



Priced Out: Rural 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

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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 II, 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

Executive Director,
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Executive Summary

Over the last two decades, Illinois has gone through a period of disinvestment in higher education, seeing continued losses in higher education appropriations and underinvestment in student financial aid. From 2002 to 2018, funding for Illinois public universities was cut over 50% and community colleges saw similar disinvestment. This environment 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.

Rural communities face unique challenges in a modernizing economy. Currently, rural Illinois counties have significantly lower percentages of bachelor's degree holders. This report outlines that educational disparities exist between wealthier rural students and those who can't afford to attend college. For rural students pursuing four-year degree opportunities, attending college often means paying high tuition costs and taking on large amounts of debt. Student loan debt limits graduates' ability to return to rural areas, where it is more difficult to pay off student loans. These inequities have the potential to exacerbate population and economic declines in rural communities. The report concludes with specific policy recommendations that can have a direct impact on improving equity in higher education for rural students.

Key Findings

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

Access:

Rural students have fewer postsecondary options and must travel farther to reach them.

- Of the state's 62 private colleges, only 25 are outside Chicago's metropolitan area and just 7 serve areas with limited public college options
- Three-quarters of the state's most selective private colleges are in the Chicago area
- The median Illinois student from a rural area travels 40% farther to get to college, and over 100 miles to get to a private college, compared to 30 miles for urban and suburban students
- Only 18% of two-year public college students in the most rural counties transfer, compared to nearly a quarter of students at colleges in mostly urban counties

■ 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:

Rural students borrow more to pay for college.

- Rural students are more likely to attend for-profit institutions, which are more expensive than any other sector, at a net price of \$22,000 for the lowest-income students

- Being from a more rural area makes a student significantly more likely to be in the lowest income bracket, and the cost of Illinois public universities for students in the lowest income bracket is \$12,800, among the highest in the nation

■ Policy Recommendations to Decrease the Cost of a Degree

- Better fund public institutions
- Eliminate the Monetary Award Program at for-profit institutions
- Offer completion grants

Ability to Pay:

Rural households have less income than those from more urban areas of the state. However, they also have more financial stability and assets than urban Illinoisans.

- Rural students disproportionately attend community colleges, and MAP applicants at these colleges are four times more likely than those at public universities to be denied MAP funding, despite being eligible and applying
- Surveyed public four-year university students from more rural areas in Illinois owe \$10,500 in debt, compared to \$9,200 for those from cities and suburbs
- In a national survey, 73% of rural students with the greatest loan amounts move to cities, compared to just 37% of those with the least loan amounts

■ Policy Recommendations to Increase Students' Ability to Pay

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



Introduction

Steady cuts in Illinois' higher education appropriations and student aid over the last nearly 20 years have shifted costs to students, exacerbating challenges that rural students have in accessing higher education. This report, in conjunction with *Priced Out: Black Students* and *Priced Out: Latinx Students*, analyzes the intersection of college affordability and 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 recommend policy reforms to start reversing these trends.

Rural communities face unique challenges in a modernizing economy, including depopulation and a lack of bachelor's degree-holding workers, which threaten their future prosperity. However, 1.5 million Illinoisans live in rural areas, and there is a compelling need to facilitate opportunities that can help these communities and their residents to succeed.¹ Higher education has the potential to serve as a bridge to the economy of the future. This is true on an individual level for graduates, as rural bachelor's degree holders earn 53% more than those with a high school degree. It is also a bridge for rural communities, as economic growth for rural areas is correlated with having more bachelor's degree earners.² However, rural Illinois counties have significantly lower percentages of bachelor's degree-holders.³

For rural students, pursuing four-year degree opportunities often means leaving behind more affordable communities for more expensive metro areas, and increasingly it means paying high costs and taking out large amounts of debt. This barrier fuels educational disparities between wealthier rural students and those who can't afford to attend college, and this inequity has the potential to exacerbate population and economic declines in rural communities.

Thus, college graduates from rural areas face tough choices between migrating to cities, or moving back to rural communities. Though they may prefer to return to rural areas, moving to cities gives graduates better chances of paying off student loans.⁴ Greater investment in higher education, however, has the potential to better position rural Illinoisans to attend and complete college at a cost that they can manage, while still retaining the option to return and help their communities grow.

1 U.S. Census Bureau. "2010 Census Urban and Rural Classification and Urban Area Criteria." Accessed August 8, 2019. <https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural/2010-urban-rural.html>.

2 Ruiz, Roman, and Laura W. Perna. "The Geography of College Attainment: Dismantling Rural 'Disadvantage.'" University of Pennsylvania, 2017. http://pellinstitute.org/indicators/downloads/dialogues-2017_essays_Ruiz_Perna.pdf. and Clarke, Wes, Adam T. Jones, and Brett Lacy. "Education Spending and Workforce Quality as Determinants of Economic Growth." *Journal of Rural and Community Development*, 2015. <https://journals.brandou.ca/jrcd/article/view/1110/287>.

3 Analysis of U.S. Census Bureau, "2010 Census Urban and Rural Classification and Urban Area Criteria." and U.S. Census Bureau. "American FactFinder." Accessed May 24, 2019. <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>. There is a significant negative correlation between a county being more rural and bachelor's degree attainment.

4 Tabit, PJ, and Josh Winters. "Rural Brain Drain: Examining Millennial Migration Patterns and Student Loan Debt." *Consumer & Community Context*. The Federal Reserve, January 2019. <https://www.federalreserve.gov/publications/files/consumer-community-context-201901.pdf>. Parker, Kim, Juliana Menasce Horowitz, Anna Brown, Richard Fry, D'Vera Cohn, and Ruth Igielnik. "What Unites and Divides Urban, Suburban and Rural Communities." Pew Research Center (blog), May 22, 2018. <https://www.pewsocialtrends.org/2018/05/22/what-unites-and-divides-urban-suburban-and-rural-communities/>.

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.⁵ 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.⁶ 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.⁷ 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 states in the nation in terms of the size of its cuts to per-student higher education funding.⁸ Despite recent investments, Illinois' state financial aid program has become unreliable and has not kept pace with increases in tuition.⁹ As a result, students' share of college costs increased dramatically between 2002 and 2018.¹⁰

During this period of disinvestment, the state shifted several costs previously covered by Illinois to the institutions themselves.¹¹ 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.¹² 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.

5 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.

6 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>.

7 Ibid.

8 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.

9 "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.

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

11 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>.

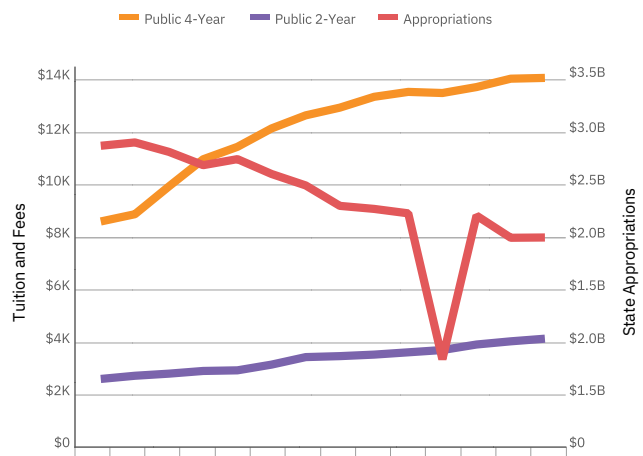
12 Rhodes, Dawn. "How Much Money Are Illinois Colleges Getting in the New Budget? 'It's Definitely Good News for Colleges and Universities.'" Chicago Tribune, June 19, 2019. <https://www.chicagotribune.com/news/ct-cb-illinois-colleges-state-budget-20190619-ciz3k-c7uxvg75ntwhyfux4ca-story.html>.

