

File: Hope Education



# Hope, Access, & High Expectations: Expanding College Opportunity 1993-2000

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*"The Information Age is, first and foremost, an education age, in which education must start at birth and continue throughout a lifetime. . . . Last year I proposed, and you passed, 220,000 new Pell Grant scholarships for deserving students. Student loans, already less expensive and easier to repay, now you get to deduct the interest. Families all over America now can put their savings into new tax-free education IRAs. And this year, for the first two years of college, families will get a \$1,500 tax credit— a HOPE Scholarship that will cover the cost of most community college tuition. And for junior and senior year, graduate school, and job training, there is a Lifetime Learning credit. You did that and you should be very proud of it.*

*"And because of these actions, I have something to say to every family listening to us tonight: Your children can go on to college. If you know a child from a poor family, tell her not to give up— she can go on to college. If you know a young couple struggling with bills, worried they won't be able to send their children to college, tell them not to give up— their children can go on to college. If you know somebody who's caught in a dead-end job and afraid he can't afford the classes necessary to get better jobs for the rest of his life, tell him not to give up— he can go on to college. Because of the things that have been done, we can make college as universal in the 21st century as high school is today. And, my friends, that will change the face and future of America."*

*President Bill Clinton  
State of the Union Address  
January 27, 1998*

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## EXECUTIVE SUMMARY

More and more, college is the gateway to the American Dream. Education may be the most important investment we make in our lifetimes. It holds the key to good citizenship, enriched lives, and economic prosperity— both for ourselves as individuals and for our nation. In the workplace, a college degree is worth some \$17,500 a year more than a high school diploma, on average. An advanced degree is worth \$40,000 more than a high school diploma.<sup>1</sup> The real rate of return on a college investment is 12 percent— roughly twice the historical average of the stock market.<sup>2</sup>

As a country, we need to help America's parents pay for a college education for their children, and pay for the continuing education that they will need throughout their lifetimes. For seven years, President Clinton and Vice President Gore have sought to make college or trade school universally affordable for all Americans. The Clinton-Gore approach is three-pronged:

- **More college scholarships.** The new Hope Scholarship tax credit provides up to \$1,500 in tax relief for the first two years of college, saving 2.6 million families \$2.6 billion in 1998. The Lifetime Learning credit— which provides up to \$1,000 for juniors and seniors, graduate students, and adults seeking job training— gave 2.3 million families \$800 million in tax relief in 1998. Over 3.8 million needy students receive up to \$3,300 in Pell Grant scholarships, \$1,000 more than in 1993. Since 1994, over 150,000 AmeriCorps members have earned nearly \$400 million for college while serving their communities.
- **More affordable student loans.** The new Direct Student Loan program— established in 1994— bypasses federally guaranteed lenders to deliver loans to students more quickly, simply, and cheaply. Together, students and taxpayers have already saved \$15 billion through student loan reforms. This Administration has introduced lower fees and interest rates that have saved the average borrower over \$500; more flexible repayment terms, including income-contingent repayment; and a restored tax deduction for student loan interest.
- **New paths to college and successful careers.** The new GEAR UP initiative raises expectations and creates college opportunities for over 450,000 disadvantaged children through partnerships between high-poverty middle schools, universities, and communities. AmeriCorps education awards and a one-third increase in work-study jobs have allowed hundreds of thousands of Americans to earn money for college. Our investment in the TRIO program to help low-income, first-generation students succeed in college has increased by two-thirds since 1993, to \$645 million. The School-to-Work Opportunities Act has provided seed money to help every state broaden young people's career options, make learning more relevant, and promote successful transitions to college and careers. And Youth Opportunity grants make possible comprehensive employment and training assistance to 75,000 out-of-school youth in high-poverty communities.

The seven-year Clinton-Gore commitment to opening the doors of college is the largest investment in higher education since the G.I. Bill. College is affordable for all Americans, and more and more of us are benefiting from it. The evidence is in:

- More Americans are going to college than ever before: Sixty-six percent of 1998 high school graduates enrolled in college or trade school the next fall, compared to only 60 percent in 1990. Although low-income and minority students continue to go straight to college at significantly lower rates than high-income and white students, the gaps have narrowed since the 1970s and 1980s.<sup>3</sup>
- More high school students are preparing themselves for college: The percentage of high school graduates who have taken four years of English and three years each of math, science, and social studies increased from 38 percent to 55 percent.<sup>4</sup> This increasing academic rigor is heartening because the intensity and quality of high school curriculum is a dominant determinant of degree completion. And SAT scores, especially in math, have gone up over the past 10 years, and the number of test-takers reached an all-time high last year— even as a larger and more diverse group of students took the test.<sup>5</sup>
- Fewer students are dropping out of school: During the 1990s, around 11 to 12 percent of 16- to 24-year-olds had not completed a high school program and were not enrolled in school, compared to 13 percent to 14 percent in the 1980s and over 14 percent in the 1970s. Progress has been especially strong among African Americans, whose high school completion rate now slightly exceeds the national average.<sup>6</sup>
- More Americans are earning college degrees: Over 32 percent of 25- to 29-year-olds had earned bachelor's or higher degree in 1999, up from 27 percent in 1990. In particular, white and black women have seen their college opportunities grow.<sup>7</sup>
- We are becoming lifelong learners: Fifty percent of adults participated in formal learning in the year prior to a 1999 survey, up from 38 percent in 1991.<sup>8</sup>

This report describes President Clinton and Vice President Gore's efforts to expand college scholarships, make student loans more affordable, and close the college opportunity gap. It describes the impact these policies have had on college preparation, enrollment, and completion. Finally, it outlines the challenges that continue to face all of us who care about expanding and equalizing college opportunities.

## MORE COLLEGE SCHOLARSHIPS

Since 1993, new college tax credits and national service programs— as well as the greater availability of need-based grants— have opened the door to higher education for millions of students who could not otherwise afford it. More financial aid is available for college than ever before— over \$60 billion in 2001, including the Hope Scholarship and Lifetime Learning tax credits, compared to only about \$25 billion in 1993— and students are going to college in record numbers.

One hundred years ago, we passed laws requiring every child to attend school. Fifty years ago, we extended public schools to 12 years and passed the G.I. Bill to open the doors of college to middle-class Americans. Today, as we enter the 21<sup>st</sup> century— stepping confidently into the Information Age and an era of global economic competition— we must expand postsecondary education opportunities for everyone.

President Clinton recognized this reality in 1996 when he declared that “our goal must be nothing less than to make the 13th and 14th years of education as universal to all Americans as the first 12 are today.” To accomplish that goal, he proposed the Hope Scholarship— a \$1,500 tax credit for the first two years of college. The Hope Scholarship will pay for nearly all of a typical community college’s tuition and fees, making at least two years of college affordable for everyone. Congress enacted the Hope Scholarship in 1997, and in 1998 it gave 2.6 million families \$2.6 billion in tax relief toward higher education.

Even as the first years of college grow in importance, so too does lifelong education and worker training. Also in 1996, President Clinton proposed the Lifetime Learning tax credit proposal. This \$1,000 credit reimburses families for 20 percent of their tuition and fees (up to \$5,000 per family) for college, graduate study, or job training. Starting in 2002, it will reimburse families for 20 percent of their costs up to \$10,000, for a maximum value of \$2,000. Congress also enacted Lifetime Learning in 1997, saving 2.3 million families \$800 million in 1998.

For instance, a family earning \$60,000 with a child at a community college (with a tuition of \$2,000) and a child who is a sophomore at a private college (with a tuition of \$11,000) would receive as much as \$3,000 in tax relief under the Hope Scholarship. An automobile mechanic with an income of \$30,000 attending a local technical college part-time (with a tuition of \$1,200) to upgrade his computer skills in the hope of changing jobs would save as much as \$240 using the Lifetime Learning credit.

