HIGHER EDUCATION

FIXING AMERICA'S COLLEGE ATTAINMENT PROBLEMS: IT'S ABOUT MORE THAN AFFORDABILITY

Critical Considerations for Any New Federal-State Partnership

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The Education Trust

TO THE POINT

- College affordability is a growing problem for American families. But solving that problem won't fix America's college attainment problems.
- While the vast majority of high school graduates enter college, many don't earn the degrees that they need in today's marketplace — at least in part because many colleges are more focused on getting students in the door than on making sure they succeed. Problems are biggest for America's "New Majority"— students of color and those from low-income families — who enter and graduate from college at rates well below other students.
- Any proposed new federal-state partnership aimed at making college more affordable should simultaneously address completion problems, leveraging new investments to ensure that students are better prepared and that colleges and universities prioritize student success, especially among underserved groups.

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Critical Considerations for Any New Federal-State Partnership

BY JOSÉ LUIS SANTOS AND KATI HAYCOCK

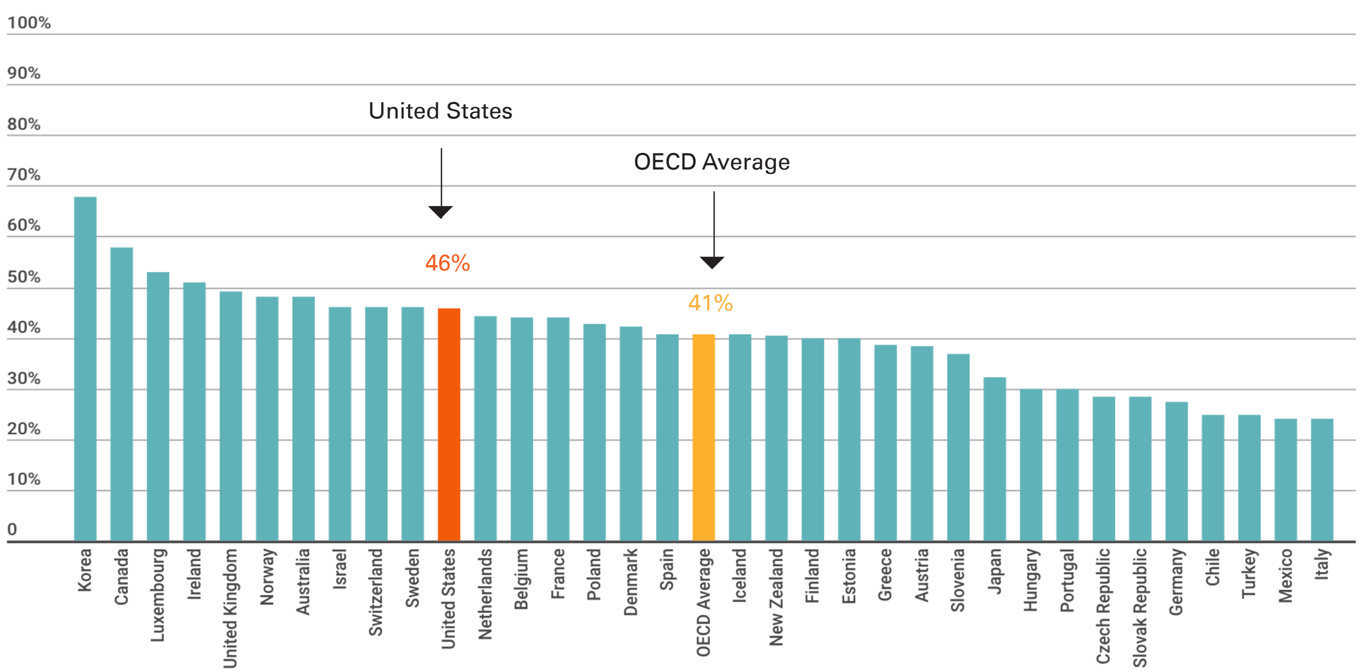
Even before this year's presidential campaign got underway, federal policymakers were busily crafting proposals to respond to mounting concerns about the cost of college attendance. Poll after poll reiterated what lawmakers were hearing back home in their districts: that, while parents of all sorts absolutely understand the need for their children to get a postsecondary education to secure a decent job in the 21st century, exponential increases in the cost of college make them deeply anxious about their ability to afford it. In the 114th Congress alone, policymakers introduced no fewer than four major proposals to establish new partnerships between the federal government and the states that would attack this problem.

As Sen. Bernie Sanders and former Secretary of State Hillary Clinton competed for the Democratic nomination, attention to the issue soared. Yet, most of the analysis has centered on the differences between Clinton's proposal for a new federal-state partnership to assure "debt-free college" and Sanders' "free" college proposal — and, since Clinton has embraced some of the key features of Sanders' approach, whether she was smart to shift toward the "free" college model that will cost federal taxpayers considerably more.

What this analysis of the size of the federal investment misses is any discussion of the other features any such proposal — and we expect many to be introduced in the 115th Congress — must include in order to effectively address America's college attainment problem. Because while affordability surely is a challenge for American families, it is by no means the only reason why our international standing in postsecondary attainment has dropped so precipitously, with 10 nations now equipping a larger fraction of their young adults with the postsecondary degrees they need to compete in the international marketplace (*see Figure 1*), and others making so much faster progress than we are that they will soon pass us by.[1]

If research and experience make anything clear, it is this: Any new policy that focuses largely on access and affordability (ignoring our shockingly low success rates) or that is inattentive to the fast-changing demography of our country (with growth highest among the groups with the worst preparation and the lowest rates of college access and success) will definitely not get us where we need to go. Yes, students and families may feel better and even enter college at higher rates, as a new report from the Georgetown University Center on Education and the Workforce suggests.[2] But we won't have fundamentally altered current results.

Figure 1: Percentage of Residents Ages 25-34 With a Postsecondary Degree



Source: Organisation for Economic Co-operation and Development, Education at a Glance 2015 (2014 data).

Certainly, the issues surrounding affordability feel pressing, and some may say, "Let's address this problem now, then come around later to work on the others." But that view ignores what previous federal-state partnerships have taught us: that we would be squandering a huge opportunity unlikely to come around again anytime soon. The key benefit of a federal-state partnership — beyond its capacity to mobilize significant resources — is that it pushes those two levels of government, working together, to activate the full range of actors necessary to secure a real solution to a complex problem. In the case of America's college attainment problem, that full range of actors includes schools, colleges, and students/families.

There are certainly good reasons for the federal government to enter into a partnership with states. No matter how many additional taxpayer dollars Congress pours into Pell Grants or tuition tax programs, it will not be able to keep up with the rising cost of tuition and fees if states continue to disinvest and the costs of tuition continue to rise.

At the same time, even state leaders wary of more involvement with the federal government and tired of broken promises have every reason to enter into a new partnership to improve college affordability. Undoubtedly, there are huge long-term benefits to states from a more educated workforce. Yet resources are tight and few other critical state services have alternate sources of revenue. Without federal dollars and leverage, the temptation to keep turning to parents and students to pay an ever larger share will continue to be too strong to resist.

But the bigger reason is that our nation needs not just more access to college but more college graduates, and each level of government needs the other in order to get that job done. Because of their support and oversight of schools and colleges, the federal government needs the states to mobilize the energies of both sectors to make certain that students — especially low-income students and students of color — are better prepared and that colleges adopt the practices that we now know can eliminate long-standing completion gaps. At the same time, to effectively break through often fierce institutional resistance to change and tackle long-standing myths about who can succeed in college and who can't, states need not just federal resources but the leverage that comes along with them — usually in the form of program eligibility or performance requirements.

In this paper, we hope to contribute to the public discussion of the needed contours of effective policy solutions to America's college attainment problem. First, we'll take a look at the problems that make more comprehensive action essential and examine key drivers of those problems. Next, we'll review past federal-state partnerships, identifying some of the most salient lessons. Finally, we will lay out a set of questions that advocates, analysts, and policymakers should ask about any new proposal for a new federal-state partnership in higher education, focusing not on the size of the investment but on eligibility and performance requirements.