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 10 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.¹³

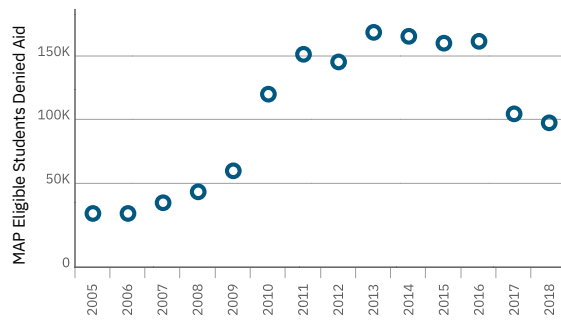
Disinvestment in higher education hit low-income students particularly hard. As institutions raised tuition to cover costs, the students' share of college costs increased, and with it, the buying power of MAP decreased. At its peak in 2002, the maximum MAP grant covered 100% of tuition and fees at community colleges and universities for all eligible students.¹⁴ In Fiscal Year 2019, the maximum award covered only 32% of public university tuition and 36% of community college tuition.¹⁵ 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 due to lack of funds.¹⁶

Over the course of the last 17 years 1.5 million 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 grants each year and could miss out on the opportunity of higher education altogether.

As appropriations fall, tuition and fees rise at Illinois public institutions



MAP shortfalls leave about 100,000 eligible students without aid annually



Sources: Illinois Student Assistance Commission (ISAC) data on MAP suspensions and appropriations and tuition and fees data from the Illinois Board of Higher Education (IBHE)

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

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

15 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.

16 "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, income, wealth, 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 affordability 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 Rural Students



Access

A Note on the Definition of Rural

This report seeks to outline the unique barriers for Illinois rural students pursuing college degrees. However, there are different definitions of rurality, each of which can add to the discussion of college affordability in the state. This report primarily examines how college-going factors differ depending on how densely populated a student's county is (also defined as "rurality"). It further groups Illinois' 102 counties into those that are mostly rural, those that are mostly urban, and the 13 counties that are 100% rural.ⁱ It is also instructive to look at Illinois' colleges that serve areas that don't have public alternatives that are both nearby and broadly accessible, referred to as "colleges with/without nearby public options." This report uses the definitions of what constitutes a "broad access" institution and other nearby public options from Nicholas Hillman and Taylor Weichman's 2016 study.ⁱⁱ Finally, it utilizes survey data that groups students by rurality.

i — Bureau, US Census. "2010 Census Urban and Rural Classification and Urban Area Criteria." Accessed August 8, 2019. <https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural/2010-urban-rural.html>. This report mostly uses data at the county level, as it is the most local level that is comparable between education and census datasets.

ii — Hillman, Nicholas, and Taylor Weichman. "Education Deserts: The Continued Significance of 'Place' in the Twenty-First Century." Viewpoints: Voices from the Field. American Council on Education, 2016. <https://www.acenet.edu/news-room/Documents/Education-Deserts-The-Continued-Significance-of-Place-in-the-Twenty-First-Century.pdf>. "Broad-access institutions" are public colleges or universities that admit at least 75% of applicants. Colleges that serve areas with no nearby options are ones located within a community-based statistical area (CBSA) that has at most one broad-access institution within it.

To thrive in the changing economy, residents from all areas of the state need accessible pathways to both associate and bachelor's degrees. In Illinois, rural counties have significantly higher rates of associate degree attainment, but lower rates of bachelor's degree attainment.¹⁷ Further, within rural areas, the children of White households and higher income households are more likely to earn four-year degrees than their low-income and Black and Latinx peers.¹⁸ It's important to address these gaps in four-year degree attainment because having a bachelor's degree is associated with greater employment rates and hundreds of thousands of dollars more in lifetime income for graduates. Increasing these rates also leads to faster economic growth for rural communities.¹⁹

There are myriad reasons behind the gaps between rural and urban four-year degree attainment. Distance is the most obvious and unavoidable barrier for rural Illinoisans, as in aggregate they must travel farther to get to public and private four-year colleges. Students cite distance as one of the most important factors in deciding which institution to attend, with some valuing it even more than price.²⁰ Other factors include different college-going and career tendencies for those in rural areas.²¹ This can be partly explained by different local economies in rural communities. However, recent trends underscore the need for bachelor's degrees, as those sectors are employing fewer people, and the jobs remaining tend to require more education than they required in the past.²²

17 Analysis of U.S. Census Bureau, "2010 Census Urban and Rural Classification and Urban Area Criteria." and U.S. Census Bureau. "American FactFinder." Accessed May 24, 2019. <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

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

19 Ruiz, Roman, and Laura W. Perna. "The Geography of College Attainment: Dismantling Rural 'Disadvantage.'" University of Pennsylvania, 2017. http://pellinstitute.org/indicators/downloads/dialogues-2017_essays_Ruiz_Perna.pdf

20 Florida, Richard. "The Talent Dividend in Urban and Rural Areas." CityLab. Accessed September 29, 2019. <https://www.citylab.com/life/2018/10/college-education-workforce-urban-rural-divide-jobs/574273/>. and Hertz, Thomas, Lorin Kusmin, Alexander Marré, and Timothy Parker. "Rural Employment Trends in Recession and Recovery." United States Department of Agriculture Economic Research Service, August 2014. <https://www.ers.usda.gov/publications/pub-details/?pubid=45261>. and Scott, Shanda Carter, Michael Thomas Miller, and Adam Morris. "Rural Community College Student Perceptions of Barriers to College Enrollment." 2016.

21 Corbett, Michael. "Rural Futures: Development, Aspirations, Mobilities, Place, and Education." Peabody Journal of Education 91 (February 24, 2016): 00–00. <https://doi.org/10.1080/0161956X.2016.1151750>.

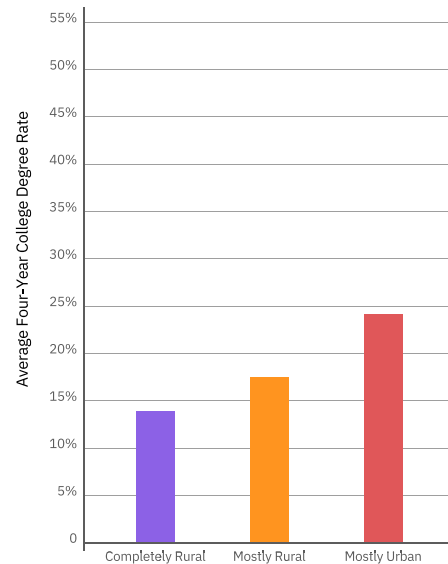
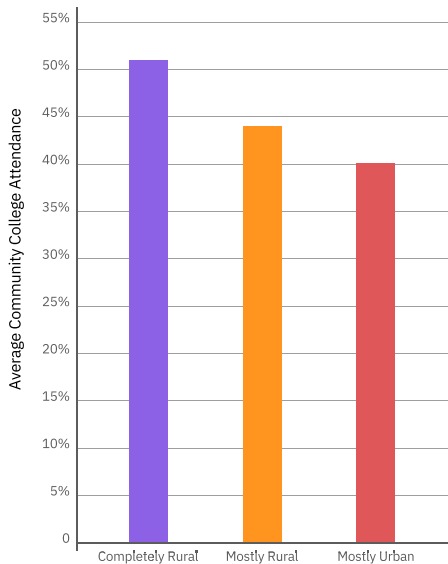
22 Ruiz and Perna, "The Geography of College Attainment: Dismantling Rural 'Disadvantage.'" 11

Opportunity in rural areas is especially stratified by a student's race and income. Both rural and urban children who are born with below average income are less likely to earn a college degree than children of families with above average income.²³ However, low-income students in more rural areas are significantly less likely to file FAFSA forms in time to receive state aid, both reflecting and perpetuating college-going gaps between rural and urban Illinoisans.²⁴ Further, recent studies have shown that Black and Latinx students from rural areas face additional college-going barriers compared to White rural students.²⁵ Data estimating children's future opportunity reflects this in Illinois, as being from a more rural area is correlated with a lower likelihood of college degree attainment for Latinx children.²⁶ For Black children there is no correlation, but the likelihood of

attaining a college degree is consistently low across the state. A Black child has a one in five chance of attaining a college degree whether that child is raised in an urban or rural county.²⁷

