

February 2008

Economic Diversity: Why Enrollment of Lower-Income Students Matters

I. Number of Lower-Income Students We Enroll

The easiest measure to use in comparing enrollment of lower-income students is to determine how many students receive a Minnesota State Grant or a Federal Pell Grant (see Table 1). To be eligible for the federal and state grant programs, you must meet income/financial need guidelines.

Twenty-three percent of undergraduates at Minnesota Private College Council (MPCC) member institutions received a Minnesota State Grant. State Grant recipients are typically from families with incomes less than \$70,000. Comparatively, 21 percent of undergraduates enrolled at Minnesota State Universities and 20 percent of undergraduates enrolled at the University of Minnesota received a Minnesota State Grant in 2006-2007.

	Number of Private College Grant Recipients	Percent of Private College Undergraduates
Students Receiving a Minnesota State Grant (Estimated income \$0-\$70,000)	9,751	23%
Students Receiving a Federal Pell Grant (Estimated income \$0-\$40,000)	8,072	19%

Fall 2006 Undergraduate Enrollment at Minnesota's Private Colleges: 41,598

This is one in a series of research-based briefs prepared by the Minnesota Private College Research Foundation for Minnesota Private College Council members.

If you have a question or suggestion for a topic for a future issue brief, please contact the Research Foundation.

Nineteen percent of MPCC institutions' undergraduates received a Federal Pell Grant; this is a greater percentage than the University of Minnesota (17 percent). Pell Grant recipients are typically from families with the lowest incomes (\$0-\$40,000).

The decline in state grant recipients enrolling at member institutions is of concern as it may represent the declining affordability of a private college education. Just ten years ago, 33 percent of MPCC member institutions' undergraduates were Minnesota State Grant recipients. Since 1995, the number of state grant recipients at member colleges has decreased by more than 2,500 due to increasing family incomes coupled with unchanged income requirements for receiving need-based aid. However, the colleges' commitment to providing an education to lower-income students has not diminished. During the same period, undergraduate enrollment of the lowest income students (Pell grant recipients) has remained stable at approximately 8,000 students.

Our economic diversity is keeping pace with the University of Minnesota. As shown in Chart 1, when comparing enrollments of students at public versus private colleges in Minnesota, private not-

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for-profit four-year colleges enroll a range of students with incomes similar to those students enrolling at doctoral public universities (those awarding doctoral degrees) in Minnesota (including the University of Minnesota). It is important to note that nondoctoral public colleges (those colleges not awarding doctoral degrees) generally enroll more lower-income students than our member institutions.

Troubling is the increasing trend of lower-income students enrolling at two-year

community or technical colleges in Minnesota. The share of Pell Grant recipients enrolling at a four-year college in Minnesota has been shrinking. In 1993, 56 percent of Pell Grant recipients enrolled at a four-year college. By 2006 this figure had declined to 49 percent. Research suggests that traditional four-year higher education has been drifting away from enrolling lower-income students and is becoming more class-selective as a consequence of admissions standards and/or price barriers (Mortenson, 2007).

II. Why Enrollment of Lower-Income Students Matters

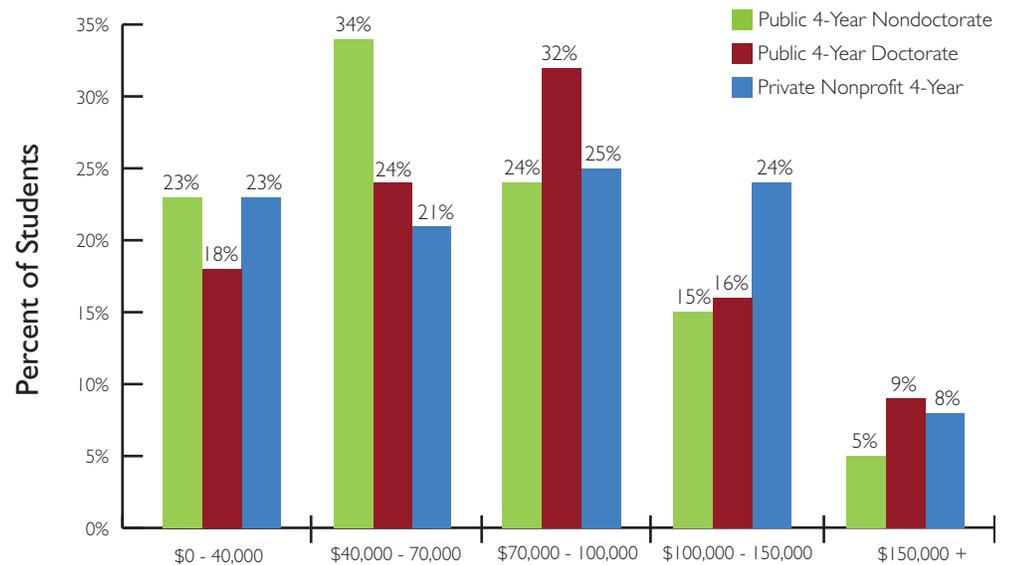
Enrolling Lower-Income Students Is a Social Justice Issue

