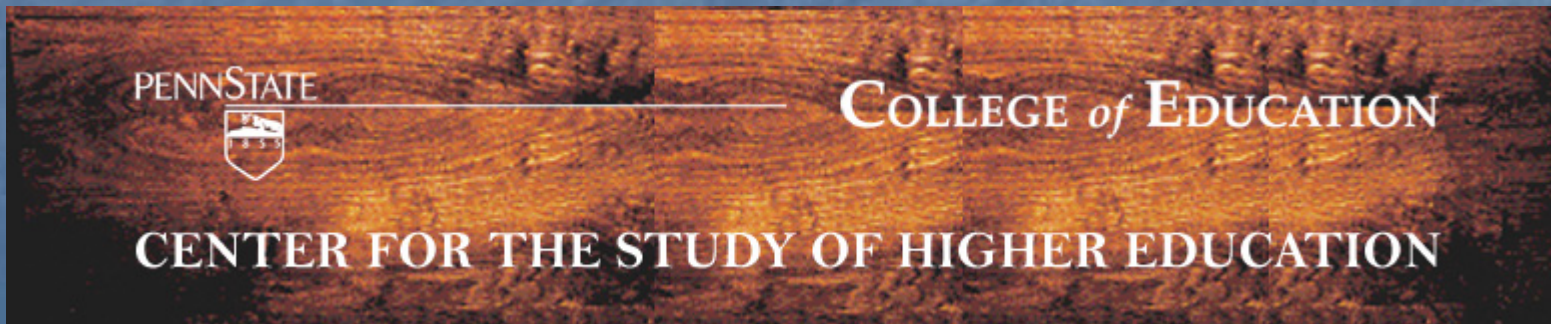


Peabody Center for Education Policy
Seminar Series
February 20, 2004

Postsecondary Access and Opportunity: Current Trends and Challenges

Donald E. Heller

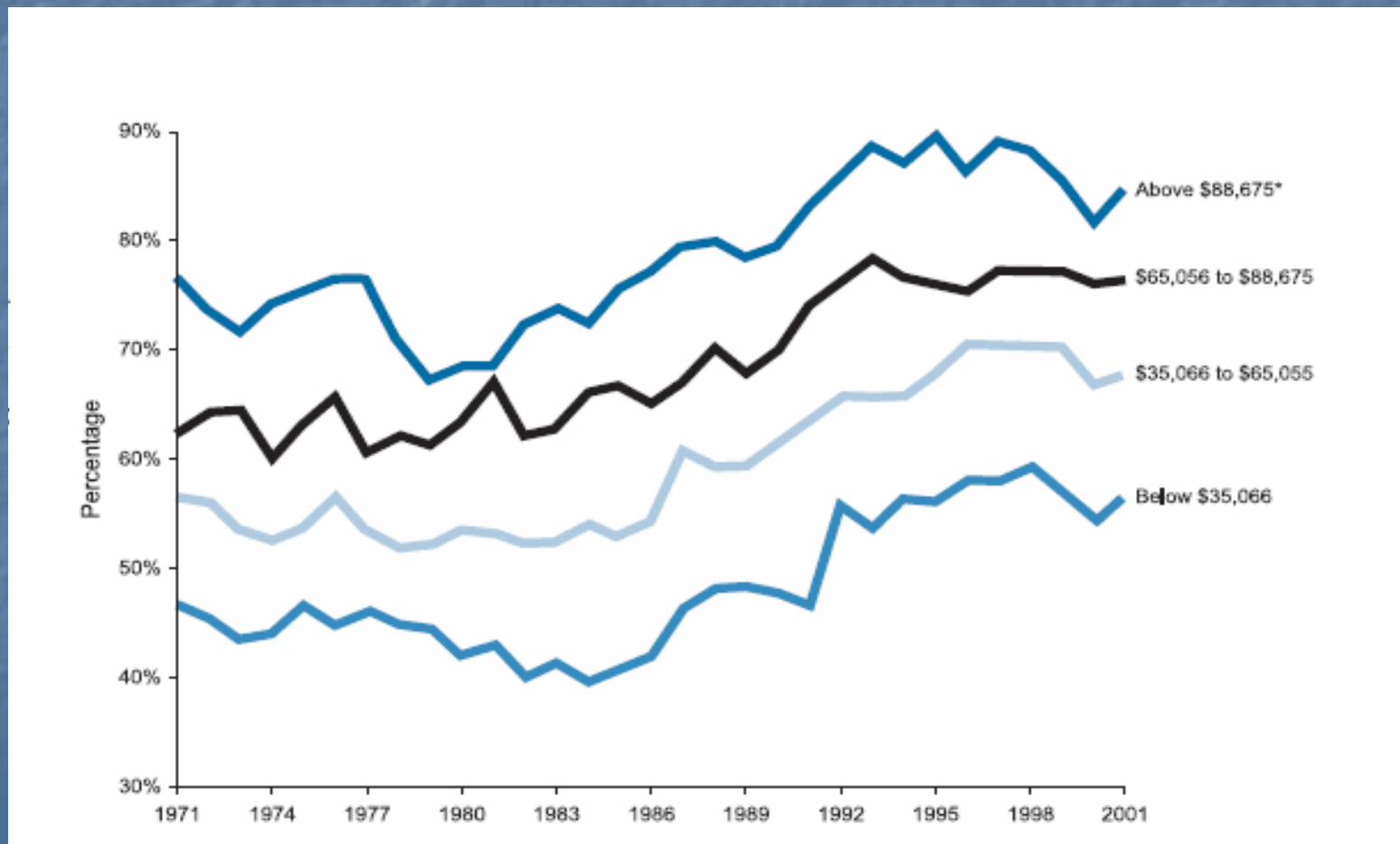


The trends

- College participation and attainment
 - Increasing, but with increasing inequality
- Economic factors
 - Constrained, or even shrinking, public support
 - A shift in priorities
 - Growing demand
- Academic preparation
 - No Child Left Behind

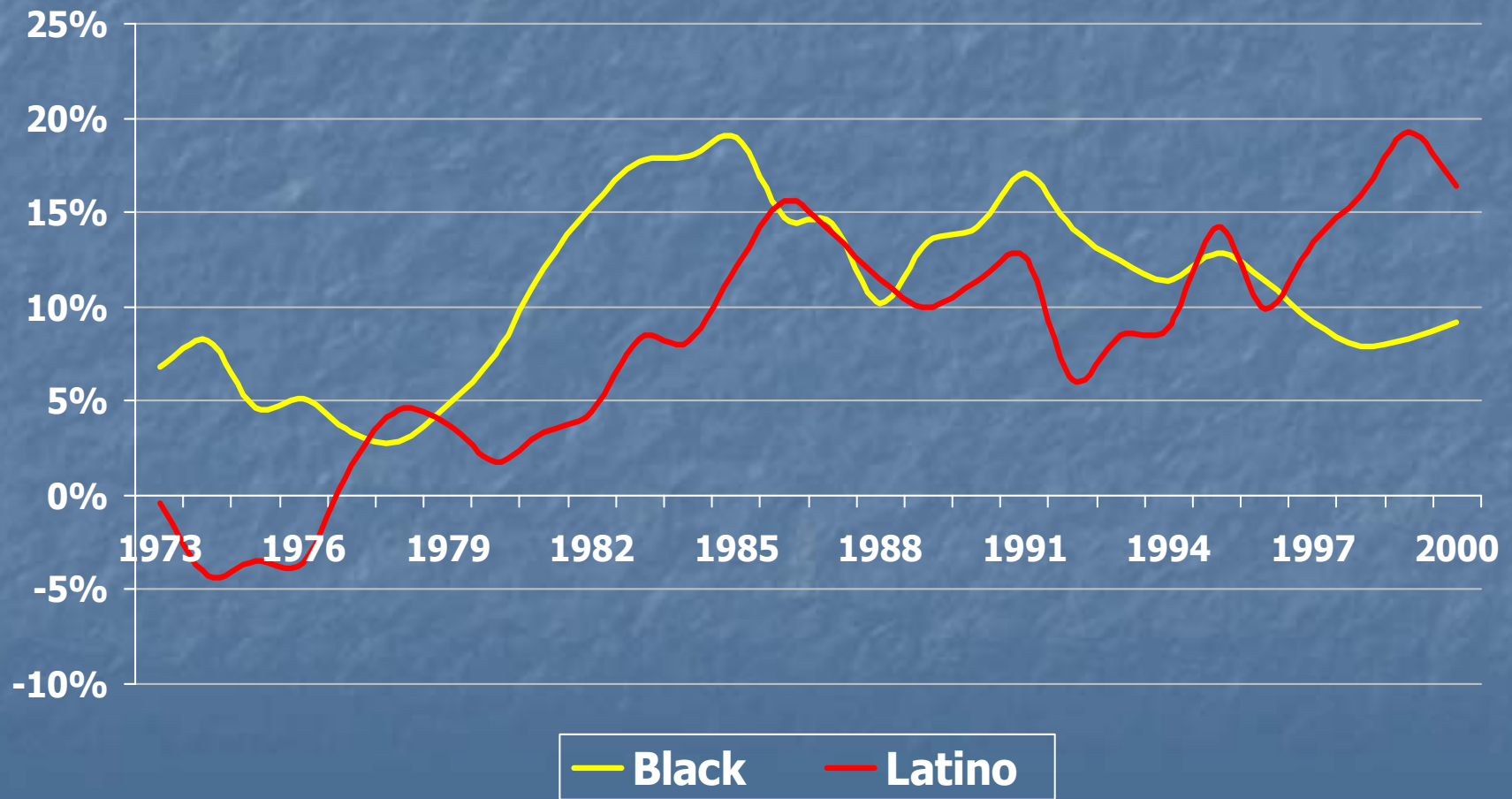
College participation by income quartile

