

Harnessing Diversity in Higher Education

Lessons from Texas

THE UNITED STATES has a vital resource that gives it an advantage over its industrialized peers, namely, people. With the third largest population in the world, the United States stands apart from many European countries and Japan, which are coping with the challenge of population aging and below-replacement fertility.¹ Owing to high levels of immigration and high fertility among foreign-born women, the U.S. population continues to grow even as it becomes ever more diverse. Census 2000 recorded its largest “minority” population in history—28 percent, with 12 percent African-American, 11 percent Hispanic, 4 percent Asian, and other groups combined accounting for the remainder.² In a globalized world, demographic complexity could become an asset by strengthening market ties and fostering regional integration. Realizing these dividends, however, will require human capital investments that position the United States to compete more effectively in global markets.

In the last century the postsecondary system in the United States made huge advances toward broadening access to college. At the turn of the 20th century, only about 2 percent of the population was college educated; today the United States leads the world by a considerable margin in its population share with college degrees.³ Mirroring the general population, U.S. college graduates are also more diverse now than at any time in the past. However, higher education has not kept pace with the demography of diversification that gained momentum after 1970, when the 1965 Amendments to the Immigration and Nationality Act removed restrictions on migration from Asia and Latin America.

In 2000, college graduates in many ways resembled the U.S. college-educated population in 1970, with whites comprising 83 percent of degree recipients. The key difference is that Asians, who were a tiny share of the 1970 population and roughly 4 percent of the total population in 2000, represent 7 percent of degree holders today. Only 6 percent of

college graduates are African-American, which is less than half their population share, while Hispanics comprise only 4 percent of the college educated, or about one-third of their population share.⁴ These educational disparities imply life-long differences in socioeconomic welfare—more now than in the past because the economic returns on postsecondary education have risen relative to the returns on high school education. These changes in the ethno-racial composition of college graduates indicate that diversity will define the future contours of inequality unless racial and ethnic disparities in college attainment are reduced.

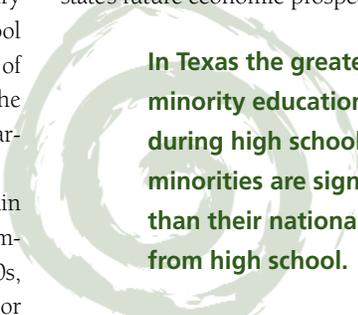
Because international migration has been the main source of diversification since 1970, as well as the major component of demographic growth during the 1980s and 1990s, the national trends are particularly pronounced in the major immigrant-receiving states. Texas is an appealing case study because it has witnessed quite intense population diversification in recent years; because its college-eligible population will continue to grow well into the future, even as that of other states shrinks; because the state fares poorly on various educational indicators compared with other states of comparable wealth; and because the state legislature passed House Bill 588, known as the Top 10 Percent Law, which was designed to increase the college attendance of minority populations after affirmative action was judicially banned. I argue that in addition to resulting in high economic opportunity costs, inadequate investment in higher education will limit the state's ability to capitalize on its diverse population and will undermine its potential to compete in global markets.

To make my case, I first review changes in the demography of the state, with a focus on trends in high school graduation. Subsequently I discuss the uniform admissions law governing access to the state's public institutions to illustrate how diversity challenges commitment to principles of equity under conditions of scarcity. The concluding section considers various opportunity costs of underinvestment in higher education and the philosophical justification for equitable access.

Demography of Higher Education in Texas

Texas was declared a "majority-minority state" in 2005, when non-Hispanic whites fell below half of the total population.⁵ Because minority groups are younger, on average, than whites, the majority-minority threshold occurred earlier for the college-age population. In 1990, just over half of the college-age population was non-Hispanic whites, but by 2000 only 44 percent were so classified.⁶ If current growth trends continue, the Hispanic college-age popula-

tion will surpass non-Hispanic whites of college age in this decade, and blacks and Hispanics will comprise over half of Texas's total workforce by 2020.⁷ That both groups, but especially Hispanics, remain highly underrepresented in the state's higher education institutions bodes ill for the state's future economic prospects.



In Texas the greatest stricture in the minority educational pipeline occurs during high school, because Texas minorities are significantly less likely than their national peers to graduate from high school.

