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The Federal Perspective

***The Federal Role in Promoting Student Persistence:
Current Practice, Worrisome Possibilities, and Opportunities for
Progress***

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When David Ward asked me if I would like him to recommend me to participate in this conference, I was torn. Of course, when your boss asks you such a question, the first answer that comes to your mind is “of course.” I also knew the caliber of the conference organizers and presenters and was sure that this meeting would present a stimulating and intellectually rigorous discussion of this vitally important topic. At the same time, I worried because this issue is controversial in Washington and I wanted to be sure that I could do it justice without in any way suggesting that I have the right answer or—even more dangerous—the “ACE answer” to a complicated and thorny set of questions. So, I need to start with this disclaimer. This paper does not represent anything more than my own thoughts on this topic. It does not in any way constitute an official ACE policy statement.

With that caveat, this paper will cover three topics. It begins by describing what the federal government already does to promote and measure student persistence, paying particular attention to those efforts that have proven controversial. It then describes several new initiatives that are “in the wind” for the next reauthorization of the higher education act and speculates as to why these ideas have risen to the surface now. The paper ends with a discussions of several alternate federal initiatives that might prove more productive in actually boosting student retention.

Current Federal Activities

The federal government has had four primary interests in student persistence:

- 1) Ensuring that federal student aid funds are used productively.
- 2) Helping low-income students who have gained access to postsecondary succeed once enrolled.
- 3) Holding colleges and universities accountable by tracking student attainment.
- 4) Producing information on national trends in education, including persistence.

The first of these interests is the most straightforward. Put crassly, the federal government does not want to spend taxpayer dollars on “perennial students” who enroll every term, collect student aid, and fail to make any real progress toward earning a degree. To ensure that this type of “waste” does not occur, the federal government sets standards for minimal academic progress that students must meet in order to remain eligible for federal student aid.

The second objective is met primarily through Title IV student aid and TRIO academic support programs. The federal student aid programs help students stay in

school by reducing their need to work, freeing them up to concentrate on their studies. The Trio Summer Bridge and Student Support Services programs provide tutoring, counseling, and other services to help low-income, first generation college students succeed. In addition, The Fund for the Improvement of Postsecondary Education, or FIPSE, has funded innovative institutional programs that improve students' academic experience and promote persistence.

To meet the third and fourth objectives, the Department of Education's National Center for Education Statistics (NCES) collects graduation rates in two different ways. For accountability, NCES administers the Student Right to Know legislation, collecting data on institutional cohort graduation rates. To track national trends, it conducts longitudinal studies, following a nationally representative sample of students as they move from institution to institution.

With the exception of Student Right to Know, none of these efforts has been particularly controversial. Student Right to Know has been criticized on two fronts. The first criticism is that the law and the way it has been implemented do not present an accurate picture of how well students and institutions actually perform because they fail to account for transfer and because the full-time, first-time freshman cohort the law requires institutions to track is an increasingly small portion of enrollment. The other objection is more philosophical and fundamental. Many criticize Student Right to Know because they do not believe that the federal government should be in the business of holding institutions accountable for student performance. This type of accountability is the responsibility of state government, in the case of public institutions, and boards of trustees, in the case of private institutions.

New Concerns About the Retention and the Federal Role

Such objections go to the heart of current concerns about growing federal interest in measuring and tracking persistence. Many of my colleagues in Washington are concerned that the federal government will take a one-size-fits-all approach that will fail to adequately reflect what institutions do and how well we perform. On a more fundamental level, they object to such accountability systems as outside the purview of the federal government. They would prefer that the federal government stick to its historical role of promoting access and persistence for low-income students through the provision of student financial aid and academic support services.

Why are the higher education associations so concerned? They are worried because the Bush Administration appears to believe that it can use the same kinds of accountability provisions on higher education that it has imposed on elementary/secondary education through the *No Child Left Behind* legislation. Administration officials seem to think that they can identify poorly performing institutions through measurement of graduation rates and force those institutions to improve by threatening to cut off federal funds.

