RACE AND ECONOMIC MOBILITY (REM):

College Value at Hispanic-Serving Institutions

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Current assessments of college value in the United States fall short of centering race in their measurements if they do not account for the unique economic conditions of racially marginalized students before, during, and after they leave college. Commonly used economic indicators, such as earnings and debt, are incomplete measures of college value for communities of color. Wider societal issues like structural racism cascade into inequities in college affordability and outcomes but are often left out of college value discussions.

In January 2023, The Institute for College Access & Success (TICAS) introduced a new metric, Race and Economic Mobility (REM), capturing economic outcomes by colleges' compositions (or shares) of racially marginalized students. Using data from the College Scorecard, TICAS found that students who attended colleges serving greater shares of racially marginalized students earned less income 10 years after graduation than their peers from colleges with smaller shares of students of color. Even more alarmingly, at colleges serving the largest shares of Black students, borrowers owed more in student loans a decade after starting repayment than they originally borrowed. The REM metric is specifically designed to show how economic mobility differs by race and offers a more accurate assessment of the true value of a college education.

In our initial REM analysis, we noted that future iterations of the metric would examine college value by sector, minority-serving institution (MSI) designation, and region. In this fact sheet, we dive into variations of college value at Hispanic-Serving Institutions (HSIs). Additional information about the methodology can be found in the technical documentation.

SUMMARY OF FINDINGS

In this fact sheet, we compared median earnings, the percentage of debt owed, and share of completers with an earnings premium at HSIs versus non-HSIs. The findings reported here are strictly correlational, highlighting patterns of race and economic mobility. We find:

- **Students from two-year HSIs earned nearly 11% more than their peers who attended non-HSIs, and students from four-year HSIs had comparable earnings to their peers who attended non-HSIs.**

- **Borrowers from four-year HSIs owed a higher share of their original loan balances a decade after entering repayment than borrowers who attended non-HSIs.**

- **Both two-year and four-year HSIs had similar shares of completers with an earnings premium compared to two-year and four-year non-HSIs.**

HSIs IN CONTEXT

In order to be designated as a Hispanic-Serving Institution, colleges must have a full-time equivalent undergraduate enrollment that is at least 25 percent Latinx.[1] Colleges that meet additional requirements[2] can apply for federal HSI grants, aimed to expand educational opportunities, improve attainment, and enhance academic offerings, program quality, and institutional stability. Latinx enrollment varies across all HSIs, from the minimum of 25% required for HSI status, all the way up to 100% of students at many HSIs in Puerto Rico.[3] Despite accounting for only 19 percent of all colleges and universities, HSIs serve over 60 percent of all Latinx undergraduates. HSIs have been shown to improve upward mobility, and Latinx students from HSIs reported having an inclusive campus environment and felt prepared for life after college — factors associated with a greater likelihood of student success.

Unfortunately, the full potential of HSIs has not been realized due to decades of systemic underfunding. Compared to non-HSIs, HSIs have substantially lower endowment funds and only receive 68 cents for every federal dollar allocated to other types of colleges. Federal investments have not kept pace with the steady rise in HSIs, and the competitive structure of the grant results in only a fraction of eligible colleges receiving HSI grants. Furthermore, HSI grant funding is limited, competitive, and not guaranteed.

Funding disparities at HSIs cascade down to students who do not receive sufficient financial aid and end up having to borrow more student loans. Due to the racial income and wealth gaps, college affordability issues are compounded for Latinx students who have fewer financial resources to pay for the rising costs of college. Furthermore, while Latinx students borrow at lower rates than their white peers, they struggle to repay their student loans and are nearly twice as likely to default on their loans. These disparate debt outcomes can negatively affect Latinx borrowers' credit scores, lead to garnished wages, and result in financial aid ineligibility. Additionally, the burden of student loans can contribute to challenges in Latinx borrowers' mental health, retirement, and ability to buy a home.

Despite being underfunded, we find that HSIs are still providing similar wages and earning premiums as non-HSIs. Policymakers can use our findings to shift how the value of a degree is assessed and help close disparities in economic outcomes among students from HSIs versus non-HSIs, with a specific commitment to equitably invest in HSIs and fund colleges serving the largest shares of Latinx students.

