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Update

Institutional Graduation Rates

DEFINING THE ISSUE

The extent to which a higher education was available to lower-income and minority students used to be the principal means for gauging equity in American higher education. Today's policymakers increasingly rely on student *outcomes* to measure institutional success. These policymakers assess equity in higher education by comparing results on these outcomes across diverse higher education populations.

Reauthorization of the Higher Education Act could make graduation rates the most important criterion for holding institutions accountable, and failure to meet prescribed targets could dramatically affect receipt of federal funds. This is a challenging proposition, because many students come to college without adequate high school preparation or enough money to meet the increasing costs of college attendance. Colleges are being asked to do more for these students—and are being held accountable for that work—as public support for postsecondary education has been declining.¹ Policymakers need to pay special attention to equity across demo-

graphic groups. Specifically, women are more likely to enroll and graduate than men, and many minority students are not completing college in a timely fashion.

HOW IS THE INSTITUTIONAL GRADUATION RATE MEASURED?

The institutional graduation rate, as calculated by the U.S. Department of Education, equals the percentage of a starting cohort of first-time, full-time undergraduates receiving a degree within 150 percent of expected time. Generally, this means six years for baccalaureate programs and three years for community colleges. It is the same measure used by the NCAA to report athletes' graduation rates. The measure applies only to graduation of these first-time students from their initial institutions. The results are typically reported for racial and ethnic groups separately. The data are collected by the National Center for Education Statistics (NCES), a bureau of the U.S. Department of Education, as part of the Integrated Postsecondary Education Data System (IPEDS).

Even though information on graduation rates has been collected for years, the first available edited data released by NCES are for the cohorts finishing in 2002. These data, examined in this *Update*, are based on reports from 2,656 colleges and universities out of 4,197 public and private degree-granting higher education institutions listed in IPEDS.

LIMITATIONS

The institutional graduation rate was originally designed to aid students and their families in their selection of a college. As such, it is an indicator and does not include all the students who might enroll in a college. Only full-time, first-time undergraduates are included in the data. Students transferring from another college or returning after an absence are not included, nor are those students who start part-time.

While graduation rates do offer one easily-measured outcome, a higher education institution's overall mission comprises an extensive and sometimes evolving array of goals, pursuits, and activities. If these are not factored into an evaluation of

the success or failure of a higher education institution, erroneous analysis may increase the likelihood of inappropriate sanctions.²

Nevertheless, graduation rates can be an important tool in helping colleges and universities improve student success by identifying outcomes for different student populations so that appropriate interventions can be introduced. Graduation rates can help identify problems and provide an ongoing measure of improvement over time, as each new student cohort passes through its college experience.

By comparing the graduation rates of cohorts over time, in the context of changes in the characteristics of each incoming cohort, college administrators and staff members can use the information as one criterion in the overall assessment of their institutional success.

