2014
PUBLIC POLICY AGENDA
From the President

I am pleased to present the American Association of State Colleges and Universities’ 2014 Public Policy Agenda. This annual statement of policy principles and positions guides the association’s advocacy efforts on current and developing issues at the federal and state levels.

With mid-term elections only months away, 2014 is already shaping up as a year of great political and policy challenges for higher education. While the fiscal affect of the financial crisis and the great recession has abated, public higher education across the nation is still reeling from the effects of the enormous cuts it endured. The de facto privatization of public higher education is a matter of great concern to our members and to the public that relies on the availability of affordable, accessible state institutions. AASCU has taken on the challenge of not only mitigating, but actually reversing the disturbing trend of state disinvestment in an important policy proposal we developed as part of a coalition seeking significant changes to the Higher Education Act as it comes up for reauthorization this year.

Beyond diminished public resources, state institutions face the same set of demands from the public and the policy community with regard to outcomes and accountability. AASCU supports federal efforts for improved accountability and greater transparency for colleges and universities participating in federal student assistance. As public institutions, our members respect and understand the public’s right to demand good educational and economic outcomes for students after they leave their institutions. AASCU believes that effective accountability metrics can be devised in a manner that provides meaningful information to the public and respects the heterogeneity of institutional missions.

The Administration’s proposed Postsecondary Institution Rating System can be a component of a broader effort to promote accountability and transparency. Devising a rating system that can equitably and effectively capture the relevant attributes of a large and diverse universe of postsecondary institutions will be
a daunting task. The inherent difficulties of constructing a meaningful ratings system need not, however, be fatal.

The Administration has not revealed how they propose to configure the rating system and little is known about the process and the timeline for its launch. AASCU is actively engaged with the Administration and other stakeholders, and we will join the ensuing national conversation in good faith in an effort to promote a reasonable and credible accountability framework that serves all stakeholders.

The 2014 Public Policy Agenda is intended to serve as a point of reference for AASCU members and other interested organizations, as well as federal and state policymakers. The association and its members are committed to ensuring that the public purpose of public higher education is served.

Muriel A. Howard
President
Public Colleges and Universities are Essential Partners in Meeting State Needs and Objectives

America’s state colleges and universities serve a critical role as the linchpin of the nation’s human capital development strategy. Not only are they the main venue for broad and affordable access to high quality higher education for some four million students, they also serve as engines of civic engagement and economic growth for their communities and the nation. Public colleges and universities are unique institutions of higher education in that they balance their primary mission, the advancement of learning, with specific service obligations to the citizens of their respective states. The pursuit of academic excellence while remaining academically and financially accessible are defining characteristics of state colleges and universities. Public institutions are gateways to educational opportunity and economic success for all Americans, and serve as proud and indispensable venues for minority access and success. The following policy recommendations represent the framework within which public institutions can successfully serve the important functions that they are assigned in a financially sustainable and publicly accountable manner. Policymakers should consider public colleges and universities integral partners on state initiatives across the public policy spectrum, including P-12 education, economic development, health care, environmental concerns and social challenges.

The State Role

Sufficient and Sustained State Funding Remains the Central Policy Priority for Public Higher Education

The top priority for American public higher education leaders today must be a relentless call for states to provide sufficient, consistent and sustained state funding in order to keep college affordable for all students, especially those from modest economic circumstances. The majority of all other higher education policy issues in recent years stem from changes in college
affordability, among them: educational attainment, institutional productivity, cost containment, financial aid, innovation in program delivery, and student persistence and completion. While all stakeholders play a role in financing a public college education—the federal government, states, institutions and students—the primary driver of higher tuition prices over the last several decades has been the state-to-student cost shift borne out of state disinvestment in public higher education. For several decades, per-student state support for public higher education has eroded, a trend accelerated by the economic downturn of the last several years.

Policy Action:
- Advocate for increased state investment in public higher education, and promote policies that align federal and state practices in support of greater affordability and improved access.

Federal Leveraging of State Higher Education Funding Can Improve College Affordability

One strategy for incentivizing states to increase their fiscal commitment toward public higher education (collectively $72 billion) is to better leverage the $178 billion in federal aid provided to students and campuses through “maintenance of effort” (MOE) provisions in federal spending legislation. MOE provisions establish a threshold of state financial support required in order to receive federal funding; such provisions can provide powerful incentives for state policymakers to maintain their financial support for public colleges and universities and mitigate tuition increases. A new federal-state funding compact must leverage considerable federal monies, include a non-arbitrary state funding threshold, and contain a sound distribution formula.