The Clinton Administration has also dedicated itself to expanding scholarships for needy students. We know that the cost of college makes a difference for students from low-income families. Some scholars believe, for instance, that a \$100 increase in the cost of college decreases the enrollment of lower-income students by about 1 percent.<sup>9</sup>

The cornerstone of federal financial aid is the Pell Grant scholarship program for needy students. Pell Grants— more targeted to meet financial need than any other of the Department’s student aid programs— help ensure financial access to postsecondary education. When President Clinton took office in 1993, the maximum Pell Grant was \$2,300. Today, 3.8 million students receive grants of up to \$3,300.

In addition, the Federal Supplemental Educational Opportunity Grants (SEOG) gives up to \$4,000 per academic year to needy undergraduates. This year, 1.1 million students will receive nearly \$800 million in SEOG scholarships.

Finally, since 1994, AmeriCorps allowed more than 150,000 Americans to help their community while earning help paying for college. AmeriCorps members tutor children, fight crime, build houses, and do countless other things to improve lives and bring people together. AmeriCorps has made available nearly \$400 million dollars to help participants achieve their dream of a college education.

## MORE AFFORDABLE STUDENT LOANS

Many working families could not afford to pay for college without federal assistance. Although a college education pays for itself in higher expected earnings many times over, immediate liquidity problems may be a major obstacle for many families.<sup>10</sup> As a result, an accessible and affordable student loan program is essential to college access.

The Clinton Administration has strengthened college loans by establishing the Direct Student Loan program to improve service and save taxpayers \$6 billion so far; reducing loan fees and interest rates, saving students \$9 billion so far; dramatically reducing defaults; and reestablishing the tax deduction for student loan interest.

In 1993, the student loan program needed serious reform. More than one borrower in five (22 percent) defaulted within two years of graduation. Subsidies for lenders and guaranty agencies (intermediaries between lenders and the Department of Education) created a large and unnecessary expense for taxpayers. Worse, lenders and guaranty agencies faced financial disincentives to prevent defaults or spend federal dollars prudently.

Different lenders often had different paperwork, procedures, and schedules, causing confusion and administrative burdens for students and schools. And lenders and guaranty agencies often reported unreliable financial data to the government.

But in the Student Loan Reform Act of 1993, President Clinton revolutionized college loans by signing the Direct Student Loan program into law. In contrast to the complex system of subsidies and guarantees for lenders, the Direct Loan system relies on the best free-market principals: it raises capital less expensively through U.S. Treasury bond sales and delivers and services loans through competitively awarded, performance-based contracts with top-quality private firms.

Direct lending reduced paperwork for students and gave graduates new flexibility repaying their loans. It encourages high school students to take a chance at college and college graduates to try a career in public service by allowing them to repay their loans as a share of their income. And all direct-loan borrowers have just one account with a single point of contact.

The Direct Loan program also offers students an attractive refinancing option. Loan consolidation allows students to better manage their debt and lock in favorable loan terms. A typical member of the Class of 2000 who consolidates before July 1, 2000, will save over \$1,500 on \$20,000 in debt due to today's lower interest rates.

Thanks to savings from the Direct Loan program, fees on both direct and guaranteed loans were reduced from up to 7 percent of loan principal in 1993 to up to 4 percent today, saving students \$4 billion so far. And in 1999, in recognition of widespread discounts available on guaranteed student loans, the Administration reduced direct loan fees to 3 percent.

In addition, students who have borrowed student loans since 1993 will save \$100 annually for each \$10,000 in outstanding loans—a total of \$5 billion so far—due to reductions in the interest rate

formula in 1993 and 1998. The Administration also championed the lower maximum rate paid by students, reduced from 10 percent to 8.25 percent, to protect them against high interest rates.

The Direct Loan program also makes sense for taxpayers. By eliminating subsidy payments to lenders, direct lending has saved taxpayers over \$4 billion. Federal subsidies for banks and guaranty agencies have also been pared down, saving taxpayers an additional \$2 billion.

Financial management has improved. The default rate has fallen for seven straight years, from 22.4 percent at the start of this Administration to a record-low 8.8 percent today. At the same time, collections on defaulted loans have tripled to \$3 billion.

To schools, direct lending offered a single set of procedures, faster and more reliable delivery of funds, less paperwork, electronic loan processing, and an emphasis on customer service. Within three years, roughly one-quarter of all schools—over 1,200 of them—chose to leave the guaranteed loan program and join the Direct Loan program.

A new and strong competitor in one of the largest financial markets in the world, the Direct Loan program inspired lenders to improve their service. Surveys show that school satisfaction with the guaranteed loan programs has increased every year since 1994.

A senior banking executive told a trade journal that “[Direct Loans] have introduced some ways of doing business and some delivery mechanisms that made the private enterprise wake up a little bit. To be perfectly honest, as a private enterprise we thought we were doing almost an A-plus job. When we stepped back a little bit, we saw some of the things the Department of Education was doing and we realized we weren't. . . . It's been relatively good for the industry, particularly for the recipients in terms of students and schools.”<sup>11</sup>

And a 1999 independent assessment concluded, “Virtually no one disputes that the operation of an alternative loan program has produced a competition that inspired innovation and service—to the benefit of all borrowers and schools.”<sup>12</sup>

In sum, there was little competition in the student loan program in 1993. The Direct Loan program gave students and schools a choice, injecting healthy competition into the marketplace. Students have saved \$9 billion in interest and fees and enjoyed new tools to manage their debt, including income-contingent repayment. Taxpayers have saved an additional \$6 billion. Today we have two leaner, more competitive, customer-focused programs.

Finally, in 1997 President Clinton complemented these student loan reforms by signing a tax deduction for student loan interest into law. This legislation—which reinstated a provision that had been repealed in the Reagan Administration—will, for example, provide \$144 in tax relief to a college graduate earning \$25,000 a year and struggling to repay her \$12,000 debt. This year, President Clinton asked Congress to expand the student loan interest deduction because current law covers only the first 60 months of loan repayment.

## NEW PATHS TO COLLEGE AND SUCCESSFUL CAREERS

The Clinton Administration has substantially expanded the federal government's investment in student aid through the Hope and Lifetime Learning tax credits, cheaper and more widely available student loans, and larger Pell Grant scholarships for needy students. But too many students still limit their potential by ruling out education beyond high school. Research indicates that financial aid is not enough—we must intervene in the lives of poor and minority youth to raise their expectations and help them prepare for college, and do so early enough to make a difference.

In his 1998 State of the Union address, President Clinton proposed a new initiative to make a difference for students in high-poverty schools. Ten months later, Congress enacted GEAR UP—Gaining Early Awareness and Readiness for Undergraduate Programs—with broad bipartisan support. This academic year, its first, the GEAR UP initiative is giving hope, raising expectations, and creating college opportunities for over 450,000 disadvantaged children. Next year it will grow to 750,000 students, and President Clinton requested \$325 million to serve 1.4 million students in 2001-02.

GEAR UP supports partnerships of schools, colleges and universities, and community organizations to strengthen academics and tutoring, raise expectations, provide college visits and counseling, and often provide college scholarships. It also funds state efforts to promote college awareness and provide scholarships for needy students. Over 1,000 organizations are GEAR UP partners, including colleges and universities, libraries, arts organizations, and chambers of commerce.

Developed based upon academic research about college success, GEAR UP has several special characteristics. GEAR UP partnerships start no later than the 7<sup>th</sup> grade because research shows that students who take challenging coursework in middle school, including algebra, are far more likely to succeed in high school and college. Second, GEAR UP programs stay with children through high school graduation to provide long-term mentoring over a period of six or more years, helping children stay on track for college, and often providing scholarships when they reach college. Third, GEAR UP partnerships work with entire grades of students to transform their schools. And finally, they provide college scholarships, which research shows to be particularly important in preventing low-income students from dropping out.

