CLOSING THE RACE GAP:
Illinois

July 2015

a policy brief by:
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Our national Closing the Race Gap report provides federal policy solutions to address racial disparities in the workforce, but states and localities are essential players in directing higher education policies and resources, and so steps they can take are critical to explore. This report highlights a number of policy solutions that should be implemented or expanded in Illinois to help close the employment gap between young adults of color and their white peers.

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# Acknowledgements

The author would like to thank the following people for their thoughtful edits, comments, and support: Jen Mishory, Rory O’Sullivan, Jennifer Wang, Tom Allison, Konrad Mugglestone, and Reid Setzer. She would also like to thank Sarah Lovenheim and Julian Aldana for their excellent work in design, communications, and outreach.
Introduction

Higher education in Illinois is on the verge of crisis. State disinvestment has left Illinois’ public higher education system underfunded and ill-equipped to handle additional pending budget cuts. The shrinking budget hits low-income students and students of color hardest, and in the long run will lead to wider employment inequities.

Already in Illinois, we’re seeing disparities in college completion rates. Today less than 20 percent of community college students who take a full course load will graduate with an associate’s degree in three years, and around 40 percent of students in four-year public programs will graduate in four years. Only 36 percent of African American students and 44 percent of Hispanic students attending four-year programs will graduate within six years, while 66 percent of white students complete their degree in that timeframe. This means that white students are nearly twice as likely as African American students to complete four-year programs in six years.

With young African American and Hispanic adults in Illinois already facing nearly double and triple the unemployment rates respectively that young white adults face (Figure 1), the state should make increasing higher education completion rates a top priority. Illinois used to be a national leader in making college affordable and accessible. As a state, we set ourselves the goal of increasing the number of workers with higher education degrees to 60 percent by 2025 and reducing achievement gaps for low-income and minority students to less than 10 percent. In order to stay on this path, we need to intervene quickly to prevent any additional cuts to our higher education budget, and to target current funding strategically around completion-focused measures. This report looks at the current challenges Illinois students face in accessing higher education, and examines the racial disparities in higher education that will ultimately have alarming consequences on our economy without rapid policy change. Inequities in our public K-12 education system have long been viewed one of our state’s major civil rights struggles. Illinois needs to view public higher education inequities in the same light.

FIGURE 1.

Unemployment Rate in Illinois (18 to 34 years old)

This report makes three main arguments. First, it shows that recent higher education budget cuts in Illinois disproportionately affect students of color and their degree completion rates. Next, it argues that the benefit of each additional degree of educational attainment, in terms of employment opportunity and income, is much greater for young African American students than young white students. Finally, it offers six policy recommendations to move the state forward. Investment must be part of the solution, but many of our proposals would not require significant budget expansion.
I. DEFINING THE PROBLEM

A. Higher Education Budget Cuts Disproportionately Affect Students of Color

Today, nearly 50 percent of white 25 to 34-year-olds in Illinois hold a bachelor’s degree or higher, while only 34 percent of African American and 18 percent of Hispanic or Latino young adults hold similar degrees (see Figure 2). Illinois has committed itself to reducing the achievement gaps that low-income and minority students face to less than 10 percent. However, since the Great Recession, Illinois has cut the higher education funding spent directly on students and their families by over half a billion dollars. In the last ten years, tuition has increased by 57 percent at public four-year universities in Illinois – a substantially higher spike than the 42 percent increase seen nationally. Current and proposed budget cuts stand to make the racial disparities in educational attainment continue to increase over time.

Gulfs in income impact families’ ability to pay to for public tuition increases. In Illinois, median income for white households is $63,320, compared to $32,244 for African American households. This $30,076 gap is significantly wider than the national wage gap of $7,207.