College participation rates of unmarried 18-24 year olds



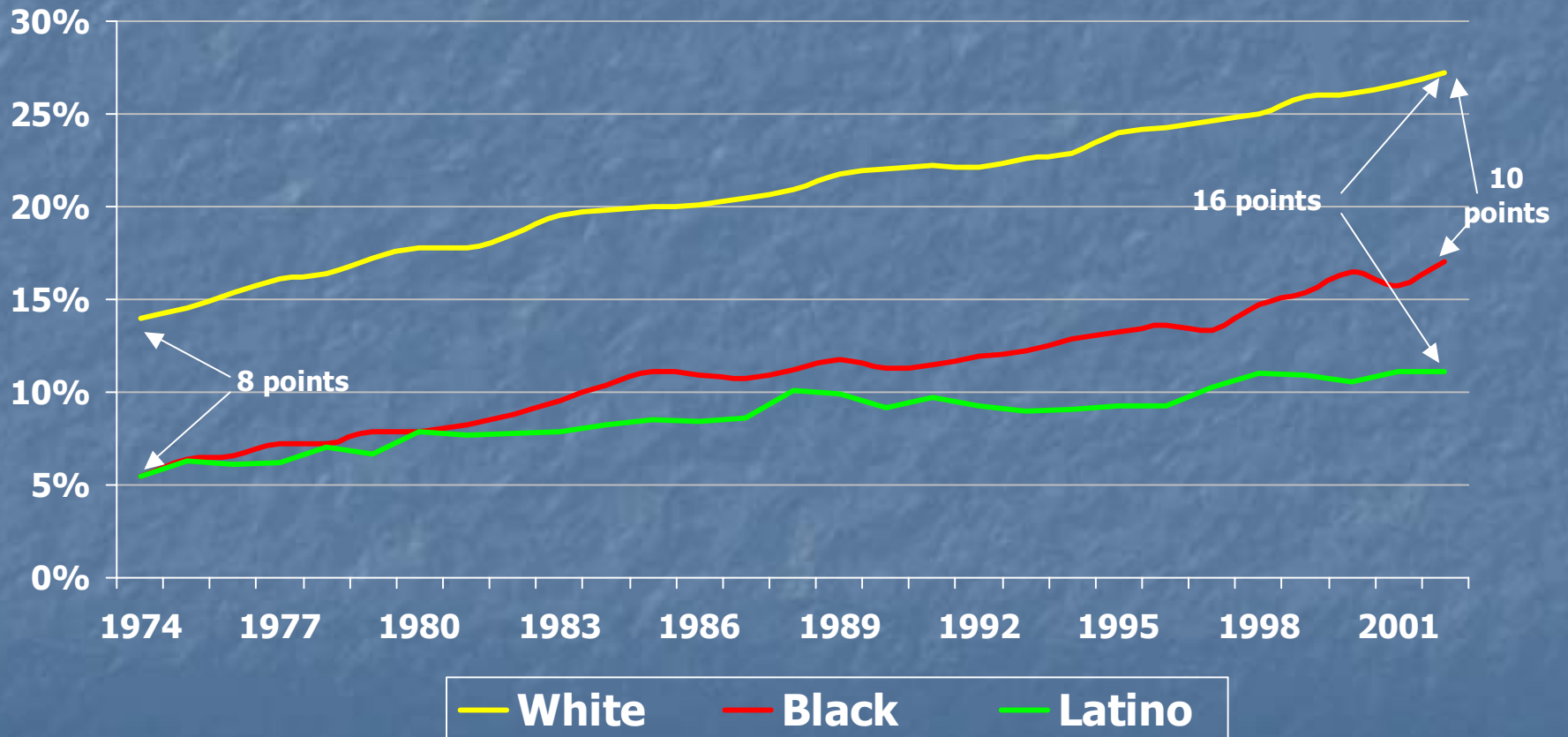
Gap in college participation by race

HS grads enrolling in college within 12 months
Difference from white rate (3-year moving averages)



Gap in educational attainment by race

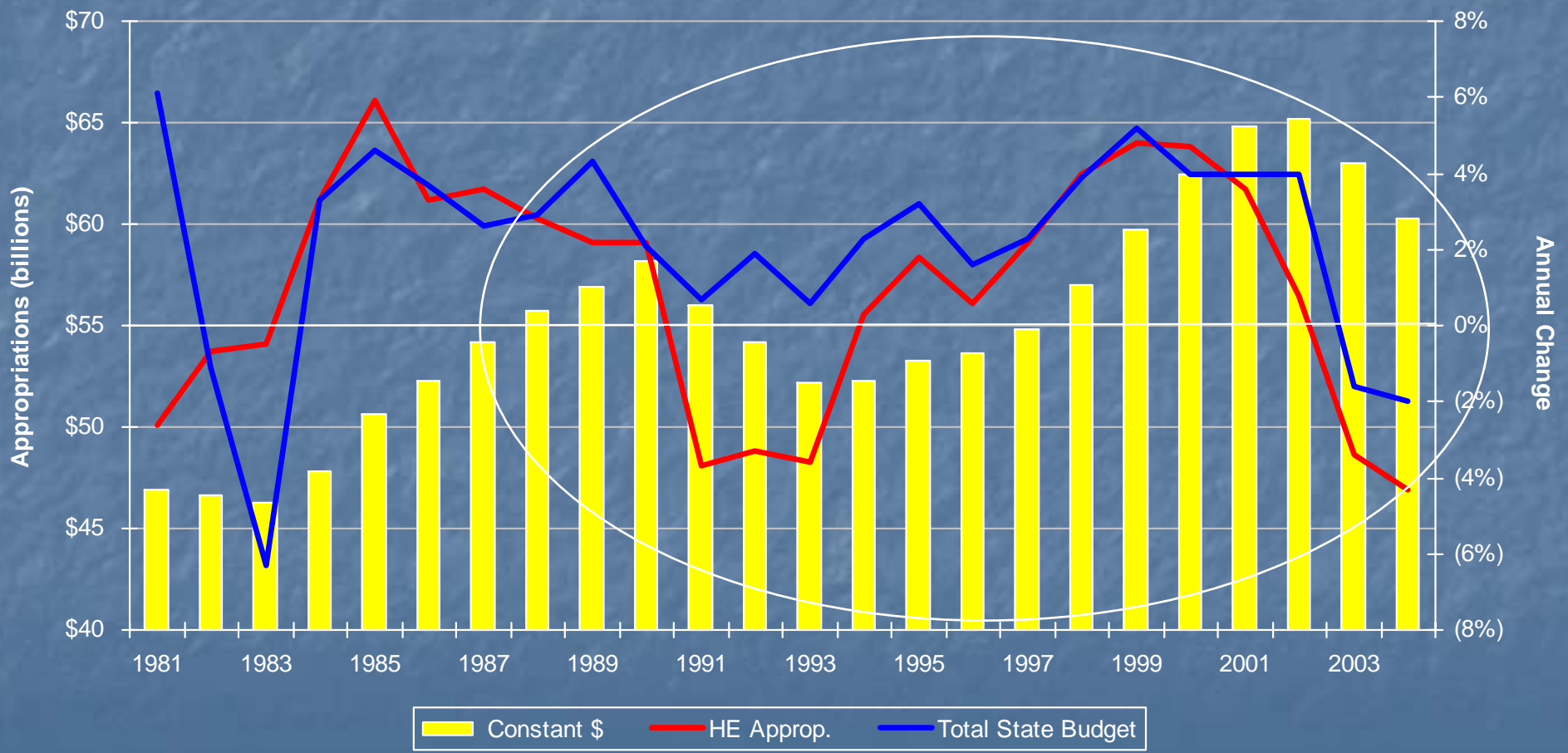
Proportion of population 25 years or older with at least 4 years college



