PAVING THE PATH TO DEBT-FREE COLLEGE

APRIL 2023

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We are grateful to our foundation partners and individual donors whose support makes TICAS' work possible. The views expressed in this paper are solely those of TICAS and do not necessarily reflect the views of our funders.

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04

Federal-State Partnerships: Why Centering Support for Rural, Regional, and Minority-Serving Institutions Can Improve College Affordability and Student Success in the U.S.

BY: VANESSA A. SANSONE

Since the passage of the Higher Education Act (HEA) of 1965, America's colleges and universities have struggled to increase the affordability of a college degree. The HEA policy established the creation of need-based grants, work-study opportunities, and federal student loans, helping the poorest Americans pay for college. The efforts were an attempt to codify college affordability and civil rights to those who had previously been excluded due to financial and racial barriers (Hillman & Orfield, 2022).

In doing so, federal rights and policies were created that centered students rather than focusing on institutions. These student-centered federal policies have combined over time with state governance fiscal support of colleges and universities and have led to improvements in the number of Americans going to college and earning a postsecondary credential (National Center for Education Statistics, 2022, Table 301.20). Despite these federal policy gains, affordability continues to be a key barrier in the nation's efforts to broaden participation and access in postsecondary education, especially for underrepresented and racially minoritized people in the United States (Goldrick-Rab, 2016; Mustaffa & Dawson, 2021; Philips, 2022; Tachine & Cabrera, 2021).

There are several contributing factors to the current foundation of U.S. college affordability. One of those factors rests on the partnership between federal and state, in which these multiple levels of government work together to keep college costs down. While need-based grants and loans have been the cornerstone of the federal government's college affordability and access efforts, the funding authorized by Congress to these programs has not kept pace with demand and the changing cost structure needed to offer a high-quality education (Archibald & Feldman, 2012), thereby making loans and/or work for pay a growing share of how families afford college (Goldrick-Rab, 2016; Perna, 2010; Philips, 2022; Shermer, 2021). These financial aid trends are accompanied by contemporary state legislation that has sharply reduced state allocated funding for its higher education institutions (State Higher Education Executive Officers Association [SHEEO], 2022). As a result of these measures, colleges and universities have shifted their costs, relying more and more on tuition and fees to fund their campus operations (Fryar, 2015; McClure & Fryar, 2020; Taylor & Cantwell, 2019), all of which, makes colleges less affordable and prices out low-income students in accessing opportunity (Harris, 2021; Flores & Shepherd, 2014; Rendón, et al., 2012; Rosinger et al., 2022).

Research on college affordability has consistently and rightly focused on understanding the experiences and outcomes of students. Usually, this scholarship examines the interplay between a financial aid policy program and student success, like the influence a federal Pell Grant has on the likelihood a student will earn a postsecondary credential (Hossler et al., 2009). This body of work has shown how the lack of financial aid particularly disadvantages low-income, first-generation, and racially minoritized students and leads to increased debt, increased hours working for pay while enrolled, and a higher likelihood of dropping out short of finishing a degree (Chen & DesJardins, 2010; Santiago, 2013; Mustaffa & Davis, 2021; Sansone, 2017). However, a critical oversight in the public policy conversations about college affordability is the importance of improving institutional funding supports for the colleges and universities who are best positioned to broaden participation in the U.S.—Rural-Serving Institutions (RSIs), Regional Comprehensive Universities (RCUs), and Minority-Serving Institutions (MSIs).

> **While need-based grants and loans have been the cornerstone of the federal government's college affordability and access efforts, the funding authorized by Congress to these programs has not kept pace with demand, and the changing cost structure needed to offer a high-quality education.**
>
> **ARCHIBALD & FELDMAN, 2012**

As a sector, RSIs, RCUs, and MSIs educate to the largest share of undergraduate students (86%) in the United States (see Table 1). But they are also educating large proportions of students who have exceptionally high needs—both financial and academic. On average, students enrolled at RSIs, RCUs, and MSIs are likely to have fewer personal/family resources, educational backgrounds dominated by K-12 schools with lower levels of funding and fewer resources, and many in communities with resource constraints at the community level. Although RSIs, RCUs, and MSIs play a vital component in the education of less privileged students, they are critically under-resourced, especially when compared to the finances of selective flagships and research universities (Crisp, et al., 2021; Maxim et al., 2022, McClure & Fryar, 2020; Ortega, et al., 2015). Collectively this means that these institutions are receiving disproportionately fewer resources while also working to educate and support more students who have disproportionately few resources themselves. This creates a double disadvantage for RSIs, RCUs, and MSIs, which means that this sector of institutions has less to support students who need more. This creates an end result where the likelihood for so many underprivileged people in the U.S. to earn a postsecondary credential and achieve intergenerational mobility is harmed.

Higher education is a public good, and it is the reason why we have created federal and state public funding systems. If higher education was a private good, as a society we would not have public community colleges, career technical colleges, and four-year universities. But we do because we know that public support creates the opportunity for more people to pursue pathways that will lead to greater levels of stability and prosperity not just for the individual but for the U.S. society at large. Choosing to underfund RSIs, RCUs, and MSIs is choosing to restrict a community's ability to support the next generation of people who want to keep building and strengthening a resilient U.S. society. In turn, choosing to under-resource RSIs, RCUs, and MSIs, ask them to produce more, and then penalize them for underperforming is wild, an outright sabotage, and creates a situation where we all lose.

Therefore, the purpose of this report is to better understand the role of RSIs, RCUs, and MSIs; their connection to affordability; and discuss how federal-state partnerships can be designed in ways that support these institutions and improve college affordability and student success in the United States. I do this first by diagnosing and demonstrating the ways in which RSIs, RCUs, and MSIs, as a sector, differ from selective flagships and research universities. I do this because RSIs, RCUs, and MSIs are often conflated with or compared to selective flagships and research universities. But, as shown, these sectors very much differ, especially regarding their mission and financial resources. Then, I discuss federal policies that are misaligned to mission and character of RSIs, RCUs, and MSIs. I argue these misalignments contribute to inequities in higher education, especially for RSIs, RCUs, and MSIs.

