

SJR

2

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/21/09

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/10/09

Education Committee considered SENATE JOINT RESOLUTION NO. 2

SJR 2 FED. HIGHER EDUCATION FUNDING/PROGRAM

Urging the United States Congress to establish a federal program to rebuild student access to public higher education in Alaska and elsewhere and to appropriate sufficient funding for that purpose.

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
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HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____



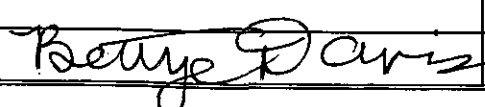
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
S.EDC	4/10			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	OLSON			✓	
	DAVIS	X			
CHAIR: 	DAVIS	X			

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Senator Bettye Davis

SJR 2: FEDERAL HIGHER EDUCATION FUNDING/PROGRAM

An resolution "Urging the United States Congress to establish a federal program to rebuild student access to public higher education in Alaska and elsewhere and to appropriate sufficient funding for that purpose."

SPONSOR STATEMENT

SJR 2 urges congress to appropriate adequate funding for higher education to all United States Citizens. This resolution allows Alaskans in need of assistance to receive a higher education without the burdening dilemma of covering all educational expenses. President Barack Obama has set higher education as a major priority for America. In order for our country to continue to be a leading nation in higher education, higher education must become more accessible.

Over the past 10 years, higher education enrollment has risen by 20 percent. During this same period, state subsidy of higher education has continued to decline. This has caused the student tuition and fees to rise by 316 percent while overall inflation rose by only 83 percent. This increase financial responsibility on many students and their families disincentives higher education for many minorities, low-income families, and individuals trying to excel in their career of choice.

Alaskans can obtain a higher education, but the federal government must do more to make higher education more accessible to our citizens. SJR 2 recognizes both the financial and foundational changes that need to be made in accessibility to higher education. SJR 2 asks for the establishment of a new program appropriating \$70 billion dollars in funding and rebuilds student access to higher education. This amount is less than 10% of the total funds allocated from the Federal American Recovery and Reinvestment Act. SJR 2 includes college grants for our military veterans, allowing for student loan forgiveness, and increases the funding available through the existing PELL Grant Program.

SJR 2 urges the President and Congress to close the educational achievement gap in our country and fuel the future generation's educational abilities in our global economy.



Policy Brief

Access

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Strategies to Empower Low-Income and Minority Students in Gaining Admission to and Paying for College

By Jennifer Dounay

November 2008

While much has been written about what schools, institutions, parents, students and communities can do to help underserved students overcome obstacles to college entry, less has been written about state policy approaches to help such students overcome these barriers. And while much of the policy focus has been on smoothing college entry by aligning high school/postsecondary standards and assessments, less has been written about other key policy approaches — particularly those to:

- **Send clear messages to underserved students** and their families about postsecondary options and costs (and financial aid options) (pp. 8-12)
- **Address human resource issues** that impede underserved students from receiving the specialized guidance and support they need (pp. 6-8)
- **Simplify college admissions and federal financial aid processes** (pp. 12-15)
- **Provide personalized guidance** to underserved students completing these processes (pp. 15-16)
- **Address other issues** related to postsecondary access and success (pp. 16-19)

Introduction

For low-income and minority students, access to college is not just about affordability. It's also about figuring out college admission requirements, accessing courses that will prepare them well for college, and reducing the debilitating fear generated by perceptions of college costs and loans.

The statements about the importance of earning a college degree have become all too familiar:

- The U.S. Chamber of Commerce projects that 90% of the fastest-growing jobs in the nation will require some form of postsecondary education.
- Individuals who have completed technical certification or a two- or four-year degree contribute more in local, state and federal income taxes and enjoy incomes that are higher on average than non-degree holders as well as numerous quality-of-life benefits.
- Lower college completion rates among minorities pose a serious economic development issue as a growing number of cities, counties and states are becoming "majority minority," and the U.S. as a whole is projected to be majority minority by 2050.
- Surveys indicate that 80% to 90% or more of high school students express the intent to go to college.

But low-income and minority students are less likely to enter college or complete a postsecondary degree than their higher-income or non-minority counterparts. A growing chorus of experts contend that institutional, state and federal policies create unintended barriers for low-income and minority students. These students comprise a disproportionate number of first-generation college-goers.

This policy brief identifies four types of barriers created by federal, state and local policies that pose a particular challenge for aspiring first-generation college students in the college and financial aid application process:

- Institutional barriers created by the misalignment of high school exit and postsecondary entry expectations; this misalignment is exacerbated by gaps in staff knowledge and a shortage of college counselors
- Lack of public awareness of postsecondary options, costs and financial aid options, particularly among low-income parents and students
- Overly complicated college application and student financial aid application processes
- Lack of assistance to students and their families in completing admissions and financial aid procedures.

Each of these barriers is described in further detail — followed by suggestions for how state-level policy might address each barrier. A final section on “other” barriers to college entry seeks to alert policymakers to emerging issues for which adequate institutional, state and federal policy responses are needed.

Note: Because of the enhanced economic benefits of completing a four-year degree as opposed to a two-year degree, the lower participation rates of low-income and minority students in four-year programs, and the relatively low baccalaureate completion rates of those who transfer from two- to four-year institutions, the focus of this policy brief is on underserved students' access to four-year institutions. However, in some sections, consideration also is given to issues that are specific to entry into two-year postsecondary programs.

Misalignments

Three types of unintentional institutional barriers inhibit the transfer of students — particularly students who are the first in their families to attend college. These barriers are: (1) the misalignment of high school curriculum and postsecondary entrance requirements, (2) the misalignment of high school assessments and postsecondary entrance tests, and (3) gaps in staff knowledge and limited staff capacity.

Misalignment of high school curriculum and postsecondary entrance requirements

Problem: As of this year's graduating high school class (the Class of 2009), no state has aligned the courses needed for high school graduation with the courses required for admission to public four-year postsecondary institutions in the state.¹ Yet one of the “Ten Myths That Students Believe About College” identified by Stanford University's Bridge Project is that “Meeting high school graduation requirements will prepare me for college.”²

Other findings likewise support the need to send clear messages — particularly to traditionally underserved youth and their parents — about the high school courses that will increase the likelihood students will finish high school college-ready and matriculate in a four-year postsecondary institution. ACT reports that in 2006, 74% of ACT-tested Latino high school graduates hoped to complete at least a bachelor's degree, but “only 58 to 61% of ACT-tested Latino students” with such aspirations “took or planned to take the ACT-recommended core curriculum in high school[.]”³

High school course taking in advanced mathematics is associated with higher matriculation rates in four-year institutions. An analysis of federal data on students whose parents did not attend college found that such students who completed 8th grade algebra and advanced math courses in high school were significantly more likely to enroll in four-year postsecondary institutions than their peers who did not take algebra I as 8th graders or advanced math. Yet students “whose parents did not attend college were much less likely than those whose parents had bachelor's degrees or higher to take algebra in 8th grade (34 versus 55%)” and “were also much less likely to complete any advanced mathematics in high school (63 versus 83%).”⁴

Levers for change: It is important for state policymakers to recognize that misalignment is a barrier, and to ensure students and parents know early on (i.e., before scheduling grade 9 courses) what courses students need to take and what expectations students need to meet to be college-ready upon high school graduation. Armed with this knowledge, students and parents will be better able to enroll in the high school courses that will prepare young people to pursue their post-high school goals.

- **Align high school graduation requirements and college entrance requirements.** Although it doesn't guarantee admission, taking a default high school curriculum aligned with public postsecondary admissions requirements ensures that students meet at least one of the basic minimum requirements for entry into a four-year institution. Effective with the Class of 2010, the **Oklahoma** and **South Dakota** default high school graduation requirements will be aligned with public postsecondary admissions requirements. **Indiana** will join them with the Class of 2011, as will **Ohio** effective with the Class of 2014 (though postsecondary institutions will be able to waive these requirements under certain circumstances).⁵
- **Require high school graduates to complete requirements generally included in postsecondary institutions' admissions requirements.** A 2006 ECS *analysis* found that some 25 states do not have state-set college admissions requirements — rather, individual postsecondary institutions set their own admissions requirements.⁶ These requirements often include math course taking culminating in geometry or Algebra II, multiple units of lab sciences (as opposed to general sciences) and (less frequently) two units of foreign language. An increasing number of these states are incorporating these typical postsecondary admissions requirements into high school graduation requirements. For example, **Texas** has set a default high school curriculum of four units English, three units math (in Algebra I, geometry, Algebra II), three units lab science, and two units foreign language.⁷ **Delaware** will require all but the foreign language units effective with the Class of 2011; two units foreign language will be required effective with the Class of 2013.⁸ **Michigan** will require all but foreign language effective with the Class of 2011, and will require two units foreign language effective with the Class of 2016.⁹
- **Require all students and parents to be informed of postsecondary admissions requirements prior to high school and thereafter.** Being informed of postsecondary admissions requirements prior to high school entry helps students better prepare and plan their coursetaking sequence. **Colorado**, for example, requires the parents of all 8th-grade students to be provided with the state's higher education admissions guidelines.¹⁰ **South Dakota** requires the board of regents to inform parents of grade 7-12 students annually about the courses needed to prepare for postsecondary-level work and the benefits of such preparation.¹¹ The materials for grades 7-10 propose a "model program of study" setting forth the English, math, lab science and social studies courses students should take in grades 8-12 to be prepared for life at a postsecondary institution in South Dakota or elsewhere. Online versions of each of the five mailings — to parents of students in grades 7, 8, 9, 10/11 and 12 — are available on the South Dakota Board of Regents [Web site](#). **Texas** requires counselors to inform all students and parents — during the student's freshman and senior years of high school — of coursework designed to prepare students for higher education, and the advantage of completing the "recommended" (default) or advanced high school programs. In addition, legislation enacted in 2007 requires every district to designate one week as "Education: Go Get It" week. During this week, all middle, junior and high schools must provide students with grade-appropriate information on higher education, including the required curriculum in the standard admissions requirements for institutions of higher education.¹²



Although aligning high school graduation requirements with postsecondary admissions requirements will clearly signal to students the courses they need to take to be eligible to apply to a four-year postsecondary institution, such alignment does not guarantee that students will avoid having to spend precious dollars on non-credit-bearing developmental courses once they enter college. To ensure course titles meet content expectations and adequately prepare students for postsecondary coursework, states should consider implementing end-of-course or other measures that demonstrate that students passing a course labeled "Algebra II," for example, are truly meeting common statewide Algebra II expectations.

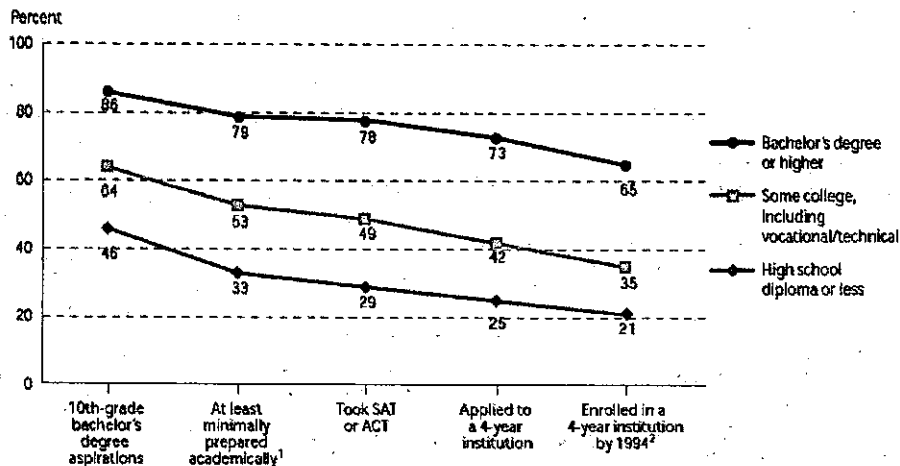
Misalignment of high school assessments and postsecondary entrance tests

Problem 1: Lack of information about or access to college entrance exams. Most students are not required to take the ACT or SAT as part of their high school testing experience. In fact, many students — low-income or otherwise — are not aware that taking the ACT or SAT is a college entrance requirement, as research in several Bridge Project states makes clear. The majority of nonhonors Texas students in the sample "could not explain or define the SAT, whereas almost all in the honors track could."¹³ Only one-fourth of the low-income students in the Oregon sample had taken the SAT, even though many low-socioeconomic status (SES) students in the sample expressed the desire to attend a four-year

institution.¹⁴ Slightly over half of all students in the Georgia sample knew that SAT scores were important for entering the University System of Georgia or the State University of West Georgia (one of 13 state universities).¹⁵ Just one-fourth of all students in the California, Georgia, Maryland and Oregon samples had taken the SAT or ACT, although many students expressed the desire to go to college.¹⁶

First-generation college students are more likely to be low-income and are less likely to have taken the ACT or SAT (meaning they are also less likely to enroll in four-year institutions). The table below provides data on the percentage of 1992 high school graduates who took the ACT or SAT, disaggregated by parents' highest level of education, which to some degree can serve as a proxy for family income.¹⁷

Figure 3.—Percentage of 1992 high school graduates who progressed through each step to enrollment in a 4-year institution, by parents' highest level of education



¹See the technical note at the end of this essay for the definition of "at least minimally prepared."

²Percentages differ from those shown in table 1 because the graduates who enrolled in a 4-year institution but did not have a bachelor's degree goal in 10th grade or skipped other steps (5 percent) are not included here.

NOTE: To be included in each of the second through fifth steps, students must have been included in all previous steps.

SOURCE: U.S. Department of Education, NCES, National Education Longitudinal Study of 1988 Eighth Graders, "Third Follow-up" (NELS:1988/1994).

Source: *Students Whose Parents Did Not Go to College: Postsecondary Access, Persistence, and Attainment*, National Center for Education Statistics, 2001.

Furthermore, fees associated with taking college entrance exams can present a barrier to low-income students in particular.

Levers for change: State policy can increase the likelihood that low-income students will be aware of the SAT and ACT as an admissions requirement to four-year institutions, and that they will take these assessments. Policy could:

- **Require (and pay for) all students to take the ACT or SAT.** Effective with the 2008-09 school year, six states — **Colorado, Illinois, Kentucky, Michigan, Tennessee and Wyoming** — require all 11th graders to take the ACT. (In **Wyoming**, WorkKeys is an alternative option for students.) One state — **Maine** — requires all 11th graders to take the SAT, and effective spring 2011, **Idaho** will require all juniors to take the ACT, SAT or COMPASS college placement test.
- **Improve communication to all students and parents concerning which tests four-year institutions require, when they're given and how well students are expected to perform.** The **South Dakota** materials sent to all parents of students grades 7-12 make clear that students who earn at least a 24 on the ACT and meet other criteria may qualify for the state's Opportunity Scholarship. The "Fall College Readiness Checklist" on the grade 11 mailing encourages students to retake the ACT or SAT in October of their senior year if they need to improve their scores.¹⁸ **Tennessee** requires each school serving students in grades 8-11 to hold a "lottery scholarship day," at which information on postsecondary admissions requirements — including ACT and SAT testing dates and the use of such tests in postsecondary admissions decisions — must be given to students

and parents. When parents sign students' course schedules for the following school year, they must acknowledge that they have received the lottery scholarships information.¹⁹ During each district's "Education: Go Get It" week, Texas middle, junior and high school students must receive information on the scores needed on the SAT and ACT for admissions determinations.²⁰



Not only do students need to take the ACT or SAT, they need to perform reasonably well on it. As a 2007 SREB report indicates, while the percentage of Hispanic and African American students taking the ACT or SAT in SREB states increased dramatically between 1997 and 2006, in "the eight SAT-dominant SREB states, white students made larger gains than black students in six states, and they made larger gains than Hispanic students in all eight. In the eight ACT-dominant SREB states, white students made larger gains than black students in five states, and they made larger gains than Hispanic students in four." The average scores of Hispanic and African American students lagged those of their white counterparts in virtually every state.²¹ State policy should support high curricular expectations and ensure high-quality teachers are in place for all students, so that students are equipped to perform well on these assessments by grades 11 and 12.