TYPE OF INSTITUTION

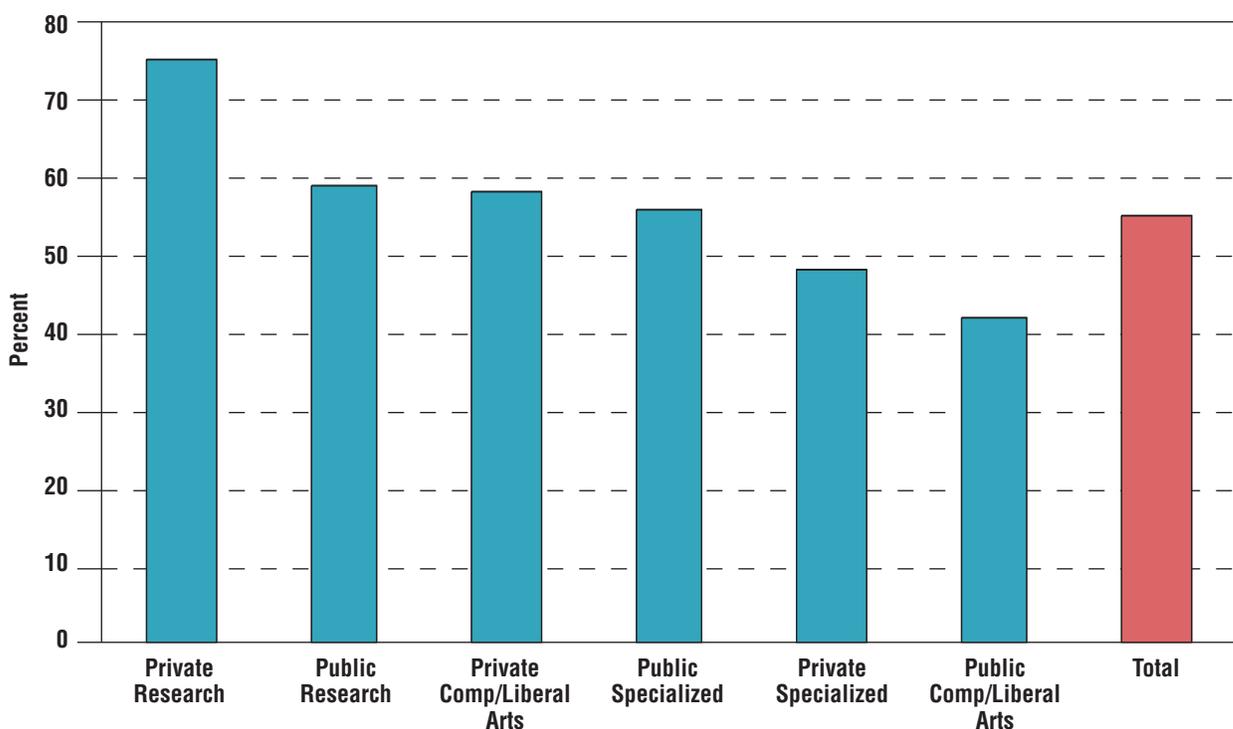
In total, 55 percent of the students who started at a four-year college in 1996 had received a degree from that same college by 2002. In some cases, these students received less than a

baccalaureate degree. Some students may be considered to be among the dropouts even though they are still enrolled or have gotten a degree elsewhere.

The results suggest that there are systematic differences in graduation rates among major types of higher education institutions. Figure 1 presents graduation rates for the six types of four-year colleges and universities.³ Institutional graduation rates vary from 75 percent for private universities to 41 percent for public comprehensive universities.

Figure 1

2002 graduation rates for different types of four-year colleges and universities



SOURCE: Integrated Postsecondary Education Data System, 2002.

hensive and baccalaureate colleges. In both the public and the private sectors, research universities have the highest graduation rates.

Overall, 59 percent of the students who started in a private institution graduated within six years compared with 47 percent of those who started in a public college. This difference probably represents a combination of student characteristics and institutional environment that distinguishes the two sectors.

