

U.S. Regions and 50 States in Perspective

SREB

# Fact Book

on Higher Education

SREB Fact Book on Higher Education • 2015

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Education  
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## The College Completion Challenge

### *Increasing Education Attainment to Improve Economic Development*

#### Education attainment levels are rising, but not fast enough to reach goals

Policymakers and education leaders know their states have made progress on college completion, but they have a long way to go to meet their goals. The challenge is that the rate of growth may well be too slow to meet established goals. Yet, they know that the economic development of their states is at stake if they are not successful. Today's fastest growing jobs require postsecondary education.

In 2002, SREB states launched their Challenge to Lead goals for education and set general goals on college completion; in 2012, they followed with a specific goal to have 60 percent of working-age adults (ages 25 to 64) attain a postsecondary credential. Nine SREB states subsequently set their own education attainment goals to underscore the importance of college completion. Five set goals for at least 55 percent of their working-age population to have college degrees (associate or bachelor's), some designating a target year of 2020 and some 2025.

In 2010, working-age adults in SREB states had attainment rates of 35 percent for associate degrees or higher, 3 percentage points below the nation. The rate for working-age adults holding a bachelor's degree or higher at that time was 27 percent, 3 percentage points below the national average.

In 2013, 36 percent of working-age adults held an associate degree or higher, up 1 percentage point from 2010; 28 percent of these adults held a bachelor's degree or higher, up 1 percentage point. Despite the rise in education attainment levels, many states are still far from achieving their goals.

#### Changing demographics challenge states' progress

The population of students in colleges and universities continues to grow more diverse. Between 2003 and 2013, black and Hispanic student enrollments in public schools grew faster than white student enrollments; however, public high school graduation rates of black and Hispanic students continue to trail those of white students. The high school graduation rates of black and Hispanic students were at 77 percent in 2012-13, 8 percentage points below that of white students. To reach their education attainment goals, states will need to close the gaps in high school graduation rates.

#### Recent college enrollment dips nationwide, while high school graduation rate rises

A threat to reaching college completion goals is the recent drop in college enrollment. Nationwide, public and private institutions combined have experienced three years of decline in enrollment from 2010 — and colleges and universities in SREB states have seen this decline over the last two years. The decline comes as two related factors affecting college enrollment — high school graduation rates and college-going rates — trended in opposite directions. In 2013, the high school graduation rates nationwide hit an all-time high of 81 percent — higher even in SREB states by one percentage point — providing colleges and universities a higher yield of high school students to enroll. But, the college-going rate of recent high school graduates nationwide declined by 1.1 percent over roughly the same time period, with the SREB region dropping by 0.2 percent.

If high school graduates had enrolled in college at the same percentage as in the past, the higher graduation rates would have resulted in higher enrollments in freshman classes — assuming the high school cohort sizes had been steady. In fact, the outlook for college enrollment should have been very strong, as public school enrollments had grown approximately 10 percent over the last decade and were projected to continue to grow into the next decade. This means the number of graduates was higher, but the percentage of them choosing to go to college did not match prior years. The challenge ahead is to ensure that all high school graduates are college ready and motivated to pursue a postsecondary credential.

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*Continued from inside front cover*

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College course-taking by high school students rose between the 2009-10 and 2013-14 academic years. Credit-hours taken by these students accounted for 0.2 to 2.5 percent of undergraduate credit-hours at public four-year colleges and ranged among SREB states from 1.6 to 16.4 percent of credit-hours at two-year colleges.

#### Progression rates and completions increasing

At least two trends bode well for increasing education attainment: rising progression rates and increasing completions. Progression rates at both four-year and two-year institutions went up — indicating that more students graduated, transferred or continued in school for 150 percent of their normal program length. At four-year institutions, progression rates increased 4 percentage points between the 2000 and 2007 fall cohorts. At two-year colleges, they increased 3 percentage points between the 2003 and 2010 fall cohorts.

Similarly, the number of associate and bachelor's degrees awarded — counted as completions — increased in recent years. In SREB states, the number of bachelor's degrees awarded rose 19 percent between 2007-08 and 2012-13. The number of associate degrees awarded increased 45 percent over the same period. Both of these increases are striking because they are higher than increases in previous such periods.

#### College affordability continues to threaten education attainment

The rising cost of college continues to be a challenge to college completion. The average annual costs for an in-state undergraduate to attend a public four-year college rose to \$18,100 in 2013-14, a 126 percent increase over the last 30 years. Average costs for public two-year colleges also increased over the same time period, but more modestly — 57 percent to \$9,300.

Rising college costs make it particularly difficult for students from low- and middle-income families to attend college. In 2013-14, one year's cost to attend a public four-year colleges equaled 155 percent of annual income for families in the lowest quintile of income.

In SREB states, students received \$11 billion in Pell grants in 2013-14, 75 percent more than in 2008-09. The maximum Pell grant, which is available to the neediest of students, was \$5,635 in 2013-14. It covers about 31 percent of the annual cost of attending a public four-year college, leaving students and their families searching for additional aid or jobs to cover the remaining cost.

#### States support students, but allocations for higher education fall

As the cost of college rose and the value of Pell grants declined, SREB states picked up more of the cost to help students. They increased state scholarships and grants to a total of almost \$5 billion in 2012-13, accounting for 50 percent of the nationwide total.

Yet, the share of funding from state appropriations dropped below 50 percent for four-year institutions in 2009-10 and has not yet rebounded. To avoid even deeper cuts to their budgets, many colleges and universities raised tuition and fees. The result has been increasing student debt. Since 2008, the percent of college graduates leaving school with debt increased 5 percentage points, and the average amount owed rose to \$25,000. If states are to improve their progress on college completion goals, they need to address all aspects of college affordability, including state revenue, tuition and fees, student debt, and financial aid.

Trends in higher education attainment in SREB states are complex. Higher education attainment rates have grown slowly, demographic change among college-age students has been rapid, college enrollment has dropped and affordability hurdles have thwarted college completion. At the same time, high school graduation rates and college completions have increased.

At current rates of improvement, SREB states will not reach their postsecondary attainment goals by the target dates they have set. The gains they make from incremental change will improve their workforce and quality of life for their residents — but more is possible for many more of their residents, if states accelerate efforts to increase education attainment.