Despite continued and gradual improvements in Texas's educational profile, nearly one-quarter of adults ages 25 and over lack high school diplomas—compared to one in five nationally—with large differences among demographic groups. In 2000, about half of the state's adult Hispanic population had completed high school, compared with about 80 percent of Anglos and Asians and about three-fourths of blacks.⁸ Although Texas matches the nation in its share of college graduates among persons ages 25 and older—just under one-quarter for the state and the nation—racial and ethnic differentials in postsecondary attainment are relatively large. Less than 10 percent of Texas Hispanics ages 25 and older hold college degrees, compared with almost half of Asians and about one quarter of non-Hispanic whites.

Period-specific population comparisons understate educational progress because they include large numbers of immigrants who never studied in the United States. For example, we know that Asian immigration adds to the college-trained population, while newcomers from Latin America mainly add to the population segment lacking a high school education. If unskilled immigration is largely responsible for Hispanics' educational attainment gap, however, it doesn't explain why Native Americans and African-Americans trailed whites in their educational attainments. Cross-sectional snapshots also conflate the changing education levels of successive cohorts by averaging the lower attainments of older generations with the higher achievements of younger cohorts. These difficulties can be partly remedied by focusing on a single cohort that has, in the main, completed education.

Figure 1 compares the minority educational pipeline for Texas and the nation for persons ages 25–34. Mirroring the state's diversity, blacks and Hispanics in Texas comprise

a higher share of the age cohort of high school graduates and college enrollees than that of the nation as a whole. However, Texas lags behind the nation in its cohort probabilities of graduating from high school, enrolling in college, and completing college. In Texas the greatest stricture in the minority educational pipeline occurs during high school, because Texas minorities are significantly less likely than their national peers to graduate from high school. In part this is due to the continued influx of immigrants with low education levels, but other factors are at work as well.⁹ Although the Texas cohort has a minority representation 65 percent above the national average, the probability that Hispanics and blacks will complete college degrees is lower, at 12.5 percent, than the national average of 14 percent.¹⁰

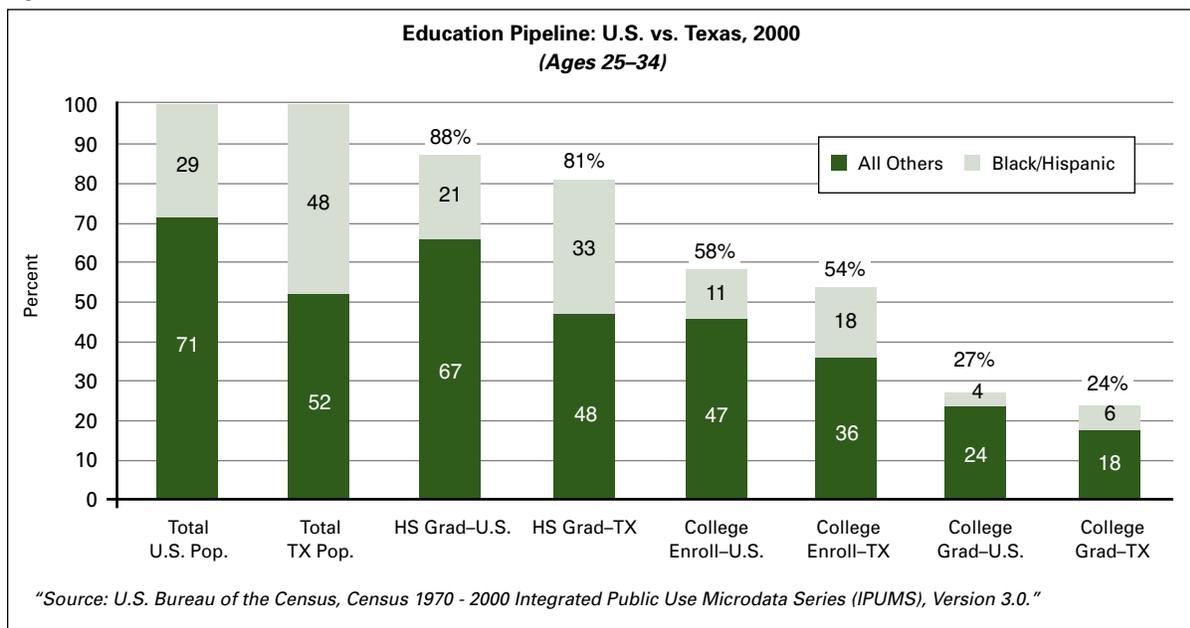
Texas faces a formidable challenge in closing its racial and ethnic gaps in college attainment because the size of its graduation cohorts has been growing rapidly, partly as a result of demographic increase. The number of high school graduates rose 50 percent between 1994 and 2004, even as the cohorts' ethno-racial composition changed dramatically.¹¹ In 1994, 29 percent of Texas public high school graduates were Hispanic and 56 percent were white; African-Americans and Asians made up 12 and 3 percent, respectively. By 2004 Hispanics comprised over one-third of Texas public high school graduates and whites made up less than half (48 percent) of the graduation cohort. During this decade the African-American and Asian shares inched up by 2 and 1 percentage points, respectively.¹² By 2015, just one decade hence, only 37 per-

