



Priced Out: Black Students

On Illinois' Disinvestment In Higher Education & What Can Be Done About It

**PARTNERSHIP FOR
COLLEGE COMPLETION**
Accelerating action to close the graduation gap

The Partnership for College Completion (PCC) is a regional nonprofit organization launched in 2016 dedicated to increasing college completion rates in and around Chicago, particularly for low-income students, first generation college goers, Black and Latinx students. PCC seeks to champion policies, systems, and practices that ensure all students in Illinois graduate from college.

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You can find all three reports in PCC's Affordability Study, along with interactive data elements, on the Partnership for College Completion website:

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Letter from the Board Chair & Executive Director

October 2019

Far from guaranteeing equality of results, the United States has accepted and at times championed the idea that equality of opportunity is fundamental to every individual realizing their potential and our country living up to its ideals. For a short period beginning with Lyndon Johnson's Great Society, our government forcefully and aggressively sought to ensure that opportunity was more evenly distributed than it had been before. The passage of the Civil Rights Act, Voting Rights Act, the War on Poverty, the Elementary and Secondary Education Act, and the Higher Education Act, among other Great Society legislation, sought to use the resources and largesse of the federal government to create new opportunities for racial minorities and the impoverished that had previously been denied through legal and extralegal measures.

Many of our states followed suit, themselves using state dollars to better fund public schools, open new community colleges, and reinforce state public university systems that had grown significantly in the post-World War Two, GI Bill era. Illinois was one of those states. Through significant investments from localities and the state government, Illinois built a substantial community college system that serves hundreds of thousands of students, and a state public university system that provided both access and quality to students traditionally shut out of higher priced private colleges and universities. Through investments in students, Illinois made higher education attainable for the children of the Civil Rights era.

Unfortunately, the lofty dreams of the Great Society came crashing down in the 1980s, 1990s, and 2000s as states and the federal government retreated from public investments aimed at creating opportunities for our most vulnerable citizens. This retreat at the state and national level is not felt equally by all. It is felt in low-income black, brown, and rural communities in Illinois whose most valuable economic asset, their talent, is not maximized due to close to two decades of disinvestment in students and the institutions that they attend.

But, there are encouraging signs from the Illinois General Assembly and Governor J.B. Pritzker that a new public commitment to creating opportunities for all Illinoisans is at hand. However, it will take more than spasmodic increases of funding and exuberant public proclamations to reopen the doors of opportunity that have been slowly closing over the last 17 years. Thus, we issue this series of reports detailing the impact that years of disinvestment have had on three groups of students in Illinois: Black, LatinX, and rural students. Through understanding the real costs of disinvestment to our students and our state, we hope that the public will demand more of its leaders and themselves embrace higher education as a public good. The future of our state depends on it.



Beth Swanson

Board Chair,
Partnership for College Completion



Kyle Westbrook

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Executive Summary

For almost two decades, Illinois has undergone a period of disinvestment in higher education, with continued losses in appropriations and underfunding of student financial aid. From 2002 to 2018, funding for Illinois public universities was cut over 50% and community colleges saw similar disinvestment. This created increased financial strain for the state's colleges and universities, leaving them little choice but to raise tuition in order to make up for the loss in funding, effectively shifting the burden to pay onto students.

Though disinvestment in higher education hurts all Illinois students, Black students are affected in unique ways by the high cost of college. This report, which is the first in a three-part series, provides insight into how disinvestment was a catalyst for a college enrollment crisis for Black students, affected completion rates, and set a standard that sees Black students paying greater costs to complete a college degree. While this report uncovers issues related to affordability for Black students, it also connects these issues to specific policy recommendations that can have a direct impact on reversing these trends.

Key Findings

College affordability can be divided into issues of **access, cost, and ability to pay**:

Access

Black students are over-represented at institutions that are the least funded and often have lower completion rates

- 11,100 fewer Black students attended Illinois' public and private nonprofit colleges in 2017, compared to 2007, despite little change in the number of high school graduates
- Only four of the 12 public universities and four of the 62 private nonprofit colleges in Illinois have a Black student population that is representative of the state's population
- Black students are more than twice as likely as White students to attend for-profit institutions
- Most of Illinois' Black community college students are placed into non-credit-bearing developmental education courses, which add time and cost barriers to degree attainment

■ **Policy Recommendations** to Improve Access in Illinois Higher Education

- Convene an equitable funding formula work group
- Create a statewide direct admissions program
- Place fewer students into traditional developmental education
- Improve transfer pathways

Cost

For students whose families make less than \$30,000 per year, which is true of 41% of Illinois' Black families, net prices are especially high and colleges that Black students disproportionately attend are more expensive in every sector

- At Illinois' public four-year colleges, the net price for a student whose family makes less than \$30,000 is about \$12,800 per year

- At Illinois' private four-year colleges, the net price for a student whose family makes less than \$30,000 is about \$17,500 per year
- At Illinois' for-profit institutions, the net price for a student whose family makes less than \$30,000 is about \$22,000 per year

■ **Policy Recommendations** to Decrease the Cost of a Degree

- Better fund public institutions
- Eliminate MAP at for-profit institutions
- Offer completion grants to cover unmet financial need

Ability to Pay

Income and wealth gaps and inadequate financial aid contribute to the accumulation of large amounts of debt, making college persistence more challenging

- In Illinois, the median Black household earns \$33,500, compared to \$62,000 for White households, and is three times more likely to have an annual income below federal poverty levels
- The median Black family in America has about \$11,000 in wealth, compared to \$134,000 for White families
- 38% of Black graduates owed more than \$15,000 in debt, compared to 23% of White graduates

■ **Policy Recommendations** to Increase Students' Ability to Pay

- Increase state investment in the Monetary Award Program
- Eliminate or limit merit-based aid

The report concludes that bold, equity-driven reinvestment in public higher education is the best chance Illinois has to provide educational opportunities equitably, so that Illinois can narrow, rather than reinforce, racial wealth and income disparities.



Introduction

Steady cuts in higher education appropriations and student aid have created college enrollment and completion crises for Black students over the last 20 years. Though disinvestment in higher education has hurt all Illinois students, Black and Latinx students face wealth disparities, while rural students confront college access challenges, which combine with funding cuts to unduly affect these populations. This study, in conjunction with the Latinx Students Report and the Rural Students Report, analyzes the intersection of college affordability and degree completion to uncover the extent to which affordability impacts students in pursuit of a degree. The reports provide insight into how disparities in access, cost, and ability to pay are creating unique barriers for Illinois students across the state and recommends policy reforms to start reversing these trends.

Long-standing and entrenched systemic racism within Illinois' housing, healthcare, criminal justice, lending, labor, and education systems, among others, have created and sustained racial gaps in wealth and economic opportunity. Higher education can be a bridge to opportunity, with Black graduates making hundreds of thousands of dollars more over the course of their lives than high school graduates. However, this report outlines how that opportunity has been limited for Black students. Relative to their White peers, Black students are paying a higher cost to attend college in Illinois, have lower college graduation rates, and ultimately receive less in lifetime earnings than White graduates after completing a degree. Though much of the gaps in access and completion are likely driven by existing economic disparities, forged over generations, an analysis of the state's racial history is beyond the scope of this study. However, this report analyzes some of the economic legacy of these policies in the **Ability to Pay** and **Payoff** sections.

More specifically, this report provides a brief history of college affordability in Illinois and looks at how Black students are affected by the high cost of college. The report concludes that bold, equity-driven reinvestment in public higher education is the best chance Illinois has to provide educational opportunities that can narrow, rather than reinforce racial wealth and income disparities.

A Brief History of College Affordability

Nearly two decades ago, Illinois was considered a leader in college affordability thanks to strong investment in its public institutions of higher education and students through the Monetary Award Program (MAP), Illinois' need-based financial aid program.¹ In 2002, the state covered the majority of college costs through state appropriations, leaving just 28-30% to be covered by students through tuition and fees.² At the same time, the maximum MAP grant covered 100% of tuition and fees at public two-year and four-year institutions, and all eligible students received an award.³ The state's values were clear – through strong investments, Illinois would ensure higher education was accessible and affordable for all.

Promisingly, Illinois made strong investments in higher education in Fiscal Year 2020, but in the two decades prior, Illinois strayed from its commitment to making higher education accessible. From 2002 to 2018, funding for Illinois public universities was cut over 50% and community colleges saw similar disinvestment, making Illinois among the worst in the nation in terms of the size of its cuts to per-student higher education funding.⁴ Despite recent investments, Illinois' state financial aid program has become unreliable and has not kept pace with increases in tuition.⁵ As a result, students' share of college costs increased dramatically between 2002 and 2018.⁶

During this period of disinvestment, the state shifted several costs previously covered by Illinois to the institutions themselves.⁷ Additionally, with limited to no state capital funding to cover maintenance projects, many public university buildings had to be maintained through tuition increases or spending down reserves, or worse, have been left to crumble. This increased financial strain on all institutions, but especially on the state's most underfunded institutions, shifting spending away from essential services such as instruction and student support.

Meanwhile, the percentage of state funds needed to cover pension costs continued to grow. In the Fiscal Year 2019 budget, 44% of all state spending on higher education went toward pension obligations, significantly higher than the national average.⁸ As pension costs rise, state funds available for institutions and students shrink. Like an economy suffering from spiraling inflation, Illinois has addressed its pension obligations through austerity, with institutions forced to further raise prices, and this has had depressing effects on enrollment.

Adding to the financial strain, in Fiscal Year 2016 and 2017, during the unprecedented time when the state was operating without a budget, higher education funding was further slashed by 60-70%, putting several institutions on the brink of closing their doors completely. Public colleges and universities had to make hard decisions in order to keep their doors open, including eliminating degree programs, limiting student services, and implementing college-wide layoffs.

1 Perna, Laura, Joni Finney, and Patrick Callan. "A Story of Decline: Performance and Policy in Illinois Higher Education." Institute for Research on Higher Education, n.d. https://www.gse.upenn.edu/pdf/irhe/Performance_Policy_Illinois_Higher_Education.pdf.

2 The Illinois Board of Higher Education. "Fiscal Year 2020 Higher Education Budget Recommendations," December 4, 2018. <http://www.ibhe.org/board/2018/december/D1.pdf>.

