

# College Opportunity at Risk

An Assessment of the States



Joni E. Finney  
Abigail Dym  
Ben Williams  
Peter Granville  
Ashley Napier



Graduate School of Education  
**PennGSE**

INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION

JUNE 2018

## Acknowledgments

The work of the College Opportunity Risk Assessment team was informed by the sound advice of a National Advisory Committee: Patrick M. Callan, president, Higher Education Policy Institute; William R. Doyle, associate professor of public policy and higher education at Peabody College of Vanderbilt University; Darcie E. Harvey, senior policy analyst, Higher Education Policy Institute; Dennis Jones, president emeritus, National Center for Higher Education Management Systems (NCHEMS); Scott Pattison, executive director and chief executive officer, National Governors Association; Jane V. Wellman, senior advisor, College Futures Foundation. Their collegiality was as much appreciated as their insightful comments.

A special thanks to Will Doyle, Dennis Jones, and John Clark of NCHEMS who answered our ongoing questions and consulted on technical issues.

At the University of Pennsylvania Graduate School of Education (GSE), the Institute for Research on Higher Education (IRHE) was fortunate to engage four exceptionally talented students as research assistants who worked more hours than they care to count in order to bring this work to fruition. Two of these students, Ben Williams and Peter Granville, worked with the Institute in early 2017 to launch the College Opportunity Risk Assessment project. Ben Williams was supported by the Wharton Public Policy Initiative and earned his master's degree in Public Administration at Fels Institute of Government in May 2018. Peter Granville earned his master's degree in higher education at Penn in 2017; he is the program coordinator in academic resources at Haverford College. Two other students joined our team in the fall of 2017. Abigail Dym was supported by the Penn GSE Higher Education Division and completed her MPA in government administration and a M.S.Ed. in education policy in May 2018; she will begin doctoral studies in education policy in the fall of 2018 at Penn GSE. Ashley Napier completed her Penn master's degree in higher education in 2017 and is currently enrolled as a master's student in the Fels Institute of Government. She is also assistant to the director at Penn's Perry World House. These four professionals engaged in ongoing dialogue about the risks facing the states in expanding educational opportunity and how best to communicate these risks to a public policy audience. Their professionalism, humor, and persistence to complete this project as we worked together was appreciated.

Finally, IRHE is grateful to Penn GSE communications staff, particularly Kat Stein, Jennifer Moore, and Jeff Frantz, for their creative ideas and editorial and website support.

## Foreword

A public compact for postsecondary education in the 21st century must have at its core a commitment to educational opportunity. The demands of the knowledge economy and modern democracy require that most Americans have the opportunity to develop critical thinking, problem solving, communication, and technological knowledge and skills.

In contrast to the public compacts that provided for the rapid expansion and development of *institutional capacity* after World War II, the new public compacts must focus on *students*. The parties to these compacts remain largely unchanged: students and families, colleges and universities, and state governments. Business leaders and the general public also have a greater stake in the success of new higher education compacts as the educational requirements for work and democratic participation change.

Public compacts focused on students will require a policy shift from an institutional-building agenda—building and expanding facilities and developing our faculties and programs of study—toward a focus on students, ensuring that increasing numbers of young and working-age adults enroll in education and training programs beyond high school and that students succeed in completing their certificate and degree programs in order to meet workforce and societal needs. Addressing a public agenda focused on students coincides with a myriad of external economic and social forces that must also be considered.

The College Opportunity Risk Assessment is the first state-by-state tool to consider the breadth of the policy landscape that must be navigated to ensure future educational opportunity. It offers states a “risk ranking” on four interrelated risk categories—higher education performance, equity, public funding and productivity, and economic policies that influence public revenue and budgeting for states—using 17 indicators.

The complexity of the state risk reports reflects the complex nature of the problem. The data show the great variation among states in their exposure to risk, but also in the nature of the risks to educational opportunity. It is our hope that better assessing state risk for maintaining educational opportunity will stimulate dialogue among state and institutional leaders and ultimately contribute to better public policies for the decades to come.

The Institute on Research for Higher Education at the University of Pennsylvania’s Graduate School of Education welcomes the reactions of readers to the ideas in this report.

**Joni E. Finney, Ph.D.**

Director, Institute for Research on Higher Education

Professor of Practice

Graduate School of Education

University of Pennsylvania

## What is the College Opportunity Risk Assessment?

The College Opportunity Risk Assessment is a tool for state leaders to use in understanding the risks to educational opportunity relative to other states. It offers states a “risk ranking” using 17 indicators across the following four categories that reveal the broad and interconnected policy landscape that must be navigated to ensure future educational opportunity:



**Education performance:** Poor educational performance leads to higher risks in providing postsecondary educational opportunity. Risk areas encompass preparation for education and training opportunities after high school, participation in workforce certificate and college degree programs, completion of certificate and degree programs, and affordable educational opportunities for students and their families.



**Educational equity:** Large gaps between white and minority residents indicate higher risk in providing postsecondary educational opportunities. Risk areas encompass existing gaps in high school preparation, college participation, completion of workforce and college education programs, college affordability and ensuring access to higher education in regions across the state.



**Higher education funding and productivity:** High costs for producing workforce certificates and college degrees and low degree productivity pose risks in providing postsecondary education opportunities. Risk areas encompass volatility of state funding for higher education and productivity in producing workforce certificates and college degrees.



**State economy and finances:** Unstable general fund revenues, poor economic performance, low or no state reserves, high debt, and large gaps in income between high- and low-income state residents pose risks to providing educational opportunity. Risk areas encompass the robustness of state economies, the volatility of general fund revenues, reserves, debt and pension liabilities, and the gaps in income between high- and low-income residents.

