

Discussion on conducting a request for information to contract out some portion of developmental education

A key question

What changes does the Board want in Developmental Education? Would contracting it out be likely to result in those changes?

Points to keep in mind

- 46% of fall 2012 recent high school graduates seeking a 4-year baccalaureate degree required developmental coursework
- 58% of fall 2012 recent high school graduates seeking an associate degree required developmental coursework
- 70% of developmental students are not recent high school graduates
- 95% of the cost of developmental education is covered by tuition and fees
- Course completion rates in developmental education overall are similar to those of lower division collegiate courses in math and English but developmental math is a bit lower.
- More than half (51 percent) of FY13 baccalaureate degree recipients took at least one developmental course and 63 percent of FY13 associate, certificate and endorsement recipients took at least one developmental course.

Background

UA Board of Regents' Policy P10.04.080 addresses developmental and remedial education and is provided in full below:

To assist students in the successful completion of their educational goals, universities and community colleges of the University of Alaska will make available developmental and remedial courses in basic skills.

The Northwest Commission on Colleges and Universities, UA's regional accrediting institution, has a standard for contracting services and would likely scrutinize the contracting out of developmental education. Accreditation standard 2.A.26 is given in full below:

If the institution enters into contractual agreements with external entities for products or services performed on its behalf, the scope of work for those products or services—with clearly defined roles and responsibilities—is stipulated in a written and approved agreement that contains provisions to maintain the integrity of the institution. In such cases, the institution ensures the scope of the agreement is consistent with the mission and goals of the institution, adheres to institutional policies and procedures, and complies with the Commission's Standards for Accreditation.

Alaska students currently have a wide selection of institutions that offer developmental education in the state or by going out of state. However, the majority of these students are coming to UA. UA offers developmental education courses in-person and by e-Learning but the vast majority of UA developmental students take courses in-person. A May 15, 2014, *Chronicle of Higher Education* article titled *California Community-College Students Fare Less Well in Online Courses* by Danya Perez-Hernandez indicates that the success rate of students in online courses lags behind that of their peers taking in-person courses.

During any given semester about 5,000 students (15 percent of UA headcount) take a developmental course. A majority of UA students taking developmental coursework are not recent high school graduates (30 percent); the majority are post-traditional students often working adults with families (70 percent).

Commonly, there are three levels of developmental coursework offered in math, writing, and reading: nearly college ready, some remediation needed, and significant remediation needed. A majority of students need just one or two courses in math and/or English to raise them to collegiate level. About 90 percent of baccalaureate seeking students needing developmental coursework of any kind, need developmental math.

Degree seeking baccalaureate and associate students and non-degree seeking students take developmental education courses at UA. Almost half of all 4-year degree seeking, full-time, first-time freshman require developmental coursework to be college ready; about 75 percent of these

students successfully complete developmental coursework. About 60 percent of all associate, certificate and occupational endorsement seeking, full-time, first-time freshman require developmental coursework to be college ready; about two-thirds of these students successfully complete developmental coursework.

Course completion rates in developmental education overall are similar to those of lower division collegiate courses in math and English but developmental math is a bit lower.

Graduation rates are lower and time to graduation is lengthened for those needing more remediation. Those needing remediation in both math and English complete baccalaureate degrees at very low rates. However, more than half (51 percent) of FY13 baccalaureate degree recipients took at least one developmental course and 63 percent of FY13 associate, certificate and endorsement recipients took at least one developmental course.

Below the questions raised in the request for this discussion item are addressed:

Are there existing remediation-type courses or enterprises that would have an interest in developing such a curriculum and respond to an eventual RFP?

While an RFI would answer this question formally, UA expects there would be institutions interested in providing developmental education courses for our students. These could include high school home school institutions, other state and private community colleges and universities, especially those with lower tuition than UA charges, and private companies.

If UA directs developmental students to work with another institutions on their developmental education and that institution offers collegiate level coursework, students could continue their education with that institution rather than coming to UA after completing their developmental work.