Increases in tuition and cuts to need-based aid directly affect completion rates for low-income students, who are disproportionately students of color. As shown in Figures 3 and 4 below, for instance, African American students make up 15 percent of the undergraduate population in Illinois, but comprise 27 percent of the recipients of the state-administered, need-based MAP Grant. MAP grants are crucial to completion rates –grant recipients are as likely to graduate on time as their peers, despite the fact that over half of MAP recipients are first generation students. Increases in tuition and cuts to MAP funding are likely to widen existing attainment gaps. If Illinois continues to cut education funding that directly reaches students and families, educational attainment inequities in Illinois will continue to grow.
In addition to causing tuition spikes, decreases in higher education spending can also make it harder for students to complete a degree on time once they have already enrolled. Budget cuts frequently lead to increases in class sizes and cuts to academic and career counseling services, both of which have been shown to decrease on-time completion rates. This is particularly troubling because on-time completion rates are low in Illinois and vary widely by race.\textsuperscript{14}

Without recommitting itself to the goal of reducing racial disparities in college completion rates and actively pushing for measures that will help meet this goal, Illinois should expect to see a significant increase in its college attainment disparities.

B. Effects on the Wage and Employment Gap

Funding cuts and attainment rate gaps are especially troubling because of the relationship between education and workforce outcomes. Today in Illinois, African American young adults, aged 18 to 34, face an unemployment rate of 27.4 percent, which is more than twice the rate of their white peers (9.4 percent)\textsuperscript{15}. The average employed white Millennial in Illinois makes over 50 percent more than the average African American young adult in the state.\textsuperscript{16} Although white and Hispanic individuals in Illinois have a higher household median income than the respective medians for white and Hispanic adults nationally, African Americans in Illinois have a lower median household income than African Americans nationally. See Figure 5, below.

Sharp contrasts in educational attainment rates have dramatic effects on these disparities. In our national report, "Closing the Race Gap: Alleviating Young African American Unemployment Through Education," we found it takes two additional levels of higher education for a young African American adult to have the same job prospects as his or her white peer.\textsuperscript{17} For instance, Figure 6, below, demonstrates that the predicted likelihood of employment for a young African American man without a high school degree is fifteen percentage points lower than a similarly educated young white man. However, for young men with professional degrees the gap narrows to under three percentage points.\textsuperscript{18}
This means that nationally, “[t]he effect of a high school diploma on employment probability for African American men is 50 percent larger than the same degree for a white male, but a professional degree offers an African American male a 146 percent larger effect than the same degree for a white male.”

College degrees are becoming increasingly necessary in our shifting workforce. In light of that, Illinois has developed two primary goals for higher education: to increase the number of workers with higher education degrees to 60 percent by 2025, and to reduce achievement gaps for low-income and minority students to less than 10 percent.

Given these goals, it is essential that low-income and minority students have easy access to the most up-to-date information in order to make the best choices about their options. Furthermore, policies need to be in place to maximize funding to cover unmet need, as well as to provide connections to the workforce so that any unmet costs can be paid back with a good job after matriculation.

II. POLICY SOLUTIONS

This section outlines possible options for increasing higher education attainment rates among communities of color in Illinois. These policies are designed to increase affordability, provide information, improve college accessibility, and ease transitions from higher education to the workforce. Although these ideas are all intended to help increase completion rates without major budget increases, most would be difficult or impossible to implement with substantial budget cuts. We recommend six policy solutions: increased funding and counseling for MAP grant recipients, the implementation of college choice reports, development of information distribution technology, more dual degree programs, increased collaboration between community colleges and growth industries, and tighter regulation of for-profit institutions.
A. Affordability

**Increase Funding and Counseling for MAP Grants** - Each year, Illinois helps fund Monetary Assistance Program (MAP) Grants, a need-based financial aid program. Using information filled out in the FAFSA, colleges use the MAP formula when assessing grant eligibility. The formula is intended to prioritize distributing funding to the state’s students who need financial help most. It focuses on factors such as the cost of attendance, expected family contribution, and amount of any other financial aid received. Today MAP Grant recipients are 47 percent white, 27 percent African American, 13 percent Hispanic, six percent Asian American, and seven percent other or mixed race/ethnicity.