Though this study mostly focuses on challenges for students who do enroll in college, it's important to acknowledge low four-year degree attainment for rural Illinoisans as a fundamental problem for the state, which is exacerbated by the affordability challenges discussed throughout this report. It is also an issue that requires immediate action, as the pipeline of potential students is shrinking every year. The number of high school seniors in mostly rural areas decreased by 6.4% from 2011 to 2016, compared to no change for mostly urban areas.²⁸

Rural students are more likely to enroll in community college and less likely to have four-year degrees



Sources: ISBE data on high school graduate enrollment and Census data on degree attainment

23 Opportunity Insights, "Data Library."

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

25 Irvin, Matthew J., Soo-yong Byun, Judith L. Meece, Thomas W. Farmer, and Bryan C. Hutchins. "Educational Barriers of Rural Youth: Relation of Individual and Contextual Difference Variables." *Journal of Career Assessment* 20, no. 1 (October 10, 2011): 71–87. <https://doi.org/10.1177/1069072711420105>.

26 Opportunity Insights, "Data Library." This correlation is drawn from counties in the Opportunity Insights data that report likelihood of degree attainment for both White and Black

or Latinx children of households within that county. Thus, data is not available for many areas, especially rural counties with a smaller population of Black and/or Latinx households

27 Ibid.

28 Illinois State Board of Education, "Report Card Data Library."

For rural students, limited access to college can take the form of unequal representation across different college sectors. The sector of institution (i.e. two-year community college, four-year private nonprofit, etc.) is important to affordability, as each has different costs, likelihood of completing, and post-graduation payoffs. Illinois' rural students enroll in public institutions, both community colleges and universities, at higher rates, and so they are more reliant on the state to provide affordable options. They are also more likely to attend for-profit institutions than their more urban peers, which have the highest costs of any sector and the worst debt repayment outcomes.²⁹



Public 2-Year Colleges

Community colleges hold promise to provide students with local, affordable degrees, especially given many rural students' lack of nearby access to four-year options. This is especially true for Illinois rural students, who attend community college at significantly higher rates than their urban peers.³⁰ However, this trend is driven by moderately rural to urban counties, indicating that in Illinois, access to colleges of all types is limited in the most rural districts. A rural student interviewed for this report, when asked why he decided against attending community college, said, "I would have to drive every day, 40 minutes one way just to go to the community college." Students who do enroll in community colleges in Illinois' most rural counties have complete at nearly a 50% rate, compared to about 26% for the most urban counties.³¹ But, as this student points out, if commuting is not an option, community colleges become a less convenient and more costly proposition.

Community colleges can also provide lower-cost paths toward bachelor's degrees, but students at more rural community colleges are significantly less likely to transfer to a bachelor's degree-granting institution than their peers attending more urban community colleges. Only 18% of two-year public college

students in the most rural counties transfer, compared to about a quarter of students in the most urban counties.³² This is despite rural community colleges more closely resembling universities than non-rural community colleges in terms of full-time students. First-time, full-time students represent 69% of the student body of community colleges with few nearby public options, compared to 55% at colleges with other options nearby.³³ With bachelor's degrees becoming increasingly important credentials, improving pathways from local colleges to public universities can facilitate more rural four-year degree attainment at lower costs, and ultimately a more in-demand workforce for rural communities.

Students can save money by earning credits and transferring to a public university, but this may not be the case when community college students transfer to other two-year institutions, to for-profit colleges, or "swirl" in between institutions of the same type. However, there are a few signs that rural students are transferring in ways that situate them well to earn an affordable bachelor's degree. First, 55% of Illinois transfer students from community colleges with few nearby public options transfer to public universities, compared to just 35% at community colleges with public options nearby.³⁴ Further, at community colleges with few nearby options, only 2% of students transfer to for-profit colleges, compared to more than 6% at colleges with nearby public options.

29 "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 rural students face.

30 "Report Card Data Library," and Bureau, "American FactFinder."

31 U.S. Department of Education. "College Scorecard Data." College Scorecard, May 21, 2019. <https://collegescorecard.ed.gov/data/>. [Tableau AE]

32 Ibid. A higher percentage of urban two-year Illinois students go in with the intention of transferring, but these gaps aren't large; 32% of rural community college students are enrolled in order to transfer, compared to 36% of urban students. "NCES PowerStats." NPSAS: 08.

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

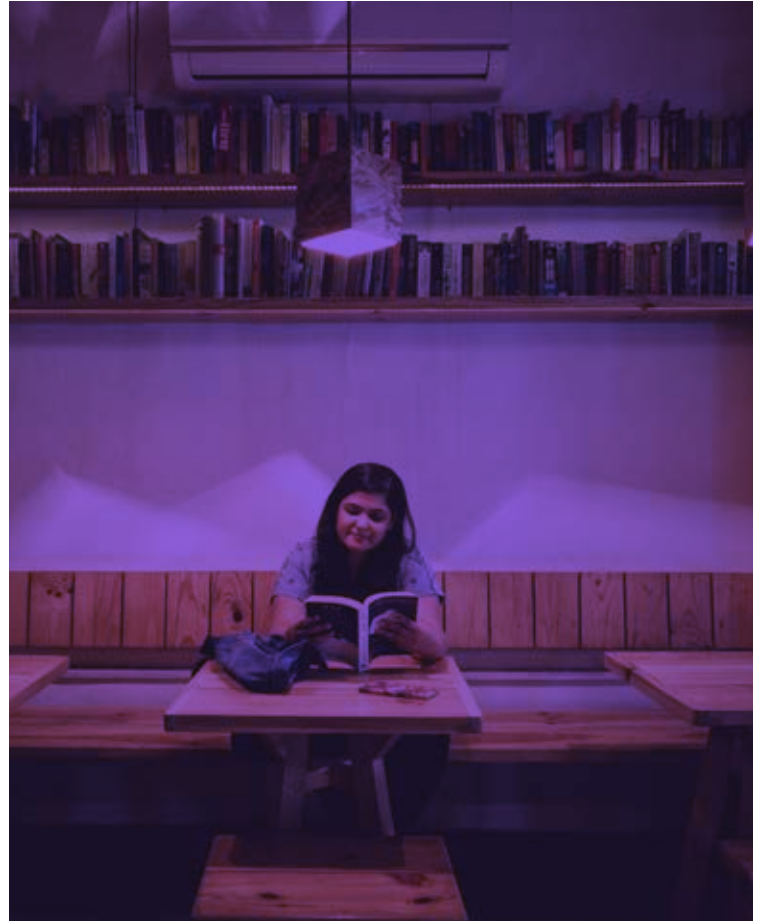
34 Illinois Board of Higher Education. "Transfer Enrollment: Undergraduate Transfers Data Tables." Illinois Board of Higher Education. Accessed October 1, 2019. <https://www.ibhe.org/transfers/datatables.aspx>. There is also a statistically significant correlation between a community college being in a more rural area and a higher percentage of transfers going to public university, as well as a negative correlation with going to for-profit colleges.



Public 4-Year Universities

Attending a public university can be geographically challenging for those outside of the Chicagoland area. Large parts of southeastern and northwestern Illinois are hours away from a university, and three universities are located in areas with few broad-access public options. The three universities in this category are more selective and enroll lower percentages of adult students and part-time students compared to Illinois' other nine universities, and this is true comparing downstate universities to those in Chicago, as well.³⁵ These universities also have larger completion gaps between Black and White students and Pell-eligible and non-Pell-eligible students, compared to Illinois' nine universities with other options nearby.