THREE INTERCONNECTED PROBLEMS: AFFORDABILITY, COMPLETION, AND INTERGROUP INEQUITIES

COLLEGE AFFORDABILITY CONUNDRUM

America's efforts to broaden access to a college education beyond wealthy elites has been driven by a robust social compact: that each generation of taxpayers and parents bear the lion's share of the burden for educating the next.

Though this compact has roots as far back as the Morrill Act of 1862 — which helped states create public universities to educate those who couldn't afford private higher education — it got a series of big boosts over time, from the adoption of the GI Bill in 1944 to the creation of the Pell Grant 20 years later.

But the federal government wasn't the only anchor for this compact. Through generous investments that helped keep the cost of tuition at public colleges low and that provided need-based aid to students who needed it, state governments were a critical partner, keeping the costs of college attendance affordable enough for families to do their part.

One needs only to peruse current statistics to know that powerful social compact isn't just fraying; it's dead. Nationally, students have accumulated a staggering $1.3 trillion in loan debt, surpassing debt for both auto loans and credit cards.[3] Instead of continuing to shoulder most of the burden for postsecondary education, adults have transferred this burden onto the backs of their children and grandchildren. Just as they are ready to start forming families, buy houses, and take many of the other steps toward productive adulthood, these young people are often buried under mountains of debt and living back home with their parents.

Certainly, colleges have done too little to control costs, with the price of attendance rising far faster than inflation or family income. But in the public sector, declining state support per full-time student — down 20 percent since 1990 — is responsible for a good part of this problem.[4] Indeed, student tuition now accounts for a larger percentage of revenue at public colleges than do state dollars — 25 percent vs. 23 percent, respectively.[5]

What is critically important to understand, though, is that costs affect different groups of students quite differently. For students from families in the top income quintile, the net costs of college attendance are actually quite modest (for four-year public and private nonprofit colleges, an average of roughly 17 percent of family income).[6] Indeed, many such students receive aid from their institutions that they and their families do not need. Not surprisingly, students from high-income families attend and complete college at very high rates, and whatever debt they accumulate is often paid off on time.

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Students from low-income families have a much higher relative burden: Even after all financial aid is considered, those who attend four-year public and private nonprofit colleges must find a way each year to pay or finance an amount roughly equivalent to 76 percent of their families' annual earnings.[7] Not surprisingly, they attend college at much lower rates, the colleges they attend are lower quality, and they often struggle to pay off college debt.[8]

No group, however, is harder hit by college-related debt than those who begin but do not complete college.

AMERICA'S COLLEGE COMPLETION CRISIS

Each year, more and more of our young people go on to college. Indeed, nearly 70 percent of high school graduates enter some form of postsecondary education within two years of graduating from high school.[9] That, in short, is not where our international competitiveness problems lie.

Our problems are in completion rates, which are among the lowest in the developed world (*see Figure 2*).[10] Among students who start in four-year institutions, fewer than 4 in 10 earn a four-year degree within four years; when the timeline extends to six years from entry, that rate increases to nearly 6 in 10.[11] And those are averages. Underneath those averages are colleges that routinely graduate more than 90 percent of their students and colleges that routinely graduate less than 10 percent of their students, often producing more debt than degrees. For-profit institutions and other non-selective public institutions are typically concentrated on the lower end of the completion spectrum.

Among students who start their education in two-year institutions, completion rates are even lower. Roughly 28 percent complete a certificate or degree within three years of entry.[12] And of those who begin their studies in a two-year college and aspire to earn a bachelor's degree, fewer than 15 percent earn that degree within six years.[13]

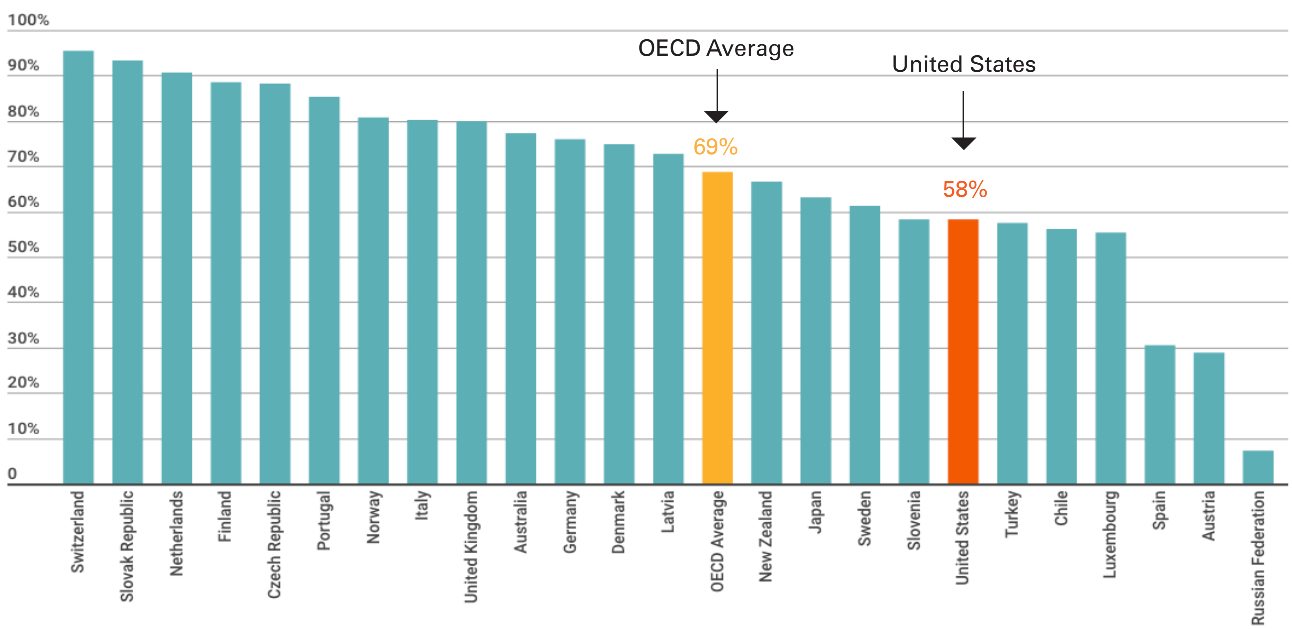
The consequences for non-completers can be severe, because there are essentially no payoffs in the workplace for "some college, but no degree." Even small college debts can be crippling, as a recent Council of Economic Advisers report points out, with non-completers defaulting on loans at much higher rates than completers.[14]

DIFFERENT GROUPS, DIFFERENT RESULTS

Both affordability and completion problems affect low-income students and students of color disproportionately. While we have made great progress over the past 40 years in improving college access for students from all racial and economic groups, we've made less progress in enabling these young people to complete the degrees they seek. Low-income students and students of color still enroll at lower rates — and, when they do enroll, they are more likely to enroll in two-year colleges, non-selective colleges, and for-profit institutions from which they are less likely to graduate. But the gaps in graduation rates far exceed the gaps in college access.

