

Top 10 Higher Education State Policy Issues for 2014

By the AASCU State Relations and Policy Analysis Team

Given the transcending role of public colleges and universities in society, it comes as no surprise that higher education will again be a priority on state lawmakers' policy agendas this year. While 2013 was considered by some to be a **banner year** for interest in American higher education, 2014 is expected to deliver **increased attention** to state-level higher education policy and funding issues.

State higher education policy and funding decisions are not made in a vacuum, but rather are influenced by decisions on an array of other state issues. Other high priority policy and finance reforms that will top states' agendas in 2014 will involve Medicaid, income tax structures, public pensions and public employee compensation. Lawmakers' policy choices in these areas will largely affect the availability of state funds for public higher education

Federal higher education policy deliberations will likely shape state policy discussions in 2014. The highest-profile issue is expected to be the Obama administration's proposed **new federal college ratings system**, which seeks to assess institutions based on factors involving college access, affordability and outcomes. Regardless of the rating system's reception, the federal government's attention to accountability will likely spur state- and institutional-level efforts to increase the visibility of key college and university outcome measures of interest to students and families.

State policymakers will also monitor the status of Congress' reauthorization of the Higher Education Act (HEA), particularly proposals affecting federal financial aid programs. Despite the fact that the HEA's most recent authorization expired in 2013, it is unlikely to be reauthorized this year. Nevertheless, state legislators will pay attention to the policy and funding priorities of HEA reauthorization emanating from initial congressional deliberations, as well as the impact of any proposed federal mandates.

Declining enrollments will also be discussed in some states in 2014, particularly those in the Midwest and New England. The decline in the number of high school graduate in these regions is part of a larger migration to the South and West, as well as improving economic prospects that may persuade more adults to forgo college in favor of full-time employment. In the **affected states**, lawmakers will work to identify policy solutions aimed at increasing college participation, retention and completion—especially non-traditional working adults—and to retain and recruit back college graduates.

State politics will undoubtedly permeate state higher education policy this year, with governorships in 36 states and legislative seats in most states on the November ballot. While it will take time to determine if campaign rhetoric will translate to policy and funding outcomes, the visibility given to higher education issues during the campaigns will shape narratives about college access and affordability.

State level elections are increasingly significant to public policy, as hyper-partisanship in Washington has led to the **least productive congressional session in recent history**, allowing officials in statehouses to play a leadership role on policy issues demanding urgent attention. However, political power to shape legislative agendas in many states is not expected to shift significantly due to political polarization and entrenched single-party control of state governments. According to a *Washington Post* **analysis**, only 12 states had split party control of state government in 2012, down from a range of 23 to 30 states between 1990 and 2004. Single party control enables governors and legislative leaders in the dominant party to pursue their agenda with fewer checks on power and provide sharp, ideological-driven contrasts in the policy and spending priorities between “blue” and “red” states.

What follows are the top 10 state issues most likely to affect public colleges and universities across the 50 states this year. It is the view of the AASCU state relations and policy analysis staff that these issues will be at the forefront of both discussion and action in state capitols. This 8th annual synopsis is informed by an environmental scan of state legislative activities, current trends, and events that will continue to shape the higher education state policy landscape. Some issues are perennial, while others reflect attention to near-term actions in state policy and events that shape public discourse.

1. Harnessing Higher Education to Address State Economic Goals

Boosting state economic capacity and competitiveness will be the top state higher education policy theme in 2014, with state legislative leaders seeking to tap the full array of public postsecondary institutions—from workforce-driven technical and community colleges to research-intensive universities. While the economy is growing, unemployment and underemployment remain pressing issues in communities throughout the nation. Governors have already outlined initiatives for the 2014 session to encourage commercialization of university research; attract leading scientists, researchers and professors to universities through endowed department chairs; foster public-private partnerships; and create targeted initiatives tied to workforce shortages, such as those in the nursing and mental health fields. Likewise, policymakers are also expected to expand the

number of seats in state medical schools and continue to build medical facilities to serve an aging population. Further, state efforts to convene leaders from higher education, business, the non-profit sector, and local governments are expected to continue, as is work toward strengthening regional and state industry clusters, growing small businesses, and crafting place-specific solutions to longstanding economic and workforce challenges.

2. Agreements Linking State Funding and Tuition Policy

The U.S. economy is expected to grow at a moderate pace in 2014, leading to more state tax revenues and a wider array of budgetary and policy options for state lawmakers. Amid growing concerns over college affordability and heavy student debt burdens, state political leaders are expected to leverage new funding for public colleges and universities to freeze tuition rates or cap tuition increases. This will continue a trend from 2013, in which many states increased funding and froze tuition rates, contributing to the **smallest percent increase** in in-state tuition rates at public four-year colleges in more than 30 years, according to The College Board. By late 2013, a number of governors had already signaled their intent to increase funding and freeze tuition or temper tuition increases for the upcoming academic year. Conversely, some state higher education governing bodies have recommended tuition freezes if state lawmakers meet a base funding threshold.

