Not all institutions of higher education are equal—in their funding, resources, or student outcomes. Selective public institutions, typically defined as those with lower acceptance rates and high graduation rates compared to other public institutions, often offer the best odds for their students to succeed. Enrollment at selective institutions is correlated with student success, including higher graduation rates and expected earnings for the students that attend them, including low-income, Black, and Latinx students.\(^1\) The taxpayer investment in selective public institutions is greater than other public institutions, with selective institutions receiving nearly 40 percent more state appropriations.\(^2\) As a result, students at selective institutions tend to receive more resources and support, including greater per-pupil funding.\(^3\)

The benefits of attending a selective institution go beyond the additional resources available. Attending a prestigious institution can impact job prospects because of the reputation of the school, accessibility to post-graduate opportunities, and availability of networking opportunities. Students who attend selective institutions earn 20 percent more on average than those who attend nonselective institutions.\(^4\) But access to these opportunities is not equal. The share of low-income, Black, and Latinx students at selective public institutions is disproportionately low, with low-income students comprising only 8.1 percent of enrollment and Black and Latinx students making up 19 percent (while being 36 percent of the total college-aged population in the United States).\(^5\) If students of color and low-income students cannot access an education from a selective public institution, they lose out on a significant opportunity for upwards economic and social mobility.

There are a series of systemic barriers in both K-12 and higher education that prevent qualified low-income students and students of color from applying to selective institutions at the same rates as their peers. However, with intentional reforms at the federal, state, and institutional levels to ensure that incentives, data, and recruitment are intentionally designed to counteract historical systemic racism and ensure that students of color and low-income students have an equitable opportunity to enroll and succeed at selective institutions. Throughout this paper, we will discuss a series of issues that students of color and low-income students face in regard to selective public institutions and present policy solutions to address these challenges and break down systemic barriers.

Selective public institutions, sometimes referred to as public flagship universities, are state-funded universities that make admissions decisions based on available seats and their institutional admissions criteria. The average four-year institution accepts two-thirds of the applicants that apply, while the most selective public institutions in the country accept less than one third. Examples of selective public flagships range from University of California, Los Angeles, with a low admissions rate of around 14 percent,\(^6\) to the University of Michigan, Ann Arbor (about 26 percent\(^7\) acceptance rate), and the University of Texas at Austin (about 32 percent\(^8\) acceptance rate).
The Recruitment Practices of Selective Public Institutions Prioritize Wealthy, White Applicants

Some highly selective public institutions gear their recruitment efforts toward out-of-state students or higher-income high schools and communities, which creates a cycle of higher-income and less diverse enrollment and alumni networks. A study on public research universities found that they made significantly more out-of-state visits to school districts and were much less likely to visit out-of-state public high schools with a high percentage of Black, Latinx, and Native American students, even when controlling for factors such as enrollment size and average student achievement. In addition to prioritizing recruitment visits to high-income, and disproportionately White, school districts, selective public institutions may also drive available financial aid money toward merit-based aid that is used to attract specific students to their university. While used to attract high-achieving students, merit-based aid can further inequitable enrollment at institutions as an estimated three-quarters of all institutional merit-based scholarship and grant funding go to White students. Students who receive academic scholarships may have gone to more academically rigorous high schools or received expensive tutoring, for example. Merit aid also puts low-income and students of color at a disadvantage due to a possible lack of resources before they reached college. Additionally, as institutional financial aid resources are limited, the use of merit-based aid generally shifts available financial aid money toward wealthier students who could already afford to pay college tuition, rather than using that money to defray the cost of attendance for low-income students.

Black and Latinx students are much more likely to attend high schools with low-income peers. They are also underrepresented in college preparatory courses such as Advanced Placement or International Baccalaureate programs. Low-income students also face challenges that come with college affordability, including caring for their own basic needs while covering tuition costs. But despite these challenges, many students of color still apply to selective schools, and applications of underrepresented students to selective universities have continued to rise substantially.