cent are projected to be white—the remainder Hispanic (45 percent), black (12 percent), or Asian (6 percent).¹³

Texas is similar to other immigrant-receiving states, such as California and Florida, whose high school graduate cohorts also grew much faster than the national average as they became more diverse. According to the Western Interstate Commission for Higher Education (WICHE), between 1994 and 2004 the number of public high school graduates grew 19 percent nationally, 30 percent in California, and 25 percent in Florida, but only 10 percent in New York.¹⁴ These estimates are conservative because data for 2003 and 2004 were projected from 2002 data; in Texas, for example, actual increases for 2003 and 2004 exceeded projections by 3 and 5 percent, respectively.¹⁵ Nevertheless, the “boomlet” in high school graduates has already peaked and is expected to slow over the next decade, rising by an estimated meager 2 percent nationally.

Looking forward, growth in the number of high school graduates in Texas is projected to exceed the national average well into the next decade, even as other states experience modest growth or declines in their college-eligible cohorts. WICHE projections indicate that California will experience a modest 2 percent increase in the number of high school graduates between 2005 and 2015, while New York's high school graduation cohorts are expected to shrink about 5 percent. Yet both Texas and Florida anticipate continued growth in the number of high school graduates—16 and 15 percent, respectively. These anticipated changes in the size of

Figure 1.



high school graduate cohorts have direct implications for postsecondary education requirements, as they represent potential demand for college. (See Figure 2.)

Although college enrollment also rose in Texas, the expansion of postsecondary opportunities did not keep pace with demographic trends, particularly at four-year institutions. As Figure 3 shows, between 1994 and 2004 enrollment in Texas postsecondary institutions, including both two- and four-year institutions, rose 27 percent.¹⁶ This is above the national trend (20 percent), but still well below the 50 percent increase in high school graduates. Of course, not all high school graduates pursue postsecondary education, but over time rising numbers have sought to do so.

Texas differs from the nation and many other states in another important respect—namely, the changing composition of its postsecondary education system. At the national level, enrollment at two- and four-year institutions was relatively similar, at around 19–20 percent each. Thus, it appears that the confluence of two macro trends—the rapid growth of the college-age population coupled with the underinvestment in four-year institutions—created a college squeeze that manifested itself as intensified competition for access to the most selective institutions and waning support for affirmative action. In fact, a year-by-year analysis of the trends summarized in Figure 3 reveals that total enrollment