> **86% of all undergraduate students pursuing a degree in the U.S. do not attend selective flagships or research universities.**

Last, I highlight federal financial programs, primarily focusing on the CARES Act HEERF funds but also touching on Promise programs, as policies that we can build off to design a more equity-focused federal-state partnership program that can improve overall college affordability and student success. It is important to note that in this report RSIs, RCUs, and MSIs includes private and public not-for-profit community colleges and four-year universities who have broad access missions. I define broad access as institutions with admit rates above 50%. I also define broad access as institutions who do not hold membership with the Association of American Universities (AAU). AAU membership means an institution conducts the highest levels of research. This last point is important because several research institutions hold AAU membership and are federally identified as an MSI. But for the purposes of this report, I follow the operationalization outlined above.

DIVERSITY IN THE WAYS INSTITUTIONS SERVE & FUNCTION

As Table 1 shows, 86% of all undergraduate students pursuing a degree in the U.S. do not attend selective flagships or research universities. Instead, most are enrolled across institutions that are identified as

TABLE 1:

FY 2021 Undergraduate Student Population by Institutional Types

UG GRAND TOTAL	SELECTIVE FLAGSHIPS AND RESEARCH INSTITUTIONS (N=186)		RSI, RCU, AND MSI INSTITUTIONS (N=2,341)		TOTAL
	Count	%	Count	%	Count
	1,973,100	14%	12,198,863	86%	14,171,963

Note: Author calculations using FY 2021 NCES IPEDS institutional data, Alliance for Research on Regional Colleges (ARRC) Rural Serving Institutions data, ARRC Regional Comprehensive Universities data, Center for Minority Serving Institutions data, and Association of American Universities data. UG = Undergraduate

RSIs, RCUs, and MSIs. When taken individually, these institutions each offer a unique contribution to the U.S. higher education landscape. For instance, RSIs are institutions that have been identified to uniquely serve rural students and communities through the number of degrees they award in agriculture, natural resources, and parks & recreation, which are uniquely important fields to rural communities (Korchich, et al., 2022). RCUs are colleges that historically began as teaching institutions and have comprehensive degree program offerings that often align with the needs of their regional workforce (Orphan & McClure, 2022). MSIs include: a) Tribal Colleges and Universities (TCUs), (b) Hispanic-Serving Institutions (HSIs), (c) Historically Black Colleges and Universities (HBCUs), and (d) Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs). MSIs are federally classified institutions who enroll and graduate large shares of students from minoritized racial/ethnic backgrounds, many of whom are also low-income and first-generation. Collectively, MSIs offer curriculum and services that are tailored in ways that properly support Black and Brown experiences in higher education and advance racial justice (Conrad & Gasman, 2015; Garcia et al., 2019).

Regardless of differing identity markers, RSIs, RCUs, and MSIs share a similarity in their service to students, which are the intentional ways that an institution structures their support for underrepresented and racialized students that is evidenced through their actions (Garcia et al., 2019). For RSIs, RCUs, and MSIs, service begins with the fact that these institutions offer broad-access admission (Crisp et al., 2021), serving as vanguards for a democratization of American higher education. In doing this, these institutions are not crafting a student body but instead are accepting those who come to seek an education. Related to their broad accessibility, research shows that these institutions enroll a greater share of students with substantial financial need, who are less academically prepared for college, and come from low-income families or families where no parent previously attended college (McClure et al., 2021). And more so than selective flagships and research universities, these institutions are working to support regional communities that are often facing persistent poverty, low employment, and population loss (Orphan & McClure, 2022).

There is also a collective underpinning to how RSIs, RCUs, and MSIs function. Often referred to as our nation's "workhorse colleges" (Maxim et al., 2022), these colleges work to intentionally support regional economies, addressing the evolving workforce needs of the community and bringing jobs and employment opportunities to their regions (Howard & Weinstein, 2022). Studies examining whether these institutions have the regional benefits claimed, have found that in addition to economic benefits, RSIs, RCUs, and MSIs contribute "community uplift" through their enhancement of the region's access to and engagement with civics, art and humanities, transportation, and public recreation (Orphan & McClure, 2022). This differs from the orientation of selective flagships and research institutions that often focus their purpose and contributions on national and international affairs (Orphan & McClure, 2022). In contrast, the function of RSIs, RCUs, and MSIs is embedded within a place-based mission that is very much intentional and focused on keeping regional communities resilient and thriving (Howard, et al., 2021; Orphan, 2020).

Despite their distinct service and important functions in higher education, RSIs, RCUs, and MSIs are often compared to selective flagships and research universities. But as Table 2 shows, selective flagships and research universities organizationally differ from the collective way RSIs, RCUs, and MSIs serve and function. Selective flagships and research universities differ in the types of students they serve, enrolling a larger share of students from wealthy and privileged backgrounds (Carnevale et al., 2020). And as previously mentioned, these institutions focus their efforts on high research activity with national and global developments in mind. With this approach, selective flagships and research universities contribute to the United State's economic, social, and civic efforts. But at the same time, these institutions foster organizational cultures that do not center the needs of their local community or region (Stevens, 2009).

TABLE 2:

FY 2021 Variation Among Institutional Types

INSTITUTIONAL CHARACTERISTICS	SELECTIVE FLAGSHIPS AND RESEARCH INSTITUTIONS (N=186)	RSI, RCU, AND MSI INSTITUTIONS (N=2,341)
	MEAN OR %	MEAN OR %
Enrolled Total	15,191	6,426
Full-Time Equivalent (FTE) Students	13,817	4,615
Part-Time Enrollment	2,224	2,842
Graduate Enrollment	4,562	709
Receive Pell Grant Aid	27%	48%
Undergrads 25-26 Years Old	7%	23%
Admit Rate	38%	86%
Full-Time Equivalent (FTE) Staff	4,905	712

Note: Author calculations using FY 2021 NCES IPEDS institutional data, Alliance for Research on Regional Colleges (ARRC) Rural Serving Institutions data, ARRC Regional Comprehensive Universities data, Center for Minority Serving Institutions data, and Association of American Universities data.

