



Top 10 State Policy Issues for Higher Education in 2008

By AASCU State Relations
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Introduction

Along with the continuation of some long overdue attention at the federal level, 2007 witnessed increasing recognition of the link between higher education and state economic competitiveness. These acknowledgements collectively elevated higher education as a public priority in many states. Evidence of the importance of increasing the quality of, and access to, state colleges was abundant across the U.S. Legislators and governors—given plenty of support from the business community—provided increases in state operating revenues (in most cases), as well as proposed and enacted policy recommendations aimed at creating greater economic stimulus via state colleges.

What lies ahead for 2008? Presented here are the top 10 state issues most likely to be at the forefront of discussion and action that will affect public higher education across the 50 states, in the view of the state policy analysis and research staff at AASCU. While numerous topics shape state higher education policy, each affecting the issues of affordability and quality, our focus is on the overarching issue

of *college access*. This synopsis is informed by an environmental scan of state policy activities of the past year, trend analysis, and events that will continue to shape the policy landscape. Some issues are perennial in nature, while others reflect attention to near-term actions in state policy and public discourse. The influence of any given issue across individual states will, of course, vary.

#1—Affordability

The cost of college is perhaps the most perennial issue shaping state higher education policy. 2008 promises yet another round of maneuvers by states, with some prodding by federal officials, to get the upper hand on curbing tuition increases. Although such increases at the nation's public four-year colleges have moderated in recent years due to boosts in state investment, rises in tuition costs continue to outpace inflation and median family income—an issue that is *not* outpacing the ire of state political leaders.

Greater awareness of the inverse relationship between state operating funds for higher education and the costs of tuition is increasingly evident. Most notably,

more compacts between states and their respective tuition-setting authorities are being proposed in an attempt to strike a healthy balance in the appropriations/tuition revenue streams. Congress, too, is struggling to address the affordability factor. Proposals by Congress via reauthorization of the Higher Education Act for states to “maintain effort” in the level of operating funds for higher education – or else face limited sanctions in access to federal financial aid monies – reflect an intensified desire for the federal government to moderate tuition increases. Other “fringe” issues affecting college affordability are also likely to be taken up by state policymakers, such as policies aimed at controlling textbook costs.

#2—States’ Fiscal Forecasts

A much more tepid state budget forecast will influence a spectrum of state higher education policy issues in 2008. Tuition increases slowed across the country in 2007 in large part due to increases in state operating support, courtesy of robust revenues in most states. State tax appropriations for higher education increased 7.1 percent during the past fiscal year and 14.4 percent over the past two years. However, state revenue growth is slowing and being outpaced by spending pressures. These vary by state, but typically include funding for health care, Medicaid, corrections, and state pension programs. A lackluster housing market and turbulence in the mortgage industry have led to negative impacts in about half of the states, with particularly bad effects in California, Florida and Nevada.

While FY 2007 overall state spending increased by 9.3 percent, expectations for FY 2008 are a more modest 4.7 percent. Year-end balances reflect a similar trend, with enacted FY 2008 budgets containing expected balances of 6.7 percent of expenditures, a decrease from the 11.5 percent of two years ago. The period of using state surpluses to bolster rainy day funds, boost spending programs, and provide tax cuts is giving way in several states to patching up budget shortfalls. Among the states looking at mid-fiscal year budget cuts are California, Florida, Kentucky, Maryland and Nevada. The National Conference of State Legislatures’ latest figures (November 2007) show several states lowering their FY 2008 revenue estimates, based on lower than anticipated

tax collections in the first quarter of the fiscal year. It remains to be seen in 2008 how the housing slump, credit industry crunch, ballooning energy prices, and other factors will affect near-term state appropriations for higher education.

#3—College Preparation

While college prices will remain at the forefront of state policy discussions as it pertains to college access and student success, the year ahead is also likely to witness continued strong emphasis on the other “p”—Preparation. Enhanced understanding and visibility of the connection between college planning and the rigor of the high school experience has translated into beefed-up measures enacted by states to adequately prepare high school graduates for the collegiate experience and the world of work, both which require increasingly similar skill sets in order to succeed. Increasing standards, student expectations and accountability, and greater alignment in the transition between secondary and postsecondary education will remain top priorities in many states. Unified movements, such as the American Diploma Project, and prominent voices (backed by some hefty resources such as the Bill and Melinda Gates Foundation) are among many entities helping to inform and shape the college preparation of our youth through effective state policy reforms.

