




Strengthening Measures of Social Mobility

THE IMPORTANCE OF RACE AND ETHNICITY

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 **Carnegie
Foundation**
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of Teaching

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About the Carnegie Classifications White Papers

The Carnegie Foundation for the Advancement of Teaching and the American Council on Education (ACE) partnered in February 2022 to reimagine the future of the Carnegie Classifications. As part of this collaboration, the Carnegie Foundation and ACE are working to develop new and refined versions of the classifications that better reflect the public purpose, mission, focus, and impact of higher education.

An aspect of this work involves learning from experts about key topics that can inform future methodological and data decisions. The Carnegie Classifications White Papers series aims to contribute to the body of knowledge and research about the impact of the historic Basic Classification, areas of consideration for a new Social and Economic Mobility Classification, and the role of classification systems. The analysis and takeaways from these papers provide guidance for potential updates. All released white papers can be found at carnegieclassifications.acenet.edu.

Reimagining the Carnegie Classifications is made possible by a cohort of funders that are dedicated to utilizing the classifications to help postsecondary education advance students' social and economic mobility through learner-centered outcomes. Partners include ECMC Foundation, the Bill & Melinda Gates Foundation, Imaginable Futures, the Kresge Foundation, Lumina Foundation, Mellon Foundation, Alfred P. Sloan Foundation, and Strada Education Foundation, as well as a donor who wishes to remain anonymous.

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Introduction

A meaningful understanding of how postsecondary institutions change lives requires both a focus on the role of higher education in creating opportunities for people of all backgrounds facing financial hardship and attention to the impact of race and ethnicity on personal and economic experiences. Understanding differences across racial and ethnic groups is perhaps even more critical for making meaningful comparisons and using measures of social mobility to categorize institutions in the wake of the Supreme Court's decision banning affirmative action.

Despite the correlation between socioeconomic status and race and ethnicity, categorizing colleges and universities based in part on the shares of low-income students they enroll but without regard to other demographic characteristics will lump together institutions with very different racial and ethnic compositions. Because these demographics are associated with substantial earnings differences, a metric based on the earnings outcomes of students that does not acknowledge race and ethnicity differences may be very misleading and could create incentives to increase enrollment among those with higher predicted earnings.

Other student characteristics, including gender and geographical location, are also likely to be systematically related to earnings outcomes. But given the salience of race and ethnicity in concerns over social and economic mobility, finding a viable strategy for incorporating this variable into a classification system seems particularly critical. Institutions that enroll students of color above federally defined thresholds can apply for designation as minority serving institutions (MSIs). Simply categorizing institutions as MSIs or not MSIs does not capture the wide variation in demographics across colleges and universities, however. The range of demographic variation demands a more nuanced system.

The Role of Affirmative Action

It is not necessary to settle the disagreement about the potential of race-neutral strategies for diminishing racial inequities to know that the demise of affirmative action in the admissions process could reduce the share of students from underrepresented groups who are attending selective colleges. Those institutions have particularly strong outcomes and generate high levels of mobility among the relatively small number of students with low socioeconomic status (SES) that they enroll. A social and economic mobility classification system that ignores any such changes would be inadequate.

In the absence of race-based affirmative action, it is even more critical to know not just how all students from a given SES background fare in terms of social mobility but also how students from different racial and ethnic groups fare. The information generated by a classification system may provide an avenue for holding institutions accountable for the demographics of their student bodies.

To put the impact of affirmative action into perspective, it is important to recognize how few students attend the selective institutions where admissions processes could be significantly affected. Three-quarters of institutions enroll more than half of all first-year undergraduates and accept at least 75 percent of applicants. Only 8 percent of institutions, which enroll 17 percent of first-year undergraduates, accept fewer than half their applicants (see table 1).

TABLE 1. INSTITUTIONS AND SHARE OF FIRST-YEAR UNDERGRADUATE STUDENTS, BY SECTOR AND PERCENTAGE OF APPLICANTS ADMITTED: 2020–21

Share of Applicants Accepted	All	Public Four-Year	Public Two-Year	Private Nonprofit Four-Year	For-Profit
SHARE OF INSTITUTIONS					
75% or more	75%	72%	100%	51%	90%
50%–74%	18%	21%	0%	34%	5%
Less than 50%	8%	6%	0%	15%	5%
SHARE OF STUDENTS					
75% or more	52%	58%	81%	39%	73%
50%–74%	31%	28%	16%	37%	9%
Less than 50%	17%	14%	3%	24%	18%

Source: Data from National Center for Education Statistics, U.S. Department of Education, Digest of Education Statistics 2021, Table 305.40.