Research on existing programs demonstrates the value of and the need for GEAR UP. I Have a Dream (IHAD) provides an entire grade of low-income students with intensive mentoring, academic support, and a promise of public and private aid for college tuition. Roughly 75 percent of Chicago IHAD students in the class of 1996 graduated from high school, compared to only 37 percent of students in the control group. Project GRAD is a college-school-community partnership to improve inner-city education that has produced dramatic results on a large scale: The percentage of middle school students passing the Texas statewide math test has tripled from 21 percent in 1995 to 63 percent in 1998. Five times more students are going to college.

The Clinton Administration has also expanded the TRIO programs, a network of initiatives designed to help low-income, first-generation college, and disabled individuals achieve academic success beginning in middle school, throughout college, and into graduate school. Named TRIO in the late 1960s after its first three programs—Upward Bound, Talent Search, and Student Support

Services—TRIO now serves 730,000 students through eight programs. Since 1993, funding for the programs has increased by two-thirds, from \$388 million to \$645 million.

Upward Bound, for example, provides intensive mentoring and academic enrichment throughout high school to primarily low-income or first-generation college-bound youth. In 1999, over 560 Upward Bound projects engaged 42,000 students in demanding coursework and summer residential programs. Educational Opportunity Centers provide pre-college academic and financial aid counseling primarily for adults seeking to return to school. Student Support Services provides tutoring and counseling help students stay in college. Talent Search provides academic, career, and financial counseling to disadvantaged students with the potential to succeed in higher education. And the Ronald McNair Post-Baccalaureate Achievement Program provides colleges and universities with funds to subsidize research projects by low-income students to prepare them for a doctoral program.

Early exposure to career opportunities can also help ensure that young people and their parents set their sights high as they plan for the future. Through the School-to-Work Opportunities Act of 1994, the Administration has provided seed money to help every State develop programs that broaden young people's career options, make learning more relevant, and promote successful transitions to college and careers.

Federal work-study funds have increased 43 percent since 1993. This year, the \$934 million in work-study funds will create jobs for one million college students, over 250,000 more than in 1993. Work-study jobs both expand opportunity and teach responsibility and employment skills. And through the America Reads and America Counts initiatives, work-study students at 1200 schools serve as reading and math tutors in their communities.

AmeriCorps also builds paths to college. A recent evaluation found that AmeriCorps helped at least three-quarters of members benefit more from school, pursue their careers, become engaged citizens. The evaluation also found that the education award served as both an incentive and a clear opportunity to further education and skills.<sup>13</sup>

Authorized by the Workforce Investment Act of 1998, Youth Opportunity grants are aimed at increasing the long-term employment of youth in high-poverty. In some areas of pervasive joblessness, the Department of Labor found that only one out-of-school youth in four had a job.<sup>14</sup> Youth Opportunity grants take a saturation approach to bring about community-wide change, promoting economic development, reducing drop-outs, decreasing crime, and increasing post-secondary enrollment. Youth Opportunity grants now serve over 58,000 youth.

The Administration's Think College Early campaign provides accessible guidance to students and their families as they plan for college. The campaign targets the nation's 19 million adolescents, 20 percent of whom live in poverty. Recognizing that disproportionate numbers of low-income students and minority students attend two-year colleges, Think College Early encourages all students to pursue admission to a four-year college. A brochure available at the Department's web site, *Think College? Me? Now?*, emphasizes the importance of college preparatory coursework and early financial planning for college. In particular, the campaign urges students to take algebra by the 8th grade, as students who gain early exposure to high school math are far more likely to go to a four-year college than those who do not.

The U.S. Department of Education's new College Opportunities On-Line (COOL) web site informs students and their families about their college options. By displaying information on 9,000 colleges— from small technical colleges to the nation's largest and most prestigious universities— the COOL site helps families make informed decisions and creates an incentive for colleges to reduce tuition prices. For each college, the web site provides tuition and financial aid statistics, information on the most recent incoming freshman class, a list of the degrees offered, the available fields of study, and contact information for the colleges' departments.

The Administration has made additional efforts to help low-income students prepare for college. This year, the Administration's Advanced Placement Incentive Program will provide \$15 million in competitive grants to 40 states in order to help schools encourage low-income students to take AP classes and tests. Schools use the funds to pay test fees for low-income students. Schools may also use funds for tutoring, classroom materials, and other innovative methods to boost the number and quality of AP classes and participation by low-income students. Since 1998, over 92,000 low-income students have benefited from the program, and this year, over 80,000 more students will benefit from funds to offset the cost of AP exams. Federal support has also encouraged many schools that had not participated in the AP program to begin offering AP courses.

These initiatives complement the Clinton Administration's effort to strengthen elementary and secondary education. No longer can K-12 and higher education be seen as two separate spheres. Over the past seven years, President Clinton has sought to raise expectations and measure results through high academic standards for all children— no longer tolerating lower standards for children living in poverty, with disabilities, or with limited English proficiency.

To improve teacher quality, this Administration has invested in the recruitment, preparation, mentoring, and support of new teachers for the first time in 30 years. It has promoted rigorous standards, supported high quality professional development, and vigorously called for a complete reform of the teaching profession at every level. In 1999, the Administration launched its initiative to hire 100,000 teachers for the early grades to reduce class sizes and strengthen reading and early childhood development.

## TRENDS IN HIGHER EDUCATION

President Clinton and Vice President Gore have worked hard to expand college opportunity, and our country has seen remarkable results. As the benefits of college, high academic standards, and student aid grow, so too do high school and college completion rates. Although a “college opportunity gap” still faces many minority and low-income students, our society is making headway in promoting equal educational opportunity for all our citizens.

### The Benefits of Postsecondary Education

A 1999 literature review concluded that the real rate of return on a college investment is 12 percent—roughly twice the historical average of the stock market. These studies considered only earnings; considering other documented benefits of higher education such as job benefits, better health, and more informed investments and purchases might double the value of higher education. Finally, society’s return on its investment in higher education, in higher tax revenues and lower crime and welfare rates, is also roughly 12 percent.<sup>15</sup>

Moreover, the economic power of higher education is increasing steadily, especially for women, as technology and knowledge increasingly drive our nation’s economy. Whereas young men and women in 1980 who completed at least a bachelor’s degree earned 19 percent and 52 percent more, respectively, than their peers with no more than a high school diploma, by 1998 the earnings gap had grown to 56 percent among men and 100 percent among women. In other words, women with a bachelor’s or higher degree now earn *twice as much* as women with no more than a high school diploma. Similarly, young adults with a high school diploma (but no college) earned 30 percent more than young adults who dropped out of high school.<sup>16</sup>

The 20 occupations with the highest earnings all require at least a bachelor’s degree. And throughout the economy, jobs that require a college degree are growing twice as fast as others.<sup>17</sup> The growing importance of education is illustrated by the demand for technology skills: In 1997, for example, information-technology workers earned 78 percent more than workers in all industries combined—up from 56 percent more in 1989.<sup>18</sup>

Higher levels of education are associated not only with greater economic rewards, but also with a greater tendency to continue learning over a lifetime—an increasingly important activity in an age of rapid technological and economic change. Overall, among adults age 18 or older, participation in some type of formal learning activity during the past 12 months rose from 38 percent in 1991 to 50 percent in 1999. Education leads to further education: In 1999, 65 percent of adults with a bachelor’s or higher degree participated in a formal learning activity within the past 12 months, compared to only 41 percent of those with a high school diploma and only 27 percent of those who had finished middle school but not high school.<sup>19</sup>

Finally, higher levels of education are associated with more active citizenship. In the 1998 congressional elections, college graduates between 25 and 44 years old were 77 percent more likely to vote than high school graduates. High school dropouts were 52 percent less likely to vote than high school graduates. Voting patterns in the 1996 presidential election were similar.<sup>20</sup>

### High School Dropout and Completion Rates

Fewer students drop out of school than in the 1980s and 1970s. During the 1990s, around 11 to 12 percent of 16- to 24-year-olds had not completed a high school program and were not enrolled in school, compared to 13 percent to 14 percent in the 1980s and over 14 percent in the 1970s. In 1998 and 1999, around 88 percent of 25- to 29-year-olds had completed high school.