State policymakers should consider logistical and other questions before adopting the ACT or SAT for all students.²² An Achieve, Inc. analysis of the ACT and SAT suggests that neither exam "includes the full range of advanced concepts and skills reflected in the [American Diploma Project] ADP [college- and work-ready] benchmarks and, increasingly, in state high school standards." Based on these findings, the report's authors encourage states administering these exams to all students to augment these assessments to reflect state standards and higher-level knowledge and skills.²³

Problem 2: Not knowing about (or what's on) college placement exams. Many high school students and their teachers are unaware that upon college entry, students who do not pass placement exams in reading, writing and math must complete remedial coursework in these subjects. One-third of students in focus groups of underserved students for a 2007 National Center for Education Statistics (NCES) report noted that they did not find enough information and needed more information on college placement tests.²⁴ The costs of taking non-credit-bearing remedial courses pose a greater obstacle to college completion for low-income students.

Levers for change:

- **Embed placement exam items in high school assessments.** The 2006 ECS policy brief *Embedding College Readiness Indicators in High School Curriculum and Assessments* indicates approaches that California, Kentucky, Texas and other states are using to give high school students access to assessment items aligned with placement tests at state postsecondary institutions. Texas legislation enacted in 2007 calls for the replacement of the state assessment with end-of-course exams. The end-of-course instruments must include items that exempt high-scoring students from having to take placement exams upon college entry, and that determine the student's appropriate placement at a postsecondary institution. The state is working to design grade 12 courses to prepare for college entry students not meeting the college readiness benchmark on end-of-course assessments.²⁵
- **Provide opportunities for high school students to take college placement exams.** The 2006 ECS policy brief *Embedding College Readiness Indicators in High School Curriculum and Assessments* points to policies in Arkansas and Florida that allow high school students to sit for college placement exams.
- **Require all students to take college placement exams.** While no state currently requires all students to take a college placement exam, Idaho, effective spring 2011, will require juniors to take either the COMPASS placement test, or the ACT or SAT.
- **Align high school standards and curricula with college placement exams.** Colorado legislation enacted in 2008 calls for the development of a postsecondary and workforce readiness description, and for K-12 standards, curricula and assessments to be backmapped from that description. Minimum admission standards at all public four-year institutions will be aligned with that description. By December 15, 2012, the commission on higher education must review the basic skills placement tests in English and math to ensure their alignment with the description, and revise these tests as needed.²⁶



Placement exams used in a given state may vary from institution to institution, and reaching consensus on which items from which placement exams should be benchmarked for college readiness could be contentious. A 2007 analysis by Achieve, Inc. of college entrance and placement exams found that, in general, "admissions tests were found to be more demanding than the placement tests and better balanced in the types of questions asked." Achieve recommends that states use placement exams exclusively for diagnostic purposes to avoid watering down and narrowing the high school curriculum.²⁷

Misalignment created by gaps in staff knowledge and a shortage of college counselors

Students' aspirations to college can be supported — or conversely, thwarted — by advice received at the school level.

Problem 1: Lack of teacher preparation. Many teachers are unprepared to field students' questions about applying to college, yet Bridge Project research suggests students are more likely to go to their teachers than to other school staff with questions about college application procedures. Some teachers interviewed by Bridge Project researchers expressed a desire to receive accurate college preparation information to share with students.

Problem 2: Inadequate counselor staffing. A 2007 National Center for Education Statistics (NCES) report, referencing a 2000 Cabrera and La Nasa study, noted that low-income students "who regularly consulted with a counselor were more likely to attend college[.]" Yet focus groups of low-income and first-generation college students convened for the report indicated that counselors were scarce and spread too thin to meet student needs:

When asked if and how guidance counselors helped them search for colleges, few students indicated they were helpful. Most of the low-income rural high school students indicated they did not know if their school had a guidance counselor or, if it had one, they felt he/she was not helpful. Their responses were similar to the urban African American high school seniors who reported their counselors were either not helpful or unreliable: 'My Mom had to drive me to one college I applied to because my counselor had not mailed the application, as she promised she would.' Additionally, the majority of the parents reported similar experiences with guidance counselors, but acknowledged the counselors were overwhelmed by the large numbers of students assigned to them. They also mentioned counselors spent much of their time being "disciplinarians rather than a resource for preparing students for college."

Yet, "[e]ven though only a few students and parents [in the focus groups] mentioned guidance counselors as being helpful, they emphasized the importance of needing a good high school counselor to help them through an overwhelmingly complicated and time-consuming process."²⁸

Data on high school counselors indicate that counselor workloads constrain their ability to provide postsecondary counseling. A 2006 survey of high school counselors conducted by the National Association for College Admission Counseling (NACAC) indicates that public school counselors spend only 23% of their time on postsecondary counseling.

Problem 3: Inadequate counselor preparation and professional development. In a study of college counseling in high- to low-resource high schools, counselors even at high-resource schools acknowledged they lacked preparation to provide college counseling. As one counselor at a high-resource school in Maryland stated:

I'm not trained in [financial aid counseling]. That's not part of my graduate degree. ... My graduate degree is primarily counseling, with a little bit of school stuff in it. ... This is my second year at counseling seniors, so, you know, the college process is just sort of reading stuff, word of mouth, hearing from other things, doing my own research. ... There are a lot of opportunities to go to workshops. ... But, I mean, I have two young children so I don't go on college visits. I mean, I just can't get away from home at this point in my career.²⁹

In fact, few preservice requirements help prepare counselors to provide postsecondary counseling. NACAC has identified no states that currently require college admission counseling coursework to fulfill counselor course requirements at the undergraduate or graduate level. As of March 2008, NACAC had identified 23 colleges and universities nationwide that offered graduate coursework in college admission counseling; of these, only four require school counselor candidates to complete such coursework.³⁰

The 2005 NACAC counselor survey noted that just 41% of public high schools required counselors responsible for college counseling to attend professional development on postsecondary counseling.³¹ And whether required or not (or on postsecondary counseling or not), the survey found that counselors in rural and large schools (over 2,000 students) and those with a caseload of more than 300 students were least likely to receive time off for professional development. Counselors in large schools and with large caseloads were significantly less likely to receive professional development funds. (The report does not indicate the content of postsecondary admissions counseling or whether professional development focused on college preparation issues.)³²

In the study on college counseling in high- to low-resource high schools, college counselors in schools in Florida offered "intensive, one-on-one assistance with financial aid applications." While this assistance was facilitated partially by the simplicity of the award criteria, the researchers suggest that one reason counselors in some other states did not provide such intensive financial aid assistance was a "lack of training in financial aid[.]" In the study, counselors themselves cited a lack of preparation or professional development.³³

Problem 4: College guidance not clearly defined in counselors' role. Some researchers also contend that the very role of the high school guidance counselor (resolving students' social-emotional issues vs. providing academic advising) is in question, and that counselor training "has historically not included preparation in the area of college counseling."³⁴

Levers for change:

- **Incorporate information about college admissions requirements into preservice and inservice requirements for secondary-level teacher certification.** ECS has not identified any state that requires secondary-level certification candidates or teacher professional development to incorporate explicit information about postsecondary course admissions requirements. However, state policies do provide for such professional development under some circumstances. For example, the Colorado school counselors corps grant program requires applicants for competitive grants to indicate the extent to which grant monies will be used to provide school staff members other than counselors with professional development that will enable them to provide counseling and postsecondary preparation services.³⁵
- **Incorporate information about college placement exams into teacher preservice or inservice training.** ECS has not identified any state policy that does this.
- **Incorporate explicit training on college admissions and placement exams, and on federal and state financial aid programs and application processes, into counselor certification and professional development programs, and provide time and funding for such professional development.** ECS has not identified any state policy that does this.
- **Use state policy to ensure counselors spend time on college preparation activities.** The Colorado school counselors corps grant program provides competitive grants to schools to cover the costs of hiring additional counselors. All grant applications must specify whether the grantee has committed to a partnership with one or more postsecondary institutions (or independent agencies that provide career and college preparatory services to students) to increase the capacity and effectiveness of counseling and postsecondary preparation services. Each grant recipient must annually report to the state department of education information indicating an increase in the level of postsecondary preparation services provided, such as the use of individual career and academic plans or enrollment in pre-collegiate preparation programs or postsecondary or vocational preparation programs.³⁶



Why not just add more counselors? While additional counselors in high schools may play a role in providing more students with information on college admissions requirements, simply adding more counselors will not necessarily ensure that all students receive the information they need on college preparation. The June 2008 issue of *The Progress of Education Reform* (ECS) provides overviews of five recent research studies that make clear that the interplay of state, local and postsecondary policies, student curricular pathways (academic or technical) and family background (low-income or first-generation college student) can influence the type of information students

need and receive.³⁷ One of these studies notes that “[o]ne state-level force that appears to be unrelated to the availability of college counseling ... is a state mandate for counseling.”³⁸

Lack of public awareness of postsecondary options/costs and financial aid options

Traditionally underserved students are more likely to attend resource-poor high schools with limited staffing to address their questions about postsecondary options, costs and financial aid criteria. Inaccurate or missing information about these components can be “make or break” factors in such students’ decision to go to college. Information about costs and financial aid are particularly crucial. A considerable 59% of low-income students in a 2006 study by the Center for Higher Education Policy Analysis at the University of Southern California (USC) indicated they would use financial aid information to decide where they would go to college, or whether to attend at all.³⁹

Problem 1: Low-income parents are less likely to receive (or comprehend) information or participate in college-selection activities. The Bridge Project found that in the six states studied, the majority of parents (61% of parents in California to 68% of parents in Georgia) had received college preparation information. However, when survey responses were disaggregated by family income, the researchers found that less than 50% of the economically disadvantaged parents in Illinois, Maryland and Oregon had reported receiving postsecondary information, in contrast with two-thirds or three-fourths of their higher-income peers.⁴⁰

Furthermore, in both Illinois and Oregon, depending on their socioeconomic status, parents varied in their discussions with their children and the type of activities they pursued to select potential colleges. Low-income parents were much less likely to report having conversed with their children “many times” on college topics, and were more likely than middle- or high-income parents to state they had *never* held these discussions with their children.⁴¹ As the table below makes clear, the Illinois case study identified large gaps between low-income and high-income parents in college-selection activities such as looking at college and university Web sites, and visiting college campuses.⁴²

Type of activity	Low-income parents reporting engaging in activity	High-income parents reporting engaging in activity
Looking at college and university Web sites	7.7%	48.1%
Visiting a college campus	5.8%	43.7%
Reading news magazines	7.7%	43%
Reading college brochures	27.9%	60%

These findings are significant, given the research indicating that parental encouragement and involvement have a direct and strong influence young people’s early and later educational aspirations and ultimate college choice.⁴³ One analysis of federal data found that at-risk students and those whose parents did not attend college were almost twice as likely to enroll in a four-year postsecondary education if their parents frequently talked to them about school-related matters, in comparison to their peers whose parents had discussed these topics infrequently or not at all.⁴⁴

In addition, focus groups of low-income and first-generation college students and their parents convened for a 2007 NCES study made clear that underserved families are less likely to have Internet access at home, making college research more difficult. Furthermore, the same set of parents tends to find information on college costs, financial aid and scholarships less comprehensible than other parents.

Low-income parents likewise reported “they did not know what information was important and where they should search for it,” while one-third of underserved students reported not finding enough information. These students reported needing more information on out-of-pocket costs such as books, lab and computer fees, and the “availability of financial aid, grants and scholarships.” “One student reported, ‘When I was surfing online, I really didn’t find the tuition for the schools. But now since I got accepted to the school, they sent me the award and how much I have to pay out of pocket.’”

Problem 2: College choices determined by “sticker price” versus actual cost. Research by Excelencia in Education also points to the influence of “sticker price” (as opposed to actual college cost after financial aid) in Latino students’ decisionmaking, and the potential need for clearer messages on

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college costs to Latino students and their families. Nearly half of all Latino undergraduates in 2003-2004 were enrolled in so-called "Hispanic-Serving Institutions" (HSIs), defined as accredited institutions whose student bodies are at least 25% full-time undergraduate Latino students. For Latinos choosing to attend HSIs, cost was identified as a key factor in their college choice; students indicated their college was often chosen "based on the 'sticker price' of tuition and fees instead of the total cost after integrating actual or potential financial aid offered." Latino graduates who did not attend HSIs were more likely to identify financial aid as a key factor in their college choice. The *Excelencia in Education* report notes, "Since degree completion is lower at nonselective institutions and Latino students are generally choosing nonselective institutions, these studies suggest that Latinos are not making the most strategic choices possible for their higher education."⁴⁵

Problem 3: College Web sites not user-friendly. In an October 2006 commentary in the *Chronicle of Higher Education*, Clifford Adelman reports on his efforts to adopt the persona of a high school junior with average grades and find information about admissions, cost and financial aid on 27 community college Web sites. Adelman reports that only 15 of the sites "contained obvious doorways" for high school students to access this key information from the Web sites' home pages. Adelman also found that some sites provided too much information at once. Twelve sites provided no information about how high school students should prepare academically for community college, and only 10 of the sites provided a "contact us" link. On eight Web sites, a search box was the only way to locate information about tuition and fees. Few Web sites provided clear signals to cue parents into essential information. Adelman suggests that to remedy this, a wise first step "would be a radio button or prominent link for parents, either on the portal page or at the beginning of the 'admissions' sequence."⁴⁶

Problem 4: Low-income students and parents are most likely to overestimate college costs. The researchers also found that in the California case study, nonhonors students, low-income students and parents, and students in low-performing schools and their parents, were substantially most likely to overestimate the cost of tuition at both two- and four-year institutions, thus creating a potential false barrier to seeking admission or financial aid.⁴⁷ Low-income students and parents in the Illinois case study likewise overestimated the tuition costs of local two- and four-year institutions, with nearly 50% of the low-income students and 43.7% of low-income parents estimating the cost of community college tuition by more than five times the actual cost.⁴⁸

Problem 5: Financial aid information that is not sufficiently specific — or provided too late.

Students at multiple schools in the Bridge Project's Illinois case study "complained that the information they were given rarely addressed financial aid issues in terms that were sufficiently specific."⁴⁹ Many low-income and minority college-goers enter community colleges, which brings with it its own set of issues. Andrea Conklin Bueschel of the Bridge Project additionally notes:

[M]any community college students do not know several months in advance that they need to apply for financial aid. Aside from a general lack of awareness about filing deadlines, lots of these students do not decide to attend community college until right before the academic term begins. They are often surprised that they will not be able to get the aid immediately upon enrolling.⁵⁰

In fact, many students in the California, Illinois and Maryland Bridge Project case studies erroneously believed that postsecondary institutions evaluated admissions applications based on applicants' "ability to pay." In the Maryland case study, 60% of low-income students "overestimated the importance of ability to pay tuition as an admission criterion" whereas just 37% of their higher-income peers made this error.⁵¹ This misperception might serve as a clear disincentive for low-income students to apply for college admission in the first place.