3 Ibid.

4 Center for Tax and Budget Accountability. "Illinois' Significant Disinvestment in Higher Education." The Budget Blog, January 30, 2017. <https://budgetblog.ctbaonline.org/illinois-significant-disinvestment-in-higher-education-e49db103c80>. Illinois cut per-student higher education funding by 54%, with Arizona being the only large state with greater cuts.

5 "Examining the Relationship between State Appropriation Support and Tuition and Fees at Illinois Public Universities." Illinois Board of Higher Education. Accessed August 8, 2019. https://www.ibhe.org/assets/files/DataPoint_ShifttoTuitionandFeesfromStateAppropriations.pdf.

6 The Illinois Board of Higher Education, "Fiscal Year 2020 Higher Education Budget Recommendations."

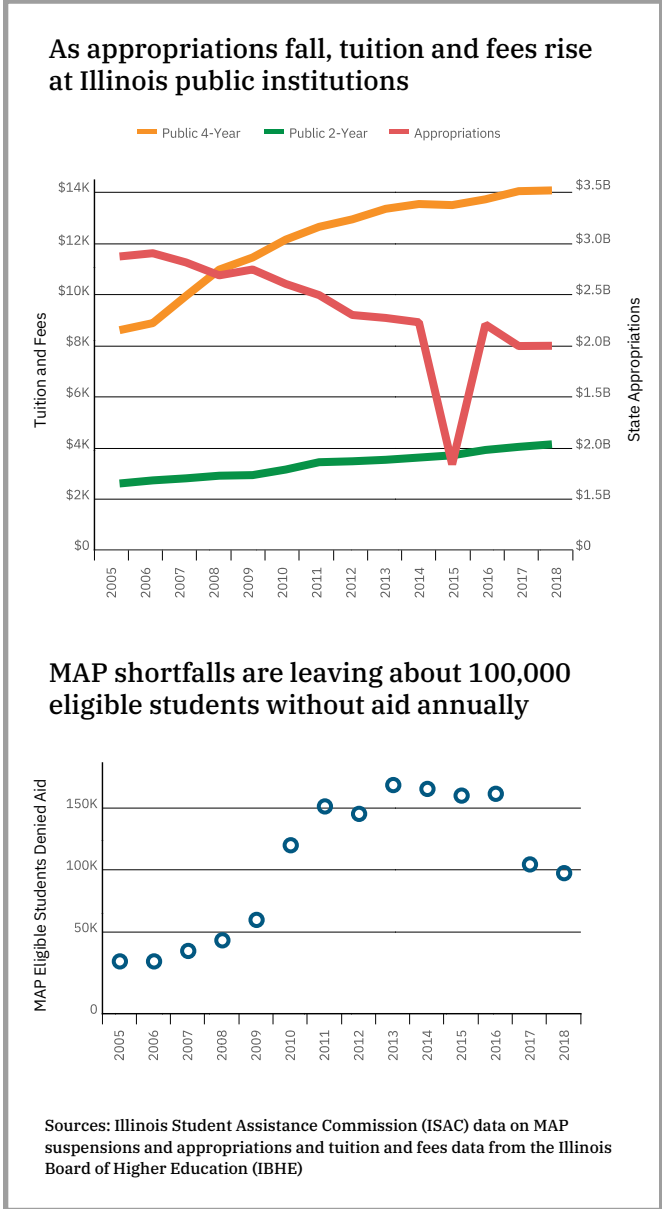
7 The Illinois Board of Higher Education. "Fiscal Year 2019 Governor's Higher Education Budget Operations, Grants, And Capital Improvements," April 13, 2018. <https://www.ibhe.org/board/2018/march/VIIGovernorsHEBudget.pdf>.

8 Rhodes, Dawn. "How Much Money Are Illinois Colleges Getting in the New Budget? 'It's Definitely Good News for Colleges and Universities.'" Chicago Tribune, June 19, 2019. <https://www.chicagotribune.com/news/ct-cb-illinois-colleges-state-budget-20190619-ciz3kc7uxvg75ntwvhyfutx4ca-story.html>.

This disinvestment in higher education created an environment ripe for harm to students. With nowhere else to turn, institutions had to make up for the loss in state appropriations by increasing tuition, shifting the burden to pay onto students. At some institutions, in-state tuition has nearly doubled over the last ten years. Even community colleges, a lower-cost path to a career or bachelor’s degree completion, have had to increase tuition by 80% over the last decade.⁹

Disinvestment in higher education hit low-income students particularly hard. As institutions raised tuition to cover costs, the students’ share of college costs increased, and with it, the buying power of MAP decreased. At its peak in 2002, the maximum MAP grant covered 100% of tuition and fees at community colleges and universities for all eligible students.¹⁰ In Fiscal Year 2019, the highest award covered only 32% of public university tuition and fees and 36% of community college tuition and fees.¹¹ Furthermore, due to lack of funding, MAP became a first-come, first-served program, with nearly 90,000 low-income students receiving no grant at all, and those are just the students who were both eligible and applied.¹²

Over the course of the last 17 years 1.5 million MAP grants have been denied to Illinois students; that’s \$3.25 billion dollars in aid denied to students who were eligible and applied for the grant, which has had untold effects on enrollment, persistence, and completion in the state. While Fiscal Year 2020 saw the largest increase in MAP appropriations to date, until the program is fully funded, tens of thousands of students will be denied funding each year and could miss out on the opportunity of higher education altogether.



9 College Board. “Trends in College Pricing: Tables & Figures.” Research, May 31, 2019. <https://research.collegeboard.org/trends/college-pricing/resource-library>.

10 The Illinois Board of Higher Education, “Fiscal Year 2020 Higher Education Budget Recommendations.”

11 Ibid. This coverage at community colleges represents the average tuition and fee coverage for community college MAP recipients who have a zero expected family contribution (EFC); these students represent 68 percent of all MAP recipients at community colleges

12 “Basic ISAC Program Data.” Illinois Student Assistance Commission, December 2018. <https://www.isac.org/e-library/research-policy-analysis/documents/2018-Basic-ISAC-Program-Data.pdf>.

Access, Cost, and Ability to Pay



There are many ways to look at affordability issues, which touch every step of the college-to-career pipeline. In the interest of clearly analyzing how affordability relates to policy, the reports in PCC's Affordability Study separate these issues into the categories of Access, Cost, and Ability to Pay.

- **Access** issues are differences in college opportunities associated with students' race and/or place of birth
- **Cost** issues reflect the financial burden that students take on to enroll, persist, and complete college
- **Ability to Pay** disparities by race and income affect how students pay for these costs

Many topics in college affordability relate to a few or all of these categories, and accordingly these reports analyze them through these different lenses. For example, the high cost of private colleges can pose both an access issue, in that it can limit students' ability to enroll and persist, and a cost issue, in how students attending these colleges must pay for their education.

College Affordability for Black Students in Illinois

A young Black man with short, curly hair is sitting at a desk in a classroom or office setting. He is wearing a dark t-shirt and is focused on writing in a spiral notebook with a pen. To his left is a computer monitor and a keyboard. The background shows shelves with books and other office equipment. The entire image has a green color overlay.

Access

There has been a precipitous decline in enrollment for Black college students in Illinois over the last decade; 11,100 fewer Black students attended Illinois’ public and private-nonprofit colleges and universities in 2017 compared to 2007, despite similar numbers of Black public high school graduates during that time period.¹³ Illinois may be in store for more dramatic declines, too, as the state is predicted to have 2,000 fewer Black high school graduates in 2023 than in 2018.¹⁴ Thus, in terms of the overall pipeline to and through college, access to higher education continues to decline for Black Illinoisans. Though this study mostly focuses on challenges for students who do enroll in college, it is important to acknowledge the decline in Black student enrollment as a fundamental problem for the state, which is exacerbated by the affordability issues discussed throughout this report.

For Black students, decreased access often takes the form of unequal representation within different college sectors (i.e. two-year community college, four-year private nonprofit, etc.). The college sector students attend is important to affordability, as each has different costs, completion rates, and post-graduation payoffs. Of most concern, Black students are more than twice as likely as White students to attend for-profit institutions, which cost the most of any sector, have poor track records of increasing earnings, and average higher default rates on student loans.¹⁵

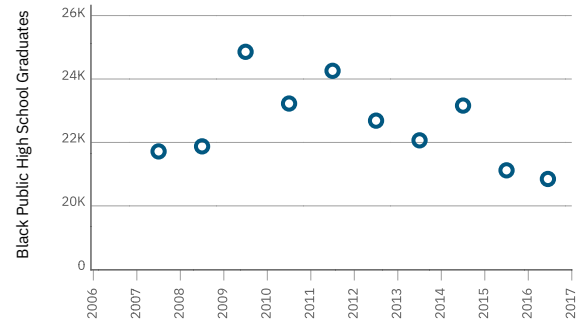
Looking within college sector also shows differential access by race, as public and private colleges with higher completion rates, transfer rates, and post-graduation incomes tend to enroll lower percentages of Black students. Further, the public universities that enroll lower percentages of Black students are also receiving the bulk of state appropriations, leaving institutions serving the largest percentages of Black students less resources to adequately support them. However, public universities are funded through taxpayer dollars to provide college access for Illinois students, and therefore should at least serve a percentage

13 “Illinois Board of Higher Education. “Table I-2: Total Fall Enrollments by Gender, Race or National Origin, and Type of Institution, and Level of Instruction Fall 2017.” Illinois Board of Higher Education. Accessed July 31, 2019. <http://www.ibhe.org/ibhedatabook/Chapter/I/Table%20I-2.aspx..> <https://www.isbe.net/ilreportcarddata>. and “Data — Knocking at the College Door.” and WICHE Projections of High School Graduates. Accessed July 29, 2019. <https://knocking.wiche.edu/data/>.

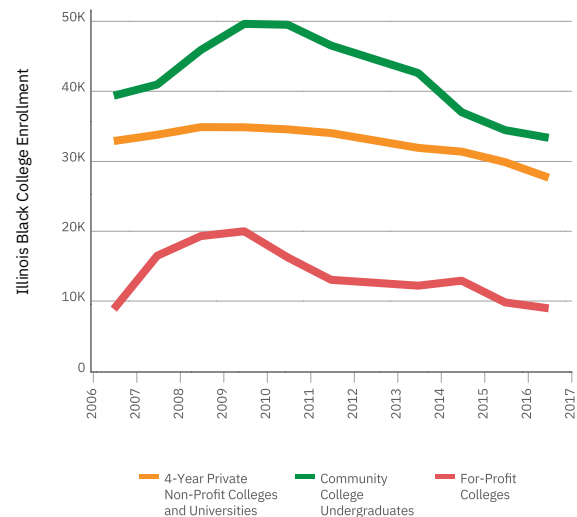
14 “Ibid.

