

Financial Requirements Conjoined with Ethical Considerations: Dammed if You Do and Dammed if You Don't

**William Patrick Leonard
Rio Grande Foundation**

Many Tuition Dependent Institutions (TDI) employ open enrollment or comparatively lenient admission standards to fulfill the tuition revenue needs. While many matriculates have the innate intellectual ability, they present gaps in the mathematics, reading and writing proficiencies. Depending upon the depth and breadth of deficiencies students are required enroll in one or more remedial courses. These sequences may last up to two years. Less than 50% of students enrolled in colligate remedial courses complete their assignments. With few ready solutions, TDI's must at least dramatically upgrade the consumer information.

INTRODUCTION

This is a speculative piece that explores the roots of the contradictory praise and criticism that many of the U.S.'s colleges and universities receive. Less than fifty percent of students enrolled in colligate remedial course complete their assignment. It has been addressed in depth at the community college level (Scherer & Anson, 2014). Senior institutions have not received the same attention. The aspiring students with profound proficiency gaps are the least likely to advance into college-level courses.

Only 10 percent of degree aspirants with profound mathematics complete a college-level course (Bailey, Jeong, & Choo, 2009). I will suggest that an underlying factor these dismal outcomes may be found in an ethical lapse conjoined with institutional budgeting decisions. For many tuition-dependent institutions (TDI) income generated by marginal enrollment increases is life blood. Unfortunately, each marginally larger intake includes matriculates with arrays of mathematics, reading and writing proficiency gaps. While there is no easy or immediate remedy, providing matriculates with fundamental consumer information will help in muting this financial v. ethical impasse.

For most of my career, lacking introspection, I have often made marketing and enrollment decisions without recognizing the possible embedded ethical considerations that invariably accompany financial decisions. (Leonard, 2009) I was not referring to those scandalous decisions that periodically rise to national or international notoriety. Rather, I was referring to annual budget decisions that are regularly made on U.S. campuses. These behaviors have been especially engrained in responding to at the nation's public and private intuitions that are significantly dependent on tuition revenue. These institutions, without the security of elite status and accompanying large endowments must marginally increase their enrollments and or tuition each year. Specifically, I suggested that many institutional leaders regularly make enrollment decisions without considering the possible unintended negative consequences that clearly bring varying degrees of harm to one of their institution's primary stakeholders, students.

TUITION DEPENDENT INSTITUTIONS (TDI)

These institutions are simultaneously praised for their ever higher enrollments. Larger is better; growth is embedded in the nation's core values. On the other hand, they are criticized for not retaining and graduating higher percentages from their student bodies. An explanation may be their ever increasing need for additional revenue. On the surface, this unacknowledged strategy has had wide appeal to major stakeholders. Its alignment with a core national value, equal opportunity, has struck a responsive chord with previously underserved communities, elected officials and the public at large.

In aggregate the TDI appear to admit marginal more students each budget year. Once enrolled these same institutions are criticized for failing to retain and graduate more of their matriculates. I suggest that their disappointing performance is the product of three factors.

One, institutions must realign their revenue and costs each year with additional income to offset unavoidable expense increases with each new budget year. Two, the TDI's find that many of their matriculates have a range of basic skill deficiencies. These institutions appropriately respond by requiring those presenting deficiencies to take one or more remedial mathematics, reading and writing courses before these students are permitted to enroll in degree coursework. While remedial coursework has become a fixture in many institutions for decades, its efficacy remains in question. The dropout percentages reflected in Table I below suggest improving remediation's effectiveness and efficiency remains a work in progress with no clear end in sight.

A TDI's primary applicant source is the public schools. While many of these matriculates presenting skill gaps have the innate ability their elementary and secondary school preparation left gaps. This is an intractable supply chain problem. The nation's public schools are not preparing post-secondary education ready graduates. Unlike corporations, colleges and universities cannot change their major suppliers. In spite of numerous calls and subsequent efforts this supply chain problem persists and will likely continue for the foreseeable future.

RECURRING FINANCIAL NEEDS WITH ETHICAL CONSIDERATIONS

TDI's, without the security of elite status and accompanying large endowments must earn additional annual revenue to align with unavoidable increased operating expenses. Annual Institutional expenses are not entirely controllable. Their costs are automatically swollen by the nation's inflation rate. Other increases are spawned by debt service, contractual obligations and major emergency repairs are relatively fixed at least through the mid-term. Statehouse responses to the 2008 Great Recession forcefully reminded public institutions that they must also accommodate the vagaries of their sponsor's largess.