Overall, 37 percent of undergraduate students attend institutions that do not offer four-year degrees, but these institutions are attended by higher shares of Black students (41 percent) and Hispanic students (44 percent). Among those who attend four-year institutions, Black and Hispanic students are least likely to attend selective institutions. Only 9 percent of Black students at four-year institutions and only 5 percent of all Black undergraduates attend very selective institutions where affirmative action is likely to measurably affect the racial composition of the student body (see table 2). The relatively small reach of selective admissions—and, therefore, of affirmative action—confirms the importance of a thorough understanding of institutional demographics.

TABLE 2. DISTRIBUTION OF STUDENTS, BY RACE AND ETHNICITY AND INSTITUTIONAL SELECTIVITY: 2017–18

	Four-Year Institutions			Not Four-Year Institutions
	Very Selective	Moderately Selective	Minimally Selective or Open Admission	
All	19%	46%	35%	37%
White	17%	52%	31%	34%
Black	9%	46%	45%	41%
Hispanic	16%	41%	43%	44%
Asian	41%	35%	25%	33%
Other	22%	40%	38%	32%

Source: Data from National Center for Education Statistics, U.S. Department of Education, National Postsecondary Student Aid Study 2018, Power Stats.

Measuring Success Rates

It is critical to develop a classification system that recognizes race and ethnicity characteristics as a central factor that differentiates institutions. In the extreme, imagine two institutions. The first institution is an all-White institution whose graduates earn high incomes. The second is a majority Black institution that sees considerable upward mobility among its students—but not to the income levels achieved by graduates of the White institution. It seems obvious that ignoring the restricted access to the first institution is problematic. But ignoring the differences in the labor market opportunities available to the graduates of the two institutions is also unacceptable. White students from low-income backgrounds do not face the same labor market discrimination confronting their Black peers.

Among the nonselective institutions that enroll the majority of students—and an even larger majority of students from low-income and first-generation backgrounds—success rates may vary by race and ethnicity. We know that completion rates vary. We should also know whether life outcomes for completers vary.

According to research from Opportunity Insights, children from low- and high-income families had similar earnings outcomes if they attended the same institutions.¹ But the evidence does not confirm that the same is true for students from different racial and ethnic groups.

Median earnings for Black and Hispanic adults ages 25 and older whose highest degree is a bachelor's degree are about three-quarters of the median for White and Asian adults with the same level of education. The \$52,000 median for Black and Hispanic four-year college graduates is just above the median for all adults in this age range, regardless of level of education. The \$67,000 median for White four-year college graduates is at about the 67th percentile (see table 3). U.S. Census Bureau data show that getting into the fourth- or fifth-income quintile is a very different challenge for graduates from different racial and ethnic groups.

TABLE 3. MEDIAN INCOME OF BACHELOR'S DEGREE HOLDERS AGES 25 AND OLDER: 2021

	All	White	Black	Hispanic
High School	\$38,000	\$41,000	\$33,100	\$36,000
Associate	\$46,500	\$49,400	\$40,400	\$42,100
Bachelor's	\$63,500	\$67,500	\$52,200	\$51,600
All	\$50,600	\$55,100	\$41,600	\$39,100
EARNINGS PREMIUM				
AA-HS	\$8,500	\$8,400	\$7,300	\$6,100
BA-HS	\$25,500	\$26,500	\$19,100	\$15,600
AA/HS	1.22	1.2	1.22	1.17
BA/HS	1.67	1.65	1.58	1.43

Source: Data from U.S. Census Bureau, PINC-03: 2021, Person Income in 2021.

1 **This research** indicates that low-income students are not mismatched at selective colleges. See Raj Chetty, John Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan, *Mobility Report Cards: The Role of Colleges in Intergenerational Mobility*, NBER Working Paper No. 23618, Revised Version (Cambridge, MA: Opportunity Insights, 2017).