Policy Action:
- Encourage and promote strategies for leveraging federal resources to incentivize state higher education funding.
Equitable and Mission-Focused State Performance-Based Funding Systems Can Enhance Student and Institutional Outcomes

Legislation that links state higher education appropriations to select institutional outcomes, commonly known as performance-based funding (PBF), is an increasingly popular financing policy mechanism. PBF programs should be a collaborative effort among key stakeholders to build an incentive structure that respects and reinforces campus missions; encourages campuses to recruit, retain and graduate low-income and nontraditional students; and remains compatible with state higher education goals.

Policy Action:

- Support state funding systems that involve public comprehensive university leaders in system design and which recognize and reward outcomes consistent with the missions of these institutions.

State Investment in Need-Based Student Aid Programs Increases College Affordability

State student aid programs augment federal efforts to provide aid directly to students to keep college affordable. States should continually invest in these programs, but not to the detriment of the state’s main responsibility of providing operating support for public colleges and universities. State student aid programs were originally designed to aid low-income students, but have shifted to emphasize academic merit over financial need. Research indicates that merit-based state student grant aid programs are a less efficient use of scarce state resources than need-based aid and end up benefitting students from wealthier backgrounds at the expense of those from lower-income households.

Policy Action:

- Promote increased state investment in need-based student aid programs.
Funding Gimmicks Like “Pay It Forward” Are Backdoor Ways of Accelerating the Privatization of Public Higher Education

In recent months, a simplistic proposal to fund “tuition-free” public higher education through a flat tax on students' future earnings (“Pay It Forward”) has gained visibility as a potential solution to college affordability. In reality, Pay It Forward is an actuarially unsound gimmick to shift the full cost of public higher education from one generation of students to the next, and, if adopted, would create a path of least resistance for the withdrawal of state funding at public institutions.

Policy Action:
- Discourage “Pay It Forward” legislative proposals as legitimate public higher education funding models.

States Should Maintain Oversight in the Authorization of Online Postsecondary Programs

AASCU endorses strong accountability measures for all postsecondary educational providers. We fully support the states' obligation and right to exercise oversight of online and other distance-based courses and programs delivered to citizens within their state jurisdictions. We support the engagement of states in orchestrating the authorization of postsecondary programs, working in either consortia or compact arrangements.

Policy Action:
- Support collaborative efforts to address federal regulations involving “state authorization” of online programs.

Strong Alignment of P-16 and College Curriculum is Critical to Student Success

AASCU supports the Common Core State Standards. Students' academic preparedness for the rigors of college-level work is fundamental to their success in higher education. A strong high school curriculum aligned with college standards is integral to student success and should be available to all students. AASCU strongly endorses the Common Core State Standards in
mathematics and English language arts for grades P-12. We call on states to facilitate the timely implementation of the Common Core, develop sound assessment mechanisms, and ensure collaboration among stakeholders in the P-16 continuum.

Policy Action:
- Encourage strong state engagement with P-12 and higher education in the implementation and assessment of the Common Core State Standards.

Keep Authority to Establish Campus Security and Weapons Policy with College Officials and Governing Boards

AASCU remains disappointed over continued attempts by state lawmakers to strip college presidents and public university governing boards of their authority to regulate concealed weapons on campus. Nearly every higher education and law enforcement stakeholder group has steadfastly opposed legislation that allows individuals to carry concealed weapons on campus.

Policy Action:
- Oppose state legislation that seeks to strip institutional and/or system authority to regulate concealed weapons on campus.

The Federal Role

The federal government has historically played a significant, but secondary, role in higher education finance through bridging the gap between college prices and family means. Since the 1980s, as many workers’ real incomes have stagnated and inflation-adjusted college costs have escalated, the gap between American families’ ability to pay and college costs has widened to unprecedented levels. The shortfall between resources available to students and college costs is identified through a federally-defined need analysis that is intended to equitably divide responsibility for the total cost of attending college among students, families, states, the federal government and other stakeholders. Federal student aid, in the form of grants, loans and work-study,
is then made available—based on federal budgetary choices—to fill the gap. Over the past three decades, despite significant funding increases on the part of the federal government, the federal aid package has shifted decisively in the direction of loans and debt-financing of higher education. This trend, in turn, has created a national educational debt crisis, with an outstanding volume that now exceeds $1 trillion. As public concern about educational debt has grown, policymakers are attempting to devise financing alternatives. The following broad areas of federal policy would be key components of any overhaul of federal student aid programs.