Though four-year universities throughout Illinois have faced serious enrollment declines in recent years, the three universities with few nearby options faced greater declines in enrolled students, applications, and the ability to yield students from applications compared to the nine universities with other public options nearby.³⁶ Enrollment declines can create other financial strains, leading to less tuition revenue and a perception of declining quality that can keep potential students from applying.



³⁵ Ibid.

³⁶ 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/Chapter1/Table%20I-2.aspx>. and "Admitted Freshmen At Illinois Public Universities: Who Enrolls Where?" Illinois Board of Higher Education. Accessed August 8, 2019. <https://www.ibhe.org/DataPoints/2018-Public-Enrollment.htm>.



Private Nonprofit Colleges

Distance is an important factor in any college decision, but especially at private nonprofit colleges, where the median student nationwide travels about 50 miles to get to college.³⁷ The median Illinois student from a rural area travels 40% farther to get to college, and over 100 miles to get to a private college, compared to 30 miles for urban and suburban students.³⁸ This may be in part due to geographical concentration; of the state's 62 private colleges only 25 are outside Chicago's metropolitan area, just 7 serve areas with limited public college options, and three-quarters of the state's most selective private colleges are in the Chicago area.³⁹ Some of these selective colleges have recently acknowledged the need to better recruit rural students and are launching programs to help rural students learn about and attend these institutions.⁴⁰

There are few private college options that report high completion rates for students of color outside of Chicago's seven-county region. If a student wants to attend a private institution outside of the Chicago area where more than half of Black or Latinx students graduate, there are only six options, which average just 6% Black enrollment and 9% Latinx enrollment, and combine to graduate just 150 Black students and 260 Latinx students per year.⁴¹ Thus, if the private nonprofit sector is to make a substantial impact in racial equity, it must provide access to more students of color from downstate Illinois.

37 Hillman and Weichman, "Education Deserts: The Continued Significance of 'Place' in the Twenty-First Century."

38 "NCES PowerStats." NPSAS 08

39 "The Integrated Postsecondary Education Data System." IPEDS: Use The Data. Accessed May 24, 2019. <https://nces.ed.gov/ipeds/use-the-data> and Jack Kent Cooke Foundation. "The Transfer Process 2015 List of Selective Colleges," n.d. https://www.jkcf.org/wp-content/uploads/2018/06/The_Transfer_Process-2015_list_of_selective_colleges.pdf.

40 Rhodes, Dawn. "Illinois Colleges Ramp up Pursuit of Rural Students: 'Colleges Need to Understand More about Rural Areas — They Are Kind of in a Bubble.'" chicagotribune.com. Accessed September 26, 2019. <https://www.chicagotribune.com/news/ct-rural-students-college-recruitment-20190904-vt2t5pju55csfcbajfl53dbrhq-story.html>.

41 Illinois Board of Higher Education. "Table II-2: Total Awards by Gender, Race or National Origin, and Type of Institution, and Level of Instruction FY 2017." IBHE Databook. Accessed November 8, 2018. <http://www.ibhe.org/ibhedatabook/ChapterII/Table%20II-2.aspx>. and U.S. Department of Education, "College Scorecard Data."



For-Profit & Online Education

Students who do not have access to affordable college options may consider online programs, and Illinois rural students are more likely to get their degree online than those from urban areas.⁴² Surveyed Illinois students from more rural areas were also more likely to attend for-profit colleges than urban Illinoisans.⁴³ Though for-profit colleges often provide college access to students who are underserved by other sectors, the outsized costs of getting a degree from for-profit colleges and high default rates and loan amounts limit their ability to contribute to social mobility.⁴⁴ On average, Illinois' for-profit colleges graduate just 31% of their students in 6 years.⁴⁵



Policy Recommendations to Improve Access in Illinois Higher Education

- Convene an equitable funding formula work group
- Create a statewide direct admissions program
- Improve transfer pathways

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

42 "NCES PowerStats." NPSAS 08

43 Ibid.

44 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>.

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



Cost

Rural students pay a relatively greater price to attend college in Illinois than urban students. This is due in part to income gaps, and reflected in rural students borrowing more to attend four-year colleges and universities (see **Ability to Pay**). There are also financial challenges of living farther from colleges, such as traveling to or residing near campus, especially considering that universities with few nearby options cost more than those with nearby public options. The greater relative price and distance makes the thousands of dollars and hundreds of hours rural students spend in classrooms especially costly as compared to the wages they could be earning closer to home.

College graduates living in rural communities also earn less in income, as covered in the **Payoffs** section, and though these areas are more affordable to live in, that does not lower the cost of their degree or the amount of debt they have to pay back. Thus, many rural graduates face the choice of moving to areas with more earning potential or not attending college at all. Lowering college costs for rural students is paramount to reverse declining enrollment, giving students the option to return and boost rural economies, and for the state to achieve its goals of equity and college attainment.⁴⁶

PERCEPTIONS OF AFFORDABILITY

Students' perception of price affects access, as estimations of college costs can prevent students from applying or enrolling. Studies show that high sticker prices contribute to low-income students being especially susceptible to “undermatching,” or going to less selective colleges than they are qualified for, and that rural students are likely to undermatch.⁴⁷ The posted tuition and fees of Illinois' 17 more selective colleges averages \$34,195, compared to \$14,681 at Illinois' non-selective colleges.⁴⁸ One interviewed student related how these prices were discouraging: “The only time that prices really factored in was when I was considering [selective Chicago college].” This student started college in Iowa before transferring

to, and ultimately graduating from, a different public university in Illinois. “I realized it's the most expensive school in Illinois, and I said ‘never mind.’”

THE PRICE STUDENTS PAY

Average Net Price

The average cost of attendance, including tuition and fees, books and supplies, and on-campus or off-campus 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 2-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.⁴⁹ Though improving transfer pathways could increase the potential value students receive, community colleges are integral to Illinois keeping college affordable and accessible, particularly for rural students.

⁴⁶ Illinois 60x25 initiative is a legislative priority with the goal of having 60% of the state's adults having a high-quality degree or credential by the year 2025.

⁴⁷ Smith, Jonathan, Matea Pender, and Jessica Howell. “The Full Extent of Student-College Academic Undermatch.” *Economics of Education Review* 32 (February 1, 2013): 247–61. <https://doi.org/10.1016/j.econedurev.2012.11.001>. And 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/>.

⁴⁸ U.S. Department of Education, “College Scorecard Data.”

⁴⁹ *Ibid.*



Public 4-Year Universities

At all income levels, Illinois' public universities are among the most expensive in the country in terms of net price. The three Illinois universities with few nearby public options end up costing students \$17,300 on average per year, \$1,300 more than the average of the Illinois universities with public options nearby. Being from a more rural area makes a student significantly more likely to be in the lowest income bracket, and the cost of Illinois public universities for students in the lowest income bracket is \$12,800, among the highest in the nation.⁵⁰ With net price for lowest-income students being 50% higher than the average of the midwest, nearby states may be a particularly attractive option for rural students, especially those who have to travel far distances to attend Illinois universities.