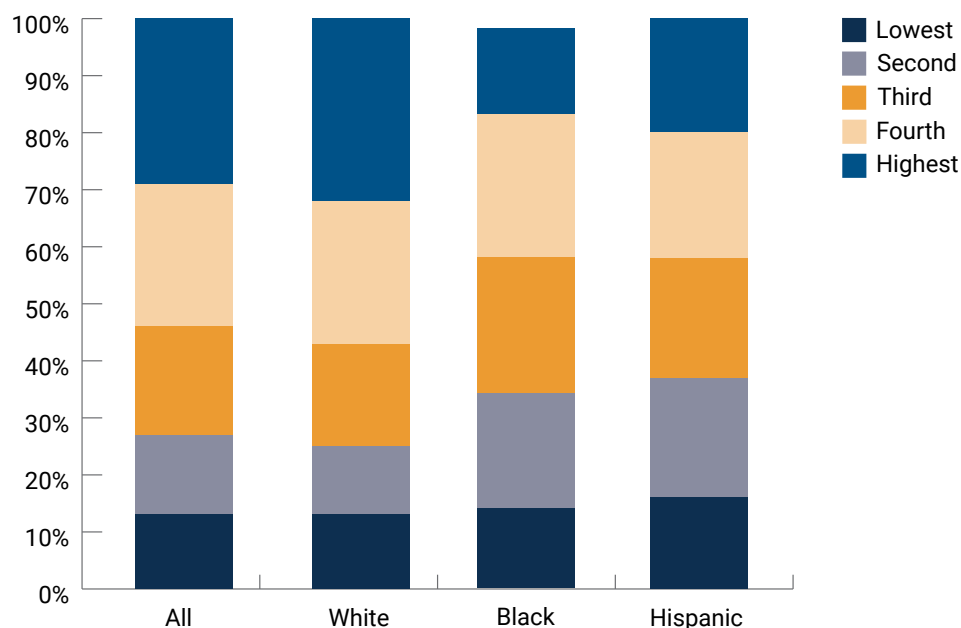
The Impact of Racial Composition

Without settling the question of the likely impact of the demise of affirmative action on the enrollment of underrepresented students at selective colleges and universities, it is reasonable to consider the possibility that—as has been the case at the University of California²—the share of Black and Hispanic students will decline. Failing to monitor any such change over time would seriously diminish the effectiveness of institutional classifications based on social mobility. It is worth asking how changes in the racial composition of the student body might affect how institutions fare on metrics assessing mobility.

Black students from households with incomes in the lowest quintile of the population must rise higher in the distribution of Black households to reach the fourth or fifth quintile of the populations than White students have to rise within the distribution of White students.

Setting income cutoffs that divide all adults over the age of 25 into earnings quintiles highlights the reality that many fewer Black and Hispanic than White bachelor's degree recipients reach higher quintiles of the income distribution. For example, while 29 percent of all bachelor's degree recipients are in the top quintile, 15 percent of Black bachelor's degree holders and 20 percent of Hispanic bachelor's degree holders reach this level (see figure 1).

FIGURE 1. NATIONAL INCOME QUINTILES OF ADULTS AGES 25 AND OLDER WHOSE HIGHEST DEGREE IS A BACHELOR'S DEGREE, BY RACE AND ETHNICITY: 2021



Source: Data from U.S. Census Bureau, PINC-03: 2021, Person Income in 2021; calculations by the author.

Note: Due to rounding, figure totals may not equal 100.

2 When California banned consideration of race in the admissions process, the University of California reported adopting approaches such as using U.S. Census Bureau data to identify poor neighborhoods and family income to identify underrepresented students without success. Minority enrollments declined precipitously following the 1995 ban on race-based admissions. See Nicole Freeling, “UC Regents Declare Their Support for an End to Race-Blind Admissions,” University of California, June 25, 2020.

Another way of looking at the inequity of ignoring the racial composition of the student body is to ask how far up the income distribution for their demographic group college graduates from different racial and ethnic groups have to be to get into the top quintile overall.

As in all of the examples here, the specific income thresholds depend on how the population is defined—individuals, families, or households; age range; all workers versus full-time, full-year workers; etc. But the pattern will be similar regardless of the choices made.