Reform Federal Need Analysis

AASCU supports reforming the federal need analysis formula to better target federal funds to the neediest students. Federal financial aid eligibility is calculated through the difference between the Cost of Attendance (COA) and the Expected Family Contribution (EFC). Each institution of higher education has a different COA, but the EFC is calculated through a federal formula. EFC has changed over several decades to become a less credible measure of students’ ability to pay for college. Consequently, the federal Pell Grant has lost some of its original focus on the neediest, leaving too many low-income students having to borrow for their education and dissuading many from completing college.

Policy Actions:

- Revamp need analysis to more accurately ascertain families’ ability to pay for college.
- Eliminate special treatment of different classes of assets and income to ensure equitable treatment of all applicants based on their financial circumstances.

Increase Federal Grant Aid

The composition of federal student aid has shifted from grants to loans. While cost-containment has captured most of the attention as a policy remedy to stop this trend, only a re-balancing of grants and loans can truly reverse it. Properly income-targeted grant funding can and should, at least partially, level the playing field for the neediest students, most of whom would still need to work
and borrow to fully cover the cost of their education. But public perception that student aid constitutes an unsustainable burden on the federal budget has created an echo chamber calling for cost-saving reforms that too often limit access for at-risk students. Proposals leading up to the reauthorization of the Higher Education Act (HEA) generally point in the direction of “reforming” student aid to direct its finite—and allegedly unsustainable—spending to produce better outcomes, often mechanically equated with college completion. Various plans would tie institutional eligibility for federal aid to completion rates, would limit student eligibility to a predicted likelihood of completing a postsecondary program, and would federally define academic progress. These policies, if adopted, would severely undermine access and equal opportunity for the neediest students.

**Policy Actions:**
- Increase grant aid and distribute it solely based on need.
- Oppose imposition of non-need based criteria as pre-conditions or limitations on grant funding for students.

**Keep Student Debt Manageable**
To properly address growing concerns about college affordability and the educational debt crisis, federal policy must reform student and family borrowing policies and reconsider terms and conditions associated with student debt. Universal Income Based Repayment (IBR) is the way forward, with opt-out possible for those who prefer standard amortization options. The federal government has transformed student debt from a form of subsidized assistance into a profitable federal financing activity, the net revenues from which exceeded all federal student aid spending last year.

The Department of Education lends more than $112 billion a year in federal loan capital to students and parents for college attendance, and outstanding federal student loan debt exceeds $700 billion. These loans are exceptionally lucrative because they carry interest rates far above what it costs the federal government to fund and administer them. In addition, student loans represent a unique and highly collectible lending activity because they are not
dischargeable in bankruptcy and the federal government can force repayment through wage garnishment, tax refund and social security intercepts, and debt collection agents. The profitability of student loans and the ease of collecting on them have ended willful defaults, or federal losses due to interest- or credit-risk.

**Policy Actions:**

- Reduce student (and parental) loan interest rates to better reflect program costs and eliminate excess profits for the federal government.
- Simplify loan repayment options by consolidating duplicative and confusing choices.
- Improve loan servicing.
- Create a well-configured income-based repayment system as the main repayment path for borrowers, but allow borrowers to opt out in favor of standard amortization alternatives.
- Eliminate the statutory definition of default that is a holdover from the guaranteed student loan program, and clarify that federal student loans remain collectible until paid off, discharged, or forgiven.

**Prepare Students for Gainful Employment**

A large number of programs that currently participate in Title IV programs are eligible for federal dollars only if they “prepare students for gainful employment in a recognized occupation.” These include virtually all programs offered by for-profit providers, and an even larger number of non-degree certificate programs offered by public and not-for-profit providers. AASCU recognizes the need for better accountability—based on actual labor-market outcomes—for these programs, regardless of the type and control of institutions offering them. For too long, programs of questionable quality have been marketed by shoddy providers as “preparing students for successful careers.” These programs typically rely on heavy advertising and high-pressure sales tactics, and often leave their former students—drop-outs and graduates alike—with high levels of debt and little to show for it in terms of improved employment rates or wages. AASCU endorses a broad and multi-faceted analysis of outcomes associated with such programs to ensure that they meet the policy goals of the underlying statute.
Improve and Protect Accreditation

AASCU supports the uniquely American tradition of quality assurance in higher education through non-governmental peer review, also known as accreditation. The logic behind deference to accrediting bodies in the HEA to evaluate institutional academic integrity continues to be valid and should be preserved. However, shortcomings in accreditation should be addressed by policymakers. This process is increasingly unable to assure the public that it is an effective mechanism of ensuring institutional integrity. Second, as federal demands on accreditation have become increasingly more prescriptive, it has lost the original clarity and focus it enjoyed as a purely voluntary undertaking. Finally, accreditation has become too procedural and too costly, and is perceived by many as stifling innovation.