In aggregate tuition revenue is the product of the actual tuition charged time the enrollment. Institutions employ variations of four basic levers to align tuition income with anticipated expenses. They can cut costs. The available tools might include increasing instructor loads or class size limits, eliminating program and services. They can increase tuition and hold enrollment steady or increase enrollment and hold tuition steady. Finally, they may employ a combination of tuition and enrollment increases.

Rigorous cost control tends to be the least favored lever since internal stakeholders are harmed. Even terminating moribund programs and services raises the ire of many friends. Expenditure cuts invariably prompt immediate negative responses when service and program alternations affect students, faculty and staff. Employment, careers and futures may be jeopardized. Social media condemnations and votes of no confidence frequently follow as faculty, staff and student stakeholders circle to defend their discipline, livelihoods and aspirations. Tuition increases, with or without marginal enrollment increases tend to shield faculty and staff while financially impacting students.

Tuition increases without a tempering marginally larger intake have never been popular especially in competitive TDI markets. Enrollment increases tend to be popular with many stakeholders—students, parents, elected officials, faculty and staff unions. Also, even marginal enrollment increases sustain the American ideal that bigger is better even though institutional performance may suffer.

PERFORMANCE RATES

Two institutional performance measures have taken center stage with federal and many state agencies. Both the U.S. Department of Education and some state higher education governing boards appear to favor employing two institutional performance measures, retention and graduation rates, in guiding future allocation of scarce public funds. Arguably, open-door and the more lenient admission institutions enable students who might otherwise be denied an opportunity to earn a baccalaureate and pursue of the American Dream. While these policies complement core national democratic ideals, the aggregate data presented below suggests that their efficacy and the accompanying ethical challenge are open to question as presently implemented. In spite of the TDI's well-meaning efforts to make a baccalaureate accessible to ever larger numbers. Accessibility does not necessarily lead to achievement. In practice the results are disappointing. The probability of persistence leading to degree completion diminishes as the matriculate's mathematics, reading and writing proficiency gaps are found to be more profound.

Two institutional performance measures, retention and graduation rates, appear to be sensitive to the selectivity of admission policies. An institution's retention rate is defined as the percentage of first-time, full-time freshman it admitted in the previous year and returning for the beginning the second academic year. Its graduation rate is the percentage of first-time, full-time students admitted in a specific intake subsequently earning their bachelor degrees in six or fewer years. There are of course many reasons, family, illness, economic, transfer, etc., why a student may elect to not to return to the initial institution of entry for the second year of study or persist to earning a bachelor degree. A student's assessed entering academic proficiencies vis-à-vis the admitting institution's rigor and academic support appears to suggest a relatively strong influence on both measures.

SELECTIVITY CONTINUUM

Institutional admission policies vary widely within U.S.'s post-secondary education community. They range from highly selective to open-door admission institutions. Highly selective institutions employ a varied mixture of metrics or proxies to identify applicants meeting their desired levels of academic proficiencies and disposition. Their measures typically include high school grades, rigor of courses taken and high school reputation. SAT or ACT scores are often required as are teacher recommendations, applicant essay, interviews and other proxies of promise. Thus an applicant presenting a high-grade point average in standard high school courses might not be rated as high as one with a transcript populated with honors and advanced placement courses. The result is a freshman intake cohort that approximately reflects the institution desired level of proficiencies and dispositions. Starting with a cohort of academically highly proficient freshmen appears to consistently lead to enviable retention and graduation rates.

At the other extreme, open-door admission institutions tend to require little more from the applicant than a high school diploma or GED certificate. These documents only establish eligibility to enter the next level of education without suggesting academic readiness for the rigor of the academic work to follow. As will be shown below, the open-door and more lenient admission institution's freshman cohort will, unfortunately, contain a relatively high percentage of matriculates identified as ill prepared to baccalaureate coursework.