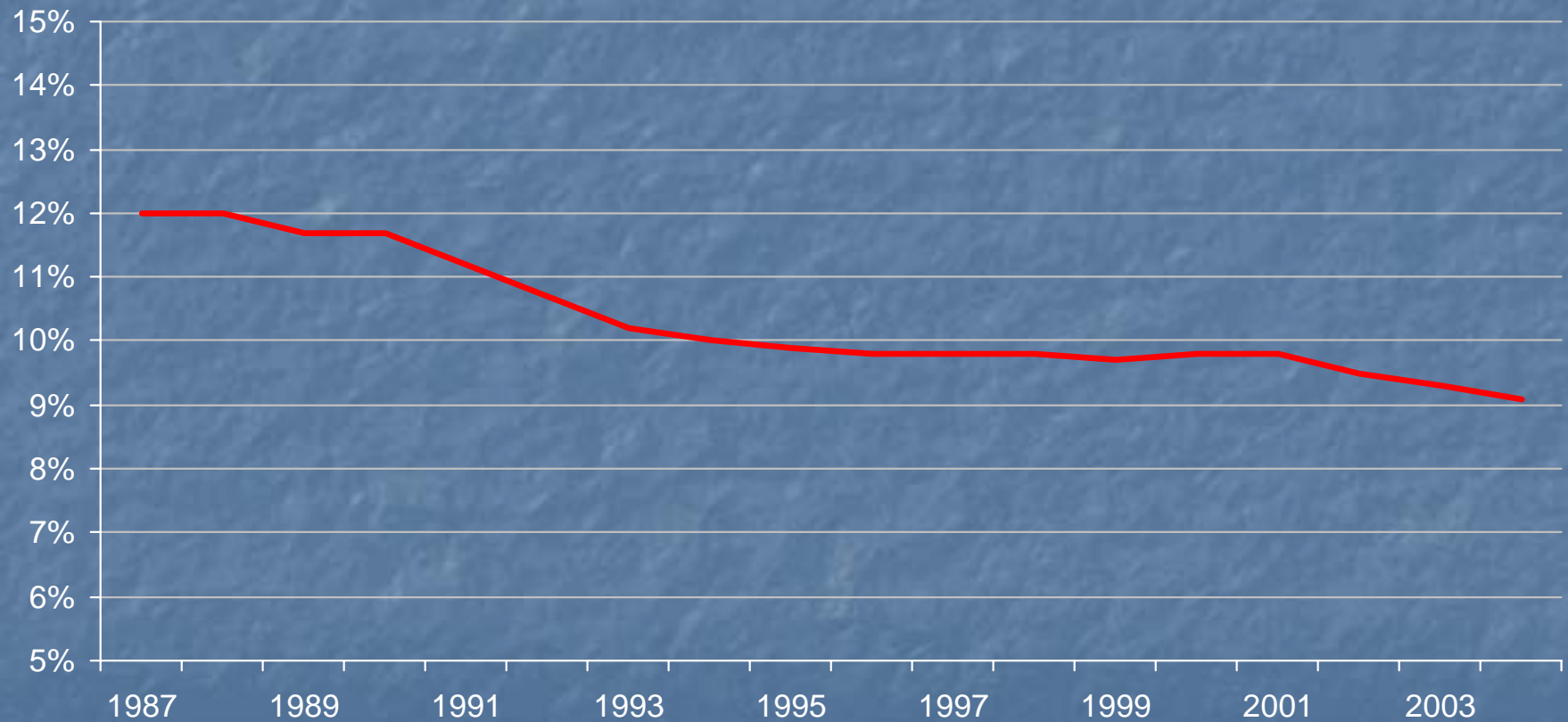
Students shut out of higher education

- Advisory Committee on Student Financial Assistance, *Empty Promises*
 - Financial barriers prevent 406,000 **college-qualified** (based on NCES definition) high school graduates from low- and moderate-income families from enrolling in a 4-year institution
 - 168,000 of these are unable to enroll in any type of college

State appropriations for higher education



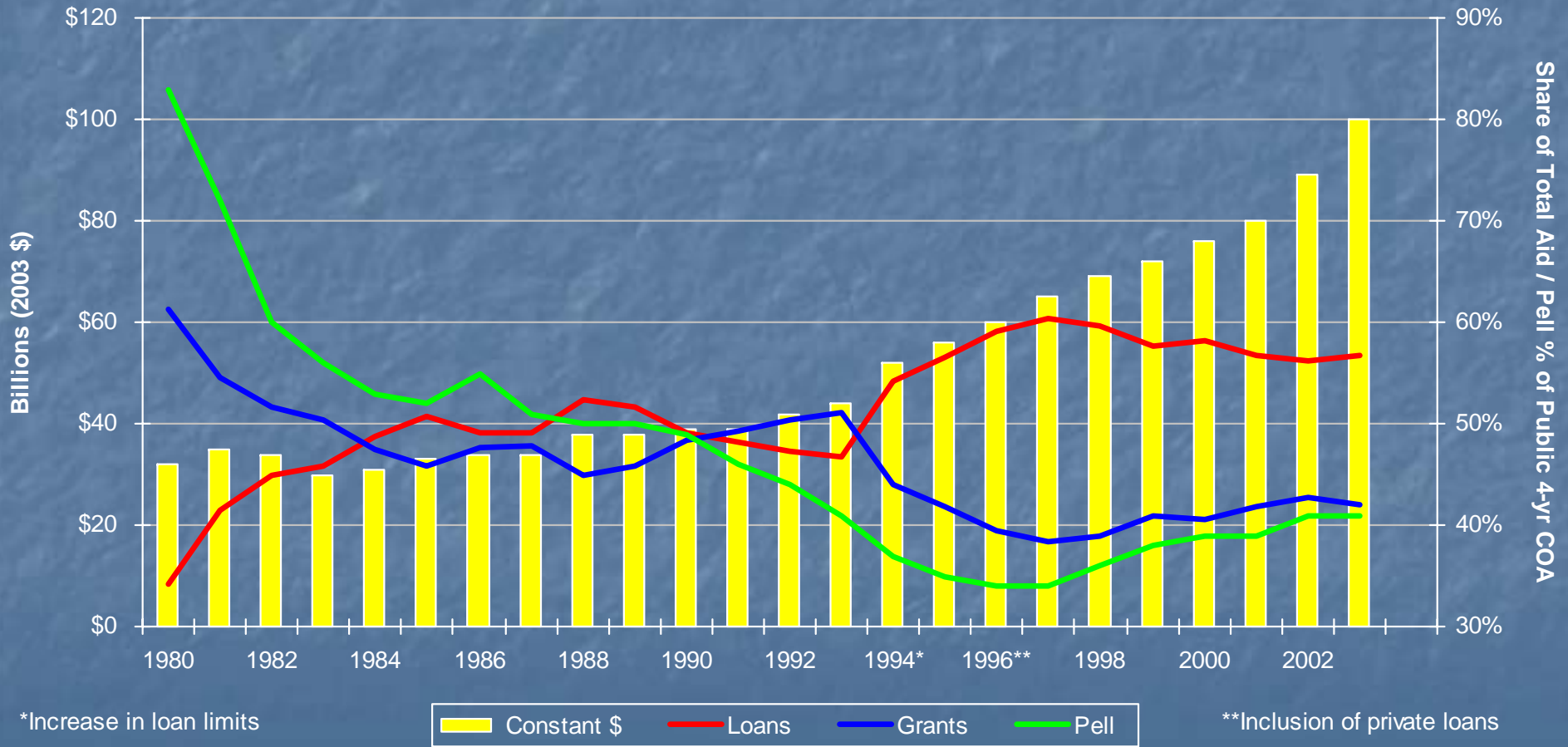
Higher education share of state budget



The relationship between appropriations and tuition



The growth – and shift – in financial aid



Changes in grant dollars, 1993 to 2000

Sector	Institutional Grants	
	Merit	Need
Public	61%	78%
Private	144	60
All	113	62

Changes in grant dollars, 1993 to 2000

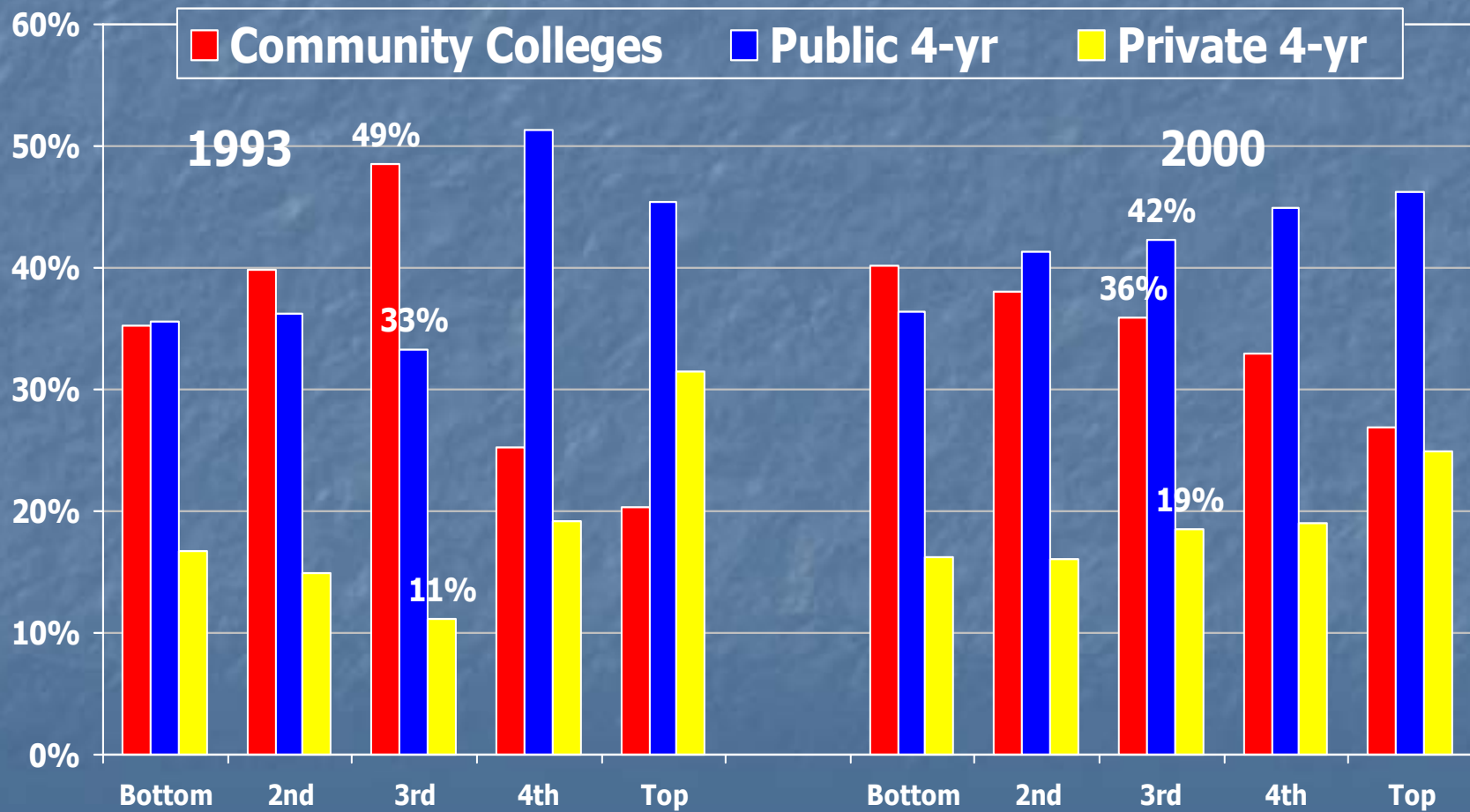
Sector	<u>Institutional Grants</u>		<u>State Grants</u>	
	Merit	Need	Merit	Need
Public	61%	78%	423%	97%
Private	144	60	58	95
All	113	62	299	98