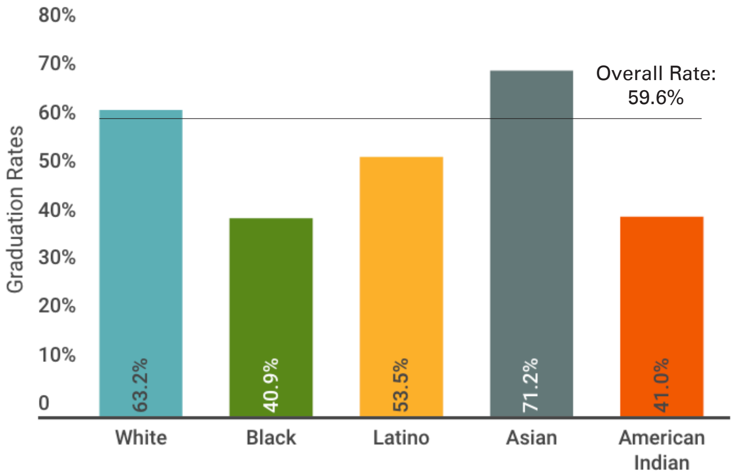
Among students who begin at four-year institutions, six-year graduation rates for white students (63 percent) are more than 20 points greater than those for African American students (41 percent) and Native students (41 percent) and 9 points greater than those for Latino students (54 percent) (*see Figure 3*).[15] There are gaps, too, in the graduation rates of low-income students and their higher income peers. Pell Grant students graduate at a rate 14 points below that of non-Pell students among the sector as a whole.[16]

Figure 2: Bachelor's Degree Completion Rates Among OECD Countries



Source: Organisation for Economic Co-operation and Development.

Figure 3: Six-Year Completion Rates for First-Time, Full-Time Freshmen



Note: Fall 2008 cohort at four-year institutions.
Source: National Center for Education Statistics.

At public two-year colleges, the numbers are worse. Far fewer Latino (18 percent), Native (14 percent), and African American (10 percent) freshmen in community colleges earn a certificate or degree within three years than do white students (23 percent) or Asians (27 percent).[17]

Add it all up, and we end up with very different degree-acquisition rates for different groups of young Americans. For every 100 white kindergartners, roughly 90 end up with a high school diploma and, of those, 40 get at least a bachelor's degree.[18] But the bachelor's degree attainment rate among black adults (22 percent) is just over half that of white adults, and among Latino adults (15 percent), only just over one-third.[19]

There is also a large gap in degree attainment by family income. Students from high-income families are roughly three times as likely as students from low-income families to obtain a bachelor's degree by age 24.[20]

CURRENT RESULTS: NOT GOOD FOR STUDENTS, NOT GOOD FOR OUR COUNTRY

If our international position in degree attainment among young adults was based just on the education levels of our white students (53.6 percent earn at least an associate degree or bachelor's degree), our attainment rate would move up from No. 11 to No. 3, behind South Korea and Canada.[21] But no country's education performance should be determined based on the performance of its most advantaged group. And since Latinos are now reaching educational attainment rates (24.0 percent) closer to those of No. 33 (Italy) and African Americans (32.9 percent) are reaching rates closer to No. 25 (Hungary), than to those of our high-performing Canadian neighbors to the north, we have some work to do.[22]

But this isn't just about international competitiveness.

America is experiencing not only increasing gaps in income and household wealth, but also growing problems with economic and social mobility. Since 1980, rates of intergenerational mobility have steadily declined, with the U.S. now joining the U.K. and Italy as the developed countries where it is hardest for young people born at the bottom of the ladder to escape poverty as adults.[23]

At the macro level, better and more equal education is not the only solution necessary to turning those patterns around and heading our country back toward the principles of opportunity and equality that we hold dear. There are a lot of things that good public policy can and should do.

But at the individual level, quality education — especially a college education — is literally the only way up. The facts are brutal: Without a college degree, 45 percent of those born poor in this country will remain poor as adults, and another 15 percent will remain near poor; however, with a college degree, this rate plummets to 16 percent.[24]

For African American males, the consequences of not getting an education are even starker. Without a high school diploma, these young men have a 68 percent chance of being imprisoned by age 34. With a high school diploma, imprisonment rates fall to 21 percent; with a college degree, they plummet to 7 percent.[25]

But degrees have important consequences for young people of all sorts. College graduates earn more, are less likely to be unemployed, and stand out on other things that we value as a society: They are more likely to vote, more likely to volunteer, more likely to make choices that contribute to good health, and even more likely to have good mental health.[26]

There is, in other words, essentially one road up in America today. And that road runs through our colleges and universities.

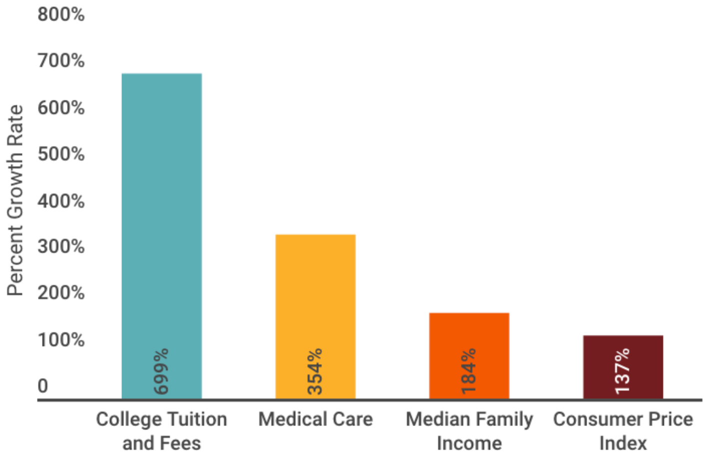
WHAT FACTORS CONTRIBUTE TO CURRENT PROBLEMS WITH AFFORDABILITY, COMPLETION, AND DISPARATE RESULTS?

Underneath each of these three interconnected problems is a complex web of often interconnected causes. This is an overview of what are generally considered to be the major drivers for each.

MAJOR DRIVERS OF AFFORDABILITY PROBLEMS

While there has been a huge outcry about recent increases in the cost of medical care and prescription drugs, the costs of tuition and fees have increased even faster — by 699 percent since 1982, which is more than three times the rate of increase in median household income or in the consumer price index (*see Figure 4*).[27]

Figure 4: Percent Growth Rate, 1982-2016



Source: Bureau of Labor Statistics and U.S. Census Bureau.

However, analyses from the Delta Cost Project, among others, remind us that this does not mean that the cost of educating students has gone up this much; rather, costs have been going up for other reasons, and there are too few incentives to rein in spending and keep it down. Indeed, there have been spending increases in most sectors of higher education — typically, more in administrative and student services than in instruction — with the largest increases of all in nonprofit, private research universities. Further, there is little question that increased spending in these elite institutions spurs a kind of institutional arms race to try to keep up; not surprisingly, increases among public research institutions are greater than those among public master's or public baccalaureate institutions.

But in public colleges and universities, the primary culprit isn't the institutional arms race; it's declining state support, down 20 percent per student since 1990.[28] The result? Students are paying a larger share of education-related costs (currently about half in four-year institutions and about 38 percent in community colleges).[29]

Both federal and state policymakers bear some responsibility here, as government spending on student aid simply hasn't kept up. At the federal level, the Pell Grant — which used to cover about 75 percent of the cost of attending a four-year college — now covers only about one-third of the cost.[30] In the form of tax credits and tax deductions, the federal government provides more support for college attendance, but the credits are poorly timed for college expenses and don't typically benefit the families most in need of help. And though states have generally increased their own spending on student aid over time, an increasing fraction of those dollars is going to students without financial need. When added to the trend toward disinvestment in institutional support, this shift has particularly devastating consequences for the students from the lowest income families.

MAJOR DRIVERS OF COMPLETION PROBLEMS

Certainly, the increased burdens of financing an education contribute to poor completion rates among today's college students. Students are working more, taking fewer classes, and often enrolling in the least expensive option they can find — even though these strategies reduce their chance of success.

But money is by no means the only problem. Poor preparation is a major contributor as well. On widely used tests of college readiness, only 42 percent of American high school graduates perform at the college-ready level.[31] Of students who enter four-year colleges, more than one-quarter are placed in remedial courses to learn things they should have mastered in high school; in community colleges, the rate is above 50 percent.[32] Unfortunately, students who need more than one or two of these courses are unlikely ever to complete college; many never even finish the remedial series.

Yet while financial pressures and poor preparation clearly matter, it is also clear that what institutions do matters, too. Even institutions that serve similarly prepared students with similar economic needs can have very different rates of student success, and some succeed with students who would likely not have completed if they had enrolled elsewhere. But there are few incentives — and many disincentives — for institutions to prioritize the practices that improve student success.

