

# KEEPING THE DREAM ALIVE

State, federal and private programs aim to help minority and immigrant students make it to college in tough times.



BY JULIE BELL

**A**lfredo is going to graduate from Colorado College, but he never would have believed that when he entered Denver's South High School. The son of immigrants, his family did not have the experience, information or money to support his dream. But thanks to help from a local foundation and a committed school counselor, Alfredo ended his senior year with a 4.5 grade point average and a full scholarship to the prestigious private school.

The resources—both financial and personal—that helped Alfredo succeed are rare. State legislators have been creating pro-

grams to help first generation and immigrant students get into and succeed in college. These students and their families, however, often are unaware of the programs and don't believe college is a possibility.

Now, as legislators face tight budgets in the years ahead, experiences such as Alfredo's could become the exception. Many low-income, first generation and minority students may have fewer places to turn for help in going to college. Tuition has gone up and, until enactment of the economic recovery package, the federal government's share had not. Many states have decided to put money into merit programs rather than need-based programs. School counselors, who provide critical information and support to such students, are often among the first to lose their jobs. The growing income gap between those

who are successful in the education system and those who are not may widen even more without programs to help these kids.

"Improving the numbers of students gaining access to higher education and successfully earning their degrees is a pressing and urgent issue for state legislators," says Connecticut Representative Denise Merrill. "The challenges are particularly acute for traditionally underserved students."



**REPRESENTATIVE  
DENISE MERRILL  
CONNECTICUT**

*Julie Davis Bell heads NCSL's education program.*



### THE VALUE OF COLLEGE

The same severe economic decline affecting state budgets also makes it hard for families and students to afford college. A college education, however, is more important than ever in determining future earnings. The annual income of an employee with a bachelor's degree is about 80 percent higher than for a person with a high school diploma—or more than \$1 million over a lifetime, according to the College Board. College graduates are more involved in community and philanthropic affairs, are healthier, and require fewer state services than those without a degree.

The high school achievement gap between whites and minorities is prevalent and alarming. Nationally, while 80 percent of white students graduate from high school,

the figures are only 72 percent for Hispanics and 69 percent for African Americans. And the picture of college enrollment is bleak: 73 percent of white high school graduates enroll, compared to 58 percent of Hispanic students and 56 percent of African-American students.

Texas recently studied changing demographics and the lack of success of low-income and minority students in its higher education system. “We faced a grave realization of where our state would be in 10 years if we did not figure out a way to improve college success for these students and families,” says Representative Geanie Morrison.

Minority and first-generation students account for all the current growth in our nation's public education system, according

to the Western Interstate Commission for Higher Education. The 2007-08 school year will boast the highest number of high school graduates ever—more than 3.34 million. The commission projects that, between 2004 and 2014, Hispanic public high school graduates will increase by 54 percent, Asians by 32 percent, American Indians and Alaskans by 7 percent, and African Americans by 3 percent. The number of white graduates will decline by 11 percent.

Meanwhile, tuition and fees have risen an average of 4.2 percent each year at public four-year institutions over the past decade, according to the College Board, to an average of \$6,585 for in-state students. Add in room and board and you're at a hefty \$14,333—nearly 6 percent higher than last

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## STATES CRAFT DEMANDING PROGRAMS FOR COLLEGE-BOUND STUDENTS

States are experimenting with programs to reward low-income students who succeed in high school with grants to attend college.

Indiana's 21st Century Scholars program provides academic and college preparation assistance through high school to low-income middle school students who sign a pledge to complete high school and avoid illegal activities. If a student graduates from high school with a "Core 40" (a rigorous curriculum) diploma and at least a 2.0 grade point average and has stayed out of trouble, he or she is guaranteed four years of financial aid covering all tuition and fees at an in-state public college or university, or an equivalent amount at an in-state private institution.

"The goal is to create a pipeline of low-income and first-generation students going to college," says Indiana Representative Greg Porter.

The "Core 40" high school diploma requires four years of English, three years of math through at least algebra II, and three years of science. There's also an honors diploma that includes more credits in math, foreign language and fine arts.

The program receives substantial state support—\$25.4 million in FY 2007. Forty-nine percent of scholars come from single-parent families, and 32 percent are members of racial and ethnic minorities whose families have a median income of \$29,000.

The results have been promising. In 2006, 68 percent of Indiana students completed a college prep curriculum in high school, compared with 12 percent in 1994. In 1992, Indiana ranked 34th in the nation in the percentage of high school graduates who enrolled in college the following fall. By 2004, Indiana was 10<sup>th</sup> in the nation, and enrollment continues to grow.

Another concern is that kids drop out of college and never finish. In response, Indiana is providing these college students with special supports.

Programs elsewhere include:

- ◆ Oklahoma's Promise Scholarship targets low-income students in middle school. They agree to take a rigorous high school curriculum, maintain a 2.5 GPA, sign a contract for good behavior, and complete the federal financial aid form. The state provides \$54 million in funding for about 19,000 students.
- ◆ Wisconsin's Covenant program focuses on getting information to students about the resources to help them get into and attend college. The Legislature is considering a budget of about \$25 million to help pay for the program.
- ◆ The Washington State Achievers program is in 16 high schools. It targets low-income students who can receive up to \$5,000 per year for college.



**REPRESENTATIVE**  
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year. For out-of-state students, the figure is \$17,452 for tuition, and for private institutions, tuition and fees are \$25,143 or more. Public community colleges that have traditionally served a large number of low-income students are a bargain at \$2,402.

Students borrowed about \$19 billion from state and private sources to help finance their education in 2007-08, according to the Col-

lege Board. Two of three college students graduate with debt, and the average borrower who graduates from a public college owes about \$17,000 in student loans, according to the American Association of State Colleges and Universities.