15 Illinois Board of Higher Education, “Table I-2: Total Fall Enrollments by Gender, Race or National Origin, and Type of Institution, and Level of Instruction Fall 2017.”

The number of black high school graduates is largely unchanged from 10 years ago



Black student enrollment has declined, except at for-profit colleges



Sources: Projections of high school graduates from the Western Interstate Commission for Higher Education (WICHE) and IBHE data on college enrollment. Data for 2013 enrollment not available.

of Black students that represents the state that funds them. Moreover, universities that are enrolling at least a representative percentage of Black students must have greater resources to do so, as they are working to counteract large racial wealth disparities that can affect completion, covered in the **Ability to Pay** section of this report.

Finally, there are completion gaps between Black and White students at nearly all colleges and universities, showing that Black students experience barriers *within* a college. This report also focuses on developmental education, which segments students into non-college-level courses that are often the first and last stop for students in college. The way Black students are being over-placed and under-served in developmental education makes it both a civil rights and an affordability issue, as Black students are not being provided the same chances of earning a degree.



Public Two-Year Colleges

By offering a lower-cost education, as well as orienting practices and policies to support diverse students' needs, community colleges play an important role in giving students access to college opportunities. However, completion and transfer rates from two-year public colleges to four-year colleges point to limited opportunities. The completion rate for the state's Black community college students is only 15%, compared to 37% for White students, and Black students who start at community college are also less likely to transfer to and graduate from a four-year college.¹⁶ Though Illinois is lauded for leading the nation in graduation rates for transfer students, in 2017, Black students made up less than 9% of those transferring from community college to public or private universities.¹⁷

One likely explanation for these gaps is developmental education. Most of Illinois' Black community college students are placed into non-credit-bearing developmental education

16 "Annual Enrollment and Completion Data." ICCB, 2017. <https://www.iccb.org/data/data-characteristics/2017-data-and-characteristics-of-the-illinois-public-community-college-system/annual-enrollment-and-completion-data-2017/> Table III-4 for enrollment and "Annual Enrollment and Completion Data." ICCB, 2019. <https://www.iccb.org/data/data-characteristics/2019-data-and-characteristics-of-the-illinois-public-community-college-system/annual-enrollment-and-completion-data-2019/>.

17 "Chapter I & Table I-12." IBHE Databook, Fall 2017. <http://www.ibhe.org/ibhedatabook/ChapterI/Table%20I-12.aspx>. Black students make up about 14% of 2016 community college enrollees, but less than 9% of Illinois' transfers to public universities or private nonprofit colleges.

Black Representative and Non-Representative Institutions

This report outlines how Black students are not gaining access to certain public and private colleges at the same rates as White students. One way of measuring and discussing this is through representation: *representative institutions* are those that enroll 17% or more Black students, reflecting the population of 18-24 year old Illinoisans, and *non-representative institutions* fall short of that. This is illustrative for public universities, which should reflect the diversity of the state that funds them, and for private colleges, in seeing what populations they are serving.

courses, which add time and cost barriers to degree attainment. Out of 100 Black students in community college, 71 are placed in remediation, and only 6 of those students graduate, compared to nearly half the placement rate and four times the graduation rate for White students.¹⁸ This is a significant part of the state's college pipeline, as 12,700 Black students in Illinois were enrolled in community college remedial courses in 2017, only 35% less than the number of Black students attending all public universities combined.¹⁹ Placement into developmental education is to some degree related to high school inequities that lead to differences in preparedness. But, studies show evidence that traditional developmental education can be a barrier to students completing, placement into these courses can be flawed in ways that over-enroll students of color, and that no identifiable student group has a better chance of advancing toward a degree if placed into these courses.²⁰

18 Data provided by the Illinois Community College Board (ICCB)

19 "Table I-3: Race or National Origin of Students Enrolled in Illinois Colleges and Universities by Type of Institution." Illinois Board of Higher Education, Fall 2017. <http://www.ibhe.org/ibhedatabook/ChapterI/Table%20I-3.aspx>.

20 "Policy Brief: Remediation Reform." Partnership for College Completion, March 2019.



Public Universities

Public four-year universities are meant to provide opportunities for Illinoisans to affordably earn bachelor's degrees, but improving equitable attainment means better funding institutions serving Black students and having well-funded institutions better represent the state's population. Opportunities at public universities are currently being stratified by race, as only four of Illinois' 12 public universities enroll a percentage of Black students that at least match the state's population, and Black students graduate at a 31% rate at these representative institutions, compared to 40% at non-representative universities. Further, the universities that have higher overall graduation rates and smaller completion gaps between White and Black students are not the ones enrolling representative populations of Black students, though these eight universities receive 87% of the state's annual appropriations.²¹

However, unequal opportunities to earn a degree are not just an issue at these four representative colleges. Stark completion gaps exist between Black and White students at all of Illinois' public universities, and show little sign of closing – all other racial groups have seen graduation rates increase over

the last ten years, while Black students now graduate at a slightly lower rate.²² Though more commonly discussed as a community college issue, remediation disproportionately limits Black student access at public universities, as well.

Available data indicates that Illinois' Black public university students are more than twice as likely to be placed into remedial classes and, after being placed in them, 39% less likely than White students to complete college-level courses.²³ These classes can create a barrier to moving forward, and at minimum can delay students' timelines to graduation and increase the risk of exhausting financial aid eligibility. "The only [concern] that I had was pushing the limit on the years of financial aid they give you," said a student interviewed for this report, who had to take two developmental education courses, which she found unnecessary and time-consuming. She plans on transferring and is now on the margins of not having enough eligibility to receive state aid through the completion of her degree. "My research said I get six years [of financial aid]... I'm at four years now, but running out would be a concern."

http://partnershipfcc.org/images/Policy/Final_Remediation_Brief.pdf

21 The Illinois Board of Higher Education, "Fiscal Year 2020 Higher Education Budget Recommendations."

22 Cohort data from "Trend Generator: Graduation and Retention Rates." National Center for Education Statistics. Accessed July 31, 2019. <https://nces.ed.gov/ipeds/trendgenerator/app/trend-table/7/19?treanding=column&valueCode=1&f=6%3DIL&rid=49&cid=1>.

23 Complete College America. "Remediation: Higher Education's Bridge to Nowhere," April 2012. https://www.insidehighered.com/sites/default/server_files/files/CCA%20Remediation%20ES%20FINAL.pdf.



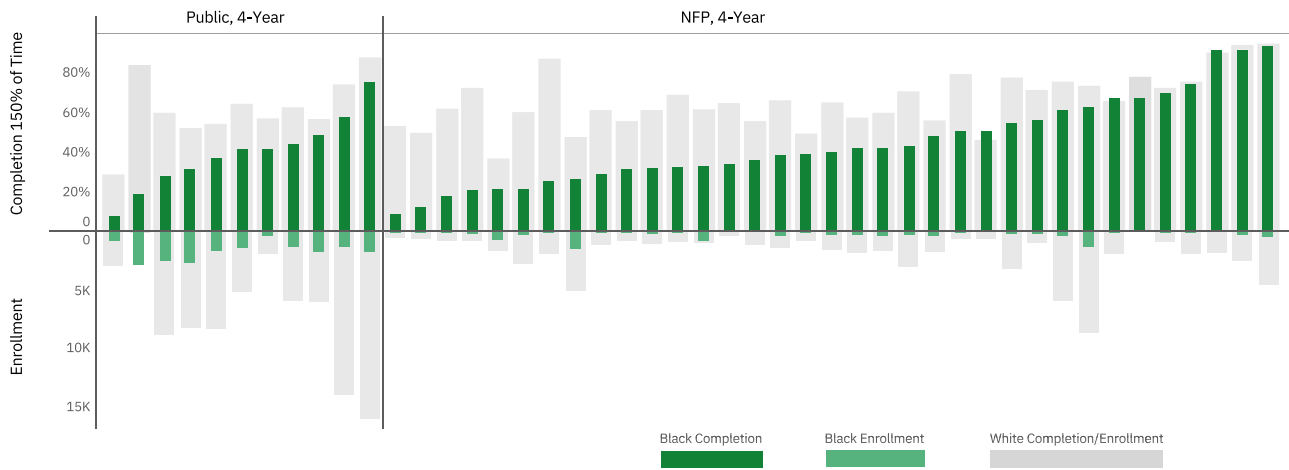
Private Four-Year Colleges

Though the private nonprofit sector is often seen as producing better opportunities for students, Illinois colleges vary greatly in their outcomes. Some institutions have greater completion rates and are associated with more earnings for graduates, but those colleges serve significantly fewer Black students.²⁴ Among the 62 private colleges in Illinois, only four enroll a percentage of Black students equal to or greater than the population of the state. Though there are many reasons demand for different college sectors could vary by race, data from the Cappex college discovery platform shows thousands of inquiries for private colleges every year from Black prospective students, indicating clear interest in these institutions.²⁵ Among the state's most selective institutions, which are associated with millions of dollars of greater lifetime earnings, better access to career opportunities, and

increased likelihood of attaining graduate degrees, only 7% of the students are Black, compared to 14% at the State's less selective institutions.²⁶ However, some of these colleges have acknowledged and are working on solutions to these access issues, such as test-optional admissions, which hold potential to improve equity in enrollment.²⁷

Black students are not only being underserved by the private sector, but colleges with higher graduation rates for Black students enroll significantly smaller percentages of Black students.²⁸ Further, inquiry data shows that Black prospective students are significantly more interested in applying to colleges that have the highest graduation rates for Black students, not necessarily the ones that end up enrolling greater percentages of Black students.²⁹

At most colleges, there are large gaps in Black and White students' graduation rates, and Black students are under-represented at institutions with smaller completion gaps



24 Carnevale, Anthony P., and Jeff Strohl. "Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege." Georgetown Center for Education and the Workforce, July 2013. http://cew.georgetown.edu/wp-content/uploads/SeparateUnequal.FR_.pdf. and U.S. Department of Education. "College Scorecard Data." College Scorecard, May 21, 2019.

25 Data provided by Cappex and College Greenlight. While not necessarily representative of the state, the data includes more than 3,600 private college inquiries from Black students in one year, showing substantial interest in this sector.