[1] We use Latinx (instead of Hispanic) as a gender-inclusive term for those who identify with having racial/ethnic roots in Mexico, Central and South America, and the Caribbean.
[2] Colleges must satisfy an additional enrollment criterion by ensuring that at least 50 percent of students receive federal need-based assistance or that the institution caters to a significant proportion of Pell Grant recipients with low educational and general expenditures. Institutions failing to meet the criteria for low-income students or expenditures may apply for a waiver.
[3] The following analysis does not include HSIs in Puerto Rico and is limited to HSIs in the 50 states and DC. The median earnings for students who attended these institutions in Puerto Rico are outliers and would skew the results of our analysis. Median earnings for students who attended HSIs in Puerto Rico are $21,063 for two-year colleges and $24,798 for four-year colleges.

REM AND TWO-YEAR HSIs

Median Annual Earnings[4]

Overall, at two-year colleges, students from HSIs earned ($40,079) an average of nearly $435 more than their peers who attended non-HSIs ($39,644).

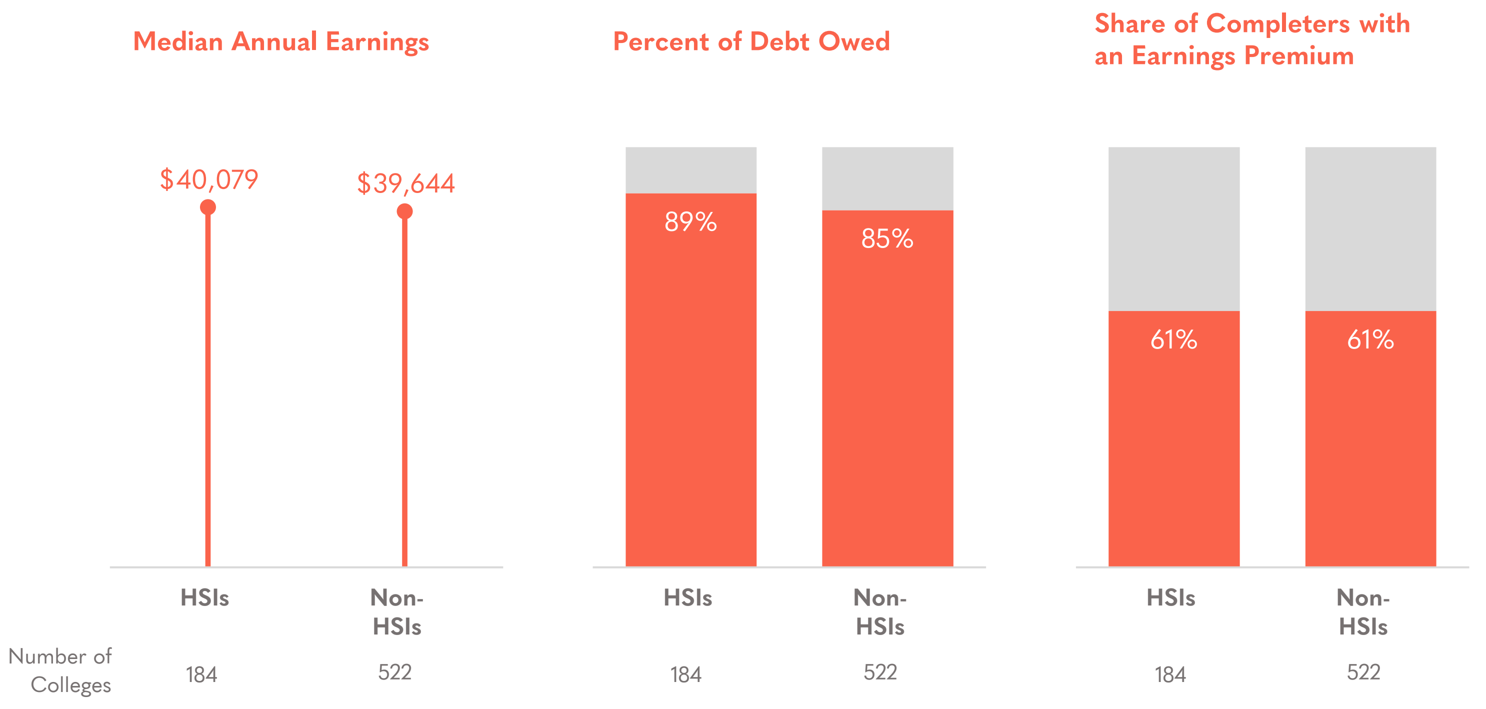
Percentage of Debt Owed

The percentage of debt owed was similar for borrowers from HSIs and non-HSI colleges (89 percent versus 85 percent, respectively).

Share of Completers with an Earnings Premium

As conceptualized in the Department of Education's Gainful Employment regulation, an earnings premium compares what typical career preparation program completers earn to the median earnings for early-career working adults in their state. On average, two-year HSIs had the same share of completers with an earnings premium as non-HSIs (61 percent).

FIGURE 1. Race and Economic Mobility at Two-Year Hispanic-Serving Institutions (HSIs)
Students from two-year HSIs had comparable earnings, repayment progress, and shares of students with earnings premiums to their peers who attended non-HSIs.



Sources: TICAS analysis of U.S. Department of Education (ED) data. See College Scorecard, "Most Recent Institution-Level Data," available at https://collegescorecard.ed.gov/data (updated October 2023, last accessed March 2024)

[4] This analysis includes only institutions with reported earnings data in College Scorecard. Some institutions may be excluded due to privacy suppression or unreported data.

REM AND FOUR-YEAR HSIs

Median Annual Earnings

Overall, at four-year colleges, students from HSIs earned ($53,897) an average of $246 more than their peers who attended non-HSIs ($53,651).

