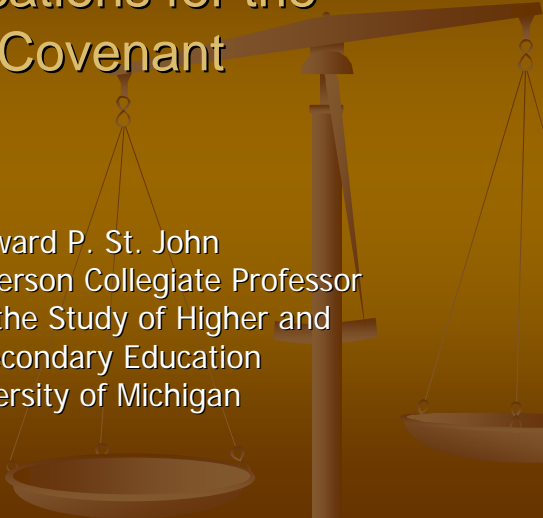


Funding Higher Education “Wisely”: Implications for the Wisconsin Covenant



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Topics



- Policy Context for WI Covenant
- Critical thoughts about finance and improvement of educational outcomes
 - Financial readiness
 - Inequality in enrollment rates
 - Trends in high school graduation and college enrollment rates
 - The quality of high school preparation
 - Coordination of public finance and high school reform
- Case Study of Indiana’s Twenty-first Century Scholars Program
- Implications for WI Covenant

Policy Context for the WI Covenant: Federal Policy

- Current Federal Context
 - Shift from grants to loans (Undermines financial access for low-income)
 - K-12: Accountability & Preparation (Academic Preparation rationale)
- Federal Policy in Perspective
 - 25 Years of policy promoting equity
 - Brown (1954), NDEA (1957), HEA (1966), ESEA (1965)
 - HEA reauthorization of 1972 (and implementation of BEOG)
 - Bottom line: Equal college enrollment rates in the 1970s
 - 25+ Years of opportunity for "all"
 - From MISAA (1978) to Spellings (and push for accountability)
 - From ECIA (1980) and "Nation at Risk" (1983) to "No Child Left Behind"
 - Bottom line: Inequalities being created by middle-class policies

State Policy in Perspective

- State Responsibility for Maintaining Equity
 - Constitution gave states authority for education
 - Education as human right/ Nussbaum "human capabilities"
 - Language of founding fathers ("under God" and "Bill of Rights")
- Diverse State Contexts
 - Variability in state programs
 - Grants: need-based, merit, and funding levels
 - State HS graduation policies (and links between school reform and finance)
 - Variability in state rates of:
 - HS graduation
 - College enrollment by HS graduates
 - Twenty-first Century Scholars (with links to K-12 and higher education finance policies)
 - North Carolina Covenant (University policy is dependent on funding state grants along with extensive support services)

Wisconsin Context: Focus Today— Reality of Covenant

- Wisconsin bottom line
 - WI Covenant rhetoric appeals to multiple rationales, but may lack coherence
 - In the 2000s, WI is doing better than the national average on improvement of graduation and college enrollment
 - WI ranks low in funding for state grants which limits realism in the “covenant”
 - Focus on academic preparation and financial access for low-income students

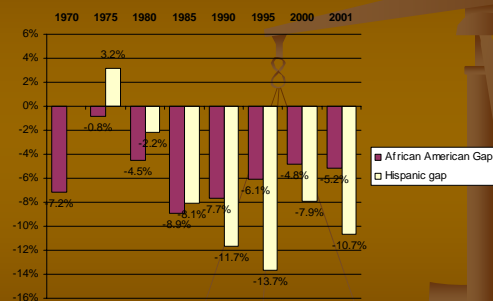
Critical Thought on Trends & Linkage Structures

- Diverse realities of financial readiness and encouragement
- Trends in the 1980s & 1990s
 - Decrease in high school graduation rates
 - Increase in college enrollment rates
 - Race/ethnic gap in enrollment rates opened and persisted (due to failure of school reform or college finance?)
- What do we know
 - Links between state funding for need-based grants and college enrollment rates are well established
 - Links between school reforms and college enrollment are uncertain (too little research)
- Changes in the 2000s
 - High school graduation rates improving nationally
 - College enrollment rates declining nationally