The report, "Online Learning and Student Outcomes in California's Community Colleges," says online-course enrollment reached close to one million in the 2010-11 academic year, up from 114,000 in 2002-3. Almost 530,000 California community-college students enrolled in online courses during 2011-12, nearly 20 percent of all students taking credit courses, the report says.

The institute's researchers found that students were less likely to complete online courses than traditional courses, and were less likely to complete online courses with passing grades. But when it comes to long-term impact, measured by the likelihood of students' earning degrees or transferring to four-year-colleges, those who combined traditional and online courses were more successful than those who took face-to-face courses alone.

What is the cost to the student of UA teaching the remedial course vs. private enterprise?

UA students pay tuition for developmental education courses; resident tuition is currently \$168/credit so a typical three credit course costs \$504. Without a competitive bid process (RFP)

UA cannot answer this question for private enterprise. However, Washington State Community College tuition and fees for a three credit course is currently \$320.52. A Request for Information will not request competitive bids. If institutions have a published list price for delivery, we can request that information as part of an RFI.

What are the existing budget expenditures/revenues related to UA developmental education?

This question was addressed in a UA report to the legislature in August 2013; that report is attached as an addendum to this brief.

UA developmental education is relatively inexpensive to deliver because adjunct faculty are heavily utilized to teach these courses. As a result tuition revenue covers the bulk (over 95 percent) of instruction and student related expenses and general funds cover the rest.

What is the projected reduction in student attrition if a student successfully completes a course?

Students often become ineligible to continue receiving financial aid and/or academically ineligible to pursue a degree and typically drop out when they consistently fail courses. Baccalaureate students who did not need developmental coursework were retained at a slightly higher rate than those who took and passed developmental coursework, 80 versus 76 percent, respectively. Less than half (47 percent) of 4-year degree seekers who took and did not pass developmental coursework were retained to the next fall.

Retention rates for associate, certificate and endorsement students average about 60 percent; students who took and did not pass developmental coursework were retained at a 30 percent rate to the next fall.

As these numbers indicate, successfully passing developmental classes significantly improves student retention.

What is the reduction of student debt ratio if student spends one year less to complete a baccalaureate program?

For undergraduate degree seeking students starting at UA between 2001 and 2006 and graduating by FY13, the average reduction in student loans taken if the time to degree for each student was reduced by one year is an estimated \$8,400 for those who received a two-year degree or a baccalaureate.

For the year 2011-12, the average debt for graduates of Alaska colleges or universities was \$28,782. Almost half (49 percent) of graduates incurred student debt.

However, the true benefit of completing a degree in four versus five years should include the opportunity cost of attending for a fifth year instead of entering the workforce after graduating in four years. For some graduates that opportunity cost can be substantial. Survey respondents from

the UA class of 2012, who worked full-time, reported an average salary of \$50,200. Engineering students reported salaries that averaged \$58,600 per year. This represents the additional cost (the opportunity costs) a student foregoes by attending each additional year to earn their degree.

What is the reduced cost to UA as a result of keeping a student for four years rather than dropping out after a year and then UA recruiting a new student?

UA's enrollment (like all colleges) is comprised of two populations: current students and new students. New student enrollments comprise approximately 16 percent of overall enrollment. Each year UA attracts approximately 3000 new freshman and another 2200 transfer students from outside the state. Clearly, the larger of the two populations are the currently enrolled students so retention is a critical issue.

Four-year private institutions spent the most to bring in new undergraduates in 2012-13, spending \$2,433 per new student at the median vs. \$457 per new student and \$123 per new student at the median, respectively, for four-year public institutions and two-year public institutions (Source: Noel-Levitz Consulting, 2011-13 Study). UA spends on average about one tenth the amount of four-year public institutions per new student (Source: UAA, Spring 2014).

How will federal funding be affected in future years due to negative reporting to national ranking systems of continued high attrition rates?

While the White House has released a college rating plan that includes degree completion information and proposed that this information be used in allocating student aid to universities, this is not yet law. The Reauthorization of the Higher Education Act has not been acted upon yet so the answer to this question remains uncertain.

Compare the future earning of a successful graduate vs. a one-year dropout.