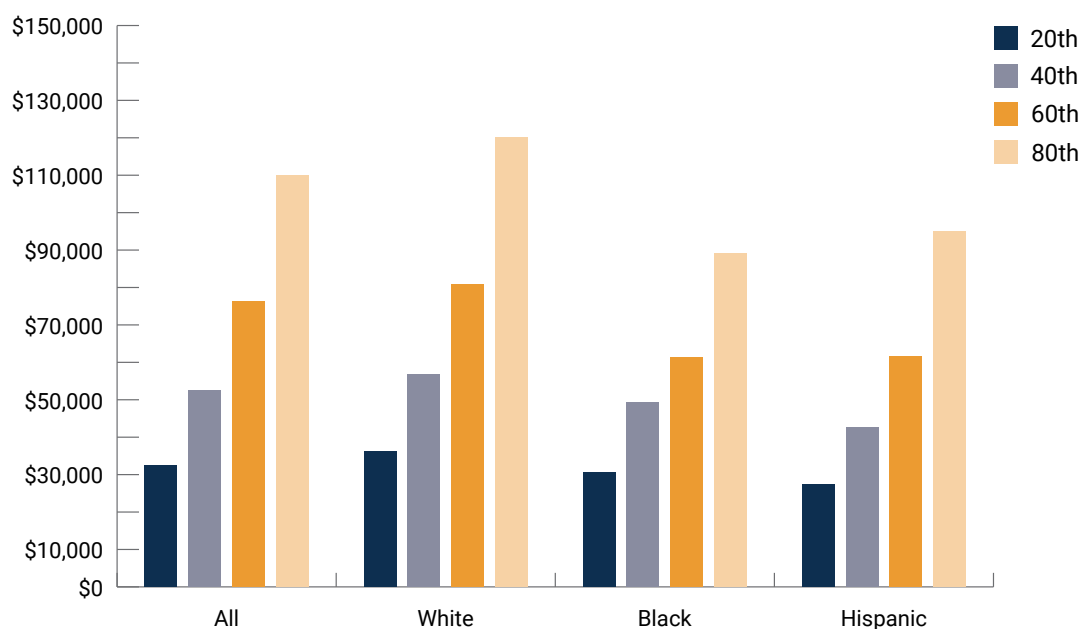
The 80th percentile for adults aged 25 or older with earnings in 2021 was \$92,500. Because a smaller share of White adults than of Black and Hispanic adults had incomes below this level, \$92,500 corresponded to the 77th percentile for White adults, the 89th percentile for Black adults and the 90th percentile for Hispanic adults (see table 4). Asking what share of a four-year college’s graduates reach this income level would have different significance for institutions with different racial and ethnic composition because this \$92,500 cutoff was the 64th percentile for White bachelor’s degree holders, the 80th percentile for Hispanic bachelor’s degree holders, and the 83rd percentile for Black bachelor’s degree holders (see table 4). In other words, the top income quintile for Black and Hispanic four-year college graduates corresponds approximately to the top quintile for all adults—including those with far less education (see figure 2).

TABLE 4. PERCENTILE CORRESPONDING TO \$92,500 INCOME: 2021

	All	White	Black	Hispanic
All	80th	77th	89th	90th
Bachelor’s	71st	64th	83rd	80th

Source: Data from U.S. Census Bureau, PINC-03: 2021, Person Income in 2021; calculations by the author.

FIGURE 2. ESTIMATED 20TH TO 80TH EARNINGS PERCENTILES FOR ADULTS AGES 25 AND OLDER WHOSE HIGHEST DEGREE IS A BACHELOR’S DEGREE



Source: Data from U.S. Census Bureau, PINC-03: 2021, Person Income in 2021.

Is SES a Good Substitute for Race and Ethnicity?

Despite the correlation between income and race and ethnicity, there is considerable variation in the demographic composition of institutions that enroll similar shares of low-income students. Third Way has developed an index of economic mobility for institutions that is based on a combination of the share of undergraduates receiving Pell Grants and price-to-earnings ratios. In the Third Way analysis, 22 institutions enroll fewer than 12 percent Pell recipients. Among these institutions, the share of students who are Black or Hispanic ranges from 8 percent to 24 percent. Among the 35 institutions at which at least 70 percent of students receive Pell Grants, the share of Black and Hispanic students ranges from 0 to 100 percent, with these students making up less than 40 percent of the student body at five institutions and at least 90 percent of the student body at 20 institutions (see table 5).