TABLE 3:

FY 2021 Sources of Financial Revenues Per Full-Time Equivalent (FTE) Student by Institutional Types

REVENUE PER FTE STUDENT	SELECTIVE FLAGSHIPS AND RESEARCH INSTITUTIONS (N=186)	RSI, RCU, AND MSI INSTITUTIONS (N=2,341)
	MEAN	MEAN
Tuition and Fees	12,250	4,443
State Appropriations	9,899	6,410
Government Grants and Contracts	12,291	7,504
Private Gifts, Grants and Contracts	4,863	711
Investment Return	10,321	603
Other Core Revenue	10,303	2,595

Note: Author calculations using FY 2021 NCES IPEDS institutional data, Alliance for Research on Regional Colleges (ARRC) Rural Serving Institutions data, ARRC Regional Comprehensive Universities data, Center for Minority Serving Institutions data, and Association of American Universities data

And because their highly selective admissions practices privilege students from affluent backgrounds, these institutions add very little to our nation's efforts in expanding opportunity and upward mobility, particularly for marginalized groups. In fact, according to a previous study by Chetty et al. (2017), the institutions contributing the highest rates of social mobility for students are not selective flagships and research universities, but rather they are institutions identified as RSIs, RCUs, and MSIs. For example, Chetty et al. (2017) found that Cal State University – LA has one of the highest mobility rates (47%). By contrast, Brown University (9.4%) and the University of Michigan, Ann Arbor (10%) have one of the lowest. A main takeaway from this previous research reveals that RSIs, RCUs, and MSIs may be a more important driver of economic advancement in the U.S.—more so than selective flagships and research universities.

RESOURCE DISPARITIES WITHIN AND AMONG DIFFERENT TYPES OF INSTITUTIONS

The positive impacts of RSIs, RCUs, and MSIs are stifled by structural inequities that are embedded within state and federal higher education finance systems. This is because state and federal governments have adopted "market-based" funding systems that often punish the work of RSIs, RCUs, and MSIs rather than acknowledge and reward them for their service and contributions (Hillman, 2022; Taylor et al., 2020). Ideally, colleges that enroll more students from less privileged backgrounds should have the extra resources needed to support them in their development. But, as shown in Table 3, RSIs, RCUs, and MSIs receive fewer resources when compared to funding at selective flagships and research institutions (Castro Samayoa, 2022; Koricich et al., 2022; McClure & Fryar, 2020).

The lack of governmental investment is not limited to one entity because RSIs, RCUs, and MSIs are found to receive less funding at all levels of government, including federal (Taylor & Cantwell, 2019). For example, Hispanic-Serving Institutions educate 67% of all Latinos pursing a bachelor's degree in the U.S., but HSIs on average receive 66 cents per federal dollar given to highly selective flagships and research universities (Calderón Galdeano, et al., 2012; Excelencia in Education, 2020). Considering inequities in state funding between RSIs and highly selective flagships and research universities, Bemidji State University, an RSI in Minnesota serving a rural community struggling with persistent poverty, received $6,738 in state appropriations and $5,507 in tuition and fees per FTE (Alliance for Research on Regional Colleges [ARRC], 2022; IPEDS, 2022) whereas Minnesota's highly selective state flagship and research university, the University of Minnesota-Twin Cities, received $12,507 in state appropriations and $13,965 in tuition and fees per FTE (ARRC, 2022; IPEDS, 2022). Therefore, Bemidji State, an institution serving a vulnerable region and is more reliant on state funds, is receiving far less per student than their flagship counterpart who has access to several other ways to bring in funding.

The RSI, RCU, and MSI sector are found to be more dependent on tuition and fees as a main source of their revenue and at the same time are more constrained in their ability to generate revenue from other sources (McClure & Fryar, 2020). Revenue constraints of RSIs, RCUs, and MSIs are related to the fact that this sector serves a larger share of students whom less tuition revenue can be realized (Chetty, et al., 2017; McClure & Fryar, 2020). RSIs, RCUs, and MSIs are also found to have, on average, smaller endowments than selective flagships and research universities. Table 4 shows that the average revenue from endowment per FTE student at selective flagships and research universities is much higher than the average endowment per FTE at RSIs, RCUs, and MSIs, from $262,174 to $18,734. The RSI, RCU, and MSI sector are also shown in Table 4 to have a larger reliance on state appropriations as a source of their revenue, and at the same time have higher average institutional expenses per FTE than their selective flagships and research institution counterparts. Previous research on RSIs, RCUs, and MSIs revenue constraints has also found that these institutions tend to operate on incredibly lean budgets, struggle to generate private donations, and are disadvantaged in competing for donations from philanthropic foundations (Crisp et al., 2021; Koricich, et al., 2022; McClure & Fryar, 2020).

TABLE 4:

FY 2021 Revenue and Instructional Expense by Institutional Types

REVENUE AND EXPENSE	SELECTIVE FLAGSHIPS AND RESEARCH INSTITUTIONS (N=186)	RSI, RCU, AND MSI INSTITUTIONS (N=2,341)
	MEAN OR %	MEAN OR %
Endowment per FTE Student	262,174	18,734
State Appropriation Dependency	8	19
Instructional Expense	39	41

Note: Author calculations using FY 2021 NCES IPEDS institutional data, Alliance for Research on Regional Colleges (ARRC) Rural Serving Institutions data, ARRC Regional Comprehensive Universities data, Center for Minority Serving Institutions data, and Association of American Universities data. FTE = Full-Time Equivalent

> **RSIs, RCUs, and MSIs are also found to have, on average, smaller endowments than selective flagships and research universities.**

In contrast, the finances of highly selective flagships and research universities differ greatly from the RSI, RCU, and MSI sector because these institutions are much more successful at generating revenue from various sources. These institutions are financially successful for several reasons. For one, using a systemic preferencing admissions process enables these institutions to "craft a class" (Stevens, 2009) of privileged students who have successful life outcomes (Chetty et al., 2017). This, in turn, generates an economically homogenous class of wealthy students, which has been found in research to increase private giving (Guilbeau, 2022). It also generates institutional prestige (Stevens, 2009). In other words, crafting institutional prestige enhances fundraising efforts and concentrates private giving funds at selective flagships and research universities (Guilbeau, 2022). These institutions are then able to create environments where their robust institutional development offices can tap directly into a global network of wealthy donors, alumni, and families of students (Carnevale, 2020). This process yields hefty financial endowments that can support unrestricted institutional efforts. In other words, these institutions have "sovereign wealth funds" (Gura, 2022) because funding from this source is not mandated by governmental bodies and can be used toward whatever they need.