The State Higher Education Executive Officers and National Center for Higher Education Management Systems released a December 2012 report titled *The Economic Benefit of Postsecondary Degrees: A State and National Level Analysis*. That report provided the following national salary comparison that is helpful in addressing this question:

According to our analysis of U.S. Census data, those who obtain a bachelor's degree have a median income of \$50,360 compared to a median of \$29,423 for people with only a high school diploma. An associate's degree leads to a median income of \$38,607, more than \$9,000 higher than a high school diploma.

<http://www.sheeo.org/sites/default/files/publications/Econ%20Benefit%20of%20Degrees%20Report%20with%20Appendices.pdf>

That report provided Alaska specific median income figures for 2006-2010 as \$30,938 for high school graduates, \$43,328 for associate graduates, and \$50,381 for baccalaureate graduates. However, that report also made it clear that the area of study, e.g., science, health, and trades, had a large impact on the median income of those earning degrees.

Can we draw a tight enough correlation to make the leap to compare revenues derived from a student paying us \$1,000 for two remedial courses and one year of full-time tuition and then dropping out vs a student coming ready to learn, spending tuition for four years and graduating?

Tuition and fees are revenues from students. Fees cover the costs of specific items like parking, health insurance, etc. and do not apply to instructional costs so they are not addressed here. Current resident undergraduate tuition for one year is approximately \$5,580. Tuition to complete an associates program (60 credits minimum) is \$10,080 (all lower division with FY14 tuition rates) and tuition for a baccalaureate program (120 credits minimum) is \$22,320 (50 percent lower and 50 percent upper division with FY14 rates). However, tuition does not cover the cost of instruction. About 56 percent of the cost of instruction is covered by tuition and fees and general funds cover the rest of the cost. UA's budget is not allocated on a per student basis like K-12 education.

Over time, with the implementation of the common core state standards, what will be the need for remediation in ten years?

Alaska did not adopt the Common Core Standards. Alaska adopted the Alaska Academic Standards. The new standards significantly raise the intended student learning outcomes for K-12 students above the previous standards. However, the new standards have not yet been implemented so there is no data to use to address the requested projection. Student outcomes will depend on the level of implementation of the new standards. Figure 2 in the August 2013 report in the addendum provides a speculative projection of declining developmental education needs for recent high school graduates. However, please recall that the majority of UA students needing developmental education currently are not recent high school graduates; they are 24 to 28 year olds who went to work immediately after high school and now have families.

The Cost of Developmental Education at the University of Alaska

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August 21, 2013

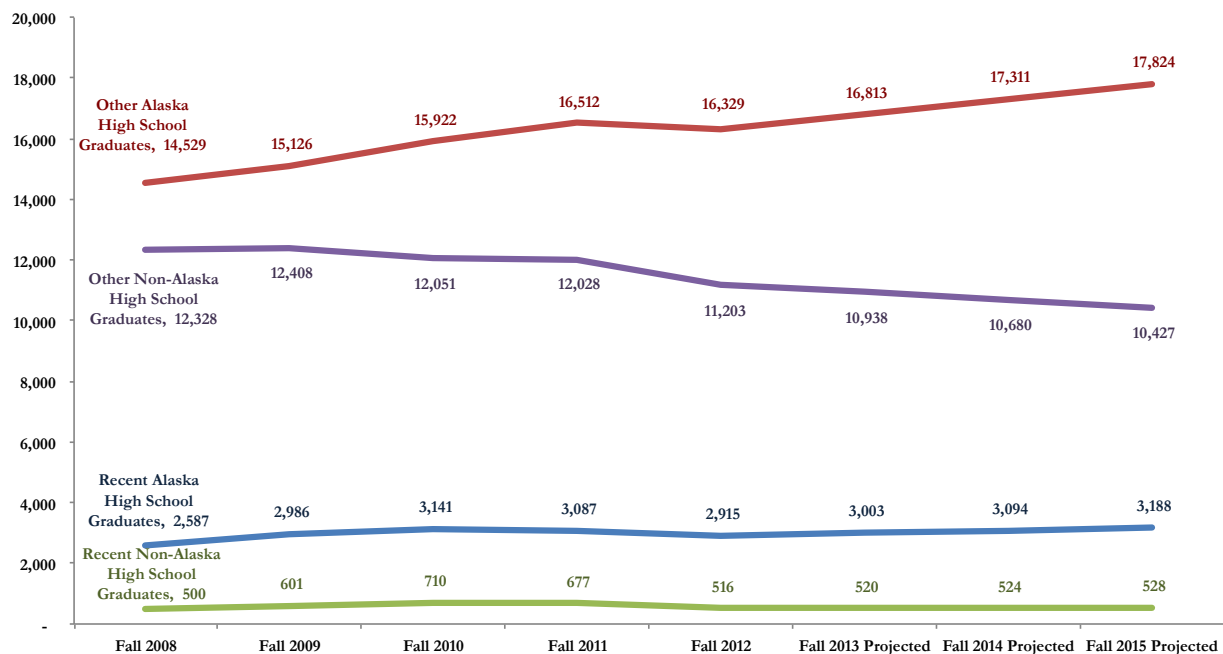
What is Developmental Education?