Regardless of the share of Pell recipient enrollment, there are some institutions that enroll virtually no Black or Hispanic students. And institutions heavily dominated by Black and Hispanic students have a wide range of Pell recipient enrollment. Institutions with higher shares of Pell recipients generally have larger shares of Black or Hispanic students, but categorizing institutions by Pell share will not come close to distinguishing among them in terms of race and ethnicity.

TABLE 5. REPRESENTATION OF BLACK AND HISPANIC STUDENTS AT INSTITUTIONS WITH SIMILAR SHARES OF PELL GRANT RECIPIENTS

	PERCENTAGE OF STUDENTS RECEIVING PELL GRANTS						
	<20%	20–24.9%	25–29.9%	30–34.9%	35–39.9%	40–49.9%	50% or more
Number of Institutions	168	128	185	184	193	278	179
SHARE OF BLACK STUDENTS							
Minimum	0%	0%	1%	1%	0%	1%	0%
Median	5%	5%	6%	8%	10%	12%	83%
Maximum	28%	91%	63%	32%	96%	98%	97%
SHARE OF HISPANIC STUDENTS							
Minimum	0%	0%	0%	1%	0%	0%	0%
Median	10%	8%	9%	9%	9%	9%	2%
Maximum	37%	48%	39%	49%	63%	75%	75%
SHARE OF BLACK OR HISPANIC STUDENTS							
Minimum	0%	2%	2%	5%	1%	3%	0%
Median	14%	13%	15%	19%	22%	28%	91%
Maximum	65%	91%	83%	52%	97%	98%	100%

Sources: Data from National Center for Education Statistics, College Navigator; Michael Itzkowitz, *Rating Colleges by Economic Mobility*, A New Way of Measuring Value in Higher Ed (Washington, DC: Third Way, 2022).

This variation is not surprising, because income is a poor proxy for race and ethnicity. The U.S. Census Bureau releases family income data for four racial and ethnic groups: Asian, Black, Hispanic, and White. In 2020, 18 percent of Black families and 16 percent of Hispanic families between the ages of 45 and 54 had incomes below \$30,000, compared with 7 percent of White, non-Hispanic families. Nonetheless, White families, who constituted 62 percent of families in these four groups, made up 44 percent of those with incomes below \$30,000 (see table 6). In other words, it would be possible to have a significant impact on students from low-income families, while having little impact on those from underrepresented racial and ethnicity groups.

TABLE 6. FAMILY INCOMES AGES 45 TO 54: 2020

	White	Black	Hispanic	Asian	Total
Total number	9,946	2,054	2,897	1,226	16,123
Number below \$30,000	718	373	452	89	1,632
Share below \$30,000	7%	18%	16%	7%	–
Share of Total	62%	13%	18%	8%	100%
Share of <\$30,000	44%	23%	28%	5%	100%

Source: Data from U.S. Census Bureau, Table FINC-02: 2020, Family Income in 2020.

Note: Totals exclude families who are not in the four racial and ethnic groups reported.

Economic Mobility Rankings

At the 20 institutions with the highest mobility rankings on Third Way’s list, the share of Black or Hispanic students ranged from 41 percent to 94 percent. There is considerable variation in the share of Black and Hispanic students among institutions at the top, the middle, and the bottom of the rankings list. However, institutions at the bottom of the ranking have larger shares of students from these groups than institutions with higher rankings. The median share of Black and Hispanic students among institutions in the lowest fifth by ranking was 32 percent, compared with 16 percent to 21 percent at higher rankings. The 25th and 75th percentile shares of Black and Hispanic students were also highest among those institutions with the lowest mobility rankings (see table 7).