Furthermore, in a study of college counseling in high-resource/high-achieving, middle-resource/middle-achieving and low-resource/low-achieving high schools in five states, published in the Winter 2008 *Review of Higher Education*, researchers found that in states with large merit-based aid programs, counselors combined financial aid advising with academic advising, regardless of school resource level. In other words, counselors "[work] to ensure that students meet the academic eligibility requirements for at least one of the state's non-need-based financial aid programs." The researchers also suggest that when states had simple eligibility criteria for state merit-based scholarships (the same states in the study with large merit-based aid programs), counselors felt more confident informing students about the availability of state aid and other ways to pay for college, as necessary. The simplicity of eligibility criteria also made it easier for teachers to pass along these eligibility criteria to students.⁵²

Respondents in the USC survey of low-income high school students encouraged schools to provide financial aid information as early as grade 9, so that families know they can afford college.⁵³

Levers for change:

- **Provide information to all students and their parents, beginning in grade 9 or earlier on postsecondary options, postsecondary tuition and other costs, and on state and federal financial aid opportunities.**
 - Parents of all 8th graders in **Colorado** public schools must be sent information on the annual cost of in-state tuition for attendance at a public higher education institution in the state, the annual state stipend amount, the amount of the student's share of tuition based on the stipend, and the availability of and information about getting financial aid to attend a four-year institution.
 - The information sent to all parents of **South Dakota** students in grade 7 includes: information on the types of degree programs available at public, private, technical and tribal institutions in the state; the average cost of tuition, fees, and room and board at a state public university (\$10,371); the dollar amount of different types of federal financial aid (i.e., Pell and Supplemental Opportunity grants, and Perkins and Stafford loans) the neediest college freshman can receive (\$12,231); and the availability of the state's Opportunity Scholarship for academically qualified students and of work study and institutionally supported grants and scholarships at public universities, private, technical and tribal institutions. Mailings to parents of students in later grades make clear the cost of tuition and room and board, the amount of federal aid available to the lowest-income students, and the availability of state and institution-level scholarships.⁵⁴
 - During each **Texas** middle, junior, and high school's "Education: Go Get It" week, all students must receive information on higher education options available to students and on financial aid availability and requirements. Texas counselors, during each student's freshman and senior year of high school, must provide all students and their parents with information on financial aid eligibility.⁵⁵

- **Develop and publicly promote state-specific, well-designed online tools to allow users to match needs and interests with available programs and financial aid options.** Focus groups of traditionally underserved students indicated that many students started their Internet research with a general Google or Yahoo search, and were not familiar with their state's postsecondary Web sites.⁵⁶ A growing number of states have developed online tools to help students and their families browse postsecondary options and find the campuses that meet their programmatic and financial specifications — and make clear where on the home page high school students need to start. Among these:
 - **Kentucky's** www.gohigherky.org allows users to compare programs, take virtual tours of campuses and research financial aid. A computerized "Matching Assistant" allows students to select majors, enrollment size (from less than 1,000 to less than 30,000), student to faculty ratio, and other criteria to develop a list of institutions that meet those criteria. The tool allows students to do either a statewide search, or narrow their search to public four-year institutions, community and technical colleges, or private institutions. Other state Web sites, including Maryland's [Maryland Mentor](#), [Georgia's Gacollege411](#) and [WisconsinMentor](#), offer a similar functionality.
 - Rather than selecting specific criteria that match student preferences, **Texas'** www.collegefortexans.com/collegecompare allows students to select up to 18 institutional data points to appear a personalized college search. Data points include average undergraduate in-state tuition for 30 semester credit hours, average cost of on-campus room and board for one school year, statewide or national reputation, and job placement rates for certificate and degree graduates. Students may compare all public four-year institutions in the state or select one or more campuses to compare. Texas also hosts a "[College Matcher](#)" that allows users to find programs that meet specific criteria, including minimum and maximum tuition costs.
 - During each student's freshman and senior year of high school, all **Texas** counselors must provide students and their parents with information on the center for financial aid information, www.collegefortexans.com, including its toll-free phone number, Web address, and the various publications available to students and their parents.⁵⁷

- **Develop programs to provide one-on-one guidance and mentoring as students research postsecondary institutions, tuition costs, financial aid opportunities, etc.**
 - The **Oregon ASPIRE** (Access to Student Assistance Programs in Reach of Everyone) program is established to train adult volunteers to provide one-on-one mentoring, resources and encouragement to help students access postsecondary education, learn about the scholarship application process and other ways to pay for postsecondary education, and help high schools build a sustainable community of volunteer mentors. According to the ASPIRE Web site, the program, launched in 1998 and codified in legislation in 2007, is established in 114 high schools and links 1,000 mentors with 6,000 students. The program is for all interested students, not just traditionally underserved students.⁵⁸
 - A private/public partnership, the **Ohio College Access Network (OCAN)** consists of 34 access programs in almost half of the school districts in the state. While most programs provide one-on-one guidance to help students complete financial aid applications, over half of OCAN programs also offer "college resource centers" "in public libraries, malls, religious centers and downtown storefronts" that allow students and their families to research postsecondary options. In some OCAN programs, trained volunteer mentors provide one-on-one academic, emotional and social support to students; some programs offer workshops at various community locations to help families understand financial aid options.⁵⁹
- **Provide school-, community-, college-based and traveling programs offering one-on-one and small group guidance.** As part of the College for Texans Campaign, **Texas** is establishing a network of locally-based centers, called "Go Centers," to provide students and their parents with information about colleges and guidance in selecting a college. "Traditional" Go Centers are primarily based on high school campuses, but also can be found on middle school or postsecondary campuses; "satellite" Go Centers have been created in locations such as public libraries, community centers and local workforce centers. "Collegiate G-Force" chapters, Go Centers located on over 60 postsecondary campuses in the state, also offer outreach to high schools, as well as opportunities for college students to mentor high school students through the college selection process.⁶⁰ In addition, Mobile Go Centers, based out of four Texas colleges and universities, are a fleet of vans equipped with computers with high-speed Internet connections, "designed to bring college-related information, motivation and assistance to students and their families."⁶¹ All Go Centers are staffed by a "Go Center Sponsor," a trained adult whose duties include assisting students as they research postsecondary, career and financial aid options. Every Go Center offers computers with Web access to allow students and parents to browse online resources, as well as university brochures, college catalogs, resources to help guide students in choosing the right college, and information about scholarships and financial aid.⁶²
- **Ensure materials are provided in multiple formats and languages (i.e., Web sites, DVDs, printed materials, etc.).**
- **Evaluate the user-friendliness of state- and institutional-level Web sites.**
- **Launch public awareness campaigns on the essential admissions criteria as well as tuition and other costs at state-level four-year institutions, and on state and federal financial aid criteria.**
- **Simplify state aid criteria to facilitate communication of these criteria to students and parents.** According to researchers, the simplicity of state aid criteria in Florida and Georgia helped counselors and teachers pass this information along to students.
- **Incorporate training about financial aid options in teacher and counselor professional development programs.**
- **Make resources on college options, planning, selection, costs and financial aid available in multiple locations (i.e., community centers, libraries, etc.) rather than only at the high school.**



In spite of the fact that students and parents receive information in grade 8 that indicates tuition costs and acknowledges tuition costs may increase annually, families may be leery of planning for postsecondary education if they don't know how much tuition may increase by the time their child graduates from high school. States may consider implementing measures that

seek to limit tuition increases for specified cohorts of students, and communicating these cost-control measures to the public.

In addition, online tools are valuable only to the degree that (1) they go beyond a traditional public relations program, (2) access to Web sites is ensured and (3) guidance and support are available as students and parents use the sites. An April 2008 evaluation of the Florida Academic Counseling and Tracking for Students (FACTS) by the Florida Legislature's Office of Program Policy Analysis & Government Accountability found that of nearly 140,000 college students in 2006-07, fewer than 15,000 had logged into FACTS and only 936 had used the "local degree program shopping" function. The report's authors suggest that rather than accessing the statewide tool, students were logging onto individual community colleges' Web sites. The authors note, however, that with the policy that all 8th graders use FACTS to develop an Electronic Personal Education Planner as a component of a class required for promotion to grade 9, more students will begin using FACTS.⁶³

Complicated college application and financial aid processes

Research suggests that college application processes and fees (including costs associated with obtaining student transcripts) and financial aid application requirements may impede eligible students from entering college.

Postsecondary application processes

Problem: Applications to four-year institutions can vary considerably in what all students are required to include. Students who lack guidance from counselors, parents or others, or who are juggling work and other responsibilities may feel overwhelmed.

In addition, college applications usually must be submitted with application fees, which may pose a barrier to low-income families. While counselors can provide low-income students with application waivers, students may be unaware of the availability of these waivers.

Lastly, students typically must submit high school transcripts to each postsecondary institution to which the student is applying. The bureaucratic processes for students to request the submission of transcripts can appear to be one more hurdle for students struggling through the college application process, and unquestionably increase the workload of high school counselors, who by many reports appear to be already stretched thin, particularly in the resource-poor high schools many traditionally underserved students attend.

These factors may result in students' decisions to limit the number of four-year institutions to which they apply (potentially resulting in lesser chances of being admitted to any four-year institution), or not to apply to any four-year institution and to enter a community college (or not apply to college at all).

Levers for change:

- **Common statewide application.** The Texas common college application simplifies the application process by allowing students to complete one application that can be submitted to any Texas public university, and to some public and private two-year schools. Instructions on completing the application are printed in both English and Spanish. Common college applications may be submitted by e-mailing an online application, mailing in a form printed from a Web site or mailing in a preprinted form.⁶⁴
- **E-transcripts.** Some 18 states allow or require the use of electronic high school transcripts, often referred to as "e-transcripts" that can facilitate and reduce the cost of submitting transcripts along with college applications. A growing number of states maintain Web sites that allow students or their counselors to submit applications and e-transcripts from a common statewide Web site, rather than through disconnected preprinted forms or university Web sites.⁶⁵ The [Indiana e-Transcript Web page](#) for counselors suggests the benefits to students and all educational institutions are that the program:
 - "Is easy for students to use
 - Provides online ordering convenience
 - Tracks transcripts through e-mail notification
 - Guarantees delivery
 - Reduces unnecessary time and effort for counselors

- o Reduces cost of postage and mailing materials."

The Web page suggests that with an estimated cost of \$6.70 to process each paper-based transcript, and a statewide average of six transcripts requested per student, the cost reduction adds up to more than \$40 per student per school, plus savings of over \$9 per transcript to each postsecondary institution.⁶⁶

Federal financial aid application processes

Problem 1: Families struggle with overly complicated application processes. As noted by Harvard University economists Susan M. Dynarski and Judith E. Scott-Clayton, the typical household's FAFSA application (Free Application for Federal Student Aid) "is longer and more complicated than the federal tax return."

They also note that the application process includes a long period of uncertainty. Families are not immediately informed of the amount of aid they can expect to receive. Instead, the application goes through a Rube Goldbergian process: It is submitted to the U.S. Department of Education. The Department calculates the "expected family contribution," or EFC. A few weeks after the FAFSA is submitted, the Department sends the EFC to families (but families might have already projected — accurately or inaccurately — how much they expected to contribute). The EFC is also sent to postsecondary institutions to which the student has sought admission. Each institution "assigns a package of grants, loans and work-study to each admitted student. In March or April, the colleges mail out letters to students that describe their aid packages." Only months before classes start do families learn how much aid they will receive. The authors argue that the "complexity and uncertainty ... disproportionately burdens those on the margin of college entry," limiting the influence of aid on college decisions.⁶⁷ Citing work by Christopher Avery and Thomas J. Kaine, Dynarski and Scott-Clayton note in a recent study that most Boston high school seniors did not "decide against college," but missed important deadlines or completed paperwork incorrectly. Dynarski and Scott-Clayton add that "backloading" information about the actual price of college increases the likelihood that students will consider college unaffordable, and consequently not even apply for admission, much less apply for financial aid.⁶⁸

In fact, the American Council on Education (ACE) reported in 2006 that between 1999-2000 and 2003-04

the number of low- and moderate-income undergraduates who *did not* file a FAFSA, and therefore may have missed the opportunity to receive federal, state, and institutional aid to help pay for college, rose from 1.7 million to 1.8 million. ... The lowest-income dependent students [dependent students with family incomes below \$20,000 and independent students with incomes below \$10,000] saw no improvement in their aid application rates, and the lowest-income independent students actually became less likely to have applied for aid (28% did not file a FAFSA in 2003-04, versus 24% in 1999-2000). These students would have likely received aid had they filed an application.

According to ACE, 22% of dependent students with family incomes below \$20,000 did not file a FAFSA. An estimated 850,000 students who likely would have been eligible for a Pell grant did not file a FAFSA in 1999-2000; in 2003-04, this increased to 1.5 million likely-eligible grantees who did not submit a FAFSA.⁶⁹

Surprisingly, in a U.S. Department of Education 1995-96 survey of students who did not complete the FAFSA, 28% of lowest-income dependent students and 39% of lowest-income independent students said they didn't apply because they could afford to go to college.⁷⁰

Problem 2: Mistrust, especially among low-income, first-generation and immigrant parents impedes sharing of key information. Additionally, parents of first-generation or low-income students unwittingly can serve as barriers through a refusal to share essential information on financial aid applications. Guidance counselors in the NCES focus groups "gave poignant examples of how many low-income, first-generation and immigrant parents were unwilling to share income tax and Social Security information, essentially preventing their children from applying for and receiving any financial aid and therefore enrolling in college."⁷¹

Levers for change:

- **Simplify the FAFSA application.** Dynarski and Scott-Clayton suggest that most questions on the FAFSA application could be eliminated "while still maintaining a progressive program *and* without spending more on aid than we do now." They note, however, that the FAFSA could be shortened only by "combining Pell grants and the federal education tax credits into a single, streamlined grant program delivered through the tax system." Dynarski and Scott-Clayton propose three alternative methods that would substantially shorten the application. One approach using "income, assets and family structure" would reduce the number of questions by over 80%, change Pell eligibility by less than \$100 for 76% of applicants, and result in increased awards to families with incomes under \$30,000. A second method, "using income and family structure, dropping assets," results in a change in Pell grant award for just one in four applicants, with only 13% undergoing a change of 500% or more. Lower-income families would see an average increase in their Pell awards. A third option, "using income and family structure, dropping all assets and dependent students' earnings," would not change the Pell awards of 72% of applicants, and would result in the greatest award increases for students whose parents earn between \$15,000 and \$40,000 a year. Dynarski and Scott-Clayton add that integrating financial aid eligibility into federal income tax applications not only would save families time but reduce the likelihood of making a mistake on the FAFSA application.⁷² Some other mechanism might be considered as an option for families that don't earn enough to file federal taxes.
- **Provide information promptly about the amount of federal aid to be awarded.** Dynarski and Scott-Clayton suggest that families would obtain information on the aid awards they can expect to receive if Pell grants and existing education tax credits (Hope and Lifetime Learning credits) were combined and embedded into the tax system:

Families would apply for the grant by checking off a box on their income tax form. Families would receive a voucher, in the mail or electronically, to be applied towards the cost of attendance at any eligible higher education institution. Students would notify schools of their grant eligibility as part of the normal application process. Schools would electronically verify students' enrollment status for the Department of Education, as the Department of Education would verify grant eligibility for schools.⁷³

Integrating the federal financial aid and income tax systems also would "[deliver] funds when they are needed" rather than awarding tax credits 16 months after tuition has been paid.⁷⁴

- **Use means other than federal income tax to determine awards for lowest-income families.** David Longanecker, president of the Western Interstate Compact for Higher Education (WICHE), notes that evaluating eligibility for and administering federal financial aid through the income tax system may not benefit the lowest-income families who do not owe federal tax and therefore do not file a federal income tax form. Longanecker proposes that those eligible for any of several other federal assistance programs — Temporary Assistance for Needy Families (TANF), food stamps, and free and reduced lunch — would likely be eligible for the maximum Pell grant. Children in families eligible to receive benefits through these federal programs could automatically receive the maximum Pell grant, while more rigorous assessment of eligibility could be applied to middle- and upper-income families, to ensure that the FAFSA reflects what middle- to higher-SES households are truly able to pay.⁷⁵
- **Launch public awareness campaigns to inform students and families of the need for Social Security and income tax information when completing the FAFSA.** Such campaigns would make patently clear to the public that "nothing bad is going to happen to you" if you provide income tax or Social Security information on a financial aid application.