Developmental courses are those offered for credit but do not satisfy degree requirements because the content is below the collegiate level. While developmental courses are generally offered for credit and contribute toward meeting financial aid eligibility requirements for full- or part-time status, credits earned are not applied toward the student's degree.

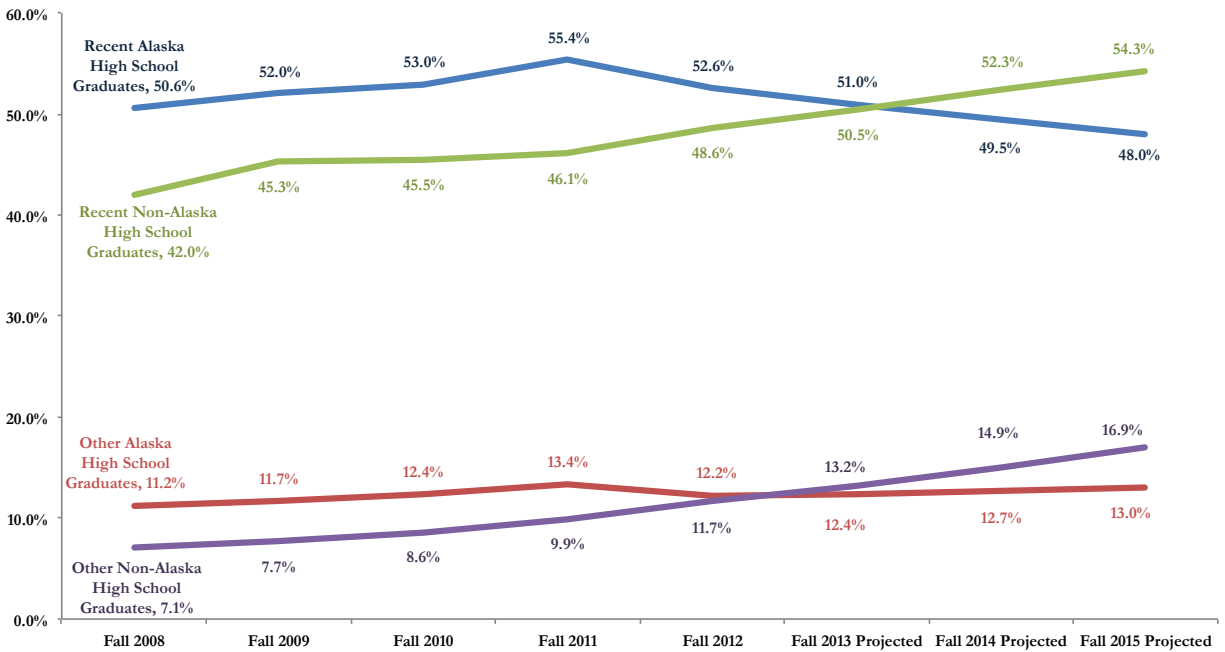
Who are the students in developmental education courses?

