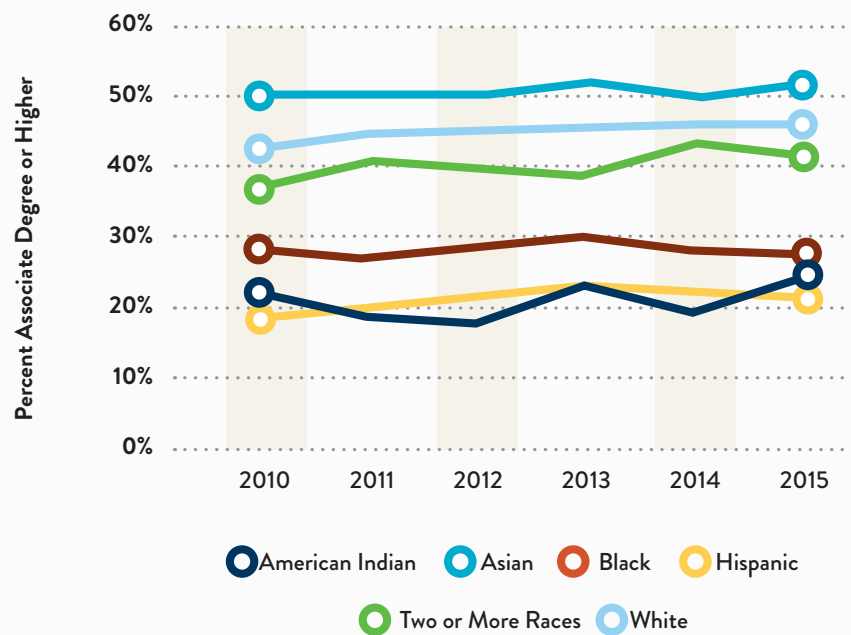


# MINNESOTA NEEDS TO INCREASE ACCESS TO DEGREES THAT OPEN DOORS

Obtaining a postsecondary credential increases economic opportunity, promotes income equality, and prepares the state to meet future workforce demands. Not all Minnesotans are equally prepared there remains an educational attainment gap across racial and ethnic groups.

**Acute Attainment Disparities Persist Across Race/Ethnic Groups**  
Minnesota population age 25 and older with an associate degree or higher



SOURCE: U.S. Census Bureau, American Community Survey 1 Year Estimate

## Equity in Attainment

Key indicators confirm the disparities gap is not isolated to the higher education system; students of color do not succeed at the same rates as their White peers throughout all levels of the Minnesota education system.

- Students of color graduate from high school within four years at a rate lower than White students.
- Students of color enroll in college at a rate lower than White graduates.
- Undergraduates of color enroll primarily at two-year institutions.

- Undergraduates of color and non-English speakers enroll in developmental education at higher rates.
- Undergraduates of color have lower college graduation rates.

Given that Minnesotans of color are comprising a larger share of state’s population each year, the state’s changing demographic profile requires the state to begin reducing educational attainment racial gaps or the state’s economic future will be threatened. In response, the 2015 Minnesota Legislature enacted legislation setting a target that 70 percent of Minnesota adults age 25 to 44 will have attained a postsecondary certificate or degree by 2025, both for the general population and by racial/ethnic subgroups in the state. The Office of Higher Education worked with the Minnesota Demographic Office to obtain estimates of the population holding a certificate or higher, since U.S. Census only collects data on populations with associate degrees or higher. Even when certificates are included in addition to degrees gaps remain.

Given the importance that postsecondary institutions and organizations have in producing more people with credentials, the Legislature created an “Equity in Education and Job Connection Grant Program” to assist selected colleges, universities, and organizations in providing evidence-based best practice services that have been proven through research to be effective in increasing retention, completion, and employment outcomes for historically underrepresented students. The Office of Higher Education awarded grants this year to Minnesota State institutions that will aid the institutions in providing best practice services

that improve attendance, retention, completion, and gainful employment outcomes for the targeted student group.

Addressing Minnesota’s educational disparities will require a comprehensive approach to achieve desired results.

## **College Readiness**

High standardized test scores have long been considered synonymous with preparedness for college. However, new ideas are emerging about the skills and competencies students need to gain entry to and succeed in college. Across the state, differences in Minnesota students’ college readiness often correlate to race/ethnicity, socioeconomic status, and geographic location. Inequities within the K-12 system can be observed in instructional offerings; quality of teachers; income-based segregation of minority students by neighborhood; too few guidance counselors; and low student expectations and aspirations.

## **Academic Preparation**

Rates of participation in developmental education coursework and ACT college entrance examination scores are two measures of academic preparation for college-level coursework. In 2016, Minnesota’s average composite ACT score was 21.1, the highest in the nation among the 18 states in which all college-bound students took the test. When disaggregated by race, it becomes apparent that this average masks disparities between subpopulations. In general, these disparities in average composite score are similar to national trends.

