

State Strategies for Improving Student Success

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The U.S Record on Student Readiness, Access, and Success in Postsecondary Education is Mixed

- A large and possibly growing number of entering college students in the U.S. require remediation or otherwise are not prepared to do college level work
- The U.S. has among the highest participation rates in the world, with two-thirds of all high school graduates entering a postsecondary program in the following fall
 - Although U.S. is no longer first in the world in providing access, its participation rates still rank high among all countries
- Although attainment rates in U.S. remain near the top of all countries, U.S. degree completion rates are below average when compared to other industrialized nations
 - Less than half of students in baccalaureate programs complete their degree; community college completion rates are much lower

Concerns about levels of readiness, access, and success are particularly acute for low income and minority students

- Although systematic data on student preparation levels are not available, the majority of students who require remediation are from low income families and/or ethnic/racial minority groups
- Although US participation rates are high by international standards, the gap between rich and poor has not narrowed much since government student aid programs were established in the 60s and equity of access became a key policy objective
- Although estimates vary and data are limited, it is clear that students from low income families are much less likely to complete their education than students from wealthier families
 - Even when controlling for ability level differences, socioeconomic status is a key predictor of student success

These readiness, access, and success statistics lead to seeking answers to the following two questions

- 1) Why has the U.S. done so well in achieving high participation rates in postsecondary education, yet had such difficulty in improving levels of student preparation and performance?*
- 2) Why have the chronic equity gaps in student readiness, access, and success been seemingly so difficult to narrow or erase?*

To answer these two questions, the following three explanations should be explored:

- 1) Funding and policy priorities focus much more on increasing student participation and access than on improving student readiness levels and success rates
- 2) Benefits from government programs and support are not well targeted on low income students
- 3) Many federal and state policies are not effective in achieving their intended objectives because:
 - a) Policies are often not well designed to meet their intended objectives
 - b) Policies typically have multiple effects which often offset each other

Explanation 1: Funding and policy priorities produce expected results

- Funding patterns and most policies at both the state and federal levels favor access over readiness or success
 - Roughly 90 percent of all state funding of higher education is devoted to funding formulas or negotiated budgets that are based largely on the number of students enrolled
 - Few if any states provide funds to institutions on the basis of the number of graduates or completers of a year of study
 - Few states require that students be prepared for institutions to receive public funds of any kind
 - Federal and state student aid programs also tend to focus on promoting access by reducing the net price that students face
 - Federal and state aid policies contain few incentives or penalties for students to complete their degree in a reasonable amount of time

Explanation 2: State and Federal Policies Are Not Well Targeted on Low Income Students

- Despite a rhetorical commitment to increase access and the chances of success for low income students, state and federal policies and institutional practices are not well targeted on these students
 - State support of public institutions and lower tuition levels produce across-the-board subsidies that are not well targeted on low income students
 - Pell is the best targeted of the federal programs with 90% of awards going to students with incomes < \$40K (But more than half of Pell Grants go to financially independent students so income figures may be deceiving)
 - Other federal programs are not as well targeted as Pell
 - other federal aid programs are based on total student financial need
 - tuition tax credits also tend to spread benefits further up the income scale
 - Trends in state aid programs are also in the direction of less targeting including well publicized shift toward more merit-based aid and less need-based aid
 - Institutions increasingly awarding more of the aid and discounts from their own resources to middle and upper income students
 - at private insts, middle income students are now more likely to receive aid and receive more aid than low income students;
 - trends at public insts are similar though smaller in magnitude

Explanation 3: There is often a disconnect between policy design and implementation and the effect of policies on their intended objectives

- Federal and state postsecondary policies often do not achieve the objectives they are intended to meet for at least two reasons:
 - a) Policies often are not well designed to meet the intended objective
 - b) Policies typically have multiple effects which often offset each other
 - Many of these multiple effects too often are not seriously considered enough in the design of policies

3a) Design and implementation of policies often do not achieve their intended effects