Some important issues remain, however. Would families be expected to reimburse any funding allocated if their student drops out? Also, how would such a system work for part-time students?



Furthermore, Dynarski and Scott-Clayton acknowledge that by integrating the income tax and Pell/education tax credit systems, about 14% of recipients would lose more than \$250, while 8% would see more than a \$500 decrease in their grant award. They also concede that this unified approach would increase the cost of the program by \$2.8 billion, or 18%.⁷⁶

Lack of assistance to students and their families in completing admissions and financial aid procedures

Problem 1: Underserved students lack support. First-generation college students in particular may feel challenged in their ability to successfully complete these applications, and the parents of these students may feel limited in their ability to help their children. A 2001 NCES study of 1992 high school graduates found that among college-qualified high school graduates, 52% reported receiving help from their school on completing college applications, and 33% said their school helped them prepare their admissions essay — but that students whose parents did not go to college were no more likely to receive help than those whose parents had completed a bachelor's degree or higher.⁷⁷ A 2007 NCES study based on literature reviews and focus groups of low-income and first-generation college students indicated these students needed resources to help them complete college applications, and their parents offered limited help.⁷⁸

Problem 2: Parents of underserved students expect supports schools do not provide. Low-income students might also be caught between their parents' expectations of the type of assistance the school should provide in applying for college and financial aid, and the ability of schools to meet those expectations. The Bridge Project found in its Illinois case study that "85.2 percent of low-income parents held schools primarily responsible for college application preparation compared to 71.4 percent of middle- and 60.5 percent of high-income parents."⁷⁹ [emphasis added] However, many schools — and particularly those serving a concentration of low-income students — are unlikely to have the resources to provide substantial assistance to students in completing college application forms. Meanwhile, these low-income students are most likely to be first-generation college-goers and therefore most in need of help in completing admissions and financial aid procedures.

Problem 3: What supports are provided do not meet underserved students' needs. Although their high schools held small-group FAFSA sessions, fewer than one out of 10 students in the University of Southern California survey of low-income Los Angeles juniors and seniors reported attending such sessions. Those students who did attend

large financial aid events in their area left with many unanswered questions about the FAFSA. Students said their financial situations were too complicated to be handled by the group session presenter at these events. The family income section of the FAFSA was particularly difficult for students with non-traditional families (i.e., a student who lives with a grandparent or sibling, students with divorced or single parents) and required additional assistance to complete. Students who attended the line-by-line workshops said they were not able to complete their FAFSA because they did not know they had to bring the necessary tax information.⁸⁰

Levers for change:

- **Offer personalized guidance to students in completing college admissions and financial aid applications.** According to the Ohio College Access Network (OCAN) Web site, most programs provide one-on-one guidance on how to apply for financial aid. Some programs also make available trained OCAN advisors to shepherd students through the college application process.⁸¹ The aforementioned Texas Go Centers are staffed with adults trained to help students complete college application and financial aid forms. All Go Centers are to be supplied with computers hooked up to the Internet (to complete online admissions and financial aid forms) as well as preprinted FAFSA, Texas Common Application and community college applications.⁸²
- **Simplify state scholarship criteria to make it easier for counselors to help students complete applications.** Research suggests that the simple award criteria in the Florida and Georgia state merit-based scholarship programs make it easier for counselors to help students complete the related financial aid applications.⁸³

"Other" barriers to college entry

While the aforementioned barriers prevent many traditionally underserved students from applying for college admission and/or financial aid, they are by no means the only ones. Policymakers should

consider mitigating or eliminating other economic and policy barriers that thwart successful college entry for underserved and middle-income students alike.

Aspirational, and "Aspirational Plus"

Some traditionally underserved students who might have the capacity to succeed in college may not receive cues from parents, teachers or other adults that they are "college material" and that they should explore postsecondary options. In addition to "Aspirational" programs that may address this need for aspirations-setting, some underserved students may also benefit from "Aspirational Plus" programs that provide clear academic cues and/or financial aid in addition to aspirational supports.

Levers for change:

- **Linking test performance to student advising.** Florida requires all districts to give students the PSAT or PLAN in grade 10. (Parents may exempt their child from participating.) Guidance counselors must use students performance data on PSAT and PLAN to identify students who are prepared to enroll and be successful in Advanced Placement and other advanced courses.⁸⁴
- **Dual enrollment programs tailored to students not planning on going to college.** Maine's Early College for ME program, administered by the Maine Community College System, provides aspirational, guidance and financial supports to students who have the capacity to succeed in college but have no plans to attend college. High school juniors identified by school staff complete a one-page application on which they must indicate if they would be interested in taking a college course their senior year. Staff help students register for college courses their senior year, help students complete the college application and FAFSA, and provide guidance as students enter and progress through college, serving as "students' first 'go-to' person for as long as they remain in" the program. Students receive Maine community college scholarships for up to \$2,000 over two years. The program is currently available in 74 high schools and is hoped to be offered in every high school in the state.⁸⁵
- **Get 'em while they're young.** Some states have developed so-called "early intervention" programs. Such programs invite low- to middle-income students to sign an agreement during the middle grades promising that as long as they maintain a minimum high school GPA, meet high school graduation and college admission requirements, and stay out of trouble with the law, students will be pay no tuition or fees for four years of undergraduate postsecondary education. Such programs include the **Indiana 21st Century Scholars Program**, the **Oklahoma Higher Learning Access Program (OHLAP)** and the **Washington College Bound Scholarship**. The **Wisconsin Covenant** program does not have income eligibility requirements, but does not cover all college tuition costs.

Academic

Students may not have started high school with college aspirations — or might not have realized that one "D" or "F" might negatively impact their ability to get into college. State policies should provide grade forgiveness or credit recovery options for students to clear their academic name, as it were, before applying to college.

Levers for change:

- **Grade forgiveness.** Florida authorizes districts to adopt grade forgiveness policies allowing students to replace a "D" or "F" in a required course with a "C" or higher subsequently earned in the same or comparable course. A "D" or "F" in an elective course also may be replaced with a "C" or higher subsequently earned in another course. In all cases of grade forgiveness, only the new grade may be used in calculating the student's GPA.⁸⁶
- **Credit recovery.** Indiana legislation requires students not making adequate progress towards completing their graduation plan to be informed of credit recovery options.⁸⁷ One of the explicit purposes of the **South Carolina Virtual School** is to offer effective credit recovery alternatives.⁸⁸ Florida requires local boards to establish policies that address credit recovery courses. Courses should be competency based and offered through innovative delivery systems, including computer-assisted instruction. School districts should use learning gains as well as other appropriate data and

provide incentives to identify and reward high-performing teachers who teach credit recovery courses. Districts must also establish policies addressing summer academies offering competency-based credit recovery courses. To support successful implementation at the local level, the state department of education is required to share best practices for providing a complete education program to students enrolled in course recovery and credit recovery programs.⁸⁹ Alabama state board rules clarify that the credit recovery programs local boards choose to offer must target standards in which a student proved deficient rather than all standards of the original course, and that courses may be offered online, through computer software or through teacher-directed instruction.⁹⁰ Louisiana allows students who previously failed a course to take a proficiency exam for that course. If districts choose to develop credit recovery programs, they must be competency-based and self-paced. Credit recovery courses must be aligned with state content standards and grade-level expectations.⁹¹

Financial

State policymakers should be aware of the potential shortcomings of state and federal financial aid policies beyond those raised by a lack of information about financial aid options available to students, complicated federal aid procedures, and a lack of assistance to students and their parents as they seek to complete financial aid applications. Just a sampling of these potential shortcomings are enumerated below.

Inadequacy of Pell and other grants to meet rising college costs. A 2008 report by the Institute for Higher Education Policy notes that Pell grant awards for low-income students left students and their families with substantial remaining costs to cover. While more than half (52%) of all Pell grant recipients had an EFC of zero (demonstrating extreme financial need), the average remaining cost for zero EFC Pell grant awardees approached \$5,000 — greater than the \$4,500 that the average Pell grant recipient's remaining need.⁹² Meanwhile, the College Board's 2007 Trends in Student Aid indicates that between 1996-97 and 2006-07, average increases in grant monies "covered an average of about a third of the increase in private college tuition and fees, and half of the increase in average public four-year college tuition and fees. The average increases in total aid, including both grant aid from all sources and federal loans, covered ... almost all of the increase in tuition and fees (*but none of the additional increase in costs of attendance*) at public four-year institutions." (emphasis added)⁹³

Inadequacy of grants geared to low-income and first-generation college students to cover room and board. Some "free ride" programs such as the University of Oregon's PathwayOregon program and the University of South Carolina's Gamecock Guarantee cover low-income students' tuition and fees for four years, through a combination of federal, state and institutional financial supports. Programs are designed to offer additional supports through orientation, academic advising, etc. However, because such programs appear not to cover the costs of books, room and board, and other additional college expenses, programs are not a free ride and likely will see limited participation among the targeted audience without consideration of these additional expenses. Institutions should consider emulating programs such as the University of Missouri's program for first-generation college students, Flagship Scholars, which covers room and board, books, and other such expenses. (However, only one scholarship is available per county in three counties at this time.)

Increasing borrowing necessary to cover student costs. National and state reports indicate that loans are a growing source for students to cover the costs of postsecondary education. The College Board's 2007 *Trends in Student Aid* report indicates that "Stagnation in family incomes during a period of rapid escalation in college prices has increased reliance on grants and loans to finance higher education." Between 1996-97 and 2006-07, this translated into a 51% increase in undergraduate federal borrowing, a 20% increase in borrowing through state programs, and a 12% increase in private undergraduate loans.⁹⁴ State data paint a similar picture. For example, the Iowa College Student Aid Commission reported in October 2007 that in 2005, loans represented over half — 53.6% — of Iowa students' financial aid, a steady increase since the late 1980s, while scholarships represented just 37.2%.⁹⁵ This increased reliance on borrowing to cover college costs will have significant implications in future years as students struggle to pay off loans while seeking to secure adequate employment, become homeowners, etc.

"Sticker shock" and potential implications for Latino student enrollment. Hispanic-Serving Institutions (HSIs) typically have significantly lower in-state tuition costs than traditional two- and four-year institutions. The Excelencia in Education study on Latinos' decision on which postsecondary institution to attend suggested that many Latino students who chose to attend HSIs made their decision based on

"sticker price," while Latinos who chose to attend traditional postsecondary institutions evaluated costs after financial aid. "These graduates generally chose the institution where they had the lowest college costs after factoring in the total financial aid offered."⁹⁶ When seeking to increase Hispanic postsecondary attendance, both at HSIs and at traditional four- and two-year institutions, decisionmakers should consider policies to keep tuition costs in check and better communicate to Latino families of the actual cost of college after accounting for all available forms of financial aid.

College enrollment is only the beginning

Policies to help students navigate the college admissions and financial aid processes are not the solution to increasing the number of minority and low-income students who *complete* postsecondary degrees. Research and experience suggest that fewer otherwise college-qualified, traditionally underserved students complete a bachelor's degree within six years of postsecondary entry, as opposed to their more-advantaged peers. Furthermore, in *Moving Into Town — and Moving On*, Clifford Adelman notes that just over one out of three (37%) of 1992 high school graduates who started their postsecondary education at a community college and who earned at least 10 credits there had transferred to a four-year college eight years after high school graduation. Of those who transferred, fewer than two out of three (60%) had earned a four-year degree by December 2000.⁹⁷ Recent research indicates that state policy and practice help keep such students in college until they complete a degree. These include efforts to: place focus on the freshman year; monitor student progress and provide supports when needed; ensure special programs for at-risk students incorporate best practices identified in the literature; and use data to identify and address weaknesses in programs and systems.⁹⁸

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Helping State Leaders Shape Education Policy

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S STATE

H HIGHER

E EDUCATION

F FINANCE

EARLY RELEASE FY 2008

SHEEO

State Higher Education Finance Early Release FY 2008

The State Higher Education Finance (SHEF) early release for FY 2008 provides trends on four financial indicators for higher education¹: educational appropriations, net tuition revenue, total education revenue, and full-time equivalent enrollments (FTE).² Its purpose is to help educators and policymakers:

- know if state and local resources for higher education have kept pace with enrollment growth and inflationary cost increases;
- assess trends in the share of educational funding paid by students; and
- compare the funding of each state's higher education system to other states.

The national trends described below reflect the aggregation of data from 50 states. Individual state data can vary significantly from the national average.

Overview of FY 2008 appropriations, enrollments, and tuition revenues

In FY 2008, state and local governments invested \$85 billion in public higher education, about \$3 billion (constant dollars) more than in FY 2007, extending a three year recovery from the 2001 to 2005 recession period for some states, but with marginal to no impact in other states.

FY 2008 state and local support for public colleges and universities slightly outpaced the combined increase in enrollment (2.2 percent) and inflation (2.9 percent) for the third consecutive year. After accounting for enrollment growth and inflation, per student educational appropriations in public colleges and universities grew to \$7,044, an increase of 0.6 percent in constant dollars above the previous year.

Despite three years of growth, appropriations per FTE are still lower in constant dollars compared to a decade ago. While the rate of increase in tuition stabilized over the past two years, tuition continues to account for about 36 percent of total educational revenues in public colleges and universities.

An increase in the share of costs paid by students and families

The responsibility for funding higher education increasingly is being shifted to students. In 1998, total educational revenues (in 2008 adjusted dollars) were approximately \$11,000 per FTE, essentially the same as in 2008. But in 2008 students paid \$656 more than they did in 1998, and state and local appropriations provided \$514 less.

The trend toward students bearing more of the responsibility for funding higher education has persisted for more than 25 years. In the early 1980s, the student share of higher education funding was approximately 24 percent, with the state paying three-fourths. By 1998, the student share rose to 31 percent, and 10 years later in 2008, it has risen to more than 36 percent. While

¹ Appendices A, B, C, and D show important state trends. Additional state detail can be found on the SHEEO web site [<http://www.sheeo.org/finance/shef-home.htm>].

² The complete State Higher Education Finance (SHEF) report for FY 2008 will be published in approximately six weeks. The final report will likely reflect technical adjustments in a few states, but no material differences from the "early release" are anticipated.

