Texas Student Financial Aid Advisory Committee

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Issues and Developments in Student Financial Aid:

What’s Up In America
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What’s Up In Texas
Access the American Way

- In the beginning, access was not a public goal. American higher education was an elitist system.
- Access became a “public” goal in the mid to late 19th century.
  - Geographic access
  - “as free as possible” – low tuition
  - Financial Aid as a public access tool evolved in the mid-20th century
The TRIAD on Access – A cogent philosophy for the times.

- Geographic access
  - U.S. invented the community college to ensure geographic accessibility.
- Low tuition – a worthy public investment
- Financial aid
  - Grants for the poor – to remove financial barriers (cash poor)
  - Loans for the less poor – to reduce financial burdens (cash flow)
SUCCESS ON ACCESS ERODED  
EFFICACY OF THE TRIAD

- Geographic access did not ensure success
  - If you build it, they will come
  - But will they succeed?
    - Progression rates low by international standards

- Low tuition limited supply, as demand grew
  - Limits in public resources limited “per student” funding
  - Left tuition as the revenue gap filler
Financial Aid Strategy wasn’t working well.
  - Subsidy structures evolved -- from those who were in need to help those who vote
    - From Grants to Loans & Tax Benefits
    - Amounts grew, but not as rapidly as college costs or eligibility
  - Original access agenda lost momentum
    - “More is better but never enough” case got old
    - Students weren’t succeeding
    - Other public agendas began to take hold

A new business model was taking hold in American higher education – *Privatization*
THE 1990s: ERA OF TUITION HIKES AND MERIT AID

- The wealth of the 90’s drove policy
- Tuition increased, because it could
- State support increased, because it could
- Students paid, because they could
- More students went, because they could
- But Access and Success did not “increase”
THE 1990s: ERA OF TUITION HIKES AND MERIT AID

- The advent of merit aid
  - it promised:
    - Greater participation by the middle-class
    - Holding power on *the best and the brightest*
    - *Political prowess*
  - On access
    - Didn’t undercut need-based aid (usually)
    - Serendipitously helped many access students
The shock of the economic downturn
- Financial access eroded
  - Tuition increased
  - Aid did not
  - Enrollments began to erode

Texas was an anomaly
- Yes, tuition increased
- But, so did aid – quite a bit
- And enrollments didn’t erode
- (They just didn’t increase, as needed)
The New Millennium – A Renaissance of Sorts.

- The new access to success agenda -- redefining need-based aid.
  - Recent benevolence of the “have” institutions
    - Second Generation: Free for all
  - A drop in the bucket
  - From those few with a bucket

- Reemergence of focus on need – Returning to First Principles
  - The West – 15 States
    - Two states were already there – California and Washington
    - Two more have emerged – Wyoming & Oregon
    - Three think they are there but aren’t – Nevada, New Mexico, and Colorado
    - 11 of fifteen engaged or reengaged
The New Millennium – A Renaissance of Sorts.

- Where does Texas Fit?

- Substantially increased need-based financial aid
  - 2\textsuperscript{nd} in % growth over ten years (95-05)
  - 11\textsuperscript{th} in funding per FTE ($449 versus U.S. average of $415)
  - 26\textsuperscript{th} in awards per FTE

- Moved from Low to Middle of the Pack

- But is middle of the pack good enough
  - Given demographic challenge of the State
The New World: Blended replacement for merit & need

- **Direct BLENDED Programs**
  - Indiana 21st Century Scholars
  - Oklahoma OLAP
  - And Texas

- **Indirect BLENDED Programs**
  - Oregon Shared Responsibility/Earned Opportunity Program
The New World: Blended replacement for merit & need

- Where Does Texas Fit?
  - One generation ahead of the game
  - Had a blended program
    - Indeed, a smart blended program – based on rigorous curriculum, not GPA
    - Grow out of this when rigorous curriculum became the default curriculum
The New World: Policies In Sync

- Finance Policies
  - Intentionally integrating institutional appropriations, tuition, and financial aid policies

- Academic Policies
  - Early intervention
    - GEAR UP
    - Academic Competitiveness Grants
    - State Scholars Initiative
    - Harmonizing High School Exit & College Placement Exams
  - Reform from within – the Access to Success Agenda
    - Demand
    - Supply
The New World: What Makes for Efficacious Student Aid Policies

- Contemporary “Local” Philosophy
- Affordability
  - To students – does it eliminate the barriers
  - To the State of Texas
    - Is it defensible
    - Is it fundable
- Transparency
  - Can consumers understand it – is it simple
  - Can institutions buy it (and complement it)
  - Do folks know about it
- Is it efficient
  - Does it leave others’ money on the table
  - Can it be implemented effectively & efficiently
The New World: How Does Texas Stack Up

- **On Philosophy**
  - Heroic efforts beg for more heroic efforts, because you started from such a deficit.
  - And, “More Is Better & Never Enough” argument often lacks staying power

- **On Affordability/Sufficiency**
  - Re. Demand – funding is way low
    - Rationing can be “rational”, but is still rationing
  - Re. Supply – Will the momentum hold?

- **On Transparency**
  - A Rationing System does not provide a lot of transparency
  - Reliance on Institutions limits transparency

- **Efficiency**
  - Tuition waivers limit tax credit eligibility
  - Low tuition, without financial aid, isn’t financial access.
  - A state system need not be centralized to be efficient
A Brave New World

- Blending Academic Preparation and Targeted Financial Support -- Texas is there

- The Missing Link—Financing Adult Learners
  - The same philosophy doesn’t/won’t work – I don’t think Texas is there

- **STUDENT FINANCIAL CONTRIBUTIONS & FINANCIAL AID – AN INCOMPLETE AGENDA**