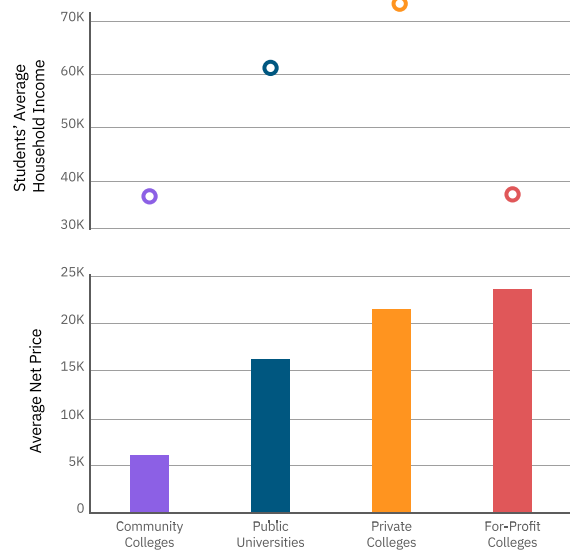


Private Nonprofit Colleges

Though private nonprofit colleges often cite affordable overall costs for low-income students after accounting for institutional aid, actual costs of private colleges tend to be far greater than public institutions; students whose families make less than \$30,000 pay about \$17,500 at private four-year colleges.⁵¹ The institutions that serve more rural students, both downstate and in areas without nearby public options, are on average a few thousand dollars less expensive. However, this doesn't account for costs associated with the additional distance between students and their hometowns. As one interviewed student said, "I really thought about prices when I finished community college. I applied to [public university], and I applied to [small private college], which are very different. [Private university is] really expensive. There was a big difference but once I looked at the sticker price, and I didn't even look at the aid I would get, I knew I clearly wasn't going to go there." Perceptions of affordability were clearly a factor for this student, as the private university she was considering lists a \$35,000 price for tuition and fees, compared to \$14,000 in tuition and fees for in-state students at the public university. How much she would actually pay depends on her family income, but for the lowest-income students, the public university she ended up attending would still be 20% less costly than the private college she was considering.

⁵¹ Ibid.

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



For-Profit & Online Education

Considering the cost of uprooting and moving toward opportunity, distance education is a convenient route toward a degree for rural students, which is increasingly being offered by both public universities and for-profit colleges.⁵² However, a recent survey found that online students face equal or higher tuition costs at public universities and private nonprofit colleges, compared to those attending on-campus at these institutions, which some have termed a “rural tax.”⁵³ Among for-profit college students in Illinois, rural students are much more likely to be earning their degree entirely online.⁵⁴ Though for-profit institutions specialize in providing access to students who otherwise may not have it, especially rural students, they are more expensive than any other sector, at a net price of \$22,000 for the lowest-income students.⁵⁵ Further, there is mounting evidence that this sector produces subpar outcomes at high costs.⁵⁶ Illinois’ for-profit colleges average 23% of their students defaulting on student loans within four years of taking them out, with an average of \$15,000 in debt.⁵⁷ Both students’ default rates and amounts are higher than in any other sector.

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. Opportunity cost is especially high for Illinois’ rural students. Though they stand to gain lifetime income by graduating from college, doing so often means leaving financially secure situations, as residing in a rural Illinois county is associated with having greater assets and more affordable housing.⁵⁸ Moving also has many harder-to-define

costs, both financial and social, and of nationally surveyed adults, those from rural areas least prefer to move away from their community type.⁵⁹

Lowering college costs has the potential to stem rural “brain drain” by better allowing rural students to venture off to college without risking their financial stability. As an interviewed rural student said, “I think most graduates, especially if they have student debt, are going to go where the jobs are, the places that make them the money to pay off their debts. If you want a job that’s not available around [rural areas], you’re naturally going to move... but I think that more people would be willing to stay around if they could afford college without taking out student loans.” Lowering these opportunity costs could also spur more rural students to pursue four-year degrees in the first place, increasing the rural student pipeline, and with it the potential to stimulate rural economies.⁶⁰



Policy Recommendations to Decrease the Cost of a Degree

- More equitably fund colleges and universities
- Eliminate MAP at for-profit colleges
- Create completion and re-engagement grants

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

52 Mattes, Margaret. “The Private Side of Public Higher Education.” The Century Foundation, August 7, 2017. <https://tcf.org/content/report/private-side-public-higher-education/>.

53 Poulin, Russell, and Terri Taylor Straut. “Distance Education Price and Cost Report.”

WICHE Cooperative for Educational Technologies (WCET), February 2017. https://wcet.wiche.edu/sites/default/files/Price-and-Cost-Report-2017_0.pdf. and McKenzie, Lindsay. “An Online Tax for Rural Students.” Inside Higher Ed, January 30, 2019. <https://www.insidehighered.com/digital-learning/article/2019/01/30/high-price-online-learning-colorados-rural-community-colleges>.

54 “NCES PowerStats.” NPSAS 08

55 “The Integrated Postsecondary Education Data System.”

56 Cottom, Tressie McMillan. *Lower Ed: The Troubling Rise of For-Profit Colleges in the New Economy*. New Press, 2017. <https://books.google.com/books?id=m3QADAAQBAJ> and

57 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/>.

58 “Prosperity Now Scorecard Data By Location.” Prosperity Now. Accessed May 28, 2019.

<https://scorecard.prosperitynow.org/data-by-location>. and Bureau, “American FactFinder.”

59 Parker, Kim, Juliana Menasce Horowitz, Anna Brown, Richard Fry, D’Vera Cohn, and Ruth Igielnik. “What Unites and Divides Urban, Suburban and Rural Communities.” Pew Research Center (blog), May 22, 2018. <https://www.pewsocialtrends.org/2018/05/22/what-unites-and-divides-urban-suburban-and-rural-communities/>.

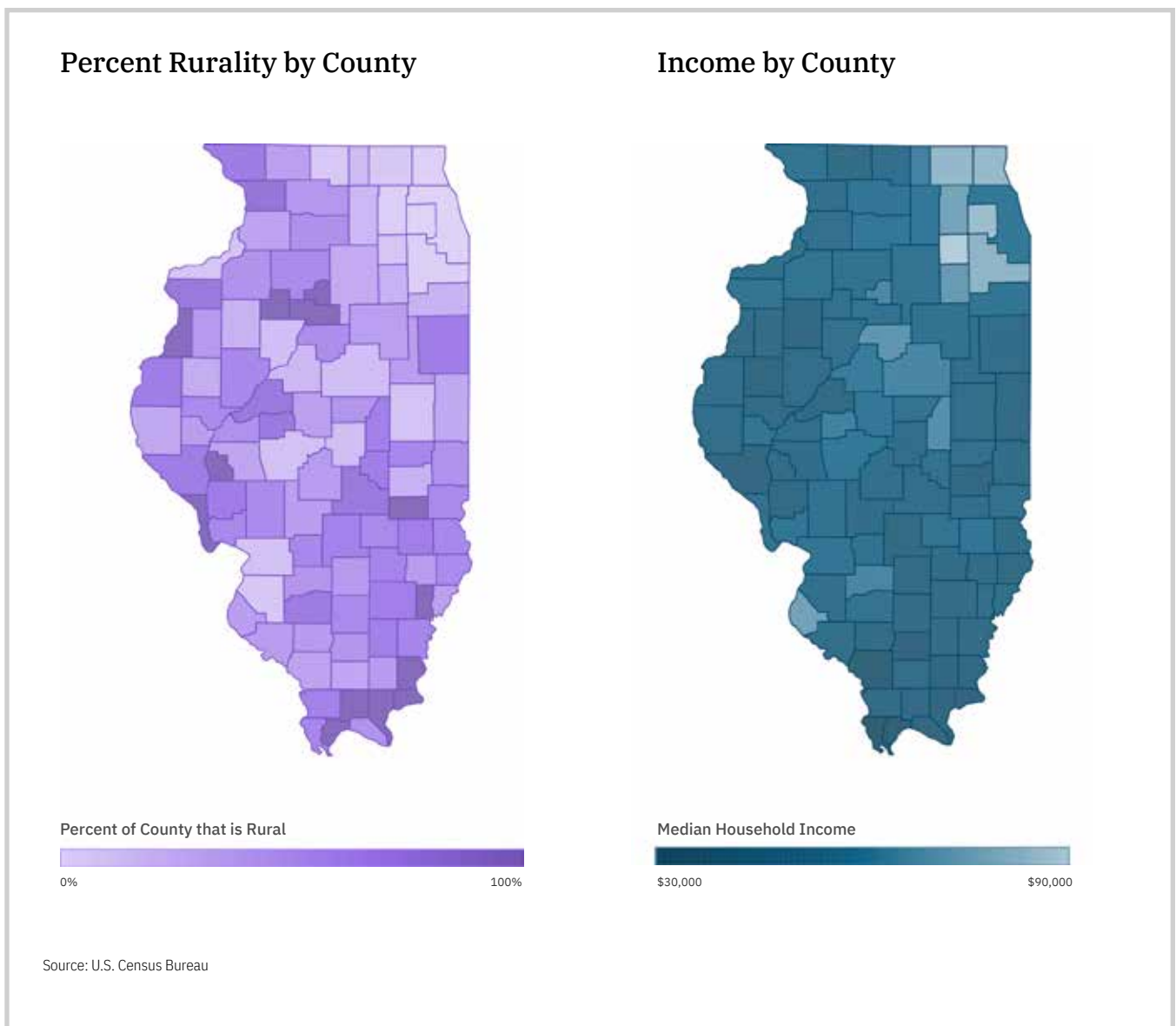
60 Deming, David, and Susan Dynarski. “College Aid.” In *Targeting Investments in Children: Fighting Poverty When Resources Are Limited*, 283–302. National Bureau of Economic Research, Inc, 2010. <https://www.nber.org/chapters/c11730.pdf>.