Indeed, wealthy universities have billion-dollar endowments, with many public college endowments exceeding those at private universities. For example, the University of Texas at Austin (UT Austin), a highly selective public flagship university, has a $42.3 billion endowment and is aiming to overtake Harvard University's $50.9 billion endowment (Gura, 2022). UT Austin's endowment has grown in large part to their wealthy donors and alumni who have donated oil-rich land, energy, and mineral rights to UT Austin through wills or living trusts (University of Texas at Austin, 2023). Without these land holdings and access to the generational wealth of their donors and alumni, it is fair to say that UT Austin's endowments would not be where it is today.

Furthermore, the crafted class of wealthy families means that many of its students can afford costs, including high tuition and fees. This also means that most students at highly selective flagships and research universities rely less on federal financial aid because many do not qualify or need its support.

More importantly, this signals that the composition of the students being served at selective flagships and research universities are not economically diverse. Instead, these campuses are economically homogenous, with most students coming from wealthy families. The 2017 study by Chetty et al. (2017) further corroborates this point when they examined the economic diversity of U.S. colleges and universities. They found that the composition of students at highly selective flagships and research universities are "richer than experts realized" (Aisch, et al., 2017). For example, at the University of California Los Angeles (UCLA), the share of students from families in the bottom 40% of income was 19.2% (Chetty et al., 2017). At Notre Dame, the annual median family income is $191,400, with 75% of their students coming from families making $110,000 or more a year (Chetty et al., 2017). Both UCLA and Notre Dame are institutions within the sector of highly selective flagships and research universities and demonstrate serving large populations of wealthy families. In comparison, the median family income of students attending Bernard M. Baruch College in New York City is $49,700, which is an institution from the RSI, RCU, and MSI sector (Chetty et al., 2017). Because a larger share of selective flagships and research universities' college students are affluent and do not rely on government support to pay for college, this sector of institutions are also less reliant on state and federal funding. Thereby making the selective flagship and research university sector more resilient to any decline in state and federal funding, natural disaster, or enrollment decline.

FINANCIAL POLICIES EXACERBATING INSTITUTIONAL INEQUITY

With the resource dipartites that were described in the previous section, one could argue that these results are random, and are not an outcome related to governmental financial policies. For instance, if an individual wants to donate their priceless art and land to support the long-term financial efforts of highly selective research universities, like Princeton University or the University of Wisconsin-Madison, that is an individual choice. But there are also instances where federal policies do play a significant role in exacerbating financial inequities among institutions of higher education. And where these inequities hit the hardest are at RSIs, RCUs, and MSIs. In this section, I will discuss two examples related to federal financial policymaking.

Federal Funding Initiatives at RSIs, RCUs, and MSIs

RSIs, RCUs, and MSIs are eligible to apply for extra funding through federal grant programs, but even when the opportunity for targeted eligibility is offered, like in the case of MSIs, there remains a disproportion between awarded funding and institutional type. For example, 79% of the National Science Foundation's total awarded funding during FY 2022 was awarded and channeled to selective flagships and research institutions (see Table 5). The process to secure these funds is application-based, requiring skill in grant writing, and does not consider the challenges RSIs, RCUs, and MSIs face in procuring competitive federal grants. Therefore, RSIs, RCUs, and MSIs often

TABLE 5:

National Science Foundation Grant Awarded Funding during FY 2022 by Total Funding Amount and Institutional Type

TOTAL FUNDING AMOUNT	SELECTIVE FLAGSHIPS AND RESEARCH INSTITUTIONS (N=186)		RSI, RCU, AND MSI INSTITUTIONS (N=2,341)	
	SUM	%	SUM	%
	$3,563,945,465	79%	$956,945,641	21%

Note: Author calculations using FY 2022 National Science Foundation Awarded Grants from USA Award Data Spending Archive, Alliance for Research on Regional Colleges (ARRC) Rural Serving Institutions data, ARRC Regional Comprehensive Universities data, Center for Minority Serving Institutions data, and Association of American Universities data. Excludes any missing recipients. Includes only grants to colleges and universities that were awarded during the 2022 fiscal year.

do not apply for extra federal funding opportunities because they do not have the operational resources in personnel, time, skill, and state-of-the-art infrastructure that is needed to file a competitive application (National Academies of Sciences, Engineering, and Medicine [NASEM], 2019). For example, at California State Northridge, a public RCU, a quick review of their research and sponsored programs website reveals a pattern where the same person is tackling critical grant writing tasks for multiple colleges that at highly selective flagships and research universities would be assigned to one person or even teams.

> **79% of the National Science Foundation's total awarded funding during FY 2022 was awarded and channeled to selective flagships and research institutions.**

In addition to grant writing resource considerations at RSIs, RCUs, and MSIs, researchers have also pointed out other federal legislation paradoxes failing RSIs, RCUs, and MSIs. For instance, there are several colleges that hold dual MSI federal designations. But under the HEA Title III, Part A, campuses are not eligible to apply for multiple federal grants simultaneously (Castro Samayoa, 2022). Therefore, colleges who hold dual federal identities, like being an HSI and AANAPISI, as one example, can only apply for grants under one designation (Herder, 2022). In practice, this means such campuses are engaging in an opportunity cost, forcing them to choose supporting one student population over the other. Also, recently RSI researchers have pointed out that there is a misalignment with the federal financial policy and their support of RSIs. Part Q of the HEA authorizes funding to RSIs, but to this day there have been no funds allocated to carry out these funding efforts (Koricich, 2022). It must be noted that HBCUs and TCUs do receive targeted federal funding from legislative appropriations that allow for these colleges to receive a grant and not go through the competitive process (NASEM, 2019).