While no such legislation has been introduced yet, the Department of Education's recent strategic plan emphasizes postsecondary education accountability and mentions student aid almost as an afterthought. There is no recognition of the non-compulsory nature of higher education, the variety of missions and selectivity levels of postsecondary institutions, the traditional roles and responsibilities of states and

accrediting bodies, or the fact that college students are adults who must bear at least partial responsibility for their successes and failures. It seems likely that the Department's recommendations for the upcoming reauthorization of the Higher Education Act will include some type of accountability provision involving graduation rates, raising the troubling prospect of the federal government assuming ministry-like control over standards of academic quality.

Two other worries stem from this basic Administration interest in accountability. The first is that, in order to create a graduation rate measure that answers some of the criticisms of Student Right to Know, the government will require institutions to submit individual student records to some sort of national data clearinghouse. Some states already operate such unit-record data systems for their public institutions and a few even have gained the voluntary participation of private institutions. Many public and private institutions also submit their students' data voluntarily to the National Student Loan Clearinghouse, which is a private company. Representatives of private institutions, in particular, are concerned that a national unit-record student data system will violate students' privacy and will erode the independent nature of their institutions, subjecting them to inappropriate levels of federal and/or state oversight.

The second worry is somewhat tangential, but still is related to the basic issue of student academic progress and movement among institutions. Representatives of nationally-accredited institutions have expressed concern that many regionally-accredited institutions have blanket policies denying transfer credit to students from their institutions. They have argued that, not only are such policies unfair, they effectively force the federal government to "pay twice" in federal aid for students to repeat the same courses. It has even been suggested that such policies may constitute illegal restraint of trade. ACE, the Council for Higher Education Accreditation, and the Association of Collegiate Registrars and Admission Officers have issued a joint statement opposing blanket transfer policies based on accreditation status and urging institutions to review all students' transcripts on the merits, consistent with institutional standards. Any suggestion that the federal government might intervene to establish national procedures or standards for transfer decisions is, of course, anathema to the Washington associations and their members, but those are the kind of policy decisions that no longer seem impossible in Washington.

Why has the federal government become so concerned about accountability for graduation rates now? I see four interrelated reasons. The first I've already mentioned. The Bush administration views *No Child Left Behind* as a great political success and sees no reason why the same basic model cannot be applied to higher education. Second, the states have expressed a great deal of interest in accountability in recent years. President Bush is a former governor, so it is not surprising that he would transfer his policy objectives from the state to the federal level.

Third, the most widely cited evidence on retention—the average institutional graduation rates published annually by American College Testing—has shown a steady decline. In contrast, the Department of Education's own longitudinal studies, which take into account the nearly one-third of undergraduates who transfer, show no decline in graduation rates. This fact has not registered with politicians because these data come out less frequently and because they are based on national samples and so do not allow for institution-to-institution comparisons. They also may be ignored because they contradict the "perceived wisdom" that graduation rates are on the decline.

Finally, institutions' reactions to numerical ratings and rankings such as the *U.S. News & World Report* "Best Colleges" have demonstrated that competition and embarrassment are powerful policy levers. Policy makers may not know how to improve graduation rates, but they understand that if they shame colleges publicly or put them at a competitive disadvantage to our peers, the institutions will figure out how improve. The federal government has used this approach several times, with varied success, to attempt to change institutional behavior with regard to topics as varied as teacher preparation and campus security.

Opportunities for Progress

If there is general agreement that Washington should not get in the business of setting standards for graduation rates, what kinds of alternate policies could the federal government undertake within its traditional purviews of financial aid and research that might be effective at promoting persistence?

This section begins with those ideas that would enjoy widespread agreement and support among higher education policy advocates and analysts. Increased funding for the Pell Grant program would allow low-income students to reduce the amount they work, concentrate more time on their studies and, in at least some cases, to move from part-time to full-time student status. Any effort to increase funding for TRIO programs that promote persistence also would be widely supported. Eliminating the higher education restrictions in the TANF program would allow low-income parents on welfare to stay in college long enough to earn a meaningful degree or certificate. The higher education associations have been lobbying hard for such a change, but so far with little success. Low-income parents also could make faster academic progress and increase their likelihood of persisting if the federal government would expand its small program that funds institutions to provide childcare for low-income students. Currently, this program is only funded at \$25 million. Finally, there would be general support for a special focus in FIPSE on funding projects that experiment with new and innovative approaches to improving retention.