3. Allocation of State Higher Education Appropriations

When it comes to states’ funding of public college and university operations, increasing focus will continue to be placed on *how* such funding is allocated, not just on *how much* is provided. While policymakers continue to implement and refine strategies to achieve higher education objectives through the **state budget process**, the most prominent method in recent years has been the **implementation of outcomes-based funding systems**. Also known as performance-based funding (PBF), these arrangements have **emerged** as one of the most touted approaches to meeting state workforce, educational and economic goals, while simultaneously incentivizing the diverse array of public colleges and universities in a manner that is equitable across institutions and is tailored to their varying missions. Similar

to 2013, governors are expected to leverage new revenue for public colleges and universities as an incentive to meet policymaker goals.

4. State Educational Attainment and College Completion Goals

Increasing college degree production and overall educational attainment will be a legislative priority in 2014, with concomitant implementation of state policies and institutional strategies. **Workforce projections** by the Georgetown Center on Education and the Workforce (CEW) forecast a shortage of individuals with credentials to fill new jobs by the end of the decade, and an unambiguous relationship between state per-capita income and citizens' levels of educational attainment will beckon lawmakers to set or refine multi-year degree attainment targets. Fueled by considerable investment from the philanthropic community, many organizations representing state legislative, policy and higher education interests will continue to research and advocate state policies and institutional practices aimed at increasing college productivity and degree completion. Much of the state policy focus will be transacted through the state higher education financing mechanism, evidenced by increasing utilization of performance-based funding systems, discussed in issue #3, above.

5. Vocational and Technical Education

Workforce shortages, stagnant wages, and high unemployment in some communities will likely make policies aimed at increasing visibility of vocational and technical careers a topic of discussion in state capitols again in 2014. The need for certificates and sub-baccalaureate education is not expected to cease, as **workforce projections** by the Georgetown CEW predict that 30 percent of jobs by 2020 will require less than a bachelor's degree, but more than a high school diploma. Last year, governors and state lawmakers sought to increase awareness of well-paying, available jobs requiring vocational and technical training through reforms that included altering state financial aid programs for students pursuing career and technical education; providing scholarships to qualified high school seniors enrolling at career and technical institutions; and encouraging greater collaboration between the private sector and public technical and vocational colleges.

6. College Readiness

With one half of students entering two-year colleges and one in five entering four-year universities needing developmental coursework (remedial classes), college readiness will remain a top state education policy issue this year. Efforts to ensure that high school graduates are college and career ready, as well as efforts to better align K-12 and postsecondary curriculum and establish consistent education standards across states will play an active role in states' policy and political spheres in 2014. The primary issue at play is the successful implementation of the **Common Core State Standards** in mathematics and English language arts, which have been adopted by 45 states and are set to go into effect this fall. Despite the fact that this national initiative was announced in 2009 by the National Governors Association and Council of Chief State School Officers, endorsed by a vast array of informed stakeholder groups and constituencies, and that states have expended tremendous efforts to plan for the implementation of the standards, politically-motivated debates continue about the standards' efficacy. As such, much of the action in the state legislative arena will involve advocating how the Common Core State Standards will increase postsecondary preparedness, reduce remediation rates and ultimately improve college completion. Another related issue will involve policymakers' attempts to determine what types of institutions can offer remedial courses, with an effort in some cases to prevent public universities, and even community colleges, from offering non-credit bearing developmental courses.

7. STEM Related Initiatives

A confluence of growing student loan debt, perceptions of high unemployment among college graduates, and calls from the business community to increase the pool of graduates with competencies in science, technology, engineering and mathematics (STEM) will lead state policymakers to again stress boosting the number of college graduates in these fields in 2014. The Georgetown CEW concluded in 2011 that while STEM occupations are expected to represent a small proportion of the future workforce, they remain critical to driving innovation and fueling economic growth. The CEW also concluded that STEM education must permeate throughout postsecondary education, from high-level university research to technical college training. In efforts to

support workforce development in STEM fields, policymakers in 2013 called for funding endowed chairs, facilitating public-private partnerships, enhancing research facilities, and providing incentives for students to pursue degrees in the STEM fields and remain in the state after graduation. Similar policy proposals are expected in 2014.

8. State Capital Outlay and Deferred Maintenance Funding

With states' fiscal pictures improving markedly in the aftermath of the Great Recession, state policymakers will consider bills designed to address capital outlay and deferred maintenance needs of community colleges and public universities. Aging campus facilities and diminished state monies due to the economic downturn has led to pent-up demand for significant state investment in campus construction needs. While so-called "deferred maintenance" needs are often not obvious to the casual observer, the costs associated with these critical upgrades are significant and increase with each passing year. The need for state monies for campus infrastructure improvement will vary, from enhancing classroom capacity; developing 21st century laboratories and research facilities; and updating, retrofitting or replacing critical campus infrastructure such as roofs, power plant-affiliated equipment, and water and electrical substructures. The higher education community, along with the construction and labor lobbies, will advocate for state funding capital outlay funding measures during this year's legislative sessions. In some states, taxpayer investment in campus construction and infrastructure improvement will be determined by taxpayers themselves at the ballot box via referendums that will take place concurrent with the November midterm elections.

