2013.

It is important to note that College Scorecard data is presented at an institutional level, not a programmatic level. All five metrics may vary greatly by programs within the same college. For instance, a business school within a college may result in a very high percentage of students earning over \$25,000 per year, whereas students obtaining social work, philosophy, or art degrees may have different outcomes. To this end, a college may be a successful mobility engine for some students, but not for others, even if the college has a high mobility score. Ideally, future data could be reported differentiated by program to show students what specific outcomes they can best expect from particular programs, and to afford students the ability to compare specific program outcomes at various colleges.

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