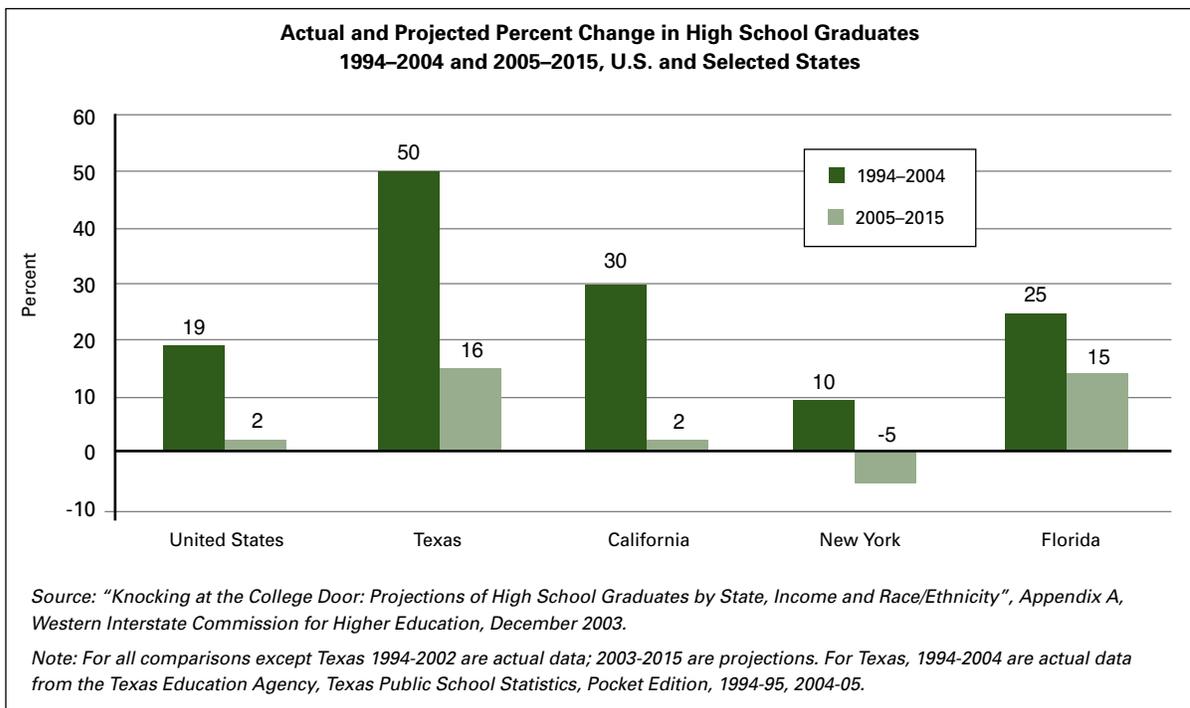
at two-year institutions surpassed that of four-year public institutions in 1995, at least one year before the *Hopwood* decision that resulted in a temporary judicial ban on affirmative action.¹⁷ The “Texas college squeeze” and the state’s rapid demographic diversification were significant factors in the public reaction to the top 10 percent admissions regime that sought to level the playing field among a growing number of contenders for slots at the selective institutions.

The Texas Top 10 Percent Law

Texas moved to center stage in higher education during the late 1990s by shifting the terms of the affirmative-action debate. Following the Fifth Circuit Court’s decision outlawing the use of race-sensitive criteria in college admissions decisions,¹⁸ in 1997 the Texas legislature approved a bold experiment by changing the acceptable criteria to achieve diversity in higher education. Building on strong empirical evidence that high school grades are better predictors of college success than standardized test scores, the Texas legislature passed House Bill 588, which guaranteed admission to public postsecondary institutions to all high school seniors who graduated in the top decile of their high school class.

The uniform admissions law is deceptively simple: it uses a *uniform* measure of merit, namely, class rank, and

Figure 2.



