



State Student Aid and Affordability

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Hartford, CT

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STRATEGY LABS

State Policy to Increase Higher Education Attainment



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PEDDLED RUM TO PAY FOR COLLEGE TUITION

The Sun (1837-1989); Aug 13, 1929;

pg. 1

***PEDDLED RUM TO PAY
FOR COLLEGE TUITION***

**Three Students Plead Guilty
After Arrest On Steamer
At Chicago**

[Chicago Bureau of The Sun]

Chicago, Aug. 12.—Two university students and a third youth, who said he planned to enter college this fall, were arrested as booze peddlers and removed from their jobs on the steamship Manitou when the boat docked here today from Sault Ste Marie. They pleaded guilty to the charges, explaining to United States Commissioner Edwin K. Walker that they were raising money to pay for their education.

Strategy Labs



Improve Student
Outcomes



Align
Investments



Create Smarter
Pathways

Strategy Labs

Strategy Labs are an open platform for leaders and influencers in all 50 states to come together to share research, data and professional experiences to advance [Goal 2025](#). That goal is to increase the proportion of Americans with high-quality degrees, certificates and other credentials to 60 percent by the year 2025. The Strategy Labs enable [Lumina Foundation](#) to connect and collaborate with state and system-level policymakers and higher education leaders to advance the [State Policy Agenda](#) and to focus on increased educational attainment.

Please note . . .

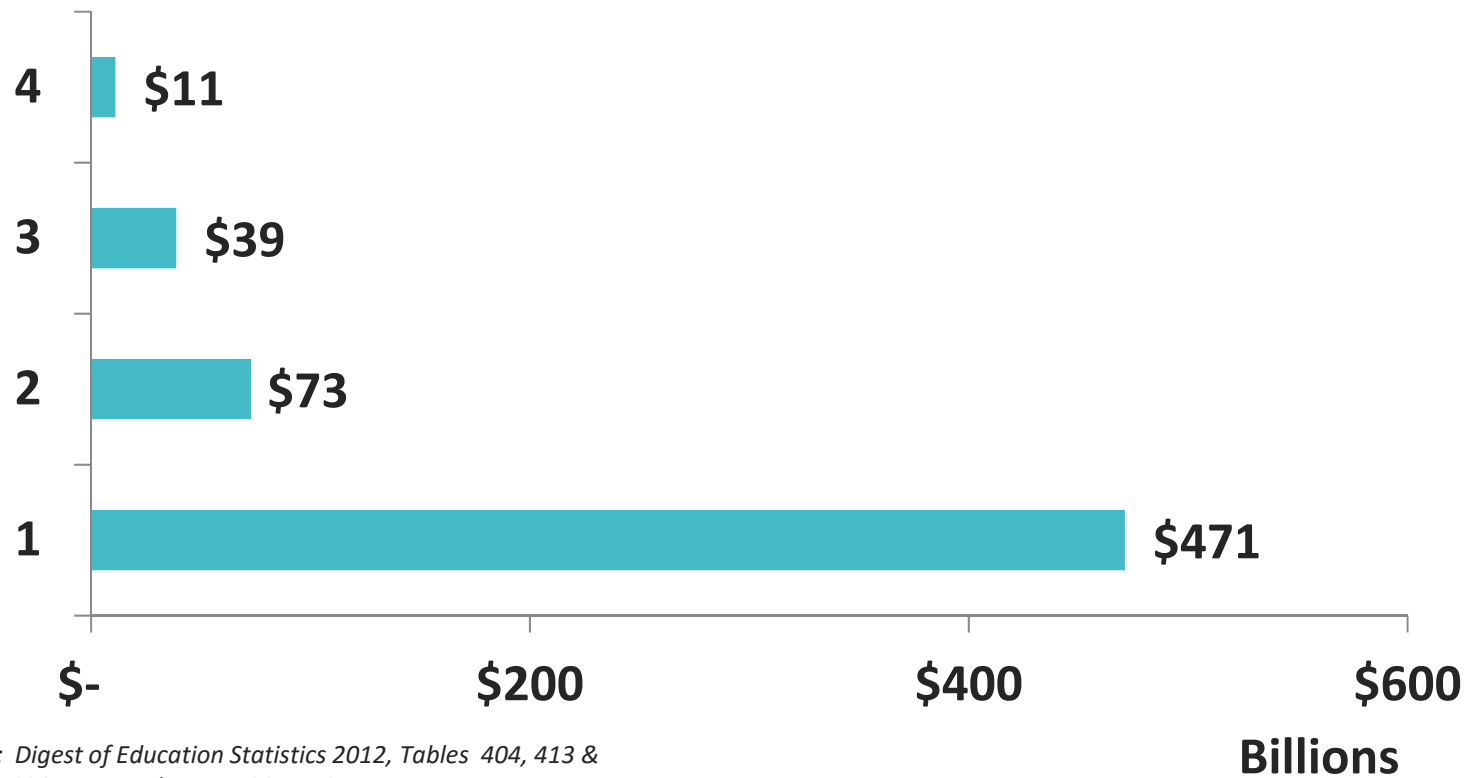
- Lumina Foundation does not support or oppose any specific legislation. Lumina provides information and resources on a nonpartisan basis to advance Goal 2025.
- This presentation was produced for Strategy Labs by Nate Johnson and HCM Strategists with support from Lumina Foundation. The views expressed in this publication are those of the authors and do not necessarily represent those of Lumina Foundation, its officers and directors or employees.