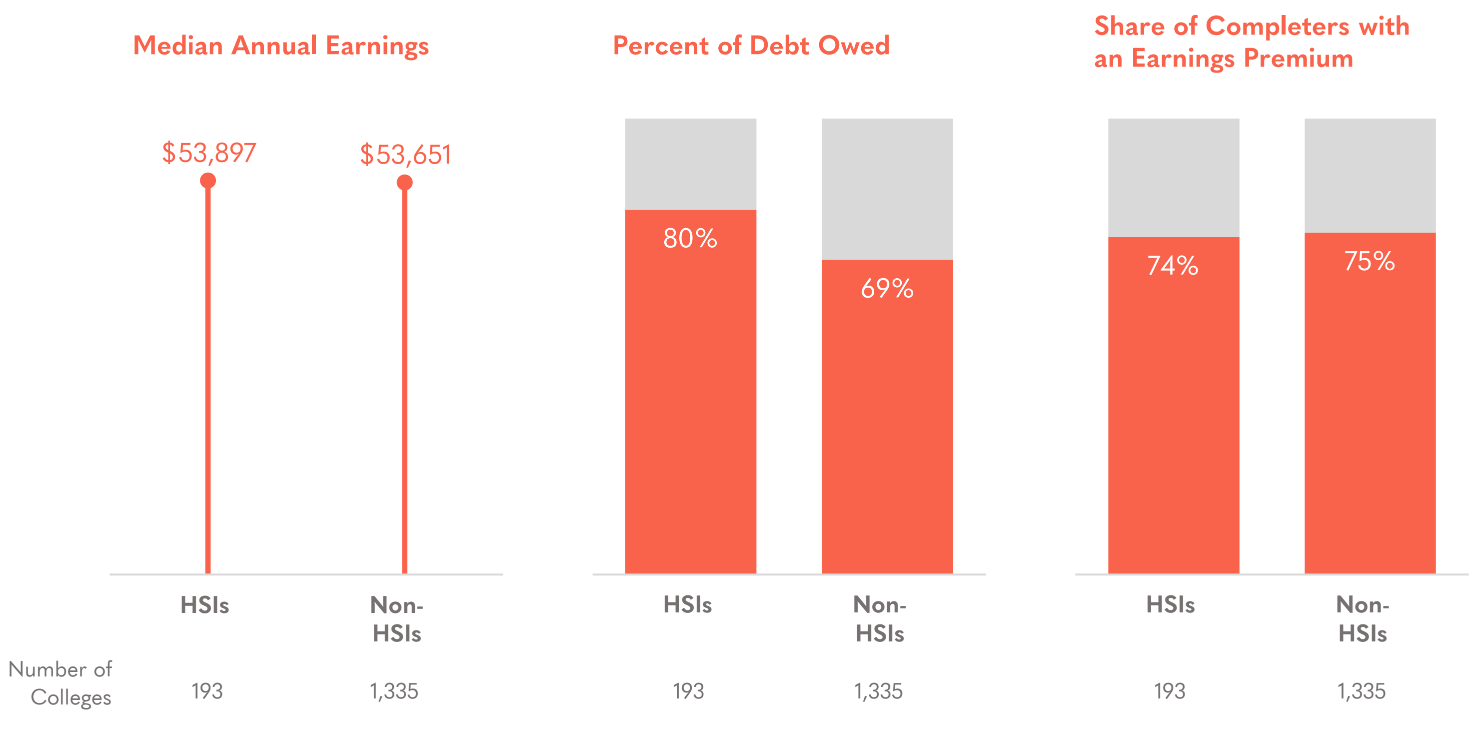
Percentage of Debt Owed

Borrowers from four-year HSIs owed an average of 80 percent of their original loan balances. However, at non-HSIs, borrowers owed an average of 69 percent of their original loan balances — an 11-percentage point gap.

Share of Completers with an Earnings Premium

On average, four-year HSIs had similar shares of completers with an earnings premium (74 percent) as non-HSIs (75 percent); about one-in-four college completers do not earn more than a high school graduate.

FIGURE 2. Race and Economic Mobility at Four-Year Hispanic-Serving Institutions (HSIs)
Students from four-year HSIs had comparable earnings to their peers who attended non-HSIs, and students from both HSIs and non-HSIs had comparable shares of students with an earnings premium. However, borrowers from HSIs owed a higher percentage of their original loan balances compared to borrowers from non-HSIs.



Sources: TICAS analysis of U.S. Department of Education (ED) data. See College Scorecard, "Most Recent Institution-Level Data," available at https://collegescorecard.ed.gov/data (updated October 2023, last accessed March 2024)

IMPLICATIONS

Despite having fewer resources, our findings suggest that HSIs provide students with similar wages and similar shares of completers with an earnings premium compared to non-HSIs. However, borrowers from both two- and four-year HSIs owed at least 80 percent of their original student loan balances, consistent with previous research about Latinx borrowers struggling to pay down debt.