26 Carnevale and Strohl, "Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege." E

27 Kmetz, Danika. "UChicago Launches Test-Optional Admissions Process with Expanded Financial Aid, Scholarships." University of Chicago News, June 14, 2018. <https://news.uchicago.edu/story/uchicago-launches-test-optional-admissions-process-expanded-financial-aid-scholarships>.

28 U.S. Department of Education, "College Scorecard Data."

29 Data provided by Cappex and College Greenlight. Black students' college inquiries are



For-Profit Colleges

The share of Black college-going students enrolled in for-profit colleges is double that of White students. To put this in perspective, three for-profit colleges alone enroll nearly 8,000 Black students, which is greater than the Black undergraduate enrollment at all five university campuses in the University of Illinois and Southern Illinois University systems combined.³⁰ Unfortunately there is much evidence that the for-profit sector produces subpar outcomes at high costs (See, **Ability to Pay** and **Payoff** sections).³¹

ACCESS ISSUES AND THE QUALITY OF EDUCATIONAL EXPERIENCE

This report discusses some of the most apparent and measurable factors affected by affordability, but they are hardly the only ones. In interviews, students mentioned numerous programs and opportunities that they would like to access, if affordability weren't an issue, such as going directly to graduate school, studying abroad, living on-campus, and taking unpaid internships in their field of interest. Not having these opportunities limit the experiences of students in the short-term, and in the long-term affect future potential opportunities.

strongly correlated with Black completion rates at those colleges, but not at all correlated with the percent of Black students enrolled at that college

30 Illinois Board of Higher Education, "Table I-2: Total Fall Enrollments by Gender, Race or National Origin, and Type of Institution, and Level of Instruction Fall 2017."

31 Deming, David J., Claudia Goldin, and Lawrence F. Katz. "The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators?" *Journal of Economic Perspectives* 26, no. 1 (February 2012): 139–64. <https://doi.org/10.1257/jep.26.1.139>.



Policy Recommendations to Improve Access in Illinois Higher Education

- Convene an equitable funding formula work group
- Create a statewide direct admissions program
- Place fewer students into traditional developmental education
- Improve transfer pathways

For details on each recommendation, see [Improving Access](#)

Cost

Black students are paying a relatively greater price for college in Illinois than White students. This is mostly because racial disparities in wealth make Black students pay, work, and borrow more for the same opportunities (see, **Ability to Pay**). However, with limited access to lower-cost options, Black students tend to enroll in four-year colleges that end up being more expensive. With narrow financial margins, the thousands of dollars Black students could be saving, and hundreds of hours in classrooms that could be spent earning wages, are especially costly.

The first step in narrowing racial completion gaps is acknowledging that as long as costs are very high and payoffs are lower, students will attend colleges that are less expensive or that appear to have a quicker return on their investment, stop out, take longer to graduate, or not attend college at all. These are the unavoidable effects of shifting costs from state funding to students, and they disproportionately fall on Black students. Lowering college costs for Black students is paramount in improving college access, persistence, and completion, and for Illinois to achieve its goals for equity and college attainment.

PERCEPTIONS OF AFFORDABILITY

How students perceive price affects access and retention; estimations of college costs can prevent students from applying, enrolling, or cause them to stop out. High sticker prices may discourage Black students from applying and enrolling in the 17 most selective colleges in Illinois, where the posted tuition and fees at these colleges average \$34,195, compared to \$14,681 at Illinois' less selective colleges.³² While 60% of Illinois White student inquiries on the Cappex college platform were directed to these 17 colleges, only 49% of Black student inquiries on the platform were for these colleges.³³ High sticker prices are not only a feature of private colleges, as Illinois' flagship university posts the nation's fifth-highest in-state tuition and fees.³⁴

32 Hoxby, Caroline M., and Christopher Avery. "The Missing 'One-Offs': The Hidden Supply of High-Achieving, Low-Income Students." *Brookings Papers on Economic Activity* (blog), March 21, 2013. <https://www.brookings.edu/bpea-articles/the-missing-one-offs-the-hidden-supply-of-high-achieving-low-income-students/>. and Lowry, Kimberly M. "Community College Choice and the Role of Undermatching in the Lives of African Americans," 2017. <https://doi.org/10.1080/10668926.2015.1125315>.

33 U.S. Department of Education, "College Scorecard Data." and data from College Greenlight and Cappex

34 "Variation in Published Prices for Trends in College Pricing - Trends in Higher Education." The College Board. Accessed August 14, 2019. <https://trends.collegeboard.org/college-pricing/figures-tables/variation-published-prices#Published%20Tuition%20>

THE PRICE STUDENTS PAY

Average Net Price

Average Net Price: the average cost of attendance, including tuition and fees, books and supplies, and living expenses, minus the average grant/scholarship aid. This report looks at average net price overall, but also specifically for students with family incomes from \$0 to \$30,000, to see how affordable colleges are for low-income students.



Public Two-Year Colleges

Community colleges can put degrees within reach for students, as these colleges are well-priced relative to four-year institutions. On average, students pay a net price of \$6,200 to attend community college in Illinois, \$10,000 less per year compared to public universities.³⁵ Improving the placement of students and delivery method of developmental education, as well as improving academic pathways, can further limit unnecessary costs for students. However, community colleges are integral both in providing short-term degrees that improve employment prospects as well as transfer opportunities, which can lower the overall cost of four-year degrees.



Public Universities

At all income levels, Illinois' public universities are among the most expensive in the country in terms of net price. For students whose families make less than \$30,000 per year, which is true of 41% of Illinois' Black families, net prices are especially high.³⁶ For students from those families the cost is \$12,800, among the highest in the nation, and nearly 50% more than

and%20Fees%20by%20Region%20and%20by%20State.

35 U.S. Department of Education, "College Scorecard Data."

36 Bureau, U. S. Census. "American FactFinder." Accessed May 24, 2019. <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

the average cost among public universities in the midwest.³⁷ “I was between paying \$13,000 in loans [to attend a private college] or \$16,000 in loans [to attend a regional public university in Illinois] and [private college] is just a better investment,” said an interviewed student, who ended up going to the private college and covering most of that amount in institutional scholarships. The student explained, “I did get into [selective public university] program, but then I thought about the loans.”



Private Four-Year Colleges

Though private nonprofit colleges often cite low overall costs for low-income students after accounting for institutional aid, actual costs of college are far higher than at public institutions; students whose families make less than \$30,000 pay about \$17,500 per year at private four-year colleges. The 58 private colleges that enroll non-representative populations of Black students are able to charge about \$2,400 less per year to the lowest-income students, further illustrating how this sector is not providing access to Black students equitably.³⁸

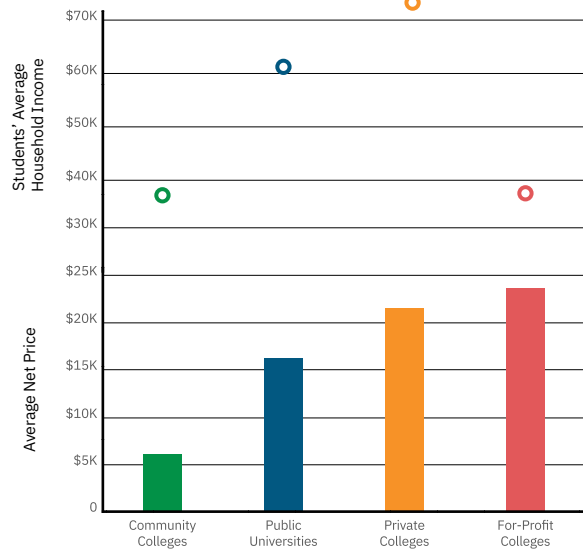


For-Profit Colleges

The inequities in college access and affordability are heightened by the disproportionate number of Black students enrolled in for-profit institutions, which tend to have the highest costs of any sector. At Illinois’ for-profit institutions, the net price for a student whose family makes less than \$30,000 is about \$22,000 per year.³⁹ There are many rational reasons students choose these institutions, despite the far higher cost, including marketing efforts, promised job placement, flexibility, ease of access, and responsiveness.⁴⁰

Like many Black Illinoisans facing family and/or financial issues, one interviewed student enrolled in an institution accessible from her home to enhance her skills and secure a better paying

Students with lower income disproportionately attend community colleges and for-profit colleges



Source: The College Scorecard and data on FAFSA-filers household income from ISAC

job. “My mom got really sick, so I went back home for a couple of semesters and while I lived back home I went to [for-profit college] and I got my pharm tech [pharmacy technician] certification, so I can work as a pharm tech while I was in school, and to help get ready for pharmacy school. When I returned to [the public university], I kind of got discouraged because I was trying to get a pharm tech job and no one really wanted to hire me.” She didn’t know that this institution was a for-profit college, and was surprised when employers didn’t value her credential, though that is often the case with institutions from this sector.⁴¹ The price of this program is listed at \$23,000 (compared to the \$15,600 average cost of her university), and the for-profit college she attended has four times the rate of students defaulting on loans compared to her public university.⁴² Attending the for-profit

37 “The Integrated Postsecondary Education Data System.” This uses the NCES definition of the Great Lakes region, which includes Illinois, Indiana, Michigan, Ohio, and Wisconsin.

38 Ibid.

39 Ibid.

40 Holland, Megan M., and Stefanie DeLuca. “‘Why Wait Years to Become Something?’ Low-Income African American Youth and the Costly Career Search in For-Profit Trade Schools.” *Sociology of Education* 89, no. 4 (September 15, 2016): 261–78. <https://doi.org/10.1177/0038040716666607>.

41 Deming, David J., Noam Yuchtman, Amira Abulafi, Claudia Goldin, and Lawrence F. Katz. “The Value of Postsecondary Credentials in the Labor Market: An Experimental Study.” *American Economic Review* 106, no. 3 (March 2016): 778–806. <https://doi.org/10.1257/aer.20141757>.

42 Miller, Ben. “How You Can See Your College’s Long-Term Default Rate.” *Center for American Progress*, August 30, 2018. <https://www.americanprogress.org/issues/education-postsecondary/news/2018/08/30/457296/can-see-colleges-long-term-default-rate/>.

institution also put this student at risk of exhausting financial aid eligibility, which is limited by the number of semesters a student spends in college. Finally, it affected her ambition to become a pharmacist. After finding her pharmacy credentials weren't valued in the job market, she decided to switch majors.