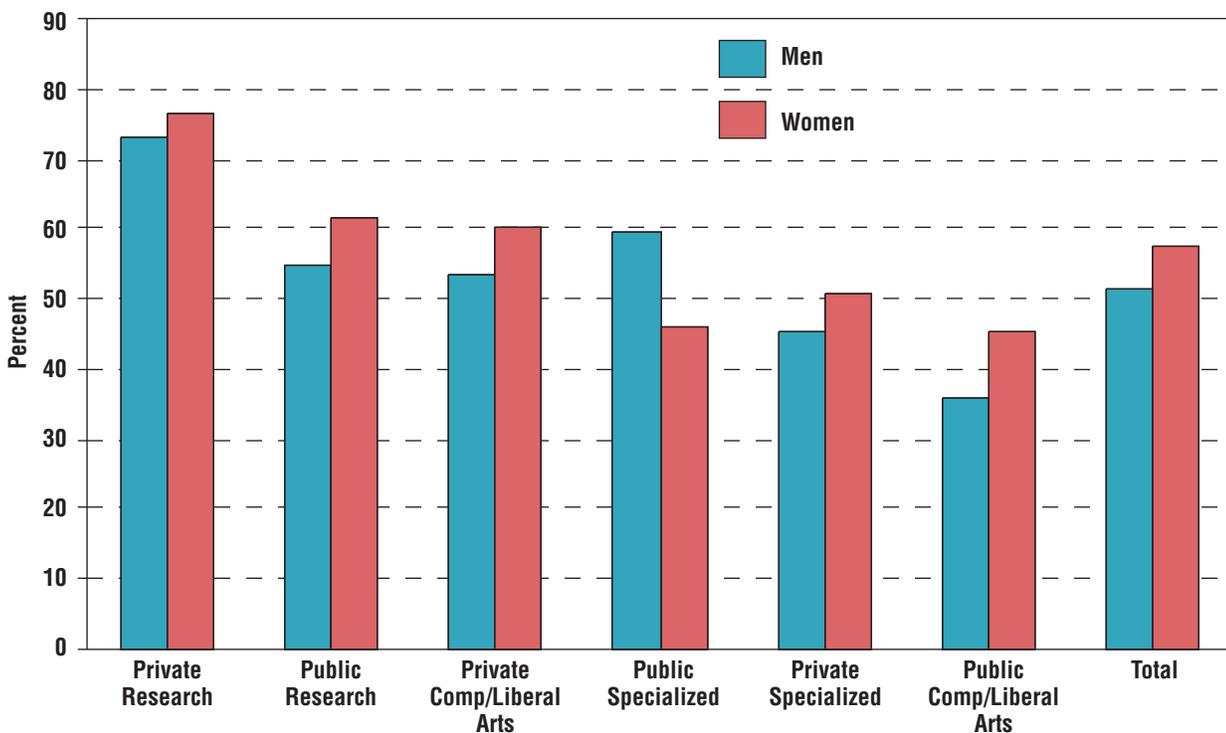
For example, NCES reports that

in 1999–2000, the average four-year public college or university spent \$25,256 per full-time-equivalent (FTE) student on education-related activities. Private colleges spent \$32,578 per FTE in 1995–1996 (in 2001–02 constant dollars) on education-related purposes.⁴ (Note: 1995–96 was the last year public and private institutions used the same financial accounting standards in their reporting.) The \$7,300 difference in the average amount spent per student translates into smaller classes, closer contact with faculty members, and more support outside of class

for students in the private institutions.

While NCES reports that enrollment by race, gender, and income does not differ significantly between public and private four-year colleges, some differences do exist. For example, 55 percent of undergraduates in public institutions attend full-time compared with 61 percent in private institutions. Thirty-eight percent of undergraduates in private institutions live on campus compared with 23 percent in public colleges. Attending full-time and living on

Figure 2
2002 graduation rates for men and women by type of institution



SOURCE: Integrated Postsecondary Education Data System, 2002.

campus are both associated with greater likelihood of graduating from college.⁵

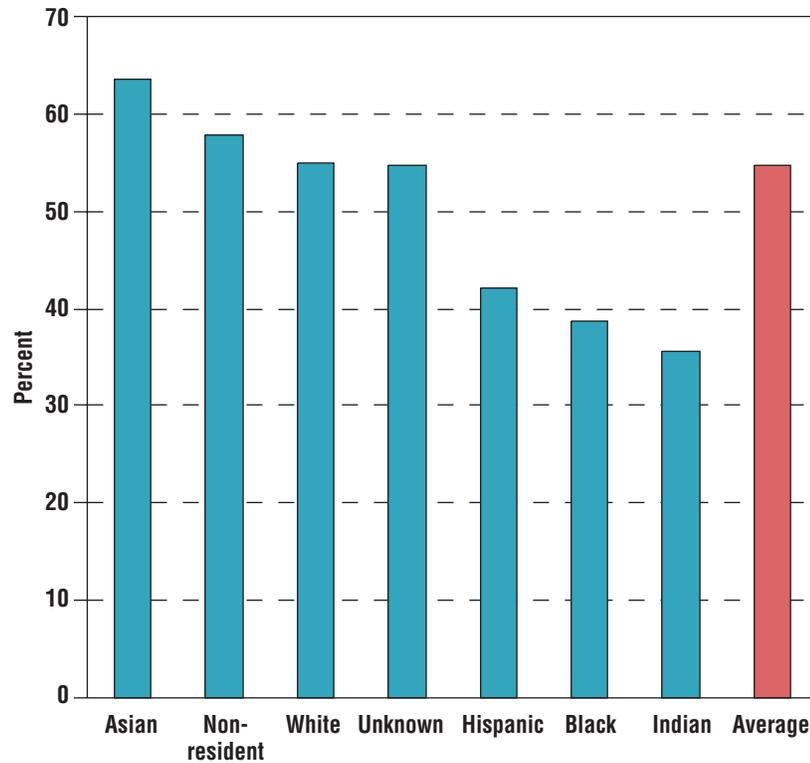
STUDENT CHARACTERISTICS

The graduation rate data are especially revealing when disaggregated by gender and race/ethnicity.