During any given semester about 5,000 students (15% of UA headcount) take a developmental course. A majority of UA students taking developmental coursework are not recent high school graduates (nearly 30%); the majority are post-traditional students commonly working adults often with families (about 70%). However, proportionally more recent high school graduates require remediation than other students seeking undergraduate degrees. Figure 1 below and Figure 2 on the following page show the total number of students in each group and the proportion of each who take developmental coursework, respectively.

Figure 1. Undergraduate Headcount by Student Category
Fall 2008 - Fall 2012 and Projected Fall 2013 - Fall 2015



**Figure 2. Developmental Participation by Student Category
Fall 2008 - Fall 2012 and Projected Fall 2013 - Fall 2015**



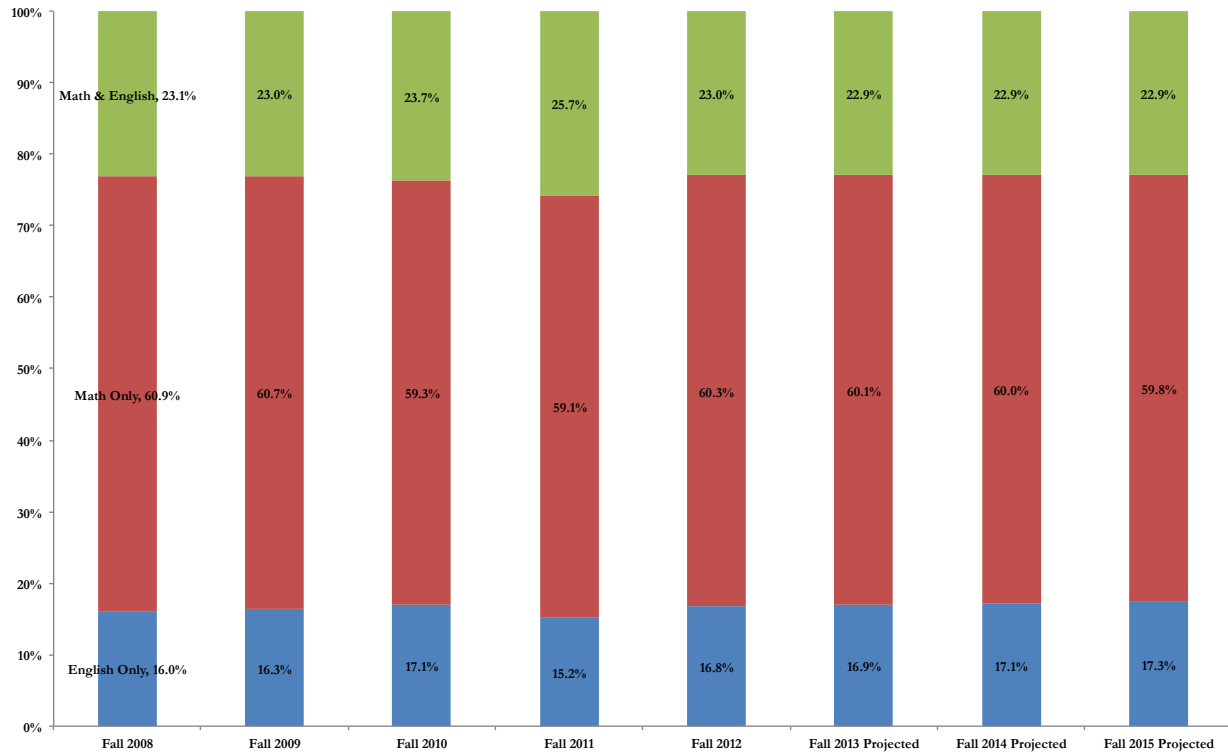
What kind of developmental education is needed?

There are 3 levels of developmental coursework offered: nearly college ready, some remediation needed, and significant remediation needed. A majority of students need just one or two courses in math and/or English to raise them to collegiate level. About 90% of baccalaureate seeking students needing developmental coursework of any kind, need developmental math. As shown in Table 1 below, 46% of fall 2012 recent high school graduates seeking a 4-year baccalaureate degree required preparatory coursework.