MAJOR DRIVERS OF INEQUITABLE OUTCOMES

The problems of cost and poor preparation hit low-income students and students of color especially hard. Resources at home are tight, making it tougher for families to help out with college and often incumbent on college students to help out with family needs. Moreover, many of these students attend underfunded high schools where, despite their aspiration to attend college, little is expected of them.[33]

As we show in a recent report, "Meandering Toward Graduation: Transcript Outcomes of High School Graduates," only about one-third of 2013 graduates completed a college-ready course sequence, and students from disadvantaged backgrounds were 14 percentage points less likely to complete a college-prep or college- and career-prep course sequence.[34] Further, students of color and low-income students are more likely to be taught by brand new teachers and those without certification in their field.

College readiness exams make the consequences of these inequities clear. While 53 percent of white students and 56 percent of Asians meet college-ready benchmarks, only 15 percent of African American students and 24 percent of Latino students do so.[35]

But poor preparation has a twin problem: poor information. Not surprisingly, low-income students and students of color are less likely to be able to rely on parents or family friends to help navigate hurdles on the way to college. Yet despite this greater need, their schools are often poorly equipped with counselors and other college advisors, too.

As a result of these and outright discriminatory advising and course placement practices, low-income students and students of color are less likely to know how best to prepare for college and to make the best college choice. Even the highest performing students, who work really hard in high school, often end up in the colleges they could have entered without cracking a book — typically poor quality institutions from which they are less likely to graduate.[36]

Unfortunately, the problems for low-income students don't end there, as the choices that college leaders make can also contribute to inequities in who comes and who graduates.

Colleges, for example, have their own student aid funds — called institutional aid — that they decide how to spend. In 2011, those funds collectively totaled about $21 billion. Yet, just as the federal and state governments have shifted away from the lowest income students toward those with less need, the colleges have shifted, too. In 1995, public institutions spent more than twice as much on the poorest students as they did on the wealthiest. By 2012, they were choosing to spend more on the wealthiest.[37]

These skewed priorities also affect student success patterns, because under-prepared students are more vulnerable to poor institutional practices, both inside and outside of the classroom. By using data systems proactively to monitor student progress and intervene when students wander off track — and by honestly confronting and changing policies that impede student success — colleges around the country are proving that demography doesn't have to be destiny. While low-income students and students of color often enter behind, campus leaders have shown that they can eliminate long-standing gaps in a few short years. More need to do so.[38]

SOLVING BIG, COMPLEX PROBLEMS WITH FEDERAL-STATE PARTNERSHIPS

When confronted with big, complicated problems that they cannot solve without engaging other levels of government, federal policymakers have sometimes used a powerful tool — a so-called federal-state partnership. While such partnerships are not without their challenges, they can:

- Strengthen incentives for state investment;
- Address inequities by helping to meet the extra needs of high-need communities or individuals;
- Deploy resources more efficiently and in a way that is more responsive to local context;
- Create "automatic stabilizers" when the economy contracts or there is a natural disaster;
- Promote or align particular policies;
- Change incentives for institutions and students; and
- Stimulate innovation.

Federal-state partnerships can take several forms — including loans or insurance products, tax relief, or direct cash assistance to state and local governments — for things like health care, housing, and law enforcement. All told, the federal government provides more than $700 billion per year through various partnerships, with most of that ($607 billion) through direct cash assistance.

There are three main forms of direct cash assistance (block grants, categorical grants, and competitive grants) with pros and cons to each that often vary according to one's perspective.

FEDERAL-STATE PARTNERSHIPS: THREE MODELS FOR CASH PROGRAMS

Block Grants provide maximum flexibility to states so they can operate their own programs with minimal federal interference. The flip side is that federal officials often don't have a clear sense of impact or outcomes — or even know exactly what the funds are buying.

Categorical Grants send dollars to states or localities for specific purposes based on a formula outlined in statute (for example, the number of children in poverty). In such grants, the federal government defines specific eligibility requirements and attaches strings in return. While these provide federal officials with more certainty about how dollars are spent and what outcomes are achieved, state and local officials can feel hamstrung by federal requirements, often arguing that they know their people and how to serve them better than the federal government does.

Competitive Grants generally leverage limited federal dollars to promote federal policy goals at the state or local level. While competitive grant programs can incentivize rapid policy change in participating states, opponents argue that federal criteria often advantage certain states over others; that many states really don't have the technical capacity to do the work they promise; and the funds would be better spent boosting ongoing programs, since the temporary nature of competitive funding can cause serious downstream challenges for participating states and localities.

One of the best known of these, of course, is Medicaid — which, despite its current challenges, ushered in a new era of health care for low-income people by substantially increasing state and federal investment (and with many states electing to go beyond the required basics).

But there have been important federal-state partnerships in education, as well. We highlight several of them here. For a detailed discussion of each, see the accompanying sidebar, "Federal-State Partnerships in Education – History and Challenges."

FEDERAL-STATE PARTNERSHIPS IN EDUCATION – HISTORY AND CHALLENGES

MORRILL ACTS OF 1862 AND 1890

In the 19th century, the federal government leveraged its vast land resources to help meet the workforce needs of a rapidly expanding country. Through the Morrill Act of 1862, Congress transferred ownership of thousands of acres to states, allowing them to sell the land and invest the proceeds into a perpetual fund — the interest from which was to provide for the ongoing support and maintenance of at least one college in the state. These new land-grant institutions were intended to provide a practical education to a broad segment of the population, expanding opportunities to those who previously would have been excluded from higher education. Today, because of the Morrill Act of 1862 (and the second one of 1890), there are 109 land-grant colleges that together enroll more than 1 million undergraduate students annually.[39]

As is the case with many successful federal-state partnerships, Congress didn't invent the idea of publicly funded colleges from whole cloth. In the 1850s, several states responded to the increased need for more training and preparation in agriculture to help feed the growing U.S. population by building their own institutions for training in agriculture and mechanics. For instance, the New York State Agricultural College opened in 1860, the Agricultural College of Pennsylvania began awarding bachelor's degrees in 1861, and Michigan State College of Agriculture opened in 1857.

This desire for increased agriculture training and research was pushed by states and also by farmers and the middle-class workers who wanted to advance technical training in their states. Additionally, the Morrill Act of 1862 came at a time when the government wanted to dispose of federal lands and to help states learn to better handle their resources, soil exhaustion, and waste.[40]

Although Congressman Justin Morrill built off strong support from states and farmers to win passage of what became known as the Morrill Act, it took two attempts because of initial opposition to federal overreach. Eventually, each state was allotted a portion of federal lands commensurate with the number of congressional representatives (30,000 acres or equivalent, per representative and senator).[41] The state then sold those lands and used the profit to create colleges of science, agriculture, mechanics, and other technologies as deemed necessary by each state.[42]

While the Morrill Act set up each state with funding for an institution that would provide education in agriculture and mechanics, there was a major flaw: Many states did not allow black students to attend these institutions. To address this problem, Rep. Morrill secured the passage — nearly 30 years later — of a second bill creating land-grant institutions for black students. This second Morrill Act resulted in the creation of 18 institutions to serve black students in regions where states did not allow them to attend the same institutions as white students.[43]

STATE STUDENT INCENTIVE GRANTS (SSIG)/LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP (LEAP)

In the 1972 reauthorization of the Higher Education Act (HEA), Congress established SSIG — a program later renamed the Leveraging Education Assistance Partnership (LEAP) — to incentivize states to expand their need-based aid programs to postsecondary students with substantial financial need.[44] States were required to provide a $1 match for each $1 of federal funding.[45]

The response was dramatic. In 1971, 21 states had need-based aid programs with an average grant of $240.[46] By 2010, all states had some need-based aid programs, and the average grant was $1,000.

