



THE NATIONAL CENTER FOR
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Policy Alert

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QUICK LOOK ...

- ★ Open-access and mostly open-access colleges are responsible for the largest increases in graduation rates across the states over the past decade.
- ★ Graduation rates tend to drop as the percentage of young adults in the population increases. This finding is particularly troubling for those states with growing populations of young people.
- ★ States with higher investments in student financial aid tend to have higher graduation rates.
- ★ States that use a single board to govern all four-year institutions are much more likely to have higher graduation rates.

Implications for states:

- ★ Focus state policies on improving graduation rates at nonselective institutions, which are where the greatest improvements can be made at the lowest cost.
- ★ Consider increasing state investment in student financial aid, since higher levels of financial aid are associated with higher graduation rates.
- ★ Consider a unified governance structure—or other policy alignment—that can provide a consistent approach statewide.

Open-Access Colleges Responsible for Greatest Gains in Graduation Rates

By William R. Doyle

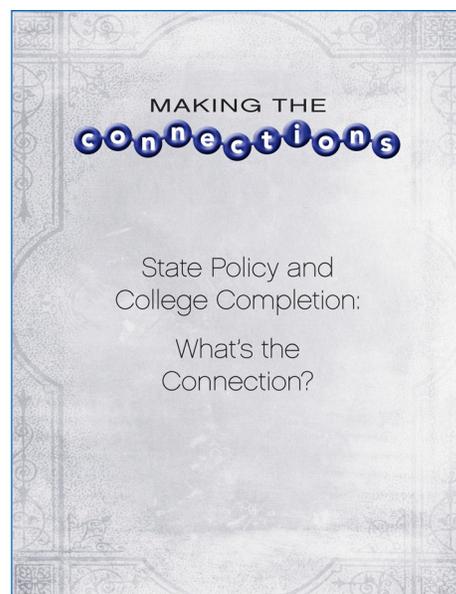
The largest gains in graduation rates over the past decade have been accomplished at open-access or nearly open-access colleges and universities. In addition, states could see even bigger increases if they directed their policies and supports toward improving graduation rates at these nonselective institutions.

These findings from our research at Vanderbilt University challenge a commonly held notion that the best way to increase graduation rates is to make colleges more selective, since highly selective colleges tend to have higher rates of completion.

Our research finds that nonselective colleges and universities (those that accept at least 80% of applicants) are leading the way in improving graduation rates. These colleges and universities account for most of the increases in completion rates in 33 states (see figure 1). In 16 states, these institutions account for more than 75% of the increases.

What are graduation rates? For students at four-year colleges and universities, graduation rates (also called completion rates) measure the percentage of students who earn a bachelor's degree within six years. Graduation rates are important measures of success and productivity in higher education.

What are open-access colleges? Open-access, nearly open-access, and nonselective institutions are defined as public four-year colleges and universities that admit at least 80% of applicants.



More Information

These findings are available at <http://www.vanderbilt.edu/lpo/connections/> and are based on research conducted through "Making the Connections," a multiyear project funded by Lumina Foundation for Education and housed at Peabody College of Vanderbilt University. William R. Doyle is the principal investigator for the project and an assistant professor of higher education at Vanderbilt University.

This discovery has broad implications for state policy, particularly under these stringent budgetary conditions. Open-access or nearly open-access colleges are typically where the greatest improvements in completion rates can be made at the lowest cost, partly because the cost per student is lower than at more selective research universities. However, nonselective colleges and universities are also most vulnerable to economic downturns, since they are funded primarily by state appropriations and tuition.

Gains in Graduation Rates

Most states have seen modest increases in college graduation rates since 1999 (see figure 2). To investigate possible reasons for these improvements, we looked first at per student funding in all 50 states, to determine any possible correlation. We did not find that states with increased funding were the same states that had increased graduation rates.

Next, we examined the ten states that had the largest improvement, and sought to understand which kinds of institutions were most responsible for increasing the levels of college completion. What we found surprised us. In nine of the top ten states, open-access or nearly open-access institutions were responsible for most of the increase in graduation rates. In four of the states, these institutions accounted for more than 80% of the improvement. To further verify this result, we conducted a statistical test, which revealed a negative relationship between selectivity and increases in graduation rates.

