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State Policies and Higher Education Attainment

By
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This article introduces a collection of empirical work that examines the role of state policy in promoting students' progression into and through higher education. We provide an overview of U.S. state policy innovations that have occurred in recent years and we identify both the challenges and opportunities associated with studying public policy and higher education attainment in the states. The article concludes by outlining the perspectives of the articles included in this collection and provides a synopsis of each.

Keywords: higher education attainment; college student success; state policy; comparative state policy; higher education policy

As perhaps never before, the attention of state policy-makers and researchers has galvanized around the need for the United States to improve the educational attainment of its population. Although some observers question whether everyone should attend college,¹ higher education is undoubtedly essential to the social and economic prosperity of individuals and of society. Higher education is increasingly required for jobs today and for new jobs that will be created in the future (Carnevale, Smith, and Strohl 2010; Perna and Finney 2014). The benefits of higher education rebound in countless ways, including greater

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economic productivity and higher earnings, as well as other beneficial outcomes for society, such as enhanced civic engagement (Baum, Ma, and Payea 2010). Higher education is also vital for reducing the substantial and growing income inequality in the United States (Stiglitz 2012). High levels of educational attainment are critical to economic growth and the foundation of a democratic society (Perna and Finney 2014).

Despite its clear importance, however, higher education attainment in the United States has stagnated. With an average annual growth rate in college attainment that lags substantially behind that of its peers in the Organisation for Economic Co-operation and Development (OECD 2013), our nation has fallen behind many countries in educational attainment, particularly among younger adults. The United States, for example, now ranks behind ten other OECD countries in the percentage of 25 to 34 year olds that have attained at least an associate's degree (43 percent).

Moreover, attention only to the aggregate share of adults who have attained a college education masks considerable variation across groups. Nearly 50 years after the authorization of the federal Higher Education Act of 1965, educational attainment in this nation continues to vary dramatically based on students' demographic characteristics (e.g., family income, race/ethnicity, parent's educational attainment) and geographic location (e.g., urban, rural, and suburban; and home state). Closing these gaps is essential for reasons of fairness and economic competitiveness (Perna and Finney 2014). The United States cannot achieve the educational attainment required for workforce readiness or international competitiveness without improving equity in attainment across groups (Jones 2009).

Although not all may choose to pursue postsecondary education or persist to the completion of a degree, all must have the opportunity to enroll in and complete it, given the enormous social and economic benefits associated with higher levels of educational attainment. The need to identify effective ways for our nation to increase higher education attainment is thus profoundly important.

The Paramount Role of States in Improving Higher Education Attainment

The responsibility for achieving meaningful improvements in higher education attainment lies primarily with the fifty state governments. Over the past few years, the Obama administration has offered ambitious proposals aimed at making postsecondary educational institutions more affordable, increasing access for low-income students, and using technology to improve the availability of information about attending and affording college. These initiatives perhaps signal a historic shift in the role of the federal government in U.S. higher education.

Nevertheless, it is the states that bear the primary responsibility for the educational attainment of their populace. Even more so than for primary and secondary education, state governments have long played the lead policy role for

higher and postsecondary education. It is they—the fifty state governments—that determine the levels and types of public financial resources to invest in postsecondary education, it is they that oversee the systems that provide oversight and accountability of higher education, and it is they that establish and monitor goals for the performance of campuses. It is the actions taken or not taken by state policy-makers that primarily determine the future course of higher education attainment in the United States.

An Era of State Policy Change and Experimentation for Higher Education

Since the mid-1980s the states have emerged as active laboratories of policy experimentation for higher education. Policy innovations have been particularly common in the area of higher education finance, as state governments have adopted a number of new policies and programs including broad-based merit scholarship programs, college savings plans, prepaid tuition programs, and initiatives to decentralize control over tuition or permit campuses and systems to differentiate tuition charges (e.g., McLendon, Hearn, and Deaton 2006; McLendon, Mokher, and Flores 2011).

The states have also undertaken new approaches to holding higher education institutions accountable for their performance. States have enacted myriad structural changes in the ways that they coordinate and govern their systems of higher education and adopted performance funding—an approach to funding higher education that ties state general fund appropriations to the performance of postsecondary education institutions and systems. State efforts to boost higher education attainment have been an implicit and sometimes explicit consideration in the debate over the design of many of these new higher education policy initiatives (e.g., McLendon, Hearn, and Deaton 2006; Zumeta and Kinne 2011).

States have also experimented with policies designed to improve students' transitions from K–12 into higher education. Implementing P–20 coordinating councils, dual enrollment policies, and student unit-record data systems are but a few examples of the kinds of changes that many states have undertaken in an effort to align better the curriculum and testing in high schools with the entrance requirements and curriculum of colleges and universities, with the goal eventually to produce higher levels of college attainment (e.g., Hearn, McLendon, and Mokher 2008; McLendon, Heller, and Lee 2009).