Income quintiles – median income

	1993	2000
Bottom	\$14,000	\$16,800
2 nd	30,600	35,200
3 rd	44,700	53,300
4 th	57,800	75,000
Top	86,800	114,700

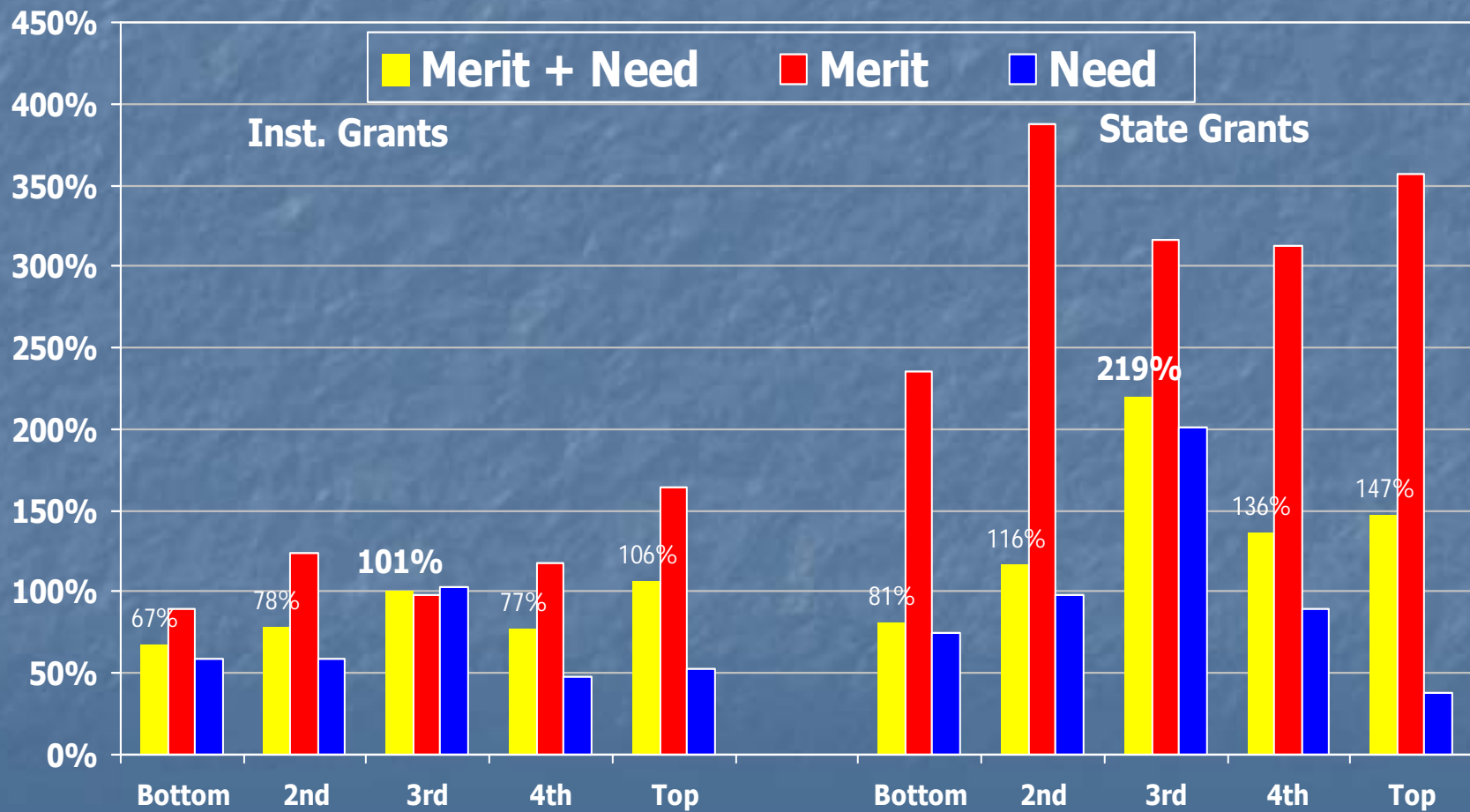
Middle class melt?

Enrollment by sector for income quintiles, 1993 & 2000



Middle class melt?

Increase in total grant dollars by income quintile, 1993 to 2000



State merit scholarship programs

- 24% of state grant dollars in merit (no-need) aid, over \$1 billion
- Georgia HOPE started trend in 1993, currently largest merit aid program (\$357M last year), larger than *total* aid spending by every state other than CA, IL, and NY
- Three primary policy rationales for merit programs:
 - Promote college access and attainment
 - Encourage and/or reward academic work
 - Stanch brain drain

Merit aid – impact on college access

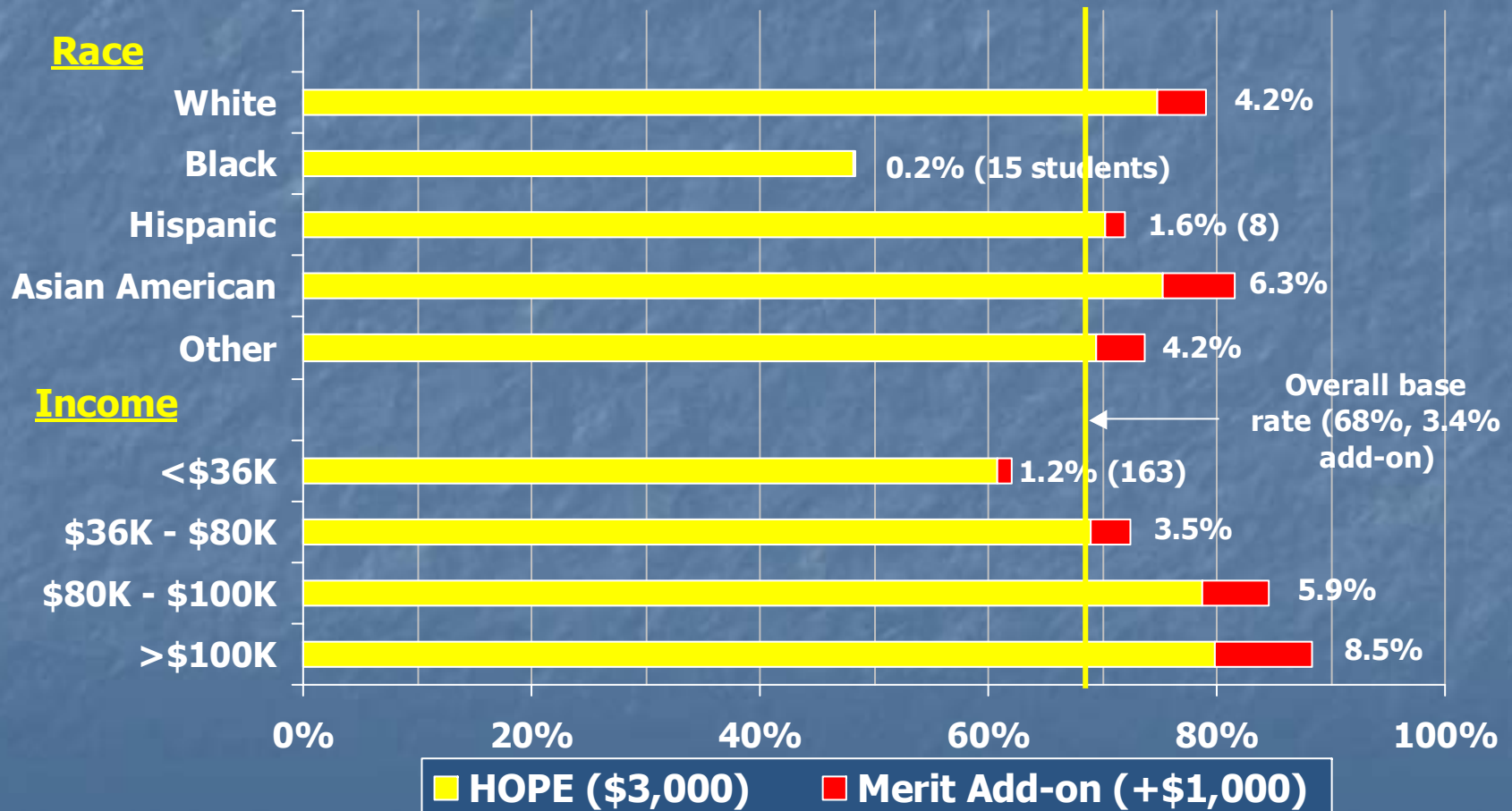
- Civil Rights Project report, August 2002
 - **Georgia:** Over 90% of expenditures on HOPE went to students who would have attended college anyway; program *increased* the gap in college participation between white and African-American students
 - **Florida and Michigan:** Grants awarded disproportionately to racial majority students and students in wealthier communities (those with higher participation rates)
 - **New Mexico:** No impact on access; did shift some students from 2-year to 4-year institutions. 80% of recipients were from families with income >\$40,000 per year, above the state's median income of \$38,000

