



## State Policy Toolkit: Establish a State Higher Education Funding Strategy

This is the second of five installments in the National College Access Network's State Policy Toolkit. The toolkit reflects NCAN's Model State Policy Agenda, which aims to provide NCAN members and partners, particularly those in networks or coalitions, with resources to advance their state policy agenda. Moreover, the toolkit provides examples of effective policies and programs to help organizations develop and guide their state policy advocacy strategy. Each installment topic is derived from NCAN's model agenda and is categorized under either **affordability** or **talent development**. Subcategories for affordability include *need-based aid* and *funding strategies*. Beneath talent development are *preparation*, *access*, and *success*.

**Establish a State Higher Education Funding Strategy — NCAN's stance:** State funding for higher education is still recovering to pre-Great Recession levels. States should develop a predictable, goal-oriented strategy for funding higher education. States should: (1) Set a state attainment goal for the population that includes both traditional and nontraditional students and align that goal with state workforce needs; (2) prioritize efforts to assist underrepresented students in overcoming barriers to accessing and completing postsecondary education; (3) devise incentives for institutions to increase degree attainment for adults lacking a few credits, and student-friendly financial aid deadlines and procedures; (4) develop a tuition-setting policy that is affordable and predictable, includes passing a state budget without undue delay, and announces tuition increases on a timeline that allows institutions to respond; and (5) consider an incentive system for institutions that rewards student success.

### **Set a state attainment goal for the population that includes both traditional and nontraditional students and align that goal with state workforce needs.**

State attainment goals have become increasingly popular in recent years, with projections illustrating the daunting scenario of an undereducated workforce. In fact, an estimated [65 percent](#) of job vacancies will require education beyond high school by the year 2020. Thus, the need for bold action is clear, as the national average attainment rate for educational achievement beyond high school was at a meager [45.8 percent](#) at the end of 2015. As of April 2017, [45 states](#) had either set an attainment goal or were in the process of developing one.

- In October 2017, the Education Commission of the States produced a [policy snapshot](#) that highlights state legislation built around creating attainment goals. The snapshot features each bill introduced in 2017, legislation signed into law in previous years, and context for the sense of urgency that has led a vast majority of states to adopt an attainment goal.
- In June 2011, several major higher education associations created the [National Commission on Higher Education Attainment](#) in an effort to truly nationalize this effort with the backing of institutions. The associations involved include the American Council on Education, the American Association of Community Colleges, the American Association of State Colleges and Universities, the Association of American Universities, the Association of Public and Land-grant Universities, and the National Association of Independent Colleges and Universities. The commission sent an [open letter](#) to institutions in January 2013, making the case for the urgency of this issue. The Commission's membership includes representatives from [17 higher education institutions](#).
- In May 2017, the governor of Oregon signed into law [HB 2311](#). The bill amended the state's previous attainment goal to include nontraditional students and to align the goal with Oregon's workforce needs. Goals in the bill include the population reaching 40-percent attainment of associate's degrees and 40-percent attainment of bachelor's degrees. An additional provision calls for the remaining 20 percent of the population to attain a high school diploma or equivalent.



**Prioritize efforts to assist underrepresented students in overcoming barriers to accessing and completing postsecondary education (e.g., public-private partnerships, student supports, and bridge programs).**

The means by which state legislatures can and have supported underrepresented students in higher education vary. While some lawmakers are providing supplementary tools to equip students with the resources necessary to enroll in higher education, an equal amount of effort should be put forth to ensure that students complete higher education and obtain gainful employment thereafter.

- Public-private partnerships – In an effort to establish a partnership between the manufacturing industry and higher education, the Colorado state legislature created a manufacturing sector partnership via [House Bill 13-1165](#). The legislation defines this as “a collaboration of business and industry, public workforce development, economic development, and education partners to ensure workers are prepared to meet the growing demands of the manufacturing industry sector in a geographical area.” Most importantly, the 2013 measure enables students to gain initial work experience and later explore additional opportunities by requiring that the program align directly with occupations in high demand and “provide academic and career counseling resources and services, and allow students to earn income while progressing along the career pathway.”
  - In July 2017, the Brown Center on Education Policy at the Brookings Institution released a [toolkit](#) titled, “Connecting Community Colleges with Employers: A Toolkit for Building Successful Partnerships.” The piece outlines how community colleges should seek out partnerships, identifies key characteristics for these partnerships, and lists practical steps for linking education with industry.
  - In January of 2012, IBM announced a [partnership](#) with San Jose State University. This academic program allows students to apply social networking skills and learn about internal and external use of social business solutions. About two years later, IBM announced an expansion in their partnership with higher education institutions, and [joined forces](#) with 27 other business schools and universities.
- Student supports – In September 2016, the California state legislature established the [California College Promise Innovation Grant Program](#). The California Community College Chancellor’s Office was thereby granted the ability to select 14 [community college districts](#) to receive the grant, for which a one-time, \$15 million budget was appropriated. Funds were allocated to narrow the achievement gap in those districts by supporting students from preparation through completion. Criteria for the grant include the ability to partner with a K-12 school district as well as a California State University system or University of California system institution. This measure not only aims to expand postsecondary access, but also provides financial support for students at multiple stages of their education journey.
  - In August 2017, the nonprofit arm of Educational Testing Service (ETS) produced [analyses](#) that illustrate the progress made since President Obama announced his goal in February 2009 for the United States to once again lead the world in postsecondary education attainment. The report depicts the current state of attainment by degree level and race/ethnicity and outlines data useful for a potential targeted intervention.
- Bridge programs – In September 2014, the [Center for American Progress](#) (CAP) produced a report highlighting the best practices of three public universities that are serving traditionally underserved students exceptionally well: the University of California, Riverside, the University of South Florida Tampa campus, and the University of North Carolina at Charlotte (UNCC). At each institution, historical completion gaps across racial lines are nonexistent, and enrollment of Pell Grant recipients increased by as much as 132 percent between 2008 and 2012. In interviews with CAP, institution officials cited