### GETTING THE WORD OUT

Letting low-income, first-generation and minority students know that college is pos-

sible is as important to success as counseling and ongoing support through college.

Private foundations can help. Jessica Holguin is the counselor at Denver's South High School who helped Alfredo. Her position is supported by the Denver Scholarship Foundation, which helps low-income students attend college. The foundation is an example of a local fund that provides scholarships, but first requires students to seek federal money and other financial aid. There are many similar programs in other states, but they operate at a relatively small local or community level.

These local efforts cannot reach all the kids who need help, however.

### FEDERAL ROLE

Providing support for low-income students in higher education traditionally has been a role of the federal government. Until passage of the economic recovery act, Pell grants for low-income students had increased little over the last decade, and the federal government was moving away from grants toward loans and tax credits, which largely do not help low-income families.

Low-income students are receiving more assistance in the Obama administration. The economic recovery package includes \$17 billion to increase the maximum Pell grant by \$500 to \$5,350 in school year 2009 and 2010 and to \$5,550 in school year 2010 and 2011. In addition, the package includes \$14 billion in expanded higher education tax credits that would, for the first time, be available to students from low-income families that do not pay taxes. Another \$200 million is included for increased college work-study, which has been a particularly valuable program for helping students work and earn rather than take out loans.

Low-income students, however, need more help than the federal government can provide. Students also are looking to states, communities and the private/philanthropic sector. Money for college and ongoing support for students once they are there are critical to college success.

In recent years, states have begun to invest in a new generation of financial aid programs that let students and families know about resources to attend college and encourage students to take a rigorous high school curriculum and graduate. These programs acknowledge the growing population of low-income and minority students; account for

## ENDOWMENTS VICTIM OF MARKET COLLAPSE

the diminished role of the federal government; recognize limited resources at the state level; simplify the process of applying for and receiving financial aid; reduce the reliance on loans; and are flexible for adult and part-time students.

The Rethinking Student Aid Study Group—an independent team of policy experts, researchers and higher education professionals convened by the College Board—is calling for a policy shift that would change how students and their families think about and prepare for futures with college. The recommendations will likely help spark the national dialogue over financial aid reform.

### WHAT WORKS

“Early commitment financial aid programs” guarantee college tuition to qualified students, serve low-income students and sign kids up in middle school. They help those most in need, reach out early and offer incentives for kids to graduate. Students earn the money for college by taking tough courses, staying out of trouble and maintaining a good grade point average.

The Indiana 21<sup>st</sup> Century Scholars Program increased the percentage of kids who completed a college prep curriculum from 12 percent in 1994 to 68 percent 14 years later.

Minnesota and Oregon have developed a new “Shared Responsibility Model” of financial assistance that outlines various responsibilities—of the student and family, the public and the philanthropic partners, and the university—to make college more affordable. It assumes that all students have a responsibility in investing in post-secondary education, but that low- and moderate-income families need public help to reduce a disproportionate burden of the price of a college education. At the same time, students can choose to attend the institutions that will best meet their needs.

Requiring students to complete the free application for federal student aid form, called FAFSA, allows states to target federal money first. Oregon’s program takes full advantage of all federal aid available to a student and his or her family before calculating the share to be paid by the state.

The programs range from in-school programs that start as early as elementary school, to college-based programs that start in the senior year of high school. Some programs focus on increasing academic readiness, while others specialize in college admis-

**A**s if state budget cuts weren’t bad enough, college and university endowments also are taking a significant hit because of the dramatic drop in financial markets. This has left many schools less willing or able to draw money from their endowments to cover expenses.

Endowments showed an average rate of return of -3 percent for FY 2008, according to a survey by the National Association of College and University Business Officers and TIAA-CREF Asset Management. A follow-up survey of the first five months of FY 2009 showed an additional average decrease of a whopping 23 percent, or an estimated \$94.5 billion loss. The extraordinary speed and size of the losses are putting many institutions in a tough position. And market volatility is making future spending decisions extremely uncertain.

But it is not all bad news. The survey shows that endowments have realized a 6.5 percent average 10-year rate of return, outperforming all market indices.

“This year’s results remind us of the importance of taking a long-term view in assessing endowment performance,” says John Walda, president and CEO



of the business officers group. “Past reports show that endowments fell 3.5 percent in FY 2001 and 6.3 percent in FY 2002, before enjoying several years of double-digit average returns prior to FY 2008.”

In addition, legislation enacted in 26 states and under consideration in at least nine others should help endowment managers by increasing their flexibility to spend funds that have fallen below a specific point—and otherwise would be off limits—on critical needs. Called the Uniform Prudent Management of Institutional Funds Act, the legislation updates the laws governing the investment and expenditure of funds held by charitable institutions.

Even with greater spending flexibility, college endowments will continue to be strained as declines in state funding and private donations compete with

increasing demands for student financial aid. And to think it was only last year when many of the policy discussions in state capitals and Washington, D.C., revolved around encouraging institutions to spend more from their flush endowments to help decrease student costs. What a difference a year makes.

—Vincent Badolato, NCSL

sions or financial aid. Some involve families and mentors, and others incorporate service learning or recreational activities. A major role is to help students with the financial aid process—critical assistance because current federal forms are extremely difficult to complete, and many students who are eligible for federal aid never apply for it.

Expanding need-based aid is difficult during an economic crisis. But changing demo-

graphics, grim high school graduation rates and rising college costs make delaying the decision until the economy betters risky. All of this adds up to another tough decision facing legislators in the challenging days ahead. ■

**CHECK OUT** the recommendations for how student aid should be distributed from the Rethinking Student Aid Study Group, a panel of policy experts, researchers and higher education professionals, at [www.ncsl.org/magazine](http://www.ncsl.org/magazine).