OPPORTUNITY COST

College is often spoken of as an investment. However, unlike putting savings in the stock market, the decision to spend one's time attending college comes at the direct expense of making money, unless a student has wealth or the ability to take on debt with little consequence. This trade-off, commonly referred to as opportunity cost, can be hard to observe. However, when asked directly, surveyed Black college students put much greater value on having resources now rather than in a year.⁴³ This can be the unseen cause of access issues, as students forgo college opportunities with better long-term payoffs for ones that offer short-term returns, lower costs, and/or less debt.⁴⁴ Having less money in the bank means a student is essentially paying far more for every hour they are in a classroom instead of working.

Opportunity cost may be apparent in Black students' work trends. Of surveyed Illinois working students, 81% of Black students worked more than 20 hours per week, compared to 71% of White students, and 60% of Illinois' Black students said their jobs limit the number of classes they could take, compared to just 47% of White students.⁴⁵ A greater need to work may help explain the extra year the median Black student takes to graduate compared to White students.⁴⁶ Opportunity cost is also a major factor in more students enrolling in community colleges during recessions, as job opportunities are scarcer. This was reflected in Black student enrollment growth in Illinois during the latest recession. This growth was an opportunity for the state to improve the educational attainment and

employment prospects of workers, but Black graduation rates dipped to a 12-year low, unfortunately signaling affordability and other institutional challenges for this influx of students.⁴⁷ Encouraging students to complete degrees and then supporting them as they do so, perhaps through targeted grant programs, can help students finish while increasing the state's educated workforce.



Policy Recommendations to Decrease the Cost of a Degree

- Better fund public institutions
- Eliminate MAP at for-profit institutions
- Offer completion grants

For details on each recommendation, see [Decreasing the Cost of a Degree](#)

43 "National Postsecondary Student Aid Study: 2016 Undergraduates." National Center for Education Statistics. Accessed July 31, 2019. <https://nces.ed.gov/datalab/powerstats/default.aspx>.

44 Wescher, Lance, Travis Hutchinson, and Anna Rannou. "Minimum Wages, Employment, and College Enrollment." *The American Economist* 64, no. 1 (2019): 3–18. <https://doi.org/10.1177/0569434518787485>.

45 "National Postsecondary Student Aid Study: 2008 Undergraduates." National Center for Education Statistics. Accessed July 31, 2019. <https://nces.ed.gov/datalab/powerstats/default.aspx>. This report uses the National Postsecondary Student Aid Study from 2008, the latest year for which Illinois-specific data is available. However, as noted throughout this report, the recession has only exacerbated the enrollment, wealth, and debt issues that Black students face.

46 Ibid.

47 Trend Generator: Graduation and Retention Rates." National Center for Education Statistics. Accessed July 31, 2019. <https://nces.ed.gov/ipeds/trendgenerator/app/trend-table/7/19?trendino=column&valueCode=1&f=6%3DII&rid=49&cid=1>

Ability to Pay

The greatest affordability gaps are in the different resources that Illinois Black and White students have to pay for college. This is apparent by household income, but is most evident in wealth disparities, as Black students start with very thin margins for discretionary spending compared to White students.

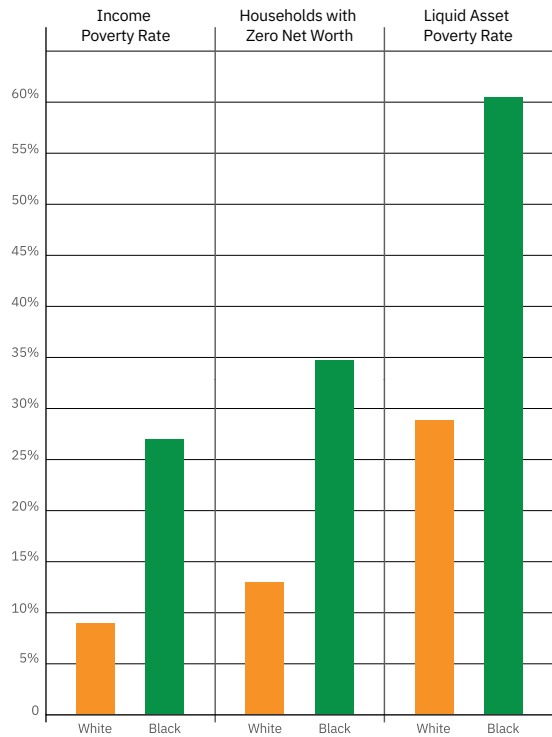
Loans are often necessary to cover the previously outlined costs, but Black students in Illinois end up owing more than any other racial group, and default at higher rates. “A lot of people would tell me, ‘Hey, don’t worry about loans because going to college, it’s worth it,’” said a public university student. “Once you go to college, you get that degree, you’re going to be making the money you need to make to pay back those loans.”

As college costs rise, Black students have been increasingly less able to rely on state aid to cover the difference. One year the aforementioned student had to take out more in loans because she was MAP suspended, meaning she was denied a grant when the state’s funding came up short. Unfortunately, like many students, she blamed herself for being denied aid, despite being eligible and applying for it: “I think in my sophomore or junior year, I filled it out later, so I didn’t qualify for MAP. That was on me.”

INCOME GAPS

Typically, household income is used as a measurement of a family’s ability to pay for college. In Illinois, the median Black household earns \$33,500, compared to \$62,00 for White households, and is three times more likely to have an annual income below federal poverty levels.⁴⁸ Survey data shows that there are even greater income gaps among White and Black households sending students to college in Illinois.⁴⁹ Because of income disparities, Illinois Black families pay 44% of their income to attend public universities and 51% to attend private colleges, compared to 31% and 35% for White students, respectively. Gaps are even larger at public two-year colleges, with Black Illinoisans paying about double the percentage of their income compared to White Illinoisans.⁵⁰

Black Illinoisans have greater rates of wealth and income poverty



Source: Prosperity Now Scorecard

48 “Financial Insecurity in Chicago: A Data Profile.” Family Assets Count. Prosperity Now, June 2015. https://prosperitynow.org/files/PDFs/profiles/Chicago_Family_Assets_Count_Data_Profile.pdf.

49 “NCES PowerStats.” NPSAS:08

50 Ibid.

WEALTH DISPARITIES

Though income is important, a family's wealth, both in a more liquid form (like a savings account) or non-liquid (such as housing) provides resources and stability that are crucial in persisting through years of college expenses. Racial wealth gaps have been formed over generations of discriminatory policies that made assets, especially housing, easier for White families to accumulate, and in Illinois these gaps are significant. The median Black family in America has about \$11,000 in wealth, compared to \$134,000 for White families, and in Illinois the median White family has a higher net worth than the national average.⁵¹ This considers durable goods like cars and furniture, which cannot be directly used to fund college; without durable goods, the median White family in America has 75 times the wealth of the average Black family.⁵² In Illinois, 61% of Black families live in liquid asset poverty, meaning that their savings can't cover three months of basic expenses, compared to only 28% of White families.⁵³ Discussions of students' ability to pay for college often overlook race and simply focus on income, but these differences in wealth show how inaccurate that measure can be. For example, the typical Black family with a middle-class income has just \$10,000 more wealth than a White family with one-third of their income, whereas the typical White family with a middle-class income would have \$120,000 more.⁵⁴

Racial wealth gaps threaten college completion in many ways. First, studies show Black students are especially likely to experience disruptive major life events.⁵⁵ However, the parents of Black college students are less likely to have the financial resources to save for emergencies, or to be able to help with tuition.⁵⁶ The connection between race, wealth, and college persistence was apparent in a study of student loans and college persistence, which showed White students were significantly more likely to graduate than Black students, but controlling for household net wealth diminished this effect.⁵⁷

51 Asante-Muhammad, Dedrick, Chuck Collins, Josh Hoxie, and Emanuel Nieves. "The Road to Zero Wealth." Prosperity Now, September 2017. https://inequality.org/wp-content/uploads/2017/09/The-Road-to-Zero-Wealth_FINAL.pdf. and "Financial Insecurity in Chicago: A Data Profile."

52 Ibid.

53 "Prosperity Now Scorecard Data By Location." Prosperity Now. Accessed May 28, 2019. <https://scorecard.prosperitynow.org/data-by-location/>.

54 Middle income defined as \$61,000 to \$104,000 Asante-Muhammad et al., "The Road to Zero Wealth."

55 Turner, R. Jay, and William R. Avison. "Status Variations in Stress Exposure: Implications for the Interpretation of Research on Race, Socioeconomic Status, and Gender." *Journal of Health and Social Behavior* 44, no. 4 (2003): 488–505. <https://doi.org/10.2307/1519795>.

56 "NCES PowerStats." NPSAS:08. "Prosperity Now Scorecard Data By Location."

57 Zhan, Min. "The Impact of Youth Debt on College Graduation." *Journal of Sociology*



TAKING ON AND PAYING OFF DEBT

"If [taking out loans] was something that I really needed to do, I would definitely do it... but if [I could] keep struggling and be done without [loans], I would keep struggling and be done with it," said one student who ramped up to working more than 20 hours per week and turned down unpaid internships to minimize loans.

In lieu of wealth, the ability and willingness to take on debt can determine if students have the resources to persist in college. Black students and their families take on more debt per borrower than any group in Illinois, and that debt is both riskier and harder to pay off, as further described in the **Payoff** section. Among surveyed Illinois students, 38% of Black graduates owed more than \$15,000 in debt, compared to 23% of White students, and gaps are equally large regardless of whether a student completed college.⁵⁸ Mounting debt can cause students to stop out before finishing; nationally, about 70% of Black students who stopped out cited student loans as a primary reason, as opposed to less than half of White students.⁵⁹ This issue is particularly prevalent in Illinois, which ranks 12th in percentage of public and private nonprofit college students who have debt.⁶⁰

and Social Welfare 41 (January 2014). <https://pdfs.semanticscholar.org/dfa1/0b6d-0d79e9dd509f30da069cfaa4d3337e6c.pdf>.

58 "NCES PowerStats." NPSAS:08

59 Johnson, Anne, Tobin Van Ostern, and Abraham White. "The Student Debt Crisis." *Campus Progress*, October 25, 2012. <https://cdn.americanprogress.org/wp-content/uploads/2012/10/WhiteStudentDebt-5.pdf>.

60 "State by State Data." The Institute For College Access and Success. Accessed August 6, 2019. <https://ticas.org/posd/map-state-data>.