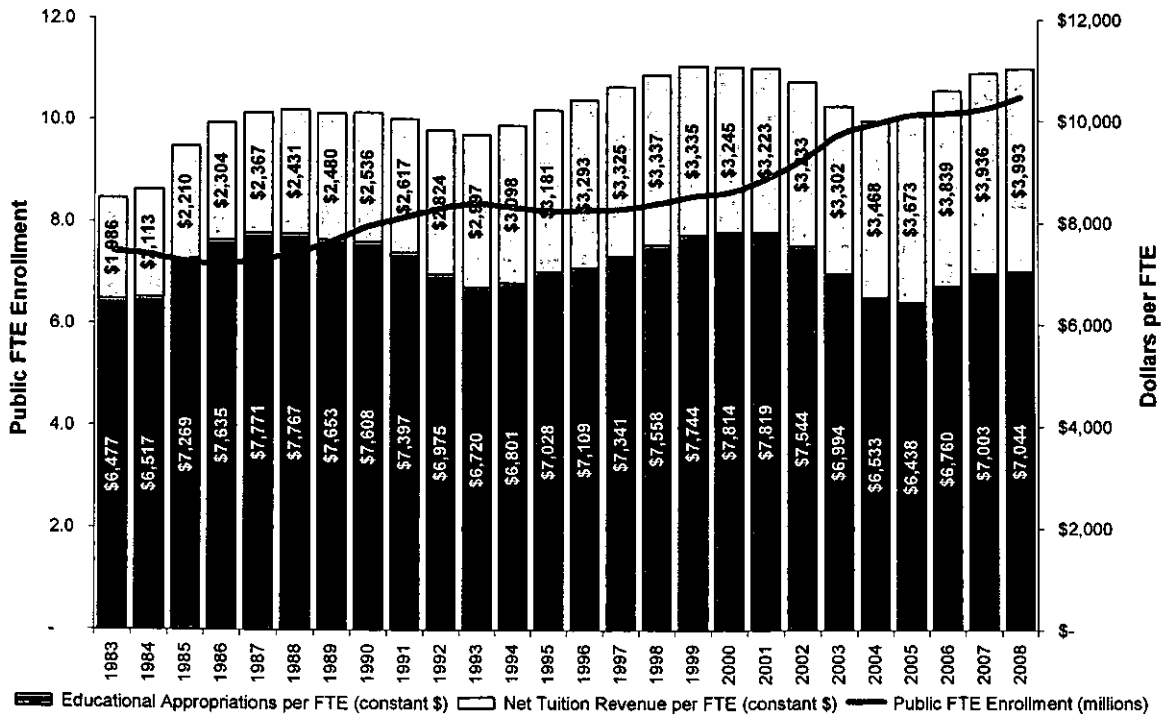
many factors are responsible for price increases in higher education, economic downturns are strongly associated with shrinking state support, accelerated rates of enrollment growth, and higher tuition increases.

Economic recessions intensify a fundamental problem

In 1999, Harold Hovey (a former state budget director in Illinois and Ohio and an expert in public finance) projected that states would increasingly be unable to meet the public demand for higher education in the first decade of the 21st century. He quite accurately projected that enrollment demand would outpace the projected growth of state revenues. In addition, higher education enrollments tend to grow most rapidly in recessions, when state revenues fall or fail to grow. Observing trends in the 1980s and 1990s, Hovey wrote that higher education becomes the “balance wheel” for state finance, declining faster than the rest of the state budget in recessions, and then growing faster when state revenues recover.

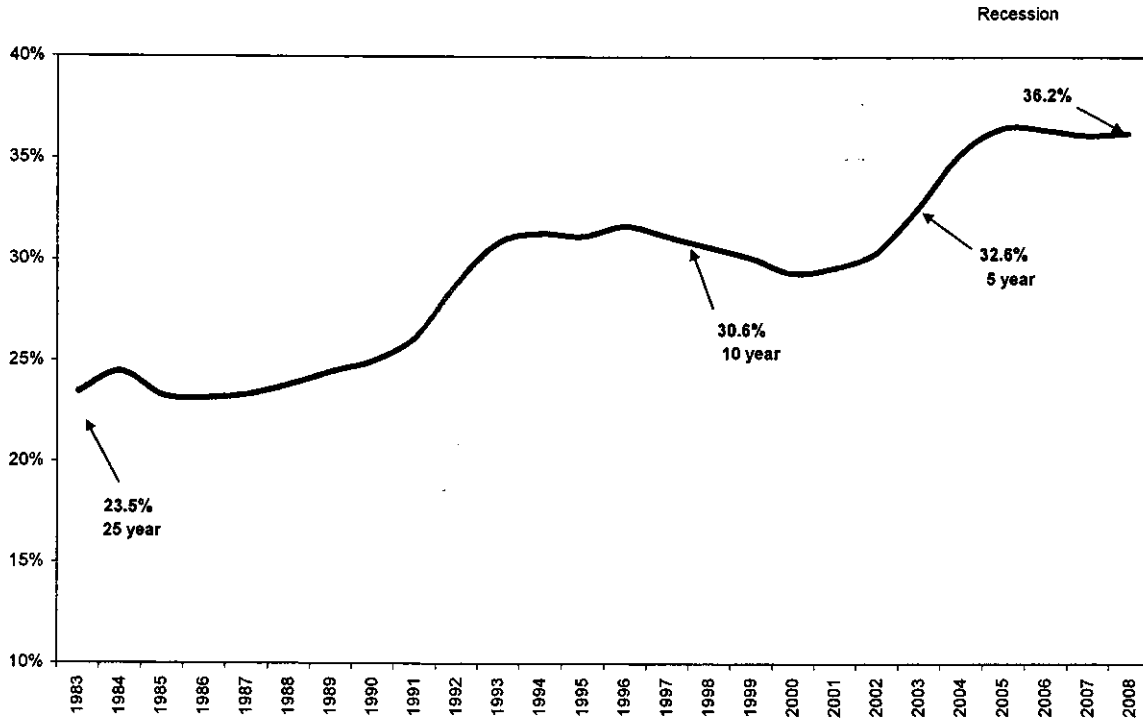
As illustrated in *Figure A*, the recession beginning in 2001 led to a dramatic decrease in state funding per student from FY 2001 to FY 2005 (\$7,819 to a record low \$6,438 per FTE) and an equally dramatic increase in tuition per FTE (\$3,223 to \$3,673). Over this same time period, total education revenue per FTE dropped from \$11,042 to \$10,111 in large part due to the inability of state and local support to keep pace with rapid enrollment increases.

Figure A
Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE, U.S., Fiscal 1983-2008



The partial recovery in state support between FY 2005 and FY 2008 helped return total educational revenues per FTE to \$11,037, roughly the level of funding available ten years ago. But as noted above, students and their families still are carrying more of the load (*Figure B*).

Figure B
Net Tuition as a Percent of Public Higher Education Total Educational Revenues,
U.S., Fiscal 1983-2008



Source: SHEEO SHEF Early Release

A dreary forecast

The State Higher Education Finance report provides the earliest possible review of state and local support, tuition revenue, and enrollment trends for the most recent fiscal year. All the leading indicators, however, indicate that fiscal year 2008 is the last year of a short recovery.

State higher education appropriations for FY 2009 (*Grapevine* www.grapevine.ilstu.edu) grew by only 1 percent nationally. Currently 65 percent of 23 states responding to a recent survey have reported mid-year budget reductions below appropriations reported in the *Grapevine* report, with some reductions as high as 9 percent. When all mid-year reductions are known, FY 2009 appropriations are likely to be lower than FY 2008 appropriations.

Enrollment demand continues. Enrollments grew by 2.2 percent in FY 2008, and 87 percent of 23 states responding to a recent survey have indicated continued growth in FY 2009, ranging from 1.2 percent to 6.5 percent.

While the process of developing FY 2010 budgets is just beginning, the recession that began in the last half of the 2008 calendar year is clearly affecting budgets for the next fiscal year. Early

indications are that state budgets for higher education will be stable at best, with many states projecting significant budget decreases.

Higher education – shared benefits, shared responsibilities

Education beyond high school clearly benefits both the individual and society. The benefits to the student have been used to justify charging tuition. The benefits to society have justified keeping tuition as low as possible. While it is impossible to quantify *exactly* how much students and society benefit from higher education, it is clear that both stand to benefit more than ever before in the knowledge-based economy of the 21st century.

In this context, the volatility of public support for higher education and the growing burden on students and their families are serious concerns. The most important question for higher education finance, however, is not who is paying how much. The most important question is whether we are educating a sufficient number of citizens to be well-prepared for a productive and successful life in the 21st century. Adequate support for a quality education and affordable prices, especially for low and moderate income students, are needed to achieve that goal.

Supporting Documents

Explanation of Key Terms

State and Local Support consists of state tax appropriations and local tax support plus additional non-tax funds (e.g. lottery revenues) and funds appropriated to other state agencies (e.g. fringe benefits), but destined for higher education.

Educational Appropriations is the term used for the state and local funds available for public higher education operating expenses, excluding spending for research, agriculture, and medical education and support to independent institutions and students. Funding for medical education and major non-instructional purposes is excluded to improve the comparability of per student funding among states.

Net Tuition Revenue is the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. It measures the net tuition and fee resources available for instruction at public higher education institutions excluding medical students. "Net tuition revenue" generally reflects the share of total instructional revenues received from students and their families, but it is incomplete as a measure of the "net price" they pay for higher education.³

Total Educational Revenue is the sum of educational appropriations and net tuition revenue. It measures the amount of revenue available to public institutions to support instruction excluding medical students. (Very few public institutions have significant non-restricted revenue from gifts and endowments to support instruction).

Full-Time Equivalent (FTE) Enrollment equates student credit hours to full-time, academic year students, but excludes medical school enrollments. This measures enrollment growth across the states and allows for analysis among states on revenues per FTE.

Adjustments

The State Higher Education Finance (SHEF) report employs three adjustments for purposes of analysis: **Cost of Living Adjustment (COLA)** to account for differences among the states, **Enrollment Mix Index (EMI)** to adjust for the different mix of enrollments and costs among types of institutions across the states, and the **Higher Education Cost Adjustment (HECA)** to adjust for inflation over time. More detailed information about each of these adjustments can be found on the SHEEO website in the FY 2007 publication: [<http://www.sheeo.org/finance/shef-home.htm>].

³ SHEF is not able to provide a measure of "net price," the average total cost of attending a public institution, after deducting assistance from federal, state, and institutional grants. Federal grant assistance (primarily from Pell Grants) is not deducted from gross tuition revenues because non-tuition costs (room and board, transportation, books, and incidentals) typically are \$10,000 or more for students attending a public institution. For students with a very low expected family contribution (most Pell recipients), federal grants plus a substantial contribution from part-time work or loans will be required to pay non-tuition costs. Since 1999 the availability of federal tuition tax credits has helped reduce "net price" for middle and lower-middle income students. While these tax credits have no impact on "net tuition revenues" received by institutions, they do reduce the "net price" paid by students.

Table 1
SHEEO SHEF Early Release 2008
Higher Education Finance Indicators (Constant Dollars)

(Constant Dollars)	1983 (1)	1988 (1)	2003	2007	2008	1 Year Change	5 Year Change	10 Year Change	25 Year Change
[A] State and Local Support for Public Higher Education	\$ 58,548,944,338	\$ 74,989,926,285	\$ 79,249,587,906	\$ 82,453,402,264	\$ 84,980,289,803	3.1%	7.2%	13.3%	45.1%
State	\$ 54,812,859,885	\$ 68,683,065,607	\$ 71,779,165,580	\$ 74,927,761,322	\$ 76,935,902,406	2.7%	7.2%	12.0%	40.4%
Local	\$ 3,736,084,453	\$ 6,306,860,679	\$ 7,470,422,327	\$ 7,525,640,942	\$ 8,044,367,397	6.9%	7.7%	27.5%	115.3%
[B] Research - Agriculture - Medical (RAM)	\$ 10,254,318,618	\$ 11,628,242,924	\$ 11,090,377,729	\$ 10,683,028,383	\$ 11,202,556,778	4.9%	1.0%	-3.7%	9.2%
[C] Educational appropriations [A-B]	\$ 48,294,625,720	\$ 83,381,683,381	\$ 68,159,210,178	\$ 71,770,373,881	\$ 73,777,713,025	2.8%	8.2%	16.4%	52.8%
[D] Net Tuition	\$ 14,809,021,113	\$ 27,977,427,782	\$ 32,175,728,497	\$ 40,342,244,873	\$ 41,828,254,249	3.7%	30.0%	49.5%	182.5%
Total Educational Revenue [C+D]	\$ 63,103,646,833	\$ 91,339,111,144	\$ 100,334,938,674	\$ 112,112,618,754	\$ 115,605,967,275	3.1%	15.2%	26.6%	83.2%
Net Tuition as a % of Total Educational Revenue	23.5%	30.6%	32.1%	36.0%	36.2%	0.2%	4.1%	5.6%	54.2%
Full-Time Equivalent Enrollment (FTE) ⁽¹⁾	\$ 7,456,822	\$ 8,983,738	\$ 9,748,442	\$ 10,248,958	\$ 10,474,404	2.2%	7.5%	24.9%	40.5%
Educational Appropriations Per FTE	\$ 6,477	\$ 7,558	\$ 6,934	\$ 7,003	\$ 7,044	0.6%	8.7%	-9.8%	8.7%
Net Tuition Per FTE	\$ 1,986	\$ 9,657	\$ 3,402	\$ 3,936	\$ 4,938	15.2%	24.0%	49.7%	104.4%
Total Educational Revenue Per FTE	\$ 8,463	\$ 10,895	\$ 10,296	\$ 10,939	\$ 11,037	0.9%	7.2%	1.9%	30.4%
State support for independent and out of state institutions ⁽²⁾		\$ 162,626,656	\$ 2,567,563,226	\$ 2,621,365,713	\$ 2,602,136,125	-0.7%	1.3%		
Operating Grants		\$ 133,626,934	\$ 2,256,329,918	\$ 2,325,617,284	\$ 2,307,611,265	-0.8%	2.3%		
Aid to Students Attending Independent Institutions		\$ 28,999,722	\$ 311,233,308	\$ 295,748,429	\$ 294,524,860	-0.4%	-5.4%		
Aid to Students Attending Out of State Institutions		\$ -	\$ 36,776,663	\$ 39,421,269	\$ 34,799,023				

Notes:

(1) FTE enrollment excludes medical school enrollments.

(2) Data for aid to independent institutions and students attending private institutions not reported in 1983 and may be incomplete in 1998.

Source: SHEEO SHEF Early Release

Table 2
Public Higher Education Full-Time Equivalent (FTE) Enrollment

State	FY1998	FY2007	FY2008	1 Year % Chng	1 Year Rank	10 Year % Change
Alabama	180,335	182,504	186,280	2.1%	25	3.3%
Alaska	16,840	18,656	18,703	0.3%	43	11.1%
Arizona	170,930	221,180	223,852	1.2%	35	31.0%
Arkansas	78,940	103,369	107,428	3.9%	7	36.1%
California	1,346,144	1,686,828	1,731,754	2.7%	18	28.6%
Colorado	137,682	157,382	161,283	2.5%	21	17.1%
Connecticut	55,727	74,951	77,088	2.9%	16	38.3%
Delaware	27,401	31,269	31,619	1.1%	38	15.4%
Florida	403,535	518,086	537,898	3.8%	8	33.3%
Georgia	222,203	297,755	310,759	4.4%	2	39.9%
Hawaii	29,993	35,010	35,469	1.3%	33	18.3%
Idaho	40,937	43,378	43,968	1.4%	31	7.4%
Illinois	341,197	390,359	391,386	0.3%	42	14.7%
Indiana	178,920	223,602	229,345	2.6%	20	28.2%
Iowa	96,706	112,934	115,011	1.8%	28	18.9%
Kansas	100,435	127,245	129,737	2.0%	27	29.2%
Kentucky	113,583	145,605	142,382	-2.2%	50	25.4%
Louisiana	137,610	166,671	165,781	-0.5%	46	20.5%
Maine	26,913	35,514	35,533	0.1%	44	32.0%
Maryland	161,140	197,966	206,162	4.1%	3	27.9%
Massachusetts	114,154	139,688	144,578	3.5%	11	26.7%
Michigan	320,533	384,225	388,725	1.2%	36	21.3%
Minnesota	156,973	191,456	200,160	4.5%	1	27.5%
Mississippi	99,503	115,739	117,556	1.6%	30	18.1%
Missouri	148,155	174,650	179,364	2.7%	17	21.1%
Montana	33,431	35,293	35,556	0.7%	40	6.4%
Nebraska	64,441	73,940	75,451	2.0%	26	17.1%
Nevada	42,013	61,323	63,324	3.3%	13	50.7%
New Hampshire	27,027	32,093	33,416	4.1%	5	23.6%
New Jersey	166,289	229,968	238,040	3.5%	10	43.1%
New Mexico	67,591	83,224	85,203	2.4%	22	26.1%
New York	436,396	508,909	526,538	3.5%	12	20.7%
North Carolina	241,175	344,056	357,601	3.9%	6	48.3%
North Dakota	29,759	35,429	35,767	1.0%	39	20.2%
Ohio	322,011	383,492	391,725	2.1%	24	21.6%
Oklahoma	118,153	132,093	131,191	-0.7%	47	11.0%
Oregon	102,238	124,794	129,309	3.6%	9	26.5%
Pennsylvania	277,287	337,425	339,043	0.5%	41	22.3%
Rhode Island	24,730	28,925	30,120	4.1%	4	21.8%
South Carolina	127,873	146,624	144,696	-1.3%	49	13.2%
South Dakota	20,564	29,231	29,595	1.2%	34	43.9%
Tennessee	158,340	171,845	169,924	-1.1%	48	7.3%
Texas	631,994	794,211	804,918	1.3%	32	27.4%
Utah	84,598	102,372	102,406	0.0%	45	21.1%
Vermont	15,324	19,457	19,968	2.6%	19	30.3%
Virginia	223,817	273,039	281,940	3.3%	14	26.0%
Washington	195,074	214,847	221,264	3.0%	15	13.4%
West Virginia	62,026	72,679	73,525	1.2%	37	18.5%
Wisconsin	184,019	215,098	219,006	1.8%	29	19.0%
Wyoming	21,077	22,569	23,054	2.1%	23	9.4%
US	8,983,736	10,248,958	10,474,401	2.2%		24.9%

Note: Full-time equivalent enrollment equates student credit hours to full time, academic year students, but excludes medical students.