“It is higher education’s responsibility to advance social progress...not only through new scientific discoveries that advance the health and well-being of society, but also through the education of citizens and the next generation.” (Bowen, 1977; Hurtado, 2007) The members of the Minnesota Private College Council have long-standing commitments of service to our communities and the world which is often tied to the institutions’ faith traditions. It is part of our missions and our core values. As such, members have looked to serve those less financially fortunate through access to the transformational potential of small, residential liberal arts colleges.

Recruitment and enrollment of lower-income students is a wise investment as Minnesota’s private colleges and universities successfully educate students regardless of income. In 2004, MPCC and its counterpart in Washington state analyzed how recent college graduates paid for, experienced and assessed their education. The study clearly documented the social and economic transformation of students from the lowest income quartile as a result of their graduation from college, facilitated by state and federal need-based grant programs. Outcomes for lower-income students were similar to their upper-income peers including educational satisfaction, time to degree completion, average personal income, employment levels and pursuit of advanced degrees (MPCRF, 2005).

Chart I: Minnesota 4-Year College Students by Parent Income

Minnesota Dependent Undergraduates Only, 2003-04



Source: National Postsecondary Student Aid Study, 2003-04, U.S. Department of Education

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Lower-income students in Minnesota are becoming less likely to make it to college. In 1993, Minnesota ranked first in the percentage of lower-income students enrolling in college at 48 percent. However, the state fell to 11th in 2003-04 with just 33 percent of lower-income students enrolling (Mortenson, 2006). Even among the highest-ability students, fewer than one in three lower-income students will complete a bachelor's degree (College Board, 2005).

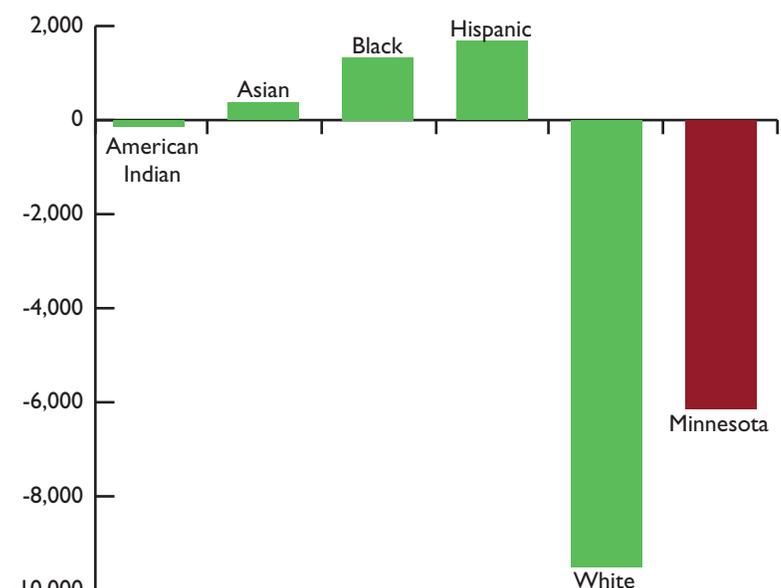
Enrolling Lower-Income Students Addresses the Needs Of Our Economy — and Our Colleges

Barriers to lower-income students enrolling in college are often parallel to those related to race and ethnicity. Unfortunately these students are traditionally not well served by four-year colleges. Minnesota's total population will continue to become more racially and ethnically diverse. Growth for communities of color will be more concentrated among younger Minnesotans as depicted in the change in high school graduates from 2003-2013 (Chart 2). As indicated by these data, while total Minnesota high school graduates will decrease, the proportion representing students of color will increase.

Minnesotans of color are three times more likely to be among the lowest-income. In 2005, 37 percent of African Americans in Minnesota earned incomes less than \$28,000 as compared to 12 percent of whites (Minnesota State Demographic Center, 2006). As a state, we continue to underutilize the resource that students of color represent. The Measuring Up 2004 report on higher education performance in Minnesota estimates that if all minority groups had the same educational attainment as whites, their higher earnings would raise total personal income by approximately \$1.6 billion. As a result, the state would realize more than \$500 million in additional tax revenues (National Center for Public Policy and Higher Education, 2004).