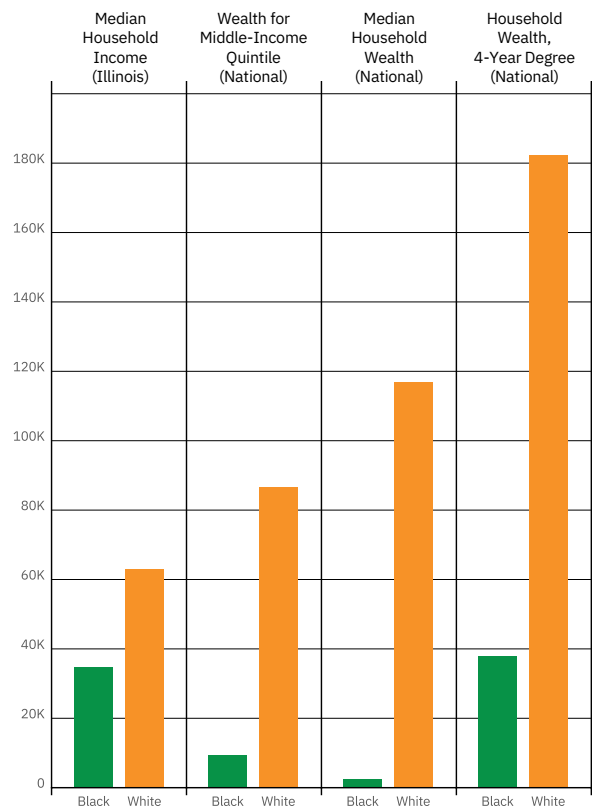
The kind of debt Black students are taking on is also of concern. National research shows that Direct Parent PLUS (DPP) loans have grown as a source of college funding for low-income Black students over the last decade.⁶¹ DPP loans offer dependent students' parents up to \$5,000 per year at higher interest rates than undergraduate or graduate federal loans. These types of loans can burden two generations with mounting and especially risky debt for decades to come; thus, they have troubling implications for the prospects of building generational wealth.⁶² In Illinois, the number of DPP loans has doubled in the last decade. In 2007, 15,000 students in Illinois borrowed about \$180 million in DPP loans, compared to about 34,000 students totaling \$500 million in 2018.⁶³ As one interviewed student put it, "If loans are in my name, that's totally fine – it'll get paid off. I feel like it's kind of unfair to put any in your parents' names. They have nothing to do with what you're doing, so it's just a bad investment on their end."

Private loans with high interest rates, too, are problematic for Black students. Among Illinois undergraduates surveyed in 2008, 15% of Black students had both private and public loans, compared to just 9% of White students, and Black students were three times more likely to pay high interest rates on private loans.⁶⁴ Like Parent PLUS loans, private loans have recently started requiring nearly all students to have co-signers, making their use among Black students and their families another issue of concern.⁶⁵

Default rates and amounts are highest at for-profit institutions, which Black Illinoisans disproportionately attend. On average, 23% of students in Illinois for-profit colleges default on student loans within four years, and those who default do so with an average of \$15,000.⁶⁶ For-profit sector outcomes are often compared to community colleges, but in Illinois students at the public two-year colleges default at a lower rate, and those defaulting do so with an average of less than \$5,000.

Borrowing allows students without wealth to attend and persist in expensive institutions, but Black students are borrowing

There are significant wealth and income gaps between Black and White households



Source: Prosperity Now Scorecard

more and in riskier ways than White students. If nothing is done to make college more affordable, substantial debt will further burden generations of students and their families and threaten the economic future of Black Illinoisans in untold ways, further exacerbating racial inequities in wealth.

61 Fishman, Rachel. "The Wealth Gap PLUS Debt: Part I: Intergenerational Higher Education Debt." *New America*, May 15, 2018. <https://www.newamerica.org/education-policy/reports/wealth-gap-plus-debt/part-i-intergenerational-higher-education-debt>.

62 Ibid.

63 "Title IV Program Volume Reports." Federal Student Aid. Accessed August 14, 2019. <https://studentaid.ed.gov/sa/about/data-center/student/title-iv>.

64 "NCES PowerStats." NPSAS:08

65 Consumer Financial Protection Bureau. "Private Student Loans," August 29, 2012. https://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf.

66 Miller, "How You Can See Your College's Long-Term Default Rate."

STATE AND FEDERAL AID

Federal and state aid are meant to make up most of the differences between a college's cost and what a family can afford to pay, and this is especially important in Illinois, which has large racial disparities in expected family contribution (EFC).⁶⁷ In Illinois, the average EFC is \$3,600 for Black families, compared to \$11,500 for White families.⁶⁸ However, state aid has become less reliable and meaningful after nearly two decades of disinvestment. This has turned the state's Monetary Award Program (MAP) into a first-come-first-served grant that in Fiscal Year 2018 denied awards to nearly 100,000 qualified students, and for those that did receive funding, it only covered about one-third of tuition and fees at four-year colleges and universities.⁶⁹ Because Black students are more likely to be low-income, aid shortages disproportionately affect them. Further, until the RISE Act passed in 2019, MAP grants were limited in their coverage of developmental education courses, and as previously mentioned, Black students are disproportionately placed in these courses.⁷⁰

Worse, in Fiscal Year 2016 and Fiscal Year 2017, the State of Illinois operated without a budget, turning persistent state aid shortages into a dire situation, as colleges couldn't ensure the state would provide these funds to students. Notably, many

67 The EFC formula takes into account dependency status; taxed and untaxed income, assets, and benefits of the student's family (i.e. unemployment, social security, etc.); family size; and the number of family members who will attend college or trade school during the year.

68 "NCES PowerStats." NPSAS;08

69 "Basic ISAC Program Data." Illinois Student Assistance Commission, December 2018. <https://www.isac.org/e-library/research-policy-analysis/documents/2018-Basic-ISAC-Program-Data.pdf>.

70 "Policy Brief: Remediation Reform." The Retention of Illinois Students Equity (RISE) Act, passed in May 2019, expands eligibility for state need-based financial aid to undocumented students, transgender students who have not registered for Selective Service, and students who fall under a 75-credit-hour maximum for aid from the state. "Illinois General Assembly - Full Text of HB2691." Accessed October 4, 2019.

colleges and universities guaranteed this funding to students during the impasse. However, in an ISAC survey during one of the delays in MAP funding, about half of respondents said that this funding uncertainty affected their educational goals, hundreds reported dropping out of school because of it, and about half said that they increased working hours and/or decreased credits taken to make up for this funding loss.⁷¹ One student interviewed for this report said that his choice to attend private college was related to his lack of trust in the ability of public universities to maintain aid throughout tumultuous times, informed by a family member's bad experience. "My brother had to leave because he didn't get his financial aid. It just didn't kick in, so he had to come out of class, and then we had to go pick up all his stuff. It was really bad. It was like he was getting kicked out." Sudden changes in costs can cause students to discontinue their education, and unfortunately MAP shortcomings make this an annual risk for tens of thousands of Black students in Illinois.⁷²



Policy Recommendations to Increase Students' Ability to Pay

- Increase state investment in the Monetary Award Program
- Eliminate or reform merit-based aid

For details on each recommendation, see [Increasing Students' Ability to Pay](#)

71 "FY17 MAP Grant Survey: What Is the Impact on Students?" ISAC Research Brief, December 2016. <https://www.isac.org/newsroom/media-kit/media/FY17-ISAC-MAP-Grant-Student-Survey-Budget-Delay-Summary-December-2016.pdf>.

72 Conger, Dylan, and Lesley J. Turner. "The Effect of Price Shocks on Undocumented Students' College Attainment and Completion." *Journal of Public Economics* 148 (April 1, 2017): 92–114. <https://doi.org/10.1016/j.jpubeco.2017.02.006>.

Payoffs of a Degree



“The motivation for me to go to college was to end the cycle of poverty with me,” said one student, who was working hard to not take out more in loans than the \$75,000 she estimated she would make per year after graduating. “Some of my friends studied abroad and traveled and did all that, and I wish I could’ve done that, but I just went straight to college... and I would love to own a house and own a car because my family, we don’t have a car. [I value] having financial stability and being able to plan for retirement, and all of that.”

Earning a college degree is often assumed to have certain universal economic payoffs for the graduate, such as steady employment, a lifetime pass into middle class earnings, and a comfortable level

of wealth for future generations. Indeed, a degree is transformative financially, as Black college graduates boost their earnings by 67% over a high school diploma.⁷³ However, research and data also show that the payoff of a college degree is not the same for Black and White Illinoisans. This itself is an important issue, but it can also have negative effects on completion, as Black students can see unequal outcomes and, when combined with high costs, longer trajectories, and greater hardship, it can change students’ motivation to enroll and persist.

⁷³ Carnevale, Anthony P., Jeff Strohl, Martin Van Der Werf, Michael C. Quinn, and Dmitri Repnikov. “Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege.” Georgetown Center for Education and the Workforce, 2018. https://cew.georgetown.edu/wp-content/uploads/SAUStates_ES.pdf.

Employment and Income Disparities

Nationally, Black bachelor's degree graduates make 20% less over their lifetime than White graduates, and the payoff on an associate, master's, or doctorate degree is less for Black students than any other race or ethnicity.⁷⁴ It is also harder for Black graduates to find jobs in general, as far greater percentages of Black graduates are unemployed and underemployed, relative to White graduates, and Black graduates are also more likely to have long spells of unemployment after college.⁷⁵ This may also be related to discrimination in the labor market and other socioeconomic factors that should be examined further, but fixing inequities in higher education are an essential part of counteracting these statistics.

Future Wealth and Debt

The differences in wealth among Black and White college graduates show that while a degree greatly increases a graduate's earning power, it does little to close the wealth gap. The median wealth of Black college graduates is \$38,000, compared to \$181,000 for White four-year

degree earners.⁷⁶ This is perpetuated by the large amount of debt Black students take on; a recent study found that 12 years after college, the typical White student owed 65% of their original student loan amount, but Black students actually owed more than their original amount, and this was true whether they completed a degree or not.⁷⁷ Black student borrowers are also three times more likely to default on student loans than White students, and this remains true even when only looking at college graduates.⁷⁸

In Illinois, Black student enrollment in for-profit colleges, which are associated with high borrowing rates and marginally improved earnings, likely contributes to disparate borrowing outcomes.⁷⁹ However, there are also gaps in earnings and loan repayment that are unique to Black students within each sector. Students from non-representative public universities earn on average \$47,700 per year ten years after enrolling, compared to \$40,600 for representative public universities, and this gap is about twice as large for private colleges.⁸⁰ Further, private nonprofit

74 Carnevale, Anthony P., Stephen J. Rose, and Ban Cheah. "The College Payoff." Georgetown University: Center on Education and the Workplace, n.d. <https://1gyhoq479ufd3yna29x7ubjn-wpengine.netdna-ssl.com/wp-content/uploads/collegepayoff-completed.pdf>. National Center for Educational Statistics. "The Condition of Education 2016." National Center for Education Statistics, May 2016. <https://nces.ed.gov/pubs2016/2016144.pdf>. This is true regardless of the field of work.