Promote Equitable Recruitment Pipelines from High School to College

While financial incentives and funding shortfalls drive institution behavior, changes in institutional approaches can make a big difference in their overall student body. These changes to recruitment efforts should be explicitly supported by state and federal funding, whether through grant programs or performance-based funding formulas that support the time and expense that institutions put in to increase the diversity of their student population.
INSTITUTIONAL POLICY
Change Recruitment Strategies to Include Intentional Outreach to Underserved High Schools

Selective public institutions can and should prioritize low-income students and students of color in their recruitment strategies to fulfill their taxpayer-funded mission to provide education and upward mobility for their state residents. While public institutions face funding incentives and pressures that shape their recruitment strategies, these strategies are ultimately within their own control, and institutions that make intentional choices to improve diversity often have different results within the same university system.15

Effective on-the-ground recruitment efforts involve intentional outreach, such as making recruitment trips to less affluent high schools. Universities that have increased their share of low-income students have cited recruitment strategies including identifying in-state high schools with a high proportion of underrepresented students and making visits to those schools, providing counseling and financial aid workshops, and financing trips for students from these high school’s to visit the institution as ways of increasing campus diversity.16 These efforts require both financial and manpower investments from selective public institutions to achieve results.

FEDERAL POLICY
Leverage Existing Grant Programs to Bridge Public School Districts with a High Population of Underrepresented Students with Their Public Flagship Colleges

The Department of Education provides over a billion dollars in grant funding to programs designed to improve enrollment and success of underrepresented students in higher learning. However, this money can be more adequately leveraged to connect students to more selective colleges by providing money directly to districts and institutions to build and sustain partnerships with selective public universities that will be most valuable to their students.

In addition, the federal government can provide support for high-quality dual enrollment or early college programs between school districts and selective institutions that increase equitable recruitment and enrollment. Such programs allow high school students to take courses for university credit while still in high school, which makes their transition into college easier and connects them to the college network. These programs have been shown to have a positive effect on student high school and college outcomes, and there remains untapped potential to use these programs to connect students to institutions that might seem unattainable, such as selective public institutions.18 To make the most of these efforts, the programs should adopt specific equity goals for public reporting.

STATE POLICY
Promote Goals and Use Funding to Ensure That Public Flagship Institutions Have a Mandate to Promote In-State Diverse Recruitment Strategies

Public university recruitment strategies are very likely to be tied to the funding incentives created by their state agencies. Selective institutions that need to make up budget shortfalls may be more likely to

INSTITUTION SPOTLIGHT
The University of Michigan substantially increased its enrollment of low-income students by directly targeting recruitment of these students through its HAIL program. By sending a mailer to high achieving, low-income Michigan high school students informing them of their eligibility for a full tuition scholarship, the program significantly increased applications from low-income students and enrollment at the university was 27 percent for students in the program, compared with 12 percent from the control group.17
pursue aggressive out-of-state recruitment practices that target wealthier students.\textsuperscript{19} However, states can enact policy reforms to counteract this incentive. Some states, such as North Carolina, use enrollment caps to set a level to which a university’s incoming freshman class can be recruited from out of state. In California and Texas, guaranteed enrollment plans mean that state university systems have to enroll students who meet certain criteria, increasing the enrollment pipeline for low-income students.

States also have the ability to prioritize financial aid allocations for their state university systems toward need-based financial aid rather than merit-based aid. State grants that support student tuition have been shifting significantly away from need-based to merit-based aid significantly over the last 30 years.\textsuperscript{20} With the amount of money states have available to provide these grants shrinking, it is more important than ever to ensure that these grants are leveraged to help students who could not afford to attend the university otherwise through need-based assistance, rather than being used to attract students who institutions might consider better financial investments.

\section*{ISSUE}

\textbf{Monetary Incentives Push Selective Institutions to Enroll Wealthier Students}

Selective public institutions face financial incentives that often encourage them to prioritize enrolling wealthier, out-of-state students rather than enrolling underrepresented students from their own state. When selective institutions enroll low-income students who require financial aid and additional support, they generate less revenue than if they enrolled a student who would pay the full sticker price of tuition. Several states have disinvested in their state university systems (a trend that may only grow worse as COVID-19 continues to disrupt state revenues), resulting in increased inequality and a greater focus from selective public universities on recruiting out-of-state students.\textsuperscript{21} These students generally pay more tuition than in-state residents and also come from wealthier backgrounds.\textsuperscript{22}

\section*{SOLUTION}

\textbf{Provide Incentives for Schools with a Proven Track Record of Enrolling Diverse and Low-Income Students}

The federal government and state governments must ensure that funding flows to equitable and diverse institutions and that there are strong financial incentives in place for selective public institutions to enroll greater numbers of low-income students and students of color.