States are ranked 1 (low) through 50 (high) according to their overall risk as well as for each risk category.

For individual state risk assessments and the technical guide detailing how each risk category is scored, go to <https://irhe.gse.upenn.edu/College-Opportunity-at-Risk>.

The demands of a knowledge-based economy and a modern democracy require that most Americans have the opportunity to develop critical thinking, problem solving, communication, and technological knowledge and skills. But numerous forces threaten peoples’ ability to achieve these forms of knowledge and skills beyond high school.

We offer the College Opportunity Risk Assessment as a tool for state leaders to use in understanding the risks to educational opportunity relative to other states. The Risk Assessment recognizes the dynamic interplay of the many public policies related to higher education performance, equity, public funding and productivity, as well as economic policies that influence public revenue and budgeting for states.

All states face risks to postsecondary educational opportunity, but each state faces different types and levels of risk within their diverse economic and social realities.

Consider Illinois, which has the 34th highest risk ranking nationally. While the state faces a substantial risk in higher education funding and productivity, as well as in state economy and finances, it performs relatively well in terms of education performance. Illinois’s significant debt and unfunded liabilities, volatility in higher education appropriations, and high spending per postsecondary credential at public universities threaten college opportunity for its residents.

Even states with strong performance relative to other states still have a lot of work to do.

For example, Wisconsin has the sixth lowest overall risk in the nation, but it has the second highest risk in educational equity. The state has among the nation's biggest gaps in both high school graduation and postsecondary completion between white students and students from all other racial and ethnic groups. For the state to meet workforce demands in the years to come, it must take steps to close these gaps.

Similarly, California's overall risk is relatively low, but it ranks 43rd nationally in postsecondary productivity. California spends \$42,349 per degree and certificate produced at all public institutions, a figure that puts it at risk of falling short of projected workforce needs.

The College Opportunity Risk Assessment can help leaders grasp the nuances of these challenges and use that knowledge to inform policies that will minimize these risks.

Understanding college opportunity risk at the state level is critical to understanding our overall risk as a nation. By 2025, the United States will need approximately 60 percent of its workforce to have college degrees, workforce certificates, industry certifications, and other high-quality college credentials (Lumina Foundation, 2018).<sup>1</sup> All states have a long way to go to meet these educational benchmarks. Unless state and college and university leaders take steps to address this shortfall, the United States will be woefully unprepared for the economic and civic challenges of the 21st century.

## An Urgent Need for New Compacts for Public Education

Opportunity is at risk when public policies do not adjust to a changing world.

State higher education policies are all too often based on outdated priorities and economic conditions (see sidebar "20th-Century Public Compacts for Higher Education"). To address college opportunity risks in a way that ensures opportunity for decades to come, states will need new compacts for public education that reflect 21st-century realities.

### 20th-Century Public Compacts for Higher Education

To meet new economic and social demands in the years immediately following World War II, states created public compacts that provided for orderly growth of higher education. The best known of these was the California Master Plan for Higher Education, the Illinois "system of systems," and the large state systems of higher education in North Carolina, Wisconsin, and many other states that provided for orderly growth.

These shared agreements between institutions, state governments, and students and families varied from state to state, but the values that guided them provided some sense that educational opportunity would be available and affordable for far more students than before the war. Implicit in these compacts was the financial contribution of state governments to colleges and universities, with an expectation of what students and families would pay, based on stable and predictable policy.

While states did not go far enough in ensuring equal opportunity for all residents, these policies resulted in the significant expansion of American higher education through the latter half of the 20th century.

<sup>1</sup> In a Presidential Address to a Joint Session of Congress in February 2009, Barack Obama said that by 2020, America should "once again have the highest proportion of college graduates in the world." This goal will be met, according to the White House if 60 percent of 25-to-34-year-olds had completed an associate's degree or higher by 2020.

Even the most farsighted higher education leaders in the latter half of the 20th century did not understand how education and training opportunities in our nation would become nearly the *only* means of economic mobility.

Nor did state leaders fully understand the broad and rapid economic changes sweeping the globe—and the influence of these changes on local, regional, and state economies. The shift from a goods-producing to services-based economy is only one example of the changes that influenced the revenue streams of states.

Serious fissures in public compacts became apparent in the final decades of the 20th century and into the new century. Economic recessions in nearly every decade since the 1970s created a boom and bust higher education funding cycle that largely mirrored state economies. The shortcomings of current public policies for higher education were most apparent after the 2001 and 2007 recessions.