Tennessee Lottery Scholarships

- Passed in 2003 for high school graduating class of 2004
- HOPE Access Grant
 - 2.75 GPA **and** 18 ACT/860 SAT
 - income \leq \$36,000
 - \$2,000 @ 4-year, \$1,250 @ 2-year
- HOPE Scholarship
 - 3.0 GPA **or** 19 ACT/890 SAT
 - No income cap (\$1,000 supplement below \$36,000)
 - \$3,000 @ 4-year, \$1,500 @ 2-year
- General Assembly Merit Scholarship
 - 3.75 GPA **and** 29 ACT/1280 SAT
 - \$1,000 supplement (no income cap)
- Renewal in college
 - 2.75 GPA first year, 3.0 GPA subsequent years (up to 5)

Tennessee Lottery Scholarships - simulation

Proportion of students qualifying for scholarships

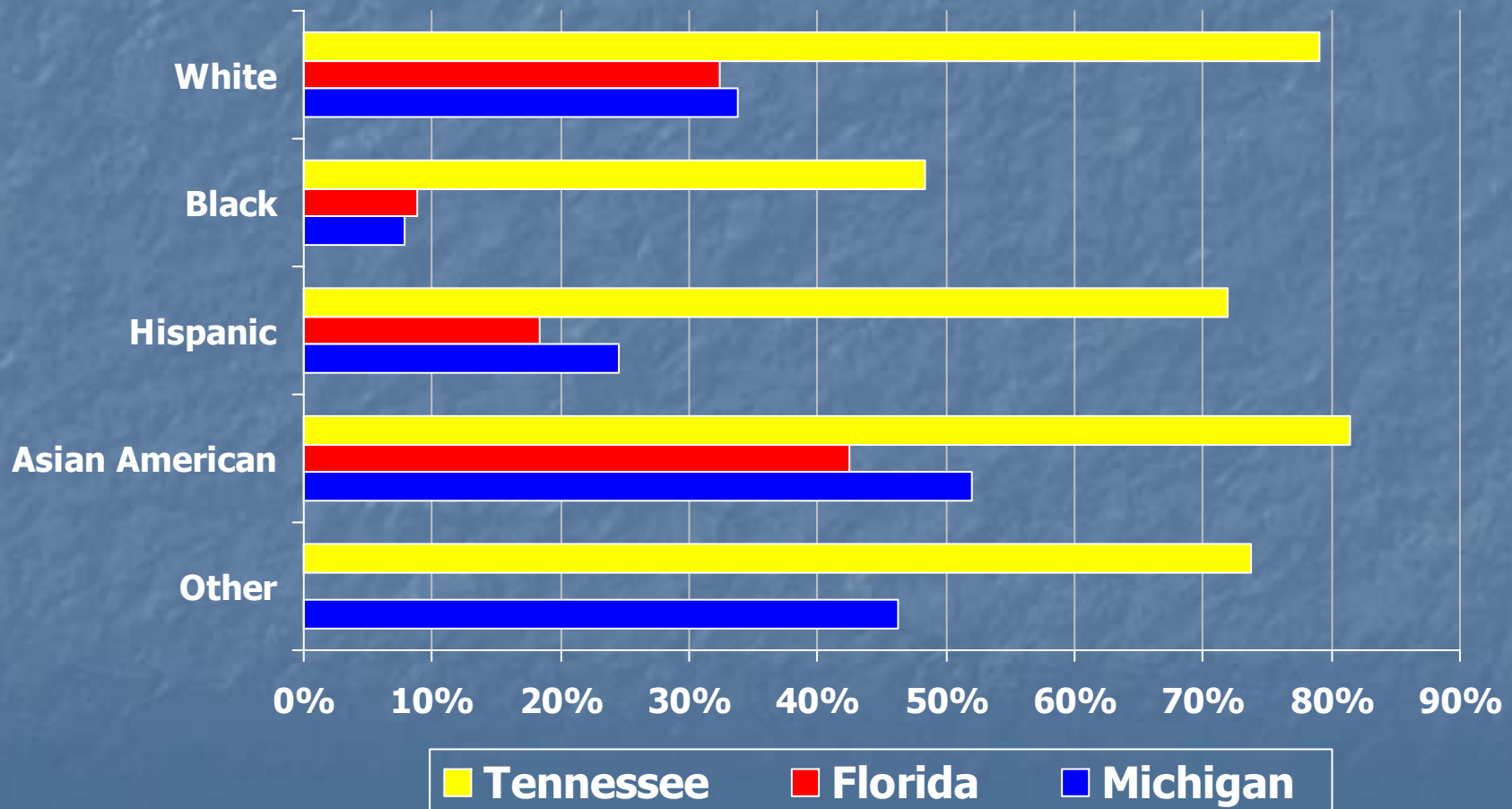


Tennessee Lottery Scholarships - simulation

- HOPE Access Grants academic qualification rate
 - White 61.5%
 - Black 24.5
 - Hispanic 45.8
 - Asian American 61.9
 - Other 52.9
 - Total 54.4%
- Unknown how the income cap will affect these, but presumably will affect white and Asian Americans more

Comparing states

Proportion of students qualifying for merit scholarships



Merit aid – incentive effects

- Some evidence from Georgia and Florida that grades have increased
- Mixed evidence on standardized test scores – increases in Georgia but decreases in Florida
- Evidence that discourages academic achievement once enrolled in college
 - Lower course loads (GA and NM)
 - Higher course withdrawal rates (GA)
 - Lower first year retention rates (NM)

Michigan Merit Award

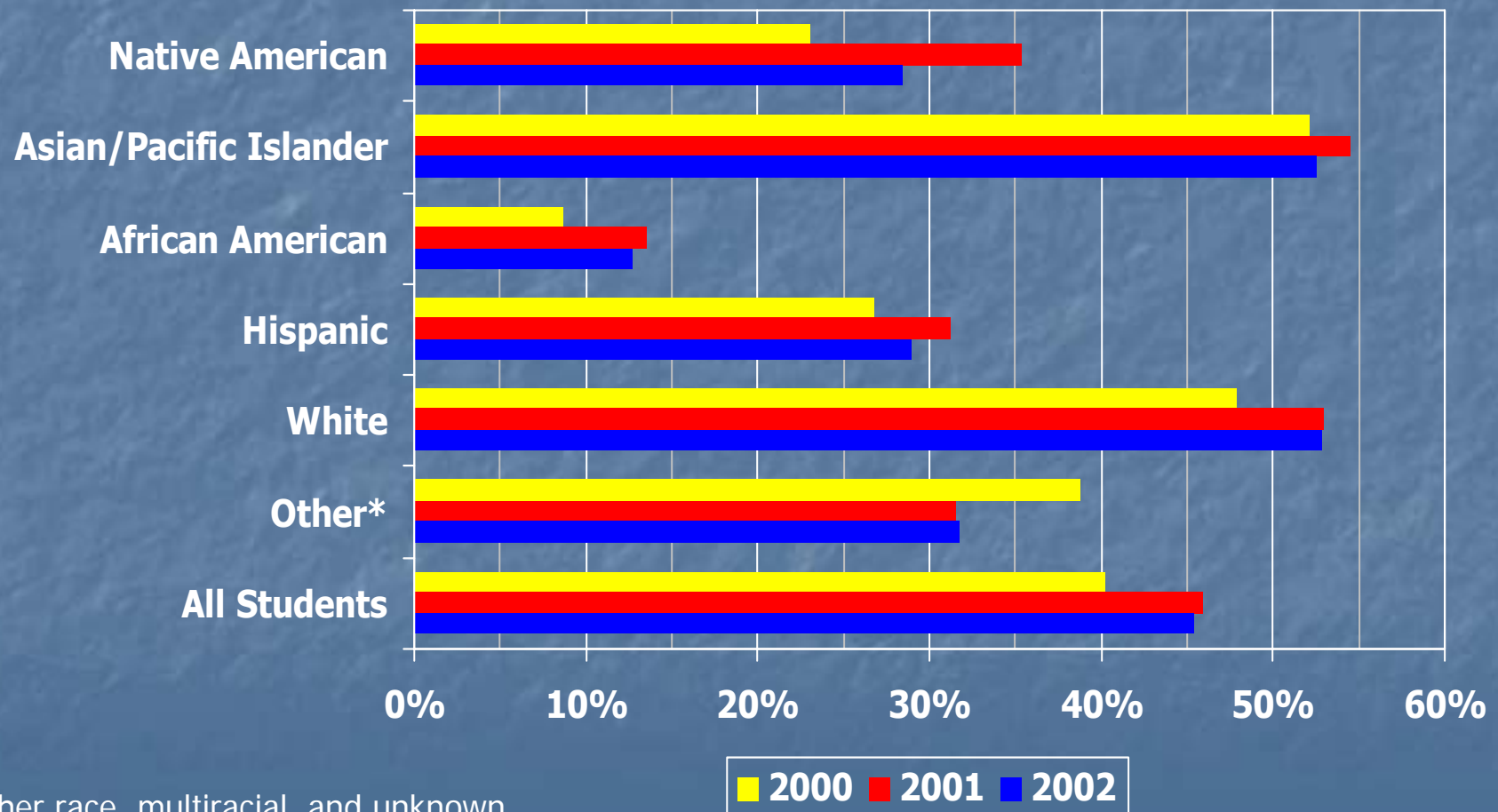
- Created in 1999; first awarded to graduating class of 2000
- Funded by tobacco settlement revenues
- One-time scholarship - \$2,500 for in-state school, \$1,000 out-of-state
- Award based on students' scores on the MEAP, the state's 11th grade curriculum frameworks test (four areas: reading, writing, math, science)
- Can discount effect of grade inflation (unlike research on Georgia HOPE Scholarship)