Our best bet for increasing the number of skilled workers in this state is to increase the participation and completion rates of those students most likely to fail in higher education — lower-income students. Demographic changes will push Minnesota to make serious decisions about its education needs. With increasing retirements among baby boomers, Minnesota is losing a talent pool that has been leading our economy and community. In the coming years, Minnesota will need to replace nearly half of its K-12 teachers and college professors, a high percentage of our practicing scientists and other professional leaders in the varied and complex fields of our economy. The number of college graduates

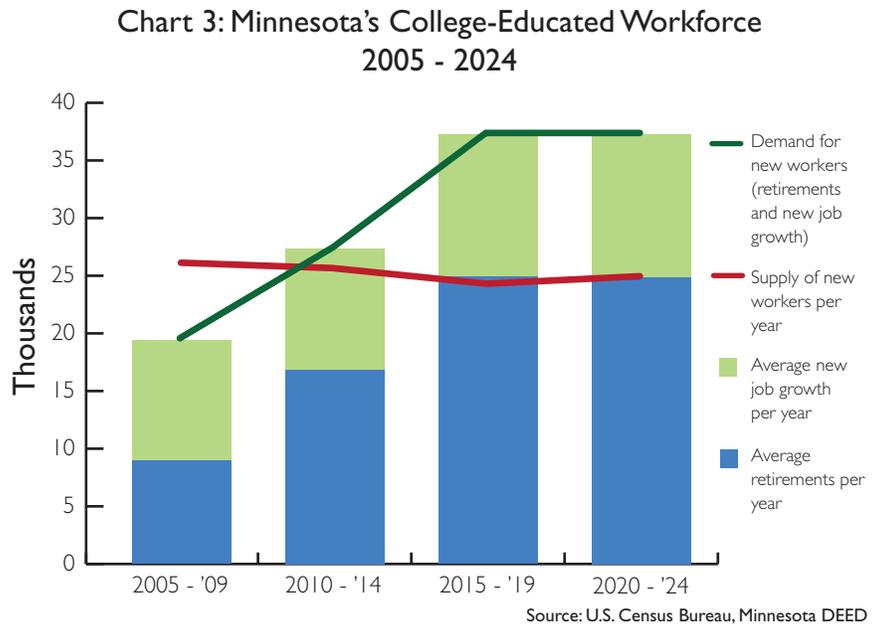
Chart 2: Change in Minnesota High School Graduates 2003 - 2013



Source: Western Interstate Commission on Higher Education (2003)

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retiring from the Minnesota workforce will grow from 9,000 per year in 2007 to 25,000 per year in 2015-2019. At the same time, Minnesota will experience a decline in high school and college graduates and dramatic changes in the demographics of the next generation preparing for high school and beyond. As shown in Chart 3, with new job growth taken into account, we can expect a growing gap between the supply and demand of college-educated workers. In fact, by 2015 the forecast is that Minnesota will have an annual shortage of 12,900 college-educated workers.



Diversity Enriches the Campus and Student Experience

Research on outcomes of a diverse and inclusive campus environment reveals students' psychological, social and emotional development as well as their active engagement in the learning process.

Research on racial and ethnic diversity in higher education demonstrates that campus diversity initiatives have positive effects on both minority and majority students. These institutions improve students' relationships on campus and positively influence their satisfaction and involvement with institutions and their academic growth. (Humphreys, 1998). The same can be said for economic diversity.

Extensive research in social psychology demonstrates that active engagement in learning cannot be taken for granted. Entry into adulthood is a critical period in the development of a student's conscious learning and critical thinking. Residential colleges provide an environment for students to experiment with new ideas, new relationships and new roles. Student-faculty and student-student relationships are critical to this development (see research by Tinto, Astin, Terenzini, Pascarella). Encountering students from diverse incomes as well as different racial and ethnic groups enables students to get to know one another and to deepen their own thinking about themselves and about others. For many students, college is the first sustained exposure to an environment other than their home communities.

Patricia Gurin (1997) concludes that "students learn better in a diverse educational environment, and they are better prepared to become active participants in our pluralistic, democratic society once they leave such a setting." When a campus is perceived by its students to make a significant commitment to diversity, educational gains are made across the entire student body (Smith, et. al., 1997).

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