But the MAP program is underfunded. Just 13 years ago in 2002, the maximum MAP grant covered average costs and fees at Illinois public universities; today the maximum MAP grant covers just 37 percent of those costs and many MAP-eligible students are denied grants. This is due to cuts to MAP funding, increasing numbers of applicants for MAP grants, and increasing costs of tuition. In order to ensure low-income students genuinely have a chance to succeed in college, Illinois will need to do two things. First, it must increase the amount of funding available for MAP grants. Second, it must keep tuition frozen. If tuition continue to rise, it will be increasingly impossible for the MAP program to provide meaningful assistance to Illinois students.

But even without these potentially expensive measures, there are key ways that the MAP program can be strengthened. Today, MAP funds are allocated to students who meet a certain need threshold on a first-come-first-served basis. Because of limited funds, the date on which funding runs out and MAP grants are cut off has been progressively earlier each year, and many students with high need do not receive grants. Students who know to get their applications in early are often the ones with the best access to college counselors or who have the most actively engaged parents. Illinois should step back and consider alternative systems of allocating funding, including providing funding based on highest need, or allocating smaller grants to more people.

Increased counseling services for MAP students would also improve the effectiveness of current funding. In 2012, the state’s MAP Task Force determined that students would benefit from additional counseling on both academic and financial matters, and recommended consulting with individuals with experience on best practices in advising first-generation and low-income students.

Setting minimum MAP academic and financial advising requirements high will serve to make sure that scarce funding is used as effectively as possible. Today a significant portion of MAP funding is provided to students who drop out due to academic difficulties or to serious financial concerns. The MAP Task Force found that schools that are “already providing special academic and advising help to MAP recipients and other high-risk students are finding they do better than those students who are left on their own.” Making sure that MAP funds go to students who are able to complete their degrees ensures that funds go toward maximizing future employment possibilities.
B. Information Access

**Implement College Choice Reports** - It can be difficult for high school students to research their higher education options properly. Statistics tracking higher education costs and job attainment rates can be confusing and difficult to access – especially for first-generation students. College Choice Reports were initially proposed as part of the Illinois College Choice Report Act, HB 5248, in the Illinois legislature in 2012. They were intended to help provide comprehensive information on college options to be released regularly in an easily understandable format. If implemented, College Choice Reports would require the Illinois Community College Board, the Board of Higher Education -- a group representing the interests of private, nonprofit colleges and universities, -- and the Illinois Higher Ed Consortium to work together to develop a college choice reports system. Ideally this group would also bring in youth voices, including high school students, college students, and recent graduates.

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These reports would be required to provide information that would help students make informed financial decisions, including information about tuition, net cost, loan default rates, certificate and degree completion rates, retention and job placement information, admission standards and criteria, and overall demographic data. In revisiting the proposal, it would also be worth considering the possibility of including data on student loan repayment rates as well. Different formats should be used for releasing the information in question to students and to policymakers, with the student report carefully framed to provide information in a clear, accessible way that has been consumer tested.

While having easy access to this information would benefit students directly, College Choice Reports would also help the state to make well-informed decisions about which programs are working most effectively, and to help replicate the successes of schools that have low default rates and high job placement rates at those that do not. Therefore, developing these reports would serve as a strong move forward for transparency and for informed decision-making at both an individual and a state level.

Although HB 5248 ultimately did not gain traction in the 2012 session, the need for comprehensive information about college choice options remains high. With consensus in Washington about the need for better consumer information for students about institutions and federal financial aid, this is an opportune moment to circle back to the idea of tightened reporting requirements for local schools.