Design

- First three eligible high school classes (2000 – 2002)
- Unit record data from all MEAP test-takers in Michigan
- Michigan Department of Education school-level data
- Published ACT and SAT data
- Bivariate analyses

Race and cohort effects

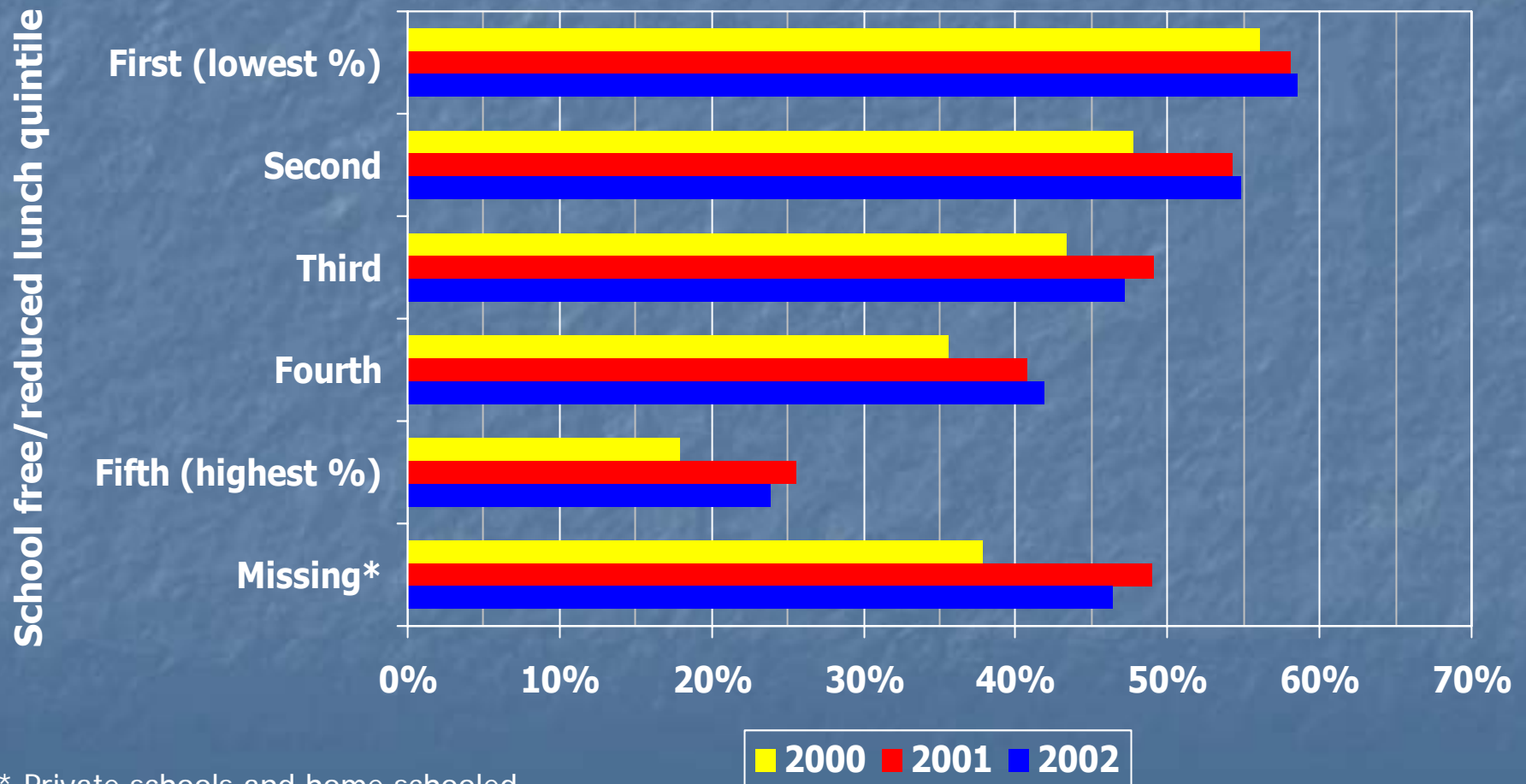
Proportion of students taking at least one MEAP section qualifying



* Other race, multiracial, and unknown

School income and cohort effects

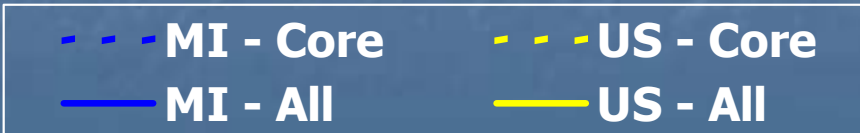
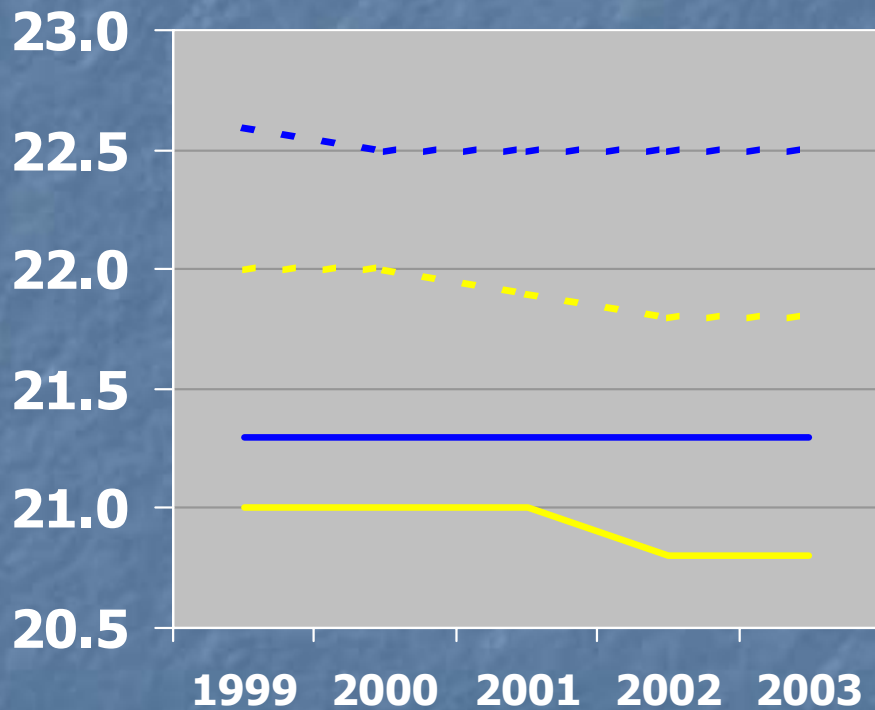
Proportion of students taking at least one MEAP section qualifying



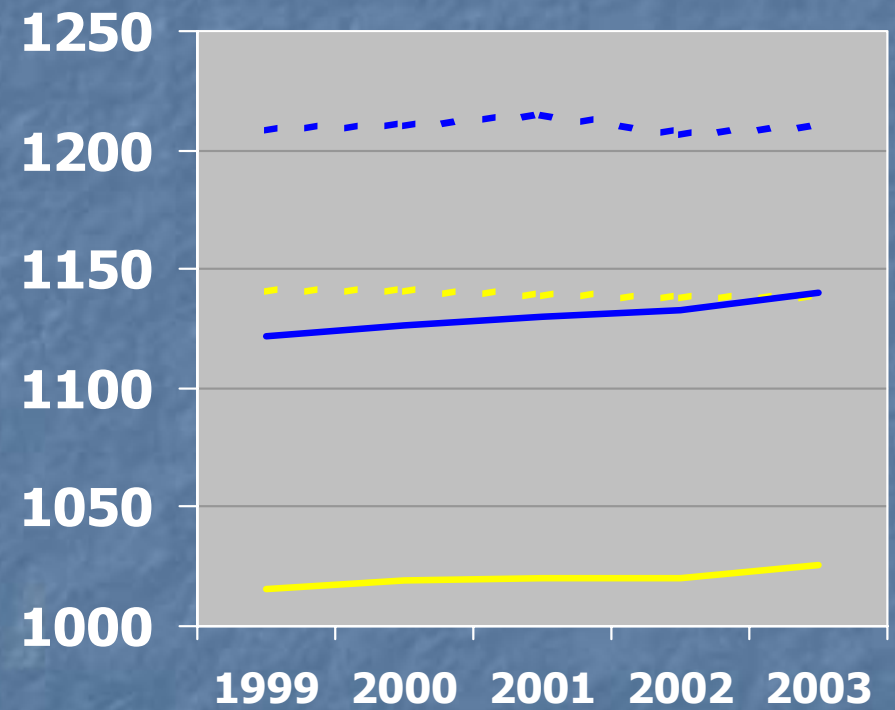
* Private schools and home schooled

Standardized test scores

ACT Composite Mean



SAT Combined Mean



Conclusions from Michigan

- Initial gains, probably because program became more known – encouraged more students to taking MEAP
- Quick ceiling effect, however
- Limitations
 - Award may be too small to create much of an incentive effect
 - Difficult to separate effect of changing pool of test-takers
 - MEAP is designed to measure cumulative high school curricular knowledge; two years may not have been enough time to increase learning behavior
- Policymakers should use caution in using merit scholarships as a tool to increase academic performance
 - What's the right incentive amount?
 - Lag time?
 - Can awards be better targeted?