TABLE 7. THIRD WAY ECONOMIC MOBILITY RANKINGS, BY SHARE OF BLACK OR HISPANIC STUDENTS

Share of Black or Hispanic Students	Economic Mobility Ranking				
	Lowest Fifth	2nd Fifth	3rd Fifth	4th Fifth	Highest Fifth
Minimum	2%	0%	0%	1%	0%
25th Percentile	22%	13%	13%	12%	12%
Median	32%	21%	17%	16%	17%
75th Percentile	49%	31%	23%	26%	33%
Maximum	97%	90%	100%	98%	98%

Source: Data from Michael Itzkowitz, *Rating Colleges by Economic Mobility*, A New Way of Measuring Value in Higher Ed (Washington, DC: Third Way, 2022).

Variation Within Sectors

With the exception of for-profit institutions with higher-than-average shares of Pell recipients, when institutions are grouped by sector and number of undergraduate students, those with higher-than-average shares of Black and Hispanic student have lower economic mobility indexes on Third Way's index than institutions with lower shares of Black and Hispanic students. This pattern occurs both among institutions with lower-than-average shares of Pell recipients and among those with higher-than-average shares of Pell recipients. In other words, larger shares of underrepresented minority students are associated with lower economic mobility measures.

Further analysis might reveal what factors contribute to these differences, but the pattern is consistent with the reality that Black and Hispanic bachelor's degree recipients earn less than White and Asian bachelor's degree recipients. As a result, moving to higher levels of the overall distribution of income requires moving further up the scale for these students' demographic groups.

TABLE 8. THIRD WAY ECONOMIC MEDIAN MOBILITY RANKINGS, BY INSTITUTION SIZE, SHARE OF STUDENTS RECEIVING PELL GRANTS, AND SHARE OF STUDENTS WHO ARE BLACK OR HISPANIC

		Low B/H	High B/H
PUBLIC			
Less than 6,000 students	Low Pell	824	552
	High Pell	567	488
6,000–12,999 students	Low Pell	519	378
	High Pell	210	103
13,000 or more students	Low Pell	510	322
	High Pell	157	42
PRIVATE NONPROFIT			
Less than 1,200 students	Low Pell	978	887
	High Pell	1,120	991
1,200–1,999 students	Low Pell	854	738
	High Pell	837	774
2,000–3,499 students	Low Pell	815	785
	High Pell	720	503
3,500 or more students	Low Pell	960	777
	High Pell	726	397
FOR-PROFIT			
	Low Pell	1,014	866
	High Pell	789	1,065

Sources: Data from National Center for Education Statistics, College Navigator; Michael Itzkowitz, *Rating Colleges by Economic Mobility, A New Way of Measuring Value in Higher Ed* (Washington, DC: Third Way, 2022).

Measuring Social and Economic Mobility

Separating the access and postcollege income components of the mobility metrics may make the race and ethnicity issue more manageable. Access may be measured only in terms of household income—or also in terms of race and ethnicity. Analyzing the impact of race and ethnicity (and gender) on earnings outcomes will be more feasible if it is not integrated with the access measure.

It is beyond the scope of this paper to propose specific strategies for incorporating race and ethnicity into an institutional classification system focused on social mobility. A range of approaches are likely available, ranging from simply noting the racial and ethnic composition of the student bodies to modifying earnings metrics to accommodate demographic differences.³ As noted above, other demographic characteristics are also systematically related to income, so a satisfactory solution is likely to involve a system that recognizes demographic differences.

Conclusion

Classifying and assessing institutions based on their characteristics and contributions to social and economic mobility using a simple measure of student labor market success that ignores racial and ethnic differences will disadvantage institutions educating large shares of underrepresented minorities. Black and Hispanic adults have lower earnings than White and Asian adults if they don't go to college, and students from these groups likely come from families with lower socioeconomic backgrounds than others. But all students are asked to get to the same income level to achieve upward mobility postcollege. Reaching a specified income requires that Black and Hispanic students do better relative to others in their demographic group than White students must.

Considering race in the classification system does not mean setting different standards for different racial groups. It does mean adding the racial composition of the student body—not just the socioeconomic composition of the student body—to the description of their contribution to social mobility.

³ A recent **report from the Institute for Higher Education Policy** proposes possible approaches to developing these metrics. See Casey K. Nguyen and Marshall Anthony Jr., *Shifting Narratives: Centering Race in Defining and Measuring College Value*, (Oakland, CA and Washington, DC: The Institute for College Access & Success, 2023).