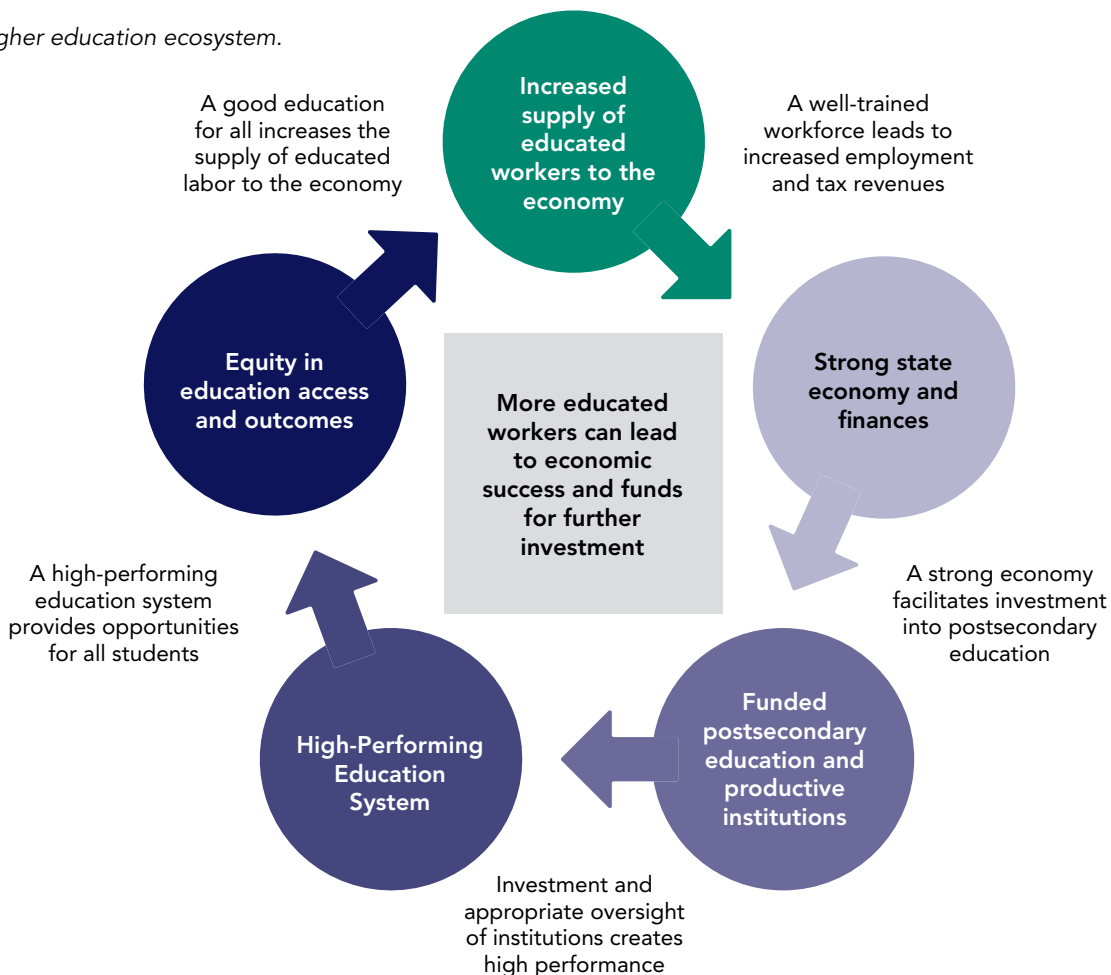
Today it is clear that post-WWII state policies, which were designed to educate 30 to 40 percent of Americans beyond high school, do not meet current and future demand.

### A Framework for Moving Forward: A Focus on Performance and Equity

Rather than focusing on building institutional capacity, today’s public compacts for higher education must prioritize increasing educational opportunity. States do this by minimizing risks in education performance, equity, state higher education funding, and state economic and finance issues. Until states take significant steps to address these risk areas, they will not be able to address their college opportunity challenges.

FIGURE 1

*A healthy higher education ecosystem.*



In order to create a healthy educational ecosystem, states must act on the following priorities:

**Prioritize students in need of education and the institutions that educate most Americans.** Resources for higher education must be sufficient to improve performance and equity, but those resources must be used in productive ways. Simply increasing state revenue is insufficient for improving performance and equity. This is not to imply that all states have invested enough in higher education, but the importance of public investment must be balanced by funding policies that focus on improving performance and equity.

Colleges and universities that educate most low-income, first generation, and minority students (community colleges, regional comprehensive colleges, etc.) must receive the resources needed to ensure student success, as well as reform their practices so that students succeed.

**Rebalance the financial burden.** Even though total revenue (net tuition plus state/local appropriations adjusted for inflation) per student for public higher education is at a record high (since data collection began in 1980), the sources of funding have shifted (SHEEO, 2017). The state portion of total revenue has declined even as state funding for higher education has increased over the past five years. Net tuition revenue has increased faster than state revenues. As a result, net tuition revenue is now the largest portion of total revenue for public higher education in a majority of states, which means that students and families shoulder a disproportionate share of the burdens of paying for postsecondary education (National Center for Public Policy and Higher Education, 2000–2008; Finney & Doyle, 2016).

For families making \$48,000 or less per year, the percent of family income, on average, needed for education and training at many types of colleges and universities exceeds their total income in many states. Even those making up to \$75,000 per year have few discretionary resources to spend for education and training beyond high school (Finney & Doyle, 2016).

Our College Opportunity Risk Assessments make it clear that state governments and postsecondary institutions must assume a greater share of the responsibility for addressing these risks, as students and families have stepped up and contributed a substantial share over the last decade or more toward a public compact for educational opportunity.

Rebalancing the financial burden will require a state commitment to stable state funding and a higher education commitment to increased productivity and stable, predictable tuition and fee policies that link tuition increases to growth in family income.

**Prioritize funding for education and training opportunities beyond high school.** Balancing state budgets by cutting higher education is not a formula for increasing the knowledge and skills of the population. As the economies of states transform from 20th-century manufacturing to 21st-century knowledge-based industries, policy choices must prioritize higher education opportunity based on improved educational performance and equity through stable funding to higher education, the productive use of funds, the development of state reserves for economic downturns, and policies to better manage state debt and public pension liabilities, as well as policies to encourage economic growth and knowledge-based industries.