The program was a rather small one, with annual outlays well under $100 million. To receive federal dollars, states were required to meet maintenance-of-effort (MOE) requirements on their state-appropriated grant and work-study expenditures, but were allowed to define "substantial financial need" and set the other terms of their programs for themselves.

One of the consequences of this flexibility was a tendency in many states to base programs largely on the cost of tuition, advantaging private colleges and bypassing many lower cost public institutions and the low-income students who attended them.[47] Nevertheless, in the final year of the program, states were providing $950 million in need-based financial aid, dwarfing the $64 million federal matching pool.

Early on, there was some question about whether this effort was too reliant on federal dollars. Indeed, a 1983 report from the U.S. Government Accountability Office (GAO) suggested that if federal dollars were reduced or eliminated, states would either terminate the program or significantly reduce the award amounts or number of awards. Although state spending levels by then already exceeded the required matching amount, there were concerns that they would cease to fund these programs without additional support from the federal government.[48]

By 2004, however, such fears seem to have disappeared. A review from the Office of Management and Budget that year argued that the program should be eliminated because the funding received was relatively small and not large enough to incentivize state behavior (especially as states were funding the program beyond required levels). There were some concerns, too, about the funding formula, which required that states receive the same amount (or more) than they received in 1979 even if the eligible student population declined.[49] Despite these concerns, though, the program survived for seven more years.

In the end, LEAP was a victim of its own success; it was quietly eliminated in the fiscal year 2011 Continuing Resolution, when it seemed clear that state investments in need-based aid no longer depended on federal matches.

COLLEGE ACCESS CHALLENGE GRANTS (CACG)

In the 2007 College Cost Reduction and Access Act, Congress established CACG grants to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. Initial funding was $67 million, but grew to $150 million. To participate, states had to meet a MOE requirement, maintaining their support for higher education operating funds at the average amount spent over the past five years.

After two years, reviews of state uses found that most participating states directed the aid toward students in the K-12 system, instead of low-income students already in college (for instance, with financial aid), adult learners who have not yet attended college, or those students who have "stopped out" of college. The most common uses were professional development for staff who advise students to attend college, FAFSA completion initiatives, web portals that promote college attendance, marketing campaigns to attend college, and mentoring programs that guide students through the college application process. In many ways, these uses are not surprising because grants were only awarded for a single year, favoring short-term projects over sustained initiatives.

The bigger challenge, however, was the MOE requirement. When the recession of 2008 triggered declining revenues, state leaders scrambled to make necessary cuts. Under extreme budget duress — with few alternative revenue sources for other state services — state leaders focused on those services, off-loading more of the costs of higher education onto the backs of students. It seemed immediately clear that the amount of CACG funding provided to states was not a strong enough incentive to produce continued investment. As a 2011 report from Western Interstate Commission for Higher Education pointed out, some states were expected to spend $40 million on higher education in exchange for a $1.5 million grant. In tough financial times, this may not be an acceptable bargain.[50]

The impact of this requirement is clear in program spending. As GAO noted, $142 million was appropriated for the CACG in 2013, yet only $72 million was awarded due to the inability of many states to meet the MOE requirement.[51]

THE AMERICAN REINVESTMENT AND RECOVERY ACT (ARRA)

ARRA, signed into law in 2009, provided $54 billion to states ($48.6 billion of this for K-12 and public postsecondary education) through a state fiscal stabilization fund to help lessen the economic burden of the recession on individuals and states. As a condition of receiving such funding, states had to maintain fiscal year 2006 funding for both K-12 and public postsecondary education for each of the fiscal years authorized in the Recovery Act (2009, 2010, and 2011).[52]

Unlike experience with the CACG, evidence suggests that states were mindful of the MOE under ARRA when they adopted their budgets. Clearly, missing out on a cut of $150 million (in the CACG) was quite different from missing out on a share of $54 billion.

ARRA dollars provided an important cushion during the height of the recession. In 24 states, these funds helped mitigate tuition increases at public universities. Some states were able to avoid tuition increases, while others were able to reduce the intended increase (for instance, only increasing tuition by 2 percent instead of the planned 5 percent).[53] Without ARRA funds, state support for higher education would have been 5 percent less than the amount provided in 2007-2008. As a result, ARRA funds largely maintained overall spending on higher education despite the impact of the recession.[54]

However, the effects of an MOE requirement focused on overall spending (as opposed to per-student support) are clear. As Dēmos notes, funding per full-time student in 2010-2011 was, on average, $7,330 — approximately $1,000 less than the $8,379 per-student average in 2009-2010.[55] And some states made even more drastic cuts. For instance, in 2010-11, California's funding per full-time student was $5,202, almost $3,000 less than the 2009-10 average of $8,431.[56]

Moreover, while overall appropriation levels for higher education remained mostly intact, funding for student aid took a hit. States cut funding by approximately $0.12 for every ARRA dollar they received.[57] Once ARRA dollars were completely used, aid had fallen 7 percent.[58]

TITLE 1 OF THE ELEMENTARY AND SECONDARY EDUCATION ACT (ESEA)

There are significant federal-state partnerships in K-12 education, as well. One of the biggest and most relevant to our discussion here is Title I of ESEA, which currently provides about $15 billion per year to states to support the education of low-income students. In return for that support, which is allocated based on a formula related to the number of low-income children in the state, states must meet certain requirements. These include requirements for (1) an MOE that insists states maintain K-12 spending levels at (at least) 90 percent of the previous year's spending; (2) school accountability systems that prioritize improving the achievement of low-income students, students of color, and other student groups; and (3) action when schools are not meeting targets, either overall or for individual groups of students.[59]

In early iterations of this law — it was initially adopted in 1965 — states were left largely on their own to determine how best to use funds. Over time, however, reports documenting rampant misuse of dollars (for swimming pools and other amenities in wealthy schools, for example)

Federal-State Partnerships In Education – History And Challenges Sidebar (cont'd) ...

led to greater federal prescriptiveness. At first, these prescriptions largely focused on securing proof that dollars were being used only on the low-income students for whom they were intended. Over time, however, when it became clear that these requirements were leading to "pull-out" programs and other demonstrably ineffective practices, attention began shifting from accountability for spending to accountability for results.

This trend reached its height with passage of the No Child Left Behind Act with overwhelming bipartisan support in 2001. This law demanded rapid improvements in the achievement of underperforming subgroups of children and laid out explicit consequences for schools that didn't make adequate annual progress toward those goals.

While that version of the law was initially received quite positively, questions about the achievability of its goals (100 percent proficiency within 12 years) and the wisdom of the sanctions it imposed on schools led to skepticism and opposition over time. While Congress could have mitigated this problem with modest common-sense changes had it reauthorized the law on schedule, members couldn't come to agreement on a package of changes; so opposition to "one-size-fits-all" federal prescriptions kept building (even in the face of annual data that said that the activity inspired by the law was producing the desired gains).

The Obama administration sought to release some of that pressure in 2011, offering to waive some of the most hated provisions of the law in return for a promise that states would enact certain reforms (implement higher standards for college and career readiness, focus improvement efforts on the most troubled schools, and provide guidelines for evaluating teachers differently). But the administration's implementation of these waivers ended up adding fuel to the growing fire of opposition to federal mandates. And the unprecedented nature of some of the work asked of states, especially the inclusion of student achievement data in teacher evaluation, meant that states struggled to get the work done with no model from a leading state for guidance.

It is important to note, however, that while many state leaders railed at the prescriptiveness of requirements in the law itself, no state ever turned down its share of Title I funding. That said, states and school districts clearly have their ways of what we might call "under-implementing" certain requirements, and that typically draws few consequences — in part because withdrawing federal dollars can so easily feel like harming poor children for the sins of the adults.

By the time Congress finally got around to reauthorizing the law last year, sentiment had shifted strongly away from federal prescriptiveness. So, while maintaining certain key civil rights requirements, the new law — the Every Student Succeeds Act (ESSA) — swings the pendulum back toward state-level decision making.

SIX IMPORTANT LESSONS FROM PAST FEDERAL-STATE PARTNERSHIPS

Looking across previous federal-state partnerships, what are some of the most important lessons?