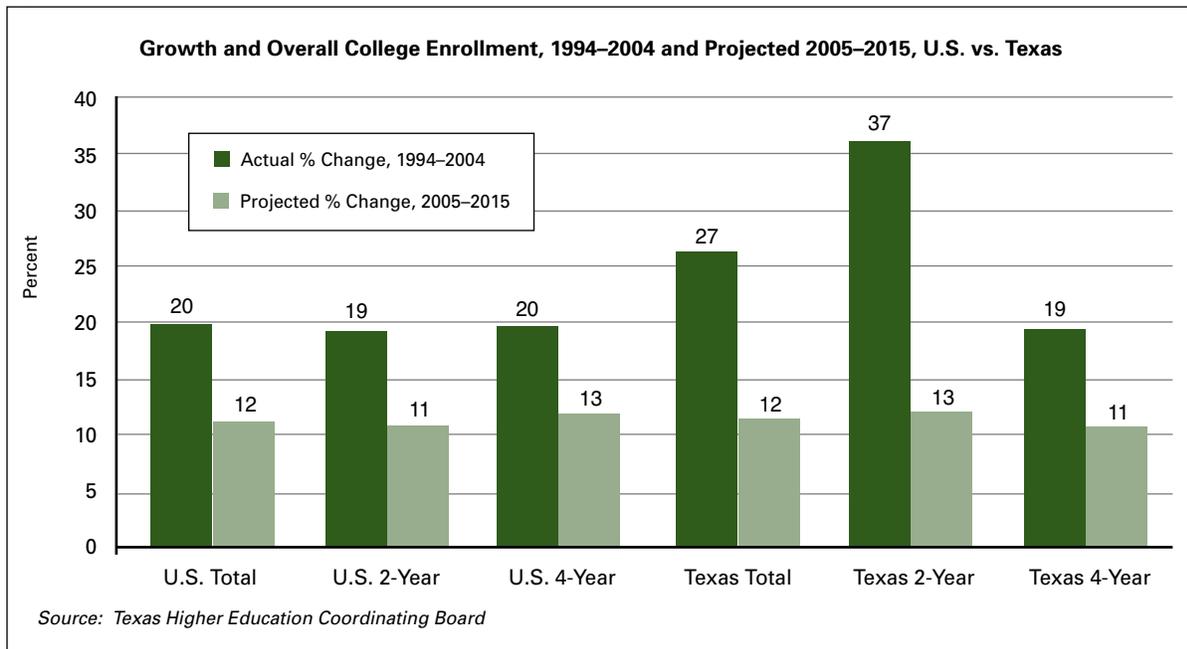
applies it *uniformly* to all high schools—big or small, rich or poor, diverse or segregated. The Texas 10 percent plan differs from those used in Florida and California in that rank-eligible students are able to choose which public institution to attend, and high schools, rather than a centralized educational body, decide how to compute their class rank distributions.¹⁹ Heralded as a “race-neutral” admissions regime, in fact the percent plan capitalizes on residential and school segregation to provide underrepresented minority groups access to the selective public institutions, notably the University of Texas at Austin and Texas A&M University at College Station. Although the number of rank-eligible minority students is higher at schools where minority students dominate, white and Asian students are more likely to qualify for automatic admission than either blacks or Hispanics.²⁰ Furthermore, without financial aid, the likelihood that they will enroll is far lower. Fully six years after the Top 10 Percent Law was enacted, A&M at College Station had not restored the black population share attained under affirmative action.²¹

Texas’s experiment with allegedly race-neutral admissions is very telling about how diversity challenges the commitment to equity. Like affirmative action in the context of a tightening college squeeze, the top 10 percent admissions law has resurrected the vitriolic debate about what constitutes academic merit. However, rather than target low standardized test scores as criteria to disqualify minority students, the target now is underperforming schools. Critics

complain that high-performing students from low-performing schools are being privileged over lower-ranked students from more competitive schools in their access to the most competitive public institutions. As such, the shift from a race-conscious admissions regime to a “uniform admissions” regime merely changed the criteria for exclusion from *individuals* to *schools*. Public outcry intensified after the share of applicants who were automatically admitted soared from 47 to 70 percent.²²

The big lesson from the Texas admissions experiment is that weighting class rank while ignoring test scores actually does qualify a broader cross-section of students for college admission. The fact that top 10 percent students earn higher grade point averages in college than their lower-ranked counterparts who scored 200–300 points higher on standardized tests further attests to the value of class rank as a measure of merit and as a predictor of college success. At the University of Texas, the uniform admissions law seems to have restored campus diversity to levels achieved with affirmative action, but to some extent this reflects the continuing diversification of high school graduates. Because of its location outside a metropolitan area, Texas A&M has had a more difficult time restoring campus diversity, even with the admission guarantee. Both public flagship institutions have tuition scholarship programs for low-income minority students who graduate in the top decile of their class, and both institutions target schools

Figure 3.



with weak college-going traditions, which, not incidentally, have large minority student bodies.