**B4 College Alerts App** - Navigating the complexities of college financing is challenging for all students, but particularly for first-generation college attendees and for students who lack access to college counselor services. Technological innovation can help simplify and clarify a complicated process. With mobile phones increasingly serving as a key Internet access point for low-income students of color, mobile apps provide a
particularly promising platform for information distribution. In fact, African Americans and Latinos own smartphones at higher rates than whites.

One positive example of the use of technological innovation in higher education is the B4 College Alerts App released by the Illinois Student Assistance Commission. B4 College is designed to send high school students alerts about deadlines and events in their communities. The app alerts students of FAFSA completion deadlines and about ISACorps member events designed to provide advice on navigating the college-going process in a student’s community.

A comparable program for students who have graduated or left programs would also have significant advantages. Just as students entering college often find navigating the financial application process to be confusing, students entering the re-payment process for the first time are often in need of additional supports and services. Such an application provides a relatively cheap and easy way to distribute this support to an extremely connected generation.

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C. Dual Degree Programs

\textbf{Implementing More Dual Degree Programs} - More than two-thirds of all minority students enrolled in higher education programs in Illinois will attend a community college. Transferring between two-year programs and four-year institutions can be a daunting process for students, and particularly for first-generation students. Common problems include difficulty in transferring credits and substantial curriculum differences. Dual degree and dual admissions programs pair community colleges with four-year programs, with the aim of making the transition an easier, more natural process for students.

In dual degree programs, students initially enroll in a community college, but then have more direct pathways to transfer to a four-year program once they have completed their degree. In dual admissions programs, students initially enroll in both schools, where they first complete the two-year program and then are automatically able to continue on to get their four-year degree. In both programs, advisors are ideally present to monitor how students will transfer to the university. At Governors State University, a four-year public campus located 30 miles outside of Chicago, the Dual Degree Program is designed to partner with community colleges in the Chicagoland area, with the intent of increasing associate’s and bachelor’s degree completion.

Universities directly benefit from these programs in a number of ways. First, they get a clearer picture of future enrollment projections. Secondly, these programs make it easier for four-year institutions to ensure that students are showing up with the skills they need to succeed. Individual students benefit by not having to redo courses that they could not transfer credits from, by having the expectation of transfer to a four-year program instilled early on, and by having constant support throughout the transfer process. Students participating in these programs also receive a more affordable degree than students who do all four years of higher education at a four-year program, which can help low-income students to overcome affordability barriers.
D. Workforce Transitions

**Foster Collaboration Between Community Colleges and Growth Industries** – Increasing educational attainment is important but even with a degree, all students need direct pathways into available jobs. Chicago’s City College system has historically faced dismal graduation rates. In 2010, the graduation rate was just seven percent. This has disproportionately affected students of color. At Malcolm X Community College, for instance, the graduation rate for white students is 20 percent while the graduation rate for African American students is 5.6 percent.

In response to these bleak numbers, the City College system recently remade its programs so that each school is run in partnership with a particular industry. This functioned as a part of a larger $8 billion College to Career program initiated by President Obama.

The College to Career program deliberately selected industries in areas with high job growth – for instance, healthcare. Projections suggest that by 2020, Chicago will need 75,000 more health professionals than it already has. Roughly a third of these will be associate’s degree holders. Current college-industry pairings include Malcolm X College focusing on healthcare; Daley College on advanced manufacturing; Kennedy-King on culinary and hospitality professions; and Harold Washington on business, entrepreneurship and professional services. Participating industries are responsible for informing curriculum design, helping to create certificate programs, and helping to provide access to internships, interviews, and facilities.

This restructuring had direct, positive effects on the graduation rate at City Colleges, which has nearly doubled since 2011. Although there is still a long way to go from the current graduation rate of 13 percent, this marks a step in the right direction. Expansion and monitoring of this existing program, as well as implementation of similar programs at additional community colleges, will help to ensure that students are prepared for the workforce in practical industries.