1. **Federal leadership and dollars matter.** Even small federal investments can incentivize states to change policies and/or practices. But the size of the investment must be proportionate to the demand it places on states. While small dollars can work in good economic times and to incentivize things that states leaders want or need to do anyway, more challenging asks — including both those that require significant state investments and those that don't have broad support — require significant dollars.
2. **Demands related to state spending are critical but perhaps the trickiest of all,** especially given uncertainty about the robustness of the economy in any particular year and the vast differences in state contexts. It may be useful, therefore, for initial requirements to acknowledge differences in state capacity (with, for example, extra generous funding for states in tough circumstances) and be set in legislation, but re-set over time through some extra legislative body.
3. **Policy design should include clear consequences,** including consequences short of withdrawing federal funding for instances of non-compliance with one or more requirements. When the only available sanction is cessation of funding, that sanction will probably never be imposed — allowing recalcitrant states too great an opportunity to ignore their obligations with impunity.
4. For a variety of reasons, **it helps when the ask is for something that one or more leading states have already done**. This both legitimizes the ask as something important to state-level leaders and helps flag some of the operational challenges of implementation.
5. Especially if the goal is access and success, institutions are significant actors, so **assuring that resources are adequate to the task and crafting incentives for institutional leaders to make the right choices about who to serve and how well to serve them is critical.** In higher education, this is hardest to do at the federal level, because most of the resources flow directly to students (and from them to institutions, rather than the reverse, as is true in K-12). Yet experience with K-12 programs suggests the importance both of attending to resource disparities and strengthening accountability for results.
6. Finally, and perhaps most important: If the aim is to benefit all groups of young people — most especially those who are typically underserved in many states — **the ask to states has to be explicit, demanding faster progress and monitoring benefits to those groups of students over time.** Where underserved groups of students are concentrated in under-resourced institutions, the ask must also include action to rectify resource disparities.

FORGING AN EFFECTIVE FEDERAL-STATE PARTNERSHIP FOR HIGHER EDUCATION: IMPORTANT QUESTIONS TO ASK

If a real solution to the challenges outlined in this paper involves more than just major new investments, what are the critical questions policymakers, analysts, and advocates should ask of any proposed federal-state partnership that would build on lessons from past partnerships, effectively tackle issues of affordability, completion, and inter-group disparities, and mobilize the full range of necessary actions?

Below, we lay out two sets of questions to drive improvements across all groups of students. The first set covers design, investment size, and funding issues. The second set addresses the key drivers of problems with affordability, completion, and disparate results.

QUESTIONS RELATED TO DESIGN AND FUNDING

We will leave it to others far more knowledgeable about state budgets to craft good criteria for evaluating the overarching design and financial basics of these proposals. As an organization focused on eliminating long-standing educational opportunity and outcome gaps, we seek to raise questions that go to the heart of the implications of various design and finance structures. Our goal is to assure improved outcomes for the full range of prospective college students, especially the growing numbers from groups currently underrepresented among college graduates.

1. What is the proposal designed to accomplish?

Though legislative proposals may share some of the same language (for example, "a new federal-state partnership for higher education"), what they are actually designed to accomplish can be quite different. And those differences can be critical for underrepresented students.

One proposal, for example, might be designed simply to reduce the cost of attending college — any college. At first blush, aiming to reduce costs would seem to disproportionately benefit lower income students. Currently, after all grant aid is received, these students must still come up with an amount equivalent to 76 percent of their families' entire annual household income for every year they spend in a four-year college — compared with the much smaller burden (17 percent of family income) on those from families in the highest income bracket (*see Table 1*).[60]

Table 1: Net Cost of College After Grant Aid, As a Percentage of Family Income

Bottom Quintile	76%
Second Quintile	46%
Third Quintile	33%
Fourth Quintile	25%
Top Quintile	17%

Source: National Postsecondary Student Aid Study 2012.

In reality, though, a flat-dollar reduction in the cost of college (for example, by making tuition free), may still leave a heavier burden on lower income students proportionate to their family resources. So unless there is a provision that ensures that low-income students are treated more generously, such proposals may not have the effect of boosting enrollment or success among these students.

Another proposal might aim to make a community college education free. Here, it would be easy for advocates for underrepresented students to conclude that a program directing resources toward two-year colleges or the students in them is a good idea. After all, among freshmen, some 35 percent of Pell recipients, 45 percent of Latino students, 39 percent of African American students, and 44 percent of Native students are enrolled in such institutions.[61]

There are, however, potential risks that advocates must consider.

First, current data point to low rates of student success in these institutions. Among freshmen who start in a two-year college, only 9.8 percent of African American students, 17.5 percent of Latino students, and 14.4 percent of Native students complete a degree or transfer to a four-year college.[62] These rates are much lower than the success rates for students in four-year institutions, where graduation rates are considerably higher: 40.9 percent for African American students and 53.5 percent for Latino students.[63] So anything that makes enrollment in two-year colleges more attractive to students wavering between the two could have negative effects on the likelihood that such students earn degrees.

Second, when proposals make already-underfunded institutions more attractive to low-income students or other students with extra challenges without providing richer support to those institutions, even maintaining current completion rates gets harder. So advocates will want to ask whether per-student support to these institutions will increase, or conceivably even decrease, as could happen with a proposal that covers the cost to students without covering the additional cost to institutions.

2. How much federal money is on the table? Is that amount proportionate to the level of demand it places on states and/or institutions? Are the eligibility requirements for states — including the financial ask — sensitive to state context?

In earlier federal-state partnerships, success often seems to have been a function of the interaction between the size of the federal allocation on the table and the difficulty of the ask in return. Small pots of federal money can incentivize changes in state or institutional policy or practice where those changes are in what we might call the small-to-medium range of difficulty (for example, changing the way educators are evaluated or maintaining state dollar support for a critical function in reasonably decent budget times). More difficult asks generally require stronger incentives, and thus, larger pots of money. As a comprehensive attack on our college attainment problems clearly falls in the difficult category, it will be important to consider whether the size of the proposed investment is adequate.

In the case of any new proposal, advocates also will want to ask whether the size and terms of the federal investment are sufficient to induce the participation of states where resources are the tightest. Getting a handle on our postsecondary attainment problems is going to require significant resources from both the federal government and from states. But some states simply have more capacity to increase spending than others. How these capacity differences are treated matters to the effort to produce more equitable outcomes, because states on the low-capacity side often have more residents who are low-income and of color.

Moreover, the way that eligibility requirements are set for states, institutions, or students can have a big effect on driving resources and attention toward underrepresented students and the institutions they attend. Done wrong, however, they can have the opposite effect.

For example, the federal government could restrict participation only to states that spend a minimum amount per student on postsecondary education. While this could have the positive effect of getting some low-spending states to increase their support of postsecondary education, it could also disadvantage certain kinds of states, including those with lots of children in poverty or those that are rapidly growing. Certain kinds of MOE requirements can have the same effect.

The same could be true of institutional eligibility requirements. Those can be set in ways that privilege those that serve concentrations of underrepresented students (for example, by specifying high minimum percentages of Pell student enrollment) or in ways that disadvantage such institutions (for example, by establishing high matching requirements or artificially high graduation rates).

3. Is the funding new money or pulled from existing higher education programs?

Given current discretionary budget caps, architects of new federal-state partnerships may look — at least in part — to current federal programs for needed revenue. Once again, though, advocates for underrepresented students need to look closely at the details.

One proposal for tuition-free community college, for example, might use dollars in the Pell Grant program as a source of revenue. After all, with free college, why would students in community colleges even need Pell Grants? That view, of course, does not consider the costs of college attendance beyond tuition and fees. Indeed, by eliminating Pell Grants for low-income students in community colleges, "free" community college could actually reduce federal support for low-income community college students.