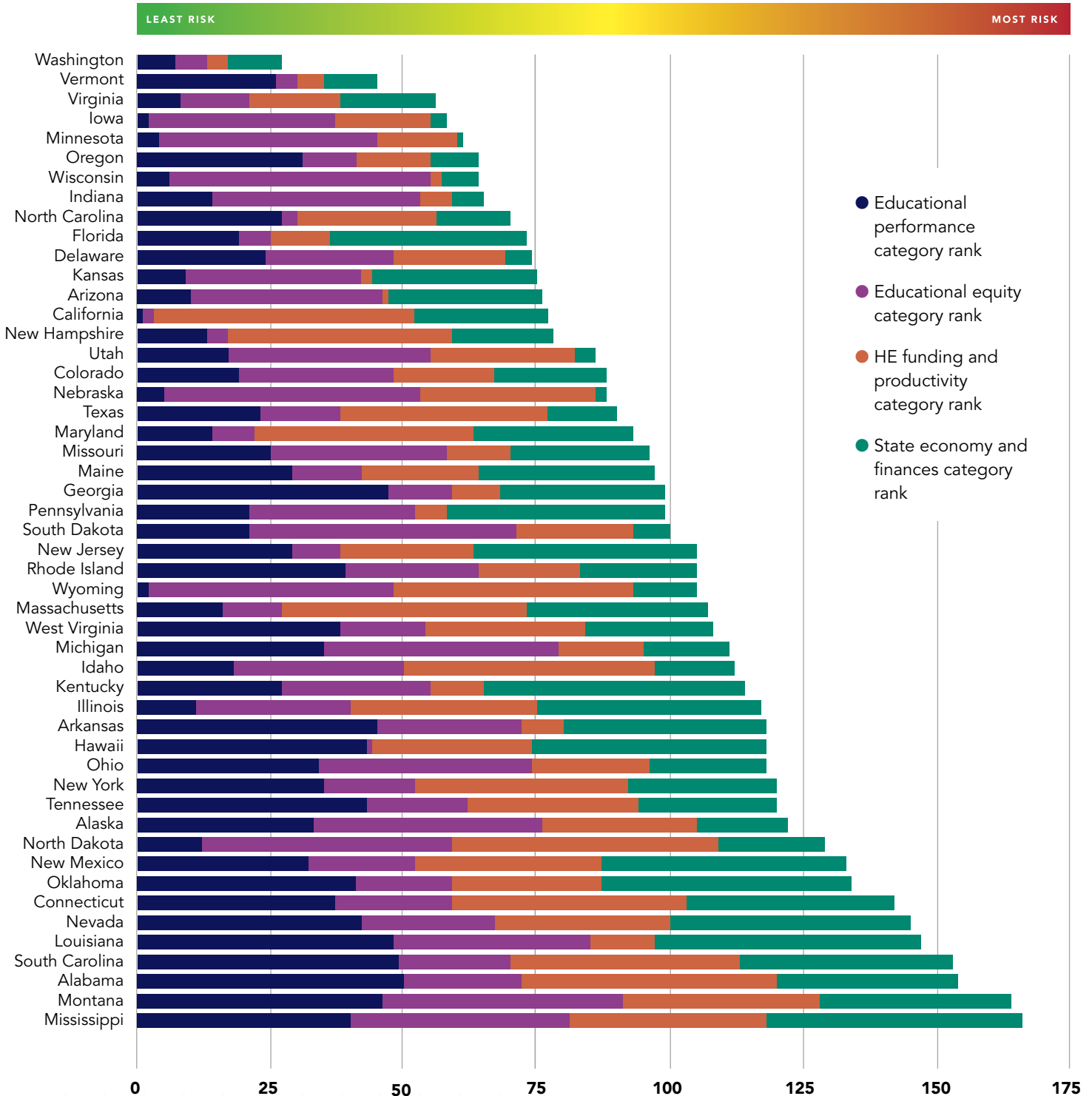
Simply stated, some of the solutions to increase educational opportunity lie outside of the traditional higher education policies. States must consider policy reform not only in funding higher education but also the broader fiscal context to ensure that educational opportunity for the next generation is a possibility.

**Consider how individual state context influences performance and equity.** All states have different challenges, of course. Population trends differ markedly among states, as do their economic circumstances. While political differences also exist among the states, all states share responsibility for providing higher education. The convergence of a public agenda that encompasses individual educational opportunity with an economy that produces high paying jobs is of benefit to political leaders of all stripes. Understanding the relationship between these unique risk factors and the future of higher education opportunity in that state is paramount.

## College Opportunity Risk Rankings at a Glance: Overall State Risk Rankings

**FIGURE 2**

Figure 2 shows the total of a state's ranking in each category of risk: educational equity, educational performance, state economy and finances, and higher education funding and productivity. A state can be ranked from 1 to 50 in each of these four categories; therefore, its total ranking—the sum of the four categories—can be as low as 4 and as high as 200.

