

NETWORK NEWS

SHEEO

Volume 24, No. 3
October 2005

FOCUS ON CURRENT POSTSECONDARY ISSUES AND RELATED RESOURCES

In This Issue

...*Network News* provides a look at current postsecondary issues and related resources. A recent SHEEO analysis identified the policy issues facing the states from the perspective of state higher education executive officers. This edition presents that analysis and highlights several data and information resources that address these issues. One of the primary policy issues identified by the SHEEOs was tuition affordability. The importance of this issue provides an appropriate segue to a second article that focuses on a recent Network effort to summarize information on tuition, fee, and financial aid policies in the states. This effort will result in a more detailed SHEEO publication available later this year.

This issue of *Network News* concludes by introducing SHEEO's new Data Analyst, Mr. Takeshi Yanagiura.

Current Postsecondary Policy Issues In The States

SHEEO periodically asks its members to comment on current statewide priorities and issues. In 2005, Executive Committee members contacted their colleagues to discuss several issues including priorities in the states. Interviews were conducted with 40 SHEEOs and summary comments, concerns, and recommendations are provided here. The "Top 5" policy issues identified were:

- Budget/appropriations/taxes/legislative support;
- Tuition and financial aid;
- Accountability;
- Workforce development; and
- Access

Financial Issues

State funding emerged as the top priority among respondents. Many respondents expressed specific concern over state budgets, appropriations, legislative support, and capital funding. They also indicated interest in developing integrated financial approaches to funding postsecondary education in the states, and one member specifically identified the need to rebuild legislative fiscal support of higher education in the current economic recovery.

Tuition affordability and financial aid issues ranked second. Members noted the challenge to maintain low tuition and/or increase need-based financial aid. Another member identified the need to better link financial aid, funding, and tuition policies. Twenty-two comments were recorded related to state funding and affordability.

IN THIS ISSUE

1 Current Postsecondary Policy Issues in the States

3 Related Resources

5 State Tuition, Fee, and Financial Assistance Policies

8 Welcome To Takeshi Yanagiura

NETWORK NEWS is a product of the SHEEO/NCES Network; Director, Hans P. L'Orange. The Network is sponsored by the State Higher Education Executive Officers (SHEEO) and the National Center for Education Statistics (NCES).

Editor: Hans P. L'Orange

Layout: Susan Winter

Contributors:

Hans P. L'Orange

Angela Boatman

Questions or comments?

Contact Dianne Peterson:

phone: 303-541-1607

email: dpeterson@sheeo.org

www.sheeo.org

The "Top 5" statewide policy issue priorities are:

- Budget/
appropriations/
taxes/
legislative support
- Tuition and
financial aid
- Accountability
- Workforce
development
- Access

Accountability, Workforce Development, and Access

Accountability followed tuition as a priority issue. Members saw a need to tie accountability to state financial policies. One SHEEO noted that substantial state money is spent for higher education every year and it is important to be able to "measure and report how well it is spent." Another member stated accountability should encompass graduation rates, funding, K-16 articulation and alignment and efforts to raise the quality of the academic enterprise. This respondent further stated accountability requires documentation of performance and/or outcomes. "Accountability efforts, whether large or specific to one issue, hold the potential to increase trust in the academy." On a related note, several members cited the need to demonstrate what higher education does for the citizens in the state and to emphasize the "public good of public higher education." A concern was raised that there is "a significant misalignment between how higher education professionals view themselves as contributors to the state and how legislators and the business sector view those contributions."

The fourth issue identified in the interviews was workforce development and state economic needs. One SHEEO expressed the need to clarify the role of higher education in the economic development of the state. A related comment suggested the need to align the state/institutional postsecondary education programs with both current and future workforce needs. Another member suggested the need to develop an assessment of the nexus between postsecondary education and the economic needs in their state. "We have to be concerned about how postsecondary education relates to the economy and growing jobs for the twenty-first century."

Access to higher education, particularly for inner city and ethnic minority students, rounded out the list of the "Top 5" issues facing states today. One member observed that the achievement gap between African American and Latino students and the majority population seems to be getting worse. There is a need to determine "whether the programs that are in place are working or not." Another expressed concern over the lack of participation by rural, inner city, and ethnic minority students. Noting that five years ago, one in five K-12 students was Hispanic, this SHEEO stated, "Five years hence, it will be one in three."

On a related issue, several members commented on the need for successful K-16 systems and better alignment with the secondary system in their state. One noted the need for a stronger high school core curriculum, stating, "The 'pipeline quality' is not improving."