If the uniform admissions plan is appealing as a politically correct form of affirmative action that builds on merit, it imposes considerable opportunity costs. By using a single criterion for admissions decisions, the uniform admissions law blunts the broad-ranging diversity that can only be achieved by full file review. Although the 2003 Supreme Court *Grutter* decision²³ conceded that diversity is a compelling state interest that justifies a narrowly tailored consideration of race in college admissions decisions, like the legislative initiatives that outlawed affirmative action in Washington state and California, the Texas Top 10 Percent Law remains in force until repealed through legislative action.²⁴ In fact, several state legislators have attempted to repeal the legislation without success. Notably, House Bill 588 is backed by Democrats from minority districts and Republicans representing rural white districts who argue that the law gives students from their districts access to the public flagships.

The Benefits of Campus Diversity

Before the landmark *Brown v. Board of Education* decision,²⁵ debate about diversity and educational opportunity revolved around the *need* for integration; today most of the controversy revolves around the *acceptable means* to achieve it. Yet, as the Texas case illustrates, both race-conscious and race-neutral admissions policies have met with steep opposition. Although public debate focuses on the appropriateness of ascribed traits or school quality as acceptable criteria for rationing college admissions, I argue that the “college squeeze” resulting from the confluence of rapid demographic growth and slow expansion of four-year enrollment opportunities is what ultimately drives the controversy. The diversification of the college-age population added complexity to the college squeeze that was unfolding even before race-sensitive admissions were replaced by the uniform admissions plan.

Because college admissions are a zero-sum game in some respects, particularly for access to selective institutions, the Top 10 Percent Law intensified competition among students from affluent schools with strong college-going traditions by expanding access to students from schools with little or no representation at the flagship campuses. That the largest initial impact of the uniform admissions law involved increased geographic diversity among the high schools represented at the flagship campuses attests to the success of the law in broadening equity and access to higher education in Texas.²⁶

But for those denied admission, the culprit now is the Top 10 Percent Law rather than race preferences.

Although researchers disagree about the educational benefits of an ethnically diverse campus, I propose three broad reasons why diversity is a valuable social goal—one economic, one demographic, and one philosophical. First, trends in college attendance have profound implications for the future contours of inequality. In 1999, nearly six in ten jobs required college-level skills, including many that had not required college training in the past.²⁷ According to A.P. Carnevale, only one in four managers and business professionals held college degrees in 1959, but more than half did so by 1997; two-thirds of office workers now have some college education, and nearly one in three are college graduates. In fast-growing occupations such as health services, nearly three in four jobs now require some college education.²⁸

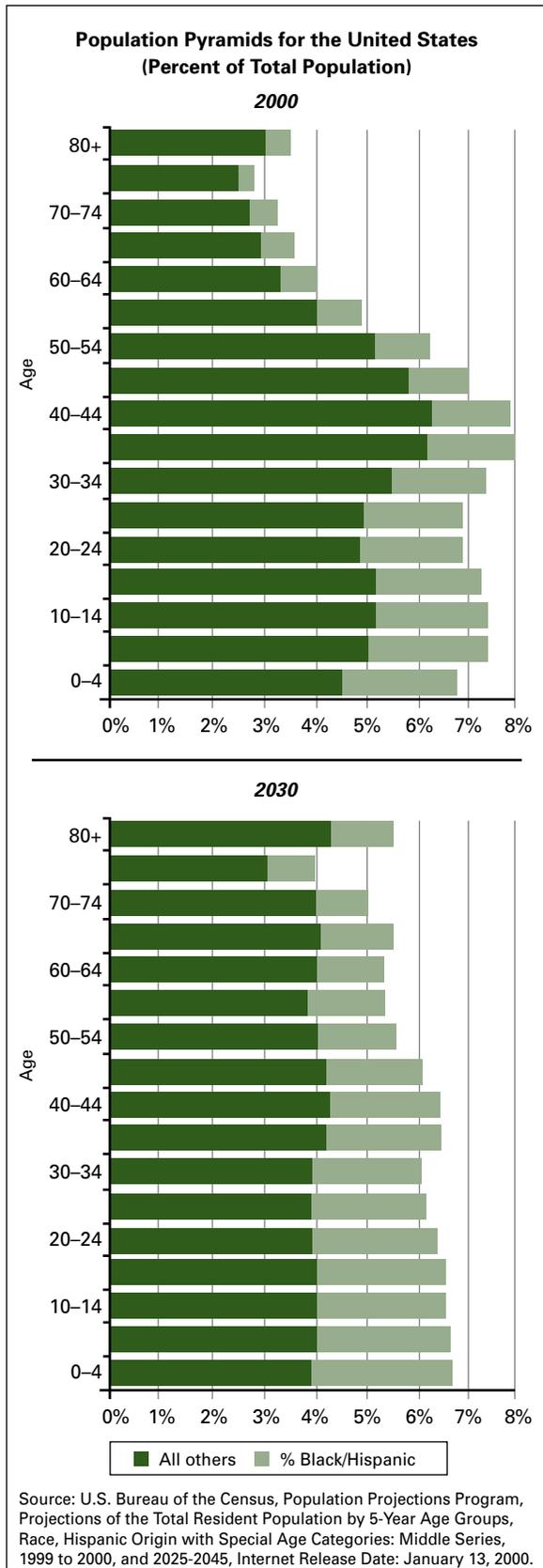
Unfortunately, higher education funding in Texas has been losing ground to other state services, notably correction. Annual expenditures per pupil in Texas public schools are \$5,400, but annual expenditures per prisoner are over \$13,000. Between 1990 and 2005 the state’s expenditures on higher education grew only 44 percent in real terms, compared with 223 percent for public safety and corrections.²⁹