Institutional Accountability Measures

Recently, policymakers have proposed public funding for colleges to be directly linked to performance metrics. This has been done to hold institutions accountable to taxpayer investment. But researchers have discovered that such accountability measures are often associated with institutional wealth (Orfield & Hillman, 2018). In a contemporary study on government-college risk sharing and institutional accountability, researchers found that student loan repayment was a function of an institution's high revenue and high-income student population (Hillman, 2022). In other words, the more money and wealthy students an institution enrolled, the greater their likelihood was of having a high student loan repayment rate for their institution. Accountability policies that ask for increased institutional output using measures that are not in-put adjusted to not account for differences in institutional resources, missions, and the characteristics of the student population, penalizes the very colleges and universities who are serving larger shares of underprivileged and underserved students (Orfield & Hillman, 2018).

RSIs, RCUs, and MSIs fall into this bind because of the large share of students they serve who come from less privileged backgrounds and an unequal public education schooling system. Because RSIs, RCUs, and MSIs enroll a disproportionate share of historically marginalized students, using accountability measures that favor family wealth and institutional prestige end up reducing resources to the students who need extra guidance and support the most. Despite previous empirical findings, accountability approaches do not consider these differences. Take for example, data from the U.S. Department of Education's College Scorecard, put forth during the Obama administration, which allows a user to compare institutions on such measures as average earning potential, four-year graduation rate, and debt after graduation. Table 6 shows the comparison of two colleges, one from each sector. Looking at this data without accounting for institutional context, like mission and resources to produce high

TABLE 6:

College Scorecard Variation Among Institutions

COLLEGE SCORECARD METRIC	UNIVERSITY OF FLORIDA (SELECTIVE FLAGSHIPS AND RESEARCH INSTITUTION)	FLORIDA A&M UNIVERSITY (RSI, RCU, AND MSI INSTITUTION)
	# OR %	# OR %
Average Annual Cost	5,135	13,126
4-Year Graduation Rate	88%	55%
Median Earnings	64,463	42,521
Percentage Earning More Than a HS Graduate	77%	54%
Students Receiving Federal Loans	15%	68%
Median Total Debt After Graduation	15,580	25,000
Typical Monthly Loan Payment	155	249
Repayment Rate	29%	7%
Acceptance Rate	31%	33%
Undergraduate Enrollment	34,237	7,072
Socio-Economic Diversity (i.e., Percentage of Students who are Pell Eligible)	22%	66%
Asian Student Population	10%	0%
Black Student Population	6%	89%
Hispanic Student Population	23%	5%
White Student Population	51%	3%

Note: Pulled using 2022 U.S. Department of Education College Scorecard Data Comparison Tool

success outcomes, paints a deficit picture of Florida A&M University, an HBCU within the RSI, RCU, and MSI sector. To fairly judge these outcomes, these institutions would need to be equal across measures—apples to apples on finances, student characteristics, etc. But, in reality, the College scorecard data measures apples to oranges, which means that comparisons can be misleading since these outcomes are more of a function of familial and institutional wealth (Orfield, 2018).

EVIDENCE ABOUT HOW COLLEGES ARE SPENDING AND ITS RELATIONSHIP TO STUDENT SUCCESS

Access to limited resources is a significant issue that RSI, RCU, and MSI administrators cite as the greatest challenge they face (Sansone, 2023b). Because of budgetary issues, these colleges struggle to develop and maintain important positions, programs, and services that help enroll, retain, and graduate their students (Deming & Walters, 2017; Webber &

Ehrenberg, 2010). Research shows that when colleges increase their spending on student services and supports, graduation rates and student success outcomes improve (Deming & Walters, 2017). Thereby, research evidence strongly supports that when a college reduces services and supports for its students, success outcomes only worsen. For example, the University of Colorado Denver (CU Denver), a public RCU, made a recent statement that the university was experiencing a $12 million budget shortfall that would result in positions and student services being eliminated (Brundin, 2022). A website informing the public about CU Denver's budget mentions two important factors that contributed to their financial shortfall: a) keeping tuition and fees affordable in the interest of their students; and b) state funding for research institutions not keeping pace with inflation (CU Denver, 2022).

To improve their finances, CU Denver, whose student body include 55% underrepresented students, has decided that it will engage in the practices of reducing the number of classes offered, increasing class sizes, moving courses online, and lowering pay for graduate teaching assistants (Brundin, 2022). All these moves represent opportunity costs measures that contribute less to student success and graduation. It also demonstrates why campus fiscal resources is significantly related to student success, especially for historically marginalized students (Astin, 1993; Deming & Walters, 2017; Webber & Ehrenburg, 2010). In other words, student success is not just about students – the operational decisions of higher education institutions and its capacities are just as important.

The example of CU Denver provides a very real example of the vulnerability of RSIs, RCUs, and MSIs, who are being asked to do more with funding that can only be stretched so far to support large populations of underrepresented students (McClure & Fryar, 2020; Ortega et al., 2015). This is important because research has shown that when institutional resources are equal across institutions, RSIs, RCUs, and MSIs graduate similar students at the same rates as their selective flagships and research counterparts (Rodríguez & Calderón Galdeano, 2015). The main differences being disparities in funding and differences in the proportion of underrepresented students enrolled. This points out how systemic inequities in institutional funding creates barriers to service and function of RSIs, RCUs, and MSIs, which ultimately disadvantages marginalized students and contributes to a stratified U.S. higher education system.