Other Top Issues

Several other priorities and issues beyond the "Top 5" were also identified. These included:

- Governance issues at both the state and institutional levels;
- Institutional research support;
- Relationship building between the campus, system and state as well as with university foundations and with industry and business;
- Raising institutional completion rates; and
- Increasing institutional diversity.

While not covered here, the informal interview process also provided an opportunity for members to evaluate SHEEO services and recommend future directions.

Related Resources

The following resources may be useful in addressing the current state postsecondary issues presented in this issue. This is in no way an exhaustive list, and additional resources can be found in SOAR (SHEEO Online Access to Resources) on the SHEEO website (www.sheeo.org).

Financial Issues

State Higher Education Finance (SHEF). This annual SHEEO report contributes to a long tradition of studies helping policymakers and educators address public policy questions such as:

- What level of state funding to colleges and universities is necessary?
- What tuition levels are appropriate?
- What amounts and forms of student financial assistance are required?
- To what extent might colleges and universities increase productivity or reduce expenditures?

The FY 2005 report, the third in a series of annual reports, is scheduled for publication in March 2006. The FY 2004 report, the most recently published, may be found at www.sheeo.org/finance/shef05.pdf.

www.sheeo.org/finance/shef-home.htm

Grapevine. This Illinois State University study presents total state tax effort for higher education, including general fund appropriations for universities, colleges, community colleges, and state higher education agencies.

www.coe.ilstu.edu/grapevine

Tuition

Trends in College Pricing. This report, based on the College Board's Annual Survey of Colleges, provides information on tuition and other expenses associated with attending public and private nonprofit postsecondary institutions in the United States. The information on prices contained in this report provides an up-to-date overview of the tuition, fees, room and board, and other expenses associated with college enrollment.

http://www.collegeboard.com/prod_downloads/press/cost05/trends_college_pricing_05.pdf

Tuition and Fee Rates: A National Comparison. This annual report from the Washington Higher Education Coordinating Board contains data compiled from surveys of state agencies or institutions. Data are presented by state for public flagship institutions, comprehensive colleges and universities, and community colleges.

<http://www.hecb.wa.gov/news/newsreports/documents/2004-05TuitionandFeeRatesANationalComparisonJanuary2005.pdf>

Accountability

Accountability for Better Results: A National Imperative for Higher Education. Citing increasing global competition, low rates of college completion, and a college access and success gap for minority students, a national commission of political, business, and higher education leaders called for a "fresh approach" to accountability. The report from the National Commission on Accountability in Higher Education recommends an ongoing dialogue targeted on meeting the educational needs of the American people.

www.sheeo.org/account/accountability.pdf

Measuring Up: The National Report Card on Higher Education. This national report is designed to provide the public and policymakers with information to assess and improve postsecondary education in each state. The website provides state leaders, policymakers, researchers, and others with access to report cards for the nation and all 50 states.

<http://measuringup.highereducation.org/survey.cfm>

The NCHEMS Information Center for State Higher Education Policymaking and Analysis. This NCHEMS website, developed with support from the Ford Foundation and the National Postsecondary Education Cooperative (NPEC), provides data and information at the state and, in some cases, county level. Data are presented on preparation, participation, affordability, attainment, completions, benefits, employment, and finance.

www.higheredinfo.org

Workforce Development

Business-Higher Education Forum. The Forum is an independent, non-profit membership organization of leaders from American businesses, colleges and universities, and foundations. Their stated mission is to engage and inform members, policymakers and the public regarding strategic national challenges of high priority to both business and higher education.

www.bhef.com

NGA Center for Best Practices. The Workforce Development section of the National Governors Association site focuses on education, employment, and job training designed to help employers build a skilled workforce and help individuals succeed in the workplace.

www.nga.org/portal/site/nga/menuitem.4096192acba1c8899cdcbeeb501010a0/?vgnextoid=eff09286d9de1010VgnVCM1000001a01010aRCRD

Access

Pathways to College. In 2004, Pathways published *A Shared Agenda: A Leadership Challenge to Improve College Access and Success*, a report that culminates three years of collaborative effort in gathering research, conducting discussions, and encouraging debate on how society can meet the imperative of college access and success for all young people.

www.pathwaystocollege.net/agenda/index.html

Lumina Foundation for Education. The Lumina Foundation, a private, independent foundation, strives to help people achieve their potential by expanding access and success in education beyond high school. The Foundation bases its mission on the belief that postsecondary education remains one of the most beneficial investments that individuals can make in themselves and that society can make in its people.

www.luminafoundation.org

State Tuition, Fee, And Financial Assistance Policies

Every three years, the SHEEO staff collects information on state-level policies, philosophies, and procedures governing public higher education tuition, fees, and student financial assistance. The most recent effort gathered responses from all 50 states in the summer of 2005. A brief summary of the tuition policy findings is presented here; a final report and a complete list of responses for each state will be available on the SHEEO website soon.