AVERAGE 2016 ACT SCORES IN MINNESOTA VARIED BY RACE/ETHNICITY

Race/Ethnicity	American Indian	Asian	Black	Hispanic	Multi-Racial	White
Composite ACT Score	16.6	20.2	16.5	17.9	20.4	22.2

SOURCE: ACT

## College Knowledge

“College knowledge” has become more prominent in the national conversation on college readiness. The term encompasses two emerging components of college readiness: contextual awareness and non-cognitive skills. Contextual awareness refers to information regarding admissions requirements, cost, purpose, and types of colleges. Non-cognitive skills, on the other hand, include the ability to build relationships with professors, peers, and establish a sense of belonging within the community.

Underrepresented student populations (those from low-income families, ethnic/racial minority groups, and students who are the first in their family to access a college education) often experience a gap in college knowledge. Students lacking college knowledge are less likely than their peers to enroll in “best-fit” colleges that match their aspirations and abilities. Students who belong to communities that do not historically have a college-going culture, or do not have family members or role models who attended college, often do not gain meaningful access to college planning and preparation materials.

## Individual and State Return on Higher Education

A college certificate or degree is linked to numerous benefits in life. The boost in income and the wage premium for jobs requiring a college degree are tied to increased social mobility and better health. In an era of increasing wage inequality, earning a postsecondary credential continues to offer students a pathway for obtaining a sustainable wage and joining the middle class.

The trend is for students and their families to shoulder a greater proportion of postsecondary costs. However, for those able to access and obtain higher education, the return on investment is greater now than it has been in decades.

In addition to the direct economic benefits associated with postsecondary education, there are numerous indirect benefits including: improved employee-employer job match, lower crime rates, greater civic participation, improved health outcomes, increased life expectancy, and intergenerational degree attainment effects.

## Income Inequality and the Cycle of Poverty

Income disparities are associated with reduced skills development for children with less well-educated parents, meaning that students from low-income families are less likely to excel academically as income inequality increases. If the attainment gap does not improve, higher education attainment rates will tend to remain stagnant or begin to decrease, and income inequality will likely increase. On the other hand, parents with better educations, no matter their income levels, are more likely to see their children succeed in school and the workforce. All Minnesotans would benefit from greater income equality—research indicates it fosters economic growth.

## Economic Consequences of Non-Completion

The postsecondary dropout rate in the United States is the highest in the industrialized world. While ensuring equitable and affordable access to postsecondary education for all citizens remains a priority, the wage premium of obtaining a higher education credential in the U.S. is well-documented. Access to a postsecondary education without completion is neither affordable nor efficient for students or taxpayers of Minnesota.

For students, non-completion is associated with a greater likelihood of unemployment or underemployment. Non-completers are more likely to default on their student loans than graduates. In short, the wage premium associated with higher education hinges on degree completion.

For states, students not completing a postsecondary credential results in depressed tax capacity. According to estimates by the American Institutes of Research (AIR), the state of Minnesota spent \$110.6 million on first-year dropouts.<sup>1</sup> AIR also found that Minnesota lost over \$188 million in potential tax revenue from the 2002 cohort of first-time freshmen pursuing a bachelor's degree.

The estimates, however, fail to account for noncompleters who were seeking an associate degree, certificate, or diploma, and are limited to one cohort of first-time freshmen, and so likely underestimate the cost of non-completion to the state.<sup>2</sup>

## Minnesota Workforce Projections

The Minnesota Department of Employment and Economic Development (DEED) estimates that nearly one in three new jobs projected to be created between 2010 and 2020 will require education beyond high school, as will more than one-fourth of replacement job openings.<sup>3</sup> To meet such projected workforce demands given changing demographic trends, Minnesota's K-12 and higher education systems together must identify and implement effective strategies to increase postsecondary completion rates for underserved populations.

Minnesota's key challenge moving forward is to successfully prepare and support underserved populations to certificate or degree completion while meeting future workforce demands in a period of changing demographics.

<sup>1</sup>Schneider, M. (2010). *Finishing the First Lap: The Cost of First Year Student Attrition in America's Four Year Colleges and Universities*. American Institutes for Research.

<sup>2</sup>Schneider, M., & Yin, L. (2011). *The High Cost of Low Graduation Rates: How Much Does Dropping Out of College Really Cost?* American Institutes for Research.

<sup>3</sup>Vilsack, R. (2013, October). *Training for the future: Education, employment projections and wages*. Department of Employment and Economic Development. Retrieved from <http://mn.gov/deed/newscenter/publications/review/october-2013/training-future.jsp>