Ability to Pay

Costs are only half of the equation of how affordable college is, as they are relative to a student's ability to pay. This is a complex picture for rural residents of Illinois, who have less income on average, but also generally experience lower poverty levels and have more assets than their urban peers. Combined with the increasing cost of college, these factors make it harder to leave rural areas for higher education. In Illinois, there is evidence

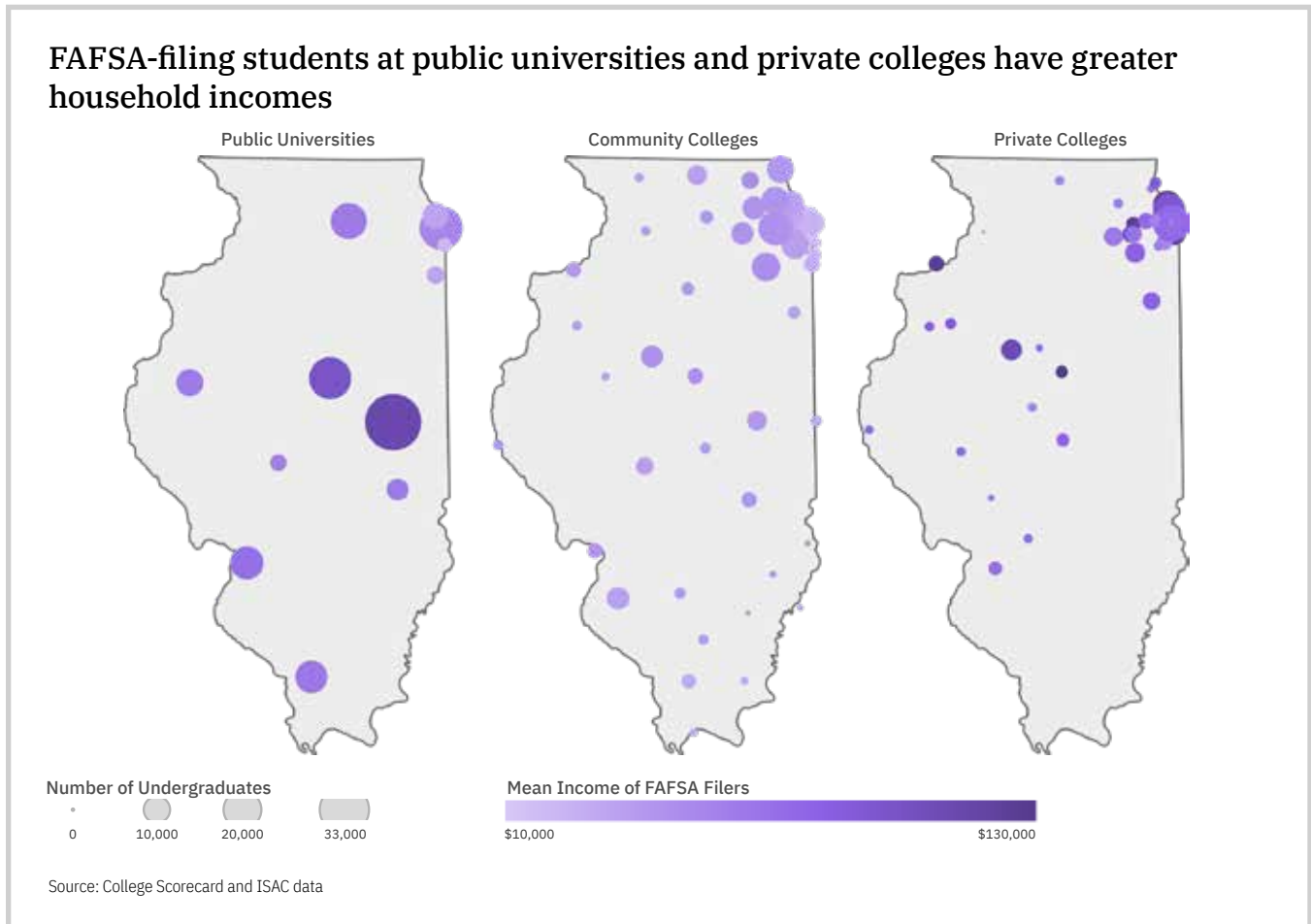
of lower-income rural students tending to attend community college, whereas higher-income rural students attend public and private four-year colleges that average greater lifetime income for graduates. Nonetheless, these students still take out amounts of debt that can ultimately make it harder to return to rural communities.



INCOME AND WEALTH

Discussions of college affordability typically start with household income as a measurement of a family’s ability to pay. In Illinois, the median household in mostly urban counties has \$55,800 in income, compared to \$50,700 for households in mostly rural counties. These gaps significantly increase the more rural an area is, with residents of completely rural areas averaging \$48,200 in annual income.⁶¹ However, these gaps are not reflected in the income of rural students attending four-year colleges and universities. Among Illinois college students, those from rural areas report greater parental income and pay about the same

percentage of their income to attend college, relative to urban students.⁶² Furthermore, the mean income of FAFSA-filing public university students enrolled in colleges with no nearby public options is \$20,000 greater than students at the nine universities with other options nearby. The same is true of private nonprofit colleges with no nearby public options, as students’ household income at these colleges is \$9,500 more than private colleges with public colleges in the area. The discrepancy between rural households averaging less income than urban households, but the opposite being true of rural four-year college students, could



61 U.S. Census Bureau, "American FactFinder."

62 "NCES PowerStats." NPSAS 08

reflect higher-income rural students disproportionately attending four-year colleges. Similarly, rural community colleges tend to enroll lower-income students. This is evident comparing FAFSA-filing students at community colleges with few public options nearby, who average \$40,100 in household income, as opposed to students at universities with few public options nearby, who have a household income of \$76,500.⁶³

Though rural residents as a whole have less income, other wealth indicators show those living in rural counties may still be in more stable financial positions than urban Illinoisans. Being in a more rural county is significantly correlated with wealth indicators such as being less likely to live in asset poverty or have zero net worth, and more likely to use a bank account and own a home.⁶⁴ The relative wealth rural residents have is itself an opportunity cost, as potential students can better maintain their financial assets by staying local and earning short-term degrees or none at all, even if it means sacrificing potential wealth for future generations.