Institutional selectivity is reflected in the percentage of its applicant pool admit in each intake. The National Center for Education Statistics' (NCES) employs six levels of selectivity to categorize institutions by their public or private sponsorship and percentage of applicants accepted. As Table I presents NCES retention data associated with the six levels of selectivity it employs to classify U.S. public universities. Highly selective public universities are categorized as admitting 25 percent or less of their applicants in the 2012-13 academic year retained 94.5 percent of their matriculates at the start of the second year. Near the other extreme, public institutions employing a 90% or more acceptance level yielded a 71.1 percent retention rate. That was an additional 10.6% of matriculates who returned for their

second year of full-time study when compared to open admission public universities. Table I strongly suggests that as the degree of selectivity declines the percentage of matriculates returning for their second year also falls.

**TABLE 1
NATIONAL AVERAGE FOR RETENTION RATES FOR
PUBLIC SENIOR INSTITUTIONS PERCENTAGE FOR 2012-2013**

Level of Selectivity	Retention Percentage
Open Admission	60.5
90% or more accepted	71.1
75.0 to 89.9% accepted	76.9
50.0 to 74.9% accepted	81.3
25.0 to 49.9% accepted	86.3
Less than 25.0% accepted	94.5

(National Center for Education Statistics, 2014)

Selectivity policies influence appear to carry through to an institution's graduation performance. The percentage of freshman intake cohort, who earn a degree in six or fewer years is reflected in an institution's graduation performance. In aggregate the most selective enjoyed the highest performance rate with open admission institutions trailing the pack by a wide margin.

**TABLE 2
NATIONAL AVERAGE GRADUATION RATES FOR
PUBLIC SENIOR INSTITUTIONS IN SIX OR FEWER YEARS**

Level of Selectivity	% Graduating
Open Admission	32.9
90% or more accepted	46.9
75.0 to 89.9% accepted	53.7
50.0 to 74.9% accepted	61.4
25.0 to 49.9% accepted	64.4
Less than 25.0% accepted	84.8

(National Center for Education Statistics, 2014)

Once again, the most selective public institutions led their nearest peers by 20.4, for their respective 2007 intakes. Open admission institutions lost two-third of their 2007 intake. While the difference in selectivity appears minimal, those in 90% or more accepted category graduation performance was 14 points than their open admission peers. Even small increases in selectivity appear to yield higher performance levels.

Elite and well-endowed institutions tend to attract large pools of well-qualified applicants. For example, UC Berkeley admitted 17 percent of the 78,918 applications for its 2015 intake. (Berkeley, 2015) While its yield was much lower, the advantage of elite status is clear. Unlike the open or more

lenient selective institutions, the most selective tend to attract larger selection pool. The former must admit from the pool they attract. Those without an attractive brand, the TDI's appear to rely on varying mixtures of tuition and enrollment increase to align their revenue with anticipated expenditures.

Open admission institutions do not attempt to assess the applicant's academic proficiency until after admission after a commitment to attend has been expressed. A standardized placement test is employed to gauge the matriculate's mathematics, reading and writing proficiencies. Matriculates meeting or exceeding the institution's benchmark scores are permitted to directly enroll in credit courses leading towards a degree. Except for those only marginally below the institution minimum, those with more serious gaps in their fundamental skills are not permitted to enroll in credit courses.

Instead, depending on the depth and breadth of their deficiencies, they are required to demonstrate proficiency in one or more remedial courses before they are permitted to enroll in credit courses. Those with multiple or more profound deficiencies a remedial course sequence of up to two years may be required.

Still, those enrolled in remedial courses are charged tuition. Admitting a larger numbers of students whether an open admission institution or with relatively lenient criteria appears to populate the remediation courses. Their enrollment contributes to the institution's revenue requirements. Deferring assessment of matriculants' proficiencies until after admission to estimate proficiency presents an ethical challenge that appears to be regularly ignored.

THE REMEDY: AN INFORMED DECISION

Open admission institutions appear to ignore the conjoined ethical challenge. Matriculates required to enroll in remedial coursework should be able to make an informed decision if given appropriate consumer information. First, all admitted students should be assumed until advice otherwise they are anticipating beginning their degree studies immediately. Those scoring below the institution's proficiency threshold scores are required to one or more remedial courses. This appears to be a bait and switch tactic. Assessing proficiency could be addressed by placement testing after application but before admission. While this might prompt some applicants to look elsewhere, those remaining would display a stronger disposition to remain at the institution. Further, the institution's performance should improve.