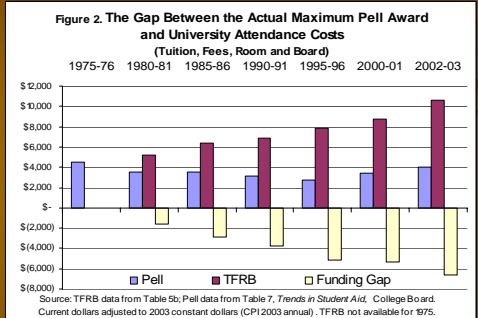
Roles of Financial Readiness & Encouragement in Diverse Contexts

- Upper-income students
 - Families guarantee financial access
 - Families encourage preparation (academic capital)
- Middle-income students
 - Federal need-based financial aid: grants and loans are sufficient to guarantee access to four-year colleges
 - Information can encourage preparation
- Low-income students
 - Federal aid does not guarantee access, which discourages preparation (Academic capital formation relates to finances)
 - State grants necessary for access and to encourage preparation
 - AVOID MAKING FALSE PROMISES

Figure 1. Differentials in College Enrollment Rates for Hispanic and African American Compared to White 18- to 24-Year-Old High School Graduates

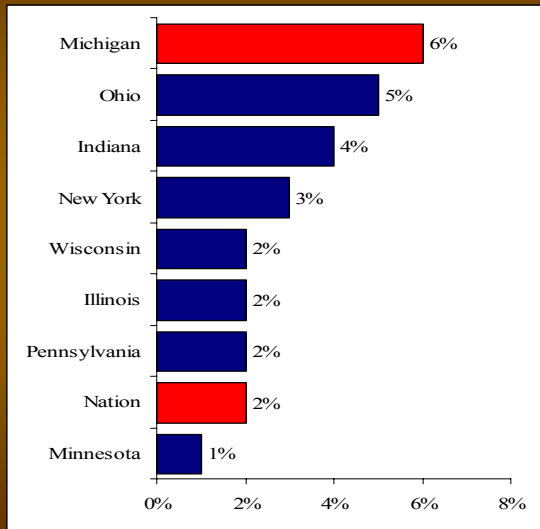


Note: Adapted from St. John, 2003. Data from *Digest of Education Statistics 2002*, p. 10, Table 4, Federal Support for Education, Fiscal Years 1980-2002, NCES, 2003a.

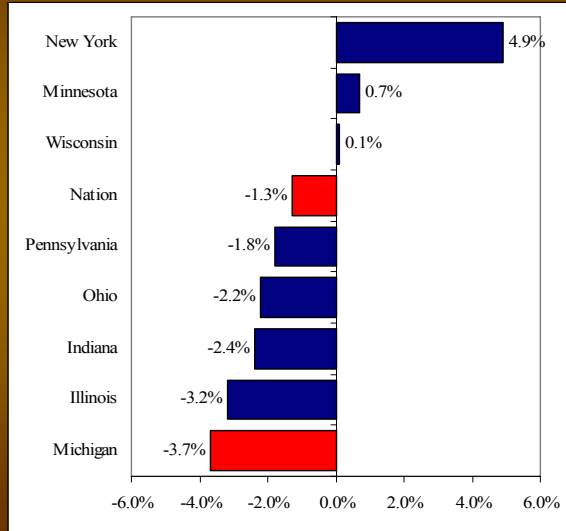


Source: St. John, Tuttle, & Musoba, 2006.

Change in High School Graduation Rates Great Lakes States, 2000 – 2004



Change in College Continuation Rates Great Lakes States, 2000 – 2004



State Policy Indicators for Selected Years, 1990-2005

	1990	1995	2000	2005
<i>Policy related Variables</i>				
State established content standards in math	7	46	50	50
Requires 3 or more math courses for graduation	11	12	21	28
Requires 1 or 2 math courses for graduation	33	31	24	17
Requires at least Algebra I or above	0	2	12	22
High School Curriculum is locally controlled	6	7	5	5
Offers an honors diploma	15	17	19	22
Exam required for high school diploma*	15**	12	14	19
Percentage of schools participating in AP*§	45%	51%	58%	62%
Percentage of students taking SAT∞	42%*	41%	44%	49%
9 th Grade cohort size (millions)	3.2	3.32	3.79	3.96
<i>Outcomes of Interest</i>				
SAT Verbal mean	500	504	505	508
SAT Math mean	501	506	514	520
SAT Combined	1001	1010	1019	1028