Strategy Labs Financial Support Principles for Goal 2025

- Make college more affordable for low-income students
- Make college prices more predictable and transparent
- Provide incentives to students and institutions to increase completion and lower prices
- Align federal, state, and institutional policies and programs

Why State Aid Programs Must Be Strategic (US)

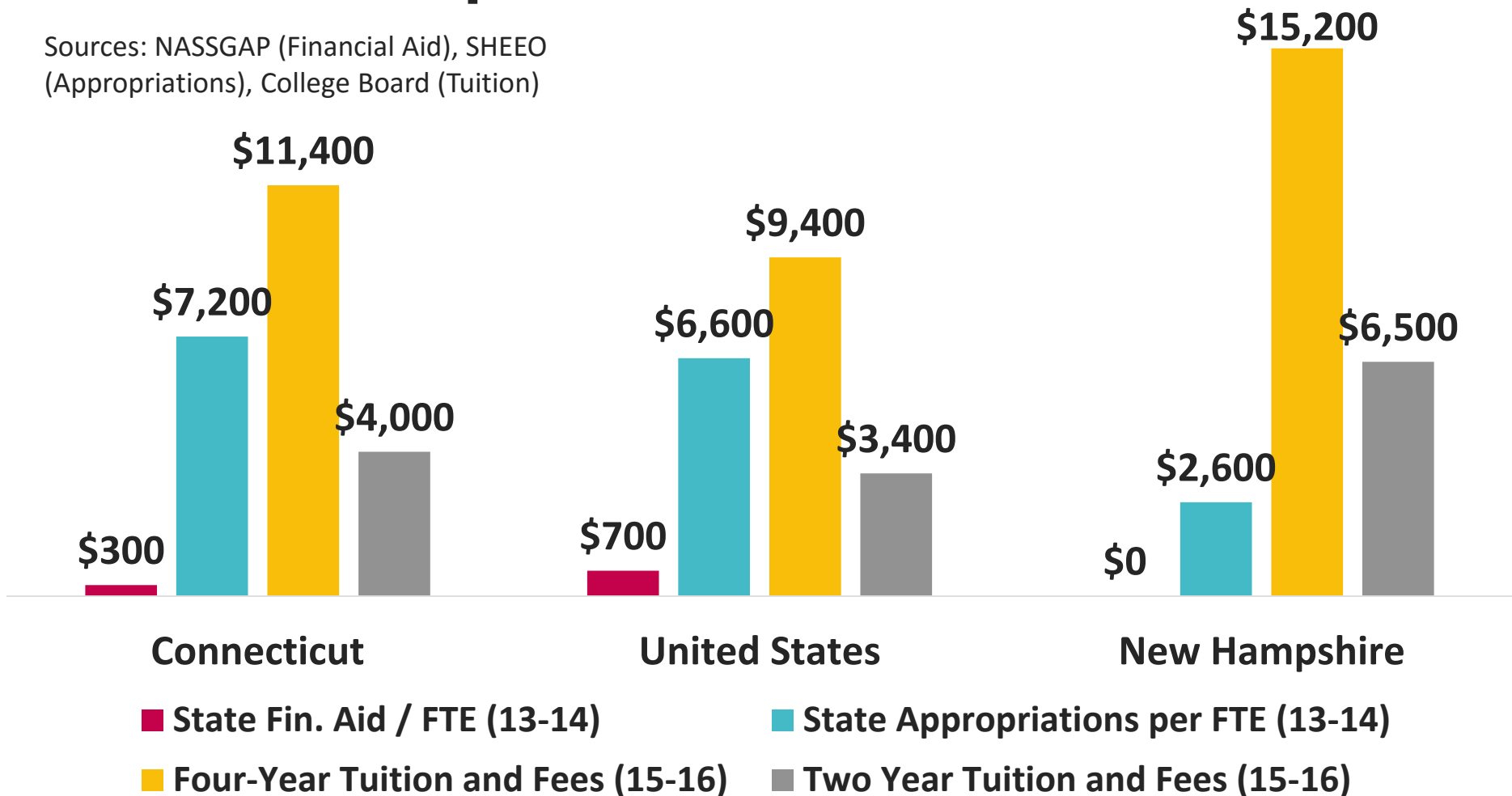
Student Aid Programs in Context (U.S. - FY 2011)