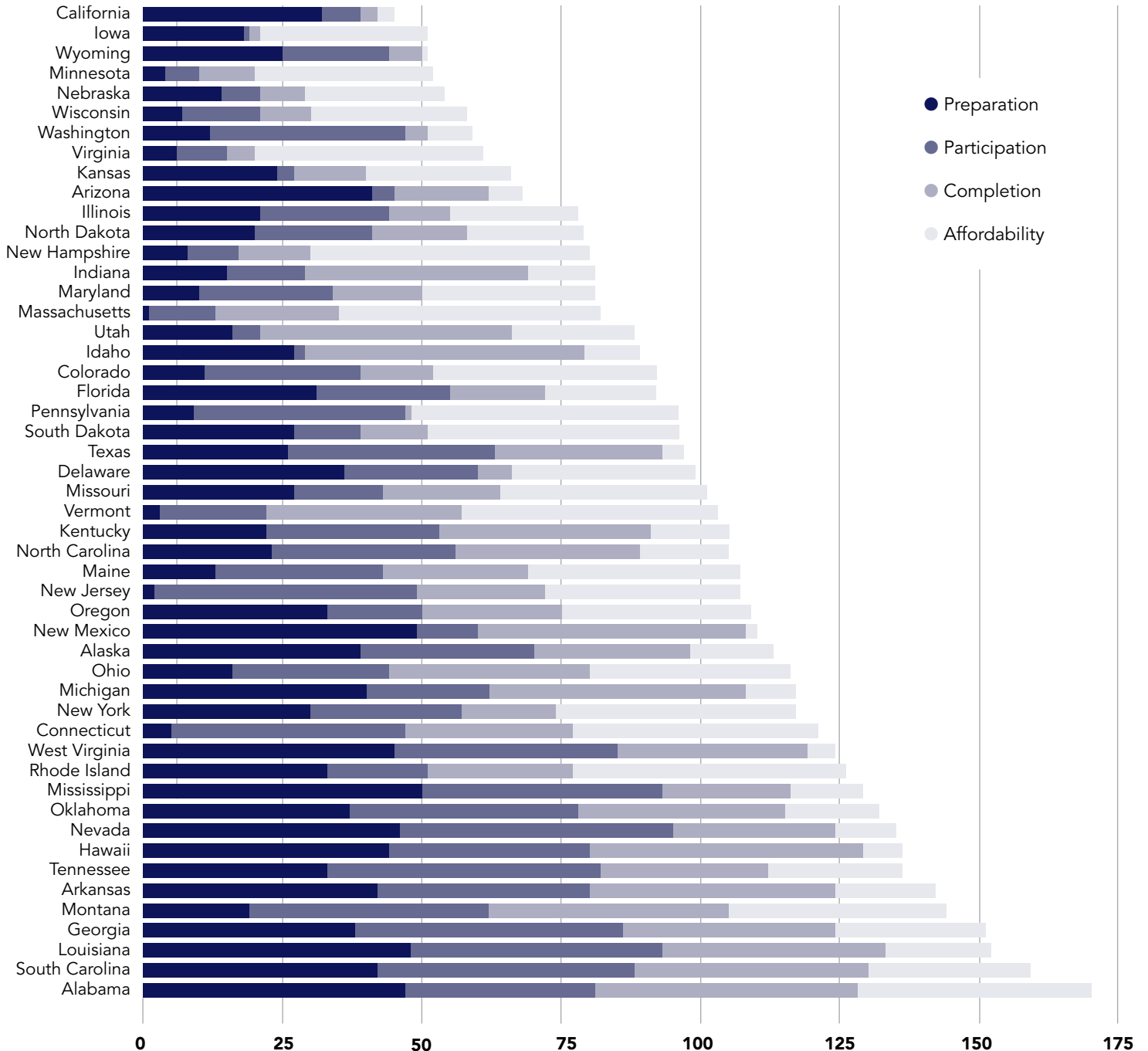




## College Opportunity Risk Rankings at a Glance: Educational Performance Rankings

**FIGURE 3**

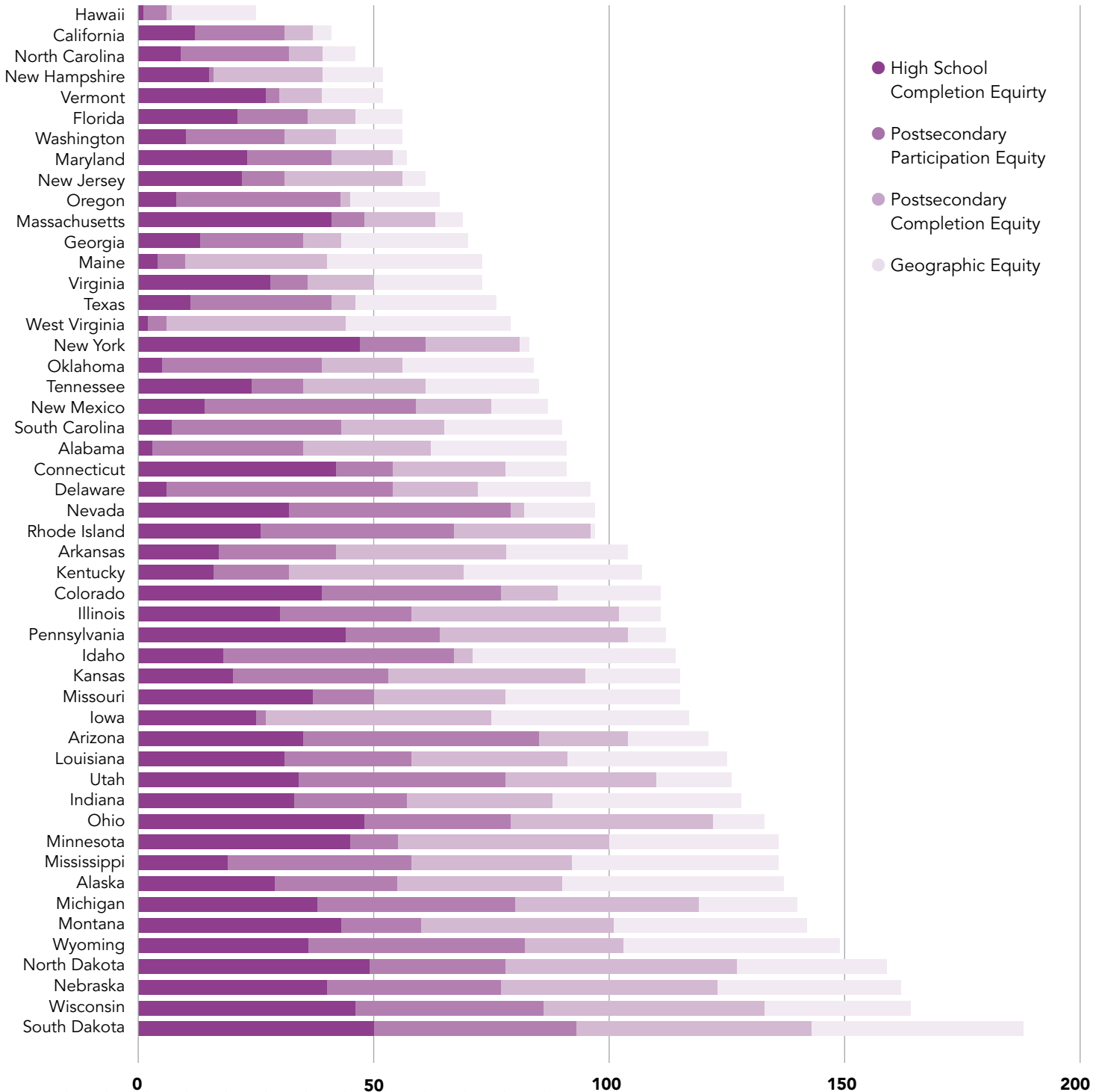
Figure 3 shows risk related to educational performance during students' pre-college years within each state based on four indicators: preparation, participation, completion, and affordability. These indicators take into account the quality of K–12 education, high school graduation rates, AP high test scores (preparation), the percentage of young- and working-age adults enrolled in educational programs beyond high school (participation), the on-time completion rates for students earning an associate's or bachelor's degree (completion) as well as the percent of family income required to pay, on average, for an individual to attend a postsecondary institution (affordability). A state can be ranked from 1 to 50 in each of these seven variables.