Alternatively, another proposal for tuition-free community college might finance the effort, in part, by eliminating the tuition tax deduction — which is generally not available to the lowest income families. In this case, low-income students could be better off.

In other words, funding sources matter.

4. Will the way funding — both federal and state — is structured exacerbate or ameliorate education spending differences between wealthier and poorer states and between wealthier and poorer institutions?

The criteria for distributing federal funds often have serious implications for underrepresented students. Some formula-based programs are weighted toward certain kinds of students (for example, low-income students or English learners), acknowledging their greater needs and/or the greater needs of institutions or states that serve large numbers of such students. Other programs send out equal dollars per student, which can mean underserving some students while "over-serving" those with fewer needs (for example, aid for students with no financial need and/or for extremely wealthy institutions).

Similarly, unless block grants or competitive programs have eligibility and performance requirements that require priority attention to low-income students, students of color, or the institutions they attend, dollars can disproportionately benefit wealthy institutions or states instead of those that serve larger numbers of underrepresented students.

As experience with Title 1 of the ESEA shows, even the best intentions don't always yield more equitable results. Though the architects of the formulas in successive versions of that law have tried various approaches to encouraging both more investment and more equity within states, current formulas exacerbate between-state funding differences by sending considerably more per low-income student to high-spending states than to low-spending ones. And at least to date, the law's requirements that federal dollars be used to supplement, rather than supplant, state and local dollars have done almost nothing to close within-district inequities.

What this suggests is that in analyzing any proposed new federal-state partnership, advocates for underrepresented students should follow the proposed funding chain all the way from Washington, D.C., through the state, to the institution or even student — always asking, "Who is advantaged?" and "Who decides?" Even when dollars come to a state through a formula that weighs low-income or first-generation students more heavily, it is important to ask whether those dollars go to institutions or students that way — not to mention, whether they are spent that way.

QUESTIONS RELATED TO PERFORMANCE REQUIREMENTS AND THE INCENTIVES THEY CREATE

In return for the increased dollars contained in any federal-state partnership, states are expected to do something beyond what they are already doing. Often, there are also participation requirements for institutions or students. As always, these can be set in ways that advantage (or disadvantage) underrepresented students and the institutions they attend. Usually, too, federal programs don't only have basic eligibility requirements; they also have standards or performance requirements that states, institutions, or students have to meet in order to keep the dollars flowing. Together, these participation and performance requirements incentivize certain behaviors.

It is important to note that eligibility and performance requirements laid out in federal-state partnerships can lead to both intended and unintended behaviors by states or institutions as they attempt to secure funding or meet goals. And these behaviors can lead to either positive or negative outcomes for students.

In considering the likely impact on the end goal — more college credentials for American young people, especially those from lower income families or students who are otherwise underrepresented when degrees are handed out — analysts should look at how the funding details, eligibility requirements, and performance obligations work together. Which of the important drivers of affordability, completion, and disparity problems do they address? Which levers for change do they engage? Do the incentives go in the right direction, or are some incentives perverse?

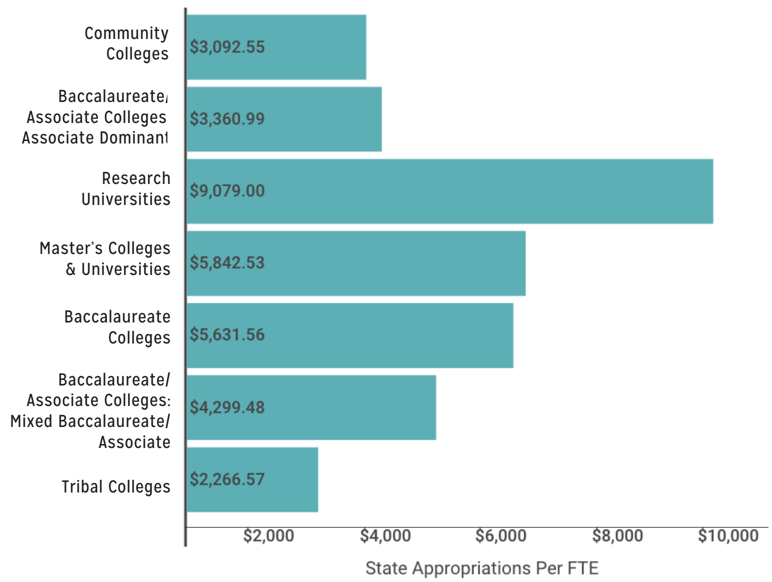
And advocates who care about making sure students — especially low-income students and students of color — earn the degrees they seek will be wise to look at these requirements very carefully, as experience generally teaches us that if those students and the institutions they attend are not a named priority — with explicit expectations around both service and impact — they won't be a priority back home in their states and institutions.

1. What are the performance requirements for states? What actions do they incentivize?

For obvious reasons, many of the participation and performance requirements for states will center on increased resources. Underneath the calls for "state reinvestment" or "maintenance of effort," though, there are important nuances that are critically important if this effort is to fuel broad-based improvements in educational attainment.

In most states, for example, institutions serving students with the greatest needs receive less per student in state support than those serving the best prepared, most advantaged students (*see Figure 5*). Unless federal policymakers are careful, their proposals can enlarge those disparities, making it even harder for these institutions to mobilize the supports necessary to improve student success. That's why it is critical for advocates to look underneath the overall spending requirements to make certain that the matter of more equitable supports for institutions is not left to chance or state choice.

Figure 5: State Funding per FTE for Higher Education, by Sector, in 2015



Source: Education Trust analysis of data from IPEDS 2015, state appropriations fiscal year 2014 and reported full-time equivalent undergraduate enrollment 2013-14

Incentives for States: What to Look For

- Will state spending requirements exacerbate or ameliorate differences in per-student support for institutions serving the most advantaged students compared with those serving students with the biggest challenges?
- What must states ask of postsecondary institutions in return?
- What about need-based aid programs? Do these need to be expanded?
- Do states have to mobilize their high schools to improve preparation for college and close preparation gaps, or is the issue of preparation left to chance?

The same is true of state investments in need-based aid. In recent years, state spending on need-based student aid has not kept up, and an ever larger fraction of aid dollars have been awarded to students with no financial need. A general MOE requirement won't arrest this unfortunate use of precious resources, so advocates will be wise to look specifically at requirements around aid for low-income students.

Yet this is not just about direct state spending on students or institutions. In return for their support of postsecondary institutions, states can (and must) have their own asks of institutions. And this is often our best vehicle for much-needed accountability. While some states are already beginning to ask more of their public postsecondary institutions (for example, improving graduation rates and closing long-standing gaps), in other states, institutional leaders still get away with blaming poor performance on their students — ignoring the evidence that, at every level of selectivity, there are other institutions serving the same kinds of students but getting much better results. This is an opportunity for states to prompt the institutions they support to act on new knowledge about the practices that lead to greater student success.

States can also help change the incentives for students, as Indiana has learned in its long-standing scholarship program for middle school students, the 21st Century Scholars program. When low-income students are given the opportunity to get a tuition-free education by studying hard, completing a full college-prep sequence, and remaining drug- and alcohol-free, many of them do exactly that — and college entrance rates can soar.[64]

2. Are there eligibility and/or performance requirements for postsecondary institutions? If not, must states develop more robust accountability systems? In either case, what actions do these new requirements incentivize?

Both research and experience make it clear that the choices college and university leaders make play a significant role both in who comes to their institutions and who graduates. Right now, though, most incentives go in the wrong direction, encouraging institutions to become ever more selective and prioritizing enrollment over completion. A new federal-state partnership is an opportunity to put a thumb on the scale for both greater completion and greater equity.

Institutional participation requirements are particularly crucial. Do those institutions, for example, that serve few underrepresented students have to serve more? Do those that serve such students poorly have to increase student success rates? These kinds of conditions can sometimes help drive resources and attention in the right direction.