Policy Actions:

- Work collaboratively with all stakeholders in reviewing and revisiting accreditation’s role within the triad: the federal government, states and accreditation.
- Strengthen accreditation by clarifying its role in establishing institutional eligibility for Title IV.
- Preserve the American tradition of political non-interference in academic judgments about programmatic quality.

Support Accountability and College Completion

AASCU endorses and welcomes the national conversation on accountability in higher education. As public institutions, accountability for state support is an ingrained feature of AASCU institutions; the same expectation to federal dollars is not intuitively unreasonable. AASCU has already launched several important initiatives in support of greater institutional transparency and accountability, most notably the Voluntary System of Accountability (VSA), co-sponsored by the Association of Public and Land-grant Universities. AASCU is committed to engaging and collaborating with other accountability efforts, particularly the Obama administration’s proposed college ratings and revised college scorecard initiatives. The administration has outlined a conceptual approach to defining outcomes and accountability that merits serious investigation and consideration, although any final verdict on its utility will depend on how administration officials resolve key details.
While policy complexities of defining the purely financial metric of “gainful employment” have proven challenging, proper accountability definitions for academic programs, whose value has generally been viewed as transcending purely economic considerations, are even more complicated. Graduation rates, as defined under current law, are inadequate measures of institutional success because they fail to capture transfers and many part-time students. Furthermore, economic evidence strongly suggests that high-quality postsecondary education produces tremendous direct and indirect socio-economic benefits that accrue even to those who do not complete degrees. What’s more, over the long term—the entire working life of each tracked cohort of students—some of the most abstract, least vocational academic disciplines counter-intuitively outperform the most labor-market-oriented vocational offerings of colleges and universities. These two factors—that completion may not be the best measure of individual or societal return-on-investment and that narrow short-term metrics can actually mask the true economic value of higher education—should both be carefully factored into any efforts to define institutional accountability or incentivize student behavior.

Policy Actions:

- Support and assist with federal accountability initiatives.
- Collaborate with Congress and the administration on devising reasonable financial aid policies to reward institutional accountability and effectiveness.
- Promote completion and graduation, but not at the expense of reasonable access or academic quality.
- Protect students from punitive policies that unfairly limit their access to higher education.
- Promote diversity in higher education and oppose policies that have a disparate impact on minority and underserved populations.

Support Appropriate Data Reporting

AASCU believes in the appropriate use of valid and reliable data to support accountability, institutional transparency, and public disclosures for federal and state financial aid programs. In addition, the association endorses the collection, analysis and disclosure of outcomes data as a means of providing institutional transparency and ensuring public accountability for federal and state financial aid programs. The Voluntary System of Accountability (VSA) and the Student Achievement Measure (SAM) are examples of initiatives through
which AASCU seeks to better inform all stakeholders of outcomes data. AASCU recognizes institutional costs associated with federal data collection. The association supports efforts to streamline data collection, apply cost-benefit and privacy principles to new data collection efforts, and reduce, where possible, the effect of data collection on individual privacy and institutional workloads.

**Policy Actions:**
- Support the collection of data needed by the federal government for purposes specifically authorized by law.
- Balance benefits to be derived from the collection of new data with institutional compliance costs and individual privacy concerns.

**Promote Innovation**
Innovation and continual improvement are important aspects of public colleges and universities. As the need for higher education is growing much faster than traditional means of delivery, the higher education community must point the way forward through the development of innovative models of content delivery and credentialing. AASCU supports efforts to innovate and reinvent various aspects of higher education through new policies, programs and practices.

**Policy Actions:**
- Support new and emerging forms of instructional and program delivery.
- Support competency-based education.
- Support prior-learning assessment.

**Support Immigration Reform**
An estimated 11.5 million people in the United States—individuals and families who work and contribute to the nation’s economy and are quite unlikely to collectively disappear—are undocumented. Many of the undocumented were brought into the U.S. as children, and know no other homeland than this country. This latter group certainly deserves immediate access to higher education. AASCU supports the passage of state and federal DREAM Acts to...
enable such students to participate in higher education and map out a strategy for full citizenship. In addition, states should have the full authority to set tuition policy for undocumented students. Further, the number of H1-B visas and green cards should be expanded.

**Policy Actions:**
- Support comprehensive immigration reform.
- Support the federal DREAM Act legislation and passage of state-level DREAM Acts.
- Support expansion of H1-B Visas.