75 "Baccalaureate and Beyond: 2008/2012." National Center for Educational Statistics. Accessed July 31, 2019. <https://nces.ed.gov/datalab/pow-erstats/default.aspx>. Gould, Elise, Zane Mokhiber, and Julia Wolfe. "Class of 2018: College Edition." Economic Policy Institute (blog), May 10, 2018. <https://www.epi.org/publication/class-of-2018-college-edition/>.

76 Asante-Muhammad et al., "The Road to Zero Wealth."

77 Miller, Ben. "New Federal Data Show a Student Loan Crisis for African American Borrowers." Center for American Progress, October 16, 2017. <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>.

78 Scott-Clayton, Judith. "What Accounts for Gaps in Student Loan Default, and What Happens After." Brookings (blog), June 21, 2018. <https://www.brookings.edu/research/what-accounts-for-gaps-in-student-loan-default-and-what-happens-after/>. And Li, Jing, and Judith Scott-Clayton. "Black-White Disparity in Student Loan Debt More than Triples after Graduation." Brookings (blog), October 20, 2016. <https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>.

79 Gelbgiser, Dafna. "College for All, Degrees for Few: For-Profit Colleges and Socioeconomic Differences in Degree Attainment." *Social Forces* 96, no. 4 (April 11, 2018): 1785–1824. <https://doi.org/10.1093/sf/soy022>.

80 U.S. Department of Education, "College Scorecard Data."



Policy Recommendation to Improve Degree Payoff

- Targeted debt forgiveness programs

For details on each recommendation, see [Improve Degree Payoff](#)

colleges that have higher loan repayment rates enroll significantly fewer Black undergraduates. For example, a college with 10% Black enrollment is associated with three-quarters of its students paying down loans after seven years, compared to a college with 30% Black enrollment, which is associated with only 56% of students paying them off.⁸¹ Differences in completion percentage do not explain these trends, as the correlation is strong looking separately at students who have completed, and those who have not completed.⁸²

Having a large debt burden effects students' future wealth in far-reaching ways, beyond just having to pay off that sum with interest. Demos' *At What Cost* study estimates that taking \$53,000 in debt (average for a household with two bachelor's degrees) is equivalent to a loss of \$208,000 in lifetime wealth.⁸³ This wealth loss mainly takes the form of less retirement savings and home equity, two staples of socioeconomic stability. Further research estimates that every additional \$1,000 of student loan debt is associated with about 2% lower likelihood that that person will own a home (and Black Illinois four-year graduates have \$8,000 more federal loan debt on average than their White counterparts).⁸⁴ Racial wealth gaps have been getting worse over time, as

well – from 1989 to 2013 White college-educated households gained \$31,000 of total wealth and Black college-educated households lost \$20,000.⁸⁵

The American dream of college attainment is multigenerational, with middle class jobs and income more assured to the children of college graduates. Illinois data shows, however, that Black graduates are less able to pass on the positive effects of college attainment to their children. Black children born into middle-class income in Illinois have a 34% chance of getting a college degree, compared to 45% for White children from the same income quintile.⁸⁶

81 Ibid.

82 Ibid.

83 Hiltonsmith, Robert. "At What Cost? How Student Debt Reduces Lifetime Wealth." Demos, August 7, 2013. <https://www.demos.org/research/what-cost-how-student-debt-reduces-lifetime-wealth>.

84 Mezza, Alvaro, Daniel Ringo, Shane Sherlund, and Kamila Sommer. "Student Loans and Homeownership." *Journal of Labor Economics*, May 23, 2019. <https://doi.org/10.1086/704609>. and "NCES PowerStats." NPSAS:08

85 "Racial Wealth and Economic Equity." Institute on Assets and Social Policy. Accessed August 7, 2019. <https://heller.brandeis.edu/iasp/work/racial-wealth-equity.html>.

86 "Data Library." Opportunity Insights (blog). Accessed May 30, 2019. <https://opportunityinsights.org/data/>.

Conclusion

The number of Black college graduates in Illinois has been decreasing since 2011, and if it follows projections of Black high school graduates, the number of college graduates is poised to decline further. Black students continue to pay, borrow, and work significantly more to afford college, which speaks to the drive and hard work of thousands of students seeking the opportunity a college degree can provide. However, access and completion gaps have been maintained by persistent, and in many cases growing affordability barriers.

Black students disproportionately attend for-profit colleges, which are often more accessible, but see subpar or negative outcomes. Black students need more

affordable access to the state's four-year colleges and universities, and this must include more selective colleges, as they often have greater resources and post-college payoffs. Further, the state must equitably fund institutions serving greater numbers of Black students. Bringing equity to higher education funding is essential, but the state also must limit barriers like developmental education and improve its transfer pipeline to ensure affordable pathways turn into good opportunities.

This is not just a moral imperative for Illinois, it is also an economic one, as Illinois' economy is already suffering from inequality in its educated workforce.⁸⁷

⁸⁷ "Inclusive Growth - On to 2050 Strategy Paper." Chicago Metropolitan Agency for Planning, July 2017. <https://www.cmap.illinois.gov/onto2050/strategy-papers/inclusive-growth>.



Vision for the Future

Our vision for higher education is the inverse of what Illinois has experienced over the last two decades. With equitable reinvestment in Illinois and its students and by advancing policy that eliminates barriers and maximizes opportunity, enrollments and graduation rates will rise, providing Illinois' workforce with more qualified graduates every year. Students will graduate at greater rates and with less debt and more valuable degrees, Black and Latinx students will be better able to access economic opportunities and build wealth, and rural students will be able to stay in their communities if they wish, boosting the economy of these areas.

Finally, institutions will pull out of enrollment spirals, regaining their standing and further drawing in students with out-of-state options. Illinois will realize the full potential for equity in degree completion by increasing investments in higher education and by implementing policies that **improve access to college**, **decrease the cost of a degree**, and **improve degree payoff** for Black, Latinx, and rural students.

Improving Access

The first step in restoring higher education's potential for socioeconomic mobility is to fix the issues that are causing a college education to be inaccessible to many of Illinois' Black, Latinx, and rural students. While there is no silver bullet, with clear accountability and incentives for serving a student body representative of the demographics of the state, and increased funding for the institutions currently serving our Black and Latinx students, there will be progress. Improving access will also require targeted recruitment of low-income students, increased need-based financial aid, and comprehensive developmental education reform. Together, this suite of reforms has the potential to drive up enrollment and completion rates for all student groups.

Recommendation 1 Convene a Work Group to Address Equitable Funding

Over the last decade, the state's public universities' ability to keep tuition low and college affordable has been limited by volatile state funding. As a result, sustained reinvestment is necessary to improve accessibility at Illinois' public universities. However, funding universities through the same mechanism used today – a “historical model” whereby institutions typically receive funding based on the prior year's amount and largely driven by the lobbying power of the institution – is not a model designed to drive equity.

To provide more predictability in year-to-year funding and clear alignment with state goals, state appropriations for our public universities should funnel through the university coordinating board. The Illinois Board of Higher Education (IBHE) would be well positioned to drive an equity-centered strategic plan, if, like the Illinois

Community College Board (ICCB), it can align public funds accordingly. To inform the creation of a mechanism for appropriating state funds, state leaders should convene an inclusive work group to provide recommendations for how additional state investment in higher education can be distributed to improve equity in college access and degree completion.

A well-designed university funding formula has two-fold potential for improving funding issues that disproportionately affect Black, Latinx, and rural students: it can encourage well-resourced institutions to serve more diverse student populations, and better fund institutions that are already disproportionately enrolling these students.

Recommendation 2

Create a Statewide Direct Admissions Program

In Spring 2019, the Illinois legislature passed a bill creating a guaranteed admissions pilot program at five state universities.⁸⁸ During the four-year pilot, applicants in the top ten percent of their class who meet the participating institution's admissions test requirement will be guaranteed admission to the university. The goal of the pilot program is to address declining student enrollment and improve diversity among the state's public universities.⁸⁹ This policy can be infused with additional equity and potentially address undermatching—the phenomenon whereby students, most often Black, Latinx, and low-income, attend less selective institutions than they are qualified—by incorporating a

88 Thapedi, André. Higher Ed - Uniform Admission, Pub. L. No. HB0026 (2018). <http://www.ilga.gov/legislation/BillStatus.asp?DocNum=26&GAID=15&DocTypeID=HB&LegID=113830&SessionID=108&GA=101&SpecSess=0>.
89 Hancock, Peter. "Illinois Proposal for Uniform College Admissions Standards Ignites Controversy." *The Pantagraph*, February 8, 2019. https://www.pantagraph.com/news/state-and-regional/govt-and-politics/illinois-proposal-for-uniform-college-admissions-standards-ignites-controversy/article_0294371c-f034-59b9-a390-5736a9f8c528.html.

system for sending all eligible high school students college acceptance letters from all state universities for which they meet the minimum admissions criteria. This approach would expand the pilot to all state universities and would help inform more students of their eligibility for college who might not otherwise apply.

Implementers created a similar program in Idaho and have seen encouraging outcomes. As a result of this policy, enrollment disparities by gender and socioeconomic status have decreased, first generation students were positively impacted, and student diversity has increased.⁹⁰ Those implementing the uniform admissions pilot program in Illinois should take note of Idaho's efforts.

90 Freeman, Matt. "Defending Idaho's Direct Admissions Program." *Inside Higher Ed*, October 15, 2018. <https://www.insidehighered.com/admissions/views/2018/10/15/criticism-idahos-direct-admissions-program-are-based-misconceptions>.

Recommendation 3

Place Fewer Students into Traditional Developmental Education

To achieve equitable access to higher education, institutions must commit to place more students into college-level coursework by using more accurate placement measures, like high school GPA, and to provide differentiated supports to students who need them. In Illinois, several institutions across the state are implementing reforms to better serve students, including co-requisite support, Accelerated Learning Program (ALP) models, and other accelerated models of developmental education.