Merit aid – stanching brain drain

- Chasing the “best and brightest”
- Encourage labor force and general economic development
- Issues
 - The best and brightest are the most likely to enroll in graduate school and are the most mobile
 - Students are becoming increasingly mobile
 - How to guarantee the state’s investment?

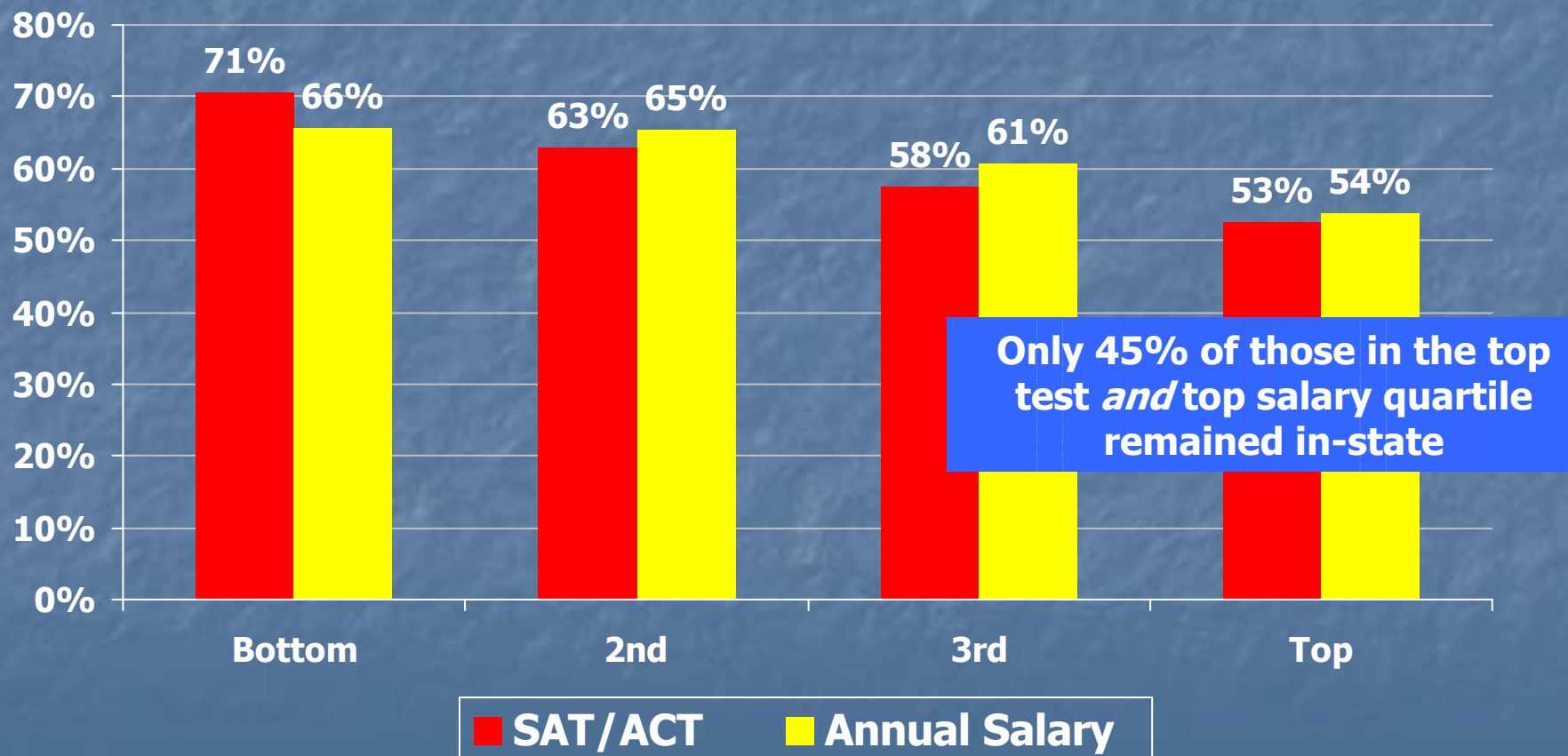
Chasing the “best and the brightest”

Baccalaureate class of 1993 (dependent students)

- Graduate enrollment
 - 34% of all students enrolled in a graduate degree program by April 1997
 - 47% in highest SAT/ACT quartile enrolled
 - 49% in highest GPA quartile enrolled
- Still in same state in 1997
 - 63% of those who never enrolled in graduate school
 - 56% who enrolled in grad school but didn't earn a degree
 - 51% of those earning a graduate degree

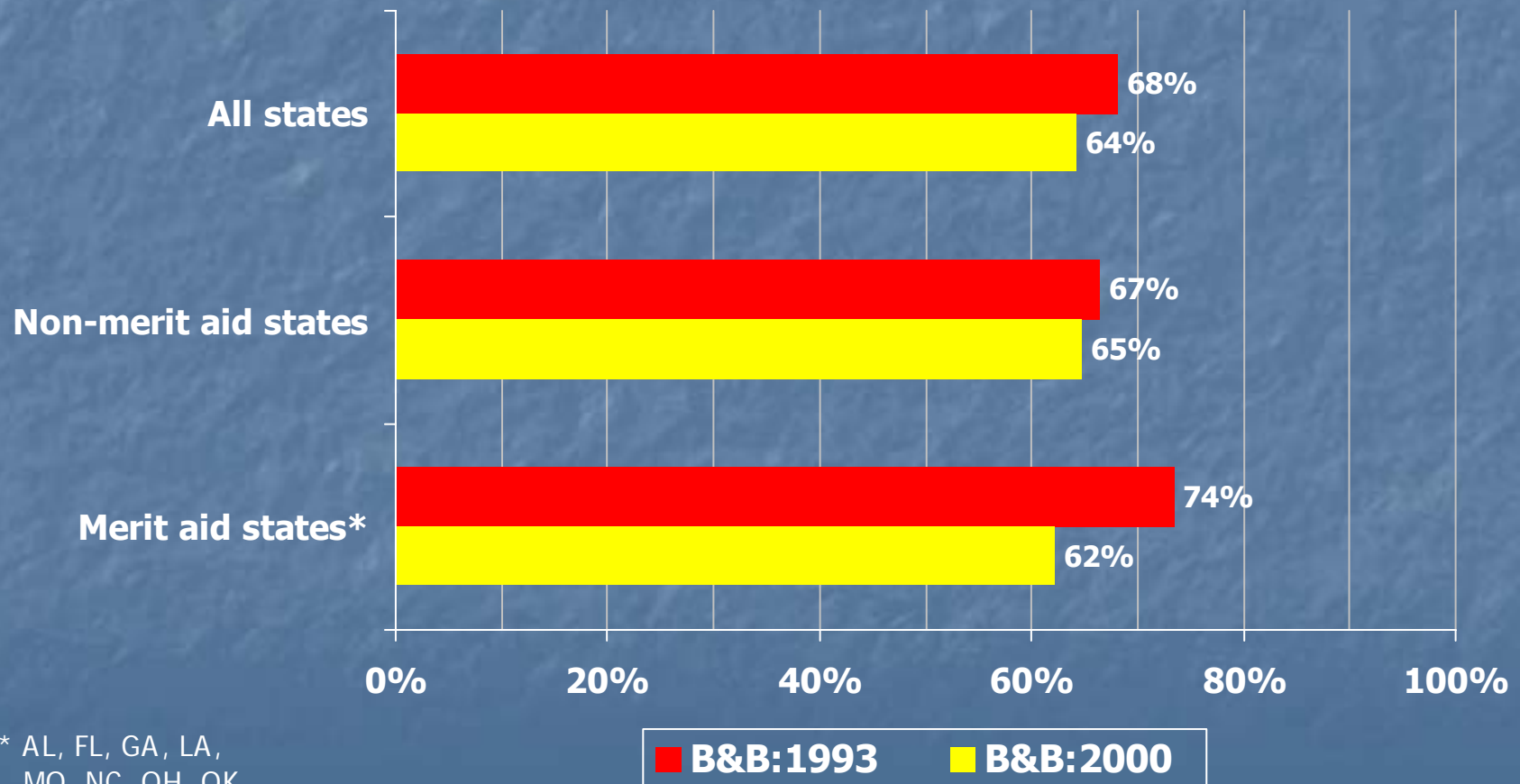
Labor market mobility of the “best and brightest”

Baccalaureate class of 1993 (dependent students)
Proportion of full-time workers remaining in-state in 1997 by quartile