Tuition Philosophy

Nine state agencies indicated that no single, formal tuition philosophy exists at the state level; five other states reported philosophies that vary by sector. Twenty-two other states reported their tuition policy is overwhelmingly guided by the budgetary needs of institutions.

Half of all higher education agencies categorized their tuition philosophy as expressly supporting specific levels of tuition for undergraduate students. Respondents provided additional detail to help explain state tuition philosophy and many states identified multiple rationales. These included:

- **Tuition should be set at a reasonable rate to provide access.** Community colleges were seen by most agencies as the lowest cost option for higher education. In several states, tuition and fees at community colleges are kept low to provide access to all residents, especially to low-income, underrepresented populations. The belief that low tuition will help increase (or at least maintain) current levels of participation was shared by 18 states.
- **Tuition should be affordable.** Several states expressed a common concern about student loan burden and the ability of families to afford a college education.
- **Tuition policy should promote a balance between student and state share of educational costs.** Three states commented on the statewide philosophy of shared responsibility where the student, the student's family, and the state all share in the cost of higher education.
- **Tuition should allow for both accessibility and high quality education.** Three states noted the goal of tuition is to provide a quality education at the most affordable price. Tuition increases should be balanced to maintain quality while still supporting access and attainment.
- **Tuition should be competitive with similar programs of other states.** Three states modify their tuition policies to be competitive with those in similar states.
- **Tuition policy should be rational and predictable.** Legislation passed by the Illinois General Assembly in 2003 required public universities to set a tuition rate for each incoming class of students that will not change for four years. Such "truth-in-tuition" legislation is intended to stabilize tuition increases and help families with personal financial planning. Other states are exploring similar cohort-based tuition models.

When asked if economic conditions over the last three years have led to any short-term actions or policies that conflict with the general tuition philosophies above, 19 states cited examples. The most common example involved double-digit tuition increases in response to economic downturns and heavy budget cuts at the state level. Several states commented on the relationship between budgetary policy, politics and the setting of tuition levels and noted that tuition levels and general fund appropriations are highly correlated.

Tuition should:

- be set at a reasonable rate to provide access
- be affordable
- promote a balance between student and state share of costs
- allow for both accessibility and high quality education
- be rational and predictable

The following factors had the most influence in decision-making about tuition levels:

- State general fund appropriations
- Prior year tuition
- Institutional mission
- Tuition charged by peer institutions

Tuition Setting

The process of tuition setting varies considerably across the 50 states. A list of factors used to set public resident undergraduate tuition rates was provided to each state. The following factors were found to exert the most influence in decision-making about tuition levels:

- State general fund appropriations;
- Prior year tuition;
- Institutional mission; and
- Tuition charged by peer institutions.

Thirty-two states responded there had been no curb, cap or freeze placed on tuition at public institutions in the state at any time in the past three fiscal years, while 18 states did see a limit imposed. These caps were most often mandated by the state governing or coordinating board or Boards of Trustees, and less frequently by the legislature.

Thirty-two states reported some concerted effort to reduce institutional costs as a way of limiting increases on tuition rates. Due to recent economic circumstances, many states reported being practiced in the art of cost reduction. Although each state appears to have handled institutional cost reductions in a different fashion, the most frequently reported efforts by the states to reduce institutional costs included:

- freezes on staff hiring or replacement (13 states);
- delays on deferred maintenance and other capital projects (12);
- elimination of programs (9); and
- no salary increases for existing staff (6).

Tuition-setting Authority

Generally, tuition setting philosophy is formalized through three primary channels: the state constitution (4 states), state statute (8 states), or board rule/policy (15 states). Twenty-four states reported no formalization to their tuition philosophy at all. The role of various individuals or entities in establishing tuition rates and/or tuition policies varies widely by state.