Women are more likely to enroll in college than men, and when they enroll, they are more likely to graduate (see Figure 2). The exception to this trend is in public specialized institutions. Overall, 58 percent of the women who start college graduate within six years compared with 51 percent of the men. Adding to this inequality is the fact that 54 percent of the starting cohort is composed of women. According to NCES, 57 percent of the baccalaureate degrees awarded in 2000–2001 went to women.

One long-standing commitment among higher education institutions is to equalize opportunities for minorities. Even as that commitment comes under legal and financial attack, the evidence is clear that many minority students are not completing college in a timely fashion. Figure 3 shows the graduation rates—from four-year colleges and universities—of students from different ethnic and racial groups. Asian/Pacific Islanders have the highest average graduation rate at 64 percent, and American Indians/Alaskan natives have the lowest at 36 percent. Hispanic and Black students

Figure 3
2002 graduation rates by race and ethnicity



SOURCE: Integrated Postsecondary Education Data System, 2002.

graduate at 42 and 39 percent, respectively, well below the rates for Asians, Whites, and nonresident aliens.

The U.S. Department of Education suggests that minority students and low-income students who make it to college are more likely to attend colleges and universities that are undercapitalized than are higher-income and majority students.⁶ Such variation in resources is not represented in the charts and may be a factor in explaining the differences in graduation rates among racial and ethnic groups.

This is clearly an area for future research.

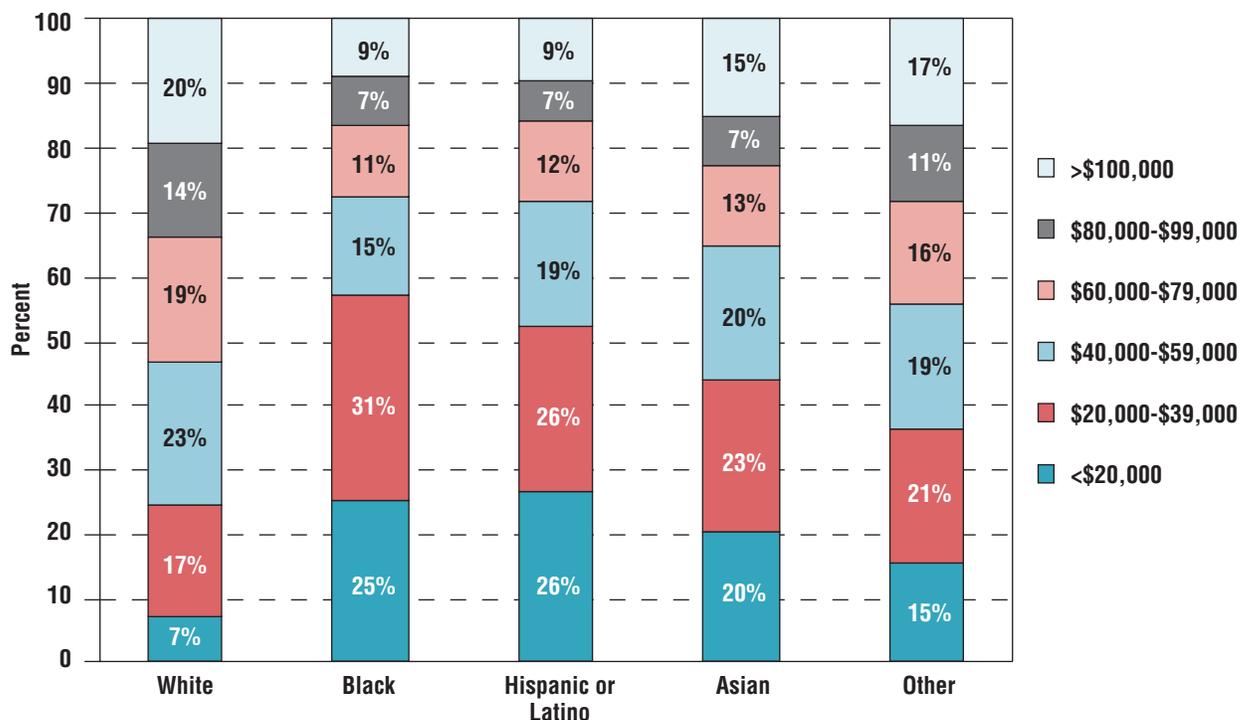
Substantial differences also exist in the family incomes of dependent students across racial and ethnic groups. Figure 4 shows the distribution of household income among undergraduates at four-year colleges who are still dependents of their families. The comparison of students from five racial/ethnic groupings reveals that, among White students, just 24 percent come from families making less than \$40,000 per year, while 56 percent of Black students and 52 percent of