Labor market mobility is increasing

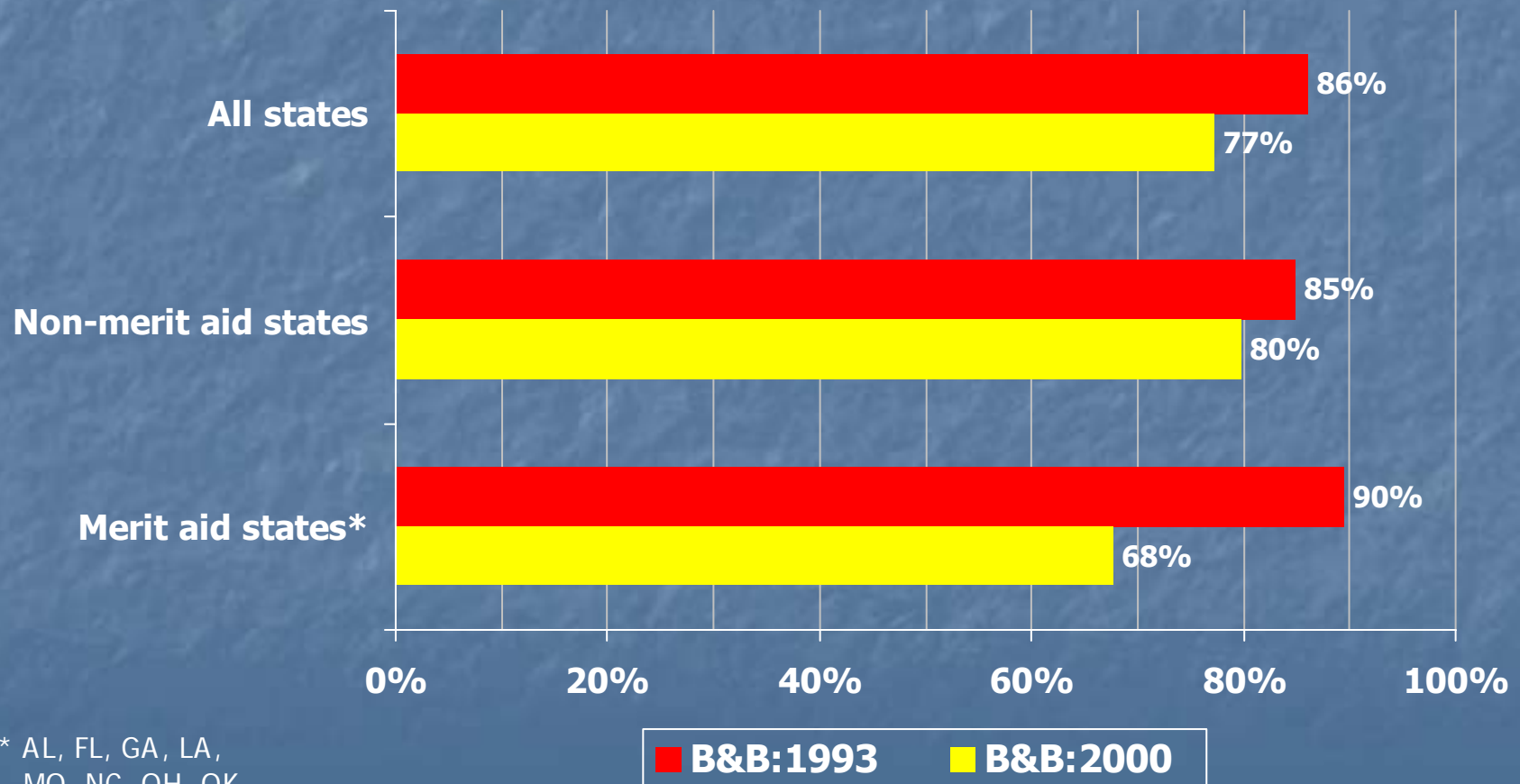
Baccalaureate classes of 1993 and 2000 (dependent students)
Proportion of full-time workers remaining in-state one year later



Labor market mobility is increasing

Baccalaureate classes of 1993 and 2000 (dependent students)

Students who attended in-state public institutions



* AL, FL, GA, LA,
MO, NC, OH, OK

The state's investment in stanching brain drain

Example: Georgia resident freshman receiving Georgia HOPE Scholarship

Model 1: General state appropriation goes entirely toward subsidizing undergraduate instruction for resident students

Model 2: State subsidy = non-resident tuition (GA Tech=\$15,134, UGA=\$14,854)
G. Winston's 1995 subsidy calculation: \$12,400 @ GA Tech, \$7,300 @ UGA

	2003-2004 Academic Year			Four year investment*
	State approp.	HOPE scholarship	Total state investment	
GA Tech – 1	\$28,189	\$4,376	\$32,565	\$136,239
GA Tech – 2	15,134	4,376	19,510	81,623
U. of Georgia	14,202	4,378	18,580	77,732

* Assuming 3% increase per year in appropriation and tuition

Alternative brain drain policies

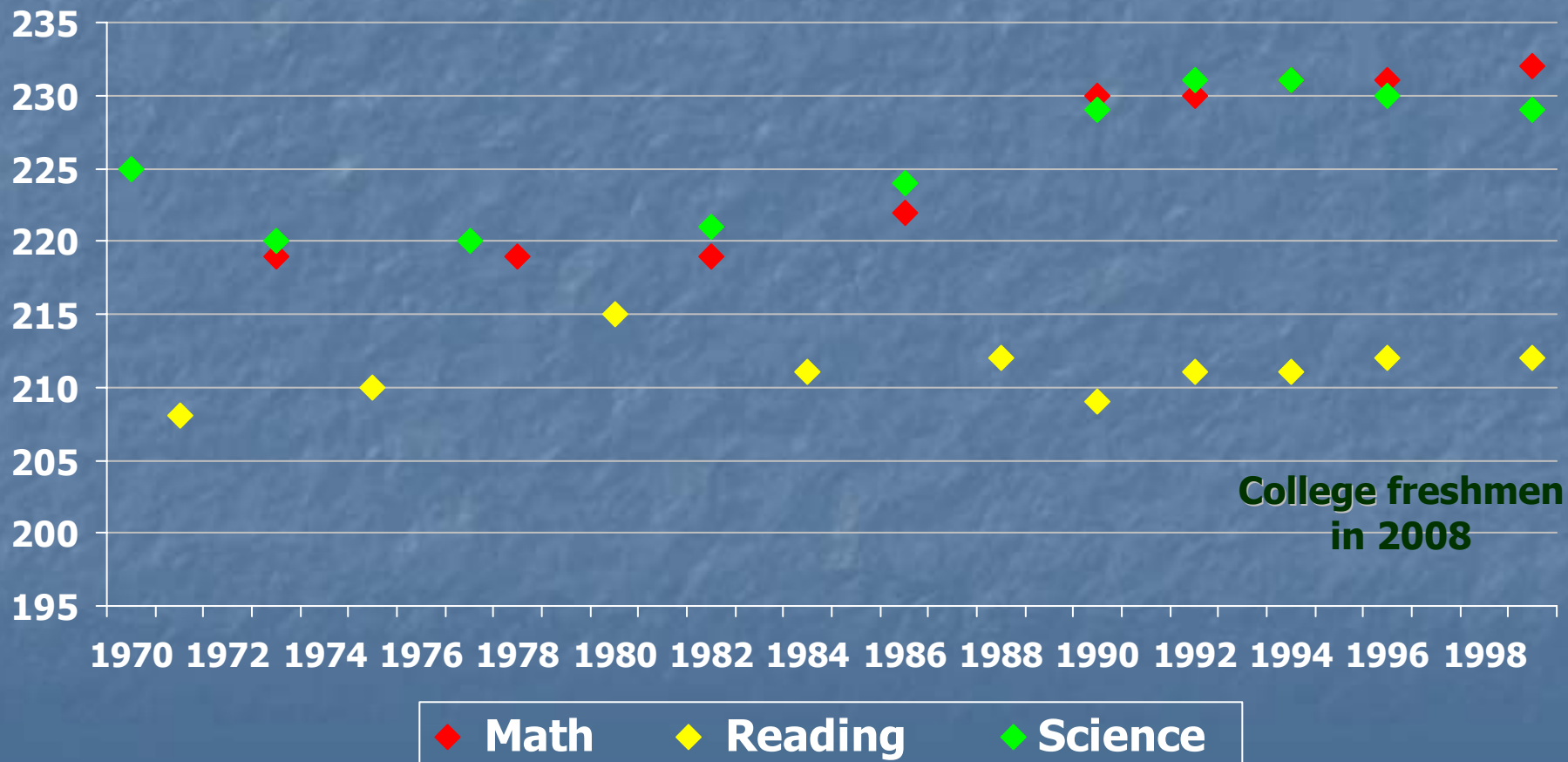
- Ways to guarantee the state's investment in labor force development
 - Loan forgiveness programs
 - Convertible grants
 - State income tax credits
 - State employer tax credits
 - Cash bounty

Growing demand

- Increasing demographics – change in number of HS grads, 2002 to 2014
 - **All students** +5%
 - White -11%
 - Black +6%
 - Latino +73%
 - Native American +16%
 - Asian American +44%
- At *current* participation rates, this means an additional 660,000 students in higher education

A leading indicator of academic preparation

Average NAEP scores of nine year olds



College freshmen
in 2008

The challenges

- Managing the “perfect storm” (Deno Curris) of increasing demand and lagging resources
 - Operating expenditures
 - Capital expenditures
 - The promise of technology?
- Convincing policymakers and institutional leaders to target resources efficiently and effectively
- Unknown impact of NCLB on preparation, demand, and participation

Website

<http://www.personal.psu.edu/deh29>