*Based upon numbers reported in 1991

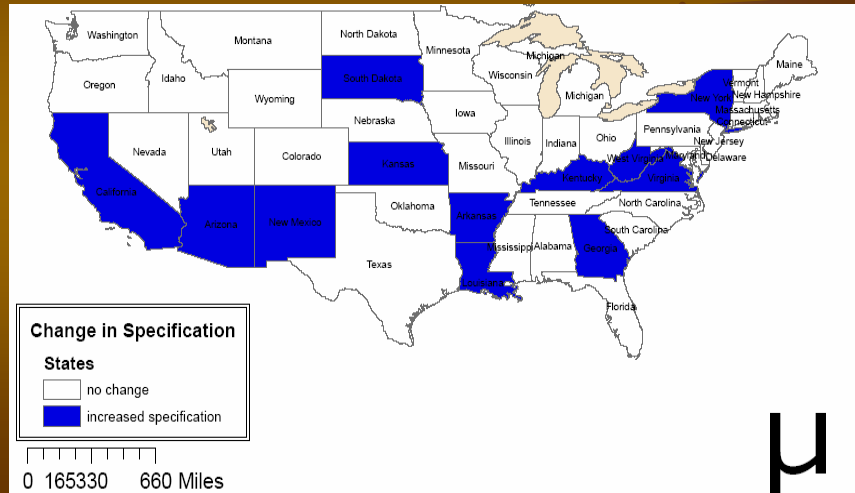
**This number is higher than anticipated but cannot be externally validated

§Reflects the median percentage for AP and the median dollars per FTE for K-12 expenditures

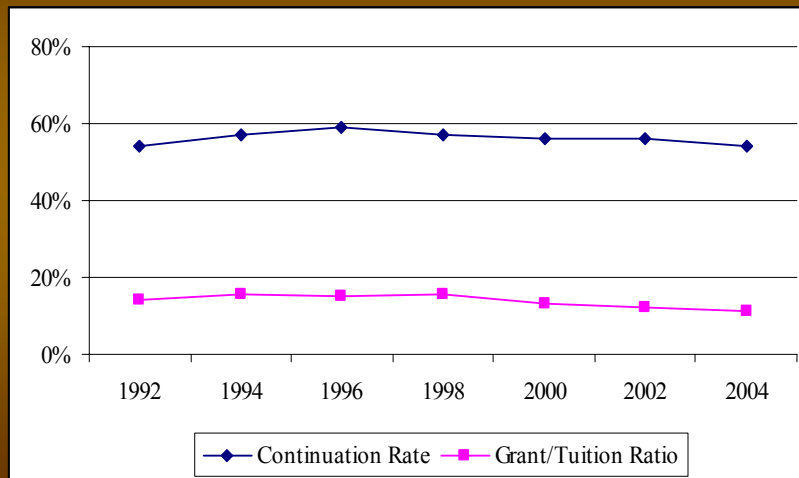
†Dollars reported are unadjusted

∞These numbers reflect the national figures reported by ETS

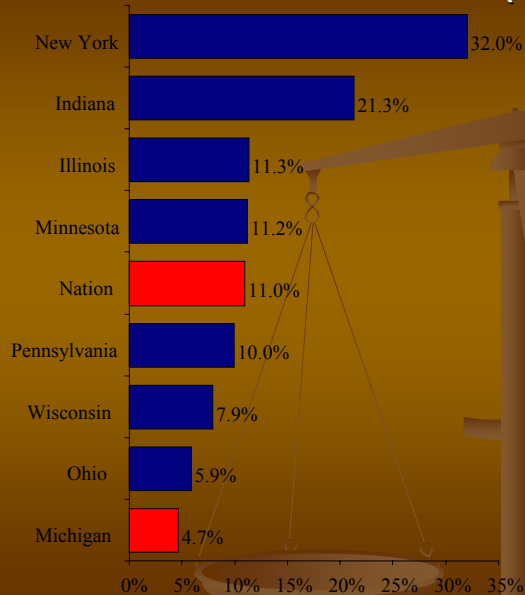
Increasing Math and Science Course Requirements for Graduation: Changes Implemented 2000 - 2005



College Continuation and State Grant Funding/ Public Tuition Charge Ratio Trends, 1992 – 2004



Need-Based Aid as a Percent of Tuition (2004)



Coordination of State Finance Policies: A Fairness Standard

- If a state maintains a 1/4 ratio (or 25%) for:
 - (a) per FTE funding for need-based grants to (b) average public tuition charge,
 - there is a good likelihood the state will equalize enrollment opportunity across income groups.
- With funding of grants per FTE at 25% of tuition—a level exceeded in New York and nearly reached in Indiana—a state can provide grants equaling
 - tuition for the low-income students, and
 - half of tuition for students at the lower-middle income quartile.
 - This assumes students at the median to pay for college from family resources, supplemented by loans, work, and other grants, including merit grants.