**Support Higher Education in Tax Policy**
The tax code has been a strategic tool for middle-income families to address costs associated with a college education. While tax policy does not reduce the college costs at the outset, it does provide assistance to students and families on a retroactive basis. As such, AASCU strongly supports reform of multiple current tax credits and tuition deductions that involve tax benefits for both students and institutions.

**Policy Actions:**
- Make permanent, simplify and improve the American Opportunity Tax Credit.
- Eliminate tax liability on loan forgiveness programs.
- Expand student loan tax deductions.
- Expand employer-provided educational assistance benefits.

**Strengthen Teacher Preparation**
AASCU institutions, many of which were originally founded as normal schools, are deeply committed to teacher education, preparing more than 50 percent of all teachers certified annually in the United States. Growing national alarm about the rigor and performance of the P-12 system certainly concerns AASCU institutions as well. Too many students come to college unprepared and in need of remediation, and the problem is worsening. The shortcomings of our P-12 system contribute to the already daunting challenges colleges and universities face with regard to cost, outcomes and accountability. AASCU is
committed to a candid, fact-based examination of the role that its members could and should play in promoting better outcomes at the P-12 level. Teacher education programs at AASCU institutions will collaborate with other stakeholders to continually improve and strengthen their curricula, instruction and clinical practica “so that candidates develop the knowledge, skills, and professional dispositions necessary to demonstrate positive impact on all P-12 students’ learning and development” that include high-quality clinical experiences that are “are early, ongoing, and take place in a variety of school- and community-based settings.” (CAEP, 2013)

**Policy Actions:**
- Encourage teacher preparation programs at AASCU institutions to renew and strengthen their relationship with local P-12 schools by ensuring “that high-quality clinical practice is central to preparation so that candidates develop the knowledge, skills, and professional dispositions necessary to demonstrate positive impact on all P-12 students’ learning and development.” (CAEP, 2013)
- Encourage AASCU institutions to partner with local PK-12 schools and communities to develop strategic approaches to college readiness that are research-based, intentional, sustained and evaluated.
- Promote exemplary strategic college readiness models developed by AASCU members and their PK-12 partners and communities.

Evaluation of teacher education programs should be based on valid, reliable and objective data. Accountability measures should not politicize teacher education by assessing programs on a single attribute (such as curriculum), but rather examine the totality of the educational cycle and experience. AASCU supports calls for greater accountability and outcomes transparency for teacher preparation programs.

**Policy Actions:**
- Encourage state efforts to develop appropriate licensure standards on the basis of valid, reliable and objective data, and align assessment of teacher preparation programs with those standards.
- Ensure that states evaluate all teacher preparation venues using the same standards.

**Improve Educational Opportunities for Veterans and Servicemembers**
AASCU and its institutions have had a decades-long tradition of serving the educational needs of veterans and active-duty members of the Armed Forces. This partnership is all the more needed now, as the Armed Forces downsize
and begin the orderly transition of servicemembers to productive and fulfilling civilian lives. AASCU is committed to working with the Departments of Defense (DoD), Education and Veterans Affairs to ensure optimal access and successful outcomes for servicemembers and veterans.

**Policy Actions:**

- Support the continuation and proper funding of the DoD Tuition Assistance Program.
- Support the maintenance and improvement of GI Bill educational benefits.
- Improve coordination among the agencies with regard to the unique needs of servicemembers and veterans.
- Support Executive Order 13607—Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.
Delivering America’s Promise

AASCU’s membership of more than 400 public colleges and universities is found throughout the United States, Guam, Puerto Rico and the Virgin Islands. We range in size from 1,000 students to 44,000. We are found in the inner city, in suburbs, towns and cities, and in remote rural America. We include campuses with extensive offerings in law, medicine and doctoral education—as well as campuses offering associate degrees to complement baccalaureate studies. We are both residential and commuter, and offer on-line degrees as well. Yet common to virtually every member institution are three qualities that define its work and characterize our common commitments.

- We are institutions of access and opportunity. We believe that the American promise should be real for all Americans, and that belief shapes our commitment to access, affordability and educational opportunity, and in the process strengthens American democracy for all citizens.

- We are student-centered institutions. We place the student at the heart of our enterprise, enhancing the learning environment and student achievement not only through teaching and advising, but also through our research and public service activities.

- We are “stewards of place.” We engage faculty, staff and students with the communities and regions we serve—helping to advance public education, economic development and the quality of life for all with whom we live and who support our work. We affirm that America’s promise extends not only to those who come to the campus but to all our neighbors.

We believe that through this stewardship and through our commitments to access and opportunity and to our students, public colleges and universities effectively and accountably deliver America’s promise. In so doing we honor and fulfill the public trust.