Table 1. Degree-Seeking Undergraduates Requiring Remediation by Level, Fall 2012

	2-Year or Lower		4-Year	
	Recent High School Graduates	Others	Recent High School Graduates	Others
Any Remediation	511 (58%)	1,374 (21%)	791 (46%)	1,356 (11%)
Nearly College-Ready (Level 3)	210 (24%)	468 (7%)	532 (31%)	825 (7%)
Some Remediation (Level 2)	225 (26%)	583 (9%)	193 (11%)	384 (3%)
Significant Remediation (Level 1)	76 (9%)	323 (5%)	66 (4%)	147 (1%)

Figure 3. Developmental Participation by Subject
Fall 2008 - Fall 2012, Projected Fall 2013 - Fall 2015



Assumptions

- Figures 1 and 2 include non-degree seeking undergraduates.
- The annual number of Alaska High School Graduates is projected to be at a low in 2013 at 7,160 graduates, with virtually no change through 2015, then slowly increasing to a new high of 8,600 by 2028¹.
- Implementation of the Alaska Performance Scholarship is expected to increase high school graduation rates, lower the percentage of students needing developmental education, and increase the proportion of Alaska High School graduates attending UA. These combined effects are projected to increase the number of recent Alaska High School graduates attending UA by about 3% per year, while at the same time reducing the proportion of these students who need remediation by less than 3% per year. The number and proportion of other groups who attend UA and need remediation are expected to continue similar trends into the future as have been observed in the recent past, i.e., continuing average annualized change for these groups.
- To date 22.6% of Alaska Performance Scholarship (APS) eligible students require developmental education compared to 65.2% of non-APS students. APS is still early in its implementation so its full effect is not known but early results, like this, are very positive.
- New Alaska English/Language Arts and Mathematics Standards were adopted in June 2012 and are expected to positively impact student preparedness but these are not yet implemented.

¹ See <http://www.wiche.edu/info/knocking-8th/profiles/ak.pdf>

- The relative distribution of developmental participation by subject shown in Figure 3 assumes the annualized average change occurring between fall 2008 and fall 2012 will continue through fall 2015.

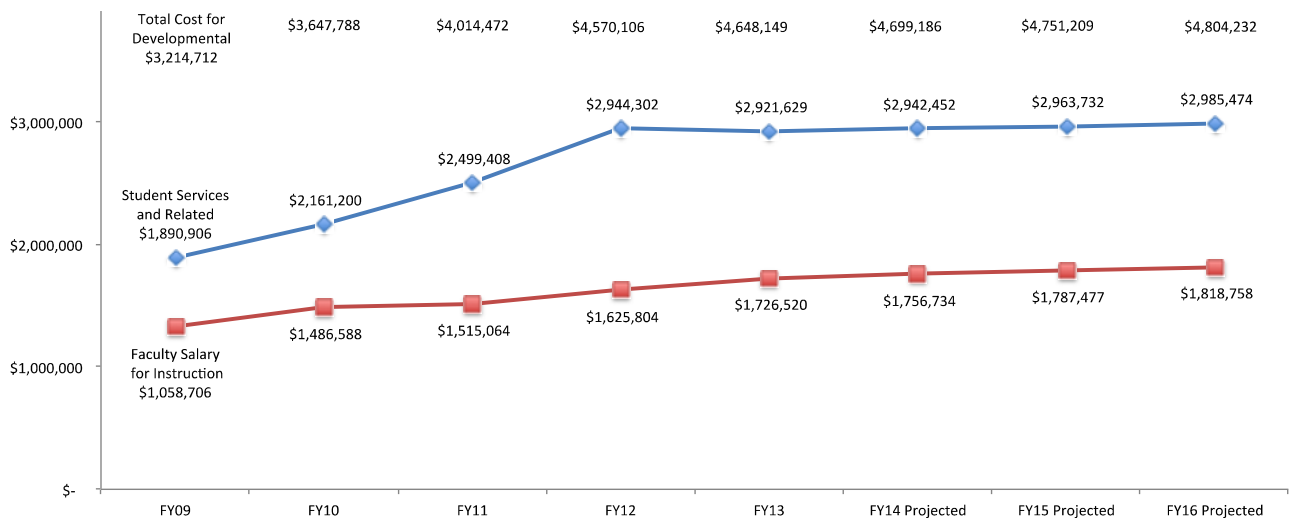
What is the Cost of UA Developmental Education for Alaska’s Underprepared High School Graduates?