E. Regulation of For-Profit Institutions

**Restrict Use of MAP Funds at Low-Performing For-Profit Colleges and Require Tighter Regulation of For-Profit Activity** - In Illinois, almost 100,000 students were enrolled in for-profit institutions during the 2013-2014 school year. For-profit college students account for 13 percent of higher education enrollment nationally, but are responsible for almost 50 percent of student loan defaults. Some for-profit colleges have a history of taking advantage of first-generation, low-income, and minority students. Completion rates at for-profit institutions are dismal – among African Americans nationally, for instance, only 27 percent of students at for-profits graduate in six years, compared to 44 percent of students at non-profit schools. As a result, some for-profit institutions have been subject to ongoing federal investigation, as well as lawsuits in Illinois.

Not all for-profit actors take advantage of students, but weak consumer protections create strong incentives
for institutions to gather taxpayer-funded grants and loans with little thought to delivering a solid education. Although federal regulation is essential to address this issue, Illinois should also take steps to protect students and taxpayers. One way this could be done is to restrict the use of state aid at programs with high student loan default rates. California has passed a measure that ties access to the need-based Cal-Grant to student loan default rates, directly cutting off Cal-Grant funds to more than 80 percent of for-profit institutions.\textsuperscript{49}

Illinois has considered bills, such as SB 1591, introduced in 2014, which would prohibit the use of MAP Grants at all for-profit institutions.\textsuperscript{50} However, regulating default rates and disbursing aid based on outcomes is a stronger approach. Regulating use of need-based aid at programs with poor outcomes would allow students to continue to use aid grants at for-profit institutions that have proven successful, and would incentivize good behavior from the for-profit industry. These regulations would also serve to caution Illinois students, families, and career counselors about low-performing institutions, and would encourage students to choose programs that enable their alumni to pay off student debt. Ultimately a program like the one seen in California would help ensure that limited MAP funding is preserved for the programs most likely to help students graduate on time and find gainful employment in their fields of choice.

Beyond regulating distribution of MAP funds, Illinois should consider additional consumer protections in the higher education sector. Again, this would put Illinois in line with larger national trends. For example, Connecticut passed a measure in 2013 that requires higher education institutions, including for-profit entities, to provide uniform financial aid information to all admitted students.\textsuperscript{51} Uniform financial aid information could help curb overborrowing and misleading information about a student’s financial options. Currently several other bills that would regulate for-profits are in consideration in other states, including SF 696 in Minnesota, which would require increased disclosure of data including graduation rates, job placement rates, and withdrawal rates from for-profit colleges\textsuperscript{52} and bills in New Jersey which require similar disclosures and would tie licensing of for-profit schools to certain minimum graduation rates.\textsuperscript{53} These measures, combined with meaningful default rate regulation, would help make sure that students have accurate and up-to-date information before enrolling and taking out loans, and that for-profit institutions are not able to take advantage of students who lack the resources to research their programs carefully.

### III. Conclusion

Although Illinois has generally been considered to be a state that charges high tuition, but matches it with high student aid, this is changing. Since the recession, tuition has soared while aid has decreased, leaving higher education increasingly out of the reach of students from low-income backgrounds, reinforcing the cycle of generational poverty. In order to close Illinois’ race gaps in unemployment, Illinois should look to policies that make a postsecondary degree easier for underrepresented groups to attain. The policies proposed here may not entirely solve the problem, but they are key steps towards increasing the availability of information, college affordability, college completion rates, and post-graduation employment.
End Notes


4. Ibid.


7. MAP Task Force Report, 8.


11. Ibid.

12. MAP Report, 4.


16. 2013 American Community Survey 1-year estimates.


18. Ibid, 8.


23. Ibid at 7.


27. “MAP Task Force Report,” 34.


29. Ibid.


40. “Mayor Emanuel Announces ‘College to Careers’ Program for City Colleges.”

41. Ibid.


43. Ibid.


47. Buitrago, 5.


51. Ibid.