Progress has been especially strong among African Americans, whose high school completion rate now slightly exceeds the national average. While there has been some progress, the dropout rate among Hispanic youth remains too high. During the 1990s, around 30 percent of Hispanic 16- to 24-year-olds had not completed a high school program and were not enrolled in school, down only slightly from around 33 percent during the 1970s.<sup>21</sup>

### College Preparedness

According to U.S. Department of Education research, academic intensity and quality of one's high school curriculum is a dominant determinant of degree completion. Strength of curriculum is a better predictor of college completion than test scores or class rank/GPA, and the positive impact of the high school curriculum is far more pronounced for African-American and Hispanic students than any other pre-college indicator of academic resources.<sup>22</sup>

As a result, it is heartening that students who finish high school are better prepared for college than they were a decade ago. Between 1990 and 1998, the percentage of high school graduates who have taken four years of English and three years each of math, science, and social studies increased from 38 percent to 55 percent, with large increases across all racial and ethnic groups.<sup>23</sup>

Advanced Placement test-taking is at an all-time high. In 1999, over 704,000 students took college-level AP exams; 55 percent of the test-takers were women and 30 percent were minority students, including the highest proportions of black and Hispanic students ever. Fifty-six percent of high schools offer AP classes today, compared to only 40 percent in 1989.<sup>24</sup> As a result, more students are entering college with experience with college-level curriculum than ever before.

The increasingly rigorous coursework taken by high school graduates is reflected in rising scores on the Scholastic Assessment Test. SAT scores, especially in math, have gone up over the past 10 years, and the number of test-takers reached an all-time high last year— even as a larger and more diverse group of students took the test. Average verbal and math scores have risen among all racial and ethnic groups except Mexican Americans and Hispanics/Latinos.<sup>25</sup>

Despite these gains, high school graduates from low-income families remain less likely to be academically qualified to enter four-year institutions than their peers from higher-income families. Indeed, high-income graduates are almost twice as likely as middle-income graduates and four times as likely as low-income graduates to be very highly qualified for four-year college admission. Moreover, Asian/Pacific Islander and white graduates are more likely than black and Hispanic graduates to be at least minimally qualified for four-year college admission, reflecting group disparities in family income levels and parents' educational attainment.<sup>26</sup>

### College Enrollment and Educational Attainment

Consistent with their strong preparation for college, high school graduates are going to college in record numbers. The percentage of high school graduates going straight to college rose from 60 percent in 1990 to 66 percent in 1998. These rates of college-going exceed comparable rates during the 1980s, when only 50 percent to 60 percent of high school graduates immediately enrolled in college.

Much of this progress is due to substantial increases in the college attendance among women, who now go straight to college at higher rates than men. Lower-income students continue to go straight to college at significantly lower rates than higher-income students, and blacks and Hispanics go straight to college at lower rates than whites. Nevertheless, the gaps have narrowed somewhat since the mid-1980s.<sup>27</sup>

The percentage of 25- to 29-year-olds who have completed at least some college has increased from 52 percent in 1990 to over 66 percent in 1999. Among Hispanics, the percentage increased from 40 percent to over 50 percent during this period, and among blacks, the percentage increased from 44 percent to nearly 58 percent. Black women have made especially impressive gains: In 1999, over 62 percent had completed some college, up from 45 percent in 1990.<sup>28</sup>

Similarly, the percentage of 25- to 29-year-olds with a bachelor's or higher degree rose from 27 percent in 1990 to over 32 percent in 1999. Progress among white women account for much of this gain; while less than 29 percent of white women had completed a bachelor's degree in 1990, over 37 percent had done so in 1999. Black women have also made substantial progress; around 19 percent had completed a bachelor's degree in 1999, up from 13 percent to 14 percent at the start of the decade. However, black men and Hispanic men and women have not shown consistently strong gains over this period. The rates of degree attainment for these groups continue to hover at roughly half the rates for whites.<sup>29</sup>

Educational attainment among women increased rapidly over the past decade, continuing a trend beginning in the 1970s. Indeed, their rates of educational attainment have increased more rapidly than rates among men. By 1999, among 25- to 29-year-olds, women had higher rates than men for completing high school and some college, and there were no differences in the percentages of men and women with a bachelor's or higher degree.<sup>30</sup>

Nevertheless, at the highest levels of educational attainment, the gender gap remains. Women earned less than 41 percent of all doctoral degrees conferred in the 1996-97 academic year. Moreover, they earned only 41 percent of master's degrees and 24 percent of doctorates conferred in mathematics, 28 percent of master's degrees and 16 percent of doctorates in computer and information sciences, and 18 percent of master's degrees and 12 percent of doctorates in engineering.<sup>31</sup>

## THE ROAD AHEAD

We can all be proud of our colleges and universities. They are preparing more of our youth from more diverse backgrounds for a more challenging future than ever before. Yet as we enter the 21st century, much remains to be done. We must redouble our efforts to close the persistent opportunity gap that faces children from low-income or minority communities.

This year, President Clinton proposed the College Opportunity Tax Cut to allow families to save up to \$2,800 by deducting \$10,000 in college tuition from their taxes. Investments in human capital deserve the same favorable tax treatment as those in equipment. The College Opportunity Tax Cut would save American families \$30 billion over the next ten years.

The President's Fiscal Year 2001 budget also calls for a \$716 million investment in Pell Grants to increase the maximum grant to \$3,500, and substantial increases for Supplemental Educational Opportunity Grants and Federal Work-Study. The President asked for \$325 million for GEAR UP, a \$125 million increase, to mentor 1.4 million disadvantaged students on their way to college, and an \$80 million increase for the TRIO programs. President Clinton also proposed College Completion Challenge grants to reduce college drop-outs and a Dual Degree initiative to increase opportunities for minority students to earn advanced degrees.

Critical investments in elementary and secondary education are also necessary. We must reduce class sizes in the early grades, modernize our school facilities, provide high-quality after-school and summer school learning opportunities, and invest in quality teachers. All students ought to be held to high academic expectations.

The President's budget would increase our investment in Youth Opportunity Grants from \$250 million to \$375 million, serving 25,000 more youth in high-poverty areas. It would increase Youthbuild funding to \$75 million to employ 3,330 young high-school dropouts to build houses, both increasing employment skills for youth and housing for low-income and homeless families. Finally, the President asked Congress to increase our investment in Job Corps—the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people—to nearly \$1.4 billion.