- For a number of reasons policies in various fields such as health care, transportation, housing as well as education may not achieve their intended effects, including:
 - Political considerations often overwhelm the results of available policy analysis
 - In many cases, sufficient research and analysis are not available to inform policy making
 - Incorrect policy choices are made because lead policymakers pursue their personal opinions
 - Implementation decisions may prevent intended effects from being achieved

In the case of postsecondary education, there is also an additional issue – the emphasis on demand-based approaches

- Federal and state policy debates tend to focus far more on stimulating demand by lowering prices than on the issue increasing supply by increasing resources
 - Federal policy debates have focused on providing more student aid to lower the prices that needy students face without adequate consideration of whether enough seats will be provided for those students at a range of institutions
 - At the state level, the primary policy focus has been on whether tuition subsidies will allow low income and middle class students to attend with much less attention paid to the issue of tuitions being a major source of revenues for public institutions that allow them to expand

Examples of postsecondary policies that may not be well designed to achieve intended objectives:

- Student aid based on a family's total financial need often does not produce desired equity of access because benefits end up not being less well targeted on low income students
 - middle and upper income students enrolled in higher cost institutions are eligible for subsidies
- State funding formulas based on actual costs per student may lead to higher costs at public institutions, not lower costs
- Low tuition at public institutions tend to increase demand but also often reduce supply of seats because of limits in resources
 - Net effect may be less access than was intended by low prices
- Student aid eligibility based on total attendance costs may lead insts to raise their prices, thereby reducing access (price effect)
- Availability of government aid may lead insts to provide less of their own discounts to low income students (substitution effect)

Relatively few state or federal policies have been designed to improve readiness or retention

- A dozen states in the 1990s set aside funds in which graduation rates were a key criterion for measuring success:
 - These set asides range from very small percentages of public funds (e.g., New Jersey) to systems in which nearly all funds for public higher education were distributed on performance criteria (South Carolina)
- In recent years, some states have instituted or proposed policies intended to promote better student readiness or success:
 - *Arkansas* set aside funds to be allocated to institutions that improved or exceeded their target retention or graduation rates
 - *Colorado and Virginia* recently established performance contracts with institutions that include graduation rates as one of the measured indices
 - *New Mexico* in 2005 proposed to pay public insts based on number of Pell recipients who complete a year, transfer, or graduate
 - *Ohio* has had a “Student Success Policy” in place for over a decade
 - *Oklahoma* implemented a Brain Gain initiative beginning in 1999 to increase the proportion of adults in the state with a college degree

3b) Most public policies often have multiple effects that may include negative impacts on readiness, retention and degree completion

- Policy debates in many fields ignore or minimize the fact that policies often have multiple effects going well beyond the intended objective(s)
- For postsecondary education, for example:
 - Policies to increase access may have adverse effects on quality, readiness or success
 - Policies to improve quality or success may lead to improved readiness but restrict access

Examples of policies that may have adverse effects on student success or readiness

- Enrollment-based funding formulas can discourage insts from having high rates of degree completion and therefore may detract from improved student retention/success
- Low tuition rates at public institutions increase demand and access for public higher education but tend to reduce degree completion rates as opportunity costs of staying in school longer are reduced
- Need-based student aid tends to increase equity of access but may reduce levels of readiness, retention, and quality depending on how they are designed
- Merit-based student aid tends to promote better readiness and success but could lead to less access or equity of access

The following charts estimate/speculate on the effects on readiness and retention of a range of possible policies, including:

- Student-based or institution-based policies
- Market-based or regulatory approaches
- Incentives or penalties
- Need-based or merit-based aid programs
- Targeted programs or across-the-board subsidies
- Portable to private insts or limited to public insts

The following charts also estimate/speculate on the direction of effects of different policies.