Other recent state policy innovations pertain to partnerships with prominent foundations and other organizations (e.g., Complete College America). For instance, many states (e.g., Florida, Indiana, North Carolina, Ohio, Texas, and Washington) have entered into partnerships with the Gates and Lumina Foundations and their intermediary organizations both to pilot and scale interventions aimed toward boosting higher education attainment.

Nonetheless, low overall rates of college preparation, participation, and completion, and even lower performance on these outcomes among individuals from

low-income families and racial/ethnic minority groups, indicate that the public policies that are now in place have not yet achieved their desired effect. Furthermore, some of the policy changes of the past 30 years, such as merit-aid scholarship programs and declining state appropriations for higher education institutions, may have undercut efforts to improve higher education attainment (e.g., Dynarski 2002; Hillman and Orians 2013).

Despite the prevalence of these innovations and experiments, too little scholarship provides the empirical, theoretical, and applied policy insights that researchers and policy-makers need to be able to evaluate adequately the influence of state policies on higher education attainment. Improved understanding of the relationship between state policy and college preparation, affordability, participation, and completion is essential. Leaders require such knowledge so that they can maximize the effectiveness of available but finite public resources and design policies capable of meeting their states' needs for increased educational opportunity, social mobility, and economic growth, as well as remedying the inequity in higher education attainment that currently exists across demographic groups in their states.

Obstacles and Opportunities in State-Level Policy Research on Higher Education Attainment

Efforts to understand how states can best improve higher education attainment must contend with a number of powerful obstacles. One obstacle involves the many sources of across-state variation that defy efforts to draw necessarily straightforward conclusions about which policy conditions contribute to educational outcomes. The states vary by quite a lot in their demography (e.g., population size and growth, race/ethnicity, and educational attainment), socioeconomic development (e.g., tax structure, income levels, patterns in economic activity, and unemployment), political systems (e.g., election outcomes and partisanship patterns), higher education systems (e.g., number of different types of institutions, governance structures), and policy climates (e.g., the presence of policies already adopted that may spur or constrain future state action).

The second obstacle is temporal. The shifting conditions and policy contexts of the states themselves complicate efforts to understand how policy-makers might best design and implement initiatives that can increase attainment. Such shifts include the remarkable array of changes in the state political economy for higher education over the past 30 years. The three recessionary periods that the states have experienced since the early 1990s, in particular the Great Recession that began in 2007, introduced a degree of economic turbulence, budgetary vicissitude, and downward pressure on state funding for higher education unlike that at any time since the explosive growth in public financial support for colleges and universities in the 1950s and 1960s.

Against the backdrop of these historic fiscal constraints other obstacles emerged, including the erosion in many states of the political support higher

education once enjoyed. Relevant developments include the advent of electoral term limits, disappearance from some legislatures of the “patron saints” who once promoted higher education’s traditional interests, and emergence of governors with accountability agendas for higher education that have increased pressures on postsecondary education. Diminished public trust in virtually all established societal institutions, including government, and more recently colleges and universities, has introduced newer elements of uncertainty and skepticism into policy debates around higher education at the state level.

Thus, the variations across states and time are the primary challenges to researchers who are attempting to understand which state policy actions might best improve higher education attainment. Understanding differences in contexts both across states and over time is essential in any effort to discern the effects of public policies on educational attainment.

Fortuitously, the nation’s system of fifty state governments provides an ideal venue for the systematic study of public policy, including its formation, adoption, implementation, and impacts. Because of the constrained variance that exists among states, the fifty states serve as a sort of natural experiment, enabling social scientists to examine how differences between and among states, and over time, can influence both the design and effectiveness of public policies. Thus, rather than stand as obstacles, the fifty states afford researchers remarkable opportunities to learn about the effects of public policies on higher education attainment. It is the recognition of such opportunities that underlies the organization of this volume.

Purpose of This Volume

This collection of articles provides a comprehensive research assessment of the ways that public policy in the U.S. states influences key aspects of the higher education attainment process, including students’ academic readiness for college, the affordability of college, student participation in college, and student completion of college. All of the articles in the volume present original scholarship. They draw on multiple theoretical and conceptual traditions, principally frameworks found in sociology, political science, economics, and organization sciences. The articles deploy a range of methodological approaches and analytical techniques, although most employ quantitative analyses.