\section*{FEDERAL POLICY}

\textbf{Federal Investments Should Consider the Diversity of the Institutions When Awarding Federal Research Grants}
In 2018 (the latest year for which we have reported data), the federal government provided $41 billion in grant funding to institutions of higher education to use in research for the public good, such as medical, engineering, and social science research.\(^\text{23}\)

All federal agencies should perform a review of their grantmaking priorities, looking at the diversity of the institutions that they are funding. While legislation often includes competitive preference priorities for minority serving institutions (MSI’s), designed to ensure that institutions that serve underrepresented students are not overlooked in the grant allocation process, more can be done. Agencies that provide the most federal research grants to institutions of higher education should build strategic plans to increase the proportion of grant funding that flow to diverse institutions that are qualified to deliver the expected results and include competitive preference priorities or other incentives to award institutions that have higher numbers of low-income students. By building a system to reasonably reallocate resources to institutions that enroll low-income students and students of color, federal agencies can incentivize highly selective research institutions to consider diversifying their student body. Schools should see a diverse student population as a financial asset rather than a liability.

**FEDERAL POLICY**
**Waive Financial Aid Disbursement Rules for Institutions That Successfully Serve Underrepresented Students**

Federal financial aid is disbursed to institutions in a minimum of two installments throughout the academic year.\(^\text{24}\) Schools that maintain low cohort default rates receive a benefit of having the multiple disbursement rule waived, as well as a separate restriction that creates a 30-day delay in disbursement for first-year, first-time borrowers, meaning these schools receive disbursements earlier. These relaxed rules for financial aid disbursement provide increased flexibility in spending and budgeting for schools that show that they can set their alumni up for success.

Providing this benefit to schools that have both a significant enrollment of low-income students and/or students of color and have high persistence and completion rates for these underrepresented students would provide a large financial boost to institutions that equip underrepresented students to enter the workforce. ED should investigate this possibility by identifying institutions that are meeting high benchmarks for access and success to serve as experimental sites for this benefit, implement a pilot program over a five-year period, and publish the results to help policymakers design a more expansive program that would provide a financial boost to more equitable institutions through greater funding flexibility.

**STATE POLICY**
**Use Outcome-Based Funding to Reward Institutions with Equitable Outcomes**

Well-designed outcomes-based funding policies have made positive impacts in postsecondary attainment in several states. These policies can help all students, but, with intentional design, can be particularly impactful for low-income students and students of color. In order to influence positive change, performance based funding measures should provide monetary incentives large enough to actually impact the behavior of institutions. They must also be aligned to achieving the mission of public education—to ensure that enrollment is not only accessible to all students, but that these students can leave the university with credentials that allow them to be successful in the workforce.

While there are at least 35 states that use some level of performance-based funding for their public higher education system, some of these systems do not promote specific equity measures, which may have the unintended side effect of incentivizing institutions to focus on recruiting students who are more likely to succeed without additional support.\(^\text{25}\) However, if performance-based funding is designed with these pitfalls in mind and are specifically geared toward increasing access and success for underrepresented students, it can contribute to
equitable outcomes. For example, Higher Learning Advocates previously highlighted the states of Kentucky and Indiana for using ambitious goal setting and institutional monetary incentives to work towards closing equity gaps in their state college systems.

**ISSUE**

**Institutions Do Not Currently Adequately Invest in the Retention and Success of Students of Color and Low-Income Students**

Students of color succeed at selective public universities at rates higher than their peers in less selective colleges, but still tend to fall behind their White peers who are also attending selective institutions. All students use a range of supports provided by their institutions to help them make their way through college, but students of color face a different set of challenges.