9. Guns on Campus

Continuing an unfortunate trend from the last several years, gun rights organizations are expected to continue to petition state lawmakers to allow guns and other concealed weapons on college campuses by stripping college presidents and university governing bodies of their authority to establish weapons policies. As the 2014 election approaches, influential state gun groups will likely increase pressure on state lawmakers to pass these bills. Legal action is expected to continue this year, as gun rights activists test whether

state gun laws apply to public college campuses. According to the National Conference of State Legislatures (NCSL), lawmakers in 19 states introduced bills to allow concealed carry on campus in 2013. Nearly all these bills failed to pass. /the NCSL also notes that six states allow guns on campus, with half of the remaining 44 states banning guns on campus in state law and the other half leaving discretion to campus officials. The American Association of State Colleges and Universities is proud to **stand with 369 colleges and universities in 41 states** in a united effort to keep college campuses gun-free.

10. Immigration

Amid gridlock in Washington on comprehensive immigration reform, state policymakers will continue to debate piecemeal approaches to providing affordable college opportunities to undocumented students, such as in-state tuition rates and access to state financial aid programs. According to the NCSL, 15 states currently extend in-state tuition to undocumented students, with four states added in 2013. The NCSL also notes that three states (Calif., N.M., Texas) extend eligibility to undocumented students for state student grant aid programs. These policies generally require students to have attended a state high school for at least three years, graduate and apply for legal status as soon as they are eligible. Growing Latino political power in the states is expected to continue positive momentum on this critical issue in the years ahead.

Other Policy Issues in the Mix

Legislative debates and public discussions will by no means be limited to the issues discussed above. Several others will be in play throughout the states. These include:

Student financial aid programs: Growing state tax revenues will allow for more funding for state student financial aid programs, but policymakers are expected to continue to call for changes to these programs. In some instances, the eligible pool of participants in state aid programs has expanded to a point where there may not be enough funding allocated to serve all students. As a result, lawmakers in some states will explore efforts to restrict eligibility or make fundamental program changes. Lawmakers may explore linking state

student financial aid to workforce goals by requiring aid participants to work in the state for a specified period after graduation.

Online and competency-based education: Here to stay for the foreseeable future is a continued focus on creating high-access, low cost and high-quality instructional delivery and other credentialing options that take into account individuals' prior learning, military and workplace experiences. Much of the innovation on these issues is being pioneered through recent start-ups and public-private partnerships, and through individual institutions and systems. But state policymakers will pay attention to developments on these fronts, leading to encouragement or legislative proposals (mandates) for public colleges to adopt new means for delivery and certifying students' acquisition of new knowledge, skills and abilities.

State reciprocity of institutional distance education: Historically, institutions that provide cross-state online education must undergo an inefficient, ineffective and costly process to gain the necessary approvals (state authorization) for operation. Years of collaborative efforts on the part of higher education and state officials has led to the creation of the **State Authorization Reciprocity Agreement (SARA)**, a voluntary regional approach to state oversight of distance education. While the implementation of SARA will be carried out through the nation's four regional higher education compacts (NEBHE, SREB, MHEC and WICHE), and thus outside of legislative jurisdiction, policymakers will observe how well this voluntary system works to increase the efficiency, effectiveness and uniformity in the state-level reciprocity process.

“Pay-It-Forward” State Funding Schemes: In the past year, the notion of a simplistic arrangement whereby states would fund “tuition-free” public higher education through

a tax on students' future earnings—a concept touted as “pay it forward”—has gained significant attention on the part of lawmakers as a potential solution to college affordability. 2014 will bring continued discussion on whether such a system could work, and which would not result in shifting the full cost of public higher education from one generation to the next and create a path of least resistance for states to withdraw public financial support for public colleges and universities. The American Association of State Colleges and Universities remains **opposed** to “Pay-It-Forward,” as it fails to address underlying dynamics affecting rising college prices.

Consumer Protection Involving For-Profit Colleges:

Largely under the auspices of states' attorneys general, continued attention will be given by states to allegations of consumer fraud and abuse at for-profit colleges. If evidence of wrongdoing in the sector continues, states will likely weigh changes to their oversight structures involving for-profit colleges and put forth other legislative proposals intended to improve the integrity of these business entities.

Conclusion

Pressing economic and workforce needs is expected to lead to a diverse array of state policy proposals this year aimed at broadening student access to affordable college opportunities. New state revenues should allow for expanded investment in higher education this year, but with new money may come additional accountability measures for institutions. Further, the results of the November election will likely dictate higher education policy for the remaining half of the decade. While the merits of individual proposals and campaign promises for higher education will be debated in 2014, one clear, if unspoken, theme will emerge: Public colleges and universities remain as important as ever to ensuring individual success and state prosperity.

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