## College Opportunity Risk Rankings at a Glance: Educational Equity Risk Rankings

**FIGURE 4**

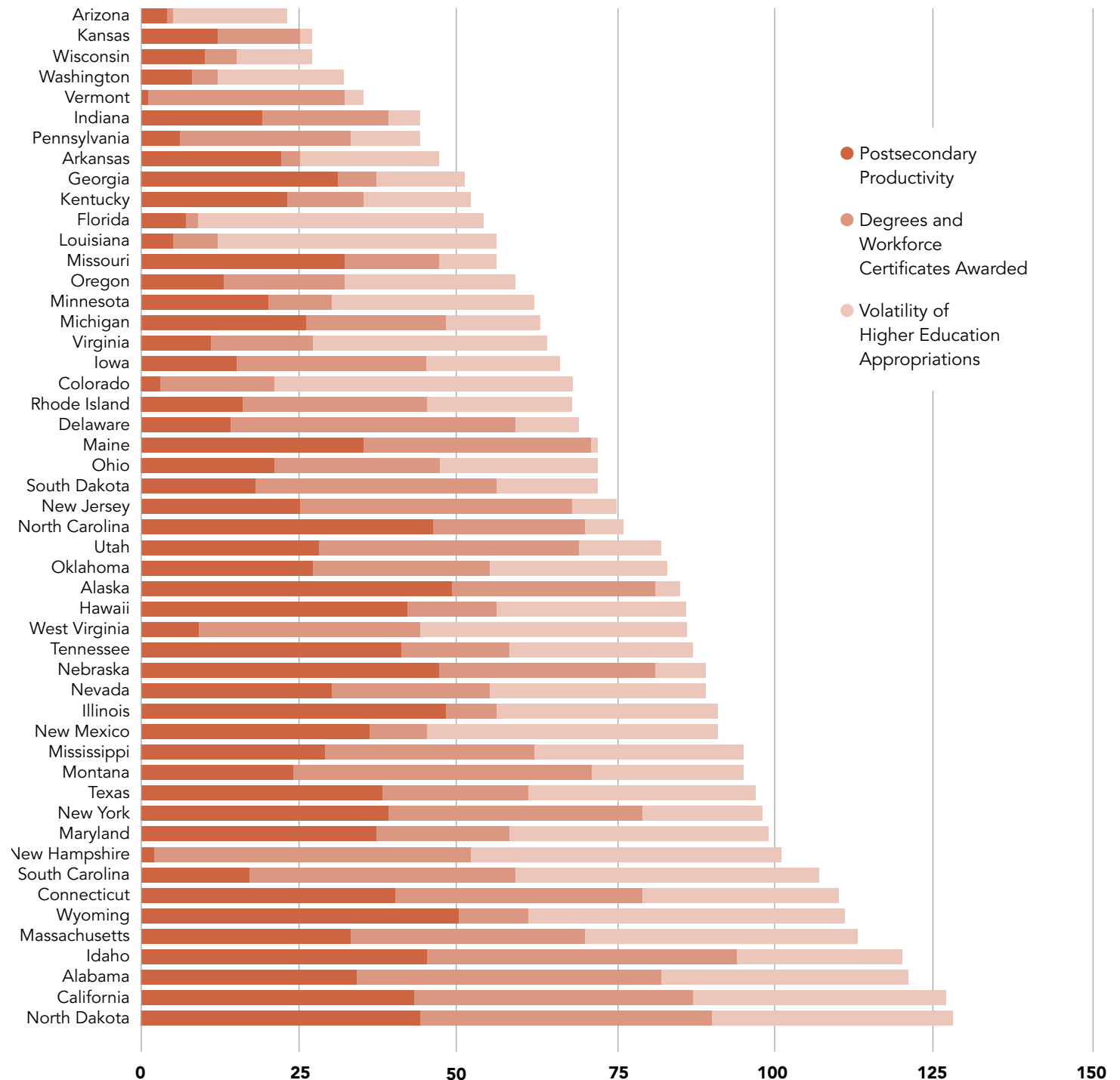
Figure 4 shows state risk related to equity of educational opportunity. This category considers equity along the educational pipeline and distances to the nearest college or university: high school completion, postsecondary participation, postsecondary completion, and geographic equity. A state can be ranked from 1 to 50 in each of these four variables.