summer bridge programs as key contributors to their students' success. UNCC, for instance, has a [summer bridge program](#) that has been in place since 1986, and the programs' participants have a retention and graduation rate that is higher than that of non-participants.

### **Set student-friendly financial aid deadlines and procedures, and devise incentives for institutions to increase degree attainment for adults lacking a few credits.**

- Adult attainment – In November 2010, the Pennsylvania state legislature overturned the governor's veto of [House Bill 101](#). The bill includes a provision that allows higher education institutions to enroll adult students in coursework free of tuition charges.
  - In October 2013, the Institute for Higher Education Policy (IHEP) released the results of its [Project Win-Win](#). In an effort to locate and contact individuals who were “within striking distance” of completing an associate's degree, IHEP leveraged state and National Student Clearinghouse data to encourage near-completers to reenroll in higher education. IHEP successfully inspired 1,668 students to re-enroll, and 408 indicated that they plan to do so. The report provides recommendations for organizations that wish to pursue a similar effort.
- Student-friendly financial aid deadlines and procedures – In April 2016, via [House Bill 7019](#), the Florida state legislature required the Board of Governors and the State Board of Education to produce a report that studies the impact that federal, state, and institutional financial aid policies have on college affordability. The report parameters require an emphasis on understanding what factors have the largest impact on actual cost of attendance in an effort to spur affordability.
  - The Office of Federal Student Aid (FSA) at the U.S. Department of Education has a [webpage](#) that identifies the requirements for students to apply for aid in each state. While some states only mandate that students complete the FAFSA, others require students to file additional forms in order to be eligible for state aid. However, for some states, FSA simply directs students to their financial office.

### **Develop a tuition-setting policy that is affordable and predictable, includes passing a state budget without undue delay, and announces tuition increases on a timeline that allows institutions to respond.**

The decision of whether or not to increase tuition rates is typically made once state legislatures have made budget appropriations, and such decisions [hinge on the amount](#) allocated for higher education in the state budget. This unpredictability can make it difficult for students to budget for their education, and in turn have a negative impact on college affordability.

- [The National Conference of State Legislatures](#) produced a brief that outlines the context in which tuition usually increases, highlights recent trends in tuition prices, and identifies policy options states have considered to remedy this issue.
- In 2016, the North Carolina General Assembly passed HB 1030, in which [§ 116-143.9](#) ensures that North Carolina residents will pay the same rate for tuition for eight consecutive semesters at the University of North Carolina System institutions, making cost of attendance much more predictable for students. Moreover, transfer students receive the same benefit with a prorated amount of semesters dependent upon how many credits they enroll with at the institution. Students who stop out for military service, medical difficulty, or disability are eligible for a waiver.
- In 2012, the Education Commission of the States produced [a report](#) outlining the governing bodies that control tuition pricing. The report shows that as of 2012, Florida and Louisiana are the only states in which tuition is set solely by the state legislature, and that this responsibility falls to multiple entities in several states.



- The 2017 State Higher Education Executive Officers Association (SHEEO) [report](#), “Aligning Tuition Policies with Strategies for Affordability,” seeks to convey how tuition-setting policy impacts college affordability. The report highlights the results of a survey in which 54 agencies in 49 states participated. Additionally, SHEEO outlines the primary factors in tuition pricing, discusses means by which states are already stimulating affordability by improving tuition-setting policy, and provides recommendations for states to improve on this front.

**Consider an incentive system for institutions that rewards student success, i.e., a system that uses transparent performance data to encourage positive student outcomes and is crafted in a manner that does not discourage enrollment of students facing the greatest challenges to achieving postsecondary success.**

- In July 2015, the National Conference of State Legislatures produced a [report](#) demonstrating the growing popularity of performance-based funding (PBF). At that time, 32 states had a funding strategy that rewarded enrollment, but also metrics like retention and completion. Moreover, several states include elements in their funding formula such as total number of low-income or minority graduates.
- In July 2011, the Mississippi state legislature signed into law [HB 875](#). It allocated 10 percent of PBF dollars to institutions based on how well they were graduating Pell Grant recipients, adult students, and students with low ACT scores, thereby incentivizing institutions to enroll students who meet these criteria. This [model summary](#) depicts the context in which Mississippi remodeled its higher education funding strategy and delivers a thorough breakdown of the current formula.
- In February 2017, Research for Action released the [preliminary results](#) of a two-year comparative, mixed-methods study that analyzed the effectiveness of PBF in Indiana, Tennessee, and Ohio. Findings show a positive impact for full-time students. Moreover, completion rates for Pell Grant recipients were positively impacted in Tennessee under the PBF model.