Source: SHEEO SHEF Early Release

Table 3
Public Higher Education Educational Appropriations per FTE
Constant Dollars

State	FY1998	FY2007	FY2008	1 Year % Chng	FY2008 Index to US Average	10 Year % Change
Alabama	\$ 5,860	\$ 7,213	\$ 8,012	11.1%	1.14	36.7%
Alaska	\$ 10,696	\$ 11,931	\$ 12,173	2.0%	1.73	13.8%
Arizona	\$ 7,000	\$ 7,149	\$ 7,543	5.5%	1.07	7.8%
Arkansas	\$ 7,829	\$ 7,503	\$ 7,755	3.4%	1.10	-1.0%
California	\$ 8,171	\$ 7,289	\$ 7,262	-0.4%	1.03	-11.1%
Colorado	\$ 4,932	\$ 3,676	\$ 3,801	3.4%	0.54	-22.9%
Connecticut	\$ 9,436	\$ 8,445	\$ 8,766	3.8%	1.24	-7.1%
Delaware	\$ 6,160	\$ 6,196	\$ 6,130	-1.1%	0.87	-0.5%
Florida	\$ 7,276	\$ 7,159	\$ 6,868	-4.1%	0.98	-5.6%
Georgia	\$ 9,949	\$ 8,974	\$ 8,833	-1.6%	1.25	-11.2%
Hawaii	\$ 8,791	\$ 8,484	\$ 8,890	4.8%	1.26	1.1%
Idaho	\$ 7,722	\$ 8,022	\$ 8,453	5.4%	1.20	9.5%
Illinois	\$ 8,276	\$ 7,128	\$ 7,377	3.5%	1.05	-10.9%
Indiana	\$ 6,294	\$ 4,941	\$ 4,869	-1.5%	0.69	-22.6%
Iowa	\$ 8,434	\$ 5,889	\$ 6,071	3.1%	0.86	-28.0%
Kansas	\$ 6,969	\$ 5,791	\$ 5,796	0.1%	0.82	-16.8%
Kentucky	\$ 8,374	\$ 7,884	\$ 8,431	6.9%	1.20	0.7%
Louisiana	\$ 5,867	\$ 7,271	\$ 8,245	13.4%	1.17	40.5%
Maine	\$ 7,919	\$ 5,957	\$ 6,146	3.2%	0.87	-22.4%
Maryland	\$ 6,797	\$ 7,789	\$ 7,831	0.5%	1.11	15.2%
Massachusetts	\$ 8,534	\$ 7,561	\$ 7,381	-2.4%	1.05	-13.5%
Michigan	\$ 7,292	\$ 5,509	\$ 5,310	-3.6%	0.75	-27.2%
Minnesota	\$ 8,665	\$ 6,045	\$ 6,132	1.4%	0.87	-29.2%
Mississippi	\$ 7,662	\$ 6,411	\$ 7,164	11.7%	1.02	-6.5%
Missouri	\$ 8,386	\$ 6,434	\$ 6,225	-3.3%	0.88	-25.8%
Montana	\$ 4,987	\$ 4,513	\$ 5,042	11.7%	0.72	1.1%
Nebraska	\$ 6,918	\$ 7,539	\$ 7,487	-0.7%	1.06	8.2%
Nevada	\$ 8,595	\$ 8,992	\$ 8,834	-1.8%	1.25	2.8%
New Hampshire	\$ 3,474	\$ 2,763	\$ 2,730	-1.2%	0.39	-21.4%
New Jersey	\$ 9,445	\$ 7,362	\$ 7,170	-2.6%	1.02	-24.1%
New Mexico	\$ 7,904	\$ 8,582	\$ 9,473	10.4%	1.34	19.9%
New York	\$ 6,801	\$ 8,363	\$ 8,328	-0.4%	1.18	22.4%
North Carolina	\$ 10,670	\$ 9,158	\$ 9,469	3.4%	1.34	-11.3%
North Dakota	\$ 6,343	\$ 4,863	\$ 5,533	13.8%	0.79	-12.8%
Ohio	\$ 6,527	\$ 4,602	\$ 4,563	-0.9%	0.65	-30.1%
Oklahoma	\$ 8,195	\$ 7,583	\$ 7,890	4.0%	1.12	-3.7%
Oregon	\$ 6,136	\$ 5,050	\$ 5,311	5.2%	0.75	-13.5%
Pennsylvania	\$ 6,701	\$ 5,379	\$ 5,315	-1.2%	0.75	-20.7%
Rhode Island	\$ 5,805	\$ 5,381	\$ 4,863	-9.6%	0.69	-16.2%
South Carolina	\$ 6,501	\$ 6,698	\$ 7,126	6.4%	1.01	9.6%
South Dakota	\$ 5,989	\$ 4,708	\$ 5,025	6.7%	0.71	-16.1%
Tennessee	\$ 6,622	\$ 7,347	\$ 7,677	4.5%	1.09	15.9%
Texas	\$ 7,752	\$ 8,532	\$ 7,934	-7.0%	1.13	2.3%
Utah	\$ 6,457	\$ 5,942	\$ 6,552	10.3%	0.93	1.5%
Vermont	\$ 2,292	\$ 2,413	\$ 2,143	-11.2%	0.30	-6.5%
Virginia	\$ 6,036	\$ 6,012	\$ 5,759	-4.2%	0.82	-4.6%
Washington	\$ 6,965	\$ 6,931	\$ 7,051	1.7%	1.00	1.2%
West Virginia	\$ 5,012	\$ 5,133	\$ 6,392	24.5%	0.91	27.5%
Wisconsin	\$ 7,806	\$ 6,232	\$ 6,466	3.8%	0.92	-17.2%
Wyoming	\$ 11,506	\$ 15,136	\$ 14,705	-2.8%	2.09	27.8%
US	\$ 7,558	\$ 7,003	\$ 7,044	0.6%		-6.8%

Note: Educational appropriations measure state and local support available for public higher education operating expenses and excludes appropriations for independent institutions, financial aid for students attending independent institutions, and research.

Note: Adjustment factors, to arrive at constant dollar figures, include Cost of Living Adjustment (COLA), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA). The Cost of Living Adjustment (COLA) is not a measure of inflation over time.

Source: SHEEO SHEF Early Release

Table 4
Net Tuition Revenue per FTE
Constant Dollars

State	FY1998	FY2007	FY2008	1 Year % Chng	FY2008 Index to US Average	10 Year % Change
Alabama	\$ 3,830	\$ 5,631	\$ 5,515	-2.1%	1.38	44.0%
Alaska	\$ 3,181	\$ 3,884	\$ 4,103	5.6%	1.03	29.0%
Arizona	\$ 3,089	\$ 4,591	\$ 4,847	5.6%	1.21	56.9%
Arkansas	\$ 3,951	\$ 3,896	\$ 3,922	0.7%	0.98	-0.7%
California	\$ 1,422	\$ 1,483	\$ 1,423	-4.1%	0.36	0.0%
Colorado	\$ 4,218	\$ 4,650	\$ 5,145	10.6%	1.29	22.0%
Connecticut	\$ 4,399	\$ 5,572	\$ 5,697	2.2%	1.43	29.5%
Delaware	\$ 8,047	\$ 9,400	\$ 9,388	-0.1%	2.35	16.7%
Florida	\$ 2,101	\$ 2,313	\$ 2,221	-4.0%	0.56	5.7%
Georgia	\$ 3,036	\$ 2,072	\$ 2,205	6.4%	0.55	-27.4%
Hawaii	\$ 1,853	\$ 2,288	\$ 2,469	7.9%	0.62	33.2%
Idaho	\$ 1,957	\$ 2,421	\$ 2,158	-10.9%	0.54	10.3%
Illinois	\$ 2,084	\$ 2,992	\$ 3,107	3.8%	0.78	49.1%
Indiana	\$ 4,318	\$ 5,536	\$ 5,540	0.1%	1.39	28.3%
Iowa	\$ 4,439	\$ 5,618	\$ 5,661	0.8%	1.42	27.5%
Kansas	\$ 3,074	\$ 3,968	\$ 4,095	3.2%	1.03	33.2%
Kentucky	\$ 3,611	\$ 6,078	\$ 6,749	11.0%	1.69	86.9%
Louisiana	\$ 3,661	\$ 2,884	\$ 2,637	-8.6%	0.66	-28.0%
Maine	\$ 4,882	\$ 5,649	\$ 6,014	6.5%	1.51	23.2%
Maryland	\$ 4,492	\$ 6,488	\$ 6,315	-2.7%	1.58	40.6%
Massachusetts	\$ 3,861	\$ 5,079	\$ 4,923	-3.1%	1.23	27.5%
Michigan	\$ 5,672	\$ 6,831	\$ 7,261	6.3%	1.82	28.0%
Minnesota	\$ 3,350	\$ 4,974	\$ 4,971	-0.1%	1.24	48.4%
Mississippi	\$ 2,766	\$ 3,739	\$ 3,904	4.4%	0.98	41.2%
Missouri	\$ 3,333	\$ 4,022	\$ 4,069	1.2%	1.02	22.1%
Montana	\$ 3,925	\$ 5,069	\$ 4,956	-2.2%	1.24	26.3%
Nebraska	\$ 2,946	\$ 3,406	\$ 3,800	11.6%	0.95	29.0%
Nevada	\$ 2,184	\$ 1,796	\$ 1,916	6.7%	0.48	-12.2%
New Hampshire	\$ 7,178	\$ 6,570	\$ 5,594	-14.9%	1.40	-22.1%
New Jersey	\$ 4,606	\$ 5,886	\$ 6,059	2.9%	1.52	31.5%
New Mexico	\$ 873	\$ 1,276	\$ 1,531	20.0%	0.38	75.3%
New York	\$ 3,367	\$ 3,536	\$ 3,426	-3.1%	0.86	1.8%
North Carolina	\$ 2,422	\$ 2,700	\$ 2,637	-2.3%	0.66	8.9%
North Dakota	\$ 2,949	\$ 4,048	\$ 4,231	4.5%	1.06	43.5%
Ohio	\$ 4,763	\$ 5,461	\$ 5,355	-1.9%	1.34	12.4%
Oklahoma	\$ 1,504	\$ 3,426	\$ 3,634	6.1%	0.91	141.6%
Oregon	\$ 3,494	\$ 4,748	\$ 4,691	-1.2%	1.17	34.3%
Pennsylvania	\$ 6,356	\$ 6,770	\$ 7,068	4.4%	1.77	11.2%
Rhode Island	\$ 4,996	\$ 6,547	\$ 6,911	5.6%	1.73	38.3%
South Carolina	\$ 4,963	\$ 5,939	\$ 6,086	2.5%	1.52	22.6%
South Dakota	\$ 4,742	\$ 5,414	\$ 5,648	4.3%	1.41	19.1%
Tennessee	\$ 3,250	\$ 3,707	\$ 3,841	3.6%	0.96	18.2%
Texas	\$ 3,427	\$ 4,164	\$ 4,332	4.0%	1.08	26.4%
Utah	\$ 2,406	\$ 3,073	\$ 2,945	-4.2%	0.74	22.4%
Vermont	\$ 9,435	\$ 8,972	\$ 9,349	4.2%	2.34	-0.9%
Virginia	\$ 4,184	\$ 4,941	\$ 5,206	5.4%	1.30	24.4%
Washington	\$ 2,424	\$ 2,268	\$ 2,434	7.3%	0.61	0.4%
West Virginia	\$ 3,993	\$ 4,801	\$ 4,949	3.1%	1.24	24.0%
Wisconsin	\$ 3,400	\$ 3,932	\$ 3,863	-1.8%	0.97	13.6%
Wyoming	\$ 2,941	\$ 2,250	\$ 2,200	-2.2%	0.55	-25.2%
US	\$ 3,337	\$ 3,936	\$ 3,993	1.5%		19.7%

Note: Net Tuition Revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees.

Note: Adjustment factors, to arrive at constant dollar figures, include Cost of Living Adjustment (COLA), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA). The Cost of Living Adjustment (COLA) is not a measure of inflation over time.