Promising Federal-State Partnerships that Invest in Institutions to Support Students

The federal funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act: Higher Education Emergency Relief Fund (HEERF) is identified as a promising program where the federal government worked with states to direct federal funds to institutions serving large populations of students from low income backgrounds who were most negatively impacted by the pandemic. In this section, I describe the federal program, discuss how institutions used the funding to support its students, mention the policy's shortcomings, and show why this is a promising federal-state partnership program.

The CARES Act: HEERF Funding as a Promising Federal-State Partnership Centering Institutional Characteristics for Student Success

The 2020 Coronavirus Aid, Relief and Economic Security (CARES) Act: Higher Education Emergency Relief Fund (HEERF) funding is a federal program and set of policies designed to provide fast and direct economic assistance to postsecondary students who have been negatively impacted by the COVID-19 pandemic and the institutions that enroll them. However, this policy differs from past federal funding policies because institutions accepting these funds were required to distribute at least 50% of the money directly to students as emergency student financial aid. The remaining percentage of funding could be used for institutional relief. The reason for this was that many campuses were unprepared for the sudden shift to online learning, and had to incur additional costs such as training faculty to teach online, and facilitating the relocation of students back home.

In addition, several campuses lacked the infrastructure, technological personnel, and technical resources to suddenly switch all campus business and its courses entirely online. Because of these substantial institutional costs associated with the pandemic, campuses were given flexibility in how they wanted to spend the institutional funding of the relief. At the same time, institutions were required to submit detailed reporting about how the campuses used these federal funds. Thus, the policy was designed in a way that allowed higher education institutions with the ability to disperse funds in ways that make sense for the specific needs of their students, and considers the institutional cost related to accomplish this level of support.

Funding via the CARES Act was designed by the federal government to provide funding to institutions, and its students, in a way that incorporates meaningful considerations of wealth-based differences among higher education institutions. The policy included a focus on MSIs, a consideration of variations in institutional endowments, and a set-aside, controlled allocation to students. The design of the policy clearly demonstrated that a specific aim of this policy is to address the disproportionate socioeconomic disadvantages and racial injustices that were in place before the pandemic outbreak and have since been made worse.

MSIs have been hit the hardest by the pandemic. They have experienced the sharpest declines in enrollment than highly selective flagships and research universities (Office for Civil Rights, 2021). Black, Indigenous, and People of Color (BIPOC) college students, who are more likely to be enrolled at MSIs, have also shown that they are more likely to report that they experienced challenges in shifting to online learning during the pandemic, including finding a quiet place to study, losing their jobs, financing their college educations, and taking care of their families (Fishman & Hiler, 2020). National data also showed that COVID-19 has disproportionately impacted BIPOC communities in the United States, with more deaths and job loss related to the pandemic than White Americans (Monte & Perez-Lopez, 2021; Sáenz, 2021). The inequitable financial capacities of MSIs, declining enrollments, lost job opportunities for students to pay for college, and reductions to federal and state appropriations posed even greater risks to the educational opportunities MSIs afford historically marginalized students. Therefore, the policy considered that not all institutions are organizationally the same and experienced the pandemic in different ways.

> **The policy was designed in a way that allowed higher education institutions with the ability to disperse funds in ways that make sense for the specific needs of their students, and considers the institutional cost related to accomplish this level of support.**

Institutional Aid Spending Patterns

Institutions have responded to the CARES Act funding in different ways, especially when considering the institutions within the RSI, RCU, and MSI sector. Data pulled from CARES Act HEERF reports reveals that despite the policy having a focus on institutional relief, RSIs, RCUs, and MSIs used CARES Act funding in different ways to intentionally support its students (U.S. Government Accountability Office [GAO], 2021). For example, new research exploring how seven HSIs in Texas used CARES Act funding found these institutions adopted eligibility procedures that intentionally considered the long- and short-term successes of their students and used their own HEERF institutional funds to limit or erase student debt, provide access to wellness services, and upgrade instructional and infrastructure resources (Sansone, 2023a).

For instance, this recent research shows that the University of Texas at San Antonio (UTSA) was allocated a $73.1 million student portion, $92.7 million institutional portion, and $10.6 million MSI portion, which totaled $176.4 million in HEERF funding (U.S. Department of Education Stabilization Fund, 2020). As of FY22, 63% of the HEERF funding has been spent on helping students pay their tuition and fees and pardon debt. This approach included providing students with housing refunds

when dorms closed during the pandemic and providing students with financial assistance during the pandemic to pay for the cost of tuition, food, housing, technology, health care, child care and course-related expenses (University of Texas at San Antonio [UTSA], 2022). As of December 2022, UTSA reported that they provided HEERF funds to 37,733 students and had grown their enrollment (from pre-pandemic figures) and the number of degrees awarded (Boerger, 2022).

These findings are significant given that beyond the policy's controlled allocation to students, each institution could determine their own disbursement and eligibility procedures. And although this could have resulted in an approach where students and their needs were left at the margins, the opposite was found. Instead, these institutions used their direct relief aid in ways that were intentional, centered the needs of their students, and addressed institutional resource issues that would promote long-term student success (Deming & Walters, 2017). In doing so, these HSIs were engaging in what Garcia, et al. (2019) have referred to as "servingness", which are the organizational moves of an institution that considers external factors like racial and wealth inequities, to create justice and opportunity for its students. And as demonstrated by the findings reported from UTSA, students, and the institutions they attend, are weathering the disruption caused by the pandemic.

Policy Misalignments with MSIs

The CARES Act HEERF policy considerations around wealth, socioeconomic, and racial injustices could have long- and short-term implications for the BIPOC community, especially those enrolled at MSIs. Although the CARES Act policy allocates additional funding to federally defined MSIs, some of the policy design choices disadvantage MSIs, when compared to selective flagships and research universities. These disadvantages are embedded in the ways in which the policy utilizes common student-level metrics in the allocation of funding. CARES funding allocations are based, in large part, on a full-time equivalent enrollment and Pell Grant recipient formula, which disadvantages MSIs since they tend to enroll large populations of students who: (a) enroll part time; (b) do not submit a free application for Federal Student Aid (FAFSA); and (c) do not qualify for federal aid (i.e., Dreamer students) (Conrad & Gasman, 2015).