Yet there is ample evidence that investment in higher education yields high returns. In Texas, for example, the comptroller of public accounts estimated that every dollar invested in higher education yields a \$5.50 return, adding over \$33 billion per year to the economy. This exceeds the economic impact of Texas’s oil and gas industry and high-technology business.³⁰ Beyond its value for maintaining U.S. competitiveness in the global economy, investment in higher education is a social commitment to the well-being of future generations, which, given the demography of Texas, will largely involve minority populations.

Diversification is not a transitory feature of the U.S. population. Immigration and births to immigrant women were responsible for about 60 percent of demographic growth during the 1990s.³¹ By 2030, 40 percent of the population is projected to be minority, with about one-third of the total either black or Hispanic. Figure 4 makes this point more concretely by focusing on projected changes in the ethno-racial composition of the age structure. Combining blacks and Hispanics brings into focus the two educationally disadvantaged groups with the greatest potential to increase the demographic dividend.³²

In the year 2000, just over half of the U.S. popula-

Figure 4.



tion was of working age (ages of 25 to 64), but whites outnumbered blacks and Hispanics combined by a ratio of 3.5-to-1 in this segment; at the postretirement ages, the white-to-minority ratio was 10-to-1. By 2030, when only 48 percent of the population will be of working age, the ratio of white to black and Hispanic workers will drop to approximately 2-to-1. For rapidly growing states such as Texas, the potential demographic dividend is greater than the national average, but given recent trends, the risk of underinvestment in the minority “boomlet” is larger still.

The demographic coincidence of an aging white society and growing cohorts of minority youth represents a window of opportunity to better secure the economic future of retirees while enhancing the nation’s global competitiveness. However, to realize the demographic dividend afforded by the minority age bubble, significant improvements will be required in their representation among the college educated, particularly in states such as Texas with burgeoning minority youth populations. Shrinking cohort sizes due to declining fertility imply that the window of opportunity will close soon, particularly in states such as New York where the baby boom echo in college enrollment has already peaked. As one of the few states projecting increases in the number of high school graduates well above the national average, Texas has the potential to fuel its economic engines via higher labor-force productivity. Whether its growing minority population will contribute to economic productivity or become a drag on social resources hinges crucially on the state’s success in broadening access to higher education for its swelling minority population.

Finally, in affirming that diversity is a compelling state interest, the Supreme Court both recognized the unique role of higher education in achieving this interest and acknowledged the importance of access to public institutions to further the goals of democratic citizenship:

...the diffusion of knowledge and opportunity through public institutions of higher education must be accessible to all individuals, regardless of race or ethnicity...In order to cultivate a set of leaders with legitimacy in the eyes of the citizenry, it is necessary that the path to leadership be visibly open to talented and qualified individuals of every race and ethnicity.³³

This philosophical principle explicitly links diversity in higher education with the broad goals of democracy.³⁴ Reducing the large racial and ethnic disparities in higher education is essential not only for broadening access to the most selective public institutions, but also for opening the pathways to leadership and redefining the terms

of inclusion in the most demographically complex nation in the world. As a microcosm of the nation, Texas has an opportunity to blaze the trail.