There are several additional policy ideas that have been discussed, but about which there is not yet any clear consensus. I believe one of the most promising ideas is to allow flexibility in the administration of the federal work-study program so that institutions might boost students' earnings while keeping the number of hours they work at or below 20 per week. Research has consistently shown that part-time, on-campus work has a positive effect on persistence, but many campuses report difficulty in filling work-study positions because students can earn more off-campus. To make work-study more attractive to students, institutions might need a smaller matching requirement so they could afford to pay higher wages, a relaxed cap on the amount students may earn above their demonstrated need, and additional federal funds to meet the cost of increased wages, or some combination of the three.

Over the years, analysts and policy makers have suggested several ideas for using the Pell Grant program to boost persistence. In 2000, presidential candidate George W. Bush proposed front-loading Pell Grants as a way to improve retention. The reasoning behind this proposal was that students should receive additional support during their first two years of college when they are most likely to drop out. Once

students are more assured of finishing college, they can afford to rely more heavily on student loans. Other options that politicians and policy analysts have proposed include adding a bonus award to the Pell Grant based on academic performance and even converting Pell Grants into loans for students who fail to complete a degree. Because the Pell Grant program is by far the largest need-based grant program, and any unintended consequences of a policy change would affect millions of the lowest-income students, the general consensus among student aid advocates is to take a very conservative approach to making changes in this program.

A perennial favorite idea of policy analysts is leveraging desired state policies through the LEAP (previously SSIG) program. The federal government could encourage states to create special persistence programs or change policies in ways that promote persistence by boosting the size of this program and requiring specific state actions as a condition of the federal contribution. For example, the federal government could use this approach to promote the creation of statewide transfer policies at public sector institutions. At the moment, this program is far too small to leverage substantial changes in state policy; the FY 2002 appropriation was only \$67 million.

Some student aid advocates and policy analysts have suggested another important policy change that would have implications for persistence. As noted above, working part-time can help students succeed academically. However, working more than 15 or, at most, 20 hours per week has been shown to negatively affect persistence and degree attainment. One factor that may influence students to work more than they should is the annual borrowing limits in the federal student loan programs, especially the cap for dependent students in their first year of college. The current limit of \$2,625 has not gone up appreciably in more than 20 years. Students who require more than this amount may work extra hours to make up the difference.

Some analysts and advocates simply would like to see this amount increased. Others worry that an across-the-board rise would allow at-risk students to borrow too much. A compromise approach is to build flexibility into the student loan program so that institutions could establish somewhat higher (or lower) limits for their students. The higher education associations made such a proposal in the last reauthorization of the Higher Education Act, but it was rejected because lawmakers and their staff contended that the entitlement status of the loan program required that all students have access to the same amount of capital. It is unclear whether such a proposal will be made again in this reauthorization, how the specifics of it would work, or how lawmakers might receive it on Capitol Hill.

A final proposal has been discussed in the research community. While it is unlikely to garner any opposition on policy grounds, it is not clear that the government would consider it a high enough priority to appropriate adequate funds. Beginning in 2003-04, the Department of Education's National Postsecondary Student Aid Study, which is a cross-sectional study, will include special samples for 12 states. A similar approach could be taken with regard to the longitudinal studies so that states could benchmark against each other with regard to graduation rates and measure the impact of statewide innovations, such as common course numbering for general education requirements in public institutions, on transfer and graduation rates. Such longitudinal studies would not provide institution-by-institution accountability, but they would be far more sound than the current Student Right to Know data collection and the data could

be gathered and reported in a way that does not violate student privacy or institutional autonomy.

Conclusion

The future of the federal role in promoting and measuring persistence is murkier than it has ever been, and I would not presume to predict what will happen in the upcoming reauthorization of the Higher Education Act. I am confident that debates about persistence, accountability, and the appropriate federal role will only intensify as Washington once again reevaluates federal higher education policy.