Also, despite the laudable efforts to tailor the policy in a way that supports underfunded institutions and students, allocating funds in this way still makes the CARES Act a one-size-fits-all policy that does not consider the unique characteristics of MSIs and their students. More importantly, the CARES Act design and implementation does not acknowledge how the financial infrastructures of MSI campuses have been historically constrained by long-term municipal, state, and federal funding inequities. This has distributed to each MSI a lower share of CARES Act funding than what is necessary to support high-need students, which handicapped relief efforts to the very institutions these funds are meant to support.

Why This Is a Promising Federal-State Partnership Finance Program

To address concerns over affordability, policy programs aimed at making college more affordable must include commitments from both federal and state, a partnership. Recently, there has been a proliferation of attention given to one program that involves federal and state dollars working together to lower college costs—Promise programs. Overall, Promise programs disburse a combination of federal financial aid funds and state (or municipal) funds to students, who usually live in a particular geographic area, with the intention of covering the costs of their tuition and fees (Li & Gándara, 2020; Perna & Leigh, 2018). Promise programs vary in their design. But regardless of its design characteristics, research shows that Promise program interventions disburse funds to students, losing the thread of the institution and its financial needs in addressing the policy problem of college affordability (Gándara & Li, 2020). But if we want to create policy interventions that address broader inequities in higher education, we must build off and learn from the positives that interventions like Promise programs have shown us, by creating federal-state partnership programs that support students and the institutions they attend.

> **To address concerns over affordability, policy programs aimed at making college more affordable must include commitments from both federal and state, a partnership.**

As such, the CARES Act HEERF funding is a promising policy intervention that does just that—considers not only historically marginalized students, but also the institutions, RSIs, RCUs, and MSIs, who are serving them. Because, as demonstrated here, institutional relief for these institutions matter in addressing inequities and advancing underrepresented student success. If left unaddressed, an unequal and segregated higher education system will continue to emerge whereby people of color and the poor will be limited to attending less resourced institutions and subjected to lower-quality instruction. And because having fewer institutional resources results in worsening student success outcomes (Deming & Walters, 2017), not considering institutional funding of RSIs, RCUs, and MSIs will continue to exasperate the disproportionate affordability, wealth, and social mobility inequities that occur for so many today.

Additionally, the CARES Act design shows that when nonprofit higher education institutions who have a mission to serve high populations of less privileged students are given control of the institutional relief disbursement, these institutions will spend in ways that they know will best support their students. Therefore, a potential solution would be to create a one-to-one federal-state matching program that includes student aid and institution relief aid restrictions, a design that follows and builds off the CARES Act relief aid model and Promise programs models. This approach will not only directly support students by reducing their reliance on debt, but also maintain that those institutions who are contributing access and social mobility have the capacity to continue providing broad access, quality learning, and student success.

DISCUSSION AND FEDERAL-STATE PARTNERSHIP POLICY CONSIDERATIONS

My goal in writing this report was to bring to the affordability conversation an awareness about how institutional resources matter in making college more affordable. In doing this, I wanted to consider the work of RSIs, RCUs, and MSIs, who serve large shares of historically marginalized students, including low-income students. And I wanted to add to the descriptive understanding about how RSIs, RCUs, and MSIs organizationally differ from selective flagships and research universities, especially in terms of financial resources, and describe how these differences disadvantage RSIs, RCUs, and MSIs. Examining affordability from a perspective that does not consider RSIs, RCUs, and MSIs and their institutional resource capacities, misses their unique strengths and potential to not only make college more affordable but also close racial and wealth attainment gaps in the United States.

The contributions of RSIs, RCUs, and MSIs and their students have been constantly compared to selective flagships and research universities, often rendering them incapable or ineffective. Yet, as I have demonstrated, selective flagships and research institutions are not the key to educating and improving postsecondary credentials for historically marginalized students in the United States. Instead, RSIs, RCUs, and MSIs play a key role in our society because they are educating more students, especially those from historically marginalized backgrounds, and offer them a pathway to a postsecondary credential. Despite this work, my results provided descriptive evidence that shows RSIs, RCUs, and MSIs are not resourced sufficiently, and this harms them in their ability to help more students from less privileged backgrounds. Disparities were found between the sectors of RSIs, RCUs, and MSIs, and selective flagships and research institutions with regards to institutional resources, funding levels, tuition and fees, and access to federal grants.

Overall, my findings demonstrated how inequities are embedded within the postsecondary educational funding system – advantaging and rewarding students who are already financially privileged as well as the institutions they attend. It also challenges conceptions of affordability that only considers direct supports to students by showing the relationship between institutional resources, affordability, and student success outcomes. This study also demonstrated that the most vulnerable students who need supports to afford and be successful in college are overrepresented among RSIs, RCUs, and MSIs. These institutions are being asked to do more with less, contributing to a stratified higher education system with clear winners and losers. Therefore, policy discussions about affordability need to consider this group of colleges and universities, and acknowledge their differences and contributions.

To address this problem, I have outlined key takeaways for consideration in the design of a one-to-one match federal-state partnership program that centers the work of RSIs, RCUs, and MSIs, has equity perspectives, and avoids deficit frames. This approach builds off the federal-state practices identified in the CARES Act HEERF funds and Promise programs to offer a more promising federal-state partnership for institutions who are asked to educate a disproportionate share of students who otherwise would have been priced out or excluded from higher education; thereby, designing a federal-state partnership that not only works to improve affordability, but also dismantles a stratified U.S. higher education system.