General Observations



- High school curriculum reform is an important first step
 - This process underway in many states
 - Evaluations of state policies have been limited
- University collaborations with high poverty high schools may be critical
 - UM strategy (M-Pact & school partnerships)
 - State context of poor grant funding
- State financing of higher education
 - Ensure access for prepared students
 - Ensure quality of higher education
 - Optimize the use of tax dollars (balance tuition, college subsidies, and need-based grants)
 - Aid guarantees possible when these conditions are met

Case Study of Indiana's Twenty-first Century Scholars Program



- Research Informing Reform
- Balanced Model
- Summary of Prior Studies
- Current Study
- Summary

Research Informing Reform

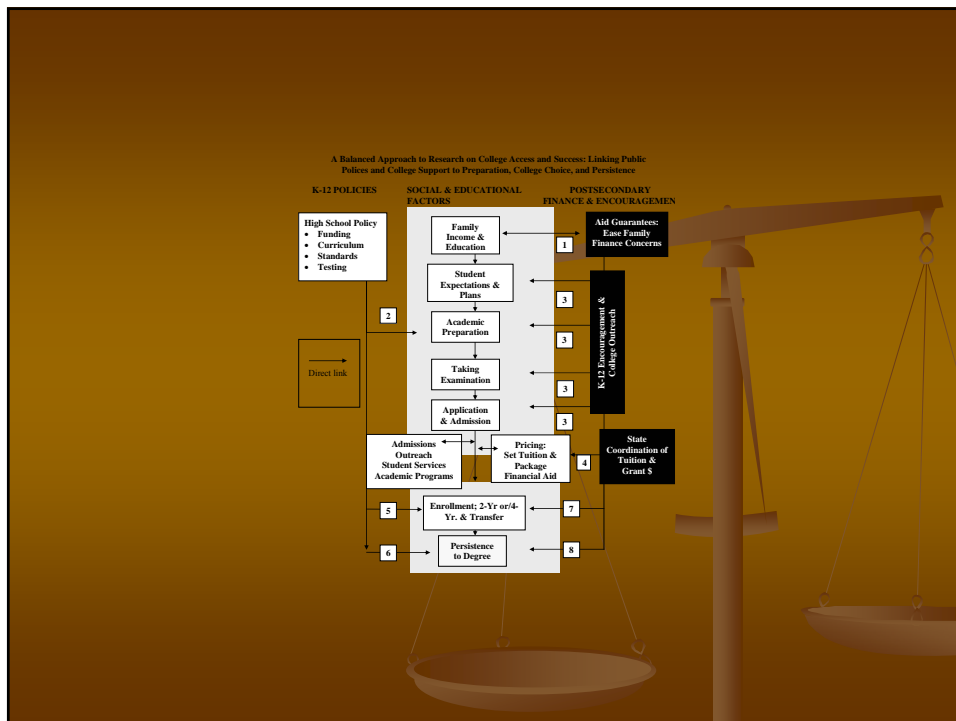
- **Indiana Education Policy Research Center (IEPC) (1986-2004)**
 - K-12 finance studies for legislature (continues in new center)
 - Education reform studies
 - Studies using state student databases (1999 cohort study)
- **State Studies & ICPAC (1990s)**
 - Surveys of parents and high school students
 - Information on students & parents
 - Twenty-first Century Scholars
- **Studies of Twenty-first Century Scholars (Lumina Foundation)**
 - Initial analyses of 1999 cohort at IEPC
 - Initial studies of aid application and college choice
 - NGA meetings on Indiana program & state grant programs
 - Follow-up 4-year persistence study
 - Recent Analyses of 2000, 2004, & 2005 cohorts at University of Michigan

Trends in Indiana

- **College Enrollment Rates**
 - Indiana ranked 8th in college rates for high school graduates in 2004: 62% of high school graduates enrolled, compared to a national rate of 55.5%.
 - In 1986 only 33% of Indiana's high school graduates enrolled in college, compared to 35.7% nationally
- **High School Graduation Rates**
 - Indiana's high school graduation rate was 76.2% for public high schools in 1986, slightly higher than the national average of 73.4%
 - In 2004 Indiana's graduation rate was 62% compared to a national average of 55.5%
 - The positive differential in graduation rates in Indiana compared to the nation improved from 2.8 percentage points in 1986 to 6.1 percentage points in 2004

Balanced Model: Policies Linking to Readiness, Access and Success

- K-12 Policies
 - Graduation requirements & school funding
 - Provides access to preparation
 - Can be aligned with college admissions
- Guarantees
 - Eases family concern about costs
 - Encourages preparation
- Encouragement/ Information
 - Information on colleges, admission and student aid provides explicit forms of encouragement
 - Affirmative action, desegregation & outreach also send 'messages' that influence preparation
- Financial aid awards improve opportunity to persist, especially for low-income students