That said, advocates will want to look particularly closely at proposals that shift new obligations to institutions. Even those that are well-meaning and focused on generating extra support for the neediest students need to be thought entirely through because of the very real risk that such students will become even more unattractive to all but the worst colleges. For example, if the costs associated with serving recipients of the maximum Pell Grant award become too burdensome for institutions, selective public institutions might reduce their low-income enrollment — instead funneling these students to regional, comprehensive four- and two-year institutions. If that is a likely result, does the proposal include a corrective mechanism (e.g., a new institutional accountability regime to serve a "fair share" of low-income students or an extra rich funding package) to support low-income students or institutions that have many of them?

Institutional incentives can be affected in two ways, either directly (through institutional participation requirements to receive or administer federal dollars) or indirectly (through requirements for enhanced state accountability systems). Among the federal-state partnership proposals introduced in the 114th Congress, some included direct institutional participation requirements. For example, America's College Promise (ACP) requires participating institutions to agree to implement evidence-based reforms that improve student outcomes. Others, including College for All (C4A) and the College Access Act (CAA), direct states to ensure that institutions mitigate increases in tuition and the cost of attendance stays down.

Incentives for Colleges: What to Look For

- Do institutions that serve relatively few students from underrepresented groups have to serve more of them?
- Do institutions with low graduation rates or large gaps have to implement research-based practices and otherwise improve student success?
- Do institutions have to prioritize the neediest students in their institutional financial aid programs, or do they continue to have unfettered ability to use these resources to lure more advantaged (and higher performing) students?
- Do institutions have to hold overall spending increases in check?

3. Does the proposal incentivize high schools to make improvements in the preparation of future college students?

Certainly, there are a lot of things that colleges and universities can do to improve student success even among students who are not fully prepared. But better preparation will certainly help. When more than 70 percent of recent high school graduates are going on to some form of postsecondary education, but fewer than half meet basic readiness standards, that is a big problem.[65] And years of experience make it very clear that preventing problems on the front end is both more effective and less costly than fixing them later on.

Incentives for High Schools: What to Look For

- Do high schools assure that more students complete a full college-preparatory course sequence?
- Do they assure that more students master college-ready skills?
- Will high schools have to eliminate disparities in course-taking, teacher quality, and course success?
- Do they improve college advising?

A new federal-state partnership provides an opportunity to put greater energy behind the preparation agenda, as states also have control over K-12 education. The new ESSA law provides support and encouragement for states to hold high schools accountable for improving college readiness and for closing long-standing readiness gaps. A new federal-state partnership could double-down on that goal.

4. What are the eligibility and/or performance requirements for students and families? What actions do they incentivize?

Not surprisingly, student-level performance requirements can have both positive and negative effects. Sometimes, the impact is relatively clear. For example, programs that require students to maintain high GPAs in order to keep their aid dollars can have a disproportionate impact on underrepresented students, who are more likely to have been educated in underperforming high schools and to have extra family obligations. (In Georgia, for example, HOPE Scholarship winners must maintain a 3.0 GPA, which has led to a high number of students — 64 percent — losing their scholarship by the second year.) This could also disproportionately affect students of color; for example, 63.7 percent of African American students nationwide have GPAs below 3.0, compared with 43.3 percent of white students (*see Table 2*).[66]

Table 2: GPA By Race

Race	% Below 2.0 GPA	% Below 3.0 GPA
Latino	19.7%	55.0%
Black	26.8%	63.7%
Native	20.4%	54.6%
White	14.0%	43.3%

Source: National Postsecondary Student Aid Study 2012.

In other cases — for example, a requirement to maintain full-time enrollment — the impact is harder to determine. On one hand, underrepresented students are more likely to have extra obligations (work or family) outside of school and may find it harder to attend college full-time. On the other, if we know anything from research and experience, it is that full-time enrollment is highly related to whether students end up with a degree. So incentivizing (and supporting) more students to attend full-time — and more institutions to push and support them in that direction — can have very positive impacts on completion rates.

Incentives for Students: What to Look For

- Are students incentivized to complete the most rigorous available courses in high school, including a college-preparatory course sequence?
- Are students encouraged to study hard and master college-ready skills by graduation?
- Are students incentivized to apply to colleges and complete necessary financial aid applications?
- Are students encouraged to enroll in college immediately, and, if at all possible, on a full-time basis?
- Are students incentivized to maintain a full-time course load while in college, if at all possible?

The same can be true of requirements that participating students complete a full college-preparatory curriculum while in high school. On the one hand, there is ample evidence both that low-income students and students of color are less likely to complete such a curriculum and that they are more likely to attend high schools that don't even offer the full course sequence. On the other hand, as long-standing research from the National Center for Education Statistics makes clear, completing a rigorous high school curriculum is the single largest contributor to student success in college.[67] So before reacting negatively to such a requirement — or even to a more generous subsidy for students who complete such a curriculum — advocates will want to ask whether this new partnership might be just the opportunity they have been looking for to mount an all-out attack on inequitable course offerings and course placement practices.

5. What are the prescribed consequences for not meeting some or all of these requirements?

As noted earlier, experience with past federal-state partnerships suggests that policymakers should think hard not just about eligibility and performance requirements, but also about consequences for instances of non-compliance with one or more requirements.

That begins with funding obligations. These need to be sensitive to both differences in the current context of states but also to potential economic downturns. Finding the right balance of challenge and flexibility will be important on the front end, and advocates will want to ask whether a proposed new partnership gets that balance right. But to avoid problems like the ones that occurred with the CACG (where the downturn made it impossible for many states to meet their MOE obligations), it may also be worth advocating for the creation of extra legislative vehicles to make necessary adjustments along the way, should the economic context change.

Advocates will also want to examine proposed consequences for any states or institutions that miss one or more performance requirements. As experience with both ESEA and HEA teach us, if the penalties are all or nothing, they are likely never to be invoked, allowing states and institutions to ignore even the most important requirements with impunity. So advocates will want to look to see whether proposed penalties are serious enough to provoke attention and action, but are not so draconian that no one will ever impose them unless and until it is clear that the states and/or institutions in question have no intention or capacity to do what is required of them.

CONCLUSION

Every year, some colleges and universities in America — both two- and four-year institutions — work extremely hard to provide a high-quality education to the broadest possible range of young people. They reach out to young people from underrepresented groups while they are still in high school (or even middle school), encouraging them to aspire to college and to take the demanding courses that will prepare them well. Before new students arrive, they invite them to campus early for an extra boost of academics — not to mention, a chance to get to know these strange places we call college campuses. And from the very first week of the very first semester, they monitor and support their students' progress, leaving literally nothing to chance. They provide high expectations, accompanied by high support, at every stage of the educational process.

These institutions are teaching us that the gaps we see nationally in college access and college success — yawning chasms that separate the poorest young Americans from the richest, and those who are African American, Latino, or Native from those who are white or Asian — don't have to exist. Through focused, intentional work, these colleges are eliminating gaps in both access and success.

Georgia State University. Florida State University. Valencia College. Their stories have been told over and over again.

But these and other highly successful institutions remain exceptions to the more common pattern of large, inter-group disparities, both at entry and on the graduation stage. Job No. 1 for any new federal-state partnership has to be to make them — and the practices and policies they can teach us — the rule. Instead of serving fewer low-income students and students of color over time or serving them badly, our higher education system must see elevating these students as its most sacred responsibility.

America's efforts to broaden access to a college education beyond wealthy elites have been driven by a robust social compact that stipulates that each generation of taxpayers and parents bear the lion's share of the burden for educating the next. A renewed social compact that re-instates the promise of each generation to pay for the education of the next will certainly help, especially in reducing the burdens on young people themselves.

But unless we simultaneously use these massive new resources to change incentives up and down the line — from students and schools to colleges and states — we won't effectively harness the broader power of new resources to move both people and institutions toward more productive action. Doing so will allow those most in need to compete and reap the benefits of an increasingly competitive, knowledge-based, and international economy — and boost our chances of rising again to the top of the national pack. To achieve our national and international goals, that's what a new federal-state partnership must do.

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