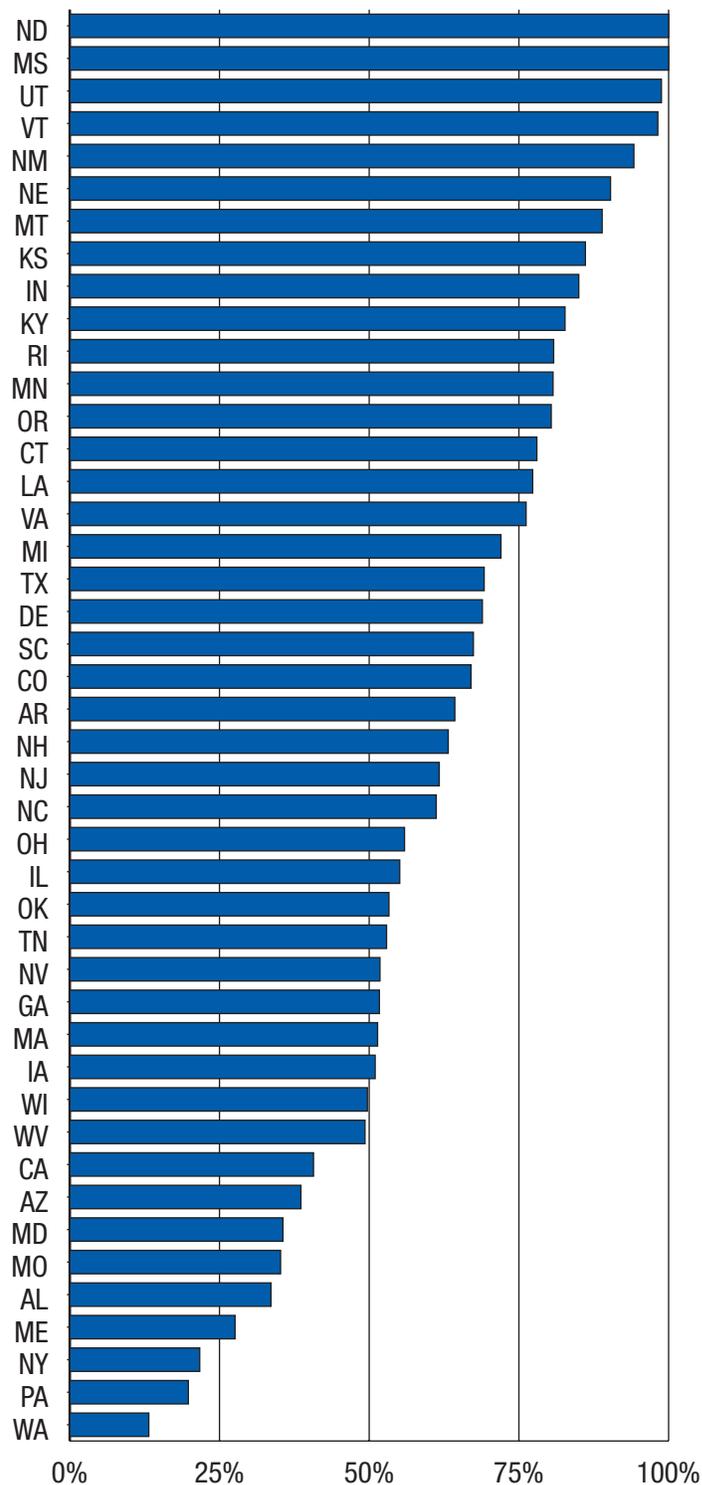
In conducting this same analysis in all 50 states, we confirmed that nonselective colleges and universities are crucial contributors not only to college access in the United States, but also to college completion (see figure 1).

State Policy Matters for College Graduation

We also examined other factors that might affect college graduation at the state level, including economic factors, student characteristics, the organization of the state's higher education systems, and demographic trends.

Figure 1

Portion of State's Improved Graduation Rate that Nonselective Institutions Contribute



In 33 states, over half of the increase in college graduation rates is from nonselective colleges and universities.

Notes: Alaska, Florida, Hawaii, and Idaho are not included because they did not see improvements in graduation rates. In addition, South Dakota and Wyoming are not included because all of their four-year public institutions accept fewer than 80% of applicants. Source: National Center for Education Statistics, Integrated Postsecondary Education Data System, Graduation Rate Survey 2006. Data are for public four-year institutions. The graduation rate is the percentage of first-time, full-time students who complete a bachelor's degree at the same institution within six years. Nonselective institutions are those that accept at least 80% of applicants.

We found that graduation rates tend to drop as the percentage of young adults (ages 18 to 24) in the population increases. This finding, that public colleges and universities struggle when more students are enrolling, is particularly troubling for those states with growing populations of young people.

Secondly, we found a relationship between state governance structures and college graduation. States that use a single board to govern all four-year institutions are much more likely to have higher graduation rates, compared with those states with mixed governance arrangements.

Third, those states that have higher appropriations to colleges and universities (per student) tend to have higher graduation rates. In addition, states with higher investments in student financial aid also benefit from increased graduation rates. These results speak not only to the importance of providing resources for higher education, but also paying close attention to how those resources are spent. States may do best to focus

additional resources on students, as compared with institutions, as our findings suggest that additional student financial aid dollars are associated with higher graduation rates, even after controlling for appropriations levels.