The cost of providing developmental instruction and support to students who need remediation is paid for by a combination of tuition revenue and State general fund support. Historically, about half the annual increase in instructional faculty and support staff salaries is covered by State general fund with the remainder covered by university sources such as tuition.

Students pay UA tuition for developmental courses, however in high school there is no direct cost to students.

University Expenditures

Figure 4. Developmental Education Costs
FY09 – FY13 and Projected FY14 – FY16

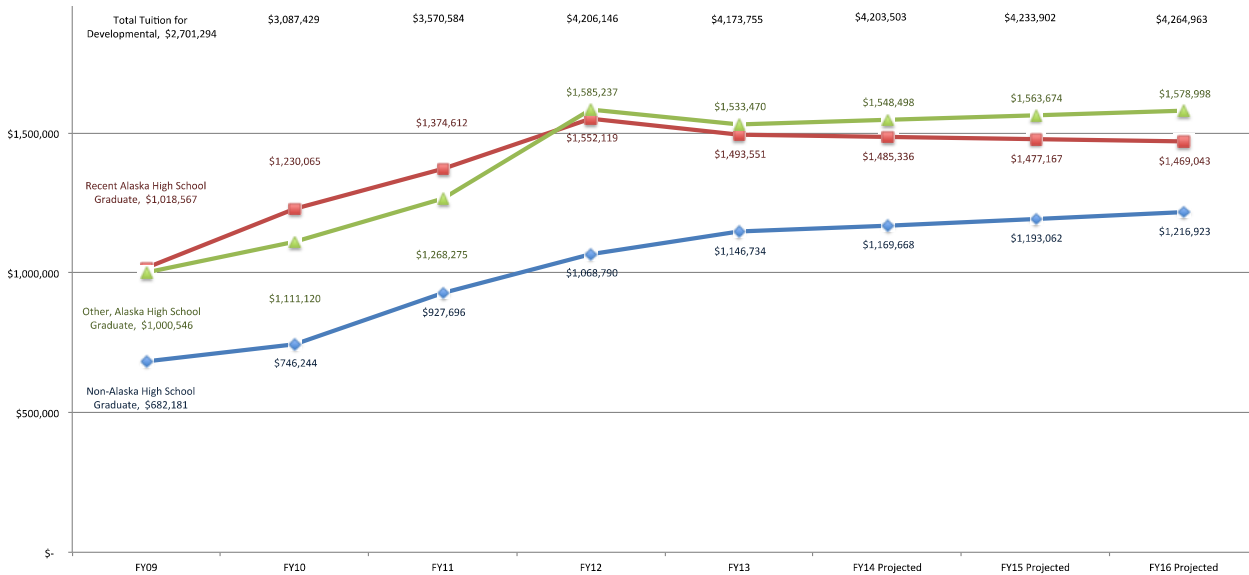


Faculty salary figures include the cost of providing employee benefits. Student services and related costs include academic support, admissions, registration, library services, and other student services. These costs cover academic advising and tutoring activity, which is more intensive for developmental education students. There are other costs associated with developmental students that are more difficult to directly quantify, including space allocation and maintenance.

Student expenditures - tuition

Figure 5 on the next page illustrates tuition paid by three groups of students; recent Alaska high school graduates, non-recent Alaska high school graduates, and high school graduates from other states.

Figure 5. Tuition Paid for Developmental Courses by Student Type
FY09 – FY13 and Projected FY14 – FY16



UA net revenue from developmental education

The difference between the total cost of delivering developmental education displayed in Figure 4 and the total tuition paid by students taking developmental courses displayed in Figure 5 is covered by State general funds.

Assumptions for Cost Calculations

- Faculty pay for those teaching developmental courses increases an average of 1.75% per year from FY14 forward; this figure is a mix of adjunct and regular faculty salary increases. More than 40 percent of the faculty who teach developmental courses are part-time adjunct faculty. Collective bargaining agreements with faculty unions are in negotiation and any future salary increases have not been agreed upon.
- Tuition rates increase an average of 2% per year from FY14 – FY16 for developmental coursework. These rates are set by the Board of Regents and have not yet been set for FY15 or FY16.

