

American Enterprise Institute for Public Policy Research



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Diplomas and Dropouts Report Exposes Dramatic Variation in Completion Rates at Colleges and Universities across the Country

The average four-year college graduates less than 55 percent of its first-time students in six years; many students have less than a one in three chance of earning a degree

WASHINGTON, DC (June 3, 2009) – In his first speech to Congress, President Obama promised that “by 2020, America will once again have the highest proportion of college graduates in the world.” *Diplomas and Dropouts: Which Colleges Actually Graduate Their Students (and Which Don’t)*, released today by the American Enterprise Institute (AEI), exposes the dramatic variation in completion rates across nearly 1,400 colleges and universities.

Less than 55 percent of first-time students at the average four-year college graduate within six years, and at many institutions, students have less than a one in three chance of earning a degree—even as they spend thousands of dollars on tuition and accumulate thousands of dollars of debt. The authors find that completion rates vary dramatically across institutions with similar admissions standards.

“Such differences suggest that while student motivation, finances, and ability matter greatly when it comes to college completion, the practices of higher education institutions matter, too,” Frederick M. Hess, lead author of *Diplomas and Dropouts*, said.

The study’s coauthors (listed below) use data from the U.S. Department of Education to examine graduation rates across schools with similar levels of admissions selectivity, as defined by the popular *Barron’s Profiles of American Colleges*, which rates schools in six categories from “noncompetitive” to “most competitive.” Among their findings:

- Schools with the least selective admissions criteria have the lowest average graduation rates. “Noncompetitive” institutions graduate, on average, 35 percent of their students within six years, while the “most competitive” institutions graduate 88 percent.
- There is wide variation in graduation rates across institutions within the same selectivity categories. Within the same group of “competitive” schools, the top ten have an average graduation rate of more than 75 percent, while the bottom ten graduate just 20 percent in six years.

- For instance, the University of Louisville in Kentucky and James Madison University in Virginia are both “very competitive” state schools that charge about \$7,000 in tuition. While Louisville only graduates 44 percent of its students in six years, James Madison graduates 81 percent.
- Hundreds of institutions fail to graduate a majority of their students in six years, yet these colleges and universities still receive tens of billions of dollars from taxpayers every year. At a time of fiscal constraints and tight budgets, voters and public officials should be aware of institutions that are not accomplishing their most basic task of graduating students.

Parents, students, and guidance counselors too often lack information on graduation rates when selecting schools or deciding where to spend thousands of dollars in savings—or take on thousands of dollars of debt.

“At a time when growing unemployment disproportionately affects workers without a degree, it is critical that this information is available and accessible so that consumers can make informed decisions,” Kevin Carey, coauthor of *Diplomas and Dropouts*, said.

The authors note that graduation rates are an important measure of school performance, but they do not suggest that high graduation rates are always an indicator of quality or that low graduation rates are necessarily bad. After all, graduation rates would rise if standards were lowered and universities awarded diplomas to all students regardless of academic performance. Rather, this report, which is funded in part by support from the Bill & Melinda Gates Foundation, presents a call for a broader exploration of postsecondary outcomes.

“This report helps identify the problem that our college completion rates are too low,” said Hilary Pennington, director of education, post-secondary success, and special initiatives at the Gates Foundation. “For too long we’ve been focused only on access to college. Now we need to turn college-goers into college graduates because a postsecondary credential is the best path to success for young adults.”

“We believe that the graduation rate measure included here should be just the beginning of a richer inquiry into college success,” Mark Schneider, coauthor of the study, said. “One driven by more accurate measures broadly defined in future earnings, in acquiring knowledge, in workplace success, and ultimately in becoming the kind of citizens who can contribute to the stability and prosperity of our society.”

ABOUT THE AUTHORS

Kevin Carey is the policy director at Education Sector. He writes a monthly column on higher education policy for the *Chronicle of Higher Education* and has published articles and op-eds in publications including *Washington Monthly*, *Phi Delta Kappan*, *Education Week*, the *Washington Post*, the *Los Angeles Times*, and the *New York Daily News*. He has authored

Education Sector reports on topics including college rankings and improving minority college graduation rates.

Frederick M. Hess is a resident scholar and AEI's director of education policy studies. A former high school teacher and university professor, Hess is an executive editor of *Education Next* and a research associate at Harvard University's Program on Education Policy and Governance. His work has appeared in numerous academic and popular publications, and his many books include *Tough Love for Schools*, *Common Sense School Reform*, and *Spinning Wheels*.

Andrew Kelly is a research fellow at AEI and a Ph.D. candidate in political science at the University of California, Berkeley.

Mark Schneider is vice president for new education initiatives at the American Institutes for Research and a visiting scholar at AEI. Formerly the commissioner of the U.S. Department of Education's National Center for Education Statistics, Schneider is the author and coauthor of numerous scholarly books and articles, including the award-winning *Choosing Schools: Consumer Choice and the Quality of American Schools*.

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