Students of color, particularly first-generation students, can find universities to be alienating places that are difficult to navigate and are full of people that are hard for them to relate to. They are also often subject to bias and stereotypes that can harm their sense of belonging and their academic success.26 One indicator of this alienation is the fact that Black undergraduates are significantly less likely to trust the college administrators than their White peers.27

Students of color and low-income students are also much more likely to face basic needs insecurities during college. Across two- and four-year institutions, 75 percent of Indigenous, 70 percent of Black, and 64 percent of Hispanic/Latinx students faced either food or housing insecurity in 2020, compared to 54 percent of White students.28 Supporting students who are facing crushing, unexpected expenses with emergency aid will remain a crucial component of academic success through the COVID-19 pandemic and beyond.

**SOLUTION**

**Increase Resources for Students of Color and Low-Income Students Admitted to Selective Institutions**

States, institutions, and the federal government must invest in supporting students of color and low-income students to grow their success and turn selective public institutions into spaces where students of color and low-income students can see themselves succeeding.

**INSTITUTIONAL POLICY**

**Promote Continued Student Success with Campus Resources**

Supporting student success requires a commitment that goes beyond enrollment and serves the unique needs of students.

Institutions should ease the transition into college for students of color by providing summer bridge programs that support students of color and low-income students through peer mentoring and assistance navigating the transition to and through the first year of college. Programs that
engage students of color throughout the transition process have been found to close the retention and completion gap for students of color by half.\(^{29}\)

### INSTITUTION SPOTLIGHT

UNC Charlotte’s six-week summer bridge program, the University Transition Opportunities Program, has existed for over thirty years providing incoming freshmen from underrepresented groups with a rigorous college experience. The program has boosted first-to-second year retention rates by 12 percent and also improved graduation rates for students who went through the program.\(^{30}\)

Another consideration for institutions should be recruiting faculty of color. Research has shown that having faculty that represented the diversity of faculty improves the connection that students of color feel with their education.\(^{31}\) Institutions should invest in the pipeline for students of color to obtain PhDs and build a faculty recruitment culture that would correct for biases against candidates of color.\(^{32}\) They should also work to address the diversity gap between adjunct and tenure track professors.\(^{33}\) By taking steps to recruit and retain faculty of color, institutions will create an environment in which students can see themselves succeeding.

### FEDERAL POLICY

#### Expand Student Support Services Grant Funding for Institutions with a Minimum Level of Pell Eligible Students

The Student Support Services (SSS) grant, a program under the U.S. Department of Education’s TRIO Programs, focuses on providing support to underrepresented students while they are enrolled in college. A comprehensive report by ED on the effects of the outcomes of the grant were that they resulted in consistent positive academic outcomes for students who received services, however these positive outcomes fell off after the student’s freshman year as fewer services became available.\(^{34}\)

Building on these findings, and in addition to the funding that supports institutions currently in the program, the SSS program should be expanded to fund selective public institutions that have a plan to offer mentorship and basic needs services that are proven to improve academic outcomes for underrepresented students. By identifying selective institutions that are enrolling higher numbers of Pell-eligible students, the program could reward schools that are doing a strong job of equitable access and ensuring that these institutions are on a level financial playing field by subsidizing the additional cost of student support services.\(^{35}\)

The University of Texas at Austin (UT Austin) has weaved together many of the strategies we’ve highlighted in this paper to greatly increase the enrollment of and success of Hispanic students at their university. The school provides transparent data on race and diversity at the school, including diversity of faculty across university colleges.\(^{36}\) UT Austin made the commitment to recruiting a more diverse student body by setting up a Hispanic Serving Institution (HSI) Transition Committee to increase Hispanic and Latinx student enrollment through recruitment strategies to qualify to be an HSI under the Higher Education Act. Since implementing targeted recruitment of Hispanic students across the state, the school’s Hispanic population has grown year after year, with Hispanic students making up over a quarter of the school’s fall 2020 freshman undergraduate class.\(^{37}\) The school has also been recognized for its student support programs, including a peer-mentoring program called Project Mentoring to Achieve Latino Educational Success (MALES), which improved graduation and persistence rates for Hispanic students.\(^{38}\)
**ISSUE**

**Current Data and Transparency Mechanisms Fail to Identify Needs for Students of Color and Low-Income Students**

We cannot solve equity problems when we cannot identify the greatest areas of need. In order to provide targeted interventions and student supports, federal and state policymakers must know where help is most needed. Institutions can use data to identify their students’ greatest areas of need and provide targeted support, but this can only happen when the data are available. Institutions currently report data to a variety of sources: accreditors, states, various federal agencies, and voluntary initiatives. But because data are not matched across these various systems, there is no central accessible place to analyze the data that is collected. And because this data collection is done in a patchwork manner, there are gaps in the reported data that makes it much too difficult to identify enrollment, persistence, and completion rates for underrepresented students at public institutions of higher education.