Recognizing these efforts, the legislature charged the IBHE and ICCB with inventorying and analyzing current

models to create a benchmark for future reform. With an inventory of best practices, by July 1, 2020, IBHE and ICCB must create a detailed plan for scaling models across the state that maximize student success. To ensure the successful implementation of the Boards' recommendations, the state should provide new funds to colleges and universities to implement and scale reforms. While the return on investment for developmental reforms are often significant, so too is the need to fund innovation. Recommendations without state financial commitment to scale could derail momentum to change.

Recommendation 4
Improve Transfer Pathways

As a lower cost option to bachelor's degree completion, Illinois' transfer system is an important pathway for Illinois' students. Given that Illinois currently leads the nation in the percentage of community college students who transfer to a four-year institution and complete a degree, the transfer pipeline holds promise for affordability in Illinois.⁹¹ However, to ensure all students can benefit from the

state's success, four-year institutions will have to take bold steps toward increasing the number of Black and Latinx students who transfer into their institution from community college. By reframing policies and institutional practices to support transfer students, the state will continue to lead the nation in transfer success and position itself as a model for equity in transfer outcomes.

⁹¹ United States Department of Education, "Community College Student Outcomes: 1994-2009," 2011. 19.6% in Illinois compared to 14.7% nationally

Decreasing the Cost of a Degree

To improve college affordability for all of Illinois' students, the state must offer a comprehensive solution that addresses the rising costs of college, inconsistent and decreased purchasing power of MAP grants, and all barriers to transfer and/or graduation.



Fixing the Pension Crisis

It is beyond the scope of this report to propose solutions to the pension crisis, beyond pointing to solutions that minimize the competition of funds allocated among pensions, institutions, and students.¹ However, the pension issue must be resolved for Illinois to offer affordable, equitable, high-quality education at a reasonable price to taxpayers. In the meantime, the state must further invest in its students and institutions to pull them out of a quality, cost, and enrollment downward spiral.

¹ Center for Tax and Budget Accountability. "Addressing Illinois' Pension Debt Crisis With Reamortization." Center for Tax and Budget Accountability, May 21, 2018. <https://www.ctbaonline.org/reports/addressing-illinois%E2%80%99-pension-debt-crisis-reamortization>.

Recommendation 1

More Equitably Fund Colleges and Universities

Over the last two decades, many of the colleges and universities serving greater numbers of the state's Black and Latinx students have been significantly underfunded. As a result, these institutions have had to make tough decisions to maintain a high-level of service to their students, including institution-wide layoffs and program closures. To build these institutions' capacity to better serve students, the state must significantly increase investments to them. By coupling reinvestment with an equitable funding formula, aligned to and driven by the goals of the

higher education coordinating boards, the legislature can better fund institutions that disproportionately serve students of color and encourage well-resourced institutions to serve more diverse student populations.

Recommendation 2

Eliminate MAP at for-profit institutions

Black students are over-represented in Illinois' for-profit institutions, which have the most concerning debt and career outcomes of any sector of higher education in Illinois. Though for-profits account for less than 8% of Illinois' student borrowers, they are responsible for more than \$300 million in loan amounts for borrowers who have defaulted on federal loans since 2012 – that's 1.8 times more than the total of all other public and private Illinois institutions combined.⁹² Yet, federal oversight over for-profit institutions continues to decrease as the U.S. Department of Education rolls back Obama-era student protections.

⁹² Miller, "How You Can See Your College's Long-Term Default Rate."

To help protect students where the federal government is stepping out, Illinois should drive more students away from potentially predatory for-profit institutions and into the state's public and private nonprofit colleges. To this end, state leaders should eliminate for-profit institutions from the list of MAP-eligible institutions. By phasing out MAP from for-profit institutions, the state's most vulnerable students have less opportunity to enroll in colleges that are likely to burden them with debt for years to come.⁹³

⁹³ Scott-Clayton, Judith. "The Looming Student Loan Default Crisis Is Worse than We Thought." Brookings (blog), January 11, 2018. <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>.

Recommendation 3

Completion and Re-Engagement Grants

In Illinois, approximately 1.8 million adults have some college but no degree. To increase completion rates among current students, the state should be proactive in identifying and addressing some of the common reasons students stop-out in the first place. For example, students with less wealth are more at risk of dropping out if they experience unforeseen expenses or gaps in their ability to pay for college. Following the lead of other states, Illinois could distribute state dollars to colleges and universities to fund micro-grants for students who are on track for graduation but have an unmet financial need. Typically, completion grants are available to students with less than one year of

coursework remaining and can cover unmet financial need related to institutional tuition or fees, books, general living expenses, or unexpected emergencies.

Similarly, the state should work to strategically re-engage adults with some college education, drawing on this talent pool to provide a needed boost in enrollment and fill gaps in workforce needs like teaching and early education. By making a commitment to guide and support adult students back to and through college, and reorienting institutional policies to support adult students' unique needs, Illinois can provide thousands of Illinoisans true opportunity for social mobility.

Increasing Students' Ability to Pay



The greatest gaps in college affordability for Black students are in the ability to pay for college. Though racial wealth disparities formed over centuries are not easily undone, state policy can lower the effects of these gaps by increasing equity in its financial aid programs.

Recommendation 1 Increase State Investment in the Monetary Award Program (MAP)

The original definition of full funding for MAP meant to cover the total cost of tuition and fees for all qualified students. Today, that would cost more than \$1 billion on top of current appropriations.⁹⁴ To minimize sticker shock and as an on-road to full funding, the state should prioritize an intermediate goal of funding all eligible students at current rates.

While the price tag may be intimidating, increased access to an education is critical not only for low-income students, but for the state itself. By next year, 65 percent of jobs will require training or education beyond a high school degree.⁹⁵

⁹⁴ Analysis of data provided by the Illinois Student Assistance Commission (ISAC)

⁹⁵ Carnevale, Anthony P., Nicole Smith, and Jeff Strohl. "Recovery: Job Growth and Education Requirements Through 2020." CEW Georgetown (blog), June 27, 2013. <https://cew.georgetown.edu/cew-reports/recovery-job-growth-and-education-requirements-through-2020/>.

Without an intentional focus on enrolling and graduating more Black, Latinx, and rural students, the state will fall short of meeting the workforce demand and further contribute to longstanding racial inequity. A fully funded MAP program would not only help all eligible students access college, but complete after enrollment; MAP recipients graduate college at about the same rate as their peers at the same institutions.⁹⁶

Fully investing in MAP is a clear and direct pathway to affordable college. With the state's commitment to a graduated income-tax and other strategic revenue generating reforms, a fully funded financial aid program is within reach.

⁹⁶ Illinois Student Assistance Commission. "MAP Facts." Accessed October 17, 2019. <https://www.isac.org/home/map-matters/map-facts.html>.

Recommendation 2

Eliminate or Limit Merit-Based Aid

The Aspirational Institutional Match Helping Illinois Grow Higher Education (AIM HIGH) Grant Program, a relatively new merit-based financial aid program, is the state's attempt to slow the outmigration of Illinois' high school graduates leaving to attend college in other states.⁹⁷ The program provides grant funds to public universities for distribution to Illinois high school graduates who meet the eligibility requirements set by the institution. Eligibility requirements vary widely across institutions. The only need-based qualification set out in the legislation is that a student's family income be no greater than six times the national poverty guideline — about \$150,000 for a family of four. Further, it provides that institutions should use their best efforts to distribute funds across a racially diverse range of students. However, even with recommendation from the state to equitably distribute grant dollars, increasing funding for this program may come at the detriment of students who most need support.

Moreover, since the AIM HIGH Grant Program has an institutional match requirement, institutional investment in the program must increase along with state investment. By design the grant program could actually draw institutional aid away from low-income students who depend on them to attend these universities and direct it to better-resourced students who may have chosen to attend that university anyway. With enrollment numbers in precipitous decline, now is not the time to expand a grant program that may result in even fewer Illinois' students being able to afford public universities.

A more equitable path to drive Illinois' students to attend public universities would be to redirect the funds to cover the thousands of students who will apply for MAP and not receive any aid this year, despite being eligible. Alternatively, state leaders could remove the matching requirement for institutions whose student population is representative of the demographics of the state and ensure more AIM HIGH dollars are allocated to them. Reducing or removing the matching requirement could protect less resourced institutions and incentivize other institutions to serve more low-income students and students of color.

⁹⁷ "AIM HIGH Grant Pilot Program." Illinois Student Assistance Commission. Accessed September 18, 2019. <https://www.isac.org/students/during-college/types-of-financial-aid/grants/aim-high.html>.

Improving Degree Payoff through Loan Forgiveness

Debt forgiveness programs are at the center of several 2020 presidential campaigns, and for good reason, as student loan debt in the U.S. is the highest it has ever been. Largely as a result of racial wealth disparities, Black students carry a disproportionate amount of debt, are more likely to default than White students, and there are large debt disparities for both non-completers and graduates.ⁱⁱ While the current loan forgiveness proposals are varied, analyses of the most promising programs agree that targeted debt relief must account for wealth in addition to income. A comprehensive student debt forgiveness plan focused on equity and that considers family wealth has the potential to significantly improve the wealth of Black, Latinx, and low-income families, provide a boost to the national economy, and lead to a more equitable payoff of a college degree for Black Illinoisans.

ⁱⁱ Mishory, Jen, Mark Huelsman, and Suzanee Kahn. "How Student Debt and the Racial Wealth Gap Reinforce Each Other." The Century Foundation, September 9, 2019. <https://tcf.org/content/report/bridging-progressive-policy-debates-student-debt-racial-wealth-gap-reinforce/>.

Realizing Our Vision Through State Policy

To realize the vision of an equitable higher education system that drives economic mobility, and to meet the state's degree attainment goal of 60% by 2025, state leaders must intentionally and strategically align goals, policies, and actions to meet that end. Through an inclusive process, state leaders should set equity-centered goals and strategic plans designed to make institutions and the system more accessible and affordable for low-income students and students of color. State legislators should support the goals of the state and articulate their commitment to students through bold investments in higher education and by establishing policies that, like those described above, **improve access to college, decrease the cost of a degree, and improve the ability to pay** for Black, Latinx, and rural students. The future prosperity of our state depends on leaders taking urgent, equity-centered action.



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