

What Policies for Improving Graduation Rates Actually Work?

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Since January, [some people have wondered](#) what implications the selection of Betsy DeVos as the U.S. secretary of education may have for higher education. This discussion leads to an important practical question: In what ways can the government successfully increase college graduation rates? This issue is especially salient, as many college students are preparing to receive their degrees in the next few weeks.

In [our recent extensive review](#) of over 1,800 research studies on college students, we found that some of the most common approaches for promoting student success simply aren't effective. For example, most states have moved to [performance-based funding](#) for supporting their public colleges. Instead of giving money based on how many students are enrolled, some funding is based on a measure of institutional performance, such the number of students who graduate or the number of courses completed.

Performance-based funding assumes that tying revenue to graduation or other measures will motivate colleges to work harder to improve desired outcomes. Unfortunately, lots of research shows that this approach [doesn't work at all](#).

In fact, higher education institutions have been working for decades to help students succeed. And [they're already motivated financially](#), since students who stay in college pay tuition and fees, buy books and other supplies, and sometimes pay room and board. Institutions are far better off retaining current students than recruiting new ones.

Performance-based funding can also have some negative side effects, since colleges are rewarded for recruiting and admitting only the students who are most likely to succeed. This approach hurts institutions that serve many students who are the first in their family to attend college or who have not been well prepared to succeed academically.

Another seemingly useful policy involves making articulation agreements among colleges within a state. Such agreements help students transfer credits successfully from one public college to another so that their previous credits count at their new institution. Since [more than half of bachelor's degree recipients](#) attend more than one college, this policy aims to help students receive a degree more quickly and decrease their chances of dropping out along the way.

Having state articulation agreements probably does reduce the challenges of transferring credits. However, this approach also [appears to have no noticeable effect](#) on graduation or transferring from a two-year college to a four-year college.

So which approaches work? The main answer is perhaps not surprising: [providing more money to support](#) public colleges and universities increases degree attainment. This finding is notable, because states across America have substantially reduced their support for higher education. Some public research universities receive [10 percent or less](#) of their revenue from the state.

The type of funding is also quite important. Spending on need-based aid is especially helpful, as it helps students who wouldn't otherwise be able to afford it attend college. [Spending money on student services and instruction](#) also appears to be an effective investment, since it directly improves student success.

In reaction to these reduced resources, many colleges are hiring more part-time or adjunct instructors, who are substantially underpaid. The strategy has negative results for students, since having more part-time or non-tenure-

track faculty [leads to reduced graduation rates](#). Even at the same institution, students who take more classes from part-time faculty [are less likely to transfer](#) or [receive a degree](#). The problem probably occurs because part-time faculty often work at multiple colleges, so they are stretched too thin to do their jobs as well as their full-time counterparts.

Of course, many programs and institutions would like to receive more money from the government; why should public colleges and universities take priority?

Promoting college attainment results in clear benefits for society by [increasing graduates' earnings](#), which leads to greater revenue from payroll taxes, sales taxes and property taxes, as well as reduced spending on financial assistance. Such public financial gains [outweigh public spending](#) on college education.

Having a well-educated population [also leads to many desired noneconomic outcomes](#). For example, college graduates have better health and well-being and greater civic engagement in their communities.

In light of the substantial benefits from promoting educational attainment, states need to muster the political will to support their public colleges and universities. These benefits occur slowly over time, and it's hard to pinpoint the effects in the same way that one can point to a new football stadium. But investing in higher education is crucial in the long term, so states need to start acting in their own self-interest.