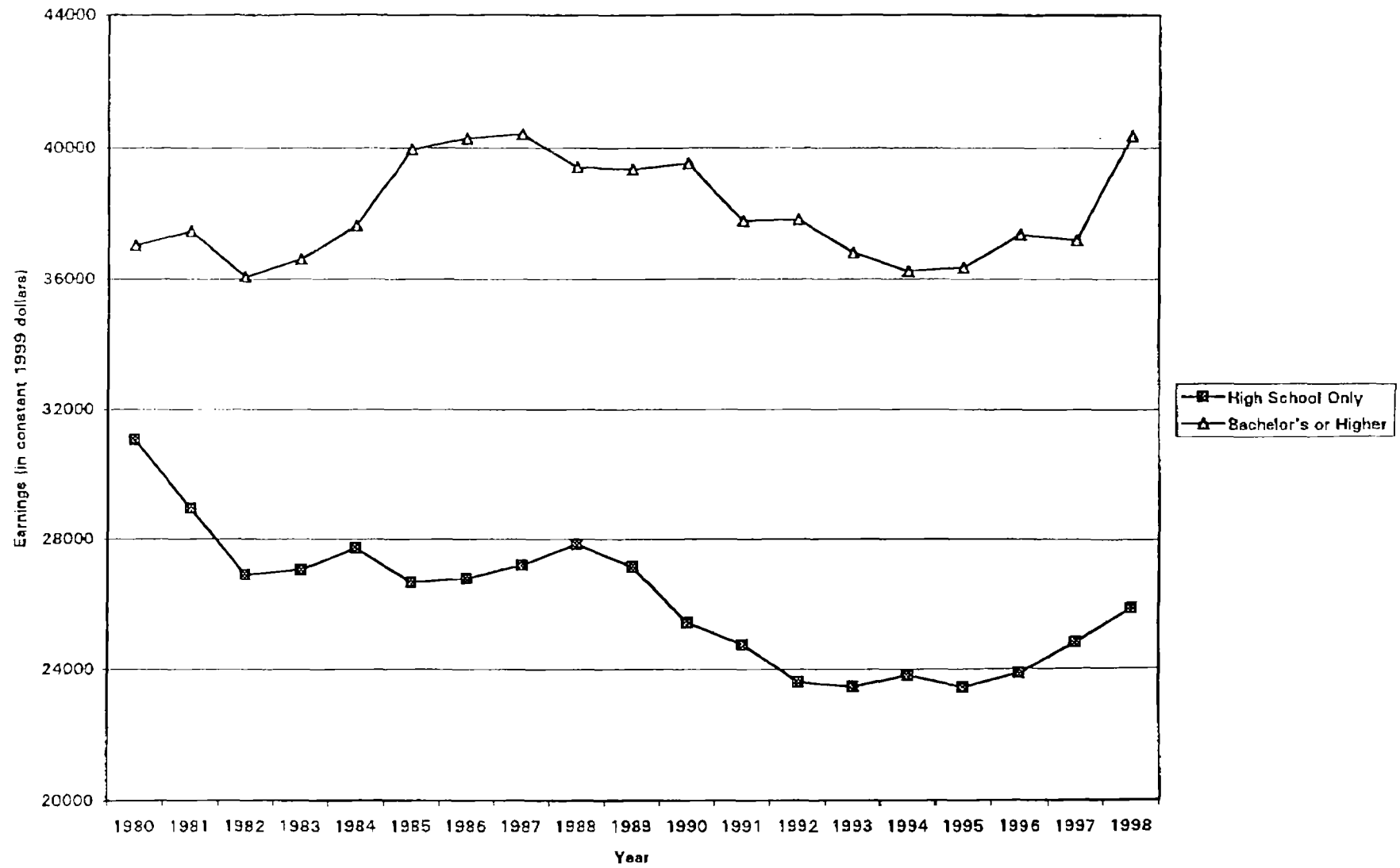
Over the past seven years, President Clinton and Vice President Gore have implemented an unprecedented array of initiatives to expand college opportunities. The new Hope Scholarship and Lifetime Learning tax credits provide \$3.5 billion in tax relief for college. The Direct Student Loan program has saved students and taxpayers a total of \$15 billion. Student loans are cheaper and can be repaid based on the ability to pay.

AmeriCorps has given over 150,000 young people the chance to earn their way through college by serving their country and their communities. The GEAR UP initiative is raising college aspirations for 450,000 at-risk teenagers. And more needy students receive larger Pell Grants scholarships.

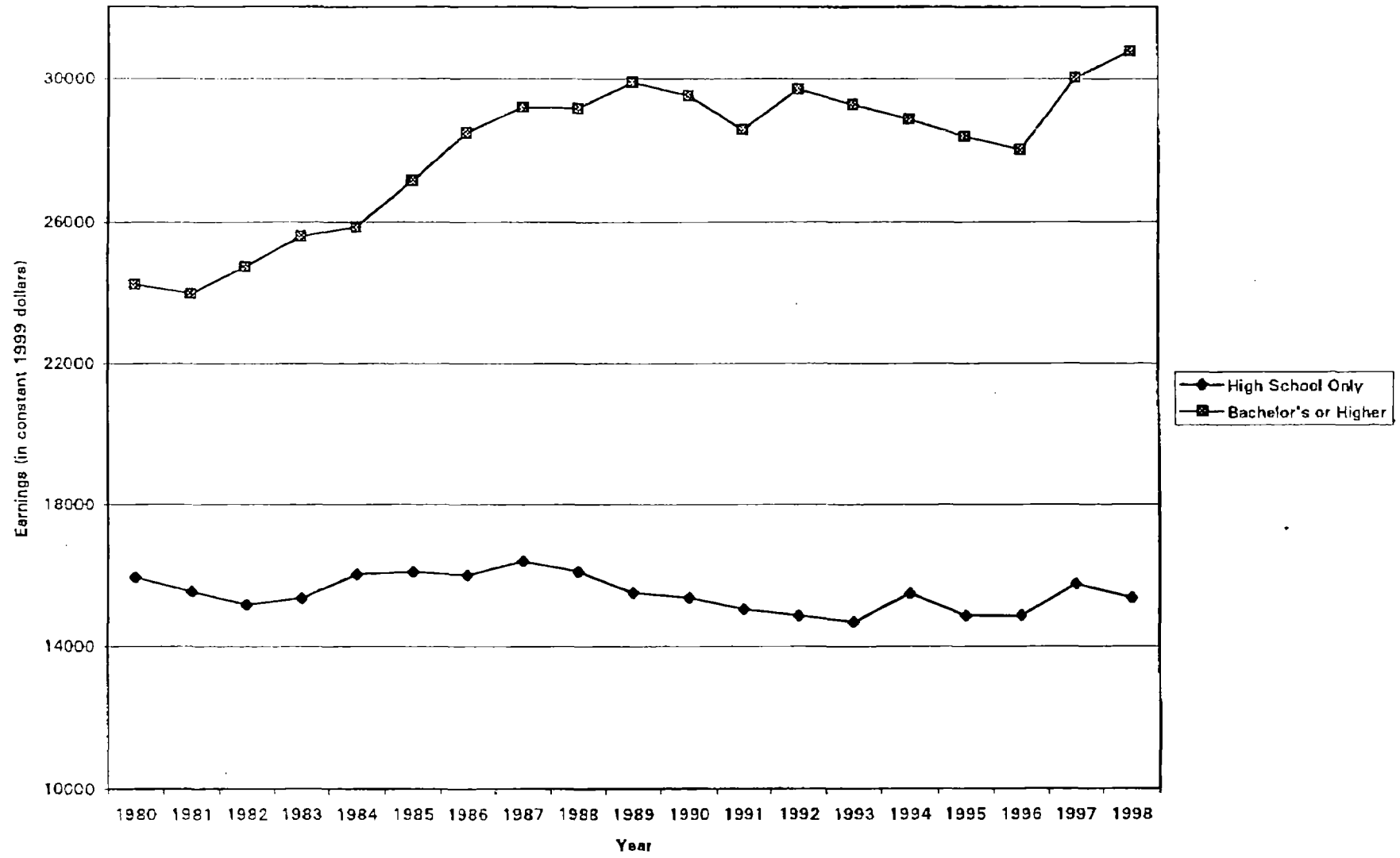
We have made great progress toward enabling all of our citizens to achieve the American Dream. We must continue to build on that progress.