Possible effects of policies include:



























- **Readiness** – Are policies likely to increase the degree of student readiness or are unprepared students encouraged to attend?
- **Access: demand effects** – Does policy increase demand by lowering the net price that students face?
- **Access: supply effects** – Is access improved through the expansion in the number of seats or restricted by overall resource limits?
- **Success** – To what extent do policies increase the chances of success in the form of higher retention or degree completion rates
- **Equity** – To what extent are benefits focused on students from low income families and other underrepresented student groups throughout the postsecondary educational pipeline?

Other important policy objectives not shown in the chart include cost, efficiency, quality, choice, and relevance

Estimated Policy Effects on Key Objectives

Policies/Pipeline	Readiness	Access:		Success	Equity
	Preparation	Demand Participation	Supply	Performance	
Student-Based Policies:					
Low Tuition at Public Institutions	↘	↗	↘	↘	↘
Need-Based Grants	?	↗	↘	↘	↗
Merit-Based Grants	↗	↗	?	?	↘
Student Loans	?	↗		↘	?
Early intervention such as GEARUP	↗			↗	↗
Require academic prep for aid eligibility	↗	↗	↘	↗	↘
Augment in-college support services	↔	↗	↘	↗	↗
Student-Based Regulations or Penalties					
Time limits on aid eligibility	↔	↘		↗	
Limit student aid at high default insts	↗	↘		↗	↘
Institution-based Policies					
Enrollment-based funding of public insts	?		↗	↘	
Pay insts based on # of graduates	↗	↔		↗	↘
Pay insts based on # of aid recipient grads	↗			↗	↗
Institution-Based Regulations or Penalties					
Limit how long insts are paid for enrollments		↘		↗	↘
Reduce funds for insts w/low grad rates	↘	↘		↗	↘

Effects of Policies on Student Success and Equity

Policies/Pipeline 	Success	Equity
	Performance	
	Student-Based Policies:	
Low Tuition at Public Institutions		
Need-Based Grants		
Merit-Based Grants	?	
Student Loans		?
Early intervention such as GEARUP		
Require academic prep for aid eligibility		
Augment in-college support services		
Student-Based Regulations or Penalties		
Time limits on aid eligibility		
Limit student aid at high default insts		
Institution-based Policies		
Enrollment-based funding of public insts		
Pay insts based on # of graduates		
Pay insts based on # of aid recipient grads		
Institution-Based Regulations or Penalties		
Limit how long insts are paid for enrollments		
Reduce funds for insts w/low grad rates		

It is difficult to estimate the effects indicated in these charts because:

- Many of these effects have not been adequately researched or analyzed
- It is not possible to measure some of these effects because of research design issues
- The direction and the magnitude of the effects depend on how policies are designed
- Stakeholder pressures affect policy design and effects, often adversely
- It is difficult to sort out the impact of different effects interacting with each other

Challenge to policymakers is to anticipate offsetting effects in designing and implementing policies

- Adopt policies that maximize net positive effects on key objectives
 - Design policies that minimize negative effects on key objectives
- Adopt a mix of policies that in combination produce positive effects on key objectives

Four steps states can take to improve the chances of success for at-risk students:

- Increase funding of early intervention programs for at-risk students relative to other policies
 - this should have positive effects on readiness, access, equity, and retention w/o much negative effects
- Base state student aid program eligibility more on the family income of students than on the total costs of attendance
 - this will help achieve equity objectives by better targeting benefits on students from the lowest income families
- Include more stringent preparation requirements as part of eligibility for state need-based student aid programs
 - It may be better for states to do this than the federal government
- Pay institutions for the Pell Grant or state grant recipients who finish a year of study, transfer, or complete a degree;
 - this policy should have positive effects on retention and equity with modest negative effects on quality if properly designed

Additional Research and Analysis are Needed to Promote Student Success

Much of the analysis presented here is necessarily speculative because of data limitations. More research and analysis thus are needed on each of the three explanations to confirm their accuracy

- Collection, analysis, and presentation of data on the extent to which federal and state funding and policies favor access over readiness and success
- Collection, analysis, and presentation of data on the degree to which federal and state support and policies are well targeted on low-income students
- Analysis of the direction and magnitude of the effects of various policies on key objectives