Source: SHEEO SHEF Early Release

Table 5
Total Educational Revenue per FTE
Constant Dollars

State	FY1998	FY2007	FY2008	1 Year % Chng	FY2008 Index to US Average	10 Year % Change
Alabama	\$ 9,690	\$ 12,844	\$ 13,527	5.3%	1.23	39.6%
Alaska	\$ 13,877	\$ 15,815	\$ 16,276	2.9%	1.47	17.3%
Arizona	\$ 10,088	\$ 11,740	\$ 12,391	5.5%	1.12	22.8%
Arkansas	\$ 11,781	\$ 11,399	\$ 11,677	2.4%	1.06	-0.9%
California	\$ 9,593	\$ 8,772	\$ 8,684	-1.0%	0.79	-9.5%
Colorado	\$ 9,150	\$ 8,326	\$ 8,946	7.4%	0.81	-2.2%
Connecticut	\$ 13,835	\$ 14,016	\$ 14,463	3.2%	1.31	4.5%
Delaware	\$ 14,207	\$ 15,596	\$ 15,518	-0.5%	1.41	9.2%
Florida	\$ 9,377	\$ 9,472	\$ 9,089	-4.0%	0.82	-3.1%
Georgia	\$ 12,985	\$ 11,046	\$ 11,037	-0.1%	1.00	-15.0%
Hawaii	\$ 10,644	\$ 10,772	\$ 11,359	5.5%	1.03	6.7%
Idaho	\$ 9,680	\$ 10,443	\$ 10,611	1.6%	0.96	9.6%
Illinois	\$ 10,360	\$ 10,120	\$ 10,484	3.6%	0.95	1.2%
Indiana	\$ 10,612	\$ 10,477	\$ 10,409	-0.7%	0.94	-1.9%
Iowa	\$ 12,873	\$ 11,508	\$ 11,732	1.9%	1.06	-8.9%
Kansas	\$ 10,042	\$ 9,759	\$ 9,891	1.3%	0.90	-1.5%
Kentucky	\$ 11,984	\$ 13,962	\$ 15,180	8.7%	1.38	26.7%
Louisiana	\$ 9,528	\$ 10,155	\$ 10,882	7.2%	0.99	14.2%
Maine	\$ 12,800	\$ 11,606	\$ 12,160	4.8%	1.10	-5.0%
Maryland	\$ 11,289	\$ 14,277	\$ 14,146	-0.9%	1.28	25.3%
Massachusetts	\$ 12,395	\$ 12,640	\$ 12,304	-2.7%	1.11	-0.7%
Michigan	\$ 12,965	\$ 12,340	\$ 12,570	1.9%	1.14	-3.0%
Minnesota	\$ 12,015	\$ 11,020	\$ 11,103	0.8%	1.01	-7.6%
Mississippi	\$ 10,428	\$ 10,150	\$ 11,068	9.0%	1.00	6.1%
Missouri	\$ 11,719	\$ 10,456	\$ 10,294	-1.6%	0.93	-12.2%
Montana	\$ 8,911	\$ 9,582	\$ 9,998	4.3%	0.91	12.2%
Nebraska	\$ 9,864	\$ 10,944	\$ 11,287	3.1%	1.02	14.4%
Nevada	\$ 10,778	\$ 10,787	\$ 10,750	-0.3%	0.97	-0.3%
New Hampshire	\$ 10,652	\$ 9,333	\$ 8,324	-10.8%	0.75	-21.9%
New Jersey	\$ 14,052	\$ 13,247	\$ 13,229	-0.1%	1.20	-5.9%
New Mexico	\$ 8,777	\$ 9,858	\$ 11,004	11.6%	1.00	25.4%
New York	\$ 10,168	\$ 11,899	\$ 11,754	-1.2%	1.07	15.6%
North Carolina	\$ 13,093	\$ 11,858	\$ 12,106	2.1%	1.10	-7.5%
North Dakota	\$ 9,292	\$ 8,911	\$ 9,764	9.6%	0.88	5.1%
Ohio	\$ 11,289	\$ 10,063	\$ 9,918	-1.4%	0.90	-12.1%
Oklahoma	\$ 9,700	\$ 11,009	\$ 11,523	4.7%	1.04	18.8%
Oregon	\$ 9,630	\$ 9,799	\$ 10,002	2.1%	0.91	3.9%
Pennsylvania	\$ 13,058	\$ 12,148	\$ 12,383	1.9%	1.12	-5.2%
Rhode Island	\$ 10,801	\$ 11,928	\$ 11,774	-1.3%	1.07	9.0%
South Carolina	\$ 11,464	\$ 12,638	\$ 13,212	4.5%	1.20	15.2%
South Dakota	\$ 10,731	\$ 10,122	\$ 10,673	5.4%	0.97	-0.5%
Tennessee	\$ 9,871	\$ 11,054	\$ 11,518	4.2%	1.04	16.7%
Texas	\$ 11,179	\$ 12,696	\$ 12,266	-3.4%	1.11	9.7%
Utah	\$ 8,863	\$ 9,015	\$ 9,497	5.3%	0.86	7.2%
Vermont	\$ 11,727	\$ 11,385	\$ 11,492	0.9%	1.04	-2.0%
Virginia	\$ 10,220	\$ 10,953	\$ 10,966	0.1%	0.99	7.3%
Washington	\$ 9,388	\$ 9,200	\$ 9,485	3.1%	0.86	1.0%
West Virginia	\$ 9,005	\$ 9,934	\$ 11,341	14.2%	1.03	25.9%
Wisconsin	\$ 11,206	\$ 10,164	\$ 10,329	1.6%	0.94	-7.8%
Wyoming	\$ 14,447	\$ 17,386	\$ 16,904	-2.8%	1.53	17.0%
US	\$ 10,895	\$ 10,939	\$ 11,037	0.9%		4.3%

Note: Total Educational Revenue is the sum of educational appropriations and net tuition.

Note: Adjustment factors, to arrive at constant dollar figures, include Cost of Living Adjustment (COLA), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA). The Cost of Living Adjustment (COLA) is not a measure of inflation over time.

Source: SHEEO SHEF Early Release

Table 6
SHEEO SHEF Early Release 2008
Higher Education Finance Indicators (Current Dollars)

<i>(Current Dollars)</i>	1993 (1)	1998 (1)	2003	2007	2008	1 Year Change
[A] State and Local Support for Public Higher Education	\$ 24,403,200,000	\$ 53,902,759,014	\$ 67,615,748,402	\$ 80,128,216,320	\$ 84,980,269,803	6.1%
State	\$ 22,846,000,000	\$ 49,369,387,558	\$ 61,241,984,073	\$ 72,814,798,453	\$ 76,935,902,406	
Local	\$ 1,557,200,000	\$ 4,533,371,456	\$ 6,373,764,329	\$ 7,313,417,867	\$ 8,044,367,397	10.0%
[B] Research - Agriculture - Medical (RAM)	\$ 4,274,000,000	\$ 8,358,381,014	\$ 9,462,310,278	\$ 10,381,766,982	\$ 11,202,566,778	7.9%
[C] Educational appropriations [A-B]	\$ 20,129,200,000	\$ 45,544,378,000	\$ 58,153,438,124	\$ 69,746,449,338	\$ 73,777,713,025	5.8%
[D] Net Tuition	\$ 6,172,400,000	\$ 20,110,175,090	\$ 27,452,331,553	\$ 39,204,593,567	\$ 41,828,254,249	6.7%
Total Educational Revenue [C+D]	\$ 26,301,600,000	\$ 65,654,553,090	\$ 85,605,769,677	\$ 108,951,042,905	\$ 115,605,967,275	6.1%
Net Tuition as a % of Total Educational Revenue	23.5%	30.6%	32.1%	36.0%	36.2%	0.2%
Full Time Equivalent Enrollment (FTE)⁽¹⁾	7,456,322	8,883,733	9,774,481	10,248,958	10,474,401	2.2%
Educational Appropriations Per FTE	\$ 2,700	\$ 5,482	\$ 5,950	\$ 6,805	\$ 7,044	0.5%
Net Tuition Per FTE	\$ 823	\$ 2,309	\$ 2,809	\$ 3,825	\$ 3,993	4.4%
Total Educational Revenue Per FTE	\$ 3,527	\$ 7,891	\$ 8,758	\$ 10,630	\$ 11,037	3.6%
State support for independent and out of state institutions⁽²⁾		\$ 116,896,040	\$ 2,190,644,944	\$ 2,547,443,200	\$ 2,602,136,125	2.1%
Operating Grants		\$ 20,845,000	\$ 265,544,258	\$ 287,408,323	\$ 294,524,860	2.5%
Aid to Students Attending Independent Institutions		\$ 96,051,040	\$ 1,925,100,686	\$ 2,260,034,877	\$ 2,307,611,265	2.1%
Aid to Students Attending Out of State Institutions			\$ 31,377,849	\$ 38,309,589	\$ 34,799,023	

Notes:

(1) FTE enrollment excludes medical school enrollments.

(2) Data for aid to independent institutions and students attending private institutions not reported in 1983 and may be incomplete in 1998.

Source: SHEEO SHEF Early Release



BLUE RIBBON COMMISSION ON HIGHER EDUCATION



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A Policy Brief

June 2008

Sticker Shock: What's Driving the Price of Higher Education?

The Big Picture

More students are enrolling in higher education institutions than ever before; college enrollments have increased by close to 20 percent during the last 10 years. Public institutions, whether they are small, two-year community colleges or massive, four-year research institutions, enroll the vast majority of college students—more than 13 million of approximately 17 million total college students in 2006. Rapidly increasing enrollments in public institutions by low-income, minority, adult and other traditionally underserved populations are placing new demands on higher education institutions that must be addressed to meet 21st century workforce needs.

Accompanying the rising enrollment is the increasing price tag for attending college. Between 1987 and 2007, tuition and fees increased by 316 percent, while overall inflation rose by only 83 percent. It is encouraging that student enrollments in higher education have risen dramatically during this period of increasing prices. However, faced with the prospect of significant student loan debt, many future students may be shut out of higher education due to the continuing rise in tuition and fees. The rising price of a degree is the most pressing issue in regard to higher education for many Americans. Forty-two percent of Americans believe that controlling college costs is “extremely important” for the next president to address, according to a recent The Chronicle/Gallup Panel survey.

This brief examines the “sticker” price of higher education—tuition and fees—and some major factors that are driving the price increases. Price refers to what the student pays in tuition to obtain a postsecondary degree and does not refer to the full cost of providing services at an institution of higher education. Furthermore, sticker price does not include additional student costs such as room and board, supplies, texts and transportation.

What Factors Drive College Prices?

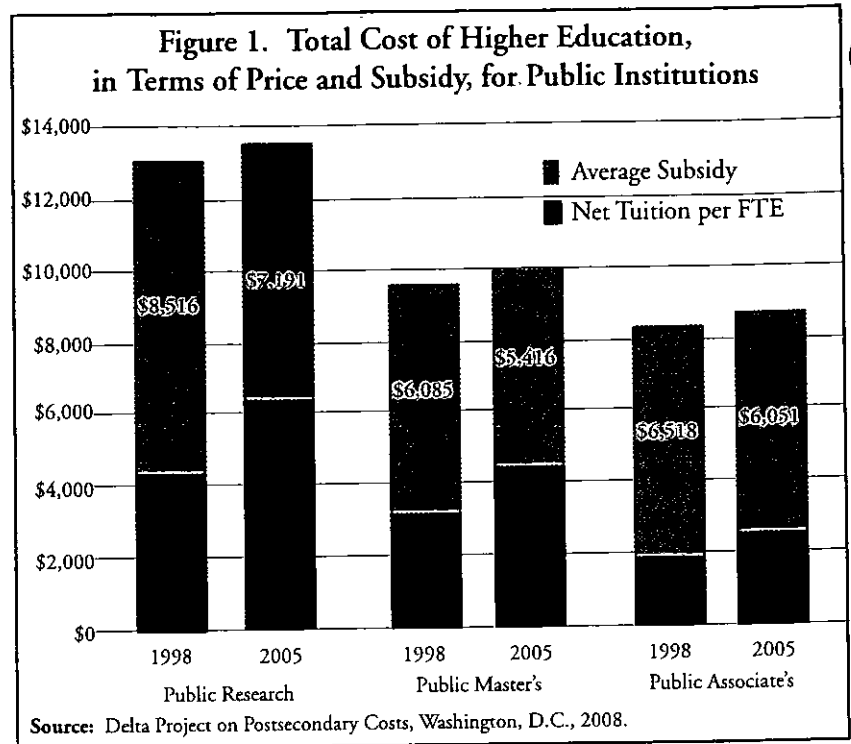
State Subsidies

Variability in state subsidies for higher education is a significant factor in public institution tuition increases. The difference between the full cost (the amount necessary to educate a student) and the amount covered by tuition revenues (price) is a general subsidy from the state. Historically, revenues from tuition have covered only a portion of the amount institutions spend to educate students. The balance of responsibility for paying for higher education has shifted recently, however. A higher proportion is paid by students relative to those paid by state and local appropriations.

One common argument is that student costs—in the form of tuition and fees—are rising primarily due to the steadily increasing cost of providing education. A closer look at actual higher education costs in relation to student costs and state subsidies, however, tells a different story. The Delta Cost Project in Washington,

D.C., has examined the relationship between full cost, price and state subsidy to help explain the balance of funding responsibilities between tuition and state and local appropriations. Figure 1 displays the average change in cost, price and subsidy for various public institutions between 1998 and 2005. The amounts are national averages; differences exist among the states in these amounts, particularly in subsidies.

According to Figure 1, the average cost to educate a student across the three types of public institutions has increased a little more than 3 percent in 2005 dollars during this time. Although this does not represent a dramatic increase, the rise in the amount of the cost covered by the student during this time is fairly substantial. Public research institutions provide an example. While costs rose a modest 3 percent between 1998 and 2005, the *student* share of that cost rose 12 percent—from 35 percent to 47 percent. What accounts for this large increase? The answer is a 12 percent average decrease in state subsidies for public research institutions, from 65 percent (\$8,516) in 1998 to 53 percent (\$7,191) in 2005. Similar shifts in the student cost burden also occur in other public institutions. In master's institutions, the student share rose 9 percent, and in public associate's institutions, it rose by 7 percent.



The shift toward having students cover more of the cost of higher education results in continually rising tuition and fees at public institutions. During the last 10 years, tuition and fees have risen by an average of 54 percent at public four-year institutions and by a more reasonable 16.5 percent at public associate's institutions in inflation-adjusted dollars, according to the College Board's *Trends in College Pricing*. As a result of these increases, it is more difficult for low- and middle-income families to pay for college. These students are therefore either avoiding college or are graduating with substantial debt from student loans, often from high-priced and less-regulated private lenders. According to a National Consumer Law Center report, these lenders account for close to \$1 in every \$4 of student lending and almost always are more expensive than federal loans. This puts further financial burden on those who can least afford it.

Cost of Competition

Institutional competition for both students and faculty is another contributing factor to the increasing price of higher education. Partially driven by national ranking systems and a burgeoning demand for college degrees—especially from more reputable institutions—the competitive nature of the higher education market has significantly amplified. A highly competitive market compels colleges to raise quality and expenses by improving their facilities and recruiting top faculty members. It also leads to higher tuition, however. Although this is especially true for private schools, it also significantly affects public institutions. One study shows that 15 percent of the real-term tuition increases at public institutions since 1950 can be attributed to this enhanced competition.

Employee Benefits

Another contributing factor to the rise in tuition is the growing cost of employee benefits. Although this cost is not unique to higher education, it nonetheless affects direct student costs. Combined with the instability in state funding, growing employee benefit costs are passed on to students in the form of higher tuition. Health care is particularly expensive and will continue to rise, especially as the workforce ages.

How Can Legislators Address Student Costs?

Examine Instability in State Funding

Unstable state funding plays a significant role in the constant increase in tuition. Considering if and how higher education subsidies can be stabilized for the future can help lower and stabilize the rate of tuition increases.

Legislators are well aware that stabilizing state funding is extremely difficult. Funding for higher education typically follows a cyclical pattern. Higher education subsidies increase considerably when state budgets are flush; conversely, as state budgets face shortfalls, funding for higher education faces significant cuts. This occurs primarily because higher education has a built-in secondary funding source—tuition and fees. When state budgets are lean, the state can use this secondary source to free funds for other critical programs or can provide extra funding that may freeze tuition increases during economic booms. This funding process, however, does not support a long-term strategy to increase access, improve quality and address overall costs.

Reaching some level of funding stability and creating incentives for higher education funding are two ways legislators can help reduce the rate of tuition increases. Shifting from a funding formula based solely on student enrollments to one based on desired outcomes—such as degree completion—is among the strategies to consider. Another is to use formal productivity reviews to identify underutilized programs and reallocate public funds to meet academic and state priorities. These approaches can shift the focus from revenues and inputs to costs and quality and, in turn, make operations more efficient. Containing spending while maintaining the student share of full costs through stabilized subsidies therefore can help address costs to students.

Reassess Tuition and Financial Aid Policies

Tuition levels and student behavior are directly connected. High tuition acts as a strong disincentive for students to either choose to enroll in higher education or complete a degree program. Instituting both flexibility and incentives can ease the financial impact of tuition prices, especially for low- and middle-income families. Some options include linking tuition increases to increases in family income, providing rebates for students who take less time to graduate, and lowering tuition at four-year colleges for students who previously earn an associate's degree. Reassessing tuition policy, along with establishing a level of stability in state subsidies, can, in turn, make tuition adaptable and responsive to state economic conditions.