TAKING ON AND PAYING OFF DEBT

Illinois rural community college students tend to have positive debt outcomes compared to more urban students. Students attending two-year colleges in mostly rural areas are less likely to take out loans and more likely to repay them.⁶⁵ Further, students

attending community colleges without other public options nearby took out less debt and repaid it within three years at a slightly higher rate than students attending colleges with other public options nearby.⁶⁶

On the contrary, rural students attending public universities take out more debt to afford their degrees relative to urban students. Surveyed public four-year university students from more rural areas in Illinois owe \$10,500 in debt, compared to \$9,200 for those from cities and suburbs. Both the rural-urban gaps in the likelihood of borrowing and the amounts students borrow are larger for private four-year universities.⁶⁷ Looking at rural institutions tells a similar story, as students at universities with few public alternatives nearby are slightly more likely to take out loans and have greater amounts of debt.⁶⁸ “When I first looked at [public university], I saw my student loan bill, not including financial aid, was going to be about \$36,000,” said a rural community college student interviewed for this report. “If I was going to take that much out, I would go somewhere else for that loan money. I’d pay the \$100,000 and go to [out of state university], where it’s \$50,000 per year for an out-of-state student.”

The concern is not necessarily the amount of debt that rural students are taking on, as borrowing can allow students to access and persist in expensive institutions that pay off in the long-term. To that point, students in universities with no nearby public options pay off loans at a higher rate.⁶⁹ The issue is that, according to national research, only one half of rural students who take out loans end up staying in rural areas, compared to two-thirds of students who don’t take out debt.⁷⁰ The amount is significant too, as 73% of rural students with the greatest loan amounts move to cities, compared to just 37% of those with the least loan amounts.⁷¹

63 “Table 2.3d of the 2018 ISAC Data Book.” Illinois Student Assistance Commission, n.d. <https://www.isac.org/e-library/research-policy-analysis/data-book/documents/2018-data-book/Table2.3d.pdf>.

64 “Prosperity Now Scorecard Data By Location.” and U.S. Census Bureau, “2010 Census Urban and Rural Classification and Urban Area Criteria.” Living in liquid asset poverty means that one’s savings cannot cover three months of basic expenses.

65 U.S. Department of Education, “College Scorecard Data.”

66 Hillman, Nicholas. “William & Mary Mobility Conference.” Tableau Public, April 30, 2017. <https://public.tableau.com/profile/nick.hillman4324#!/vizhome/WilliamMaryMobilityConference/Sheet1>.

67 “NCES PowerStats.” NPSAS 08

68 Hillman, “William & Mary Mobility Conference.”

69 U.S. Department of Education, “College Scorecard Data.”

70 Tabit, PJ, and Josh Winters. “Rural Brain Drain”: Examining Millennial Migration Patterns and Student Loan Debt.” Consumer & Community Context. The Federal Reserve, January 2019. <https://www.federalreserve.gov/publications/files/consumer-community-context-201901.pdf>.

71 Ibid.

Decreasing state appropriations leads to students paying more and taking out more debt.⁷² Further, reinvestment that lowers costs and debt burdens have great economic potential for rural areas. Studies show that many people born in rural areas have the desire to return and settle down in these communities, that they will increasingly return if they are financially incentivized to do so, and that this return can boost rural economies.⁷³

STATE AND FEDERAL AID

Federal and state aid are meant to make up most of the difference between a college's cost and what a family can afford to pay. However, state aid has become less reliable and lost purchasing power. After nearly two decades of disinvestment, the state's Monetary Award Program (MAP) has turned into a first-come, first-served grant. In Fiscal Year 2018, MAP was not able to provide awards to nearly 100,000 qualified students. For those that did receive funding, it only covered about one-third of tuition and fees at four-year colleges and universities.⁷⁴ These funding shortages are disproportionately affecting students from rural areas, as there is a significant correlation between an area being more rural and having a greater percentage of eligible students who do not receive MAP grants because of funding shortages.⁷⁵ Rural students' disproportionate enrollment in community college also makes aid shortages more impactful. By design, first-come, first-served MAP grants unduly affect students at community colleges who are four times more likely than students from public universities to be denied funding, despite being eligible and applying.⁷⁶

Worse, in Fiscal Year 2016 and Fiscal Year 2017, the State of Illinois operated without a budget, turning the persistent issue of state aid shortages into a dire situation, as colleges couldn't guarantee these funds to students. Notably, many 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.⁷⁷ One student interviewed for this report expressed the uncertainty and cuts that came with the budget crisis: "Actually [the budget crisis] was a huge thing at [public university]. There was a 200-employee layoff during it, and there were rumors like, 'the college is going to close. We might not come back next year.' We were all freaking out, wondering, 'is our degree going to mean anything?' I was going to have to go live back home." This student was able to weather this storm, and did not have his aid affected, but that's not always the case. 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 rural students in Illinois.⁷⁸

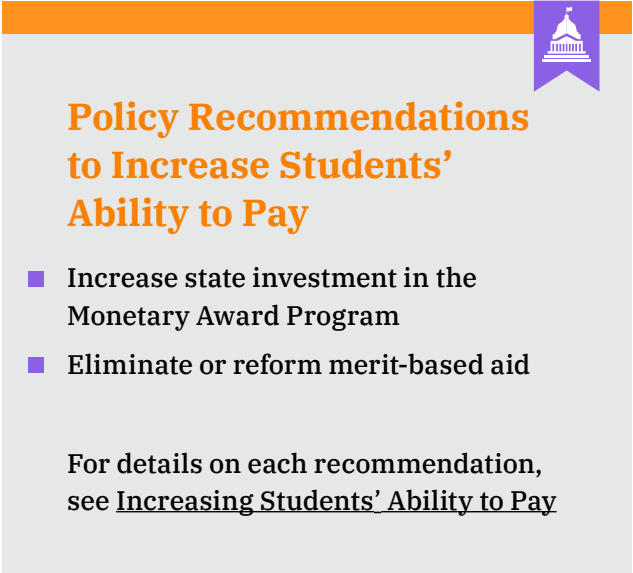
72 Boston, Federal Reserve Bank of. "Consequences of State Disinvestment in Public Higher Education: Lessons for the New England States." Federal Reserve Bank of Boston, February 21, 2019. <https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2019/consequences-of-state-disinvestment-in-public-higher-education.aspx>.

73 "Rural America Is Losing Young People - Consequences and Solutions." Wharton Public Policy Initiative. Accessed October 5, 2019. <https://publicpolicy.wharton.upenn.edu/live/news/2393-rural-america-is-losing-young-people->.

74 Illinois Student Assistance Commission, "Basic ISAC Program Data."

75 U.S. Census Bureau, "American Factfinder," and data provided by the Illinois Community College Board (ICCB) Note: This analysis was done by house district, as this was the geographic level provided by ICCB

76 "Monetary Award Program Historical Awards and Payout Summary FY2009-FY2018." 2018 ISAC Data Book. Illinois Student Assistance Commission, n.d. <https://www.isac.org/e-library/research-policy-analysis/data-book/documents/2018-data-book/Table2.0a.pdf>.



The graphic features a purple banner at the top with a white icon of a building with a dome. Below the banner, the title "Policy Recommendations to Increase Students' Ability to Pay" is written in orange. Two blue square bullet points precede the recommendations: "Increase state investment in the Monetary Award Program" and "Eliminate or reform merit-based aid". At the bottom, a grey box contains the text "For details on each recommendation, see [Increasing Students' Ability to Pay](#)".

77 "FY17 MAP Grant Survey: What Is the Impact on Students?"

78 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



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. For rural students, capitalizing on their education often means moving to more urban areas. As one rural student said, “I love [my hometown] but people in my field say, ‘you’re not going to find a lot of money here, you’re not going to have a lot of opportunity necessarily.’”