## College Opportunity Risk Rankings at a Glance: Higher Education Funding and Productivity Risk Rankings

**FIGURE 5**

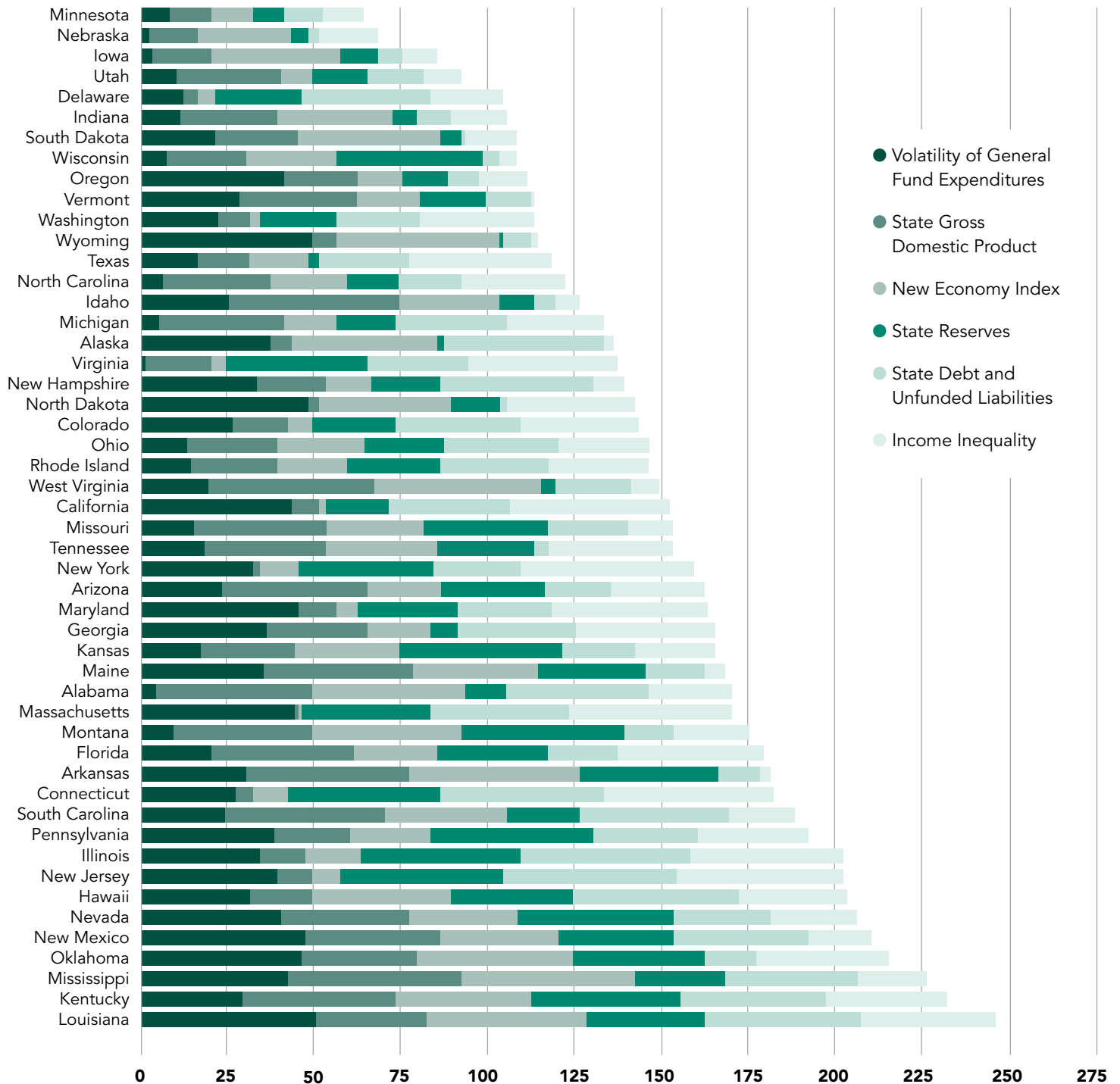
Figure 5 shows risk related to higher education funding and productivity. This category considers postsecondary productivity, degrees and workforce certificates awarded, and volatility of higher education appropriations. A state can be ranked from 1 to 50 in each of these three variables.



## College Opportunity Risk Rankings at a Glance: State Economy and Finances Risk Rankings

**FIGURE 6**

Figure 6 shows state risk related to a state’s overall economic and financial context beyond the higher education sector. This category examines risks related to the overall health of the state economy and the degree of volatility of general fund revenue, the debt and pension liability exposure, as well as the state’s position for a new economy. A state can be ranked from 1 to 50 in each of these six variables in this category.