Source: Digest of Education Statistics 2012, Tables 404, 413 & 418; NASSGAP Annual Report 2011-12

Appropriations to Institutions = Biggest “Scholarship” in Connecticut and US

Sources: NASSGAP (Financial Aid), SHEEO (Appropriations), College Board (Tuition)



Targeting: Connecticut Has Right Emphasis on Need-Based Aid

- State and institutional merit-based aid often affects only where students complete, not whether they complete
- Potential for biggest impact where students are “on the fence”, with high risk of noncompletion
- Need-based aid has biggest impact (e.g. Pell, Cal Grants)
- Merit-based aid only has impact if thresholds are low enough
- Kentucky Educational Excellence Scholarship (KEES): 2.5 high school GPA threshold

<https://www.kheaa.com/website/kheaa/kees?main=1>

Sizing

- Too small = risk of no effect
- Too big = more than needed to produce result
- Example of broad-based small award: Rhode Island (was max \$700, but state is changing...)
- Example of narrow award: Maryland Guaranteed Access Program (max: \$19,000)

Award Size Examples

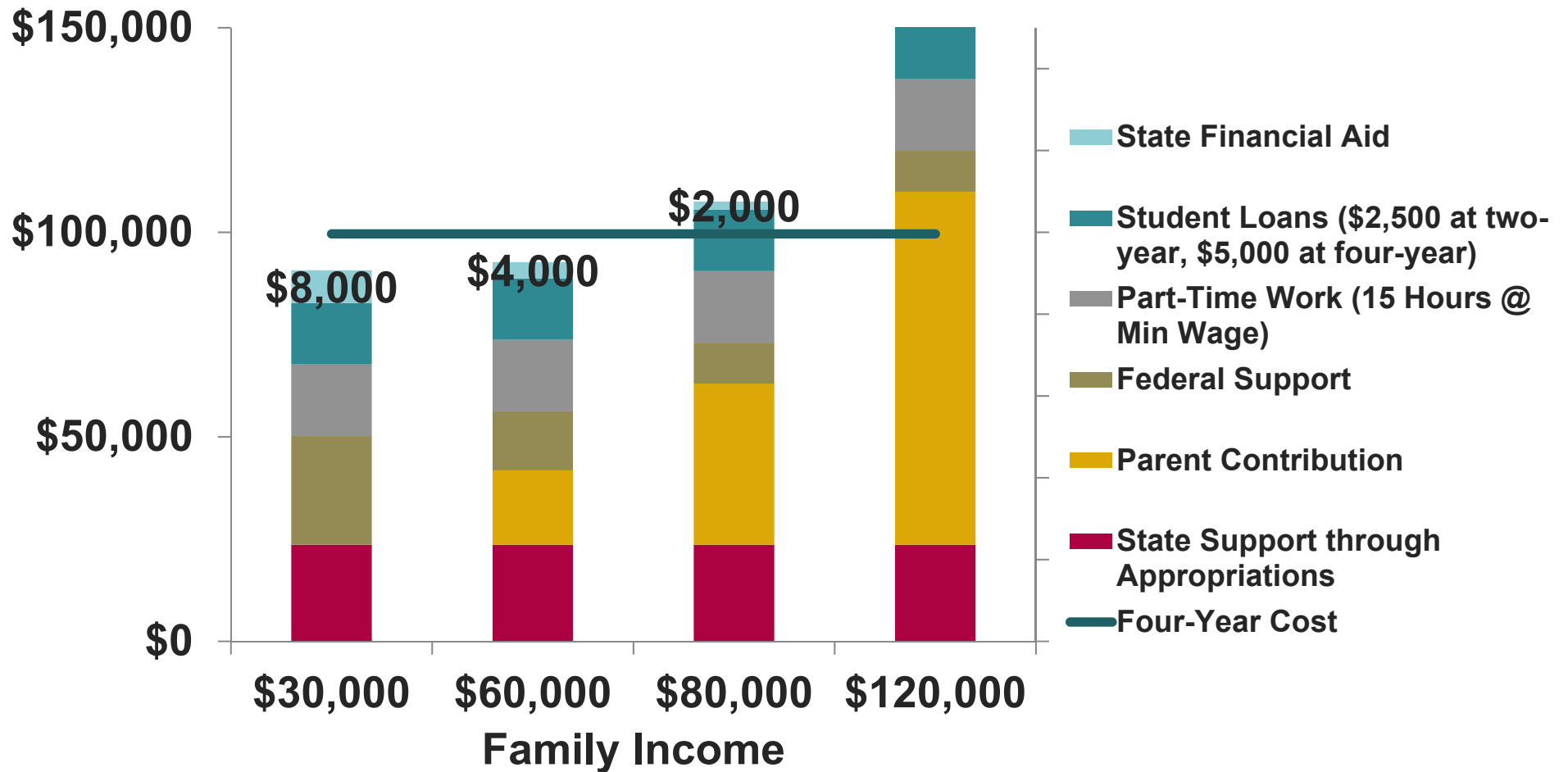
- Example: “Shared Responsibility” model in Minnesota seeks to ensure limited funds are distributed equitably and effectively