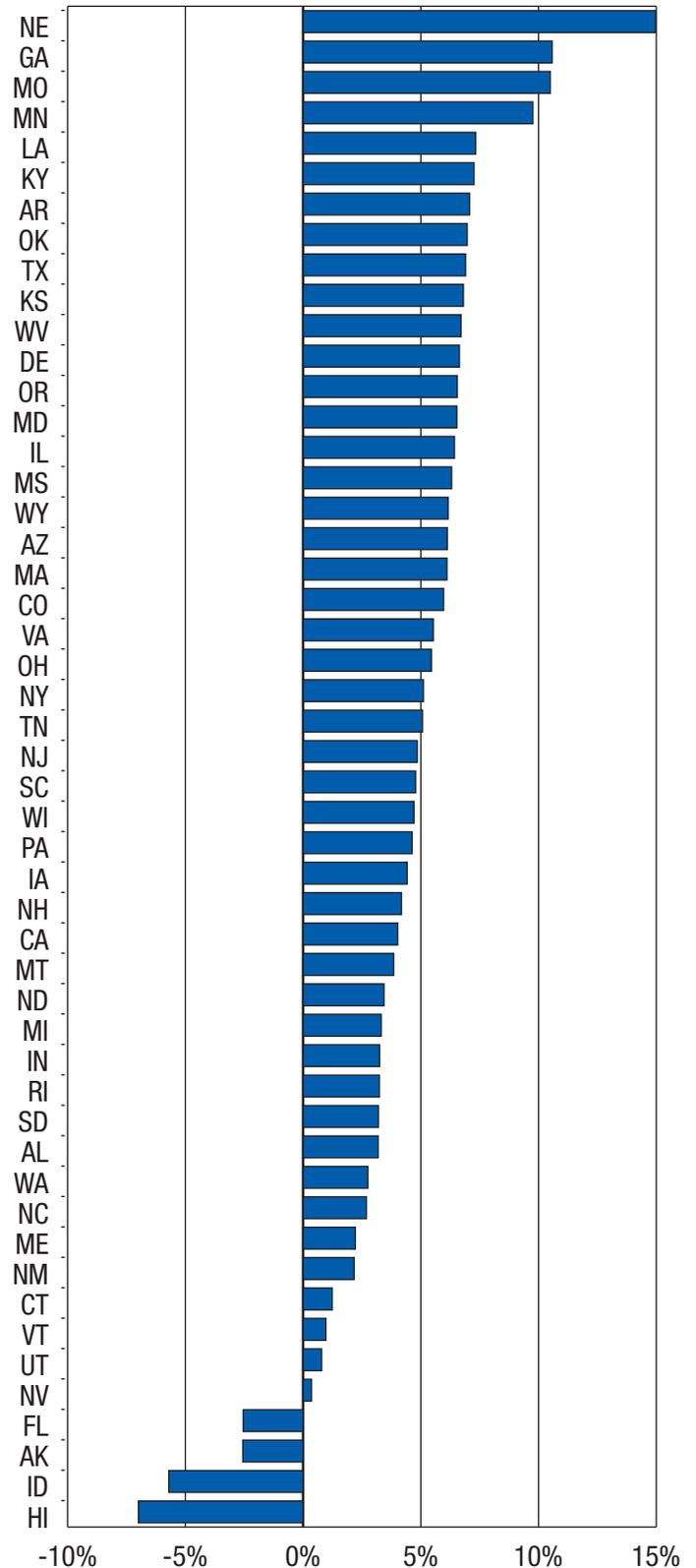
“Our findings suggest that additional student financial aid dollars are associated with higher graduation rates.”

Consistent with other studies, we also found that states with higher income levels tend to have higher graduation rates. This could be due to a variety of factors, including: (1) students and families with higher incomes have more resources to pay for college, and thereby “push” up graduation rates, and (2) the prevalence of high-income jobs tends to encourage people to pursue bachelor’s degrees, thereby “pulling” up graduation rates.

Everyone Loses When Students Drop Out

These findings about graduation rates and state policy have important implications, given that many students leave higher education without completing their educational objectives. Figure 3 shows the differences

Figure 2
Improvement in College Graduation Rates



Forty-six states have seen increases in college graduation rates.

Source: National Center for Education Statistics, Integrated Postsecondary Education Data System, Graduation Rate Survey 1999 and 2006. Data are for public four-year institutions. The graduation rate is the percentage of first-time, full-time students who complete a bachelor’s degree at the same institution within six years.