## APPENDIX

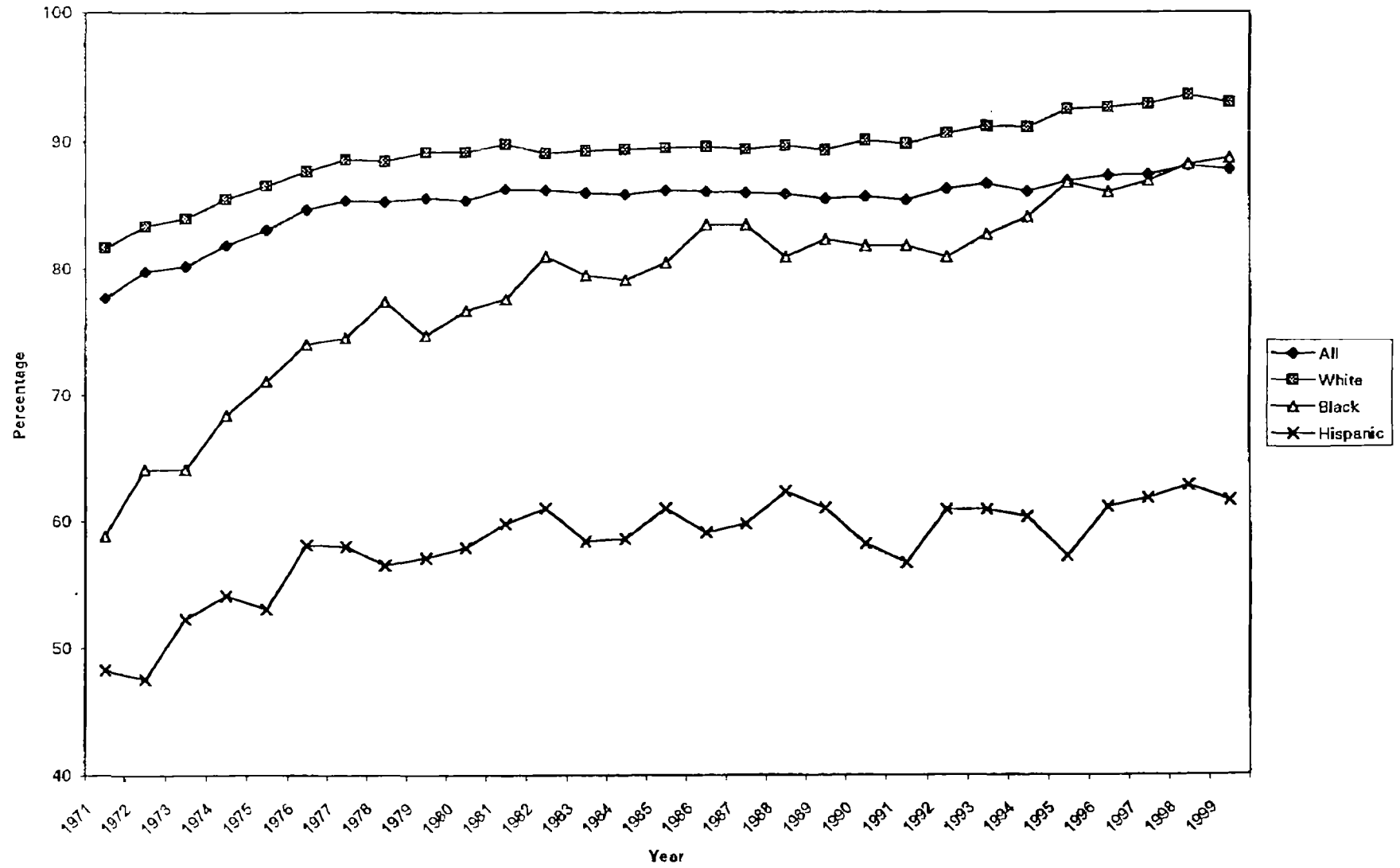
Average Earnings (Males, by Educational Attainment)



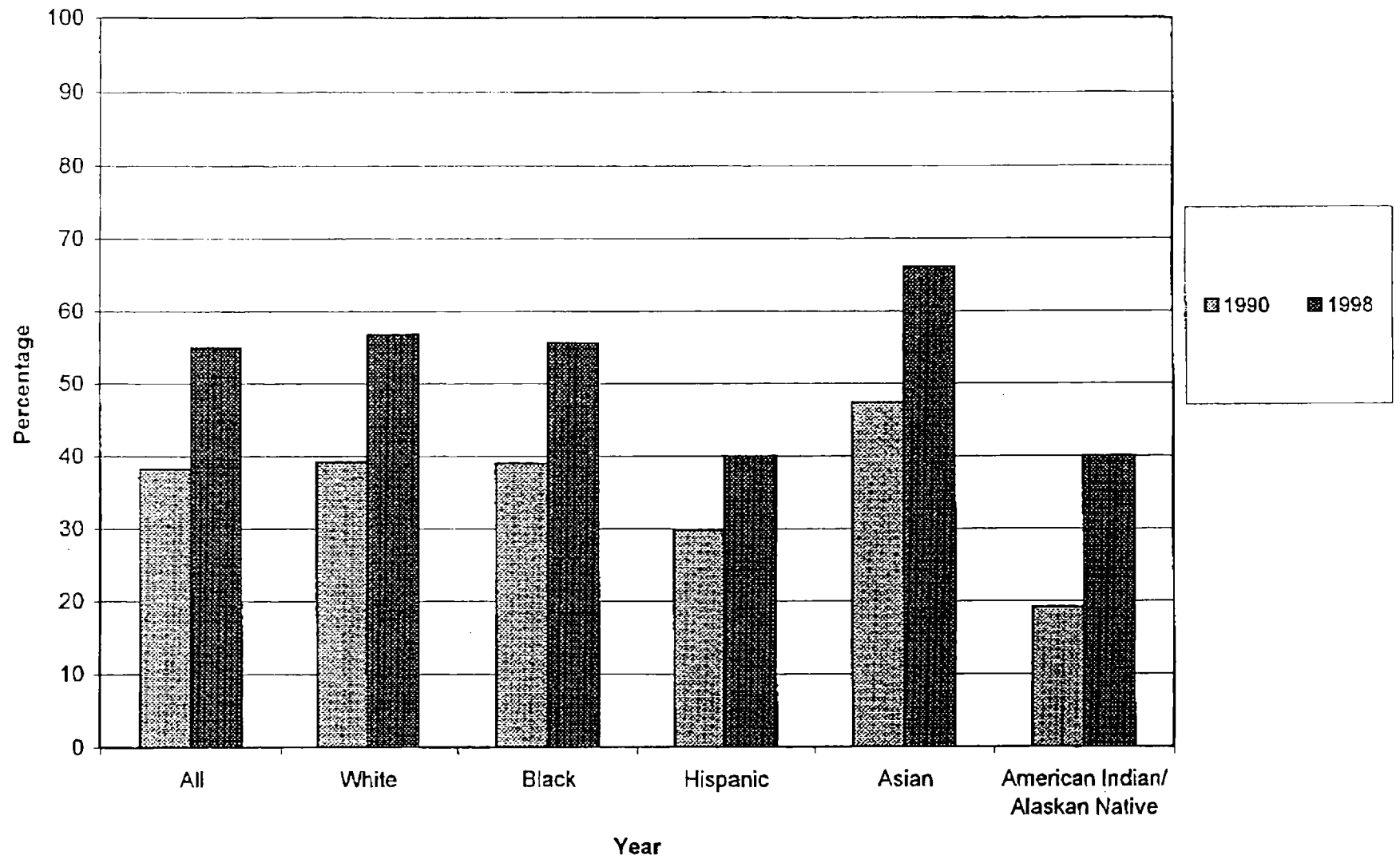
Average Earnings (Female, by Educational Attainment)