Nationwide trends show that rural areas, especially in the Midwest, are experiencing

population declines and economic stagnation relative to cities.⁷⁹ In Illinois, the financial motivation for leaving rural areas may be apparent in data on opportunities. While many factors affect the likelihood of being in the top income quintile, there is a significant negative relationship between staying in more rural counties and the amount of income an Illinoisan is predicted to make.⁸⁰

⁷⁹ Parker, Kim, Juliana Menasce Horowitz, Anna Brown, Richard Fry, D’Vera Cohn, and Ruth Igielnik. “Demographic and Economic Trends in Urban, Suburban and Rural Communities.” Pew Research Center, May 22, 2018. <https://www.pewsocialtrends.org/2018/05/22/demographic-and-economic-trends-in-urban-suburban-and-rural-communities/>.

⁸⁰ Opportunity Insights, “Data Library.”

In rural areas, the future also looks different depending on a person's education. A national survey showed those from rural areas with some college or less are 23% less likely than their urban counterparts to feel optimistic about their financial futures, but there was no difference among those who had four-year degrees.⁸¹

The payoff of a college education is different for a graduate living in a rural area than for a suburban or urban student, and these are important factors when graduates decide where to live after college.⁸² In a national study on student loan debt, the Federal Reserve found that rural students who moved to urban areas made nearly \$10,000 more per year and paid off their student loans at greater rates than those who stayed in rural communities.⁸³ The value of a degree is further stratified by race, as more than any subgroup surveyed, nonwhites from rural areas report that the availability of jobs is a major problem.⁸⁴

In Illinois, depopulation of potential college-going students is disproportionately happening in rural areas, as evidenced by previously mentioned declines in 12th grade students. These declines are also correlated to a higher percentage of

households at the lowest income level.⁸⁵ Equitable access to higher education is crucial for these communities and their residents to connect to the changing economy, and in doing so avoid increasing poverty in the most rural areas.

81 Parker et al., "What Unites and Divides Urban, Suburban and Rural Communities."

82 Fiore, Ann Marie, Linda S. Niehm, Jessica L. Hurst, Jihyeong Son, Amrut Sadachar, Daniel W. Russell, David Swenson, and Christopher Seeger. "Will They Stay or Will They Go? Community Features Important in Migration Decisions of Recent University Graduates." *Economic Development Quarterly* 29, no. 1 (February 1, 2015): 23–37. <https://doi.org/10.1177/0891242414559070>.

83 Tabit and Winters, "Rural Brain Drain: Examining Millennial Migration Patterns and Student Loan Debt."

84 Parker et al., "Demographic and Economic Trends in Urban, Suburban and Rural Communities."

85 Illinois State Board of Education, "Report Card Data Library."

Conclusion



Rural Illinois college students face unique barriers to access college compared to their more urban peers such as additional costs and a lower ability to pay, at least in terms of income. The payoffs of a degree for the state's non-metropolitan population are often dependent on whether they are willing to move to cities, a decision that can be costly and damaging for their home communities.

The most immediate policy path to addressing these barriers is to connect rural students to opportunity, especially in enrolling in and transferring to public universities. These must be accompanied by improving graduation outcomes at the colleges and universities serving these students, especially focusing on rural students of color, who currently face greater challenges and larger gaps to degree completion than the rest of the state.

The reality is that state policy may not be able to reverse macroeconomic trends of urbanization or the increasing cost of a degree. However, it can help rural communities adapt while lowering the net price of a degree, ultimately getting more rural students through college and thriving in less urban areas of Illinois. Recommendations that make degrees more affordable for students, and thus less likely to leave their communities, tend to be simple, if difficult, to achieve. More resources are crucial for change. Reinvesting in colleges will increase their capacity to serve rural students. And increasing MAP coverage and award amounts can get more low-income rural students to and through college.

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, 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 also be better able to access four-year opportunities if they choose, 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 higher education by increasing investments in higher education and by implementing policies that, like those described below, **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 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 is well positioned to drive an equity-centered

strategic plan, if, like the Illinois Community College Board, 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.⁸⁶ 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.⁸⁷ 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 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 Illinois’ public colleges who might not otherwise apply or who might be targeted by for-profit institutions with lower graduation rates and higher default rates for borrowers.

86 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>.
87 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.

Recommendation 3

Improve Transfer Pathways

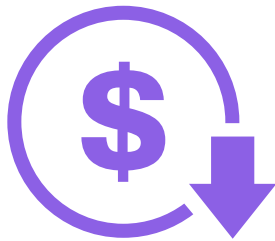
As a lower cost option to bachelor's degree completion, Illinois' transfer system is an important pathway for Illinois' students. Given that Illinois currently leads the nation in the percentage of community college students who transfer to a four-year institution and complete a degree, the transfer pipeline holds promise for affordability in Illinois.⁸⁸ 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 rural, 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.

⁸⁸ 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.ⁱⁱⁱ 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, it must further invest in its students and institutions to pull them out of a quality, cost, and enrollment downward spiral.

ⁱⁱⁱ 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 the state's rural 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 rural students. 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.

Recommendation 2

Eliminate MAP at For-Profit Institutions

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.⁸⁹ Yet, federal oversight over for-profit institutions continues to decrease as the U.S. Department of Education rolls back Obama-era student protections.

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

⁸⁹ Miller, "How You Can See Your College's Long-Term Default Rate."

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.⁹⁰

⁹⁰ 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



Gaps between rural and urban students in income and in the likelihood of receiving state aid affect students' ability to pay for college. Though geographical income disparities 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.⁹¹ To minimize sticker shock and as an on-road to fully 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.⁹² 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 contribute to longstanding racial inequity in our state. 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.⁹³

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.

⁹¹ Analysis of data provided by the Illinois Student Assistance Commission (ISAC)

⁹² 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/>.

Recommendation 2

Eliminate or Reform Merit-Based Aid to Be Equitable

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.⁹⁴ 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 our public universities.

A more equitable path to drive Illinois' students to attend our public universities is 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 our 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.

⁹⁴ "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>.

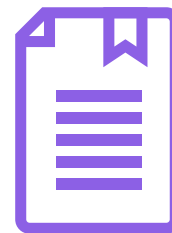
Improving Degree Payoff through Loan Forgiveness

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 a result of racial wealth disparities, Black students carry a disproportionate amount of debt and are more likely to default than White students. These racial disparities in borrowing and outcomes for borrowers exist for both graduates and non-completers.^{iv} While the current loan forgiveness proposals are varied, analysis 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 and provide a boost to the national economy, and better allow rural students to return to their communities after receiving a degree, if that's what they wish to do.

^{iv} 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 degree payoff** for Black, Latinx, and rural students. The future prosperity of our state depends on these bold actions.



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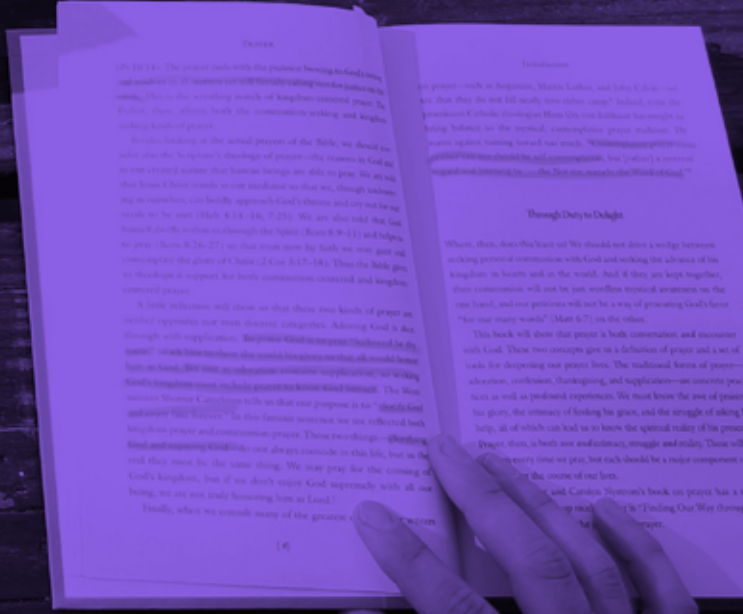
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