HSIs play an important role in providing a pathway to higher education for Latinx students, but some colleges that attain this designation do not always center the needs of Latinx students — understating the importance of how HSIs must equitably serve the very population that makes them eligible. Our findings reflect, in part, a pattern of federal and state under- and divestment in colleges serving large shares of racially marginalized students.

In June 2023, the Supreme Court struck down race-conscious college admissions — a key mechanism to close racial equity gaps in college enrollment. Because many HSIs are public institutions with open-access or non-selective admissions, the affirmative action decision would likely have limited immediate impact. However, even prior to the federal ban, states with restrictions on affirmative action experienced drops in Latinx student enrollment at publicly designated universities. Over the last 20 years, the most selective public universities have also moved backward in enrolling equitable shares of Latinx students relative to their state demographics. State policy efforts to roll back funding and prohibit diversity, equity, and inclusion (DEI) initiatives will surely impact HSIs as well. Investing in minority-serving institutions like HSIs is more critical than ever.

To ameliorate longstanding racial inequities in higher education and to advance a system that provides equitable opportunities for students from all walks of life to thrive before, during, and after college, federal and state-level policymakers must invest in both Latinx students and Hispanic-Serving Institutions.

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The Institute for College Access & Success (TICAS) is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. To learn more about TICAS, visit ticas.org and follow us on X/Twitter and Instagram: @TICAS_org.

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