State policy measures will continue to reflect a more coherent understanding that a quality college preparatory experience will help raise high school graduation rates, and subsequently, college participation, retention, and success rates. All of these share in common a desire by state officials to boost economic competitiveness through more, and more capable, workers. Higher curriculum standards, increased offerings of AP and dual (high school and college) enrollment courses, early college high schools, and state-funded college grant programs targeted to middle school students who meet specific course and grade standards are among the mix of initiatives that will fuel state educational policy action in 2008.

#4—Accountability

Largely in reaction to increasing tuition prices, the mantra for greater accountability is evident at both

the state and federal level. Enhanced transparency and accountability were key themes in the report recommendations stemming from U.S. Secretary Spellings' Commission on the Future of Higher Education, and were equally apparent in the most recent Congressional budget reconciliation process and in current deliberations on reauthorization of the Higher Education Act. States, too, are encouraging, if not requiring, more transparency through additional reporting of outcomes at the institutional and system level.

The higher education market place is responding to the call for greater transparency and accountability, with most of the sectors (public four-year, two-year, independent colleges, etc.) responding with self-imposed, voluntary reporting systems aimed at shedding more light on spending practices and key institutional and student outcomes. Launched in late 2007, the Voluntary System of Accountability, a joint initiative of AASCU and the National Association of State Universities and Land-Grant Colleges (NASULGC), will provide all stakeholders with online access to consistent and comparable data on student and family information, student experiences and perceptions, and student learning outcomes. Time will tell if invigorated efforts for institutions to self-report critical data will ward off efforts by states to require additional mandatory reporting.

#5—Campus Security

Campus security became a highly visible issue in 2007 after the unprecedented Virginia Tech tragedy. Since that and other incidents of violence on or near college campuses in Colorado, Delaware, Illinois, Louisiana, and New York in 2007, states have primarily focused on improving communications and security systems on public college campuses. This is anticipated to continue through and beyond 2008. In terms of gun control on campus, reactions have varied. Some state systems are debating whether to arm campus police officers (as the Iowa Board of Regents voted to do in November 2007, though requiring higher standards for firearms training). Nevada considered but rejected a proposal to let faculty and staff become specially trained reserve police officers in order to carry concealed weapons on campus.

Issues exposed by the focus on campus security and communications include the problem of getting students and other campus community members to sign up for alert systems, the dilemma of whether to release immediate alerts when little information is available or to wait and issue more detailed information later, as well as technological glitches in conveying information.

A critical issue highlighted by the Virginia Tech incident is the free flow of communication of student information—within the confines of federal privacy laws—internal and external to higher education institutions. While near-term modifications in the federal law are doubtful, states may promote changes that seek to facilitate greater information sharing between colleges and state and local agencies when doing so is in the interest of protecting the public.

#6—Immigration

With rising concern over the growing number of undocumented immigrants in the U.S. and the repeated failure of Congress to pass comprehensive immigration reform legislation, state legislatures across the nation are introducing record numbers of immigration bills. In terms of higher education, the primary issue is whether undocumented students may be granted residency status in a state in order to qualify for in-state tuition rates. To date, over 30 states have considered such legislation and 10 states have passed such measures. This issue is complicated by the fact that existing federal law is ambiguous, and proposed laws that would support states' rights to offer in-state tuition to undocumented students (e.g., the DREAM Act) have repeatedly failed to pass. Under these legally ambiguous conditions, state policymakers in 2007 became increasingly wary of taking any action in support of undocumented students.

In the current election year, expect the nation to remain polarized around this and other immigration issues. Congress is likely to delay the matter of immigration reform until after the November general election and states are likely to continue introducing immigration measures in record numbers. Until the larger immigration debate is settled, higher education

access for undocumented immigrants will remain limited. There will likely be continued attempts to repeal and challenge supportive state laws in the courtroom.