Earlier versions of five articles in this volume (Perna and Armijo; Delaney; Doyle and Zumeta; Flores and Shepherd; McLendon et al.) were presented in a symposium that the editors convened at the annual meeting of the Association for the Study of Higher Education (ASHE) in November 2012, at the invitation of then-ASHE president Anna Neumann. We subsequently invited the other articles to ensure that the volume would cover a comprehensive array of research perspectives on state policy and higher education attainment. Since we began work on the volume in 2012, additional commentary, controversy, and research have arisen around many of the topics this volume covers (e.g., performance funding in higher education, and whether the device is achieving the outcomes

its proponents claim; Lederman 2013), indicating the continued relevance of the substantive directions we have taken.

A number of beliefs and suppositions guided our decisions about the thematic direction of the volume and our selection of the individual articles. Eight perspectives warrant particular mention:

- The states are the primary decision arenas in which improvements in higher education attainment can best be leveraged;
- Public policy is the appropriate and needed subject of research because policy is the principle vehicle by which states may accomplish substantial improvements in higher education attainment;
- Policy-makers and researchers stand to benefit most from scholarship that is inherently comparative, meaning that which draws on rigorous comparisons between and among states (McLendon, Cohen-Vogel, and Wachen 2014);
- Public policy as it relates to higher education attainment is multifaceted, requiring multidisciplinary perspectives and multiple research methods for understanding it;
- Learning how state policies can best improve higher education attainment requires deepened insights into the conditions that enable the design and implementation of effective policies;
- Improving higher education attainment requires attention to multiple intermediary student outcomes, including academic readiness for college; the ability of students to pay for college; the availability of information about college prices, financial aid, and academic readiness; and college completion (Perna 2006);
- Whether by design or by default, the choices that states make about the allocation of scarce public resources, such as spending decisions around state financial aid programs and general fund appropriations, hold notably important consequences for higher education attainment; and
- Improving higher education attainment requires attention not only to public policies per se, but also to the development of a public agenda for higher education and to the state-level leadership that is needed for sustaining that agenda (Perna and Finney 2014).

Although no single compilation can take fully into account all of the important aspects of the relationship between public policy and higher education attainment in the states, the articles that we have assembled shine new light on a number of critical topics and questions. These articles provide fresh, topical, conceptual, empirical, and applied policy insights.

The opening article by Laura Perna and Michael Armijo examines the effectiveness of state P–20 coordinating councils, a prominent policy innovation designed to align the K–12 and postsecondary education sectors. The authors report on case studies of P–20 councils in a number of states to ascertain why misalignment between the sectors persists. Drawing conceptually from scholarship on the policy stages framework and institutional analysis and development,

they pay particular attention to the ways state leaders, operating within particular “action arenas,” have shaped the origins, implementation, and outcomes of P–20 councils. Perna and Armijo highlight a number of conditions that have undercut the effectiveness of the councils, including inadequate council membership, deficient leadership and political “backstopping” by governors, insufficient levels of public support for education policy change overall, and the presence of competing policy priorities.

Michal Kurlaender continues on the critical theme of student readiness for college with her analysis of California’s Early Assessment Program (EAP), an intervention designed to improve student outcomes at California’s 112 community colleges through improved quality of information about academic preparedness available to high school students. Her panel analysis utilizes data from the California Community College Chancellor’s Office, EAP test scores, and scores of other standardized tests for California high school juniors. Kurlaender’s results show that participation in the program is associated with lower rates of student developmental coursework, higher rates of transfer-level course enrollment, and higher grades. The EAP, she concludes, provides policy-makers and campus leaders in California with useful information about students’ college readiness beyond that provided by the state’s high school standardized tests alone.

The article by Jennifer Delaney is one of several that considers the ways that state finance policy for postsecondary education can shape college access and attainment. Delaney examines recent trends in state general appropriations, institutional tuition and fees, and state student financial aid, and concludes that these trends have eroded college affordability in nearly all states. She then undertakes an analysis of the impact of the American Recovery and Reinvestment Act of 2009 (ARRA), a federal law passed during the depths of the economic recession that required states to maintain certain levels of spending or forgo the opportunity to receive federal funds. Delaney’s analysis indicates the ARRA funding achieved its intended effect in as much as the legislation appears to have forestalled decreases in state general appropriations for higher education. Her analysis, however, also shows a negative relationship between ARRA funding and state spending on student financial aid, a category of state expenditure that was not specified in the ARRA maintenance of effort requirements. This finding has important negative implications for college affordability, participation, and attainment, especially for students for whom student financial aid is most important: students from low-income families.

William Doyle and William Zumeta contend that a fundamental challenge confronting state policy-makers today is the need for higher education to produce more graduates with less public funding per student than has been available in the past. The authors describe five primary ways that states have responded to this historic challenge: cutting costs; buying degrees; striking a grand bargain; hunkering down and waiting; and falling apart. The first three approaches, according to Doyle and Zumeta, embody a purposive action that is needed in the states, while the latter two approaches can best be characterized as little more than policy drift. Although public-policy-by-default clearly is the simpler course of action, the authors conclude that the failure of state policy-makers and campus

leaders to design and implement effective strategies for responding to the fiscal challenges undoubtedly will erode higher education attainment.