Whether placement assessment is conducted before or after formal admission, the results should be interpreted to each designated remedial student before tuition is charged. Or at least refunded. Again, Tables I and II present relatively high attrition rates among institution employing open admission standards again suggests that required remedial course work does not help to retain large numbers of students. The institution's sincere and good faith effort to prepare the student for success may be seen otherwise.

Before the institution takes any tuition from or on behalf of the student, the institution should inform degree aspirants falling short of the threshold scores of their diminished probabilities of earning a degree. Remaining silent prompts false hope. Without this information, the aspirants cannot make informed decisions. This may also drive some aspirants away. Those that remain will show a motivation to beating the odds once they know what they face. In either case, the institution's retention and graduation performance should improve.

Finally, the matriculates should be informed of the estimated new total cost of the degree. This important for two reasons. Remedial students pay tuition for the courses they take whether credit or non-credit, hence the total cost of the degree will increase. If the matriculant is required to take remedial coursework will need financial aid adds to her/his potential debt burden. The aspirant should be informed of the impact of addition of remedial courses may have on their financial aid limitations

eligibility. In aggregate the above information will enable the degree aspirant student in making an informed decision on whether to enroll or not. To avoid this ethical challenge placement testing with appropriate counseling should occur before enrollment is finalized

CONCLUSION

I am not suggesting that open or lenient admission policies be abandoned. Rather, I suggest that all aspiring graduates presenting mathematics, reading and writing proficiency gaps be given essential information to make an informed decision. Failing to provide it is unethical.

The urgency of aligning enrollment revenue with ever rising costs may have blinded many administrators to the conjoined ethical challenge. Whether placement assessment is taken before or after admission aspiring students should be informed of the depth and breadth of their proficiency gaps and the impact on their aspirations. Those falling below the institution's benchmarks should be advised of the composition and likely length of the remedial course sequence they must complete in the coming semester and possibly beyond. They should be advised of the probability they will complete their degree within the six-year standard.

The aspirants should be advised of the likely added cost of the remedial courses. Finally, s/he should be advised available alternatives—community colleges, apprenticeships and military. With this information, the aspiring student will be empowered to make an informed decision. In the process, the institution will lose some needed tuition revenue. The aspiring students remaining will display a disposition suggesting persistence. In either case, the institution's retention and graduation performance should improve. The ultimate remedy must await the resolution of the supply chain problem.

Without assessing the applicant's level of proficiency before admission, these institutions are taking on the responsibility of remediating the mathematics, reading and writing proficiencies gaps that will significantly hamper the matriculate's success. The commendation they receive is well deserved. Their failure to provide basic information is not.

In order to empower matriculants to make informed enrollment decisions, they should have appropriate information on the degree of their proficiency gaps and the likelihood of ultimate graduation. This ethical issue is exacerbated in the absence of detailed counseling on the probable influence that remedial course sequences likely impact the matriculant in terms of time, money and the likelihood of success in earning a degree.

By supporting the aspirant's right to make an informed choice the institution will likely lose some enrolled tuition paying students. Both its retention and graduation rates, which are playing and increasing influence in state funding should increase. In addition, the adage that it is cheaper to retain customers than to replace them should come into play. Finally, providing the applicant with basic consumer information will allow the institution to mirror the integrity stated or implied in its mission statement and other public documents. The adulation will more truly deserved and the criticism abated.

REFERENCES

- Scherer, J. L., & Anson, M. L. (2014). *Community Colleges and the Access Effect: Why Open Admissions Suppress Achievement*. New York, NY: Palgrave MacMillan. ISBN-13: 978-1137336019
- Bailey, T., Jeong, D. W., & Cho, S.-W. (2010). Referral, enrollment, and completion in developmental education sequences in community colleges. *Economics of Education Review*, 29(2), 255–270.
- Leonard, W. P. (2009, September). Confessions of a College Non-Economizer. *Econ Journal Watch*, 359-363.
- National Center for Education Statistics, (2014, November). Retrieved November 12, 2016, from https://nces.ed.gov/programs/digest/d14/tables/dt14_326.30.asp
- National Center for Education Statistics (2014, November). Retrieved November 12, 2016, from https://nces.ed.gov/programs/digest/d14/tables/dt14_326.10.asp
- Berkeley News, in a competitive year, Berkeley admits 13,321 prospective freshmen. (2015, July 2) Retrieved October 20, 2016, from <http://news.berkeley.edu/2015/07/02/berkeley-admits-more-than-13000-prospective-freshmen/>