#7—2008 Presidential Election

As is often the case during a presidential election year, policy action is habitually replaced by political rhetoric. The campaign themes of the major candidates, assumed to reflect the public's priorities, will shape much of the discourse among citizens, the media, pundits, and lawmakers at all levels. While most states will elect state officeholders in November's general elections, all eyes are on the national level, where all U.S. House members and one third of the Senate are up for re-election and a presidential campaign in full swing is bringing with it an intrigue and intensity unmatched in recent memory. This election marks the first time since 1928 that either an incumbent president or vice president will not seek office. Key political issues being debated among the major contenders include the war in Iraq, national security, immigration, the economy, and health care. Education issues, whether K-12 or postsecondary, have remained relatively absent in the presidential campaigns. Regardless, the national elections will influence state higher education policy in the year ahead, although it remains to be seen whether this impact will be negative or positive. If negative, it will distract attention from fruitful action in the state policy arena, and if positive, it will elevate the importance of a quality American public higher education system, including it as a major campaign issue, and proposing thoughtful solutions to increasing college investment and student access.

#8—Affirmative Action

Though universities have utilized affirmative action since the 1960s to increase minority representation on campus, these policies have been repeatedly challenged and will continue to face opposition in 2008. While the U.S. Supreme Court has outlawed the use of quotas and automatic point-based admissions formulas, it has ruled—and affirmed in 2007—that race may play a more limited role in college admissions to promote the educational benefits of diversity. But despite the court rulings, a

movement against affirmative action has emerged, leading to the passage of referenda in California (1996), Washington (1998), and Michigan (2006) that bar public colleges and universities from granting any “preferential treatment” on the basis of race, ethnicity, color, national origin, or gender. The group that led these efforts is now targeting five states for action in 2008—Arizona, Colorado, Missouri, Nebraska and Oklahoma—all states that have experienced large increases in Hispanic immigration in recent years and that have witnessed a backlash against illegal immigration. If these groups opposing affirmative action are successful, options available to institutions and states to promote diversity on campus will be more limited. Debates will continue nationwide about whether it is possible to achieve desired levels of minority enrollment without affirmative action, and what approaches will be most successful. Meanwhile, institutions utilizing race in admissions decisions will continue to be vulnerable to lawsuits.

#9—Retooling State Financial Aid Programs

States will likely continue fine-tuning, or in some cases, completely overhauling, financial aid programs in 2008. A refocusing of state grant aid to low and lower-middle income families will be a key item, given the growing concern about the significant shift of state need-based financial aid to merit-based financial aid over the past two decades.

Opponents of more merit-based aid argue that taxpayer funds are subsidizing wealthier students who will attend college regardless of publicly funded incentives, and in so doing, may be preventing access to prospective students from more modest backgrounds. As a result, some states are reconsidering their balance of need-based and merit aid. Tennessee, in particular (whose lottery proceeds fund merit-based aid, and which in 2005–2006 spent \$125 million on non-need-based aid versus \$51 million in need-based aid), is considering a proposal that would use interest income earned on its lottery account to augment appropriations to its need-based grant program by \$20 million a year. While this is encouraging, it remains to be seen how far the balance will shift given the vocal concern of middle-class taxpayers/voters about rapidly rising college

costs and the middle class' inability to qualify for federal and state need-based aid.

In tandem with the key theme of increasing citizens' educational attainment levels and boosting economic competitiveness, 2008 may also see more states create grant programs that target middle school students, promising them free or reduced college tuition in exchange for meeting specific academic performance expectations. One such program, the Wisconsin Covenant, aimed to do this in its 2007 launch, joining Oklahoma and Indiana in similar pursuits. Other retooling efforts may seek to mitigate college graduate outmigration, such as the Opportunity Maine program, new in 2008, which makes college graduates eligible to receive a substantial tax credit on student loan payments after they graduate. The key focus of this program is employment and residency in the state.

#10—Economic Development

More and more, public colleges and universities are playing a formal leading role in state economic development planning and execution. Although current unemployment levels remain relatively low, much attention and concern is being paid to the longer-term economic viability of state economies,

and as such, state colleges are seen as engines of economic opportunity. 2008 is likely to witness continued partnerships between states and public institutions of higher education to stimulate greater workforce development activities, research and development capacity, and business incubation.

Specific economic development policies and programs involving state-university partnerships include efforts to: encourage degree completion by returning adult students; recruit "star" faculty and researchers capable of attracting additional research and financial resources; respond to occupational market shortages, such as in K-12 teaching, health care and engineering; and support state-university alliances that promote the creation of industry clusters in focused, specialty fields, such as biotechnology or alternative energy. Further, states are increasingly investing in applied research. Since the 2004 passing of California's historic \$3 billion bond initiative to invest in stem cell research, many states have focused on awarding major sums to universities and private institutions in hope of becoming major centers for talent, innovation, and focused economic activity.

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