Stella Flores and Justin Shepherd turn their focus to the effects of tuition decentralization—a policy avenue newly adopted by states seeking additional revenue for higher education as they reduce public appropriations to institutions—on college participation among underrepresented students. Using a difference-in-differences analytic strategy, they investigate the extent to which a delegation in tuition-setting authority in Texas from the legislature to institutional governing boards in 2004 influenced college enrollment of Hispanic and black students and of Pell Grant recipients. Flores and Shepherd find that Hispanic students are the group most negatively affected by tuition deregulation, while the results for black students are mixed. Surprisingly, the authors report enrollment increases for Pell Grant recipients during this period. They discuss the implications of these findings for other states considering similar tuition-decentralization measures.

In his article, James Monks examines the influences on rising college student debt, a topic of burgeoning interest and concern both to policy-makers and the public. Monks argues that a narrow focus on tuition as the lone culprit in rising student debt disregards the important role that state and institutional financial aid policies play in determining debt levels. Using a framework of prestige maximization by higher education institutions, he analyzes the influence of price, state aid, campus admissions practices, financial aid policies, and student outcomes on the student debt of the graduating classes across 747 nonprofit, four-year colleges and universities. Monks finds that being need-blind in admissions, meeting-full-need, limiting loans, and graduating students in high-paying majors can have a larger impact on student debt levels than simply the cost of attendance. He also finds that higher levels of state-awarded student aid are associated with lower student debt at public universities.

Michael McLendon, David Tandberg, and Nicholas Hillman analyze sources of variation in state spending on need-based student aid, merit-based aid, and general fund appropriations for higher education from 1990 to 2010. Drawing on theories from comparative state politics, public policy, and higher education studies, the authors use state-level panel data to study conditions they believe explain why state governments subsidize higher education in a more or a less redistributive manner. Their analysis documents a “trade-off” in state spending on the different types of student assistance programs; as states invest more in merit-based financial aid, they tend to spend less on need-based aid. McLendon, Tandberg, and Hillman also find strong associations between funding patterns over time and characteristics of state political systems, including the professionalism of legislatures, institutional powers of governors, partisan control of state elective office, and competitiveness of state elections.

Kevin Dougherty, Sosanya M. Jones, Hana Lahr, Rebecca S. Natow, Lara Pheatt, and Vikash Reddy examine one of the most widespread and controversial state policy innovations for postsecondary education of recent years—performance funding. They review the origins of several successive waves

of performance funding policies for higher education and summarize research findings on the impact of performance funding on institutional behavior. Dougherty and colleagues argue that, despite the political popularity of these programs, little evidence exists that the policies have led to desired improvements in student outcomes. The authors cite a variety of obstacles to the effectiveness of state performance funding, including program design flaws, inadequate student readiness for college, insufficient implementation capacity, deficient state financial support, and institutional resistance. They conclude with a series of policy recommendations for remedying these implementation obstacles.

Amanda Rutherford and Thomas Rabovsky extend the discussion of performance funding in the states with an empirical investigation of the programs' effects on student outcomes at public colleges and universities. Drawing on theories from public administration and political science, their article uses data collected from the Integrated Postsecondary Education Data System (IPEDS) to analyze the effectiveness of performance funding policies as a mechanism for improving student graduation, persistence, and degree attainment. Rutherford and Rabovsky find that current performance funding policies are not associated with higher levels of student performance and that these policies may in fact contribute to lower performance over a longer period of time.

Finally, in the concluding article, Laura Perna, Michael Klein, and Michael McLendon distill key insights that cut across the other articles in this volume. They provide a number of recommendations for policy-makers seeking to improve higher education attainment in their states. The article argues that states must do more to strengthen policy leadership and steering, increase students' academic readiness for college, take actions to reverse the decline in college affordability, tighten the linkages among state finance levers, and incentivize higher education institutions to improve student outcomes. The final article also calls for additional research into the factors contributing to the successful adoption, implementation, and sustainability of public policies designed to improve higher education attainment.

Conclusion

Clearly state policies can and must play a central role in raising higher education attainment of a state's population and closing persisting gaps in attainment in a state across groups. The articles in this volume offer useful insights for policy-makers and researchers about the effectiveness of various policies to improve the many critical intermediary outcomes on the path to improved higher education attainment, as well as productive theoretical and methodological approaches to conducting future policy-relevant research. We hope that this volume stimulates additional fruitful research on these and other critical issues surrounding public policy and higher education attainment in the states and improves the coherence and systemization of future research efforts.

Note

1. For a range of perspectives on the question, “Are too many students going to college?” see the *Chronicle of Higher Education* (2009).

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