

# The Money Factor

## The Truths You May Not Know about College Graduation

The commonly-held belief about college graduation is that if you're smart enough and you work hard enough you'll graduate. In other words, those who *deserve* to graduate, graduate. While that may be true for people who grew up in the suburbs, it is not true for 1<sup>st</sup> generation college students who grew up in a major urban center. This insidious myth about intelligence and effort is not only untrue, it is harmful to 1<sup>st</sup> generation students because they are blamed personally for not graduating. Consequently, those who might otherwise support programs for low-income students, don't support college graduation programs.

**Here are the real factors that influence college graduation and why our smart, hard-working, talented, underserved kids need the Safety Net Community.**

### Family Income #1 Driver of College Graduation

Individual college graduation rates are directly tied to family income. The college graduation rate for students whose family income is in the top quartile is 77%. The college graduation rate for students whose family income is in the bottom quartile is 9%. Students don't choose the family they're born into but they still deserve the opportunity to earn a college degree.

Bachelor's degree completion rates for students coming from poverty are *lower* today than they were in the 1970's

**If Not Now, When?**

### Hidden Fees Cause Many Students to Drop Out

Colleges, in an effort to increase income without drawing attention to themselves by raising tuition, have added fees that students are expected to pay. Students' fees are not covered by financial aid, not included in payment plans set up by the school, and are not negotiable.

Students who have not paid their outstanding fees, tuition, room and board IN FULL cannot register for classes "next" semester. The intranet system locks them out and that is how students learn they still owe money. Students must pay their debt before Registration closes in the next few days. Low-income students and their families do not have enough "extra" money to make an immediate payment.

### Financial Need Doesn't Drive Financial Aid

Determining how much financial aid a student will receive is a two-step process. All students who need financial aid complete the federal FAFSA form. The information in the FAFSA becomes part of a federal government database that calculates how much (in dollars) a family can afford to pay for college. Low-income students typically have an Estimated Family Contribution (EFC) of \$0 which means the government has determined that their family cannot pay anything toward college. Their Financial Need is 100%.

**Then**, every college makes its own determination of the percentage of Financial Need they target with their financial aid packages. % Full Need Met ranges from over 90% at the most selective colleges to less than 20%. In other words, students who cannot pay anything toward college (calculated by the FAFSA) are still expected to pay a significant percentage of the cost of college.

Federal Pell Grants, college grants for the neediest students, covered over **50%** of tuition, room and board in **1974**. In **2012**, Pell Grants cover only **27%** of college expenses.

**If Not Now, When?**



## No Financial Aid for Undocumented Students

Undocumented students cannot submit the FAFSA and are therefore not eligible for financial aid. American citizens whose parents are undocumented risk exposing their parents to deportation by completing the FAFSA. They won't take that risk.

## Loans are Harmful if Students Don't Graduate

Most low-income students (and family members on their behalf) carry college loans. College loans must be repaid whether the student graduates or drops out. College graduates are able to pay back those loans using the increased income associated with a college degree. Students who don't finish college (and their family members who took out loans on their behalf) are worse off than had they not gone at all. If we help students go to college and don't help them graduate, then we are responsible for making their lives worse.

## Lack of Accountability

Colleges are not held accountable for graduating students. Accredited colleges have graduation rates ranging from 94% to 4%. They are businesses, despite being non-profits, and many are making lots of money on the backs of students.

## Success Metric is Wrong: Persistence ≠ Graduation

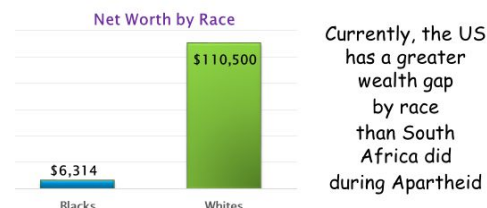
The common metric used to evaluate college success is "persistence"; do students return to college sophomore year? Funders are pouring money into organizations whose goal is persistence, but persistence is not a meaningful predictor of college graduation. Persistence among CPS students is 70%. The CPS college graduation rate is 11%. Funding is currently supporting a milestone, not an outcome.

## It's up to Us

High school graduation rates are up. College attendance rates are up.

### College graduation rates are flat.

The colleges aren't focused on graduation rates because they aren't held accountable for graduating 1<sup>st</sup> generation students. Foundations are focused on persistence and do not hold their grantees responsible for graduation. The same is true of government; college graduation is not a funded priority. Institutions making student loans prefer the status quo. Businesses say they care about diversity and developing STEM talent but care more about their short-term results. If we can't draw a direct line from a college graduate to employment at their company, they're not interested.



Currently, the US has a greater wealth gap by race than South Africa did during Apartheid

**If Not Now, When?**

**ALL students deserve the opportunity to earn a college degree. YOU can ensure they get the opportunity to earn their degree. Will you join the Safety Net Community?**

safe · ty net com · mu · ni · ty

a social unit (group of people) that has a common interest in safeguarding first generation college students against the difficulties and adversity associated with trying to graduate from college