- **Consider not only federal finance student support but also institutional support.**
- **Consider funding and supporting the institutions who are advancing social mobility in the United States: RSIs, RCUs, and MSIs.**
- **Consider direct delivery of funds to campuses but include clarity about funding restrictions and guidelines.**
- **Use allocation metrics that align with the unique institutional characteristics of RSIs, RCUs, and MSIs (e.g., use full-time headcount, not full-time equivalent).**
- **Consider using institutional reporting procedures that identify how each institution spent their funds.**
- **Consider not penalizing states that invest more in their MSIs than other states.**
- **Consider using strong language that makes clear that this funding is intended to supplement funding packages, not supplant state investment.**

Attending to these considerations has the possibility to create a one-to-one match federal-state partnership program that is reciprocal in nature, and where federal, state, and colleges might be more likely to improve college affordability and student success.

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Author Biographies

Dr. Brendan Cantwell

Dr. Brendan Cantwell is an associate professor and coordinator of the Higher, Adult, and Lifelong Education (HALE) program at Michigan State University. He is also joint editor-in-chief of the international peer-reviewed journal *Higher Education*. Brendan's research interest is in the political economy of higher education, and he addresses topics including organization and governance, policy, and academic labor. Much of his work takes an international and comparative perspective. He is co-author of *Unequal Higher Education* (Rutgers University Press) and co-editor of *Assessing the Contributions of Higher Education* (Edward Elgar) and *High Participation Systems of Higher Education* (Oxford University Press).

Dr. Jennifer A. Delaney

Dr. Jennifer A. Delaney is an associate professor and director of the Higher Education Program in the Department of Education Policy, Organization, and Leadership at the University of Illinois at Urbana-Champaign. She is also the director of the Forum on the Future of Public Education at the University of Illinois. In addition, Dr. Delaney is a member of the Illinois Board of Higher Education. Her scholarly research focuses on higher education policy, with an emphasis on finance. She has published extensively in the areas of student financial aid, state budgeting for higher education, and on related topics of higher education policy. Delaney earned a PhD in higher education administration from Stanford University, an EdM in higher education from Harvard University, and a BA in English from the University of Michigan.

Dr. William R. Doyle

Dr. William R. Doyle is a professor of higher education in the Department of Leadership, Policy, and Organizations at Peabody College of Vanderbilt University. Doyle serves as editor-in-chief of research in higher education. His research includes evaluating the impact of higher education policy, the antecedents and outcomes of higher education policy at the state level, and the study of political behavior as it affects higher education. Prior to joining the faculty at Vanderbilt, he was senior policy analyst at the National Center for Public Policy and Higher Education. Doyle received a master's degree in political science and a PhD in higher education afrom Stanford University in 2004. Doyle's recent work has explored the link between geographic opportunity for higher education and its impact on both earnings and civic outcomes. His recent policy-related work has examined the status of college affordability in every sector of higher education in all 50 states.

Dr. Kelly Rosinger

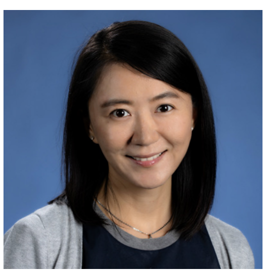
Dr. Kelly Rosinger is an associate professor of education and public policy at Penn State. Her research examines the barriers students face going to and through college and how postsecondary policies can be designed to promote racial and economic equity. Kelly Rosinger has published research in *Educational Researcher, Educational Evaluation and Policy Analysis, AERA Open, Education Finance and Policy, Journal of Policy Analysis and Management, Review of Higher Education, The Journal of Higher Education,* and *Research in Higher Education,* among others. Her work has been highlighted by The New York Times, Washington Post, NPR, Chronicle of Higher Education, Inside Higher Ed, and Diverse: Issues in Higher Education, among others. She earned a PhD in higher education and a master's degree in public administration, both from the University of Georgia, and a bachelor's degree in public relations from the University of North Carolina at Chapel Hill. She previously worked as an assistant director of undergraduate admissions at the University of Georgia.

Dr. Vanessa A. Sansone

Dr. Vanessa A. Sansone is an assistant professor of higher education in the Department of Educational Leadership and Policy Studies at The University of Texas at San Antonio (UTSA). Her areas of research interest focus on the influence of college affordability, Hispanic-Serving Institutions, and power structures and governance on the trajectories, experiences, and opportunities of historically underrepresented students. She holds a doctorate in educational leadership with an emphasis in higher education from UTSA, a master of education degree in higher education and administration from UTSA, and a bachelor of arts degree in sociology from St. Mary's University, San Antonio.

Dr. David R. Troutman

Dr. David R. Troutman is the deputy commissioner for Academic Affairs at the Texas Higher Education Coordinating Board. He plays a critical role in advancing the goals of Building a Talent Strong Texas and the Governor's Tri-Agency Workforce Initiative. Troutman has extensive experience in Texas higher education, having most recently served as the chief data officer and associate vice chancellor for Institutional Research and Analysis at The University of Texas System. In this role, he led a team of research and policy analysts to transform data into timely and meaningful information in support of UT system initiatives and policy decisions across its 13 institutions. He collaborates with federal and state agencies such as the U.S. Census Bureau, Texas Workforce Commission, and nonprofit foundations such as the Bill and Melinda Gates Foundation, Lumina Foundation, and Strada Education Network. Troutman holds a PhD and master's degree in human development and family studies from the University of North Carolina at Greensboro and a bachelor's degree in psychology from Oklahoma State University.



Dr. Di Xu

Dr. Di Xu is an associate professor of education policy at the University of California, Irvine, where she serves as the faculty director of the campus-wide Postsecondary Education Research and Implementation Institute and the co-director of the school-based Online Learning Research Center. Her research examines the impacts of educational programs and institutional policies on college students' academic and labor market outcomes, with a particular focus on community colleges and on students from low-income and historically underrepresented groups. Her recent projects focus on designing and implementing interventions to test strategies that are promising to improve student engagement and performance both overall and in online courses. More specifically, she's exploring how instructors hired through different employment contracts are associated with student outcomes; and investigating the enrollment, completion, and subsequent educational and labor market outcomes among students enrolled in non-credit workforce training programs, as well as malleable factors within the control of programs or institutions that may influence these outcomes. Xu earned a PhD in economics and education from Teachers College, Columbia University.

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1615 L Street, N.W. Suite 310
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