Figure 3

Variation in Graduation Rates Across and Within States

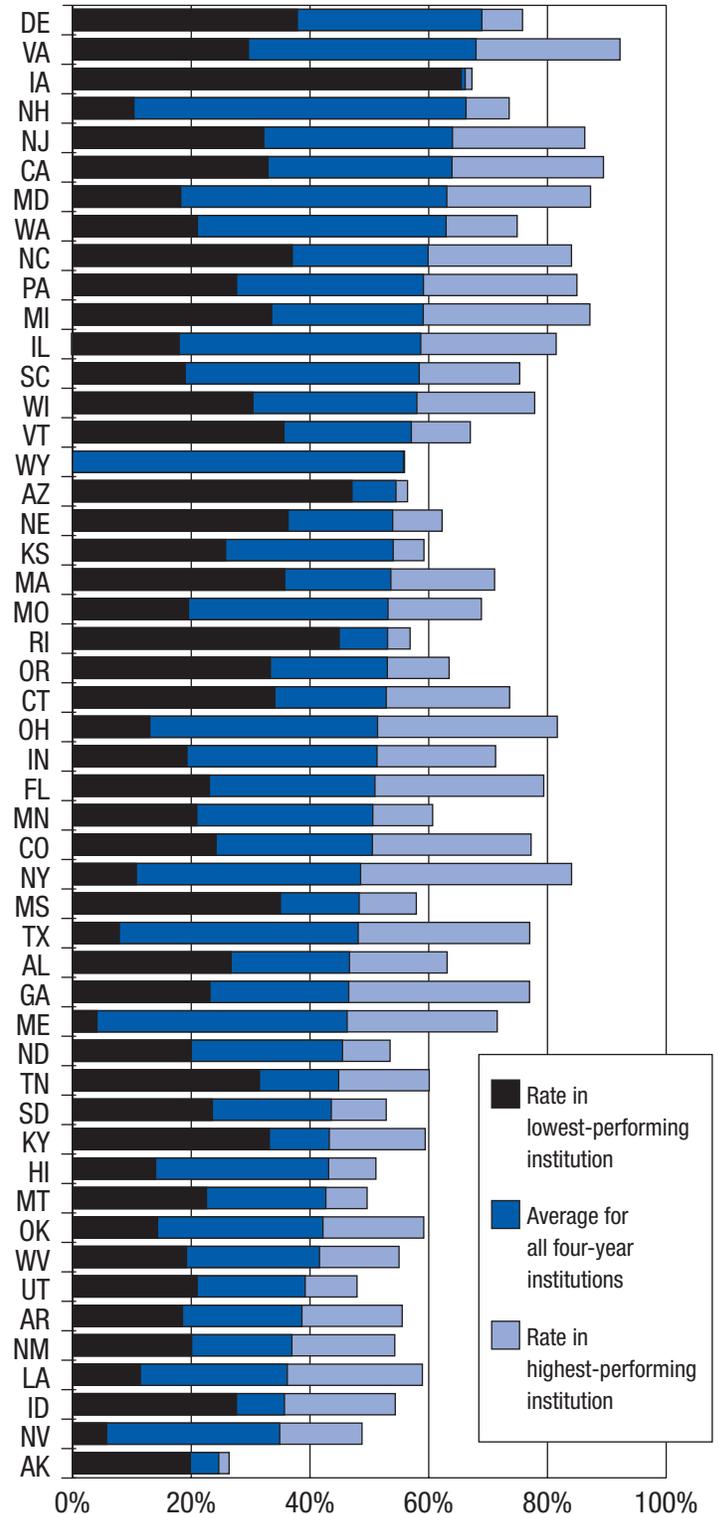
in graduation rates both across and within states. Even in the best-performing states, only 68% of students graduate from public four-year institutions with a bachelor's degree within six years. In the lowest-performing states, less than 40% finish in that timeframe.

However, these state averages mask a tremendous amount of difference within states. In Virginia, 92% of students graduate within six years from the best-performing public institution, while 30% graduate in six years from the lowest-performing one. This suggests that even in the top states, there is much room for improvement.

For state leaders seeking to increase graduation rates, our results suggest the following areas of emphasis:

- ★ Focus policy attention on open-access or mostly open-access institutions, which are most vulnerable to economic downturns but are where the greatest improvements can be made at the lowest cost.
- ★ Consider increasing state investment in student financial aid, since higher levels of financial aid are associated with higher graduation rates.
- ★ Consider a unified governance structure—or other policy alignment—that can provide a consistent approach statewide.

When students do not complete their educational goals, there are substantial losses to the student, the state, and the nation—in terms of lost opportunity and lower standards of living.



The differences in graduation rates—across and within states—show that every state has room to improve.

Note: Wyoming has one public four-year institution of higher education.

Source: National Center for Education Statistics, Integrated Postsecondary Education Data System, Graduation Rate Survey 2006. Data are for public four-year institutions. The graduation rate is the percentage of first-time, full-time students who complete a bachelor's degree at the same institution within six years.

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