Changes to tuition policy also should correspond to changes in state financial aid policy. Closely linking these policies can greatly improve access to higher education, enhance productivity, and address overall costs. Establishing an appropriate balance between need-based and merit-based financial aid may help reduce overall student borrowing and decrease debt levels. Rewarding students who efficiently obtain their degrees and targeting adult and part-time students also can improve student access and success to help meet state workforce needs.

Hold Institutions Accountable for Spending

A recent survey of public institutions from the American Association of State Colleges and Universities and SunGard Higher Education shows that, although the issue of cost containment is a high priority among the institutions surveyed, evidence suggests that efforts are lacking to document and account for costs. This can be changed, however. Legislators can hold institutions accountable for their performance and results. Investing in data systems that provide timely and reliable information on spending facilitates the ability to link funding to performance and outcomes. Institutions then can be held accountable for meeting designated expectations and state goals through regular reporting to the legislature. This will provide legislators with the information they require to appropriate funds accordingly. Reining in unnecessary costs and improving efficiency and productivity then can help stabilize tuition to reduce the student cost of obtaining a degree.

For More Information

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Top 10 State Policy Issues for Higher Education in 2009

by
AASCU State Relations
and Policy Analysis Research Team

Introduction

Presented here are the top 10 issues most likely to affect public higher education across the 50 states in 2009, in the view of the state policy analysis and research staff at AASCU. While numerous topics shape state higher education policy, each affecting the issues of affordability and quality, our focus is on the overarching issue of college access. This synopsis is informed by a scan of state policy activities of the past year, an analysis of trends, and consideration of events that will likely shape the policy landscape. Some issues are perennial in nature, while others reflect attention to near-term circumstances (i.e., current economic turmoil) as well as recent federal and state policy actions. The influence of any given issue will, of course, vary across individual states.

#1—States' Fiscal Crises

The economic storm clouds that were gathering on the horizon early in 2008 have opened up over the past year, unleashing a torrent of negative economic data resulting in declining revenue in most states. The nation as a whole has been in a recession since December 2007, but for many states, the downturn began well before then. States are in the process

of closing \$30 billion in current year (fiscal 2009) budget shortfalls and face nearly an additional \$200 billion in budget gaps over the next 18 to 24 months, according to the National Governors Association (NGA). States as small as Rhode Island and as large as California are being battered by large revenue shortfalls. The Wall Street meltdown, declining real estate values, decreasing consumer spending, and increasing unemployment are among the factors hastening already existing state structural deficits. The NGA predicts that states will reduce spending in the current fiscal year budget cycle for the first time in a quarter century. It is from this stark reality that most state higher education policy action in 2009 will follow.

The end result has been—and may well continue to be—reduced state appropriations for public postsecondary education as state lawmakers stitch together budgets for the 2010 fiscal year, which begins on July 1 for all but four states. This comes at a time when public higher education institutions and systems are still trying to make up ground in state appropriations that had been lost during the economic downturn earlier this decade. While perhaps no state agency will be spared from

pared-back state spending plans in the year ahead, past history suggests that higher education could well receive a disproportionate share in the fiscal bloodletting. The cascading effect of the states' financial crises will impact many crucial state policies and programs, including state student grant programs, tuition prices and student enrollment.

#2—Tuition Prices and Tuition Policy

In the wake of reduced state funding for higher education (or in a few cases, modest increases), increases in tuition prices at public colleges and universities are sure to follow. Institutions of higher education are going to great lengths to cut costs, but such efforts will likely not negate the need for colleges to hike tuition rates—sometimes dramatically—to offset reduced state support. Fall 2009 increases may, in many instances, be considerably higher than the national average increase of 6.4 percent witnessed at public four-year institutions in fall 2008, especially for those colleges facing the double blow of reduced state support paired with increases in student enrollment. In reaction to mid- (fiscal) year state budget cuts, and in anticipation of further erosion in state funding in fiscal year 2010, some institutions have taken the rare action of increasing tuition mid-year.

Significant increases in tuition prices—especially those taking place at public colleges and universities—will likely stoke debate over tuition policy, who controls it, and to what extent it should be regulated. Despite tuition increases largely provoked by insufficient, if not declining, state appropriations for higher education, many state lawmakers and other governing bodies with tuition setting authority may tussle over the parameters of these increases. Calls will be made to legislatively restrict increases, and efforts will be made to incentivize, or punish, institutions and systems to keep increases in check. Conversely, scenarios may arise in which appeals are made to loosen restrictions over tuition increases in order to meet demands for rising enrollments and to maintain the quality of undergraduate instruction. Florida serves as a case in point, with Governor Charlie Crist

recently bowing to longstanding calls for that state's public postsecondary institutions to raise what are some of the lowest tuition rates in the nation to considerably higher levels to meet enrollment and quality demands. Likewise, New York Governor David Patterson recently proposed allowing the SUNY and CUNY systems to raise tuition for just the second time in 13 years to offset a proposed \$348 million reduction in state funding for the two systems.

#3—State Student Grant Aid Programs

State grant aid to college students can be based on merit, financial need, or both. Over time, states have shifted from awarding predominantly need-based financial aid to a mix of merit- and need-based aid programs. In 2006-07, according to the College Board's Trends in Student Aid, the amount of state grant aid not based on financial need was 28 percent, up from 17 percent nine years earlier. Facing large budget deficits, state-funded student grant programs may well be a target for overhaul, such as implementing tighter restrictions on eligibility, as was the recent case in New Jersey for that state's popular STARS and STARS II scholarship programs. Ensuring fiscal integrity of these programs and striking a balance between financial need-based and merit-based qualifications will be a focus of state policy action in 2009. The federal government's Pell Grant program, the bellwether of all financial aid programs, has seen a huge increase in the number of applications in light of the economic downturn. Likewise, the pressure will be on at the state level to maintain, if not bolster, need-based aid.

#4—Enrollment Capacity

Although the bubble in the Baby Boom echo has popped—with the largest high school graduating class having taken place in 2008—any leveling off of enrollments at many of the nation's colleges and universities may be postponed due to burgeoning demand that is often witnessed during a recessionary period. Traditional-aged undergraduates may find themselves not only competing for seats in classrooms at their state universities and community colleges, but also with

unemployed and under-employed adults who are returning to campus to upgrade their skill sets. As with tuition policy, the struggle over balancing enrollment levels with both fiscal and physical (instructional and laboratory) capacity may be contested at various levels of governing authority within states.

States in the West and Southwest, such as Arizona, California, Nevada, Texas and Utah, exemplify the enrollment capacity dilemma. Enrollment pressures will likely vary according to the relative affordability of each sector of postsecondary education, with the squeeze particularly burdensome at public two-year institutions. The California State University System recently announced the unprecedented move to reduce enrollment by 10,000 students across its 23-campus system for the fall 2009 term in order to address midyear budget cuts—and more cuts that are likely on the way—that stem from plummeting state revenues. At the state's 109-institution community college system, suggestions have been made that upwards of a quarter million students may be turned away, not through formal enrollment policy, but rather as a result of sheer capacity limits. The availability of seats in classrooms, as well as course sections, will be at a premium; developing policies that balance enrollment demand and workforce needs with the requisite infrastructure and funding will be high on the higher education agenda in many states.

#5—Implementation of Higher Education Opportunity Act

Increased transparency and accountability were key themes of the long-awaited reauthorization of the Higher Education Opportunity Act (HEOA) in 2008. A significant number of reporting requirements for colleges, textbook publishers, lenders, the U.S. Department of Education and other higher education-related entities aim to better inform consumers, making students and families a clear winner in the HEOA.

The sweeping legislation also intends to foster greater accountability on states' part in financing their share of public postsecondary education

by imposing a Maintenance of Effort (MOE) requirement. Under this provision, states must now appropriate operating funds for their public colleges and universities, and for financial aid programs provided to private institutions in the state, at an amount equal to or greater than the average during the prior five years. There are limited waiver provisions for "exceptional or uncontrollable circumstances," and many state leaders are insisting that the current recession is reason enough for a temporary release from the spending requirement. The National Governors Association has requested the U.S. Department of Education to waive this requirement for the next budget cycle due to the current recessionary impact on states. The Department has yet to weigh in on states' obligations for the next budget-setting cycle. The penalty for noncompliance is the Department of Education's withholding of College Access Challenge Grants, a state-matching grant program aimed at boosting access to underrepresented populations. While these grants were first funded in FY 2008 and average only about \$1,158,000 per state, the intent of the provision is to emphasize that states must not neglect their responsibility to higher education. This MOE provision and several other rules within the reauthorized HEOA will likely play a role in higher education state policy in the months ahead.

#6—The Incoming Obama Administration

Considerable potential exists for the actions of President-elect Barack Obama to impact state higher education policy decisions in 2009, both through enactment of his various campaign policy proposals and through inclusion of higher education as part of the administration's economic recovery strategy. A refundable tax credit up to \$4,000 for students in exchange for their contribution of 100 hours of community service, streamlining the federal student grant aid application process, boosting the maximum Pell Grant award, and a matching grant program for states to raise awareness of federal and state financial aid programs are among the proposals Obama offered during his campaign. On a more immediate basis, calls have been made to

include higher education in what is anticipated to be a federal economic stimulus package in the range of \$750 to \$850 billion, either through a one-time injection in federal student aid to boost enrollment, or through capital outlay dollars that will expand instructional and research capabilities at the nation's colleges and universities.

It is hoped that state leaders will complement any policies and spending programs that are championed by the Obama administration so to maximize the potential for increasing postsecondary access and exploit the full economic energy produced through the workforce development, applied research, and regional outreach activities performed by the nation's colleges and universities. Conversely, it is critical that states do not use any positive investment in higher education made at the federal level to supplant, rather than augment, the workforce development and economic development capabilities of the nation's public postsecondary institutions.

#7—College Readiness

Though less time-sensitive, the need to increase the number of high school graduates who are prepared for college will continue to be a critical issue over the next year. More than a quarter of entering college freshmen take at least one remedial course in college, and this proportion is even higher at less selective four-year institutions and at community colleges. Students who are underprepared for college have a harder time completing their educational goals, and both public and private costs of degree attainment are greater. Many underprepared students do not even enroll in college, and a sizable number simply drop out of high school. If the U.S. is to remain competitive in the global economy, more must be done to strengthen the educational pipeline in order to dramatically increase the number of two- and four-year college degrees produced each year.

State and national policymakers have implemented a variety of approaches over the past 25 years to increase the college readiness of high school students, and will continue to make progress

in the year ahead. This includes efforts to implement graduation requirements aimed at assuring that all graduates are prepared for college (as opposed to systems in which students are specifically tracked into, or out of, college-preparatory curriculums); efforts to align state K-12 standards with postsecondary and workforce expectations; and efforts to align secondary and postsecondary assessments. All of these strategies have potential for improving college readiness, particularly if developed in conjunction with broader P-16 initiatives, longitudinal data systems, and coordinated accountability reporting.

#8—Veterans' Education

The upcoming August 1, 2009 implementation of the Post-9/11 Veterans Educational Assistance Act of 2008, also known as the Post-9/11 GI Bill, will be a watershed moment in the history of educational assistance for veterans and servicemembers. It provides veterans with at least 90 days' active duty service post-9/11 and remaining GI Bill eligibility with tuition and required fee payments scaled to the most expensive public college in their state of residence, a housing stipend for some veterans, and a book stipend. Eligible colleges and universities may also sign on to the Yellow Ribbon Program, which allows institutions to pay up to 50 percent of eligible veterans' tuition and fee costs not covered by the Post-9/11 GI Bill and receive matching funds from the Department of Veterans Affairs (VA) for the remaining 50 percent.

The major issue in 2009 will be how this groundbreaking program will fare in implementation. The VA will be manually processing claims using pre-existing computer systems until a specialized computer system can be built to handle the new demands of the Post-9/11 GI Bill. This manual processing of claims, combined with an unknown number of veterans utilizing the Post-9/11 GI Bill benefits (best estimates hover around the 300,000 mark in its first year), and the need to write a new set of rules governing the program's benefits all add up to a complicated implementation process being put into place under an extraordinarily tight time frame. State higher education policy may be

affected either through the bill's implementation process or through the creation or augmentation of currently existing state programs aimed at facilitating postsecondary access for veterans.

#9—Undocumented Students

Higher education access and affordability for undocumented students will continue to be debated in 2009, with potential trend-setting consequences. Existing federal law pertaining to in-state tuition for undocumented students is ambiguous, and Congress has repeatedly failed to pass a measure such as the DREAM Act that would support states' rights to offer in-state tuition to these students. Between 2001 and 2006, 10 states passed measures to provide in-state tuition rates to undocumented students who meet the specified criteria (including residency in the state for a given period of time, earning a high school diploma, and signing an affidavit to agree to seek legal residency status), but since then, no additional states have followed suit. Policymakers have become increasingly wary of acting on this issue without the support of federal law.

In the past couple of years, there have been several high-profile court challenges to existing in-state tuition laws. In September 2008, a California appeals court ruled for the first time that the state's 2001 law giving undocumented students in-state tuition rates violates a 1996 federal law. The California Supreme Court has agreed to hear the case, and though not binding on other states, it will have implications elsewhere. Officials in other states (including Texas and Utah) have already asked for similar review of their state laws. Also for the first time in 2008, the right of undocumented students to enroll in public institutions in a state has been called into question. In South Carolina, undocumented students have been barred from enrolling in all public institutions (even if they pay out-of-state tuition rates), and in North Carolina and Alabama, they have been barred from community colleges.

As to the future, the new administration and the new Congress should be more favorable toward passing federal legislation that would clarify states' rights

to offer in-state tuition benefits to undocumented students. With this change, the number of states with laws favorable to undocumented students would likely increase, and such a law could stem court challenges such as the one in California. However, this would remain a contentious issue in the states, as not all states will move in a direction favorable to undocumented students and states could still act to bar these students from enrolling in public colleges. If Congress fails to enact such legislation, it is highly unlikely that educational opportunity for undocumented students will improve.

#10—Sustainability

The issue of sustainability was elevated considerably in 2008, courtesy of record-high oil prices that peaked in July. The repercussions to higher education were many; some negative—such as the impact of gas prices on commuter students and the costs to universities in running their plant operations, and some were positive; such as increased actions on campuses to spur conservation and redoubled R&D efforts aimed at nurturing new alternative and renewable energy sources. With a backdrop of high energy prices, greater recognition of the causes behind global warming, and continued conflict in the Middle East, federal and state policy actions in 2009 may accelerate campus sustainability projects and fund campus-based research endeavors while generating so-called green collar jobs in the process.

Conclusion

State higher education policy in 2009 will be affected on many fronts: through repercussions of the national economic recession, by the cascading effect of significant federal legislation passed in 2008 and which will be implemented this year, and through the perennial quest to improve college access and affordability. With diminishing revenue streams in the midst of increasing enrollment demands typical of recessionary periods, state policy and higher education leaders face a daunting task ahead. States will have to raise revenues and/or cut expenditures; assuming that it's more of the latter than the former, it is certain that elevating

public higher education as a state priority will be all the more challenging.

Embedded in the fiscally tumultuous year ahead is a silver lining, however. Sheer economic necessity will drive greater innovation, through new policies and actions at all levels—state, system and institutional. The need to innovate, even while under financial

duress, will lead to improvements in cost efficiency, effectiveness and productivity. The ultimate challenge in 2009 is to contend with current economic conditions, maximize the role of America's public colleges and universities as an integral part of a national recovery, and maintain access to these institutions as a state—and national—public policy priority.

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