ERRATUM:
The hardcopy version of Figure 3 in this month's *Update* contains an incorrect value (52%) for Hispanics. The correct value (42%) appears at left.

Figure 4

Distribution of family incomes of dependent students at four-year colleges by ethnic groups, 1999–2000



SOURCE: NPSAS, analysis by JBL Associates and NEA Research.

Hispanic students come from such families. These inequities in income by race and ethnicity suggest the greater financial problems faced by minority students when they start college and may help explain the lower graduation rates for minority students.

COMMUNITY COLLEGES: A SPECIAL CASE

The reported three-year graduation rate for community colleges is 22 percent, about half that of four-year colleges. There are

several reasons to be suspicious of this number. First, a significant proportion of students may transfer prior to receiving a degree, thereby being excluded from the results. Second, the cohort includes only first-time, full-time undergraduates, which represent a small percentage of the students in most community colleges. Third, some students may enroll with short-term goals that can be fulfilled by taking only a few classes. Fourth, a large number of students in community colleges are reentry students who bring some credit

units with them, and they too are excluded from the cohort. All of this suggests that the resulting graduation rate statistic does not provide a realistic outcome measure for community colleges.

CONCLUSION

Knowing the average graduation rate for students in different racial and ethnic groups is a starting point for analyzing the critical issue of why certain groups of students do not prosper in college. Colleges and universities can use graduation rates to compare themselves



with similar institutions, helping them set goals and identify approaches used by other colleges and universities that may have more success in helping high-risk students graduate.

We have known for a long time that some minority students—particularly those from lower socioeconomic backgrounds—face more problems in graduating than many other students. The institutional graduation rate helps define the scope of the local problem, allowing administrators and staff to begin the process of finding viable solutions for their campuses. The recently announced Lumina Foundation project, “Achieving the Dream: Community Colleges Count,” will use this process to help community colleges diagnose problems and reduce barriers that keep low-income and minority students from succeeding.

NOTES

- ¹ NEA. 2004. “Higher Education and Privatization,” *HE Update* 10(2).
- ² For a more complete review of some of these problems, see NEA. 2004. “Rethinking Graduation Rates as Accountability Measures,” *HE Update* 10(1).
- ³ Research universities award doctorates; comprehensives award master’s degrees; liberal arts are limited to bachelor’s degrees; and specialized colleges include those concentrating on a single field such as engineering, music, or nursing.
- ⁴ National Center for Education Statistics. *Digest of Education Statistics 2002*, “Table 344, Current-fund expenditures and expenditures per full-time-equivalent student in degree granting institutions by type and control of institution: 1999–2000.” Washington, D.C.: U.S. Department of Education.
- ⁵ National Center for Education Statistics. 2002. *Student Financing of Undergraduate Education: 1999–2000*. Washington, D.C.: U.S. Department of Education.
- ⁶ National Center for Education Statistics. 1999. “Projected Postsecondary Outcomes of 1992 High School Graduates.” Washington, D.C.: U.S. Department of Education.
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In addition to considering factors affecting graduation rates among racial and ethnic groups, it is time to start thinking about why males have greater problems finishing college than females. Women make up the majority of college students and receive nearly 60 percent of

college degrees. Given that education is the key to economic success, this trend has implications for how our economic and family lives will be structured in the future, as more women acquire the potential to become the dominant wage earner in their families.



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