<https://www.ohe.state.mn.us/mPg.cfm?pageID=138>

- Must look at gaps in need across states
- Must take into account all costs and all resources student has available before state aid
- Example: Washington, Maine Affordability Framework

Where Does State Need-Based Aid Fit?

States w/Low Max Awards, Broad Eligibility



Sizing: Lumina Foundation Affordability Benchmark: 10-10-10

Higher education is affordable when the cost of a degree is something that...

- students can pay with 10 years of savings or 10 years of loan repayments...
- at savings or repayments rates no more than 10% of income...
- plus income from working 10 hours per week while enrolled full-time
- <https://www.luminafoundation.org/news-and-events/affordability-benchmark>
- Not intended to be definitive: a starting point for discussion. How would CT define affordability?

Connecticut Moving in Right Direction on Predictability and Transparency

- Other states looking at Governor's Scholarship program simplification and consolidation
- Programs that people understand work better than those people do not understand
- Design of aid programs makes a difference

More Could be Done to Create Predictability and Transparency

- Sooner students and families know about financial aid, the longer the same dollar can work
- Benchmarks must be seen as attainable, within students' or schools' control
 - Good examples: which courses to take, filling out FAFSA
 - Bad examples: test scores, high GPA
- Best practices: statewide promise programs for low-income middle school students in Indiana, Washington, Oklahoma
- Emerging experimental research base supports the model

Impact of Early Commitment Scholarships in New Brunswick

- True experimental design
- Up to \$8,000 in “Learning Accounts” per participant during high school
- Impacts on enrollment
- Bigger impact on completion after 4 years
- Biggest impact on low-income and first-generation students
- ***For low-income recipients, no increase in total amount of government aid expenditure per student***
- <http://www.srdc.org/media/199776/ftd-fourth-year-psi-report-en.pdf>

Future to Discover: Fourth Year Post-secondary Impacts Report

Reuben Ford | Douwre Grekou | Isaac Kwakye | Claudia Nicholson

August 2014

SRDC  **SRSA**

Table 6.1 Summary of impact results for each Future to Discover intervention, including by subgroups

Intervention	Sub-groups	Intervention impact on post-secondary outcomes, expressed as difference from control group outcome							
		Ever enrolled in university or college (%)	Ever enrolled in university only (%)	Ever enrolled in college only (%)	Ever graduated from any PSE institution (%)	Ever switched between PSE institution (%)	Ever left PSE institutions (%)	Ever received student aid (%)	Student aid received (\$)
EYH (see Section 3)	All	+5	+5					+6	
	LILE	+10	+8					+10	+2,200
	FGF							+8	
	Parents with any PSE								
	Boys					+4		+10	
	Girls	+9							
	Francophone	+11	+10					+9	
	Anglophone								+3,100
LA (see Section 4)	All	+7		+8	+7				-1,900
	LILE	+11		+10	+9				
	FGF	+15		+11	+11				
	Parents with any PSE		-7	+8	+7		+5		-2,400
	Boys	+8		+9	+11				
	Girls				+6				-3,700
	Francophone	+13		+9	+11		+5		
	Anglophone			+8	+7	+3			-2,900
EYH+LA (see Section 5)	All	+6	+5		+5	+2			
	LILE	+10	+7	+5	+8			+7	
	FGF	+8	+7		+6				
	Parents with any PSE					+4			
	Boys	+10	+8		+8	+3		+13	
	Girls								
	Francophone	+10	+7		+6				
	Anglophone					+3			

Timing and Deadlines

- In many states, funds run out because eligibility criteria and award amounts do not match budgets
- “Rationing by deadline” tends to exclude some of the potential high-impact students, favors those with more resources, better-educated parents

Timing Solutions

- West Virginia need grant: late deadline (mid-April), and holds back part of the aid budget for later/summer applicants
- Minnesota need grant: rolling awards, deadline = 30 days after start of each term
- To work, strategy requires:
 - Administrative capacity and accurate technical models to project demand
 - Realistic eligibility criteria and award amounts aligned with budget
 - Statutory / budget flexibility to administer program in a changing and unpredictable world

Questions, comments, follow-up

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