Opportunity costs

- Many students give up on post-secondary education when they find out they are placed in developmental education.
- Graduation rates are lower (10, 18, and 24 percentage points lower for those nearly college ready, some remediation, and significant remediation, respectively)
- Time to graduation is lengthened by one or more years for those needing remediation
- In FY12, 83.4 percent (20,321) of FY02-FY11 UA graduates were employed in Alaska and had an FY12 average salary of about \$47,100. Students placed in developmental education are typically delayed in completing their programs and getting employed by one or more years and so they do not earn this income during that period.

What can UA do to help better prepare Alaska high school graduates for postsecondary education?

- Raise math preparation level of K-12 teacher graduates
- Improve curricular alignment with K-12 to facilitate easier transitions to UA (pace is a problem)
- Encourage high school students to complete an Alaska Performance Scholarship curriculum
- Improve student success rates in developmental and collegiate mathematics courses through curricular reform and support mechanisms (see promising pedagogies below).
- Encourage K-12 & UA dual enrollment

Course placements are determined based on common, nationally normed tests used across the UA system.

UA is actively working on improvement strategies that depend on cooperation between K-12 and the university. UA's participation in development of a statewide longitudinal data system called ANSWERS, which is funded by the US federal government, is a major step in developing a collaborative environment that could benefit educational and workforce programs throughout the state. The ANSWERS data system will strengthen our ability to understand and make policy decisions that encourage college completion and workforce success in Alaska.

What can the State and Department of Education and Early Development do to better prepare Alaska high school graduates for postsecondary education?

UA is committed to working in partnership with the Alaska Department of Education and Early Development to overcome the challenge of underprepared high school graduates. We have established constructive working relationships between the State Board of Education and the UA Board of Regents and between Commissioner Hanley and UA President Gamble.

- Consider actions like those in Maryland Senate Bill 740, Arkansas House Bill 1838, Indiana House Bill 1005, and Utah Senate Bill 175.
- Have every student enrolled in an APS/college prep curriculum unless a parent opts him or her out.
- Require four years of math in high school - ensure that a full-range of APS prep courses are available in every district using the Alaska Learning Network or similar alternative as needed
- Raise the math background of teacher hires over the next five to ten years
- Implement college ready assessment for all students no later than 11th grade so deficiencies in math and English (reading and writing) can be addressed in the later years of high school
- Facilitate K-12 & UA dual enrollment (e.g., Washington State Running Start Program)
- Develop a plan, in consultation with UA, to improve college and career counseling provided to students in middle and high school – beyond improving college preparation this is important to improve the post-secondary going rate in Alaska, which is among the lowest in the nation
- Increased use of peer tutoring programs in high schools using technology where needed
- Expand teacher mentoring to all new teachers and extend it from two to three years – high teacher turnover has a strong negative impact on student learning outcomes, especially in rural Alaska
- Provide consistent incentives and improved living conditions for teachers to work in rural Alaska

What promising new developmental education pedagogies is UA investigating and experimented with that other states have examined?

- Mainstreaming developmental students who are close to the current placement requirements, i.e. level 3 students, but require additional support for these students.
- Providing intensive one-semester sessions in math and English to more quickly qualify developmental students for collegiate level coursework. Modular approaches are also being tried where a student completes one credit at a time rather than failing a 3 credit course and having to repeat the entire 3 credit course over again.
- Using existing, or develop new, alternative curricular pathways for students, particularly in mathematics, such as the Carnegie Quantway and Statway approaches. See <http://www.carnegiefoundation.org/>.
- Improving the quality of the placement processes through technology driven review sessions for students, informing students of the consequences of placement testing so they will prepare better, and using information beyond placement scores to determine initial course placement.

UA institutions are experimenting with many different approaches to developmental education, which together encompass nearly all of the successful models that have been implemented at other colleges and universities. All are being carefully and systematically evaluated.