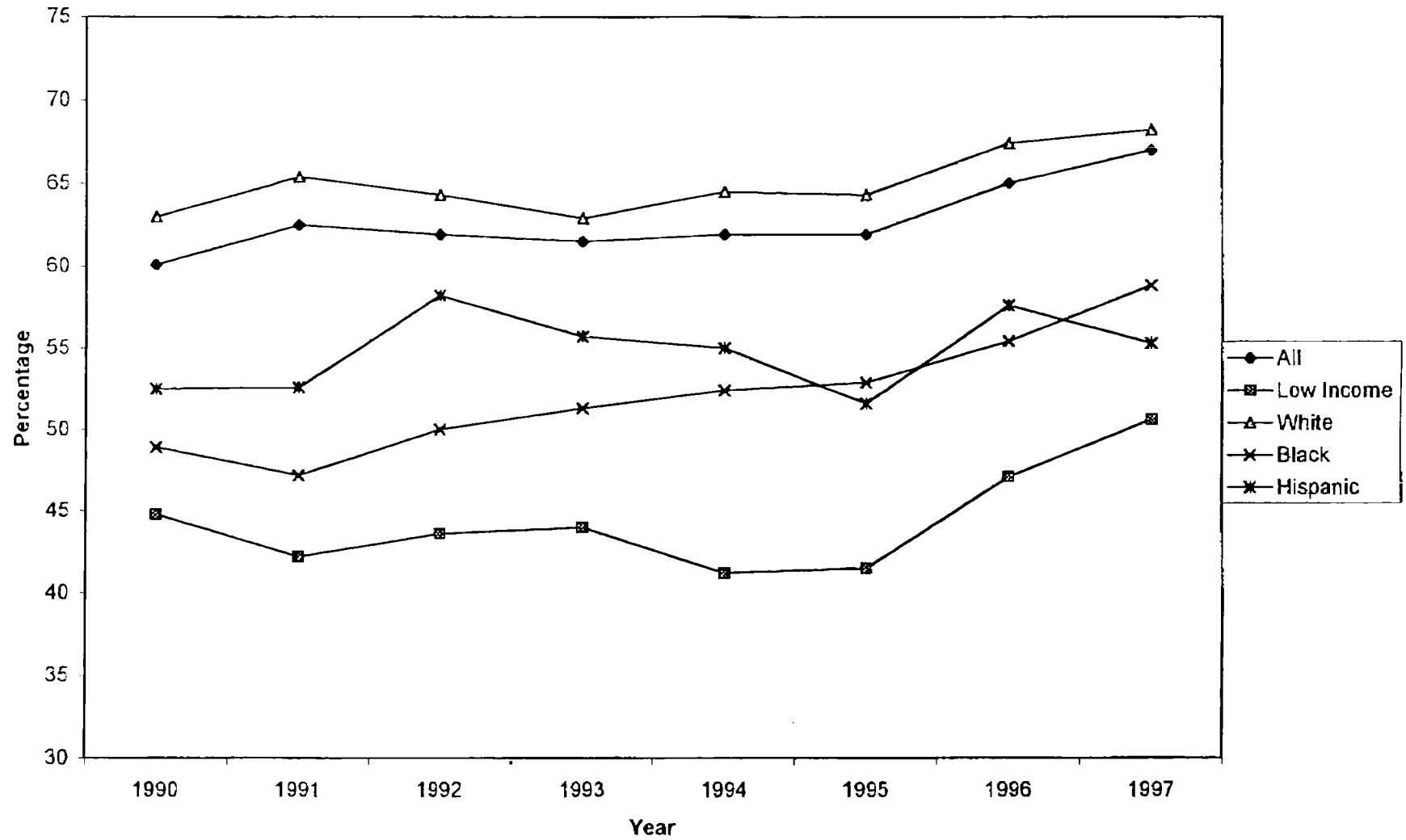
High School Completion By Race-Ethnicity



**Percentage of High School Graduates Completing 4 years of English and 3 years each of Math, Social Studies, and Science**

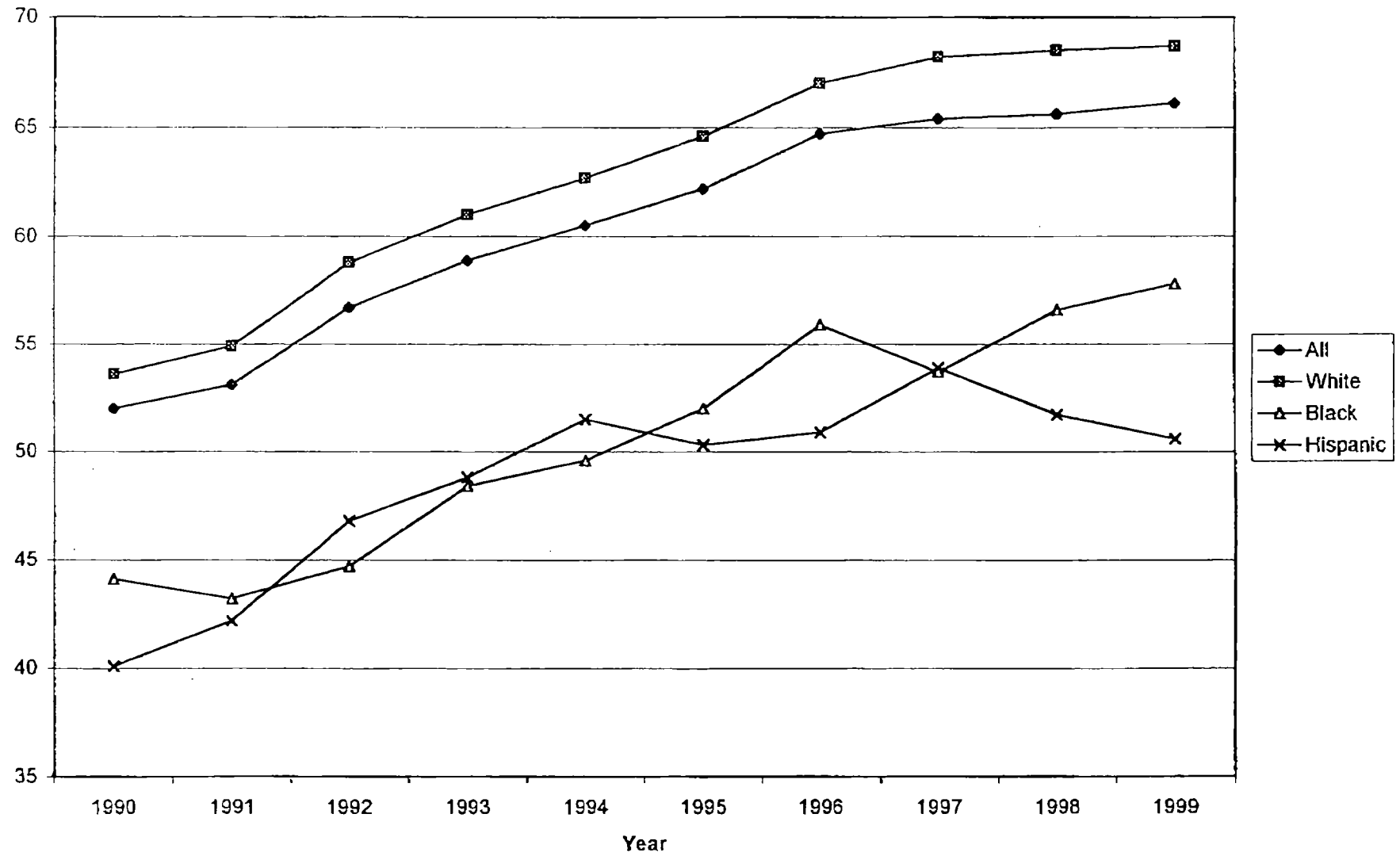


Percentage of High School Completers Immediately enrolled in college the October after graduation