## Category Ranks and Sum of Category Ranks for Each State

FIGURE 7

State	Educational performance category rank	Educational equity category rank	HE funding and productivity category rank	State economy and finances category rank	Risk Total	Risk Rank
Washington	7	6	4	10	27	1
Vermont	26	4	5	10	45	2
Virginia	8	13	17	18	56	3
Iowa	2	35	18	3	58	4
Minnesota	4	41	15	1	61	5
Oregon	31	10	14	9	64	6
Wisconsin	6	49	2	7	64	6
Indiana	14	39	6	6	65	8
North Carolina	27	3	26	14	70	9
Florida	19	6	11	37	73	10
Delaware	24	24	21	5	74	11
Kansas	9	33	2	31	75	12
Arizona	10	36	1	29	76	13
California	1	2	49	25	77	14
New Hampshire	13	4	42	19	78	15
Utah	17	38	27	4	86	16
Colorado	19	29	19	21	88	17
Nebraska	5	48	33	2	88	17
Texas	23	15	39	13	90	19
Maryland	14	8	41	30	93	20
Missouri	25	33	12	26	96	21
Maine	29	13	22	33	97	22
Georgia	47	12	9	31	99	23
Pennsylvania	21	31	6	41	99	23
South Dakota	21	50	22	7	100	25
New Jersey	29	9	25	42	105	26
Rhode Island	39	25	19	22	105	26
Wyoming	2	46	45	12	105	26
Massachusetts	16	11	46	34	107	29
West Virginia	38	16	30	24	108	30
Michigan	35	44	16	16	111	31
Idaho	18	32	47	15	112	32
Kentucky	27	28	10	49	114	33
Illinois	11	29	35	42	117	34
Arkansas	45	27	8	38	118	35
Hawaii	43	1	30	44	118	35

State	Educational performance category rank	Educational equity category rank	HE funding and productivity category rank	State economy and finances category rank	Risk Total	Risk Rank
Ohio	34	40	22	22	118	35
New York	35	17	40	28	120	38
Tennessee	43	19	32	26	120	38
Alaska	33	43	29	17	122	40
North Dakota	12	47	50	20	129	41
New Mexico	32	20	35	46	133	42
Oklahoma	41	18	28	47	134	43
Connecticut	37	22	44	39	142	44
Nevada	42	25	33	45	145	45
Louisiana	48	37	12	50	147	46
South Carolina	49	21	43	40	153	47
Alabama	50	22	48	34	154	48
Montana	46	45	37	36	164	49
Mississippi	40	41	37	48	166	50

## Conclusion

State leaders and policymakers are uniquely positioned to lead the public compact for postsecondary education into the 21st century. Today, this compact must be guided by the imperative to improve educational performance and equity and a commitment to creating innovative policy solutions that focus on student success in a knowledge-based, global economy and modern democracy.

Ironically, the success of the past may be the nation's biggest obstacle in designing policies appropriate for the 21st century. Much of the success of our great systems of higher education and the public policies that supported them after WWII may have hampered our willingness to consider alternatives to better align 21st-century public needs and purposes with 21st-century public policies. The mantra that the United States has the "greatest system of higher education in the world" belies the serious threats to educational opportunity.

All states face risk to postsecondary educational opportunity, but each state faces different types and levels of risk within their diverse economic and social contexts. The College Opportunity Risk Assessment is intended to be a foundational tool to help leaders understand the nuances of these challenges and subsequently inform policies that will minimize these risks.

We recommend that state policymakers engage in the following actions to build upon this informational foundation:

- Enhance the State Risk Assessment with additional state-level data to provide specificity and context for assessing state risks to educational opportunity
- Conduct a statewide "public policy audit"<sup>2</sup> (Jones, 2018) to understand the policies that increase risks to educational opportunity.
- Governors, legislators, business leaders, and institutional leaders must collaborate more effectively than in past few decades in order to put in place a public compact for educational opportunity that will serve states in the decades to come. Some states, such as Tennessee and Texas, have begun the process of developing 21st-century policies to match 21st-century needs. Others must also begin this difficult but urgent work.

These actions are the first steps in creating sustainable state policies intended to place students at the center of a public compact for higher education that will serve both social and economic interests into the middle of the 21st century.

<sup>2</sup>A systematic review of statutes, policies, regulations and procedures to determine which (and how) they serve as barriers to achievement of specified goals or, conversely, the ways in which they promote achievement of those goals (Jones, 2018).

## Bibliography

- Finney, J. (2014). *Why the Finance Model for Public Higher Education Is Broken and Must Be Fixed* (Wharton Public Policy Initiative Issue Brief, Volume 2, Number 6). Philadelphia, PA: University of Pennsylvania. [www.gse.upenn.edu/system/files/Issue-Brief-vol2no06\\_9.pdf](http://www.gse.upenn.edu/system/files/Issue-Brief-vol2no06_9.pdf)
- Finney, J., & Doyle W. (2016). *College Affordability Diagnosis* (National and State Reports). Philadelphia, PA: Institute for Research on Higher Education, Graduate School of Education, University of Pennsylvania. [www2.gse.upenn.edu/irhe/affordability-diagnosis](http://www2.gse.upenn.edu/irhe/affordability-diagnosis)
- Jones, D. (2018). National Center for Higher Education Management Systems. Boulder, CO. <http://nchems.org/>
- Lumina Foundation. (2018). *A Stronger Nation: Learning Beyond High School Builds America's Talent*. Indianapolis, Indiana. <https://www.luminafoundation.org/resources/a-stronger-nation-report>
- National Center for Public Policy and Higher Education. (2000–2008). *Measuring Up: The Report Card on Higher Education*. San Jose, California.
- State Higher Education Executive Officers. (2017). SHEF: 2017. *State Higher Education Finance*. Boulder, CO. [http://www.sheeo.org/sites/default/files/SHEF\\_FY2017.pdf](http://www.sheeo.org/sites/default/files/SHEF_FY2017.pdf)