Higher Education Experts Debate Pros and Cons of Linking Federal Funding to Graduation Rates

By Hunter B. Martin, NASFAA Staff Reporter

As lawmakers proceed with the reauthorization of the Higher Education Act (HEA), two higher education experts offered advice and recommendations on whether Congress should create an accountability metric that ties federal funding to graduation rates.

The article, a new forum for *Education Next*, features the perspectives of Lanae Erickson, the senior vice president for the Social Policy and Politics program at Third Way, and Robert Kelchen, an associate professor of higher education at Seton Hall University.

While Erickson argued that federal leverage is one way to push institutions to boost graduation rates — which she said are "dismal" — Kelchen found that there are benefits and downsides to tying federal funds to certain performance outcomes.

Erickson emphasized that graduation rates are too low, but federal policy does little to incentivize institutions to reevaluate policies and student support methods. Despite this, Erickson found that some institutions have found alternative ways to boost graduate rates and even "completely erase racial achievement gaps."

Examples of methods Erickson said have been associated with increases in completion rates include providing low-income students with comprehensive support, such as assigning individuals a counselor who sticks with that student through the entirety of their degree, or awarding institutional emergency grants for small amounts for juniors and seniors whose unexpected financial struggles may force them to drop out.

Erickson also pointed out that failure to graduate did not often fall with individual students, despite public perceptions.

"[People are] picturing someone who enrolled in higher education but didn't finish conjures up visions of a teenage party animal who didn't take his or her studies seriously," Erickson wrote.

But that is simply not the case, she argued, noting that there are currently federally funded higher education institutions that do not graduate 90% of students.

"Despite the fact that institutional choices drive graduation rates, federal policy has focused almost entirely on access — allowing schools to cash checks when students walk through the door and never asking how many of those federally funded students complete their degrees," Erickson said. "College completion matters to students and taxpayers, and it should matter in federal policy as well."

Erickson said she believes a federal accountability metric using intervention methods can be added to the HEA to remove funding for schools failing to provide a return on investments to students.

For Kelchen, any accountability metrics would need to meet several conditions in order to be effective. First, he argued, if funding is tied to graduation rates, then institutional behaviors much change in ways that provide positive support outcomes for students, rather than enabling institutions to change admissions or enrollment practices. Kelchen also contended that federal funding levels linked with student outcomes must be substantial high enough levels to push institutions into behavioral changes.

“One potential effect of using degree completions as a federal accountability measure is that colleges may lower their standards to allow more students to graduate,” Kelchen wrote.

Tying graduation rates to federal funding may not accurately reflect the quality of short-term degrees or certificates, Kelchen argued, noting they are easier to finish than longer-term degrees.

Kelchen also found that — to meet higher performance requirements — some institutions could change their recruitment and admissions practices to focus on “students whose success is virtually guaranteed,” which widens equity gaps along racial and ethnic lines and family income at selective colleges. This practice has led to more than 15 states offering bonus funding to institutions that are able to graduate students from traditionally underserved backgrounds, according to Kelchen.

Despite overall increased enrollment rates, graduation rates remain low. Kelchen pointed out that across the nation, 48% of adults between 25 and 34 have a college degree, and, while that percentage has risen by 10 percentage points in the last decade, it still falls short of the 60% goal set by the Obama administration back in 2009.

However, at the federal level, many lawmakers from both sides of the aisle are hesitant to increase higher education spending without tying a portion to graduation rates.

“The truth is that apathy toward completion at the federal level has created this problem by incentivizing access only and ignoring the outcomes of students once they enroll,” Erickson wrote. “Recalibrating will ensure that we aren’t pushing more and more students to start college, take out loans, and then leave without the degree in hand that will enable them to get a good job and repay those loans. That is the worst-case scenario, and we can no longer afford to let our higher-education system leave students worse-off than when they started.”

While Kelchen found that there are some benefits to tying federal funds to performance outcomes, he wrote that he is doubtful of meaningful policy changes and does not believe a HEA reauthorization will occur until 2021 due to partisan ideological differences of opinion on how best to solve the issue of low graduation rates.

“Issues such as income-driven student-loan repayment plans, campus free speech, and sexual-assault investigations have gotten more public attention, but differences over whether accountability policies should focus on for-profit colleges or cover all sectors equally are likely to doom reauthorization,” Kelchen wrote. “This means that for the next few years, discussions about tying federal funding to student outcomes are likely to be no more than academic exercises.”

Publication Date: 11/13/2019