- The Governor has full legal authority in two states and an informal/consultative role in 28.
- The Legislature has full legal authority in 10 states and an informal/consultative role in 24.
- The statewide coordinating/governing agency for multiple systems has full legal authority in 11 states and an informal/consultative role in 14. The coordinating/governing board for individual systems has full legal authority in 29 states and an informal/consultative role in 7.
- The local district governing board has full legal authority in 15 states and an informal/consultative role in 6.
- Individual institutions have full legal authority in 15 states and an informal/consultative role in 21.

Student Financial Assistance

The data collection also asked respondents to comment on the state goals in the creation and adjustment of a comprehensive financial aid program. Thirty-five states said

"promoting broad access to higher education" was the single greatest influencing factor on their financial aid policies. Other goals included improving the affordability of higher education, keeping talented students in the state, promoting student retention, and recognizing talent and rewarding students' efforts.

There have also been significant changes in the financial aid policies of some states in the past several years. Several states have implemented changes designed to directly link increases in financial aid with increases in tuition. There were also several increases in maximum state grant awards as well as several shifts away from merit-based financial aid to need-based financial aid.

Potential financial aid policy changes under consideration in the coming years include a new state program that would hold financially needy students harmless from tuition increases, and two other potential state programs under consideration would target aid to non-traditional, needy students, aged 24 and older. One other state is considering targeted financial aid to selected professions – nurses, K-12 teachers, and medical professionals in rural and poor urban areas.

Several states also reported a formal policy regarding the mix between merit and need-based aid. These policies included the following:

- At least 50 percent of undergraduate aid awarded by a university must be for need-based aid, and at least 30 percent for merit-based aid.
- The greater of 25 percent or \$300,000 of the financial aid fees collected may be used to assist students who demonstrate academic merit or who participate in athletics or other extracurricular activity or who are identified as members of a targeted gender or ethnic minority population. A minimum of 75 percent of the balance of these funds for new awards shall be used to provide financial aid based on need.
- One state's aid is almost entirely need based. However, better prepared students will be rewarded with a higher percentage of an award.

Numerous states offer tuition waivers (full or partial) or other financial assistance for particular categories of students including graduate students. Student athletes, faculty/staff members, other state employees, and senior citizens are among the populations receiving discounts under state statute/policy or at the discretion of institutions.

Additional categories of students included members of Indian nations or tribes in New Mexico, Maine, and Wisconsin. Grants/ tuition reduction for deaf students are offered in Minnesota and Wisconsin. One of the largest populations receiving financial assistance is members and family members of the armed forces and national guard. The most common form of assistance allows active duty military to pay in-state tuition and fees. Dependents and spouses of veterans killed or disabled in the line of duty are also eligible in several states for free or deeply discounted tuition.

Sixteen states currently have a college savings and/or prepaid tuition program and do not expect to see any changes in the current plan. However, prepaid tuition programs have been eliminated in three states and suspended in another. For those states that do not already have a prepaid tuition or college savings plan, most commented they are not considering a program at this time. One state expressed concern that a prepaid tuition program could have unforeseen consequences on quality and the cost of higher education in the state.

The full SHEEO report will have additional information on tuition policies as well as detailed information on fees and state efforts to align state fiscal policies with particular attention to coordination between financial aid policies, tuition policies, and state support for higher education. The report will be available in April of 2006.

Significant changes in states' financial aid policies include:

- directly linking increases in financial aid with increases in tuition
- several increases in maximum state grant awards
 - shifts from merit-based financial aid to need-based financial aid

Welcome To Takeshi Yanagiura

We are very pleased to welcome Takeshi Yanagiura as our new Data Analyst. Takeshi joined SHEEO in August 2005 and his responsibilities include data management, research and analysis, and developing web-based knowledge resources. Takeshi is SHEEO's primary resource person for analyses based on IPEDS; he also provides support in the data collection and analysis for SHEEO's ongoing annual State Higher Education Finance (SHEF) study.

Previously, Mr. Yanagiura worked for the Midwestern Higher Education Compact and developed the Midwest Postsecondary Education Resource Library (PERL), an internet knowledge database for higher education policymakers and researchers. He also served as Institutional Research Analyst at Minneapolis Community and Technical College. Mr. Yanagiura holds a Bachelor of Economics from Soka University in Japan and a Masters in Higher Education from the University of Minnesota.

Takeshi can be reached at tyanagiura@sheeo.org and 303-541-1610.

State Higher Education Executive Officers
3035 Center Green Drive
Boulder, CO 80301-2251

ADDRESS SERVICE REQUESTED

Nonprofit Org.
US POSTAGE PAID
Boulder, Colorado
Permit No. 359