Further, across selective institutions of all types, there is a lack of transparency about recruitment, admissions, and retention policies, which makes it harder to hold schools accountable for serving underrepresented students. Many selective institutions have preferences for donor-connected, legacy, or athletic applicants, which tend to benefit higher income, White applicants. These policies stand in stark contrast to the mission of selective public institutions to create educational opportunities for the residents of their states, a mission represented by the significant taxpayer investment in higher education.

This problem has become even murkier due to the COVID-19 pandemic. With more colleges and universities going “test optional,” the lack of standardized testing means that each institution will set its own “holistic admissions” practices to decide which students may be a right fit for the school—making it more difficult to track why low-income and students of color may be denied admission to a selective college.

**SOLUTION**

**Increase Data and Transparency at All Levels**

**INSTITUTIONAL POLICY**

**Institution Equity Audits**

In order to improve the enrollment and recruitment policies of institutions, we need a fully transparent look at what those policies are and what effect they are having. Equity audits—internal reviews of key practices such as enrollment criteria, use of legacy admissions, scholarship funding, etc.—would help identify the practices that are failing to serve underrepresented students. These “equity audits” would provide a level of transparency around college admissions policies that would make it easier to see why institutions continue to struggle to enroll a more diverse student population and would inform policy to reform such institutions. These audits would also serve as useful tools for institutions themselves, giving them a top to bottom look at how they are...
supporting access and success for underrepresented students and helping them to target places where more support might be necessary.

One way to reduce the potential administrative burden of equity audits, which could be done in-house by the institutions or contracted out to third party auditors, would be to provide federal or state implementation grants. This is the approach taken by the College Equity Act, which was introduced in Congress in 2019 and would require institutions to publish internal equity audits supported by federal funds. Methods like these show that institutions and the government can work together to increase transparency while lowering reporting burdens.

**FEDERAL POLICY**

**Improve Data Collection and Dissemination on Equity Measures**

There are several areas in which the federal government can improve data transparency to support equity. First, enabling a national student-level data network would greatly increase the field’s understanding. Disaggregating the data by race, ethnicity, and income would be the first step in ensuring accountability and enhancing institutional decision-making to tackling inequities at selective institutions. The College Transparency Act is an example of a recent bipartisan federal approach to setting up a student level data network on the national level.

The U.S. Department of Education (ED) can improve the national College Scorecard by disaggregating data by race and income. Expanding the Scorecard to include outcome-based measures including enrollment, persistence, completion rates, and post-enrollment outcomes would be an important change not just for accountability but also consumer choice. Information from the new FAFSA form, which as of 2023-24 will include a question about race and ethnicity, will help provide data, but we also need to work to capture data for students who will not be filling out this form.

**STATE POLICY**

**Use State Data Systems for Increased Transparency**

State postsecondary data systems are currently our best source of information on how underrepresented students access and succeed at public universities, but opportunities remain to improve these data systems for stronger insights. While state data systems have more transparent data on college enrollment, on the whole, data on college persistence and remediation remains either unavailable or low-quality. Moreover, these data are not consistently disaggregated by student subgroup. States should focus on moving beyond sharing the minimum data mandated by the federal government and should prioritize providing easy access to a full array of disaggregated data to allow policymakers and students to make informed decisions.

**Conclusion**

Ultimately, systemic racism and structural biases have resulted in a system in which low-income, Black, and Latinx students face many different barriers when it comes to attending and graduating from selective public colleges. While selective public institutions are only one piece of the structural problems in higher learning, they are a crucial public taxpayer investment that can create upward mobility for graduates. Ensuring that institutional incentives are aligned with the mission to serve all students not only protects this investment, but would address a gross inequity in access to our public institutions.
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