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Notes

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2. U.S. Census Bureau, Census 2000, Table P8, Hispanic or Latino by Race, <http://www.census.gov> (accessed January 25, 2006).
3. W. Michael Cox and Richard Alm, *Taking Stock in America: Resiliency, Redundancy and Recovery in the U.S. Economy*, annual report (Dallas, TX: Federal Reserve Bank of Dallas, 2001), p. 12.
4. U.S. Census Bureau, Census 1970–2000 Integrated Public Use Microdata Series (IPUMS), Version 3.0.
5. U.S. Census Bureau, "Texas Becomes Nation's Newest 'Majority-Minority' State," news release, August 2005, <http://www.census.gov/Press-Release> (accessed December 21, 2005).
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7. Patrick Kelly, *As America Becomes More Diverse: The Impact of State Higher Education Inequality*, Texas State Profile (Boulder, CO: National Center for Higher Education Management, 2005).
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9. According to Senator Eliot Shapleigh, 29th Senatorial District, Texas ranks first based on its large high school dropout rate. See *Texas on the Brink: How Texas Ranks Among the 50 States*, 2nd ed. (El Paso, TX: El Paso County, February 2005).
10. These probabilities are derived by dividing the college-educated share by the cohort population share.
11. Texas Education Agency, *Texas Public School Statistics*, pocket ed., 1994–95 and 2004–05.
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13. American Indian / Alaska Native will comprise approximately 0.4 percent of the graduation cohort. Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates by State, Income and Race/Ethnicity* (Boulder, CO: WICHE Publications, 2003).
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16. Texas Higher Education Coordinating Board, *Participation and Success Forecast, 2005–2015: Texas Institutions of Higher Education* (Austin, TX: Texas Higher Education Coordinating Board, February 25, 2005 [updated]); and Texas Higher Education Coordinating Board, *Report on Academic Performance of Texas Public Universities* (Austin, TX: Texas Higher Education Coordinating Board, December 1998).
17. *Hopwood v. Texas*, 78 F.3d 932 (5th Cir.), cert. denied, 518 U.S. 1033 (1996).
18. *Ibid.*
19. This is important because some schools weight Advanced Placement and other advanced courses differently, and students can earn up to 5.0 or 6.0 GPAs on a 4-point scale.
20. Marta Tienda and Sunny Niu, "Capitalizing on Segregation, Pretending Neutrality: College Admissions and the Texas Top 10% Law" (forthcoming, Princeton University, Princeton, NJ, 2004), http://theop.princeton.edu/reports/forthcoming/capitalizing_on_seggregation.pdf.
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22. Of course, not all students admitted actually enroll, and minority students are less likely to do so because of financial considerations. Yet, publicity of the growing saturation of the University of Texas campus with automatically admitted students fueled discontent in affluent districts that were accustomed to sending a large share of their graduating seniors to the public flagships.
23. *Grutter v. Bollinger et al.*, No. 2-241, 539 U.S. (June 23, 2003).
24. The court's decisions do not affect legislative bans because the pursuit of diversity in higher education is a policy choice rather than a federal legal requirement.
25. *Brown v. Board of Education*, 347 U.S. 483 (1954).
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32. Not only are Asians not educationally disadvantaged, on average, but their average attainment exceeds that of whites by a considerable margin. Because their numbers are small, however, our inferences would not be altered if they were added to the minority population.
33. Art Coleman and Scott Palmer, *Case Analysis and Lessons Learned Regarding the Use of Race by Colleges and Universities*, Education Law and Policy Alert (Nixon Peabody LLP, 2003), http://www.nixonpeabody.com/linked_media/publications/ELPA_06232003.pdf (accessed January 22, 2006).
34. Although the White House filed two amicus briefs in support of the plaintiff, once the decision was announced, President Bush applauded the Court for recognizing that "diversity is one of America's greatest strengths." See White House, "President Applauds the Supreme Court for Recognizing the Value of Diversity," news release, June 2, 2003, www.whitehouse.gov/news/releases/2003/06/020030623.html