Twenty-first Century Scholars: Summary of Prior Studies

- Indiana program for students in free & reduced lunch program (8th grade pledge)
 - State guarantees grants equaling tuition
 - Students pledge to prepare & apply
- Studies completed (with longitudinal state data files)
 - 1999 cohort study of enrollment
 - 1999 cohort study of 4-year and 6-year persistence
 - 2000 cohort study of preparation
 - 2004 cohort study of engagement in outreach

Prior Studies: 1999 Cohort

- Access (first study): Taking Scholars Pledge positively associated with
 - Applying for student aid
 - Enrolling in college (all types) compared to not enrolling in college
- Follow up study: 4-year persistence
 - Scholars had similar odds of persisting as other students
 - Non significance captured press attention spurring further study
 - Overlooked by press: Given high state grants for all (compared to other states), the guarantee did not substantially increase costs to state

Study of 2000 Cohort: Focus on preparation for college

- K-12 Policies related to preparation:
 - State policy requires high schools to offer Core 40 (college prep) and Honors diploma
 - State provides extra funds for Core 40 and Honors diplomas
- Models
 - College Board (SAT) survey of curriculum, plus state data on high schools and college students
 - Studies examine curriculum completed as function of
 - Scholars pledge (Link 1)
 - Background (as control for race, gender, etc.)
 - School characteristics (Proxy for Link 2)

2000 Cohort: Scholars and Diploma Type

- College freshmen IN residents: Scholars, plus other Pell recipients
 - Comparisons to other Pell recipients reasonable, but not perfect, match
 - High school diploma types similar for scholars and non scholars
- Analysis of access to preparatory curriculum
 - Attending high-poverty, high-minority schools improved odds of completing Core 40
 - Indicates school policies expanding curriculum access in these schools (Link 2)
- Controlling for family background (Table A.1)
 - Being a scholar was positively associated with honors diploma

2000 Cohort: Scholars and Advanced Math Courses

- Slightly higher percentages of Scholars than comparison students completed Trig/Pre Calculus and Calculus
- Race and access to math
 - Asians more likely than whites to complete Trig/Pre Calculus, but less likely to take Calculus
 - African Americans less likely to take Trig/Pre Calculus or Calculus
- Controlling for background, school characteristics, and achievement (Table A.2)
 - Scholars more likely to take Trig/Pre Calculus
 - Scholars more likely to take Calculus

Summary Evidence Related to Pledge & K-12 Policies (IN case)

- Prior research: Positive association in application & enrollment, including 4-year colleges
- K-12 Policy (IN requires schools to offer Core 40 & Provides additional funding)
 - Improves access to preparatory curriculum
 - No evidence related to advanced math
- Scholars Pledge
 - Improved access to Honors diploma
 - Improved access to advanced math courses
 - No evidence related to Core 40

2004 & 2005 Cohorts

- Engagement linked to application
 - Student counseling
 - Parent engagement (especially campus visits)
 - Student engagement with regional service centers
- Engagement and enrollment
 - Student counseling
 - Parent engagement
 - Student engagement with regional service centers
- Engagement and college choice
 - Counseling linked to 2-year enrollment
 - Parent engagement linked to 4-year enrollment

Conclusions

- For low-income students
 - HS policies can link to preparation
 - Aid guarantees can link to preparation, as well as access & degree attainment
 - Evidence from IN studies illustrative
- Balanced approach to readiness
 - Aid guarantee to ease family concerns (less added cost in states with strong grant programs)
 - State requirements linked to funding can improve opportunity to prepare, when concerns about finances are eased.

Implications for WI Covenant

- Link high school reform and access
 - Piecemeal change could be problematic for preparation
 - Failure to evaluate HS reforms limits coherence of state policies
 - Link finance of colleges to reform strategies
 - Public criticisms of tuition (shows poor understanding of state support)
 - Too little consideration of need-based aid in WI (and most states)
 - Remember IN's commitment to Twenty-first Scholars enabled full funding of state need-based grants
 - Efforts to expand access can be hampered by failure to invest in need-based grants
 - Possible priorities: Making the WI Covenant Work!
 - Be sure to fund all guarantees!
 - Coordinate aid guarantees with support & encouragement services
 - Tighten links between admissions requirements and school reform
 - Coordinate state funding of need-based grants with tuition
 - Recognize the link between funding for public higher education and tuition charges
- 