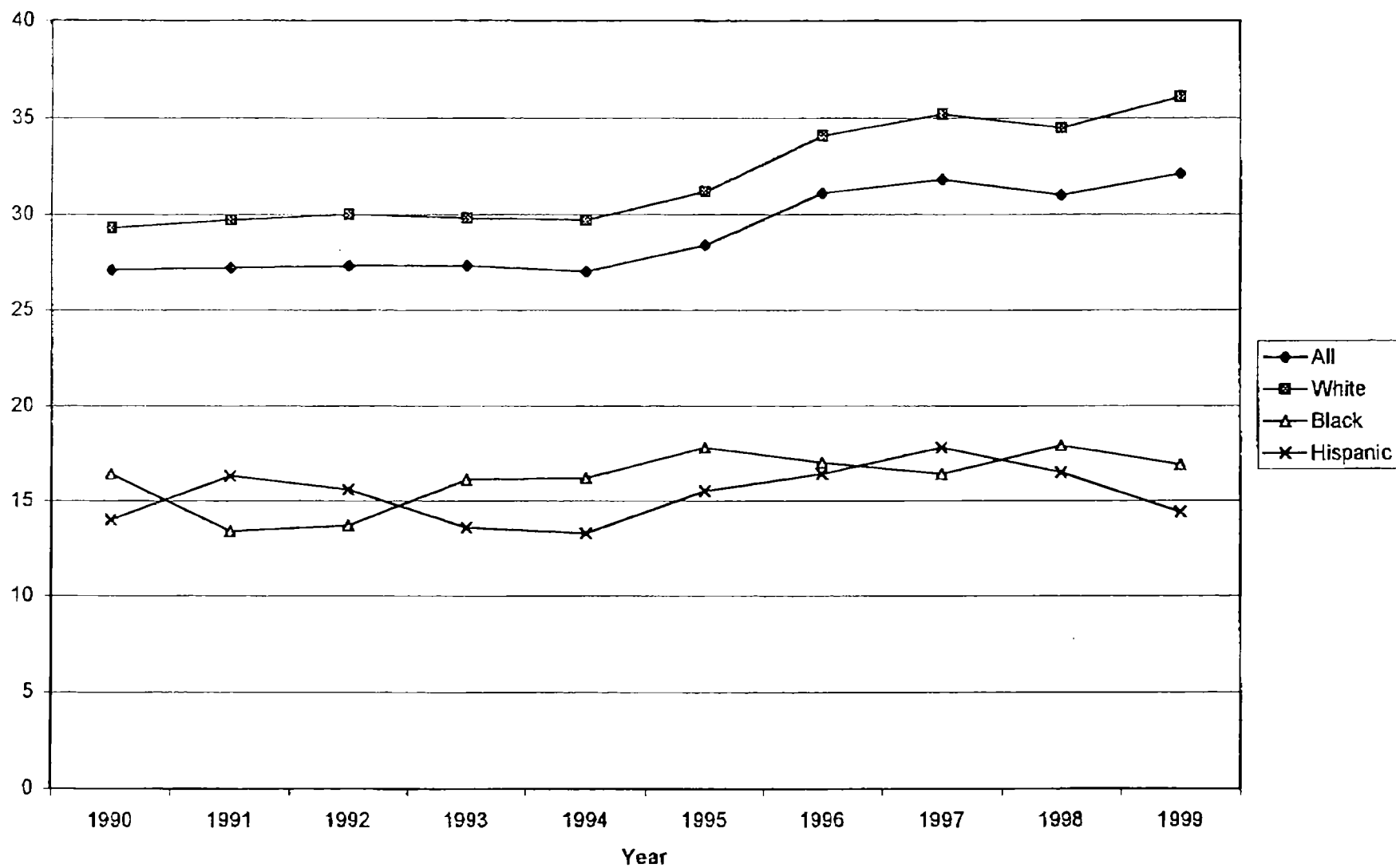


Low-Income, Black, and Hispanic lines reflect three-year averages.

Percentage of 25- to 29-year-olds with at least some college



Percentage of 25- to 29-year-old high school completers with a bachelor's degree or higher



## ENDNOTES

- <sup>1</sup> The College Board (1999), *Trends in College Pricing 1999*, p. 20.
- <sup>2</sup> U.S. Department of Education, National Library of Education (1999), *College for All? Is There Too Much Emphasis on Getting a Four-Year Degree?*, pp 30-31.
- <sup>3</sup> *The Condition of Education 2000*, pp. 49, 149 (Table 32-1) (using three-year averages for low-income students, blacks, and Hispanics), 151 (Table 32-3).
- <sup>4</sup> *Digest of Education Statistics 1999*, p. 156 (Table 142).
- <sup>5</sup> College Board SAT/AP Report.
- <sup>6</sup> Unless otherwise noted, the data come from *The Condition of Education 1999*, pp. 132, 140, 142, 152, 274-76.
- <sup>7</sup> *The Condition of Education 2000*, p. 156 (Table 38-3).
- <sup>8</sup> *The Condition of Education 2000*, pp. 15, 129 (Table 10-1).
- <sup>9</sup> McPherson, Michael S., and Morton Owen Schapiro (1998), *The Student Aid Game: Meeting Need and Rewarding Talent in American Higher Education*, p. 39.
- <sup>10</sup> Kane, Thomas J (1999), *The Price of Admission: Rethinking How Americans Pay for College*, p. 127.
- <sup>11</sup> *Student Lending Update*, "Interview with James Gathard, Senior Vice President for Business Executives for NationsBank Education Loans," January 13, 1998.
- <sup>12</sup> Macro International (1999), Five-Year Assessment of the Direct Loan program.
- <sup>13</sup> Aguirre International (1999), *An Evaluation of AmeriCorps Summary*, pp. 3, 8.
- <sup>14</sup> U.S. Department of Labor, *FY 2001 Budget Justifications of Appropriation Estimates and Performance Plans for Committee on Appropriations*, p. TES-91.
- <sup>15</sup> U.S. Department of Education, National Library of Education (1999), *College for All? Is There Too Much Emphasis on Getting a Four-Year Degree?*, pp 26, 30-31.
- <sup>16</sup> National Center for Education Statistics, *The Condition of Education 2000*, Washington, D.C.: U.S. Department of Education, 2000, p. 34.
- <sup>17</sup> U.S. Department of Labor (1999), *Futurework: Trends and Challenges for Work in the 21<sup>st</sup> Century*, p. vii.
- <sup>18</sup> Council of Economic Advisors (2000), *Economic Report of the President*, p. 137.
- <sup>19</sup> *The Condition of Education 2000*, pp. 15, 129 (Table 10-1).
- <sup>20</sup> *The Condition of Education 2000*, p. 33.
- <sup>21</sup> National Center for Education Statistics, *Digest of Education Statistics 1999*, Washington, D.C.: U.S. Department of Education, 2000, p. 127 (Table 108); *The Condition of Education 2000*, p. 154 (Table 38-1).
- <sup>22</sup> Adelman, C. (1999), U.S. Department of Education, *Answers in the Tool Box: Academic Intensity, Attendance Patterns, and Bachelor's Degree Attainment*.
- <sup>23</sup> *Digest of Education Statistics 1999*, p. 156 (Table 142).
- <sup>24</sup> The College Board, "More Schools, Teachers, and Students Accepted the AP Challenge in 1998-99," August 31, 1999 (available at < [www.collegeboard.org/press/senior99/html/990831b.html](http://www.collegeboard.org/press/senior99/html/990831b.html) >); College Board SAT/AP Report.
- <sup>25</sup> College Board SAT/AP Report.
- <sup>26</sup> *The Condition of Education 2000*, p. 47.
- <sup>27</sup> *The Condition of Education 2000*, pp. 49, 149 (Table 32-1) (using three-year averages for low-income students, blacks, and Hispanics), 151 (Table 32-3).
- <sup>28</sup> *The Condition of Education 2000*, p. 155 (Table 38-2).
- <sup>29</sup> *The Condition of Education 2000*, p. 156 (Table 38-3).
- <sup>30</sup> *The Condition of Education 2000*, p. 56.
- <sup>31</sup> *The Condition of Education 2000*, p. 153 (Table 37-1).